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HOUSE OF REPRESENTATIVES—*Monday, October 20, 1975*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Pray without ceasing; in everything give thanks for this is the will of God.—I Thessalonians 5: 17.

O God, our Father, we come to Thee with praise and thanksgiving for the opportunities Thou hast given us to serve Thee and our country as Members of this House of Representatives. Help us to feel Thy presence near and in the assurance of Thy love be lifted above ourselves keeping bright within us the higher values of life. Shine upon us, O God of light, and drive away the darkness of doubt, fear and ill will. Deepen within us the feeling for honest dealing and a dislike for all pretense and sham.

For the tasks of this day may we be strong in body and in spirit ready with patience and wisdom to labor for justice and peace in our Nation and in our world.

More and more make us like the Master in whose spirit we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On October 7, 1975:

H.R. 6674. An act to authorize appropriations during the fiscal year 1976, and the period beginning July 1, 1976, and ending September 30, 1976, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and of the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads and for other purposes.

On October 8, 1975:

H.R. 1757. An act for the relief of Plotemia Mabanag Bareng and Bastiana Lilian Mabanag Bareng; and

H.R. 7715. An act to extend until the close of June 30, 1978, the period during which certain dyeing and tanning materials may be imported free of duty.

On October 13, 1975:

H.R. 9600. An act to rescind certain budget authority recommended in the message of the President of July 26, 1975 (H. Doc. 94-225), transmitted pursuant to the Impoundment Control Act of 1974; and

H.J. Res. 683. Joint resolution to implement the U.S. proposal for the early warning system in Sinai.

On October 16, 1975:

H.R. 5952. An act to amend the Water Resources Planning Act (79 Stat. 244), as amended.

On October 17, 1975:

H.R. 5708. An act to provide for the striking of medals in commemoration of the bicentennials of the U.S. Army, the U.S. Navy, and the U.S. Marine Corps; and

H.R. 8070. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 6334. An act to amend further the Peace Corps Act.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 811. An act to amend the Horse Protection Act of 1970 to better effectuate its purposes;

S. 1922. An act to amend the Act of July 7, 1970 (84 Stat. 409) to authorize appropriations to the Secretary of the Interior without reference to the agencies involved:

S. 2327. An act to suspend sections 4, 6, and 7 of the "Real Estate Settlement Procedures Act of 1974";

S. 2350. An act to amend the National Security Act of 1947, as amended, to include the Secretary of the Treasury as a member of the National Security Council; and

S.J. Res. 99. Joint resolution to authorize and request the President to issue a proclamation designating January 4, 1976, as "Haym Salomon Day."

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

OCTOBER 10, 1975.

Hon. CARL ALBERT,
The Speaker, House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the permission granted on October 9, 1975, the Clerk has received this date the following messages from the Secretary of the Senate:

That the Senate passed H.J. Res. 683, to implement the United States proposal for the early-warning system in Sinai;

That the Senate agreed to the Report of the Committee of Conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7706) entitled "An Act to suspend the duty on natural graphite until the close of June 30, 1978."; and

That the Senate agreed to the amendment of the House of Representatives to the amendment of the Senate to the bill (H.R. 8240) entitled "An Act to amend title 38, United States Code, to provide special pay and incentive pay for certain physicians and dentists employed by the Department of Medicine and Surgery of the Veterans' Administration in order to enhance the recruitment and retention of such personnel, and for other purposes."

With kind regards, I am,
Sincerely,
W. PAT JENNINGS,
Clerk, House of Representatives.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to announce that pursuant to the authority granted him on Thursday, October 9, 1975, he did, on October 10, 1975, sign the following enrolled bills and joint resolution of the House:

H.R. 7706. An act to suspend the duty on natural graphite until the close of June 30, 1978, and for other purposes;

H.R. 8240. An act to amend title 38, United States Code, to provide special pay and incentive pay for certain physicians and dentists employed by the Department of Medicine and Surgery of the Veterans' Administration in order to enhance the recruitment and retention of such personnel, and for other purposes; and

H.J. Res. 683. Joint resolution to implement the U.S. proposal for the early warning system in Sinai.

CONSENT CALENDAR

The SPEAKER. This is the day for the call of the Consent Calendar. The Clerk will call the bill on the Consent Calendar.

PROVIDING FOR DISPOSITION OF FUNDS APPROPRIATED TO PAY JUDGMENT IN FAVOR OF COWLITZ INDIANS

The Clerk called the bill (H.R. 5090) to provide for the disposition of funds appropriated to pay a judgment in favor of the Cowlitz Tribe of Indians in Indian Claims Commission docket No. 218 and for other purposes.

Mr. RONCALIO. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The **SPEAKER.** Is there objection to the request of the gentleman from Wyoming?

There was no objection.

The **SPEAKER.** This concludes the call of the Consent Calendar.

STATISTICS RELEASED BY NATIONAL ASSESSMENT OF EDUCATIONAL PROGRAMS INTERESTING

(Mrs. **SCHROEDER** asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. **SCHROEDER.** Mr. Speaker, I am very delighted that today we will be considering the National Women's Conference. In that light I have found the statistics recently released by the National Assessment of Educational Programs interesting in several respects. To me, however, they were not "inexplicable, puzzling, or a paradox."

Why is it inexplicable that schoolgirls are told they should not take chemistry, that chemistry is for men and not for girls who want to be mothers? Why is it inexplicable that they score poorly in the sciences? Why is it puzzling that young women are not interested in social sciences when they are repeatedly told that having 21-year-old hands at age 30 is the real goal in life to be attained?

No, the statistics which the NAEP has found inexplicable and puzzling are not so to me. They are frightening. They are frightening because we have counselors in our schools who are still telling our daughters that chemistry is not for future supermoms. They are frightening because we have more insane ads than one could imagine that we could possibly assimilate, reminding young minds that what is really important is sex appeal, toothpaste, and the carefree feminine towelette. We still have far too many reminders, frightening reminders, of where a woman should be in our society.

What is more frightening still is that some will confuse statistics on achievement with innate ability to achieve. I think these statistics, if seen in proper perspective, can give us insight into the real problem. What is needed is to bring about the sexual revolution—the revolution away from stereotyped roles and attitudes of what women are and can do. When we do so, we will not fear the statistics.

RECENT GENERAL ASSEMBLY ACTION UNACCEPTABLE

(Ms. **ABZUG** asked and was given permission to address the House for 1 minute, to revise and extend her remarks, and to include extraneous matter.)

Ms. **ABZUG.** Mr. Speaker, the recent action of the U.N. General Assembly Committee condemning Zionism as a form of racism represents a most cynical and dishonest abuse of the principles of that body in what has become a long line of acts directed against Israel. Such vindictive anti-Israel behavior is unacceptable. The right of Israel to full participation in the United Nations and to serve as the fulfillment of the goal of Zionism must be protected.

Zionism personifies the best and most genuine aspirations of the Jewish people, who have known the scourges and horrors that result from racial and religious discrimination as much as any group. The enemies of Israel have pushed through this resolution purely as a political ploy aimed at building up sentiment against her. This nonsensical characterization of a movement which has as its very purpose the goal of overcoming historical discrimination can only foster a return to anti-Semitism.

Those who have gained approval of this resolution have embarked the U.N. on a divisive and possibly suicidal course. The American people will not continue to provide major financial support for an international organization that condones a policy aimed at destroying one of its member nations.

The nations which make up the majority of that body must reject this recent action. To do otherwise makes efforts at world peace a mockery, diminishes the possibility of a peaceful settlement in the Middle East, and seriously cripples the viability of the United Nations.

PERMISSION FOR COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION AND ITS SUBCOMMITTEES TO MEET TODAY DURING GENERAL DEBATE

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the Committee on Public Works and Transportation and its subcommittees may be permitted to meet today during general debate.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

UNITED NATIONS DISGRACED

(Mr. **BINGHAM** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BINGHAM. Mr. Speaker, in ramming through a General Assembly committee last week a resolution equating Zionism with racial discrimination, the Arab States and some of their friends—notably Cuba—have disgraced, and perhaps permanently damaged, the United Nations. This is another case of nations using the U.N. for their own political ends with no regard whatever for the effect their actions will have on the future of the organization itself.

Leonard Garment, the U.S. Delegate in the committee, was forthright and vigorous in his condemnation of the resolution. He correctly called it "obscene."

Ironically, the eagerness of the Arabs to push through such a resolution damages their own claim to be willing to accept the continued existence of Israel and to be interested in peace. It thus gives the lie to their claimed support of General Assembly Resolution 242, which recognizes the right of Israel to exist within secure boarders.

For the State of Israel represents the realization in national terms of the concept of Zionism.

I will join with other Members today in sponsoring a House resolution condemning the action of the General Assembly committee.

LEGISLATIVE PROGRAM

(Mr. **O'NEILL** asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. O'NEILL. Mr. Speaker, I take this time to announce the schedule for today.

Item No. 5 will be transferred and put at the end of the calendar at the request of the committee chairman; that is, we will have House Resolution 780, disapproval of Federal Elections Commission proposed regulation, as item No. 7, and the other items will be in the order as on the schedule.

We will take up, immediately following the suspensions, the maritime authorization conference report; and then we will go to H.R. 7988, heart, lung, and blood research, research training, and genetic diseases amendment; and S. 584, retirement credit for National Guard technician service.

That is the schedule for today, Mr. Speaker.

ANNOUNCEMENT BY THE SPEAKER

The **SPEAKER.** Pursuant to the provisions of clause 3(b) of rule XXVII, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to, under clause 4 of rule XV.

After all motions to suspend the rules have been entertained and debated and after those motions to be determined by "nonrecord" votes have been disposed of, the Chair will then put the question on each motion on which the further proceedings were postponed.

CALL OF THE HOUSE

Mr. MONTGOMERY. Mr. Speaker, I make the point of order that a quorum is not present.

The **SPEAKER.** Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 614]

Andrews, N.C.
Ashley
Badillo
Bell
Biaggi
Boggs
Boland
Bolling
Brademas
Burke, Calif.
Burke, Fla.
Chisholm
Clawson, Del
Conyers
Dellums
Diggs
Dodd
Downey, N.Y.
Duncan, Oreg.
Eckhardt
Esch
Eshleman
Evins, Tenn.
Fary
Fish
Fithian
Flowers
Foley
Fraser
Goldwater
Gonzalez
Goodling
Harkin
Harsha
Hastings
Hébert
Helstoski
Hightower
Hillis
Holland
Ichord
Jarman
Jenrette
LaFalce
Litton
Long, La.
Lott
Madigan
Metcalfe
Meyner
Mills
Mink
Moorhead, Pa.
Murphy, N.Y.
Obey
O'Brien
O'Hara
Ottinger
Pettis
Peyser
Rangel
Rees
Risenhoover
Robinson
Roe
Rose
Rostenkowski
Runnels
Ruppe
Scheuer
Shuster
Sisk
Solarz
Steed
Steiger, Ariz.
Sullivan
Symms
Teague
Udall
Van Deerlin
Vander Jagt
Vanik
Wilson, C. H.
Wolff
Wydler
Young, Ga.
Zablocki
Zeferetti

The SPEAKER. On this rollcall 345 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

AMENDING SECTION 2 OF THE NATIONAL HOUSING ACT

Mr. BARRETT. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 9852) to amend section 2 of the National Housing Act to license the maximum loan amounts for the purchase of mobile homes, and for other purposes, as amended.

The Clerk read as follows:

H.R. 9852

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2(b)(1) of the National Housing Act is amended by striking out "$10,000 ($15,000" and inserting in lieu thereof "$12,500 ($20,000".

SEC. 2. Notwithstanding the provisions of section 103(a) (2) and (3) and section 104 of the Housing Act of 1949 or of any other law (1) the maximum project capital grant for Project No. Mass. R–107 may exceed two-thirds of the net project costs of such project, and any such excess shall not be considered in determining the project capital grant for any other project in the same municipality and (2) the maximum amount of local grants-in-aid required in connection with Project No. Mass. R–107, under the Contract No. Mass. R–107 (LG) or amendatory contracts for capital grant for such project, shall be one-half of the maximum project capital grant for such project authorized under section 7(d) of said contract, dated December 28, 1965, prior to any amendatory contract, and any local grants-in-aid provided in connection with such project in excess of such maximum amount or any local grants-in-aid provided in connection with any other project in the same municipality shall not decrease the amount of the project capital grant for such project under such contract and amendatory contracts: *Provided,* That any local grants-in-aid provided in connection with such project in excess of such maximum amount shall not be considered in determining the local grants-in-aid required for any other project in the same municipality.

SEC. 3. (a) The National Housing Act is amended by striking out "by not to exceed 45 per centum in any geographical area" where it appears in sections 207(c)(3), 213(b)(2), 220(d)(3)(B)(iii), 221(d)(3)(ii), 221(d)(4)(ii), 231(c)(2), and 234(e)(3) and inserting in lieu thereof in each such section "by not to exceed 50 per centum in any geographical area".

(b)(1)(A) Section 207(c)(3) of the National Housing Act is amended by striking out "$13,000", "$18,000", "$21,500", "$26,500", "$30,000", and "$3,250," in the matter preceding the first semicolon and inserting in lieu thereof "$15,600", "$21,600", "$25,800"", "$31,800", "$36,000", and "$3,900" respectively.

(B) Section 207(c)(3) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465" in the matter following the first semicolon and inserting in lieu thereof "$18,000", "$25,200", "$30,900", "$38,700", and "$43,758", respectively.

(2)(A) Section 213(b)(2) of such Act is amended by striking out "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000" in the matter preceding the first proviso and inserting in lieu thereof "$15,600", "$21,600", "$25,800", "$31,800", and "$36,000", respectively.

(B) Section 213(b)(2) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465" in the first proviso and inserting in lieu thereof "$18,000", "$25,200", "$30,900", "$38,700", and "$43,758", respectively.

(3)(A) Section 220(d)(3)(B)(iii) of such Act is amended by striking out "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000" in the matter preceding "except" where it first appears and inserting in lieu thereof "$15,600", "$21,600", "$25,800", "$31,800", and "$36,000", respectively.

(B) Section 220(d)(3)(B)(iii) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465" in the matter following "except" where it first appears and inserting in lieu thereof "$18,000", "$25,200", "$30,900", "$38,700", and "$43,758", respectively.

(4) Section 221(d)(3)(ii) of such Act is amended—

(A) by striking out "$11,240", "$15,540", "$18,630", "$23,460", and "$26,570" and inserting in lieu thereof "$13,488", "$18,648", "$22,356", "$28,152", and "$31,884", respectively; and

(B) by striking out "$13,120", "$18,630", "$22,080", "$27,600", and "$32,000" and inserting in lieu thereof "$15,744", "$22,356", "$26,496", "$33,120", and "$38,400", respectively.

(5)(A) Section 221(d)(4)(ii) of such Act is amended by striking out "$12,300", "$17,188", "$20,525", "$24,700", and "$29,038" in the matter preceding the first semicolon and inserting in lieu thereof "$14,760", "$20,625", "$24,630", "$29,640", and "$34,846", respectively.

(B) Section 221(d)(4)(ii) of such Act is further amended by striking out "$13,975", "$20,025", "$24,350", "$31,500", and "$34,578" in the matter following the first semicolon and inserting in lieu thereof "$16,770', "$24,030", "$29,220", "$37,800", and "$41,494", respectively.

(6)(A) Section 231(c)(2) of such Act is amended by striking out "$12,300", "$17,188", "$20,525", "$24,700", and "$29,038" in the matter preceding the first semicolon and inserting in lieu thereof "$14,760", "$20,625", "$24,630", "$29,640", and "$34,846", respectively.

(B) Section 231(c)(2) of such Act is further amended by striking out "$13,975", "$20,025", "$24,350", "$31,500", and "$34,578" in the matter following the first semicolon and inserting in lieu thereof "$16,700", "$24,030", "$29,220", "$37,800", and "$41,494", respectively.

(7)(A) Section 234(e)(3) of such Act is amended by striking out "$13,000", "$18,000", "$21,500", "$26,500", and "$30,000" in the matter preceding the first proviso and inserting in lieu thereof "$15,600", "$21,600", "$25,800", "$31,800", and "$36,000", resppectively.

(B) Section 234(e)(3) of such Act is further amended by striking out "$15,000", "$21,000", "$25,750", "$32,250", and "$36,465" in the first proviso and inserting in lieu thereof "$18,000", "$25,200", "$30,900", "$38,700", and "$43,758", respectively.

SEC. 4. (a) The seventh sentence of section 221(f) of the National Housing Act is amended by striking out ", but not more than 10 per centum of the dwelling units in any such project shall be available for occupancy by such persons".

(b) The proviso in subparagraph (C) of section 236(j)(5) of such Act is amended by striking out ", but not more than 10 per centum of the dwelling units in any such project shall be available for occupancy by such persons".

SEC. 5. Section 103(a)(2) of the Housing and Community Development Act of 1974 is amended by inserting "and $200,000,000 for fiscal year 1977, not more than 50 per centum of which amount may be used under section 106(d)(1)," immediately after "1976".

SEC. 6. Section 1336(a) of the National Flood Insurance Act of 1968 is amended by striking out "December 31, 1975" and inserting in lieu thereof "December 31, 1976".

Amend the title so as to read: "A bill to amend section 2 of the National Housing Act to increase the maximum loan amounts for the purchase of mobile homes, and for other purposes.".

The SPEAKER. Is a second demanded?

Mr. BROWN of Michigan. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. BARRETT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill, H.R. 9852, is a "housekeeping" bill. It consists of needed and noncontroversial improving amendments to the housing laws which we deliberately refrained from adding to the several emergency housing bills passed by the House earlier this year. There are no provisions in the bill that increase the dollar authorization for programs administered by the Department of Housing and Urban Development or otherwise have a significant budgetary impact.

Section 1 of the bill provides for a modest increase in FHA mobile home loan limits. These limits have not been raised since 1969 when the program was first authorized.

Section 2 takes care of a long-standing and unique inequity resulting from an agency of the Federal Government first inducing a community to undertake an urban renewal project and then, at a later date, arbitrarily refusing to continue participation in the project resulting in serious damage to the community. It should be emphasized that this amendment calls for no additional expenditures of Federal funds.

Section 3 would increase the maximum mortgage limits under FHA's multifamily project insurance programs.

Section 4 is a technical amendment which corrects an error in the conference report of the Housing and Community Development Act of 1974.

Section 5 is designed to insure that

sufficient community development funds will be available in fiscal year 1977 for nonentitlement localities in metropolitan areas. This section does not involve an increase in the existing community development grant dollar authorization.

Finally, section 6 extends the emergency flood insurance program for 1 year. Without this extension the writing of additional flood insurance contracts will virtually cease after December 31 of this year.

Mr. Speaker, I know of no opposition by the administration or the Department of Housing and Urban Development to any of the provisions contained in this bill, and I urge its prompt enactment.

Mr. REUSS. Mr. Speaker, will the distinguished chairman, the gentleman from Pennsylvania (Mr. BARRETT), yield?

Mr. BARRETT. I will be glad to yield to the gentleman from Wisconsin.

Mr. REUSS. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, numerous noncontroversial amendments are needed each year to update and keep current our Housing and Community Development statutes. In the past, these "housekeeping-type" amendments have usually been included in omnibus housing bills along with other, more controversial "Christmas-tree-type" amendments.

This year the Committee on Banking, Currency and Housing has been successful in carrying out a policy of bringing to the floor of the House separate housing bills of an emergency nature which were uncluttered by provisions such as those contained in H.R. 9852. Provisions which, though necessary and desirable, were not directly related to the central purpose of the emergency bills. I think that this was a wise policy and I think that the floor votes on the emergency housing bills we reported out earlier this year demonstrate that the House as a whole concurred in that policy.

What we have tried to do in this bill is limit ourselves to those improving amendments to our housing laws which are both necessary and noncontroversial. This is a "clean-up" bill containing miscellaneous provisions usually contained in a comprehensive housing bill. To my knowledge, the administration does not oppose any provision in this bill and, in fact, a number of sections were included at their request.

Congressman BARRETT, the distinguished chairman of the Subcommittee on Housing and Community Development, has described each section of the bill.

Mr. BROWN of Michigan. Mr. Speaker, I yield such time as he may consume to the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Speaker, I rise in support of H.R. 9852 which is a bill containing a variety of substantive and technical amendments to update the National Housing Act. Inasmuch as there is no authorization for additional funding, the amendments are sound and responsible extensions of programs that have demonstrated usefulness with a high degree of cost effectiveness.

Once a Federal program has withstood the test of time, especially in the housing and urban development field, it should be continued. Since many of our utopian development programs have collapsed after leaving the drawing boards, it gives us greater reason to support pragmatic programs that square with reality.

For example, section 1 of this bill extends the FHA insured loan coverage on mobile homes from $10,000 to $12,500. As the mobile home becomes a sensible economic alternative to expensive suburban living, this bill is in keeping with our national policy of home ownership in preference to rental living.

Section 6 of the bill is a meaningful adaptation to the distressing problems of communities located in flood plains. Eligibility for the National Flood Insurance Act of 1968 is tied to completion of a comprehensive flood insurance study, often taking years to complete. To avoid this delay and cut through the red tape of a comprehensive insurance study, an emergency plan has been instituted pending completion of the broad study. Even my own community of Columbus, Ohio, on the Scioto River participates in this emergency program together with 11,500 other communities throughout the United States.

This legislation contains a number of improvements to further strengthen workable tested Federal housing programs and warrants the support of the House.

Mr. BROWN of Michigan. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, my colleague, the distinguished chairman of the Housing Subcommittee, Mr. BARRETT has fully and accurately explained the bill now before us.

I strongly support immediate favorable action and want to underscore just two of its important provisions.

First, the emergency implementation provisions of the national flood insurance program are extended until December 31, 1976. Originally, the program required detailed flood insurance studies, before communities were eligible for insurance; but these studies proved time-consuming, and emergency implementation was authorized in 1969. Only 500 of the 12,000 presently insured communities have completed their studies, and extension of the emergency program is necessary if the 300,000 policyholders are to retain coverage.

Thus, if we fail to extend this provision of the 1969 act, we will completely disrupt the program and deny any further opportunity for expansion of the program to the remaining areas of need.

Second, section 5 of this bill will correct a grave inadvertent inequity which now serves to seriously restrict the amount of community development funds available to small cities located within SMSA.

Unless this provision is enacted, the funds for such cities will be nil. Very simply then, section 5 provides that not less than $100 million of the authorized community development funds will be reserved for those committees during fiscal 1977. This will correct the existing inequity and get us into fiscal 1978 where we should find no such problem.

Mr. HAMMERCHMIDT. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Michigan. I yield to the gentleman from Arkansas.

Mr. HAMMERSCHMIDT. Mr. Speaker, I rise in support of H.R. 9852, representing refinements and improving amendments to the Nation's housing laws.

Of particular interest to me are sections 1 and 5. These relate to increases under FHA's mobile home insurance program for single and double module homes, and the allocation of monies for small communities in standard metropolitan statistical areas—SMSA's—under the community development block grant program, respectively.

At a time when there are such crying housing needs in the country, the provisions of H.R. 9852 that affect mobile home purchases are particularly important. Mobile home purchase must remain a viable alternaive in the housing market. The National Housing Act, under this section, is amended by increasing the maximum loan limits from $10,000 to $12,500 for single module homes, and from $15,000 to $20,000 for double module homes.

These mobile home loan limits have not been raised since 1969, when authorization for the FHA mobile home insurance program became effective. This is so despite the fact that mobile home manufacturing costs have increased, like just about everything else. These costs include labor, raw materials used in manufacture, shipping and carrying charges, and, of course, in the purchases prices. Also, maximum mortgage limits for FHA-insured homes have been increased during that period, which underscores further the need to do likewise for mobile homes.

Continuation of this mobile home loan program is vital and it is important to encourage the purchase of these homes by prospective home buyers, so many of whom are unable to afford the purchase of a house. We must raise the statutory loan limits to stimulate that encouragement. These loans carry with them attractive features, such as generally lower interest rates, longer maturities, and valuable consumer protections in the way of manufacturers' warranties. In addition, by raising the loan limits on mobile homes, we will be, in effect, lowering the higher downpayments that have resulted in the inability of some to purchase a mobile home.

I heartily support section 5 of the measure we now consider. It will insure that at least $100 million will be set aside for small communities in the standard metropolitan statistical areas—SMSA's—under the community development block grant program.

These small cities have been experiencing their share of difficulties, as there had not been sufficient funds available to them under the distribution formula. There was a provision for them in the HUD fiscal 1975 funding bill and the recently signed appropriations bill for fiscal year 1976. With the passage of H.R. 9852, we will further insure that in fiscal 1977, these small communities within SMSA's will receive a share of the allocation. Thus, section 5 addresses itself in a very positive way to this problem.

Mr. Speaker, I urge my colleagues to give their full and active support to enactment of H.R. 9852.

Mr. BARRETT. Mr. Speaker, I yield such time as he may consume to the majority leader, the distinguished gentleman from Massachusetts (Mr. O'NEILL).

Mr. O'NEILL. Mr. Speaker, I rise in support of H.R. 9852 to amend section 2 of the National Housing Act to increase the maximum loan amounts for the purchase of mobile homes and for other purposes. As you know the House Committee on Banking, Currency and Housing has reported this bill favorably (H. Rept. 94–545) and has indicated that there are no provisions in the bill that increase the dollar authorization for the programs administered by HUD or otherwise have a significant budgetary impact. The Senate unanimously passed—91 to 0—similar legislation, S. 848, on September 10, 1975.

On pages 2 and 3 of the report the committee points out with great clarity the unique posture of the Kendall Square urban renewal project. As the committee stated the situation in Kendall Square is a unique inequity resulting from an agency of the Federal Government first inducing a community to undertake an urban renewal project and then arbitrarily refusing to continue participation in the project. The committee states that it feels that this legislation is justified since the delays and consequent increases in costs associated with the project were a direct result of actions of the Federal Government and should not have to be borne by the community.

Briefly this is the history of the situation. In 1964, the city of Cambridge, at the request of the Federal Government, began work quickly on a 60-acre title I urban renewal project—Kendall Square Mass. R–107—providing 42 acres of cleared land, 29 of which were to be used by the Federal Government, for the development, in accordance with the provisions of a HUD-approved land disposition contract, of a $60 million National Aeronautics and Space Administration—NASA—Electronics Research Center. For Cambridge, a city of only 6 square miles, this required the displacement of more than 150 business firms and some 3,000 employees. In return, the city was told by NASA that it would get thousands of new jobs, and an influx of new industry stimulated by the research center.

In December 1969, NASA, after extensive acquisiton, demolition, and clearance work by the Cambridge Redevelopment Authority intended to make the site rapidly available, and without prior notice to the city of Cambridge, announced at a hastily called press conference in Cambridge that it was withdrawing from the project and closing its partly built research center.

The 14 acres partially developed by NASA were subsequently transferred to the Department of Transportation—DOT—for use as a transportation research facility, but DOT had neither plans nor funds for developing the balance of the land.

The NASA closing was a clear breach of the land disposition contract between the Cambridge Redevelopment Authority and the Federal Government. It left the authority and the city with the need to replan and reprogram completely the entire renewal project area, and it led to what, in the aggregate, has been some 8 years of continuing Federal delay.

There has, however, been a clear recognition by the Congress of the Federal Government's shortcomings in this project. In 1972, for example, both the House Subcommittee on Housing and the full Committee on Banking and Currency included in the omnibus housing bill—H.R. 16704—a provision which would have authorized the HUD Secretary to approve an application for an amendment to the Federal financial assistance contract for the Kendall Square project to provide all the funds necessary to complete the project, although the particular bill failed to clear the House Rules Committee.

Additionally, the Senate-House conference committee's report on the Housing and Community Development Act of 1974 called attention to the possible use of the discretionary fund for such communities as Cambridge where, as the committee's report pointed out, the situation is characterized by "the failure of the Federal Government to complete its planned development."

In 1974, then-HUD Secretary James T. Lynn, agreed to "reserve" $15 million, plus interest costs, in additional capital grant funds for the project, and indicated a readiness to limit the local share of project costs if suitable enabling legislation could be secured.

In 1975, the Senate report (94–326) to accompany the HUD appropriation for fiscal year 1976, contained the following language:

> Some urban renewal projects have been inordinately delayed through no fault of the local community. In this regard, the Committee notes the case of the Kendall Square Urban Renewal Project in Cambridge, Massachusetts (Project No. Mass. R–107), where the Federal Government, through NASA and DOT, has been the redeveloper of more than ⅔ of the land in the project, which development it has not been able to complete. The Secretary of HUD has made a commitment to reserve $15 million plus such additional grants as may be necessary to pay the interest costs on the project loans for this project, and the Committee urges HUD to continue to give the processing of these grants a high priority so that the project may be completed in a sound and orderly manner.

The conference report (94–502) on the fiscal year 1976 HUD appropriation stated:

> The conferees concur in the statement in the Senate report relating to the Kendall Square urban renewal program to permit its completion in a sound and orderly manner.

In this regard, section 2 of the House Bill 9852 would waive the required one-third local matching share requirement for the project with respect to the $15 million amendatory Federal grant. The city of Cambridge would have had no difficulty in meeting its original sharing requirements, had the NASA closing and subsequent delays not occurred. Unless this legislation is enacted, the city, as the result of Federal delays, could be forced either to make a large cash contribution to the project, or to cut back severely the scope of the project now being planned to an extent which would jeopardize its feasibility.

This legislation, approved by HUD, does not call for additional Federal funds to support the project. It does lift one Federal burden from a city that has been severely and unfairly burdened—unlike any other in the country—by Federal Government actions.

For the record I have included a more detailed explanation of the project which I ask to be included with my statement:

DETAILED EXPLANATION FOR SECTION 2 OF H.R. 9852

In 1964, the Cambridge Redevelopment Authority (CRA), at the request of the Federal Government, commenced the Kendall Square Urban Renewal Project (Mass. R-107) in Cambridge, Massachusetts, under provisions of Title I of the Housing Act of 1949, as amended, with a very tight time schedule in order to meet the urgent need for a 29-acre site within the project area for construction of a National Aeronautics and Space Administration (NASA) Electronics Research Center.

The Authority promptly completed its planning and obtained requisite approvals by December, 1965. NASA then entered into a Land Disposition Contract with the agreement to acquire the 29 acres and to build its Electronics Research Center thereon. The land acquisitions that followed throughout the project resulted in displacement of many large industrial and business firms employing more than 2,750 people.

The Authority subsequently conveyed approximately 14 acres, in several tracts, to NASA, for staged building development with appropriations approved for FY–65 and FY–66, and FY-67. However, this was followed by three years when no funds were made available for the construction of the Electronics Research Center in FY–68, FY–69, and FY-70.

On December 29, 1969, by Executive Order and without prior notification either to the City of Cambridge or to the Cambridge Redevelopment Authority—and contrary to its commitments to the community—NASA announced the closing of its partly-built Electronics Research Center and its intent to withdraw from the Project.

The closing, bitterly protested by Cambridge as a flagrant breach of contractual obligations, necessitated a re-planning and re-programming of the entire renewal project area. While this effort got underway, NASA's interest in the site was being transferred to the Department of Transportation (DOT) for a Transportation Systems Center, effective July 1, 1970. There was no prospect, however, for completing development or for proceeding with any further development.

Finally, on November 23, 1971, then Secretary of Transportation, John A. Volpe, acceded to requests from the City of Cambridge and Redevelopment Authority officials that his department, which had acquired the NASA buildings on some 14 acres east of former Sixth Street, relinquish any rights it had to the acreage west of former Sixth Street, under the terms of the Land Disposition Contract, dated June 13, 1966, and not yet conveyed by the Redevelopment Authority to the Federal Government.

This was regarded, nearly two years after NASA's abrupt abandonment of the Kendall Square Urban Renewal Area, as a green light for the Redevelopment Authority to complete its re-programming effort involving an adjacent 13-acre triangle and the 11 acres of acquired and cleared so-called "NASA surplus land".

One major obstacle remained. The Authority, prior to NASA's withdrawal and transfer to DOT of some 14 acres, had conveyed Tract 5A and a portion of Tract 8B (approximately 45,000 square feet) west of former Sixth Street to the Federal Government. Secretary Volpe said at the November 23, 1971 meeting in his offices that he was agreeable to having the land reconveyed to the Authority if it could be worked out legally.

On January 28, 1972, at a meeting in Washington, DOT officials said they would initiate action to get an exchange of land effected—Tract 5A and a portion of Tract 8B to be reconveyed to the CRA, and Tract 10 and a portion of 3B, both east to former Sixth Street, to be conveyed to DOT.

On February 25, 1972, DOT declared Tract 5A and a portion of Tract 8B to be conditionally excess for the sole and express purpose of effecting a transfer with the CRA in the best interests of the Federal Government.

Since that date, frequent meetings and exchanges of correspondence have taken place among the Authority, DOT, General Services Administration (GSA), and the Department of Housing and Urban Development (HUD) concerning the completion of development the exchange of land, and the required GSA appraisals. On February 28, 1974, the Regional Office of GSA transmitted its final determination of the amount ($57,300) to be paid by the Authority in consideration for the mutual conveyances. The Authority has executed the proper forms for GSA consideration, making them conditional upon acceptance of a supplement to the Land Disposition Contract. If accepted by GSA, other Federal as well as Congressional reviews are required in order to consummate the transaction, and the extent of further time required is unknown at this time.

These negotiations following the NASA closing have served to further negate the original momentum for the renewal project, since no durable re-planning or binding development agreements on any undeveloped portion of the project area could take place without first obtaining the necessary governmental approvals respecting the so-called "NASA surplus land".

In all, there have been more than eight years of delay attributable to the Federal Government, and the cost originally estimated for the project has at least doubled due to the continuing inflationary spiral during this period.

The NASA closing and subsequent negotiations with DOT and GSA, which have not been concluded, as aforementioned, have accounted for more than five years of delay.

Prior to the closing, there were three years of delay in the development of the NASA-ERC. First, NASA failed to meet its own schedule for the on-time completion of design and construction. Second, when plans were finally completed, all bids received were 30 percent over budget and rejected, thus necessitating the redesign of the Electronics Research Center. Third, funds were not made available by the government to ensure the orderly development of the research center. As a result, construction on parcels conveyed to the Federal Government was delayed and in some cases indefinitely postponed, even before the Executive Order was issued on December 29, 1969, to close the Electronics Research Center.

To compound these difficulties, the HUD funding pipeline has been abruptly narrowed during the past six years, producing at best only small increments on a yearly basis, thus lengthening the estimated times for completion of project activities, and forcing the City to commit even greater funding resources to support increased Federal grant assistance requirements which the Authority obviously needs to replan and dispose of the rest of the project.

In 1972, with respect to the lack of sufficient Federal grants for project activities, the House Subcommittee on Housing and the full Committee on Banking and Currency included in their "omnibus housing bill" (H.R. 16704) a provision which would have authorized the HUD Secretary to approve an application for an amendment to the Urban Renewal Contract for the Kendall Square project to provide all funds necessary to complete the project. The omnibus legislation failed to clear the House Rules Committee, however. Copies of the legislative provision and the Banking and Currency Committee's supportive explanation are attached hereto.

However, then HUD Secretary, James T. Lynn, in 1974, agreed to "reserve " $15 million plus interest in additional capital grant funds for the project. Whether this will, in fact, represent "all funds necessary to complete the project" cannot be determined at this time. HUD's superimposed requirement, for example, that an Environmental Impact Statement be prepared before commencement of additional development may subject project costs to further inflationary forces as more time elapses.

This type of constraint was recognized in the Senate House Conference Committee's Report on the Housing and Community Development Act of 1974. In the explanation of Section 107(a) of Title I, the Discretionary Fund, the Committee called attention to one eligible use for the fund being for communities which may not receive an adequate level of funding as a result of the Act's allocation and distribution provisions, producing, for example, reduced entitlements under the new program primarily as a result of unique local problems, such as, the Committee states, in Cambridge, where the situation is characterized by the failure of the Federal Government to complete its planned development". A copy of this explanation is attached.

With respect to local sharing mandated by the Federal financing formula, whereas the City of Cambridge would have no difficulty in meeting its sharing requirements in the form of Section 112 credits, had the Federal delays and NASA closing not concurred, present Federal funding requirements may form the City to make up a credit deficiency through a large cash contribution, or, alternatively, to severely cut back the scope of the project to an extent which would jeopardize its feasibility.

The situation as described herein—an absence of Federal development and funding commitments and an inordinately rapid consumption of local credit resources, bearing upon a project which was Federally, rather than locally, conceived and initiated—warrants the remedies proposed in this legislation.

Mr. BROWN of Michigan. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Speaker, I am extremely pleased to note the inclusion in H.R. 9852 of section 5, which provides that at least $100 million of community development funds will be made available in fiscal year 1977 to nonentitlement metropolitan communities.

This section represents the gist of a bill I introduced earlier in the year with some 33 cosponsors. The bill was designed to rectify a shortcoming in the law which resulted in the small communities in metropolitan areas being left without any community development moneys. This was particularly disconcerting because many of the communities had gone to considerable time and expense to prepare applications in the expectation that funds would be available.

We sought to deal with the situation in fiscal years 1975 and 1976 through the appropriations process, by specifically allocating $54 million and $52 million, respectively. It is also possible that additional moneys under the formula will become available to small communities in fiscal year 1976. Passage of H.R. 9852 with section 5 intact will insure that a minimum of $100 million will be available in fiscal year 1977, the last year prior to the phase-down of hold harmless funding. This action merits our approval, and I urge the adoption of the bill.

Mr. CASEY. Mr. Speaker, I rise this afternoon to comment on H.R. 9852, the Housing Act amendments. Of particular concern to me is section 6 of this bill which extends the emergency implementation provisions of the national flood insurance program for 1 year, to December 1, 1976.

Mr. Speaker, in my judgment, this is a program which is being improperly extended without the benefit of hearings in any sense and with little or no understanding of the fact that an extension of the emergency provisions of the flood insurance program, in effect, extends the entire program.

As I think most of my colleagues know, this is not a voluntary program. A community must enter the program or risk the loss of Federal mortgage assistance. The mortgage provision extends not only to HUD grants and VA mortgages but also to any federally guaranteed or insured bank deposits. In excess of 90 percent of all mortgage funds could be cut out of the mortgage moneys available to the local community which does not enter the Federal flood insurance program. While communities must enter the program, they are also required to adopt land use ordinances in order to remain in the program. These requirements have been particularly onerous in many parts of our Nation, including my district. Thousands of acres and millions of dollars in real estate tax revenues have been lost to local goverments due to this coercive program.

I think the House may be interested to know that some persons are forbidden from building on their own land, even with their own money, due to the requirements which the Federal Insurance Administration—FIA—has imposed.

In order to enter the program, two routes are available. First, under the regular program, subsidized insurance is limited and maps of flood prone areas of each locality must be available. However, the second route in the emergency plan does not require the FIA to accurately map localities and it makes available massive amounts of federally subsidized insurance at lower rates, which vastly increase costs for the Federal Government. Ninety-five percent of all communities which have entered the Federal flood insurance program have entered through the "emergency" door. One hundred percent of all communities entering within the last several years have been emergency entrants.

Mr. Speaker, there should be no mistake but that section 6 will effectively extend this entire program. We are not talking about a particular aspect of the Federal flood insurance program; we are talking about an extension of all of it.

I have grave reservations about the adequacy of the present program and with all the fairness with which it operates. Substantial changes in the present law must be made within the next several years, if severe hardships from Federal land use controls are to be avoided.

Under these circumstances, I was surprised to discover that this nongermaine provision was added to this bill. There was not a word of testimony taken in any hearings on this subject, and I feel it is far too important a matter to allow for a routine extension such as is proposed here.

Over 100 Members of the House and over 25 Members of the Senate have joined in proposing amendments which will make the flood insurance program responsive to local need and more voluntary with local citizenry.

Federal flood insurance is necessary now more than ever; but, like any program, we must make certain it answers the need of the people and at the same time preserves their freedom.

I am pleased to see that the committee has scheduled hearings on flood insurance later this month or early in November. The Senate has scheduled hearings in the middle part of November, and I am anxious that some action be taken to change a program which is devastating entire counties of my district, as well as other parts of our Nation.

The SPEAKER pro tempore (Mr. McFALL). The question is on the motion offered by the gentleman from Pennsylvania (Mr. BARRETT) that the House suspend the rules and pass the bill H.R. 9852, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BARRETT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

CHARLES CARROLL BICENTENNIAL MEDAL

Mr. STEPHENS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3427) to provide for the striking of medals in commemoration of the 200th anniversary of the signing of the Declaration of Independence by Charles Carroll of Carrollton.

The Clerk read as follows:

H.R. 3427

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in commemoration of the two hundredth anniversary of the signing of the Declaration of Independence by Charles Carroll of Carrollton, the last surviving signer of the Declaration, the Secretary of the Treasury shall strike and furnish to the Baltimore Museum of Art, of Baltimore, Maryland, not more than fifty thousand medals with emblems, designs, and inscriptions reproducing those on the medal heretofore struck by the Mint in honor of the ninetieth birthday of Charles Carroll of Carrollton, except for variations to be determined by the Baltimore Museum of Art subject to the approval of the Secretary of the Treasury. The medals shall be made and delivered at such times as may be required by the Baltimore Museum of Art in quantities of not less than two thousand, but no medals shall be made after December 31, 1976. The medals shall be considered to be national medals within the meaning of section 3551 of the Revised Statutes (31 U.S.C. 368).

SEC. 2. The Secretary of the Treasury shall cause such medals to be struck and furnished at not less than the estimated cost of manufacture, including labor, materials guides, use of machinery, and overhead expenses. Security satisfactory to the Director of the Mint shall be furnished to indemnify the United States for full payment of such costs.

SEC. 3. The medals authorized to be issued pursuant to this Act shall be of bronze and of such size or sizes as shall be determined by the Secretary of the Treasury in consultation with the Baltimore Museum of Art.

The SPEAKER pro tempore. Is a second demanded?

Mr. ROUSSELOT. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from Georgia (Mr. STEPHENS) is recognized for 20 minutes and the gentleman from California (Mr. ROUSSELOT) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Georgia (Mr. STEPHENS).

Mr. STEPHENS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the Committee on Banking, Currency and Housing has had under consideration H.R. 3427, as introduced by the gentleman from Maryland (Mr. GUDE), along with several other Members of the House of Representatives.

Mr. Speaker, the bill would direct the Secretary of the Treasury to strike and furnish to the Baltimore Museum of Art not more than 50,000 bronze medals commemorating the 200th anniversary of the signing of the Declaration of Independence by Charles Carroll of Carrollton.

Mr. Carroll, as a Roman Catholic, was unable to hold office in the Maryland Colony but was a Member of the Continental Congress. He was active in the first attempts to improve navigation on the Potomac and was active in religious, civil, and business affairs during the formation and early years of our Republic. As the last survivor of the original signers of the Declaration of Independence, the U.S. Mint, in honor of his 90th birthday in 1826, struck a medal to celebrate his accomplishments.

There is no objection to this bill from the Department of the Treasury and it would not require any appropriation of funds since the mint would be reimbursed for the cost of manufacture by the Baltimore Museum of Art.

Mr. Speaker, I have no requests for time.

Mr. ROUSSELOT. Mr. Speaker, I yield such time as he may consume to my colleague, the gentleman from Maryland (Mr. GUDE), the sponsor of the bill.

Mr. GUDE. Mr. Speaker, I would like to call to the attention of my colleagues a great American statesman, Charles Carroll of Carrollton, Md.

I ask that commemorative medals be struck in honor of the 200th anniversary of his signing of the Declaration of Independence. The medals are to be identical to the original medal struck by the U.S. Mint in 1826 in honor of Mr. Carroll's 90th birthday.

The bill before you would permit the U.S. Treasury to strike not more than 50,000 medals, in quantities not less than 2,000—production of which would terminate by December 31, 1976. The medals are to be furnished directly to the Baltimore Museum of Art at which time the Treasury Department will be reimbursed for the cost of production. The commemorative medals are part of a major Bicentennial exhibition in honor of Charles Carroll at the museum.

I understand the Office of Management and Budget and the Department of the Treasury have reviewed this bill and have no objection to it. I encourage you to assist the museum in its exhibit by supporting H.R. 3427—a bill to honor a great Marylander and American leader.

Charles Carroll or Carrollton, born 238 years ago this month, was a member of the Maryland delegation to the Continental Congress from 1776 to 1779. Prior to his election to the Continental Congress, he was an active and able leader in the right of religious freedom. As a Roman Catholic he was unable to hold office in the Maryland Colony, yet he was well respected and influential. During the Revolutionary War he was an active patriot leader.

He was elected to the Continental Congress on July 4, 1976, and on August 2, 1776, signed the Declaration of Independence. He did not die until well into his nineties, in 1832, and was the last surviving signer of the Declaration of Independence. Shortly before being elected to the Continental Congress he, together with Benjamin Franklin, Samuel Chase, and Rev. John Carroll, a cousin, was sent to Canada to attempt to enlist Canadian support for the cause of independence. This effort was unsuccessful, but it led to Charles Carroll of Carrollton's growing influence with the colonial leadership.

He later served in the Maryland Senate from 1777 to 1800 and in the U.S. Senate from 1789 to 1792. He assisted in the drafting of the Maryland constitution and urged the adoption of the U.S. Constitution, although he did not participate in the Constitutional Convention.

Charles Carroll of Carrollton acquired the estate of Carrollton, in Frederick County, Md., in 1765, upon his return from an education in Europe. He then lived in the Baltimore area and was influential in the administration of the colony. Following the Revolution he was renowned statewide. He laid the cornerstone for the Baltimore & Ohio Railroad in Baltimore on July 4, 1828. He had already been a member of the Potomac Co., the first attempt to improve navigation on the Potomac River by George Washington in the late 18th century. He also was a member of the successor company which constructed the Chesapeake & Ohio Canal.

As I noted previously, the U.S. Mint, in honor of his 90th birthday in 1826, struck a medal to celebrate his accomplishments. The designer of the original medal, Charles Gobrecht, later became the chief engraver of the U.S. Mint.

Charles Carroll is a monumental and long-forgotten figure in American history. The Baltimore Museum of Art recognizes this in its exhibition:

> Anywhere So Long As There Be Freedom: Charles Carroll of Carrollton, His Family, and His Maryland.

I urge my colleagues to recognize his presence in history by joining me in supporting H.R. 3427—a bill to provide for commemorative medals to honor this great statesman.

GENERAL LEAVE

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill under consideration.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. STEPHENS. Mr. Speaker, I have no requests for time.

The **SPEAKER** pro tempore. The question is on the motion offered by the gentleman from Georgia (Mr. STEPHENS) that the House suspend the rules and pass the bill H.R. 3427.

The question was taken; and (two-thirds having voted in favor thereof), the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

BRIG. GEN. CHARLES E. YEAGER MEDAL

Mr. STEPHENS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 8151) to authorize the President of the United States to present in the name of Congress, a medal to Brig. Gen. Charles E. Yeager.

The Clerk read as follows:

H.R. 8151

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President of the United States is hereby authorized to present, on behalf of the Congress, to Brigadier General Charles E. Yeager, United States Air Force, an appropriate silver medal, equivalent to a noncombat Medal of Honor, for contributing immeasurably to aerospace science by risking his life in piloting the XS–1 research airplane faster than the speed of sound on October 14, 1947. For such purpose the Secretary of the Treasury is authorized and directed to cause to be struck a silver medal with suitable emblems, devices, and inscriptions to be determined by the Secretary of the Air Force subject to the approval of the Secretary of the Treasury. There is hereby authorized to be appropriated the sum of $5,500 for this purpose.
>
> SEC. 2. The Secretary of the Treasury shall cause duplicates in bronze of such medal to be coined and sold, under such regulations as he may prescribe, at a price sufficient to cover the cost thereof (including labor), and the appropriations used in carrying out the provisions of this section shall be reimbursed out of the proceeds of such sale.

The **SPEAKER** pro tempore. Is a second demanded?

Mr. SCHULZE. Mr. Speaker, I demand a second.

The **SPEAKER** pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The **SPEAKER** pro tempore. The gentleman from Georgia (Mr. STEPHENS) will be recognized for 20 minutes and the gentleman from Pennsylvania (Mr. SCHULZE) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Georgia (Mr. STEPHENS).

Mr. STEPHENS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the bill we are considering today is a bill which was introduced by the gentleman from California (Mr. ROUSSELOT) and also by a number of other Congressmen, including the gentleman from West Virginia (Mr. HECHLER) and the gentleman from West Virginia (Mr. SLACK).

The bill would direct the Secretary of the Treasury to cause to be struck a silver medal for presentation to Air Force General Yeager for his contribution to aerospace science by risking his life in piloting the XS–1 research airplane faster than the speed of sound on October 14, 1947.

General Yeager was the first man to break the sound barrier which was considered by many to be insurmountable and a barrier which had already killed a number of pilots. The real significance was not realized by the public at the time since the Air Force classified information of his flight for some time. The bill has the blessing of the Department of Defense and there is no objection from the Department of the Treasury.

The bill would authorize appropriation of $5,500 for the striking of the silver medal. The bill also authorizes bronze duplicates of the medal to be coined and sold at a price sufficient to cover costs of manufacture.

Mr. Speaker, I yield such time as he may consume to the gentleman from West Virginia (Mr. SLACK).

Mr. SLACK. Mr. Speaker, this legislation designed to authorize issuance of a special medal to Brig. Gen. Charles E. Yeager in recognition of his vital contributions to aerospace science is a matter in which I have a keen personal interest.

General Yeager is a native of one of the counties in my own Third West Virginia District. It is a rural county with only small communities, inhabited by hard-working, God-fearing people whose patriotism and sense of public duty could only be equaled and not surpassed in the length and breadth of our country.

It is a land of small farms, small businesses, and strong family traditions. It has never been served by one of the great arterial highways. There is neither passenger train nor airline service. The young people who would enter the advanced sciences must display a level of determination far above the average, and must be unwilling to bow to ordinary obstacles and disappointments.

We are all familiar with the historic accomplishments of our astronauts in the space program. I am sure you remember the first American to step on the surface of the Moon and his statement that this was a "giant step" for all mankind.

On that day in 1947 when General Yeager risked his life to prove that a human being could fly an aircraft faster than the speed of sound, a "giant step" was taken which led inevitably to space travel and all of the wondrous aviation accomplishments of later years.

To understand the full meaning of this proposal, to underscore the long-range significance of General Yeager's accomplishment, it is necessary to place his work accurately in the pattern of aviation developments of almost 30 years ago.

I am greatly indebted to Jacqueline Cochran for some enlightening comments in that connection. It is hardly necessary for me to list the qualifications of Jacqueline Cochran to serve as expert witness in a matter involving aviation progress.

Holder of numerous speed and altitude records, early transoceanic flyer, winner of the Bendix Trophy, first woman to break the sound barrier piloting an aircraft, director of the woman's training program which supplied more than a thousand auxiliary pilots for our armed forces—these and many other accomplishments outline a lifetime career in aviation which brought her recognition as America's premier aviatrix.

She has written her support for this legislation in these words:

> I am convinced that if Gen. Charles E. Yeager had not broken the sound barrier, we might have been retarded in the development of supersonic flight for many, many years.
>
> Several countries had tried to build and were trying to build an aircraft that would exceed the speed of sound. The most outstanding case in this instance was the British Government. We know of three pilots who lost their lives trying to go through the sound barrier. The last one was Mr. Dehavilland who at that time was probably the most famous pilot in England, and after this happened, the British Government gave up and they have suffered to this day, in my opinion, in some of their development work as a result of this tragedy.
>
> Gen. Yeager's Mach I flight is considered by many scientists and myself to be the greatest milestone in aviation since the Wright Brothers' first flight. In fact, there are many of the greats in aviation who agree with all of these statements that I have set forth.
>
> One of the most remarkable parts about this program is that a civilian pilot wanted such horrendous prices for each powered flight in the XS–1 that the Bell Company could not afford it. They approached Col.

> Boyd, now Gen. Boyd, who was in charge of research and development flying for the Air Force. He asked for volunteers and received more than 100, and he considered Gen. Yeager the most competent among them all.
>
> Once Gen. Yeager was in this aircraft and dropped from the mother ship, he was sealed in and had no means of escape. In spite of the fact that he experienced several fires and many problems, he carried through to the very end and continued to test our most difficult equipment for more than 10 years.

I believe it is time we give to one of our pioneers recognition that is long overdue, and I urge you to join me in support of H.R. 8151 to accomplish that purpose.

Mr. SCHULZE. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. Rousselot).

Mr. ROUSSELOT. Mr. Speaker, I rise in enthusiastic support of my bill, H.R. 8151, a bill to authorize the President of the United States to present, in the name of Congress, a medal to Brig. Gen. Charles E. Yeager. This medal would give due recognition to General Yeager for his accomplishments with the XS–1 research airplane and for being the first man to fly an aircraft faster than the speed of sound.

In presenting Gen. Chuck Yeager to the Aviation Hall of Fame, the world famous aviatrix, Jackie Cochran, said:

> If we are searching for milestones by which to measure man's pioneering progress in flight . . . the precedent shattering first supersonic flight is, perhaps, more meaningful than all others in winged flight.

When General—then Captain—Yeager agreed to fly the XS–1 in 1947, the sound barrier was considered insurmountable—a barrier which had already killed a number of pilots including the renowned British test pilot, Geoffrey R. deHavilland. The XS–1 aircraft, although strongly built, had no means of escape if, during flight, the pilot ran into serious trouble.

Let me stress that the mission to fly the XS–1 supersonic airplane was performed on a volunteer basis, with only normal pay and allowances. General Yeager not only accepted the danger, but had the perseverance to tackle the unknown.

On October 14, 1947, the XS–1 was readied for an earnest assault on the sound barrier. At 10:26 a.m., the plane was dropped from a B–29 at a pressure altitude of 20,000 feet and an indicated airspeed of 250 miles per hour. Through sequential firing of the rocket cylinders of the engine to obtain the effect of a combined 6,000 pounds of thrust, General Yeager pushed the speed upward until the "sound barrier" had been broken by a manned airplane for the first time.

In December of 1948, a National Aeronautic Association press release stated that General Yeager's flight of the XS–1 was "an epochal achievement in the history of world aviation—the greatest since the Wright brothers' airplane 45 years ago."

I strongly urge my colleagues to support H.R. 8151, which would provide authority to give recognition to a deserving individual who contributed immeasurably to aerospace science by risking his life to test the limits of existing theory and technology.

Mr. SCHULZE. Mr. Speaker, I thank my colleague for his excellent statement. The gentleman from California (Mr. Rousselot) is to be congratulated for his effort and for reminding us of the heroic achievement of Brig. Gen. Charles E. Yeager.

The first person to penetrate the sound barrier in an airplane in 1947, General Yeager was truly a pioneer representing all that is best in the American spirit. At a time when we are calling to the national consciousness the heroic sacrifices, the determination and courage, of our forebears, it is fitting that we honor this great and more recent contribution. Here is an individual who displayed a perseverance and single-mindedness we would all do well to emulate and I join the Member from California in calling for adoption of this proposal.

Mr. BELL. Mr. Speaker, as a sponsor of similar legislation, I rise in strong support of H.R. 8151, which would at long last pay the tribute that is due from the United States to Brig. Gen. Charles E. Yeager, USAF.

I commend my good friend and distinguished California colleague, Mr. Rousselot, for his efforts on behalf of this bill to present a special Medal of Honor to General Yeager.

There is no one more deserving of this honor than Chuck Yeager.

In October of 1947, at the risk of his own life, Chuck piloted the XS–1 research plane at a speed faster than the speed of sound, thereby demonstrating for the first time that manned aircraft could be safely flown through the theretofore believed deadly sound barrier. Also, by this action, he contributed greatly to opening the door for a more rapid space exploration program.

It is only fitting that we honor General Yeager's heroic courage and skill as a pilot in the service to his country by passing this bill, and I urge the support of my colleagues.

Mr. WHALEN. Mr. Speaker, I rise in support of H.R. 8151. In an age of technological achievement and seemingly endless breakthroughs, it often is difficult to rate one higher than another. Oftentimes the criterion used is the impact of the advance upon mankind. Another is that of the individual effort involved in recording the milestone. Both of these elements were aspects of an historic first which occurred on October 14, 1947.

On that date, the first flight faster than the speed of sound was conducted by then Capt. Charles E. Yeager, now a retired Air Force brigadier general. Chuck Yeager's flight in the Bell XS–1 served to test the feasibility of man hurdling the sound barrier and reducing further the size of the world.

Many pilots had been killed during and after World War II by what was then called "compressibility." High speed dives in the top fighter aircraft of World War II brought many aviators into direct contact with this great unknown. Many survived with damaged planes and shattered nerves. Others did not. Thus, it was no routine undertaking when Chuck Yeager squeezed into the confined cockpit of that small aircraft and took off into the supersonic age.

My constituents and I in the Greater Dayton Area, the home of the Wright Brothers and Birthplace of Aviation, have a special affinity for accomplishments like Yeager's. Many of our friends, neighbors and relatives have been involved in or associated with people who have been a part of the evolution of aviation. We feel a special kindship with Chuck Yeager, who is enshrined in the Aviation Hall of Fame, located in Dayton. He was inducted into this distinguished body on December 14, 1973, in recognition for his first supersonic flight and his contributions to aerospace research and safety.

When I received Ken Hechler's solicitation, I immediately joined with him in sponsoring this bill. In view of Yeager's achievements, I think it is fitting that Congress enact this measure to confer upon him a special Silver Medal, equivalent to a noncombat Medal of Honor, and have the President present it to him on behalf of Congress and the American people.

Thus, I am very pleased indeed to associate myself with Ken Hechler, John Rousselot, and the other sponsors of this bill, and I urge my colleagues to support it.

Mr. JOHNSON of California. Mr. Speaker, it is with great pride that I join in expressing my support for legislation authorizing the President of the United States to present a medal in the name of Congress to Brig. Gen. Charles E. Yeager.

General Yeager has had a brilliant career in the U.S. Air Force and I believe recognition of this type would be a most appropriate action by the Congress.

Undoubtedly, General Yeager's best known accomplishment was his test flight in the Bell X–1 experimental aircraft at a speed faster than the speed of sound. This world history making effort was undertaken by Chuck Yeager at the age of 26. Other civilian test pilots had been asked to make the flight which would put man through the sound barrier. They all turned down offers of great sums of money, fearing the consequences of pushing an aircraft to such speeds. General Yeager accepted the challenge and successfully made the flight on October 14, 1947, over Muroc Air Force Base, Calif. He was paid only his regular captain's salary plus flight pay.

While most of the world knows Chuck Yeager as the man who broke the sound barrier, his entire career is filled with significant accomplishments and the demonstration of leadership. During World War II, he served with distinction as an aerial combat pilot over occupied France and Germany. Among his most daring efforts were the downing of 13 enemy aircraft, 5 in one mission.

Following the war, General Yeager

returned to the United States where he served the Air Force as a flight instructor and subsequently as a test pilot. It was in this latter capacity that he made world history.

Not only did he fly faster than the speed of sound, but he was also one of the first test pilots who flew twice the speed of sound. He later attended the Air Command and Staff College, and near the end of his career, was honored by being selected to attend the Air War College.

Following his service as an active test pilot, General Yeager was given command of various tactical and fighter aircraft squadrons around the world. Yeager subsequently served as a wing commander of the 405 Fighter Wing stationed at Clark Air Force Base in the Philippines. While there, he continued his determined effort to serve his country to the best of his ability by completing 127 missions in South Vietnam. Further service saw General Yeager as wing commander of the 4th Tactical Fighter Wing at Johnson Air Force Base, N.C.; vice commander of the 17th Air Force with headquarters at Ramstein Air Force Base Germany; and U.S. Defense Representative to Pakistan.

Chuck Yeager completed his Air Force career as Commander of the Air Force Inspection and Safety Center at Norton Air Force Base, Calif., where his responsibilities included efforts to prevent and reduce accidents in the Nation's aerospace activities through global programs of safety education, accident investigation and analysis, human factors research, and safety inspections.

His military decorations and awards include the Distinguished Service Medal, Silver Star with one oak leaf cluster, Legion of Merit with one oak leaf cluster, Distinguished Flying Cross with two oak leaf clusters, Bronze Star Medal with V device, Air Medal with 10 oak leaf clusters, Air Force Commendation Medal, Purple Heart, Distinguished Unit Citation Emblem with one oak leaf cluster, and the Air Force Outstanding Unit Award Ribbon. He is a command pilot and has flown more than 10,000 hours in 155 different types of military aircraft. He was awarded the MacKay Trophy in 1948, the Collier Trophy in 1948, and the Harmon International Trophy in 1954.

As the Representative of the First Congressional District of California, I am proud to have Brig. Gen. Charles E. Yeager as a constituent. He now resides in Cedar Ridge, Calif., where he continues his active involvement in national affairs.

Mr. Speaker, I hope that the Congress will recognize the contributions of General Yeager to his country and recommend enactment of this legislation to appropriately commend him through presentation of this congressional award.

Mr. PRICE. Mr. Speaker, H.R. 8151, along with a number of other identical bills, was referred to the Committee on Armed Services in a joint referral. As of this date, our committee has not had an opportunity to consider this bill due to other legislative commitments. I am unaware of any objections from members of the committee to the passage of this legislation, and thus on behalf of the committee, do not plan to register an objection to its passage at this time.

H.R. 8151 would authorize a specially struck silver medal, equivalent to a noncombat Medal of Honor, to be presented by the President in the name of Congress to Brig. Gen. Charles E. Yeager. The medal is to be awarded in recognition of General Yeager's accomplishments with the XS-1 research airplane and for being the first man to fly an aircraft faster than the speed of sound in August 1947. At the time of the flight, a number of pilots had lost their lives in unsuccessful attempts.

The bill is a Department of Defense legislative proposal.

Previous recognition for these achievements were a first Oak Leaf Cluster on the Distinguished Flying Cross for his first supersonic flight in the XS-1, and a second Oak Leaf Cluster for his first powered takeoff in the XS-1.

Special medals of this sort have been awarded before, including medals to Charles Lindbergh, Gen. John J. Pershing, and Adm. Hyman G. Rickover.

Mr. DON H. CLAUSEN. Mr. Speaker, it is with great pride and respect that I rise in support of the bill to authorize the President to present in the name of Congress a silver medal to Brig. Gen. Charles E. Yeager.

It is a personal privilege to be a part of this tribute to one of the greatest men in history. Twenty-eight years ago this month this courageous man flew the first supersonic flight.

Our knowledge was somewhat limited at that time and we were all very anxious over the point of compressibility just prior to the speed of sound. It took tremendous ability and daring to face the unknown consequences of reaching that speed. His success was remarkable and truly is one of the great landmarks in the history of aviation.

I first met Chuck Yeager several years ago at the Edwards Air Force Base in California when I initiated my aviation education program in Crescent City, Calif. He impressed me then with his humble and unassuming character but also with his deep appreciation for the many ways in which an airplane can become a tool for peace. As one who has spent half my life in the field of aviation I have personally experienced the satisfaction of watching a young person grow and mature simply through the feat of learning to control and maneuver an airplane. Chuck and I have spent a good deal of time working on this idea.

I again had the honor of visiting with Chuck Yeager here in Washington in October 1972 when we celebrated the 25th anniversary of his historic flight. Jackie Cochran, a mutual friend, also attended the ceremonies on the steps of the Capitol. Jackie has been the moving force behind the effort to award this medal which is the equivalent of the noncombat Medal of Honor. Her dedication and determination are to a large part responsible for the enactment of this legislation today.

Chuck Yeager will be remembered for his recordbreaking flight but he will also go down in history for his many other achievements and contributions to aviation and our country—the list is endless. But, despite his full and busy career he has always been available to any worthwhile cause. I have called upon him on many occasions and he has been tremendously generous with his time and talents.

May I conclude by saying that Chuck Yeager has been an inspiration to many who strive to follow in his footsteps. It is a great privilege to rise in honor of him.

Mr. JONES of Oklahoma. Mr. Speaker, I am pleased to support this legislation that will authorize the President of the United States to present in the name of Congress, a medal to Brig. Gen. Charles E. Yeager.

I am a cosponsor of this legislation because I am convinced that Charles Yeager stands for the very best that this country can produce. During World War II, General Yeager downed 13 enemy planes. He had 64 combat missions. He bagged five planes in one mission, including one of Germany's first jet fighters, and he became a "double-ace." For his war service he received two Silver Stars, three Distinguished Flying Crosses, the Bronze Star, seven air medals, and the Purple Heart.

General Yeager was the first man to reach supersonic speeds in flight. At the time of his test flight, most experts gave General Yeager less than a 50-percent chance for survival. His accomplishment enabled this country to record achievements in space unparalelled in history. It should be said that one courageous man, Charles Yeager, took the first step on this road.

I am grateful, as well, to Jacqueline Cochran—Mrs. Floyd B. Odlum—for her continuous efforts in this recognition of General Yeager. Miss Cochran has been tireless in her efforts to bring this recognition about, and were it not for her, I might have overlooked the injustice in neglecting to honor one of this country's great heroes.

Mr. HECHLER of West Virginia. Mr. Speaker, the Nation and the world are proud of the tremendous achievements of Brig. Gen. Charles E. "Chuck" Yeager in war and peace.

Chuck Yeager now lives in Cedar Ridge, Calif., but he is a native West Virginian and we West Virginians will always claim and honor him. He was born on February 13, 1923, in the town of Myra—Lincoln County—W. Va., and is a graduate of Hamlin, W. Va., High School. During World War II, he distinguished himself in aerial combat over Germany and France during 1943 to 1945 by shooting down 13 enemy aircraft, including 5 on one mission. He shot down one of Germany's first jet fighters. He himself was shot down over German-occupied France, but escaped capture when elements of the French Maquis helped him to reach the safety of the Spanish border.

Ordinarily, he could have been returned to the United States after having been shot down, but after a series of insistent, fighting efforts, Chuck Yeager went all the way to SHAEF headquarters to obtain General Eisenhower's order to allow him to return to combat duty, where he amassed his outstanding record of 55 combat missions over Europe.

The bill on which we are voting today awards a silver medal to Chuck Yeager, equivalent to a noncombat Medal of Honor. I still feel that Chuck Yeager deserves a full Medal of Honor, and I worked along with famed pilot Jacqueline Cochran, who spearheaded these efforts for several years. Yeager was not only the first man to fly faster than the speed of sound, but continued to be the first to fly at more than twice the speed of sound.

Today, these speeds do not appear too unusual, but on October 14, 1947, when Chuck Yeager broke the sound barrier it can be classed as a feat which matched the first flight of the Wright brothers as a contribution to aviation.

By the end of World War II, aviation progress had reached an insurmountable impasse—the "sonic barrier." As an aircraft reached the speed of sound, the pilot would be subjected to severe vibrations, and in several cases planes actually disintegrated at this high speed. The renowned British test pilot, Geoffrey R. deHavilland, was killed in September 1946, while attempting to better a speed mark of 615.778 miles per hour. deHavilland's plane was ripped apart. Other pilots tried and failed.

Many noted scientists and aeronautical engineers began to predict that man could never fly an airplane faster than the speed of sound. Bell Aircraft developed the X–1, to be dropped from a B–29, and then the search was on for a test pilot. After combing through many volunteers, Yeager was selected for the dangerous task. On a captain's pay in the Air Force—$511.50 per month, including flight pay and extras—the young West Virginian set out to conquer one of the most hazardous challenges in aviation history.

The Bell X–1 was carried aloft in the belly of a B–29. However, because of the size and the wings, it could not be fully inside the bomb bay. Therefore, the pilot was required to descend on an extendable ladder into the slipstream, and then work his way through the very small opening into the cockpit—all this at approximately 10,000 feet with a seat-type parachute strapped on. Once inside the cockpit, he was literally sealed in, and there was no ejection seat. Unlike the astronauts, there was no complicated and computerized system of real-time transmission system, with literally hundreds of technicians ground-based to insure the second-by-second success and safety of the mission. Transmissions from the X–1 could be received for later monitoring, but there was no opportunity to correct any inflight difficulties by signals from the ground. Yeager, the pilot, was out on his own and success or failure of the missions rested almost exclusively on his broad shoulders.

As the author of "The Bridge at Remagen," which involved one of the most stirring episodes of World War II, I would like to observe that in the heat of combat men accustomed to risking their lives will frequently perform extraordinary feats of heroism which they cannot perform except in the "hot blood" of combat. "Chuck" Yeager could coldbloodedly measure the danger and the consequences for many months prior to undertaking a mission which risked his life. He slept every night with the full knowledge that he was risking his life, and his wife and children certainly made him even more aware of these risks.

Yet for his country, he not only was determined to perform the assigned mission, but he accomplished a feat which unlocked untold new opportunities for the development of this Nation's aviation and flight capabilities.

Chuck Yeager is a man of uncommon courage, of selfless duty and devotion to his country and to the Air Force. He undertook the job of test flying the Bell X–1 after one civilian test pilot turned down $150,000 to do it, and another civilian test pilot tried out the X–1 but hastily bowed out.

You could not exactly blame the civilian test pilots for bailing out. There was less than a 50–50 chance of survival. Planes had been known to disintegrate and its occupants killed when their speeds approach the sound barrier.

As the Los Angeles Times article pointed out, the sound barrier was dreaded and it was cloaked in a legend of invincibility. Many experts thought man was hemmed in by the sound barrier and aircraft would never be able to fly faster than 760 miles an hour.

But Chuck Yeager proved these experts dead wrong. And he did it on his very low Air Force captain's salary.

Chuck Yeager turned down numerous lucrative offers to leave the Air Force after his epochal, history-making flight because of his love for the Air Force. He is now a retired Air Force general living in California, but often gets back to West Virginia to see his homefolks. The people of Hamlin who watched Chuck Yeager grow up, say he has not changed a bit. He is still the same old Chuck.

He is a man of not only uncommon courage but also uncommon modesty. I urge passage of the bill.

Mr. Speaker, I attach a copy of an article from Time magazine dated April 18, 1949:

MAN IN A HURRY

Deep in the Mojave Desert, across the San Gabriel Mountains and 70 miles inland from Los Angeles, lies a strange, unnatural lake. It is eleven miles long and four miles wide, with clearly defined shores and what look like beaches. But, except for a short time after a rare desert rain, the lake has no water. Its smooth and precisely level surface is cement-hard dark-red mud. Its one surface craft is a weathered wooden dummy battleship built long ago as a bomber target. Above it, in the bright desert sky, thunder the real craft of Muroc Dry Lake.

Muroc is the U.S. Air Force's secret test base. Its ships, as un-nautical Air Forcemen insist on calling aircraft, are the latest planes, from the big B–36 to Buck Rogerish craft that are still marked "Top Secret." Muroc is the world's finest landing field. A deliberately overloaded bomber can labor for miles across the lake before it tries the air. An experimental jet fighter of unproved design can be tested and wrung out, with world of room for landing if there is a structural or power-plant failure. Muroc's miles and miles of smoothness have allowed many a crash-threatened pilot and airplane to survive and fly again.

HOLE IN THE WALL

Walled off from the world by the desert and the strictest military secrecy, Muroc Air Force Base is a strange sort of community. In all it does, it is dedicated to military aircraft performance, with special emphasis on speed. In the realm of speed it also has its king. He is Captain Charles ("Chuck") Yeager, 26, a modest, blue-eyed test pilot with an infectious grin and an easy West Virginia drawl. What makes Chuck Yeager outstanding, even among the crack pilots at Muroc, is the fact that his name is certain to go down prominently in aviation history books. Chuck Yeager was the first man to break through the dreaded "sonic wall" and fly faster than sound.

A few days ago, as he made his 31st successful landing in the remarkable plane specially designed for his remarkable feat, Chuck was able to say casually: "We've punched so many holes in that old wall, you can see 'em all over the Mojave."

Chuck punched the first hole on Oct. 14, 1947, when a B–29 took off from Muroc with his odd, fat little airplane nestled under its bomb-bay. Chuck's small craft had no propeller, no intake for a jet engine; only four rocket orifices in its stubby tail. The little airplane, the Bell X–1, was as daring a challenge to the unknown as the Wrights' first faltering biplane.

DEMON ON THE TAIL

In the long-ago (to airmen) days of October 1947, the air was like a prison with invisible steel-strong walls. There seemed to be an upper limit to speed. As airplanes flew faster and faster, strange things had happened to them. Hard, unseen fists punctured their metal skins. Mysterious arms reached out of the air to wrestle with their controls. Sometimes a wartime fighter pilot, diving too fast in combat, would feel his stick freeze fast. No matter how he tried, he could not pull out of the dive. Sometimes he did not live to tell the tale. Sometimes the demon let go just in time, and the shaken pilot got back to his base to describe his hair-raising experience. Aerodynamicists explained it as "shock waves." When a body moves with the speed of sound, the air does not yield smoothly. Instead, hard shock waves (sound waves) form. These are no gentle whispers; they are tough, speeding shells of compressed air, powerful enough under certain conditions to tear an airplane to bits.

Even flying much slower than sound, airplanes can run afoul of shock waves. The air crowding past them has to go faster to get around their curved surfaces. If, in its hurry, the air hits the speed of sound, shock waves form locally. Good design has steadily raised the speed at which an airplane can fly without trouble from local shock waves. But there is a limit: the speed of sound itself.[1] At this critical speed, an airplane's motion is sure to generate shock waves.

What violence these would do no one knew, but so many airplanes had met disaster far below sonic speed that the "sonic wall" had earned a fearful reputation. Designers and pilots spoke of it with awe. It was widely believed that when an airplane reached the speed of sound, it would disintegrate.

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[1] 760.9 m.p.h. at standard sea level temperature (59° F.), 662 m.p.h. from 35,332 to 104,987 ft., where temperature is constant at —67° F.

ALL FOR LOVE

Test Pilot Yeager knew all this when he prepared to fly the Air Force's odd little Bell speedster. He took over the X–1 from a civilian test pilot, Chalmers ("Slick") Goodlin, who had flown the ominous little ship at Mach .8 (eight-tenths of the speed of sound). Goodlin was offered a fat reward (a rumored $150,000) for flying it at full speed, but he did not like the terms. Another civilian pilot had a try at the X–1 and hastily bowed out. Then the Air Force took charge and gave the job to Chuck Yeager, who did it in line of duty for a captain's salary ($511.50 a month, including flying pay and extras).

On the big day, Chuck climbed aboard the B–29. He already knew what the X–1 would do below Mach I (the speed of sound). He had flown it many times, working it up gradually toward the critical speed. The rocket plane handled beautifully, both when flying under rocket power and when gliding down so quietly that Chuck could hear the clock ticking on the instrument panel. After each landing, Captain Jackie L. Ridley, Muroc flight test engineer, analyzed the records of the X–1's instruments. On the whole, they were encouraging. But no one was sure what would happen at the critical speed. The sonic wall was still unpierced; the big test still lay ahead. Chuck is reported to have remarked cheerfully: "I'll be back all right. In one piece or a whole lot of little pieces."

LOX AND ALCOHOL

The B–29 took off with Major Robert Cardenas,[2] one of the Air Force's best test pilots at the bomber's controls. Followed by two F–80 "chase airplanes" (to observe the X–1 in flight), the B–29 circled to 7,000 ft. above the lake. Then Chuck, bundled in a flying suit and topped with a golden, hard-plastic crash helmet, climbed down a retractable ladder, and squeezed through a door in the side of the X–1.

The cockpit was barely big enough for him. Behind him, cramming most of the fuselage, were thick-walled tanks of "lox" (liquid oxygen) and alcohol. Tucked away in odd places, even under his feet, were heavy flasks of nitrogen gas compressed to 4,500 lbs. a square inch. The windshield (of glass, rather than plastic, so it would not melt from air friction) was too small to give much visibility. From all sides, and above and below, a bristle of controls, dials and warning lights pressed on the pilot's seat.

Chuck Yeager could not see much, but he had plenty to do. Swiftly he checked the instruments, tried the controls and adjusted his oxygen mask. Outside he could hear the thunder of the B–29's great engines and feel the vibration as the bomber climbed higher and higher. He felt it wheel on a turn, and heard Major Cardenas' voice on the radio: "Am turning on downwind leg at 21,000 ft." Then the bomber wheeled again. "Am turning on the base leg," said Major Cardenas. "Five minutes to drop time."

Chuck says that he was scared. He says he is always scared when he flies the X-I, but no one takes him very seriously. Scared or not, he waited, watching the seconds tick round the clock.

Cardenas called the last warning to all radio listeners "B–29 eight zero zero to NACA radar, Muroc Tower, F-80 chase aircraft. One minute warning."

Chuck knew now that the B-29 was in a flat power glide to increase its speed to 240 m.p.h., minimum flying speed of the loaded X-1. "B-29 eight zero zero," chanted Major Cardenas, "30 seconds to drop time."

At 15 seconds to drop time, Cardenas told Chuck to start his recording instruments. ("He always remembers," says Cardenas, "but I'm supposed to tell him.") Another short silence. Then Cardenas counted the last ten seconds: "Ten-nine-eight-seven-six-five ["He always misses one of them," says Chuck] three-two-one-*drop!*"

ONE PIECE

Silently and smoothly the X-1 cut away from the B–29. For an instant it drove forward and downward. Then Chuck turned on the nitrogen pressure and fired the lox and alcohol in one of the rocket chambers. A spurt of white dots (visible shock waves) spurted out behind and grew into a long plumelike "contrail" (condensed water vapor).

The sudden acceleration hit Chuck Yeager like a sledge hammer and the X–1 climbed high at tremendous speed. ("It's like having hold of something by the tail and not daring let go.") At carefully timed intervals he fired the other rockets. Each gave the little orange airplane another mighty push. Chuck didn't hear much noise; he was leaving sound behind.

What he experienced at the critical moment when he crossed the sonic barrier is a tightly guarded secret. But when he looked at his instruments after a few moments, he realized that he was flying actually faster than sound. The terrible sonic wall lay far behind. The X-I had not disintegrated. It still flew beautifully ("a pilot's dream") and Chuck was still in one piece.

When the fuel was gone (it lasts only 2½ minutes at full power), the X-I slowed down and was back on the other side of sound's great wall. Chuck scavenged the last of the dangerous oxygen and alcohol from the system by flushing it with nitrogen. Then he began the long glide to earth, listening to the clock ticking on the instrument panel. He somehow found this "awful boring," he says, and welcomed his spurt of interest when he landed the X-I at close to 165 miles an hour and rolled to a stop on Muroc's smooth surface.

THE WRINGING-OUT

Chuck's X–1, like all modern aircraft, was tested while still on the drawing boards. Some manufacturers make scale models of their new airplanes and drop them from high altitudes. As they streak down to destruction, telemetering instruments report their performance by radio. After the airplane itself is assembled, the "contractor's" test pilots have the ticklish job of easing it into the air. In the case of high-speed aircraft, this is generally done at Muroc; civilian pilots like the field as much as the Air Force does. Untested aircraft are shipped all the way to Muroc from the Atlantic Coast.

After the first few flights have proved it airworthy, the airplane is turned over to a military test pilot as his "project." He takes it into the air, loaded with automatic recording instruments, to find out whether it lives up to the contractor's guarantees. Often a hidden defect, perhaps unknown even to the manufacturer, drags the plane out of the air. The pilot's best bet is to make an emergency landing on the broad lake. Bailing out alive from a modern jet plane is difficult; it is also part of the test pilot's code to bring the aircraft back if it is humanly possible.

After the first flight tests, the new airplane (if still intact) goes back to the manufacturer with a detailed report. If he can convince the Air Force that its defects have been corrected, the Air Force buys several improved copies and turns them over to test pilots for final "evaluation." Since the airplane's basic flight characteristics are well understood by then, evaluation work is usually done at Wright-Patterson Field, Dayton, close to the great laboratories of the Engineering Division. The airplane is flown at all possible altitudes, loads, power outputs and rates of climb. It is strained, stunted, landed under adverse conditions. Out of this work, which requires hundreds of flights, grows a thick book of detailed figures on the airplane's performance.

NOT ENOUGH MONEY

The 90-odd pilots of the Flight Test Division, most of them based at Wright Field, have the highest prestige of any group in the peacetime Air Force. Slim, unshakably calm Colonel Albert Boyd, 42, chief of the division, picks his men with minute care. Their records must show that they are not "accident prone." Formal engineering training is valuable, but character is essential. The prospective test pilot must be alert, intelligent, stable and not excitable. He must be enthusiastic about the work. There isn't enough money, explains Colonel Boyd undramatically, to pay for what a test pilot will be asked to do.

Over & above these professional qualifications, Colonel Boyd demands that the test pilots have agreeable personalities. They are, he feels, ambassadors of the Air Force to civilian engineers and designers. They must criticize airplanes sharply, point out defects, suggest changes. Everybody is happier if such work can be done tactfully. Colonel Boyd is skillful at selecting his ambassadors: one notable fact about them is that they have pleasant personalities (another is that the married ones have pretty wives).

THE REGULARS

Most test pilots stay only a short time at Muroc, coming & going with their "projects," *i.e.*, the aircraft on which they are making tests. Colonel Boyd, a strict but much-beloved "Old Man," is there a great deal. His pilots testify that "he does everything we do" and he is one of the six Air Force men who have flown faster than sound in the X–1.[3] ("The Old Man did fine," says Chuck.) In 1947, Test Pilot Boyd also set a new world's speed record (623.8 m.p.h.) over Muroc Lake in a specially built F–80 (Time, June 30, 1947).

Chuck Yeager, Major Cardenas (Chuck's C.O. as well as the pilot who takes the X–1 aloft), and Flight Engineer Jackie Ridley are permanent at Muroc. The X–1 is not a transient project but the Air Force's first "research airplane," and it needs both Muroc's room and its walled-off secrecy. The X–1 was never intended as an "operational airplane"; it is more like a flying wind tunnel. Its big advantage is that its rockets, which produce a thrust of 6,000 lbs., are not weakened, like "air-breathing" engines, by high speed or high altitude. The X–1 can whip up to where the air is thin and still have power to pick up speed as long as the fuel lasts.

Performance figures of the X–1 have not been released. The Air Force says that it has flown "hundreds of miles" faster than sound. It has probably flown above Mach 2 (1,324 m.p.h. in the cold upper atmosphere) and reached a height above 60,000 ft., a record for airplanes. The big secret—what happens as it passes Mach 1—is well kept. Chuck has been so carefully coached on this detail that he knows how to ward off questions before they are asked. Possibly something dramatic happens. It would be just as dramatic, perhaps more so, if nothing at all happens.

SUPERSONIC PASSES

Smashing speed and altitude records is not the real work of the X–1. It was designed to solve the problem of practical supersonic flying. Chuck Yeager has put it through maneuvers at all speeds within its range. He has dived it under power, rolled it, looped it. He has fired guns above the speed of sound ("getting somewhere," is all he says about that).

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[2] Distant relative of Mexico's ex-President Lazaro Cardenas.

[3] The others, besides Chuck, are Major Gustav Lundquist, Major Frank Everest, Captain Jackie Ridley and the late Captain James T. Fitzgerald Jr.

Inside the X–1 are intricate recording instruments that total more than 500 lbs. This week, as Chuck brought the plane down once again, the records were greedily grabbed, as usual, by Muroc's scientists and airplane designers. Already the records have had a profound effect on high-speed modern aircraft. When production aircraft fly faster than sound, as scientists are sure they will one day, their pilots will thank the X–1, the first airplane to pass through the transonic zone and bring back information.

HAPPY BOTTOM

With its red dust, desolation and rundown buildings, Muroc is not an attractive place to live. But for the test pilots like Chuck, who do not have to live on the post, it is not too bad. The mountain-ringed desert, with its mourning Joshua trees, has a kind of austere beauty. On its broad plain are little oases—alfalfa farms kept green by diesel-pumped water. There is hunting and riding. When these rural pleasures pall, Los Angeles is only 70 miles away (eleven minutes as the jet flies).

Other relaxation is close to the post: an aviation dude ranch called Pancho's Fly-Inn (or the Happy Bottom Riding Club). The ranch has its own airport, lighted at night, so that guests, friends and airborne wayfarers can fly in at all hours. The Fly-Inn is a much-buzzed place. Standing alone on the flat desert with only a few low trees, it invites the dangerous prank that all young pilots play, no matter what the threats of flying field managers or military C.O.'s. Chuck Yeager has roared low over the ranch in every sort of airplane, including the fastest jets. When he buzzes the place in a jet plane, the slap from the zipping wing jounces the bar.

Last fall Chuck Yeager was asked to help dedicate an airport in West Virginia, his home state. Flying down from Wright Field in an F–80 jet fighter, he found the Kanawha River at Charleston crowded with a motorboat regatta. Chuck roared down the river, 20 ft. above the boats, at almost 600 m.p.h., shot under a highway bridge, did two slow rolls, and zoomed out of sight.

Besides being a notable buzzer, Chuck is a deadpan kidder. In spite of his blue eyes and fair skin, he is likely to assert solemnly that he is one-eighth Cherokee Indian. His parents say: "He's liable to tell you anything." Asked about his birthplace, Chuck says: "Ah come from so far up the holler, they had to pipe daylight to me."

The facts are that Chuck was born in a big white house a few miles from Hamlin, W. Va. (pop. 850). His father, A. Hal Yeager, is a prosperous contract gas-well driller. Chuck is a hero to Hamlin, but the townspeople love him with special fervor because he refuses to act like a hero. Says Louie Hoff, music instructor for Lincoln County schools: "He isn't the biggety type. He's still the same nice kid." Mrs. Ocie J. Smith, who has taught school in Hamlin for nigh on 40 years, says: "Land sakes! Why, when I had Charlie in the third grade, he was a little slow. I never dreamed he would grow up to be traveling around the country so fast. He used to sit in school daydreaming, and I always suspected he had his fishing pole hidden out back somewheres." In high school Chuck speeded up some. Miss Gonza Methel, a teacher, remembers him as "one of the best geometry students I ever had."

BUGS AND SLIDE TROMBONES

As a freckle-faced boy, Chuck was mostly interested in collecting bugs, growing gourds and sunflowers, hunting with a .22 rifle, and fishing in little Mud River. He played in the school band, starting with a big bull tuba but settling finally for a slide trombone. He went to Methodist Sunday school, stayed out of trouble, and was quiet almost to the point of being timid. "Nobody ever noticed Charlie Yeager much," says Lyle E. Ashworth, a classmate, "until 1943 when he buzzed the town in a P–47 and sent old Mrs. Lon Richardson to the hospital with a case of nerves."

The Air Force did wonders for the "timid" boy. In 1941, when he was 18, Chuck graduated from high school and enlisted as a private. He was trained as a mechanic, but was soon sent to flying school in various Western states. In northern California he met pretty, dark-haired Glennis Faye Dickhouse. Since then, all his fighting aircraft have been named *Glamourous Glennis*. Even the X–I has *Glamourous Glennis* painted on its nose, but official Air Force pictures do not show it.

Chuck got his wings in March 1943, as a flight officer, a warrant rank below the level of the commissioned officers. He joined the 363rd Fighter Squadron and went to England in December. The timid boy from Hamlin flew 64 combat missions, shot down 13 German airplanes, won a captaincy and a hatful of decorations.

On his ninth mission, Chuck and his *Glamourous Glennis* of that day were shot down by three Messerschmitts over occupied France. After bailing out with a leg wound, he spotted an old Frenchman, chopping wood, who looked trustworthy. Chuck introduced himself in West Virginia English. The Frenchman put him in touch with the underground, which smuggled him by painful night marches over the Spanish border. Franco's Spaniards put Chuck and some pals in jail.

PART OF THE BARGAIN

He was not a prisoner long. The Spaniards had neglected to take away his escape kit, which contained a small, highly tempered saw. "The bars in that jail were brass," Chuck says. "The saw ate right through them." He and his pals "fooled around Spain for a while, swiping chickens." Then the British gathered them up and forwarded them to England. "The British fed us good," says Chuck, "I gained 25 pounds." Right off, he shot down five Germans.

Back from the wars, Chuck married Glennis in Hamlin. As a shot-down man, he just about had his choice of jobs in the Air Force. He tried instructing for a while, but found it dull. Then he got to Wright Field as a flight test pilot. After watching him do the most exacting tests (like landing jet fighters "hard"), Colonel Boyd gave him the X–I project, which all ambitious test pilots wanted. "Chuck is always cool," says Colonel Boyd. "He never gets excited, and he flies like part of the airplane."

Now Chuck and brunette Glennis live in an airy desert house that is only a short drive from Muroc. They have three children. Donald, 3, has reached the shy stage, but Michael, 2, climbs all over visitors. Sharon Christine, 14 weeks, shows early signs, thinks proud Chuck Yeager, of developing into a pretty girl. What does Glennis think of his special kind of flying? Says Chuck: "I was flying when she married me. It was part of the bargain."

The Job Ahead. Colonel Boyd believes that Chuck has done just about enough test flying, but he hasn't the heart to tear him away from his beloved X–I. There is still work to be done with the little orange airplane, and it is an open secret that soon a greatly improved model will be ready to fly.

The new X–I should be able to carry nearly twice as much lox and alcohol. This single improvement (there may be others) should push it into a much higher speed range. Numerous guessers around California airfields speculate that it ought to climb well above 100,000 ft. At this altitude the air is so thin that tremendous speed should be possible.

Chuck's pals are sure that he can fly the near-meteoric new airplane as it should be flown. He will bring it back safely, they are certain, from the top of the stratosphere, and land it at an unholy speed on the friendly lake. Then he will drive home to Glennis and tell her that the flight was "like all the rest of them." After a while, Chuck Yeager's friends hope, the Old Man will transfer him to some other Air Force job where promotion steps faster than the death that rides in the cockpit with every test pilot. From that day, others, to whom Chuck Yeager has pointed the way, will carry on with flight beyond the sonic wall.

Mr. STEPHENS. Mr. Speaker, I have no further request for time.

I would like to ask that this bill be passed today. It is long past due for this recognition to be given.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Georgia (Mr. STEPHENS) that the House suspend the rules and pass the bill H.R. 8151.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. STEPHENS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill (H.R. 8151) just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

PROVIDING FOR A NATIONAL WOMEN'S CONFERENCE

Ms. ABZUG. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 9924) to direct the National Commission on the Observance of International Women's Year, 1975, to organize and convene a National Women's Conference, and for other purposes, as amended.

The Clerk read as follows:

H.R. 9924

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDINGS

SECTION 1. The Congress hereby finds that—

(1) International Women's Year, and its World Plan of Action, have focused attention on the problems of women throughout the world, and have pointed to the need for an evaluation of the discrimination which American women face because of their sex;

(2) the Bicentennial year of 1976 is a particularly appropriate time for the United States to recognize the contributions of women to the development of our country, to assess the progress that has been made toward insuring equality for all women, to set goals for the elimination of all barriers to the full and equal participation of women in all aspects of American life, and to recognize the importance of the contribution of

women to the development of friendly relations and cooperation among nations and to the strengthening of world peace; and

(3) a national conference of American women, preceded by State conferences, is the most suitable mechanism by which such an evaluation of the status of women and issues of concern to them can be effected.

DUTIES OF COMMISSION

SEC. 2. (a) The National Commission on the Observance of International Women's Year, 1975, established by Executive Order 11832 on January 9, 1975 (hereinafter in this Act referred to as the "Commission"), is hereby continued. The Commission shall organize and convene a national conference to be known as the National Women's Conference (hereinafter in this Act referred to as the "Conference"). The Conference and State or regional meetings conducted in preparation for the Conference shall be held in such places and at such times in 1976 as the Commission deems appropriate.

(b) The Commission shall consult with such National, State, and other organizations concerned with women's rights and related matters as the Commission considers necessary to carry out the purpose of this Act.

COMPOSITION AND GOALS OF THE CONFERENCE

SEC. 3. (a) The Conference shall be composed of—

(1) representatives of local, State, regional, and national institutions, agencies, organizations, unions, associations, publications, and other groups which work to advance the rights of women; and

(2) members of the general public, with special emphasis on the representation of low-income women, members of diverse racial, ethnic, and religious groups, and women of all ages.

(b) The Conference shall—

(1) recognize the contributions of women to the development of our country;

(2) assess the progress that has been made to date by both the private and public sectors in promoting equality between men and women in all aspects of life in the United States;

(3) assess the role of women in economic, social, cultural, and political development;

(4) assess the participation of women in efforts aimed at the development of friendly relations and cooperation among nations and to the strengthening of world peace;

(5) identify the barriers that prevent women from participating fully and equally in all aspects of national life, and develop recommendations for means by which such barriers can be removed;

(6) establish a timetable for the achievement of the objectives set forth in such recommendations; and

(7) establish a committee of the Conference which will take steps to provide for the convening of a second National Women's Conference in 1985. The second Conference will assess the progress made in achieving the objectives set forth in paragraphs (5) and (6) of this subsection, and will evaluate the steps taken to improve the status of American women during the "Decade of Women", 1975–1985.

(c) All meetings of the Conference and of State or regional meetings held in preparation for the Conference shall be open to the public.

POWERS OF COMMISSION

SEC. 4. The Commission shall—

(1) designate a coordinating committee in each State which shall organize and conduct a State or regional meeting in preparation for the Conference;

(2) prepare and make available background materials relating to women's rights and related matters for the use of representatives to the State and regional meetings, and to the Conference;

(3) establish procedures to provide financial assistance for representatives to the Conference who are unable to pay their own expenses;

(4) establish such regulations as are necessary to carry out the provisions of this Act;

(5) designate such additional representatives to the Conference as may be necessary and appropriate to fulfill the goals set forth in section 3(b) of this Act;

(6) grant technical and financial assistance by grant, contract, or otherwise to facilitate the organization and conduct of State and regional meetings in preparation for the Conference;

(7) establish such advisory and technical committees as the Commission considers necessary to assist and advise the Conference; and

(8) publish and distribute the report required under this Act.

ADMINISTRATION OF COMMISSION

SEC. 5. (a) The Commission may appoint such staff personnel as it considers necessary to carry out its duties under this Act. Such personnel shall be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, except that no individual so appointed may receive pay in excess of the annual rate of basic pay in effect for grade GS-18 of the General Schedule. Appointments shall be made without regard to political affiliation.

(b) The Commission may accept, use, and dispose of contributions of moneys, services, or property.

(c) The Commission may use the United States mails under the same conditions as other departments and agencies of the United States.

(d) The powers granted the Commission by this section shall be in addition to those granted by Executive Order 11832. The powers granted the Commission by Executive Order 11832 may be employed to fulfill the responsibilities of the Commission under this Act.

(e) The Commission, to such extent as it deems necessary, may procure supplies, services, and personal property; make contracts; expend funds appropriated, donated, or received in pursuance of contracts hereunder in furtherance of the purposes of this Act; and exercise those powers that are necessary to enable it to carry out efficiently and in the public interest the purposes of this Act.

(f) The powers granted the Commission under this Act may be delegated to any member or employee of the Commission by the Commission.

STATE AND REGIONAL MEETINGS

SEC. 6. (a) A meeting in preparation for the Conference shall be held in each State in accordance with regulations promulgated by the Commission, except that in the event the amount of time and resources available so requires, the Commission may combine two or more such State meetings into a regional meeting.

(b) Any State or regional meeting which receives financial assistance under this Act shall be designed and structured in accordance with the goals of the Conference set forth in section 3(b) of this Act.

(c)(1) Each State or regional meeting shall designate representatives to the Conference in accordance with regulations promulgated by the Commission and consistent with the criteria set forth in section 3(a) of this Act.

(2) The total number of representatives designated under this subsection shall be appropriated among the States according to population.

REPORT

SEC. 7. The Commission shall submit a report to the President and to each House of the Congress not later than one hundred and twenty days after the conclusion of the Conference, and shall make such report available to the general public. Such report shall contain a detailed statement of the findings and recommendations of the Conference with respect to the matters described in subsection (b) of section 3. The President shall, not later than one hundred and twenty days after the receipt of the report, submit to each House of the Congress recommendations with respect to matters considered in such report.

TERMINATION OF COMMISSION

SEC. 8. The Commission shall continue in operation until thirty days after submitting its report pursuant to section 7, at which time it shall terminate.

AUTHORIZATION OF APPROPRIATION

SEC. 9. There are authorized to be appropriated without fiscal year limitation, such sums, but not to exceed $10,000,000, as may be necessary to carry out the provisions of this Act. Such sums shall remain available for obligation until expended.

DEFINITION

SEC. 10. For the purposes of this Act, the term "State" includes the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

The SPEAKER pro tempore (Mr. McFall). Is a second demanded?

Mr. STEIGER of Arizona. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentlewoman from New York (Ms. Abzug) will be recognized for 20 minutes and the gentleman from Arizona (Mr. Steiger) will be recognized for 20 minutes.

The Chair now recognizes the gentlewoman from New York (Ms. Abzug).

Ms. ABZUG. Mr. Speaker, H.R. 9924, which was reported unanimously by the Committee on Government Operations, would direct the National Commission on the Observance of International Women's Year, created by Executive Order 11832, to organize and convene a National Women's Conference during 1976 in conjunction with our Nation's Bicentennial Year and International Women's Year. It was originally the hope to hold this National Conference prior to the international gathering in Mexico City, but the National Commission was established too late to permit this; so the bill would set the national conference for next year.

The President in his proclamation with respect to the International Women's Year said:

> Whereas the President of the United States, by Presidential Proclamation Numbered 4262 of January 30, 1974, proclaimed International Women's Year for the United States and called on Federal and State officials, private organizations, and individuals to assist in the observance of International Women's Year by constructive measures for the advancement of the status of women;

In addition to the President's statement, this House has gone on record in expressing support for the aims of the conference proposed in this bill. On October 6 in this House we passed House

Concurrent Resolution 309, which calls for—

> Not only * * * stocktaking but also * * * the launching of new programs and the forming of new attitudes toward the role of women, with impact reaching well beyond 1975, so as to overcome the obstacles still encountered by women in exercising their full human rights and responsibilities in all fields, including education, the arts, and sports, and in enjoying freedom of choice in planning their lives.

The national conference would be preceded by conferences at the State level which would identify and focus upon specific issues for consideration by the national conference and would designate representatives to the national conference. This preliminary procedure is in keeping with the intent of the committee and the sponsors of this bill that the national conference draw its issues and its representation from the grassroots to the maximum extent possible.

PURPOSES

The purposes of the national conference would be—

To recognize the contributions of women to the development of our country.

To assess the progress that has been made to date in both the private and public sectors in promoting equality between men and women in the United States.

To assess the role of women in economic, social, cultural, and political development.

To assess the participation of women in efforts aimed at the development of friendly relations and cooperation among nations.

To identify the barriers that prevent women from participating fully and equally in all aspects of national life, and develop recommendations for means whereby such barriers can be removed.

To establish a timetable for the achievement of the objectives set forth in such recommendations.

To establish a committee which will take steps to provide for the convening of a second National Conference in 1985.

REPRESENTATIVES

The goals for the selection of representatives to the National Conference would be to include representatives of institutions, agencies, unions, publications, and other groups working to advance the rights of women as well as members of the general public. Special emphasis would be placed upon the representation of women of all ages, low-income women, and members of diverse racial, ethnic, and religious groups. The number of representatives designated by each State meeting would be in proportion to that State's population.

RESPONSIBILITIES OF THE NATIONAL COMMISSION

The National Commission, which is already in existence under Executive Order 11832, promulgated by President Ford in January, would be responsible for organizing and conducting the National Conference and the State-level conferences. The Commission would designate a coordinating committee in each State to organize and conduct the State meeting. If time and resources are limited, the Commission could combine two or more State meetings into a regional meeting; this would be determined in consultation with interested parties in the affected States. At any such combined meeting, each State would designate its representatives to the National Conference separately.

The Commission would also grant technical and financial assistance to facilitate the State-level meetings, prepare background material for the use of those attending the State-level meetings and the National Conference, establish procedures to provide financial assistance for representatives to the National Conference who are unable to meet their own expenses, designate additional representatives to the National Conference as appropriate to fulfill the goals of the act, establish advisory and technical committees to assist and advise the National Conference, and publish and distribute the report required under the act.

In carrying out its responsibilities under the act, the Commission would be empowered to employ and compensate necessary staff personnel, to accept, use, and dispose of contributions, and to use the U.S. mails under the same conditions as other Federal departments and agencies. Staff appointments would be made without regard for political affiliation and staff compensation could in no case exceed the annual rate of basic pay for grade GS-18 of the general schedule.

OPEN MEETINGS

The bill would require that all sessions of the National Conference and of State-level meetings be open to the public.

REPORT

Within 120 days after the close of the National Conference, the Commission would transmit to the Congress and the President a report of the findings and recommendations of the National Conference. Within 120 days after receiving this report, the President would submit his recommendations with respect to the matters discussed in the report.

FUNDING

The bill would authorize the appropriation of such sums, not in excess of $10 million, as are necessary to carry out its purposes. Such sums would remain available for obligation until expended.

By comparison, the Conference on the Aging, held about 5 years ago, cost $2.5 million at the national level plus another $4 million for State-level activities. That conference did not pay for its own publishing, unlike the National Women's Conference proposed in this bill. Given the very substantial inflation that has occurred since the Conference on the Aging, the figure proposed in this bill is an eminently reasonable one.

I note further in this connection that the legislation providing for the 1977 White House Conference on Education contains no ceiling whatever on the amount authorized to be appropriated.

Mr. Speaker, I am pleased to note that the cosponsors of H.R. 9924 include 15 women Members of the House, as well as a number of our male colleagues. The bill also enjoys the support of a wide spectrum of women's groups and others of a bipartisan nature.

Mr. Speaker, two centuries after this democracy was founded it is correct that we extend democracy fully to women so that they can join with men as partners in making this country and the world a better place for all people. The National Conference proposed in this bill will afford America's women the opportunity to assess how far they have come and how far they still have to go. I urge its passage.

COSPONSORS OF H.R. 9924

Ms. ABZUG, Mrs. BURKE of California, Mrs. BOGGS, Mrs. CHISHOLM, Mrs. COLLINS of Illinois, Mrs. FENWICK, Mrs. HECKLER of Massachusetts, Ms. HOLTZMAN, Ms. JORDAN, Ms. KEYS, Mrs. MEYNER, Mrs. MINK, Mrs. PETTIS, Ms. SCHROEDER, Mrs. SPELLMAN, Mr. CONYERS, Mr. HARRINGTON, Mr. MAGUIRE, Mr. MCCLOSKEY, Mr. MOFFETT, Mr. MOSS, and Mr. RYAN.

Mr. HORTON. Mr. Speaker, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from New York.

Mr. HORTON. Mr. Speaker, if the gentlewoman will recall, the other day in the committee there was some discussion about the termination of the Commission. As I read the bill, the Commission is to terminate 120 days after making its report, which is due after 1 year. Is that correct?

Ms. ABZUG. I am sorry.

Mr. HORTON. The termination date of the Commission.

Ms. ABZUG. Yes, that is correct.

Mr. MICHEL. Mr. Speaker, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from Illinois.

Mr. MICHEL. Mr. Speaker, I read in the report:

> Shall continue in operation until 30 days after submitting its report.

Ms. ABZUG. Thirty days after the 120 days, 30 days after the report is presented.

So, that would be 30 days plus the 120 days.

Mr. HORTON. In section 8, the bill says:

> The Commission shall continue in operation until thirty days after submitting its report pursuant to section 7, at which time it shall terminate.

Section 7 says that it shall report to the President and to each House not later than 120 days after the conclusion of the conference. The 120 days has to do with the conference?

Ms. ABZUG. The Conference and 30 days after.

Mr. HORTON. If the gentlewoman will recall, I had some question about the committee that was to be set up. On page 4 of the bill, line 15, is this reference: "Establish a committee of the conference."

The question I had was whether or not the committee to be established was to continue for the 10 years when the commission has terminated. Can the gentlewoman answer that now? Does she have a position with regard to the ability of the committee to continue after the commission is terminated?

Ms. ABZUG. Yes. As I indicated in our committee markup, and I have since confirmed this with the legislative counsel, it is perfectly permissible to have a committee of the conference continue for that period.

Mr. HORTON. I know that in section 9 on page 8, the bill authorizes a sum not to exceed $10 million. This, of course, is an authorization and it is not the appropriation. They would have to go to the Appropriations Committee to get appropriated funds.

Ms. ABZUG. That is correct.

Mr. HORTON. And then they would have to justify that before the Appropriations Committee.

Ms. ABZUG. That is correct.

Mr. HORTON. This is purely and simply an authorization.

Ms. ABZUG. That is correct.

Mr. HORTON. Does this authorization also obtain as far as the committee is concerned, or is it just for the commission?

Ms. ABZUG. No, it is for the entire matter.

Mr. HORTON. I thank the gentlewoman.

Mr. BAUMAN. Mr. Speaker, will the gentlewoman yield?

Ms. ABZUG. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, on the point just raised by the gentleman from New York, as I understand this legislation the moneys authorized are funds which are to remain available until expended.

Ms. ABZUG. That is correct. The $10 million authorized would remain available until expended.

Mr. BAUMAN. Although the conference which this authorization foresees will probably conclude in 1976 and issue a report on page 4 of the bill it, in effect, however, creates a committee of the conference which will continue to function at least through 1985 when a national women's conference is planned.

Ms. ABZUG. That is correct.

Mr. BAUMAN. So we are actually authorizing a 10-year program, however limited in this bill, and on page 4 of the report it states that in the latter years the funding will be in the amount of $80,000 per year. Is that correct?

Ms. ABZUG. That is correct.

Mr. BAUMAN. Is it foreseen that this committee that will be established after the conference will then come back and ask the Congress for further funding to hold the 1985 conference?

Ms. ABZUG. No; it is not intended or foreseen or foreseeable that we will do that by this bill. As a matter of fact, the reason we have the provision here for all of the funding is to have in one place an estimate of what we feel would be necessary for carrying out 56 State conferences and a national conference and a continuing committee which, by the way, is consistent with the Decade of Women which has been designated for the years 1975 to 1985. It is contemplated that this will be the complete authorization requested.

Mr. BAUMAN. But nevertheless, this is a 10-year authorization, in effect in order for the committee to be effective or to function, they will have to be funded.

Ms. ABZUG. The major part of the authorization is obviously for State conferences which will be held in 56 jurisdictions, for a national conference and for a national conference report. The balance, as indicated in the report, will be for the purposes of continuing the committee of the conference and continuing assessments of the program of women in the Decade of Women between 1975 and 1985. I think that this is a reasonable estimate.

Mr. BAUMAN. Could the gentlewoman tell us who are the members of this Commission created by Presidential order?

Ms. ABZUG. Yes, I will. The members of the Commission consist of the following persons:

Presiding Officer, Jill Ruckelshaus.

Alan Alda; Ethel Allen, Anne L. Armstrong; Marget Long Arnold; Elizabeth Athanasakos; Barbara R. Bergmann; Patricia T. Carbine; Weston Christopherson; Mary Stallings Coleman; Helen K. Copley; Audrey Rowe Colom; Richard Cornuelle; Winfield Dunn; Casey Eike; Paula Gibson, Gilda Bojorquez Gjurich; Ella T. Grasso; Hanna Holborn Gray; Martha Griffiths; Katharine Hepburn; Lenore Hershey; Velma Murphy Hill; Patricia Hutar; Rita Z. Johnston; Ellen Groves Kirby; Dorothy Vale Kissinger; Clare Boothe Luce; William Crawford Mercer; Ersa H. Poston; Sister Joel Read; Betty Smith; Barbara Walters; Annie Dodge Wauneka; Gerridee Wheeler; Representative BELLA ABZUG, New York; Senator BIRCH BAYH, Indiana; Representative MARGARET HECKLER, Massachusetts; Senator CHARLES PERCY, Illinois.

Mr. BAUMAN. If the gentlewoman will yield further, how many Members are there presently as staff members assisting the Commission?

Ms. ABZUG. In the Commission itself, with respect to other activities?

Mr. BAUMAN. Yes. And who are presently engaged.

Ms. ABZUG. I think each committee has a staff member, each subcommittee. I do not have the exact figures.

Mr. BAUMAN. But the Commission has presently employees who are doing work for the Commission itself. Does the gentlewoman have the total number at the present time?

Ms. ABZUG. No, I do not.

Mr. BAUMAN. I thank the gentlewoman.

Mr. MICHEL. Mr. Speaker, will the gentlewoman yield further?

Ms. ABZUG. I yield to the gentleman from Illinois (Mr. MICHEL).

Mr. MICHEL. Mr. Speaker, I am rather concerned about the authorizing figure, the total figure of $10 million. I am reminded that last year we had a proposition before us for a Commission on Libraries at $10 million. I thought it was far out of line, that there was no justification for it. When we got around to really analyzing the figures, I think we settled on something like $3 million for a National Commission on Libraries.

Ms. ABZUG. Yes.

Mr. MICHEL. So I have that kind of concern about the overall figure here. And we can always say, "The Committee on Appropriations can take care of that." Then we get caught in the buzz saw because they said, "You voted for a figure of $10 million. Now you are going to cut it by two-thirds or 50 percent."

What justification does the gentlewoman have for that amount of expenditure for this Commission?

Ms. ABZUG. I appreciate the gentleman's concern. I find it interesting that he compares the libraries to more than half of the population of this country. But I would like to point out that we are dealing with 56 conferences in 56 jurisdictions and a national conference. I would also like to make a comparison for the gentleman.

The Conference on the Aging, which was held about 5 years ago—and we realize things cost a great deal more today—cost $6.5 million, without any figure for publishing a report. This bill contemplates a very extensive program to allow an expression from the grassroots, people who want to say something and participate in something, affecting them.

Therefore, when one contemplates the difference in cost between 5 years ago and now, and also the concern—which is a concern similar to the aging, I think we would recognize this to be a figure not out of line.

I would also like to point out that this is going to coincide with the Bicentennial, and it is important to recognize that there has been a rather limited amount of attention given to the role of women in the development of this country in Bicentennial activities.

Mr. MICHEL. If the gentlewoman will yield further, under section 4 there is provision for financial aid for representatives to the conference who cannot meet their own expenses. What is involved here? Can anybody apply who wants to come to the conference? What kind of screening procedures are there going to be to determine who does and who does not come to the conference at Government expense?

Ms. ABZUG. That is all going to be determined by the local areas. The Commission itself will designate a coordinating committee in each State which will be drawn from a very broad composition, which has been the history of the Commission to date. That is why we chose the Commission itself, which was set up under Executive order, to establish and to organize these conferences.

And so it is expected that they will be very broadly representative of all elements of the State, and a provision for funding for those who cannot come or who cannot travel have a broad participation in the Statewide conference.

Mr. MICHEL. Would it be up to the State organizations, then, to determine within that State who the person will be or of what the membership or the delegation from that State will consist?

Ms. **ABZUG**. Yes, pursuant to Commission guidelines which will be set up.

Mr. **MICHEL**. But, Mr. Speaker, it does not go beyond a State.

I have had some women in my own district who have complained about the manner in which their contributions to one of the organizations, whether State or national, are being spent. I am not altogether familiar with how this is financed or where the effort is directed, but there were some of these complaints registered to me and I wanted to get a little better picture of this.

Ms. **ABZUG**. Mr. Speaker, we have provided on page 7 of the bill as follows:

> Each State or regional meeting shall designate representatives to the Conference in accordance with regulations promulgated by the Commission and consistent with the criteria set forth in section 3(a) of this Act.

So it is intended that there will be every opportunity for as many people as possible to participate on a broad basis.

Mr. **MICHEL**. Mr. Speaker, if the gentlewoman will yield for one more question, I will read from the report as follows:

> The Commission is also empowered to accept, use and dispose of contributions and to use the United States mails * * *.

What would the gentlewoman anticipate these kinds of contributions to be? Are they simply from individuals, are they from foundations, or are they from corporations? Roughly speaking, what are we talking about here?

Ms. **ABZUG**. Mr. Speaker, I will remind the gentleman that this is fairly standard language in setting up conferences like this. There may be some foundations or other entities that may want to make contributions to assist the conference. This is not unusual language.

Mr. **MICHEL**. Mr. Speaker, I would point out that this is without regard to the provisions of title 5. Reading from the report, it says further:

> Section 5 provides for the administration of the Commission's functions in carrying out this Act. The Commission is empowered to employ and compensate staff personnel without regard to the provisions of title 5, U.S. Code * * *.

Would the gentlewoman explain to us what the provision means specifically?

Ms. **ABZUG**. Mr. Speaker, if I understand the language in the report, this sets up the Commission with regard to the Civil Service requirements. This makes it more possible to get the conference set up more quickly, and so on, but it will nevertheless have to pay attention to salary standards, and so on.

Mr. **MICHEL**. Mr. Speaker, I thank the gentlewoman for responding to my questions. However, I still have some reservations about the overall authorizing figure.

Mr. **BEVILL**. Mr. Speaker, will the gentlewoman yield?

Ms. **ABZUG**. I yield to the gentleman from Alabama.

Mr. **BEVILL**. Mr. Speaker, I rise in opposition to this bill.

Mr. Speaker, I rise in opposition to the proposal currently before this body, H.R. 9924, which seeks to authorize $10 million of the taxpayers' money for the organization of a national women's conference in 1976.

I am opposing this legislation strictly on the basis of what it proposes to cost American taxpayers.

With the economic situation our country currently finds itself in, I simply cannot go along with a bill which would cost the American citizenry $10 million.

The part of the bill I strongly question simply concerns who is going to have to foot the expenses for such an undertaking.

I do not think the American taxpayers should be asked to spend $10 million for a national conference. I am afraid this sort of appropriation could serve as a precedent for other groups as far as Government expenditures are concerned.

Any group which wants to sponsor a national women's conference should raise its own money. The point is, American taxpayers should not have to pick up the tab for such undertakings.

Based strictly on the economic question, I take this opportunity to urge my colleagues to defeat this proposal which, in my opinion, would establish a costly precedent.

Mr. **STEIGER** of Arizona. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I might ask if the chairman of the full committee, the gentleman from Texas (Mr. BROOKS), is seeking recognition.

Mr. **BROOKS**. No, Mr. Speaker. I am just standing by.

However, if the gentleman from Arizona will yield, I will say that I am in support of this legislation. But I am just standing by here and waiting to see what should be done.

I think this is desirable, and I will say for the benefit of my friend, the gentleman from Illinois (Mr. MICHEL), that I am sure he is a man who appreciates the contributions that women make to this country, and I know he can in good conscicence support this bill, as I do.

Mr. **STEIGER** of Arizona. Mr. Speaker, I thank the gentleman. I will assure the gentleman that there is no position I would rather see him in than just standing by.

Mr. Speaker, I will take this opportunity to advise the House that I supported this measure in the subcommittee and I supported it in the full committee. However, having just returned from a week of drinking deeply at the logic of my constituency, I rise now in opposition to the measure.

It has been said that this Congress is not responsive to the folks. I just want the Members to know that here is a laboratory example of responsiveness.

Mr. Speaker, the problem with this measure is really a very simple problem. My distinguished whip has pointed out his concept with the $10 million figure.

I am afraid that that is not the real basis of concern.

On April 15 of this year, at the first meeting of the existing International Women's Year Commission, the No. 1 priority of the Commission was given as the support of the equal rights amendment.

I would tell my friends, the Members of the House, that I think that is a worthy and certainly a valued position that anybody is entitled to take, but not at Federal expense. What we have here is a federally funded lobbying group on an issue that I guarantee is, by any modest observation, controversial.

What we have here is a mandate that this Commission has to meet in every State, federally funded; and to make certain that the meetings are attended by only the appropriate people, they will send a taxi for those who are unable to attend.

The fact is the $10 million really ought to concern us. I think that the ladies ought to have a commission. I think the ladies who believe in equal rights ought to work for them, but I do not think they ought to use taxpayers' money to do so.

I suspect, considering the zeal that I have seen on behalf of those supporters of equal rights, that they will be able to have a meeting. In fact, as nearly as I can tell, they have them all the time, but the fact is that I do not believe that we can, in good conscience, justify the Federal funding of what has been transposed into an equal rights amendment lobby.

I think, in light of that, at the very least this measure should not be on the suspension calendar. However, I suspect that the gentlewoman from New York (Ms. ABZUG) would be adverse to removing it at this time. I will support her in her pursuit of a rule so that the entire House might thoroughly discuss this. I can tell by her grimace that that is not in line with her program for the day.

I would hope then, that we would be able to muster enough hardy souls who, in their desire to bail out New York City, are anxious to cut the Federal budget at every unnecessary turn, much less every illegal turn.

Mr. Speaker, I really believe that this measure could be challenged on the constitutional grounds of improper use of Federal funds for the purposes of influencing legislation.

I hope that my friends and colleagues will understand that when I vote against this measure, I want to assure them and certainly want to assure all my women constituents that a vote against this measure is not a vote against the woman constituent nor even against women in general, I might add.

Therefore, I hope that those who are concerned about the budget will vote against this so that we might get a rule on this matter and have it discussed fully, especially by those of us who are concerned about the propriety of Federal funds being used to lobby on a very, very controversial measure that has been before us and before the Nation for 6 years.

Mr. Speaker, I would hope that that would cause sufficient concern so that this measure would not receive a sufficient two-thirds majority.

Mrs. **HECKLER** of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. **STEIGER** of Arizona. Mr. Speaker, I yield 5 minutes to the gentlewoman from Massachusetts.

Mrs. HECKLER of Massachusetts. Mr. Speaker, I thank the gentleman for yielding.

As a member of the International Women's Year Commission and as a woman Member of this body, I am proud to stand and to urge my colleagues to support this piece of legislation.

As a nation we are engaged in our Bicentennial celebration. We share a great and deserved sense of pride over the 200 years of our history in the accomplishments of our founders and the gains we have made.

But, at the same time, there is a malaise in this society. There is a questioning whether we are as great as we were 200 years ago—or 100 years ago—or as great as we could be. That malaise can best be addressed by a public dialogue which would truly incorporate the point of view and the innovative, creative spirit of the women of this country.

The American spirit has not died. But, it certainly has gone underground, and it needs to be redefined, to be revivified. I think the women can provide that dimension.

I urge my distinguished colleagues to take speedy action on this legislation. It is in the best interests of all women who deserve to have their point of view considered on National and State policy.

I believe it is time to let the American woman speak for herself. It is totally false and grossly inaccurate to imply that this National Women's Conference is to be the tool for or against the equal rights amendment.

While I support that amendment, the purpose of this conference is to look at national issues and to consider their ramifications on women and to hear the viewpoints of all women from all backgrounds, from all ages and from all sections of our country and to receive a variety of political and philosophical opinions because the American woman is not monolithic. She does not speak with just one voice. She has different attitudes and her own individual viewpoint.

The fact of the matter is that in America we have asserted that we believe in equal pay for equal work, and we believe that that principle should be enforced when in fact the Equal Employment Opportunity Commission the agency committed to the enforcement of the principle of equal pay for equal work at this present time in its headquarters in Washington has a blacklog of over 100,000 cases. In the State level, the backlog of cases involving discrimination against women is so prolix and so extensive that that issue alone warrants this kind of a conference.

We held a similar conference on the State level in my district in Massachusetts just last week and I too listened to my constituents, women from all backgrounds who spoke to many issues such as crime on the streets, the issue of rape which is not being addressed in a coordinated manner in this society, plus the issue of extending credit to women which has been the subject of recent regulations promulgated by the Federal Reserve System.

We would have the advantage at this conference of the evidence and the experience with the new credit regulations and will have the opportunity to evaluate the implementation of the law which guarantees the equal right to credit for women which this House passed.

There are a number of other issues of enormous significance to this country.

If we are really going to celebrate our Bicentennial then it is time to bring into the foreground of the discussion our great untapped human resource the women of our Nation.

There is no attempt in this legislation to subvert taxpayers' funds. This is an attempt to give American women, who are also taxpayers, the opportunity to seek out and to influence legislation one way or another. I think, in fact, that this Congress could be the greatest beneficiary of a National Women's Conference because we would be able to add to our legislative deliberations the thoughtful and carefully reasoned, considered opinions of a group of our society who have been heard from far too little but who have much to offer in shaping American policy.

Mr. HINSHAW. Mr. Speaker, will the gentleman yield?

Mr. STEIGER of Arizona. I yield to the gentleman from California.

Mr. HINSHAW. Mr. Speaker, I am interested in the comments of the gentleman from Arizona (Mr. STEIGER) about the possibility that this legislation might be used as a lobbying effort on behalf of the equal rights amendment. I would like, if the gentleman will permit me a few moments, to respond to that a bit further along the line that if, in fact, this is a lobbying effort for the ERA—and I might say at this point that I am a supporter of the ERA, and I would hope that the balance of the State legislatures would in fact prove the ERA, but, if this is going to be a lobbying effort for the ERA, or could be used for that purpose then why not amend the legislation so that the conferences would be held only in those States where the State legislatures have not approved the ERA?

Therefore, I would ask the gentleman from Arizona (Mr. STEIGER) if the gentleman would amplify a bit more on the lobbying potential of this group, for the ERA.

Mr. STEIGER of Arizona. If the gentleman from California is suggesting that he could save the $10 million by only selecting those States who have not ratified the ERA and allow the Commissioners to meet there, I am certain it would serve the purposes of the Commission but I suspect that it would not meet with the approval of the Commission itself.

Mr. HINSHAW. If the gentleman will yield still further, I would like to ask the gentlewoman from New York (Ms. ABZUG) as to how the gentlewoman would feel about having the conference limited to those States where the State legislatures have not yet approved the equal rights amendment?

Ms. ABZUG. I do not quite understand that question. I think, as the gentlewoman from Massachusetts (Mrs. HECKLER) pointed out very well, what we are attempting to deal with here is a statement about what has happened in almost 200 years to women in this country. What have been the barriers to their accomplishment and their inability to contribute fully to our society for the benefit of both men and women? What are the laws that have been passed? How have these laws been executed? What laws should be passed? What is the role that women have yet to play in order to secure their full benefits and assume their full responsibility to make a more meaningful contribution to society?

We do not single out one State as against another. Each and every State and each and every person in those States should be given full opportunity to participate. This merely carries forward the sense of the Executive order of the President. It also carries forward the sense of the resolution that was passed in this House on October 6.

Mr. HINSHAW. I think the gentlewoman is not responding to the question, and I would only use up what little time I might have remaining to point out that women do constitute more than 50 percent of the population.

Ms. ABZUG. That is correct.

Mr. HINSHAW. After we get the ERA amendment passed and approved by all of the State legislatures, then I could foresee that private male citizen, and perhaps some male person of this body, might seek a men's conference because the men are a numerical minority and have to have their rights protected, as women are now claiming their rights need protection.

I thank the gentleman for yielding.

Mr. STEIGER of Arizona. Mr. Speaker, I am going to yield with some trepidation 3 minutes to the gentleman from Maryland (Mr. BAUMAN) and look forward to his remarks.

Mr. BAUMAN. Mr. Speaker, I do not think any of us in the House would disagree with the general objectives expressed by the gentlewoman from New York (Ms. ABZUG) nor those outlined in this particular bill; but I think we should keep in mind the context in which this $10 million authorization is being considered.

In the first place, this Commission as presently constituted—and the list of distinguished people was read to the House by the gentlewoman—was first established for the sole purpose of observing the International Women's Year in 1975. At some cost to the taxpayers of the United States, a conference was held in Mexico City to explore the many issues regarding women's issues and problems.

But the conference was also a forum for political propaganda on a number of occasions, when, for instance, the wife of the Prime Minister of Israel was booed and almost prevented from speaking, and when other distinguished ladies who were not accepted by the group also received rude treatment.

Ms. ABZUG. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentlewoman from New York.

Ms. ABZUG. I thank the gentleman for yielding.

I want to point out at this point that the United States delegation to the International Women's Year Conference, to which both the gentlewoman from Massachusetts (Mrs. HECKLER) and I were congressional advisers, voted against any anti-Zionist resolution at the International Women's Year Conference. It did so upon our strong advice. We share the gentleman's concern that that particular matter came up. That was a regrettable marring of that conference, and we agree with the gentleman on that. But that is not to say that the conference itself did not provide an opportunity of communication among women all over this world in a way that was considered extremely constructive, not only by our country but by many other countries.

Mr. BAUMAN. The gentlewoman has made her point, and I appreciate her stating her position on these matters. I was quite sure that was her position on the events of Mexico City. But the House is today asked to authorize not just a 1-year conference as is envisioned for 1976, but a 10-year program envisioning two conferences, which I do not think in any way, shape, or form could be financed by the $10 million.

I think the Members ought to realize that when we passed the Federal election law, which is now being contested before the Supreme Court, I do not believe we even authorized as much money for the two national political parties, Republican and Democratic, to hold their two national conventions next year as we are appropriating for this women's conference. In fact, we refused to allow Federal money to be used for State conventions and State activities. Yet in this pending bill we are spending many more millions of dollars, even spending funds for State level conferences, something we declined to do for the two major political parties. The termination date of this bill is not in doubt. It has been admitted that it will live on for at least 10 years. This bill waives all civil service requirements, and, while this may sometimes be done in the case of one-time national meetings, this is a 10-year authorization for an unknown number of Government personnel, each of whom can be paid up to a limit of GS-18, or $36,000 annually.

The gentleman from Arizona has indicated this conference may very well be used for the purpose of lobbying in favor of the so-called equal rights amendment.

I can only say it seems to me with more than half the population of the United States being women and suffering under the many disabilities that have occurred because of past history in this and other nations, we ought to take into account that one of those disabilities is the inability of mothers and wives to pay the grocery bill once a week. These are women who cannot go to conferences and cannot have their bills paid for them by Government agencies. Yet this kind of spending burdens these millions of American women with even greater inflation. This $10 million is another significant inflationary increase in the fiscal affairs of this country.

I think the real point here is whether or not this bill should be considered under a suspension of the rules with no chance for amendments in order to address the issues that have been raised. Better than that, we should vote down this bill and then come back with a 1-year authorization which scaled down funding, holding one conference under proper rules and addressing the real issues that face all our people, both men and women.

Mrs. HECKLER of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. Mr. Speaker, I yield to the charming gentlewoman from Massachusetts, who being a woman is perhaps more equal, and I hope the gentlewoman will forgive me for saying "charming," if that violates the present day context of liberated politics.

Mrs. HECKLER of Massachusetts. I thank the gentleman from Maryland for yielding. The gentleman is forgiven.

Mr. Speaker, this is an authorization and not an appropriation.

I should like also to add the fact that the International Women's Year Commission has been severely handicapped by having been subjected to the whims of Congress in terms of the State Department appropriation.

Mr. STEIGER of Arizona. Mr. Speaker, I want to make a point which I believe reinforces my friend in his very, very cogent recognition of the fact that we have in this bill authorized more money for political activity than we did in the instance of the two political conventions. I think that is worthy of consideration on everybody's part.

I have heard many phrases uttered by some of us in this room and I heard many while I was home which all referred to the necessity for New York City to bite the bullet. I do not see how we can ask New York City to bite the bullet when Congress is apparently unwilling to eliminate an obviously unnecessary and a totally questionable $10 million item.

I will tell my friends, the Members of Congress in this House, that this issue is as much a fiscal issue as it is an equal rights amendment issue. The evidence is that this International Women's Year Commission indicated it is the equal rights amendment because at their very own initial meeting they gave the equal rights amendment top priority. I do not see how we can ignore that.

We have to recognize this is a $10 million deal and it is a 10-year deal and they will be able to whip and ride for 10 years until they wear down their opposition.

I believe we can show beyond a reasonable doubt that this is an inappropriate use of tax moneys at a time when Congress is asking people to be spartan in their use of Federal funds. This is a most dangerous use of Federal funds, which will be used in influencing passage of legislation which is subject to tremendous pressures.

I ask the House to allow the Congress to work its will, vote down this bill, and allow this bill to be trimmed down and allow the 10-year schedule to be trimmed down, to be justified. Do not pass this bill on the suspension calendar just because we fear to be accused of being against women's rights. That is the shallowest of approaches. We must take into consideration the sanctity of whatever is left of the tax dollar of the public.

A "no" vote is essential on this measure.

Ms. ABZUG. Mr. Speaker, the issues raised by those who oppose this bill are specious, irrelevant and come without notice. This bill appears on the suspension calendar because we were led to believe that it was noncontroversial. It was reported unanimously by the Government Operations Committee. The gentleman from Arizona (Mr. STEIGER) voted for it and agreed to have it treated as a suspension bill.

I would like to know whether anyone here can contend that holding a conference for the first time in the history of this country which permits women to deal with their problems in the way that we have failed to do in the past 200 years is less important than conferences which we have had concerning children, education, the elderly, and libraries in this country.

The Executive order of the President recognized the importance of action on all governmental levels in support of International Women's Year. The Congress affirmed this in its own concurrent resolution, House Concurrent Resolution 309, on October 6. The requested authorization is but a tiny step towards ameliorating the neglect of almost 200 years. It will cover 56 State conferences, a national conference and a report recommending action for the Congress. It will enable American women through the conference committee to take appropriate steps in the decade of women in the years 1975 to 1985.

The women in this country have never come to Congress before. We were underfunded for International Women's Year. Shall America do less for its women than other countries? We wish to give women the opportunity to observe International Women's Year with dignity. We wish to note the role of women in the Bicentennial with pride. This Congress in other ways has begun to recognize the rights and needs of women. It is now called upon to match its words with deeds. I urge the passage of this bill.

Mr. ASHBROOK. Mr. Speaker, if actions taken by the House are any indication, women seem to be making fast progress in this country.

On October 6 the House adopted House Concurrent Resolution 309. This resolution expressed our support for 1975 as International Women's Year.

Today, only 2 weeks later, we are asked to pass a bill that on page 4 boldly proclaims the "Decade of Women," 1975–85. Perhaps in another 2 weeks we shall take up legislation announcing the "Century of Women."

There is another difference between House Concurrent Resolution 309 and H.R. 9924. The first is a "freebee" for the taxpayer. H.R. 9924, however, authorizes a $10 million appropriation. Ten million taxpayers' dollars to organize and convene a national women's conference!

I have no objection to the holding of such a conference. I do object, however, to paying for this conference with tax dollars. Consequently I urge that this bill be rejected.

Mr. LEVITAS. Mr. Speaker, it is wholly inaccurate and a smokescreen to claim that this bill would authorize funds to be used for lobbying purposes, whether for the equal rights amendment or for or against any other measure.

At the conferences contemplated by this bill there will most certainly be discussion of the status of women and of the discrimination to which they have been, and are still, subjected. But discussion of these facts is far different from lobbying. If the result of these discussions points out the need for legislation of some sort, then so be it. But that is far different from lobbying. If the result of these discussions points out the lack of need for legislation of some sort, then so be it. The discussion of facts and issues and the search for understanding is not lobbying.

I would oppose this or another bill which would permit tax dollars to be spent for lobbying. But that cannot be done under this bill. During the consideration of this bill in the Committee on Government Operations, I specifically asked the gentlewoman from New York (Ms. ABZUG) whether funds could be used under this bill for lobbying of any sort and specifically the ERA. The colloquy that followed has established clearly the legislative history that the funds authorized under this bill cannot be used for lobbying or influencing legislative action for or against any measures.

Mrs. MINK. Mr. Speaker, I rise in support of H.R. 9924 which authorizes the convening of a national women's conference during 1976 in conjunction with the Bicentennial celebration and in furtherance of International Women's Year. I am pleased to be a cosponsor of this legislation, as I have long been involved with the development of this highly meritorious project.

In March 1975, I sponsored a similar bill which authorized the President to call a White House Conference for Women in 1976 in conjunction with the Bicentennial. I felt that unless there was a major effort reaching and involving the women of this country, their contributions toward the development and formation of our country would remain buried and forgotten, or at best be relegated to minor secondary roles.

H.R. 9924 directs the National Commission on the Observance of International Women's Year to organize and convene a national women's conference during 1976, in conjunction with the Bicentennial celebration to focus attention on distinguished women in our Nation's history and on the special problems and goals of contemporary American women. The national conference would be preceded by meetings at the State level, which would serve to identfy and focus upon specific issues for consideration at the national conference. The State conferences would select the representatives who will attend the national conference.

The contributions of women in the history of our country is being forgotten as we acknowledge achievements, past and present, in our Bicentennial year. We must have this national forum to recognize the achievements of women in order to have a balanced and proper focus on our Nation's history.

Not only does this bill seek to insure the recognition of women but it will provide funds to compile a "Bicentennial Book of Tributes" of the women in each State, which book the delegates will submit to the National Conference. This first 50-State history of women will become a valuable record from which all women could draw and which will encourage women to seek a greater and wider participation in contemporary American life.

I urge passage of this legislation as a significant step toward wider recognition of women in America at a time of historical importance.

Mr. FOUNTAIN. Mr. Speaker, I am compelled by feelings of reservation and some alarm to address a few comments to the issue of H.R. 9924, "a bill to direct the National Commission on the Observance of International Women's Year 1975, to organize and convene a National Women's Conference and for other purposes."

To begin, let me say I have no quarrel with the worthwhile spirit and laudable intent of this legislation. It is fair to say that each of us in the House opposes sexual discrimination and seeks in our personal and political lives to redress inequalities suffered by women. We all desire, I think it fair to say, full and equal participation for all citizens in government, business, education, and society. Additionally, we all know of the significant contributions women have made to our national development We owe much for these contributions.

However, as laudable as is its intent to convene local, State, and National conventions for the purpose of evaluating the status of women and issues of concern to women, this legislation has several problematic elements. First, one wonders if the legislation's broadly defined purposes are specific enough to provide guidance for discussion which would be apt to produce substantive progress toward egalitarian goals. Specifically, by convening conventions simply to "consult" about, "advance," "recognize," "assess," or "identify" women's matters, it seems to me that the aims are too broad and ill-defined to warrant Federal financing over a 10-year period. In the absence of specific, less general aims, are we to pay $10 million to a special group for the purpose of aiding their organizational activity?

I fear passage of this legislation would set an extremely harmful precedent whereby any special interest group, when it is large enough in number, would seek or demand Federal money to aid their private cause. Commendable as the aims of women's equality are, such women's groups are, by definition, special interest groups.

The Founding Fathers feared a fractionalized democracy in which small, fragmented competing groups would seek special aims. I fear, likewise, a system whose only public policy is formulated as the result of the action by special groups, advancing special viewpoints. An affirmative vote on H.R. 9942 will advance us toward that position.

With an affirmative vote we court the prospect of subsidizing the organizational efforts of all sorts of groups. How will we choose to draw the line on Federal funding of other such efforts, unless we can say here and now, "yes, your aims are commendable, but we must leave you to finance your cause through the beneficence of the private sector of the economy." It may be somewhat unpopular to register a negative vote on H.R. 9942, but I feel it is sensible, reasonable, and good to do so, especially when it is being considered on the suspension calendar, with limited debate and no opportunity for amendments.

Were this issue of women's rights to be an emergency problem—of crucial national importance—a problem which could only be advanced by the Congress and by Government, then perhaps some could argue it might be possible to offer some small financial assistance for a very short period of time. Such is not the case here. Other forums do exist to deal with this matter. If a rule were to be granted permitting general debate of this legislation and appropriate amendments as to the duration of the commission's powers, its costs to the taxpayers, its scope of operation, we would be in a much better position to pass mature judgment on it. Despite my personal keen interest and concern in matters of equality and women's rights, and my strong support of their rights down through the years, I seriously question the advisability of appropriating 10 million Federal dollars for such extremely broad and ill-defined objectives, especially at a time when deficit financing is at an alltime high. I fear we would be setting a dangerous precedent for the Congress in the future.

Finally, because of the questions alrea

Finally, because of the questions I have raised, together with questions already raised by several of my colleagues as to the advisability of authorizing the establishment of a national commission with such broad powers for such a long period of time, at such a substantial cost, and because this legislation is being considered on the suspension calendar, with no opportunity to change its complexion in any way, shape, or form. I cannot, in good conscience, support it.

The **SPEAKER** pro tempore. The question is on the motion offered by the gentlewoman from New York (Ms. ABZUG) that the House suspend the rules and pass the bil H.R. 9924, as amended.

Mr. BAUMAN. Mr. Speaker, I demand a recorded vote.

A recorded vote was refused.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Pursuant to the provisions of clause 3(b) of rule XXVII and the prior announcement of the Chair, further proceedings on this motion will be postponed.

Does the gentleman from Maryland withdraw his point of order that there is no quorum?

Mr. BAUMAN. Before I do, Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

PARLIAMENTARY INQUIRY

Mr. BAUMAN. Mr. Speaker, the Chair announced that 28 Members asked for a recorded vote. Is it not one-fifth of the membership present?

The SPEAKER pro tempore (Mr. McFall). The Chair would advise the gentleman that under clause 5 of rule I, on a recorded vote, one-fifth of a quorum, or 44 Members is required in the House. If the gentleman had asked for the yeas and nays, then it would have been one-fifth of those present. The gentleman asked for a recorded vote.

PARLIAMENTARY INQUIRY

Mr. ASHBROOK. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore (Mr. McFall). The gentleman will state it.

Mr. ASHBROOK. Mr. Speaker, is it too late to ask for the yeas and nays?

The SPEAKER pro tempore. It is at this time. The objection has been made to the vote on the ground that a quorum is not present, and the Chair has stated that under the rule, further proceedings have been postponed.

Will the gentleman from Maryland withdraw his point of order that there is no quorum?

Mr. BAUMAN. No, Mr. Speaker.

The SPEAKER pro tempore. Evidently a quorum is not present.

Without objection, a call of the House is ordered.

There was no objection.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 615]

Adams
Andrews, N.C.
Badillo
Bell
Biaggi
Boggs
Bolling
Bonker
Brademas
Buchanan
Burke, Fla.
Burton, John
Cederberg
Chisholm
Clawson, Del
Clay
Conyers
Derwinski
Diggs
Dingell
Downey, N.Y.
Duncan, Oreg.
Esch
Eshleman
Evins, Tenn.
Fary
Fithian
Flowers
Fraser
Gibbons
Goldwater
Gonzalez
Goodling
Harsha
Hébert
Helstoski
Henderson
Hillis
Holland
Jarman
Jeffords
Jenrette
Jones, Ala.
Kemp
Long, La.
Lott
McCollister
Madigan
Mathis
Meyner
Mitchell, Md.
Moorhead, Pa.
Obey
O'Brien
O'Hara
Passman
Patterson, Calif.
Pettis
Peyser
Rangel
Risenhoover
Robinson
Roe
Rose
Runnels
Ruppe
Sisk
Solarz
Stanton, James V.
Stuckey
Symms
Thompson
Udall
Ullman
Van Deerlin
Vander Jagt
Vanik
Vigorito
Wilson, C. H.
Wolff
Wright
Wydler
Young, Ga.
Zablocki
Zeferetti

The SPEAKER. On this rollcall 348 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

GENERAL LEAVE

Ms. ABZUG. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 9924).

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

FURTHER MESSAGE FROM THE PRESIDENT

A further message in writing from the President of the United States was communicated to the House by Mr. Heiting, one of his secretaries.

GAO AUDITS OF INTERNAL REVENUE SERVICE AND THE BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS

Mr. ROSENTHAL. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 8948) to amend the Accounting and Auditing Act of 1950 to provide for the audit of the Internal Revenue Service by the Comptroller General, as amended.

The Clerk read as follows:

H.R. 8948

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 117 of the Accounting and Auditing Act of 1950 (31 U.S.C. 67) is amended by adding at the end thereof the following new subsection:

"(d)(1) The Comptroller General shall make, under such rules and regulations as he shall prescribe, audits of the Internal Revenue Service and the Bureau of Alcohol, Tobacco, and Firearms of the Department of the Treasury: *Provided,* That such audits shall not affect the finality of findings or decisions of the Secretary of the Treasury or his delegate under section 6406 of the Internal Revenue Code.

"(2) For purposes of, and to the extent necessary in, making the audits required by paragraph (1) of this subsection, representatives of the General Accounting Office—

"(A) shall, notwithstanding the provisions of sections 4424 and 6103 of such Code, have access to tax returns and tax return information described in sections 4424(a) and 6103; and

"(B) shall have access to all other books, accounts, financial records, reports, files, papers, things, and property belonging to or in use by the Internal Revenue Service or the Bureau of Alcohol, Tobacco, and Firearms:

Provided, That no officer or employee of the General Accounting Office shall, except to the extent authorized by section 6103(d) of such Code, divulge or make known in any manner whatever to any person, other than another officer or employee of such office whose official duties or responsibilities require such disclosure, any tax return or tax return information described in section 4424(a) of such Code in a form which can be associated with or otherwise identify, directly or indirectly, a particular taxpayer: *And provided further,* That no officer or employee of the General Accounting Office shall, except as otherwise expressly provided by law, divulge or make known in any manner whatever to any person, other than another officer or employee of such office whose official duties or responsibilities require such disclosure, any other tax return or tax return information, or any information described in clause (B), in a form which can be associated with or otherwise identify, directly or indirectly, a particular taxpayer. Any such officer or employee who makes a disclosure in violation of either of the foregoing provisos shall be subject to the penalties provided by law.

"(3) The Comptroller General shall, as frequently as may be practicable, make reports to the Congress on the results of audit work performed.".

The SPEAKER. Is a second demanded?

Mr. BROWN of Michigan. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

Mr. ROSENTHAL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 8948, as amended, authorizes the Comptroller General of the United States to conduct independent and complete audits of the operations and activities of the Internal Revenue Service—IRS—and the Bureau of Alcohol, Tobacco, and Firearms—ATF—of the Treasury Department. The legislation was favorably reported by the Government Operations Committee on a vote of 35 to 0.

Enactment of H.R. 8948 is necessary to resolve the longstanding differences between the General Accounting Office—GAO—and the IRS over the legal right of GAO to gain access to tax return information so that it can carry out its audit responsibilities. Because the problem of GAO access to tax administration documents and records extends to the Treasury Department's Bureau of Alcohol, Tobacco, and Firearms—which was formerly a division within IRS and which adopted the IRS position—the Committee on Government Operations included the ATF within the provisions of H.R. 8948, as amended.

IRS has consistently interpreted the Internal Revenue Code as prohibiting the Commissioner of IRS from making tax returns and tax return information available to GAO. IRS has interpreted the phrase "tax return information" to include almost all documents, reports and studies in its possession, thereby restricting and often making impossible, GAO audits of IRS operations. GAO, on the other hand, has long believed that the sections of the Internal Revenue Code relied on by the IRS do not preclude the Service from making records available to GAO for audit purposes and that GAO does have authority to make independent management audits of IRS under the Budget and Accounting Act of 1921, the Accounting and Auditing Act of 1950, the Legislative and Reorganization Act of 1970 and the Congressional Budget and Impoundment Control Act of 1974. Because the GAO has no authority to seek court review of its differences with the IRS, the legislation presently before the House today is made necessary.

Mr. Speaker, the legislation before us today scrupulously safeguards the privacy and integrity of income tax return information from unauthorized disclosure and subjects GAO employees to the same penalties and sanctions that presently govern any authorized disclosure of such information. Moreover, the final decisionmaking authority of the Secretary of the Treasury under section 6406 of the Internal Revenue Code to make decisions regarding the merits of any claim presented under the Internal Revenue laws, has not been disturbed.

The committee believes that regular and independent audits by GAO of the Internal Revenue Service and the Bureau of Alcohol, Tobacco, and Firearms will result in substantially greater efficiencies and economies in the operations and activities of those agencies. Without access to necessary tax documents and records, GAO cannot effectively evaluate IRS and ATF operations involving millions of dollars of appropriated funds and billions of dollars of annual gross revenue collections. Until this legislation becomes law, the management of the world's largest collection agencies will continue to escape independent and regular audit by Congress investigative arm—the GAO.

The 35 to 0 committee vote in support of this legislation is an expression of our belief that as a consequence of this lack of independent audit capability, IRS and ATF management practices and administration of the tax laws have not been as efficient as they otherwise would have been; and that many committees and individual Members of Congress have been denied meaningful information on IRS and ATF operations. Given the reports and findings of weaknesses and abuses within IRS, this lack of oversight capability has very likely contributed to any loss of public confidence in the administration of our tax laws.

Mr. Speaker, let me take just one or two additional moments to explain exactly what H.R. 8948, as amended, does:

The legislation amends section 117 of the Accounting and Auditing Act of 1950, by adding at the end thereof a new subsection "(d)". New subsection (d) authorizes the Comptroller General to make, under his own rules and regulations, audits of the IRS and the ATF, provided, however, that such audits are not to affect the finality of findings of IRS or ATF under section 6404 of the Internal Revenue Code. The legislation grants to GAO representatives, for the purpose of and to the extent necessary in making audits of IRS and ATF, and to all other accounts, records and property belonging to IRS or ATF.

In order to protect basic rights of taxpayers with respect to confidentiality of their tax affairs, section 117(d) (2) of the bill imposes upon GAO officers and employees—with one exception—severe restrictions upon disclosure of IRS and ATF.

In order to protect basic rights of taxpayers with respect to confidentiality of their tax affairs, section 117(d) (2) of the bill imposes upon GAO officers and employees—with one exception—severe restrictions upon disclosure of IRS and AFT tax return information in a form which could identify, directly or indirectly, a particular taxpayer. The exception would be tax information submitted by GAO to a congressional committee already authorized to receive it under section 6103 of the Code. GAO could not otherwise disclose identifiable tax information. This means, that no Member of Congress and no congressional committee other than the three such committees already authorized to receive tax information under section 6103 of the Internal Revenue Code, could receive such information.

Mr. Speaker, it is the view of the committee that the GAO will conduct audits of IRS and ATF, based on the standards enumerated in testimony before the Government Operations Committee by the Deputy Comptroller General, as follows:

> GAO has taken every opportunity to impress upon IRS officials that it is not interested in the identity of individual taxpayers and does not seek to superimpose its judgment upon that of the IRS in individual tax cases; rather, GAO is interested in examination into individual tax transactions only for the purpose of, and in the number necessary to serve as a reasonable basis for, evaluating the effectiveness, efficiency and economy of selected IRS operations and activities.

In the absence of GAO review, the Congress has no independent assurance that IRS and ATF are carrying out their operations in an efficient, effective, and economical manner. The magnitude, complexity, and importance of Federal tax collection activities is such that independent GAO evaluations of IRS and ATF operations would assist the Congress materially in its oversight functions and would certainly strengthen the administration of the programs and activities of these important Government agencies.

Mr. DRINAN. Mr. Speaker, will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentleman from Massachusetts.

Mr. DRINAN. Mr. Speaker, I want to commend the gentleman from New York (Mr. ROSENTHAL) for presenting a very valuable and innovative bill.

This legislation constitutes a practical means of resolving a long-standing dispute.

In the subcommittee on which I have the honor to serve many people have made the point that sections 312 and 313 of the Budget and Accounting Act of 1921 already authorize the GAO to have access to all agency files and documents. The IRS has, however, steadfastly refused to accept that concept. Now, however, through the good work of the chairman, the distinguished gentleman from New York (Mr. ROSENTHAL), the IRS has now completely accepted the compromise version which is before the Members today.

For the record, Mr. Speaker, I would like to quote from the hearings of September 11, 1975, where Mr. Whitaker, the General Counsel of the IRS, stated categorically:

> I believe that the amendment—

the substance of this bill here—

> will solve all of our problems . . .

Mr. Whitaker was then asked:

> And that includes the Bureau of Alcohol, Tobacco, and Firearms?

And Mr. Whitaker answered:

> Yes, sir.

I think, therefore, as the distinguished gentleman from New York has already said, we have something here that does not endanger privacy whatsoever, and cannot lead to the revelation of the names on individual tax returns. If this bill becomes law the GAO can conduct an independent and objective evaluation of the economy and efficiency of this massive and powerful tax collection agency.

This subcommittee, as other committees of the House, has seen all too frequently in the past serious abuses by the IRS including instances where the agency has squandered the public funds while invading the privacy of American citizens. This bill today provides that the GAO will keep the Congress informed just as it does with respect to all other agencies. Consequently we would no longer have to rely, as we have had to rely in the past, on internal audits conducted of the IRS, by the IRS, and for the IRS. The absurdity of an agency investigating itself is self-evident. So I urge an affirmative vote on this bill which will go a long way toward providing for the first time a thorough and independent audit by the GAO of the IRS.

Mr. ROSENTHAL. Mr. Speaker, I yield such time as he may consume to the distinguished chairman of the full committee, the gentleman from Texas (Mr. BROOKS).

Mr. BROOKS. Mr. Speaker, I thank the chairman of the subcommittee, the gentleman from New York (Mr. ROSENTHAL), for the outstanding job he has done on this legislation and I rise in support of H.R. 8948.

Mr. Speaker, this bill authorizes the General Accounting Office to have access to tax returns, tax return information, and other records and documents of the Internal Revenue Service and the Bureau of Alcohol, Tobacco, and Firearms.

As the chief investigatory arm of Congress, the GAO is charged with the responsibility for investigating the efficiency and integrity of the IRS and ATF. The IRS, in particular, has in recent years been subject to serious charges, including discrimination in the treatment of wealthy versus regular taxpayers, abuse of the taxpayers' right to confidence, mismanagement, and many others. Yet, the GAO has been barred under most circumstances from gaining access to IRS or ATF records to determine the accuracy of such charges.

Four separate laws authorize the GAO to have access to records, including those of the IRS and ATF. Yet, these two

Treasury Department agencies have repeatedly denied access to the GAO as a result of a narrow interpretation of their own law. The IRS, in particular, has done this—it should be noted—during those very same years in which it permitted its facilities to be illegally used by the Nixon administration. Then, too, while the GAO has been denied access, other Federal agencies, State agencies, political subdivisions, and others have been given access to tax records.

The GAO does not intend to use this authority primarily to look at individual taxpayers' records. As a matter of fact, the GAO is on record as stating that they are not concerned with the identity of individual taxpayers. Moreover, this bill subjects GAO employees to penalties and sanctions for unauthorized disclosure of such information. What is required, however, is that the GAO be in a position to monitor IRS and ATF operations on a sampling basis from the time an individual or business files a return until the return is accepted to test efficiency, fairness, and economy.

Especially what is needed is access to internally generated administrative records of IRS and ATF staffs—not the individual tax records themselves. These are the essential records that GAO must have access to in order to conduct effective audits of these two agencies. As unfounded as it may seem, the IRS and ATF have withheld these administrative records on the basis that they are closely related to individual tax returns. Enactment of H.R. 8948 will serve its greatest purpose by giving the GAO access to such records.

Mr. ROSENTHAL. Mr. Speaker, I yield such time as he may consume to the gentleman from Connecticut (Mr. Moffett).

Mr. MOFFETT. Mr. Speaker, I rise in support of H.R. 8948. These amendments to the Accounting and Auditing Act of 1950 constitute an important clarification of the authority of the General Accounting Office to audit the Internal Revenue Service and the Bureau of Alcohol, Tobacco, and Firearms. Such a clarification is vital and long overdue.

Before discussing the conduct of the IRS, which highlights the need for this bill, it is important to note that over the years Congress has not done its own job of overseeing the agency's operations. Recently, when Commissioner Alexander testified before the Government Operations Subcommittee on which I sit, he said he would like to see the Congress focus more on the good things the IRS is doing instead of always being critical. Well, the fact of the matter is that the IRS, before and during Mr. Alexander's tenure, has led a pretty charmed life with regard to the Congress. A reading of transcripts from the various committees charged with monitoring the performance of the IRS clearly indicates that the agency has been given too much flexibility and autonomy, and the result has been numerous abuses of citizens' rights and enormous waste of taxpayers' funds.

Our own subcommittee has been investigating a number of IRS operations that raise important questions about the ethical conduct and handling of Government funds by IRS officials. Project Leprechaun in Florida, where agents spied on public officials and pried into the personal lives of prominent citizens in matters clearly unrelated to tax issues, is one example. Another is operation W, initiated by an Assistant IRS Commissioner with neither the knowledge nor the approval of the IRS Commissioner or the Regional Office. That project saw slush funds made available to an undercover agent to spy on other IRS personnel.

In the area of corruption within the IRS itself, there is urgent need for an outside audit. The IRS has given no hard evidence that it is capable of eliminating such abuses by policing and auditing itself.

But even if the agency were doing its job in this regard, it would be necessary to have GAO audits. The IRS is the largest collection agency in the world, yet it has never been scrutinized by outside examiners.

Both the IRS and the Bureau of Alcohol, Tobacco, and Firearms have claimed that the audit is not necessary and that the Internal Revenue Code prohibits the Commissioner of IRS from making IRS documents available to the GAO.

But the GAO has cited section 312(a) of the Budget and Accounting Act of 1921, which provides that the Comptroller General shall investigate all matters relating to the receipt, disbursement, and application of public funds, and section 117(a) of the Budget and Accounting Procedures Act of 1950, which reaffirms this authority. The Library of Congress analysis requested by our subcommittee concurs with the GAO's interpretation. With regard to contentions that a GAO audit could result in invasion of privacy of individual taxpayers, I note that H.R. 8948 protects such privacy.

This may seem like a relatively minor piece of legislation, but it contains important provisions and a vital precedent. And it reflects a strong commitment by the Government Operations Committee under its new chairman, as well as by the Subcommittee on Commerce, Consumer, and Monetary Affairs, to increase the oversight of the Internal Revenue Service in a way that promises to improve the agency, the public's perception of it, and the public image of the Congress.

Mr. BROWN of Michigan. Mr. Speaker, I yield such time as he may consume to the ranking member of the full committee, the gentleman from New York (Mr. Horton).

Mr. HORTON. I thank the gentleman for yielding.

Mr. Speaker, I should like to take this opportunity to commend the ranking minority member, the gentleman from Michigan (Mr. Brown), and the chairman of the subcommittee, the gentleman from New York (Mr. Rosenthal), for bringing this legislation to the floor.

Mr. Speaker, the subject of H.R. 8948 has long been the concern of the Government Operations Committee. It is a bill that will allow the General Accounting Office to oversee, as it does with other executive agencies, the Internal Revenue Service and the Bureau of Alcohol, Tobacco, and Firearms, both of the Department of the Treasury. GAO will, as a result of H.R. 8948, be allowed to audit on its own initiative the operations of the IRS and have access to tax returns and other return information it needs in doing such audits.

The committee first had hearings on this subject in June of 1972 before the Foreign Operations and Government Information Subcommittee on which I served at that time. I said at those hearings that I did not feel that it was ever intended that Congress did not have or could not have general legislative oversight in this area. We argued then as we do now that the GAO had legal access to audit the IRS, and that the IRS was not exempted from the GAO's statutory authority. IRS differed with us and, thus, this legislation was necessary to clarify the law and insure proper congressional oversight of the Service.

The purpose of the auditing by GAO is to provide independent and objective evaluations of how well IRS is carrying out its responsibilities; the GAO is not concerned with the identity of individual taxpayers, nor do they intend to impose their judgment upon that of IRS in individual cases. As the GAO said in testimony before us, they are interested in examining individual tax transactions only for the purpose of, and in the number necessary to serve as a reasonable basis for evaluating the effectiveness, efficiency, and economy of selected IRS operations and activities. We have been careful to include in this legislation severe penalties for any unauthorized disclosure of tax return information.

The IRS is an agency of 80,000 employees, and it has enormous legal powers. Independent reviews of IRS operations by GAO would serve as a means of ascertaining whether alleged abuses and weaknesses do exist and of identifying other problems concerning the administration of the tax laws.

I support H.R. 8948 and I strongly urge its passage.

Mr. BROWN of Michigan. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this legislation but wish to take just a couple of minutes to say a few things about matters not in the report as well as to repeat some of the things that are in the report.

I think we first should recognize that this legislation provides for an administrative audit—I repeat, administrative audit—not an audit or a second-guessing of substantive determinations made by the IRS. For emphasis on this point, I repeat the language that is in the committee report on page 7. There, quoting the Deputy Comptroller General in his testimony, he said:

> GAO has taken every opportunity to impress upon IRS officials that it is not inter-

ested in the identity of individual taxpayers and does not seek to superimpose its judgment upon that of the IRS in individual tax cases; rather, GAO is interested in examining into individual tax transactions only for the purpose of, and in the number necessary to serve as a reasonable basis for, evaluating the effectiveness, efficiency and economy of selected IRS operations and activities. GAO has, in general, directed its efforts toward those areas where it believed that improvements in current operations would bring about better IRS administration of programs, activities, and resources.

Then moving from the committee report to the actual language of the legislation, we will find that in the language in the very first paragraph of the amendment it says, speaking of the audits and the rules and regulations adopted:

> *Provided*, That such audits shall not affect the finality of findings or decisions of the Secretary of the Treasury or his delegate under section 6406 of the Internal Revenue Code.

I wish to add these remarks to establish the parameters of the audit.

I have a couple of other concerns: One, the bill, it seems to me, is a step backwards and is counterproductive with respect to our continuing efforts to insure individual privacy, which efforts recently culminated in the passage by the House and the enactment into law of the Privacy Act.

In short, this bill opens up to another agency of Government the personal records and files which have been consistently held to be within the privacy doctrine.

The fact that specific provisions of the bill deal with this issue and attempt to insure the privacy of such returns, records, and files does not mitigate against the fact that the privacy veil has been pierced to a certain extent.

In view of the concern of the Congress regarding personal privacy, as often expressed on this floor, I expect the General Accounting Office to exercise its authority under this legislation in a most cautious and disciplined manner.

A further concern I have, not necessarily applicable to this bill alone, and without intending in any way to derogate or disparage the present operation of the General Accounting Office, is about the continuing and accelerating way in which we in the Congress are both giving authority to and imposing duties upon the General Accounting Office.

To the extent we continue to grant to the General Accounting Office the right and authority to initiate audits of agencies, we increase the opportunity for abuse of such authority. And who determines the economy, efficiency, and effectiveness of the General Accounting Office, to say nothing about the wisdom of its decisions with respect to the priorities it sets for utilization of its time, manpower, and funds? Who makes these decisions? The General Accounting Office itself. In short, the auditor presently audits itself.

Mr. ROSENTHAL. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Georgia (Mr. LEVITAS).

Mr. LEVITAS. Mr. Speaker, I commend the gentleman from New York for his foresight and insight in bringing this important bill to us and I rise to speak in favor of H.R. 8948 which we have before us today. As you know, this bill would allow the GAO to perform its independent auditing functions within the Internal Revenue Service and the Bureau of Alcohol, Tobacco, and Firearms of the Department of the Treasury.

I am not really sure that this bill is necessary because it is a matter of opinion whether or not one interprets previous law as giving GAO this power already. However, since neither IRS nor ATF has permitted GAO access to their records, we must take this legislation method to settle a procedural dispute.

IRS and ATF are to be commended, if their prior refusal to allow GAO to audit their operations stemmed from a genuine desire to protect the individuals whose records they keep. I share that concern. However, as GAO has repeatedly stated, it is not their intention to use individual return except insofar as they are needed to see how effectively and efficiently the IRS and ATF are carrying out their tax collecting responsibilities. In addition, I believe that the provisions of this bill are sufficiently strict that individual privacy is adequately protected.

In a voluntary tax collection system such as ours, its success depends completely on the perceptions by taxpayers that it is fair and equitable; and that their privacy is being respected. Disraeli said:

> All power is a trust; we are accountable for its exercise.

Accountability is the issue here. We have seen past abuses on the part of the IRS which might have been forestalled by the knowledge that they were accountable to some outside authority. In the absence of GAO review, there is no independent assurance that IRS and ATF are carrying out their operations in an efficient, effective, and economical manner. This magnitude and complexity of Federal tax collection activities is such that independent GAO evaluations of IRS and ATF operations is needed to assist the Congress in its oversight functions and would almost certainly strengthen the administration of the programs and activities of these important Government agencies.

Mr. ROSENTHAL. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Iowa (Mr. MEZVINSKY).

Mr. MEZVINSKY. Mr. Speaker, I support the bill, H.R. 8948, to provide authority for the General Accounting Office to audit the Internal Revenue Service and the Bureau of Alcohol, Tobacco and Firearms.

As a member of the Commerce, Consumer and Monetary Affairs Subcommittee, I have been involved in the extensive oversight hearings of the IRS. During our subcommittee's investigation, many covert operations of the IRS have come to light.

The necessity for the IRS to investigate potential tax fraud cases is clear, and I agree that we should enact no legislation that would hamper them in this endeavor. The problem with the IRS investigations, however, is not generally the subject matter of the probes, but rather the techniques used to obtain the information. There have been instances that show the IRS has ignored the constitutional rights of those persons being investigated as well as acted in violation of their own procedures. When questioned about these practices, Commissioner Donald Alexander and other members of his staff at the national and regional level, seemed to have no explanation. IRS is so large and fragmented that its own internal checks are inadequate. With the passage of this legislation I believe that these kinds of illegal practices will be discontinued. The agency would have to account for their expenditures and their unauthorized fishing expeditions and illegal investigations will be stopped before they begin.

The bill as it is written has ample safeguards to protect information on individual tax returns and the GAO employees could be subject to the same penalties as any other Federal employee for the unauthorized disclosure of tax return information.

In a time when our most basic institutions have been called into question, this is vital legislation. We cannot allow our voluntary tax collection agency to suffer from the doubts created by its being held unaccountable to the established watchdog of the Federal Government. For this reason I urge my colleagues to vote for this important measure.

Mr. BROWN of Michigan. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. DON H. CLAUSEN).

Mr. DON H. CLAUSEN. Mr. Speaker, I rise in support of H.R. 8948.

As has been stated, the basic purpose of this legislation is to clarify and resolve, once and for all, the long standing differences of legal opinion that have existed between the Government Accounting Office—GAO—and the Internal Revenue Service—IRS—over the right of the GAO to gain access to the records necessary to perform the regular and routine audits of the IRS.

The IRS has consistently interpreted the Internal Revenue Code as prohibiting the Commission of the IRS from making any documents or records on the administration of the Code available to GAO.

In addition, the IRS has questioned the authority of GAO to make independent management reviews of the IRS.

On the other hand, the GAO strongly believes that the section of the Internal Revenue Code do not preclude the GAO from having access to the IRS records for audit purposes and to make independent management audits of IRS.

GAO strongly maintains that its authority to audit the IRS and the Bureau of Alcohol, Tobacco and Firearms operations is clearly set forth in the law as contained in section 312(a) of the Budget and Accounting Act.

Further, section 117(a) of the Budget and Accounting Procedure Act reaffirms this authority.

It seems to me that this conflict between these agencies and the GAO must be settled once and for all by the Congress. In the final analysis we, as the elected representatives of the people have the authority and the responsibility to clear up any difficulties or ambiguities created by IRS refusal to permit GAO access to the documents. The obvious reason being that GAO is the investigative arm of the Congress and if we are to carry out our oversight and investigation function, we, of the Congress, must call on the GAO, when necessary, to perform the required audits to assure the Congress and the people we represent that the IRS and ATF are carrying out their operations in an efficient, effective and economical manner. This should benefit the taxpaying public and the Congress.

I am pleased to observe that the Committee on Government Operations, in reporting out the bill, has assured us that they have scrupulously safeguarded the privacy and integrity of income tax returns and information from unauthorized disclosure and subjects GAO employes to the same penalties and sanctions that presently govern any such unauthorized disclosure of tax return information.

The final authority of the Secretary of the Treasury, to make decisions regarding the merits of any claim presented under Internal Revenue laws, is not disturbed.

The people of my district and the people throughout the country are up in arms about the overinvolvement of Government in their lives and the seemingly unchecked supervision and evaluation of regulatory agencies.

This is another all-too-frequent example of bureaucratic autonomy—another Federal agency that recognizes no authority higher than its own.

It is imperative that Congress, as the direct representative of the people do everything possible to oversee and evaluate all regulatory agencies in the performance of their authorized functions.

GAO as the investigative arm of the Congress, has the legitimate right and responsibility to report on how well or how poorly the IRS performs its assigned functions just as it does with other agencies of the Federal Government.

Recent investigations have indicated that considerations of national security may have been used as a cloak to conceal instances of bad management or poor judgment.

We must insure that in our quest for confidentiality of tax returns, we do not create a blanket under which all sorts of mismanagement, caprice, and poor judgment can escape undetected and uncorrected.

We have to strike the proper balance and the best way to do that is to make the bureaucracy responsible to the people.

Mr. **BROWN** of Michigan. Mr. Speaker, at this time I yield 3 minutes to the gentleman from Illinois (Mr. MICHEL).

(By unanimous consent, Mr. MICHEL was allowed to speak out of order.)

THE PRESIDENT'S FOOD STAMP REFORM BILL

Mr. **MICHEL**. Mr. Speaker, the President of the United States earlier this afternoon delivered to the House a most comprehensive and carefully developed food stamp reform bill to the Congress. It deserves our enthusiastic support and endorsement.

Throughout my research into the problems and abuses of the food stamp program, I have been convinced that we should be guided by three main goals: Control, compassion, and simplification. Control, because the Nation's taxpayers are outraged about the direction of resources to persons who can and should be supporting themselves. Compassion, because such misdirection of resources deprives those who need it most. Simplification, because the intricacies of the food stamp program invite fraud, manipulation, and error.

The President's proposal admirably addresses all three of these objectives. It will provide relief for the taxpayer in the magnitude of $1.2 billion. It will increase food stamp aid to roughly 24 percent of the caseload. It will measurably simplify administration.

As principal cosponsor of the original Michel-Buckley reform legislation, I commend and congratulate the President for his exhaustive search for answers in a number of key areas. He has, I think, found them.

With minor technical changes, I shall be introducing the administration proposal in the House this afternoon.

We shall continue to look toward the committee process to identify which of a number of proposals that have been introduced will most effectively meet these specific problem areas. What is clear is that the President has exercised bold and imaginative leadership in affirming, through this legislation, his determination—and the conviction of the people of this country—that the food stamp program must be brought under control.

I am hopeful that the Members will find this a worthy product and will join me in cosponsoring the bill.

Mr. **MAGUIRE**. Mr. Speaker, we all recognize the importance of the role that the IRS plays in collecting taxes and managing the entire tax system. And no one is questioning that, by and large, the Agency does an excellent job.

But the IRS, like every other agency of Government, must be subject to congressional review and evaluation of its work. The importance of its work makes this all the more urgent. Yet the IRS has insisted continuously for several years that the auditing arm of Congress, the General Accounting Office, does not have the right to evaluate the efficiency of its operations in order to report back to the appropriate authorizing committees in Congress.

The legislation we are considering is an effort to bring the IRS under the same scrutiny that all the other executive agencies routinely submit to. And it must be admitted that there has been evidence over the last few years that such oversight is necessary, both in order to improve the regular efficiency of the IRS, and to curb abuse of its authority.

It has been made clear during a number of congressional investigations over the last 3 years that the IRS has on occasion been used by the executive branch as a political instrument; prominent figures who opposed the administration were often subjected to unusual auditing of their taxes. In addition, recent testimony which we elicited in my Subcommittee on Commerce, Consumer, and Monetary Affairs of the Government Operations Committee, has indicated that IRS engaged in domestic surveillance activities—such as the Leprecaun and Sunshine operations—which far exceeded any role which could be reasonably undertaken by the tax collection branch of our Government. And the Commissioner of the IRS has certainly not gone out of his way to allay fears expressed in the subcommittee that internal IRS controls over activities of this kind are inadequate.

A GAO audit of the operations of the IRS is not special or unusual treatment. It is the procedure to which all other executive agencies are subject. It is a necessary part of the efforts of Congress to fulfill its role in examining the degree to which Government agencies are fulfilling their responsibiliites under the law. And it is a way of making certain that the IRS remains responsive and responsible in dealing with the American public.

I have, therefore, supported H.R. 8948 and urge its adoption.

Mr. **BROWN** of Michigan. Mr. Speaker, I have no further requests for time. I reserve the balance of my time.

Mr. **ROSENTHAL**. Mr. Speaker, I have no further requests for time. I reserve the balance of my time.

The **SPEAKER**. The question is on the motion offered by the gentleman from New York (Mr. ROSENTHAL) that the House suspend the rules and pass the bill (H.R. 8948), as amended.

The question was taken; and (two-thirds having voted in favor thereof), the rules were suspended and the bill was passed.

The title was amended so as to read: "A bill to amend the Accounting and Auditing Act of 1950 to provide for the audit, by the Comptroller General, of the Internal Revenue Service and of the Bureau of Alcohol, Tobacco, and Firearms."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. **ROSENTHAL**. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill (H.R. 8948) just passed.

The **SPEAKER**. Is there objection to the request of the gentleman from New York?

There was no objection.

DISAPPROVING A REGULATION PROPOSED BY THE FEDERAL ELECTION COMMISSION

Mr. **HAYS** of Ohio. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 780) disapproving a regulation proposed by the Federal Election Commission.

The Clerk read as follows:

H. Res. 780

Resolved, That the regulation proposed by the Federal Election Commission pertaining to filing of election reports and statements, transmitted to the House under date of August 1, 1975, is disapproved.

Sec. 2. The Clerk of the House is directed to transmit a copy of this resolution to the Chairman of the Federal Election Commission.

The SPEAKER. Is a second demanded?

Mr. FRENZEL. Mr. Speaker, I demand a second.

The SPEAKER. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER. The gentleman from Ohio (Mr. Hays) will be recognized for 20 minutes, and the gentleman from Minnesota (Mr. Frenzel) will be recognized for 20 minutes.

The Chair now recognizes the gentleman from Ohio (Mr. Hays).

Mr. HAYS of Ohio. Mr. Speaker, I yield myself 4 minutes.

Mr. Speaker, we have been negotiating with the Commission for a long time, and I have no desire to enter into a controversy with it, but I think it is important that the House disapprove this regulation. The law specifically says that the Clerk of the House shall be custodian of reports filed by candidates. Contrary to this, the Commission came up with a regulation saying that the reports shall be filed with them, and that within a reasonable length of time they will transmit a copy to the clerk, and within a further reasonable length of time they will transmit the original.

I have talked to the chairman of the Commission and other members of the Commission about a compromise, because I believe—and the gentleman from Indiana (Mr. Brademas) made a strong statement on the floor which I will later on put into the Record—that the point of entry would be the Clerk of the House and the Secretary of the Senate for candidates for the House and Senate.

I think the principle involved here is much as though one wrote a will and gave it to a third party and said, "Upon my death, give it to the executor."

Now, the law says that the Clerk of the House shall be custodian, and it is our contention that it should be filed with the Clerk. I had a meeting with Mr. Curtis and suggested that there be simultaneous filing, as there is with the secretaries of state in various States, with the commissions. Mr. Curtis said that would be fine. He went back, had a meeting, and they decided to reject that. We then offered a compromise that the Clerk shall, within 24 hours, send a certified Xerox copy of the filing to the Commission. I discussed that with one of the members of the Commission on the floor. He said, "That's fine, that's great, it seems reasonable and sensible." He went back, and they rejected that.

The principle involved here is simply this: Shall a commission created by the Congress rewrite the law that the Congress wrote? I stand ready to compromise with these people at any time, and the committee does also. The first vote of the committee was 18 to 1 in favor of rejection, and then when the original resolution was filed, it was a unanimous voice vote with a quorum present and voting.

The reason this is brought up—I just want to explain this—under suspension of the rules is because this Commission kept telling me that they wanted to rewrite this and they wanted to compromise, and they held conference after conference, and then when we had 5 days left, they finally said, "No, we are not going to compromise; it is going to be our way." So that, if I went the regular route to the Rules Committee, I would have had, with good luck, the ability to bring this up on the second day before we recess at the end of this week.

Mr. Speaker, I ask the House to suspend the rules and pass the resolution.

I say that the committee stands ready to compromise with the Commission in any way possible so that they can get a copy of the report as soon as the Clerk does, but we do not believe that they should rewrite the law, which says that the Clerk shall be the custodian of the original report.

Mr. FRENZEL. Mr. Speaker, I yield myself 4 minutes.

Mr. Speaker, today we are considering disapproval of the FEC's proposed regulation that disclosure statements be filed with the Commission. The majority of the House Administration Committee actually favors the disapproval and feels that the statements should be filed with the Clerk of the House.

However, in the Federal Election Campaign Act of 1971, as amended in 1974, the law states that each political committee shall file statements with the Federal Election Commission. Section 433 and section 434 of the United States Code say that they will file reports of registration and of receipts and expenditures.

Mr. Speaker, when the committee voted in the first instance, I was the one dissenting vote. When they voted in the second instance, I was not present and could not express my opposition to what I believe is a mistaken resolution, House Resolution 780.

Mr. Speaker, the proponents of the resolution claim that somehow remarks made on the floor can take the place of what is actually written in the law.

Sections 433, 434, and 436 are all quite clear in saying that the reports are to be filed with the Commission. However, in section 437, which apparently causes conflict, there is a statement that some reports are to be received by the Clerk.

It is my contention, and the contention of the Commission, that the reports could very well be received from the Commission after it received those reports in the first instance.

The question here is whether the law is the law, or whether some statement made on the floor of the House is the law. And the courts have continuously, I think, held that when a congressional statute is clear, reference to the legislative history is neither necessary nor permitted in the interpretation of the law.

I believe that the conflict here simply arises because we did not put the language in conformity after making a change on the floor of the House and making a change in the conference. But I think the bulk of the statute is clear and, therefore, that the filings must be made with the Commission.

When we passed this law it was our intention to centralize the filing of reports. Previously we had the reports going to the GAO, the Secretary of the Senate and the Clerk of the House. One thing we wanted to do was create an independent Commission, whose membership we partially control through appointment. We did it to show the people we were visible and open and were not controlling our own elections.

In centralizing the filing of reports, we hope to save a lot of money. It is my opinion that if we allow the filing of election reports as suggested by this resolution, it will cost us about $350,000. If we centralize the filing in the Commission, it will cost about $194,000. And there we have saved $150,000, which I submit is not bad for this House.

Mr. Speaker, I hope that we will agree that the Commission is the place where these reports should be filed. In addition, there is an increased cost to the public. Remember there are multicandidate committees who are spending money on candidates for House, Senate, and President. Some of these will be the political party committees within the Members' own States. If this resolution is approved, these folks will have to furnish three reports instead of furnishing one to the Commission. If this House resolution is rejected, they will only have to file once.

The Library of Congress has produced a careful and thoughtful brief on this matter. The conclusion reads as follows:

> Thus, on balance, notwithstanding the language in the Conference Report and Congressman Brademas' statement during the debate on that Report, it would appear from the statutory language itself that reports and statements are to be filed with the Commission and pertinent ones are to be subsequently transmitted to the Clerk or the Secretary for preservation and public accessibility.

Mr. Speaker, I think the statute is clear, It makes good sense, in my judgment, to reject the committee report and vote down House Resolution 780.

Mr. HAYS of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. Phillip Burton).

Mr. PHILLIP BURTON. Mr. Speaker, I rise in support of the committee resolution. I had, I think, a fair measure of involvement in the evolution of the legislation that was enacted in the last Congress. There were a number of points that I felt were central to the administration of this law.

I am fully satisfied in my mind that it was our very clear and unmistakable intention that the Clerk's office be the custodian of these reports and, therefore, as a matter of elementary logic the Clerk's office be the point of entry for the filing of these reports.

I, for one, happen to believe that the Election Commission, under impossibly difficult circumstances, is doing quite well.

Inevitably during the shakedown period they are going to misread or mis-gauge the intent of the Congress. Inevitably as a matter of law or policy each of us will be in some manner of disagreement one with the other as to whether their actions deserve support or not. But it was to avoid legislative retaliation and to encourage long-range understanding that this disapproval mechanism that we are exercising today was placed in the bill.

I for one do not deem our action today as being critical of the basic efforts of the Commission at all. I believe our action today is required, because we most clearly and unambiguously made our position clear. Any Member who participated in the month-after-month discussion concerning what kind of a commission it should be, what kind of an enforcement authority there should be, and what if any the role of the GAO and the rest of the agencies should be, must recall that we insisted that as to the House reports, the Clerk should be the custodian and that office should be the place where we file our reports.

So I urge my colleagues to support the committee in this respect, just as I may well take a different position on other commission rulings in the future. I would not be surprised at all if concerning a future matter I might disagree with some of my colleagues and be in support of the Commission's regulation. However, in this particular, the plain fact of the matter is that they are just wrong and we ought to say so without apology. I am sure that then they will be forthcoming with regulations that will comply with the letter as well as the spirit of the legislation.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished chairman of the Republican Conference, the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, I have listened with great interest to the argument just raised by my colleague, the gentleman from California (Mr. PHILLIP BURTON), that because, when we enacted the Federal election law in the last Congress, we referred to the Clerk's office as being the custodian of the reports required to be filed under that law, that inevitably should lead us to conclude that the intent and meaning of the law was that the Clerk should likewise be the point of entry.

As I read the functions that are outlined for the Clerk of the House and the Secretary of the Senate under this law, they are ministerial functions. As I think the chairman of the Federal Elections Commission put it, they are to be archival functions, and after the reports have been filed initially with the Federal Elections Commission, then, after a short period of time, they will be transmitted for permanent filing for the archives in the offices of the Clerk and the Secretary.

The interpretation that I have placed upon this language, I should not hesitate to add for the benefit of the Members of the House, is not simply my own. The American Law Division of the Congressional Research Service in a very excellent memo that they prepared on that subject comes to the same conclusion. On balance, notwithstanding the language in the conference report that the distinguished chairman of the subcommittee has referred to and notwithstanding the statement that was made here on the floor during debate on the conference report by the gentleman from Indiana (Mr. BRADEMAS), the report says:

> It would appear from the statutory language itself that reports and statements are to be filed with the Commission and pertinent ones are to be subsequently transmitted to the Clerk or the Secretary for preservation and public accessibility.

The point that bothers me the most, I think, about the interpretation that would be placed on this law if we adopt this Resolution 780, is this: If we affirm this resolution today, what bothers me the most is that I think whether we like it or not, directly or indirectly, we are making an attack upon the independence of the Commission, because as, again, the American Law Section of the Library of Congress said in its report on this issue:

The debate that we had in the House in August of 1974 on H.R. 7905 "strongly emphasized the independence of the proposed Board from either executive or congressional control. Thus, there is at least some suggestion of a legislative intent to impose only ministerial functions on the Clerk and to insulate the review and investigatory functions of the Commission. Such a suggestion comports with a finding that reports and statements would be sent to the Commission"—and, as I have said—"after examination, be transmitted into the custody of the Clerk, or the Secretary, as the case may be."

The SPEAKER. The time of the gentleman from Illinois (Mr. ANDERSON) has expired.

Mr. FRENZEL. Mr. Speaker, I yield 1 additional minute to the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Speaker, let me also say that I am deeply troubled by the procedure that we have followed in bringing this up under suspension of the rules, notwithstanding the explanation that was offered by the gentleman from Ohio (Mr. HAYS).

When all of the controversy was had in the other body on the subject of so-called office accounts—and Members are familiar with that controversy, I am sure—the Senate Committee on Rules, in considering the resolution of disapproval on that very important matter, held public hearings. There were no public hearings held on this matter. The Commission, it is my understanding, at least was not given an opportunity to testify.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. Yes, I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Up until the day we left, I thought we had worked out a compromise. Mr. Curtis' letter appeared during the recess. If I had known that they would not compromise, we would have had public hearings.

Mr. ANDERSON of Illinois. Mr. Speaker, I appreciate the gentleman's contribution.

I think the date of the Curtis letter was the 8th of October, during the period of the recess.

Notwithstanding that fact, I would urge the Members to defeat the resolution today.

I, as one member of the Committee on Rules, obviously cannot speak for a majority of that committee.

However, I would be very happy to vote for an open rule with 2 hours of debate, 1 hour for the proponents and 1 hour for th opponents, in which event I think we could have a full and fair debate rather than the 40-minute abbreviated procedure we follow under suspension of the rules. Then we could really discuss this issue and give it the kind of attention it deserves.

The SPEAKER. The time of the gentleman from Illinois (Mr. ANDERSON) has expired.

Mr. FRENZEL. Mr. Speaker, I yield 1 additional minute to the gentleman from Illinois.

Mr. ANDERSON of Illinois. Mr. Speaker, I also think it would be very important that Members get copies of the memorandum that I referred to from the American Law Division and also the document that was sent by the Commission in support of its recommendation or its regulation, which is about 16 pages long. I doubt whether many Members have read it.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. Yes, I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. The gentleman's letter was the 17th of October, which was last Friday. I received a copy of it at about 3:30 Friday afternoon.

The reason this was done under suspension of the rules is very simple. I did it as a protection to the House, believing all the time that it would not have to be called up because there would be a compromise.

I was assured on the day we left that either the compromise that had been suggested would be accepted or there would be no controversy. I did not seek a fight with these people.

If we have to go forward with something that they bring up which the committee does not like, then we will go to the Committee on Rules. However, I wanted to save time since they were talking about compromises. Apparently they do not live up to what they said they would do.

Mr. ANDERSON of Illinois. Mr. Speaker, I certainly have no reason to doubt the gentleman's version of the events as he says they occurred.

I repeat, turn down this resolution today. Get a rule. Bring it back to the House under the regular procedure. Then I will be very happy to listen to the pros and cons, and then I think we can make the kind of judgment that we should.

Mr. HAYS of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. DANIELSON).

Mr. DANIELSON. Mr. Speaker and Members of the House, we are caught in a dilemma, and I am rising in support of the resolution.

This law and the regulations under it, which we are all obligated to follow, should be eminently clear so that there is no chance of any of us inadvertently violating the law.

I submit that the way the law is now drawn and the proposed regulation is now drawn, we will be wrong no matter what we do. If we file our returns with the Federal Election Commission then we will be in violation of the law which provides that the Clerk shall be the custodian. If we file with the Clerk then we will be in violation of the regulation of the Commission. This is an insufferable dilemma and I respectfully submit that none of us should be subjected to it.

I also point out that since the law says that the Clerk is the custodian, then he must be the custodian at all times.

If a return has to be filed, let us say, on October 10 then the Clerk must be the custodian on October the 10th. We cannot file it somewhere else and hope that subsequently it will be forwarded into the custody of the Clerk, because then we would be in violation of the law.

I do not want to be in violation of either the law or the regulation, but if we are to be in violation of the law when we file with the Commission, and in violation of the regulation when we file with the Clerk, then I respectfully submit that since the law is superior to the regulation, the law is what we will be compelled to follow.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. DANIELSON. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Speaker, I would state to the gentleman from California that I suggested to the Commission with respect to this regulation, that there could be a simultaneous filing, the original with the Clerk and a copy to them. This would have solved the dilemma. I thought that this was a firm compromise, and they purported to accept it, but then they turned it down.

So I happen to think that this is a challenge on their part to have a showdown with the Congress about whether they can rewrite the law anyway they want to.

Mr. DANIELSON. Mr. Speaker, I thank the chairman the gentleman from Ohio (Mr. HAYS) for his contribution and my last point is precisely what he has said. I think that the compromise proposed by the chairman, the gentleman from Ohio (Mr. HAYS) was an excellent one, and as a perfect analogy, the law already requires that we file with the Clerk, and simultaneously that we forward a copy to the secretaries of state of our respective States, and to the chief election officer of our county if there is such an official. This seems to work all right and I respectfully submit that there is no reason why the same procedure would not work all right with the Federal Election Commission.

In any event, Mr. Speaker, we should not be placed in a dilemma, we should have a clear law. I, therefore, ask for support of this resolution.

Mr. FRENZEL. Mr. Speaker, I yield 3 minutes to the distinguished ranking minority member of the Subcommittee on Elections of the Committee on House Administration, the gentleman from California (Mr. WIGGINS).

Mr. WIGGINS. Mr. Speaker, the House Committee on Administration and the Election Commission are in disagreement over a matter so trivial as to hardly justify the expenditure of efforts being devoted to its resolution.

The question is whether certain documents are to be filed in the first instance with the Clerk of the House or the Election Commission. In either event, both parties agree that copies of such documents shall promptly be transmitted to the other so that, in the end, both the Clerk and the Commission have possession of the material filed.

Why the big flap?

It is true that an ambiguity exists between the words of the statute and its legislative history. But reasonable men and women should be able to reconcile such a minor matter without recourse to formal legislative action. At the bottom of this controversy is the future relationship of the House and the Election Commission. The present point of entry regulation is only a vehicle to air the more fundamental question.

The Commission is, and should be, an independent body. But its independence is not without limits. Regulations of the Commission are, and should be, subject to congressional review. The purpose of such review is not to permit the Congress to veto regulations with which it may disagree on policy grounds, but rather to insure that the Commission is not exceeding its statutory authority. Also such a review is a convenient vehicle for normal continuing congressional oversight.

Within the proper sphere of the Congress and the Commission there is ample room for cooperation. Hostility and mutual suspicion are not necessary or desirable; commonsense, reasonableness, integrity, and civility are.

Both the Commission and the Congress have gotten off on the wrong foot, but it is not too late to rectify an unfortunate beginning.

In a spirit of good will, let me offer some suggestions:

To the Commissioners, do not utilize your already substantial powers as a springboard to grab for more than is fairly within your legislative mandate; do not bloat your staff into a complex bureaucracy unintelligible and impenetrable to candidates for Federal office; and do not be reluctant to consult in good faith with Congress and representatives of the major parties—the exchange need not prejudice your independence unless you are so malleable as to let it happen.

To the Congress, be tolerant of the complexity of the administrative burden which we have heaped upon the Commissioners. After all, the statute is a creature of our own making. We should provide a hearing to the Commission before recommending disapproval of its regulations. We should not exercise our veto because of policy disagreements. The forthright way to deal with such issues is to amend the statute.

And, perhaps most important for both of us, we should never exercise the authority which we each possess arrogantly and abrasively.

Whether my well-intentioned advice is ever followed, it is an unfortunate necessity that the present controversy be resolved. It is especially to be regretted that personalities and personal sensibilities are on the line rather than principles. But the lines are drawn and a decision is necessary.

I urge my colleagues to disapprove the proposed regulation. No great damage will be done if a final decision on "point of entry" is deferred for several weeks. If this regulation is disapproved, there is time and every reason to begin over. Preliminary consultation should occur in a spirit of comity. Hearings on the regulations should be held. Disapproval should not be regarded as a victory for the House and a defeat for the Commission. It should only reflect our desire to get a fresh start and improve our long range working relationships.

The SPEAKER. The time of the gentleman has expired.

Mr. FRENZEL. Mr. Speaker, I yield 2 additional minutes to the gentleman from California.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. WIGGINS. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. I thank the gentleman for yielding.

Mr. Speaker, I think the gentleman is making a very balanced, fair statement. I told the Chairman of the Commission that hereafter they would be given a hearing on any resolution that we thought we would be in agreement with, and he told me that they were going to go back and come up with a revised resolution on this subject. I said, "If you do that, we will give you a public hearing." But they did not do it. They stuck to the old resolution, and they ran the time down on us until we had 4 days and we were out of the ball game.

I think the gentleman is aware of that, and I wanted that to appear because I think he has made a very fair and balanced statement. As I said earlier, I do not seek controversy with this Commission.

Mr. WIGGINS. Mr. Speaker, I yield back the remainder of my time.

Mr. HAYS of Ohio. Mr. Speaker, I yield 3 mintues to the gentleman from Pennsylvania (Mr. DENT) who is chairman of the Subcommittee on Elections.

Mr. DENT. Mr. Speaker, I agree with my ranking member on the Subcommittee on Elections that we should support the committee in its stand. In the first place, the Commission itself held no hearings whatsoever on the regulation.

Second, if the Members will remember, this Commission came up and asked for $20 million to operate this Commission. After a great deal of controversy and a great deal of discussion between us, the subcommittee and the full committee accepted the committee's report, and we gave them a little over $8 million. As I understand it, all of that money has already been accounted for. Had the $20 million been given, the Members can rest assured that they would have spent it. I looked over their expenditures, and I know exactly what is going on.

But one of the most serious matters before us is this: The question of port of entry only takes on a great importance because the Clerk is responsible for receiving all applications for "look-sees" and to see what is in the reports of the Members of Congress or their opponents in an election.

The gentleman from Illinois put his finger on it. He says it is not that important because it is a question who gets what first. He said under this regulation it is our intention that they would have the reports primarily sent to the Commission and then any pertinent matters, any pertinent reports, could be sent to the Chief Clerk.

Every report is a pertinent report, every report made under this act, and therefore if the Chief Clerk is going to be responsible he must be, in my judgment, at least the receiver of the original reports of the candidates because he is responsible for having those particular reports in his custody. But if it is a pick-and-choose proposition as to which reports he will receive from the Elections Commission, we will open up a can of worms that none of us can ever put back in the can again. We have gone through that.

The Members of Congress ought to realize every time we act in any way or fashion whatsoever to create larger and greater bureaucrats and bureaucracies, we are lessening the rights and prerogative powers of the elected officials of the country and more and more each bureau becomes an entity of its own and pays little attention to what the laws are and pays little attention to what the regulations are.

For instance, I am standing right now on very necessary pension reform amendments which I have told the Congress I would come before the Congress with, but we cannot move forward in any manner, in any way or shape because they have issued regulations contrary to the report and contrary to the law and they have established regulations and rules that I would say the great majority of pension funds cannot live with.

The chairman, Mr. HAYS, of the full committee tried his best to get them to understand the custodian would receive the reports and if they wanted a change in the act we would give them simultaneous reporting, but we cannot accept the idea of giving that particular Commission the right to pick and choose which reports will go to the original custodian and the man responsible to the House of Representatives and the public, the Representatives whose elections are at stake and the public that is entitled to the original reports and disclosures and not be spoon fed by a Commission that will be an admission made on the floor by the gentleman from Illinois, be allowed to pick and choose the reports to be sent to the custodian.

Mr. FRENZEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Colorado (Mr. ARMSTRONG).

Mr. ARMSTRONG. Mr. Speaker, I rise in reluctant support of this legislation. Basically this bill is unworthy, really reflecting nothing more than a jurisdictional dispute. It really makes little, if any, difference whether campaign expense reports are filed with the Commission or the Clerk of the House.

I will, however, vote for this bill for a very simple reason: In my judgment the Federal Election Commission has been unconstitutionally created. I have discussed this concern previously with the House and I note that the Supreme Court has now agreed to take jurisdiction of a case which raises this issue among others. Unless I am very much mistaken the Commission will not exist much longer because of basic defects in its creation. I will therefore vote for the bill, restoring to the Clerk the responsibility for receiving the election reports.

CALL OF THE HOUSE

Mr. DAVIS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. HAYS of Ohio. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 616]

Adams
Andrews, N.C.
Ashley
Badillo
Bell
Biaggi
Boggs
Bolling
Brademas
Burke, Fla.
Burton, John
Chisholm
Clawson, Del
Conyers
Derwinski
Dickinson
Diggs
Duncan, Oreg.
Eckhardt
Edwards, Ala.
Esch
Evins, Tenn.
Fary
Fraser
Giaimo
Gibbons
Goldwater
Gonzalez
Goodling
Harsha
Hébert
Helstoski
Holland
Jarman
Jeffords
Jenrette
Landrum
Leggett
Long, La.
Lott
McKinney
Madigan
Mathis
Meyner
Mitchell, Md.
Moorhead, Pa.
O'Brien
O'Neill
Pettis
Peyser
Rangel
Rees
Riegle
Robinson
Roe
Rose
Runnels
Ruppe
Sisk
Solarz
Stuckey
Udall
Van Deerlin
Vanik
Waxman
Wilson, C. H.
Wright
Zablocki
Zeferetti

The SPEAKER. On this rollcall 364 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

DISAPPROVING A REGULATION PROPOSED BY THE FEDERAL ELECTION COMMISSION

Mr. HAYS of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois (Mr. ANNUNZIO).

Mr. ANNUNZIO. Mr. Speaker, I want to speak on behalf of the resolution as proposed by the chairman of the full committee, the gentleman from Ohio (Mr. HAYS).

Mr. Speaker, I would like to have my colleagues know that as chairman of the Subcommittee on Personnel and Police of the Committee on House Administration, the subcommittee that supplies the manpower to the four officers of the House that in 1972 when the election law was passed we voted in the committee to give the Clerk 18 employees. I do not know how many thousands of apparent violations the Clerk handled during that period of time, but through that 2-year period there were only 18 employees.

Now, Mr. Speaker, the Congress has created another bureaucracy. What have we done? There has been no election held, but the Commission has already 96 employees in the Federal Elections Commission.

I have heard so much about the independent Elections Commission. Well, it is spelled out in the law. We have two Members who were appointed in the House, one by the Speaker and the other recommended by the minority leader, two from the Senate, both a Democrat and a Republican, and two by the President, a Democrat and a Republican.

The Committee on House Administration never played politics with this legislation, and that is the reason we are here today. If the majority had the good sense to play politics, we would have had a chairman who is a Democrat, because the Democrats control this House. But we did not play politics; we named them, 3 and 3, and we have a so-called Independent Democrat who was appointed by the President of the United States. Now we find ourselves in this particular position.

What about the Clerk of the House? It is not a question of his being custodian of property. The Clerk acts as the official custodian of all records concerning the Members of this House, and the Clerk acts as a depository for the Members of this House.

It is, as the chairman of the committee pointed out, a matter of great principle as to whether we are going to give up our functions in this House to another bureaucracy. I hear all this conversation from time to time in the House that we have got to exercise our oversight functions in this Congress as far as the various bureaucracies are concerned.

So, Mr. Speaker, we have an opportunity today to exercise that oversight function and to support the chairman of the committee, the gentleman from Ohio (Mr. HAYS).

Mr. FRENZEL. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I think it is important that we try to figure out really what we are disapproving here. Nowhere in the committee report is there any reproduction of the rule we are voting on. Nowhere before the House today is there a copy of that rule.

I think some of the Members may have gotten the idea during the debate that this rule is in contravention of the law, or that it is an attempt to override something that the House wants, or has voted for. The rule conforms to the law.

I would like to reiterate, Mr. Speaker, that the Commission's rule simply restates exactly what we stated in the law.

That is that the candidates for Federal office will file their registration and reports on expenditures and contributions with the Commission. The law says this very carefully in 2 United States Code, sections 433, 434, and 436. It does mention elsewhere that reports will be received by the Clerk, but nowhere does it say that we shall file reports with the Clerk.

Therefore, nowhere in this rule, which we will reject if we follow the advice of the committee, is there any violation of statute or of congressional intent.

Now, why do I say it will not work if we follow the committee's advice? The reason it will not work is that the Federal Elections Commission has a statutory obligation to review these reports in a timely way, to audit them, to index them, and to make them available to the public in a timely manner. Right now the Commission is not getting reports from the Senate or from the Clerk of the House in what it considers to be a timely manner.

I must say, and emphasize, to the House that the Senate record on this is worse. Some Senate reports from October 10 have not reached the Election Commission, at least as of early this morning, when I last talked to them.

The only way the Commission can exercise its independence in order to supervise elections is to have these reports filed promptly and directly with itself.

The rule does not violate the law. It implements it. It was the unanimous decision of the six-member Commission, two of whom were appointed by this House, all of whom were ratified by this House, and four of whom were former members of this House.

The distinguished ranking minority member of the Subcommittee on Elections made, I think, an excellent presentation. He told this House that this is not a matter of life and death, and indeed, it is not. The Republic will not fall whether or not we accept or reject this House resolution.

On the other hand, it is important, I believe, to speak up for the independence and integrity of the Commission.

The Senate knocked down a rule of the Commission last week. We will probably reject this rule this week. The authorization bill for the Commission which we established last year is still pending. The Senate has not asked for a conference on it.

I think this is a pretty bad show for a Congress that said it was interested in getting rid of public suspicion after Watergate.

The SPEAKER. The time of the gentleman from Minnesota (Mr. Frenzel) has expired.

Mr. FRENZEL. Mr. Speaker, I yield myself 2 additional minutes.

Mr. Speaker, we told the public that we were going to help dispel public suspicion. Our record up to this date is not very good. Along with that, I will say also that the Commission's record is, of course, not unsullied either. I think they have not really performed up to the standards that we expected, and yet, we must remember that it is a new Commission saddled with a great, difficult, and very complex job.

Mr. Speaker, I think the Commission ought to be upheld from the standpoint of its own independence and as a sign that we believed what we said when we established the Commission, that we really meant to give them independence to supervise and monitor these elections.

I am very pleased with the statements of the gentleman from California (Mr. Wiggins) and of the gentleman from Ohio (Mr. Hays), when they said they believe that things can be worked out. I do, too, no matter which way this goes.

Yet, Mr. Speaker, I urge the House to reject House Resolution 780 and uphold the proposed rule of the Federal Election Commission.

Mr. HAYS of Ohio. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in the first place, the gentleman, I am sure, inadvertently made a misstatement about this regulation's not being available. The regulation was sent up here at the end of July just before we went into recess, and the Speaker ordered it printed as a House document. It is House document 94231, and it has been available all that time.

I agree with the gentleman from California (Mr. Wiggins) and I regret that more people were not here to hear his statement. I think he made a very fair presentation, but he did wind up by advocating that we support this resolution and start all over.

The bottom line, Members of the House, is that we would not be here today if the Commission had done what individual Members said they would do, and that was to withdraw this resolution and send up a compromise resolution. They kept telling us that right up until time was running out and will run out in 4 days.

What will happen if we reject this resolution? They will then rewrite a new resolution or regulation, and I would hope that the new regulation would protect the custodian in that he would get the original copy. I have said repeatedly to them and at least twice on this floor that the committee is ready to accept a regulation which says that they shall receive a Xerox copy simultaneously or that the Clerk shall furnish them with one within 24 hours. I do not care which way it is, but I think we have to protect the inviolability of the House of Representatives and of the Senate to make laws and not hand the lawmaking power over to a commission.

The President of the United States has been going about the country saying that the problem with the country is that there are too many bureaucrats interfering too many times in too many people's lives. And some columnist, and I thought my staff had a copy of it at the desk there, but they do not, but I can paraphrase it, some columnist in either the Washington Post or the New York Times a week or so ago said what I have said about the President and then they went on to say that Congress is always creating these commissions and never supervising what they do and they are harassing the American people to death. Now the Congress has created a commission which is rewriting the law about themselves and the chickens are coming home to roost and they deserve it.

I cannot disagree with them too much except to say that in the conference I insisted that we had the right to disapprove these regulations if we thought they were unworkable or unfair. But what we probably should have written, in retrospect, is that no regulation would become effective unless Congress approved it. I think they would have been a lot more careful about what they wrote.

It is not a matter of personal prestige that is involved here, rather I think it is a matter of the right of the Congress to have the law interpreted the way we meant it to be.

I wish the gentleman from Indiana, Mr. Brademas, were here today because he presented a very comprehensive brief on this subject and I would like to quote one paragraph from it.

He said:

> Indeed, in explaining the conference report I indicated that although most of the supervisory responsibilities had been transferred to the Commission under the bill the condition is that the House and Senate will continue to file disclosure reports with the Clerk of the House and the Secretary of the Senate.

Congressional Record, page 35132 October 10, 1974.

The final and bottom remark that I want to make is that if you were named custodian of somebody else's will, or some other important legal document that vitally affected that person or his heirs, would you want somebody else to be manipulating around with it for 10 days or 2 weeks before you got it? I do not think you would.

I think the same way with this, is that we are saying that the original shall go to the Clerk, which is what the Congress said in the law, with an identical copy sent by the Member, if we want it that way, as we always do now with the Secretary of State, shall go to the Commission and they can then start to work immediately.

They accepted that once in a conversation with me and then they came back and said that would be too much work for the Member. Well, how much work would it be to run that four-page document through the Xerox machine one more time?

We have got to do it for the Secretary of State. Just run it through one more time for them and put it in a franked envelope and send it down to them. That is all that would be required.

I urge support for this resolution.

The SPEAKER. All time has expired.

The question is on the motion offered by the gentleman from Ohio (Mr. Hays) that the House suspend the rules and agrees to the resolution (H. Res. 780).

The question was taken.

Mr. FRENZEL. Mr. Speaker, I demand a recorded vote.

A recorded vote was rejected.

Mr. ASHBROOK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. Pursuant to clause 3 of rule XXVII and the prior announcement made by the Chair, further proceedings on this motion will be postponed.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The debate has been concluded on all motions to suspend the rules.

Pursuant to clause 3, rule XXVII, the Chair will now put the question on each motion, on which further proceedings were postponed, in the order in which that motion was entertained.

Votes will be taken in the following order: H.R. 9924 (de novo), and House Resolution 780, on which the yeas and nays were ordered.

PROVIDING FOR A NATIONAL WOMEN'S CONFERENCE

The SPEAKER. The unfinished business is the question of suspending the rules and passing the bill H.R. 9924, as amended.

The Clerk read the title of the bill.

The SPEAKER. The question is on the motion offered by the gentlewoman from New York (Ms. ABZUG) that the House suspend the rules and pass the bill H.R. 9924, as amended.

The question was taken.

Ms. ABZUG. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 233, nays 157, not voting 43, as follows:

[Roll No. 617]

YEAS—233

Abdnor
Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Ashley
Aspin
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bergland
Biester
Bingham
Blanchard
Blouin
Bonker
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Buchanan
Burke, Calif.
Burke, Mass.
Burton, Phillip
Carney
Carr
Carter
Chisholm
Clausen, Don H.
Clay
Cleveland
Cohen
Collins, Ill.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
de la Garza
Dellums
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
du Pont
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
Evans, Colo.
Fascell
Fenwick
Fish
Fisher
Fithian
Flood
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Frenzel
Gaydos
Giaimo
Gibbons
Gilman
Gradison
Grassley
Green
Gude
Hall
Hanley
Hannaford
Harkin
Harrington
Harris
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Heckler, Mass.
Heinz
Hicks
Hillis
Holtzman
Horton
Howard
Howe
Hughes
Jacobs
Jeffords
Johnson, Calif.
Johnson, Pa.
Jordan
Karth
Kastenmeier
Keys
Koch
LaFalce
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Long, Md.
McClory
McCloskey
McCollister
McCormack
McDade
McFall
McHugh
McKinney
Macdonald
Madden
Maguire
Martin
Matsunaga
Meeds
Melcher
Metcalfe
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Pa.
Natcher
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pickle
Pike
Pressler
Price
Pritchard
Quie
Randall
Rees
Regula
Reuss
Richmond
Riegle
Rinaldo
Risenhoover
Rodino
Roncalio
Rooney
Rosenthal
Rostenkowski
Roybal
Russo
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Schulze
Sebelius
Seiberling
Shriver
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steelman
Steiger, Wis.
Stokes
Stratton
Studds
Sullivan
Symington
Thompson
Thone
Traxler
Tsongas
Vander Jagt
Vander Veen
Waxman
Whalen
White
Wilson, Bob
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Yates
Yatron
Young, Ga.

NAYS—157

Annunzio
Archer
Armstrong
Ashbrook
AuCoin
Bafalis
Bauman
Beard, Tenn.
Bennett
Bevill
Boland
Bowen
Breaux
Brinkley
Brown, Ohio
Broyhill
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Casey
Cederberg
Chappell
Clancy
Cochran
Collins, Tex.
Conlan
Crane
Daniel, Dan
Daniel, R. W.
Davis
Delaney
Dent
Derrick
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
Edwards, Ala.
English
Erlenborn
Eshleman
Evans, Ind.
Findley
Florio
Flowers
Flynt
Fountain
Frey
Fuqua
Ginn
Guyer
Hagedorn
Haley
Hamilton
Hammerschmidt
Hansen
Harsha
Hébert
Hechler, W. Va.
Hefner
Henderson
Hightower
Hinshaw
Holt
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jarman
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krebs
Krueger
Lagomarsino
Landrum
Latta
Lent
Lloyd, Tenn.
Lujan
McDonald
McEwen
McKay
Mahon
Mann
Mathis
Mazzoli
Michel
Milford
Miller, Ohio
Mills
Mollohan
Montgomery
Moorhead, Calif.
Myers, Ind.
Neal
Nichols
Passman
Patman, Tex.
Pepper
Poage
Preyer
Quillen
Railsback
Rhodes
Roberts
Robinson
Rogers
Roush
Rousselot
Ryan
Satterfield
Schneebeli
Sharp
Shipley
Shuster
Sikes
Snyder
Spence
Steed
Steiger, Ariz.
Stephens
Stuckey
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Teague
Thornton
Treen
Ullman
Vigorito
Waggonner
Walsh
Wampler
Weaver
Whitehurst
Whitten
Wiggins
Wydler
Wylie
Young, Alaska
Young, Fla.
Young, Tex.

NOT VOTING—43

Badillo
Bell
Biaggi
Boggs
Bolling
Brademas
Burton, John
Clawson, Del
Conyers
Duncan, Oreg.
Esch
Evins, Tenn.
Fary
Fraser
Goldwater
Gonzalez
Goodling
Helstoski
Holland
Jenrette
Long, La.
Lott
Madigan
Meyner
Moore
Moorhead, Pa.
O'Brien
O'Neill
Pettis
Peyser
Rangel
Roe
Rose
Runnels
Ruppe
Sisk
Solarz
Udall
Van Deerlin
Vanik
Wilson, C. H.
Zablocki
Zeferetti

The Clerk announced the following pairs:

Mr. O'Neill with Mr. Duncan of Oregon.
Mrs. Boggs with Mr. Evins of Tennessee.
Mr. Zeferetti with Mr. Fary.
Mr. Charles H. Wilson of California with Mr. Fraser.
Mr. Biaggi with Mr. Gonzalez.
Mr. Badillo with Mr. Esch.
Mr. Jenrette with Mr. Madigan.
Mr. Roe with Mr. Del Clawson.
Mr. Rangel with Mr. Peyser.
Mr. Sisk with Mr. Lott.
Mr. Solarz with Mr. Goldwater.
Mr. Brademas with Mr. Goodling.
Mr. John Burton with Mr. Conyers.
Mr. Long of Louisiana with Mr. Bell.
Mrs. Pettis with Mr. O'Brien.
Mr. Moorhead of Pennsylvania with Mr. Runnels.
Mr. Rose with Mr. Ruppe.
Mr. Holland with Mr. Udall.
Mr. Van Deerlin with Mr. Vanik.
Mr. Zablocki with Mr. Helstoski.
Mrs. Meyner with Mr. Moore.

Messrs. PRICE and WINN changed their vote from "nay" to "yea."

Messrs. HARSHA, ARMSTRONG, and ROUSSELOT changed their vote from "yea" to "nay."

So (two-thirds not having voted in favor thereof) the motion was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. GAYDOS. Mr. Speaker, on the above rollcall. No. 617, it is recorded that I voted "yea." Let it be noted that it was my intention to vote "nay."

DISAPPROVING A REGULATION PROPOSED BY THE FEDERAL ELECTION COMMISSION

The SPEAKER. The unfinished business is the question of suspending the rules and agreeing to the resolution (H. Res. 780).

The Clerk read the title of the resolution.

The SPEAKER. The question is on the motion offered by the gentleman from Ohio (Mr. HAYS) that the House suspend the rules and agree to the resolution (H. Res. 780) on which the yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 220, nays 169, answered "present" 1, not voting 43, as follows:

[Roll No. 618]

YEAS—220

Abzug
Adams
Addabbo
Alexander
Ambro
Annunzio
Armstrong
Ashbrook
Ashley
Barrett
Bauman
Beard, R.I.
Bergland
Bevill
Bingham
Blouin
Bonker
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Brown, Calif.
Burke, Calif.
Burleson, Tex.
Burlison, Mo.
Burton, Phillip
Byron
Carney
Carter
Casey
Chappell
Chisholm
Clancy
Clay
Collins, Ill.

Collins, Tex.
Corman
Cotter
Crane
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dent
Derrick
Devine
Dickinson
Diggs
Dingell
Downing, Va.
Early
English
Evans, Colo.
Flood
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Haley
Hall
Hammerschmidt
Hanley
Harkin
Harsha
Hawkins
Hayes, Ind.
Hays, Ohio
Hébert
Hefner
Henderson
Hicks
Hightower
Hinshaw
Holt
Holtzman
Howard
Howe
Hubbard
Hungate
Hyde
Ichord
Jarman
Johnson, Calif.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jordan
Kazen
Kelly
Kindness
Koch
Krebs
Krueger
LaFalce
Landrum
Latta
Leggett
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
McCormack
McDonald
McFall
McKay
Macdonald
Madden
Mahon
Mathis
Matsunaga
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Milford
Mills
Minish
Mink
Mitchell, Md.
Mollohan
Montgomery
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Oberstar
Obey
O'Hara
Ottinger
Passman
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Poage
Preyer
Price
Quillen
Randall
Reuss
Risenhoover
Roberts
Robinson
Rodino
Roncalio
Rooney
Rosenthal
Rostenkowski
Rousselot
Roybal
Russo
Ryan
St Germain
Satterfield
Scheuer
Seiberling
Shipley
Shuster
Skubitz
Slack
Smith, Iowa
Snyder
Spellman
Staggers
Stanton, James V.
Stark
Steed
Steiger, Ariz.
Stephens
Stokes
Stratton
Stuckey
Sullivan
Symington
Symms
Taylor, Mo.
Taylor, N.C.
Teague
Thompson
Thornton
Ullman
Vander Jagt
Vigorito
Waggonner
White
Whitehurst
Whitten
Wiggins
Wilson, Tex.
Winn
Wolff
Wright
Wylie
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.

NAYS—169

Abdnor
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Aspin
AuCoin
Bafalis
Baldus
Baucus
Beard, Tenn.
Bedell
Bennett
Biester
Blanchard
Boland
Brodhead
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burke, Mass.
Butler
Carr
Cederberg
Clausen, Don H.
Cleveland
Cochran
Cohen
Conable
Conlan
Conte
Cornell
Coughlin
D'Amours
Dellums
Derwinski
Dodd
Downey, N.Y.
Drinan
Duncan, Tenn.
du Pont
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
Erlenborn
Eshleman
Evans, Ind.
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Florio
Flynt
Forsythe
Frenzel
Frey
Gilman
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Hamilton
Hannaford
Hansen
Harris
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Hillis
Horton
Hughes
Hutchinson
Jacobs
Jeffords
Johnson, Colo.
Johnson, Pa.
Karth
Kasten
Kastenmeier
Kemp
Ketchum
Keys
Lagomarsino
Lehman
Lent
Litton
Lujan
McClory
McCloskey
McCollister
McDade
McEwen
McHugh
McKinney
Maguire
Mann
Martin
Mazzoli
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Mitchell, N.Y.
Moakley
Moffett
Moore
Moorhead, Calif.
Mosher
Mottl
Myers, Pa.
Nolan
Nowak
Pressler
Pritchard
Quie
Railsback
Rees
Regula
Rhodes
Richmond
Riegle
Rinaldo
Rogers
Roush
Santini
Sarasin
Sarbanes
Schneebeli
Schroeder
Schulze
Sebelius
Sharp
Shriver
Sikes
Simon
Smith, Nebr.
Spence
Stanton, J. William
Steelman
Studds
Talcott
Thone
Traxler
Treen
Tsongas
Vander Veen
Walsh
Wampler
Waxman
Weaver
Whalen
Wilson, Bob
Wirth
Wydler
Young, Fla.

ANSWERED "PRESENT"—1

Steiger, Wis.

NOT VOTING—43

Badillo
Bell
Biaggi
Boggs
Bolling
Brademas
Burton, John
Clawson, Del
Conyers
Duncan, Oreg.
Esch
Evins, Tenn.
Fary
Fraser
Goldwater
Gonzalez
Goodling
Harrington
Helstoski
Holland
Jenrette
Jones, Tenn.
Long, La.
Lott
Madigan
Moorhead, Pa.
O'Brien
O'Neill
Pettis
Peyser
Rangel
Roe
Rose
Runnels
Ruppe
Sisk
Solarz
Udall
Van Deerlin
Vanik
Wilson, C. H.
Zablocki
Zeferetti

The Clerk announced the following pairs:

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Mr. Biaggi with Mr. Gonzalez.

Mr. Badillo with Mr. Esch.

Mr. Jenrette with Mr. Madigan.

Mr. Roe with Mr. Del Clawson.

Mr. Rangel with Mr. Peyser.

Mr. Sisk with Mr. Lott.

Mr. Solarz with Mr. Goldwater.

Mr. Brademas with Mr. Goodling.

Mr. John Burton with Mr. Conyers.

Mr. Long of Louisiana with Mr. Bell.

Mrs. Pettis with Mr. O'Brien.

Mr. Moorhead of Pennsylvania with Mr. Runnels.

Mr. Rose with Mr. Ruppe.

Mr. Holland with Mr. Udall.

Mr. Van Deerlin with Mr. Vanik.

Mr. Zablocki with Mr. Helstoski.

Mr. Harrington with Mr. Jones of Tennessee.

Mr. KELLY changed his vote from "nay" to "yea."

Messrs. GILMAN and CONLAN and Mrs. SMITH of Nebraska changed their votes from "yea" to "nay."

So (two-thirds not having voted in favor thereof) the motion was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. JONES of Tennessee. Mr. Speaker, on rollcall No. 618, on House Resolution 780, a disapproval of Federal Elections Commission proposed regulation, I was present and voted "aye." The RECORD shows I did not vote. I ask that my statement appear in the RECORD at this point.

EIGHT NEW DEFERRALS TOTALING $16.1 MILLION IN BUDGET AUTHORITY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 94–282)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Appropriations, and ordered to be printed.

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report eight new deferrals totalling $16.1 million in budget authority. In addition, I am transmitting two supplementary deferrals that increase amounts previously reported by $18.6 million.

The eight new deferrals are for programs of the Department of Health, Education, and Welfare. These deferrals establish, for the programs reported, funding levels that differ from the general levels allowed by the continuing resolution. The Congress is now in the process of substituting the several uniform funding levels set by the continuing resolution with funding levels for each program. The new deferrals I am reporting preserve the possibility of conducting the reported programs in 1976 at the levels I have recommended and, in one case, at the level the Senate has recommended.

The details of all ten deferrals are contained in the attached reports.

GERALD R. FORD.

THE WHITE HOUSE, *October 20, 1975.*

NATIONAL FOOD STAMP REFORM ACT OF 1975—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 94–283)

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Agriculture, and ordered to be printed:

To the Congress of the United States:

I am pleased to submit to the Congress today the National Food Stamp Reform Act of 1975.

I call to the attention of the Congress the particular importance of this reform proposal for two reasons:

First, we—the Executive Branch and the Congress—have an obligation to work together to reform a Federal assistance program that has been widely abused.

Second, we—the Executive Branch and the Congress—must begin now to work together to make those changes which will enable us to hold down federal spending in fiscal year 1976 and meet the spending ceiling of $395 billion for fiscal year 1977.

My recommendations for dealing with the Food Stamp assistance program follow a fundamental principle on which I stand: The Federal government should help, within the limits of national resources, those who are in need; but we should not give one dollar of Federal assistance to those not in need.

It is in that spirit, the spirit of providing dignified and humane help to those who are in need, but none to those who are not or should not be, that I recommend the enactment of the "National Food Stamp Reform Act of 1975", which would:

1. Reduce costs by more than $1.2 billion per year.

2. Limit eligibility to those whose gross income less the standard deduction is below the poverty level ($5050 for a family of four).

3. Make the program more realistic by measuring actual income over the preceding 90 days for purposes of eligibility determinations, rather than estimating future income, and requiring recipients to report their financial status on a monthly basis.

4. Increase benefits only for those at the very lowest income level.

5. Eliminate legal abuses and cut the cost of administration by replacing current variable and complex deductions with a standard deduction of $100 a month.

6. Set a standard deduction of $125 a month for households with elderly members.

7. Establish a minimum age for qualification as a separate household.

8. Require able-bodied recipients to seek, accept and retain gainful employment.

9. Eliminate categorical eligibility for recipients of public assistance.

10. Require any family which receives food stamps to spend 30 percent of household income for the stamps.

These proposed changes are based on extensive review by Executive Departments involved in administering and supervising the Food Stamp program and on consultations with a bipartisan coalition of members of the Senate and House of Representatives concerned with Food Stamp abuses. They are essential to real reform.

The need to control the growth and abuse of the Food Stamp program is broadly recognized.

What we need now is action by Congress.

GERALD R. FORD.

THE WHITE HOUSE, *October 20, 1975.*

CONFERENCE REPORT ON S. 1542, MARITIME APPROPRIATION AUTHORIZATION ACT OF 1975

Mr. DOWNING of Virginia. Mr. Speaker, I call up the conference report on the Senate bill (S. 1542) to authorize appropriations for the fiscal year 1976 for certain maritime programs of the Department of Commerce, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the Senate bill.

The **SPEAKER.** Is there objection to the request of the gentleman from Virginia?

There was no objection.

The Clerk read the statement.

(For the conference report and statement, see proceedings of the House of October 3, 1975.)

Mr. DOWNING of Virginia (during the reading). Mr. Speaker, I ask unanimous consent that the further reading of the statement be dispensed with.

The **SPEAKER.** Is there objection to the request of the gentleman from Virginia?

There was no objection.

The **SPEAKER.** The gentleman from Virginia is recognized for 1 hour.

Mr. DOWNING of Virginia. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I urge approval of the conference report on S. 1542.

On April 29, 1975, the Senate passed—unanimous consent—S. 1542, a bill providing for the authorization request of the Maritime Administration of the Department of Commerce for fiscal year 1976, with amendments.

On May 12, 1975, by an overwhelming vote—328 to 59—the House of Representatives passed H.R. 3902, the companion bill providing for the authorization request of the Maritime Administration for fiscal year 1976, with amendments. As the Members will recall, pursuant to House Resolution 444, the Senate bill, S. 1542, was then taken from the Speaker's table, all after the enacting clause struck, and the provisions of H.R. 3902, inserted in lieu thereof.

The differences between the Senate-passed bill and the House amendment were resolved in conference on September 11, 1975, and set forth in the conference report on S. 1542, before the House at this time.

Permit me to comment on the contents of the conference report.

Section 2(1) of the Senate bill authorized $195 million for construction-differential subsidy, whereas section 1(a) of the House amendment authorized $240 million for this activity. The conferees agreed to $195 million, because the Maritime Administration reduced its fiscal year 1976 appropriations request to that amount due to the cancellation of several ship construction orders.

Both the Senate bill and the House amendment had a provision that would increase the statutory limitation on obligations guaranteed by the title XI Federal ship mortgage guarantee program. The Senate bill would have increased this amount from $5 to $8 billion, whereas the House amendment would have increased it from $5 to $7 billion. The conferees agreed to the lesser amount of $7 billion, as this amount should be sufficient to cover revised anticipated obligations during fiscal year 1976.

With respect to the State marine schools, section 2(6) of the Senate bill authorized $4,708,000 for financial assistance, section 1(f) of the House amendment authorized $5,808,000 for this activity. The increase of $1.1 million in the House amendment would authorize funding of section 4 of the House amendment which was not adopted by the conferees. Therefore, the conferees agreed to the lesser amount of $4,708,000.

Section 4 of the House amendment increased the ceiling of Federal subsistence payments which the Secretary of Commerce may pay to students at the State marine schools from $600 to $1,200 a year. The Senate bill did not contain a comparable provision. The conferees did not feel that an adequate background had been developed to justify this increase, and the provision was not agreed to in conference. In this regard, hearings on legislation similar to section 4 of the House amendment have been scheduled to commence before my committee on October 30, 1975, so that an adequate record can be developed as rapidly as possible.

Mr. Speaker, there were two provisions in the Senate bill that were not contained in the House amendment.

The first is section 4 of the Senate bill that amended section 607(g) of the Merchant Marine Act of 1936, to clarify the intent of the Congress with respect to the relationship between the capital construction fund and the investment tax credit. In short, this provision would generally have permitted the use of the capital construction fund without diminution of the investment tax credit The conferees deleted this provision in the Senate bill so that the Ways and Means Committee will be afforded ample opportunity to consider this matter.

The second provision is section 5 of the Senate bill that amended section 809(a) of the Merchant Marine Act of 1936, to require that not less than 10 percent of the Maritime Administration program funds be allocated to serve the foreign trade requirements of the ports of each of the four seacoasts of the United States. This provision is intended to respond to the special needs and problems confronting the Great Lakes. I am pleased to inform my colleagues in the House that the conferees agreed to this provision after amending it to apply solely to construction and operating-differential subsidy funds.

I join my colleagues on both sides of the aisle in urging the House to approve the conference report on S. 1542.

Mr. Speaker, I am most pleased to yield such time as she may consume to my able chairman, the gentlewoman from Missouri (Mrs. SULLIVAN).

Mrs. SULLIVAN. Mr. Speaker, I urge approval of the conference report on S. 1452.

Mr. Speaker, I would like to take just a minute to discuss a few of the differences between the House and the Senate which were resolved in conference.

Section 4 of the House amendment increased the ceiling on Federal subsistence payments which the Secretary of Commerce may pay to students at the State marine schools from $600 to $1,200 a year. The Senate bill did not contain a comparable provision. The conferees did not feel that an adequate background had been developed to justify this increase, and the provision was not agreed to in conference. In this regard, hearings on legislation similar to section 4 of the House amendment have been scheduled to commence before my committee on October 30, 1975, so that an adequate record can be developed as rapidly as possible.

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I join my colleagues on both sides of the aisle in urging the House to approve the conference report on S. 1542.

Mr. McCLOSKEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I ask all Members to join me in supporting the conference report on S. 1542, the Maritime Authorization Act of 1976. It is basically the same bill that was adopted earlier by this body.

The amounts authorized are the same as those in the original House bill with two exceptions. First, the original House authorization of $240 million for construction subsidy was reduced by $45 million. This was done because the Maritime Administration reduced its appropriation request by that amount due to the cancellation of several ship construction orders. Second, $1.1 million was struck from the original House authorization for State marine schools. This amount was designed to authorize a modest increase from $600 per year to $1,200 in the subsistence allowance for students at those schools. I supported this amendment on the House floor and in conference. However, the majority of the conferees decided that a further review of the proposed increase was required. The chairman of our committee has already scheduled hearings on a separate bill to authorize this increase.

Finally, the conference adopted a provision contained in the Senate bill to require that at least 10 percent of construction and operating subsidies be available for the foreign trade requirements of each of the four seacoasts, if appropriate contracts are approved by the Maritime Administration. This provision is designed to insure that the Great Lakes, which have been designated as the Nation's fourth seacoast, receive a fair share of maritime subsidies. It reflects a growing interest in developing U.S.-flag shipping service to the Great Lakes.

With these few differences, the bill is the same as that originally passed by this body, and I ask all Members to join me in voting to adopt the conference report.

Mr. DOWNING of Virginia. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

HEART, LUNG AND BLOOD RESEARCH, RESEARCH TRAINING, AND GENETIC DISEASES AMENDMENTS OF 1975

Mr. PEPPER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 757 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 757

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7988) to amend the Public Health Service Act to revise and extend the program under the National Heart and Lung Institute, to revise and extend the program of National Research Service Awards, and to establish a national program with respect to genetic diseases; and to require a study and report on the release of research information. After general debate, which shall be confined to the bill and shall continue not to exceed one hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, and said substitute shall be read for amendment by titles instead of by sections. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER. The gentleman from Florida (Mr. PEPPER) is recognized for 1 hour.

Mr. PEPPER. Mr. Speaker, I yield 30 minutes to the able gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 757 provides for an open rule with 1 hour of general debate on H.R. 7988, the Heart, Lung, and Blood Research, Research Training, and Genetic Diseases Amendments of 1975.

House Resolution 757 provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce now printed in the bill as an original bill for the purpose of amendment under the 5-minute rule. House Resolution 757 also provides that the substitute shall be read for amendment by titles instead of by sections.

H.R. 7988 amends the Public Health Service Act to revise and extend for fiscal years 1976 and 1977 the program under the present National Heart and Lung Institute. Title II provides authority for the Secretary of Health, Education, and Welfare to grant awards to individuals and institutions for biomedical research training. Title IV of the bill directs the Secretary of Health, Education, and Welfare to support research in genetic diseases and to establish an identifiable administrative unit charged with administering new, noncategorical authorities for testings, counseling, and information programs with respect to genetic diseases primarily through existing health programs.

H.R. 7988 authorizes $555 million for fiscal year 1976 and $630 million for fiscal year 1977.

Mr. Speaker, as one who in the other body was privileged to be the principal sponsor of legislation establishing the National Heart Institute as a part of the National Institutes of Health, and being aware as my colleagues are of the terrible toll that heart and lung diseases take of the people of our country, it is with particular pleasure that I offer the rule in this case.

I hope the rule will be adopted and this meritorious and meaningful measure H.R. 7988 will be passed by the House.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I think the gentleman from Florida (Mr. PEPPER) has adequately described this rule. I am not aware of any controversy surrounding the rule. I would point out there are no waivers of points of order provided for, and in order to preserve the normal amending process the rule provides the committee substitute will be in order to be considered as an original bill for purposes of amendment.

There is some question in my mind as to whether or not the administration supports this bill. As of this moment I cannot tell the House whether the administration approves of this legislation or whether it does not. However, I am informed as of October 20 that the administration considers that the legislation unnecessarily adds a new program for genetic diseases and contains excessive authorizations for the fiscal years 1976–77.

Mr. Speaker, I might point out that there is a considerable amount of money involved here in authorizations; for fiscal year 1976, a total of $555 million; for fiscal year 1977, $630 million, with a grand total for the 2 years of $1,185 million.

So I hope this matter will be cleared up as far as the administration's position is concerned when we get into the debate on the bill.

Mr. Speaker, I have no requests for time and I yield back the balance of my time.

Mr. PEPPER. Mr. Speaker, I have no requests for time.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. ROGERS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 7988) to amend the Public Health Service Act to revise and extend the program under the National Heart and Lung Institute, to revise and extend the program of National Research Service Awards, and to establish a national program with respect to genetic diseases; and to require a study and report on the release of research information.

The SPEAKER. The question is on the motion offered by the gentleman from Florida.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 7988 with Mr. DE LA GARZA in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Florida (Mr. ROGERS) will be recognized for 30 minutes, and the gentleman from Kentucky (Mr. CARTER) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Florida (Mr. ROGERS).

Mr. ROGERS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the legislation before us today is H.R. 7988, a bill which would amend the Public Health Service Act to revise and extend the program under the National Heart and Lung Institute, to revise and extend the program of National Research Service Awards, and to establish a national program with respect to genetic diseases; and to require a study and report on the release of research information.

This bill represents a revision and extension of several biomedical research programs authorized by the Congress over the past several years and has the overwhelming support of the Committee on Interstate and Foreign Commerce. Briefly, it would extend, with revisions, the existing programs established under the National Heart, Blood Vessel, Lung and Blood Act of 1972; would extend, with minor revisions, the program established under the National Research Service Award Act, which authorizes awards for biomedical and behavioral research training; would replace the existing authority for screening, counseling, treatment, research and information programs, and education programs for sickle cell anemia and Cooley's anemia with a new general authority authorizing a national program with respect to all genetic diseases, including, but not limited to, sickle cell anemia, Cooley's anemia, and Tay-Sachs disease; and would require the President's Biomedical Research Panel to conduct an investigation of the implications of disclosure of research information obtained by the Secretary of Health, Education, and Welfare in connection with an application for a grant, fellowship or contract.

Mr. Chairman, title I of H.R. 7988, which extends for 2 fiscal years the authority of HEW to conduct research, experiments and demonstration programs with respect to heart, lung, blood and blood vessel diseases, reaffirms the commitment of the Congress to combatting these disorders which, together, affect more than 30 million Americans The only major substantive revisions to existing law are provisions that change the title of the National Heart and Lung Institute to the National Heart, Lung and Blood Institute, provide explicit authority for the Institute to conduct programs with respect to the use of blood products and the management of blood resources, and authorize the Institute to hire an additional 50 experts and consultants. These revisions are in keeping with the committee's belief that progress has not been more rapid with regard to the best use of blood resources even though the need was clearly recognized in the original act in 1972. H.R. 7988 would authorize $20 million for fiscal year 1976 and $30 million for fiscal year 1977 for prevention and control programs, and would authorize $340 million for fiscal year 1976 and $375 million for fiscal year 1977 for the national heart, blood vessel, lung and blood diseases and blood resources program.

Title II would extend, with only technical modifications, for fiscal year 1976 and 1977, the explicit authority of the Secretary of Health, Education, and Welfare to provide awards to individuals and institutions for biomedical and behavioral research training. It would authorize $175 million for fiscal year 1976 and $200 million for fiscal year 1977.

Title III of H.R. 7988 would require the President's Biomedical Research Panel to conduct an investigation of the implications of disclosure of research information obtained by the Secretary of HEW in connection with applications or proposals for grants, fellowships or contracts submitted during calendar year 1975. The background of this proposal is as follows:

Last year, the U.S. Court of Appeals for the District of Columbia Circuit held that the Freedom of Information Act requires release to the public of applications submitted to HEW in connection with research projects. This has generated concern within the research community, which believes that a scientist's ideas are his or her "stock-in-trade" and deserve protection from disclosure in order to avoid plagerism. On the other hand, public interest groups oppose legislation designed to withhold research data from disclosure, and are especially concerned that research protocols involving human subjects be disclosed upon request.

During hearings, representatives of the research community were unable to demonstrate that the court decision has resulted in plagerism of scientist's ideas. Thus, the committee rejected their requests for legislation which would limit disclosure of research information and instead adopted a provision requiring the President's Biomedical Research Panel to investigate the implications of such disclosure and report on its findings by April 30, 1976.

Title IV would replace the existing authorities of the Public Health Service Act for sickle cell anemia and Cooley's anemia programs with new expanded authority to establish counseling, research, and education programs for all genetic diseases.

The bill would provide authority for the establishment and operation of voluntary genetic testing and counseling programs, primarily through existing health programs such as family planning projects and programs in maternal and child health funded under title V of the Social Security Act. It would provide for the establishment of an administrative unit within HEW to carry out a program to develop information and educational materials on the diagnosis, treatment and counseling of all genetic diseases. The bill would authorize $20 million for fiscal year 1976 and $25 million for fiscal year 1977 for grants and contracts for testing and counseling programs and the development of information and educational materials.

Title IV would also authorize projects for research and research training in genetic diseases, the training of genetic counselors, social and behavioral scientists, and the education of practicing health professionals and the public with respect to genetic diseases.

Title V of H.R. 7988 would amend section 507 of the Public Health Service Act at the request of the administration. Section 507 presently authorizes certain Federal institutions—St. Elizabeths Hospital, the Bureau of Prisons, the VA and PHS hospitals—to receive research, demonstration and training grants under the same conditions under which non-Federal institutions are eligible. This amendment would extend this authority to all Federal institutions so that, for example, institutions such as the Energy Research and Development Administration and the Armed Forces Institute of Pathology which are highly qualified to support the NIH in its research activities, could be eligible for NIH assistance.

Mr. Chairman, H.R. 7988 is important legislation. The programs supported by the provisions of this bill are of critical importance to the health and welfare of the more than 40 million Americans who are directly affected by genetic disorders and diseases of the heart, lung, and blood. The economic costs associated with diseases of the heart, lung, and blood and those which are genetically related have been estimated at more than $50 billion annually. H.R. 7988 offers a significant opportunity to lower the economic and social costs as well as the incidence of these diseases, and by supporting biomedical and behavioral research training programs, insure the future quality of this Nation's research effort.

Mr. Chairman, this is a measure which

deserves the support of every Member of this body, and I urge its adoption.

Mr. CARTER. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am pleased to rise in support of this bill—H.R. 7988—the heart, lung and blood research, research training, and Genetic Diseases Amendments of 1975.

As we are all aware—heart and lung diseases are among the major causes of death and disability in this Nation.

Diseases of the blood and blood-forming organs are also numerous and often fatal.

This bill would revise and extend the program under the National Heart and Lung Institute. It would also revise and extend the program of national research service awards for biomedical and behavioral research. I join the chairman of the subcommittee—Mr. Rogers—and other committee members in support of these provisions.

The issue of confidentiality of research information is a significant one—to which the subcommittee and full committee gave careful consideration.

I believe it is appropriate—at this time—to require the President's biomedical research panel to conduct an investigation of the implications of disclosure of such information—as set forth in title three of this bill.

In addition—I strongly support the provisions of this bill which establish authority for a national program with respect to all genetic diseases. This program would include:

Sickle cell anemia, Cooley's anemia, hemophelia, and Tay Sachs disease, but would not be limited to these diseases.

More than 12 million Americans are tragically affected by such genetic diseases—and it is time that Congress takes steps to deal with this problem—through support for:

Research, training, testing, counseling, and education programs for genetic diseases—which are outlined in this bill.

At this time—I would like to commend our distinguished colleague—Mr. Koch of New York—for his keen interest in genetic diseases and his support of this concept.

Earlier in the year—Mr. Koch and I introduced legislation aimed at detecting certain genetic and metabolic diseases in newborns.

I am pleased that the bill before us today expands that concept to provide broad research authority with respect to all genetic diseases.

I wish to thank Mr. Koch for contributing to this legislation.

Also—the committee accepted an amendment to add the word "blood" to the Heart and Lung Institute—and to the Heart and Lung Advisory Council.

I was pleased to introduce this amendment which was proposed by the American Society for Hematology in hearings before the subcommittee—and was supported there by the Hemophilia Foundation, Cooley's Anemia Foundation, the Sickle Cell Foundation, the Council of Community Blood Banks, and the Red Cross.

We have seen what inclusion of the word "lung" in the Institute has done—the increased visibility has caused an increase in morale—in the research field.

We have seen what the inclusion of the words "digestive diseases" did when we added them to the Institute of Arthritis and Metabolism.

I am confident that this addition of the word "blood" will have a similar significant impact on the blood research communities across the Nation.

Currently—according to the present act—the Institute is required to spend at least 15 percent of its appropriations on blood research—and another 15 percent must go toward lung research activities.

This amendment does not contain a request to increase authorizations. Rather—the inclusion of the word "blood" will simply give proper emphasis to blood research—and make it clear—that the authority of the Institute extends to the use of blood products—and the management of blood resources.

The total cost of this legislation is $1,185,000,000 for fiscal years 1976 and 1977.

I would like to point out—to my distinguished colleagues—that the proposed 1976 authorization of $555 million—represents only a slight increase—of about 5 percent—over the actual fiscal year 1975 appropriation of $526.6 million.

In addition, the proposed authorization figures should appear particularly modest—since they include provisions for expansion of the genetic diseases program to encompass all genetic disorders.

The committee gave this bill careful consideration—and it was the feeling of the Members that this legislation is needed—and deserves to be passed.

Finally, Mr. Chairman, I would like to say a few words about this legislation and its potential for saving costs.

The economic costs associated with diseases of the heart, lung, and blood, and those which are genetically related, have been estimated at more than $50 billion annually.

In addition, we cannot begin to calculate the social and emotional costs of such diseases.

I believe that passage of this bill—H.R. 7988—which includes support for biomedical and behavioral research and training programs, would provide a significant opportunity to lower the economic and social costs of these diseases, and help reduce their incidence.

I urge my distinguished colleagues to give favorable consideration to H.R. 7988.

Thank you, Mr. Chairman.

Mrs. BURKE of California. Mr. Chairman, will the gentleman yield?

Mr. ROGERS. Mr. Chairman, I yield to the gentlewoman from California (Mrs. Burke).

Mrs. BURKE of California. Mr. Chairman, this money, of course, was just gathered from various sources in HEW. Is it the intention of the Committee that the existing counseling and screening centers for sickle cell anemia should continue at their existing funding levels even if the funding level for this bill is $20 million?

Mr. ROGERS. If the gentlewoman will yield, I would be delighted to answer the gentlewoman's question by saying "Yes," it is the intent that existing sickle cell counseling centers continue to be supported.

As the gentlewoman mentioned, under present law funding for sickle cell counseling programs was at $15 million. We have increased the level of support to $20 million for genetic disease testing and counseling programs and required the Secretary of HEW to establish a single identifiable unit within HEW to administer the programs.

As the gentlewoman has already mentioned, genetic disease service programs presently are scattered throughout HEW. Pediatric pulmonary centers, for example, which provide much-needed medical care for children with cystic fibrosis, are funded under Title V of the Social Security Act and administered by the Social and Rehabilitative Services branch of HEW.

We have proposed a modest increase for fiscal year 1976, because we feel we must bring all the pieces of programs together, as has been stated, and coordinate them through a single, identifiable unit so that this work can be approached as a unit rather than piecemeal.

So, Mr. Chairman, the point the gentlewoman has made was considered by the committee, and has proposed that existing sickle cell anemia counseling programs continue to be supported.

Mrs. BURKE of California. Mr. Chairman, the reason we feel these centers are so important is that these genetic blood disorders are generally found in ethnic populations. Existing sickle cell testing and screening programs are located in areas where ethnic groups can readily make use of them.

If these programs are moved out of these communities at a time when blacks have come to a realization of the need for testing for sickle cell anemia, much will be lost.

We would certainly not want to see any cuts in those programs. Moreover, we would not want to go back to the point where people ignored the problem and were not screened for the sickle cell trait.

Mr. ROGERS. Mr. Chairman, I might say that the committee shares the gentlewoman's concern, and it is the intent of the committee that these centers continue to be supported.

Mrs. BURKE of California. Mr. Chairman, I thank the gentleman very much.

Mr. DEVINE. Mr. Chairman, will the gentleman yield?

Mr. ROGERS. I yield to the gentleman from Ohio.

Mr. DEVINE. Mr. Chairman, I would like to ask a question of the distinguished gentleman from Florida for the purpose of furthering the legislative history.

It is my understanding that among the other portions of this bill there is a provision which would direct the President's Biomedical Research Panel to study the implications of disclosing information in grant applications and certain other information.

What is the purpose of that provision?

Mr. ROGERS. Mr. Chairman, the purpose of the provision is to determine what the situation is with respect to the disclosure of research protocols and applications and make recommendations as to whether the Freedom of Information Act should be amended to protect such information.

There is a feeling by some biomedical researchers that if they apply for a research grant and the protocol of their particular project is made public—as the courts have required—then some other person could plagiarize the ideas set forth in their application. So we are asking the President's Biomedical Research Panel to study this problem to see if it is really a problem and whether we should do something about it in order to protect the scientist when he submits his application. It is a matter of whether we should, in effect, patent an idea for a period of time.

Mr. DEVINE. Mr. Chairman, if the gentleman will yield further, the purpose is just to make recommendations after the study is made; is that correct?

Mr. ROGERS. Yes. We would wait until that recommendation is made.

Mr. DEVINE. Then am I correct in assuming, based on the information available to me, that the cost of this bill, which, incidentally, merely extends funding for already existing programs, with one exception, is $555 million in fiscal year 1976 and $630 million in fiscal year 1977?

Mr. ROGERS. Mr. Chairman, those are the authorization figures. The gentleman is correct.

I think the gentleman will be pleased to know that the committee has tried to reduce these figures and still keep the program going. The 92d Congress auauthorized $781 million for these programs for fiscal 1975, but only $526 million was appropriated. We have tried to take that into consideration during these economic times, and we have reduced the authorization from $781 million down to $555 million.

So the gentleman should be pleased, I think, with the committee's effort in that regard.

Mr. DEVINE. Finally, Mr. Chairman, if the distinguished gentleman will yield further, it is my understanding that the administration opposes this bill on the grounds that it adds unnecessarily a new program for genetic diseases and contains what they say is an excessive authorization for the 2 fiscal years?

Mr. ROGERS. Mr. Chairman, let me say this: The sickle cell and Cooley's anemia programs are ongoing programs. What we are trying to do is bring them together with other genetic disease programs for the purpose of better administration. Thus, the program for genetic diseases gives better direction to ongoing programs.

Mr. DEVINE. Mr. Chairman, are the figures available as to whether this is within the budget or over the budget?

Mr. ROGERS. I feel sure that all of our figures in this bill are within the congressional budget except the $20 million for fiscal 1975 and $25 million for fiscal 1976 for genetic diseases.

Mr. CARTER. Mr. Chairman, I yield myself such time as I may consume to respond to some of the questions that have been asked about this bill.

Particularly concerning genetic diseases and counseling, hundreds of years ago some of the people in our world lived in Africa and developed malaria from the bite of the mosquito which contained the malarial parasite.

Over the years, in order to overcome the effects of malaria, their cells finally sickled so that they could go through capillaries. They became smaller and more slender, but as a result of that, they also developed an anemia, which is characterized particularly by ulcers on the legs and finally a lack of ability of the blood to carry oxygen to the tissues, so that they would finally die.

I think it is highly important that we find out who these people are. The factors can be identified in their blood, and then if they have dominant genes showing sickle cell anemia, they can be advised not to marry a person who has the same characteristic in his or her genes.

Cooley's anemia is somewhat similar. It affects the people of the Mediterranean area. With respect to this particular disease, when men and women carrying these genes within their bodies marry and have children, there is a strong likelihood that they will develop this terrible anemia, and they rarely live more than a few years.

Therefore, I think it is wise that at the same time we check for sickle cell anemia, we check also for Cooley's anemia and that we check for other disorders.

Tay-Sachs disease, which causes a familial kind of low mentality, can be avoided if persons are properly counseled.

We can go further to PKU, meaning phenylketonuria, which can be identified when a child is born. This is a disease which affects blue-eyed blonds, and at the time of the baby's birth the disease can be identified through an examination of his urine. If he is kept then on a particular diet, he can develop normally.

Hemophilia is another dread disease transmitted by women, but inherent or occurring only in men. It is important that we find out who are the possible hemophiliacs.

Why should we have separate programs when these youngsters at birth can be checked for these various diseases and their parents can be counseled? Or in later years they may be counseled themselves, so that these diseases can be diminished or perhaps obliterated.

The funding for blood diseases is not increased. It starts at the same level which it was at previously, 15 percent of the amount appropriated, the same percentage which is appropriated for diseases of the lung.

To me, Mr. Chairman, this means so much to the health of the children of our country and to the families of our country. I strongly support and urge passage of this legislation.

Mr. ROGERS. Mr. Chairman, I yield 3 minutes to the gentleman from Mississippi (Mr. MONTGOMERY).

(By unanimous consent, Mr. MONTGOMERY was allowed to speak out of order.)

PROMISED RELEASE OF 60 AMERICAN CIVILIANS IN SOUTHEAST ASIA

Mr. MONTGOMERY. Mr. Chairman, I appreciate the gentleman from Florida yielding this time, and I have requested that I be permitted to speak out of order because I think the announcement I have to make to the House will be of great interest.

Mr. Chairman, as chairman of the House Select Committee on Missing Persons in Southeast Asia, I have been informed, and, it is my great pleasure to announce to the Members of the House, concerning the 50 or 55 Americans who are still held under house arrest or confinement in South Vietnam, a joint communique has just come from the U.N. in New York, from Hanoi and Saigon, that these Americans and other foreigners will be able to leave the latter part of October or the 1st of November.

This should be great news to all Americans and it is especially great news to our committee because one of our missions, as a result of the Ashbrook amendment was to work on the release of American civilians in Southeast Asia.

We now have two other missions left to work on in the committee as instructed by the House resolution, and that is to get a proper accounting of Americans who are still carried as POW's and missing in action and the return of the remains that have not been recovered from Southeast Asia. If we can accomplish this maybe we can write the final sad chapter of Vietnam.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. Mr. Chairman, I do want to commend the distinguished gentleman from Mississippi on his unstinting efforts in this regard.

I would ask the gentleman from Mississippi whether the names of the 50 or so Americans are available? Have they already been released?

Mr. MONTGOMERY. As I understand it, Mr. Chairman, the names have not been released as yet.

My information, as I recall it, was that there were about six Americans who worked for the Department of State who, in effect, have been under house arrest in the central highlands. Then we have about six or seven American missionaries. And then we have other Americans who were in Saigon and who did not get out in time.

I am informed that all of these Americans will be released. But, as I say, I have not as yet received any names.

Mr. SHUSTER. Mr. Chairman, I thank the gentleman.

Mr. ROGERS. Mr. Chairman, I want to commend the gentleman from Mississippi also for his unstinting efforts in this regard. The gentleman from Mississippi is one of the most outstanding persons that I know of and one who has been totally dedicated toward doing something about this problem. Again I commend the gentleman. This is indeed great news.

Mr. MONTGOMERY. Mr. Chairman, I would like to make it perfectly clear that these are American civilians that were there when we closed our embassy in March of 1975 and this does not pertain to the American military personnel. There are still 36 carried as POW's and 832 missing in action, but this is, I think, a step in the right direction.

Mr. ROGERS. I agree with the gentleman.

Mr. PEPPER. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Florida.

Mr. PEPPER. Mr. Chairman, I too want to join in commending the able gentleman from Mississippi (Mr. MONTGOMERY) for his outstanding efforts and for the idea that he has so persistently clung to. We all hope that he will be successful.

Mr. ROGERS. Mr. Chairman, I now yield 2 minutes to the gentleman from Florida (Mr. PEPPER).

Mr. PEPPER. Mr. Chairman, I wish first to commend my distinguished colleague, the gentleman from Florida (Mr. ROGERS) and his distinguished associate, the ranking minority member of the committee, the gentleman from Kentucky (Mr. CARTER), and all of the members of their committee for bringing this bill that will continue this great work to the floor of the House.

I would ask the distinguished gentleman, for the record, and for the information of all of us who are so vitally interested in this subject what in general is the nature of the research that is being carried on in the heart field and what progress has been made over the recent past?

Mr. ROGERS. Mr. Chairman, if the gentleman will yield, there has been a great deal of research, as the gentleman well knows, because of his very special interest in the subject and in his efforts in helping to create this institution in the beginning. A great deal of research is beginning to now show up in very satisfactory ways. I might point out that the real details of this are set forth in the report on pages 5, 6, and 7, but just to go over it quickly, we have some 30 research and development centers which were authorized in 1972, even though all of them have not yet been designated. But in the various areas, in the disease areas of the body, the heart, the lungs, and the blood, significant scientific and medical knowledge has been achieved through this research, for example, in understanding the roles of different risk factors for heart attacks, and we now have identified those so that we know what to do about them. Also of special significance I think is the development of methods for accurate and precise determination of blood lipids for detection and management. New therapy for heart attacks has resulted from research sponsored by the Institute. For instance, recent investigations have demonstrated that heart attack victims' prognosis is directly related to the amount of dead heart muscle. Drugs, oxygen therapy, and mechanical circulatory assistance are promising new theories that are now being researched.

Some recent studies in animals have shown that nitroglycerin, one of the oldest and best drugs to relieve chest pain, may be valuable in the treating of acute heart attacks by reducing heart damage if it is given at the right time. New noninvasive methods have been developed which will be important in determining the benefits of various therapies in reducing damage to the heart muscle.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ROGERS. Mr. Chairman, I yield 2 additional minutes to the gentleman from Florida (Mr. PEPPER).

Mr. Chairman, if the gentleman will yield further, I will say right now that these are set forth, and we will set them forth in the debate.

Mr. PEPPER. I thank the gentleman very much. I am sure that the committee is doing everything that can be done to prevent the terrible loss of people in this country from heart disease. I am sure the gentleman from Florida has recommended to the House all of the money that he thinks can wisely be spent in this research aim.

Mr. ROGERS. I think this: I think we have authorized all that is feasible and practicable at this time. I have no doubt that we could even use more, but I think for the programs that have been defined by all of the experts who testified before the committee, this is a realistic budget where we can expect to have great advancement in the research against heart disease.

Mr. PEPPER. I thank the gentleman.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. PEPPER. I yield to the gentleman from Kentucky.

Mr. CARTER. I thank the gentleman for yielding.

Of course, one of the other things that has not been mentioned is the bypass, in which a transplant is taken from a limb and placed on the heart in place of one of the coronary vessels. This has become quite common and is an extremely successful method of eliminating coronary heart disease.

Of course, other methods have been developed for replacing rheumatic valves, valves affected by rheumatic fever, and arteriosclerotic valves. Many times the arteries of the neck are entered in case of extreme atherosclerosis, in which they may be partially occluded, and those blood vessels are removed to improve the circulation of the brain.

There have been so many advances made. Of course, now to determine many of these things, we have a catheterization of the heart. We go in through the blood vessel in the arm and on down into the heart. This will show the blood vessels on the heart which may be occluded, and it is going to be quite an exact science.

There have been tremendous strides made in this area.

I thank the distinguished gentlman for yielding.

Mr. PEPPER. I thank the distinguished gentleman from Kentucky (Mr. CARTER) as well as my able colleague, Mr. ROGERS.

Ms. KEYS. Mr. Chairman, will the gentleman yield?

Mr. ROGERS. I yield to the gentlewoman from Kansas.

Ms. KEYS. I thank the gentleman for yielding.

I would have one question regarding this legislation as it applies to the continuation of nursing research programs. I wonder if this will enable them to continue and be funded under the division of nursing programs.

Mr. ROGERS. Yes, this is true. This is the way it will be handled.

Ms. KEYS. I thank the gentleman. I think it is very important, and I wanted to clarify that.

Mr. ROGERS. I thank the gentlewomen.

Mr. McCOLLISTER. Mr. Chairman, through an oversight by Congress, first year medical students were excluded from House Joint Resolution 499, which extended the Health Manpower Training Act.

This oversight has caused tremendous hardships to those students entering medical school for the first time.

The solution proposed is to include language in the heart and lung authorization bill, H.R. 7988 that would correct this error.

The Senate has included such language in their version of the bill, S. 988. However, the language is not contained in the House bill.

I strongly urge members of the conference committee for this legislation to accept the Senate language on this issue so that the problem can be resolved.

Mr. ANDERSON of California. Mr. Chairman, it is with great pleasure that I rise in support of title IV of H.R. 7988.

This section authorizes $20 million for fiscal year 1976 and $25 million for fiscal year 1977 for, among other purposes, the fight against Tay-Sachs disease.

Mr. Chairman, on February 3, I reintroduced H.R. 64, the National Tay-Sachs Disease Screening and Counseling Act, along with 57 cosponsors.

There were four major provisions of H.R. 64: First, through existing health centers, the Department of Health, Education, and Welfare was required to initiate voluntary Tay-Sachs screening, counseling, and information programs.

Second, H.R. 64 authorized $3 million for compiling information on Tay-Sachs disease to be distributed among the public.

Third, existing blood disorder and genetic disease grant programs would be expanded to specifically include Tay-Sachs disease.

Fourth, my bill would have been voluntary in nature. It is our task to make information available, not to run peoples' lives.

Mr. Chairman, I would just like to say that all of the objectives of H.R. 64 were accepted by the committee in the formulation of the bill currently before us, H.R. 7988.

I feel that I cannot adequately convey the urgency of the need for this legislation.

For the benefit of my colleagues who are unfamiliar with Tay-Sachs disease let me briefly decribe this horrible affliction.

Tay-Sachs disease is a killer of young children, resulting in death by age 3. Approximately 700,000 Americans carry this genetic disorder, for which no cure currently exists.

The annual cost of caring for a child suffering from Tay-Sachs can amount to over $50,000.

But, all of this suffering need not occur, for Tay-Sachs disease is very conducive to mass screening, and can even be detected in the embryonic stage.

Thus, with mass screening and information dissemination, potentially 90 percent of the Tay-Sachs cases could be avoided.

Mr. Chairman, because of the seriousness of the problem, and because of the excellent chance that Tay-Sachs can be prevented, I urge House approval of title IV of the bill before us.

Mr. KOCH. Mr. Chairman, I am pleased to speak in support of H.R. 7988, the heart, lung, and blood research, research training and genetic diseases amendments. And, in particular, I applaud the Interstate and Foreign Commerce Committee's inclusion in title IV of that legislation new authority to support research on all genetic diseases.

I commend my colleague and friend, Dr. Tim Lee Carter, for what I know was his support of this concept in the Subcommittee on Public Health and Environment. Dr. Carter and I had earlier this year introduced legislation aimed at detecting certain genetic and metabolic diseases in newborns. Thanks to Dr. Carter's efforts, this legislation was refined to provide broad research authorities in the areas of diagnosis, treatment, and control of genetic diseases, training and education programs for genetic counselors and health care practitioners and the public, as well as the establishment within the Public Health Service of a voluntary genetic testing, diagnosis, counseling and treatment program for individuals. I am proud to have worked with Dr. Carter and to have sponsored with him the legislation concerned with this problem.

Some of the genetic diseases that we are talking about ranging from single gene disorders to conditions that seem to have genetic involvement are Huntington's chorea, Cooley's anemia, hemophilia, Down's syndrome, Tay-Sachs disease, dysautonomia, RH hemolytic disease, phenylketonuria—PKU—heart diseases, some types of arthritis, diabetes, cancer, schizophrenia and depressive illness.

The committee report on this legislation stated that—

> It has been estimated that 12 million Americans carry true genetic diseases; 36 percent of all spontaneous abortions are caused by chromosomal defects; 40 percent of all infant mortality results from genetic factors; 80 percent of the incidence of mental retardation in this country is genetically related.

This legislation should, by encouraging research and education in this area—as well as providing some treatment—result in a reduction of the high costs to human life and financial resources of the many persons afflicted in our society.

Mr. FLORIO. Mr. Chairman, with the consideration of H.R. 7988, we have the opportunity to extend the authority to conduct research, experiments, and demonstration programs with respect to heart, lung, blood, and blood vessel diseases and to support research in genetic diseases including sickle cell anemia, Cooley's anemia, and Tays-Sachs disease.

Moreover, this legislation contains provisions which would change the name of the National Heart and Lung Institute to the National Heart, Lung, and Blood Institute and makes comparable changes in the name of the Advisory Council. I feel that this change is of major significance because it makes it clear that the authority of the institute extends to the use of blood products and the management of blood resources. Also it provides to the field of blood research an expression of congressional interest which I hope will add to the vigor of the pursuit of research goals.

Therefore I feel that the passage of H.R. 7988 will assist immeasurably in the advancement of our knowledge of diseases relating to the heart, lungs, and blood, and thus I would urge my colleagues to vote for the favorable passage of this important legislation.

Mr. MINISH. Mr. Chairman, I rise in support of H.R. 7988, the heart, lung, and blood research, research training, and genetic disease amendment.

The Subcommittee on Health of the Interstate and Foreign Commerce Committee is to be congratulated for developing comprehensive legislation which provides for an integrated approach to the battle against many serious diseases such as Thalessemia major and Tay-Sachs disease.

The first title of the pending measure would amend the Public Health Service Act to extend for 2 years HEW's authority to conduct research, experiments, and demonstration programs with respect to heart, lung, blood, and blood vessel diseases. This title authorizes $360 million for fiscal 1976, $405 million for fiscal 1977, and provides the National Heart, Lung, and Blood Institute with authority to hire an additional 50 experts and consultants for the accelerated program.

Title II of H.R. 9888 would extend through fiscal 1977 the program of National Research Service Awards for individuals and institutions in biomedical research training. A total of $375 million is authorized for the implementation of title II.

The other significant title of the bill, IV, relates to genetic diseases. This title would broaden the existing programs of research, services, and information relating to sickle cell anemia and Cooley's anemia into a new authority to support research on all genetic diseases. Under this section, HEW would be directed to establish an identifiable administrative unit charged with overseeing new, noncategorical authorities for testing, counseling, and information programs with respect to genetic diseases, such as Tay-Sachs which so cruelly affects generation after generation.

As an early sponsor of the original Cooley's Anemia Control Act—Public Law 92–414—I am vitally interested in seeing that this program is not undercut by the new noncategorical approach of H.R. 7988.

Thalessemia major, or Cooley's anemia, is a little known, but deadly, hereditary blood disease which affects over 100,000 Americans. Children with the disease are greatly handicapped by poor bone growth and are usually very small for their age. Rarely does a victim of Cooley's anemia live beyond the age of 20, and from early life victims are compelled to undergo frequent transfusions in order to survive.

The committee, in its report on H.R. 7988, notes that—

> Targeted research efforts . . . while productive, can and should be expanded to include research on other genetic diseases.

Obviously, there is merit in this approach for genetic disorders constitute a highly visible and growing problem resulting in significant individual and social burdens. It has been estimated that 12 million Americans carry true genetic diseases; 36 percent of all spontaneous abortions are caused by chromosomal defects; 40 percent of all infant mortality results from genetic factors; and 80 percent of the incidence of mental retardation in this country is genetically related.

I am pleased, however, that the committee has explicity stated its position that the overall effort, necessary as it is, should not diminish the fight against Cooley's anemia.

I note, and I am sure that HEW will note, the committee's statement on page 21 of the report. "The committee," it states, "is persuaded that a flexible approach is the most appropriate for the broad spectrum of disorders known as genetic diseases although it does not intend that this approach in any way vitiate the existing research or service programs respecting sickle cell anemia or Cooley's anemia."

Mr. Chairman, with this firm assurance in the committee report, I urge approval of H.R. 7988.

The CHAIRMAN. There being no further request for time, pursuant to the rule, the Clerk will read the committee amendment in the nature of a substitute now printed in the bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That whenever in the Act (other than in section 301 (b)) an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

TITLE I—REVISION OF NATIONAL HEART AND LUNG INSTITUTE PROGRAMS

Sec. 101. Section 411 is amended by striking out "National Heart and Lung Institute" and inserting in lieu thereof "National Heart, Lung, and Blood Institute".

Sec. 102. (a) Section 412 is amended—

(1) by inserting "and with respect to the use of blood and blood products and the management of blood resources" after "diseases" in the matter preceding paragraph (1);

(2) by inserting "and to the use of blood and blood products and the management of blood resources" before the semicolon at the end of paragraph (1);

(3) by inserting "and to the use of blood and blood products and the management of blood resources" after "diseases" in paragraph (4);

(4) by inserting "and on the use of blood

and blood products and the management of blood resources" after "diseases" in paragraph (5);

(5) by inserting "and to the use of blood and blood products and the management of blood resources" after "diseases" in paragraph (7); and

(6) by inserting at the end of the title "AND IN THE MANAGEMENT OF BLOOD RESOURCES".

(b) Section 412 is amended by striking out "National Heart and Lung Advisory Council" and inserting in lieu thereof "National Heart, Lung, and Blood Advisory Council".

SEC. 103 (a) Section 413 (a) is amended—

(1) by striking out "Disease" in the first sentence and inserting in lieu thereof "Diseases and Blood Resources"; and

(2) by inserting "and blood resources" after "diseases" in such sentence and in paragraph (7).

(b) Section 413(b) is amended—

(1) by striking out "calendar" each place it occurs in paragraph (2) and inserting in lieu thereof "fiscal"; and

(2) by adding at the end of such paragraph the following: "Each such plan shall contain (A) an estimate of the number and type of personnel which will be required by the Institute to carry out the Program during the five years with respect to which the plan is submitted, and (B) recommendations for appropriations to carry out the program during such five years.".

(c) Section 413(c) (1) is amended by striking out "fifty" and inserting in lieu thereof "one hundred".

(d) Section 413(c) (2) is amended—

(1) by striking out "operate" and inserting in lieu thereof "operate, alter, renovate"; and

(2) by inserting "and blood resource" after "disease".

(e) Section 413(d) is amended—

(1) by striking out "Assistant Director for Health Information Programs" each place it occurs and inserting in lieu thereof "Assistant Director for Prevention Education, and Control";

(2) by striking out "and pulmonary" in the second sentence and inserting in lieu thereof ", blood, and pulmonary" and by inserting "and blood" after "pulmonary" in the third sentence; and

(3) by inserting "and blood resources" after "diseases" in the second sentence.

(f) The title of section 413 is amended by striking out "DISEASE" and inserting in lieu thereof "DISEASES AND BLOOD RESOURCES".

SEC. 104. Section 414(b) is amended (1) by striking out "and" after "1974,", and (2) by inserting before the period a comma and the following "$20,000,000 for fiscal year 1976, and $30,000,000 for fiscal year 1977".

SEC. 105. (a) Section, 415(a) is amended—

(1) by striking "and for research in the use of blood and blood products and in the management of blood resources" after "diseases" in paragraph (1) (A);

(2) by striking out "chronic" in paragraph (1) (B);

(3) by striking out "paragraph (1) (A)" in paragraph (2) and inserting in lieu thereof "subparagraphs (A) and (B) of paragraph (1)";

(4) by inserting ", pulmonary, and blood" before "diseases" in paragraph (2);

(5) by striking out "cardiovascular disease" in paragraph (2) (A) and inserting in lieu thereof "cardiovascular, pulmonary, and blood diseases"; and

(6) by striking out "such disease" in subparagraphs (B), (C), and (D) of paragraph (2) and inserting in lieu thereof "such diseases".

(b) Section 415(b) is amended—

(1) by inserting "the management of blood resources and" before "advanced"; and

(2) by amending the first sentence after paragraph (4) to read as follows: "The aggregate of payments (other than payments for construction) made to any center under such an agreement for its costs (other than indirect costs) described in the first sentence may not exceed $5,000,000 in any year; except that the aggregate of such payments in any year may exceed such amount to the extent that the excess amount is attributable to increases in such year in appropriate costs as reflected in the Consumer Price Index published by the Bureau of Labor Statistics.".

(c) The title of section 415 is amended by inserting "AND BLOOD RESOURCES" after "DISEASES".

SEC. 106. (a) Section 417(a) (1) is amended by striking out "Director of the Office of Science and Technology" and inserting in lieu thereof "Director of the National Science Foundation".

(b) Section 417 is amended by striking out "National Heart and Lung Advisory Council" in subsection (a) and in subsection (b) (3) and inserting in lieu thereof "National Heart, Lung, and Blood Advisory Council".

(c) The heading for section 417 is amended by striking out "AND LUNG" and inserting in lieu thereof ", LUNG, AND BLOOD".

SEC. 107. Section 418 is amended—

(1) by inserting "and to the use of blood and blood products and the management of blood resources" after "diseases" in paragraphs (1), (2), (3), and (4) of subsection (a);

(2) by redesignating paragraphs (4), (5), and (6) of subsection (a) as paragraphs (5), (6), and (7), respectively, and by adding after paragraph (3) the following new paragraph:

"(4) recommend to the Secretary (A) areas of research in heart, blood vessels, lung, and blood diseases and in the use of blood and blood products and the management of blood resources which it determines should be supported by the awarding of contracts in order to best carry out the purposes of this part, and (B) the percentage of the budget of the Institute which should be expended for such contracts;"; and

(3) by amending paragraph (2) of subsection (b) to read as follows:

"(2) The Council shall submit a report to the Secretary for simultaneous transmittal, not later than November 30 of each year, to the President and to the Congress on the progress of the Program toward the accomplishment of its objectives during the preceding fiscal year.".

SEC. 108. Section 419A is amended—

(1) by inserting "and projects with respect to the use of blood and blood products and the management of blood resources" after "training projects" in subsection (a);

(2) by inserting "and into the use of blood and blood products and the management of blood resources" after "diseases" in subsection (b);

(3) by inserting "and for research and training in the use of blood and blood products and the management of blood resources" after "diseases" in subsection (c);

(4) by striking out "in amounts not to exceed $35,000" in paragraph (1) of subsection (c) and inserting in lieu thereof "if the direct costs of such research and training do not exceed $35,000, but only"; and

(5) by striking out "in amounts exceeding $35,000" in paragraph (2) of subsection (c) and inserting in lieu thereof "if the direct costs of such research and training exceed $35,000, but only".

SEC. 109. Section 419B is amended—

(1) by striking out "and" after "1974," and by inserting before the period at the end of the first sentence a comma and the following: "$340,000,000 for fiscal year 1976, and $375,000,000 for fiscal year 1977"; and

(2) by striking out "diseases of the blood" and inserting in lieu thereof "blood diseases and blood resources".

SEC. 110. (a) Section 301 is amended by striking out "heart diseases" in paragraphs (c) and (h) and inserting in lieu thereof "heart, blood vessel, lung, and blood diseases and blood resources".

(b) Section 301 is amended by striking out "National Heart and Lung Advisory Council" in paragraphs (c) and (h) and inserting in lieu thereof "National Heart, Lung, and Blood Advisory Council".

TITLE II—NATIONAL RESEARCH SERVICE AWARDS

SEC. 201. (a) Subsection (a) (1) (A) (iii) of section 472 is amended by striking out "non-Federal".

(b) Subsection (c) (1) (A) (i) of such section is amended by striking out "health research or teaching" and inserting in lieu thereof "health research or teaching or any combination thereof which is in accordance with usual patterns of academic employment".

(c) Subsection (c) (2) (A) of such section is amended by striking out "health research or teaching" and inserting in lieu thereof "health research or teaching or any combination thereof which is in accordance with the usual patterns of academic employment".

(d) The first sentence of subsection (d) of such section is amended by inserting a comma before the period and the following: "$175,000,000 for fiscal year 1976, and $200,000,000 for fiscal year 1977".

SEC. 202. (a) Subsection (a) (1) (A) (i) of section 472 is amended by striking out "the disease or (diseases) or other health problems to which the activities of the Institutes and Administration are directed" and inserting in lieu thereof "diseases or other health problems".

(b) Subsection (b) (2) of section 472 is amended by striking out "to the entities of the National Institutes of Health and the Alcohol, Drug Abuse, and Mental Health Administration" and inserting in lieu thereof "within the Department of Health, Education, and Welfare".

SEC. 203. (a) (1) Subparagraph (A) of the first paragraph (4) of subsection (c) of section 472 is amended by striking out "and the interest on such amount" down through and including "was made".

(2) The last sentence of subparagraph (B) of such paragraph is amended by striking out "at the same rate as that fixed by the Secretary of the Treasury under subparagraph (A) to determine the amount due the United States" and inserting in lieu thereof "at a rate fixed by the Secretary of the Treasury after taking into consideration private consumer rates of interest prevailing on the date the United States becomes entitled to such amount".

(b) The amendments made by subsection (a) shall apply with respect to National Research Awards under section 472 which are made from appropriations for fiscal years ending on or after June 30, 1975.

SEC. 204. Section 473(b) is amended by adding after paragraph (2) the following new paragraph:

"(3) The National Academy of Sciences or other group or association conducting the study required by subsection (a) shall conduct such study in consultation with the Director of the National Institutes of Health.".

TITLE III—DISCLOSURE OF RESEARCH INFORMATION

SEC. 301. (a) (1) The President's Biomedical Research Panel (established by section 201(a) of the National Cancer Act Amendments of 1974) shall conduct an investigation and study of the implication of the disclosure to the public of information contained in research protocols, research hypotheses, and research designs obtained by the Secretary of Health, Education, and Welfare (hereinafter in the subsection referred to as the "Secretary") in connection with an application or proposal submitted, during the period beginning January 1, 1975, and ending December 31, 1975, to the Secretary for a grant, fellowship, or a contract under the Public Health Service Act. In making such investigation and study the Panel shall determine the following:

(A) The number of requests made to the Secretary for the disclosure of information contained in such research protocols, hypotheses, and designs and the interests represented by the persons for whom such requests were made.

(B) The purposes for which information disclosed by the Secretary pursuant to such requests was used.

(C) The effect of the disclosure of such information on—

(i) proprietary interests in the research protocol, hypotheses, or design from which such information was disclosed and on patent rights;

(ii) the ability of peer review systems to insure high quality federally funded research; and

(iii) the (I) protection of the public against research which presents an unreasonable risk to human subjects of such research and (II) the adequacy of informed consent procedures.

(2) Not later than March 15, 1976, the Panel shall complete the investigation and study required by paragraph (1), and, not later than April 30, 1976, the Panel shall submit to the Committee on Interstate and Foreign Commerce of the House of Representatives and the Committee on Labor and Public Welfare of the Senate a report on such investigation and study. The report shall contain such recommendations for legislation as the Panel deems appropriate.

(b) Section 211(b) of the National Research Act (Public Law 93-348) is amended by striking out "July 1, 1976" and inserting in lieu thereof "January 1, 1977".

TITLE IV—GENETIC DISEASES

SEC. 401. This title may be cited as the "National Genetic Diseases Act".

SEC. 402. In order to preserve and protect the health and welfare of all citizens, it is the purpose of this title to establish a national program to provide for basic and applied research, research training, testing, counseling, and information and education programs with respect to genetic diseases, including sickle cell anemia, Cooley's anemia, and Hay-Sachs disease.

SEC. 403. (a) Effective July 1, 1975, title XI is amended by striking out parts A and B and inserting in lieu thereof the following:

"PART A—GENETIC DISEASES

"TESTING AND COUNSELING PROGRAMS AND INFORMATION AND EDUCATION PROGRAMS

"SEC. 1101. (a)(1) The Secretary through an identifiable administrative unit within the Department of Health, Education, and Welfare may make grants to public and nonprofit private entities, and may enter into contracts with public and private entities, for projects to establish and operate voluntary genetic testing and counseling programs primarily in conjunction with other existing health programs, including programs assisted under title X of this Act and title V of the Social Security Act.

"(2) The Secretary shall carry out, through an identifiable administrative unit within the Department of Health, Education, and Welfare, a program to develop information and educational materials relating to genetic diseases and to disseminate such information and materials to persons providing health care, to teachers and students, and to the public generally in order to most rapidly make available the latest advances in the testing, diagnosis, counseling, and treatment of individuals respecting genetic diseases. The Secretary may, under such program, make grants to public and nonprofit private entities and enter into contracts with public and private entities and individuals for the development and dissemination of such materials.

"(b) For the purpose of making payments pursuant to grants and contracts under this section, there are authorized to be appropriated $20,000,000 for the fiscal year 1976, and $25,000,000 for the fiscal year 1977.

"RESEARCH PROJECT GRANTS AND CONTRACTS

"SEC. 1102. In carrying out section 301, the Secretary may make grants to public and nonprofit private entities, and may enter into contracts with public and private entities and individuals, for projects for (1) basic or applied research leading to the understanding, diagnosis, treatment, and control of genetic diseases, (2) planning, establishing, demonstrating, and developing special programs for the training of genetic counselors, social behavioral scientists, and other health professionals, (3) the development of programs to educate practicing physicians, other health professionals, and the public regarding the nature of genetic processes, the inheritance patterns of genetic diseases, and the means, methods, and facilities available to diagnose, control, counsel, and treat genetic diseases, and (4) the development of counseling and testing programs and other programs for the diagnosis control, and treatment of genetic diseases.

"VOLUNTARY PARTICIPATION

"SEC. 1103. The participation by any individual in any program or portion thereof under this part shall be wholly voluntary and shall not be a prerequisite to eligibility for or receipt of any other service or assistance from, or to participation in, in any other program.

"APPLICATIONS; ADMINISTRATION OF GRANTS AND CONTRACT PROGRAMS

"SEC. 1104. (a) A grant or contract under this part may be made upon application submitted to the Secretary at such time, in such manner, and containing and accompanied by such information, as the Secretary may require necessary. Each applicant shall—

"(1) provide that the programs and activities for which assistance under this part is sought will be administered by or under the supervision of the applicant;

"(2) provide for strict confidentiality of all test results, medical records, and other information regarding testing, diagnosis, counseling, or treatment of any person treated, except for (A) such information as the patient (or his guardian) gives informed consent to be released, or (B) statistical data compiled without reference to the identity of any such patient;

"(3) provide for community representation where appropriate in the development and operation of voluntary genetic testing or counseling programs funded by a grant under this part;

"(4) in the case of an applicant for a grant or contract for the delivery of services under section 1101(a)(1), provide assurances satisfactory to the Secretary that (A) the services for community-wide testing and counseling to be provided under the program for which the application is made (i) will take into consideration widely prevalent diseases with a genetic component and high-risk population groups in which certain genetic diseases occur, and (ii) where appropriate will be directed especially but not exclusively to persons who are entering their child-producing years, and (B) appropriate arrangements will be made to provide counseling to persons found to have a genetic disease and to persons found to carry a gene or chromosome which may cause a deleterious effect in their offspring; and

"(5) establish fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting of Federal funds paid to the applicant under this part.

"(b) In making any grant or entering into any contract for testing and counseling programs under section 1101, the Secretary shall (1) take into account the number of persons to be served by the program supported by such grant or contract and the extent to which rapid and effective use will be made of funds under the grant or contract; and (2) give priority to programs operating in areas which the Secretary determines have the greatest number of persons who will benefit from and are in need of the services provided under such programs.

"PUBLIC HEALTH SERVICE FACILITIES

"SEC. 1105. The Secretary shall establish a program within the Service to provide voluntary testing, diagnosis, counseling, and treatment of individuals respecting genetic diseases. Services under such program shall be made available through facilities of the Service to persons requesting such services, and the program shall provide appropriate publicity of the availability and voluntary nature of such services.

"REPORTS

"SEC. 1106. (a) The Secretary shall prepare and submit to the President for transmittal to the Congress on or before April 1 of each year a comprehensive report on the administration of this part.

"(b) The report required by this section shall contain such recommendations for additional legislation as the Secretary deems necessary.".

(b)(1) Section 1121(b)(5) of such title is amended by striking out "ending June 30," each place it occurs.

(2) Part C of such title is redesignated as part B.

(3) The heading of such title is amended to read as follows:

"TITLE X—GENETIC DISEASES AND SUDDEN INFANT DEATH SYNDROME".

TITLE V—MISCELLANEOUS

SEC. 501. (a) The second paragraph (4) of subsection (c) of section 472 is redesignated as paragraph (5).

(b) Section 507 is amended by striking out "hospitals of the Service, of the Veterans' Administration, or of the Bureau of Prisons of the Department of Justice, and to Saint Elizabeths Hospital, except that grants to such" and insert in lieu thereof "Federal institutions, except that grants to".

(c) Section 1613 is amended by striking out "1510" and inserting in lieu thereof "1610".

Mr. ROGERS (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

The CHAIRMAN. Are there any amendments?

There being no amendments, the question is on the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. DE LA GARZA, Chairman of of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7988) to amend the Public Health Service Act to revise and extend the program under the National

Heart and Lung Institute, to revise and extend the program of National Research Service Awards, and to establish a national program with respect to genetic diseases; and to require a study and report on the release of research information, pursuant to House Resolution 757, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ASPIN. Mr. Speaker, I obect to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 375, nays 5, not voting 53, as follows:

[Roll No. 619]

YEAS—375

Abdnor
Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Bafalis
Baldus
Barrett
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bennett
Bergland
Bevill
Biester
Bingham
Blanchard
Blouin
Boland
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, Phillip
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Collins, Ill.
Collins, Tex.
Conable
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Gradison
Grassley
Green
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harris
Harsha
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Macdonald
Maguire
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Milford
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
Ottinger
Passman
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rees
Regula
Reuss
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Vander Jagt
Vander Veen
Vigorito
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wilson, Tex.
Winn
Wirth
Wolff
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.

NAYS—5

Crane
Hansen
McDonald
Steed
Symms

NOT VOTING—53

Badillo
Bell
Biaggi
Boggs
Bolling
Broomfield
Burton, John
Butler
Casey
Clawson, Del
Conlan
Conyers
Duncan, Oreg.
Esch
Evins, Tenn.
Fary
Flynt
Fraser
Goldwater
Gonzalez
Goodling
Harrington
Hébert
Helstoski
Holland
Jenrette
Long, La.
Lott
Madden
Madigan
Moorhead, Pa.
O'Brien
O'Neill
Pepper
Pettis
Peyser
Rangel
Rhodes
Roe
Rose
Runnels
Ruppe
Sisk
Solarz
Teague
Udall
Van Deerlin
Vanik
Waggonner
Wilson, C. H.
Wright
Zablocki
Zeferetti

The Clerk announced the following pairs:

Mr. O'Neill with Mr. Casey.
Mrs. Boggs with Mr. Conyers.
Mr. Zeferetti with Mr. Duncan of Oregon.
Mr. Charles H. Wilson of California with Mr. Fraser.
Mr. Biaggi with Mr. Gonzales.
Mr. Badillo with Mr. Harrington.
Mr. Rangel with Mr. Bell.
Mr. Sisk with Mr. Esch.
Mr. Hébert with Mr. Holland.
Mr. Moorhead of Pennsylvania with Mr. Madden.
Mr. Teague with Mr. Peyser.
Mr. Solarz with Mr. Zablocki.
Mr. John Burton with Mr. Helstoski.
Mr. Evins of Tennessee with Mr. Broomfield.
Mr. Fary with Mr. Goldwater.
Mr. Flynt with Mr. Lott.
Mr. Pepper with Mr. Butler.
Mr. Waggonner with Mr. Goodling.
Mr. Vanik with Mr. Madigan.
Mr. Roe with Mr. Del Clawson.
Mr. Jenrette with Mr. O'Brien.
Mr. Long of Louisiana with Mr. Conlan.
Mr. Rose with Mrs. Pettis.
Mr. Runnels with Mr. Ruppe.
Mr. Van Deerlin with Mr. Wright.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ROGERS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 7988, the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

RETIREMENT CREDIT FOR NATIONAL GUARD TECHNICIAN SERVICE

Mr. WHITE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for further consideration of the Senate bill (S. 584) to amend title 5, United States Code, to correct certain inequities in the crediting of National Guard technician service in connection with civil service retirement, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Texas (Mr. White).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the Senate bill S. 584, with Mr. Roberts in the chair.

The Clerk read the title of the Senate bill.

The CHAIRMAN. When the Committee rose on Monday, September 22, 1975, all time for general debate on the bill had expired.

Pursuant to the rule, the Clerk will now read the substitute committee amendment printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 8334(c) of title 5, United States Code, relating to deposits for periods of creditable service for civil service retirement purposes, is amended by striking out the last sentence.

(b) Section 8339 of title 5, United States Code, relating to computation of civil service retirement annuities, is amended by striking out subsection (m) and redesignating subsection (n) as (m).

SEC. 2. (a) Section 8334(g)(5) of title 5, United States Code, is amended by striking out "8339(n)" and inserting "8339(m)" in place thereof.

(b) Section 8340(c)(1) of title 5, United States Code, is amended by striking out "8339(n)" and inserting "8339(m)" in place thereof.

SEC. 3. The amendments made by the first section of this Act shall become effective as of January 1, 1969, except that such amendments shall not apply to a person who, on the date of enactment of this Act, is receiving or is entitled to receive benefits under any retirement system established by the United States or any instrumentality thereof, unless such person requests, in writing, the office which administers his retirement system to apply such amendments to him. Any additional benefits payable pursuant to such a written request shall commence on the first day of the month following the date of the enactment of this Act.

Mr. **WHITE** (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the RECORD, and open for amendment at any point.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. **COLLINS** of Texas. Mr. Chairman, I move to strike the last word.

Mr. **MONTGOMERY**. Mr. Chairman, will the gentleman yield?

Mr. **COLLINS** of Texas. I yield to the gentleman from Mississippi.

(By unanimous consent, Mr. MONTGOMERY was allowed to speak out of order.)

RELEASE OF 50 AMERICAN CIVILIANS FROM SOUTH VIETNAM

Mr. **MONTGOMERY**. Mr. Chairman, we had the privilege and the pleasure of making this announcement a few minutes ago when the last piece of legislation was being considered, but because of the larger number of Members here now, I believe it is necessary to mention it again.

As the chairman of the House Select Committee on Missing Persons in South Vietnam and on behalf of the 10 members of our committee, we have been informed and it is my pleasure to announce to you that it has been made known from Hanoi, and also from the United Nations in New York today, that the Government of South Vietnam will release the 50 to 55 American civilians who are now being held, in effect, under house arrest in all parts of South Vietnam.

I would like to make this clear: This does not involve any of the military personnel we are also working on in our committee; it does not apply to any of the American military men who are carried as POW's or missing in action. These Americans will be released by the latter part of October or the first of November. The names have not yet been released.

Our committee has been working on the civilian issue under the Ashbrook amendment. Our committee was instructed to look into the American civilians who were left behind when our Embassy was closed in March of 1975. We hope this is the opening of the door to find out about the American POW's and missing in action and about those American bodies which have not yet been returned.

Mr. Chairman, I thank the gentleman for yielding. I asked for this opportunity because I think this is really something we should all be thankful for. We are glad that these people are being released.

Mr. **COLLINS** of Texas. Mr. Chairman, since I have some time remaining, I will go ahead. We almost used all the time in the discussion of the report from Hanoi.

What I wish to talk about is this pension bill that is up before the House today. It has been brought before us quickly and it has been brought to this point very quickly. It has now come to the final stages of our discussion.

We have here an unusual provision that is going to vastly liberalize pension benefits which in turn is going to weaken our entire pension structure.

The Civil Service pension already is $100 million deficient; there is a $100 million deficiency in Civil Service pension commitment already. Therefore, what we are going to have, if we keep taking exceptions and exceptions and exceptions, is a financial disaster, just as we did with respect to social security, just as we do with the military pension plan generally, and just as we have done with respect to the railroad retirement fund.

Mr. Chairman, I hope that today we can recommit this bill and show some sensible financial logic here in Congress. In having it reconsidered we can have it deliberating in the Committee on Post Office and Civil Service. We can come back to the floor with a much more logical approach.

Basically, the bill has been sponsored by the National Guard, but every group here in Washington that has anything to do with the financial planning of this country is opposed to it.

From the Pentagon to the Budget management group to the Taxpayers Union, everybody who has studied it, realizes that this National Guard pension bill is a step backward.

When we look at New York City today and the problems we have with regard to financial insolvency, we in Congress could take a strong step forward if we would table this and if we would refer it this afternoon back to the committee on a recommitment.

Mr. **ADAMS**. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to S. 584, a bill to provide full retirement credit under civil service for pre-1969 National Guard technician service when the service continued on or after January 1, 1969.

While S. 584 would increase budget authority by only $8 million above the target in the first budget resolution, this would be the first of 30 annual payments on a growing unfunded liability created by this bill. Outlays in fiscal year 1976 would be increased by $161,000 and would increase in subsequent years. Thus, I do not oppose this bill on the grounds that it would greatly exceed the first budget resolution.

Of more significance is that this will substantially increase liability of the civil service retirement and disability fund. The Civil Service Commission estimates that S. 584 would increase retirement liabilities by $128 million. While this estimate is calculated on standard retirement funding policies, it nevertheless understates the liability that will be incurred if S. 584 is enacted. The Commission's estimate was based on static assumptions—that is, no consideration was given to future pay increases or inflation, both of which will increase the liability substantially. Using very modest growth assumptions, the General Accounting Office in an October 1975 letter has estimated that S. 584 may add upwards of $1 billion to the outstanding unfunded liability.

This $1 billion must be added to a current unfunded liability of $90 billion. It is this $90 billion problem that gives me concern about proposals, such as S. 584, which would further liberalize the program and add to the unfunded liability.

Last year, the Government contributed $6.9 billion to the civil service retirement and disability fund. This contribution equaled 10 percent of the Government's civilian payroll. The 19 percent of payroll included the normal employer matching contribution of 7 percent and an additional 12 percent from general revenues appropriated to the fund as a result of the unfunded liability. If inflation should persist at 4 percent a year, the Government's contribution will increase each year by 2 to 3 percent of payroll, eventually reaching more than 40 percent of payroll.

This projection places an obligation on all of us to insure that any liberalization to the civil service retirement system is carefully analyzed to inusre that it is equitable, not only to Federal workers, but also to all American taxpayers. After all, it is the American taxpayer who finances not only the 7 percent matching employer contribution, which last year was $2.5 billion, but also the statutory payments, which last year were $4.4 billion.

It is this perspective that leads me to find the argument compelling that the General Accounting Office made against this bill. The GAO noted that of the 42,000 National Guard technicians employed in 1968: 48 percent had vested security eligibility; 11 percent had vested interest in a State retirement system; and, because technicians are also in the military reserve, all would become eligible for Reserve retired pay at age 60 if they complete 20 years of satisfactory Reserve service.

Based on this data, the GAO concluded that S. 584 would provide technicians "greater retirement annuities than similar Federal employees." I agree with the GAO, Mr. Chairman, and I oppose the bill.

The **CHAIRMAN**. The time of the gentleman has expired.

(On request of Mr. MONTGOMERY, and by unanimous consent, Mr. ADAMS was allowed to proceed for 2 additional minutes.)

Mr. **MONTGOMERY**. Mr. Chairman, will the gentleman yield?

Mr. ADAMS. I yield to the gentleman from Mississippi.

Mr. MONTGOMERY. I appreciate the gentleman yielding. I think that the figures given by the gentleman from Washington (Mr. Adams) are correct as to the $128 million, but I believe the figure of $1 billion is entirely wrong. The distinguished chairman mentioned that down the line $1 billion would be added on to the technicians retirement costs, after they were given credit for the 45 percent plus the 55 percent they are now getting and in the form of cost-of-living increases and the other increases would apply. But I wish to point out that this also would apply to all civil service employees under the system. Is that correct?

Mr. ADAMS. That is correct.

Mr. MONTGOMERY. We would have part of that expense anyway.

So, Mr. Chairman, I just wanted to make that point clear that this cost of living would apply to all who receive civil service retirement.

Mr. ADAMS. The gentleman is absolutely correct. That is, the only reason that a member of the Committee on the Budget appears here is that there is presently approximately a $90 billion unfunded liability.

This is one small program.

Mr. MONTGOMERY. That is right.

Mr. ADAMS. I regret having to say this about the National Guard technicians. The gentleman is right, the other groups will be in for matching, they will also be receiving these over the years.

I know that the distinguished chairman, the gentleman from Texas (Mr. White), before whose committee I have appeared, and testified as to the ultimate effect of this program understands this. I want to compliment the chairman because I know his committee is now going into all of them, as the gentleman mentioned.

Mr. MONTGOMERY. That is right.

One other point I would like to bring out and that is that the cost of the increase that would be given to the technicians by this bill would be about $7.9 million a year and that amount would be taken out of the Treasury to fund this legislation each year. In other words, the whole $128 million would not come out of the Treasury on final passage of the bill.

Mr. ADAMS. The gentleman is absolutely correct. The fiscal effect for next year is only $8 million. And that, in the budget figures that we are considering now, is a very small proportion of the total amount.

Mr. MONTGOMERY. I thank the gentleman.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. WHITE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I appreciate the interest that has been generated and demonstrated by Members on the floor. I think we need to analyze this particular bill in a clear light. I know there have been some letters that have been passed around to the membership to indicate astronomical figures like the billion dollars that was even mentioned a second ago. But I think we should examine the theory that is applied to budgeting.

There was mentioned by the gentleman from Washington (Mr. Adams) a second ago the static theory, that every budget that is brought in to this floor, every appropriation, is based upon static analysis. The static analysis on the same par, in the same manner, and under the same consideration for every other bill is $128 million for this particular bill which, amortized over a 30-year period, is $7.9 million per year.

The committee which I chair had a bill before it from the Senate—this bears a Senate number—that called for a greatly exaggerated amount of money, much more than the bill that we have before us now. It took into consideration those who had served before 1969 but had retired prior to 1969. The committee endeavored to equalize and yet bring equity to those who had been denied a 100 percent retirement, who are receiving only 55 percent at this time, and considered only those who were serving before 1969 and who were still serving after 1969. The theory was we are trying to induce people to stay in, trying to keep a competent technician service to service the National Guard throughout the Nation.

What we are asking of the Members today is to bring equity to these people. I am not aware of any other program that only extended a retirement program on the amount of 55 percent. All others that I know of that have extended back have gone 100 percent. This program is saying to these technicians that now we are restoring the other 45 percent. We are going to give them 100 percent retirement, reaching back. That is all we are attempting to do today, and I hope that the House will correct this disparity that has occurred as to National Guard technicians, when they vote on this bill.

Mr. McFALL. Mr. Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from California.

Mr. McFALL. I thank the gentleman for yielding.

I want to associate myself with what the chairman of the subcommittee has said. I support this bill. I believe that it is necessary for us to correct this inequity, and I hope the Members of the House will support it.

Mr. WHITE. I thank the gentleman.

Mr. ASPIN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I think it is important to look at what we are considering here today. What we are considering is not a bill to give future benefits to people to get them to sign up, we are not trying to get them to come into the service.

We are looking to extend benefits retroactively to people who joined the National Guard technicians prior to 1968. Prior to 1968, people joined the National Guard out of their own free will. They were not drafted; they were not coerced; they joined because they liked the service, because they liked the retirement program. They joined out of their own free will.

When the technicians chose to go into the service, they had their choice of several retirement programs. All of them received military retirement because they are members of the National Guard. Some of them, 92 percent, were eligible for social security, and they started building a retirement credit toward that. Some of them—those in 19 States—also built up credit in State retirement programs. They received State retirement.

Then along comes Congress in 1969 and says we ought to bring these people under the Federal civil service program because the Federal civil service program is better. It has got better health benefits; it has better disability; let us bring them in, and we will give them a choice.

In 1969 we said, "All right, you can come into the Federal system if you want to, or you can stay in the systems that you have, and we will give you 55 percent credit for the years prior to 1969, because you are already getting benefits under all those other retirement programs that you have been working on." So in 1969 they were given their choice: Come in under the Federal program with 55 percent of civil service benefits for past service plus benefits from all of the other programs, or continue coverage under the other programs. They chose to come into the Federal program of their own free will.

Now we are coming in with a bill that retroactively gives 100 percent credit for all service rendered before 1969—100 percent credit.

Many are already covered under social security. Some of them already qualified for State retirement benefits. All of them are getting military retirement benefits. And now we are going to invest them at 100 percent under civil service retirement. It is simply not fair. There is no sense in adding on benefits for people who are already getting more retirement than the average Federal employee.

Mr. Chairman, we are meeting to consider this at a time when there is a great fiscal crisis in New York City. There are many complicated reasons for that fiscal crisis in New York City but one of them is the way that retirement benefits have multiplied. We do not want to pay now. We put it off and increase the retirement benefits. The same phenomenon is occurring at the Federal level.

The military retirement now goes up to $6 billion a year and it is going to go up to $18 billion by the year 2000. By then we will be spending, if we do not do anything else, $18 billion a year just on retirement. That $18 billion does not add a thing to the defense of the country. It just pays the people who used to be contributing to the defense of the country.

The additional benefits make no sense. I do not know who is for this bill outside the National Guard. The Defense Department opposes it. The OMB opposes it. The Civil Service Commission opposes it. All of the other groups like the Taxpayers' Union and Common Cause are against it.

I cannot imagine why we are considering this bill.

Mr. Chairman, this bill has been referred in the past to the Committee on

Armed Services. I think that the House Committee on Armed Services, as the people of this House know, rolls over and plays dead to an awful lot of interest groups. But to the credit of the House Armed Services Committee, they kept the bill off the floor. They did not think it was justified. They believed the National Guard technicians are presently getting enough retirement. They kept the bill off the floor.

This year, however, the bill was written in such a way that it went before the Post Office and Civil Service Committee which unfortunately reported it favorably. I cannot think of anything to do with this bill except to vote it down. There is absolutely no sense to be adding onto the retirement benefits for people who are already getting enough retirement.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

(On request of Mr. WHITE, and by unanimous consent, Mr. ASPIN was allowed to proceed for 5 additional minutes.)

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from Texas.

Mr. WHITE. Mr. Chairman, I would just like to clarify something the gentleman from Wisconsin said. I would like to inform the gentleman that this particular bill or at least the subject matter of this particular bill has been before the Post Office and Civil Service Committee for two previous Congresses. Then it was passed by two previous Congresses and went to the Senate. This year it went before the Senate and they passed a version of it. That is just to clarify the matter for the gentleman.

Mr. ASPIN. Sometimes the various committees are stronger than at other times. I compliment the gentleman for his past performance and I am sorry he is not doing the same this year.

Mr. WHITE. In talking about the numbers, we are talking about approximately 40,000 eligible persons, but as the gentleman stated in 1968 these persons were given the option whether to go to Federal or State retirement.

Mr. ASPIN. True.

Mr. WHITE. Most of them dropped the Federal and drew their money out, perhaps to invest it in some other place, but most of them do not have State eligibility and now only about 4,500 of them have any eligibility in the State.

Mr. ASPIN. OK, but that is 4,500 more than in any other program the gentleman can name, because it is the only program where people are receiving both State and Federal benefits.

Mr. WHITE. We would have been pleased to have the gentleman or other people come before our committee and propose that and we would have examined it, but we are now trying to adjust the situation for those people, the 4,500 who are not receiving an adequate amount of retirement and we hope to do that in this bill.

Mr. ASPIN. It is a small number of people, as the gentleman says, something on the order of 4,500 who would be eligible for State annuities when they retire.

A very much larger percentage are eligible for social security benefits when they retire, somewhere on the order of 18,000. And that number is rising, because unlike other employees, the technicians can continue to receive social security and to pay into the social security program while they are performing National Guard Reserve service. Hence, there are more people involved than appears at first glance.

In addition, every one of these people, not just the average, but every single one will be receiving military retirement when they retire after 20 years' service with the National Guard.

Mr. WHITE. Without any evidence before us, we had considered this possibility of a dual retirement, and we determined at that time that the adjustments, the corrections we would make in this particular area, were so minor that we did not want to tamper with them, that they were so minimum we did not try to amend them; but we did not have the testimony or the evidence before us to support any change.

Mr. ASPIN. But to correct one inequity, the committee has created four or five other inequities. To help the people covered only by civil service, the committee increased benefits to people covered by social security and State programs. All these people are covered by their military retirement. So the gentleman is creating a worse inequity. What is going to happen is that the National Guard technicians are going to end up with higher retirement benefits than a person who continually served in the civil service. We cannot do that. To bring people into the civil service and pay them more than people working in higher civil service jobs is not right.

Mr. WHITE. If someone presents before the House an adequate amendment not in conflict with other ongoing programs, the gentleman would consider it.

Mr. ASPIN. I think the gentleman from Texas would be better off to consider a motion to recommit.

Mr. COLLINS of Texas. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from Texas.

Mr. COLLINS of Texas, Mr. Chairman, military personnel have gone up 105 percent. They have increased four times over their expansion and it is something that greatly shakes up all Americans.

The other thing I would like to emphasize, the gentleman brought out so many good points, these people are going to be drawing three different pensions. In other words, when we look at civil service, 50 percent of the civil service retirees will draw social security and then be eligible for civil service and draw social security. This is a big factor in this country, but we do not have enough to carry everybody on full pensions in three different plans.

Mr. ASPIN. I thank the gentleman.

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Chairman, the gentleman has done a lot of research on pensions. I wonder if the gentleman can give us an indication how many of these technicians would be drawing or triple-dipping, whatever they call it, three different pensions?

Mr. ASPIN. The number that would receive four pensions: Military retirement, social security, State retirement, and 100 percent of civil service if we pass this bill, will be a very small number, 800 maybe.

The number that would be receiving three pensions: civil service, reserve, and, let us say, social security, a very large number, about 45 percent of the group.

We are concerned with those who would receive three or more pensions. Twenty-five percent of the group would be receiving only two benefits. Everybody else would be receiving three or more benefits.

Mr. WHITE. Mr. Chairman, will the gentleman yield further?

Mr. ASPIN. I yield to the gentleman from Texas.

Mr. WHITE. Mr. Chairman, I want to point out that there are many in civil service employment that work in other jobs who are also eligible for social security. Had they been working for the State and had a vested program in that State, they would also receive that.

Mr. ASPIN. Absolutely, but we are not going back and giving them 100 percent for the time they have already spent.

AMENDMENT OFFERED BY MR. O'HARA

Mr. O'HARA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. O'HARA: Page 2, insert immediately below line 19 the following new subsection:

(c) Section 8345 of title 5, United States Code, relating to payment of civil service retirement annuities, is amended by adding at the end thereof the following:

"(g) The Commission shall prescribe regulations to provide that the amount of any monthly annuity payable under this section accruing for any month and which is computed with regard to service that includes any service referred to in section 8332(b) (6) performed by an individual prior to January 1, 1969, shall be reduced by the portion of any benefits under any State retirement system to which such individual is entitled (or on proper application would be entitled) for such month which is attributable to such service performed by such individual before such date.

Mr. O'HARA. Mr. Chairman, the amendment I offer would simply say that if payments were made to a State retirement system on behalf of a National Guard technician prior to 1969, that the civil service retirement benefits to which that technician would be entitled would be computed after deducting the amount of any State pension received for that same service. So that, no one would receive the full civil service retirement plus the State pension for some of that same service.

The amendment does not completely solve the problem of the multiple pension payment for the same service. I would have liked to have drafted and offered an amendment that did, but it is a complicated problem.

Someone working in another civil service job or someone working in private industry might also be a member of the Reserve and be accruing whatever retirement benefits might be available to him as a member of the Reserve, so that part does not bother me.

The parts that bother me are the State pension benefits and the social security benefits. I have talked to the committee about the social security benefits, and perhaps it is too difficult for us to handle here under the 5-minute rule on the floor. The amendment was originally drafted so that it would also take into account any social security benefits received for the same service, but I have stricken that part out.

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Wisconsin.

Mr. ASPIN. Mr. Chairman, I would like to commend the gentleman for his amendment. I think he is dealing with one part of the problem, which is that people are receiving State benefits as well as receiving all these other Federal benefits. It is, of course, dealing with only a small part of the problem.

Mr. O'HARA. Correct.

Mr. ASPIN. There are only 4,500 people so situated. It does not deal with the problem of social security. Why did the gentleman take that part of the amendment out of it? I think it would have been stronger with social security in there also.

Mr. O'HARA. I agree, but I have discussed it with the committee, and they persuaded me that it would be a very complex question to try to determine what portion of a person's social security benefits was due to particular years of employment. Perhaps the individual would have gotten the same dollar benefit anyway, and to determine what part was due to the particular years of his service as a technician would be difficult, so I decided to avoid the complication and leave that out. We should try to come back at this question with the committee, asking for the help of the committee to look at this problem.

Mr. ASPIN. Mr. Chairman, if the gentleman will yield further, I think the gentleman is right. I think the thrust of the gentleman's amendment is accurate. But I think he is dealing with only a very small part of the problem. I still think we ought to recommit the bill, as was suggested by the gentleman from Texas (Mr. COLLINS).

The difficulty, as the gentleman says, is the problem of complications with social security benefits. We must deal with that in some way. I think we ought to send the whole thing back to the committee.

Mr. MONTGOMERY. Mr. Chairman, will the gentleman yield?

Mr. O'HARA. I yield to the gentleman from Mississippi (Mr. MONTGOMERY).

Mr. MONTGOMERY. I appreciate the gentleman's yielding.

Mr. Chairman, I am a little bit concerned about the amendment. In fact, I am greatly concerned about the amendment. Some technicians had the option to come under the civil service technician retirement and withdraw their contributions for the State system or they could keep their State retirement and also come under the civil service technician program. Those who chose to elect the option to withdraw their funds could then invest those funds for 6 or 7 percent and accrue additional retirement income by the time of retirement.

Under the amendment offered by the gentleman from Michigan (Mr. O'HARA), the man who stayed in the State retirement program is going to be penalized. How does the gentleman correct that under his amendment? It is a very valid question.

I thought this was the Aspin amendment. I was surprised when the gentleman from Michigan offered it. I thought the gentleman from Wisconsin (Mr. ASPIN) was going to offer the amendment.

Mr. O'HARA. I had not talked to the gentleman from Wisconsin (Mr. ASPIN) about it until I showed him my amendment on the floor today. The gentleman from Mississippi poses a problem. But I think that it is more than overcome by the fact that we are now giving 100 percent credit for past service. No matter what else, they are getting the full pension they would have received had they been Federal employees the entire time. I do not think they have really suffered any inequity.

Mr. MONTGOMERY. If the gentleman will yield further, does the gentleman know what the average of these State retirements would be? Does the gentleman know that the average State retirement pay to those technicians would be about $49.50 a month?

Quite frankly, the administrative costs will be almost that much because each month the Civil Service Commission is going to have to coordinate with each of 19 States that had the State retirement systems for technicians to work out the administrative details.

So we are not really talking about much money. I just do not think this amendment is wise or necessary. I think it penalizes a certain group who stayed in the State system, and I think it is the wrong approach.

Mr. O'HARA. Mr. Chairman, in response to the gentleman from Mississippi (Mr. MONTGOMERY), I do not think it is quite that complicated a problem. We give the Commission authority to prescribe regulations and, by whatever means seem to be most efficacious, to see to it that no individual receives more because of a State benefit than they would have received had they been a Federal employee the entire time.

Mr. Chairman, I think this is a reasonable amendment and I urge its adoption.

Mr. WHITE. Mr. Chairman, I rise to speak against the amendment.

Mr. Chairman, there are 31 States that have no retirement program at all that are involved with the technicians.

I see the logic of the amendment offered by the gentleman from Michigan (Mr. O'HARA). But for the reasons that have been expounded by the gentleman from Mississippi (Mr. MONTGOMERY), I feel there will be some inequities that will occur as a result of the disparity between the man who kept his money in the State retirement system and the man who went out and invested his money and is deriving some income as a result.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. O'HARA).

The amendment was agreed to.

Mr. MONTGOMERY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, this is a fast train. I want to get on it somewhere.

PARLIAMENTARY INQUIRY

Mr. WHITE. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WHITE. Mr. Chairman, is it proper at this time to ask for a division vote?

The CHAIRMAN. No. It is too late.

PARLIAMENTARY INQUIRY

Mr. MONTGOMERY. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MONTGOMERY. Mr. Chairman, a separate vote could be asked for when we get back in open session, is that correct, on this amendment?

The CHAIRMAN. In the House that would be true.

Mr. MONTGOMERY. Mr. Chairman, I would certainly hope that back in open session in the House this amendment would be defeated by a separate vote. It was hastily drawn. It was not brought before the subcommittee.

The subcommittee had 5 days of hearings on the amendment, and it really does harm to a few technicians. It discriminates against a few people who get the benefit of State retirement programs. I think the House, in open session, would certainly like to correct what we have done in the Committee of the Whole.

Actually, Mr. Chairman, the technicians of the National Guard are the backbone of the National Guard. These are the guys who were in the pictures that we saw on the front pages of all our newspapers across the country when we had a strike of firemen. These technicians guardsmen were also the ones who fought the fires. They are the ones who come in during times of flood; they are the ones who were there when we had the riots in Federal prisons and in State prisons. These are the ones who step in and take a hand when a community is in trouble.

If we want to be fair about it, we will have to vote for this bill. These 40,000-odd technicians who are affected by this Senate bill are the only ones who have gone into the Federal civil service program and have been discriminated against by giving them 55 percent credit instead of 100 percent for prior services. All other groups, members of our congressional staffs, agricultural workers, and the Capitol guides—we have only put them in recently—get 100 percent past credit, and we brought all these groups in without their even having to pay into the system.

Mr. Chairman, we either ought to change it for all of them or we ought to give 100 percent to the National Guard technicians. The gentleman from Wisconsin (Mr. ASPIN) should be ashamed of himself for coming up here and fighting this bill. He would not know a National Guard technician if he saw one.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. MONTGOMERY. I yield to the gentleman from Texas.

Mr. WHITE. Mr. Chairman, I think we ought to correct one misconception that the membership seems to have.

It has been said that the military people have this retirement as well as all these other retirement programs. But is it not true the military retirement would be for different services than the service connected with the work of the National Guard technicians?

Mr. MONTGOMERY. Mr. Chairman, the gentleman is correct. Unless we were to change the law, all reservists are entitled to their pay whether they are technicians or some other type of Federal service.

In effect what we are doing here is saying that the National Guard is not entitled to the Reserve pay, and if we do that, we should do the same thing for those who work for the Ford Motor Co. or General Motors or other agencies of the federal government.

Mr. WHITE. So the National Guard technicians really wear two hats, because they are performing two different types of services?

Mr. MONTGOMERY. That is correct.

Let me give the Members an example of the worst that could happen. It is possible that some would draw four retirement checks. We are talking about 40,000 technicians, and 83 percent of them are enlisted personnel.

They are at the lowest pay scale; they are in GS-5 or GS-6 ratings. Let us take a man who made $10,000 on his technician job before he retired and he had this State retirement; he would draw $49.40 from state retirement. If he had social security, he draws near the minimum, which is around $115; his technician retirement would be about $287, and his Reserve pay will be about $125. When we total it up, that man would get about $576.

That is a man who is drawing 4 different retirements and this would be only a very small part of these people, less than 3,000.

That is hardly enough to live on after one serves 30 years. We have never done that to any other group, so let us not discriminate now. We are not talking about a lot of money. We are talking about $8 million a year for 30 years.

Mr. Chairman, if we want to be fair, we will certainly support this piece of legislation, and when we go back in session in the House, I will leave it up to the discretion of the chairman of the subcommittee—and certainly he worked hard on this legislation—as to whether he wants to ask for a separate vote on the amendment.

Mrs. MINK. Mr. Chairman, I rise in support of S. 584 (H.R. 100) which calls for granting a full credit for pre-1969 National Guard technician service for retirement annuity computation purposes to persons who have served in technician positions on or after January 1, 1969.

The present retirement provisions of Public Law 90-486 provide the National Guard technician with a maximum of 55 percent retirement credit for all service prior to January 1, 1969, provided they have served or are continuing to serve since January 1, 1969. All other laws passed by Congress in the past to confer Federal status on employees toward civil service retirement have granted full retirement credit. The Soil Conservation and Domestic Allotment Act enacted into law on July 1, 1960, brought several thousand employees into the retirement system at 100 percent. Cooperative Agricultural Extension employees were brought under the Federal civil service system in 1945 by administrative ruling entitling them to full retirement credit. The U.S. Capitol Guides under Public Law 91-510 were also converted to the civil service system with full entitlements.

The 55-percent figure is unique in computation of the technicians' retirement under the civil service retirement system. It was assumed that 55 percent of the individual's retirement would come from the Federal Government while the remaining 45 percent figure was to approximate the difference between the Government's contribution to social security and the State retirement programs in behalf of these employees.

However, even at the onset of enactment of Public Law 90-486 in 1969, inequities existed as there were no State retirement systems for technicians in 31 States. In other States, only certain technicians were covered. In addition, three-fourths of the technicians covered by State retirement systems at the time of enactment did not possess sufficient service to acquire a vested interest in the State systems and will never become entitled to State annuities.

Enactment of this legislation is required to offer parity to our National Guard technicians in computation of retirement benefits. A technician who was employed by the Guard on or after January 1, 1969, would then have the option of including creditable service for which retirement deductions were not made at the time such service was performed—pre-1969 service. Upon election of this option, the employee would deposit a sum to the civil service retirement and disability fund equal to the amount which would have been withheld from his pay had his former service been subject to full deductions of the civil service retirement system. If the employee elects not to make such a payment, but still elects to have pre-1969 service included in the computation of his retirement benefits, his annuity would be reduced by an amount equal to 10 percent of the unpaid deposit. Under a third option, the employee may elect to eliminate the prior service in computation of his annuity.

Civilian technicians have been employed by the National Guard and paid by the Federal Government since 1924. And yet, we have established a system of conveying retirement credit that is sufficiently unique and inequitable in comparison with most others in our system. The plea of the National Guard technician to be credited with full retirement credit is completely justified.

But, beyond the correction of this inequity, I must remind our honorable body that disparities with regard to treatment of all pensions and annuities must be reviewed and corrected. The passage of S. 584 (H.R. 100) should be just the beginning of our efforts in establishing uniformity in laws and regulations governing our civil service retirement systems.

Mr. ROSTENKOWSKI. Mr. Chairman, I rise today in support of the legislation before us that would correct certain inequities in the crediting of National Guard technician services in connection with civil service retirement.

These inequities have existed since 1969 when the National Guard technicians came under the umbrella of retirement services provided to all Federal employees. When the National Guard Technicians Act of 1968 was written it provided that only a 55-percent credit would be given for service prior to the date of enactment. As a result of this, anyone who served in a position as a National Guard technician for 20 years prior to January 1, 1969, receives credit for only 11 years of service for annuity computation purposes.

No other group of employees that has been brought under the civil service retirement program has been treated so unfairly. It is time to undo the wrong that was done and justly reward these people who keep our National Guard poised and ready to leap to the defense of our country.

Mr. RONCALIO. Mr. Chairman, I rise to voice strong support for S. 584, retirement credit for National Guard technician service.

It is simply a matter of fairness.

Since the Federal employee retirement program was set up in 1920, groups under the program were granted full credit for all previous service when it came time to compute their retirement benefits.

This was true for congressional employees back in 1937, for the tour guides here at the Capitol just 5 years ago, and for the people who work in county committee offices of the Agricultural Stabilization and Conservation Service in 1960, and they are not even officially Federal employees.

National Guard technicians, the full-time maintenance and clerical work force which keeps our Army and Air Force National Guard units operational and ready to meet the needs of national defense, became Federal employees in 1969. But unlike the other groups, the Guard technicians received only 55 percent credit for their prior service.

The limitation means that an individual who worked 10 years in a technician position in a State National Guard before January 1, 1969, will receive credit for only 5½ years' service when he retires. No other employee group brought under the civil service retirement system has been penalized in this manner.

Yes, some Guard technicians will receive State retirement benefits for service prior to 1969. But such State programs did not exist in 31 States, including my State of Wyoming. And, as the Committee on Post Office and Civil Service pointed out in the report accompanying this bill, most of those technicians who were covered by State programs were never vested and thus will receive no State retirement benefits.

Yes, Guard technicians were covered by social security from 1956 through 1968. But because of the way social security benefits are computed, many technicians will receive no benefits, and the others will eventually receive increasingly smaller amounts.

The result is that National Guard technicians, including the 249 who are affected in Wyoming, will reach retirement age without any State benefits, with minimal social security protection, and with limited civil service retirement benefits.

The Senate, which originated the 55 percent limitation, has now voted three times to repeal it and to give National Guard technicians full retirement credit for prior service. For the sake of fairness, it is time for us to take the same action and adopt this legislation.

Mr. EDGAR. Mr. Chairman, I supported the committee amendments to S. 584, the "Retirement Credit for National Guard Technicians Services", although I believe that the original Senate version is philosophically a better statement of the needs of National Guard technicians. The Senate bill, approved that body a number of times and passed by voice vote this year, granted credit for retirement purposes to all National Guard technicians, regardless of the date they retired. Previous law granted only 55 percent credit for service, and only if the technician served beyond January 1, 1969. This 55 percent figure, placed in the U.S. Code upon passage of Public Law 90-486, was a compromise which I feel was unfair to the thousands of technicians who were not eligible for State retirement programs. The Senate bill was addressed to terminate this inequity in the law and remove the arbitrary date of retirement which would qualify the technicians for credit only if they retired after January 1, 1969.

Under present law, a National Guard technician who retired in December of 1968, or even transferred to a civil service job at that time receives no retirement credit for the time he served his country. Those who retired after January 1, 1969 receive 55 percent credit.

The committee amendments increase the credit from 55 percent to 100 percent, and I believe that this is fair, However, the effect of the committee amendments, unlike the original Senate bill, is to deny retirement credits to those who retired before that arbitrary January 1 deadline. I fail to understand why the time a man serves before January 1, 1969, is worth more because he worked after a certain date, for no matter how short a span, than if he did not. The Senate bill makes no such distinction, and my original intention was to work very hard to convince the House that the Senate version is superior.

While I still maintain that the committee amendments are not an improvement, I must concede that it would be politically difficult to enact S. 584 as passed by the Senate without the constraints placed upon it by the Committee on Post Office and Civil Service.

I know that there are many of my colleagues who are sympathetic to the Senate version. The difficulty is in gaging the cost of extending retirement credit to those who retired before 1969. At present, the statistics necessary for calculating the cost of such an extension are not available. No matter how well-motivated the intentions, it would be difficult to ask approval by the House without even an estimate of the costs involved. Even if this body approved the Senate bill, there would continue to be the threat of a Presidential veto.

I remain convinced that the committee amendments are just as unfair and arbitrary as the original 55 percent compromise. But I recognize the political necessity of approving these amendments to give this bill any chance of surviving the threat of Presidential veto. Although I will support these amendments, I intend to introduce a bill which would amend the United States Code to give full retirement credit to all those who have served as National Guard technicians, regardless of the date of their retirement. I will be sending a letter to the Civil Service Commission, requesting a study which will determine how many citizens would be eligible for this credit, and how much such credit would cost.

I voted to recommit the bill to committee, and I fear that this vote may be misinterpreted. Prior to the vote on final passage, there was heated debate during the time allotted for amendments to S. 584. I and many of my colleagues have been confused by conflicting cost estimates which have been advanced since the time of debate for the bill some weeks ago. As Members of Congress, we share the responsibility of legislating with careful consideration. We owe to our constituency that we know the merits of the bills which we judge. In voting today, I did not feel at all confident that a majority of the House knew the benefits and costs of this bill. The cost of S. 584 will be added to the Federal deficit, and I felt that an accurate measure of cost should be a prime consideration.

It was important for me to know whether the cost of S. 584 would be $7.9 million for 30 years, a figure advanced by the report of the committee, or a billion dollars as advanced by the Comptroller General in a letter to my friend and colleague, LES ASPIN.

Adding to the confusion was an amendment offered by Mr. O'HARA. This amendment attempted to close a loophole which would have permitted time in service as a National Guard Technician to be credited for both State pensions and civil service pensions. I supported this amendment, but there was some question as to the administrative burden such as amendment would have.

I also would have wanted in front of me before I cast my vote a clarification of how many technicians, with enactment of this bill, would be eligible for each of four pensions—social security, civil service, State, and reserve—and approximately how much each of these pensions would be worth. There was much controversy surrounding these statistics.

Because of these questions which I felt should be definitively resolved, I voted to recommit this bill to the Committee on Post Office and Civil Service.

Mr. BIAGGI. Mr. Chairman, I rise in support of S. 584. This bill would grant full credit for retirement annuity computations to those National Guard technicians who served prior to January 1, 1969, and who continued to serve as technicians on or after January 1, 1969.

The enactment of S. 584 will provide no greater retirement benefit for National Guard technicians than has been provided for other groups of employees brought under the civil service retirement program. The Senate on three occasions has approved legislation to repeal the 1968 provision and give 100 percent credit to all technicians for prior service. I feel that it is time that the House pursued the same course of action. Those who have retired from the National Guard technician positions since January 1, 1969, should have their annuities recomputed to include full credit for all technician service performed prior to January 1, 1969. Employees who performed service as a technician on or after January 1, 1969, and who retired hereafter should receive full credit for such service in the computation of their annuities.

National Guard technicians constitute the full maintenance and clerical workforce which keeps the National Guard units of the Army and Air Force operational and ready to meet the needs of the national defense.

Prior to January 1, 1969, the technicians were not Federal employees although their salaries were paid with Federal funds. The technicians served as employees under the command of the adjutant general of each State. The employment status of the technicians was subject to State law, thus their retirement benefits varied according to the laws of 50 different States. Only 19 States extended retirement programs to technicians.

In 1967 and 1968, the Congress considered legislation to resolve the status of National Guard technicians. Under the provisions of the National Guard Technicians Act of 1968, the technicians were made Federal employees subjecting them to most of the same laws relating to pay, retirement and fringe benefits that apply to other employees in the executive branch. However, there are two key differences: First, for service performed prior to the effective date of the act—January 1, 1969—technicians receive only 55 percent credit for annuity compensation purposes; and second, only those who have served as technicians on or after January 1, 1969, are permitted to receive any credit for such prior service. Thus, a technician who served 20 years between January 1, 1949 and January 1, 1969 is only credited with 11 years of service for annuity compensation purposes when he retires from that position after January 1, 1969. The committee has found that no other group of employees brought under the Civil Service Retirement System has been penalized in this manner. Other groups have previously been under the retirement system and have been given full credit for past services.

Recognition should be given to the vital contributions these technicians make to our national defense. Likewise, recognition should be given to the continuing needs of our retired public servants. Therefore, I urge my colleagues to support S. 584.

Mr. YOUNG of Alaska. Mr. Chairman, I would like to add my support to the bill S. 584, equal treatment for National Guard technicians. Conversely, I oppose any amendments that will have a crippling or negating effect on this legislation.

Everyone in this Chamber, I am sure,

would say they favor fair and equal treatment to all citizens—particularly those in their respective districts. I would hope everyone would agree that they are for equal treatment for Government employees, too. Recent debate and votes on the Federal pay raise indicate this is necessarily true, however.

My experience with the National Guard in Alaska has been a pleasant one. We have extremely well qualified personnel, who do an excellent job on a very limited budget. It is very reassuring for me and other Alaskans to know that the National Guard is ready and willing to assist in any situation.

In February of this year, I introduced H.R. 3706, a bill identical to S. 584. As you know, S. 584 grants full credit for pre-1969 service in computing retirement annuities for National Guard technicians. There is historical precedent for such legislation since similar employee groups receive 100 percent credit for Federal service prior to civil service inclusion.

There have been several "Dear Colleague" letters within the past week that claim the price tag on this bill is too high. First, I would like to say that the billion dollar figure is based on a comparison theory that is filled with assumptions—among other things. As we have learned from so-called experts on the economy, you can twist dollar figures any way you like, depending on the method used. These astronomical figures do not speak to the bill we are considering. The committee figure is $128 million plus $7.9 million in interest. This amount more accurately reflects the true cost.

Putting the cost aside, we go back to fair and equal treatment that we all favor. The original "compromise" to provide Guard technicians 55 percent Federal contribution to retirement has become more of a loophole than a compromise for the Federal Government. I think we are big enough to recognize an unfair situation and change it.

Mr. Chairman, thank you for allowing me this time and may I ask that we stop setting examples with Government employees and do what is right.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the Chair, Mr. ROBERTS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the Senate bill (S. 584) to amend title 5, United States Code, to correct certain inequities in the crediting of National Guard technician service in connection with civil service retirement, and for other purposes, pursuant to House Resolution 727, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on the amendment to the committee amendment in the nature of a substitute adopted in the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. COLLINS OF TEXAS

Mr. COLLINS of Texas. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. COLLINS of Texas. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

> Mr. COLLINS of Texas moves to recommit the Senate bill (S. 584) to the Committee on Post Office and Civil Service.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. COLLINS of Texas. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 117, nays 261, not voting 55, as follows:

[Roll No. 620]

YEAS—117

Abzug
Adams
Ambro
Archer
Armstrong
Ashley
Aspin
AuCoin
Baucus
Bennett
Brademas
Breckinridge
Burgener
Burke, Calif.
Burleson, Tex.
Burton, Phillip
Casey
Collins, Ill.
Collins, Tex.
Conte
Coughlin
Crane
Dellums
Derwinski
Dingell
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Erlenborn
Eshleman
Evans, Colo.
Fascell
Fenwick
Foley
Giaimo
Gradison
Gude
Haley
Hannaford
Hansen
Hastings
Hayes, Ind.
Hechler, W. Va.
Holtzman
Hutchinson
Hyde
Jarman
Johnson, Colo.
Jones, Okla.
Karth
Kelly
Kemp
Kindness
Koch
Krueger
Lagomarsino
McClory
McCloskey
McDonald
McHugh
McKay
McKinney
Macdonald
Maguire
Mahon
Martin
Meeds
Meyner
Michel
Mikva
Milford
Minish
Moore
Moorhead, Calif.
Mosher
Moss
Murphy, Ill.
Obey
Patten, N.J.
Patterson, Calif.
Poage
Preyer
Pritchard
Railsback
Reuss
Richmond
Rodino
Rosenthal
Rousselot
Roybal
Russo
Ryan
Scheuer
Schneebeli
Schroeder
Sebelius
Seiberling
Sharp
Shuster
Skubitz
Stark
Steelman
Sullivan
Symms
Thompson
Treen
Tsongas
Ullman
Vander Jagt
Vander Veen
Waxman
Weaver
Wiggins
Wirth
Yates

NAYS—261

Abdnor
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashbrook
Bafalis
Baldus
Barrett
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bergland
Bevill
Biester
Bingham
Blanchard
Blouin
Boland
Bonker
Bowen
Breaux
Brinkley
Brooks
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Byron
Carney
Carr
Carter
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cleveland
Cochran
Cohen
Conable
Corman
Cornell
Cotter
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dent
Derrick
Devine
Dickinson
Diggs
Dodd
Downey, N.Y.
Downing, Va.
Duncan, Tenn.
du Pont
Edwards, Ala.
Eilberg
Emery
English
Evans, Ind.
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Gibbons
Ginn
Grassley
Green
Guyer
Hagedorn
Hall
Hamilton
Hammerschmidt
Hanley
Harkin
Harris
Harsha
Hawkins
Hays, Ohio
Heckler, Mass.
Hefner
Heinz
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holt
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Ichord
Jacobs
Jeffords
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Kasten
Kastenmeier
Kazen
Ketchum
Keys
Krebs
LaFalce
Latta
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
Lott
Lujan
McCollister
McCormack
McDade
McEwen
McFall
Mann
Mathis
Matsunaga
Mazzoli
Melcher
Metcalfe
Mezvinsky
Miller, Calif.
Miller, Ohio
Mills
Mineta
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Morgan
Mottl
Murphy, N.Y.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
O'Hara
Ottinger
Passman
Patman, Tex.
Pattison, N.Y.
Pepper
Perkins
Pickle
Pike
Pressler
Price
Quie
Quillen
Randall
Rees
Regula
Riegle
Rinaldo
Risenhoover
Roberts
Robinson
Rogers
Roncalio
Rooney
Rostenkowski
Roush
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Schulze
Shriver
Sikes
Simon
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Steed
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Symington
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Traxler
Vigorito
Walsh
Wampler
Whalen
White
Whitehurst
Whitten
Wilson, Bob
Wilson, Tex.
Winn
Wolff
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.

NOT VOTING—55

Anderson, Ill.
Badillo
Bell
Biaggi
Boggs
Bolling
Brodhead
Broomfield
Burton, John
Butler
Clawson, Del
Conlan
Conyers
Duncan, Oreg.
Esch
Evins, Tenn.
Fary
Flynt
Fraser
Gilman
Goldwater
Gonzalez
Goodling
Harrington
Hébert
Helstoski
Holland
Jenrette
Landrum
Long, La.
Madden
Madigan
Moorhead, Pa.
O'Brien
O'Neill
Pettis
Peyser
Rangel
Rhodes
Roe
Rose
Runnels
Ruppe
Shipley
Sisk
Solarz
Teague
Udall
Van Deerlin
Vanik
Waggonner
Wilson, C. H.
Wright
Zablocki
Zeferetti

The Clerk announced the following pairs:

Mr. O'Neill with Mr. Shipley.
Mrs. Boggs with Mr. Helstoski.
Mr. Zeferetti with Mr. Brodhead.
Mr. Charles H. Wilson of California with Mr. Conyers.
Mr. Biaggi with Mr. Duncan of Oregon.
Mr. Badillo with Mr. Fraser.
Mr. Rangel with Mr. Esch.
Mr. Sisk with Mr. Anderson of Illinois.
Mr. Hébert with Mr. Gilman.
Mr. Teague with Mr. Goldwater.
Mr. Solarz with Mr. Broomfield.
Mr. John L. Burton with Mr. Gonzalez.
Mr. Evins of Tennessee with Mr. Bell.
Mr. Fary with Mr. Goodling.
Mr. Flynt with Mr. Holland.
Mr. Waggonner with Mr. Zablocki.
Mr. Vanik with Mr. Butler.
Mr. Roe with Mr. Madigan.
Mr. Jenrette with Mr. O'Brien.
Mr. Long of Louisiana with Mr. Del Clawson.
Mr. Rose with Mrs. Pettis.
Mr. Runnels with Mr. Conlan.
Mr. Van Deerlin with Mr. Peyser.
Mr. Moorhead of Pennsylvania with Mr. Udall.
Mr. Harrington with Mr. Landrum.
Mr. Wright with Mr. Madden.

Messrs. **RUSSO, REUSS,** Mrs. **FENWICK,** Mrs. **MEYNER,** Messrs. **WIRTH** and **PRITCHARD** changed their vote from "nay" to "yea."

Messrs. **PATTISON** of New York, **PEPPER, FITHIAN, ROBINSON, RONCALIO,** and **FOUNTAIN** changed their vote from "yea" to "nay."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The **SPEAKER.** The question is on the passage of the bill.

The bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. **WHITE.** Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the bill S. 584.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION FOR SUBCOMMITTEE ON ENERGY RESEARCH, DEVELOPMENT AND DEMONSTRATION (FOSSIL FUELS) TO MEET DURING 5-MINUTE RULE FOR BALANCE OF THIS WEEK

Mr. **HECHLER** of West Virginia. Mr. Speaker, I ask unanimous consent that the Subcommittee on Energy Research, Development and Demonstration (Fossil Fuels) be permitted to meet during the 5-minute rule tomorrow and the balance of the week.

The **SPEAKER** pro tempore (Mr. McFALL). Is there objection to the request of the gentleman from West Virginia?

There was no objection.

NEO-McCARTHYISM

(Mr. **HAYES** of Indiana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. **HAYES** of Indiana. Mr. Speaker, yesterday a New York Times editorial entitled, "Neo-McCarthyism?" attacked the House Select Committee on Intelligence, alleging that it was engaged in attempting to question and harass lower-level State Department officials.

I today insert in the RECORD the September 27, 1975, recorded testimony of Mr. Lawrence Eagleburger, Chief of Personnel at the State Department, wherein that charge was first raised, by innuendo, and its cynical nature made obvious.

Mr. Speaker, I believe that if we do not begin today exposing the cynicism with which the "harassment" charge was first leveled against the Select Committee on Intelligence—and this job probably should have begun long ago, in September, when the charge was first raised—we will be subject to continued harassment by a McCarthyism of its own type, only extended by the Secretary of State and not by any Member of Congress.

If the Secretary of State is successful in smearing the select committee as "McCarthyites," the job of the committee will be compromised, its support from thinking people eroded, and there will be continued building of a secret bureaucracy by the Secretary of State himself, who is engaging in a McCarthyism of a most disgusting type.

I only regret that the record of proceedings for the 27th of September cannot reveal the snickering between Mr. Eagleburger and his conferees at the witness table when it was suggested they rehabilitate those run out of the State Department in the 40's and 50's. Otherwise, the record is clear that it is not a principle of confidentiality being protected when middle and lower level State employees are not allowed to testify. Rather, it is a principle that policy can be made by a secret bureaucracy on the certificate of the Secretary of State. Those in the State Department, who would challenge that can be expected to be fired, not by the Congress, but by the Secretary of State.

The material referred to follows:

Chairman PIKE. Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman.

Mr. Eagleburger, I think that I would like to follow up perhaps more explicitly on Mr. Stanton's line of questioning.

First of all, I am very sensitive to the way you have laid the foundations of what the issue is here, and I don't really want to allow you to run away with the basic premise of today's hearings, and you very carefully, I think, in your testimony are obscuring what the basic issues really are.

You have come here as a defender and as the person who has screwed up the guts of the State Department to protect those middle- and junior-grade officers in the State Department. I want to congratulate you for having finally brought that to the level of attention that it apparently is now getting at State.

Perhaps what you will do is go back and rehabilitate some of those who were abused and run out of the State Department during the debate over China policy, which I think you are making reference to when you talk about the '40's and '50's.

Unfortunately, I hadn't yet reached ten years of age when that was going on, so you can count on me to bring a different kind of tradition down here to the Congress on it.

The fact that I am trying to bring out clearly and very explicitly, and I think I speak for everybody on this Committee, is that in no way is anyone attempting to run the kind of cowboy operation that has been run in Congress before in order to abuse and to ultimately cause the kind of purges that State, itself, saw fit to carry out at those times that you have mentioned here in your testimony.

And the fact is that we are really not, as you say, dealing with the hypothetical issue at all. But I don't think there has been one instance that you can cite or that Mr. Leigh can cite, where this Committee has ever taken it upon itself in the tradition of the McCarthys, the Jenners, and all of those others to attempt to abuse the State Department and to attempt to somehow or other get a string of goats out before the press and before the public and to, in essence, run a purge operation. We are not trying to do that at all.

You complain about your officers being subjected to some degree of public scrutiny. The fact is if you have the level of guts to which you claim you have corporately in the State Department, the fact of the matter is that you are protected by a myriad of laws and a battery of lawyers, and that is why you have those.

That is why you have the appropriation for those things, in order to protect you from the kind of abuse that might flow from that, and I really don't think it is the case of you standing between utter disaster and a purge down at State by this Committee.

That is not the case at all, and that is not our purpose. If I thought it was, I think we would very easily handle it right on the Floor of the House. There are enough people who are sensitive to that issue.

I think we really should clarify that point, and I object most strenuously to the implications that I think are there, and I am not really going to sit around and be engaged in what has in part turned into a political battle here. That is my profession, being a politician, and by God, I will be one, and if we are going to deal on that level, we will go at it on that basis.

Mr. EAGLEBURGER. May I respond?

Mr. HAYES. I would appreciate hearing you respond.

Mr. EAGLEBURGER. Mr. Hayes, there is no implication in my statement that this Committee is performing in the way I described the Department went through in the late '40's and early '50's. That is not, sir, my point.

It is, I think, often true that the defense of a principle which is one we consider valuable and extremely worth protecting often must be protected when the objective facts are not necessarily the strongest that can be made in defense of the principle.

However, sir, the Department of State has had at least one experience which tells us that the principle has to be protected ab initio, and it is our view not that this Committee is intending anything of the sort, but rather when you compromise on the principle, the precedent is established, and it is far harder to defend it thereafter. There is no indication this Committee intends anything of the sort. But we have a principle irrespective of the objective facts I feel obliged to defend.

Mr. HAYES. I hope that that is clarification enough, and I think it is unfortunate that the words can be given that meaning, and I certainly don't consider myself to be any casual observer of testimony, and as I read it, I think there is that clear implication, but I think if we have it clearly understood between us now, out front, perhaps we can go ahead with the debate and move on with it without that kind of cloud being over it. I fear it was there.

Chairman PIKE. The time of the gentleman has expired.

ECONOMETRIC STUDY SHOWS THE JOBS CREATION ACT IS THE FREE ENTERPRISE ALTERNATIVE TO BOTH RECESSION AND INFLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 60 minutes.

Mr. KEMP. Mr. Speaker, the Jobs Creation Act is the means to end both the recession and inflation—and it can be done without reliance on inflation-fueling revenue losses and deficit spending.

In the first year alone after its enactment, its provisions would cause a $151.4 billion jump in the gross national product, would create 7.18 million jobs, would cause $74.6 billion in capital outlays over what would have otherwise been anticipated, and would generate $5.2 billion in additional revenue to the Treasury.

In the second year after its enactment, it would cause a $200.5 billion increase in GNP, $77.9 billion in additional capital outlays, and $14.6 billion in additional revenue to the Treasury.

In the third year, it would cause a $248.9 billion rise in the GNP, $81.1 billion in additional capital outlays, and $25.2 billion in additional revenue. In 3 years the cumulative number of new jobs could be over 10 million.

These figures are striking, indeed, they may even be startling. But, that is because in the past 50 years this country has not relied on the approach embodied in the Jobs Creation Act—of fostering progress and economic growth through production.

The Jobs Creation Act now gives us a renewed opportunity to live up to the promises made to the American people in the Full Employment Act of 1946—a promise of jobs for all Americans. The Jobs Creation Act is real full employment—in productive jobs, tax-generating jobs instead of tax-consuming jobs.

If there were ever any doubts about the consequences of the Jobs Creation Act, those doubts can be disspelled. Solid economic analysis pales the other two major tax reform initiatives before the Nation—the decisions being made by the Committee on Ways and Means and the President's step-in-the-right-direction revenue and expenditure reduction program—into the category of only partial answers to the total problems now facing the economy. The Jobs Creation Act is a major, substantive tax reform proposal based upon those truths which gave the world the steepest and longest period of economic growth in its history.

ECONOMIC EFFECTS OF THE JOBS CREATION ACT

A detailed economic analysis of the effects of the tax reductions provisions of the Jobs Creation Act has been prepared by Norman B. Ture Consultants, Inc., of Washington, D.C.

Dr. Ture's credentials are most impressive. He received his M.A. and Ph. D. from the University of Chicago in economics. From 1951-55, he was on the analysis staff of the U.S. Department of Treasury, and from 1955-61 he was on the staff of the Joint Economic Committee. From 1961-68, Dr. Ture was Director of Tax Studies for the National Bureau of Economic Research, a most prestigious position. From 1968-71 he was a principal at the Planning Research Corp., and he has had his own economic analysis consulting firm since 1971. During this time, he was also a lecturer at the Wharton School of Finance of the University of Pennsylvania and is now adjunct professor of economics at George Washington University.

Dr. Ture's analysis of the Jobs Creation Act shows that the act would not produce a revenue loss. Not only would there be no revenue loss, but the act would so effectively stimulate production that it would produce a revenue gain plus real full employment.

The following summary of the analysis of the economic effects of the Jobs Creation Act shows that each and every tax reduction provision would produce a significant gain in GNP, employment, capital outlays and Federal revenue, even in the first year of enactment. The Jobs Creation Act is a tax reduction bill that will stimulate GNP and employment without the risk of inflation-fueling deficits.

The summary follows:

ECONOMIC EFFECTS OF THE JOBS CREATION ACT OF 1975

[Money amounts in billions of 1974 dollars]

Jobs Creation Act, section, proposal, and years after enactment	Private GNP	Increases in		
		Employment (thousands)	Capital outlays	Federal revenue
§3—1. Savings tax credit of 10 percent, up to $1,000 ($2,000 for joint returns), not exceeding tax due:				
1	$31.0	1,780	$22.3	$1.9
2	40.2	2,100	23.3	4.8
3	50.1	2,430	24.3	7.9
§5—2. Exclusion of domestic corporate dividends from adjusted gross income:				
1	20.9	1,200	15.5	.6
2	28.7	1,510	16.3	3.1
3	35.7	1,740	17.0	5.3
§6—3. Exclusion of $1,000 of capital gain per year:				
1	9.0	520	6.8	1.6
2	12.7	920	7.1	2.8
3	15.6	760	7.4	3.7
§9—4. Reduction of normal corporate tax rate from 22 to 20 percent (with no change in surtax):				
1	11.0	630	7.7	1.1
2	13.7	710	8.1	2.0
3	17.7	860	8.4	3.2
§10—5. Reduction of surtax rate from 26 to 22 percent (no change in normal tax rate or surtax exemption):				
1	20.0	1,150	14.1	2.0
2	25.0	1,300	14.8	3.7
3	32.3	1,570	15.3	5.8
§11—6. Increase in surtax exemption from $25,000 to $100,000 (with present normal and surtax rates):				
1	11.0	630	7.7	1.1
2	13.7	710	8.1	2.0
3	17.7	860	8.4	3.2
§12—7. Increase in investment credit from 7 percent with limitations to 15 percent for all sec. 1245 property:				
1	23.9	1,370	17.4	4.3
2	31.7	1,660	18.2	6.8
3	39.9	1,940	18.9	9.4
§13—8. Increase in asset depreciation range (ADR) from 20 percent to 40 percent:				
1	12.9	760	7.0	2.3
2	22.2	1,250	7.4	1.8
3	28.2	1,520	7.7	1.6
§14—9. Optional capital recovery allowance:				
1	55.6	3,400	16.7	8.7
2	70.3	4,070	17.4	11.5
3	82.4	4,550	18.0	14.2
§14—10. Combined effect:				
1	151.4	7,180	74.6	5.2
2	200.5	9,020	77.9	14.6
3	248.9	10,910	81.1	25.2

Note: The estimates with respect to any combination of these proposals are not necessarily equal to the sum of the individual estimates. An estimate will be forthcoming for provisions of the bill which are not included above if adequate data become available.

Estimates for certain of these proposals may differ from previous estimates for similar or identical proposals because of revisions in Government data and underlying assumptions. Assumptions used in this table are consistent among alternatives.

Where exact quantification of variables was impossible, conservative assumptions about the values of those variables were employed. A full documentation of the estimating procedure is available upon request.

Estimates are based on changes with respect to the law in 1974 rather than the temporary provisions enacted in 1975. Effects for year 1 are for 1975 and assume that the proposal would have been operative since Jan. 1, 1975. Effects for years 2 and 3 refer to 1976 and 1977 levels of GNP, employment, etc., relative to their assumed trend values had the 1974 law remained unchanged. Note that employment effects are not cumulative; the 40 percent ADR, for instance, would lead to an increase of 1,520,000 full-time equivalent employees in year 3 over the number of such employees in the absence of this tax change, not 760 plus 1,250 plus 1,520 equals 3,530,000.

The great benefits that would be achieved by the Jobs Creation Act through simple reforms and without added costs is the reason the large number of cosponsors in the Congress are excited about the bill.

It lets us win through higher productivity both the battle against inflation and the battle against unemployment.

It eliminates the Government-caused business cycle that results from fighting unemployment with inflation and inflation with unemployment.

That it overcomes both unemployment and inflation is one great advantage of the Jobs Creation Act. Another great advantage is that it benefits all sectors of the economy and all segments of the citizenry—labor, pensioners, small business, farmers, investors, professionals, large corporations.

It is rare that the Congress has an opportunity to pass legislation that benefits all of our constituents, rather than subsidizing one group at the expense of others. There is nothing in this act to which any interest group can object—other than the bureaucracy, which benefits from the increasing Government controls that are the usual congressional response to economic instability. Passage of the Jobs Creation Act would be one piece of legislation that benefits the people rather than the Federal bureaucracy.

The principal concern about the act has been the worry that its tax reductions would produce a deficit that would be counterproductive. There was concern that having to finance a deficit resulting from diminished tax revenue would crowd out the private capital that it is the act's intention to form.

An earlier study of the act by the Congressional Research Service, the results of which I reported to the Congress on July 28, 1975, failed to resolve the question, because the CRS study did not adjust the savings rate to the tax changes. Since the effectiveness of the act comes from increased savings from reducing the tax disincentives to save, the CRS study, which did not allow for changes in the level and rate of saving, is not meaningful. Since the CRS study neglected the principal focus of the act, the study is not relevant.

The question has now been resolved. An exhaustive study, requiring weeks of work testing the effects of the act's provisions by simulating them in an economic model, shows revenue gains in response to the act's tax reductions. The Jobs Creation Act increases employment and simultaneously produces increases in Federal revenue. The positive revenue effect of the act is an added inducement to its passage, especially in this time of hugh Federal deficits.

JOBS DEPENDENT ON CAPITAL INVESTMENT

The central challenge of tax reform is to insure that the rate of saving an investment will be adequate to meet the capital requirements of our economy. All major issues confronting public policy are dependent on adequate capital formation. Creating jobs, maintaining the real level of social security benefits and the solvency of pension funds, meeting energy, housing, and mass transit needs and demands for rising real wages, protecting the environment, ability to withstand Soviet pressures—these and all other public and private goals are constrained by an inadequate rate of capital formation.

Whether our goals are met or frustrated depends upon whether the central challenge is met or evaded. Tax reform for the purpose of short-run political results or to make ideological points will be counterproductive and leave the American people and the Congress with more serious problems. There are enough problems before the Congress without our creating more by failing to face the central challenge of capital creation—hence jobs creation.

Additional jobs—real jobs—that produce more real goods and services require additional real capital. To try to create jobs through public service employment or through stimulating consumption will not significantly increase the real output of the economy. These jobs are created by increasing the burden on those already working—through deficits which cause inflation—in order to divide the same size pie in more ways. These are not real jobs because they do not produce increases in real output, but increases in nominal output as a result of inflation. The cost of creating nominal jobs through stimulating consumption is larger deficits, higher inflation, and a greater capital shortage.

Capital is needed to create jobs. Jobs creation is a question of capital creation. In case any Member of this Congress has been lulled by false assurances about capital needs and capital availability, let me present the facts.

THE FACTS AND FIGURES OF THE CAPITAL SHORTAGE

To maintain through 1985 the postwar trend rate of increase in employment and real wages, with no change in the rate of capital depreciation, requires $2.37 trillion in constant 1974 dollars to be added to total capital expenditures by private businesses.

To this figure must be added the capital expenditures necessary to satisfy Government-mandated environmental and safety standards, and public housing, energy, and mass transit goals.

A distinctive feature of much of the Government-mandated capital expenditures is that they generate no return on the capital investment. The total fixed cost of the business increases, but the productivity of the Government-mandated capital expenditures takes the form of cleaner air and water which the firm cannot capture in the price of its product. Consumers do not see cleaner air and water as an improvement in the quality of the firm's product. Therefore, the firm cannot earn a rate of return on its capital expenditures to improve air and water. As a result, the firm's rate of return on total fixed investment declines—that is, the firm's profitability declines.

In addition, the firm's costs go up by the amount of the capital expenditures necessary to meet the Government-mandated requirements. The increased cost is not matched by any increase in the value of the firm's product to the consumers, so the quantity of units sold falls. As every economist knows, the higher the price, the less the quantity demanded. Economists are so certain of this relationship that they call it the law of demand.

The fall in the rate of return to the firm's investment and the rise in the cost of producing its product, means that the firm cannot finance the Government-mandated capital expenditures out of revenues or profits. The firm, then, can finance the Government-mandated capital expenditures only out of capital the firm would otherwise have used to produce the goods and services people buy.

On the basis of very conservative assumptions, the Government-mandated capital expenditures will total $1.06 trillion through 1985.

Next we must compute the contribution Government deficits make to the capital shortfall. In real terms, Government deficits must be financed out of private savings. The Government cannot purchase through deficit expenditures any real goods and services unless the private sector releases them by not purchasing them. If we make the conservative, optimistic assumption that Government deficits will not exceed $10 billion per year through 1985, this adds another $110 billion claim on savings.

To meet the capital needs and finance the Government's deficits, total private savings through 1985 will have to aggregate $3.54 trillion in constant 1974 dollars. This assumes no inflation. If we make the optimistic assumption that Congress spending proclivities will only inflict a 5-percent inflation rate on the people, the saving necessary to meet the capital requirements increases to $4.9 trillion.

If we are fortunate enough to have the gross private saving rate continue over the next decade at the postwar average rate of 15.7 percent, an inflation rate of only 5 percent per year, and deficits of only $10 billion per year, we will have a cumulative capital shortage of $575 billion.

I want to emphasize that if there is anything irresponsible about this figure, it is because it is an understatement based on optimistic assumptions. Hysteria is in the eye of the beholder. To me it borders on hysteria to posture on shelters and loopholes when the Nation faces a minimum capital shortage of $575 billion.

To close the gap between saving and capital requirements requires that the private saving rate increase by 2 percent, at a minimum, to 17.75 percent of GNP. At no time in the postwar years has the saving rate reached this figure. Only major changes in the tax system that will reduce the disincentives to save can produce the required increase in the saving necessary to meet our capital needs.

THE EXISTING TAX BIAS AGAINST SAVING AND INVESTMENT

There is a disincentive to save in our economy because there is a tax bias against saving in our tax system. The tax on the portion of income saved is at a higher effective rate than on the portion of income used for current consumption. The bias results because no deduction is allowed for the initial saving or the return to saving. Let me illustrate the tax bias against saving in the following example.

In the absence of a tax, $1,000 of current income might be used to buy a given amount of consumption goods or a 5-percent bond paying $50 a year. The cost of $1,000 of current consumption is the foregone alternative of $50 of additional income in each future year. In the same way, the cost of $50 of additional income in each future year may be expressed as $1,000 of foregone current consumption.

If an income tax is now imposed at, for the ease of example, 50 percent, and there is no deduction for the amount currently saved or the return to saving, the effect of the tax will be to double the cost of future income relative to the cost of current consumption. Once the tax is imposed, it takes $2,000 of pretax income to be left with enough money to buy the $1,000 of consumption goods. The tax, then, doubled the cost of consumption in terms of the amount of current pretax income required for the given amount of consumption goods.

But once the tax is imposed, $50 per year of additional income from the bond purchase requires $100 pretax interest. At the same rate of interest this requires two $1,000 bonds or savings of $2,000, but in order to save $2,000 there must be $4,000 of pretax income. Thus, the tax quadrupled the cost of saving in terms of the amount of current pretax income required to buy the same amount of future after-tax income.

Looked at from another point of view, if prior to the imposition of the tax the person was trying to decide between buying an additional $1,000 of consumption goods or a 5-percent bond, to remain confronted with the same choice after the tax is imposed requires the interest rate to increase from 5 percent to 10 percent. Thus, the tax doubled the rate of interest which must be earned if the person is to continue to regard the investment choice as an alternative to the choice of more current consumption.

TAX EQUITY REQUIRES TAX NEUTRALITY

Tax incentives to encourage saving, hence investment, are opposed by some on the basis of arguments that do not relate to their economic effect, but which are grounded in what they allege to be violations of equity. But there is no equity in the absence of neutrality. The existing tax biases against saving violate neutrality and equity. A neutral tax system is one which least biases the choice between saving and consuming.

In the context of tax neutrality, a liberalization of existing capital recovery allowances, a tax deduction for households for savings from current income, a reduction of the income tax rate graduation, elimination of the double taxation of dividends, elimination of capital gains and losses from the tax base, and a reduction in the maximum estate and gift tax rates, would not create loopholes that distort the tax structure, but would be measures to remove existing distortions and thereby achieve neutral tax treatment of private saving and investment.

On this point some are in disagreement with sound economic analysis. Those who claim that tax incentives to encourage saving and investment create loopholes that distort the tax structure would be correct if—and only if—there were no existing tax bias against saving and investment. If the existing tax system were neutral and did not bias the choices made by households and businesses between saving and consuming, then, and only then, could it be correct to say that tax incentives to encourage saving and investing create tax loopholes that distort the free market allocation of resources.

But with the existing distortion in resource allocation which results from a non-neutral tax system that is biased against saving and investing, it is erroneous to describe tax incentives to encourage saving and investment—which have the effect of partially offsetting the existing tax bias against saving and investment—as tax loopholes.

Many of the existing tax biases against saving and investment developed 30 or 40 years ago under the influence of the long depression, which provided a rationale for taxation based on the mistaken Keynesian belief that there was a tendency in modern economies to have an excess of savings. Many features of current tax policy exist as relics of this old fallacy. To save ourselves from being victimized by a tax code that embodies an ancient fallacy, the social importance of minimizing the tax discouragement to saving and investment must receive wide recognition.

DANGERS TO LABOR OF CAPITAL SHORTAGE

We cannot succumb to glib reassurances that if savings are inadequate to meet capital needs, the market rate of interest will rise and induce more savings. This glibness falls to pieces in the face of Government mandated capital requirements. The private market cannot raise capital to meet unprofitable Government mandated expenditures unless the savings pool increases sufficiently in size to drop the average cost of capital to the firm. Only changes in tax policy to reduce the tax bias against saving can increase the savings pool.

Unless this Congress takes steps to insure a greater savings rate by reducing the tax bias against saving, the Government mandated capital expenditures will be at the expense of the normal capital investments which produce the growth in labor productivity and employment.

We all are deeply moved by the pathos of a jobless worker whose labor cannot be employed because there is no capital to employ it, and by the plight of a family whose needs are growing but whose real income is stagnated by capital investment insufficient to raise the productivity of labor, I am concerned that many freshman Members of Congress believe that their election was a mandate for punitive action toward business. Capital and labor work together. Any punitive action toward one falls equally on the other. It makes no sense to me to undertake measures which are antilabor in their effects. To punish capital is to decimate labor.

Living standards have been raised by increased savings and investment, not by redistribution. The real cost of tax and other public policy measures which distort and depress private saving and investment, regardless of their initial impact, always falls heavily on labor by reducing productivity and real earnings. People who out of ideology mislead labor by deprecating the benefits of capital formation are not friends of labor.

OPPONENTS OF CAPITAL FORMATION—THE HARD-HEARTED AND MISINFORMED

There is a great deal of hard-heartedness in those who deprecate the benefits to labor of more capital. The September 22 issue of Business Week quotes one liberal professor as saying that if people do not want to save enough to meet capital requirements, "that is just tough."

It is tough all right, but not on tenured professors. It falls on the heads of the laid-off worker, the college graduate who cannot find a job, the retired person dependent on a pension fund that is dependent on the profitability of large businesses.

Not only is this hard-hearted talk, it is misinformed talk. If people do not want to save enough, it is because their preferences have been biased against saving and in favor of consuming by tax policy. If Ways and Means will remove the tax biases against saving, the American people will have enough to meet our capital needs.

It is more misinformed talk that a reduction in the corporation income tax is a tax break for the "fat cats." Pension funds already own 30 percent of large businesses and will soon own 50 percent. Furthermore, 60 percent of the total amount of future pension claims is held by wage earners in the $9,000 to $20,000 bracket. These pension claims are one of the largest assets owned by wage earners.

Since the effective corporate tax rate is higher than the personal income tax bracket of these retired pensioners, the income claims that pensioners have on corporate profits are not only taxed twice due to the double taxation of dividends, but taxed initially at a rate in excess of their personal tax brackets. It would seem, then, that if the incidence of the corporate income tax actually falls on corporate profits, the retired wage earner who is a beneficiary of a pension fund dependent on corporate earnings would benefit from a reduction in the corporate income tax.

Yet, there are Members of this Congress who stand up and say that there can be no reduction in taxes on corporations because that would be "tax breaks for fat cats" at the expense of "the little man."

It is precisely the pension asset of the little man that Congress is endangering by its spending and tax policies which cause inflation, and reduce capital formation. And it is the same Members advocating these destructive policies who claim to have at heart the interest of the little man.

The Congress cannot let meaningful tax reform be stymied by the hard-hearted and the misinformed. The central challenge which we face is to insure that the rate of saving and investment will be adequate to meet the present and future capital requirements of our economy. If we fail in this, we fail in everything.

THE CAPITAL SHORTAGE IS A PRODUCT OF KEYNESIAN ECONOMICS WHICH ENCOURAGES CONSUMPTION AT THE EXPENSE OF PRODUCTION

Most economists now believe that the rate of capital formation is not adequate to meet the goals of public policy and maintain growth in real wages and employment. But some are reluctant to admit that the capital shortage we face is a product of the economic and tax policies of the past. Instead, they cling to policies which produced the shortage.

Walter W. Heller, for example, recommends stimulating consumption by deficits and monetary expansion. He believes that deficits which stimulate consumption produce a "full employment federal budget surplus" which will provide public saving to close the gap between capital needs and inadequate private saving. He mislabels measures designed to increase private saving and investment as "tax breaks for business" and claims that deficits which result from these measures produce "annual tax loss."

I believe it is important not only to note that Dr. Heller's economics has a double standard for deficits, but to understand that consumption-stimulative economic policies and tax biases against saving and investment produce capital shortages.

THE FAILURE AND FOLLY OF CONSUMPTION-STIMULATIVE DEFICITS

The idea that government deficits ipso facto increase the economy's ability to produce is false. The problem with all deficits is that they must be financed This is especially a problem with deficits designed to stimulate consumption.

When the government finances a deficit by borrowing from the Federal Reserve, it receives newly created money with which to bid resources away from the private sector in which capital formation predominantly takes place. The government's spending might stimulate investment indirectly but that investment which does not take place due to the bidding away of resources is a once-and-for-all-time reduction in investment.

When the government finances a deficit by borrowing from the private sector of the economy, no new money is created. But in order to purchase the government's bonds the private sector must reduce alternative forms of investment. Since the government's expenditures consist mainly of payments which go for current consumption, the net effect is to crowd out private investment. The composition of total expenditures is altered toward more current consumption and less current investment than would otherwise be the case.

The result of transferring funds out of current investment and into current consumption is a future income level that is lower than it would otherwise have been: tomorrow's living standards are sacrificed for today's. Consumption-stimulative deficits, however they are financed, eat into capital formation and future incomes.

TAX INCENTIVES TO SAVE AND INVEST PRODUCE REVENUE GAINS

On the other hand, if a deficit is generated by reducing the existing tax bias against saving and investment, we have a deficit which directly stimulates production. The deficit's negative effects on saving are more than offset by the increase in private saving which results from reducing the disincentives to save. There is a larger pool of private saving to withstand the bidding away of resources from, and crowding out of, private investment, and, thus, a greater rate of capital formation. The higher real wages and new jobs which result will generate additional tax revenues that will wipe out the initial revenue loss from the deficit and produce revenue gains.

THE JOBS CREATION ACT OF 1975

Of the alternatives before us, only the Jobs Creation Act will provide lasting jobs firmly grounded in the higher productivity of more and better capital investment. Of the alternative only the Jobs Creation Act increases savings and avoids deficits.

The Jobs Creation Act, most recently reintroduced on October 3 as H.R. 10015, will increase the savings available for investment by—

Providing tax credits for increases in qualified savings in commercial or mutual savings banks, savings and loans, building and loans or similar associations, credit unions, and life insurance or mutual companies and in qualified bonds and common and preferred stock in domestic corporations—section 3;

Enlarging the dollar amount for individual retirement accounts, savings and bonds—section 4;

Excluding from gross income the dividends received from domestic corporations—section 5;

Excluding the first $1,000 of capital gains—section 6;

Reducing the corporate normal tax from 22 to 20 percent on a permanent basis—section 9;

Reducing the corporate surtax from 26 to 22 percent on a permanent basis—section 10;

Increasing the corporate surtax exemption to $100,000 on a permanent basis—section 11;

Increasing the investment tax credit to 15 percent and making it permanent at that level—section 12;

Increasing the ADR range from 20 to 40—section 13;

Providing for a new alternative system of capital recovery allowances—section 14; and,

Providing for a 1-year writeoff of mandated pollution control facilities—section 15.

Sections 7 and 8 of the act help family businesses and family farms preserve their operations.

COSPONSORS OF THE JOBS CREATION ACT

Nearly 90 Members have cosponsored this and prior versions of the Jobs Creation Act this session. The Members are Mr. ARCHER, of Texas; Mr. ARMSTRONG, of Colorado; Mr. ASHBROOK, of Ohio; Mr. BAUMAN, of Maryland; Mr. BEARD, of Tennessee; Mr. BROOMFIELD, of Michigan; Mr. BROWN, of Ohio; Mr. BURGENER, of California; Mr. CARTER, of Kentucky; Mr. CEDERBERG, of Michigan; Mr. CLANCY, of Ohio; Mr. DON H. CLAUSEN, of California; Mr. DEL CLAWSON, of California; Mr. CLEVELAND, of New Hampshire; Mr. COHEN, of Maine; Mr. COLLINS, of Texas; Mr. CONLAN, of Arizona; Mr. CRANE, of Illinois; Mr. ROBERT W. DANIEL, JR., of Virginia; Mr. DAVIS, of South Carolina; Mr. DERWINSKI, of Illinois; Mr. DEVINE, of Ohio; Mr. DICKINSON, of Alabama; Mr. DUNCAN, of Tennessee; Mr. EDWARDS, of Alabama; Mr. EMERY, of Maine; Mr. ESCH, of Michigan; Mr. ESHLEMAN, of Pennsylvania; Mr. FRENZEL, of Minnesota; Mr. GILMAN, of New York; Mr. GOLDWATER, of California; Mr. GOODLING, of Pennsylvania; Mr. GRASSLEY, of Iowa; Mr. GUYER, of Ohio; Mr. HAGEDORN, of Minnesota; Mr. HANSEN, of Idaho; Mr. HASTINGS, of New York; Mrs. HECKLER, of Massachusetts; Mr. HEINZ, of Pennsylvania; Mr. HILLIS, of Indiana; Mrs. HOLT, of Maryland; Mr. HUTCHINSON, of Michigan; Mr. HYDE, of Illinois; Mr. JOHNSON, of Pennsylvania; Mr. KASTEN, of Wisconsin; Mr. KETCHUM, of California; Mr. KINDNESS, of Ohio; Mr. LAGOMARSINO, of California; Mr. LATTA, of Ohio; Mr. LENT, of New York; Mr. LOTT, of Mississippi; Mr LUJAN, of New Mexico: Mr. McCLORY, of Illinois; Mr. McCOLLISTER, of Nebraska; Mr. McDONALD, of Georgia; Mr. MADIGAN, of Illinois; Mr. MARTIN, of North Carolina; Mr. MATHIS, of Georgia; Mr. MICHEL, of Illinois; Mr. MILFORD, of Texas; Mr. MILLER, of Ohio; Mr. MONTGOMERY, of Mississippi; Mr. MOORE, of Louisiana; Mr. MYERS, of Indiana; Mr. O'BRIEN, of Illinois; Mrs. PETTIS, of California; Mr. PRESSLER, of South Dakota; Mr. QUIE, of Minnesota; Mr. QUILLEN, of Tennessee; Mr. RAILSBACK, of Illinois; Mr. ROBINSON, of Virginia; Mr. ROUSSELOT, of California; Mr. RUNNELS, of New Mexico; Mr. SARASIN, of Connecticut; Mr. SHUSTER, of Pennsylvania; Mr. SEBELIUS, of Kansas; Mr. SIKES, of Florida; Mr. SPENCE, of South Carolina; Mr. STEELMAN, of Texas; Mr. STEIGER, of Arizona; Mr. SYMMS, of Idaho; Mr. TALCOTT, of California; Mr. THONE, of Nebraska; Mr. TREEN, of Louisiana; Mr. VANDER JAGT, of Michigan; Mr. WAGGONNER, of Louisiana; Mr. WALSH, of New York; Mr. WHITEHURST, of Virginia; and Mr. WINN, of Kansas.

A companion bill has been introduced in the Senate, as S. 2465, under the prime sponsorship of JAMES A. MCCLURE, of Idaho.

THE ECONOMICS OF STIMULATING PRODUCTION

We all know that it is industry's increased ability to produce that provides more real jobs. We all know that it is increased production that enlarges the tax base and increases tax revenues. We all know that too much consumption can destroy the ability to produce. Farmers who eat out of their seed grain, and factories that pay dividends or wages out of their depreciation funds, run down their productive capacity.

Even the advocates of consumer-stimulative deficits, such as the Congressional Budget Office, have as their purpose to increase production. They have in mind to increase production indirectly by directly increasing consumption. The idea is that as business finds the demand for products rising, it will invest more in order to be able to produce more to meet the demand.

But this indirect way of stimulating production is not foolproof and usually results in inflation, because the demand for goods increases before business has increased its ability to produce more goods. The deficit itself, depending on how it is financed, either contributes to the inflation or interferes with business' ability to invest more in response to the increased demands for its products. If the deficit is monetized, it adds fuel to the inflation started by stimulating more consumption before business can offer more for sale. If the deficit is not monetized, it raises the interest rate, thus crowding out the additional investment that is supposed to follow from increased consumption.

Deficits designed to increase consumption do not increase the savings out of which must come the investment to provide the additional production to meet the increased consumption. In fact, the deficits use up private sector saving and thereby reduce the amount of investment in jobs-creating industrial capacity. Instead of savings going into additional plant and equipment, the savings go into Government bonds.

Tax reductions designed to increase consumption cannot simultaneously increase saving. People cannot save what they consume. And they cannot consume more in real terms unless they have first saved and invested more to provide the increased production that makes possible increased consumption.

That is why personal income tax reductions produce inflationary revenue losses or deficits. They do not increase the tax base and tax revenues, because they do not increase the productive transactions in the economy. To get a personal income tax reduction, people do not have to engage in any productive activity. They just sit back and receive it.

But to take advantage of tax reductions designed to increase investment, people must undertake additional investments, which increase the amount of economic activity, the tax base, and generate new tax revenues. Because of increased production, revenue losses do not materialize from tax reductions designed to stimulate investment.

Tax reductions designed to lessen the existing tax bias against saving work hand in hand with tax reductions designed to increase investment. Reducing the tax bias against saving encourages people to save more, because it reduces the amount of current consumption they must forego in order to save. By reducing the amount of consumption people have to give up in order to save, people are willing to save more even at lower interest rates. As the supply of saving increases, thus lowering the interest rate, the cost to business of investment capital falls, thus increasing the range of profitable investments. The result is increased investment, more real jobs, and greater tax revenues.

In general, the greater the extent to which a tax reduction is production stimulative rather than consumption stimulative, the less the likelihood is it will result in a deficit. Since the Jobs Creation Act is 100 percent production stimulative, it cannot produce a revenue loss.

INADEQUATE CAPACITY CHARACTERIZES WORLD'S PRODUCTIVE SYSTEM

There are Members who accept this economic analysis in principle but who say it does not currently apply because of recessionary excess capacity. However, in the current issue of Dun's Review, the distinguished business economist, Pierre Rinfret, cites Department of Commerce figures which show that "outside of Japan there is relatively little idle capacity in the free world." He says that "the unfortunate results of the 40-year-old Keynesian emphasis on consumption are obvious. What we need now is more emphasis on capital formation. Increased capital formation means more jobs and less inflation."

There are some people who are in the curious position of favoring capital formation in third world countries but not in the United States. They realize that third world countries need more capital to raise their living standards and they say the United States should provide more aid. At the same time they say that the way to raise living standards in the United States is through income redistribution rather than through capital formation. What these people need to explain is why capital formation works in the third world but not in the United States, and why income redistribution works in the United States but not in the third world. They cannot explain that. They are caught in a dilemma, just as are those who now accept that high taxes and deficit spending have ruined New York City but still advocate this formula for our national economy.

The American people will not buy a program of aiding capital formation in foreign countries but not in our own, because that is a program of redistribution of capital that is at the expense of Americans living standards. The proponents of foreign aid will have to realize that more aid to foreigers requires more capital formation in the United States. The greater our capital formation, the more we can help others without lowering our own living standards.

THE PRESIDENT'S TAX REDUCTION PROPOSAL

President Ford's tax reduction proposal is roughly 75 percent consumption stimulative and 25 percent production stimulative. Recognizing the negative effects on the economy of consumption stimulative deficits, the President's tax reduction proposal is predicated on a matching spending reduction.

I think we all know that the proclivity of Congress will be to pass tax cuts but not spending cuts.

If this happens, the President's program will become largely one of consumption-stimulative deficits with all of the following problems which will worsen the economic situation.

First, to the extent that the deficit is monetized by selling Treasury notes to the Federal Reserve System, the supply of money will increase relative to the supply of goods, which is inflation with all of its problems.

Second, to the extent the deficit is financed by selling Treasury notes to the private sector, private savings will be used to purchase Government debt, and private investments will be crowded out as interest rates rise. The capital shortage will become greater, with all the problems for public policy, pension solvency, employment, and housing that will result. If the Federal Reserve System is then pressured to ease money in order to hold down the rise in interest rates and the amount of crowding out of private investment, the debt becomes monetized, thus fueling inflation and sending interest rates even higher.

Whereas each individual thinks he is better off in the event of a personal income tax reduction, actually a general personal income tax cut that is not matched by a reduction in Government spending is self-defeating. Prices go up as a result of the deficit, thus preventing any real income gains from materializing from the lower taxes.

Since the Jobs Creation Act is 100 percent production stimulative, it will produce revenue gains instead of revenue losses. Therefore, for its provisions to have a positive impact on the economy does not require that the tax reductions be matched by spending reductions.

DEFECTS OF CORPORATE TAX STUDY 1974

This month one of our colleagues introduced into the RECORD a corporate tax study prepared by congressional accountants. No doubt they are good accountants, but when they draw economic implications from their accounting figures, they are out of their field, and their mistakes have misled our colleagues.

The misleading character of these mistakes are compounded by the study's tendency to overgeneralize. For example, on the basis of finding that 8 corporations paid no Federal corporate income tax in 1974 and 18 companies paid at an effective tax rate of 10 percent or less, it concludes that since "U.S. corporations are already paying little or nothing in Federal income taxes, it makes no sense to give them tax relief in an effort to stimulate investment capital."

Now 8 plus 18 make 26. And 26 companies are an insignificant percentage of U.S. corporations.

If we take this kind of over generalization and add to it the mistake of not including the foreign taxes paid by multinational corporations when we compute their effective tax rate, the irrelevance of the tax study is clear.

For example, when the total tax burden on corporations is taken into account, the accountants' figures show that companies listed as paying taxes at an effective rate of 10 percent or less, such as Mobil Oil Corp., Texaco, Inc., and Occidental Petroleum Corp., actually paid taxes at effective worldwide tax rates of 68 percent, 46.9 percent, and 61.6 percent respectively.

Although the study acknowledges that these companies are "worldwide organizations," it seems to think that their profitability is independent of their worldwide taxes. The study claims that the oil companies' payments to foreign governments are not taxes but royalties.

I have asked professional economists about this and they say that the question to ask for deciding whether a payment to a government is a tax or not is whether you have an option to pay. If not, the payment is a tax whatever its name. Everyone knows that the social security tax is a tax although it is called a "contribution."

The study makes a major mistake when it misinterprets the fall in Federal revenues from the corporation income tax to be a product of tax breaks which let corporations increasingly avoid taxes. The truth of the matter is that the fall in corporate Federal tax payments is proportionate to the fall in profits as a percent of gross national product. Corporate profits as a percentage of GNP have been falling steadily. Anyone who draws the implication from the study that corporations are wallowing in profits as a result of tax breaks will be totally wrong.

The study presents the idea that the assignment of the tax burden is a matter of corporations versus the people. The idea is convenient for rhetoric. But to anyone who is familiar with the difficult analytical question of the incidence of the corporate income tax, the idea is simple minded.

There are many economists who believe that the corporate income tax is just another cost of production that is largely passed on to consumers in higher prices. If these economists are correct, then a reduction in the corporate income tax would result in lower prices, leaving more dollars in the pockets of the American public, not less as the study claims. I do not believe any economist would back the claim that "for every revenue dollar loss to incentives or tax stimulants or just plain tax loopholes, the American public reaches into their pockets for another dollar to replace it." Dr. Ture's economic analysis of the Jobs Creation Act certainly does not support such a claim. It concludes that the act's tax reductions would generate additional real income and increased tax revenues.

Other economists believe that the corporate income tax is an excise tax on equity capital, thereby lowering the productivity of labor and the real wage. If these economists are right, then the incidence of the corporate income tax falls on labor in the form of lower real wages. In this case, a corporate tax reduction would benefit the wage earner by increasing his productivity.

Wherever the incidence of the corporate income tax falls, one thing is certain: There is no clear-cut issue of the "fat cat" versus "the little man" or the corporations versus the people. These simple-minded ideas are the products of political posturing. They are not the products of serious analysis.

Since it is not only unclear but also unlikely that the corporate income tax falls only on "the fat cats," the only way to assure the progressivity of the tax system would be to abolish the corporate income tax altogether and tax all income as personal income.

We should all be aware that there is nothing unusual about the effective corporate tax rate being less than the statutory tax rate. The effective personal income tax rate is also lower than the statutory rate.

Since the effective tax rates are determined by Congress, it is incorrect to speak of corporations "avoiding" the statutory tax rate. All that can be said is that corporations and individuals comply with the effective tax rates.

Of course, when it is put truthfully, it no longer sounds like corporations are up to no good. I, therefore, can see no reason the Congress should follow our colleague's suggestions and "consider legislation to require full and public disclosure of corporate tax returns" unless it also considers legislation to require full and public disclosure of personal tax returns. The main result of such legislation would be to reveal which companies and individuals have the best tax lawyers. It would amount to free advertising for the best tax lawyers. I am surprised that our colleague is in favor of subsidizing the best tax lawyers.

We must be careful not to generalize on the basis of small numbers—especially when the numbers are misleading in themselves. To do so can result in unintentional political demogoguery that misleads the public. A prime example occurred in 1969 when Joseph Barr, a former Member of the House, was Acting Secretary of the Treasury for 31 days. Mr. Barr misled the public into believing that it is very easy for the rich not to pay taxes when he announced that 155 people with incomes of $200,000 or more paid no Federal income tax in 1967.

Now Mr. Barr did not explain to the public that 55 of the 155 figure were generated by using adjusted gross incomes and not net incomes—by ignoring the costs incurred in earning the incomes, for example, by counting the income received from investing borrowed money but not the interest that had to be paid on the loan. He did not say that 100 of the 155 figure were generated by ignoring foreign taxes paid on money earned abroad, by ignoring generous charitable gifts to universities or museums in excess of the taxpayer's annual income, and by ignoring tax-loss carryforwards from past financial disasters. Neither did Mr. Barr note that the 155 cases generated in these ways comprised 1 percent of the 15,000 taxpayers at the $200,000 and up income level who paid taxes at a rate of 44 percent on adjusted gross income.

We, in the House, as representatives of the people, have the moral obligation not to mislead the people, whether by mistake or by intention.

STIMULATE PRODUCTION, NOT ENVY: REDISTRIBUTION DIVIDES AND FAILS

Legislation motivated by partisan ideological motives often backfires, just as has the effort to use the tax system to redistribute income. Attempts to make some better off at the expense of others by redistributing the pie have clearly failed. We must turn now to a policy of a bigger pie so that our productive capacity can catch up with the demands that are placed on it. In place of a divisive program of envy, I recommend a more democratic program that focuses on making all of our citizens better off through a more rapidly growing economy that is more generous to all.

FUTURE INDONESIAN-AMERICAN RELATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Vermont (Mr. JEFFORDS) is recognized for 30 minutes.

Mr. JEFFORDS. Mr. Speaker, this week we are honored to have as our guests a most distinguished delegation from the Republic of Indonesia. The group has traveled half-way round the world to come to Washington with the expressed purpose of establishing a dialog with the Congress on the future of American-Indonesian relations, a topic which should be of concern to all of us in this post-Vietnam era.

The group is led by Lt. Gen. Ali Murtopo, personal assistant to the President of Indonesia, and includes also Maj. Gen. L. B. Murdani, head of the intelligence G–1, division of the Department of Defense and Security; Mr. Mohammad Sadli, the Minister of Mines; Mr. A. R. Soehoed, Chairman of the Foreign Investment Board; Dr. Sanger, a director of the State Oil Co.—Pertamina—as well as the chairmen of two committees of the Indonesian House of Representatives; Mr. H. Imron Rosjadi, chairman of the Committee on Foreign Affairs and Defense; and Mr. Soerjadi, chairman of the Committee on Research and Planning. They are being accompanied in their talks on Capitol Hill by the Indonesian Ambassador to the United States, Mr. Rusmin Nurjadin. They are engaging in an intensive series of informal discussions with committees in both the House and the Senate, and are also breaking up into smaller groups for individual sessions with various Members of Congress.

Mr. Speaker, it is a mark of a new era of congressional dynamism in the foreign affairs of the United States that this group of high government officials would make such a serious effort to begin a long-term relationship, to establish effective communications between our two countries. In all respects, Indonesia is undoubtedly fated to play a major role in Asia's future—it is the fifth most populous nation in the world, with an immense resource base, sitting astride the strategic waterways connecting the Pacific and Indian Oceans. It is already a major oil producer, and has attracted the attention of many American companies, from multinationals to small independents in a wide variety of enterprises. It is a country with which I hope we will be able to establish relationships of mutual benefit and understanding on many issues of importance.

Mr. Speaker, it is in this spirit that I offer for the consideration of all Members the following remarks, delivered today by General Murtopo in his first presentation during this busy week to a group of freshmen Congressmen:

FUTURE DEVELOPMENTS IN SOUTHEAST ASIA AND THE ROLE OF THE UNITED STATES OF AMERICA

(By General Ali Murtopo)

Current developments in Southeast Asia, particularly with respect to Vietnam and indeed the whole of Indochina, which have been marked with a great victory on the part of the communists and the United States' disengagement from this part of the world, have prompted many to ask, "What is the future of Southeast Asia, and what will be the role of the United States in the area?"

In trying to give an answer to such a question, one must examine, first of all, the impact of the developments in Indochina upon the rest of the region of Southeast Asia. And quite understandably, I think, one would immediately refer to what has been known as the "domino theory". Indeed, there has been a continuing debate, even today, on whether or not the domino theory is a valid one, and whether it will ever be realized, namely, now that the communists in Indochina, not only in Vietnam, have had the upper hand, the rest of Southeast Asia will eventually fall to the communists.

Such a view, to my mind, would be tantamount to fatalism. This is not to suggest, of course, that the communist victory in Indochina will have no effects whatever on the rest of Southeast Asia and that therefore the other countries of the region will have nothing to fear and can with complacency simply take comfort in the fact that the long years of war in Vietnam and Khmer have finally come to an end, which, indeed, is in a way something to be welcomed with considerable relief and probably with high hopes for a better future for the peoples of Indochina as a whole.

The problem, I am afraid, would not stop there for the other countries of Southeast Asia, apart from many internal problems that would certainly be faced by the peoples of Indochina in the wake of the war, especially the problem of nation building, national reconstruction, and national consolidation.

I, for one, would not argue about the validity of the domino theory. Nor do I think it necessary for me to argue whether or not I am a believer in the domino theory. For it depends on how one interprets the domino theory. If it should be argued that the communist victory in Indochina would be followed sooner or later by an open communist invasion from the North to the South, engulfing the other countries of Southeast Asia and turning the whole of the region into the hands of the communists, then I do not subscribe to such a view. I do not think this is the kind of threat to be faced by the countries of Southeast Asia in the wake of the communist victory in Indochina. For one thing, after the war Indochina will be faced with the tremendous problem of national reconstruction, to recover itself from the suffering and the destruction of long years of fighting. This would not only take a long time, but would also compel Indochina to make use of most of its resources for that purpose instead of for another adventurous undertaking. Moreover, for the purpose of post-war reconstruction the countries of Indochina would need outside help in the form of funds and technology, not only from the Soviet Union and the PRC, which have continued to provide them with aids, but from other countries as well. This would necessitate gestures of goodwill and peaceful attitude on their part so as to cultivate confidence from the outside world, if because of their strong nationalism, in spite of their communist ideology, they want to avoid being too much dependent upon, and being too strongly under the influence of, either Peking or Moscow.

For another, an invasion to the South by Indochinese communists would require a dependable industrial basis as a backup, which for the foreseeable future would not be sufficiently developed, despite continued Soviet and Chinese aid, especially in the form of arms.

Moreover, assuming that there is a strong tendency in Indochina to be independent from both Peking and Moscow, and in the light of Sino-Soviet dispute, it would seem doubtful if any attempt on the part of Indochinese communists at expansion to the South would be tolerated, let alone assisted, by Peking or Moscow. And without assistance from either Peking or Moscow it would seem unlikely for Indochinese communists to undertake such an adventure. It can probably be argued that perhaps on the contrary they would obtain assistance from both Peking and Moscow in their attempt at expansion to the South. But such a situation would put Indochina in a more difficult position than it is now when it is already caught between the influence of Peking, especially with regard to Khmer, which, with border clashes in the border between North Vietnam and the PRC, would be a threat to North Vietnam, and that of Moscow, which North Vietnam would most probably have to look up to in face of Peking. Thus while internally a proper balance of power and influence is still to be sought, and while it remains a big question how far the Indochinese, especially the nationalist forces can take advantage of the dispute between the two communist superpowers, it may be assumed that the Indochinese communists would refrain from any attempt at expansion to the South, at least before they are successful in overcoming their internal problem in the face of Peking and Moscow.

It would seem clear, nevertheless, that short of an open invasion, the other countries of Southeast Asia will continue to face a communist threat, if not even made more real now by the events in Indochina. For the communist victory in Indochina would serve as a moral support and encouragement for the communist elements in the other Southeast Asian countries, which still exist even today, and which would then look to the communist victory in Indochina as a model of success. The recently intensified activities of the communists in Malaysia and Thailand are evidence of this.

Thus I would argue that the threat to the security of Southeast Asian countries will continue to come mainly from within in the form of subversion by the communist elements now further encouraged by the communist victory in Indochina. Besides, despite the unlikelihood of the threat of an open invasion by the communists from the north, there is now greater possibility that such a subversion in the other Southeast Asian countries may be assisted by outside forces from Indochina in view of the existence of a large amount of arms and military equipment left over mostly intact after the war in Vietnam. And added to that, the experience in guerilla warfare of the professional Vietnamese revolutionaries backed by a great victory, may be useful for the strengthening of subversive elements in the countries of Southeast Asia through the infiltration of trainers.

Thus my perception of threat to the nations of Southeast Asia, particularly after Indochina war, remains one of internal insurgency and internal subversion by communist elements, with the possibility of external aid in the form of infiltration of arms and personnel.

In the face of such a threat, what are the rest of Southeast Asia, particularly the member-countries of ASEAN, to do? It is clear, I think, that externally, in spite of the threat we face, we cannot afford to adopt an attitude of confrontation towards the countries of Indochina, for such an attitude would not be conducive to peace and stability, which we badly need for the pursuance of our national developments. Moreover, an attitude of confrontation would be regarded also as a threat to the countries of Indochina, which would in turn intensify the communist threat to the rest of Southeast Asia.

However, I would argue that accommodation should not necessarily mean the inclusion of the countries of Indochina into the membership of ASEAN. For one thing, the ASEAN member-countries are basically non-communist countries, whereas the Indochinese countries, we may assume, would be a group of countries under the communist monolithic system. For another, the ASEAN is still facing the problem of consolidation. And with the problem between the four countries of Indochina themselves still unsettled, their inclusion into the ASEAN membership would only weaken the association rather than strengthening it. I would envisage, instead, some kind of cooperation between the ASEAN countries on the one hand and the countries of Indochina on the other. This would seem possible once their internal problem of the nature of relationship between themselves is settled, for in the face of Peking and the Soviet Union, the countries of Indochina would be faced with the alternative of not only inviting the role of other big powers, especially the USA, Japan, and Western Europe, particularly in the form of economic aid for their development, but also of cooperation between themselves and with the rest of Southeast Asia, ASEAN in particular, if not by joining the association itself.

To adopt a policy of accommodation towards the countries of Indochina, with a view of fostering cooperation with them however, we ought to start from a position of strength. That is, we must first of all strengthen ourselves ideologically, socially, politically, economically, culturally, and defence and security wise. In other words the countries of Southeast Asia must develop their own national resilience, and collectively they must develop their regional resilience. This at the same time is to overcome the threat of internal insurgency and subversion. And for that purpose, national developments in these countries must continue to be pursued to bring and to be seen to bring, tangible improvements in the lives of the peoples. For bad economic conditions, unemployment, uneven distribution of prosperity with a gap between the rich and the poor, corruption, and added to these racial, religious, and ethnic conflicts, etc. would constitute sources of social tensions and social discontents, which may easily be exploited by subversive communist elements to serve their own ends.

Thus to give substance to the doctrine of national resilience and regional resilience, which implies self-reliance, and which covers all the aspects of the lives of the nations of Southeast Asia, will be the answer to the threat commonly faced by the countries of Southeast Asia. A threat that is motivated by a total system such as the communist threat, can only be overcome by a similarly total and all-embracing order or system, namely, national resilience, which in the context of the region of Southeast Asia, is to be developed further into regional resilience.

What, then, is the role that we expect the United States to play in the region of Southeast Asia in the light of such developments?

We are surely aware of the significant role that the United States has played in this region in the past. But we can also appreciate the mood prevailing among the American people particularly as reflected by the American Congress, as well as on the part of the American government, for a change in the orientation of US foreign policy and in its role in the world at large.

We all agree, I think, that the events in Indochina particularly have been a turning point, and that one important lesson we all can learn from the experience in Indochina is that in the future the United States can no longer play its role in this region as a dominant force to contain communism, especially if that means containing the threat of communism almost exclusively by military means and to be seen as an American venture solely for American interests, rather than for the interests of the people in the region.

It is my belief that the security of the region of Southeast Asia is mainly the responsibility of the nations of the region themselves. That is why the countries must develop their self-reliance, national resilience, and regional resilience, to enable them to overcome the threat to their sovereignty and integrity.

The question is, however, "Are these countries strong enough and ready, under the circumstances, to develop adequate self-reliance without external aid?" The answer is, I am afraid, in the negative.

This is, I am sure, where the United States can play an important role, namely, to help the nations of Southeast Asia develop their self-reliance and their national resilience. So it is clear that by expecting the United States to play a role in the area of Southeast Asia, we by no means desire to be forever dependent upon the United States for aid and assistance in our national development. Nor, certainly, do we intend to depend upon the presence of United States troops and military bases in our soil for the defense and security of the region. These are things of the past. We are nations that are conscious of our self-respect and are eager to develop our self-reliance, for we realize our responsibility for our defense and security, and for the maintenance of peace and stability in our own area.

Indeed, I am aware of the significance of the American disengagement and withdrawal from Southeast Asia and the mood among the American public towards inward-looking orientation in their outlook of the world as a result of the disappointment with the Vietnam war, which has induced a re-thinking and re-examination of the US role in the world. To be candid, however, we never regard the American disengagement from this part of the world as a total withdrawal, but it has been done rather in search of a new pattern of U.S. presence in the light of new realities in this area and a new pattern of relationship with the countries of the region that would be founded on a more sound basis, on mutual respect and understanding, and which would be mutually beneficial. And the United States being a great Pacific power and a world power, I do not think it can afford to avoid assuming a significant role as a stabilizing factor not only in the Asia-Pacific region, but in the world at large. And by the same token, I would refuse to believe that the prevailing mood towards an inward-looking orientation among many in the United States will be of permanent nature. For a total withdrawal from the region of Southeast Asia, and an isolationistic attitude on the part of the United States, may be mistakenly construed as leaving behind a vacuum, which would invite other big powers, particularly the Soviet Union and the PRC, which have continued to be in conflict with each other, to assert themselves more significantly in the region. This would be a threat to the peace and stability in the area, which would in turn be detrimental to world peace. In the meantime, however, I appreciate the need of the American people, especially in the wake of the American debacle in Vietnam, for a kind of breathing space in which they would solve their domestic problems, which are indeed real, be they social, political, or economic, and to reassess their role and position in the world so as to find a new pattern that would suit best their national interests in light of the new realities.

I believe, nonetheless, that despite the problems it is facing today, the United States remains a rich country. It remains great and strong, in the military as well as in the economic sense. And I believe that together the United States on the one hand, and the countries of Southeast Asia on the other, with its strategic position between the two continents of Asia and Australia and between the Indian and the Pacific oceans, its wealth in resources and raw materials, its potential as a source of food, and its huge populations as a potential market for industrial products, can, in the future, foster mutually beneficial relationship and cooperation, especially in the context of the increasingly interdependent world and the new economic world order. And once we agree on this, it is for all of us to find proper ways and means and the appropriate mechanisms for the promotion of mutually beneficial cooperation based on mutual respect and understanding.

ABOLISHING GI BENEFITS WRONG

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia (Mr. HARRIS) is recognized for 5 minutes.

Mr. HARRIS. Mr. Speaker, I am astounded that the House of Representatives earlier this month voted to terminate GI bill education and training benefits. Under the bill, H.R. 9576, no veteran who entered service after January 1, 1976 would be eligible for GI education benefits, and all education benefits under the GI bill would be abolished as of December 31, 1976.

This bill is but another example of an administration that seeks to cut into the pocketbook of the little guy but refuses to cut into the assets of the oil companies and the multibillion dollar defense contractors. Once again—like school lunches, emergency jobs, and veterans and social security benefits—the President has tried to trim and shelve a program which hurts the working people the most.

For 32 of the past 35 years, in wartime and peacetime, education benefits have been available to veterans. Yet the House Veterans Affairs Committee reported out a bill to terminate the program without a replacement. It is true that we are no longer engaged in a war and that the bill was developed in response to President Ford's proclamation ending the Vietnam era and terminating "wartime benefits which apply to the new peacetime volunteers." However, in view of the great success of this program, I cannot support suddenly ending the program without a meaningful replacement. To date, the House has not been presented with a replacement and I believe it is wrong and cruel to abruptly stop this program now.

The facts show that this has been a very effective Federal program. For every $1 spent on GI benefits at least $4 is realized in additional tax revenues from increased earnings resulting from increased education and training. Of course, there are some savings in reduced unemployment compensation too. It has raised Federal revenues by making individuals more employable, by giving vets better jobs. It has helped recruit volunteers. One study showed that when military personnel were asked to list the three most important reasons for their joining the military, 1 out of every 2 listed educational benefits.

The Veterans' Administration maintains that the GI bill is no longer a veterans benefit but acts as a recruitment device. They contend, thus, that the program should be funded and administered by the Department of Defense. This may be the case. But I have not seen a proposal from DOD or the President. This bill, in my view, is just another case of an administration's flippant disregard for the working man and woman. I believe it is wrong to end this program so harshly because the administration cannot get its ducks in a row. That is why I voted against the bill.

H.R. 10146

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. PREYER) is recognized for 5 minutes.

Mr. PREYER. Mr. Speaker, the time has come when we can consider busing on its merits rather than as a symbol. The great majority of whites have long since accepted the idea that segregation is wrong. Even in the Deep South there is hardly such a thing as an all-white school and little feeling that there should be. One need no longer defend busing as a symbolic way of defending an integrated society. That battle has been won. The question now is not of goals but the wisest choice of means to achieve those goals.

What is the actual effect busing has on the prospects of children in school?

Does it reinforce segregation in large cities? Will it make integration in the future more difficult to achieve?

Are there better ways to accomplish the two goals it is supposed to achieve: improving the quality of education of black children, and promoting the establishment of an integrated society in which race will no longer be a major consideration?

Recent actions of the House and Senate clearly show a majority wishes to take some action, but the action taken so far has been through the technique of amendments to money bills. This is not only a bad way to go about solving the problem, with no hearings or expert testimony, but it has also proven totally futile in results. Time and again Congress has prohibited the use of Federal funds to pay for busing, but Federal courts have ruled that this does not absolve the cities of the obligation to integrate schools by busing.

We must address these questions in a more basic way, through the full hearing process. As the Washington Star editorialized:

> Congress should stop nibbling at the edges of the problem and find a solution the country can live with.

Representatives HAMILTON and SYMINGTON have joined me in introducing a bill (H.R. 10146) which approaches the problem in this comprehensive way. It does not mandate an answer by forbidding the courts to order busing. We must recognize that this is impossible under our constitutional system.

Nor does this bill suggest that we must await integration through evolution—better incomes for blacks, better housing, fair zoning laws, and so forth, which will be too slow. As Manny Celler used to say, "In the land of never-never we come eventually to the street of by-and-by." We must make progress.

Busing may remain necessary in some

situations. But we know now that it is clearly not a good solution. To replace it we must, first, make far greater use of other methods of school integration; and, second, upgrade the education of black pupils in the inner city to speed the otherwise slow process of bringing them into the middle class. Of course, third, we must always seek racial harmony beyond the schools and thus ease the tensions that have made school desegregation a volatile issue.

This third point is beyond the scope of this bill, but the bill does address points one and two.

The heart of the bill lies in gradual integration, without Federal coercion, through the use of alternatives to busing. Such alternatives will appear only when the reins of education control are handed back to local officials. Otherwise, embittered communities will continue to watch from the sidelines as the courts administer clumsy and drastic remedies to their educational ailments. Community involvement and community control would become a reality if local school districts were to take a hard, organized look at their problems and then devise a comprehensive 5-year plan for improvement. Such a plan would be more than a simple desegregation scheme. It would necessarily include methods to reduce racial concentrations, but it would also seek to improve the educational process as a whole. No one knows the answer to our educational problems, although several new approaches have been tried. This is all the more reason why local communities should use their own ingenuity in developing ways to meet their particular educational needs. Supervision by HEW would still be necessary but meticulous bureaucratic scrutiny would cease and the initiative for planning would shift to local school districts. More importantly, there is every reason to believe that school districts in the process of charting their own educational course will be viewed differently by Federal judges who so often in the past have had only a choice of either issuing a busing decree or seeing nothing done.

This is the approach taken in H.R. 10146. It would require each State to submit a plan by January 31, 1977, to carry out the objectives of the act, that is, to improve and equalize educational opportunities throughout the Nation and to alleviate racial isolation. Federal financial assistance would vary not only in accordance with the population of a State, but also in accordance with the number of minority families. Plans would be reviewable annually and would be geared to achieve their objectives in 5 years. Acceptable plans would include one or more of such features as "magnet schools," which are designed to improve the education of blacks and also attract more whites, staffed with some of the best teachers and given an exciting, innovative curriculum. Another alternative is the building of new schools on the border between black and white neighborhoods to make integration possible without busing. The list of alternatives suggested in the bill is not exclusive. The purpose is to stimulate thinking across the land about alternatives, rather than sitting back and leaving it to the courts.

Integration of some of our inner city schools may be impossible, whether with busing or alternatives to busing. Nevertheless, we must upgrade the education of these pupils. The bill deals with this problem by requiring "equalization of resources" among schools in a district in eight very specific ways, such as pupil-teacher ratio, class size, school building and materials, teacher quality, and textbooks.

The bill also addresses the racial concentration problem through the important "majority transfer" provision. This gives a student a right at the beginning of the school year to transfer from a school in which his race is in a majority to a school in which his race is in a minority, with transportation furnished. It would allow any student to transfer voluntarily to any school where this would improve the racial balance. Since such transfers are voluntary they would not "generate the fear-spawned opposition that busing has generated," in William Raspberry's phrase. This would entail some restrictions: whites could not move from black schools to white schools, and the move must not increase racial imbalance.

The bill H.R. 10146 is based on one drafted by the late Alexander Bickel, an outstanding authority on constitutional law at Yale Law School. The bill may not be the final answer, but we hope it will serve to begin a full-scale discussion on how best to achieve equal educational opportunities in this country.

Better schooling for blacks offers the best way of breaking the vicious cycle of segregation in housing, leading to segregation in schools, then to segregation on the job and a permanent black underclass. This better schooling can be achieved without lowering the quality of education generally if we plan intelligently. The stakes for all sides are high—peace in the community and a fair shot at a quality education for each student.

ANNUNZIO BARS SURCHARGES ON CREDIT CARD USE TO PROTECT CONSUMERS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, last year the Fair Credit Billing Act was passed to protect consumers against inaccurate and unfair credit billing and credit card practices. Today I am introducing legislation to clarify section 167 of the act, use of cash discounts. This act will bar merchants from surcharging credit card users, clarify that a "discount" shall not be construed to mean a surcharge, and will make clear that merchants who offer cash discounts pursuant to section 167 that are not over 5 percent, will not be in violation of State usury laws.

Section 167 of this act was meant to benefit cash customers by forbidding credit card companies from prohibiting merchants from offering cash discounts to customers who paid by cash rather than by credit card.

An illustration of how the discount was and should work is that if a merchant's regular price was $10, after the discount, a cash customer could purchase the item for $9.50 while the credit card user would continue to pay the regular price of $10.

Unfortunately, there are those who claim that a surcharge to credit card users is economically identical to a discount to cash customers and consequently, a merchant should be permitted to add on a surcharge instead of reducing a regular price by a discount.

It is hard to understand how anyone can argue with a straight face that the effect of a surcharge and a discount are identical. Do you think President Ford would accept Congress passing a 10-percent discount in taxes, if he had requested a 10-percent surcharge?

Surcharges would penalize credit card users for no valid reason. Surcharges could cost consumers billions of dollars. Merchants contract with credit card issuers to accept their cards for the substantial benefits they receive. These benefits are that the credit cards increase the volume of business for merchants and allow extensions of large amounts of credit with no risk of loss to the merchants. So, the cost of credit cards to merchants is offset by the financial benefits.

Surcharges made pursuant to section 167 under the disguise of "discounts" would avoid having to disclose the additional finance charge under Truth in Lending.

There is a move on in the Senate to impose such surcharges for credit card use. To protect consumers, I have introduced this bill to bar surcharges on credit card users. When this bill becomes law, customers who pay cash will be able to benefit from price reductions offered by merchants. Those who prefer to pay by credit card will continue to pay only the regular price.

Hearings on the legislation will be held on Thursday, October 23, 1975, at 9:30 a.m., in room 2222 of the Rayburn House Office Building.

PANAMA CANAL: MAJOR MODERNIZATION, A FOCAL ISSUE REQUIRING REVISION OF H.R. 198

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. FLOOD) is recognized for 5 minutes.

Mr. FLOOD. Mr. Speaker, when discussing the question of fortifying the Canal Zone to protect the Panama Canal, the great naval historian and strategist, Adm. Alfred Thayer Mahan, stressed that, with the exception of the cities of Colon and Panama, the zone is U.S. territory, that the canal bears to the Pacific a closer relation than Gibraltar does to the Mediterranean, and that in the entire length of our sea coasts from Maine to Puget Sound, no single position or reach of water is comparable. A. T. Mahan, "Armaments and Arbitration"—1912—pages 181–195. In their truest sense, the zone and the canal together form part of the coastline of the United States for the government, maintenance, operation, and protection of which our Government is wholly responsible.

Early in the present session, on January 14, 1975, in line with this responsibility, I introduced H.R. 198 to provide for the major modernization of the existing canal through its increase of capacity and operational improvement, which measure was referred to the Committee on Merchant Marine and Fisheries. Under the proposed legislation, the United States would resume construction on a suspended major canal modernization project modified to embody the principles of the Terminal Lake-Third Locks Plan. This plan was developed by experienced engineers and navigators during World War II in the Panama Canal organization and has had strong professional support from many eminent experts, including Panama Canal pilots, as the best solution of the canal problem when it is evaluated from all significant angles. The plan won the approval of President Franklin D. Roosevelt as a post-war project.

Since the signing on February 7, 1974, by the U.S. Secretary of State and the Panamanian Foreign Minister of an "Agreement on Principles" to govern the negotiation of a new Panama Canal treaty, the Department of State has been conducting a determined campaign to surrender U.S. sovereign control over the Canal Zone to Panama, all without the authorization of the Congress.

The historic policy of the United States has been against the expenditure of large sums for the construction, maintenance, operation, sanitation, and protection of the Panama Canal in an area not under the sovereign control of the United States. This policy would also apply to its major canal modernization.

To protect the interests of the United States and its taxpayers, it is necessary to add a new section to H.R. 198 as follows:

> Sec. 14. The provisions of this Act shall remain in effect only so long as all the sovereign rights, power and authority granted in perpetuity to the United States by the Republic of Panama in Articles II and III of the Convention between the United States and the Republic of Panama signed on November 18, 1903, and reaffirmed in the General Treaty signed March 2, 1936 and the Treaty of Mutual Understanding and Cooperation signed January 25, 1955, remain unaltered.

Mr. Speaker, such additional section in H.R. 198 will serve notice on the world, especially those countries using the canal, that the people of the United States and their Congress will not approve the expenditures involved in major canal modernization except in an area under the full sovereign control of the United States. That area is the present U.S. owned Canal Zone. Moreover, as I have often stated, such modernization does not require the negotiation of a new canal treaty for the long needed "expansion and new construction," which is a transcendent consideration—Congressional Record, July 24, 1939, pages 9834 and 9837.

Accordingly, I have revised H.R. 198 to include the new section and quote the revised bill as part of my remarks:

H.R. 10083

A bill to provide for the increase of capacity and the improvement of operations of the Panama Canal, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Panama Canal Modernization Act".

Sec. 2. (a) The Governor of the Canal Zone, under the supervision of the Secretary of the Army, is authorized and directed to prosecute the work necessary to increase the capacity and improve the operations of the Panama Canal through the adaptation of the Third Locks project set forth in the report of the Governor of the Panama Canal, dated February 24, 1939 (House Document Numbered 210, Seventy-sixth Congress), and authorized to be undertaken by the Act of August 11, 1939 (53 Stat. 1409; Public Numbered 391, Seventy-sixth Congress), with usable lock dimensions of one hundred and forty feet by one thousand two hundred feet by not less than forty-five feet, and including the following: elimination of the Pedro Miguel Locks, and consolidation of all Pacific locks near Agua Dulce in new lock structures to correspond with the locks capacity at Gatun, raise the summit water level to its optimum height of approximately ninety-two feet, and provide a summit-level lake anchorage at the Pacific end of the canal, together with such appurtenant structures, works, and facilities, and enlargements or improvements of existing channels, structures, works, and facilities, as may be deemed necessary, at an estimated total cost not to exceed $1,150,000,000, which is hereby authorized to be appropriated for this purpose: *Provided, however,* That the initial appropriation for the fiscal year 1976 shall not exceed $50,000,000.

(b) The provisions of the second sentence and the second paragraph of the Act of August 11, 1939 (53 Stat. 1409; Public Numbered 391, Seventy-sixth Congress), shall apply with respect to the work authorized by subsection (a) of this section. As used in such Act, the terms "Governor of the Panama Canal", "Secretary of War", and "Panama Railroad Company" shall be held and considered to refer to the "Governor of the Canal Zone", "Secretary of the Army", and "Panama Canal Company", respectively, for the purposes of this Act.

(c) In carrying out the purposes of this Act, the Governor of the Canal Zone may act and exercise his authority as President of the Panama Canal Company and may utilize the services and facilities of that company.

Sec. 3. (a) There is hereby established a board, to be known as the "Panama Canal Advisory and Inspection Board" (hereinafter referred to as the "Board").

(b) The Board shall be composed of five members who are citizens of the United States of America. Members of the Board shall be appointed by the President, by and with the advice and consent of the Senate, as follows:

(1) one member from private life, experienced and skilled in private business (including engineering);

(2) two members from private life, experienced and skilled in the science of engineering;

(3) one member who is a commissioned officer of the Corps of Engineers, United States Army (retired); and

(4) one member who is a commissioned officer of the line, United States Navy (retired).

(c) The President shall designate as Chairman of the Board one of the members experienced and skilled in the science of engineering.

(d) The President shall fill each vacancy on the Board in the same manner as the original appointment.

(e) The Board shall cease to exist on that date designated by the President as the date on which its work under this Act is completed.

(f) The Chairman of the Board shall be paid basic pay at the rate provided for level II of the Executive Schedule in section 5313 of title 5, United States Code. The other members of the Board appointed from private life shall be paid basic pay at a per annum rate which is $500 less than the rate of basic pay of the Chairman. The members of the Board who are retired officers of the United States Army and the United States Navy each shall be paid at a rate of basic pay which, when added to his pay as a retired officer, will establish his total rate of pay from the United States at a per annum rate which is $500 less than the rate of basic pay of the Chairman.

(g) The Board shall appoint, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, a Secretary and such other personnel as may be necessary to carry out its functions and activities and shall fix their rates of basic pay in accordance with chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates. The Secretary and other personnel of the Board shall serve at the pleasure of the Board.

Sec. 4. (a) The Board is authorized and directed to study and review all plans and designs for the Third Locks project referred to in section 2(a) of this Act, to make on-the-site studies and inspections of the Third Locks project, and to obtain current information on all phases of planning and construction with respect to such project. The Governor of the Canal Zone shall furnish and make available to the Board at all times current information with respect to such plans, designs, and construction. No construction work shall be commenced at any stage of the Third Locks project unless the plans and designs for such work, and all changes and modifications of such plans and designs, have been submitted by the Governor of the Canal Zone to, and have had the prior approval of, the Board. The Board shall report promptly to the Governor of the Canal Zone the results of its studies and reviews of all plans and designs, including changes and modifications thereof, which have been submitted to the Board by the Governor of the Canal Zone, together with its approval or disapproval thereof, or its recommendations for changes or modifications thereof, and its reasons therefor.

(b) The Board shall submit to the President and to the Congress an annual report covering its activities and functions under this Act and the progress of the work on the Third Locks project and may submit, in its discretion, interim reports to the President and to the Congress with respect to these matters.

Sec. 5. For the purpose of conducting all studies, reviews, inquiries, and investigations deemed necessary by the Board in carrying out its functions and activities under this Act, the Board is authorized to utilize any official reports, documents, data, and papers in the possession of the United States Government and its officials; and the Board is given power to designate and authorize any member, or other personnel, of the Board, to administer oaths and affirmations, subpena witnesses, take evidence, procure information and data, and require the production of any books, papers, or other documents and records which the Board may deem relevant or material to the performance of the functions and activities of the Board. Such attendance of witnesses, and the production of documentary evidence, may be required from any place in the United States, or any territory, or any other area under the control or jurisdiction of the United States, including the Canal Zone.

Sec. 6. In carrying out its functions and activities under this Act, the Board is authorized to obtain the services of experts and consultants or organizations thereof in accordance with section 3109 of title 5, United States Code, at rates not in excess of $200 per diem.

Sec. 7. Upon request of the Board, the head of any department, agency, or establishment in the executive branch of the Federal Government is authorized to detail, on a reimbursable or nonreimbursable basis, for such period or periods as may be agreed upon by the Board and the head of the department, agency, or establishment concerned, any of the personnel of such department, agency, or establishment to assist the Board in carrying out its functions and activities under this Act.

Sec. 8. The Board may use the United States mails in the same manner and upon the same conditions as other departments and agencies of the United States.

Sec. 9. The Administrator of General Services or the President of the Panama Canal Company, or both, shall provide, on a reimbursable basis, such administrative support services for the Board as the Board may request.

Sec. 10. The Board may make expenditures for travel and subsistence expenses of members and personnel of the Board in accordance with chapter 57 of title 5, United States Code, for rent of quarters at the seat of government and in the Canal Zone, and for such printing and binding as the Board deems necessary to carry out effectively its functions and activities under this Act.

Sec. 11. All expenses of the Board shall be allowed and paid upon the presentation of itemized vouchers therefor approved by the Chairman of the Board or by such other member or employee of the Board as the Chairman may designate.

Sec. 12. There are hereby authorized to be appropriated to the Board each fiscal year such sums as may be necessary to carry out its functions and activities under this Act.

Sec. 13. Any provision of the Act of August 11, 1939 (54 Stat. 1409; Public Numbered 391, Seventy-sixth Congress), or of any other statute, inconsistent with any provision of this Act is superseded, for the purposes of this Act, to the extent of such inconsistency.

Sec. 14. The provisions of this Act shall remain in effect only so long as all the sovereign rights, power, and authority granted in perpetuity to the United States by the Republic of Panama in articles II and III of the convention between the United States and the Republic of Panama signed on November 18, 1903, and reaffirmed in the general treaty signed March 2, 1936, and the Treaty of Mutual Understanding and Cooperation signed January 25, 1955, remain unaltered.

ALL'S WELL THAT ENDS WELL AT CULEBRA

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Puerto Rico (Mr. Benitez) is recognized for 15 minutes.

Mr. BENITEZ. Mr. Speaker, 3 years ago it was my privilege and my duty to address this House on behalf of the people of Puerto Rico to request its support in a congressional determination that weapon range activity on the inhabited island of Culebra should terminate as originally promised by July 1, 1975, and not as then-Secretary of Defense Mr. Melvin Laird, in an extraordinary self-reversal, had decided to postpone for 10 more years.

I anticipated then, both in Puerto Rico and here in the United States, that once the situation was understood the proper determinations would be made in full compliance with previous commitments.

I am happy to report that after an extensive exploration and reexamination of all the facts, determinations fully satisfactory to the Government of the United States and to the people of Puerto Rico were adopted and that last Saturday, October 18, 1975, a full-scale celebration was held where Senator Jackson, Governor Hernández Colón and myself had occasion to underscore the great triumph of the democratic process in bringing to full fruition the wishes, the rights, and the commitments of the people of Puerto Rico and of the United States.

I wish to place in the Record the brief statements made on that significant occasion:

Remarks by Senator Henry M. Jackson

Governor, Mayor of Culebra, Members of Congress, Senators and Representatives, people of Culebra and distinguished guests.

On August 27, 1970, I stated on the floor of the United States Senate that

"We have delayed too long coming to grips with the problem of Culebra. . . . what is at stake is the quality of life on Culebra . . . and the well-being of the people who live there."

In 1973 I said that

"Maintaining the credibility of our Government's commitment (to leave Culebra) is just as essential to our national security as the training that takes place at Culebra."

Today, after five years of delay, we celebrate the fact that the Federal government has delivered upon its solemn commitment to the people of Culebra and to the Commonwealth of Puerto Rico.

The use of Culebra as a Naval firing range has come to an end.

The sacrifice the people of Culebra has made for so many years in the interests of national security is over.

The Federal government's presence will soon terminate. Lands owned by the United States will be turned over to the Commonwealth.

Self-determination will replace self-sacrifice.

The people of Culebra and Puerto Rico can take pride in all you have done and continue to do in the interests of national security. Your patriotism and willingness to do your share and more is a demonstrated fact.

Culebra was a symbol of an older day—a day when the Federal government was not responsive to the views and aspirations of local citizens.

That day is over. Culebra is now the symbol of a new day. In the future national decisions which affect the Commonwealth will not be made until the views of the Puerto Rican people have first been heard.

The resolution of the problem of Culebra marks the first step toward a new relationship between the Federal government and the Commonwealth. This new relationship will recognize the needs and the desires of the Puerto Rican people to have greater control over their destinies.

The lesson of Culebra is that relations between the Commonwealth and the U.S. can be changed, *for the better* and for the benefit of both.

We are not prisoners of either the past or of the status quo.

We can, if we work together, develop new policies, new programs, and new relationships which will create new jobs, new opportunities, and a better way of life.

The Ad Hoc Advisory Group's proposed "Compact of Permanent Union Between Puerto Rico and the United States" will provide the Congress an opportunity to both reaffirm our historic ties and common citizenship and, at the same time, to broaden and give new meaning to the concepts of self-determination which Culebra has come to represent.

The unique nature of the Commonwealth status dictates that we periodically examine and redefine the legal, political and economic characteristics of the relationship. The work of the Ad Hoc Advisory Group has provided the President and the Congress with a new blueprint for self-government for Puerto Rico.

I look forward to having the recommendations of the Executive Branch on the Report of the Ad Hoc Group submitted to the President last week. Whatever those recommendations may be, I intend to do everything I can to assure that the Report receives early consideration by the Congress.

Our mutual interests are, I believe, greater today than ever before. Clearly our economic interests are more closely related than ever.

I don't need to emphasize how closely Puerto Rico's economy is bound to the economy of the United States mainland. Your distinguished Governor has an intelligent program to use the island's own resources and the talents of its people to create new jobs and revive Puerto Rico's agriculture. Unless the economy of the United States is revived, however, your efforts to help yourselves will continue to be gravely handicapped. There is one thing above all, then, that the government of the United States can do to advance the welfare of Puerto Rico's people. We must take action to end recession and runaway inflation in the United States; this action would also end the depression in Puerto Rico.

I pledge to you today that I will do all in my power to build on the lesson, and the spirit, and the courage that Culebra has come to represent.

In closing, I want to pay specific tribute to Governor Hernandez-Colon and to Mayor Feliciano for their courageous dedication to improving the quality of life in Culebra.

Their tireless efforts in persuading the Congress, the Department of Defense and two Presidents of the merits of their cause deserves special recognition.

Remarks by Resident Commissioner Jaime Benitez

I wish to make three brief statements.

First, we deeply appreciate Senator Jackson's promise to shepherd through the Senate Interior Committee, over which he so ably presides, the new Proposed Pact between the United States and Puerto Rico which has already been submitted to the White House and is now pending referral to the Congress by the President of the United States. As a member of the Subcommittee on Insular Affairs in the House of Representatives, I pledge to Senator Jackson and to all those present, that we in the House will endeavor to expedite consideration of the Proposal. We trust that the Other Body will react as auspiciously as we believe will be the case both in the House of Representatives and in the final referendum in Puerto Rico.

Second, this festivity today is one of the most uplifting celebrations I have attended. Why? I have been asking myself that very question as I gaze at so many kind, joyful, expectant faces and sense the atmosphere of elation, goodwill and serenity overflowing this plaza. Twenty centuries ago the Founder of our faith said to His disciples, fearful of his forthcoming departure: "Whenever two or three of you are gathered together in my name, I shall be among you". And so today, as any day, when men, women and children gather to celebrate the triumph of justice, of vision, of the prevalence of right over might, of human intelligence and wisdom the achievement goes beyond to reflect and validate the eternal struggle and hopefully the eventual triumph of the good, the beautiful and the true. So this compliance of today by the Congress and the President of the United States with the wishes, the hopes and the rights of the people of Culebra enhances the lasting ties and affections binding together all of us, while at the same time signifying one additional step in man's quest for freedom under law.

My third and last point is that this felicitous occasion will be judged ultimately by what happens in the years ahead. The real test of today is always in the future. It will be determined by how well or how badly we keep faith with the high purposes which decided the contest of priorities we call Culebra. Ahead of us there are always question marks concerning the future. We must make certain that the decision and actions already taken lead to a new life in Culebra—a life of effort, of work, of creativity and achievement in the pursuit of happiness in this beautiful island.

Remarks of the Governor of Puerto Rico Rafael Hernandez Colon

Today is a day of celebration; celebration of a system of government that works; celebration of a system of values centered firmly on the individual; celebration of two peoples bound securely by common citizenship and a common vision; celebration of sacrifice and perseverance, and celebration of the good will of men both high and low, strong and weak, indignant and patient.

Five and a half years ago, we of the Commonwealth, led by the people of Culebra, began the long and arduous struggle, first to preserve the integrity of the Island municipality as a viable and on-going community, and then to terminate completely and forever the use of the island as a target range and return peace and tranquillity. That struggle, whose fruition we witness today, was born in the legitimate aspirations of American citizens seeking their rightful pursuit of happiness.

For the Congressmen and federal officials who are here today, such struggles are commonplace, and in one form or another similar struggles have been carried on since the birth of the American Republic. But to the Puerto Rican people this struggle represented a test of the system, a test of ourselves, and a test of the Commonwealth relation. A test of our willingness to challenge a seemingly complex and at times unresponsive system on an issue posing the need for reconciliation of two worthy values: pursuit of happiness and common defense. What is commonplace for them, has become a watershed for us.

No longer can Puerto Ricans accept our common citizenship as an abstraction or a blind gift; we have tested that citizenship in the battleground of conflicting interests; we have tested that citizenship as a right, and not just as a duty; we have tested that citizenship at its core, at its heart, at its very purity; as the highest expression of that which men most cherish and most need—good will, justice and freely-given loyalty. We tested, and we prevailed. A cumbersome but just system corrected itself; conflicting interests were resolved on the side of human decency and individual justice. When the justice of the cause of the Culebrans became fully clear, the great institutions of government moved to their defense; Washington turned from the great affairs of state to listen and eventually help the 1,400 people of this island. That is what is most significant about Culebra; it demonstrates that in a democracy no matter how large, each of its citizens is important.

The Commonwealth relationship has at its core the principles of mutual trust, respect and dignity. Culebra demonstrated that these principles are neither the cover of colonialism, nor the mere rhetoric of blind agreement. Culebra proves that the Commonwealth relationship is strong and vital enough to survive and mature in the resolution of adversity.

We can be proud then of Culebra. For although a small event in the great run of history, it is no less a time for rejoicing, for joining hands and hearts, because Culebra represents the essence from which great and just societies arise: she represents the force that truly binds men and communities.

Now, let it be clear to all what Culebra does not represent. Under no circumstances and under no conditions should it be understood that Culebra means an evasion of Puerto Rico's responsibilities to defense. We stand today, as always, committed heart and soul to the common defense of the Commonwealth and the United States. Culebra was not a problem of divided loyalties, but rather one of the difficult resolution of conflicting claims and rights. Citizenship, then, can not be looked upon as acquiescence to what is judged wrong or a cold shoulder to the legitimate clamor of a people in need. Citizenship is loyalty to the highest principles that bind a people; citizenship is difficult decisions involving counterbalancing values; but above all citizenship is vigilance, courage and the will to fight for what is right and just.

But also it is loyalty and faith in a system of government. And that system represents as much of a challenge as does citizenship. To make it work requires perseverance, patience, intelligence, discipline, will and sacrifice. It also requires faith, for many times in testing the system we in turn are tested; tested as individuals and as a people. We were tested by long delays and temporary reverses. Many times along that long five and a half year road the outcome looked bleak; the reverses were more than the successes; yet, we persevered as individuals and as a people. We did not lose faith in ourselves nor in the system.

The patience, perseverance, and dedication of the people of Culebra stand as an eloquent answer to those whose misguided sense of loyalty would lead to complete submission to an unjust situation and the consequent failure to recognize the value and true meaning of citizenship on the one hand or on the other, to a total rejection of the Commonwealth relationship to the United States which by the example of Culebra has once again been proven to be responsive to the true needs of its people.

Loyalty is not blind obedience, it does not mean we have to sacrifice our principles and our sense of right. In fact, in its truest sense citizenship binds us to defend with all our resources and will our principles, our sense of right, and our vision for a better community.

But the celebration of principles would be meaningless unless we also were to celebrate the men who made this day possible. Mayor Ramón Feliciano and Attorney Richard Copaken—one for never giving up hope and the other for never giving up. And we celebrate the other members of the Culebra Commission, Attorney Victor M. Pons and General Roberto Vargas, and Assistant Secretary of the Navy Jack Bowers, and Stuart French and Pedro Sanjuan of the Department of Defense, who labored long and diligently. We also celebrate all those in the Congress, who in one form or another helped us in spite of the myriad demands on their time, and who realized that Culebra deserved their attention and finally their decision. We especially thank those Members of Congress here with us today, and our very special thanks go to my good friend Senator Henry M. Jackson. And we must celebrate the President, the Secretaries of Defense, who dealt with this matter, and the Navy, which in the end accepted the change.

Finally, I want to celebrate all of those who made it possible through their efforts to reach this happy day and the Puerto Rican people who never lost faith, who stood firm and fast during this long, hard, but beautifully triumphant struggle, whose end we celebrate here today.

NATIONAL GUARD TECHNICIAN RETIREMENT BENEFITS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. FORD) is recognized for 5 minutes.

Mr. FORD of Michigan. Mr. Speaker, I rise in support of S. 584, which would grant full credit for National Guard technician service in computing civil service employee retirement benefits.

I have previously cosponsored and strongly supported this legislation in the Post Office and Civil Service Committee and would like to take the opportunity to thank Mr. Newton Smith and the other members of the Michigan National Guard who have supported me in this effort.

This legislation would repeal the present 55 percent service credit limitation and give full credit to all employees who served under the technician programs on or after January 1, 1969. In addition, employees who retired after January 1, 1969, would receive full credit for all service performed before and after that date.

Mr. Speaker, there seems to me to be no reasonable basis for opposition to this legislation. It is merely an attempt to obtain equity for a very dedicated, loyal, hard-working group of Federal employees.

While National Guard Technicians have been considered Federal employees since 1924, they have not always had access to many of the benefits which automatically accrue to other Federal employees.

In spite of the fact that their duties related foremost to the National Guard's Federal defense mission, they were legally considered Federal employees only for purpose of workmen's compensation and of the Federal Tort Claims Act. They had to fight for their right to be recognized under the latter in Federal Court.

It was not until passage of the National Guard Technician Act of 1968 that they became eligible for and were granted full credit for their past service in determining leave status, death and disability compensation, health and life insurance—in fact, just about every benefit most other Federal employees had taken for granted for years.

However, with respect to retirement, they were short-changed in two important ways. First, those who were employed at the time this law was enacted were given credit for only 55 percent of their past technician service in determining their retirement annuities. Second, only those technicians who were employed on or after January 1, 1969, were given retirement credit.

Never before had less than full credit been granted to any other group brought into the Federal civil service retirement system.

Mr. Speaker, we must end this discrimination against some 42,000 professional Federal employees—many of whom have dedicated their entire working lives to this program. I urge my colleagues to give their support to this legislation.

GOVERNMENT OPERATIONS COMMITTEE ACTION POINTS TO NEED FOR GAO AUDITS OF THE FEDERAL RESERVE SYSTEM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Patman) is recognized for 15 minutes.

Mr. PATMAN. Mr. Speaker, as you know, I have, along with 118 other cosponsors, introduced legislation to provide for a full-scale General Accounting Office audit of the Federal Reserve System (H.R. 7590). Certainly, the need of our Government as well as that of the public to know how our Federal agencies are operating is necessary in order to promote efficiency and accountability.

Recently, similar legislation to provide for GAO audits of unaudited Federal agencies has been brought before other committees. For example, H.R. 8948, a bill to amend the Accounting and Auditing Act of 1950 to provide for the audit of the Internal Revenue Service by the Comptroller General, was favorably reported from the Government Operations Committee's Subcommittee on Commerce, Consumer and Monetary Affairs, and was later reported out of the Full Government Operations Committee by a vote of 35 to 0.

Representative Rosenthal, who chairs the subcommittee, has stated that,

> In view of the IRS' position, this legislation is necessary if Congress is to carry out its responsibility to determine whether government agencies are doing their job properly.

In addition, Mr. Rosenthal predicted that

> The long-term effect of this bill will be to make the government's tax administration agency a more efficient and responsive organization.

Mr. Speaker, the reasons cited by my colleague, Mr. Rosenthal, express without question the rationale behind cosponsorship of legislation to provide for a GAO audit of the Federal Reserve System. More than ever before, it is now the time for the American people to know exactly how the Federal Reserve, which handles billions of dollars in transactions each year and maintains a portfolio of $93 billion on which it draws $6 billion of interest income annually, operates.

Currently, the GAO is able to audit the IRS only as an agent of the Joint Committee on Internal Revenue Taxation. As such, the scope of its audits of the Service are limited. Under the provisions of H.R. 8948, the GAO would be permitted to initiate audits of the IRS, just as H.R. 7590 would allow the GAO to initiate audits of the Federal Reserve System. Furthermore, just as GAO disclosure of individual tax return information to any person outside GAO except as provided by law would be prohibited under H.R. 8948, H.R. 7590 prohibits GAO from identifying individual bank transactions. It is also important to note that the provisions of H.R. 8948 state that GAO audits of the IRS "shall not affect the finality of findings or decisions of the Secretary of the Treasury or his delegate under section 6406 of the Internal Revenue Code of 1954." In that connection, H.R. 7590, while permitting GAO recommendations on improving economical and efficient operations of the Federal Reserve System, specifically states that the GAO shall not make any recommendations as to the Fed's conduct of monetary policy.

Mr. Speaker, the overwhelming support of the Government Operations Committee and its Subcommittee on Commerce, Consumer and Monetary Affairs for H.R. 8948 and of the 118 cosponsors for H.R. 7590—6 of whom also sit on the Commerce, Consumer and Monetary Affairs Subcommittee—clearly indicates that there should be no further delay in pushing legislation providing for GAO audits of all Federal agencies. In my opinion, there is no justification for a Federal agency's not submitting to a GAO audit unless it has something to hide; and if that is the case, then an independent and full-scale audit is even more urgent.

IN PRAISE OF PATRICK MOYNIHAN

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, during the recess I went to a major subway or bus stop in my district each morning to speak with my constituents and distribute my statement praising Ambassador Patrick Moynihan for having described Idi Amin of Uganda as a "racist murderer." I also brought to their attention a report in the Washington Post that the State Department was seeking to have Ambassador Moynihan withdraw his remarks, and I asked my constituents to write to the Ambassador giving him their opinion of what he had said. Many of the people who wrote to Patrick Moynihan furnished me with copies of their letters and I am pleased to say that they praised him without exception. I am also pleased to report that President Ford issued a statement supporting Patrick Moynihan's use of the term "racist murderer" in describing Amin.

With the thought that they would be of interest to my colleagues, I am setting forth the news report of President Ford's comments, as well as a number of letters that I received from constituents:

[From the New York Times, Oct. 9, 1975]

Ford Backs Moynihan on Criticism of Amin

Washington.—President Ford fully supports Daniel P. Moynihan's use of the term "racist murderer" to describe President Idi Amin of Uganda, the White House said today.

"The President believes Ambassador Moynihan and Clarence Mitchell said what needed to be said," the White House press secretary, Ron Nessen, told reporters.

In a speech at the convention of the American Federation of Labor and Council of Industrial Organizations Friday, Mr. Moynihan, the chief United States representative at the United Nations, used a phrase from a New York Times editorial terming President Amin a "racist murderer." Mr. Moynihan indicated that he agreed with that appraisal.

Mr. Moynihan was protesting a call for the extinction of Israel made by President Amin in the General Assembly on Oct. 1.

Mr. Mitchell, a United States delegate to the Assembly, criticized President Amin in a speech in the United Nations Monday, declaring that the Ugandan's remarks were "an affront to millions of citizens of the United States."

October 17, 1975.

U.S. Mission,
United Nations Plaza,
New York, N.Y.

Dear Friends: I agree with Congressman Koch and would be very disappointed in the United States if our State Department compelled Ambassador Moynihan to withdraw his statements.

Respectfully,

Holly A. Allison.

October 15, 1975.

Hon. Edward I. Koch,
Longworth House Office Building,
Washington, D.C.

Dear Mr. Koch: I recently received a copy of your Congressional Record report in which you praised Patrick Moynihan for his candor and courage in speaking out against President Idi Amin of Uganda. Mr. Moynihan is indeed to be congratulated for his forthright remarks regarding Amin's treacherous record since his ascent to power. (Although such bloody reprisals are not uncommon upon the conclusion of "tribal warfare", they are still wrong, and should not be tolerated.)

But tell me please, Congressman, where is Mr. Moynihan's strident voice of outrage regarding the totalitarian regime of suppression, censorship and political imprisonment that has infected India? Perhaps I have overlooked his blunt, stinging and painfully candid remarks about the Ghandi dictatorship? I suggest Mr. Moynihan apply one of his own quotations to the situation in India:

". . . it is simply the fact that despotism will seek whatever opportunities come to hand to destroy that one which threatens them most, which is democracy."

Alas, I fear that even Mr. Moynihan's bell of freedom tolls only when it is politically expedient. It is hypocrisy such as this that renders even the most honest, sincere remarks of any politician unbelievable.

Sincerely,

Linda Coldiron.

October 17, 1975.

Hon. Daniel Patrick Moynihan,
U.S. Mission,
United Nations Plaza
New York, N.Y.

Dear Mr. Moynihan: It is not my custom to write letters to people in prominent positions when I have an opinion, but it is so important that I do so now.

I am both pleased and proud of your statements regarding Uganda's President Amin's "speech" before the United Nations. Thank God someone in our Government had the courage to attack such a demeaning and stupid talk. How people of intelligence could sit, listen, and applaud the statements of this killer and enslaver is beyond human comprehension. Too long, we, as Americans, have turned the other cheek and have indeed become the laughing stock of other nations. It is refreshing to know that at last we have a man who speaks for the majority of Americans. *Please, please,* don't betray us by withdrawing your remarks—stand firm, know that the people of the United States are behind you. You showed courage and principle—something sadly lacking in our State Department.

I wish you much success in your newest endeavor.

Sincerely,

Miss Margaret M. Gannon.

October 17, 1975.

U.S. Mission,
United Nations Plaza,
New York, N.Y.

Gentlemen: I wish to advise you that I fully agree with Congressman Koch and would be very disappointed in the United States if our State Department compelled Ambassador Moynihan to withdraw his statements.

Respectfully,

Beverly L. Jurist,

October 17, 1975.

Patrick Moynihan,
Chief Delegate, U.S. Mission, United Nations Plaza, New York, N.Y.

Dear Mr. Moynihan: I wish to take this opportunity to commend you for the stand you have taken and your statements in connection with President Idi Amin of Uganda.

I trust that you will continue to fight against any such future attacks against all people, whatever race, creed or color.

Very truly yours,

Harriet Lebovitz.

October 16, 1975.

Ambassador Patrick Moynihan,
U.S. Mission,
United Nations Plaza,
New York, N.Y.

Dear Mr. Ambassador. Bravo, Sir, for your remarks about Idi Amin. There are some other leaders in various countries who could fit into the same category without too much difficulty.

My faith in the UN for what it is doing and for its potential in helping solve the problems of the World is stronger than ever.

Sincerely yours,

Allan McKissock, Jr.

October 10, 1975.

Chief Delegate Patrick Moynihan,
U.S. Mission, United Nations Plaza,
New York, N.Y.

Sir: This is to let you know that I agree with Congressman Edward I. Koch 100%! President Idi Amin of Uganda *is* what you called him, a "racist murderer".

Don't apologize. The State Department can go to hell.

It's about time we spoke our minds, and told the world exactly how it is. The world may not like it (who cares) and may not like us (they don't) but at least they will respect us (which they don't now!)

Keep up the good work!

Respectfully yours,

Miss Delcisa Morini.

October 15, 1975.

Mr. Patrick Moynihan,
U.S. Mission, United Nations Plaza,
New York, N.Y.

Dear Mr. Moynihan: Having read your statement of October 5, 1975, concerning President Idi Amin of Uganda. I can only state that I agree with you 100% and for the first time in many years I am proud that an American is finally standing up to these third world leaders, who have run the United Nations too long.

Mr. Moynihan keep up the good work and don't withdraw your statement, when you are in the right there is no need for apologies.

Let President Amin apologize for his statements.

Very truly yours,

Hattie F. Murphy.

October 17, 1975.

Mr. Patrick Moynihan,
Chief Delegate, U.S. Mission, United Nations Plaza, New York, N.Y.

Dear Mr. Moynihan: I know you are under pressure from the State Department to withdraw your remarks about President Idi Amin of Uganda.

What you said needed to be said. And it was about time someone had the courage to speak the truth. I don't know why the United States caters to these murderers—the people who are trying to destroy democracy in the the world.

Keep up the good work.

Sincerely,

Jane C. Nelson.

October 15, 1975.

Ambassador Patrick Moynihan,
U.S. Mission, United Nations Plaza,
New York, N.Y.

Dear Ambassador Moynihan: I must write this letter to tell you how grateful I am to you for your courageous and truthful remarks concerning Idi Amin. You make me proud to be an American. Similar sentiments have been expressed to me by many members of my congregation and by New Yorkers generally.

The United States for too long has taken every kind of snide comment and insulting remark without standing up to the horrendous persons responsible for them. Such action cannot be described as diplomacy but rather as moral cowardice. It is heartening that our country is now represented by someone like yourself who rejects obscenities hurled at the United States or at any friendly nation.

With prayers for your continued health and strength, I am.

Sincerely yours,

Rabbi Judah Nadich.

October 17, 1975.

Chief Delegate Daniel Patrick Moynihan,
U.S. Mission, United Nations Plaza,
New York, N.Y.

Dear Mr. Moynihan: I wish to take time out to support your recent comments regarding President Idi Amin of Uganda. I think your straightforwardness and courage are to be applauded and encouraged. I am proud that the United States is represented by an individual of your character and conviction.

Very truly yours,

Robert J. Reger, Jr.

October 16, 1975.

Chief Delegate Patrick Moynihan,
U.S. Mission, United Nations Plaza,
New York, N.Y.

Dear Sir: Your statement regarding President Idi Amin of Uganda was something that needed to be said, and I for one support you 100%. He is a lunatic racist murderer and you definitely should not withdraw your remarks.

Thank you for saying it.

Very truly yours,

Mrs. Ann M. Rogoff.

October 15, 1975.

Mr. Patrick Moynihan: With regard to the State Department officials pressing to withdraw your remarks made regarding President Idi Amin of Uganda, I hope you won't give in and stand firm!

Sincerely,

Ms. Paul Stern.

October 15, 1975.

Hon. Patrick Moynihan,
United Nations Plaza,
New York, N.Y.

Your forthright stand on the likes of Idi Amin and the other third world pseudo-friends of the USA commands our respect and admiration. Congratulations on a job well done.

Keep up the good work.

A. C. Wynne.

October 17, 1975.

Mr. Patrick Moynihan,
U.S. Mission,
United Nations Plaza,
New York, N.Y.

Dear Mr. Moynihan: I absolutely support your superb statement and your courageous stand in speaking out against President Amin's statements at the United Nations on October fifth.

Please do not withdraw your statement! It is an outrage that a man such as Pres. Amin should be given a forum at the General Assembly and an equal outrage that our state department officials are pressing you to withdraw your remarks.

What is happening to this country? Are we to cower when every and any small underdeveloped nation or larger world powers finds our representatives remarks "undignified" and make apologies . . . or are we to be world leaders who are outraged by behavior such as this and set an example for others to be as well by this offensive individual and others of his caliber.

I am proud you represent our country and again, I absolutely support your stand. As an American, my personal, warmest thanks to you.

Sincerely,

Susan Zises.

HEAVY TRUCKS ARE DRIVING ON DEFICIENT AND OBSOLETE BRIDGES—BUT THE FEDERAL HIGHWAY ADMINISTRATION DOES NOT KNOW WHICH BRIDGES

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, the Federal Highway Administration, the branch of the Department of Transportation concerned with Federal highway construction and maintenance, had been sitting with information that there are 105 "structurally deficient" and 741 "functionally obsolete" bridges on the Interstate Highway System, yet the Agency had made no effort to identify the actual bridges involved.

Last week, I released to the press FHWA information on the unsafe bridge totals, which I had asked the General Accounting Office to obtain.

Since that time, I have learned that the FHWA does not yet know which bridges, and which highways, are the ones involved.

Only now, after the story on the GAO report using the FHWA data broke in the press, is the FHWA taking action both to verify its statistics and to request information identifying the bridges.

I am shocked at this inept data gathering procedure at the FHWA. The lack of information could prove extremely dangerous if trucks carrying maximum allowable loads of 80,000 pounds are permitted on bridges incapable of supporting their weight over periods of time.

The Federal Highway Administration should be ascertaining which bridges are incapable of carrying today's heavier trucks while insuring that the bridges are adequately marked. The existence of so many structurally deficient and obsolete bridges reinforces the need for immediate enactment of my legislation, H.R. 1867, to roll back truck weights.

Mr. Speaker, the Department of Transportation has an obligation to act with great urgency.

For the information of our colleagues, I am including my letter on this subject to Federal Highway Administrator Norbert Tiemann:

Washington, D.C., *October 17, 1975.*

Mr. Norbert Tiemann,
Administrator, Federal Highway Administration, Washington, D.C.

Dear Mr. Tiemann: As you are aware, in support of my proposal to reduce truck weights on the Interstate Highway System, I asked the General Accounting Office to obtain information from your Bridge Inventory concerning the number of structurally deficient and functionally obsolete bridges on the Interstate System. The data which you provided showed that 105 bridges are "structurally deficient" and that 741 are "functionally obsolete".

I then sought to find out which bridges on which highways are involved, in order to ascertain both if trucks carrying the maximum 80,000 lb. gross loads or the maximum axle loads are allowed on the bridges, and if these bridges are marked so as to warn those who might otherwise drive on them with the maximum loads.

I was shocked to learn that the Federal Highway Administration does not even know which are the unsafe bridges—and that your office, which is supposed to be responsible for vehicular and truck safety, has been sitting with information that there are 105 structurally deficient and 741 functionally obsolete bridges and yet not moved to identify the bridges affected.

Only now, after the story on the GAO report using your data broke in the press, you are taking action both to verify the statistics provided by the states and requesting information identifying the bridges. Should you not also be ascertaining whether the bridges are capable of carrying today's heavy trucks?

This matter is of great urgency, particularly since the Department of Transportation has endorsed the heavier truck weights. Surely you must agree that an extremely dangerous situation may exist. Indeed, the existence of so many structurally deficient and obsolete bridges further reinforces the need for my legislation to roll back truck weights.

Sincerely,

Edward I. Koch.

KAREN DeCROW: "THEY GAMBLED ON ME, AND THEY LOST"

(**Mr. KOCH** asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, I read with delight an article concerning Karen DeCrow, president of the National Organization for Women who recently attended an International Conference of Women held in Moscow. She reports how the Soviet organizers of that conference prevented her from even mildly criticizing the sexism she had found in the Soviet Union. She summed it up when she said about the Soviets:

> These people not only do not believe in the right to dissent, they don't understand it.

What has bothered me over the years is that when the Soviet Union has sponsored international conferences, the delegates from the United States for the most part are unswerving in their laudatory comments concerning the Soviet Union and rarely ever see or criticize the totalitarian aspects of that society. Either they are "true believers" who do not see the Soviet society for what it is, or they are too intimidated to stand up and speak out at the time of the conference. It is for that reason that I want to express my personal thanks to Karen DeCrow for her insight into Soviet society and then having the courage to try and speak out on what she found. The Soviet Union and its supporters consistently point out the deficiencies of the democratic society practiced in the United States. I too point out the inequities that exist and which must be eliminated. But we and our guests from other countries are free to speak out and criticism is not met with jail or institutionalization in a mental institution as happens in the Soviet Union to their dissenters.

As Karen DeCrow put it so well, "they gambled on me, and they lost."

The article follows:

[From the New York Times, Oct. 18, 1975]

NOW Head Finds Soviet "More Sexist" Than United States

(By David K. Shipler)

Moscow, October 17.—Soviet organizers of an international conference of women held here this week censored the speech of a leading American feminist when she tried to make some mild criticism of the sexism she had found in the Soviet Union.

Karen DeCrow, president of the National Organization for Women, said that she had bowed to strong pressure and removed one offending passage, but when she refused to change another sentence, the Russians simply altered it in translation.

"These people not only don't believe in the right to dissent, they don't understand it," she declared in an interview. "In the United States, you dissent, you fight. I never thought that was an honor or a privilege—it's just part of living. It has never occurred to me that somebody would say, 'Take something out of your speech.'"

From the moment she stepped off the plane in Moscow 10 days ago, Miss DeCrow said, Soviet officials and journalists had been asking her, in effect, to "tell us how terrible it is for American women; tell us how wonderful it is for Soviet women."

But Miss DeCrow said that her eye for sexist attitudes spotted so many in the Soviet Union that she had concluded, "It's more sexist than the United States, I'm telling you. It's better in the U.S., where at least lip service is paid to the problem. You couldn't have a NOW here because 'there is no problem.'"

The problems with her speech began when she was told by Soviet officials to write it in advance, something she almost never does. When she balked, the officials told her that unless she wrote it out, she would not be allowed to go to Leningrad, where some of the delegates were to tour schools and factories.

After she had submitted the speech, she said, two men entered her hotel room and ordered her to delete the following passage:

"We heard from the representatives at the Ministry of Justice of the U.S.S.R. this week all about the special considerations given to mothers, the medals given to women who have more than 10 children, the preception that women have a special understanding of children under 8 years old. I say we must declare loud and clear, we must contradict both the Ministry of Justice and Sigmund Freud: Anatomy is not destiny."

"They have me really intimidated," she said. "Am I a hero? Of course not, I took it out."

CENSOR AT WORK

Two days later, an official called her into the hallway outside the conference hall, she said, told her "there's an error in your speech," and pointed to a sentence declaring sexism "a problem every place in the world."

"Whenever you say 'every place,'" she quoted him as saying, "I want you change it to 'some places.'" She refused, but said she was told that the change was made anyway during simultaneous translation.

Miss DeCrow, a 37-year-old lawyer from Syracuse, N.Y., has been keeping a notebook of sexist remarks and instances of discrimination against women. Often, the Russians evidently thought they were being polite and flattering to women.

For example, a lawyer at the Ministry of Justice, explaining why women make good judges, told Miss DeCrow, "Women are emotional creatures."

Another lawyer, a woman, discussing why mothers usually get custody of children in divorce cases, explained. "She gives birth, therefore she is more attached to the children than the father. The father loves his children only through his love for the mother."

A professor at a medical school, surrounded by the woman delegates, told them that he felt as if he were in the middle of a beautiful flower bed.

Before a comedy show in Leningrad, Miss DeCrow recalled, the audience was told that one woman in the cast would be absent because she was having a baby. Everyone applauded, and a man would not be there, they were informed, because "he is in the army defending her."

Miss DeCrow said the play itself contained a sexist joke in which a man told of his attempt to save a drowning woman. "I took one look at her. I realized I was not lucky," he said. "She was not beautiful. I threw her back." Everyone clapped.

"And this is a nonsexist society?" Miss DeCrow exclaimed. "Johnny Carson couldn't get away with that—he'd get 9,000 letters."

She said she had asked some tough questions that usually brought blank, bewildered stares of laughter from the Russians. She asked why only girls took cooking lessons in a Leningrad school. She asked about a man driving a garbage truck while women dumped the garbage in the back.

When maternity leave was discussed, she asked about paternity leave. Laughter. When the delegation was taken to a fashion show in Leningrad she asked whether a delegation of men would be taken to a fashion show. Blank looks.

"Why did they invite me?" she asked herself. "Those attending the conference, from 111 countries were 99 per cent Communists," she said, including her fellow Americans, who did nothing but praise the Soviet Union for giving women equality.

"I am well-known as a feminist leader, well-known as an antiwar protester," Miss DeCrow explained. "They gambled on me, and they lost."

EULOGY TO RALPH HALPERN

(**Mr. ADDABBO** asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. ADDABBO. Mr. Speaker, I regret to advise my colleagues in the House of the passing of Ralph Halpern, a civic and political leader in Queens, N.Y., for many years. I was privileged to know Ralph Halpern and was proud to be counted among his many friends. His son, Seymour Halpern, served with distinction in the House of Representatives and I join my colleagues in extending our personal sympathies to Seymour and the other members of the Halpern family.

At this point I insert in the Record

the text of an eulogy to Ralph Halpern as it appeared in the Long Island Press:

RALPH HALPERN, LONGTIME GOP LEADER, 85

Ralph Halpern, a former state assemblyman and the father of former Rep. Seymour Halpern, died yesterday at the age of 85.

Funeral services under the direction of Schwartz Brothers Memorial Chapel, Forest Hills will be tomorrow at 2:30 p.m. Burial will follow in Mt. Lebanon Cemetery, Brooklyn.

Mr. Halpern was widely known as "Mr. Republican of Queens" during his more than 60 years of political activity in the borough.

Born on Manhattan's Lower East Side, he was attracted to politics at the age of 14, stumping for his idol, Theodore Roosevelt.

Halpern moved his family to Richmond Hill in 1914 where he founded the Theodore Roosevelt Republican Club and became active in the Woodhaven and Richmond Hill Republican clubs.

He was given the nickname "boy orator" and later proved his abilities by winning a nationwide oratorical contest sponsored by the American Tobacco Company.

Halpern was a delegate to 14 Republican state conventions and to each Republican national convention since 1932.

As president of the Richmond Hill Civic Organization in 1919, he led a successful fight against the city's acquisition of land in Richmond Hill for use as a garbage incinerator.

The following year, he was elected to the state assembly, eventually serving on the Ways and Means Committee and the Codes Committee.

Halpern entered the insurance business in 1920, establishing the Ralph Halpern Agency of Jamacia which he operated until his retirement in 1968.

In 1925, he served as Queens director of the federal census. He later served two terms as executive examiner of Queens under Borough President George A. Harvey.

Halpern was named by Gov. Thomas E. Dewey as state tax appraiser in 1940 and named chief deputy commissioner of the State Athletic Commission in 1943. Later he served as secretary to Supreme Court Justice Joseph M. Conroy, from 1955 through 1962.

In 1946 he was named secretary of the Queens County Republican Organization, a position he held for 25 years, retiring at 82 from his active party posts.

In addition to his son, Halpern is survived by his wife, Josephine; a daughter, Mrs. Bertha Wartel; two grandchildren and two great grandchildren.

EXPLAINING THE FAILURES OF U.S. FOREIGN POLICY

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, in the wake of our Vietnam debacle, millions of Americans continue to be disturbed and puzzled over the causes of this and other foreign policy failures and over the future course of American foreign policy. To help achieve a better understanding, I am offering for the RECORD a brilliant article by Hans J. Morgenthau from the October 11 issue of the New Republic. Entitled "Three Paradoxes," Dr. Morgenthau analyzes the factors responsible for past foreign policy defeats and failures.

Dr. Morgenthau points out that since the end of World War II, U.S. foreign policy has found itself all too often on the wrong side of the great social, economic, and political issues that characterize the present period of history. He points out that this erroneous orientation on behalf of an unviable status quo has defeated the brilliance of our Secretary of State, who has all too often put his extraordinary gifts at the service of lost causes.

Dr. Morgenthau also points out that by failing to distinguish between usable—that is, conventional—military power and nonusable—that is, nuclear—military power and by emphasizing the latter over the former, the United States has maintained its appearance as the most powerful nation on earth, but has weakened its power. He points out that it has further limited its capability for waging conventional war by continually attempting to blur the distinction between conventional and nuclear weapons.

Dr. Morgenthau concludes that the experience of the 20th century from World War I to Vietnam ought to have taught us that "a great power has discharged its duty toward itself and mankind when it seeks through its foreign policy to protect its territory and its institutions." He adds that in our present circumstances this concept of our national interest implies three concrete purposes: First, the avoidance of nuclear war; second, at best sympathy for, and at worst indifference to, the radical domestic changes that nations are undergoing throughout the world; and third, the support of supranational institutions capable of performing the functions that individual nation states are no longer able to perform.

Mr. Speaker, one need not agree entirely with Dr. Morgenthau's analysis to value it as an important contribution to the essential rethinking that we should all be doing if we are to restore the confidence of our people and people around the world in American ideals and leadership.

The full article by Dr. Morgenthau follows these remarks:

THREE PARADOXES

(By Hans J. Morgenthau) [*]

A strange and ominous apathy appears to separate the American people from the lively concern with public affairs without which democracy itself loses its vitality and tends to become a ritual devoid of political meaning. As far as the public attitude toward foreign policy is concerned, the reason for this apathy is to be found in three paradoxes that have obscured the nature of our foreign policy and the factors responsible for its failures and defeats: the paradox of ineffective brilliance, the paradox of impotent power, the paradox of destructive idealism.

The foreign policy of the United States has under Mr. Kissinger's stewardship suffered a number of spectacular defeats: Southeast Asia, Greece, Turkey, the German-Brazilian treaty opening the door to nuclear proliferation and for this reason opposed by the United States are cases in point. The prestige of the United States for power, virtue and wisdom has markedly declined among friends and foes alike. The United States carries today less weight in the councils of the nations than it did a decade ago. Yet this general decline and these particular failures have been presided over by, if they have not resulted from the policies of, a Secretary of State who is so amply endowed with a theoretical understanding of foreign policy and the practical ability to conduct it that I still consider him to be the best Secretary of State since Dean Acheson and one of the six or so best we have had throughout our history. How is this contrast between the personal qualities of the Secretary of State and the quality of his policies to be explained?

First of all the Secretary of State is exposed, as are all men, to the contingencies of history. He does not know everything, and he does not control everything he knows. Thus he cannot escape accidents that may play havoc with his best laid plans. More particularly the chickens hatched by his predecessors might choose to come home to roost at a time and under circumstances especially inconvenient. A statesman may be as unlucky as another may be lucky, and he may take credit or have to take the blame by dint of the accident that a certain event occurred while he was guiding the ship of state. However the course the American ship of state has steered not *only in* recent years but during the whole post-World War II period made it particularly vulnerable to, and actually invited, the kind of accidents that have shaken it in recent years.

Since the outbreak of the Cold War, American foreign policy has assumed the identity of the policies pursued by the government of the Soviet Union and those of the Communist governments and movements throughout the world. Our intervention in the Korean war was based upon that assumption and so were our interventions in Indochina and our policies toward Cuba. Similarly we tended to assume that our interests and those of our allies were identical and to consider national deviations from the course the United States had taken, such as the Gaullist ones, at best as a nuisance regrettably to be tolerated.

It is to the credit of Mr. Kissinger to have made an end to these simplistic identifications, which if consistently adhered to, precluded foreign policy altogether and allowed only for moral crusades fought preferably with the weapons of rhetoric and subversion but, if need be, also with the full plethora of conventional weapons. Mr. Kissinger has had the courage to deal consistently rather than sporadically, as his predecessors did, with the Soviet Union in a businesslike manner, appearing at times to lean over backward in minimizing its Communist character as a factor in its foreign policy. After a number of false starts, especially with regard to Japan, he has also shown respect for the separate interests of our allies, regardless of his ideological preferences. Mr. Kissinger has also had the courage and ability to begin the normalization of our relations with mainland China while leaving the issue of Taiwan in abeyance. This ideological decontamination of our relations with the two major Communist powers has provided Mr. Kissinger with an admittedly very limited freedom of maneuver, which he used in different phases of the liquidation of the Indochina war on behalf of his policies.

Yet while in the arena of macro-politics, that is, in America's relations with the major Communist powers, the United States has pursued a pragmatic policy that rather underplayed the ideological component of foreign policy, the United States has continued that ideological orientation in its dealings with local Communist governments and movements. The considerations that provided the rationale for our policies in Southeast Asia, for the support of a military dictatorship in Greece, for our participation in the overthrow of the Allende government in Chile, have been ideological: to stop communism by whatever means short of nuclear war wherever it threatens to extend its control. How can these two types of policy—ideological tolerance vis-a-vis the Soviet Union and mainland China, ideological combativeness against local communisms—mutually exclusive on the face of them, be reconciled? How can the Secretary of State proclaim détente with the Soviet Union, the fountainhead of Communist ideology and supporter of Communist causes, and fight communism to the death in Chile and Indochina?

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[*] Hans J. Morgenthau is University Professor of Political Science at the New School for Social Research.

These questions are answered by the fundamental principle by which all our major foreign policies since the end of World War II have been inspired: stability. What we wanted to emerge from the Second World War was a stable world order, dominated by two self-contained and cooperating superpowers. The existence of these two superpowers, containing each other, was itself a token of stability, for short of nuclear war or destabilizing actions of one of the superpowers' satellites or allies, nothing could have threatened the stability of relations between the two superpowers for 30 years. Yet that stability could indeed be put in jeopardy, so the argument runs, if a minor nation were to change its ideological allegiance and thereby add to the strength of one or the other of the superpowers. Thus the United States can afford to play down ideological differences in its relations with the major Communist powers, for these differences do not affect the overall world balance of power. But it must take ideological advances and retreats at the confines of the two empires with utmost seriousness; for they will, at least cumulatively, affect the distribution of power in the world. Hence the particular American concern with stability in the outlying political areas.

Yet this concern with stability is up against the fact that typically the kind of instability that threatens the American interest in the status quo is not artificially induced by Communist subversion but results from profound popular dissatisfaction with the social, economic and political status quo. Communism contributes to this dissatisfaction organization, ideology and politically oriented militancy. In other words communism may be the beneficiary and the instrument of instability, but it is generally not the cause. Thus by fighting communism it is possible to deprive instability of its most effective expression, but it is not possible to eliminate it. Since the causes and effects of instability persist, a policy committed to stability and identifying instability with communism is compelled by the logic of its interpretation of reality to suppress in the name of anti-communism all manifestations of popular discontent and stifle the aspirations for reform. Thus in an essentially unstable world, tyranny becomes the last resort of a policy committed to stability as its ultimate standard.

The stability thus achieved is apparent rather than real, for the policy seeking it concerns itself with one particular manifestation of instability rather than with its causes. What it is really concerned with is not instability as such but that instability that threatens the social, economic and political status quo. Thus it must prefer the short-run stability and long-run instability of tyrannical rule to the short-run instability and long-run stability of revolution and radical reform. For it is exactly in order to forestall the transformations that revolution and radical reform might bring today that American policy has consistently taken the side of repression on behalf of an unpopular social, economic and political status quo.

Thus the United States has found itself consistently on the wrong side of the great issues, which in retrospect will appear to have put their stamp upon the present period of history. It is this wrong philosophic orientation on behalf of an unviable status quo that has defeated the brilliance of the Secretary of State. He has put his extraordinary gifts at the service of lost causes. Manifestly destined to succeed, more often than not he has failed. His failures have by and large not been the result of specific weaknesses in the conception and execution of American foreign policy. Rather they have derived from the Secretary of State's overall perception of the world as it exists and his conception of the world to be created by his foreign policy.

The paradox of failing brilliance shares responsibility for the failures of American foreign policy with the paradox of impotent power. The object lesson of that paradox is the Vietnam war. The most powerful nation on earth, although for a decade it brought to bear all conventional weapons known to man, was unable to impose its will upon the truncated part of a small and technologically backward country. That failure raises two questions: why was American conventional power ineffective, and why did the United States not resort to nuclear weapons?

Military power, as all power, is a means to the end of subjecting the will of the opponent to one's own. Military power, as all power, is maintained to teach the opponent the lesson that he is better off yielding to it than continuing his opposition. Both in the mercenary wars of a distant past and the recent national wars of Europe, there was a point at which one or the other or both sides would conclude that it was preferable to desist rather than to continue the war. The heroic example of exceptional individuals or small groups of individuals who will risk death rather than give in confirms the rule. The Vietnam war is one of the few exceptions to that rule. For here a whole people preferred fighting against obviously insuperable odds, risking death, to surrender. They did so because they saw themselves as the fighting vanguard of a national and social revolution that was sweeping the world. One of the few architects of our Vietnam policy who has not jumped off the sinking ship has repeatedly expressed his amazement at the tenacity of the Viet Cong and answered his question as to why they "kept coming" with the explanation that they were encouraged by the domestic American opposition to the war. It is closer to the truth to point to the ultimate commitment to national and social revolution that has inspired other nations of the Third World as well. Against this ultimate commitment conventional weapons are of no avail, for their psychological effect depends upon the effect of the threat of death. Conventional weapons are ineffective in the measure that the threat of death has lost its effectiveness.

Military power is here ineffective because the object, preferring death to the status quo, is inured to its threat. The functional relationship between the magnitude of military power and the compliant behavior of the object is here destroyed by the latter. That relationship can also be destroyed by the wielder of superior military power. Military power in its nuclear form is so immense that it is out of all proportion to any possible target. Because of their magnitude, nuclear weapons are instruments of total destruction rather than politically usable devices for bending the object's mind to the will of the nuclear power. The United States is obviously infinitely more powerful than Turkey because it has nuclear weapons. But since it cannot use them for any political purpose short of total destruction, since, in other words, they cannot be used at all for a political purpose, the power equation must discount them.

Thus the effective power that the United States can put into the scales of its foreign policy is far inferior to the sum total of its power. By failing to distinguish between usable and nonusable power and emphasizing in theory and practice the latter over the former, the United States has maintained its appearance as the most powerful nation on earth, but has weakened the substance of its power in a dual sense. It has poured a disproportionate fraction of its resources into unusable instruments of power and has thereby drastically limited its capacity for waging conventional war. It has limited that capacity even more by never ceasing to search for ways of blurring the distinction between conventional and nuclear weapons, that is, to use nuclear weapons as though they were conventional ones.

Thus if one adds it all up, one must conclude that the United States is not only the most powerful nation on earth but also the most powerful nation ever to exist; for there has never been a nation that had it in its power to destroy life on earth altogether. But on the other hand that very same nation finds itself rather hard put to make effective use of its power when it comes to dealing with North Korea or North Vietnam or one or another of its recalcitrant allies. With its gaze fixed upon its nuclear armory, it has a way of using either too much or too little of that conventional power which is alone susceptible to support the day-to-day movements of our diplomacy.

Yet aside from the uselessness of nuclear weapons as instruments of foreign policy, the military weakness of the most powerful nation on earth has been glaringly revealed in the relations between the United States and the oil-producing nations. On one side there is the United States and its allies presenting an unprecedented accumulation of military power. On the other side, there are congeries of militarily impotent nations, many of which can be called nations only out of semantic courtesy. Yet the *former* are reduced to reacting helplessly to the policies of the latter. Their military preponderance is of no avail. This is so for three interconnected reasons.

The moral climate permeating the age of decolonization is hostile to attempts at the revival of open *colonial* relationships, however much of them may have survived under the cover of emancipation and national independence. Furthermore this moral climate favors guerrilla wars on behalf of decolonization, making military measures by consumer nations hazardous. Finally given the interconnectedness of interests in contemporary world politics, especially between super- and great powers on the one hand, and former colonies on the other, the military issues in which one or the other of the nuclear powers is involved run a more or less immediate risk of being countered by another of the nuclear powers—and a conventional military confrontation by the nuclear powers cannot be completely insulated from the ability to wage nuclear war and their willingness to do so if the stakes appear to be sufficiently high. Consequently the politically disadvantaged consumer nations have refrained from resorting to what was once considered the *ultima ratio regum*: military force.

Since the United States entered the international arena as a world power, it has felt the urge, in contrast to other nations, to justify its actions in moral terms, transcending the national interest narrowly construed. What is the purpose of our foreign policy? What good do we seek to achieve through it? What kind of international order are we aiming at? It is as though we had some moral qualms about being actively involved in this questionable business of foreign policy, which needs to be cleansed of its moral taint by serving some transcendent ideal. We expect to be redeemed from the evils of power politics by waging the war to end wars, by waging the war to make the world safe for democracy, by wiping totalitarian tyranny from the face of the earth, by creating a new world order in the form of the United Nations, by building a nation in Southeast Asia.

None of the idealistic purposes the United States actively pursued in its foreign policy and for which it went to war in this century were achieved, and the United States could blame the wickedness of the world or of some particular nation or some accidental personal or collective shortcomings for the failure. The sole exception is Vietnam. That failure is all our own. If we could have claimed all the credit had we succeeded, so we must take all the blame for the failure. And the failure could not have been avoided by changes in personnel and strategy and tactics. We failed because our conception of foreign policy as a noble crusade on behalf of some transcendent purpose clashed with the reality of things that not only refused to be transformed by our good intentions but in turn corrupted our purpose. The purpose, far from ennobling our actions, became itself the source of unspeakable evil.

The diverse purposes that have been assigned simultaneously and successively, to our intervention in Southeast Asia partake of an element of altruism. When one pointed to the lack of American national interest in Southeast Asia one was reminded, frequently with pride, that we were there not for narrow selfish reasons but for the sake of the indigenous peoples; to save them from a fate worse than death and to enable them to build a nation of their own, free from foreign interference. What we achieved was the utter destruction of their freedom, the devastation of their countries, death on an enormous scale inflicted with barbaric means, and the corruption of the survivors, ourselves included. Purpose and achievement were almost grotesquely at odds. We achieved what we wanted to prevent, and the evil we wanted to prevent was like nothing compared with the evil we left behind.

That experience, unique in the history of of our policies in Southeast Asia but also America, not only demonstrated the defects put into question the presumed casual relationship between good intentions and noble purposes, on the one hand, and successful policies, on the other. However that is not the issue actually raised. It is a testimony to the persistence of common error hallowed by tradition that the popular mind, remaining within that tradition, looks for another purpose, perhaps less ambitious, that could give direction to a new American foreign policy. What people really mean when they say we have no foreign policy is that American foreign policy had lost its purpose when it was defeated in Southeast Asia and that without such a purpose there was really nothing to debate.

These three paradoxes are both the result of intellectual errors and the cause of political failures. These failures ought to have stimulated our thinking to correct the intellectual errors from which they stem. The experiences of the 20th century, from World War I to Vietnam, ought to have taught us that a great power has discharged its duty toward itself and mankind when it seeks through its foreign policy to protect its territory and its institutions. This concept of the national interest, realistically defined in view of contemporary threats, implies three concrete purposes: the avoidance of nuclear war concomitant with preparedness for conventional war; at best sympathy for, and at worst indifference to, the radical domestic changes that nations are undergoing throughout the world; the suppport of supranational institutions and procedures capable of performing the functions that in view of modern technological developments the individual nation states are no longer able to perform.

This concept of the national interest, as applied specifically to the United States, requires drastic changes in the conduct of our domestic affairs. Throughout American history the United States has been looked upon by other nations, and has looked upon itself, as an example for other nations to emulate. The Vietnam war and Watergate have put into question the validity of that claim. Without the restoration of that validity through drastic domestic reforms in thought and action, American foreign policy will continue to stumble under the burden of the three paradoxes that has frustrated it in its past.

CHURCH WORLD SERVICE DEPLORES U.S. EMBARGO OF VIETNAM

(Mr. BINGHAM asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BINGHAM. Mr. Speaker, the U.S. military war in Vietnam has been replaced by an economic war. The administration has imposed a complete trade embargo against the governments of both North and South Vietnam. Two hearings on this embargo by the Subcommittee on International Trade and Commerce, which I chair, persuaded me that this embargo should be lifted. I have introduced legislation to that effect, and am currently seeking support and cosponsorship of other Members.

One of the effects of the embargo has been to restrict humanitarian aid to victims of the war that several private charitable organizations wish to send. One such organization—Church World Service—has recently submitted a statement in a letter to me concerning its efforts to provide private humanitarian assistance to war victims in Vietnam, the effects of the embargo on that effort, and its views with regard to the embargo. While this statement will be included in the printed record of the hearings on the embargo conducted by the International Trade and Commerce Subcommittee, I feel the Church World Service statement provides a particularly clear and persuasive description of the problem and deserves to be called to the attention of all Members.

In particular, the Church World Service statement documents the long delays in license applications for private humanitarian assistance to Vietnam. It characterizes the administration definition of "humanitarian" assistance as "not a criterion but a fiat," and urges a return to the "spirit of the Marshall plan" by lifting of the U.S. embargo. The statement follows along with an editorial from the New York Times, August 18, 1975:

CHURCH WORLD SERVICE,
New York, N.Y., October 3, 1975.

Hon. JONATHAN B. BINGHAM,
Chairman, Subcommittee on International Trade and Commerce, Committee on International Relations, U.S. House of Representatives, Washington, D.C.

DEAR MR. BINGHAM: Thank you for your invitation of August 13 to testify at the September 9 hearing of the Subcommittee on "Export Licensing of Private Humanitarian Assistance to Vietnam". Since Church World Service has been and plans to continue to be actively involved in Indochina, we wish to submit a statement for the record of the hearings.

Our comments are organized according to the questions in your letter of August 13. We refer, where appropriate, to issues raised at the Subcommittee's hearings of June 4 and September 9. In response to your fourth question, we offer certain policy recommendations for the Subcommittee's study.

(1) PAST AND PLANNED HUMANITARIAN ASSISTANCE BY CHURCH WORLD SERVICE TO VIETNAM

CWS is the international cooperative agency for relief and development of 31 Protestant and Orthodox denominations and a department of the National Council of Churches of Christ in the U.S.A. Through CWS are expressed the concerns of Protestant, Episcopal and Orthodox Christians in the U.S. for the suffering and hungry people of the world, whatever their race, color, creed or geographic location. The focus is on helping to improve the quality of life of people, particularly the poorest of the poor, by attacking the root causes of hunger through nutritional and other education, family planning, and agricultural, economic, and community development.

In the past 29 years Church World Service has utilized $575 million of material resources. This includes more than 4½ billion pounds of Food for Peace commodities under Title II of Public Law 480 and monetary inputs designed to assist indigenous agencies of the many countries with and through whom we operate. During 1974, our agency carried out programs in *some 65* countries of the world, including the U.S., ministering in the name of Jesus Christ to the hungry, the refugees, the displaced, the escapee, the rejected, the distressed, the victim of natural disaster and the homeless. The total value of all goods and services provided by CWS in 1974 was $25,362,352 including $2,003,231 of U.S. government-donated agricultural commodities under the PL 480 program and $1,946,378 in the U.S. government ocean freight reimbursement.

This process of working with and through indigenous agencies recognizes the need for people in the Least Developed Countries to formulate their own priorities and to develop and operate programs suited to their own situation. We have a fraternal relationship with the Commission of Inter-Church Aid Refugee and World Service of the World Council of Churches. Our efforts augment assistance from the other churches of the world. CWS is also registered with AID, Voluntary Agency Division, Department of State, and has been in operation since 1946.

In Indochina, Church World Service has joined with Lutheran World Relief, and for a time, with the Mennonite Central Committee, in support of Vietnam Christian Service (VNCS). VNCS in its 10 year history (1965–1975) worked entirely in South Vietnam with a total staff of about 200 Vietnamese and 200 overseas personnel from 10 different countries. It specialized in refugee relief, training, agricultural development, social and medical work. In part because VNCS was not permitted to work throughout Vietnam, CWS has given support to the Fund for Reconstruction and Reconciliation in Indochina (FRRI), founded under World Council of Churches' auspices in 1972. FRRI, which has representation from Indochina included on its governing board, is active throughout Indochina. The initial $5,500,000 FRRI Program is engaged in hospital reconstruction in North Vietnam, provision of roto-tillers to the PRG, relocation of refugees in Laos to their ancestral homes in cooperation with the Neo Lao Haksat (formerly called the Pathet Lao), and ministering to refugees from Laos and Cambodia in Thailand.

Church World Service also contributes financially to the work of Asian Christian Service (ACS), the service arm of the Christian Conference of Asia with 90 churches and agencies in 22 Asian countries. While ACS at one time or another has worked in South Vietnam, Laos and Cambodia, it now has programs only in Laos, with all of its personnel from Asian countries.

The ten year cumulative budget total of the three agencies, VNCS, FRRI and ACS, is approximately $18,900,000. Of this total, CWS, has provided more than $10,000,000, with other church organizations around the world contributing the balance. In addition CWS has contributed $80,000 to medical shipments arranged by World Council of Churches to North Vietnam during the years 1967–71. The Indochina effort of CWS represents roughly 10% of the total CWS program for the period of the past ten years.

As for the present, CWS continues to work in Indochina through FRRI and ACS. We also work with the Mennonite Central Committee which has resident field staff in Saigon. We aspire to having more frequent CWS field visits and to the assignment of expert personnel in those training fields such as health and agriculture, which the Indochinese deem necessary. With or without resident personnel, CWS is committed to the reconstruction process and will continue to coordinate our efforts with other agencies to achieve this objective.

As an expression of our continuing concern for the people of Vietnam, we have in the past six months played a major role in the resettlement of refugees from South Vietnam in communities throughout the United States. As of August 30, we have placed about 11,000 persons with sponsoring families and congregations around the country and are seeking sponsors for an additional 5,750 persons.

(2) METHODS OF EXPORTING/DELIVERING ASSISTANCE TO VIETNAM

The program of Vietnam Christian Service described above specialized in providing persons with professional skills for service in South Vietnam. However, material aid including a modest amount of PL 480 food aid was sent to South Vietnam, with a value totaling $4,026,134 for the years from 1966–1975. Field hospital units have been purchased for Asian Christian Service programs in Laos.

Church World Service has also contributed to the purchase in France by the World Council of Churches of medicines which were then flown from Paris to Hanoi. Hospital reconstruction in North Vietnam is being carried out in part with funds from CWS granted to the Fund for Reconstruction and Reconciliation in Indochina for the purchase (mostly in Hong Kong) of construction materials and medical equipment. In May, 1975 at the request of the PRG to the Mennonite Central Committee, CWS and the Committee purchased $200,000 of food in Hong Kong, shipping it to Haiphong for transhipment to PRG areas.

Visits to Hanoi, Da Nang and Saigon by U.S. voluntary agency and ecumenical personnel have occurred sporadically since the spring of 1975, and more are scheduled. On many such occasions, work sites to which CWS contributes aid (such as the hospital in North Vietnam) have been visited and progress updated on the spot. In the absence of CWS staff in Vietnam, the two Mennonite Central Committee persons there provide progress reports in ongoing fashion. While the presence of U.S. personnel from voluntary agencies such as ours is not a condition of aid, we have found that the presence of such personnel enhances the degree of identification by Americans with various projects and therefore the extent of their financial support for such activities.

(3) EXPERIENCE WITH LICENSE APPLICATIONS FOR VIETNAM

Church World Service has never had a license application for shipments to Indochina rejected. However, our current application for a shipment to Hanoi, now pending before the Department of Commerce, is encountering difficulties.

During a visit of American church leaders to North Vietnam late in 1974, the Ministry of Health of the Democratic Republic of Vietnam expressed interest in blankets, clothing, educational supplies, drugs and medical supplies. The following chronology of our attempts to obtain a license for such a shipment demonstrates our difficulty, given the current use of the licensing system by the Administration, in responding to the expressed needs of persons in Vietnam.

December 17, 1974: CWS sent a mailgram to the Commerce Department inquiring whether the issuance of a license for a shipment to the Democratic Republic of Vietnam would in principle be possible.

December 26, 1974: The Commerce Department responded requesting additional details.

January 6, 1975: CWS sent a letter to the Commerce Department, giving the background of the request, items involved, their consignee and end-use.

February 6, 1975: The Commerce Department objected to the consignee, the Vietnam-American Solidarity Committee in Hanoi.

March 12, 1975: CWS sent a letter to the Commerce Department indicating that a CWS official on a recent trip to Cambodia, Saigon, and Hanoi had arranged for the shipment to be consigned to the Red Cross Society of Vietnam in Hanoi.

March 26, 1975: The Commerce Department sent a letter to CWS indicating that while "a definitive opinion rests on the facts of a specific request", it is "likely that a humanitarian exception would be made to the present U.S. embargo on trade with that country on the basis of the information you have furnished . . ."

June 13, 1975: CWS filed a formal application with the Commerce Department. (The delay since March 26 had been due to obtaining from overseas the assurance the aid was still needed, which it was.)

July 18, 1975: In the absence of a reply from the Commerce Department, CWS enlisted the help of AID.

July 31, 1975: AID replied, after checking with the Department of Commerce, that "they (Commerce) have received your application dated June 13, 1975. Unfortunately for a short time the application was misplaced. However, it has now been sent to the Department of State for review, and the Department will be making its recommendations on the application very shortly. Once this step has been completed, the Commerce Department will contact you."

October 3, 1975: As of today, the Commerce Department has yet to be heard from and the application has yet to be granted.

Having lost most of a year and considerable staff time in this process, we concur with the views expressed by the Mennonites and the Friends about the hardships created by the licensing system. If a licensing system is to exist at all, it should facilitate the response to human need rather than obstruct it.

(4) CWS VIEWS ON THE EMBARGO OF VIETNAM AS IT AFFECTS HUMANITARIAN ASSISTANCE TO THAT COUNTRY

a. *U.S. policy as currently interpreted impedes the expression of humanitarian concern for the people of Vietnam by U.S. citizens acting as private persons.*

The tradition of response by the American people to human need throughout the world through private agencies is well-established, as indicated by the testimony of the Mennonites and the Friends. The expression of humanitarian concerns by and through voluntary organizations (PVOs), as well as the expertise of such organizations in reaching people in need, are recognized by the Foreign Assistance Act of 1973 and more recently by the International Development and Food Assistance Act of 1975, passed by the House by an overwhelming margin on September 10. The recognition accorded to PVOs in basic U.S. development assistance legislation and the desire of the Congress in recent years to facilitate their efforts suggests that they are in fact a uniquely successful and trusted channel through which the American people choose to express their humanitarian concern. In fact, we find it rather contradictory that the broad confidence shown in the PVOs by both the legislative and executive branches is apparently forgotten when it comes to the matter of aid to Vietnam. We welcome therefore the Committee's review of whether the creation of obstacles by the U.S. government which impede the work of such agencies in Vietnam is consistent with the respect accorded to PVOs in American tradition, legislation, and current practice.

Quiet apart from these historical and philosophical considerations, practical and operational questions also need to be raised. The Committee rightly asks what the U.S. government hopes to gain by denying licenses for equipment to stimulate agricultural development, repair hospital equipment, set up community workshops, and encourage fishing cooperatives. We find the attempted answer of the Administration witnesses unpersuasive: that the opportunity to deny licenses enables the U.S. government "to judge cautiously and prudently, the behavior of the new regimes (in Indochina) toward us."

The private citizens who give money to the agencies of their choice for work in Vietnam are not concerned with the behavior of regimes towards the U.S. government. They are concerned to help bind up wounds and to fulfill lost human potential irrespective of the behavior of governments, whether in Vietnam or in the United States. Can the U.S. government's licensing requirements legitimately stand between the American people and the people whom they wish to assist with their own monies? The fact that the people who live in South Vietnam are those whom the U.S. government, until recently, directly as well as through the PVOs was seeking to aid makes its current interference with PVO efforts the more arbitrary, contradictory, and, it would seem, politically motivated.

We recognize that the expression of humanitarian concern seldom takes place in a political vacuum and that humanitarian aid, however devoid of political motivation, may on occasion have certain undeniably political implications. However, we do not view our stated desire to be of assistance to the people of Vietnam as an essentially political act. On the contrary, it is an expression of an ongoing humanitarian concern of American citizens for the people of Vietnam. May we not reasonably expect that the same humanitarian efforts which we carried on in Vietnam with the U.S. governments's blessing during the war should still be possible even now when the U.S. government finds itself in altered political circumstances with respect to the governments of Vietnam? That such efforts by PVOs are impeded by the application of the current licensing requirements suggests major and unnecessary political interference by the U.S. government in the humanitarian concerns of the American people.

b. *The attempted distinction between humanitarian and economic assistance is untenable and unworkable.*

The administration seeks to distinguish between materials which are "humanitarian", such as food and medicines, and those which are "economic", such as fishnets, rototillers, and light equipment for village cooperatives. The former are licensable, it avers; the latter not. Food sent from the U.S. is humanitarian, but plows and nets to enable persons to become self-sufficient in food production are not. Clothing and blankets sent from the U.S. are humanitarian but sewing machines, fiber for clothing, and button blanks for the production of clothing and blankets in Vietnam may not be. Medicines are humanitarian, but equipment to produce medicines, syringes, needles, and disinfectants are apparently not. Community workshops may be humanitarian to the extent that they hire the handicapped, say the Administration witnesses, but if they are simply helping to provide a livelihood for ordinary people, they are not. The possible combinations of materials and end-uses are myriad; the rationale for categorizing them as humanitarian or economic remains opaque.

Pressed by the Subcommittee to define the difference between "humanitarian" and "economic" aid, the Administration conceded that there were no established criteria for making the avowed distinctions. The primary criterion, Mr. Miller indicated, is "what we consider to be humanitarian". This, of course, is not a criteria but a fiat. The fact that "humanitarian" aid was defined broadly following the Paris Accords and then narrowed more recently suggests that humanitarian assistance, in the eyes of the government, is subject to definition or political grounds. The observation by Mr. Miller that the Administration is "not encouraged" by recent developments in Indochina may even adumbrate a further narrowing of the definition. His would-be assuring assertions that "nothing is immutable" and that licensing controls are "under constant review" does not hold out hope for a more compelling or durable definition. They simply confirm the arbitrariness of the definition process as a whole.

Humanitarian aid, as we understand it, is an expression of basic concern for the human needs of persons, regardless of the political context in which those persons find themselves. Aid, is in our view, humanitarian which contributes to the development of persons as full human beings.

While we are aware that "humanitarian" is in common parlance sometimes used interchangeably with "charitable" and that in government discussions it frequently refers to the immediate and emergency needs of victims of natural or man-made disasters, we are also mindful that many in the religious community whose concerns we express understand humanitarian assistance in its more comprehensive and longer term sense.

Thus economic aid which facilitates the fulfillment of persons is clearly humanitarian in nature. Food aid used in food-for-work projects such as building of schools and roads is humanitarian just as fully as is in food aid used in the feeding of refugees. Training programs for clothes-makers and medical assistants are as fully humanitarian as are emergency shipments of clothing and medicines. In fact, we hear increasingly from representatives of developing nations in governmental and non-governmental discussions that programs oriented to meet immediate needs without attempting to address the root causes of suffering and the longer term remedies of injustice are dependence-producing and therefore less than "humanitarian" in their overall impact.

Our conclusion from the Administration's testimony is that the attempted distinction between humanitarian and economic assistance is simply a means for preventing the sorts of PVO programs which would make the most durable differences in Vietnam. We see no remedy short of redefining humanitarian aid in its broadest terms so as to avoid the need for hair-splitting on a shipment-by-shipment basis. The definitional problem would be mooted altogether by adoption of the revisions in the Trading with the Enemy Act which you have proposed in H.R. 9503, a measure which we support in Section (d) below.

c. *Speedy reconstruction in Vietnam will require in addition to private efforts, more supportive U.S. governmental assistance.*

We agree with you that "the Administration's economic policy toward North and South Vietnam is one based far more on past realities than present possibilities. It is a very real sense a policy of retribution and recrimination, rather than one looking toward reconciliation."

In support of this view, we recall the testimony delivered on July 18 by Mr. Bernard Confer, Executive Secretary of Lutheran World Relief, before the full International Relations Committee on the International Development and Food Assistance Act of 1975. CWS associated itself with his statement and finds it relevant in the context of considering our responsibility as a nation to assist in the reconstruction of Indochina.

"In the aftermath of the war, the American people face a new task of building constructive relationships with the peoples of that area. That which can be accomplished depends in large measure on the posture of governments, including the government of the United States. Reports received through reliable channels indicate extensive needs in Indochina in the war's aftermath. Now is therefore the time for the United States to make clear its interest in the welfare of the people of Indochina, regardless of the political complexions of their governments.

We urge this Committee to provide legislative encouragement for the United States to reach out, through reliable international channels, to people in need in Indochina. More specifically, *we recommend:*

i. *that the United States support the efforts of the international community to assist in Vietnam and other areas of Indochina through the United Nations Office for Humanitarian Assistance in Indochina.* The use of U.S. resources for Indochina reconstruction should be facilitated by the 1975 Foreign Assistance Act (HR 9005) rather than discouraged through statutory or administrative restrictions.

ii. *that both North Vietnam and South Vietnam be removed from the Trading with the Enemy Act in order to facilitate shipments of supplies and equipment for humanitarian assistance.* Such a change in statutes would clearly be in keeping with the cessation of hostilities in those areas.

We judge that these actions concerning the people of Indochina are fully consistent with the broad goals of our development assistance programs and with the traditions and concerns of the American people which the Committee's bill seeks to reflect."

We recall that the United States, in Article 21 of the Paris Accords, pledged to contribute to post-war reconstruction throughout Indochina. The fact that the Accords have for a variety of reasons broken down does not in our view absolve the U.S. of its moral responsibility to assist. To defer on our commitment further would make development aid contingent upon political factors, a consideration which runs counter to the humanitarian thrust of the new development assistance legislation, HR 9005.

In the floor debate on that measure on September 11, Mr. Gilman of the International Relations Committee recalled the spirit of the Marshall Plan. His remarks are helpful in the present context:

"Foreign aid, the late Secretary of State George Marshall said, should not be 'directed against any country or doctrine but against hunger, poverty, desperation and chaos. Its purpose should be revival of a working economy in a world so as to permit emergence of political and social conditions in which free institutions can exist.' "

We have heard the reservations of some members of the Committee about whether now is the appropriate time for a re-evaluation of the U.S. government's stance and for the normalization of relationships with the governments of that area. It is our impression, based on communications from the constituent members which support CWS, that there is a reservoir of goodwill among the American people for initiatives by the U.S. government to play a leadership role in affecting reconciliation with Indochina.

d. *HR 9503 is a step in the right direction.*

We welcome the introduction of your amendment to remove North and South Vietnam from the provisions of the Trading with the Enemy Act, except with respect to war and other related materials. As we understand the thrust of this measure, not only would it not impede our work; it would even facilitate it. It would broaden the ranges of what CWS and other agencies may legally do with respect to meeting Vietnam's needs. It would mean that the supplies purchased by our agencies for those areas would not require licensing by the Commerce and Treasury Departments.

This measure would thus signal an end to the economic warfare which the Trading with the Enemy Act has perpetuated even after the cessation of military hostilities in Indochina. Material aid needed by the people of Vietnam would be able to flow to them through private channels without arbitrary political impediments.

We assume that this would also mean that North and South Vietnam would become countries for which ocean freight reimbursement would be available to the PVOs from AID for the shipment of goods donated by the American people or purchased with donated funds.

We support your amendment, incidentally, quiet apart from its presumed facilitation of our own efforts since it will hasten the restoration of governmental relationships essential to reconstruction in Indochina.

In conclusion we wish to point out that while the focus of discussion has been on Vietnam, the hearings raise issues with major implications for humanitarian assistance elsewhere. If, for example, the attempted distinction between humanitarian and economic assistance were allowed to stand, it might be used under other circumstances to curtail the activities of PVOs which are increasingly stressing longer term development rather than more immediate relief activities. Moreover, if all services purchased by American PVOs in third countries were to be subject to approval by the U.S. government, this would hamstring not only current PVO practices but also the basic development objectives of many private organizations. Recent international meetings such as the World Food Conference and the Seventh Special Session of the UN General Assembly have urged, without objection by the U.S. delegations, the purchase wherever possible of materials and services produced *in developing countries* themselves. Discouraging these would affect partnership patterns which CWS and other PVOs have developed with colleagues and counterpart agencies around the world.

We wish you well in your labors to fashion a system which is more adequate to meet the legitimate interests of the U.S. government and more responsive to the needs of PVOs and the persons they seek to serve.

Sincerely,

Paul F. McCleary,
Executive Director.

Indochina in Flux

The Communist bloc's own power struggle for preeminence in Indochina shows signs of intensifying, just three months after the United States abandoned the region in defeat. A complex tangle of ideological and historical rivalries is provoking friction, not only between China and the Soviet Union but between Vietnamese and Cambodians, and among differing factions in their revolutionary regimes.

Long-standing strains between Hanoi and Peking showed up openly in the correct but low-key treatment accorded a North Vietnamese delegation visiting Peking last week. Their rivalry is also evident in the maneuvering of both sides' partisans in the shadowy leadership of Cambodia. When Phenom Penh recently announced the appointment as new Deputy Premiers of two politicians linked to Hanoi's Vietminh movement. Peking radio hastened to reveal that a top-level Cambodian delegation was about to visit the Chinese capital—the first foreign trip by any of the Cambodian leadership since the Khmer Rouge took control last April. On arrival in Peking, the Cambodians were received with warmth and fanfare.

Especially baffling is the status of Prince Norodom Sihanouk, former Cambodian head of state who lived in exile in Peking for five years. Through the rebel forces who nominally recognized his leadership have assumed power, the Prince made no apparent effort to return to his capital; indeed, he even left Peking for a long sojourn in North Korea.

The United States is hardly in position to influence these obscure maneuvers, even if it had an interest in doing so. But increased flexibility in Washington's approach to the new Communist regimes could help them maintain their independence of both Moscow and Peking.

There is no visible logic, for example, in the Ford Administration's attitude toward private economic initiatives that could lessen Vietnamese dependence on Communist aid. A prominent American banker is permitted to visit Hanoi on an exploratory mission, yet American voluntary organizations are explicitly barred from sending economic and development aid to affiliated institutions in Vietnam—aid that they were permitted to supply even while the war was raging!

President Ford himself imposed this ban, reportedly against the recommendation of Secretary of State Kissinger. At least one affected organization, the American Friends Service Committee, intends to keep fighting the decision.

Fishnets and tractors donated by private Americans are not going to change the course of Indochina's Communist politics. But they are symbolic of the change in official American attitudes which will have to occur if the United States ever expects to play a more constructive role in Vietnam's peace than it did in Vietnam's war.

VOTING RECORD OF CONGRESSMAN JONATHAN B. BINGHAM

(Mr. BINGHAM asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BINGHAM. Mr. Speaker, over the past 4 months, I have missed, or have not been recorded on, rollcall votes. I wish to record here what my position would have been had I been recorded as voting:

MISSED VOTES

Rollcall No. 338, motion to pass H.R. 6334, Peace Corps authorization; "yes."

Rollcall No. 349, motion to pass H.R. 8122, public works, energy research appropriations; "yes."

Rollcall No. 411, motion to suspend the rules and pass H.R. 6971, fair trade repeal; "yes."

Rollcall No. 412, motion to suspend the rules and pass H.R. 8240, Veterans' Administration salary limits; "yes."

Rollcall No. 413, motion to suspend the rules and pass H.R. 8598, child support programs; "yes."

Rollcall No. 495, rule to consider H.R. 8674, metric conversion; "yes."

Rollcall No. 496, motion to pass H.R. 8800, electric vehicle research; "yes."

Rollcall No. 497, motion to pass H.R. 8674, metric conversion; "yes."

COMMUNITY DAY IN CHAPPAQUA

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, each year the village of Chappaqua, N.Y., celebrates "Community Day," during which local civil, business, recreational, educational, and religious groups set up booths exhibiting their areas of concern and the services they provide.

This year a group of local women, calling themselves WHEAT, organized a booth on the topic of world hunger. They provided information, bumper stickers, balloons, and other items and gave a slide presentation in an effort to call attention to this important issue. A large number of people who visited that booth were inspired to write to me regarding this problem to ask my support for legislation that will help end hunger and malnutrition throughout the world.

I believe that the women who formed WHEAT and set up that booth have performed a great service and deserve ample recognition for their efforts. For my part, I certainly do intend to redouble my longstanding efforts on behalf of proposals to bring about a better distribution of the world's food supply and to encourage more research into how we might best use the Earth's resources to make an adequate diet available to everyone. The recent passage of H.R. 9005, the International Development and Food Assistance Act of 1975, is certainly a step in the right direction, and I am happy to have had the opportunity to support this bill.

Mr. Chairman, I would like at this time to insert into the Record the letter which has been signed by many of my constituents and mailed to my Washington office. I think this expresses in a simple, yet poignant way the feelings of so many Americans that this country has a tremendous responsibility to use its vast potential to aid in the fight against hunger:

CHAPPAQUA, N.Y.,
September 13, 1975.

DEAR REPRESENTATIVE OTTINGER: Hunger is a reality that won't go away. People here in the United States as well as in other parts of the world are suffering. Many private agencies are trying to help. But the problem is far too massive. The resources of our Government must be used, especially in terms of long-range strategies that deal with the causes of hunger.

As a congressman, you have the power to work for, to vote for, a policies that would identify this country as one which is concerned, as one that it willing to share its resources not for political gain, but because we are all part of the human race.

Too often, our own economic difficulties cause us to lose sight of the desperate plight of others. Today, as we celebrate "Community Day" in Chappaqua, we have been made aware of greater needs than our own. We urge you, as our representative, to support the *Fight Against Hunger* and to take a leadership role in this matter.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Solarz (at the request of Mr. O'Neill), for today until October 30, on account of official business.

Mr. Helstoski (at the request of Mr. O'Neill), for today, on account of official business.

Mr. Charles H. Wilson of California (at the request of Mr. O'Neill), for today through October 28, on account of official business.

Mr. Gonzalez (at the request of Mr. Kazen), for today, on account of death in family.

Mr. Rangel, for Monday, October 20, on account of official business outside of Washington.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Patman, for 30 minutes, today; and to revise and extend his remarks and include extraneous matter.

Mr. Patman, for 30 minutes, on October 21; and to revise and extend his remarks and include extraneous matter.

(The following Members (at the request of Mr. Shuster) to revise and extend their remarks and include extraneous material:)

Mr. Kemp, for 60 minutes, today.

Mr. Jeffords, for 30 minutes, today.

(The following Members (at the request of Mr. Blouin), to revise and extend their remarks, and to include extraneous matter:)

Mr. Gonzalez, for 5 minutes, today.

Mr. Harris, for 5 minutes, today.

Mr. Preyer, for 5 minutes, today.

Mr. Annunzio, for 5 minutes, today.

Mr. Flood, for 5 minutes, today.

Mr. Benitez, for 15 minutes, today.

Mr. Ford of Michigan, for 5 minutes, today.

Mr. Patman, for 15 minutes, today.

Mr. Wolff, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Bingham and to include extraneous matter notwithstanding the fact that it exceeds two pages of the Record and is estimated by the Public Printer to cost $786.50.

Mr. Eckhardt, to revise and extend his remarks, notwithstanding the fact that it exceeds two pages of the Congressional Record and is estimated by the Public Printer to cost $858.

Mr. Hechler of West Virginia and to include extraneous matter on H.R. 8151.

(The following Members (at the request of Mr. Shuster) and to include extraneous matter:)

Mr. Kemp in three instances.

Mr. Gilman.

Mr. McKinney.
Mr. Michel in two instances.
Mr. Snyder.
Mr. Whitehurst.
Mr. Bob Wilson.
Mr. Carter.
Mr. Grassley.
Mr. Bell.
Mr. Findley.
Mr. Cohen.
Mr. Frenzel in three instances.
Mr. Jeffords.

(The following Members (at the request of Mr. Blouin) and to include extraneous material:)

Mr. Annunzio in six instances.
Mr. Gonzalez in three instances.
Mr. Anderson of California in three instances.
Mr. Baucus.
Mr. Mineta in two instances.
Mr. Rangel in 10 instances.
Mr. Charles H. Wilson of California in 12 instances.
Mr. Bingham in 10 instances.
Mr. Hefner.
Mr. Clay in 10 instances.
Mr. Solarz in six instances.
Mr. Hawkins.
Mr. Edwards of California.
Mr. Ottinger in five instances.
Mr. White.
Mr. Stokes.
Mr. Drinan.
Mr. McDonald of Georgia in five instances.
Mr. Roush in five instances.
Mr. Rosenthal in two instances.
Mr. Harkin.
Mr. Bonker.
Mr. Won Pat.
Mr. Harris.
Mr. Murtha.
Mr. Richmond.
Mr. Harrington.
Mr. Oberstar.
Mr. Wolff in 10 instances.

SENATE BILLS AND JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 811. An act to amend the Horse Protection Act of 1970 to better effectuate its purposes; to the Committee on Interstate and Foreign Commerce.

S. 1922. An act to amend the act of July 7, 1970 (84 Stat. 409) to authorize appropriations to the Secretary of the Interior without reference to the agencies involved; to the Committee on Interior and Insular Affairs.

S. 2327. An act to suspend sections 4, 6, and 7 of the "Real Estate Settlement Procedures Act of 1974"; to the Committee on Banking, Currency and Housing.

S. 2350. An act to amend the National Security Act of 1947, as amended, to include the Secretary of the Treasury as a member of the National Security Council; to the Committee on Armed Services.

S.J. Res. 99. Joint resolution to authorize and request the President to issue a proclamation designating January 4, 1976, as "Haym Salomon Day"; to the Committee on Post Office and Civil Service.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the following titles, which were thereupon signed by the Speaker:

H.R. 7706. An act to suspend the duty on natural graphite until the close of June 30, 1978, and for other purposes;

H.R. 8240. An act to amend title 38, United States Code, to provide special pay and incentive pay for certain physicians and dentists employed by the Department of Medicine and Surgery of the Veterans' Administration in order to enhance the recruitment and retention of such personnel, and for other purposes; and

H.J. Res. 683. Joint resolution to implement the U.S. proposal for the early-warning system in Sinai.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee did, on October 10, 1975, present to the President for his approval, bills and a joint resolution of the House of the following titles:

H.R. 7706. An act to suspend the duty on natural graphite until the close of June 30, 1978, and for other purposes;

H.R. 8240. An act to amend title 38, United States Code, to provide special pay and incentive pay for certain physicians and dentists employed by the Department of Medicine and Surgery of the Veterans' Administration in order to enhance the recruitment and retention of such personnel, and for other purposes; and

H.J. Res. 683. A joint resolution to implement the U.S. proposal for the early-warning system in Sinai.

ADJOURNMENT

Mr. BLOUIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 18 minutes p.m.) the House adjourned until tomorrow, Tuesday, October 21, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1870. A letter from the President of the United States, transmitting a draft of proposed legislation to establish the Energy Independence Authority, a Government corporation with authority to provide financing and economic assistance for those sectors of the national economy which are important to the development of domestic sources and the conservation of energy and the attainment of energy independence for the United States in a manner consistent with the protection of the environment; to improve Federal Government operations so as to assist in the expediting of regulatory procedures which affect energy development; and for other purposes (H. Doc. No. 94-284); jointly, to the Committees on Banking, Currency and Housing, and Interstate and Foreign Commerce and ordered to be printed.

1871. A letter from the Director, Office of Management and Budget, Executive Office of the President, transmitting a cumulative report on rescissions and deferrals of budget authority for fiscal year 1976 as of October 1, 1975, pursuant to section 1014(e) of Public Law 93-344 (H. Doc. No. 94-285); to the Committee on Appropriations and ordered to be printed.

1872. A letter from the Secretary of the Army, transmitting the annual report for fiscal year 1975 on Army military construction contracts awarded without formal advertisement, pursuant to section 704 of Public Law 92-545; to the Committee on Armed Services.

1873. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to amend title 10, United States Code to remove chaplains from under the cognizance of the Chief of Naval Personnel; to the Committee on Armed Services.

1874. A letter from the Assistant Secretary of Defense (Comptroller), transmitting a report covering the fourth quarter of fiscal year 1975 on receipts and disbursements pertaining to the disposal of surplus military supplies, equipment, and material, and for expenses involving the production of lumber and timber products, pursuant to section 812 of Public Law 93-437; to the Committee on Armed Services.

1875. A letter from the Acting Assistant Secretary of Defense (Installations and Logistics), transmitting a report on negotiated contracts for experimental, developmental, test or research work, or for industrial mobilization in the interest of the national defense, covering the period January–June 1975, pursuant to 10 U.S.C. 2304(e); to the Committee on Armed Services.

1876. A letter from the Acting Director, Defense Civil Preparedness Agency, transmitting a report on property acquisitions of emergency supplies and equipment during the quarter ended September 30, 1975, pursuant to section 201(h) of the Federal Civil Defense Act of 1950, as amended [50 U.S.C. App. 2281(h)]; to the Committee on Armed Services.

1877. A letter from the President and Chairman, Export-Import Bank of the United States, transmitting a statement describing proposed transactions with Bank Leumi and Bank Hapoalim, Tel Aviv, Israel, which exceed $60 million, pursuant to section 2(b) (3) of the Export-Import Bank Act of 1945, as amended [12 U.S.C. 635]; to the Committee on Banking, Currency and Housing.

1878. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council act No. 1-51, "To make amendments in the election laws of the District of Columbia to provide for postcard registration of qualified voters; and for other purposes," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

1879. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council act No. 1-52, "To establish election wards for the District of Columbia, and for other purposes," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

1880. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 1-54, "To establish a program of community development in the District of Columbia, and for other purposes," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

1881. A letter from the Secretary of Health, Education, and Welfare, transmitting a report on programs assisted under the Child Abuse Prevention and Treatment Act of 1974, pursuant to the act (Public Law 93-247); to the Committee on Education and Labor.

1882. A letter from the Deputy Director, Office of Management and Budget, Executive Office of the President, transmitting a report on recommendations and actions related thereto contained in the annual report of the National Advisory Council on Adult Education, dated March, 1974, pursuant to section 6(b) of the Federal Advisory Committee Act; to the Committee on Government Operations.

1883. A letter from the Assistant Secretary of the Treasury for Administration, transmitting notice of proposed changes in the Internal Revenue Service's computerized data processing and accounting system, pursuant to 5 U.S.C. 552a(o) (88 Stat. 1904); to the Committee on Government Operations.

1884. A letter from the Administrator of General Services, transmitting proposed revised regulations to govern the archival processing, restriction, and public release of the presidential materials of Richard M. Nixon, pursuant to section 104(a) of Public Law 93-526; to the Committee on House Administration.

1885. A letter from the Acting Secretary of the Interior, transmitting a proposed plan for the use and distribution of Angoon judgment funds awarded in Docket No. 278-B before the Indian Claims Commission, pursuant to section 2(a) of Public Law 93-134; to the Committee on Interior and Insular Affairs.

1886. A letter from the Assistant Secretary of the Interior, transmitting the annual report of the U.S. Government Comptroller for the Virgin Islands for fiscal year 1974, pursuant to section 17(h) of the Revised Organic Act of the Virgin Islands, amended [48 U.S.C. 1599(h)]; to the Committee on Interior and Insular Affairs.

1887. A letter from the Deputy Assistant Secretary of the Interior, transmitting his approval of the application of the Wenatchee Heights Reclamation District of Wenatchee, Chelan County, Wash., for a loan under the Small Reclamation Projects Act, as amended, pursuant to section 4(c) of the act; to the Committee on Interior and Insular Affairs.

1888. A letter from the Deputy Assistant Secretary of the Interior, transmitting a copy of a proposed concession contract authorizing the provision of lodging, food, ski, merchandising, saddle horse rental and related services for the public for a term ending September 30, 1976, pursuant to 67 Stat. 271 and 70 Stat 543; to the Committee on Interior and Insular Affairs.

1889. A letter from the Chairman, Indian Claims Commission, transmitting the final determination of the Commission in Docket No. 363 (Second Claim Act of 1904), *Lower Sioux Indian Community in Minnesota, et al.*, Plaintiffs, v. *The United States of America*, Defendant, pursuant to 60 Stat. 1055; to the Committee on Interior and Insular Affairs.

1890. A letter from the Assistant Secretary of State for Congressional Relations, transmitting the determination and certification of the President that the furnishing to the Government of Turkey of defense articles and services with respect to which sales contracts were signed on or before February 5, 1975, and that the issuance of licenses for the transportation to Turkey of arms, ammunition, and implements of war are important to the national security interests of the United States, pursuant to section 2(b)(1)(A) of Public Law 94-104; to the Committee on International Relations.

1891. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the intention of the Department of State to consent to a request by the Government of Yugoslavia for permission to transfer certain U.S.-origin military equipment to the Government of Honduras, pursuant to section 3(a) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

1892. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the intention of the Department of State to consent to a request by the Government of Norway for permission to transfer to the Government of Yugoslavia certain military equipment produced in Norway under a technical data package sold by the United States under foreign military sales procedures, pursuant to section 3(a) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

1893. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Navy to offer to sell certain military equipment to Kuwait, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

1894. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Navy to offer to sell certain defense articles and services to Korea, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

1895. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to section 112(b) of Public Law 92-403; to the Committee on International Relations.

1896. A letter from the Administrator, Federal Energy Administration, transmitting a semiannual report on the economic impact of energy actions, pursuant to section 18(d) of Public Law 93-275; to the Committee on Interstate and Foreign Commerce.

1897. A letter from the Chairman, Federal Power Commission, transmitting a draft of proposed legislation to amend section 305 of the Federal Power Act; to the Committee on Interstate and Foreign Commerce.

1898. A letter from the Chairman, Federal Power Commission, transmitting a draft of proposed legislation to amend section 12 of the Natural Gas Act; to the Committee on Interstate and Foreign Commerce.

1899. A letter from the Chairman of the Board, U.S. Railway Association, transmitting the second annual report of the Association, covering fiscal year 1976, together with program projections for fiscal year 1976, pursuant to sections 202(e) and (f) of Public Law 93-236; to the Committee on Interstate and Foreign Commerce.

1900. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to amend chapter 40, title 18, United States Code, to authorize the destruction of explosive materials subject to seizure and forfeiture where it is impractical or unsafe to remove the materials to a place of storage or where such materials cannot be safely stored; to the Committee on the Judiciary.

1901. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to amend section 1114 of title 18 of the United States Code to include officers and employees of the Bureau of Alcohol, Tobacco and Firearms; to the Committee on the Judiciary.

1902. A letter from the Acting Secretary of Commerce, transmitting a draft of proposed legislation for the general reform and modernization of the Patent Laws, title 35 of the United States Code, and for other purposes; to the Committee on the Judiciary.

1903. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting reports concerning visa petitions approved according certain beneficiaries third and sixth preference classification, pursuant to section 204(d) of the Immigration and Nationality Act, as amended [8 U.S.C. 1154(d)]; to the Committee on the Judiciary.

1904. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to amend section 142 of title 28, United States Code, relating to the furnishing of accommodations to judges of the courts of appeals of the United States; to the Committee on the Judiciary.

1905. A letter from the Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to improve judicial machinery by amending title 28, United States Code, to authorize the Judicial Conference of the United States to establish U.S. magistrate positions in the District Court of the Virgin Islands; to the Committee on the Judiciary.

1906. A letter from the Deputy Director, Administrative Office of the U.S. Courts, transmitting a draft of proposed legislation to amend the Jury Selection and Service Act of 1968, as amended, with respect to the payment of jurors' transportation expenses; to the Committee on the Judiciary.

1907. A letter from the Special Prosecutor, transmitting a report on the activities of the Watergate Special Prosecutor Force during the period May 25, 1973, through September 15, 1975; to the Committee on the Judiciary.

1908. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report on negotiated contracts for experimental, developmental, test or research work, or for industrial mobilization in the interest of the national defense, covering the period January-June, 1975, pursuant to 10 U.S.C. 2304(e); to the Committee on Science and Technology.

1909. A letter from the Acting Assistant Secretary of Defense (Installations and Logistics), transmitting a report on Department of Defense procurement from small and other business firms for July 1974–June 1975, pursuant to section 10(d) of the Small Business Act, as amended; to the Committee on Small Business.

1910. A letter from the Secretary of Health, Education, and Welfare, transmitting a revised draft of proposed legislation to amend the Social Security Act to authorize international agreements with respect to social security benefits (the "International Social Security Agreements Act of 1975") and a revised section 105 of the "Social Security Amendments of 1975"; to the Committee on Ways and Means.

1911. A letter from the Chairman, U.S. Nuclear Regulatory Commission; transmitting the first report on abnormal occurrences at licensed nuclear powerplants, covering the period January-June 1975, pursuant to section 208 of Public Law 93-438; to the Joint Committee on Atomic Energy.

1912. A letter from the Secretary of Agriculture, transmitting a report on National Forest reforestation needs as of the end of fiscal year 1975, pursuant to section 3 of Public Law 92-421; jointly, to the Committees on Agriculture, and Interior and Insular Affairs.

RECEIVED FROM THE COMPTROLLER GENERAL

1913. A letter from the Comptroller General of the United States, transmitting a list of reports issued or released by the General Accounting Office during the month of September, 1975, pursuant to section 234 of the Legislative Reorganization Act of 1970; to the Committee on Government Operations.

1914. A letter from the Comptroller General of the United States transmitting a report on actions taken or needed to curb abuse of the Citizens Band radio service; jointly to the Committees on Government Operations, and Interstate and Foreign Commerce.

1915. A letter from the Comptroller General of the United States, transmitting a report on the role of liquefied natural gas imports in alleviating the growing natural gas shortage; jointly, to the Committees on Government Operations, and Interstate and Foreign Commerce.

1916. A letter from the Comptroller General of the United States, transmitting a report on the need for a national ocean program and plan; jointly, to the Committees on Government Operations, and Merchant Marine and Fisheries.

1917. A letter from the Comptroller General of the United States, transmitting the third in a series of reports on the audit of the

Small Business Administration, discussing the substantial losses projected for the lease guarantee program, pursuant to section 13 of Public Law 93-386; jointly to the Committes on Government Operations, and Small Business.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Pursuant to the order of the House on October 9, 1975, the following report was filed on October 10, 1975]

Mr. REUSS: Committee on Banking, Currency and Housing. H.R. 10024. A bill to extend the authority for the flexible regulation of interest rates on deposits and share accounts in depository institutions, to extend the National Commission on Electronic Fund Transfers, and to provide for home mortgage disclosure; with amendment (Rept. No. 94-561). Referred to the Committee of the Whole House on the State of the Union.

[Pursuant to the order of the House on October 9, 1975, the following report was filed on October 14, 1975]

Mr. BROOKS: Committee on Government Operations. H.R. 9924. A bill to direct the National Commission on the Observance of International Women's Year, 1975, to organize and convene a National Women's Conference, and for other purposes; with amendment (Rept. No. 94-562). Referred to the Committee of the Whole House on the State of the Union.

[Pursuant to the order of the House on October 9, 1975, the following reports were filed on October 15, 1975]

Mr. BROOKS: Committee on Government Operations. A report on the Federal Aviation Administration's procurement of the Electronic Voice Switching System (Rept. No. 94-563). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. A report on improved procedures needed by FAA for implementing NTSB safety recommendations (Rept. No. 94-564). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. H.R. 8948. A bill to amend the Accounting and Auditing Act of 1950 to provide for the audit of the Internal Revenue Service by the Comptroller General; with amendment (Rept. No. 94-565). Referred to the Committee of the Whole House on the State of the Union.

[Filed October 20, 1975]

Mr. ULLMAN: Committee on Ways and Means. H.R. 10049. A bill to increase the temporary debt limitation until March 31, 1976 (Rept. No. 94-566). Referred to the Committee of the Whole House on the State of the Union.

Mr. REUSS: Committee on Banking, Currency and Housing. Supplemental report on H.R. 8835. A bill to amend the Truth in Lending Act to protect consumers against inadequate and misleading leasing information, assure meaningful disclosure of lease terms, and limit ultimate liability in connection with leasing of personal property primarily for personal, family, or household purposes, and for other purposes (Rept. No. 94-544, Part II). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MATSUNAGA (for himself, Mr. Bennett, and Mr. Leggett):

H.R. 10208. A bill to provide for the exclusion of industrially funded personnel in computing the total number of civilian personnel authorized by law for the Department of Defense in any fiscal year; to the Committee on Armed Services.

By Mr. ANNUNZIO:

H.R. 10209. A bill to amend the Fair Credit Billing Act (Public Law 93-495) with respect to the use of cash discounts and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. CORMAN (for himself, Mr. Steiger of Wisconsin, Mr. Burke of Massachusetts, Mr. Jacobs, Ms. Keys, Mr. Fisher and Mr. Frenzel):

H.R. 10210. A bill to require States to extend unemployment compensation coverage to certain previously uncovered workers; to increase the amount of the wages subject to the Federal unemployment tax; to increase the rate of such tax; and for other purposes; to the Committee on Ways and Means.

By Mr. CONABLE (for himself, Mr. Frenzel, Mr. Harrington, and Mr. Pattison of New York):

H.R. 10211. A bill to amend title XVIII of the Social Security Act to establish a program of long-term care services within the medicare program, to provide for the creation of community long-term care centers and State long-term care agencies as part of a new administrative structure for the organization and delivery of long-term care services, to provide a significant role for persons eligible for long-term care benefits in the administration of the program, and for other purposes; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. DICKINSON:

H.R. 10212. A bill to limit the jurisdiction of the Supreme Court and of the district courts in certain cases; to the Committee on the Judiciary.

By Mr. DRINAN (for himself, Mr. Conyers, and Ms. Holtzman):

H.R. 10213. A bill to amend the State and Local Fiscal Assistance Act of 1972; to the Committee on Government Operations.

By Mr. FISHER (for himself and Mr. Harris):

H.R. 10214. A bill to amend the Internal Revenue Code of 1954 to allow an income tax deduction for State and local public utility taxes; to the Committee on Ways and Means.

By Mr. FLORIO (for himself, Mr. Hughes, Mr. Helstoski, Mr. Rodino, Mr. Dominick V. Daniels, and Mrs. Meyner):

H.R. 10215. A bill to amend the Regional Rail Reorganization Act of 1973 to permit the analysis of light density railroad lines on the basis of their costs and benefits, to aid in the transition to the final system plan by assuring the continuation of local freight services and rail passenger and commuter services, to provide assistance and additional time for the States to prepare their State rail plans, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FLORIO (for himself, Mr. Forsythe, Mr. Hughes, Mr. Thompson, Mr. Edgar, and Mr. Howard):

H.R. 10216. A bill to limit civil service disciplinary actions in certain cases involving the failure of an employee to report as directed for the service of process; to the Committee on Post Office and Civil Service.

By Mr. GUDE:

H.R. 10217. A bill to establish a Commission to study the adequacy of the annual Federal payment to the District of Columbia; to the Committee on the District of Columbia.

By Mr. HARRINGTON:

H.R. 10218. A bill to amend the Labor-Management Reporting and Disclosure Act of 1959 to provide that national and international labor organizations, and intermediate labor organization bodies, shall elect their officers by secret ballot; to the Committee on Education and Labor.

By Mr. HARRIS (for himself and Mr. Nolan):

H.R. 10219. A bill to amend the Internal Revenue Code of 1954 to allow a deduction to individuals who rent their principal residences for a portion of the real property taxes paid or accrued by their landlords; to the Committee on Ways and Means.

By Mr. HUGHES (for himself, Mr. Bedell, Mr. Blanchard, Mr. Cornell, Mr. D'Amours, Mr. Dellums, Mr. Edgar, and Mr. Pepper):

H.R. 10220. A bill to neutralize the impact of foreign oil price increases upon the domestic economy, by removing oil import tariffs and establishing a maximum price for domestically produced crude oil, and for other purposes; jointly to the Committees on Interstate and Foreign Commerce, and Ways and Means.

By Mr. MILLS:

H.R. 10221. A bill to provide additional fiscal assistance to local governments and to extend revenue sharing for local governmental units for four additional years; to the Committee on Government Operations.

By Mrs. MINK:

H.R. 10222. A bill to provide for the exclusion of industrially funded personnel in computing the total number of civilian personnel authorized by law for the Department of Defense in any fiscal year; to the Committee on Armed Services.

By Mr. MOLLOHAN (for himself, Mr. Richmond, and Mr. Young of Florida):

H.R. 10223. A bill to provide additional fiscal assistance to local governments and to extend revenue sharing for local governmental units for 6 additional years, and for other purposes; to the Committee on Government Operations.

By Mr. RINALDO:

H.R. 10224. A bill to amend the act of August 24, 1966, as amended, to assure humane treatment of certain animals, and for other purposes; to the Committee on Agriculture.

H.R. 10225. A bill to establish an Office of Program Inspector in each agency of the Federal Government; to the Committee on Government Operations.

By Mr. RODINO (by request):

H.R. 10226. A bill to provide for the protection of U.S. magistrates by amending title 18, United States Code, to include U.S. magistrates within the coverage of section 1114; to the Committee on the Judiciary.

By Mr. ROE:

H.R. 10227. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for optometric and medical vision care; to the Committee on Ways and Means.

By Mr. RONCALIO:

H.R. 10228. A bill to amend the Federal Water Pollution Control Act relating to permits for the discharge of dredged and fill material, and for other purposes; to the Committee on Public Works and Transportation.

By Mrs. SULLIVAN (for herself and Mr. Zeferetti):

H.R. 10229. A bill to amend the Endangered Species Act of 1973; to the Committee on Merchant Marine and Fisheries.

By Mr. TEAGUE (for himself, Mr. Mosher, Mr. Hechler of West Virginia, Mr. Bell, Mr. Fuqua, Mr. Jarman, Mr. Symington, Mr. Winn, Mr. Flowers, Mr. Frey, Mr. Roe, Mr. Goldwater, Mr. McCormack, Mr. Esch, Mr. Brown of California, Mr.

Myers of Pennsylvania, Mr. Milford, Mr. Emery, Mr. Thornton, Mr. Pressler, Mr. Ottinger, Mr. Hayes of Indiana, Mr. Harkin, Mr. Lloyd of California, and Mr. Ambro):

H.R. 10230. A bill to establish a science and technology policy for the United States, to provide for scientific and technological advice and assistance to the President, to provide a comprehensive survey of ways and means for improving the Federal effort in scientific research and information handling, and in the use thereof, to amend the National Science Foundation Act of 1950, and for other purposes; to the Committee on Science and Technology.

By Mr. TEAGUE (for himself, Mr. Mosher, Mr. Dodd, Mr. Blouin, Mr. Hall, Mr. Krueger, Mrs. Lloyd of Tennessee, Mr. Blanchard, and Mr. Wirth):

H.R. 10231. A bill to establish a science and technology policy for the United States, to provide for scientific and technological advice and assistance to the President, to provide a comprehensive survey of ways and means for improving the Federal effort in scientific research and information handling, and in the use thereof, to amend the National Science Foundation Act of 1950, and for other purposes; to the Committee on Science and Technology.

By Mr. TREEN:

H.R. 10232. A bill to amend section 163 of the Federal-Aid Highway Act of 1973 relating to railroad-highway crossings and section 130 of title 23 of the United States Code relating to railway-highway crossings; to the Committee on Public Works and Transportation.

By Mr. WHITE:

H.R. 10233. A bill to authorize the Administrator of General Services, or his designee, to utilize the money proceeds from the disposal of land at the Fort Bliss Military Reservation to purchase lands in El Paso County, Tex., for subsequent transferral to the Secretary of the Army or his designee; to the Committee on Government Operations.

By Mr. WHITEHURST:

H.R. 10234. A bill to amend title 10 of the United States Code in order to provide for the orderly phasing out of Junior Reserve Officer Training Corps units which have less than 100 students; to the Committee on Armed Services.

By Mr. FAUNTROY:

H.R. 10235. A bill to make a technical amendment to the Elementary and Secondary Education Act of 1965 so as to include the District of Columbia as a State for purposes of title IV, and for other purposes, to the Committee on Education and Labor.

By Mr. BINGHAM (for himself, Mr. Bedell, Mr. Brown of California, Mr. Dellums, Mr. Drinan, Mr. Edwards of California, Mr. Fraser, Mr. Harrington, Mr. Hawkins, Mr. McCloskey, Mrs. Meyner, Mr. Ottinger, Mr. Pattison of New York, Mr. Rees, Mr. Seiberling, Mr. Stark, and Mr. Waxman):

H.R. 10236. A bill amending the Trading With the Enemy Act to repeal the embargo on U.S. trade with North and South Vietnam; to the Committee on International Relations.

By Mr. BINGHAM:

H.R. 10237. A bill to further the foreign policy purposes of the Export Administration Act of 1969 (as amended) by amending such act to impose export controls on nuclear fuel and technology when export of such fuel and technology is likely to contribute to the proliferation of nuclear weapons; jointly to the Committees on International Relations, and Joint Committee on Atomic Energy.

By Mr. FINDLEY:

H.R. 10238. A bill to amend the Federal Coal Mine Health and Safety Act of 1969 to provide certain benefits to miners disabled due to pneumoconiosis, and for other purposes; to the Committee on Education and Labor.

By Mr. HOWARD (for himself, and Mr. Mitchell of New York):

H.R. 10239. A bill to amend title 5, United States Code, to require the heads of the respective executive agencies to provide the Congress with advance notice of certain planned organizational and other changes or actions which would affect Federal civilian employment, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. LEVITAS (for himself, Mr. Badillo, Mr. Bennett, Mr. Burke of Massachusetts, Mr. Robert W. Daniel, Jr., Mr. Gonzalez, Mr. Hansen, Mr. Johnson of Pennsylvania, Mr. Ketchum, Mr. Moorhead of Pennsylvania, Mr. Nedzi, Mr. Nichols, Mr. Preyer, Mr. Martin, Mr. Phillip Burton, Mr. Duncan of Oregon, Mr. Hicks, Mr. Jones of Tennessee, Ms. Keys, Mr. Matsunaga, and Mr. Jeffords):

H.R. 10240. A bill to permit either House of Congress to disapprove certain rules proposed by executive agencies jointly to the Committees on the Judiciary and Rules.

By Mr. LITTON (for himself, Mr. Eilberg, Mr. Roybal, Mr. Harris, Mr. Pritchard, Mr. Harrington, Mr. Edgar, Mr. Downey of New York, and Mr. English):

H.R. 10241. A bill to establish a Department of Education; to the Committee on Government Operations.

By Mr. LITTON (for himself, Mr. Hubbard, and Mr. Derwinski):

H.R. 10242. A bill to provide Federal revenue assistance to local governments by extending Federal revenue sharing for local governmental units for 5¾ additional years, with specific concentration of assistance to cities of 500,000 population or more, and for other purposes; to the Committee on Government Operations.

By Mr. LITTON (for himself, Mr. La Falce, Mr. Oberstar, and Mr. Emery):

H.R. 10243. A bill to amend the Internal Revenue Code to encourage the continuation of family farms, and to provide that farmland, woodland, or open land which comprises part of an estate may be valued, for estate tax purposes, as such rather than at its fair market value, and to provide that real property which is listed on the National Register of Historic Places may be valued, for estate tax purposes, at its value for its existing use, and to provide for the revocation of such lower evaluation and recapture of unpaid taxes with interest in appropriate circumstances; to the Committee on Ways and Means.

By Mr. MICHEL (for himself, Mr. Rhodes, Mr. Conable, Mr. Talcott, Mr. Brown of Ohio, Mr. Sebelius, Mr. Rousselot, Mr. Kemp, Mr. Hammerschmidt, Mr. Broyhill, Mr. Robinson, Mr. Miller of Ohio, Mr. Hinshaw, Mr. Lujan, Mr. Young of Florida, Mr. Bauman, Mr. Treen, Mr. Cochran, Mr. Schulze, Mr. Hagedorn, Mr. Guyer, Mr. Shuster, Mr. Moorhead of California, Mr. Butler, and Mr. Kindness):

H.R. 10244. A bill to reform the Food Stamp Act of 1964 by redirecting resources to those with the greatest need, by making program administration more effective, by making more realistic eligibility requirements, and by tightening accountability, and for other purposes; to the Committee on Agriculture.

By Mr. MOAKLEY (for himself, Ms. Abzug, and Mr. Patterson of California):

H.R. 10245. A bill to provide for tax reform; to the Committee on Ways and Means.

By Mr. MOAKELY:

H.R. 10246. A bill to amend part B of title XVIII of the Social Security Act to broaden the coverage of home health services under the supplementary medical insurance program and remove the 100-visit limitation presently applicable thereto, to amend part A of such title to liberalize the coverage of posthospital home health services thereunder, to amend title XIX of such act to require the inclusion of home health services in a State's medicaid program and to permit payments of housing costs under such a program for elderly persons who would otherwise require nursing home care, to provide expanded Federal funding for congregate housing for the displaced and the elderly, and for other purposes; jointly, to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. OBERSTAR:

H.R. 10247. A bill to establish the Boundary Waters National Recreation Area, to designate the Boundary Waters Wilderness, and for other purposes; jointly to the committees on Interior and Insular Affairs, and Agriculture.

By Mr. QUIE (for himself, Mr. Zeferetti, Mr. Whitehurst, Mrs. Spellman, Mr. Rodino, Mr. Pressler, Mr. Peyser, Mr. Pattison of New York, Mr. McKinney, Mr. Koch, Mr. Hyde, Mrs. Heckler of Massachusetts, Mr. Harrington, Mr. Flood, Mr. Eshleman, Mr. Esch, Mr. Dominick V. Daniels, Mr. Conable, Mr. Cohen, Mr. Breckinridge, and Ms. Abzug):

H.R. 10248. A bill to encourage and assist States and localities to develop, demonstrate, and evaluate means of improving the utilization and effectiveness of human services through integrated planning, management, and delivery of those services in order to achieve the objectives of personal independence and individual and family economic self-sufficiency; to the Committee on Education and Labor.

By Mr. SPELLMAN:

H.R. 10249. A bill to amend title XVIII of Social Security Act to authorize payment under the supplementary medical insurance program for portable whirlpool pumps purchased or rented for use in the patient's home pursuant to a physician's prescription; to the Committee on Ways and Means.

By Mr. TREEN:

H.R. 10250. A bill to amend title II of the Ports and Waterways Safety Act to require the Secretary of Transportation to apply different vessel design and construction standards to vessels operating exclusively on rivers, lakes and harbors than those established by international convention; to the Committee on Merchant Marine and Fisheries.

By Mr. WHALEN:

H.R. 10251. A bill to amend the Natural Gas Act; to the Committee on Interstate and Foreign Commerce.

By Mr. YOUNG of Florida (for himself, Mr. Fraser, Mr. Melcher, and Mr. Wolff):

H.R. 10252. A bill to amend part A of title XVIII of the Social Security Act to freeze the inpatient hospital deductible under the medicare program at its 1975 level; to the Committee on Ways and Means.

By Mr. ASHBROOK:

H. Con. Res. 443. Concurrent resolution expressing the sense of Congress by rejecting the Helsinki agreement as an expression of U.S. policy; to the Committee on International Relations.

By Mr. BROWN of California:

H. Con. Res. 444. Concurrent resolution expressing the sense of Congress with respect to increased Federal efforts to prove the commercial viability of sailing ships; jointly to the Committees on Science and Technology, and Merchant Marine and Fisheries.

By Mr. BROWN of California:

H. Con. Res. 445. Concurrent resolution expressing the sense of Congress with respect to increased Federal efforts to prove the commercial viability of lighter than air aircraft; jointly to the Committees on Science and Technology, and Public Works and Transportation.

By Mr. DERWINSKI:

H. Con. Res. 446. Concurrent resolution to declare that total Federal budget outlays for fiscal year 1977 shall not exceed $395 billion; to the Committee on the Budget.

By Mr. DERWINSKI (for himself, Mr. Dingell, Mr. Esch, Mr. Fraser, Mr. Hyde, and Mr. Waxman):

H. Con. Res. 447. Concurrent resolution expressing the sense of the Congress that the signing in Helsinki of the final act of the Conference on Security and Cooperation in Europe did not change in any way the longstanding policy of the United States on nonrecognition of the Soviet Union's illegal seizure and annexation of the three Baltic nations of Estonia, Latvia, and Lithuania; to the Committee on International Relations.

By Mr. ERLENBORN:

H. Con. Res. 448. Concurrent resolution to declare that total Federal budget outlays for fiscal year 1977 shall not exceed $395 billion; to the Committee on the Budget.

By Mr. FRASER (for himself, Ms. Abzug, Mr. Badillo, Mr. Bedell, Mr. Brodhead, Mr. Brown of California, Mr. Carr, Mr. Conyers, Mr. Dellums, Mr. Drinan, Mr. Edgar, Mr. Harkin, Mr. Hawkins, Mr. Hayes of Indiana, Ms. Keys, Mr. Koch, Mr. LaFalce, Ms. Meyner, Mr. Reuss, Mr. Rodino, Mr. Scheuer, Mr. Simon, Mr. Solarz, and Mr. Stark):

H. Con. Res. 449. Concurrent resolution indicating the sense of Congress that every person throughout the world has the right to a nutritionally adequate diet; and that this country increase its assistance for self-help development among the world's poorest people until such assistance has reached the target of 1 percent of our total national production (GNP); jointly to the Committees on Agriculture, and International Relations.

By Mr. FRASER (for himself, Mr. de Lugo, Mr. Nix, Mr. Vander Veen, Mr. Waxman, and Mr. Young of Georgia):

H. Con. Res. 450. Concurrent resolution indicating the sense of Congress that every person throughout the world has the right to a nutritionally adequate diet; and that this country increase its assistance for self-help development among the world's poorest people until such assistance has reached the target of 1 percent of our total national production (GNP); jointly to the Committees on Agriculture, and International Relations.

By Mr. MATHIS (for himself, Mr. Brown of Ohio, Mr. Cohen, Mr. Duncan of Oregon, Mr. Fauntroy, Mr. Peyser, Mr. Railsback, Mr. Rogers, Mr. Rosenthal, Mr. Stokes, and Mr. Wright):

H. Con. Res. 451. Concurrent resolution with respect to the freedom of the Republic of China and its people; to the Committee on International Relations.

By Mr. BALDUS (for himself, Mr. Bergland, Mr. Andrews of North Dakota, Mr. Aspin, Mr. Ichord, Mr. Kindness, Mr. Ruppe, Mr. Stratton, and Mr. Charles Wilson of Texas):

H.J. Res. 703. Joint resolution to amend section 201 of the Agricultural Act of 1949, as amended, relating to the support price of milk; to the Committee on Agriculture.

By Mr. FAUNTROY (for himself, Ms. Abzug, Mr. Burgener, Mr. Corman, Mr. Florio, Mr. Harrington, Mr. Helstoski, Mr. Mikva, Mr. Mitchell of Maryland, Mr. Ottinger, Mr. Rees, Mr. Rodino, and Mr. Roe):

H. Res. 787. Resolution expressing the sense of the House that optometric services be included in medical assistance programs; jointly to the Committees on Interstate and Foreign Commerce, and Ways and Means.

By Mr. LITTON (for himself, Mr. Hungate, and Mr. Clay):

H. Res. 788. Resolution to clarify that the individual income tax rebate provided by the Tax Reduction Act of 1975, Public Law, 94-12 is intended not to be subject to State income taxes; to the Committee on Ways and Means.

By Mr. THONE:

H. Res. 789. Resolution to insure that the quality and quantity of free broadcasting service not be impaired; to the Committee on Interstate and Foreign Commerce.

By Mr. BEDELL:

H. Res. 790. Resolution to provide that the stationary allowances of Members of the House of Representatives may be used only for the operation of official offices of such Members, and for other purposes; to the Committee on House Administration.

By Mr. O'NEILL (for himself, Mr. Rhodes, Mr. Anderson of Illinois, Mr. McFall, and Mr. Michel):

H. Res. 791. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

270. By the SPEAKER: A memorial of the House of Representatives of the Commonwealth of Pennsylvania, relative to general revenue sharing; to the Committee on Government Operations.

Also, a memorial of the Legislature of the Territory of Guam, relative to exempting Guam from the operation of the coastwise shipping laws; to the Committee on Merchant Marine and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. TEAGUE of Texas introduced a bill (H.R. 10253) to authorize the Administrator of Veterans Affairs to convey certain property at Downey, Ill., to the University of Health Sciences/The Chicago Medical School, a private, nonprofit institution; to the Committee on Veterans' Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

258. By the SPEAKER: Petition of the National Welfare Fraud Association, Harrisburg, Pa., relative to food stamps; to the Committee on Agriculture.

259. Also, petition of Edward E. Kubista, Lake City, Minn., relative to housing; to the Committee on Banking, Currency and Housing.

260. Also, petition of the Municipal Council, Tinian, Mariana Islands, Trust Territory of the Pacific Islands, realtive to the Marianas Covenant; to the Committee on Interior and Insular Affairs.

261. Also, petition of Mrs. Kay H. Hill, Oklahoma City, Okla., and others, relative to the United Nations; to the Committee on International Relations.

Also, petition of the Executive Board, International Union, United Automobile, Aerospace and Agricultural Implement Workers of America-UAW, Detroit, Mich., relative to U.S. foreign and international trade policy; to the Committee on International Relations.

Also, petition of Allan H. Reuben and others, Cheltenham Township, Pa., relative to price controls; to the Committee on Interstate and Foreign Commerce.

Also, petition of the Boston, Mass., School Committee, relative to forced busing; to the Committee on the Judiciary.

Also, petition of the National Welfare Fraud Association, Harrisburg, Pa., relative to welfare fraud; to the Committee on Ways and Means.

Also, petition of the Auxiliary to the American Optometric Association, Hot Springs, Ark., relative to inclusion of optometric services under any national health insurance plan; jointly, to the Committees on Ways and Means, and Interstate and Foreign Commerce.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 8617

By Mr. FISHER:

Page 6, strike out lines 19 and 20 and insert in lieu thereof the following:

"§ 7325. Political activities by employees, etc.; prohibition

"(a) An employee may not hold, or be a candidate for—

"(1) any elective public office, unless such office is—

"(A) a part-time elective public office of a State or political subdivision of a State, or

"(B) to be held by an individual elected in a nonpartisan election, or

"(2) any office of a political party.

"(b) An employee may not engage in political activity—

"(1) in which such employee actively participates in any campaign activity on behalf of, or in opposition to, any political party or any candidate for any elective office, unless such activity is in connection with—

"(A) any campaign by any candidate for a part-time elective public office of a State or political subdivision of a State, or

"(B) any nonpartisan election,

Page 6, line 21, strike out "(1)" and insert in lieu thereof "(2)".

Page 6, line 22, strike out "(2)" and insert in lieu thereof "(3)".

Page 7, line 3, strike out "(3)" and insert in lieu thereof "(4)".

Page 7, line 5, strike out "(b)" and insert in lieu thereof "(c)", and strike out "subsection (a)" and insert in lieu thereof "subsections (a) and (b)".

Page 7, immediately below line 16, insert the following:

"(d) The provisions of subsection (a) and of paragraph (1) of subsection (b) shall not apply to—

"(1) the head or the assistant head of an Executive agency or military department;

"(2) an employee appointed by the President by and with the advice and consent of the Senate;

"(3) the Mayor of the District of Columbia;

"(4) the Chairman or a member of the Council of the District of Columbia, as established by the District of Columbia Self-Government and Governmental Reorganization Act; or

"(5) the Recorder of Deeds of the District of Columbia.

"(e) For purposes this section—

"(1) 'office of a political party' means the position of chairman, vice chairman, secretary, treasurer, or committeeman of any national, State, or local political party or any other substantially similar position;

"(2) 'nonpartisan election' means any election—

"(A) in which no candidate is to be nominated or elected as a representative of any political party which was identified with any candidate who received any vote in the last preceding election at which presidential electors were selected; or

"(B) on any issue, including a constitutional amendment, referendum, or any other issue, which is not identified with any political party; and

"(3) 'State' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, or any other territory or possession of the United States.

Page 7, strike out "elective office", beginning on line 18 and ending on line 19, and on line 23, and insert in lieu thereof "any elective office specified in subparagraph (A) or (B) of section 7325(a)(1)".

Page 21, in the item relating to section 7325 in the section analysis following line 3, strike out "on duty" and insert in lieu thereof "by employees".

By Mr. GUDE:

Page 6, strike out lines 1 and 2 and insert in lieu thereof the following:

"(3) knowingly give or hand over a political contribution to another employee; or

Page 6, strike out lines 6 through 8 and insert in lieu thereof the following:

"(A) from another employee (or a member of another employee's family); or

(Technical conforming amendments.)

Page 4, strike out lines 3 through 6 (relating to the definition of a superior).

Page 4, line 7, strike out "(5)" and insert in lieu thereof "(4)".

Page 4, line 10, strike out "(6)" and insert in lieu thereof "(5)".

(Amendment.)

Page 7, insert immediately after line 16 the following:

"(c)(1) An employee may not be a candidate for elective office in a partisan election nor may hold such an office if elected in a partisan election. For the purpose of this paragraph, 'partisan election' means an election in which any candidate is to be nominated or elected as representing a political party any of whose candidates for presidential elector received votes in the last preceding election at which presidential electors were selected.

"(2) The provisions of paragraph (1) of subsection (a) of this section shall not apply to—

"(A) the President or the Vice President;

"(B) an employee appointed by the President by and with the advice and consent of the Senate;

"(C) an employee whose appointment is expressly required by statute to be made by the President;

"(D) the Mayor of the District of Columbia; or

"(E) the Chairman or a member of the Council of the District of Columbia, as established by the District of Columbia Self-Government and Governmental Reorganization Act.

(Technical amendments.)

Page 7, line 17, insert "nonpartisan" immediately before "candidates".

Page 7, lines 18 and 23, insert "nonpartisan" immediately before "candidate" each place such term appears.

Page 8, immediately before line 5, insert the following:

"(c) For the purpose of this section, 'nonpartisan candidate' means a candidate for elective office in an election which is not a partisan election as such term is defined in section 7325(c)(1) of this title.

Page 21, in the section analysis below line 3, insert "nonpartisan" immediately before "candidates" in the item relating to section 7326.

(Amendment.)

Page 7, line 21, immediately after "candidacy" insert the following: ", unless such employee is exempt from this provision by reason of a determination under subsection (c) of this section".

Page 8, line 2, insert immediately before the period the following: ", unless such employee is exempt from this provision by reason of a determination under subsection (c) of this section".

Page 8, immediately above line 5, insert the following:

"(c)(1) If the head of an agency determines that the absence of an employee of such agency (other than himself) would substantially interfere with the ability of such agency to carry out its duties and responsibilities, then the provisions of subsections (a) and (b) of this section shall not apply with respect to such employee, effective beginning —— days after the employee is notified in writing of such a determination. If the employee files a petition with the Board within —— days after he was notified, the Board shall review such determination within —— days after such filing. If the Board finds that the employee's absence would not substantially interfere with the agency's ability to carry out its duties and responsibilities, then the provisions of such subsections shall apply with respect to such employee, effective on the date of such finding.

"(2) If the Board determines that the absence of a head of an agency would substantially interfere with the agency's ability to carry out its duties and responsibilities, then the provisions of subsections (a) and (b) of this section shall not apply with respect to such individual, effective beginning —— days after such individual is notified in writing of such determination.

By Mr. ROUSSELOT:

Page 7, line 18, insert "(1)" immediately after "(a)".

Page 7, immediately after line 21, insert the following:

"(2) Any employee who is a candidate for elective office shall be placed on leave without pay effective beginning on whichever of the following dates is the later:

"(A) the 90th day before any election (including a primary election, other than a primary election in which such employee is not a candidate) for that elective office, or

"(B) the day following the date on which the employee became a candidate for elective office.

Such leave shall terminate on the day following the election or the day following the date on which the employee is no longer a candidate for elective office, whichever first occurs. The preceeding sentence shall not apply to the extent an employee is otherwise on leave. The Civil Service Commission shall, upon application, exempt from the application of this paragraph any employee who is a candidate for any part-time elective office.

Page 8, beginning in line 3 and ending in line 4, strike out "to which such employee may be entitled" and insert in lieu thereof the following: "of such employee".

Page 8, immediately after line 4, insert the following new subsections:

"(c) An employee shall promptly notify the agency in which he is employed upon becoming a candidate for elective office and upon the termination of such candidacy.

"(d) The foregoing provisions of this section shall not apply in the case of an individual who is an employee by reason of holding an elective public office.

On page 21, in line 4, insert "(1)" immediately after "(c)" and immediately after line 10, insert the following:

(2) Chapter 29 of title 18 of the United States Code is amended—

(A) by adding at the end the following new section:

"§ 614. Extortion of political contributions from Federal personnel.

"Whoever, by the commission of or threat of physical violence to, or economic sanction against, any person, obtains, or endeavors to obtain, from an officer or employee of the United States or of any department or agency thereof, or from a person receiving any salary or compensation for services from money derived from the Treasury of the United States, any contribution for the promotion of a political object, shall be imprisoned not less than two nor more than three years, or fined not more than $5,000, or both."; and

(B) by adding at the end of the table of sections for such chapter the following new item:

"614. Extortion of political contributions from Federal persomnel."

SENATE—*Monday, October 20, 1975*

The Senate met at 12 noon and was called to order by Hon. WENDELL H. FORD, a Senator from the State of Kentucky.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O God, our Creator and Redeemer, we lift our hearts to Thee in thanksgiving for the beauty of the world about us adorned with the colors of autumn. We thank Thee for the world within us, deeper than we can fathom, designed to be Thy dwelling place. May the beauty of Thy creation within us match the beauty of Thy creation without.

Make us sensitive to our responsibility as servants of a Nation under Thy higher sovereignty. Sharpen our perception of what must be done for the well-being of the whole Nation and give us the wisdom and the will to do it.

We pray in the Redeemer's name. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., October 20, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. WENDELL H. FORD, a Senator from the State of Kentucky, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. FORD thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees the Journal of the proceedings of Thursday, October 9, 1975, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

WAIVER OF CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar under rule VIII be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider a nomination under New Reports.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will state the nomination.

THE DEPARTMENT OF TRANSPORTATION

The second assistant legislative clerk read the nomination of Judith T. Connor, of Pennsylvania, to be an Assistant Secretary of Transportation.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. HUGH SCOTT. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. HUGH SCOTT. I ask unanimous consent that the Senate resume the consideration of legislative business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of certain items on the legislative calendar, beginning with Calendar No. 412 and ending with Calendar No. 415.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RURAL ELECTRIFICATION LOAN PROGRAM AMENDMENTS

The Senate proceeded to consider the bill (H.R. 4799) to amend sections 6, 306, and 308 of the Rural Electrification Act of 1936, as amended, which had been reported from the Committee on Agriculture and Forestry with an amendment, on page 2, line 2, to strike out:

SEC. 3. Section 6 of the Rural Electrification Act of 1936, as amended, is amended by striking the period at the end of said section and adding the following: ": *Provided*, That the amounts authorized to be appropriated for the purposes specified in this section for each fiscal year ending after September 30, 1976, shall be the sums provided annually by law.".

And insert the following in lieu thereof:

SEC. 3. Section 6 of the Rural Electrification Act of 1936, as amended, is amended by adding at the end thereof the following new sentence: "On or before February 15 of each calendar year beginning with calendar year 1976, or such other date as may be specified by the appropriate committee, the Secretary of Agriculture shall testify before the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry and provide justification in detail of the amount requested in the budget to be appropriated for the next fiscal year for the purpose of administering this Act and for the purpose of making the studies, investigations, publications, and reports herein authorized.".

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 306 of the Rural Electrification Act of 1936, as amended, is amended—

(a) by adding at the end of said section 306 the following: "A guaranteed loan, including the related guarantee, may be assigned to the extent provided in the contract of guarantee executed by the Administrator under this title; the assignability of such loan and guarantee shall be governed exclusively by said contract of guarantee."; and

(b) by inserting the word "initially" before the words "made, held, and serviced" in the sixth sentence of said section 306.

SEC. 2. Section 308 of the Rural Electrification Act of 1936, as amended, is amended by striking therefrom the words "of which the holder has actual knowledge" and substituting in lieu thereof the words "of which the holder had actual knowledge at the time it became a holder".

SEC. 3. Section 6 of the Rural Electrification Act of 1936, as amended, is amended by adding at the end thereof the following new sentence: "On or before February 15, of each calendar year beginning with calendar year 1976, or such other date as may be specified by the appropriate committee, the Secretary of Agriculture shall testify before the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry and provide justification in detail of the amount requested in the budget to be appropriated for the next fiscal year for the purpose of administering this Act and for the purpose of making the studies, investigations, publications, and reports herein authorized.".

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

TIMBER SALE ROAD COSTS

The Senate proceeded to consider the bill (S. 364) relating to certain Forest Service timber sale contracts involving road construction, which had been reported from the Committee on Public Works with an amendment to strike out all after the enacting clause and insert the following:

That section 4 of the Act of October 13, 1964 (78 Stat. 1089), is amended by adding at the end thereof a new sentence as follows: "The Secretary is authorized, under such rules and regulations as he shall prescribe, to provide for the transfer of unamortized road costs, earned after the date of enactment of this provision, from one timber sale to another within the same proclaimed National Forest.".

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

NATIONAL FAMILY WEEK

The Senate proceeded to consider the joint resolution (S.J. Res. 101) to authorize the President to issue annually a proclamation designating that week in November which includes Thanksgiving Day as "National Family Week," which had been reported from the Committee on the Judiciary with amendments as follows:

On page 1, line 4, strike "annually"; and

On page 1, line 6, strike "of each year" and insert "1975", so as to make the joint resolution read:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is hereby authorized and requested to issue a proclamation designating the week beginning on the Sunday preceding the fourth Thursday in November, 1975, as "National Family Week", and inviting the Governors of the several States, the chief officials of local governments, and the people of the United States to observe such week with appropriate ceremonies and activities.

The amendments were agreed to.

The joint resolution was ordered to be engrossed for a third reading, was read the third time, and passed.

PARTICIPATION BY THE SECRETARY OF AGRICULTURE IN INTERNATIONAL AGRICULTURAL COMMODITY NEGOTIATIONS

The resolution (S. Res. 285) relating to participation by the Secretary of Agriculture in international agricultural commodity negotiations, was considered and agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

Whereas the continued strength and vitality of American agriculture depend on unencumbered access to foreign markets;

Whereas the export of agricultural commodities from the United States permits American farmers to enjoy production economies which make possible lower food costs to the American consumer;

Whereas agreements reached in international negotiations can have implications for domestic agriculture;

Whereas it appears that the unique expertise on American agriculture of the Department of Agriculture has not been appropriately utilized in recent negotiations with foreign governments affecting agriculture: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) with respect to all negotiations with foreign governments concerning the exportation or importation of agricultural com-

modities, the Secretary of Agriculture shall serve as a principal representative of the United States Government; and

(2) any agreements or understandings with foreign governments regarding the exportation or importation of agricultural commodities shall be submitted to the Senate Committee on Agriculture and Forestry.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the President of the United States.

COMPENSATION OF MEMBERS OF THE COMMISSION ON THE OPERATION OF THE SENATE

Mr. MANSFIELD. Mr. President, I send to the desk a Senate resolution and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The resolution will be stated.

The legislative clerk read as follows:

S. RES. 286

Resolved, That any member of the Commission on the Operation of the Senate established under Senate Resolution 227, 94th Congress, agreed to July 29, 1975, who is an officer or employee of the United States shall serve without additional compensation, but shall continue to receive the salary of his regular position when engaged in the performance of the duties vested in the Commission. Any such member shall be entitled to reimbursement for transportation expenses and to receive a per diem, in lieu of subsistence, at the same rate and in the same manner as other members of the Commission.

The ACTING PRESIDENT pro tempore. Without objection, the Senate will proceed to its immediate consideration.

The resolution (S. Res. 286) was considered and agreed to.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania is recognized.

Mr. HUGH SCOTT. Mr. President, I yield back my time.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business of not to exceed 45 minutes, with statements therein limited to 5 minutes.

QUORUM CALL

Mr. HUGH SCOTT. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. McINTYRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

CIVILIAN CONTROL OF THE MILITARY—S. 2524

Mr. McINTYRE. Mr. President, when we reflect upon the deception, the abuses of purpose and power, the violation of the public trust we have seen in recent years, we find that the problem arose in almost every instance when a select few made an arbitrary capricious or a self-serving determination of what constituted the national interest, and that determination then transcended the law or established principle.

Let me cite one example: The secret bombing of Cambodia was secret only to the American people and their duly elected representatives in Congress. The President knew about it, the Secretary of Defense knew about it, the Joint Chiefs of Staff knew about it, the Cambodians, the North Vietnamese, the Chinese, and the Russians knew about it, but to our chagrin, embarrassment, and resentment, we did not know about it—nor did the Secretary of the Air Force—the civilian ostensibly in charge of the service branch that carried on the secret bombing.

Mr. President, I recognize the legitimate need for some secrecy, some standards of confidentiality, some room for sensitive departments and agencies to operate at their own discretion. But surely evidence abounds that in instance after instance those bounds have been exceeded, and our system has suffered costly, humiliating, and even dangerous consequences.

As a remedy, Mr. President, I find these words as appropriate as any: "All the ills of democracy," someone once said, "can be cured by more democracy."

With all this in mind, then, Mr. President, I intend today to propose a modest dose of more democracy for one specific malady. I intend to suggest a legislative reaffirmation of one long-established democratic principle—the Constitution's rightful insistence upon civilian control of the military.

Mr. President, I introduce for appropriate reference, a bill to require that the civilian Secretaries of our military departments be kept fully informed of matters considered by the Joint Chiefs of Staff. It may seem absurd to some that legislation is necessary to require that process of communication between, for example, the Chief of Naval Operations and the Secretary of the Navy. But, recent statements by former Secretary of the Army, Howard Callaway, and the disturbing fact that then Air Force Secretary Robert Seamans was not apprised of secret U.S. bombing of Cambodia in 1969 and 1970, show this is not always the case.

Secretary Callaway recently testified before a House Committee that he felt—

> There is a strong feeling by many who serve with the Joint Chiefs of Staff that Service Secretaries should not be informed of matters of strategy.

Let me underscore Mr. Callaway's observation by referring to passages in the Committee on Armed Services transcript of the bombing in Cambodia hearings, conducted in July and August of 1973.

At one point in the hearing—page 148—Gen. Earle G. Wheeler, Chairman of the Joint Chiefs of Staff at the time of the secret Cambodia bombings, is being questioned by the distinguished senior Senator from Missouri (Mr. SYMINGTON).

Senator SYMINGTON asks:

> If you were on the golf course at some informal time and the Secretary of the Air Force had said to you, "Somebody told me that we were bombing in Cambodia; is that correct?" What would you have said?

General Wheeler answers:

> I'm afraid I would have said, "I don't know anything about it, Mr. Secretary."

And Senator SYMINGTON says,

> Even though you did know all about it?

Says General Wheeler:

> Yes, sir.

Mr. President, why did General Wheeler feel he could mislead the Secretary of the Air Force in such a crucial matter?

I think we can find the answer in the same hearing report by examining Dr. Seaman's opening statement in his testimony. On page 90 of the report, the former Air Force Secretary has this to say:

> "Before addressing these matters (his relationship to certain air operations activities in Southeast Asia prior to May, 1970), I wish to note the role of a service Secretary with respect to military operations, including air operations in Southeast Asia. As you know, in consonance with the Reorganization Act of 1958, and applicable Department of Defense directives, the operational chain of command for the conduct of military operations runs from the Commander-in-Chief to the Secretary of Defense, through the Joint Chiefs of Staff, or for time-sensitive operations, through the Chairman, Joint Chiefs of Staff, representing the Joint Chiefs of Staff to the commanders of the unified and specific commands, and to the operational units.

Dr. Seamans continues,

> Consequently, a service Secretary is not in the operational chain of command in any legal or practical sense. During my tenure as Secretary, of course, I made it a point to remain abreast of overall Air Force operations in the interest of fulfilling my basic responsibilities for managing Air Force personnel and materiel resources and for acting as an advisor to the Secretary of Defense. However, not being in the chain of command, I was not made aware of certain special military operations, even long after they occurred. Such was the case with bombing missions carried out in Cambodia prior to May, 1970. Consequently, I had no personal knowledge of the particular missions, nor would I have expected to, at the time they were occurring.

Mr. President, it seems clear from these two passages that both General Wheeler and Dr. Seamans chose to believe that the Reorganization Act of 1958 that removed the Service Secretaries from the chain of command also eliminated them from the "need-to-know" category when it came to military strategy decisions made by the Commander in Chief and the Joint Chiefs of Staff or specific military operations.

I find this as disturbing as it is astonishing, Mr. President.

I find it disturbing because it stops the free flow of information and advice from the Secretary of Defense and the Joint Chiefs to the respective Service Secretary—and vice versa.

Dr. Seamans said, in his testimony, that he—quote:

> . . . made it a point to remain abreast of overall Air Force operations in the interest of fulfilling my basic responsibilities for man-

aging Air Force personnel and materiel resources and for acting as an advisor to the Secretary of Defense.

Mr. President, I contend that no Service Secretary could possibly fulfill his administrative and advisory responsibilities without full knowledge of the military operations being conducted by his branch of service.

To fulfill these critical functions, the Secretary must have complete information on all matters affecting his branch of service. While his duties may not include military strategy and strategic planning, he must be fully aware of strategic plans and decisions for these will undoubtedly affect his decisions on training, logistics, preparedness and research and development.

Moreover, the advice the service Secretary is charged with providing the Secretary of Defense can be only two-dimensional advice at best when he is ignorant of those factors creating a third dimension—in this instance, military operations of crucial political as well as strategic significance.

I am particularly disturbed by this, Mr. President, because knowledgeable advice from a civilian service Secretary to the Secretary of Defense is vitally necessary to bring balance to the advisory input. In the absence of such knowledgeable advice from a civilian, the advisory input is monopolized by the Joint Chiefs of Staff, and without impugning the integrity or the objectivity of the Joint Chiefs I must say such a situation does not enhance the principle of civilian control of the military.

But if I am disturbed by the consequences of interpreting the elimination of service Secretaries from the chain of command to mean that service Secretaries need not be told of strategy decisions and military actions, I am also astonished by the interpretation, itself. For it, is indeed, an astonishing misinterpretation.

Mr. President, the Joint Chiefs of Staff are, by law, the principal military advisers to the President, the National Security Council, and the Secretary of Defense. Their input is vital to our defense posture and the readiness of our forces.

The Defense Department has recognized the importance and necessity of full communications between the Joint Chiefs and the service Secretaries. This was clearly spelled out in a Department directive on December 31, 1958, a directive that still applies, Mr. President, and a directive that was reemphasized just last month by the acting General Counsel of the Department, Leonard Neiderlehner.

In testimony before a House committee, Counsel Neiderlehner said:

> Although the Service Secretaries are not in the chain of command, it is understood that they nevertheless need access to information in order to carry out their duties. This principle is clearly recognized in DoD Directive 5100.1 (Dec. 31, 1958) dealing with the Functions of the Department of Defense, as follows: "(2) The Joint Chiefs of Staff, as a group, are directly responsible to the Secretary of Defense for the functions assigned to them. Each member of the Joint Chiefs of Staff, other than the Chairman, is responsible for keeping the Secretary of his military department fully informed on matters considered or acted upon by the Joint Chiefs of Staff."

Now, Mr. President, I fail to see any ambiguity in this directive. I think it makes it absolutely clear that service Secretaries not only have a need to know about all matters—including military strategy—considered by the Joint Chiefs of Staff. They have a right to know.

I find it regrettable that Dr. Seamans misinterpreted the meaning and intent of this directive. And though General Wheeler may have believed that as Chairman of the Joint Chiefs he was relieved of the responsibility to inform a service Secretary of strategy and military action matters considered by the Joint Chiefs, I believe the directive's clear recognition of a Secretary's right to know would impose that responsibility upon a Chairman when it was evident that the Chief of Staff of a particular branch of service had not fully briefed the service Secretary.

Now, Mr. President, I do not want to appear harsh in these judgments. Perhaps the crux of the problem lies in the fact that the directive in question is not part of statutory law. For in truth, the Congress has not gone on record to require such communication.

The bill I introduce today will put the Congress on record, for it would have the effect of codifying the 1958 Department of Defense Directive. In short, it would be a clear statement of congressional intent that service Secretaries have a right to information on matters before the Joint Chiefs of Staff.

Mr. President, civilian control over the military is a time honored and vital part of our constitutional framework. This control can only be effective when the flow of information on decisions and planning is complete and unobstructed. I believe this bill is a necessary step in that direction.

Mr. President, I ask unanimous consent that the text of the bill, and a statement by Howard Callaway before the House Government Operations Subcommittee on Legislation and National Security be printed in the RECORD.

There being no objection, the bill and statement were ordered to be printed in the RECORD, as follows:

S. 2524

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 141 of title 10, United States Code, is amended by adding at the end thereof a new subsection as follows:

"(f) The Chief of Staff of the Army, the Chief of Naval Operations, and the Chief of Staff of the Air Force shall each keep the Secretary of the military department of which such Chief of Staff or Chief of Naval Operations, as the case may be, is a member fully and currently informed on all matters considered and on matters acted upon by the Joint Chiefs of Staff."

STATEMENT BY HOWARD H. CALLAWAY

Mr. Chairman: I appreciate the opportunity to appear before you.

I appear as a private citizen, and want to make it clear that any views that I express do not necessarily represent the Army or the Department of Defense.

I was very fortunate during my tenure as Secretary of the Army to serve with two great Chiefs of Staff—General Creighton Abrams and General Fred Weyand. The relationship that I had with both of these great Americans was extremely close and because of this I did not feel that any information available to the Joint Chiefs of Staff that was necessary to me in the carrying out of my responsibilities as Secretary of the Army was ever withheld. On the contrary, both General Abrams and General Weyand always went out of their way to see that I was fully informed on matters that were of interest to me in my official duties.

Nevertheless, I have felt that there is a strong feeling by many who serve with the Joint Chiefs of Staff that Service Secretaries should not be informed of matters of strategy. The law itself tends to uphold this view. Public opinion, however, on the other hand, does not understand this. Most of the people of the public that I have talked with, including Members of Congress, feel that a Service Secretary should be responsible for all aspects of his service.

As a matter of fact, it is often difficult to separate where the responsibility of a Service Secretary ends and that of the Joint Chiefs of Staff, Secretary of Defense and National Security Council picks up. How, for example, can an Army Secretary determine how to equip the various Army divisions if he has no intimate knowledge of the mission of these divisions under logical contingencies?

Service Secretaries prior to 1958 were a part of the decision-making process for deployment of their services. The law was changed at that time because it was felt that it was very cumbersome to have so many people involved in the decision. I do not recommend changing the law back so that Service Secretaries would have a say or, in effect, a vote on the outcome of strategic or deployment matters.

I do feel that the role of the Service Secretaries would be properly strengthened, however, if it were made clear in the law that Service Secretaries are entitled to complete information on all matters affecting their service. If this were done, the members of the Joint Chiefs of Staff and their staffs would be much more likely to share vital information with Service Secretaries than they are at the present time. I can see no disadvantages in changing the law to make such information available to Service Secretaries, and there are a number of advantages.

Such a law should go a long way toward assuring that Service Secretaries would not be ignorant in the future of events for which the general public frequently holds them accountable.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. McINTYRE. I yield.

Mr. MANSFIELD. Mr. President, I commend the distinguished Senator from New Hampshire for the statement he has made and for the measure he has introduced, which, in my opinion, will correct a most grievous error.

I ask unanimous consent that my name be added as a cosponsor of the bill now at the desk.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. McINTYRE. I thank the majority leader, the Senator from Montana.

Mr. MANSFIELD. Not only was the Secretary of the Air Force not aware of the secret bombings of Cambodia, which went on for months, but could the Senator inform me as to whether or not any Member of Congress was informed of these secret bombings, which lasted for so long and did so much damage?

Mr. McINTYRE. As the Senator from Montana knows, all during the critical periods when this unfortunate war was being carried on, more often than not, Representatives and Senators were in the dark and did not know what was going on, because the executive branch withheld vital information.

Mr. **MANSFIELD**. The Senator is correct. I think he is doing a public service in delineating just what the responsibilities and authorities of the service secretaries are. Certainly it is a blow to maintain the constitutional concept of civilian supremacy so far as the defense accountability is concerned.

Mr. **McINTYRE**. I thank the Senator.

CAREFUL SCRUTINY PLEDGED OF NEW YORK BAILOUT LEGISLATION

Mr. **ALLEN**. Mr. President, the pitiable plight of two helpless, pitiful giants—New York City and the State of New York—will soon come before the U.S. Senate for compassionate consideration.

How are the mighty fallen. The richest city, the wealthiest State, the financial capital of the world, the biggest local government spenders confess their inability to manage their own affairs and call on the Federal Government to give them a handout to allow them to continue their profligate spending.

What solutions are they offering? Meeting the crisis with a blood, sweat, and tears sacrifice? No, business as usual. A stop to spending? Heavens forbid. More taxes? Why that is out of the question.

What solution is offered? A bailout by the Federal Government by a guarantee of New York City's bonds at an inevitable cost to the taxpayers of the Nation of billions of dollars. If I felt that bailing New York City and New York State out of their difficulties even at a cost of billions was a one-time affair, I could conceivably support this bailout. However, the ramifications of this action are so far reaching that the issue becomes one of critical importance to the preservation of our system of government and to the survival of local self-government.

Since I do not serve on any of the Senate committees which will be considering the New York City bailout legislation—and I suppose we might add the New York State bailout as well—my only chance to have any input into consideration of this legislation will be such opportunities as I may have here on the Senate floor.

I pledge that any legislation here in the Senate dealing with this question will be subjected to close and careful scrutiny to see that the public interest is protected.

I have serious misgivings about the thrust of this legislation and I expect on the Senate floor to elaborate on my views at the appropriate time.

I see this legislation at the coup de grace administered by the Federal Government to local self-government.

I see it as a blank check for wasteful, politically motivated, inept management of New York City and State—going back for many years, I might say—and a signal and a license that they may continue their wasteful practices, and that any local government might adopt similar practices, if they do not already have such wasteful practices in force and effect at this time.

I see it as a reward of fiscally unsound governmental practices at the expense of the taxpayers of the Nation.

I see it as the opening wedge to an assumption by the Federal Government of a large portion of the some $200 billion State and local debt which is outstanding in local governments throughout the Nation.

I see it as a disincentive to State and local governments to pursue sound fiscal policies.

But, on the other hand, I see an opportunity here in expressing misgivings on this legislation to strike a blow for local self-government; to reverse somewhat the continuing rapid escalation of government spending; and to encourage sound fiscal management of government at all levels.

I have confidence that ways can be found in the Nation's business community and in New York, the financial capital of the world, and among an awakened populace in New York—City and State—so solve these problems so as to avoid the humiliation of a Federal takeover of New York City and State.

I am going to try to do all I can to save New York City and New York State from a fate that would be, at best, truly demeaning, and that should be avoided at all costs. How embarrassing it must be for the city slickers of New York to have to call on their country cousins for help. I want to save them this embarrassment.

Let me urge the administration to continue its opposition to this bailout. From a practical point of view on this issue, the administration has already lost the future support of New York City, while gaining tremendously throughout the country. To reverse itself now would not gain New York's support, but would cause it great loss of political support throughout the country.

My remarks are not intended to cover even in broad expanse all of the purposes and effects of this dangerous and spendthrift legislation.

I shall discuss the major provisions and legal ramifications of the bill in later speeches.

I yield the floor.

The **ACTING PRESIDENT** pro tempore. Who yields time?

Mr. **ALLEN**. Mr. President, I suggest the absence of a quorum.

The **ACTING PRESIDENT** pro tempore. The clerk will call the roll.

The second legislative clerk proceeded to call the roll.

Mr. **ROBERT C. BYRD**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Marks, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the ACTING PRESIDENT pro tempore (Mr. Ford) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

APPROVAL OF BILLS

A message from the President of the United States announced that he had approved and signed the following bills:

October 7, 1975:

S. 1247, An Act to authorize certain construction at military installations, and for other purposes.

October 10, 1975:

S. 2375, An Act to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, for forty-five days.

October 16, 1975: S. 1549, An Act to amend the Federal Rules of Evidence, and for other purposes.

October 17, 1975:

S. 557, An Act to declare that certain land of the United States is held by the United States in trust for the pueblo of Laguna.

S. 1327, An Act to declare that certain submarginal land of the United States shall be held in trust for certain Indian tribes and be made a part of the reservations of said Indians, and for other purposes.

DEFERRALS IN BUDGET AUTHORITY—MESSAGE FROM THE PRESIDENT

The **ACTING PRESIDENT** pro tempore (Mr. Ford) laid before the Senate the following message from the President of the United States which, pursuant to the order of January 30, 1975, was referred jointly to the Committees on Appropriations, Budget, Labor and Public Welfare, and Finance:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report eight new deferrals totalling $16.1 million in budget authority. In addition, I am transmitting two supplementary deferrals that increase amounts previously reported by $18.6 million.

The eight new deferrals are for programs of the Department of Health, Education, and Welfare. These deferrals establish, for the programs reported, funding levels that differ from the general levels allowed by the continuing resolution. The Congress is now in the process of substituting the several uniform funding levels set by the continuing resolution with funding levels for each program. The new deferrals I am reporting preserve the possibility of conducting the reported programs in 1976 at the levels I have recommended and, in one case, at the level the Senate has recommended.

The details of all ten deferrals are contained in the attached reports.

GERALD R. FORD.

THE WHITE HOUSE, *October 20, 1975.*

NATIONAL FOOD STAMP REFORM ACT OF 1975—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. FORD) laid before the Senate the following message from the President of the United States, which was referred to the Committee on Agriculture and Forestry:

To the Congress of the United States:

I am pleased to submit to the Congress today the National Food Stamp Reform Act of 1975.

I call to the attention of the Congress the particular importance of this reform proposal for two reasons:

First, we—the Executive Branch and the Congress—have an obligation to work together to reform a Federal assistance program that has been widely abused.

Second, we—the Executive Branch and the Congress—must begin now to work together to make those changes which will enable us to hold down federal spending in fiscal year 1976 and meet the spending ceiling of $395 billion for fiscal year 1977.

My recommendations for dealing with the Food Stamp assistance program follow a fundamental principle on which I stand: The Federal government should help, within the limits of national resources, those who are in need; but we should not give one dollar of Federal assistance to those not in need.

It is in that spirit, the spirit of providing dignified and humane help to those who are in need, but none to those who are not or should not be, that I recommend the enactment of the "National Food Stamp Reform Act of 1975", which would:

1. Reduce costs by more than $1.2 billion per year.
2. Limit eligibility to those whose gross income less the standard deduction is below the poverty level ($5,050 for a family of four).
3. Make the program more realistic by measuring actual income over the preceding 90 days for purposes of eligibility determinations, rather than estimating future income, and requiring recipients to report their financial status on a monthly basis.
4. Increase benefits only for those at the very lowest income level.
5. Eliminate legal abuses and cut the cost of administration by replacing current variable and complex deductions with a standard deduction of $100 a month.
6. Set a standard deduction of $125 a month for households with elderly members.
7. Establish a minimum age for qualification as a separate household.
8. Require able-bodied recipients to seek, accept and retain gainful employment.
9. Eliminate categorical eligibility for recipients of public assistance.
10. Require any family which receives food stamps to spend 30 percent of household income for the stamps.

These proposed changes are based on extensive review by executive departments involved in administering and supervising the food stamp program and on consultations with a bipartisan coalition of members of the Senate and House of Representatives concerned with food stamp abuses. They are essential to real reform.

The need to control the growth and abuse of the Food Stamp program is broadly recognized.

What we need now is action by Congress.

GERALD R. FORD.

THE WHITE HOUSE, *October 20, 1975.*

MESSAGE FROM THE HOUSE RECEIVED DURING ADJOURNMENT

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Under authority of the order of October 9, 1975, a message from the House of Representatives was received on Friday, October 10, 1975, stating that the Speaker had signed the following enrolled bills and joint resolution:

H.R. 7706. An act to suspend the duty on natural graphite until the close of June 30, 1978, and for other purposes.

H.R. 8240. An act to amend title 38, United States Code, to provide special pay and incentive pay for certain physicians and dentists employed by the Department of Medicine and Surgery of the Veterans' Administration in order to enhance the recruitment and retention of such personnel, and for other purposes.

H.J. Res. 683. Joint resolution to implement the United States proposal for the early-warning system in Sinai.

The enrolled bills and joint resolution were signed by the Vice President on October 10, 1975.

MESSAGES FROM THE HOUSE

At 12:02 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 200. An act to provide for the conservation and management of the fisheries, and for other purposes; and

H.R. 8841. An act to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, and for other purposes.

At 5:20 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1542) to authorize appropriations for the fiscal year 1976 for certain maritime programs of the Department of Commerce, and for other purposes.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. FORD) laid before the Senate the following letters, which were referred as indicated:

REPORT BY THE OFFICE OF MANAGEMENT AND BUDGET—S. DOC. 94–110)

A letter from the Director of the Office of Management and Budget transmitting, pursuant to law, a cumulative report required by section 1014(e) of the Congressional Budget and Impoundment Control Act of 1974 (with an accompanying report); jointly, pursuant to the order of January 30, 1975, to the Committees on Appropriations, Budget, Agriculture and Forestry, Labor and Public Welfare, Interior and Insular Affairs, Commerce, Finance, Public Works, Armed Services, Government Operations, Banking, Housing and Urban Affairs, Foreign Relations, and the Judiciary, and ordered to be printed.

PROPOSED LEGISLATION BY THE PRESIDENT

A communication from the President of the United States transmitting a draft of proposed legislation entitled "The Energy Independence Authority Act of 1975" (with accompanying papers); to the Committee on Banking, Housing and Urban Affairs.

REPORTS OF COMMITTEES SUBMITTED DURING ADJOURNMENT

Under authority of the order of October 9, 1975, the following reports of committees were received on October 16, 1975:

By Mr. JOHNSTON, from the Committee on Interior and Insular Affairs, without amendment:

S. 805. A bill to amend section 5(c) of the National Trails System Act (Rept. No. 94–429).

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, without amendment:

S. 1390. A bill to authorize a study for the purpose of determining the feasibility and desirability of designating the Pacific Northwest Trail as a national scenic trail (Rept. No. 94–430).

By Mr. BUMPERS, from the Committee on Interior and Insular Affairs, without amendment:

S. 1516. A bill to increase the amount authorized to be appropriated for the development of the Arkansas Post National Memorial, and for other purposes (Rept. No. 94-431).

EXECUTIVE REPORT OF COMMITTEE SUBMITTED DURING ADJOURNMENT

Under authority of the order of October 9, 1975, on October 16, 1975, the following executive report of a committee was submitted:

By Mr. MAGNUSON, from the Committee on Commerce:

Judith T. Connor, of Pennsylvania, to be an Assistant Secretary of Transportation.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated:

H.R. 200. An act to provide for the conservation and management of the fisheries, and for other purposes; to the Committee on Commerce.

H.R. 8841. An act to extend the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, and for other purposes; to the Committee on Agriculture and Forestry.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolution were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. McINTYRE (for himself, Mr. Mansfield, Mr. Leahy, Mr. Culver, Mr. Hatfield, and Mr. McGovern):

S. 2524. A bill to amend section 141 of title 10, United States Code, to require that the Secretaries of the military departments be kept fully and currently informed regarding matters considered and acted upon by the Joint Chiefs of Staff. Referred to the Committee on Armed Services.

By Mr. HARTKE (for himself, Mr. Gravel, Mr. Haskell, Mr. Hugh Scott, and Mr. Leahy):

S. 2525. A bill to provide for the coverage under medicare of dental care, eye care, dentures, eyeglasses, and hearing aids. Referred to the Committee on Finance.

By Mr. DOMENICI:

S. 2526. A bill to extend and strengthen certain programs under the Higher Education Act of 1965, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. MONDALE:

S. 2527. A bill for the relief of Il Keun Kim. Referred to the Committee on the Judiciary.

By Mr. WILLIAM L. SCOTT:

S. 2528. A bill to amend the Food Stamp Act of 1964 to eliminate from such Act certain requirements imposed upon the States relating to the dissemination of information on the availability of benefits under such Act, and for other purposes. Referred to the Committee on Agriculture and Forestry.

By Mr. HARTKE (for himself, Mr. Hansen, Mr. Talmadge, Mr. Randolph, Mr. Cranston, Mr. Stone, Mr. Thurmond, and Mr. Stafford):

S. 2529. A bill to amend chapter 37 of title 38, United States Code, to increase the maximum Veterans' Administration's guaranty for mobile home loans from 30 to 50 percent, to make permanent the direct loan revolving fund, to extend entitlement under chapter 37 to those veterans who served exclusively between World War II and the Korean conflict, and for other purposes. Referred to the Committee on Veterans' Affairs.

By Mr. BUCKLEY:

S. 2530. A bill to provide for equal access to courts in lawsuits involving the Federal Government, and for other purposes. Referred to the Committee on the Judiciary.

S. 2531. A bill to amend the Immigration and Nationality Act to require proof of United States citizenship or lawful residence as a condition for receipt of assistance supported by appropriated funds, and for other purposes. Referred to the Committee on the Judiciary.

By Mr. FANNIN (for himself, Mr. Hugh Scott, and Mr. Tower) (by request):

S. 2532. A bill to establish the Energy Independence Authority, a government corporation with authority to provide financing and economic assistance for those sectors of the national economy which are important to the development of domestic sources and the conservation of energy and the attainment of energy independence for the United States in a manner consistent with the protection of the environment; to improve Federal government operations so as to assist in the expediting of regulatory procedures which affect energy development; and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. ALLEN (for himself and Mr. Sparkman):

S. 2533. A bill to provide that the reservoir formed by the lock and dam referred to as the "Jones Bluff lock and dam" on the Alabama River, Alabama, shall hereafter be known as the R. E. "Bob" Woodruff Reservoir. Referred to the Committee on Public Works.

S. 2534. A bill to designate the new Forest Service laboratory at Auburn, Alabama, as the "George W. Andrews Forestry Sciences Laboratory". Referred to the Committee on Agriculture and Forestry.

By Mr. EAGLETON (for himself, Mr. Beall, and Mr. Pell):

S. 2535. A bill to amend title VII of the Education Amendments of 1974 to provide for a program of distribution of inexpensive books to school children. Referred to the Committee on Labor and Public Welfare.

By Mr. HATHAWAY:

S. 2536. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income the interest paid on certain industrial development bonds. Referred to the Committee on Finance.

By Mr. BUCKLEY (for himself, Mr. Bartlett, Mr. Curtis, Mr. Eastland, Mr. Garn, Mr. Hatfield, Mr. Helms, Mr. Young, and Mr. Proxmire):

S.J. Res. 140. A joint resolution proposing an amendment to the Constitution of the United States for the protection of unborn children and other persons; and

S.J. Res. 141. A joint resolution proposing an amendment to the Constitution of the United States for the protection of unborn children and other persons. Referred to the Committee on the Judiciary.

STATEMENT ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HARTKE (for himself, Mr. Gravel, Mr. Haskell, Mr. Hugh Scott, and Mr. Leahy):

S. 2525. A bill to provide for the coverage under Medicare of dental care, eye care, dentures, eyeglasses, and hearing aids. Referred to the Committee on Finance.

Mr. HARTKE. Mr. President, each day that passes reveals more clearly the true dimensions of the crisis we face in dealing with the Nation's elderly. Family structures have fundamentally changed; they are no longer capable, as they once were, of absorbing its aged members. Extended families have been replaced by nuclear families. Their very organization is antithetical to the needs of the elderly.

I do not believe for one moment, Mr. President, that Americans have become less concerned for the well-being of their parents and grandparents, or that they have become callous in the face of personal prosperity and better standards of living. In reality, the problem is much deeper, touching the institutions and structures of our society as these have evolved in response to a dynamic social and economic context.

Sociological explanation aside, the problem that remains is as real as it is pervasive and glaring. In many respects, it is shameful. As family structures have changed, becoming incapable of accommodating themselves to the needs of the elderly, society has been complacent. The job once performed by individuals and families is now, on the whole, not being performed. The need, however, remains even though the agency to attend to it has been lacking.

It is only recently that we have recognized the need to assume, as a people rather than as individuals, the responsibility for the care of the aged. No catalog of accomplishments is necessity. But certainly, medicare stands out like a beacon—a ray of hope that has illuminated many lives. It is an achievement of which we can all be proud although it took us too long to accept its necessity.

Of the many changes attendant upon old age one of the most distressing is the failing of the senses. Our senses are the source of all that we are. To the extent that they are impaired, we are cut off from some aspect of life. The senses link us to the outside world; they make us part of that world. Without them our brain would lack the information necessary to form perceptions and judgments. How can we be expected to make rational responses to an environment only dimly perceived? The senses are also a major source of pleasure.

All these decline with age. As the senses become weaker, less accurate, our ability to deal with the existential world—and to enjoy that world—is commensurately diminished. In part, at least, the ostensible incapacity, even senility, of the elderly is the direct result of impaired senses, not impaired mental ability.

The natural tragedy of this process is compounded by the fact that today, as the result of startling technological innovations, much of the sense impairment is unnecessary. We have been able to augment failing senses and thus restore individuals to a productive and enjoyable life. But we limit the availability of these devices artifically through the impersonal forces of the marketplace.

Devices like hearing aids, dentures, and eyeglasses are necessarily expensive. Individuals without substantial incomes are doomed to spend their autumn years in a limited world, and are denied the joy of experience. The amendment I am offering to the medicare program will broaden coverage under part B to include hearing aids, dentures, eyeglasses, and the costs associated with diagnosis, installation, and maintenance. It is my belief that such an expansion of benefits will have a fundamental impact on the quality of life of many of our senior citizens. I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2525

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Social Security Act be amended as follows:

Section 1. (a) Section 1861(r)(2) of the Social Security Act is amended by striking out "but only with respect to (A) surgery related to the jaw or any structure contiguous to the jaw or (B) the reduction of any fracture of the jaw or any facial bone".

(b) Section 1861(s)(8) of such Act is amended:

(1) by inserting "(A)" immediately after "(8)", and

(2) by striking out "(other than dental)", and

(3) by adding thereunder the following new subparagraph:

"(B) dentures, eyeglasses, hearing aids, and other prosthetic devices relating to the oral cavity, jaw, eyes, or ears, including replacement thereof; and".

(c) (1) Section 1862(a) (7) of such Act is amended to read as follows:

"(7) where such expenses are for routine physical checkups, or immunizations;".

(2) Section 1862(a) of such Act is further amended (A) by inserting "or" at the end of paragraph (11) thereof, (B) by striking out paragraph (12) thereof, and (C) by redesignating paragraph (13) thereof as paragraph (12).

(d) The amendments made by the preceding provisions of this section shall apply with respect to services furnished after the month which follows the month in which this Act is enacted.

(e) (1) Section 1861(r) of the Social Security Act is amended (A) by striking out "or" at the end of clause (2), and (B) by inserting immediately before the period at the end thereof the following: ", or (4) a doctor of optometry, but only for purposes of sections 1861(s) (1) and 1861(s) (2) (A) and only with respect to functions which he is legally authorized to perform as such by the State in which he performs them".

(2) Section 1862(a) of such Act (as amended by subsection (c) of this section) is further amended (A) by striking out the period at the end of paragraph (12) (as redesignated by paragraph (2) of such subsection (c)) and inserting in lieu of such period "; or", and (B) by adding after such paragraph (12) the following new paragraph:

"(13) where such expenses constitute charges with respect to the referral of an individual to a physician (as defined in section 1861(r) (1)) by a doctor of optometry arising out of a procedure in connection with the diagnosis or detection of eye diseases."

By Mr. DOMENICI:

S. 2526. A bill to extend and strengthen certain programs under the Higher Education Act of 1965, and for other purposes. Referred to the Committee on Labor and Public Welfare.

AMENDMENTS TO THE HIGHER EDUCATION ACT

Mr. DOMENICI. Mr. President, several months ago, I conducted education seminars in the State of New Mexico to solicit the opinions and experience of university officials, financial officers, and students with regard to possible changes to the Higher Education Act. These meetings were very well attended, and the participants came well prepared with suggestions. The amendments which I am introducing today reflect many of the recommendations of these seasoned New Mexico educators.

The primary concerns of those "in the business" in a rural State center on the role of the developing institutions, title III, student aid programs, title IV, and vocational education funding, title VIII. At the end of my remarks, I shall have printed in the RECORD the general recommendations and priorities identified by a four-member ad hoc task force who met prior to the hearings to draft preliminary proposals. The additional recommendations mentioned by participants in the hearings are also listed at the conclusion of my remarks. My amendments today reflect the major suggestions which I believe can be enacted without undue delay. I hope, however, the committee will consider all these proposals before making final decisions as to the Higher Education Amendments of 1975.

Many recommendations made at the meetings seemed to emphasize the need for changes reflecting rural States' university and college needs. It was agreed by New Mexican educators that the Higher Education Act as enacted by Congress in 1965 and later amended in 1972 is a good legislative measure aimed at providing reasonable assistance to our Nation's postsecondary educational system. It was suggested, however, that rural State college systems have different problems and thrusts sometimes slighted in the act.

For example, title III of the act is directed to strengthening developing institutions. It has been found that the present wording of the act precludes the development of smaller branch institutions in rural States. I propose to expand the term "developing institution" to include any branch of an institution of higher education which, first, is located in a community different from that in which the parent institution is located; second, is located in an isolated or rural community, as determined in accordance with regulations of the Commissioner; and third, serves a substantial number of minority students. Often in rural States such as New Mexico, there are smaller communities with high concentrations of potential minority students who are unable, for economic or cultural reasons, to leave their homes. The University of New Mexico, for example, has been most willing to offer several courses of study by establishing branch colleges, but has been unable to qualify under existing law. I recommend the inclusion of such language to enable a larger institution to offer educational opportunities in smaller communities for the benefit of the rural population.

The student assistance programs and the work study program were heartily endorsed by New Mexican educators and students. It was felt, however, that some provisions of the law needed up dating with more emphasis placed on the work study program.

Since the enactment of the Higher Education Amendments of 1972, inflation has caused increased tuition costs and expenses for college students. Therefore, I propose the $1,500 allowable stipend to be increased to $2,000 under section 413B (a) (2) (A) (I). In addition, I have also necessarily proposed further increases in the total stipend amounts for all academic years.

In determining the amount of the assets of the student or the assets of the student's family for assistance purposes, I have proposed the Commissioner exclude any amounts attributable to the principal residence of that family. It is felt by students and educators alike that it is highly unlikely a family will sell their residence to pay for a student's college expenses. In any event, that action would certainly cause extreme hardship to a family, and I propose that such computations disallow the family residence under section 411, clause (iv), division (ii). Similarly, I propose that the adjusted family income level be raised to $20,000 from $15,000 now allowed when determining student eligibility. Certainly, the former figure should be raised considering the increase in wages this past year or two in response to the soaring inflation rate.

At the hearings in New Mexico, the work study program was strongly endorsed by employers, faculty and students alike. It was suggested, however, that Federal and possibly State agencies be incorporated as cooperating employers. For that reason, I have amended section 444 of the act to allow the participation of agencies wherever possible. A student majoring in a health-related subject would benefit greatly from working part-time at a Public Service Hospital or Indian Health Service Hospital, if one is nearby. Students majoring in forestry would gain from work in the Forest Service or within the Department of the Interior.

It was argued that although the work study program was basically sound, all too often students found themselves in typing, maintenance, or other work in businesses which totally are unrelated to their course of study. It is obvious that students would gain much more working on course-related duties whenever possible—and in institutions similar to their final occupational goal. I know that this objective will not be possible in all cases, but I do feel that agencies should be included in the program to expand the alternatives.

The cooperative education program under title IV of the act was also highly praised. Continued support was extended by the educators to the one-time, 3-year grant awards, but ideas were put forth to improve the program. To insure an institution's commitment and continued support beyond the 3 years, it was suggested that the award should be 100 percent the first year, 75 percent the second year, and 50 percent the third year. The $75,000 base figure for each institution was felt to be adequate.

Another aspect of the student assistance programs received a great deal of attention in New Mexico which is reflected in my amendment to title IV regarding collection procedures. Under section 498A, I have proposed the Commissioner develop and implement improved collection procedures for the repayment of loans made to eligible students. The increased student default rate and governmental agency ineptness in collecting debts were cited as trouble areas that need investigating by the Commissioner. The passage of this amendment would require the Commissioner to undertake a comprehensive study to determine the default rate in the repayment of loans. The Commissioner will also be required to furnish Congress a report on the study including possible legislative recommendations, as he deems appropriate.

My proposed amendments also reflect the New Mexican's support for the section of the act providing financial assistance for the improvement of undergraduate instruction. This provision is to assist universities in improving the quality of classroom instruction in selected subject areas. I understand the expansion of television classrooms and other visual aids in addition to other innovations are only possible with this additional assistance.

At this time, I would also like to urge full congressional funding for title X of the higher education as appropriations have not been approved in the past. Title X is meant to strengthen the occupational or vocational education programs on the college level. I feel our educational programs have not recognized the ever-changing needs of our young people and our not-so-young people. It seems that we spend a disproportionate share of our national total resources on an educational system which is not as relevant as it could be.

The current college graduate, according to placement figures for 1974 and 1975, is having great difficulty finding work in his or her chosen field. Many students major in subject areas which are overcrowded. Many students would probably choose to major in an occupational/vocational subject if the colleges and universities were in a position to emphasize such courses. I envision students learning a trade as well as taking courses in literature, science, and sociology to augment their overall learning experience. Too often, vocational schools provide only course work in just the chosen trade. Why not combine the two—a liberal arts education and a specific trade? The students in New Mexico are anxious for the chance.

In addition to encouraging my colleagues for full funding support for this provision under the act, I have proposed an amendment to title X which was suggested many times by our university officials. This amendment would make the same State agency responsible for coordinating postsecondary education under section 1202 to also be responsible for the coordination of postsecondary vocational education. This simple administrative change hopefully would give vocational education the same status and priority level as other postsecondary education efforts.

Mr. President, again, I want to emphasize the general support of university officials and students in my State for the Higher Education Act provisions. But, as with all good programs, experience offers new insight. There will be many amendments offered to the act before next year. I hope the committee and my colleagues will consider these suggestions from educators in New Mexico. Perhaps these amendments address concerns of many other institutions throughout the country.

Mr. President, I ask unanimous consent that the material to which I have previously referred be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Higher Education Act, as Amended With Recommendations and Priorities

GENERAL STATEMENT

Ad Hoc Task Force

1. Dr. Richard E. Pesqueira, Vice President of Student Affairs, New Mexico State University, Las Cruces, New Mexico.

2. Brother Cyprian Luke, College of Santa Fe, Santa Fe, New Mexico.

3. Dr. Charles Meister, Eastern New Mexico University, Portales, New Mexico.

4. Dr. Paul H. Silverman, Research and Graduate Affairs, University of New Mexico, Albuquerque, New Mexico.

The Act, especially with the improvements brought about by the Educational Amendments of 1972, is good legislation for higher education. Overall, it efficiently categorizes funding for specific programs. The higher education community should be appreciative of the scope of such support in terms of dollars and programs funded.

The structure of the Act will probably remain very close to its present form—12 Titles with specific provisions in each.

Student Aid (Title IV) will probably continue to be the most "attention-getting" title, with more proposals in the form of bills for change than any other Title. Priorities within Title IV in parts A, B, C, D, E, F, will also be juggled about along with appropriations.

Next to Title IV (Student Assistance), Title III (Strengthening Developing Institutions), should have the most proponents.

There are compelling reasons, at least in New Mexico, to support Title I (Community Service and Continuing Education), Title II (College Library Assistance, Training and Research), Title VIII (Networks for Knowledge), and Title X (Community Colleges and Occupational Education).

MAJOR RECOMMENDATIONS AND PRIORITIES SUGGESTED BY AD HOC TASK FORCE

I. Title IV—Student assistance

a. Federal, State and Private Programs of Low Interest Insured Loans to Students in Institutions of Higher Education

Since its inception, the Higher Education Act has continually defined its "need criteria" determining student eligibility for financial aid on the bases of: (1) family resources vs. institutional costs, and (2) comparison with other "needy" students via a formula to determine *relative* need. The federally insured student loan program was designed to assist those students who have some financial need in order to enter or continue their postsecondary education. Typically these students do not qualify for many if not most forms of financial aid, such as BEOG, SEOG, College Work-Study, or the National Direct Student Loan Program. The federally insured student loan program has helped thousands of students, from the so-called middle class or lower middle class economic levels of society, to attend and complete higher education. However, improvements are needed in that program to: (1) raise the family income level of eligibility from $15,000 to $20,000 to account for inflationary family expenses; (2) to continue interest in the program on the part of banks, loan associations and other lenders, increase the interest rate to 8% (the government pays the interest on behalf of the student; the student assumes this interest after graduation) and to increase the Commissioner's special allowance from 3% to 4%. This special allowance may be used to augment the 8% guarantee to lenders should money and loan market conditions require to continue the attractiveness of the program to lenders; and (3) students should not be allowed to declare bankruptcy until 5 years beyond graduation.

The federally insured student loan program needs increased funding, fewer criteria for eligibility and more recognition that a large segment of our population looks to the program as the only form of federal assistance available to them.

b. Work-Study Programs

The College Work-Study Program (CWS) has probably been the best received program of federal student assistance, both from students' and institutions' viewpoints. Most would agree that the "earn-learn" philosophical base brings about many more benefits than earnings to students to defray their college expenses. However, for all practical purposes a limit to the program has been reached in terms of meeting original objectives. The range of meaningful and "relevant" part-time work experiences in positions especially created for CWS students, in the institution itself or in the public interest through work in a public or non-profit organization has narrowed. Institutions are challenged to expand such opportunities within these guidelines. The concept of CWS as a student-aid program first, a relevant work experience secondly and a source of manpower to employing agencies needs to be reexamined.

Improvements were made on CWS in the Education Amendments Act of 1972. A new "Work-Study for Community Service Learning Program" was added permitting qualified students to work for public or private non-profit agencies in public service jobs which are also of educational value. It may be argued that one intent of such expansion of CWS was to recognize the benefit of having college students work toward the betterment of such agencies and to gain experience in the world of work that might assist them with the formal academic experience.

Can we expand CWS beyond this to include part-time work experiences in the private sector? Can we consider such experiences as internships that would meet all the objectives of CWS as originally intended and as expanded in 1972? Can we see merit to the idea of bridging the artificial barrier between the world of work and a postsecondary education? Can we begin to see CWS as a manpower program, sponsored by the government that encourages a partnership encompassing the student's need for earnings and for on-the-job experience and for the private sector's need for the talent, enthusiasm and ideas of our youth enrolled in postsecondary education?

We believe it is possible for future legislation in CWS to place a high priority to institutions that can develop such partnerships with the private sector and to identify selected academic disciplines which promise to satisfy needs for increased numbers of career employees, as indicated by U.S. Department of Labor projections. One specific example: The need for more college students to pursue careers in Indian Health Care and the immediate need for manpower in this field that might be met through CWS.

On December 5, 1974, President Ford commented on his plans for a stronger partnership of education and work for the Liberal Arts. ". . . in a free society like our own where education is open to many, not just a few, the university's light, liberty, and learning must not be abstract but rather must relate to reality. A sound liberal education can and should be the key to preparing young people, men and women, for a full life beyond their student years; that is, as I see it, at least a creative productive member of our greater community. This is not just a democratic idea; it is a practical necessity, and on which we are working at this time in the preparation of our domestic policy recommendations for the State of the Union. The Secretaries of HEW, Labor and Commerce are working to build a better relationship and a better balance between the world of work on the one hand and education on the other. This is vitally important to our young people's search for meaningful and satisfying careers. It is equally vital to our nation's continued requirements for well-qualified manpower."

Expanding CWS to include the private sector relating academic disciplines to these positions where manpower needs exist, by U.S. Department of Labor projections, can allow CWS to once again become a major student aid, work-experience, and contributing program to society.

II. Title VIII—Networks for knowledge

The establishment of individual resources for the dissemination of information through the use of advanced technology is now prohibitively expensive when undertaken at the local campus level or even on the state-wide level.

The Federal Government cannot afford to support such individual efforts but should encourage the sharing of experiences and of resources through the application of new technology. This is even more imperative when the heavier costs arise from the development of such systems and not in their operation. Hardware costs have been reduced tremendously in relation to other costs associated with development. Thus, a limited number of demonstration projects that extend beyond state lines are needed to eliminate the high costs of wasteful duplication of efforts at local levels.

Computer networks have been in existence in large numbers for the past five years and at least over 80 data bases of specialized information exist that can be utilized at multiple access points even in remote areas.

Access to all types of information whether it exists in machine readable form or in other educational media can be increased through the use of closed-circuit television, satellite transmission, and tele-facsimile transmission.

The application of new technology can not only bring education and access to information to areas which are now out-of-reach, but it can also improve the availability of a variety of educational and informational resources to advanced institutions through sharing.

The Federal Government, through a limited number of demonstration projects, can encourage institutions of higher learning to share resources through the application of new technology.

III. Title X—Community colleges and occupational education

The Higher Education Act, and this title in particular, should spell out that public post-secondary education includes technical-vocational education approved by the state education agency are eligible institutions under the Act. The offending language of the Act, a carryover from the original Act of 1965, simply does not encompass post-secondary education realities of today. Language such as "admits as regular students only high school graduates," must have "regional accreditation," and "is an institution whose credits are accepted on transfer," must be eliminated or modified.

At the present, institutions such as the Albuquerque Technical-Vocational Institute are eligible for some programs within the Act, but not for others. The Act must broaden its reference from higher education to post-secondary education.

TITLE I—COMMUNITY SERVICE AND CONTINUING EDUCATION PROGRAM

CURRENT STATUS

Purpose. Title I of the Higher Education Act is designed to encourage colleges and universities to assist in the solution of community problems by strengthening those community service and continuing education programs that are designed to provide communities with problem-solving assistance. To strengthen existing mechanisms or create new ones. A community-service program under this Act means an educational program, including a research program and a university extension or continuing education offering. A State plan coordinated with the Governor's Office is required.

Authorization. For FY 1974 there was an authorization of $40,000,000, for FY 1975 $50,000,000.

Appropriation. FY 1974, $14,250,000; FY 1975, $14,250,000.

RECOMMENDATIONS

Purpose. Reaffirm the need for a state based grant program in this area. States should be authorized to utilize a portion of their allocation to assist institutions not currently participating in this program. Authorization should be provided for the expenditure of funds for planning of programs and development of grant requests. This can be done by increasing the amount allowable for state administration. The base allocation permitted each state should be increased from the current $100,000 to $150,000.

TITLE II—COLLEGE LIBRARY RESOURCES AND LIBRARY TRAINING AND RESEARCH

CURRENT STATUS

Purpose. Title II of the Higher Education Act is designed to improve the quality of academic libraries and to enhance library service throughout the nation by providing grants: (A) for the acquisition of books, periodicals and other library materials by colleges and universities; (B) for including adaptations of modern technology and development of new services to readers; (C) Library of Congress Acquisitions and Cataloging Program.

Authorization. Extends through fiscal year 1975. Combined authorization for Parts A and B $75,000,000 FY 1973; $85,000,000 FY 1974; and $100,000,000 FY 1975. Of amounts authorized for Parts A and B, 70 percent is for college library resources (Part A) and 30 percent for training and research (Part B), except that the amount available for the purposes of Part B for any fiscal year shall not be less than the amount appropriated for such purposes for FY 1972 ($4,750,000). Authorization for Part C for FY 1974 was $15,000,000 and for FY 1975 it was $9,000,000.

Appropriation. The appropriations for Title II for FY 1974 and 1975 were as follows:

Part A:	
1974	$9,975,000
1975	9,975,000
Part B:	
1974	4,275,000
1975	3,000,000
Part A and B:	
1974	14,250,000
1975	12,975,000
Part C:	
1974	8,603,687
1975	9,055,000

RECOMMENDATION

Purpose. Several improvements have been achieved through the availability of Title II funds and the stimulation of making available additional state and local funds. However, many factors—admission of students with diverse academic backgrounds, those with problems in a bilingual society, the ethnic, the culturally and economically deprived,—those have contributed to a need for new resolutions, differing emphasis in acquisitions of types of library materials. These problems should be given priority in funding.

Authorization. Greater flexibility should be permitted the state and local jurisdictions to apply a formula to meet local needs in terms of expenditures in Part A or Part B.

PRIORITIES

Within Title II greater priority should be given to research, demonstration projects and institutes for continuing education. Emphasis will vary from state to state and priorities should be determined by each state, with guidelines for minimum levels established by HEW. Greater emphasis should be placed in training of paraprofessionals, especially in providing service to rural and under-populated areas, as well as to pockets of culturally diverse populations.

TITLE III—STRENGTHENING DEVELOPING INSTITUTIONS

CURRENT STATUS	RECOMMENDATIONS	PRIORITIES
Purpose. The Title III program assists in raising the academic quality of that group of institutions of higher education which has been and continues to be primarily concerned with higher education for low-income students. The Title III program assists in strengthening developing institutions that show both a desire for and a promise of institutional improvement with Federal funding, so that these institutions may participate more fully in the higher education community. The program attempts to narrow the gap between small, weak colleges and stronger institutions. It attempts to do so primarily by establishing cooperative arrangements in which developing institutions may draw upon the talent and experience of assisting institutions of higher education as well as upon business and industry in the area of faculty and curriculum development, administrative improvement, and student services. Appropriation. FY 1974, $99,000,000; FY 1975, $110,000,000.	This Title has been a popular title with the institutions served and should be continued because it assists institutions in the development of programs which are vital both to institutions and to their regional purposes. Even more flexibility is recommended so institutions can shift emphasis as priorities develop. The present federal guidelines which have separated Title III into basic and advanced grants have created a divisive climate among colleges related to the main purpose of the program.	This is an important program among New Mexico institutions and should be continued. More state-wide coordination may be helpful but may not be practical.

TITLE IV—SUPPLEMENTARY OPPORTUNITY EDUCATION GRANTS

CURRENT STATUS	RECOMMENDATIONS	PRIORITIES
Purpose. SEOG's are grants made directly to institutions to help make available postsecondary education to students who are in exceptional financial need and who do not qualify for BEOG (presently college juniors and seniors). The grants are made in two categories: to initial students and to continuing students. Appropriations. FY 1974, $210,300,000; FY 1975, $240,300,000.	SEOG should be continued at least until the BEOG is fully funded and all students are eligible. SEOG's are particularly important because they allow financial aid officers to package student aid, fully utilizing all programs. For private institutions the SEOG's are critically important because higher tuition costs necessitate more flexible aid programs. The requirement that this program (together with CWSP and NDSL) be appropriated before funds are placed in BEOG, as specified in the Educational Amendments of 1972 should be continued. The distinction between initial and renewal awards should be eliminated.	This program together with the two other campus based programs (CWSP and NDSL) are fundamental to providing the student with both access and choice. This program is essential to the preservation of a dual system of higher education.

TITLE IV—BASIC EDUCATIONAL OPPORTUNITY GRANTS

CURRENT STATUS	RECOMMENDATIONS	PRIORITIES
Purpose. Under the BEOG an eligible student is entitled to receive certain financial aid upon application to the U.S. Commission. Maximum aid is $1,050 and depends upon "Expected family contributions" which is set by the Commissions, and institutional costs. The eligible student can transfer his entitlement to any institution. Appropriation. FY 1974, $475,000,000; FY 1975, $660,000,000.	This is an excellent program and should be continued and expanded; it is undoubtedly the precursor of a federal program of entitlement for postsecondary education for citizens of all ages. The maximum should be raised to $2,000, and the needs test should be alleviated and eligibility should include more middle income taxpayers. BEOG can be used as a tool to fight inflation, recession and depression. The administration of the program at the local level is not simple, and in the absence of state administration of the program, an administrative cost allowance to institutions is essential.	This is a new program which should be continued and expanded. If properly funded, under broad guidelines, it could be the most important financial aid program. However, under present restrictions it must not displace other financial aid programs, but complement them.

TITLE IV—STATE SCHOLARSHIP INCENTIVE GRANTS

CURRENT STATUS	RECOMMENDATIONS	PRIORITIES
Purpose. The program provides incentive grants to states to assist them in providing grants to students in attendance at institutions of higher education. The federal grant is made to a state agency administering a state financial aid program in an amount equal to 50% of the amounts of student grants made pursuant to the state program. Appropriations. FY 1974, $19,000,000; FY 1975—$20,000,000.	This new program though modestly funded, is enormously important and should be expanded. It is important because it has stimulated most states to initiate and expand student aid programs. Awards should be portable to other states. Maximum awards should be increased to $2,000. The legislation should encourage the few non-participating states to become eligible.	This program sets a pattern for federal/state partnerships in other programs. There remain a substantial number of states which need federal incentive programs in order to move them into the mainstream of student assistance.

TITLE IV—STUDENT ASSISTANCE

CURRENT STATUS	RECOMMENDATIONS	PRIORITIES
Purpose. Part B makes various provisions designed to make low-cost unsecured loans more available to students in higher education. It is known as the "federally insured student loan program." Part C is the "College Work-Study Program," designed to pro-	1. Expand Work-Study Program to private sector related to academic disciplines which promise to satisfy needs for increased number of career employees, as indicated by U.S. Department of Labor projections. The Work-Study positions must be "internships" and	Within Title IX priority must be established for full funding of BEOG, loosening of eligibility criteria for guaranteed student loans and increased funding and expansion of the Work-Study Program. The student who has a financial need to attend college

TITLE IV—BASIC EDUCATIONAL OPPORTUNITY GRANTS—Continued

CURRENT STATUS—Continued

mote employment of students part-time who need earnings to pursue their studies. Part D is the "Cooperative Education Grants Program" designed to assist institutions in planning or improving cooperative education programs that alternate periods of full-time study with periods of full-time work. Part E is the "National Direct Student Loan Program" which makes low-interest loans available to students who qualify as "needy." Part F has general provisions such as administrative costs to institutions with Title IV programs and establishes an OE Advisory Council on Financial Aid to Students.

Appropriation. For Title IV for FY 1974 and 1975 as follows:

Part B:	
1974	$310,000,000
1975	315,000,000
Part C:	
1974	$270,200,000
1975	300,200,000
Part D:	
1974	$10,750,000
1975	10,750,000
Part E:	
1974	$293,000,000
1975	324,000,000
Part F:	
1974	entitlement
1975	entitlement

RECOMMENDATIONS—Continued

not substituted for existing jobs. (See more discussion on cover sheet).

2. Change guarantees student loan program as follows: increase to $20,000 family income eligibility without needs analysis; increase 8% student interest rate and a special allowance rate of 4% to be awarded to lenders by the Commissioner in response to the interest market.

3. Cooperative Education funding should be continued on a one-time three-year grant basis. However, the award should be 100% the first year, 75% the second year and 50% the third year to insure an institutional commitment and continued maintenance beyond the three years. The $75,000 limitation per institution is adequate.

4. The National Direct Student Loan Program should remain for "needy" students. However, the appropriations should be reduced and re-allocated to BEOG, SEOG and Guaranteed Student Loans.

5. Administrative cost entitlement should be made in support of BEOG.

6. The Veterans Cost of Instruction Program should be extended as it allows institutions to provide special services to veteran students (in Title X).

PRIORITIES—Continued

but is "less needy" than others needs to be recognized and supported in new legislation. The SEOG serves to assist the institution in providing aid to meet the student's need but can be eliminated with full funding of BEOG, for all four years of a student's eligibility. (See cover sheet for more discussion on Work-Study).

TITLE V—EDUCATION PROFESSIONS DEVELOPMENT

CURRENT STATUS

Purpose. Title V is designed to improve the quality of teaching and to help meet critical shortages of adequately trained educational personnel. Specifically, it sets up a National Advisory Council on education professions development; it establishes the Teacher Corps, which extends educational opportunities to low-income families, and encourages colleges to prepare teachers to serve in disadvantaged areas; it provides fellowships for teachers and school service personnel; and it provides training programs for professional personnel employed by colleges and vocational schools.

Authorization. The following sums were authorized under this title: FY 1973, $200 million; FY 1974, $300 million; FY 1975, $450 million.

Appropriation. Current appropriation is $56.7 million, of which $37.5 million is earmarked for the Teacher Corps.

RECOMMENDATIONS

Purpose. Since there no longer is the critical general shortage of teachers, this title probably is less important than most of the other titles. Nevertheless, shortages still exist in special education, bi-lingual education, rural education, and early childhood education. Education as a profession always has to be concerned about upgrading its quality. Not only teachers but all educational personnel need stimulation to adapt to the changing needs of society. The statutory indirect cost range of 8% should be revised to that which is acceptable to both parties on a negotiated basis.

Authorization. This authorization has been adequate, but there has been relatively little funding of the authorization.

PRIORITIES

Probably greatest priority, should this title be funded more fully, should be given to preparing professional personnel in the fields of special education, bi-lingual education, rural education, and early childhood education. Since states' needs may vary, it would be best to permit a fairly broad latitude, permitting states to respond to their areas of greatest need.

TITLE VI—FINANCIAL ASSISTANCE FOR IMPROVEMENT OF UNDERGRADUATE INSTRUCTION

CURRENT STATUS

Purpose. Designed to improve the quality of classroom instruction in selected subject areas in institutions of higher education. The acquisition of laboratory equipment, other special durable equipment, printed and published materials for classrooms and libraries and for minor remodeling. Also, institutions may receive grants for acquisition of TV equipment for closed circuit direct instruction in these selected subject areas, and for related equipment and remodeling.

Appropriation. FY 1974, $11,800,000; FY 1975, $7,500,000.

RECOMMENDATIONS

Title VI serves some purposes, but its importance has diminished. Funding should probably be reduced 10% for FY 1976 and that amount transferred to other higher priority programs in the Act.

PRIORITY

Title VI should not be a high-priority item. The program should, however, emphasize subpart 2, grants for acquisition of TV equipment, over subpart 1, equipment and materials to improve the quality of instruction in selected subject areas.

Title VII—Construction of Academic Facilities

CURRENT STATUS

Purpose. Part A—Provides grants to help pay the cost of construction to academic facilities up to 50% of the development cost of the project.

Part B—Provides grants for construction of graduate academic facilities.

Part C—Provides a program of insured loans for construction and to subsidize interest payments obtained from non-federal sources.

Part D—Provides assistance to public institutions which have suffered a major disaster.

Appropriation. Part C only: interest subsidies and guaranteed loans.

FY 1974, $310,000,000 and FY 1975, $315,000,000.

RECOMMENDATIONS

The building boom is over, but the program should be maintained for select building needs. More important is the fact colleges are carrying heavy debt amortization payments which are a burden in an inflationary economy. Provisions should be made for a moratorium on payments for institutions in a strained financial position. Likewise, there is a need for a program of renovation and rehabilitation to meet changing curricular needs.

PRIORITIES

A clear moratorium policy should be developed to assist institutions, otherwise viable, with the pressure of inflation. New energy costs can be offset with such a moratorium program.

Title VIII—Networks for Knowledge

CURRENT STATUS

Purpose. Designed to encourage institutions of higher education to share their technical and other educational and administrative facilities and resources, and to test and demonstrate the effectiveness and efficiency of a variety of cooperative arrangements. Designed to support projects for the joint use of educational facilities, for affording access to specialized library collections, for establishment and joint operation of closed-circuit television or equivalent transmission facilities, and for establishment and joint operation of electronic computer networks.

Authorization. FY 1974, $15,000,000; FY 1975, $15,000,000.

Appropriation. Program never finished.

RECOMMENDATIONS

Purpose. Through the utilization of modern transmission techniques through satellites, closed-circuit television and computer-assisted networks there can be a reduction in the duplication of effort in local institutions at the instructional level, at the gathering and dissemination of information and in sharing resources that the poorer states cannot afford to duplicate. Benefits can accrue not only to the student directly but also to faculty, administration and to the state and region as a whole.

Title IX—Graduate Programs

CURRENT STATUS

Purpose. This title provided for support of graduate education through six designated approaches.

Part A—Grants to Institutions of Higher Education. Designed to strengthen, improve and if necessary, expand the quality of graduate and professional programs leading to advanced degrees, and to improve programs designed to prepare graduate and professional students for public service.

Part B—Graduate Fellowships for Careers in Post-Secondary Education. Designed to assist individuals interested in academic careers in educational programs beyond the high school level.

Part C—Public Service Fellowships. Designed to assist individuals to participate in graduate programs in mining, mineral resources, and fuel conservation; and to assist students from disadvantaged backgrounds.

Part E—Vacant.

Part F—General Assistance to Graduate Schools. Designed to provide grants to graduate schools on the basis of their full time equivalent enrollment.

Authorization. FY 1974, base of $40,000,000 +; FY 1975, base of $50,000,000 +;

Appropriation. Never funded.

RECOMMENDATIONS

Purpose. The availability of federal funds for improving graduate education would lend added strength and recognition at the university and state levels. Emphasis should be given to

Part A—State funds have not taken into consideration the impact of the cost of graduate education on institutions. Graduate programs have had to compete with other programs in an area of limited resources. Federal funds would stimulate greater interest at the local funding levels.

Part F—The general assistance grant of $200 for each full time equivalent graduate student would have a major impact on academic institutions.

Title X—Community Colleges and Occupational Education

CURRENT STATUS

Purpose. Part A of this title provides funds to help establish or expand community colleges, the purpose being to try to provide college opportunities to all citizens who desire them. The statewide commission on post-secondary education is responsible for developing the state plan. Funds may be used for remodeling or equipping existing structures, but not to build new buildings.

Part B of this title directs the Secretary of Health, Education, and Welfare to expedite a program to promote occupational education. A single state agency in each state is charged with the responsibility of administering programs under Part B. Funds are provided both for planning and for operating programs, but no operating funds will be provided unless there has been prior planning. Private institutions may partic-

RECOMMENDATIONS

Purpose. This is a much needed title. Since manpower needs show that most jobs in America do not require four-year college preparation but do require post-secondary education, this title has much to offer.

Problem areas:

1. The same state agency responsible for coordinating post-secondary education under Section 1202 of this Act should also be designated to coordinate post-secondary vocational education.

2. Vocational schools of demonstrated excellence, such as Albuquerque TV–I, should be eligible for funding even though not accredited by the regional accrediting association. TV–I is recognized as eligible for funding under other federal legislation, but not under this act. Perhaps the new language could authorize funds to vocational schools

PRIORITIES

Priorities should be given to:

1. Provide capital outlays for vocational-technical education.

2. Approve qualified vocational schools, like Albuquerque TV–I, for funding.

3. Coordinate all post-secondary education under the supervision of a single state agency.

4. Assist universities to develop programs and facilities to further occupational education.

Title IX—Graduate Programs—Continued

CURRENT STATUS—Continued	RECOMMENDATIONS—Continued	PRIORITIES—Continued
ipate in funding if they can provide services more economically than public ones. Authorization. Sub-part 1 of Part A (dealing with planning grants) authorizes $15.7 million as the combined total for FY 1973 and FY 1974. Sub-part 2 of Part A (dealing with program grants) authorizes: FY 1973, $50 million; FY 1974, $75 million; FY 1975, $150 million. Part B authorization is: FY 1973, $100 million; FY 1974, $250 million, FY 1975, $500 million.	approved by the state agency responsible for coordinating post-secondary education.	

Title XI—Law School Political School Program

CURRENT STATUS	RECOMMENDATIONS	PRIORITY
Purpose. Authorizes grants to accredited law schools to establish or expand programs to provide clinical experience to students. Preference is given to programs giving experience in the preparation and trial of cases. Federal aid may pay up to 90% of program costs, but no institution may receive more than $75,000 in a fiscal year.	Program was not funded. While the concept is supported, it remains an extra program that should be supported only after student assistance, developing institutions and other priority titles are more adequately funded.	Very low priority.

Title XII—General Provisions

CURRENT STATUS	RECOMMENDATIONS	PRIORITIES
Purpose. Section 1202 directs any state which desires to receive aid under Section 1203 (comprehensive statewide planning) or Title X (Community Colleges and Occupational Education) to establish a State Commission on postsecondary education. Section 1203 authorizes the Commissioner to make grants to State Commissions to enable them to expand the scope of studies and planning with respect to all public and private postsecondary educational resources in the State. Section 1205 establishes an Advisory Council on Graduate Education. Section 1206 provides that institutions must provide "cost-of-education" data in order to be eligible for student aid funds. Appropriation. FY 1974, $3,000,000; FY 1975, $3,000,000.	Sections 1202 and 1203 are good legislation and should be continued in authorizing new legislation. Increased funding for Section 1203 would be desirable for most states, including New Mexico.	Increase funding above the $3,000,000 appropriation with additional funds in support of Section 1203, allowing states to expand the scope of the studies and planning in postsecondary education—private and public.

Recommended Changes to the Higher Education Act

(Hearings, February 1975, New Mexico State University and University of New Mexico)

TITLE I—COMMUNITY SERVICE AND CONTINUING EDUCATION PROGRAM

1. Explore the possibility of combining Title I with Title IV, Work-Study provision.

2. Increase State base allocations to $150,000 from $100,000. To be used for planning programs and the development of grant requests.

3. Increase in funds used for States to assist institutions not currently participating in this program.

4. Title I funds, in addition to those now allocated to State programs, should be made available for relatively long term (3-5 year) programs that link the development work-study internship to community service projects. Specific provisions should be made for new Title I funds for university extension programs that utilize and train student-interns funded under work-study monies.

TITLE II—COLLEGE LIBRARY RESOURCES; LIBRARY TRAINING AND RESEARCH

1. Eliminate the percentages specified for Part A and Part B. They are apparently too restrictive. Part A grants cannot exceed $5,000, therefore, this larger proportion of the total authorization is not enough to be very effective in any one institution. Part B offers greater opportunity for innovative programs which can have far-reaching consequences.

2. Under Part A, allow the purchase of equipment and staff. This suggestion would necessitate changing Part A to include projects as well as acquisitions.

3. Remove specifications—do not specify the ⅔ allocation for fellowships and traineeships. Also the 50% allocation for institutes and developing library programs should be lowered to 20%-25%. (rationale: only a few minorities are now taking advantage of this opportunity. Institutes, on the other hand, offer greater flexibility in design, purpose and program, and are frequently used to reach target populations, i.e., the blind and physically handicapped, minority groups, educational planners, etc.)

Apparently New Mexico does not stand to benefit from the fellowship/traineeship program because of the lack of an accredited library school in the State. We have a librarian affiliated with University of New Mexico who is trying to improve this situation. All that is currently offered is a certification program.

Within Title II, greater priority should be given to research, demonstration projects and institutes for continuing education. Emphasis will vary from state to state and priorities should be determined by each state, with guidelines established by HEW. Greater emphasis should be placed in training of paraprofessionals, especially in providing service to rural and underpopulated areas, as well as to pockets of culturally diverse populations.

TITLE III—STRENGTHENING DEVELOPING INSTITUTIONS

1. More flexibility so institutions can shift emphasis as priorities develop. The University of New Mexico is having difficulties qualifying for "branch colleges" in rural areas, because there is no separate president and Board of Regents. Also, New Mexico's branch colleges do not apparently have the necessary number of books in library to qualify, but they can never get better if more assistance is not available in this area.

Apparently, the present Federal guidelines which have separated Title III into basic and advanced grants have created a divisive climate among colleges related to the main purpose of the program.

TITLE IV—SUPPLEMENTARY OPPORTUNITY EDUCATION GRANTS, BASIC EDUCATIONAL OPPORTUNITY GRANTS

1. The distinction between initial and renewal awards should be eliminated.

2. This program, as well as the other student assistance programs, does not fully take into consideration students who necessarily have to drop in and out of school.

3. It was suggested that States not utilizing their monies for student assistance not be fully funded each year.

4. Provisions should be added to prevent students from claiming bankruptcy. Suggestion: Bankruptcy can't be claimed for five years by students after graduation.

5. Offer more incentives to banks loaning students needed monies.

6. New Mexico financial officials felt that property value should not be considered for eligibility.

7. It was suggested often that universities should be more responsible for collection. Maybe a discount rate based on recovery of money paid back.

8. Eligibility should be extended to families earning $20,000 not $15,000. The maximum to be borrowed should be raised to $2,000.

10. G.I. Bill recipients should have a reduced amount under BEOG. Veteran is not usually still dependent on parents.

TITLE IV—STATE SCHOLARSHIP INCENTIVE

1. It was felt that this provision was most important as it has stimulated more states to initiate and expand student aid programs. Awards should be portable to other states if not used entirely in one state.

2. Maximum awards should be increased to $2,000.

3. The legislation should encourage the few non-participating states to become eligible.

TITLE IV—STUDENT ASSISTANCE

1. Expand Work-Study Program!! Tie in more to private sector related to academic disciplines which promise to satisfy needs for increased number of career employees, as indicated by U.S. Department of Labor projections. The Work-Study positions must be "internships" and not substituted for existing jobs. Maybe there could be an "encouraging" clause or part subsidy to private sectors "hiring" students.

3. Possibly use the U.S. government agencies more on Work-Study program e.g. BIA and Indian students in management, education, etc. e.g. Indian Health Service and health subject students. Guidelines established by the agencies. Specify as line item on agency roster.

4. Change guaranteed student loan program as follows: increase to $20,000 family income eligibility without needs analysis; increase 8% student interest rate; allow a special allowance rate of 4% to be awarded to lenders by the Commissioner in response to the interest market.

5. Cooperative Education funding should be continued on a one-time three-year grant basis. However, the award should be 100% the first year, 75% the second year and 50% the third year to insure an institutional commitment and continued maintenance beyond the three years. The $75,000 limitation per institution is adequate.

6. Administrative cost entitlement should be made in support of BEOG.

TITLE V—EDUCATION PROFESSIONS DEVELOPMENT

1. Authorization level is correct, but there has been relatively little actual funding the program. Need still exists for special education, bi-lingual education, rural education, and early childhood education. Also need for continual up-grading of professionals. Give states latitude to determine needs.

2. There should be assistance to Ph. D. candidates under this Title—to be used as "resource types".

TITLE VI—FINANCIAL ASSISTANCE FOR IMPROVEMENT OF UNDERGRADUATE INSTRUCTION

1. New Mexico educators feel this Title should reflect the diminished Federal role. Funding should probably be reduced 10% and transfer to higher priorities under the Act.

2. This title should be continued emphasizing Subpart 2, grants for acquisition of TV equipment rather than much more monies under Subpart 1, to provide equipment and materials to improve the quality of instruction in selected subject areas.

TITLE VII—CONSTRUCTION OF ACADEMIC FACILITIES

1. Program should be maintained primarily to renovate existing structures.

2. It was suggested that a "moratorium" be declared on "under the table" debt service—particularly during inflation and recession time.

3. Provisions should be made for a moratorium on payments for institutions in a strained financial position.

TITLE VIII—NETWORKS FOR KNOWLEDGE

1. Pull all similar programs under various laws into one funding program. Title VIII could be the one. It was suggested there could be a reduction in the duplication of effort in local institutions. Now, apparently, similar programs are found in OE, NASA, etc.

2. More provisions to help poorer states who cannot afford to duplicate.

TITLE IX—GRADUATE PROGRAMS

1. Suggestions were made to combine Title V and IX. Need fellowship type grants to retain graduates in changing subject areas. Can be used as aids in college classrooms. Assistance on all college levels—including Ph.D. candidates.

2. Part A. State funds have not taken into consideration the impact of the cost of graduate education on institutions. Graduate programs have had to compete with other programs in an area of limited resources.

3. Part F—Suggested that a general assistance grant of $200 for each full time equivalent graduate student would have a major impact on academic institutions.

4. Public Service Fellowships under Part C should be broadened to include graduate programs in water resources and water quality.

TITLE X—COMMUNITY COLLEGES AND OCCUPATIONAL EDUCATION

1. The same state agency responsible for coordinating postsecondary education under Section 1202 of this Act should also be designated to coordinate post-secondary vocational education. (This was mentioned many times. PVD was most interested).

2. It was suggested that vocational schools of demonstrated excellence, such as Albuquerque TV–I, should be eligible for funding even though not accredited by the regional accrediting association. TV–I is recognized as eligible for funding under other Federal legislation, but not under this Act. Perhaps the new language could authorize funds to vocational schools approved by the state agency responsible for coordinating post-secondary education.

3. Coordinate all post-secondary education under the supervision of a single state agency.

4. Assist universities to develop programs and facilities to further occupational education.

5. Maybe funds for special facilities at universities for vocational, career opportunities with Associate, Associate Art, etc. degrees awarded.

TITLE XI—LAW SCHOOL POLITICAL SCHOOL PROGRAMS

1. Difficulty lies in the fact the program was not funded. New Mexico educators feel this should be a very low priority item.

TITLE XII—GENERAL PROVISIONS

1. Sections 1202 and 1203 are good provisions and should be continued with increased funding for Section 1203. Allow states to expand the scope of the studies and planning in post-secondary education—private and public.

By Mr. WILLIAM L. SCOTT:

S. 2528. A bill to amend the Food Stamp Act of 1964 to eliminate from such act certain requirements imposed upon the States relating to the dissemination of information on the availability of benefits under such act, and for other purposes. Referred to the Committee on Agriculture and Forestry.

Mr. WILLIAM L. SCOTT. Mr. President, as you know, considerable concern has been expressed over the use of millions of taxpayers' dollars to finance publicizing of the Federal food stamp program in an effort to encourage more persons to get food stamps. To me this requirement is untenable, and today I am introducing a proposal that would remove this authority so that funds could not be used to pay for these so-called "outreach" programs on a nationwide scope.

Certainly we do want to help those truly in need but it seems unreasonable to me that we have the Federal Government require the States to undertake a promotional campaign of this magnitude and cost. The Library of Congress tells us that the food stamp costs have tripled since 1972 and now cost taxpayers almost $6 billion annually to operate, amounting to around half the total budget of the Department of Agriculture. In addition, we are told that the number currently receiving food stamps is said to be approaching 20 million people, with an average of one-half million recipients added each month since last fall.

It is our understanding that the "outreach" requirement and other aspects of the overall program have come under increasing criticism recently; and a number of us in both the House and Senate have cosponsored general legislation aimed at reducing the program cost and potential "loopholes" while providing assistance to those truly in need of an adequate and nutritional diet. In addition, we are advised that Secretary Butz has testified before a subcommittee of our Committee on Agriculture and Forestry regarding the administration's proposal to significantly reform the food stamp program along the lines of the measure we have cosponsored.

It just seems, Mr. President, that we are going too far in having the Federal Government involved in programs such as "outreach" to expand the already overburdened food stamp rolls. In this regard, the Agriculture Department advises that each State, under court order, must provide a full-time coordinator and a State action plan to operate the "outreach" program, to encourage more people to get their food stamps. It is my understanding that these programs include extensive advertising in the media and do appear to be unreasonable and an unnecessary drain on the taxpayers.

In my opinion, Mr. President, it is essential for the Congress to eliminate the provision of law that imposes certain requirements upon the States relating to the dissemination of information by media and other means on the availability of program benefits, and my amendment to the Food Stamp Act of 1964 would do so. Adoption of this amendment would, however, still leave the door open for other legislative changes in the act that might encourage more effective nutritional educational programs among the States and prompt determination of food stamp eligibility.

By Mr. HARTKE (for himself, Mr. Hansen, Mr. Talmadge, Mr. Randolph, Mr. Cranston, Mr. Stone, Mr. Thurmond, and Mr. Stafford):

S. 2529. A bill to amend chapter 37 of title 38, United States Code, to increase the maximum Veterans' Administration's guaranty for mobile home loans from 30 to 50 percent, to make permanent the direct loan revolving fund, to extend entitlement under chapter 37 to those veterans who served exclusively between World War II and the Korean conflict, and for other purposes. Referred to the Committee on Veterans' Affairs.

VETERANS HOUSING AMENDMENTS ACT OF 1975

Mr. HARTKE. Mr. President, today I introduce, for myself and for the members of the Committee on Veterans' Affairs, which I am privileged to chair, the Veterans Housing Amendments Act of 1975. I am pleased that joining me as principal cosponsors in this measure are the Senator from Wyoming (Mr. Hansen), the Senator from Georgia (Mr. Talmadge), the Senator from West Virginia (Mr. Randolph), the Senator from California (Mr. Cranston), the Senator from Florida (Mr. Stone), the Senator from South Carolina (Mr. Thurmond), and the Senator from Vermont (Mr. Stafford).

The Veterans Housing Amendments Act of 1975 is intended to complement and further refine the veterans housing assistance program authorized under chapter 37, title 38, United States Code. My colleagues will recall that Congress last year enacted comprehensive legislation in the Veterans Housing Act of 1974—Public Law 93-569.

Briefly, the Veterans Housing Amendments Act of 1975 as introduced today would accomplish the following:

First, eligibility for housing benefits would be extended for the first time to veterans whose service was exclusively following the official termination of World War II and prior to the commencement of the Korean conflict—between July 25, 1947, and June 27, 1950;

Second, the Veterans' Administration direct home loan program is amended to increase the maximum cost for loans from $21,000 to $30,000 and a further increase maximum amount in "excess cost" areas from $25,000 to $35,000;

Third, the direct loan program is amended to become a permanent program;

And fourth, the mobile home loan program is amended to increase the maximum VA loan guarantee for mobile homes from 30 percent to 50 percent.

VA DIRECT HOME LOAN PROGRAM

Mr. President, I would like to briefly discuss the Veterans' Administration direct home loan program and amendments made by this act.

In recognition of the limited availability of private capital in less populous localities Congress established under the Housing Act of 1950—Public Law 81-475—a special program of direct home loans to veterans in rural housing credit shortage areas where private capital is not generally available for the financing of housing with loans guaranteed by the VA. Subchapter II, chapter 37 of title 38, established the direct loan program which is financed through a revolving fund. The fund is reimbursed by principal repayments on direct loans held by the Administrator and the proceeds of any direct loan sold by him. One amendment would make permanent the direct loan revolving fund which would otherwise terminate on June 30, 1976, for the purposes of making direct loans to eligible veterans.

Section 1811 of title 38 provides for direct governmental loans to veterans who live in credit short areas. These areas are defined in the statute as rural areas, small cities, and towns. VA regulations further define credit short areas by automatically excluding communities over 30,000.

Approximately 80 percent of the geographic area of the country qualifies—about 2,400 of 3,000 counties, cities, and political subdivisions—although it includes only about 18 percent of the veterans population. It has been estimated that there are approximately 5.4 million veterans who by virtue of their location and present status would qualify for a direct loan program. However, only 322,554 direct loans have been approved during the life of the program by VA with only 2,665 direct loans approved in fiscal year 1975 with a value of $49,582,000. The direct loan program has diminished since an apparent administration decision in 1971 to "phase out" the program. In fiscal year 1970 some 8,500 veterans were aided by the direct loan program with a loan value over $144 million. The direct loan revolving fund currently has in the drawing account from the U.S. Treasury $1,025,363,000 of which $855,428,246 is available for loans under the direct loan program.

Prior to March of 1971, a direct loan application could be processed in 30 to 45 days. Then the Office of Management and Budget attempted to disband the direct loan program and transfer the direct loan revolving funds to the General Treasury. To frustrate the direct loan program, the Office of Management and Budget caused the VA to establish a referral system providing applications from veterans from credit short areas to lending institutions in credit surplus areas for private loans. Under a directive issued on March 25, 1971, if a veteran made application for a direct loan with the requisite three rejection notices, the VA regional office would attempt to place the loan with lenders in the region. The regional lenders would have 21 days to consider the application. If the loan application was not approved at the regional office, it was then transferred to the central office in Washington, D.C., where additional efforts were made to find private investment capital. If loan applications were not approved at the national level, through the Federal Home Loan Bank or through the Office of Management and Budget, they were referred back to the local authorities with the directive to try again. The result of this extraordinary deliberate redtape has been a severe retrenchment of the program. Through this bureaucratic redtape, poor management, and policy decisions by the administration, the direct loan program has not fulfilled the congressionally intended purpose to provide simple financial mortgage credit for veterans living in housing credit shortage areas.

Extensive review of the operations of the direct loan program is therefore called for. It is my intention to insure that the program does all that Congress intended it to do to aid veterans seeking to buy homes. In the meantime, I believe it important that the programs be continued and made permanent.

A further provision of my bill would increase the direct loan on the principal amount of any loan made under the direct loan program from the current $21,000 to $30,000 and increase the maximum amount that the Administrator may increase that amount by in areas where the cost level so requires from $25,000 to $35,000. I am particularly indebted to Senator Stafford, the ranking minority member of the Subcommittee on Housing and Insurance for bringing this matter to my attention.

In this connection, I ask unanimous consent that his letter to me be printed in the Record at this point.

There being no objection, the letter was ordered printed in the Record, as follows:

U.S. Senate,
Washington, D.C., September 8, 1975.

Mr. Vance Hartke,
Chairman, Veterans' Affairs Committee,
Washington, D.C.

Dear Mr. Hartke: As you are probably aware, the Veterans' Administration, under the Direct Housing Loan program, will not authorize a loan of more than $25,000 to a veteran. The direct loan program was set up by the Congress as a last resort for a veteran living in an area where conventional financing is not available.

I have received some inquiries from Vermonters concerning the fact that at present there is no mortgage money available to veterans who wish a no down payment mortgage, therefore, the veteran is forced to go through the direct loan program. Since the medium price for a home, either a new or in good condition house is around $33,000 in Vermont, I would appreciate it very much if you would have the staff of the Committee investigate the possibility of increasing loan ceilings to $35,000 and to investigate whether this problem which appears in Vermont is also faced by other veterans across the country. I think such an investigation will be helpful to our Committee and could be beneficial to veterans in need of the direct loan services.

Thank you in advance for your assistance,

Sincerely yours,

Robert T. Stafford,
U.S. Senator.

Mr. HARTKE. The Administrator declared October 9, 1973, that all areas designated as credit shortage areas under the direct loan program qualified for the higher maximum loan.

The direct loan program as established contained a formula designed to provide that guarantee and surety programs should be 60 percent of the direct loan program. However, Public Law 93-569 increased the guaranteed and insured programs from the base of $12,500 to $17,500 without increasing the direct loan program. The original base for guaranteed loans was $12,500, approximately 60 percent of the direct loan amount of $21,000. By increasing the direct loan amount to $30,000 with a maximum of $35,000 for those areas with extenuating circumstances my bill restores the programs to their original parity.

A representative sampling of the 2,665 direct loans approved during fiscal year 1975 indicates that the average loan approved by the Veterans' Administration was $18,650. A table showing States, number of loans approved, and the average amount of the loans is representative of the direct loan program for fiscal year 1975; and I ask unanimous consent that it be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 1.—*Direct loans, fiscal year 1975*

State:	*Loans*	*Average amount*
Arkansas	2471	$17,256
Idaho	433	19,464
Kentucky	142	20,686
Maine	104	18,735
Minnesota	247	17,974
Montana	193	18,012
Oklahoma	114	17,333
Virginia	43	20,629
Wisconsin	102	19,244
Wyoming	178	19,474

Mr. **HARTKE**. It might be of interest to my colleagues that no loans were approved during fiscal year 1975 for Alaska. The average guaranteed loan for Alaska was $48,249. It is obvious that the price of housing in Alaska prohibits veterans from applying for direct loans under the current $25,000 limitation.

Applications received by VA for direct loans over the maximum $25,000 have increased during the last four quarters. For the quarter ending September 30, 1974, 12.6 percent of the applications were for an amount in excess of $25,000. For the quarter ending December 31, 1974, 13.9 percent; for the quarter ending March 30, 1975, 19.8 percent; and for the quarter ending June 30, 1975, 22.4 percent. This is a clear indication that nearly one-quarter of the veterans living in credit shortage areas are unable to purchase suitable housing for themselves and their families under the current maximum restriction.

A further indication of the trend in housing conditions is an examination of the average loan application for guaranteed loans. Of all the loans approved during fiscal year 1975 the following percentage of those loans were for the amount indicated: 20 percent were for loans under $19,975; 20 percent were for loans between $19,976 and $25,219; 20 percent were for loans between $25,220 and $29,445; 20 percent were for loans between $29,446 and $34,955; and 20 percent were for loans greater than $34,956. With the increasing average for guaranteed loans nearly 40 percent would be over the $30,000 ceiling that my bill establishes and 60 percent of the applications would be greater than the current maximum $25,000 for direct loans.

While the amount of loan applications for direct loans greater than the current maximum of $25,000 is projected to increase to 35 percent by the end of fiscal year 1977, it is important to remember that a mere 2,665 direct loans were approved during fiscal year 1975 down from 8,500 loans approved in fiscal year 1970. Apart from the administration's reluctance to use the direct loan program during the first part of the decade, the housing market, itself, may all but wipe out the program during the last half of the decade unless there is an increase in ceilings as proposed by my bill.

Another important point should be also considered. Many veterans did not apply under the direct loan program because they are aware of the current maximum. In light of the current average guaranteed loan, the number who do not apply for direct loans because of the ceiling may greatly exceed those who do apply. It should be noted that the current balance in the direct loan revolving fund of $855,428,246 will be more than able to accommodate increased applications for greater amounts.

VETERANS' ADMINISTRATION MOBILE HOME LOAN PROGRAM

Mr. President, the Veterans Housing Amendments Act of 1975, in an attempt to further improve the Veterans' Administration mobile home loan program, would also increase the maximum VA guarantee on such loans from 30 to 50 percent.

Members will recall that improving the mobile home loan program for veterans was a major concern of mine last year. Provisions which I authored and which were enacted as part of the Veterans Housing Act of 1974 (Public Law 93–569) among other things increased the maximum loan guarantee for single-wide mobile home loans from $10,000 to $12,500 and increased the maximum loan for double-wide mobile home units from $15,000 to $20,000 with a maximum guarantee of $27,500 for a double-wide mobile home and an undeveloped lot. Also, the loan maturity for a double-wide home was extended from 15 to 20 years.

The act authorized the guarantee of used mobile home units which meet Veterans' Administration minimum requirements for construction, design, and general acceptability, and amended the Federal Credit Union Act to increase the maximum maturity of loans made by Federal credit unions from 10 years to the maximum maturities as specified in section 1819, title 38, United States Code, and section 2(b) of the National Housing Act applicable to mobile home loans. This was intended to allow greater participation in the Veterans' Administration guaranteed mobile home loan market by Federal credit unions. And finally, the act provided the authority for the guarantee of a loan for the acquisition of a lot in making necessary site preparations for the placement of a mobile home unit which the veteran already owns. By removing the delimiting date in the law which prohibited guarantee of mobile home loans after July 1, 1975, the act made the mobile home loan guarantee program permanent.

In this connection I ask unanimous consent that appropriate excerpts from the committees' unanimously approved report (S. Rept. 93–1334) to the Veterans Housing Act of 1974 concerning mobile homes be printed in the RECORD at this point.

There being no objection the material was ordered printed in the RECORD, as follows:

* * * * *

MOBILE HOMES

The Veterans Housing Act of 1974 would also make a number of amendments to improve and expand the Veterans' Administration mobile home loan program. First, the bill would provide that the mobile home loan program first authorized by the Veterans Housing Act of 1970 and scheduled to expire on July 1, 1975, would become permanent.

When the Veterans Housing Act of 1970 was under consideration, Congress recognized that many young veterans did not have the resources to pay the rapidly escalating prices of conventionally-built homes. The 1970 act authorized the VA to guarantee loans on mobile homes in order to "make available lower cost housing to lower income veterans, especially those who have been recently discharged. . . ."

For example, mobile homes constitute 80 percent of all homes purchased under $20,000. In 1973 the average price of mobile homes was $9 per square foot as opposed to $17.30 per square foot for conventional housing. Although only 14,624 mobile home loans have been guaranteed to date, it appears that the veterans obtaining mobile homes are for the most part those for whom the program was intended. The reports of the average veteran obtaining a mobile home loan in calendar year 1973 had a monthly income of $523 compared to $739 average monthly income for veterans receiving VA loans for conventionally-built homes. The following tables give additional information as to financial characteristics of those purchasing mobile homes.

TABLE 5.—RANGE OF FINANCIAL CHARACTERISTICS BY EACH FIFTH OF VETERAN PARTICIPANTS

[Prior approval mobile home loans April–June 1972]

	Lowest 5th	2d 5th	3d 5th	4th 5th	Highest 5th
Purchase price	Under 7,411	7,411 to 8,440	8,441 to 9,300	9,301 to 10,095	Over 10,095.
Loan amount	Under 7,241	7,241 to 8,359	8,360 to 9,259	9,260 to 9,975	Over 9,975.
Monthly income	Under 400	400 to 458	459 to 511	512 to 600	Over 600.
Housing expense	Under 157	157 to 173	174 to 187	188 to 206	Over 206.
Assets	Under 155	155 to 297	298 to 492	493 to 875	Over 875.
Age	Under 24	24 to 25	26 to 28	29 to 35	Over 35.

TABLE 6.—LOAN GUARANTY FINANCIAL CHARACTERISTICS

[Prior approval mobile home loans, April–June 1972]

Loans	Amount
Number of loans	1,056
Average maturity (months)	141
Average purchase price	$8,791
Average loan amount	8,660
Average monthly income	502
Average monthly housing expense	180
Average assets	686
Housing expense as a percent of monthly income	35.91

The Committee believes the value of the program has been established not only for those who may temporarily reside in mobile homes before purchasing conventional homes but also for those who wish to reside in larger mobile homes (particularly double-wide homes) on a permanent basis. Finally, the Committee is aware that the provisions of the reported bill providing for restoration of entitlement to veterans who have satisfied previous obligations on VA guaranteed home loans will present them with new opportunities to obtain VA guaranteed mobile home loans for retirement purposes.

As the mobile home manufacturers testified before the Committee, the current temporary authorization has served to prevent the full utilization of these provisions by dealers and financing institutions unsure of the ultimate duration of the program. They testified that they were confident that, with a permanently authorized program, dealers and financial institutions would "be more willing to become involved and . . . this fact will contribute to an increasing number of applications for VA guaranteed mobile home loans."

The extension of automatic approval privileges to nonsupervised lending institutions as authorized by section 2 of the reported bill should also increase utilization by lenders of the VA guaranteed mobile home loan program. A General Accounting Office report in 1972, for example, indicated that the length of processing time was a primary problem which lenders and mobile home dealers has experienced with the VA program. The extension of automatic processing should dramtically decrease the time necessary to qualify for a VA home loan and enable the program to compete successfully with conventional financing procedures.

The Committee also wishes to stress that in terms of making more funds available, the Veterans' Administration direct loan program, which has not been used to date, could be utilized for making loans on mobile homes. The Committees strongly urges the VA to examine the feasibility of making direct loans available in rural areas for veterans desiring to purchase mobile homes under this program.

The reported bill would also increase the maximum loan limitation and maturity dates for mobile homes. Loans for single-wide mobile homes would be increased from $10,000 to $12,500. Double-wide mobile homes would be raised from $15,000 to $20,000 and the maximum maturity of the loan would be extended from 15 to 20 years. Given the recent rapid rate of inflation, the Committee believes these increases are thoroughly justified. Increasing the maximum loan amount of maturity for double-wide mobile homes to $20,000 and 20 years should enable veterans to purchase larger and better quality double-wide mobile homes, if they so desire and have sufficient income. Shipments of double-wides continue to increase as shown in the **Mobile Home Dealer Market Report** for September, 1974. Today double-wides comprise 21.3 percent of the total market as compared with 15.6 percent for 1973. Inflation and other factors have escalated mobile home manufacturer's wholesale prices by 20 percent during the second quarter of 1974 over the same period of 1973, according to Wholesale (FOB) plant prices published by Eldrich and Lavage for the Mobile Home Manufacturers Association.

Expanded authority is also given the Veterans' Administration to approve loans or used mobile home loans provided it meets or exceeds minimum regulations for construction, design, and general acceptability as prescribed by the Administrator.

In reviewing the mobile home loan program, the Committee also gave its close attention to suggestions by some to increase the maximum VA guarantee from 30 to 50 percent. As originally enacted in the Veterans Housing Act of 1970, the guarantee was limited to 30 percent of the law, which, as noted in Senate Report 91–1230, was considered consistent with the prevailing practice among private lenders. As to the amount of downpayment required on conventional mobile home loans, this 30 percent guarantee by the VA stands in place of a 30 percent downpayment. If the guarantee were to be increased to 50 percent, such action would accord lenders and holders a security equivalent to that which would be derived from a 50 percent downpayment. The VA reported that there is no indication that in financing a mobile home, lenders generally are demanding 30 percent, much less than 50 percent. The VA also seriously questioned the assumption that the higher guarantee would increase the amount of money available for purchase of those homes. The VA further noted that although some lenders appear to believe that a guarantee larger than 30 percent is desirable (presumably on the belief that an increase would improve the security of investments in VA guaranteed mobile homes which currently yield 12 percent), an examination of most of the guarantee claims paid today demonstrates that in the vast majority of cases, the present 30 percent guarantee has adequately insulated the holders of loans against loss. There were some suggestions to the Committee that the underlying rationale for increasing the guarantee to 50 percent would be to assure that either or both the Government National Mortgage Association and the Federal National Mortgage Association include VA mobile home loans in the secondary market program. However, in response to specific inquiries made by the Chairman of the Committee, both the Federal National Mortgage Association and the Government National Mortgage Association declined to make any such commitment.

The VA continues to strongly oppose any such increase. In an appearance before the Committee on Veterans' Affairs on September 26, 1974, the VA spokesman testified:

> We believe a lender exercising reasonable care in the origination and serving of VA guaranteed mobile home loans should be adequately protected against loss with the 30 percent guaranty. Increasing the guaranty to 50 percent, however, could have the effect of so overprotecting lenders that some might lose any incentive to exercise the expected degree of care in credit underwriting and servicing of such loans. A failure to exercise due care would cause poor loans to be made and would eventually increase both the number and size of claims VA must pay.

Given the foregoing, the Committee does not believe an increase in the basic amount of guarantee is warranted at this time. Rather, the Committee believes it should await further experience of the programs in general and, in particular, the operation of the amendments of this Act. Should there be strong indications in the future of secondary market interest in VA mobile home loans which require increased guarantees, the Committee will give immediate and close consideration to additional amendments.

The reported bill would also extend the VA guarantee to loans which were made just on the mobile home lot itself. Currently, there are veterans who have purchased mobile homes prior to the time the authority was granted to the VA to guarantee mobile home loans, as well as others who purchased or will purchase mobile homes without using VA loans to finance their homes. The guarantee of loans to purchase lots for mobile homes, usually at a cost significantly below that of renting sites, would grant such veterans the same benefits presently available to veterans who finance their mobile homes with VA assistance. The law now precludes the financing of just mobile home sites, even if the veteran could make such arrangements with the lender.

The Committee believes it desirable to grant statutory authority to guarantee such purchases, if financing can be secured. Amendments are also added to provide that no mobile home lots shall be guaranteed under this section unless the lot meets certain standards which the Administrator prescribes for mobile home lots. These standards are designed to encourage the maintenance and development of sites for mobile homes which would be attractive residential areas and would not substantially contribute to adverse scenic or environmental conditions.

EXTENSION OF FEDERAL CREDIT UNION AUTHORITY TO PARTICIPATE FULLY IN THE VA MOBILE HOME LOAN PROGRAM

Section 6 of the reported bill would also extend the authority of the Federal credit unions to participate more fully in VA guaranteed mobile home loan programs, as well as in FHA insured home improvement and mobile home loan programs. Amendments made in section 5 of this would extend the maximum term on VA guaranteed mobile home loans to 12 and 20 years, depending on the size and site factors. A similar extension was contained in the "Housing and Community Development Act of 1974", where the maximum term for the FHA insured home improvement loan was extended to 12 years and the maximum term on FHA mobile home loans to 15 years. Currently, under section 107 of the Federal Credit Union Act (12 U.S.C. 1757), the maximum maturity for loans made by a Federal credit union is limited to 10 years. An amendment made by the reported bill would extend Federal credit union maturities for VA guaranteed mobile home loans and for FHA insured home improvement and mobile home loans to the terms permitted by laws dealing with such loans. Federal credit unions are participating in the FHA improvement and mobile home loan market and in the VA guaranteed mobile home loan market. In order to insure that money will be available for those loans by Federal credit unions, this amendment is necessary.

* * * * *

Mr. HARTKE. The foregoing excerpts from the committee report reveal we did not increase the basic mobile home loan guarantee percentage last year because of strong administration opposition and the lack of available pertinent information. Consequently, Congress indicated that it desired to await further experience with the program before considering such an amendment. Unfortunately, that experience has not been a happy one. A mere 100 mobile home loans were guaranteed by the Veterans' Administration in July of this year which is normally the busiest month of the year. Given the poor state of the economy and the small number of Veterans' Administration mobile home loans being made I believe the time is ripe that serious attention and the benefit of the doubt be given to increasing the guarantee if it can be shown that such action will probably increase the availability of mobile home loan mortgage money and the likelihood of secondary mortgage market participation.

Mr. President, I ask unanimous consent that a table indicating cumulative as well as individual data for the last 3 fiscal years of the number and value of loans guaranteed or insured for homes, mobile homes, farms, and businesses in the direct loan program be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 2.—GUARANTEED OR INSURED LOANS, DIRECT LOANS, PROPERTY MANAGEMENT

Item	Cumulative through June 30, 1975	Fiscal year— 1975	Fiscal year— 1974	Fiscal year— 1973
Number of loans, total (guararanteed or insured)	9, 107, 433	290, 195	311, 260	365, 132
Home	8, 789, 351	288, 163	306, 188	359, 266
Mobile home	17, 653	2, 028	5, 062	5, 856
Farm	71, 168	2	8	7
Business	229, 261	2	2	3
Amount of loans (thousands), total	$114, 399, 991	$8, 091, 382	$7, 709, 564	$8, 357, 618
Home	$113, 307, 066	$8, 072, 101	$7, 663, 716	$8, 306, 047
Mobile home	$156, 769	$19, 264	$45, 725	$51, 459
Farm	$283, 984	$11	$102	$70
Business	$652, 172	$6	$21	$42
Amount of guaranty and insurance (thousands), total	$58, 083, 301	$3, 701, 702	$3, 540, 165	$4, 051, 064
Home	$57, 731, 221	$3, 695, 898	$3, 526, 442	$4, 035, 625
Mobile home	$46, 980	$5, 795	$13, 688	$15, 406
Farm	$120, 137	$6	$29	$24
Business	$184, 963	$3	$6	$9
Defaults and claims:				
Defaults reported	2, 359, 260	118, 653	103, 433	92, 204
Loans in default—end of period	47, 310	47, 310	39, 118	37, 211
Defaults disposed of, total	2, 296, 287	110, 461	101, 526	93, 240
Cured of withdrawn	1, 961, 818	97, 571	85, 947	78, 377
Percent	85.4	85.6	84.7	84.1
Claims vouchered for payment	334, 552	15, 890	15, 579	14, 863
Rate per 1,000 loans outstanding		4.15	419	4.01
Average number of loans outstanding		3, 829, 296	3, 717, 364	3, 708, 529
Direct loans:				
Number of loans fully disbursed	322, 554	2, 665	2, 608	2, 930
Number of loans fully disbursed (thousands)	$3, 190, 005	$49, 582	$43, 890	$45, 861
Property management:				
Number acquired	365, 464	17, 060	17, 610	17, 221
Number sold	350, 634	17, 001	17, 664	16, 182
Number redeemed	3, 994	358	268	238
Number on hand—end of period	10, 836	10, 836	11, 135	11, 457

VETERANS OF 1947 TO 1950

Mr. **HARTKE**. The Veterans Housing Amendments Act of 1975 would also provide for extension of entitlement under the veterans housing assistance program to those veterans who served in the military exclusively after the official termination of World War II and prior to the commencement of the Korean conflict. The period is 28 days short of 3 years and covers a small segment of our veteran population of 29 million men and women. It is estimated that this provision will provide entitlement to housing benefits to 258,000 veterans who otherwise have not been entitled to participate in the program. The previous compelling qualification of service during a period of war or conflict was obviated by Congress with establishment of entitlement for all veterans who honorably served after January 31, 1955 (Pub. Law 89–358).

The bill before you corrects this omission and provides housing assistance to those veterans who served their country honorably during the 1947 to 1950 period as well.

Finally, my bill also contains a technical amendment to simplify the wording of section 1818 regarding eligibility under chapter 37 of title 38 for veterans who served after January 31, 1955. By simplifying the language of this section veterans who served during this period should be more informed of their housing benefits. Fewer questions or confusion about housing eligibility should also reduce the administrative workload of the Veterans' Administration somewhat. Currently, veterans are referenced under section 1818 to section 1652 to determine their housing eligibility. Some veterans may be confused because of the requirements under section 1652 relate to educational benefits.

Mr. President, enactment of this measure would enable the veterans' housing program to further provide assistance to veterans who desire to purchase adequate housing for themselves and their families. The veterans' housing program has assisted nearly 9½ million veterans purchase housing with a combined loan value of nearly $120 billion. The program has greatly benefitted our Nation's veterans, their dependents, and families. ing institutions and the morale of the people of America. I believe the amendments that are proposed today will continue to assure quality housing for our veterans, their dependents, and families.

Mr. President, I ask unanimous consent that the text of the Veterans Housing Amendments Act of 1975 and a section-by-section analysis be included in the RECORD at this point.

There being no objection, the material was ordered printed in the RECORD as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Veterans Housing Amendments Act of 1975".

SEC. 2. (a) Subchapter I of chapter 37 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 1807. Service after July 25, 1947, and prior to June 27, 1950

"Each veteran whose only active duty service occurred after July 25, 1947, and prior to June 27, 1950, and who—

"(1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable; or

"(2) served for a period of less than 180 days and was discharged for a service-connected disability;

shall be eligible for benefits of this chapter.".

(b) The table of sections for subchapter I of chapter 37 of title 38, United States Code, is amended by adding at the end thereof the following new item:

"1807. Service after July 25, 1947, and prior to June 27, 1950.".

SEC. 3. Paragraphs (2)(A) and (3) of section 1811(d) of title 38, United States Code, are amended—

(1) by striking out "$21,000" wherever it appears and inserting in lieu thereof "$30,000"; and

(2) by striking out "$25,000" wherever it appears and inserting in lieu thereof "$35,000".

SEC. 4. Section 1818(a) of title 38, United States Code, is amended to read as follows:

"(a) Each veteran who served on active duty, any part of which occurred after January 31, 1955, and who—

"(1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable;

"(2) has served more than 180 days in an active duty status and continues on active duty without a break therein; or

"(3) was discharged or released from active duty after such date for a service-connected disability;

shall be eligible for the benefits of this chapter, subject to the provisions of this section.".

SEC. 5. Section 1819(c)(3) of title 38, United States Code, is amended by striking out "30 per centum" and inserting in lieu thereof "50 percent" in the first sentence.

SEC. 6. Section 1823(c) of title 38, United States Code, is amended by striking out before the period at the end of the last sentence ", and not later than June 30, 1976, he shall cause to be so deposited all sums in such account and all amounts received thereafter in repayment of outstanding obligations, or otherwise, except so much thereof as he may determine to be necessary for purposes of liquidation of loans made from the revolving fund and for the purposes of meeting commitments under section 1820(e) of this title".

SECTION-BY-SECTION ANALYSIS AND EXPLANATION OF S.—

SECTION 1

This section provides that the Act may be cited as the "Veterans Housing Amendments Act of 1975".

SECTION 2

Subsection (a)

This subsection amends subchapter I of chapter 37, title 38, U.S.C., to extend entitlement under chapter 37 home, condominium, and mobile home loans to veterans who served exclusively after the official termination of World War II and prior to commencement of the Korean conflict. Approximately 258,000 veterans served between the relevant dates of July 27, 1947, and June 25, 1950. Veterans must have served exclusively between that period for at least 180 days under conditions other than dishonorable, except those veterans who served exclusively during that period who were discharged with less than 180 days of service because of a service-connected disability.

Subsection (b)

This section amends the table of sections at the beginning of chapter 37, title 38, U.S.C., by adding the new section title: "1807. Service after July 27, 1947, and prior to June 25, 1950.".

SECTION 3

This section amends the direct loan program (section 1811) to increase the direct loan amount from $21,000 to $30,000 and the maximum direct loan in "excess cost" area from $25,000 to $35,000.

SECTION 4

This section makes a technical amendment to section 1818(a) to simplify the eligibility language under chapter 37 for veterans who served after January 31, 1955.

SECTION 5

This section amends subsection 1819(c) of chapter 37, title 38, U.S.C., Mobile Home Loan Guarantee from the current 30 to 50 percent.

SECTION 6

This section amends subsection 1823(c) of chapter 37, title 38, U.S.C., to make permanent to direct loan revolving fund due to terminate under current law June 30, 1976. Under existing law the Administrator of the VA must deposit in the Treasury all sums in the direct loan revolving fund on June 30, 1976, and all amounts received thereafter in repayment of outstanding obligations, or otherwise received, except those funds necessary for purposes of liquidation of loans made from the Revolving Fund and for the purchase of first mortgage loans and installment sale contracts granted under the Direct Loan Program.

By Mr. BUCKLEY:

S. 2530. A bill to provide for equal access to courts in lawsuits involving the Federal Government, and for other purposes. Referred to the Committee on the Judiciary.

EQUAL ACCESS TO COURTS

Mr. BUCKLEY. Mr. President, the legislation I am introducing today will go a long way toward equalizing the relative position of the parties in any civil litigation in which the Federal Government is a party. The Equal Access to Courts Act of 1975 is offered to equalize the position of State and local governments, private persons and companies in civil litigation with the United States by providing for the reimbursement of their full costs of litigation—such as attorney and expert witness fees—when they prevail, as well as in certain other cases.

There is no question but that the Federal Government today possesses an institutional power comparable to no other in our society. It spends more than $370 billion annually, which constitutes more than one-quarter of the Nation's total annual expenditures. The Federal Government employs millions of persons, among which are thousands of lawyers assigned to enforce and defend the often lengthy arbitrary regulations and rulings of hundreds of Federal departments and agencies.

The annotated laws of the United States take up dozens of thick volumes. Furthermore, the Federal Government's departments, agencies and bureaus propound regulations which are counted in the hundreds of thousands, mandating such disparate requirements as product safety standards, affirmative action programs, sewage plant specifications, marketing practices, and so forth. These thousands of regulations are too often subject to arbitrary interpretation and application by Federal functionaries who are now vested with very broad discretionary powers.

As a result, there are few elements of life, commercial or otherwise, where the Federal Government does not—at least potentially—have some role to play, a role which often leads the regulator to take the regulated to court on issues whose merits are highly questionable.

Concurrent with the growth of government, there has grown up a feeling of helplessness among a large portion of the population. People do not know how to cope with an institution the size and complexity of which is so great that, literally, no one can come to terms with it. Whether one is involved with a question regarding social security entitlement or a highly technical income tax regulation, or complex antitrust practices, or welfare regulations, or the withholding of categorical grant formula funds, or Government contract disputes many of which have nothing to do with the commercial terms of the contract—there is literally almost no limit to how, where, and why a private party, State or local government, a labor organization, or a business corporation might find itself confronted with the realization that the only practical way to protect one's rights under the law is to go to court. The consequences of such a dilemma are that in the usual case, an aggrieved party has to weigh the high cost of litigation against the value of the rights to be protected. In far too many cases, a party will knuckle under a Federal order he knows to be wrong because he cannot afford the cost of taking the matter to court. In the case of a private citizen it is only the most wealthy who could even begin to contemplate the possible costs. State and local government, and therefore taxpayers, normally operate on tight budgets, as do labor organizations and business corporations. However, the Federal Government is not under similar constraints. Normally, the agency or bureau is funded to bring suits, to enforce the laws, to implement social policies.

The imbalance is clear. In the first instance, the agency or bureau of the Federal Government was, in whole or in part, created for what we might call a litigious purpose. Litigation for private parties is something which is contemplated only as a last resort, as something which, as a practical matter, cannot be avoided. Consequently, the very process of evaluation—whether to challenge a Government agency or not—is biased toward the agencys' objective, which very often is an objective not specifically sanctioned by the Congress. The way in which Federal bureaucrats are now enforcing affirmative action programs as an example very much in point.

It is clear to me that a Government of the size of our present one is always going to have resources and options not available to any person, organization or institution within the society. But that does not mean that the present imbalance is something which we should tolerate. To the contrary, one of the more pressing needs facing the American people is the need for new mechanisms which afford to private parties, and State and local government, more equitable circumstances when they come face to face with Federal agencies. There is a pressing need to develop systems which increase the options and confidence of our citizens in dealings with the Federal Goverment. If a taxpayer has a good case, and is fairly confident that he will prevail, then the laws of the United States should recognize, and offset, the obstacles that too often prevent him from going to court to establish the appropriateness of his case. The fees and costs which he may have to incur, under present law, are such that as a practical matter the cost may be way too high for him to absorb. But tax litigation is not something which affects him alone. Clearly there are public policy implications which in certain cases should be litigated.

The countervailing consideration is that the costs to a party to litigate should not be so little that the willingness to litigate is substantially increased. By guaranteeing to the private party his attorney's fees and whatever reasonable costs that are incurred to support the litigation if the private party prevails, we retain the practical bar to frivolous litigation. If the private party does not prevail, then he would be awarded fees and costs only in those instances where the court determines that the "interests of justice require." In most circumstances the private party would have to bear the fees and costs when his case did not carry.

When the Consumer Product Safety Commission Improvements Act was considered by the Senate some months ago, I sponsored with the senior Senator from Michigan (Mr. HART) and the senior Senator from Texas (Mr. TOWER) an amendment which became part of the Senate bill. It provided that when the Government caused a private party damages, under certain circumstances the Government would, as would any private party, be required to assume the burden of the damages. I intend to continue working to make this policy of governmental accountability a part of this Nation's general law.

The legislation I am introducing today is intended, as is the accountability amendment, to make Government more responsive and more responsible. Few would contest the proposition that Government should be the most responsive and most responsible of all institutions in our society. By extending to prevailing parties in litigation by or against the United States the guarantee that the party will remain whole if he successfully challenges the Government in court, we will have extended to him a right he should have. It should not cost a citizen his scarce resources to successfully protect himself against his own Government.

I do not contemplate that these provisions be of benefit only to those involved in the litigation. It is in the nature of what Government does that, in most instances, public policy is involved. With all the laws and regulations which are part of the body of our system, it is in my opinion essential that the public bear the burden when its Government is not successful in litigation. It is an injustice to transfer to the private party the costs arising out of litigation that serves to define the limits of governmental authority. When the Government operates in a manner beyond its authority or is improperly implementing regulations, then it is, in my opinion, a reasonable public expenditure when a private party has corrected, through a challenge in the courts, the operation of his Government.

The principal effect of my bill is to amend section 2412 in chapter 161 of title 28, of the United States Code. Chapter 161 is generally concerned with litigation to which the United States is a party and section 2412 deals specifically with the costs which can be awarded to successful parties in such legal actions. As the law stands now, after the amendments to section 2412 in 1966, private parties in suits involving the U.S. Government as plaintiff or defendant cannot recover their actual legal fees from the Government even if the party obtained judgment against the Government.

As we all well know, the expense involved in litigating an altogether just case frequently outweighs all possible pecuniary advantage to a party who has been wronged. Thus, merely to allow a private party to bring suit against the Federal Government may be of no practical benefit to the citizen who, even if successful, must pay the usually large legal fee out of whatever amount is awarded by the court to compensate him for the loss caused by the Government's unlawful acts. It is no wonder then that many substantial injustices are suffered by citizens at the hands of the Government, injustices from which there is no practical recourse because of the rule now contained in section 2412. That rule, which prevents the citizen who is successful in litigation with the Federal Government from collecting from the Government those expenses borne in order to secure justice, is the focal point of my proposed amendments. My amendments will reverse that rule by providing in subsection (b) in the new section 2412 that not only may the court award legal fees as costs to a successful private litigant but it shall award those costs to a prevailing party. This makes clear the intent that effective justice shall be done in all cases and not merely when the court is swayed by argument in that direction.

It would be inappropriate in an amendment designed to give effective justice to private litigants to omit relief in another important area of costs. Many essential rights can be established only by litigation involving much technical data adduced through analyses, studies, reports, tests, etc. and the testimony of expert witnesses. In areas such as the environment, transportation, trade and manufacturing this data is crucial to the outcome of litigation. It is also as costly as it is crucial and the nonrecoverable cost of gathering adequate evidence is just as much a deterrent to a private party's taking his case to the courts as the cost of good counsel. That is why I have put in my amendment a provision allowing the expenses of expert witnesses, studies, analyses, engineering reports, tests, and projects necessary to litigation to be awarded as costs to a successful litigant. That provision is found in subsection (B) of my proposed section 2412 of title 28.

The final provisions in the amended section 2412, dealing with costs in actions involving the Federal Government, are those of subsections (C) (1) and (C) (2) of the amended section. These provide that in cases where a party is partially successful in litigation he shall be awarded a proportionate part of his costs commensurate with his success; and in cases where a private party is unsuccessful, he may be awarded his costs if the court decides that justice so requires. These subsections apply the intent of my amendments to the vast number of cases in which the private party is not successful in every last particular of his case but has prevailed to a degree or deserves relief on principles of justice.

Subsection (D) of the new section 2412 makes explicit the intent of my amendments that any award of costs and fees made by a court is not to be subtracted from the amount of the judgments for damages but is to be awarded in addition to that judgment.

The new section 2412 has been made to apply to "the United States or any agency or official thereof.". This language is intended to catch not only those agencies which can be sued in the name of the United States but also those which can be sued in their own names.

Section 4 of my bill applies the principles already outlined to section 2678 of chapter 171 in title 28 of the Code. That chapter deals with the Federal Tort Claims procedure. My amendments to that chapter will abolish the present section 2678 dealing with attorneys fees in tort claims and replace it with provisions the same in essence as those of the new section 2412 proposed in this act.

Mr. President, I send my bill to the desk and ask that it be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2530

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that this Act may be cited as the "Equal Access to Courts Act of 1975".

Sec. 2. The Congress finds that serious inequities and inequalities exist between—

(1) the Federal Government; and

(2) companies, unions, other organizations, individuals, and State and local governments, in terms of the relative ease with which each is able, without economic hardship, to prevail or secure vindication in civil lawsuits in the courts. It is the purpose of the Congress in this Act to diminish these inequities and inequalities by providing for the payment by the United States of attorneys' fees, expert witness' fees, and other costs in specified situations.

Sec. 3. Section 2412 of title 28, United States Code, is amended to read as follows:

"§ 2412 Attorney and Witness Fees and Costs

"(a) Except as otherwise provided by subsections (b) and (c) of this section and in section 2678 of this title, a judgment for costs, as specified in section 1920 of this title (but not including the fees and expenses of attorneys), may be awarded to the prevailing party in any civil action brought by or against the United States in any court having jurisdiction of such action.

"(b) A judgment for costs, as specified in section 1920 of this title, for the reasonable expenses of any witnesses or expert witnesses, and for the reasonable cost of any studies, analyses, engineering reports, tests or projects which the court finds necessary to litigation of the action together with a reasonable attorney's fee, based upon the actual time expended by such attorney and his or her staff in advising and representing a party (at prevailing rates for such services, including any reasonable risk factor component), shall be awarded to any party, other than the United States or any agency or official thereof, who prevails in any civil action brought by or against the United States or any agency or official thereof in any court having jurisdiction of such action.

"(c) In actions instituted by or against the United States or any agency or official thereof, in which a party other than the United States or any agency or official thereof—

"(1) prevails partially, such party shall be awarded a judgment for costs and fees, as specified in subsection (b), to the extent to which he prevails.

"(2) does not prevail, such party may be awarded a judgment for costs and fees, as specified in subsection (b), in any case in which such an award would be in the interests of justice.

"(d) Any amount awarded for costs and fees shall be in addition to the compensation for damages, if any, awarded in any judgment.

"(e) A judgment for costs and fees shall be paid in the form and manner provided, in sections 2414 and 2517 of this title, for the payment of judgments against the United States."

Sec. 4. Subsection (a) of section 2517 of title 28, United States Code, is amended to read as follows:

"(a) Any final judgment, and any final judgment for costs and fees, which is rendered by the Court of Claims against the United States, shall be paid out of any general appropriation therefor, on presentation to the General Accounting Office of a certification of such judgment, by the clerk and the chief judge of such court."

Sec. 5. Section 2678 of title 28, United States Code, is amended to read as follows:

"(a) If any judgment is rendered, or if any settlement, award, compromise or recommendation in favor of any party other than the United States is made, after the United States or a Federal agency has received notice that a party has retained a specified attorney, such party shall be awarded a reasonable attorney's fee, based upon the actual time expended by such attorney and his or her staff in advising and representing such party (at prevailing rates for such services, including any reasonable risk factor component) and all costs (including witness fees, studies, analyses, engineering reports, tests and projects necessary to litigation). In any other case, the court may award such costs and fees as are, in its discretion, in the interests of justice.

"(b) Any amount awarded under this section for costs and fees shall be in addition to the compensation awarded in any judgment, settlement, award, compromise, or recommendation."

S. 2531. A bill to amend the Immigration and Nationality Act to require proof of United States citizenship or lawful residence as a condition for receipt of assistance supported by appropriated funds, and for other purposes. Referred to the Committee on the Judiciary.

ILLEGAL ALIEN BILL

Mr. BUCKLEY. Mr. President, engraved on the base of the Statue of Liberty in New York Harbor are the famous words of Emma Lazarus:

Give me your tired, your poor,
Your huddled masses yearning to breathe free,
The wretched refuse of your teeming shore,
Send these, the homeless, tempest-tossed, to me:
I lift my lamp beside the golden door.

These words have come to symbolize our Nation's commitment to those from other lands who have seen America as a land of opportunity and hope.

Today I would like to address a problem that directly bears on the nature of the American commitment to those who wish to share the benefits of American life. I refer to the problem of illegal immigration.

We are all familiar with the proud tradition the United States has in having an historical policy of what amounts to an "open door" attitude toward new immigrants. But this tradition should not be confused with a blind acceptance of illegal immigration. I hear daily from people in New York whose job opportunities are threatened by the large number of illegal aliens, whose neighborhoods are affected by overcrowded rooming houses which harbor illegal aliens, and whose tax burdens are being increased while illegal aliens collect public assistance and use public services and schools.

The New York Times has called this problem the "silent invasion" of New York and northern New Jersey. Official estimates—according to the Times—have ranged as high as 1 million illegal aliens in the New York metropolitan area alone, "and they now seem to outnumber legal resident aliens" in the area. I might pause here to point out the irony that during a time when some citizens of the United States of America are losing faith in American institutions, those from other lands are willing to do or endure anything—including lying, counterfeiting of visas and the risks of being smuggled into this country—to get here. While I cannot but admire the ingenuity and energy and determination many of these illegal aliens have shown to get into and stay in this land of opportunity, the hard facts remain that to many American citizens who love this country just as much—but who are also willing to abide by its laws—the "silent invasion" is a threat.

Before I discuss legislative proposals, which I am convinced will go far to help solve this distressing problem, I want to emphasize an important point. The words of Emma Lazarus and the spirit they represent are not contradicted by efforts to prevent or to penalize illegal immigration. To the contrary, many of the sons and daughters and grandsons and granddaughters of the "homeless, tempest-tossed"—indeed, many of the "huddled masses" themselves—are demanding, and quite correctly in my view, that an avalanche of illegal immigration not be allowed to cripple their opportunities in this great Nation. This debate is not, therefore, one between those who wish immigrants and their families to benefit and those who do not—it is, instead, an effort to see to it that those who have been legally admitted as well as the law-abiding Americans whose parents and grandparents came to this country do not have their economic lives and opportunities threatened or possibly destroyed by the numerous problems connected with the current massive influx of illegal aliens.

Having said this, Mr. President, the question remains: How best to deal with a problem that is increasingly seen in New York State and other States as one of major importance to working men and women and to all those who have worked hard to build a life for themselves and their families?

How best do we solve a problem which is perceived by many as threatening their own American dream, a dream which they and their parents and grandparents and great-grandparents came to this country in order to pursue?

The nature of the problem is such that statistical evidence is hard to come by. But certain facts should be presented in order to give some idea of the best available estimates as to how grave and widespread the problem is. It was estimated—by former Attorney General William Saxbe—that the number of illegal aliens now in the United States is somewhere between 4 and 12 million. In 1974, 800,000 illegal aliens were apprehended by the Immigration and Naturalization Service. Since the border patrol can only respond to 1 out of 3 of the alarms it receives of border crossings, they estimate that for every alien they catch, three to five find their way into the United States.

In addition, the INS estimates that with an additional $50 million and 2,200 employees, it could remove illegal aliens from 1 million jobs within a year. These jobs would then be available for American citizens and legally resident aliens.

The Subcommittee on Immigration and Nationality concluded after hearings during the 92d Congress that "the illegal alien is responsible for a substantial displacement of American labor. His presence contributes significantly to both chronic regional unemployment problems, and to the current nationwide problem."

Various regional figures are used to show that unemployment rates are higher in areas where apprehensions of illegals are highest. The conclusion of the subcommittee was that the California figures demonstrate the problem in microcosm for the entire nation. Figures were presented for California, Texas, Chicago, and New York. The Illinois Legislative Investigating Commission calculated that "in fiscal year 1971, $75 million was taken from the Illinois labor market by illegal Mexican aliens who held jobs which could easily be held by American citizens and legal aliens."

In addition to displacing Americans for jobs, it is also alleged that the illegal aliens contribute to depressing wages and impairing working conditions for workers in the lower-wage occupations. As these aliens are in the U.S. illegally, they will often work at lower wages, for longer hours, and under worse conditions than American workers are allowed under the law. And as there is an almost limitless supply of illegal alien workers, many employers would prefer to hire illegal aliens rather than citizens because they can do so for substandard levels of pay.

It is also widely believed that many of these aliens are placing a significant burden on public assistance and social service programs. As the economy has turned down, jobs have probably also become scarce for illegal aliens, forcing more of them to turn to welfare and unemployment compensation. In the hearings held by the House Immigration Subcommittee, the preponderance of testimony indicated that illegal aliens were participating in public assistance programs. While general information on the problem was not available, the few instances in which there were figures available support this contention.

It was reported that in New York City, the New York State Department of Labor has been identifying from 15 to 20 illegal aliens per week in the group of employable persons participating in home relief or ADC programs.

The Immigration and Naturalization Service recently received a bill from a county which had provided $7 million worth of medical services to illegal aliens in 1974. New York City and Los Angeles have both estimated that there are 60,000 children of illegal aliens in each of their city school systems. The cost of providing this service exceeds $100 million annually for the city taxpayers. To the costs of these services must be added the costs of other municipal functions, such as the use of highways, parks, and so on, which the illegal aliens use but do not pay for.

While illegal aliens avail themselves of public assistance and public services, many pay no Federal income taxes. Many employers do not bother to withhold any tax, or in many cases, the alien claims enough dependents so that no tax is withheld. There seems to be no coordination between the INS and IRS on this matter. However, in a few experimental programs, substantial amounts of back taxes have been collected. For instance, one investigator in the Los Angeles INS office initiated the collection of $1 million in back taxes. A similar program in New York was yielding from $80,000 to $100,000 per month before it was discontinued at the request of the Association of Immigration and Nationality Lawyers. Thus, with better coordination with INS, the IRS might be able to collect substantial amounts of delinquent taxes from apprehended illegal aliens.

Admittedly, there are arguments that have been made against some of the facts and statistics I have just cited, but I am convinced on the best evidence available to me that the time has come to do something about the illegal alien problem.

Therefore, I am today introducing legislation which, if enacted, will help to stem the flow of illegal aliens into this country. The bill seeks to accomplish this goal in three ways. The first section explicity extends the criminal penalties imposed for the use or falsification of documents used to enter the United States to the false use or falsification of border crossing cards and alien registration receipt cards, and to any documents used as evidence of authorized stay in the United States.

The second section prohibits the appropriation of any Federal funds for any public or private program which provides either direct or indirect aid or assistance to any individual unless as a condition of eligibility for receiving such aid or assistance the applicant is required to show proof of U.S. citizenship or legal alien residency. It is my hope that this will reduce the number of illegal aliens receiving public assistance from the U.S. Government.

Finally, the third section of the bill makes unlawful the employment or referral for employment of illegal aliens. This section requires the employer, agent of an employer, or referrer to obtain from the individual a signed form stating that he is a U.S. citizen, an alien lawfully admitted for permanent residence, or an alien authorized by the Attorney General to accept employment.

The prospective employee's signature is accepted as prima facie proof that the employer, agent, or referrer made a bona fide inquiry as to the individual's status. Upon violation of this section, the employer, agent, or referrer is served with a citation. If within 2 years after receiving this citation, the employer, agent, or referrer is found to have again violated these provisions, he may be fined up to $500 for each alien with respect to whom a violation occurs, and a subsequent violation would elicit a fine or not more than $1,000 and/or imprisonment of not more than 1 year for each alien with respect to whom the employer violated these provisions. Additionally, the Secretary of the Treasury and the Attorney General are directed to cooperate in formulating a form which would include the individual's statement of citizenship, legal residency, or work authorization together with the information presently required for withholding Federal income taxes. I hope that in this way, these additional requirements will result in no extra paper work for the employer.

This final section is designed to lessen the incentive for aliens to come into the United States illegally, that is, with the prospect of finding a job. Hopefully, if this section makes it harder for an illegal alien to find a job, he will not be as encouraged to come to this country.

I believe that this legislation will help to cure a problem which is disturbing millions of our citizens, and I urge the Senate and the appropriate committees to undertake immediate consideration of this bill.

I send my bill to the desk and ask unanimous consent that the text of my bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2531

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Alien Employment Certification Act of 1975".

Sec. 2. The first paragraph of section 1546 of title 18, United States Code, is amended to read as follows: "Whoever knowingly forges, counterfeits, alters, or falsely makes any immigrant or nonimmigrant visa, permit, border crossing card, alien registration receipt card, or other document prescribed by statute or regulation for entry into or as evidence of authorized stay in the United States, or utters, uses, attempts to use, possess, obtains, accepts, or receives any such visa permit border crossing card, alien registration receipt card, or other document prescribed by statute or regulation for entry into or as evidence of authorized stay in the United States, knowing it to be forged, counterfeited, altered, or falsely made, or to have been procured by means of any false claim or statement, or to have been otherwise procured by fraud or unlawfully obtained; or".

Sec. 3. (a) Notwithstanding any other provision of law, no appropriated funds may be expanded or obligated to support any program, whether public or private, providing aid or assistance directly or indirectly, to any individual, whether through cash payments or to any other form of aid or assistance, unless as a condition of eligibility for receiving such aid or assistance the applicant is required to show proof of United States citizenship or, if not a citizen, proof that such individual is lawfully in the United States.

(b) The President is authorized to prescribe such regulations as may be necessary to carry out the requirements of this section.

Sec. 4. Section 274 of the Immigration and Nationality Act (8 U.S.C. 1324) is amended—

(1) by striking out in paragraph (4), the colon and all that follows before the period;

(2) by redesignating subsection (b) as subsection (d); and

(3) by inserting immediately below subsection (a) the following new subsections:

"(b) (1) It shall be unlawful for any employer or any person acting as an agent for such an employer, or any person who for a fee refers an alien for employment for such employer, knowingly to employ, continue to employ, or refer for employment any alien in the United States who has not been lawfully admitted to the United States for permanent residence, unless the employment of such alien is authorized by the Attorney General, except that an employer, referrer, or agent shall not be deemed to have violated this subsection if he has made an inquiry as to whether a person employed or referred by him is a citizen or an alien, and if an alien, whether such alien is lawfully admitted to the United States for permanent residence or is authorized by the Attorney General to accept employment. Evidence establishing that the employer, referrer, or agent has required execution by the person employed or referred by him of the certificate required under section 361 of this Act shall be deemed prima facie proof that such employer, agent, or referrer has complied with the requirements of this section.

"(2) If the Attorney General concludes, based upon information he deems persuasive, that an employer, agent, or referrer has violated the provisions of paragraph (1) of this subsection, the Attorney General shall serve a citation on such employer, agent, or referrer informing him of such violation.

"(3) (A) If the Attorney General finds, that within the 2-year period following service of a citation under paragraph (2) of this subsection, any such employer, agent, or referrer has violated the provisions of paragraph (1) of this subsection during such period, the Attorney General shall assess a civil penalty of not more than $500 upon such employer, referrer, or agent for each alien with respect to whom any such subsequent violation of paragraph (1) of this subsection has occurred.

"(B) A civil penalty shall not be assessed until after the person charged with any such violation has been given an opportunity for a hearing on the record in accordance with the requirements of section 554 of title 5, United States Code.

"(C) If the person against whom a civil penalty is assessed fails to pay the penalty within the time prescribed the Attorney General shall file a civil action to collect any such penalty.

"(c) Any person against whom a civil penalty has been assessed and become final under this subsection who violates any provision of paragraph (1) of this subsection shall be guilty of a misdemeanor and shall be imprisoned for not to exceed one year, or fined in any amount not exceeding $1,000, or both, for each alien with respect to whom any violation of paragraph (1) of this subsection occurs.".

Sec. 5. Title III of the Immigration and Nationality Act is amended by adding at the end thereof the following new section:

"Sec. 361. The Attorney General and the Secretary of the Treasury, or his delegate, shall jointly prepare, issue, and make available copies of a certificate which shall contain such information and instructions as may be necessary to accomplish the purposes of—

"(1) obtaining any information required from employees for purposes of the administration of the tax imposed under chapter 24 of the Internal Revenue Code of 1954; and

"(2) obtaining such information as may be necessary from individuals as required by section 274(b) (1) of this Act in order to reestablish that such individual is a citizen of the United States, an alien lawfully admitted for permanent residence, or an alien authorized by the Attorney General to accept employment in the United States."

EFFECTIVE DATE

Sec. 6. The amendments made by section 4 of the provisions of section 3 of this Act shall become effective 90 days following the date of enactment of this Act.

By Mr. ALLEN (for himself and Mr. Sparkman):

S. 2533. A bill to provide that the reservoir formed by the lock and dam referred to as the Jones Bluff lock and dam on the Alabama River, Ala., shall hereafter be known as the R. E. "Bob" Woodruff Reservoir. Referred to the Committee on Public Works.

Mr. ALLEN. Mr. President, today, along with Senator Sparkman, I introduce a bill to provide that the reservoir formed by the lock and dam referred to as the Jones Bluff lock and dam on the Alabama River, in Alabama, shall hereafter be known as the R. E. "Bob" Woodruff Reservoir.

Within the near future work will be completed on the Jones Bluff lock and dam, located on the Alabama River and an integral part of the development plan for the Alabama-Coosa Waterway. Construction on this project began in 1966 and the lock opened to navigation in January 1972.

Behind the giant dam will be a reservoir that extends 82 miles up the Alabama and Coosa Rivers, providing a vital link in a waterway that will provide navigation all the way to Montgomery, Ala. More than 3 million tons of commerce are expected to be transported over this waterway, and the power installation at the dam will provide electric power for industrial development for the entire tributary area. In addition, the lake that will finally be created behind the Jones Bluff Dam will provide excellent opportunities for recreational uses.

Mr. President, the late R. E. "Bob" Woodruff, probate judge of Lowndes County, Ala., in which Jones Bluff lock and dam is partially located, was, during his lifetime, one of the foremost advocates of this important project, devoting much of his time and energy toward planning and developing the full utilization of the Alabama and Coosa Rivers for the benefit of Alabama and the Nation.

In separate resolutions the county commissions of Lowndes and Autauga Counties, Ala., have recommended that the reservoir created behind the Jones Bluff Dam be designated the R. E. "Bob" Woodruff Reservoir, in honor of this outstanding citizen and public official who continued to serve his people faithfully and honorably until his death in 1950.

The distinguished senior Senator from Alabama (Mr. SPARKMAN) joins me in sponsoring this legislation and in urging the Senate to give this legislation prompt and favorable attention. I ask unanimous consent that the text of the bill be printed in the RECORD along with the resolutions of the governing bodies of Lowndes and Autauga Counties, Ala., and factsheet material relating to the Jones Bluff lock and dam.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2533

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in honor of the late Probate Judge R. E. "Bob" Woodruff of Lowndes County, Alabama, and in recognition of his long and outstanding service to his county, State, and Nation, the reservoir formed by the Jones Bluff lock and dam on the Alabama River, Alabama, shall hereafter be known and designated as the R. E. "Bob" Woodruff Reservoir. Any law, regulation, map, or record of the United States in which such reservoir is referred to shall be held and considered to refer to such reservoir by the name of the R. E. "Bob" Woodruff Reservoir.

AUTAUGA COUNTY COMMISSION RESOLUTION

The following resolution was offered by Mr. Caver.

Whereas: The Jones Bluff Lock and Dam has created a large reservoir of water extending through several Counties;

Whereas: This body of water has not been named in honor of any person; now therefore be it

Resolved, that the Autauga County Commission in this special meeting on 10th September, 1975, respectfully request that this reservoir be named the Woodruff Reservoir in honor of the late Honorable Judge Bob Woodruff of Lowndes County.

LOWNDES COUNTY COMMISSION RESOLUTION

The following Resolution was offered by Commissioner Davis.

Whereas: The Jones Bluff Lock and Dam has created a large reservoir of water extending through several Counties;

Whereas: this body of water has not been named in honor of any person; now, therefore, be it

Resolved That the Lowndes County Commission in this regular meeting on September 8, 1975, respectfully request that this reservoir be named the Woodruff Reservoir in honor of the late Honorable Judge Bob Woodruff of Lowndes County.

A motion was made by Commissioner Snow Davis and seconded by Commissioner Charles Smith to adopt this resolution.

Motion carried by unanimous vote of the Commission.

A true copy which was entered in the Minutes Book of the Commission Meeting held September 8, 1975.

JONES BLUFF LOCK AND DAM

The Jones Bluff Lock and Dam is located on the Alabama River in Lowndes and Autauga Counties about 3 miles north of Benton and about 15 miles southeast of Selma. Construction was started in March 1966 and is scheduled for completion in 1975 at a cost of about $74 million. The lock was opened to navigation in January 1972.

The structure, which is more than half finished, consists of an earth dike on the northwest bank; a powerhouse, a gated spillway with 11 tainter gates, and a lock in the river channel; and a long earth dike on the southeast bank. The lock has inside chamber dimensions of 84 by 600 feet and a maximum lift of 45 feet. The powerhouse, which is still under construction, will contain four generating units with a total capacity of 68,000 kilowatts.

The Alabama-Coosa Basin is rich in natural resources. Its economy heretofore has been largely agricultural. Considerable industrial expansion is now taking place. Development of the Basin's water resources is essential to meet the present day requirements. The reservoir formed by Jones Bluff Lock & Dam extends 82 miles up the Alabama and Coosa Rivers to Wetumpka, Alabama. It constitutes a vital link in the canalization of the Alabama River, which provides a 9-foot deep navigation channel to Montgomery, Alabama. The estimated future annual commerce on the Alabama River is over 3 million tons. The proposed power installation at Jones Bluff, 68,000 kw., will provide 328,900,000, kwh of energy annually for which there will be a ready market. Navigation to Montgomery and the additional power to be generated will be very beneficial in the development of the tributary area. The reservoir also will be accessible to a large part of the population of central Alabama for recreational uses.

Breakdown of Benefits—Alabama River to Montgomery:

Navigation	$4, 297, 000
Power	7, 102, 000
Recreation	3, 493, 000
Fish and wildlife	549, 000
Area redevelopment	750, 000
Total	16, 191, 000

Since the Jones Bluff Lake has an area of about 20 square miles and its level will normally fluctuate only about one foot, it will provide excellent opportunities for such recreational uses as fishing, boating, water skiing, picnicking, camping, hiking and swimming.

By Mr. ALLEN (for himself and
Mr. SPARKMAN):

S. 2534. A bill to designate the new Forest Service laboratory at Auburn, Ala., as the "George W. Andrews Forestry Sciences Laboratory." Referred to the Committee on Agriculture and Forestry.

Mr. ALLEN. Mr. President, on behalf of myself and my distinguished senior colleague from Alabama (Mr. SPARKMAN), I introduce for appropriate reference a bill to designate the new Forest Service laboratory located at Auburn, Ala., as the "George W. Andrews Forestry Sciences Laboratory."

Mr. President, I am sure that many of my colleagues here in the Senate remember the outstanding contributions made by the late George W. Andrews to both the Nation and his native State as a member of the Alabama delegation in the House of Representatives. As the Representative of Alabama's Third District, George Andrews served with high distinction in Congress for 28 years.

At the time of his death, Congressman Andrews was the 17th ranking Member of Congress in years of service and was the second ranking member of the House Appropriations Committee. He also was a member of the Defense, Public Works, and Legislative Appropriations Subcommittees, being chairman of the latter. In this particular post, Mr. Andrews served with great distinction in supplying extraordinary efficiency and expertise in the handling of operational funds for the legislative branch of our Government.

All told, George Andrews' career as a public servant spanned 40 years in which time his statesmanship and leadership ability brought him to the heights of national eminence.

For this reason, Mr. President, I feel that the new Forest Service laboratory located within Congressman Andrews' home district at Auburn, Ala., bear this illustrious Alabamian's name as a suitable memorial to his achievements. I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2534

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Forest Service laboratory being constructed at Auburn, Alabama, shall hereafter be known and designated as the "George W. Andrews Forestry Sciences Laboratory". Any reference in a law, map, regulation, document, record, or other paper of the United States to such laboratory shall be held to be a reference to the "George W. Andrews Forestry Sciences Laboratory".

By Mr. EAGLETON (for himself,
Mr. BEALL, and Mr. PELL):

S. 2535. A bill to amend title VII of the Education Amendments of 1974 to provide for a program of distribution of inexpensive books to schoolchildren. Referred to the Committee on Labor and Public Welfare.

TEACHING CHILDREN TO READ

Mr. EAGLETON. Mr. President, today I am introducing, along with Senators

BEALL and PELL, a bill to amend title VII of the Education Amendments of 1974 (Public Law 93–380), the reading improvement program As original sponsors of the reading improvement program, Senator BEALL and I believe that the program authorized under this bill will strengthen the basic program authorized last year.

The bill authorizes the U.S. Commissioner of Education to contract with a national organization whose primary purpose is to motivate children to read, which would in turn make arrangements with local community groups or local schools, to provide an inexpensive book distribution program for children. The program would be patterned after the successful Reading Is FUNdamental program—RIF.

RIF, which originated in Washington, D.C., in 1966 is a program developed through private efforts to provide self-selected books to children. RIF's purpose is to motivate children to read for pleasure through experiencing the joy and pride of owning books which they themselves chose. The books selected for distribution to the children are of maximum appeal in format and content, as well as being relevant to their interest and experiences.

RIF's operations now encompass both urban and rural areas in 46 States. Evaluations of these programs show that they have stimulated an interest in books and reading in many children who had previously been indifferent to books and have significantly increased the reading ability of many children.

In my State of Missouri, there are presently five RIF programs in operation. In Belleview, the program, sponsored by the PTA, became active with an initial book distribution in April 1975. And 227 children in grades K–8 of the Belleview R–III School District are now participating. In Bolivar, another program sponsored by the PTA for second and fifth graders has provided 500 books for 200 children in the past year. A small RIF program is in operation in Fayette, Mo. At the present time it includes only 64 third graders, but the sponsor, the American Association of University Women, plans to follow these children into 4th grade next September and will also pick up the new third graders at that time.

Both Kansas City and St. Louis have large RIF programs. In Kansas City, 15 schools are now being served with approximately 6,000 students participating. In St. Louis, 17,650 books were distributed to 3,530 children in kindergarten through the 8th grade. Mr. President, I ask unanimous consent that materials relating to the Kansas City and St. Louis projects be inserted in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. EAGLETON. The responses of the children as described in these articles is characteristic of the enthusiasm generated by the RIF program in hundreds of communities across the country.

The Senate version of the reading improvement program approved last year contained a similar authorization for financing the cost of the Federal share of programs to purchase inexpensive books for distribution to individual elementary schoolchildren. Regrettably, the provision was dropped in conference at the insistence of the House.

In 1973, when the Senate Education Subcommittee held hearings on the reading program, Dr. Daniel Fader, a witness before the subcommittee, persuasively presented the case for building reading motivation by making reading materials readily available to children. Working under a grant from the U.S. Office of Education, he brought newspapers, magazines and inexpensive paperback books into the classrooms of a junior high school here in Washington. He found that many of his "illiterate" students were capable of reading when given material of interest to them.

The bill which is now being introduced authorizes $4 million for this fiscal year, and $9 million for each of the following 2 years. The Commissioner is authorized to enter into contracts with nonprofit organizations whose primary purpose is to teach children to read. Any such organization receiving a contract from the Commissioner must make arrangements for local groups to pay 50 percent of the cost of inexpensive book distribution programs for children.

At least one-half of the funds must be awarded to areas with high concentrations of children from low-income families. Let me emphasize that the Federal Government will in no way dictate what books are to be used in these programs. The contractor has the responsibility for making arrangements with publishers to provide books at substantial discounts, but actual selection of the books will be made only at the local level.

Mr. President, in my view inadequate reading ability is the major problem in our educational system today. The Right to Read Office in the U.S. Office of Education provided estimates that 40 to 50 percent of the students in urban areas have reading difficulties; that some 10 million elementary and secondary schoolchildren across the country are severely deficient in reading; that 90 percent of the 700,000 who drop out of school annually are classified as poor readers; and that in urban areas, more than half of the young people who are unemployed have insufficient reading skills to function in our society.

I find these estimates shocking. Reading is the most basic tool for learning—if our children are not being taught to read, we can never improve the quality of education.

I am hopeful that the reading improvement program authorized in 1974, and just recently funded at $17 million under the education division appropriations bill, will demonstrate that substantial achievement can be realized through additional training of teaching personnel and more concentrated reading instruction. The bill we are introducing today will supplement the 1974 legislation by introducing a vital new element to the program to provide the incentive needed to encourage many book distribution programs throughout this country. I urge all of my colleagues to support it.

EXHIBIT 1

[From the St. Louis Globe Democrat,
Apr. 24, 1975]

THEY MAKE READING FUNDAMENTAL

(By Kathy Q. Gurley)

Despite a lot of misconceptions that many school-age children have, reading really is fun and fundamental, too. That's exactly what a group of St. Louis area volunteers is determined to prove.

They begin by bringing armloads and boxes full of colorful, brand-new paperback books into a public school. Then they distribute them among the students until every child has a brand new book to take home and keep for his very own.

The volunteers return to the school four more times throughout the school year until each child has his or her own mini-library of five books.

The "book ladies," as they are often referred to by the children who get to know them, belong to the St. Louis branch of a national organization called Reading is FUNdamental.

Headed locally by Mrs. Leigh Gerdine, the group is federally funded through St. Louis schools under the Title I program.

Since the St. Louis branch was started in 1969, the organization has reached more than 30,000 children with more than 150,000 books. The national program, based in Washington, D.C., at the Smithsonian Institution, was started by Mrs. Robert McNamara in 1966. There are now about 200 RIF programs across the country.

The purpose of RIF is to give underprivileged children a chance to discover that reading is a kind of entertainment and not just something that is required in school, according to Mrs. Gerdine.

"We want to prove to children that reading is fun so they will want to read," she said. "The keys to the programs are freedom of choice and personal ownership."

The way the program works is that four or more volunteers arrange to visit a school one day a week for five weeks with a display of different books each time. To stir enthusiasm and get the children excited about the books, each class gets to hear a story read by them by a volunteer storyteller. Sometimes the stories are from different books and sometimes they are from the books being offered.

Then each class goes to a special distribution room where the children find a display of books arranged according to reading level. At this point the real workings of RIF begin. Each child is allowed to thumb through the books, look at the pictures and then choose one that he or she wants.

At a recent distribution at Gundlach School in North St. Louis, some excited third graders came filing in for their turn at choosing their own books.

Veronica Bellamy knew just which book she wanted. It was called "Striped Ice Cream," and Veronica, aged 8, was sure it was about strawberry ice cream—her favorite. She hugged her book and ran up beside her friend, Sherry Hayes, also 8, who had chosen "Clues in the Woods" because it was a book with "a lot of words in it."

Sherry and Veronica agreed that picture books were fun, but books with lots of words were the best.

The books selected by the volunteers, who purchase them directly from the publishers at about 50 cents apiece, are the kind of "fun" books that really appeal to children.

They offer sports books, mysteries, fairy tales, biographies, comics and, for some of the older children (The program extends from kindergarten to eighth grade), they offer novels and a popular dictionary.

"We hope this program will encourage parents to start libraries in their homes for their children," said Mrs. Joan Bryant, principal of Gundlach School.

She has heard from many parents who have begun libraries for their children because of RIF.

"That's exactly the kind of thing we want to happen," Mrs. Gerdine added. "We're so happy when we hear about parents getting interested in the program."

Often mothers of children in a school being visited by RIF volunteers come to school on the day of distribution to help out. Mrs. Alice Thomas is one of these mothers. While some fourth graders were choosing their books, she wandered about the room talking to some of the children and helping others decide which books they wanted.

"The kids really like the program," she said. "My little girl has me read her books over and over, and it has really helped her reading. Her teacher says she is doing so much better."

There are three categories of books: primary, for kindergarten through third, middle, for fourth through sixth, and upper for sixth through eighth grade.

The children may choose from any reading level. "Some of the older children pick books from lower levels because they are easier for them to read," Mrs. Bryant explained.

This is not discouraged, according to Mrs. Gerdine. "We just want the children to read whatever they want to read," she said.

There is no paid staff in the RIF program. All the money they get from the government goes for books, and all the help is strictly volunteer.

One volunteer, Joan Schifter, is a storyteller. She spent part of her morning at Gundlach reading a short story to a group of eighth graders. Her selection was "Thank You Ma'am" by Langston Hughes, a black writer from Missouri.

Despite the interruption of a photographer and a reporter during the reading, the class sat, after being only briefly distracted by the camera, and listened silently, completely absorbed in the story.

Volunteers said they were concerned at first that the group of teen-agers would feel that by being read to, they were being treated childishly, Mrs. Schifter said, however, "They love it."

Not only is it a break in the routine, but it gives the eighth graders exposure to literature that they might not read on their own, she said.

Mrs. Schifter said it used to make her self-conscious to be a white storyteller in an all-black school, but she feels accepted by the students now.

"I used to read to them about current black stars and heroes, but now I read to them from all kinds of books," she said. At first I felt self-conscious about being a white person reading about blacks and black heroes, but now I find I can read to them about anything."

Sometimes an older child in the school acts as the storyteller for the younger children. One group of second graders had its story read by a child from the fourth grade.

Mrs. Gerdine said that on distribution day there are always fewer absences.

One snowy day when book day was scheduled but schools were closed because of blizzard conditions, some third grade children were determined not to miss the fun of having the book ladies come. They bundled up and went to the home of one of the volunteers who lived near the school and asked her to tell them the story she had planned for the day.

That's the kind of enthusiasm RIF generates. Whether the children know it or not, they are learning something. They are learning to read and to like to read—FUNdamentally.

Audrey Langworthy Lends Insight Into Bookmobile Project

"When do I gotta bring this back?" "You mean this book is mine to keep?!" "I'm gonna find the biggest book ya got!" Wide-eyed and breathless comments such as these are only a few of the exclamations we received on our first visit to seven Kansas City, Mo. public schools. Yates, Longfellow, Stark, Woodland, Benjamin Harrison, Clay, and Garfield were chosen from a group of schools whose 6th grade reading level ranged from 4.6 to 5.4 on the national norms.

Now our repeated visits to these schools, where we are seeing that each child will receive at least five books this year, is beginning to give us our own personal rewards. It's been a great experience! These rewards are dimming the memory of frustrations that the entire committee felt in "getting this project on the road."

Few new projects are without a few bumps and hitches along the way. The League voted last March to allocate $700 for outfitting the Red Cross Bookmobile with carpeting and shelving and a minimum of five volunteers to drive the van and act as librarians. The van, ordered in March, was scheduled to arrive in June. The first week of October it arrived in Kansas City having been driven from Detroit in a great circle route via the East coast. There had been a two week period when no one, not even GM, knew what had become of it. Then it took a month for the van to be outfitted with a generator for heat and lights and an air-conditioning unit to be added. The exterior was brightly painted with the Bear and Rainbow and the name "Pages of Fun." Inside, shelves were installed and a cheerful plaid carpet put down.

In the meantime, the Junior League volunteers had not been sitting on their hands. It cannot even be intimated that all were not well-trained for their roles. A Red Cross Orientation course and a *strenuous* First Aid Course was taken. Beginning at 8:15 a.m. and lasting until 4 p.m., this most dreaded day gave us all the proud satisfaction (plus a certificate) that we were qualified to serve in case of a disaster—whatever that might mean. Driving the van proved to be surprisingly easy. What had caused a few to hesitate about even signing up for the project ended up being a snap! A half day library orientation completed the training just in time to take the van to the schools about November 1.

By the end of the pilot year, the volunteers will have distributed approximately 13,000 books to 2,600 children. Charlie Brown, spook stories and mysteries, crossword puzzles, riddles, and *poetry* books have topped the list in popularity. A generous donation of Hallmark books have been the most coveted—especially the pop-up variety.

Where have all the books come from? Over 10,000 have been donated, including the ones you brought to the October League meeting. Girl Scouts, Boy Scouts, and Campfire girls have been encouraged to hold book drives on a regular basis, corporations gave book donations as their Christmas project, and several churches and Red Cross Regional offices have recruited books on an on-going basis. A city wide drive for children's books will be sponsored by the Junior Red Cross on April 6, 1974. In January of this year, after seeing the project in action, the Kansas City Association of Trusts and Foundations gave $5,000 to be used to buy new paperback books. Other funding has come from the Nancy Culbertson Foundation, Hallmark Foundation, and individual gifts.

The League's part in this project has been vital. Not only have we supplied the volunteers out in the field, but our show of support has helped open other doors and avenues of support. However, this is no small undertaking, and there are other aspects in which we are not involved. Mrs. Carl Hummel, Margaret, a dedicated Red Cross volunteer (recruited for the job by our own Jean Dibble) has found this a full-time commitment. Every week since March she has been volunteering 40 + hour weeks to talk with school personnel, writing grants for funds, recruiting and overseeing volunteers to work in the bookroom, etc.—a real administrator and super efficient organizer, plus being great to work with.

None of the books given out are shabby. All are cleaned, repaired, and catalogued by a group of senior citizens who had spent over 1,000 hours by January seeing that all saveable books are in the best condition possible. Elizabeth Johnson, a retired children's librarian from the Kansas City Public Library, selects the supplementary purchased material. The volunteers offer suggestions and turn in requests from the children.

What has been the theory and motivation behind all of this? We are only one of many groups who care about reading motivation and low reading scores. The entire idea was conceived by Mrs. Robert McNamara, in 1966, wife of then Secretary of Defense Robert McNamara, herself a reading volunteer in the Washington, D.C. schools. Appalled at the reading materials the children had access to, she obtained a Ford Foundation grant for a pilot program of distributing quality paperbacks to low income family D.C. schools. A belief in RIF, Reading Is FUNdamental, has spread rapidly, and RIF programs are currently operating in 130 cities and more are being started. (The Kansas City Red Cross Chapter is a member of RIF.) A most timely article in the February '74 Reader's Digest shows the success story that is this program.

The pilot schools and volunteers are being asked to evaluate the program on a periodic basis. Surely being able to choose books of their very own and seeing the book plate with their name written on it should motivate some of the children we reach to enjoy reading. Here in Kansas City the "Pages of Fun" success story is only beginning to be written.

What League Volunteers Think of the Bookmobile

(By Joann Kinney)

How does an inner city child react when a stranger comes to his school to give him a free book? League members are currently discovering the varied reactions of these children as they participate in the Red Cross Bookmobile program. The League members involved in the project are: Adriance Altman, Diane Berkshire, Pam Crawford, Margie Fligg, Sarah Hutchison, Xanie Koontz, Lois Lacy, Audrey Langworthy (chairman), Pam McKee, Kitty Tinsman, and Mary Woods.

In three different visits to two schools, each team of two League members distributes a total of five free books to each child. The objective is the child's enjoyment, as he is allowed to select his own books and is not required to report on them. This project is based on others like it around the country which have demonstrated that ownership of a book stimulates a child to want to read more.

The program, sponsored and run by the Red Cross, began with four training sessions. Two were spent in general Red Cross orientation and first aid training, and one in learning to drive the bookmobile. At the fourth session the director of the Kansas City, Missouri, Children's Library spoke to the volunteers on new trends in children's literature and how to approach the children.

The League members interviewed were, in general, very enthusiastic about this placement. Adriance Altman feels that with each succeeding visit to the bookmobile, the children become more relaxed and receptive. They know what to expect and realize that the volunteers have no ulterior motives in giving them the books. Adriance sees some evidence that the program is stimulating interest in reading when a child returns to the bookmobile requesting the same book that a friend was given at the last visit. She enjoys the direct contact with the children, and feels this is excellent placement for League members desiring direct contact with the public. It also opens the volunteer's eyes to some of the problems of the inner city schools.

Diane Berkshire feels that the project is hard work and extremely worthwhile, in that it gives the children an exposure to books that they might not otherwise enjoy. She feels that the child's opportunity to keep the books without the obligation of reporting on them increases the value of the program immensely.

Margie Fligg received some positive feedback from a small boy on his second trip to the bookmobile. As he was leaving, he threw a small Mexican doll into the bookmobile and told Margie, "That's for you!" Lois Lacy mentioned that the principals and PTA's of schools in the program were very appreciative of their efforts and offered valuable assistance to the volunteers.

THEIR VERY OWN

As far as we know credit has not been given to the gracious act that follows, and we thought this might be a good way to do it publicly:

"Your school has been selected by the Kansas City School District as one of eight participating in the pilot program of 'Pages of Fun.' This reading motivation program is sponsored by the Greater Kansas City Chapter of the American Red Cross and is affiliated with Reading Is Fundamental, Smithsonian Institution, Washington, D.C."

What does this mean to our children at Benjamin Harrison Elementary School, 414 Wallace? (1) Each child will receive five books of his choice with his personal name plate to take home "for keeps." (2) It has meant in many cases complete disbelief that this "is my book, my very own, to take home?" (3) Prophetically, it will mean a more intense interest in the printed word, the awareness that people do give you things because they are interested in you and really no strings are attached; and possessing your very own book must have a positive influence on the way you treat books from your own school resource center.

Red Cross, we surely have found one of those pots of gold at the end of the rainbow when you came to us. Is this the meaning of your rainbow so attractively painted on the bookmobile?

VIRGINIA LEVIN,
Resource Center Director.
ELINOR ETTERLING,
Principal.

Mr. BEALL. Mr. President, as a coauthor, I am pleased to introduce with Senator EAGLETON legislation patterned after the successful reading is fundamental—RIF—program. I am delighted that the chairman of the Education Subcommittee, Senator PELL, is cosponsoring the legislation. It was because of Senator PELL's interest and support that the national reading improvement program, authored by Senator EAGLETON and me, was enacted in 1974. With his cosponsorship, I am confident that this new proposal will meet with similar success.

The proposal we introduce today authorizes a 3-year, $22 million reading motivational program under which local community agencies will distribute inexpensive books to schoolchildren. The bill makes available Federal matching assistance of 50 percent—in some hardship cases 80 percent—of the cost of conducting reading motivational programs by local sponsors of such programs. If fully funded, it is estimated that an additional 21 million books would be distributed to over 4 million children.

Reading is an area of utmost interest to me. The reasons are obvious. Reading is fundamental. It is critical not only for success in school, but also in subsequent adult life. Yet, too many children cannot read.

The following statistics indicate the magnitude of the reading problem:

Some 7 million elementary and secondary children are in severe need of special reading assistance;

In large urban areas, 40 to 50 percent of the children are reading below grade level; and

An Office of Education survey indicated 22 percent of the urban schools had 70 to 100 percent of their pupils reading a year or more below grade level.

These massive reading difficulties have been confirmed by surveys of teachers and pupils alike. Over and over again, parents, the general public, and the press across the Nation have expressed concern with the poor pupil performance in the fundamental reading area. For example, a 1973 survey in my State found that "the people of Maryland believe that the mastering of reading skills is the most important education goal for the schools of the State."

Mr. President, after I had introduced the 1974 reading proposal, I received a letter from an individual from Texas who sent me a copy of an article from the Dallas Morning News. I would like to read a paragraph from this article:

> At commencement exercises throughout the city recently, anywhere from 500 to 1,000 of Dallas' 9,000 graduating seniors, according to official estimates, walked across stages to be handed diplomas they could not read. Barely able to read, many will wind up with poor jobs or no jobs at all. Still in school, youngsters who are either unable to read at all or read only at the most elementary level can be found in almost every one of Dallas' 43 secondary schools. Dallas School Superintendent Nolan Estes has estimated more than 20,000 of the public school system's 70,000 secondary students read at least two or more years below grade level.

The seriousness and scope of the reading problem prompted me to label reading as the "Achilles heel" of American education.

In the last Congress, Senator EAGLETON and I introduced separate bills to combat reading problems. These two measures were combined and became the National Reading Improvement program which was enacted as part of the Education Amendments of 1974.

This year, we were successful in persuading the Senate Appropriations Committee to fund the reading improvement program and $17 million was included in the education appropriation bill for this national, priority problem.

I would point out that in the Senate-passed reading provisions last year, we included support for RIF-like projects which we seek to expand by today's bill. Unfortunately, this particular provision was lost in the House-Senate conference. The introduction by Congressman AL QUIE of a similar bill, H.R. 9048, makes me confident not only that legislation will be passed by the Senate, but by the House also. Thus, the prospects for enactment are good.

The RIF program results from idea of an individual and it serves to show how an individual can make a difference, and can effectuate positive changes. I am speaking of Mrs. Robert McNamara. Mrs. McNamara was a volunteer reading teacher aide in the Washington, D.C., school system and she became concerned with the dullness of reading material available. She took to the school a Jules Verne adventure story and the student whom she was addressing said: "I sure would like to own a book like that." Mrs. McNamara gave the book to the child. Based on that experience, Mrs. McNamara has created a private, national organization which has done a marvelous job in promoting reading by giving books to youngsters.

RIF's purpose then is to motivate children to read for pleasure through experiencing the joy and ownership of owning exciting books of their own. RIF is now in operation in 47 States and in past years, RIF distributed over 5 million paperbacks to 2 million children. In Maryland, we have six RIF action programs underway and two more are in the developing stage—no books yet distributed. Last year in Maryland over 6,000 books were distributed to over 250 children. RIF not only believes that reading is fundamental, but also believes that reading is fun.

It is interesting to note the different organizations which have sponsored RIF projects. These include community groups, private industry, military wives' clubs, educational organizations, civic clubs, and church groups. In fact, an essential element of the RIF program has been the grassroots support and involvement. In this program, each community organizes, develops, and runs its own program. Most of the children that RIF serves have never owned a book. By providing them with books of their own, we may be beginning for these youngsters a habit that will last a lifetime.

Mr. President, during the recess, I had the pleasure of witnessing the distribution of books in a RIF project in Baltimore City at the Barclay Elementary School. I only wish my colleagues could have seen the eagerness, excitement and enthusiasm of the children as they selected their own book from a wide variety of attractive and appealing paperbacks. One's impression, based on observing these students, that this program would encourage and stimulate reading was confirmed by my discussions with the school's principal, teachers, and parents. In summary, this is an excellent program which will be a valuable addition to the 1974 Reading Improvement Act. I believe that the legislation we are introducing will be a great stimulus to the creation of more reading motivational programs not only in Maryland, but throughout this entire Nation. As the ranking minority member of the Education Subcommittee, I will do everything I can to see that early and favorable action is taken on this proposal.

Mr. President, I ask unanimous consent that articles from the Baltimore Sun and the Baltimore News American describing my recent visit be included in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Baltimore Sun, Oct. 14, 1975]

BEALL WANTS MORE BOOKS GIVEN AWAY

Books are almost always lent, and seldom given away, but Senator J. Glenn Beall, Jr. (R., Md.) visited a Baltimore public school yesterday where the latter is the case and announced that he would co-sponsor federal legislation to give the cause a push.

Senator Beall and several aides visited Barclay Elementary School, where they watched eager children visit the library and choose from a selection of books that were given them free under a program called Reading Is Fundamental.

It was the 14th such distribution since the 1971–1972 school year, when Reading Is Fundamental came to Barclay. Parent contributions and aid from the Barclay-Brent Education Corporation have helped pay for reading material, although this year it is being financed by Title I of the Elementary and Secondary Education Act.

Margaret McNamara, wife of the World Bank president, who created the private, national Reading Is Fundamental organization while working as a volunteer reading teacher aide in Washington nine years ago, also visited Barclay. She said the programs are now in 400 schools in 47 states and have distributed 5 million free books.

Senator Beall said his legislation, to be cosponsored by Senator Thomas Eagleton (D., Mo.), would create a three-part national reading-improvement program.

Among other features, it would authorize a three-year, $22 million "reading-motivation" program under which local communities would distribute books to schoolchildren. The federal government would bear half cost of setting up a program.

"We want to see Barclay schools all over the nation," he said.

[From the Baltimore News American, Oct. 16, 1975]

LISTENING IS IMPORTANT

Relating to young children is not always an easy task for full grown adults, and Maryland's Sen. J. Glenn Beall Jr. surely falls in that category.

The senator did a remarkable job recently in listening to a swarm of eight-year-olds in the Barclay Elementary School Library.

On the library floor with youngsters clustering around him, Sen. Beall seemed to be enjoying this part of his job as he learned about sea monsters, dinosaurs, giant dogs and other strange species which poke their heads up from time to time in children's literature.

The senator's tour of Barclay was meant to dramatize what he believes is a need for additional federally sponsored programs to improve the reading skills of elementary school children.

The senator's tact in listening to the kids, instead of indulging in campaign oratory inappropriate for eight-year-olds, was exemplary.

For a good politician, like a good minister, has to learn to listen as well as to preach. Sen. Beall clearly knows that.

By Mr. HATHAWAY:

S. 2536. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income the interest paid on certain industrial development bonds. Referred to the Committee on Finance.

Mr. HATHAWAY. Mr. President, I am introducing a bill to amend section 103 of the Internal Revenue Code of 1954 to increase the size of the exemption allowed for industrial development bonds from $1 million to $10 million, but only if they are issued in connection with projects in areas designated by the Secretary of Commerce as redevelopment areas under section 401(a) of the Public Works and Economic Development Act of 1965. There have been a number of proposals introduced in the Congress recently to raise this "small issue" exemption from 1 million to 10 million for everyone, but this, I feel, would be an unwisely broad expansion of the industrial development bond exemption.

The program is implemented by States on an individual basis, subject to Federal law and interpretation of special State enabling statutes by the Internal Revenue Service, and if the exemption were increased across the board, I feel it would prove increasingly costly to the Treasury.

But limiting this expansion of the exemption to investment in redevelopment areas, my proposal would provide a unique advantage to the less developed areas of the United States. With the program limited strictly to those lagging areas, revenues to the Federal Treasury would rather naturally increase as the availability of this type of tax exempt income would be reduced.

I feel that my proposal is a modest and well-targeted one that would benefit only those areas that were in difficult economic straits even before the present recession.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2536

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That paragraph 103(c)(6) of the Internal Revenue Code of 1954 (relating to the exemption for certain small issues) is amended by adding at the end thereof the following new subparagraph:

"(I) $10,000,000 limit in certain cases.—At the election of the issuer, made at such time and in such manner as the Secretary or his delegate shall by regulations prescribe, with respect to any issue this paragraph shall be applied—

(i) by substituting "$10,000,000" for "$1,000,000" in subparagraph (A), if

(ii) the land or property described in subparagraph (A) is located in a redevelopment area designated by the Secretary of Commerce under Section 401(a) of the Public Works and Economic Development Act of 1965.".

SEC. 2—The amendments made by this Act apply to industrial development bonds issued after the date of enactment of this Act.

By Mr. BUCKLEY (for himself, Mr. BARTLETT, Mr. CURTIS, Mr. EASTLAND, Mr. GARN, Mr. HATFIELD, Mr. HELMS, Mr. YOUNG, and Mr. PROXMIRE):

S.J. Res. 140. A joint resolution proposing an amendment to the Constitution of the United States for the protection of unborn children and other persons; and

S.J. Res. 141. A joint resolution proposing an amendment to the Constitution of the United States for the protection of unborn children and other persons. Referred to the Committee on the Judiciary.

Mr. BUCKLEY. Mr. President, today I am reintroducing two constitutional amendments that would guarantee the right to life to all Americans. These amendments under the titles Senate Joint Resolution 10 and Senate Joint Resolution 11 were originally introduced on January 23, 1975, and were recently voted upon in the Senate Subcommittee on Constitutional Amendments. The subcommittee failed to vote out either of these bills, thereby effectively blocking their consideration by the Senate Judiciary Committee as a whole. The extraordinary importance of the issue of abortion persuades me to reintroduce these same amendments as a symbolic gesture of the continuing struggle to reinstate the principles of reverence for life which have been a hallmark of this Nation for nearly 200 years of its history.

I say nearly 200 years because, as you know, the Supreme Court on January 22, 1973, in decisions marked by some of the most erroneous thinking and misreading of history ever to mar a decision by that august body, made abortion-on-demand a legal right throughout America.

Recently, I asked the Library of Congress to look into the true facts of the attitudes toward abortion that existed at the founding of our Nation. I ask permission that at the end of my remarks the Library of Congress report "Attitude Toward Abortion at the Founding of the United States" be included in the RECORD. In addition to this report, I ask unanimous consent to have the text of my remarks when I first introduced my human life amendment—May 31, 1973—and of a speech I delivered before the New York State Right to Life Committee on September 27, 1975, inserted into the RECORD at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BUCKLEY. I am happy to report, Mr. President, that the original cosponsors of Senate Joint Resolution 10 and Senate Joint Resolution 11 have agreed to join with me once more in their reintroduction. I therefore want to take this occasion to publicly express my gratitude to Senators Bartlett, Curtis, Eastland, Garn, Hatfield, Helms, and Young. These Senators differ in religion, in political philosophy, in social philosophy and in many other ways. But they all agree with the most prestigious medical, scientific and legal authorities in holding that a fetus is a distinct, genetically identifiable individual human being, and that this human being deserves the protection of our laws—protection it was given before the Supreme Court made its infamous decisions.

I am particularly gratified to be able to announce a new cosponsor of these amendments. I refer to the distinguished Senator from Wisconsin, Mr. Proxmire. The addition of his name to the list of cosponsors is, I am convinced, another and very important step on the path to the ultimate goal of a constitutional amendment that will protect the unborn. I want to take this opportunity to thank the Senator from Wisconsin for his support and to state that his cosponsorship is symbolic of the ever-growing support the pro-life movement is receiving all across the country.

Mr. President, I have, on previous occasions, made a statement that I make again today with renewed conviction: The cause of the unborn will triumph because the cause of the unborn is just. I send my resolutions to the desk and ask that they be printed at this point in the Record.

There being no objection, the joint resolutions were ordered to be printed in the Record, as follows:

S. Res. 140

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years from the date of its submission by the Congress:

"Article —

"Section 1. With respect to the right to life, the word 'person', as used in this article and in the fifth and fourteenth articles of amendment to the Constitution of the United States, applies to all human beings, including their unborn offspring at every stage of their biological development, irrespective of age, health, function, or condition of dependency.

"Sec. 2. This article shall not apply in an emergency when a reasonable medical certainty exists that continuation of the pregnancy will cause the death of the mother.

"Sec. 3. Congress and the several States shall have power to enforce this article by appropriate legislation within their respective jurisdictions.".

S.J. Res. 141

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years from the date of its submission by the Congress:

"Article —

"Section 1. With respect to the right to life, the word 'person', as used in this article and in the fifth and fourteenth articles of amendment to the Constitution of the United States, applies to all human beings, irrespective of age, health, function, or condition of dependency, including their unborn offspring at every stage of their biological development.

"Sec. 2. No unborn person shall be deprived of life by any person: Provided, however, That nothing in this article shall prohibit a law permitting only those medical procedures required to prevent the death of the mother.

"Sec. 3. Congress and the several States shall have the power to enforce this article by appropriate legislation within their respective jurisdictions.".

Exhibit 1

[From the Library of Congress, Congressional Research Service]

Attitude Toward Abortion at the Founding of the United States

The earliest American book in the Library of Congress on abortion is Observations on Abortion [1] by Dr. John Burns, Regius Professor of Surgery at the University of Glasgow, a noted obstetrician and author of numerous books on midwifery and surgery, whose dates are given as 1774-'75 to 1850. Unfortunately, it is not on the Library shelves at present. However, there can be little doubt that it would reflect the general medical, ethical, and religious views of the period. Burns was a man of deep religious faith, as witness his The Principles of Christian Philosophy, the first American editions of which was published by Carey, Lee, and Blanchard at Philadelphia in 1833 (L of C BR 121.3754). It does not treat of abortion, though it does deal with marital relationship.

The most authoritative work of the period (late 18th-early 19th centuries) in medical ethics was undoubtedly the immensely influential text by the English physician, Dr. Thomas Percival (1740-1824), a Manchester Unitarian, deeply read in law (Blackstone), philosophy (Paley and Hutcheson), and ethics. First published in 1803 at Manchester, UK, there is a 1975 reprint of the 1927 Williams and Wilkins (Baltimore) edition, published by R. E. Krieger, Huntington, New York and edited (with supplementary material) by Dr. Chauncy Leake (L of C R 724.84). While allowing for therapeutic abortion (to save the mother's life), Percival sharply condemns abortion in general: "To extinguish the first spark of life is a crime of the same nature, both against our Maker and society, as to destroy an infant, a child, or a man; these regular and successive stages of existence being the ordinances of God, subject alone to the divine will . . ."

He specifically rejects the argument that the mother has "equal and full rights" over the fetus since it is "a portion of the womb," and holds that "no female can be privileged to injure her own bowels, much less the fetus, which is now well known to constitute no part of them." Indeed, he identifies abortion "under the denomination of murder" when and if, "nor moral or salutory end (being) in view" (i.e., in therapeutic cases where "the configuration of the fetus" endangers the mother's life), abortifacients cause the death of a child after birth. Abortion in the sense of feticide (i.e., en ventre sa mere), he regards (following Blackstone and the Common Law) as a "misprision" or "very heinous misdemeanor." He quotes Blackstone with approval: "If a woman be quick with child, and, by a potion or otherwise, killeth it in her womb, this is a great misprision, yet no murder. But if the child be born alive, and dieth of the potion or otherwise, this is murder."

Other works by Percival of a more general ethical and moral character include his *Philosophical, Medical, and Experimental Essays,* (published in London in 1776. L of C R 117.842, *Toner Collection* [2]), his *Parental Instructions* (first published in three parts between 1775 and 1800, and reprinted by Harper's, New York in 1846, L of C BJ 1631.845), and *A Father's Instructions to His Children* ("designed to promote the love of virtue, a taste for knowledge, and an early acquaintance with the works of nature," published at Dublin in 1790, L of C BJ 1631.P4).

The tradition of English (hence, Anglo-American) law in this regard, reaching back to medieval canon law, held that life begins at "quickening" (cf. Blackstone: "Life is the immediate gift of God, a right inherent by nature in every individual; and it begins in the contemplation of law as soon as an infant is able to stir in its mother's womb"). Blackstone's *Commentaries* (published before the signing of the Declaration of Independence) in its treatment of the absolute character of those rights which pertain to each person prior to any social relationship (with its relative rights), is often held to have influenced the Declaration of Independence in its treatment of rights as "a person's legal and uninterrupted enjoyment of his life" (Blackstone).

Abortion laws and general opinion as well reflected the long-established distinction between the "quickened" or "formed" fetus and the "unquickened" or "unformed," but beginning in the early 19th century, statutes either did not recognize that distinction or appeared to disallow it by a more inclusive and rigorous prohibition both in England and in America. Prior to these statutes, the Common Law position applied in each State of the United States,—i.e., requiring that the child "is able to stir in the mother's womb" (Blackstone) before one could speak of (and forbid) abortion as a homicide.

In the Middle Ages canon law reflected the moral teachings of the Catholic Church. In Protestant countries the civil law rather than treatises on moral theology was the primary means for transmitting moral norms. However, behind that civil law was the tradition of canon law. Thus, one of the most famous of medieval decretals, the *Si Aliquis* (associated with Regino of Prum, c. 900), falsely attributed to a Council of Worms (c. 1830) by Bourchard of Worms (c. 1000), condemning all abortions as homicide, was cited by Sir Edward Coke (1552–1634), along with Genesis 6:6, *Fleta* (an anonymous 14th century commentator, influenced by *Si Aliquis*), and Edward de Bracton [3] (mid-13th century).

The enclosed reports on traditional belief regarding abortion at the beginning of life, and the infusion of the soul, provide background for the "quickened-unquickened" distinction in Christian thought and practice. Note that whereas Pope Gregory IX (in the decretals of 1234) reconciled (more or less) *Si Aliquis* with Gratian (and his *Glossa Ordinaria,* c. 1215–1245), by treating early abortion as "quasi-murder", Sixtus V reinstated *Si Aliquis* (in the Bull of 1588, "Effraenatum") only to have that stand modified in 1591 by Gregory XIV (in the "Sedes Apostolica pia mater"), who returned to the mainstream of medieval tradition regarding the "animate-inanimate" distinction.[4]

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[1] Springfield (Massachusetts), American edition, 1809, L of C RG 648.B96.

[2] Abortion is not discussed in this work, which may be seen in the Rare Book Room of the Library of Congress.

[3] Author of the treatise on the laws of England.

The Protestant tradition in colonial America may be seen in the *Essay on the Decalogue*, by the Reverend Benjamin Wadsworth (1669–70 to 1737), President of Harvard College and eminent New England divine, who condemns those who "purposely endeavor to destroy the life of a Child in the Womb" as violating the command, "Thou shalt not kill". (The *Essay*, published at Boston in 1719, may be seen in the Library of Congress, Microform Reading Room, *Microcard Evans, 2080*). It may be noted that the great Lutheran scholar and writer, Pufendorf (d. 1694), in his magisterial *On the Law of Nature and of Nations* (1672), translated into English in 1710 and widely read in the 18th century, argues that "the power of the father does on no account extend so far that he can destroy the child while yet unborn, except in case both the mother and the child would otherwise perish."

The absence of the quickened-unquickened distinction in the early 19th century statutes very likely reflects the progress of scientific knowledge regarding conception and the development of the fetus. Germain Grisez (in *Abortion—The Myths, The Realities, and The Arguments*, Corpus Books, New York, 1970, L of C HQ 767.G688) cites Theodoric R. (1791–1855) and John B. (1794–1851) Beck's *Elements of Medical Jurisprudence*, published at Albany in 1823 (L of C RA 1050.B5 [5]) against animation or quickening "as a significant dividing line: "However, objectionable such an opinion may be, yet the fact is certain, that the foetus enjoys life long before the sensation of quickening is felt by the mother. . . . If physiology and reason justify the position just laid down, we must consider those laws which treat with less severity the crime of producing abortion at an early period of gestation, as immoral and unjust." This view was expressed authoritatively just forty-eight years after the Declaration of Independence.

[From the CONGRESSIONAL RECORD, May 31, 1973]

PROTECTION OF THE UNBORN—INTRODUCTION OF A JOINT RESOLUTION

Mr. BUCKLEY. Mr. President, about 4 months ago, the Supreme Court, in a pair of highly controversial, precedent-shattering decisions, Roe against Wade and Doe against Bolton, ruled that a pregnant woman has a constitutional right to destroy the life of her unborn child. In so doing, the Court not only contravened the express will of every State legislature in the country; it not only removed every vestige of legal protection hitherto enjoyed by the child in the mother's womb; but it reached its result through a curious and confusing chain of reasoning that, logically extended, could apply with equal force to the genetically deficient infant, the retarded child, or the insane or senile adult.

After reviewing these decisions, I concluded that, given the gravity of the issues at stake and the way in which the Court had carefully closed off alternative means of redress, a constitutional amendment was the only way to remedy the damage wrought by the Court. My decision was not lightly taken for I believe that only matters of permanent and fundamental interest are properly the subject for constitutional amendment. I regret the necessity for having to take this serious step, but the Court's decisions, unfortunately, leave those who respect human life in all its stages from inception to death with no other recourse.

To those who argue that an amendment to the Constitution affecting abortion and related matters would encumber the document with details more appropriately regulated by statute, I can only reply that the ultimate responsibility must be borne by the High Court itself. With Mr. Justice White, who dissented so vigorously in the abortion cases:

> I find nothing in the language or history of the Constitution to support the Court's judgment.

The Court simply carved out of thin air a previously undisclosed right of "privacy" that is nowhere mentioned in the Constitution, a right of privacy which, oddly, can be exercised in this instance only by destroying the life and, therefore, the privacy of an unborn child. As Mr. Justice White remarked last January:

> As an exercise of raw judicial power, the Court perhaps has authority to do what it does today; but in my view its judgment is an improvident and extravagant exercise of the power of judicial review which the Constitution extends to this Court.

In the intervening weeks since the Court's decisions, I have sought the advice of men and women trained in medicine, ethics, and the law. They have given me the most discriminating and exacting counsel on virtually every aspect of the issues involved and have provided invaluable assistance in drawing up an amendment that reflects the latest and best scientific fact, and that comports with our most cherished legal traditions.

Mr. President, before discussing the specific language of my proposed amendment, I believe it necessary first to analyze the effect and implications of Wade and Bolton, and then to place them in the context of current attacks on our traditional attitudes toward human life. At the outset, it is necessary to discuss with some care what the Court in fact held in its abortion decisions. This is, I must confess, not an easy task. For parsing the Court's opinions in these cases requires that one attempt to follow a labyrinthine path of argument that simultaneously ignores or confuses a long line of legal precedent and flies in the face of well-established scientific fact.

The Court's labored reasoning in these cases has been a source of considerable puzzlement to all who have the slightest familiarity with the biological facts of human life before birth or with the legal protections previously provided for the unborn child. The Court's substantial errors of law and fact have been so well documented by others that it would be superfluous for me to attempt to add anything of my own. I shall simply refer Senators to the most incisive summary of the Court's errors that I have encountered. It is in the form of a legal brief filed by the attorneys in the Byrn case that was on appeal to the Supreme Court at the time it handed down its opinions in Wade and Bolton. It presents a devastating historical, legal and scientific indictment of the court's errors of commission and omission. I ask unanimous consent that this document be printed at the end of my remarks as Appendix A, and urge Senators to give more careful study to its arguments.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(See Appendix A.)

Mr. BUCKLEY. Mr. President, the full import of the Court's action is as yet incompletely understood by large segments of the public and by many legislators and commentators. It seems to be rather widely held, for example, that the Court authorized abortion on request in the first 6 months of pregnancy, leaving the States free to proscribe the act thereafter. But such is far from the truth. The truth of the matter is that, under these decisions, a woman may at any time during pregnancy exercise a constitutional right to have an abortion provided only that she can find a physician willing to certify that her "health" requires it; and as the word "health" is defined, that in essence means abortion on demand.

The Court's attempts to distinguish three stages of pregnancy, but upon examination this attempt yields, in practical effect, distinctions without a difference. In the first 3 months, in the words of the court, "the abortion decision and its effectuation must be left to the medical judgment of the pregnant woman's attending physician." This means, for all intents and purposes, abortion on request. During the second trimester of pregnancy, the State may—but it need not—regulate the abortion procedure in ways that are reasonably related to maternal health. The power of the State's regulation here is effectively limited to matters of time, place and perhaps manner.

Thus, through approximately the first 6 months of pregnancy, the woman has a constitutionally protected right to take the life of her unborn child, and the State has no "compelling interest" that would justify prohibiting abortion if a woman insists on one.

After the period of "viability", which the Court marks at 6, or alternatively 7, months of pregnancy, the State "may"—but, again, it need not—proscribe abortion except "where it is necessary for the preservation of the life or health of the mother." This provision, which appears at first glance to be an important restriction, turns out to be none at all, as the Court defines health to include "psychological as well as physical well-being," and states that the necessary "medical judgment may be exercised in the light of all factors—physical, emotional, psychological, familial, and the woman's age—relevant to the well-being" of the mother. The Court, in short, has included under the umbrella of "health" just about every conceivable reason a woman might want to advance for having an abortion.

It is clear, then, that at no time prior to natural delivery is the unborn child considered a legal person entitled to constitutional protections; at no time may the unborn child's life take precedence over the mother's subjectively-based assertion that her well-being is at stake.

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[4] And the widespread belief that the male embryo was quickened and ensouled 40 days after conception, the female after 80—a distinction which held as late as St. Alphonsus Liguori in the 18th century.

[5] 11th edition, J. B. Lippincott, Philadelphia, 1860 (John B. Beck also wrote a history of medicine in the American colonies in 1850, and an inaugural dissertation on infanticide, New York, 1867, L of C HV 6537.B4, *Toner*). This latter essay contains a significant section on abortion in Chapter II, "Medico-Legal History" wherein he discusses traditional views regarding the infusion of the soul. He defines infanticide to include the destruction of the fetus *in utero*, and argues that the fetus is alive prior to quickening. The work may be seen in the Rare Book Room. Substantially the same arguments appear in the *Elements*, whose "infanticide" section he wrote. Feticide or criminal abortion is regarded as a form of infanticide, it is argued that the fetus is a living being prior to "quickening", and the fetus is not viewed as *portio visceris matris*. Further, he maintains that the animate-inaminate distinction has tended "to countenance, rather than to encourage abortion, at least in the earlier stages of pregnancy").

(Addendum: The definitive study of abortion and the pertinent canonical texts in the ancient world and in early and medieval Christendom is Enzo Nardi's *Procurato Aborto nel Mondo Greco Romano*, published in 1971 at Milas, L of C HQ 767.N37).

In reaching these findings, the Court in effect wrote a statute governing abortion for the entire country, a statute more permissive than that enacted by the hitherto most permissive jurisdiction in the country; namely, my own State of New York. Nor is that all. In the course of its deliberations, the Court found it necessary to concede a series of premises that can lead to conclusions far beyond the immediate question of abortion itself. These premises have to do with the conditions under which human beings, born or unborn, may be said to possess fundamental rights.

I shall have a good deal to say about these extended implications of the Court's decisions in the months ahead, but for the moment, I would like to touch briefly on one or two basic points:

First, it would now appear that the question of who is or is not a "person" entitled to the full protection of the law is a question of legal definition as opposed to practical determination. Thus, contrary to the meaning of the Declaration of Independence, contrary to the intent of the framers of the 14th amendment, and contrary to previous holdings of the Court, to be created human is no longer a guarantee that one will be possessed of inalienable rights in the sight of the law. The Court has extended to government, it would seem, the power to decide the terms and conditions under which membership in good standing in the human race is determined. This statement of the decision's effect may strike many as overwrought, but it will not appear as such to those who have followed the abortion debate carefully or to those who have read the Court's decisions in full. When, for example, the Court states that the unborn are not recognized by the law as "persons in the whole sense," and when, further, it uses as a precondition for legal protection the test whether one has a "capability of meaningful life," a thoughtful man is necessarily invited to speculate on what the logical extension of such arguments might be.

If constitutional rights are deemed to hinge on one's being a "person in the whole sense", where does one draw the line between "whole" and something less than "whole"? Is it simply a question of physical or mental development? If so, how does one distinguish between the child in his 23d week of gestation who is lifted alive from his mother's womb and allowed to die in the process of abortion by hysterotomy, and the one that is prematurely born and rushed to an incubator? It is a well known scientific fact that the greater part of a child's cerebral cortex is not formed, that a child does not become a "cognitive person", until some months after normal delivery. Might we not someday determine that a child does not become a "whole" person until sometime after birth, or never become "whole" if born with serious defects? And what about those who, having been born healthy, later lose their mental or physical capacity? Will it one day be found that a person, by virtue of mental illness, or serious accident, or senility, ceases to be a "person in the whole sense", or ceases to have the "capability for meaningful life," and as such no longer entitled to the full protection of the law?

Mr. President, the list of such questions is virtually endless. The Court in attempting to solve one problem has ended up by creating 20 others. One can read the Court's opinions in the abortion cases from beginning to end and back again, but he will not find even the glimmer of an answer to these questions; indeed, one will not even find the glimmer of an indication that the Court was aware that such questions might be raised or might be considered important.

A second general consideration I should like to raise, Mr. President, has to do with the Court's definition of "health" as involving "all factors—physical, emotional, psychological familial, and the woman's age—relevant to . . . well-being." It is a little remarked but ultimately momentous part of the abortion decisions that the Court, consciously or unconsciously, has adopted wholesale the controversial definition of "health" popularized by the World Health Organization. According to the WHO, "health" is "a state of complete physical, mental, and social well-being, not simply the absence of illness and disease." In this context, the Court's definition acquires a special importance, not only because it can be used to justify abortion any time a woman feels discomfited by pregnancy, but because the Court made pointed reference to the "compelling interest" of the State in matters of health in general and maternal health in particular. One is bound to wonder whether the State's interest in maternal health would ever be sufficiently "compelling" to warrant an abortion against a pregnant woman's will. This is no mere academic matter. An unwed, pregnant teenage girl was ordered by a lower court in Maryland just last year, against her will, to have an abortion. The girl was able to frustrate the order by running away. The order was later overturned by a Maryland appellate court; but the important point is that an analog to the compelling State interest argument was used by the lower court to justify its holding.

Let us consider, for example, the case of a pregnant mental patient. Would the State's compelling interest in her health ever be sufficient to force an abortion upon her? What of the unmarried mother on welfare who is already unable to cope with her existing children? Again, Mr. President, I am not raising an academic point for the sake of disputation. In the abortion cases, the Supreme Court breathed life into the notorious precedent of Buck against Bell. The Bell case, it will be recalled, upheld the right of a State to sterilize a mental incompetent without her consent.

The Court held in that case that—

> The principle that sustains compulsory vaccination is broad enough to cover cutting the Fallopian tubes.

One is necessarily bound to wonder whether, by analogous extension, the principle that sustains compulsory sterilization of mental patients is broad enough to cover compulsory abortion of mental patients; and if of mental patients, then why not, as the lower court in Maryland suggested, of unwed minor girls? And if of unwed minor girls, then why not of any other woman? Just how "compelling" is the state's interest in matters of "health"? Where does the power begin or end? In the abortion cases, Bell, curiously, is cited for the proposition that a woman does not have an unlimited right to her own body, whence the only inference to be drawn is that the reason she doesn't have an unlimited right is that the state may qualify that right because of its "compelling interest" in "health." I find that a strange doctrine to be celebrated by the proponents of women's liberation.

These larger and deeply troubling considerations, Mr. President, may in the long run be as important to us as the special concern that many of us have with the matter of abortion itself. Every premise conceded by the Court in order to justify the killing of an unborn child can be extended to justify the killing of anyone else if, like the unborn child, he is found to be less than a person in the "whole" sense or incapable of "meaningful" life. The removal of all legal restrictions against abortions must, in short, be seen in the light of a changing attitude regarding the sanctity of individual life, the effects of which will be felt not only by the unborn child who is torn from its mother's womb but as well by all those who may someday fall beyond the arbitrary boundaries of the Court's definition of humanity.

This wider context of the abortion controversy was brought to my attention most forcefully by an unusually candid editorial entitled "A New Ethic for Medicine and Society" that was published two and a half years ago in California Medicine, the official journal of the California Medical Association. It was occasioned, as I understand it, by the debate then taking place in our largest State regarding the liberalization of the abortion law.

The thrust of the editorial is simply this: That the controversy over abortion represents the first phase of a head-on conflict between the traditional, Judeo-Christian medical and legal ethic—in which the intrinsic worth and equal value of every human life is secured by law, regardless of age, health or condition of dependency—and a new ethic, according to which human life can be taken for what are held to be the compelling social, economic or psychological needs of others. Mr. President, I ask unanimous consent that the editorial referred to be printed in the Record at the conclusion of my remarks as appendix B.

The Acting President pro tempore. Without objection, it is so ordered.

(See Appendix B.)

Mr. Buckley. Let me for a moment dwell on a crucial point in that editorial. The author writes:

> The process of eroding the old ethic and substituting the new has already begun. It may be seen most clearly in changing attitudes toward human abortion. In defiance of the long held Western ethic of intrinsic and equal value for every human life regardless of its stage, condition, or status, abortion is becoming accepted by society as moral, right, and even necessary. It is worth noting that this shift in public attitude has affected the churches, the laws and public policy rather than the reverse. Since the old ethic has not yet been fully displaced it has been necessary to separate the idea of abortion from the idea of killing, which constitutes to be socially abhorrent. The result has been a curious avoidance of the scientific fact, which everyone really knows, that human life begins at conception and is continuous whether intra- or extra-uterine until death. The very considerable semantic gymnastics which are required to rationalize abortion as anything but taking a human life would be ludicrous if they were not often put forth under socially impeccable auspices. It is suggested that this schizophrenic sort of subterfuge is necessary because while a new ethic is being accepted the old one has not yet been rejected.

Lest there be any ambiguity as to the ultimate thrust of the "new ethics," the California Medicine editorial went on to state the following in discussing the growing role of physicians in deciding who will and will not live:

> One may anticipate further development of these roles as the problems of birth control and birth selection are extended inevitably to death selection and death control whether by the individual or by society . . .

I find the editorial of a powerful, eloquent, and compeling statement of the ultimate questions involved in the abortion controversy. The question in issue—the Supreme Court to the contrary notwithstanding—is not to determine when life begins, for that is one of scientific fact requiring neither philosophical nor theological knowledge to answer. The question, rather, is what value we shall place on human life in general and whether unborn human life in particular is entitled to legal protection.

Whether or not our society shall continue its commitment to the old ethnic, or transfer its allegiance to the new, is not a question to be decided by a transitory majority of the Supreme Court, but by the people acting through their political processes. I concur in Mr. Justice White's condemnation of the Wade decision as "an exercise of raw judicial power" that is "improvident and extravagant." I concur in finding unacceptable the Court's action in "interposing a constitutional barrier to State efforts to protect human life and—in—investing mothers and doctors with the constitutionally protected right to exterminate it."

The majority of the Court, however, has rendered its decision. We as a people have been committed by seven men to the "new ethic"; and because of the finality of their decisions, because there are now no practical curbs on the killing of the unborn to suit the convenience or whim of the mother, those who continue to believe in the old ethic have no recourse but to resort to the political process. That is why I intend to do what I can to give the American people the opportunity to determine for themselves which ethic will govern this country in what is after all, quite literally a matter of life or death. That is why I send my proposed Human Life Amendment to the desk and ask that it be printed and appropriately referred.

In doing so, Mr. President, may I say how deeply gratified I am to be joined in introducing this amendment by my distinguished colleagues from Oregon, Iowa, Utah, Nebraska, Oklahoma, and North Dakota. Senators Hatfield, Hughes, Bennett, Bartlett, Curtis, and Young are known in this body and elsewhere as exceptionally thoughtful and dedicated men whose day-to-day political activities are informed by devotion to first principles. When such a geographically, ideologically, and religiously diverse group of Senators can agree on a major issue like this, it suggests that opposition to abortion is truly ecumenical and national in scope. These Senators honor me by their cosponsorship, and I consider it a privilege to work together with them in this great cause. I would simply like to take this occasion to extend to each of them my personal gratitude for their help and cooperation and to say how much I look forward to working jointly with them in the months ahead.

The text of our amendment reads as follows:

ARTICLE —

SECTION 1. With respect to the right to life, the word 'person', as used in this Article and in the Fifth and Fourteenth Articles of Amendment to the Constitution of the United States, applies to all human beings, including their unborn offspring at every stage of their biological development, irrespective of age, health, function or condition of dependency.

SEC. 2. This Article shall not apply in an emergency when a reasonable medical certainty exists that continuation of the pregnancy will cause the death of the mother.

SEC. 3. Congress and the several States shall have power to enforce this Article by appropriate legislation within their respective jurisdiction.

The amendment's central purpose is to create, or rather, as will be made clear below, to restore a constitutionally compelling identity between the biological category "human being" and the legal category "person". This has been made necessary by two factors: First, the more or less conscious dissemblance on the part of abortion proponents, by virtue of which the universally agreed upon facts of biology are made to appear as questions of value—a false argument that the Supreme Court adopted wholesale; and second, the holding of the Court in Wade and Bolton that the test of personhood is one of legal rather than of biological definition. The amendment addresses these difficulties by making the biological test constitutionally binding, on the ground that only such a test will restrain the tendency of certain courts and legislatures to arrogate to themselves the power to determine who is or who is not human and, therefore, who is or is not entitled to constitutional protections. The amendment is founded on the belief that the ultimate safeguard of all persons, born or unborn, normal or defective, is to compel courts and legislatures to rest their decisions on scientific fact rather than on political, sociological, or other opinion.

Such a test will return the law to a position compatible with the original understanding of the 14th amendment. As the debates in Congress during consideration of that amendment make clear, it was precisely the intention of Congress to make "legal person" and "human being" synonymous categories. By so doing, Congress wrote into the Constitution that understanding of the Declaration of Independence best articulated by Abraham Lincoln; namely, that to be human is to possess certain rights by nature, rights that no court and no legislature can legitimately remove. Chief among these, of course, is the right to life.

On the specific subject of abortion, it is notable that the same men who passed the 14th amendment also enacted an expanded Assimilative Crimes Statute, April, 1866, which adopted recently passed State antiabortion statutes. These statutes, in turn, had been enacted as a result of a concerted effort by medical societies to bring to legislators' attention the recently discovered facts of human conception. The Court's opinion in Wade totally misreads—if the Court was aware of it at all—the fascinating medicolegal history of the enactment of 19th century antiabortion statutes, and ignores altogether the fundamental intention which animated the framers of the 14th amendment.

Section 1 of the proposed amendment would restore and make explicit the biological test for legal protection of human life. The generic category is "human being," which includes, but is not limited to, "unborn offspring—at every stage of their biological development." It is a question of biological fact as to what constitutes "human being" and as to when "offspring" may be said to come into existence. While the basic facts concerning these matters are not in dispute among informed members of the scientific community, the ways in which these facts are to be ascertained in any particular case will depend on the specifications contained in implementing legislation passed consistent with the standard established by the amendment. Such legislation would have to consider, in the light of the best available scientific information, the establishment of reasonable standards for determining when a woman is in fact pregnant, and is so, what limitations are to be placed on the performance of certain medical procedures or the administering of certain drugs.

Some proponents of abortion will seek to characterize the amendment as prohibiting methods of contraception. To such charge, the answer is twofold:

First, there is nothing in the amendment which would, directly or indirectly, expressly or impliedly, proscribe any mode of contraception;

Second, under the amendment, the test in each case will be a relatively simple one; that is, whether an "unborn offspring" may be said to be in existence at the time when a potentially abortive technique or medicine is applied. Particular standards on this point are to be worked out in implementing legislation.

Section 1, it will also be noted, reaches the more general case of euthanasia. This is made necessary because of the widespread and growing talk of legalizing "death with dignity," and because of the alarming dicta in the Wade opinion by which legal protection seems to be conditioned on whether one has the "capability of meaningful life" or whether one is a "person in the whole sense." Such language in the Court's opinion, when combined with the Court's frequent references to the State's "compelling interest" in matters of "health," is pointedly brought to our attention by the revival in Wade of the notorious 1927 case of Buck against Bell—which upheld the right of the State to sterilize a mentally defective woman without her consent. The Wade and Bolton opinions taken as a whole seem to suggest that unborn children are not the only ones whose right to life is now legally unprotected. Thus, the proposed amendment explicitly extends its protections to all those whose physical or mental condition might make them especially vulnerable victims of the "new ethic."

Regarding the specific subject of abortion, section 2 makes an explicit exception for the life of the pregnant woman. There seems to be a widespread misimpression that pregnancy is a medically dangerous condition, when the truth of the matter is that under most circumstances a pregnant woman can deliver her child with minimal risk to her own life and health. There is, however, an exceedingly small class of pregnancies where continuation of pregnancy will cause the death of the woman. The most common example is the ectopic or tubal pregnancy. It is our intention to exempt this unique class of pregnancies, without opening the door to spurious claims of risk of death.

Under the amendment, there must be an emergency in which reasonable medical certainty exists that continuation of pregnancy will cause the death of the woman. This is designed to cover the legitimate emergency cases, such as the ectopic pregnancy, while closing the door to unethical physicians who in the past have been willing to sign statements attesting to risk of death when in fact none exists or when the prospect is so remote in time or circumstance as to be unrelated to the pregnancy. Contrary to the opinion of the Supreme Court, which assumes that pregnancy is a pathological state, modern obstetrical advances have succeeded in removing virtually every major medical risk once associated with pregnancy. As Dr. Alan Guttmacher himself remarked nearly a decade ago, modern obstetrical practice has eliminated almost all medical indications for abortion. In certain limited instances, however, a genuine threat to the woman's life remains, and it is felt that excepting such situations is compatible with long-standing moral custom and legal tradition.

Mr. President, there is today a broad and growing concern over the consequences of the Wade and Bolton decisions. Scarcely 4 months have passed since the Court's ruling, but already 10 States have petitioned the Congress to adopt an amendment to nullify their effect. They are Maine, North Dakota, South Dakota, Maryland, Utah, Indiana, Nebraska, Minnesota, New Jersey, and Idaho. Moreover, within a few days after the ruling, 17 States joined as amicus curiae in a petition filed by the State of Connecticut seeking, in effect, a reversal of Wade and Bolton. They were Arizona, California, Colorado, Georgia, Kentucky, Louisiana, Massachusetts, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Dakota, Ohio, Rhode Island, Utah and West Virginia. Several States have refused to adopt new laws to conform to the dictates of the Supreme Court, their legislators being simply unwilling to bring themselves to ratify the Court's actions. A number of constitutional amendments have already been introduced into the House of Representatives designed to restore protection to the unborn. One of these, the amendment introduced by Congressman Lawrence J. Hogan of Maryland, has already drawn widespread national attention. It seems clear, in short, that the Supreme Court has done anything but "settle" the abortion issue, as some had hoped.

I therefore urge the Committee on the Judiciary to schedule early hearings on my proposed amendment, as well as the Hogan and other amendments which seek to restore the full protection of the law for human life at every stage of development from the time a distinct biologically identifiable human being first comes into existence.

I know there are those, Mr. President, who would argue that it would simply be a waste of time to schedule hearings on proposals for a human life amendment. It is continually being asserted these days that public opinion on the abortion issue has turned the corner, that the Supreme Court decisions in fact reflect current American acceptance of abortion-on-demand. Thus, it is argued, any serious attempt to enact a corrective constitutional amendment would be an exercise in futility.

Some polls have been cited in support of this contention, but these are refuted by the most detailed study of the matter made in recent months. I speak of the one conducted by the University of Michigan's Institute of Social Research last fall which found, among other things, that 58 percent of Americans continue to oppose liberalized abortion, as do a majority of non-Catholic Americans. I mention this last fact in passing, because so many today have "bought" the charge made by the proabortionists that only Roman Catholics today oppose what the Supreme Court has accomplished through judicial fiat. For the benefit of those, Mr. President, who may nevertheless feel that the impetus behind the antiabortion movement is exclusively Catholic, I ask unanimous consent that there be printed in the Record, at the conclusion of my remarks, as appendix C, excerpts from various non-Catholic sources affirming the rights of the unborn and condemning liberalized abortion. I also ask unanimous consent that an article in the April 17, 1973, issue of the Washington Star-News describing the University of Michigan study be printed in the Record at the conclusion of my remarks as appendix D.

The Acting President pro tempore. Without objection, it is so ordered.

(See appendix C and D.)

Mr. Buckley. Mr. President, of much greater significance than this study, Mr. President, are the results of referendums last November in which the people of two States, Michigan and North Dakota, were asked to vote on the adoption of liberalized abortion laws. The issue was widely debated, and on election day the people spoke with a decisive voice. They voted to reject permissive abortion by a margin of 3 to 2 in the case of Michigan, and of 3 to 1 in the case of North Dakota.

These votes are of particular significance, because they indicate that the commitment of Americans to the traditional Judeo-Christian ethic is apt to be strengthened after the public has had the advantage of the intensive educational process that results from any actively debated issue. The voters of Michigan and North Dakota came to know the biological facts of human development. By the time they cast their ballots, they had absorbed a knowledge of the subject of abortion and of its implications that is shared today by too few Americans.

Mr. President, I profoundly believe that such popularity, as the idea of abortion as acquired, derives from the ability of the proponents of abortion to dissemble the true facts concerning the nature of unborn life and the true facts concerning what is actually involved in abortion. I further believe that when these facts are fully made known to the public, they will reject abortion save under the most exigent circumstances; that is, those in which the physical life of the mother is itself at stake. In recent weeks, in discussing this matter with friends and colleagues, I have found that, like many of the rest of us, they labor under certain misimpressions created by the proponents of permissive abortion. I, therefore, believe that it would be useful for me to call our colleagues' attention to clinical evidence upon these points.

First, I will quote a particularly felicitous description of the biological and physical character of the unborn child by Dr. A. W. Liley, research professor in fetal physiology at National Women's Hospital, Auckland, New Zealand, a man renowned throughout the world as one of the principal founders and masters of the relatively new field of fetology. Dr. Liley writes:

In a world in which adults control power and purse, the fetus is at a disadvantage being small, naked, nameless and voiceless. He has no one except sympathetic adults to speak up for him and defend him—and equally no one except callous adults to condemn and attack him. Mr. Peter Stanley of Langham Street Clinic, Britain's largest and busiest private abortorium with nearly 7,000 abortions per year, can assure us that "under 28 weeks the foetus is so much garbage—there is no such thing as a living foetus." Dr. Bernard Nathanson, a prominent New York abortionist, can complain that it is difficult to get nurses to aid in abortions beyond the twelfth week because the nurses and often the doctors emotionally assume that a large foetus is more human than a small one. But when Stanley and Nathanson profit handsomely from abortion we can question their detachment because what is good for a doctor's pocket may not be best for mother or baby.

Biologically, at no stage can we subscribe to the view that the foetus is a mere appendage of the mother. Genetically, mother and baby are separate individuals from conception. Physiologically, we must accept that the conceptus is, in very large measure, in charge of the pregnancy, in command of his own environment and destiny with a tenacious purpose.

It is the early embryo who stops mother's periods and proceeds to induce all manner of changes in maternal physiology to make his mother a suitable host for him. Although women speak of their waters breaking or their membranes rupturing, these structures belong to the foetus and he regulates his own amniotic fluid volume. It is the foetus who is responsible for the immunological success of pregnancy—the dazzling achievement by which foetus and mother, although immunological foreigners, tolerate each other in parabiosis for nine months. And finally it is the foetus, not the mother, who decides when labour should be initiated.

One hour after the sperm has penetrated the ovum, the nuclei of the two cells have fused and the genetic instructions from one parent have met the complementary instructions from the other parent to establish the whole design, the inheritance of a new person. The one cell divides into two, the two into four and so on while over a span of 7 or 8 days this ball of cells traverses the Fallopian tube to reach the uterus. On reaching the uterus, this young individual implants in the spongy lining and with a display of physiological power suppresses his mother's menstrual period. This is his home for the next 270 days and to make it habitable the embryo develops a placenta and a protective capsule of fluid for himself. By 25 days the developing heart starts beating, the first strokes of a pump that will make 3,000 million beats in a lifetime. By 30 days and just 2 weeks past mother's first missed period, the baby, ¼ inch long, has a brain of unmistakable human proportions, eyes, ears, mouth, kidneys, liver and umbilical cord and a heart pumping blood he has made himself. By 45 days, about the time of mother's second missed period, the baby's skeleton is complete, in cartilage not bone, the buds of the milk teeth appear and he makes his first movements of his limbs and body—although it will be another 12 weeks before mother notices movements. By 63 days he will grasp an object placed in his palm and can make a fist.

Most of our studies of foetal behavior have been made later in pregnancy, partly because we lack techniques for investigation earlier and partly because it is only the exigencies of late pregnancy which provide us with opportunities to invade the privacy of the foetus. We know that he moves with a delightful easy grace in his buoyant world, that foetal comfort determines foetal position. He is responsive to pain and touch and cold and sound and light. He drinks his amniotic fluid, more if it is artificially sweetened and less if it is given an unpleasant taste. He gets hiccups and sucks his thumb. He wakes and sleeps. He gets bored with repetitive signals but can be taught to be alerted by a first signal for a second different one. Despite all that has been written by poets and song writers, we believe babies cry at birth because they have been hurt. In all the discussions that have taken place on pain relief in labour, only the pain of mothers have been considered—no one has bothered to think of the baby.

This then is the foetus we know and indeed each once were. This is the foetus we look after in modern obstetrics, the same baby we are caring for before and after birth, who before birth can be ill and need diagnosis and treatment just like any other patient. This is also the foetus whose existence and identity must be so callously ignored or energetically denied by advocates of abortion.

For those who seek further information on the points raised by Dr. Liley, I would refer them to the detailed description of the unborn child contained in the brief filed as amicus curiae by more than 200 members of the American College of Obstetrics and Gynecology. Mr. President, I ask unanimous consent that the relevant portions of that brief be printed at the conclusions of my remarks as appendix E.

The Acting President pro tempore. Without objection, it is so ordered.

(See appendix E.)

Mr. Buckley. Mr. President, finally, for the benefit of those who wish to learn what is actually involved in abortion procedures, I ask unanimous consent that there be provided at the conclusion of my remarks, as appendix F, a recent paper by Dr. Joseph Stanton, M.D., entitled "Abortion—Death Before Birth." Dr. Stanton is associate clinical professor of medicine at Tufts Medical School.

The Acting President pro tempore. Without objection, it is so ordered.

(See appendix F.)

Mr. Buckley. So much, Mr. President, for the scientific facts of prenatal life and for the techniques now used to destroy it. They illuminate the true nature of the distinctions we are asked to make in the name of a "new ethic." I urge my colleagues to study these facts with special care in the light of the truly radical implications for our society of the Supreme Court decisions. I ask them to keep in mind that the American people were not consulted before seven justices of the Supreme Court took it upon themselves to overturn a commitment to the sanctity of human life that has been central to our civilization for more than 2,000 years. I urge them to understand that if—as I profoundly believe—a majority of the American people continue to believe in the old ethic, they have no effective recourse except through the amendatory process. I believe, at the very least, we have a duty to give consideration of a human life amendment our highest priority.

Mr. President, one final note, if I may. Opponents of abortion are frequently characterized as being indifferent or callous toward the plight of women with what are called problem pregnancies—such as the pregnant, unwed teenager, or the woman who conceives an unplanned child. I believe such a characterization to be wholly unwarranted. To oppose abortion—save the mother's life is at stake—is by no means to be indifferent to the problems of pregnant women. It is our belief that abortion is in fact a spurious remedy to the problem pregnancy. The substantial medical risks attending abortion, the well-documented phychological trauma which accompanies the destruction of a child in utero, the continuing possibility of repeated problem pregnancies throughout the rest of a fertile woman's life—all these factors suggest that ethical considerations aside, abortion is a superficial and highly dangerous nonsolution to what is admittedly a most serious problem.

I profoundly believe that opponents of abortion have a positive obligation to assist pregnant women who are troubled. The private sector has already produced a number of organizations whose central purpose it is to provide counseling and medical assistance to pregnant women, as well as for the placement of any child who after birth is still unwanted. The most prominent organization of this type is called Birthright, with chapters in many cities and towns across the land. I fully endorse these efforts to provide truly humanitarian assistance to those in need, and I intend to assist their growth in whatever ways I can.

Mr. President, I have spoken at some length because I consider this issue to be of paramount importance. As we stand here on this day, quite literally thousands of unborn children will be sacrificed before the sun sets in the name of the new ethic. Such a situation cannot continue indefinitely without doing irreparable damage to the most cherished principles of humanity and to the moral sensibilities of our people. The issue at stake is not only what we do to unborn children, but what we do to ourselves by permitting them to be killed. With every day that passes, we run the risk of stumbling, willy-nilly, down the path that leads inexorably to the devaluation of all stages of human life, born or unborn. But a few short years ago, a moderate liberation of abortion was being urged upon us. The most grievous hypothetical circumstances were cast before us to justify giving in a little bit here, a little bit there; and step by step, with the inevitability of gradualness, we were led to the point where, now, we no longer have any valid legal constraints on abortion.

What kind of society is it that will abide this sort of senseless destruction? What kind of people are we that can tolerate this mass extermination? What kind of Constitution is it that can elevate this sort of conduct to the level of a sacrosanct right, presumptively endowed with the blessings of the Founding Fathers, who looked to the laws of nature and of nature's God as the foundation of this Nation?

Abortion, which was once universally condemned in the Western World as a heinous moral and legal offense, is now presented to us as not only a necessary, sometime evil, but as a morally and socially beneficial act. The Christian counsel of perfection which teaches that the greatest love consists in laying down one's life for one's friend, has not become, it seems, an injunction to take another's life for the security and comfort of one's own. Men who one day argue against the killing of innocent human life in war will be found the next arguing in praise of killing innocent human life in the womb. Doctors foresworn to apply the healing arts to save life now dedicate themselves and their skills to the destruction of life.

To enter the world of abortion on request, Mr. President, is to enter a world that is upside down. It is a world in which black becomes white, and right wrong, a world in which the powerful are authorized to destroy the weak and defenseless, a world in which the child's natural protector, his own mother, becomes the very agent of his destruction.

Mr. President, I urge my colleagues to join me in protecting the lives of all human beings, born and unborn, for their sake, for our own sake, for the sake of our children, and for the sake of all those who may someday become the victims of the new ethic.

Appendix A

[In the Supreme Court of the United States, October Term, 1972—No. 72-434]

Motion to Postpone Jurisdiction Until a Hearing on the Merits

On Appeal from the Court of Appeals of the State of New York

(Robert M. Byrn, as Guardian ad Litem for Infant Roe, an unborn child of less than 24 weeks gestation, whose life is about to be terminated by induced abortion at a municipal hospital of New York City Health & Hospitals Corporation, etc., *Appellant*, versus New York City Health & Hospitals Corporation, Jane Roe and John Roe, parents of said unborn Infant Roe, whose true names are presently unknown, the Hon. Louis J. Lefkowitz, Atty. General of the State of New York, *Appellees*, and Ruth Charney, *et al.*, *Interveners-Appellees*)

Appellant respectfully moves that the Court postpone determination of the question of jurisdiction and of the motions pending before the Court to affirm or dismiss appellant's appeal until a hearing of the case on the merits.

Appellant is the court-appointed guardian *ad litem* for a continuing class of unborn children scheduled for abortion in the municipal hospitals of appellee, New York City Health & Hospitals Corporation. On behalf of his wards, appellant challenged the constitutionality of New York's Elective Abortion Law (New York Penal Law, Sec. 125.05, subdiv. 3); the New York Court of Appeals upheld the validity of the Law, and granted final judgment on the merits to appellees. Appellant's appeal to this Court was docketed on September 14, 1972.[1]

On January 22, 1973, this Court struck down antiabortion statutes in Texas and Georgia in *Roe* v. *Wade*, No. 70-18 (hereinafter "Wade") and *Doe* v. *Bolton*, No. 70-40 (hereinafter "Bolton"). Although unborn children were not parties in either *Wade* or *Bolton*, the opinions of the Court raise doubts affecting the determination of jurisdiction in the instant appeal. The standing or right of appellant's wards to a hearing is inextricably intertwined with the merits of their case (Juris. State., pp. 38a–39a, 65a). That being so, there must not be a prejudgment that the guardian may not be heard because his wards are non-persons. Since jurisdiction in the case at bar depends on the ultimate resolution of that issue, for the reasons hereinafter set forth, determination of jurisdiction should not be made until after a full hearing on the merits.

Grounds for the motion

I. *Wade* and *Bolton* are neither controlling nor persuasive as to the claims of right of appellant's wards:

A. Unborn children were not parties, individually or as a class, in *Wade* and *Bolton* and those cases are not *res judicata* as to their rights and status. (See, *infra*, IA).

B. *Wade* and *Bolton* contain fundamental errors with respect to crucial issues upon which appellant had previously briefed the Court. Appellant's arguments were not answered in *Wade* and *Bolton*. (See, *infra*, IB).

II. *Fundamental fairness requires* that before an entire class of living human beings be deprived of the protection of law, their claims of right be heard. (See, *infra*, II).

III. *Wade* and *Bolton* contain dangerous implications which threaten the continued viability of the Due Process and Equal Protection clauses of the Fourteenth Amendment wherein the claims of right of appellant's wards are rooted. (See, *infra*, III).

The holding in Wade and Bolton does not affect the right of absent parties, including appellant's wards, to a hearing on the merits before this Court on their federal constitutional rights.

The opinions of the Court in *Wade* and *Bolton* are not decisive of the instant appeal because unborn children were not parties in either case and no guardian was before the Court to represent their interests. *Griswold* v. *Connecticut* is not to the contrary. In that case, this Court recognized the standing of the Planned Parenthood League of Connecticut and a physician to raise the constitutional rights of married people with whom they had a professional relationship. *Griswold* v. *Connecticut*, 381 U.S. 479 (1965). However, *Griswold* involved a defense to a criminal prosecution and this Court noted that if declaratory relief were sought "the requirements of standing should be strict, lest the standards of 'case or controversy' in Article III of the Constitution become blurred." 381 U.S. 479, 481. It seems clear that a decision in *Griswold* adverse to the constitutional rights of those married people (who were not parties) would *not* be *res judicata* in any pending or subsequent suit by married people to assert and vindicate their rights. *Hansberry* v. *Lee*, 311 U.S. 32, 40 (1940).

In *Wade*, the constitutional rights of unborn children were raised by the Texas Attorney General to support Texas' compelling interest in its anti-abortion statute.[2] The Attorney General argued that the question as to when human life begins was unanswerable and best left to the legislature.[3] But the issue before this Court is not when human life begins. It is recognition of the constitutional fact that at the time an abortional decision is executed, death is inflicted, not on potential human life, but on an individual human life with all its potential, that has already begun.

In all, thirteen judges in New York passed on the merits of appellant's case. Although divided in their decisions on the legal issues, on the factual issue of the individual humanity of the unborn child, they found, on an unchallenged—indeed conceded—factual record of expert evidence, that each of appellant's wards is a "live human being" (Queens County Supreme Court, Juris. State., p. 68a), a "child [with] a separate life" (Appellate Division, Second Department, Juris. State., p. 41a, 38 A.D. 2d 316, 324, 329 N.Y.S. 2d 722, 729 [1972]), a "human" who is "unquestionably alive" and "has an autonomy of development and character" (N.Y. Court of Appeals, Juris. State., p. 10a, 31 N.Y. 2d 194, 199, 335 N.Y.S. 2d 390, 392, 286 N.E. 2d 887, 888 [1972]).

It cannot be said that the Texas Attorney General stood in substantially the same position as the class of unborn children whose rights he purported to assert. Clearly he is not a member of the class and he cannot adequately represent the class. *Hansberry* v. *Lee*, 311 U.S. 32, 41, 43. As a public official, his interest is ever subject to the vagaries of legislative action and potentially in conflict with the interests of the unborn child. Appellant-guardian asserts that the interests

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Footnotes at end of article.

and nature of the unborn child constitutionally mandate state protection—a position an attorney general, jealous of state's rights, could hardly sponsor. The potentially conflicting interests of State Attorneys General is clearly illustrated by the recent history of abortion in New York. In 1969, the Attorney General of the State of New York asserted the interests of the unborn child in supporting a law which permitted abortions only when necessary to preserve the life of the mother. *Hall* v. *Lefkowitz*, U.S.D.C., So. Dist. N.Y., 305 Fed. Supp. 1030 (1969). As appellee herein, he now supports New York's elective abortion law which subordinates the lives of appellant's wards to the unfettered discretion of pregnant women and their doctors. A party possessing such potentially conflicting interests cannot represent the fundamental personal interests of an absent party or fairly insure their protection. *Hansberry* v. *Lee*, 311 U.S. 32, 44, 45. Wright and Miller, *Federal Practice and Procedure*, Vol. 7A, No. 1789 at pp. 178–9. Mr. Justice White writing for the Court in *Blonder-Tongue Labs.* v. *University Foundation*, squarely stated the governing principle in these words:

"Some litigants—those who never appeared in a prior action—may not be collaterally estopped without litigating the issue. They have never had a chance to present their evidence and arguments on the claim. Due process prohibits estopping them despite one or more existing adjudications of the identical issue which stand squarely against their position." 402 U.S. 313, 329 (1971).

I(b). The fundamental errors

The Court in *Wade* erred in the threshold when it declined to resolve the crucial question of whether abortion as a matter of fact kills a live human being, even though this is a fact upon which constitutional issues rest (page 15, *infra*). This fundamental error was evidently caused by the Court's misapprehension of the common law of abortion (page 8, *infra*) and the motivation behind early American anti-abortion statutes (page 10, *infra*) which led the Court to ignore the intent of the Framers of the Fourteenth Amendment: to bring within the aegis of the Due Process and Equal Protection Clauses every member of the human race regardless of age, stage or condition of wantedness (page 14, *infra*). The Court left itself without any reliable historical basis for its constitutional interpretation with the result that the Court both omitted to allude to its own prior interpretation of "person" under Section One of the Fourteenth Amendment (page 17, *infra*), and mistook the general status in law of unborn children (page 17, *infra*). Instead, the Court adverted to a number of criteria which it erroneously interpreted as proof that the unborn child is not a person under Section One of the Fourteenth Amendment (pages 19–23, *infra*).

The threshold error is the crucial error. As appellant demonstrates in this motion, the claims of constitutional right of appellant's wards turn on the issue of whether they are all live human beings. When the personal constitutional rights of a party depend on a fact in controversy, the duty rests upon this Court to resolve the fact in controversy for itself. *Napue* v. *Illinois*, 360 U.S. 264, 272 (1959). The Court cannot abdicate that duty without sapping its authority as fact-finder, judge and ultimate arbiter of federal rights.

Referring to another question of life-or-death import, Mr. Justice Marshall observed, "While this fact cannot affect our ultimate decision, it necessitates that the decision be free from any possibility of error" *Furman* v. *Georgia*, 408 U.S. 238, 316 (1972). *Wade* and *Bolton* are not free from error.

1. The historical errors

(a.) *Apparent acceptance of the pro-abortionist thesis that abortion was not a crime at common law* (**Wade**, *p. 21*),[4] *and may even have been a "right"* (**Wade**, **p. 25**), *when Appellant had previously briefed the Court on the better view of history which is to the contrary.* Apparently relying on a single law review article, the Court in *Wade* concluded that it is "doubtful that abortion was ever firmly established as a common law crime even with respect to the destruction of a quick fetus." (*Wade*, pp. 20-21)

The Court is in error. Appellant has briefed the Court extensively on the common law history of abortion (Appellant's Brief, pp. A-8 to A-24). Appellant's Brief shows (i) that at least from Bracton's time onward, the common law sought ways to protect the unborn child from abortion from the moment his existence as a separate, live, biological human being could be scientifically demonstrated; (ii) that problems of proving that the unborn child had been alive when the abortional act was committed and that the abortion had been the cause of the child's death were, in the early law, considered insuperable barriers to prosecution; (iii) that thereafter quickening evolved in the law, not as a substantive judgment on when human life begins, but as an evidentiary device to prove that the abortional act had been an assault on a live human being; (iv) that outside the criminal law, the common law, unburdened of problems of proof, regarded the unborn child as in all respects a human being;[5] (v) that abortion after quickening, though a crime, was not homicide at common law (unless the child were born alive and then died) only because of the difficulty of proving that the abortional act had been the cause of the child's death; (vi) that the liability of the abortionist to a murder conviction, if the aborted child were born alive and then died, establishes that the unborn child was in law a person prior to birth because the common law defined crime as "generally constituted only from concurrence of an evil-meaning mind with an evil-doing hand" (*Morissette* v. *U.S.*, 342 U.S. 246, 251-52 [1952]), and the rule of concurrence means necessarily that the intrauterine victim of the abortional act was at the time of the act a human person, else the result could not be called murder; (vii) that problems of proof aside, abortion at any stage of pregnancy was considered *malum in se*, a secular crime against unborn human life, as evidenced by the application of the common law felony-murder rule to the death of the aborted woman (even prior to quickening)[6]—the theory being "that at common law the act of producing an abortion was always an assault for the double reason that a woman was not deemed able to assent to an unlawful act against herself, and for the further reason that *she was incapable of consenting to the murder of an unborn infant* * * *." *State* v. *Farnum*, 82 Ore. 211, 161 Pac. 417, 419 (1916) (emphasis added) (Motion for a Stay, pp. 7a-8a); (viii) that the application of the felony-murder rule to abortion belies the Court's statement in *Wade* that "abortion was viewed with less disfavor than under most American statutes currently in effect," (*Wade*, p. 25);[7] (ix) that in the face of the abortion-murder rule and the general medical disapproval of abortion, it cannot be assumed that "throughout the major portion of the 19th century prevailing legal abortion practices were far freer than they are today * * * ." (*Wade*, p. 43), and finally, (x) that the common law is totally consistent with the claims of right of appellant's wards herein.

(b.) *Apparent acceptance of the pro-abortionist thesis that 19th century anti-abortion legislation was intended solely to protect the pregnant woman* (**Wade**, *p. 36, citing only one case*), *when Appellant had previously briefed the Court on the overwhelming majority of State court decisions to the contrary.* The 19th century American anti-abortion legislation is a continuum of the efforts of the common law to protect the unborn child from abortion from the moment his existence as a separate, live, biological human being could be scientifically demonstrated.

The Court in *Wade* asserts that the American Medical Association's outcries against abortion, spanning the years 1859–1871, "may have played a significant role in the enactment of stringent criminal abortion legislation during that period." (*Wade*, p. 26).[8] Yet while so admitting, the Court concludes that "the few state courts called upon to interpret their laws in the late 19th and early 20th centuries focused on the State's interest in protecting the woman's health rather than in preserving the embryo and fetus." (*Wade*, p. 36, citing only *State* v. *Murphy*, 27 N.J.L. 112, 114 [1858]). It is inconceivable that appellant's wards should be bound by such a finding when appellant has heretofore briefed the Court on:

(1) the amendment of the New Jersey abortion statute in 1972 designed "to protect the life of the child also, and inflict the same punishment, in case of its death, as if the mother should die." *State* v. *Gedicke*, 43 N.J.L. 86, 90 (1881). (Motion for a Stay, pp. 4a–6a.)

(2) decisions from ten other states—all of which were rendered prior to the abortion "reform" movement of the 1960's (six prior to 1920, three between 1930 and 1940, and one in 1950)—which explicitly state that protection of the life of the unborn child was at least one of the purposes of the respective States' 19th century anti-abortion statutes. (Appendix A)

(3) decisions and statutes from nine other States (only one of the key decisions being later than 1907) which clearly imply the same intent (Appendix A).[9]

(4) the better interpretation of early New York anti-abortion statutes as having as at least one of their purposes the protection of unborn children (in refutation of one of the law review articles upon which the Court relied) (Appellant's Brief, pp. (A29–A37).

Further, appellant submits that it is inconsistent for the Court in *Wade*, on the one hand, to admit that the A.M.A. statements may have influenced the passage of restrictive abortion legislation, and on the other hand, to find, in effect, that the Framers of the Fourteenth Amendment acted in defiance of both the 1859 A.M.A. statement and State legislation and deliberately created an unarticulated right of privacy which included the right to kill unborn children whom the Framers intended to exclude from Fourteenth Amendment protection. If that had been the intent of the Framers, one could hardly imagine three quarters of the State Legislatures ratifying the amendment while they were at the same time contemplating (or had already enacted) restrictive abortion legislation designed to protect unborn human children especially if such legislation was the product of the A.M.A. statements cited by the Court. Then too, what evidence is there that the Framers did not share "[t]he anti-abortion mood prevalent in this country in the late 19th century * * *" (*Wade*, p. 26)?

Statutory law, common law and the prevalent mood converged in an Iowa case decided Amendment was ratified. *State* v. *Moore*, 25 Iowa 128 1868) (Motion for a Stay, pp. 10a–11a), affirmed a conviction of murder for causing the death of a woman by an illegal abortion. The trial court had charged the jury:

"To attempt to produce a miscarriage except when in proper professional judgment it is necessary to preserve the life of the woman, is an unlawful act. *It is known*

Footnotes at end of article.

to be a dangerous act, generally producing one and sometimes two deaths—I mean the death of the unborn infant and the death of the mother. Now, the person who does this is guilty of doing an unlawful act. If the death of the woman does not ensue from it, he is liable to fine and imprisonment in the county jail (act March 15, 1858, Revision, sec. 4221); and if the death of the woman does ensue from it, though there be no specific intention to take her life, he becomes guilty of the crime of murder in the second degree. The guilt has its origin, in such cases, in the unlawful act which the party designs to commit, and if the loss of life attend it as incident or consequence, the crime and guilt of murder will attach to the party committing such an unlawful act." 25 Iowa at 131–32 (emphasis added).

In upholding the charge, the Iowa court said: "We have quoted the court's language in order to say that it has our approval as being a correct statement of the law of the land." 25 Iowa at 132.

and further: *The common law is distinguished, and is to be commended for its all-embracing and salutary solicitude for the sacredness of human life and the personal safety of every human being. This protecting, paternal care, enveloping every individual like the air he breathes, not only extends to persons actually born, but, for some purposes, to infants in ventre sa mere:* 1 Bla. Com. 129.

The right to life and to personal safety is not only sacred in the estimation of the common law but it is inalienable. It is no defense to the defendant that the abortion was procured with the consent of the deceased.

The common law stands as a general guardian holding its aegis to protect the life of all. Any theory which robs the law of this salutary power is not likely to meet with favor. 25 Iowa at 135–36 (emphasis added).

Although the abortion in *State* v. *Moore* occurred after quickening, "no mention is made of the fact in the opinion," *State* v. *Harris*, 90 Kan. 807, 136 Pac. 264, 266 (1913), and the court was obviously speaking of the "sacred" and "inalienable" right to live of *all* unborn children.

(c) *Omission to allude to the recorded statements of intent of the Fourteenth Amendment Framers.* Unfortunately, the Court's errors in *Wade* are cumulative. Having been led astray on the common law and the motivation for 19th century anti-abortion legislation, the Court apparently (and, as it turns out, erroneously) felt that it could safely expound the status of the unborn child under the Fourteenth Amendment without reference to the intent of the Framers.

Fortunately we need not guess at the Framer's intent. It was to protect every live human being regardless of age, stage, or condition of wantedness. Congressman John A. Bingham who sponsored the Amendment in the House of Representatives noted that it is "universal" and applies to "any human being" (Appellant's Brief, p. 38). Congressman Bingham's counterpart in the Senate, Senator Jacob Howard, emphasized that the guarantee of equality in the Amendment protects "the humblest, the poorest, the most despised of the race." (*Id.*)

Appellant submits that it was error for the Court to expound the status of unborn children under the Fourteenth Amendment without reference to the expressed intent of the Framers, as further illuminated by the better view of the common law, the real motivation for the 19th century statutes, and the prevalent mood of the time—that the life of every unborn child is "sacred" and "inalienable." *State* v. *Moore, supra;* A.M.A. Statements, *supra*.

2. The errors on the question of human life and human-legal person

(a) *Failure to resolve the threshold question of fact of whether an abortion kills a live human being.* The Framers intended that every live human being, every member of the human race, even the most unwanted, fall within the aegis of the Due Process and Equal Protection Clauses. History does not support the proposition that the Framers intended to exclude unborn children. The Court observed in *Wade* that "We need not resolve the difficult question of when life begins." (*Wade*, p. 44). But the Court erred at the threshold when it failed to determine whether an individual human life has already begun before an abortion takes place. That was precisely the constitutional fact to be resolved by the Court before it could even address itself to the rights of unborn children. "There is a long line of judicial construction which establishes as a principle that the duty rests on the court to decide for itself facts or constructions upon which federal constitutional issues rest." *Napue* v. *Illinois*, 360 U.S. 264, 272 (1949). (Appellant's Brief, pp. 7–8). What is at issue in the instant appeal is not a "theory of life" (cf. *Wade*, p. 47), but the "fact of life." The lack of "consensus" among those trained in the respective disciplines of medicine, philosophy, and theology (*Wade*, p. 44) is not a lack of consensus on the fact of the existence of human life before birth—that is established beyond cavil by the unchallenged biological-medical-genetic-fetological evidence in the case at bar—but on the value of a human life already in existence.[10] That value judgment was made over one hundred years ago, on a constitutional level, and as a matter of binding law, by the Framers of the Fourteenth Amendment. A "consensus" is not relevant. "One's right to life * * * depend[s] on the outcome of no elections." *West Virginia State Board of Education* v. *Barnette*, 319 U.S. 624, 638 (1943). (Appellant's Brief, p. 44)

The Court in *Wade* erroneously omitted to resolve the threshold issue of fact—that abortion kills a live human being—which is, by virtue of the statements of intent of the Framers, a fact upon which constitutional issues rest.

(b.) *Failure to advert to the Court's own explication of "person" as that term is used in Section One of the Fourteenth Amendment.* Heretofore, the Court's explication of "person" in Section One of the Fourteenth Amendment has been consistent with the intent of the Framers. In *Levy* v. *Louisiana*, 391 U.S. 68, 70 (1968), the Court identified such persons as those who "are humans, live and have their being." By rational, modern, biological-genetic-medical-fetological standards, Appellants wards are humans, live and have their being. (See page 5, *supra*, and see Appellants Brief, pp. 8–19). It is this evidence, not personal or legislative predilection, that controls. "To say that the test of equal protection should be the 'legal' rather than the biological relationship is to avoid the issue. For the Equal Protection Clause necessarily limits the authority of a State to draw such 'legal' lines as it chooses." *Glona* v. *American Guarantee Co.*, 391 U.S. 73, 75–76 (1968). (Appellant's Brief, pp. 33–36)

(c.) *That statement that, "In areas other than criminal abortion the law has been reluctant to endorse any theory that life, as we recognize it, begins before birth or to accord legal rights to the unborn except in narrowly defined situations when the rights are contingent upon live birth."* (*Wade*, p. 46). The Court erred. Appellant has heretofore briefed the Court on cases in which an unwilling pregnant woman was required to submit to a blood transfusion, despite her religious objections, because "the unborn child is *entitled* to the law's protection." (Appellant's Brief, pp. 21–30, citing, *inter alia, Raleigh Fitkin-Paul Morgan Memorial Hospital* v. *Anderson*, 42 N.J. 421, 201 A.2d 537, 538, *cert. den.*, 377 U.S. 985 [1964], emphasis added). Obviously, the unborn children in these cases were recognized as human persons before birth—only persons are "entitled" to the law's protection—and just as obviously, their rights were not contingent upon birth.

The common law regarded the unborn child as a live human being in all situations except that in the criminal law problems of proof gave rise to the quickening dichotomy. *Hall* v. *Hancock, supra*. The "traditional rule of tort law" that "denied recovery for prenatal injuries even though the child was born alive," (*Wade*, p. 46) is no tradition at all. It was first promulgated in 1884 (*Dietrich* v. *Inhabitants of Northampton*, 138 Mass. 14); it was severely criticized in a scholarly New York Law Revision Commission Study for its misunderstanding of law and science (*Communication of the Law Revision Commission to the Legislative Relating to Prenatal Injuries*) 5–6, 24–25 [1935], reprinted in Law Revision Commission: Report, Recommendations and Studies, 449, 453–54, 472–73 [1935]; it was totally discredited in 1946 on the ground that, "From the viewpoint of the civil law and the law of property, a child *en ventre sa mere is* not only regarded as [a] human being, but as such from the moment of conception—which it is in fact," (*Bonbrest* v. *Kotz*, 65 F. Supp. 138, 140 [D.D.C.]); and it is now in all but total disrepute. (Appellant's Brief, p. 36)

The whole thrust in the law, outside the abortion "reform" movement, is to recognize the unborn child for exactly what he is—a live human being.

3. The errors in the interpretation of criteria purportedly negativing the personhood of unborn children

(a.) *The statement that "appellee conceded on reargument that no case could be cited that holds that a fetus is a person within the meaning of the Fourteenth Amendment."* (*Wade*, p. 41, footnote omitted). Appellant herein would make two observations:

First, the inability of appellee in *Wade* to cite a case in answer to a question does not mean that the case does not exist, nor can it govern the rights of appellant's wards herein. Appellant has cited to the Court the statement in *Steinberg* v. *Brown*, 321 F.Supp. 741, 746–47 (N.D. Ohio 1970) that, "Once human life has commenced, the constitutional protection found in the Fifth and Fourteenth Amendments impose upon the state the duty of safeguarding it." (Appellant's Brief, p. 5) (Of course an attempt *might* be made to denigrate the *Steinberg* statement as *dictum* and not holding, but this hardly seems relevant in the context of the Court's question in *Wade*.) Appellant has also called to the Court's attention statements in *State* v. *Moore*, 25 Iowa 128 (1868) (Motion for a Stay, pp. 10a–11a); *People* v. *Sessions*, 58 Mich. 594, 26 N.W. 291 (1885) (Appellant's Brief, p. A–17; Motion for a Stay, pp. 13a–14a), and *Gleitman* v. *Gosgrove*, 49 N.J. 22, 227 A.2d 689 (1967) (Appellant's Brief, pp. 65–66) which, in paraphrase of the Declaration of Independence, characterize the lives of unborn children of all gestational ages as "sacred" and "inalienable." The Constitution incorporates the basic guarantees of the Declaration (Appellant's Brief, p. 68). Unless we are to assume that the Framers of the Fourteenth Amendment intended to strip live human beings of their sacred and inalienable right to live, *Moore*, *Sessions* and *Gleitman* must be interpreted as holding that appel-

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lant's wards are persons under Section One of the Fourteenth Amendment. Appellant has also cited to the Court the cases requiring a pregnant woman to undergo a blood transfusion because the unborn child is "entitled" to the law's protection. Only human persons are "entitled" to the law's protection, and the blood transfusion cases must be taken as decisions of Fourteenth Amendment significance.

Second, the absence of any such decision should not be influential. As Mr. Justice Brennan stated in another life-or-death context, "The constitutionality of death itself under the Cruel and Unusual Punishments clause is before this Court for the first time; we cannot avoid the question by recalling past cases that never directly considered it." *Furman* v. *Georgia,* 408 U.S. 238, 285 (1972).

(b.) *The statement that, "We are not aware that in the taking of any census under this clause, a fetus has ever been counted."* (*Wade,* p. 42, note 53). Appellant submits that corporations are not counted in a census either, but they too are Fourteenth Amendment persons (discussed under a separate point heading in Appellant's Brief, p. 49).

(c.) *The statement that, "When Texas urges that a fetus is entitled to Fourteenth Amendment protection as a person, it faces a dilemma. Neither in Texas nor in any other States are all abortions prohibited."* (*Wade,* p. 42, note 54). Appellant has discussed the relevant doctrine of legal necessity (which applies to postnatal as well as prenatal human beings) under a separate point heading at pages 52–54 of Appellant's Brief.

(d.) *The statement that, "Further, the penalty for criminal abortion specified by Art. 1195 is significantly less than the maximum penalty for murder prescribed by Art. 1257 of the Texas Penal Code. If the fetus is a person, may the penalties be different?"* (*Wade,* pp. 42–43, note 54). Indeed, the penalties may be and are different because States are free to recognize "degrees of evil" and treat offenders accordingly. *Skinner* v. *Oklahoma,* 316 U.S. 535, 540 (1942). Killing an unborn child may, in legislative judgment, involve less personal malice than killing a child after birth even though the result is the same (discussed under a separate point heading in Appellant's Brief, pp. 50–51).

(e.) *The statement that, "It has already been pointed out, n. 49, supra, that in Texas the woman is not a principal or an accomplice with respect to an abortion upon her."* (*Wade,* p. 42, note 54). The reasons appear to be historical and pragmatic, and totally unrelated to the personhood of the unborn child. *Historically,* abortion was viewed as an assault upon the woman because she "was not deemed able to assent to an unlawful act against herself," *State* v. *Farnum,* 82 Ore. 211, 161 Pac. 417, 419 (1916). As a result the woman was considered a victim rather than a perpetrator of the abortion.[11] *Pragmatically,* conviction of the abortionist would frequently depend upon the testimony of the aborted woman, especially if a subjective element like quickening were at issue. The woman could hardly be expected to testify if her testimony automatically incriminated her. *People v. Nixon,* —— Mich. App. ——, 201 N.W. 2d 635, 645–46 (Mich. 1972, concurring and dissenting opinion of Burns, J.). The omission to incriminate the woman is no more than a statutory grant of immunity.

(f.) *The statement that, "Montana* v. *Rogers, 278 F. 2d 68, 72 (CA 7 1960), aff'd sub nom. Montana* v. *Kennedy, 366 U.S. 308 (1961)" "is in accord" with the proposition "that the word 'person' as used in the Fourteenth Amendment, does not include the unborn."* (Wade, p. 43, footnote omitted.) *Montana* was decided under the Citizenship Clause, not the Due Process and Equal Protection Clauses, and is therefore irrelevant (discussed under a separate point heading in Appellant's Brief, pp. 49–50, and see *Byrn* v. *N.Y.C. Health & Hospitals Corp.,* 38 A.D. 2d 316, 329, 329 N.Y.S. 2d 722, 734 [1972]).

(g.) *The statement that "Keeler v. Superior Court, —— Cal. ——, 470 P. 2d 617 (1970) and State* v. *Dickinson, 23 Ohio App. 2d 259, 275 N.E. 2d 599 (1970)" are "in accord with" the proposition "that the word 'person,' as used in the Fourteenth Amendment, does not include the unborn."* (*Wade,* p. 43, footnote omitted). Neither *Dickinson* nor *Keeler* was an abortion case. Under a separate point heading in Appellant's Brief, pages 54–55, three reasons are given why the cases are both irrelevant to the instant appeal and correct on their facts. Appellant will not repeat the reasons here.

None of the seven negative criteria cited by the Court (pages 19 through 22, *supra*) supports a finding that the unborn child is not a person under Section One of the Fourteenth Amendment.

* * * * *

In previous papers submitted to the Court on the instant appeal, appellant has provided the answer to virtually every erroneous proposition advanced by the Court in *Wade.* Appellant submits that fundamental fairness requires that the claims of right of appellant's wards not be summarily dismissed on the basis of precedent containing these fundamental errors; rather appellant ought to be accorded a full hearing on the merits.

II. Fundamental fairness requires a hearing

The constitutional right of life of unborn children was not, and could not, be inferentially determined in *Vuitch,* (*Wade,* p. 43) and should not be determined by *obiter* in *Wade* and *Bolton.* If the Court should dismiss the instant appeal on the authority of *Wade* and *Bolton,* unborn children, including appellant's wards, will be left rightless without ever having been heard. Such a holding would lower a judicial curtain in every court in the nation against the future standing of unborn children to claim protection for their lives. A judicial holding that condemns an entire class of live human beings to oblivion without a hearing is lacking in the fundamental fairness that is the very foundation of due process.

The crucial constitutional fact before the Court is not when life begins but recognition that an individual human life has begun before the abortion takes place. At least for purposes of postponing jurisdiction until after a hearing on the merits, that fact is as worthy of judicial notice as the notice taken by the Courts of "the normal 266-day human gestation period" (*Wade,* p. 10) for purposes or giving standing to *Roe.*

Byrn is the only case that directly presents the voice of unborn children, themselves, to the Court. It is certainly not an ordinary case. It is a case of first impression presenting a constitutional issue of great magnitude—the extent to which human life itself is protected under the Constitution. The Court has indicated its awareness "of the well known facts of fetal development" (*Wade,* p. 41), and knows that ova, sperm and zygotes are not being aborted under New York's Elective Abortion Law. No troublesome judicial notice need be taken in *Byrn.*[12] The medical and scientific testimony of experts is in the record and directly before the Court. It is uncontradicted and was accepted by all of the judges in the Courts below. Only in *Byrn* are the unborn children, whose lives depend on the outcome, directly before the Court. The vital criterion as to the standing of those children is not birth but that they live. There is no superior element in the crude fact of expulsion from a uterus that would render it a satisfactory 20th Century determinant of legal human existence. Life, not birth, is the essential element worthy of recognition.

A matter so grave as excluding live human beings from basic constitutional protections should not become part of the fabric of our jurisprudence without full opportunity for the affected human beings, themselves, to be heard.

Fundamental fairness requires that this Court afford that opportunity to appellant's wards.

III. The Dangerous Implications

A. Compulsory abortion

In *Wade,* the court grounded its holding in "the right of personal privacy," but noted that "this right is not unqualified and must be considered against important state interests in regulation." (*Wade,* p. 39) in support of this qualification and as an example of an appropriate state limitation on the right of privacy, the Court cited *Buck* v. *Bell,* 274 U.S. 200 (1927) which upheld the validity of a state statute providing for compulsory sterilization of mental defectives whose affliction was hereditary (*Wade,* p. 39). *By implication in* Wade *the Court espoused the constitutional validity of State-imposed compulsory abortion of unborn children diagnosed intrautero as mentally defective.* Neither the child's constitutional rights (of which the Court could find none) nor the mother's right of privacy (which the Court found limited by the State's "interest" in preventing the birth of mental defectives) could, according to *Wade,* be interposed to challenge such a statute. The spectre of compulsory abortion assumes additional substance when one reads (within a page of a citation to *Buck* v. *Bell*) that certain enumerated situations "make an early abortion the only civilized step to take." (Douglas, J., concurring in *Wade* and *Bolton,* p. 8). Presumably, under *Wade,* the State would have an interest, sufficiently compelling, to mandate "the only civilized step to take," *i.e.,* abortion.

B. Execution of a sentence of death upon a pregnant woman

In *Furman* v. *Georgia,* 408 U.S. 238 (1972) it was speculated that capital punishment might not be unconstitutional so long as it was mandatory imposed (408 U.S. at 413, dissenting opinion of Blackmun, J.) Assuming this to be true, *Wade* would permit a State to execute a pregnant woman (under an appropriate mandatory capital punishment statute) at any time during pregnancy up to the moment before the birth of a child. The sense of reverence for the life of an unborn child, which in the past has underpinned state policies of delaying execution of a condemned pregnant woman until the birth of her child (see Appellant's Brief, pp. 30–32, 62–64, A24–A28), is nowhere evident in *Wade.*

C. Involuntary euthanasia

The Court in *Wade* refused "to resolve the difficult question of when life begins" because "medicine, philosophy and theology are unable to arrive at any consensus," (*Wade,* p. 44)[13] even though the Court had before it in briefs of appellee and *amici* "at length and in detail the well-known facts of fetal development." (*Wade,* p. 41). These well-known facts include the fact that an eight week old unborn child (for instance) is in genetics, in biology, in medical science, and in appearance nothing less than an individuated, irreversible, live human being. (See Appellant's Brief, pp. 8–10) The controversy to which the Court refers, involves not whether abortion kills a live human being, but whether that live human being is worth keeping alive or, to put it another way, whether he may be killed with impunity. The factual judgment is clear and inevitable; what is at issue is a subjective, individual judgment of whether the life of a human being distinguished from other human beings only by dependency, is "meaningful" (cf. *Wade,* p. 84).[14] The same

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kind of controversy could, of course, arise at the end of life. Because of illness, age or incapacity a live human being, indistinguishable from other live human beings except by dependency, might be claimed by some in the disciplines of medicine, philosophy and theology to be no longer alive in a "meaningful" way.[15] On the precedent of *Wade* and the Court's unwillingness to recognize the fact of life unless there is a "consensus," a State would seem to be free to remove a live human being (*e.g.*, a senile elderly individual) from the law's protection, and the "process of death" (compare the "process of conception," *Wade*, p. 45) could then be hastened by those who found that the care of this live human being had forced upon them "a distressful life and future." (Compare *Wade*, p. 38).

The prospect of involuntary euthanasia is no mere hobgoblin. It results from the Court's abandonment in *Wade* of the constitutional fact doctrine set forth in *Napue* v. *Illinois* (page 16 *supra*). The Court's refusal to resolve the crucial question of the fact of life, because of a lack of "consensus," establishes a precedent that is as far reaching as involuntary euthanasia.

D. Selectivity in recognizing only some human beings as fourteenth amendment persons

To the extent that *Wade* is to be read to mean that not all live human beings are "persons" within the Fourteenth Amendment Equal Protection and Due Process clauses, it is a dangerous departure from the intent of the Framers of the Court's own prior interpretation of the word "person" as used therein (Appellant's Brief pp. 33–38). Once these clauses cease to have universal application to all who are humans, live and have their being, the Fourteenth Amendment ceases to be viable. Every unwanted person may justly feel imperiled.

CONCLUSION

Traditional reverence for human life cannot long survive in a society that surrenders to doctors, or anyone else, a choice to determine who shall live and who shall die. Forty-five years ago this Court upheld compulsory sterilization of the feeble-minded in these words:

"The principle that sustains compulsory vaccination is broad enough to cover cutting the Fallopian tubes." *Buck* v. *Bell*, 274 U.S. 200, 207.

The analogy is clear. *The principle that sustains termination of unwanted pregnancies is broad enough to cover the termination of unwanted lives.*

In Germany, earlier in this century, doctors advanced medico-sociological "final solutions" to the problems of the unwanted. In this way mercy killing of the senile and the incurably insane became an accepted part of "good" medicine. Great numbers of sane intellectuals and middle class professional people accepted a new ethic that demanded "life have quality", and then proceeded to carry that ethic to its logical conclusion until the "Judgment at Nuernberg." Only at its peril does society strike, as ours has started to do, at the fundamental conscience of its doctors. It is not the doctor's province to make a value judgment of a human life. His task is to help where he can, relieve pain and continue to treat illness which is beyond cure. This Court should not give impetus to a new ethic foreign to our traditions and to the reverence for all life embedded in the Declaration of Independence. *Wade* and *Bolton* should be courageously "re-examined without fear and revised without reluctance rather than to have the character of our law impaired, and the beauty and harmony of the system destroyed by the perpetuity of error." 1 Kent's Commentaries 13th Ed. 477.

Wherefore, it is respectfully requested that the Court postpone determination of the question of jurisdiction and of the motions now pending before it to affirm or dismiss the appeal herein until a hearing of the case on the merits.

APPENDIX A

I. Courts which have declared unambiguously that one of the purposes of their early anti-abortion statutes was the protection of unborn children:

Alabama—Trent v. *State*, 15 Ala. App. 485, 73 So. 834 *cert. den*, 198 Ala. 695, 73 So. 1002 (1916)

Colorado—Dougherty v. *People*, 1 Colo. 514 (1872)

Idaho—Nash v. *Meyer*, 54 Idaho 283, 31 P. 2d 273 (1934)

Kansas—State v. *Miller*, 90 Kan. 230, 133 Pac. 878 (1913)

New Jersey—State v. *Gedicke*, 43 N.J.L. 86 (1881)

Ohio—State v. *Tippie*, 89 Ohio St. 35, 105 N.E. 75 (1913)

Oklahoma—Bowlan v. *Lunsford*, 176 Okla. 115, 54 P.2d 666 (1936)

Oregon—State v. *Ausplund*, 86 Ore. 121, 167 Pac. 1019 (1917), *rehearing den.*, 87 Ore. 649, 171 Pac. 395 (1917) *appeal dismissed* on consent, 251 U.S. 563 (1919)

Vermont—State v. *Howard*, 32 Vt. 380 (1859)

Virginia—Anderson v. *Commonwealth*, 190 Va. 665, 58 S.E. 2d 72 (1950)

Washington—State v. *Cox*, 197 Wash. 67, 84 P.2d 357 (1938)

II. Courts which have clearly implied that that one of the purposes of their early anti-abortion statutes was the protection of unborn children:

Iowa—State v. *Moore*, 25 Iowa 128 (1868) (1 Harris 631) (1850) (common law)

Maine—Smith v. *State*, 93 Maine 48 (1851)

Maryland—Worthington v. *State*, 92 Md. 222, 48 Atl. 355 (1901)

Michigan—People v. *Sessions*, 58 Mich. 594, 26 N.W. 291 (1886)

Indiana—Montgomery v. *State*, 80 Ind. 338 (1881)

Nebraska—Edwards v. *State*, 79 Neb. 251, 112 NW 611 (1907)

New Hampshire—Bennet v. *Hymers*, 101 N.H. 483, 147 A.2d 108 (1958)

Pennsylvania—Mills v. *Commonwealth*, 13 Pa. St. 630 (1 Harris 631) (1850) (common law)

Utah—State v. *Crook*, 16 Utah 212, 51 Pac. 1091 (1898)

FOOTNOTES

[1] The proceedings below and the prior proceedings before the Court are set forth in appellant's Jurisdictional Statement (hereinafter referred to as Juris. State.) filed September 14, 1972, appellant's Motion to Expedite Consideration of Jurisdiction, filed September 14, 1972 and denied October 10, 1972, appellant's Brief in Opposition to Motions to Dismiss, filed October 21, 1972 (hereinafter referred to as Appellant's Brief), and appellant's Application for a Temporary Restraining Order (hereinafter referred to as Motion for a Stay), filed January 5, 1973 and denied by Mr. Justice Marshall January 11, 1973 and by the Court, January 22, 1973 (A–721).

[2] During reargument of *Bolton*, October 11, 1972, the Assistant Attorney General of Georgia stated, "I do not directly represent the unborn children here * * * their representation by a guardian ad litem was denied by the court below." *Doe* v. *Bolton*, Tr. of Rearg. 21–22.

[3] *Roe* v. *Wade*, Tr. of Rearg. pp. 38–39.

[4] Unless otherwise indicated, page references are to the slip opinions in *Wade* and *Bolton*.

[5] "We are also of opinion that the distinction between a woman being pregnant, and being quick with child, is applicable mainly, if not exclusively, to criminal cases * * *." *Hall* v. *Hancock*, 15 Pick. 255, 257 (Mass. 1834).

[6] See the cases collected in *State* v. *Harris*, 90 Kan. 807, 136 Pac. 264 (1913).

[7] The Court also erred when it concluded that prior to the incrimination of pre-quickening abortions in the 19th century, "a woman enjoyed a broader right to terminate a pregnancy than she does today." (*Wade*, p. 25). A lack of criminal prosecution cannot be translated into an historical right. At common law, larceny by false promise was not a crime, *Chaplain* v. *U.S.* 157 F. 2d 697, (D.C. Cir. 1946), but few would claim that a thief "enjoyed a broader right" to commit a fraudulent larceny than he does today.

[8] The outcries, of course, were against "the destruction of human life." (*Wade*, p. 26, quoting the 1859 report of the A.M.A. Committee on Criminal Abortion), whether before or after quickening. "We had to deal with human life. In a matter of less importance we could entertain no compromise. An honest judge on the bench would call things by their proper names. We could do no less." (*Wade*, p. 27, quoting the 1871 report of the A.M.A. Committee on Criminal Abortion). No subsequent medical society or bar association statement, referred to by the Court (*see Wade*, pp. 27–32), denies that abortion, as a matter, of fact, kills a live human being.

[9] The cases are also *set forth* in Appellant's Motion for a Stay, pp. 1a–9a and 10a–18a.

[10] Appellant would also point out that the existence of each of his wards has been confirmed by a pregnancy test. (Appellant's Brief, p. 10). We do not deal here with "obscurity," but with the "known rather than the unknown." (Cf. concurring opinion of Douglas, J. in *Wade* and *Bolton*, p. 10). See *State* v. *Sudol*, 43 N.J. Super. 481, 129 A.2d 29, 33, *cert. den.*, 25 N.J. 132, 135 A.2d 248 (1957), *cert. den.*, 355 U.S. 964 (1957), holding that modern science has advanced to a point where a court is justified in taking judicial notice of the accuracy of a confirmed pregnancy test. (See Motion for a Stay, p. 6a).

Appellant, of course, would not concede that *any* human life is *de minimis*.

[11] There is, however some authority that "the mother may be guilty of the murder of a child in *ventre sa mere*, if she takes poison with an intent to poison it, and the child is born alive, and afterwards dies of the poison." *Beale* v. *Beale*, 1 P.Wms. 244, 246, 24 English Reports 378 (ch. 1713).

[12] Chief Justice Burger, concurring in *Wade* and *Bolton* noted "I am somewhat troubled that the Court has taken notice of various scientific and medical data in reaching its conclusion." Slip Opinion p. 1.

[13] But see *West Virginia State Board of Education* v. *Barnette*, 319 U.S. 624, 638 (1943): "One's right to life * * * depend[s] on the outcome of no elections."

[14] See, *e.g.*, *Editorial*, California Medicine, Vol. 113, No. 3, p. 68 (Sept. 1970) Appendix B).

[15] See, *e.g.*, Fletcher, *Indictors of Humanhood*, The Hastings Center Report, vol. 2, No. 5, p. 1 (November 1972).

APPENDIX B

(This editorial is preprinted from "California Medicine," Official Journal of the California Medical Association, Volume 113, Number 3, Pages 67–68, September 1970)

A NEW ETHIC FOR MEDICINE AND SOCIETY

The traditional Western ethic has always placed great emphasis on the intrinsic worth and equal value of every human life regardless of its stage or condition. This ethic has had the blessing of the Judeo-Christian heritage and has been the basis for most of our laws and much of our social policy. The reverence for each and every human life has also been a keystone of Western medicine and is the ethic which has caused physicians to try to preserve, protect, repair, prolong and enhance every human life which comes under their surveillance. This traditional ethic is still clearly dominant, but there is much to suggest that it is being eroded at its core and may eventually even be abandoned. This of course will produce profound changes in Western medicine and in Western society.

There are certain new facts and social realities which are becoming recognized, are widely discussed in Western society and seem certain to undermine and transform this traditional ethic. They have come into being and into focus as the social by-products of unprecedented technologic progress and achievement. Of particular importance are, first, the demographic data of human population expansion which tends to proceed uncontrolled and at a geometric rate of progression; second, an ever growing ecological disparity between the numbers of people and the resources available to support these numbers in the manner to which they are or would like to become accustomed; and third, and perhaps most important a quite new social emphasis on something which is beginning to be called the quality of life, a something which becomes possible for the first time in human history because of scientific and technologic development. These are now being seen by a growing segment of the public as realities which are within the power of humans to control and there is quite evidently an increasing determination to do this.

What is not yet so clearly perceived is that in order to bring this about hard choices will have to be made with respect to what is to be preserved and strengthened and what is not, and that this will of necessity violate and ultimately destroy the traditional Western ethic with all that this portends. It will become necessary and acceptable to place relative rather than absolute values on such things as human lives, the use of scarce resources and the various elements which are to make up the quality of life or of living which is to be sought. This is quite distinctly at variance with the Judeo-Christian ethic and carries serious philosophical, social, economic and political implications for Western society and perhaps for world society.

The process of eroding the old ethic and substituting the new has already begun. It may be seen most clearly in changing attitudes toward human abortion. In defiance of the long held Western ethic of intrinsic and equal value for every human life regardless of its stage, condition or status, abortion is becoming accepted by society as moral, right and even necessary. It is worth noting that this shift in public attitude has affected the churches, the laws and public policy rather than the reverse. Since the old ethic has not yet been fully displaced it has been necessary to separate the idea of abortion from the idea of killing, which continues to be socially abhorrent. The result has been a curious avoidance of the scientific fact, which everyone really knows, that human life begins at conception and is continuous whether intra- or extra-uterine until death. The very considerable semantic gymnastics which are required to rationalize abortion as anything but taking a human life would be ludicrous if they were not often put forth under socially impeccable auspices. It is suggested that this schizophrenic sort of subterfuge is necessary because while a new ethic is being accepted the old one has not yet been rejected.

It seems safe to predict that the new demographic, ecological and social realities and aspirations are so powerful that the new ethic of relative rather than of absolute and equal values will ultimately prevail as man exercises ever more certain and effective control over his numbers, and uses his always comparatively scarce resources to provide the nutrition, housing, economic support, education and health care in such ways as to achieve his desired quality of life and living. The criteria upon which these relative values are to be based will depend considerably upon whatever concept of the quality of life or living is developed. This may be expjected to reflect the extent that quality of life is considered to be a function of personal fulfillment; of individual responsibility for the common welfare, the preservation of the environment, the betterment of the species; and of whether or not, or to what extent, these responsibilities are to be exercised on a compulsory or voluntary basis.

The part which medicine will play as all this develops is not yet entirely clear. That it will be deeply involved is certain. Medicine's role with respect to changing attitudes toward abortion may well be a prototype of what is to occur. Another precedent may be found in the part physicians have played in evaluating who is and who is not to be given costly long-term renal dialysis. Certainly this has required placing relative values on human lives and the impact of the physician to this decision process has been considerable. One may anticipate further development of these roles as the problems of birth control and birth selection are extended inevitably to death selection and death control whether by the individual or by society, and further public and professional determinations of when and when not to use scarce resources.

Since the problems which the new demographic, ecologic and social realities pose are fundamentally biological and ecological in nature and pertain to the survival and well-being of human beings, the participation of physicians and of the medical profession will be essential in planning and decision-making at many levels. No other discipline has the knowledge of human nature, human behavior, health and disease, and of what is involved in physical and mental well-being which will be needed. It is not too early for our profession to examine this new ethic, recognize it for what it is and will mean for human society, and prepare to apply it in a rational development for the fulfillment and betterment of mankind in what is almost certain to be a biological oriented world society.

APPENDIX B

[From California Medicine, September 1970]

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APPENDIX C

CONTEMPORARY VIEWS ON PROTECTING UNBORN LIFE AND ANTIABORTION

United Nations Declaration on the Rights of the Child, (promulgated by the General Assembly in 1959.) It reads, in relevant part:

"The child . . . shall be entitled to grow and develop in health; to this end, special care and protection shall be provided both to him and to his mother, include adequate *pre-natal and post-natal care.*" And elsewhere in the same document it states:

"the child by reason of his physical and mental immaturity, needs special safeguards and care, *including appropriate legal protection, before as well as after birth.*"

"Declaration of Geneva", (medical oath adopted by the General Assembly of the World Medical Association in 1948.) It states, in relevant part:

"I will maintain the utmost respect for human life, from the time of conception; even under threat, I will not use my medical knowledge contrary to the laws of humanity."

Karl Barth, (considered by many to be the pre-eminent Protestant theologian of this century): "The unborn child," he wrote, "is from the very first a child. It is still developing and has no independent life. But it is a man and not a thing . . . He who kills germinating life kills a man."

Dietrich Bonhoeffer, (the famed Protestant philosopher and theologian who ended his days in a Nazi concentration camp): "To raise the question whether we are here concerned with a human being or not is merely to confuse the issue. The simple fact is that God certainly intended to create a human being and that this innocent human being has been deliberately deprived of his life. And that is nothing but murder."

Dr. George Hunton Williams, (Hollis Professor of Divinity at Harvard University): "The Catholic Church is here defending the very frontier of what constitutes the mystery of our being. At the other end of this front line is the struggle against euthanasia (in the district and deliberate sense). Unless these frontiers are vigilantly defended, the future is grim with all the prospects of man's cunning and contrived manipulation of himself and others. Next to the issue of peace in the world, I feel the opposition to abortion and euthanasia constitutes the second major moral issue of our society (racial integration and the preservation of the family being third and fourth in the American perspective of priorities). In the cause of defending the rights of the unborn, all Christians should be rallied.

"The Catholic position on abortion should not be assailed as 'sectarian' or deplored by some Protestants as 'too harsh' in the present ecumenical climate. Historically the position is in fact Judeo-Christian."

Dr. Billy Graham, (widely known and respected contemporary Protestant evangelist): "Murder is murder, whether you shoot the victim with a revolver, or disconnect his life support mechanisms.

"Abortion, like many other questionable things, is a symptom of something more serious than the act itself. It has long been allowed by society, when the life of the mother is endangered, but today, all too often, it is occasioned by the breaking of God's laws on sex. Unwanted pregnancy is the result, not the cause of the difficulty. If you really want to stop 'runaway' abortion, then you must first start with the human heart, not the body. The Bible says, 'Keep thy heart with all diligence, for out of it are the issues of life.' (Proverbs 4:23).

"Physicians say that the complications from a 'vacuum abortion' are relatively few. But when you tamper with the body in what some have called the 'voiceless injustice,' it is also possible to damage the soul.

"Few women plan to have an abortion. It suddenly appears as the answer to a dilemma. But, ask the woman who has had one—it carries a heavy price.

"Even if abortion were legalized, no law could take away the feelings of guilt which inevitably accompany it. You don't violate the sacredness of life with impunity. Any position which doesn't respect the rights of the unborn is a position which opposes those rights. As Deuteronomy 30:19 says, 'See, I have set before you life and death . . . choose life.' "

The Rabbinical Alliance of America, (supported by the entire Orthodox Rabbinate as well as by Jewish lay groups such as the Agudah Women of America and the National Council of Young Israel) urged the immediate repeal of New York's liberalized abortion law, which it described as "the most vicious and barbaric law" in the history of the state, "Abortion is not as its advocates say a private, personal matter in which the law should not interfere. Where human life is at stake, the law has always interfered and must continue to interfere . . ."

APPENDIX D

[From the Evening Star and Daily News, April 17, 1973]

WOMEN LEAD OPPOSITION TO ABORTION

(By John Lear)

Although the recent Supreme Court decision upholding the legality of abortion was based largely on the argument that women have a constitutional right to make a personal decision concerning the children they will bear, American women themselves, are not as determined to exercise that right as men are to guarantee it.

This is perhaps the most surprising finding of a public opinion survey just reported by political scientists at the University of Michigan's Institute for Social Research.

The survey disclosed that only a short time before the Supreme Court in January voted 7–2 in support of the view that the Constitution protects the right to abortion, a majority of the eligible voters of the country were opposed to abortion.

The data came from computer analysis of answers given by a sample of 2,738 citizens questioned between Sept. 15 and Nov. 6, 1972 by ISR surveyors. The sample was statistically representative of the whole electorate, and the weight of preference against abortion was roughly 3–2.

When the responses to the ISR questionnaire were separated according to sex, women in all three of the age brackets covered were found to be slightly more opposed to abortion than were men. Here are the figures:

Over age 60—men 67, women 72.
30 to 60 years of age—men 58, women 60.
Under 30 years of age—men 43, women 49.

Among the respondents in the under-30 age group, where a majority of both sexes favored abortion, the number of women opposed to abortion was 6 percent higher than the number of men.

In June, during the California primary, Dr. Warren Miller of ISR's Center for Political Studies, decided to include the abortion question in the 1972 edition of a pre-election survey ISR has been conducting regularly for a quarter century. By then, abortion not only had attained the status of a nationally debated social problem but seemed likely to become an active issue in the presidential campaign. The ISR survey received the following percentages of favorable responses to these four statements:

Abortion should never be forbidden—25 percent.

Abortion should be allowed in any case in which the prospective mother would have difficulty in bringing up her child—17 percent.

Abortion should be permitted only when the life of the mother would be endangered by the birth—47 percent.

Abortion should never be allowed—11 percent.

Although those absolutely in favor of abortion were more than twice as numerous as those absolutely opposed, the holders of the two extreme positions, together totaled only a shade more than one-third of the population sample.

Since those who expressed a more moderate view accounted for almost two-thirds of the sample, analysts agreed that the most accurate separation of the data would combine the responses to the first two statements and juxapose them against the combined responses to the last two. The result was 42 percent favorable to abortion, 58 percent opposed.

Because opposition to abortion is a tenet of modern Roman Catholic teaching, a substantial component of the opposition sentiment could be expected to be Catholic. The ISR data confirmed that expectation.

Of Catholics in the sample, 67 percent were opposed to abortion. But Catholics make up something less than a quarter of the population of the country and obviously could not alone account for an electoral majority in opposition. The balance had to be made up by non-Catholics. And when all Protestants were counted together, 59 percent of them were found to be lined up with the Catholics. Only Jews were steadfastly in favor of abortion and overwhelmingly so (82 percent).

Other differences became noticeable when the so-called "establishment" Protestants (Congregationalists, Episcopalians, Lutherans, Presbyterians, and several smaller groups) were split off from the more fundamentalist Protestant denominations. The Protestant "establishment" then was seen to have a 1 percent majority in favor of abortion while 63 percent of the far more numerous fundamentalists were opposed.

An even more interesting difference surfaced when the attitudes of Catholics, "establishment" Protestants, and Protestant fundamentalists were measured in terms of frequency of worship. Of "establishment" Protestants who went to church every week or almost every week, 57 percent opposed abortion; of those who appeared in church only a few times a year or not at all, 59 percent favored abortion.

Catholics who went to church every week or almost every week were 83 percent opposed to abortion; those who got to church but once or twice a year or never were 51 percent in favor of abortion. It was the Protestant fundamentalists who most resisted abortion regardless of the regularity of their attendance at church.

Among those who worshipped every week or almost every week, 75 percent were opposed to abortion; when church attendance dropped to only a few times a year or ceased altogether, 56 percent of the Protestant fundamentalists still opposed abortion.

What other elements influential in defining traditional morality in America can be identified in the ISR abortion data?

One is the immediate environment into which people are born and in which they grow up. Within the ISR sample, 72 percent of those reared in a rural setting opposed abortion, 55 percent of those who grew up in towns or small cities opposed abortion, and 54 percent of those who lived in big cities favored abortion.

Education is another factor in moral definition. The more schooling people have the less willing they are to see abortion as an evil. College people are three times as favorable to abortion as are those whose education stopped in grade school. However, those at the college level favor abortion by only a 7 percent margin.

A third face of traditional morality is social class. Sixty-five percent of those who consider themselves members of the working class are opposed to abortion. Those who characterize themselves as middle class are so evenly split on abortion that a majority cannot be said to exist on either side of the question.

Race is a factor, too. Blacks are more anti-abortion than whites are, although only slightly so.

In view of what the ISR study has already revealed, it is not surprising to learn that the older people are, the more they oppose abortion. Here the attitudes are expressed by age bracket:

	Percent in opposition
Over 60 years	72
30 to 60 years	60
Under 30 years	47

[Supreme Court of the United States, October Term, 1971]

No. 70–18

Jane Roe, et al., Appellants, vs. Henry Wade, Appellee, on Appeal From the United States District Court for the Northern District of Texas

No. 70–40

Mary Doe, et al., Appellants, vs. Arthur K. Bolton, et al., Appellees, on Appeal From the Uuited States District Court for the Northern District of Georgia

Motion for leave to file brief amicus curiae.

PURPOSE OF THE MOTION

All parties in No. 70–18 (the Texas case) have given their written consent to Dr. Bart Heffernan, one of the amici herein, to file an *amicus curiae brief.*[1] The appellants in No. 70–40 (the Georgia case) have never responded to a request for consent. The appellees do not object to these *amici* filing in this cause.[2]

INTEREST OF THE AMICI

1. Identification of the *amici*. Dr. Bart Heffernan has an appeal presently pending before this Court in the case of *Heffernan, et al.* v. *Doe, et al.*, docketed as No. 70–106, October 1971 term, which case involves the constitutionality of the Illinois criminal abortion statute, and is similar to both *Jane Roe, et al.* v. *Wade*, No. 79–18, and *Mary Doe, et al.* v. *Bolton*, No. 70–40. The Jurisdictional Statement in the *Heffernan* case was filed on March 29, 1971, but no action was taken thereon during the last term of Court.

Any ruling on the merits in the Georgia and Texas cases could profoundly and perhaps adversely affect the outcome of the Illinois case, in which case Dr. Heffernan was appointed *guardian ad litem* for the class of unborn children. He asks leave of this Court to file this *amicus curiae* brief on behalf of his wards.

The other *amici* are physicians, professors and certain Fellows of the American College of Obstetrics and Gynecology who seek to place before this Court the scientific evidence of the humanity of the unborn so that the Court may know and understand that the unborn are developing human persons who need the protection of law just as do adults.

These *amici* also desire to bring to the Court's attention the medical complications of induced abortion, both in terms of maternal morbidity and mortality (as well as the mortality to the child), and to show that these are questions of considerable debate in medicine.

2. The Legal Position of these *Amici* in these cases. The unborn child is a developing human being who is entitled to the law's protection just as is an adult.

3. Justification for Participation as *Amici*. As previously stated, the issues in these cases, as well as the pending case of *Heffernan* v. *Doe*, No. 70–106, October 1971 term, are of the most profound significance dealing with the most basic and fundamental of human rights: The Right to Life.

In reviewing the Briefs filed in both cases it appears that no attempt was made to advise the Court of the scientific facts of life from conception to birth, or of the medical complications of induced abortion, and it is urged that presentation of this information is a reasonable justification for participation by these *amici*.

CONCLUSION

For the reasons stated and for additional reasons as contained in and expanded upon in the Brief itself, these *amici* respectfully request this Court to grant this Motion and grant leave for filing this Brief served herewith.

Respectfully submitted,
Dennis J. Horan,
Jerome A. Frazel, Jr.,
Thomas M. Crisham,
Dolores B. Horan,
John D. Gorby,

LIST OF AMICI

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[1] Written consents have been filed with the clerk of this court.

[2] Response of appellees have been filed with the clerk of this court.

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Appendix E

[Supreme Court of the United States, October Term 1971]

No. 70–18

Jane Roe, et al., Appellants, vs Henry Wade, Appellee, on Appeal From the United States District Court for the Northern District of Georgia

No. 70–40

Mary Doe, et al., Appellants, vs. Arthur K. Bolton, et al., Appellees, On Appeal from the United States District Court for the Northern District of Texas

Brief amicus curiae of certain physicians, professors and fellows of the American College of Obstetrics and Gynecology in support of appellees

(Note.—Figures referred to are not printed in the Record.)

I. THE HUMANITY OF THE UNBORN OFFSPRING OF HUMAN PARENTS HAS BEEN THE CRITICAL ISSUE IN LOWER FEDERAL COURT ABORTION CASES

The immediate and intended consequence of an induced abortion is the destruction of life of the unborn. It is in the light of this reality that this Court must consider and decide the profound and far-reaching issues in these abortion cases.

The *amici* are concerned physicians, many of whom are fellows of the American College of Obstetrics and Gynecology (FACOG), who *urge* this Court to consider the current medical and scientific evidence of the humanity of the unborn which is contained in this Brief.

The *amici* also urge this Court to give careful consideration to the section of this Brief concerning the medical complications of legally induced abortions. Any consideration of the "safety" of legally induced abortions must consider the full range of medical complications including early and late physical and psychological complications, as well as maternal and *child* mortality.

The Courts below reached their conclusions without considering whether the victim, i.e., the unborn, of the abortion has constitutionally protected rights. In *Roe v.*

Footnotes at end of article.

Wade,[1] the U.S. District Court for the Northern District of Texas, without once mentioning, discussing or considering whether the unborn is a "person" under the Fifth and Fourteenth Amendments, or otherwise has legally protected interests involved, concluded that the Texas Abortion Laws must be declared unconstitutional because they "deprive single women and married couples of their right, secured by the Ninth Amendment, to choose whether to have children."

In *Doe v. Bolton*[2] the U.S. District Court for the Northern District of Georgia touched, but only in passing, upon the primary issue in this litigation, i.e. the legal "personality" of the unborn for constitutional purposes. At one point in the opinion, the Court wrote that it did not ". . . (posit) the existence of a new being with its own identity and federal constitutional rights, . . ."[3] Elsewhere in the opinion the Court, in denying a reconsideration of the Court's previous order revoking another's appointment as *guardian ad litem* for the unborn person, wrote that ". . . the Court does not postulate the existence of a new being with federal constitutional rights at any time during gestation".

The *Bolton* Court was thus able to conclude that, while procedures for obtaining an abortion may be controlled, the "reasons for which an abortion may be obtained" may not be regulated "because such action unduly restricts a decision sheltered by the constitutional right to privacy".[4]

The *Bolton* Court did point out that once conception has occurred and the embryo has formed, ". . . the decision to abort its development cannot be considered a purely private one affecting only husband and wife, man and woman".[5]

Other three-judge federal courts presented with the same clash of "rights" between mother and the unborn have not ignored the developments of many areas of the law which have found legal rights in the unborn. For example, in *Steinberg* v. *Brown*[6] the majority gave careful consideration to both the rights of the woman and the unborn, and concluded that ". . . the state has a legitimate interest to legislate for the purpose of affording an embryonic or fetal organism an opportunity to survive."[7] This Court concluded that the state did have that right ". . . and on balance it is superior to the claimed right of a pregnant woman or anyone else to destroy the fetus except when necessary to preserve her own life."[8]

In *Rosen* v. *Louisiana State Board of Medical Examiners*[9] the Court recognized that it was not dealing merely with the question whether a woman has a generalized right to choose whether to bear children ". . . but instead with the more complicated question whether a pregnant woman has the right to cause the abortion of the embryo or fetus she carries in her womb."[10] Without deciding whether the unborn per se is a person protected by the constitution since that was not the issue that Court faced, the *Rosen* Court concluded that the state of Louisiana had intended to and could legitimately protect fetal life against destruction.[11]

In *Corkey* v. *Edwards*[12] the Court concluded also that the issue involved ultimately a consideration of more than just the issue of whether a woman has a right not to bear children:

"The basic distinction between a decision whether to bear children which is made before conception and one which is made after conception is that the first contemplates the creation of a new human organism, but the latter contemplates the destruction of such an organism already created."[13]

Finding protection of fetal life an adequate state interest in invading the woman's claimed right of privacy, the *Corkey* Court concluded:

"To determine the state interest we shall not attempt to choose between extreme positions. Whether possessing a soul from the moment of conception or mere protoplasm, the fertilized egg is, we think, 'unique as a physical entity', Lucas, Federal Constitutional Limitations of the Enforcement and Administration of State Abortion Statutes, 46 N. C. L. Rev. 730, 744 (1968), with the potential to become a person. Whatever that entity is, the state has chosen to protect its very existence. The state's power to protect children is a well established constitutional maxim. See, *Shelton* v. *Tucker*, 364 U.S. 479, 485, 81 S. Ct. 247, 5 L. Ed. 2d 231 (1960); *Prince* v. *Massachusetts*, 321 U.S. 158, at 166–168, 64 S. Ct. 438, 88 L. Ed. 645. That this power should be used to protect a fertilized egg or embryo or fetus during the period of gestation embodies no logical infirmity, but would seemingly fall within the 'plenary power of government'. *Poe* v. *Ullman*, 367 U.S. 497, at 539, 81 S. Ct. 1752, 6 L. Ed. 2d 989 (Harlan, J., dissenting). That there is a state interest has until recently been taken for granted. History sides with the state."[14]

Even this brief review of five federal decisions involving the constitutionality of state abortion laws makes it clear that whether or not the Court considers the developing humanity of the unborn is critical in its resolution of the issues.[15]

The *amici* therefore ask this Court to consider the material in this Brief concerning the modern medical discoveries of the development of the unborn.

An expansion of the right to privacy to include the right of a woman to have an abortion without considering the interests of the unborn person decides this question against the unborn. The necessary consequence of that expansion would be a direct and unavoidable conflict between the unborn person's right to life and the woman's extended right of privacy. Assuming such a conflict, it is the position of the *amici* that the more fundamental and established of the conflicting rights must prevail where they clash. The right to life is most certainly the most fundamental and established of the rights involved in the cases facing the Court today.

II. THE UNBORN OFFSPRING OF HUMAN PARENTS IS AN AUTONOMOUS HUMAN BEING[1]

Even before implantation in the wall of the uterus the unborn child is responsible for the maintenance of the pregnant state in the maternal metabolism (1). The child whose tissue is antigenically different from the mother sets up protective mechanisms to prevent maternal immunologic responses from causing fetal distress (2). The newly formed child has a remarkable degree of metabolic autonomy (3). For example, the fetal endocrine system functions autonomously (4).

The recent recognition of this autonomy has led to the development of new medical specialties concerning the unborn child from the earliest stages of the pregnancy (56).

Modern obstetrics has discarded as unscientific the concept that the child in the womb is but tissue of the mother. As Dr. H. M. I. Liley, the New Zealand pediatrician, and research assistant to her famous husband, Dr. Albert Liley who perfected the intrauterine transfusion, has said:

"Another medical fallacy that modern obstetrics discards is the idea that the pregnant woman can be treated as a patient alone. No problem in fetal health or disease can any longer be considered in isolation. At the very least two people are involved, the mother and her child." (5 at p. 207.)

The courts have also abandoned that concept (7):

"We ought to be safe in this respect in saying that legal separability should begin where there is biological separability. We know something more of the actual process of conception and foetal development now than when some of the common law cases were decided; and what we knew makes it possible to demonstrate clearly that separability begins at conception.

The mother's biological contribution from conception on is nourishment and protection; but the foetus has become a separate organism and remains so throughout its life. That it may not live if its protection and nourishment are cut off earlier than the viable stage of its development is not to destroy its separability; it is rather to describe the conditions under which life will not continue."

Yet the attack on the statutes below assume this discredited scientific concept and argues that abortions should be considered no differently than any medical measure taken to protect maternal health (see Texas appellant's brief, pp. 94–98), thus completely ignoring the developing human being in the mother's womb.

It is our task in the next subsections to show how clearly and conclusively modern science—embryology, fetology, genetics, perinatology, all of biology—establishes the humanity of the unborn child. We submit that the data not only shows the constitutionality of the legislature's effort to save the unborn from indiscriminate extermination, *but in fact suggests a duty to do so.* We submit also that no physician who understands this will argue that the law is vague, uncertain or overbroad for he will understand that the law calls upon him to exercise his art for the benefit of his *two* patients; mother *and* child.

A. The Unborn Person Is Also a Patient.

From conception the child is a complex, dynamic, rapidly growing organism. By a natural and continuous process the single fertilized ovum will, over approximately nine months, develop into the trillions of cells of the newborn. The natural end of the sperm and ovum is death unless fertilization occurs. At fertilization a new and unique being is created which, although receiving one-half of its chromosomes from each parent, is really unlike either (8) (6) (9) (10 at p. 18).

About seven to nine days after conception, when there are already several hundred cells of the new individual formed, contact with the uterus is made and implantation begins. Blood cells begin at 17 days and a heart as early as 18 days. This embryonic heart which begins as a simple tube starts irregular pulsations at 24 days, which, in about one week, smooth into a rhythmic contraction and expansion (8) (9) (10) (6).

Straus, et al. have shown that the ECG on a 23 mm embryo (7.5 weeks) presents the existence of a functionally complete cardiac system and the possible existence of a Myoneural or humoral regulatory mechanism. All the classic elements of the adult ECG

FOOTNOTES

[1] *Roe* v. *Wade*, 314 F. Supp. 1217 (1970) at 1221 (N. D. Tex. 1970).

[2] *Doe* v. *Bolton*, 319 F. Supp. 1048 (N. D. Ga. 1970).

[3] *Ibid.* p. 1055.

[4] *Ibid.* p. 1076.

[5] *Ibid.* p. 1055.

[6] 321 F. Supp. 741 (N. D. Ohio 1970) (J. Green dissenting).

[7] *Ibid.* p. 746.

[8] *Ibid.* p. 746.

[9] 318 F. Supp. 1217 (E. D. Louisiana 1970) (J. Cassibry dissenting).

[10] *Ibid.* p. 1223.

[11] *Ibid.* p. 1225.

[12] *Corkey* v. *Edwards*, 322 F. Supp. 1248 (N. D. North Carolina 1971).

[13] *Ibid.* p. 1252.

[14] *Ibid.* p. 1253.

[15] Even the *Bolton* Court preserved the Georgia statute after alluding in its decision to the creation of a new life after conception, thus making any decision involving abortion one affecting the state since it involved developing human life.

were seen (11). Marcel and Exchaquet observed occasional contractions of the heart in a 6 mm (2 week) embryo. They also obtained tracing exhibiting the classical elements of the ECG tracings of an adult in a 15 mm embryo (5 weeks) (12).

One commentator has indicated that about 4 days postconception under a special microscope the prospective sex can already be determined (10 at p. 23).

Commencing at 18 days the developmental emphasis is on the nervous system even though other vital organs, such as the heart, are commencing development at the same time. Such early development is necessary since the nervous system integrates the action of all other systems. By the end of the 20th day the foundation of the child's brain, spinal cord and entire nervous system will have been established. By the 6th week after conception this system will have developed so well that it is controlling movements of the baby's muscles, even though the woman may not be aware that she is pregnant. By the 33rd day the cerebral cortex, that part of the central nervous system that governs motor activity as well as intellect may be seen (8) (13) (10).

The baby's eyes begin to form at 19 days. By the end of the first month the foundation of the brain, spinal cord, nerves and sense organs is completely formed. By 28 days the embryo has the building blocks for 40 pairs of muscles situated from the base of its skull to the lower end of its spinal column. By the end of the first month the child has completed the period of relatively greatest size increase and the greatest physical change of a lifetime. He or she is ten thousand times larger than the fertilized egg and will increase its weight six billion times by birth, having in only the first month gone from the one cell state to millions of cells (8) (9) (10) (6) (13). [See Fig. 1].

Shettles and Rugh describe this first month of development as follows:

"This, then, is the great planning period, when out of apparently nothing comes evidence of a well integrated individual, who will form along certain well-tried patterns, but who will, in the end, be distinguishable from every other human being by virtue of ultra microscopic cromosomal differences." (10 at p. 35.)

By the beginning of the second month the unborn child; small at it is, looks distinctly human. (See Fig. 1.) Yet, by the time the child's mother is not even aware that she is pregnant (6).

As Shettles and Rugh state:

"And as for the question, 'when does the embryo become human?' the answer is that it *always* had human potential, and *no other*, from the instant the sperm and the egg came together because of its chromosomes." (Emphasis in original.) (10 at p. 40.)

At the end of the first month the child is about ¼ of an inch in length. At 30 days the primary brain is present and the eyes, ears and nasal organs have started to form. Although the heart is still incomplete, it is beating regularly and pumping blood cells through a closed vascular system (8). The child and mother do not exchange blood, the child having from a very early point in its development its own and complete vascular system (8) (9) (10) (12) (13).

Earliest reflexes begin as early as the 42nd day. The male penis begins to form. The child is almost ½ inch long and cartilage has begun to develop (8) (9). [See Fig. 2.]

Even at 5½ weeks the fetal heartbeat is essentially similar to that of an adult in general configuration (12) (13). The energy output is about 20% that of the adult, but the fetal heart is functionally complete and normal by 7 weeks (12) (13). Shettles and Rugh describe the child at this point of its development as a 1-inch miniature doll with a large head, but gracefully formed arms and legs and an unmistakably human face (10 at p. 54). [See Fig. 2]

By the end of the seventh week we see a well proportioned small scale baby. In its seventh week, it bears the familiar external features and all the internal organs of the adult, even though it is less than an inch long and weighs only 1/30th of an ounce. The body has become nicely rounded, padded with muscles and covered by a thin skin. The arms are only as long as printed exclamation marks, and have hands with fingers and thumbs. The slower growing legs have recognizable knees, ankles and toes (8) (9) (10) (6). [See Figs. 3 and 4]

The new body not only exists, it also functions. The brain in configuration is already like the adult brain and sends out impulses that coordinate the function of the other organs. The brain waves have been noted at 43 days [14]. The heart beats sturdily. The stomach produces digestive juices. The liver manufactures blood cells and the kidneys begin to function by extracting uric acid from the child's blood (13) (49). The muscles of the arms and body can already be set in motion (15).

After the eighth week no further primordia will form; *everything* is already present that will be found in the full term baby (10 at p. 71). As one author describes this period:

"A human face with eyelids half closed as they are in someone who is about to fall asleep. Hands that soon will begin to grip, feet trying their first gentle kicks." (10 at p. 71)

From this point until adulthood, when full growth is achieved somewhere between 25 and 27 years, the changes in the body will be mainly in dimension and in gradual refinement of the working parts (8) (46).

The development of the child, while very rapid, is also very specific. The genetic pattern set down in the first day of life instructs the development of a specific anatomy. The ears are formed by seven weeks and are specific, and may resemble a family pattern (16). The lines in the hands start to be engraved by eight weeks and remain a distinctive feature of the individual (45) (49). [See Fig. 3]

The primitive skeletal system has completely developed by the end of six weeks (8) (9). This marks the end of the child's embryonic (from Greek, to swell or teem within) period. From this point, the child will be called a fetus (Latin, young one or offspring) (9). [See Fig. 2]

In the third month, the child becomes very active. By the end of the month he can kick his legs, turn his feet, curl and fan his toes, make a fist, move his thumb, bend his wrist, turn his head, squaint, frown, open his month, press his lips tightly together (15). He can swallow and drinks the amniotic fluid that surrounds him. Thumb sucking is first noted at this age. The first respiratory motions move fluid in and out of his lungs with inhaling and exhaling respiratory movements (13) (15). [See Fig. 5]

The movement of the child has been recorded at this early stage by placing delicate shock recording devices on the mother's abdomen and direct observations have been made by the famous embryologist, Davenport Hooker, M.D. Over the last thirty years, Dr. Hooker has recorded the movement of the child on film, some as easly as six weeks of age. His films show that prenatal behavior develops in an orderly progression (15) (17) (18).

The prerequisites for motion are muscles and nerves. In the sixth to seventh weeks, nerves and muscles work together for the first time (8). If the area of the lips, the first to become sensitive to touch, is gently stroked, the child responds by bending the upper body to one side and making a quick backward motion with his arms. This is called a total pattern response because it involves most of the body, rather than a local part. Localized and more appropriate reactions such as swallowing follow in the third month. By the beginning of the ninth week, the baby moves spontaneously without being touched. Sometimes his whole body swings back and forth for a few moments. By eight and a half weeks the eyelids and the palms of the hands become sensitive to touch. If the eyelid is stroked, the child squints. On stroking the palm, the fingers close into a small fist (17) (15) (13) (64).

In the ninth and tenth weeks, the child's activity leaps ahead. Now if the forehead is touched, he may turn his head away and pucker up his brow and frown. He now has full use of his arms and can bend the elbow and wrist independently. In the same week, the entire body becomes sensitive to touch (7) (15). [See Fig. 6]

The twelfth week brings a whole new range of responses. The baby can now move his thumb in opposition to his fingers. He now swallows regularly. He can pull up his upper lip; the initial step in the development of the sucking reflex (5). By the end of the twelfth week, the quality of muscular response is altered. It is no longer marionette-like or mechanical—the movements are now graceful and fluid, as they are in the newborn. The child is active and the reflexes are becoming more vigorous. *All this is before the mother feels any movement* (5) (64). [See Figs. 5 and 7]

The phenomenon of "quickening" reflects maternal sensitivity and not fetal competence.[2] Dr. Hooker states that fetal activity occurs at a very early age normally in utero and some women may feel it as early as thirteen weeks. Others feel very little as late as twenty weeks and some are always anxious because they do not perceive movement (17).

Dr. Liley states:

"Historically 'quickening' was supposed to delineate the time when the fetus became an independent human being possessed of a soul. Now, however, we know that while he may have been too small to make his motions felt, the unborn baby is active and independent long before his mother feels him. Quickening is a maternal sensitivity and depends on the mother's own fat, the position of the placenta and the size and strength of the unborn child." (5 at pp. 37, 38)

Every child shows a distinct individuality in his behavior by the end of the third month. This is because the actual structure of the muscles varies from baby to baby. The alignment of the muscles of the face, for example, follow an inherited pattern. The facial expressions of the baby in his third month are already similar to the facial expression of his parents (13) (14) (49). [See Figs. 5 and 7]

Dr. Arnold Gesell states that: "By the end of the first trimester (12th week) the fetus is a sentient moving being. We need not pause to speculate as to the nature of his psychic attributes but we may assert that the organization of his psychosomatic self is now well under way." (49 at p. 65)

Further refinements are noted in the third month. The fingernails appear. The child's face becomes much prettier. His eyes, previously far apart, now move closer together. The eyelids close over the eyes. Sexual differentiation is apparent in both internal and external sex organs, and primitive eggs and sperm are formed. The vocal cords are completed. In the absence of air they cannot produce sound; the child cannot cry aloud until birth, although he is capable of crying before (8) (13) (9) (5).

Dr. Liley relates the experience of a doctor who injected an air bubble into unborn baby's (eight months) amniotic sac in an attempt to locate the placenta on x-ray. It so happened that the air bubble covered the

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Footnotes at end of article.

unborn baby's face. The moment the unborn child had air to inhale, his vocal cords became operative and his crying became audible to all present, including the physician and technical help. The mother telephoned the doctor later to report that whenever she lay down to sleep, the air bubble got over the unborn baby's face and he was crying so loudly he was keeping both her and her husband awake (5 at p. 50) (15 at p. 75).

The taste buds and salivary glands develop in this month, as do the digestive glands in the stomach. When the baby swallows amniotic fluid, its contents are utilized by the child. The child starts to urinate (8) (13) (19).

From the twelfth to the sixteenth week, the child grows very rapidly (50). His weight increases six times, and he grows to eight to ten inches in height. For this incredible growth spurt the child needs oxygen and food. This he receives from his mother through the placental attachment—much like he receives food from her after he is born. His dependence does not end with expulsion into the external environment (8) (9) (13) (6) (10). We now know that the placenta belongs to the baby, not the mother, as was long thought (5). [See Fig. 8]

In the fifth month, the baby gains two inches in height and ten ounces in weight. By the end of the month he will be about one foot tall and will weigh one pound. Fine baby hair begins to grow on his eyebrows and on his head and a fringe of eyelashes appear. Most of the skeleton hardens. The baby's muscles become much stronger, and as the child becomes larger his mother finally perceives his many activities (8). The child's mother comes to recognize the movement and can feel the baby's head, arms and legs. She may even perceive a rhythmic jolting movement—fifteen to thirty per minute. This is due to the child hiccoughing (13) (5) (6). The doctor can already hear the heartbeat with his stethoscope (8) (13) (6). [See Figs. 9 and 10]

The baby sleeps and wakes just as it will after birth (63) (5). When he sleeps he invariably settles into his favorite position called his "lie". Each baby has a characteristic lie (5). When he awakens he moves about freely in the buoyant fluid turning from side to side, and frequently head over heel. Sometimes his head will be up and sometimes it will be down. He may sometimes be aroused from sleep by external vibrations. He may wake up from a loud tap on the tub when his mother is taking a bath. A loud concert or the vibrations of a washing machine may also stir him into activity (13). The child hears and recognizes his mother's voice before birth (19) (20). Movements of the mother, whether locomotive, cardiac or respiratory, are communicated to the child (19).

In the sixth month, the baby will grow about two more inches, to become fourteen inches tall. He will also begin to accumulate a little fat under his skin and will increase his weight to a pound and three-quarters. This month the permanent teeth buds come in high in the gums behind the milk teeth. Now his closed eyelids will open and close, and his eyes look up, down and sideways. Dr. Liley feels that the child may perceive light through the abdominal wall (20). *Dr. Still has noted that electroencephalographic waves have been obtained in forty-three to forty-five day old fetuses, and so conscious experience is possible after this date (14).*

The electrophysiologic rhythm develops early. Detailed EEG tracings have been taken directly from the head end of the 16mm (crown rump) human embryo at 40-odd days of gestation in Japan (172).

As one writer said:

"Thus at an early prenatal stage of life the EEG reflects a distinctly individual pattern that soon becomes truly personalized." (173)

In the sixth month, the child develops a strong muscular grip with his hands. He also starts to breathe regularly and can maintain respiratory response for twenty-four hours if born prematurely. He may even have a slim chance of surviving in an incubator. The youngest children known to survive were between twenty to twenty-five weeks old (13). The concept of *viability* is not a static one. Dr. Andre Hellegers of Georgetown University states that 10% of children born between twenty weeks and twenty-four weeks gestation will survive (44A and 44B). Modern medical intensive therapy has salvaged many children that would have been considered non-viable only a few years ago. The concept of an artificial placenta may be a reality in the near future and will push the date of viability back even further, and perhaps to the earliest stages of gestation (43) (48). After twenty-four to twenty-eight weeks the child's chances of survival are much greater.

Our review has covered the first six months of life. By this time the individuality of this human being is clear to all unbiased observers. Dr. Arnold Gesell has said:

"Our own repeated observation of a large group of fetal infants (an individual born and living at any time prior to forty weeks gestation) left us with no doubt that psychologically they were individuals. Just as no two looked alike, so no two behaved precisely alike. One was impassive when another was alert. Even among the youngest there were discernible differences in vividness, reactivity and responsiveness. These were genuine individual differences, already prophetic of the diversity which distinguishes the human family." (49 at p. 172)

B. The doctor treats the unborn just as he does any patient

When one views the present state of medical science, we find that the artificial distinction between born and unborn has vanished. As Dr. Liley says:

"In assessing fetal health, the doctor now watches changes in maternal function very carefully, for he has learned that it is actually the mother who is a passive carrier, while the fetus is very largely in charge of the pregnancy." (5 at p. 202) (65)

The new specialty of fetology is being replaced by a newer specialty called perinatology which cares for its patients from conception to about one year of extrauterine existence (56). The Cumulative Index Medicus for 1969 contains over 1400 separate articles in fetology. For the physician, the life process is a continuous one, and observation of the patient must start at the earliest period of life. (See 42 U.S.C. 289(d).)

A large number of sophisticated tools have been developed that now allow the physician to observe and measure the child's reactions from as early as ten weeks. At ten weeks it is possible to obtain the electrocardiogram of the unborn child (22) (11) (12). At this stage also the heart sounds can be detected with new ultrasonic techniques (45). The heart has already been pumping large volumes of blood to the fast growing child for six weeks. With present day technology, the heart of the child is now monitored during critical periods of the pregnancy by special electronic devices, including radiotelemetry (23) (60). Computer analysis of the child's ECG has been devised and promises more accurate monitoring and evaluation of fetal distress (14). A number of abnormal electrocardiographic patterns have been found before birth. These patterns forewarn the physician of trouble after delivery (57) (58) (62). Analysis of heart sounds through phonocardiography is also being done (25) (53).

With the new optical equipment, a physician can now look at the amniotic fluid through the cervical canal and predict life-threatening problems that are reflected by a change in the fluid's color and turbidity (26) (27). In the future, the physician will undoubtedly be able to look directly at the growing child using new fiber optic devices (through a small puncture in the uterus) and thereby diagnose and prescribe specific treatment to heal or prevent illness or deformity (21) (55).

For the child with severe anemia, the physician now gives blood, using an unusual technique developed by Dr. A. Liley of New Zealand. This life saving measure is carried out by using new image intensizer x-ray equipment. A needle is placed through the abdominal wall of the mother and into the abdominal cavity of the child. For this procedure the child must be sedated (via maternal circulation) and given pain relieving medication, since it experiences pain from the puncture and would move away from the needle if not premedicated. As Dr. H. M. I. Liley states:

"When doctors first began invading the sanctuary of the womb, they did not know that the unborn baby would react to pain in the same fashion as a child would. But they soon learn that he would. By no means a 'vegetable' as he has so often been pictured, the unborn knows perfectly well when he has been hurt, and he will protest it just as violently as would a baby lying in a crib." (5 at p. 50)

The gastro-intestinal tract of the child is outlined by a contrast media that was previously placed in the amniotic fluid and then swallowed by the child (52). We know that the child starts to swallow as early as fourteen weeks (5).

Some children fail to get adequate nutrition when in utero. This problem can be predicted by measuring the amount of estradiol in the urine of the mother and the amount of PSP excreted after it is injected into the child (29). Recent work indicates that these nutritional problems may be solved by feeding the child more directly by introducing nutrients into the amniotic fluid which the child normally swallows (250 to 700 cc a day). In a sense, we well may be able to offer the child that is starving because of a placental defect a nipple to use before birth (30).

The amniotic fluid surrounding the unborn child offers the physician a convenient and assessable fluid that he can now test in order to diagnose a long list of diseases, just as he tests the urine and blood of his adult patients. The doctor observes the color and volume of amniotic fluid and tests it for cellura element enzymes and other chemicals. He can tell the sex of his patient and gets a more precise idea of the exact age of the child from this fluid. He can diagnose conditions such as the adrenogenital syndrome, hemolytic anemia, adrenal insufficiency, congenital hyperanemia and glycogen storage disease. Some of these, and hopefully in the future all of these, can be treated before birth (31) (32) (33) (34) (35) (36) (37).

At the time of labor, the child's body can be obtained from scalp veins and the exact chemical balance determined before birth. These determinations have saved many children who would not have been considered in need of therapy had these tests not been done (38) (39). The fetal EEG has also been monitored during delivery (61).

A great deal of work has been done to elucidate the endocrinology of the unborn child. Growth hormone is elaborated by the child at seventy-one days, and ACTH has been isolated at eleven weeks gestation (40). The thyroid gland has been shown to function at ten and a half weeks (51), and the adrenal glands also at about this age (40). The sex hormones—estrogen and andiogen—are also found as early as nine weeks (40).

Surgical procedures performed on the unborn child are few. However, surgical cannulation of the blood vessels in an extremity of the child has been carried out in order to administer blood. Techniques are now being developed on animals that will be applicable to human problems involving the unborn child. Fetal surgery is now a reality in the animal laboratory, and will soon offer help to unborn patients (28) (41) (42).

The whole thrust of medicine is in support of the nation that the child in its mother is a distinct individual in need of the most diligent study and care, and that he is also a patient whom science and medicine treats just as it does any other person (21) (5).

This review of the current medical status of the unborn serves us several purposes. Firstly, it shows conclusively the humanity of the fetus by showing that human life is a continuum which commences in the womb. There is no magic in birth. The child is as much a child in those several days before birth as he is those several days after. The maturation process, commenced in the womb, continues through the post-natal period, infancy, adolescence, maturity and old age. Dr. Arnold Gesell points out in his famous book that no kind ever had any other beginning than have had all of us in our mother's womb (49).

Secondly, we have shown that quickening is a relative concept which depends upon the sensitivity of the mother, the position of the placenta, and the size of the child. At the common law, the fetus was not considered alive before quickening,[3] and therefore we can understand why commentators like Bracton and Coke placed so much emphasis on quickening. But modern science has proven conclusively that any law based upon quickening is based upon shifting sands—a subjective standard even different among races. We now know that life precedes quickening; that quickening is nothing other than the mother's first subjective feeling of movement in the womb. Yet the fetus we know has moved before this. In spite of these advances in medicine, some courts and legislatures have continued to consider quickening as the point when life is magically infused into the unborn. (See *Babbitz* v. *McCann*, 310 F. Supp. 2830). No concept could be further from the scientific truth.

Thirdly, we have seen that viability is also a flexible standard which changes with the advance of these new medical disciplines some of which are hardly a half dozen years old. New studies in artifical placentas indicates that viability will become an even more relative concept and children will survive outside of the womb at even earlier ages than the 20–28 weeks in the past. Fetology and perinatology are only a few years old as specialties. Obstetrics is only sixty years old as a specialty.

Fourthly, we have seen that the unborn child is as much a patient as is the mother. In all the literature opting for permissive abortion, this simple truth is ignored. There are many doctors who know that the unborn is also their patient and that they must exercise their art for the benefit of both mother and child. When the physician accepts that he has two patients, he has no difficulty applying his skill for the benefit of child *and* mother. Every doctor practicing can tell this court when in his medical judgment an abortion is necessary to preserve life. There is no medical mystery on that point. A review of the relevant obstetrics texts will list the indications—psychiatric as well—for therapeutic abortion.[4] When the doctor makes the decision he must not consider the unborn as "mere tissue of the mother" or he will certainly weigh it no more in the balance than any other replaceable tissue of the mother.

FOOTNOTES

[1] In this section the citations are according to medical journal practices. The numbers in the parenthesis refer to the correspondingly numbered work in the medical bibliography.

[2] If the Court is interested in the actual medical history of nineteenth century legislative opposition to abortion, it may consult the American Medical Association, *1846–1952 Digest of Official Actions* (edited F. J. L. Blasingame 1959), p. 66, where a list of the repeated American Medical Association attacks on abortion are compiled. It will be seen that the great medical battle of the nineteenth century was to persuade legislatures to eliminate the requirement of quickening and to condemn abortion from conception, see Isaac M. Quimby *Introduction to Medical Jurisprudence*, Journal of American Medical Association, August 6, 1887, Vol. 9, p. 164 and H. C. Markham *Foeticide and Its Prevention*, ibid, Dec. 8, 1888, Vol. 11, p. 805. It will be seen that the Association unanimously condemned abortion as the destruction of "human life" American Medical Association, *Minutes of the Annual Meeting 1859*, The American Medical Gazette 1959, Vol. 10, p. 409.

[3] See 4 Blackstone, *Commentaries on the Laws of England*, 394–5 (1769) where it is said:

"In case this plea is made in stay of execution, the judge must direct a jury of twelve matrons or discreet women to inquire the fact, and if they bring in their verdict 'quick with child' (for barely, 'with child', unless it be alive in the womb, is not sufficient. . . .)"

[4] See Quay, *Justifiable Abortion*, 49 Georgetown Law Journal 173, 1960, pp. 180–241, where the medical reasons for therapeutic abortions as stated in the standard obstetric works from 1903 to 1960 are stated and analyzed. Dr. Guttmacher has stated:

"On the whole, the over-all frequency of therapeutic abortion is on the decline. This is due to two facts: first, cures have been discovered for a number of conditions which previously could be cured only by termination of pregnancy; and second, there has been a change in medical philosophy. Two decades ago, the accepted attitude of the physicians was that if a pregnant woman were ill, the thing to do would be to rid her of her pregnancy. Today it is felt that unless the pregnancy itself intensifies the illness, nothing is accomplished by the abortion." (66 at p. 13) (See also 67).

Dr. Guttmacher has also said:

"Today it is possible for almost any patient to be brought through pregnancy alive, unless she suffers from a fatal illness such as cancer or leukemia and, if so, abortion would be unlikely to prolong, much less save, life." (68 at p. 9).

Dr. Guttmacher has also said:

"There is little evidence that pregnancy in itself worsens a psychosis, either intensifying it or rendering prognosis for full recovery less likely." (69 at p. 121).

Appendix F

Abortion—Death Before Birth

(By Joseph R. Stanton, M.D., F.A.C.P.)

The magnificent Life Magazine Series "Life Before Birth" with the pictures of the human embryo and fetus by Lennart Nilsson began with the following statement, "The Birth of a Human Life Really Occurs at the Moment the Mother's Egg Cell Is Fertilized by One of the Father's Sperm Cells."

Abortion attempts to destroy the life that begins with conception. It usually but not always results in the death of the growing child within the womb. After the first six months of liberalized abortion in New York City, the Health Department reported "eleven live births after abortion procedure, all infants died within the next day or so. Two living infants were discharged from hospitals" having to be classified as live births rather than as abortions.

During the first 12 weeks of life, abortion is carried out by either (A) D&C or (B) Suction Curettage. After twelve weeks, the fetus is too large to be removed by (A) or (B), so abortion is attempted by (C) Saline Injection, and if this is not effective, (D) Hysterotomy is carried out.

No method of abortion is carried out in any significant number of cases without hazard to the mother. A recent paper from England makes the following statement: "The morbidity and fatal potential of criminal abortion is widely accepted while at the same time the public is misled into believing that legal abortion is a trivial incident, even a lunch hour procedure which can be used as a mere extension of contraceptive practice. There has been almost a conspiracy of silence regarding risks."

Listed as immediate complications are:

1. The birth of a living child.
2. Cervical lacerations—4.2%.
3. Uterine perforations—1.7%.
4. Fever—15%.
5. Peritonitis—7.2%.
6. Retained products of conception requiring D&C—5%.
7. Septicemia—0.37%.
8. Endometritis—2.5%.
9. Urinary tract infection.
10. Pulmonary embolism.
11. Amniotic fluid embolism.
12. Hemorrhage greater than 500cc. in 9–17% of abortions done by various methods.

Later, additional complications are depressive reactions, subsequent sterility, subsequent abnormalities of placental implantation and a predisposition to premature labor in future pregnancies. A paper from Czechoslovakia states: "We find the immediate acute inflammatory complications in about 5% of cases—permanent complications in 20–30% of all women who had pregnancy interruptions."

It is believed that this presentation shows abortion for what it is—a negative and destructive approach to life and one of its problems. Those who have portrayed abortion as safe, easy, and almost without psychic trauma have not spoken from the facts. The current efforts of the American drug industry now spending millions of dollars to perfect the prostaglandins so that abortions may be made microscopic should be no less objectionable than the destruction of life at 8 weeks or 12 weeks or 24 weeks—before or after birth. Each one of us began life as a single cell and that biological process has continued without interruption to the moment this line is read. Abortion interrupts, despoils and destroys human life.

A. D&C OR DILATION AND CURETTAGE

A brief history is taken, the blood typed and a consent form signed by the patient. The patient is premedicated and an intravenous is started. Anesthesia, either regional or intravenous pentothal is induced. The operative area is cleansed with antiseptics, a retractor is inserted and the mouth of the womb or cervix is grasped with a tenaculum or clamp. A sound or calibrated measure is inserted to measure the depth of the womb. The mouth of the womb is then dilated—"The amount of dilation will depend on the size of the products of conception." A sharp curette—like a long spoon with sharp serrated edges is introduced and the interior of the womb methodically scraped. "Often little tissue comes away at first but the products of conception are loosened and the ovum forceps is used to remove them." An oxytocic is then given to shrink down the uterus and lessen bleeding. The patient is watched until recovery from anesthesia occurs and then sent back to her room. The pathetic pulp in the photos abobe, what were once fragile, living objects of simple innocence and complex wonder, are consigned to furnace or sewer . . . unwanted, undefended, unknown. What greater sacrifice could the innocent unborn but to lay down their lives for their mothers' convenience.

B. SUCTION CURETTAGE

Preoperative medication and preparation the same as for D&C. Anesthesia is induced usually with intravenous pentothal. A speculum is inserted in the vagina. The cervix (mouth of the womb, ed.) is grasped with a tenaculum. Pitressin, to cause the womb to contract—is injected. The cervix is forcibly dilated. The suction curette, a tube, is inserted into the uterus, the suction turned on, present at 70 mm Hg. negative pressure. The curette is worked in and out rotating it slowly. "Because the curette and tubing are transparent, the site of implantation can be ascertained from the amount of tissue withdrawn from different areas of the uterus. . . . The procedure is completed by concentrating in the area from which the bulk is obtained." The end point of the procedure is reached when no further tissue is obtained by suction. The embryonic parts, broken and crushed are caught in a tissue trap attached to the machine. A physician long accustomed to witnessing suffering and death has said of suction curettage, that in all his life he has known no more horrible sight or sound than that produced as the little human parts thud into and are caught by the tissue trap.

C. SALINE INJECTION

After twelve weeks, the fetus is so large that D&C and Suction Curettage are too dangerous to the mother. At twelve weeks, there is not enough amniotic fluid in the sac in which the little aquanaut lives and moves to do amniocentesis safely. Usually the physician waits until the unborn child has grown to 16 weeks size. Life Magazine states that it is now 5½ inches long and, "quite recognizable now as a human baby." After the patient has emptied her bladder, the abdomen is then prepared with antiseptics. The skin and subcutaneous tissues are injected with a local anesthetic. A long 18 inch gauge needle is inserted through the abdominal wall and the wall of the uterus into the amniotic sac of fluid surrounding the fetus. Four to five ounces of fluid are withdrawn and 5–7 ounces of toxic salt solution 20% saline (more than 23 times the concentration of salt solution that is used for intravenous therapy normally—ed.) is injected. The patient is then given oxytocics to contract the uterus and often also an antibiotic. After the toxic solution is injected, electrocardiographic studies in a New York hospital show that it takes 45 to 120 minutes for the unborn child's heart to stop. When the child dies or the uterus is sufficiently irritated, after a latent period of hours—labor begins and the dead child is born 24 to 28 hours later. A New York physician who does saline abortions has said of this procedure, "I hate to do saline injections—when you inject the saline you see an increase of fetal movements—it's horrible." That increase of fetal movements occurs as the unborn child struggles in his or her death throes.

D. HYSTEROTOMY

If Saline injection is ineffective or cannot be completed because of technical difficulty or reaction, abortion is accomplished by Hysterotomy. Hysterotomy has been called the "miniature Caesarean section". The patient is prepared and anesthetized, the abdomen and womb are opened. The fetus is lifted out. The cord is clamped. The fetus struggles for a moment and dies. This is obviously unpalatable, particularly to nurses, so much so that Kaye states "The large fetuses aborted at greater than 22 weeks gestation become abhorrent to the nursing staff. This necessitated the change in policy limiting abortion up to the 20th week." Hysterotomy or Caesarean section has a long and honored history in medicine, often saving the life of the mother and the child. When deliberately used to abort, it destroys the life of the child. Occasionally, at least, it also leads to the loss of the life of the mother.

TERMS AND DERIVATIONS

Abortion—Latin Ab-orior, orire, ortus sum—the one kept from arising.

Embryo—Latin Embryon—the offspring before its birth.

Fetus—Latin Foetus—the young one.

"Products of Conception"—the abortionists' term for the embroyo or fetus.

Termination of Pregnancy—abortionists' term for the act of abortion.

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SPEECH BY SENATOR JAMES L. BUCKLEY BEFORE THE NEW YORK STATE RIGHT TO LIFE CONVENTION, ROCHESTER, N.Y., SEPT. 27, 1975

This morning, at a time when the cause of life may seem to some to have been set back by the refusal of the Senate Subcommittee on Constitutional Amendments to vote out a Human Life Amendment, I believe the Right-to-Life movement can rightfully borrow Winston Churchill's words and cadences. To those who want to know where the movement stands, this should be the reply: "You ask what is our policy, We say: it is to wage the fight against abortion with all our might and with all the strength that God can give us: to wage war against the monstrous tyranny of abortion. That is our policy. You ask what is our aim? We can answer in one word: Victory! Victory in spite of all propaganda and deceit and half-truths; victory however long and hard the road may be; for without victory for the unborn there is no survival for the urge and impulse of the ages, that mankind will move forward to its goal. We take up our new task with buoyancy and hope."

We are engaged in a struggle fully as important and as bitter and as hard as the one Churchill spoke of thirty-five years ago. Churchill had his setbacks; we have had ours. But our cause will ultimately triumph, as his did, because our cause is just.

And, because we are gathered here in a context of our nation's Bicentennial, let me add one more famous phrase. It was said long ago by an American who, when urged to give up, replied in the words the pro-life movement can make its own: "We have not yet begun to fight."

There is a famous etching, with which you may be familiar, by the great Spanish artist Goya. It shows a man fallen asleep and surrounded by hideous dream-like creatures. The title of the etching is "The Sleep of Reason Produces Monsters."

It is our fate to live in a time in our nation's history when reason seems to have been lulled—or drugged—into sleep. We have seen the judicial and legislative monsters this sleep of reason has produced, none more hideous or destructive than abortion-on-demand. We have seen men of reason say "I am personally opposed to abortion". . . . And then proceed to vote against any proposal that might save the unborn.

All of you here today represent an attempt to awaken our state and our beloved nation from this sleep of reason, to enable the bright sunlight of fact to dissolve the myths and the obscurities, half-truths, the deceptions and the self-deceptions and, yes, the blatant lies that are at the heart of the abortionist position.

Today, I'd like to share with you a few thoughts on the inalienable right to life, and to look at the beginning of our nation and what it may tell us about the founders' ideas concerning respect for human life.

What does history tell us about the right to life as seen in the days of the founding fathers? That question is an important one, so I asked the Library of Congress to report to me on moral and ethical attitudes toward abortion in and around the time our nation was founded. What resulted was some research into historical sources that gives a brief outline of the most prestigious moral views concerning abortion in the days of Jefferson and Washington and Adams.

According to the Library, the most authoritative work of the late Eighteenth Century-early Nineteenth Century period was *Medical Ethics* written by an English physician, Dr. Thomas Percival. He is described as "A Manchester Unitarian, deeply read in law. . . . Philosophy and Ethics." While allowing for abortions to save the mother's life, Percival sharply condemns abortion in general. Here is what Thomas Percival wrote: "To extinguish the first spark of life is a crime of the same nature, both against our Maker and Society, as to destroy an infant, a child, or a man; these regular and successive stages of existence being the ordinances of God, subject alone to the Divine Will. . . ."

Further, according to the Library of Congress: "(Percival) specifically rejects the argument that the mother has 'equal and full rights' over the fetus since it is 'a portion of the womb,' and holds that 'no female can be privileged to injure her own bowels, much less the fetus, which is now well known to constitute no part of them.' Indeed, he identifies abortion 'under the denomination of murder' when and if, 'no moral or salutory end (being) in view' (i.e., in therapeutic cases where 'the configuration of the fetus' endangers the mother's life), abortifacients cause the death of a child after birth. Abortion in the sense of feticide (i.e., *en ventre sa mere*), he regards (following Blackstone and the Common Law) as a 'misprision' or 'very heinous misdemeanor.' He quotes Blackstone with approval: 'If a woman be quick with child, and, by a potion or otherwise, killeth it in her womb, this is a great misprision, yet no murder. But if the child be born alive, and dieth of the potion or otherwise, this is murder.' "

Let's dwell for a moment on the last point. We know that for two thousand years and more the protection of human life in the womb was always considered to be of paramount importance. We know also that ignorance of the facts of biological development often led to different legal approaches to the problem. I emphasize this only because the abortion lobby has rewritten history in such a way as to allegedly demonstrate that there never was a concern shown for the unborn, but only for the mother. Thomas Percival's *Medical Ethics* makes it clear that whenever human life was known to exist, it was protected and that whenever it could be demonstrated by the rather primitive scientific methods of those days that human life had been destroyed, the crime was viewed with horror.

And this was the moral context in which our nation was founded. There was none of the sophistry and the illusion and the equivocation we find coming out of the mouths of intelligent pro-abortionists today. Writing of the meaning of the word "life" in the "Life, Liberty and Pursuit of Happiness" phrase, one historian has stated: "The right to life seems obvious. . . ." She then states that the right to life was, in the 18th century, being discussed in ". . . other contexts . . . beyond mere existence." She mentions the questioning of torture as a method of justice and the arguments over the often harsh penal codes of the time. And then she writes: ". . . I am not claiming that Jefferson in placing life first among rights was consciously behaving in any but the conventional manner of all opponents of tyranny; but I am suggesting here and in passing that, in the period of the American Revolution and the new constitutions and laws then adopted, life, its treatment and disposal were becoming an issue of deeper consequence than the mere matter of existence, or of self-defense . . ."

I want to pause here to underscore that "placing life first among rights" is seen as acting in the "conventional manner of "all opponents of tyranny." I believe this is a very instructive point, because it takes the respect for human life out of the realm of personal feeling or private decision and fits it into the realm of public debate. Respect for life is always opposition to tyranny, and it was understood as such in the Eighteenth Century.

Before we get back to this important point, let me proceed with the Library of Congress' research into the attitudes toward abortion of the learned contemporaries of the founding fathers. Here is what the Library states:

"The Protestant tradition in colonial America may be seen in the *Essay on the Decalogue,* by the Reverend Benjamin Wadsworth (1669–70 to 1737), President of Harvard College and eminent New England divine, who condemns those who 'purposely endeavor to destroy the life of a child in the womb' as violating the command, 'Thou Shalt not Kill' . . . It may be noted that the great Lutheran scholar and writer, Pufendorf (D. 1694), in his magisterial *On the Law of Nature and of Nations* (1672), translated into English in 1710 and widely read in the 18th Century, argues that 'the power of the father does on no account extend so far that he can destroy the child while yet unborn, except in case both the mother and child would otherwise perish.'"

The Library report then goes on to say: "Theodoric R. (1791–1855) and John B. (1794–1851) Beck's *Elements of Medical Jurisprudence,* published at Albany in 1823 . . . (comes out) *against* animation or quickening as a significant dividing line: "However objectionable such an opinion may be, yet the fact is certain, that the foetus enjoys life long before the sensation of quickening is felt by the mother . . . If physiology and reason justify the position just laid down, we must consider those laws which treat with less severity the crime of producing abortion at an early period of gestation, as immoral and unjust.' This view was expressed authoritatively just forty-eight years after the declaration of Independence."

This then is the context in which the founders spoke of the "unalienable right to life." Let there be no misunderstanding of the fact: the right to life movement in this state and throughout the country is acting within and as part of a tradition that goes back to the founders. Respect for life is opposition to tyranny whether that tyranny be royal or judicial, of the King or of the Court, in the Eighteenth Century or in the Twentieth Century.

I know that all of you have been to Washington and you know that the Library of Congress is next to the Supreme Court building. What puzzles me is why members of the Supreme Court didn't simply walk up the block and ask somebody in the Library for the information I have just read to you. How anyone can be aware of the attitude toward abortion in Colonial America and then agree with the Supreme Court decision is beyond me. And that anyone can write a decision like *Roe* v. *Wade* and *Doe* v. *Bolton* without even considering such evidence is, to put it mildly, a mystery. But, then, the Supreme Court moves in mysterious ways its blunders to perform.

In preparing for this speech, I re-read the Declaration of Independence and came across a passage that is grimly ironic. I don't know how many Americans recall it, but in that long list of grievances that the founders brought against George III, there was this one—and I quote: "He has endeavored to prevent the population of these states . . . by . . . obstructing the laws . . . and refusing to pass others . . . to encourage their migration hither . . ."

It would seem we have come full circle. A nation founded because, among other reasons, there was a tyrannical attempt made to "prevent" population, now finds itself, two hundred years later, embracing the "final solution to the population problem.

The passage from George III to the Supreme Court decisions of 1973 is one of the most eloquent and persuasive arguments I have ever seen against the theory of evolutionary progress in human affairs.

But, when I begin to despair, I look at New York State Right to Life and its dedicated and energetic members—and I know things will be well in the end.

New York, in which one of the first pitched battles against the invasion of the pro-abortion philosphy was fought, has a proud history of setting the pace. The United States Civil Rights Commission—soon to be renamed the Civil Wrongs Commission—came out with a shoddy and historically inaccurate piece of work supposedly offering an historic view of the legal background of abortion. But those of us who know the New York Right to Life movement recognize that our very own Bob Byrn wrote the definitive and irrefutable answer to the abortionists' twisting of legal history in 1973 in the *Fordham Law Review.*

Even the Washington *Star,* not known as a captive of the prolife movement, recently paid high tribute to the *Human Life Review,* published in New York and bringing to the nation the pro-life writings of such distinguished authors as Malcolm Muggeridge, Eugene Ionesco and many others.

And yet I think it can be said that while the brillance of our lawyers and the excellence of our publications are important factors in the leadership which New York has offered the pro-life movement in this nation, it is the New York State Rights to Life Committee and its members that have truly carried the banner so magnificantly.

This convention demonstrates to the people of New York and the people of America that New York State Right to Life has not yet begun to fight.

This convention is a demonstration of faith. It is a demonstration of hope. And, because New York State Right to Life exists only to help the helpless, it is a demonstration of love.

The abortionists can do and say what they want. But they will not defeat the faith, hope and love that are evident here today.

Remember: We have lost a battle. There are other battles to be fought, battles we can and will win.

The Federal government is still spending millions to kill the unborn. We have to stop them whenever and wherever we can, and we can do it through amending relevant bills. It can be done and it must be done, in the House and in the Senate.

Every time a pro-abortion statement is made, in the Congress or in the media, intelligent and informed efforts can and should be made to set the record straight.

The current move for hearings in the House should be pursued with vigor.

I know you will be discussing these and other ideas in your seminars. I look forward to hearing from you as to the approaches you think are best suited to the task in front of us.

Whatever the approach, I know that the pro-life movement is acting in the great American tradition. On March 31, 1809, thirty-three years after the signing of the Declaration of Independence, Thomas Jefferson said: "The care of human life and happiness, and not their destruction, is the first and only legitimate object of good government."

Let us work in such a way that the principles of the founders, principles embracing human life, are once again at the heart of this great and beloved nation.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 123

At the request of Mr. INOUYE, the Senator from Oregon (Mr. HATFIELD) was added as a cosponsor of S. 123, a bill to amend the Social Security Act.

S. 1843

At the request of Mr. DOLE, the Senator from Wyoming (Mr. MCGEE) was added as a cosponsor of S. 1843, a bill to amend and clarify certain regulatory authorities of the Federal Government over work and activities in navigable waters.

S. 1926

At the request of Mr. SCHWEIKER, the Senator from California (Mr. TUNNEY) and the Senator from Minnesota (Mr. HUMPHREY) were added as cosponsors of S. 1926, the Health Maintenance Organization Amendments of 1975.

S. 2321

At the request of Mr. BELLMON, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of S. 2321, a bill to amend the Voting Rights Act of 1965.

S. 2327

On October 8, 1975, at his own request, the Senator from Wisconsin (Mr. PROXMIRE) was added as a cosponsor of S. 2327, a bill to amend the Real Estate Settlement Procedures Act of 1974.

S. 2364

At the request of Mr. MONDALE, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of S. 2364, a bill to authorize the President to implement a system of priority allocation of Canadian crude oil to American refiners.

S. 2389

At the request of Mr. INOUYE, the Senator from Wyoming (Mr. MCGEE), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Nevada (Mr. LAXALT), and the Senator from Minnesota (Mr. MONDALE) were added as cosponsors of S. 2389, a bill to amend title I of the Employee Retirement Income Security Act of 1974.

S. 2426

At the request of Mr. DOLE, the Senator from Indiana (Mr. HARTKE) and the Senator from Nevada (Mr. LAXALT) were added as cosponsors of S. 2426, a bill to establish a reduced rate of postage for letters sealed against inspection mailed by private citizens.

S. 2428

At the request of Mr. INOUYE, the Senator from Wyoming (Mr. MCGEE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Indiana (Mr. HARTKE), the Senator from Illinois (Mr. PERCY), the Senator from Ohio (Mr. TAFT), and the Senator from Hawaii (Mr. FONG) were added as cosponsors of S. 2428, a bill to amend the Internal Revenue Code.

S. 2442

At the request of Mr. MONDALE, the Senator from Maine (Mr. HATHAWAY), the Senator from Minnesota (Mr. HUMPHREY), and the Senator from North Dakota (Mr. YOUNG) were added as cosponsors of S. 2442, a bill to help curb the spread of Dutch elm disease.

S. 2465

At the request of Mr. MCCLURE, the Senator from Nevada (Mr. LAXALT) was added as a cosponsor of S. 2465, a bill to accelerate the formation of investment capital required to expand both job opportunities and productivity in the private sector of the economy.

S. 2480

At the request of Mr. TAFT, the Senator from New York (Mr. JAVITS) was added as a cosponsor of S. 2480, a bill to amend the Regional Rail Reorganization Act of 1973 in order to authorize and direct the Secretary of Transportation to make certain State and local tax payments on behalf of railroads in reorganization.

S. 2506

Mr. RIBICOFF. Mr. President, recently I introduced legislation, S. 2506, to provide medicare coverage for a wide range of services provided by an outpatient rehabilitation center such as those operated by the Easter Seal Society.

Senator HARRISON WILLIAMS of New Jersey, a long-time champion of the problems of the handicapped and those in need of rehabilitation services, joined with me in introducing this legislation.

Unfortunately, due to an inadvertence in the RECORD, Senator WILLIAMS' name was not listed. His early and strong support of this legislation should be brought to the attention of my colleagues and I ask unanimous consent that he be added as a cosponsor of S. 2506.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS SUBMITTED FOR PRINTING

NATURAL GAS EMERGENCY ACT OF 1975—S. 2310

AMENDMENTS NOS. 969 AND 970

(Ordered to be printed and to lie on the table.)

Mr. ROTH. Mr. President, today I submit two amendments to the Emergency Natural Gas legislation now before the Senate (S. 2310). I ask unanimous consent that they be printed in the RECORD for immediate review by my colleagues.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 969

NATURAL GAS EMERGENCY ACT OF 1975

Insert a new Section 13 as follows:

SEC. 13. ALLOCATION OF NATURAL GAS

(a) Whenever the Federal Power Commission (hereinafter referred to as the "Commission") determines that supplies of natural gas are in such short supply within a service area that they pose a threat to residential users, small users, hospitals or other services vital to the public health, safety, or welfare, the Commission shall by order, direct any pipeline or pipelines not experiencing such shortages, to make specified deliveries of natural gas directly or indirectly to the pipeline experiencing such emergency shortages.

(b) Orders issued under paragraph (a) shall provide for—

(A) protection of public health, safety, and welfare, and the national defense;

(B) maintenance of all public services;

(C) maintenance of agricultural operations;

(D) minimization of economic distortion, protection of jobs, and elimination of inflexibility and unnecessary interference with economic market mechanisms.

(c) To the maximum extent practicable any allocation order established under subsection (a) shall be (A) based on a reasonable base period, and (B) structured so as to result in the equitable distribution of natural gas among all regions, States, and areas of the United States and sectors of the economy so as to minimize the impact of natural gas shortages.

(d) The provisions of this Section shall apply to all natural gas produced or transported in the United States.

AMENDMENT NO. 970

At the appropriate place, insert the following new Sections:

SEC. . NATURAL GAS PRODUCTION ON FEDERAL LANDS—

(a) All leases or other agreements entered into by the Secretary of Interior under the Authority of the Natural Gas Act (15 U.S.C. 717) on the Outer Continental Shelf Lands (43 U.S.C. 1309) for the exploration or production of oil or natural gas on Federal lands shall contain a provision that the Secretary shall have the right to require increased production up to but not to exceed the maximum efficient rate of production under such lease for the purposes of dealing with emergency shortages of oil or natural gas or other national emergencies.

(b) Within 90 days after enactment of this Act, the Secretary shall issue regulations setting forth the maximum efficient rate of production for each field on Federal lands which the Secretary determines produces, or has the capacity to produce, significant quantities of natural gas.

(c) For purposes of this section the term "maximum efficient rate of production" means the maximum rate of production of natural gas which may be sustained without loss of ultimate recovery of crude oil or natural gas, or both, under sound engineering principles.

(d) Nothing in this section shall be construed to authorize the production from any Naval Petroleum Reserve subject to the provisions of chapter 641 of title 10, United States Code.

SEC. . DISPOSITION OF FEDERAL ROYALTY NATURAL GAS—

(a) Upon commencement of production of natural gas from any lease on Federal lands issued under the authority of the Natural Gas Act (15 USC 717) or the Outer Continental Shelf Lands Act (43 USC 1309) enactment of this Act, the Secretary shall, except as provided in this Section, offer to the public and sell by competitive bidding for not less than its fair market value, in such amounts and for such terms as he determines, that proportion of the gas produced from said lease which is due the United States as royalty natural gas. Whenever, after consultation with and advice from the Administrator of the Federal Energy Administration, and the Chairman of the Federal Power Commission, the Secretary determines that an emergency shortage of natural gas is threatening to cause severe economic or social dislocation in any region of the United States and that such region can be serviced in a practical, feasible and efficient manner by royalty natural gas of the Federal government, the Secretary shall limit participation of competitors for the sale of any such royalty natural gas to those servicing such region, but he shall not make any sale for less than the fair market price.

(b) Within sixty days after the date of enactment of this Act, the Secretary shall submit to the Congress a systematic plan together with any necessary Federal policies, regulations and procedures and any amendments he deems necessary to the Natural Gas Act, the Mineral Leasing Act, 1920, or the Outer Continental Shelf Lands Act or any other applicable Federal legislation, to facilitate and maximize the efficient and effective use of royalty natural gas ordered by the Secretary pursuant to (a) above. In preparing such recommendations for use of such royalty natural gas the Secretary shall consult with the Administrator of the Federal Energy Administration, the Federal Power Commission, and any other appropriate Federal department or agency.

Mr. ROTH. These amendments would provide needed quantities of natural gas to regions threatened by crippling shortages and assure that all natural gas available for use in the coming months is distributed on a fair and equitable basis to minimize social and economic impacts.

Amendment No. 969 provides authority for the FPC to order emergency allocation of natural gas. The FPC needed this authority last winter and we must make sure it is available for the coming heating season. Emergency allocation would provide relief to communities in critically short supply by authorizing redistribution of natural gas from areas with abundance to areas experiencing major shortages to meet minimum operational needs. In this way, severe displacement and dislocation in locales serviced by interstate pipelines which have no gas would be avoided by spreading curtailment impacts over a broad area.

Under the amendment, emergency allocation would be initiated only when shortages threaten residential and other small quantity users and hospitals and other services vital to public safety, health and welfare. Adequate supplies of gas would be available for maintenance of public services and national defense, continuance of essential agriculture operations and elimination of major economic distortions and dislocations caused by closing of plants and loss of jobs.

Allocation will not encourage increased natural gas production in this country in future years and should not be viewed as a long-term solution to our Nation's natural gas crisis. However, it is a statutory authority desperately needed at this time to avert potentially severe economic and social disruptions in regions threatened by major curtailments.

Amendment No. 970 is designed to augment current statutory and administrative guidelines for the leasing of public onshore and offshore lands to require increased production of oil and natural gas by the lessor to meet emergency conditions. Additionally, the amendment expands statutory authorities under the Natural Gas Act and Outer Continental Shelf Lands Act to order natural gas lease royalties, in kind and to distribute gas so as to alleviate shortages in particular areas. It also requires the Secretary of Interior to submit a plan to Congress on how the effective use of royalty gas from public lands can be maximized.

Mr. President, the Congress must act now on a natural gas bill that both effectively addresses shortages starting next month and reverses the trend of the last 5 years. Since 1970, demands for natural gas have far outstripped its supply.

We are all familiar with the frightening reports published recently on the natural gas outlook this winter for nearly half the States of our Union. The reports from every source are consistent and bleak. They show that States up and down the Atlantic seaboard and throughout the Midwest and Far West will experience shortages of as much as two-thirds of their requirements. This threatens businesses, large and small, and loss of as many as 500,000 jobs to add to the 8 million already unemployed. Literally, the social well-being and economic recovery of a dozen States or more are at stake unless effective steps are taken right now by the Congress. Time for bickering has long since run out.

For my State of Delaware natural gas shortages make the outlook grim. A recent forecast by the FEA ranks Delaware as the fourth hardest hit State this winter, with North Carolina, Maryland, and Virginia leading the list. Pennsylvania, New Jersey, West Virginia, Ohio, New York, South Carolina, and Kentucky are also noted as regions threatened by critical shortfalls.

Steps taken to move this country out of its current recession and create jobs will be reversed if pending natural gas shortages go unchecked. Even farming, long the backbone and mainstay of stability of this Nation, is severely threatened if sufficient natural gas for fertilizer and crop drying and treating is not available. Natural gas for agriculture must be a priority item addressed by our emergency provisions and I support those sections of current proposals.

Mr. President, I urge my colleagues to join me both in support of these key amendments and in enactment of a responsive natural gas bill at the earliest date possible.

AMENDMENT NO. 971

(Ordered to be printed and to lie on the table.)

Mr. JAVITS submitted an amendment intended to be proposed by him to Amendment No. 919 proposed to the bill (S. 2310), the Natural Gas Emergency Act of 1975.

AMENDMENT NO. 972

(Ordered to be printed and to lie on the table.)

Mr. RANDOLPH submitted an amendment intended to be proposed by him to Amendment No. 919 proposed to the bill (S. 2310), supra.

AMENDMENT NO. 973

(Ordered to be printed and to lie on the table.)

Mr. RANDOLPH (for himself and Mr. Javits) submitted an amendment intended to be proposed by them jointly to Amendment No. 919 proposed to the bill (S. 2310), supra.

AMENDMENTS NOS. 975 AND 976

(Ordered to be printed and to lie on the table.)

Mr. GLENN submitted two amendments intended to be proposed by him to Amendment No. 919 proposed to the bill (S. 2310), supra.

AMENDMENT NO. 977

(Ordered to be printed and to lie on the table.)

Mr. ABOUREZK (for Mr. Philip A. Hart, for himself, Mr. Metcalf, Mr. Durkin, Mr. Kennedy, Mr. Packwood, Mr. Gary Hart, Mr. Nelson, Mr. McGovern, and Mr. Clark) submitted an amendment intended to be proposed by them to Amendment No. 919 proposed to the bill (S. 2310), supra.

AMENDMENT NO. 978

(Ordered to be printed and to lie on the table.)

Mr. NELSON (for himself, Mr. Percy, and Mr. Proxmire) submitted an amendment intended to be proposed by them jointly to Amendment No. 919 proposed to the bill (S. 2310), supra.

AMENDMENT NO. 979

(Ordered to be printed and to lie on the table.)

Mr. STEVENS submitted an amendment intended to be proposed by him to Amendment No. 919 proposed to the bill (S. 2310), supra.

AMENDMENT NO. 980

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS submitted an amendment intended to be proposed by him to Amendment No. 919 proposed to the bill (S. 2310), supra.

AMENDMENT NO. 981

(Ordered to be printed and to lie on the table.)

Mr. GLENN submitted an amendment intended to be proposed by him to Amendment No. 919 proposed to the bill (S. 2310), supra.

AMENDMENT NO. 982

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS submitted an amendment intended to be proposed by him to Amendment No. 919 proposed to the bill (S. 2310), supra.

NEW NATURAL GAS DEFINITION

Mr. HOLLINGS. Mr. President, under the Pearson-Bentsen amendment, No. 919, new natural gas produced onshore is immediately deregulated and new natural gas produced offshore is deregulated after 5 years. The theory of this approach is that higher prices for new natural gas will provide incentives to encourage additional natural gas production to meet the Nation's energy needs.

However, deregulated prices for old natural gas are completely unjustified. Higher prices for old gas simply provide windfalls to producers and provide no direct incentives for additional production. Yet the Pearson-Bentsen amendment would permit old gas to be sold at deregulated new gas prices upon the expiration of existing contracts. A producer incurs no additional costs and to permit him to charge deregulated prices for continued delivery of old gas places an enormous inflationary burden on the economy and results in unjust enrichment of producers.

In addition, the Pearson-Bentsen amendment would permit old natural gas from old reservoirs to be sold at new unregulated prices if new wells are drilled. This would encourage wasteful drilling in existing fields where production from new wells would simply reduce production from old wells. It would discourage new discoveries where risks are greater and return uncertain when compared to drilling in old fields.

This amendment assures that deregulated prices are available to those who go out and find new gas, not those who simply continue selling old gas or put new straws into old sodas. This amendment would encourage a maximum effort by producers to find additional natural gas and not to waste resources by simply drilling in old fields.

Under this amendment, there would be six categories of new gas that would be available to the interstate market on a long-term basis:

First. Gas from wells drilled after January 1, 1975, which has not previously been dedicated to the interstate market.

Second. Gas already in production and being sold in the intrastate market.

Third. Gas from newly discovered reservoirs onshore.

Fourth. Gas from newly discovered reservoirs offshore which is sold under a contract of not less than 15 years—all of the offshore gas is from Federal domain and therefore in the interstate market. In order for newly discovered gas to be eligible for the new market price created by deregulation, such gas must be sold on a term of not less than 15 years.

Fifth. Gas produced from bona fide extensions of existing onshore reservoirs.

Sixth. Gas presently being sold to the interstate market under limited-term certificates—5 years or less—or temporary emergency certificates. [This gas would be continued in the interstate market; otherwise delivery to the interstate market would end upon the expiration of the certificate or the temporary contract.]

This definition effectively prevents the sale of "old" gas for "new" prices. It would prevent the redrilling of an existing reservoir and the sale of the old gas for the new and increased prices, providing a windfall for the producer.

This definition would also prevent "old" gas now being sold into the interstate market from becoming "new" gas upon the expiration of the contract under which that gas is presently being sold and thereby creating a windfall profit for the owner of such gas; and it would also prevent the "abandonment" of service by the seller of such gas, thus insuring the continuing flow of natural gas. This is because such gas would still be subject to the Natural Gas Act.

This definition would also insure that all offshore gas—where much of our present and potential reserves appear to be—would not be eligible for deregulated prices unless sold under a contract for a term of not less than 15 years. This would insure the continuing flow of such gas into the interstate market and into the areas of this country served by the original purchasing pipelines. It would prevent short-term contracts that would enable the seller of the gas to continually barter with the purchaser for increased prices.

INTERNATIONAL DEVELOPMENT AND FOOD ASSISTANCE ACT—H.R. 9005

AMENDMENT NO. 974

(Ordered to be printed and to lie on the table.)

Mr. **ROTH** submitted an amendment intended to be proposed by him to the bill (H.R. 9005) to authorize assistance for disaster relief and rehabilitation, to provide for overseas distribution and production of agricultural commodities, to amend the Foreign Assistance Act of 1961, and for other purposes.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 817

At the request of Mr. MONDALE, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of Amendment No. 817 to create an American Bicentennial Photography and Film Project, intended to be proposed to the bill (S. 1695) to extend and improve programs authorized by the Emergency Jobs and Unemployment Assistance Act of 1974.

ANNOUNCEMENT OF HEARINGS

Mr. **JACKSON**. Mr. President, in accordance with the rules of the Committee on Interior and Insular Affairs, I wish to advise my colleagues and the public that the following hearings and business meetings have been scheduled before the committee for the next 2 weeks:

October 21: Minerals, Materials, and Fuels Subcommittee.—10 a.m.—room 3110—hearing, Oversight of operations of conservation division of U.S. Geological Survey.

October 21: House-Senate Conference.—10 a.m. and 2 p.m.—room 4200—S. 622, Energy Conservation and Oil Policy bill.

October 22: Full Committee—10 a.m.—room 3110—hearing, Nomination of Kent Frizzell to be Under Secretary of Interior.

October 22: House-Senate Conference—10 a.m. and 2 p.m.—room to be determined—S. 622, Energy Conservation and Oil Policy bill.

October 23: Full Committee—10 a.m.—room 3110—hearing, Indian Waters Allocations (Central Arizona Project).

October 23: House-Senate Conference—10 a.m. and 2 p.m.—Room to be determined—S. 622, Energy Conservation and Oil Policy bill.

October 24: Full Committee—10 a.m.—room 3110—hearing, Indian Water Allocations (Central Arizona Project).

October 24: House-Senate Conference—10 a.m. and 2 p.m.—room S-207, Capitol—S. 622, Energy Conservation and Oil Policy bill.

October 28: Indian Affairs Subcommittee—9:30 a.m.—room 3110—hearing, Information hearing on rules and regulations for implementation of PL 93-638.

October 28: House-Senate Conference (tentative)—10 a.m.—room to be determined—H.R. 49, Petroleum Reserve on Public Lands legislation.

October 29: Minerals, Materials, and Fuels Subcommittee—10 a.m.—room 3110—hearing, To hear Administration witnesses re oversight on law of sea.

October 29: Energy Research and Water Resources Subcommittee—10 a.m.—room 4200—hearing, S. 2361, to reauthorize and modify McKay Dam, Oregon.

October 30: Parks and Recreation Subcommittee—10 a.m.—room 3110—hearing, S. 1725, Chickasaw National Recreation Area; and S. 847, Seward National Recreation Area; S. 1776, Valley Forge National Park; S. 661, Chattahoochee River National Recreation Area.

October 30: Energy Research and Water Resource Subcommittee—9:30 a.m.—room 3302—hearing, S. 2089, to authorize modifications to Dickinson Dam, North Dakota, and S. 2493, Pollack-Herreid unit authorization, South Dakota.

ANNOUNCEMENT OF HEARING

Mr. **JOHNSTON**. Mr. President, I wish to announce, for the information of the Senate and the public, the scheduling of a public hearing before the Parks and Recreation Subcommittee of the Senate Interior and Insular Affairs Committee.

The hearing is scheduled for November 13, beginning at 10 a.m., in room 3110 of the Dirksen Senate Office Building. Testimony is invited regarding the following bills: S. 867, a bill to amend the act entitled "An act to establish the Fire Island National Seashore, and for other purposes," approved September 11, 1964 (78 Stat. 928); S. 1689, a bill to amend the Pennsylvania Avenue Development Corporation Act of 1972 (Public Law 92-578), as amended; S. 1847, a bill to authorize the 101st Airborne Division Association to erect a memorial in the District of Columbia or its environs; and S. 2158, a bill to increase an authorization of appropriations in order to complete the Mission 66 Bypass at Vicksburg, Miss.

For further information regarding the hearings, you may wish to contact Mr. James Beirne, of the subcommittee staff on extension 47145. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Parks and Recreation Subcommittee, room 3106, Dirksen Senate Office Building, Washington, D.C. 20510.

NOTICE OF NOMINATION HEARING

Mr. **ABOUREZK**. Mr. President, on behalf of the Senator from New Jersey (Mr. WILLIAMS), I wish to announce that a hearing on Morton Corn, to be an Assistant Secretary of Labor for OSHA, will be held by the Committee on Labor and Public Welfare on Wednesday, October 22, 1975. The hearing will begin at 9:30 a.m. in room 4232 of the Dirksen Senate Office Building. Interested persons who wish to testify or who wish to submit testimony to be included in the record should contact Mr. Donald Elisburg, room 4230, Dirksen Senate Office Building, (202) 224-7665.

NOTICE OF HEARING

Mr. **JOHNSTON**. Mr. President, I wish Senate and the public, the scheduling of a public hearing before the Parks and Recreation Subcommittee of the Senate Interior and Insular Affairs Committee.

The hearing is scheduled for October 30, beginning at 10 a.m., in room 3110 of the Dirksen Senate Office Building. Testimony is invited regarding S. 661, a bill to authorize the establishment of the Chattahoochee River National Recreation Area in the State of Georgia, and for other purposes; S. 847, a bill to establish the Seward National Recreation Area in the State of Alaska, and for other purposes; S. 1725, a bill to establish the Chickasaw National Recreation Area in the State of Oklahoma, and for other purposes, and S. 1776, a bill to authorize the Secretary of the Interior to establish the Valley Forge National Historical Park in the Commonwealth of Pennsylvania, and for other purposes.

For further information regarding the hearings, you may wish to contact Mr. James Beirne, of the subcommittee staff on extension 47145. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Parks and Recreation Subcommittee, room 3106, Dirksen Senate Office Building, Washington, D.C. 20510.

NOTICE OF HEARINGS

Mr. **NELSON**. Mr. President, I wish to announce that the Subcommittee on Monopoly of the Senate Small Business Committee has scheduled hearings for November 10 and 11 on the effects of drug bioavailability requirements proposed by the Food and Drug Administration on competition, small business, and the health and welfare of the public. The witnesses will be announced later.

The hearings for both days will begin at 10 a.m. and will be held in room 1318 of the Dirksen Senate Office Building.

NOTICE OF HEARING

Mr. **JOHNSTON**. Mr. President, I wish to announce, for the information of the Senate and the public, the scheduling of a public hearing before the Parks and Recreation Subcommittee of the Senate Interior and Insular Affairs Committee.

The hearing is scheduled for November 6, beginning at 10 a.m., in room 3110 of the Dirksen Senate Office Building. Testimony is invited regarding the following bills to designate wilderness in certain national parks: S. 72, S. 97, S. 731, S. 885, S. 1068, S. 1069, S. 1085, S. 1092, S. 1093, S. 1096, S. 1099, and S. 1675.

For further information regarding the hearings, you may wish to contact Mr. James Beirne, of the subcommittee staff on extension 47145. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Parks and Recreation Subcommittee, room 3106, Dirksen Senate Office Building, Washington, D.C. 20510.

NOTICE OF HEARING

Mr. **PROXMIRE**. Mr. President, I wish to announce that the Subcommittee on Housing and Urban Affairs of the Committee on Banking, Housing and Urban

Affairs will hold a 2-day oversight hear- to announce, for the information of the ing on the national flood insurance program on November 12 and 13, 1975.

The hearing will be held in room 5302, Dirksen Senate Office Building and will begin at 10 a.m. each morning.

ADDITIONAL STATEMENTS

OUR SPIRITUAL HERITAGE

Mr. FORD. Mr. President, I ask unanimous consent that an address delivered by Representative Don Bonker, of Washington, entitled "Our Spiritual Heritage," before the Statewide Prayer Breakfast, in Frankfort, Ky., on October 8, 1975, be printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

Our Spiritual Heritage

(By Congressman Don Bonker)

As America approaches its Bicentennial, it is well to remember that our Nation was born out of a revolutionary spirit. It was born of pioneers who attempted to form a new type of community in a new world.

It was also profoundly religious. Our earliest settlers came to this continent having fled religious persecution both in England and in the Netherlands. De Tocqueville was one of many European writers who observed the spiritual base of our society, as he noted a century ago:

"It must never be forgotten that religion gave birth to Anglo-American society. In the United States, religion is therefore mingled with all the feelings of patriotism, whence it derives a peculiar force."

I believe the early success of the American experiment is an example of the biblical injunction, "Seek ye first the kingdom of God and His righteousness and all these things shall be added unto you."

Those who came to this country were not preoccupied with the amassing of wealth or with building a great nation-state. Rather, their chief concern was founding a society upon the laws and commands of God.

Their deep sense of religious commitment and vision of a "new order" to be established for the glory of God can be found in the Mayflower Compact and other documents which clearly indicate that the early history of America is the history of a spiritual movement.

These historic documents incorporate many of the promises and ideals of our young nation much as were God's promises revealed to Israel in the Old Testament.

The Genesis of the American Republic is the Mayflower Compact. In the beginning was the Pilgrim colony, with that positive, original, social Compact which is the legitimate source of all government.

Our Exodus is the Declaration of Independence. That immortal document marks the going out of the American people from tyrannical bondage to the promise land of liberty and self-government.

Our book of the law is the Constitution of the United States, and the Ten Commandments have their counterpart in the political history of America as our Bill of Rights.

These three documents, among several discussed in Daniel Marsh's book, "Unto the Generations", represent the keystone to both our political system and religious freedom.

THE MAYFLOWER COMPACT

The Mayflower Compact, the genesis of our American Republic, had its own beginnings long before its actual composition. Conditions were being prepared for it through hundreds of years before the Pilgrims left England and during the clash of warfare which resulted from the Protestant Reformation. The more bitter the persecution of the Puritans by the entrenched High Church, the more insistent and persistent the Puritans became for the freedom of their worship.

The Compact, drafted "in the name of God," was the beginning of our American Republic. The Colony, of which it was to become the instrument of government, was founded "for the glory of God." The Pilgrims covenanted and combined themselves together to enact "just and equal laws," and they voluntarily pledged themselves to yield to these laws "all due submission and obedience."

The Mayflower Compact was the fundamental law of their new State. But it was more. The Pilgrims applied the Bible to common life in a personal and practical way. They guaranteed religious liberty. They stressed the imperative of righteous character. They believed in God with passionate devotion. Their lives were God-centered. God was no mere figure of speech to those sturdy Pilgrims; nor to their wives; nor to their children.

They had landed on a frozen shore, bleak and dread, but they were glad. As they knelt in prayer the very snows seemed warm, and the flakes falling on their cheeks melted into tears of gratitude. Pioneers of true Americanism, they stayed, they conquered, they sowed their seed in the sacred soil of the rights of men, and garnered a goodly harvest. A poet reflected this mood:

Ay, call it holy ground,
  The soil where first they trod!
They have left unstained what there they
    found—
  Freedom to worship God!

THE DECLARATION OF INDEPENDENCE

The Declaration of Independence, our exodus from human bondage, came out of a vast and noble courage. It does not require much space to write it, or much time to repeat it; but it was the final crown of years of political revolution.

The effect of the adoption of the Declaration of Independence was instant and epochal. It awakened joy throughout the entire land. It united the Colonies as nothing on earth could have done. It changed a defensive war for the redress of wrongs into a war for the establishment of a new and separate government. It drew a clear cut issue between those who were loyal to the newly formed government and those who remained loyal to the British crown. It moved the people to face hardship and privation for the cause of freedom.

From 1776 to the present hour, the Declaration of Independence has been the inspiration of a new hope among the oppressed of every tribe and nation throughout the world. Let persons in affluent circumstances try as they will to deny its dictum that "all men are created equal."

As originally presented to Congress, the Declaration contained three references to God: the first in the opening paragraph, where "the Laws of Nature and of Nature's God" are invoked; the second in the paragraph following, where "We hold these truths to be self-evident, that all men . . . are endowed by their Creator with inherent and inalienable Rights"; and the third, where the signers, in the ultimate beseechment, appeal "to the Supreme Judge of the world for the rectitude of our intentions. . . ."

The draft closed with these words of total dedication: "And, for the support of this Declaration, we mutually pledge each other our Lives, our Fortunes, and our sacred Honor." America's special mission is the hope of freedom and She must guard the idea of freedom and She must guard the idea of Liberty, gently but indomitably. And while we live and die for our ideals we must forever honor and acknowledge the importance of Almighty God.

THE CONSTITUTION OF THE UNITED STATES

Our book of fundamental law is the Constitution of the United States. It has now been the fundamental law of America for almost 200 years. It is the oldest written constitution of any government, and the Republic of the United States of America is the oldest government under any written definition in the whole world.

The Constitution is a constant witness to the self-restraint which the American people of 1787 were so wise as to place upon themselves and their posterity.

Many of the delegates sent to Philadelphia were youngish men, but they were almost without exception educated and experienced—men of character, and substance, and social position. No group ever worked together more unselfishly or for a higher purpose than did the members of that Convention.

In the midst of the Convention, at the time of its greatest crisis, when it seemed as though the delegates were doomed to failure, Benjamin Franklin made one of the greatest speeches of his distinguished lifetime. He spoke of the apparent inability of the convention members to solve the problems which were confronting them; he stated his faith in an overruling Providence and in the power of prayer; and then he said:

"I have lived, sir, a long time, and the longer I live the more convincing proof I see of this truth: That God governs in the affairs of men. And if a sparrow cannot fall to the ground without His notice, is it probable that an empire can rise without His aid?"

He continued:

"We have been assured, sir, in the sacred writings that 'except the Lord build the House they labor in vain that built it.' I firmly believe this; and I also believe that without His concurring aid we shall succeed in this political building no better than the builders of Babel."

And the elder stateman concluded by urging that each session be opened with prayer.

"I therefore beg leave to move that henceforth prayers imploring the assistance of Heaven, and its blessings on our deliberations, be held in this Assembly every morning before we proceed to business, and that one or more of the clergy of this city be requested to officiate in that service."

Our Nation today is great because it was founded by men who feared God and men who believe in prayer. But in our generation, prayer has been replaced by political intrigue and corruption, corporate greed and materialism, and the mistaken notion that our private and national affairs can be run without God.

Today our democratic system, even our American way of life, is threatened from within and from all sides. The dangers facing our country and the entire world are so great that they cannot be taken lightly.

So grave these dangers, so tremendous our social and political problems and so important the issues, that it is imperative that we lay hold upon the Lord God in prayer for His will.

Here and throughout the country voices are being heard as individuals and groups begin to call on God in prayer. The call is to bring this Nation and its people to repentance, to faith in Jesus Christ and to prayer.

Prayer can save America! But we cannot really lay hold upon a holy God until we have come to know Him personally as our Father.

So that we might know Him God sent His only Son to be our Savior. The Apostle John eloquently testified to this fact in the familiar verse: "For God so loved the world, that He gave His only begotten Son, that whosoever believeth in Him should not perish, but have everlasting life. . . ."

And Christ challenges each of us individually, when He says: "I am come that you might have life, and have it more abundantly."

Yes, prayer can save America. In the days of the Civil War, a personal friend of Abraham Lincoln who visited the President at the White House, recorded this event: "One night—it was just after the Battle of Bull Run—I was restless and could not sleep . . . from the private room where the President slept, I heard low tones. Instinctively I wandered in, and there I saw a sight which I have never forgotten. It was the President, kneeling before an open Bible . . . his back toward me. I shall never forget his prayer: 'Oh, thou God, that heard Solomon in the night when he prayed and cried for wisdom, hear me. I cannot lead these people, I cannot guide the affairs of this nation without Thy help . . . O God, hear me and save this nation.' "

Like Benjamin Franklin and Abraham Lincoln before us, let us look to God and pray for wisdom and direction in leading this great nation.

And, as we gather here this morning for the Governor's Prayer Breakfast, let us be mindful that prayer is important not only on this occasion, but particularly in our daily lives. As political leaders and decision-makers—those in authority—we have a special obligation to seek the Lord in a personal way and to pray about all our decisions.

Let's each one lay hold of this tremendous promise given by God (found in II Chronicles):

"If my people, which are called by name, shall humble themselves, and pray, and seek my face, and turn from their wicked ways: then will I hear from heaven, and will forgive their sin, and will heal their land."

WELFARE REFORM: PUTTING THE RECIPIENTS AND THE MONEY TO WORK

Mr. FANNIN. Mr. President, as a cosponsor of S. 1719, the National Welfare Reform Act of 1975, I am committed to reforming our welfare system. Yet S. 1719 represents one approach to reform; that is, correcting the many inequities and defects in the aid to families with dependent children program. There are other approaches to welfare reform which must be considered as well and one of these is the concept of supported work in which Federal, State and local welfare funds are combined to put welfare recipients to work. This concept has been developed by the Vera Institute of Justice of New York City and discussed in a recent publication entitled, "Another Approach to Welfare: Putting the Recipients and the Money to Work." Because of the importance of this concept in the continuing search for programs which can significantly reduce dependency on welfare, the Senate should review this concept. I ask unanimous consent, therefore, that this publication be printed in the Record.

There being no objection, the publication was ordered to be printed in the Record, as follows:

Another Approach to Welfare: Putting the Recipients and the Money to Work

John B. is an ex-addict and ex-offender in New York City—the kind of person usually written off as "hard-core unemployable."

Until last year, John's heroin habit, his year in jail, and his two subsequent years on welfare seriously impaired his employability. Few companies want to risk hiring an ex-addict who is also an ex-convict, and jail and idleness undermined John's work readiness and work habits. Once in a while he managed to get a menial job, but it would last only a few days. Consequently, his answer to a potential employer's key question, "Where did you last work, and for how long?" virtually assured his rejection. John had little to look forward to except a life of unproductive dependency, and society might have expected to support him on welfare indefinitely.

Today, however, John has a job he likes repairing and maintaining public buildings. His weekly paycheck comes in part from funds he would have received had he stayed on welfare.

Through special arrangements with appropriate government agencies, John's welfare grant has become an investment to pay part of his salary in a "supported work" job with the Wildcat Service Corporation, a non-profit organization operating in cooperation with federal, state, and city agencies. In this structured, closely supervised setting, John and others like him are gaining the experience, training and confidence they need to get out of the welfare system and into the mainstream of our economy. In the process, they are doing valuable work.

With modifications in existing laws, the case of John B. need not remain an exception. There is an alternative that puts the welfare recipient and the money to work. This pamphlet outlines that alternative.

WELFARE: THE BACKGROUND

A 1935 solution for a 1975 problem

Americans who pay for welfare, and those who receive it, are trapped in a system that was created in the 1930's under different conditions and for a different constituency than we confront today.

When the Social Security Act of 1935 was passed, its public assistance programs were intended to meet a temporary need. It was assumed that, with the end of the Depression, the free market would provide jobs for those who could work, and unemployment, old-age, or disability insurance would provide an adequate income for those who could not.

Forty years later, we are working with essentially the same 1935 programs. But we now know that the problem of employability is more complicated. For many Americans, non-participation as productive members of the economy is not temporary, nor is it explainable by physical disability, on-the-job injury, old age, or plain laziness.

These non-participants include ex-offenders, out-of-school teenagers, present and former drug addicts, alcoholics, the mentally ill, the partially disabled, single parents with young children, and others who, for lack of skills, training, experience, and opportunity, can be classified as chronically unemployed. Because their situations are only slightly affected by changes in the economy, they have little hope of finding lasting employment. Increasingly, they have come to be seen as a permanent welfare population. Welfare payments maintain these people but do not move them toward self-sufficiency.

How the welfare system works today

Although New York City's welfare caseload is larger in volume than that of other localities, its welfare system is fairly typical of the way public assistance operates nationally.

There are three basic parts to the system of income maintenance established in 1935: social insurance, federal categorical assistance, and state-local assistance.

Social insurance. One leg of the tripod is composed of federal insurance funds—old-age insurance and disability insurance in one fund, unemployment insurance in another. Workers and their employers pay into these funds a proportion of each paycheck. Benefits are paid out of these funds whenever an insured person retires or is unemployed or disabled; and benefits are also paid to the survivors of an insured person following his or her death. These programs are almost universally approved and require only a small amount of public support other than payroll taxes.

Categorical public assistance. The second leg is called "categorical assistance" because only certain categories of persons are eligible. The aged, the blind, and the disabled are entitled to payments under a program called Supplemental Security Income. SSI is designed to help those who lack social insurance coverage or whose social insurance payments are inadequate. Through SSI, the federal government sets a national floor of $158 per month for each eligible person; many states and cities add to this amount. In New York, state and city payments raise the SSI minimum to $219 per month for persons who lack other income. But the program gives the client little incentive to seek employment: if he obtains a job, two-thirds of his earnings beyond the first $65 a month will be deducted from the SSI payment.

In New York City, SSI rolls now number approximately 246,000 people, of whom 107,000 are aged, 3,000 blind, and 136,000 disabled. The total cost of SSI grants in the city is approximately $425 million, of which the city pays about $60 million.

The other kind of categorical assistance is called Aid to Families with Dependent Children (AFDC). This is the program most taxpayers have in mind when they think of "the crushing welfare burden." The eligible AFDC category is made up of families in which at least one child has been deprived of support by reason of a parent's death, incapacity, continued absence from home, or unemployment not covered by unemployment insurance. The purpose of AFDC is to aid the family unit—the dependent children and their parent or parents.

AFDC payments are based on the number of people in the family. In New York City, a mother with three children receives $231 a month plus a rent allowance that averages $150 a month but may go as high as $300. Half comes from the federal government and the remainder from New York State and New York City.

The penalty for an AFDC parent who works is even stricter than for SSI: except for the first $30, two-thirds of monthly net earnings will be deducted from the family's AFDC check. Many believe that this regulation builds in an incentive for a father earning low wages to desert his family, either in appearance or in fact. In so doing, he qualifies them for AFDC while contributing his own earnings on the side.

Some 850,000 people in New York City receive AFDC. In 1974, assistance payments cost $941 million with the city paying $239 million out of its own tax funds. (The burden on New York City is exceptionally high; in most localities the federal and state governments pay a larger share.)

Home relief. People in need who are eligible neither for social insurance payments nor for SSI or AFDC are dependent on state and local relief programs. In New York, this third leg of the tripod is known as Home Relief or HR. The typical HR recipient lives alone and has no other means of support; many are alcoholics, drug users, and ex-offenders. In New York City, where about 140,000 people are covered by Home Relief, the payment to single persons is $84 a month, plus a rent allowance averaging $102 a month.

Like AFDC, Home Relief includes a requirement that recipients look for jobs and, like the other programs, sets strict limits on outside income.

Non-federal general assistance programs similar to HR are now provided by 26 other states, although few require the local government to contribute half of the cost, as does New York. In 1974, HR grants in New York City ran to $139 million, with the city itself paying $66 million of this total.

Three other programs supplement the ones described above. Medicare, a federal program, pays much of the health-care costs for persons over 65. Medicaid, a joint federal-state program, provides hospital and medical care for families enrolled in SSI, AFDC, or HR, and for other families whose income falls below a minimum level. The federal food stamp program enables low-income families to purchase food below the retail price.

An approach that keeps people poor

This, essentially, is the welfare system in New York and throughout the United States: the poor get money based on what category they fall into, on how poor they are, and on the requirement that they stay poor. This sounds reasonable and was well intentioned. But the system has given birth to a tangle of regulations and restrictions that create pressures to keep the poor from rising out of poverty.

As a result, the overwhelming portion of the welfare money spent on the poor—a total of $11 billion nationally in income maintenance payments alone in 1974—continues to be used in a way that can have few long-range returns. In this sense, the welfare system is like a man with an oil leak in his car who keeps buying oil rather than paying a mechanic to fix the leak.

AN APPROACH TO CHANGE

The Wildcat Experiment

A new approach to the problem is that of the Wildcat Service Corporation, a program begun in New York City in 1972.

Wildcat was set up as a pilot project by the Vera Institute of Justice to use welfare funds, bolstered by experimental grants from government agencies, to put unemployed ex-offenders and ex-addicts in treatment to work on public service projects. The welfare funds, which would otherwise be used as income subsidy payments to the participants, are diverted to Wildcat and used as seed money salaries for new jobs. These diverted welfare payments cover almost half of the participants' salaries. The goal is to use these funds to provide not subsistence grants, but supported work for people previously written off as unemployable.

Supported work is based on the premise that people who have been viewed as unemployable because of histories of drug addiction or crime can build skills, self confidence, and good work habits if they are placed on job settings where their problems are understood and offset by sensitive management and supportive peers.

Each employee at Wildcat works alongside others with similar problems—people who speak his language and share his struggles.

At Wildcat, good performance is rewarded by small salary increases, bonuses, and promotions that come more frequently than in normal job situations. Most employees begin at $95 a week, but after just eight weeks they are eligible for their first raises, with subsequent raises based on attendance, punctuality, and performance. Monthly bonuses are another incentive. And promotion to a supervisory position is a realistic expectation for a beginning worker.

Chances of early failure at Wildcat are minimized by placing employees in small crews, each of which is supervised by a chief who is himself a former addict or ex-offender. Efforts are made to respond with flexibility rather than summary dismissal when personal problems affect attendance and work performance. Termination is almost always preceded by warnings, suspensions, and other intermediate disciplinary measures. Employees may take off a specified number of days for personal business, such as visits with parole officers or drug treatment counselors, and leaves of absence are available to help individuals cope with personal problems.

While Wildcat tries to meet the special needs of its employees, its ultimate goal is to move each participant on to a non-supported job. Each employee receives a day's wage for a day's work, as in any other job; and the standards for bonuses or salary increases become more stringent and move closer to conventional performance standards as the employee's time with Wildcat lengthens.

Whenever necessary and possible, training in skills required by the job is built into the work program. But one of Wildcat's key principles is that real work experience is at least as important for the chronically unemployed as is training.

Another key principle behind Wildcat is that only those who voluntarily participate in a supported work program can profit from it. Apart from legal and philosophical difficulties inherent in a program of mandatory work, Wildcat believes that as a practical matter, the skills, confidence, attitudes, and work habits that supported work tries to build cannot take hold in a coercive setting.

Early results of the Wildcat experiment

Although Wildcat is only three years old, initial results are promising. Over 3,500 Wildcat employees have worked on public service projects that include refinishing the facade of the New York City Municipal Building; cleaning, plastering, and painting police precinct stations; preparing architectural plans for microfilming; renovating a firehouse; acting as interpreters for Spanish-speaking hospital patients; driving the elderly to and from hospitals and recreation centers; renovating burned-out tenements; planting trees in Brooklyn: and operating a messenger service for city agencies.

There have been predictable problems of attendance, punctuality, and misbehavior on the job, but of the 3,051 so-called "unemployables" who had entered the program by January 1, 1975, 2,100—or 69%—stayed with it for six months or more or were promoted to non-subsidized jobs. Altogether, 438 Wildcat graduates have moved to nonsupported jobs, and of those for whom follow-up data are available, 86% have held these jobs for at least one year.

In a recession, when the labor market is slack, people cannot move out of Wildcat as rapidly as they might otherwise. But by staying with Wildcat until such moves are possible, they are gaining experience, acquiring skills, and chalking up work histories.

For a minority of Wildcat employees, a job in the open labor market may never be a realistic expectation. They may need the supportive environment that a program like Wildcat provides throughout their working lives. But for these people, too, a supported work career would seem preferable to a lifetime on welfare, for it enables them to earn a living, to provide services of real value to the community, and to enhance their sense of worth and self-esteem.

Wildcat financing: making welfare work

Wildcat has financed its operations in large part with grants from New York City's Department of Employment, the National Institute of Drug Abuse, the Law Enforcement Assistance Administration, and the U.S. Department of Labor; and from fees paid by city agencies and other organizations for the services provided to them as customers of Wildcat. A Wildcat employee's salary check is made up of these funds combined with the welfare funds he would otherwise have received under the Supplemental Security Income (SSI) program. These welfare benefits are diverted by the Social Security Administration and sent directly to Wildcat on behalf of each employee who qualifies for SSI payments.

On the average, an unemployed single ex-addict receives SSI checks totaling $2,400 per year. As a Wildcat employee, he is paid an average annual salary of $6,000. His welfare payment provides 40 per cent of his salary, with the difference made up by charges to Wildcat customers of $2,000 per man-year of work (33%), and by training funds and grants from government agencies amounting to $1,600 per year (27%).

The diversion of these subsidies to an employer for use as salary supplements suggests possibilities for significant change in the welfare system.

The experiment so far shows that Wildcat is a public investment whose monetary benefits exceed its costs. If Wildcat did not exist, most of its employees would have been supported by welfare directly, and would have provided little or no service to the public.

A substantial number of these persons will move on to jobs in the open labor market, leaving the welfare rolls altogether, thus, in the long run, lightening the taxpayers' load. The public also benefits from taxes that Wildcat employees and Wildcat graduates pay on their salaries. Further, all citizens benefit if there is a reduction in crime when persons with histories of drug abuse and criminal activity are helped to stabilize their lives.

SOME POLICY IMPLICATIONS

Toward greater flexibility

Under present welfare laws, it is difficult to carry out programs like Wildcat. The original purpose of welfare and the traditional criteria for welfare eligibility argue against such diversion schemes. Welfare was conceived as a program for the poor—for people with no other sources of income.

If the welfare system were in fact providing relief only for those who are permanently disabled or temporarily on the sidelines in an otherwise full-participation economy, such income restrictions would be understandable and sensible. But we know that welfare also serves a far different group, while the outdated assumption that it does not permeate the rules and regulations of the entire system. As a result, the diversion of welfare payments that the Wildcat experiment entails can now be arranged only by complex, lengthy administrative appeals to several levels of government for special waivers of the rules.

Despite these considerable legal and administrative obstacles, Wildcat is now arranging for the diversion of New York State Home Relief funds for its ex-offender employees. Several other experiments that involve diversion of federal welfare payments to supported work salaries are now getting underway in various parts of the country under the auspices of the Manpower Demonstration Research Corporation, an organization funded by the Ford Foundation in cooperation with several agencies.[*] But these are rare exceptions to the rule, and formidable barriers to such experiments inhibit widespread adoption of the kinds of programs they are testing.

The experience of Wildcat and the widespread desire to curtail the growth costs suggest that federal and state welfare laws need to be changed. Both should incorporate more responsibe mechanisms that would readily allow funds to be diverted and pooled with other social service monies in an attack on the causes of chronic income deficiency. We may not be ready to change the entire welfare system—and supported work will certainly not meet the needs of every individual on welfare—but it seems time to encourage rather than impede experimentation.

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[*] U.S. Department of Labor; Health, Education and Welfare; Housing and Urban Development; Justice; and the National Institute of Drug Abuse.

An investment in the future

Supported work thus far has concentrated on building work habits and histories rather than developing specific skills. But there is no reason why welfare and other public payments could not help finance development of skills or be used to address other manpower needs.

For example, some people face permanently shrunken markets for products no longer in demand and need retraining for other kinds of work. Perhaps unemployment insurance benefits, combined with other funds, could be used as a financial base to cover salaries while new skills are acquired. Veterans' benefits might also be used to support those who want the opportunity to be retrained. Or, for teenagers in trouble with the law, perhaps portions of the AFDC grants that support them could be diverted to help finance part-time jobs while they continue high school or complete vocational training.

Some of the elderly and some persons now classified as totally disabled, including some retarded and some mental patients, are in fact still able and willing to do useful work. The goal need not be to remove such persons from the welfare rolls, but to enable them to supplement their welfare payments while doing work which satisfies them and is useful to society. Welfare subsidies could be diverted to maintain these people in productive employment in sheltered workshops.

Another possibility might be to train and employ welfare clients as homemakers, practical nurses, and providers of transportation, shopping, escort, and other services for people who would otherwise be in nursing homes. A portion of the $3.75 billion in Medicaid payments which now support the nursing home industry could be diverted to home care and day care, which from both a human and cost-benefit standpoint is more desirable than "storing" the elderly and the disabled in institutions.

The supported work approach to modifying the welfare system is based on a philosophy different from traditional notions of welfare reform, such as guaranteed annual income or federalization of welfare. The Wildcat use of welfare funds looks beyond a more equitable version of the present structure toward a system that prepares people voluntarily to move off welfare and into the labor market.

With imagination and willingness to test new approaches, change is possible. Legislation that would permit the experimental diversion of welfare funds would be a step in this direction.

The Wildcat experience suggests that it may be possible to make welfare subsidies an investment in the future—instead of a grudging payment for past failure.

PROPOSED ARMS SALES

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the distinguished Senator from Alabama (Mr. SPARKMAN), and the material attached thereto.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

STATEMENT BY SENATOR SPARKMAN

Section 36(b) of the Foreign Military Sales Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million. Upon such notification, the Congress has 20 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the Chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I have attached for printing in the Record at this point the two notifications I have just received. Portions of the notifications, which are classified information, have been deleted for this publication.

The notifications ordered to be printed in the RECORD are as follows:

OFFICE OF THE DIRECTOR
DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., October 10, 1975.
Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Foreign Military Sales Act, as amended, we are forwarding under separate cover Transmittal No. 76-6, concerning the Department of the Navy's proposed Letter of Offer to Kuwait for air-to-air missiles and spare parts for an estimated cost of $32.3 million.

Sincerely,

H. M. FISH,
Lieutenant General, USAF, Director, Defense Security Assistance Agency, and Deputy Assistant Secretary (ISA), Security Assistance.

TRANSMITTAL No. 76-6

(Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Foreign Military Sales Act, as amended.)

a. Prospective Purchaser: Kuwait

b. Total Estimated Value: $32.3 million

c. Description of Articles or Services Offered: [deleted] air-to-air missiles and spare parts with delivery schedule to commence during October 1977.

d. Military Department: Navy

e. Date Report Delivered to Congress: Oct 10, 1975.

OFFICE OF THE DIRECTOR
SECURITY ASSISTANCE AGENCY,
Washington, D.C., Oct. 16, 1975.
Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Foreign Military Sales Act, as amended, we are forwarding under separate cover Transmittal No. 76-11, concerning the Department of the Navy's proposed Letter of Offer to Korea for an estimated cost of $80.4 million.

Sincerely,

H. M. FISH,
Lieutenant General, USAF, Director, Defense Security Assistance Agency Deputy Assistant Secretary (ISA), Security Assistance.

TRANSMITTAL No. 76-11

(Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Foreign Military Sales Act, as amended.)

a. Prospective Purchaser: Korea

b. Total Estimated Value: $80.4 million

c. Description of Articles or Services Offered: Twelve sets of Harpoon Missiles, shipboard peculiar equipment, spare parts, technical training, publications, contractor engineering services and [deleted] for Shipboard use.

d. Military Department: Navy

e. Date Report Delivered to Congress: Oct 16, 1975.

SENATOR WILLIAM L. SCOTT'S NEWSLETTER

Mr. **WILLIAM L. SCOTT**. Mr. President, I am mailing my October newsletter to my constituents, and I ask unanimous consent to have printed in the RECORD a copy of the newsletter for the information of my colleagues.

There being no objection, the newsletter was ordered to be printed in the RECORD, as follows:

BILL SCOTT REPORTS

MIDDLE EAST TRIP

During the August recess of the Senate, I made a fact-finding trip to the Middle East on behalf of the Senate Armed Services Committee, met with political and military leaders of seven Middle East countries, and made a somewhat detailed report to the Senate on September 9.

It is certainly a volatile area where fighting could erupt anytime. The leaders of Israel and the Arab nations appeared to have high regard for our country and a strong desire for friendship with the United States. It was obvious, however, that there still is a deep feeling of hostility among them.

We had informal discussions with Prime Minister Rabin of Israel, King Khalid of Saudi Arabia, President Assad of Syria, King Hussein of Jordan and President Sadat of Egypt and also met with other top officials, with the American Ambassadors and their staffs. After each meeting a member of the professional staff of the Armed Services Committee and I summarized the discussions which resulted in a 63 page account of the trip. It was condensed considerably for presentation to the Senate but is still too lengthy to include in a newsletter. Nevertheless, we have copies available for distribution.

SINAI AGREEMENT

The Congress has approved the stationing of up to 200 American civilians at the passes in the Sinai Desert between the forces of Israel and Egypt. This was by an overwhelming vote of both the Senate and the House but I was among 18 Senators who voted in opposition to the resolution.

Among my concerns were that we not lay the foundation for military involvement of our country in the Middle East, that we lacked complete information of auxiliary agreements and that secret agreements declassified by the Senate Foreign Relations Committee a few days before the Senate vote involved us far more in Middle Eastern affairs than I feel we should be. For example, the Secretary of State indicated that Congressional approval for the stationing of American technicians or observers between these former warring nations would result in the United States signing a number of other agreements.

One would commit us on a long-term basis to be responsive to the needs of Israel for military equipment, other defense and energy requirements, as well as economic needs. The Administration, subject to approval by Congress, would commit us to making grants and loans to Israel to meet its military needs of approximately $1½ billion per year and economic aid of approximately $1 billion per year. As indicated on the floor of the Senate, I do not believe the American people, if offered the opportunity by referendum, would approve such a commitment.

A second auxiliary agreement recites, "In view of the long-standing United States commitment to the survival and security of Israel, the United States Government will view with particular gravity threats to Israel's security or sovereignty by a world power," and would consult with Israel with respect to what support our country could render. Frankly, it would not appear to be in our interest to be so deeply committed to any foreign country.

A third auxiliary agreement stated that the United States is resolved to continue to maintain Israel's defensive strength through the supply of advanced types of equipment such as the F-16 aircraft and the Pershing ground-to-ground missile. The F-16 is a light-weight fighter plane which probably cannot be in general use by our own military forces before 1979. And the question arises as to whether this aircraft, the Pershing missile and other sophisticated weaponry, will be taken from new production or drawn from existing American inventories. The thought that we might put the welfare of any other nation above our own is untenable.

I would like for our country to always be cooperative with other nations and to assume its fair share of global responsibility but believe it is basic to consider the best interests of the United States and our own national welfare ahead of other factors. Kindly let me know if you would like to have a copy of my floor statement which includes the auxiliary agreements.

INACCURATE NEWS ITEM

On page 1 of the *Washington Star* there appeared a highly critical and inaccurate news account of my Middle East fact-finding trip. The story was circulated by the wire services and appeared in one form or another throughout Virginia. The inaccurate story has been discredited by various records, by the Department of State and by my colleagues in the Senate. Therefore, I have requested the *Star* to retract it.

The circulation of false newspaper stories increases the difficulty of a public official effectively representing his constituents and may even cause qualified individuals to decline public service rather than to face character assassination. While a free press is undoubtedly in the best interests of the country, responsibility should accompany that freedom.

Various statements from the *Congressional Record* discrediting this story have been assembled and will be forwarded to you upon request.

FOOD STAMP REFORM

As you may know, the Federal food stamp program has grown rapidly in recent years and is now costing the taxpayers nearly $6 billion annually. It has come under increasing criticism for reported abuses and a number of members of both the House and Senate have co-sponsored legislation to reduce the program's overall cost and potential "loopholes" while providing assistance to those truly in need of adequate and nutritional food.

The Library of Congress tells us that the food stamp costs have tripled since 1972; and that the number currently receiving food stamps is said to be approaching 20 million people, with an average of one-half million recipients added each month since last fall.

In this regard, the Agriculture Department advises that each state, under a court order, must provide a full-time coordinator to run massive "outreach" programs to encourage individuals to obtain food stamps. These programs include extensive advertising in the media.

In my opinion, this kind of program is a drain on the taxpayers and appears to be encouraging many additional people to go on the food stamp rolls. This appears unreasonable and I have co-sponsored the general measure to overhaul the program and am introducing a more limited bill to eliminate government sponsored advertising under this program.

BALANCED BUDGET

In my opinion, one of the principal ways to fight inflation is to limit government spending and to balance the Federal budget.

Recently, several Senators joined in proposing a Constitutional Amendment which would compel the Federal Government to have a balanced budget except during a period of war or national emergency. We were pleased that the Judiciary Subcommittee on Constitutional Amendments had hearings on this proposal.

While the bill may not receive further consideration this year, it does seem to be a reasonable course to follow, and certainly I am hopeful it can be adopted at some time in the future.

JUDGES AND BUSING

The Senate Committee on the Judiciary has recommended passage of an Omnibus District Judgeship bill which would add an additional trial judge in both the Eastern and Western Districts of Virginia. While the Committee reported the bill several weeks ago, its consideration in the Senate has been delayed by energy measures and the Sinai Agreement. However, it should be before the full Senate within a few days and I plan to support the bill.

The question of busing to obtain a racial balance, however, is of concern throughout the nation and various approaches have been suggested to eliminate or minimize it. In my opinion, many of the problems relating to busing go beyond general principles laid down by the Supreme Court and have been aggravated by decisions of the lower courts. Therefore, I intend to offer an amendment to the judgeship bill to provide that state courts will have jurisdiction over all cases and controversies involving the public schools rather than Federal courts. The amendment would go beyond the question of busing to provide that all school cases would be heard by state courts with a review of state decisions by the Supreme Court of the United States.

A state judge ordinarily serves for a period of years and is subject to reappointment or reelection periodically in contrast with the lifetime tenure of Federal judges. In many instances, he would live in the community or general area where the cases or controversies arose and be more familiar with local school problems than the average Federal judge. While state judges take the same oath to support the Constitution as Federal judges, I believe they are closer to the people and would make major efforts to preserve the neighborhood schools, to minimize busing and concentrate on quality education and the best interests of children. In my opinion, this would be a step toward resolving the busing dilemma in which the nation now finds itself.

CONSTITUENT MEETINGS

It is always helpful to exchange views with constituents regarding current issues. Therefore, before returning to the Congress after Labor Day, I held full day open door sessions with constituents in Fredericksburg, Richmond, Norfolk and the Hampton areas. This concludes a series of meetings in various communities throughout the State which commenced in Abingdon in February.

However, I do want to continue the regular meeting in the Federal Building at 400 North Eighth Street in Richmond and plan to spend the day of October 31st in the Richmond office. You are welcome to visit at anytime during the day, with or without an appointment.

LABOR PROPOSALS

The Senate, within the next few weeks, is expected to vote on two labor bills already passed by the House. One is referred to as the "Common Situs" picketing bill. This would authorize construction unions to engage in secondary boycotts and would allow them to conduct picketing of an entire job site, even if the union's dispute was with only one subcontractor operating at the site. In other words, the bricklayers, plumbers, carpenters, or other single group could stop construction of the entire project.

The other bill is commonly referred to as the "Dunlop" bill, because it was prepared at the direction of Labor Secretary Dunlop. This bill would require that any new collective bargaining agreement be approved by the national unions rather than the particular local involved in the dispute.

I have reservations about both bills, particularly at this time when unemployment has reached such a high level in the construction industry.

CATASTROPHIC HEALTH INSURANCE

The House Ways and Means Committee will begin hearings within a few weeks on the many national health care proposals before the Congress. Numerous witnesses, complicated proposals and strong feelings on all sides indicate lengthy committee hearings in both houses before any of the proposals can be brought before the full House or Senate.

Probably the most discussed proposal would provide full medical care under the control of the government and estimates of cost range upward to $100 billion per year.

It is the belief of many that number one medical goal should be to assure all Americans that they will not be bankrupted by the devastating effects of a long serious illness.

Therefore, I have joined other Senators in introducing the Catastrophic Health Insurance and Medical Assistance Reform Act of 1975. The thrust of this measure is to assign a large area of responsibility to individuals and the private insurance companies and to provide protection to families from a catastrophic illness. The cost of this measure, of course, would be only a fraction of the cost of complete medical care.

HELPING NEW YORK CITY

The Senate Banking Committee has had hearings on a proposal to loan or guarantee loans of several billion dollars to the City of New York. The city does appear to be in a serious financial situation but I believe of its own making. It would seem more helpful for it to eliminate some of the free services it now provides to residents, to reduce the number of employees, and to practice further economies and if necessary, to increase local taxes so that it can meet its own obligations rather than to depend upon the Federal Government to take a precedent-setting action of loaning or guaranteeing loans to the city.

VETERANS' LEGISLATION

Congress passed, and the President approved, a bill which once again recognizes November 11, the original "Armistice Day," as Veterans' Day. This will go into effect on November 11, 1978. As you know, it was the 11th hour of the 11th day of the 11th month that the armistice was signed ending World War I. I co-sponsored this legislation.

The President, by administrative action, terminated the Vietnam era for veteran benefits. This means that anyone entering the armed services will no longer be eligible for wartime benefits such as nonservice-connected disability pensions for veterans, burial allowances, and nonservice-connected death pensions for widows and children. GI education benefits are still in effect, but the Congress has under consideration measures to terminate them at the end of the year.

PAMPHLETS AVAILABLE

A number of pamphlets which may be of interest are available for distribution upon request:

Selecting and Growing House Plants
Your Child from 1 to 6
Wise Home Buying
Simple Plumbing Repairs

LAUREN SOTH RETIRES FROM THE DES MOINES REGISTER AND TRIBUNE

Mr. CULVER. Mr. President, when a distinguished person retires, with full honors, after long years of outstanding service to his employers and to the public, it is a happy occasion. This is especially true if retirement comes at a time when the individual is still in full possession of his creativity so that he can use the years ahead to do the important work that he has long wanted to do, but has been prevented from doing by the daily demands of his profession.

Such a person is Lauren Soth, who retired recently, after more than 20 years as editor of the editorial pages of the Des Moines Register and Tribune newspapers.

Mr. Soth is internationally known for his writings on agriculture and agricultural economics. An economist by training, he combines with his professional background a marvelously articulate writing talent, extensive knowledge of public affairs, warm human understanding and a keen sense of humor.

It was Lauren Soth who wrote the editorial that resulted in the United States-Soviet agricultural exchanges in 1955 and Premier Khrushchev's visit to the United States and Iowa. For this he was appropriately awarded the Pulitzer Prize.

Mr. Soth has traveled widely around the world, writing penetrating commentaries from such points as Western Europe, Asia, the Middle East and the Soviet Union.

He is known in this country and abroad as an authority on food and food policy.

To me, one of his most important contributions to the public interest, has been his identification with long-range planning.

It is characteristic of Lauren Soth to speak of his own professional role in a low key. "Editorial writing," he says, "is really only reporting in depth." This remarkable editor says:

> I've always thought that it was a lot more important to make people think by adding some depth and understanding to the news than to tell the reader in the last sentence of an editorial where the newspaper stood on a question.

Mr. President, I ask unanimous consent to have printed in the RECORD the article by James Flansburg announcing Lauren Soth's retirement, which appeared in the Des Moines Sunday Register of October 12, 1975.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOTH RETIRES FROM R AND T

(By James Flansburg)

Lauren Soth retired Saturday as editor of the editorial pages of The Des Moines Register and Tribune. Gilbert Cranberg was named to succeed him.

Soth, 65, has held the position since 1954 and has been with the newspapers since 1947.

Internationally known for his writing on agriculture and agricultural economics, and winner of the Pulitzer Prize, Soth will continue to write occasionally for the editorial pages.

He and his wife, Marcella, will continue to make their home in West Des Moines.

CRANBERG IS SUCCESSOR

Cranberg, 50, who has been assistant editor of the editorial pages, has been an editorial writer for the newspapers since 1960.

Cranberg is a native of New York City and attended public schools there. He was graduated from Syracuse University and received his master's degree in social science from Drake University. He is a member of Phi Beta Kappa.

He has written extensively in the field of law, covering constitutional issues, criminal court procedures and civil rights, and social welfare questions.

He has received a number of awards for editorial writing and is author of a study on Television and Public Safety for the Sloan Commission on Cable Communications. He is a member of the national board of the American Civil Liberties Union.

Cranberg served in the infantry in Leyte and Okinawa in World War II. He is married and has four children.

PRICKING BUBBLES

Soth's educational background is economics but his training in the "dismal science" did not preclude a wry sense of humor particularly adept at pricking political bubbles.

"If you are ever up for the presidency here, I would vote for you," Nikita Khrushchev told Soth, whose Pulitzer-Prize winning editorial led to American-Russian agricultural exchanges in 1955 and the Soviet premier's later visit to the United States and Iowa.

"I'm no politician," replied Soth.

The editorial marked the beginning of the end of the Cold War. Its simple declarative sentences were a credit to his schooling at Marathon, Wyo., and Holstein, Iowa:

"We hereby extend an invitation to any delegation Khrushchev wants to select to come to Iowa to get the lowdown on raising high quality cattle, hogs, sheep and chickens. We promise to hide none of our secrets.

"Everything we Iowans know about corn, other feed grains, forage crops, meat animals and the dairy and poultry industries will be available to the Russians for the asking.

"We ask nothing in return."

FAVORITE EDITORIAL

Because it won the Pulitzer Prize, Soth says that it's his favorite of the thousands of editorials he has written.

"But I don't think it's anywhere near the best I've written," he continued. "I've always thought the best were on agricultural policy, but they never won any prize."

But that's only a manner of speaking because his body of work has resulted in, among others, the highest award given by the Iowa State University Alumni Association and his being named a fellow of the American Agricultural Economics Association. He is a member of the Cosmos Club in Washington, a social organization with literary or scientific qualifications for membership.

He is vice-chairman of the National Planning Association and chairman of its agriculture committee; a member of the boards of directors of Resources for the Future and the Overseas Development Council; and a member of the Food Advisory Committee of the Office of Technology Assessment, an agency of Congress. He was a member of the National Advisory Commission on Food and Fiber in 1965–67.

Although an Iowa native, Soth (it rhymes with both) surprisingly is not a farm boy. He was born in Sibley Oct. 2, 1910, the son of a school superintendent who followed his profession from school district to school district.

EARLY EXPERIENCE

His first newspaper experience was as a printer's apprentice on the Holstein Advance. When he was graduated from Holstein High School in 1927, he entered what is now Iowa State University at Ames where he edited the student newspaper.

As a student editorial writer, his gift for prophecy was limited. A 1931 prize-winning editorial defended ROTC for the discipline it instilled, although he said it didn't have much value otherwise because there was no possibility of another great war. A dozen years later he was in the U.S. Army where he served as an artillery major in Okinawa.

He took his bachelor's degree in economics in 1932, his master's in 1938 and from 1934 to 1947 he was editor of the university's economic publications.

He served for one year as editor of the U.S. Department of Agriculture's publication, "Agricultural Situation," and in 1942 was a principal agricultural economic consultant for the Office of Price Administration.

TRAVELED WIDELY

Editorial writers are often pictured as sitting in an ivory tower commenting on the developments of the day. But this is an image that Soth eschews.

He has traveled widely for The Register—Europe, the Far East, the Near East, Southeast Asia, Asia, the Soviet Union—dispatching first-rate pieces of reporting back to Des Moines. His firsthand experiences gave authority to tightly reasoned essays—the superstructure if not the foundation of a well-built house chinked against the wind.

His primary interest always has been food and food policy, and how, most simply, the smallest economic producer in Iowa fits as a unit on interdependent Spaceship Earth. But he didn't limit his interests or his reports. A long series on the Common Market. Another on the Marshall Plan and NATO. And on and on.

ESSAY ON CHURCHILL

Take this beginning of a dispatch from London in 1961:

"Slowly the double doors swung open, held apart by a frock-coated attendant, and into the House of Commons walked the greatest Briton of the century.

"To an American visitor it seemed the House should stand or cheer or applaud or pause in its deliberations long enough to usher Winston Churchill to his seat. But there was no sign of recognition, except that the Conservative member in the front bench always occupied by Churchill slid over to make room on the end.

"The debate on the Common Market was to take place this afternoon. It was 3:10 when the grand old man of the British Parliament shuffled, laboriously with a cane, the few steps from the door to his seat. The figure was more humped and thinner but still unforgettably egg-shaped. One half-expected the head to come up with a cigar and the arm to rise with the famous Churchillian V-for-victory salute, though of course there is no-smoking in the House.

"But the head remained low, dropping a bit lower in a bow to the mace, symbol of parliamentary authority, on the speaker's table. All 87 years of strenuous military and political life seemed to be reflected in the creeping advance toward the seat and the weary slump into it.

"Sir Winston picked up his order paper, with the list of questions for the government to answer during the question time—now in process—and the rest of the business for the day. He looked at it briefly, never glancing around the room. Then his head drooped a little lower, and it was apparent that the old man was dozing."

One other line: "He was still on stage. But his role was ended."

The reporter's eye linked to the mind of an economist interested in science and unafraid of history.

A quiet, modest man, Soth would blush at such a description.

"Editorial writing is really only reporting in depth," he says.

GOAL: MAKE PEOPLE THINK

But take 1955, when he was the only newspaperman in the first American agricultural delegation to the Soviet Union in more than 30 years. His recollection of it is typical of the way he views things: The Russians were working on hybridization even though it defied the Lysenko Doctrine.

"You can't keep people from thinking," said Soth.

There is no guarantee, however, that they will think, and that arises when he is asked to define the role that he has striven to fulfill:

"To make people think. That's one of the hardest jobs in the world—people don't want to think. To make people think by adding some depth and understanding to the news.

"I've always thought that it was a hell of a lot more important than telling the reader in the last sentence where we stood on a question."

Soth applies this philosophy in his editorials on agricultural affairs for what is probably the most influential daily newspaper in the U.S. in that field. What about the current food price situation in its effects on farmers and consumers?

"I think food producers are riding pretty high now and will be for some time ahead.

"But I have never thought—contrary to a good many—that city people were against agriculture, wouldn't vote for good farm legislation.

"I've always thought that they were pretty understanding because they are only a couple or one generation away from the farm themselves.

"The votes in Congress bear me out pretty much.

"This city-rural dichotomy I don't think is very real.

"I've always thought that the farm groups were a little paranoid about that."

That view is not exactly designed to please anyone, any more than his editorials favoring the Chicago White Sox or against farm subsidies favoring the big commercial farms.

But making people think, not pleasing them, is the goal. His editorials against housing segregation in the mid 1950s produced a rash of abusive letters and phone calls. The same from the John Birch Society and anti-Communist radicals during the effort to improve American-Soviet relations.

"We haven't had that lately," he says. "I'd like to think people are more understanding and tolerant, but it may simply be that a few people left town."

On the Register and Tribune, the news department and the editorial writing department are separate operations. There is a common, but wrong, belief that news reporters follow some sort of issue policy line set down by the editorial pages.

"I think they should be separate," says Soth. "I don't think reporters should write editorials and I don't think editorial writers should write the news."

Editorials represent the opinion of the paper, not the individual, and it's a system that Soth strongly advocates.

"Unsigned editorials represent the viewpoint of a group of people and an institution rather than one writer's view," he says.

Has he ever written an editorial that he has strongly disagreed with privately?

"I've never written one that I've mildly disagreed with," he replied. "I wouldn't ask any writer to take a position he disagrees with."

Politicians from time to time insist that they can discern a trend—either to the left or right—in the papers' position. That suggestion produces one of what his associates say are Soth's favorite words: "Bunk" or "nonsense."

"You're always considered to be opposing the party in power," he said. "I think that's the mark of a good newspaper in reporting and editorial comment.

"I don't think it's our job to be anti-administration, and we're not really—it's just hard commentary on the official in charge."

RETIREMENT PLANS

Although he will continue to do some writing for The Register, Soth's retirement plans call for more golf (he shoots in the low 80s), hunting, fishing and football games, and work on a new book. He is the author of two books: "Farm Trouble" (1957) and "An Embarrassment of Plenty" (1965).

One possibility for the new book is the post Civil War period in Iowa, with primary emphasis on James B. Weaver, the greenback advocate and populist.

"He was like Henry Wallace," said Soth. "He was another Iowa political leader who cut quite a figure nationally but he wasn't supported at home. He was sneered at, but when you look back, he's not so bad."

Soth and his wife live on an acreage on State Farm Road in West Des Moines. They have three children.

AMERICAN MEDICAL ASSOCIATION: A REPORT ON THE HEALTH CARE OF THE AMERICAN INDIAN

Mr. FANNIN. Mr. President, on October 9 I placed in the RECORD the views of the American Medical Association concerning the Indian Health Care Improvement Act. This statement was presented during the hearings on this legislation by the Indian Affairs Subcommittee of the House Interior and Insular Affairs Committee. As I indicated then the AMA has long been concerned with the quality of health care provided to our Indian citizens. In addition to numerous investigations which it has conducted over the years, it has issued reports and recommendations urging a greater commitment to strengthening Indian health care programs. The most recent of these reports was issued in December of 1973 after having been adopted by the AMA House of Delegates. Because of the importance of this report in establishing, for the record, the view of health professionals regarding Indian health care, I ask unanimous consent to have this excellent report printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

HEALTH CARE OF THE AMERICAN INDIAN

(Adopted by The House of Delegates of the American Medical Association, December 1973—Anaheim, Calif.)

Over the years, the health of the American Indian has been a continuing concern of the American Medical Association and of the Council on Medical Service. Today, when the nation is increasingly concerned with the problems faced by the first Americans, the Council believes it appropriate to present a detailed report on the current health status and problems of the American Indian population, together with a historical background and specific recommendations for improvement.

The body of this report is the work of two of the Council's Committees. The Committee on Health Care of the Poor, as part of its continuing study of various segments of the nation's needy population, has recently been involved in reviewing the health problems of the Indians on and off the reservation, with emphasis on the problems facing Indians off the reservation. The Committee on Government Medical Services (and its predecessor Committee on Federal Medical Services) has been engaged in consultation with the U.S. Public Health Service and review of the care the Service provides to American Indians, Eskimos, and Alaska natives since the responsibility for such care was assigned to the Service in 1965.

The Committee on Health Care of the Poor presents an overview of the total Indian health picture, on and off the reservation, and recommendations for its improvement. The Committee on Government Medical Services presents the 200-year history of federal involvement, the current status and problems of the Indian Health Service, and recommendations for improvement of the federal program.

In reviewing these two reports, the Council considered combining them in view of their common subject matter. However, the reports, while they overlap at some points, are significantly different in style, approach, and content. The Council believes that presenting them intact will be of more interest and value to the House than to further delay presentation by attempting to consolidate them.

Part A of this Report, "Overview of Indian Health," therefore presents the report of the Council's Committee on Health Care of the Poor and its recommendations; Part B, "Federal Health Services for Indians," presents the report and recommendations of the Council's Committee on Government Medical Services.

PART A: OVERVIEW OF INDIAN HEALTH

The Committee on Health Care of the Poor, as part of its continuing program to examine the health and health-related needs of special disadvantaged groups, has held the fourth of a series of regional meetings. This most recent session was to consider the special problems of American Indians. Council on Medical Service Report G (C–72), "Progress Report—Committee on Health Care of the Poor," listed several observations highlighting special problems of inner-city, migrant, and Appalachian poor. These earlier published observations were derived from Committee meetings held in three of the home areas in which these minorities live.

Similarly, the Committee held its Spring 1973 meeting on Indian Health near Indian reservations and conducted site visits to reservation and nonreservation areas where Indians reside and where their health care is provided. The Committee met with and received considerable information from many knowledgeable individuals and groups involved in Indian health and health-related matters. Apache, Blackfeet, Hopi, Navajo, Papago, Pima, and Yaqui Indians, as well as several health care providers, national and local representatives from the Indian Health Service, educators in the medical and allied medical fields, public health officials, and anthropologists provided the Committee with new data on Indian problems.

Although the Committee members examined the problems of Indians living only in the Southwest, it is their belief that many of the conditions identified generally reflect those of Indians nationwide. In an effort to create a better awareness of the American Indian and the health and health-related problems facing this minority, the Committee offers the following observations:

Indians are full citizens and are entitled to all rights and privileges inherent in United States citizenship both on and off the reservation. In addition to full citizenship, Indians living on the reservation have a special relationship with the federal government based on treaties and other solemn obligations entitling them to receive services for the maintanance and improvement of general health and welfare.

There are approximately 800,000 Indians belonging to some 250 tribes living in the United States, and slightly more than half of this population reside in reservation areas.

A majority of the nonreservation Indians live on small rancheros or in urban slums and are faced with inequities in health and health-related services similar to those of other poor groups. In contrast to the reservation Indian, the nonreservation Indian appears to have greater unmet needs.

Indian people in general may be characterized as low-income individuals who are geographically and culturally isolated, who live in overcrowded, substandard housing, and who have limited health, education and social resources. These problems do not differ significantly from other poor ethnic groups living in rural or urban areas.

Cultural and language variations among the more than 250 Indian tribes preclude singular approaches or solutions to their health and health-related problems. Indian habits, beliefs, and attitudes are often in direct conflict with the dominant society, and these differences often cause a great hardship on the Indian if they are unrecognized.

Indian tribes in general have a well-structured central governing body composed of elected tribal officials. In addition to the tribal governing councils for each tribe, there are intertribal councils at both regional and national levels that can speak in an organized fashion in behalf of the Indians' cause.

The presence of the "medicine man" among Indian tribes is a phenomenon not encountered among other poverty groups. His position relative to Indian culture and attitudes is extremely significant.

Many of the barriers to good health on the reservation are due to inadequacies of housing, sanitation, transportation, and communications, rather than to inadequacies in the quality or availability of health services provided.

The average Indian family income is extremely low. Many Indian families have incomes under $2,000. This problem is due primarily to a lack of a sound economic base, causing unemployment that may run as high as 90 percent on the reservation.

Alcoholism and problems directly related to alcohol (accidents, cirrhosis, suicide, child abuse, homicide, etc.) are the primary health problems and the leading causes of death among Indians.

Second to the problem of alcoholism among Indians is the condition of otitis media which is increasing. This condition occurs primarly in children.

Accidents among Indians occurring on the reservation are approximately three times higher than in the total United States population.

Suicide among Indians is approximately twice as high as in the total United States population. The greatest incidence of suicide occurs among Indian males in their early twenties, and their rate is from seven to ten times the national average.

The homicide rate for Indians is three times the national average.

The incidence of tuberculosis, diabetes mellitus, gallbladder disease, enteric diseases, and respiratory infections varies among Indian tribes; however, rates of incidence among Indians are greater than rates among white people.

Poor nutrition is not uncommon among Indians and occurs primarily in infants and preschool children. Obesity among adults is also a common occurrence caused by poor nutrition.

The infant death rate for Indians on the reservation is almost 1½ times higher than the national infant death rate.

The Indian Health Service is the principal provider of health services on the reservation and is responsible for operating and maintaining over 50 hospitals, 75 health centers, and 300 health stations and field clinics.

Health facilities on the reservation are in need of modernization or replacement. More than half of the Indian Health Service hospitals do not meet accreditation requirements by the Joint Commission on Accreditation of Hospitals. The major reasons given for the lack of accreditation are physical conditions of the facility and inadequate staffing ratios in relationship to patient utilization.

Staffing ratios of health professionals and allied health personnel to patient populations on reservations is extremely low in comparison to national ratios.

Recruitment of health professionals to work on reservations is exceedingly difficult. The Indian Health Service has traditionally relied on the military draft as a recruitment pressure for securing health professionals to volunteer for IHS service. With the abolishment of the military draft, it is envisioned that IHS recruitment will become more difficult.

There is insufficient federal funding for health care on the reservation. Per capita expenditures for health care are 30 to 40 percent less than those in an average United States community. This financial situation is compounded by higher incidences of disease among Indians and by limitation of access to health care facilities due to poor transportation and communication.

Consumer participation and involvement in Indian programs are becoming prominent concepts for Indians.

Advocacy of self-determination by Indians is increasing and appears to hold the greatest promise of solution for the health and health-related problems of the Indian.

In conclusion, the Committee on Health Care of the Poor believes that there has been significant progress toward the improvement of the many situations described in this report. Although there are deficiencies in the health care of the Indian people, there is by no means a crisis in medical care for Indians in most reservation areas. The Committee recognizes that many of the deficiencies that exist are not specifically health problems, they are health-related problems resulting from general living conditions that affect health. Many of these environmental and socioeconomic health-related problems and their solutions are not within organized medicine's province to correct. There are, however, many activities that should be supported by concerned physicians, the public and private agencies. The Council on Medical Service and its Committee on Health Care of the Poor recommend:

1. That all individuals, special interest groups, and levels of government recognize the Indian people as full citizens of the United States, entitled to the same equal rights and privileges as other United States citizens;

2. That the federal government provide sufficient funds to support needed health services for Indians;

3. That state and local governments give special attention to the health and health-related needs of nonreservation Indians in an effort to improve their quality of life;

4. That the Indian religions and cultural beliefs be recognized and respected by those responsible for planning and providing services in Indian health programs; that the AMA recognize the "medicine man" as an integral and culturally necessary individual in delivering health care to Indians;

5. That strong emphasis be given to mental health programs for Indians in an effort to reduce the high incidence of alcoholism, homicide, suicide, and accidents. That the team approach drawing from the traditional health providers, supplemented by psychiatric social workers, health aides, visiting nurses and health educators be utilized in solving these problems;

6. That the AMA continue its liaison with the Indian Health Service and the National Indian Health Board and establish liaison with the Association of American Indian Physicians;

7. That state medical associations establish liaison with intertribal health councils and that county medical societies establish liaison with the tribal councils in those states where Indians reside;

8. That the AMA support and encourage further development and use of innovative delivery systems and staffing configurations to meet Indian health needs, but oppose overemphasis on research for the sake of research, particularly if needed federal funds are diverted from direct services for Indians;

9. That the AMA, state, and county medical societies recommend special programs for the recruitment and training of Indians in health careers at all levels and urge that these be expanded;

10. That the AMA strongly support before Congressional committees those bills that promise to improve the health needs and health-related services provided to Indians and that members of appropriate AMA councils and committees provide testimony in favor of effective legislation and proposed regulations;

11. That the AMA support the inclusion of Indians in established medical training programs in numbers adequate to meet their needs. Such training programs for Indians should be operated for a sufficient period of time to insure a continuous supply of physicians and other health professionals;

12. That the AMA utilize its resources to create a better awareness among physicians and other health providers of the special problems and needs of Indians and that particular emphasis be placed on the need for additional health professionals to work among Indians;

13. That the AMA support the concept of Indian self-determination as the strength of successful Indian programs and recognize that enduring, acceptable solutions to Indian health problems can result only when program and project beneficiaries have an initial and continued major contribution in planning and program operation.

PART B: FEDERAL HEALTH SERVICES FOR INDIANS

Historical Background: Indian affairs were at first the responsibility of the War Department, assigned in 1789. Health care, however was limited, being a secondary effect of the Army physicians' concern for the health of soldiers and their families, as the physicians tried to curb smallpox and other contagious diseases among tribes near the military posts. In 1832, the Bureau of Indian Affairs was established in the War Department, and the Secretary of War was given the legal responsibility for smallpox vaccination of the Indians.

Treaties with various Indian tribes, beginning in 1832, occasionally included a promise of medical care, but only in about an eighth of the treaties, and there does not appear to be any clear record as to how often the promises were fulfilled.

In 1849, the Bureau of Indian affairs (BIA) was transferred from the War Department to the Department of the Interior. The change in emphasis from military to nonmilitary administration resulted in a corps of civilian employees and an increase in physicians' services. By 1875, about half the Indian agencies[*] had a doctor and, by 1900, there were some 83 full-time and part-time physicians in the Bureau's Indian Medical Service. Federal construction of hospitals and infirmaries for Indians began in the 1880s, and nurses (mainly in Indian boarding schools) joined the Bureau's staff some ten years later.

However, appropriations designated for general health services did not begin until 1911; before 1911, health activities were financed from miscellaneous funds. The position of Chief Medical Supervisor, which placed the health activities under professional supervision, was not established until 1908. In 1926, the U.S. Public Health Service began detailing officers of the commissioned corps to certain positions in the Indian health program; in 1955, there were more than 50 physicians, a dozen public health nurses, and dentists, pharmacists, and sanitary engineers on detail from the corps.

During the first half of this century there was increasing concern over the Bureau of Indian Affairs' administration of the health program. Some of the criticism was abrasive, but much of it was directed towards the failure of BIA health facilities to meet minimum acceptable standards, the lack of adequate funding to provide salaries for sufficient health personnel, and the failure to use technical personnel available elsewhere in the government.

As early as 1919, and again in the 1930s, it was suggested that the Indian health program be transferred to the Public Health Service. In 1955, legislation was finally enacted transferring the existing federal Indian health facilities and the responsibility for Indian health to the Public Health Service, while retaining other Indian matters in the Bureau of Indian Affairs.

Since the time of the transfer, the responsibility has remained within the segment of the Public Health Service now entitled the Indian Health Service (IHS) (previously known as the Division of Indian Health), in HEW's Health Services Administration.

Population Served: Indian Health Service care is limited to those Indians living on or near federal reservations and to Alaska natives (including Indians, Aleuts, and Eskimos). Estimates as to the total number of American Indians and Alaska natives range from "over 600,000" to the 1970 census figure of 827,000 citizens who identified themselves as belonging to one of these categories. Approximately 488,600 individuals, including some 53,000 Alaska natives, are currently eligible for Indian Health Service medical and hospital care.

Most of the federal reservations served by IHS are located west of the Mississippi River; most of the states in this area have one or more Indian reservations. In addition, reservations are located in Wisconsin, Michigan, Mississippi, North Carolina and Florida.

An estimated 260 Indian tribes in the United States and 215 Alaska natives villages are recognized and provided some type of service by the federal government. Almost all those eligible live in scattered communities in rural and geographically remote areas, often almost inaccessible because of lack of roads, difficult terrain, and harsh climate. They have generally maintained their tribal identity and, in many cases, remain physically and culturally isolated from most of American society. This isolation, together with the hardships of the reservation lands, has resulted in socioeconomic and educational levels below the national average and, for the most part, the reservation Indian and Alaskan native lives in poverty. Homes, sanitation, and general non-health resources are usually substandard.

The Council does not consider it necessary, in view of wide public interest in Indian problems in recent years, to dwell on the social problems of the Indian tribes. However, it is appropriate to point out here, as the Council's Committee on Health Care of the Poor has identified in regard to the low-income groups in our population, social problems are a *major* cause of health problems. The reservation Indian and the Alaskan native will not immediately become healthy and well-adjusted, but his health problems will be significantly improved if he achieves better housing, sanitation, transportation, income, and education—not necessarily in the "white man's ways," but education to help him live better in the environment he has chosen.

The Council also feels it appropriate to note that intertribal relationships are changing. In the past, all too frequently tribes had contact primarily with the federal agencies and not with each other; in some cases, this was simply another example of the individual tribe's isolation, but in other situation, a different tribe was as much the "enemy" as the white man. Today, as both the Committee on Government Medical Services and the Committee on Health Care of the Poor have noted, the tribes have begun to talk to each other, to set up formal intertribal meetings and organizations, and to work together for better conditions for all Indians. Such cooperative effort can only serve to improve the Indian's lot and lead to increased Indian involvement in meeting tribal health needs.

Indian Health Status: While Indian health has improved markedly during the last two decades, it still lags behind national levels—partly due to the generally substandard health characteristic of the poor and partly due to problems more specific to reservation Indians. The following tabulation, giving selected mortality and morbidity data for Indians and for the nation as a whole, provides some indication of both the improvement and remaining deficiencies.

SELECTED MORTALITY AND MORBIDITY DATA

	Indians-Alaska Natives			U.S. all races	
	1955	1968	1971	1968	1971[1]
Birth rate, live per 1,000 population	37.1	32.7	32.6	17.5	17.5
Infant deaths per 1,000 live births	62.5	30.9	23.8	21.8	19.2
Neonatal deaths per 1,000 live births	23.0	14.4	12.5	16.1	14.3
Postneonatal deaths per 1,000 live births	39.0	16.5	11.4	5.7	4.9
Accidental deaths per 1,000,000 population	155.6	159.1	157.1	57.5	53.8

[1] Provisional.

The higher death rate for infants carries over to other age groups under age 65, so that Indians have a shorter life expectancy than the national average and a median age of about 18 years, against 28 years for the population as a whole (1972 estimate). While influenza, pneumonia, tuberculosis, and gastroenteritis death rates have decreased significantly, they still remain higher than the national average, and the average age at death of Indians is nearly twenty years less than the average for all Americans.

A number of health problems exist in significantly greater proportion among Indians than in the rest of the population. Perhaps the most serious are mental health problems, resultant at least in part from the conflict between Indian and white society and culture, and a concomitant high suicide rate among young Indians. Otitus media has been the leading reported disease for nearly a decade, nutritional deficiencies are common, and dental health is generally poor.

Environmental problems affecting the health of the Indian population are indicated by IHS data (based on a 30 percent sample of the reservation population) showing: one third of all Indian homes have two rooms or less; 29 percent of Indian homes must rely on unsatisfactory water sources and for 35 percent of Indian homes, water must be hauled over 100 feet; more than half of all Indian homes have inadequate facilities for sanitary waste disposal. In 1969, the median income for American Indian families was $5,832, up significantly since 1960, but still much less than the 1970 national median of $9,590.

Indian Health Service Organization: The Indian Health Service, located administratively in HEW's Health Services Administration, is headquartered in Rockville, Maryland, but field administration is conducted through eight area offices—located in Portland, Oregon; Billings, Montana; Phoenix, Arizona; Albuquerque, New Mexico; Aberdeen, South Dakota; Anchorage, Alaska; Navajo-Window Rock, Arizona-New Mexico; and Oklahoma City, Oklahoma—one subarea office in Bemidji, Minnesota, and two program offices—Tucson, Arizona, and United Southeastern Tribes, Sarasota, Florida.

These areas are broken down into service units, to facilitate administration at the field level, usually centered around a single reservation or a group of small reservations. However, large reservations may include a number of units—for example, the Navajo reservation, which covers 24,000 square miles in three states and has about 95,300 Indian residents, is divided into eight service units. Most service units include either a hospital or a health center, staffed by health teams.

The Service's Office of Research and Development in the Tucson area administers training programs for allied health personnel and performs health systems research into new methods of health care delivery, planning, and evaluation.

The Service operates 51 hospitals, ranging in size from 6 beds (St. George, Alaska) to 259 (Anchorage, Alaska), located in thirteen states, and with a total of almost 2,700 beds. It also operates some 83 health centers or school health centers in 17 states, at some of which health services are provided through contracts with non-IHS physicians. There are over 300 other health stations and locations, plus contract arrangements with nonfederal health personnel and facilities in areas where there is no IHS facility or personnel. Contract facilities make about 1,000 additional beds available for IHS patients, with an average daily census of over 500.

Staff of the Indian Health Service, according to a 1972 report, was more than 7,000, including 450 phyicians, 170 dentists, and 1,000 nurses (an increase of about 600 in these three categories since 1955). Other categories of health personnel include pharmacists, medical record librarians, practical nurses, nutritionists, sanitation experts, and others. Most of the physicians and dentists are members of the Public Health Service Commissioned Corps.

Contracts for health services are maintained with over 300 private or community hospitals, 20 state and local health departments, and 500 physicians, dentists, and other health specialists.

Services Provided: In fiscal year 1972, there were 76,054 admissions to IHS hospitals and 26,418 admissions to contract hospitals—an increase, over 1955, of some 78 percent in IHS admissions and 250 percent in contract admissions. There were 1.3 million outpatient visits to IHS hospitals and 960,000 outpatient visits to health stations, centers, clinics and schools, and over 150,000 visits to contract physicians. In fiscal year 1971, almost 170,000 patients were seen by dentists and 775,000 corrective and preventive services rendered.

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[*] Indian agencies refers to local reservation offices of the Bureau of Indian Affairs.

The most recent tabulation of types of patients (1972) showed almost one fourth of those discharged from general hospitals were pediatric patients.

Special Programs: Special mental health teams are working in all IHS areas to combat the serious mental health problems demonstrated by an age-adjusted suicide rate twice that of the nation as a whole, a homicide rate three times as high, and alcoholism-related deaths, psychosis, or cirrhosis six times the national average. A number of pilot programs are being tested, and the Indians themselves are taking a special interest in establishing alcoholism projects.

Nutrition programs have been developed to assist the Indian population in applying nutritional principles to native food habits. Increased emphasis is being given to prenatal care and education, and to family planning, and nurse-midwife programs have been initiated in a number of areas to assist isolated mothers. Special funding has been authorized for an otitis media program, since the prevalence of the disease made proper care impossible from regular Indian Health Service resources.

Training Programs: The Service has made a concerted effort to train Indians to assume health care roles, and over 50 percent of the health staff are of Indian descent. Professional staff have the opportunity, within the Service, for training in public health; for residencies in pediatrics, surgery, general practice, and preventive medicine; for dental internships and pharmacy residencies; and for specialized training for nurses. Support is extended to Indian students for graduate study in health care administration.

The Service has also established training programs for Community Health Medics, who act as physician assistants in remote locations where there is no full-time physician and assist physicians in IHS facilities; and for Community Health Representatives, who are individuals selected and employed by the individual tribes and trained by IHS to provide basic health care and instruction in the Indian community.

The Service has also established a Community Health Aide training program for people in remote Alaska villages. The aide, selected by the tribe or village, is given training which enables him or her to deliver a wide range of medical services under professional supervision via radio or telephone communication from IHS hospitals in Alaska. This program, in operation a number of years, has trained almost 200 aides, now serving over 150 villages.

A number of other training programs are available: sanitarian aides, health record technicians, practical nurses (more than 1,100 graduates from the IHS school in Albuquerque), laboratory and dental assistants, mental health workers, and others.

PROBLEM AREAS

It is obvious, from the data given above, that the Indian Health Service has significantly improved and increased the health service available to reservation Indians and Alaskan natives during the nearly twenty years it has been administering the program. It is also obvious that Indian health still lags behind the general U.S. average—by 20 to 25 years, according to one recent IHS estimate.

The primary reasons appear to be the basic ones of manpower and facilities. In its present situation, the Service must concentrate on crisis care with little time and money left over for more general improvement efforts.

The raw statistics indicate only part of the problem: 450 physicians and 3,700 hospital beds (including contract beds) for some 488,000 individuals eligible for care is a ratio of 1,080 people per physician and 132 people per hospital bed, as against a national average of a little over 600 people per physician and 125 people per hospital bed. The shortage of IHS resources is readily apparent, but to this must be added the highly dispersed nature of the population served, the vast distances between families on some reservations, the lack of adequate roads and transportation in many areas, and the increasing problems the Service faces with both the professional manpower and the facilities they have now.

The manpower problem will be a significant one in coming years. Most of the physician staff of the Service has come from the Public Health Service Commissioned Corps, and many physicians feel that only through such a mechanism as the commissioned corps, organized along quasi-military lines, can the Service assure staffing in the remote and culturally isolated posts it must maintain.

In past years, one of the Service's major sources of new manpower was the legislated alternative of service in the PHS commissioned corps in lieu of military service under the draft. Many young physicians have chosen the Public Health Service in preference to military service, and some have elected to remain in the corps.

With the cessation of the military draft, the Service no longer can count on this incentive for enlistment by young physicians. Although the draftless period has been too short for any real evaluation of the proolem, it is almost certain that enrollment will be less than in prior years.

The political climate in Washington also has an impact on the Service's manpower problems, primarily through confusion rather than Congressional or Administration intent. The U.S. Public Health Service administers three types of hospitals: in addition to those operated by the Indian Health Service, there are eight PHS general hospitals which provide care for merchant seamen and various federal employees, and several hospitals for specialized care (narcotics and Hansen's disease).

In recent years, there have been periodic attempts to close the eight PHS merchant seamen's hospitals; the present Administration has proposed such a closing, which Congress has resisted.

At no time in recent years has there been a proposal to close the Indian hospitals; yet every news story about proposals to close Public Health Service hospitals leads some readers to assume that elimination of IHS is also planned, a natural disincentive to recruitment.

The facilities themselves present a problem. Since 1955, there have been 13 hospitals, 17 health centers, and 58 field stations built, but this leaves 38 hospitals, 66 health centers, and about 240 other health stations which are at least 20 years old, and some much older. Indeed, the Committee on Government Medical Services has been informed that about two thirds of the hospitals are obsolete and at least 22 need replacement. While the Committee has inspected IHS sites only in Arizona and Alaska, it has no reason to question this estimate.

Many of these facilities are frame buildings, built on the old Army one-story and one-room-wide model, without air-conditioning in some of the hottest areas in the nation, and clearly not suited to today's medical practice.

Only 20 or 21 of the 51 IHS hospitals meet accreditation standards of the Joint Commission on Accreditation of Hospitals, either because of poor physical plants or inadequate staffing; only a few are able to offer residency programs, which tend both to improve care and provide an avenue to increased health manpower.

The total appropriation for the Service for fiscal 1973, according to January 1973 HEW figures, was $212.4 million: $85.1 million for care in IHS hospitals and $27.9 million for contract care, $51.5 million for field health services, $44.5 million for modernization and construction, and $3.4 million for program direction. In the January 29, 1973 budget message, the Administration proposed a $9 million increase for fiscal year 1974.

The appropriation for fiscal year 1956, when HEW assumed responsibility for the Indian health program, was $35 million.

PAST ASSOCIATION ACTION

As early as 1924, when Indian health was still a concern of the Department of the Interior, the American Medical Association urged the Secretary of the Interior to provide "adequate compensation and improved working conditions" for physicians in the Department's Indian Service.

In 1929, the AMA Committee on Trachoma among Indians recommended transfer of the health program to the Public Health Service. In 1947 through 1949, the Association, at the request of the Secretary of the Interior, sent teams of physicians to a number of reservations to investigate the care being rendered Indians in a project approved by the House of Delegates. Reports of these investigations were published in the Journal of the AMA; it is worthy of note that one of the reports included the following recommendations: a substantial increase in the budget for the Bureau, with the observation, "from the recent rise in the costs of living and of all supplies ... medical services had perhaps suffered the most;" transfer to the Public Health Service; encouragement of contract practice; elevation of professional standards, through salary increases to a level comparable with other federal agencies and allowance of time for graduate study; "much increase" in the number of public health nurses; "modernization and improvement of hospitals, and particularly of hospital equipment and other facilities, thus permitting those who are on duty to maintain in their work the high standards of scientific medicine;" greater emphasis on social factors affecting health, especially improved housing and sanitary conditions, revised education to enable Indians to become independent, and preventive measures against addiction to alcoholic excess and the use of narcotic drugs.

The report notes that many of these recommendations have been made before but, "largely because of inadequate budgets," have not been carried out. "It is high time," say the authors, "that Congress realized the situation and gave adequate financial support so that these recommendations can be effectively carried out." ("Survey of Medical Care among the Upper Midwest Indians," Drs. Brasch, Branton, and Chesley, Rochester, Minnesota, *JAMA*, January 22, 1949, pp. 220–226.)

During the 82nd Congress (1952), the Board of Trustees of the Association took a position in support of transfer of the program to the Public Health Service; the position was reaffirmed in February, 1953 and was transmitted to Congress in an April, 1953 statement which concluded the transfer would "result in much needed improvements in the health facilities and hospitals available to the Indian population of the United States" and "would facilitate the recruitment of necessary physicians and allied health personnel and would insure a higher degree of medical care for the beneficiaries of the program."

The testimony was submitted in regard to H.R. 303, 83rd Congress, enacted in December, 1953 as P.L. 83–568, which mandated the 1955 transfer.

The Council's Committee on Federal Medical Services established liaison with the Division of Indian Health in November, 1955, shortly after the transfer. Liaison has been maintained ever since, being assumed by the Committee on Government Medical Services when it was formed; the Committees have met often with Indian Health Service officials and have made site visits to IHS facilities.

In December, 1959, the Committee, in the Council's Annual Report to the House of Delegates, noted and commended the Service's efforts to increase the Indian population's independence and self-sufficiency. The House endorsed the Committee's commendation of the Service for continuing effort to initiate its Indian population into the private system of medical care.

RECOMMENDATIONS

Through the years since the Public Health Service assumed responsibility for federal health care to Indians and Alaskan natives, the Council's Committees on Federal Medical Services and Government Medical Services have been continually impressed with the dedication of Indian Health Service physicians—both career officers and those who serve only one or two terms—consistent with the highest ideals of the profession.

They have not only sought to give the highest quality of care to those in their charge, often under conditions of significant hardship, but they have also sought consistently to aid the Indian population to assume a responsible role in its own health care and to move care, to the extent possible, into the private sector. It is the Council's opinion that the Service has contributed significantly to the present renaissance of Indian independence.

The Council holds firmly to the Association's basic policy that person health care is and should be primarily a personal responsibility and that, under most circumstances, government responsibility should begin when personal and community efforts are insufficient. However, the Indian and Alaskan native population constitute a special case. Not only has the federal government treaty obligations to many Indian tribes to provide health services, but also the present poverty-stricken condition of many Indians is, in part, related to past national policies.

The Council believes that, since the federal government has a responsibility for health care for this segment of the population, it should be implemented in the best possible fashion and that there is clearly much room for improvement.

The Council also noted that this is one of the few examples of true state medicine in the United States, where the federal government has full responsibility for health care of an entire segment of the population, and provides that care primarily in federal facilities with federally employed professional staff. The Council suggests that the present level of health of the Indian population, whose care is controlled by the federal budget, in comparison with the population as a whole might generate some caution among supporters of increased federalization of health care, and that a realistic level of financing for the Indian Health Service might provide some measure of the true cost of government care.

The Council on Medical Service recommends: that the Association support efforts in Congress to enable the Indian Health Service to meet its obligation to bring Indian Health up to the general population levels; and specifically recommends:

1. Indian Population: The Council has long held, and has found the Indian Health Service in agreement, that the best care for the Indian population will result from increased opportunity to obtain care from private physicians and facilities which comprise the mainstream of American medicine. Implementation of the Association's Medicredit proposal would provide a financial mechanism through which much of the Indian population would, for the first time, be able to pay for private care. However, because of their geographical isolation, many would still have difficulty in finding private sources of care within a reasonable distance.

To facilitate private care for the Indian and Alaskan native population, the Council recommends:

(a) In current education programs, and in the expansion of educational activities suggested below, special consideration be given to involving the Indian and Alaska native population in training for the various health professions, in the expectation that such professionals, if provided with adequate professional resources, facilities, and income, will be more likely to serve the tribal areas permanently;

(b) Exploration with Indian leaders of the possibility of increased numbers of nonfederal Indian health centers, under tribal sponsorship, to expand the Indian role in his own health care;

(c) Increased involvement of private practitioners and facilities in Indian care, through such mechanisms as agreements with tribal leaders or Indian Health Service contracts, as well as normal private practice relationships;

(d) Improvement in transportation to make access to existing private care easier for the Indian population.

2. Federal Facilities: The majority of Indian Health Service facilities are outdated and ill-equipped to provide modern medical care. Many cannot obtain full JCAH accreditation. The Council recommends:

Based on the distribution of the eligible population, transportation facilities and roads, and the availability of alternative nonfederal resources, that those Indian Health Service facilities currently necessary for Indian care should be identified and an immediate construction and modernization program should be begun to bring them up to current standards of practice and accreditation.

3. Manpower: The Indian Health Service, in the absence of the military draft, will have difficulty attracting sufficient new physicians to maintain its current level of care and can expect staffing problems for remote facilities. The Council, to help alleviate this problem, recommends:

(a) Compensation for Indian Health Service physicians should be increased to a level competitive with other federal agencies and with nongovernmental service;

(b) Consideration should be given to special added compensation for service in remote areas:

(c) In conjunction with improvement of Service facilities, efforts should be made to establish arrangements with teaching centers whereby as many as possible of the Indian Health Service facilities will become integrated with teaching programs for all the health professions, thus increasing both the available manpower and the level of professional expertise available for consultation;

(d) Allied health professional staffing of Service facilities should be maintained at the level appropriate to the special needs of the population served:

(e) Opportunity should be provided for continuing education of health professionals and, especially in remote areas, for increased peer contact, both to maintain the quality of care which such professionals can provide and to avert professional isolation;

(f) Consideration should be given to a federal statement of policy supporting continuation of the Public Health Service commissioned corps, at least for the Indian Health Service, to reduce the great uncertainty now felt by many career officers of the corps.

4. Medical Societies: Because of the isolation of many Indian Health Service facilities and the large areas of reservation land remote from areas served by private practitioners, some state and county medical associations have little contact or involvement with Indian care. The Council therefore recommends:

In those states where Indian Health Service facilities are located, and in counties containing or adjacent to Service facilities, that the appropriate medical societies should explore the possibility of increased formal liaison with local Indian Health Service physicians and of support from organized medicine for improvement of health care provided under their direction, including professional consultation and involvement in society activities.

CONCLUSION

Indian health problems are well recognized and well documented; the Council believes that, while many of these problems are social problems and the result of poverty and isolation, the above two sets of recommendations would, if implemented, do much to ameliorate them. The Council's position can best be stated by repeating again the words published in the Journal of the American Medical Association in January, 1949, almost twenty-five years ago:

"Many of the recommendations and conclusions which we arrived at in the course of this survey have been made before by officials of the Indian Service. Largely because of inadequate budgets, either these recommendations have not been carried out at all or have not been carried beyond the initial steps. It is high time that Congress realized the situation and gave adequate financial support so that these recommendations can be effectively carried out."

DIEGO GARCIA INHABITANTS REPORT

Mr. CULVER. Mr. President, on October 10, after Congress had adjourned until today, the State Department made available a "Report on the Resettlement of Inhabitants of the Chagos Archipelago." This report was apparently prompted by the Senate-approved amendment to the State Department authorization bill requiring a Presidential report on this matter by November 1.

This report confirms and amplifies what had previously been reported in the press, but never until now fully made known to the Congress. Under terms of a secret 1966 agreement between the United States and the United Kingdom, the people living on Diego Garcia were moved elsewhere, and the United States agreed to compensate for half the costs.

This report is, in effect, a white paper to minimize the significance of this forced removal of native families, some of whom had been on the island for generations. The eviction is made to appear routine and of little consequence.

The State Department's assessments that the displacement had little emotional effect on the Diego Garcians is apparently not shared by those whose human rights were violated.

The report attempts to place the responsibility for the plight of the displaced islanders on the United Kingdom and the government of Mauritius. In point of fact, the United States was in collusion with Britain on the displacement and shared the expense of moving these people.

No amount of rationalization by our State Department can alter U.S. responsibility for uprooting the native residents of Diego Garcia in order to make way for a military base.

This is one more classic example of military objective riding roughshod over basic humanitarian considerations.

The callous attitude of our Government in uprooting these people is not only morally unacceptable to our Nation, but also potentially damaging to our national image with friendly nations of the Indian Ocean, who are unanimous in their opposition to U.S. base expansion on Diego Garcia.

It is also unconscionable that such secret deals could be made and over $9 million written off before anyone in the Congress was notified. Actions of this type undermine the coordination of our defense spending with carefully thought out foreign policy objectives.

Mr. President, so that everyone may have the opportunity to study this report, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

REPORT ON THE RESETTLEMENT OF INHABITANTS OF THE CHAGOS ARCHIPELAGO

The British Indian Ocean Territory was established in 1965, in order to meet future UK and US defense needs. At that time the four islands groups (Chagos Archipelago, Aldabra Islands, Farquhar Group, and Desroches) which comprise the territory were sparsely populated, essentially by contract workers and their dependents who had been brought to the islands to work in coconut plantations. Some 1,000 persons of Seychellois and Mauritian extraction inhabited the Chagos Archipelago, which includes the island of Diego Garcia. This report addresses, within the limits of information now available, the demography of the Chagos Archipelago, the reason for relocating this population, and the financial and other arrangements for their resettlement.

DEMOGRAPHY

According to the best information available to the United States and United Kingdom in 1964, the population of the three habitable islands in the Chagos Archipelago, Diego Garcia, Peros Banhos, and Salomon, at that time was approximately 1,000, of whom about 640 were considered Mauritians and some 360 Seychellois. On all three islands, the sole economic activity was the production of copra and other coconut products at plantations owned since 1962 by the Chagos Agalega Co. headed by Mr. Paul Moulinie of Mahe, Seychelles. On Diego Garcia, out of a population of 483, all but 7 persons were engaged in work on the coconut plantations, or were their dependents. (The exceptions were 6 officials at a Mauritius Government meteorological station on the island, and one unemployed person.) The male workers on the plantations, who numbered 204, were under contract for two years at a time in the case of married men and 18 months in the case of bachelors.

On Peros Banhos and Salomon the entire population of 291 and 21 respectively, was dependent on the coconut plantations, except for 2 unemployed persons on Peros Banhos.

Historically, it appears that coconut plantations were established by Europeans in the Chagos Archipelago as far back as the 18th century. In early times the plantations used slave labor and in more recent times corvee labor imported primarily from Mauritius and the Seychelles. In 1964, it was typical practice to bring in Seychellois and Mauritians on 18 month to 2 year contracts at about $3 to $4 per month, plus housing and rations.

There was no modern administration on the islands of the Chagos Archipelago, although there were infrequent visits by magistrates from Mauritius. The islands appeared in fact to be estates organized and administered on much the same principle as were, for example, the German plantations in the Cameroons in the 1930's. There was little evidence of any real sense of a distinct community evolved by the special local environment, and it appeared that any attachment to the locale could be attributed to the easy-going ways of the old plantation company rather than to sentiments regarding the islands themselves. The change in plantation ownership in 1962 appeared to have loosened the old ties.

Despite the basically transitory nature of the population of these islands, there were some often referred to as "Ilois", who were oriented more toward the islands than toward Mauritius or the Seychelles. In the absence of more complete data, it is impossible to establish the status of these persons and to what extent, if any, they formed a distinct community. In 1964, perhaps 42 men and 38 women, with 154 children out of the total population of Diego Garcia might be considered to be Ilois, of whom no more than 3 men and 17 women could be regarded as having their permanent homes on the island. Any survey of the "Ilois" is complicated by the varying usage of this term, which sometimes refers to those oriented toward life on the islands, sometimes to all those born in the Chagos islands regardless of extraction or orientation, and sometimes (in its legal sense) only to those of Mauritian extraction born in the Archipelago.

On the basis of all information available in the 1964–1965 period when formation of the British Indian Ocean Territory was under consideration, it appeared that the transfer of the inhabitants of the Chagos Archipelago would be feasible and that the persons then working on the islands would accept employment under suitable conditions elsewhere.

THE DECISION TO RESETTLE

The Anglo-American Agreement of 1966 for "Availability of Certain Indian Ocean Islands for Defence Purposes" (TIAS 6196) provides that the islands of the Chagos Archipelago as well as other islands comprising the British Indian Ocean Territory (BIOT) would be made available as required to meet the needs of both governments for defense. The British Government completed purchase of the lease holds of the copra plantations held by the Chagos Agalega Company by 1967, while allowing continued operations under revocable leases until such time as the islands might be required for defense purposes as envisaged in the 1966 agreement. Since the island populations were almost totally dependent on the plantations, it followed that defense use would require the relocation of the workers and their families. Under the agreement, the British Government, which retained full sovereignty over the BIOT, assumed the responsibility for all administrative arrangements including any required resettlement, when islands were required for the defense needs of either country.

One of the main considerations in setting up the British Indian Ocean Territory was that the islands were thinly populated essentially by contract laborers and their dependents, whose attachment to a specific locale was tenuous. It was anticipated that when an island such as Diego Garcia was required for defense purposes the plantations would be closed and the workers and their families relocated, and no persons would remain there except official United States and United Kingdom personnel assigned to, or residing on, the station, with the possible exception of foreign contractors temporarily required for the construction of military facilities or the dredging of harbors. There were several reasons for desiring uninhabited islands for military use. Security was a factor considered by both governments. The United States was concerned about the social problems that could be expected when placing a military detachment on an isolated tropical island alongside a population with an informal social structure and a prevalent cash wage of less than $4.00 per month. It appears that the United Kingdom also was concerned with the problems involved in establishing civil administration for islands it was considering developing for military purposes.

RESETTLEMENT

In 1969, the British made tentative plans for moving the workers and their families from Diego Garcia to make way for the joint communications facility which was then being considered by the US Congress. Several alternative relocation sites were considered, including the islands of Peros Banhos and Salomon in the Chagos group. However, the plantations on these two islands were deteriorating and could not be maintained without a considerable investment which was not feasible unless the islands could be exempted from military use for *at least twenty* years. In the event such a commitment was not possible and the British made arrangements to move the plantation workers from Diego Garcia, and later from Peros Banhos and Salomon. The workers recruited from the Seychelles were returned there. The others either went direct to Mauritius or, in some cases to Peros Banhos and Salomon in the first instance and subsequently to Mauritius.

The Government of Mauritius informed the non-Seychollois workers on the Chagos islands in 1965 that with the detachment of those islands from Mauritius to form the BIOT, the workers there should seek employment elsewhere. A number of workers on the islands recruited on Mauritius consequently decided against reviewing their contracts. Those working on the Chagos islands declined from more than 1000 in 1964 to 839 in 1971. When the employers moved the workers on Diego Garcia in 1971, the total number of persons there was 359. The number moved from the islands of Peros Banhos and Salomon in 1973 was 470, including a small number who had gone to those islands from Diego Garcia in 1971. Thus the total number of persons moved from the Chagos islands between 1971 and 1973 was 829.

The physical relocation of the workers which the closure of the Chagos plantations necessitated was carried out by the Chagos Agalega Company which was responsible for the movement of its workers. We understand from the British that although there was some initial reluctance on the part of the older people to move, all went willingly. No coercion was used and no British or U.S. servicemen were involved.

RESETTLEMENT FINANCING

The British have been on record since 1965 as willing to pay appropriate compensation when relocation of workers and their families in the BIOT became necessary. The count of persons affected by the closure of plantations in the Chagos Archipelago seems somewhat unclear. In addition to the 829 persons moved from 1971 to 1973, there were apparently some 400 persons who had worked on the islands and who had voluntarily settled in Mauritius between 1965 and 1970. According to Mauritian Government records, 1151 persons had a claim to compensation. Thus, the number considered eligible for compensation was higher than the number on the islands at any one time since 1964, probably reflecting the turnover of labor on the island plantations. Other differences in the numbers may be caused by deaths and births, or by the difficulties in keeping track of an essentially migrant population.

Pursuing its intent to compensate resettled persons, the UK reached agreement with the Mauritian Government in 1973 to provide 650,000 pounds sterling ($1.4 million) to Mauritius for relief and relocation of all those who had worked or lived in the Chagos Archipelago in 1965 or later, and who subsequently settled in Mauritius. The Mauritian Government acknowledged that the 1973 payment represented a full and final discharge of British obligations in this regard, and accepted complete responsibility for the people involved, most of whom were Mauritian citizens by birth or by virtue of Mauritian nationality provisions.

The Mauritian Government had developed a resettlement plan for the first group of islanders returning from the Chagos Archipelago as early as 1969, but available information indicates that the funds provided by the UK Government remain largely undisbursed. On October 1, 1974, representatives of the resettled islands petitioned the Mauritian Government to give each family a piece of land, separate housing, and jobs in Mauritius. The following day, the Prime Minister of Mauritius directed attention to the 1973 agreement with the UK and confirmed that resettlement efforts were being made.

Recent Mauritian Government figures indicate that of 421 families in the resettlement group, 243 heads of family were now in "settled occupations" in Mauritius. Old age pensioners account for 57, and 74 are on public assistance. Twenty eight heads of family want to return to Diego Garcia, and eight families are willing to go to Agalega Island as part of a possible resettlement scheme. (The shortfall may reflect deaths and emigration). The Mauritian Finance Minister recently stated that the Mauritian Government has decided to resettle as many of the "Ilois" as possible on Agalega Island, with employment similar to their previous occupation in the Chagos Archipelago and in improved living condtions.

Financing BIOT Costs

Expenses incurred by the British Government in connection with the establishment of British Indian Ocean Territory were as follows:

	Million pounds
Compensation to Mauritius for transfer of sovereignty	3.0
Payment to Chagos Agalega Co. for transfer of freehold	1.35
Payment to Mauritius for resettlement of workers	.65
Compensation to Seychelles for transfer of sovereignty (Construction of Mahe Airport)	6.2
	*11.20

*(Approximately $30.0 million. It is impossible to make a precise conversion because of the devaluation of the pound during the period when expenditures were being made.)

At the time of the 1966 Anglo-American Agreement on shared use of the BIOT, the United States Government agreed to provide one half of the cost of establishing the BIOT, but not to exceed $14 million. To date, $11,542,000 of this amount has been provided. US financing was not applied to any specific British expenditure, but was related to the total of expenses incurred by the UK in setting up the BIOT.

US financing was provided by waiving, to the extent of $14 million, the 5 percent research and development surcharges accruing in connection with the UK purchase of the Polaris missile system. Under this arrangement, US obligations in respect to creation of the BIOT were to be debited against a trust fund established pursuant to Article XI of the US-UK Polaris sales agreement concluded on April 6, 1963. Under the sales agreement, the British had agreed to pay a 5 percent research and development (R&D) surcharge on the cost of hardware items procured for them.

The legal basis for these payments was addressed in 1965, and is summarized as follows: "insofar as the payments relating to R&D are concerned, the proposal foregoes payment up to the amount of $14 million. This sum is not a sum owing to the United States. The exact amount of the R&D is uncertain depending on the price of the items sold. It is further uncertain in that the United Kingdom may at any time at its option cancel the Polaris purchase, without being liable for any R&D charges over and beyond those calculated on items already delivered. Also significant is the fact that Section 507 of the Foreign Assistance Act of 1961, as amended, does not require the imposition of any R&D charge whatsoever. Such a charge could have been omitted from the agreement, and was inserted in the agreement only as a matter of policy. Accordingly, the waiver of such a charge in exchange for a valuable consideration does not constitute the waiver of a charge which the Executive Branch is under a statutory mandate to collect. Viewed in this light, the United States is merely giving up one right in exchange for another right of equal or greater value."

CONCLUSION

In reconstructing the discussions that led to the formation of the British Indian Ocean Territory and the establishment of a joint US-UK communications facility on the island of Diego Garcia, it is evident that the question of the island population was one of concern to both governments and that appropriate steps were taken to ascertain the numbers of people that might be affected by the closure of plantations and the nature of the communities in which they lived. Information available at the time provided convincing evidence that the population of the Chagos Archipelago was essentially migratory, almost entirely comprised of contract laborers with ties in the Seychelles or Mauritius, and totally dependent on the coconut plantations for their livelihood.

It appeared that most of the inhabitants would accept work elsewhere if given the opportunity. Thus the removal of workers and their families from the Chagos Archipelago—for reasons that were considered compelling—seemed at that time both reasonable and feasible, provided adequate resettlement funds were made available.

While it was U.S. policy to ensure that military facilities would be located in an uninhabited area, it was always clearly understood between the U.S. and British authorities that all responsibility for the people on the islands lay with the U.K., which retained sovereignty over the BIOT. While the resettlement doubtless entailed discomfort and economic dislocation for a number of the families involved, it is clear that the U.K. was willing from the outset to provide adequate relocation funds and technical assistance in dealing with settlement problems. The 650,000 pounds transferred to Mauritius by the U.K. in 1973 is still available, and the Mauritian Government has stated that it intends to pursue a resettlement program. The British Government has welcomed the Mauritian Prime Minister's recent suggestion that the U.K. might assist the Mauritian Government in working out a resettlement scheme more acceptable to the islanders.

Information provided by the Administration to the Congress over the years reflected the status of the population on the BIOT islands at different times. In April 1969, in a letter to Senator Symington, then Secretary of Defense Laird mentioned that the islands of the British Indian Ocean Territory had a small migratory population. Testimony before the Military Construction Subcommittee of the House Appropriations Committee in May 1970, included the statement that the British had made further plans for resettlement of workers. The resettlement having been completed in 1971, testimony before the Subcommittee on the Near East and South Asia, of the House Committee on Foreign Affairs in March 1975, included a statement that there was no indigenous population on Diego Garcia. In June 1975, in testimony before the Special Subcommittee on Investigations of the House Committee on International Relations, Diego Garcia was again referred to as uninhabited.

Financial arrangements for the establishment of the British Indian Ocean Territory were covered in Secretary Laird's letter to Senator Symington referred to above. Before proceeding with the US arrangement for contributing the agreed U.S. share of the expense of establishing the British Indian Ocean Territory, the Administration carefully reviewed the legal aspects of waiving the research and development surcharge connected with the Polaris Missile system being acquired by the UK.

While the US was not involved in the arrangement for resettling the population of the Chagos Archipelago, and our share of the BIOT financing was not assigned to this or any other specific activity, it should be noted that US concern for the people of Mauritius has been expressed in other direct ways. For example, in February this year units of the 7th Fleet provided cyclone relief assistance to Mauritius at a cost to the U.S. of over $300,000. In addition the US has pledged $25,000 to assist the victims of the cyclone.

In sum, the record shows that United States and United Kingdom officials acted in good faith on the basis of information then available to them, with respect to the issue of resettling the people of the Chagos Archipelago. The Laird-Symington letter of April 1969 offered the Congress an opportunity to address resettlement and funding arrangements as well as the Diego Garcia construction program. There is no outstanding US obligation to underwrite the cost of additional assistance for the persons affected by the resettlement from the Chagos Islands.

THE CHALLENGE OF MULTILATERAL DIPLOMACY

Mr. PELL. Mr. President, among the urgent tasks facing America as we enter our third century as an independent nation is how to organize ourselves to deal with the international problems of today and the future. Past approaches geared to yesterday's problems will no longer do.

Richard Gardner, professor of law and international organization at Columbia University and a former Deputy Assistant Secretary of State, has written a highly perceptive article, published in the June 1975 issue of the Foreign Service Journal, which goes to the heart of the matter.

Arguing persuasively that the greatest threat to America's future security and welfare lies in the disintegration of the international order which was constructed after World War II, Professor Gardner proposes that the central preoccupation of U.S. foreign policy from now on must be to fashion a new international order to manage mankind's common problems. This country, he maintains, must demonstrate the same degree of commitment to "world order politics" as to "balance of power politics."

In order to accomplish this objective, Professor Gardner has advanced specific recommendations on how the executive branch could be better organized to meet the challenge of an increasingly multilateral diplomacy. His recommendations include the establishment of new machinery in the White House to coordinate policy in economic and other non-political-military areas, a reorientation of the responsibilities of the Under Secretaries of State for Political and Economic Affairs, and the development of a long-term strategy for multilateral institutions. I would question, however, his bringing in a corps of specialists to handle multilateral affairs or I believe some of our Foreign Service officers should and could handle multilateral problems.

I have long believed that the fashioning of a new foreign policy consensus in this country must be done on the basis of the concepts of expansion and contraction—expanding those activities which relate to new problems and changing interests, while contracting those activities, primarily military, which respond largely to yesterday's issues. Professor Gardner's proposals represent a long overdue step in this direction and merit serious consideration.

Mr. President, I ask unanimous consent that the first in a series of articles by Professor Gardner in the Foreign Service Journal, entitled, "The Challenge of Multilateral Diplomacy," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE CHALLENGE OF MULTILATERAL DIPLOMACY

(By Richard N. Gardner)

There are many possible ways to organize the United States government for the conduct of foreign policy. The choice between them will be influenced by the personalities of the President and his principal collaborators, but it should also reflect the nation's basic foreign policy priorities.

The ultimate objective of United States foreign policy is to promote the "life, liberty and pursuit of happiness" of the American people. It is increasingly clear that this objective can only be achieved in an international environment congenial to American interests. At the end of the Second World War the United States sought to promote such an environment by creating an institutionalized world order based on the United Nations, the Bretton Woods organizations and GATT. With the onset of the Cold War, the focus of American foreign policy became the creation of a new balance of power to contain the Soviet Union and Communist China. In the thirty years since World War II, "balance of power politics" and "world order politics" have contended for supremacy in US foreign policymaking, with the former steadily gaining ground over the latter.

The capacity of the United States government to promote the "life, liberty and pursuit of happiness" of the American people still requires the maintenance of a power balance. But the greatest threat to our future security and welfare lies in the disintegration of the international order. We talk of a "structure of peace," yet seldom in history have so many existing structures fallen apart. The United Nations system of collective security has broken down, the Bretton Woods financial system has broken down, the GATT system of open and non-discriminatory trade has broken down, the established arrangements for supplying the world's food and energy needs have broken down, the traditional law of the sea has broken down, and essential arrangements for population control and environmental protection have yet to be created.

As the world enters the last quarter of the 20th century, it is more than ever necessary for the United States to re-examine its foreign policy priorities. In this decisive quarter century, the survival of human civilization as we have known it will depend on mankind's capacity to fashion a new internataional order—specifically, on improved international arrangements to cope with such interrelated problems as population, food, environment, energy, mass poverty, unemployment, inflation and depression, social and political instability, proliferating nuclear and conventional weapons and escalating terrorism and international conflict.

The collapse of the international order cannot be blamed on the United States or any single nation or group of nations. The clash of ideologies, the multiplication of sovereign states, the intensification of nationalism, the drastic changes in the economic balance, the revolutionary changes in science and technology—these developments have combined to shatter the old order before we have been able to build a new one. The United States has been neglectful of "world order politics," but the record of most other countries has been as bad or worse.

Yet the responsibility of the United States is a special one. Vietnam and "covert operations" notwithstanding, the concept of a community of nations working within a framework of law to promote security, welfare and human rights is an important part of the American tradition. The US contribution—political, economic, scientific and managerial—remains absolutely essential to the building of a global order. The creation of new international structures to replace the collapsing old ones will be impossible in the absence of United States leadership.

The recommendations that follow are based on the premise that the central preoccupation of United States foreign policy from now on must be the building of effective international machinery to manage mankind's common problems. Unfortunately, in a divided world of competitive nation-states, we cannot dispense entirely with "balance of power politics" in favor of "world order politics." But we will need to demonstrate the same degree of commitment to "world order politics" that we have demonstrated to "balance of power politics" if we are to have any hope that the latter will one day prove unnecessary.

A commitment of this kind has been notably lacking in recent Administrations, both Republican and Democratic, despite much use of "world order" rhetoric. US foreign policy has favored short-term considerations over long-term interests, bilateral diplomacy over multilateral institution-building, and political and military responses over economic and functional cooperation. To mention but one example of distorted priorities, we spent thousands of lives and billions of dollars in defense of "national security" in Vietnam, while neglecting the much greater threat to national security from our growing dependence on Middle East oil.

The suggestions in this paper for reforming Executive Branch foreign policy-making arrangements are designed for a new era of international institution-building to give mankind a safe passage into the 21st century. In this new era the President, the Secretary of State and the heads of the major executive departments will need to give continuing attention to a range of neglected institutional questions:

What international problems (e.g., access to supplies, inflation/depression, the spread of nuclear capabilities, direct broadcasting from satellites) require new or strengthened international rules and institutions?

In developing such rules and institutions, which countries are the appropriate participants (e.g., how do we strike a balance between universality and effectiveness)?

What voting and other decision-making arrangements are needed to take account of national sovereignty and of the differing capabilities of members to implement decisions?

What are the best methods for creating and revising international rules (e.g., can we make greater use of independent experts in place of highly politicized international conferences)?

What are the best arrangements for interpreting the international rules (ICJ, specialized tribunals, mediation, fact-finding, etc.)?

What rewards and punishments can be used to secure compliance from parties to international agreements and to encourage necessary cooperation from nonparties?

How do we assure a better coordination of the proliferating number of a regional and functional bodies?

What can be done to improve the administration of international institutions and enhance the efficiency and independence of the international staff?

How can the United States concert its policy more effectively on multilateral issues with its Atlantic and Pacific allies, with its former enemies in Moscow and Peking, with the new financial powers in the OPEC group, and with the countries of the developing world?

The proposals in this paper are based on the assumption that the President, the Secretary of State and head of the main executive departments will regard these as important questions the solution of which is vital to the survival of the United States. If that assumption is correct, the recommendations that follow can make a difference; if it is not, they will be quite irrelevant.

BASIC ELEMENTS IN EXECUTIVE BRANCH LEADERSHIP

Since the Second World War, the United States has tried three main approaches to organizing the Executive Branch for the making of foreign policy:

One approach has been to put the main responsibility for the making of foreign policy in the hands of the President's National Security Adviser. This system, employed from 1969 to 1973, facilitated some significant breakthroughs in bilateral diplomacy. But it concentrated vast power in the White House in the hands of one individual, limited the accountability to Congress of key foreign policy decisionmakers, and undermined the effectiveness of the Department of State. It seems particularly inappropriate for an era in which economic and functional questions will share the center of the diplomatic stage with political and security questions. No one individual can handle all of these questions and assure a fair balancing of the viewpoints of all interested Executive agencies and domestic interest groups.

A second approach has been to combine in one man the offices of Secretary of State and National Security Adviser. This arrangement, as we are currently witnessing, has the advantage of giving the State Department a powerful leadership role and of assuring accountability to Congress. But it concentrates even more power in one person. It may be imperfectly suited to an era of multilateral diplomacy, when the President will need strong inputs from other Executive Departments, particularly on economic and functional questions.

A third approach has been to combine a strong Secretary of State with one or more individuals in the White House performing tasks of interdepartmental coordination. This system, employed during the Truman and Eisenhower Administrations, may avoid the pitfalls of the other two, but it carries the risk of conflict between the White House staff and the State Department and uncertainty as to the respective functions of both.

Looking toward the future, and bearing in mind that these arrangements must inevitably be tailored to the President's personality and operating style, the following may be a useful compromise between the second and third approaches:

1. Continue the present system under which the Secretary of State serves also as the President's National Security Adviser, but restrict the scope of the NSC to political-military issues.

2. For all other aspects of foreign policy, employ a series of ad hoc groups chaired by the Secretary of State, with responsibility for relating these groups to one another and to relevant aspects of "domestic" policy vested in a senior member of the White House staff outside the NSC mechanism.

There are signs that the Executive Branch may already be moving in the direction of such a compromise arrangement. In contrast to several years ago, the NSC is no longer used for the coordination of policy in economic and functional areas. The Council for International Economic Policy, established in 1971, has fallen into disuse, for the very good reason that different issues in foreign economic policy require different groups of people to deal with them. What we now see emerging are a number of interdepartmental groups to deal with specific questions—an "international energy review group," and "international food review group," etc.

For this system to work effectively, there should be a senior member of the White House staff with responsibility for relating these international functional activities both to one another and to United States domestic policies. In effect, this position would be the counterpart to the National Security Adviser, and might be called Assistant to the President for Economic and Multilateral Affairs. It would not be desirable to have this function performed by the Secretary of the Treasury, as was the case in the early 1970s, or by any other cabinet officer; that would "tilt" policy too much in the direction of an executive department with strong domestic interests. The individual should have an exclusively White House role so that he can serve as a disinterested coordinator of the ad hoc international groups with the interdepartmental councils outside the NSC (Economic Policy Council, Domestic Council, etc.).

The compromise proposed above is designed to establish the Department of State as the "lead" agency for the making and execution of foreign policy, while recognizing that "foreign policy" today has many functional components (e.g., energy, food, money) which are inextricably bound up with domestic policy. That is why it gives the Secretary of State control of the NSC machinery but restricts that machinery to political and security matters. Other foreign policy questions would be dealt with by interdepartmental groups chaired by the Secretary of State and coordinated by a senior White House assistant with responsibilities in the domestic area.

THREE SPECIAL PROBLEMS

Three special problems arise in any attempt to assert the State Department's role as the "lead" agency in the field of foreign economic policy—the State-Treasury relationship, the Agency for International Development (AID), and the Office of the President's Special Trade Representative (STR).

Close and harmonious relations between State and Treasury are clearly essential. In addition, the time has come for one admittedly controversial change in their respective responsibilities. The Treasury Department is not only in charge of United States participation in the International Monetary Fund, but also of United States participation in the International Bank for Reconstruction and Development, the International Development Association, and other international development institutions such as the Asian Development Bank and the Inter-American Development Bank Recently, the Treasury took the initiative in creating a new IMF/IBRD Development Committee composed of 20 Finance Ministers. Given the central importance of economic development to United States foreign policy, it would seem more appropriate to continue the Treasury's role to participation in the IMF, transferring to State the responsibility for managing United States participation in all institutions concerned with economic development assistance, including the IBRD and the new Development Committee.

A further step in the centralization of responsibility for multilateral development activity would be the abolition of the Agency for International Development. The maintenance of AID as a separate entity within the Executive Branch could be justified at a time when the United States was carrying on a substantial bilateral aid program backed by strong Congressional and Public support. That time has obviously passed, and there are powerful international as well as domestic reasons for transferring all U.S. development assistance through multilateral institutions. To the extent that the United States maintains a bilateral aid program for political and security reasons, it can best be administered by those parts of the government responsible for the promotion of those interests. If AID were abolished, its responsibilities for bilateral aid could be transferred to the regional bureaus of the Department of State, and its backstopping of OECD/DAC and of UN technical aid programs could be transferred to State's Bureau of International Organization Affairs, as suggested in the following section.

A case can also be made for transferring from STR to State the responsibility for managing US trade negotiations and participation in GATT. However, the Congress has repeatedly made it clear that it does not trust the Department of State to carry on trade negotiations. The maintenance of STR is a better option than vesting this responsibility in Commerce or Treasury, since these agencies would tend to conduct negotiations with primary regard to domestic concerns and with inadequate attention to US interests in the development of strong international trade institutions. A more effective State-STR partnership could be established, however, through some of the recommendations which follow relating to the Geneva Mission and a new personnel system.

THE DEPARTMENT OF STATE

At the risk of repetition, it should be emphasized again that the new kind of foreign policy called for at the beginning of this paper requires a strong Secretary of State who considers the building of multilateral machinery for the management of global problems a central task of US foreign policy. Without a leader totally committed to multilateralism in deed as well as word, willing to delegate complex tasks of institution-building to outstanding subordinates, the Department of State will not be able to play its proper role as the lead agency for the US government in the construction of a better world order.

If this condition is fulfilled, there are a number of organizational changes that could substantially improve the performance of the Department of State. Of all these changes the most important is to create a better arrangement for the direction of multilateral policymaking on the seventh floor of the Department. The Secretary of State, however committed as he may be to the multilateral approach, will have to spend much of his time on crisis management and on relations with Congress and the press. The Deputy Secretary will bear a heavy burden of managing the Department. What is needed, therefore, is sustained leadership for "world order business" at the Under Secretary level.

To achieve this leadership, some have proposed the creation of an Under Secretary of State for Multilateral Affairs to work on the seventh floor alongside the Under Secretary for Political Affairs and the Under Secretary for Economic Affairs. This proposal has the merit of simplicity, but it runs counter to the central objective of building multilateralism into the political and economic arms of US foreign policy. Much of our international political effort is, and more of it ought to be, carried out through multilateral institutions such as NATO, OAS and the UN. Much of our foreign economic poicy is, and more of it ought to be, carried out through multilateral institutions such as OECD, GATT and the agencies of the UN system. An Under Secretary for Multilateral Affairs would be outside the central stream of decision-making supervised by the other Under Secretaries. Given the close relation between bilateral and multilateral affairs, he would be constantly involved in insoluble jurisdictional disputes.

A better way of achieving leadership at the Under Secretary level would be to assign responsibility for multilateral political and military affairs to the Under Secretary for Political Affairs and responsibility for all the rest of multilateral activity to the Under Secretary for Economic Affairs. It may be argued that existing arrangements tend to approximate this objective, but this is really not the case. The political Under Secretary does not have responsibility for developing an overall US strategy toward conflict management through NATO, OAS, and the UN. The economic Under Secretary does not have responsibility for all the multilateral economic areas (development aid as well as finance and trade) or for all the related multilateral functional areas (energy, food, environment, population, oceans, science and technology).

What is here proposed, therefore, is that the Under Secretary for Political Affairs, in addition to his existing responsibilities, should have an explicit mandate to oversee and coordinate the work of the multilateral political divisions of the Department (IO/UNP, EUR/RPM, and ARA/USOAS), while the Under Secretary for Economic Affairs, in addition to supervising the work of the EB bureau, should have explicit authority to oversee and coordinate all the other work of IO, of EUR/RPE, of ARA/ECP, and of the new Bureau of Oceans, Environment and Science (OES). In addition, and this of central importance, the Under Secretary for Economic Affairs would inherit the responsibilities of the Administrator of AID.

It must be admitted that this proposal concentrates enormous power and responsibility in the economic Under Secretary, but this seems unavoidable if the Department of State, and the whole United States Government, is to develop a coherent policy in all the different functional areas which are increasingly linked in international negotiations. The issues of money, trade, investment and development are increasingly related to one another and are now related in turn to those of food, energy, environment, oceans, science and technology. This seems obvious enough to be a cliché—yet it is not yet reflected in US policy-making. To take two recent examples, the US delegation to the Bucharest Conference was not well prepared to deal with population in its larger development context, and the US positions in the Law of the Sea Conference do not take sufficient account of the enormous significance that revenue-sharing from seabed exploitation of oil and hard minerals could have for the future of the international development system.

To exercise the new responsibilities here proposed, the political and economic Under Secretaries should each have a special assistant for multilateral affairs with the responsibility for insuring that the substantive policies and institutional arrangements proposed by the various State Department bureaus and by other federal agencies are mutually consistent and serving a coherent long-term strategy for international order.

The political and economic Under Secretaries should be invested with the further responsibility of serving as the alter egos of the Secretary of State in dealing with other federal agencies in the multilateral as well as the bilateral areas of their respective concern. Where necessary they would chair the NSC and other mechanisms for the coordination of Executive Branch policy in place of the Secretary of State and they would be encouraged to deal directly with the President in place of the Secretary of State when he was unavailable. A formal Executive Order, coupled with an appropriate White House announcement, would help dramatize this new commitments to multilateralism and would make these senior positions more attractive for men of outstanding talent.

Finally, as part of these new "seventh floor" arrangements, it would be desirable to change the name of the Under Secretary of State for Economic Affairs to Under Secretary of State for Economic and Multilateral Affairs, in recognition of his new and broader responsibilities for subjects like energy, food, environment, population, oceans and science. It would help the new Under Secretary to discharge these varied responsibilities with other government departments if he were elevated to the number three position in the Department of State ahead of the Under Secretary for Political Affairs who now outranks him. It may seem a small point, but the Under Secretary of State for Economic Affairs was the third-ranking officer of the Department for most of the postwar period until very recently. The elevation of the new Under Secretary for Economic and Multilateral Affairs to third place in the Department's hierarchy would help to manifest our new concern with this vital area of international affairs.

THE BUREAU OF INTERNATIONAL ORGANIZATION AFFAIRS

These new arrangements at the Under Secretary level would not in any way reduce the importance of the Bureau of International Organization Affairs. Quite the contrary, IO's position has deteriorated over the years partly because it has not had the political "clout" to assert the multilateral interest at the highest levels of decisionmaking. Under the arrangements here proposed, it would have two "champions" on the seventh floor who could work for better multilateral policies not only in the State Department but throughout the Federal Government.

To be sure, some foreign governments manage to dispense with any equivalent of our Bureau of International Organization Affairs, but these are mostly governments that tend to view multilateral institutions as having little importance—as marginal adjuncts to bilateral diplomacy. The weight of these countries in international institutions is not as great as that of the United States, whose political, economic, scientific and intellectual input is usually crucial for the success of any multilateral enterprise. Nor do these countries have any real commitment to make "world order business" a central element in their foreign policy.

Given the special place of the United States in the international institutional system, there is need of a central place in the Department of State which can (1) determine, in cooperation with other appropriate bureaus and agencies, the day-to-day US policies in international institutions (outside the special regional institutions within the purview of EUR and ARA); (2) decide upon US participation in international programs and conferences and on the level of US contributions; (3) assure that US foreign policy is conducted in harmony with the requirements of the UN Charter and other multilateral commitments and programs; (4) review and evaluate the effectiveness of international organizations and develop a coherent long-term US strategy for strengthening them; and (5) serve as a focal point for communicating with US delegations to international organizations and conferences and assure that the US government speaks in them with one voice. Without a Bureau of International Organization Affairs, it is hard to see how these essential functions could be effectively performed.

One obstacle to the effective performance of IO's role at the present time is the dispersal of authority between IO and AID for US participation in the multilateral development activities of the UN system. With the abolition of AID, responsibility for multilateral development programs would be transferred to IO and responsibility for bilateral aid to the regional bureaus. If, as suggested Treasury's responsibilities for managing US participation in the IBRD/IDA and the Regional Development Banks. IO would be the logical place to exercise these functions, working in close cooperation with EB and the regional bureaus. At last there would be one central place in the US Government where policy could be shaped on all varieties of multilateral development assistance—technical aid, preinvestment aid and the transfer of capital on concessional terms. The functions of coordinating US policy in international development institutions, which the Congress assigned last year to AID, would henceforth be performed in IO.

In recent years, it must be admitted, IO has had a declining role in the shaping of policy on substantive issues. On the majority of items at issue in the UN system—whether disarmament, the Middle East, trade, development, food, environment, population or oceans—IO has become mainly a procedural channel to communicate policies established elsewhere. This is in contrast to the situation that existed at key periods in the '40s, '50s and '60s, when the Bureau was able to shape US policy with special regard to US interests in international institution-building.

Clearly IO must look to the regional and functional bureaus of the State Department and to other Executive agencies for the primary input into most of the items that come before the General Assembly, the Security Council, ECOSOC, the Specialized Agencies, and other parts of the UN system. What IO can and should do, however, is to review and adapt these policies in the light of overall US interests in the development of more effective international institutions.

The decision made several years ago to establish Agency Directorates in IO for specialized areas of UN activity was a step toward more effective policy-making since it did away with the artificial separation that previously existed between responsibility for UN agency programs in the Office of Economic and Social Affairs (OES) and responsibility for UN agency budgets in the Office of International Administration (OIA). But for the system of Agency Directorates to work effectively, these key positions must be filled by people who combine technical competence in the specialized area with an understanding of multilateral diplomacy. The practice of seconding people from other Executive Departments for these positions satisfies the former requirement, but only rarely the latter. Foreign Service officers, on the other hand, are rarely suitable of these assignments—even if they are skilled in multilateral diplomacy, they seldom have the required expertise in agriculture, health, narcotics, science, etc. The more rational organizational structure which IO now has needs to be complemented by a much more fundamental reform to provide personnel with both specialized knowledge and multilateral competence. A proposal to this end is presented in the last section of this paper.

DEVELOPING LONG-TERM STRATEGY FOR MULTILATERAL INSTITUTIONS

Long-term planning on the kind of institutional questions identified in the introduction of this paper is not now taking place anywhere in the United States Government. Institution-building is approached *ad hoc* in each functional or regional context, with little regard to possible interrelationships. The organizational breakthrough represented by the new International Energy Agency could have important implications for other international agencies, but these are not being seriously examined in IO. The Inter-Agency Task Force on the Law of the Sea spent months considering rules of procedure for the Law of the Sea Conference that might put a brake on the automatic majority of the "77" until someone recalled the "conciliation" formula developed at UNCTAD I. Without some central place for the accumulation of experience and wisdom on multilateral procedures and institutions, those preparing for each specialized event are likely to go on "re-inventing the wheel."

To perform the necessary long-term planning and overview function for the development of international institutions, there should be a small group of highly qualified specialists working together in the Policy Planning Staff (S/P) and IO. Since the necessary competence in international organization affairs will seldom be found within the Foreign Service, outstanding experts in this area from the academic and professional communities should be brought to S/P and IO on two to four year assignments. In addition, the Department should be given funds to contract out for research in this area to universities and research centers. It is absurd that the Defense Department should be able to spend vast sums for research on weapons systems and strategic problems while the Department of State has virtually no money for research on the organization of peace and the management of interdependence.

Greater use should also be made of part-time consultants, but not through the traditional device of appointing an Advisory Panel on International Organizations. Such standing groups tend to be easy targets for political patronage. Moreover, no one group is likely to be adequate for all the different problem areas. The Department should mobilize one team of outside experts to help it prepare for the September 1975 General Assembly reviewing UN economic institutions; another for the reform of GATT in connection with the new trade negotiations: still another to consider the appropriate structure of an International Seabed Authority. The necessary continuity and coordination of policy among the various consulting groups can be assured by the full-time specialists in S/P and IO who ought to be collaborating with all of them.

THE LAW ENFORCEMENT ASSISTANCE ADMINISTRATION

Mr. WILLIAM L. SCOTT. Mr. President, as Senators know, the Law Enforcement Assistance Administration has played an inportant role in the progress and accomplishments achieved by this country's criminal justice system during the past 7 years. Currently, the Subcommittee on Criminal Laws and Procedures of the Judiciary Committee is considering legislation to extend LEAA's authority for another 5 years.

LEAA has benefited the State and local law enforcement agencies all over the Nation. In this connection, I believe the views of Mr. Richard N. Harris, from my home State of Virginia, should be of interest to my colleagues. Mr. Harris is director of the Division of Justice and Crime Prevention of the Commonwealth of Virginia and chairman of the National Conference of State Criminal Justice Planning Administrators and made a fine statement to the subcommittee considering this matter.

Mr. President, I ask unanimous consent that Mr. Harris's testimony of October 8, 1975, be printed in the Record.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

Statement of Richard N. Harris

Mr. Chairman, and distinguished members of this Committee:

My name is Richard N. Harris. I am director of the Division of Justice and Crime Prevention of the Commonwealth of Virginia, and Chairman of the National Conference of State Criminal Justice Planning Administrators.

I and the National Conference very much appreciate your invitation to testify today at the hearings on the reauthorization of the Crime Control Act of 1973, and related matters.

The National Conference of State Criminal Justice Planning Administrators represents the directors of the fifty-five (55) State and territorial criminal justice planning agencies (SPAs) created by the States and territories to coordinate their programs to improve the administration of justice. Under the Crime Control Act, the SPAs are the governmental entity responsible for determining how best to allocate approximately 67% of the appropriations made available to LEAA under the Act, a sum in Fiscal Year 1975 of almost $592 million.

In essence, the States and the SPAs are assigned the central role under the Crime Control Act. Now, having seven years of experience under the original Act and its extensions, we, the States, are delighted to share our experiences with you on the operation of the program to date, and those major recommendations we have for statutory changes in the reauthorization legislation.

Prior to 1965, there was no federal financial assistance program for State and local criminal justice agencies. Responding to a growing public concern about crime and criminal justice, Congress authorized a small federal assistance program under the Law Enforcement Assistance Act of 1965. The program, under the auspices of the Department of Justice, funded research and demonstration projects in accordance with predetermined, federally-defined categories of activities. The 1965 Act also authorized funds for the establishment of State criminal justice "planning agencies". This categorical grant program, operating under the Office of Law Enforcement Assistance, made no notable impact on the criminal justice system or crime.

Two years later, in 1967, the President's Commission on Law Enforcement and the Administration of Justice—commonly referred to as the President's Crime Commission—documented in detail the problems of the Nation's criminal justice system. The Crime Commission described antiquated police practices, deplorable conditions in our jails and prisons, and documented abuses of justice which had occurred in some of our courts. The Crime Commission blamed many of the difficulties of our fragmented criminal justice system on "its reluctance to try new ways". It challenged the "system" to confront its problems and to begin to work toward change and reform. The Crime Commission also called upon the American public to give the criminal justice system the wherewithal to "do the job it is charged with doing". The Commission strongly endorsed the concept of and need for a federal criminal justice assistance program "on which several hundred million dollars could be profitably spent over the next decade". The Commission also urged that State and local criminal justice planning efforts be supported by the Federal Government.

By 1968, crime had become the number one concern according to public opinion polls. In June of 1968, the President signed into law Public Law 90–351, the Omnibus Crime Control and Safe Streets Act of 1968. This legislation represented the Federal Government's first comprehensive criminal justice grant-in-aid program for State and local governments. The Safe Streets Act was specifically designed to provide financial aid and technical assistance for strengthening State and local law enforcement and criminal justice, and improving crime prevention and control efforts.

The Safe Streets Program has assisted and encouraged a broad range of projects to coordinate, modernize and increase all areas of the criminal justice system. The States have developed new approaches designed to help reduce crime. I would like to cite just a few of these activities in which State and local governments have been engaged.

Many improvements have been made in the area of police service—from community relations units, training and education programs to crime laboratories, improved telecommunications networks and specialized patrol techniques. In Muskegon County, Michigan, for example, our program funds have been responsile for that County's Centralized Police Dispatch (CPD) System. It is a countrywide four frequency consolidated communications system which has reduced operational costs and allowed police officers to be reassigned street duties. The system has implemented most of the applicable standards as cited by the National Advisory Commission on Criminal Justice Standards and Goals. And in Arkansas, we have funded that State's Law Enforcement Training Academy, which has provided training to nearly 5500 officers in 184 courses and has utilized a mobile classroom in order to reach officers who, because of the size or workload of their department, would otherwise be unable to take advantage of the program. Many States have—and are developing—statewide criminal justice information systems. These systems expand the data base and significantly increase the efficiency of servicing information requests. In South Carolina, an average of 300,000 inquiries are processed each month with a delivery time of 15 seconds per request. The previous manual method took from one hour to several days.

In Wheat Ridge, Colorado, police have created a special unit to help reduce commercial and residential burglaries. They have reduced response time to one minute, their burglary clearance rate is up 10%, and reported burglaries were reduced by 20% over the previous year.

States have also become actively involved in programs to upgrade all areas of court operations. In addition to assisting with the employment of specialized personnel, programs have been initiated to expedite caseflow management and reduce court backlogs and processing time, improve courtroom security and provide training and education programs for judges, clerk and other court personnel. Many states, including my own, have been key advocates and supporters of court unification efforts. In Mississippi, a program has been developed to offer practical training experience for law students. Students are assigned to prosecutors, public defenders and juvenile court judges with the goal of not only gaining experience, but also providing much needed assistance to the court system. Mississippi has also developed a Criminal Justice Research Service which provides judges and lawyers with comprehensive research data on various aspects of criminal law and procedure. In two years of operation, over 3,000 inquiries have been answered. The service has also been instrumental in assisting with curriculum changes in law schools by analyzing the nature of requests in order to make the law programs more responsive and useful.

In Pulaski County, Arkansas, a special circuit court support personnel program was funded to help reduce a backlog of 1500 cases awaiting felony jury trials. This project, during a three month period, reduced the number of cases seriously delayed in coming to trial by 693. One hundred eight (108) cases were closed with a 93% conviction rate. Prior to the project, the average time a person spent in jail awaiting trial was 3.5 months. After the project, that time was reduced to 1.3 months.

In Newark, New Jersey, a court management project has affected a court backlog decrease of 28%, and the failure-to-appear rates have been a low 12%, 13% and 8% for January, February and March of this year, respectively.

A major thrust of the Safe Streets Program in the field of corrections has been the development of "community-based" programs which seek to rehabilitate and treat offenders in or near their own communities. With program funds, States and localities are able to support basic and much needed activities such as improved probation and parole services, diagnostic and classification programs, improved treatment of female offenders, and expanded work-release and study-release opportunities for inmates. In Bucks County, Pennsylvania, funds have been utilized to improve adult detention services for inmates with drug, alcohol or emotional problems. The Diagnostic and Treatment Center offers a broad spectrum of psychological and psychiatric services, and identifies special problems. In only one year, this program saved the State over $60,000 which would have been necessary to take care of those persons who otherwise would have been sent to State institutions for 60 days observation.

In Omaha, Nebraska, funds are being used to help support the Greater Metropolitan Omaha Area Seventh Step Foundation. The program has reduced recidivism. Eighty-one percent of the clients have been placed in jobs, and there is only a 10% annual rearrest rate. In Middlesex County, Massachusetts, a program aimed at adult misdemeanants offers a comprehensive program of rehabilitation services and has reduced recidivism. The program serves approximately 350 to 400 inmates a year. For inmates 21 years or younger, the program has reduced the recidivist rate by 12%; for inmates 22 years or older who have been previously incarcerated and whose prior record centered on property offenses, the rate was reduced 23%. And in Sherwood, Arkansas, the "One on One" Volunteer Probation Program of the municipal court uses volunteers to help provide probation services to adults and juveniles in misdemeanor and felony cases. The project reports only an 8% recidivist rate.

A substantial amount of activity has been focused on the juvenile justice system. Among the achievements supported by our program are youth service bureaus, halfway houses, group and foster homes, and expanded counseling and referral services. States have been instrumental in establishing drug and alcohol treatment programs, emergency units, hot lines and crisis intervention programs. In Lincoln, Nebraska, for example, the volunteer probation counselor program is part of the Probation Department of the Lincoln-Lancaster Municipal Court. The program is directed at selected high risk offenders 18–25 years of age, and matches youthful misdemeanants with trained community volunteers. An evaluation indicates that these probationers showed a marked reduction in the frequency and seriousness of offenses during the probationary year compared to the prior year and a significantly better record than that of an equivalent group under regular probation.

In Philadelphia, Pennsylvania, the Neighborhood Youth Resources Center is open 13 hours a day and is located in the heart of the high-crime, inner-city area. The program seeks to divert inner-city youth, aged 10–17 years, from entering the juvenile justice system and provides a wide-range of supportive services. During one four-month period alone, male truancy arrests were reduced by 62%. And during that same period, felony arrests of juveniles were 75% less in the target area than in a comparable area. In 1970 alone, seven gang-related deaths were reported in the target area. Since 1971, only two have occurred.

In Massachusetts, the Group School and Advocacy Program in Cambridge diverts youths from the criminal justice system through education, legal and non-legal assistance. It is an alternative high school for delinquent and non-delinquent youth from low-income families.

The Massachusetts SPA has cited this program as the foremost juvenile delinquency program in the State and the National Institute of Mental Health has named it one of eleven national models for creative and innovative approaches to drug prevention.

Drugs are continuing to be a serious problem, and becoming more serious among our younger children. One program which has been aimed at reducing drug traffic is the Michigan Division Investigation Unit (DIU). The purpose of the sixteen man unit is to reduce illegal drug traffic, and to identify illicit sources of supply. During the first year, over $2.4 million in drugs were confiscated, 6 licenses revoked, and 70 arrests made stemming from 287 investigations. During the second year of the program, over $6.3 million in drugs were confiscated, 11 licenses revoked, and 110 arrests made from 45 investigations.

These are but a few of the thousands of programs that have been funded since 1969 through the Safe Streets Program. I could go on all day—in fact all week. I could tell you about the Work-Study Release Centers in West Virginia, or the Lake County Judicial Automated Record System in Waukegan, Illinois; the Neighborhood Assistance Officer Program in Dayton, Ohio; or the Integrated Program to Combat Organized Crime in California; the rape prevention programs in the State of Washington or the Grady County Youth Service Bureau in Chickasha, Oklahoma. The list is endless. The point, gentlemen, is that many useful programs and services are being provided and new techniques are being developed to improve the criminal justice system and to help find ways to reduce crime which would not be possible without the financial and technical assistance of this program.

In 1968, there appeared to be an assumption that better coordinated, intensified and more effective law enforcement and criminal justice efforts, from programs like those enumerated above, would lead to greater public safety and crime reduction. The "Declaration and Purposes" of the Safe Streets Act state:

"Congress finds that . . . To reduce and prevent crime and juvenile delinquency, and to insure the greater safety of the people, law enforcement and criminal justice efforts must be better coordinated, intensified, and made more effective at all levels of government . . . It is therefore the declared policy of the Congress to assist State and local governments in strengthening and improving law enforcement and criminal justice at every level by national assistance."

Further, in a specific statement of purpose (Section 301(a)), action grant funds are authorized to ". . . carry out programs and projects to improve and strengthen law enforcement and criminal justice."

The Congress apparently assumed that by promoting efforts to improve the components of the criminal justice system that crime would be reduced. By inference the Safe Streets Program would indirectly reduce crime. In 1968, no one seriously questioned the popular belief that the infusion of money to improve the criminal justice system would, in fact, automatically reduce crime.

Wholesale and lasting crime reduction through limited planning efforts and financial assistance confined to the criminal justice system is probably an unrealistic expectation. Rather, it is more likely that crime reduction and prevention can only be accomplished by addressing the total social, political and economic needs and attitudes of citizens. Long-term impact may come to fruition through continued efforts to develop a sound criminal justice system. However, it is worthwhile to keep in mind that the major role of the criminal justice system is to deal with crime after a crime has occurred. Therefore, crime prevention is more likely to occur when the efforts of the criminal justice system are operating at the same time the Nation is making major efforts to attain a strong economy, provide job and educational opportunities, ameliorate social inequities, and reduce the opportunity and need to commit a crime.

Let us assume that crime reduction was the direct and specific purpose of the Safe Streets Act. Was it a realistic expectation and a fair criterion that the federal investment must result in an immediate drop in crime? Reducing crime is an enormous burden to impose upon one grant-in-aid program which, by comparison to other federal assistance programs, is relatively small. In addition, federal expenditures represent only slightly more than five percent of the total State and local government outlays for criminal justice purposes. In the vernacular, it is merely a "drop in the bucket". However, it has been a necessary "drop" to aid in the development and operation of a responsible, responsive, fair and effective criminal justice system.

In assessing the effectiveness and success of the Crime Control Act program many observers, including Congress, look first to the reported crime rate compiled and published annually as the Uniform Crime Reports (UCRs) by the Federal Bureau of Investigation. However, two fundamental factors must be recognized when utilizing these statistics. First, during the past five years when reported crime exhibited an increase, the Nation's economic health began to suffer. Such key indices as inflation and unemployment skyrocketed. Historically, studies have shown that crime increases during periods of economic change and stress.

Second, the crime statistics are themselves controversial. Analysts challenge the validity and completeness of the UCRs because they are compiled through a voluntary, erratic and non-uniform system of collection. Much of the initial and on-going State and local expenditures in the Crime Control Act program are supporting the development of a more valid data base and improving the capability of criminal justice agencies to produce crime information on a complete, uniform and quality basis. As a result, these statistics are becoming more complete each year. More and more agencies are participating, and the data being generated are more reliable. Inevitably, this increased participation and completeness has had an impact on the numbers represented by the statistics. They have increased. A recent study in Pennsylvania confirmed that a great portion of a recent increase in the UCRs for that State was as a result of additional agencies reporting statistics which had not participated in the reporting program the previous year. This finding exemplifies that the UCR statistics are not a clear indication of the seriousness of crime; data cannot, to date, be accurately compared from year-to-year; and there is a substantial pool of unreported crime.

As a result of these and other problems experienced with crime reporting, a new measurement technique, victimization surveys, is being encouraged to obtain a more accurate gauge of the scope of crime. The first national victimization survey was undertaken in 1967 (National Opinion Research Center Field Survey II, Criminal Victimization in the United States) as part of the work of the President's Crime Commission. Current victimization survey work is being conducted by the National Crime Panel of LEAA. Within the next several years, the States will have data which will permit them to determine whether the actual rate of crime victimization has been changing, and what if any effect the Crime Control Act program has had on the reduction of crime.

The National Conference fully supports reauthorization of the Crime Control Act, and in substantially its current form. Although resources made available under the Act constitute only slightly more than five percent of State and local criminal justice expenditures, the resources have made a significant impact on the criminal justice system.

The primary reasons for this impact programming has been that the federal money represents almost the only funds available to line criminal justice agencies for experimentation and attempting new ideas and techniques, and that the States are expending the money in a planned, coordinated and rational manner. Monies under the Act have permitted system-wide criminal justice planning, directing responses to crime in urban areas, establishing standards for criminal justice personnel and operations, drafting major legislative changes including criminal code revisions, and introducing innovative programming. Without the infusion of federal funds under the Crime Control Act, the States and localities would be able to do little more than maintain their existing operations. At this particular time in our recessionary economy, reductions in or terminations of funds to States and localities would have a ripple effect. The States and localities have in many cases already cut their operations and programming to the bare-bones. Any federal cutbacks added to State and local budget problems would serve to make it more difficult to bring about the kinds of improvements called for by the President's Crime Commission.

Congress should reauthorize the program through 1981. The Conference believes that the continuity of the program is critical. The States have been faced with the original enactment of the Omnibus Crime Control and Safe Streets Act in 1968, amendments in 1969, 1973 and again this year. Put into conjunction with the passage of the Juvenile Justice and Delinquency Prevention Act of 1974, and the changing federal leadership of the program, the States have never had a stable program within which to operate. Each time the States have completed changes required by new legislation, regulations or guidelines, a new series of changes have been initiated.

The National Conference would like to see few major changes in the Crime Control Act. A vehicle for reauthorizing the Act and instituting some of the changes recommended is S. 2212, which the National Conference endorses in part. The specific changes the Conference recommends, the proposed statutory language and the specific justification for each of the recommendations will be submitted to you at a later time for the record and for your consideration. However, I would at this time like to discuss in general terms several of our recommendations.

The Conference recommends that Section 205 be amended so that the minimum amount of planning funds allocated to each State would be raised from a base of $200,000 to a base of $350,000, but only if additional planning funds should be appropriated to cover the increases. This increase will enable the smaller States to perform the planning and administrative duties imposed upon them by LEAA, and larger States can continue to perform at least at their present financial level. Over the last several years, through statutory, regulatory and administrative changes, SPAs have been required to perform a large number of additional functions, some of which were once the responsibility of LEAA. Inflation has also taken its toll. One study conducted in Rhode Island indicated that the minimum amount of planning funds necessary for the SPA to perform its duties was over $500,000.

The Conference supports Section 3 of S. 2212 which recommends that Section 205 be amended so that LEAA can reallocate unused Part B funds to the States, but we recommend that language be added to that amendment requiring LEAA to provide adequate notice to the States of the availability of such funds. Under present law 40% of Part B funds must be allocated for local and regional planning. For a variety of reasons, these local jurisdictions sometimes find themselves unable to spend their allocated money within the statutorily prescribed time. Without an amendment, the money cannot be reallocated to the States. Similar language requiring LEAA to provide adequate notice to the States of the availability of reverted Part C and E funds should be added to Sections 306(b) and 455(b), respectively.

The Conference also recommends that Section 301(d) be amended so that the requirement that not more than one third of any grant made to a State be expended for compensation of personnel be deleted. The States have frequently been criticized for expending too many federal dollars for equipment. However, Congress has limited the States' flexibility to provide additional service and training programs by restricting the amount of money that could be expended on personnel.

The language of Section 303(a) of the Act should be amended to clearly permit States to submit comprehensive criminal justice plans which LEAA could certify as valid for multi-year periods of time. Annual updates containing information on changing strategies and programs could be required. This would permit States to spend less time in producing largely redundant documents year-in and year-out and more time to do more meaningful planning and evaluation.

The statutory language found in Section 303(a)(5) describing the minimum contents of the comprehensive plan should be struck. These specific statutory requirements many times result in plans being submitted which, while they may meet these requirements for plan format, do not necessarily fulfill the needs of the federal, State and local governments for planning purposes. Plans are often produced by the States and reviewed by LEAA for conformance to these statutory and LEAA regulatory guidelines but not for their viability as planning documents. As a result the federal, State and local governments find themselves to a large degree involved in a paper war. Specific plan requirements that are relevant to the needs of individual jurisdictions are better developed by regulations than by a legislative provision which specifies the format of each State's plan.

The Conference supports Section 4(1) of S. 2212 that would amend Section 303(a) by adding language encouraging States to develop, demonstrate and implement programs designed to strengthen courts and improve the availability and quality of justice including court planning.

State and regional planning units are presently not permitted to utilize Part C funds for conducting evaluation and technical assistance. In light of the block grant philosophy, language should be added permitting Part C funds to be used for that purpose.

The Conference believes that Section 307 should be struck in its entirety. Providing special emphasis to programs dealing with the prevention, detection and control of organized crime and of riots and other violent civil disorders is a reflection of the priorities of the late 1960's. Requiring arbitrarily that all States provide special emphasis to particular substantive problems is contrary to sound planning and the variety and degree of the problem found in each State.

The National Conference firmly believes the block grant approach found in the Crime Control Act and in S. 2212 must continue in order to assure that the necessary system-wide planning is undertaken; that coordination and cooperation, those concepts central to the present legislation, are promoted; that statewide priorities are set and addressed; and that local jurisdictional boundaries do not serve as a barrier to the initiation of good programming.

It is to be expected that a block grant program, by its very nature, will always be subject to cries for categorization and "earmarking" of funds. Those who represent special program interests or different classes of potential grant recipients will seek Congressional guarantees of their "fair share" as they see it. Notions of their shares develop with respect to one level of government as opposed to another, one field of justice as opposed to another, one type of agency as opposed to another, one branch of government as opposed to another and one type of political subdivision as opposed to another.

In the past, categorizations for corrections and juvenile delinquency have been enacted. Today there are proposals to categorize assistance to courts, training and recruitment programs and high-crime urban areas, among others.

A system of statewide comprehensive planning is compromised and distorted when the programs and priorities generated by such a system must conform to predetermined, uniform formulas. It makes little sense to urge and support a rational decision-making process based on the premise that State characteristics, and hence problems, vary, and then insist that each State place a certain percentage of funds available in a specified program area.

In that an effective system of planning will naturally allocate resources in the most rational and appropriate manner, and in that LEAA has the appropriate mandate to review and scrutinize each State's planning process to ensure its validity and comprehensiveness, we urge that the Congress reject the proposal to categorize the Act further, such as those embodied in S. 640 for training and recruitment programs, Section 4(3) of S. 2212 with respect to a separate high-crime/urban areas program, and H.R. 8967 for court improvement. In fact we urge the Congress to review the Act for the purpose of identifying any areas where "decategotization" may be possible. The Part E categorization for corrections should be eliminated, merging Part E resources into the general action program resource category under Part C.

The Conference is aware of three proposals to modify Section 203(a) of the Act. (1) The National Conference of State Legislatures and Senator Morgan in S. 1297 and S. 1598 would require or permit the State Legislatures to establish the SPA, and possibly place the SPA under the authority of someone other than the chief executive. (2) The National Conference of State Legislatures would require that the legislature play a role in planning and priority setting for the federal monies. And (3) the National Conference of State Legislatures and the National Association of Counties would require that the SPA supervisory board be comprised of a specified number of percentage of elected officials. The National Conference is opposed to each of these proposals.

The Conference believes that one of the strengths of the program to date has been that the SPAs have been created as adjuncts to the Governors, subject to their jurisdiction. This has enabled the Governors to receive criminal justice system-wide advice. As a result of this new resource, the Governors have been better able to exert much more effective leadership in the criminal justice field. In fact the SPAs have been asked to do more than merely plan for and allocate federal funds. Some SPAs have been asked to comprehensively plan so as to integrate all resources—federal, State, local—into a single planning and budgeting process for the criminal justice system within their States. In some States SPAs have been asked to operate as aides or arms of the State budget office; in others the SPAs have been asked to develop critical pieces of legislation; and still other SPAs have been asked to advise on administrative changes. In a few States, the SPAs have been asked to perform all these functions.

If one were to place the SPA under the jurisdiction of other officials, the foregoing benefits might not result. The Conference is unaware of any facts that warrant placing the SPA under any other State executive. The Governor is the chief executive, the agency performs executive functions, and therefore, it should be subject to the jurisdiction of the chief executive.

The Conference also sees no reason to require that a State legislature establish the SPA by statute. The Crime Control Act *permits* a State legislature to establish the SPA by statute if it so desires. There is nothing to prevent it. Close to forty percent of SPAs are already established by legislation. The remaining legislatures have had seven years to act. If they haven't established the SPA by legislation by now, it can be assumed that there are valid reasons why it has not been done—reasons which do not warrant interference by federal legislative action.

In the light of the frequent federal legislative and administrative changes requiring modifications in State enabling legislation, it is understandable why legislatures might be happy not to have to amend State legislation every several years to conform to changing federal requirements. It is the Conference's position that States should be permitted the maximum flexibility in this regard.

The Conference is also opposed to permitting the legislature to play an executive role in the planning and priority setting required under the Crime Control Act. The Crime Control Act presently requires the legislature to participate in the program through the appropriation of match and general oversight. However, the National Conference of State Legislatures is proposing that Congress go beyond present legislation and map out a role for State legislatures unique for any federal grant-in-aid program other than general revenue sharing. The State legislatures want the "final" word on how these federal monies are to be expended. They want to say what the program goals and priorities ought to be. They in fact want to obtain the same authority over this program that they have under general revenue sharing. No other federal categorical or block grant permits this kind of role for the State legislatures, and to do so here would establish a precedent.

The National SPA Conference urges Congress to reject proposals to mandate specific quotas for board composition. It therefore recommends that the last sentence in Section 203(a) be struck and that suggestions for a requirement that a specified number or percentage of elected officials be on the SPA board be refused. Any attempts to establish quotas for any interest group on these boards should be rejected. To mandate specific quotas for board composition is to inhibit the selection of the most qualified persons, and jeopardizes the retention of the broad representative character of these boards. In some states, a requirement for legislative or judicial representation raises constitutional questions.

It has come to the attention of the National Conference, that you will receive proposals to change the match provisions of the Crime Control Act. The States have worked exceedingly hard to ensure tight financial management and fiscal integrity in the block grant program. Concern in this area prompted the National SPA Conference to undertake a large and onerous effort in developing a model management information system (MIS) and to now implement that system in the States. Among those lessons learned in the administration of the program were those related to the unmanageable and ghostly nature of so-called "in kind match." The States have had numerous illustrations that cash match, the real and accountable contribution made by a grant recipient as its commitment to the project undertaken, is far preferable to "in kind match." The States would also oppose any change which would limit their option to require such match on either a grant-by-grant or "aggregate" basis. There are numerous cases where grant characteristics and circumstances would require the use of grant-by-grant match to ensure fiscal integrity.

Finally with respect to matching contributions, the States would be opposed to changes in the Act to require a State "buy in" on local projects of more than $5 for every 90 federal dollars on all non-construction projects and $25 for every 50 federal dollars for local construction. If in attempting to comply with the Act's assumption of cost requirement, States ask local subgrantees to provide more than 5% of project cost in continuation funding years, the State should not be required to contribute more than the required five percent "buy in." In fact, to do otherwise frustrates the intent of the assumption of cost provision, which is designed to ensure that local grantees begin assuming total program costs without increasing federal or State assistance. Since local projects will become totally locally funded, the State assumption of cost policies get localities to begin to make an early substantial investment in their projects.

Mr. Chairman, the program is fundamentally sound. The system of justice in America today is substantially superior to that which served us a scant seven years ago. I thank you for your attention and consideration, and I would be pleased to entertain any questions.

SOCIAL SECURITY CHECK OVERPAYMENTS

Mr. PELL. Mr. President, recent developments and disclosures in the field of Social Security Administration administrative efficiency have occupied headlines and feature stories in many of our Nation's newspapers.

We have learned the sad fact that, because the Social Security Administration was not properly reorganized to accommodate the administrative demands of the supplemental security income program, a large number of overpayments were made: most of those were accidental but some of them were apparently based on fraudulent applications.

I am particularly interested in the question of how overpayments are collected by the Social Security Administration. No one would question the fact that overpayments should, in cases where it is economically feasible, be recovered by the Social Security Administration. But a major question arises about the impact of this collection process upon the recipient—and here I am referring only to the innocent recipient—who receives an accidental overpayment.

A bill I have introduced, S. 985, the "Social Security Recipients Fairness Act", speaks to the problem of accidental overpayments, by proposing that, in cases in which an accidental overpayment is recovered, the rate of recovery by deduction from subsequent benefit checks shall not exceed one-quarter of each check. I believe that to deduct more than one-quarter of a check in this circumstance would be harshly unfair to the innocent recipient. I do wish to emphasize, furthermore, that my proposal is directed solely at accidental overpayments which make up the great volume of all such overpayments, and not at cases in which fraud is involved.

INDIAN HEALTH CARE

Mr. GOLDWATER. Mr. President, one of the finest appraisals of Indian health care nationwide ever published appeared recently in "Journal of Arizona Medical Association." It was prepared by our friend and colleague, Senator FANNIN, and it shows a deep understanding and concern for the plight of our native Americans.

Mr. President, as I am sure the Members know, an Indian health care plan has passed the Senate and is now pending in the House. Its benefits are outlined in great detail in Senator FANNIN's article which also points out the need for ever greater attention to matters of this kind. Those of us who live in Arizona are especially sensitive to the needs of the American Indian and nowhere have these sentiments been better expressed than in the Fannin article.

Mr. President, because of this subject being of extreme importance to an extremely worthy minority group in our great country, I ask unanimous consent that Senator FANNIN's article, entitled "Indian Health Care: A Real Health Care Crisis," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

INDIAN HEALTH CARE: A REAL HEALTH CARE CRISIS

(By Senator Paul J. Fannin)

If there is a crisis in health care programs it is in the care provided to our Indian citizens. While most Americans have access to a wide range of health services our Indian people confront a health care system which is deficient in manpower, in services, and in quality facilities. In short, Indian health care is inadequate.

The story of this crisis in Indian health care is largely the story of the Indian Health Service which is primarily responsible for providing health care services to Indian people. By historical precedent and by legal obligation the Federal Government has the responsibility for assuring quality health care to some 488,000 Indian people living primarily on isolated rural reservations in 23 states. With some 8,100 full time employees, of which more than half are of Indian descent, the program of the Indian Health Service is carried out through 51 hospitals, 86 health centers, 18 mobile dental units, and more than 300 health stations and satellite clinics. In addition, the Indian Health Service also contracts with other Federal, State, and local health facilities and programs; physicians, dentists, hospitals, and Indian tribes for the delivery of health services to Indian people.

In Arizona, the Indian Health Service is challenged both by one of the largest concentrations of Indian citizens in the United States and by the diversity of 17 separate tribal reservation areas comprising over 19 million acres of land. To meet the needs of Arizona's 114,000 Indian population the Indian Health Service utilizes 10 hospitals, 19 health centers, 150 health stations, 6 mobile dental units, and the services of 2,170 employees. Because of its presence and high visibility, the Indian tribes of Arizona rely substantially on the Indian Health Service to provide needed health services and as a result, the IHS has become a vital ingredient in the life of every Arizona Indian reservation.

The Indian Health Service is an organization with national responsibility for providing Indian people with a wide range of health services.

Since 1955 when the Indian Health Service was transferred from the Bureau of Indian Affairs to the Department of Health, Education, and Welfare, the goal of the IHS comprehensive health services program has been to raise the health of Indians to the highest possible level. The challenges have been immense, because the Indian Health Service must not only provide the family doctor, the dentist, and a hospital, but it also has responsibility for public health programs, sanitation, and clean water facilities.

To deliver these services the IHS must overcome low levels of education, poor housing, language barriers, rugged geographical barriers, lack of transportation, cultural obstructions, and extreme poverty.

Despite these conditions, which vary from tribe to tribe, the Indian Health Service since 1955 has made substantial progress in reducing, if not eliminating those chronic and acute diseases that have plagued whole Indian communities, high death rates, and numerous other conditions which have affected the general health of Indian people. According to a recent Senate report on Indian health care, the "infant death rate has declined 69%, the death rate from gastritis and related diseases has declined 86%, the tuberculosis death rate is down 89%, the influenza and pneumonia death rate has decreased 54%, and, most important, the death rate from certain diseases of early infancy has declined 71%." In addition, the Indian Health Service has been provided with resources to equip Indian homes with running water and waste disposal systems without which there would have been little progress in changing the deplorable health status of Indian people.

Twenty years of progress in curing substantial, if not acute, health care problems of Indian people has resulted in the identification of still other major health problems most of which are far more difficult to resolve than those which had been more visible and easily treated. To eliminate the high infant death rate, for example, the IHS promoted the use of the community hospital and physician to deliver Indian babies instead of home delivery. In doing so, the rate of infant deaths at birth has been dramatically reduced since the IHS had the facilities and the manpower to assure safe delivery.

But, while infant death rates at birth have been reduced, these rates are still high; in fact they are 1.4 times the national average. The reason the infant death rates remain so high is because of the adverse conditions Indian infants face when leaving the hospital following birth.

This only demonstrates that while dramatic results may be easily achieved initially with the delivery of rudimentary medical services where none existed to any significant degree, the tougher problems remain requiring more sophisticated approaches, technologies and community services.

In addition, the success of the Indian Health Service has produced a credibility among Indian people that the Indian Health Service can meet their needs. Where there once was a reluctance to utilize the Indian Health Service because of the conflict between Tribal attitudes and modern medicine, most Indian citizens now take advantage of the IHS services at a rate, which not only exhausts personnel and facilities but, more importantly, program services as well.

Thus, the crisis in Indian health care is not the crisis of failure, rather it is a crisis of success. The work of the Indian Health Service has produced many victories for the health of Indian people but these victories have only served to highlight deficiencies; deficiencies which have now become critical to even maintaining a satisfactory level of health care. The IHS faces a crisis in which its manpower is insufficient to meet present or future demands, in which its capacity to overcome afflictions and disease is weak, and in which IHS facilities have become inadequate, unsafe, and out of date.

INDIAN HEALTH MANPOWER

The degree of success of any health care delivery system is often measured by the extent to which its manpower—doctors, dentists, nurses, and other allied health personnel—meets the needs of the population it serves. Effective health personnel is a primary factor in the provision of quality health care; where manpower is in short supply or underutilized, the health care system is placed in serious jeopardy. These statements are particularly applicable to the Indian Health Service. At a time when Indians are expressing increased confidence in the Indian Health Service by making use of its services, its capacity to fully meet this demand is being crippled by a manpower shortage of serious dimensions. A combination of events has produced this shortage.

First, the Indian Health Service has experienced a sharp increase in demand for its services. The result has been that the existing manpower is inadequate to effectively serve the increased number of Indian patients.

Second, the end of the military draft has eliminated a stable supply of manpower.

Finally, Federal programs and policies designed to provide medical manpower to rural areas have proven largely ineffective in supplying physicians and other health care personnel to such areas, especially to reservations or even the IHS itself.

As a result there are currently significant deficiencies in IHS manpower and the evidence of these deficiencies is clearly reflected in the ratio of IHS professionals to its service population and the ratios recommended for the general population.

According to a Senate report "the number of physicians per 100,000 population in 1971 in the Indian Health Service was 58 percent of the U.S. rate. In 1960 the IHS rate was less than 40% of the U.S. rate." Despite the progress in closing the gaps, the current physician ratio in the IHS represents one physician for every 988 Indian patients as opposed to the national average of one physician for every 600 persons. As for nurses, "the rate for registered nurses in the general population has experienced a continual increase from 1965 through 1971 while the rate for registered nurses within the IHS has remained almost constant."

As applied to IHS facilities, the shortages in staff demonstrate an even more critical gap. According to the Indian Health Service only 18 of 51 IHS hospitals can meet 80% of staffing standards, and worse, 14 hospitals can only meet 40 percent of the standard. In the case of outpatient clinics, 17 out of 51 are staffed at less than 40% of the standard, while 13 of these clinics reach just 40%. Together, 30 outpatient clinics, more than 50% of the total, are staffed at less than 50% of acceptable standards.

Even though some gaps in staff ratios have been narrowed, these shortages jeopardize the ability of the Indian Health Service to deliver quality health care to Indian people.

Isolated as a single concern, the manpower shortage of the IHS represents a serious deficiency. The unacceptable level of staffing ratios, the lack of sufficient personnel to carry out a broad range of service needs, and the lack of Indian participation in actual health care delivery clearly establishes such shortages as a crisis of immense proportions. Yet the issue of manpower needs is related to a problem which perhaps is even more serious; the level of actual services the IHS can provide under present circumstances. Combined with shortages in manpower the low level of patient care services provided to Indian people constitutes the heart of the crisis in Indian health care.

PATIENT CARE SERVICES

Good health is fundamental if an individual is to achieve economic and social progress.

In the case of Indian people, progress has been difficult due in part to the frequency and prevalence of diseases which Indians still confront and the lack of proper and timely health care services not only adversely affects individuals, it erodes the vitality of every Indian community most of which are striving to better their lives and to strengthen their opportunities for progress.

Despite the legal commitment of the Indian Health Service to realizing a high level of health and health care for Indian people, it is simply unable to deliver sufficient services at the present time to meet current demands or fulfill future needs. As a result, the treatment of acute as well as chronic diseases cannot be adequately handled or expanded, surgical cases must be deferred, dental care must be limited, eye care restricted, and mental health services can only be provided to a few communities despite the clear need for such services throughout most Indian tribes. Finally, community and field services which play an important role in eliminating the very conditions of disease and illness are ineffective because they cannot be fully utilized.

The realities of insufficient services can best be revealed by describing a few Indian Health Service programs which are currently unable to respond to current needs.

SURGERY

Perhaps the clearest indicator of the inability of the Indian Health Service to provide adequate services is the number of surgery cases which it cannot perform. In fiscal year 1975, the IHS estimated that it would be unable to perform 20,329 needed surgical cases.

OTITIS MEDIA

Otitis Media is a disease of the middle ear and is one of the most prevalent diseases affecting Indians. Between 1962 and 1973 otitis media increased 218 percent, up from 3,802 cases per 100,000 population to 12,104. Otitis media has serious implications for Indian progress especially for children.

Despite the evidence and the need for inceased levels of detection, treatment, and surgical operations, the Indian Health Service cannot, with present resources, meet the need. In view of the impact of this one disease on educational progress and job opportunities for Indians, the deficiency in services clearly demonstrates the crisis in health care provided to Indian people.

ENVIRONMENTAL CONDITIONS AFFECTING INDIAN HEALTH

In 1959, the IHS was given authority to construct sanitation facilities and sewage and waste disposal systems for Indian communities and homes. As a result, according to the General Accounting Office, "from 1959 to 1971, the number of families using potentially contaminated water was reduced by 41 percent and that the number of families with inadequate waste disposal facilities was reduced by 25%." Despite such progress the GAO found in 1973 "that 54 percent of the families had no water supply soruce in their homes, 9 percent had inadequate food storage facilities, 65 percent did not have flush toilets, 48 percent lacked satisfactory liquid waste disposal facilities, and 26 percent of their homes showed evidence of heavy fly infestation. In addition, approximately 63 percent of the families were found to be using water from actually or potentially unsafe sources."

The relationship between unsatisfactory environmental conditions and illness was dramatically revealed when the GAO reported that,

"During fiscal year 1972, those Indians living in housing rated unsatisfactory because of environmental conditions made demands on the IHS primary health care system . . . at a rate almost four times as high as those living in housing with satisfactory environmental conditions."

These statistics, while demonstrating the effect of poor environmental conditions on the health of Indian people, also indicate the apparent deficiencies in those IHS programs which had been designed to reduce, if not eliminate, such conditions. These deficiencies are not unique. Rather, deficiencies in health care occur throughout the Indian Health Service thus making it difficult for the IHS to achieve much progress. Some progress has been made despite the odds, the lack of resources, and insufficient manpower, but future progress is never certain.

The deficiencies in manpower and in resources of the Indian Health Service constitute two major elements in the Indian health care crisis. There is, however, one additional element; adequate facilities. The relationship between the delivery of quality health care and adequate facilities is clear and where there is an absence of such facilities the crisis in Indian health care becomes quite real.

THE INADEQUATE FACILITIES OF THE INDIAN HEALTH SERVICE

The statistics for Indian health represent a level of health which is nothing less than deplorable. The worst statistic of all is that while most Americans have a life expectancy on the average of 70.8 years, the Indian and Alaska Native can expect to live only to age 65.1.

The effort to change these statistics are often defeated by the lack of sufficient manpower and resources. Of equal significance is the inadequacy of IHS facilities.

There is an obvious and significant relationship between the standard of care and the quality of the facilities through which health care is provided. Inadequate, outmoded, or unsafe hospitals or other health facilities inhibit the potential for quality health care. Moreover, recruitment and retention of highly competent personnel at all levels is frustrated, if not made impossible, where facilities are inadequate to provide even the most basic of health services.

The Indian Health Service provides health services to Indian people through a network of 51 hospitals, 86 health centers, and over 300 health stations and clinics. But by anyone's measure, most of these facilities, especially the hospitals, are either outmoded, unsafe, or inadequate. The Joint Commission on Accreditation of Hospitals, for example, reported that of the 51 IHS hospitals, only 25 are accredited.

In addition, only 12 of the 51 IHS hospitals meet the current standards of the National Fire Protection Association and 16 are unable to meet these standards unless major improvements are made.

The deplorable state of most IHS hospitals is due in part to the age of the facilities. According to a recent Senate Interior and Insular Affairs report "thirty-one hospitals were constructed during the period 1900–1939, six during 1940–54, and fourteen between 1955–74". In Arizona, for example, the Winslow Hospital was built 41 years ago, the hospital at Parker in 1930, the original building at Sacaton in 1942, and the initial facility at Whiteriver was constructed in 1939. In the case of both Sacaton and Whiteriver, the original buildings are still being utilized.

The conditions of these hospitals, as well as others, throughout the IHS are so severe that they must be either completely replaced or refurbished. According to the Department of Health, Education, and Welfare, 33 IHS hospitals out of 51 fall into one of these two categories.

While statistics may help in describing the crisis in IHS facilities actual descriptions can convey to a far greater extent the actual conditions of these facilities.

The following examples reported to the Senate Interior and Insular Affairs Committee clearly establish the deficiencies in IHS hospitals:

ROSEBUD, S. DAK.—Department of Health, Education, and Welfare, Office of Facilities Engineering and Property Management, "Deep Look" Survey, May 20, 1970: The old hospital section is so grossly substandard and hazardous that it should be discontinued in use at the earliest possible date. Only the fire safety deficiencies should be corrected in the interim, as other expenditures would not be justified except for an extended period of use. This building should be razed and replaced.

WINSLOW, ARIZ.—Department of Health, Education, and Welfare, Office of Facilities Engineering and Property Management, "Deep Look" Survey, August 6, 1970: We recommend that IHS abandon any idea of using the existing structure for acute patient care, and that a new building be provided for this use.

These descriptions are shocking enough until one realizes that such deficiencies can be found in almost every Indian Health Service hospital. In Sacaton, Arizona for example, there is a lack of emergency exits in the maternity ward. And at Whiteriver, Arizona, the IHS is still utilizing an old wooden frame building constructed in 1939 which has been condemned as a fire hazard.

Moreover, the gross deficiencies found in IHS hospitals are found in other IHS facilities as well.

For example, 30 health stations require replacement and 12 require major modernization.

Finally, there are serious deficiencies in staff housing. Again, according to the Senate Interior and Insular Affairs Committee, "existing staff housing does not provide a sufficient number of units to permit full time staffing of the IHS program. Present estimates reveal that 479 units are needed to meet *current* staffing needs while 193 of the existing units are inadequate and require replacement."

These deficiencies, like the deficiencies in manpower and in patient care services, serve to define a situation which is nothing less than catastrophic. The ability of the Indian Health Service to effectively deliver quality health care is inhibited by facilities which are outdated, inadequate, and clearly unsafe. But the essential point here is that the deteriorating facilities of the IHS represent a symbol, and a rather visible one, of the apparent lack of concern by the Federal Government for realizing the goal of the Indian Health Service.

THE INDIAN HEALTH CARE IMPROVEMENT ACT

The evidence of the crisis in Indian health care is substantial. Illness and disease still plague many Indian communities with the result that social and economic progress is inhibited.

In the context of the crisis facing the IHS, the Senate Interior and Insular Affairs Committee held two days of hearings in April, 1974 on the Indian Health Care Improvement Act. This legislation, introduced by a bipartisan group of Senators, was designed to equip the IHS with additional resources and manpower to overcome current deficiencies and to strengthen its future capacity to meet the health care needs of Indian people.

These hearings which dramatized the health problems of Indian people and the deficiencies in the IHS produced a climate in which the need for legislative response became very apparent.

As a result, the Indian Health Care Improvement Act was *unanimously* approved by the Senate on November 25, 1974 at the close of the 93rd Congress, and again on May 13, 1975 in the 94th Congress. The bill is currently awaiting action in the House of Representatives following its introduction by Congressmen Rhodes, Steiger, and Conlan.

The provisions of the Indian Health Care Improvement Act, according to the Senate report accompanying this legislation, propose to achieve the following objectives;

"To assure an adequate health manpower base to provide proper health services to Indians and a sufficient cadre of trained Indian professionals and other health workers to permit Indian communities to have maximum voice in shaping those services;

"To assure the elimination of the enormous backlog among Indians of unmet health needs and essential patient care;

"To construct modern, efficient hospitals and other health care facilities serving Indians where none exist and renovate the existing facilities, most of which are in a state of general deterioration;

"To overcome the adverse effects of unsafe water supplies and insanitary waste disposal systems in Indian communities and homes;

"To enable Indian people to exercise their citizenship rights to a broader range of national health resources; and

"To assist urban Indians both to gain access to those community health resources available to them as citizens and to provide primary health care services where those resources are inadequate or inaccessible."

To implement the six inter-related programs of the Indian Health Care Improvement Act will require an average increase of approximately 225 million dollars in the IHS budget for the next seven years. This policy of slow budget growth will permit the IHS to manage this increase so as to achieve the highest possible return in services provided to Indian people. More importantly, this incremental approach avoids the usual government "crash" program which often results in confusion and inefficiency in the use of public funds. And at the end of the seven year period, the growth in the IHS budget capacity will have been expanded to the point that the IHS will be more capable of realizing its goals and sustaining future growth in services.

The most significant aspect of the Indian Health Care Improvement Act is that it provides form where there has been no real form; a plan where there has been no plan by establishing a program of priorities and providing adequate funds to match those priorities. This structure, if enacted, will not only assure the realization of the objectives of the Indian Health Service but it will provide an important reference point to judge whether progress is being made in meeting those priorities and needs. This element of accountability is one of the most significant aspects of this legislation. By establishing a plan we have in essence established a process by which Federal resources are utilized in a rational way and by which Indian people can be assured of progress in modernizing their health care delivery system.

For far too long the Indian Health Service and the Indian people themselves have experienced government policies which resulted in inadequate funds, inadequate manpower, and inadequate facilities. In the place of a comprehensive plan to meet the health needs of Indian people, government policies have had the effect of a band-aid. Budgets for the IHS were often designed to meet the minimum needs of patient care and field health services. And in particular, construction funds for the IHS have been totally inadequate to meet the glaring need for better facilities. With only a few construction projects authorized in recent years, most of which were the result of congressional intervention, the Indian Health Service has had to face continued deterioration in most of its facilities and do what it could to keep them going for yet another year, despite the knowledge that most of these facilities were out of date, beyond repair, and unsafe.

It is no wonder then that the IHS has been reduced to running a program which could be described at best as a gamble, and at worse, a disaster. The Indian Health Care Improvement Act is a comprehensive plan designed to meet the total health needs of Indian people.

And finally, the Indian Health Care Improvement Act stands as a testament to the conviction that the Federal Government has a clear responsibility to assure a quality health care program for our Indian citizens. For the present our response to the health needs of Indian people has been decidedly weak, but, if approved, this legislation will substantially strengthen that commitment and the opportunity for achieving greater economic and social progress among Indian people.

PULASKI DAY CEREMONIES IN HARTFORD, CONN.

Mr. WEICKER. Mr. President, I recently had the honor of speaking before the Polish American Congress, District of Connecticut, Pulaski Day ceremonies in Hartford, Conn. It was a reminder of the tremendous service which Polish Americans have performed for our Nation. From General Pulaski in the Revolutionary War to the heroes of Monte Cassino in the Second World War, in war and peace, America has prospered from the contributions of its citizens of Polish descent.

Mr. President, I ask unanimous consent that following my remarks, a copy of the Pulaski Day Resolution of the Polish American Congress—District of Connecticut be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

PULASKI DAY RESOLUTION

Honoring today the memory of General Pulaski, the great Polish patriot and the hero of the American War of Independence, we also pay tribute to all those brave men who fought and gave their lives in defense of freedom and liberty.

The Polish American Congress expresses its support to the Government of the United States in its effort to win and maintain a just and durable peace, based on the principles of democracy and the universal application of individual human rights, but the new ways of securing world peace and understanding have to be accomplished without appeasement, without weakening America's moral, economic and military strength.

The PAC will firmly combat derogatory misinformation about Poles and particularly about the Polish Americans and foster the development of cultural, social and political activities of Americans of Polish ancestry, especially their youth.

The PAC will assist the people of Poland to regain the full measure of freedom and independence, which is essential to the development of their political, economic and cultural life based on the traditions of Christianity, social progress and justice.

The PAC supports activities designed to assure the captive peoples of Central and Eastern Europe the free flow of objective information, such as provided by the Radio Free Europe.

POLISH AMERICAN CONGRESS,
District of Connecticut.

IF THE UNITED STATES KEPT BOOKS THE WAY A BUSINESS DOES

Mr. GOLDWATER. Mr. President, I doubt if there is a single Member of this Chamber who has not wondered at some time what would happen if the U.S. Government were required to keep financial books the way a private business does. As one who spent a large portion of his life in a business organization, I know the whole idea has crossed my mind many times, in fact almost every time I read about a new Federal deficit increase.

In all events, we now know what would be shown if the U.S. Government began abiding by the rules of accounting which hold for the private sector. Arthur Andersen & Co., one of the Nation's largest certified public accountants has taken the financial affairs of Uncle Sam and presented them in the form followed by most of the Nation's corporations. Working with figures from the fiscal year 1973 and 1974 the accounting firm came up with a $95 billion deficit for fiscal 1974—a figure 30 times larger than the deficit reported by the Government.

Mr. President, if Andersen were to try his hand at this year's figures the deficit in Federal Government accounts would approximate $150 billion instead of the $70 billion the Government expects to report. At least that is the considered opinion of Mr. Harvey Kapnick, chairman of the Andersen firm.

Among other things, Mr. President, the Andersen firm's report makes a staggering $75 billion provision for social security obligations for 1974 that the Government does not make at all. Because I am convinced that the Members of Congress would be edified by seeing a business type balance sheet drawn up for the Federal Government, I ask unanimous consent to have printed in the RECORD the article on the Andersen report published in the September 29 issue of Business Week magazine.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IF THE UNITED STATES KEPT BOOKS THE WAY A BUSINESS DOES

Arthur Andersen & Co., one of the nation's largest CPA firms, has taken the financial affairs of the U.S. government and presented them in the same form that most of the nation's corporations present them. Andersen worked with fiscal 1973 and 1974 figures, and the result is a federal income statement, a balance sheet, and a funds report to trace cash flows that raise some major questions about how the government keeps its books.

Among other things, Andersen came up with a $95-billion deficit for fiscal 1974, 30-times larger than the deficit reported by the government. And the CPA firm's report makes a staggering $75-billion provision for Social Security obligations for 1974 that the government does not make at all. Were Andersen to try its hand at this year's figures, the deficit would probably come to at least $150-billion instead of the $70-billion the government is expected to report, says Harvey Kapnick, Andersen's chairman.

While it is not the first of its kind, the Andersen undertaking does represent the latest and most thorough attempt to give the public a unified, meaningful, but simplified summary of just how Washington stands financially. First, it presents the consolidated results of virtually all federal operations, including those of the off-budget agencies and trust funds. Second, it has been prepared on an accrual basis, as are most corporate financial reports, not on a cash basis, as the government reports it. This is highly important, for it enables the public not only to see how much the government is taking in and paying out during the year but also gives some indication of the liabilities for which it has committed itself that may not be funded out of current revenues.

CONTROVERSIAL GAPS

Andersen questions whether there can possibly be any effective long-range planning without adequate financial reporting as a base point. And how, it asks, can the government properly measure the costs, efficiency, productivity, and impact of its programs and develop costs for the services it provides without using accrual accounting that includes all costs?

While the full Andersen report contains numerous explanatory footnotes, even a quick glance at a truncated version of the government's balance sheet (see table) immediately raises many points for additional scrutiny and debate. According to the Andersen presentation (which the firm takes pains to note is unaudited), the accumulated federal deficit on June 30, 1974, was $812-billion—$95-billion more than in fiscal 1973. Yet the government's budget figures reported a deficit of only $3.5-billion for the year, with the difference primarily due to the difference between corporate-type accrual accounting and the government's cash-basis figures.

HOW ARTHUR ANDERSEN DRAWS A FEDERAL BALANCE SHEET—ILLUSTRATIVE CONSOLIDATED BALANCE SHEET FOR THE U.S. GOVERNMENT

	Millions	
	June 30, 1974	June 30, 1973
ASSETS		
Cash and cash equivalents	$18,127	$22,797
Gold at official rate	11,567	10,410
Receivables net of allowances:		
Accounts	5,490	4,859
Taxes	14,960	12,844
Loans	65,836	62,985
Total	86,286	80,688

	Millions	
	June 30, 1974	June 30, 1973
Inventories at cost:		
Military and strategic system supplies	$28,019	$25,173
Stockpiled materials and commodities	11,526	12,693
Other materials and supplies	11,026	12,012
Total	50,571	49,878
Property and equipment at cost:		
Land	6,686	6,415
Buildings, structures, facilities	88,649	86,129

HOW ARTHUR ANDERSEN DRAWS A FEDERAL BALANCE SHEET—ILLUSTRATIVE CONSOLIDATED BALANCE SHEET FOR THE U.S. GOVERNMENT—Continued

	Millions	
	June 30, 1974	June 30, 1973
ASSETS—Continued		
Strategic and tactical military assets	$119,913	$117,670
Nonmilitary equipment	39,708	37,377
Construction in progress	19,400	17,169
Other	2,118	1,848
Total	276,474	266,608
Less accumulated depreciation	129,000	122,000
Total	147,474	144,608
Deferred charges and other assets	15,297	15,369
Total assets	329,322	323,750
LIABILITIES AND DEFICIT		
Federal debt:		
Gross debt outstanding	486,247	468,426
Less intragovernmental holdings—		
Trust funds	(129,745)	(114,852)
Federal Reserve	(80,649)	(75,182)
Other	(10,449)	(10,529)
Debt outstanding with the public	265,404	267,863
Less unamortized discount	2,506	2,243
Federal Reserve liabilities	262,898	265,620
Federal Reserve notes outstanding	$64,263	$58,754
Deposits of member banks	46,760	25,506
Other	2,286	1,725
Total	93,309	85,985
Accounts payable and accrued liabilities:		
Accounts payable	32,491	30,757
Accrued interest, annual leave and other	11,187	11,819
Deferred revenue	6,734	6,565
Total	50,412	49,141
Other liabilities	18,991	19,836
Retirement and disability benefits:		
Civil Service	108,000	97,000
Military	80,380	70,950
Veterans	110,980	110,850
Total	299,360	278,800
Accrued social security contingencies	416,020	340,930
Total liabilities	1,140,990	1,040,312
Less accumulated deficit	811,668	716,562
Total	329,322	323,750

Data: Arthur Andersen & Co.

For one thing, on an accrual basis, the $16-billion that the government shows as an expense for capital outlays—new office buildings, submarines, and the like—has been capitalized and does not appear as an expense on the income statement in a single year. On the other hand, the accrual statements show a $13.2-billion charge for depreciation, which government accounts do not. In addition, there also is a $2.7-billion charge for the net expenses of office budget agencies unreported in the government's budgetary figures.

But by far the largest—and most controversial—gap between the two brands of accounting is the $95.7-billion charge that the Andersen report shows for accumulated retirement and disability benefits—$75.1-billion for Social Security and $20.6-billion for professional military, veterans, and civil service employees. The latter liability represents the future benefits that will have to be paid out to present employees or veterans, less any projected employee contributions—all adjusted or discounted by actuarial assumptions such as interest rate and mortality.

THORNY ISSUES

As for Social Security, a footnote in the Andersen document indicates that according to the government estimates, the difference between what present participants will contribute and what they are expected to receive—again discounted by actuarial assumptions to present value—is $2.5-trillion. It notes that there is nothing in the law that says a person will receive benefits once the trust fund is exhausted, even though he or she has contributed. Thus, some accountants contend, no additional liability should be shown at all.

But argues Andersen: "Such benefits could not be terminated or substantially curtailed without serious social and political implications." Therefore, it concludes that recording of a liability "would seem both proper and required." Rather than show the entire $2.5-trillion as a liability all at once, Andersen assumes that it is amortized over the next 30 years—in line with common practice in industry and some government sectors. Even so, the provision for Social Security increased by $75-billion in fiscal 1974, mainly because benefits now are adjusted upward for increases in the consumer price index.

The balance sheet begins with the $486-billion federal debt reported by the government. But after several accounting adjustments, the end result shows total liabilities of $1.1-trillion and total assets of $329-billion—or a "true" deficit of $812-billion. On a corporate balance sheet, this deficit, accumulated over the years, would be akin to a negative shareholders' equity.

"The total accumulated deficit is crucial because this is the amount of future taxes required to pay present liabilities," the report asserts. "To the extent that this amount exceeds the amounts that can reasonably be expected of future taxpayers, a potential for crisis develops."

OTHER CONCERNS

In a footnote, Andersen also spells out contingencies for which the government could become ultimately liable even though it is counting on others to pay the bill. Those include $228-billion in various loan guarantees and another $1-trillion for various federally insured programs, such as the Federal Deposit Insurance Corp. and riot reinsurance for the Housing & Urban Development Dept.

The asset side of the balance sheet also raises some thorny measurement issues. Some would insist on showing the government's gold stock at its market value—about $150 per oz.—but Andersen carries it at the official rate established by Congress, currently $42.22 per oz., arguing that this is "the basis upon which the Treasury uses gold as security to increase its demand deposits with the Federal Reserve." Besides, it reasons, it would be impossible to predict what effect Treasury gold sales would have on the free-market price. It does note, however, that if the stock were valued at market, the carrying value would have been $40-billion.

VALUABLE TOOL

Some also may question carrying the 761-million acres of government land (not counting offshore properties) at its acquisition cost of $6.7-billion rather than at far higher current values. The Andersen report notes that Congress recently estimated the current value of most of those holdings at $30-billion. Some observers have tabbed the current offshore holdings conservatively at least $32-billion, while others say the value of oil known to exist there is worth at least $65-billion at mid-1974 prices.

But whatever the differences of opinion on the actual mechanics, measurement of the federal government's fiscal affairs through accrual accounting can provide a valuable tool in financial management. And that also goes for state and local governments, Andersen asserts. The firm notes that both Hoover Commissions recommended accrual accounting, and a law was actually passed in 1956 to require it for most government agencies. But the directives have been largely ignored.

"Through nearly 200 years, the United States has been trying to develop and strengthen the constitutional checks and balances and has attempted to incorporate into this structure the concept of accountability," the report concludes. "A missing link is a unified and comprehensive report of the financial results of the government's operations."

THE MISSILES OF OCTOBER—REBROADCAST

Mr. CRANSTON. Mr. President, next Sunday evening, October 26, the American Broadcasting Co. will rebroadcast, for the second time, a remarkable, historical television program, "The Missiles of October."

This unusual program is a broadcasting landmark and of such historical importance that I believe Members of the Congress should be aware of it.

The program is a dramatic recreation of the 13 unforgettable days of the Cuban missile crisis of October 1962.

The "Missiles of October" is an historically accurate presentation of one of the most dangerous periods in American history—when this country came perilously close to a nuclear confrontation with the U.S.S.R.

Mr. President, my interest in this TV show goes beyond the educational and entertainment values it provides.

As many of my colleagues know, I have been increasingly concerned about the dangers of nuclear war and nuclear proliferation and the dangers of our internal nuclear war-making system—if indeed the national defense and security procedures surrounding the President's ability to commit us to nuclear war can be referred to as a system.

The Cuban missile crisis is a bit of history which all of us should recall from time to time to refresh our memories about the dangers of nuclear war and to remind us of our congressional responsibilities in minimizing those dangers.

In the months and years ahead I intend to continue my involvement in this field of inquiry.

From time to time I hope to share with my fellow colleagues my thoughts on the issues involved in nuclear energy and disarmament, nuclear weapons proliferation, and our own security procedures for prevention of accidental nuclear war through deliberate or insane action.

The production of "The Missiles of October" is obviously of interest to historians and to those who lived through the crisis; furthermore, however, it is of special interest to teachers and students. It provides insight into what actually happened during the gravest crisis to face mankind since World War II, and in so doing it presents "the lessons of history" in a fascinating and convincing manner.

In recognition of this, the Travelers Insurance Companies, which sponsored the program's first telecast in 1974 and are responsoring the October 26 encore, are distributing detailed educational units free of charge to more than 15,000 schools throughout the United States to enable teachers to take full educational advantage of the program.

This is a fine public service for which Travelers Insurance should be commended.

A MEMBER OF THE HOUSE IS MISTAKEN

Mr. TAFT. Mr. President, last Tuesday a Member of the House made a public statement that because the U.S. Navy has more total tonnage than does the Soviet Navy, the U.S. Navy is superior. The Member stated that his revelation of this tonnage superiority "should help put to rest the myth of impending Soviet naval superiority."

Unfortunately, you do not compare navies the way you do chopped livers, by the pound. If the Member had read his "Jane's" a little more carefully, he would have noted that Soviet ships carry much more armament per ton than do U.S. ships. If he were to delve still deeper he would discover that U.S. tonnage is concentrated into a relatively small number of major ships, whereas Soviet tonnage is distributed into a larger number of vessels. At the same time, the development of such weapons as antiship missiles has increased the vulnerability of each individual ship. Thus, the state of naval warfare favors the Soviets' approach of diversifying their striking power.

Let us depart for a moment from the chopped liver approach to naval comparison and look at a few more meaningful figures and facts.

We must begin with the difference in mission requirements between the United States and Soviet fleets. The United States is sea dependent; the Soviet Union, by geography a land power, is not dependent on use of the seas. The U.S. Navy has two mission requirements, in relation to the Soviets: denying the Soviets use of the sea, and assuring the use of the sea lanes to ourselves and our allies. The Soviets have only one mission vis-a-vis the United States: denying us use of the sea. Two missions require more forces than one; and, in addition, the sea denial mission is inherently easier, because the sea denial forces have the initiative.

Despite the fact that the United States has the more difficult task, the Soviet Union today has numerical parity or superiority in all but one class of warship. We continue to be superior in aircraft carriers. We have 12 carriers; the Soviets have 2 helicopter carriers, plus 2 aircraft carriers building. But in other categories, the balance is equal or unfavorable: The United States has 27 cruisers, the Soviets have 33. In destroyers, the United States has 105, the Soviets 106. The United States has 65 frigates; the Soviets have 109. The Soviets possess 196 corvettes—small antisubmarine craft—the United States none. The Soviets have a large fleet of small, fast, missile-armed attack boats, powerful ships in confined waters; the United States has none. The total Soviet fleet of fast attack craft, missile or torpedo armed, totals 257; the United States has 4 such craft in service.

The category of submarines deserves special attention. As the German U-boats proved in World War II, the submarine is the most effective weapon for sea denial. Today, the Soviets have 71 nuclear-powered attack submarines, 40 of which carry antiship missiles, plus 245 diesel-powered attack submarines—a total of 316 submarines for antishipping duties. The United States has 62 nuclear-powered attack submarines, none of which carry missiles, plus 9 diesel submarines, for a total of 71 attack submarines.

The Member claims that figures such as these include "obsolete" Soviet diesel submarines. He is evidently unaware that diesel submarines, when submerged and on electric power, are quieter than even the most sophisticated nuclear submarines, and are therefore more difficult to detect. Our fleet commanders in the Mediterranean are actually more concerned about the threat posed by the Soviet "Foxtrot"-class diesel submarines than by Soviet nuclear boats. Particularly in confined waters, diesel submarines are still a very serious threat.

The Soviet Union's fleet of 388 submarines of all types is by far the largest in the world. All the rest of the countries in the world put together have 444.

To counter this Soviet submarine force, the United States today possesses 170 antisubmarine escort ships—destroyers and frigates. For each American antisubmarine ship, there are about two Soviet submarines. Yet Admiral Gorschkov, admiral of the Soviet Fleet, has noted that in World War II it took 25 allied antisubmarine ships for each U-boat just to control the U-boat threat, and today the nuclear submarine has far more capability in relation to the antisubmarine ship than did the German U-boat compared to the antisubmarine escort of World War II.

Another area in which the Soviets have an impressive capability is antiship missiles. Instead of building their own aircraft carriers, the Soviets developed antiship missiles as a threat to our carriers. Today, the Soviets have deployed seven different types of these missiles, with different speeds and guidance systems, and with ranges of between 23 and 250 miles. They have types which can be launched by surface ships, others which can be carried by aircraft, and still others which can be launched by submerged submarines.

The Soviet Navy now has 28 major warships—cruisers and destroyers—armed with antiship missiles. At least eight more are under construction or being converted. In addition, there are 147 antiship missile armed fast attack craft, 69 submarines carrying antiship missiles, and over 300 naval bomber aircraft armed with antiship missiles.

If we add up all the Soviet antiship missile launchers, we find that the Soviet Navy—including long range naval aviation—can today, in theory, simultaneously launch over 1,400 antiship missiles. The United States has 14 carriers; that is a ratio of 100 missiles per carrier, without the Soviets having to reload a single missile launcher.

All of these impressive ships and weapon systems are integrated into a navy with broad general capabilities. Soviet personnel are high quality, well trained, and dedicated. The fleet is controlled through a command and control network superior to that of the U.S. Navy. The Soviet reconnaissance system—increasingly satellite based—is thorough and well coordinated.

Soviet naval equipment is technically impressive. Their ships not only carry heavier weapon loads than do U.S. ships of comparable tonnage, but also they have better sea-keeping abilities and they are faster. Soviet radars and electronic warfare equipment are generally as good as or better than ours.

If the Member wishes to have credibility on naval issues beyond the limits of the Helen Hokinson Memorial Tea and Sewing Circle, he must realize that chopped liver on the scale is not the same as naval forces in the balance. A simple tonnage comparison, with no relation to missions, ship types, number of ships, weapon systems, and so forth, is meaningless. A real comparison of United States and Soviet naval capabilities, taking all factors into account, raises concern not only about impending Soviet naval superiority: It makes a thoughtful man wonder if the Soviets do not have superiority right now.

THE UNITED STATES MUST CONTINUE ITS TRADITION OF PRO-HUMAN RIGHTS

Mr. PROXMIRE. Mr. President, we are beginning a nationwide celebration in the United States—a celebration of independence. Americans are proud of basic human rights—rights our people have always been willing to fight for.

Two hundred years ago our Nation was in the planning stages of a great revolution against the British Crown. We were only 13 small Colonies then, but we felt our political rights were being infringed upon by a tyrannical mother government. We risked honor, property, and men's lives in order to secure our basic human rights.

A little more than 100 years ago we again found it necessary to go to war. But this war was no different. This war, a civil war, was also one of high ideals. The ideal of human freedom was at stake. Americans acted and slavery in this country was abolished.

Half a century after this internal war, Americans saw that it was necessary to fight again. The preservation of democracy and the principles of human rights were again at stake when Americans were sent to fight in the First World War.

Only 34 years ago, 1941, we, as a nation, found it necessary to fight once again. In this war, more than in any other, the horrors of racism, dictatorship, and, above all, genocide were paraded before all other nations. In a total effort, America lashed out against these ugly atrocities. The American tradition of support for the ideals of peace, freedom, and human rights has to be continued.

The Senate must hesitate no longer. We have the opportunity to help other peoples achieve the same human rights we cherish. We must give serious attention to the Genocide Convention and vote in favor of its ratification.

THE FALCON FOUNDATION

Mr. GOLDWATER. Mr. President, 17 years ago a group of men interested in the future this country's Air Force got together and organized a foundation to provide scholarships for young men who needed but could not afford additional academic preparations to qualify for admission to the U.S. Air Force Academy. The organization became known as the Falcon Foundation and has been performing a needed and valuable service for our Nation since its very inception. Mr. President, those of us who have served in the Air Force and have a deep concern for its future excellence have long known about the achievements of the Falcon Foundation. But few people in public life realize that this unselfish activity has made scholarship support available to 500 young men, 353 of whom have been admitted to the Air Force Academy. This makes for a 71-percent program success rate.

The heart-warming story of the Falcon Foundation was told with great detail by Col. Barney Oldfield, USAF, retired, in the October issue of Air Force Magazine. I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Air Force Magazine, October 1975]

THE FALCON FOUNDATION

(By Col. Barney Oldfield, USAF (Ret.))

The Falcon Foundation began in the mind of Lt. Gen. James E. "Buster" Briggs, who, as a two-star general, had been the second Superintendent of the Air Force Academy. General Briggs recognized, according to Maj. Gen. Robert J. Smith, USAFR (Ret.), of Dallas, the Foundation's first President, that many applicants would have everything the Academy wanted in a cadet—good character, physical fitness, potential for leadership—but would lack the academic base for entrance and for staying the demanding course. If high entrance standards were to be maintained, then many of those who came from community high schools across the country just couldn't make it in, let alone remain. They needed additional academic preparation—and in too many cases their families couldn't afford it.

And where military families were involved, constant changes of station caused many a son who wanted to continue the uniformed tradition to attend three different high schools in as many states before graduation. A foundation that could provide scholarships for a year of continued study was the answer.

"General Briggs was determined," Smith recalls, "that such a foundation would have as its basic purpose this intensified training of a needing applicant in basic subjects—mathematics, English, physics, chemistry." Of course, if he could run the hundred in 9.5, or throw a forward pass sixty yards, or would fit more comfortably under a basket than in a cockpit, that was all right, too. But it was the "whole-man concept' that was sought, the ultimate objective being a qualified, career, commissioned officer.

General Briggs didn't want the foundation formed in Colorado. He didn't want it to appear to be a creature of either the Academy or the Air Force. Perhaps because Texas has been the traditional "mother-in-law of the Air Force," General Briggs suddenly dropped out of the sky in May 1958 in Dallas. With him were the Academy's Judge Advocate, Col. Christopher Munch; its Academic Dean, Brig. Gen. Robert McDermott; and the Director of Athletics, Col. George Simler.

General Briggs immediately convened a meeting including such Texans as Troy W. Post, a onetime Army Air Corps major in finance and big in investments; Post's associate, retired Maj. Gen. Charles Lawrence; an attorney named LaVergne "Larry" Guinn; and Tennessee-born Robert J. Smith, lawyer, Federal Reserve member, on more boards of directors than he could count, and whose reputation as a "layer on of hands" in fundraising was close to that of the legendary Midas.

Munch and Guinn wrote the bylaws and sought and secured both the Charter and tax-exempt foundation status with the Internal Revenue Service. A month later, with the foundation's structure in hand, a second meeting in Dallas was attended by the originals—plus two: Vice Chief of Staff Gen. Curtis LeMay, and DCS/Personnel and Administration Gen. Emmett "Rosie" O'Donnell. Smith remembers LeMay as his usual taciturn self, listening through it all, then pulling his cigar out of his mouth and glowering at Guinn: "Lawyer," he said, "don't let Smith or anybody else get the Air Force in trouble over this!" Guinn paled a little, but apparently took the instruction to heart as any fear on that score has proved to be groundless.

At the Air Force Association Convention in Dallas in September 1958, the Falcon Foundation's existence and purpose were officially announced. The first scholarship was named for a World War II Colorado navigator, James David Garcia, killed in a B-29 takeoff crash on Guam. It was underwritten by an endowment of $100,000, established by his father-in-law. Thomas E. Milsop, a steel magnate. The Falcon Foundation was off the ground, but not exactly flying—yet.

I first became aware of the Falcon Foundation scholarship program when a memorandum landed on my desk at Litton Industries shortly after I had retired from the Air Force in 1962. It was a mimeographed broadside asking for funds. The signature block said simply: "Carl A. Spaatz, General, USAF (Ret.)." A note from Litton Board Chairman Charles B. "Tex" Thornton was attached. It asked: "Shouldn't we do this?"

It happened that Thornton had been having serious and sensitive conversations with that same General Spaatz on another matter. Gently put, the gist of it was that General "Tooey," as the first Chief of Staff of the USAF, should become forever a part of the Air Force future, as symbolized by the Air Force Academy. He was being asked to think about foregoing his rights to a last resting place in Arlington and to consent to burial on the Academy grounds.

General Spaatz thought well of the idea, and agreed. This made "Tex" Thornton's question easy for me to answer affirmatively, with the stipulation that the annual scholarship award carry the name of the "General Carl A. Spaatz Falcon Foundation Scholarship."

On September 9, 1964, during the Air Force Association's Annual Convention, that year in Washington, "Tex" Thornton, with General Spaatz present, announced establishment of the scholarship and the name it would bear. "We hope it will do as much for the tradition of the United States Air Force as did the man for whom we name it," Thornton said.

General Smith believes that move by "Tex" Thornton marked the Foundation's watershed. Any sponsor could follow that kind of a lead. Litton commissioned the famous combat artist, Howard Brodie, to do a sketch of Spaatz, and arranged for its presentation to the Air Force Academy in a special ceremony. That established a ritual that has continued unbroken to the present, each scholarship being named for an airman of renown, his portrait presented to the Academy to be hung in the rotunda of the academic building, Fairchild Hall. Every cadet passes this collection every day of the academic year so that every Falcon scholar walks in the shadow of the eminent airman whose name will always be a part of him and what he becomes.

Each "name" scholarship has its own story, but that of USAF's fourth Chief of Staff, Gen. Thomas D. White, ranks as the most serendipitous. The scene was an air display at Carswell AFB, Tex., and it was cold. Everybody was standing first on one foot, then on the other, when *Newsweek's* Robert D. Campbell (recently promoted to Publisher-President of *Newsweek*) and I found ourselves on the same mission—finding a latrine. He asked how Litton had gone about establishing the Spaatz scholarship. I gave him the basic elements.

"I've been thinking about General Tommy White," Campbell said. "He was on our editorial board, you know, after he retired. I think we ought to set up one of the Falcon scholarships in his name." The notion had my enthusiastic seconding, of course.

In a time of permissiveness, the Falcon Foundation has never wavered. In its "Basis for Selection" item one is "motivation to enter and graduate from the United States Air Force Academy and thereafter to follow a lifetime career as an officer in the United

States Air Force," and item six "financial inability of applicant, his parents, guardian, or relatives to provide preparatory schooling necessary for passing entrance examinations of the United States Air Force Academy." All four of the other criteria are identical to those used to pick Rhodes Scholars.

Five years ago, a declaration was added, which each applicant must sign, saying he does not use, either on an occasional or addictive basis, any one of a list of drugs, and that he will not use them, except under the direction or prescription of a licensed physician, while attending any preparatory school financially supported by the Falcon Foundation.

Prep schools that have participated in the Falcon program include New Mexico Military Institute, Northwestern Prep, Culver, Staunton, Bullis, Wentworth, and Marion Institute. Whenever there is student recalcitrance of any kind, the Falcon Foundation accepts the school's judgment.

One of the most loyal supporters of the Falcon Foundation is Maj. Gen. James Stewart, USAFR (Ret.). When he retired from the Reserve, he committed all his military retirement pay to the Foundation—more than $5,000 a year. Jimmy Stewart carried Hollywood's banner with distinction as a combat pilot in World War II, and through the years has starred in many movies that shower great credit on the Air Force uniform. As long as he lives, whatever the USAF pays him, Jimmy Stewart is giving back to help create the new leadership the Air Force will always seek and will always need.

The Falcon Foundation idea, conceived by General Briggs and fostered by Gen. Robert J. Smith, has achieved a momentum of its own. Now in its eighteenth year, the Foundation has made scholarship support available to 500 young men, 353 of whom have been admitted to the Academy, making the program seventy-one percent successful in its main goal. Of those entering, the attrition rate during their four years is approximately the same as the average for the class in which they are members.

Every year, the Academy Superintendent gets a bundle of fan mail from those who went to prep school on Falcon scholarships. Lt. Thomas Mirczak wrote: "I was fortunate after graduation to be selected to further my studies at UCLA, where I obtained a master's degree in business. . . ." And Lt. James R. Cooper: "After graduation, I enrolled at Purdue and within a year acquired a master's degree in aerospace engineering. . . ." And Capt. John Graham, Jr.: "Their help was more than just monetary. It gave me confidence that someone was backing me. . . ." And Capt. Bill Marvel, one who failed to get an appointment just out of high school, but with Falcon aid did make it on a second try: ". . . my thoughts and my thanks to the Foundation and its donors. . . . To them I shall be forever indebted."

Next year, the Falcon Foundation plans to name a scholarship for General Smith, who has retired from his longtime role as President. On September 27, 1975, J. B. Montgomery became the new President, with General Smith as Chairman of the Board in perpetuity.

NEXT STEPS IN MEDICARE

Mr. CLARK. Mr. President, 1975 is a year of important anniversaries for aged and aging Americans.

Social security is now 40 years old. Medicare celebrated its 10th anniversary on July 30. And our Nation commemorated the 10th anniversary of the Older Americans Act on July 14.

These historic enactments represented monumental victories for all Americans.

Overall, these programs have served our Nation well. At the same time, though, they can and should be improved.

Several noted authorities spelled out their proposals to achieve this goal at the recent Institute of Gerontology Conference conducted jointly by the University of Michigan and Wayne State University.

As a member of the Subcommittee on Health of the Elderly of the Senate Committee on Aging, I was particularly interested in the remarks on "Next Steps in Medicare" by Arthur Hess, who retired as Deputy Commissioner of Social Security after a distinguished career.

Mr. Hess focused on two primary areas for strengthening medicare:

Programmatic changes which are consistent with the movement toward national health insurance; and

Administrative improvements to simplify reimbursement procedures, control the quality and cost of medical care, and prevent provider abuse and fraud.

Mr. President. the paper by Mr. Hess provides an excellent indepth analysis of Medicare. His recommendations merit serious consideration by all policymakers. For these reasons, I ask unanimous consent that his paper—entitled "Next Steps in Medicare"—be printed in the RECORD.

There being no objection, the paper was ordered to be printed in the RECORD, as follows:

NEXT STEPS IN MEDICARE*

(By Arthur E. Hess, Acting Deputy Commissioner, Social Security Administration)

I am delighted to talk with you about next steps in Medicare. We are not only celebrating the 40th anniversary of Social Security today, but 2 weeks ago on July 30 we observed the 10th anniversary of the enactment of Medicare.

Just as we are all proud of the parts we have played in the development of Social Security, everyone who has played a part in the planning or implementation of Medicare can be proud of its accomplishments. Medicare works. It works well. It is here to stay. It deserves improvement and expansion. Basically, it is a sound foundation on which to build toward National Health Insurance.

The ideas I am going to outline need fuller exploration. I am taking today's occasion to think out loud with you about a number of interim steps on which I believe we, as a Nation, could move even as we continue to contemplate the larger possibilities of National Health Insurance. I join those who feel that we can and should take some significant steps now to improve the Medicare and Medicaid programs, particularly, as they affect a considerable common clientele—the aged and the long-term disabled already under Medicare.

As many of you may know, I am in the process of retiring, but for the next few weeks I am still serving in an acting capacity to assist the Commissioner and tide over the process of my leaving. For this reason, and because of the unique forum we have here, I want to talk to you not as an Administration official, but as the first director of the Medicare program and as a private citizen.

The agenda I would propose for our discussion together explores two different types of "next steps." The first type is programmatic—i.e., changes in program provisions that are consistent with movement toward National Health Insurance and, indeed, may significantly contribute toward defining issues and provide some further experience directly applicable to the resolution of the larger National Health Insurance picture. The second area is simplification of administration—i.e., improvements in structure and systems which would simplify the administrative process, and which would better achieve efforts currently underway to control the quality and cost of medical care and prevent provider abuse and fraud.

RELATIONSHIP OF PROPOSED CHANGES TO NATIONAL HEALTH INSURANCE

There is a growing realization that definitive action on the larger issue of National Health Insurance is much farther off than anyone would have thought a year or two ago. Both the President and Congress must be able to consider the need for comprehensive Nataional Health Insurance legislation in an environment that is not so deeply overcast by fiscal, economic and election-year concerns. A seriously unbalanced budget and a continuing prospect for unacceptable rates of inflation and unemployment will continue to be the overriding concerns in terms of foreseeable fiscal and legislative priorities. Moreover, the chances of getting a legislative consensus—not to speak of a meeting of the minds between the Administration and the Congress—have become inordinately difficult. Our recent experience with the issue of health insurance for the unemployed suggests that deep-seated philosophical differences exist which encourage jurisdictional problems. The things I think we can do now—and which I will shortly outline—are largely within the jurisdiction of the House Ways and Means and Senate Finance Committees.

My proposal to address the next steps in Medicare is, however, not motivated only by a concern that legislative resolution and implementation of National Health Insurance are some undetermined number of years away. I am also deeply concerned that a truly comprehensive program requires more planning capacity and more time than anyone has assumed up to now. The actual effective date of final comprehensive enactment may require a 5 to 10 year timetable. There would have to be a phasing-in over a considerable time period—even after we are all agreed on where we want to end up. And we are nowhere near such agreement on overall principles now.

Therefore, we must ask ourselves: Why should we continue to postpone consideration of what we can do now to improve coverage and effectiveness of the programs for the elderly, the indigent and the disabled? These people look to Medicare and Medicaid today and everyday for assurance that necessary medical care will be provided and paid for. We should not wait for a global solution. If we set up certain criteria for next steps, some refinements in present programs can be made that are relatively noncontroversial and make sense in and of themselves. Indeed, the next steps in Medicare could be designed to make a major contribution toward the ultimate application of any new National Health Insurance provisions for the aged and dependent populations.

But the main criterion is that these steps must be do-able, and they must be do-able now.

What are my premises?

First, any National Health Insurance program is going to have a basic core of publicly-financed health care provisions for those who are retired or disabled and, perhaps, for additional low-income persons for whom the costs of health insurance coverage cannot be derived solely from an employer/employee relationship. Let me sidestep at this time the issue of whether National Health Insurance will be a single comprehensive enactment that brings basic coverage for all under a public program or whether National Health Insurance will turn out to be the piecing together of several methods of coverage including both private insurance and public financing. For purposes of forward movement, let us agree to disagree on this point.

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*Institute of Gerontology Conference, "The Economics of Aging: Toward 2001," University of Michigan—Wayne State University, August 14, 1975.

Second, whatever National Health Insurance may turn out to be, the final enactment will not confront the Nation's elderly citizens with the abolition of Medicare. There may be accommodations over time, but the ultimate pattern will preserve the social insurance concept at least for the aged and seriously disabled, with eligibility for a broad range of benefits as a matter of right. I don't expect we will end up means testing basic eligibility of a Medicare beneficiary (even though we may take means into account in cost sharing). Nor do I think we will significantly increase his cost-sharing burden. I do expect we will probably come to rely more on general revenues in this particular part of the social insurance program.

Third, I am leaving aside the question of whether this same core public program at the Federal level for the aged and disabled is the best vehicle for handling the coverage needs of the rest of the dependent population, particularly families with dependent children. I happen to think here, too, we may end up federalizing all of Medicaid, but this point is not on my agenda of next steps.

Fourth, we are not ready now to realign the current roles of Government and private insurance in Medicare and the role of the States in Medicaid is still worth pondering. However, we could realign parts of the structure of Medicare and Medicaid so that these two Government-administered health programs would provide more rational treatment for the population groups they serve. Currently they overlap with respect to both clientele and services.

If these basic hypotheses can be accepted, then the time is ripe to say, "Let's develop now for possible early enactment a set of changes which would not require too much new money and which would significantly improve the performance of present Federal programs and simplify their administration."

REVISING THE MEDICARE AND MEDICAID PROGRAMS

It's time to get specific.

We need to adjust the coverage provisions and eligibility requirements of Medicare to make this Federal program the basic, comprehensive program for all of the elderly, providing a full range of hospital and medical services, but leaving certain distinct areas such as longterm care exclusively to Medicaid. For all the aged—and to the extent possible for the disabled—my aim would be to eliminate dual coverage of any services received by a beneficiary.

Immediate results could be expected in the form of simplified program administration, improved public understanding, and strengthened organizational accountability to hold down medical care costs and to control abuse. Notice, however, that these advantages cannot be made to flow simply from a change in present Federal organizational structure or by moving responsibilities for present programs from one part or HEW to another. They will arise only from the sorting out and realignment of programmatic provisions now fragmented by law.

My specific proposals for Medicare are divided into two categories: Some with relatively modest cost and high payoff for improved administration but with essentially no new coverage; and some with sizeable costs but also good payoff for administrative simplification and high potential for greater beneficiary satisfaction through improved coverage.

In the first category, the Medicare program should be substantially improved by:

1. Extending eligibility to all persons age 65 and over for both hospital and medical coverage;
2. Eliminating cost sharing (including premiums) for low-income aged and disabled who are eligible for SSI;
3. Assuring catastrophic protection for everyone by providing for "caps" or upper limitations on cost sharing of $750 per benefit period for hospital services and $750 per year for medical services; and
4. Modifying reimbursement provisions, particularly those which deal with physician services, to improve both the payment process and cost control efforts.

In category 2, with appreciable added net cost, it would be highly desirable to proceed with:

5. Combining parts A and B and eliminating monthly premiums;
6. Eliminating the spell of illness concept by providing unlimited inpatient hospital days in a calendar year, relying only on utilization review and professional standards review to assure that long-stay cases are proper;
7. Clarifying and expanding somewhat the coverage of posthospital extended care; and
8. Covering prescription drugs for specified chronic conditions.

With such changes in the Medical program, the Medicaid program should be strengthened and would continue as:

1. The basic medical program for the AFDC population and for those indigent blind and disabled persons not eligible for Medicare;
2. A supplemental program for those indigent aged and disabled under Medicare who need payment for certain medical services not covered by that program such as eyeglasses and dentures; and
3. The primary long-term care program providing skilled nursing and intermediate care for needy persons of all ages.

You will recognize that this plan has elements that are familiar. They are similar to some of the components of several important proposals now on the national scene. Some of my components are separable and could be removed from the package either on cost or other considerations.

I should point out that Wilbur Cohen has made very significant contributions to the dialogue on next steps by pointing out the need for phasing and for periodic reevaluation of progress as we move from one phase to another. My proposal is also built on the phasing concept, but I am identifying a different set of first steps. Unlike some of the proposals now being considered, I do not think that extensions of such coverage as vision care, dental care, long-term care, mental health care, etc., should come at this time. These are very expensive and they move into areas where the role of Medicare in relation to Medicaid and other programs needs to be further examined. We should distinguish between improvements that strengthen existing roles and those that call for new roles.

My principal contribution is to focus on the Question: How, in a cost-sharing environment, can one structure a comprehensive benefit for segments of the population that cannot be expected to meet deductibles and coinsurance because of low income and inadequate resources?

For an aged individual in this category, we do some pretty silly things today. We have an SSI program so that an aged, blind or disabled individual who has low or no income and inadequate resources can receive a basic Federal payment when his social security is not enough to live on. If his State considers this payment to be insufficient, the State may add a cash supplement which under some conditions will be administered by Social Security directly as a component of the basic SSI payment. Indeed, under defined circumstances, part of the cost of State supplementation may be absorbed by the Federal general revenues.

Having made the determination that the individual is SSI eligible, we notify the State, and Medicaid eligibility automatically is derived from this notification. At the same time we, in Social Security, enroll the individual (if he is insured) in Medicare, but only for hospital insurance. We tell him that his State may pay Part B premiums on his behalf which will take care of his doctor bills. However, he has to deal with his State to find out whether he is going to have this particular coverage at no charge to himself.

I remind you that the Federal Government, in effect, matches the premium for all Medicare beneficiaries by payment from general revenues, so that any beneficiary pays only about half the cost of Part B. As for the other half and with respect to the needy individual for whom the State buys coverage, the Federal Government also matches through Medicaid, from 50 to 78 percent of the State's part of the Part B premium.

So, for these latter individuals there can be as little as 11 to 25 percent of State money involved in the total cost of Part B services. All the rest is Federal. Yet we go to a great deal of trouble administratively and systems-wise (with complications fraught with continuing possibilities for error) to make it possible for the States to buy into Medicare for needy aged and disabled people. The Federal Government sends the States money which they, after adding some of their own money, turn around and send back *to* us in premium form.

Next, the first time this needy person receives a service under either part of Medicare, the provider is faced with the fact that the individual is not going to personally pay the deductible and coinsurance. Thus, the provider will have to turn to the State to collect this from Medicaid even though, again, there can be no more than 50 percent State money involved in this payment. In many places the cost sharing that is picked up by public funds involves considerably less than 50 percent State money. Here again the administrative actions involved in the payment of a single bill become unnecessarily complicated, and the problems of utilization control as well as control of abuse and fraud are diffused.

Extending coverage to all aged persons regardless of insured status, and combining Parts A and B would greatly simplify the determination of eligibility, the payment and utilization control processes. It would provide automatic relief from cost sharing for all SSI eligibles (including those eligible for State supplemental payments only) and would immediately link together in a single process the payment decisions that are necessary to excuse the low-income person from cost sharing. Limiting the number of payment sources to whom a provider must turn focuses responsibility for payment decisions, reduces provider and agency administrative costs and simplifies client dealings.

The actual number of aged persons potentially entitled to Medicare for the first time under this proposal is just short of 1,000,000. Of this group, one-quarter of a million are civil service annuitants, aged 65 and over, who are eligible under FEHBA. (Some specific provision would have to be made for contributions to the Medicare trust fund by Federal Civil Service employees, or this group will have to continue to be excluded from the otherwise universal coverage of Medicare at age 65.[1])

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[1] The contribution could be secured by extending the Medicare portion of FICA contribution to Civil Service employees. Alternately, a specific tax earmarked for the Medicare trust fund could be imposed on all income not covered by FICA, with total income taxable not to exceed the maximum taxable by FICA. The latter alternative would

Over 400,000 aged persons not now eligible for Medicare are eligible under Medicaid. Overall, therefore, the number of aged persons newly eligible for Medicare who had not previously been eligible for Government subsidized health insurance would be only a tiny portion of the total aged population of nearly 23 million. There would be sizeable offsets in terms of both State and Federal general revenue costs now involved in Medicaid, since the State programs would no longer have to pay the premium, the deductible, and the coinsurance for needy persons who are Medicare eligible.

A simplified concept of catastrophic protection could be readily achieved by relying on the SSI decisional process to identify low-income persons and by limiting the maximum liability for cost sharing of all others. In other words, those aged and disabled individuals receiving SSI or a State supplement are certified as low-income people and would automatically be exempt from cost-sharing requirements. However, no effort should be made at this time beyond the "caps" to provide gradations of cost sharing by income classes for individuals whose income is higher than that which would make them eligible for SSI payments including State supplementation.

Using the SSI/State supplementation standard as the sole basis for exemption from cost sharing would completely bypass the horrendous administrative complexities inevitably associated with the introduction of yet another system of classification of individuals by income classes or by the introduction of some concept of a medical "spend-down." The former Administration's National Health Insurance Plan (CHIP), as well as several of the other plans proposed in Congress, establish various gradations of income classes in order to avoid "notch" problems either with respect to premium amounts, or eligibility, or with respect to moderation of cost sharing. None of these proposals is realistic and workable in my judgment.

The effort to introduce in any National Health Insurance scheme or in a catastrophic Medicare provision a new set of income criteria that would require a vast number of periodic income determinations in order to avoid only small inequities in cost sharing would be counterproductive at best and would probably result in total confusion of beneficiaries and providers and in a systems disaster. Since we are—also in my judgment—not anywhere near ready to gear into a negative income tax or other welfare reform plan that would eliminate the need for SSI, the most that one should attempt to do now to recognize differences in cost-sharing liability is to tie in automatically to the SSI determinations and then place a cap at the other end of the scale. I cannot emphasize this point too strongly.

It can be argued that not all persons with similar income will be treated similarly and that this is not equitable. Many States supplement the SSI payment, allowing persons to receive cash and/or medical assistance although their incomes are above the national standard. Superficially, this seems inequitable. However, State supplementation exists to recognize cost-of-living differentials between States or within a State. Even though there are other factors such as the State's capability to finance these payments which bring the rationale into question, nonetheless, it may be assumed that States will, within their means, extend coverage where living costs substantially exceed the national base. Relying on State supplementation levels to adjust for such variations is the only feasible administrative approach and is a reasonable expression of public policy at this time.

It can also be argued that there would be income-related notches above the SSI/State supplement levels, but these would be minimal and their impact is not so serious since they would operate only on the cost-sharing requirement and would not be the kind of notch we can now have in Medicaid where the difference of a few dollars of income can mean the difference between eligibility and noneligibility for services. In summary, this approach would have the advantage of eliminating, to some considerable extent, the income-related "notches." The expansion of Medicare coverage and the placing of a cap on total liability for cost sharing would make it less likely that an individual would become medically needy as a result of spend-down. Moreover, if he is borderline SSI eligible because of low annual income and is forced to deplete his resources, he could then become eligible for the no-cost-sharing SSI classification.

COVERAGE OF THE DISABLED

You will note that I handle the problem of notches with respect to eligibility for the aged by having all of the aged covered by Medicare. Unfortunately, it is not as easy to do the same for the disabled. The logic of the basic proposal suggests that persons who establish SSI eligibility and qualify for Medicare under the regular Medicare qualifying requirements (24 months) or under the special kidney disease coverage should automatically be brought into the comprehensive coverage of Medicare—that is, the coverage that requires no buy-in and no cost sharing. Others who cannot establish SSI eligibility or who are Medicare cash disability recipients, but have not yet had their 24 months on the cash rolls to qualify for Medicare eligibility, could, of course, be brought into this same scheme, but the costs are significant and difficult to predict. Hence, I do not propose in this list of next steps to extend the disability coverage, although a strong case will undoubtedly be made by many that Medicare coverage should be made at least coextensive with the cash benefit coverage of the social security program.

I have set aside this proposal not only because of its cost implications upon Medicare, but also such an extension of coverage may well induce further disability claims at a time when the claims rate is already sufficiently unstable to cause concern. As you know, the disability insurance program is underfunded and emerging experience suggests still further increases in incidence rates. Moreover, the whole process of definition of disability, claiming of benefits and appeals and extensive litigation suggest that we ought to take a hard look at options before we expand disability coverage significantly. These options include the possible solution of the problems of partial and less-than-permanent disability through the negative income tax approach.

LIBERALIZATION OF BENEFITS

Each of the benefit extensions or modifications suggested represents an effort to provide, at modest cost increases, a more comprehensive basic coverage than the current Medicare program. But the individual cost components do mount up. If cost constraints remain matters of overriding consideration, it would of course be possible to skip one or more of the benefit extensions. Each, however, has its own rationale which relates to significant redefinition of role and to laying the administrative and programmatic groundwork for experience leading to National Health Insurance decisions.

PRESCRIPTION DRUG COVERAGE

Considerable attention has been paid to this matter in the Senate, and the program rationale as well as the administrative feasibility of a limited program for drugs applicable to chronic illness—a so-called maintenance drug program—has considerable attractiveness.

Some illnesses require that a patient take drugs on a regular, continuing basis. Examples of such drugs are adrenocorticoids for rheumatoid arthritis, anti-coagulants and anti-arrhythmics in cardiovascular disease, insulin or orinase for diabetes, etc. Maintenance drugs are prescribed and used primarily to control chronic illness, to prevent deterioration, or to permit a maximum level of functioning. They are a costly burden on some small part of the population. They are an insurable risk.

There are several reasons for starting with such a limited drug program. First, since there are many serious administrative problems associated with the introduction of a drug benefit, a controlled beginning with a controlled population would provide a base of experience for developing processing techniques and for assessing administrative costs. Second, program costs would be limited and manageable. Third, the cost of prescription drugs associated with chronic illness represents a known need which is an appreciable portion of the out-of-pocket drug costs of the aged and the disabled. Finally, it would make a significant contribution in the direction of meeting costs of catastrophic illness.

Such a program should take the form of payment to the vendor with a copayment (perhaps $2 per prescription, preferably applicable in all situations whether or not the individual is a low-income person). Claims should be processed on the basis of a list of grouping of prescriptions provided periodically and to the extent possible in machinable form by participating pharmacies.

Proposals which involve the reimbursement of drug bills to the patients on the basis of accumulated billings filed by him after meeting an annual deductible should be avoided even though there are attractive "pros" that superficially appear to balance the "cons" of this approach.

It would be disastrous to attempt to subject this area to deductible or coinsurance provisions related to income. The value of the benefit at stake even in an automated system that uses a health card, would not warrant the excessive administrative costs resulting from inaccuracies and confusion in situations requiring such differential treatment. The only kind of a drug program that has any chance of successful administration is one of the vendor-payment type, twice passed by the Senate in recent years.

IMPROVEMENT OF PHYSICIAN REIMBURSEMENT PROCEDURES

There has been some erosion in assignment rates since the beginning of the program. This is due to numerous complex factors including the imposition of ceilings on the amount of charges the program will reimburse, which causes physicians to feel that they no longer want to commit themselves to limiting the patient's share of the bill by whatever the carrier will determine is the "reasonable charge."

There are, however, many other psychological and environmental factors working for and against assignment. It is instructive, for example, that the highest assignment rates in the country are found in the area administered by Massachusetts Blue Shield and Rhode Island Blue Shield (80 and 78 percent, respectively), and by the Traveler's Insurance Company in Mississippi (81 percent). The pervasiveness of Blue Shield coverage and the relationships between Blue Shield and the physicians in the first two States undoubtedly is reflected by the continuing high-assignment rates, whereas, in Mississippi, it would appear to be clearly a matter of economics. It has been suggested

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provide a wider population base from which to draw contributions for the revamped Medicare program and would have some financing avantages of its own independent of the Civil Service issue.

that the way to stimulate assignments is to require that, if a physician will not always accept assignment, then he may never use this privilege. As you know, he can now pick and choose on an individual-case basis. I fear that a provision of this kind would backfire, particularly in the kind of climate we now have between the Government and doctors. We might come to the same situation that is widespread in Medicaid, where only a limited number of doctors who have a heavy volume of low-income patients are willing any more to take on new Medicaid patients.

A provision that would reward the beneficiary rather than the physician if an assignment is taken (but that indirectly would have advantages for physicians too) is to increase to 90 percent the amount which would be paid by the program if the physician or supplier accepts assignment. This provides a real incentive to the beneficiary to have the physician take an assignment. The higher percentage of program payment should also encourage physicians to use the assignment method more often, since they would be assured of receiving direct payment of a higher portion of their billings. Although acceptance of assignment on services provided to SSI recipients (who are relieved of all cost sharing) would not be mandatory under my proposal, it is assumed that assignment will be accepted in a high proportion of SSI cases, since the doctor would know that he was dealing with a low-income beneficiary who will be excused of all coinsurance and who is not likely to be in a position to pay extra large fees. Of course, a willingness to take assignments depends on payment of a fair and equitable fee. I would expect that the Medicare reasonable charge would continue to exceed the Medicaid fee schedule in many areas for similar services, and that the proposal to cover all service charges for SSI recipients under the mainstream Medicare program would reverse the trend we now have in some States where physicians are refusing to take further low-income patients because the Medicaid reimbursement schedule is so low and there is so much lag in program payments. To maximize the possibilities of increases in the Medicare assignment rate, there would have to be a better program rapport with doctors than there is today. This would require some frank, honest, hard-headed bargaining with physicians instead of the present jawboning at arm's length.

LONG-TERM CARE

Medicare made a very real contribution at its start by financing alternative arrangements for patients who are recovering from posthospital episodes. The attempt, however, to define the circumstances under which postacute care can be given in terms of the need for continuous skilled nursing care in a skilled nursing facility (or the need for intermittent nursing care to qualify for home health services) has been only partially successful. Recuperation of a postacute patient frequently requires the support of an array of health-related and social services and the maintenance of the individual in a protected situation for a period of time during which he is not yet ready to function fully on his own or during which the family is not yet fully able to take over.

There have been several efforts to bring this coverage into focus. You may recall initially that the newness of the coverage, together with the early problems in application of the criteria resulted in a good many retroactive denials and much bad feeling. After a rough start and largely by virtue of 1972 Amendments, Medicare's coverage of home care and of skilled nursing facilities now operates pretty well, but under a limited range of circumstances.

For reasons of cost and because I do not think Medicare should really get into long-term care, I propose, when converting to a calendar year basis, to continue the present skilled nursing care provision which provides up to 100 days of skilled nursing care if needed following a qualifying 3-day hospital stay. In addition, each hospital patient should be *guaranteed* 20 days of posthospital extended care each year simply upon certification of necessity by the attending physician. This would allow a period of time during which there is certainty that the skilled nursing benefit will be paid as the individual moves from the hospital and make for a smoother transition toward alternate care situations.

For the long run, we ought to put more money into home care. A revised program which would do away with distinctions between Part A and Part B could provide 200 home health visits per calendar year with no prior hospital stay requirement, but subject to the present Medicare criteria. Then, I would rely on emerging experience from a number of experiments which are now being conducted to determine the appropriateness of situations in which the services of a home health aids or other relaxations of the Medicare criteria for organized home health services are shown to make a useful difference to the individual and his family.

Obviously, we must do more to encourage the family to keep on trying to maintain the patient in a home setting where his food, rent and many other personal needs do not become a charge on the public purse and where the individual's means and resources are used in a residential rather than an institutional setting. One could provide a certain number of guaranteed days in the home health area, too, subject only to the certification of medical necessity, but until we know more about the potential for the use of home health aides and the potential costs that we may be running into, I would stay with the present provisions of law which allow some experimentation.

ADMINISTRATION

The proposed revisions to Medicare would permit simplification of current systems and of administrative structure. The simplifications include:

1. Medicare systems related to collection of the Part B premium would be totally eliminated. This includes over 1 million direct billings on a quarterly basis; deduction of premiums from monthly checks received by over 20 million OASDI beneficiaries; and State buy-in procedures for about 2 million Medicaid recipients.

2. Combining of Parts A and B would permit substantial simplification of Medicare enrollment procedures. Annual open enrollment periods for Part B and determination of late enrollment penalties would no longer be necessary.

3. Determination of eligibility for reduced cost sharing based on SSI eligibility should not add significantly to the enrollment process. SSA already makes Medicaid eligibility determinations for SSI recipients in 27 States and can certify such eligibility to all States and to providers, so they may provide extra coverage under Medicaid of additional services. (SSI eligibles would carry a special Medicare card, updated after periodic recertification of SSI status.)

4. Claims payment processes would be simplied and abuses could be more easily monitored. Providers would no longer have to bill two programs for reimbursement of the same services. The configuration of intermediaries and carriers could be streamlined so that cross checking between "A" and "B" type coverages would become possible.

5. Administrative complexities and potential for misuse and duplication of payments which now occur in the process of coordinating title XVIII and XIX reimbursement would be eliminated. Significant problems currently exist for States and intermediaries as a result of different timeframes in which reimbursement and appeals decisions are now handled for Medicare and Medicaid programs.

6. State Medicaid claims loads would be reduced and related administrative procedures simplified. Medicaid monthly caseloads of persons eligible for hospital, extended care and medical benefits would be reduced by about 2 million. All procedures relating to State buy-in would be eliminated as would other administrative procedures related to enrollment and payment of premiums for these recipients.

COSTS

As I indicated earlier, the most fundamental aspects of the proposals I have made are (1) the extension of eligibility for hospital and medical services coverage to all persons age 65 and over; and (2) the revised cost-sharing arrangements. (These will be recalled as including elimination of all cost sharing and premiums for low-income aged and disabled who are SSI eligibles; the two $750 maximum liability "caps;" and an increase in amount of reimbursement of medical claims paid on an assignment basis.) Without pricing out at this time the savings that are to be expected as a result of improved administration, this first part of my proposal would cost about $1.7 billion in 1977 (the assumed first full year of operation). It would, however, be offset by about $0.3 billion savings to the States under the Medicaid program. Moreover, the approximately $1 billion net cost does not take into account substantial offsetting revenue that would be produced by extending the Medicare payroll tax to cover Federal civilian employment. Without precision, the point is that if you had to limit the first stage, you could stop right here. This realignment is a low-cost part of the total package.

The most expensive aspect of the package is the elimination of the Part B premium which would add about $1.8 billion to Federal expenditures, offset by approximately $100 million State savings, or would result in a net effect of about $1.7 billion additional public monies being expended.

The other costly items arise primarily from changes in covered services. The removal of the spell-of-illness concept which now limits the duration of inpatient hospital services would result in an estimated 3.5 percent increase in cost per capita for the aged and 4 percent for the disabled (this increase assumes no change in the present law restrictions on coverage of care in psychiatric hospitals). Translated into dollars, this is approximately $700 million.

The cost impact of the 20-day guarantee for post-hospital extended care in a skilled nursing facility is difficult to assess but, if we assume that it would result in a 200 percent increase in cost per capita over existing costs of the Medicare skilled nursing facility provisions, this would add $800 million to program costs.

Overall, estimated total expenditures for 1977 for the present program are expected to be about $22 billion. Changes resulting from all these proposals (assuming the improbable effective date of a drug maintenance program to be the first of calendar year 1977) would cause an approximate 20 percent increase in overall Medicare costs.

The total additional Medicare benefit outlays resulting from the combination of improvements in inpatient hospital services, inpatient skilled nursing facility services, prescription drugs, and the coinsurance changes (including waiver of coinsurance for low-income individuals) would create about $4.3 billion additional Medicare outlays, offset by almost $0.8 billion of Federal outlays which would no longer be necessary and by about $0.7 billion of reductions in State Medicaid outlays. Thus, the net additional benefit outlays resulting from all of the coverage changes are estimated to be $2.8 billion. Taking into account the elimination of SMI premiums, the net revenue effects of the total proposals are about $5.3 billion increase in Federal dollars, offset by a reduction of approximately $0.8 billion in State revenue, or a total increase in public outlays of $4.5 billion.

There are, of course, various ways to finance the proposed revised Medicare program. Current payroll contributions of .9 percent each on employers and employees are scheduled to increase by .2 percent each in 1978. Why not assign permanently the .9 percent to the Medicare program and have the balance of increasing annual costs met through general revenues? An approach along the lines of gradually shifting Medicare costs to general revenues was favorably considered by the 1975 Advisory Council on Social Security. Of course, the Federal Government already has a substantial commitment of general revenues to the Medicare program since over half of the cost of Part B is met in this manner. An increase in the proportion of costs to be met by general revenues also recognizes certain aspects of Medicare benefits which differ from the benefits payable under the OASDI programs. The OASDI program is financed wholly by a tax on wages and self-employment income, and the amount of benefits are related to the earnings of the worker-taxpayer. The same principle does not apply to the Medicare program since these benefits are determined by medical costs incurred by a particular person and bear no relationship to his wages or those of anyone else. Also, the increased costs resulting from special cost-sharing provisions for low-income persons are more appropriately met from general revenues.

CONCLUSION

My main thesis has been that we as a Nation have not yet conducted the kind of program planning that would permit the Executive Branch and the Congress to come to a sound conclusion on universal health insurance. This involves basic questions that affect the lives of the American people and the life or death of all the components of our giant health industry. Also, there are important resource problems that have to do with manpower, facilities, planning and utilization and cost controls which must be addressed before we further stimulate across-the-board demands for services.

Moving from the present level of generalizations to the particulars in planning a truly comprehensive national scheme is a matter of grave portent. It will, undoubtedly, cast the die for a generation to come.

What we need is time and a mechanism to develop a long-range plan, consisting of agreed upon goals over a 10-year period, with staged implementation of steps that will lead to these goals. It is important that the foundation steps be put in place that will permit flexibility so that we do not get frozen into structural arrangements that may not prove to be sufficiently pliable or sufficiently adaptable to emerging changes in the delivery environment or in the political and social environment.

It must be a matter of serious concern that we have failed to find a way to engage the best minds in Government and in the private sector in a joint effort at program planning in the health care field. Much of the National Health Insurance planning that is being done is taking place in a vacuum, so to speak. Yes, there is much dialogue and testimony. The professional planners in the Federal establishment will undoubtedly protest that the non-Federal experts are being freely and frequently consulted. It is one thing, however, to consult through testimony and hearings. It is quite another matter to establish an interactive mechanism which requires that non-Federal policy experts of the highest caliber from the private sector be a part of the mechanism which actually develops the policy options that lead to decisions on plans.

I propose that serious consideration be given to the establishment of a Presidential-level Commission under statutory mandate with full-time membership of public and private policymakers who have had substantial administrative as well as programmatic experience. Such a Commission should be appointed to permit representation of both the Executive and the Congress. The subject is so complex that the Presidential Commission would have to have blue-ribbon caliber staff to work out the particulars. The long-range blueprint should not be just another set of major recommendations on which everyone can agree in general and disagree when it comes to details. Surely a matter as important as deciding the future National Health Insurance structure of this Nation, for a generation or more to come, deserves this kind of attention.

The transformation of our present system of health care financing into arrangements which will be supportive of innovations in the delivery of health care is a complicated endeavor fraught with potential for doing great harm or great good to the health institutions of this country. We must pay more attention to *role* before we plunge into and adopt proposals of a sweeping nature. We must be concerned with appropriate balances between the public and private sectors, and, in particular, what role one should expect of a health financing system in relation to the shaping of the health delivery system. It is possible that the soundest approach to the development of standards and to the organization of health delivery models would be through avenues other than financing and that the financing mechanism should only be supportive rather than determinative of future delivery systems.

To sum up: A good strong Medicare program constitutes one foundation stone—if not the cornerstone—of a future National Health Insurance enactment. Improvement of Medicare now is not inconsistent with any reasonable long-range agenda. Our immediate objective, then, should be to make sure that the Medicare program becomes comprehensive for the aged and administratively more efficient so that over the next few years Medicare will not continue to erode, but will move vigorously in the direction of providing greater satisfaction to those it now covers. In so doing we will be making important contributions toward the ultimate solution of systems and medical care delivery problems that seem to loom as obstacles to the early implementation of a National Health Insurance program.

THE FOOD STAMP PROGRAM

Mr. BUCKLEY. Mr. President, I have recently come across an illuminating column by John D. Lofton, Jr., citing some examples of the abuses now possible under the food stamp program. The need for serious, tough reform measures is self-evident.

Mr. President, I ask unanimous consent that the column be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From United Feature Syndicate, Inc., Oct. 8, 1975]

FOOD STAMP PROGRAM—A FEDERAL FRANKENSTEIN

(By John D. Lofton, Jr.)

HOT SPRINGS, ARK.—When Treasury Secretary William Simon recently called the federal food stamp program "a well-known haven for the chiselers and rip-off artists," his remarks were predictably greeted by howls of outrage.

"A deliberate misstatement," snorted Sen. George McGovern, chairman of the Senate Select Committee on Nutrition and Human Needs. Mr. Simon, said the South Dakota Democrat, "cannot defend his charges because they are false."

But a trip to this city to attend the National Welfare Fraud Association's Annual Training Conference shows that it is Senator McGovern who is misinformed as to the facts, not Secretary Simon.

Max Shaffer, regional director of investigations for the Department of Agriculture's San Francisco office, says that food stamps are "the new money." On the street they can now be purchased—illegally—for about 50 cents on the dollar. He says that recently on the West coast three banks were robbed and the only thing taken were food stamps.

A Missouri welfare investigator says he and his men broke one case where a loan company in St. Louis was accepting food stamps as payments on small loans. Both the paying of the stamps and their acceptance were against the law.

John Graziano, director of the Agriculture Department's Office of Investigation, is also a speaker here. He has said:

"Food stamps are stolen, counterfeited, and used for illegal purposes. In addition, unscrupulous persons purchase stamps from legitimate recipients at discount prices, and organized criminals work in many ways to divert food stamps from their intended end use."

To illustrate the magnitude of the food stamp program and its potential for the abuses he mentions. Graziano points out that $4 billion is involved, with more than 200,000 retail outlets across the country accepting stamps from nearly 19 million people.

In its 1974-75 final report, the Los Angeles County Grand Jury says that the California food stamp program needs some administrative corrections, but "there is a built-in high risk of criminal abuse which is much more difficult to overcome."

The report notes: "We learned that food stamps are extremely vulnerable to fraudulent practices. In many instances, applicants falsify the information required to establish eligibility." California's Department of Social Services found that 46 per cent of food stamp eligibility determinations contained errors.

Another USDA source, familiar with the lawlessness going on in the food stamp program, told me that government investigators have used stamps to purchase such things as: a Communist AK47 attack rifle, heroin, a case of hand grenades, and a real, live horse. In one instance, a prostitute even agreed to accept food stamps for her services. In all these cases, both the offer of the stamps and their acceptance are illegal.

Riding in from the airport to the Welfare Fraud Conference, I had an interesting discussion with Larry Oberg, who supervises the Wright County Social Services program in suburban Minneapolis.

"Without a doubt," he told me, "there's a fraud problem with food stamps. The biggest thing is unreported income above the allowable level. A serious look should be taken at this whole program. It's time it was revised."

Ann Hall, chief of Arkansas' new welfare fraud unit, tells me the food stamp fraud problem is "much bigger" in her state than she thought. In just a year and a half, 310 felony charges have been brought against 127 persons: "Food stamps are definitely a problem," she says. "The program needs reform."

It's really a shame that Senator McGovern, and those colleagues of his who are also knee-jerk supporters of the food stamp program, were not here to find out how their legislation functions in the real world. The

National Welfare Fraud Association performs a valuable, eye-opening service by holding these sessions.

After spending a few days listening to those folks on the front lines who have to administer and police the Frankenstein, which the federal food stamp program has become, it is clear that Secretary Simon has really understated things.

WASHINGTON THEN AND NOW

Mr. EAGLETON. Mr. President, as chairman of the District Committee, I have had occasion to watch the development of the District of Columbia and its environs a little more closely than other members. In the 10th anniversary issue of the Washingtonian magazine, a publication which has rendered a fine service to this area by its incisive reporting, there is an especially interesting article by Charles N. Conconi, "Washington Then and Now."

Mr. Conconi describes in graphic detail the flight to the suburbs and the newly-realized need for the entire region to begin to think of itself as a single unit. It is this desire for cooperation—a desire present both on the part of the District and the surrounding Maryland and Virginia jurisdictions—which, if harnessed to actual problems such as Metro, water supply, waste disposal, and area crime, will give hope for the future.

Mr. President, I ask unanimous consent that Mr. Conconi's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WASHINGTON THEN AND NOW

(By Charles N. Conconi)

William C. Stuart III has lived in five different houses in the past 20 years and is moving again. Although no one would consider Stuart, president of Washington real estate firm, Stuart and Maury, as typical, his frequent change of address is a Washington pattern.

Stuart, a native of Tidewater, Virginia, moved to Washington after World War II, a period when the city was seeing a rapidly growing federal establishment and feeling an acute shortage of housing. Stuart married in 1950 and lived in an apartment in Glover Park until buying his first house in 1955 in the newly developed suburb of Westmoreland Hills near the District-Maryland line in the Massachusetts Avenue area. In subsequent moves, like other Washingtonians, he went farther out, until ultimately he built a house on the Chesapeake Bay near Annapolis when the Capital Beltway opened.

Now, with his children grown, Stuart and his wife have moved back in. This time, also fitting a contemporary pattern, to a condominium five minutes from his Wisconsin Avenue office, within walking distance of the Little Falls Mall shopping center.

For Stuart and most other Washingtonians, this has been a community in which restlessness is a way of life. Mobility is a national pattern that in recent years has begun to concern urbanologists and other social scientists. But in Washington the mobility has been extreme; the Washington Center for Metropolitan Studies has found that half the households in the area have changed in the past five years. Nearly 60 percent of the household heads now living in Arlington County did not live at the same address in 1970. In Montgomery County, the figure is 52 percent and in Prince George's County 56 percent.

While the constant moving about continues, the Washington area growth rate has slowed—the area is growing at its slowest rate in this century. A slowing of growth is not unique to the area; it has become apparent in all major metropolises.

The new growth rate figures show that Arlington and Prince George's counties have lost population for the first time in their histories. Montgomery and Fairfax counties and the city of Alexandria have continued to grow. But only in Fairfax has the growth increase been more rapid than it was in the 1960's. Most of the new growth, and this appears to be another national trend, is taking place in outlying counties like Loudoun, Prince William, Charles, Calvert, Howard, and Anne Arundel.

What is causing this slowdown and what it will mean to Washington are questions that are only beginning to be raised. It is obvious that growth is no longer considered an unqualified blessing. Lack of planning and reckless overdevelopment has caused ugliness and pollution and problems. What were idyllic suburban living opportunities only ten or twenty years ago are now overcrowded communities with soaring tax rates and overburdened public services. The problems of the city—crime, blight, and congestion—have found their way out to the suburbs.

In suburban counties, where the growth rate had been so explosive during the past two decades, concern with further despoiling and a to-hell-with-them-I-got-mine attitude has caused the imposition of sewer moratoriums and other growth restrictions. These have forced up housing prices and stimulated development and sprawl in the outlying counties. Also contributing to the slowing growth trend, expected to remain at 10 or 11 percent throughout the decade, is the sluggish national economy and the fact that the federal government, the area's largest single employer, is not expanding at the rate it did in the past 20 years.

These changes give every indication that an important era of growth and development is ending. It is becoming possible to evaluate and redefine the growth patterns of the post-World War II era. To understand contemporary Washington it is necessary to know the 1950s, a period of significant social, physical, and economic change that shaped contemporary Washington. Grand-scale urban renewal and freeway building began. The federal presence grew and with it employment and prosperity. Migration into the expanding suburbs from the city, coupled with large numbers of new residents moving into the area and a highway building binge, principally the Beltway, dramatically expanded growth and sprawl.

Unlike most major American cities, Washington had had some early suburban growth in the 1930s. It started when President Franklin D. Roosevelt began building up the federal bureaucracy to combat the great Depression. But most of that growth was of the bedroom community variety on the fringes of the District. Some additional development came in the 1940s when the military moved in to orchestrate World War II and then never left. But it wasn't until the 1950s that the explosive growth rate changed the concept of suburb from bedroom to independent suburban community.

Chalmers Roberts, retired White House and diplomatic reporter for the Washington Post, covered city news during the early 1950s. In 1952 he wrote a major series about suburban growth and urban blight. It was considered the most ambitious series ever undertaken by his newspaper.

Sitting in the book-cluttered study of his contemporary house off MacArthur Boulevard, overlooking the Potomac Palisades, Roberts, presently writing a history of the Washington Post, said, "When I returned to Washington after the war it was still essentially a Southern town and people entertained with dinner parties at home. In fact there were then not more than half-a-dozen restaurants in the downtown that I cared to eat in." Hotels were then the eating and social centers. The laws forbade stand-up drinking and sidewalk cafes.

Roberts said the city was carefully segregated, with almost no intermixing of the races. Even the civil rights agitation that was developing took place in an artificial vacuum. "The papers didn't report it," Roberts recalled. "Integration was not news then. The Post was a leader in the idea of desegregation and was under constant pressure for being too liberal. The establishment was very Southern minded."

Blacks were not much in evidence along the F Street business area—in Woodward & Lothrop, Hecht's, Jelleff's, Kann's, or Garfinckel's. The suburban malls with major department store branches were still years away.

What Roberts remembers of the suburbs of the time was that they were mostly bedrooms—Fairlington, Shirlington, and the like. "For the most part the suburban area was open fields and cows," he said.

On January 19, 1953, Washington was preparing for the inaugurations of Dwight Eisenhower and Richard Nixon, the first Republican Administration in 20 years. The District was waging another losing battle with Congress for home rule. On the editorial page of the Washington Post that day, cartoonist Herblock portrayed a D.C. resident with ball and chain shackled to his ankle holding up a sign to greet a mass of GOP elephants, suitcases in hand, converging on the city. The sign read: "Welcome to Washington, D.C., the only city in the U.S. where people can't take part in any elections."

With the inauguration taking place the next day, the newspaper's entertainment page offered a meager array of restaurants and entertainment. Restaurant advertisements included the Olney Inn, Golden Parrot, Duke Zeibert's, Hogate's Normandy Farms, the Occidental, and O'Donnells; Errol Garner was at the Club Bengasi, 1423–25 U Street, Northwest, and Jessica Tandy and Hume Cronyn were at the National Theater in The Four Poster and the movie version of the play was at the Trans Lux Theatre.

In the paper's radio listings were such standbys as "Stella Dallas," "Front Page Farrel," "Just Plain Bill," the "Bell Telephone Hour," Arthur Godfrey, and Fulton Lewis Jr. Television had much less to offer. There was "I Love Lucy"—Lucy that night was being rushed to the hospital "for the great event"—and the District Commissioner's report, given by Joseph "Jiggs" Donohue, chairman of the three-man Board of Commissioners that ran DC from 1874 to 1967.

If there were house hunters among all those Republicans coming here for the inauguration, the selections in the Post that day were very limited. A Georgetown apartment with river view, fireplace, and sun deck was available for $185 a month. A Georgian brick townhouse in Cleveland Park with four bedrooms, patio, garden, garage, dining room, den, fireplace, and French windows was selling for $25,000. Since it was only the early stage of the building and development boom, there were few ads for the suburbs. One advertisement described a Maryland development where three-bedroom ramblers were selling for $15,000 with $1,000 down.

William Stuart remembers that most of the available housing the area had been built in the 1930s prior to the outbreak of World War II. "There wasn't much beyond Bethesda and Chevy Chase. It was all underdeveloped land. Nobody went to Rockville. That was to hell and gone."

Stuart went into real estate in 1948. Fighting the war had increased the city's population, but it was well into the 1950s before the building boom was underway. "There was a short supply of housing and a big demand. There was tremendous competition to get a house listed and then to see which salesman could get there first to sell it. Everyone had a waiting buyer. I'd go anywhere in the District, Maryland, or Virginia to sell any house I could find. It was easy and fast to get around. We weren't as sprawled out. We can't move as fast today even with the Beltway."

According to the 1950 census, Washington was the ninth largest city in the nation and had a 51-percent metropolitan area population increase over the decade of the 1940s from 967,985 to 1,464,400. The District had grown 21 percent, from 663,091 to 802,200. Average family income in 1949 was $4,130.

It isn't easy to pinpoint all the factors that caused the extensive suburban sprawl of the 1950s. There is considerable feeling that the 1954 integration of the DC public school system and the razing of the Southwest slums, forcing thousands of displaced blacks into other neighborhoods in the city, affected the desirability of the District as a place for the white middle class to live.

But not all suburban growth and expansion grew out of racial negativism. Almost from the first day that man began to build cities for security and commercial purposes there was an accompanying desire to escape from the pressures of urban living and to return to the less complicated life in the countryside. The Washington region at the end of World War II was particularly well suited to suburban growth.

With the exception of a few small older communities, the surrounding Maryland-Virginia countryside was undeveloped. Land was inexpensive; employment was growing. Automobile production was achieving new peaks each year, gasoline was cheap, highway construction would soon be in full swing, and the home building industry was booming. The detached house was at last accessible for many people.

During this period, interest rates were at four to four-and-a-half percent, and even though many people wanted to stay close in to the city, the only available housing stock was in the suburbs and lending institutions favored suburban investments, especially after the 1954 school integration decision.

After 1955, according to Stuart, realtors found that the majority of people coming to the area "with almost no exceptions, if they had school age children, didn't want to live here in the city. The problems with the DC school system had been well covered by the national press and they didn't want their kids in the city schools."

The migration to the suburbs was, however, also a national phenomenon. It was so extensive nationwide that by the 1970s the population of the suburbs exceeded the total population of the cities. The 1970 census shows that 68.6 percent of all the people in the nation live in the country's 267 metropolitan areas. Of these, 54 percent live outside the central cities.

In Washington, where the 71-square-mile District could not annex or grow beyond its Congressionally established boundaries, the percentage breakdown between city and suburbs was even wider. Chalmers Roberts remembers that it was in 1953 that the Washington suburban population first became equal to the city population. By 1960, only 36.2 percent of the area population lived in the District. That figure fell to 26 percent by 1970 and was down to 23.6 percent last year.

By the early 1950s, these suburban growth patterns already were being viewed with concern in the District. DC leaders saw economic development and business rushing to the suburban fields like Klondike camp followers, draining commerce and tax revenues from the city.

This attitude and the rapid outmigration of the city's whites affected commercial and residential investment. Banks and savings and loan institutions showed a lack of confidence in the District. Investment money went to the suburbs for new homes, apartments, and shopping centers. People in many parts of the city that were in changing or near-changing neighborhoods, especially east of Rock Creek Park, found it was impossible to get money to buy, make repairs, or remodel homes.

Sometimes the bankers' negativism toward the city was so strong that there was a reluctance to make loans even in the traditionally desirable Northwest neighborhoods. William Slayton, executive vice president of the American Institute of Architects, remembers that one leading savings and loan institution would not lend him money to build a house in Cleveland Park in 1958 because "it wasn't a good risk investment."

Along the 16th Street corridor, property values were so adversely affected by desegregation that it was possible to buy houses there at half their normal value. The housing supply for blacks was, as it is now, severely limited. They were already almost completely pushed out of Georgetown and many in the coming years would be pushed out of Foggy Bottom, Southwest, and Capitol Hill. The newspapers' real estate classified had clearly labeled "colored" or "colored attention" housing. The suburbs were virtually closed to blacks.

Even though desegregation was slow in coming to the District, integrated public accommodations were hard for many people to accept. Washington's segregationist patterns—this always has been known as a "Southern" city—were deeply entrenched, going back to when the city was a slave trading center before the Civil War.

Blacks and whites who lived and worked in Washington during the early 1950s remember how racially segregated the city was. There was no social interaction between the races and almost none at the professional level. Even in politics, former Commissioner Donohue remembers, many local Democrats were shocked during the later years of the Roosevelt Administration when blacks were for the first time permitted to attend the Jefferson-Jackson dinners. But they sat at segregated tables.

Finding places to eat outside the black neighborhoods was difficult for blacks who worked in or had to come to the downtown area. City Council Chairman Sterling Tucker remembers attending an Urban League Conference in Washington in 1952 and staying at Howard University. He ate most of his meals there, even though it required a trip across town at meal time.

With the exception of the federal cafeterias, the only integrated restaurants were such places as the YMCA and National Gallery cafeterias and Union Station.

That situation changed dramatically on June 8, 1953, when the Supreme Court ruled in the Thompson Restaurant Case that it was unlawful to deny service to anyone in DC restaurants because of race. The unanimous consent decision upheld the "lost city laws" of 1872–73, which had been passed when the District had territorial status. The forgotten laws held that restaurants, hotels, ice cream saloons, soda fountains, and bathhouses must serve any "well behaved and respectable person."

The test case began in 1950 when three blacks charged that Thompson's Restaurant at 725 14th Street, Northwest, refused them service. Once the decision came down, the city's theaters and restaurants quickly complied. Although most DC government officials and civic leaders, with the exception of the Board of Trade, wanted open accommodations for the District, it was necessary to use the "lost city laws" to open up the theaters and restaurants because it was assumed that Congress would never pass the necessary legislation.

Then in May 1954, the Supreme Court ruled on Brown vs. the Board of Education of Topeka, Kansas. The Court forbade "separate but equal" school segregation. The District's Roman Catholic schools had quietly integrated in 1948. Black students had exceeded whites in the DC public schools for the first time in 1950 and at the beginning of the 1953 school year there were 11,000 more blacks than whites in the city school systems. District officials moved quickly to comply with the Supreme Court decision. During the summer months all the school districts were rezoned to drop the old racial barriers and on September 13 the schools opened without problem. Because of the city's segregated housing patterns, however, integration was impossible in many schools.

Sterling Tucker, who moved to Washington in 1956, found the racial attitudes so oppressive that he said he felt he had come South. "I felt I had to refight the old battles. I had come from Canton, Ohio, and I said to myself, 'I'm about to get into things I have been in before.' "

Tucker, who headed the Washington Urban League, pointed out that the year after he moved to the city he was involved in a major desegregation confrontation called the "Day of Abstinence." On the Wednesday before Easter, a group of 100 black ministers organized a boycott of the major downtown department stores to force the hiring of black salesepeople. "It was an impressive success," Tucker remembers. "The stores were almost empty and it gave all the stores the opportunity to change their hiring policies, something no store would have been able to do alone."

The impact of these desegregation decisions are frequently cited as being turning points in developing negative white attitudes toward the city. But no matter what the cause, by the end of the 1950s, whites were in the minority in the District. In 1950, DC's 517,865 whites were a significant majority over the 280,803 blacks. By 1960, however, the ratio had reversed. The breakdown then was 345,712 whites and 411,727 blacks. By 1970, there were 209,272 whites and 537,712 blacks, giving blacks a 71 percent majority.

The white outmigration, although not identified as such, was the reason for Chalmers Roberts' 18-part series in 1952 entitled: "Progress or Decay."

Roberts explained that he had been writing about highway planning and was aware of what other cities were doing about deteriorating downtown areas. "The city had bulged during the war and it is true that they never go home to Pocatello and the government never gets smaller. The people were moving to the suburbs and so was business."

Post publisher Philip Graham hoped the series would stimulate community leaders and businessmen to organize to save the old city. He was instrumental in the subsequent formation in 1954 of the Federal City Council, which was to be more progressive than the Board of Trade, a spokesman for the more conservative business interests in the city that had direct access to the District committees on Capitol Hill. The Board of Trade was often considered a co-equal branch of the DC government and Congress frequently consulted the Board on city matters before contacting DC officials.

"Phil Graham wanted the series because

he recognized—he was a man of vision—that the city was going downhill," Roberts said. "The rot was most evident in the core and it was evident that if we didn't redevelop and save downtown, the entire city would die. The flight to the suburbs was causing an immense erosion of the city's tax base."

The articles identified the city's major problem as being one of urban blight in L'Enfant's Washington—that portion south of Florida Avenue between Rock Creek and the Potomac and the Anacostia rivers. In this section of the old city, Roberts wrote: "Here are the slums. Here are the daily traffic jams. Here is the constant battle for a place to park. Here the transit systems crawls along. Here with increasing frequency, the frustrated would-be customer finally throws up his hands and decides to do his shopping henceforth in the suburbs."

Roberts reported that with the exception of a few large apartment houses, practically all the postwar residential building in Washington was outside the old city. During the 1950's, for example, only seven private and no public buildings were built in the downtown area.

In December 1951, the District's leading department stores had done a million dollars less business than in the previous December and the loss was blamed on the new suburban rivals. Hecht's and Kann's had opened two large suburban stores that fall, the first of many stores to open large branches in the suburbs.

The message of the series was that downtown blight was the key to the city's problems and that redevelopment, massive slum clearance, and better highway and parking accommodations for the area's growing numbers of automobiles would save the city, making it attractive as a place to live and shop. The automobile was already seen as a nuisance, but the commitment to it as the single transportation option was clear.

In developing the idea for the series, Roberts said that being from Pittsburgh he knew something about the Allegheny Conference on Community Development, a powerful civic organization staffed by research and planning experts and bringing together the leading businessmen in the community to act as catalytic agents—power sources—to make decisions, focus on bottlenecks, cut red tape, call on private capital, and pressure public officials to deal with the city's problems. This organization worked in cooperation with state, county, and city officials.

Philip Graham felt, Roberts recalls, that the Allegheny Conference idea could be applied in Washington. The city's business leaders could organize and create a community power base in attempting to get federal monies for the necessary planning, redevelopment, urban renewal, and highway building. The *Post* didn't look to the District Commissioners for leadership, Roberts said, because although they were interested they were powerless and the District building was "like a hick county courthouse."

"Graham met with business leaders in the Riggs National Bank building," Roberts remembers. "He worked at trying to sell the business community that something could be done and said that the *Post* would take the lead but needed civic enthusiasm. We were dealing with business and financial types who were mostly damn conservative."

Graham was seeking a new organization, Roberts explained, because the existing organization of businessmen, the Board of Trade, "was terribly conservative and the *Post* had been head to head with them over the issue of home rule. The Board of Trade was an amorphous, unwieldy group and were not very sympathetic to the idea."

The "Progress or Decay" series heavily emphasized that Washington was well behind other cities in taking advantage of new federal monies available for the slum clearance and freeway building. The concept was vigorously endorsed by Graham and typical of the thinking of that period.

In one major article on how other cities were fighting downtown blight, Roberts wrote: "The record shows that Washington is way behind; that Pittsburgh, New York, Chicago, Baltimore, Detroit, and other big cities all are ahead of Washington in varying degrees. They have coordinated their attack on downtown blight. Washington has not done that yet."

Some of the examples included Pittsburgh, where a $40 million Gateway Center was under construction in the heavy industrial Golden Triangle area; New York, where massive slum clearance was underway; Chicago, where voters had approved a $15 million bond issue, part of a $1.5 billion, ten-year building plan aimed at 40 square miles of blight; Baltimore, where land was being cleared for its first redevelopment project—the Cherry Hill public housing project—with $5 million in city funds available; Detroit, which was relocating families and clearing land for a 120-acre redevelopment that was expected to triple the area's tax revenues.

Although Roberts' series talked about downtown blight throughout the old city and the need for freeways and redevelopment, the real target was Southwest Washington. The redevelopment of Southwest Washington with bulldozers and wrecking crews and massive relocation of families was one of the most significant acts of the decade and the biggest renewal project ever undertaken in this city.

"Southwest was the obvious place to start," Roberts remembers. "I was through practically every block in that area. It was the goddamnest slum you ever saw. Sherman Adams [a White House aide to President Eisenhower] got interested and helped us get federal money for Southwest renewal."

Southwest, within sight of the Capitol, was a national as well as local embarrassment. By 1950 it was considered one of the worst neighborhoods in the country. The 560-acre area, bounded by South Capitol Street, the Anacostia River, the Washington Channel, and Independence Avenue, had once been a good, even fashionable neighborhood. It was one of the oldest sections of the District, second only to Georgetown.

Southwest was home for 23,500 people, 76 percent of them black. It had an average family income of less than $2,500 a year. It was estimated that 76 percent of the 5,000 homes there were substandard—70 percent had no central heating, 44 percent had no baths, 43 percent had outside toilets, 27 percent had an outside water supply, and 21 percent were without electricity.

Photographs of the slum, taken with the Capitol as a backdrop, drew world attention. With the demolishing of virtually every structure in the area, the city looked forward to a significantly upgraded area of apartments and townhouses, a theater and shopping center, and an array of new government office buildings with substantial parking space and some low-rental housing. A freeway also would slice through the area across the Washington Channel and Haines Point to connect with the inner loop and the Anacostia.

While the families who lived in the old Southwest were told they would be able to return to the improved area, the intention clearly was to build a development that would be attractive to middle- and upper-income people. If that happened, and it did, then the experience would show other investors and timid whites that close-in slums like Foggy Bottom and Capitol Hill could be redeveloped and renovated. These other two slum areas were obviously too close to the grand mausoleums of government for comfort. They were spared the massive demolition of Southwest, but they both were upgraded substantially. Blacks were—and on Capitol Hill still are—forced out with middle- and high-income whites moving into the refurbished Capitol Hill townhouse and the luxurious apartments around the Kennedy Center.

Roberts said the Post was responsible for getting Southwest redeveloped. It brought in the New York City developer William Zechendorf and his then unknown architect, I. M. Pei. Roberts went to New York to meet with Zeckendorf to talk him into taking an interest in the Southwest renewal idea as "a great challenge and a chance to make a national reputation." Pei later came up with some sketches and "lifted the sights to something dramatic."

Roberts said he still doesn't know what happened in the end to Southwest. "The basic idea was tremendous, an upgrading and a mixing of the races in a city within a city, even though the mossbacks in this town could see nothing but trouble, since this was the first time we were going to be dealing with an area where open housing would be required by law. There is a racial mixture there now and at least something got done."

But the promises to the Southwest families that they could return were never kept. There was very strong pressure to upgrade the area and the promises were forgotten when it was discovered that the renewal area was going to have appeal to upper- and middle-income whites.

"It was very evident from the beginning that only a small proportion of the people living in Southwest could ever return, neither the blacks nor the small businessmen, mostly white, who put up the most vociferous squawk," Roberts says. "There were exaggerated promises about returning, but the black population had very few people who would stand up. They were very submissive. It would be impossible to do such a thing today."

Although Southwest did not live up to its ideal, Roberts is annoyed with contemporary critics who romanticize Southwest. He said he argued with Post architecture writer Wolf Von Eckhard who complained that the mass demolition had destroyed some "lovely" old buldings. Roberts says, "I told Wolf he didn't know his ass from third base if he thought there was anything lovely about Southwest."

Dewey Hughes, a high school dropout who now is an Emmy-winning WRC-TV producer and director, grew up in the old Southwest. He and his family didn't want to leave. Southwest was home.

"There have been many times when I wish I was in the old Southwest community, walking the streets, seeing the men sitting on the steps and talking to the people you knew," Hughes says. "I long for the days of Southwest. It had a family atmosphere. You knew everyone. It was like a country. I didn't realize we were living in a slum.

"The neighborhood was rough," Hughes recalls. "There were a lot of Italians and a few Jews. We came in contact with each other but there were very few problems. We respected each other."

Perhaps the 37-year-old Hughes is simply nostaligically remembering the good things about his childhood and overlooking the negative parts of Southwest. But he was talking about a feeling of belonging, of community, that doesn't exist now. The contemporary Southwest resembles on oversized architect's planning model, interesting to study but not livable.

Hughes' parents and six children lived near 7th and D streets, where the Housing and Urban Development building now stands. His father worked at the nearby GSA building as a handyman. "One day they painted an 'X' on our house and we had to move," Hughes remembers. A number of other families he knew moved to the Southeast, "where another ghetto was forming," but the Hughes family settled in a neighborhood near Walter

Reed Army Hospital where Hughes still lives. Hughes remains bitter about being forced out of Southwest. "I refuse to move back there now. I resent what happened there. We were told we could move back, but a whole different class moved in. It all became very glamorous there."

James Banks, who was in charge of relocating the Southwest families and who lived for a while in the new Southwest, emphasized that the original proposal was for housing to accommodate families who lived there. "But when land went up for bid, Ralph Bush from Norfolk, Virginia, offered to pay more than $1 million for a parcel of land and he planned to build a luxury apartment building. We didn't know the place had that kind of appeal."

Even though Banks found the redeveloped Southwest cold and impersonal, he believes the old Southwest was a trap for the people who lived there. Once they were relocated, he argues, many were able to improve their lives.

The Redevolpment Land Agency, criticized over the relocation of the families, counters that a study done five years later showed that none of the families who moved out of Southwest was living in housing in need of major structural repair and that nearly [illegible]1 percent were in dwellings rated as being in good condition.

But in place of what was obviously an unsightly slum there now is a sanitized, unimaginative, and in its own way unsightly monotony of expensive townhouses and high-rise apartments. The Southwest freeway isolates it from the rest of the city and it has no feeling of neighborhood or community. It just exists as a kind of in-city suburb with its own very suburban-like shopping center and the kind of mindless restrictive zoning patterns that carefully isolate commercial from residential.

The streets are without people, without character. There is public housing, but it is relegated to east of 3rd Street and, although the new area is racially integrated, it isn't economically integrated and there is a reluctance on the part of both middle-class blacks and whites to send their children to public schools in the area. The proximity of the black public housing residents frightens the middle and upper income residents who complain that the area isn't safe for walking or shopping.

Very few people would argue it was a bad idea to raze the old Southwest slums, but there is general agreement that the new Southwest is an example of the wrong way to develop. This feeling is held by a number of people who were strong supporters of, and were deeply involved in, the Southwest redevelopment.

Constance McLaughlin Green, the Pulitizer Prize-winning Washington historian, reflects the contemporary attitude that the new Southwest is distasteful. "I wouldn't live there for anything," she says. Even though the old Southwest was "shabby and unsanitary," she adds, it had a neighborhood quality of life.

What no one has ever been able to accurately gauge is what effect the dislocation of many black families had on the city's tight housing problems by forcing blacks into already overcrowded Anacostia and Northeast neighborhoods, accelerating the deterioration there while spilling into areas whites were leaving behind, creating pressure on adjacent all-white areas.

William Press, now retired, who was executive officer of the Board of Trade for 30 years, believes that the pressure of those displaced Southwest black families forced an unnatural mobility throughout the city and domino-like, affected neighborhood after neighborhood, upsetting the balance in more and more schools and causing more and more whites to escape to the more stable suburbs.

The attractiveness of the suburbs as a desirable, convenient place to live was enhanced during this period by an all-out commitment to the automobile that was part of the passage of the 1956 Highway Act, which created the Highway Trust Fund. This pork barrel bonanza for highway engineers, contractors, and all the subsidiary interests created the powerful highway lobby and all but destroyed other forms of urban transportation.

With no existing rapid transit system to give a linear pattern to Washington's growth, plans were quickly adopted for extensive freeway construction, with the building of a highway circumventing the city given special attention.

The decision to build the 55-mile Capital Beltway was one of the most important decisions made during the 1950s. It opened large areas to development and while it promoted further sprawl and expansion it also had the surprising effect of drawing the metropolitan area closer together.

First discussed as far back as the 1920s as a way to route non-downtown traffic around the city, the new federal money made it a possibility and construction began on a segment basis lasting into the 1960s. Almost immediately, the Beltway became far more than a DC bypass. The traffic levels predicted for ten years after completion were reached the first year. The Beltway became Washington's Main Street.

In Prince George's and Fairfax counties, the land by the Beltway was vacant when construction began, but by 1966 it had quickly filled with subdivisions, apartments, shopping centers, and industrial buildings.

Jack Eisen, who has covered transportation for the *Post* for more than 20 years, explained that in its negative way the Beltway "sucked the guts out of the center city, especially in the warehousing industry. Previously the most accessible area was the city; now any point on the Beltway is most accessible."

Eisen said the Ardwick-Ardmore area is an example of a major concentration of wholesaling and warehousing operations that grew up because of excellent rail connections and access to the Beltway and the John Hansen Highway.

In addition to being a Main Street for wholesaling and commerce—the Beltway was responsible for super shopping centers like Tyson's Corner and Montgomery Mall—it pulled Washington into a community. The Washington Center for Metropolitan Studies said in 1972 that the "real city" of Washington extended to the Beltway.

Equally important, Eisen added, the Beltway gave some counties a sense of community. He explained that for the first time it tied together north and south Prince George's County and east, central, and west Fairfax County and became a Main Street for each of those counties too.

Eisen remembered buying a house 20 years ago in the Mount Vernon area south of Alexandria and having to drive across the county to Springfield to "close" on the house. "The trip was long and torturous. There was no easy way to get there. That is why the Mount Vernon area had traditionally felt a closer relationship with Alexandria and the District."

The extensive freeway system and the improvement of area highways—Shirley Highway, for example, had not extended beyond Route 7 until the late 1950s—opened up development in areas that never before were accessible. The Beltway made Dulles International Airport possible and gave new-town developers like Reston's Robert E. Simon and Columbia's James Rouse an opportunity to build their planned communities in undeveloped areas where it was possible to acquire the extensive acreage they needed.

And, most importantly for the average Washingtonian, it meant greater flexibility of living and working. A man living in Falls Church could now take a job in Rockville or Springfield and have a reasonable commuting time. A man in Bethesda could attend a function in Alexandria without spending as much time on the road as on a trip to Baltimore. Or a man could decide to live in Annapolis and commute to almost anywhere in the Washington area.

So in dramatically changing the area's living and development patterns, the Beltway had the effect of giving Washington a regional sense of identity.

The question of self-identity is a problem in any community that is mobile or has grown very rapidly. But in Washington, the identity problem is more confused by the federal presence and the related glamor and national attention. Almost since the first government officials moved into the new capital city under construction in the spring of 1800, identity has been a problem. Because so many people have come here from somewhere else to work, many only "temporarily," the feeling of "just passing through" persists. People who have lived here for 20 years or more still think of themselves as being from Milwaukee or New Orleans.

It is not unusual for many older Washingtonians who were living in Washington in the 1940s and 1950s, before city residents could even vote for the Presidency, to have the feeling of home being somewhere else.

Charles Smith is 71. He is retired, now living in a one-bedroom apartment in the Alban Towers at Massachusetts and Wisconsin avenues. Standing in the apartment building's laundry room, the tall, slender man with the white mane of a poet talked about St. Louis, his home town, and how a brother talked him into coming to Washington.

He talked about how he worked for the Patent Office, from which he retired seven years ago. St. Louis was such a dominating part of his conversation, though, that the fact that he had been living in Washington for more than 50 years came as a surprise.

"I haven't been back to St. Louis in years," he said. "I'd never consider moving back there. My wife is dead any my children live in the suburbs. I guess I never gave being a Washingtonian much thought. I identified with St. Louis for so long because we couldn't vote in the District and kept a voting residence in Missouri. I guess it became a habit."

Even though Washington residents have been able to vote in the Presidential elections since 1960 and voted for their own mayor and city council last fall, the lack of an elected city government in the District for so long still contributes to Washington's transient self-image.

The District just doesn't have the same relationship central cities like Philadelphia, Boston, or Chicago have with their surrounding suburbs. Unlike any other central city, the District has existed as an entity unto itself, with fixed geographic boundaries, controlled by the President and Congress and with no political influence beyond the city line. Until the post World War II years of rapid sprawling growth, there wasn't enough suburban development to raise much concern about relationships between DC and the nearby Maryland and Virginia communities.

But the District now has self-government and there is a growing areawide recognition that all jurisdictons share problems and interests. Crime, air and water pollution, traffic congestion, inflation, soaring educational expenses, housing shortages, strained sewer, capacities, transit deficits, revenue shortages, and unplanned development are not confined to the District. We all share these problems, and this realization will dominate decisions made during the coming decade.

The 1950s were an important period for Washington because they represent a time of rapid growth and expansion, a time when every aspect of life here was altered. Everything occurred so rapidly that there was only time to react a little and grow some more. But now that the boom period is ending, the metropolitan area has the opportunity and the time to evaluate the previous two decades and set new goals based on a regional awareness. We are growing into a mature city, from Gaithersburg to Manassas, from Leesburg to Annapolis.

WORLD LAW CONFERENCE, WASHINGTON, D.C.

Mr. GOLDWATER. Mr. President, the U.S. World Peace Through Law Center recently hosted the Seventh Conference on Law and the World. The Conference, which met at Washington, D.C., from October 12 to 17, is a gathering of judges, lawyers, law professors, and law students who represent nearly all civilized areas of the globe and whose aims are focused on the age-old ideal of the great lawgivers of history, the search for world order with justice. This dream—and it is openly recognized as being a goal which will require decades of continued work to achieve—is to create and maintain a peaceful order internationally, an order which will provide growth and progress for mankind.

Mr. President, as I understand it, the quest of lawyers for the rule of law within and among nations is a search for balance in the practices of international life, so that the reliance on force in world affairs will at least be matched by a concentration on law. In the view of many leaders of the legal profession, the growing interdependence of peoples and nations, including advances of technology and science which have shrunken travel times and achieved instantaneous telecommunications, has created a new reality in which world order and peace is no longer impossible, but is, in fact, a credible objective of the future.

Mr. President, the driving force of the World Law Conference is Charles S. Rhyne, president of the World Peace Through Law Center, whose achievements in the legal profession and as an author are extensive and well known. I will merely state now that in addition to his functions with the center, his law practice is both national and international, he has served as a past president of the American Bar Association, and he has written or edited at least 12 books on the law, including an extensive volume, "International Law," in which he compiles the history and current status of international law and the agencies which create it.

Mr. President, while I did not attend the Conference in person, I did ask my legal counsel to participate on my behalf and to prepare a report for me of the proceedings. This he has done, and I am pleased to state that his conclusions are quite favorable.

For example, it is impressive that almost 5,000 judges, lawyers, law professors, and law students from 131 different countries attended the Conference. The Conference was in fact international in operation, as well as attendance, in that the official languages of all sessions were in three languages, English, French, and Spanish. Simultaneous interpretation was provided for participants by the use of headsets.

The subjects of the Conference were well worth listening to. Working panel sessions were devoted to international trade; the role of multinational companies; law and reform of the international monetary system; nuclear assistance agreements; the law of the sea; the utility—or the lack of it—of the United Nations; international terrorism; computers and the law; and international environment law.

As might be expected of a gathering of lawyers, there was a calm and rational analysis of these and other international problems, with free questioning allowed of panelists and speakers. The agenda was not only interesting, but well-organized, with debates limited to a reasonable time for each participant who wished to speak and run according to careful ground rules by which comments on partisan politics and diatribes against particular governments were out of order.

Mr. President, I congratulate Charles Rhyne and the lawyers, jurists and students who were collectively gathered at the Seventh World Law Conference upon a successful and useful meeting. These lawyers were doing what is the highest calling of the legal profession, advocating order within a legal system with justice. In the words of one speaker, this was a Conference on world peace with order, not a Conference on world anarchy through lawlessness. And, as the great American law-giver, John Marshall, once said, it is the service and purpose of lawyers and judges "to execute the laws in a peaceable, orderly manner, without shedding blood, or creating a contest, or availing yourselves of force."

Mr. President, we can see this basic meaning of the legal profession by recalling men who were prominent in the founding of our country. Individuals such as Thomas Jefferson, James Madison, James Wilson, Alexander Hamilton, John Adams, Patrick Henry, John Jay, John Dickinson, and George Wythe, were lawyers, one and all. They were lawyers with an understanding of the need for order through a legal system, instead of living by a system of brute force. Thus, one of the fundamental principles handed down by our greatest patriots is the idea that individuals and nations, even those nations with an enormous territory and population, should and can govern themselves by just laws.

Mr. President, as our Founding Fathers were part of the attempt by mankind to develop a life governed by just laws, so the lawyers and jurists who participated in the Seventh World Law Conference are continuing the search for a better life by the rule of law, and I both commend the participants on their undertaking and wish that their vision may someday be fulfilled.

Like John Marshall, I believe that experience has proven that nothing short of an adequate system of defense, "will secure to our country a rational prospect of escaping the calamities of war or national degradation." But also like Marshall, I know that only if the means of defense is accompanied by acceptance of the rule of law will we be assured that the dearest attributes of freedom, our life, liberty and property, will be protected for ourselves, our children and their children's children.

Mr. President, I ask unanimous consent that a general Declaration of World Interdependence unanimously adopted at the World Law Conference be printed in the RECORD.

There being no objection, the declaration was order to be printed in the RECORD, as follows:

WASHINGTON DECLARATION OF WORLD INTERDEPENDENCE ADOPTED AT WORLD LAW CONFERENCE, OCTOBER 17, 1975

Once again the World Peace Through Law Center, in its Seventh Conference at Washington, has afforded the forum for members of the world legal profession to contribute to world peace through the further extension of the acceptance of the rule of law for the solution of problems facing the international community.

The Conference dealt not only with new problems facing the world community, but, unfortunately, had again to deal with many of the same problems considered in previous sessions. International apathy regarding such problems has led not only to their persistence but also to their aggravation. The continued denial of human rights, the aggravated refugee problem, the disparity of economic development, and the increasingly growing national arsenals of destruction with consequent waste of resources, can only lead to further international tension detrimental to the cause of peace.

Despite these discouraging aspects of the international scene, the world legal profession, acting through the Conference, continued its efforts to ensure peace with justice for all under the law. With that goal in mind, and spurred on by the striking words in the address of Sir Philip Noel-Baker that, "Nothing endures unless it is founded on the Rule of Law", the Conference paid special attention in its working sessions to the implementation of various international legal concepts and instruments affecting the world community. The Conference adopted resolutions not only calling universal attention to the urgent need for progressive development and implementation of international law, but also establishing continuing programs of action in this regard by the World Peace Through Law Center. Illustrative of this were resolutions creating a Standing Committee on the Rights of Women, and a program of promotion and dissemination of information on women's rights; a Standing Committee on Legal Services to the Poor, and a program of promotion of legal services to individuals and societal groups; and a Commission on Problems on International Law Underlying Improvement of Health Services for the Poor in Developing Countries.

Since one of the primary means of ensuring the proper observance of the rule of law is the presence of a court that can consider and decide upon disputes affecting international peace, the Conference directed its attention to the International Court of Justice and adopted proposals for strengthening the international judicial machinery. Problems for international security posed by the spread of nuclear weaponry and technology and by terrorism were the subjects of Conference resolutions calling for effective international action. Realizing, further, the interdependence of implementation of rules of international law and achievement of international justice in the management of natural resources, the Conference adopted resolutions on food production and distribution, the 1976 Conference on the Law of the Sea, and pollution of the seas and the stratosphere.

The problem of refugee populations continues to pose a dramatic challenge to the implementation of human rights and a serious threat to maintenance of international peace and security. The Conference approved a comprehensive program of assistance, calling for accession and adherence to the 1959 European Agreement on the Abolition of Visas for Refugees and other international agreements benefiting refugees; urging governments to afford to refugees all rights ununder international and domestic law, and advocating the principle of international solidarity in facilitating voluntary repatriation of refugees and sharing burdens of refugee support and settlement. The problem of implementation of human rights has moved to center stage in international concern. This Conference approved many resolutions concerning various aspects of human rights, including the prevention of torture and inhuman punishment, the treatment of prisoners, the granting of diplomatic and territorial asylum to those subjected to the threat of persecution, the reunion of families, and the freedom of international movement of individuals.

Mindful that mankind now stands at an historic crossroad, confronted both with great problems and with great opportunities, and mindful that even as the Conference meets, our host country prepares to celebrate the decision two hundred years ago by thirteen small colonies that they were truly interdependent in their struggle for self-determination, the Seventh World Peace Through Law Conference now issues this.

DECLARATION OF WORLD INTERDEPENDENCE

Humanity shares this planet Earth in a social system of States and other groups; a social system marked not by exclusive independence, but by interdependence: interdependence in security, in economic development, in management of natural resources—interdependence in all acts taken to secure those values sought by human society.

In recent decades, governments have begun to recognize this ever increasing interdependence by accelerated development of international law and institutions promoting the common interests of our world community and seeking world peace through law.

Nevertheless, major problems continue that drastically hinder all peoples in their common goal of "life, liberty and the pursuit of happiness". Although mankind has developed a technology that opens news vistas for all, human society to date has failed sufficiently to recognize the intensity of interdependence and to create the necessary institutions to coordinate cooperation in eradicating its common problems.

Therefore, this Conference declares—

1. That all peoples and their governments are now and forever inextricably intertwined in their pursuit of human values; in their search through time and space for the meaning, the goal of human existence;

2. That mankind is an indivisible entity—if any person hungers or thirsts or knows any want of well-being, we all know want; if any person suffers deprivation of human rights, we all suffer and are jointly diminished in our human dignity;

3. That the time has come for all peoples and governments to acknowledge fully our global interdependence by crossing that fundamental threshold from national competition to international cooperation, from parochialism to universality;

4. That the members of the world legal profession, having a central role in the enforcement of the rule of law, are under special obligation to enlighten public opinion and to influence decision makers as to the constructive role of law in dealing with international problems, and

5. That we, the members of this Conference, do hereby in the cause of world peace through law pledge our lives, our fortunes, and our sacred honor.

STATEMENT BY SENATOR JOHN V. TUNNEY BEFORE THE COMMITTEE ON EDUCATION, INFORMATION AND CULTURAL AFFAIRS OF THE NORTH ATLANTIC ASSEMBLY

Mr. CRANSTON. Mr. President, 4 weeks ago my distinguished colleague and friend Senator TUNNEY prepared a statement for delivery before the committee which he chairs under the auspices of the North Atlantic Assembly. Senator TUNNEY's committee has the primary responsibility in the Assembly for oversight of human rights issues and particularly for followup investigation of the agreement concluding the Conference on Security and Cooperation in Europe.

While Senator TUNNEY himself was unable to attend this year's meeting of the Assembly in Copenhagen, his speech on the subject of the Helsinki agreement was delivered by a representative to the Education, Information and Cultural Affairs Committee. Because I think it presents succinctly both the dangers and the opportunities arising out of the accord reached at the Helsinki summit I ask unanimous consent that Senator TUNNEY's statement be printed in the RECORD, together with a resolution adopted by the full Assembly based upon Senator TUNNEY's speech.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Less than 2 months ago in an atmosphere of high expectations and exuberance, the Heads of State of 35 nations gathered together in Helsinki to sign an accord which was the culmination of almost 3 years of tedious negotiation. I refer, of course, to the results of the Conference on Security and Cooperation in Europe.

Since last August 1, the controversy over that accord seems to have grown rather than diminished. On the one side are critics who suggest that the negotiations represent a diplomatic coup for the Soviet Union and its allies, the movers of the conference who have eagerly sought recognition of the geopolitical status quo in Europe for thirty years. According to this school of thought, "basket one" of the agreement relating to security issues amounts to no more than a blanket endorsement of Soviet control over Eastern Europe, and particularly the Soviet annexation of the Baltic States.

George Ball, a former Under-Secretary of State of the United States and close friend of mine, recently called the accord "a triumph for Brezhnev and a defeat for the West." He went on to say that the summit conviviality will accomplish only the purpose for which Moscow conceived it, that is, it will reinforce the wishful fantasies of many supporters of detente who earnestly want to believe that the Soviet Union has changed so dramatically that the West can now just relax.

On the other side of the debate are the optimists who believe that baskets two and three dealing with economic relations, Human Rights and the freer flow of information, represent a fundamental breakthrough in easing Soviet repression. According to them, their signatures upon this document will force the Soviet Union to reduce restrictions on travel, communications, and individual freedom. It will deter another Czechoslovakia and eventually even crumble the fabric of the Warsaw Pact itself as Moscow's allies become increasingly less dependent on their Soviet brethren.

What the optimists emphasize, then, are the undertakings to make it easier to unite families, facilitate family visits and marriages between citizens of different countries, let more newspapers circulate, and so on. They stress the differences between public Soviet pronouncements on human rights provisions at the outset of the Conference and ones at the end. And they point to previous expectations: Secretary of State Henry Kissinger is quoted as saying that the Soviet Union had paid a price several times that which had been originally demanded in return for the agreement.

What is the right answer? Does the Helsinki understanding amount to a plus or a minus for the Western allies? Is George Ball right when he says that baskets two and three of the accord are so general as to portend only miniscule holes in the Iron Curtain?

I think the only thing we can say with any degree of certainty is that it will be some time before we really know. So much depends upon the inscrutable intentions of Soviet leaders. We do know now that some of the early signs are not encouraging. Mr. Brezhnev's speech at the concluding session of the Conference stressed security provisions even to the exclusion of the other elements. And Gregory Arbatov, director of the USA Institute in Moscow addressing the subject of free exchange of information said, "If anyone regards the provisions of the document as a pledge to open wide the doors for anti-Soviet, subversive propaganda of materials preaching violence and stirring up national and racial strife . . . this is a profound delusion." Other Soviet spokesmen have suggested that while the Soviet Union will abide by all provisions of the accord, baskets two and three must await further negotiation.

I don't mean to sound overly pessimistic, however. I think we can afford to withhold our condemnation of Soviet non-compliance for the time being. In recent days there have been some positive developments. The Soviets, for example, have agreed to give multiple entrance and exit visas to some American correspondents in return for similar treatment of Soviet reporters in the United States. This was an item that was specifically referred to in the Helsinki discussions.

In short, I will be watching Russian performance very closely over the next few months as I am sure you all will. My own experience in dealing with the Soviets on the issue of human rights and communication has been checkered. While I have been a support detente, I felt this it could not be diclearly aware of that—I personally have had a difficult time in evoking a response from the Soviet government on these issues. Over the past few months my office has approached the Soviet Embassy in Washington a half a dozen times with specific requests for information or assistance in reuniting families. In one instance I stated clearly to the Soviet Ambassador that while I did support detente, I felt this it could not be divorced from issues of fundamental human rights. I have never received an official reply to my inquiries.

I think that we here on the Committee have an excellent guide for assessing the impact of the Helsinki accord on issues with which we are particularly concerned. Over the last few weeks I have gone over the work of the Subcommittee on the Free Flow of Information with great interest. I think the members of that Committee, and especially the Rapporteur, our own Mr. Ruggero Orlando of Italy, are to be commended for the excellent job they did in synthesizing for us the essence of the major concerns and issues growing out of Helsinki.

Because those areas for which the Western nations fought the hardest in Helsinki are precisely the areas for which this Committee has responsibility in the Assembly—human rights, the free flow of information and ideas and cultural exchange—I think we have a particular duty to closely monitor the performance of the terms of the agreement with an eye to the review conference in Belgrade in 1977.

In the first place, I think it is up to this Committee to state clearly for the record that it is our interpretation that all parts of the agreement are to be given equal weight—as is forthrightly stated in basket one. Secondly, I think we must convey to the Soviet Union and her allies our determination to see that the agreement is not implemented in a piecemeal fashion, but that undertakings to liberalize information flows and human contacts must begin now.

Finally, and most important of all, as representatives of our member governments we must convince our Warsaw Pact counterparts of the seriousness with which we view the provisions contained in baskets two and three of the document.

The next six months should tell whether or not Mr. Ball was correct when he said in reference to Helsinki that "detente had become more of an obsession than a policy." As Mr. Orlando has pointed out, "It is admirable and desirable that the two major blocks, aided by the neutral and non-aligned countries of Europe, can agree on mutual cooperation and express pages of good intentions and good will . . ., but the real litmus test of detente will ultimately depend on what happens to the people."

It is my hope and belief that this Committee can take a position of leadership in the quest for compliance with the Helsinki understanding.

NORTH ATLANTIC ASSEMBLY: DRAFT RESOLUTION ON THE CONFERENCE ON SECURITY AND COOPERATION IN EUROPE

(Presented by Subcommittee on the Free Flow of Information of the Committee on Education, Information and Cultural Affairs.)

The Assembly,

Supporting the steps taken towards detente by the signing of the Helsinki Agreement on security and cooperation in Europe;

Noting the importance of the Third Basket issues in the Agreement relating to the movement of people and the flow of information between East and West;

Mindful of the decision of the Assembly's Sub-Committee on the Free Flow of Information to study the execution of the Third Basket agreements;

Urges member governments of the North Atlantic Alliance:

to proceed as rapidly as possible to conclude the agreements necessary to carry out the Helsinki accord;

to emphasize to the governments of the Soviet Union and other Warsaw Treaty powers the importance of the freer movement of people and information to achieving a genuine detente;

to monitor carefully the implementation of the Helsinki Agreement so that a detailed accounting may be presented to the follow-up conference, in Belgrade, in June 1977.

REESTABLISH THE PONY EXPRESS?

Mr. DOLE. Mr. President, I know that my colleagues in the Senate are aware of growing discontent with mail service in this country as expressed by private citizens, particularly those in rural areas. Alarmed by rising postage costs, delays in mail delivery, the closing of small rural post offices, and other periodic irritants, our constituents are registering dissatisfaction with postal policies at an almost unprecedented level. The current attention within both houses of Congress to legislative remedies for postal problems reflects a growing feeling, I think, that Congress has a responsibility to the people of this country to help resolve some of the problems that postal service officials have been unable, or unwilling to resolve themselves.

Not too long ago, I introduced the Private Individuals' Postal Rate Relief Act of 1975—S. 2426—designed to insure that postage rates for individual citizens do not rise above the current 10 cents level. Since then, the bill has received bipartisan support from cosponsors representing the geographic span of this Nation, and letters in support of the legislation have come to my office from more than 20 States. This interest, I believe, reflects well-founded concern among a majority of private citizens about the never-ending increase in rates for first-class postage stamps.

Citizens are suggesting a number of methods by which Congress might contribute to the efficiency and the economy of mail service operations. Some believe that Congress should resume full control over postal management and policies, while others believe that elimination of a Government "monopoly" over postal service through repeal of the private express statutes would introduce a healthy system of competition for prices and service.

But by far the most interesting, and thought-provoking recommendation I have yet received arrived last week from Stockton, Kans. Fifty residents of this small rural community in the northwestern section of my home State addressed a petition to Congressman Keith Sebelius and myself in support of "reestablishing the pony express," as a means of improving our nationwide postal system. I believe that the sincerity of the suggestion, and the underlying feeling of frustration that motivated it, deserve the attention of all Members of the U.S. Senate. We would do well to heed the message as we study proposals to improve the mail service in the months ahead.

Mr. President, I ask unanimous consent that the full text of the petition be printed in the Record.

There being no objection, the petition was ordered to be printed in the Record, as follows:

PETITION

To the Honorable Robert Dole, U.S. Senator from Kansas, and the Honorable Keith G. Sebelius, U.S. Representative from the First District of Kansas:

Whereas, the United States Postal Service has developed into nothing more than a big joke, and we note that there is a movement to close the Third and Fourth Class Postoffices in the country, and for no more service than we get through these Postoffices, it is probably just as well that they be closed. And

Whereas, it appears that a raise of postal rates and salaries of postal employees is about to be bestowed upon us. And

Whereas, from past experience with each raise in postal rates and postal employees' salaries, there has been a deterioration in the postal service, and we are fearful that upon installation of the presently proposed raise, the service will deteriorate to nothing.

Now therefore, we the undersigned residents of the City of Stockton, Kansas, and surrounding community, hereby petition you to forthwith introduce legislation in the Congress of the United States, for the purpose of re-establishing the Pony Express, which in our humble opinion would speed up the present postal service and at least deliver our Sunday Edition of the Topeka Daily Capital on Monday instead of on Tuesday. Your efforts in this matter will be greatly appreciated.

FEAR ON TRIAL

Mr. PROXMIRE. Mr. President, CBS offered the Nation's viewers a stirring and significant television drama the evening of October 2, 1975. Entitled "Fear on Trial," this 2-hour program told the story of John Henry Faulk, a television and radio performer of the 1950's whose career was almost destroyed by blacklisting.

Faulk was only one of many performers during that period to be charged with pro-Communist leanings. His accusers—Aware, Inc., Lawrence Johnson, and Vincent Hartnett—used McCarthyite tactics to tag Mr. Faulk as a Red sympathizer. Unfounded accusations and damaging innuendos were the major methods of these self-styled super-patriots.

Many decent Americans—totally innocent of any wrong-doing—had their careers ruined by similar charges. But Mr. Faulk, who lost his job with CBS in the wake of the pro-Communist allegations levied against him, stood his ground. After a long struggle, he won a $3.5 million libel suit against his accusers and thus helped bury the despicable practice of blacklisting.

Mr. President, CBS deserves high praise for presenting "Fear on Trial" to the American people. The network showed courage and a commendable capacity for self-criticism by airing this show. It was CBS, after all, that fired the beleaguered Mr. Faulk in the 1950's.

But beyond that, "Fear on Trial" reminds us all once again of one of the darkest periods in American history. In the 1950's the evils of McCarthyism—and McCarthyite tactics—threatened to undermine the very foundations of our democratic form of government. We must never permit a similar era of shame to recur.

Because "Fear on Trial" graphically conveys the effects and excesses of McCarthyite tactics, I believe it vital to preserve the text of this highly important presentation. For that reason, I ask unanimous consent that the program script be printed in the Record.

There being no objection, the program script was ordered to be printed in the Record, as follows:

GEORGE C. SCOTT, WILLIAM DEVANE, IN FEAR ON TRIAL

Starring: Dorothy Tristan, William Redfield, Milt Kogan, Allan Miller, John Lehne, Ben Piazza, John Harkins, John McMartin, Paul Hecht, and Lois Nettleton as Nan Claybourne.

Executive producers—Alan Landsburg—Laurence D. Savadove.

Produced by Stanley Chase.

Written for television by David Rintels.

Based on a book by John Henry Faulk.

Directed by Lamont Johnson.

George C. Scott. In America in the Nineteen Fifty's, the time of McCarthyism, when an unsubstantiated charge that a man was a Communist meant that a CBS broadcaster could be driven off the air and deprived of his right to earn a living, or even to live . . .

George C. Scott's Voice. . . . one man, John Henry Faulk, fought back against the same climate of fear, which had caused teachers to be fired from schools, ministers, government workers from their jobs.

George C. Scott's Voice. Against that fear, which for ten long years, had turned American against American.

Faulk's Voice. Hearthstone. That is a rare old bread, too.

Tastes more than fine with just about anything.

Faulk's Voice. Plain salt butter. Lingoberry jam . . . with a double dip o' peach preserves. M'mm'mmm.

Faulk's Voice. I sure do miss my Aunt Ethel's preserves. Aunt Ethel always was the best cook and canner in the family.

Faulk's Voice. Maybe even in East Texas. I never could figure out how come, with a wife who cooked like Aunt Ethel, Uncle Harold was so thin.

He was so thin he only had one side.

Faulk's Voice. And I remember seein' him with his tongue stuck out. I forget exactly who he was mad at, one o' the hired hands more'n likely. Ralph, I would say, he probably milked the cows with cold hands.

Faulk's Voice. Though (laughing) why Uncle Harold should be mad at that, I don't rightly know.

Faulk. The cow, Old Bessie, now, I can understand that, anyway, there was Uncle Harold with his tongue stuck out, and his shadow lookin' like a zipper, Uncle Harold was that thin.

They tell me that does it for another afternoon, friends and neighbors.

Faulk (off). And stay tuned now for Dallas Townsend and the . . .

Faulk. . . . CBS six o'clock news.

Faulk (off). Until tomorrow then, good afternoon from Johnny's Front Porch.

Faulk. Take care o' yourselves and one another and have a good night.

Engineer (off). Good, how, John Henry.

Faulk. That's all she wrote.

Dickler (off). You can't slicker us city folks. Nobody wrote that.

Dickler. Leastways no woman.

Faulk. You ever heerd o' Shakespeare?

Dickler. Yeah.

Faulk. You ever knowed he had a girlfriend?

Faulk (off). And a good ol' country gal, too.

Faulk. Wrote as good as Will hisself and that's a damn fact!

Dickler. I never knew that.

Faulk. Sure. Frances Bacon was her . . .

Faulk (off). . . . name.

Dickler. Ooooh!

Dickler. (Laughing.)

Faulk. Hell, folks around Stratford called her Fran for short.

Faulk. Good night!

Voice (off—over TV). (muttering not distinct continues behind following dialogue)

Dickler. You're gettin' to be a big man in your union, Johnny. Vice President of AFTRA? Time we got you a raise.

Faulk. That makes the second Vice President from Texas since John Nance Garner. Good night, Dennis.

Who you recall said bein' Vice President weren't worth a bucket o' warm spit . . . or somethin' like that.

We Texas boys sure have a way with words.

Eddie. Murrow's lettin' McCarthy have it.

McCarthy (off—over TV). (overlapping above and continues behind following speech) (muttering not distinct) I perform this unpleasant . . .

McCarthy (on TV). . . . because the American people are entitled to have the (not distinct) . . . documented history. Now this man says, "I want to be your President" . . .

(off) (over TV) . . . (laughing) but, strangely . . .

(on) . . . Alger I mean, Adlai . . .

Crowd (off—over TV). (laughing.)

McCarthy (laughing.)

Crowd (off—over TV). (Laughing.)

Murrow. As a nation we have come into our full inheritance at a tender age. We proclaim ourselves, as indeed we are, the defenders of freedom, wherever it continues to exist in the world.

Murrow (off—over TV). But we cannot defend freedom abroad by deserting it at home.

Murrow (on TV). The actions of the junior Senator from Wisconsin have caused alarm and dismay amongst our allies abroad and given considerable comfort to our enemies. And whose fault is that?

Murrow (off—over TV). Not really his. He didn't create this situation of fear, he merely exploited it.

Murrow. And rather successfully. Cassius was right, "The fault, dear Brutus, is not in our stars, but in ourselves." Good night and good luck.

Group. (Chatter not distinct continues behind following dialogue and scenes.)

Faulk. Good on Ed. Good on Ed. I hope every creature in God's green earth gets to see this. Good on Ed! Good for CBS for lettin' him do it.

Woman's Voice. John Henry?

Woman. Are you John Henry Faulk?

Faulk. Yes, ma'am, I surely am.

Theatre Crowd. (Chatter not distinct overlapping above and continues behind following dialogue and scenes.)

Woman. Isn't that wonderful?

Second Woman. Can you tell us how Aunt Ethel and Uncle Harold are?

Faulk. Well, they're kickin' but not too high.

Women. (Laughing.)

Woman. I, I, I hope you don't think I'm being silly, but . . .

Faulk. Oh, well, bless your heart. O' cours I will, darlin'. Well, what are you lovely ladies' names?

Woman. Oh, I'm Grace . . .

Faulk. Grace.

Woman (overlapping above speech.) . . . and this is Ada.

Second Woman. There's something we're just dying to ask you, John Henry.

Faulk. What's that, Ada

Second Woman. Those relatives that you say you have back home . . .

Faulk. Everyone of them's as genuine as you are.

Second Woman. Oh.

Faulk (off). You don't think I could make up people like that, now, do yuh?

Second Woman. Oh, no, no.

Woman (overlapping above speech). M'm'm.

Faulk. There yuh go and bless your heart. And I also thank you very much.

Second Woman. Oh.

Woman. Thank you.

Faulk. Have a good evenin' now. 'Bye-'bye.

Woman. 'Bye, 'bye.

Faulk. Thank you.

Excuse me.

Here you go, girls.

Anne. Well, I've been hearing about your trip to Jamaica.

Faulk. Ain't it wonderful? I've owed this for eight years. Now there's a patient and kindly soul for yuh.

Lara. (Laughing.)

Faulk. First, there's mud in your eye.

Voice. Curtain going up.

Faulk. Well, they certainly don't give you much time for drinkin' in this here saloon, do they?

Lara. Let's chug-a-lug. Let's take it with us.

Herb.

Faulk. Hey, Herb, you'll be excused if you don't drink any of this here, uh, colored sugar water, Herb.

Herb. Somebody said that they heard Phil Loeb killed himself tonight.

Man (off—over TV). Rain continues over this Labor Day weekend. Another unfortunate record will be set in fatalities.

Second Man (off—over TV). Next on the WCBS late news, Carol Rice and the weather followed by Don and the wrap-up story.

Carol (off—over TV). Hi, there. How are you this evening? It's a beautiful evening. Nice and balmy and summer-like. Our temperature right now is seventy-one degrees, four degrees cooler (continues behind following diagogue—not distinct) than it was last night. Today's high, seventy-eight, the low sixty-seven. A (not distinct) . . . and our winds are from the Northwest (not distinct). Tonight the official forecast is for partly cloudy skies but mostly fair temperatures (not distinct) . . . in the mid-sixties excepting the upper fifties in the suburbs. The official forecast for tomorrow, uh, let's see, mostly fair again, a little cooler, and the high of sixty-five to seventy. That's our weather picture this evening and now for more news here's Don.

Faulk. They're down to the damn weather report and they still haven't mentioned Phil Loeb.

Lara. I only remember him from the Goldberg series. He seemed like such a nice man. Was he a friend of yours? I wonder why he did it?

Faulk. Because they wouldn't let him work. Because they wouldn't let him be.

Lara. Who? Who wouldn't? What do you mean?

Faulk. They called him a Communist.

Lara. Well, was he?

Don (off—over TV). (Overlapping above and continues behind following dialogue.) Our final story this evening, Egypt's Premier Nasser announced that his government will nationalize the Suez Canal now operated by the (not distinct) Egyptian Holding Company and use the revenue they get now to build the big Aswan Dam on the Nile.

Faulk. I don't know.

Don (off—over TV). He also revealed that his original Arms Deal with the Communists was made with Russia and not. . . .

Lara. I hate politics.

(Phone ringing.)

Faulk. Hello, Hi, Val. No, no, no, we just got up. No, gettin' the kids ready for school an' things. What's doin'? No, sir, what'd they say?

Faulk. No, I don't think I'd better comment on it right yet, if you don't mind.

I say (laughing) awful dumb things when I get mad.

Faulk (off). Okay?

Faulk. Yeah. And thanks for callin' again, uh, Val. No, no, I'm fine. Fine. 'Bye now.

Lara. Who was that?

Faulk. That was Val Adams o' the New York Times.

Lara. What'd he say?

Faulk. Some guys have put out this thing, uh, pamphlet, a bulletin, with a lot o' things in it, callin' me a Communist.

Hopp. Well, it's a helluva thing, isn't it? You run for office in AFTRA against the blacklisters and then they put out this thing on you.

H'h, that's neat.

Faulk. Hell, you gotta read the thing three times before you see that they don't have the sand t' actually come out and say I am a Communist. They just kind o' tippie-toe around and they say, "Well, he walks like a duck and he talks like a duck and he swims like a duck, so why don't we just kinda carve him up like a duck?"

Hopp. Yeah, well, most o' the things they've got in here that they claim you did are from eight and ten years ago. Well, couldn't they at least find some current subversion to charge....

Hopp (off). . . . you with?

Faulk. I guess not.

But I wanted you to see it, Stan.

Hopp. M'hm.

Faulk. Now if there's anythin' in there that CBS wants me to explain, I'd be glad to do it. You got a right to know what's true and false about it.

Hopp. John, I wouldn't even pay that much attention to this thing. I mean, hell, it's just a lotta hogwash! You've been with us five years and personally I don't think anybody pays the slightest attention to these . . . damn fools!

Faulk. Well, Phil Loeb did.

Hopp. Yeah. Wasn't that lousy?

Hopp. And I hated to hear that. It was such a tragedy, just. . . .

Hopp (sighing). Well, Johnny, you got nothin' to worry about, mah boy. I mean, maybe give it to Art, you know, so he's acquainted with it, in case anybody calls and if he wants to talk to me any further about it, that's fine, too.

Faulk. Okay. Thanks, Stan.

Hopp (in Spanish). Da nada. (Translated: It's nothing.) It's nothing. Hey . . . How's that beautiful wife o' yours? Helen keeps saying, "When are we gonna get together again"?

Rink Crowd (off and on) (chatter not distinct continues behind following scenes and dialogue.)

Lara. Is that all he said?

Faulk. Pretty much.

Lara. Then if CBS is not worried about it, why are you?

Faulk. Well, I am.

Faulk (off). Honey, . . .

Lara. . . . Two guys nobody ever heard of call you a Communist.

Lara. Who are these guys?

Faulk. Johnson's a right-wing from Syracuse.

Faulk. Owns some super markets. Hartnett is a . . . I don't know, some kind o' researcher.

Faulk. Supposin' they're a couple o' vigilantes?

Lara. Who listens to them?

Faulk. Everybody.

Lara. CBS?

Faulk. Everybody!

Faulk. CBS, NBC, ABC, agencies, sponsors, production companies!

Lara (overlapping above speech). A grocer from Syracuse and a researcher?

Faulk. Everybody.

Lara. A grocer from Syracuse and a, an' a researcher!

Lara. What does he have to do with you? H'm?

Faulk. Johnson tells a sponsor they're puttin' a Communist on the air, . . .

Faulk. . . . and he don't like it.

Lara. So?

Faulk. The sponsor doesn't stop sponsorin' me, Johnson'll take his products off his shelves. Now what good am I without a sponsor? That's what it has to do with me! My damn job!

Lara. I don't know, honey, there must be something I'm not understanding. I-I-If a man calls you a Communist, and you're not, well, then, you can just sue him for everything he's worth.

Faulk. That's exactly what I'm thinkin' o' doin'!

Lara. No! Don't even think about it.

Lara. Right now you're not in any trouble, but if you start a law suit, . . .

Lara. . . . God knows what'll happen to us and the kids!

Lara. Don't make waves. You know what I think? From now on, no more performing for causes. No more speeches.

Faulk. Do you mind tellin' me what the difference is from that and Mr. Hartnett Johnson?

Lara. That's a very ugly thing to say.

Club Crowd (off and on). (Chatter not distinct behind following scenes and dialogue.)

Charlie (off). They don't waste a lot o' time on fine distinctions between Communists, Socialists, radicals and liberals now, do they?

When these guys started it was anybody in politics they didn't like, now it's worse than that.

(On) It's anybody in AFTRA that doesn't like them.

Faulk. Like those boys in Texas, they want their own land and all the land that touches it.

Andy. That's right. If we let 'em get away with this, there's a whole room full o' guys here in the same boat as Johnny. They'll have us all by the shorts.

Dickler. Charlie, you're the president. I think you oughta get to the brass at CBS . . .

Dickler. . . . tell 'em what's goin' on and we're watchin' 'em like hawks.

Charlie. I'm seein' Stan Hopp in the morning.

Andy. I think we ought to get Johnny a lawyer. It's the union's job. It oughta be our bill. We can play rough ball, too.

Charlie. Okay?

Faulk. God love yuh, fellas.

Faulk. God love yuh.

Dickler. Tell 'em that we voted it at a rump meeting of the Board.

Charlie. (Laughing.)

Harry. (off). I just have a question.

Harry. I'm not a lawyer, but I wonder if it's legal under Taft-Hartley or whatever . . . for a union board, . . .

Harry (off). . . . to spend its money for a lawyer . . . to defend a member on a private matter?

Charlie (off). This is no private matter, . . .

Charlie. . . They're after every one of us!

Harry. Uh, legally, Johnny was attacked . . . not AFTRA.

Andy (off). Let's get the lawyer and then worry. Man, what's the worst that can happen?

Harry. We may be held individually liable for using union money improperly. I don't know.

But, I do know . . .

Harry (off). . . .the question's gonna be asked by a lot of people in the union . . .

Harry. . . . who are genuinely concerned that there are Communists . . . in the union . . . and that we're protecting . . . (off) . . . 'em.

Harry. Fighting to keep them on the air.

Faulk. I think Harry's making a good point here. If'n' I decide to get a lawyer, I'll, I'll get him on my own. I didn't come here to ask you fellas (laughing) for any money.

Harry's Voice. I'm sorry about what happened back there at the gym.

Harry. I did a terrible thing . . .

Harry (off). . . . to you, Johnny.

Faulk. Hell, no, Harry, you were just speakin' your mind.

Harry. That's not what I did at all.

Harry. I . . . just chickened out.

Harry. See, I've come up against Hartnett and Johnson . . .

Harry (off). . . . myself. Then sent me a letter . . .

Harry. . . . saying that they'd come across my picture in old Mayday . . .

Harry (off). . . . parade. And wanted to know if I still shared those . . .

Harry. . . . beliefs . . . and those associations.

Harry (off). So I had my lawyer, Ben Kohn, . . .

Harry. . . . send them a letter saying that it wasn't me in the picture and to get off my back!

Harry (off)—Now I get a letter back . . .

Harry. . . . saying that they had written to me directly and expected me to answer them directly.

Harry (off). And that they were a little disappointed in me.

Harry. And, oh, by the way, was my Ben Kohn, the same Ben Kohn that had signed some nominating petitions for the Communist Party in Nineteen Forty? Because they thought my sponsor might like to know about that, too.

Harry (off). So, uh, . . .

Harry. . . . by now, I was a little scared, y'know? So, I, uh, I went to see 'em.

Harry (off). And I gave them a signed and sworn . . .

Harry. . . . affidavit that it wasn't me in the picture. They just looked at me, . . .

Harry. Finally they said, uh, this time they'd let me off. So, when your thing came up, Johnny, I guess I uh, . . .

Harry. Well, I, I guess I didn't wanna . . . go up against those guys again, so I, uh, . . .

(Rapping sound, click of button.)

Faulk. Hello, Stan. Just goin' over some o' those famous spontaneous original unrehearsed ad libs you pay me for.

Hopp. Johnny, don't do the White Dawn Commercial today.

Faulk. Okay. Well, is that just for today or is that for good and always?

Hopp. Laurence Johnson's in town from Syracuse. He's, uh, seeing *your* sponsors.

Faulk. Anybody else droppin' off?

Hopp. Well, I don't really know. Couple o' phone calls I haven't bothered to answer yet.

Faulk. I showed you that bulletin, Stan.

Hopp. Tommy, cut the mike for me for a minute, will yuh?

Faulk. I showed you the bulletin, Stan. You know it's a bunch o' trash.

Hopp. Yeah.

Faulk. Well, it's a damn shame to let that man go around destroyin' my livelihood without . . .

Faulk. . . . us doing' somethin' about it.

Hopp. Johnny, I know that!

Faulk. Well, I hope you have some ideas!

Hopp. I was hoping you did.

Hopp. (sighing)

Hopp—Wait a minute! Listen, maybe you could take the bulletin . . .

Hopp. . . . answer each one of the allegations, one by one. Put it in the form of an affidavit. Now, that's good.

Then you can give it to me, I'll, I'll show it to the salesmen, they can present it to any sponsor who asks, asks any question about you.

Faulk. All right, Stan, I'll think about it.

Hopp. Look, you've always done a damn good job for us, Johnny.

Faulk. Well, I was hopin' I can continue to do a good job . . . for yuh, Stan!

Hopp (off). Yeah, sure.

Faulk. You mind my askin' yuh what they said?

Hopp. Well, just that their job was to sell detergent, . . .

Hopp (off). . . . not get involved in politics!

Faulk. Did they ask yuh how much of it was true or didn't they care?

Faulk. Sure, when the Grand Kleagle o' the Klan has to have his sheet cleaned. The old boys at the agency want to make damn sure he does it in White . . .

Faulk (off). Dawn, is that it?

Hopp. Now, come on, Johnny, . . .

Faulk. They don't think I'm a Communist . . .

Hopp (off). (overlapping above speech) (not distinct) . . .

Faulk (overlapping above speech)—If they had any evidence why didn't they just send it to the damn FBI, if they think I'm conspirin' against America!

Hopp (off). Take it easy.

Tommy. One minute to air.

Faulk. Aaaah, damn!

Hopp (off) (overlapping above speech) Now, look, look, . . .

Hopp. . . . I, I picked a very dumb time to tell yuh!

Faulk (overlapping above speech). Hey, Stan, is there a good time to tell a man somethin' like that?

Hopp (overlapping above speech). Well, I mean, when you're about to go on.

Faulk (overlapping above speech). Goin' around behind your back, taking shots at yuh!

Hopp (overlapping above speech). You know. Now, Johnny!

Faulk (overlapping above speech). They don't care whether I'm a Communist . . .

Hopp (overlapping above speech). Johnny go. Now, come on, Johnny, pull yourself together!

Faulk (overlapping above speech). I think I'll wait for the day that you did!

Hopp (overlapping above speech). You got a show to do, now, that's that!

Faulk. (Coughing.)

EXHIBITION REEL FOOTAGE

Faulk. And a good afternoon to all you friends and neighbors. Welcome to Johnny's Front Porch. I was just sittin' here rockin' a spell, rememberin' Boots Cooper, an ol' boy I knew down home some years ago.

Faulk (off). Now Boots was a big old overgrown guy, always claimed he wasn't afraid of the devil himself.

Receptionist (off). Mr. Faulk, Mr. Nizer will see you now.

Receptionist. Mr. Nizer, Mr. Faulk.

Nizer. Yes. Come on in. How do you do?

Faulk. Fine, sir, and yourself? It's a pleasure to meetcha.

Nizer. Thank you (laughing). You know, I think this is gettin' to be about the worst morning reading I've ever had in my life.

Faulk. Mighty hard to digest all at one sittin', ain't it?

Nizer. H'm. Sit down.

Has anything, uh, happened since you called last night?

Faulk. Well, I've been choppin' around in some mighty tall cotton.

Nizer. (Laughing.)

Faulk. I lost two more sponsors and had arguments with my wife and one o' the fellas I work for about whether or not I should be here.

Nizer. What do they say you should do?

Faulk. Pray it blows over.

Nizer. Think it will?

Faulk. I don't know (sighing). There's two things I got to be thinkin' about. Myself an' my family. This whole damn business of blacklistin' which I hate with an unholy passion.

Faulk. Uh, no thank you, sir.

Nizer. I know something about the blacklist (sighing). I know that it takes away a man's right to be . . . presumed innocent until proven guilty. I know that it denies him his right to confront his accuser. Maybe I hate the blacklist as much as you do.

Faulk. Well, damn, I'm sure glad to hear that. You got any good thoughts about what to do?

Nizer (snickering). H'h, the obvious thing is to sue "Aware" for libel.

Nizer. Nobody's ever sued a blacklister before. Maybe you can win. If you can, you might end it.

Faulk. Simple as that, huh? Well then, sir, I'm thinkin', uh, maybe we should have a go at it.

Nizer. Mr. Faulk, do you know, uh, why no one's ever sued a blacklister?

Faulk. No, sir, I don't.

Nizer. Well, when you bring suit everything comes out. Right from the beginning. Your life as well as theirs. From the start you become twice as controversial as you were before. Then you put CBS right in the middle. They may . . . love you and hate blacklisting but if they can't sell you, well then, that is too bad but business is still (laughing) business and, uh, who can we sell?

Nizer. And then, will anyone else take you on? You know the saying, "Why buy yourself a headache?" It's very expensive to bring suit.

Nizer (off). With no job, nothing coming in. It will take a great deal of time to bring the case to trial . . . and when you do, you'll be up against men who will be doing everything they can to beat you down.

Nizer. After that, you may lose.

Faulk. Holy God all mighty! (laughing) Sounds like we're in for a long fight with a short stick.

Nizer. (laughing). How's your marriage?

Faulk. It's all right. Fine.

Nizer. Your wife'll be able to take it if it really gets rough?

Faulk. Yes, I'm sure she can.

Nizer. What about you?

Faulk. Well, I'm scared. (laughing).

Nizer. H'h. Tsch, well, up against these people, that's a pretty good way to be. I think we should talk first about what you're going to do now to hold onto your job.

Faulk's voice. Well, some o' the things that have been suggested, kinda grates on me, a bit. And I'd like to talk it over with an old friend, before I decide.

Mike. Sure, they asked me for an affidavit, too, I told them to stuff it! People want you to sign affidavits about your politics, they're better Americans than you and me, Johnny. Johnson and Hartnett leaning on the network and the network leaning on you?

Faulk. Yep.

Mike. Whatta you gonna do about it?

Faulk. I don't know. I don't know. If you'd'a' signed what they told you to, would you have kept your job?

Mike. If I'd signed what they told me to, I'dave been up before a Congressional Committee, where you get a chance to kiss their ass and squeal on your friends. They have a photostat of my Party membership card, dated Nineteen thirty-four . . .

Mike. . . . and I told them to stuff that, too.

The Constitution gives me the right to be a Communist, a bum, a Holy Roller, even a Republican. You're in a different boat. You are not nor have you ever been . . . right?

Faulk. Right.

Mike. So, that gives you the right to sign anything you have the stomach for . . . and keep your job . . . for awhile.

Mike. And like they say a thousand a week is better than twenty-six dollars and fifty cents.

Faulk. Is that what you're making now?

Mike. This was a good week. But, I eat, I sleep, I make love once in awhile . . .

Mike. I never signed anything that said I was a dupe of the Communists, but now that I've seen the light, I know that Vince Hartnett sits on the right hand of God, and helps him purify the land.

Faulk. Well, I don't wanna roll over for him, neither, . . . like a whipped dog. I just don't know. The other thing is, I've about ninety percent decided to sue 'em for libel.

Mike. I guess that's fighting them. I hope you win.

I can't tell you what to do, Johnny.

Mike. Just know you're gonna get hurt.

Faulk. It started already.

Mike. Nobody's smarter than anybody else. Nobody's any braver. Nobody knows what to do. Nobody wins, everybody gets it in the end.

Mike. Looks like it's gonna snow. I used to worry about snow in the afternoon when I had that long drive out to Connecticut. Now I've sold the house, got a room right here in the Village, snow doesn't bother me at all.

P.J. Crowd (off and on). (Chatter not distinct continues behind following dialogue and scenes.)

Faulk. Hi, yuh, Stan.

Hopp. Hey, Johnny, how are yuh?

Faulk. Hi. Good, Art.

Hopp (overlapping above speech). Good to see yuh. Oh, that's a great affidavit, John it's perfect. We're gonna give it to the salesmen.

Faulk. Well, I hope it helps, Stan. You know it was a little hard to write. You know, denyin' things that you're really not accused of.

Hopp. Oh, listen, I believe it.

Art. Good statement, Johnny.

Faulk. You read it, too, huh? Well, thanks, Art. Listen, you fellas got a couple o' seconds?

Hopp. Sure.

Faulk (off). I don't mean to barge in here.

Hopp (overlapping above speech). No, it's okay.

Faulk. I been to see Louie Nizer, . . .

Hopp. Say, . . .

Hopp. . . . Sam, . . .

Hopp. . . . there you are. It's good to see yuh. It was only a marketing thing. Don't worry about it.

Sam. Yeah, okay.

Hopp. Johnny, it's a little crowded. I think . . .

Hopp (off). Whatta you say, uh, you come by my office, you know, before your show. It'll be easier to talk, okay?

Faulk. Yeah, sure.

Faulk. I'll see you around.

Hopp (off). (Chatter not distinct.) (on) Oh, Johnny, look, we're gonna hafta push this back a bit. Something came up that just can't wait. Okay. Later.

Faulk. My mind's such a jumble with this thing.

I'm not sayin' I won't sue, just sayin' I'll hold off a bit. If'n' I decide I have to sue . . .

Faulk. . . . and you really don't want me to . . . well then, I don't know.

Lara. I thought you weren't gonna decide until after Jamaica. Sounds to me like you've already made up your mind. I don't know what you want me to say. You just . . . you're always sayin', "Well, I don't know if I, if I'm gonna sue." Don't I have anything to say?

Faulk. 'Course you do.

Lara (overlapping above speech). Doesn't this affect me?

Faulk. O' course it does.

Lara. Well?

Faulk. O' course I wanna talk to you about it.

Lara. And listen to me about it, too?

Faulk. O' course.

Lara. Well then, I'll tell you right now, I think you're gonna sue.

Faulk. Oh? Why is that?

Lara. 'Cause you wanna be a hero.

Faulk. Oh, Lara, come on.

Lara (overlapping above speech). I'm just speaking my mind.

Lara. You'll be interviewed by the New York Times . . .

Faulk (overlapping above speech). Do you believe that? Holy God Almighty, sounds to me like you really hate what I'm tryin' t' do.

Lara (overlapping above speech). H'h, who could hate a hero? Well, you want to fight! I don't blame you. I probably would, too. But you just never stop t' think that you're ruining my life and the children's, too.

Faulk. Oh, hey, it's not simple as that! There are a couple o' guys runnin' around with a list. Chasin' teachers outta school . . .

Lara. (sighing).

Faulk. . . . preachers out o' the pulpits . . .

Faulk. . . .whatta you want me to do, lay down and die just because somebody's got me on the list?

Lara. No!

Faulk. Well now, what?

Lara. All I want is a happy peaceful life with you and the children.

Lara (off). Is that enough for you?

Lara. Oh.

I guess you don't wanna talk about that, either. Well, the hell with you. I'm lookin' after me and the . . .

Lara (off) . . . kids.

Lara (sobbing through speech). Dammit. It's not as if I'm stupid, or that I'm not involved, or that it's so political I can't understand it!

Faulk. Look, Lara, we're not the same people we used to be.

Faulk. We've changed. I'm the same good ol' Texas hillbilly I used to be. I've changed. Everythin' about me's changed.

Lara (sobbing). Do you still love me?

Lara. Forget I asked that. Uh, whatever the answer is, I don't wanna know.

Lara (sniffling). Okay. (sighing). So what do we do about it? Is there any sense in trying?

Faulk. Sometimes I think it's over.

Faulk. And sometimes I honestly think it isn't.

Faulk (off). I just don't know. I don't know.

Faulk. Oooooh! Danny, when I get down to Jamaica I'm gonna send you back an envelope o' warm air. Warm air! Ooooh! Ooooh!

We'll be goin' out to La Guardia Airport, sir.

Dickler (overlapping above speech). Johnny!

Driver. Okay.

Faulk. Hey, good mornin', Ger.

Dickler. Johnny, they did it to you. CBS fired you.

Faulk. I never believed it was gonna happen, Ger, not to me.

Dickler. Johnny, you know how I feel.

Faulk. Well, I don't guess I better be goin' outta town right now.

Dickler. No, four people in Jamaica, . . .

Faulk (overlapping above speech). Well, Lara and the kids got to go, Ger. They gotta go.

Dickler. You can't afford it, Johnny. Come on, especially not now.

Faulk. Damn, what do you think about their reasons for firin' me, Ger?

Dickler. I don't believe 'em! I believe you became an embarrassment to them, to everybody, so they picked up whatever excuses came to hand and they did it. Oh.

Lara. You sure you have everything you need for the plane?

Girls. Yeah.

Lara. Your books . . .

Lara (off). . . . an' things?

Faulk. Hey, . . .

Faulk (off). . . . hi, honey.

Lara. Hi, Gerry, how are yuh?

Dickler. Lara, honey (making kissing sound)

Lara. Nice to see you.

Faulk. Honey, Gerry says . . .

Faulk (off). . . . they're having an emergency at the station

Faulk. Lanny and Joe got the flu. They wanna know if I could do their shows. You know, spent the last . . .

Faulk (off). . . . two weeks in Jamaica with you and the kids . . .

Faulk. . . . instead o' these two. Tell 'em it'll be . . .

Faulk (off) . . . okay, Gerry.

Faulk. John, would you put them bags back inside for me? I'll catch you a little bit later. I'm just gonna ride to, uh, La Guardia.

Dickler. Okay.

Lara. 'Bye, 'bye, Gerry.

Dickler. You enjoy that sunshine.

Lara. Okay, I will.

Faulk. Get goin' to La Guardia.

Driver. Yes, sir.

Nizer. Well, doesn't it strike you as odd that they would cancel your contract like that without notice? Paul, do we have that memorandum on the contract agreements of the Hollywood Ten?

Martinson. Yes, we do.

Nizer. Is that anyway to dismiss an artist after six years?

Faulk. Hell, no, but there is the Godfrey thing and Stan did say that my ratin's were down.

Nizer. Stan said? Don't you know what your ratings were?

Martinson (off). Johnny, . . .

Martinson. . . . you were makin' a lotta money for CBS. Do you honestly think that they would let you go, without some pressure into it?

Faulk. Well, no, I guess not. I don't wanna be naive about this thing, but I do want to be sure. See, what they're sayin' is, they're tellin' me right to mah face that it's not politics. Maybe it isn't. Maybe I've allowed this thing to affect me in some way and mah ratin's have fallen off. If they wanted to fire me, they could'a' done it then, they didn't have to wait till now. I dropped in on Ed Murrow this morning. We had a little chat. Got to talkin' about Phil Loeb and Mady Christians, Don Hollenbeck and some o' the others that have been killed by this thing and well, he said he wanted to help me out. And, well, here's a check for eight thousand dollars.

Faulk. Had to put an extra mortgage onto his house.

Faulk. And he said it weren't no loan but rather an, an investment in America.

Nizer. H'h.

Faulk. Well, uh, now that we're into this thing, uh, when do we get started?

Nizer. For two hours right now and then we'll all meet at my house for dinner and go until midnight. Thank you.

Saul. Okay, we'll open on three then go tight to Gerry on one.

You see, the whole secret o' television . . .

Voice. (Muttering overlapping above and continues behind following speech.)

Saul. . . . Johnny, if you want that guy in your living room. Now, I've seen you, you're a natural.

Saul. You gonna keep that radio gig, too?

Faulk. No, I'm gonna let go o' that.

Voice. Okay, Harry. Take that camera.

Faulk (overlapping above speech.) Of course, I love that show.

Faulk. It's kinda like visitin' with neighbors every afternoon, but I felt I was gettin' kinda in a rut. Think it's movin' on time for me.

Voice. (Muttering not distinct.)

Saul. Oh, Monica, will you tell the crew two-thirty and the panel at four o'clock, please.

Voice. (Muttering not distinct overlapping above speech.)

Saul. Well, you're a natural, let me tell you. Perfect for TV. What, uh, whatta you got lined up now?

Faulk. Well, I love this panel show o' yours It's the best o' the bunch by far. If'n you ever need a panelist, I'd sure like to have a go at it.

Saul. Why not?

Voice. (Muttering not distinct continues behind following dialogue and scenes.)

Saul. That is an idea.

Saul. But, uh, there's only one trouble, Johnny.

Saul (off). I gotta level with yuh.

Saul. It only pays three hundred bucks a pop.

Faulk. Oh, h'h, that's not mah main concern, . . .

Faulk (off). . . . Saul. (on) What I need is to get in front of a television audience.

Faulk. I need the exposure. This panel show o' yours is popular. It's the opportunity I need.

Saul. Okay, you got it.

Saul (off). Why don'tcha come up here . . .

Saul. . . . say, Tuesday and I'll tell yuh what your first show date is. Make it around noon. We'll go to Louie and Armand's . . . for lunch. How's that? So, other than that, what's new?

Faulk (off). Well, aside from the fact they imply I'm a Communist.

Nizer (off). They do a little more than imply. These people are like lawyers putting a case together.

First they say, uh, "According to the Communist newspaper, the Daily Worker dated April five, Nineteen forty-eight, John Faulk contributed cabaret material to a revue supporting Henry Wallace's campaign for president and that Wallace was the Communist candidate for president."

Martinson. Of course they managed not to mention the fact that he was a candidate non-Communist as well.

Nizer. M'hm, then they send a letter to your sponsor, or better still, they get somebody to do it on American Legion stationery. I haven't shown you this. Listen.

"Uh, for International Communism to succeed in bringing the rest of the world under the yoke of their conspiracy, they must gain complete control of the airwaves." Now here comes the word I love, therefore." Therefore, we respectfully call your attention to one of your salesmen, John Henry Faulk." They sent that along with a copy of the "Aware" bulletin and that's that.

Martinson (off). And that, Johnny, . . . (on) . . . that's conspiracy to destroy your livelihood.

Nizer (off). They're nothing more than racketeers.

Faulk. Oh, hold on a minute. Hell, they think they're patriots. Even a knockout drink, even a damn Micky Finn's got a couple o' drops o' good whiskey in 'em. Now, ain't that right, Mildred?

Speakin' o' which we been yakking away at each other here all evenin', uh, you fellas ready for a little taste?

Mildred. Can I fix you a little something?

Faulk. You sure can.

Nizer (off). No, thank you, dear. Not . . . (on) . . . while we're working. And, John, tomorrow at dinner, no dessert. It makes you too tired. Johnny, Hartnett gets five dollars for every name from every network and every show to say, "Yes, he's a good American". "He's my kind of American". "He can appear on TV or (laughing) no, he's a bad American, he cannot appear on TV".

Let somebody else make the case that, uh, blacklisting's patriotic. Don't you do it!

Faulk. Yes, sir.

Nizer. They are that bad, got it?

Faulk. Yeah, I got it.

Faulk (off). It's not collect, I'm callin' for a job. Yeah, I'm still holdin', Operator.

Operator (off—over phone). (Not distinct—muttering.)

Faulk. Look, it's Susskind, Garry Moore, Mark Goodson and John Collingwood.

Dickler. You got Nan Claybourne's name there?

Faulk. No, Gerry, she's had it so awful rough, I hate to ask her to testify.

Okay, uh, would you just leave word there in San Francisco then, Operator, and, uh, why don't you try that Minneapolis number for me again, huh? Thank you.

Dickler. Have you called Lara yet?

Faulk. No, no, not yet, uh, I was waitin' 'til tomorrow when I nail down that TV panel show. Then I'll be able to give 'er a little sweet along with the bitter.

Dickler. Johnny, don't wait any longer.

I mean, I'm gettin' the hotel bills now.

Dickler. You're right on the edge, right now!

Faulk (overlapping above speech). I know, Ger, I know. I'll call her.

No, never mind, honey, uh, . . . I'll place the call myself later on. Thank you.

They don't answer the phones. When the word's out nobody answers!

Dickler. Johnny, be careful!

Dickler (off). Come on, don't fall apart now! You're gonna get a job!

Faulk. M'm, Lordy, am I doin' that? I'm feelin' sorry for myself.

Faulk. Why me? Well, why not me? Why not anybody with these fellas?

Faulk. Well, don't you worry about me, Ger. You worry about Hartnett and Johnson, when we get through with 'em.

Dickler (overlapping above speech). That's better.

Faulk. Tomorrow I'm gonna get me a job!

Dickler. Right.

Faulk. And it's a helluva good world t' hang your hat in and . . . (singing) "Wait til the sun shines, Nellie." (speaking) (laughing) The goose hangs high. How's that?

Dickler. That's better.

Faulk. Yeah.

Building Crowd (on and off). (Chatter not distinct continues behind following scenes and dialogue.)

Faulk. Hey, Saul! Excuse me. Excuse me a minute. Excuse me.

Faulk. Hey, Saul! (laughing) I didn't think I was gonna catch you.

Saul. Aaaaw!

Faulk. Isn't this our day for lunch and talk about the show?

Saul (overlapping above speech). I really . . . I feel like an idiot, Johnny.

H'h, I, I mean, I really should'a' checked before I told you everything was all set. They have things locked up on that panel for weeks. But the very first opportunity goes to you, Johnny. Okay?

Faulk. Yeah, sure, fine, Saul.

Saul. Right. Uh, look, Johnny, I, uh, I'm, I'm a little pushed for lunch today, but look, I did wanna, I did wanna get together with yuh, so why don't we make it next week. Okay?

Keep in touch! Right.

Faulk. Yeah, fine.

Faulk's voice—Is it everything . . .

Faulk (off). . . . you expected? Ooooh, isn't that wonderful? (on) How are the kids? Yeah? Are they swimmin' every day? Oh, that's great, that's great! Yeah, Well, I've been better. Now, I'll come straight out and tell yuh. CBS fired me a couple days ago. Yeah, well, I got a couple things lined up.

Well, Stan says it wasn't.

But, uh, Nizer and myself, we're pretty sure it was. Yes, I've been to see Louie Nizer. Well, we'll file today. Look, look, I don't wanna argue with you at three dollars a minute! No, I cannot come down there. Because we can't afford it, that's why! Look, I think you oughta give a little consideration to cuttin' your own trip short.

Crowd. (Chatter not distinct continues behind following dialogue and scenes.)

Dickler. Johnny, don't ask her, tell her!

Faulk. You know, she's never had a real vacation before and the way things are goin' looks like she may not have another one for quite awhile.

Dickler. You tell her that you won't pay the hotel bills. You tell her I won't!

Faulk. Suppose any o' these pigeons belong to Joey Dawn?

Dickler. I don't care who they belong to. Will you stop wasting your lunch on them?

Lady. Excuse me. Aren't you John Henry Faulk?

Faulk. No, ma'am. I used to be John Henry Faulk, but, uh, now I'm someone else.

Faulk (off). So is he.

Lady. Oh?

Dickler. Who have you called today?

Faulk. About a job?

Dickler. U-huh.

Faulk. Just those good ol' boys from Wichita.

Faulk. Nobody else left.

Voices. (Chatter not distinct overlapping above dialogue and continues behind following dialogue and scenes.)

Faulk. Called everyone I know twice. Maybe I could get a job and then where'd I be? I have to get on and do it.

Dickler. You could do it.

Faulk. I wonder, Ger, I wonder.

Dickler. (Sighing) So, if it's Wichita or nothing, what do you think?

Dickler. It's a job.

Faulk. Well, yeah. Yeah. I guess you're right, Ger. From Texas to Wichita via . . . New York City. Whoopee! There's a radio first for yuh.

Nizer. No, sir, no excuse me. I don't think you are being neutral. No! Not helping Faulk is helping Hartnett and Johnson! Your silence helps them! They yearn for it! They pray God for it.

Faulk. (overlapping above speech). Well, I think I'd like Wichita. Fact is, I know I would. Hell, I'm just an old country boy t' heart myself.

Faulk. I'd fit like a penny in a gumball machine.

Nizer. No. No, sir.

Faulk. Well, you seemed so positive is all.

Nizer. Well, will you at least meet with us?

Faulk. Well, I thought everything was set.

Nizer. Will you meet with John Henry alone?

Nizer. (Off). No!

Faulk. To tell you the God's honest truth, Ben, I was truly countin' on this!

Nizer. (Off). No, . . .

Nizer. . . . I'm afraid I do not understand your position!

Faulk. You mind tellin' me why you changed your mind?

Nizer. (overlapping above speech). No, I'm afraid I do not!

Nizer. Faulk has placed his career on the line! Now, you're a friend and former associate. It's your network, your industry he's trying to clean up and you sit there smug behind that non-partisan position . . . ! Hello! Hello?

Faulk. (overlapping above speech) Oh. You couldn't tell me what changed your mind?

Yeah. Thanks, Ben.

Well, I never told yuh it was gonna be easy!

Hell, you look half beat to death, Lou.

Faulk (off). Whyn'tcha come on down to the Stage Deli and I'll treat you to a corn beef sandwich.

Nizer. No, let's keep going. We still have to find a network exec and an ad agency man.

Nizer. Someone who can tell us exactly how Hartnett and Johnson operate.

Tom. I've been calling this bastard once a week for four years. I don't know his name, who he works for, where. . . . They give you a number into a blind switchboard. Hello, whatever your name is. I need clearance on some names for a panel. Harry Nichols. He okay? Sally Whitman? John Henry Faulk?

Tom (off). Yeah, uh, uh, look, whatta, whatta I have to do to get a panel together?

Tom. Yeah, well, I know, only about ten thousand actors are starving to death when they're not jumping out of windows. And half o' 'em are friends o' mine!

Tom. Do you care about any of this? Oh, no, I didn't think so.

Tom. Who is it? Johnson and Hartnett?

Faulk. Yeah.

Tom. We ran into Johnson last year. We were handling a toothpaste that was sponsoring someone he didn't like . . .

Tom. . . . so he put our toothpaste and another one right next to each other in this store.

Tom. . . . it said, "buy either one you want". You know, which is fair enough. Only over our toothpaste he hangs a sign that says, "This is from a company that supports Stalin's little creatures!"

Tom. I'll testify . . .

Tom (off). . . . to that if you want.

Tom. And that phone call.

Faulk. Really?

Tom. Really.

Faulk. You better think about what that means, Tom.

Tom. Who else you got?

Faulk. To testify? You're it.

Faulk. One in a row.

Tom. Well, hell, someone's gotta be first. I'll buy you lunch.

Tom. Let's go to the CBS commissary.

Faulk. That's great.

Tom. That oughta give everybody something to talk about. Hell, let's go!

Woman's Voice. (off—over P.A.). Flight six-six-two-four departing for Philadelphia and Washington now loading (continues not distinct behind following dialogue).

Lara. Wasn't there any way you could have made it down?

Faulk. None. No possible way in God's green earth.

Lara. Well, I'm sorry. I find that a little hard to believe. Oh, dammit, even if you're right, even if you had to absolutely file, not to tell me!

Faulk. I find you a little hard to believe, too, sometimes.

Faulk. The fact is, when I would have liked you to have been here, at least for moral support, you didn't wanna be here!

Lara. Oh, come on, Johnny. If you'd really wanted to talk to me, you wouldn't have waited a whole week to call!

Faulk. Well, I didn't want to spoil the vacation.

Lara. Or you could have come down! You know any moral support you needed was available in Jamaica!

Faulk (in reflection). We couldn't afford it!

Lara. One more plane ticket!

Faulk (in reflection). We couldn't afford three extra weeks o'you down there at a hundred dollars a damn day, either!

Lara. Oh, I knew you would resent that. I knew that right from the beginning!

Faulk (in reflection). Not . . . (on) . . . from the beginning! Only after all o' this happened to me!

Lara (overlapping above speech). All right! If I had been here would you have talked to me about whether to file suit or not? You are not interested in my opinion. Gerry Dickler, Louie Nizer, those are the people that you listen to!

Lara. You know, come to think of it, maybe you're absolutely right. Maybe I really didn't wanna be here!

Lara (off). And maybe you really didn't want to be with me.

Lara. And maybe it's just about time we face that!

Faulk. Maybe we should'a' faced that about five years ago!

Martinson. Now they say you entertained for an organization called the Southern Conference for Human Welfare back in the late forties.

Nizer. Who else? Who were the other the founders.

Nizer. Who else? Who were the other founders?

Come on, Johnny, you gotta be quicker than that. You tired?

Faulk (sighing). No, no.

Nizer. You know, there's no reason for you to make that long drive out to Herb and Anne's tonight. You're perfectly welcome to stay here.

FAULK. No. Thanks anyway, Lou, I was just thinkin'.

NIZER. What about?

FAULK. Oh, just . . . I haven't been much good to anyone lately.

FAULK. Go on ask me another question. I don't wanna waste your time with this stuff. I'll get over it. I am over it!

NIZER. Try not to worry too much about time. However long it takes, (sighing) we're gonna lick 'em in court.

FAULK. How long is it gonna take?

NIZER. A little longer, maybe.

FAULK. How long?

NIZER. Maybe another five years.

FAULK. Five years?

FAULK. Did you say five years?

NIZER. Five years.

FAULK. Five years . . . with no job!

Havin' t' leach money off o' my friends. Them crossin' to the other side o' the street when they see me comin'.

Me maybe starvin' t' death an' God knows what else.

How'm I supposed to live for five years?

How the hell am I supposed to live for five years?

COURTROOM CROWD (off). (Chatter not distinct.)

COURTROOM CROWD (on and off) (Chatter not distinct continues behind following dialogue and scenes.)

NIZER (off). The man in the dark suit is Harnett. The other one is his attorney Ryan.

FAULK. Which one is Johnson?

NIZER. Someone was saying he was sick today.

FAULK. If someone was suing me for a half a million dollars, I'd be sick, too.

I don't know exactly what I expected but, uh, does he look at you like a man that could bring . . .

FAULK (off). . . . the biggest companies of America to their knees?

BAILIFF. The Justice of the Court. All rise.

JUDGE (off). Are all parties ready?

NIZER. Yes, we're ready, Your Honor.

RYAN (overlapping above speech). Yes, we're ready, Your Honor.

JUDGE. Then may we please proceed?

NIZER. If it may please, Your Honor, Mr. Foreman, ladies and gentlemen of the jury, I will avail myself with His Honor's permission, and so my learned adversary, of an attempt to explain just what this litigation is all about.

For having a picture of the entire controversy, you may be able to understand any particular pieces of testimony a little more clearly. So, first, the parties. The man who brings this suit . . . is John Henry Faulk.

Mr. Faulk was born in Austin, Texas, educated there, graduated from the University of Texas. You will hear of his graduate work . . . in Negro folklore, of his teaching job and uh, of his fellowship. You will hear how he tried to join the Army and was turned down because of physical disability. You'll hear how he enrolled in the Merchant Marine and, uh, subsequently became an assistant field director for the American Red Cross in Egypt . . .

NIZER (off) . . . . and after re-appealing . . .

NIZER (off). . . . was finally accepted by the Army.

NIZER. You'll hear that, uh, after the war, he turned his talents to the entertainment field, he was rising, . . .

NIZER (off). . . . rising as one of the great stars of radio and later of television.

NIZER. And then, uh, a certain occasion arose in a dispute in which he was charged with being a Communist . . . or pro-Communist . . . and his career was just . . . cut off. Sharply, as with a knife, five long years ago . . . by a man who sold people's names . . . at five dollars a throw.

RYAN (off). The plaintiff, John Henry Faulk, . . .

RYAN (off). . . . has charged . . .

RYAN (off). . . . that the defendants have . . . (on) . . . conspired against him.

He has libeled these defendants as extortionists, as racketeers and as intimidators, as terrorists! So, in this case, there is more than money involved. My clients' reputations . . .

RYAN (off). . . . are at stake. The fact is, Mr. Hartnett, . . .

RYAN. . . . spent many years of study, read many articles and acquired enormous files . . .

RYAN (off). . . . on the workings of the Communist Party.

RYAN. Now in the course of time many organizations and groups requested Mr. Hartnett to do special work into the backgrounds of prospective actors and entertainers in the field of television and radio. Now, these people, the producers and sponsors, . . .

RYAN (off). . . . did not want to take the risk of hiring somebody. . . .

RYAN. . . . who either had been identified as a member of the Communist party . . . or who had a significant record of . . .

RYAN (off). . . . affiliation with organizations tied in with the Communist Party.

RYAN. And they wanted a check made. And Mr. Hartnett was called upon to do that work. He was paid for his services in this area.

Now, as this trial will show, Mr. Hartnett is (laughing) not a terrorist, he is a dedicated, sincere man. . . .

RYAN (off). . . . who is painstaking in his research, and as you will see, he is scrupulously honest.

CORRIDOR CROWD. (chatter not distinct.)

CORRIDOR CROWD (on and off). (chatter not distinct continues behind following dialogue and scenes).

FAULK. For five years I've been wonderin'. . .

FAULK (off). . . . when the time came, whether or not I'd shake hands with that man.

FAULK. Well, like my daddy always used to say, 'Shake hands with anyone, iff'n only to prove to the son-of-a-bitch you got better manners'.

ANNE (Laughing.)

FAULK. Hey, howdy. My name's John Henry Faulk.

HARTNETT. Mr. Faulk.

FAULK. Glad to meetcha, sir.

VOICE. Ladies and gentlemen, everybody inside, please.

CROWD. (Chatter not distinct.)

NIZER. And on the next charge against you. . . . Thank you. Reads . . . as follows:

NIZER. "A program dated April twenty-fifth Nineteen forty-six, named a John Faulk as a scheduled entertainer together with an identified Communist under the auspices of the Independent Citizens Committee of the Arts, Sciences and Professions, . . .

NIZER (off). . . . officially designated a Communist Front".

NIZER. Will you tell us what that occasion was?

FAULK. Yes, sir, that was the first anniversary of the United Nations. A dinner in honor o' that.

NIZER. Who sponsored it?

FAULK. Well, uh, organizations like the American Bar Association, the American Jewish Committee.

NIZER. And, uh, who presided at the dinner?

FAULK. Secretary General of the United Nations . . . and the Secretary o' State of the United States was there and spoke.

NIZER (off). And your connection with this evening was, uh, . . .

FAULK. That CBS broadcast it, and they asked me to entertain there.

NIZER. Let me ask you, Mr. Faulk. Before this, uh, Bulletin came out. . . .

NIZER (off). . . . how often did you appear on radio?

FAULK. Every day, sir. Every weekday on CBS, five days a week for six years.

NIZER. And in the six years since the Bulletin came out?

FAULK. Well, shortly afterward, never again, sir.

NIZER. Before the Bulletin came out, how often had you appeared on television?

FAULK (off). Hundreds o' times, sir.

NIZER. And, uh, in the six years since the Bulletin?

FAULK. Once, sir. A good friend Jack Paar give me a guest shot.

NIZER (off). Did you, uh, in your effort to get gainful employment. . .

NIZER. . . . contact all the networks?

FAULK. Yes, sir, I did.

NIZER (off). What were you told?

FAULK. No job.

NIZER. No job in all New York? (laughing) What did you do about that?

FAULK. I tried to get a job anywhere in radio or television. I applied to stations in Minneapolis, . . .

FAULK (off). . . . San Francisco, Texas, Wichita. . . .

NIZER (off). And?

FAULK. No job anywhere in America in radio or television.

NIZER. Did you try other fields?

FAULK. Yes, sir, I did. After about, uh, two years of unemployment, I applied to an old friend for a sit-in job. . .

FAULK (off). . . . in a TV panel show?

NIZER. A sit-in? That's a man who stands in for a performer . . . while they adjust the cameras and the lights. How much does this, uh, job pay?

FAULK. Ten dollars a day, sir.

NIZER. So at least you didn't (laughing) starve.

FAULK. Well, no, sir. I was refused that job, also.

NIZER. Well, before this Aware Bulletin came out, how much money were you earning in radio and television?

FAULK (off). About thirty thousand dollars a year.

NIZER. And the year after you were fired?

FAULK. Eight hundred and seventy-five dollars.

FAULK (off). All in residuals.

NIZER. And the year after that?

FAULK. Nothin', sir.

NIZER. And the year after that?

FAULK. Nothin', sir.

NIZER. And last year?

FAULK. Not a thing, sir.

NIZER. And this year?

FAULK. Nothin', sir.

NIZER. Your witness, . . .

NIZER (off). Mr. Ryan.

RYAN (off). Why did CBS say they fired you?

FAULK. Because my ratin's were down. And they were thinkin' o' changin' the . . .

FAULK (off). . . . format and I'd been in the same show too long.

RYAN. Now, Mr. Hopp was a very close friend of yours?

FAULK (off). Yes, sir, I so regarded him.

RYAN. Did you regard him as an honest and truthful person?

FAULK. Within the limits of an executive in a radio and television business, I would say so, yes, but there are limitations here.

FAULK (off). This is no reflection of Mr. Hopp's character, . . .

FAULK. . . . but executives who are very honest men, very good men, quite frequently are impelled to take actions and positions which could be best described as less than candid, let's say.

RYAN. Did you ask Mr. Hopp, this very close friend of yours, whether the Aware Bulletin had any influence in his decision to fire you?

FAULK. Yes, sir.

RYAN. And what did he say?

FAULK. He said it did not.

RYAN. No influence whatsoever?

Faulk. That's correct.

Ryan. And did you consider Mr. Hopp to be a truthful man . . .

Ryan (off) . . . . When he told you . . .

Ryan (off). . . . that the Aware Bulletin had nothing to do with . . .

Ryan (off). . . . your being fired?

Faulk. I considered Mr. Hopp to be a man under very profound emotional stress.

Faulk(off). That he had to take an action which he abominated.

Ryan. Now will you answer the question?

Ryan (off). Did you consider him to be a truthful man?

Faulk. Under those circumstances, sir, Mr. Hopp was neither truthful nor dishonest.

Faulk(off). He was actin' at the direction of the corporation for which he worked.

Ryan. Now, let's get back to the time CBS fired you. You say, . . .

Ryan. . . . you lost a good many sponsors after the Aware Bulletin came out.

Faulk. That's correct.

Ryan. Had you lost any sponsors before . . .

Ryan(off). . . . the Aware Bulletin came out?

Faulk. Yes, sir, but . . .

Faulk. . . . It's only normal to . . .

Ryan (overlapping above speech) You had?

Faulk. It's only normal . . .

Faulk. . . . sir, . . .

Ryan (overlapping above speech). Just yes or no, please.

Faulk. Yes.

Ryan. Now you had been six years at CBS?

Faulk (off). That is correct.

Ryan. Isn't that longer than most disc jockeys . . .

Ryan (off). . . . have been there?

Faulk. Longer than most performers . . .

Faulk (off). . . . yes, sir, I would say that, sir.

Ryan. Have you ever heard of a disc jockey, a 'performer' . . . being let go because he's in a rut?

Ryan (off). He's been in one place, too long?

Faulk (off). Yes, sir, I have.

Ryan. And according to the Pulse Ratings, your ratings . . .

Ryan (off). . . . had dropped.

Faulk. Yes, sir, but only according . . .

Ryan (overlapping above speech). Just yes or no, please.

Ryan (off). Now you admit . . .

Ryan(off). . . . that you . . .

Ryan (off). . . . had lost sponsors before . . .

Ryan. . . the Aware Bulletin. You admit that six years is above average for a performer to be at a station . . .

Ryan. You admit that your ratings . . .

Ryan (off). . . . had slipped.

Ryan. Now Stanley Hopp told you they were changing the format o' the show. Did they change . . .

Ryan (off). . . . the format of the show?

Faulk. Yes, sir.

Ryan. And Stanley Hopp further told you that the Aware Bulletin . . .

Ryan (off). . . . had nothing whatsoever to do with your being fired?

Ryan. Mr. Faulk, I suggest, this law suit is a publicity stunt . . .

Ryan (off). . . . to cover up your own incompetence.

Ryan. To gain a little . . .

Ryan (off). . . . sympathy, to glorify yourself . . .

Ryan. . . . and to harass the defendants . . .

Ryan. . . . whose political ideology you do not like!

Ryan. Tell me, Mr. Faulk, are you now . . .

Ryan (off). . . . or have you ever been a member of the Communist Party?

Faulk. No, sir. I'm not now nor have I ever been a member of the Communist Party.

Ryan. Have you ever attended any Communist Party meetings?

Faulk. No, sir. I have not.

Ryan. I direct your attention to the month of February, Nineteen forty-four.

Ryan (off). . . . and ask you . . .

Ryan. . . . if you attended a Communist Party meeting at the home of one Edna Miller?

Faulk. Absolutely not!

Ryan. Have you ever met Edna Miller?

Faulk. Yes, sir, I believe I have.

Ryan (off). Where and when?

Faulk. Well, I don't recall, somewhere, uh,.

Faulk (off). I believe she's a citizen of Austin.

Ryan. Was a party given, in your honor, ...

Ryan (off) . . . at her home in Austin by the city branch of the Communist Party in February, Nineteen forty-four?

Faulk. Absolutely not!

Ryan (off). And in March, Nineteen forty-five, did you attend a Marxist Study Group?

Ryan (off). Sponsored by the Communist Party of Austin?

Faulk. I did not and you know that, too!

Ryan. No further questions.

Nizer. Only a few questions, please, Mr. Faulk.

We've been told here that, uh, a rating service said that your ratings had dropped . . . just before you were fired. Were there other rating services?

Faulk. Yes, sir, there are.

Nizer. And what did they show?

Faulk. Every one of 'em showed that mah ratin's had risen.

Nizer. Thank you. We've also been told that you brought this suit as a publicity stunt. What was your motive for bringing suit?

Faulk. To vindicate my good name . . . and to remove the clouds . . . that had been raised . . .

Faulk (off) . . . by these defendants over my integrity.

Faulk. The very same cloud that has been deadly to every artist that it's hit in this industry.

Nizer. Finally, Mr. Faulk, have you ever ben sympathetic to any Communist ideology, . . .

Nizer (off) . . . either directly or indirectly?

Faulk. No, sir, I have not.

Nizer. And have you believed all your life in the principles of democracy as set down by the Constitution of the United States?

Faulk. Yes, sir, I have.

Nizer. Thank you, Mr. Faulk, you may step down.

Judge. We'll recess now till ten in the morning (Pounding gavel.)

Courtroom Crowd. (Chatter not distinct.)

Hall. No! You're asking too much. It's different with Nan. She was at the top, the very top. Broadway, Academy Award and they kicked her down and kept her down for three years. For three years she didn't work at all.

Nizer. Neither did Johnny.

Hall. But she started to make it back. She's working again.

Hall. But as God is my judge, if she testifies against them now, her name will be back on the list so fast, you won't even . . . She'll never work again. These guys don't give you a second chance.

Nizer. We need you, Miss Claybourne.

Hall. You don't need her. Not that much.

Nizer. Will you just sleep on it?

Nizer (off). We don't need an answer for three or four days, just consider it.

Nan. I've decided I'm going to testify. I wanna be part of this trial. I wanna do it for your sake, Johnny, because I admire you. H'h, most of all, I'm gonna do it for my own sake . . . and in behalf of my children . . .

Nan (off). . . and my profession and my country.

Nizer's Voice. And who was responsible for this? Who did the blacklisting?

LaSalle. It could come from almost any direction. Uh, the sponsors, the networks each had a clearance board. Uh, ABC, NBC, CBS, all of them. But for the most part, uh, the word came from way round about. We never knew who was making the decisions concerning this man's livelihood. It's a little like fighting six men in a closet . . . with the light out. And you don't know who's hitting you.

Nizer. And what did you tell the actor or writer . . .

Nizer (off). . . . as to why you didn't hire him, Mr. Susskind?

Susskind. Well, we were forbidden to tell them that it had anything to do with their political unreliability. We just invented some artistic excuse.

Susskind (off) We'd say, uh, the actor's too short . . .

Susskind. . . . wouldn't work well with that particular leading lady. We had to adlib an answer.

Nizer. What happened when you didn't play by the rules?

Susskind. You never saw the show. Never!

Nizer. When you say everybody, actor, writer, director . . .

Susskind (off). Every man, woman . . .

Susskind. . . . and child.

Nizer. Even children? Can you give us an illustration?

Susskind. Okay, I'll give you an illustration. We, one time, required the services of a seven or an eight year old child actress. It was a back breaking assignment to find a child . . .

Susskind (off). . . . professional enough to play with adults.

Ryan. Your Honor, he was asked for an illustration not a whole story.

Judge. Overruled. I'll allow it.

Susskind. Well, we finally found an American . . .

Susskind (off). . . . child, about eight years of age, female, . . .

Susskind. . . . and that child's name came back 'politically unacceptable'.

Courtroom Crowd. (Laughing chatter not distinct.)

Courtroom Crowd. (Chatter not distinct.)

Courtroom Crowd. (Chatter not distinct.)

Susskind. I called up and pleaded with the executive in charge of the program. I told him, 'You've ordered me never to protest', I said, 'but this is insane. This is an eight year old child, she could hardly be part of any Communist conspiracy'.

Susskind (off). He said, uh, 'Okay, I'll get back to you'. He called me back subsequently . . .

Susskind. . . . and said, uh, 'This is not to be taken as a precedent, but in this one case, I will tell you that Vincent Hartnett regards this child's father . . .

Susskind (off). . . as suspect and therefore we will not permit you to use that child.

Courtroom Crowd. (Chatter not distinct.)

Nizer. And what did you do?

Susskind. We found another child whose father was all right.

Nizer (off). And did you . . .

Nizer. . . . in Nineteen fifty-six in March of that year receive a phone call from, uh, our absentee defendant one Lawrence Johnson?

Tom (off). Yes, sir.

Nizer. Can you tell us the conversation?

Tom. He said he owned some supermarkets and had influence over a number of others that did business in the millions. I believe the figure was eighteen-twenty million dollars annually. He then said, Mr. Johnson then said, that he felt it was a disgrace that our company was using a Communist, John Henry Faulk, to advertise our products. I replied I had no such knowledge about Mr. Faulk . . .

Tom (off) . . . and he said, 'Well, you better get into line because a lotta people along Madison Avenue are, . . .

Tom (off). . . . and how would you like it if your client were to receive a letter from an American Legion Post? Up here. I said I was a Veteran myself . . .

Tom (off). . . . and I could not believe that . . .

Tom (off). . . . the American Legion would lend its name . . .

Tom (off). . . . to such an obvious blackmail attempt.

Tom. And he said, 'Well, you'll find out'. And, uh, I did.

Nizer. And is this letter with the beautiful red, white and blue border and the American Legion, uh, letterhead, uh, the one your client received?

Tom. Yes, sir.

Nizer. It's signed by Mr. Arthur M. Wisnovsky. Who's Mr. Wisnovsky?

Tom. Uh, it says here, 'Chairman of the Internal Subversion Committee of the Veteran's Action Committee.'

Nizer. M'hm. And your client's reaction was, uh . . .?

Tom. Well, he called me and he said, 'My God, I'm, I'm paying a hundred thousand dollars for two weeks of this program and I've got the Veterans and the American Legion after me.'

Nizer. Can you imagine what your client's reaction would have been had he only known that, uh, in addition to his duties as Chairman of the Internal Subversion Committee of the Veterans Action Committee of Syracuse, New York, Mr. Wisnovsky was also the, uh, chief fruit and vegetable buyer for Lawrence Johnson's Supermarket?

Jurors, Martinson (on). (Laughing.)

Courtroom Crowd (off). (Laughing.)

Nizer. And you have first-hand knowledge of other cases where artists have been harassed because of their beliefs?

Goodson. Well, I was producing a panel show using John Henry Faulk and an English actress by the name of Virginia Clark as regular panelists. And one day I received a call from the advertising agency in charge of the show, and asked me to stop using Virginia because her name . . .

Goodson (off) . . . had come up on one of the clearance forms indicating she had a negative political record.

Nizer. What did you do, Mr. Goodson?

Goodson. Well, it was expressly forbidden

Goodson (off) . . . to, uh, investigate or even to question that type of report.

Goodson. But I decided that I would have lunch with, uh, Virginia anyway . . .

Goodson (off). . . . and find out what it was all about. So, I asked her, 'What are your politics? Do you mind telling me?' And she said, 'Well, in England I was a Churchill conservative.'

Courtroom Crowd (on and off). (Laughing.)

Goodson. And I said, 'Well, what about your husband,' figuring that, that might be the connection with the blacklist. And she said, 'Well, he's a, uh, Texas Republican.'

Courtroom Crowd (on and off). (Laughing.) (Chatter not distinct.)

Goodson. She said, 'Why do you ask?' And I said, 'Well, there must be some kind of misinformation. I'll get back to you.' So I telephoned the advertising agency and I said, 'Look, you really better go back into your records . . .

Goodson (off) . . . and check. This has got to be some kind of mistake.

Goodson. I'd like to get a clearance on Virginia Clark.' And they asked me into a meeting about two days later, and I came in, they said, 'You were right. It was a mistake. There was another actress with a similar name to Virginia Clark and . . .

Goodson (off). . . . and that was the one we intended to blacklist.'

Nizer. So, at least you were able to save Miss Clark's career?

Goodson. What they said was, 'We want you to drop her anyway.'

Goodson (off). They said that, uh, because of the mix-up in name . . .

Goodson. . . . mail might come in, controversy might, might engulf the client, so, 'We want you to get rid of her anyway.' And I was outraged and furious and I said, 'How can you step on the rights of this girl in this fashion?' I said, 'As far as I'm concerned, I'm gonna continue to use her on this particular panel show and on other Goodson-Todman . . .

Goodson (off) . . . . panels', and I walked out in a storm.

Nizer. And was that the end of it?

Goodson. When I got back to my office . . . there was a phone call waiting for me. An old acquaintance of mine who'd been at that meeting said. 'I have to give you a warning.' He said, 'When you lost your temper that way and walked out, one of the lawyers at the meeting said, 'Is Goodson a pinko? Perhaps we should keep an eye on him, too.''

EXHIBITION REEL FOOTAGE

Clerk. Do you solemnly swear that the testimony you are about to give shall be the truth the whole truth and nothing but the truth so help you God?

Nan. I do.

Clerk. Please state your full name, please.

Nan. Nan Claybourne.

Judge. (off). You may take the stand now.

Nizer. Miss Claybourne, I'd like to ask you about the three year period, immediately following the time you won the Academy Award. . .

Nizer. (off). . . . Best Supporting Actress of the year?

Nizer. Did you try directly and also through an agent to work in, uh, television during that time?

Nan. Yes, sir.

Nizer. Did you succeed?

Nan. No, sir .

Nizer. (off). Not at all? No jobs?

Nan. Oh—one, sir. From a friend of mine, a producer.

Nizer. What did he tell you when he gave you this job?

Nan. That I had been blacklisted . . . by Vincent Hartnett.

Nan. But because of our friendship he was going to run the risk of giving me this role.

Nizer. Did your friend tell you why you had been blacklisted?

Nan. There, there were three charges against me. Uh, I had, uh, I had opposed the black list.

Nan. I had endorsed two peace conferences, and, uh, I had signed a petition for clemency for Willie McGee.

Nizer. Who was Willie McGee?

Nan. A negro in Mississippi who had been sentenced to death . . .

Nan. . . . and was later executed.

Nizer. And after this, Miss Claybourne, did you try, uh, to get yourself off the blacklist?

Nan. Yes. sir. I asked my public relations advisor to help me.

Nizer. What did he do?

Nan. Well, he called Mr. Hartnett to ask him if he would make another investigation of me.

Nizer. Did Mr. Hartnett say he would?

Nan. (off). Yes, sir.

Nizer (off). Mr. Hartnett say anything else?

Nan. He said there would be a fee of two hundred dollars for the investigation.

Nizer. And what was your response to this?

Nan. Well, I said, I wouldn't pay.

Nan (off). I said that my life was an open book. . . .

Nan. . . . and I didn't feel I needed Mr. Hartnett's. . . .

Nan (off). . . . investigation. And I certainly wasn't gonna pay for it.

Nizer. Your Honor, I request permission to read here . . .

Nizer(off). . . . what Mr. Hartnett on this subject . . . .

Nizer. . . . in the Examination Before Trial.

Ryan. Objection.

Judge. Overruled.

Nizer. These are Vincent Hartnett's words: quote, 'Here's not Miss Claybourne but a public relations man who makes five G's a year from this . . .

Nizer (off). On some accounts his probable retainer is . . .

Nizer. . . . fifty G's a year, and I said I would make a report for him. . . .

Nizer (off). . . . and I think I would be a complete ass if I did it for nothing.'

Nizer. Unquote. So you remained on the blacklist. Did you know that, uh, you were up for a job at ABC? A job they wanted you for?

Nan. Yes, sir.

Nizer. Did you know why you didn't get the job?

Nan. I'm not sure.

Nizer. Your Honor, I request permission to read at this time, a *letter* written by . . .

Nizer (off). . . . Mr. Hartnett to the American Broadcasting Company . . .

Nizer (off). Thank you. . . . immediately after Miss Claybourne . . .

Nizer. . . . refused to pay him two hundred dollars to investigate her.

Ryan. I object again, Your Honor.

Judge. Overruled.

Nizer. These are Mr. Hartnett's words: 'Dear Jerry: In my opinion you would run a serious risk . . .

Nizer. (off). . . . of adverse public opinion by featuring on your network, Nan Claybourne.'

Nizer. So you didn't work in radio or television work three years?

Nan. With that one exception.

Nizer. After three years, uh, with one job, Miss Claybourne, . . . were you finally able to, uh, get off the blacklist . . .

Nizer. (off). . . . and work again?

Nan. Yes.

Nizer (off). How? Did it involve Mr. Hartnett?

Nan. Yes.

Nizer. What happened? Would you tell us about that?

Nan (clearing throat). Well, uh, . . .

Nan (off). . . . he, uh, he phoned me . . .

Nan. . . . and asked me to, he asked me if I would . . . speak in support of him . . .

Nan (off). . . . at a union meeting . . .

Nan (off). . . . in support of Aware.

Nan. Uh, he said that, uh, . . . that people like John Henry Faulk . . .

Nan (off). (clearing throat) . . . were trying to h. . . have him condemned . . .

Nan. . . .and . . . (sobbing) I would support . . . support him . . .

Nizer. Did you agree to support him?

Nan (sobbing). Yes.

Nizer (off). And did you do it?

Nan (off). (sobbing, sniffling).

Nan. Yes.

Nizer (off). And then did he, uh, . . .

Nizer. . . . agree to take you off the blacklist . . .

Nizer (off). . . . and let you work again?

NAN. (Sobbing.)

Nizer. Questions, Mr. Ryan? Thank you, Miss Claybourne, you may step down. Your Honor, the plaintiff rests.

Bar Crowd (off and on). (Chatter not distinct continues behind following dialogue and scenes.)

Faulk. We got to work tonight, Lou?

Nizer. Yes. Why?

Faulk. Oh, it's such a nice night, I thought I'd waste a nickel on yuh. Blow you to a ride on the Staten Island Ferry.

Nizer. (laughing). You know, I've never done that. Maybe after this thing is all over with.

Faulk (chewing sounds). I feel like it's over now. Feel like it ought to be. Betcha Hartnett does, too.

Faulk (off). If he doesn't now, he will when you get through with him.

Nizer (snickering).

Faulk. I got a letter from Lara . . .

Faulk (off). . . . today. She wishes us both luck.

Faulk. She's back in Texas now. (Chewing sounds.) She's been workin' since the separation, sounds happy. (Licking fingers).

Faulk. She's thinkin' o' gettin' married again, . . .

Faulk (off). . . . after this divorce becomes final.

Faulk. Say, can I have another half dozen o' these, please? You oughta try another half dozen yourself, Lou. That way we won't have to break for dinner.

Nizer (Laughing).

Hartnett. My name is Vincent Hartnett. I was born in St. Louis, Missouri in Nineteen sixteen. I'm a graduate with highest honors of Fordham and Notre Dame.

Ryan. Did you take any courses in college dealing with Communism?

Hartnett. Yes.

Ryan. And after college?

Hartnett. I enlisted in the United States Navy and was commissioned as an Ensign in Nineteen forty-two and then I went on active service.

Ryan. Mr. Hartnett, beginning in August Nineteen fifty-two, what was your occupation?

Hartnett. I was a professional consultant on the Communist and/or Communist Front records . . .

Hartnett (off). . . . of persons in the entertainment industry, particularly in radio and television.

Ryan. Uh, did you obtain any clients on a regular basis?

Hartnett. Yes.

Ryan. Who was your first client?

Hartnett. York Food Products.

Ryan. And what was your financial arrangement with York?

Hartnett. Initially a fee of twenty-dollars for each person checked. As the volume of names increased, . . .

Hartnett (off). . . . we set a fee by mutual agreement of five dollars per name checked and later, two dollars . . .

Hartnett. . . . for each name that was repeated.

Ryan. And were you later paid a flat fee . . .

Ryan (off). . . . by York?

Hartnett. Yes.

Nizer (off). Before you were hired by the York Foods Product Company, Mr. Hartnett, had you written an article critizing . . . (on) . . . that company for using actors on their television programs who had "Communist Front" affiliations?

Hartnett. I believe so.

Nizer. And that article, before it was published, was brought to the attention of the York company, wasn't it?

Hartnett. No, I don't think it was!

Nizer. Well, you had a conference with the York people before the article was published, didn't you?

Hartnett. I did.

Nizer. And as a result of that conference you were hired (laughing) by the people you'd just written the article about.

Ryan. I object!

Judge. No, he . . .

Judge (off) . . . can answer it.

Hartnett. I was.

Nizer. And you were hired before the article was published?

Hartnett. I was.

Nizer. Then the article came out thereafter and praised the York Company, did it not?

Hartnett. Both praised and criticized.

Nizer (laughing). The measures that you praised were that they'd hired you, isn't that correct?

Hartnett. Part was pertaining to me.

Nizer. How much money did they pay you when you went to work for them, after you'd, uh, changed the article to praise them?

Hartnett. Ten thousand dollars.

Nizer. A year? Ten thousand dollars a year?

Hartnett. Yes.

Nizer. And who helped negotiate, uh, the arrangements with the York Company?

Hartnett. I don't know what you mean.

Nizer. What, uh, market owner, what man whose goodwill York depends on, helped you get this job? Was it Lawrence Johnson?

Hartnett. Yes.

Nizer. What did you do in exchange . . . for Mr. Johnson?

Hartnett. I don't know what you mean.

Nizer. Did you send him names of performers who according to you had Communist Front records?

Hartnett. Yes, sir!

Nizer. And to your own personal knowledge didn't he send these names on to networks and sponsors and advertising agencies and tell them that if they didn't take these people off the air, he was gonna take their products off his shelf?

Nizer (off). Isn't that right?

Nizer. And you sent names on, too . . .

Nizer (off) . . . didn't you? Of people you didn't like . . .

Nizer . . . or people who didn't like you or your methods! At five dollars a crack, isn't that right?

Nizer (off). You got five dollars a name!

Nizer. You even got five dollars for checking Santa Claus!

Courtroom Crowd (off). (Laughing, chatter not distinct continues behind following scenes and dialogue.)

Hartnett (overlapping above laughing). He's a model!

Nizer. Model?

Hartnett. He's a well-known model used by advertisers!

Hartnett. Santa Claus is his name!

Nizer. He also wore a red suit, . . .

Nizer (off). . . . didn't he, Mr. Hartnett?

Nizer. You sent along another name, too, didn't you?

Nizer (off). . . . Name of John Henry Faulk.

Nizer. Excuse me, I noticed that you, uh, writing . . .

Nizer (off). . . . in that notebook, . . . (on) . . . uh, May, . . uh, whose names are those?

Hartnett. Lyle Johnson, Ralph Sullivan, sitting over there right next to Mrs. Faulk.

Hartnett (off). Arleen Gilbert. Jack Manners!

Nizer (laughing). Why are you writing their names, uh, do they have something in common?

Hartnett. Indeed they do! They all have Communist Front records!

Nizer. You just testified that, uh, . . .

Nizer (off). . . . Ralph Sullivan is seated next to Mrs. Faulk.

Nizer. Which is Mrs. Faulk?

Hartnett. I believe it's that lady over . . .

Hartnett (off). . . . there.

Nizer (off). Would you stand up, please, ma'am, tell us your name?

Helen. My name is Helen Soffer.

Courtroom Crowd (on and off). Ooooh. (Chatter not distinct.)

Helen (off). S-o- . . .

Helen (off). . . . f-f-e-r.

Nizer. Sir, is that an example of the accuracy with which you identified your victims over the past ten years? Is it, sir? Is it?

Courtroom Crowd (off and on). (Chatter not distinct continues behind following scenes and dialogue).

Nizer. Your Honor, I have no more questions for this man.

Ryan. John Henry Faulk seeks to put the blame on the defendants for what he calls blacklisting.

Ryan (off). But he is dead wrong.

Ryan. It is the American public that does not want identified Communist Party members appearing on its television programs and radio programs.

Ryan (off). And it does not want people with records . . .

Ryan. . . . of Communist Front affiliations . . .

Ryan (off). . . . that have never been repudiated, appearing on its programs.

Ryan. And since the public doesn't want it, the sponsors don't want it, the advertisers don't want these people appearing on their programs. And so, experts in this field, such as . . .

Ryan (off). . . . Mr. Hartnett were employed . . .

Ryan. . . . and I don't think there is any doubt that Mr. Hartnett is an expert in this field. He knows the workings of the Communist Party.

He has enormous files on the Communist Party, Communist Front groups and its operations . . .

Nizer's Voice.—And then . . .

Nizer. . . . out of the blue they raise the name of this lady from Austin, Texas, Edna Miller.

And they ask if John Henry Faulk attended Communist Party meetings at her home. They have never given us one scrap of evidence that she's a Communist. They've never required her to come in here and defend herself. They simply asked the question.

Now this woman's name is a part of the public record of this court and that means that right now somebody in Austin, Texas is going to have to go through the next five years exactly the same way John Henry Faulk went through the last five years. Do you wonder how preposterous . . . and how evil this thing is? Vincent Hartnett collected five dollars for passing Santa Claus. That's how preposterous and how evil it is! (laughing) You know, it would almost be funny, if it weren't for the fact that every artist in this country was frightened to death.

Every artist in this country gave up his dignity and his self-respect. Either you knuckled under to the Hartnetts and the Johnsons, or you were out of work!

And not many people wanted to do what John Henry Faulk did. To go without food, in order to bring this case to trial! What artist, what ordinary citizen, for that matter, would do that? In order to stand up to these . . . creatures! Are we not . . . yet . . . a free people?

Do we have to knuckle under? Let the word go out from here . . . that this thing has got to stop! Give the answer with your verdict . . . to the kind of un-Americanism that this case represents! I leave it in your hands the accomplishment of total justice. Thank you.

Corridor Crowd (off). (Chatter not distinct continues behind following dialogue.)

Faulk. We rootin' that they're out a long time or a short time?

Nizer. M'm, short. Long means there'll be wrangling and compromises.

Bailiff. Ladies and gentlemen, the jury is returning. Everybody inside, please.

Bailiff. Ladies and gentlemen of the jury, have you reached your verdict?

Foreman. No, we haven't. . . .

Foreman (off). . . . Your Honor.

Courtroom Crowd (off). (Chatter no [illegible] stinct continues behind following scenes and dialogue.)

Foreman. (off). Your Honor, we'd like. . . .

Foreman (off). to ask you a question.

Foreman. Can the jury award more damages than the . . .

Foreman (off). Plaintiff's attorney asked for?

Courtroom Crowd. (Yelling, chatter not distinct continues behind following scenes and dialogue.)

Courtroom Crowd. (Chatter not distinct, applauding.)

Party Crowd. (Chatter not distinct continues behind following scenes and dialogue.)

Faulk. How are yuh, darlin'?

Nizer. I'll write you a check. Don't let me forget.

Man. Okay.

Herb. Hey, Lou, it's your day, too. Three and a half million dollar verdict. Nobody else could have gotten it for him but you.

Anne. What's the matter, Lou? Do you always take winning this hard?

Nizer. I just found out Lawrence Johnson died tonight.

Anne. Then he really was sick during the trial. I thought he was faking.

Nizer. So did I. I just spoke to his lawyer. You know, it's strange with all we've heard. Everything all about his (laughing) supermarkets. It turns out he didn't have very much money at all.

Herb. You mean, you won't be able to collect the three and a half million dollars?

Nizer. Well, (sighing) with the legal questions that his death raises. I think Johnny'll be lucky to collect five cents on the dollar.

Party Crowd (off and on). (Chatter not distinct, laughing continues behind following scenes and dialogue.)

Anne. Still he won.

Herb. He beat the blacklist.

Herb. Lou?

Nizer. Oh, there'll be other offers, but it won't be like it was before.

Herb. Because of the trial? Just because they called him a Communist, he's still not gonna be able to work?

Nizer. He's a controversial man now.

Anne. Then what did he win?

Nizer. He won a victory!

Herb. For everybody else, maybe, but how about John Henry?

Nizer. He won a great . . . victory!

Faulk. I was telling Mrs. Dorry about it. You see, she told me about the time (continues not distinct behind following speech and chatter) . . .

Man (overlapping above speech). Hey, don't worry about her.

Faulk. Telling her about the domino theory. She said that was the worst thing that ever happened to me.

Group. (Laughing, chatter not distinct continues behind following speech.)

Faulk. 'Cause what the Domino theory did was just ruin the (not distinct) nice game for a lotta little kids.

Nizer's Voice. So the blacklist ended, finally. Some of the worst fears of the fifties had been overcome. John Henry Faulk returned to Texas and eventually found employment on a Dallas radio station.

NATIONAL FOREST ROAD CONSTRUCTION

Mr. McCLURE. Mr. President, I rise today to report to the Senate on action taken by the Committee on Public Works on S. 364, a bill to authorize the Forest Service to transfer earned but unused purchaser credit from one timber sale contract to others held by the same timber purchaser on the same national forest.

BACKGROUND

National forest roads are commonly financed in one of two ways: First, funds appropriated by Congress, and second, requirements on purchasers of national forest timber.

Roads constructed by timber purchasers must conform to rigidly controlled Forest Service design standards and be built on locations specified in advance of timber sale contract award. As a purchaser completes segments of the required road construction project, he is given "credit" which he can then apply against the value of timber which has been harvested from the timber sale. If little or no timber has been harvested, a purchaser is often left with a very substantial unreimbursed "investment" in the national forest road system.

Thus, roads built under timber contracts are the only Government construction projects where builders are not reimbursed in a timely fashion as construction progresses. As road construction requirements become more complex and expensive, purchasers of Federal timber are being required to tie up ever larger amounts of capital in timber contract roads. Purchaser credit earned can only be applied to timber value on the particular sale it is earned. In practice there is often a lag of 1 year or more between the time purchaser credit is earned and the credit can be applied against the value of timber harvested.

S. 364 would authorize and direct the Forest Service to permit the transfer of purchaser credit earned on one timber sale contract but unused on that contract to another timber sale being operated by the same purchaser on the same national forest.

In most cases purchaser constructed roads are multiple-purpose roads and are often designed to high standards by the Forest Service to accommodate recreational, fire control, and other administrative and public uses.

Since reimbursement of a purchaser's expenditures for required road construction—up to the purchaser credit limit specified in the contract—can be made only in the form of credits against timber harvested, the purchaser with a large road project can be reimbursed for his expenditure only after significant volumes of timber have been removed from the sale. Road construction requirements have become so large, complex, and sophisticated that one or more full operating seasons are often required to complete the project to the level needed to haul logs. Thus, many timber purchasers have large amounts of capital invested in road construction. These funds must often be borrowed at high rates of interest and are diverted from use in much needed investment in plant and equipment.

S. 364 would allow purchasers to reduce working capital requirements by applying excess purchaser credit from advanced road construction on one sale to other sales requiring cash deposits on the same national forest. Such transfers would expose the Government to no risk. Reductions of cash payments on one sale would be offset by higher cash payments on other sales. In order to conserve working capital, purchasers who are in an unfavorable cash flow position now often delay road construction until just prior to log hauling. This can create conflicts between the road construction, logging, and log hauling operations. The ability to transfer purchaser credit will be a strong incentive for purchasers to construct roads well in advance of logging and log hauling.

This will act to simplify administration of the timber sale contract by reducing conflicts between road building and logging, presently a prime source of conflicts between Forest Service and timber purchasers. Advanced construction of roads would also reduce environmental impact by giving roads at least 1 year to stabilize before logs are hauled. Allowing transfer of earned purchaser credit would have no effect on total receipts to the Federal Government or to counties which receive 25 percent of receipts from timber sales. S. 364 does not allow transfer of ineffective purchaser credit arising in "*deficit*" sales. These are sales in which the timber values are not great enough to support development costs. These "deficit" situations, in which the full purchaser credit allowance for sale roads cannot be returned by the value of timber harvested, do not come under the scope of S. 364.

NEED FOR LEGISLATION

The reasons legislation is needed to accomplish the objectives of S. 364 are set forth in a June 16, 1972 letter from the Comptroller General to the Secretary of Agriculture (51 Comp. Gen. 826). The Secretary had sought the General Accounting Office's decision on a proposal to transfer earned, effective road credits from one sale to another within the same national forest. The Comptroller General's reply did not differentiate between the situation resulting from so-called "deficit" sales and sales having a normal profit margin. This resulted in the opinion that the proposal would have authorized the exchange of timber for road construction without statutory authority. The Comptroller General held that this was contrary to the intent and provision of Public Law 88–657 and therefore would necessitate special legislation. S. 364 has been drafted to avoid the "deficit" sale situation in which timber values in one timber sale area could be used to pay for road construction in another timber sale area resulting in reduced total receipts to Federal and county governments.

Enactment of S. 364 is needed to overcome some of the inequities imposed on national forest timber purchasers by the administration's change in the methods of financing national forest road construction. In 1972, congressional appropriations for forest development road construction stood at about $110 million, but this year, due to administration rescissions, that figure has dropped to an estimated $11.5 million. During the same 1972–76 period, the level of purchaser credit used to fund road construction rose from $116.8 to $210 million. These figures show the significant shift during the last 4 years in the burden of road construction from the Federal Government to timber purchasers.

As general policy the Congress has urged that the Government, rather than timber purchasers, construct needed high standard multiple-use roads. The Public Works Committee has consistently authorized sufficient funds for such road construction. However, administration budget requests and congressional appropriations have not kept pace with committee authorizations. One result is that the Forest Service has increased the mileage and value of roads constructed by timber purchasers as part of national forest timber sale contracts.

The construction of primary access—arterial—roads on the national forests serving multiple functions such as recreation, fire control, timber management and general administration is properly the function of the Federal Government rather than timber purchasers. These roads are built for multiple-use purposes, not just timber harvest alone. The location, alinement, grade, and standards of the roads are modified to assure they can meet the full management needs of the national forests. When multiple-purpose roads must be built as part of a timber sale contract, supplemental funds should be provided by the Forest Service to allow the purchaser to defray the additional cost of road construction necessitated by multiple-use requirements. This program of supplemental payments needs to be substantially increased. In the meantime, S. 364 is needed to reduce the burden on timber purchasers imposed as a result of the administration's change in policy.

This bill would benefit all regular purchasers of national forest timber—large or small. Typical purchasers usually hold several timber sale contracts at the same time. Passage of S. 364 would be especially helpful to those companies, usually the smaller ones, which have extremely tight cash flow situations. The Government would suffer no loss by permitting purchasers to consider their "earned," "effective" purchaser credit the same as cash for the payment of national forest timber. The temporary delay, during the first year, of a portion of such receipts would be offset by the opportunities for continued employment and economic activity in the area if companies were to be less strapped for working capital.

AMENDMENTS TO THE BILL

On July 24, 1975 the Public Works Committee adopted amended language to S. 364. The adopted language was a compromise which had been worked out among the forest industry, county representatives, and officials of the Forest Service.

In testimony on the bill as introduced, the administration had opposed its passage on several grounds. The administration's primary objection was the contention that it would result in a sharp reduction in national forest timber receipts during the first year or two following enactment with corresponding reductions in county 25 percent receipt funds. This would be a temporary delay rather than absolute reduction in county receipts resulting from application of the bill to existing contracts. The administration testified that county receipts might be reduced by as much as $42 million, or approximately 30 percent of the total payment to the States from national forest receipts collected in fiscal year 1974. The administration viewed reductions of this magnitude as potentially disruptive to county budgets and fiscal planning.

Initial administration estimates of potential impact on counties were based upon hastily gathered sample information. Later data based upon a contract-by-contract evaluation in California indicated that earlier Forest Service estimates of potential county impact might be substantially overestimated.

Representatives of county governments who testified on the bill as introduced supported its concept. However, certain questions were raised regarding its potential impact on county 25-percent receipt funds. As a result of the concerns of the administration and county groups, amended language was proposed and adopted by the Public Works Committee. This amendment made the bill applicable only to purchaser credit earned after date of enactment. Both the administration and county representatives support the language as amended.

The intent of the bill is to overcome the previously described inequities occurring in the reimbursement to purchasers for road construction completed on Forest Service timber sale contracts. In order to be successful in achieving this objective, the administration, while it must protect the financial interests of the Federal Government, should not unduly restrict or limit the flexibility of purchasers to operate and to respond to changing market and timber sale conditions.

It is envisioned that there will be few limitations on the number of times a purchaser may transfer purchaser credit from one timber sale to another. To so limit transfers would serve no useful purpose, would tend to defeat the intent of the bill, and would unduly restrict the flexibility of purchasers.

It is intended that the bill authorize transfer of earned purchaser credit only between sales held by the same purchaser. Earned purchaser credit should not be assignable to other purchasers except as part of a transaction involving all of the original purchasers' interests in the sale.

The Forest Service should consult with representatives of the National Association of Counties and the forest products industry in the development of any regulations. This is necessary to insure that these regulations are equitable and will achieve the desired objectives of the legislation.

It is intended that transfer of purchaser credit will be allowed between timber sales under contract to a timber purchaser within the same proclaimed national forest.

SAMUEL LOWRY LATIMER, JR.

Mr. THURMOND. Mr. President, it is seldom that one person can accomplish as much in a lifetime of service as Samuel Lowry Latimer,Jr., of Columbia, S.C., who died September 20, 1975, at the age of 83. In journalism, in patriotism, in public service, and in his church he was a leader who brought forth the best of himself in the interest of the world around him.

The base upon which he built his career was journalism, serving for many years as editor and publisher of the State newspaper of Columbia. Indeed, he built it into the largest newspaper in South Carolina and made it a driving force in the public life of our State. The beginning of his career with the State, however, was not so auspicious. At the age of 16 he went to that organization as a copyboy and messenger. He continued to work there even as he attended the University of South Carolina where he earned a law degree.

Graduation returned him full time to the State where the only interruption he was to accept for the rest of his life was military service in World War I. True to his patriotic nature he volunteered for Army duty just 4 days after war was declared. Subsequently, commissioned as a second lieutenant he went to France with the 81st—Wildcat—Division and served overseas for about a year.

Mr. Latimer was among the early members of the American Legion and spent many years in positions of leadership and influence in that fine organization. He served as commander of the South Carolina Department of the Legion and also national vice commander.

Additionally, he rendered many years of devoted work to the outstanding program of the American Legion by serving on the national executive committee and the national public relations committee.

True patriotism and deep love of country led Mr. Latimer to such words and deeds in support of America that he frequently received the awards of a grateful people. For example, the University of South Carolina awarded him an honorary doctorate and the Distinguished Alumnus Award. Other honors flowed freely from veterans organizations, professional associations, and civic groups. His interests were many and varied and the fruits of his labor were bounteous for all concerned.

Mr. Latimer was the senior public housing commissioner in the United States when he retired from the Columbia Housing Authority in 1970. For 36 years he had pioneered and planned the course of public housing in his home city as a member of that organization. He joined it at the time of its inception when there were only two other public housing authorities in the United States. Throughout those years, 1934 to 1970, Mr. Latimer who served as both commissioner and chairman worked diligently for adequate housing. As a result many people in Columbia who depend upon public housing enjoy a better standard of homes than would have been possible without his service.

Mr. President, Sam Latimer was a friend of mine extending across a long span of years. I knew him as a dedicated, public-spirited citizen who always worked for the greatest good for his community, his State, and his Nation. He was a man of vision and the drive of his efforts combined with the facility of his pen made progress happen. His editorials thundered and cajoled, at once, the forces that shaped policy and molded events.

In the latter years of his editorship, he also wrote a widely read front-page column, called "From Across the Editor's Desk." It displayed a more reflective side of this outstanding man. The column was not the hard-hitting, issue-oriented discourse of his editorials but a view of life from one who understood it well.

When in 1961, at age 70, he became editor and publisher emeritus of The State, Mr. Latimer undertook the writing of a book. It was about the organization he had headed for 20 years and served for more than half a century. This book was a detailed and comprehensive accounting of the history of the State, beginning with its shaky origins in 1891.

Mr. President, the activities which claimed Mr. Latimer's time and attention were many. The accomplishments which can be attributed to his efforts are legion. He was a vital man who had worthy goals and worked hard to accomplish them. He had a feeling for individuals, as for nations, and his knowledge of each ran deep.

Mr. President, in order that my colleagues will have an opportunity to better know of this outstanding man, I ask unanimous consent that three representative accounts of his life and death be printed in the Record.

There being no objection, the accounts were ordered to be printed in the Record, as follows:

[From the State, Sept. 30, 1975]

S. L. Latimer Jr., 83, Editor Emeritus, Dies

S. L. Latimer Jr., 83, editor and publisher emeritus of The State, died Monday in the Columbia Veterans Administration Hospital.

Services will be at noon today at the First Presbyterian Church, conducted by the Rev. Dr. Hugh W. McClure III, the Rev. Dr. J. Norton Dendy and the Rev. Robert E. Hermann.

Burial will be at 3 p.m. in the Rosehill Cemetery at York.

Pallbearers will be Robert M. Erwin Jr., W. Thomas Worth, Murray S. McKinnon, Thomas L. Latimer Jr., B. Randy Dunlap and Dr. Carl McDonald Foster.

Dunbar Funeral Home, Devine Street Chapel, is in charge.

Mr. Latimer retired Jan. 1, 1961, after 54 years association with the newspaper in a career dating back to the era of its founders, the Gonzales brothers. He rose from office boy, while still in school, to the editorship and then to the joint position of editor and publisher. After his retirement and until his death, he remained a member of the Board of Directors of The State-Record Co., parent corporation for the newspaper.

Samuel Lowry Latimer Jr. was born Nov. 14, 1891, at Yorkville (now York), a son of the late Samuel L. and Sallie Witherspoon Latimer. When he was 15 years old, Mr. Latimer moved to Columbia with his parents from York, where he was a high school senior. He went to transfer to Columbia High School only to learn that he had studied at York the year before what Columbia High had in its senior year. Dr. E. S. Dreher, principal and later superintendent, was shocked to learn that the school at York was one year ahead of Columbia. Later, he remarked that this incident caused him to put added emphasis on upgrading Columbia schools.

Mr. Latimer went to the University of South Carolina and found that he had enough credits to enter the freshman class, but could not matriculate until the following September. It was then that he went to work with The State, a connection that continued throughout his life.

He switched to law in his senior year and graduated with an LL.B. degree.

An unsigned classified advertisement in The State solicited the services of a boy to answer the telephone, wait on the counter, run errands, etc. With the consent of his parents, he applied for the job.

A couple of days later, he received a call from the late Frank C. Withers, then the manager of The State Co., asking him to report for an interview. Mr. Withers knew Mr. Latimer's family in Yorkville. On March 18, 1907, Mr. Latimer went to work for The State as an office boy. When time came for him to enter Carolina, the job was made parttime.

Six months later, he transferred to the staff of the news department, by way of the proofroom, at the suggestion of Ambrose E. Gonzales, the publisher. Mr. Latimer was successively general reporter, sports writer and legislative reporter.

Mr. Latimer volunteered for service in World War I on April 10, 1917, four days after the United States declared war on Germany. He was sent to the Officers Training Camp at Ft. Oglethorpe, Ga., and graduated August 15, 1917, as a second lieutenant of the cavalry. He was assigned to the 316th Field Artillery of the 81st (Wildcat) Division, which was being formed at Camp Jackson, and his commission was transferred to that branch. He served with the 316th until being discharged in July 1919, after being overseas about a year.

Back from the war, and once more on the staff of The State, he rose steadily from assignments as reporter, city editor, managing editor and, in 1941, editor-in-chief. In 1943, he was also made publisher and served in the dual capacity until his retirement in 1961 at the age of 70. The circulation of The State doubled during his editorship, passing the 100,000 mark for the first time for any South Carolina newspaper.

Besides his work for the Columbia newspapers, Mr. Latimer had been active in a wide range of journalistic activities. He was a member of the Sigma Delta Chi journalistic fraternity and was past president of the South Carolina Press Association in 1941-42. He was on the Pulitzer Prize jury longer than any other person and initiated the designation of "spot reporting" as a separate contest. As a member of the American Society of Newspaper Editors (ASNE) since 1942, he served on various important committees, including the Freedom of Information Committee that published "The Right to Know."

He was the author of the 1947 book, "An Editor's Visit to Germany and Austria," and representing the ASNE, he was chairman of the editorial committee for "The Long-Term Patient," published by the National Commission on Chronic Illness. He was also chairman of the national editorial committee for "The American Legion Story," by Moley.

Mr. Latimer was a member of the advisory board of the American Society of Journalism Administrators for several years.

In the latter years of his editorship, Mr. Latimer wrote a front-page column which he titled, "From Across the Editor's Desk." And in 1958, he received an award for the Best Column in the South. In his columns, he recalled many of his experiences in this country and abroad. He also won wide recognition for a series of articles he wrote for The State following a visit to Germany with a group of editors. The series was later published in booklet form.

After his retirement, Mr. Latimer wrote a comprehensive history of The State. In this volume, he invested a large store of knowledge of the newspaper, its founding, its public services through the years and its progress. As a young newspaperman, he was closely associated with two of the founders, the late Ambrose E. and William E. Gonzales.

At the time of his retirement, a resolution of commendation was adopted by the Board of Directors of The State-Record Co. It was read by Ambrose G. Hampton, who was subsequently to become publisher of The State. The resolution concluded as follows:

"Be it resolved that the Board of Directors of The State-Record Co., assembled on this 27th day of December, 1960, do hereby express its whole-hearted appreciation of Samuel Lowry Latimer Jr. for all his contributions to the success and good name of The State."

And at a banquet in his honor at the same time, one of those who paid tribute to the retiring editor was his friend, the former Supreme Court justice, secretary of state and governor, the late James F. Byrnes. Others who spoke were the late J. M. Bialock, then president of The State-Record Co., and John A. Montgomery, who served many years as managing editor of The State under Mr. Latimer and subsequently became editor of The Columbia Record. Mr. Montgomery spoke of the fact that Mr. Latimer had "always been proud of The State and dedicated to maintaining its dignity and self-respect." Also, "There is scarcely a town or village in South Carolina in which S. L. Latimer Jr. has not been honored in one way or another. Among the Fourth Estate he is counted as a friend and is respected by all."

The range of Mr. Latimer's citizen and other activities outside of his vocational field as a journalist was wide.

He was especially attached to the objective of an adequate national defense and this focused interest on the military. Over a period of 20 years, he served by appointment as civilian aide in South Carolina, first to the secretary of war and then the secretary of the army. Subsequently, he became civilian aide for the Third Army area, and his tenure in that higher capacity was eight years. For these services, he was awarded the Distinguished Civilian Service Medal, highest honor for civilians from the army.

Among his strictly Columbia extracurricular activities, he was for many years a commissioner and chairman of the Columbia Housing Authority, formed in 1934. This was the third such authority formed in the country. By 1962, Mr. Latimer had become the oldest commissioner in service in the country and was so recognized as such that year in the national meeting of commissioners held in Denver. He had been a commissioner since 1934, and served until 1970, when he retired. During this prolonged period, hundreds of modern, low-cost housing units were constructed to replace slums in Columbia. These included spreading ground-level clusters of apartments as well as several high-rise buildings. One development in the Eau Claire area of the city was named Latimer Manor in recognition of his service to public housing.

He was chairman of the housing authority when many blocks were purchased for expansion of the University of South Carolina campus under the urban renewal program.

Mr. Latimer was appointed by Governor George Bell Timmerman Jr. to represent South Carolina in his stead at the inauguration of President Eisenhower in 1957. This was the only time in history when anyone other than the governor has represented South Carolina in an inauguration.

The University of South Carolina awarded him the honorary degree of Doctor of Literature in 1944, and chose him for commencement speaker in 1948.

He was a trustee of the Educational Foundation of the University of South Carolina, a member of the University President's Council, and was the third person to receive the University's Distinguished Alumnus Award.

Mr. Latimer was a member of the Board of Visitors of Presbyterian College and the Board of Counselors of Erskine College and was formerly chairman of the Board of Visitors of Clemson University.

He was a member of Governor James F. Byrnes special highway safety committee and made the proposal, which was adopted, that a point system of drivers' records be put into effect. He was later chairman of the State Safety Council.

Mr. Latimer was outstanding in veterans' affairs. He was national vice-commander of the American Legion from 1945–46. He was also a member of the national executive committee and commander of the South Carolina Department of the Legion. He had been on the Legion's national public relations committee since 1946, and had been its vice-chairman the past 20 years.

For several years he was a member of the Legion's national committee on publications. On one occasion, when a delegation of leading legionnaires was on a trip to Europe, it was received at Buckingham Palace. Mr. Latimer was a member of this delegation. He received various awards for his services to the Legion, including a national Merit award, granted to him at the Houston convention in 1970, by the American Legion Press Association, composed of Legion publications.

Meanwhile, activity as a member of the Association of the United States Army won the editor two national awards. One was the second highest ever given by the organization. Both were for service to the Army and to the association.

He was a charter member and honorary past commander of Richland Legion Post 6 of Columbia. He was a member of Voiture 1025 of the Forty and Eight and was Chef de Gare in 1941. He was a member of the Military Order of the World Wars. The American Legion awarded him the 1959 plaque for "Distinguished Service to South Carolina."

Mr. Latimer was present for the organization of the National Association of the U.S. Army (AUSA). He had headed the Greater Columbia chapter of the AUSA and had served as regional vice president for South Carolina.

In early 1949, the United States government sent a team of 12 selected Americans to get an "outsiders view" of conditions in Germany and Austria and report its findings to the secretary of war. The purpose was to get recommendations as to what could be done to hasten recovery in the war stricken countries. The group worked in close association with Gen. Lucius Clay, the U.S. commander in Germany. Secretary of War Patterson said that one of Mr. Latimer's recommendations that was put into effect was alone worth the trip.

The Germans and Austrians were being promised 1,340 calories a day by the Americans, but in more than three months the figure was not more than 920 calories, which was far from enough for the people to live and work efficiently.

Mr. Latimer pointed out that the short rations were causing Europeans to be disillusioned with American promises, might end productiveness, and that they were unable to do the hard work in the mines and elsewhere that was necessary for increased production. Secretary Patterson initiated orders to increase the per capita food supply, and the result was immediate increased activity in reconstruction and production.

Mr. Latimer was a prime mover in the citizens effort that resulted in the original construction of what is now the University of South Carolina's Williams-Brice football stadium. He was on the committee that built the field and a member of the five-man commission that had control of it from the time it opened in 1934, as a Columbia municipal project until it was given to the university in 1942.

One of Mr. Latimer's special interests was the theatre, and at one time he was president of the Columbia Stage Society which operates the Town Theatre. He enjoyed recalling the era when traveling plays, many of them with casts headed by the leading actors and actresses of the time, would come to the Columbia Theatre, which stood at the corner of Main and Gervais streets, where the Bankers Trust building is now located. A play he wrote was produced by the Town Theatre.

At an annual meeting of the Town Theatre officers and patrons, a play by Mr. Latimer, "That's What Happened," was performed.

After the Armistice in 1918, Lt. Latimer organized, produced, directed and wrote some of the songs and dialogues for the regimental show, "The Wildcat Follies," which was acclaimed as the best U.S. Army show in France. It played all over France to military audiences, including a "command performance for General Pershing, and was awarded a three-week engagement at Nice.

With a versatile cast of 65 performers, including some of the top talent from the professional entertainment field in America, the troupe played in hospitals, theatres and makeshift showplaces, employing a 32 piece orchestra in the largest accommodations. "The Wildcat Follies" was applauded by 100 audiences, 99 in France and one aboard ship.

Mr. Latimer made a point of going to see the best shows on Broadway and elsewhere. He confided to friends that his second choice for a career—next to journalism—was show business. William Gaxton, a star of the Broadway stage for many years, once remarked that Mr. Latimer had a better knowledge of the theatre than just about anybody he had ever met.

A student of the Confederacy, he was chosen as the orator at the funeral of the last South Carolina Confederate veteran, Arnold Murray, on November 30, 1952, at White House Methodist Church Cemetery, 10 miles from Orangeburg. A full military funeral under statewide sponsorship was held for Mr. Murray. Gov. Byrnes was among the thousands in the graveside congregation where Mr. Latimer, at the invitation of the committee in charge, paid the official tribute to Mr. Murray and others who had worn the Gray.

Mr. Latimer was author of the inscription on the statue of Andrew Jackson at Ft. Jackson. He was co-author with William E. Gonzales of inscriptions on the World War Memorial building in Columbia and was co-author with W. D. Workman of the inscriptions on the James F. Byrnes monument on the State House grounds.

He was made a life member of the Board of Directors of the Salvation Army in Columbia for 43 years, serving as chairman in his latter years.

In 1941, he was chairman of the Community Chest campaign in Columbia and two years later directed the Red Cross drive. He was a member of the National Committee on Chronic Illnesses; chairman of the Woodrow Wilson Centennial Commission for South Carolina and a member of the Military Order of World Wars and on its National General Staff in 1947 and '48.

Mr. Latimer had been an officer of the First Presbyterian Church in Columbia since 1919, and served first as a deacon and since then as an elder, holding a longer tenure as an officer than any other present officer of the church. He served on the Board of Directors of the Presbyterian Home at Summerville.

He was a member and past president of the Columbia Cotillion, Forest Lake Country Club, The Palmetto Club, The Summit Club, The Springdale Club of Camden, The Forum, an honorary life member of the Elks Club, the oldest active member of the Columbia Kiwanis Club, having joined in 1921, the Columbia Drama Club and Sigma Alpha Epsilon Fraternity.

Mr. Latimer's closest relatives are first cousins: Mrs. Robert M. Erwin of Laurens, the Rev. J. W. Dunlap of Knoxville, Tenn., George W. Dunlap of Rock Hill, George T. Latimer of Florida, and Thomas C. Latimer of Holly Hill.

S. LATIMER, NEWSMAN DIES AT 83

[From The News & Courier, Sept. 30, 1975]

COLUMBIA.—The editor and publisher emeritus of The State newspaper, S. L. Latimer, died Monday. He was 83.

Latimer, who rose from office boy to head the newspaper in his 54-year career, retired in 1961.

He remained a member of the board of the State-Record Co.

While in school as a teenager, he worked for the State, then run by the Gonzales brothers who founded it. After graduating from the University of South Carolina and serving in France in World War I, he returned to the newsroom.

In succession he was reporter, city editor, managing editor and editor. In the last years he was editor he had a weekly column "From Across the Editor's Desk," that in 1958 received a best column of the year honor.

Upon his retirement, Latimer wrote a history of the newspaper.

No close relatives survive.

Funeral services will be noon Tuesday at First Presbyterian Church. Burial will be in York, the town in which he was born.

[From the State, Oct. 1, 1975]

LATIMER BURIED AT YORK

S. L. Latimer Jr., editor and publisher emeritus of The State, was buried in his native York County Tuesday following a funeral in Columbia.

Mr. Latimer was 83 when he died Monday in the Columbia Veterans Administration Hospital. And except for service in World War I, Mr. Latimer worked for the newspaper in Columbia all his adult life. After the war, he rose from reporter to city editor, managing editor and editor-in-chief in 1943. From 1943 to 1961 when he retired, Mr. Latimer served as editor and publisher.

The. Rev. Hugh W. McLure III, pastor of the First Presbyterian Church where Mr. Latimer was a member, delivered the eulogy. He said Mr. Latimer possessed three important interrelated qualities—love, loyalty and faithfulness.

The minister said Mr. Latimer "was loyal to his heritage in his beloved York County . . ." and he "was faithful to his university (of South Carolina) . . . and another loyalty was his "enthusiastic loyalty for the City of Columbia—a loyalty that overflowed."

"As editor and publisher of The State, he was loyal to his employes. He was faithful to the integrity in his news and editorials," the minister said, adding that "Only God knows how he loved his First Presbyterian Church. That back chair will miss its favorite occupant."

The Rev. Mr. McLure cited Latimer's numerous civic, professional, religious and patriotic accomplishments some of which brought him close to national and international figures. But he said one of Mr. Latimer's best attributes was that he loved little children. "Here was a man that would rather spend an evening at the circus with little children, rather than with all the high and the mighty."

The minister said that with Mr. Latimer's death, an era "in Columbia and this church comes to a close." He said "This forces a new history on us who remain."

[From The State, Sept. 30, 1975]

Samuel L. Latimer: A Lifetime of Service

Few South Carolinians have served their state and nation with such great distinction and in so many ways as Samuel Lowry Latimer Jr.

From the age of 16 until his death at 83 (a period spanning more than a third of America's 200-year history), he was a newspaperman—heart, body and soul. Starting as an office boy, he rose through the ranks to become editor-in-chief, publisher and a director of *The State*.

Under his leadership of the news and editorial functions the newspaper received national competitive honors, became the largest newspaper in South Carolina, and was first to exceed the 100,000 mark in circulation.

Mr. Latimer, before his retirement from the editorship at the end of 1960, spearheaded editorial campaigns that altered the course and expedited the progress of Greater Columbia and his native state.

His journalistic counsel was sought afar. Its impact was evident in his record-breaking tenure on the Pulitzer Prize jury and his leadership in the publication of national books on freedom of information, the chronically ill, and the history of the American Legion. His first major project in retirement was authorship of *The Story of The State*, a 407-page history of this newspaper.

His journalistic career served as a base for wide-ranging service in such fields as public housing, veterans' affairs, theatrical production, military-civilian coordination, United Way campaigns, higher education, church, shelter for the aged, and assistance to the poor.

Mr. Latimer was honored by the American Legion as national vice commander and recipient of the South Carolina Distinguished Service Award; by the City of Columbia as Outstanding Citizen; by the U.S. Army with its Distinguished Service Medal, its highest civilian decoration; by South Carolina as the state's official representative at the inaugura- of President Eisenhower; by the University of South Carolina with an honorary doctorate (in addition to his law degree) and its Distinguished Alumnus Award; by his colleagues as president of the South Carolina Press Association.

He was the senior public housing commissioner in the United States and former chairman of the Columbia Authority. He initiated the federal system of setting rents according to ability to pay. The housing role was only one of his numerous positions of honor and authority.

Mr. Latimer lived by a code that there was no more unpardonable sin than ingratitude, no virtue greater than loyalty. He lived that principle to the hilt, generously giving devoted service and leadership that repaid for the blessings that came to him from city, state and nation.—J.A.M.

(John A. Montgomery, now retired after a long career as managing editor of *The State* and editor of *The Columbia Record*, was a professional associate of Samuel L. Latimer for more than three decades.)

[From The Columbia Record, Oct. 1, 1975]

Samuel L. Latimer

A Carolinian graced with longevity of life to persevere through many seasons of national, state and civil change, Samuel Lowry Latimer Jr. selectively served in all areas with unusual devotion and dedication. His affection for the newspaper with which his name became synonymous, The State, for his native soil, Carolina: and his adopted city, Columbia, are exampled by the years of answering a trumpet call to duty.

A gentleman of the old school to whom old virtues were absolute, Mr. Latimer participated in a wide-ranging panorama of activities. But few were more important to him, beyond his newspapering, than national security through a strong U.S. Army, an allied veterans' organization, and the social-cultural betterment of the Columbia community.

A staunch friend of the military services, he received the Distinguished Civilian Service Medal, the highest honor for civilians from the Army. No more persistent ally has the Army had in Carolina than the former lieutenant of the Field Artillery of the First World War.

Savoring the camaraderie of the trenchmen of that war, he gave of himself and his time to his fellow veterans, through the American Legion. He served as a national vice-commander and as a member of the national executive committee.

In our city, he warmly and enthusiastically supported the Town Theatre as an intrinsic element in a community that, without culture, declines. Calculated growth with compassionate care was also a guiding star for Mr. Latimer in his guidance of the Columbia Housing Authority, begun in 1934. For 36 years he labored to replace slums with modern, low-cost housing units. One development in Eau Clair bears his name—Latimer Manor.

"Duty" to his alma mater, the University of South Carolina, included an active interest in the football fortunes of the school. Diligent in attendance, he was equally diligent in his respite of "Monday-morning quarterbacking," a shared bit of humanity.

He loved his church and his Lord. He was tireless in labor and devotion to his profession, his nation, his state, his city. Seasons were inseparable from seasons as he labored: nights flowed into days, and days into nights as he moved to fulfill a vision of a better Columbia, a greater Carolina.

In seeds of laurel in the earth, his remembrance was sown, and the blossoms of service are now blown.

[From the Greenville News, Sept. 30, 1975]

S. L. Latimer, Jr.

The long, distinguished career of Sam L. Latimer Jr. as newspaperman and public-spirited citizen has had a positive influence throughout South Carolina and beyond the borders of this state. It was a career which did not end with his retirement from newspaper work in 1961, but continued until almost the day of his death yesterday at age 83.

The newspaper career of the editor and publisher emeritus of The State newspaper in Columbia, productive as it was for 54 years, was but one facet of Sam Latimer's active life.

He was a national leader for many years of the American Legion and was in the forefront of the continuing struggle for hospital care, educational opportunities and other vital benefits for war veterans. He was a former national vice chairman of the legion and at the time of his death was serving on important Legion national committees.

In addition, he was an ardent supporter of the University of South Carolina, constantly working for the advancement and improvement of the university.

His work for the nation's veterans at state and national levels and his efforts for the university resulted in facilities and benefits which have helped untold numbers of people.

Mr. Latimer was a nationally-respected newspaperman. He served for nine years on the selection jury for the coveted Pulitzer Prizes. For many years he was one of the most active members of the South Carolina Press Association, of which he was past president. He was one of the key figures in the revitalization of the association and the development of a strong, productive working relationship between the SCPA and the College of Journalism at the University of South Carolina.

A bachelor, Sam Latimer had only a few relatives, but he had a big family of close friends in newspaper, educational, civic and veterans circles. It has been said of him that he had four great loves: The State newspaper, the American Legion and veterans, the newspaper profession of South Carolina and the University of South Carolina.

Sam Latimer was a giant in both journalism and in veterans' affairs. His passing is mourned by thousands of friends in this state and elsewhere, and his presence will be missed in many places.

[From the Charleston Evening Post, Oct. 1, 1975]

S. L. Latimer, Jr.

As a lad in knee pants, Samuel L. Latimer Jr. answered a want ad in The State newspaper for an office boy. The year was 1907. Though most of his errands concerned the business office, it was the news side that became his chief interest.

Later he earned a law degree at the University of South Carolina, but he chose journalism ahead of law for a profession. Progressing through the chairs of the newsroom, he became eventually the editor and publisher of South Carolina's largest newspaper.

Sam Latimer served overseas as an army officer in World War I. He was active in the American Legion, served a term as state commander and in 1959 was awarded a Legion plaque for distinguished service to South Carolina.

In 1961, he retired from The State after almost 54 years and wrote a history of the newspaper. Much in demand as a public speaker, he had a part in many civic causes. His death in Columbia at age 83 ends a diligent career, and is a source of sorrow to colleagues and friends in many places.

[From News and Courier, Oct. 2, 1975]

Samuel L. Latimer

Samuel L. Latimer's association with The State newspaper in Columbia began in the days of his youth and spanned 68 years. Rung by rung, he had climbed the ladder from office boy to editor and publisher. In the course of that climb he had gained insights and demonstrated abilities recognized by readers and professional colleagues alike. As a reporter and as an editor, Mr. Latimer got to know Columbia and South Carolina. Columbians and South Carolians got to know Sam Latimer, too. He not only kept touch with his community, but was an active partner in it. Over the years he was a prime mover in dozens of civic endeavors aimed at the betterment of life for fellow citizens.

A man of varied interests—he had been a national vice commander of the American Legion and a civilian aide to the secretary of the Army—he traveled on numerous missions and spoke on numerous occasions. He was accorded honors in his career field and out. Although he gave up the editor's chair in 1960, Mr. Latimer had remained a director of The State-Record Co., until his death Monday at 83. He will be remembered as a man who served well his craft, state, country and church.

JACK BEIDLER

Mr. MONDALE. Mr. President, last Wednesday Jack Beidler, legislative director of the United Auto Workers, died at his home in Alexandria.

For more than 20 years, the work of the Congress has been enriched in so many ways by his personal decency and professional excellence. There are fewer hungry children today because of Jack's efforts. There are safer workplaces. Elderly people and families living in poverty are receiving medical care. Jack Beidler's work was dedicated in a very special way to helping the powerless in American life. His example will be with us in the years to come.

Mr. President, I am sure my colleagues join my wife Joan and myself in offering our deepest condolences to Jack's family and to the men and women of the United Auto Workers and their staff.

I ask unanimous consent that a news statement issued by the UAW last Thursday be printed in the RECORD.

There being no objection, the news statement was ordered to be printed in the RECORD, as follows:

OCTOBER 16, 1975.

One of America's outstanding labor lobbyists, John H. Beidler, Legislative Director of the United Auto Workers, died Wednesday, at his home in Alexandria at the age of 46.

Beidler was proud to bear the title lobbyist, in the words of UAW President Leonard Woodcock, "because he always served the public interest."

He was a skilled legislative craftsman with a keen understanding of the procedures of the House of Representatives and the Senate. These traits of Beidler's were appreciated both by his friends and his adversaries.

"Jack Beidler's work for the American labor movement went far beyond the call of duty—he was truly a man of extraordinary range and compassion who cared deeply about humanity. He served his own constituency well, and he worked hard for millions of people who never knew his name," said Woodcock.

"Any examination of the humanitarian issues of the last two decades would find that Jack Beidler had a creative and progressive imprint on the outcome. He knew the legislative process as few people in Washington did. His loss to his family, to his friends, to the trade unions and to the public interest groups of the nation is profoundly saddening and leaves a void which will be impossible to fill."

"The UAW has lost a brilliant legislative tactician, and his loved ones have lost a warm companion and friend," the UAW President said.

Beidler spent almost all of his professional career working for the labor movement. He joined the UAW in 1971 as legislative director. His career started in 1953 as a legislative aide for the Congress of Industrial Organizations, where he worked with the late Walter P. Reuther, then President of the CIO. After the merger with the American Federation of Labor he was on the legislative staff of the AFL–CIO.

During 1969 and 1970, Beidler was executive director of the Center for Community Change, an organization providing legislative services for local community unions such as the Watts (Calif.) Labor Community Action Committee. He was legislative director for the Industrial Union Department, AFL–CIO from 1965 to 1968.

Beidler had lived in Alexandria for 23 years and was active in local civic and political affairs. He was a former chairman of the Alexandria City Democratic Committee and served as president of the T. C. Williams High School PTA.

Beidler had a bachelor's degree from Antioch College in Yellow Spring Ohio, and an LL.B from Georgetown University in Washington, D.C. He was born in Reading, Pa., on November 4, 1928. He is survived by his widow, Beverly, a member of the Alexandria (Va.) City Council, and four children, Diana Simonton, 23, who lives with her husband in Hawaii; Gary, 21, a student at Virginia Commonwealth University in Richmond; Linda, 19, a student at Hood College in Frederick, Md.; and Bruce, 16, a sophomore at George Washington High School in Alexandria. The family home is at 403 Jackson Place, Alexandria. Other survivors include Beidler's mother, Dorothy, a resident of Reading, Pa.; and an aunt, Esther Snyder of Annandale.

Funeral services will be at 11:00 a.m. on Saturday, October 18, at the Beverly Hills Community Church, in Alexandria, Virginia. Members of the surviving family will receive condolences one hour prior to the service.

The family requests that in lieu of flowers, that contributions be made to the Walter and May Reuther Memorial Fund, 8000 East Jefferson Avenue, Detroit, Michigan.

PRAYER DELIVERED AT THE SOUTHERN GOVERNORS CONFERENCE

Mr. THURMOND. Mr. President, during a meeting of the Southern Governors Conference which was held last month in Florida, a prayer of true wisdom, deep reverence and inspiring guidance opened those proceedings. It was the prayer of Rev. Dr. Howard Chadwick, senior minister of the First Presbyterian Church of Orlando, Fla.

Mr. President, in 300 prayerful words Dr. Chadwick expressed the sense of the ages in our dependence upon God and our fellowman through the years of human history. To govern, he reminded, is to serve and to lay the seeds for future benefits as we, today, reap the harvest of past labors.

This prayer of acknowledgement—conceding our dependence, affirming our responsibility—is as appropriate for each American as it was for a group of Governors. These words to God, delivered on a formal occasion, are for all of us to heed. To do so, would benefit our lives, our Nation, and all mankind.

Mr. President, in order that my colleagues may have the opportunity to read this inspiring prayer, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the prayer was ordered to be printed in the RECORD, as follows:

PRAYER FOR GOVERNORS' CONFERENCE

SEPTEMBER 16, 1975.

To pause and survey Your mercies, O Eternal God, is to frame our Declaration of Dependence upon You and all who have gone before us. Each of us leans on the past:

Every liberty we cherish has been bought at the cost of martyrs' blood;

Every achievement in which we glory has been watered by incredible toil;

Every privilege and opportunity surrounding us is the product of the labors of others.

We drink every day from wells we did not dig. We drive on highways that are enlargements of the trails of pioneers.

We live by liberties we did not win; we are protected and served by institutions and agencies we did not found.

Our churches are built upon rocks set in places by saints of old.

Our governments rest upon foundations cemented by the blood of barefoot soldiers trudging over icy battlefields, burning sands, or steaming swamps.

Our courts are reared upon the bodies of those who died for freedom. Truly, no man lives to himself but is a living beneficiary of the past.

The light of our heritage, Lord, also illumines our horizons. In this our day, deliver us from that paralyzing shallowness which expects mastery without apprenticeship, knowledge without study, and riches by credit.

We truly covet a land and nation fulfilling its Divine role in human history, a land not of self-seeking indulgence and love of ease and money, but a land that loves fair play, honest dealing, straight talk, real freedom and a faith in God.

In this time of turbulence give us that faith in God and love for our fellowman that makes us willing and able to deposit something today on which generations of tomorrow may draw interest.

In the spirit of One who long ago said, "The one among you who is greatest will be the servant of all". Amen.

SUPPORT INCREASES FOR S. 2425

Mr. MONDALE. Mr. President, as many of my colleagues know, we are now at a crossroads in day care policy. Title XX of the Social Security Act requires that beginning this month, the Federal interagency day care requirements must finally be enforced. Yet, it is increasingly clear that many existing programs are simply not in compliance, and are faced with the prospect of having their Federal funds terminated.

In response to this difficulty, some have proposed that we simply delay indefinitely the enforcement of these standards, or lower the standards so that compliance will be easier. These proposals may resolve the fund termination problem, but they provide little or no protection for the children in these day care centers.

What we need instead, and what is proposed in S. 2425 which Senator LONG and I introduced last week, is a plan which will make it possible for programs to come into compliance. Toward that end, S. 2425 provides a temporary delay in enforcement coupled with the additional funds necessary to permit child care programs to hire the additional staff and make the other improvements necessary to come into compliance over the short term.

On October 8, the Senate Finance Committee held a hearing on the proposal, and I am pleased to report that witnesses representing a broad range of States and children's organizations indicated their support for this measure.

I also received letters from Andrew J. Biemiller, director of the department of legislation of the AFL–CIO and from Jack Beidler, legislative director of the United Auto Workers, indicating that the AFL–CIO and the UAW support this measure, and I ask unanimous consent that those letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

AFL–CIO,
Washington, D.C., October 6, 1975.

Hon. WALTER F. MONDALE,
Russell Office Building,
Washington, D.C.

DEAR SENATOR MONDALE: I'm writing to convey the support of the AFL–CIO for S. 2425 introduced by you and Senator Long. We have already indicated to you our serious concern over the possible delay or weakening of the minimal level of child-staff ratios required in day care centers funded under Title XX of the Social Security Act.

The AFL–CIO believes that S. 2425 will do much to facilitate and encourage the implementation by the states of the standards necessary for the protection of children.

We commend you and Senator Long for taking the lead in working toward the solution of this long-standing problem.

Sincerely yours,

ANDREW J. BIEMILLER,
Director, Department of Legislation.

UAW,
Washington, D.C., October 7, 1975.

DEAR SENATOR: The Finance Committee now has before it a bill designed to help bring federally-supported day care programs into compliance with the Federal Interagency Day Care Requirements. Enactment of this legislation, S. 2425, would help to improve and expand child care services; the UAW urges your support during Finance Committee consideration.

Among other provisions, S. 2425 would make available an additional $250 million in the remainder of the current fiscal year and $500 million in following years to help federally-assisted child care programs meet federal standards. The additional money would be available on an 80 percent matching basis.

The UAW believes S. 2425 is totally justified; it should be enacted without undue delay. We urge that you vote for the bill and against any efforts to weaken it. Your consideration of the UAW position on this important measure will be appreciated.

Sincerely yours,

JACK BEIDLER,
Legislative Director.

PENNSYLVANIA BRACED FOR ELOISE

Mr. SCHWEIKER. Mr. President, once again Pennsylvania has suffered serious flooding as the result of a tropical storm.

In June 1972, Hurricane Agnes devastated the Commonwealth, taking dozens of lives and causing billions of dollars worth of property damage. Within recent weeks we were struck again—this time by tropical storm Eloise, which caused serious flooding in central and northeastern Pennsylvania. Although the damage from Eloise was substantial—nine people lost their lives and damage is estimated, in the hundreds of millions—it was nowhere near as widespread as Agnes. Part of the credit for averting even greater losses must go to the various state agencies charged with disaster prevention and recovery. I ask unanimous consent that an October 5 Harrisburg Patriot-News article detailing the efforts of these agencies be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ALERT GODDARD BRACED STATE FOR ELOISE

(By Harry McLaughlin)

Dr. Maurice K. Goddard, secretary of the State Department of Environmental Resources (DER), alerted civil defense officials three days before Tropical Storm Eloise hit Pennsylvania and caused heavy flooding.

Charles Johnson of Red Lion, flood coordinator for the State Council of Civil Preparedness, said Goddard is a buff on storm pattern tracing. "He knows the history of other storms and owns historic maps relating to weather patterns.

"After a careful study of Eloise's behavior, he was able to determine that she would be a danger to our state," said Johnson, who works under Lt. Gov. Ernest P. Kline, chairman of the Preparedness Council, and his executive assistant, Eugene Knopf.

On the same day he received Goddard's warning, Johnson said he ordered a meeting of representatives of the State Police, DER, Military Affairs and the Pennsylvania Department of Transportation to plan for the anticipated arrival of Eloise.

"We kept abreast of the trip northward of Eloise by checking with the national weather forecasting system and it was soon apparent that Dr. Goddard's prediction was correct," Johnson said.

"However, the weather system personnel had difficulty pinpointing the exact route Eloise would follow in our state. It appeared that Eloise was erratic in her travels and all of us figured she would go on a southwest direction in the state.

"Suddenly, she swerved without much notice and hit on a different course. But we were ready for her no matter what direction she decided to follow," Johnson said.

He said that the weather forecasters also had difficulty in determining the crest of the Susquehanna River but noted that "they missed by only two feet."

Johnson said, "There was never really a crest as we know it officially. You could describe it as an, elongated crest, a steady rise of water that never really peaked. It was impossible to get a handle on the prediction situation because of the type of storm it was. With Agnes, the storm covered the entire state. With Eloise, it was spotty."

Further problems that arose for the weather forecasters and civil defense officials, Johnson said, "centered on the fast rise of the creeks and streams rather than the usual quick rise of the Susquehanna River.

"During Agnes, it was just the reverse. The river rose faster than the streams. Water was pouring out over the banks of some small creeks and runs and streams that we didn't even know existed."

By the day Eloise arrived, Johnson said, other state agencies had been alerted. They included the department of Welfare and Community Affairs and the Public Utility Commission. "On that Wednesday, the Civil Preparedness headquarters had begun around-the-clock operations," be said.

Johnson said all state governmental agencies had profited by the Agnes experience and were prepared to cope with Eloise. By Thursday night, the civil defense director, Craig Williamson, had ordered regional headquarters to begin operations in Hamburg and Selinsgrove.

"And all the people of the state agencies," Johnson said, "performed magnificently."

Johnson said he has been helping "update and improve Civil Preparedness defense operations at the state headquarters by direction of Kline."

"We have been beefing up the entire operation," he said. Several months ago, Kline, Johnson and Williamson met in Harrisburg with John Bex of Mechanicsburg, director of the seven-state regional headquarters at Olney, Md., to modernize the state's civil defense program.

Bex said from his Olney office that Kline, Johnson and others had performed brilliantly during the Eloise operation.

Bex and Johnson first met three years ago when they coordinated federal and state efforts to assist Wilkes-Barre. Kline had assigned Johnson to be coordinator of all state efforts in that community and later was commended by Gov. Milton J. Shapp.

Johnson and Lawrenceville, Tioga County, probably suffered the most damage in the state from Eloise. "The community is gone. I don't see how its 400 families can reestablish there. It was literally wiped out. And Shickshinny, which was clobbered by Agnes, was second worst off. They underwent considerable damage," he said.

In the Harrisburg area, Johnson said Front Street was one of the worst sections. "And you also include East Berlin and the Williams Grove area."

Some 31 counties fell victim to Eloise. "I know of 30 for sure, but I am adding Huntingdon County because it is without a Civil Preparedness defense staff and I haven't heard from them yet on damage losses," Johnson said.

He said Eloise missed the western part of the state.

The coordinator said the greatest lesson to be learned from the Eloise disaster is "the need for strengthening Civil Preparedness defense programs in our counties. This means that the local boards of county commissioners, who are mandated by law to assume the responsibilities of leadership during disasters, should review their respective programs so they will be totally prepared for possible future disasters. Appointments of directors for these programs should not be political patronage jobs."

Johnson said he especially was pleased with the professional work shown by volunteers and paid members of local fire companies, the American Red Cross chapters and many civil groups.

JOBS CREATION ACT OF 1975

Mr. McCLURE. Mr. President, on October 8, I introduced a bill, S. 2465, entitled the Jobs Creation Act of 1975. Since that time I have personally talked with or received correspondence from many of my constituents in Idaho who realize the advantages of this bill and valuable effect it could have on increased productivity and job opportunities through capital creation. Over 90 Members of the House have joined Congressman JACK KEMP in cosponsoring the Jobs Creation Act, realizing that it is time to remove the shackles of constraint on the American free enterprise.

Our present tax laws have continually created disincentives for savings and investments by the individual as well as the corporation. With a heavier financial burden on savings and investment than on consumption, Americans are encouraged to over-consume. It is now more advantageous to consume and spend than it is to save and produce.

A fundamental economic rule is that our prosperity depends on the amount of capital invested per person within our economy. In other words, the more capital invested per person, the greater the economic growth and the higher the standard of living—in real, not inflated, dollars. This rule has largely been ignored in the consideration of Government policies. Instead we have succeeded in allowing our capital investment to drop, and it could continue to drop unless we convince the individual investor and the corporate investor that it is more profitable to save and invest rather than consume. The Jobs Creation Act is a step in that direction. It would remove many of the disincentives that have for so long hindered the capital formation in our Nation.

At the time of its introduction, a number of questions arose relative to the losses in Federal tax revenue which would result from the adoption of the bill's provisions. In response to these concerns I am submitting a study recently completed by Norman B. Ture, Inc.

The study indicates that each provision of the Jobs Creation Act of 1975 produces revenue gains rather than losses for the Treasury. In addition each provision of S. 2465 produces more revenue, jobs and capital outlays by business than would be forthcoming under the current tax laws as they apply to individuals and businesses.

Mr. President, I ask unanimous consent that the chart entitled "Economic Effects of the Jobs Creation Act of 1975" and a copy of S. 2465 be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ECONOMIC EFFECTS OF THE JOBS CREATION ACT OF 1975

[Money amounts in billions of 1974 dollars]

Jobs Creation Act, section proposal, and years after enactment	Increases in—			
	Private GNP	Employment (thousands)	Capital outlays	Federal revenue
§ 3—1. Savings tax credit of 10 percent, up to $1,000 ($2,000 for joint returns), not exceeding tax due:				
1	31.0	1,780	22.3	1.9
2	40.2	2,100	23.3	4.8
3	50.1	2,430	24.3	7.9
§ 5—2. Exclusion of domestic corporate dividends from adjusted gross income:				
1	20.9	1,200	15.5	.6
2	28.7	1,510	16.3	3.1
3	35.7	1,740	17.0	5.3
§ 6—3. Exclusion of $1,000 of capital gain per year:				
1	9.0	520	6.8	1.6
2	12.7	920	7.1	2.8
3	15.6	760	7.4	3.7
§ 9—4. Reduction of normal corporate tax rate from 22 to 20 percent (with no change in surtax):				
1	11.0	630	7.7	1.1
2	13.7	710	8.1	2.0
3	17.7	860	8.4	3.2
§ 10—5. Reduction of surtax rate from 26 to 22 percent (no change in normal tax rate or surtax exemption):				
1	20.0	1,150	14.1	2.0
2	25.0	1,300	14.8	3.7
3	32.3	1,570	15.3	5.8
§ 11—6. Increase in surtax exemption from $25,000 to $100,000 (with present normal and surtax rates):				
1	11.0	630	7.7	1.1
2	13.7	710	8.1	2.0
3	17.7	860	8.4	3.2
§ 12—7. Increase in investment credit from 7 percent with limitations to 15 percent for all sec. 1245 property:				
1	23.9	1,370	17.4	4.3
2	31.7	1,660	18.2	6.8
3	39.9	1,940	18.9	6.4
§ 13—8. Increase in asset depreciation range (ADR) from 20 percent to 40 percent:				
1	12.9	760	7.0	2.3
2	22.2	1,250	7.4	1.8
3	28.2	1,520	7.7	1.6
§ 14—9. Optional capital recovery allowance:				
1	55.6	3,400	16.7	8.7
2	70.3	4,070	17.4	11.5
3	82.4	4,550	18.0	14.2

NOTE.—The estimates with respect to any combination of these proposals are not necessarily equal to the sum of the individual estimates. An estimate for the effects of all nine proposals is forthcoming. Provisions of the bill which are not included above would have only minor economic effects.

Estimates for certain of these proposals may differ from previous estimates for similar or identical proposals because of revisions in government data and underlying assumptions. Assumptions used in this table are consistent among alternatives.

Where exact quantification of variables was impossible, conservative assumptions about the values of those variables were employed. A full documentation of the estimating procedure is forthcoming.

Estimates are based on changes with respect to the law in 1974 rather than the temporary provisions enacted in 1975. Effects for Year 1 are for 1975 and assume that the proposal would have been operative since January 1, 1975. Effects for Years 2 and 3 refer to 1976 and 1977 levels of GNP, employment, etc., relative to their assumed trend values had the 1974 law remained unchanged. Note that employment effects are not cumulative; the 40% ADR for instance, would lead to an increase of 1,520,000 full-time equivalent employees in year 3 over the number of such employees in the absence of this tax change, not 760+1,250+1,520=3,530,000.

S. 2465

A bill to accelerate the formation of investment capital required to expand both job opportunities and productivity in the private sector of the economy

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Jobs Creation Act of 1975".

SEC. 2. TABLE OF CONTENTS.—

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. Cost-of-living adjustments.
Sec. 4. Tax credits for qualified savings and investments.
Sec. 5. Individual retirement accounts, savings, and bonds.
Sec. 6. Exclusion from gross income of amounts received by an individual as dividends from domestic corporations.
Sec. 7. Limited exclusion of certain capital gains.
Sec. 8. Extension of time for payment of estate tax where estate consists largely of interest in closely held business.
Sec. 9. Interests in family farming operations.
Sec. 10. Adjustment of corporate normal tax rates.
Sec. 11. Adjustment of corporate surtax rate.
Sec. 12. Increase in corporate surtax exemption.
Sec. 13. Increase in investment credit.
Sec. 14. Increase in class life variance for purposes of depreciation.
Sec. 15. Capital recovery allowances.
Sec. 16. Alternative amortization period for pollution control facilities.

COST-OF-LIVING ADJUSTMENTS

SEC. 3. (a) Section 1 (relating to tax imposed) of part I of subchapter A of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(e) COST-OF-LIVING ADJUSTMENT.—

"(1) CHANGES IN AMOUNT.—At the beginning of each calendar year as soon as the necessary data become available from the Bureau of Economic Analysis of the Department of Commerce, the Secretary of Commerce shall report to the Secretary or his delegate the ratio which the implicit price deflator for the preceding calendar year bears to the implicit price deflator for the base period. Each dollar amount listed in the tables under subsections (a), (b), (c), and (d) of this section shall be multiplied by such ratio and, as multiplied, shall be the amount in effect for the calendar year in which such report is made.

"(2) DEFINITIONS.—For the purpose of paragraph (1)—

"(A) the term 'implicit price deflator' means the average over a calendar year of the Gross National Product Implicit Price Deflator published monthly by the Bureau of Economic Analysis; and

"(B) the term 'base period' means the calendar year 1974.".

(b) Subsection 11(d) (relating to surtax exemption) of part II of subchapter A of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended to read as follows:

"(d) SURTAX EXEMPTION.—

"(1) GENERAL RULE.—For purposes of this subtitle, the surtax exemption for any taxable year is $100,000, except that, with respect to a corporation to which section 1561 or 1564 (relating to surtax exemptions in case of certain controlled corporations) applies for the taxable year, the surtax exemption for the taxable year is the amount determined under such section.

"(2) COST-OF-LIVING ADJUSTMENT.—

"(A) At the beginning of each calendar year as soon as necessary data become available from the Bureau of Economic Analysis of the Department of Commerce, the Secretary of Commerce shall report to the Secretary or his delegate the ratio which the implicit price deflator for the preceding calendar year bears to the implicit price deflator for the base period. The dollar amount in paragraph (1) of this subsection shall be multiplied by such ratio and, as multiplied, shall be the amount in effect for the calendar year in which such report is made.

"(B) DEFINITIONS.—For purposes of paragraph (2)—

"(i) the term 'implicit price deflator' means the average over a calendar year of the Gross National Product Implicit Price Deflator published monthly by the Bureau of Economic Analysis, and

"(ii) the term 'base period' means the calendar year 1974.".

(c) Section 141 (relating to standard deduction) of part IV of subchapter B of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(f) Cost-of-Living Adjustment.—

"(1) Changes in amount.—At the beginning of each calendar year as soon as the necessary data become available from the Bureau of Economic Analysis of the Department of Commerce, the Secretary of Commerce shall report to the Secretary or his delegate the ratio which the implicit price deflator for the preceding celandar year bears to the implicit price deflator for the base period. Each dollar amount listed in the table under subsections (b) and (c) of this section shall be multiplied by such ratio and, as multiplied, shall be the amount in effect for the calendar year in which such report is made.

"(2) Definitions.—For purposes of paragraph (1)—

"(A) the term 'implicit price deflator' means the average over a calendar year of the Gross National Product Implicit Deflator published monthly by the Bureau of Economic Analysis, and

"(B) the term 'base period' means the calendar year 1974.".

(d) Section 151 (relating to allowance of deductions for personal exemptions) of part V of subchapter B of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subsection:

"(f) Cost-of-Living Adjustment.—

"(1) Changes in amount.—At the beginning of each calendar year as soon as the necessary data become available from the Bureau of Economic Analysis of the Department of Commerce, the Secretary of Commerce shall report to the Secretary or his delegate the ratio which the implicit price deflator for the preceding calendar year bears to the implicit price deflator for the base period. Each dollar amount in subsections (b), (e), (d), and (e) of this section shall be multiplied by such ratio and, as multiplied, shall be the amount in effect for the calendar year in which such report is made.

"(2) Definitions.—For purposes of paragraph (1)—

"(A) the term 'implicit price deflation' means the average over a calendar year of the Gross National Product Implicit Price Deflator published monthly by the Bureau of Economic Analysis, and

"(B) the term 'base period' means the calendar year 1974.".

(e) Section 167(a) (relating to depreciation) of part VI of subchapter B of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended to read as follows:

"(a) Allowance of Deduction.—

"(1) General rule.—There shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence)—

"(A) of property used in the trade or business, or

"(B) of property held for the production of income.

"(2) Cost-of-living adjustment.—

"(A) At the beginning of each calendar year, as soon as the necessary data become available from the Bureau of Economic Analysis of the Department of Commerce, the Secretary of Commerce shall report to the Secretary or his delegate the ratio which the implicit price deflator for the preceding calendar year bears to the implicit price deflator for the next preceding calendar year. The amount determined under this section to be a reasonable allowance for depreciation shall be multiplied by such ratio and, as multiplied, shall be the amount allowed as a depreciation deduction.

"(B) For purposes of this paragraph, the term 'implicit price deflator' means the average over a calendar year of the Gross National Product Implicit Price Deflator published monthly by the Bureau of Labor Statistics.".

"(f) Section 1016(a) (relating to adjustments to basis) of part II of subchapter O of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended—

(1) by striking out the period at the end of paragraph (22) and inserting in lieu thereof a semicolon; and

(2) by adding at the end thereof the following new paragraph:

"(23) in respect to any period after December 31, 1974, before making any other adjustments of basis under this subsection, for an amount which is equal to the difference between—

"(A) the basis of the property, as determined under section 1011, before adjustment under this section, multiplied by the ratio which the implicit price deflator (average over a taxable year of the Gross National Product Implicit Price Deflator published monthly by the Bureau of Economic Analysis) for the taxable year in which the property is sold or otherwise disposed bears to the implicit price deflator for the taxable year in which the property was acquired, or for the calendar year 1974, whichever is later, and

"(B) the basis of the property as determined under section 1011 before adjustment under this section.".

(g)(1) Section 22(b) of the Second Liberty Bond Act (31 U.S.C. 757c(b)) is amended—

(1) by striking out the colon and "*Provided*, That" in paragraph (1) and inserting in lieu thereof a period and "Except as provided in paragraphs (4) and (5), the "; and

(2) by adding at the end thereof the following new paragraphs:

"(4) In the case of a savings bond or savings certificate on which interest is paid and which is issued after the date of enactment of section 3(g)(1) of the Jobs Creation Act of 1975, the rate of interest on that bond or certificate shall be multiplied by the ratio which the implicit price deflator for the calendar year in which the bond or certificate is issued bears to the implicit price deflator for the calendar year preceding the year in which any amount of interest accrues. Whenever interest accrues on such a bond or certificate, the amount of interest which accrues shall be equal to the amount corresponding to the interest rate as multiplied under this paragraph. For purposes of this paagaph, the tem 'implicit price deflator' means the average over a calendar year of the Gross National Product Implicit Price Deflator published monthly by the Bureau of Economic Analysis.

"(5) In the case of a savings bond or certificate issued after the date of the enactment of section 3(g)(1) of the Jobs Creation Act of 1975, the redemption value of that bond or certificate shall be multiplied by the ratio which the implicit price deflator for the calendar year in which the bond or certificate is issued bears to the implicit price deflator for the calendar year preceding the year in which the bond or certificate is redeemed. The amount for which such a bond is redeemed shall be equal to the amount of the redemption value as multiplied under this paragraph. For purposes of this paragraph, the term 'implicit price deflator' means the average over a calendar year of the Gross National Product Implicit Price Deflator published monthly by the Bureau of Labor Statistics.".

(2)(A) Notwithstanding any other provision of law, the rate of interest on any interest-bearing obligation of the United States having a maturity of 1 year or more issued after the date of enactment of this Act shall be multiplied in accordance with the provisions of section 22(b)(4) of the Second Liberty Bond Act as if that obligation were a savings bond or certificate. The Secretary of the Treasury shall promulgate such regulations as may be necessary to carry out the provisions of this paragraph.

(B) Notwithstanding any other provision of law, the face value of any obligation of the United States issued after the date of enactment of this Act having a maturity of 1 year or more, without regard to whether that obligation is interest bearing or not, shall be multiplied, on the maturity date of that obligation, in accordance with the provisions of section 22(b)(5) of the Second Liberty Bond Act as if that obligation were a savings bond or certificate. The Secretary of the Treasury shall promulgate such regulations as may be necessary to carry out the provisions of this paragraph.

(h) The amendments made by subsections (a), (b), (c), (d), (e), and (f) of this section apply to taxable years beginning after December 31, 1974.

TAX CREDITS FOR QUALIFIED SAVINGS AND INVESTMENTS

Sec. 4. (a) In General.—Subpart A (relating to credits allowable) of part IV of subchapter A of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new section:

"Sec. 43. Increased Savings and Investments by Individuals

"(a) In General.—There shall be allowed to an individual, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to 10 percent of the increase in the amount of qualified savings deposits and investments such individual made during such year over the amount of total qualified savings deposits and investments of the individual made during the prior year.

"(b) Limitation.—The credit allowed by subsection (a) for a taxable year shall not exceed $1,000 ($2,000 in the case of a joint return under section 6013).

"(c) Definitions.—For the purposes of this section—

"(1) Qualified savings deposits and investments.—The term qualified savings deposits and investments means—

"(A) amounts deposited in a savings deposit or withdrawable savings account in a financial institution:

"(B) amounts used to purchase common or preferred stock in a domestic corparation;

"(C) amounts used to purchase a bond or other debt instrument issued by a domestic corporation; and

"(D) amounts equivalent to increases in the surrender value of life insurance and annuities secured from domestic life and mutual companies.

"(2) Financial institution.—The term 'financial institution' means—

"(A) a commercial or mutual savings bank whose deposits and accounts are insured by the Federal Deposit Insurance Corporation or otherwise insured under State law;

"(B) a savings and loan, building and loan, or similar association the deposits and accounts of which are insured by the Federal Savings and Loan Insurance Corporation or otherwise insured under State law;

"(C) a credit union the deposits and accounts of which are insured by the National Credit Union Administration Share Insurance Fund or otherwise insured under State law; and

"(D) a life insurance or mutual company duly chartered by a State, territory, possession, or District of Columbia, and in a good standing therewith.".

(b) Technical Amendment.—The table of sections for such subpart A is amended by adding at the end thereof the following:

"Sec. 43. Increased savings and investments by individuals.".

(c) Effective Date.—The amendments made by section (a) of this section shall apply to qualified savings deposited and investments made after December 31, 1974.

INDIVIDUAL RETIREMENT ACCOUNTS, SAVINGS, AND BONDS

Sec. 5. (a) Section 219(b)(1) (relating to the maximum deduction for retirement savings) of part VII of subchapter B of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended by striking out "$1,500" and inserting in lieu thereof "$2,000.

(b) Section 408 (relating to individual retirement accounts) of subpart A of part I of subchapter D of chapter 1 of subtitle A) of the Internal Revenue Code of 1954 is amended by striking out "1,500" in the three instances in which said figure appears and by inserting in lieu thereof "$2,000".

(c) Section 409(a) (relating to retirement bonds) of subpart A of part I of chapter D of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended by striking out "$1,500" and by inserting in lieu thereof "$2,000".

(d) The amendments made by subsections (a), (b), and (c) of this section shall apply to taxable years beginning after December 31, 1974.

EXCLUSION FROM GROSS INCOME OF AMOUNTS RECEIVED BY AN INDIVIDUAL AS DIVIDENDS FROM DOMESTIC CORPORATIONS

Sec. 6. (a)(1) Subsection (a) of section 116 (relating to partial exclusion of dividends received by individuals) of part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 is amended to read as follows:

"(a) Exclusion From Gross Income.—Gross income does not include amounts received by an individual as dividends from domestic corporations.".

(2) The section heading of such section 116 is amended by striking out "PARTIAL EXCLUSION" and inserting in lieu thereof "EXCLUSION".

(3) The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking out the item relating to section 116 and inserting in liue thereof the following:

"Sec. 116. Exclusion of dividends received by individuals.".

(4) Section 643(a)(7) of such Code is amended by striking out "partial exclusion" and inserting in lieu thereof "exclusion".

(b) The amendments made by the first subsection of this section shall apply to taxable years begining after December 31, 1974.

LIMITED EXCLUSION OF CERTAIN CAPITAL GAINS

Sec. 7. (a) In General.—Part III (relating to items specifically excluded from gross income) of subchapter B of chapter 1 of the Internal Revenue Code of 1954 is amended by—

(1) redesignating section 124 as section 125, and

(2) insert immediately after section 123 the following new section:

"Sec. 124. Limited Exclusion of Certain Capital Gains.

"(a) General Rule.—In the case of a taxpayer other than a corporation, gross income for the taxable year does not include an amount equal to the net section 1201 gain resulting solely from the sale or exchange of securities, to the extent that such amount does not exceed $1,000.

"(b) Exception.—Subsection (a) does not apply to a taxpayer who is subject to the tax imposed under section 1201(b).

"(c) Definitions.—

"(1) Net section 1201 gain.—The term 'net section 1201 gain' has the same definition it has under section 1222(11).

"(2) Securities.—The term 'securities' has the same meaning it has under section 165(g)(2).".

(b) Technical Amendments.—

(1) Section 1202 of such Code (relating to deductions for capital gains) is amended by adding at the end thereof the following new sentence: "No amount of such excess shall be allowed as a deduction under this section to the extent such amount is excluded from gross income under section 124.".

(2) The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking out the item relating to section 124 and inserting in lieu thereof the following:

"Sec. 124. Limited exclusion of certain capital gains.

"Sec. 125. Cross references to other Acts.".

(c) Effective Date.—The amendments made by this section apply to sales or exchanges of securities occurring after December 31, 1974.

EXTENSIONS OF TIME FOR PAYMENT OF ESTATE TAX WHERE ESTATE CONSISTS LARGELY OF INTEREST IN CLOSELY HELD BUSINESS

Sec. 8. (a) Elimination of Requirement of Undue Hardship.—Section 6161(a)(2) (relating to extension of time for paying estate tax) of subchapter B of chapter 62 of the Internal Revenue Code of 1954 is amended by striking out "undue" before "hardship".

(b) Effective Date.—The amendment made by subsection (a) shall apply only with respect to estates of decedents dying after December 31, 1974.

INTERESTS IN FAMILY FARMING OPERATIONS

Sec. 9. (a) In General.—Part IV (relating to taxable estates of citizens or residents) of subchapter A of chapter 11 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new section:

"Sec. 2057. Interests in Family Farming Operations.

"(a) General Rule.—For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate the lesser of (1) $200,000, and (2) the value of the decedent's interest in a family farming operation continually owned by decedent or spouse during the 5 years prior to the date of his death and which passes or has passed to an individual or individuals related to him or his spouse,

"(b) Subsequent Disqualification Results in Deficiency.—The difference between the tax actually paid under this chapter on the transfer of the estate and the tax which would have been paid on that transfer had the interest in a family farming operation not given rise to the deduction allowed by paragraph (a) shall be a deficiency in the payment of the tax assessed under this chapter on that estate unless, for at least 5 years after the decedent's death—

"(1) the interest which gave rise to the deduction is retained by the individual or individuals to whom such interest passed, and

"(2) the individual or any of the individuals to whom the interest passed resides on such farm, and

"(3) such farm continues to qualify as a family farming operation.

"(c) Death of Subsequent Holder.—In the case of the subsequent death of an individual to whom the interest in a family farming operation has passed, his successor shall be considered in his place for purposes of paragraph (b).

"(d) Definitions.—

"(1) Family farming operations.—A 'family farming operation' is a farm—

"(A) actively engaged in raising agricultural crops or livestock 'for profit', within the meaning of section 183, and

"(B) over which the owner or one of the owners exercises substantial personal control and supervision.

"(2) Relations.—An individual is 'related' to the decedent or his spouse if he is that person's father, mother, son, daughter, grandson, granddaughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, or in the absence of any of the above his next of kin.".

(b) The amendments made by this section shall apply to taxes imposed by section 2001 after December 31, 1974.

ADJUSTMENTS OF CORPORATE NORMAL TAX RATE

Sec. 10. (a) Adjustments of Corporate Normal Tax Rate.—Section 11(b) (relating to the normal tax imposed on corporations) of part II of subchapter A of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended to read as follows:

"(b) Normal Tax.—The normal tax is equal to the following percentage of the taxable income:

"(1) 22 percent, in the case of a taxable year beginning before January 1, 1975, and

"(2) 20 percent, in the case of a taxable year beginning after December 31, 1974.

For purposes of applying the percentages of tax set forth in the preceding table in the case of a corporation which is a component member of a controlled group of corporations (within the meaning of section 1563), the taxable income of the other component members of such group shall, under regulations prescribed by the Secretary or his delegate, be taken into account.".

(b) The amendments made by this section shall apply to taxable years beginning after December 31, 1974.

ADJUSTMENT OF CORPORATE SURTAX RATE

Sec. 11. (a) Adjustment of Corporate Surtax Rate.—Section 11(c) (relating to surtax imposed on corporations) of part II of subchapter A of chapter 1 of subtitle A of the Internal Revenue Code of 1954 is amended to read as follows:

"(c) Surtax.—The surtax is equal to the following percentage of the amount by which the taxable income exceeds the surtax exemption for the taxable year:

"(1) 26 percent, in the case of a taxable year ending before January 1, 1975, and

"(2) 22 percent, in the case of a taxable year beginning after December 31, 1974.".

(b) The amendment made by this section shall apply to taxable years beginning after December 31, 1974.

INCREASE IN CORPORATE SURTAX EXEMPTION

Sec. 12. (a) In General.—Section 11(d) (relating to surtax exemption) of part II of subchapter A of chapter 1 of the Internal Revenue Code of 1954 is amended by striking out "$50,000" and inserting in lieu thereof "$100,000".

(b) Technical and Conforming Amendments.—

(1) Paragraph (1) of section 1561(a) (as in effect for taxable years beginning after December 31, 1974) (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) of part II of subchapter B of chapter 6 of the Internal Revenue Code of 1954 is amended by striking out "$50,000" and inserting in lieu thereof "$100,000".

(2) Paragraph (7) of section 12 (relating to cross references for tax on corporations) of part II of subchapter A of chapter 1 of the Internal Revenue Code of 1954 is amended by striking out "$50,000" and inserting in lieu thereof "$100,000".

(3) Section 962(c) relating to surtax exemption for individuals electing to be subject to tax at corporate rates) of subpart F of part III of subchapter N of chapter 1 of the Internal Revenue Code of 1954 is amended by striking out "$50,000" and inserting in lieu thereof "$100,000".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1974.

INCREASE IN INVESTMENT CREDIT

SEC. 13. (a) INCREASE OF INVESTMENT CREDIT TO 15 PERCENT.—Paragraph (1) of section 46 (a) (determining the amount of the investment credit) of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 is amended to read as follows:

"(1) GENERAL RULE.—

"(A) FIFTEEN-PERCENT CREDIT.—Except as provided in subparagraph (B), the amount of the credit allowed by section 38 for the taxable year shall be equal to 15 percent of the qualified investment (as defined in subsection (c)).

"(B) TWELVE-PERCENT CREDIT.—In the case of property—

"(i) the construction, reconstruction, or erection of which is completed by the taxpayer before July 1, 1975, or

"(ii) which is acquired by the taxpayer before July 1, 1975,

the amount of the credit allowed by section 38 for the taxable year shall be equal to 12 percent of the qualified investment (as defined in subsection (c)).

"(C) TRANSITIONAL RULE.—In the case of property—

"(i) the construction, reconstruction, or erection of which is begun by the taxpayer before July 1, 1975, and

"(ii) the construction, reconstruction, or erection of which is completed by the taxpayer after June 30, 1975,

subparagraph (B) shall apply to the property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection before July 1, 1975, and subparagraph (A) shall apply to such property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection after June 30, 1975.".

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1974.

INCREASE IN CLASS LIFE VARIANCE FOR PURPOSES OF DEPRECIATION

SEC. 14. (a) IN GENERAL.—Section 167(m) (1) (relating to class lives for purposes of depreciation) of part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1954 is amended by striking out "20" and inserting in lieu thereof "40".

(b) EFFECTIVE DATE.—The amendment made by this section applies to property acquired or the construction of which is begun after December 31, 1974.

CAPITAL RECOVERY ALLOWANCES

SEC. 15. (a) Except as otherwise expressly provided, whenever in this section an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

(b) Part VI of subchapter B of chapter 1 is amended by adding after section 188 the following new section:

"SEC. 189. CAPITAL RECOVERY ALLOWANCE

"(a) GENERAL RULE.—In lieu of the deduction provided by section 167 the taxpayer may elect, in accordance with regulations prescribed by the Secretary or his delegate, to take a deduction for capital recovery with respect to any section 189 property. Such election may not be revoked except with the consent of the Secretary or his delegate.

"(b) SECTION 189 PROPERTY.—For purposes of this section, the term 'section 189 property' means—

"(1) tangible personal property, or

"(2) other tangible property (including a building and its structural components) but only if such property—

"(A) is used as an integral part of manufacturing, production, or extraction or of furnishing transportation, communications, electrical energy, gas, water, or sewage disposal services, or

"(B) constitutes a research facility used in connection with any of the activities referred to in subparagraph (A), or

"(C) constitutes a warehouse or storage facility used in connection with any of the activities referred to in subpararaph (A), or

"(D) constitutes a pollution control facility which is used to abate or control water or atmospheric pollution or contamination by removing, altering, disposing, or storing of pollutants, contaminants, wastes, or heat.

Such item includes only property with respect to which a deduction for depreciation (or for amortization in lieu of depreciation) would be allowable if the taxpayer did not make an election under this section. The preceding sentence shall not be construed to limit or deny a deduction under this section for any taxable year prior to the taxable year in which a deduction for depreciation (or for amortization in lieu of depreciation) would first become allowable with respect to any property.

"(c) AMOUNT OF DEDUCTION.—The deduction allowed for any taxable year with respect to property which is the subject of an election under subsection (a) shall be any amount elected by the taxpayer which does not exceed—

"(1) in the case of section 1245 property (as defined in section 1245(a)(3)) or property described in subsection (b)(2)(D) of this section, the amount determined by applying to the acquisition costs of such property the applicable percentage set forth in the following schedule:

"For the year which is—	*The applicable percentage is—*
The taxable year in which acquisition costs were paid or incurred	40
The first taxable year after such costs were paid or incurred	24
The second taxable year after such costs were paid or incurred	18
The third taxable year after such costs were paid or incurred	12
The fourth taxable year after such costs were paid or incurred	6

"(2) in the case of section 1250 property (as defined in section 1250(c)) other than property described in subsection (b)(2)(D) of this section, the amount determined by applying to the acquisition costs of such property the applicable percentage set forth in the following schedule:

"For the year which is—	*The applicable percentage is—*
The taxable year in which the acquisition costs were paid or incurred	20
The first taxable year after such costs were paid or incurred	16
The second taxable year after such costs were paid or incurred	14
The third taxable year after such costs were paid or incurred	13
The fourth taxable year after such costs were paid or incurred	11
The fifth taxable year after such costs were paid or incurred	9
The sixth taxable year after such costs were paid or incurred	7
The seventh taxable year after such costs were paid or incurred	5
The eighth taxable year after such costs were paid or incurred	3
The ninth taxable year after such costs were paid or incurred	2

"(d) ACQUISITION COSTS.—For purposes of this section, the term 'acquisition costs' means any costs paid or incurred to acquire section 189 property which would be taken into account in determining the basis of such property under section 1012. The taxable year in which such costs or any portion thereof are paid or incurred shall be the first year in which the taxpayer either obtains title to the property, or has the incidents of ownership such as possession, use, and risk, even though legal title for security purposes remains in the vendor or another. If the acquisition costs of an item of section 189 property are paid or incurred in more than one taxable year, the maximum deduction under subsection (c) shall be computed separately with respect to each portion of such costs which are paid or incurred in a different taxable year.

"(e) CARRYOVER OF UNUSED DEDUCTIONS.—If in any taxable year the taxpayer elects to deduct less than the maximum amount deductible under subsection (c), the excess shall be carried forward and be deductible in any succeeding taxable year.

"(f) CROSS REFERENCE.—

"For special rule with respect to certain gain derived from the disposition of property the adjusted basis of which is determined with regard to this section, see sections 1245 and 1250.".

(c) Section 46(c)(2) (relating to the investment credit) is amended by adding at the end thereof the following new sentence: "The useful life of any property which is the subject of an election under section 189(a) shall, for purposes of this subpart, be the useful life that would otherwise have been used in computing the allowance for depreciation under section 167 had the taxpayer non made such an election.".

(d) Section 57 (relating to tax preference items) is amended by adding at the end thereof the following new subsection:

"(d) EXCEPTION.—Notwithstanding any other provision of this section, no part of any amount allowed as a deduction for capital recovery under section 189 shall be considered an item of tax preference.".

(e) Paragraph (2) of section 1016(a) (relating to adjustments to basis) is amended by inserting "capital recovery," before "and depletion,".

(f) Paragraph (2) of section 1245(a) (relating to recomputed basis) is amended by inserting "or for capital recovery under section 189" after "or for amortization under section 168, 169, 184, 185, 187, or 188" each time such phrase appears therein.

(g) Paragraph (3) of section 1245(a) (relating to the definition of section 1245 property) is amended by inserting "or to the allowance or capital recovery provided in section 189" after "the allowance of amortization provided in section 185".

(h) Paragraph (3) of section 1250(b) (relating to depreciation and adjustments) is amended by inserting "capital recovery," after "obsolescence,".

(i) Parapraph 1250(c) (relating to the definition of section 1250 property) is amended by inserting "or to the allowance for capital recovery provided in section 189" after "the allowance for depreciation provided in section 167".

(j) The amendments made by this Act shall take effect on January 1, 1975, and the amendment made by subsection (b) shall apply only to acquisition costs paid or incurred on or after such effective date.

ALTERNATIVE AMORTIZATION PERIOD FOR POLLUTION CONTROL FACILITIES

Sec. 16. (a) In General.—Section 169 (relating to amortization of pollution control facilities) of part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1954 is amended by—

(1) striking out "60 months" in subsection (a) and inserting in lieu thereof "60 months or 12 months",

(2) striking out "60-month period" in subsection (a) and inserting in lieu thereof "60-month or 12-month period", and

(3) striking out "60-month period" in subsection (b) and inserting in lieu thereof "60-month or 12-month period".

(b) Effective Date.—The amendments made by this section apply to any new identifiable treatment facility (as defined in section 169(d)(4) of such Code) acquired or the construction, reconstruction, or erection of which is begun after December 31, 1974.

CLARE BOOTHE LUCE WRITES ON SOCIAL WELFARE

Mr. THURMOND. Mr. President, recently a distinguished American and personal friend of mine, Clare Boothe Luce, published an article entitled "The Social Welfare Frankenstein" which appeared in the Honolulu Star-Bulletin. This article reflects my views on this important subject, and therefore, I would like to share it with my colleagues.

Mr. President, in order that my colleagues may have the benefit of Mrs. Luce's clear and incisive views on this subject, I ask unanimous consent that the text of Mrs. Luce's article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Honolulu Star-Bulletin, Sept. 30, 1975]

The Social Welfare Frankenstein

In Hawaii, giant storm waves sometimes crash on our beaches, damaging a few shore houses. But when the storm is over, the damage is soon repaired. And the beaches, which represent a large part of the value of shore property, are still there, in all their golden splendor.

But another action of the ocean, which has nothing to do with local storms, can do far worse damage. This occurs when some invisible current begins to run against a beach, slowly eroding it. If what is happening is not noticed in time, and breakwaters are not built to deflect it, the current, in the end, carries away the whole beach and large slices of the valuable shore land with it.

According to Roy L. Ash, former director of the Office of Budget Management in two administrations, something like this is happening to our political and social system. A new current in federal spending set in about 40 years ago. It remained almost unnoticed until the mid-'60's. Ash predicts that if it is not controlled now, in two decades it will sweep away our political and social system.

This new current is what is called, in government parlance, "cash-transfer payments" to individuals who are entitled to collect money, goods, or services under the more than a thousand social welfare programs that have come into existence since the '30s. The main ones are Social Security, railroad and government employe pensions, veterans pensions and benefits, Medicare and Medicaid, food stamps, welfare, and social services, and unemployment compensation. As late as 1962, cash transfers accounted for only 20 per cent of all government expenditure. Since then, they have grown at the rate of 9 per cent a year. Today they represent 50 per cent of federal spending. If the present rate continues, in another 20 years, cash transfers will represent 80 per cent of all federal spending.

For the first 150 years of the 199 years of our nation, the main role of the federal government was to maintain defense and preserve domestic order. Individuals did not look to government to solve their personal problems. During this first century and a half, the U.S. not only survived the storms of six wars, (including the $30 billion World War I), and the waves of inflation and depression that followed them, it became the world's most prosperous nation. The total amount spent by the federal government in that whole 150 years was—$100 billion!

Since 1945 there has been an explosion in government spending. The popular impression is that it has been largely for defense. And since 1945 the federal government has indeed spent a colossal amount on defense: 1 trillion, 300 billion—which includes Korea and Vietnam. But in only the past four years, it has spent almost the same amount on non-defense programs. This fiscal year, government expenditures will average one billion dollars—a day! Five hundred million a day of it is for cash-transfer payments.

What this means is that in the short space of 25 years, the role of the federal government has radically altered. Government is now engaged in a massive redistribution of the national income.

In the words of economist Milton Friedman, "There is no such thing as a free lunch." Somebody pays for it. There is no "fountain of wealth" belonging to the government. All direct and indirect taxes, and all sources of government funds must be paid for out of the personal incomes of the people. Two years after World War II ended the government was taking 23 per cent of all personal income. It is now taking 43 per cent. Half of what the productive members of society are earning is now being passed along by the federal government to society's non-productive members.

Unless the national income (GNP) takes a great step forward, the continually growing cash transfer bill simply cannot be met without a continual increase in taxes. Unfortunately, the GNP has hovered for the past few years at a .35 per cent growth rate, and is today declining. Even if it declines no further, if the present rate of transfer payments continues, in another decade, the federal government will be collecting 70 per cent of the personal incomes of Americans to pay for them.

Until the last few years, there has been very little public attention paid to the adverse "side effects" of cash-transfer programs on the economy. Our $69 billion a year Social Security program is certainly part of the reason that there is a serious shortage of investment capital today, and that our GNP growth rate is faltering.

For some years now, lower and middle income workers, whose wages are docked for Social Security, expect, not unnaturally, to live, when they retire, on their Social Security, and other social benefits. Millions of Americans who once saved against the coming of old age, illness, or sudden unemployment, are no longer depositing savings in banks. Consequently, there is that much less investment capital available to the economy.

Adverse "side effects" of "welfare" benefits are also beginning to surface.

Today, the overwhelming majority of welfare and social service recipients are unmarried, widowed, or deserted women and their children. A women with children living on welfare, say, in Massachusetts, and collecting various social service benefits, would need a salary of $16,000 a year, if she had to work for what she is getting "for free". How many jobs could an unskilled woman get today which would pay for even half that sum? What incentive is there for unskilled workers to get off relief? A trend—and a very discernible trend—to head for the relief rolls has also begun among marginal-income male workers.

Milton Friedman's witty remark on "poverty programs" is turning out to be true: "The law of supply and demand works very generally. If there is a demand for poor people, the supply of poor people will rise to meet the demand."

In his recent farewell speech as Secretary of Health, Education and Welfare, Caspar Weinberger said that if social programs continue to expand at the present rate, 20 years from now, half the American people will be working to support the other half. They will become wageslaves of the cash transfer social welfare system. The warning comes a little late.

Economists at Ford Motor Co. recently found that there "are already more Americans (90.6 million) being supported by tax dollars than there are workers in the private sector (71.6 million) to support them. As the numbers of social welfare recipients rise, and the taxes on those who work to produce society's valuable goods and services also rise, the motivation to work will be slowly eroded. Many sociologists have already noticed that "work" has begun to be a dirty four-letter word to millions of young Americans. They tend to applaud the disappearance of the "success" motivation in the rising generation. Its relation to America's great productivity and prosperity in the past seems to have eluded them.

American liberals, who, in their compassion for the unfortunate members of our affluent society, escalated social welfare programs in a series of New Deals, Fair Deals, New Frontiers and Great Societies, have created a social welfare Frankenstein. The very programs that they designed, in conscience and justice, to preserve the freedom of the individual, are now destroying it, together with the prosperity of our society. Fortunately, some of them are beginning to see this.

Democratic Gov. Jerry Brown of California calls our new welfare government "a hybrid form of government . . . answerable to nobody". The Democratic governor of Rhode Island, Philip Noel, says, "The liberal Democrats are going to have to admit that they've made some huge mistakes creating this maze of federal programs that just breeds inefficiency and frustration. It's a disgrace."

The vast government bureaucracies spawned by these programs may be the most frightening aspect of this Frankenstein. Gov. Noel's criticism of it is echoed by many other governors who have had to deal with it.

Even a few Democratic presidential candidates have begun to worry openly. "We have to bring the budget process under control," says Sen. Edmund Muskie. "Liberals have to discard the notion that the sky's the limit."

But what alternatives are there? They are:

1. We can cut defense expenditures not only to the bone, but to the marrow, in order not to cut our social welfare programs. This "solution," which is popular with less thoughtful liberals, would endanger our national security. It would be, of course, enormously popular with the Soviet Union, which is spending more than 50 per cent of its own national income on defense. It would leave the USSR with a free hand to take over Europe and the Middle East, without risking war.

2. The government can go on making up tax shortfalls by printing money. It can continue its present policy of inflation. But all the evidence of history is that a sustained

government policy of inflation leads to national bankruptcy, which is always followed by grave public disorders. It could produce an American dictatorship or a socialist revolution.

3. We can freeze cash-transfer payments at their present level, or better still, say, at 30 per cent of future budgets. This is the wisest course. But politically it will be difficult, if not impossible, to do.

Cash-transfer recipients now outnumber taxpayers, by some millions. Predictably, they will vote not only to maintain all present transfer programs—but to increase them. Moreover, millions of low, or middle-income workers, who have already shelled out taxes for years to support these programs, will vote to continue them, for if they retire, get fired, or fall ill, they want to be sure to get a bit of their own back. The swollen federal bureaucracy also has a vested interest in their continuance. Bureaucrats have their jobs—and pensions—to consider.

The Golden Beach of American prosperity is eroding fast. It may be too late to put out any of these breakwater alternatives against the tide of cash transfers. Once people acquire the habit of looking to government to solve all their problems, it is not easy for them to break it, even though they may be aware that government solutions often create new and greater problems. Sen. Gary Hart, D-Colo. says, "Every Colorado delegation that comes to see me has two messages: one—cut government spending; two—get more federal money for our interests."

The time to reverse the current of cash-transfer payments is now. But for political reasons it probably cannot be reversed until the ravages of inflation and declining productivity make it plain to all Americans that a policy of government retrenchment is the condition of our very survival as a constitutional democracy.

THE BUDGET PROCESS

Mr. EAGLETON. Mr. President, the St. Louis Post-Dispatch recently editorialized that Congress is "showing initial signs of responding to its new budgetary procedure." This editorial is a compliment to the distinguished chairman of the Budget Committee and to the distinguished ranking minority member, Senator BELLMON, who have made great strides in this first year of the new budget process.

As the Post-Dispatch editorial states, however, the real test for the 1974 Budget Act is coming. For example, the Post-Dispatch points out that the House and Senate did trim some $250 million from the $31.2 billion military procurement authorization bill, but also states that this reduction "was still not enough."

I know that a number of my colleagues of all political persuasions are willing to support the budget process. But what must yet be demonstrated is whether targets contained in the budget resolution will be supported by this body. Clearly, the House of Representatives chose to exceed the target in its consideration of the Defense appropriation bill. I am hopeful that this will not be the case in the Senate.

Mr. President, I ask unanimous consent that the St. Louis Post-Dispatch editorial of September 23, 1975, entitled "Arms Spending Cuts" be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the St. Louis Post Dispatch, September 23, 1975]

ARMS SPENDING CUTS

Congress is showing initial signs of responding to its new budgetary procedure—designed to give the legislators better control over the federal budget—by making cuts in military expenditures, an area in which Congress has been unduly subservient to a single executive department in the past. Recently, as a result of a demand from the House Budget Committee, the House Defense Appropriations Subcommittee cut 7 billion dollars from the Administration's requested 98-billion-dollar defense appropriation bill. The Pentagon and its legislative supporters, however, immediately began to lobby for restoration of some of the money before the bill reaches the full Appropriations Committee.

Last week Senate-House conferees trimmed $250,000,000 from a 31.2-billion-dollar military procurement authorization bill, as a result of Senate vote early in August rejecting the measure because it exceeded the guidelines of the Senate Budget Committee. Although the reduction was still not enough to satisfy the requirements of Chairman Muskie of the Budget Committee, it was a slight move in the right direction. The subcommittee knocked out $60,000,000 for a nuclear cruiser, which the President had asked for but which had not even been recommended by the Pentagon; it left in a $64,000,000 item for the questionable B-1 bomber.

The real test of whether the 1974 budget act will enable Congress to set and then stay within overall goals will come later in the legislative process this fall. The military-industrial complex, and its friends in Congress, will exert heavy pressure for restoration of the cuts already made—which are still not enough to bring the total within Congress's own budgetary guidelines. If the cuts are not made in the military budget (the most unproductive part of federal expenditures), they will no doubt be made in expenditures for sorely needed domestic social programs.

EXPORT-IMPORT BANK FINANCING NOTIFICATION

Mr. PROXMIRE. Mr. President, I call to the attention of my colleagues a communication I have received from the Export-Import Bank pursuant to section 2(b)(3) of the Export-Import Bank Act notifying me of a pending Eximbank loan and guarantee to assist a conventional thermal power project in Israel. Section 2(b)(3) of the act requires the Bank to notify both Houses of Congress of any proposed loan, financial guarantee, or combination thereof in an amount of $60 million or more at least 25 days of continuous session of the Congress prior to the date of final approval. Upon expiration of this period, the Bank may give final approval to the transaction unless the Congress dictates otherwise.

In this case, the Bank proposes to extend two direct credits, the first to the Bank Leumi, Tel Aviv, Israel, in the amount of $31,500,000 and the second to Bank Hapoalim, Tel Aviv, in the amount of $27,000,000. In addition, the Eximbank will guarantee loans to the borrowers by private lenders in the amount of $39,000,000. The purpose of the transaction is to assist the construction and initial operation of a conventional thermal power station. Exim's participation will cover 75 percent of the cost of the U.S. exports involved. The direct loan will bear interest at the rate of 9.5 percent per annum and mature at the end of a 15-year repayment period beginning August 10, 1981.

Mr. President, I ask unanimous consent that the letter from Eximbank and the attached statement be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXPORT-IMPORT BANK OF THE
UNITED STATES,
Washington, D.C.

Hon. WILLIAM A. PROXMIRE,
Chairman, Senate Committee on Banking and Urban Affairs, Dirksen Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: In accordance with section 2(b)(3) of the Export-Import Bank Act of 1945, I have reported to the President of the Senate and the Speaker of the House of Representatives on an application currently pending consideration by the Bank. I respectfully furnish herewith a copy of this statement for your consideration.

Sincerely,

WILLIAM J. CASEY.

Enclosure.

EXPORT-IMPORT BANK OF THE
UNITED STATES,
Washington, D.C., October 9, 1975.

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Pursuant to Section 2(b)(3) of the Export-Import Bank Act of 1945, as amended, Eximbank hereby submits a statement to the United States Senate with respect to the following transaction:

A. DESCRIPTION OF TRANSACTION

1. Purpose

Eximbank is prepared to extend two direct credits, the first to Bank Leumi, Tel Aviv, Israel, in the amount of $31,500,000 and the second to Bank Hapoalim, Tel Aviv, Israel, in the amount of $27,000,000. Additionally, Eximbank is prepared to guarantee loans to the Borrowers in the amount of $39,000,000 made by private financial institutions while $20,500,000 will be lent by private financial institutions without Eximbank's guarantee. The purpose of the Eximbank financing is to facilitate the financing of U.S. costs of Israel Electric Corporation's M. D. Hadera thermal power station. The total United States export value for the project is $130,000,000. Other foreign loans totalling approximately $150,000,000 will come primarily from the Export Development Corporation, the official export credit agency of Canada. Funds from Israeli banks, debentures, and internal resources of the Israel Electric Corporation will complete the financing.

In June 1974, the Eximbank authorized financial assistance for U.S. costs of $75,000,000. Due to substantial changes in design of the plant and inflation, costs of the project have increased and Eximbank asisstance has been requested for financing the additional portion of the U.S. costs.

2. Identity of the parties

Bank Leumi is Israels' largest commercial bank and its share are publicly held. Bank Hapoalim was established in 1921 and is the second largest banking institution in Israel. It is owned by Histadrut, Israel's General Federation of Labor. Israel Electric Coporation, the end-user of the U.S. goods and services covered by the subject financing, is 95% owned by the State of Israel and has sole rights for generation, distribution and supply of electricity throughout the country.

3. Nature and use of goods and services

The principal goods to be exported from the United States for the use in the construction and initial operation of M.D. Hadera thermal power station consist of electrostatic precipitators, piping, pumps, compressors, core handling equipment, gas turbine generator, transformers, cable, related power plant and switchyard equipment and engineering services. Major suppliers are expected to be: Joy Manufacturing, Dresser Industries, Babcock & Wilcox, Crane & Company, M. W. Kellogg, ITT Grinnel, Dravo Corporation, Leeds & Northrup and United Technologies.

B. EXPLANATION OF EXIMBANK FINANCING

1. Reasons

The proposed extension of $58,500,000 in credits by Eximbank and the guarantee of $39,000,000 of the private credits will result in the export of $130,000,000 of United States goods and services. This will have a favorable impact not only on the United States balance of payments, but also on employment for substantial numbers of United States workers. Also, the sale comes at a time of slow domestic orders due to a delay by U.S. utilities in ordering capital equipment. A large portion of the manufacturing will be done in the Akron, Ohio area where there is high unemployment. Although, the availability of Eximbank financial assistance together with competitive prices and dependable performance by U.S. supplies have resulted in large repeat orders of thermal plant equipment from the United States, manufacturers in Germany, France, Japan, Canada, Sweden, Switzerland and the United Kingdom are capable of supplying similar equipment for the project at competitive prices and delivery schedules.

In view of the magnitude of the transaction, the extent of private financing that will be available, and the fact that the equipment is available in other countries, Eximbank's loan and guarantee are necessary to obtain this sale for United States manufacturers. No adverse impact upon the United States economy will be caused by the export of these goods and services.

Accordingly, Eximbank's participation in this major export implements the Congressional mandate to aid in financing and to facilitate United States exports.

2. The financing plan

The total cost of United States goods and services to be purchased by the Borrowers is $130,000,000. The Borrowers will make a 10% cash payment and the balance of the United States costs will be financed by Eximbank and private financial institutions as follows:

[In millions]

	Leumi	Hapoalim	Totals
10 percent cash payment	$7.0	$6	$13.0
45 percent Eximbank loan at 9.5 percent	31.5	27	58.5
30 percent Eximbank guaranteed private loan	21.0	18.0	39.0
15 percent private loan (not guaranteed)	10.5	9	19.5
Total	70.5	60	130.0

(a) Eximbank Charges

The Eximbank Credit will bear interest at the rate of 9.5% per annum, payable semiannually. A commitment fee of ½ of 1% per annum will also be charged on the undisbursed portion of the Eximbank Credit. The private financial institutions being guaranteed by Eximbank will pay a guarantee fee to Eximbank of 1% per annum on the amounts they have disbursed to the Borrowers. Also, a commitment fee of ⅛ of 1% per annum will be charged on the undisbursed portion of the private financing guaranteed by Eximbank.

(b) Repayment Terms

The total financing of the $117,000,000 will be repaid by the Borrowers in thirty equal semiannual installments, the first due August 10, 1981, which is approximately six months from the mean commissioning date of the four main generating sets. The repayments will be made first on the unguaranteed loan, next, the Eximbank-guaranteed funds and Eximbank's loan last. This repayment schedule is the same as the repayment schedule of the existing loan.

Sincerely,

WILLIAM J. CASEY.

A. BENJAMIN SURASKY

Mr. **THURMOND**. Mr. President, A. Benjamin Surasky, one of the outstanding lawyers of my hometown, Aiken, S.C., died August 27, 1975, after an eminent career of service and dedication.

He had practiced law in our community for more than four decades and his record was distinguished for its excellence and its insight. The scope of his legal career was broad. His courtroom defense of the accused—often people of limited means—was vigorous. However, Mr. Surasky was just as energetic in the enforcement of law. He had served as an Aiken City Prosecutor where he applied the law in an equally effective manner. Moreover, the even-handedness of his approach to law was particularly evident in his noteworthy service as U.S. Commissioner.

Earlier, he had begun his legal career by graduating from the University of South Carolina Law School, followed in World War II by service in the Judge Advocate's Division of the U.S. Marine Corps. Throughout his professional service he was also a man of great expertise in matters of civil law, particularly in the field of real estate.

Mr. President, A. Benjamin Surasky lived a life of service and provided a worthy example for everyone around him. In order that my colleagues may have the opportunity to know more about him, I ask unanimous consent that the two representative accounts of his life and death, which appeared in the Aiken Standard, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Aiken (S.C.) Standard, Sept. 1, 1975]

A. BENJAMIN SURASKY

A. Benjamin Surasky, who died Wednesday after suffering an apparent heart attack near his office on Chesterfield Street, was a prominent member of the Aiken County Bar for more than 40 years. Beyond that, he was a gentle, compassionate man who had a host of friends.

At the University of South Carolina Law School, where he graduated in the early 1930s, he achieved an excellent record. In his practice in Aiken, he was recognized for legal knowledge, particularly in the field of real estate law, and his opinions were often sought by his fellow lawyers.

In his position as assistant city recorder and later as a city prosecutor, Mr. Surasky demonstrated a deep understanding of justice—a justice always tempered with mercy. Defendants who recognized the error of their ways were likely to be given a second chance when Mr. Surasky presided over municipal court. As a prosecutor, he never allowed zeal for conviction to outweigh the human considerations.

In general sessions court he often defended the down and out.

During World War II Mr. Surasky served with distinction in the judge advocate's division of the Marine Corps. He held the rank of lieutenant, and was stationed for some time in the Pacific.

He was active in the American Legion, the county and state Bar Associations and Aiken Masonic Lodge 156 AFM. He was also a member of Adath Yeshurun Synagogue.

He will be greatly missed in Aiken, and the Aiken Standard extends its deepest sympathies to his family and friends.

[From the Aiken (S.C.) Standard, Aug. 28, 1975]

SERVICES TOMORROW FOR MR. SURASKY

A. Benjamin Surasky, 3 Belaire Terrace, City of Aiken Recorders Court Prosecutor, died yesterday following an apparent heart attack he suffered while walking to his office on Chesterfield Street.

Funeral services will be held at 4 p.m. tomorrow at the George Funeral Home Chapel with Rabbi Norman Goldburg officating. Burial will be in the Sons of Israel Cemetery.

He was a native of Aiken, a son of the late Solomon and Sarah Ann Rudnick Surasky. He was a graduate of the University of South Carolina and the University School of Law. He had practiced law in Aiken since his graduation, except for time spent in the United States Marine Corp. where he served in the Judge Advocates Division as a lieutenant.

Prior to being named court prosecutor, he served as assistant city recorder for many years. He was a member of Adath Yeshurun Synagogue, Aiken Lodge No. 156, A.F.M., Aiken Post No. 26, American Legion, Aiken County Bar Association and the South Carolina Bar Association.

Surviving are: his widow, Mrs. Lois Selvidge Surasky, one daughter, Mrs. R. M. Turcot, Greensboro, N.C.; two sons, Seth Andrew Surasky, Aiken; Edward F. Murrill, San Francisco, and one sister, Mrs. Rose Lilly Seldin, Columbia.

The family suggests memorials to a charity of choice.

Friends may call at the home or the funeral home.

Pallbearers will be S.C. Supreme Court Justice Julius B. Ness, Myer Bluestein, Herbert Rudnick, Harold Rudnick, Senator Hyman Rubin and Harold Gaezer.

TRIBAL EYE—EDUCATIONAL TV

Mr. **HARTKE**. Mr. President, we have read in the printed media and heard the debates around the country on violence on TV and radio. When there is an opportunity for viewing excellent television presentation we rarely have an opportunity to congratulate the initiators or the producers.

I am taking this opportunity to recommend to you and the American people a presentation of Public Television called "The Tribal Eye."

In these days when we need to understand the rest of the world and in turn have the rest of the world understand us, this TV presentation takes us into the social mores and customs of many diverse people in many remote areas. The "Tribal Eye" television series takes the viewer on an exploration of hidden world, and say to the viewer, there are other ways of being human.

The entire program takes the viewer to 16 countries from the Arctic to Africa and on into the South Seas, filming Tribal societies, their rituals, and the finest examples of their art—masks, carved statues, gold work, textiles, bronzes, and so forth.

The entire series consists of seven programs made possible through a private grant and will be presented weekly through Sunday, November 30.

I take this opportunity to recommend to the American people a program for viewing by the whole family and with an educational appeal for every American citizen.

ZAMBIA NATIONAL DAY

Mr. HARTKE. Mr. President, Zambia, formerly Rhodesia is now moving toward total self-sufficiency: a landlocked nation situated between Angola and Mozambique, Zambia became a Republic upon independence. This is the first former British colony to do so.

Because of its geographical position and due to unrest in neighboring countries Zambia has had some difficulty in exporting its mineral wealth, however its railroad ties to Tanzania will help immensely upon completion.

The President of the Republic of Zambia, Kenneth Kaunda, recently visited the United States and expressed his affection for the country and the people of America.

Zambia has traditionally been the third largest producer of copper, which accounts for about 50 percent of the country's gross national product. The United States has supplied over $21 million in bilateral economic aid since 1964 and has been instrumental in developing the great North Road that links Zambia with the Port of Dar Es Salaam in Tanzania. Mr. President I ask my colleagues and the American people to join me in wishing the President and the people of Zambia best wishes on Zambia's National Day, October 24, 1975.

CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, is there further morning business?

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

NATIONAL GAS EMERGENCY ACT OF 1975

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of the unfinished business, S. 2310, which the clerk will state.

The legislative clerk read as follows:

A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The Senate resumed the consideration of the bill.

The ACTING PRESIDENT pro tempore. The pending amendment by the Senator from Massachusetts (Mr. KENNEDY) shall be temporarily set aside until the hour of 2 p.m. on Tuesday, October 21, and any other amendments to S. 2310, or motions in relation thereto, shall be in order at this time and up until the hour of 2 p.m. on Tuesday, October 21.

Under the previous order, time for debate today and up until 2 p.m. on Tuesday, October 21, on S. 2310 shall be equally divided and controlled by the Senator from South Carolina (Mr. HOLLINGS) and the Senator from Kansas (Mr. PEARSON).

The Senator from South Carolina is recognized.

Mr. HOLLINGS. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT TODAY UNTIL 9 A.M. TOMORROW AND ON TOMORROW UNTIL 9 A.M. ON WEDNESDAY, OCTOBER 22, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today and tomorrow, it stand in adjournment, respectively, until the hour of 9 o'clock a.m. on tomorrow and 9 o'clock a.m. on Wednesday.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR RESUMPTION OF CONSIDERATION OF S. 2310 UPON CONCLUSION OF ROUTINE MORNING BUSINESS ON TOMORROW AND ON WEDNESDAY, OCTOBER 22, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the conclusion of routine morning business on tomorrow and on Wednesday, the Senate resume the consideration of the pending business, S. 2310.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARTKE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. HARTKE. Mr. President, I ask unanimous consent that Romano Romani of my staff be permitted floor privileges during the debate on this measure.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I would like to reaffirm my support of S. 2310 which I joined as a cosponsor. The destructive potential of this year's projected natural gas shortage has been detailed extensively in the past few weeks of debate. Every Member of this Chamber is, I am sure, equally concerned and equally anxious to provide at least a partial solution.

Our debate has centered on the means to accomplish this end, not on the necessity of accomplishing it, so I send an amendment to the desk and ask that it be stated.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

Mr. HARTKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

On page 32, after line 20, (page 33, after line 20 in Amendment 919 as amended through 10/3/75), insert the following:

"RESIDENTIAL AND OTHER SMALL USERS

" 'SEC. 28. (a) GENERAL.—The Commission shall—

" '(1) require all pipelines to file separate tariffs with respect to (A) old natural gas and (B) new natural gas (including synthetic or liquefied natural gas) in such form and manner as to reflect the price and average annual volumes of each which enter each such pipeline;

" '(2) require all pipelines to give first priority for sales of transfers under the applicable tariff for old natural gas to natural gas distributing companies, to the extent such old natural gas is available, to meet the requirements of each such company's residential users and small users; and

" '(3) promulgate rules to govern sales, exchanges, or transfers among pipelines and sales, exchanges, or transfers to natural gas distributing companies served by multiple pipelines, to the extent necessary to achieve the purpose of this section.

" '(b) ENFORCEMENT.—It shall be unlawful for natural gas distributing companies to charge residential users and small users rates which do not reflect the lesser cost of old natural gas for such users. Any rates established by the State utility commissions that fail to assure that benefits of the old natural gas tariffs are reflected in the rates to such residential and small users are unlawful.

Mr. HARTKE. Mr. President, this is essentially a consumer protection amendment which is designed to insure, to the extent possible, that homeowners who are already being squeezed by the spiraling cost of various forms of energy will not suffer further under the provisions of S. 2310.

Before describing the amendment in detail, I would like to briefly outline its background. In recent Commerce Committee hearings on the subject of S. 2310, I inquired of Chairman Nassikas of the Federal Power Commission how much he thought S. 2310 would cost the American consumer. His staff subsequently prepared a preliminary report which I will ask be printed in the RECORD at the conclusion of my remarks.

Naturally, the staff paper was an estimate as there are many variables that enter into such an analysis. Assuming that about 250 billion cubic feet of gas becomes available under S. 2310, and that it will average about $1.25 per Mcf, the total aggregate cost will be roughly $310 million. There is no question that this is a reasonable price to pay for staving off massive unemployment.

However, I remain concerned over the effects on the average homeowner. Now, under normal operating procedure, I think we can fairly assume that a pipeline that is designated as a "priority interstate purchaser" would roll the price of the additional intrastate market gas into its total gas supply. Therefore, the additional cost of the new gas would be borne by all consumers of gas without regard to whether the consumer has been threatened with curtailment or not.

To discover the precise effects of this on homeowners is impossible. All that can be done is to determine the parameters. Each pipeline has different supply problems and will buy the new gas in different quantities. Furthermore, each pipeline's average gas price differs according to the particular mix of prices that comprise its total. Operating within this uncertainty, the staff of the FPC has suggested that Columbia Pipeline, for example, will have to raise its price per Mcf about 5.5 cents, while Transco's price would go up about 14 cents an Mcf.

These figures seem relatively small, but they could have a significant impact on consumers. My staff informs me that the American Gas Association estimates that the average American who uses natural gas consumes roughly 116.8 Mcf a year. This figure does not separate out families that heat as well as cook with gas. In the Washington area, about 60 percent of those who consume natural gas also heat with natural gas. Families that heat with natural gas utilize considerably more than the 116.8 Mcf average. Using these averages, however, S. 2310 might cost consumers anywhere from $6.42 to $16.35 annually.

The amendment operates on a very simple principle: those who benefit from the increased natural gas supply should bear the cost of that increased supply. In almost every case, the projected curtailments for this winter affect business and industry, not homeowners. However, in the absence of this amendment, homeowners would be forced to subsidize business and industrial users. This amendment simply mandates that the old gas in the pipeline's system be directed to residential and small users, and that State utility commissions cooperate in carrying out the intent of the legislation.

The specific language is a slightly modified version of language approved by the Commerce Committee in S. 692 which will soon be up for consideration. My staff has been in touch with the Federal Power Commission on this matter. They believe the language to be both sufficient and constitutional.

I ask unanimous consent that three documents be printed in the RECORD at this point: Amendment No. 945, a letter from Chairman Nassikas, and the preliminary FPC staff report on the consumer impact of S. 2310.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

At the appropriate place, add the following:

RESIDENTIAL AND SMALL USER PREFERENCE

SEC. . (a) The Commission shall require all priority interstate purchasers, as defined in section 3 of this Act, to give first priority for sales or transfers under the applicable tariff for old natural gas to local distribution companies, to the extent such old natural gas is available, to meet the requirements of each such company's residential and small users.

(b) It shall be unlawful for local distribution companies to charge residential users and small users rates which do not reflect the lesser cost of old natural gas for such users. It shall be the duty of the State utility commissions to assure that the benefits of the old natural gas tariffs are reflected in the rates to such residential and small users.

FEDERAL POWER COMMISSION,
Washington, D.C., September 15, 1975.

Hon. VANCE HARTKE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HARTKE: At the conclusion of today's hearing, you requested that I supply you, if at all possible today, with an analysis of the cost to gas consumers of S-2310. As you know, it is not possible to conduct a cost-benefit analysis of a proposal which will broadly impact upon interstate gas consumption, pipelines and the economy of various regions of the nation. However, it is feasible to give you a preliminary framework of the cost impact upon pipelines and ultimate consumers without quantifying in a cost-benefit analysis the "net cost" to the economy.

I have enclosed a preliminary staff analysis of the impact on natural gas consumers of S-2310. The staff analysis would indicate that the impact on consumers of major curtailed pipelines utilizing the Columbia Gas Transmission Corporation as an energy model, may range an additional 5–10 cents per Mcf. If we assume 250 Bcf (or 250 million Mcf) were to be committed and delivered to the interstate market for the winter of 1975–1976 that would otherwise not be delivered, the gross cost of purchased gas may range from $310 million at an assumed price of $1.25 to $425 million at an assumed price of $1.75.

However, rolling in the incremental quantities of gas at the assumed prices to all purchased gas costs of the four major curtailed pipelines analyzed would result in an added gross cost to consumers ranging from 5–20 cents per Mcf. Therefore, if a consumer used 200 Mcf per year, the gross increase in purchased gas costs would be $10–$20. A consumer using 100,000 Mcf would experience an increase in gas costs of $5,000–$20,000 without considering adjustments for demand-commodity rate design schedules.

You will note the concluding paragraph of the staff study to the effect that there is no quantification of offsetting benefits to consumers from both load factors in the more efficient utilization of pipeline capacity or the "cost" to society or the economy of aggravated unemployment which may result from the lack of the assumed quantities of natural gas for "essential users" served by "priority interstate purchasers".

While our preliminary study of July 1975 intrastate prices would indicate levels at the range of $1.25, as stated in my testimony, this price is derived from some twenty jurisdictional gas companies selling in the intrastate market and is by no means a definitive price. Accordingly, assumed price ranges of $1.25–$1.75 may be a more valid representation of "costs" than to utilize the effects of a preliminary analysis.

Second, the increment of 250 billion cubic feet is assumed to be an absolute addition to interstate supply which could not otherwise have been committed at a lower price. The staff analysis recognizes this fact and establishes "cost" on the basis of a fixed assumption that is not predictable. To predict the price elasticity of supply is an evanescent occupation of economists. The only certainty is that the supply response is unpredictable. I believe that higher price levels established by this emergency legislation will attract substantial additional quantities of natural gas, but the actual "cost" is too variable to quantify.

I have also enclosed the following report:

Sincerely,

JOHN N. NASSIKAS,
Chairman.

(Prepared by Joseph J. Solters, Assistant to Chief, Bureau of Natural Gas—Sept. 15, 1975)

PRELIMINARY STAFF ANALYSIS OF IMPACT ON CONSUMERS OF S-2310

The purpose of this report is to provide an analysis of the impact upon natural gas consumers of the proposed legislation S-2310.

The purpose of the bill is to provide additional natural gas to certain interstate pipeline companies to minimize the detrimental effects of natural gas curtailments for the forthcoming winter period, 1975–1976, by permitting sales by producers to such pipelines at rate levels equal to the average price of intrastate sales from contracts executed during the month of August 1975. The analysis consists of (a) a determination of the approximate impact on sales by interstate pipelines and upon rates to ultimate consumer of higher priced natural gas supply purchases attributable to S-2310, and (b) an evaluation of the effects of additional curtailment of industrial consumers under the assumption that the subject additional volumes of supply are not available to the interstate pipeline market, and that industrial dislocations or unemployment will result therefrom.

The impact upon sales of natural gas by priority interstate pipeline companies can be approximated by computing the effect of these higher-priced gas supplies upon the existing weighted average cost of purchased gas.

An adjusted weighted average can then be derived by assuming the purchase of additional volumes of natural gas equivalent to the incremental increase in curtailed volumes projected for the 1975–1976 winter as compared to actual curtailments during the 1974–1975 winter period.

The range of prices for additional natural gas purchases under the S-2310 approach of using August 1975 as a benchmark for pricing may be estimated at $1.25 per Mcf and $1.75 per Mcf as a basis for "cost" impact. There are over 25 major pipelines undergoing curtailment. However, it is not possible in a few hours to quantify impacts on all curtailed pipeline systems. However, an analysis of the Columbia Gas Transmission Corporation may be utilized as a framework to forecast on a crude basis the impact of S-2310 upon purchased gas costs of other major pipeline systems. In addition, we may consider the effect of S-2310 in reducing projected curtailments on three other major pipeline systems. In addition to Columbia, the three systems analyzed are Panhandle Eastern Pipeline Company, Transcontinental Gas Pipe Line Corp. and Texas Eastern Transmission Corp.

The following chart illustrates the increase in projected curtailment of firm natural gas requirements for these pipelines over last winter's actual curtailments, and provides an indication of the approximate additional amount of gas needed to restore the deficiency to 1974–1975 levels, which did not involve substantial adverse impact concerning industrial dislocation.

[In billions of cubic feet]

	Actual curtailment, 1974–75 winter	Projected curtailment, 1975–76 winter	Difference
Columbia	182	235	53
Panhandle	61	86	25
Transco	124	180	56
Texas Eastern	99	117	18
Total	466	618	152

The currently effective weighted average cost of purchased gas for these pipelines and their approximate 1975–1976 winter sales volumes are shown below:

	Cents (Mcf)	1975–76 firm sales (approximately) (Bcf) [1]
Columbia	[2] 55.8	614
Panhandle	31.3	275
Transco	31.2	317
Texas Eastern	44.1	384

[1] Source: FPC form No. 16, filed April 1975.

[2] Columbia purchases substantial quantities from other interstate pipeline companies. Hence, the higher purchased cost of 55.8 cents per million cubic feet compared to the other pipelines shown above which purchase substantial quantities from producers at the wellhead.

The impact of additional purchases at higher unit prices under S-2310 can be computed by adding the cost of these additional volumes to the current cost of purchased gas and recomputing the new weighted average. The results of this computation for Columbia are shown below:

[In cents per million cubic feet]

	Current cost of purchased gas	Adjusted cost of purchased gas	Difference
Columbia:			
$1.25	55.8	61.3	5.5
$1.50	55.8	63.3	7.5
$1.75	55.8	65.3	9.5

Similar impacts upon the cost of purchased gas are expected for the other pipelines.

The impacts shown above on Columbia's gas system indicates that the approximate range of increases in the price of natural gas if 53 Bcf was committed and delivered to the interstate market during the 1975–1976 winter at the indicated price ranging between $1.25–$1.75 would be between 5–10 cents per Mcf.

In the case of Transco's system, with a staff projected additional curtailment for the 1975–1976 winter of 56 billion cubic feet in excess of the 1974–1975 winter curtailment and with an average purchased price of 31 cents per Mcf for 317 Bcf of firm sales in 1975–1976, the injection of 56 Bcf of gas at prices ranging from $1.25–$1.75 will increase the cost to Transco customers by an additional $50 million at $1.25 and by $75 million at $1.75, or an increase in the average purchased gas costs per Mcf on that system ranging from 14–20 cents.

This rough staff study does not propose to quantify offsetting benefits represented by the benefit to consumers from full utilization of pipeline capacity or possible conservation savings as the result of higher prices leading to more efficient utilization of fuels or the "cost" to society or the economy of aggravated unemployment resulting from the lack of the assumed quantities of natural gas for "essential users" served by "priority interstate purchasers" or the effect on productivity or inflationary impact resulting from essential industrial production being curtailed. Moreover, it would seem a desirable tradeoff to secure additional natural gas supply even at the assumed higher intrastate price August 1975 level than to place economic recovery at risk or jobs in jeopardy.

Mr. PEARSON. If the Senator will yield, I do not have a copy of the amendment. I think I understand it, but is this the amendment to S. 2310 and not——

Mr. HARTKE. It is to both titles.

Mr. PEARSON. To both titles?

Mr. HARTKE. The Senator is correct.

The ACTING PRESIDENT pro tempore. The amendment is directed to the Pearson-Bentsen substitute.

Mr. HARTKE. Yes.

Mr. PEARSON. To amendment 919?

The ACTING PRESIDENT pro tempore. That is correct.

Mr. PEARSON. As modified, and, in addition to that, to 2310 ?

Mr. HARTKE. Yes.

Mr. PEARSON. Let me see, if the Senator will yield further for inquiry, so that I might try to understand it.

The ACTING PRESIDENT pro tempore. The Chair is advised that the amendment as drafted is not to the bill, but to Amendment No. 919.

Mr. HARTKE. Amendment No. 919 is the pending business and it is intended to be drafted to that.

Mr. PEARSON. Will the Senator indicate again how this would work? Would he say that the State commission, or the commissioners themselves, as the distributing company to the end users, would make a judgment and determination that the old price would be that which would go to residences, to be the first priority?

Mr. HARTKE. That is right.

In other words, the State Utility Commission would make that determination and the end price, as well as additional use would be concerned, would be assessed to the commercial users who have requested, really, that there be a modification of the supply.

Mr. PEARSON. I thank the Senator.

Mr. FANNIN. Mr. President, taking into consideration the amendment, without having an opportunity to analyze just what is involved is certainly precarious business. It seems to me that we should have time to determine just what is involved and the explanation that the Senator from Indiana has made has been rather limited.

The Senator from Arizona would like to know exactly what would happen as far as the allocation of the product. The Senator said this would be for the domestic consumer.

Here we have 92 percent of the gas in this Nation now under contract. The percentage that is under contract to the consumer is not determined because this is under contract to the companies that distribute the product.

What would happen as far as distribution in a particular State—take the State of Indiana—in carrying through the intent of the Senator in meeting his goal of having the old natural gas distributed to the domestic consumer?

Mr. HARTKE. As far as the allocation, this amendment would not affect the allocation at all.

What it really does is assure to the homeowner that, as far as he is concerned, he receives the benefit of going ahead and having additional supplies of gas coming in and that the ultimate business and industrial users, who are really the ones who would have to have the additional allocation, will be paying the additional costs of bringing in the additional gas.

In other words, under the provisions now I think most people would agree that the ultimate homeowner is not expected to have a curtailment anyway; that if there were a curtailment at this time it would happen in the business and industrial sector.

What this would do is simply provide that the benefits of that increased supply would be paid for by those who are asking for it and would not be assessed against a homeowner who was not the original cause of the increased demand.

Mr. FANNIN. As far as the homeowner is concerned, I say to the Senator from Indiana, there is no anticipation at the present time that the shortages would reach down to the homeowner, but where interrupting service agreements that many of the industries operate under, and, of course, those industries know they must provide other services.

So the Senator from Arizona is not questioning the intent of the Senator from Indiana to protect the homeowner, but we get into contract problems. It seems to me that this would vitiate present contracts, and present understandings. It could cause a very serious dislocation of the flow of natural gas throughout this country.

The Senator from Arizona certainly wants to protect the homeowner, and I believe from all the information that we have had that the homeowner will be protected.

I do not know what the percentage of the gas is that a homeowner uses, but some have said it is up as high as 50 percent. I do not know that that is true. But here we used 21 trillion cubic feet of gas last year, our shortage is estimated probably to be 10 percent maybe 15 percent of that, this year, if we have cold weather.

So we are talking about dislocating industries. How it would apply to one section of the country or another is not determinable, as I can see, under this amendment.

The Senator says it applies equally. It seems to me we are getting into a field that is now being supervised by State regulatory authorities.

We have various provisions in contracts throughout the country. I do not think we have any uniformity as far as the distributing companies are concerned, the gas companies in the different areas of our country. We also have the companies that are pipeline companies, companies that are selling the gas to the distributing agencies.

It seems to me that we have an almost impractical situation as far as carrying through the intent of the distinguished Senator from Indiana. I just feel that the whole amendment should be reviewed very carefully to see what would happen.

It says it would require all pipeline companies to file separate tariffs with respect to, first, old natural gas, second, new natural gas, including synthetic or liquified natural gas, in such form as to reflect the price and annual volumes of each that entered such pipeline.

What is the time element involved?

Mr. HARTKE. All we are doing here is not interfering with the contracts; we are not interfering with any procedures. It is not that difficult. What we are saying very simply is that the homeowner will be protected in the right to the old natural gas which he would have gotten under normal circumstances without any change and without any legislation. Under their old procedures, he probably still would have been in that position and the prices would not be increased. There is no increase in price.

If there is going to be an increase in price as far as he is concerned, he should be protected from having that increase. That is what we are doing by this legislation. In other words, the passthrough of the cost would not be borne by the homeowner, who is not really the cause of the extra demand. The extra demand is being caused in most cases by business and industry. In order to prevent unemployment, what we are trying to do is remedy that situation by increasing the supply of gas. By increasing the supply the cost will go up and for those individuals that cost should be translated to those individuals who are receiving the benefits. That is all that is being done here.

No one is going to be jeopardized from the present position if no legislation were passed at all.

Mr. FANNIN. If I understood the Senator correctly, he said that the increase would average around $6.50 per year, or near that?

Mr. HARTKE. Right. That is the minimum.

Mr. FANNIN. I am sure the Senator is not talking about going through all of this complicated procedure if it is not going to be over a $6.50 saving to the consumer in a year's supply of natural gas. I would certainly call to his attention that natural gas is going up in price if we are going to have increased supplies. We must recognize that. What is the alternative? Many of the subdivisions now are not able to put in natural gas where right across the street they have natural gas. In fact, I think it is very unfair to say that we are going to protect that consumer of natural gas, keep him from having the $6.50 a year increase in the cost of his product, when across the street the fellow is having to put in electricity or put in oil, and in the case of electricity it is costing him maybe three or four times as much.

Mr. HARTKE. Let me say that there is no assurance that this increase would not be three or four times that amount. The estimates are that this could possibly cost as much as $800 million to homeowners unless this amendment is passed. In other words, in effect what the Senator is saying is that the homeowner, who, under normal circumstances, would not have an increase in price as a result of the increased demand by business and industry—who are now insisting that they would rather have a change in the price and a change in the regulation, a form of deregulation, in order to get this additional supply of gas into the pipelines—is going to have to bear that burden.

That may not seem to be a lot to the Senator from Arizona, but to an ordinary homeowner, who is just using it to heat his water and cook his food, to go ahead and have an increase of that proportion is a substantial increase. There is no reason why, if we are saying to the homeowner at this time that as far as he is concerned, his supply is not the cause of the trouble, he should be made to go ahead and suffer the difficulties. Industry and business are saying, "What we want to do is increase the supply to the pipeline" and the suppliers are saying "We cannot increase the supply without increasing the price."

The argument goes, if we assume the validity of the argument, that by bringing in the additional gas which is presently being withheld from the interstate market and being held in the intrastate market, we are going to have to pay an additional price. All we are saying is that if that additional price is going to be assessed, then that additional user, the business and industry, who will get the benefit of the use of that gas, should bear the price and not somebody who under other circumstances would not have had an increase in his price.

In other words, the Senator is penalizing people who are not really the cause of the increased demand.

Mr. FANNIN. I will say to the Senator I do not know what experience he has had in the field of gas distribution, but I know he realizes that the rates are set by local public utilities. Are we going to take over their rate-setting procedures?

Mr. HARTKE. No.

Mr. FANNIN. Are we going to tell them what they can do as far as the price of gas is concerned?

Mr. HARTKE. No.

Mr. FANNIN. That is exactly what the Senator is saying.

Mr. HARTKE. All that the amendment does is to require very simply that as far as the pass-through of an increase in price, it will not be passed through to the homeowner. That is all.

Mr. FANNIN. That is right. The homeowner is supplied by the public utilities just the same as the industries are supplied by the public utilities.

Mr. HARTKE. Then I think the argument on the whole bill should be changed if that is the essence of the argument, that the homeowner is the individual who is causing the increased demand all the way through.

Mr. FANNIN. No. The Senator from Arizona is not arguing——

Mr. HARTKE. I have not heard homeowners come to me and say they are the ones who needed the increased gas.

Mr. FANNIN. The Senator from Arizona has never stated that the homeowner was at fault in that regard. I realize from the standpoint of the use of natural gas they do not have a readily convertible fuel; they cannot go to other fuels without considerable expense to change appliances, and so forth. The Senator from Arizona is not trying to place the burden upon the homeowner. In fact, he is trying to alleviate that by not having some inflationary program started that could be very disastrous both to industry and to the homeowner.

If an industry happens to be in a position where, to be competitive, it must have low-cost energy, and through the penalty that is assigned to them, which is distributed over many cities, if there are 1,000 people working in that plant and those 1,000 families have to pay $6.50 more for their gas product for the year, and that means that the company is paying 10 percent more for their gas in the overall, it may mean that they are not competitive. So a fellow is out of a job, and many of them could be, if they do not have low-cost energy. Natural gas certainly is low-cost energy, the lowest cost energy that is available.

Mr. HARTKE. I hear the argument of the Senator. What the Senator is really saying is that the residential consumer is supposed to subsidize industry by paying the increased cost.

Mr. FANNIN. It is the feeling of the Senator from Arizona——

Mr. HARTKE. Is that the substance of the argument?

Mr. FANNIN. That he would benefit by taking part of that load, absolutely. If it is going to hurt industry and hurt jobs, it will be very difficult.

Mr. HARTKE. Let me say that is a difference of opinion between the Senator from Arizona and the Senator from Indiana. I do not think the consumer homeowner should be required to go ahead and subsidize industry. Does the Senator want to do that?

Mr. FANNIN. I want him to have a job. That is my principal reason for opposing something that is going to be inflationary, such as the amendment the Senator is offering.

Mr. HARTKE. Let me say to the Senator I think he is quite aware that if there is an increased cost to a commercial or industrial user, that is a cost of doing business, which first, as far as he is concerned, is tax deductible, and, secondarily, which is an item he can pass on.

Mr. FANNIN. The Senator is assuming he can pass it on. There is no assurance he can pass it on. If he is no longer competitive, he cannot pass it on.

Mr. HARTKE. I grant he cannot do that. But as far as the consuming homeowner is concerned, that is not a tax deduction for him, and he has no way to pass it on except through his paycheck on Friday night.

What the Senator is saying is that that man, to protect his paycheck on Friday night, should go ahead and pay the bill for those who take advantage of the consuming public. I disagree with the Senator. I think it is high time we concede that the consuming public, which has no special tax subsidy and is not able to pass on the increased cost in this inflationary spiral, where he is not the cause of the inflationary spiral, should not be the scapegoat required to pay this additional subsidy. The Senator from Arizona is saying he should subsidize industry, because otherwise industry would have additional problems.

Mr. FANNIN. The Senator from Arizona has never said he should subsidize industry. I have said we should carry, as consumers, our part of the load, as far as that is concerned. We do not want to have people put out of work who live in the thousands of homes that are involved in a given community as a result of increased prices that are no longer competitive, so that the businesses have to close down. That is what is happening around this country.

Mr. HARTKE. The Senator from Arizona is making a different argument than has ever presented before. The argument in the committee—and I was there—and the argument thus far on the floor has been, very simply, that what we need to do is increase the supply of gas, and that when we increase the supply of gas, in order to increase it, we will have to permit an increase in prices.

This increase in the supply of gas is not being asked for by the residential consumer. The increase in the supply of gas is being asked for by the business and commercial industry of this Nation. The Senator is saying, very simply, that they would be better able to keep the jobs for these people if they can get an increase in the supply of gas and prevent an increase in their cost.

If that argument has validity, then I see a whole new argument that this is really no way for business and industry to discharge its responsibility of paying for the item it wants so desperately. They want it, but at a cutrate price, is what the Senator from Arizona is saying, at the expense of the residential consumer.

Mr. FANNIN. If the Senator will yield, I have never heard an industry complain about the price of natural gas. What they are complaining about is the substitute products they must use in place of natural gas. When they go over to electricity, they are paying four or five times as much for that electricity. When they go to oil, they are paying a penalty on oil, for the equivalent Btu content. The Btu content of natural gas is a great premium for them. They are not complaining about that.

But at the same time, if they are a manufacturing establishment whose prices over the years have been regulated on the basis of the cost of manufacturing the product, and that cost goes up, as has been discussed, they may no longer be competitive, because many of them are in a marginal position now.

Mr. HARTKE. In all the hearings on this bill, not one residential consumer has come in and asked for an increase in price.

All I am saying is that in the middle of this statement, this is the situation which everyone assumed to be the truth, but when I offered an amendment to make sure that the residential consumer does not pay the penalty for something he did not ask for, all of a sudden somebody gets excited about these people who say they are willing to pay the price, and they say, "Oh, no, we do not want just deregulation; we want deregulation and a subsidy from the consuming residential user."

Mr. FANNIN. No one has ever said anything, to my recollection, about subsidizing industry as far as the consumer is concerned. But does the Senator believe in conservation?

Mr. HARTKE. Surely I believe in conservation.

Mr. FANNIN. Should not conservation take place both in industry and at the home level?

Mr. HARTKE. I did not hear the Senator's argument.

Mr. FANNIN. Here is the problem we have: If the Senator wants to hold natural gas at a price several times below the price of other fuels of comparable Btu content, there will be, as there has been, a great waste of natural gas. At the home level, they have not been in a position where they felt it necessary to have insulation, or necessary to have more insulation, or necessary to have more efficient equipment, and there is a great waste. There is no doubt in my mind that most homeowners, when we talk about a $6.50 increase, if they really want to conserve it and put in insulation, if they will get more efficient equipment, or even the equipment they have now, in many cases, can be made more efficient, that will more than make up for the $6.50 the Senator is talking about.

Mr. HARTKE. I think the Senator will agree that the big user of natural gas is industry, not the homeowner. Is that not right?

Mr. FANNIN. Nationwide, a huge percentage of gas is consumed in the home.

Mr. HARTKE. Twenty-five percent of the natural gas is used by the home user.

Mr. FANNIN. Twenty-five percent is a tremendous amount.

Mr. HARTKE. Does the Senator mean to say that the poor little fellow out there, in order to subsidize the industry which uses three-quarters of all the natural gas, ought to go out and get rid of that gas stove and find himself an electric stove or wood-burning stove, or a coal-burning stove, or has to start heating his hot water with electricity or coal or something else?

If he does that, anything he buys comes right straight out of his paycheck. But if industry does it, as far as they are concerned, it is a legitimate business expense, plus the fact that we are passing special benefits for industry, to allow them special tax writeoffs. As far as industry is concerned, if they want what they say they want, deregulation and an increased supply, I say it is only fair that they pay for it.

Mr. FANNIN. The Senator takes it for granted that it is automatic that any increased cost can be passed on.

Mr. HARTKE. Industry has made the argument that they are willing to pay for this whole bill: "Just give us a right to have deregulation and increased supply."

Mr. FANNIN. So they can be more competitive. So they can have lower cost production.

Mr. HARTKE. I think our difference of opinion is evident.

Mr. FANNIN. I am trying to be realistic——

Mr. HARTKE. The Senator says we have never subsidized industry.

Mr. FANNIN. This is changing the complete procedure of marketing natural gas. We have had Federal Power Commission controls, but they have not controlled down to the individual household. Now the Senator wants to control it down to every house on the block. That just is not practicable.

Mr. HARTKE. Let us be very fair in what we are doing here. On the one hand, what we are saying is that as far as conservation is concerned, if conservation is to be an issue, industry has the greatest chance to make the conservation on several scores. No. 1, they use three times as much gas as the residential buyer users. No. 2, they have, on any investment, feasibility to get the investment credit, which I favor, and second, to have a tax deduction coming down the line, especially if they can save themselves money by making a conversion.

The poor little guy, mom and pop out here, as far as they are concerned, in their house, what they have to do, if they want to make any type of conversion, is pay for it out of their paycheck. The Senator is saying that in addition to that, they ought to subsidize industry, which is getting all this special consideration on taxes, getting the deductions, the investment tax credit, and the special consideration for energy conservation—that in addition to all that, in addition to the ability to pass on their costs to the extent that they are items necessary in their business—like every other business, they will take every possible advantage of that deal.

They can pass on that cost, but the poor little old consumer is saying: "No, I didn't cause the trouble. I am here at the mercy again of those special interests in Congress which are willing to go ahead and say, 'Not alone are we going to get our increase in gas, but to the extent that we can make the consumer public pay about another $800 million we are going to sock it to him again.'"

That is the essence of the argument. That is the difference of opinion.

Mr. FANNIN. The Senator from Indiana knows that percentagewise the greatest saving is certainly made available to him. If FEA will give it to us from the standpoint of saving of gas, percentagewise it will save more for the homeowner than we could for the manufacturer, because it is tied into cost production. There have been incentives for the homeowner to install insulation or put in the type of doors and windows and cut his cost down on gas. It was so inexpensive then. He did not have to, and he did not need to. But we have a change now.

Mr. HARTKE. What does the Senator suggest the homeowner do?

Mr. FANNIN. I think if he were to——

Mr. HARTKE. Wait a minute.

What does the Senator suggest to the consumer and homeowner out here who has a gas stove and hot water heater? Does he suggest for him to buy a new type of hot water heater?

Mr. FANNIN. No.

Mr. HARTKE. Does he suggest that he buy a new type of stove?

Mr. FANNIN. No.

What I am saying is that he insulate his home and that he take advantage of what he can.

Mr. HARTKE. There is no law like that.

Mr. FANNIN. I know there is no law like that, but this is a new law as far as that is concerned.

Mr. HARTKE. I am not against them insulating their homes. But where are they going to get the money to insulate?

Mr. FANNIN. One thing that is going to give them an incentive for doing it is the tax incentive. We have been working on that.

Mr. HARTKE. When he insulates his home, as far as he is concerned, he still has to pay the bill.

Mr. FANNIN. That is right, but this is going to be a saving to him from now on.

Mr. HARTKE. He cannot make ends meet now. The poor guy may be out of work, drawing unemployment compensation, to begin with.

Mr. FANNIN. What the Senator is advocating is something that is absolutely unworkable, and I think he knows it.

Mr. HARTKE. No, I do not.

Mr. FANNIN. It is absolutely unworkable without tremendous cost. It is going to be very difficult to even start a program such as he is advocating. It requiries pipelines to give first priority for sales of transfers under the applicable tariff for old natural gas to natural gas distributing companies, to the extent such old natural gas is available, to meet the requirements of each such company's residental users and small users.

What time element do we have involved in that requirement? When does this have to be done?

Mr. HARTKE. When the law is passed. As far as the individual pipeline is concerned, they have computers, and the FPC says it is workable. All I am saying and all the amendment says is as far as the increase in cost is concerned the increase in cost is going to be borne by those people getting the increased benefits. That is a remarkably simple type of approach which is a workable approach.

It says, if we are going to get the benefits, then we have to pay the price.

What the Senator is saying is "No." The Senator says we are going to get the benefits plus the fact he is going to make the consuming residential homeowner pay about another $800 million. Why should he do it? For what earthly reason should he be soaked, when he is being hit from every direction under the sun to begin with?

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. HARTKE. Yes.

Mr. PEARSON. Where did the Senator get the figure $800 million? I am not questioning it. But I wish the authority for it.

Mr. HARTKE. From the Federal Power Commission. That is in the record.

Mr. PEARSON. That is an increased cost of 200 to 250 billion cubic feet of additional gas at $1.25 roughly.

Mr. HARTKE. No, not at $1.25. That is an original estimate. They say it will start out at $300 million and ultimately run to $800 million.

Mr. PEARSON. I thank the Senator.

If the Senator will yield further, I do not find myself in as much disagreement as my distinguished friend from Arizona with the purpose of this amendment.

This amendment is addressed to both emergency bills and not to title II of 919. What we are really talking about is that 25 percent of the consumers in this country are the residential users.

Mr. HARTKE. Right.

Mr. PEARSON. We are going to crank into the total amount sold under existing contracts some 250 billion cubic feet at the figure that the Senator indicated.

Mr. HARTKE. Right.

Mr. PEARSON. Really, the emergency provisions and the authority to go into the intrastate system for additional gas at a higher price are for industries who are operating at the lowest priority and who are operating interruptible contracts. They do so by choice. They get a lower rate. I do not think this amendment is subject to being worked out in a very expeditious way during the 180-day time period.

I wonder if the Senator would consider the deletion of the last paragraph of his amendment which is an invasion into the State corporation commission's jurisdiction that they have. I cannot give the Senator the States. But I am informed some State corporation commissions today are making that very judgment that he wants them to make, which is to provide for the additional cost to go to the industrial end users. With deletion of that, we maintain the system as it works now, and let the State corporation commission set the rate for the residential and industrial end user.

Mr. HARTKE. Mr. President, will the Senator yield for a moment?

Mr. PEARSON. Yes.

Mr. HARTKE. Is the Senator prepared to debate this at length?

Mr. PEARSON. What?

Mr. HARTKE. Does either one of the Senators, the Senator from Arizona, or the Senator from Kansas, want to debate this at length?

Mr. PEARSON. No.

Mr. HARTKE. The Senator from South Carolina is preparing to leave the Chamber. I wished to go ahead and give him a chance to make an expression of opinion.

Mr. PEARSON. I do not intend to debate this longer.

Mr. FANNIN. Mr. President, I yield to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, the Senator from South Carolina wishes to support the amendment of the Senator from Indiana. The distinguished Senator from Ohio is present in the Chamber.

I was gone from the Chamber momentarily to be on the telephone, but I now rejoin our colleagues here, and I support this measure.

Mr. MANSFIELD. Mr. President, will someone yield to me briefly?

Mr. FANNIN. Yes.

ORDER FOR RECOGNITION OF SENATOR McCLELLAN AND SENATOR HRUSKA TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that tomorrow, after the two leaders have been recognized, the distinguished Senator from Arkansas (Mr. McClellan), be recognized for not to exceed 15 minutes, followed by the distinguished Senator from Nebraska (Mr. Hruska), to be recognized for not to exceed the same period of time.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. FANNIN. Mr. President, will the Senator from Indiana answer one question for me? In Tucson, Ariz., they have a great shortage of gas. In fact, they are going to need to even cut the supply of natural gas for the residential areas if they do not get some improvement in their supply.

They were going to build a plant for natural gas. It is to be a synthetic plant using naptha. They were buying it from Southern Gas Co. The cost of the natural gas would be around $4 a 1,000 cubic feet.

How would the Senator handle a situation of that nature? This gas would be going to the domestic user.

Mr. HARTKE. Let me say to the Senator from Arizona, in other words, is there any old natural gas going into that operation?

Mr. FANNIN. Yes, there is old natural gas going in but not enough to take care at all times of the demand.

Mr. HARTKE. All I say is to the extent that there is old natural gas into the operation that that would be reflected in the total cost to the consumer.

Mr. FANNIN. Where is that in the bill?

Mr. HARTKE. Section 28(a)(2):

> The commission shall require all pipelines to give priority for sales or transfers under applicable powers for old natural gas to natural gas distributing companies, to the extent such old natural gas is available to meet the requirements of each such company, residential users, and small users.

Mr. FANNIN. How would the rate be applied to that? It is impractical to try to work out a formula.

Mr. HARTKE. That is not impractical. The pipelines and all these people have computers. That is not impractical at all.

The fact is that it would be relatively simple for them.

Mr. FANNIN. That is not true. It is very complicated, and the Senator knows it. I do not think Chairman John Nassikas ever said this was a workable program. Is that correct? The Senator referred to John Nassikas, the Chairman of the Federal Power Commission, as having said something about this being an acceptable program.

Mr. HARTKE. The Federal Power Commission says this is a workable program.

Mr. FANNIN. Does the Senator have a statement from them that it is a workable program? The Senator from Arizona is going to direct a letter to them with that question, because I cannot imagine that the Federal Power Commission would want to enter into such a program, which would be so difficult to administer.

Mr. HARTKE. The staff informs me that they did not talk to Chairman Nassikas personally, but they talked to the staff down there, and they said it was a perfectly workable situation.

Mr. FANNIN. So, somebody on the staff said it was OK.

Mr. HARTKE. Yes.

Mr. FANNIN. I thought that was the way it would be. I thank the Senator.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. GLENN. I probably will vote for this amendment if it comes to a vote in a short time, but I do have one word of caution.

I would find this amendment much more palatable, I must admit, if it were on our original bill, S. 2310, and not on the Pearson-Bentsen amendment, which has virtually replaced our bill, on this basis—we had a pricing limit at the intrastate free market price, which tended to mean that we knew pretty much where the prices were going to be after they had been determined by the Federal Power Commission for the areas that would furnish the base information for area pricing. With that idea in mind, we knew that industries buying this new gas would not have to raise their price, would not have to raise their cost of doing business, above a certain level.

I have just come from a 2-hour meeting with some of the Columbia Gas people. It is one of the major suppliers of gas to the principally impacted area in Ohio. They are saying that if they are able to buy gas on this 60-day limitation, which I understand is legal now, they can see it being purchased at $2 to $3 right now.

If we get into a worsening period this winter, I think it is conceivable that we will see gas at $4 a thousand in some of those areas. It would be unrealistic to say that an industry in Ohio which would have to take that whole load of $4, or even higher, could still be competitive with the same industry in other States where energy needs are cheaper. It might become academic as to whether we got any gas or not, if the whole load was placed on those particular industries. I would feel much better about this whole thing if our impacted industries had gas with a pricing limit, albeit the free market intrastate price, as proposed by S. 2310, but now replaced by the Pearson-Bentsen amendment.

So I probably will vote in support of the distinguished Senator from Indiana. But I hope our pricing does not get so far out of control that we will wind up with industries priced out of a competitive position in their industry.

Mr. HARTKE. I understand the Senator. But that reinforces the benefits of and the necessity for the amendment—the fact that a very small percentage of the gas is going to be at $4. The Senator says that it is going to be three times the price. I have already said that. These people are not going to take any more of the gas than they have to take. That is all the more reason for not going ahead and having the residential consumer, who is not at fault in this situation, bear that burden.

Quite honestly, I think that the total mix in this situation does not mean that all the gas is going to go at that price. It is only going to be to the extent that new gas is brought in.

I think there can be a misconception here, and that is the fact that the total price is going to go up to $4. I do not think anyone really believes that. At the maximum, it may be 10 percent in the totality of the United States.

Mr. GLENN. I agree completely, and the price mix will have a mitigating effect.

Mr. HARTKE. The fact is that the residential consumer, the guy who is at the mercy of this whole operation, cannot pass through. We talk about jobs. He would be one of the millions of nice people who have a job and cannot pay their bills. It is bad enough to be unemployed and not be able to pay your bills, but if you have a job and cannot pay your bills because of a situation such as this, it is worse.

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. HARTKE. I yield.

Mr. BENTSEN. Will the Senator give me a little more definition, with more specificity, of what a small user is? I am trying to find out where, for example, farmers would fit into this situation.

Mr. HARTKE. Farmers, in my judgment, would be covered.

Mr. BENTSEN. How far would the Senator go in categorizing a small user?

Mr. HARTKE. Basically, the industries themselves have that classification right now. Most of the gas pipelines and the gas distributing systems have that.

What we are talking about at the present time, basically, so far as most of the gas that is coming in here is concerned, refers to interruptable users.

Mr. BENTSEN. Is that mostly, or is that all of it? Just what are the parameters for the small user, so that we can understand the applicability of this amendment?

Mr. HARTKE. One who uses less than 50 Mcf per day.

Mr. BENTSEN. Where do we read that in the legislation?

Mr. HARTKE. That is the FPC regulation.

Mr. BENTSEN. And that is what the Senator proposes to adopt in this situation—the FPC regulation?

Mr. HARTKE. Yes.

Mr. BENTSEN. With respect to what the Senator from Ohio said, I point out that in Texas, where we do not have regulated prices on gas, where our average is running about $1.26—and the maximum at that point was 52 cents in the interstate system—we found our industries operating at the so-called disadvantage that he spoke of, where the plant in Ohio or in South Carolina or in some other State would be acquiring its gas at a cost far below the replacement cost, in effect giving a competitive advantage to those plants, as opposed to plants in States where we were trying to increase the exploration and development of these gas reserves.

Mr. HARTKE. I am not doing anything on allocation or trying to equalize the price throughout the Nation.

Mr. BENTSEN. I was referring to the comment of the Senator from Ohio.

Mr. HARTKE. That is irrelevant to the situation.

Mr. BENTSEN. He seems to think it was relevant.

Mr. HARTKE. I do not see how it is very relevant; but if the Senator from Texas wants to talk about it, if he is opposed to the amendment——

Mr. BENTSEN. He wanted to talk about it. I felt that it should be answered, because we have been in that position for 4 years.

Mr. HARTKE. I say to the distinguished Member from Texas that, in debate on the floor of the Senate, whenever someone is opposed to an amendment, anything is relevant, even though it is not even remotely concerned with the proposition.

Mr. PEARSON. Mr. President, will the Senator yield for a couple of questions?

Mr. HARTKE. I yield.

Mr. PEARSON. It is my understanding that the Senator's amendment applies not only to the two emergency proposals but also to the so-called long-term proposal, permanent legislation.

Mr. HARTKE. That is right.

Mr. PEARSON. Under this amendment, there would be constant and continual Federal supervision of all State utility commissions. Second, there would have to be a termination of every existing contract before there would ever be a blend-in of the new prices under any sort of phased or deregulation proposal. Is that correct?

Mr. HARTKE. That is right.

Mr. PEARSON. I think it is highly unworkable.

Mr. FANNIN. Mr. President, today, throughout the Nation, our utility companies are in trouble. They do not have the funds in many areas of the country to expand and to take care of the requirements they have presently, much less to be able to operate, with the inflationary trends we have, and continue to provide low-cost natural gas to their consumers.

It always sounds good to say that we are going to protect the homeowner. We all want to protect the homeowner, but at the same time, we want to be realistic about what is involved. When we talk about some 25 percent of the gas—25 percent is a great deal. I do not have the exact figures. When we say that only 25 percent is utilized by homeowners, we must realize that the cost of distribution of that gas is many times over what it costs to distribute the gas to industrial centers. We have long lines of distribution throughout many areas of the country at very expensive cost. Then we have labor involved—reading of the meters and checking of the different units that are involved in the service of the product. So it seems to me that this should be left to a State regulatory body as it is now.

Why should the Federal Government, why should we, on the Senate floor, start setting natural gas prices for the service of gas in Boise, Idaho, or wherever it may be. Why should that not be left up to that regulatory agency? They know what they are up against. They are certainly obligated to see that the industry, the utility company involved, has a fair return on its investment or they will not be able to continue giving the services required. So it seems to me that we are placing a barrier on the companies to take care of the consumer, the homeowner.

We are not helping the homeowner. We are, in many ways, threatening his very service. If we decide that we are going to dictate to the regulatory agencies what they can do in regard to rates charged, then we are going a long way down the path, beyond what we have ever gone before. It certainly is going to be highly detrimental.

When we say that this load can be thrown onto industry, industry, too, is carrying a heavy load. In many instances, they are not operating at full capacity. They have many people laid off because they do not have the volume of business that they normally have had in the past. So here we are going to place a further burden on them.

The Senator from Indiana says that that can just be passed on to the consumer. We know that it does not work that way. We cannot just pass on to the consumer every item of increased cost. If we could do that, we would not have very competitive industry in our country. In fact, we have built our private enterprise system on competition, on the ability to produce. Low-cost energy has been a very important part of that.

In fact, we are able to pay wages three to four times what are paid in many industrial countries of the world—in fact, most of them. Why have we been able to do that? Because we have had low-cost energy and we have used it efficiently. Now, if we start making provisions such as have been suggested by the Senator from Indiana, we are tearing down the very structure that has helped build this country. I hope that this amendment is defeated. I am sure that if it is not, it is going to have a very detrimental effect on the final outcome of this legislation.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. FANNIN. Mr. President, I move to table the amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion to table.

Mr. FANNIN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is not a sufficient second.

The question is on agreeing to the motion to table.

Mr. HARTKE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is not a sufficient second.

Mr. HARTKE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HARTKE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FANNIN. Mr. President, I ask unanimous consent to vacate the tabling motion that I made.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

The motion to lay on the table Mr. Hartke's amendment was withdrawn.

Mr. HARTKE. I thank the Senator from Arizona.

Mr. President, it is the intention of the sponsor of this amendment to make a modification of the enforcement section. Probably the better procedure would be for us to take some time to make sure the drafting is correct, rather than go ahead and draft this in a few moments. What I wish to do at this time is explain what we intend to do.

We intend to take section 28(b), and that part which deals with enforcement would be deleted from the amendment. In lieu thereof, we would have a clear understanding that the enforcement procedures under the Federal Power Commission would still be in effect. Secondarily, the amendment would be modified to an extent to apply only to the emergency section rather than as it applies at the present time.

Mr. President, at this time, I ask unanimous consent that the amendment be laid aside until such time as these changes can be made.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. PEARSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 951

Mr. DOMENICI. Mr. President, I call up my printed amendment No. 951 and ask that the clerk report.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

> The Senator from New Mexico (Mr. Domenici) proposes an amendment to the amendment proposed by Mr. Pearson, as follows:
>
> on page 7, line 10, insert as a new subsection "(e)" and renumber the following subsections as appropriate, the following:
>
> (f) The Commision shall also exempt from any rule under this section the burning of natural gas by powerplants for the purpose of operating pollution abatement sytems.

Mr. DOMENICI. Mr. President, this amendment is a very simple one, and one that I think both sides of the aisle, as far as the management of the bill is concerned, will accept.

I offer this amendment to the long-term section of the Pearson bill, wherein, under that section, the priorities for the use of natural gas in the future would be set out.

Because there was not sufficient knowledge about what we are presently using to clean up the coal in our powerplants, I do not think we knew that we used natural gas, not in large quantities, but actually the energizer for the pollution equipment in coal-burning plants is natural gas-energized at this point.

I think we would all agree in the long-term proposal where you phase out certain uses, including use of natural gas to make electricity, that you are moving in the direction of using more coal, and when you use more coal, the present technology is in order to clean that coal up you use a natural gas-fired piece of equipment.

It would seem to me that among the highest priorities would be the priority that we continue to make available for the coal-burning utility the natural gas that is needed to clean up their stacks. That is all this amendment would do.

In that section where we have set up the priorities for future use and phasing out of some uses, including the use of natural gas for boiler energizing, I think we could specifically include as one of the high priorities that they be permitted to use natural gas for the pollution cleanup equipment.

I have talked with Senator Pearson, and I am sure he concurs. I think Senator Glenn, as the floor manager on the opposite side, would concur that it is probably an oversight in not including this as one of the high uses in the future of natural gas.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. DOMENICI. I am delighted to yield.

Mr. GLENN. Does the Senator have any figures that would indicate how much natural gas is used in this manner?

Mr. DOMENICI. I will say to the distinguished Senator from Ohio that I have no quantitative figure. However, I think it is a very small amount; in fact, I am quite certain the Senator can rely on our experience in New Mexico that it is a very small amount.

On the other hand, if the Senator is familiar with the famous Four Corners coal-burning utility plants, I think the Senator knows they have put in the most modern cleanup technology in their second phase, and they cannot today nor 15 years from now, from what we know, clean up those stacks with the present equipment, which is really all they see in sight, unless they can use a small amount of natural gas to energize the pollution abatement equipment.

I think in the frame of reference it is substantially less than any of the other priority items set up. It is nothing like the agricultural use in the country or any of the others. It would be a very small quantity in terms of the energy we are going to produce through the burning of the coal, and I really think we would end up with a hiatus and we may have to come here for an exemption in 3 or 4 years if we do not put it in now because there is no other way to do it.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. DOMENICI. I am delighted to yield.

Mr. GLENN. The reason I asked the question is that in some of the smokestack cleaning techniques and afterburning techniques, as they call it, of emissions control from coal use, there were some proposals made that would have required large uses of natural gas or other energy to clean up some of the smoke coming out, some of the proposals required quite large uses. I am sure that is not what the distinguished Senator has proposed.

Mr. DOMENICI. It is not.

Mr. GLENN. I just wanted to include in the record here, if the figures were available, what amounts of natural gas might be used for what energy output. I know this varies quite widely with the types of coal being used. For instance, with fairly clean low-sulfur type coal you can get by with a lesser use of natural gas or other scrubber techniques than you can with some of the 2 to 4 percent high sulfur coal that is common throughout the Appalachian area.

Mr. DOMENICI. That is absolutely correct.

Mr. GLENN. That is the reason why I raise this question. If there are any figures available before voting on this, or which could be obtained as to estimates of the gas being used, I think it would be good information to have.

Mr. DOMENICI. Let me say to the distinguished Senator from Ohio this came up when I took the respective bills to my State, had a public forum. The Four Corners utility power company that has them installed now to clean up the stacks had a chance to review all the various bills, and they merely brought up that for the foreseeable future they would not even be able to use New Mexico's extremely low sulfur coal—the Senator knows what they are burning, they would not be able to use it—unless they used natural gas for the energizing equipment to clean it up.

I would profess, if the Senator agrees that the intent and thrust are correct, that we could, perhaps, vote on it today, and I would assure the Senator we will, between the Clean Air Subcommittee which we have asked to get some evidence, and some power companies, try to bring the quantity in and if, as a matter of fact, it is substantial, we can reconsider the matter.

It appears to me we ought to get it into the legislation now while we have a chance, and I will assure the Senator I will try to get that other information to him and into the record.

Mr. GLENN. I would not want to oppose the amendment. I would like to see those figures, however. I think there would be a variation between the comparatively clean coal used in the Four Corners area and the coal that might be common throughout much of the eastern part of the country, the high-sulfur coal. I do not know that that is the case, but I would like to see some figures, if there are any.

Mr. DOMENICI. We will try to get that.

Let me correct the record in terms of my oral statement. I called up amendment No. 951, and it is the same thing I have described, but on the short-term emergency. My amendment 952 that I will call up next is on the long-term provisions, so everything we have said at this point is accurate except 951 applies to "prioritizing" under the emergency section.

Mr. PEARSON. Mr. President, if the Senator will yield, I have discussed this with the Senator and, so far as I am concerned, it is acceptable. It is a good amendment. But I understand the Senator from Ohio wants to see some documents, some factual information and, if the Senator will withhold a vote on this until he can supply that information, I think it would be helpful.

Mr. DOMENICI. Does the Senator from Ohio desire that we hold up on the vote or that we—I am not going to ask for the yeas and nays.

Mr. GLENN. I will not hold up the vote on this. I think the amount is probably small enough, but I think it is good to get the figures. I do not want to hold up the vote, but then we can put the figures in the record if we want them. If they turn out to be horrendous figures, we may want to reconsider, if it turned out that way.

Mr. DOMENICI. I will say to my good friend from Ohio if it is a large use we will have to consider a whole new system because some of it will have to use it but not others, and I am sure that is the case.

I yield back the remainder of my time.

ADDITIONAL STATEMENT SUBMITTED ON DOMENICI AMENDMENT NO. 951

SMALL POWERPLANT EXEMPTION

Mr. DOLE. Mr. President, the junior Senator from Kansas is pleased that the sponsors, Mr. Pearson and Mr. Bentsen, of the substitute amendment No. 919, in modifying their amendment, are accepting a change to the boiler fuel phaseout provision that will give small municipal powerplants greater flexibility in converting to sources of energy other than natural gas.

The change in the definition of boiler fuel will exempt small municipal generating units which have less than 25 megawatts rated net generating capacity or which are part of an electric utilities system with a total net generating capacity of 150 megawatts or less.

I would just emphasize that this change is a reasonable one. It is based on economic practicality and on the existing physical circumstances of coal and electric distribution systems. At the same time, there is no significant harm done to the overall natural gas picture by this exemption.

IMPORTANCE OF EXEMPTION

In the State of Kansas, we have 63 communities that are affected by this exemption.

Many of the city managers or electric superintendents of these communities have contacted me to indicate the financial disaster they would face if the boiler fuel phaseout previously included in amendment No. 919 were enacted. As several of them stated, most of them almost certainly would simply "go broke."

The key problem centers around the proportionately large capital outlay these smaller towns have made to set up their own electric generating facilities.

My hometown of Russell, for example, has invested $8 to $10 million in their powerplant. This is not an unusually large figure for a small rural community, and some are even larger.

Several city managers advised me that they only recently purchased new gas turbines, and their problem is even greater.

The proportionately large investments made by these 63 communities were predicated on being able to use the facilities for the entire life of the equipment so as to even out the cost. If they were suddenly forced to shut down and hook up to a larger municipal network or to convert to coal or diesel full time, the financial impact would be disastrous.

ALTERNATIVES UNREALISTIC

In addition to the capital outlay problem, there are also problems for small powerplants in trying to convert to alternate sources of energy.

For many small Kansas communities, coal conversion is unrealistic because adequate supplies of coal are inaccessible or difficult to obtain. There would also be a conversion cost disproportionately heavy for small communities.

The option of buying power from larger generating systems is also not always available. Many large municipals are having trouble meeting their own commitments and could not take on new customers even if they wanted. Wholesale purchase of electricity from a larger system could impose onerous charges or terms on small systems.

While these small powerplants might have the capacity to use middle distillate or residual fuel oil, the cost of burning petroleum products would be 200 to 500 percent greater, which is economically unreasonable.

MINOR SIGNIFICANCE

The impact of this exemption on the overall natural gas situation is insignificant.

The 63 powerplants involved in Kansas used only a total of about 11 million Mcf in 1974. That was only about 1.2 percent of our total production in the State. Allowing that consumption to continue will do no appreciable harm to the overall shortage. The insignificant benefit that could be gained for the overall situation by cutting them off would be totally disproportionate to the severe hardship caused for those small communities.

At the same time, the exemption of these small powerplants will not preclude their conversion to alternate sources. As new deregulated natural gas comes on stream, as provided by this amendment, the use of natural gas for power generation will become economically more equivalent to using other energy sources. At that time it will be more appropriate and economically feasible to convert from natural gas to some other fuel. The exemption simply allows more flexibility in making that conversion.

OTHER STATES SIMILAR

Kansas is not the only State with small rural communities in this situation.

As I understand, Iowa, Minnesota, and Nebraska are particularly concerned about having this exemption. There are undoubtedly many other States that I am unaware of that greatly need it as well.

The change in the definition of boiler fuel use is consistent with that used by the environmental protection agency and the Federal Power Commission. So this change will make this bill more consistent with existing law and practice.

The burning of natural gas for the necessary processes of ignition, startup, testing and flame stabilization is also of great importance to powerplants. I am pleased that amendment No. 919 already provides for such uses.

Mr. President, the junior Senator from Kansas believes that this change makes amendment No. 919 more reasonable and more acceptable. It is my hope that it will be adopted by the Senate as modified.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment was agreed to.

(Later in the day the following proceedings occurred:)

Mr. DOMENICI. Mr. President, on my amendment No. 951, which has recently passed, there was a typographical error.

I ask unanimous consent that in my amendment No. 951, the reference to page 7, that 7 be changed to 32; that the line which is referred to as line 10 be changed to 6; and that the paragraph in line 1(f) be changed to (d).

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

AMENDMENT NO. 952

Mr. DOMENICI. Mr. President, I call up my amendment No. 952.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an amendment No. 952.

The amendment is as follows:

On page 7, line 10, insert as a new subsection "(d)" and renumber the following subsections as appropriate, the following:

(d) The Administrator shall also exempt from any rule under this section the burning of natural gas by powerplants for the purpose of operating pollution abatement systems.

Mr. DOMENICI. Mr. President, this amendment is identical to the one I just discussed, identical in language and priority. It merely places in the permanent part of the Pearson legislation as a priority future use that same one which will permit us to use natural gas in powerplants for the operation of pollution abatement equipment.

The arguments are the same. This is long term and the first one was during the 6-month emergency.

Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment was agreed to.

Mr. PEARSON. Mr. President, if I may have the attention of the Senator from South Carolina, I ask unanimous consent to make three modifications in the existing amendment. I was intending to do this. I understand I must have unanimous consent because of the agreement as to time to vote.

Let me say that the three modifications are, first, the exemption of the very small electric utilities in the very small towns in the country; second, it deletes and takes out the priority provisions——

Mr. HOLLINGS. Will the Senator yield?

Mr. PEARSON. Yes, I yield.

Mr. HOLLINGS. I think the Senator is going to be very deliberate and go right through it, and I will say if he gives us a few more minutes, we can check it out.

Mr. PEARSON. All right.

Mr. HOLLINGS. Then the Senator can make this for the RECORD on one occasion, and I think we can agree to it. Is that all right?

Mr. PEARSON. Yes.

Mr. HOLLINGS. Will the Senator withhold his request?

Mr. PEARSON. Mr. President, I withdraw my unanimous-consent request.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HATFIELD). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PEARSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PEARSON. Mr. President, I ask unanimous consent to make certain modifications to amendment No. 919, which have been cleared with the distinguished Senator from South Carolina.

The PRESIDING OFFICER. Without objection, it is so ordered.

The modifications are as follows:

Modifications of Amendment No. 919

On page 2, strike lines 22 through 24, and insert in lieu thereof the following: "include a natural-gas company as defined in section 2(6) of the Natural Gas Act (15 U.S.C. 717a(6)).".

On page 3, lines 4 and 6, strike "(i)" and "(ii)", and insert in lieu thereof "(A)" and "(B)", respectively.

On page 3, strike lines 9 through 16, and insert in lieu thereof the following:

"'(4) 'Boiler fuel use of natural gas' means the use of natural gas as the source of fuel in a generating unit of more than 25 megawatts rated net generating capacity or in any unit which is part of an electric utilities system with a total net generating capacity of more than 150 megawatts for the purpose of generating electricity for distribution.

"'(5) 'Propane' means (A) the chemical C_3H_8 in its commercial form whether recovered from natural-gas streams or crude oil refining, (B) the C_3H_8 component of raw domestic mixtures containing more than 10 percent of such component by weight, and (C) commercial propane-butane mixes containing by weight more than 10 percent of propane and not more than 5 percent of constitutents other than propane or butane.".

On page 3, strike line 25, and on page 4, strike lines 1 and 2, and insert in lieu thereof the following:

"'SEC. 104. Section 7(c) of the Natural Gas Act (15 U.S.C. 717f(c)) is amended by designating the two".

On page 4, line 26, strike "2" and insert in lieu thereof "1".

On page 7, lines 18 and 21, strike "(i)" and "(ii)", and insert in lieu thereof "(A)" and "(B", respectively.

On page 8, strike lines 4 and 5, and insert in lieu thereof the following: "section 1 of the Natural Gas Act (15 U.S.C. 717). For".

On page 9, line 1, strike "(other than synthetic natural-gas feedstock)".

On page 9, strike lines 7 through 16, and insert in lieu thereof the following: "duction of propane. Such orders and regulations shall be consistent with the allocation provisions of section 4 of the Emergency Petroleum Allocation Act of 1973, as amended (15 U.S.C. 753).".

On page 20, strike lines 17 through 23, and insert in lieu thereof the following: "U.S.C. 717w); and (2) amending section 1 thereof by redesignating subsections (a), (b), and (c) as subsections (b), (c), and (d), respectively, and inserting therein the following new subsection:

"'(a) This Act may be cited as the "Natural Gas Act".'".

On page 20, line 24, strike "2(b)", and insert in lieu thereof "1(c)".

On page 21, line 2, strike "'(b)'", and insert in lieu thereof "'(c)'".

On page 21, line 6, strike "25", and insert in lieu thereof "24".

On page 21, lines 15 and 18, strike "(i)" and "(ii)", and insert in lieu thereof "(A)" and "(B)", respectively.

On page 21, strike lines 22 and 23, and insert in lieu thereof the following:

"'Sec. 204. (a) Section 2 of the Natural Gas Act (15 U.S.C. 717a) is amended".

On page 22, strike lines 3 through 5, and insert in lieu thereof the following:

"'(7) 'Boiler fuel use of natural gas' means the use of natural gas as the source of fuel in a generating unit of more than 25 megawatts rated net generating capacity or in any unit which is part of an electric utilities system with a total net generating capacity of more than 150 megawatts for the purpose of generating electricity for distribution.".

On page 22, lines 7, 9, and 14, strike "(i)", "(ii)", and "(iii)", and insert in lieu thereof "(A)", "(B)", and "(C)", respectively.

On page 23, strike lines 3 and 4, and insert in lieu thereof the following:

"'Sec. 205. (a) Section 4(a) of the Natural Gas Act (15 U.S.C. 717c(a)) is amended".

On page 23, line 12, strike "25", and insert in lieu thereof "24".

On page 23, strike lines 20 and 21, and insert in lieu thereof the following:

"'(b) Section 4(e) of the Natural Gas Act (15 U.S.C. 717c(e)) is amended by".

On page 24, lines 4 and 9, strike "(i)" and "(ii)", and insert in lieu thereof "(A)" and "(B)", respectively.

On page 24, line 8, strike "25", and insert in lieu thereof "24".

On page 24, strike lines 20 and 21, and insert in lieu thereof the following:

“‘ Sec. 206. Section 5(a) of the Natural Gas Act (15 U.S.C. 717d(a)) is amended”.

On page 25, lines 4 and 8, strike “(i)” and “(ii)”, and insert in lieu thereof “(A)” and “(B)”, respectively.

On page 25, line 8, strike “25”, and insert in lieu thereof “24”.

On page 25, strike lines 20 through 22, and insert in lieu thereof the following:

“‘ Sec. 207. Section 14 of the Natural Gas Act (15 U.S.C. 717m) is amended by adding at the end thereof the following new subsection:”.

On page 27, line 11, strike “25”, and insert in lieu thereof “24”.

On pages 28, lines 1, 2, and 3, strike “(i)”, “(ii)”, and “(iii)”, and insert in lieu thereof “(A)”, “(B)”, and “(C)”, respectively.

On page 29, line 20, strike “26”, and insert in lieu thereof “25”.

On page 30, line 18, strike “27”, and insert in lieu thereof “26”.

On page 32, line 1, strike “8”, and insert in lieu thereof “7”.

On page 32, line 13, strike “18”, and insert in lieu thereof “17”.

Mr. PEARSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HARTKE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARTKE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. HARTKE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 5, line 17, after “Commerce insert the following:

“*Providing further*, That it shall be a violation of the Natural Gas Act (as amended) for any natural-gas distributing company to charge residential users and small users (as defined by the Commission) rates which reflect any costs incurred by an interstate transporter as a result of purchases of natural gas made pursuant to an exemption granted under this section.”.

Mr. HARTKE. Mr. President, this amendment, as I indicated previously, in substance, is the basic provision of the amendment heretofore submitted by the Senator from Indiana. The two changes are in regard to the enforcement section, which is deleted from this amendment, which means, under the provisions of the law, that the enforcement sections of the Federal Power Commission, as presently construed, would be effective under this amendment; and, second, that this amendment will apply only to the Pearson-Bentsen substitute, the temporary legislation, and is not applicable to the permanent legislation, as it was heretofore.

This amendment, basically, provides that on the emergency legislation, the consumer-homeowner and small users, as defined by the Federal Power Commission at the present time, would not have an increase in their price and that the price would pass through to the other users who are taking the gas.

Mr. PEARSON. Mr. President, we accept the amendment.

Mr. HARTKE. I ask for a vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana.

The amendment was agreed to.

Mr. HOLLINGS. Mr. President, I send to the desk an amendment.

The legislative clerk proceeded to read the amendment.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 32, after line 20 (page 33, after line 20 in Amendment 919 as amended through 10/3/75), insert the following:

“RESIDENTIAL AND OTHER SMALL USERS

“‘SEC. 28. GENERAL.—The Commission shall—

“‘(a) require pipelines to file separate tariffs with respect to (A) old natural gas and (B) new natural gas (including synthetic or liquefied natural gas) in such form and manner as to reflect the price and average annual volumes of each which enter each such pipeline;

“‘(b) require all pipelines to give first priority for sales of transfers under the applicable tariff for old natural gas to natural gas distributing companies, to the extent such old natural gas is available, to meet the requirements of each such company's residential users and small users; and

“‘(c) promulgate rules to govern sales, exchanges, or transfers among pipelines and sales, exchanges, or transfers to natural gas distributing companies served by multiple pipelines, to the extent necessary to achieve the purpose of this section.

Mr. HOLLINGS. Mr. President, for my colleagues who are interested, this is the Hartke amendment which I supported, but made applicable to title 2 of the Pearson-Bentsen substitute.

With respect to the emergency period, very little of that increased cost to the pipeline would be reflected in a new rate increase for residential users or homeowners.

The emergency period is really for November, December, January, February, and March. Under the Pearson-Bentsen amendment, it expires the first part of April. So there is a minimal time for these increased costs of decontrolled prices of gas to come into being and very little opportunity, through the mechanics of the rate setting by the Federal Power Commission and the various utilities commissions of the several States, to increase the rates for homeowners. It could be to some extent. But in the future the real burden would be upon the captive customers, the householders of America, under this distorted idea that regulation is responsible for the natural gas shortage.

The fact is that if we looked at the law, if we followed its history and administration, to make certain that there were no shortages we would all be calling for stricter enforcement of the Natural Gas Act of 1938. That Natural Gas Act was premised on the idea that there were large volumes of natural gas in several States—Texas, Oklahoma, Louisiana, and others—available for the interstate market, if one could be developed.

The Natural Gas Act was passed at the behest of Speaker Sam Rayburn, of Texas, at the behest of the Texas gas industry and investors who in effect said to the Congress, “Look, we're are willing to invest the millions and millions of dollars in order to lay down the interstate pipelines to serve and build an interstate market, but we need some of the authority of a public utility—specifically, the protection for rates, the protection for the rights to a particular area, and, more than anything else, the right of eminent domain.” They needed the right to condemn land and lay those pipelines.

As a private, free enterprise industry, you cannot lay that pipeline for example across Senator HANSEN's land in Wyoming. There must be a superior public purpose.

So they came to Congress and said, “We want to be able to develop what we are burning off in the noonday Sun.”

They were told, “All right; in order to do that, there have to be certain rules and regulations.” Specifically, one rule was that in order to serve a market and be certified, the pipeline must represent to the Commission that they had a 20-year supply of gas to back up that petition for certification of a pipeline to serve a particular market. That was a mutual thing.

On the one hand, the Commission in order to protect the interests of the users in a particular area wanted the right to have hearings and require the evidence to be submitted to be sure the particular applicant was reliable and had sufficient gas supply. The Commission would deny a certificate to an applicant who was not financially responsible or had not obtained a long-term supply of gas.

On the other hand, of course, the industry, having to pay out the millions of dollars in order to lay these lines across the countryside to serve America, certainly had to have protection to assure an adequate return on their investment. They would not invest their money and then find out that they had competing lines coming in, cutting the rates, bringing in the so-called competitive free market forces, which, in turn, would have undercut their investment. Such competition, would have cut out the financial support that is so necessary to the development of this tremendous American industry—the sixth largest in all of this Nation, a real success story.

We have been insisting since the very beginning of this debate that FPC regulation did not cause the shortage; on the contrary it was the failure to enforce the regulation of the 20-year supply and all the other attributes of the Federal Power Commission's rulemaking power. It was this failure to carry this regulatory authority that actually has caused the shortage, it appears from an article in yesterday morning's Washington Post, entitled, “FPC Laxity Blamed in Gas Crisis.”

Mr. President, I must commend my colleagues on the House side. They are going into this problem most thoroughly.

At the particular time we had hearings, we were looking toward changing certain defects in the basic law. The Natural Gas Act has not been substantially amended since 1938. We wanted to cut down on the time for ratemaking, if at all possible. They had had long national area rate hearings for years in and years out, with appeals that added more delay. Finally, after 7 years, an area rate for a particular area would be set. We wanted to give some kind of decisiveness and certainty to the natural gas industry. I felt, as one, that they ought to have some sanctity of a contract so that they could rely on what they had represented and then be able properly to finance expansions. We concentrated on these and certain other measures and did not really go in as thoroughly as the House did with their investigative staff. But already, in a preliminary fashion, it is reported here, in the article, "Agency Knew of Shortfalls":

> ### AGENCY KNEW OF SHORTFALLS
>
> (By Morton Mintz)
>
> The government knew at least four years ago that natural-gas producers were failing to deliver gas to their pipeline customers in the amounts specified in contracts, but did nothing about it.
>
> A Federal Power Commission official acknowledged this in a July 18 internal agency memo just discovered by the staff of the House Energy Subcommittee.
>
> The gas shortage the nation now faces—which assures widespread layoffs and plant shutdowns with the onset of cold weather—would not have developed "if the FPC had enforced the contract provisions," David S. Schwartz, the agency's former assistant chief economist, told a reporter yesterday.
>
> He made that judgment after reviewing the memo and other evidence gathered in a three-week subcommittee staff investigation made in preparation for a hearing that starts Friday.
>
> Schwartz said he was influenced in part by FPC Chairman John N. Nassikas' disclosure that so-called "nonproducing dedicated reserves"—gas in the ground set aside by producers to ensure that they can meet future contract commitments—actually increased last year.
>
> Testifying at a hearing held by Rep. John E. Moss (D-Calif.) in July, Nassikas conceded that such nonproducing reserves had increased from 7.9 trillion to 8.5 trillion cubic feet in 1974 alone, and then comprised 31.1 per cent of all reserves set aside by producers for their interstate pipeline customers.

Mr. President, this article in the Washington Post takes us back to the Reader's Digest and Jean Miller's article, "Is There Really a Natural Gas Shortage," in which he talks about how the American Gas Association has been underreporting natural gas reserves over the years. We inserted that article in the RECORD at the appropriate time. I do not think that the editors of the Reader's Digest are against private, competitive, free enterprise. Being responsible publishers and editors as they are, I cannot see them putting in a helter-skelter, unsubstantiated article. On the contrary, we know that the article has been researched. It is entitled "Is There Really a Shortage of Natural Gas?" and appears on page 128 of the August issue of the Reader's Digest.

It alludes to exactly what the investigators, or anyone who has ever touched this particular subject, have found. It goes back to the underreporting of reserves and the artificial shortage that is temporarily being exacted from the American people to create a temporary emergency and crisis. The Pearson-Bentsen comprehensive plan seeks to ride in on a wave of unemployment caused by this shortage to enact total decontrol of prices and wreck the economy of this country with inflation.

Reading on in the Washington Post front page article of October 19, 1975.

> One of the major questions addressed by the subcommittee staff, in a report to Chairman John G. Dingell (D-Mich.) and by Schwartz, was why neither the FPC nor the industry has said or done anything since 1971 or earlier about the defaults by the producers.
>
> Schwartz said it would be "irrational" to have expected the commission to enforce the contracts because it—and the White House—have been citing the claimed gas shortage for years as a primary justification for ending FPC regulation of wellhead prices.
>
> The Senate shortly is expected to pass a deregulation bill. Schwartz and the subcommittee estimate the cost to consumers at between $9 billion and $11 billion a year.

This amount is just for natural gas decontrol, not for oil. The distinguished President, with great gusto, has been sending the Congress messages saying, "I hereby veto housing, I hereby veto health, I hereby veto jobs, I hereby veto the farm bill." And on down the line. We have had a plethora of vetoes from the President of the United States, all to the tune of $17.3 billion. He has gone around the country talking about balancing budgets that will not even come due until after his election day. But with all that gusto of saving $17.3 billion, just on natural gas, there is $9 to $11 billion right there in more inflation.

We add another $16.3 billion for the decontrol of old oil. We find that the true inflation that America will be faced with, come election time, November 1976, is the fuel inflation being manufactured by Pearson-Bentsen this afternoon on the floor of the U.S. Senate. And this is taking place despite painstaking consideration by committees and joint committees working day in and day out, late hours and, with the Budget Committees and restrictions and controls all to balance the budget and pay the Government's bill. The President of the United States is out now, requesting a $28 billion cut in a budget that will not even be submitted until 1976, the first part of next year. And he knows, having served 25 years over here, that that fiscal year will not begin until October 1976, and his election time is in November 1976. So he is trying to identify the inflation that will be rampant should this particular amendment be passed, as congressional inflation, rather than the energy inflation that he and the Arab sheiks have been imposing on the people of America.

Let us read further and see exactly where we are and ask are we going to protect the captive customers, the people with gas stoves and gas furnaces, that have relied on the FPC from 1938 to 1975—a period of almost 40 years. We had a good supply of inexpensive energy and consumers responded to the Government's protection, under the Natural Gas Act, and to the advertising of the gas industry itself. They said, yes, I will put in a gas furnace; we will get gas service to my particular home and this particular subdivision at reasonable prices.

Then the industry comes to Congress and says regulation has caused the shortage, which is absolutely wrong. Then they wish to soak the captive customers because the added costs will go right to those residential users during the life of Pearson-Bentsen—not just during this winter's emergency. The distinguished Senator from Indiana was on target the first time when he offered this amendment for the entire Pearson-Bentsen bill. He was right on the bull's-eye. It is going right to these homeowners who cannot refinance, cannot renegotiate, cannot redesign their homes, and cannot change over to coal. By contrast, the industry can finance, the industry can convert, the industry can pass on those added costs.

Now, what does the House investigative report show?

> Under pressure from Capitol Hill and the courts, the FPC on Friday formally asserted that the Natural Gas Act empowers it to force producers to live up to their contractual obligations with interstate pipelines.

Now, is that not remarkable? We have a law, it passed three readings in the Senate, it passes three readings in the House. It was signed by the President into law, and the FPC finally found that they can enforce that law. Is that not interesting? What a sweetheart deal it has been for the industry with a decontrol Federal Power Commission.

They finally admitted:

> Under pressure from Capitol Hill and the courts the Federal Power Commission formally on Friday said, "Oh, yes, there is a law and it can be enforced against the producers."

If it is enforced the producers will not be able to shut in the gas, they will be required to comply with their contracts with the pipelines. If that happened there would not be all of these shortages created in order to get total decontrol.

What is it, Cato's famous couplet?

> The politician makes his own little laws
> And sits attentive to his own applause.

That is what they are doing. The Federal Power Commission, the administration, the leadership on Pearson-Bentsen are all riding a manufactured, contrived, artificial shortage they themselves created. But the real story is coming out. Pearson-Bentsen is not going to become the law of the land. I have good reason to believe the House Members will save us because over on the House side they are investigating, and here is what they found:

> The action came three months after FPC Deputy Counsel Robert W. Perdue, in the July 18th memo, told Chairman Nassikas that the agency could find that "the public interest" required it to compel producers to deliver the gas they had contracted to deliver.

Rather than hold it in intrastate so that the Senator from Oklahoma could smugly sit at his desk and say, "That is my gas," and the distinguished Senator from Texas say, "You can come and sit at the table and share with me my gas," when it is the interstate pipelines and natural gas law of 1938 that has created the market that created this industry. I continue with the Post article:

> Until after the Nixon administration took office on a platform calling for deregulation, the industry regarded the sanctity of delivery contracts as "an accepted fact," Perdue said. But "in the past 4 or 5 years, the pipelines have become more than reluctant to acknowledge" nondeliveries, while "the producers have maintained a public silence," he added.
>
> Nassikas, who has resigned, effective Monday—

That is today—

> has contended that he had not known of an enforcement problem.

That is from the chairman of the Federal Power Commission, who has been over there since 1969, 6 years. He had the responsibility to enforce the law. Enforcement would mean that producers who had contracted with pipelines be required under the law to produce. But the Chairman of the FPC said that all that time he did not know about an enforcement problem.

> But the subcommittee staff said not only that the issue had been raised in a 1971 FPC hearing cited in the Perdue memo, but also that "the noncompliance controversy was common knowledge within the agency for a number of years."
>
> No pipeline ever has taken a producer to court for failing to deliver the gas it had contracted to deliver.

Can you imagine that? Can you imagine that, with all the shortages, no pipeline has complained? An example is right down in my own backyard in my State of South Carolina.

The Carolina pipeline will have zero curtailment in South Carolina, meaning the majority of our State would not be curtailed. By contrast Piedmont Natural will be short of gas. Now, what happened to the supply of Piedmont? It either overrepresented through its geologists that 20-year supply; it could have oversold with its sales managerial force and sold gas they did not have, or it could have had gas that they had contracted for with producers and the producers had failed to supply on that 20-year contract, and they had failed, as this article indicated here, to bring any kind of action against those producers.

> No pipeline ever has taken a producer to court for failing to deliver the gas it has contracted to deliver. The reason, the staff told Representative Dingell, is that "an apparent incestuous relationship" between producers and pipelines substitutes for the arms-length relationship between buyers and sellers that exists in a competitive environment.
>
> One of the producers with "significant" nonproducing dedicated reserves is a Tenneco, Inc., subsidiary whose pipeline customer is another Tenneco subsidiary.

One subsidiary of Tenneco is in a "sweetheart" deal with another subsidiary of Tenneco. They are not going to sue each other.

> Amng the 19 largest producers under contract to the huge Transcontinental Gas Pipeline Co. (Transco), which has drastically curtailed its gas deliveries, only about one-third are fulfilling their obligations.

That is the Piedmont natural gas supplier I was referring to.

> One of the 19, Union Oil, told an FPC hearing on the Transco situation last week not only that no pipeline ever had questioned a shortfall in gas delivery, but also that higher wellhead prices will not induce it to drill new wells in existing, equipped fields.
>
> Transco, which serves East Coast customers, including Washington Gas Light, did not even know, in most cases, that daily deliveries from producers were less than the contractual amounts, FPC investigators have found.
>
> "There appears to be blind faith on the part of the pipelines in the acceptance of the producer as an 'honorable' partner," the subcommittee staff said.
>
> Citing "administrative negligence" that was "not unique," the staff told Dingell that Transco carried on its books "39.5 TCF in reserves that, according to the producers, never existed . . . Why should the federal government be expected to bail out these mismanaged pipelines" with deregulation?

Is that not the heart of the problem? I say to the Senator from Indiana, is that not what we are trying to get at, trying to protect the innocent homeowners?

They are talking about confidence in Government, erosion in the reputation and credibility of the Congress. They at least expect Representatives and Senators to come up and represent the people who are sitting in their homes, that have planned and relied on the agencies of the Government, and were vested with the responsibility almost of a trustee or fiduciary capacity, to look at for the good of the people.

The article states that the FPC has never brought a case against a producer for not fulfilling his contract. And the Chairman of the FPC, after being there for 6 years, says he never thought or heard of doing so. It is a new problem to him. No wonder the public has lost confidence.

> The subcommittee staff also told Dingell:
>
> That FPC documents show "the pipelines do not want to aggravate their producers in fear of being completely cut off from future gas supplies," and, in any case, would not want to sue producers with whom they are partners in various joint ventures.
>
> That FPC Assistant General Counsel George Lewnes admitted in an interview that the agency has "miserably understaffed" an investigation of Transco's shortages which was ordered in August by the U.S. Court of Appeals and thereby has "doomed (it) to failure."

Even when consumers go to court to order the administrative agency to act they claim to be so understaffed that the particular August investigation ordered by the court is not carried out.

> The subcommittee staff also told Dingell:
>
> That the FPC has also engaged in "deliberate undermining" of another investigation, into the withholding of non-producing "dedicated" reserves, and that Congress should substitute its own inquiry.

Now, my distinguished colleagues, that is why we have said on the Senate side that even if we pass Pearson-Bentsen in the next 10 minutes it will not pass the House in the foreseeable future. The House Members, Commerce Committee Chairman STAGGERS, and Subcommittee Chairman DINGELL have consistently told the U.S. Senate—not as a threat, but just what their intent is—that a thorough investigation into the Federal Power Commission records and the withholding of natural gas reserves by the companies under the jurisdiction of the particular commission would be undertaken.

As they investigate the withholding of gas, I think it will be an eye opener.

It is our duty on this side of the aisle to pass a bill that will protect the individual homeowners of America.

Mr. President, this amendment I trust all members of the Senate will support whether they are for decontrol or continued price control of natural gas because the amendment will assure the 33 million American householders that depend on natural gas that they would receive the benefit of the old natural gas that remains under price control under Pearson-Bentsen.

There are a number of public policy reasons why residential consumers should receive the benefits of the lower priced natural gas. They are:

Householders, unlike industry, cannot pass higher costs on to others. Higher prices to them mean a lower standard of living.

There is no major administrative problem with this amendment. The pipelines all have a schedule and a tariff on file now. The existing gas supply on file with the Federal Power Commission would become the old gas tariff. Assuming Pearson-Bentsen becomes the law of the land, as new gas supply becomes available under Pearson-Bentsen, that gas would be resold by the pipelines under new gas tariffs. They could be kept separately because they are going to have to be filed in any event. There is no basis for confusion.

Admittedly, the old and new natural gas could be blended. Without this present amendment they would be blended and the increases would fall in large measure on the homeowners. But there is no hiatus here, about bookkeeping and tariffs. As the distinguished Senator from Indiana already pointed out, after consulting with the Federal Power Commission, it is constitutional, workable, and easily applied under the present circumstances, and furthermore it would save the inflationary impact of anywhere from $100 to $200 per year on every one of these 33 million families in America that use natural gas.

Residential consumers are less able to react by conserving energy than can industry.

Residential consumers are stuck with their gas furnaces, ovens, et cetera. They cannot switch to other fuels as industry can.

The residential consumer is the person that pays the bill. He or she has no chance to pass on higher costs. In times of inflation, higher prices for an essential like fuel mean less money available for food, clothing, and the other necessities and enjoyments of life.

The householders of America that heat and cook with natural gas chose gas service because it was a relatively clean, low-priced fuel. They rely on Federal price controls of natural gas to protect against exploitation by the gas companies. Even under Pearson-Bentsen, price controls will continue. And the residential consumer is entitled to the maximum protection possible, which this amendment would provide.

But there are public policy reasons beyond social equity for protecting the residential consumer. Conservation and conversion to alternative fuels will be advanced by requiring industry to pay the higher prices of the decontrolled natural gas.

Industrial customers are in far better position, both financially and practically, than householders in saving energy and converting as a result of higher prices. Householders use natural gas for essential purposes such as heating and cooking. There are some opportunities for savings; lowering the thermostats in winter is one example. But skyrocketing prices are not likely to have much impact on the household consumption. Education, retail rate design, and low-interest loans for insulation are needed if the households are to be heated with less natural gas.

Industrial customers have far better access to capital markets to borrow money for new machines and materials that will save natural gas. And higher prices to them will help make those investments more economical. The same can be said for their incentive to switch to other fuels even though some regulatory end-use control is also needed.

The industrial consumer, of course, will pass on the higher cost of natural gas to the ultimate consumer. By making natural gas-intensive items more expensive, consumers will buy less and thus conservation objectives will be advanced.

Natural gas prices will go up $15 billion a year by 1980 under the Pearson-Bentsen amendment. This came out early in our hearings before the Commerce Committee.

This amendment will shield the householder-consumer from the brunt of these enormous inflationary price increases.

There is no use, Mr. President, to speak of giving tax rebates, tax reductions, in May, June and July and come back here in October, November and December with Pearson-Bentsen and take it away.

It is fine to talk about balancing budgets—and I do not think we can have too much talk on that score because the distinguished Presiding Officer and myself both serve and work on our Budget Committee and I am working towards a balanced budget. But let us practice what we preach and stop fuel inflation now.

I am trying to bring into sharp focus the thrust and the impact of Pearson-Bentsen. We hear the refrain over and over again that there is too much regulation in Washington; there are too many controls; let us get rid of the regulation. What they are saying is let us get rid of the protection for the householders; let us bring an OPEC controlled inflation; let us abandon, if you please, the responsibility that the U.S. Congress has over the natural gas policies in this country and turn it over to the OPEC Congress that meets in Vienna.

That is what they are saying to do. I wish some of these private free enterprisers would come here so we could debate them. I like to hear them when they talk about that private, free enterprise with prices fixed by the OPEC cartel.

There is no law of supply and demand there. It is total monopolistic economic cartel, economic warfare in which they are asking that we join the enemy.

Natural gas prices will go up $15 billion a year by 1980 under the Pearson-Bentsen amendment. This amendment will shield the householder consumer from the brunt of these enormous inflationary price increases. As long as the old gas lasts, householders will be protected against the worst impacts of Pearson-Bentsen. They will be afforded a few years of time in which to prepare and adjust to the higher prices that decontrol will surely bring.

In the absence of this amendment, householders are apt to pay most of the cost of decontrolled gas. This is true because the householders are the truly captive customers. They cannot switch. Thus, this amendment is apt to save the residential consumers of this country anywhere from $100 to $200 per year per family by 1980. I urge its adoption.

EXPLANATION OF RESIDENTIAL CONSUMER PROTECTION PERFECTING AMENDMENT TO PEARSON-BENTSEN AMENDMENT

This amendment would require that the benefits of the lower priced old gas, as defined by the bill, would be made available to residential consumers. This is accomplished by requiring the interstate pipelines to file a separate tariff for such old gas and to sell such old gas, to the extent available, to distributors for residential consumers. This is accomplished by requiring the interstate pipelines to file a separate tariff for such old gas and to sell such old gas, to the extent available, to distributors for resale to residential users. Such sales would be conditioned on the distributors making the benefits of such lower priced gas available to residential consumers. Any rates for residential consumers that did not pass on such benefits to the residential consumer would be unlawful.

The effect of this amendment would be to assure that the price of natural gas to the householder with a gas furnace and no practical means of converting to other fuels would be assured of relatively stable prices for the next several years. The higher prices for new gas would be reflected in the price of natural gas to industrial users. This will encourage industrial consumers to make more efficient use of this premium fuel and to switch to other sources of energy. Such large users are in a better position to conserve natural gas or convert to alternate fuels.

Thus, this amendment will protect the residential consumer against skyrocketing natural gas prices. It will assign the higher prices to industry. It will thus protect the consumer who cannot protect himself and offer greater encouragement to industry to conserve and convert to other fuels.

I emphasize once more, Mr. President, the fact that if a person runs a natural gas company, it is only natural for that person, engaging in whatever competition they can enjoy, to go to the large industrial customers and give them the lower rates to attract more business knowing all along that the rate-making at the residential level can be recovered in a guaranteed return by public commission.

We are going to protect the homeowner of America which is really the intent of the Senator from Indiana in his original amendment, I am sure.

Mr. HARTKE. Will the Senator yield?

Mr. HOLLINGS. I am delighted to yield.

Mr. HARTKE. That was the intent as originally introduced. It was subsequently modified. I will say I intend to support the amendment of the Senator from South Carolina very definitely. But the proposition, as it came before the Senate, appears to me to be a parliamentary situation where I have no assurance whatsoever that we are going to successfully get to the place where the Pearson-Bentsen situation is going to be defeated.

What I am saying is that the Senator from South Carolina is exactly right. The situation for the consumer, that little homeowner out there, the residential user, is that he is not the cause of the trouble. He is not the man who came and testified because he did not ask for anything to happen. Every indication from the testimony is to the effect that if the commercial enterprises and industrial enterprises would not be asking for their regular supply, the homeowner has no problem. He is protected. He would have been protected through this winter if nothing happened, and he would have plenty of gas.

Mr. HOLLINGS. That is correct.

Mr. HARTKE. Seventy-five percent of the natural gas in this country is being used by the industrial and commercial users. As far as the 25 percent of the homeowners who are expected to pay for their gas out of their paycheck on Friday night are concerned, they would be in good shape if nothing happens, if nothing happens in any way. If the Senator from South Carolina is unsuccessful in his amendment, if the Senators from Nebraska and Texas are unsuccessful, that homeowner is all right. Plus the fact that if there is a total defeat of all legislation, he is going to have the price of his gas exactly where the Senator from South Carolina wants to keep it anyway.

Mr. HOLLINGS. That is exactly right.

Mr. HARTKE. So I am going to support the amendment. I just hope that someplace along the line we can come to an understanding in which we can have some better arrangements as far as the industrial user is concerned. For this reason, I agreed to have the amendment accepted on a temporary measure. I hope the Senator from South Carolina is successful in his effort to have the amendment which I originally introduced apply to both measures, to the temporary measure and to the permanent measure, where at that time I only asked for it to be applied to the temporary measure.

Mr. HOLLINGS. I thank my distinguished colleague from Indiana.

Mr. President, I am trying now to get enough Senators to ask for the yeas and nays.

While we are waiting for some of those

Senators to come to the Chamber, I want to add one other observation. That is a feeling of frustration and some disillusionment at the response of industry to the particular predicaments in which we find ourselves. Rather than trying to maintain a constant, reasonable supply and flow of natural gas and energy to maintain the jobs of America, they are, in essence, getting either so multinational, so callous or so inconsiderate that they really do not care about the economic health of this Nation. They will sign any kind of contract and let us pay any kind of price.

If we respond to this kind of leadership, by permitting our gasoline and natural gas to rise to the level of OPEC cartel prices; namely, if America goes to high cost energy, then that one real advantage in manufacturing and productivity—and I say to my distinguished friend from New York, I do not know of a more eloquent writer than his brother on the matter of productivity and free enterprise in this country—if we do not keep that element of competitive advantage with American manufacturers, then we will have to ship much of the rest of American industry overseas.

I had my distinguished friend from Maine (Mr. Muskie) come down some years back when he was running and I said, "Ed, I will be glad to show you why your textile industry left Biddeford, Maine, and came down here to Greenville, S.C."

We showed him where we had cheap natural gas. It was from an interstate pipeline, not intrastate. Intrastate was not getting these industries. Until OPEC came, intra and interstate natural gas was practically the same price at the wellhead. In 1972, the Fort Worth, Tex., market price on intrastate gas was 28 cents. The Senator from California put that into the Record. But OPEC is the one that really made it pay off to start withholding, to start cutting back on deliveries, as we can find in the article from the Washington Post that I just read in the Record. And the similar article in the August issue of Reader's Digest entitled "Is There Really a Shortage of Natural Gas?"

We developed industry on the basis of reasonably priced energy. If we lose that advantage, what we, in essence, will be doing is saying next time I will have to get into the plane or the boat and go to Djakarta, Indonesia, to the Philippines or Taiwan to find the rest of my textile industry.

Because that one advantage that we had, the good, cheap, plentiful supply of natural gas to manufacture, will have gone out of the window, all under the aegis, if you please, and argument that regulation caused the shortage. Nothing could be farther from the truth.

Mr. HARTKE. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. HARTKE. I suggest to the Senator from South Carolina that he take a second look now.

Mr. HOLLINGS. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PEARSON. Mr. President, those who have been struggling with the problems of natural gas energy supplies through the years, as has the distinguished Senator from South Carolina and many others, including the distinguished Senator from New York (Mr. Buckley), who is in the Chamber today, have recognized that one of the great stumbling blocks is that, by and large, this country has been polarized in hard and fast positions in a simplistic way, either for the consumer or for the producer. That polarization has been reflected in Congress, and still is, and it is reflected and mirrored by the closeness of some of the votes we have had on these measures.

Now, to further divide up, in some simple, theoristic way, the consumers between residential and industrial users, really ignores the dynamics of the marketplace in the natural gas industry.

Mr. President, I previously supported the amendment by the Senator from Indiana in this shortage. And whether it is being held back by the dark, evil captains in the natural gas industry, or whether for some other worthy purpose, there is a shortage today. It is vital. It is being addressed by an emergency proposal, and hopefully it will also be addressed by a long-range solution.

I favored it because, actually, the industrial users, or the people who are going to face the shortage this winter, either through the FPC emergency order, if it is not stopped by litigation, or through one of these emergency acts, will be permitted to go into the intrastate market on an emergency basis for a limited time and acquire gas, continue production, and save jobs, and thus save the economic recovery which we now see developing.

But, Mr. President, to apply it to a long-range solution does, I think, ignore some very basic facts. The quotation of total figures, total costs, ignores the way the pricing mechanism is put together, particularly for the consumer.

The cost to the consumer—and I shall put into the Record a statement by Mr. Zarb dated October 6 in response to an inquiry that I made—is really a combination of several factors.

First, in 1977, 92 or 93 percent of all the gas sent to consumers, including residential owners, will be old gas. Contracts expire at about the rate of 8 percent to 10 percent per year.

From reading the amendment, I am not quite sure, but I assume that the Senator from South Carolina, in proposing this amendment indicating that new price increases will pass only into industry, is thinking in terms only of the wellhead price. If that is the meaning of the amendment, then one must recall that of the total price to the end user, the wellhead price is about 15 percent. Am I correct in that assumption? I will make that inquiry, if the Senator from South Carolina will yield for a question.

Mr. HOLLINGS. If the Senator's bill went through, it would be about 40 percent.

Mr. PEARSON. I am inquiring only about this amendment. Does it apply only to the wellhead prices?

Mr. HOLLINGS. Yes; to the wellhead prices.

Mr. PEARSON. Then the total cost to the consumers, whether residential or otherwise, is about 15 percent, and all of the consumers in this country, if the Senator is accurate in his total, the number of people requiring gas is about 55 million homes in this country, but of all the consumers, 24 percent are residential end users.

I think it would be a great mistake to say that we can divide up residential end users and other consumers. One really cannot do that. Those residents are people who work in industry, and industries, including electric utilities, are going to increase prices, as all industries will.

Where does agriculture come in? Does it fall within industrial users? I think it would.

Mr. President, if this amendment is applied to the long-term solution, what it will mean is that there will be no blending of the total price, which has been the precedent and practice throughout the history of the natural gas industry. There will be no blending of those prices until all existing contracts are terminated, which now terminate at about the rate of 8 percent a year.

I think the sponsors of this amendment overlook one other essential fact. That is that in seeking to isolate the residential user and hold his prices down, a laudable purpose, to be sure, they seem to forget that one of the great problems in this field today is not just to keep the price down for residential users who now use natural gas, but with respect to all those homes that cannot be hooked up today. The solution for that will come with an increased supply of natural gas.

Mr. President, let me read, so that we may have a little better perspective as to this skyrocketing cost, from a letter dated October 6 of this year, addressed to me, from Mr. Frank Zarb, who is the Administrator of the Federal Energy Administration. This letter has previously been made a part of the Record, but I read two paragraphs, seeking to put into some perspective this subject of price increases to all consumers:

> In considering the effect of higher wellhead gas prices on the consumer, one must remember that already committed old natural gas at an average price of 30 cents per mcf will comprise approximately 92 percent of the interstate volume in 1977. Therefore, the difference in new natural gas prices anticipated by amendment No. 919 over 948 will increase the average residential consumer's monthly heating bill in 1977 by approximately 70 cents, in 1980 by approximately $1, and in 1985 by approximately $1.75.
>
> That increase is more than offset by an approximate increase in annual production of at least 200 bcf in 1977, 300 bcf in 1980, and more than 2,000 bcf in 1985 as well as approximate decreased demand of 600 bcf in 1977 . . .

There are other increases in this letter through the years ahead. It goes on to say:

> When you further consider the cost of higher price alternative fuels to compensate for the increase in supply and decrease in demand caused by the amendment No. 919, FEA concludes that this amendment will actually cost less to the consumers in the long run.

Mr. President, I urge the Senate to defeat this amendment. As laudatory as it may seem for the residential consumer, it really fails to serve the purpose of providing an adequate supply of natural gas for all consumers. It departs once again from the traditional and long-term measure of pricing natural gas.

Mr. GOLDWATER. Mr. President, will the Senator yield for a question?

Mr. PEARSON. I yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, the thing that bothers me about this whole debate on wellhead prices of gas and oil is what we in the States who use a lot of it, both domestically and industrially, are going to do when the Texas providers say, "We are not going to put any more gas in the interstate pipeline until we get some wellhead release."

My State produces 52 percent of all the copper produced in the United States. It is smelted by natural gas. Seventy-nine percent of our homes are heated by natural gas. Of course, we do not need much heat. But natural gas is used for heating, cooking, and so forth.

We have already been threatened with a loss of gas. In fact, we have received notices that certain types of uses of gas will be prohibited starting probably in December.

Naturally, we do not want to see our copper business slow down or have it quit altogether. It affects about 45,000 people in employment.

I see no real logical reason to the arguments against deregulation at the wellhead when we look forward to what can happen to industries and homes in this country when the States that provide the natural gas just say:

> We are not going to put any more in the system.

Does the Senator have any relief that I might offer my constituents in event that deregulation does not occur?

Mr. PEARSON. I can only respond by saying that the shortage this year is greater than it was last year and the shortage next year is anticipated to be greater. Since 1968, I think it was, we have consumed more than we have added to the proven reserves of this Nation.

The Senator from South Carolina and I differ very sharply as to why those shortages occur. He makes a point, very eloquently, that it has nothing to do with Government regulation. I think it has a great deal to do with Government regulation. But until we can change the pattern of supply and demand, the natural gas field shortages are going to continue.

Forty-four percent of the homes in the State of Arizona are serviced by natural gas. They have a priority and they should.

Every proposal here today and in the FPC regulations there are priorities first for residential.

The amendment proposed by the Senator from South Carolina today would provide that all increases of all new gas would go to industry rather than fitting into a pipe.

It sounds very good on a consumer prospect, but I do not think it is workable and advisable.

That is how I respond to the Senator.

Mr. GOLDWATER. That is precisely what we are afraid of in the States where our industries depend on natural gas. We have been told these things for the last 2 years, and we are now witnessing a cutting back of natural gas, starting with those people who will be the least hurt by not having natural gas.

But the thing that really troubles me is when we get to the point that these big smelters begin to shut down and eventually do shut down because they can no longer get a sufficient amount of gas to run their smelters. While it is hard for me to believe that this would ever happen, I can understand that it can happen.

I hate to see this body and Congress do anything that would prevent this country from exploiting, exploring, and developing for all the natural gas that we have.

I agree with the Senator that we have literally only begun to develop these sources, and we are not going to encourage development if we try to hold these old prices. It simply is not going to work.

I thank the Senator.

Mr. PEARSON. If the Senator will yield, I misspoke. I have so many figures here with me that I get them confused at times. But I understand his concern.

The statistics I have for the Senator's State is that 80 percent of the homes use natural gas, about one-half of the total energy supply comes from natural gas, and the curtailments this year are 33⅓ percent.

Mr. GOLDWATER. The Senator is right. I used 79 percent. I will take one more point. That is all right.

But it is not the homes that particularly bother me. It will be the some 45,000 people put out of work when these shutdowns occur. It will be the denial to our country of copper at a time when we need copper.

So I am very hopeful that something sensible and logical can be worked out by this Congress which can allow the producing States to produce, not just what they are producing now, but produce more, and the consuming States to be allowed to grow.

Mr. HOLLINGS. Mr. President, if the distinguished Senator from Arizona will yield, I hope we can clarify some things. Perhaps he will change my mind.

But I think it ought to be made clear that, according to the reports from the Federal Energy Administration and the American Petroleum Institute, in 1972 they drilled 4,930 gas wells, in 1973 it was again on the increase and they drilled 6,632 gas wells, and in 1974 it was 7,205 gas wells.

So as to the distinguished Senator's concern that prices we set so it would not pay to drill, let me say right now, that just has not been the case—the incentives were there.

We can both agree that consumption has to be on the upsweep, but not just because the gas price was low. After 1968, with the Clean Air Act, the major industrial users and utilities, instead of fooling around with lawyers and law cases, got rid of coal and many of them converted to burning of natural gas. One of the provisions the distinguished Senator from Kansas and I both have is that we phase out the boiler-fuel use of natural gas where two-thirds of it is wasted in order to make more gas available to essential users like in the copper mines and the smelters, where no alternative fuel can be used.

Where does the distinguished Senator think that the shortage has come from? Does the Senator think really that deregulation has caused the shortage?

Mr. GOLDWATER. This Senator feels that the wellhead prices, which are regulated, are not producing a profit incentive. Let us put it that way. They are not producing enough profit to those people who provide the gas. I am not interested in whether we drill 6,000, 7,000, or 14,000 wells. I am interested in a day when the people in Texas say: "We are not going to supply you any more gas at these prices. Therefore, you are going to have to experience a discomfort of heatless homes, of homes that are cooled by gas not being cooled in the summer."

But the chief concern is the shutdown of existing gas.

I know that we have been increasing our consumption of gas in this country. It has gone up dramatically. But we still have not produced enough new gas, by the way, to satisfy all the country's needs.

But my chief concern and the only question I have is the question raised by the picture of my mining industry in my State, and I would think Utah to some extent also, New Mexico to some extent, when those large consumers are told by the gas suppliers that "We are not going to supply any more gas." That is what I am concerned about.

Mr. HOLLINGS. That is the concern of the Senator from South Carolina. Total deregulation would exacerbate a situation for the copper smelter in Arizona. There is a large public utility industry in America burning natural gas. They can bid natural gas away from other industrial users. They know that they are guaranteed a certain return, so they can pay more for natural gas than other industrial users. There is no competitive gas purchasing market with respect to Duke Power or Potomac Gas and Electric. I do not know the name of the Arizona company. But they have their captive customers, and they know that they can go before their particular commission and have a rate approved that will include the higher cost of natural gas.

The copper smelter does not have any public service commission to go to. They are in a competitive position, and may not be able to automatically pass on higher costs.

I am trying to look up the average rate in Arizona. I believe it is less than 30 cents, and I would say it probably would be around 26 cents. If that price goes from 26 cents to $3 per Mcf, as the Chairman of the Federal Power Commission indicated may happen, under decontrol—that is a sizable increase. That is the argument of many for decontrol. That prices would rise. As the oil goes up, the gas will increase even more in price. Then the copper smelter will be cutting back. The electric utility in Arizona serving the homeowners will get that rate increase. This is why I am worrying about the competitive position of our industry. If fuel prices increase, industry will be hurt.

Mr. GOLDWATER. The largest figure I have from reliable sources is a 15 percent increase. This is not difficult. If the Senator can offer proof that it is going to go to $3, I think he might win me over. I do not see wellhead prices going that high. I think 15 to 20 percent would handle it, and this is what I am told by my mining companies. The price of copper, naturally, will go up a little to take care of it. As to our price going up from 26 cents to $3, I cannot buy that.

Mr. HOLLINGS. About 3 Mondays ago, the Chairman of the Federal Power Commission testified on the emergency bill. The distinguished Senator and others were there. I know that there are certain proposed contracts on this emergency basis that are already in excess of $2. Chairman Nassikas said $3. Some testimony indicates it could even go as high as $4.

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. PEARSON. I looked that up. I think I can tell the Senator the number of the page. It is on page 38 of the hearings. The Chairman of the Federal Power Commission cited the $3 figure as a spot peak price and said, in response to continued questions, that he would anticipate that the price would be between $1 and $1.50. Am I correct in that?

Mr. HOLLINGS. I read from page 77. He said:

> I would say, on an average, the price could be well under $2, is where I would estimate it would be. But when industries require the gas for essential use such as feedstock, fertilizer, glass producing, essentially from the flame applications for gas, when these industries start competing—and these would be larger, well-organized industries—it is entirly conceivable that the price on the spot market by these industries could exceed $3 an Mcf.

That was the testimony of the Chairman of the Federal Power Commission.

We know what happened in Vienna 3 weeks ago, and that is only for 9 months, an increase of 10 percent, and they will come back again, like Kansas City, to raise the price as much as possible. When we have decontrol of the natural gas price, it is likely to go up to a wellhead price of $3 or above. We have listened to gas witness after gas witness tell us that. That is really what is hitting us. The percentage increase is not as small as the distinguished Senator argues. While the wellhead price may only be 25 percent of the residential consumer's cost today, that is based on a wellhead price of about 30 cents. If the wellhead price goes to $3, the delivery prices by the pipelines and the distributors are going up in a similar fashion—by a very large percentage.

So, rather than the wellhead price representing 25 percent of the cost to the home user, the wellhead price will be nearer 50 percent of the consumer's cost, and that is the best evidence we have been able to obtain from the hearings.

A year ago I was talking about dollar gas to some industry witnesses. I sat as chairman at one of the hearings, and I said:

> I want to be like the Mafia. I want to make you an offer you can't refuse. How about $1 gas?

They smiled knowingly and almost intimated that that would bring all the gas that could possibly be used. Gas would be coming out of the ears and out of the ground and everywhere else. Now we have proposed contracts by these industries and large consumers at $2 and $3.

As to propane, they are storing it in my State—and on November 10 I will dedicate a cavern where we are going to store a large amount of propane that will sell in excess of $4 Mcf. That is being put in now. So if an industry can get gas for less than $4—say, $3.75—it is going to be a bargain, because we have the finishing section of the textile industry ready, willing, and able to pay up to that level now.

Mr. FANNIN. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. FANNIN. The Senator is only talking about the plus gas, not about all the gas the copper company is using. Ninety-two percent of the gas in the United States is on contract. We are only talking about the plus gas and the peak load product, whether it is electricity or gas. When you roll it in, it is not going to have that much of an effect.

Mr. BENTSEN. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. BENTSEN. Will this apply to new homes? Do they get the old rates?

Mr. HOLLINGS. That is right.

Mr. BENTSEN. So whether it is new homes or old homes, it is the same?

Mr. HOLLINGS. That is right. If that pipeline or distributing system is still able to connect new customers.

Mr. BENTSEN. As to the definition of the small user, which we discussed a moment ago, will the Senator cite that for the record?

Mr. HOLLINGS. As best I can determine, there is no definition of a small user under the Pearson-Bentsen amendment, but it would relate to the definition used by the FPC, in which a small user is determined to be a user of 50 Mcf. or less.

Mr. PEARSON. Daily.

Mr. HOLLINGS. Yes, daily.

Mr. BENTSEN. I thank the Senator.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. JOHNSTON. I am not sure whether this question was answered a moment ago.

When the Senator gives first priority to residential users, does that refer to existing and future residential users?

Mr. HOLLINGS. Whatever old gas is available would be allocated on accounting basis to residential and small users. If I have a pipeline in Louisiana and a new residential development is constructed in my market and I have old gas, yes. The old gas price would be allocable to that particular new development.

Mr. JOHNSTON. And the same is true as to small users?

Mr. HOLLINGS. Right. If a new, little laundry opens up in downtown Baton Rouge, it can get the gas at the old wellhead rates.

Mr. JOHNSTON. How about old gas under contracts that come up for renewal?

Mr. HOLLINGS. From there on out, it is going to be new gas, under the Pearson-Bentsen amendment.

Mr. JOHNSTON. That would be new gas?

Mr. HOLLINGS. That would be new gas. It would be phased out gradually. We are trying to lessen the impact on that homeowner.

I do not believe that much gas is produced in Arizona.

Mr. GOLDWATER. We do not produce any. It is helium. It is hard to use.

I want to comment before the vote that my concern is still not so much what it is going to cost, but are we going to get it? I do not want to see 45,000 people put out of work in my State because we arbitrarily say no or yes or maybe about a well in Texas or wells in Texas being willing to put natural gas in the pipeline to us. The price really—maybe it should concern me, but it does not, because if the price goes to $3 or $1 or $2, the copper industry will accommodate this. As for a home, I use gas in this town and I think my bills run about $1.10 a month. Let us say it goes up to $2. I am not going to quit eating.

Mr. HOLLINGS. Right. But we have gotten the gas under regulation. One only has to look at the history of the natural gas law and its application, and I emphasize this because my distinguished friend was not on the floor when I was trying to make my point, that the natural gas industry is the great American success story. When the Natural Gas Act was enacted in 1938, it was with the support of industry. The producers said, "Look, we have been flaring gas here in the noonday Sun that could be put in pipelines across the country." The industry argued that gas is a cheap, plentiful, economic energy supply.

But we have to have protection for our pipeline investment. We have to pay for the pipeline delivery systems. In order to pay for those, like a utility, we have to have the right of condemnation and development.

Now, that has developed. Those homes and industries have been developed and supplied with gas. Now that these consumers are dependent on gas—now that they are stuck with gas equipment and have no alternative but to pay greatly higher prices—the industry wants deregulation.

If the Senator wants a good comparison, suppose Arizona Light and Power, if there is such a thing, said, "Oh, we have our lines, we have our rights-of-way, we have our captive customers. Now what we want is a free market. We do not want to go to any more public service commission hearings; these regulations in America are bogging us down. We have to get rid of the politicians in Washington and let us get rid of all those regulations, and let us deregulate Duke Power Co. in South Carolina, or Arizona Light and Power for convenience." What kind of convenience to the smelter would that be? Where are power rates going to go? How will consumers be protected from monopoly overcharges?

What is going to happen to these gas rates with the so-called decontrol? When I can come to the Senator's particular supplier, who had a little line over from Texas into Arizona to supply him, and I can come up with the fertilizer plants and all the other industries—glass, clay, and others in South Carolina—who use it and say, "I am able to pay twice as much as the Arizona smelter and people in Arizona have been paying to you." Arizona is going to lose the market.

Mr. GOLDWATER. I am not sure the Senator gets my point but I think he is trying to rest in some other saddle. I said that price, while it should be of some concern to me, does not bother me particularly, because I do not think it is going to be astronomical. Let us say it goes to the figure the Senator is thinking of. The question in my mind is, are we going to have gas? I am not talking about drilling new wells. I think we will do that, though I do not think we will do it as well unregulated as we would do it with regulation or with new regulations. My concern is what happens to the Senator's State and my State when the suppliers suddenly say, "We do not have to put it in the pipelines," and they just turn the valves off?

Mr. HOLLINGS. At the wellhead, this amendment would not affect that particular problem. The wellhead price is the same, with or without the present proposal by the Senator from South Carolina.

Mr. HARTKE. Will the Senator from South Carolina be so kind as to allow the senior Senator from Indiana to reply?

Mr. HOLLINGS. The senior Senator from Indiana is the original author of the amendment.

Mr. BENTSEN. If the Senator will yield, the amendment does have some appeal to me. Suppose the customer gets over 50 Mcf. Let us say there is a farm operation and it peaks over 50 Mcf in a day and it is pumping wells, water wells if it is farming. Does he lose his small user exemption then for the balance of the year? Does the Senator know how that would act?

Mr. HOLLINGS. Under this amendment, if a user uses above 50 Mcf, he is not a small user. So he would not have that price advantage of the old gas.

Mr. BENTSEN. He would not have it for the balance of the year.

Mr. HOLLINGS. That is right. He could still get gas, but not necessarily at a rate that reflects the wellhead price of old gas. Under the Bentsen decontrol amendment, they could sell old gas without prohibition, as long as they are serving their residential users with the old gas rate. It does not forbid the use in a farm operation.

Mr. BENTSEN. I am trying to get the definition of a small user and, to go back to the definition of the Federal Power Commission, the Senator would anticipate that once he peaked over the 50 Mcf, he would lose that exemption for the year?

Mr. HOLLINGS. That is right.

Mr. JOHNSTON. Will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. JOHNSTON. I am informed that in some areas of the Northeast, the residential user must bear the cost of the whole pipeline as far as transportation is concerned under the FPC rules.

Mr. HOLLINGS. This would not affect transportation.

Mr. JOHNSTON. And that the industrial users, in effect, get their gas free without having to pay the cost of transportation. Would not this require or allow for a reallocation of those transportation costs?

Mr. HOLLINGS. No; just the wellhead prices of the old gas.

Mr. JOHNSTON. In other words, it would be possible here to continue to soak the residential user for the cost of transportation and this amendment would not give them the power to distribute——

Mr. HOLLINGS. My amendment would not soak anybody. My amendment says the old gas wellhead price would be allocated to the residential customer. He is the captive.

When we get to the soaking of transportation costs—and I would suggest the Senator help us now with the Glenn-Hollings——

Mr. JOHNSTON. I am not saying this is the Senator's amendment. I am looking for a vehicle which will cure what I am informed is an inequity.

Mr. HOLLINGS. That would be the Hollings-Glenn-Talmadge amendment that aids farmers, prevents unemployment, and protects the 14 most curtailed States. That is where we started 2 weeks ago. That is a wonderful vehicle to cut out the soaking.

Mr. JOHNSTON. What I am referring to is if we are going to separately retail the cost of old gas and new gas and then require the Commission, in effect, to give a weighted price to residential users and to industrial users, it would seem to me that that would give them the power to allocate, as well, the cost of transportation. That is not correct?

Mr. HOLLINGS. This amendment does not go to pipeline cost allocation. It does not prohibit reallocations. It would permit it. If the Senator wanted to administer it and if he were chairman of the FPC, he could reallocate it, or if he were a pipeline owner, he could reallocate that. This goes really to the wellhead price of old gas being allocated to that captive customer. That is the homeowner who cannot go in and finance new appliances, who cannot take out the gas furnace from his home.

There are not many homes in Arizona, I can say right now, who will be able to redesign in order to use coal. They might get solar heat in there, but it would be costly and homeowners should be protected from price increases that benefit industrial users.

Mr. GOLDWATER. I might say that Arizona has 30 percent of all the coal remaining in the United States, but we would rather burn gas. It is cleaner. We would rather pay a little bit more to be clean. I think South Carolina is in the same boat. It is very clean, and I should hate to see a black pall hang over that gorgeous country because they went to coal rather than gas.

Mr. HOLLINGS. To go back to this original estimate, the National Academy of Science and U.S. Geological Survey said there are only going to be 30 more years, at best, and nearer 15 to 20 years, of an ultimate supply of natural gas in this country. We had all the geologists make the surveys for the last 8 to 9 years in my brief service on the Committee on Commerce. Now they come into line and, instead of 1,000 to 2,000 trillion cubic feet, they say it is anywhere from 300 to 600 trillion cubic feet, which is about anywhere from a 15 to 20 years' supply.

Natural gas must be conserved and industrial users are in the best position to do so. Therefore, to encourage industrial conservation they would be allocated the costs of more expensive new gas.

We are ready to vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from New Jersey (Mr. WILLIAMS), the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Nevada (Mr. CANNON), the Senator from Florida (Mr. CHILES), the Senator from Idaho (Mr. CHURCH), the Senator from New Hampshire (Mr. DURKIN), the Senator from Alaska (Mr. GRAVEL), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Wyoming (Mr. McGEE), the Senator from North Carolina (Mr. MORGAN), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Alabama (Mr. SPARKMAN), the Senator from Mississippi (Mr. STENNIS), and the Senator from California (Mr. TUNNEY), are necessarily absent.

I further announce that the Senator from Louisiana (Mr. LONG), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Illinois (Mr. STEVENSON), the Senator from Minnesota (Mr. HUMPHREY), and the Senator from Georgia (Mr. TALMADGE), are absent on official business.

I also announce that the Senator from Michigan (Mr. PHILIP A. HART), is absent because of illness.

I further announce that, if present and voting, the Senator from Minnesota (Mr. HUMPHREY), the Senator from North Carolina (Mr. MORGAN), and the Senator from Rhode Island (Mr. PASTORE), would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Massachusetts (Mr. BROOKE), the Senator from Nebraska (Mr. CURTIS), the Senator from Hawaii (Mr. FONG), the Senator from Nevada (Mr. LAXALT), the Senator from Maryland (Mr. MATHIAS), the Senator from Illinois (Mr. PERCY), the Senator from Pennsylvania (Mr. SCOTT), and the Senator from Ohio (Mr. TAFT), are necessarily absent.

I further announce that the Senator

from Illinois (Mr. Percy), is absent on official business.

I also announce that the Senator from Tennessee (Mr. Brock), is absent due to illness.

I further announce that, if present and voting, the Senator from Pennsylvania (Mr. Hugh Scott), and the Senator from Ohio (Mr. Taft), would each vote "nay."

The result was announced—yeas 43, nays 25, as follows:

[Rollcall Vote No. 442 Leg.]

YEAS—43

Abourezk
Beall
Bentsen
Bumpers
Burdick
Byrd, Robert C.
Case
Clark
Cranston
Culver
Eagleton
Ford
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Hollings
Inouye
Jackson
Javits
Johnston
Leahy
Magnuson
Mansfield
McClellan
McGovern
McIntyre
Metcalf
Mondale
Moss
Nelson
Nunn
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Stafford
Stone
Symington
Weicker

NAYS—25

Allen
Bartlett
Bellmon
Buckley
Byrd, Harry F., Jr.
Dole
Domenici
Eastland
Fannin
Garn
Glenn
Goldwater
Griffin
Hansen
Helms
Hruska
McClure
Montoya
Packwood
Pearson
Scott, William L.
Stevens
Thurmond
Tower
Young

NOT VOTING—32

Baker
Bayh
Biden
Brock
Brooke
Cannon
Chiles
Church
Curtis
Durkin
Fong
Gravel
Hart, Philip A.
Huddleston
Humphrey
Kennedy
Laxalt
Long
Mathias
McGee
Morgan
Muskie
Pastore
Percy
Scott, Hugh
Sparkman
Stennis
Stevenson
Taft
Talmadge
Tunney
Williams

So Mr. Hollings' amendment was agreed to.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The PRESIDING OFFICER (Mr. Packwood). The question is on agreeing to the motion.

The motion to lay on the table was agreed to.

Mr. HOLLINGS. Mr. President, for the information of our colleagues, it is our intent to have one other amendment by the Senator from Ohio and myself. That will require no more than 1 hour. We can debate it, perhaps, in less time. It is a perfecting amendment to the Pearson-Bentsen.

We will then move to the divestiture amendment of the Senator from Colorado (Mr. Gary Hart), but that will not be voted on until tomorrow. We are trying momentarily to check with our colleague from Louisiana and set a time to vote on that one, at about 1:30 p.m. and the Kennedy amendment at about 3:30 p.m. Tomorrow, the unanimous-consent agreement calls for debate at 2 o'clock on the Kennedy amendment and a vote within 3 hours, or no later than 5 o'clock, but this change has to be worked out with both sides.

I just mention that as information.

Mr. President, I call up the amendment of the Senator from Ohio and myself and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 21, lines 7 and 8, strike "the effective date of the Natural Gas Act Amendments of 1975" and substitute in lieu thereof "midnight April 4, 1976".

The PRESIDING OFFICER. Will the Senator suspend until the Senate is in order?

Mr. HOLLINGS. I would like to ask for the yeas and nays.

The PRESIDING OFFICER. Will those who are conversing please move to the cloakrooms?

Mr. HOLLINGS. Mr. President, before you move them all to the cloakroom, may I ask for the yeas and nays?

The PRESIDING OFFICER. You may ask for the yeas and nays.

Mr. HOLLINGS. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Mr. President, on the Pearson-Bentsen amendment to S. 2301 there are titles I and II. Title I is the portion of the bill that would take care of emergency legislation on a limited time basis. Title II, of course, is the long-term considerations of natural gas, which we have sought unsuccessfully, so far at least, to keep as a separate item for debate and discussion here in the Senate. This very short amendment that we propose is to correct what we think is an error in these two different titles between the short- and long-term considerations of natural gas.

As we read the bill in its present form, the title II provisions would be so all-encompassing with their provisions of letting unlimited pricing prevail that they would overcome the emergency provisions of title I and would, therefore, not really permit title I to operate as an emergency act.

What this very short amendment does is to provide that these two titles operate not concurrently but consecutively. After the short-term aspects take place and go to the duration of their limitation next April 5, then the long-term aspects would become applicable and would provide the long-term gas regulation which the Pearson-Bentsen amendment provides.

We say in this very short amendment that we would strike "the effective date of the Natural Gas Act Amendments of 1975" and substitute in lieu thereof "midnight, April 4, 1976."

This would guarantee, the way the bill is worded, that we would have these two different provisions of the bill operate consecutively and not concurrently where, to our view, title II would cancel out any emergency aspects provided by title I.

If there is unlimited pricing permitted by title II to begin now or on enactment of this bill, it would, in effect, cancel out any of the emergency aspects which we are faced with this winter and which would start in the very near future. Major cutbacks start on November 1, as I believe most of the Members are aware. Time is so short that we are now in an emergency situation with layoffs already starting in my home State of Ohio.

I just came from a meeting with representatives in the Springfield area of our State. They brought in some 65,000 signatures collected in the last 2 weeks concerning energy and, in particular, the emergency nature of natural gas shortages in that part of the State. So it is a matter that is hitting us right now.

We would like to see the emergency part of this legislation, whether it is the original S. 2310 or whether it is the Pearson-Bentsen substitute thereto, be free to act to help cope with this emergency period and not be saddled with the longer-term, unlimited pricing of title II that we feel would interfere with it. That is the reason for this amendment.

I yield to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, perhaps I could limit my remarks if the distinguished Senator from Kansas could point out to me the advantage given a priority customer in title I under the Pearson-Bentsen amendment other than being able to go into the intrastate market and buy at the uncontrolled, deregulated or intrastate price.

That is really what is won if they qualify. They go before the Federal Power Commission and prove themselves as a curtailed customer or a curtailed pipeline. They show how their contracts are valid ones and they exercised due diligence. They get designated then as a priority pipeline and seek to purchase the limited amount of surplus gas on the intrastate market. If my memory is correct it is about 250 to 300 billion cubic feet of surplus gas.

If we are given that advantage, to go in and buy at a deregulated price under title I, then any advantage to a pipeline in serious curtailment is eliminated under title II. Under title II, as of January 1, 1975, gas is decontrolled. The market then will be a decontrolled market. Under a decontrolled market for everyone what advantage have you by being designated a priority user?

That is where I am hard put to understand. You have given us an advantage to priority pipelines in order to alleviate unemployment in 14 American States this winter but you take away the priority in title II by giving generally the same right to everyone. With demand increasing, and the overall energy crunch we are in, those poor pipelines that have planned on receiving a priority by the Federal Power Commission as a severely curtailed user are going to find themselves, in all probability, high and dry, and their areas will suffer high unemployment.

I do not think the problem you cause by title I of Pearson-Bentsen is solved in title II. On the contrary, the solution is canceled; or do I misunderstand the provisions of title II? That is what my question is.

Mr. PEARSON. Mr. President, will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. PEARSON. I do not know whether the Senator misunderstands the provisions. I know what we intend to do, and that is not to give some priority and then take it away, by any means.

We seek and think that these two measures ought to run concurrently, that there is a need for designating a priority purchaser, because of the emergency situation. Let him act under the emergency situation, but at the same time not postpone a long-term provision for another 6 months. Even another 6 months, it seems to me, would exacerbate the condition of next year.

We think there is a possibility, under the definition of new gas over the long term, of possibly getting additional gas sources within the emergency period of time.

So the rationale is threefold: First, if we have done it correctly, and put the words down right, we mean to give a priority to those pipelines that are curtailed, where the curtailment is very heavy on the industries where jobs would be lost; and second, to not delay a long time, even 6 months, in hoping that we will get under way and get moving, and at the same time, under the definition of new gas, as the Senator understands as well, possibly, hopefully, get a new supply of gas beyond that 200 billion to 300 billion cubic feet that is estimated by FEA.

Mr. HOLLINGS. Let us take it in reverse. About the delay for 6 months. I think we can readily agree, the earliest that we can possibly get this bill enacted, if a miracle occurs, would be by Thanksgiving. What we are really talking about, in a general sense, is December, January, February, and March, 4 months. That is an important 4-month period, because April 6 is when that emergency feature of title I phases out. And that is why the distinguished Senator from Ohio and I selected that date to change the effective date of the natural gas amendments to apply to title II, as of April 6, 1975.

Mr. PEARSON. I understand the result.

Mr. HOLLINGS. But apparently we are going to run head on. What is the priority that I really have, as a curtailed user and a priority pipeline, if I am designated as such by the Federal Power Commission?

Mr. PEARSON. The priority of purchase, as I understand.

Mr. HOLLINGS. That is given to everyone in title II.

Mr. PEARSON. No; everyone has a right to buy at a market price.

Mr. HOLLINGS. But the priority is that the others could not buy. As long as the others were denied if not a curtailed user——

Mr. PEARSON. This is the rationale: that the pipelines serving high priority customers, meaning those where people will be put out of jobs by having to shut down, have a superior right to purchase gas in the interstate system today.

Mr. HOLLINGS. Let me give the Senator an example. In the Piedmont section, served by Piedmont Natural Gas in the Greenville area, that is curtailed, generally, by 23 percent, they would be found a priority purchaser by the FPC.

Mr. PEARSON. The pipeline.

Mr. HOLLINGS. The pipeline would. Now, down near Aiken, S.C., right over the line, there is the Augusta-Columbia nitrogen plant, a new plant that has been trying to expedite construction. They have been petitioning the Federal Power Commission for an allocation, which thus far they have not received.

Now comes the Pearson-Bentsen amendment, and, in title I, they would receive that priority through their pipeline, and could go down to Texas and buy at the intrastate or decontrolled price.

The fertilizer company, knowing that they can pay more for gas, because that is fundamental to their operation could really do better by getting into business even that much quicker.

They are not worried about unemployment, even this winter; they are worrying about the rapidity with which they can get into business.

So the Augusta-Columbia nitrogen plant—and believe me, I am not speaking of any private information; I am just speaking hypothetically here——

Mr. PEARSON. I understand.

Mr. HOLLINGS. They would be down there in Houston already, buying, and when Piedmont would say, "We have been up before the Federal Power Commission; we had a great hearing, and ate at the Blue Moon, saw our Senator and our Congressmen, and hired expensive lawyers." They will say, "Well, you saw all and got that delightful lunch where the boys at the White House eat, and while you were doing that, we have already bought the gas, because under title II, Mr. PEARSON and Mr. BENTSEN said gas is decontrolled, the President signed it into law, and you can keep on getting your lawyers and all those priorities you are talking about, but the advantage given you as a priority user was wiped out by title II and given to all of us. Yes, you can go ahead and lay off your Dan River employees; we are trying to build a plant even faster so we can bring on some employees next year."

That is exactly in fact what will be occurring.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. GLENN. I would like to ask a question of the distinguished Senator from Kansas. Just what advantage does the priority purchaser have over the nonpriority purchaser, if we keep the bill as it is now?

Mr. PEARSON. Let me read the statement—it is just two pages long—in response to this amendment, if the Senator will yield.

I have already indicated why we think that there is real advantage in running concurrently rather than consecutively. It is to get moving, even for those precious 6 months, now. It is to go forward with a definition of new gas which hopefully can bring additional supplies even during the emergency period, and we think that there is a priority:

Adoption of this amendment making the short-term emergency purchase provisions of title I function separate and apart from the the long-term phase-out of regulation of the wellhead price of natural gas in title II would defeat the very purpose of my amendment. The provisions must function concurrently so that while we are meeting the short-term emergency of this winter's shortages, we are at the same time beginning to build up natural-gas supplies with the incentive of the long-term provisions.

Mr. President, to delay the long-term provisions of title II to a prospective date next spring would simply mean delaying solving the interstate natural-gas supply problem.

Conversely, there is a need for the provisions permitting emergency purchases of natural gas by interstate pipelines, in addition to the long-term phase-out of price regulation. The emergency purchase provisions will allow interstate pipelines in need of natural gas to obtain deliveries from currently available supplies that have been dedicated to other purchasers.

And this is a part of this short statement that I think may hopefully be responsive to the questions.

For example, there are occasions where a producer has entered into a contract with an interstate pipeline purchaser or an intrastate purchaser and that purchaser is unable or unwilling to commence immediate deliveries of natural gas.

We have had cases such as that during the recessionary period, and that is where that 200, 250 billion cubic feet may be.

In such cases, a second interstate pipeline, needing additional natural gas supplies, could take the gas until the other purchaser was able to commence deliveries. Such sales would not be subject to the Federal Power Commission's (FPC) abandonment authority and no formal proceeding would be required before deliveries were switched from one purchaser to another.

Additionally, an intrastate pipeline or distributor may have a temporary surplus of natural gas which could be sold to an interstate pipeline on a temporary, but not a permanent, basis. For example, due to differences in the timing of peak days and peak seasons, there are times when intrastate pipelines and distributors have available supplies of gas which exceed their customers' needs, and that gas is available for sale and delivery to an interstate pipeline on an emergency basis if there is no need to obtain abandonment authority prior to termination of deliveries. Such situations present opportunities to obtain very temporary (say a month or less) supplies of gas where it is patently impracticable to require abandonment authority.

In summary, Mr. President, there is no inconsistency, as one might allege, between the operation of title I and title II. Both the 180-day emergency purchase provision of title I and the provisions of title II provide for deregulation of wellhead prices of certain natural gas.

That is the definition of "new gas."

Thus, the price in each instance will be dictated by the marketplace. But most important, while the short-term emergency provisions of title I are functioning, so too will be the provisions of title II serving to build up our natural gas supplies. Therefore, the provisions of these two amendments should and must function concurrently, not consecutively, so as to obtain the maximum effectiveness of this legislative proposal in meeting our current natural-gas supply problem.

That is in meeting both our short-term and our long-term needs.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. PEARSON. Yes.

Mr. GLENN. With the short-term purchaser entering the market in competition with the longer term purchaser, as provided in title II, it would seem that there would be very little, if any, gas released that would go just to the short term.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. GLENN. I shall yield in just a moment.

If we have a dedication of gas, the only advantage would be, if there are any short-term amounts of gas whatsoever that can be dedicated, that long-term producers in all likelihood are going to want the provisions of title II and dedicate that gas long term so they do have a long-term contract.

Since both are unregulated in pricing, I still submit that I see no reason why if I were a producer, or if the Senator were a producer, that I would not settle for a long-term contract and put that gas at an unregulated price, bid up the market price, and settle for the highest price that the gas would go for. That undoubtedly would be more attractive for those using it on a long-term basis.

Mr. PEARSON. It is not good form to answer a question with a question. But does the Senator really think and believe that the prices in the marketplace of the short-term purchases and the long-term contracts that come on will be the same kind of prices?

The argument has been made consistently by the supporters of S. 2310 that the price is going to zoom and hit the peaks, $3 per Mcf. I have never thought that the case, but I do think in an emergency situation part of the reason, it seems to me, that it is consistent to have the long-term concurrent running with the short term is that I have shared the concern consistently that there were pressures to drive that price up. There were pressures because of the shortage and the desperate situation in some industries, and there are pressures when we have an emergency standing there all by itself and we have nothing but 6 months.

So we have the twin squeeze of both the shortage and the time frame. If we have a long term running right along beside the short term, we alleviate part of that time squeeze, it seems to me.

Mr. GLENN. There would be no delay, as I would see it.

Mr. PEARSON. Pardon me. I started to make a point.

I think there will be a differential in the price structure between the long-term contracts under title II and the short-term contracts or purchases very temporary under title I. That will be a difference.

Mr. BENTSEN. Mr. President, will the Senator from Kansas yield?

Mr. PEARSON. Yes. I do not know that I have the floor.

Mr. BENTSEN. The Senator from Kansas has the floor.

Mr. PEARSON. Yes, I yield. I yield to the Senator from Texas.

Mr. BENTSEN. Do we not get back to the same old argument that, if it is running consecutively, the producers will again really wonder whether we have a final resolution of deregulation of gas and be reluctant to sell under those kinds of conditions?

Mr. PEARSON. I think there will be an element of uncertainty.

Mr. BENTSEN. Therefore, the suggestion that it might be coming on in the spring——

Mr. PEARSON. Contrary to my own position, while I oppose this amendment as being one of the fundamental amendments we are going to vote on in this particular bill, I would rather see this than to face the prospect of renewing and continuing these emergency provisions.

Mr. BENTSEN. It is the same argument we had before of "next summer."

Mr. PEARSON. It is the same thing.

Mr. BENTSEN. We would be just seeing the temporary part extended again, would we not?

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. GLENN. Mr. President, if the Senator will yield, the law will say this is effective at that period of time, so I fail to see how there would be any doubt about what would be effective come next summer.

Mr. BENTSEN. My concern is we would have the same debate next summer and we would then see again the extension of the first part of title I. That is my concern.

Several Senators addressed the chair.

Mr. HOLLINGS. Mr. President, may I ask my distinguished friend a question?

Mr. PEARSON. Mr. President, I yield the floor.

Mr. HOLLINGS. I say to the Senator from Texas if our amendment is adopted it would state categorically that under Pearson-Bentsen it would be decontrolled after midnight April 4, so there would not be that uncertainty.

But let us assume now that I want some gas in my particular area, curtailed or otherwise. Why would I go to the Federal Power Commission and hire attorneys to be designated as a priority user? What advantage would that be for me if title II became law along with title I? It is the same.

By the way, it is not divisible. I wondered at one time if I could divide Pearson-Bentsen for a vote on title I and title II, when it is an amendment in the nature of a substitute, under rule XVIII. I found out I could not divide it.

Assume it has been signed into law. Why would I hire a lawyer to become a priority user?

Mr. BENTSEN. My concern is what the distinguished gentleman has said. Come next April if he wanted to divide these things, he would then be trying to initiate a continuation of title I at that point, and that is the temptation.

Mr. HOLLINGS. We would already have title II. That is how Pearson-Bentsen reads with my amendment.

Mr. BENTSEN. Once we have it, we can also bring about an action to negate it, vitiate it, and bring a continuation of title I. That would be my concern at that time.

Mr. HOLLINGS. I do not understand how that could be done. You could do that to any bill. You can always try to introduce another bill and repeal or amend legislation. But if the law is passed as now proposed with the Glenn-Hollings amendment—namely, that title I would be in effect up until midnight of April 4, 1976, and then title II—full onshore decontrol—would be effective thereafter and all uncertainty would be eliminated.

But I am back to my friend from Kansas. He and I discussed this, and the Pearson-Bentsen amendment varies from the administration's S. 2330. One of the big variances, when we were talking about marking up these bills, was that you are not going to allow any industry to directly purchase gas, whereas S. 2330, the administration's emergency bill, permitted direct purchases by industrial users. The Senator limited it, on page 4, to distributors and the natural gas company which transports natural gas in interstate commerce.

The Senator from Ohio, the Senator from Georgia (Mr. TALMADGE), and I have been so zealous to get an emergency bill that we said, "All right, we will take the administration's emergency bill with a few changes," and we discussed the fact that the little bit of gas is now available and no new gas created by decontrol. That is point one. No new gas is created by decontrol.

We would like to take care of the entire shortage of 1.3 trillion cubic feet. But it is admitted at best, from our survey, hearings, witnesses, and everything else, that only 0.3 trillion, or 300 billion, can be obtained by interstate pipelines for this winter. What the Senator now has let loose are the hounds of the Baskerville, all to go in, exactly what was avoided in the Pearson-Bentsen amendment, over the administration's bill.

Mr. PEARSON. Anyone can go in today, in the industry, under an order of the Federal Power Commission, in an emergency situation, and may be stopped by litigation.

Mr. HOLLINGS. For those who are designated as curtailed, in that curtailed area.

Mr. PEARSON. That is right.

Mr. HOLLINGS. The FPC came to the distinguished Senator from Kansas and myself back in July and said, "Eliminate the legal snarl and appeal process that is going on with our 2-to-1 decision, where we find that there are curtailed areas, where there will be high unemployment, and it can be avoided by obtaining a small bit of surplus gas from the intrastate market. So we are going to allow them to go into that intrastate market and put it into the interstate pipeline. But if we can get congressional approval, that will eliminate uncertainty due to judicial appeals."

What the Senator has done now with title II is to have everybody in it. There is no reason to have gone before the Federal Power Commission. There is no reason for the Federal Power Commission order; because if this bill becomes law without this amendment—if title II is signed into law—then the gas, as of January 1, 1975, is decontrolled, and everybody is in, all pipelines—those in deep curtailment and those that have ample supplies can rush into the intrastate market and obtain the small surplus.

The Senator from Kansas will bear me out, and we can get ready to vote, because I am just as anxious to move along as the rest of our brethren.

We found in our backyard—and the Senator from Georgia's backyard—that when we said, "Well, the priority should go to that curtailed user for the offshore gas," Southern Natural said, "Oh, no. You have given curtailed pipelines an undue competitive advantage. We eliminated that problem in S. 2310.

What will happen, if Pearson-Bentsen is passed by the Senate, is that Southern Natural and the other pipelines that are not in curtailment will be competing for gas, wanting to bring fertilizer plants into Augusta or any other area. They can afford to go down and better the contracts, of the deeply curtailed pipelines and the essential users will be without gas and facing unemployment.

Instead of what we started to do initially, satisfy the unemployment problem this winter, we cancel it with the Pearson-Bentsen amendment by decontrolling everyone in title II.

Mr. NUNN. Mr. President, will the Senator from South Carolina explain this amendment?

Mr. HOLLINGS. Our amendment would just change the effective date. I believe it is on page 21. We have looked at it from every angle and think that the way to amend it is on page 21, line 7, where this language appears:

> After the effective date of the Natural Gas Act Amendments of 1975.

We would strike that and insert in lieu thereof "after midnight April 4, 1976," so that the emergency section would operate, under title I, up to midnight, and decontrol of title II would then take effect, as to designated new gas, from April 5 on.

It sounds melodious, I say to the Senator from Texas: to run concurrently, to run concurrently. But title I and II do not run concurrently. They run head-on. As now drafted title II negates title I. It sounds nice and pleasant, but the Senator has canceled out title I with title II.

In essence, this is a perfecting amendment. We could not have a better example of a perfecting amendment. The Senator from Kansas and the Senator from South Carolina say that we want to do the same thing. We want to give essential users a priority.

Mr. PEARSON. That is right.

Mr. HOLLINGS. And we do not want to cancel it out. But what is that priority, other than to allow them to go in there on the surplus market, with the intrastate price?

Mr. NUNN. The Senator says that if this amendment is rejected, under the emergency provisions of the Pearson-Bentsen amendment there are no priorities?

Mr. HOLLINGS. No priorities at all. If this is not changed, everybody can go in, the day the President signs Pearson-Bentsen into law, under title II and it is all decontrolled.

On page 22 it states as follows:

> New natural gas means natural gas sold or delivered in interstate commerce which is dedicated to interstate commerce for the first time on or after January 1, 1975.

Mr. NUNN. The Senator from Georgia is interested in the emergency provisions, and the Senator from Georgia is also interested in priorities during this emergency. But I am also very interested in having both the long-term and the short-term coupled together.

Mr. HOLLINGS. I think this would allow that. We would have the short term and the emergency and the priority and the advantage of going in after this 300 billion cubic feet of surplus gas during this winter at the intrastate price. Thereafter, on April 5, everybody would be decontrolled onshore.

That is really what I believe is intended by the distinguished Senator from Kansas. But the way he has it written now, the advantage given under title I is completely erased by title II, and they are all thrown into the briar patch. The curtailed essential user in Ohio and in textile areas is going to lose to everybody who has power and wealth. If I were a pipeline owner, I would buy gas, even if I was not curtailing priority users.

Mr. NUNN. Would the Senator from South Carolina's intentions as expressed in S. 2310 be carried out in the emergency phase if this amendment is adopted?

Mr. HOLLINGS. No. My emergency intentions in S. 2310 were price ceilings. There are no price ceilings here.

Mr. NUNN. I am speaking in reference to priorities.

Mr. HOLLINGS. On priorities, yes. We would have the emergency priorities under S. 2310, yes.

I believe the Senator from Kansas and I are trying to do the same thing. Whoever wrote that pleasant-sounding thing, in which every other word is "concurrently"—that is good music but not good sense, when you look at it, unless we misunderstand it.

I am confident that once you decontrol under title II, the very advantage intended to a priority user under title I is eliminated.

Mr. PEARSON. Let me state it once again. I will change the word, and we will have them run together in tandem, perhaps. It is our intention and purpose to pass an emergency bill and in that emergency bill have pipelines designated as priority purchasers; that they may have the right, a superior right, to purchase, without any abandonment procedures of existing contracts.

It is our purpose that we have a long-term solution and that it runs during the same timeframe to get it started—even 6 months now is precious, with the curtailments last year, this year, and next year; to have that long-term provision, subject to the priorities, and to have it take some of the pressure off of the timeframe in that tight competitive situation; and to have in the definition of new gas the possibility of bringing on new supplies of gas even in the emergency period. That is the argument, as briefly as I can say it, in having both the long term and the short term effective at the same time. Continue it past the end of the emergency provisions. The Senator and I just disagree as to what the language says.

Mr. NUNN. Will the Senator yield for a question?

Mr. PEARSON. I am very glad to yield.

Mr. NUNN. It seems to me both parties have agreed that we need priorities during the emergency period. I cannot understand the difference between the two, unless there is a disagreement between the Senator from Kansas and the Senator from South Carolina.

Mr. PEARSON. We seem to read the same language, and I do not assign ulterior motives, but I am concerned that delay, delay, delay for any long-term solution is represented by this amendment.

Mr. NUNN. Is the Senator from Kansas saying that this amendment delays the long-term solution?

Mr. PEARSON. Yes, it is not effective, under this amendment, until the end of the short-term emergency, which is 6 months from now.

Mr. NUNN. A State like mine is not going to have an emergency this year, but it is inevitably going to have one in the 1977 winter, or 1978.

Mr. PEARSON. Would it not be wise to start now?

Mr. NUNN. At the same time, the Senator from Georgia is concerned about priorities. I am having difficulty understanding: does the Senator from Kansas contend that without the Hollings-Glenn amendment, there is a system of priorities in his amendment?

Mr. PEARSON. I have so stated.

Mr. HOLLINGS. What is the advantage given that priority under title I? The Senator has designated a priority. Having so designated, what advantage has he given?

Mr. PEARSON. A priority purchaser, under our interpretation, has a superior right to go purchase.

Mr. HOLLINGS. How does he get a superior right?

Mr. PEARSON. The Senator has said once we throw it open, anyone there is going to say, no, I have a priority purchaser facing me and I have this other guy turned loose by the long-term solution, so I will wait. The price differential is going to be different in those cases and the supply of gas is limited. We cannot take a short-term supply of gas, available by virtue of an interstate or intrastate contractor not taking it, and turn that into a long-term purchase.

Mr. HOLLINGS. The Senator has not given us the advantage given the priority user. The advantage the Senator has given is to allow him to go into that intrastate market, which is forbidden now, just exactly what the FPC intended by their order in July, namely: "Priority user, you can go into that intrastate market and buy surplus gas at the intrastate price and put it through the interstate pipeline; we will allow you to do it."

There has to be a willing seller. The intrastate seller does not have to sell. The Senator's amendment and my amendment does not affect that. That is the advantage given. But if we give that same advantage to anybody and everybody today, I would be a silly goose to hire a lawyer to be designated priority user. I had instead better hurry up and try to get firm contracts.

The thing that is bothering me is, as desperate as gas purchasing is, with the short supply, if I were Southern Natural, a pipeline not in curtailment, competing with Transco, a pipeline in deep curtailment, I would go down to that intrastate seller the minute the bill is passed by the Senate and say, "If that persists, if they make that the law, I have every right to be down here negotiating contracts; I shall buy all the surplus you can give me for the long-term contract."

If I am going to run a business right, that is exactly what I am going to do, because I would like that other pipeline to be at a disadvantage so I could attract more customers.

That is the advantage the Senator has given. He has tried to correct unemployment. He has canceled out title I, because he has passed that advantage out to everybody. Does the Senator think there is a priority pipeline?

Mr. PEARSON. Yes, I do. I think the priority is manifested by the type of gas that is available to be purchased there today. The testimony that we heard and that was expressed in the letters that went back and forth indicate that there is a very limited supply down there in the intrastate now.

Mr. HOLLINGS. Right.

Mr. PEARSON. It is all contracted for.

Mr. HOLLINGS. There are 300 billion cubic feet. The Senator and I can agree on a figure.

Mr. PEARSON. There are 300 billion cubic feet. That is the gas available for priority purchase.

Mr. HOLLINGS. Right.

Mr. PEARSON. If it is gone, it is already gone, because the Federal Power Commission, under its order last August, gave a temporary right for anybody to go down and purchase for a limited time, for 180 days. Industry is doing that now.

Mr. HOLLINGS. I shall put it another way so the Senator from Georgia can understand it. It would pay me in the long term, not even going on a priority basis. Let us say the Senator from Georgia is the priority man and I am under title II. I do not have a priority, but I like gas and I am in the business. I shall go down there and pay a premium price to develop the fertilizer industries and anything else I can in my particular area. I can sell gas. There is no question that the Senator can sell gas in Georgia, North Carolina, South Carolina, and around. So I can buy all I want between now and April. I will do my best to buy it all to make the shoe pinch that much tighter and take an economic advantage, and I am in better shape than the Senator from Georgia is.

Mr. NUNN. Will the Senator yield for one brief question?

Mr. HOLLINGS. Yes.

Mr. NUNN. As I understand it, the Senator from Kansas is saying that the reason the competitive long-term buyers are not going to come in and assert a priority over the short-term buyers is the nature of the supply, that it is basically not a long-term supply; it is a short-term supply. Is that what the Senator from Kansas is saying?

Mr. HOLLINGS. I think that is what he is saying.

Mr. PEARSON. Would the Senator repeat that?

Mr. NUNN. As I understand, the Senator from South Carolina is saying that because title I and title II run concurrently under the amendment of the Senator from Kansas, there is no priority in reality, even though the emergency part of the bill does have a priority. The Senator from South Carolina is saying that the long-term boys are going to come in and buy on a long-term basis.

Mr. HOLLINGS. They do not have to buy it on a long-term basis. They can buy it on short term under title II.

Mr. PEARSON. Short term is the only gas available.

Mr. NUNN. The Senator from Kansas is saying, no, that long-term purchaser is not going to come in and compete with the short-term priority purchaser, because the supply itself is short term, and, therefore, he could not supply it on a long-term basis. Is that correct?

Mr. PEARSON. That is right.

Mr. HOLLINGS. I am saying that any pipeline will buy all it can get, short term or long term. There is no question about it. That is what we have been talking about in all the hearings.

They will take the gas and pay a premium price and say, "Do not worry about it. I will take all that short term you have right now and give you a long-term contract for the rest of it." That is what the gas purchasing market is like.

What we have done in the first instance is try to alleviate unemployment this winter. What has been done by Pearson-Bentsen, unless amended, is that by canceling out title I priority provisions by the operation of title II, we have exacerbated the unemployment picture. That is what we have done, and run up the cost. I do not think that is the intent of the distinguished Senator from Kansas. All the evidence that we had at all the hearings indicate that.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. BARTLETT. Mr. President, I should like the attention of the Senator from South Carolina. At no time did he mention that he is talking about two different kinds of gas. One kind of gas exists and is in surplus supply. It is gas, as the Senator from Kansas said, that is contracted for and not being used. The other gas is prospective gas—new gas to be found.

I think the Senator from Georgia put his finger on the problem with the amendment by the Senator from Ohio and the Senator from South Carolina by pointing out that we are dealing in one case with prospective gas and in the other case we are dealing with existing gas.

When we talk about this being gas for the short term and gas for the long term, this is sort of a specious approach, because in the one case we have gas that now exists in the intrastate market, which the distressed pipeline would have access to. In the other case, we have new gas that the distressed pipeline and the nondistressed pipeline would have access to on a free market basis.

There is nothing that exists in the bill in title I or in title II—I will put this in the form of a question to either one of the Senators to tell me if they think I am wrong—that would preclude a distressed pipeline or a curtailed piepline from purchasing gas in the case of title I on a priority basis from existing gas that exists in the intrastate market.

Mr. HOLLINGS. Well, that is the intent under the administration's bill, under the Hollings-Glenn bill, under the Pearson-Bentsen bill. We have talked and talked and talked about giving a priority to the curtailed pipeline, namely, that advantage to go into the intrastate market and purchase.

Mr. BARTLETT. Title I does that?

Mr. HOLLINGS. Title I does that.

Mr. BARTLETT. What in title II or title I or anywhere in the bill would preclude a distressed pipeline from having access to that gas on an emergency basis?

Mr. HOLLINGS. He would not have it on an emergency basis. He would have it on a basis of title II. I am telling the Senator title II says there is effectively no such thing any longer as a priority customer. Without any lawyers, without any FPC, without anything, you do not even have to come to Washington and see your Senator. You can go right in a plane, train, or car to Houston and start buying under title II, and the price alone would determine who would prevail, not need or unemployment.

I am saying there are certain distressed lines that do not have enough gas to serve priority customers. They will not be able to obtain supplies when competing with aggressive, strong pipelines that have plenty of gas, are financially healthy and can pay a higher price.

That is exactly what is going to happen under title II. You have eliminated the priority, you have eliminated the remedy for the distressed by giving that advantage to everybody, and then the economically advantaged are going to take over new gas supplies.

Mr. BARTLETT. All right. I would like to tell the Senator from South Carolina that he cannot advise me where in the bill it precludes in any way a distressed pipeline from purchasing gas on an emergency basis.

Mr. HOLLINGS. I am telling the Senator it is in title II. Where does it preclude any pipeline or any purchaser under title II from buying?

Mr. BARTLETT. All title II does is deregulate prospective natural gas.

Mr. HOLLINGS. All natural gas from January 1, 1975—oh, no, there is not any prospective. Prospective as of January 1, 1975. That is ex post facto.

Mr. BARTLETT. Well, the Senator is correct on that.

Mr. HOLLINGS. The amendment is written that way. That is what we are talking about.

Mr. BARTLETT. There is nothing that in any way though prevents, in title II, the distressed pipeline from having full access to the surplus gas that is available.

Mr. HOLLINGS. If the pipeline is rich and is well off and organized then it would not be distressed; I can tell the Senator that right now.

Mr. BARTLETT. It has nothing to do——

Mr. HOLLINGS. Because under current law, if the regulations were enforced, they would have a 20-year supply and there would not be any shortage and, frankly, in the majority of my State there is not any shortage because there are some well-run pipelines, there is a shortage only in the service area of the not-so-well-run pipelines. We are not trying to discipline the not-so-well-run pipelines. What we are really looking to are the unemployed employees. That was the purpose of the emergency bill. We said, "Mr. Employee, you took your job and you are working at that industry, and there is no way you could control or govern whether they were doing business with a well-run or an inefficiently-run pipeline company. That is not your trouble. Our headache in America is to get jobs and keep the industries moving."

That is what we are trying to do. But under the Senator's proposal he comes in and says the bigger, the more powerful, even the industries as well as the pipelines, everybody on a decontrolled basis can come and buy it up with OPEC monopolistic cartel price levels.

Mr. BARTLETT. What the Senator proposes to do with his amendment is just to postpone the opportunity of solving the shortage, to put it off a year.

Mr. HOLLINGS. No. Immediate decontrol, may I say to the Senator from Oklahoma, was voted down when the Senate tabled the Fannin amendment.

Mr. BARTLETT. But this will continue the intrastate market.

Mr. HOLLINGS. We did not do that.

Mr. BARTLETT. We do not decontrol the——

Mr. HOLLINGS. The overwhelming vote of the Senate delayed decontrol. What we are saying now with Pearson-Bentsen riding the crest of unemployment in the emergency is, "All right, let us start your decontrol as of April 5 and have at least the emergency period to take care of unemployment." But those who are sponsoring this are so greedy they are pressing us to take away the effectiveness of the emergency provisions

Mr. BARTLETT. The Senator from South Carolina is refusing to solve the problem. He wants to take the gas that is produced at the cost and expense of the consumers of the States in the intrastate market. He is not willing to substitute the demand of the full country for a permanent solution. I think all he is doing is delaying the issue, trying to divide it into an emergency bill, trying to separate it from a permanent solution. This is not going to solve the problem.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. BARTLETT. No, I am not going to yield. I shall finish in a few minutes and I will yield the floor. But this amendment is going to make gas that much tighter in the States of Ohio and South Carolina in the future. It is going to forestall solutions to the problem. It will continue the intrastate market and will continue the opportunity for oil companies to drill in States such as ours and will tend to strengthen the intrastate market. There is not going to be a solution for the interstate market in the State of Ohio and other States, and I cannot see why advocates who need a solution to that problem want to just take gas that now exists from the intrastate market and not provide new gas, not a permanent solution, for the interstate problem.

I yield the floor.

Mr. GLENN. Mr. President, I would like to ask the distinguished Senator from Oklahoma to comment on this. We tried to set this up so that we were going to get priority to distressed areas this year because there is impending economic disaster for the country and, particularly, with those States.

The way this is set up with the Pearson-Bentsen amendment, there is nothing whatsoever to prevent anyone who wants to come in and bid up either short or long term or anything else. You could have a wealthy pipeline company not servicing in distressed areas, a pipeline company that already has plenty of gas, which could come in under this Pearson-Bentsen amendment and buy up all the little plots of gas that are provided for under this emergency, under this supposed emergency part here. If that purchaser bought up enough of those plots of gas, it could completely distort any hopes we may have of getting emergency gas into distressed areas for this year. That is what we were trying to prevent by making these run consecutively instead of concurrently.

Mr. BARTLETT. The Senator is incorrect because only the distressed pipeline can buy for the short-term gas that is already contracted for and not in use.

Mr. GLENN. Mr. President, if the Senator will yield, that is absolutely not true by the language of this bill. If the Senator can read to me where that is provided for, where any long-term purchaser is prohibited from coming in and buying any amount of gas, then I will retract my statement.

Mr. BARTLETT. The Pearson-Bentsen amendment provides in title I that the distressed pipeline may buy for the short term gas that is already contracted for, that exists. It is gas that is not being used. It is giving a priority for the distressed pipeline.

Mr. GLENN. Exactly the same as title II.

Mr. BARTLETT. But title II provides the opportunity on new gas for the long term to be available for bidding by the distressed pipeline or someone else.

Mr. GLENN. Where can the Senator from Oklahoma show me long term is only for new gas and only for long-term gas? It is not so. That gas can be short term, long term, new, old, any kind he can get.

But I think it would be very foolish to buy for the short term if we can for the long term.

There is nothing to preclude the distressed pipeline from bidding, but, if the Senator had his way and wants to somehow handicap that pipeline that has looked out for itself and is able to provide a larger amount of gas for its consumers from having a chance to bid for new gas, then all he is going to insure is that all pipelines are going to be distressed.

What this bill does it helps them out and it gives them a chance to bid on new gas coming up with the nondistressed pipeline. However, it does not handicap that pipeline from having a chance at that gas.

Several Senators. Vote! Vote!

Mr. HOLLINGS. Mr. President, we have got the yeas and nays, but I think we should make that unanimous-consent agreement while the principals are here with respect to voting. We are trying to find out when Senator Long returns. And I think it will be 2:15 on the Hart amendment and——

Mr. FANNIN. Will the Senator yield?

Mr. ABOUREZK. Will the Senator from South Carolina yield and I will make it?

Mr. HOLLINGS. Let us get them all together. They will not agree unless everybody understands it.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

Mr. HOLLINGS. We have the yeas and nays.

Mr. MANSFIELD. And the vote.

Several Senators. Vote! Vote!

The PRESIDING OFFICER (Mr. Gary Hart). The question is on agreeing to the amendment of the Senator from South Carolina and the Senator from Ohio. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Delaware (Mr. Biden), the Senator from Nevada (Mr. Cannon), the Senator from Idaho (Mr. Church), the Senator from Alaska (Mr. Gravel), the Senator from Kentucky (Mr. Huddleston), the Senator from Wyoming (Mr. McGee), the Senator from North Carolina (Mr. Morgan), the Senator from Maine (Mr. Muskie), the Senator from Rhode Island (Mr. Pastore), the Senator from Alabama (Mr. Sparkman), the Senator from Mississippi (Mr. Stennis), the Senator from California (Mr. Tunney), the Senator from New Jersey (Mr. Williams), the Senator from Indiana (Mr. Bayh), and the Senator from Colorado (Mr. Haskell) are necessarily absent.

I also announce that the Senator from Massachusetts (Mr. Kennedy), the Senator from Louisiana (Mr. Long), the Senator from Minnesota (Mr. Humphrey), and the Senator from Georgia (Mr. Talmadge) are absent on official business.

I also announce that the Senator from Michigan (Mr. Philip A. Hart) is absent because of illness.

I further announce that, if present and voting, the Senator from Minnesota (Mr. Humphrey), the Senator from Rhode Island (Mr. Pastore), and the Senator from North Carolina (Mr. Morgan) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. Baker), the Senator from Massachusetts (Mr. Brooke), the Senator from New York (Mr. Buckley), the Senator from Nebraska (Mr. Curtis), the Senator from Hawaii (Mr. Fong), the Senator from Nevada (Mr. Laxalt), the Senator from Maryland (Mr. Mathias), the Senator from Ohio (Mr. Taft), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

I further announce that the Senator from Illinois (Mr. PERCY), is absent on official business.

I also announce that the Senator from Tennessee (Mr. BROCK) is absent due to illness.

I further announce that, if present and voting, the Senator from Tennessee (Mr. BROCK), the Senator from Ohio (Mr. TAFT), and the Senator from South Carolina (Mr. THURMOND) would each vote "nay."

The result was announced—yeas 37, nays 32, as follows:

[Rollcall Vote No. 443 Leg.]

YEAS—37

Abourezk
Bartlett
Bumpers
Burdick
Byrd, Robert C.
Case
Chiles
Clark
Cranston
Culver
Durkin
Eagleton
Glenn
Hart, Gary
Hartke
Hathaway
Hollings
Inouye
Jackson
Javits
Leahy
Magnuson
Mansfield
McGovern
McIntyre
Metcalf
Mondale
Moss
Nelson
Nunn
Pell
Proxmire
Ribicoff
Schweiker
Stafford
Stevenson
Symington

NAYS—32

Allen
Beall
Bellmon
Bentsen
Byrd, Harry F., Jr.
Dole
Domenici
Eastland
Fannin
Ford
Garn
Goldwater
Griffin
Hansen
Hatfield
Helms
Hruska
Johnston
McClellan
McClure
Montoya
Packwood
Pearson
Randolph
Roth
Scott, Hugh
Scott, William L.
Stevens
Stone
Tower
Weicker
Young

NOT VOTING—31

Baker
Bayh
Biden
Brock
Brooke
Buckley
Cannon
Church
Curtis
Fong
Gravel
Hart, Philip A.
Haskell
Huddleston
Humphrey
Kennedy
Laxalt
Long
Mathias
McGee
Morgan
Muskie
Pastore
Percy
Sparkman
Stennis
Taft
Talmadge
Thurmond
Tunney
Williams

So the Hollings-Glenn amendment was agreed to.

Mr. BARTLETT. Mr. President, I move to reconsider the vote by which the amendment was agreed to, and ask for the yeas and nays.

Mr. HOLLINGS. I move to lay that motion on the table.

Mr. HANSEN. I ask for the yeas and nays.

Mr. BARTLETT. I ask for the yeas and nays on the motion to reconsider.

The PRESIDING OFFICER (Mr. BURDICK). The yeas and nays have been requested on the motion to reconsider. Is there a sufficient second? There is a sufficient second

The yeas and nays were ordered.

Mr. HOLLINGS. I move to lay that motion on the table, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the motion to lay on the table. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Nevada (Mr. CANNON), the Senator from Idaho (Mr. CHURCH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Alaska (Mr. GRAVEL), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Wyoming (Mr. MCGEE), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Minnesota (Mr. MONDALE), the Senator from North Carolina (Mr. MORGAN), the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Connecticut (Mr. RIBICOFF), the Senator from Alabama (Mr. SPARKMAN), the Senator from Mississippi (Mr. STENNIS), the Senator from Missouri (Mr. SYMINGTON), the Senator from California (Mr. TUNNEY), and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

I also announce that the Senator from Massachusetts (Mr. KENNEDY), the Senator from Louisiana (Mr. LONG), the Senator from Minnesota (Mr. HUMPHREY), and the Senator from Georgia (Mr. TALMADGE) are absent because of official business.

I also announce that the Senator from Michigan (Mr. PHILIP A. HART) is absent because of illness.

I further announce that, if present and voting, the Senator from North Carolina (Mr. MORGAN), the Senator from Minnesota (Mr. HUMPHREY), and the Senator from Rhode Island (Mr. PASTORE) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER), the Senator from Massachusetts (Mr. BROOKE), the Senator from New York (Mr. BUCKLEY), the Senator from Nebraska (Mr. CURTIS), the Senator from Kansas (Mr. DOLE), the Senator from Hawaii (Mr. FONG), the Senator from Arizona (Mr. GOLDWATER), the Senator from Nevada (Mr. LAXALT), the Senator from Maryland (Mr. MATHIAS), the Senator from Pennsylvania (Mr. SCOTT), the Senator from Ohio (Mr. TAFT), the Senator from South Carolina (Mr. THURMOND), and the Senator from North Da-

I further announce that the Senator from Illinois (Mr. PERCY), is absent on official business.

I also announce that the Senator from Tennessee (Mr. B8OCK) is absent due to illness.

I further announce that, if present and voting, the Senator from Pennsylvania (Mr. SCOTT), the Senator from Ohio (Mr. TAFT), and the Senator from South Carolina (Mr. THURMOND) would each vote "nay."

The result was announced—yeas 34, nays 27, as follows:

[Rollcall Vote No. 444 Leg.]

YEAS—34

Abourezk
Bumpers
Burdick
Byrd, Robert C.
Case
Chiles
Clark
Cranston
Culver
Durkin
Eagleton
Glenn
Hart, Gary
Hartke
Haskell
Hathaway
Hollings
Inouye
Jackson
Javits
Leahy
Magnuson
Mansfield
McGovern
Metcalf
Moss
Nelson
Nunn
Pell
Proxmire
Schweiker
Stafford
Stevenson
Stone

NAYS—27

Allen
Bartlett
Beall
Bellmon
Bentsen
Byrd, Harry F., Jr.
Domenici
Fannin
Ford
Garn
Griffin
Hansen
Hatfield
Helms
Hruska
Johnston
McClellan
McClure
Montoya
Packwood
Pearson
Randolph
Roth
Scott, William L.
Stevens
Tower
Weicker

NOT VOTING—39

Baker
Bayh
Biden
Brock
Brooke
Buckley
Cannon
Church
Curtis
Dole
Eastland
Fong
Goldwater
Gravel
Hart, Philip A.
Huddleston
Humphrey
Kennedy
Laxalt
Long
Mathias
McGee
McIntyre
Mondale
Morgan
Muskie
Pastore
Percy
Ribicoff
Scott, Hugh
Sparkman
Stennis
Symington
Taft
Talmadge
Thurmond
Tunney
Williams
Young

So the motion to lay on the table was agreed to.

APPOINTMENT BY THE VICE PRESIDENT

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to Public Law 81-754, as amended by Public Law 93-536, appoints the Senator from Rhode Island (Mr. PELL) to the National Historical Publications and Records Commission.

ORDER FOR ADJOURNMENT UNTIL 8:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 8:30 tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR HARRY F. BYRD, JR. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senator from Virginia (Mr. HARRY F. BYRD, JR.) be recognized after the two leaders have been recognized under the standing order tomorrow, and before the recognition of Mr. MCCLELLAN and Mr. HRUSKA.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. I ask unanimous consent that there be a brief period for the transaction of routine morning business tomorrow of not to exceed 10 minutes, with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR JAVITS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, Mr. JAVITS be recognized for not to exceed 15 minutes, ahead of Mr. HARRY F. BYRD, Jr., whose order has already been entered.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. STEVENS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STEVENS. It is my understanding that a unanimous-consent agreement is in effect, and I have just examined it. Will the Chair inform the Senator from Alaska if that agreement would prohibit a motion to recommit this bill with instructions?

The PRESIDING OFFICER. No, it would not.

AMENDMENT NO. 972

Mr. RANDOLPH. Mr. President, I have an amendment at the desk, No. 972, and I ask that it be given immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

The Senator from West Virginia (Mr. RANDOLPH) proposes an amendment to amendment No. 919.

Mr. RANDOLPH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all of section 105 beginning on page 5, line 19, and ending on page 8, line 15, and insert in lieu thereof the following:

"SEC. 105. (a) The purpose of this section is to continue the conservation of natural gas and petroleum products by fostering the use of coal by powerplants and major fuel burning installations, and if coal cannot be utilized, to provide authority to prohibit the use of natural gas when petroleum products can be substituted.

"(b) Section 2 of the Energy Supply and Environmental Coordination Act of 1974 is amended by—

(1) redesignating subsections (e) and (f) as subsections (f) and (g), respectively;

(2) amending redesignated subsection (g) (1) to read as follows:

" '(g) (1) Authority to issue orders or rules under subsections (a), (b), (d), and (e) of this section shall expire at midnight June 30, 1976. Authority to issue orders under subsection (c) shall expire at midnight June 30, 1976. Any rule or order issued under subsections (a) through (e) may take effect at any time before January 1, 1979.';

"(c) inserting after subsection (d) the following new subsection (e):

" '(e) (1) The Administrator may, by order, prohibit any powerplant or major fuel burning installation from burning natural gas if—

'(A) the Administrator determines that:

"(i) such powerplant or installation had on June 30, 1975 (or at any time thereafter) the capability and necessary plant equipment to burn petroleum products,

"(ii) an order under subsection (a) may not be issued, with respect to such powerplant or installation,

"(iii) the burning of petroleum products by such powerplant or installation in lieu of natural gas is practicable,

"(iv) petroleum products will be available during the period the order is in effect,

"(v) with respect to powerplants, the prohibition under this subsection will not impair the reliability of service in the area served by the plant,

"(vi) the prohibition under this subsection will result in making natural gas available for sale to a natural-gas company which transports natural gas in interstate commerce and which does not have adequate quantities of natural gas to meet the requirements of its high priority consumers and which is curtailing pursuant to a curtailment plan on file with the Commission, and

(B) the Administrator of the Environmental Protection Agency has certified that such powerplant or installation will be able to burn the petroleum products which the Administrator has determined under subparagraph (A) (iv) will be available to it and will be able to comply with the Clean Air Act (including applicable implementation plans).

(2) An order under this subsection shall not take effect until the earliest date the Administrator of the Environmental Protection Agency has certified that the powerplant or installation can burn petroleum products and can comply with the Clean Air Act (including applicable implementation plans).

(3) The Administrator may specify in any order issued under this subsection the periods of time during which the order will be in effect and the quantity (or rate of use) of natural gas that may be burned by a powerplant or major fuel burning installation during such periods, including the burning of natural gas by a powerplant to meet peaking load requirements.

(4) Conversion to petroleum products pursuant to an order issued under this subsection shall not be deemed to be a modification for the purposes of paragraphs (2) and (4) of subsection III(a) of the Clean Air Act, as amended.

'(5) The Administrator shall exempt from any order issued pursuant to this subsection the burning of natural gas for the necessary processes of ignition, startup, testing, and flame stabilization by a facility.

'(6) The Administrator shall modify or suspend any order issued pursuant to this subsection to the extent necessary to alleviate short-term air quality emergencies or any other danger to the public health, safety, or welfare.' "

"(d) (1) Any order issued pursuant to this subsection shall provide for just compensation of the facility and transporter affected by such order. Such compensation is (A) to be measured by the increased fuel costs, if any, incurred by a facility and the loss of revenue, if any, incurred by a transporter as a result of such order, and (B) to be paid ultimately through increased rates and charges by those users, in proportion to the volumes of natural gas consumed by such users, who are determined by the Commission to benefit as a result of such order: *Provided, however,* That nothing contained in this subsection shall be construed to extend the jurisdiction of the Commission to any rates and charges not otherwise subject to the jurisdiction of the Commission under section 1 of the Natural Gas Act (15 U.S.C. 717). (2) For the purposes of this subsection, the term 'users' means high priority consumers of natural gas who consume natural gas transported by that natural-gas company which obtains the natural-gas supplies made available for nonboiler fuel use by an order issued pursuant to this subsection.

"(e) Section 11(g) (2) of the Energy Supply and Environmental Coordination Act of 1974 is amended by striking out 'June 30, 1975,' wherever it appears and inserting in lieu thereof 'June 30, 1976'."

Mr. RANDOLPH. Mr. President, this amendment calls for the conversion in electric powerplants or major industrial installations from natural gas to coal or oil. Where such installations have the capability to use other than natural gas, the amendment would free up natural gas for higher priority uses than in the boilers.

That is the essence of the amendment. It is the conversion of natural gas boiler to coal or oil where feasible.

It is my understanding that amendment No. 972 has been agreed to by both the majority and minority managers of this important measure: The Senator from South Carolina (Mr. HOLLINGS) and the Senator from Kansas (Mr. PEARSON). I also have discussed it with the Senator from Texas (Mr. BENTSEN), who is in agreement with it.

Mr. President, this amendment is conceptually similar to section 105 of the Pearson-Bentsen amendment; however, it is modeled after title IV of the administration's Natural Gas Emergency Act of 1975.

One difference is that the amendment would extend the Energy Supply and Environmental Coordination Act of 1974 until June 30, 1976.

The second change would retain the Pearson-Bentsen provision regarding compensation of curtailed users of natural gas.

Mr. President, this amendment would integrate the new authority with existing authority contained in the Energy Supply and Environmental Coordination Act. This amendment also would extend the recently expired authority of the Federal Energy Administration to require electric utility and industrial boiler conversions from natural gas or oil to coal.

Thus the precedents established under the 1974 act would be preserved. Likewise the exclusions regarding small electric powerplants and small industrial installations in present regulation of the Federal Energy Administration would be retained.

There are comparable provisions in each measure before us—S. 2310, S. 2330, and the Pearson-Bentsen amendment—governing the conversion of boiler uses of natural gas; however, they are not identical. In my judgment and that of FEA Administrator Frank Zarb, this new authority should be integrated with the program contained in the Energy Supply and Environmental Coordination Act.

The measure before us is unclear whether coal or oil conversion should be ordered where both would be possible.

In a September 23 letter to me Administrator Zarb expressed his strong support for my amendment 972 as preferable for the following reasons:

> The amendment would include major fuel burning installations in addition to powerplants, in conformity with the current ESECA provisions, thereby permitting achievement of substantially greater natural gas savings.
>
> The amendment would clarify that conversions to oil are to be required only when conversion to coal is not feasible, thereby clearly establishing a desirable statutory preference for increased use of coal for boiler fuel, as well as a logical regulatory scheme.
>
> The amendment does not require the extensive certifications by other agencies set out in S. 2310; in this respect the amendment conforms with ESECA and the language contained in the conference report on ESECA, which contemplate informal consultation with other agencies, and will permit quick response by the government to the current shortage. EPA certification concerning air quality requirements is, however, contained in the proposed amendment, in conformity with existing ESECA provisions.
>
> The amendment would permit FEA to consider, in issuing orders, whether the natural gas that is freed by the order could be available to priority interstate users; however, unlike S. 2310, it does not involve the government in guaranteeing that priority users receive this natural gas. This approach is superior to that of section 6 of S. 2310, which would involve FEA in unmanageable allocation judgments which would not ameliorate this winter's shortage.

Mr. President, approximately one-third of the natural gas consumed in the United States is for boiler fuel use; this use is about equally divided between industrial boilers and electric utility generating stations. Where practicable the conversion of these boilers from natural gas to other fuels would make additional supplies available for higher priority uses where no alternate fuels are available.

This provision would free up natural gas for such uses as residential consumption and industrial process and feedstock uses.

Mr. PEARSON. Mr. President, it is my understanding that our staffs have worked this out, and we agree to accept the amendment.

Mr. HOLLINGS. Mr. President, on behalf of the manager of the bill, this is an excellent clarification on the conversion feature. We worked this out with the distinguished senior Senator from West Virginia, and we urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. RANDOLPH. Mr. President, I move to reconsider the vote by which amendment 972 was agreed to.

Mr. HOLLINGS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. What is the will of the Senate?

Mr. HOLLINGS. Mr. President, if I may have the attention of the distinguished Senator from Kansas, the distinguished Senator from Arizona, and others who have been managing the bill on the other side, we have been trying to propound a unanimous-consent request for a 3:30 p.m. vote on the Kennedy amendment tomorrow and a 1 p.m. vote on Wednesday on the Abourezk-Hart amendment. I hope I phrase it correctly.

The present temporary unanimous-consent agreement is for the Kennedy amendment—that is No. 963—to come up for 2 o'clock consideration on tomorrow and to be voted on no later than 5 o'clock. That is the present agreement.

I ask unanimous consent that that agreement be set aside and that, in its stead, the Kennedy divestiture amendment, No. 963, be the order of business at 12:30 tomorrow, with a 3-hour period for debate, to be voted upon not later than 3:30 p.m., the time to be equally divided between the Senator from Massachusetts (Mr. KENNEDY) and the Senator from Oklahoma (Mr. BARTLETT).

That is my first unanimous-consent request.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HOLLINGS. Mr. President, with respect to the Abourezk-Hart amendment, No. 977, I ask unanimous consent that it be the order of business on Wednesday at 10 o'clock, with a 3-hour period for debate, to be voted upon no later than 1 p.m., the 3-hour period for debate to be divided equally between the distinguished Senator from South Dakota (Mr. ABOUREZK) and the distinguished Senator from Arizona (Mr. FANNIN).

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. HOLLINGS. Mr. President, hopefully, we will have the perfecting amendments and will try to get those votes out of the way promptly. The leadership is moving us right along. We hope that all amendments, as provided by the unanimous-consent agreement, will be on the desk no later than 3 p.m. on Tuesday, October 21.

I do not know of any further debate that the Senate wishes to engage in this evening.

ADDITIONAL STATEMENTS SUBMITTED ON S. 2310

Mr. HANSEN. Mr. President, a small integrated oil company such as Husky Oil Co. of Cody, Wyo., would not be affected by the various divestiture amendments being offered to S. 2310 and/or substitutes to or for S. 2310.

But Husky Oil Co. is strongly opposed to divestiture of the major integrated oil companies either vertically or horizontally.

Mr. President, Husky Oil Co. ranks far down the list of integrated oil companies. There are about 25 oil companies larger than Husky but Husky feels that it is quite capable of competing with the best of them, including the 7 or 8 largest, without breaking up the big ones and has offered some most convincing arguments against any and all divestiture amendments.

I ask unanimous consent that Husky's statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

THE IMPACT OF DIVESTITURE ON HUSKY OIL CO.

One would assume that a company of the modest size of Husky Oil would benefit from divestiture proposals such as S. 2387. Such is not the case. Moreover, these proposals also threaten the entire oil industry and consumers as well.

Firm business policies set at Husky's founded 37 years ago have proven that the most efficient way for an energy company to serve the public and compete successfully in the market place is to develop a balance of oil production with refining and marketing capacities. It is a matter of self-reliance. Husky's integrated operations are far below the size to occassion dismemberment under proposed divestiture bills. Nevertheless, Husky has minor interests in pipelines which are subjects of divestment. Those pipeline investments alone are not the reason for our concern. Other factors are far more important to the future of companies our size if any of these bills become law.

From humble beginnings over 37 years ago, Husky has grown against fierce competition, and we know whereof we speak. Unless one has traded battle in the arena, he can't speak knowledgeably about the competition. Those who theorize about competition from a distance, do so at such a disadvantage as to be presumptuous indeed. It is as preposterous to assert, "No there isn't any competition in the oil industry," as it is to maintain, "Yes, there is, and it is perfect among equals."

Rather it is more sensible to look at what the system has produced. Historically it has provided the lowest energy costs of any country, thereby contributing to the highest standard of living in the world. As their reward for this achievement, oil companies have not received an unjust enrichment. Their return on investment has compared closely with the average of all U.S. manufacturing companies.

It is true that in the oil industry as in other industries there are some giants. But dismembering them won't make the struggle any easier. For even if they are dismembered, their volume of production will still be giant compared with that of Husky, and the capacity of one of their refineries standing alone would outstrip our three put together several times over. For example, Exxon's daily U.S. oil and gas production is over one million barrels, whereas Husky's is only 14,000. So if the idea is to break up large companies in order that we small ones can compete better, then the exercise is one in foolishness.

On the other hand, if the legislation is to protect the consumer from higher prices, then the exercise is even worse. The reasons that consumer prices will increase if larger companies are dismembered are not complex. Integrated companies with single management, single service organizations, single computers, etc. enjoy efficiencies of scale versus each segment existing separately. For example, one middle-sized computer working around the clock serves the needs of each facet of Husky's business including exploration, production, refining, and marketing and is far more efficient and less costly than four smaller computers, each working part-time serving separate entities.

The same reasoning applies to other overhead and operating costs. Today, these savings are passed on to the consumer. On the other hand, if dismemberment occurs, the loss of these cost efficiencies will be borne by the consumer.

In our nearly four decades of experience, for diverse reasons associated with supply and demand, one segment and then the other of our business has been depressed. We have seen years when exploration returns were negative and when refining revenue saved us—years when marketing was negative and production returns were adequate to carry us through—only to have the situation reverse itself. Frankly, we can't remember a time when all of these segments were sharing an equal healthy return on investment.

Over the years a fully integrated company is able to absorb these shocks internally, and the consumer is largely unaware of the internal turmoil save when price wars erupt. Under the economy of dismemberment, rather than the integrated companies absorbing such shocks, the consumer would be forced to pay higher prices to shore up each independent segment. Consequently, integrated companies are an assurance that consumer prices will be at the lowest possible levels.

Much ado is made over exchange and joint venture agreements. As to joint ventures (of which Husky has hundreds, some with big companies and some with small), all are essential to a company our size balancing the risks. If Husky were denied the historic legal right of entering into joint ventures and were forced to bear the entire expense of exploratory activities, one of two things would happen: either we would refrain from wildcatting or be devastated by a bad run of two or three years of dry holes. In high-risk wildcatting, companies must have the option to share such risks to gain geologic information and increase the chances of discovery, albeit shared. When joint ventures find oil, Husky either buys the production or sells its share at market prices. The savings in avoiding long-distance physical oil transport by trading oil in one place in the country for oil in another are passed on to the consumer. In fact, every exchange we make with crudes or products ends up minimizing the costs of transportation. That is precisely why we enter into such agreements. To suggest that these exchanges and joint ventures are negotiated for the purpose of cornering a market or preventing competition only evidences to us in the arena how little is truly known of the competitive realities of the marketplace.

The public interest would be served far better by constructing a national oil policy than by breaking up oil companies. Today's domestic energy crisis arises from the uncertainties government creates by failing to chart a sensible energy course. These uncertainties, exacerbated by the proposed legislation, destroy confidence in American business. Who are threatened most by the proposed legislation and who will suffer most by dismemberment? It is those who can invest or have invested their savings in energy companies; the senior citizens, consumers, churches and other charitable organizations, the foundations, union pension trusts, insurance companies, and others. And, ironically, it is the Congress which should be nurturing. Positive assurances, policies and incentives should be designed by Congress to allay their fears and encourage them to invest the billions of dollars essential to the future growth of our domestic energy industries. Indeed, Congress is striking at the goose that lays the golden eggs.

In summary, dismembering integrated oil companies will destroy the vitality of an industry that has brought the lowest energy prices and the highest standard of living in the world. Dismemberment will increase prices to the consumer, drive away investors, and erode the strength of companies like Husky whose competitive impact has been beneficial to all that America's free economy is.

KENNEDY DIVESTITURE AMENDMENT TO S. 2310

Mr. BARTLETT. Mr. President, I have serious reservations about considering the Kennedy divestiture amendment as an amendment to S. 2310. Divestiture of the major oil companies is a proposal which would have a potential impact of tremendous magnitude. I question that this impact would be beneficial to the people of the United States. Most certainly it would be ill-timed because divestiture would divert the attentions of many people in Government and in the affected oil companies from the job of finding and producing energy to that of planning for and implementing the required statutory divestiture. Tacking an amendment of this nature on this natural gas bill, therefore, has the potential of disrupting the effort to supply to this Nation natural gas, crude oil, and energy from all other sources.

We in this distinguished body should not act hastily. Hearings are now in progress on bills which deal with both horizontal and vertical divestiture. My concern for hasty floor action on divestiture is borne out by the unclear and imprecise nature of the Kennedy amendment itself.

In my opinion, this amendment has been drafted poorly, and its lack of precision in defining essential terms obscures its meaning and intent. The amendment has many extraordinary impacts beyond its advertised purpose of preventing oil companies from diversifying into alternate energy sources. For instance, significant terms such as "market" are left wholly undefined. The only section of the amendment which is clear is section 306 providing for extraordinary penalties for those who violate the provisions of the amendment. An amendment with criminal penalties as severe as those provided here should certainly be worded precisely enough so that those who might be affected would know what they are doing or have done wrong.

The largest 20 domestic producers of crude petroleum on January 1, 1975, in any "market," as determined by the Federal Trade Commission, would be required to give up any interest they may have in any company engaged in furnishing energy to the public except for any company which possesses a major market share. The 20 largest crude producers in any one market "as determined by the FTC" will not be necessarily the 20 largest producers in any other market. Accordingly, there could be many more than 20 oil companies subject to the prohibitions of the amendment.

The amendment obviously has been drafted hastily and without the benefit of any opportunity for full and adequate consideration of its drastic consequences. One example will suffice. A "major market share" is defined to mean "that proportion of the market for petroleum or petroleum products, as determined by the Federal Trade Commission, which places any person among the largest 20 domestic producers of crude petroleum on January 1, 1975." This is, of course, pure gibberish. Its ineptness necessarily clouds all other sections of the amendment.

Illustrative of the drastic consequences are the following examples:

First. An oil company which is one of the 20 largest producers in a regional market "as determined by the FTC" will not be able to buy any crude reserves or retail outlets in any other market even though it had never had any operations in that market. It would not even be able to buy 100 tons of coal to fuel its boilers.

Second. A company possessing a "major market share" would be required to divest itself of any interest it may have in any joint venture or partnership with crude producers—which by definition are other energy companies—not having a major market share. This would require the dissolution of all onshore and offshore exploration and producing ventures of this kind between the 20 largest in any market and all other producers in the United States.

Third. An oil company would be unable to retain any stock or other interest in any other domestic company engaged in furnishing some form of energy, other than oil, "to the public." It is not at all clear what constitutes furnishing energy to the public. Is a coal company whose entire output is sold to one or more electric utilities furnishing energy "to the public"? Is a company which mines and sells uranium ore to others furnishing energy "to the public"?

Fourth. As worded, there is a possibility that an oil company might be required to divest itself of any stock interest it had in those of its own subsidiaries or affiliates which furnish energy to the public but do not possess "a major market share" in the "production of crude petroleum products."

Fifth. The bill would seemingly require that large oil companies divest themselves of their oil shale holdings which they have had for as many as 30 years. If this action is required, then who will develop these oil shale resources?

It would forbid participation by any company with a "major market share" in the conduct of joint research activities with "nonmajor" companies to develop the technology in this field or any other energy source.

Sixth. Since any company with a "major market share" cannot acquire any asset from another energy company, "nonmajors" could not exchange crude or products with "majors" even though "majors" could exchange with each other. The same result follows for ordinary purchases and sales.

Seventh. To the extent that contractors within the oil industry are themselves engaged in supplying energy to the public, it would become unlawful for a company with a "major market share" to rent, lease or use their equipment, vessels, and the like.

I recognize that the Senator from Massachusetts may attempt to perfect his amendment to remove some of the ambiguities. I urge my colleagues that a proposal having the potential and far-reaching impact of this one deserves more than cursory review by this body. It took my staff and me more than a week to decipher the present amendment, and I still am uncertain about its intent and wording. Are we expected to understand any perfecting changes in this amendment with just several hours of debate on the Senate floor? I certainly hope my colleagues will insist that they have the time and the opportunity to know what they are voting for. Legislating without fully considering the effects of both the specific legislative language before us and of the general implications of a divestiture proposal on the economy and the supply of energy for this Nation, in my mind, borders on irresponsibility.

For example, if divestiture of the major oil companies is desirable, how do we know what kind of divestiture is warranted? All I see right now is a flurry of different proposals addressing various aspects of divestiture. Last week, this body rejected a vertical divestiture amendment. This Kennedy amendment appears to take a horizontal approach. But it has vertical overtones. I am aware of at least two other amendments which might be offered which attack other, but more limited, aspects of vertical divestiture.

How do my colleagues know which proposal is the right one? Which one is appropriate for the problem some perceive to require a solution? I cannot understand how my colleagues could vote favorably on divestiture amendments at this time when the clear purpose of their proponents is to either scuttle this natural gas bill or to get the oil companies in any way possible. With so many proposals floating around, I can only assume that the purpose of many of the proponents is as I have just stated.

I recognize that my colleagues who favor divestiture believe that these amendments have been adequately considered in committee. I suggest that these arguments are at best only half-truths for the following reasons.

Even though the Antitrust and Monopoly Subcommittee has received more than 40,000 pages of testimony, it is certainly incorrect to say that all these pages of testimony were supportive of divestiture.

Further, there has never been a divestiture bill reported by the subcommittee to the full committee. If the evidence in favor of divestiture was so overwhelming at the time it was received, why was a majority of the Senators who attended the hearings not inclined to report out a bill? In my opinion, this is overwhelming evidence that divestiture has not been adequately considered; or if it was adequately considered, it was not considered wise or in the national interest.

Additionally, the composition of the Senate has changed significantly since the times the various hearings were held. For many of my colleagues, this is the first time divestiture legislation has been considered. They deserve to have a report from the committee setting out the pros and cons of the legislative proposal. Without this, the Senate will have acted hastily and improperly.

Finally, the energy situation has changed substantially since many of the hearings were held. OPEC has emerged and is now beginning to become involved in downstream petroleum operations like refining, transportation, and petrochemicals. The United States has endured an embargo. We import daily more and more foreign crude oil. Will divestiture affect the security of the U.S. supply of foreign crude? What will divestiture do to the ability of our companies to compete with foreign companies which are trending toward greater integration both vertically and horizontally?

There is no evidence that oil company participation in the coal business, or any other form of energy, has in any way retarded the development of technology, reduced the supply or raised prices as compared to what would have happened had there been no oil company participation. Surely, no fairminded person can reasonably maintain that there would be more coal at lower prices today if there had been no oil company involvement in the coal business over the last decade or so.

The manufacture of synthetic fuels through coal, oil shale and tar-sands development is critical to our Nation's oil supply/demand balance. Involvement by the major oil companies in this effort is a must for several reasons: First, the development of coal, oil shale, tar sands and geothermal resources is an extension of oil technology in which the U.S. oil industry is the world leader; second, from plant operators and mechanics to chief executive officers, the oil industry has the manpower skills needed in the development and manufacture of alternate fuels resources, and to forbid their involvement in these areas would seriously dilute our Nation's efforts to lessen our foreign energy dependence; third, development of those energy sources requires capital that will dwarf the likes of the Manhattan and Apollo projects, and to foreclose oil industry involvement will retard development of these resources.

In this regard, I asked the Treasury Department to comment on the Kennedy amendment. I will read from several of the key paragraphs, but I shall ask unanimous consent that the entire text of this letter be included in the RECORD.

> While the present language of the amendment remains vague concerning its application to vertical integration by a petroleum firm, we read its language to require, within three years of enactment, divestiture by the 20 largest (as of January 1, 1975) domestic crude petroleum producers of their other energy operations. The one exception to this divestiture requirement would apply to natural gas operations related to the production of crude oil. The Federal Trade Commission would enforce the prohibition against direct or indirect holdings of energy companies by these top 20 domestic crude producers.
>
> A primary concern with this proposed amendment is its impact on our already strained capital markets. Simply stated, small or new energy firms will find the cost of new investment capital to be higher than it would have been otherwise if they are foreclosed from one important avenue of generating needed capital—affiliation or merger with larger oil producers.
>
> Furthermore, to the extent that forced divestiture and prohibition of affiliation proves to be economically damaging to the efficient operations of the petroleum industry—e.g., through loss of economies of scale—then we will also find smaller firms (some of them once part of larger companies) seeking, in the aggregate, more new investment capital than would otherwise have been required by the large efficient firms. This means that more capital could be sought for energy related industries than would otherwise be needed if large firms had been allowed to survive. And this, in turn, could result in other capital borrowers—firms totally unrelated to the energy industry—facing additional and unnecessary competition for investment capital. These additional capital demands, when combined with the growing Federal Government claims on our capital markets, could mean higher interest rates for all borrowers.
>
> We must not forget that destroying corporate organizations for the sake of "smallness" can be terribly expensive to our society. It will be expensive in terms of less efficient energy production and will result in unnecessarily high capital costs for all firms, and ultimately higher costs to the consumers. This is a very expensive price for our economy to pay, and especially for our already strained capital markets.
>
> I urge the Senate to avoid placing this additional burden on our economy in general and our capital markets in particular. Now is the time for the Federal Government to take action to facilitate lower interest rates to help corporations meet their legitimate capital needs. Proposed Amendment Number 963 could block efficient oil and energy industry operations, will result in more investment capital being sought for energy activities than would otherwise be required, and inevitably, raise the cost of capital for all borrowers. In short, this amendment could hinder corporations seeking needed investment capital by forcing them to pay higher interest rates. It would be unfortunate if the Senate, by passage of this proposed amendment which may have been intended to promote efficiency, in fact would undermine efficient energy operations and jeopardize other efficient operations in our productive sector through unnecessarily high borrowing costs.

Mr. President, I ask unanimous consent that the entire letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE TREASURY,
Washington, D.C., October 20, 1975.

Hon. DEWEY F. BARTLETT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BARTLETT: Pursuant to your request, I am providing you with Treasury's preliminary assessment of the impact on U.S. capital markets of proposed Amendment Number 963 to Amendment Number 919 of S. 2310.

While the present language of the amendment remains vague concerning its application to vertical integration by a petroleum firm, we read its language to require, within three years of enactment, divestiture by the 20 largest (as of January 1, 1975) domestic crude petroleum producers of their other energy operations. The one exception to this divestiture requirement would apply to natural gas operations related to the production of crude oil. The Federal Trade Commission would enforce the prohibition against direct or indirect holdings of energy companies by these top 20 domestic crude producers.

A primary concern with this proposed amendment is its impact on our already strained capital markets. Simply stated, small or new energy firms will find the cost of new investment capital to be higher than it would have been otherwise if they are foreclosed from one important avenue of generating needed capital—affiliation or merger with larger oil producers.

Furthermore, to the extent that forced divestiture and prohibition of affiliation proves to be economically damaging to the efficient operations of the petroleum industry—e.g., through loss of economies of scale—then we will also find smaller firms (some of them once part of larger companies) seeking, in the aggregate, more new investment capital than would otherwise have been required by the large efficient firms. This means that more capital could be sought for energy related industries than would otherwise be needed if large firms had been allowed to survive. And this, in turn, could result in other capital borrowers—firms totally unrelated to the energy industry—facing additional and unnecessary competition for investment capital. These additional capital demands, when combined with the growing Federal Government claims on our capital markets, could mean higher interest rates for all borrowers.

These are our preliminary views as to the direct capital market implications of the proposed amendment which would require divestiture by the 20 largest domestic crude oil producers who make up 72 percent of industry's domestic producing capacity: nearly three-quarters of the industry would arbitrarily split up without the opportunity to have a determination on the question whether these firms provided the lowest cost product without undue economic concentration in their markets.

We must not forget that destroying corporate organizations for the sake of "smallness" can be terribly expensive to our society. It will be expensive in terms of less efficient energy production and will result in unnecessarily high capital costs for all firms, and ultimately higher costs to the consumers. This is a very expensive price for our economy to pay, and especially for our already strained capital markets.

I urge the Senate to avoid placing this additional burden on our economy in general and our capital markets in particular. Now is the time for the Federal Government to take action to facilitate lower interest rates to help corporations meet their legitimate capital needs. Proposed Amendment Number 936 could block efficient oil and energy industry operations, will result in more investment capital being sought for energy activities than would otherwise be required, and inevitably, raise the cost of capital for all borrowers. In short, this amendment could hinder corporations seeking needed investment capital by forcing them to pay higher interest rates. It would be unfortunate if the Senate, by passage of this proposed amendment which may have been intended to promote efficiency, in fact would undermine efficient energy operations and jeopardize other efficient operations in our productive sector through unnecessarily high borrowing costs.

In assessing the effect of a policy of general divestiture on the supply of domestic oil, it is important to emphasize that a major contribution to solution of our energy shortage lies in policies that will encourage increases in domestic crude oil production and refinery capacity. This will require investments in the billions of dollars. A primary requisite for a company (major or independent) considering investments in refinery capacity is the assurance of a source of crude and we believe that a policy of general divestiture would work against such assurance.

If we do not increase domestic refinery capacity and crude oil production, the shortages will become more acute in the next few years. The necessary refinery and production increases simply will not occur with the industry facing divestiture actions.

I would be glad to speak with you further on this proposed amendment. I would point out that the Treasury Department has not been furnished with advice by the Office of Management and Budget as to the relationship of this amendment to the overall program of the President.

Sincerely yours,

GERALD L. PARSKY.

Mr. BARTLETT. Mr. President, passage of this amendment would create chaos in the Nation's leading energy industry. In what manner can it be maintained that this will contribute to the resolution of the Nation's energy problem? What is the underlying necessity for this amendment? What is the goal of this amendment? What problem does it identify and try to resolve? These questions are unanswered. The only certainty is that this bill will divert the attention of those in Government and many of those in the oil industry from the necessary efforts which must be undertaken to resolve this country's energy crisis.

The natural gas legislation now before Congress is of major importance to our country's energy situation. The Senate should not entertain amendments which divert attention from, and could complicate, that issue. Furthermore, the subject matter of the Kennedy amendment is relatively new to the Congress. Since it involves the statutory dismantling of such a major segment of our American economy, it deserves more than cursory debate on the Senate floor.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene tomorrow morning at 8:30.

After the two leaders or their designees have been recognized under the standing order, Mr. JAVITS will be recognized for not to exceed 15 minutes, to be followed by Mr. HARRY F. BYRD, JR., for not to exceed 15 minutes, to be followed by Mr. MCCLELLAN for not to exceed 15 minutes, to be followed by Mr. HRUSKA for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business, of not to exceed 10 minutes, with statements therein limited to 5 minutes each, at the conclusion of which the Senate will resume consideration of S. 2310.

Rollcall votes will occur tomorrow and can come at any time on amendments or motions in relation to the bill, with a vote on the Kennedy amendment set to occur no later than 3:30 p.m. tomorrow.

ADJOURNMENT UNTIL 8:30 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 8:30 a.m. tomorrow.

The motion was agreed to; and at 6:18 p.m. the Senate adjourned until tomorrow, Tuesday, October 21, 1975, at 8:30 a.m.

NOMINATIONS

Executive nominations received by the Senate October 20, 1975:

ASIAN DEVELOPMENT BANK

Lessel Roy Papp, of Illinois, to be U.S. Director of the Asian Development Bank, with the rank of Ambassador, vice Paul Rex Beach, resigned.

OVERSEAS PRIVATE INVESTMENT CORPORATION

Herbert Salzman, of the District of Columbia, to be a member of the board of directors of the Overseas Private Investment Corporation for a term expiring December 17, 1977 (reappointment).

IN THE JUDICIARY

John F. Grady, of Illinois, to be U.S. district judge for the northern district of Illinois, vice Edwin A. Robson, retired.

SUPERIOR COURT OF THE DISTRICT OF COLUMBIA

Charles W. Halleck, of Maryland, to be an Associate Judge of the Superior Court of the District of Columbia for the term of 15 years (reappointment).

DEPARTMENT OF JUSTICE

Samuel K. Skinner, of Illinois, to be U.S. attorney for the northern district of Illinois for the term of 4 years, vice James R. Thompson, resigned.

Blair A. Griffith, of Pennsylvania, to be U.S. attorney for the western district of Pennsylvania for the term of 4 years, vice Richard L. Thornburgh, resigned.

Paul R. Thomson, Jr., of Virginia to be U.S. attorney for the western district of Virginia for the term of 4 years, vice Leigh B. Hanes, Jr., resigned.

James P. Castberg, of Wyoming, to be U.S. attorney for the district of Wyoming for the term of 4 years, vice Richard V. Thomas, resigned.

Arthur J. Wilson, Jr., of Illinois, to be U.S. marshal for the eastern district of Illinois for the term of 4 years, vice Harlan R. Hosch, resigned.

FEDERAL AVIATION ADMINISTRATION

John L. McLucas, of Virginia, to be Administrator of the Federal Aviation Administration, vice Alexander P. Butterfield, resigned.

FEDERAL ENERGY ADMINISTRATION

Michael F. Butler, of Pennsylvania, to be General Counsel of the Federal Energy Administration, vice Robert Everard Montgomery, Jr., resigned.

IN THE FOREIGN SERVICE

The following-named person, now a Foreign Service officer of class 3 and a secretary in the Diplomatic Service, to be also a consular officer of the United States of America:

Goodwin Shapiro, of Texas.

For reappointment in the Foreign Service as Foreign Service officers of class 3, consular officers, and secretaries in the Diplomatic Service of the United States of America:

Sharon Erdkamp Ahmad, of Nebraska.
Kathryn Clark Bourne, of New York.

For appointment as a Foreign Service officer of class 4, a consular officer, and a secretary in the Diplomatic Service of the United States of America:

Ludlow Flower III, of the District of Columbia.

For promotion from Foreign Service officers of class 6 to class 5:

Kenneth W. Parent, of Illinois.
William Henry Skok, of New Jersey.

For reappointment in the Foreign Service as a Foreign Service officer of class 5, a consular officer, and a secretary in the Diplomatic Service of the United States of America:

John Harold Will, of Texas.

For appointment as a Foreign Service officer of class 5, a consular officer, and a Secretary in the Diplomatic Service of the United States of America:

Harry León Orr, of Michigan.

For promotion from Foreign Service officers of class 7 to class 6:

Sara E. Barr, of Florida.
David C. Bennett, of California.
Jonathan M. Bensky, of Virginia.
Vittorio A. Brod, of New York.
Terry R. Broderick, of Illinois.
William J. Burke, Jr., of Connecticut.
James W. Chamberlin, of Alabama.
Philip Dale Dean, Jr., of Virginia.

John A. Dooley, of New York.
M. Michael Einik, of Virginia.
Theodore Feifer, of Maryland.
William Gregory Goffe, of Virginia.
Russell Frost Graham, of Connecticut.
David N. Greenlee, of California.
Patricia Ann Haigh, of Rhode Island.
Patrick R. Hayes, of Virginia.
Donald C. Johnson, of Oregon.
David C. Litt, of Florida.
Nancy J. Mackie, of California.
Thomas R. Maertens, of Minnesota.
Joseph Neal McBride, of Massachusetts.
Keith P. McCormick, of California.
Brian J. Mohler, of New York.
Diana M. Montgomery, of California.
Russell E. Morrow, of Texas.
Kenneth Leroy Norton, of California.
Don Paarlberg, Jr., of the District of Columbia.
Sue H. Patterson, of Virginia.
William Pinckney Pope, of Virginia.
David R. Pozorski, of Illinois.
Charles E. Redman, of Indiana.
Karla R. Smith, of Florida.
David C. Summers, of Ohio.
Paul T. Walters, of Ohio.
Robin Lane White, of Virginia.
William N. Witting, of Virginia.

For promotion from Foreign Service information officers of class 7 to class 6:

Joel J. Levy, of Connecticut.
Robert J. Meade, of New Jersey.
Karl F. Olsson, of Nebraska.
William G. Pelfrey, of Michigan.
Lawrence I. Plotkin, of Virginia.
Louise Taylor, of California.

For appointment as Foreign Service officers of class 6, consular officers, and secretaries in the Diplomatic Service of the United States of America:

Robert Joseph Carlson, of Iowa.
James V. Ledesma, of California.

For promotion from Foreign Service officers of class 8 to class 7:

Thomas V. Biddick, of California.
Edna M. Black, of Massachusetts.
Steven Robert Buckler, of Michigan.
Anne O. Cary, of Maryland.
Michael A. Chisek, of Illinois.
Kathleen Chisholm, of Massachusetts.
Carolyn S. Christian, of California.
Nancy M. DeGumbia, of Connecticut.
Donna Jean Hrinka, of Pennsylvania.
Steven Rolf Ordal, of California.
Robert Jefferson Roehr, of Rhode Island.
Brenda Therese Saunders, of Ohio.
Robert R. West, of Kansas.

For promotion from Foreign Service information officers of class 8 to class 7:

Barbara St. C. Calandra, of New York.
Douglas B. Wilson, of Arizona.

For appointment as Foreign Service officers of class 7, consular officers, and secretaries in the Diplomatic Service of the United States of America:

Frank R. Adams, of Virginia.
Donald M. Austern, of Massachusetts.
John William Blaney, of Virginia.
Kenneth C. Brill, of California.
Harold Tony Angelea Burgess, of Connecticut.
James J. Carragher, of California.
Wendy Chamberlin, of Illinois.
Alvin H. Chin, of Texas.
Thomas L. Chittick, of Indiana.
Howard Caldwell Davis, of Oklahoma.
John R. Dawson, of Michigan.
Bohdan Dmytrewycz, of Ohio.
James J. Egan, of California.
Robert Bruce Ehrnman, of New Jersey.
Robert W. Fitts, of New Hampshire.
Leslie Ann Gerson, of California.
Ronald E. Hagen, of the District of Columbia.
John J. Hartley II, of South Carolina.
Jerzy J. Hauptmann, of Virginia.
Timothy P. Hauser, of Illinois.
Kevin F. Herbert, of New York.
Susan M. Kling, of New York.
Joseph A. Limprecht, of California.
William C. McCahill, Jr., of Massachusetts.
William W. Millan, of Virginia.
Jerry K. Mitchell, of Illinois.
Joyce Lindsey O'Keefe, of California.
Robert A. Proctor, of California.
David E. Randolph, of Arizona.
Nicholas A. Sherwood, of Maryland.
Jack I. Stern, of New Jersey.
Barbara J. Sullivan, of New Jersey.
Daniel A. Vernon, of Alabama.
Marc M. Wall, of Virginia.
Deborah Ruth Wilen, of Maryland.

For appointment as a Foreign Service information officer of class 7, a consular officer, and a secretary in the Diplomatic Service of the United States of America:

Lloyd W. Neighbors, Jr., of Texas.

For appointment as Foreign Service Officers of class 8, consular officers, and secretaries in the Diplomatic Service of the United States of America:

Denise M. Bell, of Illinois.
Bruce Allan Brown, of New York.
John Patrick Caulfield, Jr., of New Jersey.
William E. Craft, Jr., of Connecticut.
Sandra Jean Gust, of Wisconsin.
Susan Angela Haggerty, of Virginia.
Allan G. Jury, of Missouri.
G. Nicholas Mauger III, of Arizona.
Robin Ritterhoff McKeon, of the District of Columbia.
Patricia A. McMahon, of Maryland.
James F. Moriarty, of Massachusetts.
John Jacob Norris, Jr., of Virginia.
Robert G. Paiva, of Connecticut.
Clayton F. Ruebensaal, Jr., of Maryland.
Jerel Keith Sandvick, of California.
Timothy M. Savage, of Iowa.
Raymond R. Snider, of California.
Adrienne M. Stefan, of Virginia.
Donald K. Steinberg, of California.
Theodore R. Tench, of Florida.
Janet L. Van Every, of Washington.

Foreign Service reserve officer to be a consular officer of the United States of America:

Donald G. Johnson, of Virginia.

Foreign Service reserve officers to be consular officers and secretaries in the Diplomatic Service of the United States of America:

William Askins, of Texas.
Larry H. Atcherson, of the District of Columbia.
Susanne E. Beecham, of New York.
Michael J. Berger, of New York.
Benoit Otis Brookens II, of Wisconsin.
George T. Colman, Jr., of Virginia.
Florence E. Cooper, of the District of Columbia.
John A. Cothorn, of Iowa.
Seth T. Crawford, of the District of Columbia.
Lynn W. Curtain, of Pennsylvania.
J. Patrick Donohue, Jr., of Virginia.
Abraham S. Friedman, of Maryland.
William H. Hewitt, Jr., of Massachusetts.
Lillard L. Hill, of Texas.
Sharon V. Hurley, of Kentucky.
Mary Ann Kekich, of Michigan.
Gladys K. Lujan, of New Mexico.
James M. Marx, of Washington.
Vincent Mayer, Jr., of Utah.
Jonathan P. Owen, of Virginia.
John R. Petty, of Tennessee.
Andrew C. Platowski, of Virginia.
Thomas A. Ruth II, of Virginia.
Kenneth Shivers, of Michigan.
Hugh J. Turner III, of Georgia.
Terry R. Ward, of Pennsylvania.
Kenneth L. Wayman II, of Arizona.
Robert J. White, of Virginia.

Foreign Service reserve officer to be a secretary in the Diplomatic Service of the United States of America:

Doris E. Wilmeth, of Texas.

Foreign Service staff officers to be consular officers of the United States of America:

Charles E. Croteau, of Massachusetts.
Ronald L. Faucher, of Virginia.
James L. Malcomson, of Arizona.
Joanne Ling Moot, of Illinois.

IN THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Subject to qualifications provided by law, the following for permanent appointment to the grades indicated in the National Oceanic and Atmospheric Administration:

To be commanders

Roy K. Matsushige
Charles Y. Molyneaux, Jr.
Bernard N. Mandelkern

To be lieutenant commanders

Frederick J. Jones
Donald A. Drake
Lewis A. Lapine
William T. Turnbull
Russell C. Arnold
Lawrence E. Keister

To be lieutenants

Robert L. Penry
John L. Oswald
Richard H. West
Thomas A. Bergner
Peter E. Gadd
Earl W. Fenstermacher
Paul B. Loiseau, Jr.
David C. McConaghy
John J. Kineman
Stephen J. Kott
Edward E. Seymour, Jr.
Michael H. Allen
Chris J. Nelson
Gary L. Johnson

To be lieutenants (junior grade)

Bryan K. Mezger
Craig P. Berg
Charles D. Mason
Joanne Gulley
Kenneth W. Perrin
Donald A. Dossett
Francesca M. Cava
William D. Otto
Bruce B. Johnson
David A. Waltz

To be ensigns

Jeanmarie F. Bailey
James B. Davis
David M. Goodrich
Charles E. Gross
David K. Howard
Barbara B. Larson
George E. Leigh
Barry E. Merritt
William W. Pearson II
John C. Person
Virginia E. Newell
Donald R. Rice
Patrick J. Rutten
Michael S. Sagalow
Gerald E. Wheaton

IN THE ARMY

The following-named officers for appointment in the Regular Army of the United States to the grade indicated, under the provisions of title 10, United States Code, sections 3284 and 3306:

To be brigadier general

Brig. Gen. Lee E. Surut, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Homer S. Long, Jr., [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Jerry B. Lauer [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Donald R. Keith [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Philip R. Feir, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. John F. Forrest [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Marion C. Ross, [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Joseph P. Kingston, [redacted], Army of the United States (colonel, U.S. Army).

Maj. Gen. Clay T. Buckingham, [redacted] Army of the United States (colonel, U.S. Army).

Brig. Gen. Milton E. Key [redacted], Army of the United States (colonel, U.S. Army).

Brig. Gen. Carroll N. LeTellier, [redacted], Army of the United States (colonel, U.S. Army).

IN THE AIR FORCE

The following-named Air Force officers for reappointment to the active list of the Regular Air Force in the grade indicated, under the provisions of sections 1210 and 1211, title 10, United States Code:

LINE OF THE AIR FORCE

To be major

Amundson, Vernon H. [redacted].

To be captain

Luby, Paul W., [redacted].
Wiles, James K., [redacted].
Yoste, Florian H., III, [redacted].

To be first lieutenant

Burrow, Glenn A., [redacted].

The following officers for appointment in the Regular Air Force, in the grades indicated, under the provisions of section 8284, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated, and with dates of rank to be determined by the Secretary of the Air Force:

MEDICAL CORPS

To be lieutenant colonel

Dyer, John T., [redacted].

To be major

Lewis, Ramon L., [redacted].

DENTAL CORPS

To be captain

Roggenkamp, Clyde L., [redacted].

JUDGE ADVOCATE

To be first lieutenant

Fuller, Rex L., III, [redacted].

The following officers for promotion in the Air Force Reserve, under the provisions of section 8376 and 593, title 10, United States Code:

LINE OF THE AIR FORCE

Major to lieutenant colonel

Blue, Jimmie M., [redacted].
Brown, Bey L., [redacted].
Dodd, Walter O., [redacted].
Dunham, Robert L., [redacted].
Graves, Curtis, [redacted].
Rodgers, Linwood E., [redacted].
Tickle, James R., [redacted].
Williams, Arnold, [redacted].

MEDICAL CORPS

Hessert, Edmund C., Jr., [redacted].
Joder, Donald K., [redacted].
Longo, Michael R., Jr., [redacted].
Keyes, Prentiss F., [redacted].
Tyerman, Peter A., [redacted].

NURSE CORPS

King, General R., [redacted].
Nelson, Margaret P. C., [redacted].

BIOMEDICAL SCIENCES CORPS

Hamlyn, Hugh W., [redacted].

The following-named persons for appointment as a Reserve of the Air Force in the grade indicated, under the provisions of section 593, title 10, United States Code, with a view to designation under the provisions of section 8067, United States Code, to perform the duties indicated:

MEDICAL CORPS

To be colonel

Larsen, Gordon L., [redacted].
Saunderson, Robert W., Jr. [redacted].

To be lieutenant colonel

Boisen, Elliott G., [redacted].
Buckingham, John C. [redacted].
Campbell, Dwight G., [redacted].
Chiofalo, Anthony, [redacted].
Cook, James T., [redacted].
Elliott, Thomas, [redacted].
Friend, Charles R., [redacted].
Goncharoff, Bernard, [redacted].
Greenspan, Reynold S., [redacted].
Heiser, John J., [redacted].
Howarth, Joseph C., [redacted].
Jablon, Jerome, [redacted].
Kildow, John O., [redacted].
Lowry, George E., [redacted].
Lyster, Sturgis C., [redacted].
McKechnie, William G., [redacted].
Makant, Joseph E., Jr., [redacted].
Martinez, Gerardo H., [redacted].
Moore, Allen H., Jr., [redacted].
Moss, Stanley R., [redacted].
Nunnally, Robert H., [redacted].
Olson, Barry E., [redacted].
Pavloff, Louis S., [redacted].
Rivera, Antonio M., [redacted].
Spears, John M., [redacted].
Todt, John C., [redacted].
Ziesmer, Carl B., [redacted].

The following persons for appointment as Reserve of the Air Force, in the grade indicated, under the provisions of section 593, title 10, United States Code:

LINE OF THE AIR FORCE

To be lieutenant colonel

Bensinger, Waymon M., [redacted].
Schaunaman, Herbert H. [redacted].

The following-named officer for appointment in the Reserve of the Air Force (AN GUS), in the grade indicated, under the provisions of sections 593 and 8351b, title 10, United States Code, with a view to designation as medical officer, under the provisions of section 8067, title 10, United States Code:

MEDICAL CORPS

To be lieutenant colonel

Shields, John A., [redacted].

The following-named persons for appointment as temporary officers in the United States Air Force, in the grade indicated, under the provisions of sections 8444 and 8447, title 10, United States Code, with a view to designation under the provisions of section 8067, title 10, United States Code, to perform the duties indicated:

MEDICAL CORPS

To be lieutenant colonel

Berger, Bernard W., [redacted].
Boisen, Elliott G., [redacted].
Broome, Larry G., [redacted].
Buckingham, John C., [redacted].
Campbell, Dwight G., [redacted].
Cook, James T., [redacted].
Elliott, Thomas P., [redacted].
Filbert, Charles G., [redacted].
Fleurant, Lucien B., [redacted].
Friend, Charles R., [redacted].
Gabatin, Jose Q., [redacted].
Gahunia, Udhe S., [redacted].
Gibbs, Donald C., [redacted].
Goncharoff, Bernard, [redacted].
Greenspan, Reynold S., [redacted].
Hampton, Hobert M., [redacted].
Honaker, Richard E., [redacted].
Howarth, Joseph C., [redacted].
Igou, Raymond A., Jr., [redacted].
Jablon, Jerome, [redacted].
Johnson, Douglas N., [redacted].
Jones, Henry A., [redacted].
Julian, Mark D., [redacted].
Kildow, John O., [redacted].
Lavarreda, Carlos A., [redacted].
Lowry, George E., [redacted].
Lyster, Sturgis C., [redacted].
McBride, William P., [redacted].
McKechnie, William G., [redacted].
Makant, Joseph E., Jr. [redacted].
Martinez, George H., [redacted].
Moore, Allen H., Jr., [redacted].
Moss, Stanley R., [redacted].
Nunnally, Robert H., [redacted].
Pavloff, Louis S., [redacted].
Pence, Francis W., [redacted].
Pevoto, Carl A., [redacted].
Reeves, Homer L., [redacted].
Rivera, Antonio M., [redacted].
Roberge, Joseph L., [redacted].
Roldan, Erlinda C., [redacted].
Sargent, Paul R., [redacted].
Sayre, Malcolm M., [redacted].
Sorgen, Robert W., [redacted].
Spears, John M., [redacted].
Speckhard, Mark E., [redacted].
Todt, John C., [redacted].
Vaclavek, Caridad L., [redacted].
Voskovitch, James W., [redacted].
Ziesmer, Carl B., [redacted].

IN THE ARMY

The following-named persons for reappointment in the active list of the Regular Army of the United States, from the temporary disability retired list, under the provisions of title 10, United States Code, section 1211:

To be colonel, Regular Army and colonel, Army of the United States

Wendt, James R., [redacted].

The following-named persons for appointment in the Regular Army, by transfer in the grade specified, under the provisions of title 10, United States Code, sections 3283 through 3294:

To be captain

Kelly, Jerome E., [redacted].
Koontz, William P., [redacted].
Mason, Richard M., [redacted].
Weber, John P., [redacted].

To be first lieutenant

Gallaway, Robert L., [redacted].
Lewis, William E., [redacted].
McCann, James P., [redacted].
Richardson, Chester A., Jr., [redacted].

To be second lieutenant

Snell, Landon P., III, [redacted].

The following-named persons for appointment in the Regular Army of the United States, in the grade specified, under the provisions of title 10, United States Code, sections 3283 through 3294 and 3311:

To be major

Dillon, Thomas, [redacted].
Sparling, Darryl E., [redacted].

To be captain

Baker, Beverly J., [redacted].
Heisey, Jean E., [redacted].
Hudson, Dean A., [redacted].
McBride, Richard F., [redacted].
Ranz, Allan N., [redacted].
Sevier, Noble H., II, [redacted].
Thompson, Harry P., [redacted].

To be first lieutenant

Allen, Paul T., Jr., [redacted].
Anderson, Paul B., Jr., [redacted].
Baumholtz, Frank C., [redacted].
Doolittle, Cheryl A., [redacted].
Ellis, Randall W., [redacted].
Hines, Fred A., [redacted].
Hudson, Sharon R., [redacted].
Jordan, John R., Jr. [redacted].
Mogabgab, Stephen A., [redacted].
Park, Cynthia S., [redacted].
Risher, Billie L., [redacted].
Roksandic, George T., [redacted].
Stenvig, Thomas E., [redacted].
Striano, Thomas S., [redacted].
Weller, Gary P., [redacted].
White, Lowell D., [redacted].

To be second lieutenant

Ross, James W., [redacted].

IN THE MARINE CORPS

The following-named (Naval Reserve Officer Training Corps) graduates for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Knight, Julius F.
Laut, Harrison C. II
Palazzolo, Laurence F.
Sleppy, Marvin E.
Stello, Richard A.

Tammaro, Bradford L.
Vick, Jeffery D.

The following-named (Navy Enlisted Scientific Education Program) graduates for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Adamiec, Raymond
Conoway, William R.
Evans, Richard J.
Lengel, Frank J.
Mogray, Kenneth C., Jr.
Murawski, Robert J., Jr.
Porter, Tony L.

The following-named (Marine Corps Enlisted Commissioning Education Program) graduates for permanent appointment to the grade of second lieutenant in the Marine Corps, subject to the qualifications therefor as provided by law:

Groff, Edwin W.
Patranc, Craig T.
Toggenburger, Ann F.
Tuggle, Frederick L.

CONFIRMATION

Executive nomination confirmed by the Senate October 20, 1975:

DEPARTMENT OF TRANSPORTATION

Judith T. Connor, of Pennsylvania, to be an Assistant Secretary of Transportation.

(The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

EXTENSIONS OF REMARKS

BICENTENNIAL QUILT

HON. W. G. (BILL) HEFNER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. HEFNER. Mr. Speaker, I was deeply honored and proud to visit with an outstanding group of eighth grade students from Westmoore Elementary School in Seagrove, N.C. on October 10.

These students made a special trip to Washington to present to me a magnificent hand-made quilt, which each student had helped to make, honoring our Nation's Bicentennial celebration. The hard work and dedication of this group is very apparent when one views the result of their efforts.

Each student donated an individual square of material for the quilt. In chronological order, these squares begin with the British flag, which commemorates the birth of this free Nation, and ends with the celebration in 1976. The most memorable moments of our Nation's history are depicted.

Since the CONGRESSIONAL RECORD cannot print a picture of this beautiful quilt, I welcome you to come by my office any time to see this lovely work of art.

My sincere thanks and appreciation go to those students, faculty members and parents who made this trip to Washington possible, and the true meaning of our Nation's Bicentennial celebration even more special to me.

Mr. Speaker, I would like to enter the following remarks given at the time of the presentation:

We, Mrs. Evers' Eighth grade class, from Westmoore Elementary School, would like to present you with this Bicentennial Quilt. We would like to express much gratitude from the class, our school, as well as our community for inviting us to Washington. We consider this a great honor.

This is a valuable learning experience that many of us would never have had without your invitation. Your invitation caused us to work together as a class to raise funds to cover expenses of our trip. We the students also appreciate the help of our teachers and parents for making this trip a reality.

By displaying this quilt, you are honoring our school and school system. Also, you are helping to preserve a craft that is in danger of disappearing in American life, and we are glad to be able to do something for America's 200th birthday. We are happy that we are fortunate enough to bring national recognition to Moore County and North Carolina.

So with great respect, we ask you, Congressman Hefner to accept this quilt. We will remember this trip long after we have gone our separate ways.

Perry Brower, Robert Chriscoe, Andy Crisco, Alan Davis, Michael Dunn, Eddie Garner, Keith Garner, Bradley Hussey.

Carl Maness, Anthony Moore, Mark Morgan, Johnny Nall, Stanley Seawell, Michael Williamson, Debbie Brown, Debra Burgess, Tammy Comer.

Carol Hansucker, Sarah Jordan, Karen Kidd, Sandra Lowery, Sarah Luck, Rita McNeill, Janet Moore.

Cindy Needham, Sherri Reeder, Becky Saunders, Regina Spinks, Tammy Hussey, Gaitha Bym, Wilma Davis, Lessie Lucas.

Mrs. Shirley Evers, Mrs. Katie Childress, Miss Gail Page, Mr. Jerry Beane, Mrs. Grace Beane. Mr. Bert Seawell.

TIME FOR REFLECTION AS WE APPROACH OUR 200TH BIRTHDAY

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. BONKER. Mr. Speaker, our approaching Bicentennial is a time of patriotic celebration of this Nation's 200th birthday, but it is also a time for reflection as we observe the stroke of genius that has made this a great and free nation.

It is also an appropriate time to ponder the values and principles our Founding Fathers held so dearly and which were incorporated in our Declaration of Independence and U.S. Constitution. It seems, in recent years, as if we have strayed from these virtues, replacing them instead with "new morality" standards and existential philosophy.

Recently, a constituent took the time to express her thoughts and concerns to the President of the United States. It was a thoughtful and moving commentary on America today and a plea to return to the fundamental qualities that are part of our great heritage.

Mr. Speaker, I insert this timely letter, authored by Mrs. H. O. Gilbert, in the CONGRESSIONAL RECORD and commend it to all my colleagues in the Congress:

CHEHALIS, WASH.,
October 3, 1975.

THE PRESIDENT,
The White House,
Washington, D.C.

MR. PRESIDENT: One humble American would appreciate an opportunity to voice some thoughts in regard to our country as we approach our bicentennial. The thoughts are not necessarily new and have doubtlessly been said and/or thought by literally thousands of other Americans in the past few years.

In the light of the rich heritage handed down to us by our founding fathers and the legacy of self-sacrificing individuals down through the years, whose love of home and country made even the supreme sacrifice a cost not to be counted, the mood of Americans today is hard to comprehend.

A commercial slogan says, "You've come a long way, baby!" and we have! From a small group of colonies we've become a recognized world leader. In industry, medicine, agriculture, space, education, we have been forerunners. We have been a nation richly blessed.

Now, suddenly we find we've come a long way in other fields and the mood of Americans is changing from valiant, high hearted courage to one of fear and self-seeking. It knows no bounds but extends from top government echelons right down to the poverty areas.

Instead of a people seeking to establish and secure a nation, we've become people seeking to establish and secure ourselves. We are no longer a people with one aim but individuals demanding our individual rights. Thus, divided against ourselves, we are frantically seeking security and it is not to be found.

Along with all our progress we have somehow been led down a false path. Somewhere we transferred "In God we Trust" to "In Ourselves we Trust" and, since in man is his own destruction, it has failed us.

Man has become the supreme being and the new morality or situation ethics is the code of behavior. The Ten Commandments, the Golden Rule, the old virtues of loyalty, faithfulness, courage, honor, truth, etc. have been put aside by the expediency of attaining our desires, regardless of the method. So we see a society in which each individual demands his or her right regardless of its infringement on someone else's right.

Congress recently—by sleight of hand work—voted themselves (along with other government leaders) salary increases that seem completely unwarranted in view of the demand that others hold the line and in view of the infringement on the right of the voter and taxpayer who was looking to government to lead the way in economizing and who must pay the increase, possibly at no increase at all in his income.

Women are demanding a right of equality with men and freedom from the God-given task of helpmeet to husband and mother of children at the infringement on the right of men to a wife and home life and children to the direction, training and character building that would make them solid citizens and responsible men and women instead of juveniles who are swelling the ranks of alcoholics, drug addicts and perpetrators of much of the crime and violence in our society today. In this same vein, the demand of individual rights placed above the common bond of matrimony is leading to an ever increasing number of divorces and broken homes and again to the infringement on the rights of children, taxpayers (through welfare, etc.) and the community at large. Those who seek sexual satisfaction outside the marriage tie infringe on the rights of each other and on the right of a future marriage partner.

Those families with two wage earners in the higher brackets infringe on the rights of unemployed bread winners to a profitable occupation and on those who would benefit if one of them directed their energies and creative abilities into some charitable area—our depressed schools, Boy or Girl Scouts, Campfire Girls, other youth clubs and activities, Red Cross, Senior Citizens, church and others.

Recipients of welfare who demand their right to remain on welfare rolls rather than take employment, infringe on the rights of those who have to stand the expense and those who honestly deserve and/or need welfare.

The criminal who steals infringes on the right of his victim to enjoy the fruit of his labor, or the one who kills infringes on the right of the victim to live out his allotted span of life.

And so on down the line. None of us can demand rights that interfere with another's right. It must be one for all—not each man for himself. Security, like happiness, is not grasped and held. It is not in money or possessions which can be swept away in a moment. Security and happiness are to be found in the individual who has conquered himself, disciplined his desires, and knows that the lasting things are still loyalty, courage, honor, love and last, but not least, the heritage of our founding fathers—trust in God! And the example that gives direction to a people must come from the nation's leaders!

"Blessed is the nation whose God is the Lord, the people whom he has chosen as his heritage."—Psalm 33:12.

Respectfully submitted.

HELMA O. GILBERT.

BUILDING SOVIET POWER WITH WESTERN TECHNOLOGY

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. ASHBROOK. Mr. Speaker, while the issue of trade with the Soviet Union is getting less publicity than it has in the past, the West still seems determined to build the technological arsenal of that country. Solzhenitsyn and Sakharov have both warned about Soviet designs. They both bear witness to what the reprehensible practices of the Soviet regime are. Nonetheless, the trade goes on.

On a number of occasions in this body I have made statements on Soviet trade. I have discussed the trade of computers to the Soviet Union, the Western construction of Soviet military might, Western development of Soviet petroleum, Soviet efforts to gain markets in the United States for automobiles, watches and other goods—to mention only a few.

In the energy field the West seems particularly interested in helping the Soviets develop their resources. Why the Soviets would treat the West any better than the Arabs have is a question that has yet to be answered. Dependence on the Soviet Union for energy would give that country the kind of power it has been working to attain for decades.

Although the case against Western involvement in Soviet energy is very strong that involvement continues. U.S. banks are interested in financing $100 million of the proposed Yakutia natural gas project. Both the Bank of America and Chase Manhattan are interested in this project.

The United States is not the only Western country helping to build the power of the Soviet Union. Italy has recently given Moscow $900 million in credits. A Swedish company is helping in an area that has military spillover.

The Swedish company, Stausaab Elektronik, will be providing air traffic control systems for the Soviets. Included in these systems are computers, display terminals, and radar equipment.

While the Swedish company, which has official government backing, won the contract, American companies did make bids. They included Sperry Univac Division of Sperry Rand, IBM, and Raytheon.

The managing director of Stausaab has made a very instructive comment. In an article in Business Week, he is quoted as stating,

> If the Russians decide to build their own ATC system, they can do it. It is a matter of whether they want to give this priority.

Now I do not know whether or not the Soviets can build as good a system or not. In the past their technology in such areas has seriously lagged.

The words that are interesting are "It is a matter of whether they want to give this priority." In other words, the Soviets would have to divert resources from other projects to build the air traffic control system and then with no guarantee they they would be successful. The willingness of the West to build various advanced systems for the Soviets means that their scientists and technicians can spend their time on other projects. Is it any wonder that in recent years the Soviets, though technically backward in many fields, are pulling ahead of the U.S. militarily?

LEGISLATION WOULD LIMIT RESPONSIBILITY OF THE CORPS OF ENGINEERS

HON. TENO RONCALIO

OF WYOMING

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. RONCALIO. Mr. Speaker, today I am introducing legislation that would narrow the jurisdiction and responsibility of the Corps of Engineers to issue permits for the disposal of dredged or fill material into waters of the United States.

Traditionally the corps has had the responsibility for issuing permits for the disposal of dredged and fill material into "navigable waters" and this has been interpreted by the corps, until this year, to mean only those waterways generally used for transporting goods and services in interstate commerce. The corps has so limited its jurisdiction over the years.

Following a court decision earlier this year, that held that for the purpose of issuing these permits, "navigable waters" is defined as "all the waters of the United States," the corps has issued regulations that would require anyone that wants to put dirt in water to obtain a permit from the corps. This would mean that any farmer or rancher who wants to deepen or fill up an irrigation ditch or do minimal construction around any lake or reservoir would have to obtain corps approval.

In addition to the enormous costs that such a program would require to implement and police, once again we are imposing a bureaucratic nightmare on the Nation's ranchers and farmers.

Mr. Speaker, when the initial regulations were set down in May of this year, I wrote to the corps stating:

> In this present form the regulations proposed go beyond the intent of Congress and are unacceptable. However, it is not necessary to legislatively amend the law to develop a proper permit program.
>
> The Federal Water Pollution Control Act amendments of 1972, intentionally broadened the definition of "navigable waters" to "waters of the United States" in order to provide for adequate control of water pollution and to protect important watercourse and wetland values.
>
> In that in the past no Wyoming waters have been identified as "navigable," Wyoming waters have never before been subject to this permit authority. However, as EPA Administrator Train has stated, "The primary concern of section 404 is to address situations where dredged or fill material is discharged into wetland areas." What is necessary is to define "wetlands" in the Corps permit regulations in terms of characteristic natural vegetation. This would exclude from permit jurisdiction areas already in agricultural production and other areas not bona fide wetlands.

Mr. Speaker, I thus urged that the corps administratively formulate a definition that would satisfy the requirements of the act and that would result in a manageable and efficient permit program. Only in this way would we not place undue harassment on the Nation's farmers and ranchers and still provide for adequate control of water pollution and protect important wetlands and watercourses.

However, the corps' second set of regulations did nothing to relieve the problem, and despite input from all over the country opposing these regulations, they continue to push their original proposals. Therefore I am now introducing my legislation that would limit the jurisdiction of the corps to only those parts of the waters of the United States that are now used, or will be used in the future for the purpose of interstate and foreign commerce.

The Public Works Subcommittee on Water Resources is planning to hold hearings on section 404 of the Federal Water Pollution Control Act, next month, Mr. Speaker, and I would urge my colleagues on that committee to settle this issue once and for all and to refrain from placing any additional burdens on this Nation's agricultural people.

INTRODUCES BLACK LUNG BENEFITS BILL

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. FINDLEY. Mr. Speaker, today I am introducing a bill to provide benefits for needy coal miners crippled by black lung disease, as well as for their dependents and their survivors.

Almost 10 percent of our Nation's coal miners work in Illinois coal mines, which include some of the largest mines in the world. Peabody's No. 10 mine, southeast of Springfield, employs 1,000 workers and puts out 17,000 tons of coal per day, and the Monterey mine at Carlinville produces only slightly less. Other mines rivaling these are now being developed.

Safety for our Nation's miners should concern everyone. Each mine disaster brings to public attention the hazardous surroundings miners work in each and every day. In recent years a great deal of legislation and regulations have been passed, at both the State and Federal levels, aimed at eliminating dangerous practices in the mines and insuring safer working conditions.

However, a more insidious and, until recently unpublicized, killer has been stalking miners. Despite the enormous publicity attendant upon them, cave-ins and explosions will affect only a small portion of miners directly. Coal dust, however, is breathed by each and every miner from his first day in a mine until his last. After only a few years of breathing coal dust the dreaded black lung disease can begin to fester in his lungs, causing gradual decreases in productivity and physical stamina, increasingly painful breathing, and perhaps hastening death. Until a few years ago, this was a fact of life for most coal miners, an expected consequence of their service to America's energy needs.

The Coal Mine Health and Safety Act passed in 1969 provided benefits for miners stricken with pneumoconiosis, but only certain advanced stages of the disease qualified for social security payments.

In 1971, regulations were issued limiting the amount of coal dust permissible in the air that miners breathe, in the hope of preventing pneumoconiosis from afflicting future miners. Over 432,000 applications for benefits were filed between 1969 and December 1972, and of those 26,500 were from Illinois miners. Unfortunately, over half of the applicants were not qualified under the 1969 provisions of the act. In 1972 Congress liberalized the requirements for benefits. All claims denied in the interim period were to be reviewed and re-evaluated under the more liberal criteria. Many Illinois miners and their survivors have benefitted from over $25 million a year in disability benefits currently being paid.

However, many miners still do not qualify despite the obvious fact that they suffer from some stage of black lung disease. Their capacity to work is reduced by black lung disease years before it shows up in an X-ray. It is not fair to those who have spent their lives working to supply America with vital energy, to have the country turn its back during their time of need.

On September 17 members of the United Mine Workers in my district visited me in my Washington office to discuss the problems of those who have black lung but receive no benefits. Since then I have been preparing a bill to extend benefits to deserving but previously not eligible miners. This bill automatically provides benefits to disabled miners with over 18 years of service, or to their survivors. In addition, it removes discriminatory language which was written into previous legislation in order to take cognizance of the increasing number of women who are entering the mines. It also clarifies circumstances under which miners with 15 years of service may receive benefits. This bill fulfills a need; many miners who currently do not quite qualify but are physically unable to work now will not be left destitute.

I have always supported efforts to protect and help the Nation's miners.

Now I am reaffirming my longstanding commitment to this goal. As America moves to greater self-sufficiency in energy our need for coal will increase dramatically. We must adequately provide for those who dedicate their lives to meet America's energy needs.

ORGANIZATIONS TAKE STAND IN SUPPORT OF MODERNIZING HATCH ACT

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. CLAY. Mr. Speaker, H.R. 8617, a bill to reform the Hatch Act, will be coming up for House consideration on October 21. The measure entitled the "Federal Employees' Political Activities Act of 1975" will permit full voluntary political participation on the part of Federal civilian and postal employees, while protecting them from those abuses—misuse of official authority, influence, or solicitation of political contributions—which tend to undermine the merit system and work against the public interest.

H.R. 8617 has received the endorsement of many organizations around the country. The partial list of groups represented is impressive and wide-ranging and I think all my colleagues will be interested in seeing it.

PARTIAL LISTING OF ORGANIZATIONS IN SUPPORT OF FEDERAL EMPLOYEES' POLITICAL ACTIVITIES ACT OF 1975 (HATCH ACT REFORM)

A. Phillip Randolph Institute, Cleveland, Ohio.

American Civil Liberties Union.

American Federation of Government Employees.

American Postal Workers Union.

Americans for Democratic Action, Greater Washington Chapter.

Association of Civil Technicians (National Guard).

International Association of Firefighters.

International Conference of Police Associations.

Laborers International Union of North America.

Montgomery County (Maryland) Congressional Watch.

National Alliance of Postal and Federal Employees.

National Association for the Advancement of Colored People.

National Association of Government Employees.

National Association of Letter Carriers.

National Association of Postal Supervisors.

National Association of Retired Federal Employees, St. Louis, Mo.

National Association of Social Workers.

National Post Office Mailhandlers Union.

National Rural Letter Carriers Association.

National Treasury Employees Union.

New Democratic Coalition.

New York Criminal and Civil Courts Association.

New York Law Journal.

Prince George County (Virginia) Civic Association.

Professional Air Traffic Controllers Organization.

Public Employees Department, AFL-CIO.

Radio Station WMAL, Washington, D.C.

Southern Christian Leadership Conference.

Teamsters Joint Council 13, St. Louis, Mo.

Washington Teachers Union, American Federation of Teachers, AFL-CIO.

Women's Political Caucus.

CONGRESS IGNORES WARNING

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following:

[From the San Diego Union, October 6, 1975]

DEFENSE CUTS UNCHECKED

The House of Representatives became fascinated for a time last week with the realization that funds for the Central Intelligence Agency were concealed in an Air Force procurement item in the defense appropriation bill they were considering. The CIA diversion tended to reduce to the status of a footnote the fact that the House was approving a defense budget fully eight per cent below the Administration's requests—the sharpest defense cuts voted by the House in recent years.

Congress has been so preoccupied with rummaging around in secret intelligence agencies that it may have missed the significance of what is no secret at all—the cumulative effect of its budget philosophy on our national security. There is no sign that Congress was listening when Defense Secretary James Schlesinger warned last month that we can now look for an end by 1980 to the military superiority which has been the basis of our security since the end of World War II.

Five years is the estimate Mr. Schlesinger makes of the time it will take for the Russians, who have been increasing their defense spending by four per cent a year, to emerge in an overall military position superior to the United States of America.

We have now seen the last of the "savings" to result from the end of the war in Indochina—the elimination of $1.3 billion from the budget which would have bought weapons for South Vietnam. The rest of the $9 billion cut from the 1976 budget has meant a scaling back in weapons and manpower and research and development on which our defense will depend in the future.

How our defense capability is being affected can be seen from the recent decision to abandon plans for a new generation of nuclear supercarriers and instead limit the Navy in the decades ahead to less expensive medium-sized carriers. It is no secret in the Pentagon that this change was not dictated by a reassessment of the role to be assigned to aircraft carriers in the future but by the pressure to save money.

As a nation we have the brains and productive capacity to defend ourselves with the best weapons that the state of the art can provide. In an age of technological warfare there is no other prudent course. It should give no comfort to the American people that their Armed Forces are deriving their firepower from what can be obtained on shopping trips through bargain basements.

By agreeing to let the CIA appropriation remain a classified item in the budget, the House stopped short of compounding the damage already done by congressional committees which have stripped away much of the secrecy surrounding our foreign intelligence activities. That was a responsible decision. We wish we could say as much for the House action on the defense budget itself.

JOIN THE NAVY AND SEE LAS VEGAS

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. MINETA. Mr. Speaker, I would like to bring to the attention of my colleagues an editorial which appeared in the Los Angeles Times of September 17, 1975, entitled "Join the Navy and See Las Vegas," this brief editorial brings an important message to those Members of Congress willing to hear it. The first part of the message is one we have heard before—that there is much wasteful Government spending. What is more uniquely pointed out in the article, however, is that such federally-financed absurdities have occurred and continue to occur in the military as well as the domestic agencies. Our own "double standard" has blinded us from this undeniable reality. At any rate, regardless of who is involved in the unconscionable waste of scarce Federal resources, the most important point that the Los Angeles Times makes in my view, is that these careless Federal expenditures can be eliminated if the Congress is willing to take its purse-string powers seriously and exercise its oversight functions in a responsible and meaningful way.

The article follows:

JOIN THE NAVY AND SEE LAS VEGAS

By almost any reckoning, it was a highly successful affair, grandly conceived and meticulously executed.

One day 1,334 admirals, captains and other Navy officers were scattered about the country, and a few were on duty far at sea in the vast Pacific. The next day, they were whooping it up in the desert paradise of Las Vegas at the annual reunion of the Tailhook Assn., a private club for aircraft-carrier enthusiasts.

That sort of achievement just doesn't happen. The problem of logistics was a tough one. Transportation costs were an item that could not be overlooked. Where would an aircraft-carrier buff turn for help? The Navy. Where else?

The Navy didn't overlook a thing:

Logistics. The 13 Navy men assigned to handle administrative details organized an airlift of 64 planes, ranging from tactical fighters to medium-sized transports, flying coast to coast. One flight took off from the carrier Coral Sea in the Pacific.

Costs. The Navy, a service organization with a yen for service, picked up the $191,000 tab.

Fuel for the planes. The Navy requisitioned 347,000 gallons. A reasonable thing to do, for otherwise the airlift wouldn't fit.

Authorization. This was a tricky one, but the Navy worked out a little semantic maneuver and labeled the flights "space-required" travel—authorization for transporting personnel from one base to another.

All this was last year, and last year's success can be measured by this year's Tailhook reunion—down in attendance to 650 without the help of Navy planners, who copped out because of Sen. William Proxmire's narrow and critical view of the cost in money and jet fuel of the 1974 event.

Meanwhile, the Navy sent a letter of reprimand to the commander of the submarine Finback for permitting go-go dancer Cat Futch to dance topless on the sub's deck. The commander let the crew pass the hat to pay Ms. Futch instead of billing the Navy. That showed such a lack of ingenuity that perhaps the reprimand was well deserved.

PUBLIC OPINION ON THE CONSUMER PROTECTION AGENCY

HON. JOHN P. MURTHA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. MURTHA. Mr. Speaker, I would like to share with my colleagues the results of a recent poll I took of citizens in Pennsylvania's 12th Congressional District. I believe the results have significant meaning for the future direction of Government.

Question: Should a new Federal Consumer Advocacy Agency be established?

Results: Yes, 32 percent. No, 64 percent. Undecided, 4 percent.

I will say quite frankly, Mr. Speaker, that in this time of high prices and corporate suspicion I was surprised at the overwhelming sentiment against this consumer advocate.

I cannot predict what the final decision of Congress will be on this particular bill, but in judging the results and reading the individual comments from this poll, I believe there are some important lessons for us all to learn about the public's attitude.

First, the people are tired of big Government; or more correctly, they are tired of inefficient big Government. They are tired of delays, redtape, and unresponsiveness, and they do not see how another agency will correct that.

Second, they want to be certain of a positive return for their tax dollar. A typical reply said, "Although a good idea, Government must cut back on spending and bureaucracy. Better use of already existing agencies makes more sense now." We have to be certain in future changes in Federal agencies that we explore all possibilities for coordination and consolidation. There may be a better answer than starting a new bureau and spending more money.

Third, all our Government programs must do more to recognize the individual. Too many citizens have to wait too long for replies and rulings from Government agencies for them to have much confidence that a new one is going to respond quickly. We must shape our programs to work effectively to meet the daily needs of our citizens.

Regardless of our decision on the consumer advocacy bill, I believe these results tell us a great deal about the public's perception of how we should plan the future growth and direction of the Federal Government.

OCTOBER LEAGUE INTERNAL DISCUSSIONS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the October League, Marxist-Leninist—OL—a self-proclaimed Communist organization adhering to the Mao-Thought variety of Leninism, proclaims as its goal "to mobilize and lead the working class and its allies to revolution and sustain its victories after the seizure of power." And in its "Manual of Open and Secret Work," the October League specifies:

> * * * our organization is out to overthrow capitalism. * * * we are democratic centralists. * * * our members are cadre striving to become professional revolutionaries.

The October League, nationally active, is continuing to plod toward creation of a new Maoist communist party in the United States while rhetoric remains at a fevered pitch: This despite a serious loss of face suffered at the recent Iranian Students Association convention when the ISA Communist—Maoist—faction chose to work exclusively with the October League's arch rivals, the Revolutionary Union.

The most recently circulated issue of Spark No. 4, a confidential internal OL publication, contains a report from the OL Central Committee by vice chairman Eileen Klehr, who sets forth the current OL "line" on priorities. These are "a stepping-up of our liaison work and building unity with other Marxist-Leninists," and "most importantly" the OL Central Committee will lead a campaign against "amateurishness and small circle mentality" and build up "a strong democratic-centralist organization," in other words establishing strict Central Committee control over the activities of each OL district, cell, and member.

Under typical Maoist slogans, Klehr reported that the OL Central Committee had made "several concrete decisions:"

> "Implement Democratic Centralism on Every Level"—which indicates that the OL is having trouble getting its dedicated cadres to pay their dues and obey the top-down orders of the Central Committee;

> "Strengthen Our Scaffolding"—which states that expanding publication of the OL's official "political newspaper," the Call, from a monthly to a weekly edition, plus developing a reporting and distribution network is to involve 25% of all active OL members and is to be the cornerstone for party building and a $250,000 fund-raising campaign;
>
> "Boldly Recruit, Especially Among the Workers"—sets forth the OL goal of doubling in membership by March 1st, 1976. Recruits are to be primarily from the "working class and oppressed nationalities" but OL does "not advocate a 'closed door' policy towards revolutionary intellectuals in any district."

"Struggle for the Party in the Communist Movement"—emphasizes the OL's intention of recruiting other Maoist communist groups to its leadership, principally through increasing its attacks and denunciations of the pro-Moscow Communist Party, U.S.A.—CPUSA—in the pages of the OL newspaper, the Call, and in the OL theoretical journal, Class Struggle. Members of the OL Central Committee will also go on a national party building speaking tour this fall.

It is also interesting to note the activities of another OL party building and recruitment operation, the various Workers' Committees to Fight Back, organized by the October League and pro-OL minority organizations such as the Revolutionary Workers Congress—formerly the Black Workers Congress—and some chapters of the African Liberation Support Committee—ALSC. In some areas, the local RWC and ALSC chapters are so thoroughly infiltrated by black October League members that the RWC and ALSC act as little more than OL fronts.

Klehr reported on the OL's decision to tighten the structure and control over the Workers' Fight Back Committees:

> The Central Committee * * * also made the decision to hold a National Fight Back Conference over the Thanksgiving weekend in Chicago. This Conference, which will be called for jointly by the OL and the local Workers' Fight Back Committees, will not only help to consolidate the political understanding of the most active fighters in the committees, but also deal a decisive blow to the pessimists in the communist movement who claim that "the communists have no ties or influence with the workers," and that "it's impossible to bring Marxist-Leninist politics to the workers."

Pessimism or not, the OL Central Committee has had to postpone the National Fight Back Conference to the weekend of December 27–2, 1975.

A "building action" for the December Fight Back conference was held by another organization dominated by the October League, the Southern Conference Educational Fund—SCEF. SCEF, once the Communist Party, U.S.A.'s principal front in the South, was taken over by a Maoist-dominated coalition in 1973. Dominated by OL members and supporters, many of whom were formerly active in the Southern Student Organizing Committee—SSOC—and Student Non-Violent Coordinating Committee—SNCC—in the 1960's, SCEF has been moving markedly closer to the OL line throughout 1974 and 1975.

An estimated 300 persons attended SCEF's conference on "The Crisis and the Fight-Back" held September 6 and 7th in the headquarters of the Gulfcoast Pulpwood Association—GPA—in Eastabuchie, Miss. The conference was planned by SCEF, the GPA, the October League, Atlanta Workers Committee to Fight Back, Welfare Mothers Fight Back, Revolutionary Workers Congress, Black Women's United Front—the women's group of the Maoist Congress of Afrikan People headed by LeRoi Jones—the Student Anti-Imperialist League, Gainsville, Fla., Workers Solidarity Council, Soul Patrol and the Center for United Labor Action—a cadre front for the Trotskyist Workers World Party whose Norfolk, Va., organizer, Tom Gardner, a former SSOC organizer, is on the SCEF board.

Having survived an organizational struggle within the Gulfcoast Pulpwood Association from what the October League termed "redbaiters" and "opportunists" in the GPA led by Charlie Gillespie and John Ratcliffe, GPA President Fred Walters gave the keynote speech at the conference calling for "working class * * * unity between black and white workers."

Other speakers included Bob Zellner, SCEF president; Cheryl Todd, "a young black woman from Atlanta who is on trial along with Desi X Woods for murder;" Ernie McMillan, a former leader of the Student Non-Violent Co-ordinating Committee—SNCC—from Dallas, Tex., now active with People United for Justice for Prisoners; Larry Little, a leader of the North Carolina Black Panther Party and the JoAnn Little Defense Committee who served as a sometime "bodyguard" for Miss Little during her recent trial.

Cultural matters were taken care of by folksinger Ann Romaine, a former SSOC activist, SCEF board member and director of the Southern Folk Cultural Revival Project, an organizational outgrowth of the old SSOC. She is a frequent featured entertainer at SCEF, OL and United States-China People's Friendship Association functions in the South. Among her songs is "The Georgia Cotton Mill Woman," written to honor the return from Red China with an October League women's delegation of 74-year-old Nanny Leah Washburn, a veteran "Communist labor organizer" and OL activist.

In a blatant example of manipulative tactics, Fran Browne of the Revolutionary Workers Congress and Lyn Wells of the OL Central Committee did a one-two routine, putting forth the identical line under two organizational names, calling for "the building of a new Communist party made up of people of all nationalities as the path to victory over capitalism."

The Southern Fight-Back conference "unanimously endorsed" several workshop resolutions, including as reported in the Call—October 1975:

> A resolution on the international situation which criticized the previous policy of SCEF of taking "no position" on international questions. The resolution called for the SCEF board to end this policy and take a "consistent anti-imperialist stand" on international questions, including opposition to the war schemes of the imperialist superpowers [meaning the Soviet Union and the United States] and consistent support for genuine struggles of national liberation as exemplified by the Palestinian struggle against Zionism.
>
> A call to build the fight-back among youth and the need for a national youth organization with a revolutionary ideology. [Conveniently, the October League has recently created just such an organization, the Communist Youth Organization (CYO)].
>
> A call was put out for a South-wide demonstration against the crisis under the slogans of "Jobs Not War," "Defend Democratic Rights," "Make the Rich Pay," "Free Cheryl Todd and Desi X Woods," "Smash the Klan," and "Adequate Income Now."
>
> The conference called for complete support of Cheryl Todd and Desi Woods and the Fight-Back 10. [The Fight-Back Ten refers to the members of the Atlanta Workers' Committee to Fight Back, including several SCEF board members and OL member Dave Simpson, a SCEF staffer, who were arrested on charges of criminal trespass and assaulting state troopers during what SCEF characterized as "a militant demonstration of about eighty people at the office of Georgia's State Commissioner of Labor, Sam Caldwell." SCEF continued, "The Fight-Back Ten are taking their case to the people. * * * It will be the people on the streets that will set us free," one of the ten said.

Among the organizations attending the conference were:

> October League.
> Houston Fight-Back Organization.
> Motor City (Detroit) Fight-Back.
> Atlanta Workers Committee to Fight-Back.
> Prairie Fire Books (Houston and Atlanta).
> Caucus to Re-Unite the Union (Atlanta).
> National Lawyers Guild.
> U.S. China Peoples' Friendship Association (Atlanta chapter).
> Soul Patrol (Atlanta).
> Coalition of Labor Union Women (Atlanta chapter).
> Perry Homes Defense Committee (Atlanta).
> Alliance for Labor and Community Action (Washington, D.C.).
> Student Anti-Imperialist League (Tallahassee, Fla.).
> Mountain Workers Unity Organization.
> Appalachian Women's Rights Organization.
> People United for Justice for Prisoners (Dallas).
> Black Women's United Front (Atlanta & Houston).
> Workers Unity Caucus (Cincinnati GM plant).
> Knoxville Friends of Palestine (Tenn.).
> Free Southern Theater (New Orleans).
> African Liberation Support Committee.
> People Helping People (Laurel, Mississippi).
> Revolutionary Workers Congress.
> International Longshoremen's Association—Brotherhood Caucus (New Orleans).
> Workers World Party.
> African People's Socialist Party [the APSP, supported by the Workers World representative, walked out of the Fight-Back meeting after the APSP position arguing for separate black and white organizations was rejected by the OL dominated delegates].

The October League Central Committee report by Eileen Klehr also reported on a leadership decision under the slogan, "Build the Communist youth Organization"; on the activities of the October League's youth arm, the Communist Youth Organization—CYO:

> At its Eighth meeting, the last Central Committee called on the organization to initiate the Communist Youth Organization. This was done successfully in several cities. In Los Angeles, Boston and Chicago, CYO's have been established and are growing. The CYO's have been shown to be an excellent training ground for young revolutionaries to take up the study of Marxism-Leninism and

> develop leadership of the mass student and youth movements.
>
> Over the next few months, every district should initiate a CYO. It is best to first establish the CYO on the basis of a strong core of working class and minority youth that we are in contact with. The CYO should be built as a democratic centralist cadre organization * * *.

The Central Committee report goes on to specify the role of the CYO as a recruitment vehicle for the October League:

> It should be built in close association with the OL, i.e., along Marxist-Leninist lines, opposed to revisionism [the CPUSA] and new Trotskyism, and in close cooperation with the OL's political line and programs. At the same time, it should not be a copy of the OL with a younger membership. While having a full revolutionary program, the CYO's standards for membership and their discipline requirements will necessarily be less strict than the OL's. Its political line may not be exactly the same as the OL's on every question. There should be room for struggle within the CYO's and OL members assigned to work within the CYO should struggle patiently and democratically for our positions. * * *
>
> The CYO's should have a special style of work geared towards young people. They should give a lot of emphasis to cultural questions and organize events that will have a mass appeal to the youth.

Specifically, "the CYO's should take up as their major focus the demand 'Jobs for Youth.'" and will enter into direct competition with the Communist Party, U.S.A. youth arm, the Young Workers Liberation League—YWLL.

An article, "Revolutionary Youth Get Organized," in the October issue of the Call, castigates the Communist Party and the YWLL's so-called Youth Lobby for Jobs on Capitol Hill just prior to the August recess in which CPUSA and YWLL leaders were regrettably greeted in a rally on the Capitol steps by several Members of Congress.

Denouncing these Communist Party tactics as "diversionary," the OL claims "the CYO will become a mighty force in the revolutionary struggle. It is preparing and educating a generation of young fighters in the cause of the working class."

Finally, under the slogan, "Take Up the Fight Against National Oppression," the October League gives its full support for forced busing to achieve school desegregation for the opportunist reason that "the fight for busing and school desegregation is part of the general movement of the Afro-American people." And as the OL set forth previously in the Central Committee report, American working people and racial minorities—"oppressed nationalities"—are the chief targets for OL recruiting.

The rest of the Spark No. 4 consisted of a peptalk by Danny Burstein on building the Call, and an exhortation by Sherman Miller to "Aim High in Recruitment: Double Our Size," which contains the statement:

> Concerning provocateurs and security—there's a good article called "Expand the Party's Work and Prevent Enemy Infiltrators," from The Role of the Chinese Communist Party in the National War. In this article, Chairman Mao says that we shouldn't let the idea that agents might infiltrate us keep us from recruiting.

The mass of October League documents shows that the organization consistently rejects the use of peaceful means of political change such as elections, petitions, and so forth, in favor of organizing sufficient numbers of people to attempt, when it believes conditions are favorable, a revolutionary overthrow of the Government.

If the distinguished chairman of the Judiciary Committee should decide to assign personnel to his committee's internal security functions, I would be happy to provide him with sufficient October League material for an initial investigation of the extent of the threat this organization poses.

IOWA'S FIFTH DISTRICT SENIOR CITIZEN QUESTIONNAIRE

HON. TOM HARKIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. HARKIN. Mr. Speaker, during August I held 10 meetings with senior citizens throughout central and southwest Iowa. These meetings were well attended and marked by open and frank discussion on concerns of the elderly. In general, the meetings have verified a belief I have long held—that income maintenance is a prime concern of older Iowans, and that inflation hurts them more than any other group of people.

Federal programs for housing, transportation and health services would be welcomed by most of the older Iowans who talked with me this August. However, they all realized—as I do—that the Government cannot realistically fund all of these programs now. The fact is that what senior citizens value most is their independence. They want to continue living in their own homes, getting by on their own, just as they have done through hard times in the past.

The high cost of utilities—gas, electricity and water bills—home repairs, and property taxes have made it more and more difficult for older Iowans to maintain their own homes—and 91 percent of the senior citizens who attended these meetings and responded to my accompanying poll, feel property tax relief for senior citizens is a valid objective. Also, 85 percent consider low rent housing a priority, and 85 percent would rather stay at home with adequate home health services than be sent to nursing homes. Self-reliance is a dominant concern of older Iowans.

A key component of remaining self-reliant is the possibility of working and earning money, if a person is able and willing to do so. Many elderly Iowans feel that increasing or eliminating the earnings limitation under social security is vital to maintenance of a decent income level. It only seems right, in this country with its strong tradition of productive employment, that people over 65 are not penalized for the time and effort they put into such work.

In January I joined with 45 of my colleagues in cosponsoring H.R. 2196, a bill offered by Mr. FINDLEY of Illinois. The bill sought to correct what I believe to be one of the most glaring inequities in the social security system. It seeks to remove the earnings limitations set for social security recipients who take a job in order to earn outside income.

Under present law, this earning limitation is blatantly discriminatory against the working elderly.

If a person is fortunate enough to have made some good investments, to have bought some rental properties, or to have saved a good deal of money over the years, incomes from dividends, rents and interests from those investments is unlimited. They can earn $10,000-$100,000-$1 million—even more, and still get their full social security benefits.

But if an elderly person has not been that fortunate, and has to take a job for outside income, they can earn only $2,520—and then they begin losing their benefits.

It is just not fair. Here you have under the same program a person who can earn only $2,520 a year by working—and at the same time another person who could have an income of $100,000 a year from investments—and it is the person who worked for the outside income who has his benefits cut.

Now, I understand that the Ways and Means Committee, which has jurisdiction over this bill, has been involved in a complex and time consuming process in its consideration of the various energy policy and tax proposals. They have been hard at work on legislation of great importance to this Nation.

But we have been waiting for nearly 11 months now to correct this situation which blatantly discriminates against the working elderly—and 11 months is too long.

Mr. Speaker, I urge the Subcommittee on Social Security to schedule this bill for prompt consideration. I urge them to study it, and to report it to the full committee. I urge the Ways and Means Committee to report the bill to the full House as quickly as they can so that we can stop penalizing the elderly who take a part-time job to make ends meet, while we allow the elderly who are well off to continue earning as much as they can from investments, with no loss in benefits.

In another area, the Congress has enacted programs to develop low cost housing projects for elderly persons, who cannot afford the prohibitively high rents otherwise available—but implementation had been unduly delayed by the U.S. Department of Housing and Urban Development—HUD. This is simply one illustration of the growing frustration of older persons that I felt at these meetings. They sense that senior citizens are being ignored and forgotten by Government policymakers. This is a harsh judgment on our Federal and State governments—but one that must be faced squarely.

To illustrate my points, I would like to share with the Members of Congress the questionnaire I sent to the elderly of Iowa's Fifth District in August, and the responses—in percentages—of the more than 3,000 senior citizens who responded to the questionnaire:

IOWA'S FIFTH DISTRICT SENIOR CITIZEN QUESTIONNAIRE

Do you favor:

1. Increased funding for programs like Congregate Meals, and Meals on Wheels?
Yes, 70 percent,
No, 21 percent,
No response indicated, 9 percent.

2. Home health services, as an alternative to nursing homes?
Yes, 85 percent,
No, 10 percent,
No response indicated, 5 percent.

3. A National Health Insurance program?
Yes, 62 percent,
No, 22 percent,
No response indicated, 16 percent.

4. Better transportation for Senior Citizens living in rural areas?
Yes, 70 percent,
No, 17 percent,
No response indicated, 13 percent.

5. Property tax relief for Senior Citizens?
Yes, 91 percent,
No, 5 percent,
No response indicated, 4 percent.

6. More part-time jobs for Senior Citizens?
Yes, 75 percent,
No, 13 percent,
No response indicated, 12 percent.

7. Counting time and effort spent by homemakers toward Social Security benefits?
Yes, 63 percent,
No, 19 percent,
No response indicated, 18 percent.

8. More low and moderate rent housing for Senior Citizens?
Yes, 85 percent,
No, 9 percent,
No response indicated, 6 percent.

9. A law to prevent reducing other federal benefits when Social Security benefits are increased?
Yes, 77 percent,
No, 14 percent,
No response indicated, 9 percent.

10. The federal government doing more to make people aware of the Supplemental Security Income (SSI) program?
Yes, 66 percent,
No, 17 percent,
No response indicated, 17 percent.

11. Do you feel that food stamps would help you supplement your Social Security or other retirement incomes?
Yes, 47 percent,
No, 36 percent,
No response indicated, 17 percent.

POLITICAL TORTURE IN CHILE

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. HARRINGTON. Mr. Speaker, with a new military aid bill soon to be considered by the Congress, and with a number of my colleagues having called for a renewal of arms aid to Chile, I think the following news account of a recently released U.N. study merits our attention. How anyone in this Chamber could justify U.S. support for a regime that carries out the practices detailed below is a question that puzzles and disturbs me.

The article follows:

[From the Boston Globe, Oct. 10, 1975]

UN DETAILS MACABRE POLITICAL TORTURE IN CHILE

UNITED NATIONS.—Tortures inflicted on political prisoners in Chile included the introduction of live mice into vaginas, rape by specially trained dogs, and the forced swallowing of excrement, according to a UN report published yesterday.

A special panel appointed by the Commission on Human Rights, which issued the document, expressed "profound disgust" at having to report this to the General Assembly.

The group, led by G. A. Allana of Pakistan, said the information came from many Chileans of both sexes, all ages, of many political convictions, or of none, some of whom had left Chile recently.

The Chilean government after first agreeing to receive the five-nation group in Santiago reversed itself, compelling the members to take testimony from expatriate Chileans elsewhere.

The report said some forms of torture were common to several cases, such as:

"The application of electricity to sensitive parts of the body, including genital organs, rendered more acute by placing the naked body on a steel bedframe or a wet bed."

Rape and sexual abuse of women prisoners and detainees, in some cases resulting in death.

"The introduction of objects like sticks, the necks of bottles, and even guitar shafts, into the vagina or the anus.

"Beatings, usually with heavy objects such as guns, wooden or metal sticks, chains, etc.

"Other forms of torture were also reported to the group which were particularly heinous or revolting, for example:

Introduction of live mice into the vagina (care is taken not to blindfold the prisoner, so that her terror is intensified).

Lighted cigarettes used to burn the body, especially the chest, breast and penis.

"Swallowing of excrement or sewage water.

"Women are forced to lie naked on a cot, and trained dogs are made to run over their naked bodies, suck and bite their nipples, and in some cases rape them."

ON DEFINING PART-TIME ELECTIVE OFFICE IN H.R. 8617

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. CLAY. Mr. Speaker, when the House considers H.R. 8617, the Federal Employees' Political Activities Act of 1975, I expect that an amendment will be offered which will require that employees take 90 days leave should they decide to seek elective office. The Civil Service Commission, upon application, is authorized to grant an exemption for part-time elective office. Thus the determination as to what constitutes part-time elective office rests with the Civil Service Commission.

It is imperative that the Congress have the opportunity to review the meaning of part-time elective office as defined by the Civil Service Commission. Accordingly, I intend to offer an amendment to H.R. 8617, should the mandatory leave provision be accepted. This proposal shall require that the Commission define and submit to the Congress the meaning of the term "part time" within 120 days of the enactment of the bill. Further, that the Congress have an additional 120 days in which to review the definition.

I believe that this amendment, if accepted, will further improve H.R. 8617. I urge my colleagues to support my efforts in this regard.

Page 22, immediately before the period at the end of line 7, insert the following: ", except that the provisions of section 7326(a) (2) of title 5, United States Code, as amended by this Act, shall take effect on the one hundred and twentieth day after such date".

Page 22, immediately below line 7, insert the following:

(g) Not later than sixty days after the date of the enactment of this Act, the Civil Service Commission shall—

(1) determine which elective offices will be considered as part-time elective offices for purposes of administering section 7326(a) (2) of such title 5, and

(2) prepare and transmit a report to the appropriate committees of the Congress containing such determination.

NEW YORK CITY'S FINANCIAL CRISIS HAS NATIONAL AND INTERNATIONAL IMPLICATIONS

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. OTTINGER. Mr. Speaker, last Friday the city of New York barely survived another financial crisis. Only at the 11th hour was the world's financial and commercial capital prevented from going into default. Unfortunately, this was simply a stopgap measure, since New York City will have to meet an additional $644.5 million in payroll and debt service obligations in early December.

Especially disconcerting is the myopic attitude of President Ford toward New York City's fiscal difficulties. President Ford's head-in-the-sand pronouncements demonstrate a clear lack of understanding of simple economics. The withholding of Federal assistance from New York has seriously exacerbated the Nation's already troubled economy, and has cost billions of dollars in increased interests costs to communities throughout the country. As a result, thousands of municipal employees have been thrown on unemployment and welfare rolls as well.

There is little question that the failure of the Federal Government to assure that prompt and affirmative action would be taken to aid New York City has seriously shaken the municipal bond market. The rates for general revenue bonds in nearby Westchester County, N.Y., alone, for example, rose from 3.8 percent to 6.5 percent in the 4-month period since the President's statement, despite that county's triple A rating. The city of Yonkers—New York's fourth largest city—has had to pay from 8.5 to 9.25 percent on two recent issues of bond anticipation notes, nearly double what they had to pay previously. The town of New Castle, another Westchester County community, with the highest possible town credit rating, experienced considerable difficulty in selling a $1.5 million bond anticipation note earlier this month and finally had to agree to a 10.7-percent interest rate.

The really critical fact is that this is not only a New York problem but bears on the finances of every village, town, and city throughout the Nation and the taxes of every citizen. The Joint Economic Committee is presently working on a study which will show that New York City has been an overwhelming influence on the higher cost of municipal securities in the country, estimated to cost communities more than $3 billion nationwide for a single year. This translates into $14 for every man, woman, and child in the United States. Because of this tragic situation, mayors from all sections of the country are calling upon the President to back New York and exercise leadership—a factor which has been notably missing up to this point. Unless and until the President takes such action, the cost of municipal government will continue to soar.

The threat of a New York City default has caused serious national harms; actual default would be catastrophic for the country and would have international implications. Last Saturday a panel of leading American bankers very candidly revealed to a Senate committee that the world's money markets could be adversely affected and that the possibility of a default had already contributed to the decline of the dollar. Earlier, West German Chancellor Schmidt informed President Ford that the New York financial crisis could have a domino effect which would result in a dire impact on Europe's finances.

As the New York Times editorially observed yesterday:

> Mr. Ford has been undermining the city's chances by taking cheap political shots at New York and encouraging the rest of the Nation to wash its hands of the problem.

DR. JOHN H. EISENHOUR CITED FOR OUTSTANDING SERVICE

HON. THOMAS S. FOLEY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. FOLEY. Mr. Speaker, I am sure we have all received many complaints regarding the workings of the different agencies of the Federal Government and how they impact an individual's well being. It is regrettably infrequent that we receive indication of the efforts of those individuals who often provide service or assistance to the best of their skill and ability, and frequently beyond the call of duty.

I have recently been informed that the efforts of Dr. John H. Eisenhour, a staff physician for the Veterans' Administration Hospital in Spokane, Wash., is one of these individuals, and I would like to add my personal appreciation of the dedication of his medical skills on behalf of our Nation's veterans.

AMENDMENT TO H.R. 8672

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. SOLARZ. Mr. Speaker, in the near future the House will be considering H.R. 8672, the Emergency Rail Transportation Improvement and Employment Act of 1975. When the bill comes to the floor I will be offering an amendment which may eventually save the American people hundreds of millions of dollars.

The act, as reported out of committee, authorizes $240,000,000 for a program to upgrade roadbeds and facilities of intercity railroads. Under the provisions of the bill, the Federal Government would pay for the labor cost involved in the improvement projects, while the railroads would provide the necessary equipment and materials.

One of the obvious side effects of the program will be to increase the value of railroad property. As a result of this, if the Federal facilities from the railroads, the American taxpayer would have to pay, under the just compensation of the 5th amendment, for the appreciated value of the property.

My amendment would end this possibility of unjust enrichment by the railroads and double payment by the Government. It would do this by providing that in the event the U.S. Government should decide to acquire the properties improved under this act, the purchase price would be reduced by the lesser of the following two amounts:

First, the total of Federal financed assistance provided under this act to repair or improve such properties, or

Second, the increase in value of such properties which is a result of the financial assistance under this act.

The amendment should have no effect on the willingness of the railroads to participate in the program. By providing that the reduction in the purchase price cannot exceed the value of the improvement directly, resulting from the labor costs, the amendment guarantees that the railroads would be fairly compensated for any increase in value caused by their contribution to the program. In addition, the railroads would receive all of the operating benefits of the program and would profit considerably from the increased volume that would result from the improvement.

The acquisition of the railroads is neither a new nor novel idea and should be considered in any legislation which provides subsidies for their capital improvements. The AFL–CIO and the United Automobile Workers have long advocated that the Government run the Nation's railroads. In addition, there is legislation now pending in the Senate which would have the Federal Government purchase the tracks and rights-of-way from the railroads, and license private carriers to provide the passenger and freight service.

The idea of a Federal takeover of railroad rights-of-way has become so widespread that even some railroad executives have become sympathetic to it. Recently, John P. Fishwick, president of the Norfolk and Western Railroad advocated a Government takeover of some bankrupt rail lines as a way of setting, what he calls, a firewall against further Government intervention in the railroad industry. In testimony before the House Commerce Committee, on May 14, 1975, I proposed the following solution to some of our rail problems:

> I believe the problem should, instead, be dealt with directly. The government should acquire from the reorganization court trustees, by condemnation if necessary, the rights-of-way and other essential fixed properties of the bankrupt railroads inside a firewall built roughly from Albany, New York, to Harrisburg, Pennsylvania. The government should then provide whatever service is desired, preferably through contracts with outside connecting railroads.

While I myself have not taken a position on what form the reorganization of our railroads should take, I think in passing legislation in this area we should provide for all contingencies. I, therefore, believe that this measure is a necessary one and should be supported by all my colleagues—whether they do or do not believe in a Government acquisition—as a sound fiscal measure.

At this time, I would like to insert a copy of the amendment:

AMENDMENTS TO H.R. 8672, OFFERED BY MR. SOLARZ

Page 25, line 15, insert immediately after "subsection" the following "or subsection (e)".

Page 25, line 16, insert immediately after "transferred" the following "to anyone other than the United States or any agency or instrumentality thereof".

Page 26, line 23, strike immediately after "that" the following "the", and insert in its place the following "such".

Page 26, immediately after line 2, insert the following new subsection:

(e) Acquisition Price—whenever the United States or agency or instrumentality thereof acquires, by purchase or otherwise, any roadbeds and facilities which have been repaired, restored, rehabilitated, or improved with financial assistance under this Act, there shall be deducted from the acquisition price thereof an amount equal to the lesser of—

(1) the amount of Federal financial assistance expended pursuant to this Act for the repair, restoration, rehabilitation, or improvement of such roadbeds and facilities, or

(2) the increase in value of such roadbeds and facilities which is a direct result of the Federal financial assistance expended pursuant to this Act.

A LEGISLATOR'S REFLECTIONS ON ENERGY CONSERVATION POLICY

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. RICHMOND. Mr. Speaker, I am including in the RECORD for the benefit of my colleagues my remarks before the Scientists' Institute for Public Information Seminar on Energy Conservation, Employment and the Economy on October 20, 1975, entitled "A Legislator's Reflections on Energy Conservation Policy":

A LEGISLATOR'S REFLECTIONS ON ENERGY CONSERVATION POLICY

I want to thank Dr. Barry Commoner and Alan McGowan of the Scientists' Institute for Public Information for organizing this energy conference. God knows we've used a lot of energy talking about energy on Capitol Hill this year. And, from what I understand, they've been talking about energy at the White House, ERDA, Interior, and the 20 other agencies of the Executive Branch that has something to say about energy policy.

In fact, energy policy has occupied Washington all year. However, I think the only thing we have accomplished so far is to make Pepco even richer by burning the lights all night.

Let me say this at the onset—there is an energy crisis—and the first thing we can all do to help is conserve what we have. America obviously needs to realign its priorities and begin conserving our energy resources. However, I don't think we can expect any real conservation efforts to materialize if our national leadership doesn't also begin to act as if there is a serious shortage. The President boasts he is visiting each of the 50 states. He has already flown over 130,000 miles to tell us we have an energy crisis. So far, according to the White House, his travels have consumed roughly 601,500 gallons of fuel. That's enough to fuel the family automobile for 602 years!

But the President is not alone. Last summer, members of my staff were forced to wear sweaters in the office because the building was kept so cold. I agree the humidity is pretty bad here in the summer, but if we wanted cold temperatures to this extreme we probably could have moved the Capitol to Fairbanks a long time ago. And, the Lincoln Memorial is indeed a nice sight lit up at night, but I wonder if it isn't some sort of a paradox considering Mr. Lincoln's aversion to extravagance.

What all of these examples point to is a mark of symbolic commitment to conservation which really has to begin at the highest level of government. Obviously, since real leadership has emerged, which is committed to energy conservation, how can we tell the American people that the gas they use to get to work each morning is going to run out when they see the nonchalant attitudes of so many of us here in Washington?

In the American people there is an inherent dislike and distrust of those who control our energy supplies. A recent poll in the Northeast showed that the American people feel the blame lies not with the energy companies, but with the government. Forty-nine percent of those polled think our leaders are unrealistic and lack courage, honesty, and understanding in our energy and economic problems. This speculation and suspicion is in itself destructive to the objective of saving energy. I wonder how long it will take the President and Congress to understand that a national commitment to save energy must begin with an example from the top.

There are some other interesting aspects to the poll I just mentioned. In addition to believing the lack of an energy policy is the fault of the government, voters do not feel energy, per se, is our major problem. Only 28% felt that the development of a satisfactory energy program was among the two most critical issues facing the country. Seventy-three percent felt that inflation or the rising cost of living was one of our two major problems, while 45% felt unemployment and the lack of jobs was one of our two most critical issues. I couldn't agree more.

However, I believe that is exactly the point of this conference. Our economic policies, our success in fighting inflation, and our ability to provide for full employment are all directly related to our ability to come up with an energy policy that recognizes that productivity in our industrial economy is directly related to energy use. We can listen to Mr. Greenspan and Mr. Simon project that in about a year we should begin to see some healthy signs of improvement. But, I wonder if we can wait that long. An 8 or 9% unemployment rate isn't very meaningful to an American who is 100% unemployed. And, in districts like mine, the unemployment rate is 20 to 25% overall and up to 50% in certain categories. But, while levels of energy consumption are directly related to the economic activity of our nation, it is not a one-to-one relationship. There are a lot of things we could be doing in Congress and the White House that would help squeeze more out of our energy supplies in the short run.

Right now, the more natural gas we use in heating homes and empty office buildings means we can use less on the productive side of our economy. That means if we save in one area we can use it in another area that will mean more jobs for our unemployed.

But let there be no illusions, unless we begin to find other energy alternatives, we will see the day of forced conservation that will cause severe economic stagnation. This must be avoided through an energy development direction which will provide employment and direct benefits to the economy. Our future energy policies must take into consideration their impact on the economy and specifically their adverse affect on employment opportunities.

A few of my colleagues have realized the importance of this simultaneous creation of energy in jobs and have sponsored legislation which calls for small business incentives and consumer participation in the development of solar energy. The development of solar energy will create thousands of manufacturing, marketing and diverse job opportunities, while reducing our dependence on foreign oil.

The improvement and development of our rail beds and tracks will offer jobs to countless individuals while enabling us to efficiently transport our most abundant energy source: Coal.

What all this leads to is the necessity to direct our combined efforts at something which the American people can comprehend, benefit from and participate in. The Energy Research and Development Administration tells me that there are 23 different Federal agencies involved in energy research and development. They further say that the mere numbers involved here cause delayed action and ambiguity. I think that many us in Congress expected ERDA to fullfill this objective, but we now find this is not the case. The Congress must be able to hold someone accountable not every agency in the entire Executive Branch.

The President's approach to this problem has been his most recent proposal for a 100 billion dollar Energy Development Corporation. I believe this would further remove Congress and the American people from energy policy. We all know that when it comes to a massive project such as this, whoever holds the purse strings controls the development, direction and priorities. I believe such an independent corporation would be a grave mistake. I believe Congress should have direct oversight over energy policy.

And, I also believe energy policy should be centered in one place in the Executive Branch. My own personal opinion is that ERDA should be charged with this responsibility. We created it only a short time ago and adding another bureaucracy to an already massive bureaucracy makes no sense to me at all. However, it is an open question. It is interesting to note that the same President who vetoed the Child Nutrition Bill, Education Appropriations and the Public Works Bill because of a desire to cutback on Federal expenditures says he now wants to start to pay for this new corporation when we already have a qualified organization given proper Congressional oversight. It seems a little ridiculous to me and I don't think the American people should stand for it or be asked to pay for it.

Let's face it. Paying for it is the real rub in the whole energy hassle. No matter what energy policy you choose, it's going to cost money—or more specifically, capital. It's going to mean the proceeds from the capital invested are going to go somewhere. My own preference is to direct our energy policy toward creating the most employment and leaving us least dependent on the existing energy cartel. That's why I believe we should pursue solar energy in all its forms as our number one choice. It will create more jobs and require less capital than any other source. Our second choice I believe should be to clean up coal and use it until we perfect fusion. I, myself, do not feel that we have established the safety and cost effectiveness of fusion to proceed with full scale commercial development at this time. Many of my colleagues disagree with that last position. However, the mere fact that a nuclear plant requires more personnel for its protection than its operation leads me to believe we have reached the point of diminishing return on capital investment when it comes to nuclear energy production. Since the President's new proposal makes it clear that no matter what energy program is pursued government is going to finance the project, I believe the Congress and the people deserve more from their tax dollars than nightwatchman jobs, while the existing energy cartel cleans up on their tax dollars.

We could go on, but I think a number of things are clear from this conference. First, we are going to have a government financed energy development program. Second, I believe Congress must maintain oversight over what will possibly become the biggest public works project since the China Wall or at least the interstate highway system. Third, the only new source of energy we have to use now is conservation. And, until we have a top to bottom commitment from the government we can't expect it anywhere else in society. And last, our energy policy has a direct bearing on our economic health. I believe that any energy policy should be structured to enhance employment and job development.

You and I know that one of the most important, yet difficult aspects of formulating energy policy is the physical impact of our decision on the environment. Whatever we choose to do today will stare us in the face for years to come. An incorrect decision could lead to the deaths of thousands of Americans.

In the past many things went unnoticed or were disregarded because of our society's desire to improve and expand our industrialized lives. This desire led to a point of disconcern where the material wants of our citizens overshadowed the destructive results.

Then a funny thing began to happen. For the first time, rivers which were once abundant with fish now only contain refuse. People began to cough when they took a deep breath, and every day became hazy behind the mist of industrialization.

Interest groups began to form and concerned citizens began to join these organizations protesting the mis-management of our lands. Representatives were told to act swiftly to rectify the situation or pay the consequences at the next election. We began to implement legislation and efforts on a national level, aimed at everyone from big business to the weekend camper. The cleaning of America not only became our country's highest priority, but also the concern of every American. The commitment, which energy conservation lacks, clearly had the strong support of all of us.

Today we are obviously in somewhat of a dilemma. We have several difficult decisions to make. We are being asked to hold automobile pollution devices at their present effectiveness in order to cut back on gasoline consumption. We are initiating massive off-shore oil exploration and drilling projects. We are realizing the importance of mining our lands for the coal they contain. We are speaking about building 1000 nuclear plants which potentially could prove fatal. And finally, we are cutting into our mountains attempting to extract oil shale.

This is truly a large price to pay for our energy needs and therefore, I want to be sure that we don't set ourselves back years by bad policy decisions made here in Washington. Whatever energy legislation is passed by the Congress cannot be detrimental to our environment. Unfortunately, the two competing E's prolong the formulation of a long term strategy which is sensible and productive. A perfect example of this is the strip mining bill which came before Congress earlier this year. President Ford vetoed this bill because he felt that the need for coal far outweighed the environmental questions arising from surface mining.

Energy, the environmental and unemployment, are so closely intertwined that unless we begin to choose measures which do not neglect one area, there is little chance for legislative acceptance. The entire subject has reached proportions which must be dealt with now, and our first step is to get the American people involved. From there we must map out a clear path which will lead us toward a position of independence as well as provide us with environmental improvements and employment opportunities.

Only with these requirements met can this Congress, or this nation, ever formulate reasonable and effective energy policy.

Finally, I want to say that I believe Dr. Commoner and the other scientists at SIPI are to be congratulated for organizing this conference. I believe that regularly scheduled SIPI conferences might be a meaningful contribution to our efforts to develop a national energy policy that makes sense.

I look forward to future seminars and to participating in this learning process with you.

WOMEN'S YEAR CONFERENCE BILL—H.R. 9924

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. WON PAT. Mr. Speaker, today we are considering H.R. 9924, legislation authorizing an American Women's Conference to prepare a national program of legislative and private sector action to eliminate inequities directed at the women of our Nation.

In recent years we have considered many bills and programs directed against discrimination of one minority group or another in our society. In this instance, we are recognizing and opposing discrimination against a majority—women.

Without itemizing the lengthy list of well-known and recognized forms of discrimination, it is sufficient to say it is widespread and long overdue for correction.

Much progress has been made toward establishing equality between men and women and the integration of women into the economic, occupational, political, and social activities of our country. However, much remains to be done. It is extremely vital that this issue be pursued with renewed vigor.

The important goals of International Women's Year 1975 have been set. To insure that these goals are not lost from sight, progress to date must be evaluated and future advancements planned. Those are some of the purposes of this legislation.

Much of the strength of the United States derives from its ability to adapt with the changes and needs of the times. The time has come to eliminate archaic, outdated, and unfair practices and social concepts which have for so long prevented equal status for women in our society.

It is not enough to recognize that progress is being made or that practices of the past must be eliminated. Positive action must be taken to focus national attention on the methods whereby this can be accomplished and concrete programs planned for seeing they are carried out.

H.R. 9924 proposes just such action. The proposed National Women's Conference provides a long-needed platform whereby the sentiments and aspirations of women from all parts of the United States and all social and economic levels of its society may be combined into a single program. The need to eliminate the widespread inequality of women is obvious. It is particularly fitting in this year of the 200th observance of our revolution to establish "that all men are created equal" that the true fruits of that revolution are no longer denied American women. The time has come to continue our revolution to insure that all humankind are equal.

I urge my colleagues to consider favorably this bill which would do much toward furthering this effort.

POSTCARD REGISTRATION EXPENSIVE AND UNNECESSARY

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. ASHBROOK. Mr. Speaker, the Congress is again kicking around the idea of nationwide voter registration by postcard. This idea is no better today than when it was first proposed.

Adoption of postcard registration would create one more costly and unnecessary Federal bureaucratic agency. Cost estimates range anywhere from $30 million to $500 million. Our Nation does not need this additional expense. Nor does it need another group of Washington bureaucrats intruding into a matter that is better left to the States.

I know that in my own district election officials go out of their way to provide eligible citizens an opportunity to register to vote. Some people may still consider the registration process to be too great a burden. But as a Washington Star editorial has noted, surely having to go and register in person is a minimum requirement of concerned citizenship.

Following is the full text of the editorial from the October 18 edition of the Washington Star:

[From the Washington Star, Oct. 18, 1975]

POSTCARDS AND POLITICS

One of the hot questions Congress may be handling soon is that long-delayed idea of nationwide voter registration by postcard. We hope this ill-conceived plan will be delayed a good while longer—in fact, into infinity.

The country does not need another layer of bureaucracy, assigned to flood the nation with postcards with which anyone might register. Apart from what this could do to the integrity of elections if it were mishandled, which is not unlikely from what we know of vast federal paperwork ventures of the past, the cost and principle must be considered.

Estimates of the former have ranged from $30 million to $500 million, which is to say that nobody knows. Sending out enough postcard forms for the whole American adult populace could swarm into a king-sized operation, as anyone familiar with the multiplication of bureaucratic processes knows too well.

The administrative problems could prove enormous, if the system were not simplified to the utmost, which is not what the federal government is good at. By itself, the transfer of postcard registrations to state voter rolls in the brief time between the enrollment deadline and the next election could be a wild experience. But unless the system were complicated with strong safeguards against abuse, elections might be corrupted with fraudulent registrations.

In any case, voter enrollment is a field best left to the states, without any such intrusion by Congress as to the mechanics. Really, they have been doing rather well at it. Of course they would retain the administering power, but there is no crying need to load them with this costly and complex burden, with strings going back to Washington.

The matter of principle in another thing, having to do, no doubt, with our zeal to remove exertion from just about everything.

Maybe someday we will vote into the TV set, and respect computers to flash the national results in five minutes. But surely having to go and register in person is a minimum requirement of concerned citizenship. More places of registration have been made available by many cities and localities, so as to ease what little strain there is to it. Anyone who won't make this small effort isn't very interested in self-expression at the polls. In fact a high percentage of those who do bother to register seldom show up at the polls.

How effective would the postcard method be in boosting the voter turnout? How interested in voting are the people who will not now expend the effort to register? Not very, perhaps. But the Democratic majority in Congress seems almost ready to whoop this plan through, on the assumption that a multitude of non-voters (mainly among the less advantaged, seen as potential new Democrats) will plunge into active democracy via the mailbox.

If the gain is no more than a trickle, as some observers expect, we may be caught with another misbegotten federal experiment that is much harder to stop than it was to start.

THE NEXT DOMINO TILTS AGAIN

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. McDONALD of Georgia. Mr. Speaker, for those Members who feel that the fighting ended in Southeast Asia when the United States left or that somehow the "vestigates of colonialism" were at the root of all problems in Southeast Asia, they might well ponder the latest aggression of Laos against Thailand. The London Daily Telegraph of October 14, 1975, describes a serious clash between the two powers. Does anyone hear a domino tilting?

The article follows:

[From the Daily Telegraph, Oct. 14, 1975]

LAOS POST STRAFED BY THAIS

(By John McBeth)

Thai fighter-bombers have attacked Pathet Lao positions on the Mekong River in the most serious clash since the Communist take-over in Laos.

The aircraft were called in on Sunday after two Thai navy patrol boats came under rocket, grenade and automatic weapon fire from the Laotian side of the river, 550 miles North-east of Bangkok.

The planes scored a direct hit on a riverside bunker from which Pathet Lao soldiers were directing their attack on the patrol boats.

The boats were badly damaged in the clash, which came as Pathet Lao spokesmen lashed out at so-called Thai provocations along the river during Laotian celebrations marking the 30th anniversary of the end of French colonial rule.

At least five serious incidents have been reported at various points on the river in the past week. Last Thursday five Pathet Lao soldiers were killed in a battle involving land and river forces West of Vientiane.

Maj.-Gen. Chartchai Choonhavan, the Thai Foreign Minister, is expected to visit Laos soon in an effort to resolve border troubles.

The Pathet Lao regard Thai river patrols as a direct provocation, while Thailand says they are essential in trying to stop the smuggling of arms from Laos into northern and northeastern provinces where Communist insurgents are becoming increasingly active.

GUN CONTROL: THE BEST WAY TO CURB ASSASSINATIONS

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. DRINAN. Mr. Speaker, the recent wave of assassination attempts underscores the urgent need for tough gun control legislation. As in every other attempt on the life of a President of the United States, the two would-be assassins of President Ford used firearms. As in four of the five previous efforts to murder a President, the assailants used easily transported and concealed handguns.

An article by Norman Pearlstine which appeared in the Wall Street Journal on September 12 pointed out the relationship between the availability of firearms and the incidence of assassinations. In Japan, where a tough gun control law bars the private possession of firearms, there have been six assassination attempts since World War II. The difficulty in obtaining firearms prevented these would-be assassins from utilizing guns, which are clearly the most effective weapons for the commission of such crimes. As a result, only one of these attacks resulted in a fatality. It is apparent that in addition to reducing the general crime rate, stringent gun control laws also reduce dramatically the likelihood of political assassination.

I have introduced legislation which would ban the private possession of the favoriate weapon of the assassin—the handgun. I commend the following article on this subject to the attention of my colleagues, and I urge them to enact meaningful gun control legislation before another individual buys a handgun and attempts to kill the President.

The article follows:

[From the Wall Street Journal, Sept. 12, 1975]

JAPANESE ASSASSINS HAVE A HIGH FAILURE RATE, THANKS TO EXTREMELY STRICT GUN-CONTROL LAW

(By Norman Pearlstine)

TOKYO.—President Ford, who yesterday was wearing a bulletproof vest under his jacket in public, isn't the only head of state who has to worry about the dangers of public appearances.

Assassinations have become practically a global problem, and here in Japan acts of violence directed at public figures are about as common as in the U.S. But in Japan, assassination attempts seldom succeed.

The reason: Japan has one of the world's toughest gun-control laws, so the would-be assassins usually resort to such things as firebombs, knives and unwieldly clubs. And while a person killed by a knife is just as dead as one shot with a .45, a gunless assassin obviously has a far more difficult job getting within the target's range. And if he gets there, disarming him is far easier.

Three months ago, for example, an assailant slipped past the bodyguards surrounding Japanese Prime Minister Takeo Miki, knocked him to the ground and tried to attack him with a five-inch-long knife. But the weapon was easily wrested from him, and the incident is scarcely remembered here.

Since the end of World War II, Japan has seen at least a half-dozen serious attempts at political assassination and scores of less-serious attacks on prominent political figures. The residence of Foreign Minister Kiichi Miyazawa was attacked this week by five men believed to be protesting the Japanese emperor's coming visit to the U.S. (Mr. Miyazawa was at the foreign ministry when the attack occurred.)

FATALITY 15 YEARS AGO

But because of the tough gun-control law, guns weren't used in any of these attacks. In only one instance, a knife attack on the head of Japan's Socialist Party 15 years ago, were the injuries fatal. Moreover, the law is also one reason why Japan's overall crime rate is extremely low.

The 60-page statute, entitled the "Law Controlling Possession of Firearms and Swords," prohibits almost all private citizens from having guns or other dangerous weapons. Possession of toy and model pistols is also prohibited if they look too much like the real thing. Antique guns are permitted if they are properly registered with the national Cultural Affairs Agency and with the local public-safety office. But importing of antique guns was severely restricted in April after it was discovered that many such guns still worked.

Illegal possession can bring up to five years in prison and a $1,000 fine. Sportsmen who compete in international pistol and rifle matches can possess firearms, and some referees use signal guns to start athletic contests.

TOKYO'S HOMICIDE RATE

Until the end of World War II, Japanese police carried sabers. In recent years, they have been armed with .38-caliber pistols, but they are rarely used. Japanese prison guards don't carry guns.

Although no one knows how many illegal guns there are, official crime statistics suggest the number is very small. There were 189 murders in Tokyo in 1974 (compared with more than 1,500 in New York), and only one involved firearms. There were 1,708 reported murders in all Japan last year, but only 72, or about 4% involved guns. A spokesman for the National Police Agency adds that firearms were involved in less than 2% of the armed robberies committed in Japan last year.

Police contend that most of the illegal guns in Japan are controlled and used by organized crime. About 125,000 mobsters (called "Yakuza") belong to about 3,000 gangs in Japan. Most of the 3,782 guns confiscated by police last year were taken from alleged gangsters. Police say that nearly 90% of all crimes involving firearms were committed by gangsters—often against other gangsters.

Many illegal guns smuggled into Japan in the past came from the U.S., Germany, and Southeast Asia, police statistics indicate. But tightened customs inspections in recent years have sharply curbed such smuggling. So now some demand for guns is being met by enterprising craftsmen who convert toy and model pistols into working weapons. Koji Adachi, an inspector in the National Police Agency's safety division, says that such makeshift weapons were used in 823 reported crimes last year, up from only 23 incidents five years ago.

PIONEER TRADITION

In the U.S., the gun-control issue has heated up again since the attempt on President Ford's life in California last Friday. Handgun sales average 2.5 million a year, and citizens own about 40 million such weapons. More than 10,000 Americans are killed by handguns each year. Nevertheless, Congress seems unlikely to enact any of the 50 pending gun-control bills this year. Legislation recommended by President Ford to ban the manufacture and sale of the cheap "Saturday-night special," moreover, wouldn't affect such weapons as the .45-caliber handgun carried by Lynette Fromme in the attempt on his life.

But the pioneer tradition and the Constitutional "right to keep and bear arms" make the U.S. something of a different case from Japan. "From the beginning, Americans felt a need to protect themselves and demanded the right to bear arms," says Katsuhiko Nishimura, a criminal-law professor at Aoyama Gukuin University in Tokyo. "But the Japanese don't feel such a desperate need for self-protection," he adds

Mr. Adachi of the police agency notes that Hideyoshi Toyotomi, a 16th Century military leader, forbade most of the public but not the Samurai warrior class, from owning swords. That prohibition was extended to all civilians in the late 19th Century. Legend has it that the first gun was brought to Japan by a shipwrecked Portuguese in 1543. While the military class subsequently became interested in guns, the civilian population never did.

Firearms gained popularity in the 1930s, especially among young military officers bent on assassination of political officials. Prime Minister Takeshi Inukai was shot to death by a group of young Naval officers in 1932. Four years later, three top government officials, including Finance Minister Korekiyo Takahashi, were fatally shot by a group of army officers.

Strict controls on the use of guns were imposed on the Japanese by U.S. occupation forces after World War II. The present gun-control law was implemented in 1958. Since then, there has been one political assassination involving a Japanese gun, but it took place outside Japan. Last year, Mun Se Kwang, a Korean living in Japan, stole a gun from a police station in Japan and smuggled it to Seoul. He used it in an assassination attempt against South Korea President Park Chung Hee. Mr. Park escaped injury, but his wife was killed by a stray bullet fired by Mr. Mun.

IN TRIBUTE TO SISTER EULALIA DOMAGALA

HON. FRANK ANNUNZIO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. ANNUNZIO. Mr. Speaker, the people of the 11th Congressional District of Illinois, which I am privileged to represent, suffered a great loss with the passing of Sister Eulalia Domagala, assistant to the mother general of the Sisters of Resurrection, on Sunday, October 12, in Rome, Italy.

Sister Eulalia was a strong spiritual leader and influence for good in our community and the results of her outstanding work will serve as living memorial to her strength of character and her inspiring concern for the well-being of her fellow man.

During her lifelong career of service to the residents of our northwest side Chicago community, Sister Eulalia was the directress of novices at the Immaculate Conception Province for 20 years and then served as the provincial superior of the Province for an additional 18 years.

As the provincial superior, Sister Eulalia was a most creative and far-seeing leader, for it was during her period of leadership that the new Resurrection High School was built in 1963. She also served as president of the Sisters' Governing Board of Resurrection Hospital, which in addition to the high school, is located in my congressional district.

At the beginning of her long, selfless, and dedicated career, Sister Eulalia taught at Resurrection Academy, St. Mary of the Angels School, and also at the old Resurrection High School.

Sister Eulalia will long be remembered by all of us, whom she served with spiritual strength and with total dedication to high principle. Mrs. Annunzio and I extend our deepest sympathy to her two brothers, John and Bruno Domagala, and their families.

DIRECT MARKETING FROM FARMER TO CONSUMER

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. BROWN of California. Mr. Speaker, the world food crisis is an endless conflict of domestic and international needs that we all must contend with in some form or another. Such needs call for the highest food production levels possible, and our farmers have responded admirably with record crops in 1975. But food prices continue to rise due to many expected and unexpected circumstances, such as the energy crisis which has raised the cost of almost all commodities in this energy-intensive food processing and distributing system we have. Food budgets have doubled and our people are justifiably worried over this continuing trend of inflationary food prices.

In an endeavor to meet this problem with an answer that will help both our urban consumers and our farmers, my distinguished colleague, Mr. Vigorito of Pennsylvania, introduced the "farmer-to-consumer direct marketing bill" which promotes the use of direct marketing through farmer's markets, food co-ops, and the like. Through such mechanisms of distribution, we can provide fresh, nutritious food products to our citizens which cost less than the packaged, processed food they find in the large supermarkets today. The farmer, who is presently only receiving about 37 cents of each dollar spent on his food products, will be able to get a better profit while the consumer gets a lower cost.

I wholly support this legislation, which has already been reported out of the Agriculture Subcommittee on Domestic Marketing to the Full Agriculture Committee. I urge my colleagues on that committee and of the whole House to add their vote to mine. The citizens of this country, especially in our urban areas, need to reestablish a direct link with our farmers. Such a connection will hopefully eliminate the misunderstandings that have developed regarding the rising food price levels and the quality of food, while it promotes lower costs and less energy utilization.

I insert in the Record a letter by Mr. Don Rothenberg, education director and assistant manager of a consumer cooperative in Berkeley, Calif., to Mr. Luther Wallace, director of the food and agriculture department of the State of California, which summarizes a direct marketing experiment that was conducted by the co-op. The letter speaks for itself. I hope my fellow Representatives will consider its content.

The letter follows:

Consumers Cooperative of
Berkeley, Inc.,
Richmond, Calif., September 22, 1975.

Mr. Luther T. Wallace,
Director, Department of Food and Agriculture, State of California, 1220 N Street, Sacramento, Calif.

Dear Tim: You had requested a written analysis of the cling peach experiment for your Department and other interested persons. We have delayed responding until all the figures were available, and are pleased now to share the information with you.

As background to the experiment, we note the following events:

1. At a meeting on June 4, 1975, with you and other staff persons and consumer representatives, we expressed our concern about the waste of edible produce in California.

2. On July 3, Co-op representatives met with a group of farmers in the Fresno area to discuss possbile direct purchase of fruits and vegetables. In the course of that meeting facts about the waste were confirmed. The most conservative estimate of those present was that 25% of the edible produce grown in California never reaches the retail marketplace. We were aware, of course, that there are several reasons for this waste and began to explore solutions.

3. On July 16, I wrote to you accepting your kind invitation to serve on an Ad Hoc Advisory Committee. In this letter, we requested data from your Department "indicating the estimated quality and dollar value of vegetables and fruit which are not picked, are plowed under, are rejected by the county inspectors, or are dumped for any other reasons."

4. At the meeting of the Advisory Committee in your office on July 21, I repeated this request and we were informed that there were at least five California crops which would probably be in surplus this season: cling peaches, pears, wine grapes, lettuce and apricots. I offered, on behalf of our Co-op management, to cooperate in an experimental retailing of one or more of these surplus crops. I indicated that we were determined to proceed within three weeks and requested a good faith reaction by the Department to save the surplus and make it available to California consumers. Your response was that the Department would give serious consideration to such an experiment and would be in touch with us.

5. On August 1, we received a phone call from Rex McGee of your Department and Ron Schuler of the Cling Peach Association expressing interest in beginning the experiment. Numerous phone calls and meetings took place in a completely cooperative man-

ner among the Department, Mr. Schuler, and the Co-op.

6. On Thursday, August 7, a truck with 12 cannery bins of cling peaches arrived at our warehouse. The truck had been re-routed to one of our retail stores to make use of a special lift truck for unloading, since the bins were stacked in a way that made the normal warehouse equipment inadequate. We rented another truck and delivered the 12 bins to our retail markets.

7. On Friday, August 8, Mr. McGee, Mr. Schuler, Mr. Roy Bryant (Co-op General Manager), Mr. John Kitamata (Co-op Produce Buyer), Ms. Linda Akulian (Co-op Board member), and I met at the Geary Road Co-op in Walnut Creek to inspect the peaches and to observe consumer reaction. All present were pleased with the quality of the fruit and the immediate favorable response of shoppers. There was no advance publicity. We posted the enclosed signs on the bins and distributed both a Home Economist hand-out sheet and a questionnaire at the bins. Based upon the initial favorable response we increased the order for cling peaches, subject to personal inspection of the orchards by Messrs. Schuler and Kitamata on August 9.

8. From August 9 thru 17 an additional 154 bins were shipped to the Co-op for sale in our stores. We estimate that 12.5% of the total shipment of 168 bins was not sold, either because of inspection rejection or customers dissatisfaction. One farmer shipped peaches of poor quality and this did cause some problems.

9. On August 13, a news conference was held at the Co-op's new Northpoint Center in San Francisco to announce the experiment to the general public. In addition to Co-op officials, you and Mr. Schuler were present and answered questions from the media representatives. Ms. Rose Bird sent a message to the conference.

10. The effect of the sale of cling peaches in our stores was to immediately reduce the sale of freestone peaches, then priced at 39 cents a pound. However, the total sales in our produce department increased over our budget projections during the period of the cling peach sales. In other words, shoppers purchased more fruit and vegetables of all kinds along with their cling peach purchases;

	Produce		
	Budgeted sales	Actual sales	Variance
Week ending:			
Aug. 2, 1975	$129, 660	$127, 700	−$1, 960
Aug. 9, 1975	129, 660	130, 900	+1, 240
Aug. 16, 1975	129, 600	133, 900	+4, 240
Aug. 23, 1975	129, 660	122, 100	−7, 560

Thus, even with the drop in freestone peach sales and the low price charged for cling peaches, the total volume of produce was higher for the period August 8 through August 16 than the preceding and following weeks.

11. The cost breakdown for this experiment is as follows:

The farmers received $11,491.

The warehouse and store delivery costs were $1,321 ($500 of this for rental of special lift truck).

The "shrink" because of rejection was $1,436.

The retail income was $17,640.

Net income to the Co-op was $3,392. Three factors should be noted:

(a) The "income" does not consider payroll costs at the retail level.

(b) The "income" does not consider time spent by administrative personnel.

(c) The overhead costs, such as the lift truck, would have been amortized to a smaller percentage had the experiment lasted beyond August 17.

12. On August 18, we were geared up to handle approximately 25 tons of cling peaches per day. The Palo Alto Co-op had placed orders for that day and each of the Berkeley Co-op markets was prepared to sell as many as five bins per day. Then the rains came. We were informed on August 18 that no peaches would be picked because of the rain. On August 19 we were informed that there would be no more cling peaches from members of the Cling Peach Association. Apparently, the canneries had agreed to purchase the remaining surplus of the Association members.

13. On August 22, at a meeting in the Director's office attended by some 30 persons from the industry, the Department and the Co-op, we restated our willingness to purchase and market 25 tons of cling peaches per day for the remainder of the season, assuming that the fruit was transportable and edible at the point of purchase. We were given contacts to growers who do not belong to the Association. Contacting them and consulting with the Department made it clear that the brown rot had become serious enough to make any further shipments questionable and no further orders were placed.

14. We tabulated the first 1,409 questionnaires with the following results: Direct from the Farmers Questionnaire—1,409 returned as of 8–23–75.

(a) If the price were significantly lower, would you buy produce that doesn't look as good as you're used to, but is just as edible and nutritious? Yes, 1,359. No, 50.

(b) Would you find it useful if the State Department of Agriculture produced printed material explaining differences in quality, appearance, and price of fruits and vegetables? Yes, 1,291. No, 118.

(c) Would you like to see this experiment broadened to include many produce items? Yes, 1,372. No, 37.

(d) If a particular fruit or vegetable had the following price spreads, which would you buy?

(384) 39¢/lb. for uniform high quality appearance.

(1025) 29¢/lb. for mixed quality appearance.

(423) 39¢/lb. for uniform high quality appearance.

(828) 35¢/lb. for mixed quality appearance.

(245) 49¢/lb. for mixed quality appearance.

(1164) 29¢/lb. for mixed quality appearance.

15. We have reached the following conclusions from this brief experiment:

(a) That consumers will purchase edible produce at a low price even though it is cosmetically less attractive.

(b) That the use of large bins in a retail supermarket is a practical implementation of the purchase and sale of certain crops.

(c) That this kind of experiment can be of benefit to ALL concerned: the farmer, the retailer, the consumer.

(d) That the Department of Food and Agriculture plays a proper, responsible role on behalf of all Californians when it interprets marketing regulations flexible so as to permit the marketing of the largest possible amount of fruits and vegetables.

(e) That these experiments do cause a disruption in "normal" marketing procedures and require adjustments at the farm and retail ends. The experiments also will have a financial impact on a fruit or vetetable which is directly competitive, e.g. cling peaches nad freestone peaches.

(f) That advance planning by all concerned and a fresh look at all marketing regulations can result in a more beneficial result for all concerned.

We went to congratulate your entire staff for their energy and responsiveness. We again offer our cooperation as a "laboratory" for experimentation. We reemphasize that our goal is the eliminination of waste and the meeting of the urgent need to make good food available to all Californians, particularly those whose incomes are severely limited by the economic period in which we are now attempting to survive.

Cooperatively yours,
Don Rothenberg,
Education Director and Assistant to the General Manager.

AMERICAN ISSUES FORUM

HON. WILLIAM S. COHEN

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. COHEN. Mr. Speaker, the 200th anniversary of the founding of the American Republic is being commemorated in many ways, but I know of few commemorative activities that are as important for our Nation's future as the American Issues Forum.

Sponsored by the American Revolution Bicentennial Commission, the American Issues Forum is designed to engage all segments of society in an exploration of the issues which have been fundamental to the development of American society. Nine topics have been chosen to help focus this national debate.

One project conducted under the umbrella of the American Issues Forum is of particular interest to me: It involves a subject which is very important to me—the role of the elderly in American society—and a very distinguished resident of the State of Maine.

Under a grant by the National Endowment for the Humanities, Dr. William Pierce Randel, professor emeritus of the University of Maine, has prepared a series of columns on older Americans' place in our society. The columns draw their themes from the monthly topics of the American Issues Forum.

Mr. Speaker, Professor Randel's columns are being circulated to newspapers across the country, and I certainly hope they get the broad readership they deserve. In his columns, Professor Randel offers his own penetrating insights into the issues confronting our older citizens today. I am inserting the first two of his columns, those for September and October entitled "A Nation of Nations" and "The Land of Plenty," in the hope my colleagues will take the time to read them and take their message to heart.

I think it is important in this Bicentennial year that Americans give a great deal of thought to the many neglected groups in our society that contributed greatly to the culture and prosperity of the United States, but who have received little in return. Professor Randel's columns serve as a reminder of the debt—as yet largely unrepaid—that we owe our older citizens.

The article follows:

A Nation of Nations

(By William Peirce Randel)

In the long series of group migrations to North America, from the founders of Jamestown to the war-weary refugees from Viet Nam, few if any have arrived without fixed attitudes toward aging and special traditions for treating their elders. The variations are many; but they have not had much influence on the development of any form of "ageism" recognizable as distinctively American.

For the first three centuries of our history we had a rather colorless or neutral behavior toward our elders. This came about largely by default. The first shiploads of settlers, mostly from Great Britain, had almost no older people (by whatever definition of "older"). Hewing livable space out of a wilderness called for the best in brawn and good health. Only when a few of these "founding fathers" (and mothers) survived their fifties and settled into less strenuous labors, was there even the appearance of an older group in the community.

We know some of these lucky few by name and reputation. Anne Bradstreet, for example, our first poet of any substance, lived to be sixty, and her formidable husband Simon, stepped down as Massachusetts governor at 89. We know the dissenter Roger Williams, who founded Rhode Island as a haven for religious liberals, and who, at age 72, served as a militia captain in King Philip's War.

We recall with special pride the many-sided Ben Franklin; 70 when appointed to help draft a Declaration of Independence, 82 when he finally retired from public life. And it amuses us to read the diary of Samuel Sewall, former judge in the Salem witch trials, as he records his courting of Widow Winthrop in his late 60s. (She turned him down.) But—and this is a very important but—the stress on age in this colonial sampling is a recent addition; what individuals did, in early times, was what really counted, not how young or old they happened to be when they did it.

If this sounds like the Puritan Work Ethic, it was. There was an urgency, hard to imagine today, about the whole colonial venture. Time was of the essence, and idleness was unforgivable. Children began contributing to the household economy as soon as they could, and the oldest members continued to as long as they could, incidentally retaining their self-respect by doing so.

The underlying principle, seldom if ever put in words, was close to Marxism: "From each according to his abilities, to each according to his needs." Hardly conducive to memorable celebrations, on birthdays or name days, but highly practical and satisfactory as a way to maintain the elders and their sense of belonging.

IN JAPAN, A SPECIAL DAY

Smaller and later groups of immigrants might maintain their ethnic traditions, privately, while outwardly adopting the cultural mode of the British-based majority. That majority, quite obviously, was not likely to yield to newer groups. But none of the newer groups brought over particular customs so outrageous as to invite suppression—for example, the exposure of the helpless aged to barren mountainsides, where they quickly died. At the other extreme, we have never, as a nation, seen fit to honor the aged as the Japanese do. They have a special term, otoshiyori, meaning "the honorable elders," and a national holiday, "Respect for the Elders Day." They even recognize the 61st birthday as the onset of old age, with ceremonies resembling bar mitzvah, christening, or confirmation.

Such marked deference to the elderly, in Japan and in certain other cultures represented within our Nation of Nations, makes what we have had, early or late, seem by comparison a virtual non-tradition, closer to an economic formula than to cherished custom.

At the time of the Revolutionary War, as Benjamin Franklin observed, the colonies had twice as many marriages as Great Britain, and twice as many children per marriage. If someone wished to portray the most representative American during the war years, the figure would have to be a young woman leading her oldest child by the hand, carrying her second across one shoulder, and unmistakably pregnant with her third.

Soldiers were less numerous, despite the fighting, and old people were scarcer yet. Young people under 15 made up about half the population. It was a very young country—and it stayed young for the next century and more. As late as 1900, only one American in 25 was 65 or older.

Then things began to happen. The commodious family home, with "always one more bed," became as rare as the family horse and carriage. The family itself exploded and reformed in unfamiliar shapes. Pensions gave retirement a welcome new dignity and encouraged independent action, but compulsory retirement at a fixed age was a price tag not always welcome. Health improved, and average life span was extended.

SEPARATING FACT FROM FICTION

Out of this massive upheaval, this cultural revolution, old age has emerged as a myth, a set of beliefs with slight if any basis in fact, and as much in need of correction as any of the older ethnic slurs that hopefully are in decline today. Defining and measuring the hardening stereotypes is difficult, and for this reason we must be grateful for a recent study conducted by Louis Harris & Associates for The National Council on the Aging, with the arresting title, "The Myth and Reality of Aging in America."

What this poll indicates is that a great many in the 18–64 age group hold negative views of people 65 and older. Two out of three, for example, consider their elders not very good at getting things done. Only three in ten view them as very bright or alert, and only one in five considers them very open-minded and adaptable. These opinions seem to reflect a general fear of old age, a belief that most people over 65 are frail and helpless.

But the poll also demonstrates that most older people view their condition as better than they thought it would be, and better than younger people believe it is. Most of them say they do not lack money enough to live on, and even more insist they can usually find meaningful activities. Older people spend far less time in sedentary passivity, like watching television, than younger people believe they do. As a matter of fact, old and young spend about the same amount of time sleeping, reading, "sitting and thinking," participating in organizations and going for walks.

There is no typical older American, just as there is no typical younger person; our national diversities extend through every age group. Accepting false stereotypes, keeping them alive, or enlarging them can only sap that part of our national strength. Without the stereotypes, effective handling of ageism as a national concern will be hard enough; with them, it comes perilously close to being impossible.

The Land of Plenty

(By William Peirce Randel)

Just how rich the United States has become might be difficult to determine. The money we spend each year on tobacco, soft drinks, beer, wine, and spirits, cosmetics, entertainment, and other non-essentials adds up to many billions of dollars. So do our outlays for education, both public and private, highway construction and maintenance, and such basic needs as food, shelter, and clothing. Recessions reduce the totals a few percentage points only, and have no great effect on our per capita annual income, long the world's highest, even when adjusted to reflect inflation. We are proud, moreover, of the number of automobiles, telephones, television sets, and bathtubs per person. Even what we waste each year, as trash and garbage, is a measure of our affluence.

We are a wealthy people. This is, as wave after wave of immigrants were led to believe and many discovered, a land of promise, of opportunity, of plenty. Our largesse to peoples around the world, amounting to billions of dollars annually, is further proof of our vast riches.

Surely, with resources to boggle the liveliest imagination, the United States must be able to care for its own, from pre-natal care to perpetual mowing of cemetery lots. But does it? Does every element in the population share the bounty, and share it equitably? Or do some groups get preferred treatment? What of the *elderly*? Are older Americans rewarded in tangible ways for their share in creating, through years of working, all this superabundance that rouses envy abroad?

In all the places favored by tourists, it might appear so; for a goodly percentage of all American tourists are in the upper age brackets. That any large number of older Americans can afford foreign travel is firm proof of American affluence. What people watching tourists on foreign soil can probably never realize is that most older Americans are no more able to travel than they are.

The plenty that foreigners envy is not evenly distributed. Our elderly are scattered along the total economic spectrum, from very rich to very poor.

To be young and poor is to suffer deeply, but at least there is hope of breaking out of the strait jacket of poverty. For the very old at or below the poverty level there can be no such hope. If they have worked hard while younger, year after year, what a crushing thought it is that they have missed out! What is the payoff for a lifetime of labor? Whatever happened, they well may ask, to their share of America's glowing promise?

MORE AND MORE

Compounding the problem is the recent rapid increase of Americans in the upper age brackets. It even exceeds the statistical bulge in the 15–25 age bracket, result of the baby boom in the 1950s. Births have leveled off and zero population growth is on the way to being achieved. It is predicted that the total population will have increased three times from 1900 to 1980, while the number 65 and over will have increased eight times in the same 80 years.

This increase, largely the result of medical advances, has been and continues to be a phenomenon that society is not yet prepared to cope with. Some concessions of real value have been made to the elderly, but these are offset by the emergence of damaging stereotypes that discourage further action. The withholding of Social Security taxes from every paycheck fosters the notion that the active work force is subsidizing the leisure of the retired. Even worse is the general tendency of younger people to view retirement benefits as welfare.

Is there really discrimination against the elderly? Look around. It is everywhere evident. Newspaper accounts of nursing home abuses ought to fire our indignation and build up public pressure to punish those responsible, or at least correct the worst conditions. But do they? More often than not, minimal improvement is accepted and only the worst offenses are brought to prosecution. With all our vaunted national wealth, care of all our aged who are doubly handicapped by poverty and ill health could easily be raised to the level of the best nursing facilities—for some are very good. Victims of the worst care facilities fall far short of their full share in the national bounty.

But abuses are not limited to the insolvent and disabled elderly. Healthy, active older people, many with property they could pledge as collateral, often meet resistance when they ask for credit or loans. Younger Americans who are no better credit risks seldom have any such difficulty. Income in the form of wages or salary commands more respect, apparently, than the same amount of income from pensions and established benefits.

Freedom to move about and to enjoy that access faces a different and more serious restriction in big cities—the increasing possibility of being victims of street violence. A study in Oakland, California, showed the likelihood of an individual being the victim of a robbery was one in 146, but the rate for females over 65 was one in 24. Old people are not the only targets of muggers, but they are the most attractive, as least able to defend themselves. Society's inability to contain urban crime affects, directly or indirectly, the freedom of the aged to enjoy the public facilities that our nation's wealth makes possible—concerts in parks, for example, and the parks themselves, not to mention theatres and museums, art galleries and sporting events.

PROPER HOUSING

Other forms of crime reduce the attractiveness and livability of housing projects for the elderly; but as a nation we have not given adequate thought to what this housing should be. Even in expensive retirement communities, special consideration for the needs of older people, who exclusively are eligible, is not always evident. A single telephone jack is inadequate in any dwelling of more than three rooms, but it works a particular hardship on the elderly with reduced locomotion. Large-letter labels on ovens and other appliances; special supporting bars in bathtubs; windows easy to open and curtains easy to pull; lights in closets; electric outlets within easy reach—the general absence of such aids of special utility to older people measures the slowness of manufacturers to recognize a rapidly growing market.

It is only fair, at this point, to cite certain concessions to age: reduced transit fares and admission fees, double personal exemption on income taxes, and medical care at reduced cost. This last, which Americans not yet 65 have good reason to envy, would be a model of cooperative problem-solving, with the 65-and-older contributing both to Medicare and to the insurance or pension Medicare supplement, if the individuals and institutions providing the services were somewhat more moderate in their charges. Also there are gaps in the coverage of Medicare and costs can be high. Even with these drawbacks, however, the Medicare-supplement plan gives older citizens a welcome share of American plenty in its medical form. At the same time it reduces the drain on financial resources, thus allowing access to plenty in general.

Other concessions to the aging might be cited along with further examples of society's torpid interest in giving older Americans their fair share of the Gross National Product. If the general attitude toward the elderly were more positive, if, for example, it approached the honor paid them in Japan, they would all now be getting at least their full share, and probably a little more, as a matter of course. Since there is no easy way to eliminate the stereotypes or alter the general attitude, the best recourse of the elderly is to organize as a group and adopt the one form of action guaranteed to work: concentrated political pressure to secure what is desired. With the growing size of this group, such action is predictable, sooner or later. Only when it succeeds will older Americans be confident of getting their proper, and earned, share. They are not getting it now.

AMERICA, AMERICA

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. LEHMAN. Mr. Speaker, our Nation's Bicentennial anniversary is a time for reflection on the meaning of America. While we often see ourselves in terms of varied ethnic, racial, religious, and economic groups, we are all Americans—a name for an ideal as well as a nation.

The meaning of America was recently discussed most eloquently by my good friend, Rabbi Joseph R. Narot of Temple Israel of Greater Miami.

I commend his sermon, "America, America," to all:

AMERICA, AMERICA

(A sermon delivered by Dr. Joseph R. Narot, Rabbi, Temple Israel of Greater Miami

"America, America." That is how I have always thought and spoken of you, my adopted land. "America, America." That is how my parents and others of their immigrant generations always addressed you. "America, America." That is how millions of newcomers from every continent and country have called you.

Why not just "America?" Why the twice-told name? Because to pronounce it once does not tell all our feelings for you. It must be spoken twice, the first "America" uttered with a breath of joy, the second "America" uttered with a sigh.

This double meaning, mentioning two lands in one, still echoes in my mind. It brings a flood of memories of my first sight of your Statue of Liberty. It recalls my being processed at Ellis Island. It tells me again of my journey from your largest city to one of your smaller towns.

William Saroyan, the writer, was asked recently why he always writes about himself. He replied: "I have only one subject: myself. If I'm going to reveal something about all of us then it has to be through me. I have that limitation, or advantage." Be it *my* limitation or advantage, as I think about you now, "America, America," as you are about to enter the third century of your existence, I cannot help but think out of my own memories, out of my own feelings, out of my own experiences with you.

I was born in a *shtetl* in Lithuania. I should remember more than I do about that village. But my mind is blocked. Blocked by poverty, pogrom, and a world war which found my little place caught, first between the Kaiser's and the Czar's armies, and after that in the hands of the Russian revolutionary troops. I have since seen pictures of that hamlet—mud streets, wooden frame houses, a tiny synagogue—and no fiddler on any roof.

Poor as it was, my family found it difficult, even heartrending (I was later told) to tear up our roots, to leave very dear kinsmen, some of whom left for Palestine, others of which were to be slaughtered by the Nazis. My family and I made the journey to you, "America, America." My mother did not let me go to school the first September because we lived near a school and all she could see all day long were children fighting in the school yard. The truant officer got after me, however, and my mother capitulated.

By February of that school year, I was led from grade to grade by an apparently proud teacher. She told the students that I was practically just off the ship. And in each room she asked me to orate, yes, even then to orate, the virtues of your father, George Washington, and your liberator, Abraham Lincoln.

From that time on my school mates were boys and girls of every ethnic, racial religious, and economic group. Polish, German, Italian; black and white; Catholic, Protestant, and Jewish—we were a true melting pot, even as Israel Zangwill liked to call you. I grew up believing in your blessings, your opportunities, your freedom, your greatness.

Even now I find it difficult, yes impossible, to stop believing in you as a great democracy. I have grieved for your tragedies. I have decried your errors. I have deplored your corruptions. I have lamented your hypocrisies. Yet I am determined to have faith in you and in your future, even as I have always been in awe of your past.

I know. Recently I read an article emanating from a Washington paper which told that many of our ideas about your past are myths, only myths. Your founding fathers were not always the greatest idealists we think or say they were. They were, in fact, white and racist, slave and property holding chauvinists. They were often far from tolerant religiously, politically, culturally. And people they led were mostly less than tolerant religiously, politically, culturally. They were selfish. They did not always dream of the greatness which they might pass on to posterity.

All this does not surprise me. It only enforces why I call you "America, America." Nor did I have to read such articles to know your failings. In my boyhood I knew both of your personalities. I found acceptance and recognition among my friends. But I also knew the meaning of stones thrown, names called. "Kike," and "Sheeny," and "Christ killer." I heard the voices of alienation and rejection. But they were not the dominant voices in my life. They were in the background, infrequent, and muted.

And I was luckier than a lot of others. I never had to live in a New York or Chicago tenement. I was never a child worker in one of your sweat shops. The theme of "the green cousin" was only a sad song for me, not a personal experience. I would listen to the words and the melody of that sad song and understand why we called you "America, America." That "green cousin" was the masses who came here to the "goldene medinah," the "golden land," only to find anguish and tears. They came with rosy cheeks, with bright eyes and dancing feet to bless the land of Columbus. But in a short time of hard labor and poverty, the color left their faces, the brightness was gone from their eyes, and their dancing feet plodded wearily along as they now cursed the land of Columbus. That was how you got your name "America, America," the land of conflict and contradiction.

Contradiction and conflict—that is what you still are. Poor and rich. Privileged and neglected. Suburb and ghetto. Some throwing out each day more food than others get in a year. Some enjoying the highest standards in world history and others wallowing in poverty, even in New York, even in Miami Beach.

And I sigh for those of for your people who, having made it to the top, have scorn for those who have not made it. The blessed and the privileged sometimes take it for granted that they are the deserving and the others are not. But I also rejoice for you that many of my people have thrived in your midst.

Our individual and collective hard work has made of us the largest and strongest Jewish community in all Jewish history. My people has contributed to every facet of your life: to your arts and sciences, to your business and finance, to your government. I rejoice that in my own state alone a Richard Stone and a William Lehman should be in your national halls of Congress. And when a John Mitchell is replaced by an Edward Levi, who shall say that our dream of you is dead? Above all, my people has been responsible for a standard of philanthropy unheard of in all history. Never have so few given so much for so many important causes. And the fruit of their generosity has been the rebirth of a Jewish homeland, after two thousand years of European expulsions, inquisitions, and holocausts.

"America, America": Where was the thinker who could have predicted in 1776, or for that matter when I was a boy, today's juncture of your and Jewish history? Who could have anticipated this hour of drama and inevitability? That your fate is now linked with the fate of the Jewish land is, in retrospect, a fact that had to be. There was no alternative.

Your pilgrims, whatever they thought of Jews, were on the best of terms with the Hebrews and the Israelites. Many of them were rooted in the Hebrew historic and sacred language and made it a necessary part of every university they founded. Let me walk through any early New England cemetery, let me read the faded tombstones, and I shall think I am back in the land of the Hebrew Bible. Adams and Abrahams and Sarahs, Isaacs and Rebeccas, Jacobs and Josephs and Reubens, Hezekiahs and Abigails and Ezekiels lie buried in your soil.

To these pilgrims who first stepped on your shores, you, "America, America," were the promised land. Their flight from the Old World was their exodus. Only the cry of Leviticus, "Proclaim liberty throughout the land unto all the inhabitants thereof," was appropriate for their bell. And only the words of the Jewess Emma Lazarus, resounding from the day I stepped on your land to the day the Vietnamese refugees arrived here, were suitable for the Statue of Liberty: "Give me your poor, your tired, your huddled masses yearning to breathe free." The men who wrote your Declaration of Independence and your Constitution spoke the language of the Hebrew Biblical seers and sages. "God" for them was the God of Genesis and Isaiah, the creator of the universe, the father of all men.

On such a foundation and in spite of your other self did your destiny and my people's fate continue to coincide. In spite of the Ku Klux Klan, in spite of Father Coughlin, in spite of what used to be called the five o'clock shadow which sent the Jew back to his world and the non-Jew back to his, in spite of the now forgotten university quotas for Jews, the two providences continue to interlock. And when Harry Truman recognized the State of Israel, history was fulfilled. You, "America, America," added the final impetus to Theodore Herzl's prophecy: "If you will it, it is no dream."

And you, "America, America," are showing the way to a peace for Israel that is no dream. What is more, it is a peace in which a Jew, Henry Kissinger, has had so major a part.

I cannot be naive. If you, "America, America" have been Israel's strongest friend among the nations, it has been part of your great heart. But it has also been because Israel's needs and your needs have been the same. It is the fact that your needs may be changing, changed by oil, and politics, and the rise of the third world that your link to the link of Israel could now weaken. Will military, political, and economic expediency put an end to the inspiring partnership between the largest and one of the smallest of democracies? That is the question that has sometimes sent fear to the hearts of many.

Some there are who may find comfort in the solution suggested in the newspapers recently. This is the theory that nuclear deterrent alone will stop the Arab nations from seeking to destroy Israel, no matter how many pacts they make with Israel. Let Israel, then, say to her neighbors, "You wish to bring us down? Then we shall rain nuclear bombs on you and bring you down with us!"

I, for one, reject this apocalyptic confrontation. I, for one, hope for the preservation of the bond between you and Israel. And I would say to my people on this hallowed day that the best we can do is to strive for the strengthening of your democracy.

We now know we were closer to the end of your dream than many had suspected. The continuing revelations of espionage, assassinations, alliances with gangsters, intrigues and corruptions continue to shock and dispel all illusions. And O America, America, what shall we do with your greed? Your economic greed on the highest levels which does not hesitate to destroy you in the name of the fear of communism but which does not hesitate to sell to that communism for greater profits? What shall we do with that greed which threatens to make the few rich richer, and the many poor poorer? And how can we, your Jews, fail to see that if this greed continues we shall all be catapulted into fascism? "Maybe what this country needs is a liberal George Wallace," a recent article in a liberal magazine said. Do we not know that there can be no liberal George Wallace, any more than there could have been a compassionate Joseph McCarthy?

Only if your finest impulses and teachings survive will men of good will survive. Only if your greatest dream lives will we live. Only if your democratic ideals persist will there be hope for Israel.

What shall be done, then, America, America, that you may enter your third century of life with hope and promise? In my heart I feel we must join our fellow citizens of all faiths who believe as we do. We must join in a daily effort for the protection of liberty and justice for all.

It was the British poet and novelist, D. H. Lawrence, who said of you in these remarkable words: "The living America is in the hearts of Americans. What the America of the future will be we do not know. What we know is that the future of America is a germ lying in the hearts of Americans, there and nowhere else. Not in dollars, not in banks, not in syndicates, nor in Washington. But a germ in the hearts of men and women, Americans."

America, America. I rejoice for you. I sigh for you. May God grant that the sigh will diminish and the rejoicing swell—swell into a full throated and triumphant song. Amen.

NATIONAL TEACHERS GROUP SUPPORTS H.R. 50

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. HAWKINS. Mr. Speaker, as further evidence of mushrooming support throughout our Nation for the Equal Opportunity and Full Employment Act of 1975—H.R. 50—I wish to insert in the RECORD a copy of resolution No. 11 which was recently passed by the American Federation of Teachers at its annual convention. The AFT presently has a membership of 456,000 representing all 50 States and is affiliated with the AFL–CIO. For the information of my colleagues, following is the complete text of the resolution as passed by the AFT delegates:

RESOLUTION NO. 11

Submitted by: United Teachers of Baltimore City, Local 340.

Passed by: 1975 AFT Convention.

EQUAL OPPORTUNITY AND FULL EMPLOYMENT ACT OF 1975 (S. 50/H.R. 50)

Whereas, adult unemployment is conservatively estimated at 8%, and

Whereas, teenage unemployment is conservatively estimated at 21%, and

Whereas, minority youth unemployment is conservatively estimated at 40%, and

Whereas, we, as teachers, are to educate our students in order that they may become productive adults and members of society, therefore be it

Resolved, that the American Federation of Teachers endorses and gives full support to S. 50 and H.R. 50, guaranteeing to all Americans, able and willing to work, the availability of equal opportunities for useful and rewarding employment, and be it further

Resolved, that the American Federation of Teachers through its Legislative Committee inform all members of Congress and the President of the United States, that we want this bill passed in full, and be it further

Resolved, that we inform Congress that this bill must be fully funded.

SUPER SLURPER

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. MICHEL. Mr. Speaker, a recent development by the Agricultural Research Service's Northern Regional Research Laboratory in my hometown of Peoria, Ill., reminds us that farmers, traditional providers of food, fiber, and clothing, also supply raw materials for industrial synthesis. As our awareness grows that natural resources are limited, the role of annually renewable, farm-produced materials in industrial synthesis will grow also.

Super Slurper, a product whose development I reported to this body earlier this year, was developed in research on starch from corn and cereal grains. This product was named recently by Industrial Research magazine in Chicago among the 100 most significant new products in 1975. All 100 of these products were put on display in Chicago's Museum of Science and Industry.

This event was reported in trade magazines and news media across the Nation. One report, of particular interest, was a Chicago-datelined dispatch to the Des Moines Sunday Register, which I insert to have printed in the RECORD:

[From the Des Moines Sunday Register, Sept., 21, 1975]

SUPER SLURPER IN TOP-100 LIST OF NEW '75 PRODUCTS

CHICAGO, ILL.—"Super slurper," a starch product that absorbs up to 1,400 times its weight in water, has been named by Industrial Research magazine as one of the 100 most significant new products in 1975.

"Slurper's" absorptive qualities are expected to be put to use in diapers, bandages, fire fighting products, and sandy soils.

This product, developed by the Agricultural Research Service (ARS), U.S. Department of Agriculture, congeals water to a gel that is like a "soft, rubbery ice," but it is not cold.

Super slurper takes up 1,400 times its own weight in water, half in 30 seconds and most of it in 10 minutes.

It absorbs and holds 50 to 100 times its weight of mineral solutions such as simulated urine or hard water. In tests of absorbents for diapers, super slurper shows 20 times the urine-holding capacity of cellulose (cotton, for example) against a force 45 times gravity.

Super slurper can be made as film, flakes, powder or mat. They take up water, swelling but not dissolving, and hold it in expanded duplications of their own dry shapes. Films extend and thicken to sheets. Powders become piles of water textured like crushed ice. A flake expands to a clear, angular piece of water.

EROSION

The slurper, with these properties, can be mixed with or coated on all kinds of materials including sand, straw, sawdust, seeds, roots, natural or synthetic fibers, flour, gelatin and starch.

It can hold water in soils, animal bedding, kitty litter, toweling, diapers, bandages, surgical pads and dental absorbents.

Northern Laboratory studies suggest super slurper as a binder to hold sandy soil surfaces against wind erosion. Slurper aided the growth of oats and grass in sand in Iowa State University studies.

Oats planted in a slurper-sand mixture lived 11 days longer than oats in sand alone and produced 10 times as much top growth.

Fescue grass grew on slurper-treated sand banks of a waterway but did not survive dry soil conditions where super slurper was not used.

The Northern Laboratory team demonstrated that super slurper can gel water for easier handling in industrial wastes, animal wastes, mud and sewage sludge. They converted sludge, for example, to crumbly material that could be scooped and trucked instead of being pumped and wouldn't run off when spread.

FERTILIZER

Super slurper could be used to aid retention of starch in paper, to immobilize enzymes, reducing their loss in industrial fermentations, and to encapsulate fertilizers.

A modified slurper takes up mixtures of water and solvents such as ethyl alcohol, wood alcohol and acetone. This solvent slurper might be used in paint strippers, wallpaper cleaners, spot removers and other applications for handling solvents as well as water.

Samples of super slurper are available for end-use studies from the ARS laboratory, Peoria. Similar materials are available from General Mills, Inc., Minneapolis. General Mills, one of seven companies that have licensed a USDA patent application, has agreed to service industrial requests.

The water-slurping product is made by a technique called polymer grafting. Starch, obtained from corn or other crops, is combined with acrylonitrile, man-made from petroleum chemicals.

This combination, half starch, a natural polymer, and half man-made polymer of acrylonitrile, is treated with lye to produce what is chemically identified as a hydrolized starch-polyacrylonitrile graft copolymer.

SUPER SLURPER, WATER-HANDLING AID, WINS INDUSTRIAL PRODUCT AWARD

CHICAGO, September 18.—A super slurper that holds water for easy handling in fluid-control applications, ranging from diapers and bandages to fire fighting and sandy soils, was named today among the 100 most significant new products in 1975 by Industrial Research magazine.

This product, developed in the Agricultural Research Service (ARS), U.S. Department of Agriculture, absorbs 1,400 times its weight of distilled water. It congeals water into a gel that is a soft, rubbery ice but not cold.

Water in this semisolid state is easier to handle than a liquid. It is easier to move or to hold in place.

The super slurper joined other I–R 100 products today in a month-long exhibit at the Museum of Science and Industry, here. Its developers, Mary Ollidene Weaver, George F. Fanta, William M. Doane, and Edward B. Bagley will be honored at a reception and banquet at the Museum tonight. William H. Tallent, acting director of the Northern Regional Research Laboratory, Peoria, where the research was conducted, will accept the I–R 100 plaque.

The water-slurping products is made by a technique called grafting, described by Charles R. Russell, research leader, as "one way of making industrial chemicals from starch that is in excess of food needs and thus extending limited petroleum resources." Starch, obtained from corn or some other farm crops, is combined with acrylonitrile, man-made from petroleum chemicals. This combination, half starch, a natural polymer, and half man-made polymer of acrylonitrile, is treated with lye to produce what is chemically identified as a hydrolyzed starch-polyacrylonitrile graft copolymer.

That's one reason it's called a super slurper. The main reason is that it takes up so much water so fast—1,400 times its own weight, half in 30 seconds and most of it in 10 minutes.

It absorbs and holds 50 to 100 times its weight of mineral solutions such as simulated urine or hard water. In tests of absorbents for diapers, super slurper shows 20 times the urine-holding capacity of cellulose (cotton, for example) against a force 45 times gravity.

Super slurper is made as film, flakes, powder or mat. They take up water, swelling but not dissolving, and hold it in expanded duplications of their own dry shapes. Films extend and thicken to sheets. Powders become piles of water textured like crushed ice. A flake expands to a clear, angular piece of water.

The swollen forms shrink in dilute acid, expand again in dilute alkali solution. They also shrink as they dry and expand again with water. Their water capacity can be permanently reduced by gamma irradiation or chemical treatments.

The slurper, with these properties, can be mixed with or coated on all kinds of materials including, for example, sand, straw and sawdust, seeds and roots, natural or synthetic fibers, and flour, gelatin and starch. It can hold water in soils, animal bedding and kitty litter, towelling and diapers, bandages, surgical pads and dental absorbents.

Northern Laboratory studies suggest super slurper as a binder in sand molds for metal castings and to hold sandy soil surfaces against wind erosion. Slurper aided the growth of oats and grass in sand in Iowa State University studies. Oats planted in a slurper-sand mixture lived 11 days longer than oats in sand alone and produced 10 times as much top growth. Fescue grass grew on slurper-treated sand banks of a waterway but did not survive dry soil conditions where super slurper was not used.

The Northern Laboratory team used the new starch product to extract water and concentrate solids of milk and oil-water emulsions and to separate proteins from water. They demonstrated that it can gel water for easier handling in industrial and animal wastes, mud and sewage sludge. They converted sludge, for example, to a crumbly material that could be scooped and trucked instead of pumped and wouldn't run off when spread.

Super slurper could be used to aid retention of starch in paper, to immobilize enzymes, reducing their loss in industrial fermentations, and to encapsulate fertilizers.

A modified slurper takes up mixtures of water and solvents such as ethyl alcohol, wood alcohol and acetone. This solvent slurper might be used in paint strippers, wallpaper cleaners, spot removers and other applications for handling solvents as well as water.

Samples of super slurper are available for end-use studies from the ARS laboratory, Peoria. Similar materials are available from General Mills, Inc., Minneapolis. General Mills, one of seven companies that have licensed a USDA patent application, has agreed to service industrial requests.

ALLEGED SECURITIES FRAUD—FREE SPEECH—KATHARINE GRAHAM AND WASHINGTON POST

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. McDONALD of Georgia. Mr. Speaker, back in 1919 Mr. Justice Holmes in the *Schenck* case—249 U.S. 47—reminded us that "the most stringent protection of free speech would not protect a man in falsely shouting fire in a theater causing panic." In other words a responsible press is as important to our Nation as a free press.

The Washington Post was a self-proclaimed proponent of free press when it was defending use of the stolen Pentagon papers and accusing some of the Watergate defendants of "stonewalling it" and "coverup." But when it comes to news about the Washington Post it does not seem to mind covering up or stonewalling it.

Back in July 1974 a nationally syndicated columnist, Kevin P. Phillips, wrote a column pointing out "several important legal avenues for coping with bias and newstwisting, especially that perpetrated by the massively powerful New York-Washington media." He went on to outline that "Shareholders have the right to go to court to try to block ideological bias and political crusades as detrimental to their investment." He cited as an example a pending shareholders' suit against the Washington Post for $40 million obtained by an alleged stock fraud by the Washington Post and its owner Katherine Graham. I believe in a free and responsible press, and I do not think a newspaper which is subsidized by taxpayers of my State of Georgia, via special mailing privileges, should "cover up" such litigation. Since the Washington Post is "stonewalling it" and "covering up" this litigation, I think it is in the public interest and the interest of a strengthened first amendment that people know about this suit. It is being handled by one of Georgia's most distinguished lawyers, E. Lewis Hansen, Esq. of Candler, Cox, Andrews & Hansen,

Atlanta, Ga. I have no knowledge of the merits of the suit, but I think the people have a right to know of its existence, and that the complaint is now pending in the U.S. District Court for the District of Columbia. The complaint, with technical matters omitted for the sake of brevity, follows:

[In the U.S. District Court for the District of Columbia, Civil Action No. 74-881]

COMPLAINT—CLASS ACTION AND DERIVATIVE

Forrestal Village, Inc., 1102 West Street, Wilmington, Delaware 19801, Plaintiff, v. Katharine Graham, 2920 R Street, N.W., Washington, D.C. 20007, and The Washington Post Company (Delaware Corporation), 1150 Fifteenth Street, N.W., Washington, D.C. 20005, Defendants: Plaintiff demands jury trial.

1. Plaintiff is a Delaware corporation and the owner of shares of Class B stock of The Washington Post Company since July 2, 1971. Defendant Katharine Graham is a resident of the District of Columbia and chairman of the Board, a director and publisher of The Washington Post Company, a Delaware corporation having its main office in the District of Columbia. Together with her family she is the legal and beneficial owner of all of the 763,440 outstanding shares of Class A voting stock of The Washington Post Company, and dominates and controls said company. The matter in controversy exceeds the sum of $10,000.00, exclusive of interest and costs.

5. Plaintiff brings this action in its own behalf, in behalf of all of the owners, legal and beneficial, of Class B shares of The Washington Post Company, and derivatively on behalf of and for the right and benefit of The Washington Post Company.

6. Demand on the board of directors of The Washington Post Company to bring this action would be futile because:

(a) All of the voting stock is owned or controlled by defendant Graham, who dominates and controls the corporation.

(b) A majority of the directors are principal wrongdoers who participated in the alleged wrongs and profited thereby.

(c) Institution of this action by the directors would place it in hostile hands with a conflict of interest and prevent its effective prosecution.

(d) The Washington Post Company and its management have indicated officially and publicly they will take no corrective action.

8. Plaintiff purchased shares of Class B common stock of The Washington Post Company pursuant to and in reliance upon a prospectus of the company and certain inside selling shareholders dated June 15, 1971, whereby the company and certain insiders offered to investors 1,354,000 shares of Class B stock (par value $1.00 per share) at $26.00 per share through some 116 brokers and dealers. Other members of the class purchased Class B shares in the same offering and/or in a subsequent offering by insiders in a prospectus dated May 31, 1972 of 217,922 Class B shares (par value $1.00 per share) at $33.625 per share.

10. The price to the public of the 1,354,000 Class B shares sold under the June 15, 1971 prospectus was $33,644,000.00, of which underwriting commissions amounted to $1,876,300.00. The proceeds to the company were $14,239,000.00, and the proceeds to the selling insiders were $17,528,700.00.

11. The price to the public of the 217,922 Class B shares sold under the May 31, 1972 prospectus was $7,327,627.25, of which $294,194.70 was paid to underwriters and of which $7,032,432.55 went to selling insiders.

12. As a result of the above offerings, the investing public, including plaintiff and members of the class, paid $40,971,627.25 for 1,571,922 shares of Class B common stock, of which only $14,239,000.00 of the proceeds went into working capital of the company. The balance went to enrich the insiders.

FIRST COUNT

14. Defendant Katharine Graham, individually and in concert with The Washington Post Company and certain insiders, offered and sold to plaintiff and other similiarly situated members of the class described hereinabove over $40 million of Class B stock, pursuant to the prospectuses referred to hereinabove.

17. Among other things, the incomplete, misleading, obscure, and not clearly understandable information contained in the above referred to prospectuses related to the following matters:

(a) It was not fully and clearly disclosed that Class B non-voting shares would be barred by defendants from offering shareholder proposals at shareholder meetings.

(b) It was not fully and clearly disclosed that defendants, although purporting to give Class B shareholders a right to elect thirty percent (30%) of the Board of Directors, would in fact exercise their power through owning one hundred percent (100%) of the Class A voting stock to nominate insiders under the domination of defendants to one hundred percent (100%) of the board positions, and effectively exclude Class B shareholders from any meaningful participation in management decisions.

(c) It was not fully and clearly disclosed that defendants had no intention of paying dividends proportionate as to earnings and that payment of dividends was restricted by agreements with lenders, from whom capital had been borrowed to replace the company's capital depleted by defendant in purchasing from insiders Class B stock at inflated prices far above the price paid by such insiders during the three (3) years prior to and during the public offering of Class B shares.

(d) It was not fully and adequately disclosed that defendants had granted excessively generous and unjustified stock options to insiders, diluting the value of Class B shares, the company's earnings, the company's cash, and giving said insiders an unfair economic benefit at the expense of the company and Class B shareholders.

(e) It was not fully and adequately disclosed that defendants planned to, would in fact, and did give away the company's FM radio broadcast station in Washington, D.C., thereby not wasting an important company asset valued at over $1,000,000.00, but also creating competition for the company, depleting the company's earnings, and depriving shareholders of an important property with earning potential of many thousands of dollars per year for the indefinite future.

(f) It was not fully and adequately disclosed that defendants would cause the company to pursue an editorial policy of distorting, exaggerating, suppressing, and otherwise abusing freedom of the press so as to exploit that constitutional shield and misuse it as a sword to further political and ideological goals of personal interest to defendants rather than in the interests of the Class B shareholders in having their capital used even-handedly for sound business purposes in operating the company as a business enterprise to make a profit by appealing to as broad a readership as possible and as broad a spectrum of advertising potential as possible, by fairly and accurately printing all important news, objectively and completely.

(g) It was not fully and adequately disclosed that defendants would unreasonably expend large and unnecessary sums of Class B shareholders' capital and earnings for legal fees and expenses defending illegal and unnecessary adventures in printing defamatory material, illegal material, and ideologically unbalanced material which undermines public confidence in the Nation's elected public officials and institutions of government.

(h) It was not fully and adequately disclosed that defendants would pay officers, directors and insiders excessive and unreasonable compensation, including bonuses, options, salaries, and other direct and indirect fringe benefits.

(i) It was not fully and adequately disclosed that defendants would deprive Class B shareholders of any meaningful voice in company policy respecting the $40,000,000.00 of capital they paid to defendants for an equity interest in the company by refusing to entertain any change in the certificate of incorporation or the by-laws Class B shareholders might offer at shareholder meetings, and refusing to allow Class B shareholders to challenge excessive compensation, mismanagement, waste of assets, breach of fiduciary duty and similar matters by means of communications to other shareholders through proxy materials or with proposals at shareholder meetings, or otherwise.

(j) It was not fully and adequately disclosed that for three (3) years prior to the June 15, 1971 public offering of Class B shares, defendants had depleted the capital of the company by purchasing from insiders for about $16,000,000.00 outstanding Class B shares they had received as gifts or bonuses from the company at no cost or only a nominal cost, then borrowing funds to operate and expand the business, and that of the $40,000,000.00 obtained in the June 1971 and May 1972 public offerings over $26,000,000.00 would go additionally to insiders, and that the $14,000,000.00 of proceeds to the company was really a replacement of capital expended by the company in bailing-out the defendants and insiders at a very substantial profit.

(k) It was not fully and adequately disclosed that defendants would so mismanage the company's business as to risk loss of valuable TV and radio properties because of violation of the antitrust laws, federal communications laws, and other laws and regulations applicable to the newspaper and broadcasting business.

(l) It was not fully and adequately disclosed that defendants had reserved to themselves the power to issue 1,000,000 shares of preferred stock, $1.00 par value, with a complete right to fix dividend rights and rates, voting and conversion rights, redemption provisions, liquidation preferences, and other rights, which will give the preferred stockholders a right to be paid in full before Class B shareholders get a cent, in the event of liquidation, dissolution, or winding up of the affairs of The Washington Post Company.

(m) It was not fully and adequately disclosed by defendants that defendants had insulated themselves against liability for mismanagement and breach of fiduciary duty and other derelictions by providing for indemnification and insurance purchased with company funds for that purpose, contrary to the public policy of the Securities and Exchange Commission.

(n) It was not fully and adequately disclosed that the defendants have continuing labor difficulties which are costly, and that they are involved in perpetual expensive litigation growing out of their partisan, unwise, and imprudent business and management policies.

18. The prospectuses prepared and distributed by defendants as referred to hereinabove were so prepared as to conceal, mislead and deceive plaintiff into investing in The Washington Post Company's Class B stock, by misstating, halfstating, or omitting material information, and not presenting it in a readable and understandable manner, which would have been important to plaintiff and the other Class B shareholders in making an investment decision as to whether to purchase Class B stock.

COUNT II

19. Plaintiff realleges the foregoing paragraphs and alleges further that the proxy material and proxy solicitation for the annual meetings of shareholders for the years 1972, 1973 and 1974 were false and misleading for the reasons set forth hereinabove respecting the prospectuses issued by defendants, and that the annual reports for those years sent to shareholders, and the annual and interim reports filed by defendants with the Securities and Exchange Commission were similarly false and misleading, and all of the above referred to materials violated the full disclosure rights of plaintiff, its shareholders, and all Class B shareholders under the federal securities laws and regulations referred to hereinabove.

COUNT III

20. Plaintiff realleges the foregoing paragraphs and the unlawful conduct therein and in addition alleges that the defendants caused to be paid from company funds to insider officers and directors excessive compensation in the form of salaries, stock options, bonuses, and other fringe benefits, donated the company's FM radio broadcasting station to charity, caused the company to incur and pay unreasonable and unnecessary legal fees and expenses as a result of involving the company in unreasonable and unnecessary litigation and administrative proceedings, incurred unreasonable and unnecessary interest expenses on borrowed funds made necessary as a result of depletion of the company's cash to buy Class B shares from themselves and other insiders during the three (3) years prior to the public offering of Class B shares to plaintiff and others, acquired additional broadcast and other properties at excessive prices and at the risk of antitrust law civil and criminal violations, abandoned company assets, and incurred unreasonable and unnecessary business expenses, and that such actions were a waste of assets, a breach of fiduciary duty and mismanagement, all to the injury of plaintiff and the Class B shareholders, and plaintiff allleges that all of the above activities and wrongful acts were fraudulently and deceptively concealed from plaintiff and the Class B shareholders by means of false and misleading proxy materials, annual reports to shareholders, reports to the Securities and Exchange Commission and to the American Stock Exchange.

COUNT IV

21. Plaintiff realleges all of the foregoing and in addition alleges that defendants have wasted the company's assets, breached their fiduciary duty, and mismanaged The Washington Post Company by using the company's capital to carry on ideological vendettas against public officials, pursuing editorial policies which alienate subscribers and advertisers, arbitrarily and capriciously suppressing or exaggerating news so as to create an unfair and unbalanced flow of information with a resultant loss of potential advertising and circulation, all contrary to the responsibility and duty of the company in the non-abusive non-arbitrary, non-capricious and lawful exercise of its constitutional privileges, second-class mailing privilege, and radio and TV broadcast license privileges, and endangering plaintiff's and Class B. shareholders' investments in the company through loss of said privileges.

COUNT V

22. Plaintiff re-alleges the foregoing paragraphs and the unlawful conduct therein and in addition alleges that defendants have consistently and systematically concealed from plaintiff and other Class B shareholders at all times material hereto information respecting administrative and judicial proceedings in which defendants have resisted efforts of Class B shareholders to have included in annual proxy solicitations by management material proposals relating to Class B stocksholders' rights, executive compensation, proposed changes in by-laws and charter, and similar matters, and have caused Class B shareholders asserting a right to present these matters at shareholders' meetings to be threatened with social and economic ruin if they persisted in asserting their rights. Further, defendants have since 1971 refused to comply with the proxy solicitation rules of the Securities and Exchange Commission, and have refused to allow Class B shareholders to make any proposals at shareholders' meetings and have concealed pending litigation, pending Class B shareholder proposals, pending administrative proceedings at the Securities and Exchange Commission and all other aspects of these activities from other Class B shareholders by omitting any reference thereto in management proxy solicitations or shareholder reports.

23. Defendants have prepared and submitted to Class B shareholders proxy cards naming only themselves as proxies, and recommending only a vote for defendants' nominations to the Board of Directors, and omitting any place, space, or provision for Class B shareholders to nominate anyone to the 30% of the Board positions they were conceded to be entitled to elect, and omitting any discussion of a method by which Class B shareholders might nominate a Board member.

24. As a result of the unlawful activities alleged herein, defendants have deprived plaintiff and all other Class B shareholders of their rights to corporate suffrage and meaningful participation in the affairs of The Washington Post Company's business operations and policies and have defrauded them of their reasonable rights and expectations as Class B stockholders, to their prejudice and financial loss.

RELIEF REQUESTED

Wherefore, plaintiff requests the following relief for itself, its shareholders, and each Class B shareholder who purchased shares pursuant to the prospectuses referred to herein:

A. Judgment in the amount of consideration paid for such shares, upon his tendering the shares, or

B. An amount equal to any loss realized on such shares, in the event such shares have been sold at a loss,

C. Judgment against defendants for waste of assets, breach of fiduciary duty and mismanagement, for one million dollars ($1,000,000.00) or such other sum as the Court may determine to be the fair market value of the company's FM radio broadcasting station donated to charity by defendants.

D. Judgment for one and one-half million dollars ($1,500,000.00) or such other sum as the Court determines, for waste of assets, breach of fiduciary duty and mismanagement, in unnecessary interest expense on borrowed capital made necessary by use of company capital to bail-out Class B shareholders at exorbitant profits prior to public sale of Class B shares to plaintiff and others to recoup depleted capital.

E. Judgment against defendants for seven hundred and fifty thousand dollars ($750,000.00) for waste of assets and breach of fiduciary duty and mismanagement in paying unreasonable compensation to defendant Graham and other insiders.

F. Judgment against defendants for breach of fiduciary duty, waste of assets, and mismanagement in the sum of one million dollars ($1,000,000.00) or such other sum as may be determined for unreasonable and unnecessary legal expenses incurred in unreasonable and unnecessary litigation.

G. Judgment against defendants in the sum of three million dollars ($3,000,000.00) for waste of assets, breach of fiduciary duty, and mismanagement in alienating and driving away advertisers and stunting circulation because of abuse of constitutional and statutory privileges to the prejudice of the business success of The Washington Post Company.

H. Judgment against defendants in the sum of twenty-five million and six hundred fifty thousand dollars ($35,650,000.00) for wasted assets, breach of fiduciary duty and mismanagement, and acquisition of properties in excess of fair market value.

I. Judgment against defendants for two million dollars ($2,000,000.00) for wasted assets, breach of fiduciary duty and mismanagement in the abandonment or sale of valuable assets in incurring unreasonable and unnecessary losses.

J. Judgment against defendants for one million dollars ($1,000,000.00) for altering the company's methods of accounting to overstate income, thus misleading plaintiff, its shareholders, and all Class B shareholders prior to the public offering of shares.

K. Judgment for costs, interest and reasonable attorneys' fees.

L. Judgment declaring that all of the hereinabove referred to acts and omissions of defendants are unlawful under the federal securities laws and regulations, applicable corporation laws, and the common law.

M. Judgment for punitive damages equal to one-half the compensatory damages which may be determined to be due plaintiff and the Class B shareholders in this proceeding.

N. Such other and further relief as the Court may deem just and proper.

Of Counsel: Candler, Cox, Andrews & Hansen, 2400 Gass Light Tower, Atlanta, Georgia 30303, (404) 577-9400. Albert A. Rapoport, 1108 National Press Building, Washington, D.C. 20004, (202) 783-1647.

Respectfully submitted.

E. LEWIS HANSEN,
Attorney for Plaintiff.

VERIFICATION

Pursuant to Rule 23.1, F.R.C.P., Forrestal Village, Inc., a Delaware corporation, by Carl L. Shipley, its president, affirms that he and the corporation verily believe the facts stated in the complaint here into be true.

CARL L. SHIPLEY,
President, Forrestal Village, Inc.

Subscribed and sworn to before me this 7th day of June, 1974.

VIRGINIA K. HAINES,
Notary Public, D.C.

My Commission expires September 14, 1974.

NEW PLAN FOR MINNESOTA'S BOUNDARY WATERS

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. OBERSTAR. Mr. Speaker, the boundary waters canoe area, virtually since its inception, and more intensively in the last 26 years, has been the center of continuing controversy over its management and public use—one of the most fought over natural resources in the entire country.

In recent years we have witnessed—

Emotionally charged public disputes pitting wilderness advocates against those who seek wider recreational opportunities;

Proponents of resource development challenged by advocates of resource preservation;

Court cases to halt mineral development;

Court cases to halt logging;

Challenges to regulation and prohibition of mechanized travel within the portal zone of the BWCA;

Forest Service officials uncertain about the extent of their authority as evidenced by successive changes in BWCA management plans; and

Challenges to USFS management plans and environmental impact statements.

The result has been public confusion over the present status of the BWCA, uncertainty about its future, a growing divisiveness over its use, and emerging resentment of people in the northern area of the State against people in other areas of the State and Nation.

Such divisiveness, emotionalism, and uncertainty are not in the best public interest. On the contrary, they have prevented consensus on a management program responsive to the needs and best interests of the broadest possible spectrum of the public.

NEW PROGRAM REPLACING BWCA

In hopes of resolving the various BWCA controversies, I am offering a legislative proposal which will permanently fix in law the future use of that area.

The bill which I have introduced contains a separate organic act to establish a boundary waters wilderness area and a separate organic act to establish a boundary waters national recreational area.

The U.S. Forest Service will manage each area according to guidelines established by Federal law in their separate organic acts.

BOUNDARIES AND ACREAGE

The boundaries of each will be fixed by law according to legal descriptions written in conformance with a map of the areas which I have drawn as a companion to the bill.

The wilderness area will contain 625,243 acres of land and water.

The national recreation area will contain 527,457 acres of land and water.

The combined acreage of the two areas will be 122,700 acres larger than the present 1,030,000-acre Boundary Waters canoe area—a new combined total of 1,152,700 acres.

Boundary Waters wilderness management—

Sets aside the major portion of the present BWCA for the enjoyment of those who seek the solitude of a wilderness experience unbroken by the sounds and intrusion of mechanized travel;

Preserves in perpetuity virtually all of the priceless, irreplaceable virgin timber in the present BWCA from future logging;

By law prevents future mineral development of the wilderness;

Creates a compact, contiguous wilderness unit that can be more effectively managed by the USFS;

Realines and expands by 7,243 acres the present BWCA interior zone which is the basic wilderness area; and

Gives wilderness lovers a legal right to the primitive experience they seek.

Boundary Waters national recreation area management—

Offers a wider range of recreational opportunities for those unable to endure the rigors of wilderness—such as the disabled and the elderly—or those who simply prefer a different outdoors experience;

Realines and expands by 115,457 acres the present BWCA portal zone, a traditional multiple use area;

Allows snowmobiling as a matter of law on routes designated by the USFS. The plan will retain the majority of snowmobile routes previously in effect in areas managed specifically and traditionally for such use;

Allows, as a matter of law, harvest of timber on a sustained yield basis: Part or all of 9 of the current 14 timber sales in the portal zone of the BWCA will be maintained; future sales will be conducted in acordance with a management plan to be developed by the USFS; this proposal will assure long-term timber supplies in excess of 100,000 cords annual cut in the quantity and mix of species required in the wood fiber industry, which is Minnesota's third largest industry; and by law prevents future mineral development within the national recreational area.

COST

From the standpoint of the Federal budget this proposal will not require any increased budgetary outlay over the present and projected expenditures for the BWCA and the Superior National Forest.

CONCLUSION

I offer this proposal in the firm belief that it is a balanced, practical, workable solution, responsive to the needs and interests of those who seek wilderness, those who prefer wider recreational opportunities, and those whose livelihoods depend on this area.

Reasonable people will differ over the details and, no doubt, the philosophy of this approach. But I hope the public will give it serious, careful consideration and I urge that the ensuing debate be conducted in an atmosphere of reason, restraint and respect for one another and concern for the best overall public benefit.

UTILITY RATES

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. CARTER. Mr. Speaker, I submit for the RECORD a copy of a statement made by the Honorable C. Leslie Dawson, Secretary for Human Resources of the Commonwealth of Kentucky, before the Governor's Special Advisory Commission on Electric Rates in Frankfort, Ky.

This statement is of fact rather than projection. It is particularly probative. While these figures pertain only to Kentucky, I feel them to be an indication of the problems facing many citizens who must live on limited or fixed incomes throughout the country.

The article follows:

IMPACT OF INCREASED ELECTRIC COSTS ON LOW-INCOME FAMILIES

In opening my remarks, I feel that it is important that we recognize the contribution Governor Carroll has made in the public interest by appointing this Special Advisory Commission on electric rates. Increases in electric rates in recent months have jolted families at all levels.

These increases in combination with other inflationary costs have disrupted the life style and family budgets of even middle income families. The effect on low income families has been devastating.

I appear before you today to neither discuss the cause nor offer solutions to the unprecedented price increases which have occurred in electric rates in recent months. That is a responsibility of others at the present including this Commission.

My purpose is to impress upon you and hopefully the general public, the alarming effect that these increases have had on the elderly, the unemployed, dependent families and other fixed and low income families.

The category of citizens to which I refer and which are served through the programs administered by the Department for Human Resources include the older, or aged American, blind, and disabled individuals and families of all ages and circumstances requiring assistance with medical bills through the state Medicaid program; hundreds of thousands of citizens requiring assistance with food costs through the Food Stamp program; a growing number of families with dependent children whose father is absent or unemployed requiring a monthly cash income under the Aid to Families with Dependent Children program; and lastly, the thousands of families affected by the economic recession who must now make ends meet on a substantially reduced income provided through the Unemployment Insurance program.

These groups represent one-fifth of the population of the Commonwealth.

On a monthly basis the Department, through the Income Maintenance programs mentioned above, is attempting to meet the basic economic needs of over 600 thousand of Kentucky's citizens. The combined expenditure of funds in this effort has now reached a level of $600 million annually. This represents an increase of 60.9 percent in the last year alone.

Funding increases provided through state budget appropriations and Congressional legislation which were designed to maintain a minimum standard of living have been virtually nullified in recent months by only one aspect of basic living cost—that being household utilities. The principal item among these being electricity which is a necessary commodity in all homes.

Staff analysts in the Department, while not having full access to utility cost data, which hopefully will be obtained by this Commission, have estimated that electrical utility rates on an average have increased by at least 56 percent in the last 24 months, most of this occurring in the last few months. Because of variations in the cost of generating electricity in different areas of the state, this increase is vastly understated for specific communities and regions.

First reaction to the substantial increase in total expenditures for the income maintenance programs, which has occurred in the past year, is understandably disturbing and is of concern to me personally.

Part of the increase is, of course, due to an increase in the number of program participants attributable to the recession. However to place the increase in payment levels in the proper prospective, it must be recognized that they are predominately the result of a vicious cycle of cost of living increases and efforts to maintain reasonable parity with those increases.

In support of this statement, it can be demonstrated in individual programs that, even though substantial, these increases in program expenditures have not only failed to keep pace with the aggregate cost of living spiral, but do not even compensate in some instances for recent increases in electrical utility costs.

To illustrate this generalization, let us now look at some specific programs and relate the payment increases which have been provided within the past year to the single cost item of electricity.

In the income maintenance payments to aged, blind and disabled persons which is paid to recipients by the Federal Government under the Federal supplemental security income program, Congress legislated annual cost of living increases in the payment level to prevent deterioration in the minimal standard of living provided under the program.

In July 1974, a single aged, blind and disabled person, without the benefit of a State funded supplementation payment, was entitled to $146. As of July 1975, the payment level was increased by 8 percent to about $158 or only a $12 monthly increase in the benefit level for the 100,000 aged and disabled individuals in Kentucky depending on that program.

In the absence of any further legislative action, this payment rate will remain in effect until July 1976. While conceding that there are other items for which the same analogy could be made, we can state without reservation that the increases which have taken place in electrical utility rates just within the past few months have more than nullified this increase. As a result, available income for other necessities has actually declined.

In the Federal-State money payment program for families with dependent children, the 1974 legislature provided funds for the first substantial increase in that program since 1966. Utilizing these additional funds the Department increased the monthly AFDC payment for an average family of 4 in October, 1974, from $181 to $235. The official poverty index level for a family of 4 is $420 per month; the AFDC payment, including the increase, represents only 56% of the official poverty income level. This increase, while representing a substantial commitment of additional State and Federal funds, represented a monthly increase of only about $13 per person. Since few welfare families have a multitude of electrical appliances which in other circles are considered necessities, their electrical bills are considerably lower than other households. Nevertheless, in some areas of the State at least one-fourth of this $54 per month increase for AFDC families has been absorbed within the past few months by increases in electric bills alone. As you are aware, in some areas of the State the add-on fuel adjustment to electric bills, which is the utility production cost which is permitted to be passed on to the consumer, is as high as 60% of the base rate.

To demonstrate this point further, analysis shows that while the AFDC benefit payment level was increased by 30%, *total* utility costs, including electric utilities, for dependent families have increased by 75%, primarily in the past year. This alone has absorbed one-half of the increased payment level.

Thus far, we have been illustrating the almost untenable position of individuals and families dependent on public assistance programs. Let us also consider the impact of these: Alarming increases in electrical costs on a moderate or middle income family who must now depend on Unemployment Insurance benefits as a result of loss of employment during this recessionary period. Under this program, the average weekly payment is about $65 or $282 per month. Utility costs for this type household may be expected to be substantially higher than those of lower income or dependent families. Living costs do not immediately drop with the loss of employment without drastic changes in the standard of living or life style. In the typical middle class suburban home, electric bills of $50 to $75 are not at all uncommon. As a result, this single item of household expense may require as much as 25% of the Unemployment benefit payment available to the family.

To meet other necessary expenses in this type of situation, there is firsthand knowledge of families having to reduce usage of household appliances in order to lower the monthly electric bill. While there may be second wage earners in some of these families, there are currently 75 thousand individuals or families in Kentucky depending on Unemployment Insurance benefit payments.

Having attempted to relate the impact of rising electric costs on individual households and welfare expenditures, there is also the indirect effect on the cost of supporting needy individuals who are unable to remain in their own home. There are about 11,500 aged and disabled people who require group living arrangements to accommodate Personal Care or Medical needs. Institutional costs under the State Supplementation and Medicaid program have increased by $16.8 million in the past year and the Department is being petitioned for additional increases in the payment rates for this type of institutional care. A factor in these increasing costs of institutional care is utilities of which electric costs is the largest item.

In addition to those served through the Income Maintenance programs of the Department, the rising cost of utilities also impacts heavily on other low income families.

Having to cope with a 56% increase in electric costs during recent months has placed many of these families in an untenable position. Income must be diverted from other basic needs or electric usage reduced. However, at this low income level, the ability to divert funds from one budget area to another is extremely limited.

In order that we may not lose sight of the total picture, let us keep in mind that we have zeroed in on only one aspect of increasing costs. In addition to shelter, food, clothing, medical and transportation cost increases which are impacting families at all income levels, utilities other than electricity have increased to the point of virtually pricing low income families out of the market.

The cost of coal, which of course is related to electrical rates, has skyrocketed over the past two years. In 1973, a ton of Western Kentucky coal averaged about $11 and Eastern Kentucky coal, $14. Today the average cost is $27 and $42 respectively.

Effectively, this means that the price of coal has increased by 145 to 200 percent. Other utility costs have undergone similar increases. Over the past two years, natural gas has increased by over 100 percent. The cost of water has gone up 15 percent and fuel oil which was almost out of the reach of most households for heating purposes has increased by some 90 percent.

Finally, I would like to point out that the Department is confronted with additional costs which indirectly affect the clients of this Department. I think just pointing out a comparison between May–June of 1974 and May–June of 1975, costs for electricity will graphically demonstrate the point.

In Fiscal Year 1974, we paid $1,139,294 for our utility service, and in Fiscal Year 1975, the utility cost was $1,731,726. This represents a 52 percent increase.

CUTBACKS IN PSRO WILL CRIPPLE HOSPITAL CARE REVIEW PROGRAM

HON. MAX S. BAUCUS

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. BAUCUS. Mr. Speaker, as a member of the Appropriations Committee, I fear that we will be called upon to concur in an exercise in false economies by our colleagues in the Senate. I refer to the Senate's cut of $5 million from the House-passed funding level of $50 million for the Department of Health, Education, and Welfare's Professional Standards Review Organization—PSRO—budget.

PSRO's are federally funded State and local organizations that operate physician "peer review" systems to monitor the care given to hospitalized persons. They review whether the health care services given to each patient are medically necessary and provided in accordance with accepted medical standards. They are funded to review services paid for under medicare, medicaid, and other Federal programs, but can also influence the health care provided by the hospital as a whole.

Cutting back these physician review groups is a prime example of false economies. Results from Montana's pioneering program, for example, indicate that this review process saves the Federal Government $2 in health care costs for each dollar spent on the program. Some Montana statistics are even more startling. For example, in December of 1974, the cost per medicaid recipient was over a thousand dollars. By June of 1975, once the PSRO program was in full swing, the cost per recipient had fallen to under $500. This drop in costs of over 50 percent came at a time when general inflation was taking a 12-percent bite.

These savings do not even include the "spillover" savings to States and localities that come from better overall monitoring of health care. And it does not count the potential savings to patients in costs and pain from unnecessary operations or the savings to doctors from avoidable malpractice litigation.

Our own program is not in serious danger of a cutback if the Senate amount is accepted, but I feel that any cuts would have national consequences. Other States, many of which have spent the last few years convincing skeptical doctors to participate, and marking time with a drawn-out planning process, will be severely set back if promised operational programs are not funded.

Even if Federal cost savings are not as substantial as indicated, and even if the many intangible benefits of the quality review process are ignored, cutting back the PSRO's will not save us one penny. These innovative groups replace, on a one-to-one basis, current utilization review procedures by HEW that are no less expensive and less useful.

The administration's budget request—approved in full by the House—provides for a minimal continuation of the program, not an expansion. The program office has informed me that if the Senate amount is accepted, 60 requests for planning grants must be denied, 17 existing planning grants will be terminated, 58 programs with current planning grants will be prevented from going into operation, the number of cases reviewed by existing grantees will be limited, and the interest that the medical profession has begun to show will fade away in many places. In short, the program will be nearly stopped in its tracks in its formative stages.

Cuts in this program will lose the Government money. Rather than limiting a program where the money shows up directly, only to throw away much more in the "hidden" category of patient care costs, we should be thinking about greatly expanding the program to the point where it can be directly funded through the medicare, medicaid, VA, and other programs. This may require either changes in the legislation or greatly increased appropriations. At the very least, we in Congress should think seriously about the overall Federal health care budget and about the quality of medical services given to federally supported patients and others. This careful look will lead to the conclusion that the Senate amount is a costly mistake.

31ST DISTRICT VISITED BY DISTINGUISHED REAR ADM. SAMUEL LEE GRAVELY, JR.

HON. CHARLES H. WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. CHARLES H. WILSON of California. Mr. Speaker, it is a distinct privilege and honor to have as a guest in my 31st Congressional District, Rear Adm. Samuel Lee Gravely, Jr., of the U.S. Navy.

As a member of the House Armed Services Committee, it has been my good fortune to meet many of those Americans who have devoted their lives to the service of our country; however, I feel that Admiral Gravely should be particularly recognized for his meaningful contributions and individual achievements during his 33 years of military service.

Born in Virginia on the 4th of June 1922, the son of Samuel L. and Mary George Gravely, he attended Armstrong High School in Richmond, and was graduated from Virginia Union University with a bachelor of arts degree in history.

Admiral Gravely's Navy career commenced with his enlistment in the Naval Reserve on September 15, 1942. He was appointed midshipman in August of 1944 and was commissioned ensign, USNR, in December of that year. During World War II, Sam Gravely distinguished himself in duty on the U.S.S. PC–12 as communications and electronics officer and later as executive officer and personnel officer on this submarine chaser. He was released from active duty on April 16, 1946, and was subsequently employed as a railway postal clerk in Richmond, Va. Called back into active duty 11 years later, he subsequently advanced to the rank of rear admiral.

On August 30, 1949, he returned to active service as assistant to the officer in charge for recruiting at the Naval Recruiting Station in Washington, D.C. After attending Communications School at the Naval Postgraduate School, he served as radio officer on the U.S.S. *Iowa* and then was transferred to the U.S.S. *Toledo* as communications officer, where he received several other duty assignments, including assistant operations officer. On both vessels, he participated in action against enemy forces in the Korean war and wears the ribbon for the Korean Presidential Unit Citation.

In July 1955, Gravely was assigned to Headquarters, 3d Naval District, New York, as assistant district security officer. Following instruction in amphibious warfare, he joined the U.S.S. *Seminole* as operations officer. After training duty on the staffs of Commander Destroyer Squadrons 7 and 5, he became executive officer of the U.S.S. *Theodore E. Chandler* and relieved as the ship's commanding officer from February until October 1961, when he again became her executive officer.

In 1962, Sam Gravely assumed command of the radar picket destroyer escort, U.S.S. *Falgout*, patrolling the Pacific early warning barrier. For the next 2 years, he trained in naval warfare at the Naval War College, Newport, R.I., which led to service as National Emergency Airborne Command Post program manager at the Defense Communications Agency in Arlington.

In January of 1966, Gravely became the commanding officer of the U.S.S. *Taussic* on which he served until 1968, when he was assigned as coordinator of the Navy Satellite Communications Program in the Office of the Assistant Chief of Naval Operations. In May 1970, Captain Gravely assumed command of the U.S.S. *Jouett*, one of the Navy's most modern guided missile frigates.

On June 2, 1971, he was awarded two stars and the next month assumed duty as commander of the Naval Communications Command as well as director of Naval Communications Division under the Chief of Naval Operations, a post he distinguished for 2 years.

In August 1973, Admiral Gravely took command of the Cruiser-Destroyer Group Two and the following year, after group mergers, was given the new title of commander, Cruiser-Destroyer Group Two/Destroyer Development Group. This excellent naval officer assumed administrative command of Destroyer Squadrons 4, 6, and 20 on the first day of this year, his present duty station.

Admiral Gravely has been the deserving recipient of many of our country's highest awards for meritorious service. These include the Legion of Merit, Bronze Star Medal, Meritorious Service Medal, Joint Services Commendation Medal, Navy Commendation Medal with bronze star and Combat "V". He is also authorized to wear the World War II Victory Medal, the Naval Reserve Medal, the American Campaign Medal, the National Defense Medal with two bronze stars, the China Service Medal, the United Nations Service Medal, the Armed Forces Expeditionary Medal, the Vietnam Service Medal with six bronze stars, the Vietnamese Campaign Medal and the Antarctica Service Medal.

This gentleman has been blessed with a lovely wife, the former Alma Clark of Christiansburg, Va., and they have three children, Robert Michael, David Edward and Tracey Ernestine Gravely.

I am proud today to salute Adm. Samuel Lee Gravely, Jr., and thank him on behalf of the Government of the United States of America for his achievements and his selfless devotion to the safety and defense of the Nation we love and cherish.

REGULATION AND AIR FARES

HON. BOB ECKHARDT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. ECKHARDT. Mr. Speaker, Tuesday, October 7, 1975, our distinguished colleague, Hon. JOHN E. MOSS, of California, delivered an address in Houston to the Seventh Annual Conference of the National Passenger Traffic Association on regulation and airline fares.

The National Passenger Traffic Association is made up of more than 300 professional corporate travel managers who handle business travel arrangements for major corporations in the United States and Canada. The members of the organization, thus, represent the interests of the major consumers of air travel services, the business travelers.

Mr. Moss has done a considerable amount of careful research into air transportation and is eminently qualified to comment on the current serious problems facing the industry.

Mr. Moss' comments follow:

REGULATION AND AIR FARES

It is indeed a pleasure to be with you today. As far as I am aware this is the first opportunity that I, or any of my colleagues constituting the group more commonly referred to as the "Members of Congress" have had to get together with a group of professionals representing the interests of the business travelers since we initiated our actions at the Civil Aeronautics Board some six and a half years ago.[1]

I

At the outset I believe I should take a moment to review our government's role in regulating the airlines. A recent national survey conducted by the Gallup Organization for the American Express Company disclosed that only about half or all travelers were aware that a government agency must approve all domestic fares.[2]

Since 1938, the national policy has been the encouragement and development of a

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Footnotes at end of article.

competitive air transportation system in this country properly adapted to the public need—regulated in such a manner and extent necessary as to assure and foster sound economic conditions in the industry.

To carry out this policy the Congress created—at the request of the airlines—the Civil Aeronautics Board.

Under the Act of 1938 entry into interstate air transportation was limited for the first time, and since then no new trunklines have been permitted to enter into the business. Several local service and charter airlines, however, have been granted operating rights since the end of World War II, but only after Congressional action requiring the issuance of such certificates.

On the other hand, the Act provided the airlines would continue to retain their sole and exclusive right to change their service without government intervention as the development of their business and demands of the public required.

The CAB subsequently expanded this right to permit the airlines to exit from any authorized city pair market without prior government approval, provided each certificated community continued to receive some nominal service. As a result, today most small city pair markets are effectively deregulated.

With regards to fares, the airlines also continued to retain their historical right to set fares, with the CAB being granted authority to set their prices aside only if it found, after public notice and hearing, the carrier's charges were unlawful. To make sure this part of the national policy is carried out, Congress specifically enumerated several rate-making factors in the statute, which taken together make up the public interest.

Stated simply, since 1938 our national policy has been to promote a non-discriminatory air transportation system which provided a reasonable quality of service at relatively low prices.

II

Functionally, however, as the court noted in a significant filing, the CAB has dealt only with the carriers' revenue need and disregraded all the other statutory factors.[3] Indeed, in an effort to prevent future fare investigations, the CAB recently prohibited the airlines from filing tariffs which conflict with its formula.[4] As a consequence, domestic airlines no longer have the right to charge different fares for the same service.

Given this control of entry and price, airline competition has naturally centered upon service—the unregulated phase of the business. This is the reason for the famous sandwich, lounge, and movie wars. The CAB's high fare policy has only accentuated the problem.

By 1969 this situation was beginning to get completely out of hand. A combination of skyrocketing costs, falling traffic growth, excess capacity and outmoded rate-making practices had begun to take their toll in airline fares, revenues, and earnings.

For this reason, a number of my colleagues and I came to the conclusion that immediate corrective action was necessary in the form of a general passenger fare investigation. Accordingly, on April 21, 1969, we formally petitioned the Board to hold such a hearing.[5]

III

The CAB granted our petition the following year and instituted a nine phase proceeding known as the Domestic Passenger Fare Investigation. Our position and arguments in that proceeding are of course too numerous and detailed to be re-stated here. Suffice it to say the CAB has so far implemented three of our proposals, and part of a fourth. The result has been lower fares for you, the normal full-fare passenger.

In the case of the expansion of joint fares to all interline markets, a proposal which was first suggested by my good friend Congressman Tom Steed of Oklahoma in 1969,[6] the CAB estimated your savings in these markets was $19.4 million in 1972.[7]

With respect to the other fares we pointed out to a Federal court last year that the CAB's adoption of load factor and dilution guidelines in the DPFI reflected the acceptance of rate-making standards some 25 percent more stringent than used by the agency in approving 1969 fares.[8]

The impact of these standards is easy to calculate. Simply take the fare you paid to come to this convention, or your company's travel budget, and add one-third more to it.

In 1974 the average business air ticket for representative NTPA members was approximately $147.00. Without the new standards, that fare might have been $196.00—or $49.00 more.

While I know that low airline fares are important to you as NPTA members, my colleagues and I also recognized that adequate airline earnings are equally important to you as an airline investor—either directly as a stockholder, or indirectly as one of more than a billion plus insurance policy holders or pension plan participants. By one estimate, more than $14 billion of your hard earned savings have gone into air transportation.

Consequently, while we fought hard for lower airline fares through greater productivity, greater economy and greater efficiency in operations, we fought equally hard for an economically sound industry.

As a matter of fact, we were the only party to the proceeding that asked the CAB to not set fares *below* the average cost in any market. We took that unprecedented action because the market demand study in the record prepared by Sindlinger & Co. clearly showed that fares greater than cost were marketable at all distances.[9]

IV

While the improvements in regulation so far achieved have been beneficial, they have not been adequate. More changes have to be made, and they must be made quickly if the industry is to prosper.

For the past several years the airlines, as a group, have consistently failed to earn an adequate rate of return—despite many fare increases. As a result, many banks, insurance companies, and other institutional lenders are no longer expressing any interest in financing the airlines.

On the other hand, the recent Gallup poll found "There is widespread awareness that air fares have been rising;" and "While the weight of opinion is that the current cost of air fares is justified. . . . The increasing cost of air fares has had an inhibiting effect on air travel, both among vacation and business travelers. If the cost would be appreciably reduced, the indications are this would result in an appreciable increase in air travel."

In other words, economic consideration of the market place have outweighed the CAB's efforts to once again deal only with the airlines revenue need through fare increases in disregard of all the other statutory factors.

The simple fact, which cannot be ignored, is the airlines have been pricing themselves out of the market place, even though most travelers believe their higher fares are justified.

The CAB and the airlines may be winning the public relations war, but their victory is not putting passengers into seats.

Assuming the Gallup poll is reasonably accurate, it is clear, based upon the experience of the past few years, that the road to higher earnings is paved with lower costs—not higher fares.

Since there are no engineering breakthroughs on the immediate horizon, and we are living in a period of great inflation, these reductions in costs will have to come from changes in the regulatory process—specifically, those regulatory practices which have historically increased airline costs.

V

In my view, the first thing the CAB must do is begin treating terminal costs and passenger routings realistically, even though this might present the agency with some "administrative difficulties."

Under the CAB's current pricing formula there are no differentiations in terminal costs—and the choice of intermediate points in a passenger's routing is limited by the linear description of each carrier's route.

This pricing formula, which is predicated solely upon the agency's definition of key terms, misallocates cost and earnings and is therefore partially responsible for some airlines being more profitable than others. More important, it increases the operating costs of all airlines by restricting their ability to provide the public with the optimum pattern of service. Due to routing circuity, fares for specific itineraries may be higher.

From a marketing viewpoint the CAB's pricing formula is totally illogical. Whereas the Gallup survey showed that 25 percent of all vacation travelers, and 34 percent of all business travelers, would be willing to pay an "extra charge" for high-speed, non-stop flights, the CAB's pricing policy, to quote an editorial from the Tulsa Tribune, requires "citizens to pay extra for inconvenience" by "penalizing customers who are forced to make irritating detours."[10]

On the other hand, if the terminal costs were treated properly and passenger routings liberalized, hub-point operations would be encouraged. These operations tend to increase productivity and reduce costs. This is the kind of service Delta Air Lines, our most profitable carrier, has been offering the public for several years through Atlanta.

Delta's experience has demonstrated, furthermore, that in addition to holding down costs, this pattern of service has enabled it to provide you with more frequent service, as well as additional competitive service in many markets without costly parallel service. In additional, Delta's hub-point routings have reduced the peaks in demand at Atlanta and other stations by spreading the traffic more evenly throughout the day.

American Airlines proposed similar routings in 1974 when it was forced to "rearrange schedules and cut flights because of shortened fuel allowances." The CAB, however, rejected this fuel saving proposal because it might have adversely affected other airlines.[11]

In other words, the CAB's pricing policy is designed to limit competition to the most costly and fuel wasting manner of providing competition—direct, wing-tip to wing-tip, parallel service.

There is no longer any question, as there was two years ago:

That for a given level of service, terminal costs are essentially fixed expenditures which do not vary with the volume of traffic;[12]

That peaks in demand determine the level of these expenses; and

That "(H)igher utilization of station facilities and personnel is obtained by virtue of more patterned oriented schedules in shorter haul markets than longer haul markets . . . ."[13]

Moreover, the recently issued "Report of the CAB Special Staff on Regulation Reform" indicates that hub-point routings are exactly the kind of service and competition patterns the airlines would provide under deregulation.[14]

Suffice it to say, the CAB's own staff has finally realized that if given the flexibility the airlines are likely to restructure their

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Footnotes at end of article.

pattern of service and fares, as Delta has at Atlanta, to optimize aircraft and terminal utilization, to save fuel, to reduce costs, and most important of all, to increase revenue and earnings.

VI

It should be further noted that such a restructuring of service and routings could also lead to additional savings in ticketing costs.

As professional travel managers you know only too well that much of your time is wasted reissuing tickets. The slightest change in a passenger's routing can frequently change the fare a dollar or so, and thus require you to issue a new ticket. That takes time which is costly to you and the airlines since they then have to process two tickets for a single sale.

Everyone recognizes that the major, non-stop, on-line markets produce the most revenue. That you can usually find a seat on a Chicago-Los Angeles flight at the time you want to travel, and at a fare you are willing to pay. There are four airlines, and four classes of service.

The big problem is getting your passenger from Houston to Topeka, or Lansing, or Sacramento. It is these connecting trips which produce your biggest headaches and require the greatest expenditure of your time and money.

Finding good connecting flights is bad enough in itself, but the ticketing problem is next to impossible. Is there a published joint fare? If not, is there something called a "hidden city," or does the "point beyond" rule apply?

Unfortunately, under the CAB's current rules the cost of publishing tariffs and issuing tickets is geared to maximizing revenue in the smallest markets. However, since all these thousands of markets put together comprise less than 9 percent of the total traffic, there is real question whether the added cost of the present tariff system is greater than the added revenue it generates, if any. I doubt the system could pass the CAB's profit-impact test.

This is especially true since you and all the other airline travel agents are under specific instructions to try to break the system. As I understand it, the tariff departments set up the pins in the form of point-to-point fares with stringent routing restrictions, and then you are supposed to knock down those pins by finding the lowest fare through the application of various tariff rules. As a result, what is normally considered to be a serious affair in most business, has become a game of chance at the ticket desk. Sometimes you win, and sometimes you lose.

Recognizing the absurdity of this situation, my colleagues and I have proposed upon several occasions that the CAB allow the airlines to publish air fares in a zone tariff similar to that used by the telephone company, as well as the airlines themselves for their pass riders.[15] In our view such a zone tariff would not only reduce the cost of publication and distribution, but most important of all, the time you spend locating the "right" fare.

A zone tariff would be easy to implement, would quickly produce cost savings, and could almost immediately eliminate the public's confusion about fares because it would be readable. I believe our proposal deserves your serious consideration, even though it might present the tariff departments with some "difficulties" because it is so simple to administer.

After all, if the CAB is going to compute fares on a zone basis for the sake of simplicity and convenience, I fail to see why the agency should not encourage the airlines to publish those fares on the same basis for the same reasons, especially since it would reduce costs and make your job easier.

VII

A fourth way to achieve greater productivity and lower costs would be to restructure the load factor standard so that it would conform with the public's need.

The load factor standard represents the CAB's policy with respect to price and convenience. At present the standard declines with distance.[16]

In the DPFI, my colleagues and I submitted a market survey prepared by Sindlinger & Co. That study showed, not surprisingly, that business travelers were significantly more interested in frequency of service and ease in obtaining a seat than pleasure travelers—who were of course interested in saving money. The study further showed that the ratio of pleasure travelers to business travelers increases with distance.

In other words, the market survey showed that the load factor guidelines should increase with distance.

A statistical study submitted by the Department of Transportation came to the same conclusion.

Nevertheless the CAB promulgated a standard which decreases with distance. As a consequence, price conscious long-haul passengers are today being provided 6 percent more unused capacity than short-haul business travelers who sought more service.

Needless to say, this situation could not go on indefinitely. It does not meet the public need. Consequently, the CAB has finally decided to review its policy.[17]

It is to be hoped, that as a result of these new proceedings, the standard in the long-haul market can be raised to at least 65 percent, as suggested by the Department of Transportation. Such an increase would reduce the unit costs in those markets around 21 percent. A cost savings of that magnitude would enable the airlines to cut fares in those markets by at least 10 percent.

According to the Gallup study, "A 10% reduction would be likely to have a substantial effect among air vacation travelers . . ." That is to say, a restructuring of the load factor standard would not only reduce costs, but also increase total revenues.

VIII

The CAB's refusal to use current market demand studies in setting fares has, by the way, been one of the major regulatory impediments to higher earnings in recent years. The simple fact is that by not paying attention to such surveys, the CAB almost priced the airlines completely out of business.

In less than a year the agency automatically approved three increases totaling about 20 percent.

The only reason airline traffic did not decline this year as predicted is due to the fact the airlines finally faced the reality of the market place and asked the CAB to reinstate some discount fares. Faced with the choice between a lower yield or a decline in traffic and revenues, the airlines chose the lower fares.

IX

Another impediment to lower costs is, strangely enough, the agency's costing methodology.

The fundamental fallacy in the CAB's average cost system is that it completely overlooks one of the key elements which determines the level of the unit costs upon which the fares are predicated.

Analysis of airline costs have repeatedly shown that the level of such expenses is determined by the level of service provided, and that for a given level of service these costs are essentially fixed and do not vary with the volume of traffic handled. In lay terms I am told this means airline costs are capacity costs, and that consequently the unit cost depends upon the traffic volume.

That being the case, it appears the unit cost is partially price determined, since the airlines traffic is price sensitive. That is to say, the market place is not only determining the value of airline service, but also the unit costs upon which the fares for that service are supposedly based.

Market demand, in other words, is just as much a factor in determining unit cost as the expenditure for labor, fuel, and rentals. The primary difference being one of impact.

A 10 percent increase in the cost of fuel, for example, is said to require a 1.2 percent increase in revenues, whereas only a one percent decline in traffic because of a fare increase will push up the unit cost one percent.[18] An average cost system completely ignores this fact, especially the one used by the CAB.[19]

Moreover, when air fares are based upon average cost, traffic is not discouraged from traveling at the most convenient time. Unfortunately, this has historically created peaks in demand that require the acquisition of added capacity which is idle at other times.[20] The resulting increases in the level of service and added capacity reduces productivity and increases the unit cost. That of course creates a need for higher fares—which will in turn produce even higher unit costs and lower earnings if the market place is price sensitive as the Gallup study indicated.

Aggravating the problem is the fact that the idle time generated by the extra capacity can be used to produce additional services during off-peak periods at a very low out-of-pocket cost; plus the fact that frequency of service is known to be a principal element in determining market share. The result is that the airlines are forced by competitive pressures to operate more schedules to maintain their market share. These additional flights, however, only decrease earnings and productivity further since they merely end up spreading the same traffic volume over more schedules.

Recognizing the circular nature of this problem, my colleagues and I have proposed that the CAB adopt the "peak-responsibility" and "market-price" costing techniques for setting fares.

Under this proposal the added costs associated with providing peak demand services are assigned directly to the traffic responsible for such service, and the costs of all other services are apportioned on a "weighted" basis according to their sales value, or price of the ticket.

The system thus recognizes two fundamental facts in air transportation:

First, that the normal full-fare fundamental facts in air transportation:

First, that the normal full-fare traffic which demands service at a particular time is generally price insensitive traffic which places a high value on time. Hence, any added capacity and costs generated by this traffic are concomitant with furnishing the public, or at least this part of the public, with the adequate service which it demands at a price it is willing to pay.

Second, since the unit cost is partially price determined, it is necessary to allocate the actual costs in relation to the true value—the value which is implicit in the fare—in order to achieve maximum economy and effectiveness. I am told this "market-price method" seems to be the most acceptable procedure to accountants in non-regulated industries, and is as a consequence the most commonly used basis for cost allocation outside the regulatory environment.[21]

Thus our proposal is designed to reduce unit costs and increase revenue and earnings by reducing peaks in demand and marginal

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Footnotes at end of article.

cost scheduling, on the one hand, and generating new traffic through lower fares during off-peak times, on the other hand.

In this regard, I should like to point out that the Gallup study found that most travelers felt such off-peak fare differential were fair; 70 percent in the case of off-peak days, and 67 percent for off-peak times of the year.

In addition, I think it should be also noted that such a differential pricing system might provide larger discounts than are currently available. Here in Texas, for example, the highly successful intrastate carriers—Southwest Airlines, whose vice president spoke to you yesterday—offers non-peak "Pleasure Class" fares to all travelers at discounts of around 40% of their "Executive Class" service; and those full-fares are equal to, or lower than, the CAB's average cost based fares for the competing interstate airlines.

X

As you are probably aware, the Congress is now reviewing the entire question of regulation. The other day I had the opportunity to read a study on deregulation prepared by the Harbridge House in conjunction with the CAB's staff. A major portion of that study is devoted to presenting the opposing views with respect to economic regulations.[22]

In looking over those arguments I found, to my surprise, that if I substituted the term "average cost" for the Pro-Regulators' position, and the terms "peak-responsibility and market-price" for the Anti-Regulators' hypothesis, what I had before me was not a document extolling the merits and demerits of regulation, but instead a paper which only restated the historical arguments between accountants and economists as to whether or not value should be taken into consideration in determining costs.

I do not propose to get involved in that particular debate today since it is abundantly clear that I favor the economists' views. Rather, I believe it is important to recognize this basic difference between these two professions, because if the current accounting practices of the agencies is one of the principal causes for the high cost of regulation, high air fares, and therefore the financial problems of the industry, then the immediate solution to those problems is not deregulation, but instead better regulation.

I might add, if the CAB—or any other agency—cannot regulate the airlines in such a manner as to foster sound economic conditions in the industry because it is "too administratively difficult" or "too time-consuming," then I and many of my colleagues in the Congress may be forced to consider a complete overhauling of the regulatory system.

XI

Finally, I want to applaud your recent decision to begin participating more actively in actions before the CAB. Your counsel, Mr. John Caldwell, has graciously supplied me with copies of your filings.

Your active participation in CAB proceedings is extremely important, in my opinion, because you represent a major portion of the business traveling public, whose interests should be made known to the CAB. I therefore urge you to continue your efforts. Thank you.

FOOTNOTES

[1] Current members of the group are: Hon. John E. Moss, Glenn M. Anderson, Thomas L. Ashley, George E. Brown, Jr., Phillip Burton, James C. Corman, John D. Dingell, Don Edwards, Augustus F. Hawkins, Harold T. Johnson, Robert L. Leggett, John McFall, Spark M. Matsunaga, Joseph G. Minish, Patsy T. Mink, Thomas M. Rees, Peter W. Rodino, Jr., Edward R. Roybal, Bernie Sisk, and Lionel Van Deerlin, Members of Congress.

[2] "A Study of the U.S. Air Traveler, Conducted for American Express," The Gallup Organization, Inc., Princeton, N.J. (August 28, 1975).

[3] *Moss* v. *C.A.B.*, 430 F.2d 891 (D.C. Cir. 1970).

[4] CAB Order 74-3-82; reaffirmed CAB Order 74-12-109.

[5] Congressional Record (April 23, 1969) p. 10118.

[6] Congressional Record (October 7, 1969) p. 28832.

[7] CAB Order 72-8-50, Appendix 7.

[8] Congressional Record (January 24, 1974) p. 848.

[9] Congressional Record (June 30, 1972) pp. 23847-23851.

[10] Congressional Record (February 13, 1974) pp. 3055, 3056.

[11] CAB Order 74-4-37.

[12] Exhibit BE-D-2420, p. 4-17, "Air Cargo Terminal Handling Costs," Study Report, The Ralph M. Parsons Company (June 7, 1973); CAB Docket 22859.

[13] Exhibit TW 9024, CAB Docket 21866-9, p. 2.

[14] "Under unregulated conditions, carriers would have an unlimited choice of markets and service patterns (footnote below). They would seek the optimum combination of markets in relation to aircraft types and the competitive forces both in those markets and in competing low-priced hub-to-hub markets that would offer connecting competition. For example, if New York-Los Angeles fares fell to a very low level, it is possible that, absent airport constraints, traffic that would otherwise have moved directly would be attracted to a New York-Los Angeles connecting pattern. (footnote: The ATA study assumes that present service patterns would remain fixed in the absence of regulatory constraints. But if given the flexibility, carriers are likely to restructure their route system to optimize aircraft utilization and to develop traffic flow within the system. Instead of immediately abandoning their areas of specialization and strength, carriers are more likely to develop them. . . .)" p. 191.

[15] Congressional Record (June 30, 1972) pp. 23847-23851.

[16] CAB Order 74-3-82; the current load factors increase (approximately) from 55.8 percent at 100 miles to 56.8 percent at 400-500 miles, and then decline to 50.5 percent at 2800 miles.

[17] CAB PSDR-43 (August 19, 1975) Docket 27417.

[18] "He (Donald J. Lloyd-Jones, senior vice president, finance, of American Airlines) said he hoped that any additional fare increase wouldn't be required next year. But he warned that boosts could be made necessary by passenger declines . . .," Wall Street Journal (December 19, 1969) p. 16.

[19] Order 74-11-62, p. 4. According to the CAB, under its current system changes in market demand and price sensitivity have "a minimal effect" on unit costs and the rate of return on investment because total expenses and investment are treated as varying directly with traffic.

[20] 337 I.C.C. 298, 313 (1970).

[21] Accountant's Handbook (edited by W. A. Paton, Ph.D., C.P.A., Professor of Accounting, University of Michigan), The Ronald Press Company, New York, Third Edition (1955) p. 289; Materials on Accounting, University Casebook Series, Robert Amory, Jr. (Professor of Law in Harvard University) The Foundation Press, Inc. (1949) p. 752 (i.e., Chapter 14, "Cost Accounting" by Perry Mason, Ph.D., C.P.A., Professor of Accounting, University of California).

[22] A Proposed Means of Evaluating the Consequences of Changed Approaches to Economic Regulation of the Domestic Commercial Air Transportation System, prepared by the Staff of the Civil Aeronautics Board and Harbridge House, Inc., Boston, Mass. (July 1975) pp. 35-37.

TAX EQUITY FOR TENANTS

HON. HERBERT E. HARRIS II

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. HARRIS. Mr. Speaker, the current recession has had a number of effects on middle-income Americans which we hear about every day. But added to the problems of inflation, unemployment, underemployment, lack of expansion in business activity and the money markets, is the fact that homeownership—for the young, middle aged and the elderly—is becoming an increasingly distant reality.

They are learning what some Americans—single people and students, military families and retirees—have known for a long time, that tenants are regarded in many respects as second-class citizens, lacking many of the rights and privileges of homeowners. The most glaring example of the discrimination against tenants is their treatment in the U.S. Tax Code.

I am introducing legislation in the House today to allow individuals who rent their principal residence to deduct from Federal income taxes, their share of local property taxes included in their rent. To give Members a better understanding of the type of tax contribution tenants are making in my district, and the magnitude of tax inequity that is currently tolerated in the code, I would like to include several examples at this point.

In the city of Alexandria, where 75 percent of the city's dwellings are rented, there is a large high-rise complex adjacent to Interstate 95 which had a local property tax of $524,000 last year—half a million dollars. That means that each of the 2,400 apartment renters paid an average of $218 in 1974 or $18 every month.

Under current law, that half a million dollars is treated as income for the landlord, who turns the cash over to the city, and takes a big deduction for his Federal income tax bill. If this legislation is adopted, the landlord would not be allowed the tax deduction for the $524,000, and his income would be reduced by that amount. Instead, he would notify tenants of their proportionate share of property tax, based on the size and value of their rental unit. Tenants would then have the right to deduct this amount from their Federal tax payment, just like homeowners do now.

Another example is a large garden apartment complex in Fairfax County with 672 rental units. Last year the property was assessed at $3.3 million, and had a local tax bill of $138,000. That means an average tenant lost $205 per year or $17 per month as a tax deduction he, in justice, should be entitled to. It should be noted that under my bill, if the landlord here failed to rent several of the units, he or she could deduct only a pro rated share.

Landlords would not be unfairly treated by this bill, for it reduces the taxable income of apartment owners, and preserves depreciation, deduction of mortgage interest, and other business expenses. My bill does not touch other tax advantages now allowed apartment owners. Often commercial property leases currently contain separate billings for property taxes, so the ability to compute such an annual figure for residential tenants should not be difficult.

My bill, in my view, will promote tax equity, but it also has the advantage of getting tenants more involved in community affairs. Tenants do have a stake and an interest in local government, and I believe that this type of reform will make "partners" of tenants, landlords, and homeowners in holding the line on local property tax increases. The bill would also have the effect of slowing down the conversion of apartments to condominiums by removing an artificial incentive in the tax code to such conversion. One of the primary selling points of condominiums is the tax break of homeownership. This bill would not remove these advantages, but would begin to give a degree of equity to renters.

My bill will give fair tax treatment to a segment of our population that has for too long been neglected. Right now, the owners of homes and condominiums are able to deduct the amount of local property taxes, while renters cannot. That is not tax justice in my opinion and I urge the House Ways and Means Committee to include this legislation in its tax reform hearings and deliberations currently underway. Nationwide, tenants are an important proportion of our population and they must not be discriminated against in our tax laws.

BILL TO ESTABLISH "WATCHDOG"

HON. MATTHEW J. RINALDO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. RINALDO. Mr. Speaker, earlier this year, I cosponsored a bill to establish a "watchdog" division within the Department of Health, Education, and Welfare. This was a proposal to set up a self-policing mechanism within the Department, as a response to complaints of poor management, bungled programs, and other misuse of Federal funds. Similar complaints that I heard about Federal agencies have prompted me to introduce a bill to extend this type of office to those other agencies.

My bill would establish an Office of Program Inspector in each Federal agency with an authorized personnel ceiling of 1,000 or more. Inspectors will be appointed by the President and answerable only to him. They will be charged with the responsibility of overseeing and investigating each program administered by their agencies which involves the use of Federal funds. It will be their duty to determine whether the programs are being administered in compliance with existing laws and regulations and to recommend corrections and improvements. The inspectors will keep Congress informed of their activities by means of annual reports which will outline the results of their investigations and detail how effectively their suggestions and recommendations have been carried out.

While it is true that many congressional committees maintain oversight duties on agencies under their jurisdictions, nevertheless, it is impossible for Congress to act as a continual watchdog over the funds it has appropriated. Establishing an independent office within the largest Federal agencies would ease the burden of Congress in this respect and help insure the integrity of the many programs we have authorized.

"911" HOT LINE FOR EMERGENCIES

HON. J. EDWARD ROUSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. ROUSH. Mr. Speaker, I would like to report briefly to my colleagues on a 1-day trip I took to Philadelphia on Friday, October 10. The purpose of my trip was to view the "911" emergency telephone communications system that became operative in that city March 3, 1974.

My introduction to the system there began with a briefing session conducted for me by representatives of the Pennsylvania Bell Telephone Co. After this initial explanation of the problems they had faced, the system they had devised, and how well it was working, we proceeded over to the police "round house"—which is actually a round building—in which the "911" telephone communications command center is located.

Here all the emergency "911" phone calls are received. They cover all kinds of emergencies, including fire and health needs, but police calls predominate. Up to 10,000 calls are received in a 24-hour period.

In a single, large room there are 54 stations equipped to handle "911" incoming emergency calls. About six people—depending on the time of day and the frequency of calls—are seated at each of the nine tables, one representing each sector of the city. The individuals working in this room are divided between civilians and police officers. Both take calls and both take turns as operators and dispatchers. When a "911" call comes in the switching time from the receipt of that call to its transfer to the appropriate authority is down to 2.6 seconds. Overall "response" time, the time between a citizen calling in to report a crime or fire or emergency and the arrival of officers on the scene, is now at an average of 2½ minutes—quite a record.

I was very favorably impressed with the "911" emergency telephone system in Philadelphia and I hope other communities will act to join the almost 500 systems, large and small, now in service.

Commencing with this article I would like to include in the RECORD over the next several weeks a complete list of those communities, by State, which now have the "911" emergency number or which are scheduled to go into operation in the near future. Today I would like to include a complete account of the "911" operations in the State of Pennsylvania:

American Telephone and Telegraph

Systems location, date, inservice, population *served*

Pennsylvania

Allentown, 9/73, 110,000.
Berwick, 10/74, 40,000.
Bradford, 11/70, 27,000.
Clarion County, 4/73, 39,000.
Clearfield, 12/70, 22,000.
DuBois, 9/68, 18,000.
Greensburg, 11/70, 60,000.
Hollidaysburg, scheduled 3Q/75, 15,000.
Indiana County, scheduled 4Q/75, 60,000.
Milton, 2/70, 10,000.
Norwood, 12/69, 30,000.
Philadelphia, 3/74, 2,000,000.
Tarentum, 1/70, 54,000.

Independent telephone companies

Systems location, date inservice, population served

Pennsylvania

Ephrata, 10/73, 9,000.
Akron, 10/73, 2,500.
Adamson, 10/73, 1,000.
Denver, 10/73, 3,500.
York County, 5/74, 270,000.
Lansford, 7/74, 14,800.
East Brady, 7/73, 2,800.
Reade, scheduled 8/76, 2,400.
Callensburg, 9/73, 38,000.
Hawthorn, 8/73.
Knox, 8/73.
Rimersburg, 8/73.
Shippenville, 9/73.
Strattanville, 8/73.
New Bethlehem, 9/67, 3,000.
Sligo, 4/73, 1,000.
Butler, 6/69, 20,000.
Meridian, 6/69, 15,000.
Connoquenessing, 6/70, 3,000.
Nixon, 6/72, 4,000.
Foxburg, 6/73, 1,000.
Bruin, 9/73, 1,000.
Parker, 9/73, 2,000.
Evans City, 12/73, 5,000.

ANNOUNCEMENT OF HEARINGS ON BILINGUAL COURTS LEGISLATION

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. EDWARDS of California. Mr. Speaker, I wish to announce that the Subcommittee on Civil and Constitutional Rights will begin a series of public hearings on S. 565, H.R. 2243, H.R. 2255, H.R. 4096, and H.R. 8314, bills to amend title 28 of the United States Code to provide more effectively for bilingual proceedings in the district courts of the United States.

The first day of hearings is scheduled on Thursday, October 23, 1975, at 9:30 a.m. in room 2218 of the Rayburn House Office Building. Witnesses on that day will be representatives of the U.S. Commission on Civil Rights and the Department of Justice.

Additional hearings are scheduled on Wednesday, November 5, 1975, and Thursday, November 6, 1975. The hearings will begin at 9:30 a.m. and will be held in room 2226 of the Rayburn House Office Building. Witnesses on November 5 will include a representative of the Administrative Office of the U.S. Courts, a Federal district judge, and representatives from the Institute for Court Management in California and from the Judicial Council in California. Witnesses on November 6 will include a witness from the New York County Lawyers' Association and a panel of lawyers.

TITLE IX COVERAGE

HON. LOUIS STOKES

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. STOKES. Mr. Speaker, few pieces of legislation in modern times have stirred greater fears nor aroused more controversy among our citizenry than title IX of the Education Amendments of 1972. Title IX, which went into effect on July 21, 1975, bars sex discrimination in federally assisted education programs. Much of the irrational fear and controversy surrounding that law, and implementing HEW regulations, stem from a lack of understanding as to what is and what is not required or contemplated by this legislation, in the context of real life situations in the many educational institutions that are within its broad coverage.

The Association of American Colleges' project on the Status and Education of Women has endeavored to set the record straight in this regard. An article by Ms. Margaret C. Dunkle, associate project director, appearing in the July 28, 1975 issue of Capitol Hill Forum, entitled "Title IX: New Rules For An Old Game," provides a basis for more rationale dialog on the actual requirements of "equal educational opportunity" for girls and women in federally assisted educational institutions. For the information of my colleagues, at this point, I would like to insert in the RECORD a copy of Ms. Dunkle's article:

TITLE IX: NEW RULES FOR AN OLD GAME

(By Margaret C. Dunkle)

The long-awaited and farreaching regulation implementing Title IX of the education amendments of 1972 barring sex discrimination in federally assisted education programs went into effect on July 21. Attempts to send the regulation back to the Department of Health, Education and Welfare (HEW) for further redrafting failed, as did eleventh-hour efforts to amend Title IX itself.

Title IX provides that "no person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving Federal financial assistance." This prohibition aplies to every educational institution which receives federal money—preschools, elementary and secondary schools, vocational schools, colleges, and universities. Although it has been labeled as "that sports law," Title IX prohibits sex discrimination across the board—from the admission of students, to the treatment of students once they are admitted, to the employment practices of an institution. It is the only sweeping federal law that prohibits sex discrimination against students.

The path to the establishment of standards for judging sex discrimination in schools and colleges was tortuous and troubled. It was littered with over three years of debate within (and without) HEW, a draft regulation which elicited an unprecedented 10,000 public comments, a 45-day congressional review period which produced heated discussion of the dollar value (and occasionally the educational value) of intercollegiate sports programs, and several legislative attempts alter the law itself.

As the battle lines were drawn, it became clear that Title IX was stimulating new and unique coalitions. The various sides on the issues could not be identified by party, geographical, liberal/conservative or even sex labels.

The last episode of the three-year saga that led to the implementation of a final Title IX regulation began on June 4, when HEW published the regulation in the Federal Register and sent it to Congress for final review (as required by the 1974 General Education Provisions Act.) After two weeks of hearings, Rep. James O'Hara's (D-Mich.) subcommittee on postsecondary education failed to push through a concurrent resolution of disapproval to send the regulation back to HEW as "inconsistent with the law." Although the bulk of the testimony before O'Hara's subcommittee concerned intercollegiate athletics, the subcommittee instead attempted (albeit unsuccessfully) to reject as "inconsistent" several less controversial procedural portions of the reglation: the requirement that institutions conduct an internal self-evaluation and set up a grievance procedure to handle Title IX complaints, and the provision stating that institutions seeking a religious exemption must submit a specific statement to HEW. The general resolutions of disapproval that James Martin (R-N.C.) introduced in the House and Jesse Helms (R-N.C.) introduced in the Senate were similarly thwarted in committee. O'Hara also introduced a bill to amend Title IX's coverage of physical education and athletics. The full Education and Labor Committee refused to act immediately on the bill, however, and referred it back to O'Hara's subcommittee for further study.

Rep. Bob Casey (D-Tex.) led an unsuccessful last-ditch effort to exclude several areas from Title IX coverage by taking away HEW's authority to withhold or cut off funds if an institution had single-sex physical education classes or supported honorary organizations which discriminated on the basis of sex. (Under the Title IX regulation, instruction in noncontact sports must be co-educational: instruction in contact sports can be single-sex.) The Casey amendment would also have exempted social fraternities and sororities and such groups as the Girl Scouts, Boy Scouts, YMCA, and YWCA; however, these groups had already been exempted from Title IX by an amendment introduced by Sen. Birch Bayh (D-Ind.) last December.

Opponents of the Casey amendment maintained that institutions could use it to deny girls access to physical education opportunities. They also argued that allowing single-sex honorary societies in schools and colleges would implicitly sanction discrimination by denying women important job credentials and contacts. Advocates of the Casey amendment stressed their opposition to federal interference in the autonomy of institutions and school districts.

After a round of legislative ping pong, and under pressure from what Casey called "the heaviest lobbying I've ever seen around here," the House finally agreed on July 18—by a 215-178 vote—to drop the Casey amendment, which originally passed in April by a 108 vote margin (253-145). This dramatic shift followed on the heels of a July 11 conference report with the House and Senate disagreeing over the Casey amendment, a July 16 212-211 House vote to retain the Casey amendment, and a July 17 65-29 Senate vote to reject it.

Although most of the debate over Title IX has focused on athletics, the implications of the law go far beyond the playing field and the locker room. Indeed, as institutions conduct the required self-evaluation in the coming year, they are likely to discover heretofore unrecognized sex discrimination in a host of areas. Following are some of the kinds of changes likely to occur as institutions bring their policies and practices into line with Title IX.

Admissions. Most schools can no longer legally discriminate against women (or men) in admissions. Public co-educational undergraduate schools, all graduate and professional schools (whether public or private), and all vocational schools must have sex-blind admissions. The statute, however, specifically allows single-sex public undergraduate colleges to remain single-sex, and private undergraduate colleges to continue to discriminate in admissions on the basis of sex if they so desire. Although these schools can discriminate in admissions, they cannot discriminate against students on the basis of sex once they are admitted.

Many schools and colleges have traditionally had quotas on the number of women admitted. The dramatic increase in the number of women in medical and law schools since 1972 can be largely attributed to Title IX's clear mandate in this area.

SCHOLARSHIPS

Generally, schools cannot provide financial aid on a sex discriminatory basis. They may, however, offer single-sex scholarships established by a will or trust if the overall effect is not discriminatory. To ensure this, institutions must use a pooling procedure, first selecting students on some nondiscriminatory basis, then matching scholarships to students. Similarly, the males-only Rhodes scholarship can continue to be offered by colleges if similar opportunities for women to study abroad are offered. Regarding athletic scholarships, institutions must provide "reasonable opportunities for such awards" to both sexes. It has generally been more difficult for females than for equally needy and qualified males to receive financial aid. Also, single-sex scholarships are fairly common and, on some campuses, institutions may need to find additional funds so that their overall pattern of scholarships is not discriminatory.

RULES AND REGULATIONS

Schools cannot discriminate on the basis of sex in applying or setting any rules of behavior, sanctions, treatment, appearance, domicile, or residence. At present a number of institutions have different curfews or visitation rights for female and male students. A number also have discriminatory dress codes and residency requirements which differentiate on the the basis of sex.

FRATERNITIES AND SORORITIES

Honorary fraternities and sororities cannot discriminate on the basis of sex if they receive "significant assistance" from an institution. Social fraternities and sororities, on the other hand, are specifically exempt from Title IX. A number of school-supported honorary organizations are single-sex; others discriminate on the basis of sex in their membership qualifications or services. If these organizations wish to continue to receive school support, they must become nondiscriminatory.

PHYSICAL EDUCATION CLASSES

Schools and colleges must generally offer coeducational physical education instruction. For participation in contact sports, however, schools may instruct boys and girls separately. Students may also be grouped by ability. Elementary schools have until July 1976 to comply with this requirement; high schools and colleges have until July 1978. Also, if a school offers instruction concerning human sexuality, it can offer separate sessions for girls and boys. Many elementary schools already offer coeducational physical education instruction, as do a number of high schools and colleges. Often, when instruction has been separate, the courses offered have been quite different.

ATHLETICS

Generally schools cannot discriminate on the basis of sex in interscholastic, intercollegiate, club, or intramural athletics. Schools may maintain separate teams for females and males when team selection is based on competitive skills, and in contact sports such as boxing, wrestling, rugby, football, and basketball. In noncontact sports, if a school offers only one "single-sex" team, members of the other sex must be allowed to try out for it if their athletic opportunities were previously limited. Contact sport teams can remain single-sex, however, even if there are no comparable opportunities for the other sex. Overall, schools must provide "equal opportunity" in sports.

In determining whether or not equal opportunity is offered, HEW will consider whether the selection of sports and levels of competition "effectively accommodate the interests and abilities" of both females and males. Additionally, such things as supplies, facilities, equipment, scheduling of games and practice times, travel and per diem allowances, coaching, academic tutoring, medical services, special housing or dining services, and publicity will be considered. Equal aggregate expenditures are not required, although HEW "may consider the failure to provide necessary funds" in assessing equal opportunity. Elementary schools have until July 1976 to comply with the athletic provisions of the regulation; high schools and colleges have until July 1978. Although they are highly controversial, the athletic provisions of the Title IX allow institutions a substantial amount of leeway in determining what types of sports opportunities they will offer. These provisions have been sharply criticized from all sides. Women's organizations have blasted the regulation for perpetuating the status quo, and such groups as the National Collegiate Athletic Associaton have claimed that the regulation does not go far enough in protecting "revenue-producing sports" (which almost always run at a deficit.) Nationwide, women's sports budgets are equal to two percent of the men's budgets.

EMPLOYMENT

Sex discrimination in employment is covered across the board (except in military schools and in religious schools to the extent that nondiscrimination would be inconsistent with the controlling religious tenets.) Discrimination in both full and part-time employment is prohibited in recruitment, hiring, job classification, salaries, and fringe benefits. The Title IX prohibitions against employment discrimination supplement, rather than alter, the nondiscrimination provisions of a number of other laws: Title VII of the 1964 Civil Rights Act, the Equal Pay Act, and Executive Order 11246. Concerning pension benefits, a major area of inconsistency among these various laws, Title IX allows either "equal contributions" or "equal periodic benefits," a less stringent standard than the "equal benefits" requirement of Title VII. President Ford has instructed the various agencies which have jurisdiction over this area to come up with a uniform federal policy by October 15.

* * * * *

This September, for the first time, schools will have some rules for assuring that they do not discriminate on the basis of sex. While no one maintains that the regulation is perfect, it does provide a starting point and a testing ground for equal educational opportunity. Perhaps all of the discussion about the effect of Title IX on athletics will enable institutions to get off to a running start in providing girls and women with a sporting chance to receive an equal education with their brothers.

HOUSING PRICES ARE STILL RISING ON INFLATION TIDE

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. GRASSLEY. Mr. Speaker, there recently appeared in the Washington Post an excellent statement on why this Nation is today facing the unpleasant fruits of years of deficit spending by the Federal Government, and by individuals. The writer, Oliver Jones, also offers a solution to the economic hardship we all must deal with today. I hope those of my colleagues who continually vote to expand Federal programs will take heed.

[From the Washington Post, Oct. 11, 1975]

HOUSING PRICES ARE STILL RISING ON INFLATION TIDE

(By Oliver H. Jones)

Why do prices rise when the nation's giant production machinery is operating far below capacity and consumers are demanding fewer products?

The textbooks tell us that a decline in demand will generate a decline in price; that overstocked factories running in low gear will generate a decline in prices. The evidence of the recent recession refutes the textbook thory. Between November, 1973, the peak of the previous recovery, and May, 1975, the apparent trough of the recession, the consumer price index increased 15.8 per cent and the wholesale price index increased 2.4 per cent.

During the worst period, when rebates were paid to sell autos, and housing prices were reduced to move inventories, the price index declined slightly, but only for a brief period. Before the recovery gained even a slight head of steam, prices were moving up again.

What happened?

We threw away the textbooks in the 1930s, when we decided that we could spend our way out of any depression, any recession, or any slack in economic growth. We burned the textbooks, and our bridges, in the mid-1930s when we paid for a costly war with the printing press. We forgot that we ever had textbooks in the fall of 1974, when the summit meetings on inflation turned into a Seance on Recession.

Rationalizations can be found. Weather, crop shortages and higher food prices. Oil embargoes, outright larceny of oil producing nations and higher fuel prices. But, these are scapegoats for our inability to live within our resources.

The more recent price increases in steel and aluminum make clear that the weather-oil excuse is just an excuse. Both industries are producing well below capacity but their prices rise.

We are told that these are "administered prices," meaning they are set wherever the corporate pricing policy decides regardless of the demand and regardless of capacity to produce.

Decades ago, a renowned economist, Gardiner Means, called our attention to administered prices. Some industries do have the market power to fix prices above the level that would be fixed by demand and supply conditions in the market place. But I do not recall his writing that this power was unlimited and that it could be brought to bear under all conditions and at all times.

There was an increase in utility rates after consumers responded marvelously to the need to conserve energy. We consumed less so rates had to increase. Why? Because our utilities are a high-fixed cost industry. It costs as much to run those big generators, whether we use a lot or a little power. That argument holds up until capacity is reached and then the utilities need income to finance new capacity. It fails when consumers are asked to finance the cost of capacity that was brought on steam too early.

Of course, *some element* of truth exists in all of these explanations of why prices rose during the recent recession, but not enough to explain the degree of price rise or the firmness of prices during the recession. The rock bottom explanation is that prices rise because we expect them to rise, because we are conditioned by years of government spending to believe that "big daddy" can buy our way out of any recession.

The home building industry serves as an excellent example but it has its counterparts throughout the economy. The prices of labor, land, materials and credit determine the builder's costs. It takes months to build a house and years to complete a project. The builder cannot decide to build ten houses today and inventory every item he needs at today's prices. He must figure the cost on today's prices and add an inflation factor.

What about the home buyer? Isn't he influenced by his expectation of further price increases in the cost of housing? Of course he is. The consumer has learned that owning his own home is the best inflation hedge he can find and perhaps the only hedge he can afford. He has seen the value of his present home or his father's home double in ten years. He expects prices to continue to rise so he is willing to pay the high prices generated by years of inflation.

Inflation will not be stopped until we expect prices to fall or remain stable—and that will not happen until government finds the will to live within its means and makes believers out of each of us, whether buyer, seller, producer or worker. Until then, prices will rise because we expect them to rise.

Dr. Oliver H. Jones, economist and author, is executive vice president of the Mortgage Bankers Association of America.

NEW YORK CITY

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. FRENZEL. Mr. Speaker, for a number of months it has been apparent that if New York City is to be "saved" from its current financial plight, the only rescuer in sight is another chronic overspender, the Federal Government.

Despite daily statements from the President and his Secretary of the

Treasury that the Federal Government will not "bail out" New York City, my constituents, and people like them across the country, have the feeling that their Government will, in some manner, step in to save New York.

I hope that feeling is wrong. I hope that Uncle Sam will not reward irresponsible overspending on the part of New York. The taxpayers of this country have traditionally been willing to help people and institutions who cannot help themselves. But, I believe they would object violently to helping in a situation in which a city has knowingly and willingly spent itself into big trouble.

In this country, there are, or there ought to be, rewards for success and penalties for failure. As soon as we reward failure—as we did in the Lockheed case—we overturn the system. We may not cause everyone to want to fail, but we do cause failures to demand their rewards. If we save New York, every city in the United States could either claim similar assistance immediately or, as New York did, simply plan to spend itself into such trouble that it, too, will soon require Federal rescue.

The excesses of New York are only too well-known. The doleful litany of free services, or extra services, for which neither the recipients nor the local taxpayers were willing to pay, have been detailed over and over in the press.

It is also well known that the city's leaders have not been able to draw a plan to bring the city's taxing and spending into balance. The leaders are unwilling, or unable, to make expense reductions, or tax increases, which would lead to a balanced budget a few years in the future. It is this unwillingness, or inability, which makes the problem so difficult. The leaders of New York say "Don't punish us because we are sick." The response should be, "We can't help you because you won't help yourself get well."

Some Members of Congress and some Presidential candidates have called for Federal assistance to New York City. The junior Senator from my own State is among this group. The urge to offer Federal help is noble, but that urge has already imperiled the fiscal condition of the United States. I do not think the taxpayers will stand for it. Worse, that urge will provide an incentive for local government mismanagement and create a huge, unfunded, incalculable liability for the U.S. Government to bail out any other local government failure.

The Federal treatment of Lockheed and the Penn Central has been mentioned. I voted against the Lockheed guarantee, but at least in that case there was a plan for solvency and profitability with a reasonable chance for attainment. In the Penn Central case, there was an actual bankruptcy before the Federal Government intervened. Bankruptcy did not mean a termination of all services for the Penn Central and it need not mean that for New York City.

In summary, it is not possible for me, given the current circumstances, to support Federal assistance for New York City. I appreciate the noble intentions of those who would save our largest city, and I take no comfort in the distress of any region or segment of our society. But, it would be unfair to our taxpayers, unwise for our country's fiscal health, and unfaithful to our incentive system for the Federal Government to "bail out" New York City.

THE UNITED STATES MUST CHANGE ITS POLITICAL EMPHASIS FROM A DRIVE FOR "MORE CONSUMPTION" TO A DRIVE FOR "MORE INVESTMENT"

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. KEMP. Mr. Speaker, there are Members of Congress who still do not realize the reality and seriousness of the capital shortage. There are still Members who maintain that the only threat to capital formation and jobs is the recession, that investment incentives are inappropriate because there is an excess of industrial capacity, and that therefore, our emphasis must be placed on stimulating consumption.

The distinguished economist, Pierre Rinfret, cites Department of Commerce figures which show that on the contrary it is inadequate capacity that characterize our production system.

I quote from Mr. Rinfret as follows:

> Because modern industrial society desperately needs adequate productive capacity, the free world nations will have to change their political emphasis from a drive for 'more consumption' to a drive for 'more investment.' . . . Capital formation, and not consumption, is the backbone of any economy. Without capital formation, there is no growth. The Russians and the Chinese know that; so does the Third World.

But in the United States and other free world countries, Mr. Rinfret says:

> The primary emphasis has been on consumption and the secondary emphasis was on investment. That ordering of priorities will now have to be reversed. The unfortunate results of the 40-year-old Keynesian emphasis on consumption are obvious. What we need now is more emphasis on capital formation. Increased capital formation means jobs and less inflation.

The world is changing. The Third World, following the Arab lead, is just beginning its exploitation of the industrial West. Costs of raw materials will be much higher, making economic growth harder to come by. Capital investment will have to be greatly expanded to offset the high monopoly prices that the West will be charged for energy and raw materials.

Mr. Rinfret says that the need to shift the investment/consumption ratio "will surprise only those who refuse to recognize that the future will be different and who will continue to play the game as it used to be."

I include in the RECORD Pierre Rinfret's article in the October 1975 issue of Dun's Review:

[From Dun's Review, October 1975]

THE NEXT FIVE YEARS

(By Pierre A. Rinfret)

On my visits to Europe and Asia, I have talked at length to politicians, economists, historians, Russia and China experts, investment managers, bankers and industrialists.

I have found some disagreement about the short-term economic and financial outlook. But around the industrial world today there is amazing unanimity about the long-term (five-year) outlook, along the following lines:

The world rate of economic growth is slowing down. It is almost axiomatic that in the next five years the free world rate of economic growth will be lower than it was in the past five. In the next five years, we anticipate that the real rate of GNP growth in the free world will drop to about 50%–60% of what it has been. In the past five years, free world gross product has grown about 7% per year in real terms.

In the next five years it is more reasonable to think in terms of a real rate of growth of about 4% annually.

Cheap and plentiful raw materials have ceased to exist. The Arab nations have taught the Third World that raw materials are the lifeblood of an industrial economy.

If the Third World countries have the will, the drive and the political ability to band together, they can work their raw-material positions to their own advantage. What advantage, primarily? The establishment of high and higher prices and restricted supply.

Put it another way: The day is past when foreign companies could go into underdeveloped countries to find, develop and use raw materials on a 100% foreign-owned basis.

Now the Third World wants the action and all to their advantage. Their exploitation of the industrial world is beginning, if it has not already begun.

Inadequate capacity and bottlenecks will characterize the production system of the world. A year from now few countries will have much, if any, surplus capacity left. In the U.S. there are already projections of a natural-gas shortage this coming winter, and allocation plans are being developed. One bad weather season will throw the world agricultural situation into chaos.

In each of our columns in this space we have been discussing U.S. capacity utilization. Our emphasis has been primarily domestic. But capacity utilization also has crucial world aspects.

The following tabulation from a recent Department of Commerce publication gives some fascinating insights into the free world's available production capacity:

Ratios of industrial operating capacity

Utilization—Annual and Quarterly

Country	*1974 Average*	*Fourth Quarter 1974*
United States	91.3	87.5
Japan	88.8	82.3
Germany	91.7	87.8
France	92.2	86.8
Italy	94.2	86.4
Canada	95.7	93.0

Rates of industrial operating capacity utilization have undoubtedly been reduced further since the fourth quarter of 1974, but the first quarter of 1975 may have been the low point.

If we assume that a 92% operating rate is an inflationary rate, and I believe it is, we have to recognize that outside of Japan there is relatively little idle capacity in the free world. Although the United States is the largest economic entity in the entire world, it is Japan, and not the U.S., which has the greatest industrial slack.

As the free world economies went into recession simultaneously, their recovery is also likely to be simultaneous. As world production rises, many producers will turn to Japan to use up her available idle capacity, and Japanese exports will rise. But once that capacity is used up, world pressures on capacity will mount. When no country has surplus capacity that others can use, the free world will relive the experiences of 1973 and 1974: production bottlenecks, high inflation rates and high interest rates.

Because modern industrial society desperately needs adequate productive capacity, the free world nations will have to change their political emphasis from a drive for "more consumption" to a drive for "more investment."

It is rather ironic that during the past thirty years the Communist world has emphasized investment. Only in the past five years have they been placing increasing emphasis on consumption. Communist Russia and Communist China have historically favored capital formation over consumption. Capital formation, and not consumption, is the backbone of any economy. Without capital formation, there is no growth. The Russians and the Chinese know that; so does the Third World.

But in the free world it has been almost (but not quite) the opposite story. The primary emphasis has been on consumption and the secondary emphasis was on investment. That ordering of priorities will now have to be reversed. The unfortunate results of the forty-year-old Keynesian emphasis on consumption are obvious. What we need now is more emphasis on capital formation. Increased capital formation means more jobs and less inflation.

The world is changing. The future will be different, very different, from the past. Economic growth will be harder to come by, costs will be higher, investment needs will have to be expanded, and the investment/consumption ratio should shift.

This will surprise only those who refuse to recognize that the future will be different and who will continue to play the game as it used to be.

IRANIAN STUDENT ASSOCIATION: SUPPORTERS OF TERRORISM

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the Iranian Students Association of the United States—ISAUS or ISA—the U.S. section of the militant, proterrorist, internationally active World Confederation of Iranian Students which is headquartered in West Germany, held its national convention in Chicago, August 18 through 26, 1975. The convention attracted some 800 Iranians to its meetings of an estimated U.S. membership of 1,000.

For the past several years, the Iranian revolutionaries have operated what's been termed a "red and black alliance," that is an alliance of Maoists and other Marxists with extreme traditionalist Moslems who oppose the Shah's attempts at modernization, secular education, civil rights for women, et cetera.

NOTE.—The principal active revolutionary movements in Iran, which appear to have factions within the ISA, are the Iranian National Front, which contains Moslem, nationalist and strong Marxist elements; and the Revolutionary Organization of Tudeh, the Maoist split from the Tudeh—Communist—Party.

At the recent ISA convention, the principal development was an organizational split between the two wings of the organization. The Communist—Maoist—faction follows the example of the Chinese Communists and calls for a Chinese-style "people's war" based on organizing masses of peasants and workers via a Communist party. In the United States, the Communist faction majority favors ties with the Revolutionary Union—RU—while a minority supports the rival October League—OL.

The National Front faction is supporting immediate terrorism and guerrilla warfare. The sort of government favored by the National Front faction is unclear: its basic disagreement with the Communist faction appears to be over whether or not to concern itself with organizing the masses, a long term process, rather than rely on armed struggle now.

The conference opened on August 18 in the El Palacio Theater in Chicago. After 2 days of argument, the two factions decided to hold separate meetings for the convention. The Communist faction retained 500 delegates and remained at the theater, while the National Front moved to separate meeting places with some 300 delegates.

The National Front faction, which met at the YMCA, 826 S. Wabash, featured at its meetings the banners of two terrorist guerilla bands active in Iran—Sherik Haye Fadai Kalgh—Struggle to the Death—and Hojahedin Kalgh—People's Struggle. The Struggle to the Death group is Maoist-oriented and the People's Struggle is reportedly Moscow-oriented Marxist. Also displayed was the banner of the Popular Front for the Liberation of Dofar, a guerrilla organization active in the Dofar province of Oman which is armed and supported by a variety of Marxist Arab and non-Arab countries.

Two secretaries of the World Confederation of Iranian Students, who are leaders of the National Front in Europe, Said Sadr and Said Kazemi, attended the National Front faction meetings in Chicago.

The National Front meetings were preoccupied with elaborate denunciations of the Communist faction. Featured National Front speakers included Masud Amini and his sister who bitterly opposed their brother, Mohammed Amini, the Communist faction's principal spokesman for the pro-Revolutionary Union tendency. The Amini family is active in the Washington, D.C. area.

National Front faction meetings ended on August 23, with the election of national officers including Mohammad Kargahi, secretary of defense—Chicago—Ali Mohammad Shaygan, secretary of organization and finance—California—and a Said Inu of California, secretary of culture and international secretary.

A message of support for the National Front faction was read to the assembled delegates from the Al Fatah Palestinian guerrilla organization. Al Fatah is the dominant guerrilla group in the Palestine Liberation Organization—PLO—and is Yasir Arafat's own organization. The international terrorist group Black September was developed by the Fatah intelligence branch as a special operations unit. Al Fatah maintains training camps supported by the Soviet bloc and numerous Arab countries which provide arms and sabotage training for various Middle Eastern, European and African "national liberation" movements.

The Communist faction became involved in a complicated debate over whether to work with and support the Revolutionary Union or its rival October League, noting that the intense rivalry between RU and OL made such a choice necessary. Mohammad Amini led the debate in support of the RU, while Iradj Daftarian of Chicago, who had worked closely with the OL in California, supported the October League. The debate was finally resolved by Kazen Kardavani, another secretary of the World Confederation of Iranian Students from West Germany, who is a leader of the Communist faction internationally. Kardavani's decision was that the ISA Communist faction should work with RU, not OL.

The featured non-Iranian speaker brought from California for the meetings was attorney Leonard Weinglass, a National Lawyers Guild activist well-known for his defense role in the Chicago 8 Conspiracy trial who now represents indicated Symbionese Liberation Army members William and Emily Harris. Weinglass agreed to go to Iran to investigate "political repression," examine prison conditions, and provide legal assistance to jailed revolutionaries. The ISA Communist faction agreed to pay his expenses for such a trip.

On August 22, the Communist faction adjourned to a new meeting hall, the gymnasium at DePaul University which served as both dormitory and meeting place. A national governing council was established headed by Freidoun Aliabadi of California.

Officers elected included Vahid Sarlolghalam, reelected secretary of defense—Chicago—Nader Oskouizadeh—California—replacing Ibrahim Tavakol as organizational secretary; Moshir Homaoun Assarpour, secretary of finance—California—Iradj Daftarian, educational secretary—California—and Farhad—last name unknown—international secretary—Kansas.

Other topics of discussion by the Communist faction included "defense problems," that is, discipline and militance during street demonstrations; plans for sending copies of the Communist faction paper, Razm, to Iran as propaganda; the acceptance of seven U.S. branch units of the ISA Communist faction; discussion of "cultural" matters led by Miss Jaleh Pirnazar, the cultural secretary; and intense discussion of the terrorist and guerrilla activities being carried out in Iran.

The Communist faction took an official position, passed by the delegates, supporting these acts of violence in Iran which have included the murder of two U.S. Air Force colonels in Teheran on which I reported previously in the CONGRESSIONAL RECORD on May 22, 1975.

This convention of the Iranian Students Association in the United States appears to have galvanized the organization to new levels of discipline and militancy. An indicator of this was the demonstration held in Houston, Tex., on September 26, 1975, exactly 1 month after the ISA Chicago conference, in which 120 ISA demonstrators, accompanied by 3 National Lawyers Guild "legal advisers," were arrested.

Building in which the Iranian consulate Building in which the Iranian consulate has offices, the shouting, chanting ISA members, many of whom were wearing masks to avoid identification, tore up their identification papers and gave fictitious names.

The ISA members and their National Lawyers Guild supporters, Pam Britton, an attorney; and Clemmie Sue Cummings and Charles E. Long, remained in custody several hours attempting to raise bail until personal recognizance bonds were issued.

One of the principal motives for the demonstration in Houston was to express support for the Popular Front for the Liberation of Oman—PFLO—guerrillas which became the leader "of an armed struggle movement on the 9th of June, 1965." The ISA militants charged that the Iranian Government had "launched a war of aggression" against the PFLO guerrillas "since December 1973."

The open rivalry in support of "armed struggle" between the National Front faction and the Communist faction of the ISA, together with the new militancy already demonstrated, may indicate that the ISA factions will move into a competition which could escalate to match the level of terrorism now being carried on in Iran.

Therefore, I am calling upon FBI Director Kelley to take cognizance of the threat posed by this group to the internal security of this country; and am asking Immigration and Naturalization Service Commissioner Chapman to inquire into the circumstances under which the members of the ISA have gained U.S. visas in light of the provisions of 8 U.S.C. 1182.

BUSING: CONGRESS BELONGS IN THE DRIVER'S SEAT

HON. GENE SNYDER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. SNYDER. Mr. Speaker, Fortune magazine for October of this year has a fine, commonsense editorial on the controversial subject of court-ordered, forced busing of schoolchildren. It places responsibility on us to remedy it.

It should receive the attention of all the Members of Congress. Forced busing is a problem that is increasing in intensity nationally as more and more communities are falling under judicial edicts to bus their children for racial balance.

The editorial follows:

BUSING: CONGRESS BELONGS IN THE DRIVER'S SEAT

Violence and hysteria over busing, which have begun to look like regular features of the autumn back-to-school news, may also portend a major constitutional crisis. At least three elements of a crisis are already discernible: first, a public policy passionately opposed by a substantial majority of Americans; second, a tendency for the courts to sound at times as though nothing will ever deflect them from that policy; third, the persistent inability of Congress to get its own hands on the problem. If a crisis is to be avoided, Congress must act, and the courts must give way.

There have been few major questions before the American people in recent times on which sentiment has been so one-sided. A Gallup poll late last year showed that, among those who had an opinion about "busing of schoolchildren for the purpose of racial integration," four out of five were opposed. There were majorities against busing in every region of the country and among all age groups, both sexes, both major political parties, and nonwhites (54 percent opposed) as well as whites (83 percent). Gallup notes that sentiment on busing has remained constant for a long time.

THEY MANAGE TO LOOK BUSY

Throughout the long controversy, both Congress and the courts have defined their roles in ways that worked to frustrate this anti-busing majority. Congress has managed to simulate intense activity on the busing front while avoiding any major commitments. Members of both houses have made speeches assailing forced busing and introduced scores of bills outlawing it; but very little legislation has issued from these effusions and nothing that would constitute a head-on challenge to the courts.

Meanwhile, the courts have defined their own role very expansively indeed. The Supreme Court began, in the landmark *Brown* decision of 1954, with a simple constitutional proposition: that legally enforced school segregation violated the "equal protection" clause of the Fourteenth Amendment and must be abolished. But the Court went on to make some other points that got it deep into issues of educational policy. It asserted that racially segregated facilities were inherently unequal, that they made it impossible for black students to get educations comparable to those received by whites, and thereby made it more difficult for blacks to succeed in life.

The argument implied, as Professor Alexander Bickel of Yale was later to observe, that it didn't much matter how school segregation had come about—that whatever its origins, the Court was determined to end it. The distinction between *de jure* and *de facto* segregation became increasingly blurred in later court decisions, especially those in the North, where segregation had never existed overtly.

HOW TO DEMONSTRATE PROGRESS

In addition, the prolonged resistance to the Court's rulings has led it to specify tough and detailed programs to ensure progress in desegregation, thereby entangling the judicial system more and more in details of educational policy. The 1968 *Green* decision was the first of several that rejected "open enrollment" as a remedy for segregation, and generally registered skepticism about any arrangements that left the process of desegregation up to individual citizens. In *Swann*, a decision affecting the large Charlotte-Mecklenburg school district in North Carolina, the Court first evinced an interest in detailed racial ratios as a measure of progress. *Swann* also held that the appropriate remedy in the school district included busing between the mostly black schools in Charlotte and the mostly white schools in suburban Mecklenburg County.

Some students of this issue believe that Congress is now precluded from doing anything about busing. They argue that the Court's decisions add up to a pronouncement that the Constitution bans segregation in the schools and that extensive busing of schoolchildren is required to end the segregation that still persists. In the circumstances, they insist, any legislation that sought to end or even reduce busing would clearly be unconstitutional and would be overturned by the Court (which has, in fact, struck down one North Carolina statute that outlawed busing). This view of the case is held by a fair number of civilrights lawyers, the N.A.A.C.P., the U.S. Civil Rights Commission, and others who continue to support busing.

But a sizable number of legal scholars believe that Congress can weigh in. They argue, first of all, that the Court has never directly asserted that busing is the only remedy available to it; and second, that the Court's predilection for busing does not represent a *constitutional* opinion, but merely (as one law professor put it) "a judgment about what the storehouse of judicial remedies provides." That judgment would not itself be derived from the Constitution and would therefore be subject to legislation by Congress. (There is, of course, no question about the right of Congress to initiate a constitutional amendment banning busing.)

In trying to gauge the probable judicial response to any congressional action, two points might be borne in mind. One is that Mr. Dooley's rule has never been completely repealed: to some extent, the Court "follows th' iliction returns." It is likely that some members of the Court, at least, are now deeply concerned about the gulf between their own rulings and American public opinion, and would actually welcome some guidance from Congress.

A DIFFERENCE ABOUT DETROIT

The Court's 1974 ruling in the Detroit busing case represents one piece of evidence that it may not be as impacable about busing as it has often seemed. The question before it was whether to uphold a plan that would have bused schoolchildren back and forth between the heavily black city and the mostly white schools in the Detroit suburbs. Unlike Charlotte-Mecklenburg, the area in question was not a single school district; furthermore, a majority of the Justices found no real evidence of past discrimination in the suburban areas. Accordingly, and despite the outrage registered by four dissenting Justices, the majority declined to extend busing to the suburbs.

But Congressmen who want to encourage the courts to change course on busing should bear a second point in mind: the courts, and for that matter the country, remain committed to the abolition of legal segregation. The Supreme Court is not going to reverse *Brown*. Anti-busing legislation should reaffirm the basic objectives of that decision, and concern itself only with alternative remedies. Some provisions of the Education Amendments of 1974 represent a useful first step: the provisions do not flatly require an end to busing but tell the courts, when devising remedies for past denial of equal protection, to consider a number of other possibilities first.

The possibilities include open enrollment, i.e., arrangements that allow students to transfer on their own initiative from one school to another in the same district (or beyond, in some circumstances). The concept has had a bad reputation among civil-rights lawyers in recent years because some open-enrollment plans actually increased segregation—typically when white students took advantage of the plans to transfer out of mixed schools. But there is also a lot of evidence suggesting that the plans can be used to promote integration—typically when they require that transfers must improve the racial balance. One such plan in Rochester, New York, has effectively furthered integration for more than a decade.

The Court's objections to open-enrollment plans in *Green* and several other cases do not appear to constitute a ban on all such arrangements. It would help matters a great deal if the Court would, at the first opportunity, indicate which kinds of arrangements would be permissible.

A constitutional crisis over busing can be avoided if two things happen. First, Congress must accept some responsibility for public policy on school desegregation. And the Court must accept the judgment of the American people that massive cross-district busing is not a reasonable way to desegregate their children's schools.

CRISIS IN CAPITAL FORMATION

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. MICHEL. Mr. Speaker, earlier this year I introduced into the Record a series of advertisements run by the Chase Manhattan Bank. These ads were not designed to recruit customers for the bank, but rather to educate the American people as to the reality and meaning of the crisis in capital formation in the United States.

Recently, the Chase has run a second series of these ads, dealing with the same topic. Because the message they contain is so vital to our Nation, and because of the outstanding example of public interest education which they represent, I would like at this time to have them placed in the Record.

It is vital that the American people understand that it is not just big business that suffers when capital requirements are not meant. The most pernicious effect of capital shortfall is the high level of unemployment which it brings about. Thus, it is the unemployed worker, not the captains of industry, who suffer most. This point needs to be made clear if we are to have the public support for measures which will counteract the capital formation problem.

The ads follow:

"Scream!"

It's time.

One out of six Americans could be out of work ten years from now. 17 million unemployed idle in the streets.

We're squawking. And screaming. You should be, too.

Our country must change its economic direction. Now.

Chase foresees a massive capital shortfall by 1985. With consequent high levels of unemployment. Levels double what we have now.

During the next 10 years, there are things we must do which involve significant outlays of capital: Control pollution. Provide sufficient housing. Finance our Federal budget. Become independent in energy. Improve mass transit.

And, we must also provide new jobs by building new plants and equipment . . . the materials to work on and the tools to work with. Our industrial plant today is already older than Europe's and Japan's. There's a good reason why. A Treasury Department study (covering 1963–70) clearly demonstrates that the U.S. is investing considerably less of its national output in productive capacity:

[In percent]

Japan	29.0
West Germany	20.0
France	18.2
Canada	17.4
United States	13.6

Go along as we have been, and U.S. business and industry face a capital shortfall over the next 10 years of $400 million a day every day.

Failure to close this capital gap could result in significantly higher unemployment and a higher inflation rate 10 years from now. Both unacceptable conditions in our opinion.

As a sensible, long-term solution, Chase proposes that thought be given to a seven-point action program:

Encourage an ever-growing base of personal savings.

Establish more realistic depreciation allowances.

Give preferential tax treatment for retained corporate earnings re-invested in the business.

Ease our harsh treatment of capital gains compared with that of most other countries.

Stabilize fiscal and monetary policy to prevent violent swings in the economy.

Encourage foreign investment in the U.S. economy.

Eliminate unnecessary controls and outmoded government regulations that restrict our free market economy.

Chase feels strongly that serious consideration of these matters is now essential. There are those who may feel differently. Even those who might think we can starve our industrial sector without starving our job opportunities.

We at Chase disagree. And will argue the point. Anytime. Anywhere.

No Money, No Tools. No Tools, No Jobs, It's That Simple

Only when you've gone through it do you know how hard unemployment is.

It's being desperate and frustrated and bitter.

It's standing in line for a hand-out that won't even begin to cover the bills.

It's chasing down job leads that go nowhere.

It's dreaming up ways to hang onto the house . . . figuring out how to say "no" to the kids—no bicycles, no new clothes, no fishing gear, no nothing. Until you connect again. If you do.

Could things be worse than they are now? Yes.

Looking ahead, our economists say one out of six American workers could be jobless in ten years. 17 million out of work. Twice as many as today. Not because you don't want to work. But, because no matter how badly you want to work, you can't without tools. And tools cost money.

But American companies face a shortage of money—capital.

We could fall as much as $1.5 trillion short of the money needed in the next ten years. That's $400 million a day too little. Every day For ten years.

American business and industry just aren't going to have enough money to buy the machinery and tools needed to provide jobs for everybody who wants them.

Unless we stimulate the formation of capital—the money to provide the tools, the supplies and the materials that jobs require—is the best way to create real jobs.

You're the one who may be out of a job. What is each of us going to do about it? So America can have full employment. Again.

This message appears because we believe every American should be thinking about this critical problem.

"Squawk!"

What if we told you one out of six American workers would be out of a job ten years from now?

Possibly you.

Not because you couldn't or didn't want to work. But because American industry would be starved for capital. There would be no tools for you to work with. No materials to work on.

You'd squawk. And scream. Get fighting mad. And do something.

Well, if we go along the way we have been, Chase foresees a massive capital shortfall by 1985.

With consequent high levels of unemployment. Levels double what we have now.

During the next 10 years the country must find enough capital to: Control pollution. Provide sufficient housing Finance our Federal budget. Become independent in energy. Improve mass transit.

American industry must also find enough money to buy the machinery and tools—the capital plant needed to deliver jobs for everybody who wants one.

Our economists believe there won't be enough money for both.

The shortfall could reach $1.5 trillion. Or $400 million a day every day for the next 10 years.

Failure to close this capital gap will result in significantly higher unemployment and a higher inflation rate 10 years from now. Both unacceptable conditions.

As a sensible, long-term solution, Chase proposes that thought be given to a seven-point action program:

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Encourage foreign investment in the U.S. economy.

Eliminate unnecessary controls, and outmoded government regulations that restrict our free market economy.

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We at Chase disagree. And will argue the point. Anytime. Anywhere.

HEARINGS ON DEBT FINANCING PROBLEMS OF STATE AND LOCAL GOVERNMENT; THE NEW YORK CITY CASE

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. McKINNEY. Mr. Speaker, I think it particularly appropriate that this Congress should examine what is an obvious and nationwide common concern: the debt financing of State and local governments. The plight of New York City, quite naturally, has focused attention on this problem and has crystalized the need to develop a responsible outline for the future.

It is interesting to note that in July of 1973, the Advisory Council on Intergovernmental Relations issued a study on the financial stability of America's cities. At that time, the Commission reported that no financial crisis existed for the cities but a combination of factors relating to services, taxes, wages, and retirement benefits made several cities susceptible to financial emergencies. In discussing the available alternatives, it was suggested that appropriate action to revise the method of handling municipal crises of this nature be taken then—when the cases of financial distress were few—so that a well-reasoned plan could be devised. Had this advice been heeded, we would not now be faced with what has sadly become the rule, not the exception, government by crisis.

During the course of our country's history there have been municipal defaults which have occurred in good times and bad. However, only during periods of major economic distress has the volume of these defaults spread to dangerous proportions. For example, in 1935 more than 3,000 municipal units from all parts of the country were in default. Large cities as well as small towns fell victim of the economic pressures.

The description of the defaults during the Depression and their causes read like a litany of today's municipal problems: Demands for increased services, reluctance to increase taxes, overdevelopment of real estate and—perhaps most significantly—a lack of responsible fiscal management. If the basic problems are parallel, the economic situation facing the country contains alarming similarities also. I do not intend to recount the problems so familiar to us all. I feel it is sufficient to observe that the present recession has placed the United States and the world on the weakest economic foundation in 40 years.

One area does contain characteristics that differ significantly from the default situations of the 1930's. During that period creditors took little action against defaulting governments because there was an underlying confidence in their ability to make quick repayments based on tax revenues and strong fiscal management. Unfortunately, that confidence is decidedly absent today and it is unrealistic to assume that defaults today will be met with passive acceptance by creditors. Call it a domino or ripple effect if you will, default by a major municipal borrower can be expected to trigger a confidence crisis of potentially disastrous proportions for all tax-exempt bonds, no matter how sound the backing.

The problems facing municipalities in financing their debt is a national problem. State and local spending, excluding Federal aid programs, accounts for 12 percent of the gross national product. This has been the fastest growing sector of the economy over the past 20 years. Default by any part of the municipal system will force every other participant to the brink.

There is a growing feeling among the country's mayors and Governors that the future fiscal security of their charges is tied to the fate of the actions of this Congress; actions not specifically geared toward the saving of New York City but rather the saving of municipalities across the Nation. Thus, I do not believe that the catastrophic default of New York City is a prerequisite to assisting other municipalities whose past debt-financing practices have left them fiscally unsound.

While the problem of New York City presents this Congress with a question of immediacy, it is also imperative that we take steps to analyze and develop a long term approach so as to guard against a nationwide repetition. This long-term examination, however, cannot be limited to a one-dimensional look at the expenditure and revenue side of municipal financing. It must be an all-encompassing reevaluation of priorities and reallocation of resources with an eye toward correcting the obvious instances of excessive municipal debt.

It is not this committee's responsibility to explain how, over the last 15 years, municipal debt has soared from $6 billion a year from 1961 to 1966, to $9 billion a year from 1971 to 1974. We must, however, use these statistics as a sign indicating the necessity of cutting back municipal borrowing before it destroys every city in this Nation.

While there are varying opinions as to the impact of New York City's default on the Nation's economy, it does seem clear and should be emphasized that bankruptcy will have an effect on other cities.

In this scenario, which many foresee in the event that default occurs and the credit dries up, any city or State borrowing authority will be unable to float the bonds necessary to meet payments on bond anticipation notes. I would ask those who view these hearings as nothing more than "New York City hearings" to take note of the following facts: Philadelphia has $82 million in bond anticipation notes outstanding; Cleveland, $138 million; Lincoln, Nebr., $31 million; Columbus, Ohio, $68 million; Boston, $30 million; and, Buffalo, N.Y., is already in danger of defaulting on $24 million in notes. Therefore, it is absolutely imperative that all Americans realize that the default of New York City could have consequences far beyond the boundaries of that city. We must realize that even if the default causes a 1-percentage point increase in the cost of local borrowing, the end result will cost taxpayers an additional $1.84 billion in interest charges over the average life of a municipal bond.

The inability of a political subdivision to borrow in the credit markets has an obvious effect on municipal spending. Traditionally, this type of shortage forces a postponement of capital improvements which do not need immediate attention. However, it should be remembered that decisions of this nature have a debilitating effect on the needed encouragement for economic growth. Further capital expenditures for schools, hospitals, and other public buildings may not be made, thus adversely affecting public services. Also, there is a possibility that firms using securities as collateral could find their access to bank financing restricted which would curtail business expansion and could lead to the failure of those that were overextended.

Banks holding municipal bonds could find themselves in difficulty, since it could reduce their liquidity and in turn, they might have to restrict loans to their best customers exclusively. Such a situation raises the question of what the Federal Reserve Board would do to keep interest rates low enough to encourage the incipient economic recovery.

The stock market, already affected, may further feel the vibrations from a New York City default. Secretary of the Treasury Simon has indicated concern for the possible psychological effects of default on the financial markets. This psychological impact has already taken its toll: just the fear of default in New York has already caused the postponement of bond offerings in Boston, Newark, Cleveland, Cincinnati, Richmond, Va., Kansas City, Mo., and Oakland, Calif.

Furthermore, this panicky mood was the major factor in explaining why Atlanta and Tallahassee have chosen to withdraw scheduled bond issues rather than pay escalating rates. Philadelphia sold its latest bond issue at an 8.8 percent interest rate in August, compared to a 6.6 percent rate in February.

Before any affirmative actions are taken by Congress, it is our responsibility to get the answers to basic questions which will reveal the scope of the aid, if any, which the Federal Government should provide to New York City and other municipalities. We must discover what the default of New York will do to the economy of the various geographical sections of our Nation?

How will default impact both national and international financial markets?

Will it cause a sharp decrease in State and local spending?

Will there be a hesitancy on the part of banks to lend to local governments?

What will be the impact of default on the more than 100 small banks around the country, each of which owns New York State and city issues worth more than three or four times its capital? Similarly, what will be the financial condition of the 12 largest New York City banks which have 25 percent of their $9.4 billion in total assets invested in New York State and city bonds?

What will be the effect on our infant economic recovery? Will default make capital even more scarce in an economy already suffering from a capital shortage?

And most importantly, will issues of State and local obligations other than New York City's be forced into default because market developments *make it* impossible for them to roll over existing short-term debt in a timely manner?

I trust that the testimony of the witnesses will assist in the evaluation of the problems of municipal debt financing so that we can develop an innovative approach, the fruits of which will bring fiscal stability to our cities.

With this as background, it is my fervent hope that we will find that the Federal Government need not provide any Federal payments to our ailing metropolitan areas. Instead, I feel it is the responsibility of Congress to provide a different medium to help our cities achieve fiscal responsibility and to restore confidence in their ability to survive in order to reestablish traditional funding channels.

NEED FOR THE SCREENING AND TREATMENT OF NEWBORN

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. SCHEUER. Mr. Speaker, I wish to call the attention of my colleagues to some very important committee report language on the genetic diseases section of the bill H.R. 7988, known as the heart and lung bill.

This language indicates, significantly, that—

> The Committee would assume that programs directed at newborn screening and treatment would also receive a high priority in the administration of the Act.

The impact of genetic diseases on the newborn is of critical importance, and immediate diagnosis and treatment is imperative before irreparable damage or death occurs.

Many newborns have genetic disorders which are not discernible through a prenatal screening program, such as phenylketonuria (PKU), galactocemia and maple sugar urine disease.

Other newborns are victims of genetic accidents like Down's syndrome, or are children of parents who do not take advantage of genetic counseling.

In fact, an estimated 5 percent of all newborns have a recognized genetic disease, and these children represent fully one-third of all pediatric hospital admissions.

Yet, when we look at the cost-benefit ratio of the screening and treatment of newborns as opposed to the maintenance of individuals with genetic disorders which have gone untreated, the resulting figures are astonishing.

For example, the cost of maintaining an individual with PKU disease which was not detected early exceeds $365,000 over the individual's life span. It only costs $1.25 to screen a child for PKU, and $16,000 for treatment if there is an early diagnosis.

Clearly, the need for such programs is of the utmost urgency and consequence, and I cannot stress strongly enough the priority discussed in the committee report.

PRESERVATION OF ANIMALS

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Monday, October 20, 1975

Mr. WHITEHURST. Mr. Speaker, a number of my colleagues have received inquiries regarding the provision of H.R. 2935 and the BLM Organic Act. I inserted two previous statements on this matter in the RECORD, on February 25 and February 27 of this year, and I would like to take this opportunity to place two letters in the RECORD, both from the Bureau of Land Management, which give additional information on the subject. I believe that this material will be helpful to my colleagues in responding to their constituents.

The letters follow:

BUREAU OF LAND MANAGEMENT,
Washington, D.C., October 9, 1975.
Hon. G. WILLIAM WHITEHURST,
House of Representatives,
Washington, D.C.

DEAR MR. WHITEHURST: This is in response to your inquiry of September 2, 1975 on behalf of for the National Society for the Protection of Mustangs and Burros.

The issues raised are the use of aircraft and motor vehicles in managing wild horses and burros, the transfer of ownership "without restriction," and the recovery of privately owned horses and burros without fee or penalty.

At one time the use of aircraft and motorized vehicles in capturing or killing wild horses and burros represented a threat to the continued existence of wild horses and burros, and the Act of 1959 was passed forbidding their use for this purpose. Today, the Secretaries of Interior and Agriculture believe the use of aircraft and motorized vehicles is needed to help avoid the necessity of destroying surplus animals for which no other practical means of capture exists. Their use will be in accordance with humane procedures prescribed by the Secretaries. An aircraft properly used could do the job in a more economic and more humane manner than the present method.

To date, we have not had any major problems in placing the horses under a cooperative agreement. However, many individuals are reluctant to care for an animal which they cannot own. With this reluctance, it will eventually become difficult to place these animals. Our studies indicate that to keep the numbers near the population levels the public lands may sustain, will require the removal of eight to ten thousand animals annually. Also, if all these excess animals are removed and placed in this manner, the manpower and expense of monitoring the maintenance of these animals would be staggering.

Relocation of these animals into areas already inhabited by wild horses and burros would simply transfer the problem of overcommitted forage from one area to another, never solving the problem.

On-site disposal of large numbers of animals has not been tried. However, the cost of accomplishing this in a humane and sanitary manner would be significant and would probably give rise to some highly emotional public reaction.

The proposed changes in the existing wild horse and burro legislation are not intended to negate the Wild Free Roaming Horse and Burro Act of 1971 but rather to provide the authority needed to properly manage wild horses and burros in harmony with wildlife and other uses on the national resource lands.

The Act and regulations have provisions for removal of privately claimed horses or burros after payment of a proper trespass charge. While regulations can, under certain circumstances, be waived, we do not believe it is appropriate to waive trespass and other charges assessed by BLM against owners of privately owned horses inhabiting public lands without authorization.

Waiver of trespass or grazing fees would be extremely unfair to the other users of the public lands who now pay a fee to use its resources.

Sincerely yours,
JAMES W. MONROE,
Assistant Director.

BUREAU OF LAND MANAGEMENT,
Washington, D.C., October 9, 1975.
Hon. G. WILLIAM WHITEHURST,
House of Representatives,
Washington, D.C.

DEAR MR. WHITEHURST: This responds to your inquiry of September 17, 1975, on behalf of "The Fund for Animals," and "Animal Defenders, Inc." concerning H.R. 2935. Specific comments in their correspondence relate to: (1) gathering with mechanized equipment, (2) competition with wildlife and livestock, (3) overpopulation, (4) natural balance, (5) the Howe, Idaho incident, (6) disposition of animals "without restriction," and (7) the Nevada roundup. We will discuss these matters in the order listed.

(1) The intent of H.R. 2935 is to make the use of mechanized equipment available to the Secretary in situations where that technique would be most effective in the management of horse and burro herds. It is considered a technical violation of the law to even use aircraft to spot horses or burros so they can be rounded up using conventional methods. Water trapping and roundup of wild horses and burros would still be used to gather animals where these methods are effective.

(2) When grazing capacities for livestock are determined by the Bureau of Land Management, certain percentages of the vegetative production are reserved to insure plant reproduction and soil and watershed protection. Of that vegetative production determined to be available for consumptive use as forage, a percentage is allocated to wildlife and a percentage allocated to wild horses and burros where applicable. The remainder is allocated to livestock production. Since horses and burros are hardy foragers with no natural predators, they have the capability to increase freely. Their increase directly reduces the forage available to wildlife and livestock. As a result, wildlife numbers decline in competition and managers must reduce livestock numbers to protect vegetative, soil and watershed values. Some studies are underway in Wyoming that should produce scientific data on the amount of competition for forage. We will be able to provide more substantial information in this regard next year.

(3) Without man's intervention, wild horse and burro increases would finally result in their demand for all usable forage, eliminating livestock production and causing a decrease in diversity of wildlife species by eliminating the more directly competing species. In some instances, the number of wild horses has increased to the point where they are consuming more forage than originally permitted to wildlife and livestock in the allotment.

Nature will eventually stop the increase in horses and burros. However, nature's methods are neither humane nor efficient. As key vegetative habitat components are destroyed by overgrazing, starvation and lack of reproduction because of malnutrition will begin to occur. As population numbers increase, the incidence of density dependent disease increases. Finally, through malnutrition, starvation, and disease, the population will recede to within the capacity of the land. A drought or hard winter during this cycle will accelerate the recession to a crash situation.

(4) Managers must be aware of and try to prevent the adverse effects on the natural ecosystem of wild horse and burro increase and decline. Perennial plant species give way to annual plant species in the unnatural competition situation. Annual plants are less effective in soil and watershed protection than perennials. As watershed protection declines, top soil will be lost to erosion. Density and diversity of wildlife will decline as habitat deteriorates.

When nature has finally exerted a control on numbers of animals, soils and plant community relationships are changed to the point that recovery is slow and the potential optimum production is lower than the original productivity of the area. These are not assumptions. These are classic examples in the literature.

Either domestic livestock or a native wild species can have a similar effect; however, in law and by regulations, managers can take the steps necessary to prevent such effects from wildlife or livestock overgrazing. H.R 2935 is intended to give managers the capability to prevent disastrous overgrazing by horses and burros.

(5) The most publicized alleged violation involved the claiming and rounding up of approximately 50 horses by local residents near Howe, Idaho in early 1973. Subsequently, the Idaho State Brand Inspector, following a public hearing, determined that all of the Howe, Idaho, horses now in the Government's possession in Idaho Falls, Idaho, are "domesticated" horses owned by Max Palmer and not "wild," "feral," or "wild free-roaming" horses.

On December 2, 1974, Judge Thomas Flannery, United States District Court for the District of Columbia, upheld the Government's interpretation of the Wild Free-Roaming Horse and Burro Act that private ownership claims are to be determined by the States and not the Federal Government. The judge ruled that the Idaho State Brand Inspector was authorized under the Wild Free-Roaming Horse and Burro Act to make the decision he rendered on September 3, 1974.

On December 6, 1974, the plaintiffs in this lawsuit secured from Judge Flannery a stay of his order of December 2 pending their appeal of his decision.

(6) Disposal "without restriction" means that the Secretary would have no further responsibility for the animals after they pass out of Federal custody. It is cumbersome for both the United States and the new custodian of the animal to have the responsibility of the Secretary continue after possession is transferred.

(7) Regarding the Nevada roundup, apparently the author is referring to the Stone Cabin Valley area, in stating that biologists studied the area and found forage plentiful and horses in splendid health.

Unless the biologists were knowledgeable of botany and plant ecology, appearances can be very deceiving. Grazing animals can and do maintain themselves quite well on second and third rate forage plants. However, the plant community, soils and wildlife habitat may have sustained almost irreparable damage by the time such animals as horses, burros, and cattle begin to decline in condition. Also, a plant community may appear healthy to the untrained or inexperienced observer when in fact certain climax perennial plant species are declining or already absent from the plant cover.

We trust this information is helpful.

Sincerely yours,

JAMES W. MONROE,
Assistant Director.

HOUSE OF REPRESENTATIVES—*Tuesday, October 21, 1975*

The House met at 12 o'clock noon.

Rev. Jack Dean, Grace Baptist Church, Bowie, Md., offered the following prayer:

Almighty God, we stop in our day to praise Thee for all blessings and to acknowledge our need of Thy presence and Thy guidance. We thank Thee for this Nation and for the freedom and blessings that have been ours for these 200 years.

We pray for these who have the responsibility of directing and planning for the future of our Nation. We ask that they might seek wisdom from You for the great work that is theirs to perform.

May they make the kind of decisions that will honor You and be of great blessing to our Nation. May they never forget that they must give account not only to the people they represent but also to You for every act and thought.

In the name of Jesus Christ who died for our sins we make our prayer.

"The Lord bless you and keep you, the Lord cause his face to shine upon you and be gracious unto you and give you peace." Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Heiting, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4799. An act to amend sections 6, 306, and 308 of the Rural Electrification Act of 1936, as amended.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 364. An act relating to certain Forest Service timber sale contracts involving road construction.

The message also announced that Mr. MANSFIELD was appointed as a conferee, on the part of the Senate, on the bill (H.R. 8069) entitled "An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes."

The message also announced that the Vice President, pursuant to Public Law 81–754 as amended by Public Law 93–536, appointed Mr. Pell as a member, on the part of the Senate, to the National Historical Publications and Records Commission.

PRESIDENT ANNOUNCES LONG-TERM GRAIN AGREEMENT BETWEEN UNITED STATES AND SOVIET UNION

(Mr. FOLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FOLEY. Mr. Speaker, the President has just announced a long-term grain agreement between the United States and the Soviet Union. This is highly significant to the well-being of U.S. agriculture and to the American consumer; therefore, I would like to make a few remarks about the agreement.

Under terms of the agreement, the United States will sell the Soviet Union a minimum of 6 million metric tons of corn and wheat each year beginning October 1, 1976. If the U.S. Department of Agriculture estimates the total supply of U.S. wheat and feed grains for the year is 225 million metric tons or more, the U.S.S.R. has an option to purchase an additional 2 million tons without consultations with the U.S. Government. If the USDA estimates the total supply less than 225 million tons, the United States has the right to reduce U.S.S.R. purchases below 6 million tons.

The agreement helps provide stability in the wheat and feed grain markets. Since 1971, the Soviet Union has been a regular buyer of U.S. grains but not always consistent in terms of quantities purchased. Soviet purchases of feed grains have been fairly even from year to year, but its wheat purchases have been erratic. Now, with an assured market for a minimum of 6 million tons of wheat and corn, there will be a degree of certainty to the U.S. market regarding Soviet purchases.

The agreement will not only help U.S. farmers, it also will help livestock producers in doing a better job of planning. Selling in overseas markets helps assure that we have the production capacity to meet the high protein needs of U.S. consumers and it also helps assure a stable market for U.S. farmers.

Mr. Speaker, for the further information of the House, I will include a factsheet in the Extensions of Remarks today.

ANOTHER EXAMPLE OF SOVIET HARASSMENT OF ITS JEWISH MINORITY

(Mr. LENT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LENT. Mr. Speaker, I want to advise my colleagues that present in the gallery today is a Jewish emigree from the Soviet Union to Israel, Benny De Borin, with members of the Long Island Committee for Soviet Jewry. I take this opportunity to cite yet another example of Soviet harassment of its Jewish minority.

Mr. De Borin's mother is a highly qualified Russian Jewish scientist who was fired from her job when her son requested permission to emigrate. She has not worked since, nor has she been granted permission to leave the Soviet Union.

Further, Mr. De Borin has learned that in violation of article I of the Universal Postal Union Treaty, which went into effect in 1971, the Soviet Union has denied his mother access to her mail from friends and relatives outside the U.S.S.R.

I call upon my colleagues who feel as I do to continue their condemnation of the Soviet Union's flagrant disregard of international agreements on basic human rights. We must voice our collective outrage at the persecution of Soviet Jewish citizens, who are unmercifully harassed when they commit what the Soviet Union apparently considers the unpardonable offense of seeking to emigrate to a land of peace and freedom.

REQUEST FOR PERMISSION FOR SUBCOMMITTEE ON CRIME OF COMMITTEE ON THE JUDICIARY TO SIT ON WEDNESDAY AND THURSDAY OF THIS WEEK DURING THE 5-MINUTE RULE

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Subcommittee on Crime of the Committee on the Judiciary be permitted to sit on Wednesday, October 22, and Thursday, October 23, 1975, during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. BAUMAN. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

PRIVATE CALENDAR

The SPEAKER. This is the day for the call of the Private Calendar. The Clerk will call the first individual bill on the Private Calendar.

BOULOS STEPHAN

The Clerk called the bill (H.R. 1391) for the relief of Boulos Stephan.

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

KEVIN PATRICK SAUNDERS

The Clerk called the bill (H.R. 1645) for the relief of Kevin Patrick Saunders.

Mr. BAUMAN. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

GABRIEL EDGAR BUCHOWIECKI

The Clerk called the bill (H.R. 1647) for the relief of Gabriel Edgar Buchowiecki.

Mr. BAUMAN. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

LEONARD ALFRED BROWNRIGG

The Clerk called the bill (H.R. 2399) for the relief of Leonard Alfred Brownrigg.

Mr. BAUMAN. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

JULIET ELIZABETH TOZZI

The Clerk called the bill (H.R. 1425) for the relief of Juliet Elizabeth Tozzi.

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

VALERIE ANN PHILLIPS, NEE CHAMBERS

The Clerk called the bill (H.R. 4046) for the relief of Valerie Ann Phillips, nee Chambers.

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

MITSUE KARIMATA STONE

The Clerk called the bill (H.R. 4113) for the relief of Mitsue Karimata Stone.

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

JOHN A. TOWNSLEY

The Clerk called the bill (H.R. 3816) for the relief of John A. Townsley.

There being no objection, the Clerk read the bill as follows:

H.R. 3816

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That John A. Townsley is relieved of liability to the United States in the amount of $581.28, representing overpayments of compensation paid due to administrative error to John A. Townsley prior to July 1, 1960, while employed in the National Park Service of the Department of the Interior. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for amounts for which liability is relieved by this section.

SEC. 2. (a) The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to John A. Townsley, an amount equal to the aggregate of the amounts paid by him, or withheld from sums otherwise due him, with respect to the indebtedness to the United States specified in the first section of this Act.

(b) No part of the amount appropriated in subsection (a) of this section in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this subsection shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Committee amendment: Page 2, line 9: Strike "in excess of 10 per centum thereof".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LUCIE STEIN

The Clerk called the bill (H.R. 5752) for the relief of Lucie Stein.

There being no objection, the Clerk read the bill as follows:

H.R. 5752

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of section 8341 of title 5, United States Code, Lucie Stein, widow of Bert Stein, [redacted], shall be deemed to have been married to Bert Stein for at least two years immediately before his death. Such marriage, occurring January 15, 1970, would have occurred earlier except for delays in the granting of a waiver to marry Lucie Stein, a foreign national, which Bert Stein was required to obtain from his commanding officer.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. LOUISE G. WHALEN

The Clerk called the bill (H.R. 2279) for the relief of Mrs. Louise G. Whalen.

There being no objection, the Clerk read the bill as follows:

H.R. 2279

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay out of any money in the Treasury not otherwise appropriated, to Mrs. Louise G. Whalen, of Lee, Massachusetts, the sum of $3,473 in full satisfaction of her claims against the United States for death indemnity compensation in the period from February 1969 to November 1973 based upon the death of her son, Michael Whalen, in action in Vietnam in February of 1969, which amount was not paid because she was not given timely notice of her right to claim indemnity compensation under applicable law.

With the following committee amendments:

Committee amendments: Page 1, line 11: Strike "timely" and insert "adequate".

Page 1, after line 12, add the following:

SEC. 2. No part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING SECRETARY OF THE INTERIOR TO SELL CERTAIN PHOSPHATE INTERESTS IN FLORIDA

The Clerk called the bill (H.R. 1509) to authorize the Secretary of the Interior to sell reserved phosphate interests of the United States in certain lands in Florida to Arthur M. Marshall and Carl F. Steinfield.

There being no objection, the Clerk read the bill as follows:

H.R. 1509

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior is authorized and directed to convey, sell, and quitclaim to Arthur M. Marshall of Springfield, Massachusetts, and Carl F. Steinfield of Claremont, New Hampshire, the record owners of the surface rights in and to the lands described below, all phosphate interests now owned by the United States in and to the hereinafter described lands located in Manatee County, Florida: the northeast quarter of the southwest quarter, and the south half of the southwest quarter of section 7, and the northwest quarter of the northwest quarter of section 18 in township 36 south of range 21 east of the Tallahassee Meridian, Florida, and the southeast quarter of section 7 in township 36 south of range 21 east of the Tallahassee Meridian, Florida, containing a total of approximately 320 acres.

SEC. 2. The Secretary shall require the deposit of a sum of money which he deems sufficient to cover estimated administrative costs of the Act. If a conveyance is not made pursuant to this Act, and the administrative costs exceed the deposit, the Secretary shall bill the applicant for the outstanding amount, but if the amount of the deposit exceeds the actual administrative costs, the Secretary shall refund the excess.

SEC. 3. No conveyance shall be made unless application for conveyance is filed with the Secretary within six months of the date of approval of this Act and unless within the time specified by him payment is made to the Secretary of (1) administrative costs of the conveyance and (2) the fair market value of the interests to be conveyed. The amount of the payment required shall be the difference between the amount deposited and the full amount required to be paid under the section. If the amount deposited exceeds the full amount required to be paid, the applicant shall be given a credit or refund for the excess.

SEC. 4. The term "administrative costs" as used in this Act includes but is not limited to, all costs of (1) conducting an exploratory program to determine the character of the phosphate deposits in the land, (2) evaluating the data obtained under the exploratory program to determine the fair market value of the mineral rights to be conveyed, and (3) preparing and issuing the instrument of conveyance.

SEC. 5. Moneys paid to the Secretary for administrative costs shall be paid to the agency which rendered the service, and deposited to the appropriation then current. Moneys paid for the minerals or mineral interests conveyed shall be deposited into the general fund of the Treasury as miscellaneous receipts.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROVIDING FOR REINSTATEMENT AND VALIDATION OF U.S. OIL AND GAS LEASE NO. U-0140571

The Clerk called the bill (H.R. 2782) to provide for the reinstatement and validation of United States oil and gas lease numbered U-0140571, and for other purposes.

There being no objection, the Clerk read the bill as follows:

H.R. 2782

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any decision to the contrary heretofore made by the Secretary of the Interior of the United States or his authorized agents or representatives, United States oil and gas lease numbered U-0140571 shall be held not to have terminated by operation of law or otherwise on May 1, 1972, but shall be deemed to be in full force and effect and the term of said lease extended from May 1, 1972, to four years after the effective date of this Act, or to May 1, 1977, whichever is later, and so long thereafter as oil or gas is produced in paying quantities: *Provided,* That within thirty days after the receipt of written notice from the Secretary of the Interior of the amount of rental then accrued to the United States under said lease and unpaid, which notice shall be given by the Secretary within thirty days after the effective date of this Act, the last record holder of said lease, Monturah Company, doing business in Fresno, California, its successors or assigns, shall tender payment of said amount of rental.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that further reading of the Private Calendar be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

UNCLE SAM SNOOKERED AGAIN ON WHEAT-OIL DEAL

(Mr. SMITH of Iowa asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Iowa. Mr. Speaker, we have finally seen unveiled the long-awaited Soviet grain and oil deal, and again, as usual, old Uncle Sam got snookered.

The United States is to buy $1 billion worth of oil per year, and they are going to buy from us only $700 million worth of grain. After interfering with the grain markets for 3 months and fouling up the transportation system, the administration got less than the minimum that could have been expected without any leverage.

Instead of spending 3 weeks going back and forth to Moscow, they ought to have made a better deal than that on the telephone.

I will make a more detailed statement on this subject later today.

CALL OF THE HOUSE

Mr. CEDERBERG. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McFALL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 621]

Anderson, Ill.
Andrews, N.C.
Boggs
Clawson, Del
Conlan
Conyers
Diggs
Downing, Va.
Duncan, Oreg.
Esch
Eshleman
Evins, Tenn.
Fary
Fraser
Gibbons
Goldwater
Gonzalez
Harsha
Hébert
Heckler, Mass.
Hefner
Holland
Ichord
Jones, Okla.
Leggett
McCloskey
Mann
Martin
Moorhead, Pa.
Moss
Murphy, N.Y.
Passman
Rees
Risenhoover
Scheuer
Sikes
Sisk
Solarz
Stanton,
James V.
Stark
Teague
Udall
Vanik
Wilson, C. H.
Winn
Wylie

The SPEAKER. On this rollcall 387 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EIGHTH ANNUAL REPORT OF DEPARTMENT OF TRANSPORTATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The **SPEAKER** laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on Public Works and Transportation, the Committee on Interstate and Foreign Commerce, and the Committee on Merchant Marine and Fisheries.

To the Congress of the United States:

I transmit herewith the Eighth Annual Report of the Department of Transportation, as required by section 11 of P.L. 89–670. This report discusses the work of the Department during fiscal year 1974.

Gerald R. Ford.

The White House, *October 21, 1975.*

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. MOAKLEY. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The **SPEAKER.** Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

FEDERAL EMPLOYEES' POLITICAL ACTIVITIES ACT OF 1975

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 731 and ask for its immediate consideration.

The Clerk read the resolution as follows:

> H. Res. 731
>
> *Resolved,* That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8617) to restore to Federal civilian and Postal Service employees their rights to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The **SPEAKER.** The gentleman from Massachusetts (Mr. Moakley) is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, I yield 30 minutes to the gentleman from Mississippi (Mr. Lott), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 731 makes in order consideration of H.R. 8617, a bill to restore to Federal civilian and Postal Service employees their rights to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes.

There are a wide range of opinions on this legislation and the Committee on Rules has, therefore, recommended a 2-hour open rule. It contains no waivers and fully protects the rights of all Members to offer amendments.

Mr. Speaker, H.R. 8617 represents a major reform for all employees of the Federal Government and for our entire political system. As Mr. William McClennen, president of the Public Employees Department of the AFL–CIO, has noted, this legislation will restore full citizenship to Federal civil service employees and employees of the Postal Service. Commenting on the need for this legislation, Mr. McClennen explained:

> Our experience is that public employees generally, and federal civil service and Postal Service employees in particular, are effectively denied the rights enjoyed by other citizens to take part fully in America's democratic political process.

This legislation will enable Federal employees to regain their citizenship. There is no place, in contemporary America, for two classes of citizens. We can no longer tell millions of Americans that they must exchange their most fundamental rights for a job.

This bill is the result of close and careful scrutiny by the Subcommittee on Employee Political Rights and Intergovernmental Programs, chaired by our distinguished colleague from Missouri (Mr. Clay) and by the full Committee on Post Office and Civil Service, chaired by the distinguished gentleman from North Carolina (Mr. Henderson).

During consideration, testimony was taken from 100 witnesses, in hearings held around the country, over a 3-month period. The subcommittee and the full committee subsequently reported the legislation before us by voice votes.

This should be viewed in stark contrast to the original passage of the Hatch Act in 1939, which was pushed through Congress with little thought or discussion. It was an understandable, but somewhat precipitous response to the abuses which existed in the Federal service at that time.

Mr. Speaker, today's civil service bears almost no relation to the situation a generation ago which produced the Hatch Act. It is now necessary for us to reexamine that measure in light of today's conditions. The 89th Congress, with this objective in mind, created the Commission on Political Activity of Government Personnel which submitted a report to Congress. In its report, the Commission found the act, by contemporary standards, "confusing, ambiguous, restrictive, negative in character, and possibly unconstitutional."

This is the act that opponents of H.R. 8617 are asking us to ride with a while longer.

I can understand the concerns of those who oppose this legislation, but I do not feel there is adequate ground for opposing this measure.

While enabling Federal employees to engage in political activity, it actually strengthens the protection afforded to the public against conflicts of interest and to the civil service against coercion.

Mr. Speaker, H.R. 8617 represents a major, and too long delayed, reform. The resolution before us will permit the kind of full and open discussion which such legislation deserves. Accordingly I urge adoption of the rule.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the gentleman from Massachusetts has stated, this rule, House Resolution 731, provides for the House to resolve itself into the Committee of the Whole for consideration of H.R. 8617, the Federal Employees' Political Activities Act of 1975. The rule allows 2 hours of general debate, and the bill will be read for amendment under the 5-minute rule.

H.R. 8617 seeks to amend the Hatch Act by permitting Federal civilian and postal employees to exercise their right of voluntary political participation. It prohibits the use of funds to influence votes, the misuses of official authority of coercion, the solicitation of political contributions by superior officials, and the making of political contributions in Government rooms or buildings. Political activity while on duty, in Federal buildings, or in uniform is prohibited.

The bill would authorize leave for candidates for political office but would not require that a Federal employee take a mandatory leave without pay. An independent Board on Political Activities of Federal Employees is established under the measure to hear and adjudicate alleged violations of the law. Finally, the Civil Service Commission is directed to conduct a program for advising Federal employees of their rights of political participation.

There is no question but what the Hatch Act is in great need of revision. Federal employees have been the victim of an ambiguously drafted law that has in some instances not protected them from those who would coerce them into forced participation in partisan political favoritism. At the same time, however, I believe it is of equal importance that every Federal employee be able to participate reasonably in political activity provided that his involvement therein does not infringe on the rights of other employees and does not conflict with his public responsibilities.

The main problem that this bill, as reported, fosters is the section which would allow a candidate for elective office to remain on the Federal payroll while campaigning. Under the bill's current language a campaigning Federal employee shall upon request be granted accrued annual leave or leave without pay during the campaign period. The employee is not required to request or to take this leave. This is wrong, in my opinion, because it would tend to create many more questionable situations than it would resolve.

Mr. Speaker, I am sure of other objections to the passage of this legislation, as passed out of the committee. It is fortunate that this rule provides for 2 hours of debate and that the bill is open to all germane amendments. I would hope, therefore, that strengthening and correcting amendments will be offered before this House takes final action on the bill.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, the gentleman from Massachusetts in his opening statement, and I think we should make sure this is fully understood, implies that Federal workers presently have no political rights which, of course, is not true.

It is true that with Federal employees there are certain restrictions on their political activities; but to imply that there are little or no rights is, of course, not true.

I think we should make the record clear that this is an attempt to free up some of the prohibitions that have been placed on Federal workers in political activities, but it should not be left in hazy doubt that somehow they have no right to engage in political activities.

Mr. MOAKLEY. Mr. Speaker, will the gentleman yield?

Mr. LOTT. I yield to the gentleman from Massachusetts.

Mr. MOAKLEY. Mr. Speaker, I completely agree with the gentleman from California. I meant this would free up some of the prohibitions that Federal employees have been under since 1939.

Mr. ROUSSELOT. I appreciate my colleague's comment.

Mr. LOTT. Mr. Speaker, I have no further requests for time. I urge adoption of the rule.

Mr. MOAKLEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. CLAY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8617) to restore to Federal civilian and Postal Service employees their rights to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Missouri (Mr. CLAY).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 8617, with Mr. FOLEY in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Missouri (Mr. CLAY) will be recognized for 1 hour, and the gentleman from Illinois (Mr. DERWINSKI) will be recognized for 1 hour.

The Chair now recognizes the gentleman from Missouri (Mr. CLAY).

Mr. CLAY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, H.R. 8617, the Federal Employees' Political Activities Act of 1975, updates and modifies the Hatch Act. It permits Federal civilian and postal employees the right to participate voluntarily in political activities so long as those activities do not ever appear to compromise the integrity of the merit system or the impartial administration of the functions of Government.

The Hatch Act was precipitously enacted in 1939 with no public hearings and limited debate. It was an overreaction by the Congress to abuses, not of voluntary political activity, but to coercion and kickbacks by employees and recipients in Federal relief programs.

Previous studies by the Congress had revealed not even the suggestion of any wrongdoing in Federal employees participating in political activity voluntarily and on their own time. The Hatch Act, well-intended as it was, was enacted in a period during which the Congress was deeply concerned about the growth in the power and influence wielded by then-President Franklin Roosevelt.

But the times and conditions have changed since 1939 and the committee has taken notice of these realities. In 1939, Federal programs to provide direct aid to the poor were being expanded, while today they are being contracted. In 1939, only 32 percent of the Federal work force of 950,000 was under the merit system, in contrast to almost 70 percent of the current work force of 2.8 million. Third, the need for skilled personnel has increased to the point where the patronage system no longer flourishes as it did in the 1930's. Finally, the growing strength and influence of the Civil Service Commission has led to the institutionalization of the merit system. I find it difficult to believe that the authors of the Hatch Act ever intended that 2.8 million Federal employees would be denied the same opportunity to fully participate in the political process that is available to all other citizens of this Nation.

Prohibiting voluntary, off duty political activity of Government employees is very serious business. It flies in the face of the guarantees of the first amendment. When we attempt to prohibit or regulate these activities, we deny free speech and free association. For this body or any other body of government to do that, there must be a compelling interest and overwhelming justification.

Those who protect and defend the present Hatch Act are deeply concerned that a value system of merit, impartiality, and integrity not be destroyed. Those of us who recommend change in the Hatch Act share the concern that those values not be tampered with or otherwise eroded.

There are approximately six major concerns that opponents of this measure articulate as essential to preserving the integrity and protection of our merit system. Those who support this legislation point to those same concerns as the justification for revising the Hatch Act.

First, that Federal employees ought to be extended all the rights and benefits of citizenship as any other person within the framework of prudence and possibility. Second, those rights and benefits ought to be made known to the recipients. Third, the administration of our laws must be impartial—free from any partisan considerations in the interpretation of those laws. Fourth, equally as important is the appearance of impartiality. The public in general must perceive the administration of laws as impartial. Fifth, the Federal Civil Service System must not be used as a patronage system to serve the political interests of any political party. And sixth, Government employees must not be subjected to undesirable pressures to participate in political activities because of fear or coercion.

These were the major concerns confronting our committee as we launched a course to write legislation which protected the rights and responsibilities of 2.8 million Federal employees, did not infringe upon the first amendment rights of those employees, and took notice of an impartially administered Government.

Mr. Chairman, the Subcommittee on Employee Political Rights and Intergovernmental Programs considered the originally introduced bill, H.R. 3000, in a calm, dispassionate manner. It conducted 11 days of hearings and received testimony from over 100 witnesses. From these hearings evolved an improved, more comprehensive clean bill—one which differentiates between voluntary and involuntary political activities. This bill protects the public interest while providing Federal employees with greater freedom to participate in the political process.

In summary, the bill provides the following:

States that Federal employees are encouraged to exercise their right of voluntary political participation.

Prohibits the use of official authority, influence, or coercion with the right to vote, not to vote, or to otherwise engage in political activity.

Prohibits use of funds to influence votes; solicitation of political contributions by superior officials; and making political contributions in Government rooms or buildings.

Prohibits political activity while on duty, in Federal buildings or in uniform.

Provides leave for candidates for elective office.

Authorizes the Civil Service Commission to investigate alleged violations of law.

Subjects violators of law to removal, suspension, or lesser penalties at the discretion of the Board.

Establishes an independent board whose function is to adjudicate alleged violations of law and provide judicial review of adverse decisions.

Requires that the Civil Service Commission conduct a program for informing Federal employees of their rights of political participation and report annually to the Congress on its implementation.

Mr. Chairman, I wish to commend the members of the subcommittee—Mrs. SPELLMAN, Mr. SOLARZ, Mr. CHARLES H. WILSON of California, Mr. HARRIS, Mrs. SCHROEDER, Mr. GILMAN, and Mr. ROUSSELOT. Their mandate was a difficult one. But because of their interest and dedication, we have developed a piece of legislation which preserves all the protections enumerated by both opponents and supporters of the bill and, at the same time, we have abolished all the impediments to the rights of the first amendment which formerly existed.

H.R. 8617 adds to and strengthens those meritorious features of the Hatch Act by providing employees and the public with greater protection against any recurrence of the spoils system. It updates those parts of the Hatch Act which are no longer applicable by permitting those voluntary, off duty political activities which do not conclusively interfere with the impartial administration of effective public service.

The bill has been carefully drawn to meet the concerns of its supporters and opponents alike. It deserves your support.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. CLAY. I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding.

I congratulate the chairman for his persistent and diligent efforts in helping in the draftsmanship, conducting the hearings, and bringing this measure to the floor.

Mr. CLAY. I thank the gentleman.

Mr. GILMAN. Mr. Chairman, among the purposes that the gentleman has set forth in his committee's report, is to try to consolidate some of the numerous decisions that have been made over the past few decades, to try to consolidate some 3,000 administrative determinations and to try to spell out more clearly just what a Federal employee can do and what he cannot do under the Hatch Act.

However, I note, in reviewing the definitions under the proposed statute, that nowhere is there a definition of the term "political activity," the measure does not specify the parameters for political activity, or what an employee is entitled to do and what is prohibited.

Since this measure seems to restructure and reform the Hatch Act, where does the employee now look for a definition of what is political activity? For what he will be permitted to do and what he is not permitted to do?

Mr. CLAY. I would say that in the report we made it crystal clear that we were abolishing all of the restrictions, all of the impediments against public employees' participation in politics which do not conflict with the public interest. There is no definition for any citizen of the United States who is not a Federal employee as to what constitutes political activity. We did not want to define what parameters a Federal employee could participate in, with the exception of those specific limitations that have been enumerated in the bill. Other than that, it would be my opinion that he would be free to participate in any legitimate form of political activity.

Mr. GILMAN. Mr. Chairman, if the gentleman will yield further, at line 6 on page 5 of the bill, in prohibiting the use of official authority to influence, there is a reference to the term, "political activity." It states: "(c) any person to engage, or not to engage, in any form of political activity whether or not such activity is prohibited by law."

And then in other portions of the bill there are other references to the term, "political activity."

What I am concerned about is this: Since among the purposes of this bill is to establish some clear definition of what an employee can and cannot do and we refer to the broad term of "political activity," as being in the subject for prohibition, where in this measure do we specify just what that "political activity" is that is being prohibited?

Mr. CLAY. Mr. Chairman, we have enumerated the prohibitions through the bill.

For instance, one may not engage in political activity while on duty, while on Government property, or while in uniform. A superior may not solicit funds from a subordinate or from a member of a subordinate's family. One may not do a number of things, and these things are listed there.

There must be 50 enumerations in the bill as to what is prohibited under the bill.

Mr. GILMAN. Mr. Chairman, there is also stated in the bill that an employee may not engage in political activity, under a number of circumstances; for example, while on duty?

Mr. CLAY. The gentleman is correct.

Mr. GILMAN. But nowhere in the bill do you set forth just what constitutes "political activity."

In the former code, under the Federal regulations, under title V, there is set forth a list of permissible political activities, and there are some 10 or 12 activities listed. Section 733.111 of the Code of Federal Regulations sets forth the permissible activities listed, and then there is listed prohibited activities in sections 733.121, 733.122, and 733.123 of the Federal Regulations.

If an employee were to examine this statute, he would find that it does not spell out what is permitted and what is prohibited. That is what I am concerned about. We are talking about prohibiting political activity, and yet we do not spell out the parameters.

How do you intend to provide that definition; how do we provide the kind of detailed information for the employee that we are seeking as a reform in this measure?

Mr. CLAY. Mr. Chairman, I will answer the gentleman in this way: We are doing precisely what should have been done a long time ago. We should not define for a Federal employee what "political activity" is; we can place certain limitations on it. That is what the bill is doing when we enumerate these prohibitions.

However, anything that is not specifically prohibited by this bill or by some other existing law ought to be permissible; just as it would be permissible for any other American citizen.

Mr. GILMAN. Essentially then what we are doing is providing a pretty broad, general term, and we will be leaving the final determination to some agency or to the courts. Is that what the gentleman intends?

Mr. CLAY. No. It is true that the present Hatch Act does not have a definition for "political activity." What the committee has done is to set up those things which are permissible and those things which are not permissible. We are saying that anything that is not specifically prohibited is permissible; so long as it is within the other laws that involve political activity in this country.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. CLAY. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate my colleague's yielding.

I have asked the gentleman to yield so that we can review here some of the prohibitions that do exist, because we are not relieving Federal employees of all prohibitions as they relate to political activities. My understanding is that under section 7325 we are stating specific prohibitions, as follows:

First, that a Federal employee may not engage in political activity while such employee is on duty;

Second, that he cannot engage in political activity in any room or building occupied in the discharge of official duties by an individual employed or holding office in the Government of the United States, in the government of the District of Columbia, or in any agency or instrumentality of the foregoing; and

Third, he cannot engage in political activity while wearing a uniform or official insignia identifying the office or position of such employee.

As I understand it, then, there are some specific prohibitions. There has been a great deal of discussion here about postal workers, for instance, who usually wear uniforms. They could not engage in political activity while wearing their uniforms; is that correct?

Mr. CLAY. The gentleman is correct.

Mr. Chairman, I might also point out that I will expect to take some of the time taken up by this colloquy from the other side at a later point.

Mr. ROUSSELOT. Fine. I would be more than happy to yield to the gentleman from Missouri (Mr. CLAY) if he has additional questions. However, my point is that in official capacity or in official Federal buildings or in official uniforms, Federal employees will not be able to engage in political activity, and there are minor penalties for the violation of that, although most of the determination of what those penalties will be is left to this new board that is created in the bill; is that correct?

Mr. CLAY. That is correct.

Mr. ROUSSELOT. Mr. Chairman, I thank my colleague, the gentleman from Missouri.

Mr. DERWINSKI. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee (Mr. BEARD).

Mr. BEARD of Tennessee. Mr. Chairman, this legislation, H.R. 8617, is an attempt to remove Federal employees from the political restrictions of the so-called Hatch Act, which has the official title of "An act to prevent pernicious political activities."

We are told that the United States is the only free world nation to so severely restrict the political activities of its Government employees.

This allegation is baseless when an examination is made of the political practices of other free world nations.

Compared to Japan, which prohibits all forms of political activity and political expression, with the single exception of the right to vote, the United States is a paragon of liberalism and toleration. As one might expect, for the past 30 years Japan has benefited from a strictly professional, scrupulously nonpartisan civil service, while the United States has had more than its share of blemishes, particularly at the State and local level. But this surely does not mean that the United States should restrict the political activities of its employees to the same degree as Japan. After all, we are two different nations, with different governments, histories, cultures, customs, and legal codes. What is good for Japan is not necessarily good for the United States and vice versa.

If the civil service laws of Japan should not serve as a model for the United States, neither should those of Great Britain, Germany, Canada, France, or any other nation. Though the differences between the United States and other free world nations are many, the most significant, for our purposes, is this: For each administrative office filled by a political appointee in other countries, dozens are filled with such appointees in the United States. This is no flaw in our system of government, but a necessity.

The will of the Nation, as carried out by the Chief Executive, could not otherwise be translated into action. But political appointees can undermine the administration of the law as well as promote it, if the partisan pressures they exert result in the politicalization of the civil service. No other nation possesses a civil service so susceptible to this risk.

Examination on a country-by-country basis simply underscores that the experiences of nations with few restrictions on the political activities of their government employees have no meaning for the United States.

The Scandinavian countries have never been plagued by a spoils system. This is due more to custom and character than to any long-standing legal code. In ancient times, administrative posts were the birthright of the nobility. With the decline of the aristocracy, offices were first sold to the highest bidder, and later assigned through a highly elaborated system of formal requirements and recommendations, a system which developed toward the end of the Middle Ages and which has been used ever since. Even in the judiciary branch, where no formal appointment scheme has ever evolved, patronage has never been a problem. Though politicians make the appointments, custom demands that they set aside political considerations, and the custom is rarely, if ever, breached.

In France, the merit system is more inflexible, hence less subject to abuse, than the merit system of the United States. Without exception, the individual who scores highest on the merit examination receives the civil service post. There is no opportunity for a supervisor to select one candidate from a group of three. Employees in the highest posts, the equivalent of our supergrades, are even better insulated from partisan pressure. All are graduates of the National School of Administration, and each selects the post in which he would like to serve. To insure the strict observance of the merit principle, a Supreme Council, which is composed of employee and government representatives, along with lesser committees scattered among the administrative branches, supervises promotions, transfers, and disciplinary action.

The danger in France, according to some political scientists, is that the interests of the public might take second place to the interests of the public employee.

In Australia, the permanent department head, who traditionally remains wholeheartedly nonpartisan, directs the recruitment and promotion of public employees. His decision is not the final word. If any employee believes that he is as qualified as, or better qualified than, an employee who has received a promotion, he may ask the Public Service Board or the Appeals Commission to intervene. This is no little-used device; historically, more than 20 percent of all promotions have been contested. As a further check, Staff Associations take part in personnel administration, appointing employee representatives to sit on committees which hear discipline and promotion appeals. One final note: All public employees are forbidden to comment "upon any administrative action or upon the administration of any department."

In Great Britain, civil service employees are subject to restrictions far more stringent than those offered by H.R. 8617, and they are also better protected from abuse. Only 70 officials in the entire executive branch are political appointees, and these appointees must discharge their duties in Parliament, as well as supervise their departments. Employees are further protected by a National Civil Service Council, a board of 54 members, half appointed by the Government, half by civil service associations. The danger in Britain is that the politicians, so outnumbered by the well-protected civil service employees, may find themselves managed instead of managing.

In West Germany, employee representatives supplement the protection afforded by the merit and civil service systems. The Committee on Personnel, the German counterpart of our Civil Service Commission, is composed of seven members, four appointed by Government, three by unions of civil service employees. Public employee representatives, elected to 3-year terms, serve on councils of from 1 to 25 members, which play an active role in the appointment and promotion of employees within the various branches and levels of government.

Canada, which was for so long so closely associated with Great Britain, has nevertheless been profoundly influenced by the United States. It is not surprising, then, that of all the countries surveyed by the subcommittees, none has a history, culture, or Government so like our own. Canada's restrictions on the political activities of its Government employees, while not quite as stringent, closely resemble those we have developed. To advocates of the ecological approach to the study of government, this, too, will come as no surprise. Similar circumstances often create similar problems, which must be solved with similar means.

Mr. Chairman, this legislation must be viewed for what it is—a careless grab for power by certain powerful organizations. The House should respond accordingly, by soundly defeating this proposal.

Mr. CLAY. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia (Mr. HARRIS).

Mr. HARRIS. Mr. Chairman, as a member of the subcommittee which has spent many hours of careful, deliberative work over the last 7 months on the Federal Employees Political Activities Act of 1975, I rise in full support of the bill before us today. H.R. 8617 is a milestone of reform. I can think of no better way to commemorate our Nation's 200-year anniversary of independence than to grant 2.8 million citizens their political freedom.

H.R. 8617 is not a repeal of the so-called Hatch Act. It significantly expands and clarifies the rights of Federal and postal employees. Its emphasis is this: it restores to Federal civilian and postal emloyees their rights to participate voluntarily, and off-duty in the political processes of our Nation. While granting employees these basic rights, it also clearly prohibits abuse and assures the continued impartial administration of our laws.

PROTECTIONS AND PROHIBITIONS

H.R. 8617 contains several important new provisions designed to prohibit abuse, both by the employee and employer, and to protect the integrity of the Federal service. For example, the bill—

Prohibits employees from using their official authority or influence for a political purpose;

Prohibits all employees from intimidating, threatenting, coercing, commanding, or influencing any individual to vote or not to vote, to contribute or not to contribute to a political cause, or engage or not engage in political activity;

Prohibiting employees from soliciting, accepting or receiving political contributions while on duty;

Prohibits employees from engaging in political activities while on the job, while in a room or building during the discharge of official duties, and while wearing a uniform of his or her job.

Establishes an independent Board on Political Activities to hear and adjudicate alleged violations of the law; and

Requires the Civil Service Commission to conduct a program to inform employees of their rights of political participation.

These features of the bill, in my view, are strong, new, and explicit provisions which go hand in hand with the granting of political rights. They protect both the employee and the employer. These protections are broader, clearer, and more explicit than under the current law.

CURRENT LAW CONFUSING

H.R. 8617 eliminates many of the confusions of current law. A myriad of regulations and 3,000 administrative rulings create endless ambiguities in the minds of employees and those who interpret the law. The regulations contradict themselves. For example, the Code of Federal Regulations lists 13 permissible activities under current law. However, following this catalog is a provision which gives the head of an agency the discretion to prohibit or limit political activities.

Additionally, under current regulations, employees "may not take an active part in political management or in a political campaign," yet he or she may "display a political picture, sticker, badge, or button," and "be a member of a political party or other political organization and participate in its activities to the extent consistent with law." One may "express his opinion as an individual privately and publicly on political subjects," but one cannot address a convention, caucus, rally, or similar gathering of a political party in support of or in opposition to a partisan candidate for public office or political party office."

The gray areas of the law lead to uncertainty. It is not fair to the employee or employer to have so much discretionary interpretation.

EMPLOYEES MUZZLED

The ambiguities of existing law lead many employees to remain uninvolved, for fear of a mistake and reprisal. Most Federal employees feel inhibited—though they have some political rights now—because they do not know what they can and cannot do, and still hold on to their job. During hearings, the subcommittee heard time and time again that employees hold back, so much so that in some cases they are reluctant to join even purely nonpartisan organizations like Common Cause. Thus, the effect of the current law has been to discourage any political participation, a basic right afforded all our other citizens. Operating under such confusing rules, employees "play it safe"; as one employee put it, they are "politically sterile."

VIOLATES BASIC RIGHTS

Current Hatch Act proscriptions violate constitutionally guaranteed rights of free speech and free association. These limitations, which in my view are excessive, discriminate against this segment of the population, denying them opportunities afforded all our other citizens. This is wrong and unfair.

ENCOURAGES "FRAUD"

Current law creates "legitimate deception." In certain areas designated by the Civil Service Commission, like northern Virginia, where my district is located, Federal employees can be candidates under an independent banner. Though "independent" candidates, they can and do receive a Democratic or Republican endorsement. Everyone is well aware of the candidate's political affiliation; party workers work for them. They are partisan in all but the name. I believe it is more honest to make the affiliation official and open.

HARMS THE FEDERAL GOVERNMENT

Restrictions on employees' private political activities means that many competent individuals refuse to work for the Federal Government. Many people, with skills and abilities needed by the Government, will not give up their rights and become "hatched." Consequently, the Government's recruitment efforts are hampered; the Government never gets many able individuals. I believe the Federal Government needs the most competent men and women we can get, especially when, in the higher paying jobs, we are losing them right and left because of the executive pay freeze. The Hatch Act stands in the way of attracting the best possible public officials.

ENACTMENT WILL BRING JUSTICE

To those who say that this bill will threaten the integrity of the merit system, I say think back just a short time to the so-called Watergate era, where we saw the worst political abuses in our Nation's history. Gross abuses occurred despite the Hatch Act. To those who say increased political activity of Federal employees will weaken the Federal service, I say we need more voluntary political activity, not less—to preserve the integrity of the system. To those who say, Federal employees already have many advantages not shared by private-sector employees, I say, what about the 5-percent cap on their salaries? The executive pay freeze? The refusal of the House to muster enough votes to approve an increased Government contribution to their life insurance program? The recent announcement that their health care costs will skyrocket?

The Hatch Act is "confusing, ambiguous, restrictive, negative in character, and possibly unconstitutional," said the Commission on Political Activity of Government Personnel. I call on my colleagues to join me in bringing justice to this important group of "disenfranchised" people."

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. If the gentleman would wish to give me 2 additional minutes of his time, I would be glad to.

Mr. DERWINSKI. Mr. Chairman, I will be pleased to yield 2 minutes to the gentleman from Virginia so that the gentleman from California can help enlighten the gentleman.

Mr. HARRIS. I thank the gentleman.

Mr. ROUSSELOT. Will the gentleman yield?

Mr. HARRIS. I will be happy to yield to my good friend, the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague's yielding.

The gentleman realizes that part of the problem that he has just described—and that is the inability of Federal employees to fully understand what their rights are under the law—has been at least partially altered in this bill when we insisted that the Commission shall inform each Federal employee at least once every year what he may or may not do under the new law if we pass most of these amendments. So part of the problem to which the gentleman addresses himself will be clarified under this bill.

Mr. HARRIS. I believe it will be, and I think it is one of the important features of this bill that it does eliminate this kind of confusion. The point of notice that my colleague brings up is especially important. He not only gets notice, but he gets notice in a form different from the current regulations which tell him what he can do, and then tell him what he cannot do if his agency head tells him not to.

Mr. ROUSSELOT. I appreciate my colleague's yielding.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield for a question?

Mr. HARRIS. I yield to my friend, the gentleman from Illinois.

Mr. DERWINSKI. I want to be sure I understood the gentleman. The gentleman said—correct me if I am wrong—he believes the present Hatch Act violates the constitutional rights of citizens who by their employment are restricted.

Mr. HARRIS. Yes.

Mr. DERWINSKI. Yet my understanding is there have been challenges over the years in the courts against the Hatch Act and the Hatch Act in its present form has been consistently sustained by the Court. Is that not true?

Mr. HARRIS. If I may, I know my colleague believes, and I believe the same also, that whatever the Supreme Court says is right with respect to the Constitution, is correct, and we will be adhering to that principle. I might sometimes disagree with the Supreme Court but in this case I do not. I believe those decisions were on very narrow issues. I do not believe at any time the Supreme Court ever took up the Hatch Act as a whole and declared it constitutional.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I yield to the gentleman from Missouri.

Mr. CLAY. Mr. Chairman, I believe we should clarify what the Supreme Court said. It said this body had the authority to enact laws that could limit political activities to Federal employees. They did not say it was in any way unconstitutional to modify the Hatch Act.

Mr. DERWINSKI. If the gentleman will yield, they did not say either the present Hatch Act was unconstitutional.

Mr. HARRIS. No. I do not believe they have ever had that entire problem before them.

Mr. DERWINSKI. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this afternoon the House is debating legislation of significant importance to the Federal Government, the American people, and to almost 3 million civilian Federal employees.

At stake is whether the Congress

wishes to retain the "Hatch Act," or effectively repeal it as H.R. 8617 will do.

The Hatch Act, which prohibits certain partisan political activity, such as fundraising, political campaigning, and soliciting votes, has for 36 years successfully protected career Federal employees from pressures and coercion to engage in political activities not of their own choosing.

Therefore, civilian Federal employees, except for Presidentially appointed officials of the Federal Government, do not owe their appointments to any political party, and do not need to curry the favor of any political party to receive a promotion, assignment, or any other consideration in the Government.

Federal employees receive appointments, promotions, assignments in the Federal Government on merit and performance. That is the keystone of the merit system.

History has shown that the best way to prevent improper political activities on the part of employees is to give them positive assurance that their continuance in office depends upon the service they render to their Government and not upon their skill in corralling votes, soliciting funds, or supporting a political candidate or party.

However, I am afraid this would all change if we accept this bill labeled as the "Federal Employees Political Activities Act of 1975."

It should come as little surprise to the House that the impetus for this legislation comes not from the rank and file employees—but rather from some leaders of Federal employee unions affiliated with the AFL–CIO.

The reason is simple. Enactment would substantially increase the influence of Federal and postal union bosses over the Congress.

Throughout the hearings, the committee was inundated with the thesis that Federal employees support H.R. 8617. Further, we were told that at every convention of Federal employee unions held since 1968, all the delegates have voted for repeal of the Hatch Act. I question both assertions.

I believe that if career Federal employees were given a choice between the Hatch Act and H.R. 8617, employees would support the present system.

The resolutions union leaders put before the delegates routinely receive approval, so the voting at the conventions is not necessarily indicative of overwhelming rank and file support. Since the proposed legislation will greatly increase the union leaders' political clout, it is not surprising that they vigorously urge its enactment. In sharp contrast, leaders who care little for the cultivation of political muscle, such as Dr. Nathan Wolkomir of the National Federation of Federal Employees, the largest independent union in its class in the United States, strenuously oppose the bill. In fact, he has charged that organized labor's interest in the bill "is nothing more than the old AFL–CIO pitch for muscle and power. It's a move for money and more organizing influence."

Most witnesses before the subcommittee fell into two classes: the union leader and the politically ambitious employee. Clearly, both can only benefit from the passage of H.R. 8617, and neither is representative of the average employee. Yet is is the opinion of the typical, nonpolitical Federal employee, who stands to gain little and risks losing much, which must be taken into consideration.

Though not many individuals representative of the average employee testified before the subcommittee, those who did were generally grateful for the protection the Hatch Act provides and could recall meeting few others during their long careers who were chafed by its restraints.

While not all Federal employees will become deeply involved in partisan affairs, if this bill were to pass, all will be subjected to the subtle coercive forces unleashed. In the minds of many employees, there is little doubt that such coercive forces would exist. When asked by the Survey Research Institute whether repeal of the Hatch Act would "change things like job appointment and job promotion," a majority replied in the affirmative. And every citizen in the country would suffer if the politicization of the Civil Service leads to a deterioration in the quality of service Government can provide.

The best evidence available—survey evidence—demonstrates that Federal employees prefer the Hatch Act to its repeal.

In a poll of its members conducted in 1967, the National Federation of Federal Employees found that 89 percent of the respondents supported the Hatch Act "as is," while only 1 percent suggested that it be repealed.

One year later, the Survey Research Institute of the University of Michigan, as professional and impartial an organization as one can find, interviewed in depth a small but carefully chosen sample of Federal employees. The results: 48 percent were satisfied with the level of participation permitted by the act, while 47 percent wanted "more."

More participation, however, cannot be construed as support for H.R. 8617. If anything, it represents support for the status quo. Of that 47 percent, only 4.2 percent suggested that the employee should be allowed to campaign for a political party or candidate, and a mere 1.5 percent stated that an employee should be allowed to run for political or partisan office.

Mr. Chairman, it seems incongruous that the House today is being asked to repeal the Hatch Act when just 36 years ago, the 76th Congress in 1938, composed of 262 Democrats—169 Republicans in the House and 69 Democrats and 23 Republicans in the Senate—which is a larger percentage of Democrats than what the situation is today—overwhelmingly voted to approve the Hatch Act and end political manipulation of Federal employees.

At a time when public polls reflect the fact that many Americans hold their Government in low esteem, it is reckless to consider legislation which will further erode public confidence.

Mr. Chairman, I would like the chairman to know I have so much information to argue with against the passage of this bill that it is with a great deal of self-restraint that I limit myself to sum up. I would like to point out a number of things for the Members of this House who, in view of their busy schedules, may not have had a chance to really study this bill.

The Hatch Act prohibits certain partisan political activities such as fundraising and campaigning and soliciting funds, and it has been successful in its 36 years of existence in protecting career Federal employees from pressure and coercion, that they otherwise might be subject to, to engage in political activities.

In my judgment, civilian Federal employees, career employees who do not owe their appointments to any political party do not need to curry the favor of any political party to receive a promotion and assignment, need the protection of the present law.

Further, Mr. Chairman, history has shown that the best way to prevent improper political activity on the part of Government employees is to give them the positive assurance contained in the present act that their service depends on the quality of service they render to the Government and not upon their skill in pursuig votes, contributing, or soliciting funds, or openly supporting a political candidate or party.

I do not believe that in the extensive hearings that were held for this bill there was any pattern of support for the major adjustments being suggested on the part of rank-and-file Federal employees. The changes that were requested that are contained in the bill before us come primarily from the Federal employee union leaders and the handful of politically active or let us say politically ambitious individuals. The rank-and-file Federal employee appreciates the protection that he has had for years under this Hatch Act, for the past 36 years.

Mr. Chairman, I would like to remind the Members that this Hatch Act was passed by the Congress in 1939.

The Congress at that time was composed of 262 Democrats; 169 Republicans in the House, 69 Democrats and 23 Republicans in the Senate. It certainly was not a partisan measure. It had the support at the time of President Franklin Roosevelt, who recognized in a statement to the Congress the abuses that had developed in the years preceding its passage. Let me quote from a statement made by President Franklin Roosevelt on this bill:

> It is my belief that improper political practices can be eliminated only by the imposition of rigid statutory regulations and penalties by the Congress.

He further went on to say:

> Furthermore, in applying to all employees of the Federal Government (with a few exceptions) the rules to which the Civil Service employees have been subject for many years, this measure—

Meaning the present Hatch Act—

> is in harmony with the policy that I have consistently advocated during all my public life, namely, the wider extension of Civil Service as opposed to its curtailment.

Now, the issue at that time was open political abuse by a growing number of Federal employees. The Hatch Act was deemed necessary to protect Federal employees from, first, the pressure being placed upon them and then a second protection that in the eyes of some of the Members of Congress at the time, was a more important protection, was to protect them from the political activities being generated by a growing number of Federal employees.

Now, I would like to say this in as nonpartisan fashion as I can. I say this to my friends on the other side of the aisle. Just remember, if we pass this bill as it has been brought to the floor and theoretically we unleash this power of the 2.8 million civilian employees presently Hatched under the law, the first potential problems are not going to be felt by the people on my side of the aisle.

The **CHAIRMAN**. The time of the gentleman from Illinois has expired.

Mr. **DERWINSKI**. Mr. Chairman, I yield myself 2 additional minutes.

Mr. Chairman, the first potential political problems will obviously show up in Democratic Party primaries. It was that kind of activity back in 1938, and in 1936 and 1934, that brought about the action by the very strongly Democratic Congress in imposing the present Hatch Act. But I do suggest to those of us who are really concerned with the long-range implications, that those Members on the majority side could well be creating a monster that could be devouring them. That was the real motivation for the passage of this Hatch Act and the situation has not changed.

At that time there were approximately 900,000 Federal civilian employees. Today there are 2,800,000 Federal employees. They constitute, if uncontrolled, a very dangerous political force, not always in the best interests of the taxpayers.

The whole purpose of the Hatch Act is to insure in the terms of the public that the service to be rendered by career Federal employees is absolutely free of political considerations. To be absolutely free, they are to be free from coercion, they are to be free from temptation to use their offices for their own or their friends' political advancement.

Mr. Chairman, I could go on but let me say to sum it all up that this is basically a very ill-timed, a bad bill. It is bad politics, it is bad Government.

This Hatch Act was passed overwhelmingly by the Congress 36 years ago. It deserves to be reaffirmed 36 years later by a vote against this bill.

Mr. **CLAY**. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. ECKHARDT).

Mr. **ECKHARDT**. Mr. Chairman, first, I wish to compliment my distinguished colleague from Missouri (Mr. CLAY) for preparing this bill, and to compliment my colleagues on his committee for presenting it to us. I think it is an excellent bill.

I recollect that about 35 years ago I was a Government employee subject to the act. At that time I was an employee of NELSON ROCKEFELLER, who was Coordinator of Inter-American Affairs under a Democratic President, Harry Truman. I have always liked to draw cartoons. Besides that, I could make $25 a week by drawing cartoons for a little newspaper, which I did, and, I must admit, they were pretty political. But I drew them under the pseudonym, the Jack of Diamonds.

It seemed to me that it was nobody's business if I wanted to express my views in a political campaign as long as I was not using the influence of my office to influence the election. I thought it my constitutional right to do so. But, I suppose under the restrictions of the act, literally construed, an individual employed by the Government could not so take an active part in a political campaign.

That particular restriction of the act does not use the qualification of using official authority or influence for the purpose of interfering with or affecting the result of an election. I suppose that section about active political participation can be construed as covering an action which is only a personal expression and clearly unrelated to one's action in an official capacity.

Mr. Chairman, I favor the bill.

Mr. **DERWINSKI**. Mr. Chairman, I yield 6 minutes to the gentleman from California (Mr. ROUSSELOT).

Mr. **ROUSSELOT**. Mr. Chairman, at the appropriate time I intend to offer, with my colleague from New York (Mr. GILMAN), several amendments which I think will help improve several areas that I think need clarification. I intend to offer an amendment that would require a Federal employee who is a candidate for election to notify promptly the agency where he is employed of such candidacy.

The purpose of this amendment is to prevent those who are candidates for full-time elective positions from remaining on the Federal payroll the entire time that they are campaigning. This amendment would require an absence without pay from their jobs for 90 days prior to a primary election and 90 days prior to a general election.

The reason I intend to offer this amendment is because, in the private sector, most people who run for office—especially Federal office—are usually required to resign their positions. Usually, this is required by a board of directors and as a general policy and/or expression. It truly is the case in many State or city government responsibilities that such is necessary.

Second, I will offer an amendment that would make it a Federal crime for anyone to use the threat of violence or economic sanction to coerce a Federal employee to engage in political activity.

Although the penalties under my amendment are not as severe as they are in other criminal actions, I believe we should make it more clear we are not intending to tolerate the misuse of coercion in any regard against Federal employees.

The reason I think this amendment is necessary is that, in our hearings across the country, we did have testimony by many present Federal employees who felt that this was one of the good aspects of the civil service acts that prevented any kind of overt political activity, especially in regulatory agencies; and so I felt that this amendment—and I will discuss it later in more detail—would be helpful.

My colleague, the gentleman from New York (Mr. GILMAN), will propose an amendment, which I support, to insure that any potential criminal prosecutions by the Department of Justice would not be damaged or destroyed by broad grants of immunity from prosecution by the Board on Political Activities.

So I felt we should protect the Justice Department for at least the time frame of 30 days, to ask that they be allowed to approve of the grant of immunity before it was given by the Board to a Federal employee.

Another amendment that the gentleman from New York (Mr. GILMAN) will offer, which I will support, will be an attempt, I think, to make sure that Federal employees are not kept dangling under investigative procedures which are provided for in this act. The Civil Service Commission would be required to complete an investigation of a Federal employee's alleged illegal political activities within the 90-day time frame. If any additional time is required, that they go to the board on political activities for an extension.

The reason I felt that that was necessary was because sometimes under present procedures of the civil service, investigations of all kinds could be carried out for long time periods, and I felt that some kind of a termination should be expressed, hopefully by the will of Congress. So I will support, with the gentleman from New York (Mr. GILMAN), this additional amendment.

Mr. **HARRIS**. Mr. Chairman, will the gentleman yield?

Mr. **ROUSSELOT**. I yield to my colleague, the gentleman from Virginia.

Mr. **HARRIS**. Mr. Chairman, I appreciate the gentleman's yielding.

I want to say that many of the amendments proposed in the committee seem to have a great deal of merit and do in fact improve the bill.

However, I am concerned about my colleague's amendment with regard to the requirement for mandatory leave where the individual feels and the employee feels he can properly perform the duties and give the time to his duties at the same time he may be campaigning for office.

Mr. **ROUSSELOT**. For Federal office?

Mr. **HARRIS**. For Federal office. I wonder if my colleague feels that such a mandatory leave requirement is necessary in the bill.

It seems to me it would foreclose the opportunity for many employees to actually operate under the right which is given to them.

Mr. **ROUSSELOT**. If it did so, I would not offer it. I at one time ran for Congress after I decided to resign from the Federal Housing Administration. I do not think it puts the Federal employee in that position at all. I think that it clearly is an attempt to say that the Federal taxpayers will not be paying salaries to Federal employees who run for Federal offices, at least for a time frame of 90 days, in either a primary or a general election.

The CHAIRMAN. The time of the gentleman from California (Mr. Rousselot) has expired.

Mr. ROUSSELOT. Mr. Chairman, I yield myself 1 additional minute.

Mr. Chairman, as the gentleman knows, in most cases the provisions for leave and the accumulation of annual leave are fairly substantial in the case of most Federal employees, and we have made it possible under my amendment for a Federal employee to use part of that time with the utilization of his annual leave.

The reason this was done is this: In the overwhelming majority of instances in the private sector, those who would run for the Senate, House, or for other Federal offices would be required to take a leave of absence from duties by the boards of directors of most companies. It becomes extremely difficult for individuals to carry out their total responsibilities on a full-time basis.

As both the gentleman from Missouri and I know, as Members who have campaigned for the House of Representatives, it really is almost a full-time activity today under the circumstances to campaign for the House of Representatives or for the U.S. Senate, and it certainly is for 90 days prior to the primary and 90 days prior to the general election. So, Mr. Chairman, I think we should provide that kind of equity.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentlewoman from Texas (Ms. Jordan).

Ms. JORDAN. Mr. Chairman, one of the arguments we have heard in opposition to this bill is that by partially lifting the ban on political activities by Federal employees, we are providing a means whereby employees may be the targets of subtle coercion by superiors. Only total prohibition from engaging in political activities will adequately shield employees from coercion, it is said. I believe that argument is an attempt to confuse, and nothing more.

The bill before us, the Federal Employees Political Activities Act of 1975, provides stronger controls over coercion than current law. If we were debating a bill which merely lifted the ban on political activities without adding any controls, then the argument of some of my colleagues might be persuasive. But the the bill totally revises the broad, vague language found in current law into a system of tight, interlocking controls to protect Federal employees against coercion.

The bill expands the investigatory powers of the Civil Service Commission to investigate complaints of coercion and to conduct its own investigations. The Commission need not wait for a complaint to be filed. It may, and it is directed by the committee, to take all steps necessary to insure that the prohibitions are observed by employees.

The bill establishes for the first time an independent adjudicatory agency, the Board on Political Activities of Federal Employees. Should the Civil Service Commission, after investigation, uncover violations of the Act, the bill requires the Commission to submit its findings in detail to the Board.

The bill authorizes the Board to issue subpenas, order deposition, and compel testimony of an employee.

The bill provides that decisions of the Board are reviewable by the courts. This provision is necessary to assure complete adherence to due process.

The bill authorizes the Board to order penalties against employees found to have violated the act. A broad range of disciplinary actions are set out in the bill. Should the Board order disciplinary action, the Board must notify the Commission, the employee, and the employee's agency of the decision. The agency is required to report back to the Board the measures it has taken to implement the penalties ordered.

The bill provides stringent reporting requirements on the Civil Service Commission. Each year the Commission must submit to the Congress a report detailing the investigations it has undertaken, the name and title of the individuals involved, the amount of money expended in its educational programs, and an evaluation of its educational program.

None of these provisions are in current law. They are all new. They are more than sufficient for protecting Federal employees from coercion, overt or subtle.

Mr. DERWINSKI. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio (Mr. Kindness).

Mr. KINDNESS. Mr. Chairman, I thank my colleague, the gentleman from Illinois (Mr. Derwinski), for yielding this time.

I have a couple of uncertainties that have occurred to me in looking at the bill which do not seem to be answered within those four corners.

For one thing, in the definition of an "employee" covered by the bill there is a reference to the competitive service, but the term is not capitalized, nor is there a reference to a place where "competitive service" is defined.

The question then arises, Does "employee" include people who work for or in independent agencies of the Federal Government, and does it include employees who work in the legislative branch or in the judicial branch?

If we are talking about an employee at the level of someone who works in the maintenance of buildings, that would be one thing. However, let us say that someone in the Supreme Court, who is at a higher level, may have particularly interesting or important information of a political nature to deal with in his work. I would think the consideration would be rather different as to whether such an employee should or should not be included in the coverage of the act.

With respect to independent agencies, such as the TVA, it seems unclear as to whether employees there are included as I believe they are under the Hatch Act at the present time; and if so, there is the matter of equities for some Government employees as compared to others. I would certainly be interested in an explication of that.

We have the situation of a gentleman who works for the Department of Health, Education, and Welfare, who is a registered lobbyist before this Congress on matters of gun control legislation. I have looked into the question of when he does his lobbying, whether on the taxpayers' time or on somebody else's time, and that is not entirely clear yet to me. However, he is registered as a lobbyist.

Under the bill that we have before us, I am assuming that political activity might include lobbying because "political activity" is not defined.

I commend those who have worked on the bill for their efforts in this direction, but nonetheless, the bill leaves a lot of unanswered basic questions. For example, in the "political activity" term there could be included within the definition the general concept of lobbying, attempting to affect the outcome of legislative considerations; but what about that concept of lobbying which is trying to affect the outcome of administrative determinations or decisions on policy matters?

This is a problem with which we are struggling in terms of the Lobbying Act that is before the Committee on the Judiciary at the present time. Are those political activities? The bill does not make that at all clear.

The gentleman from Missouri (Mr. Clay), in responding to an earlier question, indicated that anything goes that is not prohibited, in effect. Therefore, I think we have a bill that, whether intentionally or not, may be far broader in its scope than we really intend at this point.

On page 6 of the bill there is a problem with the definition or definitional aspect of the exclusion of people who work for the White House, it seems. Suppose someone works for the White House or is paid from the appropriation for the White House office, as referred to on page 7, but outside of those activities, also lobbies before this Congress or does other work which would appear to be of an improper nature, if outside the scope of his official duties, to influence the outcome of administrative decisions.

Mr. Chairman, I think we do have to consider and to deal with questions of this nature before undertaking to support and approve a bill such as H.R. 8617.

For those reasons, I cannot support it.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. Mineta).

Mr. MINETA. Mr. Chairman, I rise in support of H.R. 8617, the Federal Employees' Political Activities Act of 1975.

That this bill is important, I believe we can all agree. It is important because it would remove the vagueness of over 3,000 administrative determinations on the political rights of Federal employees and the unconscionable abridgement of their freedoms of speech and association—both of which have prevailed since enactment of the Hatch Act in 1939.

The measure now before us is the product of countless hours of hard and gruelling work by the subcommittee, and represents the recommendations made by witnesses during nationwide hearings held by the Employee Political Rights and Intergovernmental Relations Subcommittee.

By providing tighter employee protection against coercion than existing law, by differentiating between voluntary and involuntary political activity, by prohibiting political activity which even appears to interfere with the effectiveness of good government, and by mandating the fair and impartial enforcement of its provisions through the establishment of an independent board and the clear delineation of administrative and judicial functions, H.R. 8617 strikes a careful and workable balance between meaningful political participation by Federal employees and the integrity of the civil service.

That these amendments to the Hatch Act are now needed, should also be obvious.

When a recent Cadell Hart survey indicates that only 34 percent of the people who voted in the November 1974, elections believed that their vote would make a difference, we must seriously confront the question of whether we can continue to politically isolate 2.8 million people just because they are Federal employees.

And, we must respond to that question by passing H.R. 8617.

Thank you, Mr. Chairman.

Mr. DERWINSKI. Mr. Chairman, I yield 5 minutes to the gentleman from Maryland (Mr. GUDE) who, in view of his constituency, has a very special and knowledgeable interest in this matter.

Mr. GUDE. Mr. Chairman, next to the District of Columbia and the 10th Congressional District of Virginia, more civil servants reside in my congressional district than in any other.

My district, therefore, has one of the largest stakes in H.R. 8617, a bill that would broadly liberalize the provisions of the Hatch Act.

I am opposed to the bill and will be offering several amendments which I hope can be adopted, if it is going to pass, in order to make it less objectionable.

I will tell the Members very honestly that I cannot really figure this one out. My colleagues here on the floor are fond of balking at requests for my district saying that it is one of the most affluent and powerful because of all the many fine Federal agencies that are located there.

So I would like to know what I have done right this time because I want to know why they are going to hand me a bill which will inevitably make the Maryland Eighth Congressional District one of the most powerful in the Nation.

One has only to flip through the Congressional Directory to see that a great number of agency and department heads reside in my district. Under H.R. 8617 the civil servants will no longer be prohibited from running for partisan elective public offices or from managing partisan campaigns.

In short, the civil service is going to be pervaded with a "voluntary sense" of pleasing superior and fellow colleagues who are running for partisan public office by making the agency or department a friend of Montgomery County. This could easily be done without violating the prohibitions set forth in H.R. 8617.

Let us take the administrative law judges in the Federal Trade Commission. Eight out of 10 of them, including the chief judge, reside in my district. Should any one of these men or their staff run for partisan office in the county, there is no telling in what ways antitrust suits or consumer protection cases involving the district might be colored. Perhaps it is only a promotion-hungry staff member who perceives the facts in the case in such a way as to please his boss' potential constituency.

Or take the case of the Chairman of the Veterans Appeals Board who also resides in my district. The Chairman is responsible for some 30,000 decisions per year, of which 100 or so are pending in my district at any one time. How would this affect the substantiating evidence gathered by his staff, knowing that he is running for county executive in the district?

This is the biggest boon for Montgomery County in all my years in Congress.

All kidding aside, Federal employees do not want to be "unHatched." The rank and file members of the civil service have a strong sense of professionalism about their jobs, and they do not want that pride encroached upon by those hard-to-refuse requests which will inevitably ensue once the present prohibitions are lifted.

It is only a small but very vocal group of leaders who wish to allow broad participation by Federal employees in partisan politics.

Furthermore, the safeguards in this bill to inhibit abuse of official authority for partisan political purposes are not adequate. Proponents of the bill are fond of telling us not to worry, that the rights of civil servants will be protected by a Board on Political Activities which will promptly adjudicate violations. I submit that adjudicating instances of indirect or subtle coercion is like trying to put one's fingers on a greasy marble.

The fact is that Federal employees enjoy a number of freedoms to participate in the elective process, all of which are listed in the Federal Employees Political Participating Manual which all the civil servants have ready access to.

In the name of "second-class citizenry," proponents of the bill seek not a modification of the present prohibitions but a situation where anything goes. At the same time they stress that retention of the merit system is crucial to the survival of a nonpartisan civil service. This is just like being just a little pregnant. One really cannot have it both ways.

Most importantly, the Members' constituents and mine are fed up with partisan politics interfering with the administration of good government. How is this going to be improved when an IRS agent investigating tax fraud in the district is also soliciting voluntary contributions from the same community in order to run for Congress?

The CHAIRMAN pro tempore. The time of the gentleman has expired.

Mr. DERWINSKI. Mr. Chairman, I yield 1 additional minute to the gentleman from Maryland.

Mr. GUDE. Is this really the time to open the floodgates to all-out politicking by Federal employees? The answer, judging from the telegrams I received this morning, is "No." I have one telegram here from an outstanding organization, a large civil service organization, the National Federation of Federal Employees, that is opposed. And I should like to read just a couple of excerpts from a telegram from the National Civil Service League, which has been the watchdog of the merit system since 1883 when it was responsible for the passage of the original Pendleton Act. They say:

> We opposed H.R. 3000 and find H.R. 8617 little improved. It goes much too far in unleashing Federal employees for partisan activities which would undermine the integrity of the merit system and could lead to a rebirth of many of the aspects of the old spoils system. The League, the American Society for Public Administration, and other responsible groups with memberships well over 30,000 are now reviewing present Hatch Act restrictions to suggest revisions at a later date. National Civil Service League strongly urges the Congress not to change Hatch Act at this time.

It is signed by Mrs. Kathryn H. Stone, chairman of the executive committee.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. MIKVA).

Mr. MIKVA. Mr. Chairman, the heart of the issue which Congress must decide is what restrictions, if any, on political activity by public employees ought to be retained.

What is the appropriate standard we should employ in reaching that fundamental policy decision? It seems to me, Mr. Chairman, that when we are talking about stripping people of their freedom to participate in the political process, any proposed restrictions must be supported by a rational connection between the nature of the restriction imposed and a preeminent national interest which will clearly be threatened otherwise.

In the context of the Hatch Act, it seems to me that there are commonly three interests cited which the Hatch Act restrictions are presumed to protect. The interests of the public employees, who must be protected against political pressures; the interests of the public in a professional civil service system in which employment decisions are based on merit, not on political regard; and third, the interest of the public in the integrity of Government services which ought to be provided equally to all citizens regardless of their politics.

If we are to legislate rationally and fairly, we ought to hold each of the proposed restrictions on political freedom up against these three agreed interests to see if restricting the political freedom of public employees will in each instance result in greater protection of one or more of these agreed interests. If a proposed restriction fails this test, it is not justified and ought not be imposed by Congress.

The restrictions against coercion and abuse of office which are contained in the present law clearly pass the test. They are necessary in order to protect all three interests—the employees themselves, the integrity of the merit civil service, and the impartial availability of Government services to the public. All three of the bills before the committee retain and strengthen those justified restrictions.

When we *move* to the area of voluntary political activity, it becomes much more difficult to justify restrictions. The present statute is obviously indefensible on this score. How can it possibly be necessary for the protection of the employee or the public to prohibit an accountant or a secretary who happens to work at HEW rather than at IBM from spending his or her time after work passing out bumper stickers for the candidate of his or her choice?

These kinds of restrictions on political involvement cannot be justified on any of the three grounds set out earlier.

They do not serve to protect the employee, since these are voluntary activities which he need not engage in if he does not happen to be interested in politics, which undoubtedly would be the case with the large majority of public employees just as is true of private employees. Whatever danger there may be of coercion by superiors is more properly handled by specific prohibitions against such coercion, as the present law now contains and as all three bills before the committee would continue.

These restrictions do not serve to protect the integrity of the civil service merit system. It is logically inconsistent to suggest that civil service jobs would be doled out as political rewards without the Hatch Act, for the Hatch Act only applies once the individual is hired. There is nothing in the present law to prevent Government agencies from using Government jobs as patronage, except the civil service merit system which would continue regardless of the Hatch Act. Most importantly, the civil service system protects the employee from political firing once he is hired, precluding any unstated pressure on employees to engage in political activity if the Hatch Act restrictions were lifted.

The third test proves negative as well. Misuse of office to influence voters would continue to be prohibited irrespective of what kinds of political activity are permitted during nonworking hours.

In framing legislation which restricts the political freedom of public employees, in the interests of fairness and of responsible exercise of our legislative power we should employ the narrowest specificity necessary to do the job. But I also recognize, Mr. Chairman, the need to be realistic.

Unquestionably there are some risks in removing virtually all restrictions on political activity by public employees. We should provide as much protection as we can against coercion and abuse of office. We ought not only to retain those provisions of the Hatch Act which deal with coercion and undue influence, but we also ought to strengthen them. This bill does that.

One of the most serious weaknesses of the present Hatch Act is its potential for selective enforcement—even politicized enforcement. A case in point was described by Philip Shandler, a writer for the Evening Star. In an article in 1972 he pointed out the inconsistent enforcement of the criminal provisions concerning solicitation of political contributions in two cases. In the first case, involving improper solicitation by National Guard employees in North Carolina, the Civil Service Commission referred the case to the Attorney General for prosecution and criminal action was taken. But in a subsequent case involving solicitation by GSA officials for a Republican political affair, no prosecution was undertaken by the Department of Justice.

This bill is truly reform—it enhances the franchise and that really is the best protection for both to Federal employees and the democracy.

Mr. Chairman, I do not know that there are many Members of this House who have greater reason to be hostile to patronage than I do. I fought my way into the Democratic Party of Illinois in the city of Chicago against the patronage apparatus. I have had occasion to continue to fuss with it over the years. I do not like patronage. I never have. But I do not think opposition to this bill has anything to do with patronage. As I have listened to my good friend and colleague, the gentleman from Illinois (Mr. Derwinski), I have to say with all due deference I disagree. The Hatch Act so protects the Federal employees that we have protected them right out of their rights.

We started out with a very narrow franchise in this country. A voter was required to be white, male, a landowner, and over 21 years of age. Over the years we have enhanced that franchise.

We have, after protecting women for so many years, finally allowed them to vote.

We have, after protecting blacks for so many years, finally allowed them to vote. We have, after protecting the 18-year-olds for so many years, finally allowed them to vote.

We have, after protecting the nonproperty owners for so many years, finally allowed them to vote.

But in each instance the same fear was raised, that somehow by universalizing the franchise we were going to create a monster, we were going to create some kind of tiger that will get out of control. I must confess that sometimes the fruits of democracy are frightening to behold but compared to the alternative I would like to stay with democracy.

We are talking about a large group of American citizens who are made second-class citizens out of a zeal to protect them. I think we ought to rededicate and redirect and redistribute that zeal. I am for this bill because it continues the real protections but it also recognizes that with the passage of time and with the incrustations of all the regulations that have been adopted, we have allowed a situation to develop here where a great many people are denied some part of the franchise. The time has come to enhance the franchise for those people.

Mr. DERWINSKI. Mr. Chairman, I reserve the balance of my time.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. Simon).

Mr. SIMON. Mr. Chairman, I share the Illinois background with the gentleman from Illinois (Mr. Mikva) and with the gentleman from Illinois (Mr. Derwinski) and the gentleman from Illinois (Mr. Hyde). All four of us served in the Illinois General Assembly together.

I was one of those who voted—and voted pretty consistently—for bills that would have stopped the abuses of the patronage system in the State of Illinois, but it seems to me that the bill the gentleman from Missouri now has before us is one that has a middle ground, that grants certain employees some fundamental rights that court decisions ought to be giving them but which have not been given them. So we have here the opportunity today to do that.

The distinguished gentleman from Maryland (Mr. Gude), for whom I have high regard, mentioned that this bill will "unHatch" the Federal employees. I do not think it does that at all. It maintains the present protections for Federal employees but says Federal employees can participate in our process.

My belief is that we are going to be richer for that participation. We assume that many of the talented of our Nation enter the Federal service. That is certainly what we want to encourage. If many of the most talented of our Nation enter Federal service, do we want to say that our political processes are denied these talents? I do not think we want to make that assertion. I think it is unsound and unwise, in addition, to not adequately protecting the rights of those who serve in the Federal civil service.

Mr. Chairman, I support the bill. I think it is a reasonable middle ground.

Mr. CLAY. Mr. Chairman, I yield 5 minutes to the gentlewoman from Colorado (Mrs. Schroeder).

Mrs. SCHROEDER. Mr. Chairman, the Hatch Act was enacted in 1939 principally in order to protect Federal employees against coercion to participate in political activities.

At a time when the competitive merit system was just beginning, this type of political exploitation of Government workers resulting in a "spoils system," was perhaps a potential danger. I say "potential danger" because, to my knowledge, no substantiated charge of such political coercion was made either in 1939 or this year during the subcommittee hearings on the legislation before us today.

In any case, the competitive merit system has grown in strength and influence until now in 1975, fully 70 percent of Federal employees are under its protection.

The system, then, is much less susceptible to political pressure now than when the Hatch Act was passed. Nevertheless, H.R. 8617 adds to and strengthens the features of the Hatch Act which protect employees against coercion by spelling out for the first time exactly what practices are prohibited.

Therefore, I do not believe allegations that H.R. 8617 would tamper with the merit system are supportable.

Over the years the Hatch Act has disenfranchised millions of Americans from one of our most precious rights—the ability to participate fully in its electoral process. In fact, because it is so vague, the Hatch Act has cowered some Federal employees into not doing things that are totally permissible—such as signing their letters to their elected representatives in

Congress. As someone who comes from an area with more than 25,000 Federal employees, this problem hits home.

It is now time to bring back the first amendment for Federal employees. There is no reason why 2.8 million Americans who happen to be Federal employees should not be able to become involved in political activities as long as it does not interfere with their duties as Federal employees. H.R. 8617 would restore this basic right to Federal employees.

Let me sum up by making a statement which I think describes the present status of the Hatch Act. It was passed in order to protect Federal employees from politicians. It has been retained in order to protect the politicians from Federal employees.

Mr. CLAY. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. Koch).

Mr. KOCH. Mr. Chairman, first I would like to express my appreciation to the chairman of the subcommittee for having brought this bill to the floor. It was a piece of legislation that originally, in more basic form—and it is far better today than it was when it was first introduced—was first before the House Administration Committee which lost the jurisdiction, and fortunately lost the jurisdiction, to a committee that was supportive of this legislation and has carried it to a point where we hope today to see it enacted into law.

The reason I stand in the well before the Members supporting the legislation and commending the gentleman from Missouri (Mr. Clay) chairing the subcommittee is that I feel very strongly about this legislation. There are about 100,000 Federal employees in the city of New York. There are several million in the country. To deny them first-class citizenship really is an outrage. First-class citizenship includes the right to full participation in our political processes.

I know, having spoken to some people who were not supportive of the legislation originally, but who I think are today, that one of the arguments offered is: "Well, you know, if we have this kind of legislation everyone in the Postal Service might run against every Member of Congress, and after all, they have direct contact with the voters."

I think most people today would agree that if they wanted to do that, that is their right, but surely that would not be the situation. But it is not a legitimate consideration as to whether someone runs or does not run against a Member of either body. The basic reason for passing this bill is that it will provide first-class citizenship for all our people, now denied our Federal employees.

We rectified the situation last year vis-a-vis municipal and State employees, some of whom were covered by the Hatch Act, and they were taken out from under its coverage so that they now are first-class citizens in the sense I outlined. I think we should extend that principle to our Federal employees as well.

So, Mr. Chairman, I am extremely pleased that H.R. 8617, legislation which I am cosponsoring to remove political restrictions against Federal employees under the Hatch Act, is before the House today to be voted upon. I would like to again commend our colleague, Bill Clay, of Missouri, the chairman of the Subcommittee on Employee Political Rights, for his leadership in bringing this bill, the Federal Employees Political Activities Act of 1975, to the floor. More details are:

In January 1973, I introduced legislation to restore the political rights of Federal, State, and local employees while still protecting them at work from financial solicitation and other political harassment. A provision of last year's campaign reform bill—the Federal Election Campaign Act Amendment of 1974, Public Law 93-443—removes most Hatch Act restrictions against State and local employees. As of January 1, 1975, the nearly 3 million State and local employees can serve as officers of political parties and as delegates to the national conventions, can solicit votes on behalf of candidates, and so on down the long list of previously prohibited endeavors under the Hatch Act's dictum of "no active participation in political management or in political campaigns." The restrictions against coercion of fellow employees, solicitation of funds on the job, or any other abuse of official authority to influence elections remain in force, as they should.

As a member of the House Administration Committee last year, which drafted the campaign reform bill, I was pleased to support and assist in the adoption of this provision.

I withheld from offering an amendment to include Federal employees as well in order to assure the adoption of the State and local provision. It was then and is now my hope that the Congress will also restore the political rights of Federal employees.

According to the Library of Congress and the Joint Committee on Reduction of Federal Expenditures, there are approximately 2.8 million Federal civil servants and postal employees in the United States today. The District of Columbia and seven States—California, Illinois, Maryland, New York, Pennsylvania, Texas, and Virginia—each have more than 100,000 Federal employees. New York City alone has over 98,000. Since 1939, these Government employees have been largely prohibited from participating actively in partisan political activities by the Hatch Act.

These 2,800,000 Federal employees are no less deserving of equal rights under the law than are State, local, and private sector employees. Congress should clear up the obvious discrimination and inconsistency in the law.

It is high time that Federal employees are considered old enough and intelligent enough to participate fully in the process of elections. This country has no right to make its public employees second-class citizens. But the Hatch Act, by limiting their political activities, has effectively put them into that category. The nature and scope of activities prohibited, as well as the sheer numbers of persons affected by these restrictions, have led various commentators to criticize the Hatch Act as being at variance with the first amendment guarantee of freedom of political expression and the American commitment to participatory democracy.

The constitutionality of the Hatch Act has been challenged in the judicial arena. In July 1972, the U.S. District Court for the District of Columbia—National Association of Letter Carriers against U.S. Civil Service Commission—ruled that the Hatch Act is "constitutionally vague" and has a "chilling effect," because many civil employees do not know either if they are covered or what they are prohibited from doing. According to the court, many persons did not engage in any political activity out of fear, rather than because they had to.

This decision, if left, would have repealed the Hatch Act.

However, the Supreme Court, in June 1973, reversed the decision by a 6 to 3 margin. But the Court still emphasized that "Congress is free to strike a different balance if it chooses."

In 1966, Congress created the Commission on Political Activity of Government Personnel, known as the Hatch Act Commission, to study all Federal laws restricting political participation by Government employees. In its final report, in December 1967, the Commission noted the need for substantial reform of the Hatch Act, particularly in the areas of clarifying its vagueness and reducing its application to the fewest employees. As the Commission noted, most Government employees are so confused by the more than 3,000 specific prohibitions issued over the years by the executive branch and have so little idea what they are permitted to do that they tend to avoid taking part in any political activity at all.

Existing restrictions on the political activities of Federal employees are, in my judgment, unfair and long overdue for revision. But at the same time, we must protect the neutrality of the Government bureaucracy. We must also guard against possible coercion directed against public employees to participate involuntarily in politics. The solution is to replace the Hatch Act with legislation that contains adequate safeguards against abuses while granting Federal employees their rights to participate as private citizens in American political life.

H.R. 8616 would accomplish the goal of removing political restrictions against Federal employees while at the same time prohibiting coercion by or against those employees. I urge our colleagues to support this important bill.

Mr. CLAY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the debate on this important piece of legislation has come to a close. The arguments have been vigorous and informative. The opponents have presented their case in a scholarly and sober manner. But I think it is obvious that the proponents of this legislation have effectively and articulately rebuffed the fears and contentions advanced by those who oppose the bill. Hopefully, we have resolved any reservations they might have had.

It has been shown that the passage of this bill will in no way threaten or destroy the merit system. It has been demonstrated that Federal employees will enjoy more protection against coercion and intimidation under the provisions of this bill than exists under the present Hatch Act. This bill in no way will encourage or permit the politicizing of the Federal work force. Nor will it compromise the integrity of our merit system to the whims of elected and appointed officials.

Mr. Chairman, our committee started with two major objectives in mind. Both were desirable and both of primary concern in our attempt to fashion this legislation.

First, was our deep concern for extending to all citizens their constitutional rights of free speech and association. For we know that a democratic society is only as strong, only as vital as the extent of active citizen participation in our political process.

Second, was our determination to assure the most honest, most impartial, and most efficient transaction of the public's business. This bill accomplishes both objectives. We have been able to reconcile constitutional freedom with controls against political excesses. We have struck that delicate balance between citizen participation in the political process and protection of honest and impartial public service.

We have documented that this country, except Japan—imposed by the Army, is the only democratic society in the entire world which imposes such stringent restrictions on their Government employees. It has always puzzled me that those who vigorously oppose the extension of constitutional rights can do so in such lofty terms. Invariably they wrap themselves in the American flag, quote the Founding Fathers, sing the national anthem and march out some self-written mandate for them to save the republic.

Mr. Chairman, the argument here is clear and precise. You either believe that the constitutional framers intended to guarantee freedom of speech to all Americans or you do not. You either believe that Federal employees are just as honest, just as law abiding and just as responsible as their counterparts in the private sector or you do not. You either believe that 2.8 million American citizens are just that in every sense of the word or you believe that they are second class.

I believe it is time for this Congress to stand up and tell the world that the Constitution and the Bill of Rights applies to every man, woman, and child in the United States. I believe it is time for us to make it possible for all Americans to enjoy the full meaning of the first amendment which says:

> Congress shall make no law prohibiting the free exercise of speech, or the right of the people peaceably to assemble, and to petition the government for a redress of grievances.

Mr. DERWINSKI. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. CONABLE).

Mr. CONABLE. Mr. Chairman, in 1826 Benjamin Disraeli wrote that—

> All power is a trust, that we are accountable for its exercise, that from the people and for the people all springs, and all must exist.

What we are considering here today is whether or not this Congress is going to use its power wisely, and whether or not it is going to reduce the trust of the American people.

This is a time when the Congress is under particular public attention. Recent polls have revealed that serious erosion of regard by the public already has occurred. It is ill time for Congress to be undermining legislation that has, for 36 years, had high public trust and regard.

The fact that Federal employees are under the Hatch Act for decades has been accepted as a symbol of Government integrity. It has been endorsed by the American people as one of the foundations of our governmental system. Today, we are considering a measure that would attack that solid rock of integrity. It would inject the undesirable atmosphere of political activity into functions that depend for their public acceptance on impartiality.

The advocates of this drastic change in the operation of the Federal merit system claim they are acting on the basis of overwhelming demand. They claim the present act somehow deprives Federal workers of their just and due rights to participate in the system.

Nothing could be further from the truth. In the first place, a National Federation of Federal Employees questionnaire revealed that of the 30,000 who replied, 89 percent supported continuing the Hatch Act unchanged, and only 1 percent wanted it repealed.

Broad participation in the political process, on a voluntary basis, by Federal employees in many areas of the elective process is permitted by the existing law.

I stress the term voluntary. It gets to the heart of the matter. Where does the support for this bill arise? From the leaders of Federal employees' unions, who see in it an opportunity to forcibly broaden their base of power. Voluntary participation often depends on the particular definition of the organization involved. We have some major political forces today who claim to collect so-called voluntary political contributions from workers' paychecks. The workers well know that it is like the old Army game where the officer says I want three volunteers—you, you and you.

Under present law, Federal employees can participate as citizens under truly voluntary conditions, which are not job created. They can obtain work, advance to the best of their capabilities, without seeking political blessings, or performing political favors.

When the Hatch Act was being debated in the House, Representative Rees of Kansas said:

> Members of Congress, I just do not believe we can make this legislation too strong. The time has come when this thing must be stopped. Let us do it now, once and for all. Let us see to it that each and every individual who has anything to do with the disbursement or administration of public funds shall have nothing to do concerning the appointment or election of any individual to public office. When you permit the use of public funds, as well as political appointments, to influence and control the elections of individuals to high places, who are to direct the policies and affairs of our government—at that time you are striking at the very foundation of government itself.

There has been a great push from some quarters for massive so-called public service jobs. One need only recall the vicious political actions during the days of the WPA to see clearly that the bill before us today would open up these jobs to political patronage, pressure and persecution. We do not want to return to the days when Federal workers, and those receiving Federal income support, were required to change political registration, or to contribute sizable portions of their meager payments to local political bosses.

We have a strong kickback law on the books. There is no discernible difference between requiring financial contributions, and requiring political activities on what amounts to a nonvoluntary basis.

This bill has been touted as one offering opportunity to Federal employees. It has been described as upgrading their citizenship and equalizing their rights. In reality, it would simply open the door to abuses, legalize politicizing of the civil service, and would invite coercion of recipients of Federal funds.

The civil service workers do not want this bill. If the facts were known, I am sure the American people do not want this bill. This Congress runs a great risk in passing this special interest legislation for the benefit of the few to the detriment of the many.

Proponents of this questionable bill scoff at the idea that it would lead to inevitable abuses and corruption of the Federal bureaucracy. Past experience, only three and a half decades ago, however, demonstrates that our bureaucracy is indeed quite vulnerable to both blatant and subtle political pressure and manipulation. At the close of my remarks, I would like to insert into the RECORD some examples of the actual abuses that the Hatch Act was designed to curb.

I urge my colleagues to strike a blow for good government today and vote down this attempted power grab, a first step toward destruction of 36 years of impartial Federal performance under the Hatch Act.

The material follows:

> Remarks of Congressman Taylor of Tennessee on July 20, 1939, during debate on passage of the Hatch Act (page 9598 of the *Congressional Record*)
>
> . . . (I)f the passage of this measure will secure those on Government relief from becoming the prey of political parasites and highjackers by interfering with the "liberty" to coerce and exploit, then that is the strongest possible argument for its speedy enactment . . . to cover such practices as . . . the sale of the new "celebrated" Democratic campaign book. . . . Thousands of books were printed and were supposed to have been autographed by no less a personage than our present Chief Executive. Agents skilled in the art of high-pressure salesmanship were engaged to travel throughout the Nation and sell these books to those equipment dealers and contractors who had been given PWA, WPA and other Government contracts. The agents were supplied . . . by the heads of Government agencies right here in Washington . . . with data as to the amount of business each material and equipment dealer

and contractor had received and the number of books each was expected to purchase was based on the amount of business he had enjoyed.

Before they were anointed and sent on their scurvy journey, these solicitors were assembled in Washington and furnished a list of the lambs to be shorn, and given a letter signed by the head of the Democratic National Committee authorizing them to make the necessary contacts.

The agent who worked Tennessee, and when I say "worked" I mean precisely what I say, made at least four stops in my State. . . . When he reached Knoxville he registered at one of the best hotels and immediately summoned to his suite those whose names were furnished him in Washington. . . . They came singly, and when Mr. A, for instance, was ushered into the presence of the shearer, he was adroitly reminded of the business he had received from the Government and the prospect of future favors was dangled before him. He was then shown the Democratic campaign book—a veritable masterpiece of art—and told that he was expected to purchase . . . several books, the number varying in proportion to the amount of government business he had enjoyed, and that the price of the book was only a measly $250 per copy, the victim's enthusiasm was greatly dampened . . . at the very same time . . . the same books were on sale in second-hand book stores here in Washington at 30 cents a copy.

CONGRESSMAN SPRINGER OF INDIANA, JULY 20, 1939, PAGE 9604 OF THE CONGRESSIONAL RECORD

"Quite a large number of instances have been reported that the WPA supervisor stood just outside the room in which the election was then being held, and with his book in his hand he gave to these unfortunate men and women the last word of instruction and his last expression of intimidation 'to vote the straight ticket or the voter need not come to work the next morning.' In many instances where voting machines were used, the WPA workers and those receiving relief were falsely told that the supervisor who stood on the outside of the polling place could positively tell by the ring of the bell how the voter was voting and whether the voter was following the last-minute instructions. . . . The relief rolls had been filled to capacity in many places before the election and the number greatly reduced after the election was over, and in many instances, wholesale discharges of WPA workers were made immediately after the election day."

"THE SHEPPARD REPORT," U.S. SENATE, 76TH CONGRESS, 1ST SESSION, REPORT NO. 1, JANUARY 3, 1939

KENTUCKY

"The findings of the committee based on the evidence before it show that the amount received for Governor Chandler's campaign from State employees whose salaries had been partly or wholly derived from funds paid by the U.S. Treasury, was in the neighborhood of $70,000. The findings of the committee . . . show subscriptions intended for Candidate Barkley's campaign committees were made not only by employees of the WPA in Kentucky, but also by employees in this State of the National Bituminous Coal Commission, the Bureau of Internal Revenue of the Treasury Department, the Bureau of Accounts of the Treasury Department, the Home Owners' Loan Corporation and the Federal Housing Administration . . . amounting to about $24,000 in all.

It was further disclosed by evidence before the committee:

1. that in Pulaski and Russell Counties . . . located in the second district of the WPA for the State of Kentucky, there was a systematic canvass of all certified workers instituted, whereby lists of all workers were copied from official records on forms with columns headed; "Name and address," "Identification No.," "Mark," "Number in family," and "Remarks."

2. These forms were mimeographed . . . on the back of WPA stationery.

3. . . . the said canvass was instituted by the (area WPA engineer's) foreman to have them filled out, to get the political affiliation of the workers . . . whether, in the opinion of the foreman, persons so checked were favorable to the WPA program and to Senator Barkley.

7. . . . the investigation discloses that in many instances men known to hold views contrary to Candidate Barkley were discharged, there being always assigned some reason other than political and that being denied.

9. That the efforts of the entire (WPA) supervisory force were coordinated in a plan to place in the hands of the Barkley campaign committee chairmen for each of the 32 counties a list of the names and addresses of the 17,200 workers . . . of all legal voters in the respective families, whether or not they were registered . . . had moved since registering, and precinct where registered.

12. That this plan was instituted and carried out at the request of Thomas S. Rhea, of the State headquarters of the Barkley campaign committee in Louisville.

13. That the original mimeographed forms . . . were then placed in the hands of the respective Barkley campaign committee chairmen for the entire 32 counties in WPA district No. 1 for the State of Kentucky.

TENNESSEE

The report of our investigators in Tennessee shows that there was a vigorous effort throughout the State to raise campaign funds by contributions from Federal employees, in behalf of the coalition group, to wit, Cooper Stewart-Hudson ticket, including not only those having civil service status, but those having relief classification as well, with circumstances in certain instances indicating intimidation and coercion . . .

Such employees included not only certified and nonrelief workers of WPA, but certain employees of other Federal agencies, such as employees of the Soldiers Home at Mountain City, Tenn., employees of the Postal Service, the Bureau of Internal Revenue, the Bureau of Public Roads and other governmental agencies; . . .

That poll-tax receipts, which are prerequisite to voting by persons between the ages of 21 and 60 years, were freqquently purchased in bulk by friends of candidates for office on both sides for the purpose of influencing votes and voting; and

That WPA labor and materials, paid for with funds appropriated by the Congress for emergency relief purposes, namely, farm-to-market roads, have been used in the construction, improvement and repair of private drives and roadways under circumstances and conditions giving rise to a fair inference that such use may have been suffered and permitted for the purpose of influencing votes and voting. . . .

PENNSYLVANIA

Evidence from its investigators that owners of trucks used on WPA projects were solicited for $100 each in Carbon County, Pa.

Eighteen relief workers on the WPA project near Wilkes-Barre were ordered transferred from this project, which was near their homes, to a project located some 35 or 40 miles from their homes. The investigators stated that the reason for this transfer action was that these workers were wearing Republican buttons at work and had registered Republican.

Large numbers of WPA workers were mailed postal cards requesting them to call at Democratic headquarters on particular dates at different hours . . . evidence that lists had been prepared for relief workers at the WPA headquarters in their county and it is believed that these lists were used in mailing out the postal cards . . . when these relief workers called at the Democratic headquarters they were solicited for campaign contributions, in some cases the amount requested being $100 . . . the Democratic leader who was interviewing these relief workers and to whose office they were sent, was employed by the Unemployment Compensation Service, which aids in administering the social security law . . . and was on leave from his official position, working for the Democratic Party . . .

This is further evidence . . . that numerous WPA workers, including timekeepers, laborers and others, even women on sewing projects, were requested and ordered to change their registrations from Republican to Democratic with threats of the loss of their relief employments if they refused to comply with the demands; and it was further disclosed that numerous persons were separated from their employment with WPA shortly after their refusal to accede to such and similar demands.

ILLINOIS

Evidence . . . showing that between March 21 and April 20, 1938, some 450 additional men were employed in district No. 10, embracing Cook County, that most of them were dismissed the day following the primary election, that some 70 of these men did no highway work at all during the period they were on the rolls but upon reporting to work were instructed to go back to their respective precincts and canvass them in behalf of the Horner-Courtney-Lucas ticket. These 450 men cost $23,268.10 . . . all of these men had their respective work card either signed or initialed by Charles Schwartz, who was campaign manager in northern Illinois for the . . . ticket.

Mr. DERWINSKI. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, one point keeps reappearing in the arguments of the advocates, and that is that somehow this 36-year-old Hatch Act deprives individuals of their constitutional rights. So again I make the point that the Hatch Act has not been vigorously challenged in the court. One major Supreme Court ruling on the subject upheld the Hatch Act. The charge that it is somehow depriving an employee of his constitutional rights just falls from lack of evidence.

Another point we must keep in mind is that Federal employees cannot serve both an impartial civil service and a partisan political party. And at a time when there are so many people who are skeptical of the entire structure of government, I say it is most ill-timed to put the onus of partisanship on the millions of Federal employees and add further suspicion in the public mind to the impartiality of the Federal service.

We are going to have other very fascinating amendments. My opinion is that if they are all accepted it is still a bad bill.

I would certainly hope that this fine, objective, high level debate up to this point will continue throughout the amendment stage.

Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Chairman, I have some questions that I would like to ask of either side if they have the time available. The question I have has reference to the fact that the merit system has been suborned. It has been, in my opinion, irretrievably "unmerited" through the so-called Malek memorandums and the complete politicalization of the system in the last 3, 4, or 5 years.

My question has to do with how will this bill go about making the merit system hold. It is directly related to paragraph 7327, on page 8, where there is provision for a board on political activities of Federal employees. This seems to kind of perpetuate political institutionalization of Malek.

Would this not tend to institutionalize the Malek memorandums? It is within the Malek manual, is it not?

Mr. DERWINSKI. Mr. Chairman, if the gentleman will yield, the gentleman from Texas is making a fine point.

Mr. GONZALEZ. I am merely asking a question for information.

Mr. DERWINSKI. The answer to that question, if there is any, would have to come from the author of the bill.

Mr. CLAY. Mr. Chairman, if the gentleman will yield, as I understand the question, I think the gentleman is confusing two things here. This bill has absolutely nothing to do with the merit system. The Civil Service Commission still has jurisdiction over the merit system.

We are talking about the Hatch Act, which presently prohibits political activity on the part of Government employees. That is what we are dealing with. This bill has nothing to do with the merit system or the Malek plan or any other plan.

The **CHAIRMAN** pro tempore (Mr. EVANS of Colorado). The time of the gentleman from Texas (Mr. GONZALEZ) has expired.

Mr. CLAY. Mr. Chairman, I yield 2 additional minutes to the gentleman from Texas (Mr. GONZALEZ).

Mr. GONZALEZ. Mr. Chairman, I thank the gentleman from Missouri.

In connection with this Board, the Board is tied in with the Civil Service Commission. It mandates that the Civil Service Commission shall contract for or obtain whatever employees are necessary to the chairman of the Board. It mandates that the GSA provide, without any limitation, space for the Board.

Now, is that not tying this in with the merit system?

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GONZALEZ. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, the gentleman from Texas raises a good point, but I think the chairman of the subcommittee has already answered the question.

The Malek memorandum is a part of an ongoing investigation which is being conducted by this committee at the present time under the chairmanship of the gentleman from North Carolina (Mr. HENDERSON). The committee is just dealing entirely with that matter in terms of public violations of the civil service laws of the Federal Government. Violations of the civil service law are normally supposed to be enforced by the Civil Service Commission.

We are going beyond that with the investigation to see whether they have been doing that.

There are two ways one can get into trouble. One can violate the civil service laws or one can violate the merit system regulations by activities which may tend to be political. In addition to that, even if one is as clean as a hound's tooth with regard to the merit system or the civil service laws, one can still be in violation of the existing Hatch Act.

All this bill seeks to do is to relieve these people from that second burden when they are acting outside the scope of their employment under the Civil Service Act. It does not, in any way, relieve them from the responsibility to refrain from political activities consonant with the restrictions in the Civil Service Act itself or in the merit service, as the gentleman referred to it.

Mr. GONZALEZ. Mr. Chairman, I thank both gentlemen for their responses.

Mr. O'NEILL. Mr. Chairman, I rise, not in a partisan manner, but on the merits of this important legislation. I strongly support this bill and urge all my colleagues on both sides of the aisle to vote "aye."

No evidence exists to suggest that political activity in which employees participate freely, voluntarily, and in a manner that is distinct from their official duties, is harmful. No evidence exists to suggest that voluntary political activity compromises the effectiveness of the Federal work force. This bill does not in any way take away from the strength of our merit system.

In fact, it is the involuntary or coerced activity which must be prevented, not voluntary activity, and this bill would strengthen prohibitions against coercion by establishing a board responsible for adjudicating cases, leaving the Civil Service Commission free to investigate violations and conduct education programs on permissible political activity.

The Civil Service Commission and its employees have made significant progress in insuring that the merit system is conducted in a nonpartisan manner—one in which we can all take pride. These conditions did not prevail in 1939, when the Hatch Act was enacted.

But this is 1975. The Hatch Act in 1975 is an anachronism. We should and must encourage Federal employees to exercise their right of voluntary political participation.

I heartily commend the gentleman from Missouri, my friend, BILL CLAY, and his distinguished subcommittee in reporting this legislation. H.R. 8617 provides a careful and effective balance between the political rights of Federal employees and the protection of the public. The built-in safeguards strengthen the prohibitions against involuntary activity, which is the primary source of abuse and major reason for the enactment of the Hatch Act, 35 years ago.

The kind of reform of the Hatch Act envisioned in H.R. 8617 merits our support and I urge its immediate adoption.

Mr. RHODES. Mr. Chairman, some 36 years ago the Congress took action to take the spoils system out of the operations of the Federal civil service.

Today we are considering H.R. 8617, which would be a giant step backward. This bill represents a peculiar version of post-Watergate morality on the part of its advocates. At a time when integrity in Government is a crucial concern of millions of Americans, we have before us a measure that would destroy the progress made by the Hatch Act.

It is important that impartiality in administration of Federal laws be maintained. This measure would invite abuses. It would provide the means for subverting Federal influence and directing it into local political contests. It would divert Federal employees from conscientious and fair performance of their jobs, by subjecting them to political pressures and influences.

The Hatch Act was considered in 1939 due to the findings of a Special Committee To Investigate Senatorial Campaign Expenditures and Use of Governmental Funds in 1938. They issued what was known as the Sheppard Report, and it detailed scandalous misuse of Federal funds and misdirection of Federal employees for political gain.

Representative Taylor from Tennessee, in remarks to the House said:

> No patriotic American can read the report, detailing the sordid debauchery of the ballot hitherto unknown in this country, without a feeling of deep resentment and without a blush of shame.
>
> No one in this country ever dreamed that the time would ever come in the United States when public money, appropriated for the alleviation of human distress, could be sabotaged and prostituted as it was in Pennsylvania, Kentucky, New Mexico, Oklahoma, and to a greater or lesser degree in every State in the Union, including the proud old State of Tennessee.

He went on to describe the methods used. WPA bosses were furnished lists of workers, with the amount they were expected to contribute beside each name. Workers making $30 a month were asked for $5 for the Democratic primary. The money was placed under the Democratic donkey paperweight on the desk of the project supervisor.

One of the more odious practices in vogue prior to passage of the Hatch Act was sale of the Democratic campaign book, which could be bought for 30 cents in Washington, but was proffered for $250 by Federal agents. They canvassed suppliers of Government equipment, with lists compiled by Federal agencies of the amount of Federal business the firms did, and the number of books each was expected to purchase. Mr. Taylor noted that the "lambs to be shorn" were reminded of the stake they had in continued Federal procurement, the volume they were doing, and the obligation they had to buy the books.

Other speakers detailed many other cases of onerous pressure exerted on behalf of political candidates, by use of Federal personnel in charge of dispensing Federal largesse.

Mr. Taylor called for an even stronger bill, and told his House colleagues:

> It will be urged by some that this legislation will interfere with personal liberty.

> Well, if the passage of this measure will secure those on government relief from becoming the prey of political parasites and highjackers by interfering with the quote 'liberty' to coerce and exploit, then that is the strongest possible argument for its speedy enactment.

The civil service was established as a merit system. Today we have the same party that was responsible for the abuses that required the Hatch Act to be passed, asking to revert to the same unwholesome climate of politically motivated civil servants. Of course, the nearly 3 million Federal workers would be a great political machine. They dispense billions in Federal funds. It takes little imagination to construct a scenario of blatant political misuse of public money should the merit system be thrown open to the machinations of local and Federal political bosses.

We have a good federal system. It has served us well for 36 years. I urge my colleagues that we do not backtrack. I call to the attention of the opposition party that they have been zealous defenders of Federal morality over the past 2 years. This bill would bring into question their motivation, and most certainly would create mistrust in the eyes of the American public. With billions being ladled out in welfare funds, food stamps, and other programs, we cannot afford the taint of political manipulation.

The supporters of this bill are using the same arguments that were used when the Hatch Act was passed. Democratic Representative Celler of New York said at the time:

> I believe the bill hurts my party. It goes too far.

Events have proven him to be wrong. But, I believe that the Democratic Party would be injured if H.R. 8617 is pushed through this Congress by the large majority of that party. It would signal a reversal of political integrity, and would undo 36 years of impartial administration of Federal programs.

I urge my colleagues to vote against this incursion into the merit qualifications of the Civil Service System.

Mrs. HOLT. Mr. Chairman, today we are going to vote on H.R. 8617 to amend and, in my view, effectively to gut the protective sections of the Hatch Act. Proponents of this measure have falsely stated that this act will "restore full citizenship" to civil service employees.

As a Representative with a very considerable number of Federal employees in my district, I cannot buy this phony argument. It is based on misrepresentation of the reason for the creation of the Civil Service System in 1887 and I, for one, wish to correct that misrepresentation here and now. Every schoolchild knows that civil service was instituted following a long history of political abuses heaped on career Government workers. It sought to remove those political pressures because it was believed that they seriously compromised the effectiveness of government and the faith of the people in their Government. The Hatch Act added additional insulation from political pressures when, nearly 40 years ago, gaps in the law were filled and penalties were provided for certain types of political activity. If allowed, these activities would have cost civil servants their much needed independence from political pressure.

Sadly, H.R. 8617 seeks to strip this protection from Federal career employes. It is fully supported by politically motivated organizations gleefully anticipating their reentry into Federal offices. They believe they have the votes to pass this bill, but they do not have mine.

Mr. Chairman, supporters of H.R. 8617 have made another incredible distortion. In a recent letter, lobbying Congress, they stated that—

> It (H.R. 8617) will shore up the inherent weaknesses of the law which permitted widespread political abuse from the top down during the Nixon Administration while it inhibited political counter activity from the bottom up.

There is absolutely no relation of that statement to reality. The Watergate scandal was not the domain of career government employes and I cannot help but believe that, to a large extent, the Hatch Act prevented such abuses of poyer from affecting the average civil service.

Mr. Chairman, while I feel strongly that civil service employees must have the right to participate in the electoral process, H.R. 8617 is a sham, a bad bill sold by snake oil merchants under false colors. I will oppose it and urge the President to veto it should it pass the Congress.

Mr. NIX. Mr. Chairman, I am a cosponsor of H.R. 8617 and I support its passage by the House as I did in committee.

I support H.R. 8617 because it permits Federal and postal employees the same right of participation in our political process that their fellow Americans have.

At the same time, this legislation protects the right of Federal workers to keep their political concerns a private matter on the job by providing an independent Board on Political Activities which will make judgments on alleged violations of this statute. Violations would result where there is political pressure on a Federal job directed against an employee, or by the employee against his superiors.

The present law and regulations as promulgated by the Civil Service Commission permit political activity at the local level by Federal employees in communities where the majority of residents are Federal employees. It also permits so-called nonpartisan political activity in these communities where nonpartisan political races take place. Therefore, this new legislation would extend to all Federal employees those rights possessed, as the result of civil service regulations, by some Federal employees in certain areas.

Geography of local nonpartisan politics will not be the basis on which Federal employees may play their full role as American citizens.

In 1939 Congress passed the Hatch Act because two-thirds of Federal workers were not members of the classified service and subject to civil service rules. The greatest worry was the WPA which provided work for so many during the Depression. The restrictions enacted then, which will still be maintained, will be prohibitions against on-the-job campaign fund solicitation and the use of Federal work time or office space for political purposes.

The restrictions which will be eliminated will be prohibitions against participation in political campaigns as a manager or candidate.

All of the civil service laws and regulations by the Commission will protect the Government against favoritism and prejudice in the running of the Government. The basic test of job performance, the basic test for promotion of the best man for the best job will remain in effect.

This is good legislation that will benefit the Federal service and allow our local communities to have the benefit of full participation in political campaigns. It is a progressive step which fits today's world. We cannot do less.

Mr. OTTINGER. Mr. Chairman, I have long advocated ending the restrictive features of the Hatch Act that deny Federal employees one of *their* most basic freedoms under the Constitution. In my opinion the bill that Mr. CLAY has given us, H.R. 8617, is excellent in that it would permit civilian employees of the Federal Government to participate fully in the political process, while at the same time insulating them from improper political solicitation.

Today the Federal work force is approaching the figure of 3 million individuals. There are some 200,000 persons so employed in New York State, nearly half of them in the New York City area. It is imperative that we act to extend to this group—the last remaining segment of our population to fall outside of the protection the Constitution affords regarding political freedom—the right to voice their political opinions and support their candidates for public office.

The major provisions of the bill we are considering today would redefine the meaning of political management and campaigns to permit the following activities:

First. Candidacy for service in political conventions;

Second. Participation in political meetings and primary campaigns;

Third. Involvement in the preparations for or organization and conducting of political meetings and rallies;

Fourth. Distribution of campaign materials;

Fifth. Candidacy for public office.

In the 36 years that we have had the Hatch Act a great deal of confusion has surrounded its enforcement, and this is due largely to the vagueness of its wording. Such vagueness has not only complicated the difficulties of the courts in interpreting the law, but has also permitted past administrations to compound the abuses inherent in the basic concept by incredibly restrictive interpretations. Records of the Civil Service Commission demonstrate the disparities in application of the law from one case to another and serve as proof of the need for clarification.

In Westchester County I have recently had occasion to observe the unfortunate plight of a Federal employee in a minor job who was denied the opportunity to run for elective office in a local, partisan election because of the restrictions of the Hatch Act. His situation is all the more tragic because he decided to run for office with the hope of reforming the local law enforcement administration after his young daughter was killed by a drunken, hit-and-run driver.

H.R. 8617 would end the confusing aspects of the Hatch Act by enumerating precisely which activities are not allowed under the law. These prohibitions include a ban on solicitation of political contributions by superiors and in Government rooms or buildings, and restrictions on carrying out political activities while on official duty or in uniform. Thus, higher level employees are prohibited from imposing their private political views on subordinate personnel and at the same time these subordinates may feel free to express their opinions without fear of reprisals from above.

Mr. Chairman, Government workers pay taxes. They have an unusual stake in Federal policies. To continue to deprive them of their political rights is a travesty. I am pleased to have this opportunity to cast my vote in favor of correcting the abuses created by the Hatch Act and restoring full constitutional rights to the Federal work force.

Mr. BIAGGI. Mr. Chairman, I rise in support of H.R. 8617, legislation which seeks to repeal one of the most archaic and un-American laws ever enacted, the Hatch Act of 1939. I consider it fitting that as we prepare to celebrate our Nation's 200th anniversary of independence we are about to pass legislation which will finally allow some 2.8 million Federal workers to be fully covered under the free speech and right to engage in political activities provisions of the Declaration of Independence and Bill of Rights.

H.R. 8617, in effect, will repeal some of the more objectionable features of the controversial Hatch Act. The key provisions of the bill include:

The encouragement of Federal and postal employees to participate and exercise their voluntary rights to engage in the political processes of this Nation not otherwise prohibited by law;

That Federal employees, upon their own request, be granted accrued leave or leave without pay when they seek to run for elective office;

The expansion of the Civil Service Commission to investigate alleged violations of law by granting them subpena powers;

Gives Federal employees the right to judicial review of any adverse decisions;

Establishes an independent Board of Political Activities of Government personnel whose function it is to hear and promptly adjudicate any violations of law; and

Requires the Civil Service Commission to establish educational and informational programs which will advise Federal employees of their rights under the law.

The bill also sets down specific safeguards to prevent potential abuses from occurring including a strict prohibition against the use of official authority influence or coercion with respect to the right to vote, not to vote, or otherwise engage in political activity. The bill also prohibits use of funds to influence votes, solicitation of political contributions by superior officers, and prohibits political activity while on duty.

Almost from the day when the Hatch Act went into effect there has been an effort made by Congress to revise or repeal it. History is on our side in this battle. From 1791 until 1939 Congress has gone on record on numerous occasions against implementing a blanket prohibition on Federal employees seeking to participate in the political process. As far back as 1791 a proposed amendment was defeated which would have limited the political activities of inspectors of distilled spirits on the grounds that it would have infringed upon their rights.

The effort to prevent Federal workers from losing their rights to participate in the political process continued through the 19th century. Even the landmark Pendleton Act of 1833 which established the Civil Service Commission made it clear that coercion against Federal employees would not be tolerated but their right to participate freely in the political process was to remain intact.

Many historians questioned how the Hatch Act ever was passed. A close examination of the motives of Congress in this matter showed that they were reacting to allegations of coercion among Federal employees in only 10 States and only as it affected the Works Progress Administration. No public hearings were held on the bill and there was much opposition recorded in the debate on the bill. There was little question that the Hatch Act was an overreaction on the part of Congress to a minor but highly publicized scandal. Since 1939, the practical enforcement of the act has been hampered by the more than 3,000 administrative rulings which have made this one of the most cumbersome laws on the books.

In October of 1966 the Congress established the Commission on Political Activity of Government Personnel to investigate and study Federal laws which limited the right of Federal and State officers from engaging in political activity. The Commission's final report in 1967 called for an expansion of Federal employees political participation while strengthening safeguards to protect employees from coercion. H.R. 8617 encompasses these worthwhile recommendations.

My association with the civil service system stretches almost 30 years, including 23 years as member of the New York City Police Department. I am proud to presently serve as president of the National Council of Columbia Association, an organization of some 80,000 Italio American civil servants. In these years I have learned to respect the system and its employees. Without question the opposition to the Hatch Act and its prohibitions against civil servants has been pronounced over the years.

The Hatch Act has no place in a nation which prides itself on being a democratic nation providing full and open government. Even countries such as Sweden, Great Britain, France, and West Germany allow their federal workers to engage in the political process. Why must the United States cling to this vestige of autocracy which is so much the antithesis of a true democracy?

Since my arrival in Congress in 1969, I have made repeal of the Hatch Act one of my major legislative priorities. I have cosponsored similar repeal bills in the past. I have introduced in each of the last 3 Congresses my law enforcement officers bill of rights which, among other provisions, will allow police officers to participate in political activities while off duty.

H.R. 8617 represents the culmination of mine and others, efforts at repealing the Hatch Act. It is a moment which millions of civil servants have been awaiting. Our effort at passing H.R. 8617 must be successful.

This bill strikes the effective balance between a true and open democracy and an impartial and honest civil service. It contains enough safeguards to prevent the abuses which led to the passage of the original Hatch Act.

Above all this legislation is a statement of purpose. It denounces the notion that the Federal Government has a right to prevent their employees from participating in the political process in their spare time. It affirms the right of civil servants to enjoy all the freedoms provided to all other Americans except those in jail and convicted felons. It will also lay to rest the ambiguities rampant in the existing law which has thrown the entire issue of Federal employees political rights into a state of perpetual confusion.

The bill will also enhance this Nation's claim of being the most democratic nation in the world. Our claim to this has been seriously damaged since 1939 as since then we have denied almost 3 million of our citizens the right to fully participate in the democratic process of this Nation.

At this point I wish to pay a special tribute to the foremost advocate of H.R. 8617 my colleague from Missouri, Mr. CLAY. His tireless work on behalf of this bill is well known to all of us here. Extensive hearings have been held on this bill across the United States. The American people know this bill well.

Our civil service system is a viable and excellent one. We can demonstrate our support by passing this bill today, and allowing them to enjoy the benefits of democracy which has made America the great Nation it is.

Mr. RANGEL. Mr. Chairman, I rise in support of H.R. 8617, the Federal Employees Political Activities Act of 1975 as reported from the Post Office and Civil Service Committee.

As reported by the full committee, H.R. 8617 seeks to modify the Hatch Act by permitting Federal civilian and postal employees to participate voluntarily and as private citizens in the political life of the Nation; to prohibit the misuse of official authority, coercion, and certain activities involving political contributions. It establishes an independent Board on Political Activities of Federal Employees to hear and adjudicate alleged violations of the law, and establishes a strong mechanism through which the law may be administered.

I am certain that you believe as I do that the Hatch Act grossly infringes upon the constitutional rights of free speech and association. If our democratic system is to grow and be injected with new and innovative ideas, then we must have the full participation of all of our citizens.

Far too few of our citizens exercise their right to vote. Our national statistics on percentages of registered voters who actually vote gives me cause for great distress. We must actively solicit the participation of all our people at every stage of the political process. Granting people the right to vote is only a noble beginning. H.R. 8617 seeks to advance our efforts in this field by bringing into the political arena Federal and postal employees, who for too long have been locked out.

The legislative history has been quite exhaustive on this issue. The Subcommittee on Employee Political Rights and Intergovernmental Programs held 11 days of hearings on this legislative proposal. Numerous witnesses were heard by Congressman CLAY and his subcommittee. The full committee by a unanimous vote reported this bill to the House, thereby approving the fine work their subcommittee had completed on this measure.

As we attempt to give meaning to the words in the Constitution of our land, I think we should take a pause and reflect upon what it was that our Founding Fathers were trying to achieve. I believe that if we are to fulfill their objectives of maximizing involvement in the political process, and thereby making the Constitution a living document, then passage of this bill is an important step toward realizing this dream. I would hope that when we vote on final passage, my colleagues will give this legislation their overwhelming support.

Mr. BEARD of Rhode Island. Mr. Chairman, I rise in support of the bill H.R. 8617, the Federal Employees' Political Activities Act of 1975.

One of the first and most important things that comes to my mind is that passage of this bill will provide some clarity to the Hatch Act which, I think everyone in this chamber will agree, is a mass of confusion, loaded with over 3,000 rulings issued since the act was originally passed in 1939. But, perhaps more important than any other consideration is the fact that thousands of Federal employees all over this country will be able to participate in the political and electoral process. The Hatch Act may have originally been passed by men of good faith but what we have seen over the years is a straightjacket for Federal employees instead of a protective device to insure their rights as citizens. I do not for one moment subscribe to the idea that this bill will create conditions that will place any employee under any sort of coercion or pressure to take part in political campaigns or stay clear of them. I am convinced that passage of this bill will strengthen existing protections and make it crystal clear as to what a Federal employee can or cannot do.

What is apparent to me in studying the history of the Hatch Act is that altogether too many just will not accept the reality that today's conditions are a long way from what they used to be. I would likee to see us here in the 94th Congress bring things up to date with the passage of this bill.

Mr. LEGGETT. Mr. Chairman, there is no easy answer to the problem of how much political activity should be permitted to Government employees. On the one hand, because a person works for the Government is no reason why he should be deprived of the full opportunities of citizenship. On the other hand, the potential for corruption of the Government service is obvious if a Tammany Hall atmosphere were to be permitted.

To say we are trying to steer a course between Scylla and Charybdis, would, I believe, constitute describing the problem in unrealistically sanguine terms. We know for a fact that no matter what we do, we will not steer an entirely successful course between the rocks. On the contrary, we can be sure we will bash ourselves against not one but both rocks.

Inevitably, there will be some cases of corruption and undue political influence. We saw this during the late unlamented days of the Nixon administration, in which a corrupt President and corrupt underlings attempted to turn the entire executive branch into a combination campaign organization and patronage machine.

Inevitably too, there will be some cases in which dedicated and honest Government servants will be denied political opportunities they could have exercised with distinction and without conflict of interest.

In the past, we have fluctuated from one extreme to the other.

Until Teddy Roosevelt instituted reforms in 1907, the U.S. Government was virtually a spoils system. The deleterious results of this approach on the quality and integrity of the U.S. Government do not require elaboration. President Teddy Roosevelt then prohibited classified civil servants from taking part in political campaigns.

Further reform came in 1939 with the Hatch Act, which brought us to where we are today.

The Hatch Act was and is a meat-ax approach, which throttles legitimate political activity to an entirely excessive degree.

The question before us is this: Can we devise a surgically precise bill which, while certainly no cureall, will give us more freedom and at the same time less abuse than is possible today? More specifically, has this bill done it?

At this point, my judgment is that it can be done and the bill before us does it.

One of the most serious problems is that of coercion of subordinates. The bill explicitly prohibits this, and does so more specifically and forcefully than does existing legislation.

Solicitation of contributions in return for votes, between employees, and on Federal property is also strictly prohibited.

Political activity while on duty or while in uniform is prohibited.

I believe these provisions effectively focus on the gut problems. With these restrictions in mind, a Federal employee is then free to run for elective office or to participate in a campaign for office, and his agency is required to give him accrued annual leave or leave without pay if he chooses to run.

Is this the ultimate answer? Most probably not. I fully expect that, as we gain experience, we will find it advisable to relax some provisions and tighten others. Is it a step in the right direction? In my judgment it is, and I urge its passage.

Mr. BEDELL. Mr. Chairman, I rise in support of H.R. 2617, the Federal Employees' Political Activities Act of 1975.

As an original cosponsor of this measure, I am extremely pleased that the House is today considering H.R. 8617. I commend the committee for its diligent work on this important bill. I think that they have presented us with a sound and responsible proposal which deserves prompt enactment into law.

I believe that responsible reform of the Hatch Act of 1939 is long overdue. In my view, this statute violates the rights of free speech and free association which the Constitution guarantees for all its citizens. It seems unfair to me to deny these basic rights to 2.8 million Federal civilian and postal employees. It is time to restore the right of these individuals to participate in the political life of their Nation.

At the same time, however, I am aware of the need to protect against the politicization of Federal service. The original intent of the Hatch Act, namely to prevent improper political pressure on Federal employees, is no less valid today than it was in 1939. Thus, great care must be taken to insure that while Federal civilian and postal employees are granted the right to participate in the political process, they do so only as private citizens and without involvement of their official authority or influence.

Mr. Chairman, it is absolutely essential that any Hatch Act reform legislation strike a balance between the apparently competing interests of individual freedom of expression and of a politically neutral civil service. I believe that the committee has achieved such a balance in H.R. 8617.

There are two important aspects to this legislation. First, it would permit Federal civilian and postal employees to engage in political activities voluntarily and off-duty as private citizens. And second, it provides substantive safeguards against coercion or the use of official authority to dictate political activity.

I believe that this country needs more grassroots political involvement, not less. H.R. 8617 will provide an opportunity for an important segment of our society to participate in the political process without impairing in any way the effectiveness of good government. I urge my colleagues to vote for passage of this landmark piece of legislation.

Mr. FAUNTROY. Mr. Chairman, I am pleased to rise in support of the legislation to substantially modify the Hatch Act, which presently prohibits so many Americans from being able to participate in the electoral process.

The bill, which you have before you,

would establish an independent three-member Board of Political Activities, whose function would be to hear and adjudicate alleged violations of law, and it authorizes the Civil Service Commission to investigate alleged violations of law. The bill does not restore any kind of spoils system which I think is a rightful concern of this House because it prohibits coercion by an employee, as well as any abuse of the employee's influence.

Additionally, the bill prohibits an employee from giving, offering to give, soliciting, or receiving a political contribution in return for one's vote. Of course, the present prohibition on soliciting contributions in Federal facilities continues.

Finally, the bill prohibits political activity by an employee while he is on duty, or while he is wearing a uniform or insignia which would identify him as a Federal employee.

It appears to me, as the Representative of a constituency which is employed overwhelmingly by the Federal Government, that this legislation is long overdue.

The Hatch Act, in my judgment, is an unreasonable infringement on the right of Government employees to participate in democratic government. In addition to the specific prohibitions in the law itself, a maze of rules and regulations has sprung up governing the political behavior of most Federal employees and those working in local and State government programs which are partially or totally funded from Washington.

It has also led to supplemental regulations by individual Government departments and the passage of "little Hatch Acts" by State legislatures over the years.

In the 35 years since the passage of the Hatch Act, the overly broad and vague language of the act, as interpreted by the Civil Service Commission, has prohibited affected employees from running in local elections, writing letters on political subjects to newspapers, becoming a delegate to a political convention, or running for office within a political party. What was originally intended to protect Government employees from political coercion has turned into a dead hand prohibiting them from voluntarily engaging in political activities clearly protected by the first amendment to the Constitution.

Given the general vagueness of the law in several areas, the civil service and departmental regulations can be and often are generally confusing to the employee. The Code of Federal Regulations, for instance, under the section titled "Prohibited Activities"—section 733.122 (b)—states:

> Activities prohibited by paragraph (a) of this Section but are not limited to...

Then goes on to list 13 items. The public employee must govern his conduct with reference to at least three authoritative sources of law—the act itself, the regulations, and informal rulings—all of which are ambiguously worded. Often the sources would appear to conflict with one another.

The vagueness of the current law and its attendant regulations results in selective enforcement of the act. These have led most Federal and District employees to feel constrained to "play it safe" by not becoming politically involved at any level, even in approved political activity. In its overall effect, the act infringes on the right to freedom of speech and action for the approximately 175,000 of my constituents and more than 330,000 Federal employees living in the Washington metropolitan area. It has, as can plainly be seen here in the District of Columbia, created a category of second-class citizens in partisan campaigns, relegating "hatched" employees to minor or politically sterile roles.

At this time in our history when citizen involvement in the political process is so sorely needed, the current Hatch Act systematically excludes millions of responsible and politically knowledgeable citizens from participation. The legislation before you recognizes the basic value of the original act, and addresses itself to the abuses and vagueness of the act. It reflects the needs and realities of contemporary public service and balances those needs with the basic right of all Americans to participate in the partisan electoral process. H.R. 8617 would not weaken those provisions of the Hatch Act which prohibit coercion of Government employees for political contributions or activities and political interference with the merit system in the civil service. What is at issue in this legislation are the broad-ranging proscriptions against political management and campaigning in any form, in any "partisan" connection by any Federal employee. This bill would eliminate much of the vagueness of the act, defining permissible political activities. Precision of regulations must be the touchstone in an area so closely touching our most precious freedom.

For these reasons, Mr. Chairman, I urge support of this legislation and its speedy passage through this House with overwhelming support.

Mr. McCOLLISTER. Mr. Chairman, the Federal Employees Political Activities Act, H.R. 8617, should be enacted. We are experiencing a new awareness of the adverse consequences of governmental overregulation today. The Hatch Act is another excellent example of a good idea carried entirely too far. This is another case for deregulation, for maximizing personal freedoms by cutting back the scope of Government controls, focusing them more directly on the actual problem areas.

With the shrinking public participation in our electoral process and with mounting distrust and disapproval of government generally, it is essential that we do everything in our power to encourage citizen participation in our political system, not erect barriers to such public participation.

The Hatch Act's heavyhanded restrictions on the exercise of elementary political rights may have been unimportant in 1939 when the Federal work force was much smaller. But a lot of things have changed since New Deal days. Today, the Federal Government employs over 2.8 million of the Nation's work force. As frightening as this statistic is to those of us who advocate limited Government, it is a powerful argument for revising the Hatch Act. No longer can we pretend that the denial of political rights for Federal workers imposes a minor burden on a tiny segment of the population. Would that that was the case.

We have had detailed for us the political rights and privileges which have been denied to Federal workers. Another perspective must also be considered. In 1939, the Congress could not even imagine the fantastic growth of Government transfer payments and the monumental growth of grant-in-aid programs which have created a new class of Government clients with very definite political interests. With the exception of defense contractors, all of these individuals and organizations are free to exercise their special interests through involvement in the political process. Equity demands that Federal employees, with every bit as much at stake, both as individuals and in their capacities associated in private organizations, be granted equal access to the political process.

The potential for abuses which prompted enactment of the Hatch Act in 1939 has not disappeared. We must maintain strong safeguards against political intimidation of Federal employees. I believe this bill strikes a reasonable balance between provision of these safeguards and extension of greater political freedom to Federal employees. H.R. 8617 provides prohibitions against employees using their official authority to influence the outcome of an election or "coercing" someone to participate in political activities. It limits who can solicit contributions and where solicitations can be made. No supervisor can solicit from his employees and no solicitations can be made on Government property or in Government buildings. Federal employees are barred from political activities while on duty. The legislation establishes a three-member board to hear cases of alleged violations.

As everyone who has shown an interest in regulatory reform can attest, the status quo is hard to change. It is protected by a virtually impregnable wall of mythology about the horrendous consequences of deregulation—even a partial deregulation as in this case. Opponents of this bill have employed all the emotional arguments generated by this mythology.

The biggest myth of all, however, is that the Hatch Act has produced a "politically neutral bureaucracy." The bureaucracy is no political eunuch. It has its biases. And those biases are generally unrelated to which party controls the White House. Those biases are in favor of regulation and more regulation.

What we must ask ourselves, then is: Is the cost in individual rights denied to Federal workers worth continuing just to keep the illusion that we have eliminated the problem of political bias in the bureaucracy?

The real issue is the need to rebuild public confidence in Government, confidence eroded by a big-spending, inactive Congress and an executive branch ensnared in its own redtape. The emotional scare tactics of opponents of this bill contribute to our basic problem of Government responding to images, rather than reality.

Mr. DOMINICK V. DANIELS. Mr. Chairman, I wish to associate myself with the remarks of my distinguished colleague, and add my own strong support for H.R. 8617, the Federal Employess' Political Activities Act of 1975.

It is sadly ironic that Federal employess are denied the right to participate as private citizens in the political life of this Nation, while their counterparts in State and local government employment have had these political activity prohibitions lifted as of January 1 of this year through the enactment of the Federal Election Campaign Act amendments of 1974.

Are Federal employees less deserving of these basic rights? I respectfully submit that they are not.

But the fact remains that over 2 million people who work for the Federal Government have their rights to political activity tightly restricted by an ambiguous set of 3,000 administrative rulings which collectively comprise Hatch Act regulations.

If the Hatch Act is so unsatisfactory, why was it ever developed in the first place?

Well, as most of my colleagues are aware, the traditional interpretation has been that a comprehensive statute was needed because, during the rapid expansion of the Federal Government in the days of the New Deal, employees of relief agencies such as the Works Progress Administration were being used for political purposes.

One can conclude that, after examining the debates and other records of the event, Senator Hatch and the other framers of the act were concerned with protecting more Federal employees. However, they also wanted to liberalize the restrictive policy evolved by the Civil Service Commission and to protect freedom of speech. As a means of achieving these goals, they intentionally wrote a broad, loosely worded statement in order to permit liberal interpretation.

Experience has revealed that the vague language has been narrowly defined to produce even greater restrictions.

The historical record indicates that the very Senators who enacted the legislation were confused by the vagueness. In order to clarify his interpretation of the proscribed activities, Senator Hatch prepared an index card on which he listed 18 rulings based upon adjudications made by the Civil Service Commission pursuant to the Civil Service Act. When the Hatch Act was amended in 1940, it defined the prohibited activity by incorporating a reference to those 18 rulings made by the Civil Service Commission prior to 1940. This is the present form of the Hatch Act.

When passing the 1940 amendments, Congress expressly denied the Civil Service Commission the power to promulgate rules and regulations specifically pertaining to the Hatch Act. The Commission was denied the power to define political activity. Instead, the Civil Service Commission was saddled with over 3,000 of their pre-1940 rulings. When the amendment was introduced, Senator Hatch did not provide all of the rulings which were incorporated, but merely the same index card he had used in 1939. Thus, Congress passed the Hatch Act without being fully aware of the scope of these rulings.

Mr. Chairman, while the well-intentioned Congressmen who passed the original act and amendment may have been unsure as to the political activities proscribed by the act, time has provided ample opportunity for legal review of these pre-1940 rulings. As a class, they are restrictive, and many of them are clearly in violation of the first amendment to our Constitution.

Time for corrective action by Congress is long overdue.

Mr. Chairman, I am sure my colleagues would be amazed by some of the glaring examples of unconstitutionality which were provided during the committee's extensive hearings on this legislation. Indeed, the hearing record makes very interesting reading, and I would commend it to the attention of my colleagues, especially those interested in American history and constitutional law. However, time does not permit me to go into great detail, so I will simply say that the hearing record is replete with examples of how the Hatch Act has been applied to infringe upon the basic rights of American citizens—citizens who happen to work for the Federal Government.

The legislation before us today is comprehensive and much needed, and I am proud to have been one of the original cosponsors of the bill. It is legislation that will restore basic political rights to over 2 million Federal workers while providing even stronger protection against abuse and exploitation by unscrupulous superior officials.

Mr. Chairman, the legislation before us prohibits the use of official authority, influence or coercion with the right to vote, not to vote or otherwise engage in political activity. The bill also prohibits the use of funds to influence votes: The solicitation of political contributions in Government rooms or buildings; and political activity while on duty, in Federal buildings or in uniform. Additionally, the bill provides leave for candidates for elective office, and establishes an independent board whose function is to adjudicate alleged violations of the law. The legislation also authorizes the Civil Service Commission to investigate alleged violations of the law, and subjects violators of the law to removal, suspension or lesser penalties at the discretion of the board.

The provision of the legislation that I strongly endorse is the requirement that the Civil Service Commission conduct a program of Federal employee education about their rights to political participation, and that this requirement includes an annual report to Congress on its implementation.

Mr. Chairman, this is a very important provision because it is essential that all Federal employees be informed of political rights and restrictions in clear and explicit language. The lack of knowledge and employee confusion under the current act has served as a very effective brake upon even legitimate political activity, and this trend must be reversed.

Finally, Mr. Chairman, I will conclude my remarks that it is altogether fitting that this Congress act to restore basic political rights to Federal workers in time for these rights to be enjoyed in the bicentennial year. Let us not forget the original purpose of the revolution which we will commemorate next year. In this spirit, let us lift the tyranny of ambiguity and confusion from the minds of Federal workers, and restore to them a clear understanding of what is and what is not permissible under the law in the area of political activity.

Mr. Chairman, I strongly urge all of my colleagues to join me in support of this landmark legislation in a congressional affirmation of confidence in the 2.8 million Federal workers who serve our Nation.

Mr. WIRTH. Mr. Chairman, I rise in support of H.R. 8617, which is nothing less than a restoration of American citizenship to American *civil* servants. Ever since the well-intentioned Hatch Act became law in 1939, public employees have been denied the basic political freedoms that the Constitution is supposed to guarantee. They have been denied the rights to full and free speech and association.

No one familiar with the Nixon administration's crass attempts to politicize the civil service can be unaware of the dangers of exposing public employees to political pressure. But those attempts took place, and sometimes succeeded, in spite of the presence of the Hatch Act. In the wake of Watergate, we know that the civil service can never be watertight.

It is true that there are Government employees who like the Hatch Act as it is, and cite the abuses of the recent past as reason enough for voting against this bill. But many of these people are survivors of the McCarthy era, men and women who were traumatized by the political headhunting of those years. They long ago swore never to take risks by getting involved in politics. But the Hatch Act was in force throughout that time, and provided no real protection.

This does not mean, of course, that we can afford to dispense with the Hatch Act, nor does this bill propose to do so. It means only that we should be aware of the limits of any paper guarantee against certain kinds of politicization in the civil service. The most important and effective provisions of the Hatch Act—the prohibition on coercion and vote buying, and on political activity while at work—are reinforced.

Finally, let us ask what sense it makes to keep civil servants so heavily insulated from the political life of the Nation. They are supposed to carry out public policy, yet they are denied any experience of the forces that shape policymaking. It is reasonable to suspect that the American people's complaints about Government remoteness are related to that insulation. We keep civil servants in a kind of political wet-suit, and it is not good for either them or us.

Mr. BADILLO. Mr. Chairman, I rise in support of H.R. 8617. In the last few years, politics has become a dirty word. In this body we refer to ourselves as

Members or Representatives, or lawyers, teachers, farmers. But the one thing we all certainly are is politicians. I think it is important to remember that. And it is important, too, to remember what politics is—it is the very "grassroots" business of participating in the business of running this country.

The Federal Government is the largest single employer in America. What we have done since 1939, simply, is to exclude the largest single bloc of employees in America from playing an active role in determining the direction of their Government. The Congress sends out mixed messages. We go back to our districts and exhort our constituents to play an active role in politics. We tell them that voting is not enough, that the system is open to anyone who cares enough to change things—and that everyone has the potential for playing a role—either as a worker or even as a candidate in the affairs of their party. And then, on the other side, we have perpetuated for 27 years, since 1939, a law that says something else. It says that Congress is open only to certain classes of people, that State and local legislatures are elected through the participation by some of the people. And we see, through Watergate, what closed door politics has gotten us—politics for the few. And I am, therefore, particularly appalled at those proposed amendments that would exclude Federal employees from running for office. The bill before us is structured to provide adequate safeguards against abuse, and to punish those who would violate its provisions. But to punish those who work for the Government simply because they have chosen public service, is not only an abridgement of constitutional rights, but a step backward in the slow progress we are making toward a government that is truly representative of America's citizens.

Mr. ASHBROOK. Mr. Chairman, I strongly oppose the passage of H.R. 8617. This bill would repeal the Hatch Act and return Federal employment to the spoils system. It would also lead to further erosion of public confidence in our Government institutions.

The Hatch Act was enacted in 1939 as a response to massive partisan manipulation of the Federal service. The public was sick and tired of the patronage politics that had pervaded Federal employment. They were fed up with a Government that operated like a political machine.

So in 1939 the Congress moved to establish an efficient and impartial Federal service. Employment and advancement is now determined by merit rather than a person's political contributions. Employees are protected from forced participation in political activities or making "donations" to a campaign against their will.

H.R. 8617 would change all that. It would politicize the executive branch of our National Government. The discredited spoils system once again would become a major factor in the Federal service.

This would be intolerable. It is essential that Federal employees conduct the public business in an impartial fashion. If these employees become identified with narrow partisan interests there will be doubt as to their impartiality in executing the public duties. The basic fairness and integrity of the civil service would be brought into question. The confidence of the people in the integrity of their public institutions is already at a low ebb. Let us not further undermine that confidence.

I would also like to point out that the rights extended by H.R. 8617 would even apply to employees of sensitive Government agencies such as the Internal Revenue Service and the FBI. An employee who audits tax returns or investigates alleged illegal activities could at the same time actively engage in partisan political activities. Citizens naturally are going to wonder about the integrity of these agencies and whether they are getting fair treatment. Furthermore, the inside information garnered from these jobs could be very useful in a campaign. The potential for abuse is staggering.

Admittedly there are some drawbacks to the Hatch Act. Nevertheless, I think that on the whole this system has served our Nation and Federal employees well. I remain firmly convinced that Federal employment should continue to be based on job performance rather than political service. I still believe that some restrictions must be placed on the political activities of Federal employees in order to have the Government function fairly and efficiently.

Mr. DODD. Mr. Chairman, the Hatch Act was passed in 1939 with the clear intent of protecting a rapidly increasing number of Federal, civilian and Postal Service employees from involuntary support of a certain political party or candidate. The intent of this Act was commendable, and over the years since its enactment it has served this purpose, by and large, but it is not perfect. The Hatch Act constitutes a unique and unfortunate infringement on the political rights and freedoms of the nearly 2 million Federal and postal employees to which it now applies.

Mr. Chairman, Congress must now act to amend the Hatch Act in order to afford these Federal employees the same right to exercise their prerogative of voluntary political participation that is enjoyed by all other American citizens. The Federal Employees' Political Activities Act of 1975, H.R. 8617, which is now before the Committee of the Whole House for consideration, would accomplish these goals.

Clearly, it is in the best interest of the American public and the pursuit of true democracy to see that all citizens are allowed to participate in the promotion of their political candidates and ideals voluntarily and without constraint. The tenets of H.R. 8617 are based on this fundamental premise. The bill is complete in its provisions against improper political solicitations of Federal employees, thus safeguarding their free participation in the political process.

This bill protects the public interest by disallowing any political activities which would even suggest to interfere with the performance of the official duties of employees. It strictly prohibits the solicitation of political contributions by supervising officials, and prohibits the making of political contributions within any Government building. In addition, H.R. 8617 has provisions for dealing with any violations, and sets forth sanctions which would apply to offenders.

Indeed, the Federal Employees' Political Activities Act not only provides for and encourages free and voluntary participation in politics by Federal employees, but it also provides even stronger protection against coercion than that which is provided by existing law.

Mr. Chairman, Federal employees have overwhelmingly indicated their support for this legislation. This bill has the support of most Federal employees' unions and associations because of its employee protection provisions.

It is not in the public interest to deny nearly 2 million of the electorate full participation in the political process. I ask that my colleagues consider this legislation on the basis of its merits, and I urge them to join me in restoring the alienated political rights of these Federal employees by approving H.R. 8617.

Mr. CLAY. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The **CHAIRMAN** pro tempore (Mr. Evans of Colorado). The Clerk will read.

The Clerk read as follows:

H.R. 8617

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Employees' Political Activities Act of 1975".

Sec. 2. (a) Subchapter III of chapter 73 of title 5, United States Code, is amended to read as follows:

"SUBCHAPTER III—POLITICAL ACTIVITIES

"§ 7321. Political participation

"It is the policy of the Congress that employees should be encouraged to fully exercise, to the extent not expressly prohibited by law, their rights of voluntary participation in the political processes of our Nation.

"§ 7322. Definitions

"For the purpose of this subchapter—

"(1) 'employee' means any individual, including the President and the Vice President, employed or holding office in—

"(A) an Executive agency,

"(B) the government of the District of Columbia,

"(C) the competitive service, or

"(D) the United States Postal Service or the Postal Rate Commission;

but does not include a member of the uniformed services;

"(2) 'candidate" means any individual who seeks nomination for election, or election, to any elective office, whether or not such individual is elected, and, for the purpose of this paragraph, an individual shall be deemed to seek nomination for election, or election, to an elective office, if such individual has—

"(A) taken the action required to qualify for nomination for election, or election, or

"(B) received political contributions or made expenditures, or has given consent for any other person to receive political contributions or make expenditures, with a view to bringing about such individual's nomination for election, or election, to such office;

"(3) 'political contribution'—

"(A) means a gift, subscription, loan, advance, or deposit of money or anything of value, made for the purpose of influencing the nomination for election, or election, of any individual to elective office or for the purpose of otherwise influencing the results of any election;

"(B) includes a contract, promise, or agreement, express or implied, whether or not legally enforceable, to make a political contribution for any such purpose; and

"(C) includes the payment by any person, other than a candidate or a political organization, of compensation for the personal services of another person which are rendered to such candidate or political organization without charge for any such purpose;

"(4) 'superior' means an employee (other than the President or the Vice President) who exercises supervision of, or control or administrative direction over, another employee;

"(5) 'elective office' means any elective public office and any elective office of any political party or affiliated organization; and

"(6) 'Board' means the Board on Political Activities of Federal Employees established under section 7327 of this title.

"§ 7323. Use of official authority or influence; prohibition

"(a) An employee may not directly or indirectly use or attempt to use the official authority or influence of such employee for the purpose of—

"(1) interfering with or affecting the result of any election; or

"(2) intimidating, threatening, coercing, commanding, influencing, or attempting to intimidate, threaten, coerce, command, or influence—

"(A) any individual for the purpose of interfering with the right of any individual to vote as such individual may choose, or of causing any individual to vote, or not to vote, for any candidate or measure;

"(B) any person to give or withhold any political contribution; or

"(C) any person to engage, or not to engage, in any form of political activity whether or not such activity is prohibited by law.

"(b) For purposes of subsection (a) of this section, 'use of official authority or influence' includes, but is not limited to, promising to confer or conferring any benefit (such as appointment, promotion, compensation, grant, contract, license, or ruling), or effecting or threatening to effect any reprisal (such as deprivation of appointment, promotion, compensation, grant, contract, license, or ruling).

"§ 7324. Solicitation; prohibition

"An employee may not—

"(1) give or offer to give a political contribution to any individual either to vote or refrain from voting, or to vote for or against any candidate or measure, in any election;

"(2) solicit, accept, or receive a political contribution to vote or refrain from voting, or to vote for or against any candidate or measure, in any election;

"(3) knowingly give or hand over a political contribution to a superior of such employee; or

"(4) knowingly solicit, accept, or receive, or be in any manner concerned with soliciting, accepting, or receiving, a political contribution—

"(A) from another employee (or a member of another employee's immediate family) with respect to whom such employee is a superior; or

"(B) in any room or building occupied in the discharge of official duties by—

"(i) an individual employed or holding office in the Government of the United States, in the government of the District of Columbia, or in any agency or instrumentality of the foregoing; or

"(ii) an individual receiving any salary or compensation for services from money derived from the Treasury of the United States.

"§ 7325. Political activities on duty, etc.; prohibition

"An employee may not engage in political activity—

"(1) while such employee is on duty,

"(2) in any room or building occupied in the discharge of official duties by an individual employed or holding office in the Government of the United States, in the government of the District of Columbia, or in any agency or instrumentality of the foregoing, or

"(3) while wearing a uniform or official insignia identifying the office or position of such employee.

"§ 7326. Leave for candidates for elective office

"(a) An employee who is a candidate for elective office shall, upon the request of such employee, be granted leave without pay for the purpose of allowing such employee to engage in activities relating to such candidacy.

"(b) Notwithstanding section 6302(d) of this title, an employee who is a candidate for elective office shall, upon the request of such employee, be granted accrued annual leave. Such leave shall be in addition to leave without pay to which such employee may be entitled under subsection (a) of this section.

"§ 7327. Board on Political Activities of Federal Employees

"(a) There is established a board to be known as the Board on Political Activities of Federal Employees. It shall be the function of the Board to hear and decide cases regarding violations of sections 7323, 7324, and 7325 of this title.

"(b) The Board shall be composed of 3 members—

"(1) one member of which shall be appointed, with the confirmation of a majority of both Houses of the Congress, by the President and who shall serve as Chairman of the Board;

"(2) one member of which shall be appointed, with the confirmation of a majority of both Houses of the Congress, by the Speaker of the House of Representatives, after consultation with the majority leader of the House and the minority leader of the House; and

"(3) one member of which shall be appointed, with the confirmation of a majority of both Houses of the Congress, by the President pro tempore of the Senate, after consultation with the majority leader of the Senate and the minority leader of the Senate.

"(c) Members of the Board shall be chosen on the basis of their professional qualifications from among individuals who, at the time of their appointment, are employees (as defined under section 7322(1) of this title).

"(d)(1) Members of the Board shall serve a term of 3 years, except that of the members first appointed—

"(A) the Chairman shall be appointed for a term of 3 years,

"(B) the member appointed under subsection (b)(2) of this section shall be appointed for a term of 2 years, and

"(C) the member appointed under subsection (b)(3) of this section shall be appointed for a term of 1 year.

An individual appointed to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term of the member such individual will succeed. Any vacancy occurring in the membership of the Board shall be filled in the same manner as in the case of the original appointment.

"(2) If an employee who was appointed as a member of the Board is separated from service as an employee he may not continue as a member of the Board after the 60-day period beginning on the date so separated.

"(e) The Board shall meet at the call of the Chairman.

"(f) All decisions of the Board with respect to the exercise of its duties and powers under the provisions of this subchapter shall be made by a majority vote of the Board.

"(g) A member of the Board may not delegate to any person his vote nor, except as expressly provided by this subchapter, may any decisionmaking authority vested in the Board by the provisions of this subchapter be delegated to any member or person.

"(h) The Board shall prepare and publish in the Federal Register written rules for the conduct of its activities, shall have an official seal which shall be judicially noticed, and shall have its office in or near the District of Columbia (but it may meet or exercise any of its powers anywhere in the United States).

"(i) The Civil Service Commission shall provide such clerical and professional personnel, and administrative support, as the Chairman of the Board considers appropriate and necessary to carry out the Board's functions under this subchapter. Such personnel shall be responsible to the Chairman of the Board.

"(j) The Administrator of the General Services Administration shall furnish the Board suitable office space appropriately furnished and equipped, as determined by the Administrator.

"(k)(1) Members of the Board shall receive no additional pay on account of their service on the Board.

"(2) Members shall be entitled to leave without loss of or reduction in pay, leave, or performance or efficiency rating during a period of absence while in the actual performance of duties vested in the Board.

"§ 7328. Investigation; procedures; hearing

"(a) The Civil Service Commission shall investigate reports and allegations of any activity prohibited by section 7323, 7324, or 7325 of this title.

"(b) As a part of the investigation of the activities of an employee, the Commission shall provide such employee an opportunity to make a statement concerning the matters under investigation and to support such statement with any documents the employee wishes to submit. An employee of the Commission lawfully assigned to investigate a violation of this subchapter may administer an oath to a witness attending to testify or depose in the course of the investigation.

"(c)(1) If it appears to the Commission after investigation that a violation of section 7323, 7324, or 7325 of this title has not occurred, it shall so notify the employee and the agency in which the employee is employed.

"(2) Except as provided in paragraph (3) of this subsection, if it appears to the Commission after investigation that a violation of section 7323, 7324, or 7325 of this title has occurred, the Commission shall submit to the Board and serve upon the employee a notice by certified mail, return receipt requested (or if notice cannot be served in such manner, then by any method calculated to reasonably apprise the employee)—

"(A) setting forth specifically and in detail the charges of alleged prohibited activity;

"(B) advising the employee of the penalties provided under section 7329 of this title;

"(C) affording period of not less than 30 days within which the employee may file with the Board a written answer to the charges in the manner prescribed by rules by the Board; and

"(D) advising the employee that unless the employee answers the charges, in writing, within the time allowed therefor, the Board is authorized to treat such failure as an admission by the employee of the charges set forth in the notice and a waiver by the employee of the right to a hearing on the charges.

"(3) If it appears to the Commission after investigation that a violation of section 7323, 7324, or 7325 of this title has been committed by—

"(A) the Vice President;

"(B) an employee appointed by the President by and with the advice and consent of the Senate;

"(C) an employee whose appointment is expressly required by statute to be made by the President;

"(D) the Mayor of the District of Columbia; or

"(E) the Chairman or a member of the Council of the District of Columbia, as established by the District of Columbia Self-Government and Governmental Reorganization Act;

the Commission shall refer the case to the Attorney General for prosecution under title 18, and shall report the nature and details of the violation to the President and to the Congress.

"(d)(1) If a written answer is not duly filed within the time allowed therefor, the Board may, without further proceedings, issue its final decision and order.

"(2) If an answer is duly filed, the charges shall be determined by the Board on the record after a hearing conducted by a hearing examiner appointed under section 3105 of this title, and, except as otherwise expressly provided under this subchapter, in accordance with the requirements of subchapter II of chapter 5 of this title, notwithstanding any exception therein for matters involving the tenure of an employee. The hearing shall be commenced within 30 days after the answer is filed with the Board and shall be conducted without unreasonable delay. As soon as practicable after the conclusion of the hearing, the examiner shall serve upon the Board, the Commission, and the employee such examiner's recommended decision with notice to the Commission and the employee of opportunity to file with the Board, within 30 days after the date of such notice, exceptions to the recommended decision. The Board shall issue its final decision and order in the proceeding no later than 60 days after the date the recommended decision is served. The employee shall not be removed from active duty status by reason of the alleged violation of this subchapter at any time before the effective date specified by the Board.

"(e)(1) At any stage of a proceeding or investigation under this subchapter, the Board may, at the written request of the Commission or the employee, require by subpena the attendance and testimony of witnesses and the production of documentary or other evidence relating to the proceeding or investigation at any designated place, from any place in the United States or any territory or possession thereof, the Commonwealth of Puerto Rico, or the District of Columbia. Any member of the Board may issue subpenas and members of the Board and any hearing examiner authorized by the Board may administer oaths, examine witnesses, and receive evidence. In the case of contumacy or failure to obey a subpena, the United States district court for the judicial district in which the person to whom the subpena is addressed resides or is served may, upon application by the Board, issue an order requiring such person to appear at any designated place to testify or to produce documentary or other evidence. Any failure to obey the order of the court may be punished by the court as a contempt thereof.

"(2) The Board (or a member designated by the Board) may order the taking of depositions at any stage of a proceeding or investigation under this subchapter. Depositions shall be taken before an individual designated by the Board and having the power to administer oaths. Testimony shall be reduced to writing by or under the direction of the individual taking the deposition and shall be subscribed by the deponent.

"(3) An employee may not be excused from attending and testifying or from producing documentary or other evidence in obedience to a subpena of the Board on the ground that the testimony or evidence required of the employee may tend to incriminate the employee or subject the employee to a penalty or forfeiture for or on account of any transaction, matter, or thing concerning which the employee is compelled to testify or produce evidence. No employee shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which the employee is compelled, after having claimed the privilege against self-incrimination, to testify or produce evidence, nor shall testimony or evidence so compelled be used as evidence in any criminal proceeding against the employee in any court, except that no employee shall be exempt from prosecution and punishment for perjury committed in so testifying.

"(f) An employee upon whom a penalty is imposed by an order of the Board under subsection (d) of this section may, within 30 days after the date on which the order was issued, institute an action for judicial review of the Board's order in the United States District Court for the District of Columbia or in the United States district court for the judicial district in which the employee resides or is employed. The institution of an action for judicial review shall not operate as a stay of the Board's order, unless the court specifically orders such stay. A copy of the summons and complaint shall be served as otherwise prescribed by law and, in addition, upon the Board. Thereupon the Board shall certify and file with the court the record upon which the Board's order was based. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that the additional evidence may materially affect the result of the proceeding and that there were reasonable grounds for failure to adduce the evidence at the hearing conducted under subsection (d)(2) of this section, the court may direct that the additional evidence be taken before the Board in the manner and on the terms and conditions fixed by the court. The Board may modify its findings of fact or order, in the light of the additional evidence, and shall file with the court such modified findings or order. The Board's findings of fact, if supported by substantial evidence, shall be conclusive. The court shall affirm the Board's order if it determines that it is in accordance with law. If the court determines that the order is not in accordance with law—

"(1) it shall remand the proceeding to the Board with directions either to enter an order determined by the court to be lawful or to take such further proceedings as, in the opinion of the court, are required; and

"(2) it may assess against the United States reasonable attorney fees and other litigation costs reasonably incurred by the employee.

"(g) The Commission or the Board, in its discretion, may proceed with any investigation or proceeding instituted under this subchapter notwithstanding that the Commission or the head of an employing agency or department has reported the alleged violation to the Attorney General as required by section 535 of title 28.

"§ 7329. Penalties

"(a) Subject to and in accordance with section 7328 of this title, an employee who is found to have violated any provision of section 7323, 7324, or 7325 of this title shall, upon a final order of the Board, be—

"(1) removed from such employee's position, in which event that employee may not thereafter hold any position (other than an elected position) as an employee (as defined in section 7322(1) of this title) for such period as the Board may prescribe;

"(2) suspended without pay from such employee's position for such period as the Board may prescribe; or

"(3) disciplined in such other manner as the Board shall deem appropriate.

"(b) The Board shall notify the Commission, the employee, and the employing agency of any penalty it has imposed under this section. The employing agency shall certify to the Board the measures undertaken to implement the penalty.

"§ 7330. Education program; reports

"(a) The Commission shall establish and conduct a continuing program to inform all employees of their rights of political participation and to educate employees with respect to those political activities which are prohibited.

"(b) On or before March 30 of each calendar year, the Commission shall submit a report covering the preceding calendar year to the Speaker of the House of Representatives and the President pro tempore of the Senate for referral to the appropriate committees of the Congress. The report shall include—

"(1) the number of investigations conducted under section 7328 of this title and the results of such investigations;

"(2) the name and position or title of each individual involved, and the funds expended by the Commission, in carrying out the program required under subsection (a) of this section; and

"(3) an evaluation which describes—

"(A) the manner in which such program is being carried out; and

"(B) the effectiveness of such program in carrying out the purposes set forth in subsection (a) of this section.

"§ 7331. Regulations

"The Civil Service Commission shall prescribe such rules and regulations as may be necessary to carry out its responsibilities under this subchapter.".

(b)(1) Sections 8332(k)(1), 8706(e), and 8906(e)(2) of title 5, United States Code, are each amended by inserting immediately after "who enters on" the following: "leave without pay granted under section 7326(a) of this title, or who enters on".

(2) Section 3302 of title 5, United States Code, is amended by striking out "7153, 7321, and 7322" and inserting in lieu thereof "and 7153".

(3) Section 1308(a) and title 5, United States Code, is amended—

(A) by inserting "and" at the end of paragraph (2);

(B) by striking out paragraph (3); and

(C) by redesignating paragraph (4) as paragraph (3)

(4) The second sentence of section 8332 (k)(1) of title 5, United States Code, is amended by striking out "second" and inserting "last" in lieu thereof.

(5) The section analysis for subchapter III of chapter 73 of title 5, United States Code, is amended to read as follows:

"SUBCHAPTER III—POLITICAL ACTIVITIES

"Sec.
"7321. Political participation.
"7322. Definitions.
"7323. Use of official authority or influence; prohibition.
"7324. Solicitation; prohibition.
"7325. Political activities on duty, etc.; prohibition.

"7326. Leave for candidates for elective office.
"7327. Board on Political Activities of Federal Employees.
"7328. Investigation; procedures; hearing.
"7329. Penalties.
"7330. Education program; reports.
"7331. Regulations.".

(c) Sections 602 and 607 of title 18, United States Code, relating to solicitations and making of political contributions, are each amended by adding at the end thereof the following new sentence: "This section does not apply to any activity of an employee, as defined in section 7322(1) of title 5, unless such activity is prohibited by section 7324 of that title.".

(d) Section 6 of the Voting Rights Act of 1965 (42 U.S.C. 1973d) is amended by striking out "the provisions of section 9 of the Act of August 2, 1939, as amended (5 U.S.C. 118i), prohibiting partisan political activity" and by inserting in lieu thereof "the provisions of subchapter III of chapter 73 of title 5, United States Code, relating to political activities".

(e) Sections 103(a)(4)(D) and 203(a)(4)(D) of the District of Columbia Public Education Act are each amended by striking out "sections 7324 through 7327 of title 5" and inserting in lieu thereof "section 7325 of title 5".

(f) The amendments made by this section shall take effect on the ninetieth day after the date of the enactment of this Act.

Mr. CLAY (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN pro tempore. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 5, line 2, after "measure" insert "in any election".

The committee amendment was agreed to.

The CHAIRMAN pro tempore. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 5, line 8, strike out "purposes" and insert "the purpose".

The committee amendment was agreed to.

The CHAIRMAN pro tempore. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 6, line 20, insert "(a)" before "An".

The committee amendment was agreed to.

The CHAIRMAN pro tempore. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, immediately after line 4, insert the following:

"(b) The provisions of subsection (a) of this section shall not apply to—

"(1) the President and the Vice President; or

"(2) an individual—

"(A) paid from the appropriation for the White House Office,

"(B) paid from funds to enable the Vice President to provide assistance to the President, or

"(C) on special assignment to the White House Office, unless such individual holds a career or career-conditional appointment in the competitive service.

AMENDMENT OFFERED BY MR. DIGGS TO THE COMMITTEE AMENDMENT

Mr. DIGGS. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. DIGGS to the commtitee amendment: Section 7325(b) is amended by striking the word "or" at the end of line 7; and is further amended by striking out the period at the end of line 16 and inserting in lieu thereof the following: "; or

"(3) The Mayor of the District of Columbia, the Chairman or a member of the Council of the District of Columbia, as established by the District of Columbia Self-Government and Governmental Reorganization Act."

Mr. DIGGS. Mr. Chairman, this is an amendment which, in effect, counteracts the inadvertence of eliminating the exemption of the Mayor of the city of Washington and the Chairman of the City Council and the members of the Council from the application of certain provisions of the Hatch Act.

Those Members who were participants in the debate on the Home Rule Act will recall that we incorporated this provision in that act in order to permit them to participate in the local political process, just as elected officials are so permitted in other jurisdictions around the country.

Unfortunatley, at the time this matter was considered by the committee of jurisdiction, it was overlooked. As a result, without the amendment that I am offering, it would cause an unnecessary interruption in the local government the next time the election rolled around. To participate in the local political process, members of the City Council, the Chairman, and the Mayor would have to resign once they became candidates without this kind of an exemption.

It was for that reason that the provision was put in the home rule bill, in the first place; and it is for that reason that I offer this amendment to continue that exemption.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. DIGGS. Yes, I yield to the gentleman from Missouri.

Mr. CLAY. Mr. Chairman, this was an oversight by the committee in not including this in the original draft.

Therefore, on behalf of the committee, we will accept the amendment.

Mr. DIGGS. I thank the gentleman.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. DIGGS. Yes, I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, I recognize the point that the gentleman is trying to correct. I just want to clarify this for the record.

I am quite surprised that a bill that is so well drafted would have such a major oversight but I do wonder whether I understand correctly that the gentleman's amendment would permit the Mayor and Chairman of the D.C. City Council the normal latitude in political activities that it is the intent of this measure that they have, and that this is correcting that technical situation. Otherwise, as the gentleman mentioned, they would be forced to resign office in order to run for reelection; is that correct?

Mr. DIGGS. The gentleman is correct, and that would also apply to the other members of the City Council.

Mr. DERWINSKI. Mr. Chairman, there is no objection on this side to the gentleman's amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Michigan (Mr. DIGGS) to the committee amendment.

The amendment to the committee amendment was agreed to.

AMENDMENT OFFERED BY MR. DERWINSKI TO THE COMMITTEE AMENDMENT

Mr. DERWINSKI. Mr. Chairman, I offer an amendment to the committee amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI to the committee amendment: On page 7, line 12, strike out the word "or"; and in line 14, insert the word "or" immediately after "Office," and immediately following line 14, insert the following:

"(D) in a position of a confidential or policy-determining character which is expected from the competitive service,

Mr. DERWINSKI. Mr. Chairman, this amendment is a logical extension of the decision the Post Office and Civil Service Committee made in exempting the President and his immediate advisors from restrictions on engaging in political activities while on duty.

The bill as originally presented prohibited all employees of the executive branch, including the President and Vice President, from engaging in political activities while on duty, in any room or building in which a government employee is engaged in duties, or while in a uniform that identifies the person as a Federal employee.

In committee it was decided to exempt from these rather superficial restrictions the President, the Vice President, and their White House office staff for pretty obvious reasons. The President, if he is going to seek reelection must be able to continue his official duties at the same time.

Therefore, the inclusion of schedule C employees under this same exemption is natural, because these are the appointments the President makes to carry out the policies of his administration. These appointments are outside the competitive service, and their tenure is linked to the occupant of the White House.

If what is sought under this legislation is the freedom for Federal employees to engage in partisan political activities, then we should allow equal freedom to all those employees whose appointments are tied to the political fortunes of the Chief Executive.

Mr. CLAY. Mr. Chairman, I rise in opposition to this little perfecting amendment. I would like to inform the gentleman from Illinois that we left it out of the bill intentionally. It was not through an oversight that we left it out.

What the gentleman from Illinois is proposing would actually gut the entire effect of this bill. The gentleman is proposing that all schedule C people, heads of agencies, and any other policymaking divisions be exempt from this provision which in effect would permit all of these persons to legally campaign while on official duty.

That was not the purpose of this bill. We were trying to blanket as many people under the provisions of this act as we possibly could. I do not see how we could justify permitting all these people in these sensitive positions to be able to use the telephone during normal working hours to do any kind of campaigning they want to during normal work hours and at the expense of the taxpayers of this country.

Mr. Chairman, I ask that this amendment to the committee amendment be defeated.

Mr. HARRIS. Mr. Chairman, if the gentleman will yield, do I understand that if this amendment to the committee amendment is adopted that an Attorney General could be a campaign manager and operate in the Attorney General's office and direct the campaign from the Attorney General's office; is that the sort of thing that would come under this amendment?

Mr. CLAY. The gentleman from Virginia is precisely correct.

Mr. GONZALEZ. Mr. Chairman, I move to strike the last word.

Mr. Chairman, this amendment offered by the gentleman from Illinois (Mr. DERWINSKI), if I understand it correctly, would perpetuate the Malek memorandums and practices. That is exactly what it would do. If the gentleman from Illinois knows what I have reference to when I say the Malek memorandums.

Mr. DERWINSKI. I understand.

Let me point out that we are speaking now of Presidential appointments, noncompetitive Presidential appointments and it is a fact of life that these people are appointed because of their specific loyalty to the President.

Mr. GONZALEZ. Under schedule C.

Mr. DERWINSKI. That is right, under schedule C. And there is nothing unethical about this. Schedule C employees are political employees.

Mr. GONZALEZ. That is true, and it has been almost traditionally. But it has been the Achilles heel of the merit system all along. And it was that which Mr. Malek so broadly used, plus a few hints on how to subvert the merit system itself, not only schedule C employees, but the merit system itself.

If I had had my brother's position and had been on the Committee on the Judiciary, the thing that I would have hung around former President Nixon's neck as an impeachable offense was his complete subversion of the merit system through the politicalization of it, through the Malek memorandum and the schedule C abuses.

There is no worse enemy for a first rater in the merit system than a second rater or a third rater or a political employee.

I thought that this august Civil Service Committee would come in with some real reform. I am shocked that here instead of addressing ourselves to that, we are compounding this monumental and egregious error and in effect institutionalizing the absolute doing away with the merit system.

Really I sympathize with the gentleman. What he is saying is if we are going to have a sinner, to wit, the merit system employee, then let us give the schedule C sinner equal rights.

Mr. DERWINSKI. If the gentleman will yield to me to give me a moment to explain my amendment, it merely says if we have a political employee, openly recognize him as such. To me it would be the height of hypocrisy to maintain that schedule C employees should come under the minimum prohibitions of this bill before us. The political facts of life are that schedule C employees get their positions because of political reasons. I am not arguing the Malek issue which involved trying to subvert the Civil Service. I am not arguing Watergate abuses. I am now talking about clear-cut schedule C employees which, if any one of the candidates of the gentleman's party should take office in January of 1977, he would not want the restrictions in this act imposed on those schedule C employees.

Mr. GONZALEZ. I have never been for all of this foolishness. That is why I never promised anybody a job to begin with. It is the height of political folly. If one goes out here and runs for the Congress, or any other Federal job, and he promises some citizen, "If I get in, I will give you a job," then under the Hatch Act, or any other act such as that as they presume it to be, or proclaim it to be, he cannot be helpful to me. He will not be able to campaign for me, so I have never made that kind of promise.

What I am saying is if we are going to have a merit system, if we are going to try to get the merit system back to the federal system of merit—and throughout the decades the Federal Government has set the pace for merit employment, merit in the sense that it has set the pace for working conditions, for fair treatment, for just pension rights, for quality of work, and protection from political interference—that means a favor. A schedule C is by very definition a favored employee. He is exempt from the usual procedures under the merit system, and its requirements, because he belongs to the right political party that happens to be in control.

Whether we are Democrats or Republicans or the administration party or the antiadministration party, or whether we are talking about individuals who are going to dedicate their lives to the service of the Federal bureaucracy, we are trying to protect them.

This bill very euphoniously says, "A bill for the protection" but we have had that kind of bill before. All I am saying is that the gentleman's amendment does not help it any. It just says if we are going to have these sinners, then let my friends be the legalized sinners, too.

Mr. Chairman, I yield back the remainder of my time.

Mr. FORD of Michigan. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

A quorum of the Committee of the Whole has not appeared.

The Chair announces that a regular quorum call will now commence.

Members who have not already responded under the noticed quorum call will have a minimum of 15 minutes to report their presence. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 622]

Andrews, N.C.
Boggs
Brown, Calif.
Clawson, Del
Conyers
Coughlin
Dellums
Diggs
Duncan, Oreg.
Esch
Eshleman
Evins, Tenn.
Fary
Fraser
Giaimo
Harsha
Hébert
Heckler, Mass.
Horton
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Kemp
McCollister
Mann
Milford
Moorhead, Pa.
Mosher
Murphy, N.Y.
Passman
Patman, Tex.
Pickle
Pike
Rees
Scheuer
Shuster
Sikes
Sisk
Solarz
Stanton, James V.
Steed
Stephens
Teague
Treen
Udall
Vanik
Wiggins
Wilson, C. H.
Wylie

Accordingly the Committee rose; and the Speaker pro tempore (Mr. MCFALL) having assumed the chair, Mr. FOLEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 8617, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 384 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. Are there other Members who wish to be heard on the amendment offered by the gentleman from Illinois (Mr. DERWINSKI) to the Committee amendment?

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment to the Committee amendment.

Mr. Chairman, I would like to ask the gentleman from Illinois (Mr. DERWINSKI) a few questions, and I would yield to the gentleman in order that he may answer the questions.

As I read the gentleman's amendment to the Committee amendment, it adds to the exemption already proposed by the Committee amendment for the immediate employees of the President, all those people—

> In a position of a confidential or policy-determining character which is excepted from the competitive service.

Could the gentleman from Illinois tell us how many people this would encompass and what examples of those positions would be?

Mr. DERWINSKI. Mr. Chairman, if

the gentleman will yield, I am pleased to help the gentleman.

Let me say that my amendment would apply to approximately 1,400 employees, the schedule C employees, obviously political employees.

Mr. FORD of Michigan. Would the gentleman select out for us the kind of people involved? And I certainly am not trying to make any reference to anybody connected with Watergate, or anybody else, but only to inquire what people and what positions the gentleman is talking about in these 1,400 employees that he would exempt completely from the restrictions on political activities?

Mr. DERWINSKI. Positions such as those of confidential secretaries, administrative assistants to executive branch officials, people in a direct, political, personal relationship to the head of departments, and so forth.

Mr. FORD of Michigan. The gentleman from Illinois spoke against the bill and has indicated that he is going to oppose the bill and the gentleman gave as his principal reason for opposing the bill that since 1939 the central purpose has been to protect the Federal employee from undue pressure, political pressures, being brought upon him by his superiors. Yet, the gentleman now offers as an amendment to the committee amendment an exemption from the restrictions of this act of the very people who would be most likely to be expected to be asserting political pressure on those that come under them because the gentleman says in his amendment:

> In a position of a confidential or policy-determining character which is excepted from the competitive service.

It is my understanding that that is worded so broadly, the staff tells me that anyone appointed by the President, subject to confirmation by the Senate, would be exempted from the provisions of the act. It would seem to me that we are exempting exactly the wrong people.

If the purpose of the Hatch Act is to protect Federal employees from undue political pressure by people who are in a position to take retribution against them if they do not become amenable to their political pressures, then these people, above all, should not be added to the exemption which is already very broad, and which was worked out in a compromise with the Republicans, I might say, to exempt the President and all of his personal employees. They are the only people who can draw a Federal pay check and actively campaign on Federal property during working hours, using Federal facilities.

We have already given the gentleman everybody that they normally use over there in a campaign, and now he is trying to add to them.

Mr. Chairman, I yield back the remainder of my time.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words. My colleague, the gentleman from Michigan, was very eager to have answers, so we will give him answers.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Illinois.

Mr. DERWINSKI. I thank the gentleman for yielding.

We have just accepted an amendment exempting the Mayor of the District of Columbia and the members of the Council of the District of Columbia. I would just like to point out that we are really discussing schedule C employees under any President, under any administration, who are political employees. To think they are not is to turn one's back on reality.

All my amendment does is address the reality of the situation that schedule C employees, who serve only for the period of the administration, are in fact expected to have political loyalties. This amendment, I think, actually is a logical one if anybody accepts the logic of this bill.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will be glad to yield to my colleague, the gentleman from Missouri.

Mr. CLAY. I thank the gentleman for yielding.

The committee accepted the amendment exempting the Mayor of the District of Columbia and the City Council because if we had not accepted that amendment, they would have to resign from office in order to campaign for reelection.

But what the gentleman is proposing now is that we exempt 1,400 people and say to them, "It is perfectly all right for you to campaign on Federal time, on Federal property, type political letters on Federal typewriters, and make telephone calls from your office." That is precisely what the gentleman is asking this body to do, and that is precisely why this committee is opposed to this amendment.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague, the gentleman from Illinois.

Mr. DERWINSKI. If there is any logic in here, let me point out that if the gentleman's bill has merit, these employees under the present law are exempt. In other words, what he is ironically doing is trying to bring in through the act people who have flexibility because of their nonpolitical responsibility. All I am addressing myself to is the logic of the Federal Government structure. We do have under any President people who have a political responsibility. To say they do not is just defying reality. These schedule C employees have no tenure. They are not taken from a competitive list. They do not have civil service protection. They serve at the whim of the President. They leave as soon as he leaves, or sooner.

All I am saying is that since they are in fact political operatives, they should not be under restrictions that would interfere with their political responsibilities.

Mr. ROUSSELOT. Mr. Chairman, I yield back the remainder of my time.

Mr. HINSHAW. Mr. Chairman, I move to strike the requisite number of words.

I would like to ask the author of the amendment, or any member of the committee—who might be in a position to interpret the language as to whether or not the approximately 1,400 persons who would be exempted would include, for example, the Commissioner of Internal Revenue.

Mr. DERWINSKI. No. We are speaking about officials confirmed by the Senate.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. HINSHAW. I yield to the gentleman from Missouri.

Mr. CLAY. I disagree with the interpretation of my friend. It would exempt the Director of Internal Revenue and the Attorney General and just about anybody else one in a major policy-making position.

Mr. HINSHAW. I would like to ask the gentleman from Illinois (Mr. DERWINSKI) as to whether or not his amendment is intended to exempt from the provisions of the committee bill as written persons such as the Attorney General and the Commissioner of Internal Revenue and the various Secretaries of the Cabinet and persons of that caliber?

Mr. DERWINSKI. No, my amendment does not apply to employees appointed by the President with the advice and consent of the Senate. It mainly applies to the assistants and secretaries to these top officials.

Mr. HINSHAW. One of my concerns, I might point out to members of the Committee, is that there was recently reported in the newspapers an example of one of the Members of the other body, a Senator from one of our Western States, about whom it was suggested in the newspaper article that he is the subject of political maneuverings within the Internal Revenue Service. I do not know whether those allegations are correct or not, but it would seem to me if the Commissioner of Internal Revenue and some of his top deputies could engage in political activities during office hours in their offices, the amendment we are now considering should be so drawn that it would make clear that such employees could not campaign in their offices during office hours. That type of amendment strikes me as perhaps an attempt to make the rest of the bill unacceptable.

I have mixed views as to whether or not Federal employees at all levels should be permitted to campaign. I have a belief that many employees are denied their constitutional rights if they are not permitted to campaign on their own time.

But I am particularly concerned about this amendment and I would like to confirm with the gentleman from Illinois as to whether his amendment is intended to include the Attorney General and the Commissioner of Internal Revenue and other such officers?

Mr. DERWINSKI. No, let me repeat, my amendment does not apply to top appointed officials of the Government.

Mr. HINSHAW. Would this also include the Director of the Office of Management and Budget?

Mr. DERWINSKI. Yes, because he is covered by Senate confirmation.

Mr. HINSHAW. Yes. But because he is

the Director of the Office of Management and Budget could he not apply pressure to officers in other agencies who would not wish to get involved otherwise, but just simply would do so in order to protect their budget?

Mr. DERWINSKI. I would gather he would have that influence, but that could be argued at great length and I suppose he could generate some pressure.

But would the gentleman yield to me and permit me to ask a question of the gentleman from Missouri?

Mr. HINSHAW. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, is it the feeling, do I detect, of the gentleman from Missouri that my amendment is running contrary to the intent of the legislation offered by the gentleman from Missouri?

Mr. CLAY. Very much so.

Mr. DERWINSKI. Mr. Chairman, in that case, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to withdraw his amendment to the committee amendment.

Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 8, line 1, before the period insert "for the purpose of allowing such employee to engage in activities relating to such candidacy".

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the remaining committee amendments.

The Clerk read as follows:

Committee amendments: Page 8, line 9, strike out "section" and insert "sections".

Page 8, line 9, strike out "8324" and insert "7324";

Page 8, line 22, strike out "House" and insert "Houses".

Page 12, line 11, strike out "affording" and insert "specifying".

Page 18, line 20, strike out "Education" and insert "Educational".

Page 18, line 24, immediately after the period, insert the following:

"The Commission shall inform each employee individually in writing, at least once each calendar year, of such employee's political rights and of the restrictions under this subchapter. The Commission may determine, for each State, the most appropriate date for providing information required by this subsection. Such information, however, shall be provided to employees employed or holding office in any State not later than 60 days before the earliest primary or general election for State or Federal elective office held in such State."

Page 21, in the item relating to section 7330 in the analysis, strike out "Education" and insert "Educational".

Page 21, line 8, after "employee" insert a comma.

Page 21, line 9, after "title 5" insert a comma.

The committee amendments were agreed to.

AMENDMENT OFFERED BY MR. CLAY

Mr. CLAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CLAY: Page 8, strike out line 11 and all that follows down through page 9, line 14, and insert in lieu thereof the following:

"(b) The Board shall be composed of 3 members, appointed by the President, by and with the advice and consent of the Senate. One member shall be designated by the President as Chairman of the Board.

"(c) Members of the Board shall be chosen on the basis of their professional qualifications from among individuals who, at the time of their appointment, are employees (as defined under section 7322(1) of this title), except that not more than 2 individuals of the same political party may be appointed as members. Employees of the Civil Service Commission shall be ineligible to be appointed to or to hold office as members of the Board.

"(d) (1) Members of the Board shall serve a term of 3 years, except that of the members first appointed—

"(A) the Chairman shall be appointed for a term of 3 years,

"(B) one member, designated by the President, shall be appointed for a term of 2 years, and

"(C) one member, designated by the President, shall be appointed for a term of 1 year."

Mr. CLAY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. CLAY. Mr. Chairman, this amendment would change the procedure for appointing members on the Board of Political Activity of Federal employees. In H.R. 8617 we provided for setting up a board to adjudicate grievances or charges. We asked that one member of the board be chosen by the President and one by the Senate and one by the House. In recent days a court of appeals held a similar board to be unconstitutional as it relates to the Federal Election Commission. Rather than having a constitutional cloud hanging over the head of this bill and a board which may be ruled unconstitutional, we ask to amend this bill to permit the President of the United States to appoint all three members of the panel.

Mr. DERWINSKI. Mr. Chairman, I move to strike the last word. I do so primarily to direct a question to the chairman of the subcommittee.

Mr. Chairman, do I understand that the purpose of this amendment is in anticipation of possible constitutional questions? Does the gentleman, therefore, wish to refine the bill at this stage?

Mr. CLAY. That is correct.

Mr. DERWINSKI. Are there any other such amendments to this legislation that the gentleman or any members of his immediate working committee would propose?

Mr. CLAY. No, not to my knowledge. The court opinion came after the bill was marked up in full committee.

Mr. DERWINSKI. So in other words, the committee moved too quickly and therefore it must now correct itself?

Mr. CLAY. We could say that the court moved too slowly.

Mr. DERWINSKI. Mr. Chairman, we have no objections to any nonpartisan perfecting amendments.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. CLAY).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI: On page 2, strike out line 9 and insert the following:

"(1) 'employee' means a Congressional employee as defined by section 2107 of this title and any individual, including

Mr. DERWINSKI. First, Mr. Chairman, I define what the title "congressional employee" means in my amendment. A congressional employee means an employee of either the House or the Senate, of a committee of either House or a joint committee of the two Houses, an elected officer of either House who is not a Member of Congress; legislative counsel of either House or employees of his office, a member of the Capitol Police, employees of a Member of Congress if the pay of the employee is paid by the Secretary of the Senate or Clerk of the House, the Architect of the Capitol, employees of the Botanic Garden and employees of the Capitol Guide Service.

My amendment merely provides this: That all of our congressional employees will be covered by this bill. The present Hatch Act exempts legislative employees from its provisions. I think at the time this was probably an oversight, since congressional staffs were rather small at that time.

I would think, if the gentleman from Missouri would argue as he did, that schedule C employees ought to be covered by his new bill. Certainly, legislative employees should be covered.

I would like to point out that this amendment has two very basic purposes. First, it would bring legislative branch employees under the political activity restrictions of the pending bill. Second, it would give legislative employees the same rights as are granted executive branch employees under the bill. I think this is another oversight, and I am trying to correct it. I would hope that a sense of balance between the executive and legislative branches and a feeling of responsibility on the part of the Members, would indicate that we would recommend bringing our employees under the coverage of this act.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Alabama.

Mr. DICKINSON. Mr. Chairman, would I understand the gentleman's amendment to mean, then, that a Member of Congress would be prohibited from having anyone on his staff assisting him or traveling with him in connection with his campaign?

Mr. DERWINSKI. No, they would be prohibited from engaging in any part of the campaign while in his office in Washington, or in the district office.

Mr. DICKINSON. Could the gentleman tell me when a campaign starts and stops?

Mr. DERWINSKI. Theoretically, the campaigning starts the day after an election. If a Member intends to run again, of course, he is under the Federal Election Commission, and I guess he is potentially a candidate.

Mr. DICKINSON. Could the gentleman help me in defining what is meant by "partisan politics"? When it comes to answering mail within the office, would my employees be prohibited from answering mail relative to politics?

Mr. DERWINSKI. I find it difficult to answer the question since I am dealing with a bill of which I am not a sponsor and there is no definition of political activity in the bill. Perhaps the gentleman from Missouri might be able to shed some light as to what he means, as a sponsor of this bill, by "political activity."

Mr. DICKINSON. As I understand the gentleman's amendment, his amendment would broaden it to cover the staff when it deals with political activity, either by the Senate or the House.

Mr. DERWINSKI. The point is that under the pending bill, which I oppose, political activity is not permitted in Federal buildings—in this particular case, it would be the office of the Member—but that political activity outside the office, villages, in the city, in rural areas, on the part of that individual would be permitted under the bill.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding. Am I correct that there is no specification or definition of the term "political activity" in this measure?

Mr. DERWINSKI. That is my understanding from reading the bill.

Again, although I believe we tried to discuss that earlier with the gentleman from Missouri, there is nothing as I see it in the pending bill, that would give us a good definition of what is political.

Mr. GILMAN. If the gentleman will yield further, that is the very issue we raised earlier. I hope that my amendment will be able to resolve this question.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Alabama.

Mr. DICKINSON. I thank the gentleman for yielding. I am troubled by this, because I have seen the first evidence of our activity on the Election Commission we just set up, and I would assume since there is no specificity in this bill as to what is political, we would have to leave it up to the Federal Election Commission as to what is political and what is not political.

Would that be the gentleman's interpretation?

Mr. DERWINSKI. That is not my interpretation of the intent of this bill. If the gentleman will permit me, I will point out that one of the reasons I am opposed to this bill is because it is so vague. It seems to liberalize, and it does so in such a fashion as to lay it open to all sorts of interpretations.

Mr. HARRIS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I wonder if my good friend and colleague, the gentleman from Illinois (Mr. DERWINSKI), will answer a question with regard to his amendment.

There is one thing that has been always very refreshing about my colleague, the gentleman from Illinois (Mr. DERWINSKI), and that is that he has always answered questions very directly and very specifically. I remember a couple of weeks ago he made the claim that if he supported an amendment in committee it was only to mess up the bill, he was not for the amendment. I would like to have my colleague tell me if this amendment really is the type of thing he wants in the law, and is he still opposed to the bill?

Mr. DERWINSKI. If the gentleman will yield, I thought I made it clear I am offering this amendment because I thought it was consistent with the arguments that the gentleman from Missouri and others have made on schedule C employees. Certainly we in the Legislative branch would want our employees, to be covered by this noble new act, as well as employees of the executive branch.

Mr. HARRIS. The gentleman would still be opposed to the bill even with this provision in it; is that correct?

Mr. DERWINSKI. Since the gentleman is demanding an honest answer, let me say that this bill is so bad that my amendment gives it a touch of legitimacy it does not deserve, and I would have to oppose it anyway.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. DERWINSKI).

The question was taken; and the Chairman announced that the noes appeared to have it.

Mr. BROWN of Michigan. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROUSSELOT: Page 7, line 18, insert "(1)" immediately after "(a)".

Page 7, immediately after line 21, insert the following:

"(2) Any employee who is a candidate for elective office shall be placed on leave without pay effective beginning on whichever of the following dates is the later:

"(A) the 90th day before any election (including a primary election, other than a primary election in which such employee is not a candidate) for that elective office, or

"(B) the day following the date on which the employee became a candidate for elective office.

Such leave shall terminate on the day following the election or the day following the date on which the employee is no longer a candidate for elective office, whichever first occurs. The preceding sentences shall not apply to the extent an employee is otherwise on leave. The Civil Service Commission shall, upon application, exempt from the application of this paragraph any employee who is a candidate for any part-time elective office."

Page 8, beginning in line 3 and ending in line 4, strike out "to which such employee may be entitled" and insert in lieu thereof the following: "of such employee".

Page 8, immediately after line 4, insert the following new subsections:

"(c) An employee shall promptly notify the agency in which he is employed upon becoming a candidate for elective office and upon the termination of such candidacy.

"(d) The foregoing provisions of this section shall not apply in the case of an individual who is an employee by reason of holding an elective public office.

Mr. CLAY (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

Mr. ROUSSELOT. Mr. Chairman, reserving the right to object, does the gentleman from Missouri mind if we allow the Clerk to complete the reading of the amendment? It will not take very much longer.

Mr. CLAY. Mr. Chairman, if the gentleman will yield, I withdraw my unanimous-consent request.

(The Clerk completed the reading of the amendment.)

Mr. ROUSSELOT. Mr. Chairman, this amendment would require that a Federal employee who is a candidate for election must promptly notify the agency in which he is employed. The agency must place the employee on leave without pay either on the 90th day before the election either general or primary, or on the day following the date which the employee becomes a candidate; whichever comes later.

An employee is a candidate when he has taken the action to qualify for nomination for election, or election; or has received political contributions or made expenditures; or has given consent for any person to receive political contributions or make expenditures, with a view to bringing about such employee's nomination for election, or election, to such office.

In a recent study conducted by the Congressional Research Service's International Law Division, the conclusion was that the following countries require that their government employees take mandatory leave without pay: Australia, Canada, France, Belgium, Great Britain, Japan, and New Zealand. So it is certainly not unusual for a government employee to be required, to take mandatory leave without pay.

Those candidates who are running for election to part-time elective office; for example, county water commissioner, school board, smalltown mayor, and so forth, shall be exempted from the requirement to take leave without pay upon the application of that employee to the Civil Service Commission. It is contemplated that most elective positions at county level or below will be exempted. However, the Commission must make that determination on a case by case basis.

The purpose of the amendment is to prevent those who are candidates for full-time elective positions from remaining on the Federal payroll while they are campaigning for political office. I would strongly urge the adoption of this important amendment.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Missouri.

Mr. CLAY. Mr. Chairman, I endorse this proposed amendment. It requires that employees, as defined in the bill, who seek elective office, must take leave from their positions 90 days prior to the election or immediately upon becoming a candidate for elective office, whichever comes later. The employee may elect to take accrued annual or other paid leave if this is available. Such leave terminates immediately upon the day after election, or when the employee declares that he is no longer a candidate for elective office.

The Civil Service Commission is authorized, upon the request of an employee who seeks part-time elective office, to grant that employee an exemption from the application of this provision.

It is my expectation that the commission will make a broad definition of the term "part time." This would include public and party positions, the fulfillment of whose responsibilities in the ordinary course of events would not generally interfere with the discharge of an employee's official duties. I anticipate that elective offices, especially political party elective offices, in political subdivisions below the county or municipal level would almost always fall within the definition of part-time elective office. Public elective offices in less than complete taxing jurisdictions with limited functions and limited periods of compensation would also fall within the determination of part-time elective office.

It is imperative that Federal employees maintain not only the reality but the image of keeping political activities separate from the performance of their duties. This provision would provide an additional means of insuring that such activities do not erode public confidence in the impartial administration of government.

I applaud my colleague for offering this amendment. It merits our support.

AMENDMENT OFFERED BY MR. CLAY TO THE AMENDMENT OFFERED BY MR. ROUSSELOT

Mr. CLAY. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. Clay to the amendment offered by Mr. Rousselot: at the end of the amendment add the following: ", except that the provisions of section 7326 (a)(2) of title 5, United States Code, as amended by this Act, shall take effect on the one hundred and twentieth day after such date"; and

Page 22, immediately below line 7, insert the following:

"(g) Not later than sixty days after the date of the enactment of this Act, the Civil Service Commission shall—

"(1) establish standards and criteria by which determinations shall be made as to which elective offices will be considered part-time elective offices for purposes of administering section 7326(a)(2) of such title 5, and

"(2) prepare and transmit a report to the Congress containing such standards and criteria."

Mr. CLAY. Mr. Chairman, this amendment provides that the provision of H.R. 8617, requiring 90 days' mandatory leave for employees who seek elective office, shall take effect 120 days following the enactment of the bill. It further provides that, within 60 days following enactment of this bill, the Civil Service shall establish standards and criteria for the determination of which elective offices shall be considered part time, for purposes of administering that provision, and that the report containing such standards and criteria shall be prepared and transmitted to the Congress for review.

It is my expectation, of course, that any subsequent modifications of these standards and criteria, would also be referred to the Congress for review purposes, 90 days prior to implementation.

It is imperative that the Congress have the opportunity to review the meaning of part-time elective office, as determined by the Civil Service Commission. If accepted, this amendment will afford the Congress, through its appropriate committees, the opportunity to exercise proper oversight in this aspect of H.R. 8617.

I urge my colleagues to support this amendment.

Mr. HINSHAW. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like, if I might, to have a colloquy with the author of each of the two amendments in order to clarify my understanding of what each amendment seeks to do.

I ask my colleague, the gentleman from California (Mr. Rousselot), does his amendment apply only to those Federal employees who are running for Federal office or would it include State and local offices as well?

Mr. ROUSSELOT. Mr. Chairman, if the gentleman will yield, my amendment would apply to all Federal employees who run for full-time jobs.

It would not apply to a school board election, say, which is not considered a full-time job, or it would not apply to a city council election which is not a full-time job.

If, let us say, the mayor of a city has a full-time job, then it would apply. Therefore, it applies to all elective offices that are full-time jobs.

Mr. HINSHAW. Could the gentleman from California (Mr. Rousselot) explain his rational for including those running for full-time jobs who may choose to campaign solely outside of their normal, required working hours?

Mr. ROUSSELOT. The point is that a civil service employee may campaign for a part-time elective office without being placed in a 90-day leave without pay status.

The attempt is to prevent federally paid employees from campaigning for full-time elective office, without taking a 90-day leave of absence, during the primary or the general election. The thesis was that in the private sector most boards of directors of corporations require employees to take a leave of absence without pay when they are campaigning for a full-time public office.

Mr. HINSHAW. It is my understanding that in the past, in the private sector as well as in the public sector, employees other than Federal could do whatever they chose to do on his own time, that he could campaign or not campaign as he saw fit.

Mr. ROUSSELOT. Yes; this amendment does not alter that.

Mr. HINSHAW. But as I understand the gentleman's amendment, if a person chooses to campaign outside of his normally required working hours, notwithstanding his intent and his practice, he must take leave to campaign outside of normal working hours; is that correct?

Mr. ROUSSELOT. That is correct.

Mr. HINSHAW. Why would the gentleman think that we should single out Federal employees when the same thing would not apply to State and local employees?

Mr. ROUSSELOT. In many cases, as the gentleman knows, State and city employees running for full-time office are required to take leave.

Mr. HINSHAW. I am not aware of any State or local employee who is required to take leave if he chooses to campaign outside of the normal working hours.

Could the gentleman give me an example of that?

Mr. ROUSSELOT. Yes; I believe in California we have such laws which relate to county and State employees or for given types of offices.

Mr. HINSHAW. Mr. Chairman, I am unaware of any exemptions in California where a person cannot run for an office and campaign on his own time outside of normal working hours.

Mr. ROUSSELOT. Let me say to the gentleman from California that if the gentleman believes that Federal employees should be allowed to campaign then the gentleman should vote against the amendment.

Mr. HINSHAW. I just wanted to clarify what the amendment would do.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this time because I find that there is considerable disagreement on our side about what the effect of this amendment would be. I understand that there has been discussion between the author of the bill and the author of the amendment attempting to reach an accommodation but I have become convinced in the last few minutes that what they purport to attempt to do is not being accomplished.

As I read the amendment it would prohibit anyone from remaining on the Federal payroll who was covered by the act from that time, 90 days before a primary election, until the ultimate general election, if he were nominated. In some of our States, as the Members well know, primary elections take place in the early spring and the general election not until November. So we may be saying that to run for any political office partisan or nonpartisan you must be off up to 6 months. I understand that we will have an amendment that would say that if you want to run for a Federal office you would have to get off the Federal payroll for some period of time before you ran for office. But this amendment applies to all offices. It says any employee who is a candidate for elective office. It does not say Federal office or partisan elected office. Unlike the gentleman's description when he explained his amendment, it does not say "full-time" office.

Then the amendment says the Civil Service Commission shall, upon application, exempt from the application of this paragraph any employee who is a candidate for any part-time elective office.

The gentleman from Missouri (Mr. Clay) tries to patch that up with his amendment by saying let the Civil Service Commission have 120 days to decide what is part time.

A State legislator in one State is paid considerably more than they are paid in other States. Which of them is a part time, or a full time, job? Does the mayor of a small city who gets $10,000 a year get blocked out of his payroll because it is a full-time job because in that city they consider $10,000 a full-time job? While a county commissioner in another State running for a $25,000-a-year job may be ruled to be a part-time employee?

Mr. HINSHAW. Mr. Chairman, if the gentleman will yield, I would just like to suggest that under the original amendment and the amendment to the amendment that the Federal Civil Service officials here in Washington, would, in fact, in order to carry out the intent of both the amendments, have to analyze each and every elective office in the entire country be they State, Federal, local, or the part-time offices such as the parks and recreational district offices.

Mr. FORD of Michigan. I thank the gentleman from California.

Mr. Chairman, I would like to recite an experience I had in my background, and that is that I was a member of the Michigan Constitutional Convention when we got into very difficult discussions on defining elective jobs. I think if the Members will look at the constitutions of their States they will seldom ever see an elective position described, whether a constitutional position or a statutory position described as a full- or part-time position until you get to those specific instances such as judges.

I would merely like to prevail on both sides who have been showing such great cooperation in order to get a bill adopted here, to withdraw both of the amendments, and would suggest that possibly before we finally adopt the bill that we may be able to have language prepared that will do what they thought they meant by their amendments. But, really, and clearly, the amendment offered by the gentleman from California is fatally defective and is not cured by the amendment offered by the gentleman from Missouri. Therefore, I would urge the Members to vote no on both of the amendments unless they are withdrawn and corrected to achieve their stated purpose.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. Clay) to the amendment offered by the gentleman from California (Mr. Rousselot).

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. Rousselot), as amended.

The amendment, as amended, was agreed to.

AMENDMENT OFFERED BY MR. GILMAN

Mr. GILMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gilman: Page 11, line 10, immediately after the period, insert the following new sentences: "Any such investigation shall terminate not later than 90 days after the date of its commencement, except that such 90-day limitation may be extended upon the written approval of the Board for the period specified in such approval. If the Commission does not make the notification required under subsection (c) of this section before the close of the period for investigation, subsections (c) (2) and (3) and (d) of this section, and section 7329 of this title, shall not apply thereafter to the employee involved with respect to the activities under investigation."

Mr. GILMAN. Mr. Chairman, my amendment addresses itself to the investigatory process and would require that the Civil Service Commission complete its investigation of a Federal employee's alleged illegal political activities within 90 days of the commencement of the investigation. The commencement of the investigation would be a factual determination made by the Board on Political Activities on the totality of the circumstances which indicate that the investigation has clearly focused on the Federal employee in question at a specific point in time. If the Commission requires additional time to complete its investigation, it must then apply to the Board on Political Activities for an extension of time. It is the intent of this amendment that requests for additional time be given only for good cause and that additional extensions would be given only under extenuating circumstances. I would like to reiterate that the original 90-day period does not begin to run until the investigation has clearly focused on the individual Federal employee. An example of this situation might be a self-initiated investigation by the Civil Service Commission of a nationwide conspiracy by Federal employees to subvert the merit system of Federal hiring practices. It is clear that such an investigation could readily exceed the 90-day limitation before focusing on all those involved in such a conspiracy. It should also be evident that extenuating circumstances would clearly exist for the granting of additional extensions of time so that the secrecy of the investigation could be maintained until all those who were involved in the conspiracy were discovered.

Under this amendment, if the Commission fails to complete its investigation within the alloted time, all charges against the employee must be withdrawn.

The purpose of this amendment is to balance the interests of the Commission in effectively investigating alleged illegal political activities with the right of the employee to know within a reasonable time whether or not charges will be brought against him.

By adopting this amendment, the Commission would have to allocate sufficient resources to complete all investigations within a reasonable time so that justice may be served for all concerned as quickly as possible. I urge my colleagues to support this amendment.

Mr. CLAY. Mr. Chairman, I support this amendment. It strengthens H.R. 8617 by requiring that the Civil Service Commission complete its investigation of reports and alleged violations of the law within 90 days of its commencement. An extension of time to conduct the investigation beyond this period may be granted only by the Board and then only for a specific period of time. Failure by the Commission to complete its investigation during the specified period invalidates any subsequent adverse actions by the Board. It is my understanding that this provision prohibits information derived from such an investigation from being subsequently used against employees concerned.

I commend my distinguished colleague for offering this amendment. By establishing a time limitation for the completion of the Commission's investigation, the rights of employees are protected and the public interest is served by requiring a speedy disposition to allegations and reports of violations of the law.

I hope that my colleagues will support this useful proposal. The committee accepts the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. Gilman).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. GUDE

Mr. GUDE. Mr. Chairman, I offer several amendments.

The Clerk read as follows:

Amendments offered by Mr. Gude: Page 6, strike out lines 1 and 2 and insert in lieu thereof the following:

"(3) knowingly give or hand over a political contribution to another employee; or".

Page 6, strike out lines 6 through 8 and insert in lieu thereof the following:

"(A) from another employee (or a member of another employee's family); or".

Page 4, strike out lines 3 through 6 (relating to the definition of a superior).

Page 4, line 7, strike out "(5)" and insert in lieu thereof "(4)".

Page 4, line 10, strike out "(6)" and insert in lieu thereof "(5)".

Mr. GUDE (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered in gross, considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. GUDE. Mr. Chairman, I offer an amendment to prohibit a Federal employee from knowingly giving or handing over a political contribution to another Federal employee.

Existing law expressly forbids such activity in order to insulate Federal employees from being inundated with hard-to-refuse requests. Now H.R. 8617 comes along and proposes that such contributions are OK—so long as they are "voluntary." The bill even goes so far as to amend certain criminal provisions in order to make this legal—except in the case of a superior-subordinate relationship.

These distinctions are just plain unworkable in the real world and only serve to strip the civil servant of his insulation—the bulwark of the civil service merit system.

It was not just happenstance that the era which brought about the Hatch Act in 1939 was referred to as the "New Gold Rush."

Proliferation of new deal programs brought congressional allegations of widespread financial solicitation by local political party officials.

These allegations were documented by a special Senate committee report which was a forerunner of the present prohibitions. The committee found that employment promotions and favorable work assignments were contingent upon the purchase of tickets to various fund-raising functions or direct financial contributions to local political party organizations.

Just a year or so ago, officials in the Federal supply service of GSA were found in violation of the Hatch Act for having solicited contributions to a $500-a-plate "Salute to the President" dinner.

The other day, the personnel director of a legislative agency urged the defeat of H.R. 8617. He told me:

> My boss is appointed by the President. You better believe that if this bill is passed come election time everybody around here will be out campaigning and contributing—voluntarily of course—to secure promotions or just to retain their job. And that could well include me.

An article in the Washington Star puts the matter succinctly:

> The fact is that direct pressure would not have to be used.
>
> Ambitious, eager-beaver employees would see the handwriting on the wall and would volunteer their political services to their bosses and other employees seeing that their only chance for career advancement would depend on their political participation would also rush into the fray.

It is the nature of human beings to seek security for themselves and their families. If such contributions are allowed, civil servants may see their colleagues all around them falling into the "fray" and may feel compelled to contribute—voluntarily of course—in order to secure their jobs.

Whatever political activity is permitted will eventually be required.

Mr. CLAY. Mr. Chairman, I rise in opposition to the amendments.

Mr. Chairman, I rise in opposition to this proposed amendment.

There is no good reason as to why Federal employees should not be able to participate fully in the political process by making a political contribution—provided that such activities are voluntary and do not even appear to interfere with the impartiality and effectiveness of Government. H.R. 8617 permits employees to make political contributions so long as, like other political activities, they are neither solicited nor made on duty, in a government room or building, or while in uniform. Further, there are prohibitions against arm-twisting and putting pressure on members of the family of any Federal employee.

This proposal, under the guise of looking out for the interests of the public and employees themselves, is very regressive in limiting the political freedom of Federal employees. It adds nothing to the bill. The issue was carefully considered in the hearings conducted by the subcommittee. There was not one iota of testimony in support of such a prohibition.

I urge my colleagues to reject this ill-advised amendment.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Maryland (Mr. Gude).

The question was taken; and on a division (demanded by Mr. Gude) there were—ayes 17, noes 21.

So the amendments were rejected.

AMENDMENT OFFERED BY MR. GILMAN

Mr. GILMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Gilman: Page 15, line 16, strike out "An" and insert in lieu thereof the following: "After requesting in writing and obtaining the approval of the Attorney General, the Board may determine that an employee's attendance and testimony are necessary to the carrying out of the Board's functions under this subchapter. (For purposes of the preceding sentence, if the Attorney General does not notify the Board in writing within 30 days after the date on which a request for such approval is made that the Board does not have his approval, then such approval is deemed to have been given.) If the Board makes that determination, such".
>
> Page 16, line 1, insert "under this paragraph" immediately after "compelled" but before the comma.

Mr. GILMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GILMAN. Mr. Chairman, my amendment would require that the newly created Board on Political Activities obtain the written approval of the Attorney General before immunity from prosecution is granted by the Board to a Federal employee in order to compel testimony which may be detrimental to that employee's best interests.

H.R. 8617 fails to provide the necessary coordination between the Board and the Attorney General to prevent the damage or destruction of more serious criminal prosecutions by independent grants of immunity by the Board on Political Activities. My amendment would insure that the Attorney General will determine the final approval of any grants of immunity for self-incriminating testimony concerning illegal activities.

This amendment requires that the Attorney General respond to the Board's request for immunity within 30 days with a written response. If the Attorney General asks for an extension of time to study the request of immunity, he must be granted an additional 10 days if the reason is stated in written form to the Board within the 30-day period. If the Attorney General fails to respond to the Board's request within 30 days, the approval of the grant of immunity shall be deemed to have been given.

The coordination between the Attorney General and the Board on Political Activities on grants of immunity is essential to the effective and forceful prosecution of Federal employees who would violate our criminal statutes. I urge the adoption of this essential amendment.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. GILMAN. I yield to the gentleman from Missouri.

Mr. CLAY. Mr. Chairman, I have no objections to this amendment. In the past, the Attorney General has been reluctant to prosecute individuals who are charged with violations of the criminal statutes dealing with political activities growing out of the Hatch Act. I agree with the concept that, should the Attorney General desire to prosecute such alleged offenders, his efforts should not be thwarted by the untimely granting of immunity from criminal prosecution of potential defendants. The approval to proceed with civil proceedings need not be granted by the Attorney General in writing. Disapproval of such authorization to proceed must be in writing. Failure of the Attorney General to make any response within 30 days is deemed, for purposes of this legislation, to constitute approval to proceed with granting of immunity by the Board.

I congratulate my colleague for offering this proposed amendment and I urge my colleagues to support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. Gilman).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. Rousselot: On page 21, in line 4, insert "(1)" immediately after "(c)" and immediately after line 10, insert the following:
>
> (2) Chapter 29 of title 18 of the United States Code is amended—
>
> (A) by adding at the end the following new section:
>
> "§ 614. Extortion of political contributions from Federal personnel.
>
> "Whoever, by the commission of or threat of physical violence to, or economic sanction against, any person, obtains, or endeavors to obtain, from an officer or employee of the United States or of any department or agency thereof, or from a person receiving any salary or compensation for services from money derived from the Treasury of the United States, any contribution for the promotion of a political object, shall be imprisoned not less than two nor more than three years, or fined not more than $5,000, or both."; and

(B) by adding at the end of the table of sections for such chapter the following new item:

§ "614. Extortion of political contributions from Federal personnel."

Mr. ROUSSELOT. Mr. Chairman, my amendment would create an additional section to title 18 of the United States Code entitled "Section 614. Extortion of political contributions from Federal personnel." This amendment would make it a Federal crime to coerce a Federal employee to engage in political activity by means of physical violence or economic sanction against Federal employees or threats thereof in order to obtain or endeavor to obtain a contribution for the promotion of a political object. Contribution is defined as in section 591 of title 18:

The term "contribution" includes a gift, subscription, loan, advance, or deposit, of money, or anything of value, and includes a contract, promise, or agreement to make a contribution whether or not legally enforceable.

The amendment includes in the category of employee all those who receive funds from the Treasury of the United States. It is the intent of the amendment to extend the protection from coercion to those employees under State grant programs which are federally funded.

The language of the amendment is a synthesis of similar provisions in the 600 section of title 18 of the United States Code which relates to the prohibition of political activities of Federal employees and section 1931 of title 18 which prohibits the interference with commerce by threats of violence. This section is sometimes known by the popular name of the Hobbs Act.

The purpose of the amendment is to prevent those individuals who would attempt to undermine the integrity of Federal employees through threats of physical violence or economic sanction.

An example of this type of prohibited activity would be a Federal employee, who is represented by his union in an adverse action proceeding. Conceivably, the union could threaten to refuse to represent the employee if he did not participate in a certain candidate's campaign. This would clearly be a violation since it is a threat of economic sanction against the employee.

This amendment is essential to protect the Federal employee from those individuals who would attempt to undermine the integrity of the civil service.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Missouri.

Mr. CLAY. Mr. Chairman, I rise in support of this proposed amendment. It further protects Federal employees against improper coercion by any individual. It provides criminal sanctions against actual or threatened physical violence or economic sanctions. Employees in this section are defined to include civilian and postal employees of the executive, judicial, and legislative branches, members of the uniformed Armed Forces, and all other individuals whose salaries are paid from the Treasury of the United States.

The language is explicit and comprehensive. It is well within the spirit of H.R. 8617 and, accordingly, I urge its adoption.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. ROUSSELOT).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. FISHER

Mr. FISHER. Mr. Chairman, I offer several amendments.

The Clerk read as follows:

Amendment offered by Mr. FISHER: Page 6, strike out lines 19 and 20 and insert in lieu thereof the following:

"§ 7325. Political activities by employees, etc.; prohibition

"(a) An employee may not hold, or be a candidate for—

"(1) any elective office, unless such office is—

"(A) a part-time elective public office of a State or political subdivision of a State, or

"(B) to be held by an individual elected in a nonpartisan election, or

"(2) any office of a political party.

"(b) An employee may not engage in political activity—

"(1) in which such employee actively participates in any campaign activity on behalf of, or in opposition to, any political party or any candidate for any elective office, unless such activity is in connection with—

"(A) any campaign by any candidate for elective public office of a State or political subdivision of a State, or

"(B) any nonpartisan election.

Page 6, line 21, strike out "(1)" and insert in lieu thereof "(2)".

Page 6, line 22, strike out "(2)" and insert in lieu thereof "(3)".

Page 7, line 3, strike out "(3)" and insert in lieu thereof "(4)".

Page 7, line 5, strike out "(b)" and insert in lieu thereof "(c)", and strike out "subsection (a)" and insert in lieu thereof "subsections (a) and (b)".

Page 7, immediately below line 16, insert the following:

"(d) The provisions of subsection (a) and of paragraph (1) of subsection (b) shall not apply to—

"(1) the head or the assistant head of an Executive agency or military department;

"(2) an employee appointed by the President by and with the advice and consent of the Senate;

"(3) the Mayor of the District of Columbia;

"(4) the Chairman or a member of the Council of the District of Columbia, as established by the District of Columbia Self-Government and Governmental Reorganization Act; or

"(5) the Recorder of Deeds of the District of Columbia.

"(e) For purposes of this section—

"(1) 'office of a political party' means the position of chairman, vice chairman, secretary, treasurer, or committeeman of any national, State, or local political party or any other substantially similar position;

"(2) 'nonpartisan election' means any election—

"(A) in which no candidate is to be nominated or elected as a representative of any political party which was identified with any candidate who received any vote in the last preceding election at which presidential electors were selected; or

"(B) on any issue, including a constitutional amendment, referendum, or any other issue, which is not identified with any political party; and

"(3) 'State' means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, or any other territory or possession of the United States.

Page 7, strike out "elective office", beginning on line 18 and ending on line 19, and on line 23, and insert in lieu thereof "any elective office specified in subparagraph (A) or (B) of section 7325(a)(1)".

Page 21, in the item relating to section 7325 in the section analysis following line 3, strike out "on duty" and insert in lieu thereof "by employees".

Mr. FISHER (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD, and that the amendments be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia

There was no objection.

Mr. FISHER. Mr. Chairman, the central problem we deal with here is, on the one hand, to extend the right to participate in the political affairs of the country to Federal employees; and on the other hand, to protect these same Federal employees against discrimination and to preserve a neutral, efficient Civil and Postal Service. These two have to be reconciled; that is the problem.

I think the bill as presented by the committee is really quite good, but I think it is deficient in several respects. I believe my amendments will restore the balance that we must find between these two very important objectives. More to the point, large numbers of Federal Government employees themselves agree with this.

My amendments do three things: First, it permits the Federal Government employees, postal employees, to run for part-time State and local offices—not full-time, but part-time. This covers nearly 80 percent of the mayors, 94 percent of the city councils, and virtually all the county commissioners, school boards and all the rest of it.

It would maintain the present law regarding Federal offices, that is, Federal employees would not be permitted to run for Federal offices; 535 Congressmen, President, and Vice President.

The second thing it does is to permit the Federal employees to campaign actively for candidates for State and local offices, full as well as part-time, but not candidates for Federal office. Finally, it would prohibit the Federal employees from holding office in partisan groups; that is, political parties at any level of government.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. FISHER. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. Mr. Chairman, I wonder if the gentleman would interpret the application of his amendment to situations where political workers are handing out at polling places tickets which contain both Federal, State, and local employees.

Mr. FISHER. They would not be able to do that for candidates for Federal office.

Mr. LONG of Maryland. They would be only able to hand out State tickets. They could not hand out a ticket in which a Federal office was involved?

Mr. FISHER. That is correct.

Mr. Chairman, I see a number of dangers in the present bill. If political offices and campaigns at the Federal level were open to Federal workers, I think the merit system as we know it and the impartial administration of the laws would be jeopardized. As it is, under the present law we have seen a vicious attempt in recent years to subvert the office, and the civil servants who live around here are very much aware of that. They have seen the efforts to politicize many of the bureaus and departments of Government. They have seen the famous or infamous Malek manual. They have seen many top level civil service officials replaced, officials who traditionally have been career officers, with persons sent over from the White House to fill those positions and to try to operate in the agencies of Government.

These are very serious dangers, and they must not be permitted to happen.

Mr. Chairman, let me cite what some people in the Federal Government are saying about all this. I come from a district that has more civil servants than any other district in the whole country except the District of Columbia. I myself was a civil servant for many years. I started at the bottom grade and worked up, and I was an executive officer for some time of a Federal agency. I believe I know very well what Federal civil servants really think about this. My mail is running 8 or 10 to 1 from civil servants who oppose any change in the Hatch Act. I think some change along the lines of the committee bill would be good but it goes too far in removing protections against political pressure. I conducted a questionnaire, and over 20,000 people responded, not all of them civil servants, but I would judge one-third to 40 percent of them were civil servants. This poll shows 59 percent against any change in the Hatch Act and 34 percent for changes but of a variety of kinds.

There are a lot of bleeding hearts for these poor Federal civil servants. But they themselves, at least in my district where many of them live, do not agree with this. Predominantly they do not want changes but certainly they do not want changes that would permit supervisors in Federal agencies in subtle ways to influence what happens with respect to career advancement, salary, and working conditions, and all that.

Mr. Chairman, I have consulted also with not only present members of the Civil Service Commission and staff, but with two past Chairmen of the Civil Service Commission, one I believe a Republican, one a Democrat, and they take the same view that I do. They would go for the act if it had my amendment in it.

So I hope very much that Members here in this House will think it over and support a balanced proposal which will permit Federal Government employees and postal employees to take part in the vital political life of the Nation at the State and local levels where most of them would be headed anyway and not permit them to get mixed up in the affairs of Federal office candidates and campaigns. I think this would be a good balance, and I strongly urge the support of my amendment.

Mr. HARRIS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is with a good deal of reductance that I rise in opposition to the amendment offered by my friend and colleague, the gentleman from Virginia (Mr. FISHER). But it is only with a sense of duty that I do this. I believe that this amendment would in fact vitiate the bill. If not entirely, I believe it would so weaken it and make it so meaningless as to be inconsequential as to reform.

First of all, I think it is clear here that what we are trying to do is restore what we feel are constitutional rights to the Federal employee, and what the amendment does is this: It says that it is all right for the Federal employee to exercise his constitutional rights with regard to State offices or with regard to local offices, but it is wrong for him to exercise those rights with regard to Federal offices.

I think this is not the correct approach to the solving of a problem that is this basic, because it goes to a matter of a person's rights.

I am especially disturbed with the argument that says, "Well, most of them do not want these rights anyway." Every time we talk about basic constitutional rights we seem to get this argument that "They are really happy that way, so leave them alone, because those folks really like it that way." The argument goes on to say, "There is no reason to give them the vote. They are happy the way they are."

Mr. Chairman, I do not think this is right. I have talked to many Federal employees who say, "We are interested in what goes on in our country, and we do want to participate."

I will point out to the Members of this body that the amendment does more than say they cannot participate in a Federal election. As my colleague pointed out, if there was a joint ballot, including a Federal office, they could not hand out that ballot. As the amendment points out very clearly, if in fact they wanted to serve on a committee or hold an office on a Democratic or Republican committee, this amendment would prohibit them from doing that, whether it had to do with a Federal, State, or local election.

I feel that it is very important this House go on record as being in support of the constitutional rights of Federal employees. I think it is very important that we institute this reform, and I believe this would in fact take any real thrust away from this bill if we were to adopt the amendment on the floor.

Mr. Chairman, I urge my colleagues to vote against the amendment.

Mr. FISHER. Mr. Chairman, will the gentleman yield?

Mr. HARRIS. I will be happy to yield to my colleague, the gentleman from Virginia.

Mr. FISHER. Mr. Chairman, I do not really know of any constitutional right that would be denied under the bill or under my amendment.

I recognize that what I offer is a compromise between two very worthy goals. One is complete and full political activity by Federal employees, and the other is protection of their rights in their employment and a fair shake from their supervisors.

Mr. Chairman, in the light of what has happened in the last 2 or 3 years, I think my compromise is the right compromise.

Mr. HARRIS. Mr. Chairman, there was never doubt in my mind, may I say for the benefit of my distinguished friend, the gentleman from Virginia, that he feels this way. There was never a doubt in my mind that I am clearly of the opinion that I think he is wrong in thinking this way.

The protections built into this bill are very essential. These provisions increase the enforcement power and they prohibit the misuse of authority and coercion to force any person to participate. These are important reforms contained in this bill.

What I think is wrong is to put an amendment in this bill that says that they can exercise those rights but we must make sure it does not apply to the President or to the Congress.

Mr. CLAY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendments.

Mr. Chairman, I rise in opposition to this amendment because it would "gut" a major provision of the bill. It would also return us to the very fragmentation of the regulation of permissible political activity of Federal employees which this bill seeks to avoid.

The right of these employees to full political participation includes the right to participate in shaping and development of important decisions. So long as their activities do not interfere with the public interest. Federal employees should be free to seek any elective office—public or party. The bill already provides strong controls to insure that such candidacy does not detract from the integrity of the merit system.

The amendment, by enabling senior officials within the national administration to seek elective office, would also establish a double standard for individual freedoms. Cabinet level and excepted officials could further strengthen their influence—lower level competitive employees could not. What kind of equity is this?

Finally, this Committee and other predecessor bodies have pointed to the fragmented nature and coverage of the Hatch Act. That is one of its most serious deficiencies. This proposal would tend to turn us back toward that discredited position.

I urge my colleagues to reject this ill-advised amendment.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. CLAY. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, the gentleman from Virginia (Mr. HARRIS) referred to the preservation of the constitutional rights of Federal employees to run for public office, and I would like to ask this question:

I notice in the minority views in the committee report, on page 67, the following statement appears:

> As recently as 1973, the U.S. Supreme Court, in its decision on the constitutionality

> of the Hatch Act stated, "Our judgment is that neither the first amendment nor any other provision of the Constitution invalidates a law . . . barring political conduct by Federal employees."

In view of that decision, I wonder if it is correct to say that we are protecting a constitutional right, since the Supreme Court has said that Federal employees' rights can be so limited.

Mr. HARRIS. Mr. Chairman, will the gentleman yield?

Mr. CLAY. I yield to the gentleman from Virginia.

Mr. HARRIS. Mr. Chairman, I would like to answer my colleague, the gentleman from Ohio. As a matter of fact, a minority member of the committee brought that point up when we were discussing the bill during general debate.

The case that is cited has in my opinion a very restricted application with respect to the many constitutional rights which I think a Federal employee has. This amendment does not go just to the issue of running as a candidate; this amendment goes to serving on a committee; this amendment goes to holding office in one of the parties on committees.

Mr. Chairman, I think clearly these are constitutional questions. I must admit, even though the Supreme Court has spoken with respect to the protection of some constitutional rights, that throughout the history of this country there have been times when I have disagreed with them.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield for one more question?

Mr. CLAY. I yield to the gentleman from Ohio, yes.

Mr. SEIBERLING. Are we not dealing here, then, basically with a question of policy as to what should be the law rather than a question of a constitutional right?

Mr. CLAY. To answer the gentleman, if he would read the court opinion, the superior court said that the Congress could constitutionally limit the political activities of their employees. It said that it is the responsibility of the Congress to decide whether or not public employees may or may not engage in political activities.

Mr. Chairman, I urge defeat of this amendment. I urge my colleagues to defeat it. I urge them to support the position of the committee.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendments.

Mr. Chairman, in rising in support of the amendment, I apologize to the gentleman from Virginia (Mr. FISHER) since I made it plain that I consider this bill unamendable. But at the same time I do recognize that this amendment is an effort to clear up the vagueness and the real overkill that is involved in this attack on the Hatch Act.

I am most impressed with the statistic which the gentleman from Virginia (Mr. FISHER) gave us on the poll he recently took among his constituents. If I recall the figure, 59 percent support the retention of the present Hatch Act.

The gentleman has a district which is heavily impacted with Federal employees, just as are other districts in Virginia and Maryland. Therefore, it seems to me that this kind of poll would be coming from a knowledgeable group of people, people knowledgeable on this subject of the Hatch Act, whereas, frankly, most of our constituents are not that well versed on the Hatch Act unless they happen to be Federal employees, who are in a minority in the rest of the country.

Mr. Chairman, I think the gentleman has attempted to approach this in a practical fashion. He has concentrated on making these Federal employees eligible for a part-time, basically local position, and that would be in keeping with the non-partisan nature of most of those positions across the country.

Mr. Chairman, I think that this amendment helps make a bad bill partially tolerable; and if I am not providing this amendment with the kiss of death, I urge its support.

Mr. GUDE. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendments.

Mr. Chairman, the gentleman from Virginia (Mr. FISHER), my colleague, I am happy to see, has offered this amendment.

I think his poll clearly shows what I felt was the case in my district and what I think is the case generally with civil servants across this country.

> Supporters of this bill claim that the Hatch Act represents Federal employees into feeling like disenfranchised citizens. These claims are not well founded. Nathan Wolkomir, president of National Federation of Federal Employees, in the April 30, 1975 Federal Times, cites a 1967 poll of thousands of members where 89% objected to tampering with the Hatch Act. And, according to the May 4, 1975 Washington Star-News, 48 of 51 Government personnel directors oppose this bill. With such strong opposition, Congress should think twice before amending the Hatch Act.

Mr. Chairman, I hope that the amendment of the gentleman from Virginia (Mr. FISHER) is going to be adopted. It still does not take care of the problem of the conflict of interest which is particularly going to face Federal employee-politicians here in the metropolitan area who are county executives, county councilmen, or county supervisors.

If a Federal employee were allowed to seek partisan political office, his Federal position and his personal politics would be hopelessly confusing to the public.

One witness speaking on H.R. 8617—a city manager—questioned public skepticism of the after hour distinction—that the public eye ceases to see the Federal employee in his official capacity after hours—in this way:

> Each of us in the public service, and I will include myself, are public servants 24 hours a day. And we could never pretend that we are not acting in a private role. When you meet a public employee or anyone for that matter, the first question you ask is "What do you do?"

A 1947 high court ruling upholding the constitutionality of the Hatch Act reiterates the impracticality of the off-duty distinction. The court noted:

> The inference of political activity by government employees, if evil in its effects on the Service, the employees or the people dealing with them, is hardly less so because the activity takes place after hours.

The other day, I spoke with a group of Federal employees who select contractors to build technically superior weapons for the Defense Department. They said:

> Supposing that 3 different companies are bidding on a new airplane contract. Further suppose that all 3 companies operate in different states and thus would supply many new jobs in their respective states. The fact that one of those involved in the contract selection is running for office or even managing a political campaign in one of the bidder's states could tip the scales on a contract decision.

These men are world's experts on aircraft design and their decisions directly affect the Nation's security. They want to continue to make technically professional and objective decisions.

The Federal employee has a decision to make: Does he wish to be a civil servant or a political officeholder?

The point here is that there is a significant difference between participating in the election process—as a civil servant is currently allowed to do in many, many ways—and vying for a position of political leadership.

The Hatch Act prohibitions insure that the party in power does not turn the Federal work force into an organized instrument for affecting the outcome of elections.

If you think this is absurd, let me remind you that just several years ago a 100-page document was compiled in the White House as a guide to the political referral units in the various Government departments and agencies on how to fill career positions with political patronage candidates and how to get rid of unwanted career employees.

A civil servant works and is paid for by the public. There is no question in my mind that the public interest must, therefore, come before the right of a civil servant to run for a full-time political office if that office threatens to interfere with the nonpartisan administration of good government.

So I hope we do adopt the amendment offered by the gentleman from Virginia (Mr. FISHER). I wish we could go further but I do support it and urge its adoption.

Mrs. SPELLMAN. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendments.

Mr. Chairman, I, too, served on the Employee Political Rights Subcommittee which held extensive hearings and produced a bill that represents a fair and equitable response to the needs of Federal employees. Our subcommittee listened to the people who are more directly affected by the Hatch Act—we even held hearings in Riverdale, Md., in my own district as well as in Annandale, Va., St. Louis, Mo., et cetera—all areas heavily impacted by the large number of Federal employees who live in those areas. We held hearings in the evenings so that Federal employees could have a chance to testify on this legislation. What we heard during those hearings was a strong plea to revise the restrictions of the

Hatch Act so that these employees can more freely participate in our political process.

What I heard from my own constituents reflected that plea. I announced to them that I would vote the way they told me on this issue, and they told me in overwhelming margins that they wanted changes made. Federal employees wrote telling me to revise the Hatch Act so that they could freely participate in our democratic process.

Some of this desire to change the Hatch Act stems from the confusion that the vagueness of present-day regulations causes. This very vagueness acts as a restraint against the employee who considers becoming involved in any political actions, leaving our political system the poorer for the loss. We all know of the apathy that creeps among the electorate. Why should we continue to maintain the barricades that have kept so many Federal employees who wish to participate from doing so? Particularly today, I should think that we in the Congress would gladly do everything we could to encourage, not discourage, participation in the political process.

One very important point must, I think, be made. And that is that H.R. 8617 increases, rather than decreases Federal employee protection in this area. In keeping with our committee's feeling that any law or legislation restricting political activities of Federal employees should do so clearly and expressly. We worked to carefully detail protections for the rights of those employees in order to avoid the confusion and apathy of the past. So, we have provisions that prohibit the use of official authority or influence for political purposes. Under this provision supervisors cannot promise benefits for or threaten reprisals against a fellow employee for political actions. The provisions forbid coercion of Federal employees to vote or not to vote in any manner other than that which the employee desires, and they forbid coercion, through threat of loss of job or promotion, for example, for not taking part, or for taking part, in any political activities.

Solicitation of contributions from Federal employees by other employees is forbidden, and the solicitation of contributions in any room or building that is used for official Government purposes is prohibited. We included a provision to protect those individuals whose salary is paid through a Federal grant or Federal funds of any kind even though that person is not directly on the Federal payroll.

Employees cannot engage in political activity while on duty, while in a room or building in which that employee is employed by the Government, or while wearing the uniform or official insignia that identifies the office or position of the employee.

Finally, and perhaps most importantly, H.R. 8617 establishes a centralized organization to which the Federal employee can go if the above prohibitions have been violated. The Board of Political Activities of Federal Employees has the power to hear and decide cases involving violations of those protections. Amendments will set specific time limits for the filing of claims and counterclaims so that adjudication will not be prolonged beyond the point of effectiveness. In addition, we have set stiff penalties for those violators of the law, up to and including loss of position. Finally, we have established an affirmative education program through the Civil Service Commission to inform each Federal employee of their right of political participation every year.

Those in opposition to this bill will say that Federal employees cannot serve both an impartial civil service and a partisan political party or activist group. I do not believe that the political activities of a Federal employee will affect his work performance any more than such activities of a construction worker or of a businessman or of a teacher will affect his work. I think we have seen, in these past few years, that upper-level Federal employees who are not restricted now, and I am speaking of employees of the White House and of the executive branch in particular, do serve their party's interests while on the job. This needs to be curtailed, and the Hatch Act provisions in H.R. 8617 will do that.

What better way to restore public confidence in the civil service than by setting specific limits on those activities in which the Federal employee can and cannot become involved. No longer would the public be confused as to which master the Federal employee is serving, anymore than they are now confused as to which master the businessman, or the secretary, or the store clerk or the carpenter is serving when he takes his off-hours to do some "politicking." They will know, the Federal employee will know, and his supervisors will know, exactly what the employee can do politically.

There will be amendments offered during our work on this bill to prohibit Federal employees from seeking any partisan elective public office or any partisan elective party office and to prohibit Federal employees from running for Federal office or for full-time State or local office. I urge my colleagues to oppose these amendments. They are designed to "protect" the employee right out of his political rights, and will deny active employee involvement in the entire electoral process, leaving those employees little better off than they are now. The right to run for political office is a part of our heritage or participatory democracy. As long as the candidacy for office does not interfere with the employee's effectiveness at work, his right to run for any office should not be denied.

An amendment I hope my colleagues will support would require mandatory leave for candidates for elective office, thus insuring what they previously mentioned amendments seek to do: Protect the employer as well as the employee without denying the employee his rights to participate in the political process. This is, I offer, the more equitable way to meet any conflicts that might arise.

In the final analysis, H.R. 8617 is a good bill, and deserving of wide support. I urge my colleagues to join me in restoring political rights, with adequate protection, to Federal employees by supporting H.R. 8617.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Virgina (Mr. Fisher).

The question was taken; and on a division (demanded by Mr. Clay) there were ayes 30, noes 18.

Mr. CLAY. Mr. Chairman, I demand a recorded vote and, pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. Sixty-two Members are present, not a quorum.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

RECORDED VOTE

The CHAIRMAN. The pending business before the Committee is the demand by the gentleman from Missouri (Mr. Clay) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 147, noes 260, not voting 26, as follows:

[Roll No. 623]

AYES—147

Abdnor
Anderson, Ill.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bell
Bennett
Breckinridge
Broomfield
Brown, Ohio
Broyhill
Burke, Fla.
Burleson, Tex.
Butler
Byron
Carter
Casey
Cederberg
Clausen, Don H.
Cleveland
Cohen
Collins, Tex.
Conable
Conlan
Cotter
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
de la Garza
Dent
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
du Pont
English
Erlenborn
Esch
Fenwick
Findley
Fish
Fisher
Flynt
Forsythe
Fountain
Frenzel
Frey
Fuqua
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hammerschmidt
Hansen
Harsha
Hastings
Hays, Ohio
Hébert
Hinshaw
Holt
Hutchinson
Hyde
Jarman
Jeffords
Johnson, Colo.
Kasten
Kazen
Kelly
Kindness
Lagomarsino
Landrum
Lent
Long, Md.
Lott
Lujan
McClory
McDonald
McEwen
McKay
McKinney
Martin
Mazzoli
Michel
Miller, Ohio
Mills
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mosher
Mottl
Myers, Ind.
Myers, Pa.
Nichols
O'Brien
Pettis
Pickle
Poage
Pressler
Quie
Regula
Rhodes
Robinson
Roncalio
Ruppe
Satterfield
Schneebeli
Schulze
Sebelius
Seiberling
Shriver
Shuster
Skubitz
Smith, Nebr.
Snyder
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Sullivan
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Treen
Vander Jagt
Vander Veen
Waggonner
Wampler
Whitehurst
Wiggins
Wilson, Bob
Winn
Wylie
Young, Fla.

NOES—260

Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boland
Bolling
Bonker
Bowen
Breaux
Brinkley
Brodhead
Brooks
Brown, Calif.
Brown, Mich.
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Chappell
Chisholm
Clancy
Clay
Cochran
Collins, Ill.
Conte
Corman
Cornell
D'Amours
Daniels, N.J.
Danielson
Davis
Delaney
Dellums
Derrick
Diggs
Dingell
Downey, N.Y.
Drinan
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
Eshleman
Evans, Colo.
Evans, Ind.
Fascell
Fithian
Flood
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Green
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hicks
Hightower
Hillis
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Ichord
Jacobs
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kemp
Ketchum
Keys
Koch
Krebs
Krueger
LaFalce
Latta
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
McCloskey
McCollister
McCormack
McDade
McFall
McHugh
Macdonald
Madigan
Maguire
Mahon
Mathis
Matsunaga
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Natcher
Neal
Nedzi
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pike
Preyer
Price
Pritchard
Railsback
Randall
Rangel
Rees
Reuss
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Rodino
Roe
Rogers
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Sharp
Shipley
Simon
Slack
Smith, Iowa
Spellman
Spence
Staggers
Stanton, James V.
Stark
Steed
Stephens
Stokes
Stratton
Stuckey
Studds
Symington
Symms
Thompson
Traxler
Tsongas
Ullman
Van Deerlin
Vigorito
Walsh
Waxman
Weaver
Whalen
White
Whitten
Wilson, Tex.
Wirth
Wolff
Wright
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—26

Boggs
Brademas
Clawson, Del
Conyers
Dodd
Duncan, Oreg.
Evins, Tenn.
Fary
Fraser
Jones, Okla.
Madden
Mann
Milford
Moorhead, Pa.
O'Neill
Passman
Patman, Tex.
Quillen
Sikes
Sisk
Solarz
Teague
Udall
Vanik
Wilson, C. H.
Wydler

Messrs. GILMAN, WRIGHT, ROBERTS, CHAPPELL, CONTE, and SCHEUER changed their vote from "aye" to "no."

Messrs. BEARD of Tennessee and BELL changed their vote from "no" to "aye."

So the amendments were rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. GILMAN

Mr. GILMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gilman: Page 20, line 7, insert immediately before the quotation marks the following: "However no regulation or rule of the Commission or any amendment thereto shall take effect unless—

"(1) the Commission transmits such rule, regulation, or amendments to the Congress; and

"(2) neither House of Congress has disapproved such rule, regulation or amendment within thirty legislative days from the date of transmittal to the Congress."

Mr. GILMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. GILMAN. Mr. Chairman, in the course of the debate on this measure, it has become apparent that the term "political activity" will be defined not by this legislation, but by the Civil Service Commission.

This amendment will require the Civil Service Commission to submit any of its proposed regulations defining the term "political activity" to the Congress for its consideration. If Congress fails to act within 30 legislative days, such regulations would be effective.

Accordingly, Mr. Chairman, I urge my colleagues to adopt this amendment.

Mr. CLAY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, we accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. Gilman).

The amendment was agreed to.

Mr. CLAY. Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto end in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

Mr. ICHORD. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. CLAY. Mr. Chairman, I move that all debate on the bill and all amendments thereto close in 20 minutes.

The CHAIRMAN. The question is on the motion offered by the gentleman from Missouri (Mr. Clay).

The question was taken; and on a division (demanded by Mr. Derwinski) there were—ayes 57, noes 35.

So the motion was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. Hinshaw).

AMENDMENT OFFERED BY MR. HINSHAW

Mr. HINSHAW. Mr. Chairman, I offer an amedment.

The Clerk read as follows:

Amendment offered by Mr. Hinshaw: On page 7, line 2, strike out "or" and in line 4, strike out the period and insert a comma and the word "or", and immediately following line 4, add the following:

"(4) In any geographic area outside the area encompassing the political subdivision of the elective office for which he is a candidate, or for which he is supporting the candidacy of any other person, provided however, that such political activity shall be limited to the political subdivision in which he is a resident."

Mr. HINSHAW. Mr. Chairman, the purpose of this amendment may be construed by some to restrict the political activity of Federal employees but I think it is a good amendment for the reason that fears have been expressed that there could be pressure placed on large numbers of Federal employees to go from one geographic area to another so as to campaign either for or against candidates of their choice.

I think we ought to allay these fears. I feel that we ought to let Federal employees engage in political activities in the area of which they are a resident.

For example, a person who lives in any congressional district could campaign for or against anyone in that congressional district. For a U.S. Senator they could, of course, campaign statewide. As far as campaigning for city council, they could only campaign within the councilmanic district.

So it would seem that in order to allay the expressed fear that we should restrict the political activities of Federal employees to only those areas of which they are a resident.

Mr. CLAY. Mr. Chairman, if the gentleman will yield for a few questions, I would ask the gentleman from California if a relative of his did not live in his congressional district and he were not a Federal employee, would it be permissible for him to come into your district and campaign for you?

Mr. HINSHAW. Yes.

Mr. CLAY. But the gentleman would take that same right away from a Federal employee who might want to campaign for a father or a son, you would give that right away?

Mr. HINSHAW. No, I am in favor of giving Federal employees the right to campaign but only in the areas in which they are resident.

Mr. CLAY. But the gentleman would not take that right away from a relative of his who was not a Federal employee?

Mr. HINSHAW. No, I would not.

Mr. CLAY. I thank the gentleman.

The CHAIRMAN. Do any of the Members for whom time was reserved wish to address themselves to the amendment offered by the gentleman from California (Mr. Hinshaw)?

There being none, the question is on the amendment offered by the gentleman from California (Mr. Hinshaw).

The amendment was rejected.

AMENDMENT OFFERED BY MR. ICHORD

Mr. ICHORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Ichord: Amend H.R. 8617, page 7, by striking all the language after section 7326 and inserting the following: "an employee may not hold, or be a candidate for:

"(1) Any elective public office unless such office is—

"(A) a part-time elective public office of a State or political subdivision of a State or

"(B) to be held by an individual elected in a nonpartisan election, or".

The CHAIRMAN. The Chair recognizes the gentleman from Missouri (Mr. ICHORD).

(By unanimous consent, Messrs. BURLISON of Missouri, CHAPPELL, and RUSSO yielded their time to Mr. ICHORD.)

Mr. ICHORD. Mr. Chairman, what I have done in this amendment is to take the first eight lines of the Fisher amendment, omitting the rest of the Fisher amendment.

I will be quite frank, Mr. Chairman, as to what I wish to do in this amendment and I want to make it clear that I do not offer this amendment out of my concern for my own protection or thinking that I cannot take care of myself in any election in which I may be filed against by a prospective candidate who may be a Federal employee, but I offer this amendment, Mr. Chairman, because I am afraid that the Members, if they pass this bill, are going to rue the day that they make Federal employment a training ground for prospective candidates for Congress.

I came to this body, Mr. Chairman, 15 years ago. I ran against an incumbent Democrat Congressman. For the first time in the history of Missouri an incumbent Congressman was defeated. One of the reasons why I defeated that very distinguished Member of this body was that as speaker of the house in the State of Missouri I had 125 employees scatered throughout the eight congressional districts of Missouri, and let me tell the Members, as all the political animals in this body well know, I had a very good political organization.

Mr. Chairman, if we pass this bill in its present form—it has been altered, I know, and we require Federal employees to take only 90 days' leave to run for the office of Congressman but still they can take 30 days leave of that 90 days with pay—and with the fiscal problems we face in this country, every time we possibly vote against the 4-day work week or we vote against a 7-percent pay raise in favor of a 5-percent pay raise, and we may very well do so, we can easily be faced with a Federal employee candidate in both the primary and the general elections. I doubt if many will be elected but their candidacies, Mr. Chairman, will constitute harassment and will possibly inhibit the free processes of this institution. Also, Mr. Chairman, Members who are challenged by Federal employees may be inclined to be vindictive toward the agency by which the candidate is employed, thus further injuring civil service and our political processes. I offer this, Mr. Chairman, not out of any concern for myself. I feel I can take care of myself, but I feel it will inhibit the political processes of this body. I hope the Members pass this amendment and do not turn Federal employment into a training ground for prospective candidates for Members of Congress. They have the protection, Mr. Chairman, of civil service and to have that protection they should be required to resign from that protection.

Let me point out that we are really putting them in a privileged position here. Take, for example, a television announcer. If he decides to run for the office of Congress, he has to resign under equal time provisions of the Federal Communications Act. So we are not penalizing the Federal employee. I think it is fair that he should resign to have the protection of civil service. He does not have to hold civil service employment. He can get some other kind of employment, but he should not be permitted to take leave, and leave under the Rousselot amendment with at least 30 days' pay, to run for public office.

Mr. JOHN L. BURTON. Mr. Chairman, will the gentleman yield?

Mr. ICHORD. I yield to the gentleman from California.

Mr. JOHN L. BURTON. I thank the gentleman for yielding.

I appreciate the gentleman's comments. I think we might do better to pass a Federal statute making it a felony to challenge an incumbent, rather than take this half approach. I would have to vote against the amendment, because it really does not go far enough.

Mr. ICHORD. Facetiously, I will leave that up to the gentleman from California.

Mr. JOHN L. BURTON. I thank the gentleman.

Mr. ICHORD. Mr. Chairman, I yield back the remainder of my time.

Mr. CLAY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, we have already provided 90 days' mandatory leave in the event a person should seek Congress. I think that the House has already worked its will on this particular provision when we defeated the Fisher amendment. So I urge my colleagues to defeat the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. ICHORD).

The question was taken; and on a division (demanded by Mr. ICHORD) there were—ayes 41, noes 52.

So the amendment was rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. I would like to ask the chairman of the committee a question. I notice that on page 48 "political contribution" is defined as—

> A gift, . . . made for the purpose of influencing the . . . election of any individual . . .

That is section 7322(3)(A). Reading that definition in conjunction with section 7324(1), the latter says literally that a Federal employee may not give or offer to give a gift to any individual for the purpose of influencing an election in order to influence any individual to vote for or against any candidate or measure in any election.

I ask whether that makes sense, and if not, what is intended by section 7324?

Mr. CLAY. The intention of section 7324 is to prohibit anyone from buying a vote. I think the language was identical in the Code. We took it from there.

Mr. SEIBERLING. It says they cannot give a contribution made to influence an election, for the purpose of influencing someone to vote in an election. It seems to me a redrafting is in order here before this gets to a final vote by the House and the Senate.

I suggest when the bill gets to conference that you go to work on that section. This is a criminal statute. I think any ambiguity like that ought to be eliminated.

Mr. CLAY. I agree with the gentleman. We will see if we cannot clarify it when we get to conference.

The CHAIRMAN. The Chair recognizes the gentleman from Virginia (Mr. HARRIS).

Mr. HARRIS. Mr. Chairman, I rise to urge my colleagues to support this measure. I do not think it is as good as it could be, but it represents a return of basic rights to the Federal employees.

I am pleased that the House has made it clear a person does not have to give up his rights to participate in our society to become a Federal employee. I think this means we can recruit people with the very best caliber for Federal employment without saying at that point they must become emasculated as far as any participation in real political activity is concerned.

I think this is as important as any bill we have passed as far as restoring people's rights and those in the Government that represent them.

It happens that quite a few of the individuals I represent are part of the Federal Government. One of them out there today may be prepared to run against me. I say that is the way it should be. I think this bill represents a real step forward in our Government.

The CHAIRMAN. The Chair recognizes the gentleman from Hawaii (Mr. MATSUNAGA).

Mr. MATSUNAGA. Mr. Chairman, as a sponsor of similar legislation, I am pleased to voice my support for H.R. 8617, the proposed Hatch Act Reform. The members of the Post Office and Civil Service Committee are to be commended for their fine efforts in bringing this bill to the floor. I congratulate the gentleman from Missouri (Mr. CLAY) for the leadership and initiative he has shown in the formulation of the bill.

The Hatch Act is as essential today as when it was enacted, but this does not mean improvements cannot be made. Changes are needed to bring the law in line with the realities of the 1970's. For example, the Federal Election Campaign Act Amendments of 1974 contained a provision that lifts most of the restrictions from State and local government employees who had previously been subject to the Hatch Act.

As of January 1, 1975, these workers, whose positions were financed from Federal funds, can legally serve as officers in political parties, solicit votes on behalf of partisan candidates, and so on down the list of activities previously prohibited under the Hatch Act's dictum of "no active participation in political management or in political campaigns."

This relaxation brought the general practice for those employees more in line with the parallel law in Hawaii, where State, county, and city employees are permitted to engage in a full range of political activities, but only in their own time.

However, Federal employees did not receive any liberalization of the restrictions on their political activities, as a result of the 1974 law. The time has come for further, more fundamental changes in the Hatch Act.

It is time that Federal employees be elevated to first class citizenship and be permitted to exercise all of their rights with respect to political activity, to participate voluntarily in the political life of our Nation from which they have been largely prohibited.

I believe it possible to expand considerably the scope of permissible political participation by Federal employees, while at the same time strengthening the safeguards against abuses. That is the objective of H.R. 8617.

Mr. Chairman, the committee evidently sought to strike a balance between seemingly competing, legitimate interests; namely, those calling for reform of giving Government employees more rights to free speech and free association in the political process, and those who argue that present Hatch Act restrictions are necessary to preserve integrity in Government. I believe the committee was able to strike that balance in H.R. 8617, a balance that will bring about changes that would make the Hatch Act more equitable and workable. The bill encourages employees to exercise their right of voluntary political participation. It provides tighter employee protection against coercion than does the existing law, and it prohibits political activity which might even appear to conflict with the employee's official responsibilities.

H.R. 8617 is landmark legislation, Mr. Chairman, and I urge my colleagues to approve it overwhelmingly.

The CHAIRMAN. The Chair recognizes the gentlewoman from Maryland (Mrs. SPELLMAN).

Mrs. SPELLMAN. Mr. Chairman, I will only use a moment of my time. I merely wish to state that I strongly favor this measure. The bill does, indeed, restore full citizenship to Federal employees and at the same time it provides full protection. That is a superb combination and deserves the full support of this House.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Chairman, may I point out that when this bill came to the floor it was, in fact, one of the more imperfect products of both draftsmanship, as well as political approach. It has been further complicated by numerous amendments.

I frankly cannot think of a measure at this stage in the deliberations with all the amendments having been exhausted that is as confusing to most Members.

Let me just sum up briefly the history of the Hatch Act. Thirty-six years ago a totally dominant Democratic Congress found it necessary to enact the Hatch Act to protect the public and to protect the Federal employees from pressures that had developed.

The Federal Government that exists today has three times as many Federal employees. It seems to me that, given 36 years of effective functioning, the Hatch Act is worthy of being preserved in its present form. The bill before us emasculates the Hatch Act, and it is actually a backward step.

It is a dangerous approach, I think, to pure misuse of the offices of the Federal Government. I think it will be detrimental to the public interest. It will further lower public esteem for the services of the Federal Government if there is any suspicion that the services provided are in any way politically tainted, or the employees are under pressure.

I judge this bill to be very ill-timed. I think it is a backward step, and I urge defeat of the measure.

The CHAIRMAN. Are there further amendments?

If not, under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. FOLEY, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (H.R. 8617) to restore to Federal civilian and Postal Service employees their rights to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes, pursuant to House Resolution 731, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. DERWINSKI

Mr. DERWINSKI. Mr. Speaker, I offer a motion to recommit with instructions.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. DERWINSKI. Quite emphatically, Mr. Speaker.

The SPEAKER. The gentleman qualifies, emphatically or otherwise.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. DERWINSKI moves to recommit the bill, H.R. 8617, to the Committee on Post Office and Civil Service with instructions to report the same back forthwith with the following amendment: Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Federal Employees' Political Activities Act of 1975".

SEC. 2. (a) Chapter 73 of title 5, United States Code, is amended by adding the following subchapter:

"SUBCHAPTER IV—POLITICAL ACTIVITIES

"§ 7361. Political participation

"It is the policy of the Congress that employees should be encouraged to fully exercise, to the extent not expressly prohibited by law, their rights of voluntary participation in the political processes of our Nation.

"§ 7322. Definitions

"For the purpose of this subchapter—

"(1) 'employee' means any individual, employed or holding office in the United States Postal Service; and a Congressional employee as defined by section 2107 of this title.

"(2) 'candidate' means any individual who seeks nomination for election, or election, to any elective office, whether or not such individual is elected, and, for the purpose of this paragraph, an individual shall be deemed to seek nomination for election, or election, to an elective office, if such individual has—

"(A) taken the action required to qualify for nomination for election, or *election, or*

"(B) received political contributions or made expenditures, or has given consent for any other person to receive political contributions or make expenditures, with a view to bringing about such individual's nomination for election, or election, to such office;

"(3) 'political contribution'—

"(A) means a gift, subscription, loan, advance, or deposit of money or anything of value, made for the purpose of influencing the nomination for election, or election, of any individual to elective office or for the purpose of otherwise influencing the results of any election;

"(B) includes a contract, promise, or agreement, express or implied, whether or not legally enforceable, to make a political contribution for any such purpose; and

"(C) includes the payment by any person, other than a candidate or a political organization, of compensation for the personal services of another person which are rendered to such candidate or political organization without charge for any such purpose;

"(4) 'superior' means an employee who exercises supervision of, or control or administrative direction over, another employee;

"(5) 'elective office' means any elective public office and any elective office of any political party or affiliated *organization;* and

"(6) 'Board' means the Board on Political Activities of Federal Employees established under section 7367 of this title.

§ 7363. Use of official authority or influence; prohibition

"(a) An employee may not directly or indirectly use or attempt to use the official authority or influence of such employee for the purpose of—

"(1) interfering with or affecting the result of any election; or

"(2) intimidating, threatening, coercing, commanding, influencing, or attempting to intimidate, threaten, coerce, command, or influence—

"(A) any individual for the purpose of interfering with the right of any individual to vote as such individual may choose, or of causing any individual to vote, or not to vote, for any candidate or measure in any election;

"(B) any person to give or withhold any political contribution; or

"(C) any person to engage, or not engage, in any form of political activity whether or not such activity is prohibited by law.

"(b) For the purpose *of subsection* (a) of this section, 'use of official authority or influence' includes, but is not limited to, promising to confer or conferring any benefit (such as appointment, promotion, compensation, grant, contract, license, or ruling), or effecting or threatening to effect any reprisal (such as deprivation of appointment, promotion, compensation, grant, contract, license, or ruling).

"§ 7364. Solicitation; prohibition

"An employee may not—

"(1) give or offer to give a political contribution to any individual either to vote or refrain from voting, or to vote for or against any candidate or measure, in any election;

"(2) solicit, accept, or receive a political contribution to vote or refrain from voting, or to vote for or against any candidate or measure, in any election;

"(3) knowingly give or hand over a political contribution to a superior of such employee; or

(4) knowingly solicit, accept, or receive, or be in any manner concerned with soliciting, accepting, or receiving, a political contribution—

"(A) from another employee (or a member of another employee's immediate family) with respect to whom such employee is a superior; or

"(B) in any room or building occupied in the discharge of official duties by—

"(i) an individual employed or holding office in the Government of the United States in the government of the District of Columbia, or in any agency or instrumentality of the foregoing; or

"(ii) an individual receiving any salary or compensation for services from money derived from the Treasury of the United States.

"§ 7365. Political activities on duty, etc.; prohibition

"(a) An employee may not engage in political activity—

"(1) while such employee is on duty,

"(2) in any room or building occupied in the discharge of official duties by an individual employed or holding office in the Government of the United States, in the government of the District of Columbia, or in any agency or instrumentality of the foregoing, or

"(3) while wearing a uniform or official insignia identifying the office or position of such employee.

"§ 7366. Leave for candidates for elective office

"(a) An employee who is a candidate for elective office shall, upon the request of such employee, be granted leave without pay for the purpose of allowing such employee to engage in activities relating to such candidacy.

"(b) Notwithstanding section 6302(d) of this title, an employee who is a candidate for elective office shall, upon the request of such employee, be granted accrued annual leave for the purpose of allowing such employee to engage in activities relating to such candidacy. Such leave shall be in addition to leave without pay to which such employee may be entitled under subsection (a) of this section.

"§ 7367. Board on Political Activities of Federal Employees

"(a) There is established a board to be known as the Board on Political Activities of Federal Employees. It shall be the function of the Board to hear and decide cases regarding violations of sections 7363, 7364, and 7365 of this title.

"(b) The Board shall be composed of 3 members—

"(1) one member of which shall be appointed, with the confirmation of a majority of both Houses of the Congress, by the President and who shall serve as Chairman of the Board;

"(2) one member of which shall be appointed, with the confirmation of a majority of both Houses of the Congress, by the Speaker of the House of Representatives, after consultation with the majority leader of the House and the minority leader of the House; and

"(3) one member of which shall be appointed, with the confirmation of a majority of both Houses of the Congress, by the President pro tempore of the Senate, after consultation with the majority leader of the Senate and the minority leader of the Senate.

"(c) Members of the Board shall be chosen on the basis of their professional qualifications from among individuals who, at the time of their appointment, are employees (as defined under section 7362(c) of this title).

"(d)(1) Members of the Board shall serve a term of 3 years, except that of the members first appointed—

"(A) the Chairman shall be appointed for a term of 3 years,

"(B) the member appointed under subsection (b) (2) of this section shall be appointed for a term of 2 years, and

"(C) the member appointed under subsection (b)(3) of this section shall be appointed for a term of 1 year.

An individual appointed to fill a vacancy occurring other than by the expiration of a term of office shall be appointed only for the unexpired term of the member such individual will succeed. Any vacancy occurring in the membership of the Board shall be filled in the same manner as in the case of the original appointment.

"(2) If an employee who was appointed as a member of the Board is separated from service as an employee he may not continue as a member of the Board after the 60-day period beginning on the date so separated.

"(e) The Board shall meet at the call of the Chairman.

"(f) All decisions of the Board with respect to the exercise of its duties and powers under the provisions of this subchapter shall be made by a majority vote of the Board.

"(g) A member of the Board may not delegate to any person his vote nor, except as expressly provided by this subchapter, may any decisionmaking authority vested in the Board by the provisions of this subchapter be delegated to any member or person.

"(h) The Board shall prepare and publish in the Federal Register written rules for the conduct of its activities, shall have an official seal which shall be judicially noticed, and shall have its office in or near the District of Columbia (but it may meet or exercise any of its powers anywhere in the United States).

"(i) The Civil Service Commission shall provide such clerical and professional personnel, and administrative support, as the Chairman of the Board considers appropriate and necessary to carry out the Board's functions under this subchapter. Such personnel shall be responsible to the Chairman of the Board.

"(j) The Administrator of the General Services Administration shall furnish the Board suitable office space appropriately furnished and equipped, as determined by the Administrator.

"(k)(1) Members of the Board shall receive no additional pay on account of their service on the Board.

"(2) Members shall be entitled to leave without loss of or reduction in pay, leave, or performance or efficiency rating during a period of absence while in the actual performance of duties vested in the Board.

"§ 7368. Investigation; procedures; hearing

"(a) The Civil Service Commission shall investigate reports and allegations of any activity prohibited by section 7363, 7364, or 7365 of this title.

"(b) As a part of the investigation of the activities of an employee, the Commission shall provide such employee an opportunity to make a statement concerning the matters under investigation and to support such statement with any documents the employee wishes to submit. An employee of the Commission lawfully assigned to investigate a violation of this subchapter may administer an oath to a witness attending to testify or depose in the course of the investigation.

"(c)(1) If it appears to the Commission after investigation that a violation of section 7363, 7364, or 7365 of this title has not occurred, it shall so notify the employee and the agency in which the employee is employed.

"(2) Except as provided in paragraph (3) of this subsection, if it appears to the Commission after investigation that a violation of section 7363, 7364, or 7365 of this title has occurred, the Commission shall submit to the Board and serve upon the employee a notice by certified mail, return receipt requested (or if notice cannot be served in such manner, then by any method calculated to reasonably apprise the employee)—

"(A) setting forth specifically and in detail the charges of alleged prohibited activity;

"(B) advising the employee of the penalties provided under section 7369 of this title;

"(C) specifying a period of not less than 30 days within which the employee may file with the Board a written answer to the charges in the manner prescribed by rules issued by the Board; and

"(D) advising the employee that unless the employee answers the charges, in writing, within the time allowed therefor, the Board is authorized to treat such failure as an admission by the employee of the charges set forth in the notice and a waiver by the employee of the right to a hearing on the charges.

"(d)(1) If a written answer is not duly filed within the time allowed therefor, the Board may, without further proceedings, issue its final decision and order.

"(2) If an answer is duly filed, the charges shall be determined by the Board on the record after a hearing conducted by a hearing examiner appointed under section 3105 of this title, and, except as otherwise expressly provided under this subchapter, in accordance with the requirements of subchapter II of chapter 5 of this title, notwithstanding any exception therein for matters involving the tenure of an employee. The hearing shall be commenced within 30 days after the answer is filed with the Board and shall be conducted without unreasonable delay. As soon as practicable after the conclusion of the hearing, the examiner shall serve upon the Board, the Commission, and the employee such examiner's recommended decision with notice to the Commission and the employee of opportunity to file with the Board, within 30 days after the date of such notice, exceptions to the recommended decision. The Board shall issue its final decision and order in the proceeding no later than 60 days after the date the recommended decision is served. The employee shall not be removed from active duty status by reason of the alleged violation of this subchapter at any time before the effective date specified by the Board.

"(e)(1) At any stage of a proceeding or investigation under this subchapter, the Board may, at the written request of the Commission or the employee, require by subpena the attendance and testimony of witnesses and the production of documentary or other evidence relating to the proceeding or investigation at any designated place, from any place in the United States or any territory or possession thereof, the Commonwealth of Puerto Rico, or the District of Columbia. Any member of the Board may issue subpenas and members of the Board and any hearing examiner authorized by the Board may administer oaths, examine witnesses, and receive evidence. In the case of contumacy or failure to obey a subpena, the United States district court for the judicial district in which the person to whom the subpena is addressed resides or is served may, upon application by the Board, issue an order requiring such person to appear at any designated place to testify or to produce documentary or other evidence. Any failure to obey the order of the court may be punished by the court as a contempt thereof.

"(2) The Board (or a member designated by the Board) may order the taking of depositions at any stage of a proceeding or investigation under this subchapter. Depositions shall be taken before an individual designated by the Board and having the power to administer oaths. Testimony shall be reduced to writing by or under the direction of the individual taking the deposition and shall be subscribed by the deponent.

"(3) An employee may not be excused from attending and testifying or from producing documentary or other evidence in obedience to a subpena of the Board on the ground that the testimony or evidence required of the employee may tend to incriminate the employee or subject the employee to a penalty or forfeiture for or on account of any transaction, matter, or thing concerning which the employee is compelled to testify or produce evidence. No employee shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which the employee is compelled, after having claimed the privilege against self-incrimination, to testify or produce evidence, nor shall testimony or evidence so compelled be used as evidence in any criminal proceeding against the employee in any court, except that no employee shall be exempt from prosecution and punishment for perjury committed in so testifying.

"(f) An employee upon whom a penalty is imposed by an order of the Board under subsection (d) of this section may, within 30 days after the date on which the order was issued, institute an action for judicial review of the Board's order in the United States District Court for the District of Columbia or in the United States district court for the judicial district in which the employee resides or is employed. The institution of an action for judicial review shall not operate as a stay of the Board's order, unless the court specifically orders such stay. A copy of the summons and complaint shall be served as otherwise prescribed by law and, in addition, upon the Board. Thereupon the Board shall certify and file with the court the record upon which the Board's order was based. If application is made to the court for leave to adduce additional evidence, and it is shown to the satisfaction of the court that the additional evidence may materially affect the result of the proceeding and that there were reasonable grounds for failure to adduce the evidence at the hearing conducted under subsection (d)(2) of this section, the court may direct that the additional evidence be taken before the Board in the manner and on the terms and conditions fixed by the court. The Board may modify its findings of fact or order, in the light of the additional evidence, and shall file with the court such modified findings or order. The Board's findings of fact, if supported by substantial evidence, shall be conclusive. The court shall affirm the Board's order if it determines that it is in accordance with law. If the court determines that the order is not in accordance with law—

"(1) it shall remand the proceeding to the Board with directions either to enter an order determined by the court to be lawful or to take such further proceedings as, in the opinion of the court, are required; and

"(2) it may assess against the United States reasonable attorney fees and other litigation costs reasonably incurred by the employee.

"(g) The Commission or the Board in its discretion, may proceed with any investigation or proceeding instituted under this subchapter notwithstanding that the Commission or the head of an employing agency or department has reported the alleged violation to the Attorney General as required by section 535 of title 28.

§ 7369. Penalties

"(a) Subject to and in accordance with section 7328 of this title, an employee who is found to have violated any provision of sections 7363, 7364, or 7365 of this title shall, upon a final order of the Board, be—

"(1) removed from such employee's position, in which event that employee may not thereafter hold any position (other than an elected position) as an employee (as defined in section 7362(1) of this title) for such period as the Board may prescribe;

"(2) suspended without pay from such employee's position for such period as the Board may prescribe; or

"(3) disciplined in such other manner as the Board shall deem appropriate.

"(b) The Board shall notify the Commission, the employee and the employing agency of any penalty it has imposed under this section. The employing agency shall certify to the Board the measures undertaken to implement the penalty.

"§ 7370. Educational program; reports

"(a) The Commission shall establish and conduct a continuing program to inform all employees of their rights of political participation and to educate employees with respect to those political activities which are prohibited. The Commission shall inform each employee individually in writing, at least once each calendar year, of such employee's political rights and of the restrictions under this subchapter. The Commission may determine, for each State, the most appropriate date for providing information required by this subsection. Such information, however, shall be provided to employees employed or holding office in any State not later than 60 days before the earliest primary or general election for State or Federal elective office held in such State.

"(b) On or before March 30 of each calendar year, the Commission shall submit a report covering the preceding calendar year to the Speaker of the House of Representatives and the President pro tempore of the Senate for referral to the appropriate committees of the Congress. The report shall include—

"(1) the number of investigations conducted under section 7368 of this title and the results of such investigations;

"(2) the name and position or title of each individual involved, and the funds expended by the Commission, in carrying out the program required under subsection (a) of this section; and

"(3) an evaluation which describes—

"(A) the manner in which such program is being carried out; and

"(B) the effectiveness of such program in carrying out the purposes set forth in subsection (a) of this section.

"§ 7371. Regulations

"The Civil Service Commission shall prescribe such rules and regulations as may be necessary to carry out its responsibilities under this subchapter.".

(b)(1) Sections 8332(k)(1), 8706(e), and 8906(e)(2) of title 5, United States Code, are each amended by inserting immediately after "who enters on" the following: "leave without pay granted under section 7326(e) of this title, or who enters on".

(2) Section 1308(a) of title 5, United States Code, is amended—

(A) by inserting "and" at the end of paragraph (2);

(B) by striking out paragraph (3); and

(C) by redesignating paragraph (4) as paragraph (3).

(3) The second sentence of section 8332(k)(1) of title 5, United States Code, is amended by striking out "second" and inserting "last" in lieu thereof.

(4) The section analysis of chapter 73 of title 5, United States Code, is amended to read as follows:

"SUBCHAPTER IV—POLITICAL ACTIVITIES

"Sec.
"7361. Political participation.
"7362. Definitions.
"7363. Use of Office authority or influence; prohibition.
"7364. Solicitation; prohibition.
"7265. Political activities on duty, etc.; prohibition.
"7366. Leave for candidates for elective office.
"7367. Board on Political Activities of Federal Employees.
"7368. Investigation; procedures; hearing.
"7369. Penalties.
"7370. Educational program; reports.
"7371. Regulations.".

(c) Sections 602 and 607 of title 18, United States Code, relating to solicitations and making of political contributions, are each amended by adding at the end thereof the following new sentence: "This section does not apply to any activity of an employee, as defined in section 7362(1) of title 5, unless such activity is prohibited by section 7364 of that title.".

(d) Section 6 of the Voting Rights Act of 1965 (42 U.S.C. 1973d) is amended by inserting immediately after "the provisions of section 9 of the Act of August 2, 1939, as amended (5 U.S.C. 1181), prohibiting partisan political activity" "and the provisions of subchapter IV of chapter 73 of title 5, United States Code, relating to political activities."

(e) Sections 103(a)(4)(D) and 203(a)(4)(D) of the District of Columbia Public Education Act are each amended by inserting "and section 7365" immediately after "sections 7324 through 7377".

(f) The amendments made by this section shall take effect on the ninetieth day after the date of the enactment of this Act.

Mr. DERWINSKI (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DERWINSKI. Mr. Speaker, in view of the patience of the Members, I will be very brief.

All this motion to recommit does is retain the present provisions of the Hatch Act as they are set forth in title V, United States Code; in other words, those provisions of the Hatch Act that have been in force for 36 years. It continues to apply those provisions to the employees of the executive branch.

Mr. Speaker, the motion to recommit amends title V to add a new subchapter 12 to chapter 73 of title V, which is the Clay bill, H.R. 8617, and applies that only to postal employees and congressional employees.

Mr. Speaker, the purpose of this motion to recommit is fairly obvious. The Postal Service is a quasi-independent unit of Government. As such, it is no longer a part of the Federal executive branch structure in the normal sense. Therefore, adjusting to the claims of the advocates of H.R. 8617 that their bill is needed, I extract the Postal Service employees from under the Hatch Act and apply provisions of the bill before us.

Congressional employees, our employees are not now covered by the Hatch Act. I would think, in fairness to the executive branch employees, we would want them to be covered, but I am applying to them the provisions of the Clay bill.

So what we have, in effect, is that the historic, time-tested, proven Hatch Act continues to apply to all Federal civilian employees except those in the

Postal Service and those in the legislative branch.

Mr. Speaker, I think this is a workable, happy compromise, and in that spirit I urge adoption of the motion to recommit.

Mr. CLAY. Mr. Speaker, I rise in opposition to the motion. I think we have been through these arguments all day, and the same proposal the gentleman is now making was soundly defeated in the Committee of the Whole.

Mr. Speaker, I think it was defeated for several valid reasons. I do not think it makes any sense for us to talk in terms of bringing several hundred thousand postal employees and employees of Members of Congress under the prohibitions or under the provisions of this act and then denying the additional 2 million Federal employees what we consider the constitutional right of free speech and free assembly.

Mr. Speaker, I urge that the Members of this body reject the motion to recommit.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. DERWINSKI. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were refused.

Mr. DERWINSKI. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 81, nays 327, not voting 25, as follows:

[Roll No. 624]

YEAS—81

Abdnor
Anderson, Ill.
Archer
Bauman
Bell
Bennett
Broomfield
Brown, Ohio
Burleson, Tex.
Byron
Clancy
Clausen, Don H.
Cohen
Collins, Tex.
Conable
Conlan
Crane
Derwinski
Devine
du Pont
Erlenborn
Esch
Eshleman
Fenwick
Findley
Forsythe
Goldwater
Goodling
Gude
Guyer
Hagedorn
Haley
Hammerschmidt
Heckler, Mass.
Hinshaw
Holt
Hutchinson
Hyde
Jarman
Johnson, Pa.
Kasten
Kindness
Lagomarsino
Latta
Lent
McDonald
McKinney
Michel
Miller, Ohio
Moore
Moorhead, Calif.
Myers, Pa.
O'Brien
Pettis
Poage
Quie
Regula
Rhodes
Runnels
Ruppe
Schneebeli
Sebelius
Shriver
Shuster
Skubitz
Smith, Nebr.
Snyder
Steelman
Steiger, Ariz.
Steiger, Wis.
Sullivan
Talcott
Taylor, Mo.
Thone
Treen
Vander Jagt
Waggonner
Wiggins
Wilson, Tex.
Wydler
Wylie

NAYS—327

Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Armstrong
Ashbrook
Ashley
Aspin
AuCoin
Badillo
Bafalis
Baldus
Barrett
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boland
Bolling
Bonker
Bowen
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Calif.
Brown, Mich.
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Carney
Carr
Carter
Casey
Cederberg
Chappell
Chisholm
Clay
Cleveland
Cochran
Collins, Ill.
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Evans, Colo.
Evans, Ind.
Fascell
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Gonzalez
Gradison
Grassley
Green
Hall
Hamilton
Hanley
Hannaford
Hansen
Harkin
Harrington
Harris
Harsha
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Hébert
Hechler, W. Va.
Hefner
Heinz
Helstoski
Henderson
Hicks
Hightower
Hillis
Holland
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Ichord
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Kelly
Kemp
Ketchum
Keys
Koch
Krebs
Krueger
LaFalce
Landrum
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
Macdonald
Madigan
Maguire
Mahon
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pickle
Pike
Pressler
Preyer
Price
Pritchard
Quillen
Railsback
Randall
Rangel
Rees
Reuss
Richmond
Riegle
Rinaldo
Risenhoover
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Simon
Slack
Smith, Iowa
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Stephens
Stokes
Stratton
Stuckey
Studds
Symington
Symms
Taylor, N.C.
Thompson
Thornton
Traxler
Tsongas
Ullman
Van Deerlin
Vander Veen
Vigorito
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, Bob
Winn
Wirth
Wolff
Wright
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NOT VOTING—25

Boggs
Brademas
Clawson, Del
Conte
Conyers
Duncan, Oreg.
Evins, Tenn.
Fary
Fraser
Jones, Okla.
Madden
Mann
Milford
Moorhead, Pa.
O'Neill
Passman
Patman, Tex.
Schulze
Sikes
Sisk
Solarz
Teague
Udall
Vanik
Wilson, C. H.

The Clerk announced the following pairs:

Mr. O'Neill with Mr. Fary.

Mr. Patman with Mr. Milford.

Mrs. Boggs with Mr. Moorhead of Pennsylvania.

Mr. Passman with Mr. Madden.

Mr. Teague with Mr. Duncan of Oregon.

Mr. Brademas with Mr. Conyers.

Mr. Evins of Tennessee with Mr. Fraser.

Mr. Sikes with Mr. Jones of Oklahoma.

Mr. Sisk with Mr. Schulze.

Mr. Mann with Mr. Del Clawson.

Mr. Solarz with Mr. Conte.

Mr. Vanik with Mr. Charles H. Wilson of California.

Messrs. ROBINSON, HARSHA, ROSTENKOWSKI, BROYHILL, EMERY, and HANSEN changed their vote from "yea" to "nay."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. DERWINSKI. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 288, nays 119, not voting 26, as follows:

[Roll No. 625]

YEAS—288

Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Bafalis
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boland
Bolling
Bonker
Bowen
Breaux
Brinkley
Brodhead
Brooks
Brown, Calif.
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Chappell
Chisholm
Clancy
Clay
Cleveland
Cochran
Collins, Ill.
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Evans, Colo.
Evans, Ind.
Fascell
Fish
Fithian
Flood
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Green
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hays, Ohio
Hébert
Hechler, W. Va.
Hefner
Heinz
Helstoski
Hicks
Hightower
Hillis
Hinshaw
Holland
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Ichord
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Ketchum
Keys
Koch

Krebs
Krueger
LaFalce
Leggett
Lehman
Lent
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Macdonald
Madigan
Maguire
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Morgan
Moss
Mottl
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Natcher
Neal
Nedzi
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
Ottinger
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pike
Preyer
Price
Pritchard
Quillen
Railsback
Randall
Rangel
Rees
Reuss
Richmond
Riegle
Rinaldo
Risenhoover
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Simon
Slack
Smith, Iowa
Snyder
Spellman
Staggers
Stanton, James V.
Stark
Steed
Stephens
Stokes
Stratton
Stuckey
Studds
Symington
Taylor, N.C.
Thompson
Thornton
Traxler
Tsongas
Ullman
Van Deerlin
Vander Veen
Vigorito
Walsh
Wampler
Waxman
Weaver
Whalen
White
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Yates
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—119

Abdnor
Anderson, Ill.
Archer
Armstrong
Ashbrook
AuCoin
Bauman
Beard, Tenn.
Bell
Bennett
Breckinridge
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Casey
Cederberg
Clausen, Don H.
Cohen
Collins, Tex.
Conable
Conlan
Crane
Daniel, Dan
Daniel, R. W.
Derwinski
Devine
Dickinson
Duncan, Tenn.
du Pont
Erlenborn
Esch
Eshleman
Fenwick
Findley
Fisher
Flynt
Fuqua
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hammerschmidt
Hansen
Harsha
Hastings
Heckler, Mass.
Henderson
Holt
Holtzman
Hutchinson
Hyde
Jarman
Johnson, Pa.
Kasten
Kelly
Kemp
Kindness
Lagomarsino
Landrum
Latta
McCloskey
McDonald
Mahon
Martin
Michel
Miller, Ohio
Montgomery
Moore
Moorhead, Calif.
Mosher
Myers, Pa.
Pettis
Pickle
Poage
Pressler
Quie
Regula
Rhodes
Roberts
Robinson
Ruppe
Satterfield
Schneebeli
Sebelius
Shriver
Shuster
Skubitz
Smith, Nebr.
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Sullivan
Symms
Talcott
Taylor, Mo.
Thone
Treen
Vander Jagt
Waggonner
Whitehurst
Whitten
Wiggins
Wilson, Bob
Wydler
Wylie
Young, Fla.

NOT VOTING—26

Badillo
Boggs
Brademas
Clawson, Del
Conte
Conyers
Duncan, Oreg.
Evins, Tenn.
Fary
Fraser
Jones, Okla.
Madden
Mann
Milford
Moorhead, Pa.
O'Neill
Passman
Patman, Tex.
Schulze
Sikes
Sisk
Solarz
Teague
Udall
Vanik
Wilson, C. H.

The Clerk announced the following pairs:

On this vote:

Mr. O'Neill for, with Mr. Passman against.

Mr. Conte for, with Mr. Schulze against.

Until further notice:

Mrs. Boggs with Mr. Vanik.

Mr. Teague with Mr. Duncan of Oregon.

Mr. Sikes with Mr. Evins of Tennessee.

Mr. Sisk with Mr. Fary.

Mr. Moorhead of Pennsylvania with Mr. Conyers.

Mr. Brademas with Mr. Fraser.

Mr. Badillo with Mr. Jones of Oklahoma.

Mr. Mann with Mr. Madden.

Mr. Charles H. Wilson of California with Mr. Milford.

Mr. Patman with Mr. Solarz.

Mr. Udall with Mr. Del Clawson.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERMISSION FOR CLERK TO MAKE CHANGES IN SECTION NUMBERS, CROSS REFERENCES, AND TECHNICAL CORRECTIONS IN ENGROSSMENT OF H.R. 8617

Mr. CLAY. Mr. Speaker, I ask unanimous consent that the Clerk, in the engrossment of the bill H.R. 8617, be authorized and directed to make such changes in section numbers, cross references, and other technical and conforming corrections as may be required to reflect the actions of the House.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

GENERAL LEAVE

Mr. CLAY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on the bill, H.R. 8617, just passed.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

FEDERAL EMPLOYEES' GROUP LIFE INSURANCE

Mr. WHITE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 7222) to increase the contribution by the Federal Government to the costs of employees' group life insurance.

The SPEAKER. The question is on the motion offered by the gentleman from Texas (Mr. WHITE).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 7222, with Ms. JORDAN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the committee rose on Monday, September 22, 1975, all time for general debate had expired.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 8707 of title 5, United States Code, is amended by *striking* out "66⅔ percent" and inserting in lieu thereof "50 percent".

(b) Section 8708(a) of title 5, United States Code, is amended by striking out "one-half".

SEC. 2. The amendments made by this Act shall become effective at the beginning of the first applicable pay period which commences after December 31, 1976.

Mr. BAUMAN. Madam Chairman, I move to strike the last word.

Madam Chairman, it has been several weeks since we originally considered this legislation and, while the $310 million authorized *in this bill* may not concern some Members, I want to observe for the record the point I raised when last the bill was debated. That is, Members who vote for this are voting to increase the Federal taxpayers' share of their own life insurance payments by 17 percent. From the present level of 33⅓ percent to 50 percent at a total cost of $168,000 to the taxpayers, which is a figure calculated by the Civil Service Commission of the United States.

In view of tax deductions for congressmen, pay increases and other benefits the majority has also voted for themselves, it might have been well to consider handling this issue separately, but this congressional benefit is in the bill and the Members ought to be aware of that. If that is not reason enough to oppose this bill, I would remind Members that this bill will further add to the enormous Federal deficit and further contribute to inflation. I would hope that a majority of the House would reject this legislation.

Mr. DOMINICK V. DANIELS. Madam Chairman, I rise in support for the legislation before us, H.R. 7222, which will increase the Federal Government's contribution to employees' life insurance programs.

In my view, this legislation is long overdue. Since the enactment of Public Law 83-598, establishing the Federal employees' group life insurance program, there have been no changes whatsoever in the employer-employee contribution rates. The contribution ratio has remained the same for the past 21 years—with Federal employees paying two-thirds of the cost of their premium and the Federal Government paying one-third of the premium cost.

The Federal Government is lagging behind other large *public and private* employers in offering meaningful benefits, and it is time to correct this disparity.

The Civil Service Commission issued a report in 1973 which clearly revealed the Federal Government's failure to be competitive with 25 large private and public employers. In fact, the report concedes that—

Federal employees pay a larger share of the premium than almost all of the other workers surveyed.

Madam Chairman, this legislation represents a modest 17-percent increase in the Federal Government's contribution to employee life insurance programs. Surely, this is the least we can do to make the Federal Government's employment benefits more comparable to those offered by other large public and private employers. As a matter of fact, those employers reviewed by the Civil Service Commission were paying 75 to 100 percent of the total premium cost. By the time this legislation takes effect in 1977, the Federal Government will be lagging even further behind other employers than it is today.

Madam Chairman, because of compelling economic conditions in the Nation, Congress has decided to endorse the President's request for a 5-percent ceiling in Federal employee cost-of-living pay increases.

This was a hard decision for many of us who serve in this House to make. Federal employees have just as hard a time making ends meet as any other workers, but we had to balance the need for some increase in the cost-of-living computation with a recognition of the economic realities we must confront as implementers of the Federal budget. Our action represents a balancing of these concerns.

Now, we must act again to balance legitimate concerns in the important area of Federal employment benefits. The Post Office and Civil Service Committee heard testimony that the current life insurance program is becoming less and less attractive to employees. In fact, fewer than 10 percent of newly hired employees under the age of 30 are electing group life insurance coverage. This phenomenon results from the fact that these employees are able to purchase greater coverage at lower cost through private insurance plans. While the comprehensiveness of Federal employee life insurance or its cost may not be the single most important factor influencing the decision of a young man or woman to join the Federal service, it is certainly included in that decision.

If this Nation wants talented and qualified people in Government service, it must be prepared to offer employment benefits that attract them. The legislation we are considering today takes positive steps toward correcting a disparity that exists between the Federal Government and other private and public employers in the area of employee benefits.

This legislation will increase by a modest factor of 17 percent the Federal Government's contribution to the premium cost of employee life insurance, raising the total Government contribution from 33⅓ to 50 percent.

Madam Chairman, I believe H.R. 7222 is a well-balanced piece of legislation that has been developed with a keen regard for budgetary realities. It is the minimum effort we can make to keep Federal employment benefits from lagging hopelessly behind benefits offered by other private and public employers in the important area of life insurance coverage.

I commend the Post Office and Civil Service Committee for the hard work they have done on this legislation, and urge my colleagues to join me in supporting H.R. 7222.

The CHAIRMAN. There being no amendments, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Ms. JORDAN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 7222) to increase the contribution by the Federal Government to the costs of employees' group life insurance, pursuant to House Resolution 725, she reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The question is on the passage of the bill.

The question was taken.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 172, nays 225, answered "present" 1, not voting 35, as follows:

[Roll No. 626]

YEAS—172

Abzug
Addabbo
Andrews, N.C.
Annunzio
Badillo
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Bolling
Brinkley
Brodhead
Brown, Calif.
Brown, Ohio
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carter
Chisholm
Clay
Collins, Ill.
Corman
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Dellums
Dent
Diggs
Downey, N.Y.
Downing, Va.
Drinan
Early
Eckhardt
Edwards, Calif.
Eilberg
Evans, Colo.
Fisher
Flood
Florio
Flowers
Ford, Mich.
Gaydos
Giaimo
Ginn
Green
Gude
Hall
Hamilton
Hanley
Hannaford
Harrington
Harris
Harsha
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Heinz
Helstoski
Henderson
Hicks
Holtzman
Howard
Howe
Hungate
Jenrette
Johnson, Calif.
Jones, Ala.
Jordan
Karth
Kastenmeier
Keys
Koch
Leggett
Lent
Lloyd, Calif.
Long, La.
Lott
McCloskey
McDade
McFall
McKay
Macdonald
Mathis
Matsunaga
Melcher
Metcalfe
Meyner
Mezvinsky
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Morgan
Moss
Murphy, Ill.
Murphy, N.Y.
Murtha
Myers, Ind.
Nedzi
Nichols
Nix
Nolan
Oberstar
O'Brien
O'Hara
Ottinger
Patten, N.J.
Pattison, N.Y.
Pepper
Perkins
Price
Rangel
Rees
Reuss
Richmond
Riegle
Risenhoover
Rodino
Roe
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Russo
Ryan
Sarasin
Sarbanes
Scheuer
Seiberling
Simon
Smith, Iowa
Snyder
Spellman
Stark
Steed
Stokes
Taylor, Mo.
Thompson
Thornton
Traxler
Tsongas
Ullman
Van Deerlin
Vigorito
Walsh
Waxman
Weaver
Whalen
White
Whitehurst
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Yatron
Young, Alaska
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—225

Abdnor
Adams
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Aspin
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Boggs
Boland
Bonker
Bowen
Breaux
Breckinridge
Brooks
Broomfield
Brown, Mich.
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carr
Casey
Cederberg
Chappell
Clancy
Clausen, Don H.
Cleveland
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Delaney
Derrick
Derwinski
Devine
Dickinson
Dodd
Duncan, Tenn.
du Pont
Edgar
Edwards, Ala.
Emery
English
Erlenborn
Esch
Eshleman
Evans, Ind.
Fascell
Findley
Fish
Fithian
Flynt
Foley
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gibbons
Gilman
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hammerschmidt
Hansen
Harkin
Hechler, W. Va.
Heckler, Mass.
Hefner
Hightower
Hillis
Hinshaw
Holland
Holt
Horton
Hubbard
Hughes
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Tenn.
Kasten
Kazen
Kelly
Kemp
Ketchum
Kindness
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Lehman
Levitas
Litton
Lloyd, Tenn.
Long, Md.
Lujan
McClory
McCollister
McCormack
McDonald
McEwen
McHugh
McKinney
Madigan
Maguire
Mahon
Martin
Mazzoli
Meeds
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mitchell, N.Y.
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mosher
Mottl
Myers, Pa.
Natcher
Neal
Nowak
Obey
Patterson, Calif.
Pettis
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Pritchard
Railsback
Randall
Regula
Rhodes
Rinaldo
Roberts
Robinson
Rogers
Rousselot
Runnels
Santini
Satterfield
Schneebeli
Schroeder
Sebelius
Sharp
Shipley
Shriver
Shuster
Skubitz
Slack
Smith, Nebr.
Spence
Staggers
Stanton, J. William
Stanton, James V.
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stuckey
Studds
Sullivan
Symington
Symms
Talcott
Taylor, N.C.
Thone
Treen
Vander Jagt
Vander Veen
Waggonner
Wampler
Wiggins
Wilson, Bob
Wydler
Wylie
Yates
Young, Fla.

ANSWERED "PRESENT"—1

Quillen

NOT VOTING—35

Ashley
AuCoin
Barrett
Brademas
Clawson, Del
Conte
Conyers
Dingell
Duncan, Oreg.
Evins, Tenn.
Fary
Fenwick
Fraser
Hébert
Jacobs
Jones, Okla.
Madden
Mann
Milford
Moorhead, Pa.
O'Neill

Passman
Patman, Tex.
Quie
Rose
St Germain
Schulze
Sikes
Sisk
Solarz
Teague
Udall
Vanik
Whitten
Wilson, C. H.

The Clerk announced the following pairs:

On this vote:

Mr. O'Neill for, with Mr. Hébert against.

Mr. Sisk for, with Mr. Passman against.

Mr. Brademas for, with Mr. Sikes against.

Mr. Madden for, with Mr. Del Clawson against.

Mr. Charles H. Wilson of California for, with Mrs. Fenwick against.

Mr. Moorhead of Pennsylvania for, with Mr. Schulze against.

Mr. Solarz for, with Mr. Evins of Tennessee against.

Mr. Dingell for, with Mr. Quie against.

Mr. Barrett for, with Mr. Rose against.

Mr. Conyers for, with Mr. Whitten against.

Until further notice:

Mr. St Germain with Mr. Mann.

Mr. Teague with Mr. Jones of Oklahoma.

Mr. Vanik with Mr. Milford.

Mr. Ashley with Mr. AuCoin.

Mr. Fary with Mr. Duncan of Oregon.

Mr. Fraser with Mr. Patman.

Mr. Jacobs with Mr. Udall.

Messrs. BROOKS, McCORMACK, HOLLAND, GONZALEZ, and NOWAK changed their vote from "yea" to "nay."

Mr. SCHEUER and Mr. KASTENMEIER changed their vote from "nay" to "yea."

So the bill was not passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. WHITE. Mr. Chairman, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on the bill H.R. 7222.

The SPEAKER pro tempore (Mr. McFALL). Is there objection to the request of the gentleman from Texas?

There was no objection.

SOVIET INFILTRATION OF SENATE STAFFS?

(Mr. McDONALD of Georgia asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. McDONALD of Georgia. Mr. Speaker, all of us take an oath to support and uphold the Constitution of the United States when we are sworn in. In a little more perfunctory way, the members of our personal staffs as well as other House employees take the same oath. We also swear to defend this country against its enemies. Now, unfortunately, this may have become a rather routine sort of thing such as the singing of "The Star-Spangled Banner" before the ball game starts, but the oath remains.

As some of you are aware, a few weeks ago Senator GOLDWATER revealed on the Martin Agronsky show, that night hosted by John Lofton, Vice President ROCKEFELLER had informed him that in the course of the investigation of the Central Intelligence Agency by the Rockefeller Commission, evidence of Soviet infiltration on some seven to nine Senate staffs had come to light. The Vice President had promised him that this information would be in the final report. This information did not appear and the Vice President subsequently revealed that it had been deleted from the final report at the insistence of someone near the President. Senator GOLDWATER, I am told, is concerned about this matter and intends to raise it with Senator CHURCH's committee which is investigating the CIA. I think this is both fitting and proper. Perhaps the House of Representatives needs to look to its own skirts to see whether or not they are clean. House employees should have the United States as their first and only loyalty. Some 51 of us have directed a letter to Senator CHURCH asking him to look into this matter in order that we and the American people may be satisfied that the U.S. Senate is not a KGB haven. Based upon what is found, it is my thinking, and I hope that of my colleagues, that this House ought to consider a similar investigation, if it appears to be warranted.

A copy of the letter to Senator CHURCH with the names of the Members who signed the letter follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 7, 1975.

Hon. FRANK CHURCH,
245 Russell Senate Office Building,
Washington, D.C.

DEAR SENATOR CHURCH: We, the undersigned, were appalled recently to learn that the Central Intelligence Agency is in possession of information indicating that there are Soviet agents on seven Senator's staffs. This information was imparted to Senator Goldwater, who was informed by the Vice President that this information would appear in the Rockefeller Commission Report. Subsequently, he was informed that this information was deleted from the report.

While there is no formal security clearance necessary for employment on a Member's staff, each person so employed on the House side does swear to the following item:

(5) That I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter; So help me God.

Senate employees, we understand, take a similar oath.

It is our thinking that no person on a Congressional staff should owe allegiance to any country other than the United States whether the other country concerned be Canada or the Soviet Union. If the Central Intelligence Agency possesses such information and has not made it available to the Senators concerned, it should do so immediately, or turn the information over to the F.B.I. for the same purpose. Furthermore, it is our strong feeling that your Select Committee to Study Government Operation With Respect to Intelligence Activities should undertake, as part of your current activities a public investigation of the extent to foreign infiltration on Senate staffs and with a view to recommending whatever remedial action the committee considers to be necessary. This should be done in order to allay any doubts the American people may have on this matter.

Sincerely,

Larry P. McDonald, Richard H. Ichord, Dan Daniel, John M. Ashbrook, Bob Bauman, Steve Symms, Jack Kemp, Ted Risenhoover, James H. Quillen, Floyd Spence, Bill Nichols, John Myers, Dawson Mathis, Robert G. Stephens, Jr., Bo Ginn, Tim Lee Carter, Del Clawson, John M. Rousselot, James M. Collins, Ed Derwinski, Joe D. Waggonner, Marjorie S. Holt, Gene Snyder, Robin Beard, Kenneth L. Holland, Robert J. Lagomarsino.

G. V. Montgomery, Goodloe E. Byron, Donald J. Mitchell, Trent Lott, Carlos Moorhead, David Satterfield, Richard Kelly, Alan Steelman, Bill Young, Shirley N. Pettis, Bill Hefner, David R. Bowen, Charles Grassley, Carroll Hubbard, William L. Dickinson, George Hansen, Larry Pressler, W. S. Stuckey, Jr., Gene Taylor, Bill Chappell, Butler Derrick, L. H. Fountain, Philip M. Crane, Bill Wampler, Thomas N. Kindness.

EMERGENCY RAIL TRANSPORTATION IMPROVEMENT AND EMPLOYMENT ACT OF 1975

(Mr. SKUBITZ asked and was given permission to address the House for 1 minute and to revise and extend *his* remarks.)

Mr. SKUBITZ. Mr. Speaker, on Wednesday or Thursday of this week, this body will be considering H.R. 8672, the Emergency Rail Transportation Improvement and Employment Act of 1975. Because of the limited amount of time for debate, I think it is imperative that some essential facts be put before the Members of the House.

Fact No. 1 is that this bill was introduced as an emergency bill to provide jobs for railroad maintenance workers during the past summer. The fact is that the other body passed its "emergency" railroad jobs bill on May 16, 1975—5 months ago.

The further fact is that the hearings for this "emergency" bill were held by the subcommittee on June 17, July 9, and July 10, 1975. It is also a matter of record that the subcommittee was urged at those hearings by Harold Crotty, president of the Maintenance-of-Way Brotherhood, to act quickly so that the work season would not be lost.

Mr. Chairman, that work season has been lost. Therefore, the urgency of this situation has been completely dissipated by the fact of the lost work season and by the further fact that ConRail is facing this body.

The fact is that if this House or the other body does not pass a resolution of disapproval by November 9, ConRail becomes a legal fact of life and Congress must give it funds with which to operate. The final system plan calls for $2.4 billion. Obviously, large portions of that money will be used for rehabilitation and maintenance.

Even more significant are the time periods involved. The final system plan calls for ConRail to take over and actually begin to operate in either late February or early March. Thus, its rehabilitation and maintenance work will begin then.

Note, if you will, that H.R. 8672, if passed today, has yet to go to conference. From there it will have to go back to each House, then to the President—who has promised a veto—and then we must again take it up and attempt to override. If the override succeeds we will then be either late into this session or early into January. Then the Secretary still has to prepare guidelines, applicants must prepare their applications and submit them, and finally the Secretary must act on those applications.

Clearly, gentlemen, no work could possibly begin under the bill until March or perhaps later. The fact is that H.R. 8672 is already a month or two behind the $2.4 billion which ConRail will have and which will be used for the same purpose. How many times do you want to go on record voting funds for railroads?

ANDERSON REQUESTS OIL LEASE TALKS

(Mr. ANDERSON of California asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. ANDERSON of California. Mr. Speaker, in its haste to open up southern California's offshore oil reserves to commercial development, the Interior Department has decided to open up 1.6 million acres of Federal Outer Continental Shelf lands for leasing in the first week of December.

Now, certainly we need this oil and natural gas to increase our domestic energy supplies. But if the Interior Department proceeds on its present course, this development will actually be delayed.

In a recent letter to Interior Secretary Thomas Kleppe, Los Angeles Mayor Thomas Bradley, and Palos Verdes Estates Mayor Joe Barnett warned that a coalition of southern California cities and counties are more than willing to go to court to postpone the lease. And they have very good reasons for doing so.

The Bureau of Land Management's final environmental statement clearly points out a number of dangers to California's coastal environment, from increased air pollution, spoilage of the coast breeding grounds of fur seals, elephant seals, and sea lions on California's Channel Islands. In fact, those islands, the only remaining pristine environment left in southern California, are especially endangered because ever increased human activity may disrupt the islands' delicately preserved nature.

In addition, support facilities on the mainland must be carefully planned and developed within the restrictions of California's final coastal zone management plan. However, Interior has failed to hold meaningful hearings with State and local officials to air environmental concerns—and time is growing short.

Therefore, I have written Secretary Kleppe and asked him to meet with State and local officials and endeavor to work out a satisfactory agreement before the leasing is held. I believe this is essential and that an adequate system of environmental protection must be established even if it means withholding portions of the areas to be leased.

Yes, we need the oil and natural gas that lie off California's coast. But the life expectancy of the leases will only be 60 years—and the coastline will be there long after the oil is gone. Let us make sure it is still in good shape when the drilling stops.

LEGISLATIVE PROGRAM

(Mr. McFALL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McFALL. Mr. Speaker, I take this time to notify the Members of the program for tomorrow. The first item of business will be House Resolution 780, a disapproval of Federal Elections Commission proposed regulation, which did not pass on the suspension calendar yesterday.

The second item will be H.R. 6844, Consumer Product Safety Commission Improvements Act of 1975, concluding consideration.

The Members will recall that this matter has been up on several occasions previously.

The third item is H.R. 8672, emergency rail transportation improvement and employment, under an open rule with 1 hour of debate.

SERIOUS QUESTIONS RAISED ABOUT PRESIDENT FORD'S TESTIMONY ON WATERGATE ISSUES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Patman) is recognized for 30 minutes.

Mr. PATMAN. Mr. Speaker, despite some excellent work by the Judiciary Committee in the House, the Ervin committee in the Senate and the various efforts of the Special Prosecutor's Office, a number of questions remain about the Watergate case.

One of these questions is raised in the current issue of the Washington Monthly in an article by Marjorie Boyd who has done extensive research and writing on Watergate issues.

Marjorie Boyd's article raises some serious and disturbing questions about the role of the now President of the United States, Gerald Ford, in connection with the attempts of the Banking and Currency Committee to investigate some aspects of the Watergate case in the summer and fall of 1972 and his subsequent testimony before the Senate Rules Committee and the House Judiciary Committee.

This article details the White House efforts to block our investigations and President Nixon's desire to have Gerald Ford lead the obstruction. The tapes of the White House meeting of September 15, 1972 among President Nixon, John Dean, and H. R. Haldeman, raise major questions about Gerald Ford's recollection of events as he related them to the Senate Rules Committee on his confirmation as Vice President in 1973.

Mr. Speaker, I do not contend that I know the answers to these questions, but I still think it would be highly valuable to have all the tapes of that 1972 period available so that the issues raised in the Marjorie Boyd article can be cleared up.

Mr. Speaker, I want to place in the Record at this point the text of the Washington Monthly article:

Did Ford Commit Perjury?

IS THE PRESIDENT A PERJURER?

(By Marjorie Boyd)

In April 1973 The Washington Monthly told the story of how the Nixon White House blocked a pre-1972-election investigation of the Watergate break-in by Rep. Wright Patman's House Banking Committee. We presented it as a classic illustration of how the White House can put pressure on legislators to prevent effective review of presidential activity. At the time it was difficult to know how much wider the Watergate scandal would expand. The aborted Patman investigation kept popping up here and there during the revelations of the next two years. John Dean testified that it was one of the more successful aspects of the cover-up. The House Judiciary Committee included White House interference with the Patman investigation in its final reckoning of Watergate, as a part of the Article of Impeachment covering obstruction of justice. So this episode already has shown it is capable of sending out sizable ripples. And the biggest ripples may be yet to come.

Appearing briefly in The Washington Monthly's story on the Patman hearings, in the cast of White House spear carriers was the name Rep. Gerald Ford. This fact excited no special attention at the time, for he was only the House Minority Leader. Just a few months later, in November 1973, Ford was being questioned by Senate and House committees in hearing to confirm his nomination as Vice President. At this point, Ford's behavior the previous year became more important.

In the Senate Rules Committee's hearing on the Ford nomination, Senator Robert Byrd was Ford's most aggressive questioner. Byrd's rise from butcher in a West Virginia meat market to Assistant Majority Leader of the U.S. Senate is a testament to his toughness. He was the only senator who asked Ford about the role he played in stopping the Patman investigation, and his questions were incisive.

Ford admitted that he had used his influence to halt the investigation, but he denied vigorously that he had ever been asked to do so by the White House. He said he entered the fight at the request of the Republican members of the Banking Committee, who felt Patman was going on a "fishing expedition." Their concern and his, he said, was exclusively that public hearings would jeopardize the rights of the burglars arrested in the Watergate and then awaiting trial. Ford insisted that it had nothing to do with the impending election.

Byrd summarized Ford's testimony on the matter:

"Senator Byrd: But as I understand you, any efforts that you may have contributed toward the stifling or impeding or blocking of such investigation by the Patman committee were not born of your feeling, or at least your feelings as expressed to anyone, that such an investigation would be harmful to the President, harmful to his chances of reelection, or harmful to your party?

"Mr. Ford: The answer is no, Senator Byrd."

Over on the House side, where the House Judiciary Committee was charged with confirming the vice presidential nominee, the only committee member who showed any interest in Ford's efforts to halt the Patman investigation was Rep. Elizabeth Holtzman. Holtzman's questioning was not as sharp as Byrd's, and Ford was able to waffle a good deal. But he reiterated that he had joined in the attempt to stop the investigation at the request of the Republican members of the Patman committee. Asked if he had even bothered to inquire about the truth of Patman's allegations before demanding that the investigation be shut down, Ford said, "I do not remember discussing those allegations with anybody on the White House staff in 1972."

"GERRY COULD TALK TO HIM"

Since November 1973, when Senator Byrd and Rep. Holtzman accepted Ford's explanation of his role in the Patman affair, many pieces of evidence have been made public by the various Watergate tribunals. Fitted together, they raise disturbing doubts about the truth of the sworn testimony given by the Vice President-designate, now President of the United States.

Among the tapes the White House was forced by the courts to release is one of a meeting on September 15, 1972 between President Nixon, H.R. Haldeman, and John Dean, in which they discuss their various continuing efforts to keep Watergate under control and out of the newspapers. Dean brought up the Patman hearings and described the campaign to halt them until after the election.

"Dean: Uh, Gerry Ford is not really taking an active interest in this matter, that is developing, so Stans can go see Gerry Ford and try to brief him and explain to him the problems he's got."

The President broke in and characterized Rep. William Widnall, the ranking Republican on the Patman committee as "a very weak man" and concluded:

". . . but you see Widnall—let's take somebody—Gerry could talk to him. Put it down [probably an instruction to Haldeman to write it down], uh, Gerry should talk to Widnall and, uh, just brace him, tell him I thought it was [unintelligible] start behaving.

"Dean: That would be very helpful to get our minority side at least together on the thing.

"President: Gerry has really got to lead on this. He's got to be really be [unintelligible]."

The conversation then turned to other subjects, including the pernicious nature of the press and plans for retribution by the FBI, the FCC, and the IRS in the second Nixon Administration (causing John Dean to exclaim, "That's an exciting prospect!").

Then they returned to the problem of activating Gerald Ford.

"Dean: I think Maury [Stans] can talk to Ford if that will do any good, but it won't have the same impact, of course, 'cause he's the one directly involved.

"President: Oh, I think Ehrlichman should talk to him. Ehrlichman understands the law and the rest, and should say, 'Now, God damn it, get the hell over with this . . . he's got to know that it comes from the top.' . . .

"Haldeman: Yes.

"President: That's what he's got to know.

"Dean: Right.

"President: . . . and if he [unintelligible] and we're not going to—I can't talk to him myself—and that he's got to get at this and screw this thing up while he can, right?"

Dean then told Nixon that Rep. Garry Brown of Michigan, a Republican member of the Patman committee, had taken the lead within the committee in opposing the investigation. Dean explained that the opposition's position, for public consumption, was that a public hearing would jeopardize the rights of the four burglars caught in the Watergate. He reported that Rep. Brown had already written a letter to the Attorney General asking him to rule on whether the hearings would indeed jeopardize the rights of the defendants.

"President: Right, just tell him that, tell, tell, tell Ehrlichman to get Brown in and Ford in and then they can all work out something. But they ought to get off their asses and push it. No use to let Patman have a free ride here."

"GET FORD IN"

As was his custom, Haldeman took notes during this meeting so that the President's wishes could be expeditiously and completely carried out. Haldeman's notes are a model of executive tidiness; in the left hand column he wrote the name of the person to whom a particular task was to be assigned and in the corresponding right-hand column he put a brief description of the assignment. In Haldeman's notes from the September 15, 1972 meeting opposite "E" for Ehrlichman, he wrote the following:

"*must* get minority together raise hell re jeopardizing defendants.

"P. can't talk to you—but it must be done.

"Get Garry Brown and Ford in."

During the next two weeks Ford took the lead in the successful effort to halt the Patman investigation. Ford called a series of meetings of the Republican members of the Patman committee and by his own testimony "presided at the meetings." Immediately after the vote had been taken which denied Patman subpoena power and killed the investigation, several Republican members of the Patman committee told reporters that all 15 Republican members had received letters from Minority Leader Ford "emphasizing the importance of the vote."

After the crucial vote ending the investigation, Patman made public an 80-page staff report on what it had found so far. This report alleged a connection between the men arrested in the Watergate and the Committee to Re-elect the President, established by tracing money through Mexican launderings and Miami banks. The report was accurate. The next day Ford released to the press the text of a telegram he had sent to Speaker Carl Albert demanding that the staff of the Banking Committee be fired. He called the staff report "the worst form of last-minute smear tactics."

DEAN'S IDEA, FORD'S STATIONERY

The mountain of documentation later built by various Watergate investigators contains other evidence that, at the time of the Patman hearings, Ford—despite his denials under oath—was collaborating with the White House in its publicity efforts to camouflage Watergate.

On September 12, 1972, John Dean sent a confidential memo to H. R. Haldeman entitled "Counter Actions (Watergate)." It lists various law suits under consideration or already filed, such as a libel suit to be filed by Maurice Stans and a slander suit to be brought against Larry O'Brien by the Republicans. Dean repeatedly emphasized the publicity value of the suits, indicating that they were not intended as serious litigation.

The penultimate item in the memo is entitled "Complaint to Fair Campaign Practices Committee" and reads: "A complaint to the Fair Campaign Practices Committee with respect to the statements and actions of O'Brien, et al., and their misuse of the courts to harass the Re-election Committee would provide no relief to those injured but could be of some political value. Most people do not know what this Committee does and would interpret the action as founded upon a real grievance."

Three weeks later, on October 6, 1972, the Fair Campaign Practices Committee received a letter, the text of which had already been released to the press, making formal complaint against the Democrats. The letter was signed by the Republican leaders of Congress, Reps. Ford and Arends and Senators Scott and Griffin. The letter was typed on the stationery of the House Minority Leader Gerald Ford.

In his testimony before the Senate and House committees in his confirmation hearings, Ford was unequivocal in his denials that the White House had ever asked him to try to stop the Patman hearings.

To Senator Byrd: "I can say categorically, Senator Byrd, I never talked with the President about it, or with Mr. Haldeman, Mr. Ehrlichman and Mr. Dean. I know emphatically I had no conversation with them now. Almost daily during my period as Republican leader in the House, I talked with Mr. Timmons or someone in the Legislative Liaison Office of the White House, but even in this case I do not recall any conversations concerning this particular matter."

To Rep. Holtzman: "I do not remember discussing those allegations [made by the Patman investigation] with anybody on the White House staff in 1972."

Haldeman's underlining of "must" in his September 1972 notes indicates his impression that the President had a strong wish that Ford be brought in. It is possible, of course, that this strong wish was carried out through a chain of command culminating in someone like Maurice Stans, who was not technically a member of the White House staff. But from the September 15 tape it is clear that Nixon wanted Ford to know that his marching orders were being issued by the President himself ("He's got to know it comes from the top"). So even if the message was eventually delivered to Ford by the shoeshine boy in the House barbershop, it was, by its nature, and probably by its presentation, a White House message. This makes Ford's testimony at his confirmation hearings somewhat less than "the whole truth."

TALKING WITH TIMMONS

Ford's claim that he talked with Bill Timmons every day and yet never discussed the Patman hearings with him is astonishing in view of the fact that Timmons was one of the witnesses Patman planned to call, and the witness list had been made public.

John Dean testified at the House impeachment inquiry:

"Yes . . . I had extended conversations with Mr. Timmons where he was working on getting votes that would cut the [Patman] hearings off. His name was on the witness list, which gave him an incentive to even have a greater interest in the problem."

So Timmons was working, to get votes to halt the investigation, an effort Ford was leading; Timmons was agitated about the possibility he might have to testify; Timmons and Ford talked daily. Yet, according to Ford's sworn testimony, they never discussed the Patman hearings.

Ford repeatedly testified that he came into the campaign to stop the hearings at the request of "Republican members of the Banking Committee." If this is so, why was it necessary for him to send all 15 Republicans on the committee a letter telling them that it was important that they vote against Patman? We don't know the contents of this letter. But could it really "emphasize the importance of the vote" to Republicans (as the recipients themselves characterized its contents) without mentioning the potential impact of the hearings on their party or the forthcoming presidential election?

The telegram Ford sent to Speaker Albert demanding that the Banking Committee staff be fired seemed excessive, even at the time. The predictable result was that Ford's charges upstaged in the press the story of the substance of the staff report. Why should the staff be fired when they were only following Chairman Patman's orders in releasing the report? Did Ford attempt to find out whether there was any truth in the report's serious allegations that the Watergate burglars were paid large sums of money from the CREEP treasury before he branded the report a "smear tactic?"

THE ANSWERS ARE AVAILABLE

Perhaps all these questions could be answered. No tapes of White House meetings in the remainder of September 1972 or in October or November of that year have yet been made public. And it is likely that among these tapes there is one containing a further discussion of the Patman hearings, especially since the crucial vote against Patman and the attendant publicity took place on October 3. Surely Haldeman or Ehrlichman reported back to the President on whether or not the message had been delivered to Ford. And if Ford spontaneously, on his own, began to do just what the President wanted at exactly the time the President wanted, then surely this remarkable and happy coincidence would have been commented upon by someone in the White House.

The unreleased Nixon tapes are now in the custody of Philip Buchen, President Ford's former law partner from Grand Rapids and now his White House legal advisor. When Ford pardoned Nixon, he also declared the tapes to be the former President's personal property and would have shipped them off to San Clemente immediately had not the Special Prosecutor stepped in and asked that they be held in the White House. Congress has since passed a law stating that the tapes are the property of the American people. Former President Nixon has filed a suit challenging the constitutionality of this law, and Buchen continues to hold the tapes under a court order in that case.

At the hearings in the House last October before the Hungate subcommittee where President Ford voluntarily came to explain his pardon of Nixon in an historic appearance—the first such presidential appearance before a congressional committee since Lincoln's, we were told—the problem of the unreleased tapes produced the only flaw in Ford's determinedly Lincolnesque performance. In general, Ford projected the presidential image familiar from Washington novels, straight of spine with jaw jutting, and his former colleagues did not let any tough questions mar the caricature. But the conviviality was shattered when Rep. Holtzman asked a question whose audacity left the more cautious committee members gasping in embarrassment:

". . . Suspicions have been raised that the reason for the pardon and the simultaneous tapes agreement was to insure that the tape recordings between yourself and Richard Nixon never came out in public. To alleviate this suspicion once and for all, would you be willing to turn over to this Subcommittee all tape recordings of conversations between yourself and Richard Nixon?"

At the time, Holtzman's impudent question received more attention than Ford's unresponsive answer:

"Those tapes—under an opinion of the Attorney General which I sought—according to the Attorney General and, I might add, according to past precedent, belong to President Nixon. Those tapes are in our control. . . . Now, those tapes belong to Mr. Nixon, according to the Attorney General. But they're being held for the benefit of the Special Prosecutor, and I think that's the proper place for them to be kept."

Ford's insistence that the tapes belong to Nixon conveniently ignored the fact that two weeks earlier the Senate had passed a bill declaring that the tapes belong to the government and the American people. Ford, as an old congressional nose-counter, must have known that the bill would easily pass the House.

It certainly appears from material now on the public record that President Ford committed perjury in his vice-presidential confirmation hearings of November 1973, when he declared repeatedly and vehemently that he had not dealt in any way with the White House during his efforts to squash the Patman investigation the previous year. The only way this appearance of perjury can be dissipated, if it can be dissipated at all, is by release of the White House tapes from the fall of 1972, which are now in the possession of Philip Buchen. If he was telling the truth under oath during his confirmation hearings, it certainly would be in Ford's interest to have the tapes released. In case he was not telling the truth, it would seem prudent to find a custodian who is a less interested party than Ford's friend and employee Philip Buchen.

AID FOR DISABLED VETERANS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Steelman) is recognized for 5 minutes.

Mr. **STEELMAN.** Mr. Speaker, for several months I have been trying to assist a veteran in my district who suffers from a 100-percent service-connected disability due to carcinoma of the mouth and organic aphonia, and today I am introducing legislation which would greatly assist him in living a more normal life.

In April 1969, Mr. Brandau Hughes' tongue was amputated and the whole lower part of his face, including lower teeth, lips and neck glands, was removed. His lower right rib was used to make a semblance of a face. Since that time Mr. Hughes and his wife have taken advantage of Veterans' Administration monthly compensation and a special monthly compensation for having two service-connected disabilities and a special compensation for organic loss of speech.

However, Mr. Hughes has been unable to participate in the one veterans' program which would help make his life more normal—VA assistance in helping to purchase an automobile. Mr. Hughes' condition precludes him from traveling for even a few hours without having running water and electricity to sterilize his food and utensils so that he may eat. The Hughes have managed to purchase an old van which they have equipped for his travel but it is in need of repair and they realize that soon they will need to purchase a new one.

Under current law, Mr. Hughes does not fit the disability requirements to receive funding from the VA for the purchase of his van. The bill I am introducing today would expand the classes of injuries for which disabled veterans and members of the Armed Forces may receive automobiles and adaptive equipment and provides the VA Administrator with the authority to make determinations under regulations which he prescribes.

I believe this legislation is timely in Congress' consideration of the continuation of certain veterans' benefits, and I hope that the committee will begin active consideration of this legislation.

IT IS TIME FOR HANDGUN BILL MARKUP

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. McClory) is recognized for 10 minutes.

Mr. **McCLORY.** Mr. Speaker, I take the floor this afternoon to express my disappointment that the House Subcommittee on Crime, on which I serve, has postponed its scheduled markup session on Federal handgun control legislation, which was supposed to begin today. I arranged my other Committee work to be available for the subcommittee's markup session tomorrow and during the rest of this week. I was informed only this morning that the chairman of the subcommittee had canceled all of this week's markup sessions.

Mr. Speaker, let me make it clear that I am very concerned that the U.S. Congress make an effective response to the escalating handgun violence which is afflicting our society. Numerous Members in both Houses of Congress have introduced legislation to deal with this difficult and growing problem. The President has submitted his recommendations on this important subject to the Congress in his crime message. The subcommittee has heard from more than a hundred witnesses, representing the full spectrum of opinions around the country. The American people as well as the relevant agencies of government, have given their views on this vital issue to the subcommittee. It is time for us to undertake a markup and report of legislation providing handgun control, which reflects a consensus on the appropriate legislative remedy to this problem.

Mr. Speaker, I would like again to urge the chairman of the subcommittee to schedule and hold a markup on the many fine proposals before us later this week—or beginning next Monday. I pledge my best efforts to remain here in Washington and to work with him as well as with the distinguished chairman of the full committee (Mr. Rodino) toward the goal of bringing to the floor of the House effective handgun control legislation in this session of Congress.

THE PROBLEMS OF SMALL BUSINESS CAUSED BY REGULATORY AGENCIES

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from California (Mr. Talcott) is recognized for 5 minutes.

Mr. **TALCOTT.** Mr. Speaker, small business, and its management, labor and investors, are the backbone of our society and our way of life. Small oil companies are businesses which are essential to providing our industry and citizenry with power, lubrication and other petrochemicals.

The president of one small oil company in California recently published an annual report to the stockholders of his company and included some pertinent remarks which should be known to every Member of the Congress and the citizens of this Nation.

A portion of the report relates to the effect that a myriad of government regulations have upon a small oil company.

His report has application to all small business in our country. I quote, in part:

> The purchase of FEA entitlements is only one (although the most serious to the Company) of the myriad of regulations promulgated by the Federal Energy Administration in its assumption of virtually complete control of the U.S. Oil Industry under the Emergency Petroleum Allocation Act of 1973. This law enacted under the stress of imminent shortages of crude oil and petroleum products had as its purpose the minimizing

of adverse impacts of such shortages on the American people and the domestic economy.

As a matter of fact, the FEA did an admirable job of setting up workable regulations in a short time under great pressure. However, the troubles began when the immediate shortage ended. Then, FEA found itself involved in correcting the effects of its emergency allocation provisions which were inhibiting the return to a free market. For example, FEA inherited from the Cost of Living Council the price freeze on so-called "old oil" (crude oil produced continuously since before 1972 and not otherwise exempt from price controls). This price freeze created unbearable hardships for certain segments of the oil refining industry when price competition became a factor after the shortages subsided. To correct these hardships, the FEA initiated its Entitlements Program.

However, the new program created problems for almost half of the small refiners of the United States. More than forty small refiners applied for exception relief and to date about half of these have received at least partial relief. Also, non-refiners have sought relief. In one case, a Northeast terminal operator received a grant (exception) from the FEA of over $15,000,000 in the form of entitlements to sell. As a result, a spokesman for a trade association composed of a number of its competitors testified in a July FEA hearing that they were placed at a competitive disadvantage by the terminal operator who was subsidized through the Entitlements Program.

Presently, there is a veritable flood of proposals for rule changes from the FEA intended to correct regulations made to allocate crude oil and products during a shortage which no longer exists or to correct previously made adjustments to those regulations. Thus far, in calendar year 1975, FEA has solicited comments on fifty-three proposed rule changes affecting one oil company. By comparison, in the whole year of 1972, there were solicitations for comments on six such itmes from the various government agencies involved at that time. (The foregoing remarks should not be construed as an opinion that the country is not faced with a serious energy crisis because it most certainly is. However, at the moment, the energy crisis is not manifesting itself in the form of product shortages.)

Two questions arise from consideration of the above—first, a philosophical one, "Can more government controls be the answer to too much government involvement in business?"; second, "How can a small company cope?" On the second question, we estimate approximately one half of the executive time and effort of one small company is spent on studying, analyzing, interpreting, commenting on changes to, and complying with regulations. We solicit an expression from our shareholders on ways to augment Management's efforts in dealing with the government. Perhaps, more specifically, would you as shareholders be willing to assist us in our dealings with the Administration and the Congress? Recognize that a company's shareholders are the only franchised constituents that can really speak in its behalf.

At present, we are no match for organized consumer, environmental and labor union lobbying groups who seem guided by a philosophy that says there is something antisocial about saving and investing, which is essential to creating the capital needed by any growing oil company such as ours. Also California regulations are draining away what seems an inordinate amount of executive and management time and effort. Among these are the new State Energy Resources Conservation and Development Commission (its own version of the FEA) and the Coastal Zone Commission. On the last item, it took us fourteen months to get approval for the construction of two tanks at the Marine Terminal on land we had leased for more than twenty years adjacent to our existing tanks.

Every consumer, every citizen should understand the problems of small business which are caused by the regulatory agencies This is only one example. Unfortunately, only a few managers of business take the time to try to tell the investor and consumer the facts.

A NATIONAL ENERGY AND ENVIRONMENT RESEARCH CORPORATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. DOWNEY) is recognized for 10 minutes.

Mr. DOWNEY of New York. Mr. Speaker, the time is quickly approaching where the citizens of this Nation must realize that the days of inexpensive and abundant fossil fuels are long gone. Apart from the actual shortages we have experienced in these fuels, dramatic increases in their price have hit the consumer both directly and indirectly in the form of price increases in the goods and services of nearly every industry which uses fuel. It is this situation that has made it abundantly clear that energy independence must be one of the country's first goals.

A major contributing factor to the situation we find ourselves in is the technological lag that has left this country dependent on increasingly scarce resources such as fossil fuels. Similarly, this same lag, in the face of increased environmental concerns, has forced industry to install relatively primitive and generally more expensive pollution control devices thereby exacerbating our present problems with inflation.

Increased research and development in both the energy and environment fields has been much discussed as a solution to these problems and some steps have been taken by both Government and industry in these terms. However, little has been done to establish the kind of priorities that are needed. Much of the research necessary for new energy and environmental technologies requires high-risk investment with no guarantee of immediate success.

Private capital for such investments is difficult to obtain and many of the larger corporations capable of this kind of endeavor have found it financially unattractive. Moreover, this kind of research cannot realistically be budgeted through annual appropriations where it will be forced to compete with other short-term concerns.

In order to resolve these problems on June 12 I introduced a bill, H.R. 7841, which would create a corporation as an instrumentality of the U.S. Government to make investments and guarantee loans in order to fund research geared toward further developing energy sources and solving the problems of waste disposal pollution, and resource conservation.

In September, shortly after the President's Domestic Council first proposed the Energy Independence Authority I sent a "Dear Colleague" letter to Members of Congress requesting comments on my similar proposal. These comments proved most helpful in determining both the strengths and weaknesses of this bill, and I am today introducing an amended version of this legislation.

Much concern has been expressed by my colleagues that the $100 billion instrumentality proposed by the administration would provide unwarranted benefits for large corporations and would be too far removed from the oversight functions of the legislative branch. After having examined the President's proposal I agree with these concerns. In light of this I would like to take a moment to summarize the bill I am introducing today as I believe that it provides the right kind of assistance, in the right amounts at the right time.

The Corporation created under my legislation would, first of all, seek to maximize the diversification of assistance and enhance competition in industry by providing assistance to those individuals and organizations with impaired access to capital markets. Moreover, under the act no assistance in the form of a loan or guaranty could be granted unless the Board of Directors was satisfied that such assistance would not limit competition in the private sector. Similarly, the bill specifically states that the Corporation will give preferential treatment to small- and medium-sized concerns which can provide additional competition in the energy and environmental fields.

I believe that it is significant to note, here, that the administration appears to be barking up the wrong tree with its proposal. The Energy Independence Authority would not fund projects which "involve technology which is in the research and development phase," or projects where "the applicant does not display satisfactory levels of efficiency, management capacity, or similar factors which are customarily considered by private sources of financing." Clearly, what the administration has intended is to fund large-scale projects that could only be undertaken by large energy corporations—projects that may, or may not lead to the kind of energy technologies this country needs.

This is especially important in light of the recent finding of the Senate Select Committee on Small Business that there is reason for concern that the small pioneer in solar energy research may be shouldered aside by present ERDA policies. According to the committee's report many small businessmen feel that up to now Federal policy has virtually ignored the contribution of small business specifically in the field of solar energy research and development. Under the type of institution I propose, the small businessman would receive significant benefits.

Similarly, the bill I have introduced would provide for a truly significant role in the creation and review of energy and environmental policy for the legislative branch. The bill would require the Corporation's Board of Directors to establish loan and guaranty categories within which applications for assistance will be considered. Categories will be developed after public hearings and with the advice of a Science Advisory Panel broadly representative of the science, engineering, and consumer communities.

These categories would be published in the Federal Register and transmitted to Congress. Either House of Congress could disapprove any of the categories. In addition, either House of Congress could cut off funding in any previously published and approved category and may by concurrent resolution suggest to the Corporation other possible categories which it deems consistent with the purposes of the bill.

Here again the administration has failed to provide what is truly needed. The Energy Independence Authority is specifically geared toward the large-scale development of current technologies, with a heavy emphasis on nuclear energy. This approach is questionable indeed, for not only is it limiting in scope, but the concept of creating a corporation for a 10-year period is self-defeating The bill I am reintroducing is much more flexible. It would provide the administration, the public, and the Congress with meaningful input into the direction of funds for technology development. Furthermore, the corporation could easily be used in the future to fund other research and development needs which are deemed to be of critical national concern.

Moreover, my proposal would place a significantly smaller burden upon the U.S. Treasury than the proposal made by the administration. The Corporation would be issued only $1 billion in capital stock and would, where possible, limit its activities to loan guaranties. Similarly, either House of Congress could disapprove the issuance of corporate obligations exceeding $250 million, any guaranty or loan exceeding $5 million, and the purchase of obligations by the Secretary of the Treasury. Moreover, the bill provides for the public use of any invention developed with Federal assistance upon the payment of a royalty a portion of which may accrue to the Corporation.

Mr. Speaker, the creation by Congress of financial institutions for investment purposes vital to national welfare is a time-honored means which clearly fits our present technology needs. I believe that this kind of action is a vital step toward providing new sources of energy and I feel that the program I have outlined for you today provides a more reasonable, and more well-thought-out course than that of the administration.

THE FINANCIAL DISCLOSURE ACT, H.R. 3249

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. KASTENMEIER) is recognized for 5 minutes.

Mr. KASTENMEIER. Mr. Speaker, one of the pressing issues that the 94th Congress must confront is the restoration of public confidence in Government. A Harris poll rating of the Congress last July showed that only 18 percent of those questioned believed that the Congress was inspiring confidence in Government while 72 percent held the opposite view. Other polls indicate that the public agrees with statements that too many political leaders are "just out for their own personal financial gain." If these polls are an accurate reflection of the public's disenchantment with Government and their elected leaders, then we clearly are losing the faith of those who once had faith in us.

One of the most effective ways by which the Congress can begin to act affirmatively toward restoring the confidence of the American people in those to whom they have given high positions of public trust is through the passage of legislation requiring extensive financial disclosure by Government officials. The need for financial disclosure is more obvious today than at any previous time, and financial disclosure provides the best assurance to citizens that their Government leaders are not using their offices for private gain. For more than a dozen years, I have voluntarily disclosed my financial interests so as to allow those who elected me to have these facts and to make it possible for them to determine whether or not I am engaging in any possible conflicts of interest. I am pleased to see that more and more Members of Congress are, each year, making similar disclosures.

This year, Representative ALAN STEELMAN and I have introduced H.R. 3249, the Financial Disclosure Act, which has received bipartisan cosponsorship from 153 of our colleagues in the House. This measure requires the filing of a financial disclosure report by every candidate for nomination for or election to Federal office, and the filing of an annual financial disclosure statement by each Member of Congress, each officer or employee, including the President and Vice President, of the executive branch, judicial branch, or legislative branch who is compensated at a rate in excess of $25,000 per annum, or who occupies grade GS–16 or higher, or who is compensated in an amount equal to or in excess of the pay grade O–6 of the uniformed service.

This annual statement, which also includes the financial interest of a spouse and dependents, must list each item of income or gift exceeding $100; the identity of each asset which has a value in excess of $1,000; the amount of each liability in excess of $1,000; any transaction in securities of any business if the aggregate amount exceeds $1,000; all transactions in commodities if the aggregate amount exceeds $1,000; and the purchase or sale of real property exceeding $1,000.

These financial disclosure statements will be filed each year with the Comptroller General and shall be available for inspection by members of the public.

Mr. Speaker, a list of the cosponsors of H.R. 3249 follows:

LIST OF COSPONSORS

Arizona: Udall.

Arkansas: Hammerschmidt.

California: Anderson, Bell, Brown, Burgener, Burke, Burton, J., Burton, P., Corman, Edwards, Hannaford, Hawkins, Krebs, McCloskey, Miller, Mineta, Patterson, Stark, Talcott, Waxman.

Colorado: Schroeder, Wirth.

Connecticut: Dodd, Moffett.

Florida: Bennett, Fascell, Fuqua, Lehman, Rogers.

Guam: Won Pat.

Hawaii: Matsunaga.

Illinois: Anderson, Findley, Hall, Madigan, Metcalfe, Mikva, Railsback, Russo, Simon.

Indiana: Evans, Fithian, Hillis, Jacobs, Sharp.

Iowa: Bedell, Blouin, Harkin.

Kansas: Keys, Winn.

Kentucky: Hubbard, Mazzoli.

Maine: Cohen, Emery.

Maryland: Gude, Mitchell, Sarbanes, Spellman.

Massachusetts: Drinan, Harrington, Moakley, Studds, Tsongas.

Michigan: Blanchard, Brodhead, Carr, Conyers Esch, Ford, Nedzi, Riegle, Traxler, Vander Jagt, Vander Veen.

Minnesota: Fraser, Nolan, Oberstar, Quie.

Mississippi: Cochran.

Missouri: Bolling.

Montana: Baucus.

Nebraska: Thone.

New Hampshire: D'Amours.

New Jersey: Fenwick, Florio, Forsythe, Helstoski, Hughes, Maguire, Meyner, Rinaldo.

New York: Abzug, Addabbo, Ambro, Badillo, Bingham, Downey, Fish, Gilman, Hastings, Horton, Koch, LaFalce, Lent, McHugh, Mitchell, Ottinger, Pattison, Peyser, Rangel, Richmond, Rosenthal, Scheuer, Solarz, Walsh, Wolff, Zeferetti.

North Carolina: Neal, Preyer.

Ohio: Ashley, Gradison, Mosher, Mottl, Seiberling, Whalen.

Oklahoma: English.

Oregon: AuCoin, Weaver.

Pennsylvania: Biester, Edgar, Eshleman, Heinz, Nix, Vigorito, Yatron.

Rhode Island: Beard.

South Carolina: Jenrette.

South Dakota: Pressler.

Tennessee: Duncan, Lloyd.

Texas: Steelman, Wilson.

Vermont: Jeffords.

Virginia: Harris, Whitehurst.

Washington: Bonker, McCormack, Meeds, Pritchard.

West Virginia: Hechler.

Wisconsin: Baldus, Cornell, Kastenmeier, Reuss, Steiger.

LOOKING BACKWARD FOR SOLUTIONS

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from California (Mr. BROWN) is recognized for 10 minutes.

Mr. BROWN of California. Mr. Speaker, today I am introducing two congressional resolutions that I hope this Congress will seriously consider. These two resolutions have many aspects in common, although the subject matter addressed by each is quite different. The first of these resolutions expresses the sense of Congress with respect to increased Federal efforts to prove the commercial viability of lighter than air aircraft. The second of these resolutions expresses the sense of Congress with respect to increased Federal efforts to prove the commercial viability of sailing ships.

Lighter than air aircraft, which are also known as zeppelins, blimps, and airships; and sailing ships, which can include a variety of wind-powered sailing vessels, have in common a proven technological feasibility, a significant savings in energy consumption, and perhaps most significantly, they share the scorn and prejudice of their modern counterparts against their slower speed and more humble appearance. In fact, the mere thought of looking to the past to meet the needs of the future is offensive to many people. I do not share this prejudice, and, if anything, I believe we should be reintroducing many more of the technologies of the past.

Examples of old technologies which have been dusted off for modern use are the electric car, solar energy heaters, wind generators, bicycles, backyard gardens, and manure as fertilizer. Perhaps the slogan for next year's Democratic and Republican Party candidates should be "It Is Time To Take a Giant Step Backward." I say this only semi-facetiously because, in truth, we do need to get this country moving backward toward values and technologies which have unwisely been abandoned. Only by changing our current lifestyles, which have evolved to a level of organization that requires more energy than can be reasonably provided, can we expect to maintain a stable, balanced society.

While there are many reasons to welcome the return of zeppelins and sailing ships for business and commerce, it is unrealistic to expect commercial application without the demonstration of commercial viability. The basis for each of these resolutions is that enough evidence exists today to justify a Federal effort to research, develop, and demonstrate these technologies. For those who are not familiar with the current work on wind-powered ships, and lighter-than-air aircraft, I wish to place some of this information in the RECORD.

Lighter-than-air aircraft have been a subject of renewed Federal interest for the past 2 years. Most of this renewed interest has been limited to seminars, and paper studies of lighter-than-air technologies. One recent study was published by the Flight Transportation Laboratory of the Massachusetts Institute of Technology this past June. This report, entitled "An Assessment of Lighter Than Air Technology," was jointly sponsored by the Systems Study Division, NASA Ames Research Center; the Naval Air Development Center, U.S. Navy; the Office of Aviation Policy, FAA; the Office of the Assistant Secretary for Systems Development and Technology, DOT.

Simultaneous with the renewed interest in the United States, several design projects have been started in England, France, Germany, and Canada. Even the Soviet press has announced design studies for lighter-than-air aircraft in the U.S.S.R. In addition, the U.S. Navy has several LTA designs under consideration by its Office of Advanced Concepts, and has one of its designs being developed for testing.

The blimps and zeppelins of the past are not the only designs of LTA aircraft that need to be considered. Advances in materials development, aerodynamical design, and other related technologies have value to LTA development. In addition, the transportation needs of today are different, in some respects, than those of the past. It is quite easy to envision LTA's doing the work that some large helicopters, trucks, and planes are currently doing. Commercial application of LTA's to other types of cargo uses, and to passenger service, is not as certain, but neither is it out of the question. The report "An Assessment of Lighter Than Air Technology," reported:

> There was almost universal agreement that only the actual construction and operation of an airship could provide adequate answers to economic questions.

In order to more fully describe the attitude of the experts on this subject, I wish to include at this time the "Lighter Than Air Policy Statement" which came out of the LTA Workshop. This policy statement is taken from the January 1975, issue of the magazine, "Astronautics and Aeronautics," which is the publication of the American Institute of Aeronautics and Astronautics.

The statement follows:

LTA Policy Statement

WHERE LTAS MAY BE NEEDED

> 1. Access to heretofore inaccessible natural resources with minimal environmental impact.
> 2. On-site delivery of large powerplant components.
> 3. Monitoring of the environment on a worldwide basis.
> 4. Military missions critical to the national defense.
> 5. Improvement of the balance of payments.

WHY LTAS MAY BE NEEDED

> 1. Unique suitability for transporting large indivisible loads.
> 2. Unequaled airborne endurance on station and en route.
> 3. Environmentally favorable operating characteristics.
> 4. Smaller dependence than other modes on prepared surface transportation facilities and right-of-way.
>
> The Workshop participants believe a program of LTA system development could bring great benefits to the U.S. and the world. Such work, however, may cost hundreds of millions of dollars. To minimize technological and economic uncertainties before committing such large sums and to stimulate private investment, the Workshop policy group advocates following actions that logically lead to a program involving flight-research vehicles.

WHAT SHOULD BE DONE

> The Workshop policy group urges the following action:
>
> 1. That professional organizations develop programs of stimulating LTA-related studies for inclusion in academic curricula and that private industry encourage such studies through financial aid.
> 2. That government agencies include an LTA element in all future transportation studies.
> 3. That international organizations consider the potential benefits of LTA systems for developing countries and examine means by which such technology might be available.
> 4. That a survey be made of efforts in LTA development being conducted and contemplated by foreign countries and companies, with emphasis on identifying areas for international cooperation between governments or private industries.
> 5. That appropriate agencies develop incentives that will stimulate a broad interest in LTA in the private sector. Such incentives could include government grants at modest levels for concept development and elaboration, mechanisms for exchange of information between potential manufacturers, and examination of possible cost-sharing programs between government and industry.
> 6. That NASA develop a program to survey technology and specify areas of knowledge directly transferable to LTA concept development and implementation.
> 7. That appropriate agencies conduct studies to establish, for a range of LTA applications, cost and volume parameters based on existing non-LTA modes of transportation in order to identify areas where LTA may be competitive or perform unique missions.
> 8. That appropriate agencies conduct programs of technology assessment, addressed specifically to comparative analysis of energy consumption, land use, noise, air pollution and other environmental impacts, for a range of LTA applications. Appropriate agencies are also urged to verify and categorize possible additional civil and military needs.
> 9. That certification and licensing rules and regulations applicable to LTA operations be reviewed and promulgated by appropriate government agencies to provide a climate suitable for rapid development of LTA systems by the private sector.
> 10. That the government renew the helium-conservation program for its obvious importance to LTA and many other technical enterprises.

Renewed interest in wind-powered cargo ships has come about partly because of the energy crisis, and the realization that energy conservation must become a major criteria for all technologies. Interest in wind-powered cargo ships is not restricted to the United States. One well-publicized foreign development is the DynaShip, which was developed in Hamburg, West Germany. The DynaShip was developed using modern scientific and engineering principles, and includes, as some of its main features, freestanding masts capable of being rotated about their base, and fully automated sails. This ship is expected to travel at 10 to 12 knots from port to port, and utilize all the advances in meteorology that have occurred since the turn of the century.

The U.S. Maritime Administration was interested enough in this subject to contract for a study of the feasibility of using sailing ships in the contemporary American merchant marine. That study was conducted by the Department of Naval Architecture and Marine Engineering of the University of Michigan, and completed in February of this year. This study did an excellent job of analyzing the question, but as the authors themselves acknowledge, it raised more questions than it answered. The major uncertainty in this study was the cost of fuel, which is unpredictable, but other uncertainties included the possibility of technological advances in certain wind-powered technologies, and the size of ship needed for future commercial use. Significantly, the Maritime Administration and the authors of the report, "Feasibility of Sailing Ships for the American Merchant Marine," called for additional research and development in several areas specifically related to the question of commercial viability of sailing cargo ships.

Other observers are not as cautious as the U.S. Maritime Administration. The Director of the National Maritime Museum in Great Britain, Basil Greenhill, wrote in the "Ecologist" in September 1972, over a year before the OPEC oil price rises, that higher fossil fuel prices would force the return of the sailing ship. Mr. Greenhill described the situation with sailing ships this way:

> Sailing ships could be built today which would use the much greater knowledge of

> the world's wind and weather which now exists to far greater effect than could the vessels of 70 years ago. When the last large sailing vessels were built, the Wright brothers' flight at Kitty Hawk was still a recent event. There was virtually no knowledge of aerodynamics available. Today it would be possible to launch a design and experimental programme leading towards the production of a vessel which would have a far higher performance, in terms of speed for a given state of wind and sea and ability to make progress in contrary winds, than the vessels of the past.

This is not the only argument in favor of a Federal program to research, develop and demonstrate sailing ships. One scholar of this subject wrote in the July 1974 issue of Oceans magazine about the need to maximize efficiency by using every trade route. The author, Hugh Lawrence, went on to say:

> Admittedly (sailing ships) could not now replace the massive ore and oil carriers, or the passenger cruise-liners, or the fast container ships, but there are still many smaller and slower vessels paying their way as they ply the world's trade routes with the prosaic cargoes of modern commerce. If sail is appropriate to carry ten percent or even two percent of today's ocean cargoes then the benefits to the economic and human environments demand that we use it to its fullest.

The study conducted for the Maritime Administration reinforces this view. The authors of that study found that even without further increases in fuel prices, and further technological developments, freight rates on long, favorable routes may be cheaper by using sailing ships rather than by using steamers.

I do not predict here today that transoceanic or transcontinental freight and passenger service will be done exclusively by sailing ships and airships in the future. But I do believe that, with appropriate Federal support at the initial stages, sailing ships and airships can become a significant component of our transportation system, and that these two technologies can be made economically competitive in a variety of areas. In addition, I believe the energy savings, and the environmental enhancement offered by both of these technologies will make them increasingly acceptable.

In order to further each of these technologies, I am circulating a "Dear Colleague" letter inviting cosponsors of either or both of these two House concurrent resolutions. In addition, I will be following up this resolution by contacting the committees which are responsible for authorizing and appropriating funds for the agencies responsible for the encouragement of energy conservation, environmental enhancement, transportation policy, national and international commerce, and national defense.

At this time, I insert the full text of each House concurrent resolution to be printed in the RECORD in full:

H. CON. RES. 445

Concurrent resolution expressing the sense of Congress with respect to increased Federal efforts to prove the commercial viability of lighter than air aircraft

Whereas lighter than air aircraft are technologically feasible; and

Whereas lighter than air aircraft have less need for capital intensive aircraft facilities than heavier than air aircraft; and

Whereas lighter than air aircraft have low fuel consumption and minimal adverse environmental impact, especially in comparison to heavier than air aircraft; and

Whereas energy conservation, especially fossil fuel conservation, is now a national goal; and

Whereas lighter than air aircraft have a unique ability to transport large indivisible loads; and

Whereas there is more professional interest in this subject than at any time since commercial operations of zeppelins ceased shortly before World War II; and

Whereas the Federal Government has traditionally encouraged technologies which can contribute to national goals; and

Whereas the Federal Government has unique competence in the field of aeronautical research and development; and

Whereas the Federal Government is a potentially large user of a commercially viable lighter than air system; and

Whereas the reintroduction and marketing of lighter than air systems will require government involvement: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of Congress that—

(1) the Federal Government should accelerate its investigation, development, and demonstration of, and research on, lighter than air systems; and

(2) the budgets of the National Aeronautics and Space Administration, the Department of Transportation, the Department of the Navy, the Department of the Army, the Department of the Air Force, the Energy Research and Development Administration, the Federal Aviation Administration, the National Science Foundation, the Interstate Commerce Commission, the Federal Energy Administration, the Environmental Protection Agency, the Civil Aeronautics Board, and the Department of Commerce should include adequate funds to prove the commercial viability of lighter than air systems.

H. CON. RES. 444

Concurrent resolution expressing the sense of Congress with respect to increased Federal efforts to prove the commercial viability of sailing ships

Whereas wind-powered commercial sailing ships are technologically feasible; and

Whereas sailing ships use an energy source which is free of direct cost, free of polluting side effects, and in effectively unlimited supply; and

Whereas technological advances in materials for sails and rigging, and in communication and control technology have not been utilized for commercial sailing ships; and

Whereas modern meterological information systems are infinitely better than those used when sail-borne international trade ended half a century ago; and

Whereas sailing ships can have hybrid power sources, which would eliminate historical limitations of sailing ships; and

Whereas energy costs are now a major factor in shipping costs; and

Whereas energy conservation, and especially fossil fuel conservation, is now a national goal; and

Whereas there is interest in wind-powered commercial sailing ships, especially in Europe, as an alternative to traditional fossil-fuel powered cargo ships; and

Whereas the Federal Government has traditionally encouraged technologies which can contribute to national goals; and

Whereas the Federal Government has unique competence in the field of maritime research and development; and

Whereas the Federal Government is a potentially large user of commercially viable sailing ships; and

Whereas the reintroduction and marketing of sailing ships for cargo purposes will require government involvement: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that—

(1) the Federal Government should accelerate its investigations, development, and demonstration of, and research on, commercial sailing ships; and

(2) the budgets of the Maritime Administration, the Department of the Navy, the Energy Research and Development Administration, the National Science Foundation, the Federal Energy Administration, the Environmental Protection Agency, the Department of Transportation, the National Aeronautics and Space Administration, and the Department of Commerce should include adequate funds to prove the commercial viability of sailing ships.

THE CASE AGAINST TOLLS

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. HOLTZMAN) is recognized for 10 minutes.

Ms. HOLTZMAN. Mr. Speaker, I am opposed to the imposition of tolls on currently free bridges across the East River and Harlem River in New York City. Tolls on these bridges will serve no environmental purpose and may have a severely detrimental effect on the city. Despite this, the U.S. Environmental Protection Agency has ordered that such tolls be imposed.

The Brooklyn congressional delegation believes that the imposition of tolls is both unwise and unwarranted. Representatives CHISHOLM, RICHMOND, SCHEUER, SOLARZ, ZEFERETTI, and I set forth our reasons for opposing the tolls in the following letter, which appeared in the New York Times of October 17, 1975:

THE CASE AGAINST TOLLS

To the Editor:

We are dismayed at The Times' support for tolls on the East and Harlem River bridges [editorial Oct. 7]. These tolls will not reduce air pollution or the subway fare. The Brooklyn Congressional delegation has analyzed the U.S. Environmental Protection Agency's study of the tolls. Our analysis shows:

There is no evidence that the tolls will significantly improve air quality in Manhattan. E.P.A. shows reductions in pollutants only on the bridges and 32 feet from the bridge roadways.

Toll-plaza waiting lines are likely to increase traffic and pollution in downtown Brooklyn.

Tolls will not relieve congestion. E.P.A. estimates a reduction in rush-hour bridge traffic of only 3.5 percent, less than 1 percent of total Manhattan rush-hour traffic.

Tolls are an unfair tax on residents of Brooklyn, Queens and the Bronx. Persons driving to work within Manhattan will not pay.

Tolls are a costly and inefficient way to raise revenue. Construction will cost $20 million. Operating expenses will exceed $12 million. Alternative revenue-raising devices can cost less, yield more and avoid the unanswerable question of how the city will finance construction.

The tolls under serious consideration are not intended to raise revenues. A morning rush-hour toll of $1 round trip would yield $4.1 million annually. Morning and evening rush-hour tolls of $1.50 would produce $35.9 million. It costs $50 million just to lower the fare 5 cents.

Significant revenue can come only from a harmful, 24-hour $1.50 toll. Such a toll will discourage residents of Brooklyn, Queens and the Bronx from taking advantage of shopping, restaurants, entertainment and cultural attractions in Manhattan in the evenings and on weekends. A 24-hour toll, therefore, is not, and should not be, under serious consideration.

The burden of a 24-hour toll would not only be borne by the wealthy. Even with a toll, many large families living in two-fare zones would find it cheaper to travel to Manhattan by car.

The toll plan was initially proposed three years ago, without specifics and analysis, and with virtually no opportunity for public comment. It smacks of an unfortunate, Manhattan-centered élitism that discounts the importance of Brooklyn, Queens and the Bronx, and the vital links that make this city a whole.

We want clean air and better, cheaper mass transit. We believe these goals can be accomplished in a more effective and less destructive manner than through bridge tolls.

Elizabeth Holtzman, Leo Zeferetti,
Shirley Chisholm, Fred Richmond,
James Scheuer, Stephen Solarz.

WASHINGTON, *October 9, 1975.*

HEARINGS ON WESTERN HEMISPHERE IMMIGRATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. EILBERG) is recognized for 10 minutes.

Mr. EILBERG. Mr. Speaker, I wish to advise the House that my Subcommittee on Immigration, Citizenship, and International Law of the Committee on the Judiciary has scheduled 1 day of hearings on October 29, 1975, to continue consideration of H.R. 367 and H.R. 981, bills which would establish a preference system for immigrants from the Western Hemisphere. The hearings will commence at 10 a.m., in room 2141, Rayburn House Office Building.

Testimony will be received from Andrew J. Biemiller, director, AFL–CIO, John E. McCarthy, director, U.S. Catholic Conference, Melanie Wirken, political director, Zero Population Growth, and other public witnesses.

Members of Congress and interested parties who desire to testify or to submit statements for inclusion in the hearing record should address their requests to the Committee on the Judiciary, room 2139, Rayburn House Office Building.

A PROGRAM FOR THE NEW YORK CRISIS: NO BLANK CHECK FOR THE CITY, NO BAIL-OUT FOR THE BANKS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 20 minutes.

Mr. REUSS. Mr. Speaker, I introduce today for appropriate reference H.R. 10278 a bill to meet the financial and urban crisis brought on by the insolvency of New York City.

Battle lines are already drawn on this issue. On one side there are those who seek a simple loan or guarantee to the city, with few restrictions other than that the city balance its budget as it is in any case required to do. The effect of such measures is to provide a retroactive guarantee—a bailout of unprecedented proportion—to current holders of city and MAC debt. With the $5 billion which most of these proposals would provide, it is very likely that not enough would remain to meet essential city services once debt service had been paid. On the other side, there are those like President Ford, who seek to curry favor around the Nation by washing his hands of this sorry problem. President Ford seems unaware of the potential damage that a New York default and bankruptcy might entail.

We can afford neither approach. The city and State of New York must be saved, and creditors must be asked to bear their fair share of the burden. There must be no free ride for either party courtesy of the U.S. taxpayer. The Intergovernmental Emergency Assistance Act which I am introducing today meets these requirements.

The bill itself is a simple one. It provides for a loan or guarantee to the State of New York, in an amount not to exceed $7 billion, for a period of 5 years, renewable if necessary for an additional three. In the event the loan is not repaid or the guarantee is called, the Federal Government will be paid by withholding revenue-sharing or similar funds owing the State and city.

A board, corresponding to the Board which administers the emergency loan guarantee (Lockhood Act), is established to administer the program, and is given the option of either a loan or a guarantee, whichever it finds to be more economical to the Federal taxpayer.

Of the $7 billion provided, such sums as are necessary are to be used to pay for essential city services that cannot be met from revenues until the city's budget is balanced at the end of fiscal 1978, and for the irreducible minimum of capital projects. The remainder may be used to guarantee issues of State securities for the purpose of meeting maturing city and MAC debt obligations.

Two strict conditions apply to all loans or guarantees issued under this act. The first is that the city must bring its budget into balance within 3 years, including all debt service except that guaranteed under the act. The second is that for every 70 cents of guaranteed securities issued to meet maturing debt service, the State must issue, and creditors accept, 30 cents worth of unguaranteed debt with a maturity twice as long as that of the guaranteed paper, and bearing an interest rate no higher than the 3-month Treasury borrowing rate. The State may make this informal composition with creditors in any way it chooses, but the larger creditors, better able to postpone repayment, would be asked to bear the lion's share.

This bill does not bail out New York City. Under it the city of New York must balance its budget within 3 years. This will require an immediate end to the shocking financial practices which brought them to this pass. It will require a painful reduction of services and employment. It will require renegotiation of the pension fund obligations, foolishly entered into in the past decade, for which no source of funding is in prospect. It will require the renegotiation of most of the city's outstanding debt, especially as the guarantee period draws to a close.

Nor does this bill "bail out" the banks and other large creditors of the city. The principal underwriters of New York City paper have been partners, knowing or unknowing, to one of the greatest frauds ever perpetrated on the investing public:

Revenue anticipation notes that were issued on revenues already received and spent;

Tax anticipation notes sold against taxes that it was known could never be collected;

Bond anticipation notes issued to pay for current operating expenses, and hence against bonds that could never be sold.

To the extent the large New York City banks, bond dealers, and other financial intermediaries knew about all this, they can expect retribution from those they flim-flammed. If they did not know, then they are odd people to be managing the largest and most important capital market in the world. In either case, they can and should be made to bear their fair share of the burden of getting New York City out of its current mess.

Nor does this bill "bail out" the State of New York. Much of New York City's fiscal woes are due, not to the improvidence of the city itself, but to the imposition upon the city by the State of burdens which the State was unwilling to use its own tax base to bear. In no other State do local taxpayers ante up 25 percent of their local welfare bill. This alone costs the taxpayers of the City of New York $1 billion a year. New York State also provides a university system for everywhere except New York City; the city provides its own system. City taxpayers pay for both systems. Were the State to accept its responsibility in education and welfare alone, the city's operating budget would be in surplus, and it could begin to retire its debt. This must be done.

For too long a Republican-dominated New York Legislature has shortchanged New York City. It has unloaded its own responsibilities onto the backs of the working poor in New York City. A 5-year grace period is needed to bring about a proper State sense of responsibility.

A word, too, must be said about the conduct of the administration in this affair. It has been appalling. Vice President ROCKEFELLER's own free-spending health and welfare programs, mandated by the State but largely paid for by the city, are at the root of much of the current trouble. But the Vice President is now rooting for a progam that would bail out the banks but leave the city as strapped as before. Congress is in effect being asked to provide $5 billion or so to pay off the banks, the insurance companies and some of the richest individuals in America, with no concomitant contribution from them, and no assurance that so much as a dime would be used to maintain essential city services.

Congress, I believe, will act to prevent fallout from the New York debacle over the Nation's economy, but not to achieve a bailout of the banks.

Secretary Simon, for his part, opposes any Federal aid to New York City. Having made so much of his fortune in private life on commissions from the sale of New York City bonds, he is now showing disinterest, as a public official, in the fate of his former clients. He unfortunately shows a similar disinterest in the fate of the 8 million innocent Americans who happen to live in New York City.

Finally, we have President Ford, head of the Republican administration and the Republican Party, who appears to have forgotten that the executive branch is also a part of the Federal Government, and who appears willing to walk away from the mess created by years of Republican rule in New York State and in New York City.

The proposed legislation recognizes that foolish mistakes were made in the past, and it provides time to rectify those mistakes. But it should be well understood here and now, that if, in the 5-year rescue period, New York City's pensions and debt service are not thoroughly restructured; if the State and Federal Governments fail to assume their proper share of city costs; then this program, like any other program that may be offered to cure the immediate financial problem, is certain to fail. Bankruptcy will then be inevitable. But should the worst occur, under the act here proposed, the Federal Government will at least be assured of repayment on a priority basis.

The text of the bill follows:

H.R. 10278

A bill to authorize emergency assistance to States and political subdivisions thereof; to amend the Internal Revenue Code of 1954 to provide that income from certain obligations guaranteed by the United States shall be subject to taxation; and for other purposes

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,

§ 1. Short title.

This Act may be cited as the Intergovernmental Emergency Assistance Act.

TITLE I—INTERGOVERNMENTAL EMERGENCY ASSISTANCE

§ 101. Definition and rules of construction.

(a) The definitions and rules of construction set forth in this section shall be applicable for the purposes of this title.

(b) The term "financial assistance under this title" means a loan made pursuant to section 103 of this title or a guarantee made pursuant to section 103 of this title, or both.

(c) The term "State" means any State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

(d) The term "political subdivision" shall have the same meaning as used in section 103 of the Internal Revenue Code of 1954.

(e) The term "lender" means a creditor whose claim arises out of a loan of money at interest, evidenced by a bond, note, or similar instrument, as distinguished from a creditor whose claim arises in tort or arises out of a legal or equitable obligation to pay for goods or services.

(f) The term "debt service" means, with respect to any given period, the payment of all interest and principal due to lenders during such period.

§ 102. Establishment of the Board.

There is created an Intergovernmental Emergency Assistance Board (referred to in this title as the Board) composed of the Secretary of the Treasury, as Chairman, the Chairman of the Board of Governors of the Federal Reserve System, and the Chairman of the Securities and Exchange Commission. Decisions of the Board shall be made by majority vote.

§ 103. Authority for financial assistance.

(a) The Board may make loans to States in accordance with this title.

(b) The Board may guarantee the payment, in whole or part, of interest, principal, or both, of obligations of States in accordance with this title.

(c) The total amount of loans outstanding under this title, when added to the total amount of obligations (exclusive of unearned interest) guaranteed under this title, shall not exceed $7,000,000,000 at any one time.

(d) Any loan or guarantee under authority of this title for the benefit of any given governmental entity may be made for an initial period not in excess of five years. Any loan made under this title may, in the discretion of the Board, be extended for one additional period not to exceed three years. When any obligation originally guaranteed under this title is refunded, then in the discretion of the Board, the refunding obligation or obligations may be guaranteed for one additional period not exceeding three years.

§ 104. Purpose.

The Board may extend financial assistance under this title only for the purpose of—

(1) enabling a State or political subdivision thereof to continue to provide essential public services and facilities; or

(2) preventing, or mitigating the effects of, default in the payment of obligations of a State or political subdivision thereof where such default has had, or, in the judgment of the Board, could reasonably be expected to have, a serious adverse effect on general economic conditions or on the marketability of obligations of States and their political subdivisions in general.

§ 105. Eligibility of political subdivisions.

The Board may extend financial assistance under this title to a State for the benefit of a political subdivision thereof only if it finds that—

(1) the State is unable to extend financial assistance to the political subdivision, or that such action would jeopardize the credit of the State;

(2) the State has effectively taken control of the fiscal affairs of the political subdivision by vesting an agency or instrumentality of the State with supervisory power over the fiscal affairs of the political subdivision; and

(3)(A) the political subdivision's receipts and expenditures, exclusive of repayment of principal of loans made or obligations guaranteed under authority of this title, are in balance and the Board has received such reasonable assurances, from such sources, as the Board may require that such receipts and expenditures will remain in balance while any financial assistance for its benefit under this title remains outstanding; or

(B) the Board has received a plan to bring the political subdivision's receipts and expenditures, exclusive of repayment of principal of loans made or obligations guaranteed under authority of this title, into balance as soon as practicable and in no event later than 30 months after the extension of financial assistance under this title, and thereafter as long as any such financial assistance remains outstanding; and the State and political subdivisions have commenced the necessary legislative, executive and administrative action to implement such plan, and have submitted such reasonable assurances as the Board may require that such plan will be carried to fruition.

§ 106. Terms and conditions.

(a) No loan made under authority of this title may be directly or indirectly used for debt service.

(b) No obligations directly or indirectly issued to meet debt service may be guaranteed under this title unless there are concurrently issued, to existing creditors and others, nonguaranteed obligations—

(1) which are in an aggregate amount not less than 3/7 of the amount of the guaranteed obligations;

(2) which have a weighted average maturity at least twice that of the guaranteed obligations, and

(3) which bear interest at a rate mutually agreed upon as providing for sharing of burdens but in no event greater than the average rate at which 91-day Treasury bills have been issued at the thirteen weekly auctions preceding the issuance of such nonguaranteed obligations.

(c) In the event of a default in the repayment of any loan made to a State under authority of this title, or in the event that any amount paid by the United States pursuant to a guarantee given under authority of this Act is not repaid by the State on whose behalf the guarantee was given, the amounts due the United States shall be deducted from any sums otherwise due such State under the State and Local Fiscal Assistance Act of 1972 or any subsequent Acts designated by Congress for this purpose.

(d) In addition to the terms and conditions otherwise required by or under this title, the Board may impose such terms and conditions as it deems appropriate with respect to any financial assistance under this title. It is the sense of the Congress that in any situation in which assistance is extended under this title, the ability of the creditor to accept burdens resulting from any agreements reached should be reflected in any such agreements with such creditors.

§ 107. Audits.

(a) No financial assistance may be extended under this title for the benefit of any State or political subdivision thereof unless the General Accounting Office is authorized to make such audits as may be deemed appropriate by either the Board or the General Accounting Office of all accounts, books, records, and transactions of the State, the political subdivision, if any, involved, and any agency or instrumentality of such State or political subdivision. The General Accounting Office shall report the results of any such audit to the Board and to the Congress.

§ 108. Authorization of appropriations.

There are authorized to be appropriated such sums, not exceeding $7,000,000,000 in total, as may be necessary to carry out the purposes of this Act. Any such sums may be appropriated without fiscal year limitations.

§ 109. Federal Reserve banks as fiscal agents.

Any Federal Reserve bank which is requested to do so shall act as fiscal agent for the Board. Each such fiscal agent shall be reimbursed by the Board for all expenses and losses incurred by it in acting as agent on behalf of the Board.

§ 110. Protection of Government's Interest.

(a) The Attorney General shall take such action as may be appropriate to enforce any right accruing to the United States or any officer or agency thereof as a result of the issuance of guarantees under this title. Any sums recovered pursuant to this section shall be paid into the emergency loan guarantee fund.

(b) The Board shall be entitled to recover from the borrower, or any payments made therefor, the amount of any payments made pursuant to any guarantee agreement entered into under this title, and upon making any such payment, the Board shall be subrogated to all the rights of the recipient thereof.

§ 111. Reports.

The Board shall submit to the Congress annually a full report of its operations under this title. In addition, the Board shall submit to the Congress a special report not later than June 30, 1977, which shall include a full report of the Board's operations together with its recommendations with respect to the need to continue the guarantee program beyond the termination date specified in section 113. If the Board recommends that the program should be continued beyond such termination date, it shall state its recommendations with respect to the appropriate board, agency, or corporation which should administer the program.

§ 112. Termination.

The authority of the Board to make loans and guarantees under this title terminates on July 1, 1983. Such termination does not affect the carrying out of any contract, guarantee, commitment, or other obligation entered into pursuant to this title prior to that date, or the taking of any action necessary to preserve or protect the interests of the United States in any amounts advanced or paid out in carrying on operations under this title.

TITLE II—AMENDMENT TO INTERNAL REVENUE CODE OF 1954

§ 201. Taxability of certain federally guaranteed obligations.

Section 103(a)(1) of the Internal Revenue Code of 1954 (relating to interest on certain governmental obligations) is amended by inserting immediately before the semicolon at the end thereof the following: ", except in the case of an obligation whose payment is guaranted in whole or part under authority of section 103 of the Intergovernmental Emergency Assistanct Act".

UNCLE SAM GOT SNOOKERED AGAIN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. SMITH) is recognized for 5 minutes.

Mr. SMITH of Iowa. Mr. Speaker, the long-awaited Soviet-United States grain and oil deal has now been unveiled and after having wrecked our markets for world sales for 3 months, we find that our reward is to permanentize a $300 million per year balance of trade deficit. We are to buy a billion dollars worth of oil per year and in return they are to buy $700 million worth of grain. In addition to that, the administration has illegally agreed that they will not permit sales to go above that level unless the supply situation is such that Russia can buy at depressed prices.

We are just now discovering the extent of the damage that has been done to U.S. markets during the past several months which cannot be rectified by lifting the illegal embargo.

That embargo of last summer had two immediate reactions from producers and shippers:

First, producers reacted to the depressed market by holding 1974 grain which otherwise would have been shipped had the price not been depressed; and

Second, grain merchants bought grain in other parts of the world where there was no embargo.

As a result of these actions by farmers and merchants, the grain elevators are still holding old crop grain and do not have the full capacity to handle the new crop; also, the grain merchants are sending their best ships which they had under contract to ports in other countries to handle grain. An unusually large portion of the ships arriving in New Orleans now to haul grain are oil tankers which must be washed out and are less efficient to use. The end result is that the United States will end up with the residual supplies of grain while other countries of the world have been given the opportunity to market all of their surplus and earn foreign credits to offset oil purchases.

Since the year around full loading capacity at our ports was needed to deliver the grain we have to sell, not using the full capacity in August and September has resulted in a permanent loss of export opportunity in this market year which cannot be recovered. Also, grain from other countries now have a priority on the limited capacity of the Soviet ports.

New Orleans is where much of the huge crop from Illinois, Indiana, Ohio, and Kentucky is exported. Barges are now demanding and getting 250 percent of normal tariffs for hauling grain because the turn-around time in New Orleans will be so long. One elevator operator told me that he had ordered 21 railroad grain cars per day but is only being given 4. As usual, railroads have not been able to expand their capacity to move grain when the demand increased and while barges and trucks are increasing their activity, they cannot take up all of the slack. The capacity of trucks to move grain is also dissipated somewhat because they are being required to go much further in order to find a barge or a partially empty storage bin. As a result discounts for cash grain in Illinois are as much as 45 cents below the January offer and many farmers who want to store and hold grain find the local elevators simply have no capacity left to rent to them. They must leave the crop in the field or sell it at whatever distressed price they can get.

Most grain in Houston comes from Iowa and Iowa had less than normal crop. Therefore, the glut at the Houston port is not as bad as it is at New Orleans. However, many elevators refused to send grain to Houston because they fear they will be cheated on weights which are not Government supervised.

In 1973, a terrible glut in the transportation system developed as a result of trying to move more grain than it could absorb in a short period of time. This time a similar situation is developing for a totally different reason. Namely, that the administration embargo interferred with the normal marketing of grain to such an extent that it could not plan ahead and use its full capacity. Lifting the embargo at this time will not cure the permanent damage that has been done to the American farmer, to grain merchants and to all of the population of the United States.

Meanwhile, Secretary of Agriculture Butz continues to charge up and down the country proclaiming an administration agricultural policy which frees the farm sector of the economy from Government interference. The plain fact is that these export embargoes are one of the most insidious forms of government interference—because farmers have no way of anticipating them.

We would all have been better off if the administration had let the market operate without interference. And now to make it worse, we are told that the administration has agreed to a deal giving the Soviets a 50-percent favorable balance of trade.

It seems to me that instead of spending 3 weeks and several trips to Moscow with hat in hand, our negotiators could have made a better deal than that in 3 minutes on the telephone.

LEGISLATION TO AMEND SECTION 103 OF INTERNAL REVENUE CODE OF 1954

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. MURPHY) is recognized for 5 minutes.

Mr. MURPHY of New York. Mr. Speaker, today I have introduced a bill to amend section 103(c) of the Internal Revenue Code of 1954 to assist State and municipal agencies in financing the construction of nuclear, coal-fired, and hydroelectric plants. This amendment alters the present law by making tax exempt the interest on bonds sold to finance such plants, so long as the facility to be constructed uses fuel substantially of domestic origin or, as in the case of a hydroelectric plant, no fuel at all.

There is a pressing need for new plants. Estimates of future load growth vary from 3 to 6 percent per year. Even a 3-percent load growth would require 150,000,000 kilowatts of new-plant capacity during the next 10 years.

There is good reason to believe that the lower estimates of future consumption are based upon unrealistic assumptions. Electricity will have to be used for many new purposes throughout the remainder of the century if we are to make any progress at all toward energy self-sufficiency.

It must be used to replace many industrial and residential uses of natural gas and to provide urban transportation, both public and private. It provides the only way to utilize our uranium resources. Electricity will certainly complement sunlight in replacing oil and gas in providing space heat. It will also be needed to purify and, in some cases, desalinate water.

While conservation efforts can be expected to continue, further progress is sure to be slow. Many conservation measures, such as expanded public transportation, will save energy overall, but increase the use of electricity.

With the exception of the depression, the whole history of the electric industry shows consistent load growth. A return to a normal 7-percent growth rate at the end of the current recession can be accommodated only if the necessary new plants are built. The absence of such new plants could prolong or deepen the economic downturn.

More than a third of all electricity generated in the United States is produced by burning oil or natural gas. Barring some near-miraculous new finds, gas-burning plants will have to be replaced or converted to other fuel. Oil-burning plants must also be phased out if energy independence is ever to be achieved or even approached. Conversion of these sources to coal-burners is possible, but always expensive and inefficient due to design differences and other factors.

The inability of utilities to raise new capital was a key factor in forcing cancellation of plant construction programs in 1974. Plants with a total capacity of 91,754 kilowatts never made it off the drawing boards. Since 1967 the bonds of 33 utility companies have been downgraded—9 of them by 2 levels or more—while only 11 have received improved ratings. Three utilities have had their bond ratings suspended, making new financing impossible.

It is clear that the utility companies cannot provide all the financing essential for optimal future growth. Some help must come from the public sector. The bill I introduce today will enhance the position of this vital industry in the capital market and stimulate investment.

This proposed amendment would expedite construction of nuclear plants, coal-fired plants, and, in those areas where such resources exist, hydroelectric or geothermal plants. It would apply to other technologies as well—such as sun, wind, or tide, as they may be developed.

This is a logical companion to the bill I have already introduced which would provide for Federal participation in the financing of electric facilities; it would permit State and local agencies to carry part of the burden of financing new facilities.

A TRIBUTE TO HONORIA DONNELLY

(Mr. RONCALIO asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. RONCALIO. Mr. Speaker, speaking for Mrs. Roncalio and my two sons, Frank and John, I want to quietly observe that one of the most meaningful lives of this 20th century quietly passed on when Sara Murphy—Mrs. Gerald Murphy—died one day last week at the age of 91.

She was the mother of Honoria Donnelly, who is the wife of Bill Donnelly, cherished and personal friends of mine.

I think the Washington Star summed up well the significance of Sara Murphy's life and an accomplishment that has deep meaning for all of us. My purpose today is not only to reprint for CONGRESSIONAL RECORD readers the editorial from the Star, but to pay a special tribute to her daughter, Honoria Donnelly, who has learned that living well also includes sacrifices that can be made to help in the responsibilities and chores of others who have dedicated their lives to selfless public service.

Honoria Donnelly belongs to that small circle, who, over the years, has been available to help with family chores, to fulfill day-to-day responsibilities, for many of the wives and widows of some of the highest leaders of this Nation through the ordeals of the sixties and into our present confused days of the seventies. Honoria Donnelly inherited from her mother the capacity for effortless friendship and companionship without the slightest taint of any exploitation or of celebrity collecting that often mars these relationships.

That great human trait that must have meant so much to Scott Fitzgerald, to Ernest Hemingway, to Pablo Picasso, is still amongst us, and is shared by many in Washington who know the joy of the friendship and company of Bill and Honoria Donnelly.

The editorial follows:

[From the Washington Star, Oct. 14, 1975]

LIVING WELL

Next to writing a really enduring story, perhaps the most enviable fate is to live one, and that was the fate of Sara Murphy. Mrs. Murphy, who died the other day in Arlington at 91, and her late husband Gerald Murphy, are captured memorably in a poignant and fascinating book called *Living Well Is The Best Revenge*, published a few years ago by the New Yorker's Calvin Trillin.

The facts of the story appear in themselves to be fairly prosaic. Mr. Murphy had inherited a family business in New York and was very rich. So, in her own right, was Mrs. Murphy, who was from Cincinnati. In the 1920s they formed one nucleus of that expatriate colony of American writers and painters living in France whom Gertrude Stein called, with more music than meaning, the "lost generation."

In fact, there was seldom a *less* lost generation than they—especially when one considers that their ranks included those two most celebrated of recent American fictional talents, Scott Fitzgerald and Ernest Hemingway.

We are indebted to Mr. Trillin and also to Edmund Wilson, who knew the Murphys through Fitzgerald, for evoking with delicate feeling the exact place of the Murphys in this glittering constellation. It isn't quite true that (as Dr. Johnson once claimed) no one but a blockhead writes except for money. But few writers write except for a public; and before they find a public they must have both models and friends with a talent for generous appreciation, and for many the Murphys served both needs.

Their effortless friendship and companionship was, it seems, without that taint of exploitation or celebrity-collecting that often mars such relationships. It was also without the blight of envy, another danger. The Murphys seem to have had a talent for enjoyment. "Person after person . . . ," as Archibald MacLeish put it, "met them and came away saying that these people were really mastering the art of living."

This was the quality that drew artists to them, no doubt. Artists—one thinks of their friend Pablo Picasso—may mouth any number of revolutionary absurdities; but the observer in them is invariably drawn to the human qualities made possible and highly visible by the economic order they deplore.

When the lost generation came back from Europe, the Murphys returned too, grieving at the loss of a child, and quietly busied themselves with the family leather goods business in New York. We might know little of their story, except that their sense of style and their generosity linked them to some very great names in recent American letters. It is the sort of connection, often chronicled in the literature of the Renaissance and the 18th Century, when patrons were appreciated, of which too little is known and less recorded today. But as Mr. Trillin brought out, it can be of central importance. The Murphys' friends told tales; they lived one.

UNITED AUTO WORKERS' VIEW ON ENERGY CONSERVATION POLICY

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, yesterday the Environmental Study Conference, of which I am chairman, cohosted a discussion with the Scientists' Institute for Public Information on energy conservation, employment, and the economy.

One of the speakers, Mr. Irving Bluestone, is vice president of the international union, United Auto Workers. His presentation was one of the most thoughtful statements on energy conservation policy for the Nation that I have heard. He raised some extremely significant points, and he demonstrated that the labor movement is thinking in a public-spirited way about the energy problems facing us.

I would like to share Mr. Bluestone's statement with those of my colleagues who were unable to attend the seminar yesterday afternoon.

A VIEW FROM LABOR ON ENERGY CONSERVATION POLICY

(By Irving Bluestone)

It is now nearly one and a half years since the International Executive Board of the UAW issued its National Energy Program in response to the host of problems that surfaced immediately following the oil boycott of 1973. I am pleased to be able to discuss that Program at this Congressional Seminar, because our proposals place great emphasis on expanding the role of the public sector in energy-related matters. Thus, it is important to understand why government activity is essential to deal with the energy problem, and with more general economic policy. The problems of energy, inflation and unemployment are interrelated, and in large measure the same factors that are responsible for the energy crisis are also responsible for our current economic quandary.

Furthermore, while this seminar focuses on conservation, it needs to be emphasized that that must be dealt with as part of a more comprehensive program. In fact, the broad-based consistent blueprint offered by the UAW's National Energy Program distinguishes it from most other proposals that have been suggested in response to energy problems. I think it fair to say that, as a nation, we have moved far too slowly and indecisively to confront the issues and implement solutions that would be equitable and efficient, primarily because we have been unwilling to attack the widespread fundamental problem involved.

In particular, the President's proposals, under the guise of developing an energy independent economy, are essentially designed to increase sharply the cost of energy and its related products and simultaneously to increase sharply the profit take of the interests that control energy resources. In our judgment, this is not a program; moreover, it will result in economic disaster, inflating prices further, prolonging and even increasing the already too high rate of unemployment without fulfilling its purported goal.

There is no question that this nation must convert from a cheap energy to a more costly energy economy. The controlling interests in the private sector are pressing vigorously for actions, such as the President proposes, in which conversion would result from undue price inflation as the vehicle for forcing reductions in energy utilization. Thus, the market determines who must do without energy; it is the cruelest and most regressive form of taxation without representation. It also forecloses more equitable programs which would reduce the profligate use of energy resources and at the same time meet basic social needs.

The UAW program recognizes that certain increases will occur in the cost of energy, but we emphasize that a constructive, serious and equitable energy demand policy must move on two broad fronts: reducing wasteful and inefficient use of energy and distributing the burden of the necessary adjustments fairly. The White House and industry have joined in mounting a campaign to convince Americans that the only way out of our dilemma is to increase the share of our output going to capital formation and to reduce the share going to consumption. We are being told that this is the only way to convert our obsolete energy-inefficient society into an internationally competitive, efficient one. These forces would build upon the time-worn but long discredited myth that we can control inflation only by keeping unemployment high. Now, added to that campaign, is another "trade-off." We are told that we can improve our nation's energy efficiency only by giving up improvement in living standards (i.e., consumption). To the overwhelming majority of our citizens who are already suffering real cuts in living standards and the fear and insecurity of actual or threatened unemployment, there is only one meaning in this message: "If you're hurting now, you ain't seen nothin' yet."

We consider this bleak prospect both unnecessary and unacceptable. The UAW National Energy Program does not accept the negativism of such a policy. Our program sets out an extensive list of policy targets which we consider would simultaneously improve energy efficiency, help control inflation and create jobs. Moreover, our program asserts that these achievements will not be realized by conducting "business as usual." We can free ourselves from those false and painful trade-offs, but only through some fundamental changes in the way economic decisions are made and implemented.

From our point of view, the current economic squeeze on working people, who are after all the vast majority of Americans, is a direct outgrowth both of our short-run energy problems and the long-run forces that are in turn responsible for those problems. As we see it, the basic defect in our economy is the constant struggle by private enterprise for more and more profit, too often without regard to the overall welfare of the community. Where and when successful this produces wealth and increasing standards of living for certain sections of our population. It also produces outright misery for some and insecurity for many millions more of our citizens. With profit maximization as the basic reference point for economic decision making, and with a natural resource base which yielded nonhuman sources of energy relatively cheaply, private enterprise continually moved to substitute nonhuman energy for labor in all aspects of production, distribution and consumption. The investment in new technology represented by this historical trend has been governed by a narrow view of productivity which is primarily concerned with increasing output per manhour and reducing per unit costs. The time is at hand to develop a mechanism which will require the measure of productivity to include the effective use of resources, energy, technology and the creativity of human beings to enhance the welfare of all of society and not just to increase private profit. Increased productivity therefore should be measured by whether it is socially useful or desirable, not merely whether it reduces unit costs and increases profit.

It is no accident that virtually every economic forecaster is predicting that in any kind of economic recovery employment will lag far behind improvement in the other economic variables. This is because in a quasi-monopolistic profit-maximizing system the choice of what means to use to become more energy-efficient will tend to be biased against the use of labor. For the same reasons, these choices, if left unchecked, will not adequately reflect the environmental costs to society.

To cite just a few examples: compare the private funds and public support going to Western states to strip-mine low BTU coal or develop oil shale, with the pitiful efforts going into labor-intensive deep mines to retrieve Eastern low sulfur coal.

Compare the private and public research, development and investment effort devoted to nuclear power, which is both energy and capital-intensive to the infinitely smaller resources devoted to improving coal-use technology which is much more labor-intensive.

Compare the billions of public dollars poured into energy-intensive military equipment with piddling amounts allocated for energy-efficient, labor-intensive public transportation.

The list is long. And its bias derives directly from the vested interests of big business and its allies in government. The latter, by the way, play a key role by providing subsidies (whether directly or through tax breaks) for many investment decisions including some enumerated above, that would otherwise be too risky or unprofitable within the private profit calculus.

The corporate community is extremely knowledgeable and imaginative in exploiting this function of government, and it is quite prepared to seek whatever public support may be necessary to sustain the capital-intensive bias of its investment decisions. To us, all the verbiage about how many billions of dollars have to be diverted from future consumption to fixed investment in order to adjust to the rising costs of energy begs some major questions about the investment decisions that are being contemplated.

Instead of serving these existing biases in our economic system, government should redress the balance. It should be quite clear that we consider the quality and direction of government activity of much greater importance than its magnitude. Indeed, the principal reason for urging an expanded role for the public sector in energy policy is as a countervailing power strong and effective enough to assure that the solutions chosen to energy and economic problems are efficient from a broad social point of view and not merely in terms of the private profit of a few powerfully placed corporations or industries. If, on the other hand, government policy operates mainly as a support for those interests, our nation probably will be forced to suffer high unemployment and a rate of inflation that depresses the living standards of the majority of citizens.

Two hallmarks of the American economy in the post-World War II period that have set it apart from similar economies, in Western Europe for example, are persistently high rates of unemployment and a high degree of energy intensity. These two factors have combined to make the immediate impact of energy price and supply problems more severe here than in Western Europe, in spite of the lower level of self-sufficiency in energy resources in that part of the world.

The time has come to ask ourselves: Is this what our nation is really all about? Public support and prosperity for the few, with increasing pain for the many: Is this the New American Dream? We in the UAW hope that those of us here today will be prepared, unequivocally to reject this vision.

What, then does represent a socially and economically responsible energy program? Let me summarize the UAW position and subject it to the scrutiny of the experts.

Energy is a critical social resource requiring coordinated democratic planning in the public interest. The keystone to effective utilization of national energy supply is the establishment of a National Energy Authority, responsible for consistent, rational long-range planning and implementation, and coordination of the users of energy resources.

Such an Authority would be rooted in a system democratic control, would collect, analyze and disseminate independent data and develop an overall national energy plan responsive to social and economic need. National policy must take into account appropriate protection of the environment, thereby assuring a sound foundation for future development. Of special importance is that national policy must control access to any new natural resources and thereby guarantee their most efficient use for the social good.

With regard to oil, the UAW advocates an end to the special tax advantages which the oil industry enjoys. The fiscal incentives we have poured down the insatiable throats of the energy companies have not solved the nation's problems, but they have of course advantaged the companies nobly.

As to coal, a most abundant, readily accessible domestic resource, we urge extensive federal funding for further research into desulfurization and gasification and if private companies will not vigorously open up new mines under conditions protecting the environment and workers in the industry then the federal government should take on the task of making direct investments in coal mining.

With regard to natural gas, everything must be done to encourage its economical and efficient use. While some price increase is justified, deregulation would be socially and economically undesirable. Households, whose use of gas is relatively efficient, must be shielded from large price increases, while inefficient users should be charged the higher rates. This principle could well be applied to all utilities.

Unfortunately, the current discussion in the Senate concerning natural gas pricing is a clear example of using short-term concerns to attempt to bulldoze through undesirable long-term policies. We believe that the question of assuring adequate supplies during the coming winter should be handled entirely separate from the more basic issue of finding long-term solutions to natural gas supply, distribution and pricing problems.

Nuclear energy poses special problems because of its inherent dangers. We urge broader democratic control of nuclear policy and implementation to insure responsiveness to the community at large and not private industry. The National Energy Authority must be required to extend nuclear research beyond the current high risk projects to more environmentally acceptable and more efficient nuclear alternatives.

A crash federal program—like the Manhattan Project—is needed to develop viable technology in the use of solar energy, geothermal energy, refuse pyrolysis, the wind and tidal hydroelectric power.

Essential to our future welfare is the realization that our energy problems will not be solved unless we succeed in restraining the role of growth of demand for energy. This means the introduction of sharp conservation policies, not only on a voluntary basis but by legislation in certain areas as well.

Conservation practices which eliminate waste and make the use of energy more efficient, can be implemented without retarding advance in the standard of living. The results will be even more desirable if we give adequate recognition to the many facets of life which are currently ignored when we measure standard of living by per capita income. For example, our current system measures as an increase in Gross National Product the increased cost of health care services necessitated by illness which is caused and aggravated by impure air. If energy conservation cuts down on air pollution, statistical measures conclude that standard of living has been lowered by the decrease in health care services, and completely ignore the positive benefit of preventing—rather than curing—illness.

Some other specifics of the UAW program are:

1. Improved building codes.
2. Encouragement of industrial recycling.
3. Restructuring the transportation system by nationalizing and rebuilding our railroads, developing and financing mass transit, initiating an ambitious federal program to promote research in alternative engines which are more efficient and less polluting, establishing mandated achievable fuel standards for automobiles (the UAW urges a pause in emission controls to make this technologically possible and afford the time, under controls, to develop the technology to meet tighter standards).
4. Improved land use planning.

A national energy program must be equitable. A major—but not the only—problem with the present piecemeal, uncoordinated approach is that the market system operates in such a way that costs of adjustments are borne by those least able to bear them, as workers or as consumers. A total program must not only conserve energy, distribute it fairly, develop plans for finding new energy sources, but assure that dislocations resulting from such a national policy do not create unnecessary hardship or uncompensated maladjustment for the workers who are adversely affected.

As a representative of the UAW I hope that these remarks today will provide a basis for affirmative action and a counterargument to alternatives that force our citizens into false "trade-offs." The time for constructive, socially equitable action is long overdue.

SUPPORT FOR BURN FACILITIES ACT

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, I am today introducing the Burn Facilities Act for the fourth time, bringing the number of sponsors of this legislation to 39.

I want to thank those Members of Congress who have joined me in this effort to improve the quality of care provided to the victims of fire and other burn injuries.

The American Burn Association has estimated that over 300,000 people suffer burn injuries every year; of those 120,000 are classified as serious. At this time there are only 1,400 beds in the country allocated for the treatment of burn victims. The ABA has estimated that 10 times as many beds would be required if we intend to provide adequate care for the injured.

Since I first introduced this bill on July 8, I have received expressions of support from a number of concerned organizations, and would like to bring these letters to the attention of my colleagues at this time:

International Association of Fire Fighters,
Washington, D.C., July 16, 1975.

Hon. Richard L. Ottinger,
U.S. House of Representatives,
Washington, D.C.

Dear Congressman Ottinger: Both President McClennan and Secretary-Treasurer Palumbo received the remarks in the Record of July 8, 1975 upon your introduction of legislation to establish Burn Facilities. Also your copy of the News Release upon said introduction.

The International Association of Fire Fighters wholeheartedly supports your efforts and we sincerely hope that there will be hearings held on this legislation, H.R. 8438.

Also you should be knowledgeable that we are in the meantime attempting to have the Senate Appropriations Committee fund Section 19 of the Fire Prevention & Control Act of 1974 and to restore some of the funds deleted by the House Appropriations Committee for the entire Administration of the law.

Sincerely yours,

Jack A. Waller,
Legislative Representative.

Uniformed Firefighters Association of Greater New York,
New York, N.Y., October 7, 1975.

Hon. Richard L. Ottinger,
U.S. House of Representatives,
Washington, D.C.

Dear Congressman Ottinger: The Uniformed Firefighters Association AFL–CIO was gratified to receive a copy of a Congressional Bill, introduced by you, which calls for the establishment of "burn centers".

There is a great need for a burn center in New York City where there are thousands of burn victims each year and who are deprived of facilities specifically designed for burns. Although we have two hospitals that have a few beds and some improvised facilities, it is not sufficient to meet the demand.

If the committee is contemplating hearings on this all important legislation we would appreciate an opportunity to appear and support this bill.

Sincerely,

Michael J. Maye,
President.

International Association of Black Professional Fire Fighters,
July 29, 1975.

Hon. Richard L. Ottinger,
House of Representatives,
Washington, D.C.

Sir: I am very pleased and encouraged by the re-introduction of H.R. 8438, the "Burn Facilities Act of 1975". In my (25) years of firefighting, I have seen many fire victims in dire need of the help of a first class burn facility.

Members of this organization shall be meeting as an executive council on July 30 and July 31 at the New York Sheraton Hotel, 56th Street and 7th Avenue. I pledge my support of this legislation, and I shall urge the full membership to support its passage.

Very truly yours,

Thomas G. Taylor,
Executive Vice President.

International Association of Fire Chiefs,
Washington, D.C., July 18, 1975.

Hon. Richard L. Ottinger,
U.S. House of Representatives,
Washington, D.C.

Dear Mr. Ottinger: Mr. Donald M. O'Brien, former General Manager of the International Association of Fire Chiefs, recently resigned from this Association and is now a consultant with the National Fire Prevention and Control Administration. However, I appreciate the opportunity of responding to your letter on behalf of the International Association of Fire Chiefs.

The International Association of Fire Chiefs has long thought, not only in an active capacity in suppressing hostile fires, but also in attempting to encourage, through fire prevention activity including fire prevention and fire safe legislation to reduce the impact of loss due to fire. In recent years, Past President, Chief Lawrence L. Kenney, (Retired), former Chief of the Miami, Florida Fire Department, issued a charge to this Association, and its members, to vigorously support efforts in reducing the treatment time and length of stay in hospitals resulting from burn injuries.

Chief Kenney, while visiting burn wards in this country, noted the length of stay of the patients was much reduced where proper burn treatment centers were utilized, rather than general patient care facilities. With these resources as indicated in your legislation, HR 8438, it would certainly be the goal of those of us directly concerned with fire safety to insure its swift movement through the legislative process and signing into law by the President. Rest assured, this Association endorses your efforts and would be pleased to assist you in securing passage. By a copy of this letter, I am forwarding this information to Chief Frank Hall, Bethesda, Maryland, Chairman, International Association of Fire Chiefs Legislative Committee.

Very truly yours,

Donald D. Flinn,
General Manager.

International Association of Arson Investigators, Inc.,
Springfield, Ill., July 17, 1975.

Representative Richard L. Ottinger,
Cannon House Office Building,
Washington, D.C.

Dear Congressman Ottinger: Responding to your letter of July 10, 1975, concerning your House Bill 8438 "Burn Facilities Act of 1975".

The International Association of Arson Investigators, Inc., wholeheartedly endorses and supports this legislation. We will encourage our membership of over 2700 to lend their support to this bill.

Your recognition of the problems that fires bring to our citizens is to be commended. I agree with your comment that for far too long our American citizens have been far too complacent and only think that "it will never happen to me".

I might additionally add that I myself suffered a severe burn in an accidental fire at the age of seven, and carry a full scar on my right leg. It is a constant reminder to me of what fire does do to a person, and it "can happen to anyone" as it did to me.

Very truly yours,

Robert E. May,
Executive Secretary.

New York State Professional Fire Fighters Association,
New Rochelle, N.Y., July 11, 1975.

Hon. Richard L. Ottinger,
U.S. House of Representatives,
Washington, D.C.

Dear Congressman Ottinger: Your letter, press release, copy of the "Burn Facilities Act of 1975," and your remarks, arrived today.

The work you have done and the energy you have expended in regard to the burn facility at the Medical Center in Valhalla, is not underestimated.

We are more than appreciative for all you are doing to help us see this through and we are taking quite seriously your offer to keep open the lines of communication.

Needless to say, you have 197 fire fighters in New Rochelle you may call friends and many more in the county. If we can help you, please call on us.

When the burn facility becomes a reality, it will be to men like you that the public will owe its gratitude.

Sincerely,

Jack Williams,
Chairman, Burn Center Committee.

LONG-TERM GRAIN AGREEMENT BETWEEN UNITED STATES AND U.S.S.R.

(Mr. WAMPLER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. WAMPLER. Mr. Speaker, I would like to comment on implications of the long-term grain agreement just announced between the United States and the Soviet Union.

The agreement is important in that it will help the United States maintain a high level of grain exports and, consequently, add stability to the grain market. A high level of grain exports is not only important to the U.S. grain farmer, but also to many other U.S. industries as well as to the economic health of the Nation. During the coming year, the USDA expects approximately 60 percent of our wheat crop and about a fourth of our corn crop to be sold overseas.

These grain exports, along with sales in foreign markets of other agricultural commodities, have become a major factor in improving the U.S. balance of trade. Last fiscal year the value of agricultural exports totaled $21.6 billion, up more than threefold since 1970. Net exports of agricultural commodities more than offset a $10 billion deficit in trade of nonfarm items, resulting in an overall net U.S. trade balance of $2 billion.

Agricultural exports benefit both the farm and nonfarm sectors in terms of generating employment, incomes, and purchasing power. For example, farmers' purchases of fuel, fertilizer, and other inputs to produce the commodities moving into exports require additional economic activity on the part of our manufacturing, trade and transportation sectors. With additional income earned from exports, U.S. farmers are able to purchase more household appliances, farm equipment, building supplies, and other capital and consumer goods. As a result, more purchasing power is spread throughout the economy.

Also increases in trade and transportation stimulated by agricultural exports may boost investment in plants and equipment. As these sectors contribute output, they also receive income; thus, illustrating the multiplier effect of agricultural trade. For these reasons and because of the large U.S. grain crop this year, along with prospects for even larger grain crops in the future, I commend the USDA in accomplishing the grain agreement and urge it to continue efforts to expand agricultural exports.

But if total U.S. supplies of feed grains and wheat for any year are below 225 million tons, then the United States may order a reduction in U.S.S.R. shipments below the agreed upon 6 million minimum tonnage.

On the other hand, if the Soviet Union desires to buy more than 8 million tons a year of U.S. wheat and corn, it may do so only after consultations with the U.S. Government.

The provisions of these agreements, when coupled with the recently agreed-upon terms of the maritime relationships connected with the grain shipments, add up, in my estimation, to a tremendous plus to the United States. And I commend those representatives of this Government who helped negotiate the agreements.

I include the following factsheet:

FACTSHEET: UNITED STATES-U.S.S.R. GRAIN AGREEMENT

PROVISIONS

(1) A firm commitment by the U.S.S.R. to purchase for shipment a minimum quantity of 6 million metric tons of U.S. wheat and corn, in approximately equal proportions, each year for 5 years beginning October 1, 1976.

(2) An option for the U.S.S.R. to purchase, without consultations with the U.S. Government, an additional 2 million metric tons of wheat and corn each year if the U.S. Department of Agriculture estimates the total supply of U.S. wheat and feed grains for the year is 225 million metric tons or more.

(3) A consultative procedure whereby the U.S.S.R. can purchase more than the 8 million tons of U.S. wheat and corn a year after consultations and agreement between the two governments.

(4) A commitment by the U.S.S.R. to endeavor to space purchases and shipments of U.S. wheat and corn evenly throughout the year.

(5) A U.S. right to reduce U.S.S.R. purchase of U.S. wheat and corn below 6 million tons in a year when the U.S. has a total supply of wheat and feed grains of less than 225 million metric tons.

(6) Purchases of U.S. wheat and corn to be made at prevailing market prices from private sources.

(7) The wheat and corn purchased under the Agreement will be used only for consumption in the U.S.S.R. unless otherwise agreed.

(8) Semiannual consultations between the two governments on matters related to the Agreement.

NOT INCLUDED

(1) Grains other than wheat and corn are not covered by the Agreement. Grain sorghum, barley, oats, rye, soybeans and rice can be traded outside the Agreement.

(2) The Agreement does not provide for government credit. But it does not preclude the use of credit from private sources.

WEATHER MODIFICATION II

(Mr. GUDE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GUDE. Mr. Speaker, on June 17, 1975, I placed in the RECORD correspondence Senator PELL, Congressman FRASER, and I had had with the White House concerning Federal weather modification activities. Specifically we had suggested the creation of a lead agency to coordinate Federal work on weather modification, and we had urged that such research be conducted by civilian agencies rather than the Department of Defense.

It was our view at the time that the response received from the administration was most disappointing, and we made clear our intention to pursue the matter to a more satisfactory resolution.

Shortly afterward, as a result of a hearing held July 29 by the Subcommittee on International Organizations and Movements on House Resolution 28, Congressman FRASER and I wrote the White House once again, this time inquiring into the status of negotiations on a draft convention on the hostile uses of environmental modification.

The text of that letter follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., July 31, 1975.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: In keeping with our long-standing interest in the international implications of the use of environmental modification, we now write you requesting a statement of intent on U.S. policy regarding the hostile uses of environmental modification. The Subcommittee on International Organizations held a hearing Tuesday, July 29, 1975 to receive testimony on H. Res. 28 (which is enclosed), and to explore progress and prospects for efforts to secure an international agreement banning research, experimentation, or activities involving environmental modifications for hostile purposes. Unfortunately, the scheduled Administration witness, Admiral Thomas Davies of the Arms Control and Disarmament Agency, was withdrawn, and clarification of the Administration's position on this issue was not possible. Attached are some questions whose answers will help clarify public and Congressional understanding of this issue area.

We are most concerned that this Government not advance any proposal, or enter into any agreement legitimizing—directly or indirectly—any form of environmental warfare. Although the technology for exotic environmental modification is distant, the potential for some environmental warfare is still real. Therefore, we urge you to take a clear stand, publicly and internationally, against any hostile uses of any form of environmental modification, and that this position be articulated in all U.S. talks on this issue. As one step in this direction, we further urge you to remove any environmental modification research, experimentation, or activities from the Department of Defense, its service components, and U.S. intelligence agencies, placing them instead in full public view within appropriate domestic civilian agencies. Also, because we know so little of the possibilities and consequences of environmental modification, we encourage you to support as well the upcoming international scientific research to be conducted by the World Meteorological Organization in 1977.

This is an issue with great and long-lasting import for the American people and mankind. Environmental modification of some types can conceivably be beneficial to both, and we fully support its development and use for peaceful, humanitarian purposes. We look forward to your response to the attached questions, and hope for your favorable consideration of our recommendations.

With best wishes.

Sincerely yours,
DONALD M. FRASER, M.C.,
GILBERT GUDE, M.C.

QUESTIONS REGARDING U.S. POLICY ON HOSTILE USES OF ENVIRONMENTAL MODIFICATION

Specifically regarding current talks between U.S. and Soviet representatives, pursuant to the Joint Statement on Environmental Warfare issued during the 1974 Moscow Summit, we ask your answers to the following questions:

In U.S./Soviet negotiations on environmental warfare, is the United States Government seeking (1) a U.S./U.S.S.R. bilateral treaty prohibiting research, experimentation, or use of any form of environmental modification for hostile purposes, and/or, (2) a draft convention—with possibly joint American/Soviet sponsorship—for consideration as a multilateral treaty in a UN forum, such as the Conference of the Committee on Disarmament?

Will any such agreement or draft convention allow the use of any already-developed techniques, such as rainmaking (or prevention), on either a large or small scale for hostile purposes? Will any such agreement or draft convention exclude weather modification, defined as actions seeking temporary alteration of specific weather conditions for hostile purposes, from its prohibitions or control?

In U.S. talks on hostile uses of environmental modification, both bilateral and multilateral, what, if any, distinctions are being made between climate, weather, and environmental modification? If any distinctions are being drawn, how are these various terms defined or understood?

Lastly, if any agreement regarding hostile uses of environmental modification is to be signed, or any draft convention on this subject to be offered, we will greatly appreciate being informed of current expectations or goals regarding the timing of such actions.

Just less than a month after our letter was sent, the administration made public a draft convention on environmental modification that had been negotiated with the Soviet Union and tabled at the Conference of the Committee on Disarmament in Geneva. While publication of the draft convention resolved some questions about the status of the negotiations, ambiguities in the draft language raised new questions about the inclusiveness of any possible treaty. A letter from Fred Ikle, Director of the Arms Control and Disarmament Agency, in response to our July 31 letter attempted to clarify some of the questions. That response follows:

U.S. Arms Control
and Disarmament Agency,
Washington, September 11, 1975.

Hon. Gilbert Gude,
U.S. House of Representatives.

Dear Congressman Gude: The White House has asked me to reply to your letter to the President of July 31, 1975, requesting information on United States' policy regarding the hostile uses of environmental modification. At the outset, I want to apologize for the delay in answering your letter; it was just recently brought to my attention.

As you know, last August 21 the United States and the U.S.S.R. each tabled, at the Conference of the Committee on Disarmament (CCD) in Geneva, identical drafts of a Convention on the Prohibition of Military or any Other Hostile Use of Environmental Modification Techniques. Although my office sent you advance copies of the U.S. draft and Ambassador Martin's tabling speech, I am enclosing another set for your ready reference. I expect the draft to be discussed at the United Nations General Assembly in the fall and to be the subject of serious negotiations in the CCD next spring.

As the draft treaty and Ambassador Martin's remarks make clear, the current parallel U.S. and Soviet texts would lead to the prohibition of any substantial or significant military or other hostile use of environmental modification techniques.

The second article of the draft convention defines the term "environmental modification techniques" to include weather as well as climate modification techniques. Distinctions that are sometimes drawn between the weather and the climate would not in any way exclude weather modification from the prohibition of the draft convention. Thus, hostile uses of weather modification techniques having widespread, long-lasting, or severe effects would be prohibited.

The draft does not include a prohibition on research and development activities for military purposes. Such a prohibition was not included because of the difficulty of distinguishing between military and civilian research and development in terms of their end use or purpose. There may be merit in your proposal to place all U.S. environmental modification research, experimentation and activities under the control of domestic civilian agencies; however, I want to note that all present U.S. research and development activities related to the use of environmental modification techniques are already in full public view, since they are carried out on an unclassified basis, whether they are under the auspices of the Department of Defense or another agency.

Concerning your suggestion that the U.S. support the international scientific research to be conducted by the World Meteorological Organization, I wish to assure you that the U.S. will support such research.

I would also like to correct a possible misunderstanding regarding the fact that Thomas Davies, this Agency's Assistant Director for Nuclear Weapons and Advanced Technology, did not appear at the hearings of the Subcommittee on International Relations on H. Res. 28. I understood that we had reached mutual agreement that Mr. Davies would not testify at that time because the subject was still under negotiation with the Soviet Union and, therefore, could not be discussed except in executive session. Mr. Davies or other executive branch witnesses would be happy to appear before the Subcommittee to explain the U.S. position as embodied in the current draft convention tabled at the CCD.

I hope that these comments respond to the questions raised in your letter. I am sure that the President shares my appreciation for your interest in and support of our efforts to work out international restraints on hostile environmental modification activities.

Sincerely,

Fred C. Ikle.

P.S. In the meantime I received your letter of September 5, I would welcome an opportunity to discuss your questions. I am having my office request an appointment to visit you.

As I mentioned, however, publication of the draft convention raised additional questions not covered in our July letter. As a result, I sent an additional letter to Dr. Ikle asking for further clarification:

House of Representatives,
Washington, D.C., September 5, 1975.

Dr. Fred C. Ikle,
Director, Arms Control and Disarmament Agency, Washington, D.C.

Dear Dr. Ikle: Publication of the draft Convention on the Prohibition of Military or Any Other Hostile Use of Environmental Modification Techniques has raised new questions about government policy in addition to those posed in the recent letter from Congressman Fraser and myself.

The text of the draft convention, specifically Article I(1), and various public comments on it have drawn attention to its possible ambiguity and the question of whether some hostile weather modification activities might effectively be excluded from the convention's terms. I would ask then specifically what forms of weather modification could conceivably be regarded as not included in the convention? My particular interest is in rain and fog creation and dispersal. Would the convention prohibit all rainmaking activities? If not, specifically what categories of rain or fog projects would be sanctioned? Is it your view that a rainmaking project such as that undertaken over Indochina in the late 1960s would be prohibited by this draft convention? Would, as a further example, similar projects to create drought also be prohibited?

Let me make clear that I have favored weather modification research for peaceful purposes—rainmaking for agricultural purposes is a prime example—but I want to insure that there is no doubt that the intent of the convention as well as the letter of its language are to prohibit *all* hostile uses of weather modification without exception. I hope you will be able to provide me with that assurance.

Sincerely,

Gilbert Gude.

On September 24 Dr. Ikle responded with a more thorough explanation of the draft convention:

U.S. Arms Control
and Disarmament Agency,
Washington, September 24, 1975.

Hon. Gilbert Gude,
U.S. House of Representatives.

Dear Congressman Gude: A short time ago I replied to the letter you and Congressman Fraser sent to the President in July. In that letter I noted the tabling at the Conference of the Committee on Disarmament (CCD) on August 21 of identical United States and U.S.S.R. drafts of a multilateral Convention on the Prohibition of Military or Any Other Hostile Use of Environmental Modification Techniques, which had been negotiated pursuant to the Joint Statement of July 3, 1974. Because other nations will want to discuss, and perhaps suggest modifications to the U.S.-Soviet approach embodied in the draft Convention, the final outcome of the forthcoming negotiations at the CCD cannot be predicted at this time. However, the questions in your recent letter of September 5 can be answered in terms of the tabled draft as it is understood by the U.S. and the U.S.S.R.

The term "environmental modification techniques", as used in the draft, encompasses all forms of weather modification, including precipitation modification, and the dispersal or creation of fog. The Convention would prohibit any hostile use of such techniques having widespread, long-lasting or severe effects as the means of destruction, damage or injury to another State Party. Thus, the Convention would permit the non-hostile use of weather modification techniques, for example fog dispersal to facilitate the launch or recovery of aircraft at one's own airfields, since this does not constitute use as a means of destruction, damage or injury.

The United States precipitation modification efforts in Southeast Asia during the 1960's apparently did not achieve the damaging effects on the enemy that are the inherent objective of military operations, thus demonstrating the present substantial inadequacies in the technology of precipitation modification. However, it is my view that if future progress should make this technology effective so that its use had widespread, long-lasting or severe effects, its use would be prohibited. If drought were the objective, the same would be true.

The anticipatory nature of the proposed Convention carries with it many of the basic uncertainties of the future, and I anticipate criticisms of different aspects of the agreement from several sides. The alternative to action now would be to attempt restraint at a later time, when the possibilities of hostile use of environmental modification techniques may be more real. An agreement on prohibitions might then be more difficult to achieve.

I appreciate your strong interest and support in this effort, and trust that this responds to your inquiry. We will keep you advised of progress as it occurs.

Sincerely,

Fred C. Ikle.

It is my view that this correspondence, along with a meeting I had with Dr. Ikle and two members of his staff clarifies a number of the questions that have been raised about the treaty, though some of our basic concerns about the scope of Federal weather modification activities remain. The correspondence does make clear the scope of the treaty, and though it is clearly not as ironclad as I had hoped, it is fair to say that it is not as weak as some originally suggested when it was first made public. If the CCD approves the draft convention and the United States becomes a party to it, I would hope to raise some further questions about it at that time.

In addition, I intend to further pursue the questions we began with—the creation of a lead agency and the shifting of weather modification research into civilian agencies. We have yet to receive a satisfactory response from the White House on these issues, and I am now in the process of drafting appropriate legislation to remedy the situation, which may be the only answer.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. PATMAN (at the request of Mr. O'NEILL), for today, on account of illness in the family.

Mr. NEDZI (at his own request), for October 22 and 23 and October 28 and 29, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. KINDNESS) to revise and extend their remarks and include extraneous matter:)

Mr. KEMP, for 30 minutes, today.

Mr. STEELMAN, for 5 minutes, today.

Mr. MCCLORY, for 10 minutes, today

Mr. TALCOTT, for 5 minutes, today.

(The following Members (at the request of Mr. SANTINI) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 5 minutes, today.

Mr. DOWNEY of New York, for 10 minutes, today.

Mr. KASTENMEIER, for 5 minutes, today.

Mr. BROWN of California, for 10 minutes, today.

Mr. EILBERG, for 5 minutes, today.

Ms. ABZUG, for 15 minutes, today.

Ms. HOLTZMAN, for 10 minutes, today.

Mr. BEDELL, for 10 minutes, today.

Mr. REUSS, for 20 minutes, today.

Mr. SMITH of Iowa, for 5 minutes, today.

Mr. MURPHY of New York, for 5 minutes, today.

Mrs. MEYNER, for 5 minutes, today.

Mr. DODD, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. FOLEY and to include extraneous matter.

Mr. SCHEUER, to revise and extend his remarks, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the CONGRESSIONAL RECORD and is estimated by the Public Printer to cost $1,072.50.

(The following Members (at the request of Mr. KINDNESS) and to include extraneous matter:)

Mr. ASHBROOK in five instances.

Mr. PEYSER in 10 instances.

Mr. KETCHUM in two instances.

Mr. HINSHAW.

Mr. MITCHELL of New York.

Mr. MICHEL.

Mr. WHITEHURST in two instances.

Mr. STEIGER of Arizona.

Mr. SHUSTER.

Mr. CRANE in five instances.

Mr. DERWINSKI.

(The following Members (at the request of Mr. SANTINI) and to include extraneous matter:)

Mr. DOWNEY of New York in three instances.

Mr. GONZALEZ in three instances.

Mr. ANDERSON of California in three instances.

Mr. ROSENTHAL in 10 instances.

Mr. MCDONALD of Georgia in four instances.

Mr. NIX.

Mr. BOLLING.

Mr. HEFNER.

Mr. GAYDOS in 10 instances.

Ms. HOLTZMAN in 10 instances.

Mr. RYAN.

Mrs. SCHROEDER in two instances.

Mr. MURPHY of New York in two instances.

Mr. BRINKLEY.

Mr. MILFORD in two instances.

Mr. RANGEL in two instances.

Mr. EILBERG.

Mr. JOHN L. BURTON.

Mr. MAGUIRE in two instances.

Mr. PATTISON of New York.

Mr. MOFFETT.

Mr. SANTINI.

Mrs. BURKE of California.

Mr. ROE.

Mr. DRINAN.

Mr. BALDUS.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 364. An act relating to certain Forest Service timber sale contracts involving road construction; to the Committee on Public Works and Transportation.

ADJOURNMENT

Mr. SANTINI. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 27 minutes p.m.), the House adjourned until tomorrow, Wednesday, October 22, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1918. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a report on political contributions made by Ambassador-designate James W. Spain and his family, pursuant to section 6 of Public Law 93-126; to the Committee on International Relations.

1919. A letter from the Assistant Secretary of State for Congressional Relations, transmitting notice of the intention of the Department of State to consent to a request by the Government of Australia for permission to sell to the Government of Malaysia certain military equipment produced in Australia under technical data packages provided by the United States, pursuant to section 3(a) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

1920. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the intention of the Air Force to offer certain defense articles and services to Korea, pursuant to section 36(b) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

1921. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to section 112 (b) of Public Law 93-403; to the Committee on International Relations.

1922. A letter from the President, National Safety Council, transmitting the audit of the Council for the year ended June 30, 1975, pursuant to section 3 of Public Law 88-504; to the Committee on the Judiciary.

RECEIVED FROM THE COMPTROLLER GENERAL

1923. A letter from the Comptroller General of the United States, transmitting a report on the financial condition of the Export-Import Bank of the United States; jointly, to the Committees on Government Operations, and Banking, Currency and Housing.

1924. A letter from the Comptroller General of the United States, transmitting a report on the accuracy and limits of the Origin-Destination Information System which the Postal Service uses to measure mail delivery performance; jointly, to the Committees on Government Operations, and Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MATSUNAGA: Committee on Rules. House Resolution 796. Resolution providing for the consideration of H.R. 1753. A bill to amend section 141 of title 13, United States Code, to provide for the transmittal to each of the several States of the tabulation of population of that State obtained in each decennial census and desired for the apportionment or districting of the legislative body or bodies of that State, in accordance with, and subject to the approval of the Secretary of Commerce, a plan and form suggested by that officer or public body having responsibility for legislative apportionment or districting of the State being tabulated, and for other purposes (Rept. No. 94-567). Referred to the House Calendar.

Mr. BOLLING: Committee on Rules. House Resolution 797. Resolution providing for the consideration of H.R. 5512. A bill to amend the National Wildlife Refuge System Administration Act of 1966, and for other purposes (Rept. No. 94-568). Referred to the House Calendar.

Mr. YOUNG of Texas: Committee on Rules. House Resolution 798. Resolution providing for the consideration of H.R. 7575. A bill to establish an Agency for Consumer Protection in order to secure within the Federal Government effective protection and representation of the interests of consumers, and for other purposes (Rept. No. 94-569). Referred to the House Calendar.

Mr. MADDEN: Committee on Rules. House Resolution 799. Resolution providing for the consideration of House Joint Resolution 92. Joint resolution relating to the publication of economic and social statistics for Americans of Spanish origin or descent (Rept. No. 94-570). Referred to the House Calendar.

Mr. PEPPER: Committee on Rules. House Resolution 800. Resolution providing for the consideration of House Resolution 780. Resolution disapproving a regulation proposed by the Federal Election Commission (Rept. No. 94-571). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ASHBROOK:

H.R. 10254. A bill to amend title II of the Social Security Act to increase to $5,000 the amount of outside earnings permitted each year without deductions from benefits thereunder; to the Committee on Ways and Means.

By Mr. JOHN L. BURTON:

H.R. 10255. A bill to amend chapter 73 of title 10 of the United States Code in order to make the survivor benefit plan applicable to certain persons who meet all requirements, but for age, for nonregular retired pay; to the Committee on Armed Services.

By Mr. CLEVELAND:

H.R. 10256. A bill to amend title 38 of the United States Code to remove the time limitation within which programs of education for veterans must be completed; to the Committee on Veterans' Affairs.

By Mr. COCHRAN:

H.R. 10257. A bill to reform the Food Stamp Act of 1964 by improving and making more realistic various provisions relating to eligibility for food stamps and administrative responsibility for the food stamp program, and for other purposes; to the Committee on Agriculture.

By Mr. CORMAN (for himself, Mr. Baldus, Mr. Florio, Mr. Hubbard, Mr. Mills, Mr. Pickle, Mr. Roe, and Mr. Snyder):

H.R. 10258. A bill to amend title XVII of the Social Security Act to authorize payment under the supplemental medical insurance program for optometric and medical vision care; to the Committee on Ways and Means.

By Mr. DOWNEY of New York:

H.R. 10259. A bill to improve the overall economy and efficiency of Government operations and activities by establishing a national corporation to finance, through loan guaranties and loans, high-risk efforts which seek to develop technologies to meet critical national energy and environmental needs and which are unable to secure adequate funds through existing sources, to strengthen and insure congressional participation in the continuing review of Government operations and activities in areas affecting energy and the environment, and for other purposes; to the Committee on Science and Technology.

By Mr. HANNAFORD (for himself, Mr. Baldus, Mrs. Heckler of Massachusetts, Mr. Mineta, Mr. Pattison of New York, Mr. Roncalio, and Mr. Lloyd of California):

H.R. 10260. A bill to require that Government forms be discontinued or revised every 5 years and that new or revised forms shall be used only when necessary; to the Committee on Government Operations.

By Mr. JONES of Alabama (for himself, Mr. Harsha, and Mr. Anderson of California) (by request):

H.R. 10261. A bill to amend the Federal Aviation Act of 1958, as amended, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. KOCH (for himself, Mr. Gude, Mr. Hechler of West Virginia, Mr. Hayes of Indiana, and Mr. Mikva):

H.R. 10262. A bill to amend section 127 of title 23 of the United States Code to reduce certain weights permitted on the Interstate System; to the Committee on Public Works and Transportation.

By Mr. MOLLOHAN:

H.R. 10263. A bill to amend the Internal Revenue Code of 1954 to exempt nonprofit volunteer firefighting or rescue organizations from the Federal excise taxes on gasoline, diesel fuel, and certain other articles and services; to the Committee on Ways and Means.

By Mr. MORGAN:

H.R. 10264. A bill to amend the Social Security Act to expedite Federal payments to States under the Aid to Families with Dependent Children, medicaid, and social services programs (and under the other Federal-State public assistance programs where those programs are in effect), and for other purposes; to the Committee on Ways and Means.

By Mr. OTTINGER (for himself, Mr. Mitchell of Maryland, Mr. Gilman, Mr. McHugh, and Mr. Murphy of New York):

H.R. 10265. A bill to assist the construction and operation of burn facilities; to the Committee on Interstate and Foreign Commerce.

By Mr. ROE:

H.R. 10266. A bill to incorporate the National Ski Patrol System, Incorporated; to the Committee on the Judiciary.

By Mr. STAGGERS (for himself, Mr. Devine, Mr. Dingell, and Mr. Brown of Ohio) (by request):

H.R. 10267. A bill to establish the Energy Independence Authority, a Government corporation with authority to provide financing and economic assistance for those sectors of the national economy which are important to the development of domestic sources and the conservation of energy and the attainment of energy independence for the United States in a manner consistent with the protection of the environment; to improve Federal Government operations so as to assist in the expediting of regulatory procedures which affect energy development; and for other purposes; jointly to the Committees on Banking, Currency and Housing, and Interstate and Foreign Commerce.

By Mr. SATTERFIELD (for himself, Mr. Teague and Mr. Hammerschmidt):

H.R. 10268. A bill to amend title 38 of the United States Code in order to clarify the purposes for which the Administrator of the Veterans' Affairs may release the names and addresses of present and former personnel of the armed services and their dependents; to the Committee on Veterans' Affairs.

By Mr. STEELMAN:

H.R. 10269. A bill to amend title 38 of the United States Code to expand the class of injuries for which disabled veterans and members of the Armed Forces may receive automobiles (or other conveyances) and adaptive equipment; to the Committee on Veterans' Affairs.

By Mr. WHITEHURST (for himself and Ms. Holtzman):

H.R. 10270. A bill to amend the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. BINGHAM (for himself and Ms. Holtzman):

H.R. 10271. A bill amending the Trading With the Enemy Act to repeal the embargo on U.S. trade with North and South Vietnam; to the Committee on International Relations.

By Mrs. BURKE of California:

H.R. 10272. A bill to provide for the establishment of multipurpose service programs for displaced homemakers, and for other purposes; to the Committee on Education and Labor.

By Mr. DANIELSON (for himself, Mr. Hillis, Mr. Beard of Rhode Island, Mr. Edwards of California, Mr. Cornell, Mrs. Spellman, and Mr. Hannaford):

H.R. 10273. A bill to amend title 38 of the United States Code to provide that no reduction be made in plot or interment allowances paid by the Administrator of Veterans' Affairs to reimburse costs assumed by State or local governments in the case of veterans buried in cemeteries which are owned by State or local governments and used solely or primarily for the interment of veterans; to the Committee on Veterans' Affairs.

By Mr. DERRICK (for himself and Mr. Mann):

H.R. 10274. A bill to amend the Real Estate Settlement Procedures Act of 1974 in order to suspend the provisions of sections 4, 6, and 7 thereof for 18 months; to the Committee on Banking, Currency and Housing.

By Mrs. FENWICK (for herself, Mr. Fraser, Mr. Gonzalez, Mr. Rodino, Ms. Holtzman, and Mr. Derwinski):

H.R. 10275. A bill to establish a Commission on Security and Cooperation in Europe; to the Committee on International Relations.

By Mr. MURPHY of New York:

H.R. 10276. A bill to regulate commerce to assure increased supplies of natural gas at reasonable prices for the consumer, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 10277. A bill to amend section 103 of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. REUSS:

H.R. 10278. A bill to authorize emergency assistance to States and political subdivisions thereof; to amend the Internal Revenue Code of 1954 to provide that income from certain obligations guaranteed by the United States shall be subject to taxation; and for other purposes; to the Committee on Banking, Currency and Housing.

By Mr. SPENCE:

H.R. 10279. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Ways and Means.

By Mr. TAYLOR of North Carolina (for himself, Mr. Carter, Mr. Hefner, Mr. Henderson, Mr. Jones of North Carolina, Mr. Martin, Mr. Preyer, Mr. Perkins, and Mr. Quillen):

H.R. 10280. A bill to authorize a study for the purpose of determining the feasibility and desirability of designating the Daniel Boone Trail as a national scenic trail; to the Committee on Interior and Insular Affairs.

By Mr. WYDLER:

H.R. 10281. A bill to create the Municipal Bond Holders' Insurance Corporation; to the Committee on Banking, Currency and Housing.

By Mr. KETCHUM:

H.J. Res. 704. Joint resolution designating the month of November of each year as National Epilepsy Month; to the Committee on Post Office and Civil Service.

By Mr. STEIGER of Arizona:

H.J. Res. 705. Joint resolution to designate the week commencing with the third Monday in February of each year as National Patriotism Week; to the Committee on Post Office and Civil Service.

By Mr. BINGHAM:

H. Con. Res. 452. Concurrent resolution disapproving the proposed sales to Kuwait of

Sidewinder air-to-air missiles; to the Committee on International Relations.

By Mr. HAMILTON:

H. Con. Res. 453. Concurrent resolution disapproving the proposed sale to Kuwait of air-to-air missiles; to the Committee on International Relations.

By Mr. MOTTL (for himself, Mr. D'AMOURS, and Mr. EDWARDS of California):

H. Con. Res. 454. Concurrent resolution expressing the sense of the Congress that the President of the United States should immediately appoint a Special Prosecutor to empanel a grand jury for possible civil and criminal antitrust violations by the oil and gas industries; to the Committee on the Judiciary.

By Mr. MOTTL (for himself and Mr. HALL):

H. Con. Res. 455. Concurrent resolution expressing the sense of Congress with respect to the complexity of Federal income tax forms; to the Committee on Ways and Means.

By Mr. MURPHY of New York (for himself, Mr. DERWINSKI, Mr. FLOOD, Mr. HYDE, Mr. RODINO, Mr. STARK, Mrs. SULLIVAN, and Mr. CHARLES WILSON of Texas):

H. Con. Res. 456. Concurrent resolution expressing the sense of the Congress that the Federal Communications Commission should take such action as is necessary to protect American children from certain violence to be broadcast over the public airwaves; to the Committee on Interstate and Foreign Commerce.

By Mr. ROE:

H. Con. Res. 457. Concurrent resolution indicating the sense of Congress that every person throughout the world has the right to a nutritionally adequate diet; and that this country increase its assistance for self-help development among the world's poorest people until such assistance has reached the target of 1 percent of our total national production (GNP); jointly to the Committees on Agriculture and International Relations.

By Mr. HELSTOSKI (for himself, Mr. PATTEN, Mr. RODINO, Mr. DOMINICK V. DANIELS, Mr. FLORIO, Mr. ROE, Mr. THOMPSON, Mrs. MEYNER, and Mr. HUGHES):

H. Res. 792. Resolution expressing the sense of the House that optometric services be included in medical assistance programs; jointly to the Committees on Interstate and Foreign Commerce and Ways and Means.

By Mr. O'NEILL (for himself, Mr. BEVILL, and Mr. MCEWEN):

H. Res. 793. Resolution disapproving the efforts to expel Israel from the United Nations; to the Committee on International Relations.

By Mr. ROE:

H. Res. 794. Resolution in support of the people of Portugal; to the Committee on International Relations.

By Mr. STEELMAN:

H. Res. 795. Resolution directing the President to provide to the House of Representatives information which the executive branch possesses with respect to the experiences of certain citizens of the United States of America while in the Republic of Mexico; to the Committee on International Relations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

Mr. CLEVELAND introduced a bill (H.R. 10282) for the relief of Andre Duchesneau, which was referred to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

267. By the SPEAKER: Petition of the city council, Cleveland, Ohio, relative to disaster assistance; to the Committee on Banking, Currency and Housing.

268. Also, petition of Citizens United for Resource Emergencies (C.U.R.E.), Seattle, Wash., relative to fish and game resources; to the Committee on Interior and Insular Affairs.

269. Also, petition of Ardelle Coons, Glendale, Calif., and others, relative to the United Nations; to the Committee on International Relations.

SENATE—*Tuesday, October 21, 1975*

The Senate met at 8:30 a.m. and was called to order by the Acting President pro tempore (Mr. METCALF).

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

"As the sun doth daily rise
Brightening all the morning skies,
So to Thee with one accord
Lift we up our hearts, O Lord!"
Horatio Nelson, 1864.

Accept the dedication of our hearts and minds and wills in Thy service this day. By Thy grace enable us to live helpfully, hopefully, and heroically to lift all mankind to a higher plateau of peace and good will. As we labor in this place so we would pray also for those who labor elsewhere in the Government, that goodness and wisdom may be a common possession, and the Nation may follow truth and justice.

Through Jesus Christ, our Lord. Amen.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Monday, October 20, 1975, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ADDITIONAL CONFEREE TO LABOR-HEW APPROPRIATIONS BILL

Mr. MANSFIELD. Mr. President, with the concurrence and approval of the distinguished Senator from Washington (Mr. MAGNUSON), the chairman of the Subcommittee on Appropriations for Health, Education, and Welfare, I ask unanimous consent that I be added as a conferee on the fiscal year 1976 Labor-HEW appropriations bill, H.R. 8069.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the Senator from Michigan desire recognition?

Mr. GRIFFIN. No, Mr. President.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from New York (Mr. JAVITS) is recognized for not to exceed 15 minutes.

U.N. RESOLUTION ON ZIONISM

Mr. JAVITS. Mr. President, I speak this morning on the passage of a resolution by a majority of the nations in the Third Committee of the General Assembly of the United Nations. There was also a significant vote against the resolution and a very significant abstention by many of the most respected nations of the world. The resolution purports, in a one-line finding, to identify Zionism with racism. The crux of the resolution:

> One, determines that Zionism is a form of racism and race discrimination.

Obviously, Mr. President, the effort is to discredit those who believe in this concept, to blacken their names and, if possible, to bring an end to their cause, which has been fought now for probably 75 years in the hearts of so many people who have been at least as bitterly put upon as any minority that the world has ever known. It is a cruel and inhuman resolution, very cynical—indeed, hypocritical—because many of the nations whose representatives voted for it in the Third Committee are themselves guilty of the most outrageous discrimination on grounds of race, creed, color, or other completely arbitrary and inhuman factors.

Nonetheless, there it is. I speak this morning in the Senate for two purposes: One, to call the attention of my colleagues to the viciousness of what has occurred; and, second, to express my support of a resolution which is being introduced in the other body today and here by two of our distinguished colleagues, and in which I and others have the privilege of joining. After the few remarks that I shall make, I shall yield to Senator STONE, who wishes to address himself to the same subject.

Mr. President, there have been literally millions of people and now two or three generations who have felt deeply in their hearts what is called Zionism. It is very important to understand what it is. What it is is an age-old dream, since the destruction of the Temple almost

2,000 years ago, by the Jewish people of the world to have a place—I think that is the accurate description—to have a place where rescue and succor, unquestioned admission may be, for them, a refuge, those who are harassed and persecuted, from all over the world.

As always, in every great cause, and this is a great cause, which has enlisted some of the finest minds known to man in modern times, there are those who stretch it to its outermost limits. So we have heard, very understandably, voices raised in Israel itself saying to those who are Jewish, including myself, in the world, "Come home, come to the Jewish national home." But this has never represented a fundamental tenet of Zionism. We can understand it and perhaps even smile at it, or weep that it should even come forward, because of the history of persecution which has been so terrible and has lasted for so long as far as the Jewish people are concerned, right into the modern day.

The fundamental aspect of Zionism was not that, was not the in-gathering, as it were, of the Jewish people, who choose, as we do in this country, to live in a noble situation which, with all its troubles and its difficulties, is the noblest example of freedom and self-determination upon which the Sun of the world has ever risen. That is a big statement, but it is true in our case.

It is really a deep, deep feeling that, at long last, we should not have those turned away from any shore who have no shore to which to repair, and face only the bleakness of the wanderer or the certainty of death, either physical or spiritual, wherever they might turn. We had that during World War II.

So, Mr. President, I have devoted my life, really, as a legislator to the United Nations. I was the sponsor of the United Nations loan bill. I literally hand-carried it through the House of Representatives, way back in 1949, when we loaned $65 million so its headquarters could be established in this country. I am devoted to it, and I do not say we should pull out of it or anybody should pull out of it. We should fight it through. But I think, as strong a friend as it has in this country, in any high place, it is my duty to speak out and to urge that this organization be not destroyed in fact as well as in spirit, but call a halt to this vicious brand of name calling to which I have referred, which brings back echoes of Goebbels-like propaganda and Nazi-type propaganda of the 1930's.

This resolution was adopted on October 17 in the Third Committee at the instigation of a number of the Arab countries and by the Soviet Union and generally the Communist bloc, which in this case, again, I say most regretfully, included the People's Republic of China.

Also it is sad to relate that earlier this year at the International Women's Year in Mexico City a similar resolution was rammed through, again by a similar militant coalition of Arab, radical and Communist states.

In my judgment, these resolutions should succeed only in holding up to ridicule their sponsors in the eyes of the world's people. Certainly the cynical effrontery of this latest resolution can only serve further to undermine the credibility of the United Nations itself.

Our representative at the United Nations, Len Garment, who was at the White House until fairly recently, spoke in the most eloquent terms in this one sentence:

> This resolution explicitly encourages the racism known as anti-Semitism even as it would have us believe that its words would lead to the elimination of racism.

So, I believe that all Americans would share the moral loathing of this hypocritical resolution, and our representative, quite properly, characterized it as obscene.

We are dealing here with a defensive doctrine of a people who have been the victims of the most unremitting racial discrimination in history, culminating in a holocaust equal to any of Attila the Hun or of the worst killers mankind has ever known. And to sully the aspirations of the Jewish survivors of the holocaust for a relatively safe haven, which has found expression in their urge toward a Jewish national home in Palestine called Zionism, is really a terribly bad chapter in the life of man and an even sadder chapter in the life of the United Nations.

I ask unanimous consent that the text of my prepared remarks appear in the Record at this point.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

The United Nations Third Committee Resolution on Zionism

On October 17th, the United Nations General Assembly's Third Committee, at the instigation of a number of Arab countries, adopted a resolution which purports to classify Zionism as a form of "racism". Earlier this year, at the World Conference of International Women's Year, held at Mexico City, a similar resolution was rammed through by a militant coalition of Arab and radical states including the Communist countries.

In my judgment, such resolutions should succeed only in holding up to ridicule their sponsors in the eyes of the world's people. Certainly the cynical effrontery of the latest resolution, adopted by the U.N. General Assembly's Third Committee, can only serve further to undermine the credibility of the United Nations itself.

In this connection, I would like to quote from the statement of the United States Representative during the debate on this resolution:

"Under the guise of a program to eliminate racism, the United Nations is at the point of officially endorsing anti-Semitism, one of the oldest and most virulent forms of racism known to human history. This resolution explicitly encourages the racism known as anti-Semitism even as it would have us believe that its words will lead to the elimination of racism."

As one who has been a diligent supporter of the United Nations since its founding, I am continually more hard put to continue my support for the United Nations in the face of criticism by my colleagues in the Congress, when such offensive nonsense as this latest PLO resolution is given the solemnity of a document of the United Nations itself, and when a tyranny of the majority in votes, without reference to productivity or population or sincerity, rams it through the General Assembly. Is this what the American people are being asked to give their tax dollars to support?

Mr. President, it is a time to speak out and call a halt to this vicious brand of name-calling, which brings back echoes of the propaganda machine of Goebbels and his Nazi party colleagues in the 1930's.

I believe that all Americans also share the moral loathing of this hypocritical resolution which prompted the U.S. Representatives to characterize it as "obscene". I hope that serious people at the General Assembly will mark carefully some additional words spoken by the U.S. Representatives:

"The United States protests this act. But protest alone is not enough. In fairness to ourselves we must also issue a warning. This resolution places the work of the United Nations in jeopardy."

In closing, I wish to make a few observations about Zionism, which has been so cruelly perverted by the sponsors of the U.N. resolution. As is so often the case when dealing with vicious propaganda, here we find that truth has been stood on its head. Zionism is a defensive doctrine of a people who have been the victims of the most unremitting racial discrimination in history, culminating in the World War II holocaust murder of six million Jews. The aspiration of the Jewish survivors of the Holocaust for a relatively safe haven has found expression in the State of Israel in the ancient Jewish homeland. The idealism, humanity and sacrifice which have gone into the founding and preservation of Israel form the best refutation to the charges which have so mindlessly and unjustly been levied against Zionism.

I am pleased to join in a resolution, to be introduced today by Senators Humphrey, Brock and other Senators, condemning the U.N. Third Committee action on Zionism; a counterpart resolution is also pending in the other body introduced by Majority Leader O'Neill and a large group of Representatives.

Mr. JAVITS. Mr. President, I yield to the Senator from Florida.

Mr. STONE. I thank the most distinguished senior Senator from New York.

Mr. President, the Old Testament records that the childen of Israel wandered in the desert for 40 years in hopes and in aspirations for a homeland, a promised land, and they received that homeland partially through their own efforts, but mainly, as our religion tells us, because it was the promised land.

For hundreds of years, the children of Israel built and cultivated that land, and when most, but not all, of the Jews were dispersed from that land they kept alive the teachings of the Bible which tell all of us if we forget Jerusalem we will lose even the skill of our hands.

During all the centuries that Jews were harried from one nation to another in Europe and the world, harried even after contributing to the life of such countries for decades and sometimes for centuries, the one common factor that Jews possessed was the aspiration that one day there would be a homeland in Israel again.

When this inhuman harrying of a people based on their religious faith reached its trough—because I could not call it a peak—in the mechanized killing of millions and millions of Jewish people, it then became not only the Jews who aspired for the reestablishment of a homeland for the people of the Bible, it was the world, and the United Nations itself endorsed, voted for, and certified the need, the desirability, the propriety, and the rightness of the aspirations of people of the Jewish faith for a homeland in Israel.

The United Nations itself not in one

but in many votes, not in one but in many proceedings, decided it was correct to allow, to promote, to foster and to assist the actual establishment of a homeland in Israel for the Jewish people.

But just because the United Nations made that decision, just because the civilized world made that decision, that did not erase the religious and basic yearning of Jews of our time and in all of our world for the establishment and life of a homeland in Israel. It is still part of the essential tradition as well as a religious expression for millions of people of the Jewish faith, of which I am one, all through the world.

This aspiration does not include a desire——

The ACTING PRESIDENT pro tempore. The time of the Senator from New York has expired.

Mr. HARRY F. BYRD, JR. If the Chair will recognize me I will yield 3 minutes to the Senator from Florida.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Virginia is recognized for 15 minutes.

Mr. HARRY F. BYRD, JR. Mr. President, I yield 3 minutes to the distinguished Senator from Florida.

Mr. STONE. Mr. President, I thank the distinguished Senator from Virginia.

This feeling is now directly attacked by the recommendations of the United Nations Third Committee.

The Jews of the world are just as the canary has always been to miners. The miner's canary detects for the miner when there is danger in an underground structure. When anti-Semitism becomes policy, the miner's canary of the world indicates the ill health of and the mortal danger to the world.

Mr. President, there has been, I have noted, a rising feeling in this body of distrust, displeasure, suspicion, and even anger at the politization of the United Nations in such a way as to tear at its very fabric, and if this anti-Semitic resolution carries, the Senator from Florida, for one, might well seek to add to the resolution that the distinguished majority leader of the House and others are introducing today condemning this Third Committee's action, and which distinguished Members of this body are filing today in the form of a companion resolution—the Senator from Florida could seek to add to that, either by amendment or independent resolution, that it ought to be the sense of the Senate that the Senate reassess our financial participation and support of any organization that officially gives vent to religious discrimination.

But the Senator from Florida wishes to conclude his remarks by addressing a hope and a deeply friendly plea to the descendants of Abraham who are the Arab world.

The Arab world is too important, it is too big, it is too major, it has made too many contributions to the civilization of the world to have to reassure itself by an expression of spite, hate, and feeling of this nature.

The Arab world has too much ascendancy economically and too much yet to offer to our world to have to descend to an insult, and a gratuitous one at that, to Jews all over the world.

The Senator from Florida urges the United Nations to think twice, to think better of itself, as well as people of the Jewish religion all over the world, and therefore to reject the invidious recommendation of the Third Committee.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. JAVITS. Will the Senator yield 1 minute?

Mr. HARRY F. BYRD, JR. Yes.

Mr. JAVITS. I would like to identify myself with everything the Senator has said except the threat respecting the U.N.

I believe the dignity and, in a sense, the purity of this deeply-felt protest, which was so brilliantly expressed by the Senator, will be enhanced rather than diminished by the absence from this resolution—whatever the Senator may do at another time and another place. But this resolution should so appeal to the conscience of the Arabs themselves, who have had their own share of trouble in this world, that I hope that its purity would just stand as it is, as a great moral denunciation.

The Senator is absolutely right. Many men have changed their view. The General Assembly has yet to meet. Let us hope that they will see the light, if the Third Committee does not, and pay tremendous tribute to those who vote "No," including our own great country, a very decided minority, and those who abstained who would now, hopefully, turn their votes to defeat this resolution.

Mr. STONE. The Senator from Florida thanks the Senator from New York and, of course, will defer to the very wise suggestion of the Senator from New York.

The Senator from Florida wishes to say that his feeling is shared by many, many others in this body, and no action takes place without reaction.

The Senator from Florida thanks the Senator from Virginia for yielding these extra minutes.

The ACTING PRESIDENT pro tempore. The Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, I want to join with the Senator from New York and the Senator from Florida in condemning the action of the Third Committee of the United Nations.

I think it is a very unfortunate tack taken by that committee of the United Nations against the one democratic oasis in the Middle East.

FEDERAL BAILOUT FOR NEW YORK CITY

Mr. HARRY F. BYRD, JR. Mr. President, today I rise to salute the President of the United States.

President Ford has shown political courage in standing firm against a Federal bailout for New York City.

The pressures on him have been great.

New York City politicians have descended on Washington en masse, demanding a Federal handout.

New York City bankers have marshalled all of their considerable financial power to demand that Washington guarantee New York City bonds, of which the banks own a major share.

The able Senator from Massachusetts, Mr. BROOKE, complained Saturday that:

> We are now being subjected to what I call stampede psychology by those who seek federal legislation to aid New York.

But President Ford has stood firm; the Secretary of the Treasury, William Simon, has stood firm; the Chairman of the Council of Economic Advisers, Alan Greenspan, has stood firm.

The only administration official to cave in has been Vice President NELSON ROCKEFELLER.

On October 5, Vice President ROCKEFELLER stated that Federal support for New York City will be the beginning of the end of the Nation's solvency.

The Vice President said in an interview with the Associated Press:

> I don't think the federal government can stand back of a history of overspending and overcommitment with a blank-check operation and still preserve the solvency of our nation.

But 6 days later, in a speech in New York City on October 11, Mr. ROCKEFELLER reversed himself. In a speech in Virginia last Thursday, and in an interview with the Washington Post last Friday, Mr. ROCKEFELLER continued his call for a Federal bailout for New York City.

Thus, Mr. Ford and Mr. ROCKEFELLER have directly contrasting views. Mr. ROCKEFELLER siding publicly with the New York politicians and the New York bankers increases the pressure on Mr. Ford.

In this light, Mr. ROCKEFELLER's interview with the Christian Science Monitor on Thursday, October 2, takes on additional significance.

In that interview, Vice President ROCKEFELLER called upon administration critics of President Ford's proposal for a new $100 billion Government energy corporation—sold to the President by Mr. ROCKEFELLER—to either "resign or support it". Mr. ROCKEFELLER as chief designer of the $100 billion plan was obviously directing his displeasure at two highly placed opponents of the proposal, Treasury Secretary Simon and Mr. Greenspan.

In an interview with The Christian Science Monitor, the Vice President detailed his feelings in this way:

> Now I happen to be of the school that when the President makes a decision, you either support it, or if you don't agree with it and feel strongly, you resign.

Then Mr. ROCKEFELLER added:

> You can't have an effective administration where the President is able really to lead this country unless you have got that kind of loyalty in the organization.

So, on October 2 Mr. ROCKEFELER calls for administration officials to unite behind President Ford, but then on October 11—and on two subsequent occasions—he takes a position directly contrary to Mr. Ford.

So, here again, for a second time in a month, Mr. ROCKEFELLER has reversed himself.

It is doubtful, to say the least, that such contradictions and inconsistencies on the part of a high official of Government contributes to public confidence in Government.

Millions of Americans will be watching carefully to see who wins this fight, Mr. Ford or Mr. ROCKEFELLER. The significance goes over beyond the question of bailing out New York City.

Should President Ford, having embraced Mr. ROCKEFELLER's $100 billion Government energy corporation scheme, now yield to the Rockefeller view on bailing out New York City, millions will believe that the Nation has a Rockefeller-dominated White House.

But for my part, I have become convinced that the President will not yield, that he will stand firm against the pressures of Mr. ROCKEFELLER, against the pressures of the New York politicians, against the pressures of the New York bankers.

President Ford has asserted time and again that a Federal guarantee of New York City bonds would create a dangerous precedent, and a bottomless pit for American taxpayers.

And, indeed, it would.

The American working people—the wage earners of our Nation—have an important stake in the outcome of the struggle.

If President Ford stands firm—and I believe he will—the working people of our Nation will benefit, although the New York banks may lose some of their tax-free income.

So today in the Senate of the United States, I salute President Ford, and Treasury Secretary Simon—for the courage to say "No" to these who would void the deficit-ridden Federal Treasury.

As the best reason for standing firm against a bailout, I cite again the words of Vice President ROCKEFELLER on October 5, before he reversed his position:

> I don't think the federal government can stand back of a history of overspending and overcommitment with a blank-check operation and still preserve the solvency of our nation.

I ask unanimous consent to insert at this point in the RECORD the Associated Press article as published in the Washington Post of October 6, 1975, and following that the Rockefeller interview with The Christian Science Monitor of October 2, 1975, and two editiorials from the Northern Virginia Daily dated October 16, 1975 and October 18, 1975.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 6, 1975]

ROCKEFELLER OPPOSES U.S. AID TO N.Y.C.

NEW YORK, Oct. 5.—Vice President Rockefeller said today federal support for fiscally failing New York City would be the beginning of the end of the nation's solvency.

"I don't think the federal government can stand back of a history of overspending and overcommitment with a blank-check operation and still preserve the solvency of our nation," the Vice President said by telephone from his Westchester County estate, where he was entertaining the Emperor and Empress of Japan.

This was the first time the former New York governor had spoken publicly of New York City's financial troubles and the views he expressed were almost identical to those of President Ford.

They were opposed, however, to those of the Vice President's brother, David, chairman of the board of Chase Manhattan Bank, who has made several trips to Washington to appeal to Mr. Ford and to Treasury Secretary William E. Simon for federal assistance.

Vice President Rockefeller added that cities are creatures of states and that states have responsibility for them.

[From the Christian Science Monitor, Oct. 2, 1975]

ROCKEFELLER: FORD AIDES WHO OPPOSE ENERGY PLAN SHOULD BACK IT OR QUIT

(By Godfrey Sperling, Jr.)

WASHINGTON.—Vice-President Rockefeller is calling upon administration critics of President Ford's proposal for a new $100 billion government energy corporation to either "resign or support it."

Although he did not name names, Mr. Rockefeller, the chief designer of this plan, was obviously directing his displeasure at two highly placed opponents of the proposal, Treasury Secretary William E. Simon and Council of Economic Advisers chairman Alan Greenspan.

In an interview with this newspaper the Vice-President detailed his feelings in this way:

"Now I happen to be of the school that when the President makes a decision, you either support it, or if you don't agree with it and feel strongly, you resign.

"And I think that's the way you have a strong, hard-hitting administration. But to go out and poor-mouth what your boss has decided is not serving him well nor is it serving yourself well—because I don't think anyone's self-respect can be very great [in continuing to criticize] after the President has made the decision.

"If they don't agree with it and they feel strongly, then they ought to resign or support it."

Later Mr. Rockefeller added: "You can't have an effective administration where the President is able really to lead this country unless you have got that kind of loyalty in the organization."

Asked if he thought the President would be "deterred by this opposition as it becomes more vocal," Mr. Rockefeller said:

"You haven't any idea how vocal it has been up to now. It has just become more vocal in the press, that's all."

Q. "It's been vocal inside?"

A. "Oh yes, these arguments have been made for months. The President's weighed them all. This man is the most patient man I've ever known. He listens by the hour to these arguments."

Asked if the President would push ahead with the plan and give it a high priority, the Vice-President said:

"How much higher a priority can you make than making a statement that this is your program? You don't make that statement and then not follow it through. And this week the President will send a message to Congress with a bill."

James T. Lynn, head of the Office of Management and Budget under the President, has also opposed the plan. But he is not believed to be among those the Vice-President has in mind when he calls on those who continue to oppose the plan to resign.

It is believed that Mr. Rockefeller would feel that Mr. Lynn is no longer arguing his case—that he now is expressing loyalty and support for the program.

The new corporation, according to Mr. Ford's announcement Sept. 22, would have the power both to borrow and to lend money, with the aim of encouraging private industry to develop "new technologies." The corporation would be "a catalyst and stimulant," to help gain energy independence in 10 years or less.

Generally, high administration opponents of the Ford-Rockefeller plan are concerned lest additional government borrowing drain available investment capital away from private business and individuals.

To this charge Mr. Rockefeller said:

"Their argument about capital allocation totally disregards the fact that the President has already said [energy independence] is our national objective. We want this allocation to be made by private capital and [the President's suggested program] would simply be supporting and accelerating it."

Opponents also deplore government expanding its role in the energy field—when the President otherwise seeks a reduction in government spending.

Asked why he and the President "should accept a proposal creating a giant new federal intervention in the United States economy," Mr. Rockefeller said:

"Very easily. It's a positive intervention, not a negative intervention. . . . It will be a stimulant to becoming self-sufficient [in energy] and providing whether something is commercially feasible or not and what the price will be."

Highly placed government critics are saying flatly that the program will not get through Congress. Mr. Rockefeller in the interview said he was confident that it would pass.

On other subjects:

The Mideast. Asked if the administration was going to be able to satisfy the Senate Foreign Relations Committee that there were no secret agreements connected with the Sinai accord, he said:

"Absolutely. The chairman and minority leader of the committee have read everything. So there's no question about that. It's a question of how it's handled. And what they are now talking about is how they satisfy the public as distinct from a few congressmen."

Israeli requests for Pershing missiles. "There has been a lot of misunderstanding on that because of the story which said the Defense Department had never heard of it. This is absolutely untrue.

"The Defense Department has seen the shopping list which the Israelis presented over a year ago which included the Pershing. It is again on their present list. But there is no commitment on it. . . .

On the possibility of a White House cabal planning to replace the Vice-President on the ticket: "It would not be surprising. In any political situation around the leader there are always movements. And this is down through history."

He said, "I don't feel worried" about the matter.

On Ronald Reagan challenging the President: "He has a very tough decision to make. To take on an incumbent president is almost unheard of. It is an extraordinary undertaking."

"It can't be an easy decision for him. Certainly there aren't any indications that would give him a tremendous amount of encouragement."

Detente. Asked if he saw detente with the Soviet Union as a growing reality, the Vice President said yes—"providing we preserve our military, economic, and moral strength."

[From the Northern Virginia Daily, Oct. 16, 1975]

NO TO AID DESPITE ROCKY

What the press has described as a developing "rift" between President Ford and Vice President Rockefeller has Washington buzzing.

As everyone knows, the President has said in no uncertain terms that his Administration is opposed to any federal assistance to floundering New York City, on the grounds that if Washington comes to New York's aid it immediately becomes vulnerable to entreaties from every fiscally-pressed municipality in the country.

Apparently, Vice President Rockefeller didn't get the message, or if he did he chose to ignore it. In a Columbus Day speech in Gotham last Saturday, Rockefeller publicly urged Congress to pass legislation to give New York short-term aid.

In so doing, the Vice President not only took a position diametrically opposed to that of the Administration of which he is a part but, adding insult to injury, his call for federal support was not cleared with the President in advance and came as a complete surprise to the White House.

It appears that Rocky had not bothered to tell the President that he intended to cut himself loose from the Administration's position on New York, nor had he cleared his speech with anyone in Administration circles.

Rockefeller apologists counter criticism of the Vice President's bombshell by asking: What's a poor Vice President to do, who was governor of New York State at the very time the city was getting deeper and deeper into its financial mess?

We are opposed to federal aid to bankrupt New York City because we see it as an inevitable beginning of a parade of municipal and state governments to Washington seeking assistance. Such a development is untenable for two reasons. The federal treasury already has its own troubles handling its own huge deficits each year; and even if the federal government were fiscally sound enough to embark on such a venture, direct federal aid to cities and eventually states would inevitably introduce even more stringent direct federal controls in city and state governments.

What's a poor Vice President to do? In our opinion, his first allegiance is to the administration of which he is a part. We regard such loyalty as a trust. His surprise speech in New York City violated that trust.

Rockefeller has apparently not learned the lesson lost on so many political leaders today: One cannot be all things to all peope all of the time.

[From the Northern Virginia Daily, Oct. 18, 1975]

Rockefeller and the South

Vice President Nelson Rockefeller was barnstorming in Roanoke Thursday, if you can call a $100-a-couple reception hosted by the 6th District Republican Committee barnstorming.

Rockefeller's four-hour visit was ostensibly to put the Ford Administration's blessing on the Republican ticket in the 6th District. In this respect we imagine the visit was a success. But, we think it had a far more significant objective.

Many southern conservative party leaders do not trust the Vice President's political philosophy. They regard his radicalism, the reason many of them have opposed him from the start, as a danger to both the South and the nation. Frankly, the tested conservatism of Ronald Reagan has a wider appeal to many southern party stalwarts.

The Vice President is out to remove that obstacle to his acceptance as a suitable running mate for President Ford in 1976. He is trying to create a new Rockefeller image, that of a changed man, one who can be depended upon to stand firmly by the conservative Ford Administration's battles with the liberal Democratic majority in Congress.

But, the Brownie points Rockefeller has been racking up lately do not substantiate this new image. For instance, recently in the Christian Science Monitor, the Vice President delivered himself of this solemn utterance:

". . . when the President makes a decision, you either support it, or if you don't agree with it and feel strongly, you resign. . . . But to go out and poor-mouth what your boss has decided is not serving him well nor is it serving yourself well."

Rockefeller intended this remark for several other high-administration officials with whom he did not agree for the moment. Little did he suspect that this censure of his co-workers would soon come home to roost.

On October 11th, in a Columbus Day speech in New York City, the Vice President took President Ford, and the entire Administration, by surprise when he publicly announced that in his opinion the Congress should come to the aid of fiscally beleaguered New York with some type of federal guarantee of its bonds—a position diametrically opposed to the Administration's announced position.

Looking at Rockefeller's past record for massive spending as governor of New York State, at a time when the city itself was also going deeper and deeper into deficit spending, conservatives have all the more reason to doubt the sincerity of the Vice President and to question where he really stands. And, it is difficult not to notice the lack of loyalty which he complained about in others.

ADDITIONAL STATEMENT BY MR. HRUSKA ON THE PLIGHT OF NEW YORK CITY

Mr. HRUSKA. Mr. President, I would like to associate myself with the remarks of the distinguished Senator from Virginia (Mr. Harry F. Byrd, Jr.). His arguments about the plight of New York City are well made.

The President is to be commended for his position against committing the Federal Government to pour massive amounts of funds into New York City. How can the Federal Government, with an already overwhelming budget deficit, be expected to bail out a city that brought on its own fiscal problems and shows little desire in wanting to change its financially reckless ways?

The World-Herald, the daily newspaper in my home city of Omaha—a city which, by the way, has kept its fiscal house in order—has printed two exceptionally well-written and incisive editorials on the New York City problem.

In an editorial on October 10, entitled "How Not to Win Friends," the World-Herald points out the inconsistencies in some of the arguments of those who would pump millions of tax dollars into New York. The World-Herald concludes:

> Other cities and other states are having the devil's own time making ends meet. They don't care to be told it is their obligation to finance New York City's free university or to make up the city's welfare deficits. That, New Yorkers, is not the way to win friends or influence people.

In its October 18 editorial on the subject, entitled, "Responsibility versus Rescue," the World explains the dangerous precedent that could be established if the Federal Government attempts to bail out New York City:

> If the debts of one city can be guaranteed by federal credit, how can it be equitable not to guarantee the debts of all?
>
> If New York is not to suffer the consequences of its mismanagement, why should any city suffer?
>
> And if Washington goes into the business of saving cities from insolvency, how can the federal government escape running greater deficits and increasing the potential for greater inflation?
>
> The need is for fiscal responsibility. It cannot be achieved if the federal government answers the cries of local government for intervention and rescue.

Mr. President, during last week's recess, I talked with a great many of my constituents. The issue of a Federal bailout of New York City was on everyone's list of concerns. I found not one Nebraskan who felt it appropriate for Washington to come to the rescue of New York City. Indeed, the opinion was unanimously to the contrary.

Mr. President, so that my colleagues and others interested in this important topic may benefit from the World-Herald's wisdom, I ask unanimous consent that the complete text of the two editorials be printed in the Record.

There being no objection, the editorials were ordered to be printed in the Record, as follows:

How Not To Win Friends

Those who are asking federal help for New York City need better arguments than some we have been hearing. We shall deal here with two of them.

Hobart Rowen, financial writer for the Washington Post Service, takes exception to President Ford's remark to Mayor Beame. The President is quoted as saying:

"Mr. Mayor, I understand you have free tuition in your city university, and you're asking us to provide money for the city. We don't have free tuition in Lansing, Michigan. Why should the federal government provide free tuition for the students in New York City and not in other cities in the nation?"

Beame is supposed to have replied:

"If we hadn't had free tuition, I wouldn't be here."

Rowen finds Ford's comment "appalling," tells us that Rowen himself is a graduate and "takes great pride in the fact that New York City staked me to an education."

He goes on to say that New York's willingness to provide free college education "has been symbolic of the American dream since 1848," that graduates have included Dr. Jonas Salk and other distinguished men and that Ford is unwilling to interfere in New York's local affairs because "the President doesn't believe in federal aid to education, certainly not free university tuition."

Where has Rowen been in all the long years that municipal universities were going out of business because taxpayers could no longer afford them even with ever-increasing tuition?

Does he really believe that the nation's taxpayers should support free college education in New York when they cannot do so in their own cities and states?

But let us move on to a second argument for helping New York City. In fact, it is a prescription for helping. It comes from W. Averell Harriman, former governor of New York and longtime adviser to presidents.

One of New York City's troubles stems from the fact that 1.25 million people are on relief and, in Harriman's words, "New York has been very generous in its welfare payments. That is one of the reasons why so many people have come to New York from the South and Puerto Rico. But that is a problem everybody should share."

How's that again? New York City creates the problem by welfare payments far above the national average, but it is a problem for the rest of the country?

Yes, says Averell Harriman:

"From the long-run standpoint, the federal government should take responsibility for all welfare. This is an enormous step, it is true, but the government is already paying 50 percent."

And Uncle Sam should not only make welfare payments but provide "housing, education, health and other services that flow from increase in the population for whom there are no jobs."

If there had been a national welfare policy, says Harriman, "in many cases it would have encouraged families to have remained in the South in better houses and surroundings than in the slums of New York."

But has it occurred to Harriman that if New York had not offered welfare inducements to come North, the exodus from the South would probably not have taken place and New York City's financial condition might not be close to bankruptcy?

Other cities and other states are having the devil's own time making ends meet. They don't care to be told it is their obligation to finance New York City's free university or to make up the city's welfare deficits. That, New Yorkers, is not the way to win friends or influence people.

RESPONSIBILITY VERSUS RESCUE

The country is deeply divided about rescuing New York City.

Columnist Max Lerner says with a confidence not universally shared that "Americans won't let so important a resource go down the drain." (How a city goes down a drain is never explained. A more easily understood mental picture is that of a city whose drains won't work because it can no longer afford to repair its sewers.)

Lerner is also confident that "New York has learned its bitter lesson. So have all the other cities, watching it."

But that may be more an expression of hope than a statement of fact. The decision to save New York has not been made, and there is insufficient reason to believe that other cities see themselves in New York's shoes and are learning its lesson.

Omaha's Mayor Zorinsky, for example, is among those against using federal funds for New York. He sees a rescue there as a precedent for giving every mayor in the country "license to mismanage his city."

Jack Germond, veteran political writer for the Washington Star Service, has some doubt that the struggle over New York City is a simple political fight. Says Germond:

"The reaction against what is always called 'bailing out' New York City . . . is not just a partisan reflex against Mayor Abe Beame or Gov. Hugh Carey, although there is obviously some partisanship in it.

"It is more than that, a reaction against the notion there are no limits in how much the productive in our society should do to support the nonproductive."

To Columnist Patrick Buchanan, President Ford's stand against aiding New York is essential to his campaign to bring the federal budget under control.

"This," says Buchanan, "is the Battle of the Marne. This is the one where there can be no surrender, no retreat."

Yet Buchanan sees federal officials buckling if not retreating. Chairman Burns of the Federal Reserve appears less adamant against using the nation's credit to bolster New York's debt.

Even Treasury Secretary William Simon is talking of a rescue operation if it is made so "punitive" that no other city would be tempted to copy New York.

The President's chief ally is public opposition to the rescue operation, but he has not so far rallied this opposition or tried to lead it.

And there are signs, detected by commentator Buchanan and others, that the President is losing the propaganda war. ("We are gaining momentum," says Wisconsin's Sen. Proxmire.)

Those who expounded the loose, fiscal philosophy of tax and spend and who brought New York close to ruin, are trying, and perhaps with some success, to shift the blame to the administration.

Buchanan says he marvels at their capacity to place upon adversaries the responsibility for their failure. Thus, "Today, John V. Lindsay, the mayor whose misgovernance placed New York on the edge of the abyss, is seriously discussed as a Democratic candidate for the Senate while Gerald Ford of Grand Rapids, an economic conservative who had nothing to do wtih the impending disaster, is being set up as a scapegoat."

There are other considerations, to be sure. Burns and Simon have to worry about international fiscal chaos that might be triggered by an unrescued New York.

It may legitimately be asked whether shock waves of unpredictable proportion are worth the risk.

But if, for any reason, Ford's hand is stayed and the federal government does bail out New York, the fiscal conservative will wonder when, if ever, the federal budget will be controlled.

If the debts of one city can be guaranteed by federal credit, how can it be equitable not to guarantee the debts of all?

If New York is not to suffer the consequences of its mismanagement, why should any city suffer?

And if Washington goes into the business of saving cities from insolvency, how can the federal government escape running greater deficits and increasing the potential for greater inflation?

The need is for fiscal responsibility. It cannot be achieved if the federal government answers the cries of local government for intervention and rescue.

ORDER OF BUSINESS

The PRESIDING OFFICER (Mr. FORD). Under the previous order the Senator from Arkansas (Mr. McCLELLAN) is recognized for not to exceed 15 minutes.

S. 1—THE CRIMINAL JUSTICE REFORM ACT OF 1975

Mr. McCLELLAN. Mr. President, the Subcommittee on Criminal Laws and Procedures, which I am privileged to chair, will shortly report to the Committee on the Judiciary an amended version of S. 1, the Criminal Justice Reform Act of 1975, and a draft report on that bill with a recommendation for the committee's further examination, full consideration, and appropriate action thereon.

This amended bill and report are the result of over 4½ years of work by the subcommittee in an effort to codify, revise, and reform our Federal criminal laws. This has been a herculean task. For, when this bill is enacted, the United States will have, for the first time in its 200-year history, a genuine criminal code—a clear, concise, and complete statement of the criminal law carefully drafted in an attempt not only to safeguard the public welfare but also to fully preserve individual freedoms. It will be a modern code that will meet the needs of today's society by retaining the best features of current law, amending others, and eliminating those laws that are obsolete.

Mr. President, as I pointed out when we introduced this bill in January, S. 1 is reinforced by a long and distinguished history. Almost 9 years ago, in 1966, the Congress enacted Public Law 89–801 creating the National Commission on Reform of Federal Criminal Laws, which later became known as the "Brown Commission." In that law the Congress charged the Commission with the responsibility of making a "full and complete" review of the statutory and case law of the United States "for the purpose of formulating the recommending to the Congress legislation which would improve the Federal system of criminal justice." That Commission, on which Senator HRUSKA and I were privileged to serve, together with our distinguished former colleague, Senator Ervin, labored for nearly 3 years with its advisory committee, consultants, and staff, before submitting its recommendations to the Congress and the President on January 7, 1971, in its final report. Its report, the Commission stated, was designed to serve as a "work basis" for further consideration of the need for criminal law reform by the Congress. It has, indeed, served that purpose.

The Commission's final report was the subject of intensive and extensive hearings, study, and analysis throughout the 92d Congress by the Subcommittee on Criminal Laws and Procedures and resulted in the introduction of S. 1 of the 93d Congress by Senators ERVIN, HRUSKA, and myself—a "study bill" drafted and introduced as the next step toward the ultimate enactment of a Federal criminal code.

During the next 2 years, throughout the 93d Congress, the subcommittee used this S. 1 as the vehicle for still further hearings on and study of the issues involved in the codification and reform of our Federal criminal laws. Those hearings and that study resulted in the present S. 1, which Senators BAYH, HRUSKA, EASTLAND, FONG, GRIFFIN, MANSFIELD, MOSS, HUGH SCOTT, TAFT, TOWER, and I introduced in January. Additional amendments and modifications have been made since then. The bill as it will be reported by the subcommittee to the full committee is the product of all these accumulated efforts.

The proposed criminal code presents an excellent example of the legislative process functioning at its best—through the cooperation of private and public bodies and individuals. It is the direct result of the careful thought and hard work of hundreds of concerned people of almost every political persuasion and point of view—academicians, lawyers, judges, legislators, and private citizens. Their work and thought is reflected in a hearings record totaling over 8,500 pages in 15 volumes. Without the assistance of these interested and helpful people, this proposed code could never have been developed. A great debt of gratitude is owed to those who have contributed so much to its progress.

Mr. President, S. 1 necessarily touches upon all areas of the Federal criminal law. Therefore, it directly affects many aspects of the personal, political, social, and economic life of our people. Any attempt to legislate in the area of such volatile issues as the disclosure of classified information, the restoration of a constitutional form of capital punishment, the prohibition of the dissemination of obscene material, and mandatory prison sentences for certain crimes, to mention just a few, immediately brings into focus conflicting views and provokes strong and persistent controversy. Indeed, different and dissenting views are to be welcomed in the legislative process. For generally it is in the context of competing points of view that more enlightened legislative decisions are made.

At all stages in the processing and enactment of a bill of the importance and magnitude of S. 1, every constructive suggestion and recommendation for amendment and improvement of the measure should be welcomed, carefully examined, fully considered, and appropriately disposed of.

As a Member of the Senate and as chairman of the Judiciary Subcommittee on Criminal Laws and Procedures, I have continuously sought and welcomed constructive advice and counsel respecting all provisions of this measure. I shall continue welcoming such advice and counsel. The bill, as reported by the subcommittee, is in no way sacrosanct, and I fully anticipate that further helpful suggestions will be received and that a number of improving amendments to this measure may well be adopted in the course of full Judiciary Committee consideration and before it is finally acted on by the Senate.

S. 1 and each provision thereof should, as should all legislative proposals, stand or fall on their merits. And their merit or lack of merit should be ascertained and decided on the basis of truth and fact. I am not at all unmindful, but rather I fully recognize, that even where the truth is obvious and the facts are not disputed, in some instances there can and may well be honest differences of opinion. The right of anyone to entertain and express contrary views or conclusions respecting any provision of this bill is a right that I unequivocally support and defend. However, we should all, both proponents and opponents of the bill, undertake to be fully accurate and fair in our comments made either in criticism or support of the measure or of any of its controversial provisions.

Mr. President, some vigorous assaults on this measure have already begun, and they no doubt will continue. Some of the criticism that has appeared in the press is no doubt made in good faith. But some of the charges clearly seem to fall within the category of misleading information and misrepresentation. Some of the inaccuracies and distortions that have already been published, I think, should now be refuted, and I do so in the hope that some columnists and some of the news media in the future will undertake to be more thorough and factual in reporting and commenting on the provisions of this bill. Distorted facts and misinformation that are calculated or intended to mislead and deceive, either carelessly or purposely disseminated, cannot possibly serve the public interest. Nor can published strained and unsupportable interpretations that are intended to prejudice a fair consideration of the bill's provisions be justified.

I should like, Mr. President, to call attention to a few of these that have so far appeared in the news media. As one example, Mr. Glenn Elsasser, in an article published in the June 9, 1975, issue of the Chicago Tribune, called the bill "an historic document that would legalize widespread government secrecy and permit the prosecution of reporters who uncover official wrongdoing" and went on to say that "in effect, the press would be forced to publish only what the government says it could."

Mr. Martin Arnold, in an article published in the May 28, 1975, issue of the New York Times, stated that—

> Under the codification, if approved as written, a newsman could face Federal prosecution if he reported something that the Government did not want made public.

Jack Landau, in a syndicated column for the Newhouse News Service, stated recently that—

> The bill would establish for the first time an Official Secrets Act which would give the President, the Defense Department, and the State Department virtually unlimited powers to jail news reporters and editors for publishing a whole range of information about foreign affairs and defense issues.

These statements, Mr. President, are so patently false that they perpetrate a deception on any reader who may mistakenly accept them as true. If any provisions of this bill, correctly interpreted, would permit or do what these writers allege, such provisions would obviously be unconstitutional and unenforceable. S. 1 would not "permit the prosecution of reporters who uncover official wrongdoing." Nor would the press "be forced to publish only what the Government says it could." It does not establish "an Official Secrets Act which would give the President, the Defense Department, and the State Department virtually unlimited powers to jail news reporters and editors for publishing a whole range of information about foreign affairs and defense issues." These charges are viciously absurd, and it is difficult to believe they could be made in good faith by well-informed and intelligent reporters.

The right and need of the public to know about the operation and affairs of Government and the necessity to safeguard and protect from disclosure official documents, material, and information that are vital to national security—that which, if divulged, would be of material benefit or advantage to a potential enemy resulting in a corresponding threat or detriment to our national security—are the two legitimate interests involved in this issue. S. 1 undertakes a proper accommodation of each without doing violence to the other.

As to whether the provisions of S. 1 achieve this objective there may, of course, well be honest differences of opinion. The bill, of course, is subject to amendments. And any proposals to change the present language of the bill should and will be carefully considered and acted upon as this measure is processed through committee and both Houses of Congress toward final enactment.

Upon further consideration, it may well be decided that these two interests—the right of the public to know and the necessity of protecting the national security—cannot possibly be fully accommodated by statutory enactment. The decision may be made that the best course is to leave current law in this area unchanged and that the responsibility should rest with the court to determine which right should prevail under the attending circumstances in each case.

I think it is appropriate to note the comments on this issue by a most distinguished journalist of international reputation. In a CBS Evening News broadcast on July 10, 1975, Mr. Eric Sevareid said:

> Free governments have never known how to handle the problem of secret information, and obviously a free press in a free society in peacetime does not know where to draw lines between secrets that damage the society by remaining secret and those that damage the nation by becoming public.

And, in further comment, Mr. Sevareid pointed out that, if there is a formal solution between the extreme views on this issue, no one has yet found it. He went on to say that:

> Quite probably, none exists, and this country will simply continue at a grave disadvantage, where security secrets are concerned, with the Soviet Union.

The provisions of S. 1 are intended to reduce—to remove—that "grave disadvantage" insofar as it can be done without abridging freedom of the press and the public's right to know.

Mr. President, there are some other—some additional—inaccurate and deceptive charges made on this issue which I think should be refuted.

First, Mr. Alan Otten stated in the June 5, 1975, issue of the Wall Street Journal that—

> The bill drops present legal requirements that the government prove some intent to hurt the nation.

And Mr. Elsasser, in his article in the Chicago Tribune, declared that—

> The proposal drops the requirement that there be a specific intent to injure—a change that makes it easier for a prosecutor to prove his case.

Mr. President, present law dealing with simple disclosure of "classified" information has no requirement that the one making the disclosure contemplate any injury to the Nation. Its unauthorized disclosure, regardless of intent, is prohibited.

Present law prohibits the disclosure of information respecting the national defense "with intent or reason to believe that it is to be used to the injury of the United States or to the advantage of a foreign nation." Thus, it is seen that a violator cannot only be prosecuted where the disclosure is made "with intent" to injure the United States but can also be prosecuted and convicted if it is shown that he had "reason to believe" the information is to be or could be used to the injury of the United States or the advantage of any foreign nation. So, under current law, a conviction can be had without proving intent if the evidence shows that the disclosure was made by one having "reason to believe."

S. 1 simply provides that a conviction can only be had if the evidence shows that the disclosure was made by one having "knowledge" that the information could be used to the injury of the United States.

I think in many instances it would be more difficult to prove that the defendant acted "with knowledge" than it would be to prove he acted "with intent." And it certainly would be far more difficult to prove that he had "knowledge" than it would be to prove that he had "reason to believe."

However, if there should develop serious opposition to the provisions of S. 1 on this issue as a result of honest differences of opinion, I shall have no objection to carrying forward into the code existing law without any change or modification thereof.

An article in the May 28, 1975, issue of the New York Times by Mr. Martin Arnold states that "the proposed code, like the current one, does not define national defense information—except for communications intelligence, such as codes, and atomic energy information," undertaking to create a false impression that this "national defense information" terminology is so vague that it would enable the Government to suppress whatever information it desired.

Mr. Arnold neglected to tell his readers that section 1128 of S. 1 contains a very lengthy and specific definition of "national defense information"—half a printed page in length. Being most charitable, we have to assume that he "inadvertently" rather than "deliberately" failed to make reference to this section of the bill.

Mr. Otten, in his Wall Street Journal article, declared that the bill would "restore the death penalty for murder under a wide variety of circumstances."

The bill does undertake to establish procedures that conform to the criteria set out by the Supreme Court in its decision in Furman against Georgia.

Under the provisions of the bill, the death penalty can be imposed only in a very limited number of circumstances, such as hired killings, killings in connection with a kidnaping or aircraft hijacking, and where the murder is committed in an "especially heinous, cruel, or depraved manner," and assassination of the President of the United States. It is significant to note that some 34 States have passed comparable statutes so as to conform their laws to the requirements of the Furman decision, and further, that the Congress, since the Furman decision, has passed—and the Federal law now prescribes—an antihijacking statute providing the death penalty for murder committed in the course of an airplane hijacking.

In the 93d Congress, on March 13, 1974, the Senate passed, by a vote of 54 to 33, S. 1401, imposing the death penalty under circumstances comparable to those enumerated in S. 1. So, S. 1, with regard to the death penalty, contains substantially what the Senate approved in S. 1401 less than 2 years ago.

Another attack made on the bill by Mr. Otten stated that S. 1 would "broaden the Government's authority for wiretapping or other electronic surveillance for up to 48 hours without court order." That statement is false. The bill's provisions authorizing emergency wiretaps without court order for 48 hours merely codify and bring forward current law unchanged. They "broaden" nothing. The identical carefully circumscribed emergency power for warrantless electronic surveillance, which is subject to subsequent court approval, is contained in section 2518 of title 18 of the United States Code.

Mr. President, a number of other inaccurate reports and misrepresentations have been and are being made about the merits of S. 1. I shall not take time to enumerate and comment on all of them now. However, I am confident they will be refuted and corrected as this measure further proceeds through the legislative process.

In conclusion, I again assert that no sponsor or supporter of this bill regards all of its provisions as sacrosanct. There are areas of the bill—provisions thereof—which no doubt may well be improved by amendment. That is our legislative and democratic procedure to which I subscribe and which I fervently respect. And I shall have no hesitancy in supporting proposed changes in the bill which, in my judgment, strengthen and improve it.

Constructive counsel and suggestions are certainly welcome and will be appreciated at all stages of consideration of this measure. But efforts to slander the bill or disseminate false information calculated to perpetrate a deception regarding its merits I reject as being neither constructive nor in the public interest.

The PRESIDING OFFICER. Under the previous order, the Senator from Nebraska (Mr. Hruska) is recognized for not to exceed 15 minutes.

THE CRIMINAL JUSTICE REFORM ACT OF 1975

Mr. HRUSKA. Mr. President, within the next few days a monumental and long-needed bill will be reported to the Committee on the Judiciary from the Criminal Laws and Procedures Subcommittee. I refer to S. 1, the Criminal Justice Reform Act of 1975, of which I am a cosponsor. It is the first complete revision and codification of the Federal criminal laws in our 200 year history.

In beginning my remarks, I commend and congratulate the chairman of the Criminal Laws and Procedures Subcommittee, Senator McClellan, on his thorough and excellent presentation here today on S. 1. It is characteristic of the kind of experience, talent, and care he has consistently brought time and again to his work and most particularly to the bill presently under consideration. Without his efforts and outstanding leadership, this complex and far-reaching measure would never have reached this stage. His presentation here today is but one of a number of statements he has made on the subject, which I commend to your attention, in particular his encyclopedic statement of the foundations and sweep of this bill in the Record of January 12, 1973.

I. THE NEED FOR THE REFORM EMBODIED BY THE BILL

Persons concerned with the Federal criminal justice system have been aware for many years of the need to pull together, reform, and revise the large number of provisions relating to criminal law now scattered throughout the 50 titles and 11 volumes of the statutes of the United States. These provisions need modernizing in the light of lessons learned by experience, and in the light of changing times. Further, they have grown up piecemeal over the years, and are separate and unrelated responses to particular problems as they were identified from time to time by individual Congresses. Thus, they do not form a rational, internally consistent, cohesive whole.

If this were just a technical matter, it would not be of much concern. But certain real disadvantages are to be found in consequence. I now propose to identify and describe just a few of these disadvantages in existing law. In each instance and in a great number of similar instances, S. 1 seeks to provide corrections and improvements:

First. A great variety of sources have to be consulted to find all the law relating to a single piece of misconduct. Related offenses are not gathered in any single title of the code, but rather are scattered throughout 50 titles in 11 volumes. A long line of case interpretations must be consulted for each provision.

Second. Obsolete offenses remain on the books long after they have outlived their usefulness. This presents dilemmas for citizens, law enforcers, and prosecutors, in calculating their actions; and causes diversion of resources from more important tasks.

Third. A single basic form of misconduct can be penalized under a variety of sections—with different definitions and punishments—depending on such accidental circumstances as whether the theft was from the mails, a bank, an employee welfare plan, or a vehicle of interstate commerce. This results in inequities of treatment, and in many opportunities for escape on technicalities. By way of example, there are in excess of 70 different provisions on theft alone, in present law.

Fourth. There is considerable overlap of provisions, so that one act is often punishable under many sections. This leads to undue prosecutorial discretion, inequities of treatment, cumulative punishments, and again a great potential for escape on technicalities.

Fifth. Sentences have been allowed to accumulate, for example, for each letter mailed in a mail fraud case, rather than one rational sentence for the fraud, which is the real essence of the crime.

Sixth. Dozens of different penalty levels are found among the statutes, that cannot be justified based on the comparative severity of the crimes or on any other rational penological consideration. They were the accidental product of the year in which they were enacted and the attitudes prevailing at that time. There has been little attention paid by Congress to penalties decreed at other times in other statutes on the books.

Seventh. There has been virtually no review of sentences imposed by trial judges, resulting in a wide disparity of sentences for like crimes around the country. This has led to great unrest within the criminal justice system, and has resulted in impairment in efforts or programs of rehabilitation.

Eighth. First offenders have too often been treated the same as the multiple or professional criminal.

Ninth. The terminology used in the law is not consistent from offense to offense, nor from case to case, giving rise to confusion, technical arguments, and doubts as to what is permitted and what punishable. For example, 78 different terms have been used to describe the requisite state of mind for criminal offenses; a concept for which S. 1 finds four sufficient. Each of the 78 has received varying definitions—for example, 7 definitions have been found for the word "wilfully"—whereas S. 1 defines each of its 4 clearly and concisely. Such imprecision of language increases the chances of the guilty going free and the innocent being convicted.

Tenth. The technical facts necessary to find Federal as opposed to State jurisdiction are, under current statutes, included in the definitions of offenses—for example, fraud or narcotic offenses must be committed in interstate commerce—rather than being provided separately. This means that the technical jurisdictional facts may have to be proved to a jury beyond a reasonable doubt; and in many cases the jury may have to be convinced not only that the technical jurisdictional facts existed but that the defendant also knew they existed. This results in unjustified acquittals on technicalities.

Eleventh. The persons most in need of long parole supervision on release—that is, the most dangerous criminals—have the least such supervision because parole boards will not have released them with substantial portions of their terms remaining. Under present law, parole supervision may not outlast the term.

Twelfth. Victims of crimes go uncompensated.

Thirteenth. Because gaps in the law have to be filled in by courts, and each court does this according to its own lights, the Federal law today varies from locale to locale; and this in a nation which is supposed to have a national law. Some of the broader areas where courts have been left to their own devices are the insanity defense, where at least five different legal insanity tests have been found; the entrapment defense; self-defense; effect of mistake; defense of persons; and defense of property, among others.

Fourteenth. Certain gaps in the law remain. There has been insufficient attention paid to organized crime, election offenses of Watergate variety, attempts to assassinate foreign officials, effective fine levels to deter corporate regulatory offenses, convenient extradition of criminals fleeing the country, and elimination of technicalities surrounding enforcement of civil rights laws, to name just a few.

Fifteenth. The law today uses unnecessarily complicated and ancient language, making understanding difficult for citizens who must obey it, for police who must enforce it, for lawyers and judges who must deal with it, and for juries who must apply it. A few examples will suffice to make the point: S. 1 substitutes the name "loansharking" for the crime of "engaging in an extortionate credit transaction." Other plainspeaking terms in S. 1 are "bail jumping," "retaliation," and "racketeering," among others.

The law up to this point in our history has been vague and unclear with much uncertainty of interpretation, aside from its substantive inadequacies. This invites defenses based on technicalities and loopholes, often successful, and militates against even-handed, fair administration of justice. Trials become prolonged and appeals multiply.

The law has failed to provide a clear-cut mandate, necessary for deterrence, and has failed to give fair and effective notice of its provisions.

II. THE RESPONSE TO THE PROBLEM

It was against this background, which continues to exist today, that responsible people concerned with criminal justice, determined that something must be done. In 1966, President Johnson, pursuant to congressional enactment, appointed a commission charged with codification, revision, and reform of the entire Federal criminal law—the first time in our history that such an extensive revision was ever undertaken.

The Commission was the National Commission on the Reform of the Federal Criminal Laws, a bipartisan Commission with personnel comprised of a wide cross-section of legislators, judges, lawyers, professors, and others concerned with criminal justice. It was chaired by former Gov. Edmund "Pat" Brown of California. An advisory committee, headed by retired Supreme Court Justice Tom Clark, aided the Commission in its work. It was my pleasure and honor to serve on the Commission, along with Congressman Richard H. Poff of Virginia, the Vice Chairman; U.S. Circuit Judge George C. Edwards, Jr.; Senator Sam J. Ervin, Jr. of North Carolina; U.S. District Judge A. Leon Higginbotham, Jr.; Congressman Robert W. Kastenmeier of Wisconsin; U.S. District Judge Thomas J. McBride; Senator John L. McClellan of Arkansas; Congressman Abner Mikva of Illinois; Donald Scott Thomas, Esq., of Texas; and Theodore Voorhees, Esq., of the District of Columbia, U.S. Circuit Judge James M. Carter, and Congressman Don Edwards of California also served for a substantial portion of the time.

The Commission labored for 3 years, building upon the work that had gone before it in the American Law Institute's Model Penal Code, various modern State codifications, and the Presidential commissions and bodies that President Johnson and his predecessors established to investigate the problem of crime: the President's Commission on Law Enforcement and the Administration of Justice, the National Commission on the Causes and Prevention of Violence, the National Advisory Commission on Civil Disorders, and the National Council on Crime and Delinquency, as well as other bodies, including, among others, the American Bar Association's Project on Standards for Criminal Justice. Volumes of Commission working papers and drafts were circulated to bench and bar and other interested groups for comment, much of which was incorporated. In 1971, the Commission presented its final report, containing a suggested bill to pull together and make a rational, ordered whole, of the Federal Criminal law, with both revision and codification as its aims, in accord with the Commission's charter.

Shortly thereafter, the Senate Judiciary Committee's Subcommittee on Criminal Laws and Procedures began its consideration of the suggested bill. The subcommittee held hearings amounting to more than 8,500 printed pages, including testimony and submissions from more than 200 witnesses or groups, and made certain modifications. Again, I was privileged to take an active role in these deliberations. The subcommittee now stands ready to report the bill, S. 1, to the full Judiciary Committee.

S. 1 is a comprehensive codification and revision of the Federal criminal laws, incorporating in substantial part the Brown Commission's recommendations, with improvements and an infusion of some of the details purposely left by the Brown Commission for later work by the Congress. It aims to remedy the defects found in the present law—such as those enumerated above—to the best of the subcommittee's ability. It is hoped and expected that any shortcomings will be thoroughly examined and considered in the Judiciary Committee; and that any differences may be reconciled and agreements or decisions thereon may be incorporated in the bill. Thereafter, a similar process of reconciliation and incorporation will take place in the Senate itself.

The provisions are not written in stone. The sponsors themselves, I among them, have repeatedly stated that they do not necessarily agree with each and every provision of the bill. It is subject to change; and beyond that, after we live with it for awhile, no doubt further amendments will be revealed as necessary.

We all, I am certain, approach this bill in a bipartisan spirit and with a willingness to reconcile our differences. Any bill this large in nature and conception is bound to stimulate some differences of opinion no matter what position is taken on the various subjects included. However, there is no doubt that the bill is an advance over current law. It would be a step backward to revert to or retain current law in its present form.

Any contention that says we should not have a bill if one cannot have his or her own way completely on a handful of the hundreds of provisions in it, is to be sorely deplored, and rightly so. The 15 points listed above are but a few examples of problems with the present law cured by S. 1. That these are advances is disputed by no one.

To go back to current law, with all its manifest deficiencies, would clearly be retrogression. Those who would defeat the bill would have us return to present law, with its outdated, inadequate, irrational, unjust, and piecemeal disarray.

The point has been reached for deliberate, analytical, and rational action. This against a background of an effort long in preparation and in high need to advance the cause of law enforcement.

Mr. President, law enforcement is multifaceted. It embraces, among other points, police, prosecutors, courts, corrections, probation, rehabilitation, and so on. But all these facets are based and operated upon the foundation of a criminal code which must clearly state the acts considered punishable; which must provide suitable, level-handed penalties; which must be capable of application fairly and equitably; and which must be used uniformly in our entire Republic.

Such qualities are lacking in our present criminal statutes. The instant bill is designed to include such attributes. By a process of codification, well over 90 percent—some persons say 95 percent—of the bill consists of present law, gathered together in logical arrangement from its many present locations within our present 50 titles of Federal statutes. In this larger part of the bill the substance and content has been preserved and recorded in new arrangement and sequence with much advantage to all concerned—the courts, the lawyers, the accused and the public.

As to the remaining smaller portion, if there are problems, let us consider and act upon changes which will make such corrections as may be agreed upon either in full Judiciary Committee or on the floor of the Senate.

Mr. President, this bill is in reality a part of a larger continuing legislative program for improvement of our judicial machinery. The Congress has already approved two such measures which have been signed into law: First the Rules of Evidence, now for the first time in our 200 year national history in statute form; and second, the Rules of Criminal Procedure, also in statute form. These two enactments point to the pressing need for a well formed, clearly stated statutory criminal code. This need can be filled by following the subcommittee's recommendation that the bill be accorded "further examination, full consideration, and appropriate action."

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. Harry F. Byrd, Jr.). Under the previous order, the Senate will now proceed to the consideration of morning business, for not to exceed 10 minutes, with statements therein limited to 5 minutes each.

Mr. McCLELLAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PEARSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR THE SECRETARY OF THE SENATE TO MAKE TECHNICAL AND CLERICAL CORRECTIONS IN SENATE JOINT RESOLUTION 101

Mr. PEARSON. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of Senate Joint Resolution 101.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PEARSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar Nos. 416 and 417.

The PRESIDING OFFICER. Without objection, it is so ordered.

DOMINGUEZ-ESCALANTE TRAIL

The bill (S. 805) to amend section 5(c) of the National Trails System Act, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5(c) of the National Trails Act (82 Stat. 921; 16 U.S.C. 1244(c)) is amended by adding at the end thereof the following:

"(15) Dominguez-Escalante Trail, extending approximately two thousand miles along the route of the 1776 expedition led by Father Francisco Atanasio Dominguez and Father Silvestre Velez de Escalante, originating in Sante Fe, New Mexico; proceeding northwest along the San Juan, Dolores, Gunnison, and White Rivers in Colorado; thence westerly to Utah Lake; thence southward to Arizona and returning to Sante Fe.".

PACIFIC NORTHWEST TRAIL

The bill (S. 1390) to authorize a study for the purpose of determining the feasibility and desirability of designating the Pacific Northwest Trail as a national scenic trail, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5(c) of the National Trails System Act (16 U.S.C. 1244(c)) is amended by adding at the end thereof the following:

"(15) Pacific Northwest Trail, extending approximately one thousand miles from the Continental Divide in Glacier National Park, Montana, to the Pacific Ocean beach of Olympic National Park, Washington, by the way of—

"(A) Flathead National Forest and Kootenai National Forest in the State of Montana;

"(B) Kaniksu National Forest in the State of Idaho; and

"(C) Colville National Forest, Okanagon National Forest, Pasayten Wilderness Area, Ross Lake National Recreation Area, North Cascades National Park, Mount Baker, the Skagit River, Deception Pass, Whidbey Island, Olympic National Forest, and Olympic National Park in the State of Washington.".

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Stone). Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. Metcalf) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

APPROVAL OF BILL

A message from the President of the United States announced that on October 20, 1975, he approved and signed the bill (S. 824) to provide for the use of certain funds to promote scholarly, cultural, and artistic activities between Japan and the United States, and for other purposes.

REPORT OF THE DEPARTMENT OF TRANSPORTATION—MESSAGE FROM THE PRESIDENT

The ACTING PRESIDENT pro tempore (Mr. Metcalf) laid before the Senate the following message from the President of the United States, which was referred to the Committee on Commerce:

To the Congress of the United States:

I transmit herewith the Eighth Annual Report of the Department of Transportation, as required by section 11 of P.L. 89-670. This report discusses the work of the Department during fiscal year 1974.

Gerald R. Ford.

The White House, *October 21, 1975.*

MESSAGES FROM THE HOUSE

At 3:25 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 3427. An act to provide for the striking of medals in commemoration of the 200th anniversary of the signing of the Declaration of Independence by Charles Carroll of Carrollton;

H.R. 8151. An act to authorize the President of the United States to present in the name of Congress a medal to Brig. Gen. Charles E. Yeager;

H.R. 8948. An act to amend the Accounting and Auditing Act of 1950 to provide for the audit, by the Comptroller General, of the Internal Revenue Service and of the Bureau of Alcohol, Tobacco, and Firearms;

H.R. 9852. An act to amend section 2 of the National Housing Act to increase the maximum loan amounts for the purchase of mobile homes, and for other purposes; and

H.R. 7988. An act to amend the Public Health Service Act to revise and extend the program under the National Heart and Lung Institute, to revise and extend the program of National Research Service Awards, and to establish a national program with respect to genetic diseases; and to require a study and report on the release of research information.

The message also announced that the House has passed the bill (S. 584) to amend title 5, United States Code, to correct certain inequities in the crediting of National Guard technician service in connection with civil service retirement, and for other purposes, with an amendment in which it requests the concurrence of the Senate.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. Metcalf) laid before the Senate the following letters, which were referred as indicated:

Report of the Department of Agriculture

A letter from the Secretary of Agriculture transmitting, pursuant to law, a report of national forest reforestation needs as of the end of fiscal year 1975 (with an accompanying report); to the Committee on Agriculture and Forestry.

Report of the Assistant Secretary of Defense

A letter from the Assistant Secretary of Defense transmitting, pursuant to law, a report of receipts and disbursements pertaining to the disposal of surplus military supplies (with an accompanying report); to the Committee on Appropriations.

Report of the National Aeronautics and Space Administration

A letter from the Administrator of the National Aeronautics and Space Administration transmitting, pursuant to law, a report listing required information with respect to contracts negotiated by the Administration for the period January 1–June 30, 1975 (with an accompanying report); to the Committee on Aeronautical and Space Sciences.

Reports of the Indian Claims Commission

Two letters from the Chairman of the Indian Claims Commission each transmitting, pursuant to law, a report on the final determination in the case of the Lower Sioux Indian Community in Minnesota v. U.S.; and the Sac and Fox Tribe of Indians of Oklahoma, et al., v. U.S. (with accompanying reports); to the Committee on Appropriations.

Report of the Department of the Army

A letter from the Secretary of the Army transmitting, pursuant to law, the annual report of Department of the Army contracts for military construction awarded without formal advertisement for the period July 1, 1974 through June 30, 1975 (with an accompanying report); to the Committee on Armed Services.

Report of the Assistant Secretary of Defense

A letter from the Acting Assistant Secretary of Defense transmitting, pursuant to law, a report showing the listings of Department of Defense contracts negotiated for experimental or research work (with an accompanying report); to the Committee on Armed Services.

Report by the Defense Civil Preparedness Agency

A letter from the Acting Director of the Defense Civil Preparedness Agency reporting, pursuant to law, on property acquisitions of emergency supplies and equipment for the quarter ending September 30, 1975; to the Committee on Armed Services.

Proposed Legislation by the Department of the Navy

A letter from the Secretary of the Navy transmitting a draft of proposed legislation to remove chaplains from under the cognizance of the Chief of Naval Personnel (with accompanying papers); to the Committee on Armed Services.

Report by the Export-Import Bank of the U.S.

A letter from the Chairman of the Export-Import Bank reporting on the transactions of the Bank relating to direct credits to Israel; to the Committee on Banking, Housing and Urban Affairs.

Report by the Export-Import Bank of the U.S.

A letter from the Chairman of the Export-Import Bank reporting, pursuant to law, on certain transactions of the Bank with Communist countries; to the Committee on Banking, Housing and Urban Affairs.

Report of the Emergency Loan Guarantee Board

A letter from the Secretary of the Treasury transmitting, pursuant to law, the annual report of the Emergency Loan Guarantee Board for the year ending July 31, 1975 (with an accompanying report); to the Committee on Banking, Housing and Urban Affairs.

Reports of the Comptroller General

Two letters from the Comptroller General of the United States each submitting a report, pursuant to law, entitled (1) "Substantial Losses Projected for the Small Business Administration's Lease Guarantee Program"; and (2) "A Look at How the Small Business Administration's Investment Company Program for Assisting Disadvantaged Businessmen Is Working" (with accompanying reports); to the Committee on Banking, Housing and Urban Affairs.

Report of the National Advisory Committee on Oceans and Atmosphere

A letter from the Secretary of Commerce transmitting, pursuant to law, the annual report of the National Advisory Committee on Oceans and Atmosphere (with an accompanying report); to the Committee on Commerce.

Report of the Secretary of Commerce

A letter from the Secretary of Commerce transmitting a correction in the report for the period May 1, 1974 through March 31, 1975; to the Committee on Commerce.

Report of the Communications Satellite Corporation

A letter from the President of the Communications Satellite Corporation transmitting, pursuant to law, a report on the operations, activities, and accomplishments of the Corporation (with an accompanying report); to the Committee on Commerce.

Proposed Legislation by the Federal Power Commission

A letter from the Chairman of the Federal Power Commission transmitting a draft of proposed legislation to amend the Federal Power Act (with accompanying papers); to the Committee on Commerce.

A letter from the Chairman of the Federal Power Commission transmitting a draft of proposed legislation to amend the Natural Gas Act (with accompanying papers); to the Committee on Commerce.

Report of the U.S. Railway Association

A letter from the Chairman of the Board of the U.S. Railway Association transmitting, pursuant to law, the annual report of the Association for the fiscal year 1975 (with an accompanying report); to the Committee on Commerce.

Report of the Federal Energy Administration

A letter from the Administrator of the Federal Energy Administration transmitting, pursuant to law, a report on the economic impact of energy actions (with an accompanying report); to the Committee on Interior and Insular Affairs.

Distribution Plan for Judgment Funds

A letter from the Acting Secretary of the Interior setting forth, pursuant to law, a proposed plan for the use and distribution of Angoon judgment funds awarded before the Indian Claims Commission; to the Committee on Interior and Insular Affairs.

Proposed Concession Within Lassen Volcanic National Park

A letter from the Deputy Assistant Secretary of the Interior transmitting, pursuant to law, a copy of a proposed concession permit for certain facilities within Lassen Volcanic National Park (with accompanying papers); to the Committee on Interior and Insular Affairs.

Application for a Loan Under the Small Reclamation Projects Act

A letter from the Deputy Assistant Secretary of the Interior transmitting, pursuant to law, an application by the Wenatchee Heights Reclamation District of Wenatchee, Chelan County, Washington, for a loan under the Small Reclamtion Projects Act (with accompanying papers); to the Committee on Interior and Insular Affairs.

Report of the Nuclear Regulatory Commission

A letter from the Chairman of the Nuclear Regulatory Commission transmitting, pursuant to law, the first report on abnormal occurrences at licensed nuclear power plants (with an accompanying report); to the Joint Committee on Atomic Energy.

Proposed Legislation by the Administrative Office of the United States Courts

Two letters from the Director and one letter from the Deputy Director of the Administrative Office of the United States Courts each transmitting a draft of proposed legislation (1) relating to the furnishing of accommodations to judges of the courts of appeals of the United States; (2) to authorize the Judicial Conference of the United States to establish United States magistrate positions in the District Court of the Virgin Islands; and (3) to amend the Jury Selection and Service Act of 1968 (with accompanying papers); to the Committee on the Judiciary.

Orders of the Immigration and Naturalization Service

A letter from the Commissioner of the Immigration and Naturalization Service transmitting, pursuant to law, copies of orders entered concerning visa petitions (with accompanying papers); to the Committee on the Judiciary.

Proposed Legislation by the Secretary of the Treasury

A letter from the Secretary of the Treasury transmitting a draft of proposed legislation to authorize the destruction of explosive materials subject to seizure and forfeiture where it is impractical or unsafe to remove the materials to a place of storage (with accompanying papers); to the Committee on the Judiciary.

Report of the National Safety Council

A letter from the President of the National Safety Council transmitting, pursuant to law, the annual report of the Council for 1975 (with an accompanying report); to the Committee on the Judiciary.

Report of the Military Order of the Purple Heart

A letter from the Adjutant General of the Military Order of the Purple Heart transmitting, pursuant to law, a copy of the financial audit of the Order for the fiscal year 1975 (with an accompanying report); to the Committee on the Judiciary.

Report of the Office of Management and Budget

A letter from the Deputy Director of the Office of Management and Budget transmitting, pursuant to law, a report with respect to the recommendations contained in the report entitled "Annual Report of the National Advisory Council" (with an accompanying report); to the Committee on Labor and Public Welfare.

Report of the Secretary of Health, Education, and Welfare

A letter from the Secretary of Health, Education, and Welfare transmitting a report on the programs assisted under the Child Abuse Prevention and Treatment Act of 1974 (with an accompanying report); to the Committee on Labor and Public Welfare.

Proposed Rulemaking by the Department of Health, Education, and Welfare

A letter from the Executive Secretary to the Department of Health, Education, and Welfare transmitting, pursuant to law, a copy of a proposed rule relating to educationally deprived children (with accompanying papers); to the Committee on Labor and Public Welfare.

Recommendations of the International Labor Conference

Two letters from the Assistant Secretary of State each transmitting copies of conventions and recommendations adopted by the International Labor Conference at Geneva, Switzerland (with accompanying papers); to the Committee on Labor and Public Welfare.

Proposed Legislation by the Secretary of District of Columbia

Three letters from the Chairman of the Council of the District of Columbia transmitting, pursuant to law, copies of three proposed acts adopted by the Council (with accompanying papers); to the Committee on the District of Columbia.

Proposed Legislation by the Secretary of Health, Education, and Welfare

A letter from the Secretary of Health, Education, and Welfare transmitting a draft of proposed legislation entitled "The International Social Security Agreements Act of 1975" (with accompanying papers); to the Committee on Finance.

Report of the Department of the Treasury

A letter from the Assistant Secretary of the Treasury reporting, pursuant to law, on the waiver of countervailing duties on imports of dairy products from the European community (with accompanying papers); to the Committee on Finance.

Proposed Acts of the Council of the the Treasury

A letter from the Secretary of the Treasury transmitting a draft of proposed legislation to include officers and employees of the Bureau of Alcohol, Tobacco, and Firearms in section 1114 of title 18, U.S.C. (with accompanying papers); to the Committee on Finance.

International Agreements Other Than Treaties

A letter from the Assistant Legal Adviser for Treaty Affairs of the Department of State transmitting, pursuant to law, copies of international agreements other than treaties entered into by the United States within the past sixty days (with accompanying papers); to the Committee on Foreign Relations.

Reports of the Comptroller General

Three letters from the Comptroller General and one letter from the Assistant Comptroller General of the United States each submitting a report, pursuant to law, as follows: (1) "Improving Civilian Payroll Operations of the Military District of Washington"; (2) "The Need for a National Ocean Program and Plan"; (3) "Natural Gas Shortage: the Role of Imported Liquefied Natural Gas"; and (4) "Actions Taken or Needed To Curb Widespread Abuse of the Citizens Band Radio Service" (with accompanying reports); to the Committee on Government Operations.

Reports of the Comptroller General

A letter from the Assistant Comptroller General of the United States transmitting, pursuant to law, a list of reports issued or released in September 1975 (with accompanying papers); to the Committee on Government Operations.

Proposed Regulations of the General Services Administration

A letter from the Administrator of General Services transmitting proposed revised regulations to govern the archival processing, restriction, and public release of the presidential materials of Richard M. Nixon (with accompanying papers); to the Committee on Government Operations.

Report of the Department of Justice

A letter from the Assistant Attorney General for Administration transmitting, pursuant to law, a report on the disposal of foreign excess property for the fiscal year 1975 (with an accompanying report); to the Committee on Government Operations.

Report of the National Aeronautics and Space Administration

A letter from the Administrator of the National Aeronautics and Space Administration transmitting, pursuant to law, a report on the disposal of certain foreign excess property (with an accompanying report); to the Committee on Govrnment Operations.

Report of the Department of the Treasury

A letter from the Assistant Secretary of the Treasury transmitting, pursuant to law, a report of proposed changes in the Internal Revenue Service's computerized data processing and accounting system (with an accompanying report); to the Committee on Government Operations.

PETITIONS

The Acting President pro tempore (Mr. Metcalf) laid before the Senate the following petitions, which were referred as indicated:

Resolution No. 153 adopted by the Legislature of the Territory of Guam; to the Committee on Interior and Insular Affairs:

"Resolution No. 153

Resolution relative to requesting the United States Congress to provide a one (1) year moratorium on payments due under the Guam Rehabilitation Act.

"Be it resolved by the Legislature of the Territory of Guam:

"Whereas, the Guam Rehabilitation Act, Public Law 88–170, provides that the Secretary of the Treasury shall withhold certain sums of money which would otherwise be payable to the Territory of Guam; and

"Whereas, the Territory of Guam is now in the midst of an extremely severe budgetary crisis; and

"Whereas, the diminished revenues of the territory have been aggravated by the withholding of funds by the Secretary of the Treasury pursuant to Section 3 of Public Law 88–170 thereby creating a severe hardship upon the people of Guam; and

"Whereas, the people of Guam are willing to make the necessary payments called for by Public Law 88–170 and do not desire to have such payments entirely cancelled or forgiven; and

"Whereas, the people only seek a one (1) year moratorium on the necessary payments under Public Law 88–170; now, therefore, be it

"Resolved, that the Thirteenth Guam Legislature respectfully requests the Congress of the United States to enact legislation which would provide *for a one (1)* year moratorium on the Secretary of the Treasury's withholding of certain sums from the funds collected pursuant to Section 30 of the Organic Act of Guam; and be it further

"Resolved, that the Speaker certify to and the Legislative Secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the President Pro Tempore of the Senate; to the Speaker of the House of Representatives; Representative Antonio B. Won Pat; to the Secretary of the Interior; and to the Governor of Guam."

Senate Joint Resolution No. 6 adopted by the Legislature of the State of California; to the Committee on Finance:

"Senate Joint Resolution No. 6

"Joint resolution relative to income tax deductions for geothermal drilling expenses.

"Whereas, The federal Internal Revenue Code of 1954 has been interpreted by the Internal Revenue Service of the United States Treasury Department in such manner that the intangible drilling costs incurred in geothermal energy development may not be deducted when they are incurred, as ordinary business expenses; and

"Whereas, The Internal Revenue Service allows a deduction for such costs incurred in drilling for oil; and

"Whereas, The denial of such a deduction for geothermal energy development constitutes a gross inequity in a time when the nation's need for energy development is great; and

"Whereas, Geothermal exploration and development efforts will be substantially curtailed unless the Internal Revenue Code is amended to permit geothermal exploration ventures to treat such intangible drilling costs as ordinary business expenses which may be deducted when they are incurred; now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California, jointly,* That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to undertake the amendment of the Internal Reveune Code of 1954 to authorize the deduction of intangible drilling costs incurred in geothermal exploration ventures as current business expenses; and be it further

"*Resolved,* That the Secretary of the Senate transmit a copy of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Senator and Representative from California in the Congress of the United States."

Senate Joint Resolution No. 34 adopted by the Legislature of the State of California; to the Committee on Commerce:

"Senate Joint Resolution No. 34

"Joint resolution relative to South Lake Tahoe airline service

"Whereas, The federal Civil Aeronautics Board has recently promulgated order No. 75-6-135 by which the board has announced its intention to preempt the jurisdiction traditionally exercised by the Public Utilities Commission of this state in establishing airline fares between South Lake Tahoe and within the State of California, to the detriment of the traveling public and the airline industry; and

"Whereas, The commission has authorized two major passenger air carriers, Air California and Pacific Southwest Airlines, to fly into the Tahoe Basin with nonjet aircraft only, based on environmental considerations, in accordance with the wishes of residents of the Tahoe area as expressed during public hearings, and the commission's regulations have been designed to insure approximately equal economic opportunity for each of the two carriers at fares which would insure the profitabiltiy of each carrier's operations and provide reasonable charges to the traveling public; and

"Whereas, The effect of the Civil Aeronautics Board's order would almost assure unprofitability for Air California, permit jet service with no consideration of its environmental effects, and unnecessarily increase the cost of transportation by permitting an increase in fare to San Diego from $34.40 to $41.45, to Ontario from $32 to $45.25, to Palm Springs from $38 to $51, to Santa Ana from $32 to $45.25, and to San Francisco from $19 to $28; and

"Whereas, It is in the best interests of the public that air service to South Lake Tahoe be provided by two viable carriers using aircraft causing the least possible detriment to the environment at the lowest fares consistent with satisfactory service and reasonable profitability; now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California, jointly,* That the Civil Aeronautics Board is respectfully memorialized to rescind its Order No. 75-6-135 and thereby restore to the Public Utilities Commission of this state its traditional jurisdiction over and responsibility for economic regulation of passenger air carriers operating between South Lake Tahoe and other points within this state; and be it further

"*Resolved,* That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to each Senator and Representative from California in the Congress of the United States, and to the Civil Aeronautics Board."

A resolution adopted by the General Court of the Commonwealth of Massachusetts; to the Committee on the Judiciary:

"Resolutions Providing for the Federal Government and Not the Commonwealth of Massachusetts or Its Cities and Towns To Bear the Financial Burden of Implementing a Certain Federal Court Order

"Whereas, The Commonwealth is in the throes of a fiscal crisis; and

"Whereas, Many citizens are suffering from the effects of a cut back in human services; and

"Whereas, The Massachusetts House of Representatives supports the need for safety for school children during the Boston school crisis; and

"Whereas, The police are deserving of additional compensation; therefore be it

"Resolved, That the judge of the Federal District Court in Boston, W. Arthur Garrity, fulfill his moral obligation of providing the funding from the United States Justice Department for payment for police in the implementation of the judge's decree in regards to the elimination of racial imbalances in the Boston school system; and be it further

"Resolved, that copies of these resolutions be transmitted forthwith by the Clerk of the House of Representatives to the President of the United States, the presiding officer of each branch of Congress, to each member thereof from this Commonwealth, and to Judge W. Arthur Garrity."

House Resolution No. 64 adopted by the House of Representatives of the Commonwealth of Pennsylvania; to the Committee on Finance:

"House Resolution No. 64

"Whereas, The United States Congress passed and the President signed into law a program of general revenue sharing to State and local governments for a five-year period beginning in 1972; and

"Whereas, The general revenue sharing program has been of assistance in returning financial resources and program priority determination in allocation of these resources to State and local governments to meet their needs and problems; and

"Whereas, State and local governments need to be assured of continued Federal support of the general revenue sharing program in order to assure orderly planning for and efficient and effective expenditure of these funds; and

"Whereas, The Commonwealth of Pennsylvania has utilized general revenue sharing funds to meet the urgent social, economic, and physical needs of both its citizens and local governments which could not otherwise have been provided; therefore be it

Resolved, That the House of Representatives of the Commonwealth of Pennsylvania respectfully memorialize the President and the Congress of the United States to reenact and sign into law legislation including necessary appropriations to establish a permanent program of general revenue sharing to States and localities; and be it further

"Resolved, That early Congressional action be taken to establish a permanent program of general revenue sharing prior to expiration of the present five-year program in order to provide adequate lead time for proper State and local budget preparation; and be it further.

"Resolved, That Congress in reenactment of a permanent general revenue sharing program provide for a funding formula which relates entitlements to overall growth of the national economy and provide for a clear statement of Congressional intent that the general revenue sharing program be neither viewed nor utilized as a substitute by the Federal Executive Branch for existing Federal categorical grants-in-aid; and be it further

"Resolved, That copies of this resolution be transmitted to the President of the United States, the Speaker of the United States House of Representatives, the President of the United States Senate, and to each Senator and Representatives from Pennsylvania in the Congress of the United States."

Assembly Joint Resolution No. 37 adopted by the Legislature of the State of California; to the Committee on the Judiciary:

"Assembly Joint Resolution No. 37

"Jóint Resolution Relative to Mexican-American Veterans

"Whereas, The Veterans of Foreign Wars of the United States Post 6315 of Pico Rivera, California, is a post in good standing with over 100 members; and

"Whereas, The Veterans of Foreign Wars Post 6315 of Pico Rivera, California, is composed of a membership of Mexican-American ethnic background; and

"Whereas, Mexican-American veterans have received more congressional medals and other high honors than any other ethnic group during World War II and the Korean War; and

"Whereas, Mexican-American veterans, during the Vietnam War, again demonstrated their fighting ability and suffered a greater percentage of casualties than any other ethnic group in the United States; and

"Whereas, No Mexican-American veteran was classified as a deserter and instead they all stood fast in their dedication to duty; and

"Whereas, Some Mexican-American veterans are not citizens of the United States despite the fact that they served honorably during the Vietnam War; and

"Whereas, These veterans of Mexican-American ancestry are being denied full citizenship and protection of the law; and

"Whereas, The Veterans of Foreign Wars of the United States recognize the honor and sacrifice these veterans have made and that they have served honorably and steadfast in their devotion to duty; now, therefore, be it

"*Resolved by the Assembly and Senate of the State of California, jointly,* That the Legislature of the State of California respectfully memorializes the President and the Congress of the United States to give due consideration to amending the Nationality Act of 1940 or to enacting a new act to grant full citizenship to all honorably discharged veterans; and be it further

"*Resolved,* That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives and to each Senator and Representative from California in the Congress of the United States."

Senate Joint Resolution No. 28 adopted by the Legislature of the State of California; to the Committee on Agriculture and Forestry:

"Senate Joint Resolution No. 28

"Joint resolution relative to certification of pesticide applicators

"Whereas, A workable and realistic system of certification of pesticide applicators is essential if California is to continue to retain its traditional position as the nation's number one state in the production of essential foods and fiber; and

"Whereas, The Federal Environmental Protection Agency, by regulation, in implementation of the Federal Environmental Pesticides Control Act of 1972 (FEPCA), has mandated all states to provide for the certification of commercial and private applicators of restricted-use pesticides; and

"Whereas, If a state does not submit such a state certification plan acceptable to the administrator of the Federal Environmental Protection Agency by October 21, 1975, federally classified restricted-use materials may not be used in the state after October 21, 1976; and

"Whereas, Adequate federal funds to reimburse the State of California for the implementation of such a federal certification program have not been made available and are not planned by the Federal Environmental Protection Agency; and

"Whereas, California's long-established and comprehensive pesticide control program administered by the state, and at the local level by county agricultural commissioners, has proven to be one of the most effective in the nation; and

"Whereas, California's system of licensing commercial pest control applicators together with its unique permit system for the use of restricted materials by both commercial and private applications, provides the necessary safeguards for safe and proper use of pesticides; and

"Whereas, Legislation has been introduced in the Congress of the United States, H.R.

4952 and H.R. 5972, which authorizes a certification program which is compatible with the California permit system for the use of restricted materials; now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California, jointly,* That the Legislature of the State of California respectfully memorializes the California delegation in the Congress of the United States to support the certification concept embodied in H.R. 4952 and H.R. 5972; and be it further

"*Resolved,* That the Secretary of the Senate transmit copies of this resolution to each Senator and Representative from California in the Congress of the United States and to the Administrator of the Federal Environmental Protection Agency."

Resolution No. 151 adopted by the Legislature of the Territory of Guam; to the Committee on Public Works:

"RESOLUTION No. 151

"Resolution relative to requesting the Congressional Conference Committee on H.R. 5247, as amended, to consider favorably that measure

"Be it resolved by the Legislature of the Territory of Guam:

"Whereas, Public Law 92-500 authorized Eighteen Billion Dollars in grants for the construction of publicly owned water pollution control facilities; and

"Whereas, Nine Billion Dollars of the above sum have been impounded but was recently released by order of the Supreme Court of the United States; and

"Whereas, the Federal Environmental Protection Agency has reallocated to the State and Territories this recently released money using an outdated allocation formula; and

"Whereas, a recent joint Federal/State Needs Survey has developed a more equitable and effective means of reallocating these funds; and

"Whereas, the United States Senate, in adopting the Talmadge/Nunn Amendment to H.R. 5247 recognized that such means of reallocating said funds is indeed more efficacious than the old formula; and

"Whereas, the amended version of H.R. 5247 is now in a Congressional Conference Committee; now, therefore, be it

"Resolved, that the Thirteenth Guam Legislature respectfully requests the Congressional Conference Committee on H.R. 5247 to act favorably and expeditiously on that measure as amended by the Talmadge/Nunn Amendment; and be it further

"Resolved, that the Conference Committee is similarly requested to take any and all steps necessary and encourage the subsequent expeditious enactment of H.R. 5247 into law; and be it further

"Resolved, that the Speaker certify to and the Legislative Secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, the Chairman of the Congressional Conference Committee on H.R. 5247, Guam's Member to Congress, the Administrator of the Environmental Protection Agency, the Regional Administrator, Region IX, Environmental Protection Agency, the Administrator of the Guam Environmental Protection Agency and to the Governor of Guam."

Resolution No. 25-1-1975 adopted by the Municipal Council of Saipan, Mariana Islands; to the Committee on Interior and Insular Affairs:

"RESOLUTON No. 25-1-1975

"Resolution respectfully requesting the United States Senate to approve the Covenant to establish a Commonwealth of the Northern Mariana Islands.

"Whereas, the people of the Mariana Islands District, Trust Territory of the Pacific Islands, have long desired a permanent relationship with the United States of America, and through a democratic process have negotiated an agreement known as the Covenant to Establish a Commonwealth of the Northern Mariana Islands; and

"Whereas, the people of the Northern Mariana Islands recently approved the aforesaid Covenant by an overwhelming 75.8% majority in an election conducted under United Nations supervision; and

"Whereas, this enthusiastic response of the citizens of the Northern Mariana Islands is the result of more than three-fourths of a century of contact with the United States through ethnic and family ties with the Territory of Guam, thirty years of experience under United States administration of the Northern Mariana Islands, widespread opportunities for travel and study in the United States by Mariana Islands Citizens and an extensive and objective educational program which informed the people of the consequences of their vote prior to the election; and

"Whereas, the right of self determination is paramount in the Trusteeship Agreement between the United States and the United Nations; now, therefore,

"Be it resolved, by the Twenty-Fifth Saipan Municipal Council, Third Regular Session, 1975, that the Council hereby respectfully requests the Senate of the United States of America to approve the Covenant to Establish a Commonwealth of the Northern Mariana Islands; and

"Be it further resolved, that certified copies of this Resolution be transmitted to the President of the United States; to the President of the Senate; to the Chairman of the Senate Committee on Armed Services; to the Chairman of the Senate Committee on Foreign Relations; to the Chairman of the Senate Committee on Interior and Insular Affairs; to the President Personal Representative for Micronesian Status Negotiations; to the Secretary of the Interior; to the Chairman of the Marianas Political Status Commission; to the President of the Mariana Islands District Legislature; to the High Commissioner of the Trust Territory of the Pacific Islands; and to the Congress of Micronesia."

Resolution No. 25-1-1975 adopted by the Municipal Council of Saipan, Mariana Islands; to the Committee on Interior and Insular Affairs:

Resolution No. 156 adopted by the Legislature of the Territory of Guam; to the Committee on Commerce:

"RESOLUTION No. 156

"Resolution relative to requesting the United States Congress to exempt Guam from the operation of coastwise shipping laws.

"Be it resolved by the Legislature of the Territory of Guam:

"Whereas, Title 48, United States Code, Section 883 requires that sea transportation of merchandise between points of the United States, known as coastwise shipping, be only in ships built in and documented under the laws of the United States and owned by persons who are citizens of the United States; and

"Whereas, Title 48, United States Code, Section 877 defines the Territory of Guam as a part of the coastwise trade; and

"Whereas, because of the operation of the laws of the United States only American vessels can operate between Guam and other points in the United States; and

Whereas, if foreign owned and operated ships were allowed to carry merchandise between Guam and other points in the United States, a substantial savings to the people of Guam would result because freight rates would be considerably lower than those prevailing under the coastwise shipping law; and

"Whereas, in this time of worldwide recession if foreign owned ships were allowed to transport merchandise between Guam and other points in the United States, the cost of living on Guam would be immediately reduced; and

"Whereas, lower freight rates to Guam from the Mainland would have a stimulating effect on those industries which could sell merchandise to Guam; and

"Whereas, the Virgin Islands, although much closer geographically to the United States have been exempted from the coastwise laws since their inception; and

"Whereas, the people of Guam desire to be treated on an equal basis with those American residents in the Virgin Islands; now, therefore, be it

"Resolved, that the United States Congress is respectfully requested to amend Title 48 of the United States Code, Section 877 so as to exclude Guam from the coastwise shipping laws; and be it further

"Resolved, that the Speaker certify to and the Legislative Secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the Speaker of the House of Representatives, to the President Pro Tempore of the United States Senate, to Representative A. B. Won Pat, to the Secretary of Commerce, to the Secretary of Interior, to the President of the United States and to the Governor of Guam."

Eighteen resolutions adopted by the Southern Governors' Conference as follows:

1, relating to economic policy; to the Committee on Commerce.

2, relating to Federal fiscal integrity; to the Committee on the Judiciary.

3, relating to revenue sharing; to the Committee on Finance.

4, relating to freight rates; to the Committee on Commerce.

5, relating to foreign trade; to the Committee on Commerce.

6, relating to State Department regional representation; to the Committee on Foreign Relations.

7, relating to energy policy; to the Committee on Government Operations.

8, relating to air quality; to the Committee on Public Works;

9, relating to water quality; to the Committee on Public Works.

10, relating to prevention of mental retardation through maternal and child health; to the Committee on Labor and Public Welfare.

11, relating to mentally retarded; to the Committee on Finance.

12, relating to day care standards; to the Committee on Finance.

13, relating to vocational rehabilitation; to the Committee on Labor and Public Welfare.

14, relating to Social Security contributions; to the Committee on Finance.

15, relating to food stamp abuses; to the Committee on Agriculture and Forestry.

16, relating to National Guard education assistance; to the Committee on Armed Services.

17, relating to corrections; to the Committee on the Judiciary.

18, relating to regional primaries; to the Committee on Rules and Administration.

Eighteen resolutions adopted by the Military Order of the World Wars, as follows:

1, relating to world power and domestic security; to the Committee on Government Operations.

2, relating to foreign relation policies; to the Committee on Foreign Relations.

3, relating to nuclear arms agreement; to the Committee on Foreign Relations.

4, relating to the Panama Canal; to the Committee on Foreign Relations.

5, relating to Cuba; to the Committee on Foreign Relations.

6, relating to Portugal; to the Committee on Foreign Relations.

7, relating to the importation of chrome; to the Committee on Foreign Relations.

8, relating to national security; to the Committee on Armed Services.

9, relating to energy; to the Committee on Interior and Insular Affairs.

10, relating to amnesty; to the Committee on the Judiciary.

11, relating to the Senate Internal Security Subcommittee; to the Committee on Appropriations.

12, relating to House Un-American Activities Committee; placed on the table.

13, relating to education in American history; to the Committee on Labor and Public Welfare.

14, relating to bicentennial celebration; to the Committee on Interior and Insular Affairs.

15, relating to a Member of the House of Representatives; placed on the table.

16, relating to Christ Church; to the Committee on Interior and Insular Affairs.

17, relating to display of the American flag; to the Committee on the Judiciary.

18, relating to national defense; to the Committee on the Budget.

A resolution adopted by the American Legion relating to the FBI and the CIA; to the Committee on Government Operations.

A resolution adopted by the American Legion relating to Clarence M. Kelley, Director of the FBI; to the Committee on the Judiciary.

A resolution adopted by the Common Council of the City of White Plains, New York, relating to the youth employment programs; to the Committee on Labor and Public Welfare.

A resolution adopted by the Board of Supervisors of the County of Santa Cruz, California, relating to additional public service employment funds; to the Committee on Labor and Public Welfare.

A resolution adopted by the City Council of Miami Beach, Florida, relating to the criminal justice reform act; to the Committee on the Judiciary.

A resolution adopted by the legislature of Erie County, New York, relating to welfare costs; to the Committee on Finance.

A resolution adopted by the City Council of Elizabeth, New Jersey, relating to sewerage construction funds; to the Committee on Public Works.

A resolution adopted by the Greater Pittsburgh (Pennsylvania) Chamber of Commerce, relating to the plight of American railroads; to the Committee on Commerce.

Three resolutions adopted by the Republican Party of Florida relating to Cuba, the Panama Canal, and North Vietnam; to the Committee on Foreign Relations.

A resolution adopted by the Western Governors' Conference relating to health planning; to the Committee on Labor and Public Welfare.

A resolution adopted by the International Association of Chiefs of Police, Inc., relating to the Sacramento (California) Police Department and the United States Secret Service; to the Committee on the Judiciary.

A resolution adopted by the Town Board of Malone, New York, relating to the plight of American railroads; to the Committee on Commerce.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

Stanley S. Scott, of the District of Columbia, to be an Assistant Administrator of the Agency for International Development.

Thomas Byron Crawford Leddy, of Virginia, to be U.S. Alternative Executive Director of the International Monetary Fund.

John Gunther Dean, of New York, a Foreign Service Officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Denmark.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Statement of Political Contributions

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: John Gunther Dean.

Post: Copenhagen (Denmark).

Contributions and amount:

1. Self, none.
2. Spouse, none.

Martine Dean.

3. Children and Spouses, none.

Names, Catherine Dean, Paul Dean, Joseph Dean.

4. Parents, none.

Names, deceased.

5. Grandparents, none.

Names, deceased.

6. Brothers and Spouses, none.

Names, deceased.

7. Sisters and Spouses, none.

Names, none.

I have listed above the names of each member of my immediate family including their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated:

H.R. 3427. An act to provide for the striking of medals in commemoration of the two hundredth anniversary of the signing of the Declaration of Independence by Charles Carroll of Carrollton; to the Committee on Banking, Housing and Urban Affairs.

H.R. 8151. An act to authorize the President of the United States to present in the name of Congress a medal to Brigadier General Charles E. Yeager; to the Committee on Banking, Housing and Urban Affairs.

H.R. 8948. An act to amend the Accounting and Auditing Act of 1950 to provide for the audit, by the Comptroller General, of the Internal Revenue Service and of the Bureau of Alcohol, Tobacco, and Fierarms; to the Committee on Government Operations.

H.R. 9852. An act to amend section 2 of the National Housing Act to increase the maximum loan amounts for the purchase of mobile homes, and for other purposes; to the Committee on Banking, Housing and Urban Affairs.

JOINT REFERRAL OF S. 2514

Mr. HUMPHREY. Mr. President, I ask unanimous consent that S. 2514, the Emergency Intergovernmental Assistance Act of 1975, which I introduced on October 9, 1975, and which was referred to the Committee on Government Operations, also be referred to the Senate Committee on Banking, Housing and Urban Affairs, and I ask unanimous consent that the text of the bill be printed at this point in the Record.

The PRESIDING OFFICER. Is the bill to be referred jointly?

Mr. HUMPHREY. It has already been referred to Government Operations. I ask also to have it referred to the Committee on Banking, Housing and Urban Affairs, jointly.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 2514

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Intergovernmental Assistance Act of 1975".

DEFINITIONS

Sec. 2. For the purposes of this Act—

(1) "general local government" means a city, town, county, or other general purpose subdivision of a State;

(2) "State" means a State of the United States, the District of Columbia, and the Commonwealth of Puerto Rico;

(3) "applicant" means any State or general local government which has filed an application for assistance under the provisions of this Act.

ESTABLISHMENT OF BOARD

Sec. 3. (a) There is established in the executive branch of the Government, an Emergency Intergovernmental Assistance Board (hereinafter referred to as the "Board") which shall have succession for a period of four years from the date of enactment of this Act. The Board shall be composed of the Secretary of the Treasury, the Secretary of Housing and Urban Development, and three other members who are well qualified by training and experience to execute the duties of the Board, and who shall be appointed by the President, by and with the advice and consent of the Senate.

(b) Members of the Board from private life shall serve for a term of four years, and any such member appointed to fill a vacancy shall be appointed only for the unexpired portion of the term. Each member of the Board from private life shall each be entitled to receive compensation at the daily equivalent of the annual rate of basic pay for grade GS–18 of the General Schedule for each day (including travel-time) during which he is engaged in the actual performance of his duties as a member of the Board.

(c) While away from their homes or regular places of business in the performance of services for the Board, members of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under section 5703(b) of title 5, United States Code.

FUNCTIONS

Sec. 4. It shall be the function of the Board to determine the eligibility of and approve applicants for assistance under this Act. Such determination shall be made by a majority vote of the Board after review of information submitted by an applicant in accordance with the standards established by section 5 of this Act. Such determination shall be made by the Board within ten days of the receipt of an application for assistance under this Act. Notification of a determination by the Board of the eligibility of an applicant shall be promptly transmitted to the Secretary of the Treasury.

AUTHORIZATION

Sec. 5. (a) Upon notification pursuant to section 3, the Secretary of the Treasury shall, upon terms and conditions prescribed by the Board, guarantee, or enter into a commitment to guarantee, holders of obligations issued by the applicant against loss of principal or interest payable on such obligations.

(b) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

STANDARDS AND CONDITIONS

Sec. 6. (a) To be eligible for assistance under this Act, an applicant must demonstrate to the satisfaction of the Board that—

(1) it has made a bona fide attempt to obtain private financial assistance and has failed in such attempt; and

(2) if the applicant is a unit of general local government, it has exhausted all attempts to obtain State assistance which the State can reasonably extend without damaging its own credit posture.

(b) No guarantee shall be made under this section unless the Board finds that—

(1) the obligation guarantee is necessary to the continued operation of the applicant; and

(2) the guaranteed obligation will be secured by the full faith and credit of the applicant which shall be recited and appear on the face thereof.

(c) Any obligation guaranteed by the Secretary shall become due and payable in full at any time not to exceed ten years from the date of such obligation and shall be conditioned on the payment of a fee, not in excess of 1 percentum, to the Treasury by the recipient of the obligation guarantee in an amount sufficient to create a reserve against losses or defaults and to cover administrative expenses.

(d) Interest on obligations guaranteed under this Act shall not be tax exempt.

(e) If the applicant is a State, it shall furnish to the Board and the Secretary, and if the applicant is a general local government under the jurisdiction of such State, it shall furnish through that State with the endorsement of the Governor thereof, a plan which, subsequent to its initial submission by the applicant, may be amended by a majority vote of the Board, detailing the applicant's projected revenues, expenditures, scheduled borrowings, debt service costs, and such other information as the Board may require for a period of three years after the date of anticipated assistance under this Act. Such plan shall also contain—

(1) specific proposals designed to assure achievement of a balanced operating budget under standard accounting practices within two years of the receipt of assistance under this Act;

(2) a specific program for retirement of the applicant's existing noncurrent short-term debt; and

(3) such specific assurances as the Board may require that the State will take such legislative action as may be necessary to permit applicants which are units of general local government to utilize such lawful revenue devices as may be necessary to avoid default upon the general obligations issued by such applicants.

No expenditures or borrowings shall be made by any applicant during the period of its assistance under this Act which are not specifically contained in the plan submitted under this subsection.

(f) If any State which is an applicant or endorser under subsection (e) fails to take such measures as may be necessary to insure compliance with a plan filed with the Board under subsection (e), and with such standard accounting procedures and limitations on expenditures and borrowings, as the State may require, such State shall—

(1) have its entitlement under the State and Local Fiscal Assistance Act of 1972, or other comparable general purpose financial assistance from the Federal Government, as determined by the Secretary, withheld until such time as the Board is satisfied that such State is taking all practicable steps to assure that such obligations and undertakings as are set forth in the plan required by subsection (c) of this section are being met; or

(2) shall be assessed a civil penalty equal to such sums to which the State was entitled under the State and Local Fiscal Assistance Act of 1972 for the fiscal years ending June 30, 1973, June 30, 1974, and June 30, 1975.

(g) The Secretary shall consult, as necessary, with any State or general local government which has received assistance under this Act concerning any matter which may bear upon the ability of the unit of government to repay the obligation within the time fixed therefor and reasonable protection to the United States.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolution were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. TALMADGE (for himself, Mr. Buckley, and Mr. Dole):

S. 2537. A bill to reform the Food Stamp Act of 1964 by improving the provisions relating to eligibility, simplifying administration, and tightening accountability, and for other purposes. Referred to the Committee on Agriculture and Forestry.

By Mr. KENNEDY:

S. 2538. A bill entitled "The National School-Age Mother and Child Health Act of 1975". Referred to the Committee on Labor and Public Welfare.

By Mr. HATHAWAY:

S. 2539. A bill to amend the Internal Revenue Code of 1954 to provide for a graduated credit, in lieu of a deduction, for interest paid on a mortgage on a taxpayer's principal residence. Referred to the Committee on Finance.

By Mr. HUMPHREY:

S. 2540. A bill to amend the Federal Reserve Act to reduce the length of terms of members of the Board of Governors of the Federal Reserve System, to provide for annual appropriations for the Federal Reserve Board, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. TUNNEY (for himself, Mr. Randolph, Mr. Clark, Mr. Culver, Mr. Hartke, Mr. Humphrey, Mr. Inouye, Mr. Kennedy, Mr. Montoya, Mr. Stone, Mr. Metcalf, Mr. Mondale, Mr. Javits, and Mr. McGovern):

S. 2541. A bill to provide for the establishment of model programs for displaced homemakers and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. STEVENS:

S. 2542. A bill to establish the Fred Seaton National Wildlife Sanctuary. Referred to the Committee on Commerce.

By Mr. FANNIN:

S. 2543. A bill entitled "The Journalists' Freedom of Choice Act." Referred to the Committee on Labor and Public Welfare.

By Mr. BURDICK (for himself and Mr. Stevens):

S. 2544. A bill to amend title 5, United State Code, with respect to the retirement of customs and immigration inspectors, and for other purposes. Referred to the Committee on Post Office and Civil Service.

By Mr. KENNEDY:

S. 2545. A bill to amend the Internal Revenue Code by increasing the dollar check-off for Presidential elections to $2, and for other purposes. Referred to the Committee on Finance.

By Mr. PELL:

S. 2546. A bill to establish a permanent Federal program of assistance for elementary and secondary education. Referred to the Committee on Labor and Public Welfare.

By Mr. McGOVERN:

S. 2547. A bill to amend title XVIII of the Social Security Act to include, as a home health service, nutritional counseling provided by or under the supervision of a registered dietitian. Referred to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. TALMADGE (for himself, Mr. Buckley, and Mr. Dole):

S. 2537. A bill to reform the Food Stamp Act of 1964 by improving the provisions relating to eligibility, simplifying administration, and tightening accountability, and for other purposes. Referred to the Committee on Agriculture and Forestry.

Mr. TALMADGE. Mr. President, at a time of massive Federal deficits in the tens of billions of dollars year after year, we do not have to search very long or very hard to find examples of excessive Government spending. The most outstanding example I know of Government spending having gone haywire is the food stamp program.

The food stamp program started off in the mid-1960's as a modest experiment in the so-called "War on Poverty." Now, just 10 years later, it has developed into a $6-billion-a-year giveaway program.

People in genuine need of food stamp benefits—the extreme poor, the aged, the disabled, and children who are the helpless victims of poverty—are denied adequate assistance because of redtape and bureaucratic mismanagement.

People for whom food stamps were not intended—individuals and families of moderate and even middle incomes, students in college, people living in communes, and those who generally have a bad case of the "gimmes"—an ailment which unfortunately pervades too much of our society today—find the food stamp program a haven for their own lack of responsibility or plain shiftlessness.

In short, the food stamp program has become an easy mark for the rip-off artist.

According to some reports, food stamps even have become currency in the black-market for liquor, drugs, and prostitution.

We know there is fraud and abuse in the food stamp program. What we do not know is how deep it runs or how much it is costing the taxpayer.

Studies by the Department of Agriculture have indicated that 17 percent, or almost one out of every five recipients of food stamps, are technically not eligible. If that is true, that accounts for a billion dollars worth of waste. But this is only an estimate.

The fact is, we have no way of measuring on a current basis the extent of fraud in the food stamp program, or the cost of its inefficient operation. Under present law, I must confess that I do not know of any way to untangle this administrative nightmare.

The law is shot full of loopholes. And, in years past, each time Congress has amended the food stamp program the loopholes have been made even larger, and the cost of the program increased enormously. Instead of food stamp reform, we have had food stamp expansion.

In spite of the fact that the food stamp program consumes nearly 50 percent of the total budget of the Department of Agriculture, the Department has not exercised proper administrative control or supervision.

In fairness, it must be said that the program has grown so vast and become complex so rapidly that for the Department to be able to efficiently administer it would be like trying to channel water bursting from a ruptured dam.

It must also be said, to the shame of all Americans, that we have allowed to develop in this country a philosophy that people are entitled to something for nothing, and that Government ought to provide it.

This is a philosophy that can bring down governments which inevitably collapse from their own bureaucratic weight. The food stamp program is the latest manifestation of this philosophy to emerge on the American scene.

The line must be drawn. This trend must be turned back, unless, as former Budget Director Roy Ash has warned, the productive sector of our society is to become the slave of the nonproductive sector.

In just the past 5 years, the food stamp program has become so bloated that it is estimated that approximately one out of every seven Americans will seek and receive food stamps at one time or another in the current fiscal year.

In just 3 years, from 1970 to 1973, food stamp rolls doubled, from 6.5 million to almost 13 million. That number reached almost 20 million in June at the end of the last fiscal year.

The cost of the program multiplied from $1.6 billion in 1971 to a cost of almost $6 billion for the current fiscal year.

No responsible citizen or taxpayer objects to helping people less fortunate than himself. No one would deny poor and needy Americans assistance to meet their health and nutritional needs.

But working taxpayers do object, and rightfully so, to having their hard-earned dollars squandered in a Government giveaway program that Government obviously cannot control.

Congress created the food stamp nightmare. Congress must bring it under control.

I have for some time urged the administration to come forward with a plan for comprehensive reform of the food stamp program. I am delighted that the President has sent Congress his specific proposals in this area. In so doing, he has demonstrated an awareness of the severity of the food stamp mess.

I am introducing the President's bill today, and I pledge full and thorough consideration by the Committee on Agriculture and Forestry.

Although the President's bill is an excellent one, I personally feel that it should be amended to include one additional feature.

We should reorganize the food stamp and child nutrition programs under a new Assistant Secretary. These programs have come to represent about 70 percent of the Department of Agriculture's total budget and they affect many millions of Americans.

Without question, Congress must bear a great deal of responsibility for the current condition and exorbitant cost of the food stamp program. For example, only a few months ago the Senate voted over my strenuous objections to allow people to walk in off the streets and certify themselves for food stamps. Fortunately, the House of Representatives has not yet acted on the self-certification amendment.

However, a major portion of the blame for the present lack of control over the food stamp program rests with inept administration of the program by the Department of Agriculture. The Department must stop treating the food stamp program like an unwanted stepchild. The law gives the Secretary of Agriculture the responsibility for administering the program. It is up to the Secretary to insure that it receives close attention and careful implementation. Hopefully, the creation of a new Assistant Secretary for Food and Nutrition Programs will encourage better administration, and eliminate much of the waste and inefficiency which now exist.

Moreover, I feel that the Committee on Agriculture and Forestry should push for administrative changes in the food stamp program—changes that can be implemented even before legislation is approved by Congress. There are a number of administrative and regulatory improvements that can be made without the passage of any additional legislation, and I urge this responsibility upon the Department of Agriculture.

I hope opposing groups will refrain from hurling irresponsible accusations at each other. There is, of course, room for honest differences of opinion on this issue, but I think everyone will agree that we have a serious problem which must be corrected at the earliest possible time.

The President's food stamp reform bill has many excellent features.

It would eliminate high- and middle-income families from receiving food stamps by placing the net income eligibility at the poverty level of $5,050 for a family of four.

It would increase benefits to those individuals who are truly in need.

It would substitute a standard deduction of $100 for the present complex and inequitable system of itemized deductions. Families with a member over 60 years of age would receive a $125 standard deduction.

It contains many important changes in the law that will strengthen enforcement and eliminate many abuses which currently exist.

It would make it very difficult for college students and strikers to receive benefits under the program.

It would put some teeth in the work registration requirements in existing law and provide a real basis for refusing food stamps to those individuals who do not make a sincere effort to obtain employment.

It would reverse the snowballing trend toward increased food stamp program costs and actually reduce $1.2 billion from the current cost of the program.

Of course, the President's bill is not a perfect bill. None of the other food stamp reform bills that have been introduced are perfect bills. It will be the job of the committee to carefully examine each and every provision of all the bills that have been introduced and attempt to arrive at the best possible committee bill.

This will be no small task. However, it has the highest possible priority in the Committee on Agriculture and Forestry and the committee will be working diligently to fashion a committee bill for the rest of this year.

Secretary Butz has agreed to establish a task force to work with the committee in providing analyses and expert advice on all proposed amendments to the Food Stamp Act. Hopefully, this bipartisan cooperative effort will enable us to achieve real reform and to restore credibility to the food stamp program.

I am committed to push for action by the committee this calendar year to tighten up the food stamp program, to make it more beneficial and accessible to people truly in need, to eliminate administrative mismanagement, and to stop abuse and cheating wherever it exists.

Food stamp reform must not be made a partisan issue. The American people demand that we do something to straighten out the food stamp program. They are not interested in hearing accusations and recriminations hurled back and forth between Congress and the administration. By introducing the President's bill, I am hopeful that we can establish and strengthen a bipartisan approach that will lead us to real reform.

Mr. President, I ask unanimous consent that the following documents be printed in the RECORD:

First, the President's message to the Congress;

Second, a fact sheet on the National Food Stamp Reform Act of 1975;

Third, a section-by-section analysis of the bill; and

Fourth, the bill itself.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

To the Congress of the United States:

I am pleased to submit to the Congress today the National Food Stamp Reform Act of 1975.

I call to the attention of the Congress the particular importance of this reform proposal for two reasons:

First, we—the Executive Branch and the Congress—have an obligation to work together to reform a Federal assistance program that has been widely abused.

Second, we—the Executive Branch and the Congress—must begin now to work together to make those changes which will enable us to hold down federal spending in fiscal year 1976 and meet the spending ceiling of $395 billion for fiscal year 1977.

My recommendations for dealing with the Food Stamp assistance program follow a fundamental principle on which I stand: The Federal government should help, within the limits of national resources, those who are in need; but we should not give one dollar of Federal assistance to those not in need.

It is in that spirit, the spirit of providing dignified and humane help to those who are in need, but none to those who are not or should not be, that I recommend the enactment of the "National Food Stamp Reform Act of 1975", which would:

1. Reduce costs by more than $1.2 billion per year.

2. Limit eligibility to those whose gross income less the standard deduction is below the poverty level ($5050 for a family of four).

3. Make the program more realistic by measuring actual income over the preceding 90 days for purposes of eligibility determinations, rather than estimating future income, and requiring recipients to report their financial status on a monthly basis.

4. Increase benefits only for those at the very lowest income level.

5. Eliminate legal abuses and cut the cost of administration by replacing current variable and complex deductions with a standard deduction of $100 a month.

6. Set a standard deduction of $125 a month for households with elderly members.

7. Establish a minimum age for qualification as a separate household.

8. Require able-bodied recipients to seek, accept and retain gainful employment.

9. Eliminate categorical eligibility for recipients of public assistance.

10. Require any family which receives food stamps to spend 30 percent of household income for the stamps.

These proposed changes are based on extensive review by Executive Departments involved in administering and supervising the Food Stamp program and on consultations with a bipartisan coalition of members of the Senate and House of Representatives concerned with Food Stamp abuses. They are essential to real reform.

The need to control the growth and abuse of the Food Stamp program is broadly recognized.

What we need now is action by Congress.

Gerald R. Ford.

The White House, *October 20, 1975.*

Fact Sheet: National Food Stamp Reform Act of 1975

The President is transmitting to Congress today the National Food Stamp Reform Act of 1975. This legislation will correct serious problems in the current Food Stamp program, assure that Food Stamp benefits are available only to the needy, and make the program simpler and less costly to administer. It will reduce the costs of the program by approximately $1.2 billion.

BACKGROUND

The Food Stamp program has grown very rapidly. From total Federal outlays of $30 million in fiscal year 1964, and 360,000 participants, it grew to $4.7 billion in 1975 and is currently projected at $6 billion and 19 million participants. Through an array of deductions currently allowed, families with incomes in excess of $12,000 can participate in the program. The program is complex and expensive to administer.

HIGHLIGHTS OF THE NATIONAL FOOD STAMP REFORM ACT OF 1975

The President has proposed the following major changes to concentrate benefits on those truly in need and to simplify administration of the program:

Any family whose net income is below the poverty level would be eligible for benefits. The poverty income level $5050 for a family of four, is a computation at which a household can meet all of its needs including a nutritionally adequate diet. This provision would assure that benefits would only be available to those who truly need them.

Families would receive a $100 monthly deduction from gross income in computing net income. Families consisting of at least one member over 60 years of age would receive a $125 deduction. A standard deduction would simplify the present set of itemized deductions which are used to compute eligibility for food stamps. Households with the lowest incomes would receive additional aid since the standard deduction would represent a higher deduction than is now claimed. In addition, relatively high income households would not be able to become eligible by accumulating a large series of deductions.

Income would be calculated on the basis of actual income during the previous 90 days. Household eligibility is now determined by computing an estimate of future income anticipated during the upcoming months. This estimating approach is inaccurate, cumbersome, and administratively complex. Retrospective accounting would apply an income determination to the previous 90-days producing an average applied monthly income for purposes of eligibility. This would allow for more precision and quality control since it is a better measure of income a family has available to purchase food.

All households receiving food stamps will pay a standard 30 percent of net monthly income for their Food Stamp allotment. Those participating households with no income would continue to be eligible for free stamps. This proposal is consistent with current law which provides that the amount a household pays for its Food Stamps should not exceed 30 percent of the household's income. Every household of the same size with the same income would have the same purchase requirement.

Participants in other welfare programs would no longer be automatically eligible for Food Stamps. The practice of automatically making recipients of Aid to Families with Dependent Children (AFDC) and Supplemental Security Income (SSI) eligible for Food Stamps creates an inequity, especially since working families may receive less income than welfare recipients and yet not be able to obtain Food Stamps which are automatically available to the welfare recipients. Income would be treated alike whether derived from public assistance or non-assistance sources. Moreover, this proposal will simplify the computation of eligibility since certification workers need only compute one level of eligibility.

Food Stamp allotments will increase slightly and will continue to be adjusted for increases in the cost of food semi-annually. The value of food stamps for an eligible family of four will go from $162 to $166 a month.

College students who are considered dependents by their families will only be eligible for Food Stamps if their families are eligible for Food Stamps. In addition, the legislation establishes the age of majority in each state as the minimum age for qualification as a separate household.

SUMMARY

These reforms will achieve the following net effect upon the Food Stamp program:

Will serve only the needy.

Significantly increase benefits for those truly in need.

Estimated reduction in Federal program costs are approximately $1.2 billion.

Significantly improve program administration.

The National Food Stamp Reform Act of 1975: Section-by-Section Analysis

SECTION 2

This section of the bill amends subsections (e), (f), and (n) of Section 3 of the Food Stamp Act of 1964, as amended. Section 3 defines the terms used in the Act.

Subsection 3(e) which defines the term "household" is amended to delete the requirement that household members under age 60 be related in order to qualify for the Food Stamp Program. This requirement was ruled unconstitutional by the Supreme Court in its decision in the case of *Moreno v. USDA*, 413 U.S. 528. The amendment will bring the Act into conformance with the Supreme Court decision.

The revised language eliminates the requirement that a household consist of an economic unit so that a household will for the purposes of the Act, be persons who share common living quarters and purchase food in common. The deletion of the "economic unit" criterion of eligibility will simplify the determination of which individuals constitute a household and will minimize the problem of individuals or groups of individuals living together applying as "separate" households.

The subsection retains as a household single persons living alone and purchasing food for home consumption, elderly persons eligible to purchase delivered meals or meals prepared by a designated private or public nonprofit organization. Residents of federally subsidized housing for the elderly will also continue to be deemed not to be residents of institutions for the purposes of the Food Stamp Program.

The revised language further deletes from the household definition the language making eligible narcotic addicts or alcoholics who reside in a treatment or rehabilitation center. The provision is deleted in light of the difficulties in administering the Food Stamp Program in an institutionalized setting and the high potential for program abuse as a result of the misuse of coupons by center personnel.

The revised language also deletes the provision concerning Supplemental Security Income recipients.

Subsection 3(f) is revised to delete reference to Section 10(i) of the Act which refers to participation of addict and alcoholic treatment and rehabilitaiton centers in the food stamp program.

The definition in subsection 3(n) of a "drug addiction or alcoholic treatment and rehabilitation program" is deleted consistent with the revised household definition in subsection 3(e). The revised subsection 3(n) defines a "nutritionally adequate diet" as one that is based on the thrifty food plan developed in 1975 by the Department.

SECTION 3

This section of the bill revises subsection (b) in Section 4 of the Food Stamp Act of 1964, as amended.

Subsection 4(b) has been revised to permit concurrent operation of the food stamp and food distribution programs on Indian reservations for a period of transition from the distribution to the stamp program. The present Act provides authority to operate both programs in an area (1) during a period of transition from commodities to food stamps, (2) on request of the State agency, and (3) during temporary emergency situations. Since the food distribution program is being replaced by the food stamp program, authority for the simultaneous operation of both programs at the request of the State agency is unnecessary. However, a number of Indian reservations encountered difficulty implementing the food stamp program on the reservations by July 1, 1974, so authority for concurrent operation of the food stamp and food distribution programs is justified during the transitional period on such reservations.

In the case of disasters, authority is provided under other law to make commodities available under programs under which commodities are distributed on an emergency or temporary basis to meet disaster relief needs.

SECTION 4

This section of the bill revises subsections (b) and (c), deletes subsection (d); and adds new subsections (d), (e), (f), (g), (h) and (i) to Section 5 of the Act.

The revised subsection 5(b) authorizes the Secretary to establish uniform national standards of eligibility for the food stamp program. It also requires that the income standards of eligibility be the income poverty guidelines prescribed by the Office of Management and Budget adjusted pursuant to section 625 of the Economic Opportunity Act of 1964, as amended, (42 U.S.C. 2971d). Application of these guidelines will, in effect, terminate categorical eligibility of public assistance households whose income is above such guidelines. These poverty guidelines replace the current method of determining maximum income levels as the point at which the coupon allotment equals 30 percent of net income.

The revised subsection provides that the

Secretary will use the average monthly income actually received during the 90-day period prior to application in determining income of households, but permits longer periods to be used for individuals who receive income from such sources as self-employment, contract work, and educational scholarships and grants. The use of prior months' income combined with a monthly reporting requirement would replace the current method of anticipating a household's circumstances and relying on households to voluntarily report changes.

The revised language also provides a definition of gross income to be used for program purposes. The definition includes vendor payments, except for medical vendor payments, and excludes the costs of producing self-employment income.

In-kind benefits are excluded including the present statutory provisions for the housing payments-in-kind. Also, Federal legislation which specifically exempts payments from food stamp income is recognized.

A monthly standard deduction of $100 replaces the itemized deductions now allowed by regulation, such as expenses for medical and educational fees, child care, support payments, and excess shelter costs. A standard deduction will make more equitable the distribution of benefits among food stamp households.

The revised section also provides for an additional deduction of $25 for any household containing at least one individual age 60 or over in recognition of the needs of the elderly whose limited earning capacity prevents them from meeting special expenses incurred at this age.

Consultation with the Secretary of DHEW on national standards of eligibility is no longer required since categorical eligibility of SSI recipients is removed.

This revision of subsection 5(b) also eliminates the present statutory mechanical disaster provision. Under this provision State agencies are required to provide emergency assistance to households who are unable to purchase coupons because their authorization-to-purchase cards have not been produced on a timely basis due to a mechanical failure of the equipment used to produce such cards. As an alternative, the credits for lost benefits provision proposed in subsection 10(e) (9) can be used to recompense food stamp recipients who have lost benefits because of a mechanical disaster.

The revision of subsection 5(b) conforms the subsection to the decision of the Supreme Court in the case of *Murray v. USDA*, 413 U.S. 508, which concluded that the 1971 "tax dependency" provision of the Act was overly broad and therefore unconstitutional, and unenforceable.

The revision of subsection 5(c) will reduce the age requirement for work registration from 65 to 60. Use of age 60 is consistent with the definition of elderly in other portions of the Act. It will alleviate a common problem of States by not requiring registration of retired or elderly persons whose opportunities for employment are limited.

The categories of people required to register for work would be more clearly defined by specifying that the term "dependent children" means children under the age of six. A provision has been added to the subsection which will make ineligible any household which includes an able-bodied person who would be eligible for unemployment compensation or assistance but for disqualification under applicable statutes as a result of voluntarily leaving any job. This will not apply if the household involved was certified in the food stamp program immediately prior to the unemployment of such person. The subsection, as revised, also requires work registrants to establish that they are actively seeking employment.

The exemption provided by Public Law 93-86 for addicts and alcoholics is also deleted by the revised language consistent with amendments to Section 3 of the Act deleting the special eligibility of addicts and alcoholics participating in approved treatment programs.

Subsection 5(d) which provides for uniform national standards of eligibility for addicts and alcoholics participating in treatment and rehabilitation programs is deleted consistent with the revision of Section 3(e) of the Act.

A new subsection 5(d) provides that illegally and temporarily present aliens may not participate in the program. The current Act does not contain such a provision; however, this requirement is consistent with the public assistance requirements of the Department of Health, Education and Welfare, and the supplemental security income statutory provision. In addition, this provision requires the State agency to disclose information regarding illegally present aliens to the Department of Justice.

A new subsection 5(e) delineates recipient's responsibilities under the program. This provision specifically requires recipients to provide information needed for the certification process and any subsequent audit or quality control review. If an applicant household refuses to cooperate in providing information necessary for making a determination of eligibility or ineligibility or to complete a quality control review, the household may be subject to denial of further and/or future food stamp benefits.

Subsection 5 (e) also provides for a monthly client reporting system. Clients would be required to provide the food stamp office with an updating of circumstances affecting their eligibility. Such a reporting system will give more accurate data on a household's circumstances.

A new subsection 5(f) provides permanent statutory authority to establish tax dependency criteria for food stamp eligibility of students. The language is consistent with that contained in the Agriculture-Environmental and Consumer Protection Appropriation Act of 1975 (Public Law 93-563, 88 Stat. 1841). This language requires that the determination of tax dependency be made in the year the family support is being received, not the year in which the tax return is actually filed.

A new subsection 5(g) prohibits a minor from being considered a member of a household if no other member of the household is under a legal duty to support the minor, the minor can establish that the person responsible for his support is financially unable to provide such support, the person responsible for his support cannot be located, or there is no person with such responsibility.

A new subsection (h) makes ineligible any household which purposely transfers ownership of a resource in order to meet the program's assets test. The Secretary can set by regulation the period of such ineligibility provided it lasts at least thirty days.

Finally, a new subsection (i) is added to continue the ineligibility of any recipient of supplemental Security Income payments in a State which has specifically increased its supplementary payments to include the bonus value of food stamps.

SECTION 5

This section of the bill amends subsections (a) and (c) of Section 6 of the Food Stamp Act of 1964, as amended.

Subsection 6(a) is revised to include authority for the Secertary to require a State agency to issue photo-identification cards to all households certified for the food stamp program.

Subsection 6(c) is revised to authorize the Secretary to require a State agency to issue food coupons which are designed in order to require recipients to sign coupons both at the time of issuance and when using the coupons at retail food stores.

SECTION 6

This section of the bill revises subsections (a) and (b) of Section 7 of the Act.

Revised Section 7(a) provides that the total value of the coupons to be issued to a participating household shall be calculated on the basis of a family of 4 persons described in Sec. 3(n). This revised language is intended to allow the Department to utilize an averaging system to establish a standard coupon allotment for each household size. This average allotment will be adjusted to reflect economies of scale for different size households. Atypical households would receive allotments which vary from their specific needs.

The revised language of subsection (b) establishes the amount that a household shall be charged for its coupon allotment as 30 percent of income after the standard deduction from gross income. The revised language also assures that each participating household would receive a food stamp benefit, or what is commonly referred to as the "bonus", of at least $10.

This revision also eliminates the present statutory provision that households with incomes of less than $30 per month shall not be charged for their coupon allotment because the proposed standard deduction will be higher than $30 per month for all households.

The variable purchase provision is deleted since the same intent is now met through clause (6) of Section 10(e) of the Act, which requires States to offer households the option of purchasing stamps twice a month.

SECTION 7

This section of the bill revises Section 10 of the Act.

The present subsections (b), (e) (5), and (e) (7) are revised; new subsections (e) (9) and (e) (10) are added; subsections (f) and (g) are revised; and subsection (i) is deleted.

Subsection 10(b) presently provides that the State agency shall be responsible for the certification of applicant households and for the issuance of coupons. It further permits a State agency to delegate its responsibility in the issuance of coupons. However, the State agency is held financially liable for any cash or coupon losses or shortages. The revised language is intended to emphasize that while the issuance function may be delegated, the State agency shall retain responsibility for accounting to the Secretary for issuance activities.

Clause (5) of Section 10(e) presently requires State agencies to take effective action to "inform" low-income households and to "insure" the participation of those that are eligible. The revised clause (5) would clarify the program outreach responsibilities but delete the requirement to "insure" participation because of the unintended burden it has placed on the State agencies in effectively administering the provision.

Subsection 10(e) (7) is revised to give a State agency an *option* to establish a system under which a food stamp household may elect to have its charge for the coupon allotment withheld from its public assistance check. The Act now mandates a State agency to offer such a system. An optional approach would permit a State to operate the system in an area where it would be helpful, such as rural localities lacking adequate transportation.

A new clause (9) is added to Section 10(e) to facilitate compliance with the U.S. District Court ruling *Bermudez v. USDA*, 348 F. Supp. 1279 (D.D.C., 1972), that USDA must provide retroactive benefits to households who have had their food stamp allotment wrongfully delayed, denied, or terminated as a result of administrative errors by State agencies. Presently, such benefits are restored by reducing the household's subsequent purchase requirements until full compensation has been made. This method was prescribed by the courts. This revision provides legislative authority for direct cash payments to households for the amount of bonus coupons lost.

A new clause (10) is added to Section 10(e) which establishes a system for verifying the earnings of applicants and participants with proper protections for the privacy of individuals.

Subsection 10(f) provides the Department another remedy to cope with a State's noncompliance with provisions of the Food Stamp Act and Regulations. This remedy will allow the Department of Agriculture, through the Department of Justice, to bring an injunctive action in a U.S. District Court to require compliance by the State.

Subsection 10(g) presently imposes upon State agencies liability to the Federal Government for the value of bonus coupons issued through "gross negligence" in the certifying of applicant households. The revised subsection would reduce this standard to "negligence." Proof of negligence would constitute a basis for asserting a claim and would permit a fair application of this provision.

Subsection 10(i) is deleted consistent with the revision of Section 3(e). That subsection permitted the use of coupons to purchase meals prepared by addict or alcoholic treatment and rehabilitation centers.

SECTION 8

The present language in Section 12 is not clear as to whether procedures for recipient claims arising from food stamp overissuances are at the discretion of the Secretary or must be governed by the rules and procedures of the General Accounting Office. The proposed language specifies such procedures will be up to the Secretary.

SECTION 9

This section of the bill amends Section 14 of the Act.

Subsections 14(b) and 14(c) are amended to reduce the maximum penalty for misdemeanors from the current $5,000 to $1,000. A reduction of the penalties would permit misdemeanors to be prosecuted before magistrates under the Federal Magistrates Act. Minor recipient and retailer-type violations would be subject to faster and more frequent prosecution and thus would be more effectively deterred.

SECTION 10

Section 15(b) of the Food Stamp Act, as amended, is amended to clarify that the Secretary will pay the Federal share of State agency certification costs for nonpublic assistance households only and a new Section 15(c) is added to provide authority for the Secretary to pay to State agencies 75 percent of the direct costs incurred in prosecutions and related activities as they concern nonpublic assistance households.

SECTION 11

This proposed new Section 18 provides authority for the Secretary to impose civil money penalties in areas of specific program violations. Under this authority, the Secretary will be able to take action against program violators, such as ineligible recipients and unauthorized retailers. In addition, the Secretary will be empowered to assess penalties against State agencies whose actions violate the Food Stamp Act or Regulations. This type of authority can be extremely useful in enforcing compliance with program requirements for recipient service and prompt action by the State agency.

S. 2537

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "National Food Stamp Reform Act of 1975".

SEC. 2. Section 2 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (e) is amended to read:

"(e) The term 'household' shall mean a group of individuals who are sharing common living quarters, but who are not residents of an institution or boarding house, and who have access to cooking facilities and for whom food is customarily purchased in common: *Provided*, That residents of federally subsidized housing for the elderly, built under either section 202 of the Housing Act of 1959 (12 U.S.C. 1701q) or section 236 of the National Housing Act (12 U.S.C. 1715z–1) shall not be considered residents of an institution or boarding house. The term 'household' shall also mean (1) a single individual living alone who has cooking facilities and who purchases food for home consumption, or (2) an elderly person who meets the requirements of section 10(h) of this Act."

(b) The second sentence of subsection (f) is revised to read: "It shall also mean a political subdivision or a private nonprofit organization or institution that meets the requirements of section 10(h) of this Act."

(c) The present subsection (n) is deleted and the following language is substituted:

"(n) The term 'nutritionally adequate diet' means a diet costing no more than the value of the food required to feed a family of four persons consisting of a man and a woman 20 through 54; a child 6 through 8; and a child 9 through 11 years of age, determined in accordance with the thrifty food plan developed in 1975 by the Secretary. The cost of such diet shall be the basis for uniform coupon allotments for all households, regardless of composition, except for household size adjustments to reflect economies of scale set forth in the thrifty food plan."

SEC. 3. Section 4(b) of the Food Stamp Act of 1964, as amended, is amended to read:

"(b) In areas where the food stamp program is in operation, there shall be no distribution of federally donated foods to households under the authority of any other law except that distribution thereunder may be made for such period of time as the Secretary determines necessary to effect an orderly transition on an Indian reservation on which the distribution of federally donated foods to households is being replaced by a food stamp program: *Provided*, That the Secretary shall not approve any plan submitted under this Act which permits any household to simultaneously participate in both the food stamp program and the distribution of federally donated foods: *Provided further*, That households may continue to receive such donated foods under separately authorized programs which permit commodity distribution on a temporary basis to meet disaster relief needs."

SEC. 4. Section 5 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (b) is amended to read:

"(b) The Secretary shall establish uniform national standards of eligibility for participation by households in the food stamp program and no plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary.

"The income standards of eligibility shall be the income poverty guidelines prescribed by the Office of Management and Budget adjusted pursuant to section 625 of the Economic Opportunity Act of 1964, as amended, (42 U.S.C. 2971d): *Provided*, That in no event shall the standards of eligibility for Puerto Rico, the Virgin Islands, and Guam exceed those in the fifty States. The Secretary shall utilize the preceding ninety-day period in determining income for purposes of eligibility and benefit levels of households, provided that a longer period may be used as determined by the Secretary for households in which all members receive income from such sources as self-employment, agriculture, contract work, and educational scholarships. The Secretary shall also prescribe additional standards of eligibility which shall include, but not be limited to, the amounts of liquid and nonliquid assets. Household income for purposes of the food stamp program shall be the gross income of the household less (1) a standard deduction of $100 a month applicable to all households; and (2) an additional deduction of $25 a month for any household in which there is at least one member who is age sixty or older. Gross income, for the purposes of the food stamp program, shall include, but not be limited to, all money payments, except those for medical costs, made on behalf of the household: *Provided*, That the term shall not include payments in kind received by the household and the cost of producing self-employed income; and any moneys which other Federal legislation specifically excludes from consideration as income for the purpose of determining eligibility for the food stamp program.

"The Secretary may also establish temporary emergency standards of eligibility for the duration of the emergency, without regard to income and other financial resources, for households that are victims of a disaster which disrupts commercial channels of food distribution when he determines that such households are in need of temporary food assistance, and that commercial channels of food distribution have again become available to meet the temporary food needs of such households."

(b) The first sentence of subsection (c) is amended by (1) deleting the word "sixty-five" and inserting in its place the word "sixty"; (2) by inserting immediately after "dependent children" and immediately before "or of incapacitated adults" the words "under the age of six"; (3) by designating clause (a) as clause (b), deleting the word "or" at end of the newly designated clause (b) and inserting a new clause (a) to read as follows:

"(a) Had a job covered by and is eligible under any State or Federal unemployment compensation law (including but not limited to the Railroad Unemployment Insurance Act, as amended), Title II of the Emergency Jobs and Unemployment Assistance Act of 1974, the Emergency Compensation and Special Unemployment Assistance Extension Act of 1975, the Hawaii Agricultural Unemployment Compensation Law, Virgin Island Unemployment Compensation Law, the unemployment law of Canada, or is entitled to a weekly assistance payment or an allowance with respect to unemployment under the Trade Act of 1974, the Disaster Relief Act of 1974, the Public Works and Economic Development Act of 1974, or any successor or similar legislation as determined by the Secretary, and is under a disqualification pursuant to any such law because of voluntarily leaving any job (or would be eligible for such payments but for such disqualification) unless the household of which such person is a member was certified for benefits under this Act immediately prior to such unemployment"; (5) by redesignating the current clause (b) as clause (c); (6) by deleting the period at the end of the first full sentence and inserting ", or" and a new clause (d) to read as follows:

"(d) Fails to inquire regularly about employment with prospective employers or otherwise fails to engage regularly in activities directly related to securing employment, as required by regulations issued by the Secretary."

(c) Subsection (c) is further amended by deleting the last sentence thereof.

(d) Section 5 of said Act is further amended by deleting subsection (d) and adding the following new subsections (d), (e), (f), (g), (h), and (i).

"(d) No individual shall be eligible to participate in the food stamp program unless he is a resident of the United States, and is either (1) a citizen or, (2) an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law (including any alien who is lawfully present in the United States as a result of the application of the provisions of section 203(a)(7) or section 212(d)(5) of the Immigration and Nationality Act). If, in the application process, it becomes known or the State agency has reason to believe that an alien has entered or remained in the United States illegally, the State agency shall submit to the Department of Justice information indicating that a program applicant may be an illegally present alien."

"(e) No household shall be eligible to participate, or to continue to participate, in the food stamp program if it refuses to submit to the State agency information which will permit a determination as to its eligibility to participate or its level of participation in the program. The State agency shall disqualify from participation in the program any household which is found to have fraudulently obtained coupons: *Provided*, That such period of disqualification shall not exceed one year. The Secretary shall prescribe regulations setting forth the conditions under which households receiving benefits under this Act may be required to report changes in households circumstances, including, but not limited to, income, household size, and resources, once each month."

"(f) No individual shall be considered a household member for food stamp program purposes if such individual: (1) has reached his 18th birthday; (2) is enrolled in an institution of higher education; and (3) is properly claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household."

"(g) No individual who is a minor in the State where application is made shall be considered a household member for the food stamp program if such minor resides in a household in which no other member has a legal duty to support such minor, unless (1) the individual who has a duty to support such minor cannot be located or is financially unable to perform that duty; or (2) no individual with such duty exists."

"(h) No household that knowingly transfers liquid or non-liquid assets for the purpose of qualifying or attempting to qualify for the food stamp program shall be eligible to participate in the program for such period of time as may be determined in accordance with regulations issued pursuant to this Act, but in no event shall such period of time be less than thirty days from the date of discovery of the transfer.

"(i) No recipient of supplemental security income shall be eligible to participate in the food stamp program if he resides in a State which provides State supplementary payments of the type described in section 1616(a) of the Social Security Act, the level of which has been found by the Secretary of Health, Education and Welfare pursuant to section 8 of Public Law 93–233 to have been specifically increased so as to include the bonus value of food stamps.

SEC. 5. Section 6 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (a) is amended by adding the following sentence at the end thereof:

"The Secretary is authorized to require a State agency to issue photo-identification cards to households certified to participate in the food stamp program."

(b) Subsection (c) is amended by deleting the period at the end of the first sentence and adding the following language:

"*Provided*, That the Secretary is authorized to require a State agency to issue coupons which include signature blocks to be signed by the recipient at the time of issuance and at the time of use at the retail food store."

SEC. 6. Section 7 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (a) is amended to read:

"(a) The face value of the coupon allotment which State agencies shall be authorized to issue to any households certified as eligible to participate in the food stamp program shall be in such amount as will provide such households a coupon allotment sufficient to allow them to purchase a nutritionally adequate diet as defined in section 3(n) of this Act: *Provided*, That in no event shall the face value of the coupon allotments so used in Puerto Rico, the Virgin Islands, and Guam exceed those in the fifty State. The face value of the coupon allotment shall be adjusted semi-annually by the nearest dollar increment that is a multiple of two to reflect changes in the prices of food published by the Bureau of Labor Statistics in the Department of Labor. Such changes shall be made in January and July of each year based upon the cost of food in the preceding August and February, respectively. In no event shall adjustments be made for households of a given size unless the increase in the face value of the coupon allotment for such households, as calculated above, is a minimum of $2.00."

(b) Subsection (b) is amended to read:

"(b) Notwithstanding any other provision of law, households shall be charged for the coupon allotment issued to them, and the amount of such charge shall be 30 per centum of the household's income, as determined in accordance with Section 5(b): *Provided, however*, That each household shall receive a minimum food stamp benefit of $10.00."

SEC. 7. Section 10 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (b) is amended by inserting in the first sentence immediately after "the issuance of coupons" and immediately before the proviso, the words "and the control and accountability thereof".

(b) Subsection (e) is amended by revising clause (5) to read:

"(5) That the State agency shall carry out a reasonable program, including the use of services provided by other federally funded agencies and organizations to inform low-income households concerning the availability and benefits of the food stamp program.

(c) Subsection (e) is further revised by inserting in clause (7), after the word "law", the following: ", and at the option of the State agency,"; by deleting "and" preceding clause (8) and striking the period at the end of clause (8); adding the following new clause (9): "; (9) for the payment to households of the bonus value of any coupon allotment which has been wrongfully denied, delayed, or terminated as a result of any administrative error on the part of the State agency; and adding the following new clause (10): "; and (10) the establishment of an earnings clearance system (which system shall be consistent with the Privacy Act of 1974, (5 U.S.C. 552a) insofar as it provides for the use of information from records of Federal agencies, and with any other applicable privacy law insofar as it provides for the use of information from non-Federal records) for the purpose of checking the actual income and assets of a household against those reported by such household, except that the Secretary may exempt any State from the requirement of this clause if the Secretary determines that it would be impracticable or impossible for such State to comply with it."

(d) Subsection (f) is amended to read as follows:

"(f) If the Secretary determines that in the administration of the program there is a failure by a State agency to comply with the provisions of this Act, or with the regulations issued pursuant to this Act, or with the State plan of operation, he shall inform such State agency of such failure and shall allow the State agency a designated period of time for the correction of such failure. If the State agency does not correct such failure within such specified period of time, the Secretary may alternatively or concurrently: (1) refer the matter to the Attorney General with a request that an injunction be sought to require compliance by the State agency and, at the suit of the Attorney General in an appropriate U.S. District Court the State agency may be so enjoined, or (2) direct that there be no further issuance of coupons in the political subdivisions where such failure has occurred until such time as satisfactory corrective action has been taken.

(e) Subsection (g) is amended by striking the word "gross" in the first sentence thereof.

(f) Subsection (i) is deleted.

SEC. 8. Section 12 of the Food Stamp Act of 1964, as amended, is amended by adding at the end thereof the following:

"Such claims include, but are not limited to, claims arising from fraudulent and nonfraudulent overissuances to recipients."

SEC. 9. Subsections (b) and (c) of section 14 of the Food Stamp Act of 1964, as amended, are amended by striking out "$5,000" and inserting in lieu thereof "$1,000".

SEC. 10. Section 15 of the Food Stamp Act of 1964, as amended, is amended as follows:

(a) Subsection (b) is amended by inserting the following wording at the end of clause (1) and immediately before the semi-colon: ", exclusive of those households in which all members are receiving assistance under federally aided public assistance programs;".

(b) A new subsection (c) is added to read:

"(c) Notwithstanding any other provision of this Act, the Secretary is authorized to pay to each State agency an amount equal to 75 per centum of all direct costs of State food stamp program investigations, prosecutions, and State activities related to recovering losses sustained in the food stamp program, except for the costs of such activities with respect to households in which all members are receiving assistance under federally aided public assistance programs.

SEC. 11. The Food Stamp Act of 1964, as amended, is further amended by adding thereto a new section 18 to read as follows:

"CIVIL MONEY PENALTIES

"SEC. 18. (a). Any person, including any State agency, other than a member of a household eligible to participate in the program or a retail food store authorized to accept or redeem food coupons for food or meals, who violates any provision of this Act or the regulations issued pursuant to this Act may be assessed a civil money penalty. The penalty shall not exceed $10,000 for each violation. The penalty shall be assessed by the Secretary, or his delegate, by written notice.

"(b) In determining the amount of the penalty, the Secretary shall take into account the gravity of the violation, degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require.

"(c) The person assessed shall be afforded an opportunity for an agency hearing, upon request made within thirty days after issuance of the notice of assessment. In such hearing, all issues shall be determined upon the record pursuant to section 554 of title 5. The agency determination shall be made by final order which may be reviewed only as provided in subsection (d). If no hearing is requested as provided herein, the assessment shall constitute a final and unappealable order.

"(d) Any person against whom an order imposing a civil money penalty has been entered after agency hearing under this section may obtain review by the United States Court of Appeals for the Circuit in which the person resides or does business by filing a written notice of appeal in such court within sixty days from the date of such order, and simultaneously sending a copy of such notice by registered or certified mail to the

> Secretary. The Secretary shall promptly certify and file in such court the record upon which the penalty was imposed, as provided in section 2112 of title 28. The findings of the Secretary shall be set aside if found to be unsupported by substantial evidence as provided by section 706(2)(e) of title 5. Where the court upholds the Secretary's order, it shall enter judgment in favor of the United States in the amount of the penalty, which judgment may be registered in any United States District Court in accordance with the provisions of section 1963 of title 28, United States Code.
>
> "(e) If any person fails to pay an assessment after it has become a final and unappealable order, the Secretary shall refer the matter to the Attorney General, who shall recover the amount assessed by action in the appropriate United States District Court. In such action the validity and appropriateness of the final order imposing the penalty shall not be subject to review.
>
> "(f) The Secretary may, in his discretion, compromise, modify or remit any civil penalty which is subject to imposition or has been imposed under this section.
>
> "(g) The Secretary shall promulgate regulations establishing procedures necessary to implement this section."

Mr. BUCKLEY. Mr. President, today the President has submitted to the Congress his recommendations for food stamp reform. I am pleased to join my distinguished colleague from Georgia (Mr. TALMADGE) in introducing them for the consideration of the Senate, as Congressman BOB MICHEL did yesterday in the House. To a large extent, the President's proposals are consonant with those set forth in the first National Food Stamp Reform Act introduced last summer.

When 17 Members of the Senate and I introduced that bill on June 23, our common intent was to thoroughly reform the food stamp program in order to restore it to its original purpose: providing a decent level of nutrition to America's hungry. We did not then claim our bill was perfect, although, judging from the public support it has won, it does seem to have met its major objectives of equity for the needy as well as the taxpayer. We stressed that we were open to suggestions, and that we hoped others would share with us their information and ideas on ways to strengthen the food stamp program for the truly needy.

Since that time, the national insistence upon food stamp reform has grown into a crescendo of protests against the program's abuses. The public demands remedial action from the Congress, and I am increasingly confident that they will get it.

There are some areas of difference between the President's recommendations which we today introduce and those of the original Buckley-Michel bill. I will continue to work for whatever additional improvements may be needed in this legislation, but I do not want to detract in the least from my commendation for the President's wisdom in asking the Congress for much more than cosmetic changes in the food stamp program.

So now there is another National Food Stamp Reform Act. It is my hope that, as the Senate Agriculture Committee continues its meticulous review of the food stamp program and its judicious analysis of various proposals to reform it, all that is good in the bill will be combined with the Buckley-Michel bill to produce a final piece of legislation which every Member of the Congress will endorse.

This, then, is an occasion for both unity and confidence among all those who are committed to restoring common sense to the food stamp program. Even if we differ on some nonessentials, we should be able to speak in harmony on the need to limit participation in the program to the poor, to eliminate from eligibility those ablebodied persons who will not work, and to limit the assets of food stamp recipients so that those who possess much will not be subsidized by the taxpayer.

At the same time, we should be able to agree on the need to make the food stamp program more accessible to the elderly. I am pleased that the National Food Stamp Act of today, like the Buckley-Michel bill, incorporates a special senior citizen deduction, while providing stamp recipients with a somewhat larger allotment of stamps in order to better their diets.

Mr. President, I hope all Members of the House and Senate who cosponsored the National Food Stamp Reform Act last June will give careful consideration to cosponsoring as well this new piece of legislation designed to meet many of the same objectives. They will not have to abandon in the least their support for the provisions of the former bill, any more than I myself intend to do so. But this is the time to show, in the spirit of cooperation and compromise, that the Congress will work with the President to reform and restructure Federal welfare programs, especially the food stamp program.

As a gesture of that cooperation, and as an expression of my own commitment to do all that I can to clean up the food stamp mess, I am happy to join Senator TALMADGE in submitting for the consideration of my colleagues the Second National Food Stamp Reform Act.

Mr. DOLE. Mr. President, I am joining the distinguished Senator from Georgia (Mr. TALMADGE) in introducing the administration's food stamp reform legislation. The bill contains many sound provisions which, in combination with other food stamp reform proposals, will provide the framework for a new food stamp program—one that is fair to the taxpayers and the needy alike.

I am particularly pleased that the legislation submitted by the administration contains many of the same concepts as in S. 2451, the food stamp reform bill Senator MCGOVERN and I introduced a few weeks ago. Specifically, the concept of a standard deduction and gross income ceiling should be welcomed by all concerned with an efficient and equitable food stamp program.

INCOME LIMITS

While I enthusiastically endorse the standard deduction concept in the administration bill, I believe the income eligibility guidelines in my bill are much more in line with the goal of encouraging those eligible for food stamps to seek employment. In particular, I believe it is very important that taxes and other payments mandatorily withheld from wages be deductible in addition to the standard deduction in the computation of food stamp eligibility. As Assistant Secretary of Agriculture Richard Feltner testified before the Senate Select Committee on Nutrition and Human Needs on July 31, taxed.

> Even with the standard deduction, it may be desirable also to allow deductions for mandatory tax withholding and disaster losses. This would assure equity and retain work incentives between households with incomes from public assistance which is not taxed and those with earned income that is taxed.

Unless recipients are permitted to deduct income and retirement taxes, the value of the standard deduction to working families will be less than to food stamp recipients whose income is from nontaxable public assistance.

Similarly, the cutoff of benefits at the poverty level of net income may pose work disincentive problems. I am hopeful that the administration will reconsider its position on this issue, making revisions which will bring the income eligibility limits in line with those contained in the bill I have introduced. For unless food stamp benefits are allowed to "tail out" naturally, a work disincentive "notch" is created whereby a family of four with income right at the poverty level would lose almost $450 in annual benefits if its income was just $1 over the poverty level each month of the year.

OTHER PROVISIONS

Apart from the income eligibility limits in the bill, there are many other features which merit close scrutiny, and, I hope, inclusion in the final bill. Specifically, the provisions which tighten up on quality control and administration of the program are welcome and should go a long way toward making the food stamp program more fiscally responsible and responsive to human needs.

COMPROMISE

I am pleased that Secretary Butz has indicated the willingness of the administration to compromise on many of the important features of the food stamp reform bill, especially the income eligibility criteria and work incentive features of the legislation. With this understanding, as ranking minority member, I join the distinguished chairman of the Senate Committee on Agriculture and Forestry in introducing this administration bill.

By Mr. KENNEDY:

S. 2538. A bill entitled "The National School-Age Mother and Child Health Act of 1975". Referred to the Committee on Labor and Public Welfare.

Mr. KENNEDY. Mr. President, during the past decade we have become increasingly more aware of the large numbers of young girls who are bearing and rearing children while still of school age. Indeed, some of these young people are still children themselves, scarcely able to cope with child bearing and child rearing, which is a significant challenge even to the mature adult. Not only is the number of teenagers in our population increasing, but the teenage population is the only group in our society in which the number of births shows a continuing increase. According to the National Center for Health Statistics, over 600,000 babies were born to teenage women in 1973, and the number of births to girls under the age of 15 has doubled between 1960 and 1973. This problem cuts across social, economic and ethnic classes, and exists in urban, suburban and rural areas.

These young girls must, for the most part, resign themselves to a bleak future, or choose the alternative of abortion.

We must recognize, Mr. President, that the birth of a child to a school-age girl has tremendous consequences both to the mother and the child itself. Pregnancy among school-age girls is the greatest single factor in the dropout rate from school, imposing a terrible burden to the girls and an impediment to their future, as well as a social burden on society. For approximately 60 percent of these girls, the birth of a child begins a cycle of dependency on public welfare.

In addition, it is well known among health experts that the younger the mother, the more likely the child is to be underweight, to be born premature, and to suffer a wide variety of health and other social disadvantages. Without additional help from other competent agencies, both the mother and the child will remain disadvantaged and impose additional burdens on society which in the long run will prove more costly than the provision of timely help at the very beginning.

Moreover, Mr. President, many of them would like to have these children, and, in fact, over two-thirds of all mothers aged 19 or under elect to carry their babies to term. The main purpose of the bill which I am introducing is to provide a reasonable alternative to abortion for those who choose to bear and raise their children: an alternative which will help them to meet the challenges of motherhood and yet continue their education; to find support for their medical needs and those of their children; and to gain access to appropriate social counseling to permit them to look forward to a reasonable and productive place in society for both themselves and their children.

Finally, Mr. President, it must be emphasized that the measure which I propose in this bill, will not be costly in terms of the Federal funds involved, but will have an immeasurably large impact upon this problem. One of the major aims of this bill is to encourage State and local agencies, public and private, to coordinate their efforts in this area, and to maintain and expand those efforts already underway in the delivery of health and social services to the young mother and her child. Thus, the value of each Federal dollar will be multiplied immeasurably for the benefit of this extremely vulnerable high-risk group of school-age mothers and their children.

SOCIAL IMPLICATIONS

Mr. President, the problem that we are dealing with is not a small one. In 1970, there were over 644,000 live births to girls 19 years of age and under. Of these, almost one-quarter million were born to girls between the ages of 15 and 17, while almost 12,000 live births involved girls under the age of 15. It is a significant part of the overall problem that over 80 percent of the births to girls under 15 years of age were illegitimate children, while 43 percent of the children born to girls between 15 and 17 years of age were illegitimate, and over 22 percent of the girls 18 to 19 years of age bore illegitimate children. This, however, does not take into account the number of pregnant girls that marry before the birth of their child. While the strains on the unwed mothers are very significant, we must recognize also the nature of the strains imposed by early marriage. A full two-thirds of marriages by school-aged girls end in divorce within the first 5 years. Here is certainly an area in which counseling might be of immeasurable help to the teenage mother.

Another very significant contribution of counseling at this critical stage in the life of these young girls is seen in the incidence of pregnancy repeat rates. There is ample evidence that a young mother may be able successfully to cope with a single infant and still make for herself a useful future life, but that the probability of this happening after she has a second child is far less. At this crucial point, counseling on family planning, vocational counselling to encourage the mother to remain in school and to prepare her for a useful career, and personal counseling to further enable her to come to grips with her situation and to find a place in society will all assist the young mother and her child in preparing them to enter society as useful citizens.

Because of the youth and inexperience of school-age pregnant girls, this group is especially susceptible to many of the health problems associated with pregnancy. These include malnutrition, toxemia of pregnancy, and because of their youth, a higher proportion of difficult births due to cephalo-pelvic disproportion. Comprehensive prenatal health care started as early as possible in the pregnancy and provided consistently, such as is provided for in this bill, have clearly shown their value in reducing this type of pregnancy problem.

As important as the health problems are of the pregnant mother, those of the child, both prenatal and postnatal, are even more severe. It is well-known that the younger the mother, the more likely it is that the child will be of low birth weight and will be born prematurely. These two factors represent perhaps the greatest contribution to infant mortality that we know, and, therefore, it is most critical that comprehensive health care be provided during the immediate postnatal period. However, the risks to the child do not end in the first month or year of life, but continues until the age of 4 or 5, and, therefore, it is essential that health care for these high-risk children not be interrupted too early, and that they continue at least until the age of 5.

Another factor that enters is the nature and quality of family care that the young child born to a school-age mother can expect. Being so young themselves, many of these mothers have little appreciation of the general requirements of parenthood, as well as of the specific practices required to bring up and care for a young baby. As a consequence, many of the children of school-age parents suffer from this lack of knowledge by their mothers. Many of them find their way into foster homes, and some unfortunately, join that group of children who are neglected and even abused. Here is certainly an area in which appropriate and timely counseling of the mother could result in significant improvement of the welfare of the child as well as the happiness of the family unit. In addition, the heavy burden of a young infant or child in the house makes it extremely difficult for the mother to continue her education, to find fruitful employment, and to lead an otherwise normal existence. The day care provisions of this bill will go far toward helping the young mothers solve these very significant problems.

It is obvious, Mr. President, that it will not be sufficient to attack only one or a few of these problems. Rather, a solution of the more general and growing problem requires coordination of the array of health and social services that are all directed to meeting these very special needs of this group of vulnerable young mothers who are most in need of the helping hand of society.

SOCIAL COSTS

Mr. President, we have emphasized that the amount of Federal funds to be dedicated to this program is minimal, but that they will be amplified appreciably by the mechanism of entitlement to the States, requiring initiation and coordination of new local efforts as well as the maintenance of efforts already underway. It is important to realize that the direct economic cost to society of early childbearing and childrearing by school-age parents is substantial. Not only are there immeasurable costs in the loss of human potential and personal suffering, but there are direct and measurable economic costs.

Welfare dependency. In 1973, there were over 226,000 mothers age 19 years or under on the welfare rolls of the aid to families with dependent children—AFDC—program. Assuming that all of these mothers received AFDC grants for 6 months at the level of the average grant, we see that nearly $300 million per year of grant payments were required to support these young families in the year 1973 alone. When one adds to this medicaid costs, food stamps, and the administrative costs to the actual grants, the cost is probably doubled to a figure of between $500 and $600 million. In further data from New Haven, Conn., it is shown that 60 percent of teenage parents would probably appear on the welfare rolls within 5 years, and most important, that these young girls have at that time an average of 3.4 children. At the average 1973 yearly grant of $2,500 per year, the recurring annual costs would be nearly $400 million per year in grant payments alone, if intervention in the form of comprehensive services does not occur. When such services are provided, it is clear that this welfare cost can be cut in half, showing a very clear benefit to both the family unit as well as to society.

Infant morbidity. The infants of teenage parents are found to be more than twice as likely than those of older parents to be of low birth weight, so that for example while 8 percent of children born to all mothers are of low birth weight, a full 18.2 percent of children born to mothers under the ages 15 and 10.7 percent of infants born to mothers age 15 to 19 are of low birth weight. Even more important than this is the increasing risk of low birth weight to subsequent pregnancies of these young girls, so that 27 percent of their children born in repeat pregnancies are of low birth weight. Since it is broadly recognized that low birth weight is one of the highest causes of infant morbidity, the cost of hospital care alone to the children of young parents must be considered. Applying the above percentages to 1973 births to teenage mothers, it can be expected that over 65,000 of these babies are of low birth weights. If only 1 in 10 of these low birth weight babies born to teenage mothers were to require additional hospital care, then we might project an additional cost of something on the order of $100 million per year. When such births are associated with mental retardation or with other congenital anomalies, as they frequently are, the cost can be expected to be even higher. We may conservatively estimate that the risk of severe neurological impairment in the children of teenage mothers may be twice that found in the normal population. Given that the life-time costs of institutional care of such a child is approximately $200,000, it is clear that the comprehensive program proposed in this bill would only need to prevent 150 tragic instances of this type in order to justify the expenditure on this basis alone.

Child abuse and neglect. A study from Pennsylvania concluded that "the children of many adolescent marriages have a high risk of joining the number of battered and abused babies; any measure to help prevent this deserves serious consideration." It is difficult to measure the cost to society of the health needs and social services required by the abused or battered child, or by the many children of teenage mothers who find their way into the care of child welfare agencies and who require other community services such as foster homes or adoption. It is clear, however, that the counseling and child care provisions of this bill would contribute significantly to a reduction of these social costs, although it is currently difficult to measure in dollar terms what the savings might be. It is easy, however, to visualize the savings that this program may bring in terms of human suffering.

It is clear, Mr. President, from studies in New Haven, in Pittsburgh, in Washington, D.C., and elsewhere, that programs which provide early and consistent prenatal care, nutrition counseling and services, social services and counseling, and continuing education have shown a concomitant reduction in infant mortality and morbidity as well as a reduction in school dropouts during teenage pregnancy. Those programs which have also provided continuing services beyond delivery have shown a significant reduction in the number of subsequent births while the parents are still of school age. One project in Delaware has shown a reduction in the number of repeat pregnancies among school-aged mothers from 80 percent before the implementation of the program down to 15 percent after its implementation. Such impressive results must of necessity result in significant dollar savings to society.

The difference between this bill and that introduced by the distinguished Senator from Indiana (Mr. Bayh) is that this measure is more extensive in its scope. The measure introduced by Mr. Bayh takes the form of project grants, and would be limited to only a small number of new projects throughout the entire country. In the bill which I am now introducing, the scope is much more extensive, taking the form of formula grants and entitlements to the States, encouraging them to coordinate and maintain existing efforts on a statewide basis and to undertake new efforts in this important area. Its impact should thus be felt more widely throughout the country.

DESCRIPTION OF BILL

Mr. President, this bill is specifically designed to authorize and direct the Secretary of the Department of Health, Education, and Welfare to make grants to single State agencies, to assist in planning, establishing, maintaining, coordinating, and evaluating programs for comprehensive services for school-age girls and their children. It requires the agencies to submit and have approved by the Secretary a formal plan for their coordinated and comprehensive program. It provides for the establishment of a State advisory council on comprehensive special services for school-age women and their children, to include representatives of State health, education, and social service agencies, as well as appropriate local and nongovernmental organizations and groups concerned with health, education, and social services, and the consumers of such services. It encourages cooperative efforts among governmental and nongovernmental agencies, organizations, and groups, and provides that the State agencies will annually review their programs and make such reports as the Secretary may reasonably require.

Among the services to be provided under this program is the comprehensive health care to school-age mothers, including but not limited to tests for pregnancy, screening, diagnosis, and treatment of all prenatal and postnatal conditions, including nutritional deficiencies, for a period up to 1 year after birth, with referrals where appropriate to other agencies for other types of treatment. The comprehensive health care to the children of school-age mothers during their preschool years will include, but is not limited to, medical examinations, the diagnosis and screening of nutritional deficiencies, visual and hearing defects, genetic birth disorders, and other crippling and handicapping conditions. The program also includes the provision to the school-age mother, both prenatal and postnatal of health education, community outreach and information services, family planning services and counseling, and the encouragement of the continuing education of the mother, including vocational training. It provides for counseling for the mother and her family and for the father of the child. In addition, the program includes the provision of infant care to enable the young mother to continue her education or to become gainfully employed, as well as the provision of adoption and foster care services. An important part of this measure is that the entire range of programs of social, educational, and health counseling and services must be coordinated in a meaningful manner, so as to best serve the needs of the pregnant adolescent before birth of the child, and of the mother of the child after birth.

The bill also requires assurances that each and every program will make every reasonable effort to collect appropriate reimbursement for its costs in providing health services to persons who are entitled to insurance benefits under title 18 of the Social Security Act, to medical assistance under a State plan approved under title 19 of such act or to assistance for medical expenses under any other public assistance program or private health insurance program which might be applicable.

Finally, it provides that any financial assistance under this title, whether by grant or contract, shall be voluntary on the part of the recipient and shall not be a prerequisite to eligibility for or receipt of any other service for which the recipient may be eligible. In addition, the names and other identifying information of persons receiving services under these programs shall not be released to the State or Federal Government except where required by law in order to obtain reimbursement for services. In no case may the application for a grant be approved by the Secretary if reasonable assurances are not provided that the grant will not result in any decrease in the level of State, local or non-Federal funds for such services, but that such grants will be used to supplement and to the extent practicable to increase the level of such funding by local agencies.

In summary, Mr. President, the program authorized by this legislation would address a serious and growing problem—one which cuts across social, economic, cultural, and geographic lines—and which results not only in great human misery on the part of those directly involved, but places an enormous burden of dependency upon communities across the country.

This program, at minimal additional costs to the Federal Government, will result in great savings, both in terms of dollars and societal problems in the years ahead. In a very real sense, it will represent a wise investment in the future health and well-being of American society as a whole.

The bill authorizes the appropriation of $30 million per year for 3 years.

Mr. President, the Subcommittee on Health of the Committee on Labor and Public Welfare will hold hearings on this bill, and Senator Bayh's legislation on Thursday, October 23, 1975. I hope the committee will act rapidly on the legislation pending before it intended to deal with this problem.

Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was

ordered to be printed in the RECORD, as follows:

S. 2538

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The National School-Age Mother and Child Health Act of 1975".

FINDINGS AND DECLARATION OF PURPOSE

SEC. 2. The Congress finds that—

(1) pregnancy among adolescents is a serious and growing problem;

(2) such pregnancies are a leading cause of school dropout, familial disruption and increasing dependency upon welfare and other community resources;

(3) the children of adolescent mothers are often at high risk during their early years, leading to increased infant morbidity and mortality;

(4) health, education, counseling and other social services to assist adolescent mothers who choose to bear their children are often inadequate, disorganized and fragmented.

(b) The purpose of this Act is to—

(1) strengthen family life by encouraging the provision and coordination of comprehensive health, education, psychological and other social services to adolescent parents and their children (such as job and vocational training and placement and care for the infants and children of adolescent parents) thereby providing a meaningful alternative to abortion;

(2) encourage coordination and improvement of existing services, as well as the provision of new services where necessary;

(3) reduce the growing number of adolescent pregnancies by encouraging family planning and reduce the growing number of school dropouts by encouraging adolescent parents to complete their education;

(4) improve the health and parenting capabilities of adolescent parents, in order to maintain the integrity of families and to reduce illness and abuse of children now associated with adolescent parenthood.

SEC. 3. Title III of the Public Health Service Act (42 U.S.C. 201) is amended by adding after section 319 the following new part:

"PART C—COMPREHENSIVE SERVICES FOR SCHOOL-AGE GIRLS, THEIR INFANTS AND CHILDREN

"FORMULA GRANTS TO STATES FOR COMPREHENSIVE SERVICES FOR SCHOOL-AGE GIRLS, THEIR INFANTS AND CHILDREN

"SEC. 320. (a) The Secretary is authorized and directed to make grants, from allotments made under subsection (b), to meet part of the costs to designating State agencies to assist in planning, establishing, maintaining, coordinating, and evaluating programs for comprehensive services for school-age girls, their infants and children in accordance with section 320A. No grant may be made to a designated State agency under this section unless such agency has submitted, and had approved by the Secretary, a State plan for a coordinated and comprehensive program in accordance with section 320A.

"(b) The sums appropriated to carry out the provisions of the section shall be allotted to the States by the Secretary on the basis of the population, financial need, and number of live births to school-age girls per population in the calendar year 1973 of the respective States.

"(c) For the purposes of this section, the term 'State' includes the Commonwealth of Puerto Rico, Guam, American Samoa, the District of Columbia, and the Trust Territory of the Pacific Islands.

"STATE PLANS FOR COMPREHENSIVE SERVICES FOR SCHOOL-AGE GIRLS, THEIR INFANTS AND CHILDREN

"SEC. 320A. In order to be approved for purposes of this subsection, a State plan for Comprehensive Services for school-age girls, their infants and children must—

"(a) designate, or provide for the establishment of, a designated State agency as the sole agency for administering or supervising the administration of the State's program under the plan;

"(b) contain satisfactory evidence that the designated State agency will have authority to carry out such plan in conformity with this part;

"(c)(1) provide for the establishment of a State Advisory Council on comprehensive special services for school-age girls, their infants and children, which shall include representatives of State health, education and social service agencies and other appropriate local agencies and nongovernmental organizations and groups. The Council shall advise the designated State agency in carrying out its functions under the plan, to assure the coordination of services provided by the health, education, social service and voluntary agencies, and to approve the State plan prior to its submission to the Secretary.

"(2) in selecting membership for the categories of representation in this paragraph, emphasis shall be placed on choosing individuals from day care and child care services, nursing, law, ethics, social services, individuals with expertise in the physical and emotional development of infants and children, and parents who have worked in appropriate organizations in the community.

"(d) set forth policies and procedures for the expenditure of funds under the plan, which, in the judgment of the Secretary, are designed to assure effective continuing State planning, evaluation, and delivery of services (both public and private) for school-age girls, their infants and children.

"(e) provide for cooperative efforts among governmental or nongovernmental agencies, organizations and groups concerned with special services for school-age girls, their infants and children, and for cooperative efforts between such agencies, organizations, and groups in the fields of health, education and welfare;

"(f) provide such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan;

"(g) provide that the designated State agency will make such reports, in such form and containing such information as the Secretary may from time to time reasonably require, and will keep such records and afford such access thereto as the Secretary finds necessary to assure the correctness and verification of such reports;

"(h) provide that the designated State agency will from time to time, but not less often than annually, review its State plan approved under this subsection and submit to the Secretary appropriate modifications thereof;

"(i) define the extent of the problem, the services currently being provided, the deficiencies in the provision of services, and steps planned to organize, coordinate, and provide comprehensive Statewide services directly and through agreement with other agencies;

"(j)(1) set forth policies and procedures to assure that the names and any other identifying information of persons receiving services under these programs shall not be submitted to or collected by the Federal Government, State government, and by any individual or organization other than (A) the program actually delivering the services; and (B) third-party payors and in such cases not without the prior informed consent of the individual or the individual's legal guardian;

"(2) set forth policies and procedures to assure that the names and any other identifying information of persons receiving services under these programs, which are disclosed to third-party payors, are kept strictly confidential and are not further disclosed;

"(k) include and provide for the origination, continuation, extension, and improvement of the following services, but not limited to, directly or through cooperative agreements—

"(1) comprehensive health care to school-age girls associated with the continuation of pregnancy, including but not limited to—

"(A) tests for pregnancy

"(B) screening and diagnosis and treatment of all prenatal and postnatal conditions, including nutritional deficiencies, for a period of one year after birth, and

"(C) referrals when appropriate to other agencies for treatments not covered under this section;

"(2) comprehensive health care to infants and children of school-age girls during infancy and pre-school years, including but not limited to—

"(A) comprehensive health care, including but not limited to, neonatal intensive care;

"(B) medical examinations,

"(C) diagnosis and screening of—

"(i) nutritional deficiencies,

"(ii) visual and hearing defects,

"(iii) mental retardation and learning disorders,

"(iv) crippling and handicapping conditions, and

"(v) catastrophic illness;

"(D) referrals when appropriate to other agencies for services not covered under this section;

"(3) health education;

"(4) community outreach and information services;

"(5) family planning services and counseling;

"(6) continuing education of mothers (including vocational training and assistance in locating employment);

"(7) counseling for the mother and father of the child and the appropriate families;

"(8) infant and child day care;

"(9) adoption and foster care services;

"(10) a coordinated program of social services, including educational, vocational, legal, ethical, social, counseling, and referral services (including adoption counseling) designed for school-age girls until the agency finds that the services are no longer necessary; and

"(11) appropriate services for infant and child abuse and neglect.

"(1) provide assurances that each and every program has made or will make and will continue to make every reasonable effort to collect appropriate reimbursement for its costs in providing health services to persons who are entitled to insurance benefits under title XVIII of the Social Security Act, to medical assistance under a State plan approved under title XIX of such Act, or to assistance for medical expenses under any other public assistance program or private health insurance program;

"(m) total evaluation of individual needs—medical, nutritional, social, educational and psychological with management protocol.

"CONFIDENTIALITY

"SEC. 320B. The names and other identifying information of persons receiving services under these programs shall not be submitted to or collected by the Federal Government, State government, and by any individual or organization other than (1) the program actually delivering the services, and (2) third-party payors, and in such case not without the prior informed consent of the individual or the individual's legal guardian.

"VOLUNTARY PARTICIPATION

"SEC. 320C. The acceptance by any individual of family planning services or family planning or population growth information (including education materials) provided through financial assistance under this title (whether by grant or contract) shall be voluntary and shall not be a prerequisite to eligibility for or receipt of any other service or assistance from, or to participation in, any other program of the entity or individual that provided such service or information.

"MAINTENANCE OF EFFORT

"Sec. 320D. Applications for grants under this part may be approved by the Secretary only if the application contains or is supported by reasonable assurances that the grants will not result in any decrease in the level of State, local, and other non-Federal funds for services for school-aged girls, their infants and children, and training of persons to provide such services which would (except for such grant) be available to the applicant, but that such grants will be used to supplement and, to the extent practicable, to increase the level of such funds.

"AUTHORIZATION

"Sec. 320E. There are authorized to be appropriated to carry out the purposes of sections 320 and 320A of the Act $30,000,000 for the fiscal year ending June 30, 1976, and for each of the next two succeeding fiscal years.

"COORDINATION; REPORTS

"Sec. 320F. There is hereby established within the Maternal and Child Health Service, hereinafter referred to as "Service", of the Department of Health, Education and Welfare an identifiable unit to administer, evaluate and coordinate the program established by this part. The Service shall submit an annual report to the Secretary which shall include, but not be limited to, suggested modifications to increase and improve the program. The Service shall submit to each designated State agency on at least an annual basis reports on the status of all programs receiving Federal funds under section 320 of this Act.

"DEFINITIONS

"Sec. 320G. For purposes of sections 320 and 320A the term—

"(a) 'school-age girls' means any pregnant female of primary and secondary school age without regard to marital status; and

"(b) 'designated State agency' means a public or private nonprofit entity which is designated by the Governor of State to carry out the purposes of sections 320A, 320B, 320C, and 320D of this Act.".

"Sec. 4. Parts C, D, E, F, G, H, I, J, and K of Public Health Service Act, as in effect the day before the date of enactment of this Act are redesignated as parts D, E, F, G, H, I, J, K, and L, respectively.

By Mr. HATHAWAY:

S. 2539. A bill to amend the Internal Revenue Code of 1954 to provide for a graduated credit, in lieu of a deduction, for interest paid on a mortgage on a taxpayer's principal residence. Referred to the Committee on Finance.

Mr. HATHAWAY. Mr. President, today I am introducing a bill to provide the taxpayer with a partial credit instead of a deduction for the mortgage interest on his principal residence. This credit would be a 25-percent credit—25 percent of the taxpayer's interest amount would be credited toward his income tax liability—that would phase out gradually for taxpayers whose adjusted gross income was between $30,000 and $55,000. Taxpayers with adjusted gross income above $55,000 would not receive any credit.

The purpose of this bill is to make the Internal Revenue Code more equitable in the area of home ownership. At present, it is the high-income taxpayer who derives the largest benefit from the deduction for interest, because any deduction for the same amount is worth more to the high-income taxpayer than it is to the low-income taxpayer. This is because he is in a higher tax bracket, and when his income is reduced he saves more in taxes than the low-income taxpayer.

For example, for the taxpayer in the 50-percent bracket, a $1,000 deduction is worth $500, because it saves him $500 in the taxes he would have otherwise had to pay on that $1,000 worth of income. For the taxpayer in the 25-percent bracket, however, the same $1,000 deduction is worth only $250, because for him that $1,000 worth of income he would have had, absent the deduction, would have cost him $250 in taxes. In other words, the same $1,000 deduction is worth twice as much to this high-income taxpayer as it is to this low-income taxpayer. That is backwards. The taxpayer who should receive more assistance through our tax code is the low-income taxpayer, not the high-income one. This is particularly true in the area of home ownership. It is the low-income taxpayer who needs our assistance. The high-income taxpayer is likely to be able to afford his own home without tax assistance.

What my bill would be is provide the same tax benefit—a 25 percent tax credit—to everyone below the $30,000 adjusted gross income level. The size of this percentage would decrease by one-half point for each $500 by which the adjusted gross income exceeds $30,000. For example, a taxpayer with an adjusted gross income of $40,000 would be eligible for a 15 percent credit; a taxpayer with $49,000 adjusted gross income a 6 percent credit. Taxpayers with an adjusted gross income above $55,000 would not receive a credit. I do not feel taxpayers in that income range need any tax incentives to buy their own homes.

For the housing industry, the effect of my proposal would be to direct capital saved from taxes toward low- to middle-income housing instead of high-income housing. This is accomplished, as the accompanying table shows, by shifting the tax benefit for paying mortgage interest from taxpayers in the over $30,000 range primarily to taxpayers in the $10,000 to $20,000 range. Taxpayers in this range receive over 80 percent of the benefit from this bill. The net amount of Federal tax assistance to the housing industry would not be decreased. Indeed it would be increased somewhat. But the shift in who receives that assistance would tend to produce a shift in the direction of the housing industry, toward building homes for lower and middle income people. Furthermore, the tax incentive provided would be much more effective for the housing industry, because it would give many lower income people the boost they needed to afford their own homes, whereas it is unlikely that many high-income taxpayers would be forced to give up their home-buying plans. In other words, in addition to increasing the net tax incentive available for the investment in housing, it would make that incentive far more effective in encouraging home buying.

For these two reasons, tax equity and encouraging homeownership, I believe this proposal would benefit our society and our economy and should be adopted.

I ask unanimous consent that a copy of the bill and the accompanying table be inserted in the Record at this time.

There being no objection, the bill and table were ordered to be printed in the Record, as follows:

S. 2539

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable) is amended by renumbering section 45 as 46, and inserting after section 44 the following new section:

"Sec. 45. Interest on Principal Residence.

"(a) General Rule.—In the case of an individual there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the applicable percentage of the interest paid or accrued during the taxable year by the taxpayer on indebtedness secured by a mortgage on real property owned and used by him as his principal residence or on any other indebtedness incurred by him to acquire or improve real property used by him as his principal residence.

"(b) Applicable Percentage.—For purposes of subsection (a), the applicable percentage shall be 25 percent less 0.05 percent of every $500 by which the taxpayer's adjusted gross income exceeds $30,000.

"(c) Application With Other Credit.—The credit allowed by subsection (a) for any taxable year shall not exceed the amount of the tax imposed by this chapter for the taxable year reduced by the sum of the credits allowed by the preceding sections of this subpart (other than by sections 31 and 39).

"(d) Special Rules.—

"(1) Property used in part as principal residence.—In the case of property only a portion of which is used by the taxpayer as his principal residence, there shall be taken into account, for purposes of subsection (a), so much of the interest paid or accrued by him with respect to such property as is determined, under regulations prescribed by the Secretary or his delegate, to be attributable to the portion of such property used by him as his principal residence.

"(2) Joint ownership.—In the case of property owned and used by two or more individuals (other than a husband and wife) as their principal residence, the applicable percentage applied under subsection (b) shall, under regulations prescribed by the Secretary or his delegate be applied separately to such individuals.

"(3) Cooperative housing.—For purposes of this section, an individual who is a tenant-stockholder in a cooperative housing corporation (as defined in section 216(b))—

"(A) shall be treated as owning the house or apartment which he is entitled to occupy by reason of his ownership of stock in such corporation, and

"(B) shall be treated as having paid or accrued interest with respect to such house or apartment during the taxable year equal to the deduction which would be allowable to him under section 216(a) but for the last sentence of such section.

"(4) Change of principal residence.—If during a taxable year a taxpayer changes his principal residence, this section shall apply, under regulations prescribed by the Secretary or his delegate, to that portion of the interest paid or accrued by him with respect to each such principal residence as is properly allocable to the period during which it is used by him as his principal residence.

"(e) Regulations.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this section.".

(b) The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 45. Interest on principal residence.
"Sec. 46. Overpayments of tax.".

SEC. 2. (a) Section 163 of the Internal Revenue Code of 1954 (relating to interest) is amended by redesignating subsection (e) as (f), and by inserting after subsection (d) the following new subsection:

"(e) INDEBTEDNESS ON PRINCIPAL RESIDENCE.—No deduction shall be allowed under subsection (a) for interest paid or accrued on indebtednes secured by a mortgage on real property owned and used by the taxpayer as his principal residence or on any other indebtedness incurred by him to acquire or improve real property used by him as his principal residence.".

(b) Section 216(a) of such Code (relating to tenant-stockholders of cooperative housing corporations) is amended by adding at the end thereof the following new sentence: "No deduction except for real property taxes shall be allowed under the preceding sentence with respect to any house or apartment which is used by the tenant-stockholder as his principal residence.".

SEC. 3. The amendments made by this Act shall apply with respect to taxable years beginning after December 31, 1974.

ESTIMATED AGGREGATE DECREASE AND INCREASE IN FEDERAL INDIVIDUAL INCOME TAX LIABILITY RESULTING FROM GRANTING A NONREFUNDABLE MANDATORY CREDIT FOR HOME MORTGAGE INTEREST[1]

[25 percent credit with percentage phased out between $30,000 and $55,000; by adjusted gross income Class; 1975 income levels]

Adjusted gross income class	Returns with tax decrease			Returns with tax increase		Change in tax liability (millions)
	Total number with tax decrease (thousands)	Number made nontaxable (thousands)	Decrease in tax liability (millions)	Number of returns (thousands)	Increase in tax liability (millions)	
0 to $5,000	125	25	$12			−$12
$5,000 to $10,000	1,821	198	160			−160
$10,000 to $15,000	4,976	36	462	10	(2)	−462
$15,000 to $20,000	3,963	12	386	148	$7	−379
$20,000 to $30,000	1,308	5	123	2,342	103	−20
$30,000 to $50,000	47	(2)	4	1,332	371	+366
$50,000 to $100,000	(2)	(2)	(2)	327	312	+312
$100,000 and over				56	78	+78
Total	12,238	276	1,147	4,215	870	−277

[1] The estimate covers only the effect on itemized returns and covers home mortgage interest on 2d homes as well as principal residences.

(2) Less than 500 returns or $500,000.

Note: Details may not add to totals because of rounding.

Source: Staff of the Joint Committee on Internal Revenue Taxation, Sept. 24, 1975.

By Mr. HUMPHREY:

S. 2540. A bill to amend the Federal Reserve Act to reduce the length of terms of members of the Board of Governors of the Federal Reserve System, to provide for annual appropriations for the Federal Reserve Board, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

THE FEDERAL RESERVE SYSTEM MODERNIZATION ACT

Mr. HUMPHREY. Mr. President, I am introducing today a bill to reform our Federal Reserve System. I do so because that system, which establishes and provides the mode of operating for our central bank, is out-dated. The basic problem, to put it in very simple terms, is that our central bank is not coordinated with the economic policies of the Federal Government. It operates as an independent body with all the mystery and majesty that the high priests of ancient Egypt exercised. My bill would bring it into the fold of Government and make it responsive to the needs of our society, rather than to the commercial banks or to the particular philosophies of its leaders.

ORIGINAL PURPOSE OF FED

When the Federal Reserve System was established in 1913, its main objective was to provide a flexible currency so as to avoid the panic that had plagued this country from its beginning. Time and time again, this nation experienced devastating recessions because when money became tight, it reverberated through the banking system, feeding on itself.

Banks would compete with each other for a shrinking supply of funds and thereby accentuate their difficulties. This is a matter of history.

The Federal Reserve System was intended by its founders to ease these liquidity problems by expanding reserves when necessary, and this activity, operating primarily through the discounting of commercial paper, was conceived to be a largely automatic process of continuous adjustment.

The Federal Reserve Act set up 12 semi-autonomous regional banks having the power to buy and sell U.S. Government securities, as well as to set discount rates for commercial bank borrowing.

OPEN MARKET FUNCTION DEVELOPS

The discount function was regarded as a major instrument of credit control. The purchase and selling of Government securities, on the other hand, was, in the beginning, a spasmodic operation; it was entered into primarily to provide the regional banks with earning assets. But it soon became obvious that this process of purchasing bonds, through increasing the reserves of private banks, had a substantial effect on the lending powers of those banks and automatically led to increases in the money supply. I hasten to point out that this was not a bad thing. Most of the time it was necessary for the development of this Nation.

My point is that the discovery and development of this open market function, which is the essence of modern central banking, started a prolonged struggle for the control of this power. The struggle was between the dominant private banking interests and the advocates of public control of financial power. This was the issue that pervaded the debate on the 1935 amendments to the Federal Reserve Act.

ROOSEVELT'S PROPOSAL

When President Roosevelt submitted these 1935 reforms to the Congress, he was attempting to bring the Federal Reserve System under public control. His proposal would have vested responsibility for these open market functions in the Federal Reserve Board, which would have included the Secretary of the Treasury, the Comptroller of the Currency, and six other appointive members. Marriner Eccles, Chairman of the Federal Reserve Board, at that time, stated that:

> Open market operations are the most important single instrument of control over the volume and cost of credit in this country . . . authority over these operations which affect the welfare of the people as a whole, must be vested in a body representing the national interest.

COMPROMISE SOLUTION

Unfortunately, the final legislation embodied a compromise wherein the open market function was exercised by a separate open market committee made up of the seven governors of the Federal Reserve System and five reserve bank presidents, four of whom serve on a rotating basis. The President of the New York bank is a permanent member.

This committee is one of the most important elements in the system because it controls the purchase and sale of Government securities. This, in turn, controls the level of commercial bank reserves which are the prime element in the determination of the money supply and the prevailing rates of interest. Although only five of the regional bank Presidents are committee members, it is noteworthy that all 12 bank Presidents regularly attend open market meetings.

Each of the 12 regional banks is run by a board of directors under the general supervision of the Board of Governors in Washington. Of the nine directors of each regional bank, six are appointed by member banks and three by the Board of Governors, thus giving a preponderance of control to the representatives of the banking community.

The Board of Governors, intended to be an instrument of public control of the system, consists of seven members appointed by the President to 14-year terms. The Chairman is appointed by the President from the existing membership. Although this would appear to give the President considerable power over the System, there are two obstructing factors. First, the President can normally expect to wait 8 years before a majority of the Board is made up of his appointees. Second, there is no provision to make the term of the chairman coterminous with that of the President. Thus, in spite of his power, no President can assure himself of a Board working in harmony with his efforts to implement the mandate of the Employment Act of 1946.

LACK OF FULL EMPLOYMENT OBJECTIVES

Additionally and in spite of the impact of monetary controls on the prevailing economic climate, nowhere in the Federal Reserve Act or its amendments is there any mandate to exercise monetary policy for the general welfare. The hearings and debates indicate that such applications of the monetary powers were not within the contemplation of Carter Glass, Woodrow Wilson, or any of the other leading figures in the formulation of the Federal Reserve System. In the course of the 1935 amending legislation, Congress expressly rejected the notion of granting to the Board more extensive and more precise powers for promoting economic well-being. The original House bill charged the board of Governors with exercising its powers to promote conditions conducive to business stability and to use its influence to mitigate fluctuations in production, trade, prices, and employment, so far as possible within the scope of monetary action and credit administration. This proposed grant of authority was rejected by the Senate and forgotten.

The only general economic mandate in the act is the provision that the Board's activities be conducted to accommodate commerce and business, plus a caveat to avoid excessive use of credit in establishing reserve requirements for member banks. Neither of these provisions can be interpreted to support a conclusion that the Federal Reserve is required to pursue the goals of price stability, high employment, maximum production—the goals of the Full Employment Act of 1946.

THE EMPLOYMENT ACT

The Employment Act of 1946 marked a major break-through in the development of public economic planning. It permitted the Federal Government to "coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining * * * conditions under which there will be afforded useful employment opportunities, including self-employment, of those able, willing, and seeking to work and to promote maximum employment production and purchasing power."

Reading this language today, it seems axiomatic that the mandate calls for the harmonious integration of fiscal and monetary policies, the two major instruments available to the Federal Government for influencing the economic climate. Yet neither the Federal Reserve System nor monetary policy are mentioned in the act. Nor is price stability, which the Federal Reserve Board claims as one of its major policy objectives.

These omissions, incomprehensible as they may seem in 1975, can only be understood against the backdrop of 1944–45 opinion. The debates on the Employment Act abound with fears that reconversion to a peacetime economy would be accompanied by mass unemployment. The war had vividly brought home the validity of the new Keynesian economics. Massive war expenditures did not supplant civilian consumption as had been feared, but supplemented it, so that there was relatively mild curtailment of civilian production. The magic of this accomplishment lay in the greater utilization of capacity and the greater investment and growth induced by government expenditures. For the first time in over a decade, the economy began operating at full potential and its resiliency surpassed the brightest hopes of economists. It was not surprising, therefore, that the sponsors of the Employment Act thought primarily in terms of aggregate expenditures as the key to achieving high levels of economic performance.

MONETARY POLICY IS MORE IMPORTANT NOW

Because it focused on this approach, the Congress did not give much weight to monetary policy. This is understandable in the light of history because the experience of the 1930's had created the general impression that monetary policy was a weak tool for resisting depressions.

The popular view was that interest rate reductions were relatively ineffectual in a serious depression primarily because business and individuals did not appear willing to borrow when profits expectations are poor, even at very low interest rates. But, and I emphasize this, there has been a major shift more recently. The post-war history has taught us that monetary policy plays a very important role in the arsenal of economic policies.

THE RESULTS OF UNILATERAL RESERVE BOARD ACTIONS

When Congress repealed price control in 1946, and the inflationary potential of accumulated purchasing power began to push prices up, the Federal Reserve authorities started to pressure the administration to allow them to tighten money. The pressures became more acute when the Korean war intensified upward price tendencies. But the administration was unwilling to incur the risk of higher interest rates and depressed bond prices in the face of heavy financing requirements. The atmosphere became so charged in early 1951 that President Truman intervened and called the Federal Open Market Committee to a meeting at the White House on January 31, 1951. The context and the content of the meeting were described by the President as follows:

> It did not seem appropriate to me that we should enter into a period of deficit financing on a rising money-rate pattern. I also felt strongly that in the moment of impending crisis we should not take deliberate steps that could possibly disturb public confidence in the nation's financing.
>
> I was given assurance . . . that the Federal Reserve Board (sic) would support the Treasury's plans for action in Korea. This assurance was given entirely voluntarily. At no time during the conference did I dictate to the Board (of Governors) to tell them what specific steps they ought to take.

But in spite of Presidential intervention and apparent concurrence by the Federal Reserve Board, Chairman McCabe told the Treasury, less than 1 month later, that the Federal Reserve was no longer willing to maintain the existing situation in the Government security market. This precipitated 2 weeks of sharp discussion, much of it at the White House level, culminating in the issuance of a joint statement to the effect that "full accord" had been reached by the two departments.

The significance of the accord was far from clear. However, subsequent actions of the Open Market Committee indicated that it would continue to purchase bonds to stabilize the market when the Treasury undertook refinancing operations; otherwise, the Board acted to restrict credit. Interest rates rose and Government bonds fell below par in the market. Then, at the end of March 1951, Chairman McCabe resigned. It can be inferred from his statement at the time that he considered it prudent to withdraw in the face of a continuing conflict with the administration on the question of monetary policy and debt management. William McChesney Martin, serving as Assistant Secretary of the Treasury, was chosen as his successor. In spite of general expressions of hope that he would bridge the cleavage, interest rates on long- and short-term Government bonds rose briskly during the rest of 1951 and during 1952.

With the election of a Republican President and Congress in November 1952, the Federal Reserve received a new mandate to pursue its chosen course. The result of this new atmosphere was an immediate further increase in interest rates and a resulting fall in the prices of Government securities. The Federal Reserve increased the rediscount rate early in 1953 to 2 percent; yields on Government securities advanced rapidly.

MORE RECENT EXPERIENCE

It is the general consensus among economists that the 1974 stringency of the Federal Reserve seriously worsened the recession from which we are now suffering. In the latter half of 1974, the Fed permitted virtually no increase in the money supply. At that same time, prices were rising at an alarming rate. The inevitable result was severe downward pressure on investment, purchasing power, and employment.

In 1972, the Fed did just the opposite. By opening the spigot and increasing the money supply, it helped to spawn the inflation that still afflicts us.

These are recent examples but there are many others. Let us return to the post-accord period for a moment.

Years 1953 and 1954: At that time, the Federal Reserve started to tighten and induced an economic downturn. Then, it reversed its policy. When it did so, the economy responded positively and recovered rapidly in 1954; but after that the Fed began tightening money again. The growth of the money supply was sharply limited.

For a 3-year period between 1955–57, the compounded annual rate of change in the money supply was less than 1 percent, far below the rate of growth in economic activity. In August 1957, a recession set in and there is little doubt that the previous stringency was a major factor.

Similar circumstances brought about a recession in 1960.

Interestingly, each recovery period brought a higher plateau of rates and was accompanied by higher levels of unemployment.

In the latter half of the 1960's, the Federal Reserve managed the money supply in a manner described as "roller coaster" by some critics. That period reflected an unhappy combination of stimulative spending policies and tight money.

I could recite more episodes from our economic history, documenting the very poor coordination between the national economic policies and the policies of the Federal Reserve. But let me get to my main point which is that this situation can no longer be tolerated in the U.S. economy.

DESCRIPTION OF BILL

My bill goes to the heart of the problem. First of all, it requires that the actions and policies of the Federal Reserve Board be conducted in accordance with the programs and policies of the President and Congress under the Employment Act of 1946.

It further requires that the Board submit a quarterly report to the Congress explaining its past and present actions and monetary policies, and indicating specifically how they serve to carry out the program of the President and the Congress.

These provisions would make it impossible any longer for the Federal Reserve to go off in one direction while the rest of the country is trying to move in another.

My bill would also change the membership of the Federal Open Market Committee. Presidents of the regional banks would no longer be part of the committee. The regional banks, we must remember, are only quasi-public. Their directors are primarily chosen by the member banks from the private sector, particularly the banking and financial communities.

The new Federal Open Market Committee would be composed of the Board of Governors, the Secretary of the Treasury, and the Chairman of the Council of Economic Advisors. This fundamental open market power would then be vested where it belongs—in a body appointed by the President.

In this way, therefore, the Fed and the administration could work together—and not at cross purposes as has recently been the case—to formulate economic policies to achieve low unemployment, stable prices and steady economic growth.

To strengthen the role of the President in economic policy, the bill would shorten the terms of members of the Federal Reserve Board from 14 years to 7 years.

This reduced term of office would make the Board more responsible to the will of the people and less likely to act as high priests of finance at the same time, the 7-year term would give the Board protection from any overzealous or politically motivated President or Congress. The President would choose the Chairman of the Board which again would give him a more substantial role than he now has.

I believe it is important, too, that the Board reflects various segments of the American economic community. In recent years, it has become more and more representative of the monetary and financial community. My bill would correct this simply by providing that one of the seven members have expertise and experience in labor, another in agriculture, a third in the area of consumer affairs, and a fourth, in small business. These are the sectors of our society that monetary policy often overlooks.

There is one more provision of my bill that would go a long way toward making the Federal Reserve System a part of our economic and political process. At the present time, the Fed does not come to Congress for its appropriations. Instead, it collects interest on its massive portfolio, spends whatever portion of it that the Board in its wisdom deems necessary, and then magnanimously returns the balance to the Treasury. As a result, the Congress has no way of exercising any kind of meaningful annual review of the Fed's activities or any means of checking its expenditures. This situation is corrected in my bill by requiring that the Federal Reserve, like all the other agencies of Government, come to the Congress each year for its funds. I might add, this provision is long overdue.

In conclusion, Mr. President, let me simply say that no other central bank in the industrialized world has the independence and the aloofness that we permit the Federal Reserve. This extreme degree of independence has caused us serious troubles in the past. These problems can easily be eliminated and that is what my bill is intended to do.

Mr. President, I ask unanimous consent that this bill to reform the Federal Reserve be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2540

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act be cited as "The Federal Reserve System Modernization Act.

FEDERAL RESERVE BOARD MEMBERSHIP AND TENURE

SECTION 1. (a) The first and second paragraphs of section 10 of the Federal Reserve Act (12 U.S.C. 241 and 242) are amended to read as follows:

"The Federal Reserve Board (hereinafter referred to as the 'Board') shall be composed of 7 members appointed by the President, by and with the advice and consent of the Senate. Each member shall be appointed for a term expiring on June 30 of one of the first 7 calendar years succeeding the year in which he is appointed, as designated by the President at the time of nomination, subject to the limitation that not more than 2 members of the Board may have a term scheduled to expire within the same calendar year. Thereafter, each member shall hold office for a term of 7 years. The members of the Board shall devote their entire time to the business of the Board. Of the 7 members so appointed, one shall have expertise and experience in labor, one shall have expertise and experience in agriculture, one shall have expertise and experience in consumer affairs, and one shall have expertise and experience in small business.

"The members of the Board shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any member bank, except that this restriction shall not apply to a member who has served the full term for which he was appointed. The President shall designate one member as Chairman, to serve as such until the expiration of his term office as a member, or until the President shall designate another member to serve as Chairman, whichever is earlier. The Chairman of the Board, subject to its supervision, shall be its active executive officer. The Chairman may designate one member as Vice Chairman, who shall have power to act in the temporary absence or disability of the Chairman, or in the event of the death, resignation, or permanent incapacity of the Chairman, to act as Chairman pending appointment of his successor. Each member of the Board shall within fifteen days after notice of appointment make and subscribe the oath of office. Upon the expiration of their terms of office, members of the Board shall continue to serve until their successors are appointed and have qualified."

(b) The Board of Governors of the Federal Reserve System established under authority of the Federal Reserve Act, as in effect prior to the effective date of the amendment made shall be terminated (unless reappointed by President). Each member of the Board of Governors of the Federal Reserve System in office immediately prior to the taking effect of such amendment if not reappointed, shall be paid one year's salary at his then current rate.

(c) On and after the effective date of the amendment made by subsection (a) of this section, any reference (other than the reference in subsection (b) of this section) to the Board of Governors of the Federal Reserve System in any law, rule, or regulation of the United States or any department of agency thereof shall be deemed a reference to the Federal Reserve Board.

SEC. 2. (a) Section 12A(a) of the Federal Reserve Act is amended (1) by striking out all after "which shall consist of" in the first sentence and inserting in lieu thereof the following: "the Board of Governors, the Secretary of the Treasury, the Chairman of the Council of Economic Advisors," and (2) by striking out the second and third sentences thereof.

(b) Section 12A of such Act is amended—(1) by adding at the end of subsection (c) the following new sentence: "All purchases and sales by Federal Reserve banks of paper described in section 14 of this Act as eligible for open-market operations, as well as all other actions and policies of the Federal Reserve banks and the Board in the field of monetary affairs, shall be conducted in accordance with the programs and policies of the President and Congress pursuant to the goals of the Employment Act of 1946 and other provisions of law."; and

(2) by adding at the end thereof the following:

"(d) The Board shall submit a quarterly report to the Congress stating, in comprehensive detail, its past and prospective actions and policies under this section and otherwise with respect to monetary affairs, and indicating specifically how such actions and policies facilitate the economic program of the President and Congress pursuant to the goals of the Employment Act of 1946 and other provisions of law."

SEC. 3. Section 10 of the Federal Reserve Act is amended by adding at the end thereof the following:

"Notwithstanding any other provision of this section, the receipts of the Board, except to the extent necessary to cover losses or otherwise to maintain capital, shall be paid into the Treasury of the United States and there are authorized to be appropriated to the Board such sums as may be necessary to carry out its functions."

By **Mr. TUNNEY** (for himself, Mr. Randolph, Mr. Clark, Mr. Culver, Mr. Hartke, Mr. Humphrey, Mr. Inouye, Mr. Kennedy, Mr. Montoya, Mr. Stone, Mr. Metcalf, Mr. Mondale, Mr. Javits, and Mr. McGovern):

S. 2541. A bill to provide for the establishment of model programs for displaced homemakers and for other purposes. Referred to the Committee on Labor and Public Welfare.

Mr. TUNNEY. Mr. President, on Wednesday, September 17, I introduced legislation to provide reentry services and skills to persons who have been homemakers but who, as the result of death of spouse, divorce or other sudden loss of family income, are forced back into the labor market with few prospects of employment. Today, I am reintroducing this legislation with a few minor changes as the result of responses I received when I circulated the bill—S. 2353—for critical comment.

The bill is substantially unchanged, establishing up to thirty model program centers across the country for the period of 2 years to provide outreach, counseling, information and referral and other needed services to bring this underserved and underutilized segment of our population into the mainstream of the job market. The measure further provides for the Secretary of the Department of Health, Education, and Welfare to prepare a comprehensive report to Congress based on the experience of the model. This report is to contain a full assessment of the continued need for an ongoing national program paralleling the model; ways in which this class of individuals may be brought under existing Federal, State, and local jobs, training, education, and health programing; an evaluation of whether this class of individuals should receive benefits comparable to unemployment compensation; and an evaluation of whether work performed in the home can, indeed, be classified as employment in terms of both the benefits and responsibilities such a classification would entail.

A recent daylong seminar conducted by both the Federal Council on Aging and the National Council on the Aging, examining the national policy concerns for older women, focused at length on the displaced homemaker and the need for national attention to their plight. Tish Sommers, head of the Older Women's Task Force of the National Organization for Women made a most astute observation about this class of individuals:

> These years are crucial in a woman's life cycle. If she is able to develop self-respect, and can earn enough social security quarters, and if she gains a sense of independence and the ability to cope, she is far more likely to be self-sufficient in the years to come. This is preventive care, and for those who emphasize costs of alternative programs, here is the best way to save money—to pay such women adequately in the middle years so that they may not become charges later on.

This legislation will not establish yet another welfare program. Rather, it can serve as a stepping stone into Federal, State, and local and private sector job opportunities which are currently not available to them. It will provide them with an immediate income, safeguarding them from the welfare rolls during their working years, and further provide social security quarters to further protect them in their retirement years. Those benefiting from this program will be paying back in taxes over and above the modest cost of the legislation, and will be saving countless dollars in welfare benefits at the same time.

My home State of California became the first State to enact a displaced homemakers bill, passing the legislation by overwhelming margins in both the assembly and senate. The bill has the support of many statewide organizations, ranging from the California Commission on Aging to the California Bar Association's Committee on Equal Rights. Numerous city councils' commissions on the status of women, YWCA chapters, and women's organizations have also voiced their support. However, as Governor Brown pointed out, the State bill only establishes one pilot program in one county of one State, hardly impacting the full magnitude of the problem. Hence, there has been a call for national legislation.

Response to the legislation since I first introduced the bill has been gratifying. I am pleased that 12 of my colleagues, Senators Clark, Culver, Hartke, Humphrey, Inouye, Javits, Kennedy, McGovern, Metcalf, Mondale, Montoya, and Stone, have joined me and Senator Randolph in sponsoring this legislation. National organizations have coalesced in support of the bill, from the National Organization for Women to the National Board of the Young Women's Christian Association, and several national newspapers have written strongly supportive articles. I am hopeful that if this trend continues, we will soon have legislation enacted which will begin to benefit this well deserving group.

Mr. President, I ask unanimous consent that the text of the legislation and two articles which recently appeared in the Los Angeles Times and National Observer be printed in the Record at this point.

There being no objection, the bill and articles were ordered to be printed in the Record, as follows:

S. 2541

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Displaced Homemakers Equal Opportunity Act."

FINDINGS AND PURPOSE

Sec. 2. (a) The Congress hereby finds that—

(1) homemakers are an unrecognized and unpaid segment of the national work force who make an invaluable contribution to the welfare and economic stability of the Nation, but who receive no health, retirement, or unemployment benefits as a result of their labor;

(2) an increasing number of homemakers are displaced, usually in their middle years, from their family roles by divorce, death of spouse, or loss of family income, including Federal assistance;

(3) displaced homemakers are often without any source of income because such homemakers—

(A) are ineligible for social security benefits, being either too young, or divorced from the family wage earner;

(B) are ineligible for Federal welfare assistance, being neither physically disabled nor with children below a certain age; or

(C) are ineligible for unemployment insurance, having been engaged solely in unpaid labor in the home; and

(4) displaced homemakers are often subject to discrimination in employment because of age, sex, or lack of any recent paid work experience.

(b) It is the purpose of this Act to require the Secretary of Health, Education, and Welfare to establish model program centers to provide necessary services, counseling and information for displaced homemakers so that they may enjoy the independence and economic security vital to a productive life.

DEFINITIONS

Sec. 3. For the purposes of this Act—

(1) the term "displaced homemaker" means any individual who is not gainfully employed, or is having difficulty, or is likely to have difficulty in securing employment because that individual—

(A) has worked only in the home for a substantial number of years, providing unpaid household services for family members; and

(B) has been dependent on the income of another family member, but is no longer supported by the income of such family member, or has been dependent on Federal assistance, but is no longer eligible for such assistance;

(2) the term "income of another family member" means any income in support of an entire family unit for the purpose of providing that family unit with economic security, but does not include the payment of alimony; and

(3) the term "Secretary" means the Secretary of Health, Education, and Welfare.

MODEL PROGRAMS

Sec. 4. (a) The Secretary is authorized to establish either directly or by way of grant, contract, or other arrangement, a maximum of thirty model program centers for outreach, counseling, information and referral, and other services for displaced homemakers. There shall be at least two model program centers in each of the 10 Federal geographic service regions in the United States for a period of two years. Each such center shall provide services, including but not limited to outreach, peer-counseling, and information and referral services designed to protect and insure the health, welfare, income capabilities, and employment of displaced homemakers within the served areas. Services may include, but are not limited to job, health, financial management, legal, and educational opportunities including bilingual programming where appropriate. Information and referral services may include, but are not limited to job and financial management training as well as health and general education.

(b) The Secretary shall employ displaced homemakers, to the maximum extent possible, for supervisory, technical, and administrative positions connected with model program centers established under this Act.

ADMINISTRATION

Sec. 5. (a) In order to carry out his functions under this Act, the Secretary shall designate, within one month after enactment of this Act, an Assistant Secretary as coordinator of the model program centers. The Secretary shall—

(1) designate locations for the model program centers within each of the 10 Federal geographic service regions;

(2) coordinate the operation of such centers;

(3) require quarterly reports for each such center from the agency or organization operating that center; and

(4) consult and cooperate with the Secretary of Labor, the Commissioner of the Social

Security Administration, the Commissioner of the Administration on Aging, and the heads of such other executive agencies as the Secretary considers appropriate to coordinate effectively the model centers established under this Act with existing Federal programs.

(b) The Secretary is authorized to make contracts or grants or other arrangements with any public agencies or private nonprofit organizations for the purpose of establishing model program centers under this Act.

(c) The Secretary shall carry out his functions under this Act through the Assistant Secretary designated under subsection (a) of this section.

EVALUATION AND STUDY OF FEDERAL PROGRAMS

Sec. 6. (a) The Secretary, in consultation with appropriate heads of executive agencies shall—

(1) prepare and furnish to the Congress an evaluation of the model program centers assisted under this Act including—

(A) a thorough assessment of such model program center;

(B) recommendations concerning the administration of such programs at the local, State and Federal levels, specifying the most appropriate agency or subdivision thereof with which a national program should be coordinated; and

(C) recommendations to Congress concerning the viability of a national service program including outreach, counseling, information and referral, and other services for disabled homemakers, specifying the appropriate Federal agency through which such a program should be funded and directed; and

(2) prepare and furnish to the Congress a study to determine the feasibility of, and appropriate procedures for allowing displaced homemakers to participate in—

(A) programs established under the Comprehensive Employment and Training Act of 1973 (29 U.S.C. 801 et seq.);

(B) work incentive programs established under section 432(b)(1) of the Social Security Act;

(C) related Federal employment, education and health assistance programs; and

(D) programs established or benefits provided under Federal and State unemployment compensation laws by including housework as labor eligible for such benefits or programs.

(b) The Secretary shall submit to the Congress the reports required by subsection (a) of this section within 18 months after the establishment of the last model program center in all of the Federal geographic service regions.

CONTRIBUTIONS

Sec. 7. In carrying out the provisions of this Act, the Secretary may accept, use and dispose of contributions of money, services, and property.

AUTHORIZATIONS OF APPROPRIATIONS

Sec. 8. There are authorized to be appropriated such sums, not to exceed $2,500,000 for the fiscal year ending on June 30, 1976, not to exceed $625,000 for the period beginning July 1, 1976 and ending September 30, 1976, and not to exceed $2,500,000 for the fiscal year ending September 30, 1977, as are necessary to carry out the provisions of this Act. Sums appropriated for any fiscal year to carry out the programs under this Act shall remain available for obligation and expenditure until the end of the fiscal year after the fiscal year for which such sums were appropriated.

[From the Los Angeles Times View, Sept. 18, 1975]

Tunney, Burke Bills Pending: Aid for Displaced Homemakers

(By Marlene Cimons)
Times Staff Writer

Washington.—The letters come from throughout the country.

"After 28 years of marriage and four children, two of whom are grown and independent, I now find myself in the situation of being unemployed," one woman wrote from Rancho Palos Verdes. "I am a college graduate who happily made a career of wifehood and motherhood at a time when that was culturally accepted and encouraged. Times have changed and now I must start a new career at the age of 50."

"I am 67," wrote another, from Fairmont, W. Va. "I lost my husband a few months ago. I live alone and my only income is Social Security. My problem: I am ready to climb the wall and I need more income. I would give anything to be trained into doing meaningful work."

Finally, one from Baton Rouge, La., from several women who are trying to help one another.

"Our group spends most of its time scrabbling for food, rent and utility money for whichever member is in most need at a particular time. We have members who are eating only because they are able to sell their furniture through free ads in a shopper. One sold her drapes for $8 to pay a milk bill. She has since given up milk."

Rep. Yvonne Brathwaite Burke (D-Calif.) and Sen. John V. Tunney (D-Calif.) call them "displaced homemakers." The two California lawmakers believe it is a desperate situation that exists for several million people—mostly women—in this country today.

Who are displaced homemakers? They are people who at one time were dependent on another member of the family for income, and who suddenly find themselves—either through divorce or death of their spouse—forced to enter the labor market, often without skills or training. Lack of experience, combined with age and sex discrimination, frequently creates almost insurmountable obstacles to their finding jobs.

"Displaced homemakers are often left without any source of income;" Burke said. "They are frequently ineligible for Social Security benefits because they are too young or because they are divorced from the family wage earner. They are ineligible for federal welfare assistance if they are not physically disabled and their children are past a certain age, and they are ineligible for unemployment insurance because they have been engaged in unpaid labor in the home."

To help these people, Burke and Tunney have sponsored the Equal Opportunity for Displaced Homemakers Act, legislation they both say evolved from a proposal developed by the National Organization for Women and its task force on older women.

The Burke and Tunney bills, however, are not identical.

The Tunney version, which he introduced Wednesday, directs the secretary of Health, Education and Welfare to establish up to 30 model programs for a two-year period to provide outreach, counseling, information and referral services in the areas of job training and placement, financial management, legal assistance, education programs and health.

It also requires the secretary to submit a report to Congress evaluating the model program for possible expansion, and examine the feasibility of including displaced homemakers under federal employment, health and education assistance programs, as well as unemployment compensation. It authorizes a budget not to exceed $2 million a year.

The Burke bill, introduced May 14, calls for the establishment of multipurpose programs to provide direct services in job training, placement, legal assistance, education, health and financial management, in addition to outreach and information services relating to already existing federal programs. They would be administered through the Community Services Administration of the Department of Health, Education and Welfare. The appropriation is an open-ended one; i.e., whatever funding is required. Like Tunney's proposal, the Burke bill requires a report to Congress.

"DIRECT SERVICES" PREFERRED

Linda Teixeira, chairperson of the Washington chapter of the Alliance of Displaced Homemakers, is serving as the liaison here for NOW's task force on older women and is trying to organize support for the legislation from women's groups across the country. She said she supports both bills, but prefers the "direct services' aspect of the Burke version.

"If you refer displaced homemakers to other places, they will just get the same kind of counseling and services as everyone else, without attention to their specific problems, or they just might not even go," she said. "There aren't adequate services that exist to meet their needs now. Therefore, we feel there has to be some vehicle to address this particular group which has been ignored by the services of other programs. To take away direct services and just use referrals would, I think, take away the core of the purpose of the legislation."

A spokesperson for Tunney, however, said his measure would prove less expensive and has a better chance to obtain congressional approval. "The senator does not want to see this bill tied up and waiting for five years before it's passed," the spokesperson said.

STUDIES NEEDED NOW

"We need it now. We need the studies to find out how many people have to be served. The idea behind both bills, and the principles, are exactly the same."

Teixeira agreed. "The Tunney bill is also a good bill," she said. "We recognize also that his bill has the support of more key people. We feel, basically, it can be worked out. The leeway can be made in committee or conference. But we feel there should be some funding for direct services along with the referrals."

A legislative aide for Burke said they were planning some changes in the bill. Some objections already have been raised to Burke's placing the program under the jurisdiction of the Community Services Administration. Opponents fear it will then apply only to low-income persons. "That is likely to change," said Burke's staff person.

"We will probably change it to the HEW secretary's office, since we don't want it to be just a poverty program."

She said the Burke version would also be altered to include more referrals in the area of education. "There are many, many good programs already existing that we should take advantage of," she said.

No one knows yet exactly how many people are "displaced homemakers." Tunney said that, according to figures supplied to him by NOW, it is close to three million. Burke believes it may be even higher. "We think it could even be six million," she said, "but we just don't know. That's one of the things we have to find out. We have had calls and letters from all over the country. I have never had any piece of legislation that has generated such tremendous interest."

A similar California state bill, sponsored by Sen. Jerry Smith (D-San Jose), and which would establish a demonstration multipurpose center in Alameda County, was approved June 24 by the state Senate and Sept. 10 by the Assembly. The measure, which would appropriate $100,000 a year for two years, went to Gov. Brown on Friday. He has not yet acted upon it.

HOUSEWORK IN DOLLARS AND CENTS

Tunney, in introducing his bill, said 47% of California women 35 and older are widowed or divorced, and more than 155,000 Californians living below the poverty level are in female-headed households. "There has also been an increase of 46% in the total number of American households headed by women in the last 10 years," Tunney said.

Burke said an informal survey by the Chase Manhattan Bank in the late 1960s estimated the worth of housework at $8,285 a year. "But there's no unemployment insurance for a homemaker who is laid off," she said.

(A recent report entitled "Economic Value of a Housewife," released by the Social Security Administration's office of research and statistics, estimates the yearly worth at about $5,500 for the average homemaker. For younger homemakers in their late 20s and early 30s with younger children at home and more housework, the figure is higher, up to approximately $7,500).

"This is a group we can no longer neglect," Tunney said. "They must be allowed to become self-sufficient members of society."

Neither Burke nor Tunney, however, is confident the President will agree. "I would hope the White House would see there are women who need these kinds of services," Burke said.

[From the National Observer, Oct. 11, 1975]

DISPLACED HOMEMAKER: SHE SUDDENLY FINDS HERSELF WITHOUT SUPPORT—OR TRAINING FOR A JOB

(By Barbara J. Katz)

The middle-aged woman spoke slowly and carefully, with more than a trace of bitterness in her voice.

"I was married 25 years when my husband divorced me. I had raised our three children, devoted my life to being a wife and mother. Suddenly I was out in the cold. My husband was supposed to pay alimony, but the money stopped coming after a few months. He figured I could support myself.

"I tried getting work, but what was I qualified to do? I'd never worked outside the house, and what I'd done inside didn't count for anything. I fell apart, started drinking, and finally wound up on welfare."

The woman, who was here to attend a national conference on "identity and homemaking" sponsored by Georgetown University and the New Trans-Century Foundation, a nonprofit research and counseling organization focusing on women, is not alone in her predicament. She is part of a growing segment of American society, estimated at several million, and one that is just beginning to find its voice: displaced homemakers.

A displaced homemaker, as a number of women's groups and lawmakers now use the term, generally is a woman in her middle years who has been a homemaker for most of her adult life and suddenly—usually because of divorce or the death of her husband—finds herself without any means of support. As an older woman with little or no work experience outside the home, she has difficulty finding paid employment. She doesn't qualify for unemployment insurance. If divorced after being married less than 20 years, she may never qualify for Social Security benefits through her former husband's earnings. If she has no children under 18, she is not entitled to benefits under Federally supported Aid to Families with Dependent Children. Often she has lost her rights as a beneficiary under her husband's pension and health plans, and she is too old to easily get private health insurance.

INDEPENDENCE SURRENDERED

"'Displaced' means 'forcibly exiled,' if you look it up in a dictionary," says Tish Sommers, co-ordinator of the National Organization for Women's task force on older women, "and this is actually what happens to these women." Sommers, a displaced homemaker herself who was divorced at the age of 57, notes that "women in my generation gave up economic independence and the ability to earn a living assuming that we would be taken care of financially for life if we continued to perform our part of the bargain. We did not anticipate that if anything happened—like widowhood or divorce—we would be left unprotected."

The problem is growing steadily, Sommers says, with the number of women considered displaced homemakers now estimated at between two million and three million.

But why has the problem now suddenly attracted attention? "There have been tremendous changes in family structure in the past 10, 20 years," Sommers explains. Chief among such changes, she says, are the "longevity gap"—women living increasingly longer than their husbands—and the rising divorce rate. As a result, according to Government statistics, the number of households headed by women has risen by 46 per cent in the past decade.

At the same time, however, the traditional props that society has provided for such women have fallen. Alimony payments for divorced women are seldom as sizable as some may think, she says, and the trend toward no-fault divorce has accelerated the move away from spousal support. In this mobile society, few families take in and care for their older relatives.

Even inflation plays a role: The widow who thought her husband's life insurance or other assets would provide security now often finds herself in a financial bind.

LEGISLATIVE SOLUTION

With the growth of the women's movement, however, such women have begun to question their plight, and within the past few years, a number of women's groups have organized to confront the problem. Besides the task force of the National Organization for Women, there's now an Alliance for Displaced Homemakers, headquartered in Oakland, Calif. Affiliates have sprung up in other California cities and in Pittsburgh, Detroit, New York City, and Washington, D.C.

These groups are seeking a legislative solution to at least some of the problems faced by displaced homemakers. Recently they achieved one notable success. California last month enacted a law that is believed to be the first in the nation to focus on displaced homemakers. It provides funds for a demonstration center that will offer a variety of social services with an emphasis on job training and placement. Other services include health screening, peer counseling, and money-management courses. The women's groups say they now plan to seek similar legislation in other states and in Congress.

They've made some headway in Washington, enlisting the support of Rep. Yvonne Brathwaite Burke and Sen. John V. Tunney, both California Democrats. The two legislators recently introduced bills that would establish centers around the country to offer displaced homemakers services similar to the California program. The bills also call for a study to evaluate the feasibility of bringing displaced homemakers into Federal and state programs such as unemployment compensation. Burke's bill is now pending before the House Education and Labor Committee; Tunney's has been referred to the Senate Committee on Labor and Public Welfare.

"The philosophical thrust of our bill is to get housewifery defined as labor," says Teddi Fine, an aide to Tunney. "We hope to get out of it a recognition by the Federal Government that being a housewife is indeed work and deserves the same kind of rewards as any other kind of work."

Explaining the bill's emphasis on helping displaced homemakers take their place in the working world, Fine notes that "these women don't want charity. They want to be able to live as they grow older with a sense of security. And they *can* lead productive lives."

An aide to Burke says the congresswoman's bill "has generated more interest than any bill she has introduced." Women from around the country have written her, sharing their sense of isolation and desperation.

WORSE THAN HELL

"Yes, the years of being a homemaker and mother had only one reward: My children are productive," writes a 56-year-old widow from Long Beach, Calif., who is trying to live on an $87-a-month pension and has applied for welfare assistance. "As for me, I'm over the hill. The old adage applies—nobody wants you. It's worse than hell to feel rejection. I've done my share in citizenship—fair play and good parenthood—but forfeited the right to a decent job because of [lack of] education in a business world."

A woman from Whitestone, N.Y., writes that she has been trying to earn a college degree in social work but while she is in school has been unable to get a loan or any other assistance to support herself and her college-age daughter. "The irony of it all is that at a time when our society needs women in the profession of social work, I may become part of some social worker's case load," she says. "A woman's reality is, we are not eligible for any human considerations. Our dignity and our professional aspirations end up abrogated. We are left standing on welfare-recipient lines, beating our heads against bureaucratic walls and feeling impotent. The whole syndrome we have been thrust into is obscene."

And from a group of displaced homemakers in Baton Rouge, La., who are trying to help one another comes this letter: "Our group spends most of its time scrabbling for food, rent, and utility money for whichever member is in most need at a particular time. We have members who are eating only because they are able to sell their furniture through free ads in a shopper. One sold her drapes for $8 to pay a milk bill. (She has since given up milk.)"

Linda Teixeira, national legislative coordinator for the Alliance for Displaced Homemakers, in Washington, D.C., becomes angry when she asks, "Is this what we want for our wives and mothers?" We say we revere the homemaker and mother, but these women are the least provided for in our society. If anything happens to her husband, the homemaker is left in the lurch.

"If we really believe in what we say, we should start thinking about what the homemaker deserves."

Mr. MONTOYA. Mr. President, I am pleased to join Senator Tunney and other Senators in the reintroduction of Senator Tunney's bill to establish model programs for displaced homemakers.

This legislation has the rare advantage of addressing a specific problem with an immediate and workable solution. It has been introduced, with slight variations, in the House of Representatives by Congresswoman Yvonne Brathwaite Burke, and it has received the support of citizens groups who have helped to recognize the need and plan the response. It is today receiving the support of many other Senators here.

The changes which Senator Tunney has made in his own bill will make it possible for this program to go to work immediately at the local level. At the same time, he has retained the portion of his original bill which provides for a study and reporting mechanism so that the effectiveness of the program will be known to the President and the Congress.

There is an ongoing and perplexing myth which states that all American families are headed by males who provide full support for their wives and children. I doubt that that was ever completely true. It becomes less true every day, as more and more women are forced to accept full responsibility for themselves or for their families.

For young men and women who have recently left the labor market or school, the problem is difficult. But for the middle-aged woman who has been a homemaker for many years, and whose last experience in school or at work is many years in the past, the difficulties of suddenly being forced to accept the job of breadwinner for either herself or her family are extreme.

She is suddenly "unemployed"—although she receives no unemployment insurance payment and she must often continue to do the job of homemaker at the same time that she looks for a paying job.

She is "untrained"—although she may have had job training or skill training years before. Most employers want and give preference to applicants who have recent experience and/or recent training. Our displaced homemaker has neither of these valuable assets.

She is "inexperienced"—although her years as a homemaker have undoubtedly trained her for a wide variety of jobs. The Social Security Administration estimates a value of $6,000 a year for the work which a homemaker does in her own home. That is probably a gross underestimate for the quality of work which is done by most wives and mothers. The greatest untapped resource in this Nation may be the valuable work potential of homemakers who do not realize their own capabilities or capacity for growth. However, employers seldom credit middle-aged women with these capabilities when considering them for employment.

The bill which Senator TUNNEY has written will provide a very necessary service for both potential employees and employers, by providing counseling, information, referral, and direct assistance to displaced homemakers. Those who will be helped by this program have been clearly defined in the legislation so that the model programs will not be used for other, less needy recipients.

The model programs which will be established in each of ten federal geographic service regions will include outreach to encourage displaced homemakers to participate, and will also include educational opportunities, and health and financial counseling.

I am particularly pleased because Senator TUNNEY has agreed to include in the legislation the provision that educational opportunities may include bilingual training where that is appropriate.

For the homemaker who is a member of a minority language group, the problems of becoming self-supporting after years as a homemaker are compounded by her need for help in learning to use English in the business world. Without the kind of guidance which is possible under this program, many of these minority language homemakers would give up before they even try to locate a job. They would be doubly handicapped and many of them would probably end up on welfare assistance or in deep financial trouble.

I urge my colleagues to join me in support of this program. Any program which is aimed toward providing job and learning skills to a group of Americans who need and want that kind of help is a program which we should all support. When that group is a long neglected group which is growing in numbers, I think we can be sure that every Federal dollar spent helping them is being spent wisely.

By Mr. STEVENS:

S. 2542. A bill to establish the Fred Seaton National Wildlife Sanctuary. Referred to the Committee on Commerce.

Mr. STEVENS. Mr. President, I am today introducing a bill to establish the Arctic National Wildlife Range as the Fred Seaton National Wildlife Sanctuary and to operate the sanctuary according to the guidelines of the original order.

As a newspaper publisher, Senator from Nebraska, and Secretary of the Interior, Fred Seaton's distinguished service championed the development of resource programs and conservation. From his appointment to the Senate in 1950 through his years with the Department of the Interior, Secretary Seaton recognized the importance of developing new resource programs and preserving wilderness lands.

An ardent conservationist of natural resources, parks, and wildlife, Fred Seaton promoted a comprehensive program for park development. Inaugurated in 1956 under his stewardship, Mission 66 encouraged national park services and facilities to expand and meet the growing needs of the United States. As a result of Mission 66, visitation to our national parks was stimulated to record heights.

My personal acquaintance and association with Fred Seaton goes back to my service with him in Interior. I was impressed by his ardent advocacy for statehood of both Alaska and Hawaii. I remember that as a freshman Senator, his only speech on the Senate floor was instrumental in the effort to accept Alaska as the 49th State. Beginning with his insistence that equal representation be guaranteed for the new State, he continued to win the lasting respect of Alaskans through his fair treatment of the State in all matters.

His foresight allowed him to see Alaska's potential as both a cache of natural resources and a wildlife sanctuary. As Secretary of the Interior, Fred Seaton is credited with signing the order to create the Arctic Wildlife Range, an area of 9 million acres in the northeast corner of Alaska. It was his endeavor to preserve this land as a harbor for the abundant wildlife in the area. It is in this light that we pay tribute to Fred Seaton and seek to rename the Arctic National Wildlife Range after the man who established it.

Mr. President, I ask unanimous consent that my bill be printed in the RECORD immediately following my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2542

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That on and after the date of the enactment of this Act, the Arctic National Wildlife Range, established by Public Land Order 2214, dated December 6, 1960, Federal Register Document 60-11519, shall, on and after the date of the enactment of this Act, be known as the Fred Seaton National Wildlife Sanctuary, and shall be administered as a wildlife sanctuary in accordance with the provisions of such Public Land Order.

SEC. 2. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

By Mr. KENNEDY:

S. 2545. A bill to amend the Internal Revenue Code by increasing the dollar checkoff for Presidential elections to $2, and for other purposes. Referred to the Committee on Finance.

DOUBLE THE DOLLAR CHECKOFF FOR PUBLIC FINANCING OF PRESIDENTIAL ELECTIONS

Mr. KENNEDY. Mr. President, I send to the desk a bill to amend the Internal Revenue Code, and I ask that it may be referred to the Committee on Finance.

The purpose of the bill is to double the amount of the dollar checkoff, the mechanism in the tax law by which taxpayers designate that a dollar of their income tax payments is to be used for the public financing of Presidential elections.

Under present law, a taxpayer may designate that $1 of his tax, or $2 on a joint return, shall be used for the public financing fund. Under the bill I am proposing, the taxpayer would be able to designate $2 for the fund, or $4 on a joint return for the 1975 tax year. The level would revert to $1 for subsequent years.

I am concerned by recent pessimistic reports suggesting that, with the large number of candidates in the field, the amount of public funds under the checkoff may not necessarily be adequate to cover the full costs of the public financing provisions for the 1976 election.

A total of $62 million has already been designated for the checkoff, based on tax returns for the 3 years, 1972–74, during which the checkoff has been in operation. It is estimated that returns for the year 1975, to be filed in 1976, will bring in an additional $40 million for the fund, making a total of approximately $100 million available for the 1976 elections.

Current law contains three basic distributions for the public funds:

Twenty million dollars each for the Democratic and Republican candidates in the 1976 general elections, or a total of $40 million.

Two million dollars each for the Democratic and Republican National Conventions in 1976, or a total of $4 million.

Up to $5 million for each candidate in the Presidential primaries who meets the eligibility requirements for matching public funds.

In addition, current law also spells out circumstances in which a minor party can qualify for public funds.

Further, under the cost-of-living provision in the current law, each of the dollar figures above will be adjusted upward in 1976 by the rate of inflation in 1975, estimated at about 8 percent.

The arithmetic suggests that it may be a close call in 1976 as to whether the fund is sufficient to cover all the payments to which candidates are entitled. The general election and nominating conventions will require approximately $48 million, including the inflation adjustment. Therefore, approximately $50 million will be available for the Presidential primaries. At the present time, several candidates have already qualified for matching primary funds. It is easy to imagine that several additional candidates may also qualify. The present fund will be sufficient to pay $50 million for the primaries, or 10 "full funding equivalents"—that is, payments to 10 candidates who qualify for full primary funding of $5 million each, or payments involving some combination of full and partial funding to a larger number of candidates equaling $50 million.

If the demands on the fund exceed the available amount, the statute establishes a priority mechanism by which funds would go first to the nominating convention, second to the general elector, and third to the primaries. Thus, it is the candidates in the primaries who will feel the pinch if the public funds are squeezed to the point where they are insufficient to meet all the entitlements of those who are eligible.

If the funds are insufficient, the statute authorizes the Secretary of the Treasury to develop a formula and regulations for allocating the available funds among the qualified candidates. But it is difficult to believe that such a formula could be fairly developed for the primaries, given the complex problems involving early qualifying candidates and late announcing candidates.

It may well be that the $50 million likely to be available for the primaries will not be exhausted before all entitlements are met. But it would be foolish and shortsighted to hope for that result and do nothing now.

By raising the dollar checkoff to $2 for 1976, more than enough funds should be available to cover any possible demands on public funds by candidates in the 1976 primaries, and avoid the chaos that will result if candidates who have relied in good faith on the public financing provisions are needlessly shortchanged.

The controversy and crisis that would be engendered if the fund goes into default in 1976 can easily be avoided by adequate planning.

One further point. A major reason for the current situation is the slow and ineffective start made by the IRS in carrying out the dollar checkoff.

On the 1972 returns, the first year the dollar checkoff was available, the checkoff was on a separate form; only 3 percent of the taxpayers used the checkoff and only $3 million was received.

In 1973, the IRS put the checkoff on page one of the tax form. And, in order to make up for the absence of the checkoff on the 1972 return, taxpayers who failed to use the checkoff on their 1972 returns were allowed to do so retroactively for 1972 on their 1973 returns. As a result of these changes, participation jumped to 13 percent and $17 million was received for 1973. And 7 percent of the taxpayers took the opportunity to make retroactive 1972 designations, with the result that an additional $9 million was received.

On the 1974 returns, still another improvement was made by the IRS. The form contained "Yes" and "No" boxes that gave taxpayers an even greater incentive to use the checkoff. As a result, participation on the 1974 returns soared again—to a remarkable 24 percent, and $32 million was received.

If the present implementation had been in effect for 1972 and 1973, it is likely that the fund would be adequate to meet any demands in 1976. In a sense, therefore, by increasing the $1 checkoff to $2, we can make up for the slow start by the IRS in implementing the checkoff in 1972 and 1973, and guarantee that the funds will be adequate in 1976.

The change I am proposing will apply only for 1975 tax returns. My expectation is that the checkoff will function adequately to meet the needs of future Presidential elections at the $1 level, without the need for a permanent increase to $2.

In any event, there will be time enough for Congress to act in the future to meet the needs of future elections. But we must act now to avoid the arbitrary and unfair disruption that will arise if the funds are insufficient for the 1976 election.

Mr. President, I ask unanimous consent that the text of the bill may be printed in the RECORD. I also ask unanimous consent that a recent article on the subject by Warren Weaver in the New York Times may be printed in the RECORD.

There being no objection, the bill and article were ordered to be printed in the RECORD, as follows:

S. 2545

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6096 (a) of the Internal Revenue Code of 1954 (relating to designation of income tax payments to the Presidential Election Campaign Fund) is amended by—

(a) striking "$1" each time it appears and inserting "$2" in lieu thereof; and

(b) striking "$2" and inserting "$4" in lieu thereof.

SEC. 2. The amendments made by section 1 shall apply to taxable years ending after December 31, 1974. Such amendments shall cease to apply to taxable years ending after December 31, 1975.

(New York Times, October 4, 1975)

TAXPAYER CHECK-OFFS MAY NOT COVER FULL CAMPAIGN SUBSIDIES

(By Warren Weaver, Jr.)

WASHINGTON, October 3.—The Treasury Department may not have enough cash in a special account next year to pay full campaign subsidies to all the Presidential candidates in 1976 who may be eligible to receive this new political benefit.

According to the Federal Election Commission, there is $62 million in the special account that will finance these subsidies, the product of dollar check-offs by income taxpayers over the last three years.

The Treasury expects $40 million to $50 million more to go into the account as a result of tax returns filed next April 11, for a total of $100 million to $110 million available for all Federal contributions to the political campaign.

But this fund could be strained or even exhausted because so many candidates have decided to compete in the Presidential primaries, in some instances, perhaps such subsidies will become available for the first time.

Any candidate who raises $5,000 in each of 20 states in contributions of $250 and less becomes eligible to receive up to $5 million in Federal matching payments to help finance his primary campaign.

GENERAL EXPENSES

But the Treasury must also be able to provide $20 million each for general election expenses of the Republican and Democratic nominees and $2 million each for the cost of the two major party conventions, or a total of $44 million.

Subtracting this from a total fund of, say, $105 million, including 1976 receipts, leaves $61 million for primary pay * * * sent, eight Democrats and one Republican have announced their candidacy; two more Democrats are certain additions, and one Republican is a good possibility.

This would make 12 candidates. If all qualify for subsidies and raise the full amount for matching, they could claim $60 million from the fund, leaving it virtually bankrupt.

The situation is more serious than this, because the new campaign law includes a cost-of-living adjustment, keying the spending ceilings and the size of Federal subsidies to the Consumer Price Index, with 1974 as the base year.

Experts estimate that the percentage increase in the price index for 1975 will be at least 8 percent. As a result, the 1976 potential primary subsidy would rise from $60 million to $64.8 million and the payment for the two major party general election campaigns, from $40 million to $43.2 million.

CLAIMS CHECKED

It remains possible, of course, that not all of the 12 potential Presidential contenders will be able to qualify for matching funds. Seven of them say they have raised the necessary contributions, and election commission auditors are checking those claims.

The seven are President Ford, Senators Henry M. Jackson of Washington and Lloyd M. Bentsen of Texas, Representative Morris K. Udall of Arizona, Gov. George C. Wallace of Alabama, former Gov. Jimmy Carter of Georgia and Sargent Shriver, the 1972 Democratic Vice-Presidential nominee.

Governor Wallace has not yet decided whether to accept partial Federal financing for his primary campaign. If he rejects it, the situation would be eased. Under the law, if he won the Democratic nomination, Mr. Wallace could refuse the $20-million subsidy for his general election campaign and finance it entirely through private contributions, still subject to a $20-million spending ceiling.

Democrats who have announced their candidacy but not yet reached the qualifying goal are former Senator Fred R. Harris of Oklahoma, former Gov. Terry Sanford of North Carolina and Gov Milton J. Shapp of Pennsylvania. Senator Birch Bayh of Indiana is expected to announce when he has raised enough money to qualify.

REAGAN PERSPECTIVE

Former Gov. Ronald Reagan of California has not yet announced whether he will challenge President Ford for the Republican nomination, but his backers confidently predict he will and expect little trouble in obtaining enough contributions to qualify.

It is also possible that some of those who qualify for matching funds will not be able to claim the full $5-million for the primary period. To get the full amount, a candidate must have raised $5-million in private contributions of no more than $250, beginning Jan. 1, 1975.

The new campaign law anticipates the possibility that there will not be enough money in the Treasury fund to provide full primary matching for all candidates, specifying that each will then receive a pro rata share of what there is.

Although its chairman Thomas B. Curtis, takes the position that the campaign fund will be adequate, some other members of the Federal Election Commission favor drafting regulations to insure that an under-financed fund will be distributed equitably.

The problem could be complicated. If a strongly financed candidate like Senator Jackson applies to the Treasury early next year for a full $5-million, officials there must decide whether he should receive all of it at once, risking the possibility that late-qualifying candidates may be short-changed.

Alternatively, one or more candidates might receive full $5-million matching early in the primary period, with the Treasury discovering later that their pro rata share of the fund was perhaps only $4.5-million. This raises the question whether such candidates who have spent the money and, perhaps, even dropped out of the race owe the Government the excess money.

The Treasury Department has reportedly urged the commission to provide guidance on this kind of question in the form of new regulations.

By Mr. PELL:

S. 2546. A bill to establish a permanent Federal program of assistance for elementary and secondary education. Referred to the Committee on Labor and Public Welfare.

Mr. PELL. Mr. President, today I am introducing the Federal Elementary and Secondary School Assistance Act, which has been proposed by the National Education Association. This bill would establish a permanent Federal program of assistance for elementary and secondary education to reach a level of one-third of the cost of education in this country. Attaining this level of Federal commitment to the partnership in education with State and local governments has long been an avowed goal of mine. This bill provides one avenue for reaching that goal.

Full partnership for the Federal Government is not an inexpensive matter. Recently published Office of Education statistics show that more than $61 billion is currently being spent on public elementary and secondary education. Enactment of this bill would commit the Federal Government to an annual expenditure of roughly $20 billion on elementary and secondary education.

I recognize that our economic situation in this country today is not good. We are being asked by the President to cut domestic expenditures drastically. For these reasons, this may well not be the time for enactment of Federal general aid legislation. However, I believe it important to put before my colleagues the ideas contained in this legislation in the hope of stimulating not only discussion about the idea of Federal general aid, but also of spurring increased funds into education at all levels.

By Mr. McGOVERN:

S. 2547. A bill to amend title XVIII of the Social Security Act to include, as a home health service, nutritional counseling provided by or under the supervision of a registered dietitian. Referred to the Committee on Finance.

MEDICARE AND HOME NUTRITION SERVICES

Mr. McGOVERN. Mr. President, today I am introducing legislation that would authorize reimbursement for nutritional counseling as a home health service under medicare. Under existing law, home health visits are reimbursable for nursing, physical therapy, occupational therapy, speech therapy, and medical social services, but not for nutritional counseling. This is one area where Government spends more by doing less.

In the hospital, medicare patients are eligible for nutritional counseling. After they are discharged, they receive care through a home health agency, but that care does not include nutritional counseling. The denial of such counseling is not only a mistake in human terms, but a needless expense in two ways. First, nutritional deficiencies, which could be corrected by counseling, lead to health problems which must be treated at far greater cost later. Second, the more restricted benefits of home health care encourage overreliance on the more expensive hospitalization of recipients. Reimbursements for home health visits now represent less than 1 percent of the total budget for medicare. Inpatient hospital care is the greatest reason for its escalating costs.

The recently published "Forward Plan for Health, FY 1977–81," of the Department of Health, Education, and Welfare emphasizes the vital relation between nutrition and health. The report concludes: "Nutritional care, including dietary counseling, should be integrated into the preventive, diagnostic, and restorative health services of all PHS programs for all family members."

Mr. President, the need is clear. This legislation is a major step toward meeting that need. Its cost will begin to save Federal money almost immediately. So this is the kind of cost-conscious legislation which administration officials should accept without reluctance, if they mean what they say about securing the maximum return for our social expenditures.

I ask unanimous consent that the relevant testimony of the American Dietetic Association before the House Committee on Ways and Means be printed at this point in the Record.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

Statement of The American Dietetic Association on Specific Medicare Issues Before the Subcommittee on Health, Committee on Ways and Means, U.S. House of Representatives, September 19, 1975

Mr. Chairman and members of the Committee, I am Annie Galbraith, a registered dietitian, and I am employed as Associate Director of the Dietary Department and Dietetic Internship at Massachusetts General Hospital in Boston. I am President-Elect of The American Dietetic Association whose headquarters is located in Chicago. It is on behalf of the Association that I am presenting this statement today.

I appreciate the extremely busy time schedule which the Committee has today. For this reason a summary of my testimony is attached as Appendix A, along with a Fact Sheet explaining our definition and position relative to Nutritional Care-Dietary Counseling, Appendix B, and The American Dietetic Association's Position Paper on "The Nutrition Component of Health Services Delivery Systems," Appendix C.

HOME HEALTH CARE PROVISIONS

To fulfill the objectives of The American Dietetic Association as stated in its Constitution, i.e., "To improve the nutrition of human beings; to advance the science of dietetics and nutrition; and to improve education in these and allied areas," the Association recommends that: Nutrition services under the supervision of qualified nutrition personnel should be a component of all health and health related programs and should be designed to reach the total population with priority to such nutritionally vulnerable groups as infants, children and youth in the growing years, women in the child bearing years, and the older age population.

When the original Medicare legislation was enacted in 1965 it was one of the most progressive pieces of social-health care program ever adopted. But, it did not take into consideration the fact that *nutrition is* a critical factor in the promotion of health and prevention of disease as well as in recovery and rehabilitation from illness or injury.

In the ten years since the original law was passed there have been three White House Conferences in which the need for greater emphasis on nutritional care has been recognized: The White House Conference on Food, Nutrition and Health, The White House Conference on Children and Youth and The White House Conference on Aging. The reports and recommendations from each of these meetings clearly indicate that the public recognizes the inadequacies in our present system of nutritional care-dietary counseling and is desirous of legislation that will provide professional guidance and dietary counseling to assist them in developing sound nutritional *habits*.

Since 1968, the Senate Select Committee on Nutrition and Human Needs has held hearings and published reports where again we can find recommendations citing the need for improved nutritional care which would benefit the public throughout the life cycle.

What is Medicare doing presently to provide continuity of nutritional care; care that is organized and administered to provide maximum health service for dollars expended?

As long as the Medicare patient is in the hospital the full range of nutrition services is made available. Upon discharge to a home health agency his eligibility for the services of a dietitian through home health visits is denied under existing law.

Let me quote one of our members who recently wrote us as follows:

"I enthusiastically urge the need for diet counseling in the home. In my 7 years experience consulting with a home health agency, I have found that though hospital diet instructions are vital and important, patients often have questions or problems when they return home or need help adjusting diet plans to their own particular needs."

Dietitians would agree with you that not all patients who are the beneficiaries of home health services need nutritional care. But, there are those who do need it: the diabetic, the cardiac, the grossly obese, to give but a few examples. They need it and they are not receiving it under the present Medicare legislation.

The American Dietetic Association's position is that the inclusion of nutrition as a component of home health care will significantly reduce the number of people requiring sick care service and, therefore, contribute directly to:

1. A relief in the strain on the nation's health care delivery system;

2. A decrease in the escalating rate of health care costs; and

3. An increase in physical, mental and social well-being of people so that they may achieve and maintain productive and independent lives.

Home health services account for less than one percent of the Medicare dollar. It is estimated that the extension of home health benefits to include nutritional care would cost less than $5 million. We believe that offering such service should offset this cost by decreased hospital utilization. In 1973 reimbursement for home health services amounted to only $52 million as compared with inpatient services at $6.3 billion.

Revisions in home health care provisions to include nutritional care as we define it in Appendix B, should do much to improve the continuity of health care, to improve the quality of home health services and to assist in cost containment through the prevention of hospitalization and re-hospitalization of those suffering from chronic, nutrition related disease.

The Congress has shown its awareness of the value of maintaining the sick and the aged in their own homes rather than in institutions by introducing such bills as S. 1163 and H.R. 4772 that would improve the home health services program. An amendment is needed to specify that dietary counseling-nutritional care provided under the supervision of a registered dietitian is a covered home health service.

We recommend that Sec. 1861(m) of the Social Security Act be amended by renumbering subsections (2) through (7) as (3) through (8) and inserting the following new subsection immediately after subsection (1):

"(2) nutritional care furnished by or under the supervision of a registered dietitian."

PROFESSIONAL STANDARDS REVIEW ORGANIZATION PROVISIONS

The American Dietetic Association is aware of the current health care crisis in the United States and the effort that is being made in both the public and private sectors to restructure health care delivery systems so that there may be high quality care available for all provided at reasonable cost with optimal utilization of health personnel. The end objective is consumer protection and consumer satisfaction.

The profession of dietetics is committed to helping meet the challenge of changing patterns in health care. We are committed to the principle that the inclusion of nutritional care in comprehensive health care is positively related to the maintenance of health and the reduction of sick care costs and services.

Nutritional care includes at least the following essential services, combined and coordinated to meet individual and family needs:

1. Assessment of food practices and dietary status;
2. Nutrition education and counseling to meet normal and therapeutic needs; and
3. Provision of, or referral to, resources for appropriate food service, special feeding equipment, and/or supplemental food assistance.

Perhaps it is because food and nutrition are accepted as such an integral part of life that special mention of nutritional care has been overlooked as basic to quality health care with the consequent diminishing of the scope of such service. We recommend that all patients have the advantage of nutritional assessment performed by a dietitian who can refer for corroboration and provide data for patient information systems.

We believe that the nutritional care component of all patient care should be integrated with medical and multidisciplinary support services. The dietitian should participate with other members of the health team in overall planning for patient care. Nutrition personnel should help to monitor and evaluate the efficiency and effectiveness of the health care provided to the patient.

Quality assurance accompanied by cost containment are the keystones of the Professional Standards Review Program. Medical care review is the prime factor considered in the provisions and emphasis is placed on the review of the quality of care provided to the hospitalized patient with a specific disease.

The American Dietetic Association believes that nutritional assessment of all patients performed by a dietitian would address itself to diagnostic services and prevention as well as curative and restorative care. Concern with cost of health care emphasizes the need for prevention of rehospitalization whenever possible. We recommend that the role of the "non-physician health practitioner," in this case the dietitian, be given more visibility in total patient care.

As long as the system continues to devote itself to crisis intervention with little or no recognition of contributing influences to the total health of individuals cost containment will not be fully achieved.

On behalf of the twenty six thousand members of the American Dietetic Association I want to thank you for this opportunity to present this statement. I would be happy to answer any questions that the members of the Committee may have.

[Appendix A]

SUMMARY OF TESTIMONY—SPECIFIC MEDICARE ISSUES

(By The American Dietetic Association)

REVISIONS IN HOME HEALTH CARE PROVISIONS

The full range of nutrition services is available to the Medicare patient as long as he is in the hospital. Upon discharge to a home health agency, his eligibility for the services of a dietitian through home health visits is denied under existing law.

Not all beneficiaries of home health services need dietary counseling, but there are those who do need it but are not receiving it under the present Medicare legislation.

Home health services account for less than one percent of the Medicare dollar. It is estimated that the extension of home health benefits to include nutritional care would cost less than $5 million. This cost would be offset by decreased hospitalization and rehospitalization for those suffering from nutritionally related diseases such as diabetes.

The American Dietetic Association's position is that the inclusion of nutrition services as a reimbursable service under the Home Health Care provisions of Medicare will significantly reduce the number of people requiring sick care services in institutions.

REVISIONS IN PROFESSIONAL STANDARDS REVIEW ORGANIZATION PROVISIONS

Quality assurance accompanied by cost containment are the keystones of the Professional Standards Review legislation. Medical care review is the prime factor considered in the provisions and this emphasis is placed on the hospitalized patient with a specific disease.

The American Dietetic Association believes that nutritional assessment of all patients performed by a dietitian would address itself to prevention and diagnostic services as well as curative and restorative care. As long as the system continues to devote itself to crisis intervention with little or no recognition of contributing influences on the total health of individuals cost containment will not be fully achieved.

[Appendix B]

THE AMERICAN DIETETIC ASSOCIATION FACT SHEET NUTRITIONAL CARE-DIETARY COUNSELING

The American Dietetic Association in commitment to professional and social responsibilities for the promotion of optimal nutritional health recommends that adequately funded programs of nutritional care be an integral part of all health care programs.

WHAT IS NUTRITIONAL CARE?

Nutritional care is the application of the science of nutrition to the health care of people. Nutritional care is not complete without dietary counseling.

WHAT IS DIETARY COUNSELING?

Dietary counseling is the process of providing individualized, professional guidance to assist people in adjusting their daily food consumption to meet their health needs.

The objective of dietary counseling is modification of behavior. This objective is accomplished when individuals understand how to make wise food choices.

WHAT DOES DIETARY COUNSELING SERVICE PROVIDE?

Dietary counseling is a component of a nutritional care program in which a registered dietitian gives professional guidance to an individual as part of a physician's treatment plan. The service includes:

1. Assessing present food habits, eating practices and related factors.
2. Developing a written plan for appropriate dietary counseling.
3. Translating the detailed plan with the individual.
4. Planning follow-up care and evaluating achievement of objectives.
5. Using records and reports for sharing pertinent information with other health professionals concerned with the individual's care.

Dietary Counseling includes the exploration of the patterns of food intake, socioeconomic factors and ethnic beliefs which may influence the individual's choice of food.

WHO IS RESPONSIBLE FOR NUTRITIONAL CARE?

The Dietitian: The American Dietetic Association believes that nutrition is an integral part of total health and life care and urges that all efforts in nutrition and health be multidisciplinary.

The American Dietetic Association believes that registered *dietitians*, as the only professionally educated group whose primary concern is the application of nutrition science to the health care of people, should be involved in the planning and execution of all health care programs.

The Consumers: As consumers become more aware that nutrition is a cornerstone of positive health, they will realize that it is their right to expect professional guidance and dietary counseling to assist them in developing and maintaining sound "nutritional" habits. It is their responsibility to assure the inclusion of nutritional care in all health programs.

The Government: As the government becomes more deeply involved in legislation to meet the health care needs of the population, it has a responsibility to provide nutritional care for both individuals and groups. Dietary counseling should be a part of every nutritional care program. Increasing costs for both inpatient and ambulatory health care make it mandatory that attention be turned to programs that will prepare citizens to assume more personal responsibility for their nutritional well-being.

To neglect the opportunity to insure more positive health for the population is not being totally responsive to a major health concern in this country. Health care legislation for the 70's must provide access to nutritional care.

The American Dietetic Association recommends that nutritional care, including dietary counseling, be integrated into preventive, diagnostic, curative and restorative health services provided under all national health programs and that nutritional care, as a component of health care, be available to all people on a continuing and coordinated basis. The Association recommends further that the planning and supervision of nutritional care be under the direction of persons professionally educated in nutrition as it relates to human health needs.

For further information. Coordinator, Legislative Activities, The American Dietetic Association, 430 North Michigan Avenue, Chicago, Illinois 60611.

[Appendix C]

THE AMERICAN DIETETIC ASSOCIATION POSITION PAPER ON THE NUTRITION COMPONENT OF HEALTH SERVICES DELIVERY SYSTEMS

(NOTE.—One of the main problems resulting from the lack of nutrition training in the nation's medical schools is that however much individual physicians in the federal or state planning agencies may protest their interest, nutrition almost invariably ends up being left out as a component of health-care delivery systems. Indeed, less than two years after the White House Conference on Food, Nutrition and Health, the two strongest nutrition bureaus at the state health level (New York and California) are threatened with extinction.

With government at all levels responsible for an ever increasing proportion of health expenditures, with these expenditures mounting without appreciable effect on the health statistics of the nation, it is becoming obvious that emphasis must be shifted from purely curative to prevention and rehabilitation. This means that nutrition should assume even more importance than in the past. In terms of money—as in terms of human suffering—one can well argue that every dollar spent on nutrition instruction may save tens of dollars in later medical care.

I am delighted to see that The American Dietetic Association has once again asserted its leadership in human nutrition by preparing and endorsing a position paper which outlines clearly the necessary nutrition services to be included in comprehensive health schemes. The paper also clearly describes the need for nutrition input at the planning stages if nutrition services are to be properly structured. At present, the United States Department of Agriculture is operating a gigantic (over $3 billion) food program with what many think is much too small a nutrition component. Present indications are that the Department of Health, Education and Welfare is similarly casual about nutrition. I commend this position paper to health planners at all levels.—*Jean Mayer, Ph. D., S. Sc., A.M. (hon), M.D. (hon), Professor of Nutrition, Harvard School of Public Health, and Chairman, White House Conference on Food, Nutrition and Health.*)

"Nutrition services under the supervision of qualified nutrition personnel should be a component of *all* health and health-related programs and should be designed to reach the total population with priority given to such nutritionally vulnerable groups as infants, children, and youth in the growing years, women in the child-bearing years, and the older age population." (1). The need for the Association to interpret and expand this policy statement is based on a recognition and concern that:

(a) The need and demand for quality health care by the population is not being met by, and is critically straining, the current health care delivery system.

(b) The alarming increase in the cost of medical care mandates a review and evaluation of the present health care delivery system.

The American Dietetic Association's position is that inclusion of nutrition as a component of health care will significantly reduce the number of people requiring sick care service and, therefore, contribute directly to:

(a) A relief of strain on the nation's health care delivery system;

(b) A decrease in the escalating rate of health care costs;

(c) An increase in physical, mental, and social well-being of people so that they may achieve and maintain productive and independent lives.

Nutrition is a critical factor in the promotion of health and prevention of disease and in recovery and rehabilitation from illness or injury. Evidence mounts that Americans who fail to attain a diet optimal for health can be found at every socio-economic level. The reasons are many and complex, but the impact on the health of the nation is seen in the increased risk of complications of pregnancy in the poorly nourished woman, in the chance that her infant may be of low weight with accompanying risk of retarded physical and mental development; in the high incidence of overweight and underweight in school-age children and in adults; in the debilitation of the malnourished elderly; in dental disease, widespread in the total population; and in the high incidence of chronic illnesses that require dietary treatment, monitoring, and follow-up. Since it is apparent that improvements in the nutrition of people will have a direct effect on the level of health and the resulting need for health services The American Dietetic Association recommends that:

I. Nutritional care, as a component of health care, be available to all people on a continuing and coordinated basis. *Nutritional care* is the application of nutrition science to the health care of people. In its broadest sense, nutritional care is provided to the general population through studies of food consumption and nutritional health, mass education, and food assistance programs. As applied to patient care, it has the same components (assessment of food practices and nutritional status, nutrition education, and food assistance) plus dietary counseling and the service of appropriate food. These nutritional care services must be combined and coordinated to meet individual needs.

II. Nutritional care be integrated into preventive, diagnostic, curative, and restorative health services. Any contemplated health services delivery system should include a nutrition component in its preventive as well as remedial services, if the maximum benefits to health are to be achieved. The following example illustrates the application of this recommendation:

HEALTH SERVICES AND NUTRITIONAL CARE

Public health service—health promotion: mass nutrition education; supplemental food assistance.

Health-testing service (7): assessment of food intake and other indexes of nutritional status.

Health care service: nutrition education and counseling, food assistance, appropriate food service.

Preventive, maintenance service: dietary counseling, food assistance, appropriate food service.

Sick-care service: for all levels of inpatient care, appropriate food service, diet therapy, dietary counseling.

III. The planning and supervision of nutritional care be under the direction of persons professionally educated in nutrition as it relates to human health needs. Dietitians and public health nutritionists, with their educated knowledge of foods and nutrition, are the health professionals who are prepared specifically to help individuals and groups improve their diets and their nutritional status. (In this paper, the term *dietitian* shall be interpreted to mean either a public health nutritionist or a dietitian who is qualified for registration in The American Dietetic Association.) Supportive personnel (dietetic technicians, dietetic assistants) extend the knowledge and skills of dietitians to greater numbers of people.

IV. Dietitians function at the planning and policy-making level of federal, regional, state, and local comprehensive health planning bodies to assure that an appropriate nutritional care component is incorporated into all comprehensive health care planning.

V. Comprehensive health care plans include appropriate administrative placement of the nutrition care component; staffing patterns and qualifications for personnel; identification of nature and extent of nutrition problems; standards of nutritional care; methods to be used for delivery of nutrition services; and evaluation.

VI. To assure that a supply of dietitians is available and accessible to those in need of nutritional care, steps should be taken to:

A. Support the expansion of existing education and training facilities in nutrition and dietetics and the development of new facilities.

B. Increase support available to students of education and training in nutrition by means of scholarships, loans, and other financial mechanisms.

C. Explore and establish new approaches to undergraduate, graduate, and technical education.

D. Utilize supportive dietetic personnel and improve their career development and status in the health care system.

E. Explore other means to increase the dietetic manpower supply through such mechanisms as proficiency and equivalency examinations and other recruiting efforts.

VII. Dietitians be eligible for payments as providers of health care services. Future health care legislation should stipulate dietary counseling services as an eligible service for third party payment.

VIII. Adequate funding for preventive as well as curative nutritional care services be provided. Until such time as the nation is geared to deliver comprehensive family health care, nutrition services should be supported in existing specialized programs and services, such as: health services for mothers and children; the elderly, special groups, such as migrant agricultural workers and low-income families; family planning programs; chronic disease control services; home health services, rehabilitation services for drug and alcohol addicts; and group care services in facilities such as hospitals, nursing homes, extended care facilities, day-care centers, and residential institutions; detention centers, detoxification centers, and prisons.

XI. A careful appraisal be made of the economic benefits of nutritional care in a comprehensive medical care system. Such an appraisal should also include evaluation of the effectiveness of preventive nutritional care, as well as remedial services, on such variables as cost, absenteeism, worker productivity, and so on.

X. Any national health insurance program adopted include incentives for the development of preventive health services. Nutritional care should be identified in the legislation as an essential component of preventive health care service.

XI. Standards for nutritional care services be included in all federal and state guidelines and regulations for health care.

CITED REFERENCE

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ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 50

At the request of Mr. Humphrey, the Senator from Indiana (Mr. Bayh) was added as a cosponsor of S. 50, the Equal Opportunity and Full Employment Act of 1975.

S. 1473

At the request of Mr. Humphrey, the Senator from New York (Mr. Javits) was added as a cosponsor of S. 1473, the National Domestic Development Bank Act.

S. 1776

At the request of Mr. Hugh Scott, the Senator from North Dakota (Mr. Young) and the Senator from Minnesota (Mr. Humphrey) were added as cosponsors of S. 1776, a bill to establish Valley Forge National Historical Park in the Commonwealth of Pennsylvania.

S. 1902

At the request of Mr. Fannin, the Senator from Nevada (Mr. Cannon) was added as a cosponsor of S. 1902, a bill to authorize the Secretary of the Interior to engage in feasibility investigations of certain potential water resource developments.

S. 2258

At the request of Mr. Brock, the Senator from North Dakota (Mr. Young), the Senator from Hawaii (Mr. Fong), and the Senator from Kentucky (Mr. Huddleston) were added as cosponsors of S. 2258, a bill to establish a method whereby the Congress may assure a more effective use of tax dollars.

S. 2312

At the request of Mr. Burdick, the Senator from Minnesota (Mr. Mondale) was added as a cosponsor of S. 2312, a bill to amend the Tariff Act of 1930 so as to exempt certain private aircraft entering or departing from the United States and Canada or the United States and Mexico at night or on Sunday or a holiday from provisions requiring payment to the United States for overtime services of customs officers and employees.

S. 2329

At the request of Mr. Stevenson, the Senator from Colorado (Mr. Haskell), the Senator from California (Mr. Cranston), and the Senator from Florida (Mr. Chiles) were added as cosponsors of S. 2329, a bill to amend the Export-Import Bank Act of 1945 to limit financing for sales of nuclear materials and technology to States not a party to the Nuclear Nonproliferation Treaty.

S. 2379

At the request of Mr. Williams, the Senator from Ohio (Mr. Taft) was added as a cosponsor of S. 2379, a bill to amend the Regional Rail Reorganization Act of 1973.

SENATE RESOLUTION 230

At the request of Mr. Brock, the Senator from South Carolina (Mr. Thurmond) was added as a cosponsor of Senate Resolution 230, a resolution concerning relations with Cuba.

SENATE RESOLUTION 251

At the request of Mr. Biden, the Senator from North Dakota (Mr. Young), the Senator from Minnesota (Mr. Mondale), the Senator from Tennessee (Mr. Brock), the Senator from Indiana (Mr. Bayh), the Senator from California (Mr. Tunney), the Senator from Florida (Mr. Chiles), the Senator from Mississippi (Mr. Eastland), the Senator from Tennessee (Mr. Baker), the Senator from New Jersey (Mr. Williams), the Senator from South Carolina (Mr. Hollings), the Senator from Idaho (Mr. Church), the Senator from Texas (Mr. Tower), the Senator from New Mexico (Mr. Domenici), the Senator from Georgia (Mr. Nunn), the Senator from Arizona (Mr. Goldwater), the Senator from North Dakota (Mr. Burdick), the Senator from Maryland (Mr. Beall) and the Senator from Nebraska (Mr. Hruska) were added as cosponsors of Senate Resolution 251, relating to the President's trip to China and American POW's and MIA's.

SENATE JOINT RESOLUTION 101

At the request of Mr. Burdick, the Senator from Arizona (Mr. Goldwater) was added as a cosponsor of Senate Joint Resolution 101, to authorize the President to issue annually a proclamation designating that week in November which includes Thanksgiving Day as "National Family Week."

SENATE JOINT RESOLUTION 125

At the request of Mr. Kennedy, the Senator from Washington (Mr. Magnuson) was added as a cosponsor of Senate Joint Resolution 125, to proclaim "National Saint Elizabeth Seton Day."

SENATE JOINT RESOLUTION 131

At the request of Mr. Brock, the Senator from Ohio (Mr. Taft) was added as a cosponsor of Senate Joint Resolution 131, a joint resolution to establish a Joint Congressional Task Force on Federal Small Business Impact.

SENATE RESOLUTION 287—SUBMISSION OF A RESOLUTION RELATING TO THE PROPOSED TAKEOVER OF COPPERWELD CORP. BY THE SOCIETE IMETAL

(Referred jointly, by unanimous consent, to the Committee on Armed Services and the Committee on Labor and Public Welfare.)

Mr. HUGH SCOTT (for himself and Mr. Taft) submitted the following resolution:

S. Res. 287

Whereas, the Copperweld Corporation, producers of a unique and patented system of pipe and rod weld of copper, aluminum, and steel, is the object of a takeover attempt by Societe Imetal, a French-based conglomerate subsidized in substantial part by the Government of France, and

Whereas, the Copperweld Corporation employs 5,000 employees within the United States, among six separate facilities in five different States, and

Whereas, communities in which Copperweld facilities are located are dependent upon the continued production and present location of such facilities, and the citizens of those communities are equally dependent thereon with respect to their maintenance and support, and

Whereas, the Copperweld Corporation currently exports approximately thirty-five percent of its production, which exports may likely be lost to Copperweld and the United States by reason of the relocation of Copperweld production facilities in the countries to which the production is now exported, and

Whereas, the Copperweld Corporation is and has been under contract with the United States for the production and sale of items necessary to the national defense, which contracts, and the pertinent patents related thereto, will become the property of Societe Imetal if its attempted acquisition of Copperweld occurs: Now, therefore, be it

Resolved that the Committees on Labor and Public Welfare and Armed Services shall commence immediate inquiries with respect to the effects on American employment and the national defense, respectively, of the acquisition by Societe Imetal of Copperweld; and be it further

Resolved, that the Senate intervene in litigation pending to enjoin the culmination of the attempted acquisition by Societe Imetal of Copperweld, and seek to obtain an injunction barring such acquisition until such time as the aforementioned Committees have completed the inquiries directed hereunder and shall have reported to the Senate thereon.

Mr. HUGH SCOTT. Mr. President, today I submit a resolution dealing with the proposed takeover of a large and dynamic Pittsburgh company—Copperweld Corp.—by a French holding company—Societé Imetal. Such an important step should be undertaken only after the most careful study.

Representative John Dent has submitted in the other body a resolution identical to the one I offer today, House Resolution 755. We all share a deep concern about the proposed takeover. Fortunately the Federal court in Pittsburgh has issued a temporary restraining order, which removes some of the urgency and gives everyone a chance to step back and study the recent developments.

We are especially concerned about three aspects of the proposed acquisition: first, the dangers it poses to the prosperity of Copperweld and the Pittsburgh economy in general: second, the threat it poses to the job security of the many employees of Copperweld, its affiliates, and its suppliers: and, third, the possibilty that the acquisition will violate the antitrust and other laws of the United States.

As a result of this third concern, and in consideration of the first and second, I offer my resolution. It directs the Committees on Labor and Public Welfare and Armed Services to commence an immediate inquiry into the effects of the proposed acquisition on U.S. employment and national defense. Furthermore, my resolution would have the Senate intervene in the suit Copperweld has brought in the U.S. District Court in Pittsburgh to enjoin consummation of the takeover, and would have the Senate—if the court-imposed injunction is dissolved—seek an injunction against such consummation until such time as the committees have completed their inquiries and made their reports to the Senate.

All of us earnestly hope that this matter will be resolved satisfactorily. The livelihood of many men and women could be placed in jeopardy if this major acquisition were hastily consummated without adequate study. I, therefore, ask unanimous consent that this resolution be referred jointly to the Committees on Labor and Public Welfare and Armed Services.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

SENATE RESOLUTION 288—SUBMISSION OF A RESOLUTION RELATING TO AN ACTION OF THE UNITED NATIONS CONCERNING ZIONISM

(Referred to the Committee on Foreign Relations.)

Mr. HUMPHREY (for himself, Mr. Brock, Mr. Javits, Mr. Ribicoff, Mr. Case, Mr. Jackson, Mr. Bentsen, Mr. Hugh Scott, Mr. Chiles, and Mr. Stone) submitted the following resolution:

S. Res. 288

Whereas the United States, as a founder of the United Nations Organization, has a fundamental interest in promoting the purposes and principles for which that organization was created; and

Whereas in Article 1 of the Charter of the United Nations the purposes of the United Nations are stated to be:

"To develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace;

"To achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting an encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion; and

"To be a center for harmonizing the actions of nations in the attainment of these common ends" and

Whereas such purposes are threatened with being nullified and subverted by the Resolution adopted by the Third Committee of the United Nations General Assembly on October 17, 1975, which resolution wrongfully associates and equates Zionism with racism and racial discrimination, as was pointed out so well by the United States representatives to the Third Committee, when he said: "Under the guise of a program to eliminate racism, the United Nations is at the point of officially endorsing anti-semitism, one of the oldest and most virulent forms of racism known to human history." Now, therefore, be it

Resolved, That the United States Senate strongly condemns the Resolution adopted by the Third Committee of the United Nations General Assembly on October 17, 1975, in that said resolution wrongfully associates and equates Zionism with racism and racial discrimination; and urges the United Nations General Assembly to disapprove that said resolution, if and when it is presented for a vote before that body.

THE UNITED NATIONS AND ZIONISM

Mr. HUMPHREY. Mr. President, the recent vote in the Social, Humanitarian and Cultural Committee of the United Nations on the issue of Zionism is a stain on that world body and represents a fundamental setback in the worldwide struggle against racism.

The committee's condemnation of Zionism by a vote of 70 to 29 with 27 abstentions marks a grave development in the politicization of an organization dedicated to peace and human understanding.

The attack on Zionism was a crude device to confuse issues which affect peace in the Middle East. To condemn Zionism is to condemn a central philosophical thrust in modern Jewish thought. The idea of a Jewish homeland as a haven free of persecution and oppression was a concept first endorsed by President Truman and subsequently supported by his successors. It is an idea that my father supported as a member of the South Dakota legislature. It is an idea to which I have been devoted since before I entered active politics. I support Israel because it is a small democracy which has consistently struggled for the freedom of its people.

I am grievously distressed that the concept of a Jewish homeland is now being questioned in the United Nations 27 years after its founding. Moreover, Zionism as a concept is linked by the enemies of Israel to the issue of racism. Zionism is not a racist philosophy. To say that it is perverts the truth and weakens those in this country and around the world who are dedicated to the destruction of all forms of racism in national and international life. Let us not forget that it was Israel that had one of the most extensive programs in agricultural and rural assistance in Africa before African States were forced to break relations with it. Israel is not a racist state in thought or in deed. It is not a state that discriminates on the basis of race as some members of the U.N. do.

It is indeed sad that the United Nations has taken this action against a member state which has every right to exist and to be free of persecution in this world body. I sincerely hope that the vote in the Social, Humanitarian and Cultural Committee will be reversed by the General Assembly. All those states who recognize and cherish freedom will refuse to be party to this destructive act. All those states who view the U.N. as a body where disputes are settled rather than exacerbated will refuse to vote in favor of the resolution. As I have said before, the American people and their representatives in Congress will not sit back as Israel is attacked and vilified on groundless bases. I am not unaware of the disputes in the Middle East which may be the subject of future negotiations. Until these negotiations occur, the peace will be endangered by these unfair and distasteful attacks on a U.N. member state and its people.

AMENDMENTS SUBMITTED FOR PRINTING

NATURAL GAS EMERGENCY ACT OF 1975—S. 2310

AMENDMENT NO. 994

(Ordered to be printed and to lie on the table.)

Mr. BIDEN submitted an amendment intended to be proposed by him to amendment No. 919 proposed to the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

AMENDMENT NO. 995

(Ordered to be printed and to lie on the table.)

Mr. DOLE submitted an amendment intended to be proposed by him to amendment No. 919, supra.

AMENDMENT NO. 996

(Ordered to be printed and to lie on the table.)

Mr. HASKELL (for himself and Mr. Chiles) submitted an amendment to be proposed by them jointly to the bill (S. 2310), supra.

AMENDMENT NO. 997

(Ordered to be printed and to lie on the table.

Mr. HOLLINGS (for Mr. Gravel) submitted an amendment intended to be proposed to amendment No. 919, supra.

AMENDMENT NO. 998

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS submitted an amendment intended to be proposed by him to the bill (S. 2310), supra.

AMENDMENTS NOS. 999 THROUGH 1005

(Ordered to be printed and to lie on the table.)

Mr. BARTLETT submitted seven amendments intended to be proposed by him to amendment No. 919, supra.

AMENDMENTS NOS. 1006 AND 1007

(Ordered to be printed and to lie on the table.)

Mr. HOLLINGS submitted two amendments intended to be proposed by him to amendment No. 919, supra.

AMENDMENT NO. 1008

(Ordered to be printed and to lie on the table.)

Mr. GLENN submitted an amendment intended to be proposed by him to amendment No. 919, supra.

AMENDMENT NO. 1009

(Ordered to be printed and to lie on the table.)

Mr. FORD submitted an amendment intended to be proposed by him to amendment No. 919, supra.

AMENDMENT NO. 1010

(Ordered to be printed and to lie on the table.)

Mr. TUNNEY submitted an amendment intended to be proposed by him to amendment No. 919, supra.

AMENDMENT NO. 1011

(Ordered to be printed and to lie on the table.)

Mr. PEARSON (for himself and Mr. Bentsen) submitted an amendment intended to be proposed by them to the bill (S. 2310), supra.

AMENDMENT NO. 1012

(Ordered to be printed and to lie on the table.)

Mr. PEARSON (for himself and Mr. Bentsen) submitted an amendment intended to be proposed by them to amendment No. 934 proposed to the bill (S. 2310), supra.

AMENDMENT NO. 1013

(Ordered to be printed and to lie on the table.)

Mr. PEARSON (for himself and Mr. BENTSEN) submitted an amendment intended to be proposed by them to amendment No. 919, supra.

AMENDMENT NO. 1016

(Ordered to be printed and to lie on the table.)

Mr. BURDICK submitted an amendment intended to be proposed by him to amendment No. 919, supra.

MOTION TO COMMIT

Mr. PEARSON submitted the following notice in writing:

Mr. President, I move that the bill, S. 2310, be committed to the Senate Committee on Commerce with instructions that it be reported back forthwith, recommending that an amendment in the nature of a substitute be agreed to.

The amendment is as follows:

"TITLE I—EMERGENCY NATURAL GAS AUTHORITY

"SHORT TITLE

"SEC. 101. This title may be cited as the 'Natural Gas Emergency Standby Act of 1975'.

"SEC. 102. (a) The Congress finds and declares that the Nation will suffer severe shortages of natural gas during the heating season from November 1975 through March 1976. The Congress further finds and declares that such imminent shortages in our Nation's natural-gas supply constitute an emergency which can be alleviated by providing for limited exemptions from regulation of natural gas and for the prohibition of the use of natural gas as boiler fuel.

"(b) The purpose of this title is to grant the Federal Power Commission authority to allow natural-gas companies which transport natural gas in interstate commerce with inadequate quantities of natural gas to meet the requirements of their high priority consumers of natural gas to purchase natural gas from sources not in interstate commerce and from other such companies on an emergency basis free from the provisions of the Natural Gas Act (15 U.S.C. 717 et seq.), except for the reporting requirements of such Act; to grant the Federal Energy Administration authority to prohibit the use of natural gas as boiler fuel; and to provide the President with standby authority to allocate propane during periods of actual or threatened severe shortages of natural gas.

"DEFINITIONS

"SEC. 103. For the purposes of this title—

"(1) 'Natural-gas distributing company' means a person involved in the distribution or transportation of natural gas for ultimate public consumption for domestic, commercial, industrial, or any other use, but such term does not include a natural-gas company as defined in section 2(6) of the Natural Gas Act (15 U.S.C. 717a(6)).

"(2) 'High priority consumer of natural gas' means a person so defined by the Commission by rules and regulations.

"(3) 'Independent producer' means a person, as determined by the Commission, (A) who is not affiliated with a person engaged in the transportation of natural gas in interstate commerce, and (B) who is not a producing division of such a person engaged in the transportation of natural gas in interstate commerce.

"(4) 'Propane' means (A) the chemical C_3H_8 in its commercial form whether recovered from natural-gas streams or crude oil refining, (B) the C_3H_8 component of raw domestic mixtures containing more than 10 percent of such component by weights, and (C) commercial propane-butane mixes containing by weight more than 10 percent of propane and not more than 5 percent of constituents other than propane or butane.

"(5) 'United States' means the States, the District of Columbia, Puerto Rico, and the territories and possessions of the United States.

"(6) 'Administrator' means the Administrator of the Federal Energy Administration.

"(7) 'Commission' means the Federal Power Commission.

"EMERGENCY EXEMPTIONS

"SEC. 104. Section 7(c) of the Natural Gas Act (15 U.S.C. 717f(c)) is amended by designating the two unnumbered paragraphs thereof as paragraphs (1) and (2), by deleting the period at the end of paragraph (2) as designated hereby, and inserting in lieu thereof the following: ': *Provided further*, That within 15 days after the enactment of the Natural Gas Emergency Standby Act of 1975, the Commission shall by regulation exempt from the provisions of this Act, except for reporting requirements, any activities, operations, facilities, or services relating to the transportation, sale and delivery, transfer, or exchange of natural gas from any source, other than any offshore Federal lands, by an independent producer, a natural-gas company which transports natural gas in interstate commerce, a person who transports natural gas in other than interstate commerce, or a natural-gas distributing company to or with a natural-gas company which transports natural gas in interstate commerce which does not have or which under reasonably foreseeable circumstances may not have, a sufficient supply of natural gas to meet the requirements of its high priority consumers of natural gas and which is curtailing during the heating season from November 1975 through March 1976 pursuant to a curtailment plan on file with the Commission. Exemptions granted pursuant to this proviso shall be for periods of no more than 180 consecutive days. Persons who are exempt under section 1(b) or (c) of this Act shall not have their exempt status affected in any way by making the sales or deliveries contemplated by this subsection: *Provided further*, That the Commission shall have no power to deny, in whole or in part, recovery by any natural-gas company in its jurisdictional rates of the amount paid by it for natural gas delivered to it pursuant to sales and contracts as described herein, except to the extent that an interstate transporter purchases natural gas from an affiliate at a rate in excess of the price paid by the transporter to nonaffiliated sellers in comparable sales transactions: *Provided further*, That natural gas sold and delivered or transported pursuant to any exemption granted under section 104 of the Natural Gas Emergency Standby Act of 1975 shall not be or become subject to the jurisdiction of the Commission because of such sale and delivery or transportation whether or not such sale is a sale for resale in interstate commerce or such transportation is in interstate commerce: *Provided further*, That it shall be a violation of the Natural Gas Act (as amended) for any natural-gas distributing company to charge residential users and small users (as defined by the Commission) rates which reflect any costs incurred by an interstate transporter as a result of purchases of natural gas made pursuant to an exemption granted under this section.'.

"PROHIBITION OF USE OF NATURAL GAS AS BOILER FUEL

"SEC. 105. (a) The purpose of this section is to continue the conservation of natural gas and petroleum products by fostering the use of coal by powerplants and major fuel burning installations, and if coal cannot be utilized, to provide authority to prohibit the use of natural gas when petroleum products can be substituted.

"(b) Section 2 of the Energy Supply and Environmental Coordination Act of 1974 is amended by—

(1) redesignating subsections (e) and (f) as subsections (f) and (g), respectively;

(2) amending redesignated subsection (g) (1) to read as follows:

"'(g) (1) Authority to issue orders or rules under subsections (a), (b), (d), and (e) of this section shall expire at midnight June 30, 1976. Authority to issue orders under subsection (c) shall expire at midnight June 30, 1976. Any rule or order issued under subsections (a) through (e) may take effect at any time before January 1, 1979.';

"(c) inserting after subsection (d) the following new subsection (e):

"'(e) (1) The *Administrator* may, by order, prohibit any powerplant or major fuel burning installation from burning natural gas if—

'(A) the Administrator determines that:

"(i) such powerplant or installation had on June 30, 1975 (or at any time thereafter) the capability and necessary plant equipment to burn petroleum products,

'(ii) an order under subsection (a) may not be issued, with respect to such powerplant or installation,

'(iii) the burning of petroleum products by such powerplant or installation in lieu of natural gas is practicable,

'(iv) petroleum products will be available during the period the order is in effect,

'(v) the Commission certifies to the Administrator that with respect to powerplants, the prohibition under this subsection will not impair the reliability of service in the area served by the plant,

"(vi) the prohibition under this subsection will result in making natural gas available for sale to a natural-gas company which transports natural gas in interstate commerce and which does not have adequate quantities of natural gas to meet the requirements of its high priority consumers and which is curtailing pursuant to a curtailment plan on file with the Commission, and

(B) the Administrator of the Environmental Protection Agency has certified that such powerplant or installation will be able to burn the petroleum products which the Administrator has determined under subparagraph (A) (iv) will be available to it and will be able to comply with the Clean Air Act (including applicable implementation plans).

(2) An order under this subsection shall not take effect until the earliest date the Administrator of the Environmental Protection Agency has certified that the powerplant or installation can burn petroleum products and can comply with the Clean Air Act (including applicable implementation plans).

'(3) The Administrator may specify in any order issued under this subsection the periods of time during which the order will be in effect and the quantity (or rate of use) of natural gas that may be burned by a powerplant or major fuel burning installation during such periods, including the burning of natural gas by a powerplant to meet peaking load requirements.

'(4) Conversion of petroleum products pursuant to an order issued under this subsection shall not be deemed to be a modification for the purposes of paragraphs (2) and (4) of subsection III(a) of the Clean Air Act, as amended.

'(5) The Administrator shall exempt from any order issued pursuant to this subsection the burning of natural gas for the necessary processes of ignition, startup, testing, and flame stabilization by a facility.

'(6) The Administrator shall also exempt from any rule under this section the burning of natural gas by powerplants for the purpose of operating pollution abatement systems.

'(7) The Administrator shall modify or suspend any order issued pursuant to this subsection to the extent necessary to alleviate short-term air quality emergenices or any other danger to the public health, safety, or welfare.' "

"(d)(1) Any order issued pursuant to this subsection shall provide for just compensation of the facility and transporter affected by such order. Such compensation is (A) to be measured by the increased costs, if any, incurred by a facility and the loss of revenue, if any, incurred by a transporter as a result of such order, and (B) to be paid ultimately through increased rates and charges by those users, in proportion to the volumes of natural gas consumed by such users, who are determined by the Commission to benefit as a result of such order: *Provided, however,* That nothing contained in this subsection shall be construed to extend the jurisdiction of the Commission to any rates and charges not otherwise subject to the jurisdiction of the Commission under section 1 of the Natural Gas Act (15 U.S.C. 717). (2) For the purposes of this subsection, the term 'users' means high priority consumers of natural gas who consume natural gas transported by that natural-gas company which obtains the natural-gas supplies made available for nonboiler fuel use by an order issued pursuant to this subsection.

"(e) Section 11(g)(2) of the Energy Supply and Environmental Coordination Act of 1974 is amended by striking out 'June 30, 1975,' wherever it appears and inserting in lieu thereof 'June 30, 1976'."

"PROPANE STANDBY ALLOCATION AUTHORITY

"SEC. 106. (a) Upon finding that shortages of natural gas exist or are imminent and upon finding that such shortages or potential shortages constitute a threat to the public health, safety, or welfare, the President is authorized to issue such orders and regulations as he deems appropriate to provide, consistent with subsection (d) of this section, for the establishment of priorities of use and for equitable allocation and distribution of propane to classes of consumers, who are historical users of propane, and where energy and feedstock needs have historically been met through the use of propane, and equitable pricing of propane, in order to meet the essential needs of various sections of the United States, to lessen anticompetitive effects resulting from shortages of natural gas and to provide sufficient incentive to maximize the extraction and production of propane. Such orders and regulations shall be consistent with the allocation provisions of section 4 of the Emergency Petroleum Allocation Act of 1973, as amended (15 U.S.C. 753).

"(b)(1) Whoever violates any order or regulation under this section shall be subject to a civil penalty of not more than $2,500 for each violation.

"(2) Whoever willfully violates any order or regulation under this section shall be fined not more than $5,000 for each violation.

"(3) Any person or agency to whom the President has delegated his authority pursuant to subsection (j) of this section may issue such orders and notices as are deemed necessary to insure compliance with any order or regulation issued pursuant to subsection (a) of this section or to remedy the effects of violations of any such orders or regulations.

"(c) There shall be available as a defense to any action brought under the antitrust laws, or for breach of contract in any Federal or State court arising out of delay or failure to provide, sell, or offer for sale or exchange any product covered by this section that such delay or failure was caused solely by compliance with the provisions of this section or with any regulations or any orders issued pursuant to this section.

"(d)(1) Subject to paragraphs (2), (3), and (4) of this subsection, which shall apply to any rule, regulation, or order having the applicability and effect of a rule as defined in section 551(4) of title 5, United States Code, and issued pursuant to this section, the functions exercised under this section are excluded from the operation of subchapter II of chapter 5, and chapter 7 of title 5, United States Code, except as to the requirements of sections 552, 553, and 555 (e) of title 5, United States Code.

"(2) Notice of any proposed rule, regulation, or order described in paragraph (1) of this subsection shall be given by publication of such proposed rule, regulation, or order in the Federal Register. In each case, a minimum of 10 days following such publication shall be provided for opportunity to comment; except that the requirements of this paragraph as to time of notice and opportunity to comment may be waived where strict compliance is found to cause serious harm or injury to the public health, safety, or welfare, and such finding is set out in detail in such rule, regulation, or order.

"(3) In addition to the requirements of paragraph (2) of this subsection, if any rule, regulation, or order described in paragraph (1) of this subsection is likely to have a substantial impact on the Nation's economy or large numbers of individuals or businesses, an opportunity for oral presentation of views, data, and arguments shall be afforded. To the maximum extent practicable, such opportunity shall be afforded prior to the issuance of such rule, regulation, or order, but in all cases such opportunity shall be afforded no later than 45 days after the issuance of any such rule, regulation, or order. A transcript shall be kept of any oral presentation.

"(4) The President or any officer or agency authorized to issue the rules, regulations, or orders described in paragraph (1) of this subsection shall provide for the making of such adjustments, consistent with the other purposes of this section, as may be necessary to prevent particular hardship, inequity, or unfair distribution of burdens and shall, by rule, establish procedures which are available to any person for the purpose of seeking an interpretation, modification, rescission of, exception to, or exemption from such rules, regulations, and orders. If such person is aggrieved or adversely affected by the denial of a request for such action under the preceding sentence, he may request a review of such denial by the President or the officer or agency to whom he has delegated his authority pursuant to subsection (j) of this section and may obtain judicial review in accordance with subsection (e) of this section when such denial becomes final. The President or such officer or agency shall, by rule, establish appropriate procedures, including a hearing where deemed advisable, for considering such requests for action under this paragraph.

"(e)(1) The district courts of the United States shall have exclusive original jurisdiction of cases or controversies arising under this section or under regulations or orders issued thereunder, notwithstanding the amount in controversy; except that nothing in this paragraph or in paragraph (7) of this subsection shall affect the power of any court of competent jurisdiction to consider, hear, and determine any issue by way of defense (other than a defense based on the constitutionality of this section or the validity of action taken by any agency under this section) raised in any proceeding before such court. If in any such proceeding an issue by way of defense is raised based on the constitutionality of this section or the validity of actions under this section, the case shall be subject to removal by either party to a district court of the United States in accordance with the applicable provisions of chapter 89 of title 28, United States Code.

"(2) Except as otherwise provided in this section, exclusive appellate jurisdiction is vested in the Temporary Emergency Court of Appeals, a court which is currently in existence, but which is independently authorized by this section. The court, a court of the United States, shall consist of three or more judges to be designated by the Chief Justice of the United States from judges of the United States district courts and circuit courts of appeals. The Chief Justice of the United States shall designate one of such designated judges as chief judge of the Temporary Emergency Court of Appeals, and may, from time to time, designate additional judges for such court and revoke previous designations. The chief judge may, from time to time, divide the court into divisions of three or more members, and any such division may render judgment as the judgment of the court. Except as provided in subparagraph (B) of paragraph (5) of this subsection, the court shall not have power to issue any interlocutory decree staying or restraining in whole or in part any provision of this section, or the effectiveness of any regulation or order issued thereunder. In all other respects, the court shall have the powers of a circuit court of appeals with respect to the jurisdiction conferred on it by this section. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases over which it has jurisdiction under this section. The court shall have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

"(3) Appeals from the district courts of the United States in cases and controversies arising under regulations or orders issued under this section shall be taken by the filing of a notice of appeal with the Temporary Emergency Court of Appeals within 30 days of the entry of judgment by the district court.

"(4) In any action commenced under this section in any district court of the United States in which the court determines that a substantial constitutional issue exists, the court shall certify such issue to the Temporary Emergency Court of Appeals. Upon such certification, the Temporary Emergency Court of Appeals shall determine the appropriate manner of disposition which may include a determination that the entire action be sent to it for consideration or it may, on the issues certified, give binding instructions and remand the action to the certifying court for further disposition.

"(5)(A) Subject to subparagraph (B) of this paragraph, no regulation of any agency exercising authority under this section shall be enjoined or set aside, in whole or in part, unless a final judgment determines that the issuance of such regulation was in excess of the agency's authority, was arbitrary or capricious, or was otherwise unlawful under the criteria set forth in section 706(2) of title 5, United States Code, and no order of such agency shall be enjoined or set aside, in whole or in part, unless a final judgment determines that such order is in excess of the agency's authority, or is arbitrary or capricious, or is based upon findings which are not supported by substantial evidence.

"(B) A district court of the United States or the Temporary Emergency Court of Appeals may enjoin temporarily or permanently the application of a particular regulation or order issued under this section to a person who is a party to litigation before it. Except as provided in this paragraph, no interlocutory or permanent injunction restraining the enforcement, operation, or execution of this section, or any regulation or order issued thereunder, shall be granted by any district court of the United States or judge thereof. Any such court shall have jurisdiction to declare (i) that a regulation of an agency exercising authority under this section is in excess of the agency's authority, is arbitrary or capricious, or is otherwise unlawful under the criteria set forth in section 706(2) of title 5, United States Code, or (ii) that an order of such agency is invalid upon a determination that the order is in excess of the agency's authority, or is arbitrary or capricious, or is based upon findings which are not supported by substantial evidence. Appeals from interlocutory decisions by a district court of the United States under this subparagraph may be taken in accordance with the provisions of section 1292 of title 28, United States Code; except that reference in such section to the courts of appeals shall be deemed to refer to the Temporary Emergency Court of Appeals.

"(6) The effectiveness of a final judgment of the Temporary Emergency Court of Appeals enjoining or setting aside in whole or in part any provision of this section, or any regulation or order issued thereunder shall be postponed until the expiration of time for filing a writ of certiorari with the Supreme Court under paragraph (7) of this subsection. If such petition is filed, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the action by the Supreme Court.

"(7) Within 30 days after entry of any judgment or order by the Temporary Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a United States court of appeals as provided in section 1254 of title 28, United States Code. The Temporary Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Temporary Emergency Court of Appeals, shall have exclusive jurisdiction to determine the constitutional validity of any provision of this section or of any regulation or order issued under this section. Except as provided in this paragraph, no Federal or State court shall have jurisdiction or power to consider the constitutional validity of any provision of this section or of any such regulation or order, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this section authorizing the issuance of such regulations or orders, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

"(f) Whenever it appears to any person or agency authorized by the President pursuant to subsection (j) of this section that any individual or organization has engaged, is engaged, or is about to engage in any acts or practices constituting a violation of any order or regulation under this section, such person or agency may request the Attorney General to bring an action in the appropriate district court of the United States to enjoin such acts or practices, and upon a proper showing, a temporary restraining order or a preliminary or permanent injunction shall be granted without bond. Any such court may also issue mandatory injunctions commanding any person to comply with any such order or regulation. In addition to such injunctive relief, the court may also order restitution of moneys received in violation of any such order or regulation.

"(g)(1) An agency or person exercising authority pursuant to subsection (j) of this section shall have authority, for any purpose related to this section, to sign and issue subpenas for the attendance and testimony of witnesses and the production of relevant books, papers, and other documents, and to administer oaths.

"(2) Upon presenting appropriate credentials and a written notice to the owner, operator, or agency in charge, any agency or person exercising authority pursuant to subsection (j) of this section may enter any business premise or facility and inspect, at reasonable times and in a reasonable manner, any such premise or facility, inventory and sample any stock of energy resources therein, and examine and copy books, records, papers, or other documents in order to obtain information as necessary or appropriate for the proper exercise of functions under this section and to verify the accuracy of any such information.

"(3) Witnesses summoned under the provisions of this section shall be paid the same fees and mileage as are paid to witnesses in the courts of the United States. In case of refusal to obey a subpena served upon any person under the provisions of this subsection, the agency or person authorizing such subpena may request the Attorney General to seek the aid of the district court of the United States for any district in which such person is found to compel such person, after notice, to appear and give testimony, or to appear and produce documents before the agency or person.

"(h) Any person suffering legal wrong because of any act or practice arising out of this section, or any order or regulation issued pursuant thereto, may bring an action in a district court of the United States, without regard to the amount in controversy, for appropriate relief, including an action for a declaratory judgment, writ of injunction (subject to the limitations in subsection (e) of this section), or damages.

"(i) Section 5(b) of the Federal Energy Administration Act of 1974 (15 U.S.C. 763 (b)) is amended by adding the word 'and' after the semicolon in paragraph 10; by deleting paragraph 11; and by redesignating paragraph 12 as paragraph 11.

"(j) The President may delegate the performance of any function under this section to such offices, departments, and agencies of the United States as he deems appropriate.

"(k) No law, rule, regulation, order, or ordinance of any State or municipality in effect on the date of enactment of this title, or which may become effective thereafter, shall be superseded by any provision of this section or any rule, regulation, or order issued pursuant to this section except insofar as such law, rule, regulation, order, or ordinance is inconsistent with the provisions of this section, or any rule, regulation, or order issued thereunder.

"EXPIRATION DATE

"SEC. 107. (a) This title shall expire on midnight April 4, 1976.

"(b) The expiration of this title and the authority granted under this title shall not affect any action or pending proceedings not finally determined on the date of such expiration, or any action or proceeding based upon any act committed prior to such date.

"TITLE II—NATURAL GAS ACT AMENDMENTS

"SEC. 201. This title may be cited as the 'Natural Gas Act Amendments of 1975'.

"SEC. 202. The Natural Gas Act (15 U.S.C. 717 et seq.) is amended by (1) striking out section 24 thereof (15 U.S.C. 717w); and (2) amending section 1 thereof by redesignating subsections (a), (b), and (c) as subsections (b), (c), and (d), respectively, and inserting therein the following new subsection:

"'(a) This Act may be cited as the "Natural Gas Act".'

"SEC. 203. Section 1(c) of the Natural Gas Act, as redesignated by this title (15 U.S.C. 717(b)), is amended (1) by deleting 'The' at the beginning thereof and by inserting in lieu thereof immediately after '(c)' the following: '(1) Except as provided in paragraph (2) of this subsection, the'; and (2) by inserting at the end thereof the following new paragraph:

"'(2) Subject only to the provisions of section 24 of this Act, after the effective date of the Ntaural Gas Act Amendments of 1975, the authority of the Commission to regulate the sale of natural gas to a natural-gas company for resale in interstate commerce pursuant to this Act shall cease to exist with respect to, and shall not apply to, new natural gas: *Provided, however*, That nothing contained in the Natural Gas Act Amendments of 1975 shall modify or affect the authority of the Commission in effect prior to the date of enactment of such amendments to (A) regulate the transportation in interstate commerce of natural gas or the sale in interstate commerce for resale of old natural gas, or (B) regulate sales for resale of natural gas by any natural-gas company which transports natural gas in interstate commerce or by an affiliate thereof which transports natural gas in interstate commerce.'

"SEC. 204. (a) Section 2 of the Natural Gas Act (15 U.S.C. 717a) is amended by redesignating paragraphs (7) through (9) as paragraphs (12) through (14), and by inserting the following new paragraphs:

"'(7) "Boiler fuel use of natural gas" means the use of natural gas as the source of fuel in a generating unit of more than 25 megawatts rated net generating capacity or in any unit which is part of an electric utilities system with a total net generating capacity of more than 150 megawatts for the purpose of generating electricity for distribution.

"'(8) "New natural gas" means natural gas sold or delivered in interstate commerce (A) which is dedicated to interstate commerce for the first time on or after January 1, 1975, (B) which is continued in interstate commerce after the expiration of a contract by its own terms (and not through the exercise of any power to terminate or renegotiate contained therein) for the sale or delivery of such natural gas existing as of such date, or (C) which is produced from wells commenced on or after such date.

"'(9) "Old natural gas" means natural gas other than new natural gas.

"'(10) "Affiliate" means any person directly or indirectly controlling, controlled by, or under common control or ownership with any other person, as determined by the Commission pursuant to its rulemaking authority.

"'(11) "Offshore Federal lands" means any land or subsurface area within the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a)).'

"SEC. 205. (a) Section 4(a) of the Natural Gas Act (15 U.S.C. 717c(a)) is amended by adding at the end thereof the following new sentence: 'The rates and charges made, demanded, or received by any natural-gas company for, or in connection with, a contract for the sale of new natural gas produced from offshore Federal lands shall be deemed to be just and reasonable, if they do not exceed the applicable natural ceiling, established by regulation of the Commission or subsequently modified by the Commission pursuant to section 24 of this Act, in effect at the time when such new natural gas is either first sold or first transferred under such contract to a natural-gas company: *Provided, however*, That rates and charges in excess of such national ceiling may be authorized by the Commission to provide special relief to meet extraordinary expenses that could not be anticipated at the time the national ceiling was established or modified.'

"(b) Section 4(e) of the Natural Gas Act (15 U.S.C. 717c(e)) is amended by adding at the end thereof the following new sentence: 'Notwithstanding the foregoing, the Commission shall have no power (1) to deny, in whole or in part, any rate or charge made, demanded, or received by any natural-gas company for, or in connection with, the purchase or sale of new natural gas, or that portion of the rates and charges of such company which relates to such purchase or sale, except (A) to the extent that such rates or charges, or such portion thereof, for new natural gas produced from offshore Federal lands exceed the national ceiling, established or modified by regulation of the Commission pursuant to section 24 of this Act, or (B) in any case where a natural-gas company purchases natural gas from an affiliate or produces natural gas from its own properties, to the extent that the Commission determines that the rates and charges therefor exceed the current rates and charges, or portion thereof, made, demanded, or received for comparable sales by any person who is not affiliated with any natural-gas company; or (2) to order a decrease in the rate or charge made, demanded, or received for the sale or transfer of old natural gas by a natural-gas company if such rate or charge shall have been previously determined or deemed to be just and reasonable pursuant to this Act.'

"Sec. 206. Section 5(a) of the Natural Gas Act (15 U.S.C. 717d(a)) is amended by striking the period at the end thereof and by adding the following: ': *Provided further*, That the Commission shall have no power (1) to deny, in whole or in part, any rate or charge made, demanded, or received by any natural-gas company for, or in connection with, the purchase or sale of new natural gas, or that portion of the rates and charges of such company which relates to such purchase or sale, except (A) to the extent that such rates or charges, or such portion thereof, for new natural gas produced from offshore Federal lands exceed the national ceiling, established or modified by regulation of the Commission pursuant to section 25 of this Act, or (B) in any case where a natural-gas company purchases natural gas from an affiliate or produces natural gas from its own properties, to the extent that the Commission determines that the rates and charges therefor exceed the current rates and charges, or portion thereof, made, demanded, or received for comparable sales by any person who is not affiliated with any natural-gas company; or (2) to order a decrease in the rate or charge made, demanded, or received for the sale or transfer of old natural gas by a natural-gas company if such rate or charge shall have been previously determined or deemed to be just and reasonable pursuant to this Act.'

"Sec. 207. Section 14 of the Natural Gas Act (15 U.S.C. 717m) is amended by adding at the end thereof the following new subsection:

"'(h) Reserve Information.—(1) The Commission is further authorized and directed to conduct studies of the production, gathering, storage, transportation, distribution, and sale of natural, artificial, or synthetic gas, however produced, throughout the United States and in possessions whether or not otherwise subject to the jurisdiction of the Commission, including the production, gathering, storage, transportation, distribution, and sale of natural, artificial or synthetic gas by any agency, authority, or instrumentality of the United States, or of any State or municipality or political subdivision of a State. It shall, insofar as practicable, secure and keep current information regarding the ownership, operation, management, and control of all facilities for production, gathering, storage, transportation, distribution, and sale; the total estimated natural gas reserves of fields or reservoirs and the current untilization of natural gas and the relationship between the two; the cost of production, gathering, storage, transportation, distribution, and sale; the rates, charges, and contracts in respect to the sale of natural gas and its service to residential, rural, and commercial and industrial consumers, and other purchasers by private and public agencies; and the relation of any and all such facts to the development of conservation, industry, commerce, and the national defense. The Commission shall report to the Congress and may publish and make available the results of studies made under the authority of this subsection.

"(2) In making studies, investigations, and reports under this section, the Commission shall utilize, insofar as practicable the services, studies, reports, information, and programs of existing departments, bureaus, offices, agencies, and other entities of the United States, of the several States, and of the natural gas industry but such studies, investigations, and reports shall be based on information developed or completely reviewed for accuracy, after the date of enactment of this subsection. Nothing in this section shall be construed as modifying reassignment, or otherwise affecting the investigative and reporting activities, duties, powers, and functions of any other department, bureau, office, or agency in the Federal Government.

"(3) In order to assist in determining necessary actions to eliminate the national emergency which exists with respect to natural gas supplies the Commission shall carry out and complete, not later than 90 days after the date of enactment of this subsection, an initial such study with respect to the total estimated natural gas reserves of fields and reservoirs and the current utilization of natural gas and the relationship between the two. Such study shall include specific estimates for individual fields and reservoirs but shall not include reserves controlled by small producers. On January 1, 1977, and at the beginning of each calendar year thereafter, the Commission shall, within the following ninety-day period, complete a review of the previous study and revise the results thereof to the extent necessary. A report of such initial study and each such review shall be made, within the time provided for the completion thereof, to the President and the Congress.

"Sec. 208. The Natural Gas Act, as amended by this title, is further amended by addin at the end thereof the following three new sections:

"'NATIONAL CEILING FOR RATES AND CHARGES

"'Sec. 24. (a) The Commission shall, as soon as practicable after the date of enactment of the Natural Gas Act Amendments of 1975, and pursuant to rulemaking procedures under section 553 of title 5, United States Code, establish by regulation, and may from time to time modify, a national ceiling for rates and charges for the sale or transfer in interstate commerce by any person of new natural gas produced from offshore Federal lands on or after January 1, 1975, through December 31, 1980. In establishing such national ceiling the Commission shall consider the following factors and only these factors:

"'(1) the prospective costs attributable to the exploration, development, production, gathering, and sale of natural gas;

"'(2) the rates and charges necessary to encourage the optimum levels of (A) the exploration for natural gas, (B) the development, production, and gathering of natural gas, and (C) the maintenance of proved reserves of natural gas;

"'(3) the promotion of sound conservation practices in natural-gas consumption necessary to contribute to the maintenance of a supply of energy resources at reasonable prices to consumers; and

"'(4) the rates and charges that will protect consumers of natural gas from price increases that would, in the absence of a national ceiling during periods of actual or anticipated shortages, exceed the rates and charges necessary to achieve the objectives of paragraphs (1) through (3) of this subsection.

"'(b) The Commission shall monitor the national ceiling for rates and charges for the sale or transfer in interstate commerce by any person of new natural gas, and during the period such ceiling is in effect, commencing on July 1, 1976, the Commission shall report to the Congress not less than annually on the effectiveness of such national ceiling in meeting the factors set forth in subsection (a) of this section.

"'(c) The Commission may authorize a person to charge an amount in excess of such national ceiling for new natural gas produced from offshore Federal lands from any high cost production area or vertical drilling depth as designated by the Commission pursuant to its rulemaking authority. In establishing such amount in excess of such national ceiling, the Commission shall consider the factors set forth in subsection (a) of this section and only those factors.

"'(d) Any contract entered into after the date of enactment of the Natural Gas Act Amendments of 1975 for the sale of new natural gas for resale which involves the receipt by the seller of funds in advance of production of the natural gas covered by such contract shall be filed with the Commission at least 60 days in advance of deliveries thereunder. The Commission may thereafter require, after notice and opportunity for hearing, that the sale rate specified in such contract be reduced or modified as necessary to repay in full to the advancing party the principal of the advance and any interest thereon, upon such terms and conditions as the Commission may determine proper in the public interest.

(e) Within 30 days after the enactment of the Natural Gas Act Amendments of 1975 and on January first of each year thereafter until the establishment of the national ceiling pursuant to subsection (a) of this section by a final Commission order which is no longer subject to judicial review, the Commission shall establish an interim national ceiling for rates and charges for the sale or transfer in interstate commerce by any person of new natural gas produced from offshore Federal lands which shall be equivalent to the average dollar valuation per barrel of crude oil used by the United States Geological Survey or its successor in computing the royalties due the United States on account of crude oil produced from all Federal lands during the calendar month ending 30 days prior to such computation. Such interim national ceiling shall be expressed in one million British thermal units and shall be determined by dividing such average dollar valuation per barrel of crude oil by 5.8. Such interim national ceiling shall cease to have effect on the date of the establishment of the national ceiling pursuant to subsection (a) of this section by final Commission order which is no longer subject to judicial review, such national ceiling shall apply to the sale or transfer in interstate commerce of all new natural gas produced from offshore Federal lands whether or not contracted for prior to the date of such establishment: *Provided, however*, That the Commission shall have no power to order a reduction in the rates and charges for the sale of new natural gas produced from offshore Federal lands and contracted for prior to the date of the establishment of such national ceiling below the interim ceiling price in effect on such date.

"'NATURAL GAS FOR ESSENTIAL AGRICULTURAL PURPOSES

"'Sec. 25. Except to the extent that natural-gas supplies are required to maintain natural-gas service to residential users, small users, hospitals, and similar services vital to public health and safety, and notwithstanding any other provision of law or of any natural-gas allocation or curtailment plan in effect under existing law, the Commission shall, by rule, prohibit any interruption or curtailment of natural gas and take such other steps as are necessary to assure as soon as practicable the availability in interstate commerce of sufficient quantities of natural gas for use for any essential agricultural, food processing, or food packaging purpose for which natural gas is essential, including but not limited to irrigation pumping, crop drying, use as a raw material feedstock, or process fuel in the production of fertilizer and essential agricultural chemicals in existing plants (for present or expanded capacity) and in new plants. The Secretary of Agriculture shall determine by rule the agricultural, food processing, or food packaging purposes for which natural gas is essential. The Secretary of Agriculture shall also certify to the Commission the amount of natural gas which is necessary for such essential uses to meet requirements for full domestic food and fiber production.

" 'NATURAL GAS CONSERVATION

" 'SEC. 26. (a) Except as provided in subsection (d) of this section, the Commission shall by rule prohibit boiler fuel use of natural gas affecting commerce not contracted for prior to January 1, 1975, unless, upon petition by the user, the Commission determines that—

" '(1) alternative fuels, other than crude oil or products refined therefrom and propane, are not available to such user; or

" '(2) it is not feasible or practicable to utilize such alternative fuels at the time of such Commission determination.

" '(b) Except as provided in subsection (d) of this section, boiler fuel use of natural gas contracted for prior to January 1, 1975, shall be terminated by the user of such natural gas as the expiration of such contract or 12 years after the date of enactment of the Natural Gas Act Amendments of 1975, whichever is earlier, unless, upon petition of such user, the Commission determines that (1) alternative fuels, other than crude oil or products refined therefrom and propane, are not available to such user, or (2) it is not feasible or practicable to utilize such alternative fuels at the time of such Commission determination. The Commission shall modify or terminate certificates of public convenience and necessity relating to such contracts to the extent necessary to carry out the purpose of this subsection.

" '(c) Except as expressly provided in subsection (b) of this section, the Commission shall not (1) modify, amend, or abrogate contracts entered into prior to January 1, 1975, for the sale or transportation of natural gas for boiler fuel use, (2) modify, amend, or abrogate certificates of public convenience and necessity authorizing the sale or transportation of natural gas under such contracts, except upon application duly made by the holder of a certificate under section 7 of this Act; or (3) prevent, impair, or limit, either directly or indirectly, the performance of any such contract or certificate: *Provided, however,* That the provisions of this subsection shall not otherwise modify or affect the authority of the Commission under this Act.

" '(d) The Commission shall also exempt from any rule under this section the burning of natural gas by powerplants for the purpose of operating pollution abatement systems.

" '(e) The Commission shall not prohibit the boiler fuel use of natural gas for the necessary processes of ignition, startup, testing, and flame stabilization by a facility, or for the purpose of alleviating short-term air quality emergencies or any other danger to the public health, safety, or welfare.

" '(f) In implementing the provisions of this section, the Commission shall, to the extent necessary, apply the provisions of section 17 of this Act.

" '(g) Nothing in this section shall impair any requirement in any State or Federal law pertaining to safety or environmental protection. The Commission, in determining feasibility or practicability where required by this section, shall not assume that there will be any lessening in any safety or environmental requirement established pursuant to State or Federal law.' ".

Amend the title so as to read: "A bill to provide authority to institute emergency measures to minimize the adverse effects of natural gas shortages, to provide authority to allocate propane, to regulate commerce to assure increased supplies of natural gas at reasonable prices for consumers, and for other purposes.".

NANTUCKET SOUND ISLANDS TRUST—S. 67

AMENDMENT NO. 1015

(Ordered to be printed and referred to the Committee on Interior and Insular Affairs.)

Mr. KENNEDY (for himself and Mr. Brooke) submitted an amendment intended to be proposed by them jointly to the bill (S. 67) to establish the Nantucket Sound Islands Trust in the Commonwealth of Massachusetts, to declare certain national policies essential to the preservation and conservation of the lands and waters in the trust area, and for other purposes.

Mr. KENNEDY. Mr. President, I am introducing for myself and Senator Brooke, an amendment in the form of a substitute to S. 67, a bill to establish the Nantucket Sound Islands Trust. This amendment represents hundreds of hours of work by residents of the Nantucket Sound Islands to develop a unique solution to the problems of unplanned and uncoordinated development which plagues communities across this Nation.

Several encouraging efforts have developed since the concept of the island trust was first proposed in 1972. On Nantucket, the Nantucket Planning and Economic Development Commission has worked with us by providing enormously helpful suggestions to refine and perfect the Nantucket Sound Islands Trust legislation.

I ask unanimous consent to have printed in the Record at this point a copy of the Nantucket Commission's recent report to us outlining their thoughts on improvements for the trust bill.

There being no objection, the report was ordered to be printed in the Record, as follows:

Nantucket Planning and Economic Development Commission,
September 22, 1975.

Senator Edward M. Kennedy,
Senator Edward W. Brooke,
Congressman Gerry E. Studds.

Dear Senators Kennedy and Brooke and Congressman Studds: Thank you for the opportunity to review the new revised draft of the Nantucket Sound Islands Trust Bill. Commission members have discussed the major changes of the bill on September 11 and voted to forward the comments which follow.

The Commission generally feels that the new bill is a vast improvement over former trust bills due to increased local control (responsible to the Department of the Interior), a more reliable source of funding and the inclusion of planning monies. The Commission still feels a larger, more representative local trust commission for Nantucket would serve the bill better.

1. Local Commission preparation of map and plan, subject to approval of the Secretary—

We wholeheartedly support this change as it will strengthen the home rule aspects of the Bill while ensuring that the map and plan are responsible. Should the Secretary and Commission reach an impasse over any map or plan issues, it is still not too late for Nantucket to elect not to implement the provisions of the Bill. The Secretary cannot impose a map or plan on the Commission. The Island is also free to set up any suitable system it chooses, within the guidelines set up by the Bill and subject to the approval of the Secretary.

2. Funding of the Bill—

One weakness of the former copies of the Bill had been the possibility of passage without subsequent appropriation. Setting up an account similar to the Land and Water Conservation Fund (BOR) would remedy this problem. Money would be available almost immediately. The Commission supports this change.

The NP&EDC also endorses the inclusion of planning monies in the Bill to be used for development or implementation grants. Without such money, the implementation of the bill would be hampered by an inability to secure professional assistance.

The Commission also feels that there should be a limit (perhaps ten years) in which each local commission must have prepared an approved map and plan. Not meeting the time limit would forfeit that commission's balance to the other remaining eligible commissions. This would prevent inaction on the part of any commission from causing the loss of sizeable sums of money that could be used by other commissions.

The Senators and Congressmen should also seriously consider setting up a formula for splitting up the thirty million dollars within the text of the Bill itself. This would alleviate any problems arising out of disagreement between the Islands after passage of the Bill.

3. Composition of the Local Commission—

The NP&EDC has gone on record as desiring a larger, more representative local trust commission. While the NP&EDC's letter of July 18 suggested a 19-member commission, more than half of which would have been elected or held other elected office, the Commission is willing to compromise on the matter by reducing the size of the trust commission to thirteen, less than half of which would be elected or hold other elected office. The membership should be as follows:

1 Selectman
1 County Commissioner
2 Non-resident Taxpayers (appointed by Selectmen)
2 Voters (elected at Town Meeting)
1 Representative of the Governor's office
1 Planning Board Representative
1 Historic District Commission Representative
1 Housing Authority Representative
1 Department of Public Works Representative (Superintendent)
1 Member-at-Large (appointed by Trust Commission)
1 Conservation Commission Representative

The following points support the need for a change in size and composition of the Trust Commission.

(a) The commission should be larger. Since the commission will have a substantial amount of power to implement its plan, the commission should be of such size that it be clearly responsible. Individual members will likely be under intense pressure from individual property owners, especially during the preparation of the plan. A larger commission will tend to offer individual commission members a certain degree of anonymity and backup which is absolutely necessary for the difficult decisions that must be made for the implementation of the Bill.

(b) The commission should continue to have representatives of the non-voting taxpayers since many of the effects of the bill will be felt by this group.

(c) Less than one-half of the commission should be officials holding other elected office or elected to the commission directly.

(d) There should be strong representation from the boards and commissions that have been struggling with the Island's problems over the years. Since the broad purposes of the Bill are to deal effectively with more than just land use control, it would be highly appropriate to involve related boards and commissions. The overall effect of this strategy would be to create a body with a collective wisdom on a wide range of Island problems—a comprehensive commission—not a commission which cannot fully appreciate the effects of its decisions on all other aspects of Island life.

For example, a major purpose of the bill is to provide for a resident homesite plan. It would be unwise not to involve an elected or appointed member representing the Island's Housing Authority. Likewise, it would be unwise to deny participation by an elected or appointed delegate from the Island's Conservation Commission since wetlands enforcement, erosion control and other conservation strategies play a significant role in the broad purposes of the Trust Bill. Similar arguments may be made for delegates from the Island's Department of Public Works (responsible for solid waste management, sewage disposal, traffic control, etc.) Historic District Commission (responsible for the exterior architectural design control over the whole Island) and the County Commissioners (responsible for roads).

In short, the problems associated with rapid growth and economic development should not be too narrowly defined. A Nantucket Trust Commission composed almost wholly from the community at large would not serve the comprehensive purposes of the Trust Bill as well as might a Trust Commission composed partly of elected or appointed delegates of various Island boards and commissions involved on a day-to-day basis with specific Island problems and programs plus members at large from the community, both voting and non-voting.

Another advantage of having certain boards and commissions represented is the amount of coordination that would be enjoyed from such a relationship. Boards and Commissions would be more apt to be informed about the actions of the Trust Commission through their representative, thus promoting complementary actions rather than isolated, unrelated, repetitive and uncoordinated actions between public bodies.

4. Pay for Trust Commission Members—

While the NP&EDC favors reimbursement for travel, lodging, meals and other legitimate expenses of Trust Commission members, it strongly opposes per diem compensation for routine meeting expenses. The Commission feels this way because:

(a) Members should serve because they wish to serve the community, not because they will be paid.

(b) At least four of the Commission, as proposed here, would be ineligible for compensation, anyway.

5. Time for Plan Preparation—

The NP&EDC feels that the four months deadline for plan preparation should be increased to at least eight months. Even if no resource studies had to be completed it would take that amount of time for any commission, no matter how large, to reach a consensus on a quality plan. Since a moratorium on certain kinds of development (similar to Martha's Vineyard's) may have to be temporarily put in force to halt rushes to "get in under the wire" an increase by four months will not jeopardize the effectiveness of the bill.

In summary, the Planning Commission finds the new version of the Nantucket Sound Islands Trust Bill a vast improvement over past versions of the Bill. We are hoping you will seriously consider the several additional changes outlined in this letter. In coming weeks we will endeavor to forward to you endorsements of this letter from other boards, commissions and community groups.

Sincerely,

Donald T. Visco,
Chairman.

Mr. KENNEDY. Mr. President, the Board of Selectmen of Nantucket, the elected officials of Nantucket who have struggled so long with the problems of overdevelopment on their island has studied each version of the Nantucket Sound Islands Trust and shared their expertise with us in refining the bill.

I ask unanimous consent to have printed in the Record at this point their recent comments on the Trust bill and the makeup of the local commission.

There being no objection, the material was ordered to be printed in the Record, as follows:

Board of Selection,
Nantucket, Mass., October 7, 1975.

Senator Edward Kennedy,
Senate Office Building,
Washington, D.C.

Att: Miss Mary Murtaugh

Dear Mary: The Nantucket Board of Selectmen would like to go on record as being in complete accord and total agreement with the suggested composition of the Nantucket Sound Islands Trust, local commission, as proposed in the September 22, 1975 letter of the Nantucket Planning and Economic Development Commission.

In that letter it was suggested that the membership should be as follows:

1 Selectman

1 County Commissioner

2 Non-resident Taxpayers (appointed by the Selectmen)

2 Voters (elected at Town Meeting)

1 Representative of the Governor's Office

1 Planning Board Representative

1 Historic District Commission Representative

1 Housing Authority Representative

1 Department of Public Works Representative (Superintendent)

1 Conservation Commission Representative

1 Member at Large (appointed by Trust Commission)

We believe that a commission structured in this manner would have the best interests of the entire community in mind and because of the valuable experience and expertise of many members that are serving in various Island positions, plus the interest and experience of two non-resident taxpayers, two voters elected at Town Meeting and a representative of the Governor's Office, it would appear that this is the proper combination of Island talent to tackle the administrative and other related problems of implementing the Nantucket Sound Islands Trust Bill.

Respectfully yours,

Charles J. Gardner,
Chairman.

Mr. KENNEDY. Mr. President, legislation approved by the Legislature of the Commonwealth of Massachusetts provided for the Martha's Vineyard Commission to administer land use controls in an effort to plan the Vineyard's growth. The Martha's Vineyard Commission over the last several months has developed policies and guidelines which use every tool available under State and local law to save the Vineyard from becoming another suburb along the east coast.

The Martha's Vineyard Commission has assisted us in revising the Nantucket Sound Islands Trust legislation by sharing with us all that they have learned in developing policies for growth under the State legislation. In addition to the work of these commissions, hundreds of island residents, local elected officials, and private conservation groups have assisted us with their suggestions during meetings, through calls and letters. All of these residents who have been the custodians of these uniquely beautiful islands for generations and who have struggled for decades to find a way to plan their own future and the future of the islands for their children have taken the time to study the Nantucket Sound Islands Trust legislation line by line and tell us how to make it better.

The Nantucket Sound Islands Trust legislation which we offer today sets up a Federal-State-local partnership for land use planning, preservation, and conservation of the valuable and threatened resources of the Nantucket Sound Islands. This bill provides the necessary authority and funding to carry out the goals and plans of the local residents in a shared and cooperative effort with all levels of government.

The director of State planning for the Commonwealth of Massachusetts has outlined the critical need that the Nantucket Sound Islands Trust bill answers. I ask unanimous consent to have a copy of his letter printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Office of State Planning,
Boston, Mass., September 22, 1975.

Hon. Edward M. Kennedy,
U.S. Senate,
Old Senate Office Building,
Washington, D.C.

Dear Senator Kennedy: I have recently reviewed the Nantucket Sound Islands Trust Bill sponsored by Senator Brooke, Congressman Studds and you. The proposed legislation seems to me to present an unusual opportunity for the federal and state governments to work cooperatively with local people to preserve the unique qualities of these beautiful islands. The value of these places for their natural and recreational potential cannot be overstated, yet they are increasingly threatened by poorly planned or intensive development which does not recognize the land's natural capability to support different types of development. In addition, the local economies of all these islands suffer from an over-emphasis on tourism and seasonal employment, a problem which only coordinated action at the local, regional, state, and federal levels can resolve.

I particularly appreciate this legislation's reliance on local people for solutions to local problems. By providing sufficient funding and statutory authority to locally-based regional commissions, this bill places the necessary regulatory tools in the hands of those who can best address the islands' land use problems—knowledgeable local officials. The Nantucket Sound Islands Trust Bill provides the necessary missing ingredients for a truly comprehensive approach to development and preservation on these islands. Our experience with the Martha's Vineyard Commission, even at this early stage of their work, convinces me that the capability and determination to preserve these places does indeed exist on the island, and that we need to encourage such local initiative.

I have attached to this letter a list of specific comments and recommended changes which my staff has suggested. These in no way, however, qualify my support for this important legislation and the need to act quickly and decisively to protect the Nantucket Sound Islands. Please let me know what assistance this office can offer to expedite passage of your legislation.

Sincerely,

Frank T. Keefe,
Director of State Planning.

Mr. KENNEDY. Mr. President, I am hopeful that the Senate will act quickly on this legislation which is an investment in the future of the Nantucket Sound Islands, an investment in the future for all Americans who share in the extraordinary qualities of this area, a great national treasure.

We are grateful for the leadership and commitment of Senator Jackson and Senator Johnston and their staff on the Senate Interior Committee. In public hearings on this legislation and during many long hours of discussion they have brought their expertise and long experience to the development of this bill. Without their work, the legislation as perfected in this version would not be a reality.

I ask unanimous consent that the full text of the amendment be printed in the Record at this point.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 1015

Strike out all after the enacting clause and insert the following:

FINDINGS AND STATEMENTS OF POLICY

Section 1. The Congress finds and declares—

(a) that the Nantucket Sound Islands in the Commonwealth of Massachusetts, known generally as the Islands of Nantucket, Tuckernuck, Muskeget, Martha's Vineyard, Noman's Land, and the group of islands known collectively as the Elizabeth Islands, possess unique natural, scenic, marine, ecological, scientific, cultural, historic, and other values and resources;

(b) that there is a national interest in preserving, conserving and enhancing these unique values and resources for the present and future well-being of the Nation and for present and future generations;

(c) that in some portions of the Nantucket Sound Islands these unique values and resources are being irretrievably damaged and lost through growth pressures leading to ill-planned development, and that such development threatens heretofore successful local government and private voluntary preservation, conservation and planning efforts;

(d) that the growth pressures resulting in the rapid and ill-planned development in some portions of the islands are partially the result of the use of the islands by citizens of many States and regions of the United States;

(e) that the present State, regional and local powers and authorities for controlling land and water uses are inadequate to ensure the prudent use of resources and the preservation, conservation and enhancement of the values and resources of the said islands, and it is in the national interest to establish a new system to assist the Commonwealth of Massachusetts, regional agencies, and local governments to preserve and manage the values and resources of the islands;

(f) that the key to more effective preservation and conservation of the unique values and resources of the Nantucket Sound Islands is a program encouraging coordinated action by the Federal and State Governments, acting in trust, to assist local governments (in partnership with private individuals, groups, organizations, and associations) to administer sound acquisition and management policies regulating and guiding development on the Nantucket Sound Islands;

(g) that such a new system for the protection and management of the values and resources of the islands requires the establishment by the Commonwealth of Massachusetts of local commissions as operational entities to give effect to the trust relationship;

(h) that such a program can protect and enhance the natural character and cultural and historic heritage of the Nantucket Sound Islands consistently with the maintenance of sound local economies, private property values, and efficient public services, thus preserving and conserving unique values and resources of the islands; and

(i) that because expanded access to the said islands would seriously impair their unique values and resources and contravene the purposes of this Act, it shall be national policy that no bridge, causeway, tunnel or other direct vehicular access be constructed from the mainland to the islands.

NANTUCKET SOUND ISLANDS TRUST

Sec. 2. (a) In order to protect the national interest in the preservation and conservation of the unique natural, scenic, ecological, scientific, cultural, historic, and other values and resources of the Nantucket Sound Islands, there is established in the Commonwealth of Massachusetts the Nantucket Sound Islands Trust (hereinafter referred to as the "trust"), comprising the area described in section 3 herein.

(b) Pursuant to the said trust relationship, the Secretary of the Interior (the "Secretary") shall be responsible for the following:

(i) approval of the commissions, as established by the Governor of the Commonwealth of Massachusetts (the "Governor") pursuant to section 4 of this Act;

(ii) distribution of appropriations under this Act to said commissions for the development of land use control plans and for the costs of the implementation and enforcement of such plans by the commissions;

(iii) approval of any land use control plans adopted by the respective commissions under this Act, and of any revisions to any such plans to the extent that any such revisions substantially affect the expenditure of funds granted pursuant to section 11 herein or the land classifications established pursuant to section 5 herein; and

(iv) enforcement of the land use control plans of the commissions and of the policies and guidelines of this Act, including the making of recommendations to the Department of Justice or other appropriate agency that legal proceedings be brought for enforcement of the policies of the Act with respect to any private or governmental violation of the policies of the Act or of plans and regulations issued pursuant thereto.

(c) Pursuant to the trust relationship, and in consideration of the funds received in relation thereto, the individual commissions shall be responsible for the following:

(i) the development and adoption of land use control plans as authorized and described in section 5 herein;

(ii) the administration and implementation of said plans; and

(iii) the monitoring of said administration and implementation.

(d) The administration of the trust relationship by the commissions shall at all times be consistent with the policies of this Act, to wit: to conserve and protect the unique values and resources of the trust area in a manner designed to encourage prudent stewardship of land and water resources while being responsive to the need to maintain sound local economies and efficient public services.

(e) The commissions may take such actions, adopt such procedures, and assume such powers as are reasonably necessary to carry out this act including the following:

(i) be designated by any state or federal agency to participate in or receive funds and technical assistance from any state or federal programs, especially as those programs relate to environmental protection, conservation, land use planning, water and air quality control, economic development, transportation or the development of regionwide public services;

(ii) receive for the purposes of this act any funds or monies from any source, including grants, bequests, gifts, fees or contributions made by any individuals, association, corporations, or by municipal, county, state, or federal governments;

(iii) authorize debt by a majority vote of the commission in anticipation of revenue to an amount not in excess of that to be received during the current fiscal year from all federal, state, county and local sources;

(iv) transfer monies from its accounts to the accounts of a municipal agency in reimbursement of such costs, where the imposition of a regulation promulgated by a commission imposes costs on a municipal agency;

(v) purchase or accept gifts of land or interests in land, or accept grants, bequests, gifts, or contributions for the purpose of acquiring land or interests in land;

(vi) sue and be sued; and

(vii) assume the duties, powers and responsibilities given it by action of state, local or county government, provided that they are not inconsistent with the functions of the commissions under this act.

Sec. 3. (a) The area comprising the trust shall encompass the lands and waters in the counties of Dukes and Nantucket in the Commonwealth of Massachusetts.

(b) Noman's Land.—The lands and waters of Noman's Land Island are hereby declared part of the National Wildlife Refuge System and the Secretary is directed to prepare and execute forthwith the necessary documentation to give effect to such declaration. The Secretary and the Secretary of Defense shall, within twelve months after the date of enactment of this Act, survey Noman's Land Island and the surrounding waters for unexplored military ordnance and render such ordnance, wherever it may be found, harmless; and thereafter, Noman's Land Island shall be administered pursuant to the National Wildlife Refuge System Administration Act (16 U.S.C. 668dd).

NANTUCKET SOUND ISLAND TRUST COMMISSIONS

Sec. 4 (a) Within three months after the date of enactment of this Act, the Governor shall establish trust commissions which shall be known collectively as the Nantucket Sound Islands Trust Commissions (hereinafter the "commissions") and individually as the Nantucket Trust Commission, the Martha's Vineyard Trust Commission, and the Elizabeth Islands Trust Commission. After any commission has been established pursuant to this Act, it shall have the responsibilities specified in this Act for that portion of the trust area assigned to it.

(b) Nantucket Trust Commission.—The Nantucket Trust Commission shall have the responsibilities as established herein over the lands and waters in Nantucket County, and shall consist of eleven members nominated by the Governor and approved by the Secretary. The members shall serve three-year staggered terms which shall commence on the first Monday in April. Members shall be nominated and approved as follows:

(1) one member recommended by the Governor;

(2) two members recommended by the Board of Selectmen of the Town of Nantucket, who shall be members of the Board of Selectmen;

(3) two members recommended by the Board of Selectmen of the Town of Nan-

tucket within two weeks after the annual town meetings, who shall be seasonal resident property owners;

(4) two members who shall be qualified voters of the town and who shall be elected at the annual election which is a part of the annual town meeting;

(5) four members, one each recommended by the Nantucket Planning Board, the Nantucket Conservation Commission, the Nantucket Historic Districts Commission, and the Nantucket Housing Authority, within two weeks after the annual town meeting, each of whom shall be a qualified voter of said town.

(c) Martha's Vineyard Trust Commission.—The Martha's Vineyard Trust Commission shall have the responsibilities as established herein over the lands and waters in Dukes County, excepting the Elizabeth Islands, and shall consist of twenty-one members nominated by the Governor and approved by the Secretary, twelve of whom shall be appointed and nine elected. The members shall serve two-year staggered terms which shall commence on January 1 of each year. Member shall be nominated and/or elected as follows:

(1) one member recommended by the Governor;

(2) one member recommended by the board of selectmen of each town on Martha's Vineyard, who may be a selectman, a member of a planing board, or of any other municipal agency, board, department, or office of that town;

(3) one member recommended by the Dukes County commissioners, who may be a Dukes County commissioner;

(4) nine members elected at large in an islandwide election, with not less than one member nor more than two members to be elected from any one town on Martha's Vineyard; elections held subsequent to the initial election of members shall be held concurrent with the biannual elections for State and county offices; and

(5) four members whose principal residence is not on Martha's Vineyard but who are seasonal residents, who shall be recommended by the Governor: *Provided,* That such members shall have voice but no vote in deciding matters before the commission.

(d) Elizabeth Islands Trust Commission.—The Elizabeth Islands Trust Commission shall have the responsibilities as established herein over the lands and waters of the Elizabeth Islands, and shall be composed of six members nominated by the Governor and approved by the Secretary. The members shall serve three-year staggered terms which shall commence on the first Monday in April. Members shall be nominated and/or elected as follows:

(1) one member recommended by the Governor;

(2) one member elected at the annual election which is a part of the annual town meeting;

(3) two members recommended by the board of selectmen to represent the Island of Cuttyhunk, one of whom shall be a permanent resident of Cuttyhunk and one of whom shall be a seasonal resident of Cuttyhunk; and

(4) two members appointed by the board of selectmen to represent the other islands in the Elizabeth Islands, one of whom shall be a permanent resident of one of such other islands, and one of whom shall be a seasonal resident of one of such other islands.

(e) Each commission shall elect from its members at least the following officers: Chairman, Vice Chairman, and Clerk-Treasurer.

(f) Pursuant to subsection (a) of this section, the Governor may establish the Martha's Vineyard Commission, established by Chapter 637 of the Acts and Resolves of 1974 of the Massachusetts Legislature, as amended, as the Martha's Vineyard Trust Commission in lieu of the commission otherwise to be established pursuant to subsection (c) of this section.

PREPARATION OF LAND USE CONTROL PLANS

Sec. 5 (a) Each commission shall, within six months of its formation, develop a land use control plan to govern the preservation, conservation, and enhancement of the unique values of the trust area, the use and development of lands and waters within the trust area, and the provision of efficient public services, where appropriate, within the trust area. A land use control plan shall consist of three parts:

(i) Part I: such maps, text and statements of general policies and specific implementation programs as each commission shall deem necessary to carry out the policies of this Act;

(ii) Part II: the assignment of lands and waters within the trust area, except as may be excluded by specific provisions of this Act, to one of the classifications designated in subsection (b) of this section; and

(iii) Part III: regulations which shall apply to the preservation, conservation, use and development of lands within each classification.

(b) Lands and waters within the trust area shall be assigned by each commission to one of the following classifications as part of the land use control plan:

(1) Open lands.—Lands and waters so classified shall remain forever free of improvements, as defined hereinafter, of any kind except as provided herein. If improvements exist on any lands so classified on the date of enactment of this Act, then there shall be permitted a right of use and occupancy to the legal or beneficial owner or owners thereof, or their successors or assigns, for so long as such successors or assigns are members of the same family or families as the legal or beneficial owner or owners. If, however, the legal or beneficial owner or owners seek to sell or otherwise convey the improvement with or without the land thereunder to others than legal or beneficial owners or members of the same family or families as the legal or beneficial owner or owners, then the commissions shall have an exclusive option to purchase said improvement with or without the land thereunder at full and fair market value, which shall be promptly determined, and such option shall exist for sixty days after such determination. If such option is exercised, then the land acquired shall be held by the commissions in trust for the Secretary, and administered pursuant to the land use control plan, and if such option is not exercised, then the sale or other conveyance may proceed in the ordinary course. For the purposes of this paragraph, family shall mean siblings of a legal or beneficial owner or owners, lineal descendants natural or adopted, or relatives by marriage. Any substantial change in access to and/or use of lands classified as Open Lands must be approved by the commissions if such change is substantially contrary to a respective land use control plan.

(2) Resource management lands. Lands and waters so classified shall not be developed beyond their present intensity of use except as provided in this paragraph. Owners of such lands, or of improvements thereon, or of both, may transfer, sell, assign, or demise such land or improvements, or both. Reasonable replacement and extension of improvements shall be permitted, under the regulations approved and/or issued by the commissions. Development on lands so classified beyond their present intensity of use shall be permitted only under regulations approved and/or issued by the commissions, which shall be consistent with the following policies:

(i) the overall intensity must take into account the capability of the land for such development, which shall include consideration of existing land use, intensity and types of uses in the immediate vicinity, area-wide water quality and quantity, soil conditions, roadway utilization, and visual and topographic conditions;

(ii) overall intensity regulations shall not create uniform lot sizes and shall be defined and applied with flexibility to encourage sound land use planning respecting the varying natural values of the different geographical areas of land; and

(iii) the area upon which intensity is calculated shall not include bodies of water or wetlands classified as such under Massachusetts Wetlands Protection Act (131 M.G.L. 40).

Said regulations shall be adopted only after (i) public hearing or hearings and (ii) approval by the Secretary of the relevant portions of the land use control plan. The Secretary shall indicate his approval or suggested modifications to such regulations of each commission within 90 days of receipt. After the Secretary has given his final approval of the relevant portions of the land use control plan of the respective commissions, construction of improvements on the lands or in the waters classified as Resource Management Lands within the jurisdiction of each commission may thereafter be permitted only upon the granting of a permit therefor by each commission acting pursuant to its regulations: *Provided,* That such a permit may be granted only if all other necessary local and state approvals have been received.

(3) Class c: town zoned lands.—Lands and waters so classified shall remain under the jurisdiction of the town in which located for purposes of planning and zoning ordinances and other land use regulations: *Provided,* That such planning and zoning ordinances and other land use regulations shall be reviewed and commented upon by the commissions as to consistency with the purposes of this Act prior to the adoption of such ordinances or regulations or amendments thereto: *And provided further,* That the commissions may review and comment upon variances and special permits proposed to be granted pursuant to any local zoning ordinance.

(c) The land use control plan adopted by each commission shall be consistent with the policies, objectives, and guidelines contained in this Act, and shall include, but not be limited to, the following components which shall be contained in part I of the plan:

(1) a program for the preservation of significant, natural, scenic, ecological, scientific, cultural, marine, or historical resources, including areas which, because of their local, regional, or other importance, should be preserved in their natural state (such lands may include, but need not be limited to, lands assigned by the commissions to the "Open Land" classification under this Act). This program may include regulation of uses of land and water pursuant to the constitutional authority of the State; other noncompensatory land use regulations which may be appropriate; compensatory land use regulations; tax incentives and payments in lieu of taxes; acquisition of the fee title or of lesser interests in lands and/or waters; or any combination of land use control methods which best meets the purposes and policies of this Act;

(2) a program for the development of public recreational facilities;

(3) a program and regulations for the preservation of beaches and for the development of public access to beaches and passages along them;

(4) a transportation program including regulations for and a review of all existing public and private access by air and water to lands within the trust area, and a review of public and private transportation systems for land transportation on each of the

major islands. Said review shall be accompanied by recommendations for legislative and administrative action to harmonize such access, and the use of land and facilities incident thereto, with the conservation and preservation policies of this Act, and shall further include a system for regular reviews of such access and of their impact on development pressures on the trust area. This review shall also include recommendations for the development of trails, bicycle paths, observation points and exhibits deemed by each commission to be appropriate for the public enjoyment of and understanding of the values and resources of the trust area;

(5) a program for the identification and promotion of new employment opportunities for residents of the trust area which would be consistent with the policies of this Act, which shall include recommendations for action by the Commonwealth and the Secretary and other federal agencies; and

(6) a program for the development of resident homesites for year-round residents of the islands in the trust area, said program to include recommendations for action by federal agencies and for the expenditures of appropriations under this Act, upon approval of the Secretary, for the resident homesite plan. A resident homesite plan shall mean a plan established by the appropriate Commission designating parcels of land which may be acquired by the Commission at fair market value and resold at a lower price to year-round residents who meet criteria established by the Commission.

(d) Each commission shall include as part of its land use control plan a listing of improvements the construction of which commenced after April 11, 1972. Such listing shall include improvements for residential, commercial, industrial, recreational or any other purpose. If any such improvement is located on lands or waters classified as "Open Lands," the commission may acquire the improvement forthwith, notwithstanding the provisions of section 5(b) (1) herein. If any such improvement is located on lands or waters classified as "Resource Management Lands," the commission may, for those improvements for which no certificate of need was granted or sought, acquire the improvements, notwithstanding the provisions of section 5(6) (2) herein.

(e) Any acquisition by the commissions of a fee or less than fee interest in lands or waters shall conform to the requirements of the Uniform Relocation Assistance & Real Property Acquisition Policies Act (42 U.S.C. 4601).

(f) A land use control plan developed by a commission may utilize land use control regulations developed by regional or county authorities pursuant to applicable State laws; and the land use control methods made a part of the program authorized by section 5(c) (1) of this Act may be utilized to supplement or complement such regulations.

PRIVATE NONPROFIT ORGANIZATIONS

SEC. 6. (a) In order to encourage and provide an opportunity for the establishment of natural and scenic preserves by voluntary private action of owners of lands and waters in the trust area, and notwithstanding any provision in this Act or in any other provision of law, the authority established by this Act to acquire lands or interests therein for preservation and conservation purposes without the consent of the owner shall be suspended when—

(i) lands or waters or interests therein which are designated as being presently or from time to time needed to carry out the purposes of this Act are irrevocably in the ownership of private nonprofit conservation, preservation, historic, or other organizations or associations, and the restrictions against the development of such lands meet the standards of the land use control plan; or

(ii) lands or waters or interests therein which are designated as being presently or from time to time needed to carry out the purposes of this Act are, to the satisfaction of the commissions, the Governor, and the Secretary and within twenty-four months after enactment of this Act, irrevocably committed to be sold, donated, demised, or otherwise transferred to such organizations or associations.

(b) The provisions of this section shall be applied only to those organizations and associations which are determined to be bona fide and general purpose.

(c) All of the provisions of this Act, except sections 1, 2, and 3, shall be suspended with respect to any lands, waters, or interests therein so long as such lands, waters, or interests therein are within twenty-four months of the enactment of this Act subject to a revocable or irrevocable conservation restriction created, approved, and recorded under sections 31 through 33 of chapter 184 of the General Laws of Massachusetts, which forbids, or in the judgment of the commissions, and the Secretary, as evidenced by their joint written approval of such restriction, substantially limits all or a majority of the land uses referred to in clauses (a) through (g) of the first paragraph of said section 31. With respect to any revocable restriction, notice of the intention to revoke must be given to the appropriate commission and the Secretary not less than twelve months prior to the proposed effective date of the revocation unless the lands, waters, or interests therein are in whole or in part made subject to a taking by eminent domain. The entity carrying out such eminent domain proceedings with respect to property covered by such a conservation restriction shall give notice of such proposed taking to the commission having jurisdiction over the property proposed for condemnation.

INDIAN COMMON LANDS

SEC. 7 (a) The Martha's Vineyard Commission is directed to establish as part of its land use control plan an orderly program for determining the precise extent of Indian Common Lands on Martha's Vineyard. The program shall include a survey or surveys and such other research or field work as may be necessary to establish the boundaries of the Common Lands belonging to the Wampanoag Tribe of Gay Head and known generally as the Cranberry Bogs, the Clay Cliffs, and Herring Creek. The commission is further directed to determine the location, boundaries, and owners of record title of the monuments and burial grounds of the Wampanoag Tribe of Gay Head on Martha's Vineyard. Funds to carry out the program may be drawn from those authorized to be appropriated by section 13.

(b) Upon completion of the program described in subsection (a) of this section, lands determined to be Indian Common Lands shall be acknowledged as an Indian reservation owned by the Wampanoag Tribe of Gay Head pursuant to recognized Indian title and entitled to the full protection of Federal laws pertaining to Indian lands.

(c) Nothing contained in this Act shall be construed to prejudice or limit any claims which the Wampanoag Tribe of Indians, or any member of that tribe, may have for past violations of their rights as Indians, including but not limited to claims arising under the Indian Trade and Intercourse Act (25 U.S.C. 177).

COOPERATION OF OTHER AGENCIES

SEC. 8. The Secretary and the heads of other Federal agencies shall cooperate with the commissions in the formulation of their land use control plans upon the request of the respective commissions and to the extent of available funds.

COMMISSION EXPENSES AND PROCEEDINGS

SEC. 9. (a) Members of the commissions who are employees of a State or local government shall serve without additional compensation as such. All other members may, if a commission so votes, receive $50 per diem when actually engaged in the performance of the duties of the commissions.

(b) The Secretary shall reimburse all commission members for necessary travel and subsistence expenses incurred by them in the performance of the duties of the commissions.

(c) Financial and administrative services (including those relating to payment of compensation, budgeting, accounting, financial reporting, personnel, and procurement) shall be provided by the Secretary from the funds appropriated to carry out the provisions of this Act.

(d) The commissions shall have the power to appoint and fix the compensation of such additional personnel, including experts and professionals, and for such temporary and intermittent services as may be necessary to carry out their duties, without regard to the provisions of the civil service laws and the Classification Act of 1949, and they shall have the power to hold hearings and administer oaths.

(e) The commissions shall act by affirmative vote of a majority thereof. Vacancies shall be filled in the same manner as the original appointment.

SUBMISSION AND APPROVAL OF PLANS

SEC. 10. (a) Each commission within six months of being established, shall submit a land use control plan to the Secretary who shall, within 120 days of the day it is received by him, either approve or disapprove it. The plan must be complete, or if divided into phases, must clearly state the reasons for the division into phases and the date or dates by which subsequent phases will be submitted. Approval or disapproval of phases or resubmissions shall be made within 120 days of receipt by the Secretary.

(b) The Secretary shall approve the plan if he finds that (1) the commission has afforded adequate opportunity in the area within its jurisdiction for public comment on the plan, and such comment was received and considered in the plan or revision as presented to him; (2) State and local units of government identified in the plan as responsible for implementing any portion of its provisions have the necessary legislative authority to do so, and the chief executive officers of the State and local units of government have indicated their commitment to utilize such authority in implementation of the plan in accordance with the program established by the commission; (3) the plan will preserve significant natural, cultural, marine, or historical values; (4) the plan is consistent with the preservation, conservation and enhancement policies of this Act and will fulfill the objectives of the land classifications and policies established in section 5 of this Act.

(c) If the Secretary disapproves a plan, a phase of a plan, or any revisions thereto he shall advise the commission of the reasons therefor and convey his recommendations for revision. The plan, phase, or revision, following its disapproval, may be resubmitted to the Secretary for his approval as soon as the commission is able to make revisions which are responsive to the Secretary's recommendations.

(d) Upon approval of a plan, the Secretary shall publish a notice thereof in the Federal Register and shall transmit copies of the plan together with his comments to the President of the Senate and the Speaker of the House of Representatives.

(e) No substantial revision to an approved plan or land classification assignments, may be made without the approval of the Secretary. The Secretary shall either approve or disapprove such a proposed revision within ninety days from the date on which it is submitted to him. Whenever the Secretary approves a revision and prior to such approval, he shall publish notice thereof in the Federal Register.

TRUSTS GRANTS BY THE SECRETARY

SEC. 11. Upon approval of a plan, the Secretary shall make implementation grants in the total amount of $30,000,000 to the commissions. Prior to submission of a plan, the Secretary may, upon application therefor, make grants to the commissions for the development of a land use control plan; *Provided,* That such development grants shall not exceed $1,000,000 of the total $30,000,000. Such development or implementation grants shall be supplemental to any other Federal financial assistance for any purpose, and shall be subject to such reasonable terms and conditions as the Secretary deems necessary to effectuate the purposes of this Act. In making the grants, the Secretary shall take into consideration that there are three commissions with responsibilities pursuant to this Act, and shall ensure that the grant funds are equitably distributed among the three commissions, taking into account such factors as population, acreage, land and water resources, existing and projected development, and the special tasks imposed by this Act relative to Indian Common Lands.

TRUST ACCOUNT

SEC. 12. There is hereby established a special account in the Treasury of the United States for the purpose of holding monies to be used for trust grants, pursuant to section 11 of this Act, to the commissions. There shall be covered into such special account $30,000,000 from revenues due and payable to the United States under the Outer Continental Shelf Lands Act (67 Stat. 462) as amended and/or under the Act of June 4, 1020 (41 Stat. 813) as amended, which would otherwise be credited to miscellaneous receipts of the Treasury. Monies covered into the account shall be used only for grants made pursuant to section 11 of this Act and shall be available for expenditure only when appropriated therefor.

APPROPRIATIONS

SEC. 13. There are authorized to be appropriated to defray the expenses of the commissions, established pursuant to section 3, including salaries and other expenses incident to the operation of the commissions, such sums annually as may be necessary; and for grants to the commissions to develop and implement land use control plans and regulations approved pursuant to this Act, $30,000,000 from the special account created in section 12 of this Act.

ADDITIONAL COSPONSORS OF AMENDMENTS

AMENDMENT NO. 968

At the request of Mr. ROTH, the Senator from Delaware (Mr. BIDEN), the Senator from Iowa (Mr. CULVER), the Senator from Indiana (Mr. HARTKE), the Senator from Vermont (Mr. LEAHY), the Senator from Maryland (Mr. MATHIAS), and the Senator from Wisconsin (Mr. PROXMIRE) were added as cosponsors of amendment No. 968 to Senate Resolution 9, a resolution amending the rules of the Senate relating to open committee meetings.

NOTICE OF HEARING ON FIREARMS LEGISLATION

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Indiana (Mr. BAYH), I wish to announce that the Subcommittee To Investigate Juvenile Delinquency, Committee on the Judiciary, will resume hearings to explore additional initiatives to more effectively curb the senseless slaughter of innocent human beings and the ever-escalating number of armed assaults and robberies involving firearms. All firearm legislation pending before the subcommittee will be under consideration for discussion. (S. 141, S. 142, S. 750, S. 1447, S. 1880, S. 2153, S. 2186.)

Witnesses for the day include Hon. JACOB K. JAVITS, Hon. CHARLES H. PERCY, and Ronald Gainer, Acting Director of the Office of Policy and Planning, U.S. Department of Justice, representing the Attorney General of the United States. Also, representatives of the following groups have been invited to testify—the National Rifle Association, the U.S. Conference of Mayors; the National Council To Control Handguns; the Citizens Committee for the Right To Keep and Bear Arms; and the National Council for Responsible Firearms Policy.

The hearing is scheduled for Tuesday, October 28, 1975, at 10 a.m. in room 1114, Dirksen Office Building, Washington, D.C.

Anyone interested in this hearing, or desiring to submit a statement for the record should contact John M. Rector, staff director and chief counsel of the subcommittee, U.S. Senate, A504, Washington, D.C., 20510, 202-224-2951.

NOTICE OF HEARINGS

Mr. EASTLAND. Mr. President, I wish to announce that the Committee on the Judiciary has scheduled hearings for October 28 and 29, 1975, at 10:30 a.m., in room 2228, Dirksen Senate Office Building, on the following joint resolutions:

S.J. Res. 29. Proposing an amendment to the Constitution of the United States to guarantee the human rights of pupils attending public schools.

S.J. Res. 40. Proposing an amendment to the Constitution of the United States relative to freedom from forced assignment to schools or jobs because of race, creed, or color.

S.J. Res. 60. Proposing an amendment to the Constitution of the United States relating to open admissions to public schools.

S.J. Res. 137. Proposing an amendment to the Constitution of the United States to insure the right of students to attend their neighborhood public schools.

NOTICE OF HEARINGS ON S. 2081, LAND AND WATER CONSERVATION ACT OF 1975

Mr. EASTLAND. Mr. President, I wish to announce that at 1 p.m. on Monday, November 10, my Subcommittee on Environment, Soil Conservation, and Forestry will hold a hearing on amendment 947 to S. 2081, the Land and Water Conservation Act of 1975. The hearing will be held in room 324 of the Russell Senate Office Building.

The Department of Agriculture and the public will be invited to submit testimony on the bill.

Amendment 947, an amendment in the form of a substitute to S. 2081, was inserted in the CONGRESSIONAL RECORD on October 1, by my distinguished colleague from Kentucky (Mr. HUDDLESTON), and the reference can be found on page 31140.

NOTICE OF CONFERENCE

Mr. JACKSON. Mr. President, I wish to advise my colleagues and the public that the conferees of the House-Senate conference considering S. 622, the Energy Conservation and Oil Policy Act of 1975, will meet on Wednesday, October 22, at 10 a.m. and 2 p.m. in room S-407 of the Capitol.

ADDITIONAL STATEMENTS

MASSACHUSETTS SURGEON JOINS PROJECT HOPE

Mr. BROOKE. Mr. President, I would like to bring to the attention of the Senate the fine work of Project Hope. We should all be aware of the international and health benefits that Hope provides. Its treatment programs in the West Indies and Latin America care for the peoples of those countries. And, perhaps equally important, Hope conducts a training program, so that these people will be able to learn to care for themselves. Project Hope is an example of constructive aid which promotes a better opinion of the United States abroad.

It is the individuals involved who make Project Hope what it is today and I commend these dedicated people for their efforts. One such person is Dr. George E. Lewinnek of Newtonville, Mass., an orthopedic surgeon who has joined the medical staff of Project Hope in Kingston, Jamaica. When I learned of Dr. Lewinnek's position, I was reminded once again of Project Hope's vital role in the improvement of health standards throughout the world. In light of the contributions of Hope and the individuals involved, I would like to draw the attention of my colleagues to an article summarizing their valuable work.

I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MASSACHUSETTS SURGEON JOINS PROJECT HOPE

Dr. George E. Lewinnek, an orthopedic surgeon from Newtonville, Massachusetts, has recently joined the Project HOPE medical staff in Kingston, Jamaica, where he will serve as an orthopedic surgeon rotator.

Dr. Lewinnek received his B.A. from Carleton College, Northfield, Minnesota, and his M.D. from Harvard Medical College, Cambridge, Massachusetts. He served his internship at Stanford Hospital Center, Palo Alto, California, and completed his residency in orthopedic surgery at Harvard Medical School, where he was also a member of the Boyleston Society.

Dr. Lewinnek will serve HOPE's Jamaica program for a two-month period.

Project HOPE first began work in the Caribbean in 1971. One of the initial areas of concentration for HOPE personnel was the development of a training program for nurse anesthetists. That program was underway during the first year of operation, and the third class of students began work in 1974.

The medical education program in Jamaica has grown to a large scale operation. Senior residents from some of the leading universities in the United States are participating in the program. Together with West Indian medical residents, they are working toward better coordination of hospital rounds, seminars and teaching sessions. They are working in surgery, in intensive care and in radiology.

Expanding outward from Jamaica, HOPE

is heavily involved in the field of allied health. In addition to programs in Jamaica, HOPE is at work in Barbados, Guyana and St. Vincent. Its personnel are working to upgrade, improve, and develop training programs for public health inspectors, clinical pharmacists, and community health educators.

Project HOPE currently operates similar teaching-treatment programs in Brazil, Peru, Colombia, Tunisia, and El Paso, Texas.

CORPORATE MORALITY: IS THE PRICE TOO HIGH?

Mr. RIBICOFF. Mr. President, in the near future, the Senate will consider a resolution submitted by Senators Long, Church, Gravel, and me that seeks an end to the widespread practices of corruption in international business dealings.

This corruption has many causes, and the difficulties in ending it are equally numerous. I am pleased, however, that leaders in both business and Government are increasingly directing their attention toward finding solutions to the complex problem of corruption in business.

I read with great interest a recent article by Mr. Fred Allen, the chairman and president of Pitney-Bowes Inc., published in the Wall Street Journal. This article illuminates many of the aspects of the problem of corruption in business, and I commend it to the attention of my colleagues for its worthwhile insights.

Mr. President, I therefore ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Corporate Morality: Is the Price Too High?

(By Fred T. Allen)

I am a troubled man, troubled by the steep decline in the public's esteem for business and its practitioners. And with the almost daily revelations of corporate bribes and payoffs in the U.S. and abroad, the American public's attitude toward business seems likely to turn increasingly sour.

This is an appalling situation. We, who have devoted our lives to the growth and profitability of large corporations, are thought of, collectively, as little more than manicured hoodlums.

We know this is not the case. However, a simple denial of wrongdoing won't change many minds. Too many smoking guns have been discovered in too many boardrooms. No longer can we go blithely about our business, convinced that *our own* morality is intact and unassailable.

To help determine what prevailing corporate attitudes are and what our own attitude should be toward this problem, my company commissioned a survey by Opinion Research Corp. in August. The object was to find out how some 531 top and middle managers, from a representative selection of all business sectors, view the bribery of foreign officials in attracting and retaining contracts.

The results, to say the least, were startling. While 50% said that bribes should not be paid to foreign officials, 48% said they should be paid if such practices are prevalent in a foreign country.

When asked if legislation would be effective in preventing such bribery by U.S. nationals 92% felt that it would not—that such bribery would continue despite U.S. legislation. Interestingly, however, the executives felt that publicity would be more effective in discouraging bribery. Of those who accepted the practice, 68% said it was a cost of doing business in certain countries. And 38% said it was an established practice, inferring that there is no way to get around it.

Some consolation was available from the fact that 64% of those who would not pay bribes said they would refuse on moral grounds. To me, however, the total survey provided a sad commentary on the state of American business ethics.

For one thing, it shattered the illusion that certain nations are hotbeds of corruption into which otherwise virtuous American businessmen have misadventured and sullied themselves.

The truth, of course, has always been that no nation can corner the market on corrupt practices. If we are to talk realistically about corruption, we must talk about it in all its manifestations. We must talk about its existence at home as well as abroad. And we must talk not only about bribery, but also about price-fixing, allocation of markets, reciprocity, insider information, shareholder ripoffs, illegal campaign contributions and all the rest.

It is, of course, easy for me or any executive to sound forth with a litany of highminded principles. It is far more difficult to imbue an organization with the ideals behind the words. And it is most difficult of all for an executive to make sure that those ideals—*once spelled out*—are also *carried out* by employes at all levels.

And yet that is exactly what we must do. Business organizations take their cues from their leaders. It is up to the leader to make sure that ethical behavior permeates the entire company. Employes must know exactly what is expected of them in the moral arena and how to respond to warped ethics.

Ethics, of course, are rarely warped overnight. A company does not suddenly fall into a situation that begs scrutiny by the SEC or the Attorney General. Most corporate lapses are gradual, with the first unethical step—however small—leading to another and another. The real, the only question is: How does a company reverse this process? How does it move its house off the sand and on to bedrock? The answer: firm and immediate action, however, painful, to reverse the course.

We must stress that we will compete as vigorously as we can. But we must not be pressured into doing the unethical to protect a vested interest, win a contract or improve a market position.

A good place to start is to establish realistic sales and profit goals, goals that can be achieved by accepted business practice. Under the stress of patently unrealistic goals, otherwise responsible subordinates will often take the attitude that "anything goes." Deals will be made under the table, under the carpet, anywhere and anyhow, as the only way they can comply with the chief executive's targets.

But how should the corporation respond to the individual who is guilty of deliberately and flagrantly violating its ethical code? From the pinnacle of the corporate pyramid to its base, there can only be one course of action: dismissal. And should actual criminality be involved, there should be total cooperation with law enforcement authorities.

When a company fails to take strong action against an employe—at whatever level—most people think the employe had the implicit—if not the explicit—consent of management. They assume that unethical acts are accepted standards of corporate behavior. After all, why should you fire a man for doing his job?

The unfortunate part of all this is that the public makes no distinction between the acts of the few and the behavior of the whole. The citizen may feel that what this or that company did may have been wrong, but it wasn't exceptional. After all, that's how those corporate hucksters have always played their games. The executive's plaintive plea, "Everyone else does it, too," is just more ammunition for the cynics and critics of business.

A close connection exists between codes of conduct and law. The law does not cover all unethical practices and the mere existence of certain laws is hardly a guarantee against their violation. So if the businessman wants to be ethical, he must abide not only by the letter but also by the spirit of the law.

I am impressed by a section of the Code of Worldwide Business Conduct issued last October by Caterpillar Tractor Co. It reads: "The law is a floor. Ethical business conduct should normally exist at a level well above the minimum required by law." It is a brief statement we would all do well to remember, particularly those of us who are active buyers and sellers in foreign markets.

Multinational companies, of course, are subject to the laws of the nations in which they operate. Business leaders, with few exceptions, recognize their obligation to be good citizens of many different countries, all at the same time. But there still exists a vast no-man's-land ungoverned by legal restraints. This gap should not be construed by either government or business as license to do whatever they want.

Consider the mirror images of bribery and extortion. It takes two to make a deal or arrange a bribe—a giver and a taker. And who can say with any certainty which party has the lower morals? Yet these all-too-human problems—to which no country is immune—are glossed over in international codes as though they do not exist.

However, today's chief executive officer cannot afford to wait for these guides and agreements. Morality only exists within a culture. And it is not for us to say what is moral in someone else's culture. But it is for every CEO to determine what the moral and ethical standards are for his or her company. And if practices in another culture would force employes to break that standard, then the CEO must decide that the company cannot operate in that culture.

But without a doubt, the issue of ethics is as critical for nations as it is for companies. This is especially so for those countries trying to attract foreign investment. They should consider the possibility that their attractiveness to foreign capital could be greatly enhanced by an atmosphere purged of the need for bribes and kickbacks.

Indeed, this era of growing interdependence should compel us to reexamine *all* the fundamental tenets of capitalism. What do they mean today, and where do we stand in relation to them? How do such precepts as self-interest, competition, the creation of capital and the profit motive continue to mesh with a changing world? Are they ghosts, without vitality? Are they just empty words that businessmen shout at each other to drown out the clamor of our changing world?

I think they are vital. I think they have meaning. But they can only continue to exist in a more profound ethical context. As businessmen, we must learn to weigh short-term interests against long-term possibilities. We must learn to sacrifice what is immediate, what is expedient if the moral price is too high. What we stand to gain is precious little compared to what we can ultimately lose.

EUGENE S. ELY

Mr. FANNIN. Mr. President, America is blessed by an industrious breed of men who work hard to serve their communities, and who receive little reward for their dedication. I am talking about our weekly newspaper editors and publishers.

One of these industrious and remarkable men, Eugene S. Ely, died on October 13, 1975, in Phoenix. At the time of his death, he was the publisher of five weekly newspapers including the Westsider, the Northwest Peoria Times, the South Mountain Star, the Maryvale Advisor and the Arizona Racing News.

Mr. Ely was an extremely active and successful publisher despite physical handicaps which would have overwhelmed most men. He made tremendous contributions to weekly journalism and to the communities served by his publications.

Mr. President, I ask unanimous consent to have printed in the Record the front page article from the October 15, 1975, edition of the Westsider reporting the sad news of Mr. Ely's death.

There being no objection, the article was ordered to be printed in the Record, as follows:

Publisher Eugene S. Ely Dies

Newspaper publisher Eugene S. Ely, a resident of the Westside area for for more than 40 years, died Monday morning in St. Joseph's Hospital in Phoenix. He was 58.

Mr. Ely published five newspapers at the time of his death. These papers are The Westsider, the Northwest Peoria Times, the South Mountain Star, the Maryvale Advisor and the Arizona Racing News.

He is survived by his wife, Mrs. Emma V. R. Ely, two daughters, Irene and Doreen, and a brother, Albert of Cleveland, Ohio.

Mr. Ely first came to the Valley in 1931. In 1942 he and Mrs. Ely purchased The Westside Enterprise, now known as The Westsider. Although they purchased the paper during the time of rationing and shortages common to World War II, the Elys were able to publish an edition each week.

During his newspaper career in the Valley, Mr. Ely also owned the Glendale News-Herald, the Youngtown Record and the Sun City Citizen.

Despite his near total paralysis handicap, Mr. Ely continued to take an active part in the publishing of his newspapers.

In 1962 he founded Pueblo Publishers, Inc., a newspaper printing operation, which now prints more than 40 publications weekly. He also founded West Valley Newspapers, Inc., a subsidiary of Pueblo Publishers, which handles the newspapers he owned.

Mr. Ely's partner in Pueblo Publishers, Inc., Bill Toops, said the printing operation "will go on as usual." Toops also said there would be no interruption in the publishing of the five newspapers the firm owns. As parent company, Pueblo Publishers, Inc. has control of West Valley Newspapers, Inc.

Toops said Mr. Ely was a "fantastic person. In all the years I worked with him he never complained. He worked harder than most men who are able to get around."

Toops said Mr. Ely was interested in the expansion of the Westside newspaper coverage. "Gene was always willing to help any newspaper in any way that he could."

Jim Hamra, general manager of West Valley Newspapers, Inc., said, "Gene Ely's business and personal achievements comprise one of the greatest success stories possible.

"He and his devoted wife have been pioneers in Arizona publishing; but more importantly, they have been pioneers in love and decency.

"Few of us are privileged to know truly great human beings. I'm thankful that this outstanding man was my friend over the years."

The death of Mr. Ely was noted with deep sorrow and feeling of personal loss by a spokesman in the office of Gov. Raul Castro.

"Gene Ely's personal example of accomplishments are a source of inspirational pride for everyone that knew him," stated Ted Rushton, news secretary in the Governor's office.

"By means of the newspapers he published and especially by his personal example, he was a major strength in our state. I am sure all Arizonans will long remember and benefit from his contributions," he said.

Gov. Castro was personally unavailable for comment because he is on tour in the Republic of China. "This administration was pleased to have Gene Ely's support and interest in publicizing our policies, goals and accomplishments," Rushton stated.

"He provided a valuable link between the general public and public officials. His passing stills a respected voice in journalism in Maricopa County.

"A man who consistently spoke out for the various small communities in this area, his example will long remain as an ideal for others, both in terms of personal achievement and community support."

Goodyear Mayor Charles Salem said Mr. Ely was "one of the most courageous individuals known. He always treated the Town of Goodyear with fairness. He always cooperated in community endeavors. We are sure going to miss him."

Several Valley newspersons gave tribute to Mr. Ely. "Gene Ely was one of the most courageous journalists in Arizona history," said Scottsdale Daily Progress Publisher Jonathon Marshall. "Despite great physical handicaps he worked harder than most people and never complained. He was a good businessman and was dedicated to the community that he served.

"He will be greatly missed by his colleagues and his many friends," said Marshall.

Kitty Smith, manager of the Arizona Newspapers Association said Mr. Ely "was a fine man and an excellent newspaperman. It was my privilege to work close with Gene Ely for 18 years. We became great telephone friends. I shall miss him as will members of the ANA."

Glendale News-Herald publisher Gordon Davis said, "The newspaper profession will sorely miss Gene Ely. He was an excellent publisher. He will be missed by the entire Arizona Newspaper Association."

Sun City Citizen publishers Jack Pryor and Bob Heiberg said "Gene was a courageous man. He would never let pain stop him or let down. He will be sorely missed."

Thelma Heatwole, staff reporter for the Arizona Republic and former associate editor of the Glendale Herald, said "Gene Ely was outstanding in the newspaper field and as a person. Through first hand acquaintance and experience, he had extensive knowledge of the Westside area and its people. I have known Gene over a period of many years and conferred with him on more than one occasion. I considered him a good friend."

Jack Hughes, editor of the Wickenburg Sun, said "Gene Ely's courage and zestful spirit affected everyone who met him. His loss will be felt by all of his friends and everyone of the publishing industry."

Mark Shepard, editor of the Buckeye Valley News said "Gene Ely was a great man; I admired him very much. He was an example for all other newspapermen."

Arrangements are being handled by Cannon Funeral Home in Goodyear.

JACK BEIDLER

Mr. RIBICOFF. Mr. President, I was deeply saddened to learn of the death of Jack Beidler, legislative director of the United Auto Workers.

Jack was a fine representative for the UAW. But he was much more than that. He was concerned about issues which affected people. And he worked tirelessly in an effort to make America a better place in which to live. Whether the issue was safer working conditions, better housing or medical care, or equality for all of our citizens, Jack was in the forefront of those who not only cared but helped us in Congress to transform concern into legislative reality.

I remember well the close working relationship I had with him during the battle over welfare reform. Jack spent long hours with me analyzing possible proposals, developing legislative strategies, and helping convince other Members of the Senate and House to support our position. I valued his wise counsel and his dedication.

Jack will be missed by those who worked with him, knew him, and admired him. While words are not sufficient at a time like this I hope his wife Beverly and his entire family will be comforted in knowing that Jack left a legacy to this Nation which few can match. Children will grow up healthier, in better surroundings and have expanded opportunities in America because of the work Jack did.

My wife Lois and I extend our deepest condolences to the Beidler family and to the men and women of the United Auto Workers and their staff.

CALLING FOR SENATE CONSIDERATION OF THE SOVIET GRAIN AGREEMENT AS A TREATY

Mr. CASE. Mr. President, President Ford and Secretary Kissinger are to be commended for pursuing the objective of the 5-year grain agreement with the U.S.S.R., namely, to stabilize the erratic impact of large scale Soviet purchases of grain in the American market.

It is an international agreement of major importance with implications seriously affecting our foreign policy as well as domestic economy. The nature, term and the size of the agreement make it a national commitment beyond the proper competence of the President acting alone. Accordingly, it should be submitted to the Senate for ratification as a treaty.

The very terms of the agreement, setting out a floor of 6 million tons a year but leaving open the possibility of larger sales, suggest the possibility that this accord may be only a first step. It is important that Congress should have an opportunity to examine the implications of the agreement for the American consumer, the American farmer, and U.S. foreign policy in its broadest sense.

Are we committing ourselves to help feed the Soviet Union regardless of whether Moscow should pursue policies that are against the interests of the United States or other Free World countries or which endanger the peace of the world? Will the agreement allow officials in Moscow to concentrate more of their resources on military expenditures instead of improving the standard of living for their own people? Will the agreement affect our ability to provide food for other countries which may need it for their very survival? These are just some of the policy questions raised by the agreement.

Beyond these issues, the agreement represents a major intervention by the U.S. Government in regulating sales of grain abroad. Our surplus of food is, perhaps, our greatest tangible resource in international economic competition. Are we, by this agreement, seriously diminishing our ability to bring a measure of order out of the present anarchy in the international markets in raw materials through the rational use of this resource? It is certainly timely to consider establishing a Federal mechanism to control and channel all our grain export sales—while protecting the American consumer—perhaps by using agencies similar to the wheat boards in Australia and Canada.

YOUTH GIVE OUR POLITICAL SYSTEM A VOTE OF CONFIDENCE

Mr. HUMPHREY. Mr. President, I read with great interest and pleasure the results of a recent poll of our Nation's young people by Scholastic Magazines, Inc. Surveying over 40,000 junior and senior high school students they found a "surprising" amount of confidence in our political system, and particularly in the Congress.

As we have become somewhat more than accustomed to hearing reports of negative or indifferent views of our political institutions, I think it important that we take note of these positive findings. Perhaps, their examination might lead us out of cyclic despair to a balanced approach of the public's perception.

There are three findings of this poll which should be highlighted. First, in terms of public confidence in government, young people do not seem to share the views of their parents. Second, they believe our system of checks and balances is working about as it was designed. Third, this new generation feels that democracy is alive and well in America.

These views take on particular importance in a slightly different light. People who do not feel some legitimacy in our Government's processes are unlikely to try to make effective use of the political system. It is, as so many political commentators have observed, far easier to sit on the sidelines and complain than to directly challenge our institutions to perform in accord with their stated promise. Not surprisingly, the survey people assign much of these beliefs to the ability of the Congress to deal with the Watergate crisis. It seems that our performance has awakened a new sense of what purpose and resolve can accomplish through democratic institutions.

I ask unanimous consent that this survey be printed in the RECORD as it appeared in the October 1, 1975, issue of The Minneapolis Star.

There being no objection, the survey was ordered to be printed in the RECORD, as follows:

TEENAGERS GIVE POLITICAL SYSTEM VOTE OF CONFIDENCE

SCHOLASTIC MAGAZINES

Nearly one-half of young people asked recently **believe the political system in the United States** is working the way the founding fathers intended.

According to a majority of teenagers asked, the constitutional check-and-balances system, which was designed to balance power equally among Congress, the president and the Supreme Court, is operating as it should. About the same number feel that democracy is alive and well in America because the people, not organized labor or big business, have ultimate power to control this country.

Surprisingly, young people do not share the attitudes of their parents. According to a recent Harris Survey, public confidence in government—most notably in Congress—is at an all-time low.

This attitude among today's young people is markedly different from the attitudes held by the generation of the late 1960s and early 1970s. Teen-agers then often felt that Congress was powerless, that the President and special interests were controlling the country—and the Vietnam War—and that the government in general was simply not listening—or at least not responding—to the wishes of the people. They voiced their objections in frequent demonstrations on college campuses, in cities and in Washington, D.C.

But today's teen-agers describe the power and workings in government in roughly the same way that **their history textbooks do.** They see the results of Watergate and the end of U.S. involvement in Vietnam as proof that the democratic system works.

Recently, Scholastic Magazines, Inc., asked more than 40,000 junior and senior high school students:

"Which of the following has the most influence in running the U.S. government, in your opinion?"

PRESIDENT	*Percent*
Boys	17
Girls	18
Total	17

CONGRESS	
Boys	35
Girls	26
Total	31

SUPREME COURT	
Boys	10
Girls	6
Total	8

ALL EQUALLY	
Boys	38
Girls	50
Total	44

The students were then asked:

"Aside **from** government, which of the following is most powerful, in your opinion?"

BUSINESS	*Percent*
Boys	35
Girls	31
Total	33

LABOR UNIONS	
Boys	27
Girls	19
Total	23

THE PEOPLE	
Boys	38
Girls	50
Total	44

For many, Watergate confirmed the textbook lesson that the three branches of federal government balance each other.

The credit for restoring that balance, according to the teen-agers, belongs entirely to Congress, though the Supreme Court played a key role.

It isn't surprising that after Watergate some teen-agers' respect for Congress grew, and perhaps is one reason why 31 percent of them said Congress now has the greatest amount of influence in running government affairs.

Students also felt Congress has the upper hand because it can initiate laws and override presidential vetoes, it has placed curbs on the president's ability to make war and its members physically outnumber the president.

In this respect, the teen-agers disagreed with their parents. In a recent Harris survey, 70 percent of the adults criticized Congress for being weak and ineffectual and for not exercising its many powers—particularly the power to override a presidential veto.

Other students give the president the edge in the power game—and for surprisingly sophisticated reasons. A 9th grader in Johnson City, Tenn., pointed out that a president's power is linked directly to his popularity among the people.

Aside from government, many students said the "people" have the greatest power because the people "outnumber" special interest groups. Both labor and business represent a segment of the population while the "people" includes both of these segments.

Those who voted for big business say its greatest power is its ability to influence opinion. "Big business has the money," said Susan Bjorlie of Los Gatos, Calif., so it can "talk people into things."

The third faction, which voted for labor, argued that labor's ability to strike gives it the upper hand. Boys supported this point of view much more than did the girls. Apparently, even teen-age males (and males still dominate the U.S. labor force) place greater stock in the strength of the unions than teen-age females do.

HEARINGS BEFORE THE SUBCOMMITTEE ON CONSTITUTIONAL AMENDMENTS OF THE SENATE JUDICIARY COMMITTEE ON SENATE RESOLUTIONS PROPOSING A CONSTITUTIONAL AMENDMENT TO REQUIRE A BALANCED FEDERAL BUDGET

Mr. THURMOND. Mr. President, on October 7, I had the pleasure of chairing hearings before the Subcommittee on Constitutional Amendments on Senate Joint Resolution 55 and Senate Joint Resolution 93, resolutions proposing a constitutional amendment to require a balanced Federal budget. The testimony given before the committee was very impressive, and it was supportive of my conviction that Congress needs to take action now to put the Federal Government on a pay-as-you-go basis before it is too late.

Members of Congress who have persisted in establishing massive Federal programs without regard to their cost must accept responsibility for putting our Nation so deeply in debt. The attitude that has prevailed in Congress in recent years, that problems can be solved if enough money is spent on them, has put this Nation on the verge of bankruptcy. We cannot spend our way into Utopia. Our citizens are demanding a reassessment of this approach.

A constitutional amendment requiring a balanced budget will provide a means to restore stability and strength to our Nation's economy. I think it appropriate as we approach our Bicentennial year of 1976 that we establish as a national goal a balanced Federal budget by at least 1980. We can and must deal with the fiscal irresponsibility that has plagued our great Nation in recent years.

Mr. President, in order that my colleagues may share some of the excellent testimony the Subcommittee on Constitutional Amendments received on these proposed constitutional amendments, I shall ask unanimous consent that a number of the statements made by witnesses appearing before the subcommittee be printed in their entirety in the Record.

The first statement is that of Roger A. Freeman, Senior Fellow Emeritus, Hoover Institution on War, Revolution and Peace, Stanford University. I might draw attention to Mr. Freeman's chart comparing Federal expenditures in 1952 with those in 1972. The figures in the chart point out a fact to which I have referred on the floor of the Senate on many occasions—that increased Federal spending and deficits have resulted, not from military expenditures, but from massive social programs. Expenditures for domestic services, which include health, education, and welfare, increased a whopping 962 percent from 1952 to 1972. National defense expenditures for the same period increased only 68 percent.

Mr. E. J. Faulkner, president of Woodmen Accident and Life Company, Lincoln, Nebr., also made a fine statement.

I am especially pleased and proud of the most impressive testimony given by the Honorable Grady L. Patterson, Jr., treasurer of the State of South Carolina before the subcommittee. My home State of Carolina has a constitutional provision requiring a balanced budget on the State government level. In my opinion, this provision has been primarily responsible for the State's triple-A bond rating, distinction shared only by 12 States. Mr. Patterson was accompanied by a group of distinguished leaders from my State representing a variety of occupations and professions who submitted statements for the record. These gentlemen were Mr. Edgar L. McGowan, Commissioner of Labor for the State of South Carolina; Mr. W. W. Johnson, president of Bankers Trust of South Carolina and Mr. Ben R. Morris, co-publisher of the State and the Columbia Record newspapers, Columbia, S.C., both representing the Palmetto Business Forum; and Dr. Neal Thigpen, chairman of the Department of Political Science, Francis Marion College, Florence, S.C.

Mr. President, I ask unanimous consent that the statements referred to be printed in the Record.

There being no objection, the statements were ordered to be printed in the Record, as follows:

Statement of Roger A. Freeman on Balancing the Budget, October 7, 1975

(Note.—Any opinions I may express are my own and should not be attributed to any organization with which I am or was connected.)

Many years ago the citizens of most states placed strict constitutional restrictions on the ability of their elected officials—governors and legislators—to incur debt on behalf of their states. As a rule now, the state's credit can be committed only with the approval of the people themselves, voting at a general or special election on a specific proposal to issue bonds. This has subjected state borrowing to a close scrutiny by the taxpayers and has restrained it. But it has not prevented it nor crippled state fiscal capacity. To wit: state indebtedness has grown by $36 billion over the past ten years.

Federal indebtedness will at the end of the current fiscal year total nearly $300 billion more than it did ten years earlier. This was possible only because there are at this time no constitutional limitations on the incurrence of debt by the Federal Government. Does the extraordinary and unprecedented jump at the Federal level, compared with only a moderate rise at the state level, not suggest that maybe the American people put the muzzle on the wrong dog? Does it not further suggest that the time may have come to fashion a muzzle for the dog who seems to need such restraint? The question now is, if you pardon the mixed metaphors and species, how to bell the cat.

Some close observers have expressed the fear that a continuation of current trends in the public debt may lead to Federal bankruptcy. But, there is really no reason to be afraid. The Federal Government cannot go bankrupt because it can always print all the money it needs to meet its obligations and repay its creditors in dollars that are worth but a fraction of the dollars it borrowed many years before. Some may take a dim view of such a method to defraud those who entrusted their savings to the Federal Government. Others will regard this as clever money management.

What is to be feared is not Federal bankruptcy but run-away inflation. Ever-expanding deficit spending and enlarged money supply are bound to produce inflation—as they have done countless times in a devastating manner over the past one thousand years—from China to Latin America, from Persia to France and Germany. And when the money lost most or all of its value, run-away inflation often not only ruined a country economically but led to social unrest, violent upheaval, revolution and even destruction of the society. More than any other single factor it was the German super-inflation of the 1920s which broke the middle class and killed its belief in the justice of the existing social order that brought Hitler to power.

Inflation is not that rapid in the United States—at least not yet. But it's progressive like pregnancy—there is just no such thing as a "little" pregnancy. The Consumers Price Index rose 19 percent between 1955 and 1965 but jumped 70 percent between 1965 and 1975. At that rate, a dollar saved today will lose 93 cents over the next fifty years. Which young person would want to save a dollar to get 7 cents back in his later years?

The danger of run-away inflation in the United States was widely regarded to be minimal or nonexistent during the late 1950s and early 1960s when annual price rises averaged between one and two percent a year. Thus proposals in those years to restrict the Federal debt—advanced by the sponsor of the currently pending SJR 55 Senator Carl T. Curtis, with Senators Styles Bridges, Harry F. Byrd and others—did not gain sufficiently broad support and failed of adoption. The doubling of the Federal debt in recent years has revived the issue and made it more pertinent and urgent than ever. No one has belittled inflation in recent years or derided it as an imaginary, remote or minor danger.

But some of my fellow economists have been and still are saying that budgetary deficits and growth in the Federal debt are not responsible for inflation and are really nothing to worry about. Some even assert that current deficits are not big enough to deal effectively with lagging economic growth and cure unemployment. Some of the facts they cite are: the Federal debt has grown more slowly than the Gross National Product (GNP). It has declined as a percentage of GNP from 49.4% in 1965 to 38.0% (estimated) at the end of the current fiscal year. Federal debt equalled 129 percent of GNP at the end of World War II and the economy did not collapse. Moreover, private debt, individual and corporate, not only totals far more than the Federal debt but also has grown by much more.

There are so many things wrong with these statements that it would take sizeable articles to disprove them. The most important: the figure commonly shown as Federal debt is only the debt subject to the so-called debt ceiling which excludes huge obligations of the Federal Government. The "independent" debt of Federal agencies (Export-Import Bank, TVA, etc.) totals over $11 billion, the debt of Government-sponsored enterprises (FNMA, Farm Credit Administration, Federal Home Loan Bank Board, etc.) another $88 billion, loans guaranteed by the Federal Government (FHA, Veterans' Administration, Farmers Home Administration, GNMA, etc.) $237 billion. But by far the biggest unfunded liabilities of the Federal Government are for Social Security and Civil Service and Railroad retirement, veterans' pensions, etc. which are estimated to total over $3 trillion.

Counting all Federal commitments, the Federal debt is substantially higher than the private debt and has grown faster. What is particularly significant: it was the expansion of the Federal debt and resulting inflation which are largely responsible for the steep growth in the private debt in recent years.

Some of my fellow economists will tell you that Federal *deficits* may have an inflationary impact during periods of rapid economic expansion when there may be a strain on available resources but that they are decidedly noninflationary at times when the national economy is running substantially below capacity and unemployment is high. That in fact, they say, is a time when large deficits are needed to compensate for the lag in the private economy and to "prime the pump."

The theory of compensatory fiscal policy of the government "leaning against the wind" was developed in the 1930s and reached its widest acceptance in the postwar period. The Government should balance the economy not its budget. The trouble is that in actual practice the fiscal policy of fine-tuning turned out to possess only a one-way flexibility: huge deficits at times of economic slack but no surpluses during periods of rapid growth. The past fifteen years include fourteen years with a deficit, only one, due to special circumstances, with a surplus.

A new theory was developed a few years ago: that the budget should be balanced only on the assumption of full employment. This was called a more sophisticated fiscal policy than actual budget balance. In truth, it is pure sophistry, an alibi attempting to rationalize budgetary deficits in a pseudo-scientific way and make them respectable, a magician's trick to have deficits disappear from vision, "Now you see them, now you don't."

Congress can make or repeal all laws. But it cannot repeal the law of supply and demand. When Congress tried, the "invisible hand" reached out and dealt the economy a devastating blow.

Despite far fetched theories the huge Federal deficits of the late 1960s and of the 1970s were followed by rapid inflation. Then the search began for convenient scapegoats, the venal greed of big corporations and big labor, drought and floods, the Arab oil shield and other cartels and many others. Some of these factors undoubtedly have contributed to inflation. Labor's ability—with governmental support—to exact wage boosts in excess of productivity growth, which raised labor's share from 67.8 percent of the National Income in 1955 to 75.8 percent in 1975 (first half) have pushed up costs and prices—besides driving unemployment to higher levels.

Contrary claims notwithstanding, higher profits have not contributed to inflation—as is evident from the fact that proprietors' and corporate profits dropped from 26.7 percent of National Income in 1955 to 15.8 percent in 1975 (first half). Profits have fallen to a level that is much too low to attract needed capital. This—in conjunction with a perverse tax policy which favors consumption and penalized capital formation—has resulted in a far lower rate of investment in the United States than in other industrial nations. Because job creation requires huge industrial investments—$25,000 to $50,000 per job and more—which at current profit levels are simply not available in sufficient magnitude unemployment climbed and is considerably higher in the United States than in other Western nations.

By its huge claims for money, government has not only driven up the interest rates but increasingly "crowded out" private demands on the capital markets in recent years. The Treasury Department's Bureau of Debt Analysis released some figures earlier this year according to which the Federal Government accounts for 68 percent of the capital markets in the current fiscal year, compared with a mere 20 percent in the fiscal years 1955–59. All government borrowing (Federal, State, local) will account for 80 percent of the capital markets in FY 1976. This does not necessarily mean that the Federal Government will actually take 68 percent of the available funds and private borrowers get only 20 percent. More likely, the Federal Government will cover a substantial part of its deficits by monetizing it, that is by financing it through the Federal Reserve System and expanding the money supply.

Testifying before the House Budget Committee on September 29, 1975, Treasury Secretary Simons suggested that his warning issued earlier in the year had been born and has now become a reality: unprecedented government borrowing is drawing away funds for housing and business investment thus weakening the economic system. Treasury note sales in September 1975 produced an interest rate of 8.44%, a much higher return than banks or savings institutions can offer. With a budget deficit well over $70 billion in FY 1976 and estimated to run between $35 and $50 billion in FY 1977 prospects for an easing of pressures are bleak.

Corporations of course also seek to borrow funds in the market, in competition with government. Because our laws tax profits in the form of dividends twice but permit the deduction of interest costs, there has long been a tendency toward debt financing by corporations and away from equity financing—a trend that is strengthened by a profits squeeze and the consequently depressed stock market.

It is small wonder that in the squeeze between a tight capital market, higher costs and a punitive tax policy, private industry which produces almost all of the goods and services consumed by the American people or exported, provides most of the jobs and is expected to supply more job opportunities for our still growing population, is unable to create enough job openings. Thus high unemployment by government spending and deficits is simply adding fuel to the fire of inflation and, in the long run self-defeating. Thus we can "enjoy" inflation plus unemployment, now termed "stagflation".

Attempts to control inflation by wage and price controls were found to have a short-lived effect. Such controls can only be temporarily effective in supplementing sound fiscal-monetary policies. They cannot substitute for them. History supplies innumerable examples of rulers who tried to suppress the results of their own expansive policies by imposing price controls. From Assyria's Hammurabi nearly four thousand years ago to Diocletian's edict more than two thousand years later and to numerous more recent control efforts, they have, despite even the most draconic sanctions never been more than a short-lived experiment which though sincerely begun soon led to the disappearance of desired goods, severe shortages, black markets, in some cases rationing, but almost always to economic stagnation and distress.

When government points in various directions in trying to identify and blame a culprit for inflation it acts like a pickpocket who running away from the crowd, points ahead and shouts: "Hold the Thief". The fact remains that only government can create inflation and only government can stop it by keeping budgets and money supply under control. Inflation is largely the result of monetized budget deficits and cannot be arrested without correcting the underlying evil: budgetary deficits.

Why has inflation proven to be so impervious to all attempts to stop it? Five years ago I tried to explain the reasons and with your permission I would like to quote what I said on that occasion (from the Congressional Record, March 2, 1970, pp. 5561–5564, "Why Don't They Stop Inflation?"):

If we conducted an opinion poll among a representative cross section of the American people, asking what their leading grievance is in the domestic policy area, we would today in most places get the answer: soaring prices.

In letters to editors, in radio and TV interviews and on many other occasions, people keep asking, "Why don't they stop inflation?", "They" of course meaning the government. In a rare display of consensus, members of Congress of both political parties have been condemning inflation in vivid tones and demanding that it be ended forthwith. With everybody seemingly opposed to it, we may well wonder "Why don't they stop inflation?" Is there a sinister and clandestine lobby at work which keeps frustrating the will of the people?

It reminds me somewhat of the psychiatrist who when examining his patient inquired: "Are you troubled by improper thoughts?" to which the patient cheerfully replied: "No, I am not. Frankly speaking doctor, I rather enjoy them."

The fact is that most people enjoy their share of inflation, that is their individual slice of the expanded money supply in the form of an income, whether from wages or from independent activity, that grows faster than their productivity. What they don't like is the consequences of inflation, which is higher prices. It is not the overeating or drinking that we dislike—it is the hangover, the indigestion, the obesity we fear, but too often fear not enough to abstain from drinking or overeating. This looks like a case of being able to resist everything save temptation.

It is a natural and understandable tendency for people to try to offset the impact of higher prices by boosting their income and, albeit grudgingly spending more money instead of reducing their demands. It is as if at a football game we were not seeing well enough over the heads of the people in front of us and decided to stand up. We'll see better—temporarily. When the other people also stand up, as most likely they will, we and everybody else will see no better than we did before. More likely, we'll see less. If we then sit down, we'll see nothing. But how do we persuade the other people to sit down, too, so that we all can see at least something, in comfort? As so often it is much easier to get into trouble, than to get out of it, because few are eager to make the sacrifice of being the first to give in. How can we, in a free society, get concerted action by having all sit down at the same time?

FEDERAL EXPENDITURES 1952 AND 1972

	Expenditures (in millions)		Percent increase 1952–72	Expenditures as a percentage of GNP	
	1952	1972		1952	1972
Total expenditures	$71,045	$244,576	244	20.6	21.1
National defense	46,745	78,722	68	13.5	6.8
Domestic services	12,324	130,920	962	3.6	11.3
Education	323	6,551	1,928	.1	.6
Welfare	5,161	77,731	1,406	1.5	6.7
Health	431	14,492	3,262	.1	1.3
Other domestic services	6,409	32,146	402	1.9	2.7
Interest and other	11,976	34,934	191	3.5	3.0
Population of the United States (thousands)	17,5553	208,842	33		
GNP (in billions)	$345.5	$1,155.2	234		
Consumer price index (1967 equals 100)	79.5	125.3	58		

Source: National income and products accounts of the U.S. Survey of Current Business, Department of Commerce.

When I made those statements I was serving as a Special Assistant to the President and had to be more circumspect in my utterances than I can be now, after returning to an environment where I enjoy academic freedom. Moreover, I have observed developments closely in the past five years and learned a great deal. A main factor that keeps Federal deficit spending and therefore inflation at a high level is the far better organization and political effectiveness of the forces that are committed to and pressing for increased Federal spending, compared to the feeble efforts and relative impotency of the groups which favor budgetary restraint.

A few months ago the Hoover Institution published a book on which I had been working for several years: "The Growth of American Government: A Morphology of the Welfare State." In that book I described the expansion of governmental activities in the United States in terms of public employment and finances over the 20-year period 1952 to 1972. I would like to summarize here some of my findings as they appear in the cited book.

Federal expenditures multiplied three and a half times between 1952 and 1972, from $71.0 billion to $244.6 billion. That just about paralleled the growth of the national economy. As a percentage of GNP, federal expenditures grew from 20.6% to 21.1%.

The significant change that took place over that 20-year period was not so much in the overall total of Federal spending but in its composition. Outlays for National Defense dropped from 13.5 percent of GNP to 6.8 percent—or about half their former size. They may be estimated below 6 percent of GNP in the current fiscal year. Spending for domestic purposes simultaneously jumped from $12.3 billion to $130.9 billion; as a percentage of GNP they went from 3.6 percent to 11.3 percent. They may be estimated at 14 percent in FY 1976.

To put this in clear perspective: it took 163 years, from 1789 to 1952 for Federal expenditures for domestic purposes to reach a level of $12 billion. In the succeeding twenty years they multiplied more than tenfold, from $12 billion to $131 billion. In other words, in those two decades Federal spending increased every two years by as much as the total growth in the preceding 163 years. Even with a correction for the lower value of the dollar this still is probably the most spectacular and most significant change in governmental finances and in the nature and concept of American government in the twentieth century.

By far the sharpest increases occurred in health, education, and welfare:

The ominous fact in terms of future trends is that in the three fields which experienced by far the steepest increase in the cited 20-year period, there is strong pressure for even greater expansion. Spending for health, education and welfare by all governments (Federal, state, local) grew 833 percent between 1952 and 1972 while the aggregate of all other public expenditures increased only 164 percent, which is less than the simultaneous growth of the national economy. Although evidence is at best spotty about positive results from new or expanded Federal programs in the social welfare fields there is now enormous pressure for vast new Federal programs of that type. A national health program has been pending for years, enjoys broad support and could be enacted within the next few years at an annual cost of several dozens of billions of dollars, with a tendency for continued sharp increases judging by the experience of countries which operate such programs.

Guaranteed annual income has been proposed and came close to enactment in 1971 and 1972. It is now again being advanced by powerful forces and would, if approved, add many billions to the annual welfare budget. Federal aid to education at the common school as well as the college level has been pushed by strong national organizations for well over a hundred years and came close to realization on several occasions. With total expenditures for education in the United States now exceeding $100 billion a year, the activation of such programs could add enormous sums to the Federal Budget. Numerous other proposals are being pushed by potent forces—for urban transportation, for general municipal purposes, for environment, for energy development (at $100 billion over the next ten years) which, if approved could balloon the Federal budget further and make a budgetary balance well nigh impossible for many years.

Will Congress be able to resist those spending pressures? Past experience with attempts at fiscal discipline give little cause for optimism. Debt ceilings which first came into use during World War I have proven to be so flexible—being upper once or several times each year in recent times—as to be totally ineffective. The process of raising the debt limit has become a frequent ritual that is being carefully observed but is nearly meaningless. Since all expenditures must first be approved by Congress it is virtually useless to go through the process of setting a debt limit that is entirely at the discretion of the Congress.

Budget reform enacted in 1974 was expected by some to exercise a restraining influence. But it is apparent now that this will not be the case. Committee recommendations suggest far higher spending than proposed by the President—a 21.1 percent boost in the nondefense area versus an 11.9 percent increase in the President's Budget—and a deficit well over $20 billion higher than recommended by the President. The veto that can be placed on Presidential attempts at saving money through impoundment suggests that expenditure savings were not a consideration in shaping this budget reform.

Even if the budget and appropriations committees were austerity minded, there is a serious question of how effective they could be in keeping spending down. Only a minor part of the budget is subject to control through the budgetary and appropriation process. Some of the largest Federal programs are open-ended and expenditures are controlled by the authorizing legislation, thus virtually exempt from the budget review. Nearly three-fourths of all budget outlays in FY 1975 are labelled "relatively uncontrollable", the percentage having gone up from 59.3 percent of the total budget in FY 1967 to 73.5 percent in FY 1975. The significant fact is that while two-thirds of the defense outlays are designated "controllable" only 12 percent of the nondefense outlays, mostly for domestic services, are reported to be "relatively controllable". As I showed earlier it is the domestic programs that have expanded at an extraordinary rate in recent decades—and 88 percent of them are now "untouchable" by would-be budget cutters. Many benefits are set by law such as social security and retirement pay, medicare, food stamps, veterans benefits, revenue sharing; interest is set by contracts. Public assistance, medicaid, and unemployment assistance are reimbursements to states by formulas. With 67 percent of proposed defense expenditures controllable but only 12 percent of the nondefense items controllable, it is understandable that efforts to cut the budget usually concentrate on defense.

To be sure, all Federal expenditures were authorized by the Congress at some time and with the exception of prior existing obligations and contracts—can be controlled by it through changes in the substantive program legislation. The question is whether Congress is able to constrain expenditures by its own power. The normal restraint at state and local levels is the necessity to either raise taxes or issue bonds to finance new or expanded programs. Boosting taxes is a politically painful and risky process which provides a natural screening for outlays which the taxpayers regard worth their hard earned money. Borrowing, on the state's credit, is subject to a direct veto by the voters. At the Federal level there is no limit to debt financing which is too remote for the average voter to know about—although he may subsequently be painfully affected by the resulting inflation.

Experience with Federal debt ceilings, easily changed by an act of Congress, has proven them to be singularly ineffective. Thus an outside force is needed to enforce the fiscal discipline which Congress itself cannot exercise. Only the Constitution can provide such outside discipline.

The early state constitutions contained no debt limitations. But painful experiences with expansive policies in the 1830s and 1840s led to the imposition of restraints in most states. Trends of recent years suggest that some restraint is now needed at the Federal level.

The experience of state and local governments has shown that constitutional debt restrictions can be circumvented in many ways, particularly through revenue bonds and the establishment of special authorities. State courts have proven amazingly lenient in approving the "special fund doctrine" by which state and local governments have evaded constitutional restrictions. Thus federal legislation would have to be drawn rather carefully to prevent a rapid growth in backdoor spending and borrowing.

There are several ways in which the U.S. Constitution could restrain the Congress from expanding Federal indebtedness. It could require—as most state constitutions do—that new obligations or an increase in obligations must be approved by the voters themselves. In this age of rapid communications and electronic technology the holding of a national referendum would be no major obstacle. Nor would the cost be large when related to the magnitude of the amounts and the importance of the substance involved.

Switzerland has long been conducting national referendums on major controversial issues and Great Britain did so earlier this year. Over a century of experience with many thousands of state and local debt and tax referendums shows that the voters will understand the alternatives and that a review (or veto) can be very healthy. Popular government rests on the premise that the people can understand and judge vital public issues.

Another way of controlling further expansion of the national debt is the method proposed in SJR 55. By computing at the end of each fiscal year the net result of the fiscal operations and imposing a surtax on the income to make up for a deficit seems to be a far better way of bringing the realities of Federal operations home to the taxpayer than to let him find out much later through inflation and higher prices.

There are various other ways toward the same end, some of which are incorporated in proposals introduced in earlier years or now pending. I am not committed to any particular form of debt control but feel that in view of the huge debt expansion in recent years some form of restraint is urgently needed.

STATEMENT OF EDWIN J. FAULKNER

Mr. Chairman, my name is Edwin J. Faulkner. I am president of Woodmen Accident and Life Company, a mutual life and health insurer, whose home office is in Lincoln, Nebraska. I thank the subcommittee for its courtesy in permitting me to testify in support of the enactment of Senate Joint Resolution 55. I wish to emphasize that the testimony that I shall present reflects my personal views as a concerned citizen and as a businessman who for 40 years has had the responsibility of helping people achieve a measure of earned security through private life and health insurance. I do not assert that these views necessarily coincide with those of every insurer.

The business of private life and health insurance, on which some 190 million Americans depend for an important part of their financial security, is one that involves commitments that extend far into the future. People save to provide themselves and their families protection, through insurance companies, against the financial consequences of living too long, dying too soon, or being disabled. They are willing to save in reliance on the assumption that the dollars that the insurer promises for future delivery will be dollars whose purchasing power has not been destroyed. Until 1965, this was a sound assumption; but during the past decade, we have witnessed a rapid erosion in the dollar's value because of an abandonment of the principle of Federal fiscal integrity and the practice of a balanced budget.

Since others who have appeared before the subcommittee have documented the terrifying and accelerating increases in Federal deficits reaching the astonishing sum of an estimated $70 billion for fiscal year 1976 on top of a $44 billion deficit in fiscal 1975, I shall not repeat the record. It is well known and, I am sure, of great concern to you.

As one looks back across the years, it is informative of our present economic difficulties to discern how the world's mightiest nation came to its current impasse. In the wake of the Great Depression of the 1930's, the Federal Government in a policy designed to alleviate human distress and regenerate the economy undertook to assume much greater responsibilities for individual welfare and to assert a dominant role in the management of the economy. No matter how humanely intended, these measures were largely ineffective, and it took our involvement in World War II to reestablish a robust domestic economy. However, the seeds of the attitude that the answer to every problem resides in Federal regulation, preemption and largess had been planted. Despite this, in the two decades following World War II, the resurgence of an economy producing for peace proceeded at such a rate that it was able to sustain the increasing financial burden shouldered by the Federal Government. In 1965, the tragic mistake was made of assuming that our nation could pay the costs of the war in Southeast Asia and vastly expand already massive social welfare programs without compensating increases in taxes. These costs, of course, have been paid and will be paid, not from a forthrightly levied tax which permits the taxpayer to evaluate the programs for which he is paying, but by inflation—the cruelest, most pervasive and regressive tax of all. Since 1965, with the exception of a single year, the Federal Government has operated in the red. It has balanced income and outgo each year by borrowing the shortfall in revenues, thus placing a heavier and heavier mortgage on the nation's future. The interest service alone on that mortgage is now costing us $35 billion annually. The cost to every American of this long-continued Federal fiscal irresponsibility is revealed in the meteoric rise in the costs of living and doing business. According to the U.S. Department of Labor indices (with the year 1967 equal to 100), wholesale prices have risen from 96.6 in 1965 to 176.7 in August 1975. In the same time span, the Consumer Price Index rose from 94.5 to 162.8. Thus, in the decade, wholesale prices were up 83 percent, and consumer prices up 72 percent.

A trained economist might prefer a more elegant and esoteric definition, but to me inflation is simply the condition in which too many dollars are chasing too few goods and services with consequent escalation of prices. In 1913 we established the Federal Reserve System among whose principal responsibilities is regulation and control of the supply of money and credit. For the most part, the Federal Reserve has served well, but its freedom to pursue judicious and desirable courses of action to maintain stable prices has been hamstrung by the necessity of funding the recurrent Federal deficits. The result has been a long-term trend in the expansion of money and credit in excess of the needs of the economy and additions to the burdensome costs of government—all of which is directly responsible for the major inflationary thrust.

Inflation feeds upon itself. There is no universally available means by which it is possible to cope with inflation, and the mere existence of widely-held inflationary expectations exacerbates the problem. For example, from time immemorial, interest, the charge made by lenders for the use of money, has been 3 to 3½ percent plus the rate of inflation then prevailing. As lenders look ahead and see no assurance that inflation will be contained, they seek to preserve their capital by insisting upon higher yields. Far from being a cause of inflation, deplorably high interest rates are a result, just as surely as $4.25 per bushel wheat is a result, not a cause, of inflation. In like vein, when the laboring man demands increases in wages and fringe benefits that have little or no relationship to increases in productivity, he is reacting to inflation realized or expected. In both instances, the effect on the economy is a depressing one.

For several years, the Congress and the American people have been alarmed by the rapid rise in health care costs. Critics who gravitate to easy answers to complex problems accuse the providers of care and blame the system. The fact is that health care costs have zoomed primarily because of the inflation caused by unsound Federal fiscal and monetary policies. For example, 65–70 percent of the cost of providing a patient day of care in a general hospital is the cost of labor. In a labor market where wages reacting to inflation have been increasing from 8 to 12 percent or more a year, hospitals have had to meet the competition and these higher costs are passed through to the patient.

Probably the most pitiful victims of inflation are our older people, widows and orphans, all those who are living on fixed incomes. By their providence and self-denial over a lifetime of saving, these senior citizens accumulated a modest estate which without inflation would have permitted them to live out their years in dignity and reasonable comfort. But for many, inflation has reduced their lot to little better than one of mere survival. Congress, reacting to the impact of inflation on our principal class of pensioners, Social Security recipients, enacted ad hoc increases in benefits effective in 1965, 1968, 1970, 1971 and 1972. These increases exceeded the increase in living costs during those years. Additionally, in 1972, the Congress incorporated in the Social Security law formulae by which it was expected that future adjustments in the level of benefits and Social Security taxes, triggered by changes in prices and average earnings, would be achieved without further legislation. The first automatic increase became effective this year.

It was my privilege to serve as a member of the Advisory Council on Social Security whose report was filed with the Congress in March of this year. That experience quickened my understanding of how the manner in which price rises have outpaced increases in average earnings poses a serious threat to the solvency of the Social Security System unless the Congress takes timely action to raise Social Security taxes by at least 1 percent of taxable wages and remedies the defects that exist in the so-called automatic benefit adjustment factors.

In the last analysis, I think no one would deny that national prosperity, as well as individual welfare, depend ultimately upon the production of goods and services. A healthy, growing and productive economy is the source of jobs, of profits, tax revenues, national security, and an acceptable standard of living. When our real gross national product falters or stagnates, every segment of our society suffers. It is private enterprise, not government, that is the engine of production. Government can take from one and give to another, but adds nothing to national productivity. Funds siphoned off by government are capital that the economy sorely needs for investment to provide jobs, goods and services. On the average to provide one job in commerce, industry or agriculture, there must be an investment of more than $25,000 in plant and equipment. Today we are told that in order to approach our economic potential, the staggering sum of $4½ trillion must be accumulated and invested in the next ten years. At present, our tax structure penalizes savings, profits and capital accumulation and encourages spending for consumption. Because of this, capital fund-raising is difficult, expensive and, except for the most credit-worthy enterprises, sometimes impossible. The competition of government for such funds has become an added obstacle to raising capital for states, municipalities and private business.

In 1974, the Federal Government took $12 billion out of a total of $180 billion raised from the credit markets. In the second quarter of 1975, Federal credit demands soared to a $93 billion annual rate out of total annual fund-raising of $210 billion. Over the past ten years government spending, including transfer payments, has been expanding at a 9% annual rate, which is more than double the 4% rate for the private economy. The growth of government spending lies at the heart of the strains on the capital market. Since the Federal Government will see to it that its capital needs are satisfied first, as these needs burgeon because of recurrent deficits and their inflation sequelae, the private sector is threatened with the inability to raise the capital it so badly needs. We have been "consuming our seed corn" for some years by our failure to save and invest enough to maintain and enhance our productive capacity. Unless major steps are taken promptly to arrest preemption of the capital markets by the government, the attrition of the economy will only intensify.

Senate Joint Resolution 55, calling for a constitutional amendment to require balanced Federal budgets except in times of a declared national emergency, proposes a sound and workable way to return the government to a program of fiscal integrity. Its enactment would immediately defuse inflationary expectations, and its operation would lay the foundation on which long-continued stability, progress and prosperity could be achieved. The burdens of the public sector would be diminished as the private sector would assume its historic role of providing more and better jobs, a greater flow of better goods and services, a higher standard of living, and not, incidentally, a greater flow of tax revenues.

If, to some, the proposal seems objectionable because it would reduce congressional freedom of action, let it be remembered that ours is a government of delegated and reserved powers, a government of checks and balances. The constitution has always contained limitations on what the various branches of government may and may not do. It would seem to me that the Congress should welcome this constitutional bulwark to its determination to govern wisely. We well know of the insistent pressure of special interest groups on every member of the Congress in support of particular projects. Many of these projects are highly desirable, but in their promotion their advocates too frequently are guilty of tunnel vision and are oblivious to the cumulative effect of countless such programs on our government's credit and the economy.

To those who would argue that by reducing the flexibility of fiscal policy we hamper management of the economy, I would respond that by stabilizing one of the current variables with which the managers must contend, we free the Federal Reserve to implement monetary and credit policy, the other variable, in a far more effective manner than has been possible when the Federal Reserve action has been straitjacketed by the necessity of funding government deficits. The Congress is to be commended for taking the first step toward exercising fiscal responsibility by adopting the Congressional Budget and Impoundment Control Act of 1974. Passage of Senate Joint Resolution 55 is clearly the next step which should be taken.

Former Secretary of Health, Education, and Welfare, Caspar W. Weinberger, in his valedictory address before retiring from Federal service last July, commented to the Commonwealth Club of San Francisco that, "My single overriding observation after these years in Washington is of the growing danger of an all-pervasive Federal Government. Unless checked, that growth may take from us our most precious personal freedoms. It also threatens to shatter the foundations of our economic system. When I came to Washington in 1970, the Federal budget outlay stood at $196.6 billion. It is now $358.9 billion, an increase of 83 percent. Apart from its sheer magnitude the most noteworthy thing about this trend is that Federal spending has shifted away from traditional Federal functions such as defense and toward programs that reduce the remaining freedom of individuals and lessen the power of other levels of government. . . . There is an overriding danger inherent in the growth of an American welfare state. The danger simply is that we may undermine our whole economy. If social programs continue growing for the next two decades at the same pace they have in the last two, we will spend more than half of our whole Gross National Product for domestic social programs alone by the year 2000."

I most earnestly urge upon you and your colleagues in the Congress that heroic measures must be undertaken to end recurrent Federal deficits with their inevitable inflationary impact. Unless we face up to this responsibility now, the American dream will be lost forever.

Statement by Grady L. Patterson, Jr., State Treasurer of South Carolina

Mr. Chairman, and Gentlemen of the Committee, I want to take this opportunity to thank you for allowing us to appear before this distinguished Committee and express our views in support of a Constitutional Amendment requiring the Federal Government to operate on a balanced budget, S.J. Res. 55.

Let me say from the outset that South Carolina has operated for decades and generations within the discipline of a balanced budget. Our Constitution directs it; statutes require it; rules of our House of Representatives dictate it; and just plain reason and logic demand it. It is indeed frightening and alarming that the Federal Government has not exercised the same discipline in managing its fiscal affairs. And, frankly, I do not believe our free enterprise and free markets system can long survive the excesses of the lack of fiscal discipline.

Article X, Section 2, of the Constitution of South Carolina 1895, provides:

"§ 2. *Expenses of State government.*—The General Assembly shall provide for an annual tax sufficient to defray the estimated expenses of the State for each year, and whenever it shall happen that the ordinary expenses of the State for any year shall exceed the income of the State for such year the General Assembly shall provide for levying a tax for the ensuing year sufficient, with other sources of income, to pay the deficiency of the preceding year together with the estimated expenses of the ensuing year."

Thus, you will observe that this South Carolina Constitutional requirement is not too unlike your own proposed Amendment to the United States Constitution. This requirement has worked for us, and I know beyond any doubt that it will work for this nation.

Our statutes require that revenue match expenditures each year and that we maintain a constant vigil on the revenue to ensure a balanced budget. Section 107 of our Annual Appropriations Act provides:

"Section 107. Any appropriations made herein or by special act now or hereafter, are hereby declared to be maximum, conditional and proportionate, the purpose being to make them payable in full in the amount named herein, if necessary, but only in the event the aggregate revenues available during the period for which the appropriation is made are sufficient to pay them in full. The (South Carolina) State Budget and Control Board shall have full power and authority to survey the progress of the collection of revenue and the expenditure of funds by all departments and institutions, and is hereby authorized and directed to make such reductions of appropriations as may be necessary to prevent a deficit; . . . (1975–76 Appropriations Act for State of South Carolina.)"

You will recall that during the fiscal year 1970–71 we experienced a slight downturn in the economy. As a result of closely monitoring the progress of revenue collections, the State Budget and Control Board concluded that expenditures would exceed revenue collections. This provision of law provided the authority for the Budget and Control Board to cut the fiscal year appropriations by 6% in November of 1970. South Carolina ended the fiscal year on June 30, 1971, with a $5 million surplus as a result of this timely action by the Budget and Control Board.

You may be interested in knowing how we went about effecting this reduction in expenditures. We called each agency and department head in and suggested he tell us how he could best cut his budget by 6%. Almost without exception, there was full cooperation throughout State Government and and no program really suffered. In fact, it was a very healthy exercise in financial management and fiscal responsibility. I might add, this action did not go unnoticed by the rating services and the money markets throughout the country.

We have another Rule that relates to a balanced budget in our state. Rule No. 5.3 of the House of Representatives, State of South Carolina, provides:

"After passage on second reading and before its consideration on third reading, every General Appropriation Bill and every Supplemental Appropriation Bill shall have attached thereto a certificate from the Comptroller General that the total of the appropriations therein provided is not in excess of the estimated total revenue of the State for such purposes, including that revenue which may be provided in the Bill, or in any other bill previously passed by the House for the fiscal year to which the Bill is applicable, and if the Comptroller General cannot give such certificate, the Speaker shall order the Bill recommitted to the Ways and Means Committee. After the report of the Committee, any amendment which it shall recommend may be adopted."

Consequently, as the annual Appropriations Act moves through the General Assembly, another safeguard is erected to require a balanced budget.

Thus, it can be seen that South Carolinians not only believe in a balanced budget; but it is a philosophy with us, and we are dedicated to the fiscal discipline of living within our means.

As a result of keeping our financial house in order, South Carolina enjoys the cherished and coveted AAA credit rating. Our state is one of about a dozen states that is so recognized. We can borrow money as cheap as or cheaper than any other state in the union. Our bonds sell as well as or better than those from any state in the nation. Such fiscal discipline has saved our taxpayers millions of dollars in interest costs in the financing of our capital programs.

The point is fiscal responsibility has worked for us and it can and will work for the Federal Government.

What are the alternatives? We do not have to go to the history books for the answers.—The answers are on the front pages of the newspapers every day.—New York City, Urban Development Corporation, Social Security Trust Fund, and a number of other cities and states, as well as the staggering deficit the Federal Government is experiencing this year and next year.

The alternative to sound fiscal policies and good debt management is fiscal disarray and financial chaos.

In addition to the highly visible fiscal affairs of New York City, which are in shambles and chaos, many other cities and some states are experiencing similar difficulties. New York City has one financial crisis after another, almost on an hourly, daily and weekly basis.

Of even greater significance is the grossly inadequate funding by Congress of the Social Security Trust Fund to meet the ever-increasing benefit payments voted by Congress. Within the next few years, by 1980 or sooner, it is estimated the Trust Fund will be depleted and the Congress will be required to make annual appropriations from the annual operating revenues to meet benefit payments. Unless Congress takes action immediately to provide funding for the Social Security Program in the years ahead, the New York City debacle will look like peanuts by comparison.

I think the lesson to be drawn is that neither New York City nor the Social Security Trust Fund got into fiscal trouble last week or last year, but did so as a result of fiscal irresponsibility over a long period of years.

The point is these are examples of fiscal excesses and lack of fiscal discipline. We must keep our financial house in order, and we must live within our means.

I think there is a crying out for fiscal responsibility all over this nation. I think people all over this country long for a return to fiscal sanity at the national level, and all levels of government for that matter. People are sick and tired of deficits, wasteful expenditures, and the lack of fiscal discipline. Citizens must exercise self-discipline and keep their own checkbooks balanced.—Why should they expect less of their government?

Balancing the Federal Budget will not be easy; it will not be painless. It will probably take four to six years to move to a balanced budget. I think we should establish a national goal to attain a balanced budget by 1980 or 1981. You know, when President Kennedy became President in 1961 we established a national goal of putting a man on the moon and returning him safely in the decade of the 60's. We attained that national goal. Why can't we dedicate ourselves to the necessary discipline of achieving a balanced budget by 1981? I think we can, and I think we must do it.

We must turn away from extravagance in the use of all of our resources. We have been brought to the painful and costly realization in the last two or three years that our resources are not limitless. The energy problem, shortage in certain food items, and even an alleged shortage of canning tops are some examples. We should adopt an attitude of individual as well as collective austerity and lower our level of expectation. We should rededicate ourselves to making work honorable and respectable. We should stress the dignity of work and the respect and self-pride in performing a day's work for a day's pay. The key to such attitudes is the approach we take as individuals. The responsibility rests with each of us. Government at all levels cannot and will not respond without the urge and demand from individuals.

I am reminded of a statement made more than 200 years ago attributed to a British historian, Professor Alexander Tytler:

"A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves largess from the public treasury. From that moment on, the majority always votes for the candidates promising the most benefits from the public treasury with the result that a democracy always collapses over loose fiscal policy, always followed by a dictatorship. The average age of the world's greatest civilizations has been 200 years."

On the eve of the celebration of our 200th anniversary as the greatest experiment in democracy, this is indeed a sobering observation. We see all about us shambles of financial affairs caused by "loose fiscal policy." I think we stand at a crossroads and the destiny of the nation hangs in the balance. We cannot ignore the compelling requirement to return to fiscal sanity and fiscal discipline. The question is can we muster the will and resolve as a nation to bring about a renewal and rebirth of values that require living within our means? We really have no choice—we can and we must do it.

In conclusion, we support your effort in proposing an Amendment to the United States Constitution requiring the Federal Government to operate on a balanced budget. We can and we must live within our means; we can and we must keep our financial house in order; and by so doing, we can and we must continue to improve the quality of life for all our citizens.

Testimony of Edgar Leon McGowan

Mr. Chairman, members of the Committee, I am Edgar Leon McGowan, Commissioner of Labor for the State of South Carolina. I wish to thank you for this opportunity to appear in support of S.J. Resolution 55. For the past thirty (30) years I have served South Carolina either as a college professor, Democratic Party official, unofficial advisor to several governors and for the past four and one-half (4½) years as Commissioner of Labor. South Carolina does not have a Department of Commerce; therefore, the Department of Labor must serve both management and labor. As a result, I am exposed to both viewpoints.

In addition to being the Commissioner of Labor, I was for two (2) years a Director and am now the Vice-President of the International Association of Governmental Labor Officials. This organization's membership includes all forty-nine (49) Commissioners or Directors of the states Departments of Labor (Mississippi does not have a State Department of Labor), the District of Columbia, three (3) of the possessions or protectorates and all ten (10) ministers of labour from the Canadian provinces.

In these dual positions I travel throughout the United States extensively and during these travels I meet and talk with many people. I can assure each of you that the American population is frustrated and disturbed in regards to the direction being taken by government at all levels. We hear, see and read every day in the news media the frustrations of the radical elements of this country; however, in talking to the responsible people of this country I find that the radical groups are not the only ones who are frustrated and concerned. Of course, responsible people don't buy a handgun and try to kill the President; therefore, their frustrations are not publicized or reported by the new media, but I find that their frustrations and concerns are just as real as those of the radical groups.

There are many reasons for the frustrations of the responsible Americans of today. Inflation, unemployment, high taxes, and overregulations by government at all levels seem to be the major reasons for these frustrations.

I am well aware, as you are, that throughout the two-hundred (200) years of our existence, Americans have suffered many frustrations. However, the problems of the past are cited today by those who wish to justify their own irresponsible actions and do not justify the public officials doing nothing about today's problems. America has enjoyed periods of time when the people were united in pride of their country. It has suffered through other periods of time when its people were divided by their frustrations. We reached the height of pride in 1945 when America was victorious in World War II. Since 1945 we in public life have done many things to destroy this feeling among our people. Even those who have joined us in the public sector during the past thirty (30) years have contributed to "business as usual" and all too often "business as usual" has been bigger government at all levels and in many cases irresponsible leadership. It is time we in the public sector began rebuilding confidence in government. The first step towards rebuilding confidence in government could very well be the adoption of this resolution.

Every American knows that they must live within their income or they wind up in a financial bind in a hurry. This to the average American is being financially responsible. They do not understand how the United States Government can operate year after year in or out of war with expenses exceeding income when they have to live within their income. It is especially true since it is the responsible Americans' tax dollar the government is spending. They are well aware of the fact that soon they will have to pay more taxes to pay off the national debt we are now incurring.

The State of South Carolina has a constitution requirement as follows, to wit:

"The General Assembly shall provide for an annual tax sufficient to defray the estimated expenses of the State for each year, and whenever it shall happen that the ordinary expenses of the State for any year shall exceed the income of State for such year the General Assembly shall provide for levying a tax for the ensuing year sufficient, with other sources of income, to pay the deficiency of the preceding year together with the estimated expenses of the ensuing year."

We even go farther than the constitution requirement. If during an operating year our actual revenues do not reach estimated revenues, then the agency heads are ordered by the Governor and the Budget and Control Board to cut back expenditures during the current year. As a result, South Carolina unlike many other states is in a sound financial position. Of course, during the current national economic crisis South Carolina's actual revenues are below the estimated revenues and we agency heads are expecting a cut back order any day. However, it has been my experience that each Department or Agency in the State of South Carolina has some surplus funds in their budget. If I am ordered to curtail expenditures by as much as ten percent this year in the Department of Labor the citizens will not suffer from lack of service from the Department because they will continue to receive the same services they are now receiving. Each year since I became Commissioner of Labor I have lapsed between ten and twenty-five percent of the Department's budget at the end of the year because the need did not materialize which justified the expenditure. These savings, however, did not curtail any of the services rendered by the Department. Each year when the news media reports the amount of the budget which I have lapsed, I receive commendable praise from all sectors of South Carolina citizens for responsible handling of the Department's fiscal affairs.

As Commissioner of Labor I am continuously dealing with the United States Department of Labor. It has been my experience that the United States Department of Labor is one of the most responsible agencies of the Federal Government. However, there are programs in the United States Department of Labor which are over-funded and others which are under-funded. However, from what I have seen there is a tendency even in that Department to overspend for the service rendered. I am aware that there are many pressures imposed upon Congress to spend money for various programs; however, I am also aware that these pressures are of a self-interest nature and not necessarily what is best for our people. Today labor wants our unemployment problems cured by hiring in the public sector. Such hiring would merely contribute to inflation and at best be only a temporary remedy. I feel that excessive government spending plus over regulation of the businessman is one reason for the inflation spiral that we have been in for the past thirty (30) years. In the past ten (10) years expenditures in the Federal Government alone has *tripled* and this is also true at the state and local level.

Our democratic form of government is the best form of government devised by man. The only weakness is when the public officials, both elected and appointed, fail to recognize what the electorate really want from their government. I can assure you that the vast majority of America today wants responsible fiscal policies at the local, state and national level, and I feel that S.J. Resolution 55 is the first step in this direction and the first step to rebuilding public confidence in Government.

The alternative to rebuilding this public confidence could very well be all of us in public office being conspicuous by our absence after the next couple of elections. We have already seen some of this in elections in the past few years such as Governor Wallace's vote in the last presidential election; Governor Edwards, virtually an unknown oral surgeon, defeating a well known retired congressman in our last gubernatorial election in South Carolina; and the recent special election just this past month in the State of New Hampshire.

I strongly feel that "business as usual" isn't going to soothe the frustrations of the responsible Americans. An adoption of S.J. Resolution 55 is the first step to returning to responsible government.

Thank you again for giving me this opportunity to express one public official's opinion on this critical issue.

Statement of Mr. W. W. Johnson and Mr. Ben Morris Representing the Palmetto Business Forum

The Palmetto Business Forum,
Columbia, S.C., October 7, 1975.

The Subcommittee on Constitutional Amendments of the Committee on the Judiciary,
The Senate of the United States, Washington, D.C.

Gentlemen: This letter is being written on behalf of the Palmetto Business Forum, a group of South Carolina business leaders concerned about the growing role of government in our society, and committed to the strengthening of the free enterprise system, and the perpetuation of individual freedoms. The Forum represents a wide diversity of business interests, and has members throughout South Carolina. We are writing in reference to Senate Joint Resolution No. 55 proposing an amendment to the United States Constitution requiring a balanced federal budget each year.

The Forum wishes to commend The Honorable Carl Curtis and the other Senators who introduced the resolution—and we should like to convey our support of the resolution. It has long been the position of the business community in South Carolina that uncontrolled governmental growth and spending represented a serious threat to the economic well-being of the nation. Recently, of course, that fear has been borne out by a dangerously accelerating inflationary spiral nurtured to a great extent by what we consider to be irresponsible governmental spending and fiscal policies. The disclosure in Senator Curtis' statement of April 17 to the Senate that fifteen cents of every dollar spent in Washington next year will be borrowed constitutes an alarming development and a sad commentary on the financial management of our government. The fact is that the forces of bureaucratic expansion and deficit spending which have been set into motion in the last quarter century must be retarded if our economy is to withstand this most recent—and most serious—onslaught. It is our belief that the constitutional amendment proposed by S.J. Resolution 55 provides an appropriate and effective means by which such a purpose could be achieved. As our State Treasurer, the Honorable Grady L. Patterson, Jr. testified today before the Subcommittee on Constitutional Amendments of the Senate Judiciary Committee, the State of South Carolina operates under requirements of its state constitution that its annual budget be balanced. It has been an undisputed part of the fiscal policy and operation of this state since 1895, and has sustained us through years of lean and plenty in such a fashion that we have been able to maintain an AAA bond rating on Wall Street. Our experience, and that of other states, would seem to provide an excellent precedent for the concept of constitutionally mandated fiscal responsibility.

Our purpose is not to take issue with the individual programs and policies which have proliferated so rapidly during this period of unprecedented governmental expansion. There are those of us who do have very strong philosophical reservations about the wisdom of many of the programs. But, for whatever well-intended purpose these programs may have originally been established, there appears to be clearcut evidence that their recent management and administration have led directly to enormous new financial burdens for government, and a subsequent undermining of the country's economic stability.

The difficult economic experiences of the last two years, we believe, have matured the American people and moderated their expectations toward governmental service. It is our feeling that the public looking for leaders who will be willing to acknowledge that the time has come for sacrifice, and who are willing to provide leadership in that regard. Obviously, we do not live in a world of infinite resources, financial or natural. The longer it takes for leadership in the public and private sector to acknowledge that fact and come to grips with it the more grave our present economic crisis will become. While we believe that the proposed amendment is long overdue, we welcome it as being particularly timely today, and as being sensitive to the new public attitudes and awareness. It is unfortunate that it often requires crisis conditions to enact measures which were needed even without the crisis. But if today's economic problems lead to a more responsible management of fiscal affairs by the federal government, then the crisis will not have been an entirely negative experience.

We firmly believe that the federal government should not only conform to responsible fiscal practices, it should set an example of leadership. Absence of that leadership in recent years, we fear, has led to an overall breakdown among Americans in their understanding and respect for financial prudence and discipline. As the unfortunate experience of New York City has so graphically demonstrated, the day of reckoning does arrive. We fear that unless action is taken to curb irresponsible fiscal practices of the federal government, our entire nation is heading for a similar day of reckoning. By refusing to face that issue, we are only passing along the burden and the responsibility until a later day or to a later generation. It is our belief that we should confront it today, and we should do so in a reasonable and rational manner. The proposed amendment appears to be such an instrument. It makes no judgment upon the merits of the programs funded by the federal government. It simply provides a mechanism by which government can practice what we believe is a rather basic premise of our economic system; namely, that we live within our means and spend no more than we earn. Not only do we enthusiastically support and endorse the proposed constitutional amendment, we are confident that the overwhelming majority of Americans are ready for this kind of return to sound and responsible government at the federal level.

W. W. JOHNSON,
BEN R. MORRIS.

TESTIMONY OF DR. NEAL D. THIGPEN

My purpose in appearing here today is to speak in support of Senate Joint Resolution 55 providing for an amendment to the U.S. Constitution requiring an annually balanced Federal Budget. I do so not as a political scientist and member of the academic community, but rather as an average citizen who has become alarmed at the ever increasing level of Federal spending and huge Federal Budget deficits. In my opinion, it is no longer a question of should we have a balanced budget, but how soon and by what means can we accomplish this objective. My reluctant conclusion is that our best hope rests in the addition to the Constitution of an amendment that will limit the Federal Government to spending no more than it takes in. I say my conclusion was reached reluctantly, because I initially had some reservations as to the advisability of placing this type of requirement into the Constitution. I fear, however, that there is really no other means to compel the Federal Government to operate on a pay-as-you-go basis. For without a balanced budget, and the fiscal restraints it entails, this nation is doomed to continuing inflation, high unemployment, high interest rates, more business failures, and possibly even a depression. At some point, we have to pay the price for our extravagances and every year we delay it means the final price will be dearer and more tragic for millions of Americans.

For more than 150 years we practiced frugality as a nation, built a great industrial economy and supported it with a sound dollar. It took 186 years for this country to reach a $100-billion budget. It took only another 9 years, however, to reach a $200-billion budget. It took 3 more years—that is fiscal 1974—to reach $300-billion. In the current fiscal year, the Federal Government is spending money at better than a billion dollars a day. It now appears that we will come close to the $400-billion mark in fiscal 1976.

To place these phenomenal spending increases in a slightly different time-frame, as recently as 1961 the outlay of the Federal Government was a comparatively modest $94-billion. For fiscal 1975, it is scheduled to come in at a prodigious $350-billion. This means the level of Federal spending has quadrupled in about a decade and a half, with new increases suggested every day. We have been creating so many new programs and raising government benefits so rapidly that it almost seems as though the Federal Budget. with its enormous size and continual growth, has taken on a life of its own.

In addition, with the President's budget for fiscal 1976, a new and very dangerous element has been introduced into the Federal budgetary process—runaway deficit spending. At the beginning of this year, Mr. Ford proposed a 1976 budget with a deficit of $51.9-billion. Several months later the President drew the line at $60-billion. As of last month, the prospective deficit stood at $68.8-billion. It seems entirely probable that before Congress adopts its last spending bill, the deficit will rise to $75-billion. After a period of 44 years during which we have had 37 deficits, we will wind up fiscal 1976 with a deficit the likes of which this country has not experienced in the last 30 years. Deficits on this scale befell us only in the three World War II years of 1943, 1944, and 1945 (see Table I).

TABLE I.—*Federal Government surplus or deficit, 1932–76*

[In billions of dollars]

In year ending June 30:	
1932, deficit	$2.7
1933, deficit	2.6
1934, deficit	3.6
1935, deficit	2.8
1936, deficit	4.4
1937, deficit	2.8
1938, deficit	1.2
1939, deficit	3.9
1940, deficit	3.9
1941, deficit	6.2
1942, deficit	21.5
1943, deficit	57.4
1944, deficit	51.4
1945, deficit	53.9
1946, deficit	20.7
1947, surplus	.8
1948, surplus	8.4
1949, deficit	1.8
1950, deficit	3.1
1951, surplus	3.5
1952, deficit	4.0
1953, deficit	9.4
1954, deficit	3.1
1955, deficit	4.2
1956, surplus	1.6
1957, surplus	1.6
1958, deficit	2.8
1959, deficit	12.4
1960, surplus	1.2
1961, deficit	3.9
1962, deficit	7.1
1963, deficit	4.8
1964, deficit	5.9
1965, deficit	1.6
1966, deficit	3.8
1967, deficit	8.7
1968, deficit	25.2
1969, surplus	3.2
1970, deficit	2.8
1971, deficit	23.0
1972, deficit	23.2
1973, deficit	14.3
1974, deficit	3.5
1975, deficit*	35.0
1976, deficit*	52.0

*Preliminary Estimate.

The huge deficits of 1975 and 1976 will not only pave the way for future inflation, but they threaten the capital markets where business must secure the necessary financing to survive and/or expand. By its own estimates, the Treasury, during this calendar year, 1975, will go into the capital markets for almost $70-billion in net new financing. This means that this year the Federal Government will be raising more net new money in the capital markets than raised by all borrowers public and private, last year or any other year in the past. In fiscal years 1955 through 1959, the Federal Budget accounted for 20 per cent of net funds raised in the capital markets; between 1970 and 1974, the Federal share grew to 45 per cent. With the estimated budget deficit for fiscal year 1976, total Federal borrowing could well account for as much as 65 per cent of the capital markets. Add to this the anticipated borrowing by state and local governments, and total government borrowing during the coming fiscal year might be 80 per cent of the capital markets. This would leave only 20 per cent to private industry in a financial market that has always been the centerpiece of our free enterprise system. If this happens, interest would soar to ever new highs. Businesses, contractors, home purchasers, and so forth, would find it terribly difficult to obtain loans and recession would be the inevitable result, meaning the loss of productivity and jobs.

If you find all of the foregoing appalling, consider the national debt now standing at over $530-billion. Of course, it is the interest payments on the national debt rather than the debt itself which will be the real burden on future generations. Ten years ago, interest on the debt came to $10-billion a year; it is over $35-billion a year. The increase in the national debt has added to the interest burden not only of our grandchildren but of the present generation as well. Interest payments go to private Americans—institutions and individuals—who have invested their money in government securities. To them, the interest is income, not a burden. But for the taxpayers at large, there is no question that interest payments on the national debt are a heavy burden. They stand as ample proof that we must put an end to deficit spending and regain a sense of fiscal integrity.

Prior to the Great Depression the almost unanimously held view was that government budgets, the Federal Budget included, ought to be balanced. Governments were almost universally condemned as irresponsible if expenditures exceeded tax revenues except for accidental reasons. Deficit financing was admitted to be unavoidable during times of war, but in nonwar periods governments were careful to preserve financial integrity, a term which was held to be almost synonymous with the annually balanced budget. The fact that governments were run by politicians was taken as added reason for insisting on fiscal discipline.

During the New Deal, however, deliberately unbalanced budgets and "pump priming" calculated to eliminate unemployment became the order of the day. The notion was that temporary expenditures would set the economy going again and the Federal Government could then step out of the picture. It was widely accepted that the maintenance of full employment was more important than any strict adherence to the "ancient fiscal rule" of a balanced budget.

What no one likes to point out is that deliberate unbalancing of the Federal Budget and expansion of governmental activity during the 1930's never did solve the problem of large-scale unemployment. Yet, the philosophy that it is essential for the government to run a perpetual deficit while Federal expenditures provide employment remains very much with us. Moreover, government programs once regarded as temporary and undertaken in order to prime the pump are still around, and indeed account for ever-growing government outlays. And it is easy to see that the abandonment of the principle of the annually balanced budget has biased decision-making over the years in the direction of deficit financing. Members of Congress will rarely create surpluses since the tax cutters and the expenditure expanders are the pressure groups, not the tax increasers and expenditure cutters.

Does this suggest that the annually balanced budget should be restored to its former place as the ideal of fiscal responsibility? My answer to that is an unequivocal yes. In fact, as I indicated at the outset of my remarks, I would carry things a step further and add to the U.S. Constitution the proposed amendment which is spelled out in Resolution 55. There will be those, of course, who will say that this resolution presently stands very little chance of securing the two-thirds vote in the U.S. House and Senate needed for submission of a proposed constitutional amendment to the American states for ratification. That, unfortunately, is probably an accurate assessment given the political thinking of a majority of the current members of Congress. It is my hope, however, that the hearings on this measure will force the average citizen to take a closer look at the fiscal activities of the Federal Government and to ask himself if there is not something terribly worrisome about this escalation in spending and enormous budget deficits that drain off needed loan funds for the private sector because of excessive government borrowing. I am confident that the average citizen is going to wonder if the Federal Government can or should constantly spend more than it takes in. And while a precise comparison cannot be made between the Federal Budget and the budget of the average citizen, I think there are enough similarities to convince the average citizen that it is high time we regained control of Federal spending and balanced our nation's budget. I think that the average citizen is going to throw up his hands and say "no more." I think he is going to demand that the Federal Government call a halt.

Still other critics of this proposal will undoubtedly argue that even if a requirement that the Federal Budget be balanced ever became part of the supreme law of the land that that goal would be impossible to achieve. It would be impossible, I am certain they will contend, because three-fourths of the Federal Budget are so-called "uncontrollable" expenditures, in which substantial cuts cannot be made. My answer to that has been, and remains, that the budget is uncontrollable because the Congress has made it so. Congress "holds the purse strings," and whatever the Congress has done, it has the power to undo. Congress in cooperation with the Executive Branch would simply have to make the hard decisions that would be necessary in order to cut back on government spending to be in compliance with a constitutional provision of the type embodied in Resolution 55. To reduce Federal outlays now, or in the next year or so would cause some dislocations in our economy, but they would be minor in comparison to the dislocations we will experience if we continue along our present course.

The great difficulty would lie in determining which programs should be cut. The only reasonable means of eliminating the least desirable or most wasteful expenditures is to cut the budget on a program-by-program basis. To advocate an across-the-board cut of 5 or 10 per cent would encounter legal obstacles and make it difficult for political decision-makers to agree to cut Social Security, Medicare, Veterans benefits, and the like. Still in all, the budget could be balanced by cutting out the fat as has been demonstrated by a recent study by U.S. Representative Philip Crane of Illinois entitled "How to Cut the Budget: A Program for Fiscal Reform." In that work, Representative Crane argues that using the figures in President Ford's proposed budget that approximately $52.5 billion could be cut from the budget for fiscal 1976. In proposing his budget cuts, Representative Crane recognizes no sacred cows. All 14 functional areas of the government are reduced (see Table II).

TABLE II.—*Suggested budget cuts*

(Crane study)

Budget Deficit As Proposed by President Ford

For fiscal year 1976__________$51.9 billion

Proposed Reductions by Function	*Reduction*	
National Defense___________	$5.75	billion
Foreign Affairs____________	4.963	billion
Space and Technology______	190	million
Natural Resources, Environment, and Energy________	3.07	billion
Agriculture ______________	812	million
Community Development___	4.62	billion
Commerce and Transportation ___________________	8.29	billion
Education, Manpower, and Social Services___________	4.05	billion
Health ___________________	723	million
Public Assistance/Income Security ________________	10.62	billion
Veterans Benefits__________	269	million
Law Enforcement and Justice ____________________	1.156	billion
General Government_______	801	million
Budget Allowances__________	7.55	billion
Total budget savings under Crane Proposals ___________	52.864	billion

Another valuable publication which points the way on how to balance the Federal Budget is by Washington reporter Donald Lambro. He has examined 50 major and minor spending programs by the Federal Government, unearthed the critical facts about their performance, and offered recommendations for abolition or reduction. In his book, "The Federal Rathole", Mr. Lambro estimates that among these programs alone, at least $25-billion in taxpayer's money could readily be saved. And Lambro's evidence is persuasive. There are, for instance, some 1,250 Federal advisory committees and boards embracing everything under the sun. They cost the taxpayers $75-million a year and produce nothing of demonstrable value. Then there is the $150-million annually pumped out for Federal movie-making—including no less than six fully equipped film-making agencies in HEW alone, 585 separate dental films, a $64,000 series teaching etiquette to Navy officers, and so forth.

If these much-needed programs are too difficult to cut, Lambro has others at the ready. Like the $49.5-million spent by the National Science Foundation for such things as teaching chimpanzees to talk or for research into something called "influence of dyadic relationships on adherence to stressful decisions." Or like $518-million promoting low-interest loans to foreign competitors to American business, or the $1.5-billion to the International Development Association will give away to foreign nations. And Lambro's list of expendables goes on and on.

The Crane and Lambro studies, along with a number of similar works on the same subject, have shown that a balanced budget can indeed become a reality. It all depends on whether we have the courage of our convictions and on how far we are willing to go in making sacrifices in domestic programs and foreign give aways. Yet, to insure that we will eventually accomplish this objective, we must have a mandatory balanced budget provision in the U.S. Constitution. Nothing could be more in keeping with the spirit of our Bicentennial Celebration than to once again return fiscal responsibility to the operation of the Federal Government.

FOOD STAMP REFORM OR RECRIMINATION?

Mr. HUMPHREY. Mr. President, the Senate Committee on Agriculture and Forestry completed its first week of public hearings on reforming our Nation's food stamp program on Friday, October 10, 1975.

Senator JAMES ALLEN, chairman of the subcommittee, conducting these hearings, heard from many Members of Congress, including myself, and from a number of other organizations and individuals during the course of these hearings. While I understand that not a single witness appearing before Senator ALLEN's subcommittee this week urged the abolishment of the food stamp program, there were, nonetheless, a number of witnesses who advocated such extreme changes in the program, which, if adopted, would deny any food assistance whatsoever to almost 10 million low-income working poor and unemployed persons.

While no witness appearing before Senator Allen's subcommittee this week advocated abolishment of the food stamp, there was also no witness who stated that he or she was not in favor of program reform, where needed. In short, the central question to be decided by the Congress in the immediate months ahead regarding food stamp reform is, do we, so to speak, "throw the baby out with the bath water" or do we "clean up the baby, and just throw out the bath water."

The food stamp program, in my judgment, does need reform but, on the other hand, Congress must guard against becoming captive of those who merely wish to use certain alleged weaknesses and abuses in the program, as an excuse or as a basis for recrimination against the low-income working families and the unemployed of this Nation. Neither of these groups wants to be on food stamps

What they want are jobs, not welfare.

They want to work and earn a sufficient wage to feed, house, and clothe their own families and not be dependent upon the Government to do so.

They want to pay taxes, not live off them.

They want to use dollar bills that they received from employers to pay for their food at the grocery store, not food stamps.

Mr. President, there were two witnesses that appeared before Senator Allen's subcommittee, whose testimony I would like to place in the Congressional Record for all Members of Congress and others to read. I believe the testimony of these two witnesses will help tremendously in putting the question of "food stamp" reform in its proper perspective. Therefore, I ask unanimous consent that the testimony of Mr. Arnold Mayer of the Amalgamated Meat Cutters and Butchers Workmen Union, AFL–CIO, and Mr. Robert Greenstein of the Community Nutrition Institute be printed in the Record.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

Statement of Arnold Mayer, Concerning Food Stamp Legislation

My name is Arnold Mayer. I am the Legislative Representative of the Amalgamated Meat Cutters and Butcher Workmen (AFL–CIO).

The Amalgamated is a labor union with 500,000 members organized in about 500 local unions throughout the United States and Canada. The Amalgamated and its local unions have contracts with thousands of employers in the meat, retail, poultry, egg, canning, leather, fish processing, sugar refining and fur industries.

Our Union has strongly backed the food stamp program since the first experimental program was enacted in 1959. As a union of workers throughout the food industry, the Amalgamated has, in fact, led the rest of American labor in support of various pieces of food stamp legislation.

HUMANITARIAN GOALS

We believe the food stamp program puts into practice some of the nation's most basic humanitarian goals. Through the food stamp legislation, the Congress and the President have determined that men, women and children in this nation shall not hunger and shall not starve because they cannot afford food. And the legislative and executive branch of our Federal Government have established as a national policy that hunger, malnutrition and starvation must be fought and prevented.

The program now helps to feed some 19 million men, women and children. In the currently disastrous unemployment situation, the program not only assures jobless workers that their families will be able to eat, but it is helping to maintain social peace. For make no mistake about it, many of the 12,000,000 workers who are either unemployed or on short workweeks now would not sit quietly by if their families were starving.

AID TO AGRICULTURE AND FOOD INDUSTRY

It is also important to realize that the food stamp program aids agriculture and the food industry. In a separate chapter for its June 30 report to the Committee, the U.S. Department of Agriculture reported on the economic benefits provided by the program to other than food stamp recipients. USDA found that food stamp bonuses account for 3 percent of the U.S. food sales. Consider what could happen to farm prices and food industry economics if that 3 percent of sales were withdrawn. In fact, although our Union has strongly supported many agricultural programs initiated by this Committee in the past two decades and has led the labor movement in lobbying for this farm legislation, we consider the food stamp program the most effective, the most productive and the most totally beneficial of all the programs which assist agriculture.

We must also note that tens of thousands of our Union's members—as well as many tens of thousands of other food processing, transportation and retail workers—would be out of work today and their families would be on some kind of welfare if their work were not needed to produce and distribute the food purchased by food stamp households. We are delighted that the food stamp program provides meaningful employment to hundreds of thousands of workers and sizeable tax revenue to the Federal government while it performs its vital and humanitarian task.

Significantly, the chapter concerning the food stamp program's benefits to the national economy were suppressed by the Ford Administration before the USDA report was submitted to the Committee. Sen. George McGovern subsequently made it public. We would greatly appreciate your making the chapter a part of this testimony in the hearing record. Also, we respectfully urge that the committee expand on the USDA's brief overview by making a detailed study of the program's aid to various parts of the economy and various groups other than food stamp recipients.

Any large program—whether governmental or private—has some flaws and so does food stamps. However, this program is not only admirable in purpose; it has and is doing a generally good job. During the Committee's hearings on March 3, our Union submitted a statement concerning changes which we suggest in the program. We also discussed at some length the issue of the eligibility of strikers and the use of the code words, "voluntary poor." We would appreciate it if this statement could be made a part of the current hearing record.

VICIOUS ATTACKS

In view of the important and good job which the food stamp program is performing, the Amalgamated—and the U.S. labor movement as a whole—is extremely concerned about the vicious, concerted and coordinated attacks which have recently been launched against the program. On June 23, a bill (S. 1993) which could cut some 10 million persons from food stamps, was sponsored by Sen. James L. Buckley. Immediately after the introduction of S. 1993 and the identical legislation in the House of Representatives, almost daily attacks on the food stamp program were placed in the Congressional Record. The Ford Administration's most conservative cabinet officers, led by Secretary of the Treasury William E. Simon, and other right wing politicians and businessmen, began making highly publicized and sensationalized speeches savagely blasting the program. And publications which generally back ultra-conservative or right wing proposals began to carry a series of "exposes" of the program.

The insertions, the speeches and the articles bear the same message: The food stamp program is filled with cheating and abuses; it is out of control; it is fleecing the taxpayer and affluent people are benefitting from it.

When checked against the statistics and the studies of the USDA, most of the charges appear as half-truths and outright lies. The USDA data show no basis for the attacks. A detailed refutation of the charges was carried in the September 11 issue of CNI Weekly Reports, which is published by the Community Nutrition Institute. I would appreciate your making that article a part of the record.

SIMON SAYS

Just to get the flavor of both the attacks and the actual facts, let us briefly consider a recent speech by Secretary Simon. He, a millionaire bond salesman from Wall Street, urged the unemployed, the elderly and the poor not to "assign to the government the responsibility for solving many of the problems that people should be solving for themselves." He charged that the "food stamp program began as a small $14 million experiment in 1962" and "by 1976, it will cost $6.6 billion—a 47,000 percent increase."

Secretary Simon failed to mention that in 1962, according to the USDA, the experimental program covered only eight counties. Some 7.4 million Americans in 1741 other counties were then under the government's surplus commodity distribution program and the hungry in some 1300 other counties had no federal food aid. Also, Mr. Simon's estimate of $6.6 billion for 1976 food stamp costs is considered by USDA to be a nearly $1 billion exaggeration.

Mr. Simon somehow neglected to discuss why the food stamp program had grown and why it has become expensive. He did not mention that the success of his policies to scuttle job creation legislation and to fuel inflation with higher energy prices were primary causes. For example, in September 1974, when unemployment was at 5.8 percent, 15 million Americans received food stamps or commodities. Eight months later, in May 1975, when unemployment increased to 9.2 percent, the food stamp rolls rose to 19.5 million. (Since then, they had declined to 18.8 million.)

Secretary Simon said that "the food stamp program is a well-known haven for chislers and ripoff artists." Apparently, that view is not well known to USDA, which found fraud to have been committed by only 8/100ths of one percent of food stamp households in 1974.

Mr. Simon finally declared that "only a few weeks ago a national magazine advertised a booklet that told people how to obtain food stamps even if they earned as much as $16,000 a year." He apparently forgot to tell the public that USDA has asked the Federal Trade Commission to consider bringing charges of deceptive and false advertising against the ad's sponsor.

We repeat: It is our view that most of the charges against the food stamp program generally are half-truths and lies when checked against USDA statistics and studies. Now let us discuss what we consider to be the real purpose of the attacks.

UNEMPLOYMENT PLUS INFLATION

The anti-food stamp campaign must be considered in the context of the recent economic and political developments. The nation has been and is in the deepest economic trouble since the Great Depression. Some 12,000,000 American workers are either unemployed or involuntarily on short workweeks. Yet, the Ford Administration and Congressional conservatives have successfully stymied job creation legislation. Bills to provide employment through additional public service programs, public works construction, housing construction and other means, have been killed by vetoes or threats of vetoes. In addition, significant and successful efforts by the Ford Administration to increase the cost of food and energy strain to the breaking point the budgets of most workers and other moderate income Americans.

In other words, the anti-food stamp campaign is the third of a series of blows aimed at American workers. First, efforts to create jobs for the unemployed are defeated. Second, food and energy costs are increased to make the problems of employed and unemployed workers still greater. And third, the families of jobless workers or of workers whose earnings cannot keep pace with inflation are to suffer hunger.

The leaders in both the anti-food stamp campaign and the other two efforts have been generally the same. Secretary Simon, for example, has been probably the most aggressive cabinet officer in both opposing job creation legislation and in seeking to let the energy corporations soak all Americans.

BUCKLEY PROVISIONS

A look at the provisions of the "reform legislation" which the anti-food stamp leaders favor—S. 1993 or the Buckley bill—is also instructive. Unlike most attacks on welfare, S. 1993 would not do mayhem to the permanently poor; it attacks the temporarily poor instead. It is directly aimed at workers who are temporarily in need.

Thus, Section 4 not only seeks to starve strikers back to work if they dare to seek to improve wages and working conditions (that is an old effort), but it would also deny food stamps to the family of any unemployed worker who has quit his job "without good cause" or who refused to strikebreak when sent to work in a struck plant. It would add the fear of family hunger to any worker who may consider quitting his job and it would give corporations a double weapon against strikes!

While we are certain the ultra-conservatives and right wingers sincerely seek to reduce or cut out welfare programs for the poor, we believe that is not their major purpose in the anti-food stamp campaign. They have long bemoaned what they regard as the power of organized workers. They are shocked by the right and the ability of workers to bargain for higher wages and benefits. They are sickened by the increases which workers have won. And they believe that the currently miserable economic climate gives them an opportunity to make changes, to turn back the clock.

In the view of the ultra-conservatives, the twin scourges of unemployment and inflation should produce a humble, docile and hungry labor force. But the food stamp program provides a cushion—albeit a thin one—for workers in need and it must be gotten rid of.

HUNGRY, DOCILE LABOR FORCE

Mr. Chairman and Members of the Committee, we want to be as blunt and as straightforward as possible. The current anti-food stamp campaign comes on top of the policies to maintain high rates of unemployment and inflation and is led by the same men as have aided the other two pernicious goals. We therefore regard the attack on the food stamp program to be nothing less than an effort to harm the wages and benefits of U.S. workers by attempting to create a multi-million person pool of desperate laborers who are jobless and whose families are hungry. The fight over the food stamp program is a war in which the stakes are the gains which workers have won in the past four decades.

We accept the challenge. We shall fight as hard as we can. Men, women and children did not sacrifice, fight and even die to improve the conditions of workers for nearly a century for us to permit this effort to succeed.

Workers do not want food stamps and they do not want welfare. They want jobs which will pay decent wages and benefits, so that they can raise their families in dignity with an American standard of living. But if those jobs are not available, if programs to create work are scuttled, if the Administration's own predictions of massive unemployment for the next half-decade and beyond are allowed to come true, then workers and their families will not willingly go hungry. They will not be denied the benefits of the programs which they have so long supported with their tax dollars.

We hope that the Subcommittee will not be swept by the hysteria which the current anti-food stamp campaign is attempting to create. We hope you will not be misled by the half-truths, lies and vague charges which have been leveled in the campaign and which have no basis of fact according to the statistics and studies of the USDA.

Testimony of Robert Greenstein, Community Nutrition Institute, Washington, D.C.

I would like to thank the Committee for inviting me to appear here today. I am Robert Greenstein, Associate Editor of CNI Weekly Report and food stamp analyst for the Community Nutrition Institute here in Washington, D.C. The Community Nutrition Institute is a private non-profit organization working to alleviate malnutrition in America through well-run, well-administered food assistance efforts. Since 1970, we have worked with federal, state, and local officials and with community organizations in a number of areas to ensure that our food assistance programs are functioning in the manner Congress intended. We have, for example, provided extensive training and technical assistance (under contracts with the HEW Department and with numerous states) to state and local officials who have been responsible for implementing and administering the Nutrition Program for the Elderly as authorized under Title VII of the Older Americans Act.

Mr. Chairman, a question that has been facing this Congress is whether federal food assistance money is going, and should go, to middle-income families. Earlier this year, this question arose when the House Education and Labor Committee proposed that middle and upper income children have to pay no more than 25 cents for their school lunches and that the federal government pick up the rest of the tab. Later, the House Committee proposed a new five cent federal subsidy for lunches served to these children.

When these issues came up, we at the Community Nutrition Institute—and I, personally—were requested by members of the House to prepare analyses that could be used to combat these proposals. We were glad to prepare these analyses, which were used on both sides of the aisle in the House. It is my conviction that proposals to significantly increase federal assistance for school lunches served to children whose parents earn $15,000 or $20,000 a year were improper.

I bring these issues up today, Mr. Chairman, because they have a direct bearing in the matter now before the Agriculture Committee. The same principle that applied to school lunch must apply to food stamps—families of four earning $15,000 or $20,000 a year should not be able to receive food stamps.

To accomplish this goal, a gross income limit should be written into the program. In addition, every reasonable effort should be made to decrease the amount of error in the food stamp program. There is no question that some reforms are needed.

Reforms, of course must develop from a reasoned inquiry into the facts. Unfortunately, some of the discussions of food stamp issues in recent months has been based more on rhetoric and sensationalism than on facts. I would like, therefore, to examine what some of the Agriculture Department's official findings tell us about the workings of the food stamp program.

WHAT IS THE INCOME OF FOOD STAMP RECIPIENTS?

Much of the report presented to the Senate Agriculture Committee by USDA on June 30, 1975 concerns the income of food stamp participants. The report, derived from USDA's National Survey of Food Stamp Participants found that 87 percent of all food stamp participants lived in households with take-home pay below $6,000 a year. The report found that 97 percent were below $9,000 a year.

It is true that this data was collected in November 1973. However, subsequent surveys show only minor changes since that time. The July 1974 Current Population Survey of the Bureau of the Census found 90 percent of all participants to have gross income below $6,000 a year and 98 percent to be below $9,000. The USDA's computer estimate for July 1975 shows 84 percent below $6,000 a year and 94 percent below $9,000. When we consider that $9,000 in July 1975 is equivalent to about $8,000 in November 1973 dollars, we find there has been little substantial change during this time.

Earlier in these hearings, however, two witnesses stated that large numbers of high income families are now in the program. USDA Assistant Secretary Feltner told us that about 80,000 households had incomes of $12,000 a year or over, and that this involved about 550,000 people. Simple mathematics shows us that the average family getting food stamps and earning $12,000 a year or more is a seven person family. This is a fact Mr. Feltner did not clarify. Clearly, it is far less outrageous for a family of 7 to be earning $12,000 and getting stamps than it is for a four person family at this income level to be getting stamps.

In addition, one of the witnesses who testified yesterday said that new census data would show that something like 30 percent of food stamp households had fairly high incomes. This witness did not fully present the facts, however. The data to which he refers concerns the income that families had for the 12 month period prior to the month in which they received their stamps. Such data is meaningless. A family whose wage-earner earned $10,000 for 10 months, but then was laid off and began to get food stamps would be pictured as a high income family according to this data even though the family might have very little income during the month they were actually getting stamps.

Furthermore, this witness—as well as Mr. Feltner—did not mention the fact that 49 percent of all food stamp participants live in households of 5 or more persons. When we talk about the incomes of food stamp households, we would always ask what size households we are talking about.

For example, if we look at households of four, USDA's National Survey of food stamp participants found 93.5% of the four person households to have incomes below $6,000 a year.

It is also instructive to see what percentage of Americans in each income bracket actually participate in the food stamp program. The USDA report to this Committee shows that 58 percent of all four-person households with incomes under $3,000 a year participate in the food stamp program. But in the $6,000 to $10,000 a year range, only 1.6% of all four person households participate in the program.

I think this last statistic is of particular importance. In fact, I would like to look more closely at four-person families in this $6,000 to $10,000 income range.

The following chart shows the percentage of four-person families, by $1,000 brackets, in this income range who do receive food stamps:

Percentage of all four-person families in this income range who receive food stamps

Income range:	*Percent*
$6,000–$7,000	2.7
$7,000–$8,000	1.3
$8,000–$9,000	0.9
$9,000–$10,000	0.2
$10,000 and up	0

I believe these statistics show why the USDA report stated: "Participants tend to be the poorest of the poor" and that "Highest rates of participation are shown by the extremely needy."

Of course, there are exceptions and there are a small number of households getting stamps who should not be receiving stamps. I think the idea of a gross income limit is an excellent one. However, to use sensational and misleading allegations about the program being packed full of high income families in order to knock off everyone above $5,000—as the Buckley-Michel bill would do—seems to me an extreme overreaction.

THE INCOME LIMITS IN THE BUCKLEY-MICHEL BILL

In fact, I would like to take a few minutes to look at the income limits in the Buckley-Michel bill. This bill eliminates hundreds of thousands of American families with incomes below the poverty line. This is because of the bill's unique definition of "gross income." The bill counts not only gross earnings before taxes, but also the full value of all government food and housing benefits and of other in-kind benefits. This means that school lunches and hot meals served to the elderly would be counted as income.

This also means that the market rental value of public housing units would be counted as income. As a consequence, many families of four could have gross earnings as low as $3,500 or $4,000 and be declared ineligible for food stamps under the Buckley bill.

Moreover a four person family earning $5,200 and paying $500.00 in taxes would be ineligible; while a welfare family receiving $4,700 in welfare benefits would be eligible. This is a gross inequity, and would have a clear work disincentive effect.

An even larger work disincentive effect would result from the fact that a four person family with a gross income just at the poverty line would receive $996 a year in food stamp benefits under the Buckley bill, while a family with gross income one dollar over the poverty line would receive nothing. I know of no federal benefit program in existence that has such negative incentives toward work as that.

The Buckley-Michel bill has even more provisions that make it unprofitable to work. While the present system of itemized food stamp deductions certainly do have their weaknesses, they also have several strong points: one such strong point is that they take into account the expenses families must incur in order to work. The current program allows deductions for taxes, work related expenses up to $30 a month, and child care expenses necessary for a household member to work. In addition, the deduction for high medical expenses principally benefits the low income working families, since welfare and SSI families have Medicaid coverage and the other elderly persons have part of their medical bills offset by Medicare. By eliminating all these deduction and putting no standard deduction whatever in their place, the Buckley bill would inflict a gross disservice on working families.

(I might also add that I do not believe the other bills before this Committee fully address this issue, either. Families that work do, on the average, have higher legitimate expenses than families that do not. Both the Dole-McGovern and Chiles bills have larger deductions for the elderly than for other households. I believe that the working families also merit consideration for a slightly larger deduction. USDA's National Survey of Food Stamp Participants found that working families currently get far larger deductions under the itemized deduction system than do any other group of food stamp households.)

To return to the Buckley-Michel bill, the income limits in the Buckley bill would eliminate at least 35–40 percent of those who do not participate in the food stamp program. USDA's computer analysis estimates that 33 percent of those receiving food stamps are now above the poverty line (with most of these people being only modestly over the poverty line). In addition, many families under the poverty line would be brought over the poverty line if their government food and housing benefits were counted as income. Thus, the total number of participants who would be knocked out by this one provision appears to be 35-40 percent, or about 6.5–7.5 million.

Many additional families who would be poor enough to remain eligible would drop out of the program if the Buckley bill is enacted, because they would not be able to afford their food stamps. I am sure the Committee remembers President Ford's attempt last winter to raise the price of food stamps to 30 percent of net income. This proposal was overwhelmingly rejected by the Congress because of the hardships it would work on millions who truly need and deserve food stamps. The Buckley bill, however, makes the President's bill look mild by comparison. It sets the purchase price for most households at 30 percent of gross income and as we noted earlier, gross income is defined to include the value of federal food and housing benefits. The result is that many households would have to pay to 100 percent more to buy their stamps.

Hardest hit would be the elderly. Most elderly now pay 10–23 percent of net income for their stamps. Under Buckley, they would pay 30 percent of gross income. The $25 a month deduction for the elderly that the Buckley bill contains in no way deals with this problem. The average deduction for the elderly was over $50 a month back in November 1973. Thus, most elderly households would face nearly a 100 percent increase in the price of their stamps. Some elderly households who participate in an elderly feeding program and live in a housing project could see their food stamp prices triple.

It is true that the Buckley bill increases the amount of food stamps a household would get back each month. But the extra food stamps have no purpose if the household can not afford them in the first place. In addition, for a number of households, the increase in price would be more than the increase in stamps.

For example, an SSI recipient living on $190 a month, and having what USDA data shows to be the average amount of deductions for an elderly person, now pays $27 for $48 in stamps. Under the Buckley bill, this person would pay $49.50 for $62 in stamps; his benefit would be cut nearly in half, from $21 to 12.50. And if the person participated in an elderly feeding program, they would have to pay $55–$60 for $62 in stamps, leaving them with almost no benefit at all.

Similarly, a working family of four with $300 a month gross income and the average amount of deductions for a working family now pays $53 for $162 in stamps. Under the Buckley bill, the family would pay $122 to get back $209 in stamps. This family would pay over twice as much as at present, and would have its benefit cut by $22.

ASSETS TEST

The increase in purchase price is only one area where the elderly poor would be hurt badly by this proposal. The Buckley-Michel assets test would also eliminate many elderly living on Social Security or other fixed incomes (as well as many of the unemployed). Under the current food stamp assets test, the assets limit for elderly household of 2 or more persons is $3,000, and the value of a home, car, household goods, and life insurance policies are not counted. Under the Buckley bill, the assets limit for these people is lowered to $2,250; and the value of a house to the extent it exceeds $25,000, of a car over $1,200, and of household goods and personal effects over $1,500 are counted. Also counted is the full cash value of any life insurance policy with a face value over $1,500.

At today's prices, $25,000 is not much for a house in many areas, $1,200 is very little even for many used cars that are 4 years old, and $1,500 hardly covers the total value of even a modest amount of furniture, clothes and appliances for a family of several persons. In addition, a $1,500 life insurance policy is a quite small insurance policy.

The point is that these are extremely parsimonious amounts of assets, and that many elderly families, as well as many of the unemployed, have accumulated more than this without in the least being extravagant. The Buckley bill would direct these people to sell their small assets and spend the cash before they could get stamps, even if they are unemployed and have little or no income at all.

Even more severe, the Buckley bill would assess all these items at their full market value, not at their equity value. If a household bought a refrigerator and stove on time for $800, but had only paid $100 toward them, the household would be charged with an $800 asset even though it could get only $100 if it sold these items.

It is certainly true that this whole area of assets is a difficult one. But to use sensational examples of a food stamp recipient having expensive jewelry in order to eliminate hundreds of thousands of elderly and unemployed will not, I hope, prove acceptable to the Congress. This is similar to using an example of households earning $16,000 a year to eliminate those earning $5,100.

Furthermore, the current food stamp assets test, for all its problems, is not the "paper tiger" that some have claimed it to be. The USDA report to this Committee states that a full 20 percent of all low income families, and 30 percent of all unemployed families, are disqualified for food stamps by the current assets test.

Indeed, a study in Prince George's County found that nearly 40 percent of all elderly food stamp applicants who were denied stamps during the first six months of this year were denied because they could not meet the current assets test.

It should also be pointed out that under the current rules, households may not own $150,000 homes and get food stamps. A house is exempt from the assets test only if it is "normal to the community."

Furthermore, boats and planes are not exempt from the assets test as some have claimed, except for those rare instances where they are shown to be necessary for employment (as in the case of a poor fisherman who owns a small fishing boat). Pleasure boats would always be counted as assets. Since virtually all pleasure boats are worth well over $1,500 virtually no family owning such a boat, or an airplane, could ever qualify for food stamps.

In addition, large numbers of households are currently disqualified for the program if they own a few acres of unproductive land. Recently I received a letter from a destitute widow in Mississippi who was declared ineligible for stamps because her husband had left her a few acres of swampland that no one would buy, but that was assessed at over $1,500.

I believe, in fact, that if the Committee places a gross income limit on income eligibility, it will find that only in rare cases do households with exorbitant amounts of assets make their way into the program. People with exorbitant assets only rarely have low incomes and under $1,500 in the bank and in securities. And while I agree that even rare cases would be unacceptable, I believe the Committee will find itself in a dilemma in this area: the administrative cost of assessing the household goods, personal effects, cars, and homes of 6 million food stamp households will cost the taxpayers tens of millions of dollars more then will be saved by the few cases of exorbitant assets that will be turned up. This is an unfortunate situation and makes the assets question most difficult to deal with; but I believe it is a fact.

STUDENTS

An issue that is equally controversial is the question of whether students should be able to receive food stamps. The Buckley-Michel bill takes a particularly harsh approach to this issue—if a low income household contains a college student, the entire household is thrown out of the food stamp program.

I should note that Senator Buckley and Rep. Michel appear already to have stepped back from this extreme position. In recent statements they have said that they intend to disqualify students, but not the rest of their families. However, their bill, as it now reads, disqualifies the entire family.

Even an approach to disqualify all students seems to be an overreaction. Most of the people this would eliminate would be poor students from poor families, not middle income students.

This is borne out by the results of USRA's National Survey of Food Stamp Participants. The Survey shows that claims that the food stamp program is overflowing with middle income students are greatly exaggerated.

To begin with, the USDA survey found that in 99 percent of the food stamp households, all members of the household are related. The remaining 1 percent includes low income persons (such as the elderly) who are sharing living quarters, as well as some students or members of communes. Thus, only a fraction of this 1 percent is composed of students or persons living in communes.

Of course some students apply for food stamps as one-person households. However, the USDA report shows that less than one-tenth of one percent of the food stamp caseload consists of persons who are in one-person households and are under 22 years of age. Even the number of persons aged 22 to 44 who receive food stamps as one-person households is only six tenths of one percent of the food stamp caseload, and many of these persons are low income single individuals who are too old to be students.

Thus, the percentage of students in the food stamp program (other than students who live with their families in cases where the entire family is genuinely poor) appears to be no more than about one percent of those receiving food stamps.

In addition, this data was collected before Congress moved to bar students from getting food stamps if the student is claimed as a tax dependent by a family that is not eligible for stamps. This wise provision, which I hope the Committee writes into permanent law, took full effect only last month. As a result, the number of students who do not live as part of a poor family, and who get food stamps, should be even smaller than before—and more important, the non-needy students should now have largely been eliminated from the program.

Thus, the vast bulk of students who are cut by the Buckley bill are not at all middle income students. They are poor students.

I hope this discussion has given some indication of the radical nature of the Buckley-Michel bill. Earlier I noted that the income limits alone would cut out 35–40 percent of those now receiving food stamps. When we also consider the assets limits in this bill, the drastic increase in purchase prices, and the student ban, I believe that well over 50 percent of those now getting stamps would either be eliminated from the program or would drop out because they could not afford the price of their stamps. Thus, we are talking of a bill that would take food stamps away from 10 million Americans.

IS THE PROGRAM "OUT OF CONTROL"?

Proponents of the Buckley-Michel bill believe that large numbers of persons should be cut from the food stamp rolls. They have argued that the program is out of control, having grown several thousand percent since 1965.

Such statements do not give a full picture of the food stamp program, however. It must be explained that only 110 counties had a food stamp program by the end of 1965, while over 3,000 counties have a program today. It must further be explained that there were not 500,000 people in USDA family food programs in 1965, but nearly 6.5 million, since nearly 6 million people received commodities that year. These people have since been transferred from the commodity to the food stamp program by the Congress. Consequently, those that say that the food stamp program has grown by thousands of percent, should also say that the commodity program has declined by thousands of percent.

In addition, it must be explained that over 1,100 counties had neither a food stamp or a commodity program in 1965, and that the unemployment rate averaged only 4.5% in 1965, whereas it is now 8.3% and only a few months ago was 9.2%. Finally, the American population has grown by a number of millions of persons since 1965.

The facts are that from late 1971 to August 1974, the food programs grew hardly at all. In December 1971, when all but 6 or 7 counties had either a food stamp or commodity program, enrollment in these programs stood at 14.9 million. In August 1974, it was still 14.9 million. This was a period when some states instituted higher, national income standards for the first time, and when the national standards rose from $360 a month for a family of four to $500 a month—an increase of nearly 40 percent. It was also a time when food prices rose by over 30 percent. Yet although the income limits went up and food prices soared, the food assistance program did not grow. This demonstrates that it is not the "loose" eligibility standards that are responsible for the large degree of food stamp growth.

It needs to be repeated that only from August to last May—when unemployment skyrocketed from 5.4% to 9.2%, did the food stamp program grow dramatically. As unemployment rose by over 70%, the food programs grew by close to 30%. And since May the program has declined by 700,000 persons in 3 months, as unemployment has eased back to 8.3%.

Moreover, the USDA's own study for this Committee shows that if the economy improves as expected over coming years, the number of persons eligible for food stamps will decline by 20% between now and 1980—down to about 25 million each month. The number of participants will drop 10%, USDA says, and costs will drop 10%. On the other hand, USDA predicts, if the economy worsens, participation will have a moderate increase. The USDA study shows that the economy is now the crucial determinant of program growth.

This is an important point. A great deal of the growth in the food stamp program over the past 10 years was due to counties switching from commodities to food stamps, and counties instituting a food program for the first time. Also, the program was expanded to Puerto Rico. Now, there are no more counties to enter the food stamp program and unemployment, hopefully, will decline. Hence, our period of food stamp growth should be over. The only event that could cause any further major increase in food stamp rolls would be a new economic crisis that pushed our unemployment rate toward 10 percent.

ERROR AND FRAUD

There is one final area that has aroused a great deal of controversy—the questions of error and fraud. That there is too much error and fraud in this program is a fact, and certainly the Committee should pursue avenues for cutting it down. It is also a fact that many other federal programs—such as the income tax—have far more frightening rates of error and fraud. We need to work in all these areas. There is nothing unique about the problems of food stamps in this area.

Unfortunately, this is another area where rather sensational stories have been used to distort the nature of the issue. The USDA "quality control" reports show that 8.8 percent of all non-welfare households getting food stamps did not meet the basic food stamp eligibility criteria and should not have gotten stamps. Since welfare households are automatically eligible for stamps, this finding meant that 4.3 percent of all households were found to be ineligible, according to USDA.

How did these ineligible people manage to get stamps? USDA found that nearly half the errors were made by caseworkers, not recipients. USDA also found that most recipient-caused errors were inadvertant and not purposeful, and stemmed from confusion over a very complex set of eligibility rules that cover 144 pages of single-spaced type. This means that only a small fraction of the 4.3 percent—probably no more than 1 percent—are ineligibles who made their way into the program through cheating. This is not the popular conception, but it is what the facts show.

I know that earlier this week, Mr. Cockrill from Little Rock reported a much higher fraud rate in a sample of cases he investigated. However, Mr. Cockrill's cases were anything but a statistically valid sample—they were cases that were extremely suspicious to begin with. The only cases in Mr. Cockrill's sample were households of 5 or more persons who claimed to be so poor that they qualified for free food stamps. By their very nature, these are the most suspicious of food stamp cases. I think the Committee would like to know that only about 1 percent of all food stamp households fall into this category. Mr. Cockrill's findings can not be applied to the other 99 percent of the households.

Now let me emphasize again that I am not belittling fraud. Any fraud is wrong and should be vigorously attacked. But it is wrong to paint a picture of the food stamp program as being riddled with abuse and fraud, and filled with cheaters and chiselers. If these terms are to be applied to food stamps, I would hate to think of the characterizations that would have to be applied to the federal income tax program.

MONTHLY REPORTING OF INCOME

Two final areas on which I would like to comment concern monthly reporting of income and work registration. The Buckley bill (and also the forthcoming Administration proposal) would require monthly income reporting. This means that food stamp caseworkers would have to recalculate the food stamp benefits of over five million households every month. The administrative costs of such a provision would be enormous.

A similar provision is now under consideration within the HEW Department for the AFDC welfare program. It has aroused the strong opposition of the Council of State Welfare Administrators because of its administrative complexity and cost.

Such a provision seems particularly unsuited to the food stamp program. Persons with fluctuating incomes are put on the program for only one month at a time. These people already must return every 30 days to report on their current income status. There is no need for them to file a monthly report. In addition, persons with stable incomes, like SSI and Social Security recipients, are put on the program for 6 or 12 months a time. The only change in their income situation might be their utility bills, and with a standard deduction, this would no longer be a factor. It makes no sense to make these people fill out a form each month, and to require the states to process it each month.

Moreover, monthly income reporting generally means that a recipient fills out a form at the end of October on his October income, that his form is processed in November, and that it is used as the basis calculating the December benefit. Thus, benefits always reflect income two months prior. This does little for those on food stamps who suffer a major income loss. If a household lost much of its income on October 1, it would wait until December 1 to get its food stamp benefits increased. Such an approach is contrary to the very goals of the food stamp program—to provide aid when it is needed. It makes far more sense to base benefits on current income, as is presently done, than on income two months previous. If you use the two-months-prior system, for example, you would give a migrant worker's family a large food stamp benefit while they were earning money in May, because they hadn't been working in March; but in November when they had no income at all, they would be given only a meager benefit because they had been working in September.

WORK REGISTRATION

A final area of the Buckley bill with which I should like to deal is work registration. Proponents of the Buckley-Michel bill claim that the present work registration requirements have little effect. Here, as in many other areas, the facts show otherwise. During FY 1973, 1974, and the first nine months of FY 1975, over 256,000 households (with perhaps 800,000 persons) were either terminated from the food stamp program or had their benefits reduced because of the work requirement. These households either were knocked off the program for failure to comply with the work requirement or accepted jobs that were found for them and as a result realized an increase in income that led to the reduction or termination of their food stamp benefits. Even in the first nine months of FY 1975, a time of extremely high unemployment, about 70,000 households were terminated or had their benefits reduced through the work requirement.

Since over half of all households are fatherless families with children, or are aged, blind, or disabled, these figures are rather significant.

I have examined these issues today because I believe that some of the debate over food stamps in recent months has strayed a bit from the facts. The facts show that some reforms are needed, but they do not support many of the allegations of those who would slice the program in half. I thank the Committee for this opportunity to appear here today, and hope that the Committee vigorously pursues its investigation into the facts, rather than the rhetoric, about food stamps.

COMMERCIAL FEUDALISM IN AIRLINES

Mr. KENNEDY. Mr. President, on October, the Washington Post carried an exceptionally articulate column by George Will which describes the commercial feudalism perpetuated in the airline industry by the Civil Aeronautics Board. Mr. Will's analogy captures extremely well the rigidities and anachronisms which characterize today's airline marketplace. I commend this article to the attention of our colleagues and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PRESERVING "COMMERCIAL FEUDALISM" IN THE AIRLINES

(By George F. Will)

On Eastern Airlines flight 554 from Houston the other evening, a stewardess, smiling to take the sting from what any reasonable jury would consider a hostile act, placed before me the standard airline meal.

Seasoned air travelers, like prisoners of war, are ingenious at inventing mental tricks to distract themselves from the terrors of their situation. With the devil may care courage bequeathed to me by generations of fighting Will ancestors, I make a game of mealtime aloft by trying to guess what the good is (animal, vegetable or mineral), a game that proceeds throughout the meal because consumption provides few hints.

But on flight 554 I was distracted from the game by what appeared, at first glance, to be a strange growth on the dinner roll. On closer inspection this proved to be not a malignancy but a tooth-pick embedded in the roll. (The roll was firm enough to support a railroad tie.) To the toothpick was affixed a little paper flag of the state of Oregon, a beaver rampant on a field of blue.

I am not easily surprised, least of all by what comes from airline galleys. But my curiosity is stirred whenever flags are run up over my dinner roll. Fortunately, Eastern, which considers man's intellect as well as his stomach, provided—beneath the plastic tub of what was either coffee cream or salad dressing—a printed explanation.

"As a Bicentenial salute to each of the fifty states, Eastern is providing replicas of the state flags. We hope the flag you receive will serve as a memento of your flight—and as a reminder that all across our country there are new sights to see, new experiences to enjoy, in this 200th birthday celebration."

Some travelers read that as just another commercial message for the Bicentennial season: Don't be a birthday party-pooper. Fly somewhere on Eastern. But the little flag is more than an inspiring symbol of a proud state. It also is a depressing symbol of today's regulated political economy. The flag is, I think, a fair sample of what passes for competition in a thoroughly regulated industry.

Airlines must tax their imaginations to come up with ways to distinguish themselves. The straightforward way to compete—by lowering prices—is illegal. Indeed, a federal court recently fined 19 transatlantic airlines (including two U.S. airlines, TWA and Pan Am) for the criminal outrage of cutting fares beneath levels approved by the U.S. Civil Aeronautics Board.

Of course, U.S. airlines are not hostile to regulation per se. Like most regulation, airline regulation is the theory and practice of commercial feudalism, and airlines adore it. Its primary function is to regulate (restrict really) entry into the business (in its 37 years the CAB has not authorized a single new major carrier), award routes and set prices.

Thus government regulators apportion markets among established airlines (five—United, American, TWA, Eastern, Delta—have about 70 percent of domestic business). This protects the industry from what is known, in the jargon of comfortably regulated "free enterprise," as "ruinous competition."

Most American corporations divide their energies between anouncing regulation in general and lobbying like furies against the dread specter of deregulation plans that affect them. Recently, for example, the three largest domestic airlines—United, American, TWA—joined in denouncing a CAB plan for permitting a smidgen of flexibility—which might mean competition—in route structures and pricing.

Most airlines are quite content with the prevailing system of commercial feudalism. They prefer the decorous, tidy competition of their current situation in which they distinguish themselves from one another, not by the prices they charge, but by the way they decorate their aircraft, their stewardesses, and their dinner rolls.

PROPOSED ARMS SALE

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD a statement by the distinguished Senator from Alabama (Mr. SPARKMAN), and the material attached thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATEMENT BY SENATOR SPARKMAN

PROPOSED ARMS SALE

Section 36(b) of the Foreign Military Sales Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million. Upon such notification, the Congress has 20 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the Chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I submit for the record at this point the notification I have just received.

OFFICE OF THE DIRECTOR DEFENSE
SECURITY ASSISTANCE AGENCY,
Washington, D.C., October 20, 1975.

Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Foreign Military Sales Act, as amended, we are forwarding herewith Transmittal No. 76-18, concerning the Department of the Air Force's proposed Letter of Offer to Korea for an estimated cost of $177.9 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

H. M. FISH,
Lieutenant General, USAF, Director, Defense Security Assistance Agency Deputy Assistant Secretary (ISA), Security Assistance.

TRANSMITTAL NO. 76-18

(Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Foreign Military Sales Act, as amended.)

a. Prospective Purchaser: Korea.

b. Total Estimated Value: $177.9 million.

c. Description of Articles or Services Offered: One squadron of F-4E aircraft, support equipment, spare parts, 10 spare engines and technical data.

d. Military Department: Air Force.

e. Date Report Delivered to Congress: October 20, 1975.

SUBSIDIZATION—THE STICKING POINT

Mr. TALMADGE. Mr. President, when we consider the bankruptcy of New York City and the increasing economic impotency of Great Britain, it should become plain to even the biggest of the big spenders in the United States that Government cannot be all things to all people.

This is the kind of ill-advised social and fiscal philosophy that causes governments to collapse of their own weight. Wild and irresponsible spending and Government free-for-all, giveaways may prevail for awhile, and, as long as this policy is able to hold forth, the people bask in a euphoric false sense of security.

But, inevitably, a day of reckoning must come. The piper must be paid. We would do well to heed the warning that is now beginning to show itself on the horizon in the form of massive Federal deficits year after year which generate inflation, which in turn drives up interest rates and puts the country in recession.

There appeared in the September 24 issue of the Wall Street Journal a very thought-provoking editorial column by Vermont Royster on the way governments go when the nonproductive segment of society becomes larger and more demanding than the productive sector.

I bring this editorial to the attention of the Senate and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THINKING THINGS OVER

THE STICKING POINT

(By Vermont Royster)

It is obvious that any society with a healthy economy can afford to subsidize some of its members or certain of its activities. That is, to make part or all of their cost a general charge against the labor of the whole community.

It is also obvious that no society, no matter how strong, can subsidize everything. There must be some parts sufficiently productive not only to be self-supporting but to provide the surplus to support what the society chooses to subsidize.

It ought to be equally obvious that in every society there is somewhere a sticking point, a point where the burden of subsidizing too much becomes too great a burden for the remaining productive part of the society.

In simple societies all this is clear enough. Every society subsidizes its young and almost all provide for the old who have passed their productive years. It is not unusual even in primitive societies for those who hunt or till the fields to support priests and poets who are economically unproductive but provide other things people desire. But in such societies it is not too difficult for people to see where the sticking point lies.

Circumstances make it plain when the young have been trained enough and are able to take their part in the work of the community, hunting, tilling or weaving. Nature sees that there are not too many old to overburden the rest. All can readily agree when they have enough priests or poets.

It is otherwise in a complex, modern industrial society. Where millions of people are engaged in thousands of activities the parts are remote from one another, the relationship between those who spin and those who do not is often obscure. The exchanges between them is not the direct one of meat from the hunter and grain from the tiller; the transfer payments are made from a money pool which, seemingly, the government can enlarge without limit.

Nonetheless, the sticking point is there. Even in the most productive modern economies there is a limit to what its productive parts can support in subsidizing the rest. Economists may be able to say exactly where it is, but recognizing its existence and dealing with it is one of the major problems of politics.

We have in our midst an example of what happens when it is ignored. New York is our largest city and fundamentally our richest and most vital. That it now stands on the edge of bankruptcy ought to be incredible. That it does, and that you better believe it, is not due to the poverty of the city but to the fact that it has piled upon its productive parts a burden those parts cannot bear.

That burden lies not in any one item alone The people of New York could afford to subsidize many public services, such as schools and public transportation; to provide wished-for social services, from day schools for working mothers to homes for the elderly. They could afford a generous welfare program for the indigent. They could bear the cost of a large number of city employes, pay them large salaries and large pensions. They could even afford, if they wished, to subsidize the housing of many of its citizens. Most cities do many of these things.

What crushed New York was the illusion, fostered by its politicians and accepted by its people, that the city could provide all of them together without limit. The reckoning was inevitable.

An even grimmer example, because it involves not just a city but a whole country, is Great Britain. It all began from the most humanitarian of motives. The British wished, for example, to assure complete health care for all who could not afford it. The device they adopted was to make it "free" for all, rich as well as poor; in effect the whole community would subsidize all of its members. To this, by the same reasoning, was soon added a host of other public subsidies, including food and housing.

All this meant mounting taxes and growing inflation, because one way or another the whole community had to pay for it. The taxes and inflation soon began to so burden the productive parts of the economy that British industry fell behind its competitors; for want of capital it could not replace worn-out machinery.

The consequence of this was that now the government is also subsiding auto manufacturers, steel mills, shipyards and coal mines. That is to say, many of the parts of the economy which should be not only self-supporting but providing a surplus for subsidizing the health program and the like, these parts are themselves subsidized.

The essence of the British problem, then, is that it has passed the point where the remaining productive part of its economy is sufficient to support that which is being subsidized. It should be obvious that to levy a charge against the whole community greater than the whole community produces cannot be long sustained.

The lesson, I should think, need not be belabored. We are without doubt the richest country in the world. There is no reason, if that is what the people wish, that we cannot subsidize many of the activities of the community, as we now do. There is no inherent economic objection to a welfare program for the indigent or for subsidies to schools, hospitals or the arts. Indeed, these things command themselves to a decent people as a worthy community burden.

The question is, how much can be supported? How many non-productive people—ranging from the indigent to the bureaucratic clerk—can be supported by those who labor at productive tasks and at what level? How many of the activities of society can be made a charge on the whole? The questions involve not only equity and philosophy, the terms in which they are most often debated, but the harsh reality of the economically possible.

No one can be sure precisely how far we are from the sticking point. But as our civil servants multiply, the welfare rolls grow, the appetites of all manner of government programs increase until we can measure a $70 billion annual gap between what is paid in and paid out, we surely approach it. And we ought to have no illusions about the peril of transgressing it.

THE ROLE OF ARCHIBALD COX AND THE ANNIVERSARY OF THE SATURDAY NIGHT MASSACRE

Mr. KENNEDY. Mr. President, 2 years ago this morning, most of the Nation woke up to learn that Archibald Cox, the Watergate Special Prosecutor, had been fired on the orders of President Nixon for refusing to bow to the President's demand to limit the investigation. And the Nation also woke up to the fact that its freedom and democracy were in danger over Watergate.

As we all know, there was an immediate and nationwide sense of outrage over Mr. Cox's dismissal. The enormous outpouring of public support for Mr. Cox in the wake of the events that became know as the "Saturday Night Massacre" as a spontaneous and eloquent demonstration of the real power that still resides in the people of this country. Perhaps no single event did more to crystalize the threat of Watergate to the Nation's institutions, or to launch the events that led to the impeachment investigation and the President's resignation.

On this anniversary, it is worth recalling the traumatic events of 2 years ago. More important, it is worth pausing again to appreciate the role of Mr. Cox and how, in the face of overwhelming opposition, he held fast to his sense of justice and integrity.

Anthony Lewis put it well in his column in yesterday's New York Times. In discussing the lessons of that weekend Mr. Lewis writes:

> But plainly there was more to that Saturday night and its aftermath. It all depended on public attitudes—and they in turn depended on the public's reading of one man's character. I am convinced, myself, that the character of Archibald Cox was essential to the result.

That assessment of Mr. Cox is widely shared. Rarely in our history has a private citizen answered the call of public service and served the Nation so well.

Mr. President, I ask unanimous consent that Mr. Lewis' column may be printed in the Record.

There being no objection, the column was ordered to be printed in the Record, as follows:

(New York Times, October 20, 1975)

One Day in October

(By Anthony Lewis)

Two years ago tonight millions of Americans felt that their country's experiment in freedom under law hung in the balance. Is it really only two years? So distant has it become for most of us, and so unlikely, that it feels more like ten since the Saturday Night Massacre.

The report of the Watergate special prosecution force, just issued, encourages us to reflect on the meaning of that extraordinary episode. There is, first, the inescapable conclusion that President Nixon assured his own destruction when he ordered the firing of Archibald Cox as special prosecutor, and Elliot Richardson and then William Ruckelshaus resigned as Attorney General.

The immediate response was an avalanche of telegrams pouring in on Washington. Congress was impelled to begin the process of impeachment. The telegrams helped persuade the troubled members of Mr. Cox's staff to stay on the job. Two years later, they remain moved by the experience. Their report speaks of the telegrams and says "Americans rose in anger," offended in their "sense of justice."

Bending to the storm, Mr. Nixon agreed to comply with the court order that he had schemed so hard to avoid. He produced some of the tapes subpoenaed by Mr. Cox, and one turned out to be devastating. On March 21, 1973, the President had told John Dean to get hush money to keep the cover on Watergate. Once that tape reached the prosecutors, and then Congress, there was no turning back on the road to Richard Nixon's fall.

In retrospect it all seems inevitable. But it was not—far from it. The special prosecutor's report makes clearer than any previous publication the immense amount of thought and professional legal work that preceded that confrontation with the President of the United States.

Within a week after taking office as special prosecutor on May 25, 1973, Mr. Cox, by telephone and letter, had begun meticulous efforts to obtain the White House evidence on Watergate. It was grinding work, met with delays and unkept promises by White House counsel, by a pattern of evasion and deception.

Mr. Cox never sought confrontation. But when the White House barred him from the evidence, he pushed on. Against much advice, he decided to press for some of the tapes as soon as their existence was disclosed. He and his staff did massive research and analysis in a largely uncharted area of the law, executive privilege. And the careful work mattered when he went to court.

Because Richard Nixon's criminality eventually became clear to just about everyone, the difficulty of the special prosecutor's legal battle may be underestimated. In the summer of 1973, the Washington mind was still clouded by awe of the Presidency. The notion of compelling evidence from a President seemed far-out to many. The idea of impeachment was fantasy to all but a few.

Moreover, the White House had immense power over the bureaucracy. Mr. Nixon's Chief of Staff, Gen. Alexander Haig, did not stop at bullying to try to protect his master. Attorney General Richardson felt that pressure, and the report paints him as ambiguous in his relationship to Mr. Cox. It discloses a most dubious Richardson proposal that Cox agree in secret to new, narrower guidelines for his office.

The prosecutors also had to reckon with the fact that lawyers on the other side did not always have a nice sense of propriety—a condition that continued after Mr. Cox was succeeded by Leon Jaworski. The report reminds us that after the tape of March 21 had been turned over, but before the public knew its contents, Mr. Nixon's lawyer-publicist, James St. Clair, issued a statement saying "categorically" that the tapes did not support John Dean's sworn testimony against the President. But they did.

What, then, are the lessons of that October weekend two years ago?

One is that professional skill and patience and hard work have their reward. If Mr. Cox and his staff had not been so able and dogged, they could easily have fallen in a dozen procedural holes along the way in the tapes case. The staff and the standards continued under Mr. Jaworski, until the second tapes case led directly to Richard Nixon's fall. So in a sense the episode speaks for a system of law, not men.

But plainly there was more to that Saturday night and its aftermath. It all depended on public attitudes—and they in turn depended on the public's reading of one man's character. I am convinced, myself, that the character of Archibald Cox was essential to the result. Richard Nixon and his men never understood it; they assumed that Archibald Cox must be a conspirator, like them, when he was so straight as to approach naiveté.

When he first took the job, the Washington mill dismissed Archibald Cox as too soft—as not nasty enough. When a friend told him that on June 3, 1973, he said: "I think sometimes it is effective not to be nasty, in a nasty world—although it may take a little while for people to realize that."

CONSERVING AIRLINE FUEL

Mr. MOSS. Mr. President, the Committee on Aeronautical and Space Sciences is continuing to explore ways of saving energy by greatly increasing the fuel efficiency of U.S. aircraft. Rising fuel costs threaten the economic health of our airlines and indeed the entire aircraft industry. The committee is searching for ways to ease this added threat to our economy through the use of new technology at relatively low cost.

Last month the National Aeronautics and Space Administration described to us a six-part program that could mean increases of as much as 50 percent in aircraft fuel efficiency by the mid-1980's. NASA estimates it would cost $670 million in Government funds over a 10-year period to develop the technology needed to bring about such savings. This expenditure certainly appears relatively modest and worthwhile in view of the great savings in fuel and money that could be expected from this work. These public funds will provide the seed money that will enable private manufacturers to develop with their own resources more fuel-efficient aircraft. Use of these new aircraft could save as much as 90 billion gallons of fuel worth about $22 billion at current prices over the next 30 years.

The impetus for development of this program came from the committee. Last January Senator Goldwater, the ranking minority member, and I wrote to Dr. Fletcher, the Administrator of NASA, asking the agency to develop promptly a program that would demonstrate significant savings in aircraft fuel. After consulting with aircraft and engine manufacturers, airlines and others outside the Government, and with other Government agencies, NASA developed the plan that was submitted to us last month.

One of the questions that was raised at last month's hearing is whether the airlines will have sufficient capital in the next few years to buy these new fuel-efficient aircraft. The committee will explore potential use of fuel-efficient technology and other aspects of the development program at a hearing Thursday, October 23. At that time, we will hear from Boeing, Pratt & Whitney, the Aerospace Industries Association, and the American Institute of Aeronautics and Astronautics.

At a later hearing on November 4, the committee will hear from the Energy Research and Development Administration, Federal Energy Administration, airlines, and Econ, Inc., an economic consulting group.

In conclusion, Mr. President, in the development of this program Congress has acted forcefully to develop new methods of conserving energy. This program promises great savings for a relatively small expenditure.

ADDRESS BY PRESIDENT RICHARD T. MOORE OF THE MASSACHUSETTS SELECTMEN'S ASSOCIATION

Mr. KENNEDY. Mr. President, on September 27, 1975, Richard T. Moore, incoming president of the Massachusetts Selectmen's Association, delivered a major address to the 47th annual meeting of the association in Boston.

The office of selectmen is an ancient and distinguished one in our Commonwealth, going back to 1633, when the first selectman was elected from Dorchester. Currently, there are over 1,000 selectmen serving 3 million citizens in the 309 towns of our Commonwealth.

Over the years, the office has evolved into a vigorous and responsive method of local government that has served our Commonwealth well and that has made home rule a workable and effective form of government for our towns and counties.

In his recent address, President Moore deals eloquently with the challenges and opportunities facing home rule and local government in 1975, especially the need for greater understanding by the Federal Government and the State government to local needs and problems.

Mr. President, I am proud to say that we are making progress on this challenge in Massachusetts. The Massachusetts Selectmen's Association has been an effective force in guiding this development, and I commend the association for its role. I believe that Mr. Moore's address will be of interest to all of us concerned with promoting the quality of local government in the Nation, and I ask unanimous consent that the text of the address may be printed in the Record.

There being no objection, the address was ordered to be printed in the Record, as follows:

Address by Richard T. Moore, President of the Massachusetts Selectmen's Association

Nearly sixty years ago, Calvin Coolidge, then Governor of Massachusetts, speaking in the Weston Town Hall, stated: "Our public men, as a class, are inspired by honorable and patriotic motives, desirous only of a faithful execution of their trust; from the executive and legislative branches of the States and Nation down to the executives of our towns, who bear the dignified and significant title of selectmen. Public men must expect criticism and be prepared to endure false charges from their opponents. It is a matter of no great concern to them. But public confidence in government is a matter of great concern."

Today, public confidence in government is at an all-time low. Pollster Lou Harris told the nation's mayors meeting in this city last July that since 1966, the percentage of Americans expressing "a great deal of confidence" in local government has plummetted from 43 to 13 per cent and that garbage collectors enjoyed a higher confidence rating than the cities' chief executives.

Those of us in this room who believe that the Harris poll doesn't apply to them, that the citizens of their community have a "great deal of confidence" in their government; that that world that Calvin Coolidge saw is the same today, are deluding themselves.

Fortunately, however, we have in local government today, a large number of men and women who will respond to the challenge of low public confidence by providing local leadership and dedicated service. For this Association the challenge will be to provide you with the tools to do the job more effectively. The Massachusetts Selectmen's Association will meet this challenge through training, sharing experiences, assisting in securing professional help, assisting in securing grants, serving as an information center, focusing the staff and public relations on helping the selectmen to perform their job better; and then working in the legislative and state agency arenas to bring about meaningful home rule. This includes return of fiscal responsibility and control to the Town Meeting (NO fiscal autonomy for any group), keeping Federal and State agencies as well as the Legislature from imposing arbitrary costs on towns, either through regulations or legislation, and securing relief for the property taxpayer by enacting tax reform and increased grants of state and federal aid.

Together, through your individual actions and the collective actions of our Association, we can continue to build a foundation which will renew the public's confidence and trust in local government and, ultimately, in government at all levels. For there are, in town government, far greater opportunities to demonstrate to the public that their confidence is deserved. Unlike the Federal or State government and many of our larger cities which have government in the name of the people, in most towns we still have government by and for the people. Our town meetings still remain the model of democracy. Our system of electing interested citizens who devote their own time and energy to being selectmen demonstrates the common interests of the people being carried out by their servants.

Increasingly, however, both as individual selectmen and as a group, we have found ourselves frustrated by an inability to solve local problems at the local level. This frustration is a by-product of a system of state/local relations in which our state government has, by law and regulation, thrust itself into nearly every function of local affairs. For example, we are frustrated by our inability to control school budgets because of fiscal autonomy, to control property taxes because of state imposition of costs and inflation, and to control our own community destinies because of the desire of federal, state and regional officials and agencies to tell us how to live.

To assist us in establishing at the state level, both in the legislative tribunals and the Governor's cabinet, a sensitivity and appreciation for local needs, problems, opportunities and capabilities we must strive to bring meaning to the term "home rule". Home rule must become the rallying cry of all municipalities to signify our intention to be recognized and accepted as full partners in a cooperative relationship with the State government. This is not a call for confrontation or blind opposition to State government or duly enacted State laws. We recognize that there are a number of legitimate state interests and problems which can best be solved or should be addressed at the state or regional level. We agree that every citizen of the Commonwealth must enjoy certain basic rights regardless of the community in which he or she lives. However, we also believe that each community must be free to determine for itself the quality and style of community life according to the interests and resources available to it. The cities of this country have argued for twenty-five years with federal bureaucrats that what was good for Kansas City might be terrible for Boston and what worked in Worcester might not be appropriate for Cambridge.

Federal agencies refused to accept the notion that a problem may be solved in a variety of different, but nonetheless successful and appropriate, ways. Recently, some progress has been made as general and special revenue sharing place greater reliance on local initiatives, but there is still a long way to go. However, now that the cities have made some progress with the Federal government, it is time for the towns to make some progress with our own State government which must be made to know that what is good for Lincoln may be terrible for Lancaster—that code enforcement problems in Brookline hardly justify the imposition of a cost on West Bridgewater. Statewide uniformity may be nice for state bureaucrats but it is frequently hell for us—and it's even more distasteful when we are told to pick up the tab.

Accordingly this year we plan a major educational and legislative effort to implement home rule in this Commonwealth. As we approach the tenth anniversary of the passage of the "Home Rule Amendment", we find very little accomplished except for the passage of some new town charters. But home rule is much more than a new charter or some empty phrase raised from time to time when all else has failed. Rather, we must make it the philosophical framework, the common principle and unifying force against which all actions by state government will be evaluated.

The term "home rule" has been defined and interpreted in many ways but usually in a strict, legalistic manner confined to statutory interpretation of local authority. From now on "home rule" should mean the preservation and protection of municipal rights, the demand for respect of local opinions in the state decision-making process and, above all, the protection from arbitrary determinations by state government relative to new costs and programs.

As we look to the challenges ahead for this Association let us remember the accomplishments which brought our organization to this point. We owe a debt of gratitude to our predecessors—selectmen of another time—who had the vision to break the barriers of parochialism and unite to establish this association, and also to the members and past presidents—many of whom are here tonight who nurtured it for over forty years. And we are particularly appreciative to those of you who brought this Association into the decade of the seventies as a dynamic, and vital force dedicated to supporting our member selectmen in the local government.

This year, as a direct result of this revitalization of the Selectmen's Association we can look with pride on several important accomplishments:

1. The establishment of an open and meaningful dialogue with the Governor, the Cabinet and the Legislature with our Association serving as a major advocate of local issues and concerns. Specifically, the Governor's decision to create a Local Government Advisor Committee to advise him on a regular basis and with him to develop a new philosophy of the state-local relationship.
2. The new programs of the Association to develop management capacity for the membership through training seminars and to provide informative and helpful articles in the magazine.
3. The strengthening of our legislative effort through the development of a united municipal voice of the Selectmen's Association, League of Cities and Towns and other municipal groups, a strong and positive legislative program, and a timely and effective mid-year Legislative conference.
4. Despite the serious fiscal crisis facing the Commonwealth we have obtained a committment from the Governor that he does not plan to reduce local aid.

All of these accomplishments and more marked our progress in 1975.

Two years ago, the By-laws were revised and a dues increase voted as an expression of hope that the MSA could become an effective organization for Massachusetts Selectmen. Today, this Association approved a 50% dues increase, a budget which reflects an active dynamic organization, and a legislative program of which we can all be proud—not as an expression of hope, but an an expression of confidence that we have proven ourselves and that, in fact, we have come of age. We now have the financial and organizational tools and staff capacity to provide the kind of leadership which is necessary to respond to the serious challenges which face our communities and our Commonwealth. You are to be commended for the collective leadership exercised by your votes today.

To the extent that your expression of confidence involved your selection of me to be your President for the coming year I am grateful, and I trust that I shall not disappoint you.

I am proud to be a selectman and having witnessed the recent development of this organization and its accomplishments to date, I am proud to be the President of the Massachusetts Selectmen's Asscociation. I, as an individual, and the Association, collectively need the active participation and support of each member if we are to be successful in the coming year and I invite you all to share in this great effort. Thank you.

SENATOR DOMENICI REVIEWS PRODUCER AND CONSUMER INTERESTS AT ENERGY CONFERENCE

Mr. RANDOLPH. Mr. President, like so many of our vital issues, energy cannot be considered in isolation from other of our concerns. The production and consumption of energy is related to virtually every activity in our country. In developing rational answers to energy questions it is essential to take a national view.

Last week the National Energy Project of the American Enterprise Institute for Public Policy Research sponsored a Conference on Regional Versus the National Interest in Energy in Washington, D.C. Participants included public officials, industry representatives and interest groups. They reviewed regional issues relating to energy.

One of the principal addresses was given by Senator Pete Domenici of New Mexico. He represents a major energy producing State, but I know from our work together that my colleague views energy questions on a broad basis. Mr. President, Senator Domenici's discussion on "The Politics of Reconciliation Between Producer and Consumer Interests," goes to the heart of one of the most important energy questions. I ask unanimous consent that it be printed in the Record.

The Politics of Reconciliation Between Producer and Consumer Interests

(By U.S. Senator Pete V. Domenici)

My reaction on learning of the topic assigned to me was that I would have preferred almost any other topic because of the complexities involved in the political reconciliation between producer and consumer interests. On reflection, however, I am impressed that reluctance of politicians to address difficult issues in an objective manner is one of the major reasons for our country's current energy nightmare. Accordingly, I am pleased to discuss with you this afternoon some of the thoughts that have occurred to me as I have tried to do my job as a United States Senator in reconciling consumer and producer interests.

From the outset, my ability, and indeed my intention, to try conscientiously to help reconcile those differences is suspect. I represent a producing State in the Senate. New Mexico in 1974 was the fourth largest producer of natural gas and the sixth largest producer of oil of all the States. So, on this issue I am subject to extremely close scrutiny on the grounds of bias toward producer interests.

National legislators have a bias to overcome on most important issues because they are elected by a State or District which usually has an accepted point of view on these issues. Not unreasonably, then, the legislator finds himself, perhaps as his first impulse, determining the benefit or detriment to his major constituencies flowing from the various positions that can be taken on each issue.

On the issue of energy, as I find with most important issues, we have a complex set of interests within which a legislator has to work and from which he feels he must choose as most deserving of his support or protection. The very theme of this conference suggests one set of competing interests—national versus regional. The next logical classification in competing energy interests is at the regional level between energy-producing and energy-consuming areas of the country, the topic of my talk. Finally, superimposed over these interests, which are difficult enough in themselves, is the interest each one of us and each constituent of every elected official shares—we owe *all* consumers of energy.

How is a conscientious politician to reconcile this multitude of intertwined and seemingly diametrically opposed competing interests and have any political credibility? That question and its lack of a satisfactory answer lie at the heart of the Congress' inability thus far to address our energy problems in anything resembling a national policy or program.

This is a distressing situation and I admit to discouragement and frustration in dealing with it myself, but I think there are several fundamental points which can be built on to generate the political climate necessary for reconciliation of the competing interests to promote the national interest.

THE NATIONAL INTEREST

Right away when a politician starts to make noises about "the national interest" or the "country's well-being", etc., his audience begins to fret, yawns become hard to stifle, and before long, eyes commence to glaze. In short, those words, "national interest", have been so misused and abused through the years that one's sincerity is called into question just by their use. Understandably, there is a trend for either the politician to downplay the national interest theme or for his audience to tune him out for having draped himself in the flag so he can justify action detrimental to the recipient of his bad tidings. That is a harsh statement, and, if true, as I fear, it is a sad commentary on our national conscience and consciousness.

It was not always so, for when Alexis de Tocqueville, the astute French politicial scientist, wrote of his perceptions of America and its political system over a hundred years ago, he expressed this relevant thought:

"In the United States, the interests of the country are everywhere kept in view; they are an object of solicitude to the people of the whole Union, and every citizen is as warmly attached to them as if they were his own. He takes pride in the glory of his Nation; he boasts of its success, to which he conceives himself to have contributed; and he rejoices by the general prosperity by which he profits. The feeling he entertains toward the State, is analogous to that which unites him to his family, and it is by a kind of selfishness that he interests himself in the welfare of his country."

This last statement is of particular significance, revealing as it does that Americans recognized that in our system with its downward flow of benefits, the individual was bound to improve his own lot by contributing to the common good. Individual selfishness in this sense worked to promote the public interest and was a desirable human characteristic in that context.

I am convinced that, although the motivation of our citizens for promoting the public interest has decreased and their inclination to look solely to their own direct interests has increased, they will still respond when convinced of a genuine national need.

So, I feel that the most effective way to reconcile the major differences between consumer and producer interests is to subjugate both to the national interest, treating each as fairly as possible in pursuit of the national interest. In order to set the stage for such an attitude, the true national interest must be identified, agreed to generally, and promoted throughout the land, regenerating the mood of individual willingness to contribute to the common good that so impressed Alexis de Tocqueville those many years ago.

TRUE UNDERSTANDING

Although I am extremely concerned about the American people's feeling for this country, and about its politicians' lack of dedication to the Nation's needs, I still feel, as I indicated, that if the truth about our national energy situation was fully realized, we could pursue an agreed on course in the public interest.

Truth in this case, as in most, is far more than facts and statistics, since facts and figures can be manipulated to support almost any proposition. The reliance of this nation on energy for every pursuit of life means to me that without knowing the full truth of our desperate situation, the entire nation will be the loser, not just the poor, or the commuter, or the user of propane, or the oil industry, but the entire Nation. That is a basic truth that so far has escaped realization by a majority of our citizens and their leaders.

That truth having failed to be generally accepted, politicians have had trouble identifying and portraying the national interest, and in that scenario, have been unwilling to take the risks necessary to develop a national energy policy which in any conceivable form will be disadvantageous to some major interest, perhaps even the majority.

The truth is that, for a variety of reasons, and there is enough fault to go around, this nation is an energy-importing nation. At this point in our history, nearly two years after the Arab oil embargo almost brought us to our knees, we are still arguing about whether we actually have an energy problem and, if so, who we ought to blame.

We have to convince the American people that our situation is extremely critical, and that even if all their suspicions and accusations against the oil industry were true, and that even if all those faults could be corrected overnight by some miracle, tomorrow we would still have the energy dilemma we have today. We'd still be importing more than one-third of the oil we use, and every day that proportion would be increasing, so that our destiny is not ours to shape. It is but ours only to hope that foreign oil prices do not go so high that they destroy our economic vitality or that they don't cut off that one-third of our supply for any reason they care to choose. That's the dark truth the American people ought to know and the politicians ought to be telling them, promoting recognition of a genuine national problem, the magnitude and consequence of which dwarfs all lesser concerns, including regional and consumer interests.

To me, the response of this nation ought to be similar to the response to an all-out war. There is just as much at stake, in my opinion, for until and unless we solve our energy problems, we risk the chaos and destruction of our way of life, which is usually only attributable to losing a war. That, to me, is a very real possible consequence of the lack of a national energy policy. We must have a policy which treats the various interests as fairly as possible, but subordinates to the main interest—the survival of *the* essentials of the American way of life with all its manifold blessings.

I apologize if I've become overly dramatic, but I feel we must generate that kind of concern in people across this land and through them, their representatives in Congress, because I despair that given the nature of the political arena, the reverse may not come to pass.

I hope I have established my view that any particular interest, including those competing with each other, can be subordinated to the national interest when that interest is clearly and generally recognized. So, the answer to the question of political reconciliation of competing regional interests relating to energy is rather simple—to promote either at the expense of the national interest would be foolhardy and irresponsible. On the other hand, to use the overriding national interest as a reason to promote one of the interests over the other would be likewise irresponsible.

TWO NATIONAL PROBLEMS

One of the reasons the energy problem is so difficult to deal with, in addition to a lack of recognition that one exists, is the current economic dilemma. People are understandably concerned and frightened by the instability of the economy characterized by economic recession, high unemployment and continuing inflation.

It is in our national interest to address simultaneously both the major problems of economy and energy. In fact, to find a remedy for one without relation to the other, is to have found no remedy at all, even though either problem taken by itself presents challenge enough. It is immediately apparent that many of the remedies that would help to stabilize our nation's economy are in direct conflict with steps designed to lead to energy independence, or even lower dependence on foreign sources. The reverse is equally obvious.

Therein lies the greatest problem in trying to reconcile consumer and producer interests—consumer interests seem to run parallel with stabilizing the national economy while producer interests seem to be advanced by becoming more energy independent. Consequently, both of these interests can be and have been equated with the true and overriding national interest. Unfortunately, the failure to recognize that both are equally important and interdependent has led to an air of confrontation between the opposing sides, with each self-righteously claiming their side has staked out an exclusive hold on the national interest.

SOLUTION?

In my opinion we must convince our people and our leaders that we have two potentially catastrophic national problems—energy and economy. That task relating to the economy is far less difficult than the one related to our energy situation, but we must find a mechanism for doing it. Perhaps we are further along than I have indicated, but the next 30 days or so, during which the Congress and the President have another chance to work out a compromise plan, will tell that story.

Critical to the success of that venture will be Congressional recognition that unrestricted promotion of producer interests can sabotage economic stability and that unrestricted promotion of consumer interests would only worsen our energy problems.

The art of politics is an art of reconciliation and compromise. All of us must be prepared to accept some trade-offs because, as Charles Schultze said in testimony before the Senate Budget Committee, ". . . it is literally impossible to define an ideal energy policy. (It) is important, therefore . . . to seek a set of compromises which minimize the damage to some goals as we try to attain others."

That kind of compromise encompassing both consumer and producer interests, which does the least damage to either, is what must occur if we are to resolve these dual dilemmas. Eternal confrontation focused on the fine print in any proposed compromise will eventually spell disaster for all our people whether consumers or producers.

SENATOR JENNINGS RANDOLPH RECEIVES BELL GREVE AWARD FOR OUTSTANDING LEADERSHIP IN REHABILITATION FROM THE NATIONAL REHABILITATION ASSOCIATION

Mr. WILLIAMS. Mr. President, I would like to take this opportunity to congratulate the distinguished senior Senator from West Virginia (Mr. RANDOLPH) on receiving the Bell Greve Award for outstanding leadership in rehabilitation from the National Rehabilitation Association, and to place in the CONGRESSIONAL RECORD his remarks at their recent meeting.

As every Member of the Senate knows so well, Senator RANDOLPH has dedicated much of his time over his years in the Congress to improving conditions for individuals with disabilities. It has been through his efforts over the last few years as chairman of the Subcommittee on the Handicapped that the Congress has rewritten the Rehabilitation Act and established a priority for service to individuals with the most severe handicaps. During this time also, significant changes have been made in the Developmental Disabilities Act, recently signed into law, and in a law authored by him many years ago—the Randolph-Sheppard Act for the Blind. Most recently, I have been proud to work hand in hand with him in passing S. 6, the Education for All Handicapped Children Act.

As Senator RANDOLPH points out in his remarks, there are millions of disabled individuals throughout the country who do not have available to them the services they need to be truly independent. He also points out some of the problems of implementation of the Rehabilitation Act which the subcommittee will be reviewing in upcoming oversight hearings. Needless to say, I am extremely pleased to bring these remarks to the attention of my colleagues and look forward to working with Senator RANDOLPH in the future to help solve the problems still facing handicapped individuals.

I ask unanimous consent that Senator RANDOLPH's remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR JENNINGS RANDOLPH

President Green, President-elect Gehrie, Dr. Thompson, Mrs. Roupe, ladies and gentlemen. I am please and honored to accept the Bell Greve award from your distinguished organization.

I make special note of the fact that this year marks the Golden Anniversary of the founding of the National Rehabilitation Association. You are to be congratulated on your longevity, and unlike most of us, you seem to be growing stronger with the passage of time. I understand that there is someone here who has been associated with NRA for a substantial number of those fifty years—my friend E. B. Whitten.

"E. B." is a man of great knowledge of the rehabilitation field, and one who is widely recognized as an expert. Another giant of rehabilitation was Bell Greve—the woman for whom the award was named.

Most of you probably know very little about Bell Greve. Among other facts, I must point out, she was Director of the Community Chest of Charleston, in my home State of West Virginia. Aside from that, however, her good works spanned the continents. She worked as director of a Child Health Center in Czechoslovakia. She helped care for thousands of orphaned children in Armenia. She was an advisor on the rehabilitation of Greek war veterans and set up an UNRRA rehabilitation program there. She was Secretary General of the International Society for the Welfare of Cripples.

During her relatively short but constructive life of 63 years, Bell Greve also managed to head the Division of Charities of the Ohio Department of Welfare, the Cleveland Association for the Crippled and Disabled, the Cuyahoga County Welfare Department, and the Cleveland Office of the Federal Department of Health, Education, and Welfare.

Bell Greve died in 1957, having served those in need in a full and illustrious life. I am honored to receive this award in her memory.

You have listened to the gracious statement of introduction which recounted my long-standing interest in handicapped people.

I am Chairman of the Senate Subcommittee on the Handicapped. I believe in the intrinsic value of human life and the fulfillment of human aspirations. I am committed to doing all I can to bring about a social, economic, and physical environment in this Nation that will enable each handicapped person to achieve his or her maximum personal potential.

This is a goal that is extremely difficult to achieve. Only half of our handicapped children are receiving the special educational services that all should have. Only 330,000 of the persons entering the Federal-State Vocational Rehabilitation program each year are rehabilitated, and of those, many have been alcohol and drug abusers, felons, and culturally disadvantaged. Relatively few of those rehabilitated are physically and mentally handicapped. Fewer still can be characterized as severely handicapped.

My colleagues in the House and Senate and I are working toward the goal of which I spoke. Conferees this past week have been working out a measure which will ultimately insure a free appropriate public education for handicapped children. We believe that all children have a right to a full education and we intend that they shall have it.

The 1973 Rehabilitation Act has often been referred to as "landmark legislation." I sincerely believe that to be true, but much more needs to be done. We have received disturbing reports that the intent of Congress with respect to that law is not being carried out. Funding for some of the programs has been meager, or nonexistent. Some of the studies that were mandated have not been submitted to Congress in a timely fashion. The promulgation of regulations to implement the Act has taken much too long.

The Rehabilitation Act of 1973 has been law for two years now. It is time to take a careful and thorough look at the way the programs are functioning. The Subcommittee on the Handicapped is also vitally interested in knowing whether there are substantitive changes that need to be made in the law in the light of two years of experience. In addition, authorities for appropriations expire on June 30 of next year.

Therefore, it is my intention to hold comprehensive hearings on the Rehabilitation Act before the end of this year. I extend to the National Rehabilitation Association an invitation to present testimony at those hearings.

I understand that NRA and other organizations are deeply concerned about a recently enacted State law that threatens to impair the rehabilitation program in that State, and that such State law may be in conflict with the Federal law. There is a fear that if the State law is permitted to stand, other State legislatures will, like dominoes, follow suit. I want you to know that I share your concern, and it is my hope and expectation that this matter will be resolved in a manner that is beneficial to handicapped people. It would be helpful to have these issues brought out in the hearings we will hold.

Thanks to the National Rehabilitation Association—not for the award with which you have honored me—but rather for building an organization that is vitally concerned with the needs, the desires, the hopes, and indeed the rights, of all handicapped individuals across the United States. You are filled with the zeal and the determination that comes of an understanding that *handi-*

capped people share the dreams of the able-bodied for a better America. With a helping hand, they can—and must, and will—help to shape a tomorrow that brings our Nation to the forefront of the world in its dedication to equal rights for all and its devotion to compassion and humanity.

THE FTC FUNCTIONARIES STRIKE AGAIN—AGAINST TOBACCO INDUSTRY

Mr. HELMS. Mr. President, there is one thing that the American people can be sure of in these days of uncertainty. And that is the inevitability of overregulation by Government bureaucrats. Neither rain, nor sleet, nor gloom of night—let alone the crying need for reasonableness and commonsense—can deter these zealous functionaries from their relentless tinkering with the conduct of our free economy.

The most recent instance of this kind of heavyhanded Big Brotherism is the suit filed on behalf of the Federal Trade Commission charging the people who make cigarettes with violations of consent orders calling for "health warnings" in all cigarette advertising.

Mr. President, if any Government-mandated message has permeated the body politic and penetrated into the American psyche, it is the required statement, "Warning: The Surgeon General has determined that cigarette smoking is dangerous to your health." Those words printed in black ink in two or three lines of type against a white background enclosed within a black rectangle have had more exposure than the Ten Commandments. Every man and woman in the United States knows this litany by heart.

But antismoking activism always provides an opportunity for regulatory zeal. And so some FTC staff members relentlessly pored over all cigarette advertising for any conceivable or imagined flaws. They strained and twisted and questioned advertisements to eke out instances to justify their claims. In the process, they also developed a new interpretation of the consent orders, which is erroneous and unwarranted.

For example, Mr. President, the FTC complaint regarding so-called failure to disclose the health warning in the precise type size required in the consent orders imposes a standard with which no advertiser—of any product—can comply. It imposes a standard totally beyond any advertiser's control. I refer to the matter of newspaper shrinkage. Because of skyrocketing newsprint costs, newspaper publishers are shrinking the size of their product. The result is distortion. An advertisement for a basketball looks like an advertisement for a football. Newspaper shrinkage distorts every single illustration and every single line of type in each and every advertisement. Yet the FTC staff acted only against the cigarette advertising. More logically, the FTC should have called for a moratorium on all cigarette advertising in newspapers until the newspaper industry worked out a technological solution to what is a technological problem.

However, that would have been a sensible solution. Apparently, it is more to the liking of out-of-control regulators to indulge in their favorite pastime of whipping America's favorite whipping boy.

Naturally, the cigarette manufacturers believe they are in compliance with the consent orders of 1972. And no wonder. The Federal Trade Commission said so in two annual reports to Congress. In its report of December 31, 1972, the Commission said:

> Advertisements containing the disclosure statement in the format required by these orders began to appear in May of 1972, and by the end of October, all cigarette advertisements observed by the Commission staff were being published in accordance with the terms of these orders.

Exactly 1 year later the Commission again advised the Congress that "by October of 1972, almost all cigarette advertising published in this country was in compliance." From that time until April of 1974 when the present investigation started, the cigarette manufacturers heard not so much as the slightest murmur of dissatisfaction from the Commission about their advertising under the consent orders.

Now I do not know the exact date in April of 1974 when the FTC staff launched its investigation. Maybe it was April Fool's Day. But, if so, the joke was on the tobacco industry initially and on the American people ultimately.

Once the chain of events started, it was unchecked by reason, reasonableness or common sense—and undeflected by any men of goodwill, if such are to be found any longer in the Federal Bureaucracy. Last Friday the case was filed, and the rampant overregulators succeeded in dragging another industry to court to prove itself innocent of broadside charges of noncompliance.

There is a chilling note of uncertainty running like an undercurrent throughout this affair. It is the feeling that a negotiated settlement with the Federal Trade Commission may be as shaky as a diplomatic agreement with a foreign power. Apparently, there are now new rules of the game established by a new FTC compliance staff. They seem to be based on a tortured reinterpretation of the consent orders worked out by a former FTC staff. Moreover, the new FTC staff seems to cast doubt on the good faith of the Commission, its issuance of the consent orders, its negotiations with the cigarette industry, and its representations to Congress that compliance was being achieved.

But far worse than the alleged nondisclosure that the FTC staff perceives, far worse than the convoluted chain of illogic and incrimination cast on the previous Commission, is the incredible remedy proposed. The FTC would fit the alleged crime with a cruelly unusual punishment. Each cigarette company would have to create a trust fund to be used for the preparation and dissemination of broadcast, print or other advertising chosen by a court-appointed "master" and approved by the Federal Trade Commission to remedy their alleged failures to disclose the warning statement clearly and conspicuously. This unheard of scheme is necessary, say the overregulators, because "consumers have been prevented from receiving the warning" required by the consent orders.

The use of language here is very strange. Are we to assume that people "receive" an FTC warning the way they receive an inoculation? Is a consumer who has "received" the warning from a thousand cigarette advertisements somehow rendered a mindless zombie totally oblivious to what the Surgeon General has determined, because he failed to "receive" one message on one advertisement? And how will the FTC and the "master" determine in their wisdom that these very consumers who were prevented from "receiving" the cigarette company warning will in fact "receive" the FTC corrective advertisement? I hope that we will never have to concern ourselves with utter nonsense like this. But I fear we might.

The day before the FTC issued its news release, Louis Harris, the Nation's pulse-taker, issued one of his releases. One of the reasons, he said, that public confidence in most leaders has fallen to the lowest point in many years is that the public feels many of their leaders are simply out of touch with the people they represent or are supposed to be serving. Mr. Harris found that majorities believe that the White House, the executive and the Congress share the national doghouse of low esteem, lack of confidence, and being "out of touch." Mr. Harris reported that the public attributes the troubled state of American affairs primarily to this failure of leadership. And the most glaring affront which three out of every four Americans perceive is that most leaders treat the public as if it had a 12-year-old mentality instead of as grown-up human beings.

I submit, Mr. President, that the action of the Federal Trade Commission is a perfect example of treating people like children, of pretended concern which people neither need nor want. It is also a perfect example of scorn for and repudiation of standards of reason, reasonableness and common sense in regulation which human beings expect of their Government.

I would go further, Mr. President, and suggest that the White House, the executive branch, and the Congress could go a long way to getting back in touch with the American people by reacting vigorously to this latest example of out-of-control overregulation. It is patently unwarranted, unjustified, and unnecessary. But it will not stop until the White House, the executive branch, and most especially the Congress, speak out—and deny the carrot of encouragement to the kneejerk regulators and behavior controllers among us.

SECRET SERVICE DIRECTOR AND POLICE CHIEFS CALL FOR STRONG HANDGUN CONTROL

Mr. RIBICOFF. Mr. President, the Committee on Government Operations is in the process of holding hearings on

Presidential protection and the related question of Federal firearms control. At our most recent hearings on Wednesday, October 7, H. Stewart Knight, the head of the Secret Service, testified that the availability of handguns is a major problem for the Secret Service in the protection of the President. Mr. Knight agreed that there was a responsibility on the Congress and the President to try to pass some laws and regulations to prevent the widespread use of handguns not only against the President, but against society as a whole.

The committee then heard from five police chiefs from some of our country's major cities: Robert DiGrazia, Police Commissioner of Boston; A. Reginald Eaves, Commissioner of Department of Public Safety of Atlanta; Pete Pitchess, Sheriff of Los Angeles County; Hubert Williams, Police Director of Newark; and E. E. Peters, Chief of Police of San Antonio. I cannot strongly enough express the admiration I have for these men and the appreciation of the Committee on Government Operations for their testimony. The testimony of these police officials was outstanding. Their understanding and frank discussion of the very tough problem of handgun control is a most encouraging indication of the quality of the police leadership we have in so many places in this Nation. The people from their respective communities ought to be very proud of each of these men.

Senator Percy and I were so impressed with the caliber, importance, and quality of the testimony by these police chiefs that, at the conclusion of my statement, I will, on behalf of myself and Senator Percy, ask unanimous consent that the transcript of the testimony of these police chiefs be printed in the Record so that those of our colleagues who were not present can have the benefit of the wisdom and insight of these police officials.

A number of specific matters addressed by the police chiefs were especially important. Four of the five police chiefs strongly advocated a complete ban on the manufacture, sale, ownership, or possession of handguns. It was clearly stated that the police chiefs were asking for handgun control, not firearms control, rifle control, or shotgun control.

I was shocked to learn of the magnitude of the problem caused by the possession and use of handguns by children while in school. Sheriff Pitchess stated that in the last year in the city of Los Angeles alone, 30 murders had been committed in the schools and 211 handguns had been confiscated in the schools during the same period.

The police chiefs were very critical of Congress for not enacting strong handgun controls despite the support of the vast majority of the American people for such controls. Sheriff Pitchess of Los Angeles County related interesting facts concerning his political career and the power of the NRA and the rest of the gun lobby. Sheriff Pitchess, who has taken a strong position for handgun control, was strenously opposed by the NRA and the gun lobby in his latest election last June. In spite of the fact that he is a Republican in a county—with a population of 7 million—where there are 2½ times more Democrats than Republicans, Sheriff Pitchess received 79 percent of the vote.

Far too often the topic of handgun control is discussed on a philosophical and emotional level. However, no problem so affects the quality of our life as the reality and fear of crime. The police chiefs predicted that the American people will question those who call for law and order and a reduction in crime while opposing what the police chiefs believe is the single most effective measure to combat violent crime—handgun control.

Mr. PERCY. Mr. President, I am happy to join with my distinguished colleague, Senator Ribicoff, who is going to insert into the Record five articulate statements which were presented by a panel of chiefs of police at hearings of the Government Operations Committee on October 8.

Through six Congresses now we have debated gun control. Hearing transcripts on this issue run into the thousands of pages. Yet when we look at our record of substantive action there is little to be proud of. In 1968, Congress passed a gun control law so full of loopholes as to make it a virtual sham. In 1972, legislation to ban "Saturday Night Specials," cheap handguns with no other known purpose than to commit crimes, failed to make its way through the entire legislative process. And in the interim, while we have talked and debated, the death statistics have continued to mount. While in 1963, 4,200 Americans were murdered with handguns, by 1974 that figure had risen to 12,000. Think for a moment what that statistic will look like in 1986 if Congress continues its record of inactivity on gun control.

The testimony of the five police chiefs who appeared before the Government Operations Committee provided a great service to this country and this Congress by portraying in vivd tones just what the present realities are. As we all know, it is the police who have to deal with crime in its most tangible, ugly, and dangerous form. It is the police who put their lives on the line to protect us, the private citizens, from the dangers of crime. And now it is the police who are falling victim in ever-increasing numbers to the handgun.

I believe the message of the chiefs of police should be read by every Member of Congress as well as every staff member who is genuinely concerned with the rapidly growing problem of violent crime in our society. For this reason, Senator Ribicoff and I are having these statements printed in the Record. Once the facts are plainly known to all. I see no reason why sincere Members of Congress will not rally around equitable controls on the easy access of handguns to potential criminals in this country .

Mr. RIBICOFF. Mr. President, I ask unanimous consent that the transcript of the testimony of the five police chiefs be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Presidential Protection and Firearms Control, Wednesday, October 8, 1975, U.S. Senate, Committee on Government Operations

TESTIMONY OF POLICE CHIEFS

Chairman Ribicoff. Our next group of witnesses are a panel of police chiefs from some of the major cities of our nation.

Robert DiGrazia of Boston; Reggie Eaves of Atlanta; Pete Pitches of Los Angeles; Hubert Williams of Newark; and E. E. Peters of San Antonio.

In behalf of this Committee, I want to express our appreciation for your taking your time from your very, very busy schedule to give us the benefit of your views.

When all is said and done, you are the men with the basic responsibility of protecting the lives of the people of your respective cities. You are the symbol. You keep getting the rap for every failure or every ill of society, and you have got the difficulties. You really are in the front lines day in and day out.

We have a basic problem when it comes to guns. We are very, very anxious to get the point of view of you men. What you tell us, in my opinion, has great meaning to the Congress and the people of our nation.

As we have it listed, Robert DiGrazia is the first witness. Would you like to make a statement, Mr. DiGrazia?

TESTIMONY OF ROBERT DIGRAZIA, POLICE COMMISSIONER, BOSTON, MASS.

Mr. DiGrazia. Thank you, Mr. Chairman. Thank you for giving me the opportunity to present my views on handguns. It is gratifying to see this important issue the focus of the committee's study.

I will not inundate you with statistics, nor shock you with horrifying stories of the gruesome toll caused by handguns. I have no new or surprising study which clearly and emphatically proves my point of view. The facts and studies have already been documented. I come before you today to just talk common sense.

Let me begin by clarifying a point. I am not in favor of gun control. I am for handgun control. The term gun control is a misnomer which has aroused passions and confused the issue. Some people have come to believe that the control of handguns is the first step toward taking all guns away from people. I am not now, nor will I ever be, in favor of restricting people from owning rifles or other long-arm guns for the purpose of sport. My concern is for the handgun, which is both concealable, and deadly and which, in a civilized society, serves no useful social purpose.

It is my view that law must banish private handguns from this country. I am not asking for registration or licensing or outlawing cheap "Saturday Night Specials". I am saying that no private citizen, whatever his claim, should possess a handgun, only police officers and the military should. I want to see this accomplished by outlawing the manufacture, distribution, sale, ownership, and possession of handguns. During the first 6 months after the law is passed, all handgun owners should be permitted to turn in their guns, receiving fair market value for them. After the end of that amnesty period, anyone caught with a handgun in his possession should be severely punished. Any crime committed with one, should be punished far more severely than that same crime committed without a handgun.

Many people think this is a radical position. My position is not radical. It is the current situation which is radical and unreasonable. They ask "Wouldn't you accept something less"? My answer to that is "No." Let me explain why.

As long as we have handguns available citizens will continue to accidentally shoot one another as well as themselves. Lives and limbs will be lost needlessly. They will continue to be the main source of violent crime. It is often said that guns don't commit crimes, people do. The supposition here is that if handguns were not available the criminal would find something else. Undoubtedly, this would be true in some cases, although it may not lead to as many deaths. However, in many other cases, the unavailability of a handgun could mean the noncommission of a violent crime. The wife and husband arguing would not be able to grab a handgun and easily end a life. Attempts on the President's life could not occur as frequently or as easily without a handgun. The juvenile robber might not have the perverted boldness to commit his crime without the handgun. The concealability of a handgun, its depersonalized lethal nature, all give him the slight psychological edge needed to commit his crime. Given another weapon, he might not think he has the force to commit his crime. With a handgun he knows he has the ultimate force, the power to easily kill. In short, people do commit crimes, but handguns make it easier and in some cases inspires the commission of violent crimes.

But, some will ask, why the elimination of handguns? Why not the registration of handguns so that only responsible people would have guns. This is just not practical when you look at the millions of guns stolen each year and the thousands stolen right after they are manufactured. As long as handguns are available, irresponsible people will have them. The only way to keep them from being used improperly is to keep them from coming into existence. Eliminating Saturday Night Specials might remove the cheap handgun from circulation but millions of other handguns will still be available. In effect, it won't solve the problem, just up the ante.

I am asking for the abolition of handguns so that we can remove one of the root causes of violent crime.

If we abolish handguns and have people turn them in, won't only the criminals have handguns? In the beginning, the answer to this is probably yes. But that is what the police are for. We have been entrusted with the responsibility for personal protection. Individuals need not, and in fact will not be safer by carrying their own handguns. America has not yet returned to those yesteryears where one gun toting citizen must protect himself against another gun toting citizen. In our more civilized society we have turned the use of legal force over to the police. The police will continue to protect citizens against harm while handguns are removed from circulation. It will take time, but eventually the handgun will be as rare as the buffalo roaming the prairies. Perhaps then we will be as safe from the carnage of handguns as other civilized nations which long ago eliminated this lethal anachronism.

People have argued with me that if we abolish the handgun because it causes death then we should abolish the automobile because it causes more deaths than the handgun. There is however one significant difference between the automobile and the handgun. The former has a useful social purpose while the latter has none. It is important that people be able to easily move from place to place in our mobile society. It is unfortunate that a byproduct of this is accidental deaths and injuries. But what purpose does the handgun have? Its primary purpose is to kill or maim. It is a "people hunter," it is a "people killer." It is not just unfortunate, but predictable, that it not only causes accidental deaths and injuries but also causes intentional deaths and injuries. We are forcing manufacturers to make cars safer with seat belts and other safety devices with the hope that cars will eventually be safe to serve their intended purpose. But how do we make handguns safe? How can we make them safe when their only purpose is to do harm? My answer is to eliminate them. Those few who believe they have a right to shoot their handgun for target practice—although it is legally clear they have no constitutional right—must give up this enjoyment of a trivial social significance for the greater social good.

For these reasons, I am here today to plead with you for some national action against the spiralling menace of handguns. As a police commissioner, I urge you to take action to save the lives of my police officers and the lives of the citizens of my city and reduce the fear of violent crime. If we are to make serious inroads into the reduction of violent crimes, then you must do something about the facilitator of violent crimes.

Only you can take the necessary step. National legislation is needed because scattered tough state laws can't do the job. Guns don't observe state boundaries. As long as there is a pool of handguns available there will always be the same problems. Congress must take the first step since the President won't.

I am woefully distressed at President Ford's package on crime. The control of handguns was not meaningfully addressed. As I said earlier, Saturday Night Specials are not the problem—all handguns are. Severe punishment after the fact does not prevent violent crime. I can imagine the terrible burden of issues facing the President. With worldwide crises and national problems of all types it may appear that the handgun control issue is peripheral and even philosophical. It is however a problem, the consequences of which I see and deal with every day. I therefore, humbly, but vigorously disagree with the President's position, or rather lack of position, on handgun control.

The President has emphasized the importance of detente with Russia as an important ingredient to international disarmament. The Administration is deeply committed to international disarmament through the "SALT" Talks; it concerns me that the President does not see the arms race in this country. The proliferation of handguns has turned this country into an armed camp. We need a national disarmament so as to bring about national peace. I, therefore, call on the President to convene national "SALT" talks to begin national disarmament. While the international "SALT" talks stand for "strategic arms limitation talks," the national "SALT" talks could stand for "save American lives today."

As this nation approaches its 200th Birthday, it is perhaps appropriate to look at the goals set out for us by our founding fathers. The preamble of the Constitution declares the need to "Insure domestic tranquility" . . . Two hundred years later I would hope that we now see that national legislation abolishing handguns is the only step that will meet this goal.

Chairman Ribicoff. Thank you, Chief, for your hard hitting, lay-it-on-the-line statement. I wish that all those defenders of handguns in the United States Senate could have you as thier opponent. I commend you for your frank discussion of this very, very, tough problem.

I think we will withhold our questions until we have testimony from all the chiefs.

Senator Percy. I am anxious to hear the other witnesses. That is a hard act to follow. That is about as powerful a statement as I think I have ever heard and very convincing.

Chairman Ribicoff. Mr. Reggie Eaves, the Chief of Police of Atlanta.

Testimony of Commissioner A. Reginald Eaves, Department of Public Safety, Atlanta, Ga.

Mr. Eaves. Senators Ribicoff and Percy, I am pleased to appear before this distinguished committee of the United States Senate to offer some observations, some facts, some evidence and some strong recommendations regarding gun control.

During the past year, since becoming Atlanta's Commissioner of Public Safety, I have appeared before a United States House Committee, a committee of the Georgia Legislature, United States Conference of Mayors, city council of the city of Atlanta, and at meetings of local, State, regional and National organizations with the same message: Enact gun control legislation. In Atlanta, we have passed handgun control legislation; it was ruled unconstitutional. Bills are regularly introduced in the Georgia Legislature—and regularly die in committee, year after year after year. You all are aware of the similar fate of this legislation in the Halls of Congress. Nothing is done. Statistics continue to pour out of police departments daily about the deadly effect of handguns in America, and nothing is done. Our President is threatened twice in less than two weeks by would-be assassins with handguns and nothing is done.

It is frankly frustrating to repeat the same grim figures, and the same inaction but those of us who care about this preventable killing are willing to tell our story as long and as often as it takes; if we can get some meaningful national legislation passed.

From January, 1972 to April, 1975 there were 758 homicides committed in the City of Atlanta. 69.1 percent of those involved the use of handguns. Of the total number of homicides, 83.9 percent or 5 out of 6 were committed between people who knew each other! And of the 635 non-stranger to stranger homicides 381 or 60 percent were committed with handguns.

The same depressing figures are true of aggravated assaults. 7,064 occurred in that same 3¼ year span. 44.8 percent of those involved handguns. But the most interesting statistic is that the percentage of aggravated assaults involving handguns during this period increased at 14.9 percent annually, compared to a 14.4 percent for the total increase, so that the increase in handguns more than matched the total increase in aggravated assaults.

We have found that our tracing of handguns involved in Atlanta's crime in 1973 and 1974 indicates the principal source of the weapon is purchase at gun stores; that the principal sources of handguns in Atlanta are gun stores.

If a Georgia citizen wishes to acquire and keep a handgun, he must be 21 years of age, have a Georgia driver's license and must swear there is no prior conviction of a felony. That is all. Period.

A further breakdown of the 161 handgun homicides in Atlanta last year showed that 3 out of 4 motives for these homicides could be classified as ranging from anger and drunken argument to jealousy and revenge. Three out of 4 deaths, gentlemen, which I believe could have been prevented, were a handgun not available. Out of the total of 248 homicides committed in 1974, only 38 were related to robbery or rape.

A study of handguns confiscated in Atlanta's crimes for the second half of 1973 showed "The Saturday Night Special" accounted for 71% of the handgun-related crimes, with a total of 592 specials confiscated during that 6-month period. Most of the specials confiscated were originally purchased locally, primarily from 12 licensed dealers in Atlanta.

I could of course cite the staggering figures of tens of millions of handguns in the hands of Americans, both criminals and law-abiding citizens. I could speak about the practically non-existent homicide rates of those foreign countries which have outlawed firearms, such as Japan and England. I could also cite the number of homicides and assaults committed each year in America and the percentage involving handguns. But I won't repeat what scores of persons have already said.

What I have attempted to show is that the handgun is the primary weapon in both homicides and aggravated assaults; that most persons involved in those crimes in which a handgun is used are acquainted with each other. Further, I have tried to demonstrate that these persons commit homicides and aggravated assaults in agitated states and that preventing them from having handguns would significantly reduce these types of crimes.

As a member of LEAA's Task Force on Disorders and Terrorism, I have seen much evidence clearly pointing to the impact of weapon screening at airports. Since airports have implemented these screening procedures, the number of airplane hijackings and terrorist actions have dropped tremendously. As a result, millions of airplane passengers can and do fly safely and without fear.

I speak today as not only the police administrator of a major representative city in the southeastern United States, but as someone who is in constant contact with law enforcement and criminal justice officials on all levels throughout the United States. Let me then say to you there is a growing consensus that handgun control is not a matter of choice, but of necessity. It is no longer a question of whether, but how long before we stop this armed madness by national legislation. The hour is late; and the crime statistics continue to climb. But it is not too late. The first step is in the hands of Congress and, in my opinion, must be taken soon.

And I must concur with my colleague, Mr. DiGrazia, by saying emphatically that we are talking about not just the Saturday Night Special. We have to talk seriously about the banning of handguns period, not only the banning as locally talked about, but nationally, to prevent the manufacture, the possession, the sale of handguns, and I believe we can eventually return this country to the kind of sane society we all wish for.

Chairman Ribicoff. Thank you very much, Chief.

Chief Pitchess of Los Angeles, please.

TESTIMONY OF SHERIFF PETE PITCHESS, LOS ANGELES COUNTY, CALIF.

Mr. Pitchess. Mr. Chairman, Senator Percy, for the record would you please refer to me as Sheriff of Los Angeles County? That is a small county located on the shores of the Pacific with about seven million souls that suffer the same problems as they do on the East Coast.

I am also Chief of Police of 30 cities by contract, if that means anything to you.

I am here today to avail myself of the opportunity to discuss the insidious problem of handgun ownership. My position is simple and clear. I am in favor of banning the private possession of handguns except for law enforcement and military personnel. I am not in favor of the registration or licensing of handguns, rifles, or shotguns, merely because such regulations would be totally unenforceable and entirely too expensive. Quite frankly, registration and licensing will accomplish nothing toward reducing the total number of guns in this country and will have no impact on the wanton slaughter that we are witnessing as a result of the proliferation of guns in our society.

I am hopeful that this Committee will be able to take positive steps toward undoing what has become a national disgrace. Of course, I was similarly hopeful three years ago when I testified before the House Committee on the Judiciary. They listened patiently, nodded their heads wisely, and have unfortunately, accomplished absolutely nothing since then. The reasons for a lack of action on the subject of handguns should be obvious, even to the most naive observer. Most politicians are fearful of the consequences should they speak out in favor of limiting the availability of that tool of death. It is a weapon that is designed for, and utilized for, killing people. The handgun has a romantic history in this country and, as a result, there are certain groups of people, or perhaps I should refer to them as voters, who refuse to recognize that we are approaching the 21st Century, that the world is becoming crowded, that social and moral values are changing, and that providing the means for every citizen to have easy access to deadly weapons is just no longer acceptable. The time is past due for the political leaders in this country to stand up and meet their responsibilities, to provide the safeguards necessary to allow our citizens the right to lead peaceful lives, and to finally approach the problem of handgun control head-on.

The problem is not new. It has been escalating rapidly since John F. Kennedy's assassination in 1963. I am sure that you are all familiar with the staggering statistics reflecting death, injury, misery and heartbreak that has been wrought by the handgun. In fact, you are probably satisfied by them to the point they no longer carry the proper impact. Rather than use statistics to show a need for legislative action, I would call your attention to the hearings and studies conducted in recent years to bring the facts to the attention of our citizens and our political leaders.

Starting in 1967, we had the President's Commission on Law Enforcement and Administration of Justice, established by Lyndon Johnson to study the relationship between the easy availability of firearms and violent crime. This Commission recommended specific federal and state legislation to regulate the purchase, transportation, sale and possession of firearms. Also in 1967, the National Advisory Commission on Civil Disorders was appointed. This body noted that federal gun legislation is essential to make state and local laws fully effective.

In 1968, The National Commission on the Causes and Prevention of Violence recommended that federal law should prescribe minimum federal standards for state firearms control systems.

In 1970, The National Commission on Reform of the Federal Criminal Laws recommended federal legislation to control firearms.

In 1972, The National Advisory Commission on Criminal Justice Standards and Goals was established. The former Governor of Delaware, Russell Peterson, was chairman and I had the privilege of serving as vice chairman of that body.

The Commission reached the conclusion that the private use and possession of handguns infringe on the right of the American public to be free from violence and death caused by the use of these handguns. Rights and freedoms cannot exist without recognition of the concept that one person's rights can exist only to the degree that they do not infringe on the rights and freedoms of another.

All five of the Commissions I have mentioned unequivocally called for a concerted and dramatic effort toward handgun control. As early as 1967, they documented the undisputable fact that the safety and welfare of the public and the maintenance of ordered liberty cannot tolerate anything less. Still, nothing has been done. Why? It can only be laid on the doorstep of political expediency. The need is overwhelming, yet ignored.

I would like to repeat the statement I made before the House Committee in 1972. The handgun is made for killing people, and I challenge anyone to disprove that statement. We would not have millions and millions of handguns in this country if they were only designed for target shooting and collecting. It is absurd to use such hobbies as justification for their presence.

I have noticed the phrase, "Handguns don't kill people, people kill people", in the news lately. If we accept such ridiculous logic, then there is no reason to restrict people from owning machine guns, hand grenades and bombs. After all, we have nothing to fear from such weapons so long as the people who possess them behave. Such logic is utter nonsense.

It is people and hanguns that kill. Separate one from the other and the problem of unrestrained homicide and bloodshed no longer exists.

I fear that America is in grave danger of losing her greatness and her standing among the nations of the world. We have shown ourselves to be impotent in the face of a tidal wave of death and crime. It is a national disgrace when we must fear for our President's life, every time he is within shooting range of the public, when every kook and "crazy" in the country can easily obtain the means to gain worldwide notoriety and fame through assassination. When we take a gun away from a potential assassin and they can turn around and get another gun the very next day, there is something gravely wrong with our system. It is an intolerable situation that cries out for remedial action.

In directly addressing the subject of discussion today, I would say "Yes", there is a tremendous need for federal legislation to restrict the ownership of handguns; "Yes", it is essential that our nation's lawmakers get off the fence and perform their duty to the law-abiding citizens in this country; and "Yes", we need federal legislation right now. We needed it years ago and the need grows greater each day.

I emphatically urge that this committee take the necessary steps toward gaining federal legislation to control the proliferation of handguns in the United States. We need legislation to control the manufacture, sales, and the private possession of the handgun and we need it now. Many of the leaders in law enforcement personally support this type of legislation but are fearful of taking such a position publicly due to the political implications. There must also be laws enacted that would mandate prison sentences for those who commit crimes while armed with a handgun. No matter what course we follow, we should not lead the public to believe that this problem will be quickly solved. Dramatic results may not be observed for five, ten, or even twenty years. We can, however, take steps to reverse the trend of murder and violence in our communities. We must halt the spread of this plague that is reaching into the homes of thousands, perhaps millions, of our friends, neighbors, and families. None of us are immune.

The system, or non-system, we have been following and which has allowed for the possession of handguns just hasn't worked. It is time to try something else. No longer can our society indulge in the luxury of handguns.

Thank you.

Chairman Ribicoff. We will now hear from Chief Williams.

TESTIMONY OF HUBERT WILLIAMS, POLICE DIRECTOR, NEWARK, N.J.

Mr. Williams. Mr. Chairman and members of the Committee, I am Hubert Williams, Director of the Police Department in Newark, N.J. My purpose in being here today is to emphasize my deep and growing concern about the uncontrolled proliferation of handguns throughout our country and the dramatic increase in violent crimes against persons.

As the administrator of a police department with over 1,600 sworn officers, it is my public responsibility to protect the lives and property of 386,000 residents of Newark and the 150,000 non-residents who commute into and work in our city. In carrying out that mandate, I have a dual responsibility to both the public and to the officers whom I command, and for both of these groups the threat of violence by handguns is alarmingly great. The level of violent crime involving handguns and the fear of such crime has a pervasive effect on the quality of life in Newark and other cities throughout the country. And, in addition, the extent of such violence and the frightening proliferation of handguns immeasurably complicates the job of providing adequate police service to the public.

These general opening remarks lead directly to two important conclusions. There can be little disagreement with the first conclusion: Violent crime, particularly crime involving handguns, must be reduced drastically if our cities and towns are to be safe and livable. Second, to reduce the level of violent crime, strict control on the availability, possession, and use of handguns must be introduced.

As the Committee opens its hearings today, it must surely be noted that in no other country could the merits of these two conclusions be debated as endlessly and as fruitlessly as has occurred in the United States during the past several years.

This thought is expressed dramatically by Richard Hofstadter in an article entitled, "America As A Gun Culture":

"In all societies, the presence of small groups of uncontrolled and unauthorized men in unregulated possession of arms is recognized to be dangerous. A query therefore must ring in our heads. Why is it that in all other modern democratic societies those endangered ask to have such men disarmed, while in the United States alone they insist on arming themselves?"

And we must ask whether our nation can continue to permit the virtually free and uncontrolled commerce which presently exists in handguns, a commodity which is carefully designed and skillfully manufactured with only one purpose—to provide an instrument of death which can be concealed readily, drawn with no warning, and used with awesome and effectiveness on friend and foe alike.

The inescapable facts are that handguns are used in a large and increasing proportion of violent crimes and that handguns are terribly effective in accomplishing their intended purpose. Nationally, according to the FBI, 53% of the 19,510 murders reported in 1973 were committed with a handgun. Studies have shown that a gun is five times as likely to cause death than is a knife (Source: Newton and Zimring), and it can thus be said that the presence and use of a handgun as a choice of weapon converts many atrocious assaults into murders because of the handgun's greater effectiveness.

Such a conclusion is consistent with an observation that is well known to the police. Many murders are not premeditated, and FBI statistics show that in 72.6 percent of homicides in 1972, the victim and perpetrator were either members of the same family, acquaintances, or lovers. The term "crime of passion" is very descriptive of a substantial portion of assaults and murders, and while reducing the number or rate of such crime is a very difficult law enforcement problem, reducing the severity of such incidents could be accomplished by reducing the availability and possession of handguns. A study in New York City supports such a conclusion through statistics showing that 73% of the murders in 1972 were carried out by persons who had never before broken the law (Lindsay: "The Case For Federal Firearms Control").

It is difficult to avoid the conclusion that handguns directly contribute to increasing the severity of crimes, if not the actual number. Statistics from Newark certainly bear out the general conclusions concerning violent crime. During 1974, officers in my department responded to 2,877 incidents in which a firearms was used, and this figure included 52 homicides, 1,322 armed robberies, 331 aggravated assaults with a gun, 237 cases in which a life had been threatened with a gun, and 74 cases of vandalism. Forty percent of the homicide were committed with a handgun, and approximately half of all homicides occurred in family disputes or brawls. In addition, we arrested 469 persons for possession of a dangerous weapon, and confiscated 358 illegal guns. And these general statistics tell only part of the story, because our research staff has only during the last year established improved reporting procedures and begun to analyze carefully the patterns and trends in handgun and firearm usage.

An even more ominous trend which can be seen in Newark and other cities is the rapid increase in gun violence by juveniles. In 1974, the Newark Police arrested 18 youths between 12 and 18 years of age for homicide committed with a gun. These 18 juveniles constituted approximately 25% of the total of 75 perpetrators of homicide with a gun. Like many cities, in Newark the level of violence by juveniles has been increasing steadily and dramatically, and the availability of handguns is an important factor in the growing seriousness of juvenile crime.

Officers in my department estimate that there are over 50,000 illegal guns in Newark. While it is difficult to know exactly where these guns come from, we do know that a significant portion of them are brought in illegally from South Carolina, Virginia, Georgia, and Florida. Many others are stolen from manufacturers, retail outlets, and private residences. Unfortunately, there is presently no requirement that forces people to report theft or losses of their firearms to the police department.

My State, New Jersey, has what is considered by most standards to be a strict gun control law. Under this law, which was passed in 1966, a person must apply to his local police department for a permit to purchase a handgun and for a special firearms identification card to purchase a long gun. The applicant must be photographed and fingerprinted and a character investigation is conducted as to criminal convictions, mental incompetence or narcotics addiction. A seven-day waiting period is stipulated between the date of application and receipt of the permit. A separate permit is needed to carry a concealed weapon. As of 1972, approximately 134,000 applications for the purchase, of pistols and revolvers had been approved by local and state police in New Jersey. At the same time, 2,500 were denied, of which 48.6% involved persons with criminal records.

While this law deters a certain amount of gun proliferation, it has not solved our gun problem in New Jersey. At the present time, for instance, manpower shortages in police departments have caused a backlog of 16,000 gun permit applications to be processed. But a more serious matter is that residents of New Jersey continue to buy firearms in other states and bring them back illegally. Also, this law does not mandate registration of all firearms in circulation, nor does it effectively regulate the private transfer of guns between citizens. And, as I mentioned before, there is no system to account for stolen or lost guns. One major concern that I share with the police officers in my department is the need to control the source of the firearms, be they retail merchants, wholesalers, or the manufacturers themselves.

Crime is a local problem, but handgun control is a national problem. Dealing with crime effectively at the local level is dependent to a great degree on whether or not strict Federal controls on handguns will be introduced.

The fact of the matter has been and continues to be that state and local efforts to control handguns and handgun violence cannot succeed without strong national controls. The issue at the national level is not one of crime, however. It is a question of commerce.

Crime, handguns, and commerce in handguns go together appallingly well. Although 37 States have some form of gun control laws in effect, not even the strictest of these statutes can affect the interstate commerce in handguns.

And we are clearly talking about commerce on a large scale. During the 10 years examined in an Eisenhower Commission study, from 1959 through 1968, 10.2 million handguns were added to the civilian population. This is a frighteningly high portion of the 29.4 million total of all firearms, both long guns and handguns, added to the civilian population during those years.

However, my basic observation is that 10.2 million handguns is big business, and it is a business which is almost self-perpetuating. As a police administrator, it is my conclusion that the proliferation in handguns contributes to more serious crime, which contributes to more fear of crime, which contributes to more handgun sales (supposedly for protection), which in turn contributes to another round of the same cycle. The only winners on this self perpetuating cycle are the gun manufacturers. The public is the clear loser. And the police are caught in the middle with a massive problem which is beyond their present powers to control.

This commerce in handguns simply cannot be controlled at the local level. It is an interstate commerce problem. It is an interstate transportation problem. It is an interstate law enforcement problem. To control the local problem of crime we must also control the national problem of the manufacture, sale, transportation, and distribution of handguns to civilians. Only then can we at the local or state levels begin to control within our jurisdictions the possession, sale, and criminal use of handguns, and through such control inevitably improve the prevention and control of crime within our society.

Chairman Ribicoff. Thank you very much. Mr. Peters of San Antonio.

Testimony of E. E. Peters, Chief of Police, San Antonio, Tex.

Mr. Peters. Thank you, Senator Ribicoff.

I appreciate the opportunity to come before you, even though my view may be described as being a bit more moderate than that of at least two of my colleagues, Commissioner DiGrazia and Sheriff Pitches.

However, total abolition of guns in Texas, I am afraid, would be unacceptable. I draw this inference from the mood of the legislators during this last legislative session.

In San Antonio this year, we have, for the first 8 months had 92 murders—projecting this figure for the year would give us a potential murder total of 138 by the end of the year.

To be consistent, I'll confine my statistics to the eight months. Of these murders, 60 were committed with handguns. During this same period, we experienced 595 armed robberies and 419 assaults with a firearm, for a total of 1,074 violent crimes committed with a firearm.

Despite the fact that it is against the law to carry a firearm, I believe it follows from this that surely something should be done to curb this blatant disregard of the law—or perhaps I should call it, the flaunting of lawlessness.

In Texas, it is a Class A Misdemeanor to carry a prohibited weapon—handgun—other than on one's own premises. It becomes a felony, 3rd degree, if occurring on any premises licensed for the sale of alcoholic beverages. Likewise, the 1st condition—misdemeanor—becomes a felony if the person so carrying has been previously convicted of a felony.

In our city, my department has booked 580 persons during this period for unlawfully carrying a firearm—this figure does not include the persons charged with a more serious crime such as murder or robbery. Nevertheless, 880 arrests last year and 580 this year thus far, have failed to have any impact whatsoever on the gun-packing individuals.

A question frequently arises regarding the trafficking of guns interstate or across the border. At this time, guns are moved from the U.S. into Mexico as guns are hard to come by south of the border. In candor, I might say that this is not effecting our problem of "shoot-outs" and robberies. However, I recognize that this could become a two-way street, especially as the import of foreign-made guns becomes more difficult and certainly, any tighter restraints or stiffer penalties are in order. Yet, eventually we run into the same old problem at the enforcement level—the "Rights of the People"—against unreasonable search—or is it unreasonable?

What is the answer? In our State Legislature this past spring, some six bills were introduced, half aimed at outlawing the sale of cheap handguns of inferior metals, the other to require the registration of all handguns with the State police agency.

None of the proposed bills in Texas passed and personally, I could not get real enthused anyway because in none of these proposals, were there any real improvements with regard to sentencing the convicted. The usual is a fine or probated sentence. If the person is convicted of a more serious crime, murder, robbery, etc.; the gun charge is generally dropped.

I feel that we are past the time of adding additional laws to the state books, as long as the sentencing practices continue so inconsistent and meaningless. No one is going to jail for carrying a prohibited weapon—would they be sentenced to jail for failing to register a gun? Hardly.

On the other hand, if the outlawing of certain guns and/or the registration of all handguns, including good regulations governing the purchase or transfer of a handgun, are enacted at a Federal level, I believe the regulation would carry more punch. Reason: Generally speaking, the criminal or "would-be" criminal holds a deeper regard or fear of violating a Federal law. At the same time, I do not think a law or laws to take away—whether to buy or confiscate all the guns held by individuals, is workable as I feel it is totally unacceptable to our citizens.

Finally, I mentioned above, the lack of Court "followthrough"—This I blame for the failure of our system, to provide a "deterrent" to crime—gun toting included. Serious thought must be given to some mandatory sentences—for one—crimes committed with a gun such as robbery, murder, rape. Let's take away the gun and destroy it in the lesser category of unlawfully carrying. Forfeiture of the "right to bail" when charged with the commission of a Felony, committed while out on bail for a previous felony. Eliminate the granting of probated sentences to persons previously convicted of a felony.

Experience is showing us that the repeat offender is causing 60% or more of our crime. Therefore, rules to guarantee taking the repeater out of society is going to be the only certain way to effectively overcome the problem. Thank you.

Chairman Ribicoff. Thank you, very much.

Frankly, your statements have been so powerful and so important that almost all the questions have been answered. But I would like to have some discussion with you gentlemen to have the record complete.

I gather from what you say that a very large percentage of violent crimes within your jurisdiction involve the use of guns. Would that be correct?

Mr. DiGrazia. Correct.

Mr. Eaves. That is correct.

Chairman Ribicoff. What do you estimate would be the drop in violent crimes in your cities if you didn't have hand guns? What difference would it make in the crime rate in your respective cities? Any of you gentlemen.

Mr. Pitchess. I can say this: I couldn't predict, any more than anyone else could, but I would say it would be very, very significant, because, of course, the handgun is concealable, and is more readily available and is used in more instances. So there is just no question; simple logic indicates it would be significant.

Chairman Ribicoff. Chief?

Mr. DiGrazia. I agree totally. The greatest problem, of course, is the concealability of it, availableness. People can walk down the street and walk quickly into a store and pull an armed robbery where, of course, it wouldn't be as easy to put a rifle under your coat and conceal it. It gives the person that power they feel they have got to have unless they have a handgun.

Mr. Williams. It is difficult to estimate the initial impact. I feel it would be substantial, but I think in the long run we could look to the other civilized nations, for example Japan, that has virtually no homicides—no murders with handguns. If we in fact eliminated the weapon, I think we would save a lot of lives of police officers, we would save a lot of lives of individual citizens, and I believe the liberties and freedoms of the people would be more secure under those circumstances, because it seems clear to me that the police have to arm themselves more in order to protect themselves. One hundred and thirty-four police officers died last year through firearms. Handguns contributed the bulk of that.

As police departments move progressively to heavier weapons, hollow-nosed bullets, move to heavier armament, I think this is an endangerment to basic freedom and liberties. The only way to alleviate that is to eliminate the problem, and the source of the problem is the handgun. It affects our lives in many more ways than the death statistics that we, as police chiefs, count at this table. It affects the liberties that we talk about protecting.

Chairman Ribicoff. In other words, you give a gun to a criminal and you put him in an equal position to that of a police officer.

Mr. Williams. That's right.

Chairman Ribicoff. He's got a gun. He can take on a cop, he can hide, he can shoot down a cop.

Yes, Sheriff Pitchess.

Mr. Pitchess. That isn't exactly a correct statement. I don't mean to contradict you.

Chairman Ribicoff. No, no, I am just trying to get this information.

Mr. Pitchess. The criminal is under no restrictions in the use of that firearm and the police officer is under considerable restrictions and progressively is getting more so.

Chairman Ribicoff. If so, in other words, you make him superior to a police officer.

Mr. Pitchess. Exactly. Many law enforcement agencies refuse to use the hollow-point bullet because some people have a hangup on it. There is nothing that prevents a criminal from using the hollow-point bullet or any kind of lethal device that he wishes to use. That is why there is not an equal level of position.

Mr. DiGrazia. Senator, there is always great concern about the need for everyday citizens to arm themselves because they feel that everyone else has a weapon. Things are so bad that in that situation, as far as the City of Boston is concerned, we have a toy weapon that looks like something stolen from the Army, a .45 Colt, that has the Army inscription on it, and everything else. It cannot fire. But it is an exact replica in every other way of a U.S. Army Colt .45, and it sells for $38 in the City of Boston so that people can go around and have that feeling and hopefully, I guess, in their minds if someone sticks a gun in their ribs, they have got a gun to display also.

Chairman Ribicoff. You gentlemen can interrupt or interject any time during this discussion.

Mr. Eaves.

Mr. Eaves. Senator, I would just suggest to you that I think the impact would be a bit more tremendous that most of us would anticipate because most of the crimes—not most, a significant number of your crimes are committed by teenagers, and they really feel superior with the use of a handgun. I think once taken out of their hands you will cut down on the number of teenagers involved in aggravated assaults and homicides.

Chairman Ribicoff. Are you finding from your experience that teenagers are more and more being involved in homicides and aggravated assaults?

Mr. Eaves. Absolutely. As a matter of fact, I was talking to the Director of the F.B.I., Mr. Kelly, I think it was in March, and he indicated that roughly 50 percent of such crimes in certain areas were committed by teenagers, under the age of 19. I think that is significant.

If you can just take that false superiority and false security from them, I think you will see a tremendous drop in crime.

Chairman Ribicoff. So to a great extent our failure to enact gun control legislation with any bite, so to speak, is encouraging crime?

Mr. Eaves. Absolutely.

Chairman Ribicoff. Why is it that those who are hollering the most that we must have law and order are those who are most oppposed to having any gun control? What is the psychology involved?

Mr. Peters.

Mr. Eaves. I think they are victimized by a series of myths. Such as, that guns don't kill people. Obviously they don't, someone has to pull the trigger. But if that gun is there, it causes the rate of homicide to go up.

Chairman Ribicoff. As Sheriff Pitchess said, if you follow that reasoning, what about machine guns, hand grenades, and atomic bombs, Mr. Peters?

Mr. Peters. Another view is, I think, many of them feel only the people who believe in law and order would register the guns and turn in the guns and the criminal would not. He operates outside of the law anyway, so it would just be another law that he would be breaking by still having the gun.

Then I guess some of the statistics that show that so many of the armed robberies are committed with the use of a stolen firearm probably lends to this, too.

Chairman Ribicoff. Do you find that the person who has a gun in his household is more protected against crime than a person who does not?

Mr. Pitchess. The statistics pretty well dispute that. Just to give you a rough figure off the top of my head, it has been conservatively reported, and I think can be supported, that for every robber stopped by a homeowner or a store owner with a handgun, four homeowners or members of their family suffer death in a gun accident.

Mr. DiGrazia. If someone is truly concerned about safety in a home, they should go out and get themselves a beautiful German Shepherd and it can be a pet and also a protector. I think it is a falacy for someone to say because they have a handgun in their home that they are safe. Are they going to answer the door every time with the .45 strapped to their waist?

Chairman Ribicoff. Do you find that you have been able to end the traffic or stop the traffic of guns in your cities and States? Is it really, even potentially possible for you to handle this problem yourselves?

Mr. Eaves. Only with coverage by national legislation. To try it on a local level just shifts it around from place to place.

For example, I plan a series of raids soon to hit areas where we have a great many assaults. You will shift that and you will confiscate a few weapons and put a couple of people in jail, and they get fined $25 or $15 and they are sent home. Then they shift to another place.

But without national legislation, even though you can clamp down on the sales in some States by law, they can just go to Georgia or to South Carolina or to Massachusets or some other State where it is not prohibited, pick up that weapon and return home.

Chairman Ribicoff. Have you gentlemen found in your experience that the Bureau of Alcohol, Tobacco, and Firearms has been effective in stopping the traffic in guns?

Have you found that in your jurisdictions?

Mr. Williams. They have only 1,600 men.

There are approximately 150,000 gun dealers they have to deal with, and their function goes beyond merely handling guns. So clearly they are not set up to be effective.

Based on the tremendous trafficking of hardware in these guns and the flow from the South, where they can be purchased easily, where there are virtually no restrictions, it is clear they haven't been effective. I think they would be the first to admit they haven't been effective, and they would probably give all of the reasons why.

But even if you substantially increase the manpower in that agency, and even if you reduce the number of licensed premises that they would have to deal with, which I think are two steps that should be taken, that still would not deal with the problem that is basically a national problem; namely, the placing into the flow of commerce of dangerous weapons; it wouldn't deal with the 40 million weapons—that is handguns—that we have at a minimum existing in this country today; we would not deal with that problem unless we take stronger and firmer steps; and that is why I think virtually everyone on this panel has urged this Committee to stop the manufacture of handguns and the importation of handguns.

Chairman Ribicoff. Let me ask you this: Senator Javits, who is a very able and also a very practical man, who sees the difficulty we have in passing any gun legislation, has come up with the suggestion that we try to demarcate some separate rules affecting urban areas, high crime areas, as opposed to rural areas.

Would that have any significance? You are all from urban areas, and your areas would be affected. Do you think we could work something out similar to Senator Javits' proposal?

Mr. Williams. I am not absolutely certain. I believe that the proposal speaks to an increase in crime in a particular municipality, 20 percent above the national level, or 10 percent over what the crime rate was the previous year.

Senator Javits. Correct.

Mr. Williams. I don't know why the figure 10 percent was established. That seems to me——

Chairman Ribicoff. We can change those figures. I think the concept of Senator Javits has great appeal, and is a very pragmatic one. Of course, I don't want to speak for the Senator, he is here himself. But the great difficulty is with the rural area's representatives in Congress. I think you would find that most Senators and Congressmen who come from urban areas would like to see gun traffic stopped, and yet we have such great difficulty in passing this legislation.

Could you conceive of legislation that would be effective if we could make this demarcation?

Senator Javits. Mr. Chairman, may I add one point, it relates not just to the municipality, but it relates to the standard metropolitan statistical area, which means the economic area, including urban areas and surrounding suburbs which is generally defined as the metropolitan area.

I just wanted you to have that in mind.

Mr. DiGrazia. I think we still have to look at the fact that we are a highly mobile society and that handguns are floating across this total country of ours, not just in certain areas. It would be the same way as if we had a very strict law in the State of Massachusetts, as an example, and you don't have one in Connecticut, Rhode Island or Vermont. It is too close and somebody can import them in from those areas. I think it would be the same thing exactly with that type of legislation because it would allow weapons to be sold, purchased, and possessed in other areas of the country and they would find their way into the urban areas of our country.

Chairman Ribicoff. If I may interrupt, how effective has been the Massachusetts law, Chief? It is one of the most stringent in the Nation. How effective has it been?

Mr. DiGrazia. We haven't seen any big change at the present time. It has only been in effect since April 1 of this year.

One of the problems right away is the mandatory sentencing. It appears that people are finding ways out because of that mandatory sentencing. The judges seem to be not as enthusiastic about applying that punishment; so there is pleading for a lesser crime, or if it goes to a jury trial, the jury tends to find the person not guilty.

Senator Javits. Mr. DiGrazia, I didn't want to interrupt you, but in New York we have the Sullivan Law, and we have had it for many years. Our law enforcement people testified, also, that it is not by any means a perfect cure, but that it does very definitely help. They, too, appeared here passionately pleading for exactly what you are pleading for. They do say, however, that the Sullivan Law is effective. New York City is No. 10 in the list of major cities as far as homicides are concerned, notwithstanding New York's reputation as being an open city, which it is not. Nonetheless, they point out that that is attributable, they think, to the Sullivan Law, which does have some deterrent.

I thoroughly agree with your defense of the hunter and the hunting rifle. I can't for the life of me understand what they are afraid of, but nonetheless, they are. But we have simply realized we have tried and tried and tried and we haven't even come close on any kind of meaningful handgun control, let alone handgun elimination.

Therefore, I would like to ask you the question, considering the fact that we are dealing with practicalities, not which would be idealistically best, but rather whether you can suggest any other way by which we might try the concept in my bill?

This concept, as Senator Ribicoff, who is a man of great experience around here himself, has said, has a better chance of any others that we have tried.

In addition, it seems to have a sympathetic consideration by the Attorney General of the United States, which is no inconsiderable help.

Is there anything else that you gentlemen could suggest? If you agree with Mr. DiGrazia, that this proposal simply will not make a material difference. I think it will. We would like to hear from you.

Mr. Eaves. I tend to concur with Mr. DiGrazia. It will have a small impact. It's like a stopgap. But if it is just going to be restricted to certain areas, it is not going to be effective. That is the reason we are asking for national legislation. To make it local or to make it regional, in my opinion, will not be halfway as effective as national legislation across the board.

Senator Javits. Mr. Eaves, the minute you say half as effective, you encourage me. I am very serious about that. We are talking on the same side of the issue, because, frankly, sir, I despair that we will prevail within the proximate future, unless the women in this country really rise up in this matter. When you talk about Women's Liberation and all the rights for which they are contending, which I thoroughly respect and work for, I can hardly think of anything which should cause a revolt among women than the masculine influence in the main, on the issue to retain this unbelievably dangerous and lethal situation to our people.

So if you say half as effective, I am very encouraged. Do you really mean it?

Mr. Eaves. I really mean that for this reason: Many law-abiding citizens obviously will not break the law. If it means the abandoning of possession of handguns, they will abide. And many of our burglaries are a result of stolen handguns, and those same guns are used in the commission of crimes.

So it is going to have its impact. I would be lying to say otherwise. But the problem is I don't know how long that will last in terms of, again, the mobile society we have, being able to move outside and come up with what they need if they are not picking them up through burglaries or whatever the case may be.

Senator Javits. Gentlemen, hopefully if we try it, and our hunting friends and members of the National Rifle Association understand that it is not going into their areas of interest, and has no design or intention to, and there is appreciable improvement in certain urban and suburban regions covered by the ban in my bill, we may then move on to what you desire.

Mr. Williams. Senator Javits, I would just like to take issue with what my colleague said. I don't believe your bill will have any significant impact at all.

I think there are two basic problems which your bill fails to do. One is we produce on the market about three million of these guns every year. The bill doesn't deal with the proliferation of handguns. Guns will still be produced. The gap in the 1968 legislation, importation of parts, that will still occur. We won't do anything about accumulating more and more handguns in our country.

Number two, the bill does not address itself to commerce in a meaningful fashion. If we try to attach it to some kind of a metropolitan statistical region, then guns can still be brouhgt in from other regions in the country. There is nothing in the bill that would address that.

The major effect that I believe that the bill would have is that all of the momentum that has been built up to try to do something about the senseless slaughter of people in this country will have fallen again to the power of the National Rifle Association and those other gun lobbyists that make it ever more difficult for us to obtain a better status of life in this country.

Senator Javits. Well, gentlemen, the bill is not quite as bare of effects upon commerce as this comment would indicate, because the bill requires a form of national registration of handguns, and a ban on the manufacture of Saturday night specials. It bars the multiple sales of handguns. It places very tight security and theft prevention standards upon handgun manufacturers, common carriers, and dealers. We understand there are about half a million thefts a year from commerce.

So, again, we are not relying exclusively upon this regional concept, but it is of course an important aspect with the bill. And if you gentlemen could suggest any other provisions that we have not put in respecting commerce generally, then I would be very glad to give them the utmost consideration. So would my colleagues.

Finally, you are right, Mr. Williams, about the enormous manufacture of guns, but the market will be tremendously shrunk if a bill such as mine shall become law. In our country I don't think manufacturers, no matter what we might say about that as profiting from the gun trade, I doubt that they will manufacture if there is no demand just to do us in.

So this comprehensive approach could bring about a very, very serious curb on what will be produced if we eliminate major metropolitan areas and then add these other restraints and restrictions, including the ability to trace a gun used in a crime from the owner through the various hands through which it passes. This is all contained in the bill.

Mr. Peters, could we have a view from you?

Mr. Peters. I was going to say I subscribe particularly to one paragraph in your bill which covers the sale and resale of firearms between private persons who are not dealers or collectors. I think that is something that heretofore has been overlooked entirely.

Senator Javits. Mr. Pitchess.

Mr. Pitchess. I would like to answer two questions that you posed earlier: What other solution?

I think there is no other solution than the outright banning. I respectfully want to disagree with your position on registering the handguns. It would be totally unenforceable nationwide.

So in answer to that question, I don't think there is any other solution than the banning of the handgun. And that may take a period of time before it becomes effective, as I said in my prepared remarks.

However, if we don't ban the handgun today, I dread to think what kind of society we are going to live in five and ten years from now. We are going to revert to the old law of the west where the fastest gun will prevail.

Senator Javits. Mr. Pitchess, we live in a society which is governed democratically. Are you telling us now—by the way, registration works in my State. It has eighteen and a half million people. So I am not concerned about your view about it breaking down.

But be that as it may, you are asking us to run these risks, because we cannot get the perfect solution now. That is hardly the way our society runs.

I don't wish to put it in any invidious way, but many people could be killed whose deaths could be avoided with some new controls short of the total ban you advocate that we can accomplish by legislation now. Why should we do nothing, because we are not going to get what you want for a long time? I shed tears to say so, but it is true.

Mr. Pitchess. I am afraid you are correct, and I optimistically hoped we could do something about it, but realistically I am afraid what you are saying is true.

Senator Javits. Yes. You better help us. You know, the police are supposed to be ultra conservative, and many other things. But it is amazing to me, and I have great relations with the police, and I have feeling about them, and it is amazing to me that in this particular issue you are way out there in front. You are the outer most liberal to seek to eliminate handguns in this country.

So I appeal to you we can't do it. All of us here, Senator Ribicoff, I, Senator Percy, in fact most of us who happen to be in this particular committee, would like it very much. We can't, so at least help us, which is what I am appealing you to do with your prestige in this field, to do all we can within the parameter with what we as legislators believe is the possible.

So I appeal to you for suggestions, ideas, anything that you can give us. I am not close-minded at all.

Mr. Pitchess. Senator, I don't quite understand why a ban of handguns would violate democratic principles of our society.

Senator Javits. I didn't say that.

Mr. Pitchess. Then I didn't understand you. You said we live in a democratic society.

Senator Javits. We can only accomplish the possible by a majority of votes in the House and Senate.

Mr. Pitchess. The polls have all favored this banning of handguns.

Senator Javits. I know, but my colleagues for years have not listened to those polls. They voted just the other way not by a few votes, but by two to one and more.

Mr. Pitchess. Then I have to say regretfully that the Congress has failed in responding to the national will.

Senator Javits. That is true, but the poor guy that is going to get shot down this afternoon, and we are trying to save at least some, isn't going to be helped by that.

Sure, the Congress has failed the American people in respect to this matter.

Mr. Pitchess. We in the law enforcement have failed and that is why we are coming to you with whatever you want to call it, the liberal or the radical position that we take. The system that we have had has not worked.

Chairman Ribicoff. As a matter of fact, I think it happens to be the most conservative position of all. You are trying to conserve life. That is the irony, you know. We had interchange yesterday and I made the statement then that I repeat, Senator Javits wasn't here, that the time had come for the Congress and the President and every man that is a candidate for the presidency to show the guts to take the action that you men plead for. Here you are the chiefs of police with the responsibility, everybody kicks you around every time there is a murder or everytime there is a rise in the crime rate, something is wrong with the Chief of Police, and yet we won't give you the support that you need to lessen crime, especially violent crime.

But, you see, the point my colleague, Senator Javits, makes, is that we are confronted with a very tough situation. May I say to you, Chief DiGrazia, I would buy personally and would vote for every suggestion you would make, and I think Senator Javits would, too.

Senator Javits. I would.

Chairman Ribicoff. We get these amendments up, 15 votes, 18 votes, you might reach a plateau of 20 votes.

Now, we search our experience and say if we can't get this across, can we do it incremently one step at a time if we can't get the whole thing? How do we do it? We need your help. We need your wisdom.

I have a few questions. Do you believe there should be a cooling off or waiting period between the time a person seeks to buy a gun and the time they get it? In other words, if a person applies for a gun, should he be able to go into a gun store and get it immediately or should there be a week or ten days or two weeks where they have to submit to you the application to be checked out by you? Would this be any good at all?

Mr. Eaves. It just delays the death a couple of days.

Chairman Ribicoff. If a man has a record and you know who he is, you might have a chance to veto it in licensing, although Chief DiGrazia said licensing and registration would be needed.

Mr. Eaves. Again, Senator, I think it delays it for a period. Many of the homicides we talked about are the passionate homicides that Director Williams talked about, and our records—and the Kansas City study—indicate that the police had gone to the home about five times before the homicide takes place in those particular situations.

Now, it is very rare that a man is going to go up to a gun store, purchase a gun, and then go down the street and rob a bank.

We talk about that, but that is rare. There is a little planning and then it takes time. I am not sure the delayed registration makes any difference whatsoever.

Mr. DiGrazia. Again, we have to talk about all of the guns that are floating around this country. It is not so much the buying. It is the ones that are stolen. Every time someone burglarizes a home, the first thing they are looking for is cash and the firearms. If they go and rob a retailer and he has a gun under the register, the first thing he goes for after the money is the gun. So someone goes along, a legitimate purchaser, and buys a gun, and waits for six months for it to be delivered. When it comes out into circulation, it's still then going to get into the wrong kind of circulation.

Chairman Ribicoff. Do you think it would be any good or more effective if the whole enforcement of federal gun control laws were transferred from the Treasury to the Justice Department? Would that make any difference at all?

Mr. DiGarzia. I don't think it would, because it is just again working with the same type of laws that we have. A great concern was mentioned by Mr. Williams earlier. We had a lot of discussion and public rhetoric on the subject of gun control in 1968, and a watered-down bill goes through and here we are in 1975 facing the same thing. This is why we say, where do we go from here? What type of legislation do we have? We are always afraid there is going to be that watered-down bill. I realize what you are going through when you do these things, but we end up with a bill that really doesn't face the issue because it is finally something more or less down the middle. I think we have to really face what we need and that is a total banning.

Chairman Ribicoff. In other words, your feeling is that the fight ought to continue even if you go down to defeat until you can turn public opinion?

Mr. DiGrazia. Senator, of the major city chiefs of this country, for a long time there were only two people that stood up to be counted; Peter Pitchess and Pat Murphy. They were the only two that stood for total banning of handguns. We now have a majority that are in favor of total banning of handguns.

Chairman Ribicoff. In other words, the majority of the chiefs of police?

Mr. DiGrazia. The major city chiefs, yes, sir.

Mr. Pitchess. Earlier a question was asked about rural communities. I think Senator Javits brought that up. The most dramatic and significant increase in murders over the past three years, and I am sure the Uniform Crime Reports will support that, the most significant percentage-wise increase in murders have occurred in rural areas of our nation, which means, Senator, the problem is not one of the urban areas alone. It has gone out from the urban areas. The suburban areas have had it for some time. It has gone into the very rural areas, the areas in Nevada and Wyoming and Utah and Idaho. I know it is difficult to sell it becuse I am from the West.

Now, I have a question. Since I am a little old cow county sheriff, perhaps I don't understand your democratic processes. You agreed that you believe that the majority of people in this nation want some severe control of the handguns, and yet you say you can't persuade the rest of your colleagues in Congress. What can we do to help you persuade them?

Senator Javits. May I give you an example which Mr. Conboy, my assistant, was just giving me?

In 1972 Senator Philip Hart brought up exactly the same bill which you are talking about, a complete ban in the possession of handguns, as an amendment to the Bayh bill. And all that letter did when it passed the Senate was to ban handguns on very narrow criteria, that is, the Saturday night special, and obviously it was really meaningless, but even that didn't get anywhere in the House. They didn't even consider it.

But be that as it may, Senator Hart brought this up, the very thing you are for. He got eight votes in the Senate. I was one of them, and Senator Ribicoff was another.

Eight votes out of 100.

Mr. Pitchess. Then we are wasting our time educating you. We should be educating some other Senators.

Chairman RIBICOFF. That is very important. It becomes important for you to speak up. I know the influence of chiefs of police. You do a big public relations job. You speak before Chambers of Commerce, Rotary Clubs, League of Women Voters, and PTA's. They ask you about crime. And I think you can make the plea for handgun control, because it has to come from the grass roots. There is no question that every poll that has been taken by the most renowned pollsters, Harris and Gallup, have indicated that the public overwhelmingly are for this, but unfortunately most of our colleagues and presidential candidates succumb to the pressure of the gun lobby.

It becomes very important to get across that being for gun control means votes instead of losing votes, because that is what the people want. When the people are talking about crime, and the increase of crime, I am willing to wager that the most criticism that you get for the high incidence of crime in your city comes from people who are against handgun control, and you ought to throw it right into their teeth when they throw it at you.

Mr. PITCHESS. Senator, let me cite a political situation that is rather personal, and I don't mean to be immodest about it.

As DiGrazia told you, Pat Murphy and I were the first two law enforcement officers to publicly take this stand about banning handguns. Last June I ran for reelection in a county that is a metropolitan area, it's almost as bad as New York or Chicago or Boston or whatever you want to say. We have a population of seven million. I happen to be a Republican and my country is maybe two and a half to one Democratic. I had a tremendous opposition from this gun lobby, people who vowed not only to defeat me but threatened otherwise. And I received 79 percent of the vote.

All I use that for is to tell you that I believe that the people basically will support the people who stand up and say this, and so please tell your colleagues in the Senate that perhaps they will benefit their political position if they come out with this.

Chairman RIBICOFF. I don't know what the figures are, however, on October 24th Mr. Lou Harris, who has taken a new poll, will publicly unveil it before this committee. Again the problem is the unorganized majority succumbing to the organized minority who scare the life out of a weak-kneed candidate, and the candidates not knowing that when they meet this head on they would get themselves votes instead of losing them.

Mr. EAVES. Senator, you asked for a suggestion.

Chairman RIBICOFF. Yes, sir.

Mr. EAVES. If you must give respect to the gun lobbyists, maybe we need to try a new approach. Maybe we need to ban the manufacturing, possession, and sale of bullets. As facetious as that sounds, bullets wear out over a period of time, and if they wanted to have these guns to look like they are from the wild, wild west of years ago, then let them carry them around with no bullets in them. I think that will help a great deal.

And I believe that if you really show how significant it is to stop the killing, that over a period of time you will be able to convince your colleagues. If we can do anything to help you convince your colleagues, I think the citizens of this country will be the benefactors of that.

But I just am appalled to believe that in 1975, after conference after conference and just volumes of statistics, poll after poll, indicating that the people are ready—the Congress is not ready.

But I heard Senator Javits say a few minutes ago that what is going to take place is that you are going to have women to rise up. I don't think we are too far from that, because I am speaking to the PTA's that you are speaking about and to the Rotary Clubs and to the League of Women Voters all over the city all the time, and that cry is there. We get the support.

So without even knowing statistics behind the Sheriff, I am quite confident that a lot of you elected officials are going to be looking at that because people are asking about that more and more.

Chairman RIBICOFF. When you get through and they ask you what you can do, say buttonhole and write your Congressman and Senator and the President of the United States. You should follow that up, because that is where the crunch comes in just with that one sentence when they ask you that question.

Mr. WILLIAMS. Mr. Chairman, the question was asked earlier whether we would support no bill or a watered-down version. I just wanted to go on record as saying if we have a bill that in form presents a deterrence but in substance really presents none, I say let's have no bill at all. Let's have no bill.

We are going too far—we have victimization centers established over this country now, the State of New Jersey has one, most states are beginning to establish them. We prefer to pay the victim's hospital bill than to stop the victim from becoming a victim.

Senator Percy was discussing earlier with the head of the Secret Service maybe that the President shouldn't go out in the crowds because it is too dangerous. We would prefer to give up some of the basic things that we do in our life that has been historical in our country because we are afraid to take the kinds of stands or positions that have to be taken to make it possible that we continue a thing that has been historically a part of our lives. Presidents have historically been able to be a part of the people and it is in part that which distinguishes us from other forms of government.

Granted, the presence may be too dangerous, but I think at some point in time we have to cope with the question as to whether or not we are going to take the stand and do the thing that has to be done, and if we can't do it, if the only thing we can do is what we did in 1968, which was to develop some legislation that you could drive a Mack truck through, and truly they drove and they continue to drive truckloads of imported gun parts all over this country. This occurred after legislation was passed, and domestic production has increased three-fold. Then I say let's not have a bill until we can get a bill that is truly going to effect the problem and not just be something in form and have no substance.

Chairman RIBICOFF. May I say the people of your respective communities ought to be mighty proud of each one of you men. I mean your passion, your intelligence, and your understanding of this problem is a most encouraging indication of the police leadership we have in so many places in this nation. You take an awful kicking around, but yet you go right to where the guts of this problem really lie, and you have my admiration, each and every one of you.

Senator Percy, do you have anything?

Senator PERCY. Mr. Chairman, I first would like to say it was a hard act to follow, but it all measured up to it. I would like to join with you and suggest that we insert for the benefit of all our colleagues in the Congress this testimony in the Congressional Record. If you would like to do it on the floor some time, if we can arrange a convenient time, I think the commentary comparable to the comment that you have made about the pride that you feel the citizens of your city should have in the law enforcement officials should be included. We are very grateful for you being here.

Mr. DiGrazia, you did mention you put your emphasis and concentration on handguns very strongly. You made it clear you don't object to shotguns being owned by someone for sporting purposes. I don't think you commented on a rifle, and after all it was a rifle that was used in the assassination of President Kennedy.

What controls do you feel should be placed on rifles?

Mr. DIGRAZIA. I did refer to the rifles. Anything used for sport. I don't feel there has to be that concern on both those weapons, the shotgun or the rifle. Certainly, it can be used on someone. It can also be used in a robbery, but it is not as concealable and handy as a handgun, and certainly there will always be that type of situation where someone can purchase a rifle and sit up in a book depository and use it for an assassination attempt.

But I still think we have to get to the handgun. That is the problem we have that is facing us. That is the thing that is very handy. Usually with rifles, with most of the citizens, rifles are placed in fairly secure places. Shotguns are maintained in fairly secure places. The handgun seems to be around the home where it is easily accessible. It is kept under the register of a drug store, and it just isn't the type—a shotgun or rifle is just not the type of weapon that can be utilized as easily as a handgun, and it does have, if you can relate it to the *automobile*, it does have a purpose. It can be used for sport.

The handgun is used for nothing except to kill people.

Senator PERCY. I have never owned a gun, never would permit one at any time in my life in our home simply because of my deep concern about it, its possible misuse. The crime that was committed in our home could not have been prevented with the possession of a handgun in the home.

I understand while I was out you may have touched on this question, but I would be most interested in a brief response from each of you, just yes or no, whatever way we could do it. Do you feel that the possession of guns in homes is a valid defense against the violent crimes that are committed in those homes?

Mr. DIGRAZIA. Certainly not.

Mr. EAVES. No.

Senator PERCY. Do you feel that the carrying of a handgun has demonstrably indicated that it is a real protection for someone against street crime, and with all the guns being carried, have there been instances where a person has been really protected, that is with any degree of frequency, by the possession of such a handgun?

Mr. DIGRAZIA. You could certainly state that we hear of one or two and then you think of all the others in opposition. How often someone who unfortunately has been robbed, say a store owner, and the robber would have left. That is what he had the handgun for, because he wanted that security. He knew the intimidation of that weapon, and he would have left.

But then the owner, for $40, had to take the weapon out from underneath the register and attempt to shoot it. He usually doesn't know how to handle it. All he knows is he bought it and it is there and it is supposed to shoot. Sometimes the safety is on and what the robber then does, is turn into a killer by killing that owner. That happens, I would say, ten times as often as the fact that someone could possibly be saved from an act like that.

Senator PERCY. So would all of you say that all of life is a balancing of risks against the benefits; that the tilt here is so strongly in the direction of not having handguns available, accessible, with you, that the advantage, potential advantage, that somehow you are going to protect yourself, is way overshadowed by the grave danger that those handguns present?

Mr. EAVES. It is truly a false sense of security, false sense of security.

Senator PERCY. And gives, as one of you testified, the sense of overconfidence with an armed bandit going in to commit some crime that really ends up getting the person in trouble rather than the other way around?

Mr. PITCHESS. Senator, I would suggest and have suggested to the people who give me this argument, especially my conservative reactionary friends who tell me that I am disarming them or threatening to disarm them, I would suggest to them that they keep a shotgun in their home if they want to protect themselves. The mere presence of that shotgun is far more effective than the presence of a handgun. And I think during your absence I gave a figure, that my colleagues will agree with me, the fact that for every case where the homeowner or the store owner has stopped a robber with a handgun, gun ownership has resulted in his own death or death to a member of his family in a gun accident.

So, you see, there just isn't any support whatsoever for that handgun. Most people are not effective in the use of a handgun, and you don't even have to have that shotgun loaded, but just point it at somebody and they will surrender, I will guarantee to you.

Senator Percy. If we are appealing to rational men, that certainly is an argument.

Mr. Peters. I want to add to that the potential home accident.

Senator Percy. Mr. Chairman, I haven't seen it in the schedule of hearings, is the NRA scheduled to be before us? Have they been given an opportunity to testify and are they going to testify?

Chairman Ribicoff. We will give an opportunity to the administration and the National Rifle Association to come before us.

Senator Percy. I would like to have them right here. I am sure someone is in the room from NRA or will hear about that testimony.

Mr. Pitchess. I am a member of the NRA. Could I speak on their behalf?

Chairman Ribicoff. If you were the spokesman for them, this legislation would have passed a long time ago.

Senator Percy. Might go down in the area of nobility.

Mr. Pitchess. In fact, the executive director, Major General Rich and I were classmates at the University of Utah together, and that just shows you what opposite directions we have taken.

Senator Percy. I think they should be given an opportunity to testify and present their point of view. I would hope they would read all of the testimony that has been given.

Mr. Pitchess. Just remind them what we propose is really not anti-NRA principles. We are defending their right to possess rifles and shotguns, and we are only asking for the concession that they eliminate their opposition to the handgun.

Senator Percy. Then I will modify my request. Let's find the most representative and responsible "group" defending the right of individuals to hold handguns and own handguns and bring them before us so they have an opportunity to present their point of view.

I received a letter last week from a constituent who reported that his 14-year old was picked up by the police for shooting a slingshot in a deserted school yard. He stated that: "It seems that there is an Illinois law against possession or shooting such a device," that is, a slingshot. "It is too bad he didn't purchase a handgun, there is no Illinois or Federal law against them."

There is a permit requirement in Illinois for a handgun, but I do believe my constituent raises an important point. Are there cases in your jurisdictions, or are you aware of other cases where there are stricter requirements for or prohibitions against possession of certain potential weapons, such as a slingshot or brass knuckles or a knife, than there are for possession of a handgun?

Mr. DiGrazia. Definitely. Brass knuckles——

Senator Percy. Where are all the defenders of slingshots left in this country? Are there no Davids around?

Where are the defenders of manliness with brass knuckles? If we can pass restrictions against those, what is so sacrosanct about restrictions on handguns, which are the real killers?

Mr. Pitchess. I would say nationally it is illegal to carry a sap.

Do you know what a sap is?

Mr. DiGrazia. Blackjack.

Mr. Pitchess. It is illegal to carry one.

Mr. Eaves. Senator, I would term it as a John Wayne syndrome where everybody believes they have to be armed. It is so bad in some places, if I was walking down the street and bumped into someone and they turned around and felt and reached into their pocket for a handkerchief, I would be on the move because I would think they would be coming out with a gun. That is pretty bad when you believe every other man on the street is armed. That is the way it is now in very many of our cities.

Senator Percy. Lastly, because I am anxious to yield to Senator Javits, who has been such a leader in this field, and who has spoken out with his customary clairvoyance on it, and courageously so, I would like to ask this question: There have been proposals to increase or strengthen the mandatory sentences for those who commit criminal acts with guns. Are stricter sentences in themselves a significant deterrent to the criminal use of firearms?

Mr. Pitchess. First of all, you have to have mandatory sentencing. That doesn't exist throughout this entire country. I said earlier we passed that law in California. You have it in Massachusetts—

Senator Percy. Is a mandatory sentence a help?

Mr. Pitchess. Very, very definitely. I would say that is the first step that should be taken by the Federal Government and that is to create a mandatory sentencing law for anyone who commits a crime with a gun.

Mr. Peters. That is what I asked for in consideration of my appeal.

Senator Percy. Mr. DiGrazia.

Mr. DiGrazia. I have some concern over that. I feel certain if we had—if we banned handguns and then we had stricter sentencing for—I mean, you have strict sentencing for the possession of handguns, but then stricter sentences when the weapon is used in the commission of a crime over the same crime without a weapon being used, I think that might be effective.

I have some concern, and I agree with Pete, about the mandatory sentencing might be a way. But I am looking very closely at the legislation in the Commonwealth that we have had since April 1st of this year, and I don't see that yet as working. If anything, it appears that judges shirk it because it doesn't leave them with discretion.

Also, juries have a tendency to find someone not guilty because they know there is a mandatory sentence.

There is something else that goes along with all of that, too, and this is coming from the man on the street, the police officer, that has to face this situation every day. They have great concern—when I talked to them they have told me this—over the fact that they may be killed in Massachusetts these days because someone who is carrying a weapon and is a hardened criminal is going to shoot them with the hope that they will get away because they know if they are arrested they will go away for a minimum of a year or a maximum of five years mandatory sentencing, and, of course, what we have seen with this law is that the hardened criminal continues to carry the weapon and it is usually the honest citizen, of course, who is not.

Senator Percy. Then when we take into account we are spending tens of billions of dollars, I say billions of dollars at least, on law enforcement all over the country—LEAA alone is running into multi-billion dollar figures—when we consider the cost of crime to this country, is there any single thing that we could do better than just reduce the amount of handguns to reduce the incidence of violent crimes in this country?

Mr. DiGrazia. I don't think there is.

Chairman Ribicoff. Anyone name anything?

Mr. Eaves. Is there any single thing you can do to assist? I have to disagree. I think we can get some jobs for some folks, because that is significant, because a lot of folks who are involved in some of these violent crimes are in fact people who are struggling to try and survive.

I know a lot of my colleagues disagree with me, but I think many of the cases we have discovered are people who are unemployed and have been unemployed for over a period of time, were not on welfare, and were not on unemployment compensation.

I want to buttress just for a moment what Commissioner DiGrazia said, and that is my only drawback with talking about mandatory sentencing is the fact that if a man is committing a robbery with a gun and he knows he is going to be sentenced, he is *more likely* to kill the witness, if that witness can identify him, than he is now when he would just grab him and leave.

Senator Percy. Your point on jobs couldn't be a better lead-in for Senator Javits, the tower of strength behind public service employment.

Chairman Ribicoff. Thank you very much, gentlemen.

Senator Javits. Well, I would like to ask a couple of questions.

Chairman Ribicoff. I am sorry.

Senator Javits. My colleagues have done brilliantly well with you, and I just wanted to complete one thing. I join with them in being very grateful for what you have said and have done and will do. I think if you could arouse the same degree of passionate advocacy among all the police chiefs of the country, this could be a measurable step forward, and I hope you will all keep in mind what should be the burning interest of women in this subject. That could be the difference, very seriously.

I notice that Mr. Williams and Mr. Eaves didn't comment on the mandatory sentence. Do you have any different views?

Mr. Eaves. I did. I commented on the mandatory sentence. I have some reservations about it.

Chairman Ribicoff. Mr. Williams.

Mr. Williams. Well, in addition to the fact that we probably could use a computer as opposed to a judge, I think we have—if you look at the entire effect of that, before you pass any legislation, you might be a bit reluctant to do it.

The State of New Jersey, Chief Justice of the Supreme Court, has urged that no one during a specified period of time be sent into a penal institution because there is no room. That is a real factor that is facing New York. And, Senator Javits, I am sure you are aware of that.

Then the question becomes what happens when we introduce mandatory sentencing on the entire criminal justice system. Are judges now—are we going to have facilities to place the person into? Are there facilities available? And even if there are facilities available, is it going to be any greater impact on his introduction back into society once he gets out? I think the bottom line of most of these questions is that we have been unwilling as a society to pay the price, you see. We can't say rehabilitation doesn't work because we have never tried it. We don't rehabilitate in our jails, we warehouse. And even the warehousing approach is unworkable because there is no room to send prisoners any more, and even the most conservative of our political people, like Governor Reagan of California, failed to build any new jails.

Somewhere along the line a decision will have to be made that we are going to have to take a look at the impact of what we do initially on the entire process and how that is going to affect our society. And I submit to you that if you follow through the mandatory sentencing bit, which at least initially looks good, on the end result of it it is not going to work. It is going to have a back door effect. They are going to get right back out, and it is not going to work. I don't see that as feasible. It sounds good, it glitters like a mackerel, but beneath the surface—

Senator JAVITS. I don't want to get into the mandatory sentences, but it is a fact that the judges have very grave reservations about this curtailment of their discretion. And that goes for judges across the board.

But I would like to ask you one question which may not have been covered, and that is the incidence of gun use and attack in schools up to and including the high school level. Is there any special comment that any of you would like to make on that?

Mr. DIGRAZIA. I don't wish to be facetious, but with the situation in Boston these days and with the airport detectors at all of the front doors, we don't have that problem.

Senator JAVITS. Any other comments on the school situation?

They have been used. Guns have been used.

Mr. PITCHESS. In the last year we had 30 murders committed in the schools, Los Angeles City Schools alone. We just don't happen to have the figures for the remaining 87 cities in the county and the unincorporated areas. Two hundred and eleven guns, handguns, were confiscated during that same period of time.

It is of epidemic proportions in our community, and in tracing these guns back, we find that they are stolen from their parents, stolen from hardware stores or other retail or wholesale outlets, handguns.

Senator JAVITS. The 30 homicides were with handguns?

Mr. PITCHESS. Yes, give or take a few. I am just giving you that—that is a very accurate figure, and over 211 confiscated off the school grounds.

Mr. PETERS. No appreciable change.

Senator JAVITS. I don't get what you mean by that.

Mr. PETERS. We have had some isolated incidents in schools, but not any more in recent times. We have had more with juveniles, but not necessarily in the campus.

Chairman RIBICOFF. Thank you very much, gentlemen. The Committee will stand adjourned until October 24.

[Whereupon, at 12:10 o'clock p.m. proceedings in the above-entitled matter were adjourned to reconvene October 24, 1975.]

THE PRINCETON CONFERENCE ON ADVISING THE PRESIDENT

Mr. WILLIAMS. Mr. President, I am pleased to note that a Princeton University Conference, "Advising the President" is being held on October 31 and November 1. The conference will consist of a series of give and take discussions among groups of specialists on various aspects of advising a President. The participants will include interested individuals from a wide range of backgrounds including higher education, government, industry, and the press. A very impressive bipartisan collection of Presidential advisors will attend to comment on the problems that have arisen in providing adequate advice to the President.

I know there are many people in the Washington community who will want to participate. I ask unanimous consent that the conference schedule be printed in the RECORD for their benefit.

There being no objection, the schedule was ordered to be printed in the RECORD, as follows:

FRIDAY, OCTOBER 31, 1975

WOODROW WILSON SCHOOL AUDITORIUM

8:30 a.m.—Registration.

9:00 a.m.—Welcoming Remarks: Donald E. Stokes, Dean, Woodrow Wilson School, Princeton University.

Introductory Remarks: Fred I. Greenstein, Department of Politics, Princeton University.

9:15 a.m.—Session I—Institutionalization of the President:

Speaker: Allan Schick, Congressional Research Service, Frequent writer on BOB/OMB.

Commentator: Roger Jones, Long-time Bureau of the Budget Official, Consultant in retirement to OMB.

General Discussion.

10:30 a.m.—Coffee break.

10:45 a.m.—Session II—National Security Advising:

Speaker: I. M. Destler, The Brookings Institution, Author of "Presidents, Bureaucrats and Foreign Policy".

Commentator: Carl Kaysen, Director, Institute for Advanced Study, Former Deputy Special Assistant to President Kennedy for national security policy.

Nassau Inn

12:00 noon—Luncheon.

Woodrow Wilson School Auditorium

2:00 p.m.—Session III—Domestic Policy Advising.

Speaker: Thomas Cronin, University of California, Santa Barbara, Author of "The State of the Presidency."

Commentator: Joseph Califano, Williams, Connolly and Califano, Former Special Assistant to President Johnson for domestic policy. Author of "The Presidential Nation."

General Discussion.

3:30 p.m.—Coffee break.

3:45 p.m.—Session IV—Science Advising:

Speaker: Don K. Price, Harvard University, Author of "The Scientific Estate,"

Commentators: David Beckler, National Academy of Science, Former executive director of President's Science Advisory Council; Marvin L. Goldberger, Physics Department, Princeton University, Former member, President's Science Advisory Council.

General Discussion.

Nassau Inn

6:30 p.m.—Reception.

7:00 p.m.—Dinner.

8:00 p.m.—Informal conversation on Presidential Advising: "The Advisor's Perspective."

Moderator: Herman Somers, Professor of Politics & Public Affairs, Princeton University, Author of "Presidential Agency."

Participants in the conversation: Clark M. Clifford, Former Secretary of Defense and a White House advisor under Presidents Truman, Kennedy and Johnson; Bryce N. Harlow, Former assistant to Presidents Eisenhower, Nixon and Ford; Donald Rumsfeld, Assistant to President Ford.

SATURDAY, NOVEMBER 1, 1975

Woodrow Wilson School Auditorium

8:30 a.m.—Session I—Economic Advising:

Speaker: Paul W. McCracken, University of Michigan, former chairman, Council of Economic Advisors.

Commentator: Albert Rees, Provost, Princeton University, former Director of President's Council on Wage and Price Stability.

General discussion.

9:45 a.m.—Coffee break.

10:00 a.m.—Session II—General Roundtable discussion on Presidential advising.

Moderator and contributor of background paper for both this and Friday evening session: Fred I. Greenstein, Princeton University.

Participants: James D. Barber, Duke University, author of "The Presidential Character"; David Hall, co-author of "Limits of Coercive Democracy," Contributor to the group of Stanford political scientists led by Alexander George, presently studying presidential advising relations; Erwin C. Hargrove, Brown University, author of "The Power of the Modern Presidency"; Emmet J. Hughes, Rutgers University, author of "The Living Presidency"; Richard E. Neustadt, Harvard University, author of "Presidential Power."

12:30 p.m.—Luncheon.*

SATURDAY AFTERNOON, NOVEMBER 1, 1975

Woodrow Wilson School Auditorium

2:00 p.m.—Post-Conference Presidential Library Sessions.

Daniel Reed, Assistant Archivist for Presidential Libraries National Archives—Mr. Reed will comment on presidency-related holdings in the National Archives and the individual presidential libraries.

Representatives of the Roosevelt, Truman, Eisenhower, Kennedy, and Johnson libraries, and of the records section of the Office of Management and Budget will be present both during the conference and this follow-up session.

Areas will be set aside within the Woodrow Wilson School where they will provide literature on holdings in each of their libraries and will answer individual questions about the increasing lode of available scholarly resources in their holdings. A rich vein of archival material is now newly available in the aftermath of the Freedom of Information Act.

IMPROVING OUR CRIMINAL JUSTICE SYSTEM

Mr. HRUSKA. Mr. President, this country's corrections system has come under much criticism because of inadequate facilities, overcrowded conditions and simple neglect. It is time for more emphasis to be placed on improving this system.

Last week in Chicago a new Federal detention center was dedicated, which represents a step in the right direction for reform in America's prison system.

At the dedication ceremonies on October 15, Norval Morris, dean of the University of Chicago Law School, concisely described the significance of the new detention facility:

> The Metropolitan Correctional Center represents a precisely appropriate form of federal leadership; not preaching to the states and localities what they should do and then making it harder for them to do it by further overcrowding their already overcrowded facilities; not mere revenue sharing, returning money to the states and localities for criminal justice system purposes, money which probably shouldn't have been taken from them in the first place; but rather a genuine effort by practice, not precept, to provide leadership.
>
> The conditions of detention in this facility makes two statements of principle that are not unimportant at this time of irresponsible fads and fashions in crime control. First, it provides living conditions which are appropriate to a citizen of the United States, even one charged with or convicted of a crime. He is not to be held in cramped, unseemly circumstances of physical degradation. He is not to be held in a situation where he cannot be protected from the predatory brutality of other prisoners. Those claims cannot be made for most of this country's jails.
>
> Secondly, the facility is planned to relate closely to the work of the federal courts and to their determined move toward speedier trials and more principled sentencing. Recognition of the interrelationships between efficiency, decency and fairness in the swift disposition of criminal cases is implicit in the physical construction, geographic situation and the programs planned for this Metropolitan Correctional Center.

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* Those desiring luncheon at nominal expense should so indicate on registration card.

Mr. President, I had the privilege of attending the dedication ceremonies. Attorney General Edward H. Levi and Norman A. Carlson, Director of the Federal Bureau of Prisons, addressed the gathering and also emphasized the need for better prison facilities in this country.

So that my colleagues and others interested in the subject of prison reform may benefit from their remarks, I ask unanimous consent that Mr. Levi's and Mr. Carlson's addresses be printed in the Record at the conclusion of my remarks.

I take this occasion also, to note with applause the tribute which the Attorney General paid to Hon. William J. Campbell, who celebrated his 35th anniversary as Federal district judge on October 10, and for whom the detention center is named. A most deserved honor, indeed. In past years Judge Campbell was a regular visitor and witness at hearings on appropriations for the judiciary, as well as on other subjects. His friends in Congress, I am confident, would want these remarks of mine to include congratulations—and also best wishes for many years of good health and happiness.

There being no objection, the addresses were ordered to be printed in the Record, as follows:

Address by the Honorable Edward H. Levi

I am pleased to have a part in dedicating this new federal detention center in Chicago. It is an impressive structure in many respects. It stands as a successful experiment in architecture, meeting the challenge of providing a facility for federal prisoners secure enough to exist near the heart of the business district yet attractive enough to take its place among the commercial buildings. It was courageous—and quite appropriate—to attempt such an experiment here. The buildings that make up Chicago's skyline represent some of the finest architecture in the world. This city has been the focus of great advances in engineering and design.

This new structure is evidence of the federal government's commitment to upgrade the conditions in which federal prisoners must live and to facilitate the efficient operation of the criminal justice system. The President in his message to Congress on crime emphasized that commitment. He recognized that he cannot accomplish the task alone.

The spirit of cooperation is alive here. The man to whom this new building is dedicated—Honorable William J. Campbell—is an example of it. Judge Campbell celebrated his 35th anniversary as a federal judge just five days ago, and during those years he has led the effort to provide training for new court personnel and to make the criminal justice system here work smoothly. A great deal of the credit for the success of this new building must go to Judge Campbell. As the plaque dedicating this facility to Judge Campbell states, his "leadership, vision and untiring efforts made this facility a reality." I am personally and officially delighted that this recognition has been given.

Standing near the federal courthouse, this center was designed to make the work of the federal judges, the marshals, the probation officers, the parole board and the Immigration and Naturalization Service go forward with greater dispatch and efficiency. At least as important, it was designed to be a decent and humane place. The Chicago Daily News has said it is at "the cutting edge of humanitarianism." And that is as it should be.

This is especially true because of the nature of this facility. It is to house many persons who have not been convicted of a crime but who are either awaiting trial or are awaiting action by immigration authorities. But the requirement of humaneness extends also to those who have been convicted of crime. This was the point the President emphasized. This is the important goal toward which the Federal Bureau of Prisons is moving.

It is a difficult and expensive effort. Many federal prisons are inadequate by the Bureau of Prison's own standards. Many state and local prisons are even worse. Most persons convicted of crime will not be sent to institutions as humane as this one. Most will go to inadequate jails, many of which are a national disgrace. It is estimated that bringing federal prisons up to the standards we have set for them will cost $180 million. And that figure seems a pittance compared with the estimated $20–30 billion it would cost over time to bring state and local jails up to minimum standards.

Spending money to build prisons never has been popular. Frequently the argument is that it is not worth the money to provide better living conditions for those we are trying to punish. Their own deeds have brought about this separation. Moreover, it must be admitted, there are many demands on limited resources. Today there is an additional argument. It is sometimes said that no new prison facilities should be built because the very idea of a prison is outmoded. It is urged, sometimes with great emotion, that prisons should be abolished.

There is a harshness to the first objection which we can ill afford. Society is not well served by placing convicted criminals, or indeed individuals involved in the criminal process but not convicted, in squalid, dehumanizing conditions. The severe restrictions upon freedom that even the most decent penal institutions impose do serve as deterrence for potential wrongdoers, if our criminal system can be made to move fast enough. The failure of criminal law to deter crime does not result from an image of prison as a comfortable place. Even if we think of the criminal law as serving as a controlled mechanism to exact retribution, we ought to remember that it was to serve the requirements of humaneness as well as of order, that personal vengeance is no longer the law's way of justice. Such humaneness is not sentimental. It is important to the quality of our society. It is important to the victim as well as to the miscreant.

The second objection to building new prisons results from an opposite impulse. It is the objection of some penal reformers who have become disillusioned with the results of earlier attempts at reform. To understand it, the argument must be seen against the history of the idea of imprisonment.

Imprisonment itself was at one time a grand reform. As Pollock and Maitland wrote: "The use of imprisonment as punishment . . . is a sign of advancing civilization." Of course, they saw it as a contrast with the practices of outlawry, capital punishment for minor offenses, and maiming. The origin of jails in England can be seen as early as the 10th century—and at that time they were opposed by some as useless and much too mild.

While the existence of jails dates back to medieval times, the idea of penitentiaries is modern—indeed, it is American. Largely it is the product of the Quaker notion that if a wrongdoer were separated from his companions, given a great length of time to think about his misdeeds, and with the help of prayer he would mend his ways. This late 18th Century concept was the beginning of what has come to be known as the "rehabilitative ideal."

In time the monastic, religious element—the penitence in penitentiaries—fell away. But the idea of rehabilitation as the sole or main justification for imprisonment continued to gain in acceptance. Rehabilitation was regarded as entirely different from and indeed opposed to retribution or prevention. Criminologists took sides in this argument. I think it is fair to say that as time went on psychologists and sociologists rallied under the banner of rehabilitation. It was an optimistic ideal. The era was one in which great discoveries had been made. It did not seem too much to hope that both the causes of crime and the cure for it would become readily accessible to knowledge, and that eventually we would be able to treat misconduct with the same success we were learning to treat disease. So rehabilitation seemed practical. Yet, even as it was coming into favor, the idea as the sole justification for imprisonment met with some skepticism. Oliver Wendell Holmes, Jr. voiced this skepticism when he said that if rehabilitation was the only justification for incarceration, and if an offender were "incurable, then he should not be punished at all."

Today, in the cycles of attitudes so characteristic of our nation, there is great and overwhelming disappointment with the failure of rehabilitation. We really do not have sufficiently good crime statistics to answer correctly all the purposes we use the statistics for. The statistics are not comparable as between places or over time. Nevertheless as the data are analyzed, it does seem to appear that persons who have spent time in prison are not less likely to commit crime again. Perhaps, indeed, they are more likely to do so. This supposed fact alone has given rise to disillusionment, and to the argument that we should no longer spend funds to upgrade or to build new prisons. Along with the argument of the uselessness of prisons is added the point that the idea of individualized treatment, borrowed from the hospital analogy, is in itself a form of cruelty. Indeterminate sentences—the logical extension of the treatment model since, to put it one way, hospitals cannot decide in advance when the patient will be well again—have borne great criticism. They are said to leave the prisoner in a profoundly uneasy state of uncertainty. He does not know when he will be free, and he is given no specific tasks to get himself free. Prisons therefore have come to be regarded as an unmitigated evil to be done away with.

In 1971, the Quaker American Friends Service Committee published a book called "Struggle for Justice." It proclaimed the failure of the reforms of the Quakers of the 19th Century had with such optimism undertaken. Its publication was the symbol that the ideal of rehabilitation had been abandoned.

Let me say I do not agree that the ideal of rehabilitation should be abandoned, nor do I believe that rehabilitation is the main reason for the necessity for incarceration. I think it is most unfortunate if we cloud our vision with a debate built around such supposed opposing choices.

There is a necessity for punishment in our criminal system. One reason for this was put clearly by Holmes. He wrote: "The first requirement of a sound body of law is, that it should correspond with the actual feelings and demands of the community, whether right or wrong. If people would gratify the passion of revenge outside of the law, if the law did not help them, the law has no choice but to satisfy the craving itself, and thus avoid the greater evil of private retribution. At the same time, this passion is not one which we encourage, either as private individuals or as lawmakers." At a time of a shocking rising crime level, the condition which Holmes was describing cannot be ignored, even though, as he said, the passion, should not be encouraged. But even if we do not encourage the passion, we must take account of the fear which accompanies it. There is great fear, and there is outrage, in our country because of the effects of lawlessness. We have a major problem to solve.

The most important thing to accomplish, if we can—and we must—is to discourage crime in the first place. Our criminal law system must be made to operate so that it does deter crime. It does not do so now. It never will do so if appropriate punishment does not swiftly follow, with a high enough degree of certainty, the commission of a crime. I realize, as we all do, that in any system there will be slippage. Defendants will use the flaws in the system to their own advantage. But a level of civility or safety or what President Ford and the founders of our republic have termed domestic tranquility is essential for a democratic society.

The President's mandatory minimum sentence proposals are designed to buttress the deterrent force of the law, at least with respect to serious offenses that involve the possibility of bodily injury to the victim. There are good and sufficient reasons—essential reasons—to continue incarcerating criminal offenders even if we do not have confidence that they will emerge from prison less likely to commit another crime than when they entered.

Even as we recognize these reasons, however, we must also recognize that they are not in conflict with the goal of rehabilitation. If it is nonsense to say that the purpose of prison is only to rehabilitate, it is also nonsense to say that rehabilitation never occurs. Decent treatment itself is a kind of rehabilitation. It can reinforce decency in return just as much as substandard inhumane conditions of confinement can reinforce a negative effect. Especially with respect to the young, we simply cannot give up on the effort to bring those who have broken the law back into harmony with the society. We can hold out the opportunity to inmates to improve themselves and their chances of success outside the walls and not detract from the deterrent value of their punishment. This is not to dispute Norval Morris who has written persuasively that the belief that rehabilitation can be coerced is fallacious—that it must be voluntary. Particular programs in prison certainly can be made voluntary.

This facility and others like it are small but most significant items along the road to solving one of our country's most important problems. It is sad we have this problem. It is most important we try to solve that problem with humaneness and determination.

As Judge Campbell knows, advances in our criminal justice system do not come easy. This facility makes an advance and is a model. I congratulate those who have helped to bring it into being. I trust its operation will live up to the promise it gives.

Address by Norman A. Carlson

Thank you, Warden Nelson.

It is indeed a pleasure to see so many old friends and associates here today to help dedicate this Metropolitan Correctional Center.

The story of this impressive Center began some 14 years ago. Back in 1961, I made my first trip to Chicago for the Federal Bureau of Prisons. The Director at that time was James V. Bennett whom I will introduce shortly, and who served the Bureau with distinction for 27 years.

Mr. Bennett sent me to Chicago on that occasion to establish the Bureau's first Community Treatment Center or halfway house.

Not many people realize that the Community Treatment Center opened here 14 years ago was the first such center operated by any correctional agency in this country.

For the next four years I was in and out of Chicago with great frequency. During that period I developed a warm personal relationship with many people in the Criminal Justice System here, including members of the Federal Judiciary, U.S. Probation Officers, U.S. Marshals and attorneys. I came to know them personally and to respect them professionally.

During that period many of these colleagues continually mentioned the need for a modern facility to house Federal detainees awaiting trial as well as those serving short sentences. I can assure you that nobody was more persuasive and persistent in this regard than the then Chief Judge, William J. Campbell, to whom we are dedicating this facility.

The idea took shape and grew over the years. With the firm support of the Congress, the concept became a reality. Today, we are seeing the fruition of what is really 14 years of discussing and dreaming and building.

I am particularly pleased that Judge Campbell can be with us on this occasion. He is the man who pushed this project and kept it alive over many years. For that reason the Center is being dedicated to him. It is a personal and professional tribute to an outstanding Jurist who this month completed 35 years of dedicated service to our Criminal Justice System.

This building is also a tribute to many others—the other judges on this court, the probation officers, the marshals and everyone else—who gave us guidance and support. Through their efforts and encouragement, we were able to build this Center and two similar centers, which were recently opened in San Diego and in New York.

I would also like to express appreciation to the others who have made this day possible:

First to the Congress for providing the funds.

To the U.S. Attorney's office which gave us outstanding legal service in locating the Center here.

To the General Services Administration which saw that the contracts were let and that construction was done.

To the architects, Harry Weese and Associates, who have won so much praise in the Chicago press and elsewhere for their excellent work.

To Turner Construction Company, which did the actual building.

The Center is now completed and we are turning it over to Warden Ray Nelson and his associates. Warden Nelson has put together a staff of 150 dedicated men and women. These men and women have made the decision to build careers for themselves in the Department of Justice. We welcome this decision.

Some of these staff members have transferred here from other Federal institutions. More than half have been recruited from the Chicago area. Many of these men and women are bilingual. The staff as a whole is representative of the inmate population in terms of ethnic composition.

Warden Nelson and his staff—the new employees as well as the experienced professionals—have a mandate. That mandate goes beyond creating programs of security, education, recreation and counselling, important as such programs may be. They have a mandate to create an institution that will protect society while serving the needs of the Federal Courts, and all other segments of the Criminal Justice System.

Many people have asked why we built this Center in this fashion. They want to know why no iron bars and concrete floors are visible, and why there are no stark surroundings. They want to know why we made it look so plush and so comfortable.

One reason is simple economy. If this Center had been designed like the typical jail of the past, constructed of steel and iron, the additional cost to the taxpayers would have been between $1 and $2 million.

The most important reason, however, was to enhance the sense of safety and humaneness. All of the inmates here will be staying for only a short time. The vast majority of them will be persons awaiting trial—individuals who have not yet been found guilty by the Courts of any offense. Certainly such people are entitled to a humane, safe environment.

We built this Center—and the similar Metropolitan Correctional Centers in San Diego and New York—first of all to serve the needs of the Federal Criminal Justice System. We also designed them as models or prototypes. We wanted to demonstrate that jails and prisons can be humane, that it is not necessary to build them in the same tradition as they have been built for the last one hundred years. Hardened offenders do not have to be mixed in with youthful first-time offenders. Inmates do not have to be crammed in six and eight and ten to a cell. Sanitation does not have to be poor. Certain basic human services can be provided even within the restricted confines of a jail.

I do not mean to imply that we in the Federal system have all the answers. We clearly do not. But I believe this Center symbolizes the fact that we are searching for better solutions to the problems we face. Incarceration must be made humane and we believe this Center is a step forward towards this important goal.

FREDERICK J. LORDAN

Mr. WILLIAMS. Mr. President, I join my colleagues in mourning the passing of an old friend and trusted adviser, Frederick J. Lordan. Fred worked in the Senate for a quarter of a century, and during that time he earned the respect and affection of all of us who had the benefit of his expertise and good counsel. His death last week was a great loss, which saddened me very greatly.

Fred Lordan was familiar to all of us in the Senate as staff director of the Commerce Committee, an office in which he served with great capability and true distinction since 1967. For 7 years prior to that, Fred was administrative assistant to Senator Magnuson.

The outstanding record of legislative achievement which Fred left behind him here in the city of Washington is matched by his record of achievement in his native State of Washington. Fred's first government position came more than 40 years ago, when he was elected an attorney to the Democratic caucus of the Washington State House of Representatives. He went on to serve as general counsel of the Washington State Public Service Commission and Highway Commission from 1934 through 1940. He served until 1953 as an assistant attorney general of the State of Washington, and was the principal legal adviser to the Washington State Highway Commission and the Public Service Commission.

Mr. President, I will certainly miss Fred Lordan's friendship and expert assistance. Mrs. Williams joins me in extending our sympathy and condolences to his family.

THE DAILY TAR HEEL ON THE PANAMA CANAL

Mr. HELMS. Mr. President, there is a growing awareness among the American people about the planned giveaway of the Panama Canal. Nor is this awareness confined only to the older generations supposedly afflicted by nostalgia for things past. Indeed, it is my experience that those who are concerned by the canal giveaway are those who are more closely in touch with reality and changing international conditions than those who think that this Nation can retain a leadership position by surrendering our prerogatives. Indeed, I believe that some of our young people are thinking more seriously about such problems than their elders.

A recent article in the University of North Carolina's student newspaper, the Daily Tar Heel, is a case in point. In this article a senior journalism major at the University, Mr. Tom Boney, Jr., argues that the "U.S. Should Not Give Up the Canal." Mr. Boney gives an objective analysis of the situation, including the views of proponents of the giveaway. But his conclusion is sound and shows a mature understanding of the problem which many more experienced, but imprudent, persons would do well to copy.

Mr. President, I congratulate Mr. Boney on a fine article, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

U.S. SHOULD NOT GIVE UP CANAL

(By Tom Boney, Jr.)

Secretary of State Henry Kissinger recently concluded widely publicized negotiations on a Middle East settlement. Not so well-known, but equally important, are ongoing State Department negotiations which would eventually give away the Panama Canal, an important territory owned by the United States.

The thought of giving up the canal began in 1964 when riots inspired by Panamanian socialists broke out over continued U.S. ownership of the canal, which divides the small Republic of Panama.

The United States bought the land to build the canal from the Republic of Panama in 1903 for $10 million. Additional payments to neighboring Colombia, to a French company which had unsuccessfully attempted a canal, and to private property owners in the canal zone brought total cost of purchase to $166 million. This figure makes the Panama Canal Zone far and away the most expensive U.S. land acquisition—far more than the $15 million paid for the Louisiana Purchase or the $7.2 million paid for Alaska.

Congressman Daniel J. Flood (D-Penn), a long time foe of the canal giveaway, sarcastically says the return of this property "would be dangerous precedent for the return of the Gadsden Purchase to Mexico or Alaska to Soviet Russia."

The construction cost of the canal, built between 1904–1914, added $380 million to the U.S. investment.

The $166 figure includes yearly payments since 1914 to Panama as compensation for lost revenues to a Panamanian railroad which preceded the canal. The annual payment is currently $1.93 million. This amount is often mistakingly referred to as the "rent" the United States pays to "lease" the canal.

The 1903 treaty, however, specifically grants to the United States "in perpetuity the use, occupation, control" of the canal and canal zone. The U.S. agreed to buy, not rent, the 10-mile-wide, 51-mile-long strip of land.

Senator Alan Cranston (D–Cal), a proponent of surrendering the canal to Panama, said in 1971, "This Nation has been upholding in the Canal Zone the remnants of the 'Big Stick' policy. This is the general thrust of opposition to continued U.S. ownership—the mistaken belief that the canal zone represents the worst aspects of colonialism.

Senator Edward Kennedy (D–Mass) calls U.S. ownership "an embarrassing anachronism."

There is, however, absolutely nothing about which the U.S. should be embarrassed. The canal is the lifeline of the economy of the Republic of Panama. The per capita income is the highest in Central America. Thousands of Panamanians are employed to work on the canal, comprising three-fourths of all canal employees. And the U.S. is directly and solely responsible for the construction, operation, and success of the canal from which the Panamanians have so prospered.

One of the major reasons many oppose the canal giveaway is the government to whom it would be given.

In a military coup of the late 1960's Brigadier General Omar Torrijos assumed dictatorial power in Panama. His leftist leanings are viewed with alarm by opponents who foresee communist control of the vital waterway.

The U.S. has always operated the canal as a nonprofit, commercial convenience, allowing ships of every country—including communist—to pass through, all paying the same tolls, established in 1914.

Whether reciprocal fairness and price stability can be expected from the Torrijos regime or subsequent rulers is doubtful.

Since over 20 per cent of all canal traffic is sailing to and/or from U.S. ports, unrestricted access is of vital importance to the U.S. economy.

The real irony of the whole situation is that the U.S. State Department continues negotiations despite clear and emphatic Congressional disapproval.

Ratification of a new treaty would require approval by two-thirds (67 members) of the Senate. Senator Strom Thurmond's (R-SC) resolution disapproving of the proposal has 37 sponsors—18 Democrats, 19 Republicans—more than enough to block ratification.

On June 26, the House passed overwhelmingly (264–164) an amendment to the State Department appropriations bill prohibiting the use of any funds to finance negotiations which would relinquish U.S. sovereignty over the canal. (The Senate has not yet concurred with this provision.)

In the September 12 issue of *National Review*, Dr. James P. Lucier, Chief Legislative Assistant to Senator Jesse Helms (R-NC), discloses a letter (released in Panama, but not the U.S.) from Secretary Kissinger to General Torrijos written after the House vote.

"... *I want you to know that* in spite of these things, *I am still engaged in the search for a final and just solution to this problem and the establishment of a new and more modern relationship between the two countries.* (*emphasis added.*)

Kissinger also refers to the duly-elected representatives as "those who do not want progress," who are doing "all in their power to impede or discourage new advances."

Since the proposed treaty would involve giving away U.S. property, the House would have to agree (Article IV, Section 3, Clause 2 of the Constitution) which, at the present time, seems highly improbable.

The State Department should follow Congressional directives and terminate immediately its negotiations with the Torrijos government and perish the thought of turning over this valuable area to an unstable, leftist dictator.

THEY'LL REMEMBER HENLEY

Mr. McGOVERN. Mr. President, while traveling in Canada late last week I noted an article printed in the Winnipeg Free Press on October 15 entitled "They'll Remember Henley." The article recognizes the retirement from Canadian football of one of its brightest stars, Garney Henley, who will now move to Queens University at Kingston, Ontario. Prior to rewriting the record books of the Canadian Football League as a member of the Hamilton Tiger Cats, Garney Henley was perhaps the outstanding athlete in the history of college football at Huron College in Huron, S. Dak. Regarded as too small to play in the National Football League here in the United States, Garney started and finished his brilliant career in Hamilton over a span of 16 years. As a gentleman and an athlete he is a credit to my State and for this reason I ask unanimous consent that the article announcing his retirement be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THEY'LL REMEMBER HENLEY

TORONTO.—Football fans in Canada don't have to go too far back in history to recall some of the game's outstanding performers.

There was Hal Patterson, the prince of pass catchers who was a brilliant defensive halfback when he first reported to Montreal Alouettes in the mid-1950s.

Dick Shatto was an outstanding two-way performer when he arrived in the Toronto Argonaut camp in the 1950s and By Bailey, British Columbia Lions' Hall of Famer, successfully changed his style to that of a linebacker after many productive years as an offensive player.

More recently, Dick Thornton and Dave Raimey, who came from the United States with great credentials as offensive players, became Canadian Football League all-stars in defensive roles with Toronto.

But probably the last of the great two-way players, is calling it quits.

Garner Henley, who already has made it to Canadian football's Hall of Fame in the view of most football fans with only the formalities of awaiting the three-year eligibility period before being inducted, rounds out his 16th year as a pro—all in a Hamilton Tiger-Cat uniform—when the Ticats entertain Toronto in the last regular season game for both teams Nov. 1.

Next year he moves into Queen's University at Kingston, Ont., as head football coach of the Golden Gaels.

With the Ticats, the 38-year-old product of Huron College has played six full seasons on offense, 10 on defense and in all 16 has been used both ways.

As it is, Henley will leave with records for career interceptions (59 with three games to go this year) and career interception return yardage (916). He is the 14th most productive receiver in CFL records in both yardage gained and TD catches.

And as a specialist, Garney returned punts 2,918 yards, fourth on the all-time list.

"UNPREPAREDNESS WELL NIGH AS CRIMINAL AS WAR ITSELF"

Mr. HRUSKA. Mr. President, on October 11, I had the great honor with others of a congressional delegation, of participating in the ceremonies launching the nuclear powered aircraft carrier *Dwight D. Eisenhower* and the keel laying of the nuclear carrier *Carl Vinson*, at Newport News, Va.

These two vessels will contribute greatly to the needs of our Navy and help keep our military might surpassed by none.

It is very fitting that two of our warships bear the names of men who did much to see that our national defense was never weakened. As a military officer and as President of the United States, Dwight D. Eisenhower realized the importance of a strong national defense. As General Eisenhower once said:

> Until war is eliminated from international relations, unpreparedness for it is well nigh as criminal as war itself.

Vice President ROCKEFELLER in his address at the launching ceremony found the significance of the occasion when he said:

> Thus today we launch *Eisenhower* and lay the keel of *Vinson* with realistic appreciation: That the price of liberty is not cheap, that our strength is the only basis of détente, and that preservation of American ideals—with all they mean for the dignity of the individual as a spiritual being, and for the welfare of mankind—demands sacrifice and sustained devotion to freedom on the part of all of us.
>
> Let these great ships stand to sea in the name of human freedom: Glorious symbols of a renewed Declaration of Independence from tyranny, triumphant proof that an awakened America sails forth into its Third Century dedicated anew to the preservation of life, liberty and the pursuit of happiness.

Mr. President, I am sure it would be most appropriate for a Member of the other body to have printed in the RECORD the remarks of Mr. Vinson at this ceremony since he served there honorably for a great number of years. Although Mr. Vinson could not be there himself, his remarks were read by the junior Senator from Georgia (Mr. NUNN) at the keel-laying of the carrier bearing Mr. Vinson's name.

However, it is my privilege to ask unanimous consent that the remarks of Vice President NELSON ROCKEFELLER and a portion of the program from this October 11 ceremony be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REMARKS OF THE VICE PRESIDENT AT THE CEREMONY LAUNCHING OF THE "DWIGHT D. EISENHOWER" NUCLEAR-POWERED AIRCRAFT CARRIER, NEWPORT NEWS SHIPBUILDING, NEWPORT NEWS, VA., OCTOBER 11, 1975

Mrs. Eisenhower, and members of the Eisenhower family, Mr. Vinson, Distinguished representatives of the Congress, Governor Godwin, Secretary Clements, Secretary Middendorf, Admiral Holloway, Admiral Rickover, Mr. Diesel, Honored guests, and men and women of Newport News shipyard—builders of our Nation's entire nuclear carrier force: It is a privilege—it is a high honor—to participate in this unique ceremony as a representative of our great President, Gerald Ford.

We are here on the eve of the Navy's 200th anniversary to hail a most significant and timely investment in the future of America: To launch this awe-inspiring nuclear powered aircraft carrier, proudly bearing the illustrious name of our great military leader and President, Dwight D. Eisenhower; and to lay the keel of a sister-ship most appropriately named and with warm affection for that far-sighted advocate of a strong Navy in war and peace, Representative Carl Vinson.

Together, these mighty vessels evidence the will and the resolve of the United States of America: To preserve an endangered freedom of the seas, and to meet the growing challenges we face with strength and with confidence.

From the beginning of this Nation, we have looked to the sea for our safety, our security, our well-being. Our competence to defend the sea lanes, protect our commerce, shield our coasts, has been crucial to our survival and our success: We won our freedom with French naval support at Yorktown, and spanned vast oceans to tip the scales for the victories of two World Wars.

In World War II, we rebounded from the crushing attack on Pearl Harbor, and the terrible days when American shipping was burning and sinking off our Atlantic Coast, to build the greatest Navy the world has ever known, a Navy that insured Allied victory. That Navy has underwritten our commitment to freedom ever since—with the aircraft carrier as a key. But today we confront an increasingly formidable challenge—and this occasion presents an opportunity to examine that challenge realistically—"to tell it like it is".

During the last two decades, the Soviet Union has been building a totally new Navy: An impressive missile-oriented force, that will include new aircraft carriers, a Soviet Navy that was capable of mobilizing its nuclear submarines, some 200 surface ships and 400 aircraft in three oceans and four seas for maneuvers last April, controlled through a sophisticated, world-wide communications network including satellites.

One must respect Fleet Admiral Gorshkov, the architect of this unique achievement, for what he has accomplished for his country in the short space of two decades. He has transformed the Soviet Navy and effectively integrated it with a total Soviet effort that challenges us in every important element of military strength.

The Soviets have developed the most comprehensive intelligence complex the world has ever known—while we run the risk of destroying our own intelligence system with headlines. They have made a massive investment of scientists and resources in military research and development that pares away our qualitative lead in: strategic missiles; sophisticated aircraft; and, modernized armies. And in the face of all this, while the Red Fleets have been growing, ours have been cut in half—back to the days before Pearl Harbor.

And what of détente? Under the skillful leadership of President Ford and Secretary Kissinger, we have made solid progress toward reducing the risks of global destruction and building a more peaceful world. They are keenly aware that, in a complex, competitive, ideologically-divided world, we can achieve the benefits of détente only if we maintain our will as a free people—only if we are strong militarily, economically, and politically. Freedom of the seas is crucial to that strength in all these categories—and therefore the strength of the United States Navy is critical to the future of freedom in the world.

Militarily, we have security pacts with some 40 Nations. Our NATO lifeline across the Atlantic is essential to the defense of Western Europe. Our close security relationship with our Western Hemisphere neighbors has just been reaffirmed. Our presence in the Mediterranean and other seas is a strong influence for stability and peace in areas of turmoil and danger.

Economically, we rely on the sea lanes for 99 per cent of our overseas trade—vitally affecting the jobs and living standards of all Americans. Our dependence on imported energy and raw materials is still growing—dangerously. And our allies are even more dependent on open sea lanes for their energy and resources—which affect not only their standards of living but also their freedom.

Politically, we are witnessing the use of naval forces to support political goals, by those who still firmly believe that "ideological struggle" is "objectively inevitable." Admiral Gorshkov has observed in his writings how political goals can be achieved by merely threatening to initiate military operations. Soviet warships are now a constant presence in strategic ocean areas and off the shores of world trouble spots.

Seven years ago, Admiral Gorshkov announced—and I quote his words—that "Sooner or later, the United States will have to understand that it no longer has mastery of the seas. . ." And three years ago, Admiral Gorshkov observed: ". . . history shows that those States which do not have naval forces at their disposal have not been able to hold the status of a great power for very long."

Thus today we launch EISENHOWER and lay the keel of VINSON with realistic appreciation: That the price of liberty is not cheap, that our strength is the only basis of detente, and that preservation of American ideals—with all they mean for the dignity of the individual as a spiritual being, and for the welfare of mankind—demands sacrifice and sustained devotion to freedom on the part of all of us.

Let these great ships stand to sea in the name of human freedom: Glorious symbols of a renewed Declaration of Independence from tyranny, triumphant proof that an awakened America sails forth into its Third Century dedicated anew to the preservation of life, liberty and the pursuit of happiness.

PROGRAM

NATIONAL ANTHEM

Played by Commander-in-Chief, United States Atlantic Fleet Ceremonial Band.

INVOCATION

Captain Donald L. Kirkbride, CH (USN).

WELCOMING REMARKS

John P. Diesel, President and Chief Executive Officer, Newport News Shipbuilding.

INTRODUCTION

Admiral H. G. Rickover, USN, Director, Naval Nuclear Propulsion Program.

REMARKS

The Honorable Carl Vinson, Former Chairman, Armed Services Committee, United States House of Representatives.

AUTHENTICATION OF THE USS "CARL VINSON" KEEL PLAQUE

The Honorable Carl Vinson.

INTRODUCTION

Admiral James L. Holloway, III, Chief of Naval Operations.

INTRODUCTION

The Honorable J. William Middendorf, II, Secretary of the Navy.

INTRODUCTION OF PRINCIPAL SPEAKER

The Honorable William P. Clements, Jr., Deputy Secretary of Defense.

ADDRESS

The Honorable Nelson A. Rockefeller, Vice President of the United States.

INTRODUCTION OF THE SPONSOR AND THE MATRON OF HONOR

Mr. Diesel.

CHRISTENING OF THE USS "DWIGHT D. EISENHOWER"

Mrs. Mamie Doud Eisenhower, Sponsor; Mrs. John S. D. Eisenhower, Matron of Honor.

PRESENTATION OF EISENHOWER BICENTENNIAL SILVER DOLLAR

The Honorable Mary T. Brooks, Director of the U.S. Mint.

THE "DWIGHT D. EISENHOWER" (CVN 69) AND "CARL VINSON" (CVN 70)

When they are completed, the nuclear-powered aircraft carriers *Dwight D. Eisenhower* (CVN 69) and *Carl Vinson* (CVN 70) will join the nuclear carriers *Enterprise*, delivered to the fleet in 1961, and *Nimitz*, commissioned on May 3, 1975.

The *Nimitz, Dwight D. Eisenhower*, and *Carl Vinson* will replace aging and outdated World War II design aircraft carriers still in service. The Navy's three new carriers will have substantially better military characteristics than the latest conventionally powered carriers, including:

Nuclear fuel for 13 years of normal carrier operations, the equivalent of 11 million barrels of propulsion fuel oil;

Essentially unlimited high-speed steaming endurance with the increased offensive and defensive capabilities derived therefrom;

Over 70 percent more aviation and escort fuel capacity;

50 percent more aviation ammunition capacity;

Four long catapults with their greater energy capability with less strain on the aircraft compared to one long catapult and three short catapults on the latest conventionally powered carrier, the *John F. Kennedy;* and

Berthing and ship facilities to support 50 percent more air wing personnel.

The *Dwight D. Eisenhower* and *Carl Vinson* also incorporate improved design features in the areas of command and control, intelligence processing, ammunition handling, fire fighting and damage control.

The ships will be the best protected and least vulnerable carriers ever designed. This protection is provided by extensive use of armor against bombs and guided missiles, by an improved anti-torpedo hull design, and by the unlimited endurance at high speed provided by nuclear propulsion.

In its report of July 14, 1972, the Senate Armed Services Committee expressed its support of CVN 70 as follows:

"If the United States is to engage in world commerce, enter into treaties, or aid allies, we must have a strong and vigorous Navy. Aircraft carriers are the backbone of such a Navy, for without air superiority U. S. merchant shipping and naval surface forces cannot survive against hostile attack. Aircraft carriers serve in peacetime as visible deterrents to war, and provide a wartime capability to insure our free use of vital sea lanes and to support our forces ashore."

The President's budget request for Fiscal Year 1977 includes advance procurement funds for the first of a new series of nuclear-powered aircraft carriers to replace the aging *Forrestal* Class carriers. The Secretary of Defense has announced a plan to request authorization of a new nuclear powered aircraft carrier each two years.

SIGNIFICANT FEATURES OF THE NUCLEAR-POWERED AIRCRAFT CARRIERS "DWIGHT D. EISENHOWER" (CVN 69) AND "CARL VINSON" (CVN 70)

Construction authorized:

Dwight D. Eisenhower, fiscal year 1970.

Carl Vinson, fiscal year 1974.

Builder: Newport News Shipbuilding.

Propulsion: Two nuclear reactors in each ship.

Overall length: 1,092 feet.

Extreme breadth: 252 feet.

Area of flight deck: About 4½ acres.

Combat load displacement: About 93,300 long tons.

Speed: Over 30 knots.

Number of propellers: Four.

Number of aircraft elevators: Four.

Number of catapults: Four.

Size of air wing: About 100 tactical aircraft.

Keel laying:

Dwight D. Eisenhower, August 15, 1970.

Carl Vinson, October 11, 1975.

Launching:

Dwight D. Eisenhower, October 11, 1975.

Carl Vinson, scheduled 1978.

Scheduled delivery:

Dwight D. Eisenhower, 1977.

Carl Vinson, 1980.

Nuclear fuel for 13 years of normal carrier operations, the equivalent of 11 million barrels of propulsion fuel oil;

Essentially unlimited high-speed steaming endurance with the increased offensive and defensive capabilities derived therefrom;

Over 70 percent more aviation and escort fuel capacity;

50 percent more aviation ammunition capacity;

Four long catapults with their greater energy capability with less strain on the aircraft, compared to one long catapult and three short catapults on the latest conventionally powered carrier, the *John F. Kennedy;*

Berthing and ship facilities to support 50 percent more air wing personnel.

RESEARCH, TRAINING, AND MODEL PROJECTS UNDER THE OLDER AMERICANS ACT

Mr. WILLLIAMS. Mr. President, the Older Americans Act was enacted into law in 1965, after a struggle spanning several years.

Ten years of experience under the act have demonstrated beyond any doubt its value and benefit for the elderly.

Now the Congress is nearing completion on legislation to continue and improve Administration on Aging programs.

A conference committee meeting is scheduled for Thursday to resolve the differences in the House and Senate bills.

As the chairman of the Senate Labor and Public Welfare Committee and the ranking majority member of the Senate Committee on Aging, I am especially pleased that the Senate version of the older Americans amendments includes several provisions that I have advanced to strengthen training, research, and model project programs.

These efforts are essential, it seems to me, to provide the trained personnel to administer the title III State and Community Programs on Aging and the title VII Nutrition Program for the Elderly. Nearly 240,000 older Americans now receive low-cost nutritious meals under the title VII program.

In addition, title IV research has produced effective models for new programs and services under the Older Americans Act. The classic example, of course, is the title VII nutrition program.

Over the years, Federal money spent for research, training, and model projects in the field of aging has proved to be a prudent investment, yielding high returns.

It is my hope that this effort will not only be maintained but expanded to meet the growing need.

In the September edition of Aging magazine, the Administration on Aging provided a useful summary of AOA awards for research and demonstration, training, and model projects.

Mr. President, I call attention of this article to my colleagues, and ask unanimouse consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AOA AWARDS FOR R. & D., TRAINING, MODEL PROJECTS, FISCAL YEAR 1975, TOTAL $22.5 MILLION

The Administration on Aging awarded $22.5 million for 342 grants and contracts for training, research and demonstrations, and model projects in fiscal year 1975.

Of the total, $8 million were for 116 awards in training; $7 million went to 113 new or continued awards in research and demonstrations; and $7.3 million for 113 model projects of national scope.

TRAINING AND MANPOWER DEVELOPMENT PROJECTS

In a national competition, 50 awards for $3.7 million were made to institutions of higher education to establish and develop programs to prepare students to serve the elderly in their chosen career or profession.

These 50 career training programs are in 47 colleges and universities in 34 states and include 5 consortia awards which represent 16 cooperating institutions.

In addition to preparing qualified persons to work in the field of aging, it is the intention of the career program to stimulate the development of gerontological interest among the faculty and student body of these educational institutions, to assist in supporting the development of gerontological teaching capability, and to promote the development of an institutional commitment to gerontology and the field of aging.

Grants also were made to develop improved curricula, stimulate interest in second careers in the field of aging, and to exchange information through conferences and symposia.

Awards follow:

Career training awards

University of Alabama, $50,039;
University of Arizona, $73,617;
University of Arkansas, Little Rock, $31,890;
California State College, Sonoma, $43,675;
University of California, Berkeley, $25,122;
Holy Names, Oakland, $27,982;
San Diego State University, $89,923;
University of So. Calif. Dual Degree, $125,029;
University of So. Calif. Environmental, $76,609;
University of So. Calif. Summer Inst., $56,570;
Adams State College, $23,313;
University of Connecticut, $77,347;
Federal City College, $147,752;
Howard University, $48,901;
University of So. Florida, $30,231;
Albany State College, $15,118;
Georgia State University, $48,476;
University of Hawaii, $102,688;
University of Chicago, $135,900;
Wichita State University, $93,199;
Southern University, New Orleans, $50,693;
University of Maine, Portland, $34,750;
Antioch College, Columbia, Md., $43,272;
University of Maryland, $40,200;
Boston University (Consortium), $154,837;
University of Michigan, $239,729;
University of Minnesota, $96,674;
University So. Mississippi, $35,902;
University of Missouri, $86,412;
St. Louis University, $90,226;
Kansas City Regional Council for Higher Education, $116,853;
University of Nebraska, Omaha, $82,632;
Fairleigh Dickinson University, $51,198;
Syracuse University, $139,172;
Livingstone College, $32,900;
Bowling Green State University, $51,606;
Miami University, Ohio, $30,241;
University of Oregon (Consortium), $228,689;
Portland State University, $74,042;
Pennsylvania State U. (summer), $26,385;
Pennsylvania State University, $143,550;
Fisk University, $80,607;
Bishop College, $27,632;
North Texas State University, $25,015;
Our Lady of the Lake, $54,066;
University of Utah (Consortium), $219,508;
University of Washington, $79,579;
University of West Virginia, $51,724;
University of Wisconsin, Madison, $72,429;
University of Wyoming, $16,088.

CURRICULUM, MANPOWER DEVELOPMENT

Second Careers—New Opportunities in Allied Health, George Washington University, $121,219.

Drug Education—Resources Development in Environments and Aging, Gerontological Society, $101,450.

Training Older Adults in Community Organization and Development in Aging, University of Washington, $26,824.

Development Education Models, Duke University, $64,728.

National American Indian Training Program, Association of American Indian Social Workers, $84,084.

Use of Video in Gerontology Courses, University of Maryland, $55,027.

CONFERENCES

Image Conference on Aging, Department of Elderly Affairs, State of Massachusetts, $11,000.

Development and Model State Legislation in Aging, Council of State Governments, $112,514.

U.S. Project on the Elderly, U.S. Conference of Mayors, $188,988.

Gerontology as a New Frontier in Higher Education, Association for Gerontology in Higher Education, $4,995.

Seminar on the Care and Needs of Elderly Mentally Ill in Nursing Homes and Board and Care Homes, American Psychiatric Association, $17,501.

Central Conference of American Rabbis Conference on Aging and Planning for Retirement, Central Conference of American Rabbis, $5,000.

Youth Conferences on New Charter for Older Americans, National Retired Teachers Association/American Association of Retired Persons, $39,800.

STATE AGENCY GRANTS

State Agencies on Aging received grants to continue support of training which meets the priority in-service needs identified for State and area agency personnel. State agencies were encouraged to work with post secondary educational institutions serving planning and service areas with established area agencies on aging in the development and delivery of training courses.

Awards follow:

Alabama, $54,818.
Alaska, $20,000.
Arizona, $29,273.
Arkansas, $38,592.
California, $295,910.
Colorado, $30,918.
Connecticut, $47,473.
Delaware, $20,000.
District of Columbia, $20,000.
Florida, $165,552.
Georgia, $63,041.
Hawaii, $20,000.
Idaho, $20,000.
Illinois, $175,748.
Indiana, $78, 939.
Iowa, $53,174.
Kansas, $41,114.
Kentucky, $54,161.
Louisiana, $51,529.
Maine, $20,000.
Maryland, $51,529.
Massachusetts, $99,441.
Michigan, $122,793.
Minnesota, $63,370.
Mississippi, $36,509.
Missouri, $87,709.
Montana, $20,000.
Nebraska, $28,067.
Nevada, $20,000.
New Hampshire, $20,000.
New Jersey, $115,667.
New Mexico, $20,000.
New York, $313,343.
North Carolina, $71,812.
North Dakota, $20,000.
Ohio, $159,960.
Oklahoma, $48,240.
Oregon, $37,277.
Pennsylvania, $206,556.
Rhode Island, $20,000.
South Carolina, $33,768.
South Dakota, $20,000.
Tennessee, $64,247.
Texas, $166,648.
Utah, $20,000.
Vermont, $20,000.
Virginia, $62,603.
Washington, $52,406.
West Virginia, $31,685.
Wisconsin, $74,772.
Wyoming, $20,000.
American Samoa, $10,000.
Guam, $10,000.
Trust Territory, $10,000.
Virgin Islands, $10,000.

RESEARCH AND DEVELOPMENT PROJECTS

AoA awarded 113 grants (72 new, 41 continuation) for research projects under Title IV–B of the Older Americans Act.

New awards included 45 grants to support doctoral research in social gerontology and related fields which marked the establishment of a pilot Dissertation Research Grant Program.

The Title IV–B Research and Development program represents a primary source of basic knowledge required by the Administration on Aging in carrying out the legislative mandates of the Older Americans Act, as amended.

In FY 1975, AoA sought through its Research and Development Strategy to develop research activities focused around two principal themes: 1) information critical to effective planning and management of the Title III State and Community Grants Program and the Title VII Nutrition for the Elderly Program; 2) knowledge on aging and old age instrumental to achieving the general objectives for older Americans outlined in Title I of the Older Americans Act.

AoA structured four priority research directions for FY 1975.

1. Aging Processes (Exclusive of Biological Processes). Identification and analysis of factors and processes that contribute to the aging phenomenon. Such knowledge will assist in the development and implementation of programs responsive to the capabilities and functionings of the elderly.

2. Descriptions of Older American Population. Gain knowledge about the characteristics, attitudes, behavior and distribution of older persons. Such knowledge will permit formulation of policies and programs which will facilitate the achievement of equal opportunity and access to the objectives specified in Title I of the Older Americans Act.

3. Social and Environmental Conditions Affecting the Elderly. Provide knowledge of social, economic, and environmental forces which impinge on the ability of the elderly to secure and maintain "freedom, independence and free exercise of individual initiative in planning and managing their lives" (Title I, Sec. 101, Older Americans Act).

4. Intervention Mechanisms. Provide knowledge descriptive of intervention mechanisms and the responses of the elderly to those interventions. Such knowledge will provide the understandings necessary for the development, organization and delivery of service, as well as the coordination of delivery systems as supported under Titles I, III, and VII of the Older Americans Act 1965 as amended.

Awards follow:

Aging processes etc.

Identifying Opportunities for Improving Quality of Life of Older Age Groups; American Institute for Research, Palo Alto, Calif., $85,967.

Non-Chronological Definitions of Aging; Anrus Gerontology Center, U.S.C., Los Angeles, Calif., $45,565.

Coping Mechanisms Among the Elderly, Community Research Applications; New York City, $50,769.

Individual and Community Competence: A Study of the Success of Coping Mechanisms of the Aged; University of Maryland, $66,899.

Decision-Making and the Elderly; University of Chicago, $76,144.

Local Socio-Environmental Contexts and Personal Moorings in Relation to Decision-Making and the Elderly; University of Missouri-Columbia, $115,934.

Impact of Needs, Knowledge, Ability and Living Arrangements on Decision-Making of the Elderly; Catholic University, Washington, D.C., $118,013.

Organization of Cognitive Abilities in Old Age; University of Florida, Gainesville, $23,900.

Perspective-Taking and Communications in the Elderly; Bowling Green State University, Ohio, $16,769.

Crises and Adaptation in the Middle and Late Years; University of Chicago, Chicago, Illinois, $131,211.

(Seventeen Dissertation Research Grants also were awarded in this field.)

Descriptions of population

Predicting Accuracy of Perceiving the Aging Person; Research Foundation of the State University of New York, Albany, $27,463.

Rural Retirement Patterns and Middle Class Life Styles; University of Georgia, Athens, $49,570.

(Fourteen Dissertation Research Grants also were awarded in this field.)

Social environmental conditions

Residential Segregation of the Aged in American Cities; University of Missouri, Columbia, $28,597.

Psychological Determinants of Public Support for Five Social Welfare Groups; National Opinion Research Center, Chicago, Ill., $49,799.

Price, Quality and the Welfare of Elderly Consumers; University of Florida, Gainesville, $39,784.

Factors Influencing the Abandonment of Private Homes by the Elderly; University of Michigan, Ann Arbor, $137,473.

Housing Needs of Urban and Rural Elderly; Philadelphia Geriatric Center, $55,706.

Life Styles of the Aging and Consumer Behavior; University of California at Davis, $20,955.

(Four Dissertation Research Grants also were awarded in this field.)

Intervention mechanisms

Techniques for Translating Units of Need into Units of Service; Institute for Economics and Social Measurement, Bethesda, Md. $91,642.

Client Oriented Community Assessments of Long-Term Care Facilities; Methods and Procedures; Design Phase: Urban Institute, Washington, D.C., $161,760.

Monitoring Social Services for the Aging Provided Under Social Security Act Title XX in New York State; State Communities Aid Association, New York City, $154,218.

Comparison of In-Home and Nursing Home Care for Older Persons in Minnesota; Governor's Citizens Council on Aging, St. Paul, Minn., $183,154.

Planned Crises/Disasters: Nursing Home Closings; University of Pennsylvania School of Medicine, $80,786.

Vocational Counseling for the Elderly; Curative Workshop *of* Milwaukee, Wis., $74,201.

Uses of Mass Media by the Aged; Columbia University, New York City, $67,063.

Planning for Health Care Needs of the Elderly; University of Massachusetts-Boston Survey Research Program, $168,566.

(Ten Dissertation Research Grants also were awarded in this field).

MODEL PROJECTS

The 133 funded Model Projects under Sec. 308 of title III are expected to develop, test and demonstrate new and better ways of dealing with social and personal problems of aging. The ultimate objective is to generate models of programs, services and activities which will help improve social services or otherwise promote the well-being of older persons.

Grants awarded to projects in priorities established earlier total $721,860 for housing and residential arrangements; $971,026 for continuing education; $507,252 for retirement preparation and adjustment; $1,065,154 for special programs for the physically and mentally impaired; and $1,803,489 for projects combining several priorities. Two new areas were given special attention, namely, development of legal services ($1,193,259), and a nursing home ombudsmanship program ($1,112,604).

AoA's announcement of the Legal Service Program resulted in receipt of over 100 project proposals of which eleven were funded.

The general thrust of these projects is to promote the development of institutional structures, in conjunction or cooperation with State and area agencies on aging, which will make legal services more accessible to the elderly and better serve their needs.

The projects will sensitize agency staff to the legal needs of the elderly, develop instructional materials for professionals, paraprofessionals and volunteers; they will develop and demonstrate replicable models of interagency cooperation and coordination in providing quality legal services through attorneys, students, volunteers, law schools, local bar associations and other community agencies.

The $1,112,604 available for the Nursing Home Ombudsman Program was offered to the States on a population formula basis. State agencies on aging in 47 states, the District of Columbia, and Puerto Rico each were granted from $18,000 to $58,000.

The grants are to help the State agency promote effective ombudsman activities at the State level and to develop the capabilities of area agencies on aging to promote, coordinate, monitor and assess nursing home "ombudsman" activities within their service areas.

State and area agency personnel will work with government agencies, citizen's organizations and nursing home associations to develop mechanisms for receiving and resolving complaints made by or on behalf of nursing home patients and elderly residents of other long term care facilities; they also will work for systematic changes to improve quality of long term care of the elderly.

Awards follow:

Housing

Housing Alternatives for New England Senior Citizens, New England Housing Development Corp., New Hampshire, $68,000.

Training Managers for Housing for the Elderly, National Center for Housing Management, Washington, D.C. $142,431.

Share-A-Home, United Home Care Services, Miami, Fla., $59,288.

Vacation Residential Exchange Program for Low-Income Older Adults, International Center for Social Gerontology, Washington, D.C., $51,830.

International Information Clearinghouse Committee; Housing and Environments, International Center for Social Gerontology, Washington, D.C. $123,174.

Housing Rehabilitation and Repair for Low Income Elderly, Meridian Charter Township, Okenos, Mich., $42,500.

Statewide Model Project Program (Housing), Trust Territory of the Pacific Islands, Office of the Commissioner, Saipan, Mariana Islands, $125,000.

Winterization of Homes Owned by Older Citizens of Colorado, Colorado Congress of Senior Organizations, Denver, $50,000.

Triangle J, AAA Housing Assistance Program, Triangle J Council, Durham, N.C., $28,637.

Home Improvement Services for Older Americans, Emerson Jaycees, Emerson, Neb., $11,000.

Model Demonstration Housing Repair Project, Mid-Columbia Community Action Council, The Dalles, Oreg., $20,000.

Continuing education

Preventive Health Education for the Elderly, Urban Health Institute, East Orange, N.J., $90,000.

Minority Aged Services Training Inst., National Urban League, New York City, $173,659.

Project MISSILE, Rockland Community College, Suffern, N.Y., $84,899.

Model Project for Physical Fitness, National Association for Human Development, Washington, D.C. $266,809.

Interim Catalyst Program, Brevard Community College, Cocoa, Fla., $59,952.

Special Information Services, T.V. Program for the Elderly, New York City Office for the Aging, $16,774.

Retirement Planning and Counseling Program, Duke University, Durham, N.C., $19,986.

Uptown Elders Educational Program, Ecumenical Institute, Chicago, Ill., $25,000.

Utilization of University Resources for Renewal and Redirection of the Abilities of the Retired, Governor's State University, Park Forest, Ill., $54,420.

Minnesota Consortium Educational Services in Retirement Planning for the Elderly, College of St. Thomas, St. Paul, $125,492.

Arkansas College Consortium for Sixty-Plus, Westark Community College, Fort Smith, $54,035.

Retirement preparation and adjustment

Regional Handicraft Industries, Handicraft Marketing Sales, Washington, D.C. $70,117.

Project HEAL, Pima Council on Aging, Tucson, Ariz., $24,300.

Clearinghouse for Voluntary Employment, Agencies for Aging, Human Resources Center, New Life Institute, Albertson, N.Y., $39,955.

Project SARR, San Diego Ecology Center, Calif., $22,488.

Operation Independence, National Council on the Aging, Washington, D.C., $350,000.

Special programs for physically and mentally impaired

New Roles for the Elderly (Day Care), Pennsylvania State University, University Park, Pa., $145,000.

ON LOK Senior Health Services Model Project, Chinatown-North Beach Health Care Planning and Development Corp., San Francisco, $200,365.

Direct Services to the Senior Citizens Community, City of Rockville, Md., $50,903.

T.R.I.P.—West Virginia Department of Welfare, Charleston, W.Va., $400,000.

Elderly Day Care Organized in Neighborhood, Case Western Reserve University Cleveland, Ohio, $104,502.

Model Dental Program for the Elderly, University of Oregon Model Dental Program, Portland, $83,735.

Multiple priorities

Project Independence, Bureau of Maine's Elderly, Department of Health and Welfare, Augusta, $165,995.

Emergency Information and Referral Program, New York City Office for the Aging, $80,379.

Crime, Safety and the Senior Citizen, International Association of Chiefs of Police, Gaithersburg, Md., $150,000.

Regional Information and Referral Support System, United Way of Pinellas, St. Petersburg, Fla., $70,000.

TAP-20, St. Louis Area Agency on Aging, St. Louis, Mo., $200,580.

Mobile Information and Referral Unit, Southwest Missouri Area Agency on Aging Springfield, $75,764.

Elder Citizens Coalition of Washington, Seattle, $25,000.

Comprehensive Geriatric Services Development Project, Geriatric Authority of Holyoke, Holyoke, Mass., $69,812.

Hand-in-Hand, Girl Scouts of America, New York City, $108,088.

A Community-Based Program for Mentally Frail Elderly, New York City Office for Aging, $131,028.

Model Senior Citizens Service Lounges, Department of Human Resources, Washington, D.C., $209,992.

Technical Assistance to Synagogue Leadership for Programming Direct Services to Older Persons, Synagogue Council of America, New York City, $68,780.

Development of Design for Information and Referral System for the Elderly, South Carolina Commission on Aging, Columbia, $25,912.

Lieutenant Governor's Ombudsman on Aging, Office of the Lieutenant Governor, Springfield, Ill., $73,820.

Elderly Urban Indians, Montana United Indian Association, Helena, $80,000.

ABRAZAR—LULAC, Phoenix, Ariz., $156,994.

The Wise Ones, Papago Council, Sells, Ariz., $56,039.

Elderly Nutrition Program, Gila River Indians, Sacaton, Ariz., $88,463.

Food Delivery Service, Inter-Tribal Council of Nevada, Reno, $77,371.

TRIDENT, Kitsap County, Port Orchard, Wash., $17,500.

Legal services

Tolland Windham Legal Services, Willimantic, Conn., $33,406.

Presbyterian Senior Services, New York City, $44,600.

National Council of Senior Citizens, Washington, D.C., $249,607.

National Paralegal Institute, Washington, D.C., $150,000.

National Retired Teachers Association—American Association of Retired Persons, Washington, D.C., $85,000.

University of Michigan, Ann Arbor, $91,032.

Louisiana Center for the Public Interest, New Orleans, $70,432.

University of Southern California, Los Angeles, $225,000.

Senior Adult Legal Assistance, U.S.C., Palo Alto, $47,322.

California State Office on Aging, Sacramento, $121,000.

George Washington University, Washington, D.C., $75,860.

Nursing home ombudsman

Region I

Connecticut, $18,000.
Maine, $18,000.
Massachusetts, $18,385.
New Hampshire, $18,000.
Rhode Island, $18,000.
Vermont, $18,000.

Region II

New Jersey, $21,385.
New York, $57,931.
Puerto Rico, $18,000.

Region III

Delaware, $18,000.
District of Columbia, $18,000.
Maryland, $18,000.
Pennsylvania, $38,188.
Virginia, $18,000.
West Virginia, $18,000.

Region IV

Alabama, $18,000.
Florida, $30,608.
Georgia, $18,000.
Kentucky, $18,000.
Mississippi, $18,000.
North Carolina, $18,000.
South Carolina, $18,000.
Tennessee, $18,000.

Region V

Illinois, $32,493.
Indiana, $18,000.
Michigan, $22,702.
Minnesota, $18,000.
Ohio, $29,574.
Wisconsin, $18,000.

Region VI

Arkansas, $18,000.
Louisiana, $18,000.
New Mexico, $18,000.
Texas, $30,810.

Region VII

Iowa, $18,000.

Kansas, $18,000.
Missouri, $18,000.

Region VIII

Colorado, $18,000.
Montana, $18,000.
North Dakota, $18,000.
South Dakota, $18,000.
Utah, $18,000.

Region IX

Arizona, $18,000.
California, $54,708.
Hawaii, $18,000.
Nevada, $18,000.

Region X

Alaska, $18,000.
Idaho, $18,000.
Oregon, $18,000.
Washington, $18,000.

THE NEW YORK TIMES ON "DOUBLE 10"

Mr. HELMS. Mr. President, during the Senate recess, one of our Nation's most loyal allies, the Republic of China, celebrated the 64th anniversary of its founding on October 10—the day known as "Double 10," the 10th day of the 10th month. It was a remarkable anniversary for a country which has suffered the ups and downs of fortune. During the past year, China's venerable leader, Chiang Kai-shek, passed away. The man who had worn the mantle of the Republic's founder, Dr. Sun Yat-sen, was dead. Despite the triumph of communism on the mainland Chiang Kai-shek had held aloft the torch of freedom on the last remaining province, the island of Taiwan. Against all kinds of adversity, the Republic of China, through hard work, skill, and patience, created stability, peace, and prosperity on Taiwan.

But now the Generalissimo was gone. All the world wondered whether his administration, and, indeed, the Republic itself, was held together by the symbolism of his strong personality, or whether he had indeed created a permanent order. This question was soon answered. After an appropriate period of mourning, the Republic continued just as it had before under the leadership of General Chiang's son, Premier Chiang Ching-Kuo. He had prepared his son wisely, just as he had prepared his people.

On the occasion of this "double 10" celebration, the Republic of China can well take pride in genuine accomplishment, and look forward to a future of freedom. There are indeed many difficulties ahead, but they are not so great that the persistence and determination which the Chinese have already demonstrated will not carry them through.

Mr. President, The New York Times is a newspaper which has not been known to be friendly to the cause of Free China. Yet on October 13, New York Times correspondent Fox Butterfield filed a story from Taipei which gives a very objective view of the progress and stability which has been achieved on Taiwan, despite the transition to a new leadership. Mr. Butterfield said:

> This island state seems to be growing stronger both economically and politically, even as it approaches diplomatic extinction.

He goes on to say:

> Premier Chiang Ching-Kuo has provided energetic and surprisingly enlightened leadership.

Mr. President, I was in the Republic of China last year, when Premier Chiang Ching-Kuo had already assumed a leadership position. I was very favorably impressed with the progress which had been made in that country. I am pleased to see from Mr. Butterfield's article that this progress has continued, and I congratulate the free Chinese people on their accomplishment.

Mr. President, I ask unanimous consent that the article from the New York Times of October 14 be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the New York Times, Oct. 14, 1975]

Taiwan, Diplomatic Ties Weak, Is Thriving on Its "Self-Reliance"

(By Fox Butterfield)

Taipei, Taiwan, October 13.—Six months after the death of Chiang Kai-shek, Nationalist China's longtime President, this island state seems to be growing stronger both economically and politically, even as it approaches diplomatic extinction.

Except in sentiment, President Chiang's presence does not appear to be missed, for his son, Premier Chiang Ching-Kuo, has provided energetic and surprisingly enlightened leadership.

Taiwan's industrial growth has even led to increased military power. In a mammoth parade last week to mark Nationalist China's 64th National Day, Taiwan for the first time displayed locally built F–5E jet fighters, Huey helicopters, artillery, tanks and M–14 rifles.

The military parade, and an exhibition by paratroopers who jumped spectacularly into downtown Taipei, were intended to demonstrate Taiwan's new emphasis on "self-reliance," a policy befitting the island's deepening political isolation.

FRIENDS ARE FEW

Both Thailand and the Philippines recognized Peking earlier this year, leaving Taiwan with diplomatic ties only to South Korea among its Asian neighbors, and none with nine of its 10 largest trading partners.

Officials here appear resigned to the United States' eventual normalization of relations with China, though they are optimistic that President Ford will not make the step during his scheduled visit to Peking in December.

Despite the international setbacks, Taiwan has begun to recover from the effects of the oil crisis and the worldwide slump, which seriously slowed the island's economy last year after more than a decade during which annual growth was over 10 per cent. Recent statistics indicate that economic growth should reach 2.5 per cent this year and about 6 per cent in 1976.

Taipei's smog-shrouded streets are clogged with locally built cars, sales of television sets and refrigerators are up 35 per cent and nightclubs that cost upward of $30 a couple are full even on week nights.

ISOLATION UNITES NATION

Moreover, the shock of Taiwan's expulsion from the United Nations in 1971 and President Nixon's trip to China in 1972 seem to have helped bring greater unity among the island's 14 million native Taiwanese and two million mainlanders, who came to Taiwan with the Chinese Nationalists in 1949. This trend has been spurred by Premier Chiang's policy of bringing larger numbers of young Taiwanese into the Government and devoting more resources to rural welfare.

In addition, the Premier has moved to improve Taiwan's economic structure, long neglected by the Nationalists in their preoccupation with recovery of the mainland, with a program of 10 major development projects, including a north-south freeway, railroad electrification, two new ports, a large steel mill and petro-chemical complex and several nuclear power plants.

As a result of the island's prosperity, Premier Chiang's initiatives and continued strict Government security measures, Taiwan at present appears to enjoy greater political stability than any other country in Asia. The only widely debated political issue—when the United States will establish full ties with Peking and have to sever its mutual security treaty with Taiwan—is out of the Government's control.

Since his father's death last spring, Premier Chiang, a chunky 65-year-old man who makes frequent unannounced inspection trips to the countryside, has also taken several steps to give Taiwan's long repressed political life a more liberal image. The sentences of some political prisoners have been reduced and Taiwan's first overt opposition publication in years, The Taiwan Political Review, has officially been tolerated.

How deep these changes go is unclear.

TOP POSTS DENIED

The outspoken Taiwanese politican who puts out The Taiwan Political Review, Kang Ning-hsiang, says there is "some greater equality" between Taiwanese and mainlanders than before, but "we are still not in the top positions where we can make basic decisions on our own fate." There are no Taiwanese, for example, among Premier Chiang's small group of advisers, and the three Taiwanese cabinet ministers are widely viewed as little better than collaborators with the ruling Kuomintang, or National party.

Mr. Kang, a short, bouncy, straightforward man who says he is often followed by the still powerful secret police, is up for re-election this December as a member of the Legislative Yuan, the largely powerless parliament. Both he and diplomats here believe that how he and several other non-Kuomintang candidates fare in the *elections* could indicate how far Premier Chiang is really willing to accept opposition.

The military equipment displayed in last week's parade, including the jet fighters, helicopters and artillery, are built on Taiwan under contracts with United States companies.

There has been repeated speculation that the Nationalists are also trying to build an atomic bomb, though it is impossible to confirm these reports here and both Chinese and American officials here deny them. Premier Chiang, in a report to the Legislative Yuan recently, conceded that the Nationalists "did actually consider construction of a nuclear arsenal last year." But he added that they ruled it out on advice of his father, President Chiang, who said "we cannot use nuclear weapons to hurt our own countrymen."

UNITED STATES STILL HELPS

While outright United States military aid to Taiwan was ended two years ago, Washington still supplied the Nationalists last year with $80-million in military credits, one of the highest totals in the world.

American military officers here say they are confident that if the security treaty was terminated, Taiwan could defend itself against an initial Communist attack. But they are less sanguine about how long Taiwan could hold out.

"Over time, they would get ground down and eventually they would have no capacity to resist large-scale landings," a senior United States officer remarked.

The United States this year reduced its military presence on the island to about 2,800 men, mostly Air Force intelligence specialists monitoring Chinese radio transmissions for a United States Army communications group. When the Shanghai communique promising complete American military disengagement from Taiwan as an "ultimate objective," was signed at the end of President Nixon's trip to China in 1972, there were about 8,500 Americans here.

United States officials say no further withdrawals are contemplated at present.

PREMIER AN ENIGMA

The man behind many of the changes on Taiwan, Premier Chiang, remains one of Asia's least known leaders. According to associates, he has overcome much of his shyness in public, but he still shuns interviews and seldom reveals his thinking to even his few close advisers.

The Premier has not moved into any of his father's palatial residences and is said to eat plain food, shun alcohol and to be at work by dawn every morning.

In the view of many here, Mr. Chiang has succeeded in overcoming the suspicions that led many Chinese and Taiwanese to distrust him before he took office as Premier in 1972. These suspicions grew out of his earlier career as head of Taiwan's secret police and centered on the fear that he was a ruthless man.

A Western diplomat with long experience in Taiwan remarked, "It may be hard to believe, but if a really free election were held here today, Premier Chiang would probably win."

FARM WOMEN WANT WHAT IS THEIRS

Mr. McGOVERN. Mr. President, in recent time, positive changes in our laws, our priorities and our attitudes have focused attention on the increasing number of women assuming nontraditional roles in the working world. The many women who are now taking on dangerous and strenuous physical jobs which were heretofore closed to them are responsible for gradually destroying the myth that women cannot handle such hard work.

But in spite of this myth that has pervaded our society's thinking for some time, there has always been one group of workers who have never paid much attention to the myth, or taken it very seriously—the American farmer. A woman contributing many hours to all of the tough physical chores necessary to maintain a farm is a sight as traditional as the family farm itself.

Yet no matter how much work they do, these women are not recognized as farmers, but as farmers' wives. One of the most unfortunate consequences of this discriminatory view of farm women comes across in the estate tax laws. A woman may devote her entire life to building up and maintaining a successful farm, but if her husband dies, she is still forced to pay taxes on a farm which is the product of her own hard work.

Recently, Roylene Schwab of the Aberdeen, S. Dak., chapter of the National Organization for Women wrote a piece describing the inequities of our estate laws and their impact on the family farm. I commend this article to my colleagues for their attention and ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Aberdeen (S. Dak.) American News, Sept. 28, 1975]

FARM WOMEN WANT WHAT IS THEIRS

(By Roylene Schwab)

The demise of the family farm is a threat that all Americans, rural and urban, producer and consumer, are presently facing. Literally thousands of farm people have been driven off the land and into the cities.

One major factor contributing to the decline of the family farm is the often unbearable burden of discriminatory and exorbitant estate tax laws.

The typical farm woman has worked for a large share of her life along with her husband in the building of a family farming operation. She therefore justifiably feels that their farm is exactly that—theirs, hers as much as his. She is in for a rather rude awakening when she discovers the discriminatory assumption on the part of the Internal Revenue Service that a farming operation is entirely the property of the husband, even if held jointly, that his wife is his heir, and as his heir she must pay possibly tens of thousands of dollars in taxes on what she has supposedly inherited. She then is left to wonder why she must pay inheritance taxes on what was hers in the first place.

Only if the wife can prove that she inherited part of the farm or held an off-farm job or otherwise made a "legally recognized contribution" to the acquisition of the operation, will the IRS concede that she was a partner in the business. She then wonders if she wasn't contributing by driving the tractor, sorting cattle, doing bookwork and correspondence, in addition to making a home for her family, labor that would otherwise have to be hired by the farm operator.

"We are contributing greatly to the acquisition of land and machinery with our labor," a woman wrote the Nebraska Commission on the Status of Women. "We, along with our husbands, increased our net worth over the years—the difference being that later we women are told we didn't earn half and when it is 'given' (willed) to us we have to pay tax on it."

Upon the wife's subsequent death the same property will be taxed again to the heirs—usually the children. It is not uncommon for two deaths to take as much as 25 per cent to 50 per cent of a farm estate, according to Dr. Phillip Henderson, Nebraska Extension economist.

The IRS' interpretation of "contribution" is not limited to farm wives; it applies to other businesses and professions in which the wife is receptionist, bookkeeper, secretary and general right-hand. For this reason, support for needed tax reform legislation comes from many diverse groups, such as Chambers of Commerce, senior citizens' clubs, farm associations and women's rights organizations.

The South Dakota state branch of the National Organization for Women (NOW) adopted as a priority at its 1975 state conference "the reform of state and federal inheritance tax laws and regulations which work an economic hardship on farm women and on all women . . ." The NOW action stressed the "tradition of the South Dakota family farm," the threat and danger to that institution by "the administration of unfair and inequitable inheritance tax laws and regulations," and the fact that "South Dakota farm women and women who work as partners in their family businesses, when their partners die, are with alarming consistency forced to sell all or part of their farms or businesses, built over many generations, to speculators."

One of at least fifteen bills aimed at reform of the estate tax structure on the calendar of Congress is H.R. 1793, introduced in the House of Representatives; its twin counterpart in the Senate is S. 1173, co-sponsored by sixty members of Congress. This proposed legislation aims at three major corrections in the law:

An increase in the exemption allowed every estate from $60,000 to $200,000. (Despite rampant inflation, this exemption has not been raised since 1942);

An increase in the marital deduction by a flat sum of $100,000 beyond the present one half. (Notice this means less financial burden on a surviving wife, but does not alter the discriminatory disregard for her contribution where property is held jointly);

A method for valuing real property, farmland, on the basis of current use, rather than on any potential use at higher value. (Farmers suffer seriously from the fact that their estates are taxed at the speculative value of the land, rather than on the basis of the farming value of the land.)

Our state inheritance tax laws need updating too. A bill introduced in the Nebraska legislature specifies that if a husband and wife hold property in joint tenancy, "it shall be assumed that each spouse contributed equally to the acquisition of the property, unless the surviving spouse shall prove that his-her contribution was greater than one half the cost of such property."

Changing the law is always a very difficult challenge and it is especially so when the aim is tax reform. But it is a challenge that must be met if this threat to the institution of the family farm is to be overcome. We must write our Senators (Washington, D.C. 20510) and our Representatives (Washington, D.C. 20515) in support of the bills mentioned or others providing inheritance tax reform. Petitions to that effect, passed around at meetings and filled with numerous signatures, are also effective.

In the words of one farm woman, "A farm wife doesn't know how her government discriminates against her until she is widowed. . . . My husband and I worked hard for 23 years to make land payments. One year ago he died at 45. Now I'm having to pay for the farm again—this time to the IRS."

Farm women, along with our husbands, have contributed to the building of the South Dakota family farm. And farm women, like all people everywhere, want what we have worked for.

TESTIMONY IN TOMS RIVER, N.J., ON THE COST OF LIVING AND THE ELDERLY

Mr. WILLIAMS. Mr. President on behalf of the Senate Committee on Aging I conducted a hearing on "Future Directions in Social Security—Impact of the Cost of Living on the Elderly."

The testimony, taken at the Fine Arts Building Auditorium of the Ocean County Community College in Toms River, N.J., was memorable in many respects.

Witnesses included several older persons who spoke directly about themselves or about friends who find that today's prices are causing a decided pinch and even deprivation.

Officials from county, State, and local government joined them in describing efforts to meet needs of the elderly through official programs, while readily admitting that such programs meet only part of the need.

The hearing demonstrated once again—as did one conducted in Newark this June— that inflation and other economic problems are hitting older Americans in very direct and pervasive ways.

Now, facing another winter and the prospect of higher fuel bills, many older persons in the Ocean County area and other parts of New Jersey wonder where they will find the extra dollars they need each month to pay for food, prescription drugs, rent or taxes, and other necessities.

I am happy to report that there was strong support at the hearing for my legislation to make the cost-of-living index under social security more flexible and responsive in meeting these needs. In addition, strong support was given to my legislation to restore medicaid and other coverage to older persons who become ineligible because of the 8 percent social security increase which reached them in July.

I hope that action soon is taken on these bills, but I also wish that high officials in the Ford administration could have been on hand to hear directly from persons who know from firsthand experience that more, not less, must be done to help inflation's most hard-hit victims.

Mr. President, the testimony taken at Toms River should be shared with the Congress, the executive branch, and the general public. I ask unanimous consent to have printed in the Record at the conclusion of my remarks the following items: An excellent article in the September issue of the Senior Statesman, official newspaper of the Ocean County Senior Coordinating Council; an article which appeared in the September 9 issue of the Daily Observer-Courier Sun of Ocean County; an editorial from the September 10 edition of the same paper; the statement of Louis Schafer, New Jersey State Director of the American Association of Retired Persons; the statement of Henry Rall, a board member of the National Council of Senior Citizens and a man whom I have known for some years as an ardent advocate in behalf of older Americans; and the witness list.

Finally, I would like to thank the Ocean County Board of Freeholders and County officials—notably the director of the Office on Aging, Mr. Philip Rubenstein—for their help before and during the hearings. But most of all my thanks go to the witnesses, particularly the older persons who spoke from their own experience. They have provided new incentive for seeking action on behalf of older Americans.

There being no objection, the material was ordered to be printed in the Record, as follows:

Future Directions in Social Security

Toms River, N.J.—U.S. Senator Harrison A. Williams (D-N.J.), after hearing testimony given by groups of panelists at a public hearing held September 8th at Ocean County College, said he was convinced more than ever of the importance of getting laws pertaining to Social Security benefits changed to take care of some of the difficult situations facing Older Americans.

The Fine Arts Auditorium was filled to capacity with the crowd also filling the upper level of the auditorium.

The Senator pointed out that the Senate Committee on Aging has been listening to testimony given at hearings held in Washington, D.C. and three other states to date. He noted that he had conducted a recent hearing in Newark. He added that testimony has revealed the desperate situation facing the elderly.

In pinpointing the plight of 'seniors' whom he said had planned to find a satisfactory retirement in Ocean County, found instead, that inflation is severe in housing and utilities, transportation, health care, and food costs, resulting in the elderly paying for more than their budgets allow, more so than other age groups.

While he noted that many of the complaints heard at this hearing referred to issues currently in legislation, he said he was deeply impressed with innovative programs conducted in Ocean County and ideas suggested from which he has gained many new ideas to bring back to the Senate Special Committee on Aging.

Senator Williams emphasized that he is sponsoring legislation to improve the cost of living adjustment mechanism for Social Security and for the Supplementary Security Income (SSI) program. He said he has also introduced a bill to keep increases in Social Security from affecting SSI payments and Medicaid eligibility.

State Senator John F. Russo (D-Ocean) in referring to a review of 'Future Directions in Social Security' read one of the numerous letters he said he receives from senior citizens, which cited the July increase of this particular woman's total disability social security check which resulted in a loss of her medicaid benefits. In her letter she issued a plea to Senator Russo to utilize his efforts in behalf of people who have been hurt by the social security increase.

Senator Russo noted that the letter draws attention to the plight of many elderly citizens living in today's inflationary period. 'I don't feel we have begun to do enough to solve the unique problems which our unstable national economy has forced upon those who now seek a dignified contentment in their remaining years,' Russo stated.

He pointed out that New Jersey which has been affected by the same economic dilemmas of rising costs and declining revenues, has committed through its various departments approximately $50 million in aid to the elderly in the form of property tax exemption, transportation subsidies, health clinics, prescription assistance and other programs but he asked 'Is this enough?'

Russo also referred to the newly constituted State Division on Aging which administers nearly $8 million in federal funds to nutrition programs for the elderly, and also corresponding outreach and counselling services, and again asked "Is this enough?"

"If today, by this meeting of minds, we can pinpoint our new tasks, our new commitments, then we will have in some respects fulfilled our roles of leadership we have so eagerly assumed," Senator Russo asserted.

James J. Pennestri, director of the N.J. State Division on Aging, criticized the thinking of "some people" who have maintained that legislated increases in Social Security benefits should be reduced or eliminated on the grounds that granting them would contribute to the inflationary period.

He stressed that this attitude is tantamount to placing elderly residents in double jeopardy; victimized on the one hand by inflation, and denied adequate assistance because of inflation.

Mr. Pennestri said that solving financial problems involves the expenditure of money, and all hopes cannot be pinned on Social Security benefits. He said the alternative approach lies in the the Supplemental Security Income Program. He noted if this is strengthened and broadened, SSI could do what many experts in the field of aging have advocated for many years—permit retirees to continue to share the growing wealth of the nation through a support system; entirely separate from Social Security—financed out of general revenue funds.

Phillip Rubenstein, director of the Ocean County on Aging, outlined programs created in Ocean County due to funding under the Older Americans Act of 1965, amended in 1974. He also reviewed the various services offered to the elderly, stressing that more and more demands for these services have been brought about due to the inflationary costs of living. He added that it was only through Titles III, VII and XX that relief could be offered to the elderly.

In noting current action, he said the county Office on Aging is coordinating with all municipalities in the county to form community councils to the various Mayors. Rubenstein said he feels this is an important phase of bringing services and information to all seniors in Ocean County.

As to the future, Rubenstein said the County Office on Aging looks forward toward refunding of Health Counseling, Outreach, Visiting Homemakers, Senior Center, Nutrition Sites and Comprehensive Planning.

Needless to say, without these services many of our seniors would go hungry and not receive medical care. Many of them would remain isolated and alone in their remaining years, he pointed out.

The Health Panel comprised Dr. Frank J. Malta, Toms River; Dr. Lena F. Edwards, Lakewood; Jessie Nairn, Harvey Cedars and Julius Hallow, Lakewood.

Dr. Malta stated that the future of Social Security and the problems of inflation require the establishing of needs and determination of the ways and means to best accomplish the end with flexibility regulations that make exceptions to population shifts, inflation, and by promoting services in less costly facilities or in a home setting.

He pointed out that the future of Social Security must be in the direction of providing a base which provides for minimal food and shelter that is above the poverty level, adjustable from month to month with current inflation rates, and a comprehensive health insurance program that will cover 100% for those in need and 90% for those who could afford the difference with supplemental insurance coverage.

Dr. Malta indicated that in the area of hospital coverage, what is not covered by Medicare should be covered 100% for those in actual need. He added that in one part, medicare appears to have been successful in meeting hospital coverage, however, he added, there should be liberalization of 'out-patient' services that will avoid the need for hospitalization such as diagnostic and thereapeutic measures of an acute nature which could be treated either on ambulatory basis or an extended care facility without the prior need for the initial three day hospitalization.

He also stressed more liberalizations of Extended Care Facility treatment which would keep the costs of care lesser than that in a hospital setting. Under Medicare, he said senior citizens are experiencing more out of pocket expenses to the point where they are not being covered 80% but more like 50–60% of the actual fees.

Dr. Malta said there should be coverage for medical services that are not only for treatment but for health evaluation examinations in order that conditions might be detected early which would avoid complications that would lead to more costly treatments. He also advocated further expansion of Homemaker Services and Visiting Health Nurses. Dr. Malta emphasized that every effort should be made to provide services at home where it is needed, and would result in less cost than to be boarded in a nursing home.

Dr. Lena Edwards, 75, of Lakewood, noted she has been practicing medicine off and on since 1925. During her frank and honest viewpoints, she was interupted with rounds of applause and laughter as she injected humorous quips delivering her statement.

She advocated a revision of the entire Medicare program accomplished by a committee comprising doctors, patients, hospital and insurance representatives. Dr. Edwards indicated that she felt if patients could get an annual physical check-up or minor surgery done in a doctor's office, few seniors would have to be hospitalized.

"Too many seniors are hospitalized or sent to nursing homes because it is the easy way," she charged. She added that patients would rather be treated on an out-patient basis in their home and be assisted by Visiting Homemakers. Dr. Edwards said in her opinion she has always felt that to reach the aged, poor and the shy, there is a need for Mobile Units to be stationed in various neighborhoods at periodic times. 'They are terribly neglected,' she added. She also said this procedure would cost less than being hospitalized or sent to nursing homes.

Mrs. Jessie Nairn of Harvey Cedars reviewed her desperate situation caused by the July social security increase which she said to her utter disbelief found she would no longer get Medicaid or SSI. She said she had been informed to write her Congressman to push legislation and she pleaded to Senator Williams, "At my age I don't have all that time to wait for legislation to be enacted, I need help now. I have never in my life asked for charity and to do so now is unbearable."

Julius Hallow of Lakewood spoke of what he said he feels are shameful abuses senior citizens get from certain segments of society, and he pinpointed care of the elderly in rest homes; medicare, however he claimed the only break seniors get is the housing authority system.

In reference to Property Taxes, Joseph A. Aragona, president of the Ocean County Senior Coordinating Council, presented a comprehensive view of the property tax situation in Ocean County. He spoke of property tax rates continually rising, and said appealing a tax rate to a township is usually met with a denial.

He told Senator Williams that tax rates have gone up close to 100 percent in the past 10 years and it will continue to rise. "Our Congress must take all things into consideration in dealing with people who are past the working years and now have to face problems."

Mr. Aragona stated that real estate taxes have been rising at a rate that threatens the very existence of Senior Citizens, whether they are homeowners or those forced to dispose of their homes or as tenants in housing projects.

"We look to you, our leaders to find the solution. Without dynamic leadership today, you'll fail in the local, state and national levels. When we do that, Senator Williams, we have lost the dream we were brought up to believe in," Aragona stressed.

Other panelists gave testimony on consumer protection problems; Nutrition programs conducted in Ocean County, and individual experiences of some senior citizens who related their problems attempting to live on a fixed income. Others highly commended the Nutritional and Recreational Centers in the County stating it has brought a happy change in their lives and urged the continuance of these programs.

Seniors Decry Inflation Woes

(By Jill Wolfson)

Toms River.—Focusing on the economic plight of senior citizens, nearly 30 witnesses asked for action against the burden of inflation at special senate hearing here Monday.

U.S. Sen. Harrison A. Williams Jr., D-N.J. conducted the formal public hearing at Ocean County College's Fine Arts Building. About 400 residents, mostly senior citizens, attended.

Several witnesses testified to the Senate Special Committee on Aging that a recent increase in the Social Security rate has actually lowered their financial resources.

State Sen. John F. Russo, D-Ocean, read a letter from a resident, stating that a $16.20 increase in social security resulted in the loss of her Medicaid benefits.

A witness from Harvey Cedars testified she was faced with a cut in both Medicaid and Supplementary Security Income (SSI) due to the increase.

"I'm not 46, I'm 76," she said, "and I need help now."

Williams said that everything is being done to correct the penalty that goes along with the increase. He has introduced a bill to keep increases from affecting SSI payments and Medicaid eligibility, he said.

In addition, he says he is sponsoring legislation to improve the cost-of-living adjustment for Social Security and SSI.

Monday's hearing was one of a series sponsored by the Committee on Aging, entitled "Future Directions in Social Security: Impact of the Cost of Living Upon the Elderly."

Panels were formed to testify verbally and in writing to the need of improved senior services in age-related areas, including health, housing, property tax, consumerization, nutrition and transportation.

Hearings were already held in Washington, D.C., Newark and other cities, but Ocean County is particularly important, Williams said.

"The population of people 65 and over has increased almost 58 per cent in the last five years," he said, "and it now has the highest percentage of people in that age group of any county in New Jersey."

Transportation was pinpointed as one of the most serious problems here, along with the medical and housing situation.

"It is depressing to consider that 40 years after the Social Security Act was enacted, 17 years after the New Jersey Division on Aging was created, and 10 years after the Older Americans Act became law," said James Pennistri, director of the New Jersey State Division on Aging, "we have to meet and study the deteriorating financial conditions of New Jersey's older residents."

Dr. Lena F. Edwards testified that because of the compounded transportation and financial problems more health problems should be treated at home by comprehensive traveling health vans that could cut hospital expenses by more than 25 percent.

She also called for an end to deductible amounts in medical care.

Dr. Frank Malta, another member of the health panel, agreed there is a need for financial coverage of medical services that are not only for treatment but for examinatins, "to avoid complications that would lead to more costly treatments," he said.

In addition to the residents who were invited to speak on one of the eight panels, written comments from others were accepted into the official Senate committee record.

"Here in this beautiful setting, it would be pleasant to think that older persons in Ocean County have no money problems," Williams said, "but they certainly do."

"Many who thought they had planned for a satisfactory retirement find that inflation is especially severe in housing, utilities, transportation and food costs."

The senator vowed that Congress "won't stand for any action that will make the older Americans the scapegoat in the fight against inflation."

The Real Enemy

Several interesting and worthwhile suggestions to help the plight of senior citizens came out of Monday's hearing in Ocean County by Senate Special Committee on Aging.

One proposal, that comprehensive health traveling units be established to visit patients in their homes, was made by Dr. Lena F. Edwards of Lakewood and seemed especially appropriate for Ocean County because of the large number of senior citizens and the lack of public transportation.

Another suggestion from Dr. Frank Malta, that a real need is for financial coverage not only for treatments but for examinations to avoid costly medical complications, is a sensible approach to medical care.

Both of those plans would no doubt take some of the burden off hospitals, although of course the question of whether there is enough trained personnel to expand in those directions, is a decisive factor.

During hearings about the country on the impact of the cost of living on the elderly, the committee will receive many good suggestions of ways to help seniors. Unfortunately, in many cases, even if those suggestions were carried out, they would only temporarily ease the major problem which continues to be the effect of inflation.

The real enemy of persons who have retired on a fixed income is inflation. Many of Ocean County's 50,000 senior citizens retired to what they presumed to be a comfortable situation, only to have their incomes slowly eroded by increased property taxes, medical costs, food and clothing costs, and other necessities. Any advantage granted in specific areas—including property tax deductions granted to those over 65 are soon swallowed up by the voracious appetite of the inflation monster.

A story reporting that Ocean County seniors received property tax deduction of $2.2 million—highest in the state—may appear to be happy news for seniors—but if that were compared with the rise in the percentage of income going for taxes, the benefit would seem far less desirable. And in any area of problems for seniors, the same situation will result as long as our national government is unable to keep the inflation spiral within control.

When inflation attacks, the casualties in the forward line of the battle are often the seniors because they have little way to defend themselves.

Statement of Mr. Louis Schafer, Representing the National Retired Teachers Association and the American Association of Retired Persons

Mr. Chairman, I am Mr. Louis Schafer, the State Director for the American Association of Retired Persons in New Jersey. This Association, and its affiliate, the National Retired Teachers Association represent a combined membership of 360,000 statewide and 8.3 million nationally.

I am here to reiterate our Association's support for S. 1992, the Social Security Cost-of-Living Improvement Act which you and Senator Church have cosponsored. By allowing more frequent adjustments, the bill would better preserve the purchasing power of social security benefits; it would also provide a more accurate standard with which to determine the extent to which benefit levels should be increased.

In view of the extent to which the increasing property tax burden tends to frustrate efforts to improve the income security of the aged, our Associations believe that the federal government should provide financial incentives to encourage the states to enact and implement property tax relief programs.

I. THE LIMITED MEANS AVAILABLE TO THE AGED TO MAINTAIN PURCHASING POWER DURING INFLATIONARY PERIODS

During inflationary periods, the poor and the fixed-income aged have great difficulty sustaining purchasing power and living standards. Businesses can pass on to consumers higher production costs through higher prices. Governmental entities can pass on to taxpayers the higher costs of providing services through increased taxes. Active workers, through collective bargaining or job changes, can generally obtain wage increases sufficient to offset increased prices.

The aged are largely retired, although often unwillingly. Even in the best of times, they encounter a formidable combination of barriers to employment. With inflation and recession occurring simultaneously and with an increasing number of workers competing for a diminished number of jobs, the employment alternative, as a means of increasing income and sustaining purchasing power is, for most of them, out of the question.

Under these circumstances the aged are highly dependent upon the cost-of-living escalators which have been introduced into most of the major retirement systems such as social security. However, the escalators provide no protection against inflation's erosion of the purchasing power of other forms of retirement income and cannot, by themselves, prevent a net reduction in living standards. While the escalators help, they are an inadequate substitute for the economic remedies needed to treat those factors which cause inflation.

II. THE NEED FOR A SEPARATE C.P.I. FOR THE AGED

To understand why the aged are hurt more by inflation than other groups, it is not enough to know the rates of inflation with respect to the different items that enter into the computation of the present Consumer Price Index. The Index makes no distinction among subgroups, assuming that all consumers, rich and poor, young and old consume the same marketbasket of goods and services. This is obviously not the case, for the rich, by choice, spend a higher proportion of their income on luxuries, while the poor have no choice but to spend a higher proportion of their income on necessaries.

Since the aged tend to be low income, they tend to concentrate their spending on necessaries. This accounts for their relatively different spending pattern. Since inflation with respect to necessaries has been appreciably higher in recent years, the aged have indeed suffered more than other groups.

Despite the fact that the existing C.P.I. is based on the expenditure patterns of the wage earner, rather than the older person, it is nevertheless used to measure the extent to which social security, railroad retirement, SSI and other retirement and welfare benefits are to be adjusted to take account of increased living costs.

Our Associations have repeatedly asserted that the use of the existing Index for these programs is resulting in a statistically significant understatement of the amount of benefit increases which the aged should receive. We believe that the Bureau of Labor Statistics should be required by the Congress to determine the need for a separate aged index by constructing such an index and testing it. The index should be based on a survey of prices in retail stores where the aged shop and are concentrated. The price weights should be based upon expenditure patterns which take into account the aged's disproportionately high income expenditure percentages for necessaries. We welcome the directive contained in S. 1992 to the Secretaries of Labor and HEW to undertake to develop a separate C.P.I. for the elderly.

III. EXPENDITURE CUTS: THE ADMINISTRATION'S REDUCED PRIORITY FOR THE AGED DISGUISED AS AN INFLATION REMEDY

In view of the degree to which the aged are dependent upon the escalators in the income support programs for at least some relief from inflation, we view proposals to cap cost-of-living increases such as that advanced by the Administration earlier this year as particularly callous and ill-conceived.

The Administration attempted to justify its proposed 5 percent cap and other spending cutbacks for aging programs on the grounds that too much federal spending would cause a "demand-pull" type of inflation—the type of inflation which results from too much public and private spending in an economy producing at or near capacity. Moreover, the Administration cited the dramatic increase in recent years in spending for income security programs and argued that if the trend continued, income support would consume an ever larger percentage of the budget.

Our Associations agree that inflation is a serious threat. But with an 8 percent unemployment rate, weak private spending and substantial excess capacity in the economy, the threat of a demand-pull type of inflation in the near future seems remote. If there is a new inflationary surge, and we think one is beginning, it will likely be the result of foreign and domestic oil price increases, food shortages, inflationary expectations on the part of management and workers and the power possessed by some domestic industries (such as steel and aluminum) to boost prices to levels unjustified on the basis of market conditions.

With respect to the argument that income support will consume an ever increasing slice of the budget pie, we would point out that the increased federal spending that has occurred was necessary to reduce the percentage of the aged living in poverty from one-third in 1966 to 15.7 percent last year. The proportion of the budget devoted to income security should stabilize in the future.

The aged, who are less able than other groups to offset inflation's erosion of purchasing power through increased income from other sources such as active employment, are dependent upon automatic cost-of-living adjustments to maintain the purchasing power of the recent real benefit increases. If an arbitrary ceiling were imposed and the inflation rate exceeded the ceiling, the number of aged in the sub-poverty group would once again begin to rise—thus reversing the progress that has been made.

This Administration would resort to budget cuts and spending limits which would affect primarily older persons to restrain a type of inflation the threat of which is remote compared with other types, and would embark simultaneously upon an energy policy that would be highly inflationary. Not only are the Administration's policies ill-conceived, but it has demonstrated repeatedly its willingness to sacrifice the interests of the elderly, the poor, consumers and workers in order to accommodate the interests of the oil companies, big corporations and the high incomed.

Our Associations wish to commend you, Senator Williams, and the other members of the Special Committee who sponsored the amendment to the Council on Wage and Price Stability Act Amendments of 1975 that expressed the Senate's opposition to arbitrary ceilings.

IV. INFLATION: PROPERTY TAXES AND THE AGED

Like the inflated cost of medical care and housing, property taxes have burdened the aged. The impact of inflation on the cost of providing state and local services percolates through this regressive revenue-raising mechanism to magnify the burden.

In view of the extent to which the property tax tends to undermine the goal of providing adequate income security for the poor and the aged, our Associations believe that federal financial incentives should be provided to encourage the states to enact and implement property tax relief programs. In 1973, our Associations endorsed the federal aid Tax Relief and Reform Act as a reasonably program of Title III of S. 1255, the Property acceptable means of effecting the dual objectives of property tax relief and administrative and assessment reform. An amendment to the Internal Revenue Code to provide a credit against federal income tax liability (or in the absence of such liability, a refund) for property taxes paid would also provide relief, and, in the absence of a preferable legislative alternative, would enjoy our support.

V. CONCLUSION

In conclusion, Mr. Chairman, our Associations wish to commend you and Senator Church for introducing the Social Security Cost-of-Living Improvement Act and for your continued vigilance and action on their behalf.

Statement by Henry Rall, Member of the Board, National Council of Senior Citizens

Mr. Chairman, my name is Henry Rall. I am a member of the Board of Directors of the National Council of Senior Citizens, and an officer of the New Jersey State Council of Senior Citizens—which represents over 20,000 New Jersey seniors. My home is in Brick Town, New Jersey.

I have come here today to tell you, and the members of the Committee, of the great concern senior citizens feel about the lack of understanding—or even care—about the plight of America's elders within the executive branch of government.

All of us who have learned even the most basic lessons of how our government works, know that there must be a coordinated effort between all three branches of government if crises facing segments of the American populace are to be dealt with. You, as a member of the legislative branch, Mr. Chairman, have your responsibilities. On occasion, the courts are called upon to deal with the proper way of solving problems through passage of legislation or administration of law so that the solutions to individual problems do not conflict with the basic tenets of our Constitution.

But a grave responsibility rests with the President of the United States—and through him the officers of the Cabinet and members of the various federal agencies—*to provide* leadership in developing new legislation and administering existing laws to help whenever a crisis arises.

It is for this reason that senior citizens in New Jersey—and indeed across the nation—are concerned about the apparent "blind spot" in the vision of President Ford toward the problems of older people. For, if the President of the United States is either unable or unwilling to see the misery which is today attached to being old in America, then senior citizens are in serious trouble.

I believe that President Ford does have a blind spot concerning the problems of the elderly. Either that, or he is terribly calloused about what he does see and hear about the problems of the elderly.

What other possible explanations can we attribute to many actions taken by President Ford against the elderly since he took office a little more than one year ago?

Within weeks of the time he took office, President Ford began a deliberate attack on programs designed to assist the elderly. Although he reluctantly included leaders of senior citizens groups in his famous "economic summit meeting," I have been told by National Council of Senior Citizens President, Nelson H. Cruikshank—who was included in that meeting—that the President seemed uninterested in hearing of the economic plight of the elderly.

Certainly, the President's actions since that meeting would indicate that he either failed to hear, or *failed to care* about what was told him then.

Why else would President Ford launch a two-pronged attack against the economic interests of the elderly in his first State of the Union message just a few months later?

If President Ford knew and cared about the burden that runaway inflation was—and still is—placing upon the backs of elderly Americans living on fixed incomes, would he recommend a false "lid" on social security benefits due to us in July of 1975? We were told at the time that all must suffer a little in order to cut government spending and thus "Whip Inflation Now."

Surely, in this move, the President displayed his woeful ignorance about the very nature of the single most important program for the elderly in America—the social security system. The President must have been ignorant of the fact that funds paid out under social security come from social security trust funds which are protected by Congressional mandate from expenditure for any other purpose. Therefore, his proposal to put a lid on benefit increases rightfully due the elderly would in no real sense release funds for the government to use to spur the economy or to spend on any other budget item.

Senior citizens all over this land should be grateful that you and other Congressional leaders in both the House and Senate both knew more about the workings of social security and cared more for the plight of the elderly than did the President. For it was Congress that blocked this ill-advised lid on benefit increases.

But, while this direct attack from the White House against the economic interests of older Americans might be put down to ignorance of the provisions in law, there is a proposal now before Congress which would reduce any future chances for misunderstanding or confusion regarding the nature of social security.

The Chairman of the Committee on Aging has introduced, and you have co-sponsored, a bill—S. 388. This legislation would provide for the removal of the Social Security Administration from the potentially political atmosphere of the Department of Health, Education, and Welfare and create an independent Social Security Agency governed by three individuals serving staggered terms.

This legislation would also prohibit the inclusion of the monies of the social security trust funds from being counted by the President—on paper—as part of the so-called Unified Federal Budget. Such a change is only logical as these monies are indeed protected from the rest of the federal budget expenditures. Moreover, the current sad lack of understanding of this fact within the White House serves to demonstrate clearly the urgent need for passage of legislation with this provision as soon as possible.

I urge you, Mr. Chairman, to work for and help enact S. 388 as soon as possible so that we may forestall a recurrence of proposals to deprive social security recipients of promised and earned benefits.

There are, though, two other major instances of economic discrimination against the elderly by the White House which cannot be explained away by citing ignorance of the law.

First, why would President Ford further burden the poorest of the poor elderly by attempting to re-write the food stamp eligibility requirements to eliminate eligibility for many elderly—and make those remaining pay more to get less—if the President either took the trouble to find out, or cared about the economic plight of the elderly?

Although, again the elderly have Congress to thank for putting a halt to this folly, the food stamp issue has taken a sinister twist which I heartily recommend that this Committee investigate.

As I am sure you are aware, Mr. Chairman, spokesmen for President Ford have continued throughout this year to attack the food stamp program. The President's Treasury Secretary recently called it a "haven for rip-off artists and chiselers." Other officials from the Department of Agriculture have testified before Congressional Committees that the food stamp program was out of control and could easily involve nearly half the American people in the next few years.

Yet, as has been uncovered by Senator George McGovern and his Select Committee on Nutrition, the President's own economic advisors in the Office of Management and Budget had been suppressing, for at least four months, an Agriculture Department report which clearly demonstrates that participation in the food stamp program is either at or near its peak and should begin to decline in the next five years.

The supression of this evidence—as it affects the participation of the elderly in the food stamp program—should be of direct concern to this Committee. The entire episode smacks too much of the political and administrative practices of President Ford's immediate predecessor.

The second instance of concern to New Jersey's elderly—and the elderly across the country—about the President's willingness or capability to provide leadership concerns housing for the elderly. This is an area, I know, in which you, Mr. Chairman, are directly involved.

I will not take the time to recite the facts concerninig the attempts by the Department of Housing and Urban Development to rewrite the law contained in the Housing and Community Development Act of 1974 as it concerns Section 202 Housing for the Elderly. I will merely reiterate what has become apparent to all the elderly—the Ford Administration has attempted to rewrite the clear intent of Congress with regard to Section 202 so that the program is run for the benefit of huge profit-making corporations rather than for the one third of this country's seniors that are ill-housed.

In this instance, as in others in the past—and I fear yet to come—the leadership for a solution to this crisis in housing must come not from the President of the United States and his appointees, but from Congress, and possibly the courts.

But, all this talk of a blind spot in the President's view of America and the problems of its citizens is not conclusive. We do not know beyond a shadow of a doubt whether the President has acted against the elderly out of ignorance or out of malice.

But, what all seniors do know is that we aren't going to receive leadership and assistance from the Ford White House for whatever reason.

Therefore, Mr. Chairman, the burden which rests upon you and other members of the legislative branch becomes heavier. It is, Mr. Chairman, up to you and other members of the House and Senate to provide the leadership and inspiration yourselves in efforts to help the elderly.

It is up to the legislative branch of government to pick up the duty so callously disregarded by the President and strive to rectify a situation which finds some one-third of the elderly of the wealthiest of nations ill-housed, ill-clothed and ill-fed.

I thank you for this opportunityto discuss the problems of the elderly. I hope that my comments will be of some help to you and your colleagues.

WITNESS LIST FOR A HEARING ON "FUTURE DIRECTIONS IN SOCIAL SECURITY—THE IMPACT OF THE COST OF LIVING UPON THE ELDERLY"

I. Opening statement: Senator Williams.

II. Panel:

Hon. John R. Russo, State Senator.

Hon. Stanley Seaman, Freeholder, Ocean County.

James J. Pennestri, Director, Division on Aging.

Philip Rubenstein, Executive Director, Ocean County Office on Aging.

III. Health panel:

Frank J. Malta, M.D., P.A., 7 Hospital Drive, Toms River, New Jersey.

Lena F. Edwards, M.D., 821 Woodland Drive, Lakewood, New Jersey.

Jessie Nairn, 8001 Long Branch Blvd., Harvey Cedars, New Jersey.

Julius Hallow, 100 Woehr Avenue, Lakewood, New Jersey.

IV. Housing and property tax panel:

Joseph A. Aragona, President, Ocean County Senior Coordinating Council.

Howard Goldberg, Lakewood Housing Authority.

Jane Maloney, 51912 Long Beach Blvd., Brant Beach, New Jersey.

V. Panel:

Henry Rall, 527 Midwood Drive, Brick Town, New Jersey.

Louis Schafer, 915 Park Avenue, Collingswood, New Jersey.

VI. Consumers panel:

Hazel Gluck, Director Consumer Affairs.

Andy Visotsky, 45 Heather Narrows, Toms River, New Jersey.

James Muldoon, 220 Mt. Hope Lane, Toms River, New Jersey.

Lessie Hill, Senior Citizens Advocate Center, Camden, New Jersey.

VII. Panel on nutrition and food:

Harry Zane, Project Director, Ocean County, St. Andrews Methodist Church, Toms River, New Jersey.

Shirley Schaul, 137 Kennedy Blvd., Lakewood, New Jersey.

Ray Taintor, Food Co-Op in Brick Town, 16 Farragut Drive, Brick Town, New Jersey.

Donna Serber, 212 Williamsburg Lane, Lakewood, New Jersey.

VIII. Transportation panel:

The Rev. Donnon McNally, St. Francis Roman Catholic Church, 47th and Blvd., Brant Beach, New Jersey.

Neva Mullen, 121 Brindletown Road, New Egypt, New Jersey.

Jeannette Reid, 9 East 83rd Street, Harvey Cedars, New Jersey.

Mary Wilkinson, 427 Amber Street, Beach Haven, New Jersey.

XI. Panel from nearby counties:

Charles A. Burt, Butternut Road, Fishing Creek, New Jersey.

Edith Farrell, 225 Filmore Street, Riverside, New Jersey.

Marie Thomas, 5120 Asbury Avenue, Neptune, New Jersey.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

NATURAL GAS EMERGENCY ACT OF 1975

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the unfinished business, S. 2310, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The Senate resumed the consideration of the bill.

Mr. GLENN. Mr. President, I would like to call up the unprinted amendment which I took to the desk a few minutes ago.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Ohio (Mr. GLENN) proposes an amendment to amendment No. 919 on page 5, after line 17, strike the period and insert in lieu thereof:

"; *And provided further*, That no first sale of natural gas after enactment and prior to expiration of the Natural Gas Emergency Standby Act of 1975 shall be made at a price which exceeds the highest wellhead price (as determined by the Commission) at which natural gas was sold during the period of June 1, 1975, through August 1, 1975, in the state in which such first sale is made."

Mr. GLENN. Mr. President, this amendment would be a far reduced version of what the original bill, S. 2310, would have provided. In the original bill, as you may recall, we had provided for determination by the FPC of the average price in production areas being the limiting price which interstate pipelines servicing distressed areas could pay. It would be based on those area determinations made by FPC.

Under the Pearson-Bentsen amendment, which has replaced the original S. 2310, there is no limitation. We have had predictions of possible spot sales of $3 per 1,000 cubic feet of natural gas that Mr. Nassikas, head of the Federal Power Commission, has made. He has said that the average intrastate price, which now runs, by his figures, at about $1.26 per 1,000 cubic feet, will rise to around $2 as an average price.

In speaking personally to some of the gas transmission people and gas pipeline people as late as yesterday, some of their predictions are already running in that area of pricing for natural gas. We can see that as things get worse and as there is more competition for natural gas during this emergency period, it is quite possible that Mr. Nassikas' estimates of $3 per 1,000 cubic feet natural gas will be only the forerunner of perhaps even higher prices.

I do not have any justification at all for this except that people have discussed it informally, and that there has been mentioned the possibility of $4 per 1,000 cubic feet of natural gas, which, even if we had the gas, would have a devastating impact on those industries which would have to absorb that cost, many of them being high energy intensive industries. At that point, if we rose to prices of that magnitude, of course, it would be virtually impossible for those particular industries to remain competitive with their brothers and sisters in other States that would be getting gas at the older, long-term price, which has been kept much lower by the FPC through the years.

All this amendment would do is say that the single highest price paid in any State during this base period of June 1, 1975, through August 1, 1975, a 60-day period, would be the limiting factor. This would mean that we would not see the $3 or $4 spot prices. I would think even those States which are intrastate markets would not want to see that because of the aberration it would provide in their own intrastate sales and the disturbing of their own intrastate market prices which have prevailed to this time.

All this would do, Mr. President, is to say that the highest wellhead price paid during the 60-day period would be the limiting price for intrastate sales during this emergency period.

We recommend very strongly that this be agreed to so that we eliminate the potential of the $3, $4, or even higher per 1,000 cubic foot price that could possibly prevail during this emergency period.

Mr. PEARSON. Mr. President, will the Senator yield for a question?

Mr. GLENN. Certainly.

Mr. PEARSON. As I read this amendment, it seems to me that the ceiling price herein provided for would apply to all sales, interstate and intrastate, for the period of the emergency legislation. Is that correct?

Mr. GLENN. Yes; that would be correct. It provides for whatever the highest single sale price has been within the State during that base period.

Mr. PEARSON. But it would apply to interstate sales as well as intrastate sales; is that correct?

Mr. GLENN. Yes, that is correct.

Mr. PEARSON. And for the emergency period, it would supplant and set aside all prices now set under the authority of the Federal Power Commission or the Natural Gas Act?

Mr. GLENN. The intention was not to upset all authority of the FPC. This would be a ceiling above which they could not go. This would not take off all the controls that the FPC has.

Mr. PEARSON. I do not want to quibble over the language. I think I understand what the Senator wants to do. I have a question as to whether or not the wording of this amendment would not control all sales in interstate commerce and set aside the national ceiling of approximately 52 cents Mcf. But let me pass that by and ask our counsel to take a look at that wording.

Let me then ask this: I recall during the hearing on S. 2310, and from studying the record, that the time period set in S. 2310 for determining the price was objected to by the FPC or the FEA. They thought that the time period was so limited that it was a distortion of what the actual facts were. They suggested a longer time period, I think for the preceding 6 months. My question now in relation to this amendment is whether or not the Commission, as designated in this amendment, has the information on intrastate sales and has it within the time frame that the Senator has set forth, which is June 1 to August 1, 1975.

Mr. GLENN. The distinguished Senator from Kansas is correct. I recall that during the hearings, they did object to the shorter time period, which at that time was only a 30-day period. We broadened this out to include 2 months so it would be a little broader based. Even if there is a broader base than that, I would not object. We are just trying to prevent runaway pricing.

Mr. PEARSON. My point is that they were making the case that, given the slowness of their collecting information, and particularly their lack of jurisdiction over intrastate, they believe that particular item has to be covered some way or another.

I just want to say to the Senator that this resistance to a price ceiling comes not out of some philosophical bias of being totally consumed with some concept of the free marketplace, particularly in an emergency situation. I oppose this amendment and any ceiling for a more pragmatic reason. I have looked with great care and studied a long time the judicial review limitation.

I say whoever drew it up was a man of considerable skill. It looks to me like the limitation is a prohibition. But I do not think it will stand. We have had counsel look at this very carefully. I think that any price ceiling, any invasion into the intrastate market, contrary to all precedents, legal and otherwise, is going to produce litigation. It is going to produce it immediately. It is going to produce it to the point that it makes a nullity out of any kind of a legislative emergency proposal that we bring forth that has this sort of limitation.

In the realities of the legal situation, I suppose we could bring 100 lawyers in here and get 100 different opinions. But from those who have viewed it, and probably viewed it from the producer standpoint, I say in all candor, I think we have a litigation problem. I think we have a problem of whether or not we are going to have a piece of legislation that is going to be able to run once we get it through the Congress.

I note that the FPC order of August for an emergency period is now subject to litigation, as was the order in the oil embargo of 1972 and 1973. That case is still in the Supreme Court.

I believe what we do has to take into effect this kind of legislation. No matter how fair the Senator is trying to be, and I think he is, it is just going to run into legal problems and we are not going to have any solution. It is for that reason, particularly, that I oppose the Senator's amendment, which I believe he offers with a great sense of fairness and justice.

Mr. GLENN. If the Senator will yield, I think, on the matter of litigation, I would not anticipate that a limit of this type would cause any more litigation than any of the limitations that have been placed on price by the FPC in the past.

This should be a fairly simple determination to make. The FPC, at our hearings indicated they could have all of the State information that was going to be necessary for all of the area determinations of price within 45 days, which, I believe, was the time referred to. We have gone beyond that 45-day period now. Mr. Nassikas, during the hearings, indicated they were working on it at that time; so I would hope they would have all of this information. Just making a determination of the highest price paid within a State, I think, would be a fairly simple determination to make.

Mr. PEARSON. That may be. Things can get done if they need to be done. But I think there are some questions involved in that. I think also there is a serious question as to whether or not this applies to all interstate sales as well as intrastate sales. But basically, I oppose the amendment, for the reasons already developed.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that I be joined as a cosponsor of the amendment of the distinguished Senator from Ohio.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, the amendment, as I read it, applies, of course, to the emergency section. I think by our vote last evening, we have definitely shown we agree there is an emergency period. They have been trying for 30 years to get all Government protection as well as a free price. If we pass into law title II of Pearson-Bentsen, they would have that, commencing on April 1, 1976.

But referring now to the emergency section, really, even when we talk about an emergency situation, it is all premised on a willing seller and a willing buyer. It does not force an intrastate seller to sell his surplus gas.

During the temporary 4- to 5-month period—if we can get legislation passed by November, or during November—during that 4-month period gas could be sold at the highest price between June and the 1st of August, as this amendment is now drawn. Sellers know the price for that period. They are in the trade. There is no research work necessary to determine the price. I have found these gas lawyers are pretty astute. The staff knows. It is only those in public service that have a hard time finding the price.

But the industry would find the highest price, and if I were that willing seller and had a little bit of surplus gas and wanted to dispose of it to the distressed customer sector, for example in South Carolina, North Carolina, or Ohio, I would say, "Look, Joe Jones over there in the Fort Worth area made a contract back on the 1st of July at $2.50, and under the Pearson-Bentsen amendment, as amended by the amendment of the Senator from Ohio, I can get $2.50, and that will be the price."

All this conversation relative to litigation, lawsuits, and everything is just out the window. Nobody is going to bring lawyers to the Federal Power Commission saying, "That fellow down in Fort Worth was charging me the wrong price" or "holding me up for the wrong price" or anything like that. He just does not sell. But he will point very positively and quickly to the highest price in his particular area, which is easily determined, and once he has done that, he has himself a contract, he has sold his surplus gas, and the unemployment problem will be avoided.

But a well-considered limit, in order to avoid disastrous inflation, is needed, especially where we have an average interstate price of around 50 cents, or up to about 52 cents, and as the distinguished chairman of the Federal Power Commission said, that price would jump up to $3 if the market was deregulated. It is the intent of the Glenn amendment to try to prevent total inflation during this particular time. No rollback, no penalty, no real suffering or detriment; that willing seller gets the highest price during June and August of 1975, but it does not put the pressure on for spending 5 to 6 to 7 valuable weeks at the end of November and during the Christmas period haggling for an even higher price, waiting day after day for the unemployment to become more and more extreme, more and more exacerbated, with bigger pressures on that fellow, while they are saying, "Well, later it might get bad enough for me to go to $4, which would be the propane price; should I go to propane, or try to get this surplus gas?"

It gives some impetus to the emergency section of Pearson-Bentsen, which is, after all, what the gas industry wants and what the consuming industry wants for this natural gas. They do not want lawsuits, more haggling, people out on the streets demonstrating, or everybody writing letters to the President during the Christmas season.

If you are in the business, you can easily determine the highest price in your area between June and August, and you can sell gas at that price to the buyer facing unemployment this winter.

So, rather than causing appeals, litigation, indecision, and the interminable court cases and what have you, the Glenn amendment forgoes all of that, and says you get the highest price. I think it is a well-considered amendment. I hope we can get a sufficient number of Senators here so that we can obtain the yeas and nays on this amendment.

Mr. President, I yield the floor.

Mr. HANSEN. Mr. President, I appreciate the intentions of the distinguished Senator from Ohio and the similar concerns and motivations of the distinguished Senator from South Carolina in seeking ways to minimize the inflationary impact which could result from the gas prices rising. It is a concern that we all share.

I think when we look at the energy crisis today in the United States, probably our first concern has to address the subject of unemployment rather than inflation. It may very well be that before the winter is over we will be less concerned about the price of natural gas and the prices of all petroleum products, if you please, than we will be concerned about their availability.

Just a couple of weeks ago, or a little bit more, we voted on the Sinai accords. I was one of the majority of Senators who supported those agreements, and who voted generally to reject all amendments to that Sinai pact. I did that, not because I did not share the concern of sponsors of various amendments that would have clarified and made more precise the extent of our involvement, the terms and conditions under which American technicians could be withdrawn, and a spelling out in precise terms of the obligations that we were then assuming to both the nations of Israel and Egypt.

Part of my reason for thinking that that part had to be ratified was because of a reflection of what could happen to this country, depending as we do on foreign sources for 40 percent of our petroleum supplies, if there should be a shutoff of that supply. That is the critical question. It is the thing that could throw unemployment in this country into a real booming first-class depression.

I am concerned, as I know the sponsors of this amendment are concerned, in trying to minimize any inflation.

I have a fairly decent record of supporting cuts all across the board in budget expenditures, not because I am unconcerned with the particular arguments that may be made for any one of these appropriations bills, but rather because I have the firm conviction that the only way we can reach a balanced budget or approach a balanced budget is to examine very closely each item in that budget.

There are no easy answers, as the President very well knows. There is no one place we can cut out $28 billion in order to make feasible the tax cut that the President has said he would recommend and indeed he has recommended to Congress, if cuts, that would parallel the tax reduction, could be made in the budget at the same time. So there are not any easy answers, and there certainly are no easy answers in this issue here.

But the point I raise to my good friends from Ohio and from South Carolina is simply this: I do not know what has happened in the intrastate gas market since August 1.

But I can say this: If there have been sales taking place since August 1 that would exceed the highest sale made during the period of June 1 to August 1, then it would seem to me that this amendment would be a real disincentive to those companies engaged in the interstate transmission and sale of natural gas to be able to find extra intrastate supplies of natural gas that could help take care of their customers.

That is exactly where we have to look at this picture today. I do not know what the story is. But obviously, if the sales since August 1 have exceeded the prices paid between the period of June 1, 1975, and August 1, 1975, then I do not think we are going to find interstate pipelines able to go into Louisiana, Texas, Oklahoma, Wyoming, Kansas, or any place else, and persuade someone with gas available for sale that he should take less than what the present market would support for that kind of gas.

That to me, Mr. President, seems to address more fairly the issue that is posed by this amendment than any other argument because we are talking about going into the winter and we are wondering how we are going to keep the schools of the country heated and how we are going to be able to supply the power necessary to turn the wheels in the manufacturing plants across the length and breadth of this land in order that people in Ohio, Connecticut, and Wyoming may have jobs.

So, despite the best of intentions that I ascribe to my good friend from Ohio, I would have to say this is the issue, if we are really concerned about trying to see that we do not have plants close down in Ohio. I remember 2 or 3 years ago when one plant was closed down in Ohio. As I recall, it had about 1,200 people employed. It was not a big plant. But it was closed down. The significance, though, of the closure was this: It happened to produce a very essential element in the drilling of oil wells, and, with that one plant shut down, it did not make a bit of difference how much casing we had on hand, how many drillings we had on hand, how intense was the desire of the industry to punch holes in the earth to try to find new oil and gas supplies; they could not do a thing because that one little plant in Ohio was shut down.

I would have to say, Mr. President, that it seems to me, if we want to level with the people and address first things first, there certainly will be every reason for every interstate and gas transmission line to buy gas just as cheaply as they can buy it. We do not have to admonish them to try to make the best deal they can make. We do not have to go to the managers of the various companies and say to them, "Be conservative in the price that you pay for gas." They are going to do that anyway. They know perfectly well that the price they can charge for gas is regulated in at least two ways, presently, by the Federal Power Commission, on the one hand, and, on the other, by State regulatory agencies.

They have to get approval before the present authorized rates can be raised. So we have that protection built in there.

But I come back to the point I made in the first place to my good friend from Ohio, and that is that I want to keep this country going. I am concerned that we are presently buying 40 percent of the petroleum we use in this country from foreign countries. I am well aware of the fact that when we had the OPEC embargo 2 years ago we shipped oil from the east coast of the United States to fuel the 6th Fleet in the Mediterranean because that was the closest oil we could get our hands on. We had to ship oil from North Carolina clear into the Mediterranean to keep the 6th Fleet moving, mobile, and able to discharge the assignments that were given it.

That is why I am concerned about the peace in the Middle East. That is one of the added reasons why I am concerned. Obviously, I am concerned that we minimize the chances for war anywhere.

But add to that universal concern in the Middle East, the very practical realization of what could happen to this country here if we were to be shut off from our oil supply and from our gas supply, gives me reason to be very queasy about anything.

So I say to my good friend from Ohio that I share his full concern. Every idea that he has I am for. I want to keep the price as low as we can have it. But I have to place as a first priority the availability of gas. If it should be that the price has been paid intrastate for gas since the 1st of August is above what it sold for during that period, then I think, without wishing to do it at all, the adoption of this amendment would have the effect of restricting the amount of natural gas that otherwise would be available to run the plants in Ohio, to keep the schools warm in New York, and to do the job for America in this coming period.

Mr. GLENN. Mr. President, will the Senator yield?

Mr. HANSEN. I am happy to yield.

Mr. GLENN. Will the Senator suggest a different base? We broadened this base out as I indicated earlier when I introduced the amendment or called it up a little while ago. We broadened this out at the time of the hearings. When Mr. Nassikas was before us, as the distinguished Senator from Kansas (Mr. PEARSON) stated, he indicated that a 30-day time base, which we had at that time, was too short a period on which to base these things, and we were willing to broaden that. For the purposes of this amendment, we broadened it to the 60-day period, which we thought was sufficient for the time period that Mr. Nassikas had indicated they were already gathering information on during that summer period.

If it would be more acceptable on a little more broader base, I would have no objection. We thought this was a fair enough time base on which to operate.

As to the other items that the distinguished Senator from Wyoming has brought up, such as encouraging drilling and the rigs that are not out drilling now, I agree with him completely that those incentives must be there. This amendment would not affect those incentives in any way.

As to title II, which goes into the unlimited pricing that goes at the end of this emergency period starting next April 5, those are the long-term incentives, as the Senator is aware, and that is, we hope, what is going to get the drilling rigs going ahead.

Mr. HANSEN. Mr. President, will the Senator yield?

Mr. GLENN. I yield.

Mr. HANSEN. I did not make myself clear, if the Senator inferred that that was what I was trying to say.

The point I was trying to make was that the plant that got shut down in Ohio produced a very important component of the drilling industry. I have not said one word about incentive, though I do share the feelings that have been attributed to me by my good friend from Ohio. I think incentive is important, but I am not making that point here now.

All I am saying is that if we want to keep the factories of Ohio going, let us not place any rock in the road of those who are proceeding in that direction now.

It seems to me that if it is true—and whether it is or not, I do not know—that the price which has been paid intrastate since the 1st of August exceeds that during the period of June 1 to August 1, then there is a very real disincentive for the owners that have experienced the price rising above what it was during that period of time to enter into a contract that would result in their having to take less than they might otherwise assume they would be able to receive if we had no restriction at all. That is the point I was trying to make.

Mr. GLENN. All this amendment tries to do is to make sure that we do not have something like the gold rush of 1849 driving prices artificially high, possibly above the $3 level Mr. Nassikas was talking about. That would be an aberration even in the State scene which I would think the marketers of intrastate gas would not want to see come into their domain.

All we are trying to do with this proposal is this: We started out with the original S. 2310, setting the price that could be paid on the intrastate market by pipelines servicing distressed areas at a level to be determined for that production area, as determined by the FPC, stating they could have the information in 45 days. That was in early September. We say that instead of using that as a base, which was knocked out of the Pearson-Bentsen amendment, let us set something so we do not wind up with $4 or $5 or Heaven knows what price for gas during an emergency period.

We are not trying to roll prices back to some lower level that is going to discourage production or is going to discourage anyone from producing or getting onstream a field already drilled and capped during this emergency period. We are saying, "Can we not get something that will set some of these spikes that have been talked about and predicted by Mr. Nassikas, who has had the most experience in this area?" We want to prevent the spot prices of $3 or higher and keep it at what would be the most fair price that has been determined by the free market, on the intrastate market, whatever that price may be. That should be an artificially high lid that will be much higher than the average price that will come up to anything proposed in this emergency act.

I know the aversion of the distinguished Senator from Wyoming to any price controls whatsoever, but it seems to me that this one is set so high that the only thing that would prevent it would be the real excesses in a particular spot. That is all we are trying to prevent with this amendment. I think it is a minimal thing, to say the least. I hope the amendment will be adopted.

Mr. HANSEN. Mr. President, the observation of my good friend from Ohio addresses the very point that I am trying to address, and that is that when he speaks about these aberrations in the marketplace, he knows as well as I do that one snowflake does not make a winter; one bluebird does not make a winter; and one isolated sale does not set the price for everybody. I have seen real estate sales in which one sale may go for a fantastically high price.

I was talking to a friend of mine who also happens to be a friend of the distinguished Senator from Ohio. I said, "What is a certain piece of land worth?"

He said, "It is worth whatever you can get for it."

The fact that your neighbor may have sold a piece of land for twice what you are asking does not at all guarantee that you are going to be able to get half of what he got. It is only worth what you can get for it.

We have seen spot tanker sales when

the supply problem was critically short go very high. But that does not set and it has not set the level of oil prices in the United States—not by any means.

When someone needs something now and is unable to get it any other way and has to go out and deal with people who sell at a spot tanker price established at a certain amount, that does not automatically pull everything else up to that amount.

What I think we have here is a natural incentive on the part of industry, on the part of people in gas transmission lines, to try to make the best deals they can. I pointed out that we have to have approval for these rates by the FPC and by the State regulatory agencies. No one is going to go out and go crazy and say, "Well, I've heard that so-and-so over here has gotten so much." If you want to take that approach, you can go up in the State of Alaska, where transportation is exceedingly difficult, and I suppose you can find some little outpost in that great State where gasoline is selling for $3, $4, or $5 a gallon. If you have to carry it on horseback or by dog sled or however, it can become pretty expensive. But that does not fix the price for everybody else.

The point I want to make, and the point I leave in concluding what I have to say, is simply this: I want to keep the factories going. I want to be sure that as we approach this winter, we will take every step we possibly can to minimize the adverse effects which certainly would follow if we were to have another oil import embargo. The best way we can do that is to make possible the full mechanics of the marketplace, to find where there is supply on the one hand and where there is critical need on the other, and to match these two up. We need to let the marketplace have the full ability to respond to that situation, if we are going to get through this winter in the best possible shape we can.

So I say again to my good friend from Ohio that I do not buy the argument that it makes sense to put any limitation on what we can pay. I believe that inherent in the market system are the safeguards that will insure that we are going to buy at the most reasonable prices we can, and to say that we cannot pay that much will be the wrong way to address the problems of Ohio or of the United States.

I yield the floor.

Mr. GLENN. I thank the Senator from Wyoming. I gather from his last remark that if we broadened this to include May or earlier and made it quarterly or even a 6-month period, it would not be any more acceptable to him than it is in its present state. Is that correct?

Mr. HANSEN. All I can say is this: I do not know what the situation is. I really do not know what prices were paid during this 60-day period, nor do I know what prices are being paid now. I say let us not arbitrarily select, as this amendment seems to me to do, a 2-month period of time and say, "You cannot pay more than was paid during that period of time." If the present market is above that, then it makes sense to me to be realistic and to say, we want to have gas come into every part of the country, particularly those parts that will be most severely hit if they are to be denied gas.

All I am saying is let us let the marketplace decide those issues rather than trying to do it legislatively.

Mr. PEARSON. Will the Senator yield?

Mr. HANSEN. Yes.

Mr. PEARSON. I ask the Senator from Ohio if he knows what the highest price was during that 60-day period.

Mr. GLENN. No, this would be determined by the FPC. I do not have those figures available for every State. We can try to get them. The FPC, of course, has been working on them and said they will have the complete rundown on intrastate prices, with which they can determine such details as the area retail prices. I should think this is the easiest figure we have. The maximum price would be the easiest one to pick out of all of that mass of data they have. It should be the easiest one of all to determine.

I have no further changes to be made on that.

Mr. PEARSON. Does the Senator desire a record vote on this?

Mr. GLENN. Yes, we desire a record vote on this. I think we do not have the number of Senators present that would be required to ask for the yeas and nays.

Mr. PEARSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. Allen). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PEARSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PEARSON. Mr. President, to facilitate the amending process and reduce confusion, I ask unanimous consent that further amendments to the Pearson-Bentsen substitute be to that amendment as modified, amended, and reprinted on October 20, 1975, by order of the Senate.

The PRESIDING OFFICER. Is there objection? The Chair hears none. Without objection, it is so ordered.

Mr. PEARSON. Mr. President, yesterday, the Senate agreed to amendment No. 952, which was proposed by the Senator from New Mexico (Mr. Domenici) to section 105 of amendment No. 919. Subsequently, the Senate agreed to amendment No. 972, which was proposed by the Senator from West Virginia (Mr. Randolph) and which struck all of section 105 and inserted a new section 105.

The Record reflects that amendment No. 952 was inadvertently not included in amendment No. 972. Accordingly, I ask unanimous consent that the modification which I am sending to the desk be made to section 105 of amendment No. 919.

The PRESIDING OFFICER. Without objection, it is so ordered.

The modification is as follows:

Modification to Amendment No. 919

"Sec. 105. (a) The purpose of this section is to continue the conservation of natural gas and petroleum products by fostering the use of coal by powerplants and major fuel burning installations, and if coal cannot be utilized, to provide authority to prohibit the use of natural gas when petroleum products can be substituted.

"(b) Section 2 of the Energy Supply and Environmental Coordination Act of 1974 is amended by—

(1) redesignating subsections (e) and (f) as subsections (f) and (g), respectively,

(2) amending redesignated subsection (g) (1) to read as follows:

"'(g) (1) Authority to issue orders or rules under subsections (a), (b), (d), and (e) of this section shall expire at midnight June 30, 1976. Authority to issue orders under subsection (c) shall expire at midnight June 30, 1976. Any rule or order issued under subsections (a) through (e) may take effect at any time before January 1, 1979.';

(c) inserting after subsection (d) the following new subsection (e):

"'(e) (1) The Administrator may, by order, prohibit any powerplant or major fuel burning installation from burning natural gas if—

'(A) the Administrator determines that:

"(i) such powerplant or installation had on June 30, 1975 (or at any time thereafter) the capability and necessary plant equipment to burn petroleum products,

'(ii) an order under subsection (a) may not be issued, with respect to such powerplant or installation,

'(iii) the burning of petroleum products by such powerplant or installation in lieu of natural gas is practicable,

'(iv) petroleum products will be available during the period the order is in effect,

'(v) with respect to powerplants, the prohibition under this subsection will not impair the reliability of service in the area served by the plant,

"(vi) the prohibition under this subsection will result in making natural gas available for sale to a natural-gas company which transports natural gas in interstate commerce and which does not have adequate quantities of natural gas to meet the requirements of its high priority consumers and which is curtailing pursuant to a curtailment plan on file with the Commission, and

(B) the Administrator of the Environmental Protection Agency has certified that such powerplant or installation will be able to burn the petroleum products which the Administrator has determined under subparagraph (A) (iv) will be available to it and will be able to comply with the Clean Air Act (including applicable implementation plans).

(2) An order under this subsection shall not take effect until the earliest date the Administrator of the Environmental Protection Agency has certified that the powerplant or installation can burn petroleum products and can comply with the Clean Air Act (including applicable implementation plans).

(3) The Administrator may specify in any order issued under this subsection the periods of time during which the order will be in effect and the quantity (or rate of use) of natural gas that may be burned by a powerplant or major fuel burning installation during such periods, including the burning of natural gas by a powerplant to meet peaking load requirements.

(4) Conversion to petroleum products pursuant to an order issued under this subsection shall not be deemed to be a modification for the purposes of paragraphs (2) and (4) of subsection III(a) of the Clean Air Act, as amended.

(5) The Administrator shall exempt from any order issued pursuant to this subsection the burning of natural gas for the necessary processes of ignition, startup, testing, and flame stabilization by a facility.

(6) The Administrator shall also exempt from any rule under this section the burning

of natural gas by powerplants for the purpose of operating pollution abatement systems.

(7) The Administrator shall modify or suspend any order issued pursuant to this subsection to the extent necessary to alleviate short-term air quality emergencies or any other danger to the public health, safety, or welfare.' "

"(d) (1) Any order issued pursuant to this subsection shall provide for just compensation of the facility and transporter affected by such order. Such compensation is (A) to be measured by the increased fuel costs, if any, incurred by a facility and the loss of revenue, if any, incurred by a transporter as a result of such order, and (B) to be paid ultimately through increased rates and charges by those users, in proportion to the volumes of natural gas consumed by such users, who are determined by the Commission to benefit as a result of such order: *Provided, however,* That nothing contained in this subsection shall be construed to extend the jurisdiction of the Commission to any rates and charges not otherwise subject to the jurisdiction of the Commission under section 1 of the Natural Gas Act (15 U.S.C. 717). (2) For the purposes of this subsection, the term 'users' means high priority consumers of natural gas who consume natural gas transported by that natural-gas company which obtains the natural-gas supplies made available for nonboiler fuel use by an order issued pursuant to this subsection.

"(e) Section 11(g) (2) of the Energy Supply and Environmental Coordination Act of 1974 is amended by striking out 'June 30, 1975,' wherever it appears and inserting in lieu thereof 'June 30, 1976'."

Mr. HOLLINGS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio (Mr. Glenn). The yeas and nays have been ordered, and the clerk will please call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, may we have order.

The PRESIDING OFFICER (Mr. Leahy). We will have order in the Chamber. The clerk will suspend until there is order in the Chamber. The Chair would appreciate it if Senators would cease their conversations and let us have order.

The assistant legislative clerk resumed the call of the roll.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate.

The PRESIDING OFFICER. Senators will cease their conversations. The Senators will please take their seats so that we can have order and so the names of those Senators voting can be heard.

The clerk may proceed.

The assistant legislative clerk resumed the call of the roll.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate. Will the Sergeant at Arms keep staff people, aides, and clerks of Senators at the rear of the Chamber where the seats have been provided for them.

The PRESIDING OFFICER. There will be order in the Chamber before the clerk proceeds. Would the staff members go to the seats provided by unanimous-consent agreement or by the standing orders of the Senate.

Will Senators please clear the aisles except for those who are seeking recognition voting, and would the Senators please cease their conversations so that we can have order.

The clerk may proceed.

The second assistant legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Iowa (Mr. Culver), the Senator from New Hampshire (Mr. Durkin), the Senator from Alaska (Mr. Gravel), the Senator from Louisiana (Mr. Long), the Senator from Wyoming (Mr. McGee), the Senator from New Hampshire (Mr. McIntyre), the Senator from Alabama (Mr. Sparkman), and the Senator from New Jersey (Mr. Williams) are necessarily absent.

I also announce that the Senator from Michigan (Mr. Hart) and the Senator from Mississippi (Mr. Stennis) are absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. Beall), the Senator from New York (Mr. Buckley), the Senator from New Jersey (Mr. Case), the Senator from Nebraska (Mr. Curtis), the Senator from Hawaii (Mr. Fong), the Senator from New York (Mr. Javits), the Senator from Nevada (Mr. Laxalt), the Senator from Maryland (Mr. Mathias), and the Senator from Ohio (Mr. Taft) are necessarily absent.

I further announce that the Senator from Tennessee (Mr. Baker) is absent due to death in the family.

I further announce that, if present and voting, the Senator from Ohio (Mr. Taft) would vote "nay."

The result was announced—42 yeas, 37 nays—as follows:

[Rollcall Vote No. 445 Leg.]

YEAS—42

Abourezk
Allen
Biden
Bumpers
Burdick
Cannon
Chiles
Church
Clark
Cranston
Eagleton
Glenn
Hart, Gary W.
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Kennedy
Leahy
Magnuson
Mansfield
McGovern
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Pastore
Pell
Proxmire
Ribicoff
Schweiker
Stafford
Stevenson
Symington
Talmadge

NAYS—37

Bartlett
Bellmon
Bentsen
Brock
Brooke
Byrd,
Harry F., Jr.
Byrd, Robert C.
Dole
Domenici
Eastland
Fannin
Ford
Garn
Goldwater
Griffin
Hansen
Hatfield
Helms
Hruska
Johnston
McClellan
McClure
Montoya
Packwood
Pearson
Percy
Randolph
Roth
Scott, Hugh
Scott,
William L.
Stevens
Stone
Thurmond
Tower
Tunney
Weicker
Young

NOT VOTING—21

Baker
Bayh
Beall
Buckley
Case
Culver
Curtis
Durkin
Fong
Gravel
Hart, Philip A.
Javits
Laxalt
Long
Mathias
McGee
McIntyre
Sparkman
Stennis
Taft
Williams

So Mr. Glenn's amendment to amendment No. 919, as amended and modified, was agreed to.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GLENN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. PEARSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assisant legislative clerk proceeded to call the roll.

Mr. ROTH. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without obejction, it is so ordered.

AMENDMENT NO. 970

Mr. ROTH. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. ROTH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Amendment proposed by Mr. Roth to Amendment No. 919, as modified and amended:

At the appropriate place, insert the following new sections:

NATURAL GAS PRODUCTION ON FEDERAL LANDS

Sec. . (a) All leases or other agreements entered into by the Secretary of the Interior under the authority of the Natural Gas Act (15 U.S.C. 717) on the Outer Continental Shelf Lands (43 U.S.C. 1309) for the exploration or production of oil or natural gas on Federal lands shall contain a provision that the Secretary shall have the right to require increased production up to but not to exceed the maximum efficient rate of production under such lease for the purposes of dealing with emergency shortages of oil or natural gas or other national emergencies.

(b) Within ninety days after enactment of this Act, the Secretary shall issue regulations setting forth the maximum efficient rate of production for each field on Federal lands which the Secretary determines produces, or has the capacity to produce, significant quantities of natural gas.

(c) For purposes of this section the term "maximum efficient rate of production" means the maximum rate of production of natural gas which may be sustained without loss of ultimate recovery of crude oil or natural gas, or both, under sound engineering principles.

(d) Nothing in this section shall be construed to authorize the production from any Naval Petroleum Reserve subject to the provisions of chapter 641 of title 10, United States Code.

DISPOSITION OF FEDERAL ROYALTY NATURAL GAS

SEC. . (a) Upon commencement of production of natural gas from any lease on Federal lands issued under the authority of the Natural Gas Act (15 U.S.C. 717) or the Outer Continental Shelf Lands Act (43 U.S.C. 1309) enactment of this Act, the Secretary shall, except as provided in this section, offer to the public and sell by competitive bidding for not less than its fair market value, in such amounts and for such terms as he determines, that proportion of the gas produced from said lease which is due the United States as royalty natural gas. Whenever, after consultation with and advice from the Administrator of the Federal Energy Administration, and the Chairman of the Federal Power Commission, the Secretary determines that an emergency shortage of natural gas in threatening to cause severe economic or social dislocation in any region of the United States and that such region can be serviced in a practical, feasible, and efficient manner by royalty natural gas of the Federal Government, the Secretary shall limit participation of competitors for the sale of any such royalty natural gas to those servicing such region, but he shall not make any sale for less than the fair market price.

(b) Within sixty days after the date of enactment of this Act, the Secretary shall submit to the Congress a systematic plan together with any necessary Federal policies, regulations, and procedures and any amendments he deems necessary to the Natural Gas Act, the Mineral Leasing Act, 1920, or the Outer Continental Shelf Lands Act or any other applicable Federal legislation, to facilitate and maximize the efficient and effective use of royalty natural gas ordered by the Secretary pursuant to (a) above. In preparing such recommendations for use of such royalty natural gas the Secretary shall consult with the Administrator of the Federal Energy Administration, the Federal Power Commission, and any other appropriate Federal department or agency.

Mr. ROTH. Mr. President, I move for immediate consideration of my amendment No. 970 to amendment No. 919 of Senate bill S. 2310. The amendment was introduced on October 20 and was ordered to lie on the table.

Mr. President, amendment No. 970 would augment current statutory and administrative authorities for the leasing of publicly owned onshore and offshore lands.

It will provide authority for the Secretary of Interior to require increased production of oil and natural gas on public lands by the leasor to meet emergency conditions.

Additionally, the amendment expands statutory authorities under the Natural Gas Act and Outer Continental Shelf Lands Act to authorize the ordering of natural gas royalties payable under public leases in kind and to distribute natural gas so as to alleviate shortages in designated areas.

It also requires the Secretary of Interior to submit a plan to Congress on how the effective use of royalty natural gas from public lands can be maximized to prevent future critical shortages in areas now served by interstate pipelines.

Mr. President, the Congress must act now on a natural gas bill that addresses critical shortages starting next month and reverses the natural gas shortage trend of the last 5 years. Since 1970, demands for natural gas have outstripped its supply in growing deficiencies.

We are all familiar with the frightening reports on the natural gas outlook this winter for nearly half the States of our Union. The reports from every source are consistent and bleak. They show that States up and down the Atlantic seaboard and throughout the Midwest will experience shortages of as much as two-thirds of their requirements. This threatens businesses—large and small, and loss of as many as 500,000 jobs to add to the 8 million-plus already unemployed. Literally—the social well-being and economic recovery of a score of States are at stake unless effective steps are taken right now by the Congress. Time for bickering has ended.

For my State of Delaware natural gas shortages make the outlook grim. A recent forecast by the FEA ranks Delaware as the fourth hardest hit State this winter, with North Carolina, Maryland and Virginia leading the list. Pennsylvania, New Jersey, West Virginia, Ohio, New York, South Carolina, and Kentucky are also noted as regions threatened by critical shortfalls.

Steps taken to move this country out of its current recession and create jobs will be reversed if pending natural gas shortages go unchecked. Even farming, long the backbone and mainstay of this Nation, is severely threatened if sufficient natural gas for fertilizer and crop drying and treating is not available. Natural gas for agriculture must be a priority item addressed by our emergency provisions and I support those sections of current proposals.

Mr. President, this Sunday, the Washington Post carried a front page story on the ineffectiveness of current Federal procedures to enforce contracts for natural gas production and supply to interstate pipelines in short supply. This is an intolerable situation for regions facing crippling shortages this winter. My amendment would provide remedial policies where failure to deliver has occurred from federally owned lands.

Mr. President, the key features of this amendment have already been favorably acted on by the Senate under an amendment I introduced to the Outer Continental Shelf Act amendments—Senate bill S. 521.

However, it is imperative that these provisions be included in the emergency natural gas provisions before the Senate.

I urge my colleagues to join me both in support of this key amendment and in enactment of a responsive natural gas bill at the earliest date possible.

Mr. President, I also ask unanimous consent that George Jett of the staff of the Committee on Government Operations be permitted to be present on the floor during the remainder of the consideration and votes on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HANSEN. Mr. President, I ask unanimous consent that Nolan McKean of my staff may be on the floor during the debate and all votes on this measure today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PEARSON. Mr. President, it is my understanding that the amendment of the distinguished Senator from Delaware really provides for two principal actions. The first would be to require the maximum efficient rate of production of Federal lands and over the Outer Continental Shelf; is that accurate?

Mr. ROTH. That is correct, whenever there is a national emergency.

Mr. PEARSON. And the term "maximum efficient rate of production" as set forth in subparagraph (c) is defined as the maximum rate of production of natural gas which may be sustained without loss of ultimate recovery of crude oil or natural gas, or both, under sound engineering practices. This is to be administered by the Interior Department; is that accurate?

Mr. ROTH. That is correct.

Mr. PEARSON. The other principal provision, as I understand it, is that the Federal Government must sell its royalty gas, that is, gas that is received as a royalty, and must sell it to the extent possible to pipelines serving areas of shortage. Who makes that determination? Is that the Department of the Interior likewise?

Mr. ROTH. It would be made by that department, after consulting with and the advice of the Administrator of FEA and the Administrator of the Federal Power Commission. But the Secretary would have the final determination.

Mr. PEARSON. I thank the Senator. I have no objection to the amendment.

Mr. ROTH. I thank the Senator from Kansas for his support of this amendment.

Mr. HOLLINGS. Mr. President, we are willing to accept the amendment.

Mr. ROTH. I appreciate the fact that the Senator from South Carolina is also willing to accept the amendment.

Mr. President, I have no further comments.

Mr. HOLLINGS. I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware.

The amendment was agreed to.

Mr. HOLLINGS. I move to reconsider the vote whereby the amendment of the Senator from Delaware was agreed to.

Mr. ROTH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 969

Mr. ROTH. Mr. President, I call up my amendment No. 969 to amendment No. 919 as modified and amended, to S. 2310, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Delaware (Mr. ROTH) proposes an amendment numbered 969 to amendment No. 919, as modified and amended, as follows:

At the appropriate place insert a new section 13 as follows:

ALLOCATION OF NATURAL GAS

Mr. ROTH. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROTH's amendment (No. 969) is as follows:

ALLOCATION OF NATURAL GAS

SEC. 13. (a) Whenever the Federal Power Commission (hereinafter referred to as the "Commission") determines that supplies of natural gas are in such short supply within a service area that they pose a threat to residential users, small users, hospitals, or other services vital to the public health, safety, or welfare, the Commisison shall by order, direct any pipeline or pipelines not experiencing such shortages, to make specified deliveries of natural gas directly or indirectly to the pipeline experiencing such emergency shortages.

(b) Orders issued under paragraph (a) shall provide for—

(A) protection of public health, safety, and welfare, and the national defense;

(B) maintenance of all public services;

(C) maintenance of agricultural operations;

(D) minimization of economic distortion, protection of jobs, and elimination of inflexibility and unnecessary interference with economic market mechanisms.

(c) To the maximum extent practicable any allocation order established under subsection (a) shall be (A) based on a reasonable base period, and (B) structured so as to result in the equitable distribution of natural gas among all regions, States, and areas of the United States and sectors of the ecoomy so as to minimize the impact of natural gas shortages.

(d) The provisions of this section shall apply to all natural gas produced or transported in the United States.

Mr. ROTH. Mr. President, this amendment was submitted on October 20, and ordered to lie on the table.

Amendment No. 969 provides authority for the Federal Power Commission to order emergency allocation of natural gas resources to alleviate the critical shortages forecasted for the 1975–76 heating season in many east coast, Midwest, and far West States.

From all accounts, the FPC needed this authority last winter, and without it, recommended that several east coast States implement their own emergency allocation plans to minimize dislocation within their communities. We must make sure that this Federal authority is available for the coming heating season, because statewide procedures last year proved basically ineffective.

Emergency allocation under my amendment would provide relief to locales in critically short supply. It would authorize ordered redistribution of natural gas by the FPC from areas with abundance to areas experiencing major shortages. The goal would be to meet vital operational needs of private homes, businesses, and public services. It would go into effect only if all other steps fail.

In this way, severe economic and social displacement and dislocation in locales normally serviced by interstate pipelines would be avoided by spreading curtailment impacts over a broad area.

Mr. President, the major natural gas shortage forecasted to begin the middle of next month did not come upon us by surprise. Experts across the country have been warning leaders in Washington about this situation for several years. Yet Congress has procrastinated and failed to act responsively to head off the crisis.

For natural gas, the eleventh hour is now It will be a callous and thoughtless disregard of the needs of tens of millions of citizens across our Nation if Congress does not enact emergency natural gas provisions such as this amendment for this coming winter.

Under my amendment, emergency allocation would be ordered when shortages threaten residential and other small quantity users and hospitals and other services vital to public safety, health, and welfare. Adequate supplies of gas would be made available for maintenance of public services and national defense, for continuance of essential agriculture operations; and for elimination of major economic distortions and dislocations caused by closing of plants and loss of jobs.

Mr. President, for the 575,000 citizens I represent in Delaware, the need for the legislation is impressive. Major winter curtailments already announced by Transcontinental Pipeline, Delaware's only source of natural gas, will begin in 3 weeks and range from 40 to 65 percent of base requirements.

Under the best of circumstances literally scores of plants and commercial establishments throughout the first State face the likelihood of partial or total shutdown from lack of natural gas as a heating source or a production by-product. If this situation goes unchecked, thousands of jobs will be jeopardized in Delaware and the State's economy will be pushed to the brink of disaster.

Mr. President, emergency allocation should not be viewed as a long-term solution to our Nation's natural gas crisis because it does not encourage the development of new natural gas resources so vitally needed to reverse the current trends of nationwide shortfalls of supply.

This Nation has been operating without an effective long-term policy in natural gas for years. We cannot expect to rectify this situation overnight.

We desperately need a long-term natural gas program that encourages development of new natural gas supplies for future years and restores open competition to the industry. These are the keys to assuring consumers all across our Nation they will have adequate future supplies of natural gas at low costs.

However, Mr. President, today, emergency allocation seems imperative, as a short-term statutory authority to provide natural gas to areas of critically short supply this winter. The concept has been supported by many of my Senate colleagues from both sides of the aisle this year and was an important section in the natural gas bill reported earlier by the Senate Commerce Committee on S. 692.

I believe allocation authority must be a part of the emergency natural gas bill to be acted on by the Senate this week if we are to avoid potentially severe economic and social disruptions to the regions threatened by large-scale curtailments.

I urge the adoption of my amendment.

Mr. HANSEN. Mr. President, I would like to ask some questions of the Senator from Delaware, if he will be kind enough to respond.

I ask the Senator, is this amendment intended to authorize and direct the Federal Power Commission to go in and intercept gas supplies in intrastate as well as in interstate pipelines, if the conditions that are addressed in the bill exist?

Mr. ROTH. Yes, that is correct.

Mr. HANSEN. Does the Senator from Delaware anticipate that this could involve litigation and lawsuits?

Mr. ROTH. Some legislation does, so it is entirely possible that it would. On the other hand, we have passed such measures in the past to help out in emergency situations. So I do not personally feel that the fact this amendment may result in litigation should be a reason not to adopt it. But I would assume that if there are those who disagree with it, they might try to fight it in court.

Mr. HANSEN. Does the Senator from Delaware believe that there is more gas moving in pipelines than is required to meet the demand of the legitimate consumers at the present time?

Mr. ROTH. Yes, at least to this extent. It is my understanding that there are areas that have greater abundance of natural gas than other areas where there is a shortage. It seems to me that there is merit for the Federal Government to step in and help out where the shortages are very critical such as proposed in my amendment. I must emphasize that this would be used only as a fail-safe where other remedies do not work. It is only commonsense, if we look at the economy as a whole, that the country cannot prosper if we have large-scale shutdowns and shortages in a major section of the country. What we are proposing is that, to the extent that there are supplies, an effort be made to treat all regions of the country equitably.

Mr. HANSEN. Does the Senator from Delaware believe that the availability of other sources of energy ought to be considered in context with the supplies of natural gas?

Mr. ROTH. Yes, I would agree with that. I think the Federal Government, in deciding whether or not to allocate natural gas, would look at the whole energy picture for the region considered and, if there were other energy substitutes readily available, that would be a factor to take into consideration.

Mr. HANSEN. The Senator from Delaware, I know, is fully aware of the environmental protection laws that have been passed, laws which, as I understand, can be used as the authority by the Federal Government to order natural gas supplies into some areas, not because there necessarily is a shortage of all forms of energy in that particular area, but rather in order better to meet the ambient air quality standards.

What I am saying is, that conceivably, the Federal law would authorize the movement of natural gas into an area such as surrounds New York City, enabling them to do the jobs there that are required in the factories, in the heating of buildings, and all that sort of thing, despite the availability of maybe high sulfur oil. But this same law, at the same time, could be used as justification to take gas from another section of the country and to require the factories, schools, and buildings to burn high sulfur coal if the air quality in those sections of the country were sufficiently good otherwise to permit a deterioration in quality so as not to be of concern, insofar as health goes, while sending natural gas to New York City.

The Senator does not address that situation in his bill. Am I right about that?

Mr. ROTH. I would say that is correct, yes.

Mr. STEVENS. Mr. President, will the Senator yield there for a question?

Mr. HANSEN. I am happy to yield.

Mr. STEVENS. I will ask the Senator from Delaware a question. I was informed yesterday of the decision of the National Energy Board in Canada, which amounts to a change in policy, as I understand it, from the Canadian Government that all reductions in supplies as far as the Canadian gas distribution systems are concerned are to be applied first to the export customers. This means that those areas of our country that are dependent upon Canadian gas are about ready to be hit the hardest by any shortage.

Do I understand that, if this amendment is adopted, in such an area where there will be an absolute shortage now, areas such as the Ohio River Valley, Delaware, or Maryland, that might have say a 35-percent loss, are going to be compelled to share their gas with the areas that are going to be cut off in the curtailments by the Canadian Government? That is not based upon a loss of supply by the producer or by the pipeline company but by a government decision which would affect the curtailment in the area.

I hope the Senator realizes this is going to be a substantial impact on the northern tier States. I view his amendment as an amendment to take gas from the great industrial East into the northern tier States where it is basically being used for residential and other purposes with no industrial base that is dependent upon it.

Mr. ROTH. Under paragraph (B) of the amendment, it provides standards for which allocation orders could be issued to help provide additional gas. I cannot answer the immediate question about regions bordering Canada and what the impact would be. That would have to be considered in relation to the gas situation in other areas.

What we are authorizing the Federal Power Commission to do is look at the whole picture, the national picture, and try, in some way to devise a plan that would provide some equity to all regions.

I will be very frank. If we are cutback 65 percent in Delaware, there is not going to be ample supply there to share with anyone else.

Mr. STEVENS. There is 35 percent to share with someone who does not have anything. What I am trying to tell my friend is I agree with him in principle, but not in terms of this amendment, because there is coal and there is oil available in some of these areas, more readily available than gas could be taken from other areas on a strict equal distribution. This is what I would call a postage stamp distribution concept as far as gas is concerned. All gas would be provided equally throughout the country under this amendment to these: First, public health, safety, and welfare, national defense, then public services, then agricultural, and then these other areas.

What this is going to do is share the shortage throughout the country of natural gas, without regard to the supplies of other energy, without regard to the supply of oil, without regard to the supply of coal, and without regard to the supply of hydroelectric energy, or nuclear power. Those are the things if we are going to get to an allocation scheme, and we in the conference committee on this other energy bill are struggling with that right now.

Mr. ROTH. As I said in answer to the Senator from Wyoming, all sources of energy have to be considered, and I do not think that the language is such that it prevents or precludes that. It is intended to be taken into consideration. I personally have no objection to any language, for the record to make it clear, that the Federal Power Commission, the FEA, or any others who might become involved have a look at the overall energy picture for any particular area.

Mr. STEVENS. I say to my friend that I think we are all in accord that that is what is going to be happening eventually but the Federal Power Commission does not now allocate hydroelectric power, coal, or oil.

Mr. ROTH. That is correct.

Mr. STEVENS. This amendment would give it the power to allocate both intrastate and interstate gas. But it does not inject it into these other areas. If the Senator wishes to do that, maybe we should examine that, but I think to just strictly spread natural gas over the whole country like peanut butter on a piece of bread is not correct.

Mr. ROTH. I believe the Senator is misreading the language. It says, "Determine that supplies of natural gas are in such short supply." It is pretty obvious, to me anyway, that, if it is determined that there are other alternative sources of energy so that they are not dependent on natural gas, it would not be necessary to order an allocation here.

As I said only the Federal Power Commission can allocate natural gas. That is the only issue we are concerned with right here, but I do not see where the language in this amendment is such that FPC would not take into consideration other sources of energy supply. I would be glad to have some language adopted.

Mr. STEVENS. I am not inclined to oppose the Senator's objective. I am really saying that I think the language involved is going to cause a great deal of problems unless the Senator specifically says that the FPC must take into consideration the supplies of other forms of energy and the substitutions that could be effected and that economics is not the goal of this amendment.

As I say, this amendment will make gas available all over the country at the same even rate, so that everybody is short and nobody has enough to keep going.

Mr. PEARSON. The Senator is correct.

The crucial question and the major thrust, I say to my distinguished friend from Delaware, is to increase the supply, rather than to find some mechanism of sharing the shortage. That is what particularly concerns me, together with the FPC assuming jurisdiction over intrastate pipelines and gas supplies.

I join the Senator from Alaska in commending the purpose, but I am very much concerned about the language in amendment No. 969. As it is written, I will have to oppose it.

Mr. ROTH. I would add to paragraph (a) language to take care of the question that has been raised. I so amend my proposal by the addition of the following sentence to paragraph (a):

> In determining such short supply, the Federal Power Commission will consider other sources of supply of energy.

I agree that if there are ample alternate sources of energy supply, the Federal Power Commission should not order natural gas allocation.

The PRESIDING OFFICER. Will the Senator send his modification to the desk?

Mr. ROTH. Yes.

The PRESIDING OFFICER. The amendment will be so modified.

The modified amendment is as follows:

ALLOCATION OF NATURAL GAS

SEC. 13. (a) Whenever the Federal Power Commission (hereinafter referred to as the "Commission") determines that supplies of natural gas are in such short supply within a service area that they pose a threat to residential users, small users, hospitals, or other services vital to the public health, safety, or welfare, the Commission shall by order, direct any pipeline or pipelines not experiencing such shortages, to make specified deliveries of natural gas directly or indirectly to the pipeline experiencing such emergency shortages. In determing such short supply the Federal Power Commission will consider other sources of supply of energy.

(b) Orders issued under paragraph (a) shall provide for—

(A) protection of public health, safety, and welfare, and the national defense;

(B) maintenance of all public services;

(C) maintenance of agricultural operations;

(D) minimization of economic distortion, protection of jobs, and elimination of inflexibility and unnecessary interference with economic market mechanisms.

(c) To the maximum extent practicable any allocation order established under subsection (a) shall be (A) based on a reasonable base period, and (B) structured so as to result in the equitable distribution of natural gas among all regions, States, and areas of the United States and sectors of the economy so as to minimize the impact of natural gas shortages.

(d) The provisions of this section shall apply to all natural gas produced or transported in the United States.

Mr. HANSEN. Mr. President, I ask the senior Senator from Delaware if he is aware that in the State of Oklahoma, 2 years ago, schools were closed in the wintertime, not because there was not sufficient gas being produced in the State of Oklahoma to take care of all the industries, all the factories, and all the schools and other public buildings there, but, rather, because the contracts that had been entered into earlier between the gas suppliers in that State and in other States required that deliveries be made in the Great Lakes region.

I recall very well the senior Senator from Oklahoma calling attention to the fact that schools had been closed in the State of Oklahoma in the dead of winter because there was no fuel to heat them, in order that gas could be sent into the Great Lakes area. I do not minimize at all the tough situation that faced that area, or that would have faced that area if it had been denied the gas for which it had contracted.

Yet, it seems to me that while I agree enthusiastically with the intent that the Senator from Delaware has in mind, that we make the best possible use of the supplies we have, I think that, as a matter of fact, there are realities that we have to understand. One of these is that there are contracts that are sanctioned by law, both with respect to intrastate gas and interstate gas.

I have the feeling that a further examination of this bill is indicated before we incorporate it into what indeed could become law. I say that because, as was pointed out in my earlier question and was reemphasized by the Senator from Alaska, in order to understand how best to survive and get through the sort of winter we may be facing now, we do need to take a look at natural gas. We also need to take a look at coal and nuclear energy and hydroelectric power and everything else that can be used.

To single out, as I feel this amendment does, natural gas and to invest the Federal Power Commission with authority to continue its administration of natural gas in the interstate pipeline system, and to add to that authority the power to step into the intrastate area, seems to me to suggest that there may be many real problems that could arise. Indeed, this sort of legislation might not expedite and eliminate the problems at all. It could result in the creation of a great many more problems than it would solve.

I suspect if I had entered into a contract, an intrastate contract, for natural gas and this law came along, the first thing I would do would be to take somebody to court, to get an injunction, to prevent the Federal Power Commission from taking my gas away from me. I ask my distinguished friend from Kansas whether he shares this view.

Mr. PEARSON. I do, of course, with my own interpretation.

If the Senator from Delaware will yield for a minute, I ask him this question: Would this give the FPC authority to go into the intrastate market, intrastate pipelines, and allocate just the surplus that is there to the shortages of the other pipelines interstate?

Mr. ROTH. The language is not limited to surplus only.

Mr. PEARSON. Is there any power, by virtue of this amendment, to permit the Federal Power Commission to acquire gas which is already under contract in the interstate? It is my information that all gas today is under contract in the interstate market. The fact that there is a surplus there now is a result of a depression or a recessionary period some time ago—the fact that they are producing in the intrastate in excess of demand. There is some surplus, but it is under contract.

Would the Federal Power Commission have authority to go into an intrastate system and acquire gas which is under contract, even though it may be in a technically surplus amount?

Mr. ROTH. That is the intent of the amendment.

Mr. PEARSON. If that is so, at what price does the Federal Power Commission acquire such gas and distribute it into the interstate system?

Mr. ROTH. I expect that it would be at the fair market price value. But, keep in mind, it is intended that FPC exercise the emergency allocation authority only when it decides there is an emergency shortage.

What we are trying to do here is to provide a remedy for the short range—I would like to go back to what the Senator from Wyoming said. As I said in my opening remarks, this in no way takes care of the basic long-term natural gas problem. I agree with that. We have to have a long-range natural gas policy, and I have been working toward developing such a national policy which will improve the production picture. That is the real answer.

What I am concerned about, coming from a State which is faced with very severe shortages next month, is that, as a last resort, if everything else fails, there is the authority in the Government to step in and help alleviate that shortage.

I doubt if any of us believes that one part of the economy can survive if we have massive layoffs and problems in another section of the country. I think we are all in this together. We are trying to provide some means, some remedy to help alleviate critical shortages.

Mr. HANSEN. If the Senator will yield on that point for just one observation, I must say that he has not chosen my favorite Federal regulatory agency in proposing to vest this power with the Federal Power Commission. This happens to be the Commission that has been telling the people for however many years we have been controlled by the FPC in natural gas interstate sales, that it was in the public interest to keep prices low. They were going to please everybody by keeping the price low. That is what they did do. As a consequence, there were lots of people who went out in the drilling business, in the continuing search for natural gas supplies. They did it for a very good reason. The last 2 or 3 years of interstate regulation, the price that the Federal Power Commission permitted gas to be sold for in interstate commerce was about 25 percent less than the cost to go out and discover and produce that natural gas, as my good friend from Oklahoma knows very well.

This amendment proposes that we turn over to the FPC, an agency——

Mr. ROTH. Will the Senator yield?

Mr. HANSEN. Yes, I am happy to.

Mr. ROTH. Would the Senator be happy if this were done in FEA or some other agency?

Mr. HANSEN. As a matter of fact, I would be happier. I think the FPC has about the lousiest track record of any Federal agency I know.

Mr. BARTLETT. Will the Senator yield?

Mr. HANSEN. I am happy to.

Mr. BARTLETT. How happy would the Senator be?

Mr. HANSEN. I would not be particularly happy, but I would be happier than I am this way.

The Federal Power Commission, as it contended, conceiving it to be operating in the public interest, kept the price low, and several things happened: One, we encouraged the overuse of this best of all fuels. We were heating patios, we had outside lighting with it. And the reason that we used it for these nonjustifiable uses was very simple: It was cheap, it was abundant and available.

But what happened? The reserves declined very markedly. When we started out, we had maybe 25 years' reserve; we are down to fewer than 10 years' now. That is the track record of the FPC. They said, we can keep the price low, that pleases everybody. It is all right until we run out of gas. We are almost down to that bottom line now, where we are about to run out.

I must say that I am not encouraged to think that the FPC has the sort of record that would incline me to view this legislation with great optimism.

Mr. PEARSON. Will the Senator yield?

Mr. ROTH. Let me comment on the statement just made by the Senator from Wyoming.

I certainly have to agree in large measure on the track record of FPC. I do not think there is any question. I probably would make my criticism much broader and go to many other regulatory agencies as well. My concern is this: We are faced with a very severe winter shortage. I do not feel that the Government or

Congress can stand here with our hands tied and do nothing. I do not think my people in the State of Delaware will accept that. What I am trying to provide is some emergency measure—And I have no pride of authorship. I am willing to accept a reasonable alternative that will provide emergency allocation authority to help out in these crisis situations coming up this winter.

I do not think that this is only in the interest of Delaware. I do not think that this is just in the interest of the east coast or any other particular section. I think this Nation's economy today, whether viewed from the Southwest or the Midwest, Wyoming, or the East, is tied together. As we move on this serious economic problem, we have to be willing to look at the overall picture, and extend assistance to those areas in short supply.

I know we can be critical of the regulatory agencies, but I do not think that is what is important. Today, we must move forward? That is what I am trying to propose, a constructive, helpful proposition to work out this situation. If we can accept that as an emergency step, then I intend to work toward increased long-term production, because I think that is the only answer.

Mr. BARTLETT. Will the Senator yield?

Mr. ROTH. Yes.

Mr. BARTLETT. Will the Senator comment on the language in section 13, subsection (a), where it says:

> The commission shall, by order, direct any pipeline or pipelines not experiencing such shortages to make specified deliveries of natural gas, directly or indirectly, to the pipeline experiencing such emergency shortage.

Would that provide authority to the FPC which supercede the authority of the State regulatory agency?

Mr. ROTH. I answer that in the affirmative. In other words, if the Federal Government determined, through the FPC, that there is an emergency shortage, then it would have the power to direct allocation—that is correct.

I again wish to emphasize that this is intended to be a last resort to be implement whether measures laid to do the job.

Mr. BARTLETT. If the Senator will yield further, of course, the Senator is well aware that we do have a very severe shortage now, and this year is going to be much worse than last year, when the unemployment in a number of States was very high, and I think was glossed over by the fact that we had a recession and people were not fully aware of the fact that the unemployment was a direct result of the lack of gas. So the emergency situation not only exists today but is going to deteriorate in the future. There is really nothing that can be done, even if we start deregulating natural gas today, that will preclude a continual deterioration for at least, in my opinion, 2 or 3 years.

The Senator said that he wants to do something workable. I know that he is sincere in that. But my observation of this is that this would not work, that this would not be acceptable to those who had the gas, for probably several reasons, but at least for one very important reason to them. That is they would not want, in any way, to have the intrastate market system destroyed.

The Senator is aware of the fact that excess gas exists. As the Senator from Kansas pointed out, it is not being used, it is available.

It is in the process of being made available now under existing authority by the FPC, on a voluntary basis by the Oklahoma Natural Gas Co. of our State, and other intrastate pipelines which have the extra gas. But if they feel or are of the opinion that the intrastate system of uncontrolled free markets is going to be interfered with and destroyed, then they are going to fight this proposal, if it does become law, with every ability they have in court. It can be tied up for some time. This would make the proposal then unworkable.

Why do they take that position? They take that position because the interstate system has not produced gas, the intrastate system of uncontrolled markets has. If the Senator's proposal were to pass and become law, then we would be faced with the complete annihilation of the intrastate gas system, which has made available this gas which he wants to tap. The provisions in the first part of the Pearson substitute provide the 180-day emergency provision that I think does the job that the Senator wants. It is going to make available all the gas that there is available, that is under contract but not being used, to come to bear on the problems in the eastern States and the other States which are short.

I think if the Senator presses this beyond a voluntary situation with regard to those people who have the gas and the free market price of that gas, and evades the intrastate market, then I think there will be resistance, so there will be no deliveries of gas this winter.

I am concerned that the very important goal of doing something workable by the Senator from Delaware is not going to be achieved with this particular proposal.

Does the Senator have any comments on that?

Mr. ROTH. It seems to me, to answer the Senator from Oklahoma for whom I have the greatest respect, that if a voluntary method works then there is no problem; the situation is such that the necessary steps that can be taken are being taken.

But I will be candid with the Senator. As one who believes strongly in the private enterprise system, it bothers me for it to be said that the private sector will not cooperate in a case where there is a true national emergency. I find that hard to believe because I think most people will. I do not believe that one sector of the country is going to permit another one to go cold without making a sacrifice. I do not believe the private businessmen, at least the ones I know, are going to be unwilling to cooperate if it is necessary for the good of the economy. Perhaps I am a little more optimistic than the Senator is.

Mr. BARTLETT. Mr. President, if the Senator will yield, I am optimistic, too. I think the private sector on a voluntary basis will work together, and I think there is no need for the Senator's proposal because his proposal would do away with the intrastate market and do away with the system by which this extra gas has been found and produced and is now available.

So I think the Senator is introducing something far beyond a workable delivery system for excess gas. He is destroying the system by which this gas was created, and I think those who explore for and produce gas would be very derelict if they did not make every effort to oppose the implementation of this proposal because, if they did not do so, they then would be permitting the annihilation of the system that has produced the gas in the first place.

So I think the Senator's proposal has a very desirable goal, an admirable goal, but it would do just the opposite.

Mr. ROTH. I yield to the Senator from Kansas.

Mr. PEARSON. I want to say, first off, that I know of no one who has worked longer in this field, and many, many months ago, than the distinguished Senator from Delaware, in joining all of us in expressing concern over shortages this winter and how his particular State was going to fare in what really is a national energy crisis, not on the level that has attracted a great deal of attention such as the oil prices and gasoline prices, but his concern is constant, his work is diligent, and I commend him for his amendment.

I simply suggest to the Senator that what he attempts to do is really the heart of either one of these emergency bills, either S. 2310 or the substitute that we offered incorporated in amendment 919.

It says that the Federal Power Commission may make a determination of what pipelines are seriously curtailed and which have high priority uses and users, and that they shall have a priority to go where gas is available and acquire it.

That is precisely what the Senator wants to do with this amendment, going into the intrastate market, which is the only place where there is gas available today, and to acquire it, but to do so under a statutory structure which will not lead us into violation of contract rights or the violation of the intrastate market system.

I ask the Senator to once again look carefully at these emergency proposals, either one, and find if they do not satisfy the very legitimate requirement that he has to alleviate the shortage this winter.

I fear, even though the Senator is drafting an amendment which he sees as a direct cause-and-effect relationship to unemployment in this State, that this may be self-defeating and that many issues would be raised here in Congress and throughout the country itself.

Mr. ROTH. Mr. President, I think it is essential that the appropriate agency in the Federal Government have authority to take steps to minimize impacts from critical natural gas emergency shortages. I believe this amendment is one approach to that problem, and I urge the Senate to adopt the amendment.

The **PRESIDING OFFICER** (Mr. GLENN). Is there a modification available to be sent to the desk?

Mr. FORD. Mr. President, I have an amendment at the desk.

The **PRESIDING OFFICER**. Unless the Senator wishes to speak to the amendment of the Senator from Delaware, he would not be in order.

Mr. FORD. I thought the Senator from Delaware was finished.

I would like to be recognized as soon as the Senator from Delaware completes his amendment.

Mr. HOLLINGS. The majority leader, Senator MANSFIELD, has been trying to get the floor for a brief 5 or 10 minutes.

Mr. President, can we move ahead then, Senator, on the Roth amendment?

Mr. ROTH. I am ready for a vote.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment, as modified, of the Senator from Delaware. (Putting the question.)

The Chair is in doubt and calls for a division. Senators in favor of the amendment will rise and stand until counted.

Mr. PEARSON. Mr. President, parliamentary inquiry.

The **PRESIDING OFFICER**. The Senator will state it.

Mr. PEARSON. Is it on order to suggest the absence of a quorum during the calling of the roll?

The **PRESIDING OFFICER**. It is.

Mr. PEARSON. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PEARSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. PEARSON. Mr. President, I ask for a division.

The **PRESIDING OFFICER**. Those in favor of the amendment will stand until counted. (After a pause.) Those opposed will rise and stand until counted.

On a division, the amendment, as modified, of the Senator from Delaware was rejected.

Mr. HOLLINGS. Did the Presiding Officer vote?

The **PRESIDING OFFICER**. The Presiding Officer did not vote.

THE ADMINISTRATION'S 28–28 PROPOSAL

Mr. MANSFIELD. Mr. President, the other day the President of the United States called together a group of reporters, columnists, and whatnot to espouse his views on the administration's latest proposal with regard to the economy: a $28 billion tax cut tied to $28 billion in spending reductions. Few, if any, words were then uttered about inflation and unemployment, about deficits edging over the $70 billion mark, about the push and pull aspect of the proposal—its start and stop, shove and yank effect on the economy.

There was no reluctance, however, in telling us who would benefit by tax cuts—corporations, business concerns, and ordinary people. Not poor people however. A family of four earning $5,000 a year would get no relief, no tax reduction from current rates. A family of four earning $50,000 a year, however, would get a tax cut of nearly $400. Putting aside the tax cut idea, no words at all were expressed about who would bear the burden of these cuts, about what programs would have to go, about who would pay the $28 billion price. Would it be the poor, the sick and disabled, the elderly on social security? I think most of us would welcome the administration's views on these questions.

I think most of us would like to see the administration's recommendations for paring down its own budget, for pruning its own spending requests. Up to now these suggestions that the administration come forward and point out the fat and waste in its own budget have been greeted by deep and stony silence. What then should be made in the way of spending reductions to make up for $28 billion in revenue lost from tax cuts?

I suppose we could get a clue about where such cuts would come from by recalling some of the President's vetoes. He vetoed last year a railroad retirement bill; a vocational rehabilitation bill; a Vietnam veterans education bill; a TVA pollution control bill; and this year, nurses training, milk price supports, rural environment and conservation assistance, agriculture price supports, emergency employment, emergency housing, education appropriations, and the school lunch program, to name but a few.

I have a few suggestions where we might think about making tax cuts. They are mine. They bind no one, of course, but they do reflect my own personal view—in accord with the President's—that the Federal budget is too extravagant, that the Federal bureaucracy is too top heavy, that there is too much waste and inefficiency all around.

Take the civil service. The Federal Government employs 2,903,351 civilian workers. The payroll costs the taxpayer $39,383,427,000. Two hundred and fifty thousand Federal workers become eligible to retire each year. For starters, I would suggest that for every two jobs vacated due to death, resignation or retirement from the Federal payroll, only one replacement be hired. The estimated savings from such attrition could reach $2 or even $3 billion a year. Another substantial savings could be made by pulling back the hundreds of thousands of troops now stationed abroad. There is simply no reason to continue longer this policy that compels the presence of U.S. manpower all over the globe. Not too many years ago the Defense Department told us that it costs us $18 billion to maintain our troops and commitments in Europe—I believe the year was 1972. Now, the figure is closer to $22 to $23 billion. There are about 500,000 servicemen stationed on foreign soil. For every 100,000 pulled back and discharged, we would save at least $1 billion.

Then, there is the question of the Defense budget as a whole; the question of building and deploying a missile cruise system at a price tag of $1.2 billion; the question of building, only to abandon, ABM systems and the like; the question of pushing forward the maneuverable warhead system—MARV—or of retaining a force too heavy at the top. Pending right now before the Senate are $7.6 billion in proposed Defense cuts. From the superfluous and exotic, from the waste and the fat and the unnecessary could be trimmed on top of that another $5 billion in Pentagon spending requests.

I note, Mr. President, that on the ticker today the following is quoted, and I quote:

> Defense Secretary James Schlesinger says the nation's security has been imperiled by "deep, savage and arbitrary" cuts in the $111.9 billion defense budget approved by the House.
>
> But Rep. George Mahon, D-Tex.—

And he certainly is a fiscal conservative and very defense-minded—

> . . . Chairman of the House Appropriations Committee, contends the cuts were "anything but arbitrary".

Next is foreign aid. What was it they are asking—an extra $3 billion for the Middle East. Interestingly, it is about the same amount New York happens to need at the moment to face up to its financial problems. And what is the administration's position? Three billion for the Middle East. Nothing for the people of New York. Indeed, I think some substantial paring and pruning could be made in the entire foreign aid budget.

Substantial cuts could also come from the so-called revenue sharing program where too often the National Government rewards the inefficient and imprudent management of State and local bureaucracies which are permitted to play Santa Claus at the expense of the Federal tax collector and taxpayer.

And there is more. There is the intricate complexity of the regulatory system where reform and reshaping are just now getting underway. Why not streamline the functions, peel off some of the layers of controls and redtape and provide some savings for the taxpayers in the process?

And if we are truly bent on helping the American taxpayer, I would hope close attention is paid to what is now transpiring in the House Ways and Means Committee. Under way is an investigation of all the loopholes, all the exclusions, preferences, shelters, and whatnot that have grown up over the years. I commend the Ways and Means Committee. I would hope the Senate follows suit when it receives this revenue bill to the end that more equity and fairness can be written into the tax code, taking some of the burden off the backs of middle-income Americans and putting it more on the well off—those who can better afford it.

Without addressing, therefore, the merits or demerits of the administration's recent tax cut/spending cut proposal, there indeed exists $28 billion in Federal extravagance. Twenty-eight billion can be cut and Congress can get to work on the job of pruning and paring. There is a Budget Committee in the Senate. There is a Budget Committee in the House. There is a Congressional Budget Office.

I have offered my views on where to look for $28 billion in spending cuts. Others will have their own suggestions. What I would like to see is for the President to meet with the chairmen and ranking members of the House and Senate Budget Committees to discuss in detail the specifics of his proposals.

I would only note further that there has been criticism of this administration proposal on the grounds that election year politics is being played with the American taxpayer—that this package is designed at once to stoke up the economy in an election year without regard to economic consequences, and lay the groundwork for much more criticism against the Congress as styled by the administration.

In sharp contrast it should be remembered will be a "can do" President: a President who can promise 100 vetoes—and do it unless stopped by the Congress; a President who can give us a $70 billion deficit—and probably achieve it year after year unless stopped by the Congress; a President who can present us with a $100 billion energy program and seek to double the price of all energy in this Nation—and will do it unless Congress stops it; a President who can get us involved directly into the Middle East crisis and already has; a President who can outspend even his predecessor who achieved record depths in budget deficits; a President who can urge that everything be cut except Pentagon requests and taxes for low-income citizens; a President who can tolerate 10 million Americans out of work or who have been looking for jobs—and who has; a President who can veto programs designed to take Americans off the welfare and unemployment rolls and put them back on the work rolls; a President who can tolerate double-digit inflation; a President who can, and has done already all of these and who will continue to do unless and until Congress responds effectively.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

AMENDMENT NO. 963

The PRESIDING OFFICER. Under the previous order, the hour of 12:30 having arrived, the Senate will now resume consideration of the pending amendment by the Senator from Massachusetts (Mr. KENNEDY), No. 963, which the clerk will state.

The legislative clerk read as follows:

Mr. KENNEDY (for himself and others) proposes an amendment numbered 963 to amendment 919, as modified and amended.

The PRESIDING OFFICER. The time for debate on this amendment shall be limited to 3 hours, to be equally divided and controlled by the Senator from Arizona (Mr. FANNIN) and the Senator from Massachusetts (Mr. KENNEDY), with a vote to occur thereon no later than 3:30 p.m.

Mr. FORD addressed the Chair.

Mr. KENNEDY. Mr. President, how much time does the Senator wish?

Mr. FORD. Five minutes.

Mr. KENNEDY. Mr. President, I yield 5 minutes.

Mr. FORD. I thank the distinguished Senator from Massachusetts.

AMENDMENT NO. 935

Mr. FORD. Mr. President, I call up my amendment No. 935 and ask for its immediate consideration.

The PRESIDING OFFICER. It will require unanimous consent.

Mr. FORD. Mr. President, I ask unanimous consent that my amendment No. 935 be considered at this time. We have an agreement on the two sides.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. Reserving the right to object, does the Senator intend to proceed to the consideration of his amendment?

Mr. FORD. Yes; it has been accepted on both sides. I just want to get it into the RECORD. It will not take 5 minutes. If preferable, I will be glad to wait.

Mr. KENNEDY. I want to accommodate the Senator.

Mr. FORD. I appreciate that.

Mr. KENNEDY. Mr. President, I believe it would be appropriate to yield to the Senator's request which would set aside my amendment temporarily. I do not at this time object.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kentucky (Mr. FORD) proposes an amendment No. 935, as modified, to amendment 919, as modified and amended.

The amendment, as modified, is as follows:

On page 29, after line 18, insert the following:

(e) Pending the establishment of a national ceiling pursuant to section 25(a) of this Act by a final Commission order which is no longer subject to judicial review and within thirty days after the enactment of the Natural Gas Act amendments of 1975 and on January first of each year thereafter until such establishment of a national ceiling, the Commission shall establish an interim ceiling for rates and charges for the sale or transfer in interstate commerce by a producer of new natural gas produced from offshore Federal lands which shall be equivalent to the average dollar valuation per barrel of domestic crude oil used by the United States Geological Survey or its successor Federal agency or office in computing the royalties due the United States on account of crude oil produced from all Federal lands during the calendar month ending thirty days prior to such determination. Such interim ceiling price shall be expressed in one million British thermal units and shall be determined by dividing such average dollar valuation per barrel of crude oil by 5.8. After the establishment of a national ceiling pursuant to section 25(a) of this Act by final Commission order which is no longer subject to judicial review, any producer who has sold new natural gas produced from offshore Federal lands during the period the interim ceiling price was in effect shall thereafter have the benefit of the natural ceiling: *Provided, however,* That the Commission shall have no power to order a reduction in the rates and charges for such sale below the interim ceiling price in effect on the dates of the establishment of the national ceiling.

(f) From and after January 1, 1981, there shall be no ceiling price applicable to the sale of new natural gas produced from offshore Federal lands.

(g) No price established by or pursuant to this Act for new natural gas shall be retroactive so as to affect any price for any gas sold prior to the enactment of this Act.

Mr. FORD. Mr. President, there has been a great deal of discussion about the possibility of not securing new gas production from offshore. The amendment I have at the desk will do two things: give us the opportunity to secure this new gas as quickly as possible, and prevent the delay that could be possible waiting on the Federal Power Commission to set the rates.

What my amendment does, very briefly, is to allow the new natural gas discovered offshore to be contracted for at the rate of the average price of domestic oil sold on Federal lands in Btu equivalent. It is very simple to call the Agency's office. They punch a computer and they give you the average price and the Btu equivalent for the last 30 days. This would eliminate delay in securing new natural gas.

My amendment further states that this price will prevail until the Federal Power Commission sets a national rate.

My amendment also states that the contract entered into cannot be eliminated or vitiated by the Federal Power Commission after it sets its new national rate.

I have also added in modifying this amendment, which modification is at the desk, that no price established by or pursuant to this act for new natural gas shall be retroactive so as to affect any price for any gas sold prior to the enactment of this legislation. This gives an opportunity for those who want to see and those who want to buy to have a price upon which they can do business. It also provides that when the Federal Power Commission sets its new national rate, that shall be the rate.

It also provides a very easy method whereby they can determine the top price.

Also, there shall be no retroactive pricing of offshore natural gas.

I have discussed this amendment with those who are proponents of the Pearson-Bentsen amendment. I have also talked with the distinguished Senator from South Carolina (Mr. HOLLINGS) and the Senator from Ohio (Mr. GLENN). Both seem to accept it. I would hope that this amendment could be accepted by a voice vote.

Mr. HOLLINGS. Mr. President, on behalf of the managers of the bill, we would be glad to accept the amendment. One of the problems we have had is with the new guidelines, which have opened a whole new realm of law and and power company lawyers being what they are, representing, of course, the interests of their clients, will be contending their points.

We have observed that the Natural

Gas Act of 1938 took about 25 years of litigation to settle the law down so that everyone would use the same vocabulary. It will take a good period to determine the price. The Senator from Kentucky has taken a forthright approach to give certainty to the industry.

If there has been one thing that the dealing with natural gas laws have contended for it is that we correct the uncertainty in the fees for the offshore gas. I do not want to go up to the total or highest Btu equivalents but to the average price. It would fix it at what I believe now is $1.28.

Mr. FORD. In the last 30 days it has been $1.28.

Mr. HOLLINGS. Giving certainty to that period would settle the appeals and rulings of the Federal Power Commission. On that basis, we commend the distinguished Senator from Kentucky and on behalf of the managers of the bill would be glad to accept the amendment.

Mr. PEARSON. We are glad to accept the amendment.

Mr. FORD. Mr. President I ask for the adoption of my amendment.

Mr. HOLLINGS. I move the adoption of the amendment.

The amendment was agreed to.

Mr. HOLLINGS. I move to reconsider the vote by which the amendment was agreed to.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FORD. I thank my colleagues.

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. HOLLINGS. Mr. President, I wish to propound a unanimous-consent request. I have checked this with the minority side.

My first request is that amendment No. 963, presently under consideration, be set aside temporarily and the order for a 3 o'clock vote be vacated; that in lieu thereof, the time for a vote on that amendment be no later than 3:15 tomorrow afternoon; that there be a 4-hour period of debate, 2 hours tomorrow, to commence after the 1 o'clock rollcall as presently set, between 1:15 and 3:15, and 2 hours this afternoon, because we are ready to debate it; that the 4-hour period, with 2 hours today, be equally divided between and controlled by the distinguished Senator from Massachusetts and the distinguished Senator from Arizona (Mr. FANNIN).

The PRESIDING OFFICER (Mr. HATFIELD). Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, in all these unanimous-consent requests, I reserve the right of the Senator from Texas to object. His aide has already checked this out and asked us to proceed in this fashion.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Reserving the right of the Senator from Texas (Mr. BENTSEN) to object, I ask unanimous consent that the time for debate and the order for amendment 977 be vacated and in lieu thereof to insert the Hart revised amendment—that is, the amendment offered by the Senator from Michigan (Mr. PHILIP A. HART), and other cosponsors; that the time be controlled by the Senator from Montana (Mr. MANSFIELD) and the Senator from Arizona (Mr. FANNIN), with 2 hours today, an hour to each side; and on tomorrow to commence at 11 a.m., for 2 hours, with an hour to each side, the amendment to be voted upon no later than 1 p.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, reserving the right of the distinguished Senator from Kansas to object, he has been trying to get to this 3 o'clock cutoff, but he is preparing one amendment and he believes he can have it by 5 o'clock. However, other than that 5 o'clock variation, whereas, on October 9, a limited agreement was entered into providing in part that no amendment in the first degree to S. 2310 should be in order at any time after 3 p.m. today, unless filed at the desk prior to that time, I now ask unanimous consent that the words "in the first degree" be deleted from the agreed-to language. This would make the provision applicable to all amendments except, of course, the amendment of the Senator from Kansas, if he can have it prepared by 3, but no later than 5 o'clock today.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The text of the unanimous-consent agreement is as follows:

Ordered, That on Wednesday, October 22, 1975, during the further consideration of S. 2310 (Order No. 355), a bill to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976, at the hour of 11:00 a.m. the Senate proceed to the consideration of the amendment by the Senator from Montana (Mr. Mansfield), for the Senator from Michigan (Mr. Hart), with debate thereon to be limited to 2 hours, to be equally divided and controlled by the Senator from Montana (Mr. Mansfield), or his designee, and the Senator from Arizona (Mr. Fannin): *Provided*, That a vote occur on the amendment at not later than 1:00 p.m.: *Provided further*, That at the hour of 1:15 p.m. the Senate proceed to the consideration of the amendment No. 963 by the Senator from Massachusetts (Mr. Kennedy), with the debate thereon to be limited to 2 hours: *Provided further*, That a vote occur on the Kennedy amendment at 3:15 p.m.

Ordered further, That no amendment to S. 2310 shall be in order at any time after 3:00 p.m. on Tuesday, October 21, 1975, unless such amendment has been filed at the desk prior to that time: *Provided further*, That it shall be in order to propound further time agreements with respect to amendments which have been filed at the desk by or before 3:00 p.m. on Tuesday, October 21, 1975, debatable motions, appeals, or points of order submitted by the Chair.

Ordered further, That the vote on final passage of the bill shall occur at 12:00 noon on Friday, October 24, 1975.

Ordered further, That the pending order which calls for the consideration of S. 692, a bill to regulate commerce to assure increased supplies of natural gas at reasonable prices for the consumer, immediately upon the disposition of S. 2310 shall be vacated: *Provided*, That it be in order for the Majority Leader at any time following the disposition of S. 2310 to call up and make S. 692 the pending business.

Mr. HOLLINGS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, in view of the unanimous-consent agreement—and I express my appreciation to the leader as well as the Senator from South Carolina—I ask unanimous consent that my amendment be set aside temporarily.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

AMENDMENT NO. 993

Mr. MANSFIELD. Mr. President, on behalf of the distinguished Senator from Michigan (Mr. PHILIP A. HART) who is unavoidably absent, as we all know, and at his personal request, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. MANSFIELD. Mr. President, unless someone wishes the amendment read—I think we understand it fairly well—I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The proposed amendment to amendment No. 919, as modified and amended, is as follows:

At the end of the amendment add a new section:

TITLE III—PROMOTION OF ENERGY INDUSTRY COMPETITION

SEC. 301. The provisions of section 203, 205 and 206 of Title II shall not become effective with respect to any major producer, as defined in section 302 of Title III until the Securities and Exchange Commission determines that such producer, is in compliance with the provisions of this title.

DEFINITIONS

SEC. 302. As used in this title—

(a) "affiliate" means a person controlled by, controlling, or under or subject to common control with respect to any other person;

(b) "asset" means any property (tangible or intangible, real, personal, or mixed) and includes stock in any corporation;

(c) "commerce" means commerce among the several States, with the Indian tribes, or with foreign nations; or commerce in any State which affects commerce among or between any State and foreign nation;

(d) "energy resource" means petroleum, natural gas, tar sands, or oil shale;

(e) "marketing asset" means any asset used in the distribution or marketing of a refined product or natural gas;

(f) "transportation asset" means any asset used in the transportation by pipeline, or gathering line of an energy resource or refined product;

(g) "refinery asset" means any asset used in the refining of an energy resource;

(h) "major producer" means any person which, during the calendar year 1974 or in any subsequent calendar year, alone or with affiliates, produces within the United States one hundred and twenty-five million barrels (forty-two United States gallons each) of crude petroleum and natural gas liquids;

(i) "person" means an individual or a corporation, partnership, joint-stock company, business trust, trustee in bankruptcy, receiver in reorganization, association, or any organized group whether or not incorporated; and

(j) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and the Trust Territory of the Pacific Islands.

UNLAWFUL RETENTION

SEC. 303. (a) Notwithstanding any other provision of law, after December 31, 1980, it shall be unlawful for any major producer to own, or control any interest, direct, indirect, or through an affiliate, in any refinery, transportation, or marketing asset.

(b) for the purpose of this section "control" means direct or indirect legal or beneficial interest in or power or influence over another person, arising through direct, indirect, or interlocking ownership of capital stock, interlocking directorates or officers, contractual relations, agency agreements, or leasing arrangements.

REPORTS

SEC. 304. Each person who on or after the date of enactment of this title owns or controls any assets prohibited by section 303 and any other person designated by the Securities and Exchange Commission shall, within one hundred and twenty days and at such other times as the Commission may designate, file with the Commission such information and reports about such assets as the Commission may request.

ENFORCEMENT

SEC. 305. (a) The Securities and Exchange Commission in accordance with the rules, regulations, or orders it deems appropriate to carry out the purposes of this title, shall require each person covered by section 303 to submit within one year of the date of enactment of this title a plan or plans for divestment of prohibited assets. If, after notice and opportunity for hearings, the Commission shall find the plan, as submitted or as modified by Commission order, necessary or appropriate to effectuate the provisions of this title and fair and equitable to affected persons, the Commission shall approve the plan by order and shall take all necessary actions to enforce the plan: *Provided*, That no plan shall be approved which will not substantially accomplish divestment not later than five years from the date of enactment of this title.

(b) The Securities and Exchange Commission shall institute suits in the district courts of the United States requesting the issuance of such relief as is appropriate to assure compliance with this title, including orders of divestiture, declaratory judgments, mandatory or prohibitive injunctive relief, interim equitable relief, the appointment of temporary or permanent receivers or trustees, civil penalties, and punitive damages for willful failure to comply with lawful Commission orders.

(c) In carrying out the provisions of this title, the Securities and Exchange Commission is authorized to utilize all powers conferred upon it, and all sanctions associated therewith, by other provisions of law.

PENALTIES

SEC. 306. (a) Any person who knowingly or willfully violates any provision of this title shall, upon conviction, be punished, in the case of an individual, by a fine not to exceed $5,000,000 or by imprisonment for a period not to exceed ten years, or both, or in the case of a corporation or other entity, by a fine not to exceed $50,000,000 or by suspension of the right to do business in interstate commerce for a period not to exceed ten years, or both. A violation by a corporation or other entity shall be deemed to be also a violation by the individual directors, officers, receivers, trustees, or agents of such corporation or entity who shall have authorized, ordered, or done any of the acts constituting the violation in whole or in part, or who shall have omitted to authorize, order, or do any acts which would terminate, prevent, or correct conduct violative of this title. Failure to obey any order of a court pursuant to this title shall be punishable by such court as a contempt of court.

(b) Any person who violates a lawful order of the Securities and Exchange Commission issued pursuant to this title shall forfeit and pay to the United States for each violation a civil penalty of not more than $100,000 which shall accrue to the United States and may be recovered in a civil action brought by the Commission. Each separate violation of such an order shall be a separate offense, except that in the case of a violation through continuing failure or neglect to obey an order of the Commission, each day of continuance of such failure or neglect shall be deemed a separate offense.

Mr. MANSFIELD. Mr. President, I yield to the Senator from Colorado 15 minutes.

Mr. HUMPHREY. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. GARY HART. I yield.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that Mr. William Cox and Mr. George Tyler have the privilege of the floor during the consideration of the pending measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GARY HART. Mr. President, the distinguished majority leader, the Senator from Montana, has submitted an amendment to the pending measure which in a somewhat more expanded form was debated extensively in this Chamber 2 weeks ago. As those of us who sponsored that expanded version indicated at that time, this was the first vote that a major petroleum company divestiture measure had received in modern memory in the U.S. Senate.

The proposal of the distinguished Senator from Montana, the majority leader, on behalf of the Senator from Michigan (Mr. PHILIP A. HART), as it now stands before the Senate, has the following terms.

First of all, it would require that within the space of 5 years—that is to say, by January 1, 1981—all companies producing more than 100,000 barrels of oil per day or 36½ million barrels annually within that 5-year period make a choice either to stay in the production of petroleum products or to go into other elements of the industry—namely, transportation, refining, and marketing.

In that respect, this is substantially different from the vote that took place in this Chamber on October 8.

As distinguished from the measure on which we voted on October 8, the proposal presently before the Senate, as an amendment to the pending business, would require that within a 5-year period the 15 largest producers decide either to stay in petroleum production or to go into the other elements of the industry.

These 15 companies presently control some 70 or 75 percent of crude production in this country and 70 percent of refining and retailing capacity.

It is the judgment of the proponents that the effect of this divestiture measure would be to introduce for the first time into that three-quarters of the petroleum industry in this country elements of competition in the marketplace which have not existed for many, many years.

Mr. HOLLINGS. Mr. President, will the Senator yield?

Mr. GARY HART. I yield.

Mr. HOLLINGS. Mr. President, the distinguished Senator from Texas is now in the Chamber.

Our unanimous-consent agreement set a time for debate for tomorrow, with a time of 1 o'clock on the Hart amendment which is presently being debated, and the other at 3:15, which would be the Kennedy amendment, originally scheduled for 3 this afternoon.

Is there objection by the Senator?

Mr. BENTSEN. I have no objection at all. I appreciate the courtesy extended by the Senator from South Carolina.

Mr. HOLLINGS. I thank my distinguished colleague from Colorado.

Mr. GARY HART. The argument is made that this is an unprecedented legislative step for this body to take. The facts of the matter are to the contrary. Starting at 1906 and moving forward for some three decades, this institution of our Government, the Congress of the United States, has mandated major divestitures in major elements of the economy. In 1906, the Hepburn Act required the railroads to get out of the business of producing coal and other commodities. In 1932, the Glass-Steagall Act forced financial institutions to rid themselves of either their commercial or investment banking activities. In 1934, the Keller-Black Air Mail Act required a number of firms to divest themselves of either air carriers or aircraft manufacturing facilities. In that case, General Motors was required to sell off its interest in Eastern, Western, United, and TWA Airlines.

The Public Utilities Holding Act of 1935 forced combination companies to divest themselves of either gas or electricity distribution facilities. It also required those companies to be divested that had operations in non-utility-related assets such as oil wells, bus companies, and coal mines. So the precedents for major divestiture actions are large in the history of the U.S. Senate. This step that we are proposing that the Senate of the United States take *tomorrow would* be in keeping with those historical precedents.

The industries and the major companies affected, the 15 companies affected, would have a choice. But companies that we are talking about at the present time are not the major producers of petroleum in the United States. The facts, as they have been pointed out to this body on a number of occasions, are that the so-called independent, the 20 or 25 percent of the industry which operate without vertical integration, are the major producers of new oil and gas in our society. It is the opinion of the Senator from Colorado that many of these companies ought not be in production but ought to be in transportation, refining, and marketing. That would be a choice that they could make.

The argument has been made against the measure that we introduced in the first place that the capital borrowing, the capital necessary for finding new oil and gas, would be damaged by this divestiture action. The fact of the matter is, Mr. President, that these companies, once divested and occupying less of a major role in the industry than they presently do, would, in fact, undoubtedly have an easier time finding the capital either for production or for the other elements of the industry that they would choose to be in. They would be going into the capital marketplace for smaller blocks of financing than the giant corporations that presently are represented by these 15 companies. They would be asking for a great deal of money, but it would not be the same amount of money that these companies presently require for all of their activity, from production to retailing.

The argument is made that this divestiture would work a hardship on shareholders. The facts are to the contrary, Mr. President. In almost every major divestiture of the last 12 or 15 years, the shareholders of the spinoff companies have been better off than they were in holding stock in the parent company which was required to divest. The value of the shares, the sum of the shares which the shareholders have held in the spinoff operations, has exceeded the value of the shares in the parent company before divestiture.

Finally, Mr. President, the basic argument in favor of this proposal is whether we will have a free marketplace to which to return the price control mechanism if we take controls and regulations off the price of oil and gas in this country. It is the conviction of many of the proponents of this measure that the result of divesting these major giant oil companies will be to reintroduce into the marketplace principles of competition that have not existed in that industry before.

If we can break the hold that these vertically integrated companies have on the three-quarters or more of the industry which is represented, not only by their vertical divestiture but by production and pipeline joint venturing, exchange agreements and other cooperative devices, then the independents which represent that other element of the marketplace, that small element, will have entities that they can genuinely compete with and not be strangled by.

The integration of crude production with downstream operations of the major companies has reduced the amount of downward pressure on crude prices. A refiner who is also a crude producer simply does not have the same interest in low crude prices as a refiner who has no interest in crude production. This is particularly true of the integrated refiner, which derives the bulk of the profits from crude production.

In the international area, the effects of this integration are particularly harmful. The world's major refiners quite simply have no serious incentive to bargain with OPEC for lower prices.

Mr. President, if we replace the judgment of a handful of Government officials as to what the price of petroleum in our marketplace should be with the judgment of a handful of corporate executives, we are just taking the control of energy prices out of the hands of a handful of individuals in the public sector and placing it in the hands of a handful of individuals in the private sector. No elements of competition will prevail. If we can have genuine competition in the marketplace by this modest divestiture proposal, then I think the consumers of this country will benefit, the people who are dependent upon petroleum products for their manufacturing capabilities will benefit, and I think the economy of this country will benefit.

I think the arguments are strong at the present time to go back to free enterprise, to return to a free marketplace, and to get out of manipulated prices, whether by the public sector or by a handful of corporate executives in the private sector.

I yield to my colleague from the State of Colorado.

Mr. HASKELL. Mr. President, this amendment represents a unification of a great many Senators who are anxious to encourage the element of competition in the production, refining, transportation, and marketing of petroleum products. Various Senators have combined efforts with the distinguished Senator from Michigan (Mr. Philip A. Hart), who for a decade has been on the floor of the U.S. Senate and has encouraged the major industrial sector of this economy to become true competition. This amendment is a very modest amendment, but tries to put that competitive thrust into the oil and gas industry.

Mr. President, it is quite obvious. I do not think anybody would argue with the fact that when one owns the basic commodity, the crude oil, when one owns the pipelines that get it to market, when one owns the refineries, and then the filling stations, there certainly exists a capability for manipulation. I think that perhaps it is a little naive of anybody to assume that when a private corporation has the capability of manipulating its business to maximize its profits, it would not so manipulate. This amendment is merely designed to break off from the integrated industrial structure the basic commodity, and put into the marketplace aggressive sellers of the basic commodity. If those sellers do not own the pipelines or the refineries as the owners of the crude, they will have the leverage to make the common carrier provisions of the Interstate Commerce Act meaningful. Right now, as we all know, theoretically, oil pipelines are common carriers.

I think that all of us also realize that this is theoretical only, that any competent manager of an integrated oil company can, by a number of very legal devices, prevent his pipeline from being so operated. If that pipeline owner no longer owns the crude, he obviously is going to want the crude to go through his pipeline. Therefore, he will be susceptible to the pressure of the owner, and will carry that crude on a reasonable common carrier basis to the market in which the owner of the crude intends to sell his product. It may be, for example, an independent refinery. Hopefully, that will be the case. *All this* amendment does is attempt to break the tremendous leverage that an integrated company has in this particular market.

Mr. President, one of the myths about vertical divestiture is that it will inevitably raise prices.

At this point, I ask unanimous consent to have printed in the Record a very brief paper containing one or two tables that, I believe, dispells this myth.

There being no objection, the paper was ordered to be printed in the Record, as follows:

Price Effects of Divestiture

One of the myths about vertical divestiture is that it will inevitably raise prices. The argument is that the integrated majors have been making most of their profit in crude oil (true) but passing these profits on to consumers, presumably out of the goodness of their hearts, through negligible profits or actual losses in refining and marketing. If the refining and marketing segments have to stand on their own feet—the argument continues—prices will have to go up.

The fact is that the majors were *not* "subsidizing" refining and marketing through philanthropy. They have been forced to keep profits low at those levels to meet the prices of competitive independent refiners and marketers. If the major's refining and marketing segments are split off, they will obviously have to become more efficient in order to exist in the face of independent competition.

We cannot guarantee that divestiture will lower crude oil prices—divestiture per se will neither break OPEC nor double U.S. crude oil production the day after tomorrow. What it will do is change companies with 70 percent of U.S. crude production from suppliers of their own refineries to aggressive searchers for and developers of domestic crude reserves. It also will make them searchers for buyers. It will transform previously integrated refiners and marketers, passively accepting the crude prices dictated by major corporate managements, into aggressive bargainers for the lowest priced crudes available. This offers the best long-run hope of getting OPEC prices down that we have.

We don't know what future prices will be. The odds are high, though, that divestiture will keep prices lower than they otherwise would be with the present structure of the industry.

Employment effects of divestiture—Petroleum industry employment, June 1975

	All employees	*Production workers*
Oil and gas extraction	319, 200	218, 300
Oil and gas production	(155, 200)	(79, 800)
Oil and gas field services	(164, 000)	(138, 500)
Refining	156, 100	96, 500
Pipeline transportation	16, 800	13, 000
Retail gasoline stations	644, 800	---------
Fuel and ice dealers	98, 200	82, 700
Total	1, 235, 100	n.a.

Total employment in direct petroleum company operations is 1.2 million, not including employment in crude oil and product trucking companies. More than half of these employees are engaged in retail service station operations.

Separation of crude oil and gas production from other integrated operations would not eliminate or reduce this function; hopefully, it would expand production. There is no reason to believe that any adverse employment effects would result from the bill.

Where is the money coming from? and How do spinoffs work?

These two questions can be handled together. The usual reaction to a major divestiture is that "someone" will be expected to come up with a huge sum of cash. The fact is that a spinoff can be a means of establishing a new corporate entity without an impossible cash burden. Two examples may be given:

(1) Pennzoil—United Gas, Inc. (Texas)

Following its merger with United Gas Corp., Pennzoil was required to dispose of its retail gas distribution properties. A new corporation, United Gas, Inc., was established, to which the distributing properties were transferred in exchange for $70 million in bonds and debentures and slightly over 4 million shares of United Gas common stock. The debt securities were then sold in a secondary offering without difficulty. Pennzoil's own stockholders took about ¼ of the stock on a prior subscription basis (at $13 a share) and the remainder was sold on the open market.

(2) Georgia-Pacific—Louisiana-Pacific

This divestiture was in settlement of an FTC complaint. Georgia-Pacific established Louisiana-Pacific, holding the properties to be divested, as a wholly owned subsidiary. The parent guaranteed a net worth of $150 million for the subsidiary, and an arrangement was made with a banking group for a revolving line of credit (now $155 million). Georgia-Pacific then distributed Louisiana's voting stock to its own stockholders, who were free to hold it or dispose of it. The revolving credit agreement (through December 31, 1976, then convertible to term loans maturing 1977–80) gives Louisiana plenty of time to establish itself before going to the public bond market for long-term debt. The value of the stock rose in two years, January 1973-December 1974, from the original $150 million to $265 million.

The point is that divestiture is not a novel idea. Over the years there have been thousands of divestitures—both those legally ordered and those on a voluntary basis. Among those ordered by the courts, we can go all the way from the 1911 Standard Oil and American Tobacco spinoffs to the pending divestiture of Peabody, the nation's largest coal company, by Kennecott. Olin Industries, for example, has a history of acquiring or developing enterprises and then spinning them off at a substantial profit—e.g., United Nuclear (1962), Squibb Corp. (1968), or Olinkraft (1974). There has been an especially large rash of voluntary spinoffs in the early 1970's, as corporations retreated from the conglomerate binge of the 1960's.

Mr. HASKELL. Mr. President, one more thing. My colleague from Colorado mentioned the stockholders. Large crocodile tears are sometimes shed for stockholders who are going to receive stock by a spinoff of a conglomerate or a breakup of a conglomerate. In this case, I am sure crocodile tears will appear on behalf of the stockholders of the oil companies.

Actually, history will show those stockholders are going to be very well-off. If you go back as far as the early 1900's when the Standard Oil trust was broken up, you will find that the stockholders, if my memory serves me correctly, had about 50 percent more in market value of securities after the breakup than they did before.

So, Mr. President, in my estimation, this amendment is going to be helpful to the American consuming public because it will introduce competition, it will be helpful to the stockholders of the company, and I can see no reason why anyone, except possibly the managers of the major integrated companies who, obviously, like their position of power, can lose.

The PRESIDING OFFICER (Mr. HATHAWAY). The 15 minutes of the Senator have expired.

Who yields time?

Mr. ABOUREZK. I yield 1 minute to the Senator.

Mr. HASKELL. In summary, as I view it, the only losers would be the managers of the 15 or so integrated companies who, of course, enjoy a position of great power and who will lose a portion of that power.

Mr. President, I ask unanimous consent that John Cevette, of my staff, be granted the privileges of the floor.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that a member of my staff, Sue Sechler, and two members of the Antitrust Subcommittee staff, Walter Measday and Henry Banta, be granted the privileges of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HASKELL. Mr. President, I yield the floor.

Mr. TUNNEY. Mr. President, will the Senator yield?

Mr. ABOUREZK. I yield 5 minutes to the Senator from California.

The PRESIDING OFFICER. The Senator from California is recognized for 5 minutes.

Mr. TUNNEY. I thank my distinguished colleague for yielding time to me.

I would like to speak very strongly in favor of the Hart amendment. I think the time has come for us to realize in this country that we have a great responsibility to guarantee that there is a truly competitive market in energy products. I know the oil companies point to the fact that you have many different brands being sold throughout the country, and they say this represents competition.

I cannot help but look at the facts, however, as they were brought out recently in hearings that were held by Senator CHURCH in the Foreign Relations Committee in which testimony was developed that if you had between 1950 and 1970 a straightline projection of the expected growth of crude in the world market of 9.55 percent, in any one year the actual production deviated from the 9.55 percent growth by less than one-tenth of 1 percent. In other words, despite the fact there were great regional variations, despite the fact you had Kuwait coming on line in the early 1950's and producing significant amounts of oil—they had not produced in the forties, certainly had not been in production in the thirties—and despite the fact that you had deviations in the production in Venezuela and other parts of the world, the total growth rate of crude production in the world was only a deviation of one-tenth of 1 percent from 9.55 percent during that entire 20-year period.

It is so clear to me, just looking at those statistics, that the major international oil companies have to a considerable extent controlled the movement of crude from the well to the market and eventually to the consumer.

I also would just have to look at the situation that exists with respect to joint ventures. You have overseas joint ventures between the majors. They joint-venture the exploration, the production; they joint-venture refineries in this country; they joint-venture pipelines; they joint-venture off the coast and on many onshore exploration and development activities.

They have exchange agreements whereby they exchange crude from one part of the country to another. They exchange product.

Now, it defies commonsense to suggest that if you have the kind of interlocking relationship to joint ventures such as exist both in the international markets as well as the domestic markets that the companies do not know what the other companies are doing at any given moment in time. They might not know precisely the amount of dollars that are being spent, but they have a very good fix as to what the condition of the respective sister companies is because of the joint ventures that exist, because of the exchange agreements that exist historically.

I think the time has come to recognize if we are going to save this industry from nationalization we are going to have to get competition in it. Americans feel, and I feel, there is not adequate competition.

There is no industry that is held in greater disrespect in this country than the oil industry and, in some instances, in my view, in an undeserved way. Despite that fact, whether it is deserved or undeserved, people feel the industry is noncompetitive, and I feel it is noncompetitive. I think we need to have legislation passed which makes it clear that the producers of crude are not going to be able to also control the refining, the transportation, the distribution and the marketing. There is no reason at all why we should not give to the other elements of the industry an opportunity to deal at arm's length with the producers of the crude, whether it be the domestic producers or the offshore producers.

I am going to have more to say on this amendment later on, but at the initiation of this debate I did want to make my position very clear, that I think it is very important that the amendment pass and that we get this competition where it does not now exist.

I might also say that I think it is important that we pass the Kennedy amendment which deals with horizontal integration.

I think that it is clear that the oil companies are becoming energy-occupied. They control more than 50 percent of the coal and private lands, they are beginning to move into uranium, and they are soon going to, if they are unchecked, control the uranium reserves in this country which will give them control over our nuclear power.

They have purchased heavily leases in shale land, they have purchased heavily leases in geothermal lands, and I think it is clear that unless we have some competition within the energy industry, between various forms of energy, the oil companies, because of their vast resources, are going to control all of the energy production in this country.

That, in my view, can only lead to one of two things: An oligarchical activity which will result in vast overcharging of consumers, consumers unable to get the industry to do the R. & D. necessary to develop the alternative sources of energy when they can get a higher price for their oil and, thereby, not develop those alternative sources.

Either that is going to happen or, in the alternative, we are going to have such a vast concentration of capital that the people of the country are going to rise up and demand their national legislature to nationalize the industry.

I think, in my own view, that nationalization of the industry would make no sense. It seems to me it would only be a forerunner of nationalization of other industries as well. I personally happen to believe that the market economy is the most efficient and effective economy that man has devised.

I think if we look at the efficiencies of our economy and contrast it with the efficiencies of an economy like the Soviet Union, we recognize that nationalization does nobody any good. We cannot have the same degree of efficiency, the same degree of imagination, the same degree of entrepreneurship where we have government bureaucrats running an industry as we would have if it is in private hands and we have the opportunity for profit.

So I am all for the profit motive, I am all for giving to the energy industry an opportunity to make a profit, and I think they ought to be able to make a profit in oil as well as in gas, as well as in nuclear, or wherever it is that they are directing their resources and their capital. But I think that it ought to be a profit that is made based upon competition, and we do not now have competition in the oil industry.

Mr. President, I commend Senator HART.

I feel that it is very important to save this industry and at the same time save the consumers of America.

I really refer to this as almost a bill to immunize the industry from nationalization, and that is something which I think is important. I hope that we are able to get the few extra votes, as a result of this new initiative that has been introduced, that we did not have a few days ago and pass this amendment, then get the House of Representatives to pass it and send it on to the President, because I think we need it.

The present antitrust laws are not going to be enforced to break up this industry, neither are they going to break up the horizontal integration, and unless we have that, in my view, either the consumers are going to be robbed in future years or, as I say, we will have the nationalization, and neither case is acceptable.

Mr. ABOUREZK. Mr. President, I yield myself 10 minutes.

The Senator from California has made what I consider to be an excellent statement explaining why the major oil companies, the top 15 or 16, should be required to divest themselves of everything except their crude oil production.

It is not a question of depriving the oil companies of profits. It is a question of depriving them of exorbitant profits, as Senator JACKSON has said, obscene profits, and the objective of this amendment, which is——

Mr. BARTLETT. Will the Senator yield?

Mr. ABOUREZK. I will yield on the time of the Senator from Arizona.

Mr. FANNIN. I yield whatever time the Senator desires.

Mr. BARTLETT. Mr. President, I would like to ask the distinguished Senator from South Dakota to define those obscene profits and how the profits of whatever major oil companies he is talking about are much higher than those of average manufacturers.

My understanding is that they are just at the average level over a 10-year basis; is that correct?

Mr. ABOUREZK. Let me respond to the Senator's question by saying, first of all, that obscene profits are profits which are well above the average. The oil companies have now found a way to gather in obscene profits, and that is what they are doing.

Obscene profits are well above the average, and the profits on crude production qualify in this category. That is exactly where the profits are at this point.

Mr. BARTLETT. Will the Senator yield?

Mr. ABOUREZK. If the Senator will let me finish——

Mr. BARTLETT. I would just——

Mr. ABOUREZK. Does the Senator want me to respond?

Mr. BARTLETT (continuing). Like to see how the profits of the oil companies for the last 10 years have been considerably higher than average. It is my understanding they are just a little bit above the middle and, for all intents and purposes, average profits.

If the Senator can show this is not correct, I would like to see it so it can be placed in the record.

Mr. ABOUREZK. If the Senator would like me to place profit figures in the RECORD, I will be happy to do so. I do not have them here with me.

But over the past 8 years or so the profits have been about average, and in last 2 or 3 years, since the major oil companies have discovered how effective it is to withhold production so they can raise their prices, their profits have been exorbitant.

I can furnish those figures as soon as I can get a call over to the office to get them for the Senator.

Mr. BARTLETT. If the Senator will yield, I am not asking just for profit figures, but figures that would show that they are, say, way above average in the last 2 or 3 years.

It is my understanding that this year they are considerably below 1974, so they are down, and that for a 10-year period that they are, for all intents and purposes, average with manufacturing, as far as a return on investment.

So I think that for the Senator to talk about these high profits, he should submit that for the RECORD.

Mr. ABOUREZK. I have already agreed to do that. I am very happy to do that.

Mr. BARTLETT. I thank the distinguished Senator.

Mr. ABOUREZK. With respect to the Philip Hart amendment, Mr. President, this will take in the top 15 or 16 oil companies whose hold on the economy, so far as energy reserves are concerned, is extremely damaging.

As I just responded to the Senator from Oklahomt, the power of the companies allows them to manipulate supplies, through their control of every single phase of oil operations from the well to the gas pump. This means the power to withhold supplies from their own dealers' customers, as well as from independents who might provide the competition to which these companies give a lot of lip service. Their excess profits also give these companies the power to buy practically all of the television advertising time they want; to buy advertising that shapes the minds of the consuming public and takes the heat off them politically, so to speak. That power costs the American people more than simply high rates of profit, and something has to be done about it.

As I said before, this amendment does not deprive any company of a decent profit. In fact, what this amendment seeks to do is to restore in some measure the ingredient of free enterprise to the oil industry. A handful of major oil companies now controls over 90 percent of all the crude oil reserves domestically and has access to nearly all the crude oil reserves overseas through monopolistic distribution agreements. These companies have been able to withhold crude supplies and give oil to whoever they want to at the time they want to. And now they have learned how to do it at the price they want to.

The amendment we are offering seeks to break up that combine.

Mr. President, we have heard a lot about the efficiency of vertically integrated petroleum companies. One of our colleagues in this body stated during debate that the giant integrated companies generously take no profit on their refining and marketing operations, but satisfy themselves with profits at the production level.

First of all, it seems quite odd to assume that these companies operate their refineries at cost. Accounting procedures may be so complicated as to confuse the uninitiated and make them think that the refinery is an unprofitable operation that the oil company maintains as a favor to the public. In fact, crude oil is transferred to the captive refinery at "costs" computed from posted prices and entered into ledgers which have no real meaning in terms of assigning profit to the refinery or marketing operation. As for one other level of integration, transportation through pipelines, it has been enormously profitable for the integrated oil companies despite the fact that the pipelines are supposedly regulated.

For many years, the practice of keeping the posted price of crude high and assigning profits almost exclusively to the production level served two purposes—neither of which was to bring the consumer the lowest possible price. These purposes were, first, to benefit from the tax advantages and the percentage depletion allowance that applied only to crude profits. A great deal more of the profits from crude could be kept by the companies.

The second purpose was to make nonintegrated refiners pay high prices for whatever crude they could manage to buy, thus raising the ante for entry into the oil business, and keeping down the number of refiners and controlling the flow of oil to the very lucrative gasoline sales market. The ability of integrated companies to manipulate their profits and subsidize one phase with the revenues of another is clear proof that these companies do not respond to the free market and its demands. When profit margins are set by management, not by efficient performance and the classic operation of supply and demand you are not operating in a free market. Senator GRAVEL's assertion that the major companies take profit only at the crude level argues that there is manipulation of the market.

If a free market existed, then nonintegrated crude producers would come along and offer crude at a lower price than the integrated majors post for their own captive refineries. In a free market, independent refiners would shop around for the best price and best quality crude oil and we would see prices begin to fall as the pressure of free-market bargaining forced the crude producers to begin to lower their prices in order to remain in competition for the refiners' dollars. Even when other sectors of the integrated company make a profit, the cumulative price of the final product would still be less because of the bargaining and efficiency fostered by vigorous competition.

The fact is that the major producers with their high crude oil profits went into refining and marketing in an inefficient and sloppy manner simply to protect their crude profits. As the Joint Economic Committee's most recent study of the oil industry shows, high prices need not be reflected in profits but are often reflected in self-imposed inflated costs.

Mr. President, I reserve the remainder of my time.

Mr. FANNIN. Mr. President, we are debating and discussing legislation on natural gas. We seemed to have gotten off the path as to just what should be involved in that particular legislation. I wonder if we are wandering far from the path that will lead to the solution of the problems we are talking about.

Timing is so essential, Mr. President. In about the middle of December 1970, several Members of the Senate were called back into conference session to discuss what should be done on an emergency basis on the shortage of energy. At that time we discussed what could be done in meeting the challenge that we had facing us. Here we are almost 5 years later and we still have not accomplished the objectives we set out at that time. Yes, we adopted some legislation along the way. Not very long after that we passed an act that was supposed to be a study of just what should be done, Senate Resolution 45. It provided that we should go forward with legislation.

Mr. President, what I am concerned about is here we are this afternoon dilly-dallying around on something that has nothing to do with helping to solve the natural gas problem that faces us, and which is coming upon us very rapidly.

The natural gas legislation now before us is of major importance to our country's energy situation. The Senate should not entertain amendments which divert attention from, and could complicate that issue. Furthermore, the subject matter of the amendment is relatively new to the Congress. Since it involves the statutory dismantling of such a major segment of our American economy, it deserves more than cursory debate on the Senate floor.

The Senate Judiciary Committee has already begun hearings on a series of divestiture bills. That normal legislative process should be permitted to continue. Only through careful study in committee prior to reporting such legislation can the actual affect on achieving energy self-sufficiency be calculated.

To my way of thinking it would be devastating if we go forward with legislation at this time, with the type of legislation we have before us, with the amendments we are considering.

The antitrust laws are capable of remedying anticompetitive situations in the energy industry.

Neither horizontal nor vertical arrangements are illegal under the antitrust laws unless they are intended, and are able, to foreclose competition to a significant degree. The courts have recognized that divestiture is an extreme and potentially disruptive remedy, and have therefore developed careful economic tests to evaluate the effect on competition of each arrangement within the pertinent economic market. Since there are no facts demonstrating that horizontal operations in the energy industry are necessarily anticompetitive, the courts should continue to exercise jurisdiction in this area.

Singling out one industry with the view toward divestiture seems based on the assumption that vertical integration is inherently evil. The Washington Post for example is itself vertically integrated. It has interests in timber forests, paper manufacturing facilities, and other businesses which manufacture products used by newspapers. The Washington Post is also horizontally integrated, owning Newsweek and television stations. I am not opposed to their operations which are probably giving the public better services at lower costs.

I am not arguing about that. I am just saying that both vertical and horizontal integration have worked toward reducing manufacturing costs for a number of different products, including petroleum products. To vote in favor of divestiture of oil companies at this time is voting for an automatic price increase in petroleum products.

Mr. President, this afternoon we have heard statements made that the managers of companies are benefiting so greatly by the profits that have been talked about. I certainly disagree that we have "obscene" profits, in accordance with the figures that have been published by opponents as well as proponents of the petroleum industry. I just cannot go along with that description.

Mr. PACKWOOD. Mr. President, I rise in support of the amendment. I support it in the spirit of competition and free enterprise. I am not convinced that in the Federal Government, in the great cities of this country, or the great businesses of this country, there is necessarily economy of scale, or that they necessarily have to be big in order to raise capital or to compete.

I am not here arguing about whether companies should or should not be vertically or horizontally integrated. I am arguing for the premise that there is a size beyond which it is dangerous to allow organizations to grow—be it the Federal Government, cities, or businesses.

We have faced this problem of oil divestiture frequently over the past 2 or 3 weeks. We have been discussing it for the past 10 years. Certainly it was a familiar problem 65 years ago, when the Standard Oil Co. of New Jersey was broken up under the antitrust laws.

The argument is made, why do we not use the antitrust laws? My response to that is that the antitrust laws may or may not be adequate. Even if adequate breaking up the oil companies in this country, under the antitrust laws would be 10 or more years away.

Moreover, what I think would be more likely to happen if we brought a suit or a variety of suits against the major oil companies in this country, is that they might from time to time and place to place be found guilty of constraints of trade, rigging markets, or monopoly practices, and as a result would be assessed a fine, a slap on the wrist, and a suggestion not to do it again. In all likelihood, there would not be divestiture.

Look at this problem from a comparable perspective look at the banks. Years ago, we decided—in Congress, not in the courts—but in Congress—that we would not allow banks to branch interstate, that they must confine their banking operations to one State. We even then left to the States the decision as to whether they wanted to allow branch banking within the State, and there are some States today, in fact a good many, that say it is not even in the interest of a State to allow a bank to branch.

In addition to Congress saying that banks could not branch interstate, we also said it is dangerous to allow a bank, which has a tremendous amount of liquidity in deposits, to compete with a normal business which does not have access to that kind of liquidity; so we passed what we called the Bank Holding Company Acts, in which we said not only must a bank limit itself to one State, it must limit itself to banking; it cannot buy service stations, drive-in restaurants, or movie theaters. We said maybe it is all right for them to write insurance to guarantee a customer's repayment of a loan, because that is banking, and maybe they can write traveler's checks, because that has some relationship to the banking business, but we have very narrowly defined what banking is.

I say we should do the same thing for oil companies. I think it is a very dangerous situation to allow major oil companies to be both vertically and horizontally integrated. They own 35 percent of the coal in the country and most of the uranium. They are the biggest bidders on geothermal leases now being opened on Federal lands in the west.

The major oil companies are the owners of most of the oil in this country, the refiners of most of the oil in this country, the transporters and retailers of most of the oil in this country. That, too, is a dangerous situation.

It is said to be necessary to keep oil companies big in order to best serve the public.

> The forces that make for combination are too strong to be resisted; the advantages which result from combination are too great and too obvious to be sacrificed. It is a great deal better for the general public to have oil sold by a few great corporations, who can afford to keep the oil approximately up to a specified standard, than by a great number of small traders who are put up by competition under strong temptation to lower the quality in order to lower the price.

That is from Outlook, November 3, 1906, commenting on the action of the Federal Government in prosecuting Standard Oil of New Jersey under the antitrust laws.

"Too dangerous to break them up." Too dangerous to break up Standard Oil of New Jersey, which, at the time had gross assets—gross assets—of $860 million, at that time the largest corporation in the United States.

In spite of the fact that many economists and many of those in business said the danger to the newly burgeoning oil industry was too great, that smaller companies would never be able to raise capital, that we were asking for the demise of the American oil industry by that suit, the Supreme Court went ahead and broke up Standard Oil of New Jersey—again I say, a corporation with assets of $860 million.

What tiny companies was Standard of New Jersey broken up into? What are those corporations today, that came from this monster with $860 million in assets?

First, Exxon, with $31 billion in assets, the greatest corporation in this country.

Second, Mobil, $14 billion, the fifth biggest.

Next, Standard of California, $11.6 billion in assets, the sixth biggest corporation.

Standard of Indiana, assets of $9 billion, the 13th biggest.

Continental, $4 billion in assets, the 16th.

Arco, $6 billion in assets, 18th.

Marathon, $1.8 billion, 60th.

And Getty, $3 billion, 62d.

Mr. President, I am not stating their rank in the oil industry. All of those companies are among the top 20 in the oil industry. But from Exxon, the first, to Getty, the 62d, they are among the largest corporations in this country today. If this amendment succeeds, and those corporations are broken up, they will still be among the major corporations, even after divestiture. They are not going to be broken up into little mom and pop service stations.

What will be the effect? All I can do is look back upon what happened when Standard Oil of New Jersey was finally broken up. I am quoting from the book "The Standard Oil Co. of Indiana," by Paul Gidden, published in 1955:

> Wall Street hailed the decision with enthusiasm.
>
> The lethargy which had hung over business, finance, and the whole country for weeks quickly lifted. Business confidence was stimulated. Stock prices advanced 2 to 6 percent in the next 3 days. Transactions on the New York Stock Exchange rose from 143,375 on the 15th to more than a million the day after the decision. Most remarkable of all was the fact that Standard of New Jersey stock, after declining from a low bid of 675 to 665 the next day after the decision, advanced fourteen points on the two succeeding days, reaching the highest price since the middle of 1909. Only thirty shares of the Jersey company were traded on the 15th, but the next day 600 shares changed hands.

Mr. President, in terms of history, logic, and economics, what we are trying to do for the oil companies—not to, but for the oil companies—today does not hold a candle to what was done to Standard of New Jersey by the Supreme Court over 60 years ago, when it was broken up into 33 separate companies. Many of those little splinter companies are today the largest oil companies in the world.

I predict that, when this divestiture passes and they are broken up again, we will find in 10, 15, 20, or 25 years, many of those splinter companies will again have risen to a position of power and significance, and we may once more have to look at this same problem.

The best thing that could happen to American business, and to the American consumer is to take these major oil companies, divest them horizontally of their non-oil-producing properties, divest them vertically of some of their facets of oil production, and create many more companies where few now exist. At the same time remove the shackles of price control and other artificial restraints on them, and let them freely compete with each other. That is what will best serve not only the consumers but the businesses of this country.

Mr. ABOUREZK. Mr. President, I thank the Senator from Oregon, one of the principal cosponsors of this legislation, for an excellent statement.

I reserve the remainder of my time.

Mr. FANNIN. I yield whatever time the Senator from Connecticut desires.

Mr. WEICKER. I thank the distinguished Senator from Arizona.

I rise in opposition to both the Kennedy and the Gary Hart amendments. I do so not to defend in any way bigness. In fact, I think the whole question of the concentration of economic power in the hands of business is one that ought to be thoroughly reviewed by the courts, Congress, and by the executive branch of Government.

But I know in the "Dear Colleague" letter that arrived supporting this type of legislation the statement is made that the 16 major oil companies taken together have about 72 percent of our domestic crude oil production, 75 percent of our refining capacity, and account for about 70 percent of our retail gasoline sales.

I do not plan to spend any great amount of time on the question of size of U.S. corporations except to suggest the following: How many automobile manufacturers are there that dominate the market?

To my good friend from South Dakota, maybe he would like to tell me how many farm machinery manufacturers dominate the market?

So that we are not excluding my own home State of Connecticut, how many airplane engine manufacturers dominate the market? How many airframe manufacturers dominate the market?

How many computer manufacturing firms dominate the market?

I think in every one of the instances that I have cited we are probably talking about three, four or at the maximum five companies.

So, if there is a problem here, it is a problem that does not just attach to the oil companies; it attaches to the growth of economic power concentrated in the hands of American industry across the boards. It is a problem to be addressed by all aspects of our Government.

The reason I rise to oppose this amendment is that it takes the focus off the problem and it takes the focus off who is responsible for the problem.

Let us assume for one minute that the oil companies share in the present energy crisis. Let us just make that assumption. But let us leave them for a moment.

The principal responsibility for this crisis obviously lies in the hands of the OPEC nations. But once that hurdle is crossed the next responsibility lies at the doorstep of the Congress of the United

States and the President of the United States.

There is no question of the fact that the oil companies can share part of the blame. There is no question that the American people can share part of the blame. But what is so insidious about what has been going on here in the Congress of the United States for the past year or so is that all the rhetoric and all the legislative effort is directed at the easiest target insofar as the demagogues are concerned, specifically the oil companies. How about the Congress of the United States? It has been 2 years since the Arab nations imposed their embargo, 2 years. The fact that we do not have any sort of a conservation program—is that the fault of the oil companies?

The fact that there have been no programs on the part of Government to discover new energy to get on with the business of relying on other sources of energy, is that the fault of the oil companies.

Let us just take a look at the record. It is one fraught with politics. Neither side is immune. There has been a deadlock between the President of the United States and the Congress of the United States.

The price of oil, gas, and energy is going to be determined by that age old equation, the law of supply and demand. If we wish to go ahead and lower the price of the commodity, if we wish to have abundant supplies of the commodity, there are two things we can do. We can conserve, and we can encourage new exploration and new sources of energy.

Congress at the present time is locked up in a conference, in which I share, between the House and the Senate on energy. So far no hard decisions have been reached at all that would in any way call upon Americans to conserve and certainly nothing in the way of producing more of the commodity on stream. That has pretty much been the record of Congress as a whole.

The only hard decisions that have been made in the last 2 years are the Democrats have proposed a tax on gasoline to achieve that conservation and the Republicans have proposed a tariff on oil imports to achieve that conservation.

In the first instance, I say that rationing by price is not exactly the American way to go about resolving the demand end of the equation.

If we have to conserve, then why should we not do so with each person taking on his shoulders that portion of the burden of the solution which he is best equipped to handle, which means the better off you are, the more the burden you take on your shoulders. Do not go ahead and turn to poor Americans, elderly Americans, and Americans on fixed incomes, and lower than the moderate-income Americans, and say, "We are going to put the price so high that you will be unable to buy the commodity; therefore, the rest of us can lead our life style, the majority of Americans can lead their life style unimpeded, unchanged."

So that is the first suggestion that come forth, both from the President and from Congress, one totally opposed to our traditions about resolving a national crisis in a national way.

So, as I stand in this Chamber today, there has been no effort whatsoever to bring about mandatory conservation or conservation that would fall equally upon the shoulders of all Americans.

How in God's name can you affect the price of this commodity unless you reduce the demand? The voluntary measures that have been proposed initially by the President fell flat on their face. The law enacted by Congress calling for a 55-mile-per-hour speed limit, believe me, is disobeyed. It is more honored in the breach than in persons obeying. There has been no effect at conservation, either voluntarily or in a mandatory way.

First of all, it is not the law of supply; it is not the law of demand; it is the law of supply and demand that will determine the price. Nothing has been done by Congress or by the President as to the demand end of that equation.

Now we get to the business of supply. What has Congress done to encourage greater supplies of the commodity?

It has withdrawn every incentive for private enterprise to do that job.

I suppose this is a philosophical matter, whether you are talking about the oil depletion allowances or control or what have you that might be worthy climbing at some point in our history; but it seems a little silly to me that in the midst of the energy crisis we choose that time to discourage exploration. That has been the contribution, however, of the Congress of the United States. So, as to the supply end of the equation, nothing has been done by Congress.

Several weeks ago, the international group on energy met. These are nations friendly to the United States, not the OPEC group. They had a ranking as to who had done the most since the crisis to resolve the energy problem, and the United States was at the bottom of the list, as it should be. Here we are being evaluated not by Republicans, not by Democrats, not by liberal or conservative columnists, but, rather, by an impartial group on the outside, as to what various nations have done to resolve their problem; and we are at the bottom of the heap.

There is not a person in this Chamber nor in the White House nor in any aspect of this Government who does not know that the Government has not responded in any way to the energy crisis created 2 years ago.

I cannot blame the American people, because as I walk throughout my State of Connecticut, I find a willingness on their part to sacrifice. All they want to do is to hear the call of leadership asking them to sacrifice, asking them to put their shoulders to the wheel. All they get from "leadership" in this Nation is a lot of political sparring around while unemployment increases and the price of fuel continues to soar and the shortages are threatened for the future.

I have debated this issue on the floor of the Senate with many of my colleagues for many months. I recall the last debate was just before the summer recess, one of numerous recesses we take while we still search for a solution to the problem, be it in the halls of the Senate or under the palm trees of some exotic island.

I recall that in the last debate—this was back in August—we were going to tell the OPEC nations what to do vis-a-vis their pricing policy. That was the way we were going to bring the price down. I do not know who made the statement or who spoke to them, but a couple of weeks ago the OPEC nations jacked the price up, and they will keep doing it until this Nation responds.

Apparently, there is no sense of urgency among the people in Congress or in the White House to get this problem behind us, but there sure as heck is when it comes to the people in my State who are unemployed, and it can be attributed directly to the failure of Congress to act.

I understand that we had two votes scheduled in the Senate this afternoon. I understand that because a great number of my colleagues are not in town, we are going to postpone those votes until tomorrow. There it is in a nutshell. These are only two votes we have postponed one day, but you can track that attitude straight through the whole energy crisis. We have postponed and postponed and postponed. The net result is that we are no better off today—in fact, we are worse off—than we were 2 years ago.

I think it is incumbent upon every Senator and Representative to tell his constituents that, if we had an embargo tomorrow, the devastation that would be wreaked upon our economy, upon the motorists, and upon the homeowners would be far worse than it was 2 years ago. We are far less equipped to handle an embargo, in light of our increased demand of today, than we were 2 years ago.

I make no bones about the fact that I feel that we need mandatory conservation—yes, rationing. That is the only fair way to handle it. Not the World War II system that is constantly thrown out as a fear tactic by some, but a mandatory system, a system of law, which fairly apportions the burden of conservation on the shoulders of all of us.

I realize that that philosophy grates against my Republican and conservative friends, but at least it faces up to the demand end of the equation. Yes, I am for decontrol because I want more oil and gas, and I want to encourage people to find it; and that grates against the philosophy of my Democratic and liberal friends. But I do not know any other way to achieve that supply, unless we eliminate the oil companies and put the United States into the oil business. I say, no thanks, to that.

I saw a bumper sticker the other day that read something like this: "If you like our national postal system, you'll love nationalized oil."

Nobody wants to face up to the hard truth of conservation or of allowing a free market to operate, because they are afraid they are going to lose their traditional political constituencies. Politics in this Nation has changed, and people are looking for real answers rather than political answers. They are ready for it, but we are not ready to stand up and give it to them. Once again, we lag far behind those whom we are supposed to lead.

That brings me full circle to the demagoguery which continues, day in and day out, to try to make the American people believe that if you clobber the oil companies, all our problems are over: that nobody will have to sacrifice; that nobody will have to pay a penny more; that we will be able to have those good, old 1950 prices.

The rest of the world has awakened. The rest of the world demands that they be able to feed their children and house their families and bring them the quality of life which we have enjoyed for so long in the United States. The rest of the world wants it now; and as long as they are in there bidding for that particular commodity, things have changed—and for the better.

I would rather pay a few more cents and make certain that we do have a better world, with people enjoying a higher standard of living. That is what is going to eliminate the conflict between people and nations.

Some people would like the American people to believe that we can get out of this without sacrifice of any sort, that we can lead our lifestyle unchanged, and that the easiest way to do that is to zero in on the oil companies. Fine—put the blame at the doorstep of the oil companies. I am sure some of it belongs there. But the eye of the American people is being misdirected if it stays on that one target. It should be right here, on Congress, demanding that Congress stay in session until we arrive at a solution of this crisis, in conjunction with the President. It should not be a Republican solution. It should not be a Democratic solution. It should not be a congressional solution. It should not be a Presidential solution. But it should be a solution. It should not be demagoguery, it should not be politics, and it should not be a mirage.

No. 1, if we act that way, the Arabs will stop jacking the price up; and, No. 2, the people in Connecticut and all over this country will get back to work, and we will have things under control, so that we will not have dumped the dire consequences on our children.

Let the Senate stand up and say, "We demand that the price be paid now," rather than to follow a tactic which assures a continual question mark and, at the worst, a bill to be presented to our children.

Mr. LONG. Mr. President, will the Senator yield?

Mr. WEICKER. I yield.

Mr. LONG. Mr. President, I must say that I agree with the Senator's arguments. I could not agree more that something like a divestiture amendment should be the subject of careful study, and it should be the subject of a committee hearing.

There is one thing that the Senator from Louisiana knows, because he has spent 26 years learning it for sure, and that is that the divestiture problem is not as simple as it sounds on the face of it. Let me cite an example.

Back in the days when I was a ranking member of the Committee on Small Business—and that has been a long time ago—this Senator was rather proud to present himself as a hero of the independent filling station operator. But it presented some problems that he was not aware of at the time that he started carrying their flag for them.

For example, I would meet with the independent filling station operators in my home town and when we talked about their complaint, what they resented most was that a major oil company would be using its company-owned stations to hold down the price at which the gasoline was selling. Here would be a company that would have a company-owned station as a training station and they would have bright young men, with a lot of hustle about them, out there cleaning off the windshield and polishing things, providing better service, cleaning out the inside, vacuuming up the floor, giving first-class service, and selling the gasoline at a price below what the average station selling the same product was charging for it. That created tremendous resentment and the filling station operators, local independents, who were merchandising the same product, would meet and they would do everything they could to try to convince the company that that was not fair, that was not right, because that was reducing the amount of income that all these other filling stations could make because they could not raise the price as high as they would like to have it, with the company doing what it could to hold the price down.

The Senator might say, why would the company be trying to hold the price down? For the very simple reason that it wanted to make a lot of sales. If its product—for example, the Exxon product, then the Esso product in Baton Rouge—were selling above the price of the Texaco and the Gulf product, they were not going to sell as much gasoline. Of course, they were anxious to sell more of the product out of their refinery. So the company would be using its service outlets to hold down the price.

At the present time, there is resentment among a lot of the independents, and they may be entirely right about this matter, that the companies are using their power, through their company-owned outlets, to reduce the sales margin both in the tank wagon price and also in the mark-up at the filling station—not necessarily the independent station, but all filling stations. In order to bring pressure on all their dealers and all their stations to bring the price down, they keep moving more and more toward the type of operation where a person simply buys gasoline, fills his own tank, has no service other than that he just drives up and gets the gasoline and walks in and pays the little lady who sits behind one of these computers where she touches a few points on a computer and it shows up with a total to show how much the customer should pay.

That will bring down the price of the product to the consumer. It does pose a problem to the public, because more and more, we shall have to go to a limited number of stations for our service, or maybe to an independent garage for our repairs. But it does help the consumer to get the product more cheaply.

I think we should all agree that if a company feels that we should not have to pay more than 58 cents a gallon for its product, for example, and that that is a fair profit and that people can merchandise it and make a decent profit selling it for 58 cents, we ought to cooperate with the company in trying to see that its product will not sell for a price that the company itself thought to be excessive. I think everybody here who has the consumer's interest at heart will agree that that is right.

Why should we, in the name of enthroning small business, put small business in a position to charge a price far beyond that which both Congress and the consumer interests and the companies think is a fair price to pay for the product? It would make better sense to say that if the company can demonstrate that the product can be manufactured and a fair profit can be made at a lower price, the product should sell for the lower price. Yet that is the type of thing that will be prevented under a complete divestiture.

One appeal to this Senator is that we should permit those companies that have only a few stations, and therefore are not in a position to control the market one way or the other, and make little, if any, impact, to keep their stations.

Mr. JOHNSTON. Will the Senator yield?

Mr. LONG. In just a second.

Those who have a great number of stations, as would be the case with Exxon, make them divest themselves of some of their stations, but by no means all. If we make them divest themselves of all their stations, then we prevent the company from doing something it would like to do in the public interest; that is, to see to it that the product is not sold for an excessive price.

How can a company maintain a responsible attitude toward the public in protecting the public interest if it does not have the power to do so?

In addition to all that, there will be other situations that will arise where we want the company to have some company-owned stations. For example, suppose someone is driving from here to California and is in a hurry to be there and he likes to drive all night. Somebody ought to keep his gasoline station open past midnight so he can get some gas. He will not make many sales—very, very few. But we should be in a position to require that somebody keep this gasoline station open past midnight.

Who is that going to be? We cannot require that any individual operator who owns but one station should do it. We certainly have a right to require that a major company, which has a lot of stations, keep some of those stations open, especially on an interstate highway, after midnight for the benefit of the driving public, so some people who want to drive all night can do so. Problems of that sort have not even been considered, as I see it, because I have yet to see the first argument to meet that type of situation.

What do we do when the company is actually trying to defend the public interest and we know they are doing that? What do we do when we know the company is actually trying to give the public a service that we all agree the public should have and we know that to be true? Would we outlaw that? That is what that amendment will do.

It seems to me that type of irresponsibility, trying to insist on voting on something of this sort on the theory that it is an entirely black and white issue, ignoring all the shades of gray involved in this, is a very poor way for Congress to legislate. It can only make me conclude that those who are offering amendments of that nature are really trying to defeat the bill.

Mr. WEICKER. I concur with the comments made by the distinguished Senator from Louisiana and I think it ought to be pointed out that if anybody throughout his career—and I might add the career of his family—has fought against bigness in business, the Senator has. There is no question about it. But that is another issue.

Nobody is trying to absolve the oil companies. I am sure they have a share in the fault vis-a-vis the energy companies. I think big business has gotten too big in this country. But let us take that problem separately. I just ask the question around the Chamber: The sponsors of this bill say there are 16 big oil companies in this country. I ask the Senator as a guess, how many big computer manufacturers are there in this country? I would say probably three or four. How many farm machinery companies—big ones—are there? Three or four. In my own State of Connecticut, the biggest manufacturer of commercial jet engines, probably about two, General Electric and Pratt & Whitney.

Copiers—Xerox, again in my State. Again one or two are big in that field.

I am saying, and I think the Senator understands as I do, yes, there has been a concentration of power in business, but that is something to which Congress should address itself rather than use that to shift the focus of responsibility in energy away from the Congress. That is our responsibility. When we get done with that, fine, let us go after the concentration of power that has occurred in both business and labor, I might add. But let us not get off the subject of the energy problem here today.

I have to leave the floor, but I want to commend the Senator from Louisiana for his comments. Neither one of us is trying to speak for big business today. What we are trying to do is solve a crisis and stop the demagoguery, in effect, which takes the focus off Congress with regard to the energy problem when it is the responsibility of Congress to resolve it.

Mr. JOHNSTON. Will the Senator yield?

Mr. LONG. I do not have the floor.

Mr. WEICKER. I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. FANNIN. I yield whatever time the distinguished Senator may desire.

Mr. JOHNSTON. Mr. President, I have two amendments. One is two lines, one is one line. I can explain them in one second each. They have been agreed to. I, therefore, ask unanimous consent that I have not to exceed 3 minutes to introduce and have considered immediately these two amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Does the Senator wish to have the amendments considered immediately?

Mr. JOHNSTON. Yes. I send them to the desk.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk proceeded to read the amendment.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment to amendment 919, as modified and amended, is as follows:

> On page 34, line 16, strike out "10 years" and insert in lieu thereof "12 years".

Mr. JOHNSTON. The first amendment simply extends from 10 years to 12 years the length of time that a user of natural gas for industrial purposes would have to convert to an alternate fuel. We are advised that this amount of time is necessary. I had asked for 15 years, but by compromise, we have agreed to 12.

Mr. HOLLINGS. We have agreed, Mr. President, to the 12-year period and urge the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendments.

The amendment was agreed to.

The PRESIDING OFFICER. The clerk will state the second amendment.

The legislative clerk proceeded to read the amendment.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment to amendment 919, as modified and amended, is as follows:

> At the end of section 27, after line 26, add a new subsection as follows:
>
> "(d) For purposes of this section, persons using natural gas for essential agricultural purposes not to exceed 50 Mcf on an average day, as defined in section 26, shall be deemed small users.".

Mr. JOHNSTON. Mr. President, this amendment simply gives to the users of natural gas for agricultural purposes the small user price differential to the extent of 50 Mcf per day In other words, a farmer who uses not to exceed 50 Mcf per day gets the small user price treatment rather than the industrial price treatment for the first 50 Mcf per day.

Mr. HOLLINGS. Mr. President, we think this is a salutary idea that the agricultural user of less than 50 Mcf per day also get that small user rate. We urge the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

The amendment was agreed to.

Mr. JOHNSTON. I thank my colleagues for letting the Senate consider those amendments out of turn.

Mr. HOLLINGS. Mr. President, I yield myself 2 minutes. My colleague from Connecticut was observing that the trouble was with Congress. He was pointing out that other day that we had scheduled a vote, and said, "There you go again, that dilatory, negligent, vacationing Congress. They have, all of a sudden, put ahead certain votes," and what have you.

I have been working very closely with the distinguished Senator from Arizona (Mr. FANNIN) and the distinguished Senator from Kansas (Mr. PEARSON). It has been our drive throughout today and yesterday and all during last week to try to bring this to a conclusion no later, perhaps, than tomorrow evening and, toward that end, we postponed the consideration of three divestiture amendments. The Senator from Colorado (Mr. GARY HART) got together with the Senator from Colorado (Mr. HASKELL) and they both got together with the distinguished Senator from Michigan (Mr. PHILIP A. HART) and put together one amendment, and then rather than trying to have that vote tomorrow by itself, they wanted to have the first vote on tomorrow prior to the Kennedy amendment.

We could have debated that. However, through the good considerations and advice of my colleague from Arizona, we thought we would schedule, as we have, 2 hours of debate on both the Kennedy amendment and the Phil Hart amendment, which is 4 hours of debate scheduled for today, 4 hours again for tomorrow, and not to be voted on any later than 3:15 on the Kennedy amendment tomorrow.

So, I think we have conserved time. I just want the RECORD to show that all Senators have been here working to facilitate the passage of this act at the earliest possible time.

Mr. FANNIN. Mr. President, I concur with the statement of the distinguished Senator from South Carolina. Evidently there was a misunderstanding by the Senator from Connecticut because the Senator from South Carolina has cooperated fully, and the time now scheduled does set forward the time that would have been involved because there would have been an extra amendment. One amendment was consolidated with another, and consequently, the bill will move forward more rapidly. I assure the distinguished Senator from South Carolina of the cooperation of the minority in that regard.

Mr. HOLLINGS. I thank the Senator.

The PRESIDING OFFICER (Mr. HANSEN). The Senator from Oklahoma is recognized. Who yields time?

Mr. FANNIN. I yield 10 minutes to the Senator from Oklahoma.

Mr. BELLMON. Mr. President, since I first came to Congress more than 6½ years ago, I have spoken out countless times on the need for this Nation to improve its energy position. However, in my opinion, Congress has not taken a single constructive step in all this time toward increasing domestic energy supplies. In fact, we have taken several steps backward.

Today, prodivestiture forces are asking America to take a giant step backward.

They are asking Senate approval of the Kennedy amendment, which would force oil corporations to divest themselves of their operations in related energy areas, such as coal and uranium. The Kennedy amendment, seeking to wipe out so-called horizontal integration among major energy companies, is totally counterproductive.

The Kennedy amendment and related "vertical" divestiture proposals are, in the words of a leading Oklahoma publication, Oil & Gas Journal, "a fraud on the consuming public" and "a cure applied to a malady that doesn't exist."

Mr. President, I ask unanimous consent to have printed in the RECORD the following Oil & Gas Journal editorial, which adequately answers proponents of divestiture.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

DIVESTITURE IS NO SOLUTION TO U.S. ENERGY PROBLEMS

A group of U.S. senators is pushing the breakup of big integrated companies as the best strategy for dealing with the energy crisis.

The result, according to sponsors of this legislation, will be greater competition. This is supposed to create greater incentives to expand supply as well as lower prices to the consumer.

But will that be the result? The best way to judge is to evaluate these proposals according to claims made for them by their sponsors.

Central to the demand for divestiture is the conclusion that there is excessive concentration within the industry. Also, divestiture advocates contend, the big integrated companies cooperate rather than compete with each other to maximize profits and squeeze independent competitors.

If concentration is to be the test, the Federal Trade Commission reports that several other industries deserve scrutiny before oil and gas. In fact, what other industry can claim to have several thousand producers of its raw material, more than 100 manufacturers, and thousands of marketers of its products?

If competition is to be the test, the best objective standard is price to the consumer. Until the fivefold increase in crude prices dictated by the OPEC cartel, fuel oil and gasoline prices in the U.S. lagged behind other commodities for over a decade.

If profits are the test, for most of the past decade oil companies have earned a lower rate of return on invested capital than industry in general. As to squeezing independents, the majors have suffered declines in their shares of the gasoline market for several years, and nonintegrated refiners have been adding consistently to their capacity in recent years.

The balance of the case for separating integrated firms into functional divisions rests on the supposed benefits: greater competition, access to raw material and product, and improved ability to finance new supplies and facilities.

It is well known that assets in one division are used to obtain better credit terms for capital to finance investments in another. The resulting lower interest rates reflect one of the objectives of integration: a balance in operations so that risks in one area are reduced by investments in another. The other side of that coin is that fragmentation into divisions will result in higher capital costs—and in higher prices to consumers—than the present structure.

It may be that improvements are in order to end abuses, real and potential, in the present competitive structure. There is merit to the idea of anticipating demands for change and dealing with real problems before Congress imposes a solution without regard to industry views and expertise. That is the laudable effort undertaken by Tom W. Sigler, marketing vice-president for Continental Oil Co.

But legislation pending before the Senate would do more to shelter some competitors than it would to promote competition. In the process, it would become more difficult for industry to do its job, leading to worse shortages and still higher prices.

In that light, divestiture becomes a fraud on the consuming public. It is a cure applied to a malady that doesn't exist.

Mr. BELLMON. Mr. President, what is the appeal in divestiture? The October 27, 1975, issue of Newsweek believes that "much of the new support for the divestiture may be prompted more by a desire to please the voters and by the Senators' own ineffectuality in solving the energy crisis."

Many Members of Congress seem afraid of higher profits for the energy industry. Yet the fact is multiple billions of dollars are needed to increase domestic production of energy. These funds must come from profits, or from willing investors drawn by hopes of good returns or from unwilling taxpayers through some form of national financing of energy efforts out of the U.S. Treasury.

It takes money to produce energy—big money. Judging by governmental failures in such areas as the postal services, the more governmental involvement we get in the energy business, the higher the cost will be.

The energy industry is a complex business and possibly hard for some to understand. However, all the large companies are publicly owned, and therefore little different from other large companies. The principal reason those of us from oil and gas producing States can speak out for the energy industry is that we do not see it as an oligarchy of giant companies. We see thousands of people with jobs, innumerable small businesses, including those in both direct and indirect support of the industry and the people in it. We see thousands of independent producers. Growing up with it, we do not fear it, but recognize it as the only way the huge risks can be shared and expensive development funded.

The least mysterious thing about the whole business is that the people who run it and who invest in it are not fools. They will not knowingly throw their money away. They will not invest in a losing venture. The business is a quantitative one. They can measure profit and loss. They can calculate the cost of drilling a well, building a pipeline, and developing the gas or oil fields it takes to support such facilities. Geologists can take data and calculate depths, rock types, and estimate reserves and resources.

So I ask, when will we stop pretending to fear the "giant oil companies"? When will we stop fearing a "consumer revolt at higher prices"? The result of all the rhetoric here in Congress has been inaction toward increasing production and further reliance upon OPEC. The more dependent we become upon the OPEC countries, the more certain higher prices become. Sooner or later these consumers and voters will get cold enough or jobless enough to seek out the real villain. That villain is Congress.

It is not the companies who are ready and willing to make the decisions, to put up the money to stay in this business instead of going into some other business. Stay in this country and not operate in some other country. It is not the skilled and trained workers who want the jobs. It is not the investor who is ready to invest his money here if he can make a profit. It is not the landowner who would be happy to have the royalty check if it reflected the true value of his property.

The problem is with Congress which has badly misunderstood the energy-producing business and which is equally wrong in its estimates of the long-term interests and attitudes of consumers.

Mr. President, this point is well made in a recent edition from the daily Oklahoman, and I quote:

> The simple truth is that by any evaluative standard, the petroleum industry is far more competitive and less concentrated than all other U.S. manufacturing industries.
>
> No single company has over 8.5 percent of domestic crude production, refinery capacity or retail gasoline sales. Market shares of the top eight companies combined represent only about half of the total. The concentration ratio is much higher in automobiles, steel, rubber, copper, and aluminum, to mention a few.

Mr. President, I ask unanimous consent to have printed in the RECORD the editorial recently appearing in the Daily Oklahoman, an Oklahoma City newspaper.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ZARB PUTS FOOT IN MOUTH

It is almost unbelievable that nearly half of the U.S. Senate would vote to smash the oil industry into "independent" weak fragments. That the liberal-labor bloc fell only six votes short in this misguided effort is a shocking commentary on how far out in left field Congress is roaming in its approach to energy problems.

The Senate will have another go at the industry next week on a slightly different tack. This time it is an attempt by Sen. Edward Kennedy, D-Mass., and friends to wipe out so-called "horizontal" integration among major energy companies.

They will be encouraged by an incredible interview with Frank Zarb, Federal Energy Administrator chief, who told reporters this week he is willing to "explore" divestiture legislation and provide data to the senatorial wrecking crew.

The near miss on Oct. 8 would have put the Senate on record in favor of breaking up the 16 largest companies that are now "vertically" integrated, meaning they engage in the production, transporting, refining and marketing of petroleum products. They would have been forced to divest all but one phase of the business.

Sen. Kennedy's thrust aims at preventing oil companies from engaging in production or development of other energy resources. Exxon and the other giants, for example, would have to rid themselves of their holdings in coal, uranium or geothermal properties.

In Oklahoma this would strike at Continental, whose Consolidation Coal subsidiary is the industry's second largest; at Phillips, with nuclear and geothermal properties, and at Kerr-McGee, a leader in uranium mining and processing in addition to its petroleum operations.

Under the banner of promoting competition and safeguarding consumer interests, the Kennedyites would smash one of the nation's most efficient industries, force higher prices for all petroleum products and worse, inhibit the search for additional energy supplies.

Facts have never bothered the doctrinaire liberal, once he gets a notion in his bonnet, and this current drive to break up "Big Oil" is a classic case in point. The simple truth is that by any evaluative standard, the petroleum industry is far more competitive and less concentrated than all other U.S. manufacturing industries.

No single company has over 8.5 per cent of domestic crude production, refinery capacity or retail gasoline sales. Market shares of the top eight companies combined represent only about half of the total. The concentration ratio is much higher in automobiles, steel, rubber, copper, and aluminum, to mention a few.

Since Zarb's comments are directly contrary to President Ford's repeated convictions, the President should disavow them immediately to spike any impression that the administration might be willing to compromise on such a fundamental issue.

Mr. BELLMON. Mr. President, there is no basic reason for the amendment which is before us today. The amendment, in my opinion, is an effort to direct the attention away from the real culprits in the energy problem, which is the Congress, and to try to misdirect the criticism toward the companies that have been in the past doing a fine job of getting our needs and which will do the same fine job in the future if given the opportunity.

Mr. President, we in Congress have failed to meet the test of developing a viable energy development policy many times over the past years. By defeating the Kennedy amendment, the Senate can at least avoid yet another step backward in energy development efforts.

Mr. President, I yield the floor.

The **PRESIDING OFFICER.** Who seeks time?

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. FANNIN. I am very pleased to yield to the Senator from Oklahoma.

Mr. BARTLETT. Mr. President, these amendments would deny to the major oil companies which produce crude oil the opportunity to engage in other energy businesses, such as oil shale, coal, synthetic natural gas or crude oil, uranium mining or processing, geothermal steam, and solar. This is like preventing a wheat farmer from grazing cattle on his wheat in the winter and saying we are improving competition in cattle production.

The asserted purpose of this legislation is to promote competition in the energy industry and to encourage the development of energy supplies. However, unfortunately this bill would have just the opposite effects. It would reduce competition and available capital and would retard the future development of all energy sources. If this bill is enacted, the public would pay higher prices for energy. There would be less domestic energy available.

High cost imports of oil would increase in amount and in price. We would be more dependent upon foreign production and more vulnerable to political blackmail. Our national security would be further threatened. For these reasons, the Senate should reject both these amendments.

One of the primary reasons the amendment would have effects opposite of those intended is that its basic premise of anticompetitive practices by the oil industry is unsupported and untrue. Regarding the large oil companies, the amendment attempts to capitalize on the politically appealing theory that bigness is bad. However, absent adequate data to substantiate this theory, there is no justification for a blanket measure which denies entry of an entire group of companies into potential fields of endeavor. This bill, in itself, is anticompetitive and would by its design curtail entry into various energy businesses. It would tend to create monopolies.

The business of supplying energy to this Nation is a big business requiring significant financial capabilities on the part of many of the firms primarily involved. Unfortunately, because of our domestic energy shortage, the total domestic energy industry is alarmingly too small.

If the petroleum industry is noncompetitive, it is reasonable to assume that monopoly profits have been earned in the past because this is the objective of any monopoly. In this regard, however, I quote from testimony by Prof. Edward Erickson of North Carolina State University before the Special Subcommittee on Integrated Oil Operations:

> Profitability is an important indicator of the existence and exercise of monopoly power. The record of long-run profitability in the petroleum industry indicates that the firms in this industry do not enjoy substantial, systematic market power. This index of effective competition yields positive results whether the comparison is to all U.S. manufacturing, Moody's 125 industrials, Moody's 24 public utilities, or a group of industrial firms known to possess market power.

Indeed, if the petroleum industry has colluded to reduce supplies and raise prices, it has been very ineffective at it.

Because over the long run the profitability of the petroleum industry has been only mediocre, insufficient capital has been invested in energy development. As an example, in 1955 when our consumption of oil was 8.9 million barrels a day, 2,700 rigs were actively drilling in this country. Now, when consumption is about 17 million barrels a day there is sufficient capital available to support only 1,700 active rigs. This country has been living on the oil and gas discoveries of the 1950's for nearly 20 years. Our surplus productive capacity has dwindled to a sizable deficit. To duplicate proportionately the exploratory/development effort of 1955 so that domestic consumption would be balanced by domestic production, over 5,100 rigs should now be actively drilling, and only 1,700, or one-third of that figure, are actively engaged in drilling today.

Relative to other manufacturing industries, the petroleum industry's structure is much less concentrated. To show this, I am having printed in the RECORD two tables showing four-firm and eight-firm concentration ratios for various segments of the oil industry and for many other manufacturing industries. As shown in these tables, petroleum and natural gas production, refining, and marketing are much less concentrated than are many industries.

Mr. President, I ask unanimous consent that these tables be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE I

Senator BARTLETT. Mr. Chairman, I would like to submit this for the record. This is data on concentration. In petroleum production: 4 firms constitute 27 percent of the industry, 8 firms 43 percent. Natural gas: 4 firms 25 percent, 8 firms 43 percent. Refining: 4 firms 33 percent; 8 firms, I believe it is 57 percent; 20 firms 84 percent. Marketing: 4 firms 30 percent, 8 firms 53 percent, and 20 firms 77 percent. Does it not appear from this information that the power concentration of industry in the oil industry is less than many of the major industries of this country?

Oil production:	*Percent*
4 firms	27
8 firms	43
Natural gas:	
4 firms	25
8 firms	43
Refining:	
4 firms	33
8 firms	57
20 firms	84
Marketing of gasoline:	
4 firms	30
8 firms	53
20 firms	77

Source: Hearings, Subcommittee on Integrated Oil Operations, "Market Performance and Competition in the Petroleum Industry," pt. 1, p. 90.

TABLE II.—MANUFACTURING INDUSTRIES IN WHICH 4-FIRM CONCENTRATION RATIOS EXCEEDED 60 PERCENT IN 1966

SIC code	Industry	Concentration ratios 4-firm	Concentration ratios 8-firm
3717	Motor vehicles	79	83
	Steel:		
33121	Coke oven and blast furnace	68	76
33122	Steel ingot and semifinished shapes	70	84
33124	Hot rolled bars, shapes, etc	63	74
33126	Steel pipe and tubes	61	---
3571	Computing and related machines	63	78
3721	Aircraft	67	88
3011	Tires and inner tubes	71	90
3861	Photographic equipment	67	79
3352	Aluminum rolling	65	78
2111	Cigarettes	81	100
3411	Metal cans	71	83
2841	Soap and other detergents	72	80
2824	Organic fibers	85	95
3632	Household refrigerators	72	93
2032	Canned specialties	63	79
3661	Telephone apparatus	94	97
2141	Tobacco stemming	69	91
3694	Engine electrical equipment	72	81
2052	Biscuit crackers	59	68
2647	Sanitary paper products	64	80
3612	Transformers	66	80
2087	Flavorings	63	71
3633	Household laundry equipment	79	99
3229	Pressed and blown glass products	72	85
2823	Cellulose man-made fibers	85	100
3511	Steam engines and turbines	87	98

SIC code	Industry	Concentration ratios	
		4-firm	8-firm
3672	Cathode ray tubes	89	
2812	Alkalies and chlorine	63	88
2046	Corn milling	67	90
2043	Cereal preparations	87	
3741	Locomotives	98	99
3211	Flat glass	95	99
3691	Storage batteries	60	80
2816	Inorganic pigments	64	83
2063	Beet sugar	68	97
2813	Industrial gases	72	
3572	Typewriters	79	
3313	Electrometallurgical	74	
	Comparative note: Petroleum refining (1972)	32	58

Source: Hearings, Subcommittee on Integrated Oil Operations, "Market Performance and Competition in the Petroleum Industry," pt. 1, p. 103.

Mr. BARTLETT. Mr. President, but the proponents of divestiture continually sensationalize on concentration figures of the top 20 companies in the petroleum industry. I should like to repeat—top 20 companies. Many manufacturing industries such as motor vehicles and steel do not even have 20 firms, the low profitability of the petroleum industry over the last decade is the acid test of whether it has earned monopoly profits.

It is rather interesting that what we are concerned about in this country with the energy shortage is increased energy exploration and discoveries. This means increased drilling activity.

The number of wells or the percentage of wells drilled by the 30 largest companies amounts to approximately 20 percent of the number of wells drilled in this country.

So the non-30-largest do drill approximately 80 percent of the wells, showing that there is real genuine competition in this most important segment of oil operation, that of exploration and development drilling.

We need much more exploration than we have today.

There is nothing in the arguments of those supporting divestitures that proves anticompetitive behavior. They seem to be saying, "Because the companies in the petroleum industry are big and sometimes conduct certain facets of their operations in joint ventures, they have to be in collusion although it cannot be proven on a case-by-case basis." This kind of general allegation does not fit well into the philosophies of a legal system which requires proof. In this regard the comments of Dean Eugene against Rostow, a noted economic and legal scholar, on bill S. 1167 (HART) are also appropriate to S. 489:

> We should be clear about the extraordinary scope and thrust of S. 1167. The Sherman Act makes conduct, not economic structure, the focal point of legality.

An attempt is made to justify divestiture using the concept of collusion by implication; but this fails to recognize the reasons for oil industry joint ventures and merely concludes they are bad. Historically, joint ventures in oil production were encouraged for conservation purposes by state unitization laws. Joint ventures in pipelines improve efficiency and reduce costs by preventing unnecessary expenditures on duplicate facilities. Imagine how costly and wasteful it would be if the eight partners in the Alaskan pipeline had to build eight pipelines across Alaska.

The environmentalists would be busy registering their complaints. Joint ventures in offshore bidding and in production reduce and spread the huge financial exposure of any one firm and facilitate the entry of small firms. Integration results because of the economies of scale, to provide for and insure a smooth flow of products through an integrated company, to reduce large storage costs and to increase a firm's ability to compete.

The monopoly model justification for divestiture also uses the worked-over allegation of the withholding of gas in anticipation of higher prices. But this charge has been refuted so many times that it hardly warrants my comment. As Secretary Morton said before the Senate Commerce Committee last December:

> The continually recurring claim that the shortage is contrived has been refuted by every knowledgeable effort to determine its veracity.

This body should not accept this specious approach to such a critically serious matter affecting our country's future as its energy supplies. I have tried to point out here a few of the instances where the arguments supporting divestiture are sensationalistic, inconsistent, and untrue. The amendment also takes an impractical approach to our energy problem.

In my opinion our country, our economy, our workers, our taxpayers, and our consumers, all benefit when any company or individual is permitted and encouraged to enter any facet of the energy business. More importantly, however, it would be suicidal for our Nation to deny to the one group of firms best suited by knowledge, experience, and inclination to the production of energy the freedom to enter these other energy businesses. The inevitable result of these amendments would be reduced energy supplies, limited competition, and ultimately a higher cost of energy to consumers.

What characteristics of companies in the petroleum industry make them logical entrants into these other energy fields?

The capital costs required to establish commercial alternate fuel or mining operations are staggering. Frequently, extremely long leadtimes are necessary. For example, on the average 9 years are required in the uranium mining business from the inception of exploration in an area until commercial production is established. As a practical matter, only those firms having the financial strength of substantial income from other sources can withstand the burden to become involved in these risky and capital intensive, yet important endeavors. Petroleum firms in an uncontrolled market have this characteristic.

Because of managerial and technical similarities, expansion of petroleum companies into other energy fields is a natural extension of existing knowledge and operations. In my opinion, the companies in the petroleum industry are not interested in the production of alternate fuels because they intend to gain an anticompetitive hold on the production of energy. Rather, they are interested in maximizing the use of their technical and managerial expertise and experience and their financial resources by entering business activities to which they are especially well suited.

It is obvious that coal, geothermal, synthetic natural gas, synthetic crude, and nuclear will be playing more significant roles in the future energy picture of this country. To deny petroleum companies the freedom and the opportunity to compete in these areas will have several detrimental effects.

It will cause either the flight of capital overseas or investment in the nonenergy industries which are permitted. It is ironic that at a time when the petroleum industry has been criticized because of insufficient investment of profits in energy-related endeavors and for investment in nonenergy endeavors that a bill is proposed to not only to keep them out of alternate fuel operations but also to kick out those companies which have already invested in alternate energy resources. It is obvious that if the vacuum is filled, it would be filled by companies less knowledgeable and less experienced in energy—or by the Federal Government. This may be the goal of some of those who favor divestiture.

As opportunities to invest in oil and gas operations wane in the future, this amendment would either force the petroleum companies to transfer their investments to nonenergy businesses or result in the liquidation of the petroleum industry. The industry will not be permitted to expand into the energy era of the 21st century. Furthermore, I do not believe the record of the petroleum industry firms engaged in the production of other fuels warrants such discriminatory legislation.

Attached to my remarks is a table showing the number of patents on the processes of producing synthetic gas and oil from coal which have been awarded to petroleum firms having coal interests and to nonpetroleum firms having coal interests. Although not an absolute indicator of technical development, the number of patents is significant. Petroleum firms have received 49 patents compared to 3 for the nonpetroleum firms. This is not solely a function of relative interest but also reflects the technical and operational competence and experience of the petroleum refining industry and its similarity to synthetic crude and natural gas industry.

I ask unanimous consent that this table be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BARTLETT. A similar trend is true in the nuclear fuel industry. Much research in the uranium field has been conducted by Kerr-McGee Corp., an Oklahoma-based firm which has entered into both uranium and coal production.

Geothermal steam operations are technically so similar to crude oil operations that expansion into this area of endeavor is natural for an oil company. In order to produce geothermal energy, it is necessary to drill wells into the

Earth's crust. These wells are drilled similarly to crude oil and natural gas wells; they are completed in manners which are similar to oil wells; the reservoir problems are similar to oil and gas reservoirs; and the fluid handling situations are comparable to those in the oil field. Again, many of the technical breakthroughs in the geothermal field are the result of petroleum industry research, development, and experience.

The **PRESIDING OFFICER.** The time of the Senator has expired.

The Senator from South Carolina has control of the remaining 12 minutes.

Mr. **HOLLINGS.** Mr. President, had the distinguished Senator from Oklahoma completed his remarks? We have some remaining time, and would be glad to yield it to him, rather than call for a quorum, while we check out some matters.

Let the Senator from Oklahoma be yielded that time.

Mr. **BARTLETT.** I thank the distinguished Senator from South Carolina, and I will continue my remarks.

Mr. President, the records made by the oil companies which have entered the alternate fuels businesses do not support the contention of anticompetitive behavior. For example, data on the production of coal and uranium indicates the opposite of anticompetitive behavior by the petroleum industry. During the last decade, the production of both coal and uranium by companies in the industry has increased both absolutely and relatively. This is hardly the withholding of production for the purpose of creating shortages and indicates definite aggressiveness by the firms involved. Nevertheless, the industry's share of total production is not large enough to exert any market power—38 percent for uranium and 18 percent for coal. Also, the relative market shares for the other energy activities of petroleum firms are not the same as for their petroleum operations. For example, Continental Oil Co. has 10 percent of U.S. coal production, 3 percent of estimated coal reserves, 2 percent of crude oil production, 2.5 percent of refined petroleum products, 1.4 percent of natural gas sales, and 4.3 percent of uranium production. These facts indicate strong competition rather than a lack thereof.

In fact, the involvement of petroleum companies has increased competition, made entry of smaller firms more easy, and contributed significantly to overall supply.

At least 18 petroleum companies have become involved in uranium exploration, mining, or milling through internal expansion rather than by merger or purchase of an existing operation. Gulf was a new entrant in the nuclear reactor business. A similar trend is true in coal mining; a substantial number of petroleum companies have entered the business through lease acquisition and exploration. All petroleum companies involved in synthetic natural gas, oil shale, or syncrude projects are new entrants because these are infant industries. New firms in a business enterprise increase competition not detract from it.

The production of coal from the petroleum industry associated coal firms has doubled over the past 10 years. In the case of Consolidation Coal Co., a subsidiary of Continental Oil Co., production of coal increased by nearly 30 percent since the acquisition. Continental's average capital expenditures on Consolidation activities were over 200-percent greater than the preacquisition level.

The technical contributions of the petroleum industry to the development of other energy supplies makes entry by smaller, less financially strong firms easier. Because much of the research and process development work is being done by the petroleum companies small firms will be more readily able to become involved in these fields. Financing can be more easily obtained if a process is developed. Furthermore, if the petroleum industry cannot participate, many nonpetroleum firms may be denied potential partners.

Because the petroleum industry is actively pursuing the research, development, and production of energy from sources other than oil and gas, the economy of the entire country will benefit. To show this, I would like to use as examples the activities of several medium-sized petroleum companies which have substantial operations in Oklahoma, several of which would be affected by this amendment.

Kerr-McGee has had uranium mining and milling operations for over 20 years. Several uranium processing facilities are also located within the State. The company has contracted to supply coal from company developed leases and properties to utilities in Texas, Oklahoma, Louisiana, and Arkansas.

A pertinent question is—What would have happened to the development of uranium mining and processing technology, the economies of the communities in Oklahoma where Kerr-McGee's facilities are located, and to the future coal supply for those utilities had similar legislation become law years ago? Although it is not possible to say that these resources would not have been developed or that technical progress would not have been made, certainly no other company, either petroleum or nonpetroleum, was willing to venture forth as aggressively as Kerr-McGee. Kerr-McGee's involvement or that of any other petroleum company has not precluded other nonoil companies from becoming involved if they desired to do so.

I have previously mentioned the turnaround in the performance of Consolidation Coal Co. after its purchase by Continental Oil Co.

Oklahoma-based Cities Service is actively involved in coal gasification and coal liquefaction research and owns an oil shale deposit. The company has plans for commercial facilities for coal gasification. The company's oil shale leases were obtained through internal expansion and not by acquisition. Cities' operations will contribute in the future to an expanded supply of natural gas and crude oil which might not become available if the company is denied the opportunity to compete in these fields.

Phillips Petroleum Co., another Oklahoma firm, has interests in uranium, coal, oil shale, and geothermal. The company is actively engaged in research activities for oil shale processing, coal gasification, and crude liquefaction. Discoveries have been made and the economics of commercial production are being evaluated for the company's uranium, coal, and geothermal projects. Energy production from these sources could well be deferred or stopped if Phillips is forced to divest itself.

In summary, this divestiture amendment is discriminatory legislation which would create chaos in the U.S. energy sector. It is a thinly disguised effort to transfer the burden of energy production to the Nation's taxpayers. It flies in the face of the country's energy objectives. At a critical time it would severely defer the sensible and economic development of coal, nuclear, geothermal, oil shale, and other sources of energy necessary to supplement domestic oil and gas. It would cause companies in the petroleum industry to face ultimate liquidation with the concurrent deleterious effect on the economy, the taxpayers, the consumers, and the Nation. It would force the export of capital for investment abroad. It would decrease competition in the energy industry.

This amendment, built on a foundation of trumped-up arguments, recommends that this Nation should go on a masochistic binge which promises that we will somehow feel better even though we are worse off.

This bill, constructed in counterproductive nonsense, would create a vacuum that could only be filled by our Government—which most likely would deliver energy with the same dispatch and cost that it delivers the mail.

Mr. President, I think it is clear that these divestiture proposals do not address themselves to the problem of increased energy supply, but are tactics designed to weaken legislation that will provide emergency supplies of gas this winter to areas of the country that are in great need of it; and would also deny the opportunity for the deregulation of the price of natural gas, which would increase the efforts to find new supplies of gas which are so greatly needed by the Nation.

Mr. President, I yield the floor.

(EXHIBIT 1)

U.S. patents granted firms in area of synthetic gas and oil from coal, 1964–October 1974

Nonpetroleum firms:	*Patents Granted*
1. Burlington Northern	0
2. Kennecott	0
3. American Metal Climax	0
4. U.S. Steel	2
5. North American Coal	0
6. Bethlehem Steel	1
7. Pacific Power & Light	0
8. Norfolk & Western	0
9. Utah International	0
10. Westmoreland Coal	0
Total	3

Petroleum firms:	*Patents granted*
1. Continental Oil	7
2. Union Pacific	0
3. Exxon	19
4. American Natural Gas	0
5. Occidental Petroleum	2
6. Kerr-McGee	1
7. Mobil Oil	0
8. Gulf Oil	3
9. Eastern Gas & Fuel Associates	0
10. Sun	6
11. Atlantic Richfield	11
Total	49

The PRESIDING OFFICER (Mr. Bellmon). The 2 hours on the amendment have expired.

Mr. HOLLINGS. Mr. President, a point of order. There is no previous order. There is no amendment before the Senate now, and I am asking for recognition. The Chair is talking about a previous order that does not exist.

Mr. BEALL. Mr. President, a parliamentary inquiry.

Mr. HOLLINGS. That is right, make your inquiry. What previous order?

The PRESIDING OFFICER. The Senator will state it.

Mr. BEALL. It was my understanding that we were to spend 2 hours on the amendment by the Senator from Colorado (Mr. Gary Hart), and at that point proceed to spend 2 hours on the amendment by the Senator from Massachusetts (Mr. Kennedy).

Mr. HOLLINGS. Mr. President, that was not the order at all.

The PRESIDING OFFICER. The Chair will state that the order specifies 2 hours on each amendment today.

Mr. HOLLINGS. That is right, but that did not cover this amendment, Mr. President. I seek recognition.

Mr. BEALL. Mr. President, I suggest the absence of a quorum.

Mr. HOLLINGS. I seek recognition. Is the Chair not going to recognize me?

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. TUNNEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. Thurmond). Without objection, it is so ordered.

Mr. TUNNEY. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. I cannot hear the Senator.

Mr. TUNNEY. Mr. President, parliamentary inquiry.

Do I have to get unanimous consent to offer an amendment at this time?

Mr. President, I call up my amendment to——

Mr. HANSEN. Parliamentary inquiry, Mr. President. Parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. Just a minute.

The Senator will state it.

Mr. HANSEN. Is the amendment at the desk that the Senator proposes to call up?

Mr. TUNNEY. Yes; it is at the desk.

The PRESIDING OFFICER. Will the Senator from California repeat his question?

Mr. TUNNEY. I withdraw the question, and I call up my amendment to Amendment No. 919. I filed that amendment at the desk at 1:30 p.m. I ask for its immediate consideration.

The PRESIDING OFFICER. It would take unanimous consent to further lay aside the Kennedy amendment.

Mr. HOLLINGS. The Kennedy amendment is not up for consideration. A point of order, Mr. President.

The PRESIDING OFFICER. The Kennedy amendment was laid aside temporarily.

Mr. HOLLINGS. That is right. Therefore, it is not pending. It having been set aside, how can the Chair say that it would take unanimous consent?

Mr. PEARSON. Mr. President, I ask unanimous consent that the amendment of the Senator from California be considered at this time.

The PRESIDING OFFICER. Since the 2 hours have expired on the other amendment for which the Kennedy amendment was laid aside, the question now recurs on the Kennedy amendment.

Mr. TUNNEY. Mr. President, I ask unanimous consent that it be in order to call up my amendment at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. TUNNEY. I send a copy of the amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. TUNNEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment to amendment 919, as modified and amended, is as follows:

On page 22, line 9, strike "(ii) which is continued in inter-".

On page 22, strike lines 10 through 13.

On page 22, line 14, strike "date, or (iii)" and insert in lieu thereof the following: "or (ii)".

On page 27, line 9, strike "three" and insert in lieu thereof "four".

On page 32, following line 20, add the following new section:

" 'Section 28. The Commission shall, as soon as practicable after the date of enactment of the Natural Gas Act Amendments of 1975, and pursuant to rulemaking procedures under Section 553 of Title 5, United States Code, establish by regulation, and may from time to time modify, a national ceiling for rates and charges for the sale in interstate commerce for resale of old natural gas, the sale of which gas is continued in interstate commerce after the expiration of a contract by its own terms (and not through the exercise of any power to terminate or renegotiate contained therein) for the sale or delivery of such natural gas. In establishing such national ceiling, the Commission shall consider the following factors and only these factors:

" '(1) The costs attributable to the exploration, development, production, gathering, and sale of old natural gas;

" '(2) The prospective costs of operation, reworking, installation of additional compression, and similar expenses, which costs are necessary to prevent abandonment in place of old natural gas reserves otherwise recoverable;

" '(3) The reimbursement to the seller of (a) any severance, production, or other tax payable by the seller and levied on the value or volume of production at the wellhead; and (b) any royalty or royalties on natural gas which a producer is required to pay to a royalty owner under applicable state law;

" '(4) The rate of return on seller's original capital investment which is sufficient to encourage the optimum level of investment in natural gas exploration and production; and

" '(5) The rates and charges that will protect consumers of natural gas from price increases that would, in the absence of a national ceiling during periods of actual or anticipated shortages, exceed the rates and charges necessary to achieve the objectives of paragraph (4) of this subsection.' "

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield for a unanimous-consent request?

Mr. TUNNEY. I yield.

ORDER FOR RECOGNITION OF SENATOR HARRY F. BYRD, JR., TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, Mr. Harry F. Byrd, Jr., be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION TOMORROW OF SENATOR BARTLETT AND FOR ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that Mr. Bartlett be recognized tomorrow following Mr. Harry F. Byrd, Jr., for not to exceed 15 minutes, and that there then be a period for the transaction of routine morning business of not to exceed 10 minutes, with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. TUNNEY. Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. TUNNEY. Mr. President, I ask unanimous consent that the vote be held no later than 4 o'clock.

Mr. FANNIN. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. TUNNEY. Mr. President, the purpose of the amendment I have called up is to modify the language of the Pearson-Bentsen amendment, which is No. 919, so as to narrow the scope of the definition of new natural gas and to insure fair pricing of old natural gas, the sale of which is continued in interstate commerce after the expiration of a contract by its own terms.

Mr. MANSFIELD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. TUNNEY. Mr. President, my amendment excludes from the definition of "new" and therefore deregulated natural gas that natural gas which is currently flowing under contract in interstate commerce when present contracts expire. I think it is well understood by the Members of this body that under the definition of the Pearson-Bentsen amendment, old gas, gas which is presently under contract and the contract expires, would be considered new gas, and that gas would be deregulated.

What the language of the law does is to keep that old gas regulated. However, it establishes a new criteria for cost of service.

I shall explain the principal reasons for this amendment. First, the deregulation incentive price is appropriate only for true new gas—that is, gas which requires all the risks of exploration and development.

I think that has been the main thrust of those who are in favor of deregulation. The purpose of the amendment is to give an incentive to the industry to look for new gas—that is, the Pearson-Bentsen amendment. But my amendment clarifies that if you have gas that is being produced now, that is old gas, and when that contract expires, we are not going to deregulate that price because that is gas that is there. We know it is there and it is producing, and there is no reason why we should artificially increase the price of that gas to the consumer. The consumer is going to be hit hard enough with the price of the gas as it comes on stream.

Second, keeping old gas under regulation will not result in any reduction in gas supply, because my amendment directs the FPC to price gas coming out from under the contract so that the costs of continuing production from declining reserves plus a reasonable profit are offset.

Also, gas dedicated to interstate commerce must be produced and sold in interstate commerce until the FPC grants a certificate of abandonment. Therefore, old gas would continue to flow in interstate commerce even without a deregulated price.

The third reason for the amendment is that keeping old gas under regulation will, in my opinion, save consumers hundreds of millions, if not billions, of dollars over the next 10 to 20 years.

While the FPC staff studies have not yet determined the precise amount of these savings, there is no question that it will be significant in terms of reducing windfalls to producers and savings for consumers. Four, retaining controls on old gas lengthens the phaseout of the controls and thus helps reduce whatever price increases may be associated with deregulation.

Mr. President, I respect very much the efforts that are being made by the authors of amendment 919, Senators PEARSON and BENTSEN, to attempt to get a stimulation of the industry to find new gas. I strongly support their efforts. I have voted with them and will continue to vote with them in those efforts. But I think the amendment I am offering today will in no way detract from their goal to stimulate the discovery and development of new gas. What it does do, however, is to say that we are just not going to let old gas go up in price when that contract expires.

I have discussed this matter with Mr. Zarb of the FEA. Although I cannot say that Mr. Zarb would support my amendment over the position that Senator PEARSON has taken, I can say that he will accept the amendment that I am proposing today and he feels it is adequate, because he does not feel that it would have any deleterious impact upon the efforts to encourage the industry to discover new gas.

I will be happy to answer any questions as to the amendment if anyone has any questions. If there are no questions, I ask the distinguished Senator from South Carolina what his attitude is with respect to the amendment and if he will accept it.

Mr. HOLLINGS. Mr. President, I join the Senator from California in his amendment.

The fact of the matter is that the Pearson-Bentsen amendment has been sold by my distinguished friends as new gas decontrol. New gas is deregulated to provide additional incentives to produce additional gas supplies. The key word is "new" but when we read it closely, there are certain loopholes. One, of course, the Senator's amendment goes directly to. That is, once the gas contract has expired, then apparently just by entering into a new contract old gas becomes new gas and is decontrolled. Everybody is going to be updating, terminating, and entering into new contracts to get an inflationary price that is not going to produce an additional cubic foot of gas—it is not going to bring on an additional supply.

I think the amendment of the Senator from California really brings the focus to the intent and thrust of Pearson-Bentsen with respect to the decontrol of new gas, with the idea in mind to bring on increased production. Old gas is found, it is flowing and being delivered. There is no reason to provide a big windfall to old gas producers. Let us put the incentive for finding new gas on the new gas price. I join with the distinguished Senator in his amendment.

Mr. TUNNEY. I thank my friend from South Carolina.

Mr. PEARSON. Will the Senator yield?

Mr. TUNNEY. I yield to my friend from Kansas.

Mr. PEARSON. Under the definition of new gas—I might say that I hope I am not presumptuous in telling my brothers what the key points in some of these measures are, but in most of the legislation before us to be considered, there are really two key points. One of them is the definition of new gas, which is proposed to be deregulated, both in the so-called Pearson-Bentsen proposal and in the proposal drafted by the distinguished Senator from California—a very good proposal, I thought, when it was considered by the Senate. The key is the definition of new gas.

Second, in the so-called phased deregulation, it is the criterion as to how the price of the new gas shall be set. In the so-called Pearson-Bentsen proposal, we define new gas in three ways: One, gas produced after January 1, 1975, which may be a date that has to be accommodated to the votes taken today, and yesterday on the amendment by the distinguished Senator from South Carolina. It is gas produced after January 1, 1975; it is new wells in old reservoirs; and it is contracts which terminate by their own terms.

When this legislation was drafted, we thought it was particularly necessary—there were not any emergency proposals then before the committee.

One of the real problems, those of us who sought to draft some sort of practical means for the production of new gas, is to so define that new gas. That was to get as much new production on hand as quickly as possible. That is, by and large, the reason for the new wells in the old reservoirs, which I think the Senator concurs with.

Here was a means, when contracts terminate at the rate of only 8 or 10 percent a year, of providing a new price so that wells could be rehabilitated, remedial work done on them, and then we could have increased production from those old wells. We thought this was a way to provide for increased production. We still think it is a viable way. This emergency is a get-me-through-the-winter proposition—this winter and next winter, or whenever we get through with it. We were looking at the long-term proposition and we were looking for a way to bring on as much new gas as possible. That is the rationale for this amendment.

No one will deny that the drafters of this amendment did not think of those people who, years and years ago, produced wells and sold gas under the public utility criteria. Gas sold at 7 or 8 cents per Mcf under long-term contracts. So that is the rationale of our amendment. We hope that we will be sustained in this definition of new gas. It is a key matter in all of this legislation. I think it continues to be a key matter.

After all, all the emergency legislation produces not one single bit of new gas. What we are going to have to do is provide a definition of new gas to bring it on as quickly as possible. That is what the definition is designed to do and that we think should be supported.

Mr. TUNNEY. I point out to my distinguished friend that the amendment that I have offered today differs slightly from the amendment that has been filed at the desk for some time. I think that, perhaps in my original explanation of my amendment, the Senator did not pick up the differences. I do not think that I explained it——

Mr. PEARSON. I think the Senator is correct. I was relying on the definition in the legislation he introduced.

Mr. TUNNEY. Right. I do not think I explained it as well as I could have.

The thing that we are attempting to do, with the definition that I have in my amendment, is to provide that when the contracts for old gas expire, that will be considered old gas, not new gas. However, we direct that the FPC shall use a different criterion for cost of service. In other words, we require that the FPC——

Mr. PEARSON. If the Senator will yield, is that criterion the same that the Senator used in the offshore?

Mr. TUNNEY. Yes; prospective costs, that is right; prospective costs, not historical costs.

What I say in the amendment is that the FPC must consider costs attributable to the exploration, development, production, and gathering and sale of old gas; the prospective costs of operation, reworking, installation of additional compression, and similar expenses, which costs are necessary to prevent abandonment in place of old natural gas reserves otherwise recoverable; then, the reimbursement to the seller of any severance, production, or other tax payable by the seller and levied on the value or volume of production at the wellhead; and any royalty or royalties on natural gas which the producer is required to pay, and so on.

Mr. FORD. Will the Senator yield?

Mr. TUNNEY. Yes.

Mr. FORD. The distinguished Senator from California has an amendment at the desk which is printed. That is amendment No. 940. Does the Senator intend to call up that amendment?

Mr. TUNNEY. I am offering this amendment as, in effect, a substitute, although I never called up 940. The parliamentary situation is such that I really ought not to be substituting my own amendment. I am offering this in lieu of the other amendment.

Basically, what it does is incorporate the definition of new gas of my earlier amendment, but it provides for a different criterion for the cost of service. It makes it clear that we want the Commission to use prospective costs rather than historical costs.

Mr. FORD. The Senator's amendment that was at the desk and printed would definitely curtail the cost of natural gas. The amendment he has proposed here today will increase the cost.

As I understood his original amendment, which I was basing my vote on, it gave me the indication that he was eliminating the abandonment of further Federal Power Commission authority now and that when the contract expired of natural causes, it could be reinstated at that cost and it would preclude—I think he was putting out some information that it would save several billion dollars to the consumers of the country.

Mr. TUNNEY. And still will.

Mr. FORD. But we are going to save less under the Senator's new proposal than we would under the original one.

Mr. TUNNEY. What we are doing is codifying practice. What we are saying is that the FPC, when it regulates the must take into consideration the prospective costs of the operation of that old gas where the contract has expired, well. Let us say that the old gas contract was 21 cents. Let us say that the contract had been in existence for 20 years. The cost of operation has gone way up in 20 years. So what we are saying is that the FPC regulation is simply going to take into consideration that costs of operation have gone up.

Instead of going back 20 years to find out what the historical cost of operation was, back 20 years to the present, they looked at the present situation plus reasonable expectancies for the future in establishing their costs of service.

Mr. FORD. Has not that well already given the producer 20 years of profit?

Mr. TUNNEY. It has given 20 years of profit at a 15 percent return based upon expectancies and costs at a much earlier time.

I mean, in my analysis of what the FPC has done, and one of the reasons why we are in the trouble we are in is they have not made it profitable for explorers to go out and find new gas and develop new gas.

Mr. FORD. Under the present situation are we making it profitable for them to find new gas? Is that not the reason for production for the long term?

Mr. TUNNEY. Under the Pearson-Bentsen amendment I feel we are going to make it profitable for those wildcatters to go out and find new gas. What we are trying to do here with the old gas is to say that you cannot just see the price go up through the lid to the same price that new gas would be selling at. We are going to maintain regulation; we are going to maintain control, but we are also going to recognize that there have been increased costs associated with the development of that gas and that there are going to be increased costs which will be associated with getting gas out as the pressure begins to go down in the well.

You have to have better compression equipment in order to get that gas out of the ground, so what we are saying is there are going to be the prospective costs of additional compression in the evaluation made by the FPC rather than the retrospective costs and, I may say, the Commissioners to whom I have talked about it feel it is very important.

What we are doing is preventing a windfall that would necessarily occur if we had complete deregulation. We do not want any windfall, but what we do want is to give the owner of that gas reservoir an opportunity to get a rate of return which will take care of his prospective costs in putting in, as I have indicated, new compression equipment or any other costs associated with the operation of that well.

Mr. FORD. Will the Senator tell me what the rate of return would be to reach the optimum level?

Mr. TUNNEY. I am sorry, I missed the Senator's question.

Mr. FORD. Will the Senator from California tell me what he would consider a rate of return to encourage the optimum level of investment in an old well?

Mr. TUNNEY. I think it would be what we are talking about which is 15 percent.

Mr. FORD. That is what we have now. That is what the Senator has been talking about, 15 percent profit over the past 20 years.

Mr. TUNNEY. Well, 15 percent profit on what the prospective costs are. Unfortunately, there is a 4-year law now that exists in the cost of service formulations of the FPC, and because we have had inflation—if we did not have inflation there would not be a problem. The only problem is that we have inflation and there is a 4-year lag time and, inasmuch as we have probably had in the last 4 years a depreciation in the value of the dollar of 30 to 35 percent, the regulation of the FPC today is not realistic because it is based upon cost figures when the dollar was worth 30 percent more than it is today.

Mr. FORD. Will the Senator then advise me what is the normal procedure when a contract expires at the end of its normal course under the present conditions?

Mr. TUNNEY. The FPC develops a new area rate for that gas in the area where it is being produced.

Mr. FORD. And that would be the price of the new contract that had expired on what was so-called old gas?

Mr. TUNNEY. That would be the price of the gas that is subject to contract, which contract has expired.

Mr. FORD. Would the producer be able to abandon his wells?

Mr. TUNNEY. No, he cannot. He has to get a certificate of abandonment.

Mr. FORD. All right. So the Senator is saying to me when a contract expires under its normal term the FPC will take into consideration those various areas of expense, allowing a 15-percent profit, and set the area rate.

Mr. TUNNEY. Yes. Well, the FPC would be establishing the area rates, but they would be using a different criterion. It would be the prospective costs rather than the costs of additional compression so they would thereby eliminate that 4-year lag.

Mr. FORD. The Senator made a statement a few moments ago that it would be a contract he had for 20 years and has been making a 15-percent profit over that time and that he is going to take the current costs, maybe a 4-year delay, and add 15 percent to it. It seems to me that the Senator's original amendment made more sense for the consumer and for the purchaser—that would be the pipeline or the distributor—it would make more sense and would be saving money for the consumer and also give the purchaser an opportunity to proceed with his contract at an increased cost, plus 15 percent profit.

Mr. TUNNEY. I would like to point out to my friend that the consumer is going to pay the costs eventually anyway.

Mr. FORD. I understand. We are trying to hold that down.

Mr. TUNNEY. Right. But if there is no gas the consumer is going to pay the price, and he is going to pay the price in a variety of ways. If there is no gas there are going to be people thrown out of work, and then there are going to be products that are not going to be produced, and then there is going to be a higher charge for those products that are produced. Eventually the consumer picks up the tab.

Mr. FORD. We all understand that.

Mr. TUNNEY. If we could wave a wand magically and create a new source of unlimited supplies of gas, then I would say we ought to be prepared to regulate with a vengeance and not allow any group of companies or individuals to charge the kind of prices that are going to be charged necessarily, in my view, as a result of deregulation.

But where you have a limited supply, and where you have a greatly increased cost for getting after that limited new supply, I think you have to have deregulation.

Now, that does not mean you have to have deregulation over old gas, and in this event we make it clear that you should not have deregulation of this old gas where the contract expires. But what we do want to make sure of is that the producer of this gas is given compensation for that gas which is relevant to the increased cost of producing it. In other words, we do not want to have a situation where a developer is being squeezed down on his old gas field to the point where it is unprofitable because that would give, in my view, that producer less in the way of capital to move out and find new sources of gas, which all of us want.

One of the things, I think, people fail to recognize is that the producers of the oil and gas are, by and large, the ones also who are supplying the capital, the know-how, to go out and find new gas.

It is not as though once they found their gas they are going to just be producing that which they found and are not going to explore for new sources, new reservoirs.

Mr. FORD. I do not want to belabor this. If the Senator will notice my voting record in the past couple of weeks on S. 2310, I have been in favor of deregulation so that we can move on to secure additional new gas and to provide the incentive. The incentive is in the price they are going to receive, as it was the incentive in the original drilling of a natural gas well, and the incentive is the price they are going to receive when they discover new gas.

Now, what the Senator is saying is we want to give them some money on the front end going in and to subsidize their entrance into exploration of new fields.

Mr. TUNNEY. No.

Mr. FORD. Why does not the Senator in his amendment just say that the current prices will be taken under consideration, and use that rather than go through all these various paragraphs to the Senator's amendment? Why does not the Senator say current prices?

Mr. TUNNEY. Well, because what the language says is that "prospective costs of operation, reworking, installation of additional compression and similar expenses"——

Mr. FORD. Add another paragraph.

Mr. TUNNEY (continuing). "Which costs are necessary to prevent abandonment in place of old natural gas reserves otherwise recoverable."

Mr. FORD. They have to file a certificate before they can abandon it.

Mr. TUNNEY. They have to file a certificate before abandonment. But, on the other hand, if they cannot make any money producing that old well, there is going to be abandonment, and you are not going to find the gas coming out of that well that you should have to provide not only for the present emergency but for future years.

Mr. FORD. Is the Senator aware of how many abandonments have been allowed recently by the FPC, say, in the last 2 or 3 years?

Mr. TUNNEY. I cannot tell the Senator how many abandonments have been allowed. I can just say this. When one is not making money at producing as a result of increased costs, then one is not going to produce and one is going to file an abandonment.

It seems to me, that there is nothing wrong with giving a producer an opportunity to recoup his costs plus 15 percent, his covered costs.

Why do we want to turn the screws on a producer and tell him he has got to take the cost figures of 5 years ago. Why not use the cost figures of today?

Mr. FORD. What changed the Senator's mind from his original amendment to this unprinted amendment today?

Mr. TUNNEY. The thing that changed my mind was that I realized there was a discrepancy between an amendment which I had filed at the desk on offshore gas, which was to apply a new standard, which was prospective costs, and the amendment I filed on the definition of new gas, and I had intended of course, that prospective costs would be considered in the definition of new gas, with the gas expired by contract.

I had wanted very much to have it be prospective, but I had not realized there was this discrepancy. A member of my staff brought it to my attention.

So what we would be doing is, in effect, if we allow the present situation to exist, such as the Senator has suggested, where we have a cost of service based on historical costs and then have a cost of service based on prospective costs as it relates to offshore gas, is the FPC trying to establish two costs of service, one based historically and one based prospectively.

The FPC is having enough trouble doing what they are supposed to do rather than being put to that task.

Mr. FORD. The Senator can answer my final question with a yes or no. I just have one final question.

Mr. TUNNEY. Yes.

Mr. FORD. Under the present procedure, if the Senator's original amendment had been accepted rather than his present unwritten amendment, would not the producer automatically receive an increase?

Mr. TUNNEY. There is always an increase.

Mr. FORD. So the Senator's answer is yes, then. His answer is yes.

Mr. TUNNEY. Well, there is always an increase under the formulation of cost of service historically, or under the formulation cost of service prospectively, there is always going to be an increase if we have inflation.

Mr. FORD. The Senator's answer is yes.

Mr. TUNNEY. Well——

Mr. FORD. It has to be yes, does it not?

Mr. TUNNEY. I do not like the way the Senator has propounded the question. If I answered yes or no to that question, I would be giving, I think, a false explanation of what the amendment does.

Mr. FORD. I did not ask the Senator a false question.

Mr. TUNNEY. The question was adequate if the Senator is opposed to what the Senator from California is trying to do, if he does not want all the truth to be brought out, but if he does, let me explain what the amendment does.

We are always going to have an increase in the cost of gas to the consumer if we have inflation. If we have inflation, because whether we are establishing that cost of service historically or whether we are establishing it prospectively inflation is going to result in an increase in the cost of the gas.

The difference between prospective costs and retrospective costs is that we eliminate the four-year time lag, and a producer can suffer a great deal of injury by having a 4-year time lag with the kind of inflation—double-digit inflation—we have had in the last few years.

As I have indicated, there has been about a 30 to 35 percent depreciation in the cost of the value of the dollar in the last 4 years and the FPC is developing its cost of service evaluations on the basis of data that was produced 4 years ago.

Now, that is just ridiculous. We do not have it in any other business. That is like trying to determine how much money we are going to give to social security recipients based on data 4 years ago.

I would ask the Senator if he would like to take home a bill in which he gave social security recipients an annual cost of living increase based upon data 4 years ago. It would produce about a 30 percent decrease in what social security recipients get.

Mr. FORD. I do not know how social security got in a natural gas bill, if we called it that, but we would be doing a good job here to do so.

Mr. TUNNEY. The Senator has not answered questions I propounded, and I think the Senator understands full well.

I think the Senator understands full well that if we were to give social security payments based on cost-of-living increases where the data were developed 4 years ago that that would result in about a 30 to 35 percent decrease in what the social security recipients get, and that is exactly what would happen if we used historical costs in the definition that I have propounded in my amendment.

Mr. FORD. I asked the Senator for a yes or no answer. He propounded for 5 minutes and then asked would I acknowledge that, and I will say that I do not know what he has said.

Mr. TUNNEY. I have explained today as clearly as I can.

I yield to the Senator.

Mr. PEARSON. Mr. President, in reference to the inquiry about what really happens now, it is my understanding that if gas was dedicated to the interstate system prior to 1973, the FPC on the termination of a contract is seeking to let that rise to the national level of 52 percent.

But I do understand the Senator's amendment much better now, after his further explanation.

But although I do not suppose we can get these things very neat, if his amendment is adopted what we will end up with is that we will have one criteria setting the price of new gas offshore and another criteria, not substantially different but still another one under the Senator's amendment, which would set the new price for gas at the termination of a contract.

I do not think our criteria is very different. They are really quite similar in scope. The key to both is the prospective cost.

We include optimum levels of production, as the Senator does; in addition, elimination of conservation and consumer interest.

I do not know that this is an awkward thing to do, maybe it is not very neat, but under the Senator's amendment we would have two different criteria for the FPC to set two different prices, one offshore for new gas, the other at the termination of a contract by its own termination.

I would hope that perhaps somehow or another, if the Senator's amendment is adopted, we could get together and end up with one criteria because, it seems to me, that criteria would be just as fair off shore as it would be for termination of a contract.

Mr. HANSEN addressed the Chair.

Mr. TUNNEY. The one thing I think is important to point out is that the criteria that I use takes into consideration that the cost for producing gas out of the old wells is substantially less than the prospective costs for looking for gas where it has not yet been found.

So I think that it is appropriate that the prospective costs be different. Prospective costs for developing old gas are very different from prospective costs for developing new wells.

Mr. PEARSON. I think the Senator is correct.

Mr. TUNNEY. That is why there is a difference in the amendment between my language and that of the Senator.

If I had thought that the cost of developing the old gas was the same as new gas, I would have used the Senator's definition, but because I thought there was a difference in the two costs I have used a different definition.

Mr. PEARSON. I thank the Senator.

Mr. TUNNEY. I want to thank the Senator from Kansas.

Mr. President, I am prepared to vote on this amendment.

Mr. HANSEN addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. HANSEN. Mr. President, I am not sure that I understand the thrust of this amendment.

If the Senator from California will be good enough to assist me, does this amendment have the effect of identifying old gas that has been under contract and which contract has expired as continuing to be identified as old gas?

Mr. TUNNEY. That is correct.

Mr. HANSEN. And absent this amendment and according to the thrust of the Pearson-Bentsen amendment, such old gas which was under contract for the purposes of the Pearson-Bentsen amendment, become new gas when the contract expired?

Mr. TUNNEY. The Senator is correct.

Mr. HANSEN. Then, Mr. President, having gotten that point clearly in mind, it seems to me that all this amendment does is to gum up the works. I say that not without some charity toward my good friend from California. Actually, if we want to make more gas available, it would seem to me that the best way to make it available is to permit its movement in interstate commerce, in interstate pipelines, to those areas where it may most be needed.

If that is the case, I do not see any point at all in going through all of the mechanics that are spelled out in this amendment, having to consider the various points that are detailed which, at best, I should imagine, would be difficult to administer.

I think one of the Senators who spoke earlier, perhaps the Senator from Kentucky though I am not sure about it, said only about 10 percent of these contracts expire each year. I guess the presumption is that most of them are for a 10-year period of time, and if you assume on a regular basis, about one out of every 10 would expire at the end of 10 years.

I should think, and I would ask my good friend from California, would it not permit the gas that may be needed in a particular part of the country more likely to get there quicker if the demand in that part of the country could come into the marketplace and say, "We will pay you so much for it," absent all of this formula?

Mr. TUNNEY. One of the things I would like to say to my good friend from Wyoming is once this gas has been dedicated to the interstate system, it cannot be abandoned without a certificate of abandonment. So once it is in there, it is always in there unless the FPC decides they are going to certificate the abandonment.

What we are saying is that as long as it is in the interstate system we are not going to allow the old gas to be deregulated. We are going to allow for a reasonable profit to be made based upon existing and prospective costs. But inasmuch as the thrust of the Pearson-Bentsen amendment is to take care of new gas and to create incentives for new gas, we do not want a situation where, under the same bill, we are, in effect, deregulating old gas.

Maybe some day we will get to that issue in the Senate, the deregulation of old gas, but I do not think now is the time to do it, at least not in this bill.

I believe what my amendment does is to make the language of the Pearson-Bentsen amendment conform with their stated purpose, namely, to give the incentive for the exploration of new gas and to treat old gas as something separate which would be maintained under regulation.

Mr. HANSEN. Do I understand the Senator from California to be saying that gas that goes into an interstate pipeline by virtue of a contract that is entered into, let us say, for a 10-year period of time, cannot be taken from that pipeline without the approval of—what was the commission?

Mr. TUNNEY. The FPC, once it is dedicated.

Mr. HANSEN. Let me pose this hypothetical question: Let us assume that I have a gas field, and I have entered into a contract to sell that gas to Columbia Gas for 10 years. At the end of the sixth year, someone else comes to me and says, "When the contract expires which you now have with Columbia, I would like to buy that gas from you," and he offers an amount greater than I anticipate I will be able to get from Columbia. Before such a contract could be signed, executed, and deliveries made to the new purchaser, do I understand that approval from the Federal Power Commission must first be secured?

Mr. TUNNEY. As far as price is concerned, the price would remain regulated. Under my amendment the price would remain regulated under the terms of this amendment, whether sold to the customer or whether sold to the new customer. Whether or not the new customer could come forward and say that he wants the gas even under the regulated price and thereby get me as the supplier to sell to the new customer rather than the old customer I suppose to an extent would depend upon the FPC priorities and whether or not the old customer was a priority user who would be entitled to that gas before a non-priority customer got it.

Mr. FORD. Will the Senator yield for a question? I would like to get into this debate, if I may.

Mr. HANSEN. If I could pursue one more question, let me do that first and then I will be happy to yield and participate with my good friend from Kentucky.

Let me give a specific situation.

In the State of Oklahoma 2 years ago several of the school districts were cut off from natural gas supplies coming from the State of Oklahoma because of prior commitments that had been made up in to the Great Lakes region.

Let us assume that those school districts like to run their schools during the winter. In order to obviate a recurrence of that situation they go to certain natural gas suppliers in the State of Oklahoma and say "We are now prepared to enter into a contract to pay you so much per thousand" and the natural gas supplier says "Fine, that suits me. I will sign a contract with you to that effect. As quickly as the 10-year contract with the interstate supplier for the Great Lakes region has expired you will get the gas."

In that situation, I would assume that the Federal Power Commission would not have any regulation over the price of that gas because it is not moving interstate. Would that be the feeling of the Senator from California?

Mr. TUNNEY. The Senator from Wyoming established the hypothetical and it was my understanding that the gas was moving in interstate.

Mr. HANSEN. May we have order, Mr. President?

The PRESIDING OFFICER (Mr. PEARSON). The Senate will be in order.

Mr. TUNNEY. As I understood the hypothetical offered, the gas originated in a State different from the State of consumption, so it would be interstate gas.

Mr. HANSEN. For the first 10 years.

Mr. TUNNEY. Yes. It is forever, it is moving in interstate.

Mr. HANSEN. It is a 10-year contract. He did not say forever. He said he would send it for 10 years and he signed a contract for 10 years. That is all.

Mr. TUNNEY. But once gas moves into the interstate pipeline, it stays there forever.

Mr. HANSEN. Even if the well goes dry?

Mr. TUNNEY. When the well goes dry, there is obviously no more to move in the interstate system.

Mr. HANSEN. Forever is a long time.

Mr. TUNNEY. Under the precedents, which is existing law, once the gas moves into an interstate pipeline it is interstate gas forever. That is one of the reasons, by the way, that the Senator from California was reluctant to see a situation develop where we put intrastate into the interstate pipeline for the purposes of this emergency which might then lead to a contamination of that intrastate gas and require a permanent regulation of that gas. That was a subject of discussion earlier in the debate on this gas bill.

I certainly do not favor that.

I would say to the hypothetical that the Senator suggested once the gas is in interstate commerce it is always in interstate commerce and my amendment does not affect it in any way. It does not impact it one way or another. It says if you are going to have a new contract or if you are going to have a new price established by the FPC under their regulatory authority, it has to be done with prospective cost being the criteria rather than the historical cost.

So it would not decrease a bit the amount of money that the producer was getting, but it would not eliminate the regulation. I would keep the regulation on price.

Mr. HANSEN. I yield at this moment to my friend from Kentucky.

Mr. FORD. Mr. President, is the understanding of the Senator from Kentucky correct—though I prefer the Senator's original amendment, which he did not now choose to call up, I prefer this amendment to total deregulation—his amendment says, as I understand it, that he would allow the Federal Power Commission to set the price for the new contracts.

Mr. TUNNEY. That is correct.

Mr. FORD. And, as I understand the procedure the Senator's amendment would follow, when a contract expires from normal causes, the Federal Power Commission would set a new price, using his criteria; and if that gas has been dedicated to interstate pipelines, it will stay in interstate pipelines, but the purchaser will have the right to renew that contract based on the price set by the Federal Power Commission.

Mr. TUNNEY. Yes.

Mr. FORD. It is a difference of whether you want full deregulation of old gas, or whether you want to put a cap on old gas with a reasonable increase based on today's costs. I hope I am correct, that the present purchaser, be it Columbia or someone else, would renew that contract based on the price set by the Federal Power Commission under new guidelines, and they would be able to continue to receive at least that much gas to meet their commitments to their purchases and their distribution systems.

Mr. TUNNEY. The Senator is correct.

Mr. FORD. As I say, I preferred the other amendment better, but if this is the amendment the Senator is going to offer, I prefer it to full deregulation, and giving the producer some additional dollars. I hope I have expressed by understanding intelligibly, in layman's language.

Mr. TUNNEY. I think the Senator has explained it very clearly. I understood the explanation, and it conforms with my understanding of my amendment.

Mr. BARTLETT. Mr. President, will the Senator yield?

Mr. TUNNEY. I am happy to yield to the Senator from Oklahoma.

Mr. BARTLETT. To comment on what the Senator from Kentucky has asked, it is my understanding that in Oklahoma, in the intrastate market which, as the Senator from California knows, is an uncontrolled market, the price in the last 10 years at the wellhead has gone up approximately 300 percent, from 50 cents a thousand at the wellhead to $1.50. At the same time, in the last 10 years, the consumer in his household has paid an average increase per year of about 4.7 percent, because there has been a rolled-in effect with the free market.

This free market has permitted the old contracts to be renegotiated at the current price, but this has been rolled in. So what I am saying is that the experience we have had shows that you can have rapidly rising prices at the wellhead, and still have a moderate increase for the consumer.

Mr. TUNNEY. I think that that is correct, because under the interstate market as of last year, the cost of gas at the wellhead was only 19 percent of the cost of the gas to the consumer.

Mr. BARTLETT. The concern that I have with the Senator's amendment is that it is going to continue price controls on old gas for the life of that gas, unless there is some reason otherwise to decontrol that gas. Is that not correct?

Mr. TUNNEY. Under the Pearson-Bentsen amendment, when the contract for the old gas expires, that old gas becomes new gas.

Mr. BARTLETT. But under the proposal of the Senator from California, as the contract for the old gas would expire, he would direct the Federal Power Commission to set up a ceiling price based on prospective costs?

Mr. TUNNEY. Right.

Mr. BARTLETT. So the answer to my question would be yes, old gas would continue to be controlled for the life of that gas.

Mr. TUNNEY. That is correct, with new criteria along with it.

Mr. BARTLETT. Yes. And, as I understand, although the Commission shall set the new ceiling rates at the time of the expiration of the contract, they may—not shall, but may—from time to time modify those ceiling rates.

Mr. TUNNEY. Yes.

Mr. BARTLETT. Now let me direct the attention of the Senator from California to the existing situation in Oklahoma and the producing States, that shows just how severe a penalty there has been on the owners of the mineral interests in gas, and the producers of that gas, and the disadvantage that the producers have had in replacing that gas because of the controlled and lower price.

In the price category from zero to 9 cents, there was, in 1974, 4.9 plus million cubic feet of gas that left the State in interstate commerce, which amounted to only .4 of 1 percent of the total leaving the State.

If I may have the Senator's attention for just a moment, the next category is the price range of 10 cents to 20 cents, one might say, 10 to 19.9 cents, and in that category, 987 million cubic feet of gas were exported out of the State in 1974, for 52.2 percent of the total gas leaving the State of Oklahoma.

In the next category, the 20 cents to 30 cents price range, accounted for 33.2 percent. So, in the price range from 10 cents to 30 cents, there was actually approximately 90 percent of the total gas exported out of Oklahoma. At that time, the intrastate price of gas was $1.25, so the interstate price was less than one-third to as low as a quarter or less of the going market price.

My point is that the Senator's amendment is going to lock in the old gas for permanent regulation, on a better basis, certainly, than the Federal Power Commission has used, but still on a controlled basis, which will always underprice that gas, and will always mean that there will not be full replacement for that gas as it is produced in the future; is that not correct?

Mr. TUNNEY. I think that certainly it will underprice the gas from the point of view of the existing market conditions, and that, I think, is clear.

The facts, of course, are that one of the reasons that gas has gone up so dramatically in price is because the price of oil has gone up so dramatically, and that is the cartel price, which has had an adverse effect, on a Btu basis, on the price of coal and on the price of natural gas as well. So there is no doubt it would have that kind of effect on pricing, as contrasted with the cartel price of oil and the increase on a Btu basis for natural gas. But I think it is fair, because it does seem to me that the consumer has got to be considered in this matter, and I am deeply concerned about getting a new supply of gas, and yet not ready to completely deregulate the price of old gas in order to encourage the exploration for new gas. I certainly would not want to see old gas subject to the same kind of pricing mechanisms that have really been the result of cartel-type activity.

Mr. BARTLETT. Mr. President, I ask unanimous consent to have printed in the RECORD a table showing estimated sales of flowing natural gas into interstate customers from Oklahoma in 1974.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

ESTIMATED SALES OF FLOWING NATURAL GAS TO INTERSTATE CUSTOMERS OKLAHOMA 1974*

Price ($)	Volume (MCF)	Percent of total
0–.09	4,909,086	0.4
.10–.199	587,030,545	57.2
.20–.299	337,238,814	32.8
.30–.399	31,825,907	3.1
.40–.499	25,199,176	2.5
.50–.599	26,804,020	2.6
.60–.699	6,160,104	0.6
.70–.799	6,120,868	0.6
.80–over	670,539	0.1

Mean Price=$0.21.

* Includes some intrastate sales to interstate pipelines and to minor intrastate customers. Does not include casinghead gas.

Source: Center for Economic and Management Research, College of Business Administration, University of Oklahoma.

Mr. BARTLETT. I draw the attention of the Senator from California to the example that I just gave of Oklahoma in the intrastate market. Even though there has been a 300-percent increase in 10 years in the price of natural gas, there has been a very modest increase in the price of gas to the consumer because of the roll-in effect of the 20-year contracts, generally 20 years.

Now what the Senator is doing is to lock in permanently on a controlled basis, and again I will say on a better basis than current FPC pricing mechanisms, but nonetheless on a controlled price basis, controls on gas prices. This is going to underprice that gas and reduce to that extent the exploration that will take place.

The Senator said now is not the time to completely deregulate. I am not talking about deregulating existing contracts, but it seems to me that this is the time to maximize the effort of bringing on new reserves of gas, new production of gas, and at the same time give the protection to the consumer because of the roll-in effect of the 20-year contract. But it was my hope and I would hope it was the desires of the Senator from California that eventually, at the end of 20 years on recent contracts, we get away from price controls that obviously have not worked. They have not provided sufficient energy, as the Senator knows, and I have heard him say so. So what we are talking about here is a question of being a little pregnant or maybe quite a bit pregnant. It is important that we reach the point of completely uncontrolled gas on old gas.

As I gave the Senator those figures on the gas that is leaving Oklahoma, I think he would readily agree that the owners of that gas are being cheated in not having the opportunity of properly performing their function to replace that gas with the consumer. With the interest that the Senator has in the consumer, I know he is also interested in the consumer having an adequate supply.

Our problem, as the Senator well knows, is going from a declining production of natural gas, hopefully, to a sharply increasing production of natural gas. The first steps, of course, have to be to stop the decline. This means finding significant additional reserves just to stop the decline, then, later, hopefully soon after, more additions so we start an increase in our reserves and hence an increase in the production. So, it is going to take a tremendous amount of capital to do this.

It bothers me that the Senator's amendment would deter that effort to a significant extent.

In the Senator's amendment, the very bottom line of the first page I have changed the third word "may" to "shall." This would improve his amendment greatly. Not "shall from time to time," say "shall yearly" establish new natural gas rates based on prospective costs.

This would assure the producer of having a continually readjusted price reflecting the current costs.

But the Senator's amendment, as it is, could result in the same thing that he is worried about now of having prices set in concrete that are not realistic 5 years hence, 10 years hence, and so on.

This would not be just for a 10-year contract or a 20-year contract. As I understand the Senator's amendment, it would be for the life of that producing gas property.

I wish to receive the Senator's comments from my rather lengthy ones and also ask him one more question in the process about what is meant by prospective costs, if the Senator means prospective costs based on the drilling of wells for the interstate market or for the intrastate market.

Mr. TUNNEY. Is there a difference between the cost of drilling for gas in intrastate market and interstate market? I was not aware there was a difference.

Mr. BARTLETT. The interstate market has been a controlled market. There has not been the amount of drilling for marginal production there that there would have been if prices were uncontrolled. They just have the drilling that takes place for the rather large reserves that would be available whereas——

Mr. TUNNEY. I understand that the drilling costs are the same, whether they are drilling for gas which eventually ends up in the interstate market or drilling for gas that ends up in the intrastate market. I recognize that in recent years there is more history associated with costs for the intrastate market because there has been so much more activity in the intrastate market than in the interstate market. I do not think we need to bind the FPC by language contained in legislation as to how they are going to determine those costs. I think they have to use their own commonsense and have to use the experience they have, and there ought to be prospective costs as we have outlined in the amendment and not as historical cost, which will save 4 years, I might say.

Mr. BARTLETT. If the Senator will yield, the costs for developing marginal gas would be higher than the cost for developing prolific gas. Therefore, there would be a difference between the interstate market and the intrastate market because in the intrastate market with the higher price for gas there is the opportunity for drilling more marginal production.

Mr. TUNNEY. As I say, the Senator from Oklahoma is an engineer. He, of course, knows much more about the procedures of drilling than the Senator from California. But I think that we ought to give to the FPC the ability to discern what costs are rather than binding them by a legislative intent which is expressed in language which tells them which costs they can consider, which wells they can consider, and which costs of wells they cannot consider. I think it ought to be up to the FPC to make that determination. It ought to, however, be based upon prospective costs rather than costs which are of historical nature.

Mr. BARTLETT. If the Senator will yield, would he feel that the FPC should use those costs that would be higher if there is a cost increase so that the FPC would be insuring maximum development or exploration?

Mr. TUNNEY. I think there ought to be an averaging. I do not think they should take the most expensive costs, the most expensive experience of a developer, nor the least expensive. The FPC ought to average and use commonsense based upon what has happened in the area and what the experience of producers in the area has been in the months preceding the regulatory determination and what the expectancies are for the future.

Mr. BARTLETT. If the Senator will yield, I say that the averaging of costs has been one of the reasons why the FPC prices have not been sufficient to provide replacement of the gas that is produced.

Mr. TUNNEY. I think that is true when you use the cost of service based on historical trends or when the data base, that is being used to determine what the costs are, is 4 years old. But where one is dealing with prospective costs I do not think that he is going to have a problem with that because, when he is dealing with prospective costs, he is really guessing, in effect, as to what those costs will be and there is no averaging which is going to result in an imperative determination that prospective cost has to be a certain figure as opposed to some other figure. It is a guideline and it helps, but it certainly is not to be a determination of that issue.

Mr. BARTLETT. Is not a way open that would eliminate any guesswork, just to permit the renegotiation of contracts at the free market price? This would assure at any time that there would be a consideration of the demand from the consumer, the supply that is available, and the opportunity to meet that demand based on thousands and thousands of transactions, without any guesswork.

Mr. TUNNEY. The only thing I can say to the Senator from Oklahoma is that, coming at the problem from the direction that he does, which is total deregulation *of all* gas, both old and new, clearly the Senator has to feel that any continued regulation is going to represent a diminution in the ability of the industry to respond to the crisis.

I do not feel, however, that in this amendment that we are now considering, the Pearson-Bentsen amendment, we are talking about old gas and the deregulation of old gas. We are talking about new gas and the deregulation of new gas. We have already had a vote on old gas deregulation, and the proponents of complete deregulation got 35 votes, and they lost. We are addressing a different subject right now.

What I am saying is that we should have gas under contract, which contracts expire, maintained under control, using a different cost of service criteria.

The Senator obviously disagrees with my position, and I am afraid that we will never be able to get the twain together, because I do not think that old gas deregulation at this particular point in time is a wise policy. Perhaps sometime it will be. Perhaps in future years we will decide that this is the way of giving an extra infusion of capital into this industry, despite the fact that consumers will have to pay a higher price.

But I would not want the Senator to feel that I am just dismissing out of hand the arguments he makes, because in my amendment I am addressing the problem of new gas, and I think that the Senator in his argument is addressing the problem of deregulation of old gas.

I do not think that those two issues any longer can be resolved in the Senate under the Pearson-Bentsen amendment, because we have had a vote on it; and, as I have indicated, the deregulators lost.

Mr. BARTLETT. When we discuss new gas, we have to look at the nature of the gas industry, which is the same as the oil industry. A very high percentage of the wildcat wells drilled are dry. So it is not like approaching investments, say, in a manufacturing plant, where the profits of that plant—which in many cases can be predetermined accurately—can pretty well develop a lot of financing. Perhaps that can be done in a development situation with known reserves on occasion. But it is obvious that we need to find many new reserves, many new fields, and there needs to be a great deal of wildcat exploratory drilling, as the Senator knows. In this case, the amount of new gas that is needed cannot be found just with the profits that will come from that new gas.

The company, big or little, is going to have a development program, an exploratory and development program, of money available each year, in order to carry on a program, whether they use outside capital or not. They are going to need capital coming from borrowings, or they are going to need capital coming from income from production, in order to increase their borrowings, in order to attract other capital from investors to maximize their drilling efforts. So if they rely solely on the prospects of a gas discovery, they are relying on about 1 out of 8 or 1 out of 10 prospects.

This is the reason why we are still lagging today in the drilling efforts, because there just has not been the capital accumulation to bring on enough wells. If it is put strictly on an oil basis or an oil equivalent basis, we are drilling about one-third of the number of wells we need to drill in order to have any opportunity for sufficient production of gas and oil.

So my concern is that the Senator's amendment does restrict rather severely the opportunity for the gas producers to have a replacement price for their product. We are still going to force them, although not as badly as before, to sell the products off the shelf at less than replacement price. In doing this, we are going to impede the opportunity of quickly accumulating sufficient reserves to work our way out of the mess we are in.

Mr. TUNNEY. I think the Senator speaks with complete conviction and honesty when he says that he does not think the capital is there to undertake a new development program which would be needed in order to supply the kind of natural gas the country is going to need in future years.

On the other hand, I say to the Senator that there is a sharp disagreement on that point. Some people say that capital will be available in the capital markets if you give to the developer of new gas an opportunity to get a good price for that gas and it is not dependent upon the price he gets for his old gas as to whether or not the capital will be available.

I suppose if the Senator is talking about internal financing of new drilling, perhaps the Senator from Oklahoma is right. However, if we are talking about being able to borrow, to find the capital to undertake a new drilling program, then I think there is a considerable argument that can be made that the Senator is not right.

I am not an expert on capital formation. As a matter of fact, the more I listen to the experts talk about capital formation in the energy industry, the more confused I become; because the experts all seem to disagree with one another as to the amount of capital, the nature of capital, whether or not there should be self-financing by the oil companies of their exploration activities, whether or not they should get the public utilities to put up advance payments for the purpose of exploring in areas such as Alaska, or whether they should go to banks.

I cannot say to my friend that I know the answer to that. The only thing I can say is that I do feel that the Senator's proposition is one which is no longer really before the Senate, because we addressed that issue when the Senator from Arizona (Mr. FANNIN) offered an amendment providing for complete deregulation, and he was defeated on that. He received 35 votes.

Now we are addressing just the deregulation of new gas, which the Senator knows I favor strongly. I am just saying that when you have sold old gas whose price expires by contract, we should continue to consider that old gas for the purpose of regulation.

Some day in this Chamber we may decide that we are going to deregulate all gas, old and new, and I think then would be a time to discuss the problems of capital formation and the need to have deregulation of old gas for the purpose of developing the capital to explore for the new gas. But I do not think that is the issue before us today.

Mr. BARTLETT. I think the issue is before us, if I may differ with the distinguished Senator from California. A motion was made to table the Pearson-Bentsen amendment, and that motion failed; and obviously we are considering Pearson-Bentsen now.

Pearson-Bentsen, as constituted, does provide for contracts to expire and to be renegotiated, as I understand it. So I think the issue is before us; and the purpose of the Senator's amendment is to change rather sharply the Pearson-Bentsen provisions.

Mr. TUNNEY. I hope the Senator realizes that when I said the issue is not before us, I was only referring to the question of whether or not we need to have deregulation of old gas for the purpose of developing capital to find new gas.

I think that that issue has been resolved in the negative. Of course, we can discuss it and I can see that it does have collateral interest to the Senator from Oklahoma as it relates to my amendment. I hope that the Senator realizes that I am not referring to the general issue of the deregulation of the expired contract gas because, obviously, that has application. That is the subject of my amendment. I was only referring to the other point.

Mr. BARTLETT. Will the Senator yield?

Mr. TUNNEY. I will yield to the Senator from Louisiana, then I shall yield to the Senator from Oklahoma.

Mr. LONG. Let me pose a problem to the Senator from California, because I know he is earnestly trying to find an answer to this perplexing problem.

Usually, the kind of situation that the Senator is dealing with here involves a contract where most of the gas has been extracted. In fact, in many cases, these wells are very much in need of reworking at very considerable expense. Many times, the price is so low that the people who have the wells simply take the attitude that they are ready to abandon them, that there is not enough gas down there to justify the reworking expense to clean out the sand or the paraffin and perhaps to engage in the kind of sand cracking and various things or acidizing things that tend to open up the sand so that the gas can flow through it.

It is high-cost gas, when we look at the cost of maintaining the wells, even putting on the compressors and various things that are necessary to get it. In other words, we start out with a gas well where it is, under very high pressure, flowing out. After 20 years, there is very little pressure in it; in some cases, we are virtually sucking it out to get it because of the vacuum there. In some cases, we are working out the sand to make it recoverable.

A person is, in effect, being required to sell the gas for less than the replacement cost. I fear what the Senator's amendment would cause would be for a person to say: Well, we are not going to make much money on it anyhow and we would be better off just to wait until Congress eventually sees the light. At that point, when that happens, since we are not required to produce it, we might be able actually to make some money out of it. But if we go ahead and produce it at those old and very low prices—some of that stuff might be selling for as little as 7 cents per 1,000, which would be only 5 or maybe 10 percent of what he could get if he could sell it on the free market.

I fear that the Senator's amendment might result in people saying: Well, do not do anything about it, just leave it there, and some day we may be permitted to sell that gas for what it is worth, for its replacement cost, for example. At that point, it would be worth fooling around with, but until that time, we may as well forget about it.

Mr. TUNNEY. The Senator was not on the floor at the time I explained the amendment. The amendment I am offering now is a bit different from the amendment that has been filed at the desk for several weeks. The amendment that I have offered today has language which talks about the FPC regulation of price being based on prospective costs.

The amendment says: "Prospective costs of operation, reworking, installations of additional compression, and similar expenses, which costs are necessary to permit abandonment in place of old natural gas reserves otherwise recoverable."

If we eliminate that, I think, silly policy which has existed in the past, of cost of service based upon historical precedent, based upon data that may be as much as 4 years old—as a matter of fact, right now, it is 4 years old and there has been a 30 to 35 percent depression in value of the dollar in that time frame. I think we have attempted to address that very specific problem in this amendment.

It is true, we will only be giving 15 percent on top of the cost in the way of profit. We will not be giving the couple of hundred percent profit that perhaps is envisioned by a complete deregulation of the old gas which has its contract expiring. In that sense, there may not be quite the same degree of incentive, but there is certainly a lot greater incentive under my amendment that would exist if we were simply to extend regulation by the FPC over this old gas, without new criteria for change in cost of service.

Mr. BARTLETT. Will the Senator yield?

Mr. TUNNEY. Yes.

Mr. BARTLETT. I have one question that I would like to ask the distinguished Senator from California. Would he be willing to attempt to amend his amendment by changing the bottom line on page 1?

Mr. TUNNEY. Yes, I see——

Mr. BARTLETT. Amend that to "shall from year to year" from "may, from time to time?"

Mr. TUNNEY. There is one thing I would like to do before agreeing with that. I have to find out, and I cannot tell off the top of my head, what the impact would be on the FPC and their ability to maintain that kind of ongoing oversight. It may be that it would just swamp them with additional work, which they are not capable of handling. Perhaps some longer period than 1 year would be acceptable.

I do not object at all to the thrust of what the Senator is suggesting; that is that there ought to be a regular review period. I am only wondering about the annual one that the Senator is talking about, because it is my understanding that it takes months for them to make these kinds of evaluations. It would just be, I suppose, one constant evaluation going on. They would not have finished one evaluation before the time period had expired so that they should begin to start their new evaluation. I shall have to check with the FPC, frankly, to find out what the impact of that language would be.

Mr. BARTLETT. If the Senator will yield, I certainly would appreciate his checking with them to determine what their reaction would be. But it seems to me that because the existing contracts expire continually, there would be up-to-date information from all over the country, so it would be a rather minor job for them to, yearly, review the price ceilings and reestablish price ceilings that would be based on current prospective costs.

Mr. TUNNEY. It might well be. I certainly can understand and appreciate and sympathize with the point that the Senator from Oklahoma is making. I shall check to find out if, in fact, it is going to be as easy and as plausible as the Senator suggests it is.

Mr. BARTLETT. If the Senator will yield, I shall make one final, very short statement.

I think that the Senator's efforts to change the FPC pricing certainly is going to be an improvement. But if it does become locked in for a period of 10 years, or 15, as it could, with their refusal to review, then the thrust of the amendment that the Senator from California has is going to be blunted because, very quickly, if costs continue to escalate, they are going to be very far from current and very far from replacement. This is going to mean a real slowdown in activity.

Mr. TUNNEY. I can understand what the Senator is saying. Inasmuch as I am not familiar enough with the procedures of the FPC to be able to answer him, I shall have to reserve judgment on his question until such time as I have checked with the FPC, and I shall. I shall be happy, then, to talk further on the floor with the Senator.

Mr. BARTLETT. I thank the Senator.

Mr. HOLLINGS. Will the distinguished Senator yield so I may make a unanimous-consent request? We have checked this with both sides of the asile.

If the Senator from Arizona will give me his attention, Mr. President, I ask unanimous consent that we agree to vote on the Tunney amendment, now under debate, at 9:45 in the morning; and that we agree to vote on the Hollings amendment, No. 1006, at 10:45, the time between the end of the Tunney amendment vote—which would be about 10 o'clock—and 10:45 to be divided equally between the Senator from Kansas and the Senator from South Carolina.

The PRESIDING OFFICER. Is there objection?

Mr. TUNNEY. Reserving the right to object, would the Senator from California be able to offer a modification to his amendment at that time, assuming, for instance, that I check with the FPC and find out that I desire to have an annual review? Would it be possible to modify my amendment?

Mr. HOLLINGS. That has to be in this unanimous-consent agreement. Otherwise, the Senator would have to ask for unanimous consent.

Mr. TUNNEY. I ask unanimous consent to modify if I should so desire.

Mr. HANSEN. Reserving the right to object, Mr. President, I do not intend to object, but I just make that point.

If the Senator is addressing the question that was raised by the Senator from Oklahoma, I think those of us who have been on the floor understand perfectly well what he would hope might be done and what I get the feeling the Senator from California might go along with if it clears with the FPC. But if it were amended in another fashion, then I hope that there might be a little time to debate that.

Mr. TUNNEY. Only in the area that was addressed by the Senator from Oklahoma.

Mr. HANSEN. I have no objection.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from California? The Chair hears none, and it is so ordered.

Is there objection to the unanimous-consent request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

The amendment, as modified, is as follows:

S. 2310

Proposed by Mr. TUNNEY to the amendment (numbered 919) proposed by Mr. PEARSON (for himself, Mr. BENTSEN and others) to S. 2310, a bill to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976, viz:

On page 24, line 17, strike "(B) which is continued in inter-".

On page 24, strike lines 18 through 21.

On page 24, line 22, strike "date, or (c)" and insert in lieu thereof the following: "or (B)".

On page 30, line 15, strike "three" and insert in lieu thereof "four".

On page 36, following line 26, add the following new section:

" 'SEC. 28. The Commission shall, as soon as practicable after the date of enactment of the Natural Gas Act Amendments of 1975, and pursuant to rulemaking procedures under Section 553 of Title 5, United States Code, establish by regulation, and shall every two years modify, a national ceiling for rates and charges for the sale in interstate commerce for resale of old natural gas, the sale of which gas is continued in interstate commerce after the expiration of a contract by its own terms (and not through the exercise of any power to terminate or renegotiate contained therein) for the sale or delivery of such natural gas. In establishing such national ceiling, the Commission shall consider the following factors and only these factors:

" '(1) The costs attributable to the exploration, development, production, gathering, and sale of old natural gas;

"'(2) The prospective costs of operation, reworking, installation of additional compression, and similar expenses, which costs are necessary to prevent abandonment in place of old natural gas reserves otherwise recoverable;

"'(3) The reimbursement to the seller of (a) any severance, production, or other tax payable by the seller and levied on the value or volume of production at the wellhead; and (b) any royalty or royalties on natural gas which a producer is required to pay to a royalty owner under applicable state law;

"'(4) The rate of return on seller's original capital investment which is sufficient to encourage the optimum level of investment in natural gas exploration and production; and

"'(5) The rates and charges that will protect consumers of natural gas from price increases that would, in the absence of a national ceiling during periods of actual or anticipated shortages, exceed the rates and charges necessary to achieve the objectives of paragraph (4) of this subsection.'"

Mr. HOLLINGS. For the information of my colleagues, the Senator from New Mexico may have an amendment that we can agree to. We have several that we can agree to. Then if the Senator from Arizona and the Senator from Massachusetts want to use their hour on divestiture today, I do not want to divest them of their vested rights.

[Laughter]

So let us see whether the Senator from New Mexico or, perhaps, the Senator from Arkansas have amendments. I know the Senator from Delaware has one that, at least, can be laid down and discussed.

ADDITIONAL STATEMENT OF SENATOR BENSTEN ON TUNNEY AMENDMENT

Mr. BENTSEN. Mr. President, during the course of this debate I have found myself more often in agreement with the Senator from California than not. It pleases me that he has joined me in taking the politically unpopular side of this issue because of what he believes is right for this country. I have said repeatedly that the American people will put up with only so much useless rhetoric. They do not want a Presidential plan or a congressional plan. What they want is a national energy policy for this country—a policy that works. And I am proud to have the Senator from California so ably standing up for what I believe and he believes to be a workable plan to solve this country's natural gas shortage.

However, I must differ with him on his amendment.

Mr. President, the Pearson-Bentsen proposal defines new gas to include gas made available by the expiration of existing contracts according to their own terms. The reason for this is twofold—first to give producers the necessary incentives to continue the production of old and probably marginal fields; and second, to give them the necessary capital for the drilling of new wells and the production of more gas to alleviate the present shortage.

Let us take a look at this first reason.

The category of gas involved here, is gas produced from fields which have been producing for a long period of time, usually at least 20 years. They are approaching the time when they must be considered depleted, and the wells plugged and abandoned. In this stage of the depletion cycle, it is frequently necessary to make additional expenditures of capital to continue production for a longer period. There are workover techniques which may be applied to these old wells to prolong the life of the field, if additional capital investments are made. In some fields, the end of the depletion period is marked by a decline in the pressure of the gas produced, but the installation of compression facilities will frequently prolong the life of the field, and thus extend the effective reserves available to the consumer.

If the price received for this gas is held to the low levels allowed by the Federal Power Commission, the practical effect is that these wells simply will be abandoned and plugged. This is because these expenditures are not economic at the low prices permitted by the Federal Power Commission. In fact, the usual oil and gas lease provides that the lease terminates when production ceases "in paying quantities." If you compare the increased costs and declining revenues due to the decreasing volumes, you will find leases expiring by their terms if price increases are not permitted. Thus, even if the lessee were willing to make additional expenditures, he could not do so because his lease will automatically expire by its terms.

In recognition of this problem, the FPC has attempted to provide special relief in circumstances where producers could show that the abandonment of the field would be deferred by these additional expenditures. This solution has not proved to be practical.

This is because that if the production on the lease is in a marginal phase, time delays, and problems occasioned by administrative proceedings, will cause the operator frequently to abandon the lease rather than undertake the additional bureaucratic proceeding to increase his rate.

Gas wells of this type are similar to "stripper wells" in oilfields. We have recognized the problems present with oil stripper wells, and have permitted these wells to receive the same price as new oil. There is a close parallel to the situation here, and the reasoning for allowing deregulation of this category of gas is the same as the reasoning which allows decontrol of stripper oil wells.

The second reason behind the Pearson-Bentsen definition is capital formation. For at least 5 years I have been warning about the danger of relying upon OPEC producers for petroleum. I have been warning that we should encourage domestic, not foreign, production. To develop our domestic reserves, Mr. President, our producers need huge amounts of capital. Without that capital they will not make the necessary investments to make this country energy sufficient. Without it they simply will liquidate their assets, and we will grow more dependent on OPEC.

Although I sometimes wonder whether all of my colleagues believe this, Mr. President, we still have a market system in this country. We still believe that private property is essential to our way of life. Unless the owners of natural resources receive sufficient incentives to produce them, they have every right not to do so. This is true with regard to wheat, with regard to corn, with regard to coal, and with regard to oil and gas. The unproduced privately owned natural gas in this country is a national resource, but it is not public property. And until Congress is willing to expropriate it and pay fair compensation for it, it should not complain when its owners refuse to sell it at unacceptably low prices resulting from Federal controls.

The reverse should be true, Mr. President. The owners of natural gas should not have to worry about whether to sell because of low prices; they should be worrying about how much they can sell and how fast they can once again fill the pipelines of this country. To do this they need capital. The Pearson-Bentsen definition of new gas assures them of this capital.

We have additional gas reserves in this country, Mr. President. But it is going to cost money to develop them.

For these reasons, Mr. President, I must oppose the amendment of the Senator from California and I urge my other colleagues to join with me.

Mr. BIDEN. Mr. President, I call up my amendment.

Mr. TUNNEY. Wait a moment. What is the situation? Is my amendment——

Mr. HOLLINGS. The Senator's amendment is still pending.

Mr. TUNNEY. It is still pending. I am prepared to yield the floor. There is a conference going on right now at which I am supposed to be and I would be happy to go there, but I will answer any questions that anyone has.

Mr. HANSEN. I do have one question, Mr. President.

If gas from a lease produced from wells drilled on 160-acre spacing under State regulation is under contract to interstate sale, and were the lease-owner able to obtain State approval for 80-acre spacing on the lease, could the gas from the new wells drilled on the same lease be classified as "new" gas inasmuch as the gas would be produced from wells commenced on or after January 1, 1975, although it would be gas from the same lease and the same formation?

Mr. TUNNEY. My amendment does not address that. My amendment states, under my amendment, those new wells would be new gas. There is going to be, I think, an amendment offered at some later time by another Senator, I think the Senator from South Carolina, that will go directly to that point. My amendment does not go to that point. Those new wells would be considered new gas.

Mr. HANSEN. I thank my colleague.

Mr. BIDEN. Mr. President, I call up my amendment, an amendment to amendment No. 919, which is the Pearson-Bentsen substitute. This amendment is at the desk.

The PRESIDING OFFICER. The Chair must inform the Senator that the pending business is the amendment of the Senator from California, and that would have to be set aside. Then the pending business, the Chair understands, would be the amendment of the Senator from Massachusetts (Mr. Kennedy), and that would have to be set aside before any further amendments can be considered by the Senate at this time.

Mr. TUNNEY. Before agreeing to the setting aside of my amendment, I would like to ask unanimous consent that I have tomorrow morning at least one-half hour debate on my amendment and, particularly, as it relates to the point that the Senator from Oklahoma raised with respect to the annual review. So, if it is agreeable to the Senator from South Carolina, I would certainly agree to the setting aside of my amendment now.

Mr. HOLLINGS. I think it ought to be made clear that the time already set by the leadership is to come in at 9 o'clock. I know there is one speaker, I think it is the Senator from Virginia (Mr. Harry F. Byrd, Jr.) or, perhaps, some other speaker, and it could be slightly under a half hour before we would return to the natural gas bill.

Mr. TUNNEY. That is all right. But at some time, I think, 15 minutes would be adequate.

Mr. HOLLINGS. I think there would definitely be 15 minutes.

The PRESIDING OFFICER. The Chair informs the Senator in the morning there are two special orders for 15-minute speeches and there is morning business before the Tunney amendment may be reached.

Mr. HOLLINGS. There will be very little time.

Mr. TUNNEY. Then I think the issue has got to be resolved this afternoon with respect to this annual review, and I feel we ought to be making a check right now and have just a brief colloquy on the floor with the Senator from Oklahoma before I agree to yield the floor.

If there is no other discussion, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. BIDEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BIDEN. Mr. President, I ask unanimous consent that the pending amendment be laid aside temporarily for me to be able to bring up my amendment.

The PRESIDING OFFICER. The Chair advises the Senator it will be necessary to lay aside both the pending amendment and the amendment of the Senator from Massachusetts.

Mr. BIDEN. I so ask unanimous consent that both amendments be temporarily laid aside for the purpose of bringing up my amendment.

Mr. TUNNEY. Reserving the right to object, I would like to know how long the Senator is going to take because I would like to be able before the end of the afternoon to discuss, particularly with the Senator from Oklahoma (Mr. Bartlett), what I have determined with respect to his suggestion on modifying my amendment, and I would hope, if the Senator brings up his amendment, that I would not be pushed off until 7:30 or 8 o'clock tonight.

Mr. BIDEN. The Senator from Delaware will take 5 minutes on his part. I think it is fairly noncontroversial—that is a famous statement, those are famous last words—but 5 minutes for the Senator from Delaware is all I will take.

The PRESIDING OFFICER. Is there objection to the request, the unanimous-consent request, of the Senator from Delaware? The Chair hears none, and it is so ordered.

The Senator from Delaware.

AMENDMENT NO. 994

Mr. BIDEN. Mr. President, I would like to call up my unprinted amendment to amendment No. 919, the Pearson-Bentsen amendment as amended and modified. It is at the desk.

The PRESIDING OFFICER. The clerk will report the amendment when it reaches the desk.

Mr. HANSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HANSEN. Was this amendment submitted prior to 3 o'clock this afternoon?

Mr. BIDEN. The amendment was submitted prior to noon today signed by the Senator from Delaware and it is at the desk.

The PRESIDING OFFICER. Does that satisfy the Senator's parliamentary inquiry? Apparently it does.

The clerk will state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. BIDEN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 33, immediately following line 23 insert new subsections (b) and (c) as follows and designate the preceeding section as subsection "(a)":
>
> "(b) Essential Industrial Purposes.—Except to the extent that natural gas supplies are required to maintain natural gas service to users specified under subsection (a), the Commission shall exercise its authority under this title to assure, to the maximum extent feasible, the continuance of natural gas service to users using natural gas as a raw material and uses other than boiler fuel for which there is no substitute regardless of whether such users purchase natural gas under firm or interruptible contracts.
>
> "(c) Prompt Curtailment Decisions.—The Commission shall decide applications for relief under subsection (a) and (b) as soon as practicable, but in no event later than 120 days of the time such applications are filed.

Mr. BIDEN. Mr. President, this amendment, which seeks to assure that to the extent they are available, natural gas supplies will be provided to those industries that have no viable means of substituting for natural gas in their manufacturing process, is exactly the same as amendment No. 809 to S. 692.

This particular provision was also incorporated in amendment No. 948 as modified.

The purpose of my amendment is to establish a priority for industries that use natural gas as a raw material in the manufacture of products such as textiles and other synthetic fibers, that will enable them to obtain such supplies of natural gas as may be available after—and I emphasize after—residential, small commercial, and agricultural users are served during a shortage.

My amendment would add two new subsections to section 25 of the Pearson-Bentsen substitute.

This section is entitled "Natural Gas For Essential Agricultural *Purposes,*" and begins on page 33 of amendment 919—as modified and amended.

In addition, my amendment provides for prompt decisions to be made by the Federal Power Commission in providing relief for curtailed customers by requiring the Commission to act on applications for relief no later than 120 days after such applications are filed.

Mr. President, the Federal Power Commission has stated that as a matter of policy, in the event of natural gas shortages:

> The curtailment procedures to be followed must have as their basic objective the protection of deliveries for the residential and small volume consumers who cannot be safely curtailed on a daily basis and requiring, as the initial level of curtailment, reduction in deliveries for large volume interruptible sales . . .
>
> We are impelled to direct curtailment on the basis of end-use rather than on the basis of contract simply because contracts do not necessarily serve the public interest requirement of efficient allocation of this wasting resource.
>
> In time of shortage, performance of firm contract to deliver gas for an inferior use, at the expense of reduced deliveries for priority uses, is not compatible with consumer protection.[1]

I believe that section 26 of the Pearson-Bentsen substitute as amended by my amendment meets the criteria set forth by the FPC for managing natural gas shortages.

My colleagues have discussed the importance of assuring natural gas supplies to residential, small commercial, and agricultural users.

I want to stress that these users of natural gas have priority access to curtailed natural gas supplies over the industrial users specified in my amendment.

I would like, however, to briefly discuss the importance of assuring adequate supplies of natural gas to industrial users who cannot feasibly substitute other fuels in their manufacturing processes.

These industries, known primarily as petrochemicals industries, have annual sales amounting to $41 billion and employ more than 390,000 people nationwide.

Using natural gas and petroleum based raw materials these industries produce synthetic fibers, plastics, solvents, synthetic rubber, pharmaceuticals, fertilizers, petrochemicals, and other agricultural chemicals.

Most petrochemical products are sold to other industries which use them to manufacture thousands of industrial and consumer products, including building and construction materials, tires, clothing, automotive components, electrical equipment, packaging, home furnishings, housewares, appliances, fire retardants, paints, perfumes, cosmetics, anti-freeze, adhesives, and many more that I could name.

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[1] The Federal Power Commission, "Statement of Policy, Order No. 467; (issued January 8, 1973, pp. 3–4).

In short, Mr. President, this industry provides fundamental products to the American consumer and contributes substantially to the well-being of the American economy.

Furthermore, the significance of these industries to the economy of the areas in which they are located cannot be overemphasized.

The local impact of a curtailment of natural gas supplies to petrochemical industries was brought to light earlier this year in my own State of Delaware.

As of January 8, 1975, the Stauffer Delaware City carbon disulfide plant was totally curtailed in its allocation of natural gas as a consequence of the shortage on the Transco Pipeline System, one of the two suppliers of natural gas in the State of Delaware.

After that date, the Delaware City plant continued in operation at the minimum technically possible production level through temporary arrangements.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. BIDEN. Mr. President, I ask unanimous consent that I be able to proceed for another 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BIDEN. Mr. President, as of January 1975, or after that date, the Delaware City plant, as I said, continued.

Limited quantities of synthetic gas were available, and Stauffer purchased a 15-day supply, albeit at five times the current price of natural gas, to avoid damage to the plant which would occur during a cold weather shutdown.

Had Stauffer been forced to continue to rely on high priced synthetic natural gas, operation of the Delaware City plant on which a number of U.S. rayon and cellophane industries depend, would have required the company to absorb a substantial economic loss. Furthermore, Transco would have had to pass on this increase.

Fortunately, Transco was able to secure additional supplies of natural gas, and the problem has, for the moment at least, been resolved.

The curtailment of Stauffer Delaware City carbon disulfide production would have a dramatic impact upon the U.S. rayon and cellophane industries which depend upon this Stauffer plant for approximately 50 percent of their raw material carbon disulfide requirements. Together with another facility in Alabama, Stauffer supplies 92 percent of the Nation's domestic carbon disulfide requirements.

At stake is approximately $330 million per year in cellophane sales and $585 million in rayon sales, the impacts throughout the cellophane and rayon manufacturing industry is estimated to exceed $8 billion per year.

At risk are 16,550 jobs at plants operated by Stauffer's customers.

An estimated 175,000 jobs are affected in the chain of commerce.

An additional impact of $120 million per year in losses would be experienced by manufacturers of fungicides, agricultural chemicals, fluoro-carbon refrigerants, carbon tetrachloride, and rubber accelerators for tire manufacture.

Although the impact upon customers is most significant in this matter, the estimated impact upon Stauffer chemical would be approximately $37.5 million per year.

As everyday events remind us continually that our Nation's fossil fuel resources are finite and the prospect of shortages looms before us, I think it is imperative that we establish clearly the priorities for which the precious supplies should be used.

Only 4 percent of the Nation's petroleum and natural gas production is used as petrochemical feedstock.

The bulk of the oil and gas hydrocarbons, some 64 percent, are burned in stationary boilers.

Some 32 percent are burned as transportation fuels.

We should divert our dwindling supplies of fossil fuels from these highly consumptive and wasteful uses for which substitute fuels are available as quickly as economically and technologically feasible.

Meanwhile, supplies of natural gas to those users who have no possibility of substituting other fuels must be assured. I believe this amendment will insure that available natural gas supplies are allocated to their optimum and most valuable use, and I urge its adoption during Senate consideration of S. 2310.

In conclusion, Mr. President, it is relatively simple, the ripple effect upon the national economy as a consequence of those petrochemical industries having no substitute whatsoever for natural gas could be catastrophic.

I would also emphasize that I am not asking that those mentioned in my amendment, the petrochemical users basically, come in a priority above those which have already been agreed upon, but that they be listed as a priority user in line.

Mr. President, I yield the floor and ask consideration of my amendment.

Mr. PEARSON. Will the Senator yield?

Mr. BIDEN. Yes, I yield to the Senator.

Mr. PEARSON. I believe I understand this amendment, I have read it and I have tried to listen to the Senator's statement.

I understand the essential need for natural gas as a feed stock, as an essential element of the finished product, and I understand further it applies particularly to the textile and to the petrochemical industries. This would be a third priority, residential, small users, public health and safety, agriculture, and finally the users described in this amendment.

With the concurrence of the manager of the bill, I am glad to take this.

Mr. HOLLINGS. Mr. President, I commend the distinguished Senator from Delaware. This is an amendment, frankly, having worked this much on this legislation, we should have included, perhaps, in the original amendments. It provides a priority for essential industrial purposes that has been recognized in a general way by the Federal Power Commission over the years.

What the Senator is doing is clarifying that priority. I commend the Senator, and we are glad to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HOLLINGS. I move to reconsider the vote by which the amendment was agreed to.

Mr. BIDEN. I move to table that motion.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from California.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOMENICI. Am I correct that with a unanimous-consent request I am correct in asking that the Kennedy and Tunney amendments be temporarily set aside? Would that be in order?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Tunney and Kennedy amendments be set aside for 10 minutes for the purpose of presenting a printed amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator will proceed.

AMENDMENT NO. 957

Mr. DOMENICI. Mr. President, the Senator from Arkansas and I have two amendments pending which attempt to accomplish the same purpose.

At this point, with the permission of the Senator from Arkansas, I would ask that his printed amendment No. 957 be called up for immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

Mr. DOMENICI. Does the Senator from Arkansas care to proceed at this point?

Mr. BUMPERS. Yes; after the reading of the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 10, line 3, strike the word "fuel."

Mr. BUMPERS. Mr. President, Senator DOMENICI and I have discussed this amendment and have agreed to jointly sponsor it. I think the sponsor of the bill will accept the amendment. I would like to take 2 or 3 minutes to explain what it does.

Mr. HOLLINGS. I wonder if the distinguished Senator from Arkansas will yield to the Senator from California. He now has an answer to clear up the record. Then the Senator from Arkansas and the Senator from New Mexico will not be under this pressure. The Senators can go through their explanations without interruption. I believe the Senator from California could complete discussion of his amendment in a short time.

Mr. BUMPERS. How long does the Senator from California think it will take?

Mr. TUNNEY. About 2 minutes.

Mr. BUMPERS. Certainly, I yield.

Mr. TUNNEY. Mr. President, I have had an opportunity, since the last colloquy I had with the Senator from Oklahoma (Mr. Bartlett), to check the FPC with respect to a time period in which the FPC would have to reevaluate the various costs that are incident to producing the old gas. I am prepared to modify my amendment, and do so modify it, to incorporate a 2-year period for review. I will have the specific language available for a formal modification tomorrow shortly before the vote occurs at 9:45. I just wanted to notify Senators that I will have a modification which will be 2 years.

Mr. HOLLINGS. I thank the distinguished Senator from California.

I thank the distinguished Senator from Arkansas and the Senator from New Mexico for yielding.

Now we can proceed in an orderly fashion.

Mr. BUMPERS. Mr. President, this amendment has been at the desk for about 3 weeks. I will not belabor this. Everybody knows that under the Pearson-Bentsen amendment the Administrator, if he makes certain findings, can take gas from a utility plant, or any other boiler fuel user, and transfer it to a high-priority user, conditioned upon the high-priority user paying the curtailed user for his increased fuel costs.

The Pearson-Bentsen amendment says that the priority user will pay the curtailed user only for his increased fuel costs. I am striking the word "fuel" so that it will simply say "costs," because there are some additional costs that would be incurred. For example, the cost of conversion.

Mr. HOLLINGS. The cost of what?

Mr. BUMPERS. The cost of handling. There is actually in the case of a utility electrical generating plant some reduction in the amount of generating capacity when you convert from natural gas to fuel oil.

I am simply saying that I think the priority user ought to reimburse the curtailed user for all his costs and not just the increased cost of fuel to that user.

I yield to the Senator from New Mexico.

Mr. DOMENICI. I would like to make this amendment very clear in this respect. The section to which we are referring, I say to the distinguished Senator from South Carolina, is the section under the emergency portion of the bill which would permit the Federal Power Commission to direct those powerplants which are presently burning natural gas but have the facility, as far as boiler facilities, to convert to fuel oil, just that kind. That is all we are talking about. In the conversion, the bill provides that they would be reimbursed for increased fuel cost. What the Senator from Arkansas and I are saying is that there may be additional costs, temporary storage tanks, some additional pollution machinery or equipment.

If we leave the words "fuel cost" in we are only talking about reimbursing for the increased cost from natural gas to fuel oil. We think it is only fair and equitable that if they are going to take that natural gas during the emergency, it ought to be costs that are reimbursed, not merely fuel cost. That is what our amendment intends to do. I believe the Senator from Kansas indicated that it was acceptable to him as the prime sponsor of the substitute, and I hope the Senator from South Carolina will agree that it is an equitable and fair approach.

Mr. HOLLINGS. I would be willing to accept this amendment. Just for the record, the legislative history should be made clear that the compensation provisions would not include any conversion costs. The conversion orders would only be made in the case of those boiler-fuel users that already have the equipment in place or readily obtainable to use alternative fuels and thus there would be no compensation for any conversion costs. That is why we were using fuel costs.

I recognize now what is being pointed out and emphasized. There may be additional handling costs, decreased efficiency, and other costs which would be eligible for compensation under this amendment.

With that legislative history, Mr. President, I would urge the adoption of the amendment.

Mr. BUMPERS. I would like the record to show that I concur in the exclusion of conversion costs. I was incorrect a couple of days ago on that point. I apologize for having used that term.

Mr. DOMENICI. Mr. President, before we proceed to adopt the amendment, I ask unanimous consent that I may be shown as an original cosponsor of the amendment that we called up.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BUMPERS. I move to reconsider the vote by which the amendment was agreed to.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The **PRESIDING OFFICER.** The question recurs on the amendment of the Senator from California.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Kennedy amendment be temporarily set aside so that the Senator from Kansas (Mr. Dole) and I may call up amendment No. 995.

The **PRESIDING OFFICER.** Without objection, it is so ordered. The Kennedy amendment is set aside and the Tunney amendment is set aside. The amendment of the Senator will be stated.

AMENDMENT NO. 995

Mr. DOMENICI. I ask for the immediate consideration of amendment No. 995, Mr. President.

The assistant legislative clerk read as follows:

The Senator from New Mexico (Mr. Domenici) for himself and Mr. Dole, proposes an amendment numbered 995, as follows:

At the end of the amendment numbered 919 as modified and amended, insert a new section as follows:

Mr. DOMENICI. Mr. President, I ask unanimous consent that further reading of amendment No. 995 be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. Domenici's amendment is as follows:

At the end of the amendment, insert a new section as follows:

Sec. . Section 2 of the Natural Gas Act, as designated by this Act (15 U.S.C. 717), is amended by inserting at the end thereof a new subsection as follows:

"(d) Nothing in this Act shall prevent the intrastate transportation of natural gas in an interstate pipeline as long as such intrastate transportation does not prevent service necessary to meet the requirements of interstate consumers and the rates for such transportation reflect the fully distributive costs of the interstate facilities used therein, and the provisions of this Act shall not apply to any such intrastate transportation or the facilities utilized in such service."

Mr. DOMENICI. Mr. President, the Senator from South Carolina and the senior Senator from Kansas (Mr. Pearson) have seen this amendment. I shall be very brief in explaining what it does, and then I am sure the Senator from Kansas (Mr. Dole) will wish to explain it as it applies to his State.

Basically, in the State of New Mexico, as the Senator from South Carolina is aware——

Mr. HOLLINGS. Yes. Does the amendment contain the word "new" natural gas?

Mr. DOMENICI. It does not contain it. We will either modify the amendment to include it, or let the dialog here indicate that that is the legislative intent.

Mr. HOLLINGS. I believe that the amendment should be modified to that extent.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the pending amendment be modified to include, at the beginning of the second line of paragraph (d), preceding the word "natural", the word "new".

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment, as modified, is as follows:

At the end of the amendment, insert a new section as follows:

Sec. . Section 2 of the Natural Gas Act, as designated by this Act (15 U.S.C. 717), is amended by inserting at the end thereof a new subsection as follows:

"(d) Nothing in this Act shall prevent the intrastate transportation of new natural gas in an interstate pipeline as long as such intrastate transportation does not prevent service necessary to meet the requirements of interstate consumers and the rates for such transportation reflect the fully distributive costs of the interstate facilities used therein, and the provisions of this Act shall not apply to any such intrastate transportation or the facilities utilized in such service."

Mr. DOMENICI. Mr. President, let me just give an example for the record of what this amendment would do.

My State, the sovereign State of New Mexico, has substantial natural gas, because gas was found on State-owned land. Currently we have leases outstanding wherein the State of New Mexico reserves unto itself the right to take natural gas in kind in lieu of its dollar royalty.

I might say it has substantial State-owned land that in the future—that is why we agreed to use the word "new"—will be receiving in kind natural gas as a part of their royalty; and even though we are a producing State, we have interstate gaslines which are not running to capacity, which form the principal distribution system for this natural gas.

What the amendment that Senator DOLE and I propose would do is provide that if a State has that kind of interstate gas, and an interstate line that is not being used to capacity, they can use that interstate line, upon paying the appropriate fees, to transport intrastate gas of that type between points within the State, and that it is not subject to the Federal Power Commission regulations, nor is it changed in any way by this bill. In other words, we can move it intrastate in the interstate line.

We have discussed this proposal with the various floor managers, and as I understand it, as long as the word "new" is included, it is acceptable to them.

I yield to the Senator from Kansas.

Mr. DOLE. Mr. President, I think the Senator from New Mexico has clearly stated the purpose of the amendment. The amendment is brief and I think clear, concise, and to the point. It says:

> Nothing in this Act shall prevent the intrastate transportation of new natural gas in an interstate pipeline as long as such intrastate transportation does not prevent service necessary to meet the requirements of interstate consumers and the rates for such transportation reflect the fully distributive costs of the interstate facilities used therein * * *.

And so on.

INTRASTATE TRANSPORTATION AMENDMENT

The purpose of this amendment is to facilitate the development of small deposits of natural gas that are not practical for the interstate market. These small deposits of natural gas are somewhat analogous to stripper crude which require special circumstances before it becomes practical to develop such resources.

IMPORTANCE OF EXEMPTION

In many States, particularly in Kansas, Ohio, and Colorado and some Appalachian States, there are small deposits of gas that are unattractive or impractical to the interstate market due to the small amounts involved or to the difficulty and high cost of extracting these deposits. These small amounts of natural gas are only a minor aspect of the overall natural gas picture but still they could be important to our overall effort to achieve energy independence.

For example, in Kansas our total known reserves are estimated at 11.7 trillion cubic feet. The U.S. Geological Survey and the Kansas Geological Survey have estimated that an additional 1.3 trillion cubic feet remains to be developed in the State.

Deregulation of new natural gas, as provided in the so-called Pearson-Bentsen substitute, will provide a great deal of additional incentive in developing this resource. However, there are substantial amounts that are simply unlikely to be developed for the interstate market due to the low pressures, small amounts and difficulty of extracting the gas.

An intrastate user, however, might be willing to make the additional investment in time and money to develop these small resources in the interest of obtaining a secure supply of natural gas. This amendment would provide the flexibility for intrastate consumers to do that.

REDUCE IMPORTS

In the overall picture, allowing intrastate users to develop these small amounts of hard-to-get gas will reduce the demand for gas in the interstate market or for petroleum products that must come from overseas producers. In other words, it would be an asset to the energy independence program and would mean a better usage of our Nation's energy resources.

The difficulty of developing these small resources for the intrastate market, however, arises in having access to a gathering system. Small volumes of hard-to-get gas clearly are not worth the investment of building a new pipeline solely for the purpose of developing that gas. In Kansas, for example, we have a vast network of interstate pipelines but our intrastate network is very small. An intrastate user interested in making the investment to develop the hard-to-get gas would only do so if he had access to the interstate system that could easily be tapped into to provide ready transportation for the gas. The same situation, as I understand, exists in Colorado, Ohio, and numerous Appalachian States.

In Kansas, there are some small volume wells that have been drilled and capped because the volume and pressure of the gas is simply not practical for an interstate buyer to purchase. Similar small deposits of gas are known to exist elsewhere in the State. This amendment if enacted would allow those resources to be piped in a relatively inexpensive manner to an interstate pipeline and then be delivered to an intrastate consumer. Without this amendment, those small, but in the aggregate, substantial amounts of gas would simply remain in the ground.

This amendment would allow the development of small gas resources but would insure the protection of interstate consumer interests.

CONSUMER PROTECTION

This amendment provides for the protection of the interests of interstate consumers. Interstate consumers have two basic concerns that might be affected by this amendment. Those concerns are service provided by interstate pipelines and the rates for that service.

The amendment specifically states that this exemption from the Natural Gas Act shall only exist if all requirements of interstate consumers are being met. Those requirements would include both the service they are receiving presently as well as any service an interstate consumer might desire to purchase from an interstate pipeline in the future.

In the event any interstate consumer and any other party might feel that all requirements of interstate consumers are not being met, that party could go before the Federal Power Commission and petition FPC intervention to bar this intrastate transportation under the provision of this amendment. If it could be shown that the requirements of interstate consumers are not being fulfilled because of any intrastate transportation provided under this amendment, then the exemption would not exist and the Federal Power Commission could order the intrastate transportation or any part of it to be halted.

The amendment also states that the rates for such transportation shall reflect the full distributive costs of the interstate facilities used therein. In other words, if intrastate gas is transported on an interstate line, then rates received for transporting that gas should allow the interstate pipeline to lower its rate for interstate service. If the FPC or any party before the FPC can show that the interstate rates are not being reduced in proportion to the rates received for intrastate transportation, then the exemption would not exist and the Federal Power Commission could order the appropriate rates to be charged or that the transportation be halted.

So, Mr. President, this amendment protects the interests of the consumers and it is my feeling that it could actually help interstate consumers by spreading the transportation costs over a greater volume of gas and thereby possibly reduce the cost of natural gas for interstate consumers.

INTERSTATE SUPPLY

Mr. President, this amendment will not cause any substantial amounts of new natural gas to be committed to the intrastate market at the expense of the interstate market.

The primary reason is that those areas where substantial new gas can be developed—that is, in Louisiana, Texas, and Oklahoma—already have extensive intrastate pipeline systems. Producers in those States can sell gas on the intrastate market already without this amendment being enacted. So this Senator concludes that there can be no large amount of natural gas diverted to the intrastate market even in the event of new natural gas deregulation. It is also the case that any natural gas developed because of this amendment will help the supply situation in the interstate market by filling some of the demands that would otherwise have to come out of the interstate supply. This may be particularly important in the Appalachian region where many States such as Ohio are large consumers of interstate natural gas. Intrastate natural gas developed under this amendment would reduce the demand for interstate gas and thereby help the natural gas shortage and the energy picture overall.

This amendment, even though it has only a relatively minor impact, should therefore be acceptable to all States in view of the benefit it provides to the overall energy picture. It is my hope that the Senate will adopt this amendment.

I am pleased that the senior Senator from Kansas and the Senator from South Carolina have agreed to accept the amendment.

Mr. PEARSON. Mr. President, this amendment is of substantial benefit to several States, and it reverses a Supreme Court decision which turned on a rather legalistic point that so many of these cases under the Natural Gas Act of 1938 turned on. It is a very good amendment, and in behalf of the Senator from South Carolina and the Senator from Ohio, we accept the amendment.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the names of the junior Senator from Louisiana (Mr. Johnston) and the junior Senator from Ohio (Mr. Glenn) be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment was agreed to.

Mr. DOMENICI. Mr. President, with regard to the amendment just agreed to, the Dole-Domenici amendment, I move that the vote by which that amendment was agreed to be reconsidered.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment of the Senator from California.

Mr. TUNNEY. Mr. President, I have nothing further to add on my amendment at this time. I am prepared to yield the floor to any other Senator who wants to talk, or to ask unanimous consent that the amendment not be considered for the next few minutes, depending upon what the Senator from Arizona, the Senator from Ohio, and other Senators desire.

Mr. FANNIN. Mr. President, the understanding, in fact, the agreement that was made earlier today was that there would be 2 hours of discussion on the Hart amendment, and that there would be 2 hours of discussion on the Kennedy amendment. I do not know whether there is a desire at this time on the part of the Senator from Massachusetts to discuss his amendment, or not, or whether that is the desire of other Senators, but that 2-hour amendment still exists, and unless something is stated to the effect that it will not be utilized, I would think it would just stand in abeyance. I do not know what the Senator from Massachusetts would like to do; I would address that question to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I would be glad to. I feel that the Senator from Arizona has stated the parliamentary situation accurately.

It was basically my hope, in an attempt to expedite consideration of the legislation, that some of these other amendments would be able to be brought up and considered, and of course at any time, if there were Senators who wanted to make sure that they would have a chance to make their presentations, I would be glad to yield to them. But I did attempt to try to move the whole business of the Senate, and work with the leadership on that, and we have tried to accommodate Senators and permit them to raise their amendments and dispose of them. That was my feeling.

We have the 2 hours for tomorrow, and if there were Senators who desire time to speak on these particular issues, I, of course, would yield them time. I have the intention of making a concluding statement on the issue itself, but I did not want to interfere with other Senators being able to dispose of and discuss their amendments, and conclude the consideration of this legislation by tomorrow night.

Mr. FANNIN. The Senator from Arizona is very desirous that Senators have an opportunity to offer their amendments, and does not wish to delay this measure. The Senator from Alaska (Mr. Stevens), I understand, has an amendment that he would like to try to get out of the way tonight.

I certainly thank the distinguished Senator from Massachusetts for his cooperation in whatever he decides to do. I do not know if he will decide to spend a full hour, but certainly the Senator from Arizona is glad to cooperate in every way possible.

Mr. KENNEDY. I thank the Senator.

Mr. HOLLINGS. Mr. President, I am trying to obtain the unanimous-consent agreement.

As I understand it now, when we do adjourn this evening, it will be until 9 a.m. in the morning at which time there are two special orders of 15 minutes each plus morning business.

Presumably, having talked to the majority leader, that could be completed in time for the 9:45 a.m. vote on the Tunney amendment. At the termination of that particular vote at approximately 10 a.m., the time is equally divided between the Senator from Kansas and myself on my amendment No. 1006, and the time agreed to vote up or down on that particular amendment is 10:45 a.m. Then at 11 a.m., we proceed to the 2-hour period of debate on to the Phil Hart-Mansfield amendment.

There is a 2-hour period from 11 a.m. to 1 p.m., for debate and a vote up and down on the Hart divestiture amendment at 1 p.m.; thereafter, there is a 2-hour period for debate equally divided between the Senator from Arizona (Mr. Fannin) and the Senator from Massachusetts (Mr. Kennedy) to vote up or down on adoption at 3:15 p.m., I think it was.

Mr. KENNEDY. That is right.

Mr. HOLLINGS. That is right, no later than 3:15 p.m.

Mr. President, Mr. Roth, who had a tie vote situation this morning without the distinguished Presiding Officer counting himself which would allow the Senator from Delaware to prevail, wishes to be able to have a unanimous-consent agreement that his amendment, which was already debated today, be voted on no later than 3:30 p.m. at the termination of the vote on the Kennedy amendment. Is that agreeable?

Mr. ROTH. Yes.

Mr. GRIFFIN. That would be a motion to reconsider, I take it.

Mr. GLENN. Mr. President, if the Senator will yield, I am prepared to make a motion to reconsider, not having voted originally. On amendment No. 969 introduced by Mr. Roth, I move to reconsider if it is appropriate at this time.

Mr. ROTH. Mr. President, I ask unanimous consent and ask for the yeas and nays.

The PRESIDING OFFICER. The Chair will advise such a motion is not in order because another amendment is pending, except by unanimous consent.

Mr. HOLLINGS. Except by unanimous consent.

Mr. GLENN. I ask for unanimous consent, Mr. President, that amendment No. 969 be reconsidered.

Mr. FANNIN. Mr. President, reserving the right to object, I do not think I will object, but the Senator from Oklahoma——

The PRESIDING OFFICER. Does the Senator move to reconsider the vote by which the amendment was rejected?

Mr. GLENN. Right.

The PRESIDING OFFICER. The question is on agreeing to the motion.

Mr. GRIFFIN. Mr. President, as I understand it, the yeas and nays are going to be requested and now there is a unanimous-consent request that that vote be held tomorrow at 3:30 p.m.

Mr. GLENN. It is a unanimous-consent request that the amendment 969 be reconsidered.

The PRESIDING OFFICER. Is there objection to the unanimous consent request that the motion be——

Mr. FANNIN. Reserving the right to object.

The PRESIDING OFFICER. Is there objection?

Mr. FANNIN. I do not object.

The PRESIDING OFFICER. Without objection, the motion may be made.

Mr. GLENN. Mr. President, I move to reconsider amendment 969, an amendment put in by Mr. Roth.

The PRESIDING OFFICER. As modified?

Mr. GLENN. As modified, correct.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

The PRESIDING OFFICER. The question now recurs on the amendment as modified.

Mr. HOLLINGS. The unanimous-consent request, Mr. President, is that we ask for the up and down vote on the Roth amendment be held not later than 3:30 p.m. tomorrow afternoon.

Mr. ROTH. That will be fine.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PEARSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Does the Senator from Kansas also request that that amendment be considered tomorrow?

Mr. HANSEN. What is the amendment?

The PRESIDING OFFICER. Does the Senator from Kansas also request that the amendment be before the Senate tomorrow when it returns to legislative business?

Mr. PEARSON. Yes; I so include that in my unanimous-consent agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I ask unanimous consent on the various agreed to amendments and votes that we now get the yeas and nays. For example, I wish to ask for the yeas and nays first on the Tunney amendment tomorrow at 9:45.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. Mr. President, I ask unanimous consent for the yeas and nays on the Hollings amendment 1006 at 10:45 a.m.

The PRESIDING OFFICER. Without objection, it will be in order to order the yeas and nays. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. With respect now to the Hart amendment I ask unanimous consent for the yeas and nays, not later than 1 p.m.

The PRESIDING OFFICER. Without objection, it is in order to order the yeas and nays. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. And with respect to the Kennedy amendment, at 3:15.

The PRESIDING OFFICER. Without objection, the same procedure is adopted.

Mr. HOLLINGS. And with respect to the Roth amendment, no later than 3:30.

The PRESIDING OFFICER. Without objection, the same procedure is adopted.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

ADDITIONAL STATEMENTS SUBMITTED ON S. 2310

KENNEDY-HOLLINGS-HART HORIZONTAL DIVESTITURE AMENDMENT

Mr. KENNEDY. Mr. President, I would like to comment on amendment No. 963 which was sponsored by Senator HOLLINGS, Senator PHILIP A. HART and Senators JACKSON, METCALF, GARY HART, ABOUREZK, PACKWOOD, HUMPHREY, MCINTYRE, MCGOVERN, and DURKIN. It will be voted on tomorrow at 3:15 p.m.

This amendment does not alter the provisions of the emergency allocation portion of the bill before us. Nor does it affect the pricing proposals for natural gas contained in the Pearson-Bentsen amendment. What it does seek to accomplish is further the concept of competition in the energy industry, whether prices remained controlled or, more important, in the event those controls are phased out.

This amendment simply stated does the following: It requires the 20 largest oil companies, except natural gas, within 3 years after enactment. And it prohibits the further acquisition of coal, uranium, geothermal, solar or other energy forms other than oil and natural gas by these companies.

The amendment does not affect the internal structure of the major oil companies nor does it affect the small independents.

It focuses on the giants of the oil industry. And it seeks to prevent the 20 largest oil companies from continuing their amoeba-like expansion into every other competing energy area.

Not one corner of the energy industry has been left untouched by the persistent expansion by acquisition and merger of the major oil companies.

Oil companies now own more than 35 percent of existing coal reserves.

Oil companies now account for greater than 25 percent of the Nation's coal production.

Four of the largest companies actually account for more than 20 percent of the Nation's coal production.

Oil companies control more than 50 percent of our Nation's vital uranium reserves and they control some 25 percent of the Nation's uranium milling capacity.

I will provide additional statistics subsequently but these alone are enough to indicate the pervasive influence and control of the major oil companies over other areas of energy.

This amendment is vital to cut the tentacles of this oil octopus that is slowly drawing inward every independent and potentially competitive energy resource.

If allowed to continue, the giants of the Nation's petroleum industry would gain decisive control over the entire future of U.S. energy development and production.

This amendment should be fully endorsed by all who value competition and who believe that it is the competitive development of our energy resources that ultimately will insure both the lowest price to the consumer and the greatest level of production.

It is an amendment that seeks to insure a competitive future for the development of energy resources.

It is an amendment that seeks to protect those remaining independent sectors of the energy industry from further absorption by the major oil companies.

It is an amendment that seeks to prevent the major oil companies from deciding on the course of research and development and commercialization of new forms of energy.

It is an amendment that ultimately aims at protecting the American consumer from the danger implicit in the major oil companies acquiring effective control over the prices and levels of supply of all domestic energy.

I have heard many of my colleagues express concern over the possibility of nationalization. If they truly fear that development, this amendment is perhaps the most effective safeguard against that occurrence, for in the future, the accelerated trend of major oil company acquisitions that we already have seen, coupled with the growing sense of impotence by the public against the decisions of those companies, will surely lead toward a pressure for nationalization. The reassertion of competition within the energy industry is the single alternative to nationalization that is available to us.

During the past decade, it has become alarmingly clear that the major oil companies—operating through a network of cooperative and interdependent ventures, have lessened the amount of competition in the oil industry and in alternative energy industries.

The trend observed by the Senate Antitrust Subcommittee during its long investigation of the petroleum industry only confirms the increasing spread of major oil company influence over every energy resource in America.

In the course of that investigation, the subcommittee heard the testimony of Dr. Willard Mueller, of Michigan State University, a former director of the Bureau of Economics at the Federal Trade Commission. He stated:

> Most ominous in the long run is the control acquired by the major oil companies over competing energy sources. Not content with the dominance over petroleum, these firms have embarked on an apparently systematic effort to gain a foothold in substitute fuel by buying up coal and uranium companies, and by leasing government oil shale lands.

Other witnesses before the Senate Antitrust Subcommittee have warned of the enormous consequences for public policy of this increasing control by the major oil companies over all energy resources.

They note that the oil industry is itself less than competitive with joint ventures in exploration, in leasing, in production, and in transportation.

They view with alarm, as I do, the duplication of that situation in coal, in uranium, in geothermal energy, in solar energy. For at that time, there will be enormous institutional barriers within the industry restricting and restraining competition.

Unless action is taken now, the petroleum industry, and the dominant players within that industry, will be the primary policymaking body governing and enforcing the energy policies of this country according to their interests.

The choice over what levels of supply of the different fuels, and at what price, will be determined by the same corporate decisionmakers. They will arrive at their decisions in terms of the best interests of the energy conglomerate, and the public and the American consumer will be the loser.

Our Nation's steel mills, chemical plants, paper factories, textile, and shoe manufacturers will find themselves dealing with the same firm, the same corporation, whether they want to buy oil, or coal, or solar heating equipment.

As we in the Congress grapple with the need to formulate a coherent energy policy—the past decade's events demonstrate that the leaders of the petroleum industry already have proclaimed their own "project independence" policy.

That policy is based on guaranteeing the petroleum industry's independence from public regulation. That policy is based on achieving independence from the threat of competition from coal, uranium, and the new forms of alternate energy. That policy is based on guaranteeing that no effective independent energy source will pose any danger to internally established production levels and industry established price levels.

According to a 1971 House Special Subcommittee of the Select Committee on Small Business, this growing trend toward concentration in the alternative energy market by the oil giants will result in the dwindling of available fuel supplies, the maintenance of artificially high price levels, and the eventual reduction in the number of competing energy interests, through further mergers, acquisitions or bankruptcies.

The Federal Trade Commission, in its 1974 staff report on "Concentration Levels and Trends in the Energy Sector of the U.S. Economy" made similar findings of the growing concentration in the energy industry.

COAL

The systematic effort to acquire alternative energy sources is nowhere more prevalent than in the rush of the majors to gain control over all facets of coal production.

Since Gulf Oil's acquisition of Pittsburg & Midway Coal Mining Co. in 1963—the coal industry has come more and more under the direct control of the petroleum industry.

Oil companies held sway over only 2 percent of the Nation's coal production in 1963. By 1970, the oil industry accounted for 25 percent of that production. And that figure has been sharply increased by recent acquisitions.

A recent analysis by George Washington University economists found the oil companies responsible for 42 percent of the 40-odd coal company acquisitions since 1970. Not surprisingly, it was usually the larger companies that fell beneath the control of the major companies.

The latest acquisition this summer is illustrative. Standard Oil of California, the Nation's fourth largest oil producer, acquired Amax Coal Co., the fourth largest coal producer, with some 22 million tons of coal production in 1974.

Such acquisitions have already produced damage to consumers. A 1971 American public power association study found coal prices stable during the 1960-65 period. By 1969, the price of steam coal had advanced 22 percent above the 1960 level even though coal production rose 35 percent, by early 1970, the study found that coal prices had jumped another 35 percent and by the end of the year, coal prices were 60 percent above the 1969 level.

Nor was it declining coal production which was the answer since coal production was 5 percent higher in 1970 than in 1969. The American Public Power Association concluded that:

> The most recent movement of coal prices indicate a strong relationship to the comparative price of oil for the same period.

And according to additional information supplied by the Federal Power Commission for the report:

> It is unlikely that this large a price increase can be accounted for by real cost increases in production. A more likely explanation is that oil companies—able to charge higher prices for oil—decided to raise coal prices through their control of subsidiary coal interests.

A similar conclusion came in the most recent George Washington University study for the American Public Power Association. They also found that in recent years, the likely increase in price should have produced an increase in the quantity of coal offered for sale.

"This is not, in fact, the case, for production in 1971, 1972, and 1973, was lower than production in 1970." Professors Bennett and Barth of George Washington University found.

They noted that the decline in production could not be explained by "any incapacity to produce more coal." Rather they found that there is a suggestion "coal producers restricted output to further drive up prices and profits."

And later they argue that a key element is growing concentration of ownership by the major oil companies and "This increased concentration of ownership of not only coal but all energy is likely to result in reduced competition among the four major fuels—oil, gas, coal, and uranium—with a consequent rise in all fuel prices."

Of the top 15 coal producers in 1973, five were oil companies.

First. Continental Oil acquired Consolidated Coal Co., in 1966 when Consolidated was the Nation's leading coal producer. Today it is No. 2.

Second. Occidental Petroleum, acquired the Nation's No. 3 coal producer in 1968—Island Creek Coal Co.

Third. Standard Oil of Ohio, SOHIO, acquired Old Ben Coal Co., in 1968.

Fourth. Gulf Oil Co., acquired Pittsburgh & Midway Coal in 1963.

Fifth. Standard Oil of California acquired Amax Inc. this year, the Nation's fourth largest coal producer.

Six oil companies, which own a combined total of 23.3 billion tons of coal reserves have continued to obtain greater coal acquisitions in recent years. They include:

First. Continental Oil-Consolidated Coal, 8.1 billion tons.

Second. Occidental Petroleum-Island Creek Coal, 7 billion tons.

Third. Gulf Oil-Pittsburgh & Midway, 2.6 billion tons.

Fourth. Kerr-McGee, 1.5 billion tons.

Fifth. Standard Oil of Ohio-Old Ben Coal, 0.8 billion tons.

Sixth. Exxon-Monterrey Coal, 7 billion tons.

By 1970, according to the Ford Foundation study of the 25 largest petroleum companies, 11 had acquired interests in coal production.

A 1974 report published by the Council on Economic Priorities, found that five oil companies alone—Continental, Shell, Sun Oil, Gulf, and Arco are among the top 15 leaseholders which control 70 percent of the federally leased recoverable coal deposits.

Nor does this acquisition of competing resources only involve threats to the available coal supply or the level of price.

The Subcommittee on Special Small Business Problems in the House concluded:

> As a result of oil company acquisition of coal company interests—a substantial portion of the federally funded research and development of synthetic fuels has come under the corporate control of the oil industry.

The subcommittee cited the danger of declining interindustry competition resulting in a delay in the development of new technology.

Thus, the study prepared for the American Public Power Association stated:

> Furthermore, now that the large petroleum firms have acquired significant interests in the coal industry, they have less incentive to pursue any technological advances in coal which represent a threat to their oil and gas operations.

This Nation's last best hope for meeting its energy needs may well rest on the full development of our vast coal reserves on an orderly, intelligent basis, using the latest technology. It would be tragic for the decisions on the timing and pace of development to be controlled by the major oil companies.

URANIUM

However, the thrust of the major oil companies across the boundaries of the oil and natural gas fields into other fuels has not stopped with coal.

The nuclear power industry is one more energy industry that has become more and more a subsidiary of the petroleum industry.

The method has been through merger and acquisition, according to the Senate Antitrust Subcommittee, the following petroleum company acquisitions of nuclear energy firms reflect the characteristic movement.

Gulf Oil acquired General Atomic, then a division of General Dynamics, in 1967. Atlantic-Richfield entered the nuclear fuel business by acquiring Nuclear Materials and Equipment Co. Getty Oil entered the field by acquiring nuclear fuels service.

By 1970, 17 oil companies accounted for approximately 55 percent of the drilling and controlled 48 percent of the known low-cost uranium reserves with approximately 28 percent of the uranium ore process capacity. In 1972, according to the FTC staff report, four oil companies, Exxon, Gulf, Getty, and Kerr-McGee, controlled 35.7 percent of the Nation's uranium milling capacity.

ERDA's raw materials division reported in 1975 that 10 companies own 80 percent of the Nation's uranium reserves and of those, five of the top six are oil companies—Continental Oil, Gulf Oil, Kerr-McGee, Exxon, and Getty Oil.

Similar testimony has come from Dr. Dixy Lee Ray before the Senate Interior Committee. She stated:

> In 1972, fifteen oil companies were engaged in exploratory drilling for uranium . . . oil companies performed 53 percent of the 15.4 million feet of drilling that year . . . oil companies currently control 50 percent of U.S. uranium ore reserves.

If nuclear power holds the potential for reducing reliance on fossil fuels and lowering the cost of electric power, the major oil companies clearly have moved to insure permanent leverage over the pace of competition from that industry.

GEOTHERMAL

Geothermal energy is another potential competitor of the fossil fuels and again one finds the steady tightening of control by the petroleum industry giants over leases, reserves, technology, and production.

Geothermal energy, according to a 1971 Joint Economic Committee report, has enormous potential. The committee concluded—

> Estimated costs of geothermal plans and operating costs vary, but all the estimates indicate that they are less than those from nuclear power, and coal, although slightly higher than from hydro power. Production of electricity from geothermal energy is, therefore, the lowest cost of any known method of producing electricity.

The Los Angeles Times cited the increasing control by the major oil companies over this additional competitor in a November 11, 1974, article. The article stated:

> The major American oil companies are rapidly coming to dominate the nation's geothermal resources . . . of 40 tracts of public land, totaling more than one million acres, offered for geothermal exploration and development by the Bureau of Land Management between January and September 1974, 27 drew one or more competitive bids—and 23 were won by major oil companies.

On January 22, 1974, the Department of the Interior for the first time put up for bid leases for geothermal resources on Federal lands. The top bid of $4.5 million was offered by Shell Oil Co. for 3,874 acres in the Geysers, one of the Nation's richest geothermal areas, 75 miles north of San Francisco.

In California, actual experience demonstrates that oil companies carefully prevent geothermal energy from becoming a competitor. Thus, the price of energy supplied to San Francisco from geothermal sources is pegged specifically to the price of oil.

Regardless of its low cost, which a 1973 Joint Economic Committee staff report again asserted was "the lowest cost of any known method of producing electricity," consumers are denied the benefit that might result by oil company control.

Once again, here is a clear example that alternative energy sources that compete with oil will not be allowed to provide benefits to consumers if the major oil companies can continue to maintain control over their supply and pricing.

SOLAR

Solar power generation promises to be yet another source of energy for our Nation. Already, other countries have begun developing the technology necessary to harness this inexpensive source of power from the Sun.

In our own country, some experimental homes are heated and fueled by solar energy shields. The prospect for cheap solar energy is jeopardized, however, since petroleum companies once again have entered this market through the acquisition of solar energy development interests.

At least four of the Nation's largest oil companies recently have acquired solar companies or have entered the research and development field in solar energy.

In my own State of Massachusetts, for example, Exxon has purchased Solar Power Corp. Between 1970 and 1974, Exxon spent $3.2 million on solar energy research.

Mobil Oil spent $30 million in 1974 to purchase Tyco Labs, a small independent company which had contracted with the National Science Foundation to develop solar technology.

The Shell Oil Co. also has entered the solar energy market through the purchase of the solar energy system. And Gulf Oil Co. is developing a solar energy program through its Gulf Atomics Subsidiary.

While these acquisitions do not yet compare to the major companies' control over other energy sources, the intent to corner the market on solar energy production appears well on its way to being fulfilled.

The tables that we have distributed demonstrate the predatory spread of the major oil companies. Their activities are not unusual or immoral. They are the logical expression of a private corporate interest seeking to protect its profits and to insure that its future corporate development is secure, acquiring controlling interests in competitors is by no means a new phenomenon.

But just as it is not a new phenonenom, nor is the legitimacy of governmental action to protect the public interest a new concept.

The Clayton and Sherman Antitrust Acts are classic examples of legislative action to protect the essential nature of competition within the different sectors of the American economy.

Nor does the thread of history stop there.

The Congress passed the Public Holdings Act of 1935 to require the divestment by conglomerates of either gas or electricity distribution facilities as well as other nonutility-related activities—such as oil and coal resources.

The Congress also passed the McKellar-Black Air Mail Act of 1934 to require firms, including General Motors, to divest themselves of either air carriers or aircraft manufacturing facilities.

The Congress also had previously passed the Hepburn Act of 1906 to require that railroads divest themselves of coal production.

And the Congress also passed the Glass-Stegall Act of 1932 which directed financial institutions to divest themselves of either commercial or investment banking activities.

These actions reflected a determination on the part of Congress that preservation of competition within the marketplace justified legislative action.

I believe that the activities of the major oil companies which I have described demonstrate the threat facing the Nation as it looks uneasily toward the character of its future energy supplies. And I believe this amendment removes that threat. I urge its adoption. I ask unanimous consent to have printed in the Record a fact sheet on my amendment, a chart showing holdings in various fuels by the major oil companies, and UMW testimony and charts on oil company encroachment into the local industry.

There being no objection, the material was ordered to be printed in the Record, as follows:

Horizontal Divestiture Amendment No. 963 Factsheet

WHAT DOES AMENDMENT NO. 963 DO?

This amendment requires the 20 largest domestic producers of crude petroleum to divest their assets in "other energy companies," except natural gas, within three years of enactment. A plan for divestiture must be submitted to the FTC by these 20 companies within one year of enactment. "Other energy companies" would include operations involving the production, refining, storage, transportation, distribution or sale of coal, uranium, geothermal or solar power or any other method of furnishing energy from a source other than oil and natural gas.

This amendment does not require any changes in a major producer's oil and gas operation and it does not affect any energy related companies other than the top 20 domestic oil producers.

WHY RESTRICT HORIZONTAL ACQUISITIONS?

A pattern has emerged displaying major oil and gas companies' accelerated expansion into reserves and production of other energy sources. The rate of these acquisitions has significantly increased in the seventies and threatens to impose decisive control over the entire domestic energy picture. A 1974 FTC Report stated, "the general pattern of inter-fuel diversification displays a movement of petroleum producers into coal and uranium production. Control over supply in the latter two markets can have an important influence on final product prices as well as on the place of technological change." (p. 20)

In 1962 the oil industry accounted for 2% of total production. In 1970 it had risen to 25% and it is higher today. Just a few months ago, Standard Oil of California acquired AMAX, the fourth largest coal producer in the nation. Further, oil company control over coal reserves has been on the sharp incline and now amounts to over 35% of the reserves. These oil companies own over 50% of the uranium reserves and 25% of the uranium milling capability. They control virtually all federal oil shale leases, over 52% of the geothermal leases and their activities in the solar field have increased markedly. The attached chart details the holdings of each company to the best extent possible—a great deal of the relevant information being "proprietary" and hence not accessible to the public.

The consequences of permitting this increased control over all energy resources to continue are enormous. The future and complexion of domestic energy policy, the pricing of all fuels and the technological development of alternate energy sources, would be substantially influenced, or dominated, by decisions of the major oil companies and by the reduced competition brought about by their concentration of ownership.

ARE DIVESTITURES FEASIBLE?

The corporate mechanics for horizontal divestiture are no different from those for vertical divestiture, and it has been pointed out in earlier debate that divestitures are not uncommon procedures and would most likely be accomplished through spin-off. Divestitures occur frequently on a voluntary basis. Further, there are many examples of agency and court ordered horizontal and vertical divestitures, such as the FCC order involving common ownership in broadcast and newspaper media and the circuit court order requiring Kennecott Copper Company to divest control of Peabody Coal Company. There have been at least four prior acts of Congress which mandated divestiture, namely the Public Utility Holding Company Act, the McKellar Black Air Mail Act, the Glass-Steagall Act and especially the Hepburn Act, which forced the railroads to divest their coal and other production businesses.

WHY CONGRESS MUST ACT

Because of the significant public policy question involved here, it is incumbent on the Congress to act through legislation such as Amendment No. 963. The anti-trust laws must look at each case individually. They cannot look at the overall picture. That picture tells us that the major oil companies have exerted an inordinate influence over oil and gas pricing. It tells us that as these same companies acquire interests in other energy sources and they are all doing so, both individually and in joint ventures, price and technological manipulation in these other energy sources are inevitable.

WHY AMEND THE GAS BILL?

This amendment is a perfecting amendment to the Pearson-Bentsen Amendment. If the Pearson deregulation provision were to pass, it should be framed in such a way as to protect the consumer and insure a competitive market place to the greatest possible extent. For the factors outlined earlier, horizontal divestiture by the major oil companies is the single most important step to assure this.

EXCLUDES SHIPPING, PIPELINES, OCS AND OTHER VERTICAL INTEGRATION

	Source 1973 Moody's	1971 Source JEC 1973 Source Moody's	Source Moody's	Source for Production FPC; for sales Moody's	Source Moody's	Source Moody's	Source Moody's	Source Moody's	Source Moody's Haskell's Interior Subcommittee Findings	Source Interior	Source Haskell's Findings	Source Keystone & Moody's	Source Moody's	Source Keystone & Moody's	Source Keystone & Moody's	Source Interior Department			
Largest oil companies (ranked by assets)	Oil and NGL reserves	Oil production 8/D North America (crude & NGL)	Gas reserves (U.S.)	Gas 73 production or sales	Uranium company name	Uranium reserves	Uranium production	Uranium milling	Areas of oil shale reserves in Federal leases	Federal geothermal leases	Solar ventures	Producing coal company names	Coal reserves (billion T)	1971 production (million T)	1973 production (million T)	Federal coal leases (acres)	Production from Federal leases T/Y	Gasification plants (demonstrator)	Largest oil companies (ranked by assets)
Exxon	5,165 mm bb.	(71) 1,073 mm, (73) 1,084 mm.		5,758 mmcf/d (sales).	Jersey Nuclear, Exxon, Nuclear Industry.	Yes	Yes	2,000 T/D	10,550 A		Solar Power Co.	Carter Coal, Monterrey Coal.	7	1.2	2.7	15,490.5		Yes	Exxon,
Texaco	3,408 mm bb.	(71) 940,000, (73) 867,000.		4,516 mmcf/d (sales).					27,470 A				1.65						
Gulf	9,142,456 A.	(71) 592,300, (73) 519,800.		2,476 6 mmcf/d or 1,226,546 mmcf in 1973.	General Atomics, General Atomics International, Allied Gulf, Nuclear Services, Gulf Mineral Resources Co.	Yes	Yes	Yes	8,300 A		Gulf General Atomics Subsidiary.	Pittsburgh & Medway.	2.6	7 (22,100 T/D).	8	9,431.72			Gulf.
Mobil	1,416,000 A. (proven).	(71) 389,000, (73) 380,000.		3,053 mmcf/d (includes Canada).					19,280	10,367 A	Tyco Labs					4,000			Mobil.
SoCal	7,059,000 A.	(71) 536,000, (73) 509,400.							40,950	15,680 A									
Std. Ind	2887 mm bb.	(71) 469,000, (73) 511,000.	250 BCF	3,935 mmcf/d.					2,790										
Shell	2 bil. bb.	(71) 629,000, (73) 199,856,188/y.	7.4 TCF						6,180	3874 A	Solar Energy Systems.					17,728.23 (1970 study) present disposition uncertain.			Shell.
ARCO	2098 mm bb.	(71) 433,200, (73) 432,700.	8026 BCF	1,986.9 mmcf/d	Nuclear Materials & Equipment Co. (NUMEC).				22,300				2.2			19,145.98			ARCO.
Phillips	6,792,000 A.	(71) 265,500, (73) 308,000.		Yes, not available.					10,240 (min. jt. venture).	18,872						21,339.97 (1970 study).	134,278		Phillips.
Sun	980 mm bb.	(71) 275,856, (73) 227,706.	53 TCF (includes North Sea).	1523 mmcf/d sales.	Sun				10,240 (minimum joint venture).							21,239.97 (GAO registers 14,679.9 acres).			Sun.
Union	1020 mm bb.	(71) 362,600, (73) 378,300.	7.726 billion cf.	1466.3 mmcf/d.					29,630	11,593 A (+15,000 A private).									
Occidental	15903 mm bb.	(73) 3,565,000/y.	170.4 billion cf.	23,961 mmcf/y.					Private	382		Nat. Coal Mng (w/ Nat. Steel Beatrice Pocohantas (w/Rep. Steel), Island Creek. Va. Poc, Maust.	3.5						
Cities Service	886 mm bl (N. Amer.).	(71) 218,600.	13.2 TCF	90,660 MCF/D.					9,000				4.43	22.8	22.9				
Getty	15,007,000 A.	(71) 315,000.			Nuclear Fuels Services (with Skelly & Kerr McGee).	213,063 lb. of u; 47579T of ore. Yes.		Yes	24 300 (+5,500 private).	6,860									

EXCLUDES SHIPPING, PIPELINES, OCS AND OTHER VERTICAL INTEGRATION—Continued

Largest oil companies (ranked by assets)	Source 1973 Moody's Oil and NGL reserves	1971 Source JEC 1973 Source Moody's Oil production B/D North America (crude & NGL)	Source Moody's Gas reserves (U.S.)	Source for Production FPC; for sales Moody's Gas 73 production or sales	Source Moody's Uranium company name	Source Moody's Uranium reserves	Source Moody's Uranium production	Source Moody's Uranium milling	Source Moody's Haskell's Interior Subcommittee Findings Areas of oil shale reserves in Federal leases	Source Interior Federal geothermal leases	Source Haskell's Findings Solar ventures	Source Keystone & Moody's Producing coal company names	Source Moody's Coal reserves (billion T)	Source Keystone & Moody's 1971 productions (million T)	Source Keystone & Moody's 1973 production (million T)	Source Interior Department Federal coal leases (acres)	Production from Federal leases T/Y	Gasification plants (demonstrator)	Largest oil companies (ranked by assets)
Sohio	884 mm bb (excludes Alaska).	(71) 28,449, (73) 29.294.	302.5 billion CF.	110.113 mcf/y.	Sohio	Yes	1,000 T/D	1,000 T/D	18,590 (+25,410 A priv.).			Old Ben		10.5	10.8				
Pennzoil	108 mm bb.	(73) 46,538.	1.627 billion CF.	675 mcf/d.															
Signal		(71) 41,280.								876									
Marathon	Oil and gas 2662 mm bb gross 1080 mm bb net.	(71) 18,929.9 (73) 63,704, 230/y.	2.4 TCF						760										
Amerada Hess		(71) 98,306, (73) 92,201.		427,596 mcf/d.								Farco, Eades, Southern Ill., Arch Coal, Arch Min. Corp., Walker, Fayette.							
Ashland	62,214 mmbb.	(71) 31,072 (73) 24,000.	1,120 billion CF.	282 mmcf/d or 102.8 billion mcf/y.					5120 (minimum joint venture).				6.5 1.6 9.4	12.5	12.7	4221.47			Ashland.
Kerr McGee		(71) 37,216.			Petro tomics (50%), Kerr, Nuclear-Fuels (with Getty & Skelly).	Yes	Yes	7000 T/D total.				Choctaw Coal Mng. Co., Kerr McGee Coal Co.	1.5			10,568.55			Kerr-McGee.
Superior		(71) 38.455, (73) 64,254.		978,030 mcf/d or 34,420 mmcf/y.					7,260										
Coastal States.	44,521 mmbb.	(71) 28,187, (72) 10,027.	1,327,979 mmcf.	54,117 mmcf/y.															
Murphy		(71) 52,085.		70,938 mcf/y.															
Skelly-Tenneco.	Yes		Yes		Nuclear Fuels (with Kerr McGee & Getty).	Yes	Yes		1,180	Yes						25,098.72			Skelly-Tenneco.
El Paso Natural Gas.		(71) 58,426.														27,018.72			El Paso Natural Gas.
Continental	5,958,000 A gross.	(71) 213,000, (73) 219,000.		915 mcf/d (sales).	Conoco	365,000 A net 450,000 A gross.			10,240			Bishop Coal w/ Indiana Steel; Consolidation Harman Coal (with Wheeling Steel) Itman Coal w/Nat'l Steel; Mathies Coal w/Nat'l. Steel.	10.8	54.8	60.5	64,198	14,298	Yes (Conoco).	Continental.
Percent of control	94 percent.	60 percent.	72 percent.	72 percent.		50 percent.	50 percent.	51.5 percent.	Virtually 100 percent.	52 percent.	NA		30 percent.	20 percent.	20 percent.	20 percent.	NA		

Statement of UMWA Secretary-Treasurer, Harry Patrick on S. 489 Presented To the Senate Judiciary Subcommittee on Antitrust and Monopoly, October 21, 1975

I appreciate the opportunity to appear here today on behalf of the United Mine Workers of America. We strongly support S. 489—the proposed Interfuel Competition Act of 1975—and we urge Congress to enact this legislation without delay.

The Research Department of the UMWA has compiled detailed information supporting my testimony, and I will offer that information to you for your consideration. In my spoken remarks here today, however, I will attempt only to summarize our principal points, because I want to be brief and straightforward with you.

In the past two or three years, Congress has heard millions of words of testimony dealing with our domestic energy problems. I see no point in going over ground that you already know well. In any case, I think the issue that S. 489 deals with is basically a very simple issue, and can be stated in a single sentence:

To the greatest possible extent, the people of this country should control their own energy resources.

Stating that same proposition another way, S. 489 recognizes that a handful of giant corporations have effectively assumed control of most of our energy resources. These corporations are not accountable to us. They set their own timetables, make their own commitments, exercise great influence over the prices we pay for their products, and control the future availability of those products.

They have, in short, created a colossal energy cartel. In doing so, they have violated the basic principles of competition which Congress sought to protect in passing the Clayton and Sherman Anti-Trust Acts. At the same time, the agencies which were created to prosecute violators of the anti-trust laws have conspicuously failed to do so.

In the brief span of twelve years, the oil industry has substantially taken over the coal industry. During that time, the Justice Department and the Federal Trade Commission have been asleep. Mergers which should have been blocked at the outset have been completed, and conventional efforts to undo the damage would take decades to complete—even if the outcome were clear. We need the more direct approach which S. 489 provides.

I don't propose to discuss anti-trust philosophy at length here. I am neither a lawyer nor an economist. But I think we can approach this subject from a viewpoint grounded in simple common sense.

In order to be able to break up a merger under the terms of the Clayton Act, you must be able to demonstrate that the effect of the merger "may be substantially to lessen competition, or to tend to create a monopoly."

Let's look at that language as it applies to resources. Our reserves of oil, coal, natural gas, and uranium are finite. We have only so much, and then there's no more. If I have a hundred apples and you grab up forty of them, I may not be able to prosecute you under the Clayton Act because you can argue that the tree will always produce more. I am free to gather them as best I can and sell them in competition with you. That's fine (unless you own the trees, too).

But the coal that lies in the ground beneath our feet is a known quantity, and when it's gone, there's no more where it came from. There are practical limitations on how much of it can be dug up at any one time. There are limitations on transporting it and burning it. The amount of oil and gas we have is finite. These resources, too, are subject to limitations of production, transportation, consumption.

If I can get control of all the available apples—and make sure that future apples will be produced only by trees that I own, at a rate that I can control—I have effectively reduced competition in the apple market and created a monopoly. In real life, things are not so simple, but S. 489 recognizes the principle that control of competing, interchangeable, finite fuel resources does in fact lessen competition and does in fact create a monopoly—a monopoly which cannot be defended on the basis of need or practicality, as in the case of public utilities.

The acquisition of coal companies and reserves by oil companies has sharply accelerated the trend toward monopoly control of energy. If these companies are permitted to continue consolidating their control of these resources, the consequences are clear: first, from the standpoint of price there will be no such thing as "competing" fuels—they may be interchangeable for each other, but the basic price structure will be established in a handful of corporate executive offices, far beyond the reach of even the most outraged consumer; and second, these companies will block the development of any true national energy policy based upon what the public needs, wants, or deserves.

The record has already been written to support these charges. The increase in oil prices that has plagued this nation since 1973 has been very closely followed by coal prices. The coal industry has not been grabbing business away from the oil industry; they are too closely intertwined for that. And we are no closer to a national energy policy than we were twenty-five years ago. In fact, we are farther than ever from that goal, because the economic and political resources of the United States are even more concentrated than at that time.

We have a long memory in the United Mine Workers of America. We remember the time—only a generation ago—when three hundred thousand coal miners lost their jobs as a result of crude oil and natural gas substitution for coal. They lost their jobs partly because the oil companies flooded the country with cheap oil from the Mideast. They also lost their jobs because the oil industry had a monopoly on coal conversion technology, and chose to retard that technology rather than advance it.

Did the oil industry worry at that time about coal miners? Did the oil companies care about economic dislocation? Not hardly. The oil industry used its influence at that time to disrupt and very nearly destroy the coal industry and all who worked in it. The industry has not changed in one respect. Its political influence is frightening. Against this influence, public goals such as environmental regulation, coal mine health and safety, and low fuel prices could give way—and in many instances already have. Multinational energy companies can effectively undercut national policies by shifting capital investment among their various energy resources around the world. Whether the public policy is something called "Project Independence" or environmental protection, the multinational energy corporations can effectively withhold production and capital investment until the most favorable conditions are created for them.

In considering the need for adoption of S. 489, I would ask you to bear in mind the following basic points:

(1) Between 1948 and 1963, the oil and gas industries effectively destroyed the viability of the coal industry, particularly from the standpoint of the coal industry's ability to raise capital. The oil producers then began acquiring producing coal companies, giving the oil and gas companies an increasing degree of control over current coal production, and effective leverage in the area of supply availability and price.

(2) In addition to purchasing operating coal companies, oil and gas companies also acquired vast coal reserves, giving them a large degree of control over future production. Much of this reserve tonnage was acquired from the federal government, through very favorable bidding processes that suggest the presence of political influence at every level.

(3) The oil companies tell us that oil money will be used for investment in the coal industry to increase production. The financial records of the oil companies that now have coal divisions indicate that this has not happened, and that, in fact, the coal divisions of the oil companies are currently more profitable than the oil companies themselves.

(4) The oil industry—the same industry which advertises its enthusiasm for the production of synthetic fuels from coal—has actually retarded the development of coal conversion technology since the 1930's, when coal was a competitor, and now embraces the idea of synthetic fuels only because it is no longer threatened by such development.

(5) In the next decade, both coal and oil will continue to be used to produce such diverse products as fertilizers, medicines, plastics, and chemical feedstocks. Monopoly control of resources used in these industries will disrupt the price structures of the product dependent upon them—including the price of the food we eat—and will lead to increasing monopoly control of those industries as well.

(6) Economic concentration produces concentration of political influence, and poisons the political process at every level. An industry which can funnel $6 million into the campaign coffers of a Presidential candidate (as the oil industry did in 1972) can exercise considerable control over appointments. An industry which looks to Wyoming for future production of coal can see that a former Wyoming Governor is nominated as Interior Secretary. Far less visibly, that same industry can insure that the underlings and deputies who are charged with enforcement, regulation, and administration do their jobs to men watching them from corporate boardrooms.

(7) The process of economic concentration continues while we debate its significance. Most recently, Standard Oil of California acquired effective control of Amax, Inc., a producer of multiple resources which already ranks fourth in coal production. In combination, Amax and SOCAL could become a dominant force in coal and oil production, synthetic fuels, fertilizers, and the petrochemical industry. With the acquisition of Amax stock by SOCAL, we are faced with the fact that all of the nation's largest oil companies are now actively producing coal, acquiring reserves, developing reserves toward future production, or all three. To permit this trend to continue, unchallenged, is not in the national interest.

I'd like to conclude with a blunt observation about the need to get on with the job. To make my point, I want to recall for you some of the testimony you heard back in June from Peter Max, Vice President of National Economic Research Associates, Inc. He reviewed the acquisitions which oil companies have made across the energy resources board, and concluded that "they may be viewed as classic horizontal integration on a scale comparable to the formation of the trusts in the latter decades of the nineteenth century. In short, the oil companies, portraying their activities as efforts at diversification, are in fact systematically acquiring their competition."

A statement like that, coming from a respected authority, ought to make us all sit up and take notice—and more. If we are to learn anything at all from our history, it should force us to the conclusion that there is no such thing as a benign trust. No matter how much they spend on the cosmetics of public relations, no matter how friendly or anonymous their presidents and directors may seem compared to the tyrants of the last century, the fact remains that trusts and cartels are a cancer. We can't live with them.

I grew up in the coalfields. I know what it was like to live in a community that was owned lock stock and barrel by an energy company. I used to owe my soul to the company store like most coal miners. I can see the day coming when every American will owe his soul to a company store—and if we all sit back and let that happen, we'll have nobody but ourselves to blame when it does.

It's unfortunate, I think, that Mr. Max, having accurately described the oil companies as today's great trusts, then went on to say that he thought S. 489 was too blunt an instrument for the job at hand. He would prefer, he said, to review the situation again and see whether Section 7 of the Clayton Act is not, in fact, adequate. There is a dangerous paradox here, and I'm surprised he missed it—if he did. Section 7 of the Clayton Act doesn't break up mergers by itself. The job has to be done by hardnosed governmental bodies—the Department of Justice or the Federal Trade Commission. What happens when they fail at their jobs? Continental Oil acquired Consolidation Coal back in 1966. Neither agency has challenged the merger, or any of the major mergers that have taken place since then between oil and coal producers. In such a situation, I believe that Section 7 has had its teeth removed—and we are all in danger as a result. I think it may be worth recalling that David did not stop Goliath with a restraining order or a protracted investigation of his strength.

In breaking up the trusts that are being built today, we all have a job to do. Citizens must make their voices heard and Congress must listen to those voices. As a union of coal miners—whose members both supply the raw energy that fuels this country and also consume that energy, paying highway-robbery prices to the energy cartels—we must do our part. We have committed time and resources to investigating the oil industry mergers on our own after reluctantly concluding that the job was not being done thoroughly elsewhere.

Currently, we are actively investigating the circumstances surrounding the acquisition of more than 20 percent of the stock of Amax, Inc., by Standard Oil of California in June of this year. At the time of this merger, both companies were involved in oil production, minerals production, fertilizer production, and other areas of overlap. Amax was the fourth largest coal producer with extensive reserves under lease. California Standard also had extensive reserves under lease—some of them adjoining Amax's. Both companies were positioning themselves to take advantage of the market for synthetic fuels that will become significant in the next five to ten years. Logically they would have been either competitors in this area, or Amax would have been a supplier and Cal Standard a customer. Now, it is clear that they will work together—and any possible benefits of competition will be lost to the energy-users of America.

Our investigation suggests strongly that both companies have worked more closely on the development of leases than the law allows—or should allow—and that further investigation could demonstrate a degree of collusion that makes a mockery out of competitive bidding on federal and Indian coal lands. The further we dig, the more strong is the smell of something rotten. We have compiled detailed information on our findings thus far and will meet with the Federal Trade Commission later this week to share our information and urge the FTC to commit its full resources to a comprehensive investigation of individual company practices and the whole area of leasing.

Let there be no misunderstanding, however, I respect the integrity of the staff people at FTC and I respect their dedication to their work. But the job of breaking up cartels is, I believe, beyond the scope of an under-funded, under-staffed commission subject like any other commission to having its priorities ordered by the political process. It is primarily for that reason that we strongly support the much more blunt approach of S. 489.

S. 489 by its directness and simplicity affirms Congress' clear right to legislate policy without having to delegate implementation of that policy to agencies either reluctant or unable to do the job. Recognizing the impact of the oil cartels on competition, recognizing the clear and present danger presented by the monopolies which have already been created, S. 489 flatly prohibits oil and gas producers from acquiring coal businesses, and forces those companies that have done so already to get rid of their holdings within three years. The scope of the divestiture involved suggests that the three-year time period is impracticable—we would suggest five years as being more realistic—but we applaud the intent of the bill and the effect it would have, and on behalf of the United Mine Workers of America I urge its prompt consideration and adoption by Congress.

Acquisition of Coal-Producing Companies by Oil Companies: Principal Developments 1963–75

Oil companies began to enter the coal industry in 1963 with the acquisition of Pittsburg and Midway Coal Company by Gulf Oil Corporation. This acquisition was followed by a decade and more of takeovers, many of which were facilitated by a favorable I.R.S. ruling that permitted much of the consolidated company's income to be shielded from federal income taxes. For oil companies like Gulf, however, the new acquisitions did not bring a significant increase in corporate income. The purpose of the acquisitions were for long-term speculation and control of the spectrum of energy resources. As securities analyst A. D. Silber of Dominick and Dominick, Inc., noted at the time:

". . . Gulf should enjoy a much higher long-term growth rate based on non-conventional energy development compared with other oil companies. A large-scale effort has been made by Gulf to capture an important segment of energy sales which are potential to the nuclear and coal industries. Other large investment commitments have been made to secure shale and tar sands properties. Based on the programs and investments which Gulf has initiated to date, the company has achieved the premier position among major oil companies in non-conventional fuels. Revenues from these various interests could total several billion dollars annually by the early 1980's."

The next major acquisition of a coal producer occurred in 1966 when Continental Oil Corporation acquired Consolidation Coal Company. At the time, there was much agitation over the anti-trust implications of the merger. But according to Donald Turner, the head of the Justice Department's anti-trust division, the government could not find sufficient overlap of Consolidation and Continental fuel markets to rule that the acquisition was anti-competitive. The Justice Department conveniently ignored the substitutability of steam coal and residual fuel oil and the potential competition of coal derived petroleum products with those from oil.

Even though Consol was the largest coal company at the time (it is now number two), Continental acquired Consol for speculative purposes and for the long-range energy shortage period when non-oil fuels whould be important. In the words of C. Howard Hardesty, Jr., then executive vice-president of Consol, and now senior vice-president of Continental:

"Continental acquired the Consolidation Coal Company, I think, for a whole series of reasons, the most important of which I think would be the fact that it recognized at the time that the supplying of energy to this nation just would not turn around solely on oil or gas, but would certainly rely to an ever-increasing degree on coal and coal conversion to synthetic gas and liquids . . ."[1]

With promises that the Consol/Continental merger would aid the development of coal conversion processes and would thereby help bring capital to a capital-poor industry while making this country less dependent on mideastern oil, the Justice Department opposition faded. Equally as significant in terms of future development trends was the permission granted by the Internal Revenue Service for Continental to use what is called an "ABC transaction" to acquire Consol. The ABC financial arrangement permitted Continental to acquire Consol with very little capital and served to shield future income from taxes.

Following the precedent established by Continental Oil, Occidental Petroleum, the nation's thirteenth largest oil producer, bought Island Creek Coal Company, the third largest coal producer, in 1968. Occidental then quickly purchased Maust Coal Company, the thirteenth largest coal company, in 1969. When questioned by Senator Henry Jackson on whether the ownership of coal producing companies by oil companies would result in withholding coal production to drive up prices, Island Creek's President, William Bellano, replied:

"When Island Creek was purchased it had a net worth of approximately $81 million, was producing 26 million tons of coal annually and sold only 4.7 percent of the market. Our long range programs left Island Creek with relatively limited expansion plans. Once we were purchased by Occidental, our plans changed virtually over night. Indeed, within the first year, our plant investment doubled when Occidental made available $175 million in new building funds, a sum since vastly increased and is due to approximate $500 million in the years ahead.

"With that one decision, Occidental moved Island Creek into a stronger competitive position within the coal industry, permitting us to open a number of new mines with resultant increased supplies for all coal users, as well as a new metallurgical source for sales overseas. In the next 5 years, by example, we will open 21 new mines and by 1975 will have tripled production. Our sales to utilities will grow from 3 percent of the market to 9 percent as we produce 35 million tons of steam coal. Overall, we will produce a total of 61 million tons, another instance of almost tripling production, which will raise our share of the market from 4.7 percent to 9 percent.[2]

The Bellano scenario has not worked exactly the way he promised Senator Jackson. Island Creek's 1973 production of coal was 23 million tons, a decrease of 11 percent from 1968, and 1974 production was 20.8 million tons, a decrease of 20 percent—not the promised increase of 300 percent.

In 1969, Exxon, the United States' largest energy company, purchased Monterey Coal Company as its first formal act in entering the coal industry. Exxon (then called Humble Oil) had been quietly assembling land through Monterey Coal since 1965 while Monterey was owned by Carter Oil, a Standard Oil Company of New Jersey (Exxon) subsidiary. Carl Harrington, an official of Standard Oil (Exxon) gave the same explanation as the Continental and Occidental officials for the acquisition:

"Our studies of the nation's energy requirements indicated that utilization of all of the nation's energy resources would be needed to meet increasing demands. We concluded that coal mining and the marketing

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Footnotes at end of article.

of coal as a utility fuel offered an attractive *long-term investment opportunity* which draws upon Humble's experience in exploring for minerals and its established management and technical resources. *Humble recognized* concurrently that coal at some future date *could become a suitable raw material to supplement crude oil and natural gas* as an economically attractive use of hydrocarbons." (emphasis added)[3]

Thus, Exxon entered coal for long-term speculation and to protect its interests should coal conversion become a reality. Has Exxon retarded the production of coal through Monterey? The evidence indicates that it has: Exxon's 1974 coal production—nine years after its direct involvement in Monterey Coal—was a mere 2.5 million tons, from one underground mine. By comparison, Monterey Coal in 1974 was the fifth largest holder of coal reserves in the United States.

In addition to Exxon, Continental Oil and Occidental Petroleum, Standard Oil of Ohio (SOHIO) entered the coal business. In 1968, SOHIO, the sixteenth largest national oil producer, purchased Old Ben Coal Company, the tenth largest coal producer. At the time, Old Ben operated seven mines in Illinois, Indiana, and Virginia with annual production (1969) of 12 million tons of coal. As with the other companies, SOHIO cited coal conversion possibilities and long-term speculation as major reasons for entering coal. Four years later, in 1973, Old Ben coal production had actually declined to 11.4 million tons, a decrease of 5 percent. Production continued to decline in 1974, dropping to 9.5 million tons.

The period since 1963 has been filled with acquisitions and mergers in the industry; eleven of the top fifteen coal producers were acquired. Because of the implication of this development on monopoly control of energy production, the acquisitions by oil companies were most significant. In addition to the acquisitions already described above, many smaller oil and gas companies acquired coal companies during this period. In addition, other large corporations such as General Dynamics, Kennecott Copper, and American Metals Climax (Amax) acquired coal companies. (A list of principal mergers and acquisitions since 1963 is provided in Table 1.)

In addition to acquisitions of coal companies by oil and other non-coal companies, the past two decades have also witnessed a significant consolidation movement within the coal industry itself. The combined effect of the mergers and acquisitions by coal and non-coal companies has been increasing concentration of production. The top fifteen coal producers have increased their share of production from 32 percent to approximately 50 percent since 1950. Chart 1 shows how production is concentrated in the industry today.

Charts 2 and 3 compare the control of current production with the control of coal reserves. They show that while in 1974 oil and gas companies directly controlled only 20 percent of coal production, they control 42 percent of coal reserves. This control over coal reserves by oil companies assures that future coal production will be firmly under their control.

NO INDUSTRY COMPETITION

Spokesmen for the industry are fond of arguing that the industry is not concentrated—that there are more than 4,000 companies competing for markets. But, as Chart 1 suggests, the myriad small companies operating small mines are not in fact competitors of the giants. The small companies operate almost exclusively in the spot-sales market, which accounts for less than 20 percent of production; they cannot compete for business through long-term contracts, simply because they cannot guarantee delivery of the kind of volume production required by such contracts.

It is, in fact, possible today for a handful of companies—most of them now controlled by oil companies—to manipulate the supply side of the supply-demand equation to assure that no excess supply develops. Admittedly, manipulation is not total; from time to time, excess quantities of coal do wind up on the ground, in stockpiles. Ironically, work stoppages—condemned by the industry as evidence of an irresponsible work force—are often helpful to the industry in shrinking the stockpiles and stabilizing prices at levels inflated by demand.

Half a century ago the coal industry was plagued by chronic over-production, with the result that prices were routinely deflated and miners were never sure from one day to the next whether their mines would be working; if not, they faced payless days, weeks, even months and years. At that time, entry into the industry was so comparatively easy that there were simply too many producing companies for the market to absorb. It made sense then for a certain degree of consolidation to take place. Now we face a grave danger from the opposite end of the spectrum, as giant companies increasingly control finite supplies and develop them on timetables geared to their own profit goals and not to the greater goal of supplying adequate fuel at reasonable cost to an energy-hungry country. In the short run, this situation may benefit miners both in terms of stability of employment and ability to carry through with demands at the bargaining table; but in the long run, miners are consumers like everyone else, and inflated coal prices come home to roost as inflated prices for the energy and the wide range of products that coal makes possible.

OIL-INDUSTRY INFLUENCE ON DEVELOPMENT OF SYNTHETIC FUELS

The promises of the oil industry today to bring new capital and technology to the production of synthetic fuels from coal is in sharp contrast to its behavior in the past. All available evidence supports the argument that the oil industry until very recently has actively and successfully sought to retard coal production and coal-conversion technological development.

Only now, with its hold on coal reserves—particularly in the West—secure, do we hear the oil industry calling for synthetic fuel production (generally however, this call is accompanied by a demand that more federal money is needed to make synthetic fuels a reality).

Oil industry involvement in coal conversion technology began in 1929, with a remarkable cartel agreement between Standard Oil of New Jersey (now Exxon) and I.G. Farben, the German chemical company which had by that time developed a process of converting coal to gasoline. In a letter dated July 27, 1936,[4] Frank Howard, vice-president of the Standard Oil Development Company, described the trade agreement.

"The I.G. may be said to be our general partner in the chemical business as to developments arising during the period beginning in 1929 and expiring in 1947. The desire and intention of both parties is to avoid competing with one another and by these means to permit their technical organizations to cooperate wholeheartedly to their mutual advantage. This arrangement is set forth very clearly in the Division of Field agreement . . .

"The general theory of the agreement is that chemical developments which are more closely related to the oil business than to outside chemical business remain in control of Standard with I.G. participating in some manner to be agreed upon at the time with respect to each development, whereas developments which are more nearly akin to the outside chemical industry than to the then existing business of Standard pass to the control of I.G. with suitable participation by Standard.

"The following specific question clarifies the situation: 'What new chemical development is Standard free to make or acquire without any obligation to bring I.G. into the picture in any way?' The answer to this question is that Standard remains free to enter into any new chemical development it pleases (not originating with I.G.) and without offering any participation to I.G. provided that such development is closely related to the then business of Standard."

The effect of this agreement was to give Jersey Standard (Exxon) and, through an additional agreement, the Shell group I.G.'s world wide hydrogenation rights outside of Germany. In the United States, Standard gained exclusive control; in the British empire, Imperial Chemical Industries (ICI) gained exclusive control. In return for these rights, ICI agreed to buy all its oil from Standard and Shell, and to market its products through the two oil companies.

But Standard was not interested in *developing* coal conversion technology; Standard was interested in *controlling* it:

". . . If coal, tar, etc., hydrogenation be feasible from an economic standpoint, or if it is to be promoted for nationalistic reasons or because of some peculiar local conditions, it is better for us as oil companies to have an interest in the development, obtain therefrom such benefits as we can, and assure the distribution of the products in question through our existing marketing facilities."[5]

Standard proceeded to set up a licensing enforcement company, Hydro Patents Company, and tried to coordinate all coal conversion research by asking American oil companies to buy shares in it and receive research licenses from it. In order to obtain licenses, other companies had to turn all of their own technological developments to Hydro Engineering and Chemical Corporation, an affiliated corporation. According to Howard himself:

"The definition of the term 'hydrogenation process' is not an effort to define the scope of any patents which we *own*, but rather an effort at defining the field of our present and future inventions, within which field all parties must cross-license one another."[6]

As new processes were developed world wide by governments and companies, Standard and Shell would quickly attempt to negotiate arrangements to keep the processes from challenging their position of dominance over conversion technology. Again, Howard stated the matter clearly:

". . . If we let the foreign governments proceed . . . without any cooperation on our part, the outcome will be that we shall wind up in a very large proportion of our markets with the governments actively interested in the oil business in competition with us rather than in cooperation with us."[7]

In 1938, Howard confidently concluded:

"The high points of the matter are that Jersey and Shell acquire sufficient effective control of the hydrocarbon process in the world outside of the United States so that their position as leaders in the entire field of synthetic petroleum production is assured."[8]

One of the companies that Standard Oil contracted with domestically was Consolidation Coal Company in 1947. A $300,000 pilot coal gasification plant was constructed and a successful public demonstration was staged. Standard and Consol then announced plans for a $125 million refinery to be in operation by 1951. By 1950, however, Standard was importing cheap mideastern crude oil and the project was scrapped.[9]

In addition to the efforts by Standard Oil (Exxon), the oil industry as a whole attempted to retard the development of coal conversion techniques. The federal govern-

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Footnotes at end of article.

ment had funded various conversion experiments beginning in 1944. The fact that the Germans had largely fueled their war machine with coal-derived petroleum fuels had impressed the U.S. government. As a flood of cheap mideastern oil began flowing into the United States in the early 1950's, however, the oil industry, through the National Petroleum Council, succeeded in stopping all federal funding of conversion research.

In 1953, the industry arranged to have President Eisenhower ask the National Petroleum Council, headed by Walter S. Hallanan, vice-chairman of the Republican National Committee, to evaluate federally-funded coal conversion research, particularly a coal conversion project in Louisiana, Missouri. The Missouri plant at the time could produce gasoline for just two cents a gallon more than it could be refined from the cheap mideastern crude oil being imported at the time. The National Petroleum Council recommended that the funds for the Missouri plant be terminated. The Department of the Interior then proceeded to cut off funds to the project and the Eisenhower administration lobbied successfully to stop new appropriations.

By 1953, the domestic technology was available to produce gasoline from coal to within two-cents a gallon of the competitive price. Eighteen years later, in 1971, Howard Hardesty of Continental claimed that the two cent differential remained.

Why had the oil companies stopped coal conversion research? Again, in the words of Hardesty of Continental in 1971:

"It is economics. At the present time, one of the problems of coal liquefaction that gasoline has is that gasoline prices have continued almost level. They have not escalated up as have other costs of goods and services that this nation has experienced during the period of inflation.

"As a consequence, instead of a moving target that we were competing in conversion of coal to gasoline, we have been competing against a stable type of thing and I think that had costs of gasoline conversion gone up proportionally, we would be closer today. . .

"Why? Well because we after all have to be competitive and if they can from the conversion refining of liquid crude produce gasoline below what our economic target is and it remains stable, that two to three cents makes a big difference." [10]

In other words, Hardesty in 1971 stated that until oil companies experienced rising internal costs, coal conversion research and development would not take place. As long as the two-cents-a-gallon differential between coal gasoline and crude oil gasoline could be maintained, the oil companies were secure from competition from the coal-derived petroleum products.

The margin between crude-derived petroleum products and coal-derived petroleum products was so slim, however, that the oil companies began their massive coal acquisition movement. This acquisition movement was largely for the purpose of controlling against the future competition of a coal-derived petroleum products industry.

The oil companies appear to have succeeded beyond their wildest dreams. Now that the actions of the OPEC cartel have dramatically altered international oil economics, a domestic coal-derived petroleum products industry might prove to be more profitable than the oil industry itself. This certainly has been the experience of the coal industry since the oil embargo, as Table 3 shows. The high profit levels of 1974 were due to rapidly increasing coal prices.

The price of alternative fuels today is determined by the price of crude oil. The rapidly increasing prices for coal were a direct result of the high OPEC oil prices established after the embargo—not increasing costs. Chart 4 shows the relationship between oil prices and coal prices. The Chart shows that as oil prices increase, coal prices also go up, although at a slower rate. This slower rate is largely due to the fact that coal sold on long-term contracts can be sold at higher prices only within limits imposed by the terms of the contracts. The staff of the House Energy and Power Subcommittee has recently completed a study verifying this relationship between crude oil and coal prices. Their study found that the average time delay between oil price raises and coal price increases is three months.

If the integrated oil companies dominate a future synthetic fuels industry we can expect a similar experience. No matter what the cost-of-production may be for such fuels, we can expect that their prices will compare with those of crude-oil-derived products. Also, depending on the economics of synthetic fuels production, we can expect rapidly increasing profits for the oil companies.

If oil companies do dominate a future synthetic fuels industry, it would be in the self-interest of the oil companies to support the high prices of the OPEC countries since this would enable them to maintain high profit margins in their synthetic fuels divisions.

If, on the other hand, a coal-derived petroleum products industry were independent of the domination of oil companies, lower-priced synthetic fuels and other products might begin to challenge the high prices that we all pay for crude oil-derived products. Ultimately, the cartel power of the OPEC countries might be sufficiently weakened to the point of lowering world wide prices for crude oil itself.

Legislation such as S. 489, the Interfuel Competition Act of 1975, would be an important step toward insuring that the possibility of future lower energy prices remains.

OIL INDUSTRY INVESTMENT IN COAL PRODUCTION

CONOCO-CONSOL

On July 14, 1975 C. Howard Hardesty testified before this committee that the oil companies have contributed important revenue to the coal industry. He offered his company, Continental Oil Company, as an example of how this has worked. Mr. Hardesty's claims do not hold up when the figures are examined closely.

Table 4 shows the statistics needed for analysis of Mr. Hardesty's claims. The table shows that, with the exception of 1973, net income to Continental Oil from Consolidation's coal operations has stayed above $50 million. (The footnote at the bottom of the Table explains that these figures include the impact of what is referred to as a "production payment" on reported earnings.) The dramatic increase in earnings since the Arab oil embargo is also shown as being due primarily to rapidly increasing revenues due to increasing prices for coal.

During this period, the ratio of new investment to total revenues actually began to decline, with 1974 showing the first signs of approaching earlier levels. More significant is the ratio of new investment to net earnings. This can be thought of as the relative share of income going to investment versus profit. The table shows that relatively fewer dollars have been going to new investment than to profits for Continental Oil Company from Consol's coal business.

It should also be noted that while Continental's control of coal reserves has increased 126 percent during this period, coal production has remained relatively constant. Since 1971 Continental Oil has been using income from Consolidation's coal operations to gain control over approximately 2 billion tons of new coal reserves each year, much of this in the West.

NONFUEL USES OF COAL- AND OIL-DERIVED PRODUCTS

In addition to product competition between oil and coal in the utility fuel market and the synthetic fuels market, they also are potential competitors in a variety of nonfuel product markets. This fact makes the problem of oil industry ownership of coal reserves and coal production a serious matter for many industries in addition to energy. Coal can be used as a major source of chemical feedstocks, in such diverse products as plastics, synthetic fibers, and medicines. In addition, new technological developments have further extended the product use of coal to fertilizer production. Since fertilizers and other farm chemicals are a principal product of crude petroleum also, oil industry ownership of coal becomes not only an important issue in our concern for monopolization of energy resources but also in our concern for monopolization of control over food production.

For example, the Burlington Northern Railroad has announced plans to construct a coal-fed ammonia plant in Montana that will produce enough nitrogen to fertilize 357,000 acres of land in the state to produce an additional 1,500,000 bushels of wheat.

Carl Bagge, President of the National Coal Association, hailed this new development as part of a new "alliance of farmers and miners." He went on to say, however, that not only will this new development bring additional fertilizer to the marketplace but it will also alter the use of natural gas and other petroleum products: "A conventional 1,000-ton-per-day ammonia plant now uses enough natural gas to supply 90,000 homes a year or about half the homes in the state of Montana, with natural gas . . . If fertilizer were made from coal, that gas would be free for use in agricultural regions where gas supplies are now so tentative."

Mr. Bagge also pointed out that a product relationship already exists between coal and fertilizer: "To the extent to which we shift large utility and industrial boilers to coal as a matter of national policy, we can free billions of cubic feet of natural gas and several million barrels of oil per day for fertilizer production, irrigation pumps and agricultural machinery."

The fact that coal and oil can both be used as basic products in the chemical, medical and agricultural industries makes these resources too important to our society to allow them to come under the monopoly control of the same few companies. If we continue to allow this to happen, we will suffer in the years ahead.

THE CONTINUING MERGER TREND: AMAX-SOCAL

The acquisition of approximately 20 percent of the common stock of Amax, Inc., by Standard Oil of California, announced in June of this year, represents the latest development in the continuing move by the oil industry to consolidate control of all energy resources.

Standard Oil of California is the fifth largest U.S. oil company in terms of assets, with a dominant position on the West Coast and worldwide activities far too extensive to explore here. Amax, Inc., is a diversified producer of minerals and natural resources, also global in scope, ranked 59th in the Fortune-500 directory in terms of profits. Amax entered the coal business in 1969 with the purchase of Ayrshire Collieries and now is the fourth-largest U.S. coal producer. If present development plans are realized, Amax may be the industry leader before 1985.

At the time of Socal's acquisition of Amax stock, the two companies had overlapping business interests that included oil and gas production, synthetic fuels research and development, fertilizer production and research, manufacturing of industrial prod-

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Footnotes at end of article.

ucts, and control of coal reserves being held for future production. The merging of the two companies represents a significant step toward dominance over coal and oil production, synthetic fuels, fertilizers, and the petrochemicals industry.

In terms of actual oil and gas production, Amax's activity to date has been small in camparison with the gigantic operations of California Standard. However, Amax has claim on over 1.2 million acres of gas properties in the North Sea, in addition to numerous properties in the United States and Canada that are currently being explored. Prior to its acquisition of Amax stock, Socal lacked a foothold in the gas-rich North Sea.

In this area, as in others, the Amax-Socal partnership eliminates a future competitive situation. For Amax, the partnership will permit its personnel to apply the knowledge that they have gained in the North Sea, the U.S., and Canada to the much more vast resources under the control of Cal Standard. The numerous joint ventures that will flow out of this partnership will inevitably lead toward more monopolistic control of oil and gas production.

Even more significant, perhaps, is the western coal ownership of the two companies. The coal reserves of both Amax and Socal are located in the heartland of Wyoming and Montana subbituminous country, close to vast reserves controlled by such companies as Atlantic Richfield, Sun Oil, Exxon, Kerr-McGee, Continental Oil, Kennecott, and the Burlington Northern and Union Pacific railroads. This reserve base represents the largest untapped source of BTU's for both conventional production-consumption and synthetic fuels in the western world.

How these reserves were acquired—from private owners, the federal government, and Indian tribes—is a subject of growing controversy. By law, leases on coal reserves located under Indian or federal land must be acquired through competitive bidding. In the belief that oil and coal companies including Amax and Socal violated these standards, the Crow and Northern Cheyenne tribes have terminated leasing activities on their lands. The United Mine Workers of America has developed information indicating that the competitive bidding system was abused by both Amax and Socal and will be reviewing this information with the Federal Trade Commission in confidence during the next few days. It is our belief that this information should prompt a much more wide-ranging investigation of leasing activities, by these and other companies, than has yet been undertaken.

The coal reserves held by Amax and Socal will help them significantly in their effort to obtain a dominant position vis a vis the synthetic fuels industry in the western United States. With all of their properties in close proximity to each other, Amax and Socal can take advantage of scale economies in gas transmission via pipeline. Amax has, in fact, already announced a plan to participate with other companies (unidentified in the may, 1973, announcement) holding Northern Cheyenne leases in the construction of four major coal gasification plants.

Coal and oil are valuable resources not only for raw energy but for an extremely broad spectrum of non-fuel uses. Some of these uses were described earlier in this testimony and are listed on the accompanying table, which depicts principal areas of Amax-Socal overlap. Two of these uses merit special scrutiny. Amax and Socal reserves are strategically located to take advantage of increased coal use in fertilizer production. They are also ideally located to exploit the market for metallurgical coal when the day comes—possibly not far off—when the formed-coke process, now being developed, makes possible the use of subbituminous coal for coke production.

Clearly, the purchase of effective control of Amax by Socal was not a matter of happenstance. By pooling their resources rather than competing with each other, Amax and Socal may have taken a perfectly logical step—from their point of view. To the public, however, this move can only be seen as another major step toward completion of a project which has now been under way for twelve years: the effective control of all energy resources by the giant oil companies of the United States.

TABLE 1.—PRINCIPAL MERGERS AND ACQUISITIONS IN THE COAL INDUSTRY, 1963–75

Year and acquiring company	Principal business	Acquired company	Tonnage year acquired	1974 tonnage
1963—Gulf Oil	Oil	Pittsburg & Midway	6, 024, 423	7, 528, 174
1963—General Dynamics	Aerospace, weapons	Freeman	6, 928, 804	4, 557, 684
1966—Continental Oil	Oil	Consolidation Coal	51, 400, 000	51, 753, 933
1966—General Dynamics	Aerospace, weapons	United Electric	5, 854, 938	2, 392, 389
1967—Standard Oil of Ohio	Oil	Mountaineer Coal	8, 838, 542	6, 393, 605
1968—Belco Petroleum	Oil	Hawley Fuel	NA	1, 275, 193
1968—Kennecott Copper	Copper, minerals	Peabody	59, 811, 364	68, 104, 076
1968—National Bulk Carriers	Shipping	United Pocahontas	612, 082	385, 304
1968—Occidental Petroleum	Oil	Island Creek	25, 915, 752	20, 848, 017
1968—Standard Oil of Ohio	Oil	Old Ben	9, 923, 107	9, 451, 880
1969—American Metal Climax (AMAX)	Mining	Ayrshire Collieries	11, 280, 508	19, 948, 871
1969—Bates Manufacturing	Textiles	Virginia Iron, Coal & Coke	1, 862, 431	2, 889, 433
1969—Jim Walter	Housing	U.S. Pipe & Foundry	871, 219	770, 416
1969—Diamond Shamrock	Oil, chemicals	Pickands Mather	(Sales company, no production)	
1969—Exxon	Oil	Monterey Coal		2, 479, 763
1969—Occidental Petroleum	Oil	Maust	(Combined with Island Creek: see above)	
1969—Westrans Industries	Oil and gas	Canterbury Coal	790, 166	470, 441
1969—Westrans Industries	Oil and gas	Kristianson & Johnson	406, 072	732, 517
1970—Alco Standard	Oil, gas, and manufacturing	Barnes & Tucker	2, 750, 000	2, 207, 770
1970—American Smelting & Refining Co	Smelting, refining, and mining	Midland	NA	2, 352, 100
1970—Duke Power	Utility	Eastover Mining	117, 170	1, 217, 000
1970—Falcon Seaboard	Oil	Kelly & Sturgill (Falcon Coal)	0	3, 441, 878
1970—Pullman	Transportation	Aloe	466, 931	297, 226
1970—Sherwood Diversified	Leasing	Oak Leaf	130, 918	NA
1970—U.S. Natural Resources	Oil	Twilight	496, 895	671, 923
1970—U.S. Plywood/Champion Paper	Paper, etc	Path Fork Harlan, Harlan No. 4 Coal Co	572, 000	611, 620
1970—Zapata	Oil	Boone County	961, 366	453, 763
1970—McCulloch Oil	Oil	No. 7 Corp	380, 320	NA
1970—McCulloch Oil	Oil	Kingdom Come Dock	NA	NA
1970—McCulloch Oil	Oil	Big Four	NA	NA
1970—McCulloch Oil	Oil	Marietta	410, 301	723, 009
1971—McCulloch Oil	Oil	Braztah Coal	0	350, 379
1971—Ashland Oil	Oil	Arch Minerals	2, 099, 083	13, 878, 539
1971—Ashland Oil	Oil	Farco	197, 244	80, 000
1971—Crestmont Oil & Gas	Oil	Black Lode	NA	109, 304
1971—Dal Oil	Oil	Dusky Diamond	NA	NA
1971—Duke Power	Utility	Kentucky Bell Coal (merged into Eastover)	102, 900	NA
1971—Federal Resources	Mining	Pratt	124, 338	345, 636
1971—Mapco	Oil	Webster County, Goldsberry	1, 190, 000	2, 423, 139
1971—Dargas	Oil	River Processing	262, 792	678, 400
1971—POM	Mining	United Mining Co	77, 103	103, 926
1971—Transcontinental Oil	Oil	Greer-Ellison Coal	NA	NA
1971—Marathon Oil	Oil	Mintech Corp	NA	NA
1972—Alco Standard	Oil, gas, and manufacturing	Upshur	260, 000	289, 000
1972—Duke Power	Utility	Kentucky Border	(see Eastover Mining)	
1972—Ray Resources	Oil	Sigmon Construction	NA	434, 020
1972—General Exploration	Oil	Hardy	654, 039	845, 327
1973—Coastal States Gas	Natural gas	Southern Utah Fuel	338, 971	391, 361
1973—Donovan Construction	Construction	Alumbaugh	100, 100	100, 125
1973—General Exploration	Oil	Fresno	77, 375	NA
1973—Houston Natural Gas	Natural gas	Ziegler	4, 272, 581	4, 012, 809
1973—National Industries	Retailing, transportation	Call & Ramsey	NA	NA
1974—American Electric Power	Utility	Agio Coal	(sales company)	
1974—American Electric Power	Utility	Cedar Coal		576, 546
1974—Armco Steel	Steel	Big Mountain Coal		457, 481
1974—Bethlehem Steel	Steel	Greenwood Stripping		346, 322
1974—Cerro Corp	Diversified metals	Fetterolf Coal		295, 212
1974—Ethyl Corp	Chemicals	Elkhorn Coal Corp		NA
1974—General Energy	Conglomerate	McCoy-Elkhorn		488, 770
1974—Great Northern Nekoosa Corp	Paper	Brilliant Coal		NA

Footnotes at end of table.

TABLE 1.—PRINCIPAL MERGERS AND ACQUISITIONS IN THE COAL INDUSTRY, 1963-75—Continued

Year and acquiring company	Principal business	Acquired company	Tonnage year acquired	1974 tonnage
1974—Gulf Oil	Oil	Seaway Coal, R. & F. Co.		3, 200, 000
1974—Gulf Resources & Chemical Corp.	Mining	Alison Engineering		NA
1974—International Mining & Petroleum Corp.	Oil	Belva Coal		333, 902
1974—National Steel	Steel	Pocahontas Fuel		NA
1974—Northwest Pipeline		Western Slope Carbon		253, 547
1974—Ruhrkohle-Stinnes Corp. (German)		Appalachian Resources		NA
1974—St. Joe Minerals	Oil, gas, mining	A. T. Massey		NA
1974—Tesoro Petroleum	Oil	Buckhorn-Hazard Coal Corp.		148, 994
1974—Usinor Steel (French)	Steel	Chessy System (Beckley Mine)		NA
1975—Mapco	Diversified energy	Falcon Coal Co.		3, 441, 878

Sources: Keystone Coal Industry Manual; "U.S. Coal Production by Company", McGraw-Hill, 1963-74; UMWA research department files.

TABLE 2.—*Control of coal reserves by industry group*

	Millions of tons
OIL AND GAS COMPANIES	
Continental Oil Co.	14, 800
Exxon	7, 000
Occidental Petroleum	4, 430
Mobil Oil	3, 000
Eastern Gas and Fuel	2, 600
Gulf Oil	2, 600
Atlantic Richfield	2, 200
Sun Oil	2, 200
Texaco	2, 000
Kerr-McGee	1, 500
Houston Natural Gas	1, 000
Standard Oil of California	1, 000
Shell Oil	1, 000
Standard Oil for Ohio	850
Columbia Gas	360
Alco Standard	250
MAPCO	110
Oil and gas total	43, 900
RAILROADS	
Burlington Northern	11, 400
Union Pacific	10, 000
Norfolk and Western	1, 400
Southern Railway System	280
Chicago and North Western	30
Railroads total	23, 110
CONGLOMERATES	
Kennecott Copper	8, 900
American Metal Climax (AMAX)	4, 900
Pittston	1, 500
Can Pac Minerals Ltd.	1, 300
Utah International	1, 300
Hillman Coal and Coke Co.	1, 000
General Dynamics Corp.	600
D. D. Stewart	600
Morrison-Knudsen	500
Reynolds Metals Co.	350
Steams Coal and Lumber Co.	300
Union Carbide Corp.	250
Gulf Resources and Chemican Corp.	203
Donan Joint Venture	200
McAllester Fuel Co.	200
New Mexico and Arizona Land Co.	200
Zapata Corp.	200
Great Northern Kekoosa Corp.	180
New Era Resources Inc.	150
Allied Chemical Corp.	100
American Smelting & Refining Co.	100
Mead Corp.	100
Total of those holding under 100 million tons	718
Conglomerates total	23, 850
INDEPENDENT COMPANIES	
North American Coal	5, 400
Westmoreland Coal	1, 200
Rochester & Pittsburgh Coal	300
Allegheny River Mining	200
Bane Coal Corp.	200
Kentucky River Coal	200
Palmer Coking Coal	200
Pinson Coal Co.	200
Red Ash Pocahantas Coal	153
Neely & Gibson Coal Co.	140
Carbon Fuel	100
Total of those holding under 100 million tons	1, 646
Independents total	9, 930
Pacific Power & Light	2, 500
American Electric Power	1, 500
Montana Power	1, 000
Southern Electric Generating	400
Duke Power	250
Public Service Company of New Mexico	160
Pennsylvania Power & Light Co.	95
Allegheny Power Service Corp.	90
Public Service Company of Indiana	50
Utilities total	6, 045
STEEL COMPANIES	
U.S. Steel	3, 000
Bethlehem Steel	1, 800
Armco Steel	400
Jones & Laughlin Steel	200
Kaiser Steel	200
Steel total	5, 600
Total known controlled reserves	112, 435

Sources: Keystone Coal Industry Manual, Company Annual and 10-K Reports; UMWA Research Department Surveys.

TABLE 3.—COMPANY COAL PRODUCTION AND PROFITS 1973-74

	1973			1974			
Company/subsidiary	Rank	Tons produced	Profits [1]	Rank	Tons produced	Profits [1]	Percent change in profits 1973-74
Kennecott			224.5			250.4	+12
Peabody	1	69, 918, 787	7.1	1	68, 104, 076	29.3	+313
Continental Oil [2]			289.6			481.0	+60
Consolidation Coal	2	60, 477, 363	34.1	2	51, 753, 933	197.2	+478
Occidental Petroleum			71.9			280.7	+290
Island Creek	3	22, 879, 320	10.6	3	20, 848, 017	101.5	+856
Amax			105.1			148.4	+41
Amax fuels group	5	16, 657, 552	22.0	4	19, 948, 871	45.0	+105
Pittston	4	18, 796, 305	15.3	5	17, 381, 911	107.4	+600
United States Steel	6	16, 222, 038	326.0	6	16, 389, 000	635.0	+95
Ashland Oil			84.3			113.0	+34
Coal and other fuels	8	12, 538, 631	−.27	7	13, 878, 539	4.8	
Bethlehem Steel	7	14, 129, 000	206.6	8	13, 347, 625	342.0	+66
North American Coal	9	12, 501, 316	4.45	9	9, 771, 563	4.9	−11
Peter Kiewit	17	6, 113, 568		10	9, 697, 000		
SOHIO			89.4			147.5	+65
Old Ben Coal	9	10, 846, 684	8.5	11	9, 451, 880	21.35	+155
Eastern Gas & Fuel			20.8			63.6	+206
Eastern Associated	10	10, 640, 063	−2.4	12	7, 697, 823	34.4	
Westmoreland Coal	11	8, 808, 561	.94	13	7, 580, 575	9.39	+1, 000
Gulf Oil			800.0			1, 065.0	+33
Pittsburg & Midway	14	8, 064, 089	NA	14	7, 528, 174	NA	
Utah International	15	7, 389, 321	55.4	15	6, 935, 000	96.9	+75
General dynamics			41.1			52.4	+29
Freeman United Elec.	13	8, 669, 921	NA	16	6, 950, 073	NA	
Industrial generating	22	4, 000, 000	NA	17	6, 500, 000	NA	
AEP			233.2			248.4	+6
Coal divisions	16	6, 563, 194	NA	18	6, 378, 631	NA	
Rochester & Pittsburgh	18	4, 666, 388	3.1	19	4, 608, 792	7.8	+155
St. Joe Minerals			37.4			88.5	+137
A. T. Massey		NA	6.39	20	4, 303, 357	27.9	+337
Carbon Industries, Carbon Fuel Co., Ky., Carbon Corp.	32	2, 985, 853	2.4	36	2, 655, 330	14.3	+498
Belco Petroleum			15.0			43.2	+188
Hawley Fuel	61	1, 486, 000	NA	64	1, 275, 193	NA	

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[1] Profits shown in millions; the 1st profit figure is for the owning company, the 2d for the coal subsidiary.

[2] These figures include the impact of Conoco's product financing payment on earninings.

TABLE 4.—CONSOLIDATION COAL CO. (SELECTED STATISTICS 1967–74)

	1967	1968	1969	1970	1971	1972	1973	1974
Net income[1] (millions)	64.2	60.5	50.1	72.2	51.9	67.9	34.1	197.2
Total revenues[1]	302.1	303.9	318.1	403.2	410.4	522.4	565.2	931.8
Total new investment		29.6	48.7	55.2	50.4	45.6	23.7	101.4
Ratio of new investment to net income		.46	.97	.76	.97	.67	.69	.51
Ratio of new investment to total revenues		.10	.15	.14	.12	.09	.04	.11
Production (million tons)	48.7	51.4	53.6	57.4	49.0	58.5	54.4	47.1
Recoverable coal reserves (million tons):								
Total	6,154	6,271	6,919	7,731	8,066	10,698	12,058	[2] 13,898
Western only	903	1,058	1,342	1,860	2,008	4,497	5,592	6,950

[1] Continental Oil Co. acquired Consolidation Coal Co. through what is referred to as an ABC transaction. This transaction involves the use of a production payment that tends to shield large amounts of income from taxation and from public disclosure through annual reports. The impact of this method of financing on actual revenues and net income has been incorporated in these figures. Further documentation is available from the UMWA Research Department.

[2] In testimony on July 14 to this committee C. Howard Hardesty announced that this figure had increased to 14,000.

Sources: 1967 through 1974 annual reports.

TABLE 5.—*The overlapping business interests of Amax and Standard Oil of California*

ACTIVITY	AMAX	STANDARD OIL OF CALIFORNIA
1. Oil and gas exploration and production.	Amax has producing oil or gas properties in or offshore 14 states of the U.S. and 3 Canadian provinces. Present production is approximately 1,000 barrels of oil per day and 20 billion cubic feet of gas per day. In addition, Amax holds interests in exploration rights covering 1.2 million acres in the North Sea, slated primarily for production of gas.	Socal is a major worldwide producer of crude oil and natural gas products. Ranking 5th among U.S. oil companies in total assets, Socal owns tankers, pipelines, service stations (Chevron), refineries and producing properties throughout the world. In 1974 Socal produced a daily average of 3.8 million barrels of oil and natural gas liquids and 1.7 trillion cubic feet of natural gas. Socal holds interests in producing properties in the U.S., Canada, South America, the Caribbean, Saudi Arabia, Sumatra, Iran, Libyra, Bahrain, Australia, Nigeria, Spain, and Denmark.
2. Coal reserves.	Amax controls 1.9 billion tons in the Illinois basin and 1.2 billion tons in the western U.S. Claims an additional 1.5 billion tons of reserves under Northern Cheyenne Indian Reservation and 450 million tons under Crow Reservation in Montana, but both tribes have challenged claim.	Socal's Chevron Oil subsidiary holds a coal, uranium, and mineral lease on 20,131 acres of land in Garfield County, Montana; this property contains an estimated 420 million tons of coal, enough to support a major surface mine complex. Chevron also holds claim to 27,750 acres of coal lands under the Northern Cheyenne Reservation containing estimated 582 million tons of coal. Rights were obtained at same bidding session as those obtained by Amax and are presently being challenged by Northern Cheyennes.
3. Synthetic Fuels	In May, 1973, Amax announced plans to participate in the construction of four coal gasifications plants. Anticipated production from these plants (to be located in Montana) would be 365 billion cubic feet of gas per year. They would consume nearly 40 million tons of coal per year from surface mines adjacent to the plants. The four plants would share a pipeline system.	Socal is engaged in extensive research in coal liquefaction and is developing a technique for production of petroleum products from shale oil. In addition, since Socal's Northern Cheyenne properties are located near those of Amax, Socal is a probable partner in the developing coal gasification facilities. Socal could provide expertise on refinery and pipeline transmission technology.
4. Fertilizers	Amax mines potash, which is processed into muriate of potash, a chemical fertilizer. Justice Department is currently conducting grand jury investigation into fertilizer industry and is requiring data from Amax on potash production. Burlington Northern's announcement of the construction of a fertilizer plant using Montana subbituminous coal signals a new era of fertilizer production from coal. Amax's vast Montana-Wyoming reserves will be suitable for such use.	Socal is a major producer of chemical fertilizers, insecticides, and herbicides. Sales of these products (marketed under the Ortho label) topped $307 million, up 42% from 1973. Socal's Montana coal reserves are potential sources of coal for chemical fertilizer production.
5. Industrial Products	Amax produces metals products, such as copper, zinc, aluminum, lead, molybdenum, for various industrial uses. Molybdenum is vital to production of high-strength corrosion-resistant steels used in oil and gas refining and drilling. Also will be used for the steel in coal gasification plants and high-pressure gas pipelines. Has other key uses in refining, production of synthetic fibers. Amax produces 84% of Molybdenum used in U.S., 33% of worldwide use. Amax western coal has potential future use in production of coke via formed-coke process which accepts subbituminous coal.	Socal produces and markets various petrochemical products used by numerous industries. Socal presently operates a number of industrial chemical plants. One of the principal products is lubricant additives, and Socal is conducting research on new products in this area. Higher prices for petrochemical feedstocks has led Socal to research lower-cost methods of producing petrochemicals, possibly including oil shale and coal-conversion technology. Socal has also been working on technology to use petroleum in coke production.

FOOTNOTES

[1] Hearings before the Subcommittee on Special Business Problems of the Select Committee of the House of Representatives, July 12, 1971, p. 98.

[2] Quoted in: *Coal: The Captive Giant*, published by the authors, 1971.

[3] Hearings before the Subcommittee on Special Business Problems, op. cit., p. 129.

[4] Exhibit No. 372, Investigation of National Defense Program, U.S. Senate, 77th Congress, first session, Washington, 1942.

[5] *Ibid.*

[6] *Ibid.*

[7] *Ibid.*

[8] *Ibid.*

[9] Ridgeway, James, *The Last Play*, E.P. Dutton & Company, New York, 1973, pp. 51–52.

[10] Hearings before the Subcommittee on Special Business Problems, op. cit., p. 98.

Mr. FANNIN. The Kennedy amendment, if enacted, would seriously jeopardize this Nation's chances of achieving adequate energy supplies. This proposal, officially known as Senate amendment 963, would prevent oil companies from participating in the development of other forms of energy. It also would require some divestiture—breaking up—of the 20 largest U.S. oil companies.

This amendment, the Kennedy amendment—No. 963 to Senate bill S. 2310—would require the top 20 producers of crude oil to divest themselves of all interest in all alternate energy resources such as coal, oil shale, and geothermal energy development; it would prohibit any future involvement by those companies in alternate energy efforts. The amendment is so loosely worded that it may also propose the vertical divestiture of those top 20 companies—that is, oil producers would have to spinoff their refining and marketing divisions, joint ventures, and so forth.

Following are some reasons why the Senate should defeat the Kennedy amendment:

First. The manufacture of synthetic fuels through coal, oil-shale, and tar sands development is critical to our Nation's oil supply/demand balance. Involvement by the major oil companies in this effort is a must for several reasons:

The development of coal, oil shale, tar sands, and geothermal resources is an extension of oil technology in which the U.S. oil industry is the world leader;

Development of those energy sources requires capital that will dwarf the likes of the Manhattan and Apollo projects, and to foreclose oil industry involvement will retard development of these resources;

From plant operators and mechanics to chief executive officers, the oil industry has the manpower skills needed in the development and manufacture of alternate fuels resources, and to forbid their involvement in these areas would seriously dilute our Nation's efforts to lessen our foreign energy dependence.

Second. The natural gas legislation now before us is of major importance to our country's energy situation. The Senate should not entertain amendments which divert attention from, and could complicate that issue. Furthermore, the subject matter of the amendment is relatively new to the Congress. Since it involves the statutory dismantling of such a major segment of our American economy, it deserves more than cursory debate on the Senate floor.

Third. The Senate Judiciary Committee has already begun hearings on a series of diverstiture bills. The normal legislative process should be permitted to continue. Only through careful study in committee prior to reporting such legislation can the actual affect on achieving energy self-sufficiency be calculated.

Fourth. Singling out one industry with the view toward divestiture seems based on the assumption that vertical integration is inherently evil. The Washington Post, for example, is itself vertically integrated. It has interests in timber forests, paper manufacturing facilities, and other businesses which manufacture products used by newspapers. The Washington Post is also horizontally integrated, owning Newsweek and television stations. I am not opposed to their operations which are probably giving the public services at lower costs.

Fifth. Both vertical and horizontal integration have worked toward reducing manufacturing costs for a number of different products, including petroleum products. To vote in favor of divestiture of oil companies at this time is voting for an automatic price increase in petroleum products.

To approve the Kennedy amendment is to effectively assure there will be no natural gas legislation.

PUBLIC HEALTH SERVICE ACT AMENDMENT

Mr. HOLLINGS. Mr. President, since we have cleared with the Senator from Arizona and the Senator from Massachusetts the matter relative to their time today and are prepared to adjourn, I ask unanimous consent that the message on H.R. 7988, to amend the Public Health Service Act to revise and extend the program under the National Heart and Lung Institute, to revise and extend the program of National Research Service awards, and to establish a national program with respect to genetic diseases, and to require a study and report on the release of research information, be held at the desk pending further action. This has been cleared on both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

ARKANSAS POST NATIONAL MEMORIAL AUTHORIZATION INCREASE

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of calendar No. 418, S. 1516. This has been cleared on both sides.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

> A bill (S. 1516) to increase the amount authorized to be appropriated for the development of the Arkansas Post National Memorial, and for other purposes,

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be considered for a third reading, read the third time, and passed, as follows:

> *Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 3 of the Act of July 6, 1960 (75 Stat. 334), as amended, is amended by striking out "$550,000" and inserting in lieu thereof "$2,725,000".

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. ROTH. Mr. President, I ask unanimous consent to make a further amendment in my amendment No. 970, to strike the words "under the Authority of the Natural Gas Act (15 U.S.C. 717) or the Outer Continental Shelf Lands (43 U.S.C. 1309)".

The PRESIDING OFFICER. Is there objection to the modification? The Chair hears none, and the amendment is so modified.

ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. HOLLINGS. Mr. President, I move, in accordance with the previous order, that the Senate stand in adjournment until 9 a.m. tomorrow.

The motion was agreed to; and at 5:41 p.m. the Senate adjourned until tomorrow, Wednesday, October 22, 1975, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate October 21, 1975:

NATIONAL LABOR RELATIONS BOARD

John Stiles Irving, Jr., of Maryland, to be General Counsel of the National Labor Relations Board for a term of 4 years, vice Peter G. Nash, term expired.

GENERAL SERVICES ADMINISTRATION

Jack M. Eckerd, of Florida, to be Administrator of General Services, vice Arthur F. Sampson, resigned.

EXTENSIONS OF REMARKS

MY COUNTRY AND THE WORLD

HON. RICHARD BOLLING

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. BOLLING. Mr. Speaker, the following excerpt from Andrei Sakharov's book "My Country and the World" appeared in the Washington Star on Sunday, October 19, 1975.

It describes a situation which plays a major role in splitting American liberals and thus makes it more difficult to put together the moderate-liberal coalition which must be assembled if anyone except a conservative is to be elected President of the United States.

The article follows:

SAKHAROV WARNS THE WEST: LEFTIST FADS ASIDE, THE THREAT IS REAL

(By Andrei Sakharov)

(NOTE.—Selection of Andrei D. Sakharov as winner of the 1975 Nobel Peace Prize was announced this month. Sakharov, a physicist who helped the Soviet Union develop the H-bomb, began to speak out independently to his nation and the world in 1957 with pleas for a halt to nuclear testing because of radioactive fallout.

(After nearly a decade he shifted from scientific topics to political and social matters, especially criticizing repression in the Soviet Union and pleading for rapprochement between East and West. Despite the boldness of his internationally publicized views, his fame and honors helped him remain immune from official Soviet criticism until 1973. Since then he, his family and friends have been under constant harassment.

(This article is excerpted from his latest book, My Country and the World, published last week by Alfred A. Knopf. Translation by Guy V. Daniels. 1975 by Alfred A. Knopf Inc.)

In recent years I have had occasion, for the first time, to meet people from the West—to verify and supplement my vicarious impressions of that world, which in so many respects forms a contrast with ours but which, in what is deepest and most important, is humanly understandable.

My attitude toward the foreign intelligentsia—toward the people I have come to know personally—is compounded of a deep liking, hope, and a respect bordering almost upon envy. In the best people from the West I see—and value very highly—an inner freedom, a readiness to debate combined with complete respect for the opinions of others, an absence of national prejudices, a realistic and practical cast of mind, and a readiness to undertake good works.

And yet in my opinion there is one characteristic common to many Western intellectuals that is somewhat disturbing. I refer to what I have called, in my own mind, "leftist-liberal faddishness." In a naive form it is partially illustrated by a reply made by one American in a conversation with an emigrant from the USSR: "Well, all right. There are lots of things in Russia that you don't like. You were mistreated there. I can understand that. But I imagine you don't have any prejudices against China. Aren't you happy with what's going on there now?"

If my analysis and opinions are mistaken, I hope my friends in the West will forgive my lack of information. But if I have hit the mark even partially, then I believe they should take serious note.

I have no doubts as to the altruism and humanity of most of the Western liberal intellectuals—as to their hopes for the welfare of all people, for equal justice for all. But I fear that such things as a lack of information or the opportunity to analyze it critically, faddishness (which is all-powerful in the West), the fear of seeming old-fashioned (especially to one's own children, as many frankly admit), a lack of imagination where the factor of distance is involved, and an inadequate notion of the tragic complexity of real life (in particular, life in the socialist countries)—that these things may lead, and are already leading, to dangerous mistakes both in the intra-political life of the Western countries and in evaluating the difficult questions of international relations. Distance can cause one to have doubts about the strange and frightful things that one has learned only from books and stories.

(My wife's mother, who spent many years in Stalin's labor camps as a ChSIR (member of a traitor's family), has a close relative who lives in France (and who, incidentally, is a member of the French Communist party). He once tried to find out from her whether there was a particle of truth in what Solzhenitsyn had written. She could only laugh bitterly.)

The liberal intellectuals of the West undoubtedly have good reasons for being dissatisfied with many aspects of their society. In hundreds of newspapers they read of acts of violence and cruelty, of social and racial discrimination, of the horrors of famine in the under-developed countries, and the terrors of war. They not only read these reports but see them with their own eyes, since there is no problem about traveling through their own country, or obtaining visas for Africa or Latin America.

People in the West enjoy a plethora of accessible information, an abundance of different ideas, and the coexistence of competing political groups. Some of these groups pursue very private interests, but all of them profess some brand of politics. In the West, political activity—the circulation and promotion of social ideas—becomes a profession just as easily as any other kind of activity, and is associated with the material interests of groups and individuals.

As is the case with us, many Westerners find themselves unable on their own to evaluate critically the flood of facts, opinions and ideas that pours down upon them; and faddishness with all its irrational laws comes to the fore. Often it is not the more logical ideas that take precedence but ephemeral notions that are more extravagant and easier to grasp.

"Left-wing faddishness," it seems to me, is now dominant in the West and has achieved that position through the complex interplay of various factors. Two of these are the eternal hankering of youth after the most radical changes and the fear of the more experienced and cautious representatives of the older generation that they may lag behind their own children. In the West, as everywhere else, there exist complex social problems that cannot be solved immediately, within the framework of the existing system. But radical solutions, with their persuasive, surface simplicity, create the illusion that those problems can be quickly solved.

Another important factor in the dominance of leftist faddishness is the fact that over a period of decades the Western world of free competition among ideas has constantly been fed by a small stream of pro-Soviet or pro-Chinese propaganda in which various, basically sound socialist ideas are tendentiously mixed with half-truths and out-and-out lies. This factor is perhaps not terribly important. But it, too, exerts a force; and in many ways it is rather effectively strengthened by the direct and indirect support of certain writers and politicians.

Such, it seems to me, is the soil that has given rise to the dominant stereotype of the leftist liberal intellectual of the West, with all his illusions and mistakes. Basically, however, the majority of such people have an outlook that is high-minded and humane, have real grounds for dissatisfaction with their society and feel good will and an aspiration toward justice and the common weal. And this permits me to hope that in the final analysis the Western intellectual won't let the rest of us down. Totalitarianism, fascism of whatever brand, demagogues, and intriguing politicians—these things are not, I trust, for the likes of him.

With respect to his own country, the Western liberal intellectual supports the full measure of civil liberties and economic and social reforms of the socialist type. These aspirations are in fact in the spirit of the times; and if they are realized cautiously, they will probably promote justice, happiness and the flourishing of society, and help to eliminate rough spots and societal defects.

It is not by chance that I emphasize caution. I am deeply convinced that the thoughtless, frivolous pursuit of leftist-liberal faddishness is fraught with great dangers. On the international level, one danger is the loss of Western unity and of a clear understanding of the ever-constant global threat posed by the totalitarian nations. The West must not under any circumstances allow the weakening of its stand against totalitarianism. There is an internal danger for each country of slipping into state-capitalist totalitarian socialism. These two threats are of course closely related. And the growth of leftist ideas must not lead to a weakening of the international defense of human rights throughout the world, with the same standards for the Englishman, the Frenchman, the black from the Republic of South Africa, the Crimean Tatar, the Russian, the Ukrainian, the Italian, and the Vietnamese.

In comparison with these problems, many of the day-to-day matters that are disturbing the ordinary man in the West are of slight significance. If he, his children, or his grandchildren ever live under a system even remotely resembling ours or the Chinese, they will understand—it isn't too late.

The late Arkady Belinkov, [a Soviet literary critic and former political prisoner who defected to the U.S. and has since died] who was received with so much coolness and distrust in the West, once wrote: "Socialism is the kind of thing it's easy to sample but hard to spit out." And indeed, by virtue of its inherent qualities of immanent stability, and the inertia of fear and passivity, totalitarian socialism (which may be called "pseudosocialism") is a kind of historical dead end from which it is troublesome to escape.

Certain Westerners have expressed the opinion that the failures and calamities in the USSR and the other Eastern socialist nations are due to the fact that these are "benighted Asian countries" without democratic traditions and without any history of respect for the rights of the individual. For these nations—for the Russians, the Chinese, the Vietnamese—everything that takes place (terrorism, muddling, dirt in the maternity home, violations of freedoms—I am intentionally citing disparate things) is allegedly customary and even "progressive," since those people have such a strange way of taking a step forward. But, it is alleged, the West, with its democratic traditions, will rise in one upward swoop to the higher level of "socialism with a human face"—humane and effective. In particular, such arguments are, I gather, widespread among the Western Communists—especially among the intellectuals and leaders. But for the rank-and-file Communists they employ the simpler methods of distorting and concealing the truth about the lands of victorious socialism.

These typically leftist-liberal arguments (I call them "inverted Slavophilism") are in no way justified by historical experience. To me they represent a dangerous illusion and an immoral use, perhaps in order to appease consciences, of different yardsticks for "our people" and "other people."

Heretofore socialism has always meant a one-party system, power in the hands of a grasping and incompetent bureaucracy, the expropriation of all private property, terrorism on the part of the Cheka or its counterparts, the destruction of productive forces, with their subsequent restoration and expansion at the cost of countless sacrifices by the people, and violence done to free consciences and convictions. So it has been in the USSR, in the people's democracies, in the People's Republic of China, and in Cuba. (The example of Yugoslavia, the nation most independent of Soviet guardianship and the freest and most open of the socialist countries, is especially significant.)

Is all this inevitable? I believe that in principle "socialism with a human face" is possible, and represents a high form of social organization. But it is possible only as a result of extraordinary collective efforts, plus wisdom and selflessness exercised by a great part of the people—something uniformly difficult to achieve for any country, requiring especially favorable domestic and foreign conditions. The total nationalization of all means of production, the one-party system, and the repression of honest convictions—all must be avoided or totalitarianism will prevail.

I would also assume that the totalitarian states stand at an especially great distance from this ideal, that they are farther from it than capitalist states of the West. In 1968, the world witnessed an attempt by the Czechoslovak Communists, supported by the Czech people—especially the intelligentsia and the working class—to purge totalitarian socialism of its monstrosities (it was there that the phrase "socialism with a human face" came into use) and, at the same time, to rid the country of the USSR's humiliating and dangerous guardianship. This attempt achieved certain successes, and elicited admiration throughout the world. But it was precisely the successes that made the USSR, East Germany and Poland fear them as dangerous examples, and that served as the reason for the shameful intervention. Totalitarianism defended itself with tanks, but in so doing it compromised socialist ideas in the eyes of millions of people for a long time.

The dangers of totalitarianism associated with the socialist, so-called progressive path of development—especially in the specifically modern setting of a divided world—have been repeatedly and glaringly evident in recent times.

As I write, [in the summer of 1975] the world is watching Portugal, where the mechanics of falling into totalitarianism are in operation.

The manifestations of the leftist position in international relations are no less serious. The illusions commonly entertained by the leftist-liberal intelligentsia as to the nature of society in the USSR and the other socialist countries, as to real domestic and geopolitical aims of the ruling circles in those countries, make it difficult to evaluate the true significance of detente. And sometimes governments of the Western countries are prompted to take false and dangerous positions—to grant unilateral concessions and "gifts" in the course of detente. In the Western nations, the majority opinion has a direct influence on the practical actions of political leaders, who (so it seems to me, looking at them from here) usually pay heed to their constituents, the press and pubic opinion.

In particular, the leftist intellectuals are urging their governments toward unilateral disarmament. But such disarmament could lead to a disturbance of the international equilibrium—to weakening the Western position vis-a-vis the totalitarian threat—and could induce stepped-up expansion by the socialist nations, especially in the strategically important focal points of the Third World; e.g., the Indian Ocean.

The domestic socioeconomic problems of the Western countries should be solved by mobilizing resources and by means of temporary economic belt-tightening—not at the cost of weakening their stand toward the threat. Balanced disarmament is extremely important; but this result cannot be achieved from a position of weakness.

Also important is the political and economic unification of the Western countries, as in the Common Market (of course not by opposing the United States, the leader of the Western world, but in close cooperation with it). I experienced a feeling of relief at the outcome of the 1975 Common Market referendum in Britain, and of Greece's impending adherence to the Council of Europe. In these situations, the immediate economic aspect of the problem must be relegated to a secondary status. It is most important to oppose expansion by the totalitarian countries. So far, the leftist, "progressive" forces have not taken a clear-cut position in all these matters.

The "leftist" mistakes in Vietnam have been repeated in other cases as well. The leftist-liberal intellectuals are often ready to support and defend extremist and even terrorist groups in their own countries and throughout the world, if these groups are using a leftist mask, while at the same time the intellectuals are ready to condemn harshly those who do not make common cause with them for being conservative and reactionary. This viewpoint is a tremendous danger for mankind.

The leftists usually accept too trustingly the dogma of the advantages of the socialist system, and avoid listening to anything that contradicts it. Reports of current social and economic difficulties and the political, ethnic and religious persecutions that are taking place today are often regarded by such intellectuals as exaggerated and artificially selective.

But even in the most hideous years of Stalin's terrorism, when the fog of misinformation and pro-Soviet propaganda was especially thick, there were honest and brave individuals in the West who realized the truth and managed to speak it. Today the situation has changed in many respects; the fog has begun to lift.

Individual actions taken in socialist countries have played a special role in leading to important psychological shifts. Each deed of this kind is pursued at a high price. In some cases a person involved may suffer repression; in other situations there may be long-term consequences for the cause he has espoused, for his friends, his children, or his close relatives.

I would hope that my book will be heeded. I am hoping, in particular, that members of the Western intelligentsia will more vigorously defend human rights in our nation and the other socialist nations.

In 1974 internationl support saved the Panovs. Unquestionably, the public statement by Prime Minister Harold Wilson played a decisive role, bringing the protests up into those high quarters not usually reached by noise from the street. The same thing is possible in other cases. The story of the Panovs confirms that only the strongest pressure—the kind to which the Soviet authorities are most vulnerable—has any chance of success. Only pressure can compel those officials who are not entitled to deviate from their instructions to request further instructions from the higher leadership, which is sometimes capable of reacting in an unconventional way.

NEW YORK CITY PENSIONS AND ITS FISCAL CRISIS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. BIAGGI. Mr. Speaker, with New York City perilously close to collapse, it is important that every available bit of information to help the Congress analyze the situation and make decisions on the form of aid, if any, Federal action should take.

Of course, not only as a New Yorker, but a concerned national legislator, I believe it is imperative that the Federal Government intercede to prevent the collapse of New York City's finances. New York City has suffered enough as a result of its post indiscretions. Now our concern must be directed to the effect of a default by New York City on the municipal bond market and on the economy of the country as a whole.

As part of a continuing effort to lay out all the information possible on this problem, I am including at this point in the Record for the benefit of my colleagues an article from the September 29, 1975, edition of Money Manager dealing with the New York City pension systems:

New York City Retirement Well Is Rapidly Running Dry

(By Gordon Platt)

New York City is rapidly running out of money to meet its pension costs. Whether its pension system already is broke, or only going broke, is a matter of philosophy. It can't be established as a matter of fact because the City, already strapped over a barrel, doesn't have the money to pay its actuaries to find out. But documents obtained by "The Money Manager" show that the City's pension liabilities already have well surpassed the assets in its retirement system, and in 10 years or less there may be no money on hand to meet any of the costs of benefits for workers then eligible to retire.

This doesn't mean that pensioners won't continue to receive their monthly checks from the City, at least for a while. The situation is somewhat analogous to that of a bank. So long as everyone doesn't ask for the money at the same time, there is no immediate crisis.

The problem for the City is that more and more people are asking for their money now. Ironically, the City's efforts to curtail operating expenses through a freeze on salaries have put an increased strain on the pension system. The rate of retirement has skyrocketed because it no longer pays for City workers to stay on the job in hopes of a raise which would increase the level of their benefits for life.

Rates of retirement and resignation also were transformed significantly by the liberalized benefits enacted in 1968, as well as by the Sanitation Department's 20-year plan enacted in 1967. In that same year, the transit workers bargained for a half-pay pension plan beginning at age 50. Because estimates of the number of employees who would retire at earlier ages were based on experience from 1908 to 1914, the cost of the new benefits turned out to be nearly 40% higher than expected.

Once the City grants improved benefits, it is unable to rescind them because of the guaranteed benefits in Article V of the State Constitution which says they may not "be diminished or impaired."

In a report to the Governor and the Legislature released last March, the State's permanent Commission on Public Employee Pension and Retirement Systems, known as the Kinzel Commission, warned that the financial soundness of the City's pension system "is in jeopardy unless corrective action is taken immediately." It said the deterioration of the systems has been so great as to raise a question of a possible violation of the guarantee against "impairment" in the State Constitution.

"The Money Manager" has obtained a copy of a letter sent to the Board of Trustees of the Employees' Retirement System by the City's Chief Actuary, Jonathan Schwartz, in response to the Kinzel Commission's report. The letter reveals the following:

As of June 30, 1973, the assets of the New York City Employees' Retirement System available to fund benefits for active members amounted to roughly 45% of the liabilities for service rendered in the past by members then eligible to retire.

As a result of the many retirements processed since Jan. 1, 1974, and the special 1974 legislation which allowed the City to take some $190 million as "excess interest credits" against its contributions to the system, these assets did not likely exceed 25% of past-service liabilities of eligible retirees as of June 30, 1975.

Assuming no dramatic increase in the rate of retirement, "the most likely prognosis" after June 30, 1975, with respect to these assets "is a slow erosion (two to three percentage points annually) with available assets being dissipated some 10 years from now."

Mr. Schwartz concluded that "the only course of action to forestall this anticipated erosion would appear to be a strengthening of the actuarial assumptions, preferably within the next year or two." He added, "I recognize that this is not the optimum time to propose still another strain upon the City's resources, but there appears to be no other choice."

In an interview with "The Money Manager," Mr. Schwartz estimated that by increasing its pension contributions by about $300 million a year, the City could get four of its five major pension systems on what he considers a sound financial footing in a matter of 15 or 20 years.

The Accounting Principles Board in its Opinion Number 8 has set forth the following four levels of funding for a retirement system:

(1) A retirement system should have sufficient assets on hand to guarantee benefits for life to its retirees.

(2) In addition, a retirement system should have on hand assets equal to its liability on account of service rendered in the past by active members currently eligible to retire and begin drawing a retirement allowance.

(3) In addition to the assets referred to under (1) and (2), a retirement system should have on hand assets equal to its liability on account of service rendered in the past by active members who have a vested right to retirement benefits, but are not yet eligible to retire.

(4) In addition to the assets referred to under (1), (2), and (3), a retirement system should have on hand assets equal to its liability on account of service rendered in the past by active members who neither have a vested right to a benefit nor are eligible to retire.

Mr. Schwartz said that he would consider the City's pension systems to be on sound footing if they could meet the first two requirements. The Kinzel Commission's report noted that "adherence to the full funding principle is of special importance in a public plan, since it assures that government will fully recognize and meet the current costs of pension benefits, and that such costs will not unfairly be shifted to future taxpayers."

While an infusion of another $300 million a year might be adequate to gradually fund the other systems, the Fire Department Pension Fund presents a special problem. In 1951, the City's Administrative Code was amended to provide that the City would make annual contributions to the fund at three times the rate made by City firemen. When these payments proved to be insufficient to cover promised benefits due to obsolete actuarial assumptions, an impasse developed over who will pay for the increased costs. Therefore, the deficit continues to mount, and nobody is paying the increase.

"It has been estimated," the Kinzel Commission said, "that contribution rates for both members and the City would have to be raised by approximately 80% in order to eliminate the accumulated deficit over the average working lifetime of the current employees."

Meanwhile, accidental disability awards, which provide a retirement benefit of 75% of pay, presently are running at least six times the assumed rate for City policemen, and at more than nine times assumed rate for City firemen. Noting that the rate of accidental disability awards for City policemen and firemen is many times the rate for police and firemen in the Statewide system, the Kinzel Commission said, "The only explanation for the rather drastic difference is that the boards of the New York City systems are granting the higher 'accidental' disability award without requiring any proof that the alleged injury or disability resulted from an accident."

Putting aside these special problems, the first step in getting the system back on sound financial ground would be a full-scale updating of obsolete actuarial tables. The tables in current use, which determine how much the City must contribute to the funds, were prepared for a 1914 to 1918 Commission on Pensions from the City's records of experience from 1908 to 1914. None of the systems have made more than token changes in the official actuarial assumptions adopted when the systems were begun.

The Retirement Boards, which include City representatives, have had no incentive to authorize the preparation of new tables because they would most certainly result in higher contribution rates. In addition, the City doesn't have the money to pay for the substantial enlargement of staff and facilities which the Actuary would need to complete the task.

"I am already understaffed and overworked," Chief Actuary Schwartz said. He noted that his staff has been cut, mostly through attrition, from 48 to 31 since July 1 of last year.

But the City's teachers, alarmed by the Kinzel Commission's report and the continuing financial crisis, have put increasing pressure on their Retirement Board to update the actuarial tables. "It is self-evident that the tables should conform with reality, and we feel that it should be done," Bernard Goldberg, chairman of the Pension Committee of the United Federation of Teachers, said.

At its last meeting on Sept. 18, the Board of Trustees of the New York City Teachers' Retirement Fund contemplated changes in the tables, according to Wallace Sullivan, executive director of the fund. A decision was made to consider changes in the mortality tables when the Board next meets on Oct. 16, he added.

"Extensive studies would take months and months of work," he said, "so we decided to adopt a piecemeal approach." The Board will consider making use of a recent, standard industry-wide table, known as the 1971 Group Annuity Mortality Table.

The Kinzel Commission found that "experience indicates that the City systems have consistently overestimated the death rate for regular service pensioners and their beneficiaries, disability pensioners, and active employees, thereby underestimating the total number of persons who will be alive and drawing benefits at various ages."

Mr. Schwartz said in his letter to the trustees of the City Retirement System that "In general, when a particular set of actuarial assumptions is no longer a proper basis for projecting the benefit payments due from a retirement system, it is advisable to reexamine all of the assumptions, and not merely change some of the assumptions on a piecemeal basis."

But Mr. Sullivan of the Teachers' Fund said, "No manna is going to drop from heaven, so we have to do the best we can with the staff we have." He said he sympathized with the staff shortage in the Actuary's Office and added that the Teachers' Retirement System itself has a 33% job vacancy rate.

In speaking of the City's retirement systems in general, the Kinzel Commission said, "It is ironic that the failure to adopt realistic assumptions in and of itself assures that higher and higher contribution rates will be required—even if benefits are not increased.

"The situation is somewhat equivalent to a business," it said, "which, being in financial trouble solves its problem by purposefully understating its operating costs for the year. . . . The unpaid costs for previous years, when added to the additional costs for the current year, result in a sharply increasing debt as each year passes.

"Each year's delay in eliminating the cause of the problem merely postpones the inevitable fiscal calamity which must ensue. New York City has now delayed in its solution for over a decade," it added.

The Chief Actuary replied in his letter that "It is only recently that sufficient data have become available to serve as a basis for formulating reasonable projections of future experience." He added that "while it is true that the assumptions underlying the actuarial valuations are in need of change, the fact that they have not been changed until now should be attributed to neither malfeasance by the Board nor to the Actuary having been intimidated, but rather to the prior unavailability of essential data."

The director of the Teachers' Fund said there are "self-rectifying and offsetting errors" in all of the tables. But it is generally agreed that an updating would result in higher contribution requirements. None of the four major retirement boards has shown any interest or intention of making even piecemeal changes in the tables.

Where the money would come from to meet increased contributions is problematic. Some pension sources say the only solution would be a Constitutional amendment which allows the City to cut back on some of its pension promises. They say it is obvious that the City has been too generous in the past. Its annual spending on retirement and Social Security programs alone is larger than any other American city's annual outlays for all wages and salaries.

Because an increasing share of the pension burden has been assumed by the City, most of its employees now make only token contributions to the systems. But with wage freezes and layoffs it would be politically infeasible to ask the workers to foot a larger share of the bill. They would probably prefer a cut in benefits, one pension official said.

A study of the City's pension programs released earlier this year by the Maxwell School of Citizenship and Public Affairs of Syracuse University concluded, "The budgetary implications of retirement costs will continue to be substantial for many years to come. And if New York City's current budgetary crisis is soon to be resolved, the solution is not likely to be found in the realm of retirement costs economies."

But the City's pension funds have helped out in the crisis by making substantial purchases of Municipal Assistance Corp. bonds. This practice has been criticized by some pension officials who claim that the funds are being asked to take on the risk of these investments without being able to benefit fully from the rewards. The tax-exempt status of the bonds is of no benefit to the funds.

The purchase of MAC bonds by the City retirement systems "is the strongest argument there is for the extension of the provisions of last year's pension reform legislation to public funds," John F. Thompson, executive director of the Wiesenberger Pension Executives Institute told a recent meeting of the group. He said there is no justification for the investment if pension money in "such highly speculative instruments."

Although the bonds carry high coupons offering income comparable to recent issues of taxable bonds, the return in excess of 4% a year could be used by the City to reduce its contributions to the pension systems through "excess" interest deductions. Thus, the funds would not benefit from the high returns, pension officials said.

The Kinzel Commission described such "excess" interest deductions as "fiscal gimmicks" and "improper from an actuarial view point." In what came to be known as "The Great Interest Rate Grab," the City was able to reduce its 1974–75 contributions to its retirement systems by approximately $261 million through an expansion of the "excess" interest deduction to three years from one.

Such practices will eventually catch up with the City, and even if it is able to extricate itself successfully from its current fiscal bind some way will have to be found in the near future to fill the widening gap between pension assets and liabilities. Otherwise, there may be a lot of broken promises.

A NOTE ON WHEAT AND THE SOVIET ARMED FORCES

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the President has just announced a new long-term wheat deal with the Soviet Union. I deplore this for the sake of the American consumer. If we are to feed foreign countries, there are many more deserving than the Soviet Union, our avowed enemy. Further, there is a military risk in these arrangements, which have just been debated as to whether they favor the farmer or the consumer. There is the military factor. The Soviet Union needs huge grain reserves for wartime use. This is an element in their defense planning. Mrs. Harriet Fast Scott has recently described this factor very well in a recent article which appeared in Strategic Review, fall 1975. This publication is published by the U.S. Strategic Institute of Washington, D.C., and the article, which follows, raises a serious question which all of us serving here in the Congress should take into account.

The article follows:

A NOTE ON WHEAT AND THE SOVIET ARMED FORCES

(By Harriet Fast Scott)

There is a great deal of speculative thought in the United States about selling wheat and other grain to the Soviet Union. Few, however, consider the Soviet point of view.

General of the Army Yevdokim Yegorovich Mal'tsev, Commandant of the Lenin Military-Political Academy in Moscow, explains the Soviet need for wheat in a recent book, The CPSU—the Organizer of the Defense of the Socialist Fatherland, issued by the Military Publishing House, which appeared in Moscow bookstores in 1974. General Mal'tsev explains:

Modern war makes great demands for supplying industry with raw materials, for supplying the army and the population with foodstuffs and other material means. "The Red Army," wrote V. I. Lenin, "cannot be strong without great state reserves of wheat because without this the army cannot be moved about freely, nor trained as it should be. Without this one cannot maintain the workers who work for the army." Agriculture in many ways determines the development of branches of industry, including defense.

In the 1930s, according to General Mal'tsev, "it was impossible to build socialism and strengthen the defense might of the country without a radical break-up of the small-farmer villages." Forceful collectivization of the peasants was justified. "Right opportunists resisted collectivization in every possible way, scornfully treated the kolkhozes and sovkhozes, concealed the class struggle with the kulaks and underestimated the military danger from international imperialism. All this harmed the socialist buildup and objectively led to a weakening of the defense might of the Soviet states. The Party decisively swept the right opportunists from its path."

General Mal'tsev's book, sent to the printer in August 1973, may have been written to help explain the huge grain purchases from the West. He emphasizes that no change should be considered in the basic structure of Soviet agriculture. "Collectivization had a direct influence on strengthening the defense of the state, in raising the fighting might of the army and navy. . . . And the development of animal husbandry, the increased production of textile materials such as cotton, flax and others permitted the improvements of the supply of materials for the Red Army. It became possible to create the necessary mobilization of reserves."

With the establishment of the kolkhoz structure and the liquidation of the kulaks, Mal'tsev asserts that "the social base and the rear of the Red Army was strengthened." The next step was to provide modern agricultural machinery to the new collective farms. Almost one million mechanics were required to service the new equipment. "*This also had great defense significance.* The development of agricultural machine building permitted, in case of war, *the rapid switchover of plants of this branch to the production of tanks, military prime movers and other combat equipment. Cadres of mechanics became an important reserve of technical knowhow for replenishing the Armed Forces.*" (Emphasis added.)

Fifty thousand copies of General Mal'tsev's book were published. One can but wonder how many of its readers will remember some of the actual results of collectivization. Millions of people died as a result. Insofar as food production was concerned, many of the livestock levels of 1928, before forced collectivization, were not again reached until the 1950s or even the 1960s. For example, there were 60.1 million cattle in the Soviet Union in 1928. Four years later the count was 33.5 million. The 60 million mark was not again reached until about 1958, some thirty years later.

General of the Army Mal'tsev is of four-star rank. The Lenin Military-Political Academy, which he heads, comes under the Main Political Administration of the Soviet Army and Navy. This organization has the rights of a Department under the Central Committee of the Communist Party. Its purpose is to serve as the Party's ideological watchdog over the Soviet Armed Forces. Spokesmen at the Academy take policies that are approved by the Party and place them in a Marxist-Leninist context for study and indoctrination throughout the Soviet Armed Forces.

This expressed requirement of the Soviet Armed Forces for wheat merits careful examination. Many in the United States today feel smug about our grain sales to the Soviet Union, discerning benefit to the U.S. and thinking that this will help convince the Soviet leadership of the superiority of Western systems of production. However, greater attention should be given to the danger of the Soviet Union becoming dependent upon the United States to supply each year their deficits in agriculture. What might happen if, in a year of severe drought, the United States were to refuse to sell grain to the Soviet Union? There is some question how the nations of the world, including the United States, might react should the Arab nations prohibit the sale of oil. Can one rule out the use of force should the Arab nations not make oil available to the industrialized nations? The sale of wheat to the Soviet leadership might be in the same category as the sale of oil is to the West.

Seemingly, the Soviet leadership will not admit that collectivization of agriculture is a failure, insofar as the peacetime production of foodstuffs is concerned. But failure it is! One need but drive between Helsinki, Finland and Moscow to see the difference between agricultural production in a free enterprise system and under the Soviet system of collectivization.

Climate in the Soviet Union generally is harsh, and rainfall often is lacking in those regions where the soil is potentially productive. If one departs from the Intourist circuit, and sees any part of the Soviet Union as it actually is—not the Intourist showplaces—the main reason for the chronic food shortage becomes apparent. Those who live on the kolkhozes and sovkhozes pay great attention to the tiny plots on which they can keep the fruits of their labor. Tens of thousands of acres may suffer from erosion due to failure to plant covering crops, but the few square feet of soil tended by individuals provide a sizable percentage of the total food production of the USSR.

It probably is obvious to some of the Kremlin's leaders that returning the land to the peasants would solve part of their food problem. However, such an act might lead to a loosening of Party control. Even more important, the abandonment of the collectivized system might lessen the ability of the political-military planners to manage completely food outputs in the event of a war.

The Soviet Armed Forces today number between 4.5 and 6 million men—more than double the size of the Armed Forces of the United States. As General Mal'tsev reminds us, as the momentum of Soviet military power steadily increases, "the Red Army cannot be strong without great reserves of wheat. . . ."

It might be well for Americans to reflect seriously on this military reality so simply stated by this official pronouncement.

NATIONALIZED MEDICINE: A NARCOTIC ADDICTION

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. CRANE. Mr. Speaker, Prime Minister Harold Wilson, as if in recognition of the dramatic failure of socialized medicine in Great Britain, has ordered an investigation of the National Health Service.

In creating a royal commission to examine the service, Mr. Wilson acknowledged that the institution might need an overhaul or, at the least, a financial transfusion from a Government that is already under pressure to cut public spending.

Socialized medicine has provided the people of England with impersonal, bureaucratic, and very expensive health care. There are waiting lists at almost all major hospitals and only emergency cases are assured of speedy treatment.

Unfortunately, the illusion that health care is "free" since it is paid for through taxes rather than direct payments, has served as a narcotic, blinding the people of England to what is really taking place.

Dr. Max Gammon, a British doctor who is trying to reinstitute the private practice of medicine within a system which has become completely dominated by the Government, notes that:

> After a generation of nationalized medicine virtually everyone—comes to believe that the system "with all its faults" is the only possible one today. There has been a modification of the metbolism of the body politic and economic, and in the individual psyche. This modification can usefully be compared to narcotic addiction in which the drug modifies the total body metabolism and creates an organic dependency.

Concerning the future, Dr. Gammon states:

> Is it already too late? It has been said to me regarding my own attempt at creating an independent medical service in Britain, "You cannot un-scramble an egg." I like this analogy. In scrambling an egg you effect a change which destroys any potential it might have had for reproducing life. But there is one good thing about a scrambled egg—it doesn't last for ever. Ours is 27 years old. You can smell it over here (in U.S.A.). I don't think you are going to swallow it. And we are getting ready to throw up.

Anyone who believes that the United States would benefit by having a system of nationalized medicine should carefully consider Dr. Gammon's words.

I wish to share with my colleagues the analysis provided by Dr. Max Gammon at a meeting of the Congress for County Medical Societies held in Gaithersburg, Md., on September 13, 1975, and insert excerpts from his remarks in the RECORD at this time:

EXTRACT FROM A TALK GIVEN BY DR. MAX GAMMON AT THE CONGRESS OF COUNTY MEDICAL SOCIETIES INC.

I am billed to be speaking to you today on "The Irreversibility of Nationalized Medicine". I feel that it is right at the outset for me to say that I believe that few things are ultimately irreversible. I agree with the British philosopher, A. N. Whitehead, who said "This Universe is not only stranger than we think, it is stranger than we can think". It follows therefore that I believe that ultimately nothing is impossible.

Having established my position in relation to the general principle of "irreversibility" I must now say that my own experiences in Britain in attempting to establish a hospital independent of the State have led me to believe that the Nationalization of Medicine if not an irreversible step comes very close to it. Certainly the establishment of a new free enterprise system for the delivery of health care cannot be achieved without a Titanic struggle. As one British politician said to me recently "Such a project is a massive politico/psychological operation". I agree. The magnitude of the difficulty of correction is co-extensive with the magnitude of the disorder.

I would like to consider in detail for a few minutes the changes in the socio/economic infra-structure of a Nation that nationalization of medicine entails and which make de-nationalization or even the establishment of a complementary independent medical service an enterprise of such unrelenting difficulty.

After a generation of Nationalized medicine virtually everyone from the sophisticated politician, the professor of medicine and the custodian of institutional finance to the hospital porter and the patient on the waiting list comes to believe that the system with all its faults" is the only possible one today. There has been a modification of the metabolism of the body politic and economic, and in the individual psyche. This modification can usefully be compared to narcotic addiction in which the drug modifies the total body metabolism and creates an organic dependency. As in narcotic addiction we are dealing with the result of an indiscriminate general use of an agent which may be beneficial in selected cases and in carefully regulated dosage. When the harmful effects are generally recognised I suggest to you in all seriousness that we shall need the political equivalent of a Dangerous Drugs Act to which all political parties subscribe in order to initiate and maintain withdrawal.

I would like now to examine some of the manifestations and mechanisms of the British addiction.

THE MEDICAL PROFESSION

Shortly after I left the N.H.S. and began work on the development of proposals for St. Michael's Hospital my old professor of medicine, now dead, who was at that time President of one of our Royal Colleges, said to me "Gammon, your hospital is likely to be good for patients and good for staff, but it will be bad for the N.H.S." to which I replied "For whom should we be working for our patients and our staff or for the preservation, unchanged, of the system?" I should say in fairness that this attitude is not universal among the leaders of our profession in Britain. There are courageous and clear-sighted exceptions; they are few but they outstandingly represent the best.

While many first-rate doctors are totally committed to the N.H.S. and much more important to the care of their patients within the system, it must be stated squarely that the second-rate doctor has a vested interest in the preservation of a virtual State monopoly in the delivery of medical care. Once established it ensures that he has no competition and it gives a guarantee of lifelong security. Moreover the State system does not demand commitment, indeed it discourages it by its rigid bureaucracy.

The attitude of mind among doctors engendered and encouraged by a Nationalized Health Service is well summed up in this quotation from the British Medical Journal of March 22nd, 1975. Referring to a decline in private practice in Britain some 10 years ago a leading article stated that "Private practice remained what it ought to be, an expensive luxury for those for whom time is money and for whom individual attention is worth the cost".

THE PATIENTS

From the foregoing it may come as a surprise when I tell you that it is a well recognized political fact that the N.H.S. is popular with the majority of the public. By a political fact I mean a factor in political calculations and I will return to this a little later. At this stage I would like to say that this particular political fact probably coincides with reality insofar as most *people*, most of the time, have no contact with the Service.

The N.H.S. is popular because it lifts the burden of personal responsibility for making provision for sickness. And in parallel with the lifting of personal responsibility is the development of the "as of right" mentality. Bearing in mind Sir William Osler's dictum "The desire to take medicine is perhaps the greatest feature that distinguishes man from animals" and leaving aside the question that this raises as to whether or not it is desirable that medicine should be made totally freely available, we have to ask whether it is possible. Not all desirable things are possible. In this connection I am reminded of a cartoon which I keep on my desk in London. It shows a man reading a newspaper with the banner headline "Rail men demand eternal life". Desirable—for some. But I will not today go into the question of feasibility.

It would need Swift to do justice to the ultimate implications of the totally free "as of right" delivery of medical care. Suffice it to say it would require a huge slave force of medical attendants. Indeed, since we cannot know just when disease will strike, each patient ideally should have his own medical "shadow" in constant attendance. Moreover with the advent of transplant surgery, each medical shadow should be accompanied by an "organ-carrier" specifically bred for the purpose. We have not yet attained this ideal situation, but we are working towards it.

CHARITY

Traditionally the care of the sick in Britain other than by members of their own families was undertaken by the Church. Indeed one of the principle undertakings given by Henry VIII prior to the dissolution of the monastries in the first part of the Sixteenth Century was that he would build hospitals to replace those religious institutions which he proposed to "phase out". In fact only 5 hospitals were built over the next two Centuries and it took Eighteenth Century charitable private enterprise in the shape of voluntary hospitals to remedy the situation. Not for the first and not for the last time the State, having forcibly assumed a cardinal responsibility on behalf of its subjects, found more pressing priorities standing in the way of the fulfillment of its obligations. In Twentieth Century Britain the situation has recurred. The State has claimed virtually exclusive responsibility for the financing and organizing of the delivery of medical care and the rate of new hospital building in Britain since Nationalisation 27 years ago has been about 6 times slower than under the old system in the period of economic depression between the 2 World Wars. No new hospitals were completed in Britain in the first 13 years following Nationalization.

Charitable and Voluntary organizations were actively discouraged. The policy of active discouragement has now been partly revised but the charitable infra-structure has been destroyed and the very concept of charity has become distasteful. Strange thing that in a "Welfare State" that advertises to the world its superiority in the matter of care for others the word "charity" which means "loving giving" should be more repellant than any four-letter expletive.

In this context I would like to deal briefly with a malignant misrepresentation concerning the N.H.S. which has gained wide credance namely that the Nationalized Service represents a continuity with the older charitable service. With the exceptions of the blood donor service and the dedication of many hospital workers there is no element of charity in the N.H.S. I am purposely excluding donations from big business which represent one hand of the State automaton tickling the other. Nationalized medicine is based upon *taking*—taking from the tax-payer by compulsion and taking by the patient "as of right". This has nothing in common with a charitable system which is based on *giving*—the freewill giving and acceptance of gifts. The basis of a charitable system is a natural and unequal distribution of wealth—an irregular landscape of wealth which has now been levelled and concreted over leaving a few monolithic tower blocks in place of hills and hedgerows through which a chap like me could wander gathering a nest-egg here and a nest-egg there to assist in creating a philanthropic institution.

THE FINANCIAL INSTITUTIONS

We turn now to the "tower blocks"—the great Insurance Companies and Pension Funds—the custodians of the wealth of the people which is the ultimate resource of private enterprise. As one senior executive of a leading British Insurance Company said to me a few weeks ago at the end of a gruelling meeting in which I and my colleagues had demolished every objection raised by his Company to making an investment in St. Michael's Hospital "You see we are virtually nationalised already, we just wait for instructions". I won't say any more . . . .

THE POLITICIANS

The attitude of the majority of politicians who are not actively hostile to the concept of an independently financed and organized Health Service is summed up by a remark made to me by a British Conservative politician concerning the St. Michael's proposals when the Conservative party was last in office, he said "Your proposals would scare the pants off the Electorate. You cannot expect any support from the Government, but you will find that you will not be obstructed". Here we are confronted by the perennial political problem—the conflict between expediency and principle. The dilemma is as old and perhaps older than many himself. It is summed up in the Biblical proverb "There is a way that seemth right unto a man, but the end thereof are the ways of death"—the seemingly expedient can prove to be ultimately fatal. This problem must have confronted the early berry-gathering tribes who had not yet learned to differentiate between edible and poisonous fruits—the fruit of the deadly nightshade so closely resembles that of the wild blackcurrant. Only in this century has science been able to demonstrate why one kills and the other nourishes.

In this context our political science is perhaps shill at the Neanderthal stage. All we can say is that judged by past experience certain seemingly good courses of action are most likely to become ultimately destructive. I suggest to you that the Socialist way epitomised by a Nationalized system of health care is just such a seemingly benign but ultimately fatal course. It is the urgent business of the politician and the political philosopher to discover and demonstrate the fatal chemistry.

Is it already too late? It has been said to me regarding my own attempt at creating an independent medical service in Britain "You cannot un-scramble an egg". I like this analogy. In scrambling an egg you effect a change which destroys any potential it might have had for reproducing life. But there is one good thing about a scrambled egg—it doesn't last for ever. Ours is 27 years old. You can smell it over here (in U. S. A.). I don't think you are going to swallow it. And we are getting ready to throw up.

MILITARY MORALE PROBLEM

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mrs. SCHROEDER. Mr. Speaker, last December, Jerome Verdi, a young Air Force sargeant who had been awarded two purple hearts and a bronze star in Vietnam, was court-martialed for failure to meet Air Force haircut standards.

As a result, I began to ask questions of the Air Force and Army in order to ascertain the current thinking of the military bureaucracy as well as our service men and women on haircut regulations.

I was not too surprised by the responses I received from the military bureaucracy. Regulations were being enforced without any concern for their effect on military morale. Nor was there any indication from the military brass that haircut regulations ought to be reviewed—as they have been in the past.

I must confess, however, that I was genuinely surprised by the enormous number of letters and petitions I have received from service men and women—some 8,000 to date. And 99 percent of the writers say loudly and clearly that Air Force and Army hair regulations have caused a serious morale problem.

Specifically, the several thousand service members indicate that military effectiveness and morale are being undermined by outdated, irrelevant regulations which bear no relationship to job performance.

The letters speak for themselves. Compare the bureaucratic nonsense you will receive from the military top brass in response to your inquiries with the commonsense statements set out below from letters I have received from service men and women:

1. "Through my personal observations, hair lenths and beard regulations are outdated, irrelevant to duty performance and a definite detriment to retention of many highly qualified individuals throughout the military." SSgt., U.S. Army, awarded Outstanding Reenlistment NCA for first quarter 1975

2. "It is a sad day for America when a man can receive a federal conviction that may very well ruin his life, for wanting to wear his hair similar to his peer group in the civilian world." Sp/5, U.S. Army, Dental Hygienist, Germany

3. "There must have been at one time a reason for the military's haircut rules but I haven't found it in my 15 plus years with the Air Force." TSgt., U.S. Air Force Thailand

4. "I personally do not agree with the standards imposed by the Air Force and I feel that the haircut regulations should be greatly liberalized if not completely eliminated. The real problem with the haircut regulations is having to enforce them without good reasons for doing so. 'The regulation says so' is a poor argument for enforcing rules that don't make sense and from my point of view this kind of logic forces commanders to appear dogmatic and sometimes just plain silly." Major, U.S. Air Force, Ohio.

5. "Each command I have been in has had their own criteria pertaining to how the length of the hair should be and if an individual was not in conformity with the so-called regulation, he was severely jeopardized in that he was put on the Commander's blacklist and any dirty duty that was to be done, the blacklisted individual was called to do it." Sp/5, U.S. Army, Fort Belvoir, Virginia.

6. "I submit that the examples given in Air Force Regulation 35–10 more closely resemble wanted posters than young men in America's Air Force." Sgt., U.S. Air Force, Patrick AFB, Florida.

7. "It is no exaggeration to state that hair length was the single most important factor in my decision to resign. The Army's pathological reaction to contemporary civilian grooming standards throughout the country is easily the most damaging factor to military morale among both officer and enlisted personnel." Lt. Col. Doctor (resigned, U.S. Army, after nine years service)

8. "Why is it in the year 1975 men must be forced to wear hair styles of the 1930's and 1940's? Especially when the Army allows women members to wear their hair at virtually any length they choose. Somehow this practice does not seem to coincide with the idea of an equal opportunity Army." PFC, U.S. Army, Texas

9. "As a 45 year old Colonel, I have no youth axe to grind, but I have long thought that the time and effort that goes into writing and enforcing hair rules is largely wasted and unnecessary. It creates useless hassles and contributes nothing positive." Colonel, U.S. Air Force, Michigan

10. "I am also on Battalion Race Relations. The first problem I hear is about haircuts. Why can Blacks wear long hair and whites can't?" Sp/4, U.S. Army, Kansas

11. "I think for our 200th birthday celebration the Air Force should allow its personnel to celebrate by growing longer hair and beards." SSgt., U.S. Air Force, George AFB California

12. "I do not agree with Air Force grooming standards, especially the 'Adolph Hitler' moustache style. I love the Air Force but I cannot see why grooming standards couldn't be a little more up to date." Major, U.S. Air Force, Texas

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BAN HANDGUNS

HON. ELIZABETH HOLTZMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Ms. HOLTZMAN. Mr. Speaker, I wish to share with my colleagues an excerpt from a letter I have received from one of my constituents about gun control. Mrs. Josie Cohen asks how long Congress will delay on legislation to ban handguns. What answer can the Congress give? The text of the letter follows:

DEAR REPRESENTATIVE HOLTZMAN: The murder of a 19 year old Rabbinical student David Krausz at a camp in the Catskills is yet another tragedy which cries out against the sale of handguns to the public. Four hoodlums terrorized a boys' camp and had a free hand to kill a random victim before the police arrived 1½ hours after they had been called, after murder had already been committed. How many more innocent victims are to be gunned down by murderers with guns! The boys in that camp were absolutely unable to protect themselves. You must speak of this tragedy on the floor of the House. The innocent blood of David Krausz cries out for justice. How long will Congress wait before the blood of all those killed so tragically and unnecessarily pours through your halls. A ban must be made as soon as possible with strong enforcement.

MRS. JEFFREY COHEN.

REPORT ON VISIT TO MAINLAND CHINA

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. DERWINSKI. Mr. Speaker, a month ago I issued a preliminary report on my observations on my trip to the People's Republic of China, which was made as a member of the congressional delegation headed by Representative JOHN ANDERSON, Republican of Illinois, and which also included Senator ROBERT C. BYRD, Democrat of West Virginia, Senator JAMES B. PEARSON, Republican of Kansas, Senator SAM NUNN, Democrat of Georgia, and Representative JOHN SLACK, Democrat of West Virginia. We were in mainland China from August 20 through August 29.

We have decided that each Member would write his own report rather than for us to sit down and negotiate a joint report which would be a bland version of six individual views.

Mr. Speaker, I insert in the RECORD at this point a revised edition of my preliminary report which is the official one I am making as a member of this congressional delegation to China:

REPORT ON VISIT TO MAINLAND CHINA BY REPRESENTATIVE EDWARD J. DERWINSKI

My personal view is that the visit of our group to Communist China was educational, somewhat intriguing and certainly challenging, due to the difficulty in objectively analyzing a country as different from ours as the People's Republic of China. One cannot say enough for the great courtesy and efficiency of our hosts.

For many reasons not entirely understandable to me, the American people have been treated to a series of reports about current policies in the so-called "New China" by a number of impressionable observers from the United States over the last few years. Not all, but certainly a substantial number of prominent Americans who like to be identified as "liberals" have returned with glowing reports of the progress made by the Peking regime. They tell us that the "New China" is a "great experiment for all mankind" and a nation where hundreds of millions work happily and enthusiastically to build a "New Order."

We had a very carefully controlled schedule with visits to model factories, model communes, model workers' apartments—which I personally feel utilized the "Potemkin village" strategy.

We were permitted limited but carefully arranged conversations with selected factory and commune workers who, I believe, were well coached in advance of our visit. No matter what questions we asked, we were basically given the standard line of "Inspired by the teachings of Chairman Mao" with which the entire society has been brainwashed. It is, of course, impossible for an outsider to say to what extent any individual Chinese actually believes the official line.

At the official level, there was a similar lack of genuine communication. I felt we had reasonably frank discussions with Vice Premier Teng Hsiao-p'ing and Foreign Minister Chiao Kuan-hua; except for these two top Cabinet Ministers, however, no official would seriously discuss policy (other than to parrot the latest version of Marxism-Leninism-Maoism).

I came away from these talks with ranking members of their government with one overriding impression: the Chinese leaders are preoccupied with a feeling of bitterness and distrust toward the Soviet Union. There were frequent references to the large number of Russian troops along the borders of China and Mongolia; it is well known that the Chinese are building massive air raid shelters in and near all their large cities. We were told of Communist China's concern about events in Portugal and about the dubious value of the Helsinki accords. They put practically no stress on their official desire to see American troops pull out of South Korea, the Philippines, Japan or Diego Garcia, feeling that this is a necessary counterbalance to the Soviet presence in the Indian Ocean. It is obvious that the Peking regime is actually pleased to have U.S. forces in the Pacific area as a possible counterweight to the Soviet Union.

No were told often of China's wish to improve relations with the United States and of the good will of the Chinese people toward our people. The great accomplishments of the Communist government were emphasized. As far as I could see (and from what other observers report), the Chinese government does seem to be taking care of the basic food, clothing and housing needs of the people. Meeting minimum standards, especially in a country as rich in resources as China, however, is certainly not an amazing accomplishment for a modern government.

There is little doubt that the average Chinese is better off than he was in 1949 (after decades of civil wars and foreign invasions). The important point to ask, however, is whether or not the mainland Chinese would have a *better* life today under a free and democratic government. There is, in fact, no comparison between the economies of the People's Republic of China and the Republic of China (Taiwan). As recently as May, I visited the Republic of China and can thus make some comparisons. Although Taiwan has far fewer people and much less in the way of material resources, its annual GNP is now about $700 per capita, while the per capita GNP of the mainland is only about $240. The rice output per acre is 50 percent higher on Taiwan than on the mainland. The Chinese on Taiwan have made their small country the second wealthiest in East Asia, after Japan, on a per capita basis. They have built up a large and growing international trade; if present trends continue, Taiwan will be our seventh largest trading partner in 1976, ranking just behind France and Italy.

The Chinese on Taiwan are the same people that inhabit the mainland; the main difference is that they live in a country with a generally democratic framework which allows them to plan their own lives and to keep most of the rewards of their work. Despite the fact that 80 percent of the mainland Chinese are farmers, China had to import large quantities of food last year. The failures of Communist agriculture in Russia, mainland China and many other Communist countries are so notorious that there is a standard joke to the effect that Communism will immediately collapse as soon as it takes over the entire world because there will then be no country left to sell them food.

Even more important than the vast material differences between the two Chinas, however, is the all-important fact that there is no freedom of thought or expression under the Peking regime. Communist China in one sense can be pictured as a vast prison, with every aspect of human life controlled by an autocratic government—so far as is humanly possible. Even those Western visitors who have returned to praise China admit that they themselves would not want to live there.

Personally, I see no reason for the United States to grant formal diplomatic recognition to the People's Republic of China. While we should continue communications with them, to formally recognize their regime would be in conflict with our moral responsibility and inconsistent with our traditional policy. China has been uncooperative in easing tensions between the two Koreas; not at all helpful in gathering evidence on MIA's in Indochina; still openly advocates support of revolutionary movements.

In my opinion, there is only a limited potential for increased trade between the People's Republic of China and the United States. They do not want consumer goods from us—they need sophisticated technological products. In 1974, the United States exported about $800 million worth of goods to the mainland (mostly agricultural products), and we imported only about $100 million of Chinese goods. In 1975, their purchases were substantially less since they did not find it necessary to import the same volume of agricultural products.

By contrast, our trade with Taiwan is roughly four times that of our trade with the mainland. The immediate prospects for trade with the mainland are, in fact, stagnating. While concentrating on building up its agricultural base, the Chinese leaders have also chosen to regiment their people to build a powerful heavy industry and war material sector. They are open in acknowledging that it is not their policy at this time to give any priority to improving the standard of living of their people.

It is apparent that Chinese *government* officials can completely ignore any pressure from their peoples for making more consumer goods available since there isn't any opposition or even free speech within the country. They have absolute control of all the peoples in the country, including the so-called minorities, the non-Chinese national groups that are scattered throughout the country but are also concentrated in Sinkiang and Mongolia. The government authorities are hard at work eradicating the traditions and beliefs of the non-Chinese ethnic groups, superimposing Maoist dogma upon them. Without the need to bend to public opinion, decisions in government are obviously easy to make, and when wrapped in the aura of the teachings of Mao, total national compliance is clearly possible.

This also means that legitimate people-to-people programs between the People's Republic of China and the United States are not practical or feasible. Obviously, government-to-government relations become the major source of communication and contact.

To sum up, the United States-People's Republic of China relations are unique. There are certain logical reasons why this uniqueness can and will be tolerated by both nations. The tremendous Chinese preoccupation with the threat posed by the Soviet Union makes it necessary for them to maintain reasonable relations with the United States. We, in turn, ought to be satisfied with the plateau of trade that has been reached and the lines of communication that are being maintained. However, we should be under no illusions that the deeprooted differences of opinion that exist can be resolved, and we should be under no illusions that China is a superpower. Since they vehemently deny that designation, our foreign policy must recognize that reality.

I believe very strongly that we must keep in mind that close to 900 million people are living under a totally regimented society, subject to as intense and effective political propaganda as any government ever directed toward its people. Given our economic principles, the inspiration and ideals of the American way of life, our very legitimate role in world affairs since the turn of the century, we must be constantly aware of the fundamental differences between our system and that of the Communist rulers of the People's Republic of China. Since the Chinese Communists feel that the U.S. is wrong in pursuing détente with the Soviet Union, we should be equally careful in pursuing the Chinese equivalent of détente with the rulers in Peking.

CHAMPUS CUTBACKS

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mrs. **SCHROEDER**. Mr. Speaker, the CHAMPUS cutback issue is under reexamination in the Senate as the Appropriations Committee considers the Defense Appropriations bill, H.R. 9861.

On October 14, 1975, the National Association of Mental Health (NAMH) joined the case of the American Association of Marriage and Family Counselors v. James R. Schlesinger. This suit seeks a permanent injunction against Department of Defense actions which eliminated counseling services—under the Civilian Health and Medical Program of the Uniformed Services—CHAMPUS.

The National Association of Mental Health has participated in a number of important cases concerning the rights of people needing mental health care, including the landmark "right to treatment" case of Wyatt versus Stickney. The NAMH joined this suit because of the profound implications of the case for mental health consumers in the armed services and their dependents.

In its brief the NAMH argues that arbitrary limitation of such counseling to psychiatrists, clinical psychologists, and psychiatric social workers would violate both congressional intent in creating CHAMPUS and public policy.

On February 28, 1975, without any change in the governing legislation, the Military Medical Benefit Act and the Dependent Medical Care Act, as amended, in 1966, CHAMPUS suddenly announced that "the services of pastoral, marriage, family, and child counselors" were no longer to be included in reimbursable benefits in order "to enhance—management and conserve appropriations."

Despite DOD protests to the contrary, this action is not a cost-saving measure. By forcing members of the military to seek more expensive forms of treatment, CHAMPUS costs would increase.

Mr. Speaker, the U.S. District Court ruled against the Department of Defense in its June 9, 1975, decision ordering reinstatement of benefits for marriage, family, and pastoral counseling. In his conclusions Judge Charles B. Richey made these points:

Congress did not intend that CHAMPUS be limited by a similar civilian insurance program. Rather, Congress intended that CHAMPUS benefits be comprehensive and of high quality.

The services received by the plaintiffs are medically related, necessary, and therapeutic, and the providers are quality professionals.

INTERCEPTS APPLAUDED

HON. DALE MILFORD

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. **MILFORD**. Mr. Speaker, distinguished colleagues, I hope you will take a few minutes of your valuable time to scan the article I am inserting from the editorial pages of the Dallas Times Herald.

After reading this, it would be my hope that more of us in the Congress could take the balanced viewpoint of this author: Protect the rights of private citizens and protect the rights of the U.S. Government when acting on behalf of its private citizens.

The article refers to the interceptions of messages between antiwar crusaders Jane Fonda and Dr. Benjamin Spock—in time of war.

Thank you for taking the time to read the viewpoint of this writer who I am sure reflects the opinion of many here in the Congress and in the Dallas, Tex. area.

The article follows:

JANE FONDA HOGWASH

Now comes the wrenching revelation that the National Security Agency intercepted telegrams and long distance calls involving Jane Fonda and Dr. Benjamin Spock.

Furthermore, these interceptions of information from antiwar figures in the late stages of the Vietnam war were then crassly circulated to top government officials under a highly classified code designation.

The implication of all of this is that the U.S. government was meddling with the privacy of these citizens.

And the comment here is that if the National Security Agency, the CIA, the FBI and the counter intelligence unit of the Defense Intelligence Agency had not performed precisely as they did—they should have.

Certainly, agencies charged with the protection of the security of this nation should have learned all they could about the activities of Jane Fonda, Dr. Spock or anyone else who was a welcomed visitor to Hanoi.

That is what intelligence, particularly wartime intelligence, is all about. And the current political din concerning activities of American intelligence agencies is beginning to wear very thin with the average citizen.

It would have been disappointing, even dereliction, if the National Security Agency had not attempted to find out what was on the minds of American citizens Jane Fonda, Dr. Spock, Black Panther Eldridge Cleaver and Chicago Seven figures Abbie Hoffman and David T. Dellinger while they were maneuvering outside these shores during wartime 1969 and 1970.

The scrutiny of American intelligence agencies is beginning to add up to irritating hogwash.

The rights of privacy of citizens should be protected from undue invasion by any agency, but the Jane Fonda types who openly put down this country lay themselves wide open for legitimate investigation.

REPORT ON REFUGEES

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. **EILBERG**. Mr. Speaker, section 203(a)(7) of the Immigration and Nationality Act authorizes the conditional entry into the United States of 10,200 refugees annually who because of persecution or fear of persecution, or on account of race, religion, or political opinion, have fled from any Communist-dominated country or from a country in the general area of the Middle East, or who are uprooted from their homes by natural calamity.

Furthermore, section 203(f) of the Immigration and Nationality Act requires the Attorney General to submit a report containing a complete and detailed statement of facts in the case of each alien conditionally entered pursuant to the above section. The reports must be submitted on or before January 15 and June 15 of each year. In accordance with this section of law, the following report summarizing the operation of the refugee section was referred to the Committee on the Judiciary.

In order that the House may be fully informed of the operation of section 203 (a)(7) of the Immigration and Nationality Act, I wish to insert this report in the RECORD:

IMMIGRATION AND NATURALIZATION SERVICE,
Washington, D.C., July 31, 1975.

HON. CARL ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: On December 31, 1974, there were pending 12,718 applications for conditional entry under Section 203(a)(7) of the Immigration and Nationality Act, submitted by aliens in Austria, Belgium, France, Germany, Greece, Hong Kong, Italy and Lebanon. During the six-month period ending June 30, 1975, and additional 7,205 applicants reigstered in these countries. During this period 5,170 were approved for conditional entry, 7,413 were rejected or otherwise closed, and there were 7,340 applications pending on June 30, 1975.

The following reflects the activity in each of the countries in which conditional entry applicants were examined during the period between December 31, 1974 and June 30, 1975.

Country	Applications pending Dec. 31, 1974	Registrations received during period	Total	Found qualified for conditional entry	Rejected or otherwise closed	Pending June 30, 1975
Austria	478	782	1,260	431	571	258
Belgium	442	292	734	428	121	185
France	213	211	424	207	84	133
Germany	213	333	546	189	135	222
Greece	39	47	86	56		30
Hong Kong	8,853	1,830	10,683	775	4,230	5,678
Italy	1,616	2,949	4,565	1,859	2,218	488
Lebanon	864	761	1,625	1,225	54	346
Total	**12,718**	7,205	19,923	5,170	7,413	7,340

The following listing shows the country of visa chargeability of 5,170 aliens approved for conditional entry during the six-month period (includes accompanying spouses and children):

Albania	8
Belgium	4
Bulgaria	71
Burma	12
China	762
Cyprus	13
Czechoslovakia	52
Egypt	38
Ethiopia	4
France	3
Germany	4
Greece	8
Hungary	161
India	1
Indonesia	8
Iran	20
Iraq	769
Israel	12
Italy	1
Kuwait	2
Lebanon	51
Lithuania	1
Pakistan	2
Poland	211
Rumania	268
Spain	4
Syria	73
Turkey	77
U.S.S.R.	2,276
Vietnam	1
Yugoslavia	253
	5,170

Established screening procedures resulted in the rejection of 5,280 applicants during the period, on the following grounds:

Ineligible	456
Security grounds	43
Criminal grounds	2
Medical reasons	20
Undesirability	16
Firmly resettled	4,113
Spouses and children of above principals	630
	5,280

During the six-month period ending June 30, 1975, 190 aliens in the United States were accorded permanent resident status pursuant to the proviso to Section 203(a)(7).

In compliance with Section 203(f) of the Act, detailed reports on aliens who conditionally entered the United States are attached.

Sincerely,

L. F. Chapman, Jr.,
Commissioner.

JACK BRINKLEY ASKS YOUR OPINION

HON. JACK BRINKLEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. BRINKLEY. Mr. Speaker, I submit for the Record the text of my October 1975 94th Congress questionnaire newsletter which soon will be mailed to the constituents of Georgia's Third Congressional District, which I am privileged to represent:

The questionnaire reads as follows:

Jack Brinkley Asks Your Opinion

Washington, D.C.,
October 1975.

Dear Friends: It was Thomas Jefferson who once said, "That government is the strongest of which every man feels himself a part." Because you ARE a part of the government, I want to know what you think about important issues facing the country. Although the volume of expected returns will not allow me to reply personally to each one, your comments will be read and given attention.

Please check your answers and fold so that our Washington address, appears on the appropriate side for mailing. Working together, you and I can make this a better America.

Thanks and best wishes,

Jack Brinkley,
Member of Congress.

(Note.—Provisions made for two replies: Either "yes" or "no" or "favorable," "unfavorable.")

DOMESTIC

Government regulations

1. Should Congress and the administration reduce government regulations in such areas as business, trade and transportation, in order to enhance the free market system?

2. How do you feel about the following federal agencies?

A. Occupational Safety and Health Administration (OSHA)—created to reduce incidences of injury, illness and death among workers resulting from employment; has reputation for arbitrariness, nit-picking and requiring excessive business expenditures.

B. Federal Communications Commission (FCC)—created to regulate interstate and foreign communications by wire, t.v., telephone and satellite in the public interest; more than one pound of forms must be completed on license renewal.

C. Interstate Commerce Commission (ICC)—created to regulate carriers: r.r., trucks, bus, etc. and to settle controversies over rates, mergers; example of regulation is "dead head" return runs in which a trucker cannot haul goods.

D. Food and Drug Administration (FDA)—created to protect health of nation against impure and unsafe food, drugs, cosmetics, and other potential hazards; has been criticized for proposed rules to severely control the sale and use of vitamins.

Environment

1. In your opinion, are efforts to reduce air, water and other types of pollution now receiving adequate attention by various levels of government?

2. Do you think the federal *Environmental Protection Agency (EPA)*, the policeman of the environment, is coordinating closely enough with state and local government?

3. . . . with an adequate cross section of the people?

4. Have you ever had contact with the EPA?

5. Should car emission controls be relaxed?

6. Should car emission controls be postponed?

7. Should car emission controls be kept as is, no backsliding?

Welfare (Helpfare)

1. How do you feel about food stamps?

2. How would you improve the system?

A. Allow only basic necessities to be purchased with stamps.

B. Sharply delineate recipient, with the able-bodied being provided WPA-type public service employment. This is similar to the successful "California Plan" which is also known as "work-fare."

C. Do away with welfare altogether.

D. Legislate a negative income tax, taxing only income over a set minimum, thus providing an incentive to work.

3. If you checked B, should those remaining, who have greater need, be provided more generous treatment in acquiring stamps?

Energy

1. The Administration has proposed eliminating all current federal price controls on domestic oil, asserting that higher prices will encourage domestic exploration and production and reduce our dependence on foreign imports.

Others believe that de-control of oil will mean major price increases for consumers of gasoline and heating fuel, adding to our inflation.

A. Do you favor de-control of the price of oil?

B. Do you favor an excess profits tax?

2. The U.S. now imports approximately 37% of our oil needs. To reduce that dependence, various plans have been proposed to get people to conserve energy. Do you think the government *should* enact tough measures to get people to use less gasoline?

3. If so, would you prefer (check one or more)

A. The implementation of gas rationing program.

B. A 20¢ per gallon tax increase on gasoline.

C. A tax on new automobiles in direct proportion to their energy efficiency (miles per gallon) or horsepower.

D. Allocation—odd/even: purchase gas on odd or even dates only, corresponding to last digit of tag.

E. Decal—by color, to designate day of week chosen *not* to drive.

F. Accelerated research and development (solar and *other*).

G. Reduced military use.

H. Limitation of amount of foreign energy imports.

I. An inverse tariff against OPEC, risking embargo.

4. In the event of embargo, would you support counter embargo and total economic sanctions?

5. If gasoline were rationed, could you get by on the predicted allotment of 9 gallons per driver per week?

6. As one way of meeting future energy needs, do you favor building more nuclear power plants?

7. Should government stay out of direct oil production and ownership?

Education

1. Should more federal funds be budgeted for vocational schools and courses?

2. Should more federal funds be budgeted for special education classes such as remedial reading and talking typewriter school?

3. Should the G.I. bill be discontinued for the all-volunteer, better paid military establishment?

Responsive government

1. Which of the following levels of government do you feel is most responsive to the people?

A. Federal.
B. State.
C. Local.
D. Elected Officials.
E. Appointed Officials.

FOREIGN

Defense

1. Have world tensions relaxed to the point that the U.S. should substantially reduce its defense establishment and expenditures?

2. If so, how should we reduce expenditures? (Check)

A. Manpower.
B. Overseas Commitments.
C. NATO (20 billion annual cost).
D. New Weapons Systems.
E. Spend as necessary/cut fat, if any.

3. We now have troops in Korea. Should we defend South Korea in the event of an attack from the North?

4. Should we stay in Korea for strategic defense purposes, i.e., to reinforce SEATO and our commitments to Japan and other Asian allies?

5. In the Middle East situation, should our effort be (check)

A. Limited to the direct national interest of the U.S.
B. More international in scope.
C. Through the United Nations.
D. In conjunction with other major Mideast powers, i.e., "Kissinger diplomacy."

GENERAL

Perspective

As the Bicentennial celebration approaches and we look at the nation's heritage, at which of the following periods in history do you feel the average American family had the most difficult times and the most trying problems? (check)

A. Revolutionary Period (1776).
B. Civil War Period (1862).
C. The Great Depression (1933).
D. World War II (1942).
E. The Present (1975).

Priorities

One of the most important functions of the Congress is setting priorities to meet the country's human needs. If you were in Congress and faced with the conflicting problems of restraining inflation and stimulating the economy, how much attention, using the following scale of 1 to 5, would you give these issues?

1—much more; 2—more; 3—same; 4—less; 5—much less.

A. Aid to the Elderly.
B. Crime.
C. Pollution Control.
D. Poverty.
E. Education.
F. Tax Reform.
G. Drug Abuse.
H. Health Insurance.
I. Unemployment.
J. Recession.
K. Equal Rights.
L. Energy Shortages.
M. Housing.
N. Postal Service.
O. Conservation of Resources.
P. Mass Transportation.
Q. Highway Safety.
R. Consumer Protection.
S. Welfare Reform.
T. Government Waste.

NEW SURVIVAL CENTER

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. WHITEHURST. Mr. Speaker, the August/September issue of Animal Kingdom contained a brief statement by William G. Conway, the general director of the New York Zoological Society, outlining the value of Survival Centers in perpetuating vanishing species.

My bill, H.R. 1154, contains a provision for funding additional Survival Centers, and Mr. Conway's article makes it very clear that such centers are of vital importance. I am inserting it at this point in the RECORD for the benefit of my colleagues:

A NEW SURVIVAL CENTER

A problem that has troubled conservationists for years is the need to find additional space, beyond the now-limited areas of the nation's zoological parks, for the propagation of vanishing species. Several foreign and United States zoos have initiated such programs, most notably the National Zoological Park in Washington, D.C., which has acquired more than 3,000 acres of the old Front Royal cavalry station in Virginia.

And now, the New York Zoological Society also has advanced in this direction, with a pilot propagation program, made possible by the Edward John Noble Foundation, on St. Catherine's Island off the coast of Georgia. This new Survival Center is dedicated to the study of native wild animals through a long-term scientific research program, and to the propagation of all endangered species for which the island's climate and facilities may be suitable. Already, herds of African antelopes—addax, sable, and gemsbok—are in residence, roaming large, fenced ranges, under careful supervision.

Although St. Catherine's animal propagation areas are not planned for casual visitors, the program is a public one in every sense of the word. The survival Center will play host to scientists and serious students, and its "produce" will not only help to fulfill man's responsibilities toward other living things, but also to insure that future generations are not deprived of the opportunity to see at least some of Earth's most spectacular creatures.

The new Center is planned as a cooperative effort. The National Zoo has placed a nuclear herd in one of the island's facilities, and other organizations, including the Department of the Interior and the Philadelphia Zoological Society, are expected to participate. While initial attention has been focused upon foreign species, special programs are being planned for the possible propagation and re-introduction of native animals. The brown pelican, sandhill crane, and bald eagle are leading candidates for this part of the project.

St. Catherine's is a large island, twelve-miles long, with a significant population of native birds, and even alligators. Yet, it has been used for agriculture and grazing for more than 200 years. The Survival Center's programs are concentrated upon the areas once used to grow cotton and to raise pigs and cattle. The island's climate—its temperatures are remarkably similar to those of Nairobi, Kenya—and its isolation—a twenty-five-minute boat ride from the mainland—uniquely qualify St. Catherine's as a latter-day ark.

WILLIAM G. CONWAY,
General Director.

FICTION PUTS FACTS IN ORDER

HON. DALE MILFORD

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. MILFORD. Mr. Speaker, it is with my fondest hope that you and the other distinguished Members of this body will read the following bit of satire.

Tongue-in-cheek, yes. Fiction, yes. In perspective, yes.

A small town paper in Texas—Hood County News, Granbury, Tex.—ran a column relating a story told second hand. But it is a parody on the current crude oil dilemma.

Hopefully, my fellow colleagues in the Congress will enjoy the humor, and note the parallels to crude oil shortages.

The article follows:

TTO (THIS, THAT, AND THE OTHER)

(By Larry L. Crabtree)

Fella on the Lake sez: "The fellow who goes out looking for trouble doesn't need to get ready for a long trip."

TTO

Decontrol of crude oil prices takes some of the edge off the following tongue-in-cheek story about Wildcat, Wyoming. George Baker, a friend of ours from Fort Stockton, sent the story to us. He gave credit to Wendell Tooley in Floydada for its origin. Now just where Wendell got the story we haven't the slightest. At any rate here is the way it supposedly happened in Wildcat:

"Wildcat, Wyoming was a prosperous town where the populace subsisted (at least partially) on buffalo with which the local Indian hunters kept them supplied. To supplement meat from this source, Wildcat residents (called Wildcatters? or Wildcattians?) bought some of their buffalo meat from far-off hunters. By buying enough outside they were able to hold the local price to $2 a buffalo, which didn't make the Indians very happy, but who cared?

"Then one day the distant hunters decided to quit delivering buffalo meat. Panic ensued. The local Indians just couldn't increase the domestic supply fast enough so rationing was instituted. Even the Indians had to stand in line for their share.

"The townspeople blamed the Indians for the shortage. Some even said the tribe purposely made unsuccessful hunts—even stampeded buffalo over the cliffs in order to create shortages. The Government Agency came to the Indians and told them they must procure more buffalo. Fine, said the Indians. But their bows and arrows were old and had been stored in tepees for years. They needed twine and arrowheads with which to repair them.

But bow and arrow makers were two years behind on deliveries already.

"Buffalo were not as plentiful as before, and the Indians had to roam farther and farther to find them. New braves recruited for the stepped-up hunts demanded higher wages. Bow-and-arrow prices shot up. The buffalo price would have to be raised to $10 to cover higher costs. 'Excess profits!' the people cried. Some suggested using canned food instead of buffalo, but cans hadn't been invented yet.

"Many years before, the Government Agency had ruled that the tribe must give it part of the buffalo earnings each year. But a portion of this was returned at times in the form of a depletion allowance when the hunting was bad.

"Now, even though the Indians were working harder than ever to try to scare up more buffalo meat, the townspeople stepped up their attacks on them. They said the hunters' horses messed up the land and smelled up the air (even though some had never even visited the hunting grounds where this fouling was alleged to be taking place).

"Some Indians began hunting from the water in canoes. Townspeople complained that this would ruin the rivers. One day, despite all the Indians' precautions, a buffalo did fall in the water. The Indian who shot it cleaned up the mess by himself and paid all the expenses while the townspeople stood on the bank and complained.

"The Agency then decided to make hunting safer. It decreed Indians must put saddles on the horses, tie the braves to the saddles, put safety tips over arrow heads, and wear hard-toed mocassins—all at Indian expense. The tribe protested that this would hamper the hunt; besides, the tribe already had safety regulations of its own.

"Next an Agency safety group, called "Safety and Health for Indian Tribes," was set up; its membership included storekeepers, bartenders, blacksmiths, and other experts on Indian safety. Despite all these handicaps, the hunt went on.

"Then the evil spirit—Agency leader 'Trader Jackson'—came upon the tribe. He said that the depletion allowance should be taken away and that the price should be rolled back to $2 a buffalo. The Agency and the townspeople agreed and it was done. So the beaten Indians put away their bows and arrows and returned to the reservation never to hunt buffalo again. The next winter was extremely long and cold. Most of the townspeople starved to death. The town of Wildcat perished."

SENSE FROM NEW YORK'S SUBURBS

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. DOWNEY of New York. Mr. Speaker, New York City's financial crisis may well prove to presage the central financial theme of the second half of the 1970's. The way we handle complexity of the dilemma faced by the city and the State, the extent of the human tragedy, and the implications for municipal financing across the Nation and around the world will perhaps tell us more about the nature of our Government and our people than almost any other issue we face. It is a time for clear thinking, compassion and understanding. Above all, we need Government leadership that will put aside partisan cheap shots and start to deal forthrightly with the truly difficult questions.

In that light, I want to bring to the attention of my colleagues an editorial aired on WGSM, a radio station in Huntington, Long Island. It presents a sensible balanced view of New York's troubles, and I hope that Members of this body will heed its urgent message.

The article follows:

The 1930's—New York City Helped Feed the Nation! The 1970's—Will the Nation Help Feed New York City?

During the Depression, and shortly thereafter, the farmers of this nation were in desperate shape. Foreclosures were common . . . farm prices were at rock bottom. Natural catastrophies, such as drought, compounded the problem. The Federal Government recognized that the farming community was vital to the nation; that the country's food supply had to be maintained.

The President and the Congress responded to the crisis situation with low cost loans to farmers . . . with Federal guarantees . . . with price supports and subsidies . . . with needed massive aid to the rural community. The Department of Agriculture was mobilized to battle farm failure. Much of the money that went to the rural areas of the Midwest and South came from the cities of this nation . . . from the taxes of city dwellers. There was nothing in the Constitution about the Federal Government helping farmers but the need was there.

Now the cities are in desperate fiscal trouble. New York City is but the first, a clue, a hint as to what might well lie ahead for many of this nation's troubled urban areas. The cities have sent more taxes to Washington than have been returned to them for decades.

Presently, not only New York City, but other New York communities, as well as the State itself, have been financially immobilized. In Nassau and Suffolk Counties, college building projects are stalled. New York and its subdivisions are simply unable to borrow. Washington's answer is one of indifference, even of hostility. The President and his inept economic advisors want to punish New York City. What the President really wants to do is run against New York City in next year's election and, by grandstanding his opposition, pick up votes in Middle America!

Despite New York City's fiscal incompetence of the past, a default by the city would have grievous implications for every state, municipality and taxing authority in the nation. Internationally, it would justifiably undermine confidence in our government. For a government that can let its greatest city fall, without lifting a finger to help, simply is not a competent government. Although the President and his Treasury Secretary certainly don't have a grasp of that reality, we hope the Congress does and acts before it is too late for all of us.

NATIONAL EPILEPSY MONTH

HON. WILLIAM M. KETCHUM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. KETCHUM. Mr. Speaker, today I am introducing a joint resolution which will authorize the President of the United States to proclaim the month of November each year as National Epilepsy Month. I have a growing concern regarding the misunderstanding which surrounds this affliction, and have had occasion recently to communicate frequently with the National Epilepsy Foundation. This year, the foundation's national poster child, Stacie Elizabeth Meacham, is a resident of Bakersfield, Calif., which I have the honor of representing in the Congress. Through my discussions, I have learned that it is not epilepsy itself which is tragic, but rather the somewhat medieval attitude toward it in the minds of the ill informed. Epilepsy can be successfully treated—what we have difficulty correcting is the public outlook, and the answer to this is greater enlightenment. I firmly believe that the designation of November as National Epilepsy Month will help provide public education regarding the problems—and, more importantly the non-problems—of epilepsy. In previous years, our President has issued only a Message to the Foundation, calling November National Epilepsy Month. As these messages have not done enough to terminate erroneous assumptions concerning epilepsy, I would like to see a Presidential proclamation issued annually. Through such a measure, bringing to the attention of our citizens the many among us who handle epilepsy daily, it is my hope that those so afflicted will find greater acceptance, and that the general public will come to understand that epilepsy is not the great handicap it was once thought to be

SOVIET INTIMIDATION OF NORWAY UNDERWAY—WHERE IS NATO?

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. McDONALD of Georgia. Mr. Speaker, very quietly a troop buildup has been taking place on the Norwegian-Soviet border. Soviet naval vessels have been maneuvering in plain sight of Norwegian harbors. The Soviets have also inaugurated a new airline service to the disputed island of Spitsbergen where it mines coal, although Norway owns the island. All of this is a calculated "war of nerves" designed to unsettle Norwegian negotiators when they meet next month to shape a dividing line in the Barents Sea. At stake is "freedom of the seas" in the area, the rich coal deposits of Spitsbergen, and potentially rich oil and mineral deposits offshore. The ominous thing is that the United States and NATO have done nothing to bolster or back Norway in this quarrel, which is so typical of the Soviet imperialism and Communist "salami" technique. Therefore, I would like to call to the attention of my colleagues the background story on this struggle, which appeared in The New York Times of October 2, 1975. The article follows:

[From the New York Times, Oct. 2, 1975]

Soviet-Norwegian Dispute Is Unfolding Over Barents Sea Oil

Oslo, Norway, Sept. 27.—A *quiet* and tense drama between Norway and the Soviet Union is unfolding over each nation's sovereignty in a remote Arctic area.

The drama, closely watched by the United States, is being enacted against a backdrop of potentially vast oil deposits and a major Soviet military buildup over the past decade near the Norwegian border. At stake, Norwegian officials say, is a portion of the Barents Sea with strategic, economic and political importance.

Beyond this, Western diplomats fear that the dispute marks an effort by the Soviet Union to flex its muscles near Spitsbergen, a Norwegian group of islands on which the Soviet Union has a coal-mining concession.

As the most northerly habitable area of the world—and dominating the approach waters to the Soviet naval base at Murmansk—Spitsbergen has served as a source of uneasiness for years between Moscow and Oslo.

Now Norwegian officials are planning talks in Oslo in November with the Russians to shape a dividing line in the Barents Sea for both nations. Spitsbergen is not on the agenda, but sovereignty over the waters around the archipelago may loom as a source of tension.

The issue was raised two weeks ago when the Soviet Union conducted sea maneuvers, firing missiles in waters that are to be negotiated. Oslo expressed its concern to the Soviet Union, and the missile tests were viewed as a strongarm tactic to unsettle the Norwegians.

The nation's largest newspaper, Aftenposten, termed the tests "a curious kind of negotiation tactic" adding: "Good neighbors should have no need to demonstrate their military power to enter into a dialogue in such a complex problem."

Spitsbergen lies some 200 miles north of Norway in the access route between the North Atlantic and the Barents Sea. On the south shore of the Barents Sea lies the Kola Peninsula and Murmansk, which have witnessed "a dynamic" Soviet build-up, according to the Norwegian Foreign Ministry.

There is some feeling, especially among Western diplomats that Moscow would be content to work out an agreement limiting access to the waters to Norway and the Soviet Union only. Such a measure would meet objections from the United States and other members of the North Atlantic Treaty Organization.

Under a 1920 treaty, signed by more than 40 countries, including the United States and the Soviet Union, Norway was granted sovereignty over Spitsbergen, but all the nations involved retained the right to explore the natural resources.

Only Norway and the Soviet Union maintain coal-mining operations there.

With the discovery of oil under the North Sea between Norway and Britain, the tempo of economic activity has picked up around Spitsbergen. Norwegian officials, convinced that there are oil and mineral deposits in the Barents Sea, pressed for an international agreement with the Soviet Union to settle the rights to whatever minerals may be found. Talks last year in Moscow broke off inconclusively after one week.

The Norwegians seek a median dividing line, equidistant between the borders and islands of both nations. The Russians want a line leading from the Soviet-Norwegian border to the North Pole. The amount of territory in dispute is nearly one-third the size of Norway.

CONGRESSMAN JOHN L. BURTON EXTENDS CONGRATULATIONS TO JAMES GABBERT AND HIS STAFF AS RADIO STATION K-101 CELEBRATES ITS 18th ANNIVERSARY OCTOBER 27

HON. JOHN L. BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. JOHN L. BURTON. Mr. Speaker, I would like to call the attention of my colleagues to the outstanding accomplishments of Radio Station K-101 which will celebrate its 18th anniversary on October 27.

The success of K-101 FM and AM is due in large part to the untiring efforts of James Gabbert. Eighteen years ago Mr. Gabbert opened the doors for the first time at his radio station and began a record of service to the community that continues today.

Mr. Gabbert believes in community involvement, and has gone to great lengths to insure that the public has access to his broadcast facility.

He was one of the first broadcasters in the country to provide a "community access van," a completely portable recording studio which allows citizens to air their opinions without leaving their neighborhoods.

Besides an extensive assortment of news and public affairs programs, K-101 was a pioneer in the areas of live stereo radio drama and is currently involved in the production of a live amateur show.

Mr. Speaker, I know that you and all Members of the House of Representatives join with me in extending congratulations to Mr. Gabbert and the staff of K-101, and wish them continued success as they observe their 18th anniversary.

COUNCIL OF EUROPE IN STRASBOURG

HON. LEO J. RYAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. RYAN. Mr. Speaker, I was privileged to represent the Committee on International Relations at the 27th session of the Consultative Assembly of the Council of Europe in Strasbourg, France on October 6-7, 1975.

The Council of Europe's Assembly is the principal forum of European parliamentary democracy. It is the only parliamentary group which includes all of Europe's democracies, including the neutral countries. In recent years, with the growth of the European community's institutions and the continuation of the work of the North Atlantic Assembly of NATO, the Council of Europe has concentrated on the political and cultural aspects of Western Europe, and especially, the human rights field.

I presented a short paper which follows, in the Assembly's debate on United States-European relations which I hope Members will find of interest:

A CONGRESSIONAL VIEW OF UNITED STATES-EUROPEAN RELATIONS

(By Congressman LEO RYAN, Democrat, of California, prepared for the Council of Europe Assembly, Strasbourg, October 1975)

The end of American involvement in Southeast Asia, instead of reassuring our Western allies, has marked the start of a period of uneasiness in Western European nations and especially with our NATO allies. The Trade Reform Act of 1974 and the Foreign Assistance Act of 1974, each of which contained congressional limitations on the American Presidency's traditional powers in foreign relations, are often seen in Europe as confirmation of both a new hostility in Congress (and, therefore, the American body politic) toward executive branch commitments abroad, and a trend toward greater congressional involvement in foreign policy which may be dangerous.

The strong public and congressional criticism of the Helsinki conference on European security which faces the American President even today might be included as a further example by those inclined to seek evidence of a new hostility by a country known for its past periods of isolationism.

I would like to examine both the antecedents and the assumptions of these assessments from Europe which I believe are both wrong in their conclusions and misleading if our European allies should act upon them.

Since an unruly Congress is the common element in these European fears, and since this assembly of parlimentarians invited a Member of Congress, for which I am personally pleased and grateful, I would like to begin by examining several examples of what appear to many of you as untoward and even irresponsible congressional behavior in foreign affairs.

From an institution which consistently supported the policy outlines of Marshall, Acheson, Dulles, Rusk and Kissinger, we now perceive (in the United States, as well) a new direction by Congress.

The milestones of this change are agreed upon: The War Powers Act, the Trade Reform Act of 1974, with the Jackson amendment; the suspension of military aid to Turkey; and the refusal to grant additional military aid in Southeast Asia. There are others which are less visible.

What is less clear is the long-term significance of these instances of congressional independence in foreign affairs:

Are these isolated cases, brought together only by their coincidence in time?

Do they reflect the peculiar leadership weaknesses of the Ford Administration, the only one in American history where the President never won a national electoral mandate?

Or do these congressional acts represent a more substantial shift of authority to a Congress clearly reacting against too much foreign involvement, of which Vietnam is the symbol?

ORIGINS OF TRADE BILL DISPUTE

The seeds of the trade bill dispute came from the lack of caution by the Nixon Administration which, in October 1972, signed a trade agreement with the Soviet Union which promised, among other items, most-favored nation (MFN) status. In the euphoria before the anticipated election victory by Nixon that fall, the Administration forgot that congressional approval was needed for MFN status. At the same time, the Nixon Administration ignored the bitter reaction among the Jews in America several months earlier to the Soviet emigration tax. That reaction should have warned both governments that congressional approval would not be automatic. Whether or not one agrees with the final congressional action, it could have been anticipated for over two years.

The Turkish aid suspension had its roots in the cynical policy employed by two American Administrations in the eastern Mediterranean since 1967.

Faced with a Greek military dictatorship, the Johnson and Nixon Administrations proceeded on a business-as-usual basis in Athens. When that dictatorship provoked a coup on Cyprus last July, the United States, still eager to protect its Greek bases, refused to condemn the attack on the legal Cypriot government. The inevitable Turkish reaction came in the July invasion. But when the Turks, in August, expanded that beachhead to over one-third of the island, and over three-quarters of its economic wealth, the situation shifted dramatically. As Greek Americans turned hostile toward the Turkish action they began to pressure their Congressmen for action.

The Turks, who in July were the aggrieved party, were now the aggressor, armed almost entirely with American weapons, employed against an explicit and long-standing prohibition in U.S. law. Secretary Kissinger failed to face the legal issue—and also failed to understand the militancy of Greek-Americans who now pressured the Congress. These factors assured that aid to Turkey would be suspended.

The Turkish affair, therefore, must also be charged to ineptness by the Administration against a formidable and well-organized domestic force, rather than to a congressional design to seize unprecedented authority. I state this as one who believes the Congress wrong in this instance for insisting on a legal argument and ignoring the serious foreign policy consequences.

REFUSAL ON VIETNAM

On the third example, Vietnam, a widespread disenchantment with the war in Southeast Asia had developed in the U.S. since 1968 when Democrats refused to renominate their own party leaders on this issue. The recent refusal of the Congress to vote extra aid to Vietnam was entirely consistent with Congress' own record and with the temper of the American people. That this refusal surprised the President and the Secretary of State is itself surprising.

Even if these three episodes appear unrelated, do they not reflect a lack of leadership by the Ford Administration? The answer is clearly "yes" if the question asks whether the political effects of these congressional acts could have been otherwise represented. Yet the new President, with a conventional and conservative approach to foreign affairs, which he developed in the House of Representatives in the quarter-century when Presidents made foreign policy, was paradoxically, not a likely candidate to sense the new Congressional mood for several reasons:

First, the new President was confident that he knew the House and could lead it in foreign affairs as Truman, Eisenhower and even Kennedy and Johnson had. President Ford failed to see the special difficulties of the three problems outlined above and his special weaknesses as an interim President.

Second, President Ford relied too much on Kissinger when the Secretary of State was already beginning his decline. The Kissinger credibility was badly tarnished by Chile, by his Salzburg temper tantrum and by a style increasingly perceived to concentrate more on managing his critics and less with dealing with international problems. Yet, Ford's weakness in foreign affairs could not allow him to release Dr. Kissinger.

So the weaknesses of the President supplemented those of his Secretary of State, creating the appearance that the institution of the Presidency was weakened in foreign affairs.

How unreal this appearance is, we can see by projecting ourselves two years ahead. By spring of 1977, we can be confident these events will have taken place:

A President, elected in his own right, will be in the White House with a new foreign policy team. There is today, I believe, a 50–50 chance that Gerald Ford will be this "new" President to be elected in November, 1976.

Vietnam will have receded from the public consciousness.

The new President will have used his initial strength to remove both Turkish aid and the Jackson amendment as major problems, assuming that they are not completely removed by the present Congress.

WHAT KIND OF CONGRESS?

What kind of Congress will the new President face in the foreign affairs field?

To the great disappointment (or relief) of those, in and out of the Congress, who see today a "revolution" in the legislative branch, there is a good chance that two years from now no one will know what today's excitement was about. Congress changes its ways very slowly. The dramatic changes in internal procedure taken by the present Congress is proof of that relative inertia and not a refutation of it. The principal change was to elect 3 of 21 committee chairmen by merit and not seniority.

Coordinating the work of 435 Members, elected every two years largely on their own and not as party representatives, is a task which has occupied the House since its creation. "Revolts" against both Presidents and its own leaders have been a characteristic of Congress since its establishment. Numerous reorganizations have been discussed, a few adopted, but the theme of the House's history is that few men and few groups have ever tamed the essential (and healthy) disorder of the institution. When the House seemed to become too organized (under the Speaker in the late 19th Century, and under the Caucus, in the early 20th century) the House itself reacted by limiting the trend toward too much order.

Today, the House, especially in foreign affairs, seems to be reacting against too much control by the President. The Vietnam conflict symbolizes that concern. Here was a major American military engagement into which the Congress was led by three Presidents who controlled both the diplomatic and military facts available to the legislative body. The disaster of Vietnam, from its origins and its execution, will remain a symbol for Members of Congress of its own weakness for some years.

The reaction to this weakness so far has come in the Democratic Caucus, the assembly of all Democratic party members in the House. But past experience indicates that the Caucus is unlikely to be a continuing or a consistent guide for the House.

A more constructive and more feasible possibility is that Congress, in both its branches, will reflect its Vietnam experience through an improved use of its capabilities to understand and evaluate future foreign policy problems before they become Vietnams. These capabilities are slowly developing within the congressional committees on foreign affairs. Individual members now have adequate staff and have new access to research facilities. Committee staffs also are larger and more capable.

IMPROVING CONGRESSIONAL CAPACITIES

Improving the capacity for independent critical judgments and developing Congress' own sources of information in international affairs are a sign that Congress is seriously committed to a continuous and mature role in this area.

The next two years, therefore, while the public's attention is focused on the consequences of the Vietnam experience, will also be a test period for Congress. With a relatively week President in the White House for the first time since World War II, the Congress faces a responsibility—and a test—for which past performance is little guide.

The important, but isolated examples, of the Trade Bill and of Turkish and Vietnam aid, should not obscure the principal issue: Is Congress prepared for a continuing commitment in the foreign affairs field or will the post WW II domination by the Presidency reassert itself in two years?

Many thoughtful Americans hope that a responsible Congress can perform the task which Vietnam has set before it. Whether or not it will do this is still an open question.

Defining the proper congressional role in foreign affairs does not, however, deal with the substance of the examples discussed above or, for a further example, of the controversy over CSCE.

Was the West too accommodating to the Soviet Union and its allies in Helsinki? Should not the Western democracies, many of whom are represented here today, insist on a minimum standard of human rights consideration in the world commmunity? If noninterference in a country's internal affairs means the West must tolerate rigidly controlled societies in Eastern Europe does not that principle also mean that the West should insist on the principle of majority rule in Portugal and Spain?

One of the reasons why my constituents were disenchanted with Helsinki was because the Western European countries appear weak and divided when they enter a conference with the communist countries. And my constituents in California do not look upon this as primarily an American problem. We live nearly halfway around the world from the Soviet heartland. You, and your constituents live within a few hundred miles from the Soviet bloc. What does Western Europe have to say about democratic values when you address Eastern Europe?

EXPOSING THE LACK OF FREEDOM IN THE WARSAW PACT NATIONS

The inability of the West to counter effectively and even aggressively the pressures of communism remains one of our great weaknesses. I believe that the Western European governments, and their parliamentarians, bear an important share of the responsibility for this work. So far, that work has not been adequately done. Too little effort has been made to expose the shortcomings of the communist approach; the refusal of the Soviet bloc countries to take seriously the Helsinki efforts on freedom of movement and human contacts is the first example which come to my mind. There has been little response to the Soviet attempt to use the Helsinki conference to harass Western European attempts to encourage democracy in Portugal. We should not let the world forget that it is the communist countries which build Berlin walls and impose exorbitant exit visa requirements. How should we forget the price we must pay in men, arms, munitions and national anxieties because of continued belligerence of the Soviet-Communist bloc to all Western nations.

In this responsibility, especially within Europe, the United States cannot take the leading role. Because of the proximity of Western Europeans to their eastern neighbors, these criticisms of the communist system are more persuasive if they come from you. While the United States cannot and will not forsake its military presence in Western Europe, it must yield to you in addressing the vulnerabilities of social and political systems of the East.

It is not for me to prescribe the specific steps which the European democracies must take in this criticism. I would only suggest that while the Soviet Union may be as difficult to approach for you as for the United States, the other Eastern European countries are more accessible.

There are strong ties, for example, between your countries and the Central European nations of Poland, Czechoslovakia and Hungary. Building stronger trade and cultural ties with these countries will strengthen the progressive elements in their societies. The Soviet Union must continually face the hard choice between another Prague of 1968 and the gradual and inevitable political emancipations of these countries.

I am not preaching counter-revolution; rather, I would insist that the West—and that means especially, Western Europe—has a profound story of freedom and individual responsibility to tell the world and particularly that part closest to you to the East. I have traveled in Eastern Europe, as I am sure you have, and I know that this message has a meaning there. We should not let pass the opportunity to send that message regularly often.

WHY NO ACTION IN EUROPE BY EUROPEANS?

Why have your democracies failed to do this? Why, my constituents ask, has the Berlin Wall not been razed as part of the Helsinki agreement? Why does it seem that the West can look only to the United States or primarily to us for defining relations with the East?

It would be a serious and even a tragic error if Western Europe looked upon those questions as indications of a revival of American isolationism. Most Americans remain convinced that the enormous military, political and economic power of their country will not allow them to be isolated from the world. But many Americans are also aware that the dependence of the West on the United States which has marked the past quarter century must be redefined today to account for these changes:

The enormous economic growth of both Western Europe and Japan since the end of World War II.

The irreversible steps already taken by nine Western European countries toward political union.

The extent of the needs of the Third World countries for economic support and political understanding as they develop.

We, as Americans, are much more aware after Vietnam of our limits in changing the world. But even if Vietnam never occurred we would not be able to continue to operate as if only two superpowers could dominate all international forums.

In certain areas, like nuclear weapons, the United States and the Soviet Union, will continue to dominate. Hopefully, this domination will allow more rapid progress toward control of such arms. But in foreign economic assistance, and in limitations on conventional arms sales, the United States should urge and even insist on more responsibility by Western Europe.

The United States has a permanent relevance for Europe in a world where most values are less than permanent. But for the United States, and its people, Europe is also a permanent and vital American interest beyond questioning. These values are permanent because ultimately they reflect our continuing mutual vital interests.

Within this understanding, there is much opportunity and much need for a continuing and healthful redefinition of our respective roles.

SUPPORT OF HATCH ACT REFORM

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. CONYERS. Mr. Speaker, I deeply regret not being present to actively support the passage of H.R. 8617, the Federal Employees' Political Activities Act of 1975. As one of its cosponsors, I would certainly have voted "aye" on this much-needed and long-overdue legislation.

Assuming this bill is enacted, we will have corrected certain provisions of the Hatch Act which, in my opinion, violate individual rights to political participation. Federal employees have virtually been prohibited from all partisan political actions short of voting on election day, and such stringent restrictions go beyond what is necessary to prevent the resurgence of patronage armies manning the Federal agencies.

Political participation among Federal workers, with the bill's safeguards to prevent coercion or job interference, may actually enhance the reputation and performance of much-maligned bureaucrats. The clerical and professional staffs of the departments and agencies are all affected by politics, either by congressional funding and oversight functions or by local contests and issues, and they should be able to gain valuable experience and share their expertise in voluntary political action.

It is high time that we bring Federal employees back into our democratic system, and I commend the Post Office and Civil Service Committee for bringing the bill before us today.

COMMISSIONER CARDWELL'S TESTIMONY ON SSI

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. MICHEL. Mr. Speaker, there have been some recent complaints that the Social Security Administration has not been responsive to Congress in providing information on the supplemental security income program.

To set the record straight, I am inserting in the RECORD at this point an item-by-item breakdown of the occasions Commissioner Cardwell has testified before Congress on the SSI program, as well as a summary of written responses furnished Members of Congress on the program. Also included is a list of the studies which have been or are being undertaken on the program:

COMMISSIONER CARDWELL'S TESTIMONY ON SSI SINCE JANUARY 1974

April 29, 1974—House Appropriations Subcommittee on Labor-HEW (1975 Budget Hearings): implementation of the SSI program; estimates of recipients; operating statistics; legislative changes since P.L. 92-603; proposed automatic cost-of-living increases; administrative costs; food stamp eligibility; and appropriations requests.

June 12, 1974—Senate Appropriations Subcommittee on Labor-HEW (1975 Budget Hearings): total benefit payment statistics; implementation of the program; estimates of recipients; legislative changes since P.L. 92-603; proposed automatic cost-of-living increases; and appropriations requests.

July 15, 1974—Senate Special Committee on Aging: implementation of the SSI program; how the SSI program evolved; first 6 months of program operation; problems and issues relating to SSI; and relationship of SSI with other programs.

February 28, 1975—House Appropriations Subcommittee on Labor-HEW (Second Supplemental Appropriations Bill): request for additional appropriations for increased SSI program costs and administrative expenses; request for an increase in appropriations for additional manpower necessary to administer the SSI program and process disability claims and hearings and appeals; Federal benefit payments; hold-harmless payments to States; and vocational rehabilitation services.

April 25, 1975—House Appropriations Subcommittee on Labor-HEW (1976 Budget Hearings): complex administrative nature of the SSI program; progress made in dealing with administrative problems; Federal benefit payments; "hold harmless" payments; SSI budget requests; SSI provisions, problems and issues; and vocational rehabilitation.

April 29, 1975—House Select Committee on Aging, Subcommittee on Retirement Income and Employment: current operating statistics; and resolution of certain administrative problems and program issues.

May 1, 1975—Senate Special Committee on Aging: overview of the SSI program; operational problems in the program and steps being taken to improve operations; and SSA staffing.

May 5, 1975—Senate Appropriations Subcommittee on Labor-HEW (Second Supplemental Appropriations Bill): request for additional appropriations for increased SSI program costs and administrative expenses; and request for an increase in appropriations for additional manpower necessary to administer the SSI program and process disability claims and hearings and appeals.

May 8, 1975—Senate Appropriations Subcommittee on Labor-HEW (1976 Budget Hearings): benefit payment rolls; automatic benefit increase; appellate workload backlog; complex nature of SSI; administrative problems and progress made in dealing with them; and creation of external review group.

May 21, 1975—House Committee on Ways and Means, Subcommittee on Social Security: SSI disability and blindness statistics and general SSI operating statistics; and problems and achievements of the SSI program.

June 3, 1975—House Committee on Ways and Means, Subcommittee on Public Assistance: basic operating statistics; how the program evolved through legislative changes; status of SSI operations; SSI Study Group; possible areas for improved SSI operations; and need for coordination of the SSI and food stamp programs.

September 8, 1975—House Committee on Ways and Means, Subcommittee on Oversight: current operational status of the program; accomplishments to date; potential sources of error; optimism as to improved operations; and ongoing studies of SSI.

September 19, 1975—House Committee on Ways and Means, Subcommittee on Social Security: hearings and appeals procedures; hearings and appeals backlog levels; causes of backlog; classes of hearings officers; characteristics of hearings process; efforts being made to reduce backlog, improve processing and reduce number of appeals; current outlook on hearings and appeals situation.

SUMMARY OF SELECTED MATERIALS CONCERNING THE SSI PROGRAM FURNISHED MEMBERS AND COMMITTEES OF CONGRESS SINCE JANUARY 1974

May 20, 1974—Letter from the Commissioner of Social Security to Congressman John F. Seiberling, Jr., concerning processing times for disability claims through initial, reconsideration, and hearings levels.

May 29, 1974—Letter from the Commissioner of Social Security to Congressman Ogden R. Reid regarding the administrative difficulties experienced by SSA during the first few months of the SSI program.

July 12, 1974—Letter from the Commissioner of Social Security to Congresswoman Ella T. Grasso on delays in processing disability claims.

August 22, 1974—Letter from the Commissioner of Social Security to Congressman Daniel J. Flood detailing the efforts being made jointly by the Social Security Administration and the Treasury Department at expediting the replacement of undelivered SSI checks.

August 30, 1974—Letter from the Commissioner of Social Security to Congressman Charles A. Vanik covering two SSI issues—check replacement, and the SSI outreach efforts being made by SSA.

August 30, 1974—Letters from the Secretary of HEW to the Chairmen of the House Ways and Means and Senate Finance Committees concerning SSA's efforts and the problems involved in implementing the provisions of law requiring treatment referral and monitoring for disabled drug addicts and alcoholics under the SSI program and payment of benefits to these individuals through representative payees.

October 21, 1974—Letter from the Commissioner of Social Security to Representative Barber B. Conable, Jr., concerning various aspects of the SSI program, including problems of administration.

March 13, 1975—Letter from the Commissioner of Social Security to Senator Edward W. Brooke (as a followup to discussions during the March appropriations hearings) concerning SSI operational and programmatic difficulties.

March 26, 1975—Letter from the Commissioner of Social Security to Representative Frank Horton concerning the status of and some of the administrative problems with the SSI program.

April 14, 1975—Letters from the Commissioner of Social Security to the Chairmen of the House Ways and Means and Senate Finance Committees concerning the status of the SSI program and the initial findings of SSA's quality assurance reviews including comparisons of rates of incorrect payments under the SSI program with rates under the former adult assistance programs in the States.

June 26, 1975—Letters from the Secretary of HEW to the Chairmen of the House Ways and Means and Senate Finance Committees concerning negotiations with representatives of the City of New York regarding implementation of the provisions of law requiring payment of SSI benefits to disabled drug addicts and alcoholics through representative payees.

July 10, 1975—Letter from the Commissioner of Social Security to Senator Edward M. Kennedy addressing numerous questions (arising from the May 1 hearing by the Senate Special Committee on Aging) on SSI operations, administration, beneficiary population, and hearings and appeals.

July 29, 1975—Letter from the Commissioner of Social Security to the Chairman of the Subcommittee on Public Assistance of the House Ways and Means Committee transmitting detailed criteria SSA has developed for use in evaluating disability of children under age 18.

August 11, 1975—Letter from the Commissioner of Social Security to the Chairman of the Subcommittee on Public Assistance of the House Ways and Means Committee detailing the extensive outreach programs and efforts that have been undertaken and the money and manpower expended to reach the people for whom the SSI program is intended.

September 3, 1975—Letter from the Commissioner of Social Security to the Chairman of the House Ways and Means Committee transmitting letters from the Commissioner and the Acting Deputy Commissioner of Social Security to the Editor of the Washington Star and from the Acting Deputy Commissioner to the Editor of the Washington Post, commenting on newspaper articles concerning problems in the administration of the SSI program and so-called overpayments.

September 23, 1975—Letter from the Commissioner of Social Security to Senator Birch Bayh responding to detailed questions about SSI overpayments and related administrative problems.

September 24, 1975—Letters from the Commissioner of Social Security to the chairmen and ranking minority members of the Senate Finance and House Ways and Means Committees, the Senate Special Committee on Aging, and the House Select Committee on Aging, on SSA's extensive efforts to locate and enroll potential supplemental security income eligibles.

STUDIES OF SSA ADMINISTRATION OF THE SSI PROGRAM

STUDIES INITIATED BY EXECUTIVE BRANCH

SSI Study Group—In the spring of 1975, the Social Security Administration and the Department of Health, Education, and Welfare appointed a special study group chaired by Philip J. Rutledge. This group has held hearings across the country and is well into a comprehensive review of the program and its administration.

HEW Audit Agency—States which elect Federal administration of their program have the right to conduct an annual audit of the expenditure of their funds. The HEW Audit Agency is currently finishing an audit of fiscal year 1974 expenditures on behalf of the States.

OMB Review—The Director of OMB is scheduled to review SSI problems and the need for improvements.

Treasury Department—Two studies are being conducted in cooperation with the Treasury Department: A national check-forwarding study, and a study on nonreceipt of SSI checks.

Friedman Study—Initiated by SSA and conducted by a former SSA executive skilled in systems and management. Review covered SSI systems situation as of last spring.

CONGRESSIONALLY INITIATED STUDIES

Senate Finance Committee—The Committee staff has been studying the problem for several months and is expected to issue a report in September.

General Accounting Office—GAO has been conducting an audit of the general program operation and will soon issue a final report.

THE WOLF

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. WHITEHURST. Mr. Speaker, the September/October 1975 issue of Colorado Outdoors, published by the Colorado Department of Natural Resources, contained an excellent article on wolves by Mr. Kevin Fitzgerald. Mr. Fitzgerald is a graduate student at the University of Colorado, in Boulder, and the article is a result of his independent study.

I would like to call my colleagues' particular attention to the final paragraph in the article, since it seems to me to strike a most reasonable balance between the opposing views regarding wolves. I hope that legislation such as House Joint Resolution 89 and H.R. 1155 can help make such a balance a reality.

The article follows:

THE WOLF

(By Kevin Fitzgerald)

If a census were taken to determine which animal appeared most in our myths and legends, the wolf would almost certainly emerge as a primary figure. Children in our society are constantly made aware of this animal from their earliest years onward. A youngster may be reprimanded for "wolfish" table manners or "wolfing down" his supper, and, as he matures, young ladies may remind him of yet another of his wolfish characteristics. Our fairy tales are filled with this animal; we have wolves who dress as sheep (or grandmothers), men who turn into wolves with the full moon, wolves who blow houses down, and boys who cry wolf.

Despite this presentation of the wolfish character, there is another side to the wolf. Not the sly malicious creature but rather a noble courageous figure has also evolved in our legends. The foster mother of Romulus and Remus, the protector of the early English kings, the standard and mascot of the Roman legions were all wolves. The early Anglo-Saxon heroes added the term to their own names in hopes of personifying the lupine virtues, hence the names Beowulf, Wulfred and Wulfstan. Thus we have the wolf loping through the pages of our folk-lore either as the ultimate in villainy or as some noble innocent.

Despite the frequent appearance of the wolf in our history and myths, very little is known about the literary creature's wild counterpart. Much misinformation and unfounded fable exists while sound scientific inquiries have been few. As a result, thoughts of the wolf may elicit some long forgotten stirrings in modern men; vague recollections of sounds beyond the campfires emerge from some hazy past. As far as our knowledge of the wolf goes, we remain in that haze, for not much more is known now than when naked hunters competed with the pack for food.

The wolf evolved about two million years ago in what is now North America from some primitive, flesh-eating, mammalian ancestor. Wolves appeared first in a somewhat larger form, the "dire wolf." A number of these fearsome looking beings were preserved in the oil pools of this period. These pools, such as the famed La Brea tarpit, served as a type of prehistoric animal "scrapbook," faithfully recording an array of now extinct creatures as they passed into evolutionary obscurity. At about the same time, a smaller version of the dire wolf appeared, and by about one million years ago the wolf was much as it is today.

Once the geographic range of the wolf was unmatched by that of any other land mammal. They were found in all of Europe, North America, much of Asia, and parts of northern Africa. This far flung distribution brought them into contact (or conflict) with almost every group of people on earth. In terms of this wide distribution and long relationship with man in their mutual developments, perhaps we can explain man's unique fascination with the wolf and the universality of wolf stories. However, we seem to lack the ability to distinguish the wolves of the storybooks from those that once trotted Colorado ranges. It seems people would rather believe in a wolf molded by legend than in a real animal molded by natural laws. Hopefully, as we reflect upon an animal gone from our state for almost 40 years, we can keep him in the right perspective.

Wolves lived and were numerous in Colorado long before the Indians defied them or the trappers sought their pelts. They were intelligent, social animals that lived and hunted in well ordered packs. The wolf can be described as a predator of large and small game. It actively pursues and attacks birds, fish and mammals ranging from field mice to moose. Wolves have tight family units that are the basis of the pack. Mates are chosen within the first year and remain together for life. At two years wolves mature and have one litter of five to seven pups each spring. Wolves are fierce, determined hunters; however there is not one authenticated report of a wolf ever attacking a human being. This news is usually somehow disappointing to us since it ruins the plot of so many Hollywood westerns. Wolves hunt primarily at night, often covering vast distances. Usually the same region is periodically traveled in search of game. Thus the pack established set "runs," or circuits used only in that group. One wolf run in Rio Blanco County in northwestern Colorado was of elliptical shape and was at least 100 miles long. It was located within the so-called "wolf-belt" near Meeker, that stretched west to the Utah line. On this run was a large stock ranch which the wolves visited regularly every nine or ten days.

Wolves existed in our state in fair numbers well into this century. The naturalist Emerson Carney wrote in 1902 that, of all the big game of the state, only the wolf "not only grows more abundant but adds new territory to his possessions and refuses to be ousted." Edward Warren in his *Mammals of Colorado* in 1910 claimed that wolves were present in every county of Colorado with the possible exception of Denver. Within the next 20 years however, wolves were zealously eradicated from the state. In 1929, Stanley Young, a government hunter and naturalist with the old Biological Survey, left a den intact on the Uncompaghre plateau. He claimed he didn't want to be the man who "had killed the last wolf in Colorado." The last authenticated wolf taken in our state was in the Conejos region in 1943. Today, almost certainly, no wolves remain.

Generally wolves are now found mostly in the inaccessible parts of our continent, the wilds of Alaska and the Canadian Arctic, certain other Canadian wilderness areas, and a national park in Michigan. They are confined to areas where there is little or no conflict with livestock interests, for it was as a result of this conflict that wolves disappeared from our state.

As the human population in our area increased, untouched areas became ever more scarce and much of the wild range lands were turned over to man's domestic creatures. Big game mammal populations rapidly dwindled, and it became evident that man and the larger wild beasts could not both exist in the same area in high densities. The packs of Colorado were forced to turn their attentions to domestic stock; certainly also the calves and sheep must have been easier to prey upon than adult deer and elk. Thus ranchers, forced to protect their livelihood, and the wolf, unable to change the way it lived or existed on grass and roots, became locked in a deadly battle.

As the wolves became more destructive, certain individuals became recognized as particularly notorious. The stockmen and hunters knew these by sight, identifying defects or other peculiarities and quirks in their appearance or behavior. Colorado had its share of these wolves named for their dubious achievements. Names like Three Toes, Bigfoot, Old Lefty, the Phantom, the Greenhorn, Old Whitey and Rags can still be recalled by some old-timers. Many of these animals showed incredible shrewdness in eluding traps and hunters, sometimes for years. Stanley Young, in his work, *The Wolves of North America*, recounts some of the more memorable local individuals. "Old Lefty" of Burns Hole, a wolf that lost his left foot to a trap, killed 384 head of cattle in Eagle County from 1913 to 1921. "Old Whitey" and his mate, "Three Toes of the Apishapha," plagued the Bear Springs Mesa region near Trinidad for 15 years before their capture in 1923. In the Meeker region, long noted for its wolf stories, a shaggy maned wolf called "Rags" was claimed to have killed $10,000 worth of livestock before he was taken. Other famous Colorado renegades were the "Unaweep Wolf," named for Unaweep Canyon and now in the Museum of Natural History, "Bigfoot" of the Grand Junction region, "the Phantom" that ranged near Fruita, and the "Greenhorn Wolf" that tormented the ranchers of the Pueblo region.

In the early part of this century wolf depredations became so great that in some areas of the state their toll was one-third to one-half of the calf crop. Joseph Neal, a stockman and conservationist of the Meeker area, in an interview with Stanley Young in 1940 claimed that, when wolves were at their greatest abundance on the ranges, one-quarter of all cattle showed scars caused by wolf bites or some other wolf inflicted injury. This estimate may not be exaggerated. A newborn calf, even when protected by its mother, was no match for four or five wolves. The blossoming cattle industry had to take steps to control the rocketing losses inflicted by the native wolf population.

In Colorado, there had been a government bounty beginning in the 1860s which authorized the range territories to pay up to $2.00 a wolf pelt. In areas of particular wolf problems, the county as well might have paid an additional bounty. This bounty alone was not sufficient to justify a trapper putting all his time into wolf hunting since other animals' pelts could be sold to clothing agents far more lucratively. By the early 1870s, local county stock associations such as the Bent-Prowers County Cattle and Horse Growers of Southern Colorado, the Piceance Creek Stock Growers Association of Rio Blanco County and the North Park Stockmen's Association were formed and began offering bounties for wolves in addition to existent county, state and federal bounties. As a result some trappers made incredible money for that time. To one trapper, who in 1912–13 brought in 140 wolves, the Rio Blanco group paid $7,000 which is $50 per wolf, and this didn't include the government bounties the hunter was eligible to collect. The North Park group paid $35 per wolf and $10 per pup. It was said that wolves were so numerous in this region that a good hunter could easily earn $100–$200 per week. Between 1904 and 1908, the Rio Blanco group was paying $150 for each wolf. It is easy to envision then how, between government and industry sponsored incentives, the wolf population of Colorado was effectively exterminated by 1930. The wolf, with minor variations in its manner of living, had existed and hunted in Colorado for close to two million years. Within less than a century, through extensive use of poisoned bait, elaborate traps and improved firearms, man had eliminated him.

Today, occasional wolf sightings and tracks are reported, but more than likely these are coyotes or domestic dogs. Reintroduction suggestions and proposals surface from time to time, usually without much substance. In an area where the raising of livestock is an integral part of the state economy, most ranchers are understandably less than keen on the idea. The livestock industry, which views the wolf's smaller cousin, the coyote, warily, has not easily forgotten the very real damage wolves can accomplish. Also there are more basic problems with reintroduction. Foreign wolves would have to be brought into and released in an area completely unfamiliar to them. Wolves being great wanderers, there would be no guarantee reintroduced wolves would stay together, much less stay in the unfamiliar foster area. Before this can be accomplished much more has yet to be learned about the very nature of the wolf.

Wolves are gone from Colorado, but hopefully areas where wolves still are plentiful may learn a lesson from our action and view the wolf in a more favored light. Perhaps in these areas, wolves could come to be seen as a valuable natural resident with as valid a right as any to be allowed to continue living much as they have for millions of years. Less severe control methods might be devised insuring both the safety of domestic stock and the survival of the wolf. If present protective measures are not rigidly enforced, we will be banishing the wolf to our zoos and our textbooks and exiling it forever from the greater natural scheme of which it is a part.

BRIGADIER GENERAL YEAGER TO QUALIFY FOR THE MEDAL OF HONOR

HON. WILLIAM M. KETCHUM

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. KETCHUM. Mr. Speaker, as a cosponsor of identical legislation, I would like to relay my words of support for a bill which the House passed yesterday. This measure, H.R. 8151, authorizes the President of the United States to present, in the name of Congress, a Medal of Honor to Brig. Gen. Charles E. Yeager. This outstanding gentleman and American patriot risked his life and computed odds in flying the XS–1 research aircraft faster than the speed of sound. The date of that historic event, October 14, 1947, will long be remembered as the beginning of a new era in aviation. Today, supersonic speeds are commonplace, but in October 1947 many leading scientists were convinced that the shock effect would pitch a plane up, roll it wildly and virtually explode it against that invisible wall of speed. I take a personal pride in the fact that this historic event was recorded at Edwards Air Force Base, a part of California's 18th Congressional District.

This legislation has been offered in orfder to make an exception to sections 8741 and 8744 of title 10, United States Code, in that this award will qualify as a noncombat Medal of Honor during peacetime. Brigadier General Yeager would thus rightfully join fellow recipients of this exceptional honor, Comdr. Richard A. Byrd, Jr., and Capt. Charles A. Lindbergh. Now retired and living in Grass Valley, Calif., Brigadier General Yeager's record of service to his country is a brilliant one: one which is highly deserved of this special form of recognition. His wartime score of 63 missions, 13 German planes shot down, 3 damaged, 5 Messerchmitt 109's on one mission and 4 Focke-Wulf 109's on another has already been recognized by receipt of a Silver Star, a Cluster, a Distinguished Flying Cross with two Oak Leaf Clusters, Bronze Star, Air Medal with six Clusters, and Purple Heart. He was also awarded the Distinguished Service Medal and the Harmon Trophy by President Eisenhower for flying at a speed of 1,650 m.p.h.

Yeager's own account of October 14, 1947, is a harrowing one indeed. Wearing a parachute that would have been useless had the X–1 gone out of control or exploded and aching from broken ribs that should have disqualified him from the mission, Yeager sealed himself inside the cockpit when a B–29 ferried his craft to 7,000 feet. At the 26,000 foot mark, the B–29 dipped its nose for the 1,000 foot dive preceding the drop. When he dropped, Yeager recounts his first reaction of a "fiery sun about 6 feet away" which blinded him as the "the plane bucked and fell." "The plane came to life and lunged forward," the B–29 was left behind, and Yeager watched the mach needle creep past .9 indicating 90 percent of the speed of sound. When the mach needle went past 1.0, he was flying ahead of sound. "I was so high and so remote, and the airplane was so very quiet that I might have almost been motionless."

This feat in itself, in my estimation, is most deserving indeed of special recognition. Taken in combination with his entire record of service to America, Brigadier General Yeager's breaking of the sound barrier crowns a glorious career. The Medal of Honor is a very special award, and Brigadier General Yeager is a very special man, whose spectacular record of achievement must be acknowledged in kind. It is my great honor to speak on behalf of this fine American and I commend my colleagues for their confirmation of this most deserved recognition.

NORTH CAROLINA CLAIMANTS FACE LONG DELAYS WITH SOCIAL SECURITY APPEALS PROCESS

HON. W. G. (BILL) HEFNER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. HEFNER. Mr. Speaker, as many of my colleagues in the Congress know, the House Ways and Means Subcommittee on Social Security has been conducting hearings on the problems individuals across the country are experiencing with delays in the Social Security Administration's appeals process. I would like to insert the statement I presented during the subcommittee's hearings showing some of the problems faced by the people I represent in North Carolina in having their social security benefits claims reviewed within reasonable time periods.

The following is the statement I presented:

The Social Security Administration Appeals Process

(Statement of Representative W. G. (Bill) Hefner, Eighth Congressional District of North Carolina, before the Subcommittee on Social Security, Committee on Ways and Means)

Mr. Chairman and Members of the Subcommittee: I appreciate having this opportunity to present testimony before your Subcommittee during these hearings concerning the problems of delays in the Social Security appeals process. These delays are indeed causing many claimants to have to wait long periods of time before their rights can be adjudicated by a hearings officer as required by the Social Security law.

This is not my first effort to determine the reasons behind the huge backlog of hearings cases and to try and find a solution to this situation. I've encountered many problems in trying to assist the people I represent in North Carolina in having their claims reviewed within a reasonable amount of time. Since coming to Congress, my staff and I have consistently been frustrated in our efforts to try to help people receive prompt consideration of their disability claims and other social security problems.

I believe that the long delays we've been experiencing are inconsistent with the intent of the social security programs—namely, to provide insurance against loss of earnings in the event of retirement, death, or disability.

I realize that there are several factors which have contributed to the present dilemma of huge backlogs of pending claims and payment problems. An informal survey of Members conducted by Congressman St Germain revealed that constituents across the country are experiencing delays of anywhere from 6 months to 3 years in having their appeals cases heard. The reasons for the backlog appear to be numerous, ranging from the Supplemental Security Income program (SSI) caseload to the fact that Administrative Law Judges are required to have seven years of experience and are comparatively underpaid. Also, with a reversal rate of approximately 50%, the benefits of appealing a social security decision are apparent. Therefore, we have the current intolerable situation of at least 120,000 backlogged cases.

Often the people seeking these decisions are those most desperately in need of assistance, and yet their hearings are delayed indefinitely. The disastrous financial effects this delay in processing and approving disability and other claims of people who are totally dependent on social security payments is tragic.

Commissioner Cardwell has indicated that the median processing time for disability hearings in July 1975 was about 7 months, and, of course, half of the cases took longer than 7 months to process. Also, figures released by the Social Security Administration show that in January 1975, the average processing time for initial disability claims was 110 days for allowed claims. However, before the present crisis situation, disability claim processing time averages have fluctuated between 60 and 90 days. In reality, unfortunately, the actual number of days and months people must wait for decisions on their claims is substantially higher. The length of time spent in processing allowed reconsideration determinations is generally longer than for initial disability determinations.

It is my understanding that the average processing time for a hearing decision has jumped in the last 8 years from 93 to 213 days as of December 1974. This figure represents the amount of time elapsed from the date a hearing request is made until the date of the decision. Even more shocking are some of the cases I've experienced from the region of North Carolina that I represent.

I estimate that the number of pending Social Security claims in my office alone total between 200 and 250 cases. Of those, at least 50% are at the hearing stage.

In July, I made several inquiries through the Social Security Administration in an effort to try to do something about this huge backlog of hearings cases. Of particular concern were the delays my office was experiencing and still faces today with the Bureau of Hearings and Appeals (BHA) office in Charlotte, North Carolina, which handles almost all hearings cases from the 8th Congressional District.

I requested that Administrative Law Judges (ALJ) from other regions be assigned to the Charlotte BHA office on a temporary basis to clear up some of the backlogged cases which have been waiting for a hearing since 1974. But I was informed by the Chief Administrative Law Judge of the Social Security Administration that such delays at the hearings stage is a nationwide problem and that the situation in Charlotte is not as severe as in other areas.

As of September 13, 1975, I have been advised that the national average of cases pending per Administrative Law Judge (ALJ) totaled 153. In the Charlotte BHA office the average number of pending cases per ALJ came to 167.

I was advised in July that a new Administrative Law Judge would be assigned to the Charlotte office in August. And I received assurances that two more Administrative Law Judges would be assigned to the Charlotte BHA office as soon as possible. However, our problems with hearings delays have not yet been resolved by any means. Within the past several weeks, a number of incidents have been brought to my attention which illustrate these problems.

Through a telephone call to the Charlotte BHA office requesting the status of a claimant's hearing, we were advised that a hearings decision had been rendered on this claim. However, we were told that the delay in advising the claimant of the decision was caused by a lack of clerical personnel to type the final decision. Furthermore, we were informed that a two months' backlog of cases existed: these cases had been decided but were waiting to be typed.

Now, I really can see no valid excuse for this type of delay. Typists do not require the specialized knowledge that ALJs do. Therefore, I cannot understand the reasons for hiring additional clerical personnel on a temporary basis to clear up this particular backlogged situation.

A very discouraging and frustrating problem that I've consistently experienced with the Bureau of Hearings and Appeals relates to my efforts to be advised of the action taken on an individual's claim. I believe that when my office contacts the Social Security Administration requesting to be advised of the action taken on a case, this information should be made available to me at the same time it is provided to the claimant. Many times my office has not even been given the courtesy of a response to my inquiries made concerning such claims. Therefore, a number of constituents who have asked for my help with their claims receive a notice of denial or approval from the Bureau of Hearings and Appeals without my ever knowing that a decision on this claim has been rendered.

In checking on the status of cases at the hearing stage, I have found it easier, quicker, and more reliable to obtain this information from the Managers of the Social Security District Offices located within the area I represent. For example, after repeated efforts to obtain the status of a hearing request file in 1974 by a claimant from the Charlotte BHA, my office finally contacted the District Manager of the Social Security office in Kannapolis, North Carolina, for a status report. The Kannapolis District office Manager advised me that this claim had been sent to one of the Bureau of Hearings and Appeals offices in Mississippi for a hearing determination. I did not receive at that time nor have I to this date received any word from the Charlotte BHA office as to the action taken on this claim.

I would like to take this opportunity to bring to the Subcommittee's attention also several examples of the truly inordinate delays in the processing of disability claims which I've experienced within only the past several weeks.

One woman in my district filed a "Request for a Hearing" on her claim January 2, 1975. Another woman filed for a hearing on her claim January 27, 1975. On the same day both individuals called my office concerning their claims as they had received no word from Social Security since filing a hearing request. Upon checking with the District Social Security office, I was advised that neither of these claims has yet been heard; no hearing dates have been set; and there is no indication as to when hearings for these two claims may be scheduled.

In another instance, I received the following information in a letter from the Kannapolis District Social Security Branch Manager on May 20, 1975, in response to my inquiry concerning the status of a constituent's claim. (In referring to a specific case, for purposes of identification, I will refer to the claimant as Mrs. Jane Doe and to the Judge as Judge Smith, although these are not the individuals' true names.)

"This concerns your telephone inquiry on this date regarding the above-named claimant. . . .

"Mrs. Doe filed a request for Social Security (SSA) disability on October 31, 1973. . . . She filed a request for reconsideration on July 12, 1974, and the denial was affirmed. She filed a "Request for a Hearing" on September 30, 1974. Mrs. Doe's case is ready to be heard but was assigned to Judge Smith. Unfortunately, Judge Smith has been hospitalized for five weeks and the date he is to return to work is uncertain at this point in time.

"I inquired about the possibility of reassignment of this case to another judge, but as you know, each of the judges are heavily backlogged. Mrs. Doe's case is at the top of Judge Smith's list. We are hopeful that she will have her hearing shortly."

After receiving no further word from the Charlotte BHA office concerning this case, I again made another inquiry through the Kannapolis District office, and received the following response dated September 26, 1975.

"This concerns your recent inquiry on behalf of Mrs. Doe. This case is still pending at the Bureau of Hearings and Appeals (BHA) in Charlotte, North Carolina. As you know, Judge Smith has been sickly and has been able to hear only a limited number of cases. In addition there is a continuous prevailing backlog to be heard.

"I called the BHA in Charlotte on September 25, 1975, and they indicated that it may still be several weeks before Mrs. Doe's case is scheduled for a hearing."

Therefore, as this information indicates, over one year has elapsed since this claimant filed a "Request for a Hearing" (September 30, 1974), and her case has still not even been scheduled to be heard by an Administrative Law Judge.

I also received the following letter from a constituent dated September 28, 1975, concerning this person's request for a hearing on her claim.

"Thank you so much for your recent letter and for the interest you have shown in my problems with Social Security.

"I filed an application for a hearing this past week. The Social Security representative advised me at that time that it usually takes about one year to process an application and schedule a hearing.

"I would agair appreciate anything you could do to speed up this process and to assure that I receive a fair hearing. A year seems like a ridiculously long time for processing, and a person could starve to death during that year if it were not for the goodness of relatives and friends."

In my view, hearings delays such as these few examples among many that I have mentioned to the Subcommittee are unnecessary, unfounded; and in addition, they were a real hardship on those people who are unemployed due to disability and who must depend upon this assistance from Social Security—whenever it may come—in trying to meet their daily, basic needs. In the meantime, many such individuals lose their homes and all their belongings.

In addition, I would like to bring to the Subcommittee's attention a recent incident of the Social Security Administration providing me with erroneous information with respect to an individual's disability claim. After writing expressing my interest to the Social Security Administration in this claim for disability benefits, I was advised by the Bureau of Disability Insurance in a letter dated August 5, 1975, that this claimant's records were under review by the headquarters disability staff. In a subsequent letter from the Bureau of Disability Insurance dated September 22, 1975, I was informed that the Bureau was not yet able to provide me a complete report on this person's claim as the review of her records was not completed.

In the meantime, I received a letter on September 29, 1975, from this same individual stating: "On September 6, 1975, I received my first disability check from Social Security. It took eight months, but thanks to you . . . it was finally resolved."

This is only one among the many occasions when I have received erroneous and misleading information on the status of an individual's claim. There is clearly a need, in my view, for the Social Security Administration to be able to respond to such inquiries properly so that I may advise constituents correctly of action taken on their claims.

Mr. Chairman, I believe that I have cited enough examples of the delays and mix-ups I have experienced with individual Social Security claims. However, let me stress that these represent only a few of the numerous problems my office has encountered in trying to assist constituents with their claims.

I greatly sympathize with the problems and concerns of the people who contact me regarding the long delays in the processing of their claims. Such delays work a real financial and emotional hardship on these individuals who are waiting for their disability claims to be heard by an ALJ.

The problem of backlogged hearings cases has become a very emotional issue. As a result, hundreds of bills have been introduced in the Congress in an effort to deal with this problem and to rectify some of the current delays in the Social Security appeals process. I too have co-sponsored such legislation, particularly the Social Security Rights Act, introduced by Congressman Seiberling. This bill would require the Social Security Administration to make decisions on social security benefits claims and payment problems within reasonable periods of time.

However, I'm not certain that any one of the many proposed bills contain the sole answer or the correct solution for eliminating these backlogs. It would seem to me that some of the burden for eliminating such backlogs must rest with the administrative personnel within the Social Security Administration. Therefore, the question I raise is: what exactly can be done at the administrative level and what exactly can be done at the legislative level to reach a meaningful and lasting solution to these problems in the processing of benefits claims?

The Commissioner has proposed an increase in the number of Administrative Law Judges within the Social Security Administration in addition to providing legal assistants and other support personnel for each ALJ's personal staff. There's no doubt that a doubling of the number of personnel within the Bureau of Hearings and Appeals will help to reduce the backlog of pending cases.

Also, as I mentioned before, a number of legislative proposals have been introduced to try to deal with this problem. Some of these measures would provide for an increase in the grade and pay of Social Security Administrative Law Judges, and other measures would expand the coverage of the Administrative Procedure Act to bring SSI hearing examiners under its provisions. However, I question, as have others, whether the APA is suited for the type of benefits claims adjudicated by such agencies as the Social Security Administration.

Of great concern to me is the cost of hiring additional ALJs and ALJ support staff as well as the cost of increasing the pay for Social Security ALJs since these costs must be paid for with Social Security trust fund monies. I believe we are all aware of the concerns which have been expressed about the current and future financing problems of the Social Security trust fund. Individual payroll taxes which go into the trust fund to sustain its operation will have to be increased in order to pay for the future retirement and old age and survivors benefits to which individuals are entitled.

I firmly believe that any attempt to add an extra financial burden to the Social Security trust fund and to spend our citizens' money by substantially increasing the costs of the Social Security hearings and claims adjudication process should be approached with great care and caution. Irresponsible use of these funds could result in individuals having to pay more and more of their paychecks to support the Social Security trust fund as money goes out for increased hearings and claims processing costs with no definite assurance that such actions will indeed prove helpful in expediting the processing of benefits claims.

Therefore, I would suggest that before the Congress take any legislative action that the GAO or some other independent source bring together all of the studies that have been conducted on the processing of benefits claims and make any further needed investigations, with the result of putting together all of this information into one complete study. Such an effort should be conducted for the purpose of determining the most efficient means of adjudicating the claims of individuals filing for Social Security or Supplemental Security Income benefits.

The study should contain an audit of the Bureau of Hearings and Appeals to determine if the Bureau is making maximum use of its current resources. I would suggest that the impact of the Administrative Procedures Act (APA) and its use in adjudicating the benefits claims be included in this report.

Furthermore, I believe that any such report should address itself to the possible need to review the productivity level of SSA Administrative Law Judges. Under the APA, as I understand it, there is no provision stipulating the number of hearings an ALJ should process, and there is no review mechanism under which the performance of ALJs can be evaluated. Therefore, a discussion of the merits of implementing such an evaluation procedure could prove beneficial in determining the criteria and standards ALJs should use to process hearings in a more expeditious manner.

Another question I raise that could be included in this study is the proposal of setting shorter time limits in which claimants can request further consideration of their claims. It is my understanding that although the Social Security law currently provides for a 6-month time period in which persons may request further review of their claims, the time in which individuals now request such reviews averages between 60 and 90 days. Lastly, I would suggest that this study include an assessment of the major legislative alternatives pending before the Subcommittee to discuss their viability toward making beneficial and lasting solutions to the processing of benefits claims.

I believe that with the proper directives established and a time limit indicated for the GAO or another in dependent source to use in producing this report, the results of such a study could provide the Congress with the proper framework to determine the needed areas in which to channel our legislative responses to the problems of adjudicating benefits claims within a reasonable time.

I appreciate having this opportunity to present my views on this truly pressing problem to the Members of this Subcommittee. I trust that my testimony will be helpful in pointing out some of the specific problems I have experienced with respect to the processing of benefits claims. I hope that as a result of bringing these problems to your attention, the people of the 8th Congressional District of North Carolina and people in other areas of the country may look forward to receiving the prompt and careful attention their benefits cases deserve.

PAUL ROBESON REMEMBERED

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. RANGEL. Mr. Speaker, the history of blacks in America has been written in invisible ink. Our struggles and achievements have gone unrecorded, and their importance has been minimized. Slowly, we are reversing this trend. Slowly, the history of America and the history of its black people begin to merge.

In our own lifetime, we have witnessed this process occur, to a man whose achievements have already made him a legend—Mr. Paul Robeson. The artistic and political activities of Mr. Robeson have made a permanent contribution to the life of our Nation. And yet, his name remains virtually excluded from the public record. There are those however, whose lives are indebted to the precedents established by Mr. Robeson, who have proudly begun to reverse this silence. I now commend to the attention of my colleagues an article which appeared in Alternatives, a publication of the Harlem Commonwealth Council:

PAUL ROBESON REMEMBERED IN HARLEM

In the age of Muhammed Ali and Abdul Kareem Jabar (Lew Alcindor) it is possible to forget the heroes and heroines in our rich cultural history. It is therefore noteworthy that this spring the James Varick Community Center, Inc. and the Paul Robeson Archives, Inc. sponsored a benefit concert at the Mother A.M.E.Z. Church in tribute to one of America's all-time great artists.

The souvenir program for the concert began with the following message from Dr. George W. McMurray, pastor of Mother Zion, "It is not a coincidence that the Mother AME Zion Church and the Paul Robeson Archives are sponsoring a joint venture to highlight the achievements of the Black church and those of one of its native sons—Paul Robeson. Both have been proclaimed as champions of freedom and equal justice for a depressed people."

In the Spring of 1973, on the occasion of Robeson's 75th birthday, a group of his friends sponsored a "Salute to Paul Robeson" at Carnegie Hall. This celebration produced an overwhelmingly positive response from people in all walks of life across the country. The Salute Committee felt that, in view of decades of virtual exclusion of Robeson's name from reference books and the files of the mass media in the United States, it was essential that there be a center in this country that would assemble, preserve and make available to scholars and the public, a complete record of his life and work. Hence, the proceeds from the "Salute" were used to establish the Paul Robeson Archives. The Archives Board of Directors includes Harry Belafonte, Lloyd Brown, Roberta Yancy Dent, Martin Popper, and Paul Robeson, Jr.

Since June of 1973 the Archives has processed over 10,000 items—tape recordings, film, photographs, news articles, documents and writings. A body of materials documenting the period from 1915 through 1949 has been made available for research on a limited basis. Meanwhile, additional materials already on hand are being organized, and the Archives looks forward to beginning the microfilming and cataloguing phases of its work by Fall, 1975.

This is a unique collection which, in addition to documenting Robeson's career, helps to document an important era in Black history in America. The materials have come from various sources, including Robeson's personal collection, which he has permitted the Archives to copy in its entirety. The Salute Committee contributed tapes, slides, film and other materials used in its tribute; and individuals from around the world have donated memorabilia from their private collections. It is estimated that ultimately, the collection may include nearly 50,000 items.

Guest stars at the Benefit Concert included Ossie Davis, Ruby Dee, Howard da Silva, Pete Seeger, Don Shirley, and the Cathedral Choir of Mother AME Zion Church.

Ossie Davis commented that in the Soviet Union there is a Mount Paul Robeson in honor of the giant native son of the United States, but that in our country there is scarcely a "molehill." Those who wish to help that "molehill" grow into a mountain may send their tax-deductible contributions to the Paul Robeson Archives, 157 West 57th Street, New York City 10019.

"ON THE ROCKS" AT VARIANCE WITH THE FACTS

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. BIAGGI. Mr. Speaker, the National Association for Justice has been working for prison reform since 1972. They have spotlighted many of the false notions about what a prison is really like and sought to bring about true reform in our prison systems so that the recidivism rate directly related to adverse prison conditions can be substantially cut.

Recently they objected to the ABC–TV network show, "On the Rocks," which portrays prison life in a friendly, humorous way. Certainly there is nothing enjoyable about being in prison; but without programing or information that portrays the true conditions in our Nation's prisons, Americans continue to close their eyes to the need for prison reform.

For the benefit of my colleagues, I am including at this point in the RECORD a copy of the text of the letter sent by the National Association for Justice.

The text follows:

NATIONAL ASSOCIATION FOR JUSTICE,
Washington, D.C., October 13, 1975.

DEAR ———: The National Association for Justice, a non-profit organization founded in 1972 to promote constructive reform of prisons and the criminal justice system, hereby lodges with you our strong protest regarding the ABC network's program "On the Rocks."

On behalf of the thousands of our members now in prison, on behalf of the half-million men and women incarcerated in America on any given day, we urge the termination of this program.

"On the Rocks" deletes the severity of prison conditions to make a comedy, but prison is no laughing matter. Prisons and jails are, with few exceptions, greatly overcrowded, dirty, noisy, ill-heated, poorly ventilated, and highly dangerous places to live. Each year, dozens die and thousands suffer from the lack of basic medical treatment. Inmates live in danger of their lives, in an environment of beatings, shootings, stabbings, Mace and homosexual rape. Yet, "On the Rocks" portrays prison quarters as spacious, like a college dormitory. Medical facilities are represented as being on a par with "free world" private hospitals. There is no terror in "On the Rocks," for no one is going to get hurt, by guards or inmates.

NAJ believes that "On the Rocks" violates the letter and spirit of the Television Code of the National Association of Broadcasters, which expressly states that:

"No program shall be presented which through artifice or simulation would mislead the audience as to any material facts." (NAB TV Code, Program Standards, Sec. IV, para. 19)

"On The Rocks" obstructs the efforts of such parties as NAJ to effect urgent and necessary reforms, by misleading the public regarding material facts of prison life and thereby undermining the public will to support such reforms.

NAJ does not advocate "coddling criminals". We believe that prisons are socially necessary and that the laws of the land should be enforced. We insist, however, that prisoners are citizens and human beings and have the right, therefore, to fair and humane treatment while incarcerated.

"On The Rocks" must, in all justice and human decency, leave the airways.

We believe further that ABC should provide suitable equivalent time for presentation of a realistic portrayal of penal conditions, one which gives proper prominence to the prisoners' view of their circumstances.

NAJ calls upon you to take whatever steps are within your power to help rectify this mockery of human suffering.

Sincerely,

JAMES M. SHEA, Ph.D.,
Administrative Assistant.

SPAIN KNOWS THE COMMUNISTS—TOO WELL

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the Communists will never forgive General Franco and the Spanish people for defeating them more than 35 years ago. The Nationalist revolution which began in 1936 and was victorious in 1939, prevented the Communists from establishing a beachhead in western Europe.

Spain was neutral during World War II. Had the Communists won in 1939, when World War II broke out, France would have been encircled. Communist armies would have attacked France together with the Nazis, since they had signed a joint nonaggression pact at that time. The possibility exists that France would have fallen much earlier and Britain would have been the next victim of Hitler's aggression. A neutral Spain blocked the Nazis from that opportunity.

With the southern flank of NATO in complete disarray as a result of the Portuguese move to the left, anti-American bias in Greece and Turkey, and the social and economic disruption in Italy, Spain stands out as the only reliable ally the United States has in that region.

Spain has been the victim of Communist organized and supported terrorism for 4 decades. In recent months the campaign of terrorism has intensified. It is hoped by the Communists, that the liberal and socialist communities will support them in their efforts to overthrow the Spanish Government and establish a leftist regime. Spain's response to the increase in terrorism has been to apply appropriate counter-measures, including the execution of terrorists who murder police officers. As the Communists expected, the liberals and socialists throughout the world began screaming against Spain for executing those who had murdered Spanish police officers. The same liberals and socialists are usually strangely silent when the Soviet Union or Red China murders innocent political opponents or imprisons them in slave labor camps for decades.

The Washington Post, September 30, 1975, in an editorial, made it clear that Spain's execution of terrorists, convicted of murdering police officers, could not be tolerated. They recommend that the United States should delay agreement with Spain on military bases. The Washington Post never suggests that we should delay agreements with the Soviet Union on the grounds of the prosecution of intellectuals, religious believers, Jews, or the other usual victims of Communist persecution, the Soviet people.

I would like to call my colleagues attention to a valuable article that appeared in American Opinion for September 1975, written by Gary Allen. The article entitled "Détente with Monsters" gives chapter and verse of Communist persecutions in every country of the world in which they have had power. From 1917, when the Bolsheviks took power in Russia, to today, political, religious and national persecution have been constant. Mr. Allen's account of the persecutions that took place in Spain during the Red Regime of 1936–39 is of particular interest in the light of Spain's refusal to allow communism to be inflicted upon them again. I would like to ask that part of Gary Allen's article in American Opinion, "Détente with Monsters" be included as part of my remarks:

DÉTENTE WITH MONSTERS

(By Gary Allen)

TERROR FOR TERROR'S SAKE

When V.I. Lenin was raised to power in Russia following the St. Petersburg coup of November 1917, the world began to hear much of him and his commitment to violence and terror. Setting the pattern for Mao's epigram decades later that "Power comes out of the barrel of a gun," Lenin declared: "Power is not handed over, it is taken by arms." Consequently, he warned, "the substitution of the proletarian state for the bourgeois state is impossible without a violent revolution." After Lenin's death in 1924, the new Soviet tyrant, Joseph Stalin, emphasized: "The dictatorship of the proletariat is a revolutionary power based on the use of force against the bourgeoisie."

Much to the distress of many pioneers on the road to "peaceful coexistence" and "détente, the Communists never failed in practice to make clear their utter contempt for those in their power. Seeing brute force as the only means with which they could deal successfully with others, they developed that weapon into the strategy of deliberate terrorism to insure conquest and subjugation. Terror as a fine art was encouraged by Lenin, perfected by Stalin, and remains an important part of Communist policy to this day.

It was Andrei Y. Vyshinsky, prosecutor of the Soviet Purge Trials of the 1930s, who analyzed terrorism as "a toll of the coup d'état," whereby "The whole matter is in the top, therefore the top must be removed. . . . Heads are peculiar in that they do not grow on again." Simply speaking, the Communists put into practice the Leninist concept that terrorism and violence were not only "inevitable" but desirable to assure the Communist advance. It was only a matter of time before the heads really began to roll. By the tens of millions.

The atrocities began not only where the Communists encountered resistance to their plans, but even where they did not. The idea was (and remains) that to be truly effective, terror must be applied without reason—everywhere and against everyone. In 1918 and 1919, according to the records, Lenin was executing his captives without trial at the rate of one thousand a month.

Securing Communist power over the U.S.S.R. has required the imprisonment of scores of millions of human beings in a network of death camps which still spans the Soviet Union. These slave camps are more active today than in the era of the Party purges of the 1930s. According to a recent Associated Press report, Henry Kissinger's friends in Soviet Russia are now holding more than a million people in concentration camps. Other sources place the number as high as five million. A U.S. Senate Report, issued three years ago, says that such concentration camps number in the thousands; that conditions of starvation and servitude in these camps are as bad as ever they were under Stalin; and, that twenty-five percent of all heavy labor in the U.S.S.R. is done by political prisoners. The Senate document quotes eyewitness testimony of continuing forced labor (in the open) at forty degrees below zero, of cruel medical experiments on slave laborers, of slaves so starved that they cut themselves for blood in which to dip their tiny crusts of bread, of hundreds of women prisoners being crushed by tanks, of nuns stripped and dragged through the snow for the crime of praying in the forced labor camp . . . .

One of those testifying at the Hearings was Avraham Shifrin, who for the crime of being a Jew spent ten years in a dozen Soviet concentration camps, and who has at last escaped to the West. Shifrin told from his own experience of how slave labor is today used in Russia to gather raw materials for export—the very raw materials Mr. Kissinger is seeking in return for American technology and agricultural products. Shifrin recalls, for instance, one slave laborer *who cut off his own hand with an axe* and asked another prisoner to put the hand inside a load of lumber destined for shipment to the West. The prisoner said that the severed hand would warn those still living in freedom of the conditions in which lumber is cut under Communist slavery.

One must count it a double tragedy that no such grisly hand is likely ever to be delivered to Henry A. Kissinger, that master of *détente* through trade, at the State Department.

Another of the laboratories for the testing of Red Terror was Spain. By the time the three-year Spanish War was over, at least one million people had died, literally decimating the country. Over two hundred thousand of these fatalities were the result of systematic assassinations by the Communists who controlled the 1936 "Popular Front" Government. Scores of G.P.U. jails were operated to torture and murder those resisting in Madrid and other major cities. Once again, as everywhere else, the clergy were almost universally targeted for torture and death. From the documented eye-witness accounts of these widespread atrocities, we have selected a few of the thousands that are typical. The following accounts were recorded in 1936 at Puente-Genil, Province of Cordova:

"One hundred and fifty-four citizens were murdered here between July 24th and August 18th by the Communists, who also burnt seven churches, twenty-eight private houses, an almshouse for old men, and the barracks of the Civil Guard.

"Seventeen of the murdered men were forced to remain with their arms raised above their heads for several hours—a boy of sixteen among them fainted from the pain—and they were then shot dead on the railway line near the station. Of the forty people held in the jail on the eve of the entry of the Nationalist troops, the following were shot dead: Jesus Cisneros; Angel Morales; Julio Aguilar and his son Julio; Francisco Estrade Morales, and his five special constables from Lucana.

"One witness among the prisoners, Juan Rubio Zurita, who managed miraculously to escape, relates that three of the prisoners, Jesus Cisneros Rull, a secondary school teacher, and two working men named Rafael Morales and Antonio Fernandez Jurado, were frequently taken out into the prison courtyard, where they were scourged with ox-sinews and threatened with death . . . .

"Antonio Baena Castellano, the owner of a fruit farm known as Porto Alegre, was killed there by two local Communists named Herrerias, who hacked him to death with axes. Then they cut the body to pieces and put it in a trunk, where it was found by a brother of the victim. This is sworn by Jose Garcia Diego Bailon. The same witness also relates that Francisco Ortega Montilla, seventy years of age, and his wife, were tied to their bed, soaked with petrol, and burnt alive. Francisco Florida Lucerna, a working man, was wounded by a rifle bullet. He was then tied by one leg to a motor lorry and dragged about the village amid the jeers and rejoicings of the mob. His body was finally burnt on the outskirts of the town. The witness in this case is Federico Valentin Gimenez, seventeen, a printer.

"Luis Sicilia, a student, was present when Sergeant Ocana, in charge of the local station Civil Guards, was mortally wounded by a bullet and then cut in two with an axe. This happened at the station living quarters.

"After having handed over one hundred thousand pesetas as the price of their liberty, Manuel Gomez Perales saw his four sons put to death by the revolutionaries and was later killed by them himself. This is from the evidence of Jorge Alcantara Reina.

"Manuel Martin Lopez, a trumpeter of the Civil Guards, was killed with an axe, after which they cut his throat and carried his head in triumph on the point of a sword through the village.

"The remaining victims were murdered by means of the procedure which the butchers called 'the little walk.' This consisted in walking them through the streets to be subjected to the most abject humiliations on the part of the revolutionary rabble and then having them shot dead by lads from sixteen to eighteen years of age.

"All the statues in the churches were hacked to pieces with axes, and those ecclesiastical vestments which were not burnt were dragged through the mire of the streets. A gang also played football with the head of the statue of the Immaculate Conception, who is the patroness of the village."

The inhumanities listed above are virtually identical in nature to those chronicled and photographed in town after town, province after province, throughout Spain. Thousands of nuns were publicly raped, thousands of priests murdered, many being burned to death in their churches, and hundreds of clergy were literally crucified. The crypts of the churches were opened and the mummified bodies of beloved clergymen dumped onto the church steps. Everywhere the Communists operated, always and everywhere, it was the same.

USES OF THE WAR

When we come to the millions of Communist victims during and after the Second World War, the epic cruelties shrink behind the visage of cold statistics. In their millions they apparently have no effect on our masters of *détente* even when expressed as aggregate totals. How does one *measure* mass murder? What does it mean that according to official estimates the Communists have murdered 100,000 Hungarians; 300,000 Lithuanians, Latvians, and Estonians; 1,200,000 Poles; 150,000 Romanians; 1,200,000 North Vietnamese; 300,000 Serbs; 100,000 Macedonians; 900,000 Croatians; 1,000,000 Tibetans; and on and on and on?

We need to remember the crimes of the Communists during the subjugation of Eastern (and Central) Europe and China. We should not forget the more than fifteen thousand Polish officers and intellectuals who were shot in the back of the head and buried in mass graves at Katyn forest. We need to remember the two to five million anti-Communist Russians who, with General Vlasov, were forcibly returned to Stalin's torturers and killers on orders of General Dwight David Eisenhower immediately after the end of hostilities. We must not forget that Communist agents at Buchenwald and other Nazi concentration camps actually helped the S.S. to administer the genocide that the Reds are still practicing in Russia today.

Nor should we forget that the extermination camps and death marches which Solzhenitsyn has described from his sufferings in Russia are also being employed at this minute in Poland, Yugoslavia, Hungary, Czecho-Slovakia, Romania, Bulgaria, Albania, East Germany, Mainland China, North Korea, Tibet, Cuba, Vietnam, Cambodia, and Laos. Since 1917, more than one hundred million human beings have been murdered . . . and the killing of the helpless continues.

By such methods all resistance to the "dictatorship of the proletariat" is suppressed or destroyed. The methods are always the same. The West has repeatedly seen and recorded such Communist methods . . . and forgotten.

Let Solzhenitsyn have the last word here . . . a courtesy he has earned in the slave camps and asylums of the very Communists with whom President Ford has been touring. Here is what he says:

"One of your leading newspapers, after the end of Vietnam, gave a full, big headline: 'The Blessed Silence." I would not wish that kind of blessed silence on my worst enemy. I would not wish that kind of national unity upon my worst enemy. I have spent eleven years in the 'archipelago.' And for half of my lifetime I have studied this question. Looking at this terrible tragedy in Vietnam from a distance, I can tell you: A million persons will be exterminated. Four to five million—in accordance with the scale of Vietnam—will spend time in concentration camps and will be rebuilding Vietnam.

"What is happening in Cambodia you already know. It is genocide. It is full and complete destruction, but in a new form. Once again, the technology is not up to building gas chambers, so in a few hours the entire capital city, the guilty capital city, is emptied out—old people, women, children, are driven out without belongings, without food. Go, die!

"Now we hear voices in your country and in the West: Give up Korea and we will live in peace. Give up Portugal, of course. Give up Japan, give up Israel, give up Taiwan, Philippines, Malaysia, Thailand, ten African countries. Just let us live peaceably.

"Give us the possibility to continue driving our beautiful cars on our splendid highways. Make it possible for us to play tennis and golf. Let us mix our cocktails as we are accustomed to doing. Let us see the beautiful, toothy smile in the glass on every advertisement page of a magazine."

DAYS OF INEXPENSIVE FOSSIL FUEL ARE LONG GONE

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. DOWNEY of New York. Mr. Speaker, the time has come where the citizens of this Nation are beginning to realize that the days of inexpensive and abundant fossil fuels are long gone. Apart from the actual shortages we have experienced in these fuels, dramatic increases in their price have hit the consumer both directly and indirectly in the form of price increases in the goods and services of nearly every industry which uses fuel. It is this situation that has made it abundantly clear that energy independence be one of the country's first goals.

A major contributing factor to the situation we find ourselves in is the technological lag that has left this country dependent on increasingly scarce resources such as fossil fuels. Similarly, this same lag, in the face of increased environmental concerns, has forced industry to install relatively primitive and generally more expensive pollution control devices, thereby exacerbating our present problems with inflation.

Increased research and development in both the energy and environment fields has been much discussed as a solution to these problems and some steps have been taken by both Government and industry in these terms. However, little has been done to establish the kind of priorities that are needed. Much of the research necessary for new energy and environmental technologies requires high-risk investment with no guarantee of immediate success. Private capital for such investments is difficult to obtain and many of the larger corporations capable of this kind of endeavor have found it financially unattractive. Moreover, this kind of research cannot realistically be budgeted through annual appropriations where it will be forced to compete with other short-term concerns.

In order to resolve these problems on June 12, I introduced a bill, H.R. 7841, which would create a corporation as an instrumentality of the U.S. Government to make investments and guarantee loans in order to fund research geared to further developing energy sources and solving the problems of waste disposal, pollution, and resource conservation.

In September, shortly after the President's Domestic Council proposed the Energy Resources Finance Corporation which this body is today considering, I sent a "Dear Colleague" letter to Members of Congress requesting comments on my proposal. These comments proved most helpful in determining both the strengths and weaknesses of this bill, and I am presently redrafting many of its provisions.

Much concern was expressed by my colleagues that such an instrumentality would provide unwarranted benefits for large corporations and would be too far removed from the oversight functions of the legislative branch. In light of these concerns, I would like to take a moment to summarize the provisions of my amended bill, which I intend to reintroduce when the Congress reconvenes in late October.

The Corporation created under this legislation would, first of all, seek to maximize the diversification of assistance and enhance competition in industry by providing assistance to those individuals and organizations with impaired access to capital markets. Moreover, under the act no assistance in the form of a loan or guaranty could be granted unless the board of directors was satisfied that such assistance would not limit competition in the private sector. Similarly, the bill specifically states that the Corporation will give preferential treatment to small- and medium-sized concerns which can provide additional competition in the energy and environmental fields.

I believe that these provisions are especially important in light of the recent finding of the Senate Select Committee on Small Business that there is reason for concern that the small pioneer in solar energy research may be shouldered aside by present ERDA policies. According to the committee's report many small businessmen feel that up to now Federal policy has virtually ignored the contribution of small business specifically in the field of solar energy research and development. Under the type of institution I propose, the small businessman would receive significant benefits.

Similarly, the bill I have introduced would provide for a truly significant role in the creation and review of energy and environmental policy for the legislative branch. The bill would require the Corporation's board of directors to establish loan and guaranty categories within which applications for assistance will be considered. Categories will be *developed* after public hearings and with the advice of a Science Advisory Panel broadly representative of the science, engineering and consumer communities.

These categories would be published in the Federal Register and transmitted to Congress. Either House of Congress could disapprove any of the categories. In addition, either House of Congress could cut off funding in any previously published and approved category and may by concurrent resolution suggest to the Corporation other possible categories which it deems consistent with the purposes of the bill.

Moreover, my proposal would place a significantly smaller burden upon the U.S. Treasury than the proposal made by the Domestic Council. The Corporation would be issued only $1,000,000,000 in capital stock and would, where possible, limit its activities to loan guaranties. Similarly, either House of Congress could disapprove the issuance of corporate obligations exceeding $250,000,000, any guaranty or loan exceeding $5,000,000 and the purchase of obligations by the Secretary of the Treasury. Moreover, the bill provides for the public use of any invention developed with Federal assistance upon the payment of a royalty a portion of which may accrue to the Corporation.

At this point, I would like to have inserted in the RECORD a short summary of the major provisions of this bill.

Mr. Speaker, the creation by Congress of financial institutions for investment purposes vital to national welfare is a time-honored means which clearly fits our present technology needs. I believe that this kind of action is a vital step toward providing new sources of energy and I feel that the program I have outlined for you today provides a more reasonable, and more well thought out course than that of the President's Domestic Council.

The material follows:

FACTSHEET—PROPOSED NATIONAL RESEARCH CORPORATION

Purpose

To improve the economy and efficiency of Government Operations by establishing a National Research Corporation to finance through guaranties of loans and through direct loans high-risk research and development to meet critical environmental and energy needs. The Corporation would seek to maximize diversification of assistance and to enhance competition in industry by providing this assistance to individuals and organizations with impaired access to capital markets and existing governmental research programs. Moreover, the Act would ensure that benefits gained by means of Federal assistance would accrue to the citizens and consumers of the nation and would provide the Congress with meaningful input into the making and reviewing of policy in technological development.

STRUCTURE AND FINANCING OF THE CORPORATION

A. The Corporation shall have capital stock of $1,000,000,000 subscribed by the U.S.

B. The Corporation shall be managed by a Board of Directors consisting of nine persons: the president of the Corporation, the Secretary of the Treasury, the Chairman of the Federal Reserve, and six public directors; four appointed by the President, one by the Speaker of the House and one by the President Pro Tempore of the Senate.

C. The Public Directors shall serve staggered terms of five years.

D. No director, officer, attorney, agent or employee of the Corporation shall in any manner participate in or benefit from deliberations affecting his personal interests, or receive any supplementation of his Government Salary from a private source for his service to the Corporation. The Attorney General of the United States may investigate any violation of this Conflict of Interest Clause, and if he believes that any person has violated this provision it shall be his duty to instigate a civil action against that person. Both civil and criminal penalties are enumerated in the Bill.

E. The Corporation may issue notes, debentures , bonds and other obligations in amounts determined by the Board.

PROCEDURES FOR ISSUANCE OF GUARANTIES AND LOANS

A. The Corporation shall issue a loan or guaranty only if the loan is within a published category (see below); the Board is satisfied that competition among private entities will in no way be limited or precluded; and the Board has determined that there will be a continued reasonable assurance of full repayment.

B. The Corporation may guarantee not more than 90% of the interest and principal of any loan made by any bank, etc., at a rate not more than 1½% above the Federal Reserve discount rate.

C. The Corporation can make direct loans only at a rate of interest no less than the United States Government is paying on borrowings and *only* where the borrower is able to present evidence that he has been unable to secure a loan which the Corporation has offered to guarantee.

D. The Corporation may charge a fee for the guaranteeing or making of any loan.

E. In making loans or guaranties the Board shall require that any invention developed with Federal assistance be available to the public for a royalty and that a portion of royalties be paid to the Corporation.

F. The Board shall consider the environmental advantages and disadvantages of each proposed action and shall require and obtain all information that may be required in order to comply with the National Environmental Policy Act.

CATEGORIES OF LOANS AND GUARANTIES

A. The Board shall establish a Science Advisory Panel which shall be broadly representative of the science, engineering and consumer communities and shall include representatives of the National Science Foundation, the Environmental Protection Agency, the National Bureau of Standards, the Energy Research and Development Administration, the Federal Energy Administration and other appropriate Federal agencies.

B. The Board shall establish categories within which guaranties and loans will be considered after consultation with the Science Advisory Committee and after public hearings.

C. No loan or guaranty may be made within a category until 60 days after publication in the Federal Register and transmittal to Congress.

D. In making guaranties and loans the Corporation shall give preferencial treatment to small and medium-sized concerns which can provide additional competition in the energy and environmental fields; to projects designed to lower the cost of energy to consumers; and to projects which incorporate development of energy resources with maximum protection to the environment.

CONGRESSIONAL REVIEW

A. Either House of Congress may disapprove the establishment of any category.

B. Either House of Congress may disapprove the further granting of assistance by the Corporation within a category previously published and approved.

C. Congress may by Concurrent Resolution suggest other areas as categories as it deems consistent with the purposes of the Act.

D. Either House of Congress may disapprove the issuance of corporate obligations exceeding $250,000,000, or any obligation bringing the total outstanding obligations to $10,000,000,000 or the purchase of corporate obligations by the Secretary of the Treasury.

E. Either House of Congress may disapprove any guaranty or loan which exceeds $5,000,000.

F. The Corporation shall make an annual report to Congress.

G. The Corporation will be audited annually by the General Accounting Office as a Wholly Government Owned Corporation.

CITY UNIVERSITY—A CLASSIC SMOKESCREEN

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. ROSENTHAL. Mr. Speaker, much has been said and written recently by opponents of Federal aid to New York City about allegedly extravagant services offered by the city to its residents. Probably the greatest criticism has been leveled against the City University—a network of eight senior colleges, an upper division college, a graduate center, and nine community colleges located in and maintained largely by New York City. Apart from fees of $60 to $110 per year, City University students pay no tuition. This has drawn attack from no less a critic of New York than President Ford, who reportedly told Mayor Beame, "Why should the Federal Government provide free tuition for the students in New York City and not in other cities of the Nation?"

Comments such as these show a woeful misunderstanding of the City University and the role it plays in the budget crisis. First, the record should be clear that New York is not requesting money from the Federal Government for the City University or any other city program. Despite the fact that New Yorkers contribute five times as much to the Federal Government as they receive, the city is asking only a limited Government guarantee of city and/or State bonds so that emergency interim financing may be obtained. Unless the city should subsequently default on such bonds, the Federal Government would not have to contribute 1 cent toward the city's services.

Second, the amount which the city invests in not charging tuition for the City University is relatively small. In the current city budget of $12.3 billion, only $280 million, less than 2.5 percent, is earmarked for the City University. This compares to more than $1 billion which the city will spend this year on welfare. Since a large percentage of the university's students come from families of modest means, charging tuition to those able to pay would not add significant amounts to the city's budget. A better reform would be for New York State to raise its per capita contribution to the City University to a level comparable to that for educating students in the State university system. This would reduce city outlays by $50 million and correct the anomalous situation where an extensive State system of higher education maintains itself no facilities to service the State's largest city.

Third, the city has already made crippling cuts in the university's budget and is planning even more. In the middle of the last academic year, the university was forced to slice $20 million from its budget. This year's budget is $87 million below that officials said would be required to continue at last year's level of operations; additional cuts have been ordered that would require further reductions of $63 to $68 million. Moreover, if recent recommendations made by the chancellor of the university are adopted, the operations of the university would be curtailed another 20 percent.

Fourth, New Yorkers place a great priority on higher education. Since its inception in 1847, the City University has been a symbol of the principle that college study is as much a citizen's right as a primary or high school education. New Yorkers have paid the highest taxes in the Nation to guarantee this principle. As Mayor Beame's projected budget cuts demonstrate, New York will right its finances through draconian measures in other vital areas to insure that free tuition survives. Non-New Yorkers may rightly demand that the city balance its budget before outside assistance is forthcoming, but if the federal system of government has any meaning, it requires that the precise nature of the economies should be New York's decision alone.

The issue of free tuition at the City University is evidently a smokescreen for the broader debate over whether the Federal Government will recognize its responsibility to assist the Nation's largest city. This case is well made in an article by Hobart Rowen, "Mr. Ford and New York's Free Tuition," in the October 10 Washington Post. Given the great urgency of aid to New York, I am pleased to reproduce this article so that all my colleagues may have the benefit of Mr. Rowen's views:

MR. FORD AND NEW YORK'S FREE TUITION

(By Hobart Rowen)

Vice President Rockefeller has given us—not intentionally, to be sure—a revealing insight into the way that President Ford views the urgent credit crisis in New York City and New York State.

In an interview in U.S. News & World Report, Rockefeller said that six months ago when the President first discussed New York City problems with Mayor Abe Beame, he took note of the fact that tuition at the City University was free.

"Mr. Mayor," Rockefeller quoted Ford as saying, "I understand you have free tuition in your city university, and you're asking us to provide money for the city. We don't have free tuition in Lansing, Michigan. Why should the federal government provide free tuition for the students in New York City and not in other cities of the nation?"

Beame responded, according to Rockefeller, that "If we hadn't had free tuition, I wouldn't be here." Rockefeller told the USN&WR editors that Beame's comment was "very human, but I'm not sure it was a fundamental principle."

Before dealing with this appalling comment of Mr. Ford's, I must disclose to the reader that I am a graduate of the City College of New York, a part of what is now known as the City University. I take great pride in the fact that New York City staked me to an education in a great institution of higher learning.

The willingness of the City of New York to provide a college education, without cost, for its high school graduates of proven ability has been symbolic of the American dream since 1848, 127 years ago.

Over the long haul, City College graduates have repaid the city and the nation in many ways. A long list of distinguished graduates includes Dr. Jonas Salk, who discovered a polio vaccine; Supreme Court Justice Felix Frankfurter; philosophers Morris Raphael Cohen, Sydney Hook and Ernest Nagel; George Washington Goethals, builder of the Panama Canal; and countless others.

To latch onto C.U.N.Y.'s free tuition at this time of great crisis shows that for all of his supposed dedication to the principle of keeping the federal government out of local affairs, President Ford really is willing to interfere to satisfy a bias.

The President doesn't believe in federal aid to education, certainly not free university tuition.

New York City's financial problems go much deeper than the cost of free tuition at City University, which is something well under $100 million out of the total accumulated city deficit of $3.2 billion.

Without immediate federal action to help New York City and New York State, neither can borrow money in the markets, and both could go into bankruptcy. Between the City and the State, there is some $27 billion of debt in jeopardy.

The problem doesn't end there. Well-run cities in other parts of the country also find it increasingly difficult and more expensive to borrow money. In part, this is due to a basic change in the municipal bond market: commercial banks, enjoying newer tax loopholes (notably through leasing arrangements and in foreign investments) no longer need tax-exempt income.

Therefore, the banks, which used to buy 70 to 80 per cent of municipal bond offerings, bought only 12.6 per cent of all municipal issues in the first half of 1975. The same is true of fire and casualty insurance companies, which, having suffered losses based on inflated replacement costs, need tax-sheltered income.

But layered on to this important reduction in institutional demand for city and state bonds is the anxiety created by the New York City-State crisis. David Rockefeller's Chase Manhattan Bank sees the issue clearly: "We feel from both a local and national perspective that temporary federal support for New York City is of the highest priority."

As Wallace O. Sellers, director of municipal bond activities for Merrill Lynch, Pierce, Fenner & Smith, Inc. wrote in a New York Times article, "Action will obviously become necessary at some point, and should be taken now before the entire credit market is adversely affected."

The cavalier attitude of the Ford administration toward New York City simply cannot be defended. One would have to conclude that if the administration dallies any longer, it must be convinced that the rest of the country doesn't care much about New York, its eastern liberalism, and its multi-racial population, and can safely let it go broke.

What municipal officials, the investment community, and Vice President Rockefeller's banker brother, David, appear to be telling the President in one voice is that if New York goes belly up, so could Lansing, Michigan. Whether or not New York abandons free tuition at C.U.N.Y.

ONE OF ARIZONA'S OUTSTANDING PUBLISHERS

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. STEIGER of Arizona. Mr. Speaker, Arizona lost one of its outstanding newspaper publishers on October 13 with the untimely death of Mr. Eugene S. Ely. Mr. Ely was injured in a fall in his home in Goodyear on September 28, and died 2 weeks later in a Phoenix hospital.

Mr. Ely was, both professionally and personally, a man who had earned the respect of his peers in the field of journalism. During a 33-year career as a newspaperman, he owned several community newspapers. They were successful, because he injected into their operation his personal expertise, energy, and enthusiasm, and he never wavered from a simple credo of fairness and accuracy.

It was the belief of Mr. Ely that editorial views and opinions were not only the right, but the responsibility, of a newspaper. But he also believed that opinion should be labeled as such, and should be published on the editorial pages, not in the news columns.

At the time of his death, Mr. Ely was president of the Pueblo Publishing Co., a printing corporation, and president of West Valley Newspapers, Inc., which publishes the Northwest Peoria Times, the Westsider, South Mountain Star, Maryvale Adviser, Luke Tally-Ho, and Arizona Racing News. He formerly owned the Youngtown Record and the Sun Citizen.

VIOLENCE ON NATIONWIDE TELEVISION

HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. MURPHY of New York. Mr. Speaker, I rise once again to introduce a concurrent resolution with the cosponsorship of seven of my distinguished colleagues. The resolution expresses the concern of the Congress with the continued broadcasting of unacceptably violent programing on the public airwaves, particularly in light of the continuing parade of facts and evidence that such violence leads a certain percentage of young American viewers directly to a hospital bed with multiple fractures, lacerations and sometimes total paralysis. We are continually faced with the problem of *such violence* on national television, particularly during the highly touted "family hour" which the networks piously held forth as their answer to self-regulation. It has become a meaningless exercise in the orchestrated drive for ratings during prime time.

While the portrayal of violence of all types in the American living room disturbs me greatly, I have been especially concerned with the announced plans of the ABC network to once again televise another of the lunatic stunts of daredevil rider Evel Knievel. You might recall the massive public relations campaign prior to his Snake River Canyon jump last year. I have no doubt that no one in the television industry took similar pains to disclose to the public the hundreds of children who were severely injured in emulation of Knievel's compulsive self-destruction. Time does not allow me to itemize the hundreds of case histories of children impaled on bicycle handlebars, those with broken necks, backs, arms and legs; those suffering partial and total paralysis, and the thousands more who were less severely injured. These, I emphasize, are directly attributable to the imitation of Mr. Knievel's pointless stunts. The children were stirred to be "just like Evel," as the emergency room records quote many of these children who were able to speak after their accidents. It is a simple concept: children imitate the examples which adults set for them.

Mr. Knievel plans to make yet another spectacular just this weekend. But what is more incredible to me is that the ABC television network once again plans to broadcast the jump on national television. There is but one purpose behind this act: in the commercial television world, the ratings game is a do-or-die proposition. The winner makes a lot of money, and the loser devises yet another scheme to grab the ratings next time.

I have already engaged in a series of correspondence quite a few weeks ago with the ABC network in an attempt to remove this violent influence from the airwaves. The general tone of their earlier response was that the network could not interfere with the "creativity" of their programing department, and that they considered such programs "pro-social." But their later response is even more appalling: they have spent countless thousands of dollars promoting Knievel's jump over 14 buses this weekend in Ohio—to be aired "live"—or will it be "dead"?

Mr. Speaker, it is my belief that ABC has made a "pact with the Devil." It has become obvious that the network never, even for a moment, considered the possibility that their investment would be sullied by the maiming of a few children. For it is exactly that about which we are speaking: ABC has made a dollar commitment, and nothing will be allowed to get in the way of the almighty buck—not even the blood of a few hundred children.

Let me give you a little background: Before last year's Snake River Canyon jump, a national publication quoted one of that extravaganza's promoters in an interview published after the jump, that the event had ABC's direct backing. The promoter stated that ABC provided Robert Arum and his company, Top Rank, Inc., closed circuit telecasters, some of the $250,000 front money for Knievel's jump. In addition, the interview goes on, ABC supplied the equipment and camera crews to Top Rank to show the event on closed circuit—for free. In return, Top Rank allowed the network to show the jump on its "Wide World of Sports" program the following week. I might also point out that ABC spared no expense in promoting the event: They devoted 2 prime time hours to Knievel—a documentary, "One Man, One Canyon," narrated by Jules Bergman, and the "official" George Hamilton film version of Knievel's life.

And now we come to this year—ABC has already devoted 1 of its prime time family hours to yet another documentary on Knievel's career which, after depicting all the blood and broken bones, just happened to mention that you could watch Evel flirt with death again on October 25. They have also devoted many prime time promotion spots during the past few weeks to be certain the American public knows it can watch Evel "live" this Saturday, and perhaps be killed before your very eyes. Another first for the family network. And, during the family hour this past week, we were given another hard sell pitch—an Evel Knievel plastic toy for our kids which does all the jumping—and crashing—of the real thing, and we were exhorted to be sure to watch him this weekend. The sale of such toys during the family hour is, of course, a direct appeal to our children to be present for the carnage.

Mr. Speaker, the tragic stories which inevitably follow each of Knievel's jumps are heartbreaking. Broken backs, paralysis, impalement on handlebars, concussions, broken legs and arms, and on and on and on. No amount of safety precaution by Mr. Knievel will stop a 6-year-old child from trying to "be just like Evel," whom he watched on television.

My argument is not with Mr. Knievel, even though I disagree with his reasons for his choice of profession. If you, as a rational adult, choose to pay $25 a head to watch him defy death, and you wish to expose your children to such an example, that is, right or wrong, your choice. My argument is with the networks who, in protecting their investment, give no thought to the bloody consequences—or after giving it some thought, simply ignore it.

I have asked the Federal Communications Commission to act—6 weeks ago. I have yet to receive any response. Mr. Knievel and I have both requested hearings before the House Communications Subcommittee, but the press of current business has not made this possible in time. There are, incidentally, dozens of proposed witnesses who have asked to testify, including parents of children who have been crippled in Knievel's wake.

Mr. Speaker, are we prepared to watch again this week as the network covers its bet, and the children on bicycles who are too young and inexperienced to understand the consequences of their actions follow Knievel's tire tracks directly into the hospital? In some cases, the injuries will be serious enough to destroy any chance for a normal life.

Congressional hearings, although desirable to air both sides of the problem, simply cannot occur in time to stop the carnage. The FCC, in its nonresponse, has shown it cannot handle the job without congressional guidance. I, therefore, place before the House this resolution calling on the FCC to act, and act now.

Mr. Speaker, I also attach for the Record my report to Chairman Harley Staggers of the House Interstate and Foreign Commerce Committee, which documents some of the effects upon small children:

Report to Harley O. Staggers, Chairman, House Interstate and Foreign Commerce Committee, on the Effects of the Television Publicity Attendant to the September 8 Evel Knievel Jump Over the Snake River Canyon, by Congressman John M. Murphy—October 14, 1974

The Federal Communications Act was in part designed to promote broadcasting in the public interest. One of the major concerns of the Federal Communications Commission has been in the past, e.g., during the time of outstanding Commissioner Freida Hennock, the impact that television has on the children and youth of America. Through years of Congressional hearings and finally the Surgeon General's report that established a scientific relationship between violence and aggression on TV and young people's behavior, the Federal Communications Commission has played an increasingly weaker role in carrying out its mandate of programming in the public interest, especially as it relates to children.

As you know, Mr. Chairman, I attempted by persuasion and by legislation to stop the televised promotion and to take some of the heat out of the high powered publicity campaign attendant to Evel Knievel's jump over the Snake River Canyon on September 8, 1974. This stunt—by the admission of its promoters—was in large part aimed at the nation's children, without the slightest regard for its consequences. Last minute appeals to the FCC and to the President of the American Broadcasting Company met with no success. ABC broadcast the replay of the Evel jump on September 14, 1974, with a one sentence admonition to children that they should not "emulate" Knievel's jump. In view of the fact that most children who tried to do so were between 8 and 16 years old, it is doubtful they even understood the warning. (In any event, studies of behavioral scientists prove that children do not heed such warnings, a fact of which I advised ABC.)

Almost everyone, from doctors and behavioral scientists to the police on the street and to the nation's parents, intuitively knew that large numbers of youth would try to imitate the antihero Knievel. As a result of my efforts, parents, lawyers, doctors, and concerned citizens began to call my office with anecdotal evidence on the effects that the Knievel jump was having on children. Because of the publicity concerning my letter to the FCC, people began to send newspaper photographs from around the country of children hurtling through the air, with and without crash helmets, on jerry-built ramps, minature Evels intent on "derring-do." Many ended up with cuts and bruises, and all too many ended up with serious injuries from broken bones and concussions to lifetime paralysis. Beginning with the death of 20 year old motorcycle enthusiast Joe Pleso on August 5, 1974, to the on-going rash of broken bones and punctured organs of teens and pre-teens across the land, the effects of this irresponsible commotion are still with us.

My concern was heightened by the increase in cases such as the following:

On September 6 the following telephone report came into my Staten Island Congressional office:

"Two days before Evel's 'death leap' a mother from Oakwood, Staten Island, called the office to talk to Congressman Murphy about his effort to prevent the televising of the Knievel leap. She said, 'I really didn't pay much attention to what you were saying about children imitating Evel Knievel and that it was so dangerous. I just put it off as a publicity stunt. But I had to call you to tell you you were right. My eight year old son built a ramp with bricks and laid a board over it and rode up the ramp as fast as he could—and he flew off the bike and his chin hit the ground and he ended up getting ten stitches at the hospital. Frankly speaking, I don't agree with most of what Congressman Murphy says, but he was right this time.' "

A Staten Island lawyer, Anthony DeMarco, called to tell me that he had taken his daughter to the emergency roof of Staten Island Hospital. However, she had to await treatment while emergency aid was given to a 12 or 13 year old boy who tried the "bicycle in the air trick" and for his efforts was at the moment unconscious, with a concussion, suffering convulsions and vomiting.

A letter to my office dated Stepember 14, 1974, from Dr. and Mrs. R. A. Hoops of Muncie, Indiana, eloquently told of the tragedy that is forced on this nation by the TV networks. The movie based on Knievel's life which was shown on ABC-TV was the cause in this case of *nine incidents* coming to the attention of just this one family—including their seven year old son. The parents letter to me contained as an enclosure another letter they had written on September 2, 1974, to Knievel and the Department of Health, Education, and Welfare (which was never answered by either party) and which I consider of major import to this report. In part, their Knievel letter read as follows:

"Dear Mr. Knievel: You surely have no time for reading letters, but I have reason to believe (after hearing you direct your attention to the young people of our country) that you will give this your concern.

"The week after your movie was shown, our 7 year old son, Drake, left the supper table to ride around the block on his bike. An older youngster in the neighborhood had built a high ramp that day for his bike. He and other older boys made the jumps—then they begged Drake for his bike—he refused until they insisted and he let them use it. They got over the ramp with his bike—then handed back his bike and left for their homes for supper. I needn't tell you what went on in that little guy's mind next. They could do it—so could he. He didn't make it.

"We took him to the hospital. He went straight downhill for 2 days. The surgeon told us he could wait no longer and found in surgery that the front impact had been so hard that the backbone had acted like a knife and cut his pancreas in half. So he had ½ of his pancreas and his spleen removed.

"Let me go a step further. Before Drake had been in the hospital 24 hours, another 7 year old became his roommate—he had been watching older boys do the same thing on their bikes clear across town. A 30-year-old motorcyclist came along and asked if they'd like to see it done like Evel Knievel himself. He didn't make it either but did not hurt himself—lost control of the cycle and ran down this 7 year old who was just watching. He suffered a broken leg, broken arm, and required stitches covering one side of his face.

"The county sheriff is a neighbor—when he expressed his concern for Drake, he indicated there had been 7 ramp related accidents that week following the showing of that movie—and he wondered what that meant in terms of numbers across the nation.

* * * * *

"These accidents not only affect the child's life as a youngster, but very certainly have continuing effects in adulthood for them—for example, Drake's choice of careers is now suddenly limited. Insurance companies as well as employers are rarely understanding on these accounts. And that is understandable. . . ."

Mr. Chairman, the importance of this letter is that the tragedy happened in September of 1973 a year before the September 1974 Knievel spectacular. Further, Dr. and Mrs. Hoops sent a copy of this letter to the President of ABC–TV, Mr. Walter A. Schwartz, who responded to them as he did to my requests a year later—ABC–TV not only telecast the replay of Evel's jump, *but they ran the movie based on Evel's career again and in prime time.*

As a result of the above and continuing reports coming into my office from across the nation, I decided to have my staff survey some of the major children's hospitals across the country to assess the damage that was being done. I have also received reports from the National Association of Children's Hospitals.

The following preliminary information has been developed by the staff study:

Utica, New York.—A 14 year old boy by the name of Gerard Plante from Utica went out into his backyard and used the hood of an old car as a launch ramp. With the encouragement of his friends, he took his bike up onto the hood of the car and somersalted off the hood. He crashed into the ground and crushed the bones in his neck. Doctors say that he is paralyzed from his neck down for life. He has a twin brother who was deeply affected by his brother's accident and his sister told my office the mother, Mrs. Royal Plante, would like to publicize the event so that other children will not do what Gerard did.

Salem, Massachusetts.—The North Shore Children's Hospital in Salem, Massachusetts reported a twelve year old boy who told his friends he was going to make a jump "like Evel Knievel" constructed a ramp and jumped over it on his bicycle. He suffered multiple contusions and a concussion. He was hospitalized for one day at a cost of $141.00 but was not operated on.

A second incident was also reported by the North Shore Children's Hospital in Salem, Massachusetts. This involved a ten year old boy who "grossly misplaced his arm" (fractured his arm). He was hospitalized for three days and operated on. Like the other child he had constructed a ramp and jumped off of it on his bicycle, a la Evel. The cost of his hospitalization was $307.00 and his arm will be in a cast for several weeks.

Utah.—The incident in Utah involved a seven year old girl. The hospital refused to be identified, but the National Association of Children's Hospitals supplied the following information. The girl was brought into the emergency room with "head trauma", was treated and subsequently discharged. She, as with her male counterparts, jumped off a ramp on her bicycle.

New York, New York.—Drs. Russell S. Asnes and Roger MacMillan of Babies Hospital in Columbia Presbyterian Medical Center told my staff of the following cases:

One case involved an 8 year old child who ran his bicycle up a ramp and was impaled on the handlebars. Injuries included a severe laceration of the right lobe of the liver. An exploratory laporatomy was performed. Dr. MacMillan found a partial debridement of the right lobe of the liver with suture ligation of bleeding points. The laceration was packed with hemostatic agents. In other words, the child sustained an extremely dangerous injury of the type which results in one of the highest fatality rates. He spent 3–4 weeks in the hospital.

The second youth constructed the familiar "Knievel" ramp over a barrel. His older brother made the jump successfully but when he tried it (he was 12 years old) the ramp gave way and he suffered a perforation of the jejunum. His operation consisted of an exploratory laporatomy and the doctor found debridement of jejunum and perforations with primary closure. He was hospitalized for five days in intensive care and almost died.

The doctors said they had seen six other cases of injuries to the extremities (arms, legs, etc.), in the hospital related to Knievel's jump.

Brooklyn, New York.—St. John's Hospital in Brooklyn, New York reported six year old John Beasley built a ramp of three milk crates and a plank and attempted to recreate the Evel jump. He fell off the bicycle and ended up in critical condition with severe head injuries.

Brooklyn, New York.—Kings County Hospital reported serious injuries to two youngsters ages 6 and 11 who were imitating Knievel. The two boys were patients at the hospital, the six year old with a fractured forearm and the eleven year old with a fractured elbow.

Queens, New York.—Mary Immaculate Hospital in Jamaica, Queens reported a nine year old Vincent DeFalco took off from the familiar wooden plank and milk crates, fell off the bike in mid-air and hit the pavement with his head which required surgery.

I sent letters to the parents in the Beasley and DeFalco cases asking for the details. The DeFalco family is recently arrived from Italy and the mother cannot write, but she called my Manhattan office and said after Vincent was injured he watched the replay of the Knievel jump. The mother told my office regarding the warning ABC gave to youngsters not to emulate him, "How could you expect a little boy who is inquisitive and daring to take that warning seriously when Evel himself receives so much admiration and notoriety?"

Philadelphia, Pennsylvania.—Ten year old Aubrey Ray Clark attempted to ride over barrels and planks at a construction site on a toy motorcycle patterned after Evel Knievel's. Aubrey fell off his bike and received a ruptured spleen, a concussion and injuries to his nervous system and muscles.

(This was the second such case in Delaware County of a youngster who sustained serious injuries trying to emulate Knievel. The parents are suing the TV station, the toy manufacturer and the TV advertiser of the toy. The lawyer in these cases has written to me urging the Congress to prohibit such enticing promotions to "prevent this from happening."

Minneapolis, Minnesota.—The Hennepin County General Hospital sent the following report:

One case involved Chad Sedlacek who is nine years old. He told his father David, the custodian of the Aldersgate Methodist church in St. Louis Park, of his plans to try Knievel's stunt. The father forbade his son to try it and said, "Remember, you don't have a drag chute." Despite this, Chad and a friend built a ramp at the end of which were five garbage cans laid end to end. While the adults were preparing for church, Chad launched himself and actually cleared five cans. However, he landed on his face which prompted his father to tell the Minneapolis press, "I just want to tell all of the prospective young daredevils who want to play Evel Knievel look at their father's bank account before they leap." Chad needed fifteen stitches to sew up his chin and a four-hundred dollar repair job on his chipped teeth.

Commenting on the Knievel craze, the Minneapolis Star reporter stated, "For the next multi-million dollar extravaganza, Evel Knievel should jump over the Mayo Clinic to pay for the hospital bills of all of his Little League imitators." Medical agents informed the Star, "There has been a tidal wave of accidents involving daring young bicyclists attempting to vault obstacles ranging in difficulty from the neighborhood culvert to the family wash."

Boise, Idaho.—Thomas Turner of St. Alphonsis Hospital in Boise, Idaho, reported to me of several cases of Evel inspired injuries. The worst case involved a 16 year old male who constructed a ramp over an irrigation ditch beside a house on private property. He trumpeted his jump beforehand which prompted the local sheriff to try to stop it. As in the case of Evel Knievel, however, the boy was attempting the jump on private property and it could not be legally prevented. The boy jumped the ramp on his bicycle and crashed head on into the house on the other side of the ditch. He received a severe concussion and required hospital care.

Bruceton Mills, West Virginia.—Bob Gill, a would-be professional daredevil (a la Evel Knievel) as a promotion stunt jumped over the Appalachia Lake. Gill claimed that he was "better than Evel Knievel" and used this claim to attract a large crowd. He was trying to set a world record of 200 feet. The first day of the scheduled jump over the Lake the weather was bad and he was forced to cancel. This occurred on August 18th. When he cancelled the jump the crowd who had paid six dollars a ticket started a "mini-riot" and tried to overturn the trailer in which Gill was staying. Gill, according to the West Virginia State Police, under the influence of tremendous crowd pressure, re-scheduled the event for August 25th. When Gill made the jump on the 25th he cleared the lake (which was about 195 feet) but crashed into the bank on the other side. He is now paralyzed from his waist down for life.

Doctors Russell Asnes and Roger MacMillan of Babies Hospital at Columbia Presbyterian Medical Center in New York City have received press attention because of their involvement in the Evel related cases. In an interview Dr. Asnes characterized the Knievel stunts as "widespread in the neighborhood of the hospital at 167th Street and Broadway. The kids are really caught up in the Evel fervor. The television carried a special on Saturday night just before he made his big jump, showing him jumping over 10 trucks or whatever he does, and this is what the kids are trying to imitate." Dr. Asnes stated that some of the teenagers actually refer to themselves to hospital doctors as "Evel Knievel."

In conclusion, Mr. Chairman, the cases I have recited are just a few examples of the scores of cases that we have already uncovered and I am sure that when the full reports are in it will show a substantial number of serious injuries, permanent disfigurations, paralysis and even deaths. And as the high powered promotion of millions of dollars worth of Knievel cycles and knicknackery continues on TV the list of injured will continue to grow.

I think this is a black mark on commercial American TV and reflects the ineptitude of the Federal Communications Commission. A clear danger was evident before, during and after this national titillation with suicide. Yet the FCC sat idly by and did nothing. It would appear that the public no longer owns the airwaves and the Federal Government has abrogated its limited control over them.

I think this is a national disgrace and cries out for full blown hearings by the Communications and Power Subcommittee of the Interstate and Foreign Commerce Committee. Preliminary reviews of the 1974–75 TV season indicate that crime, violence, brutality and aggression are bigger than ever on American TV. The Evel Knievel affair was just a symptom of how America's giant TV networks cater to the basest instincts in man and of their continued enticement of innocent children to the TV tube with violence. This is a sad commentary on a society which is already one of the most violent in history. The Attorney General of the United States has pointed to violence on TV as a major cause of this country's love affair with violent behavior. The Interstate and Foreign Commerce Committee should call before it the half dozen men who dictate what our children see on TV and they should be held accountable for their actions under the Federal Communications Act as the Congress originally intended.

The networks for 20 years have duped the Congress, neutralized the FCC and exploited the American public with one purpose in mind—to make money.

And this they have done.

TV is the second highest income industry in the United States and aside from drug peddlers and pornographers—I think it has been one of the most irresponsible.

The young people of the United States deserve much better than what they are getting and unless the Interstate and Foreign Commerce Committee takes bold and affirmative action they will continue to be manipulated, exploited, and mentally twisted by a conscienceless group of hucksters, one of whose number has appropriately referred to themselves as "mahatmas of mediocrity."

OPEN LETTER TO THE CONGRESS

HON. JIM SANTINI

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. SANTINI. Mr. Speaker, the Congress has before it legislation to abolish the Mining Act of 1872. This act, in my view, has served this country well by providing to America's prospectors incentive to commit their energy and capital to the location of vitally needed minerals. Mr. A. F. Allio, a concerned prospector from my State of Nevada, has offered the following evaluation of recent trends in the laws and regulations governing mining on the public lands. I commend his thoughts to my colleagues:

AN OPEN LETTER TO CONGRESS FROM A CONCERNED CITIZEN

GENTLEMEN: I submit to you, that Historically, a Country without Resources, is a Country without strength! Paradoxically, here we are, actively, no I should say *feverishly*, legislating our natural resources into extinction by withdrawing all of our open Public Lands into so-called "wilderness areas", which is a Myth under the definition of "Wilderness". This is an area "untrammeled by man", and pray, *where* is there such an area? Only where the Dept. of Interior and its various agencies has seen fit to exclude and make unavailable to man, the areas now being designated as "Wilderness". There never was an Acre of ground in this Country that somebody would not buy, if offered for sale, nor an area he would not settle in, if allowed by Law. So let's not add insult to injury!

To further insure that these "wilderness" areas remain "wilderness", these various agencies have "Decreed" that man shall not travel on this land by grasping onto Executive Order 11644, by President Nixon which was primarily intended to curtail recreational vehicles out for "fun and games", and not for pursuit of a legitimate business venture, permitted under the mining laws, and rule that he shall only travel on foot, or on Horseback, and then under such stringent rules as to discourage even this mode of travel, which sets us back 100 years. This, in spite of the fact, that under the "Wilderness Act", it specifically states, that "until midnight Dec. 31, 1983, the United States mining laws shall, to the same extent as applicable, prior to Sept. 3, 1964, extend to Wilderness areas, and subject to such *reasonable* regulations governing ingress and egress as may be prescribed by the Secretary of Agriculture consistent with the use of the land for mineral location and development and exploration, etc., including where essential the use of mechanized ground or air equipment. This means of ingress and egress is emphatically denied. Is it *reasonable* to expect a man to walk, or use a Horse? It would take a Pack train to carry all the supplies or equipment for a Prospector or Miner to explore and stake out a claim! And by no stretch of the imagination could a vehicle tear up the land like a pack of horses.

Admittedly, mining in previous years was destructive, and legislation was passed to control this tendency. But in recent years, there has been an "overkill" in requirements to put the land "back the way it was". I believe the Mining Industry has become "aware" and cognizant of the fact that the surface of our lands must be used judiciously, and that damage must be controlled. I believe they have "learned", and will cooperate. Denial of entry into these areas by vehicles, is totally unrealistic.

It may be a "unique" concept, to those opposed to mining, but fairly obvious to anyone with an open mind, that Minerals do not lend themselves to specific geographic areas of control as desired by various Ecology groups, or agencies of the Interior Dept. Our civilization is built upon the use of Minerals, and apparently increasing supply of minerals must be forthcoming! Three basic numbers stand out: 5 billion years of Earth history, 6 thousand years of human history, and about 100 years of intensive industrial use of minerals. So far as Mankind is concerned, all there is to work with, is what was formed during Earth history; there will be no more! Already, during the 100 years use, the high-grade deposits and the easily found ones, have been discovered and worked out or are being worked out. Lower and lower grade deposits must be found and worked, necessarily with more and more efficiency.

Minerals are thus unique among natural resources. Depleted forests may be regrown, depleted soil improved, but to keep the minerals coming, they must be sought, found and exploited, wherever that may be! This fact, generally, eventually, forces Society to assign, to Mining, a Higher Use function, whether we like it or not. It is a fundamental fact, that a Prospector must look for minerals, wherever he thinks they occur. Conservation in its most realistic sense should aim for (1) wise use of the finished product, (2) maximum recycling of scrap, (3) efficient extraction of new minerals, without leaving sub-ore in such a way, it is lost forever; and (4) a minimum interference with other uses of the land, compatible with (3), above.

Keeping all this in mind, then, let us take a broader look at the facts: Since less than 10% of the Earth's bedrock surface is exposed, it is imperative that geologic, and geophysical mapping, geochemical exploration, and the latest concepts of Satellite Resources Technology be used increasingly, to discover minerals under the remaining 90%. A means is needed to provide reconnaissance of large areas of virtually virgin prospective mineral producing areas by modern and progressive techniques. In this respect, the U.S. Geological Survey's vast resources should be put to use mapping, testing and reporting, and assisting the Prospector and Miner, and not being used as a Tool for the Interior Dept. to withdraw lands as "wilderness". To expect an honest, and unbiased survey of mineralized areas, without an intensive unhampered, independent survey, is, at best, wishful thinking. You do not oppose the wishes of your "boss", if you want to keep your job! Let's put the Geological Survey strictly within it's own Domain, our Mineral Resources, without interference. Working with Prospectors and Miners, implementing, and instructing them in the latest and newest techniques, the mining booms of yesteryear will fade into obscurity! There are still more minerals under the ground than there ever was above. This is a basic, well-known concept to most Geologists and Prospectors.

It is my contention that any agency, seeking to control our mineral resources, should seek opinions, and interpretations from qualified personnel within the framework of our Mining Industry, Mining Bureaus, and Geological Survey organizations within all our States, and evaluate their suggestions, based on their experience. Let's not send a boy to do a man's job! Let the Bureau of Land Management, manage land. Let's rely on our Geological Survey and Mining Bureaus to manage our Minerals. They will tell you that Minerals are found wherever they are, not within well defined, segregated areas, and that 90% of our resources have not yet outcropped, and never will. They must be found by well-intentioned, cooperating agencies working together, not by self-appointed, self-serving interests, who seek to insure their reign by expanding their horizons to absorb every facet of our Resources under the pretext of Ecology and Environmental Protection. Let's stop destroying our Mineral Industry, which is our means of survival, and let's launch a program to help and foster its goals. Let's put a stop to this headlong, destructive course perpetuated by zealous, well-intentioned individuals, who have no concept of our needs, and let's become truly Realistic!

We now import over 90% of 8 vital raw

materials, all of the Platinum, chromium, strontium, aluminum, and manganese ores. We do not have sufficient reserves of 47 out of 87 other raw materials required to satisfy the nation's needs to the year 2000. These are statistics of the Dept. of the Interior! Do you believe this? Here is an agency, perfectly aware of our precarious position, doing everything in their power to kill off the small Prospector and Miner instead of trying to encourage him! Does this impress you as a responsible agency to manage our resources, and safeguard our future? I'm appalled! We let this same agency put us in a position to be blackmailed by the Oil-producing countries. Are we going to sit idly by and let them do the same with our minerals?

Many of the areas designated as "Proposed Wilderness", have only been given cursory, or visual examination. Much has been "surmised", by current prospects, or operating mines. Most so-called abandoned mines have been abandoned because of intimidation, lack of technical help, and economic support. Obstacles are placed in the way at every turn. When will it stop? In the event of War, if our outside sources were cut off, pray, where would we obtain our Vital raw materials! Do you have an answer for that? Do you believe that Russia knows the condition of our Mining Industry? Don't doubt it for one minute!

I charge you, Gentlemen, that immediate steps are required to curtail the current trend of this Government Agency to destroy Mining in this country and that a Committee be appointed to thoroughly investigate the actions already taken, which we are cognizant of, that are not in keeping with your wishes and actions such as the Minerals and Mining Act of 1970, the Wilderness Act of 1964, and other Laws passed by Congress to stimulate and encourage mining. These Laws are consistently and brazenly ignored by every agency of the Interior. When asked why the laws that allow Prospecting and Mining are ignored, you are only quoted those laws that are in conflict, that they choose to select. They may date back to 1910, 1920, 1952, or whatever is convenient. Those portions that state that Prospecting and Mining are allowed are omitted, or ignored. These are not idle accusations! Investigate them yourself. There is a definite, no critical need to assert your wishes and Policy so there is no distortion of the facts! Better yet, obtain copies of the literature, rules, Edicts, and regulations printed in the Federal Register; study the "tone", and "tenor" of these publications. Tell me, if you get a little irritated, and if you bristle a little at the dictatorial undertones. Try the "Regulations" of the Forestry Service for a starter, and then their "Questions and Answers About The 1872 Act Use Regulations Affecting Prospecting And Mining In the National Forests", Sept. 1974. The regulations are entitled, "Memorandum of Understanding" Subject: Work procedures Governing Action on Applications or Claims for Lands Within National Forests." If you can read these and not get a feeling of being a 2nd. class citizen, your skin is thicker than mine. The section on Patented claims should receive special attention. Ask Interior how many Patents they have issued lately, and how many have been pigeon-holed and have been completely forgotten! Read the Off-Road rules, drafted for recreational vehicles, and tell me if a Prospector or Miner can live with these rules, and do his job efficiently? Try and obtain Mineral Survey reports from any agency of Interior, as a citizen, on withdrawn areas.

I think the results will be a revelation. Thank you for listening!

Sincerely,

A. F. Allio.

LIVE BICENTENNIAL GARDENS

HON. ANDREW J. HINSHAW

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. HINSHAW. Mr. Speaker, as we approach the 200th birthday of our Nation, our cities and communities are preparing for the celebration with elaborate projects which, for the most part, are costly. One of my constituents, Louis B. Meyer of Oceanside, Calif., has suggested an imaginative, pleasurable, and relatively inexpensive way whereby every citizen with a front or back yard can participate in and contribute to the Bicentennial celebration—namely, by growing red, white, and blue flowers.

Mr. Meyer, an avid gardener and garden writer, prepared an article on this subject which recently appeared in the Blade-Tribune, Oceanside, Calif. Since I feel that this article deserves wider circulation, I am inserting it in the Record for the edification of its readers. The article follows:

Glorious Blaze of Patriotism

Every gardener with a front or back yard to a large plot can give three cheers for the red, white and blue!

The Nation's Bicentennial birthday party will be celebrated all of next year, 1976. Every city will be competing as well as the home gardener. Gardens can show a glorious blaze of patriotism in growing one's own dramatic effect of red, white and blue flowers for the celebration.

Seed companies, nurseries and garden shops could be a great help in arranging the colors in separate color-combined seed packets, growing plants and seedlings. No one, as yet, has commercialized on the packaging of red, white and blue flowers for our 200th birthday.

Individuals, garden clubs, schools, churches, civic and veteran groups, City Parks departments and Bicentennial committees could prepare plantings of our Nation's colors in designs that hold no limit to the imagination.

Out of the colors we can grow early flags of our country as well as today's "old glory"; liberty bells can be designed plus flowers forming the dates 1776–1976, plus thousands of other ideas that can be worked into combining cluster displays of red, white and blue.

Not all flowers bloom in reds, whites or blues. The fun will be to shop around to find the kind of plants that suit your display area and will bloom all at the same time. Plants grow in all sizes from ground covers, small and large bushes and shrubs, from inches to several feel in height, single stems to wide spreaders, plus vines for trellis or fence, and bulbs or tubers.

Red, white and blue can be used in rock gardens, borders, beddings, edging, bank covers, container plants, pots and for cut flowers. Different heights can be combined from foreground to background.

There are red, white and blues for every season. Planning and timing is important for a showy display. Spring flowers are planted in the fall or early spring. Summer flowers are planted in the fall or early springtime. Fall flowers are planted in late summer or early fall. Proper planting time will give one the colors of "old glory" during each season.

For perennial spring blooms try the Cineraria for long blooming bright colors in shady areas; Columbine for a plant that attracts humming birds; Polyanthus Primrose for containers or in the shade and the Viola which does well in coastal areas.

Annual spring flowers in red, white and blue are Bachelor Button, Larkspur and Pansies. Sweet peas grow on tall vines. Stock grows to three feet and Nemesia Strumosa makes a good bulb cover or bedding plant. Spring bulb types can be found in the Anemone, Freezia, Hyacinth, Bearded Iris and Sparaxis.

Annual summer blooming flowers are the China Aster; a tall vine Morning Glory, Petunia and the Verbena. Gladiolus grow in all areas. For garden pools try the Water Lily. A long blooming shrub that could grow to ten feet is the Hydrangea.

Last follows the fall season for our Bicentennial red, white and blue flower garden with some of the same types which are also grown in the spring; Sweet Pea, Stock, Pansy, and Viola. A perennial shrub or vine known as Cineraria can be grown in the dwarf size under twelve inches or the tall variety to three feet for dramatic mass plantings.

Each of these plants can be researched in garden books in more detail under the scientific name or plant genus with subordinate classes or species. You'll find the main subdivision is the genus name which is capitalized while the species name is not capitalized. In the species is where we find the selected colors.

1976 will be our giant Nation-wide birthday party. Displays can be planned and designed on paper then transferred to the planting area.

Colored photos should be kept to record your Bicentennial garden from the first step to the final bursting of blooms forming your handy work. Photos could be entered in all local City Bicentennial Centers or at the County Fairs with honors for best design or most original display—or a local-grown floral float for the next 4th of July parade.

JACK ANDERSON SMEARS HOUSE COMMITTEE ON INTERNAL SECURITY

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. McDONALD of Georgia. Mr. Speaker, as I have pointed out before, Jack Anderson's smears are always well timed to aid the left. The October 7, 1975, Anderson column in the Washington Post was a classic example of this. Anderson complained that there were still eight former staff members of the House Committee on Internal Security on the payroll of the House Judiciary Committee. Anderson did not point out that the staff members had been retained by Judiciary supposedly to carry out the work of the former House Committee on Internal Security. Of course, Anderson also neglected to point out that almost all of the effective committee staff had been discharged and that in the 9 months that have passed since the abolition of the committee, the Judiciary Committee has done no work in the internal security field. The committee has held no hearings on terrorism, has not announced hearings on Congressman Ashbrook's terrorism bill, has held no hearings on any matter relating to subversion or violence oriented groups.

The Judiciary Committee is now making a determination on what to do with the files of the House Committee on Internal Security. This is the real reason for the Jack Anderson diatribe against the former House Committee on Internal Security. The three alternatives facing the Judiciary Committee are, to set up the files for use by the Congress, send the files to archives, or destroy them. Jack Anderson is trying to lend his pressure to destroying them. It is very important that these files remain intact and that the material in them be made available to the Members of Congress. They were always available to Members when the House Committee on Internal Security and its predecessor the House Committee on Un-American Activities were functioning. I urge the Judiciary Committee to keep those files intact and to continue making them available to Members of Congress.

A BILL TO AMEND THE NATURAL GAS ACT

HON. JOHN M. MURPHY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. MURPHY of New York. Mr. Speaker, I have introduced today a bill which will amend the Natural Gas Act in an effort to enable interstate pipelines to compete with intrastate pipelines for natural gas produced onshore in the United States.

At the present time, intrastate buyers are able to successfully outbid interstate pipelines for available onshore supplies because they are in a position to offer a higher price than that permitted by the FPC. Unless the interstate pipelines have the ability to compete with intrastate buyers for onshore gas, that market will continue to be foreclosed. Regulation of the intrastate market is no solution for it will dry up the incentives to look for gas in the market.

The bill provides that with respect to offshore supplies—which cannot be sold in intrastate commerce but must be sold to the interstate market—that the price to be paid will be established by the commission using the formula set out in section 8 which adds new section 24(A) to the existing Natural Gas Act. Section 24 requires the Commission to establish on January 1 of each year through 1980 a price for offshore gas which is the equivalent of the average dollar valuation for old and new oil used by USGS in computing royalties to the Federal Government. At the present time this formula would result in a price of approximately $1.25 per Mcf. for offshore natural gas. The bill contemplates that by 1980 supply and demand will be in reasonable balance and that there will no longer be any need to have Federal price controls on the offshore.

The bill also provides in section 25 that the commission give priority to essential agricultural uses of natural gas in order to eliminate curtailments to fertilizer, food processing, and packaging plants where natural gas is essential to the process.

Finally, the bill provides that it is the intent of Congress that the use of natural gas as boiler fuel for electric generation is contrary to public policy and gives authority to the Federal Energy Administration to eliminate such uses as soon as possible.

RATIONING MEDICAL CARE

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. CRANE. Mr. Speaker, the idea that a socialized medical system can, somehow, provide first class medicine to everyone, at all times, without long waiting lists and other bureaucratic inconveniences, and without ever mounting costs, is one of the myths which those who advocate such a system have fostered within the public arena.

It is interesting to note that in every country with a totally socialized system, whether we are thinking of England and Sweden or the Soviet Union and Communist China, the individual citizen is at the mercy of an impersonal government bureaucracy. Each of these countries has a shortage of hospital beds and facilities while the United States, with its private practice system of medicine, has a surplus. In the United States, every patient has the opportunity to choose his own doctor. This is hardly the case in the regimented medical systems of Europe.

Under socialism, health care, much like everything else, is a rationed commodity. Recently Dr. David Owen, the man directly in charge of Britain's National Health Service made this clear. He declared:

> The health service is a rationed service. There will never be a government or a country that has enough resources to meet all the demands any nation will make on a national health service.

Discussing the relative merits of free enterprise and socialized medicine, Harry Schwartz, a member of the editorial board of the New York Times, notes:

> "Free medical care"—that paid for by the government rather than the recipient—is a bottomless pit. No society can supply all the medical care consumers could want and that doctors, hospitals and others might provide if there were no limits on resources. Potential demand for 'free' medical care is infinite; human resources are finite and there is severe competition for these resources from many quarters.

If we do not want rationed medicine, but want a medical system in which those who are truly in need can be taken care of without bureaucratic inefficiency and long waiting lists we will maintain our current private practice system. Socialized medicine, by whatever euphemism its supporters may call it, leads directly to rationing.

I wish to share with my colleagues the article, "Rationing Medical Care," by Harry Schwartz, as it appeared in the September 9, 1975, issue of the New York Times, and insert it into the RECORD at this time:

RATIONING MEDICAL CARE

(By Harry Schwartz)

Vice President Rockefeller has created a ministorm by asserting that government cannot afford to give everyone first class medical care. Mr. Rockefeller's critics feel particularly betrayed because as governor of New York he was an outspoken advocate of national health insurance and a decade ago sponsored the most generous state Medicaid law in the nation.

The Vice President's critics seem unaware that his present position almost echoes the official stand of the British Labor Government toward the demands on the National Health Service, Britain's generation-old "free"—that is, tax-supported—medical system.

The Wilson Government's position was put this way earlier this year by Dr. David Owen, the man directly in charge of the National Health Service: "The health service is a rationed service. There will never be a government or a country that has enough resources to meet all the demands any nation will make on a national health service."

Last month the editor of the respected British magazine, New Scientist, gave this description of the bitter reality behind Dr. Owen's words: "The plight of Britain's Health Service conflicts desperately with the avowedly utopian ideals of its founders. Yet the myth persists—the myth that the NHS not only can but does offer a high and unvarying level of medical care to all members of the community. For most of us, it is only when we join a year-long hospital waiting list, or have to take an injured child to a hospital casualty department on Saturday afternoon, that we realize just how threadbare and starved financially the service really is."

But even before Dr. Owen or Mr. Rockefeller had spoken, many medical economists realized that "free medical care"—that paid for by the government rather than the recipient—is a bottomless pit. No society can supply all the medical care consumers could want and that doctors, hospitals and others might provide if there were no limits on resources. Potential demand for "free" medical care is infinite; human resources are finite and there is severe competition for these resources from many quarters.

This conclusion is a bitter one, especially for those Americans captured by the idea that the "right to health care" necessitates "free" medical care for all. Efforts to escape the conclusion range from those who see salvation in more emphasis on health education and prevention to those who think it's all the fault of greedy entrepreneurs like those exposed in the nursing home industry and finally those who think the need for rationing can be averted by getting more efficiency through reorganizing the medical system.

Unfortunately in this increasingly permissive United States there is little evidence that health education has done very much to curb such sources of disease as smoking, promiscuity, alcoholism and drug abuse. The British don't have any Bernard Bergmans but they find demand for "free" health care outstrips their resources. Moreover, Washington's efforts these past two years to push health maintenance organizations as a cheaper form of medical care have had rather disappointing results so far for those who pushed this solution.

There can, of course, be economies and improvements in American medicine but there is growing realization among American health care specialists that the gains from these sources are unlikely to avoid the need for hard, even tragic, choices, if medical care is made "free" for all. A major culprit is medical progress, the advanced technology that permits today's medicine to do so much more than was ever possible for seriously sick people, but at an ever increasing cost with no end in sight.

The other day a New Jersey father petitioned a court to allow him to have doctors disconnect a respirator that has kept his comatose daughter alive since last April. The father's lawyer said the suit was necessary because the law was never addressed the question of "When is enough enough?" in the use of complex and expensive modern medical technology.

When, as and if we have "free" medical care the problem will be solved very quickly by bureaucratic fiat as part of the rationing system that will inevitably accompany any national health insurance scheme. The machinery for imposing this rationing is already being put into place by the recently enacted laws requiring national planning of medical facilities and imposing utilization controls through the Professional Standards Review Organizations now being formed nationwide. These mechanisms will permit government officials a few years from now to dole out all the national health insurance medical care the budget will allow, a very much smaller amount than the patients of that time will want.

FACTSHEET: UNITED STATES–U.S.S.R. GRAIN AGREEMENT

HON. THOMAS S. FOLEY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. FOLEY. Mr. Speaker, I include the following factsheet for the further information of the Members:

PROVISIONS

(1) A firm commitment by the U.S.S.R. to purchase for shipment a minimum quantity of 6 million metric tons of U.S. wheat and corn, in approximately equal proportions, each year for 5 years beginning October 1, 1976.

(2) An option for the U.S.S.R. to purchase, without consultations with the U.S. Government, an additional 2 million metric tons of wheat and corn each year if the U.S. Department of Agriculture estimates the total supply of U.S. wheat and feed grains for the year is 225 million metric tons or more.

(3) A consultative procedure whereby the U.S.S.R. can purchase more than the 8 million tons of U.S. wheat and corn a year after consultations and agreement between the two governments.

(4) A commitment by the U.S.S.R. to endeavor to space purchases and shipments of U.S. wheat and corn evenly throughout the year.

(5) A U.S. right to reduce U.S.S.R. purchases of U.S. wheat and corn below 6 million tons in a year when the U.S. has a total supply of wheat and feed grains of less than 225 million metric tons.

(6) Purchases of U.S. wheat and corn to be made at prevailing market prices from private sources.

(7) The wheat and corn purchased under the Agreement will be used only for consumption in the U.S.S.R. unless otherwise agreed.

(8) Semiannual consultations between the two governments on matters related to the Agreement.

NOT INCLUDED

(1) Grains other than wheat and corn are not covered by the Agreement. Grain sorghum, barley, oats, rye, soybeans and rice can be traded outside the Agreement.

(2) The Agreement does not provide for government credit. But it does not preclude the use of credit from private sources.

MOMENT OF TRUTH

HON. DONALD J. MITCHELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. MITCHELL of New York. Mr. Speaker, the financial crisis in which the city of New York is totally immersed has widespread implications for us all. It is a topic demanding our most careful analysis. Above all, we must be responsive to the problem and responsible in contributing to a solution.

It may well be that after we have examined all of the facts, including the testimony of Mayor Beame and Governor Carey, we will conclude that the Federal Government should not become directly involved. But we must also recognize that a clear case for some sort of Federal intervention might emerge and be clearly proven upon our examination of the facts.

At this critical juncture in our deliberations, it is essential that we remain objective, that we not respond as Republicans or Democrats, as New Yorkers or non-New Yorkers, as urban Representatives or Congressmen from suburban and rural areas. We must not be partisan or parochial but rather responsive and responsible.

In the course of my study of this most serious problem—one that extends beyond the boundaries of New York City—I have continued my search for both fact and opinion. I was particularly impressed with a New York Times editorial of October 16 which, in a very succinct manner, focused attention on the very first step that must be taken in this long journey:

Without sacrifice, widely shared and soberly accepted, there can be no salvation for New York.

I wish to share the thoughtful editorial with my colleagues:

MOMENT OF TRUTH

Mayor Beame's showdown meeting with the state's Emergency Financial Control Board yesterday represented a moment of truth for all New Yorkers as well as for the city administration. Whether the Board accepts the Mayor's plan for spending reductions or decides to impose new economies of its own, it is beyond dispute that this once-profligate city is entering a new era of rigidly enforced austerity from which there is no rational escape.

Before rising in righteous wrath over the announced cutbacks and further painful details that are yet to come, afflicted citizens, civil servants, school committees and others had better consider seriously the city's fiscal predicament and the likely alternative to their failure to accept the disciplines which that predicament imposes.

Simply put, the city is broke and encumbered with a heavy burden of debt that has accumulated as a result of years of living beyond its means. Even after the latest $200-million reduction in services and personnel, New York will still be spending in excess of $700 million more than it takes in this year, according to the most conservative estimates. This deficit must be entirely eliminated over the next three years if the city is to be restored to solvency and regain access to the capital market.

To help achieve this essential transition, the city must have massive outside assistance—for this year alone more than $8 billion in borrowing, of which the state's Municipal Assistance Corporation has been able to raise only $2.4 billion so far.

If the infusion of new money is cut off, as it could be at any moment, chaos could ensue. Payrolls would not be met. Venders would not be paid. Some $1.2 billion in capital projects—the prinicipal source of employment for the construction trades—would grind to a halt. Bond and note holders would not be paid and New York's access to capital markets could be closed off for years.

Whatever the wider repercussions of such a disaster, there can be no question that every one who lives or works in this city would be deeply affected. The only way out that anyone can see at this late hour is through some form of Federal intervention to help the state—now in trouble on its own account—help the city. Such help will not be forthcoming from a skeptical Washington unless all New Yorkers pitch in to make the new austerity program a credible, working reality. Without sacrifice, widely shared and soberly accepted, there can be no salvation for New York.

CONTROL CRIMINALS, NOT GUNS

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. SHUSTER. Mr. Speaker, the Altoona Mirror in my congressional district, carried an excellent editorial on September 25, concerning the gun control issue. I commend it to my colleagues:

CONTROL CRIMINALS, NOT GUNS

Within a few hours of the latest assassination attempt on the President, a national television network presented two gun control advocates in interviews, implied conclusion of which was that the crimes would not have been committed had the nation had "gun control."

A TV announcer, mixing, as usual, news with editorial opinion, recites the list of assassinations committed with handguns and suggests, "Think about it."

What we really should be thinking about are the causes for this type of society.

Control, utter ban on handguns, will not alter the course of crime, or assassinations, as a close look at the record and the facts could indicate.

Almost every assassin or would-be assassin, has been emotionally or mentally deranged. These psychotics and those verging on derangement, are activated, as psychologists tell us, by suggestion impelled by the society in which they live.

As for control of guns, this is a political cause, not a cure for anything. A vast criminal black market in guns for crimes would then develop.

Some 35 years ago the king of Bulgaria was shot to death on a visit to France, by an assassin with an automatic pistol, outlawed for civilians in France and most European countries.

As for the latest attempt to shoot Mr. Ford, the first woman would-be assassin, Lynette Fromme, got her gun from a man friend, who said it was a "souvenir of World War I."

Mrs. Sarah Moore, latest to try to kill Mr. Ford, got her pistol from a gun shop run by a man "suspected of selling weapons illegally to radical groups."

The Sunday before the shooting, San Francisco police, acting on a tip, arrested Mrs. Moore and confiscated a pistol from her, but she was not arrested.

The "climate for gun crime and violence is induced in a great degree by the news announcers, newspaper reporters and editors, and the politicians, who eagerly emphasize, in every such crime, the gun instead of the criminal."

Under the prodding of this hysteria on guns by the anti-gun crowd, a House subcommittee studying gun control (why not a committee to study crime control?) has introduced a bill to ban manufacture, sale, importation and possession of handguns, except to police and the military.

There is a disappointing superficiality about this that contributes greatly to the doubts about the men and women entrusted with our government.

A total gun ban in Ireland has done nothing to keep guns, including machineguns, from the Irish revolutionaries. A total ban on guns in Britain has not affected crime; to the contrary, the number of crimes committed with firearms has been rising, recent Scotland Yard figures show.

The New York Times, as usual, follows up the assassination attempts with another editorial entitled, "The Gun Culture," another bit of its continuing propaganda to deprive law-abiding Americans of their right to possess guns, a right that, once abrogated, would not deprive criminals of one.

In a recent interview, a criminal serving time in the Southern Michigan State Prison told an interviewer, "Criminals get their guns by knocking off National Guard armories, 'creeping a cop,' or through the black market. Gun ban laws won't bother me. Illegal or not, I know where my next gun is coming from."

The "gun culture" the New York Times refers to repeatedly is a culture created by its own publicity, its own spotlight on the gun.

Everywhere, today, the gun is stressed by the anti-gun people.

They have done more than anyone else to bring the gun so prominently into focus.

This increases our problem.

We must make crime the focus, and criminals—not their tools.

The distortion of the gun picture has distorted our total approach to controlling the criminal.

For example, this headline in a Philadelphia newspaper, "Two in Brutal Murder End Up With Light Sentences."

And this from the same newspaper, "Boy, 14, Slain, Killer Gets Only 7 to 20 Years."

And this, "Convicted Burglar, on Parole in Murder, Kills Again."

A NEW ATTITUDE

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. HAMILTON. Mr. Speaker, I include my Washington Report of October 15, 1975, entitled, "A New Attitude":

A New Attitude

There is a new attitude toward the federal government developing in Washington which is of importance to you.

Since the early days of the nation a central political issue has always been how much responsibility the government has to protect the social welfare of individuals. The roots of this issue run all the way back to the clashes between Thomas Jefferson and Alexander Hamilton, but this classic dispute is gaining new emphasis with some recent developments.

In the recent past the prevalent mood in Washington, if not in the nation, has been in favor of extending federal programs and federal influence in American life.

As a result, government aid to individuals has increased very rapidly. Social Security and railroad retirement benefits went from $22½ billion to $62.3 billion in the past eight years and comparably dramatic increases have occurred in other social programs. Since 1969 Veterans benefits have risen from $5½ billion to $12 billion, unemployment compensation from $3 to $20 billion, welfare from $4 to $15½ billion, and medical care for the elderly and the poor from $9 to $24 billion. If we take these trends out to the year 2000, as President Ford is fond of noting, the government at all levels would consume, not ⅓ of the gross national product, as it does now, but 58% of that sum.

Supporters of this trend, and they have been the clear majorities of both political parties, tend to view government programs as a necessary investment in the nation's most important resources—people. They point out that the rapid growth in government programs stems from a situation of historic neglect, that there has been no overall growth in the federal government's share of the gross national product in the past 20 years, and that overall the burden of government in this country has not grown enough to alarm anyone.

But today many Members of Congress and other political leaders are becoming increasingly uneasy about this trend and the inefficiency, inequity, and unpopularity of the federal government. They are less sanguine generally about the efficacy of federal government programs, more persuaded of the value of local initiative and the diffusion of power into local hands, and less confident that we should look to the government for a solution to all problems. They recognize that there are limits to what Congress can and should do, that people want bureaucracies curtailed and less intervention by the government. Their concern is to restore government to the role of public servant, and to insist that government be accountable and austere.

All of this is more a matter of mood than specifics, but there are some signs that this attitude is increasing: The new Congressional budget mechanism, the absence of proposals for new federal programs, the popularity of some Governors, like Brown of California, who seek to project images of frugality (no living in the governor's mansion or using his limousine).

No one sees clearly the alternatives to the social programs of the past, or ways to deal with the problems that everyone acknowledges still exist. But apparently what is happening is a serious kind of re-thinking as to the best way to meet the problems of our country.

This thinking is expressed in various ways: the power of government should be improved, but not expanded; emphasis should be on reorganization and management, with efforts made to rationalize the crazy quilt of federal agencies and to evaluate rigorously federal programs and agencies; more concern should be placed on what government can deliver, not on what it can promise; tough questions should be asked to determine whether agencies really carry their weight; bureaucracies and regulatory agencies should be overhauled and limited; more power should flow to state and local government through block grants for broad purpose; and welfare should be reformed, substituting cash payments to the poor to reduce the enormous welfare bureaucracy.

It's hard to say how this new attitude will develop. Obviously, it is not universally accepted. There are, after all, powerful, built-in pressures for the expansion of government bureaucracies, and it is not easy to shake off decades-old political habits. There is a natural reaction to pass a program for every problem, and powerful lobbies continue to demand more for their interests. Most lobbyists who come to me want to cut government spending but get more federal money for their own interests.

At the very least, Members of the Congress are beginning to modify, or at least to question, some of the conventional approaches that have been used in the past several decades, at least since the beginning of the New Deal.

It is not clear to me where this new attitude will take us in specific terms, but I suspect we may be at a watershed in the political life of the nation.

BYE, BYE, NEW YORK CITY BONDS

HON. EDWARD W. PATTISON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. PATTISON of New York. Mr. Speaker, the fiscal crisis in New York City has been the subject of a great deal of recent discussion. Most people seem to feel that it is not their problem; that the city is just getting what it deserves. President Ford has chosen to deal with the problem by making it a political issue, rather than looking for realistic solutions.

What is easily forgotten in all the arguments is that what happens to New York City will seriously affect the lives of millions of citizens. I would like to bring to your attention a letter written to the New York Times by one of my constituents, who has invested in New York City bonds.

To the Editor:

My wife and I live in an old Clapboard house in a rural town of 1,000 inhabitants in upstate New York. We both work, and we both drive Volkswagens. Mine, a 1968, is now on its second engine. Our thermostat is set at 65 degrees during the hours we are at home and awake, and 60 all other times. We burn wood when we want to be warmer. Our bread, vegetables and beer are home-made or home-grown and excellent. Our steaks are chuck, and infrequent. We have chosen our style of life, and I think we live well.

I am not a bank, and I am hardly a millionaire. The New York City bonds I own represent a considerable portion of my savings. I purchased the bonds because they provided an excellent tax-free return, and like others I thought them secure.

I am now well aware of New York City's fiscal woes. And although I feel that a number of New York City's burdens should rightfully be borne by New York State or the United States, I agree that the fiscal practices which have led to the current crisis are inexcusable.

Nonetheless, it galls me to see President Ford making political capital from the precarious situations of my savings and the savings of others like me. In his junkets around the country and elsewhere, the President has fanned the flames of hysteria for political support. Apparently he feels that disparaging New York City is good politics; and if the savings of thousands of individuals plummet in value as a result, that's just too bad.

Well, I don't feel that way. I resent the perpetrator of a $75 billion annual Federal deficit pointing his finger at New York City's accumulated $3 billion deficit. If New York City could print money, its bondholders could laugh too.

Fiscal irresponsibility is fiscal irresponsibility, and to the extent that my New York City bonds are thereby worthless, I will take my lumps. Nobody forced the bonds down my throat. But in so far as the squeeze on my savings is exacerbated by the actions of one who should know better, who repeatedly and gratuitously disparages New York City to provide the glee of his political audiences, I am appalled.

Mr. President, your self-righteousness is a bummer. If you have nothing constructive to add to the situation, then please get off our backs.

William M. Burstein.

ILLEGAL ALIEN CRISIS—EMERGENCY ACTION NEEDED

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. ROSENTHAL. Mr. Speaker, the flood of illegal immigration into the United States has reached critical proportions. In fiscal 1974, Congress set a limit on immigration at 300,000 persons. Yet, the Immigration and Naturalization Service—INS—in the same year located 788,000 deportable aliens—probably less than one-fourth the number of aliens who entered the country illegally that year and more than 10 times the number apprehended 10 years ago. The Justice Department estimates that 4 to 12 million illegal aliens reside in the United States, of which 1 to 1.5 million may be found in the New York area alone.

IMPACT OF ILLEGAL ALIENS

The impact of these aliens on jobs, housing, schools, transportation, and other local services is devastating. The AFL–CIO has testified before Congress that, in its judgment, the annual wage loss to legitimate U.S. workers from the competition of illegal aliens is $10 billion. In the 3-month period in 1974, for example, Chicago-based immigration personnel apprehended 2,067 illegals of whom 1,913 or 93 percent were employed. Sixty-one of those were earning over $6.50 per hour.

Governments also are great losers. Many, if not most, illegals pay no income tax, while others swell the rolls of welfare agencies. The California Social Welfare Board has estimated the cost to California of public assistance payments to illegals at more than $100 million per year. One family of illegals in New York City reportedly collected $7,140 in welfare payments in 2 years and used their public assistance card to arrange an additional medicaid payment of $328 for treatment at a city hospital. To add insult to injury, the husband was working during the entire period as a well-paid security guard.

The costs to the Federal Government in lost taxes also are extreme. In a pilot project in 1974, the INS referred to the Internal Revenue Service a sample of 1,700 illegals who were working when apprehended. Ultimately, they were assessed over $25 million in back taxes and $168,000 was collected. Fraud also abounds. In the first 10 days of a Dallas investigation, 87 illegals were apprehended claiming a total of 429 dependents, including 18 dependents claimed by 1 18-year-old boy.

PROBLEMS ARE PARTICULARLY SEVERE IN NEW YORK

While no part of the country is immune from the illegal crisis, its greatest impact is in urban areas such as New York. According to the local regional director of INS, more than 100,000 jobs in the New York area alone are held by illegal aliens, and the average pay of the illegal aliens apprehended in New York last year was about $150 a week.

But these persons not only tend to have higher paying jobs in urban areas, they also assimilate much more easily into the population at large and are more difficult to detect and more expensive to detain and expel. Because of these factors, the INS generally assigns proportionately fewer agents to urban areas than to the Southwest, where they can be used more efficiently. The combination of insufficient agents and difficult detection has meant that for every illegal alien apprehended in the Northeast during fiscal year 1974, 23 more were caught in the Southwest—30,000 versus 690,000—although the same number are estimated to be in both areas.

OUTLAWING EMPLOYMENT OF ALIENS

Obviously, one fruitful method of attacking the problems of illegal aliens would be to deny all aliens access to jobs. Employment opportunities in the United States are the principal magnet for illegal immigrants. When there are no jobs, the flow dries up. This was the experience in California, which adopted legislation outlawing the employment of aliens. Until this law was declared unconstitutional as infringing on Federal Government rights, the law had the effect of seriously curtailing the number of illegal aliens moving into the State. I, therefore, support Federal legislative initiatives to penalize employers who knowingly hire illegal aliens.

But such legislation cannot be fully effective by itself. There will always be unscrupulous employers who will hire illegals regardless of the consequences; they are the same employers who will work illegals under inhumane conditions and who will not pay Federal withholding, unemployment compensation, and social security taxes on behalf of such employees. More importantly, many employers will not know they are hiring illegals, many of whom get fraudulent social security and other identity cards.

The problem of illegal aliens will not, therefore, be solved solely by legislation to forbid the hiring of such persons. It is essential that the flow of illegals be stopped at its source and that vigorous steps be taken to apprehend the illegals who are already present.

NEW AGENCY IS NEEDED

Unlike the illegal aliens who enter the Southwest United States from Mexico, the illegals found in New York typically entered the country legally on tourist and student visas, took jobs in violation of their visas, and remained in the United States after their visas expired. Of the 6 million foreigners who enter the United States on tourist visas each year, about 10 percent or 600,000 persons become illegal aliens. While this type of illegal alien accounts for at least a quarter of the illegals presently in the United States—it is much higher in New York—only 12 percent of the illegals caught in fiscal year 1974 were of this source. Clearly the problem of aliens violating their visas cannot be met wholly by more effective detection methods.

The solution must lie in seeing that these illegals do not get tourist visas in the first place. These visas are issued by State Department personnel at American consular offices around the globe. Subject to local political pressures and living far from the places where the impact of illegal aliens is felt, these consular officials tend to be lax in their issuance of visas. They rarely investigate a visa applicant thoroughly.

To compound the problem, these consular officials never learn what becomes of those people whose applications they approve. This is largely a result of a woeful lack of cooperation between INS, the Justice Department agency which enforces the visas, and the Bureau of Security and Consular Affairs, the State Department division which issues the visas. The former does not let the latter know, for example, which visa holders violated the terms of their visas nor does it appear to play any role in training consular officials in detecting potential visa violators. Symbolic of this lack of coordination is the fact that the two agencies use incompatible computer systems.

This confused and disturbing situation can best be solved by having one independent agency assume full responsibility for the problems of aliens—from the issuance of visas to entry into and departure from the United States. Such an agency would alone have the uniform and consistent perspective, policies and procedures necessary to halt the flow of illegal aliens at its source in the foreign countries.

I am the author of a bill to establish such an agency. This bill, the Visa and Naturalization Administration Act of 1975 (H.R. 10182), would establish one Government entity, independent of the Justice and State Departments, to assume all the burdens of dealing with aliens. This agency would have the resources and the mandate to restrict the issuance of visas only to bona fide students and tourists who will not remain behind in the United States in violation of their visas to compete for scarce jobs and community services.

STRONGER ENFORCEMENT MEASURES REQUIRED

The personnel and facilities which the Federal Government devotes to immigration work must be vastly increased. In District 3, the INS area encompassing New York, there were, as of March 1975, 28 agents to detect 1 to 1.5 million illegal aliens.

The insanity of such manpower figures

speaks for itself. In the last 5 years, District 3 officials have deported about 5,300 persons and verified the departure of 55,000 others who were allowed to leave voluntarily.

But the service does not know whether another 48,000 illegal aliens who were ordered to leave actually went home. It has no record of their departure and is not even trying to find them. More than 18,000 complaints from the public of suspected illegal aliens are piling up awaiting investigation—the number was 44,000 before "unpromising leads" were pulled from the files in the last 2 years. Hundreds, perhaps thousands, of cases of fraudulent or criminal activity by aliens, ranging from drug trafficking to prostitution to driving without a license, are also unassigned. It should be noted that of 210 persons arrested in October 1974 in New York City on cocaine-smuggling charges, half were illegal aliens.

The INS has asked for 2,000, or 25 percent, more trained personnel. This is the minimum required, and I am doing all in my power to see that these needs are met.

COMMUNITY ASSISTANCE CALLED FOR

Finally, urgent steps must be taken to alleviate the burdens on select communities, such as north-central Queens, which bear the brunt of Federal neglect of the problems posed by illegal aliens. Funds must be infused into these communities to relieve the stress placed on inadequate transportation, medical, housing, and educational facilities. Congress currently allocates money to businesses hard hit by foreign imports of goods. It is only proper that this same protection be afforded to areas impacted not by foreign merchandise but by individuals who have violated our law in entering and remaining in this country.

I will shortly introduce a bill providing Federal impact aid to communities which are shown to have a high concentration of illegal aliens. Passage of this bill will not eliminate the presence of illegals but it would place more of the burden of that presence where it belongs, on the shoulders of the Federal Government.

SUMMARY

The problems posed by illegal aliens in the United States are at a crisis stage. Scarce jobs are made yet scarcer, and overextended transportation, educational, housing, medical, and other community facilities are being pressed to the limits of their endurance.

Massive Government intervention is required. This should, in part, take the form of outlawing the hiring of illegal aliens. But this will not solve all of the problems. The flow of illegals must be cut off at its source, and this requires the establishment of a new Federal agency with complete responsibility for aliens. Additionally, illegal aliens already present must be apprehended, a task requiring a greatly expanded network of immigration agency investigators.

Finally, communities hard hit by illegal aliens need assistance, and a Federal impact aid program should rapidly be adopted to funnel desperately needed funds to those areas which find their facilities strained to the breaking point.

THE DISPLACED HOMEMAKER

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mrs. BURKE of California. Mr. Speaker, on May 14, 1975, I introduced the Equal Opportunity for Displaced Homemakers Act (H.R. 7003). Since that time, this legislation has gained nationwide attention and support and has generated a tremendous response, particularly from those people it would most benefit—the displaced homemakers.

I am reintroducing H.R. 7003 today with a few changes which are the result of suggestions I received when I circulated the bill for comment. While these changes improve the bill, they do not change its basic premise, which is to provide counseling, information and services to displaced homemakers so that they may eventually become self-sufficient. I plan to reintroduce the bill with cosponsors shortly.

My office has received many inquiries from throughout the country about this legislation. I would like to take this opportunity to insert the text of the revised bill and a comprehensive factsheet detailing the extent of the problem and the need for the multipurpose service programs; I am also including an excellent article by Marlene Cimons of the Los Angeles Times describing the legislation and the plight of the displaced homemaker:

H.R. 7003

A bill to provide for the establishment of multipurpose service programs for displaced homemakers, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Equal Opportunity for Displaced Homemakers Act".

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress hereby finds that—

(1) homemakers are an unrecognized and unpaid part of the national work force who make an invaluable contribution to the welfare and economic stability of the Nation but who receive no health, retirement, or unemployment benefits as a result of their labor;

(2) an increasing number of homemakers are displaced in their middle years from their family role and left without any source of financial security through divorce, the death of their spouse, or the loss of family income;

(3) displaced homemakers often are subject to discrimination in employment because of age, sex, and lack of any recent paid work experience; and

(4) displaced homemakers often are without any source of income because—

(A) they are ineligible for social security benefits because they are too young, or because they are divorced from the family wage earner;

(B) they are ineligible for Federal welfare assistance if they are not physically disabled and their children are past a certain age;

(C) they are ineligible for unemployment insurance because they have been engaged in unpaid labor in the home.

(b) It is the purpose of this Act to require the Secretary of the Department of Health, Education, and Welfare to establish multipurpose service programs to provide necessary training, counseling, and services for displaced homemakers so that they may enjoy the independence and economic security vital to a productive life.

DEFINITIONS

SEC. 3. For purposes of this Act—

(1) the term "displaced homemaker" means an individual who—

(A) has worked in the home for a substantial number of years providing unpaid household services for family members;

(B) is not gainfully employed;

(C) has had, or would have, difficulty in securing employment; and

(D) has been dependent on the income of another family member but is no longer supported by such income, or has been dependent on Federal assistance but is no longer eligible for such assistance; and

(2) the term "Secretary" means the Secretary of the Department of Health, Education, and Welfare.

MULTIPURPOSE SERVICE PROGRAMS

SEC. 4. (a) The Secretary shall establish multipurpose service programs for displaced homemakers which shall include—

(1) job counseling services which shall—

(A) be specifically designed for a person entering the job market after a number of years as a homemaker; and

(B) operate to counsel displaced homemakers with respect to appropriate job opportunities;

(2) job training and job placement services which shall—

(A) develop, by working with State and local government agencies and private employers, training and placement programs for jobs in the public and private sectors;

(B) assist displaced homemakers in gaining admission to existing public and private job training programs and opportunities; and

(C) assist in identifying community needs and seeking funding for new public sector jobs;

(3) health education and counseling services with respect to—

(A) general principles of preventative health care;

(B) health care consumer education, particularly selection of physicians and health care services, including, but not limited to, Health Maintenance Organizations and health insurance;

(C) family health care and nutrition education;

(D) alcohol and drug addiction; and

(E) other related health care matters;

(4) financial management services which provide information and assistance with respect to insurance, taxes, estate and probate problems, mortgages, loans, and other related financial matters;

(5) educational services, including—

(A) outreach and information about courses offering credit through secondary or post-secondary education programs, including bilingual programing where appropriate; and

(B) information about such other programs which are determined to be of interest and benefit to displaced homemakers by the Secretary;

(6) legal counseling services which provide information and referral with respect to prepaid legal services plans, civil rights law, lawyer referral services, paralegal assistance, and other forms of legal assistance; and

(7) outreach and information services with respect to Federal employment, education, health, and unemployment assistance programs which the Secretary determines would

be of interest and benefit to displaced homemakers.

(b) Supervisory, technical, and administrative positions relating to multipurpose service programs established under this Act shall, to the maximum extent feasible, be filled by displaced homemakers.

ADMINISTRATION

SEC. 5. (a) The Secretary may enter into contracts with and make grants to public and nonprofit private entities for purposes of establishing multipurpose service programs under this Act.

(b) The Secretary shall consult and cooperate with the Secretary of Labor, the Commissioner of the Social Security Administration, the Commissioner of the Administration on Aging, and such other persons in the executive branch of the Federal Government as the Secretary considers appropriate to facilitate the coordination of multipurpose service programs established under this Act with existing Federal programs of a similar nature.

STUDY OF FEDERAL PROGRAMS

SEC. 6. (a) The Secretary shall—

(1) through coordination with the Secretary of Labor, conduct a study to determine the feasibility of and appropriate procedures for allowing displaced homemakers to participate in—

(A) programs established under the Comprehensive Employment and Training Act of 1973 (29 U.S.C. 801 et seq.);

(B) work incentive programs established under section 432(b)(1) of the Social Security Act; and

(C) related Federal employment, education, and health assistance programs; and

(2) through coordination with the Secretary of Labor, conduct a study to determine the feasibility of and appropriate procedures for allowing displaced homemakers to participate in programs established for benefits provided under—

(A) the Federal-State Extended Unemployment Compensation Act of 1970 (Public Law 91–373; 87 Stat. 708);

(B) title II of the Emergency Jobs and Unemployment Assistance Act of 1974 (Public Law 93–567; 88 Stat. 1850);

(C) the Emergency Unemployment Compensation Act of 1974 (Public Law 93–572; 88 Stat. 1869); and

(D) related Federal unemployment assistance programs.

REPORT

SEC. 7. The Secretary shall submit a final report to each House of the Congress not later than one year after the date of the enactment of this Act. The final report shall contain a detailed statement of the findings and conclusions of the studies conducted under section 6, together with such recommendations for legislative or other action as the Secretary may consider appropriate.

CONTRIBUTIONS

SEC. 8. The Secretary may, in carrying out the provisions of this Act, accept, use, and dispose of contributions of money, services, and property.

NONDISCRIMINATION

SEC. 9. No person in the United States shall on the ground of sex, age, race, color, religion, or national origin be excluded from participating in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this Act.

AUTHORIZATION OF APPROPRIATIONS

SEC. 10. Effective beginning with the fiscal year ending on June 30, 1976, there is hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act.

FACT SHEET ON H.R. 7003—EQUAL OPPORTUNITY FOR DISPLACED HOMEMAKERS ACT

1. What is the purpose of this bill?

The purpose of H.R. 7003 is to provide for establishment of multipurpose service programs for displaced homemakers to help them through a readjustment period and become self-sufficient. The contribution of homemakers to society and the economy goes virtually unrecognized. Homemakers are among the few groups of workers who lack the protections of Social Security, unemployment insurance, or workmen's compensation. When their job responsibilities are terminated by divorce, separation, or widowhood in their middle years, they are often left without any source of financial security and little or no marketable work experience.

This legislation seeks to deal with the predicament of displaced homemakers by providing counseling and services so that they can enjoy the independence and security vital to a productive life.

2. Who are the "displaced homemakers"?

A displaced homemaker is an individual who has been doing unpaid labor in the home, who is not gainfully employed, who has had, or would have, difficulty in securing employment; and who has been dependent on the income of another family member but is no longer supported by that income.

These individuals, most often women in their middle years, have contributed years of maintaining a home and family and suddenly find themselves "displaced" through divorce, separation, widowhood, or other loss of family income.

A "displaced homemaker" could be a woman who has been dependent on her husband's income throughout their marriage and loses that financial support because of divorce or the death of her husband. Or it could be a man who has stayed at home to take care of his parents and loses his income because of their death. Or it could be a mother who is no longer eligible for federal welfare assistance because her children are past a certain age.

3. What are the problems facing the "displaced homemaker"?

This is a group that "falls between the crack" in terms of federal income security programs. They are frequently ineligible for social security benefits because they are too young, and for many, they will never qualify for Social Security because they have been divorced from the family wage earner. They are ineligible for Federal welfare assistance if they are not physically disabled and their children are over 18.

They are ineligible for unemployment insurance because they have been engaged in unpaid labor in the home, while at the same time they are often subject to discrimination in seeking employment because of age, sex, and lack of any recent paid work experience. They are subject to the highest unemployment rate of any sector of the workforce.

Often they have lost their rights as beneficiaries under employers' pension and health plans through divorce or widowhood and they are generally unacceptable to private health insurance plans because of their sex and age.

4. How extensive is the problem?

It is difficult to pinpoint exactly how many people would qualify as displaced homemakers because homemakers don't often appear in government statistics and their contribution to the economy is not recognized. However, the Alliance for Displaced Homemakers of Oakland, California has estimated, through careful research, that over 2.2. million women fell into the displaced homemaker category as of March, 1973.

They also point out that a large number of people are potential displaced homemakers: Married women between the ages of 34 and 64 who are not in the labor force and have no children under 18 totalled 7.5 million in March, 1973. Moreover, 15 million women out of the labor force who currently have minor children will be without benefits when their children reach 18 years of age.

5. Why does this problem exist?

The changing status of the family has caught older women unprotected. The divorce rate has nearly doubled over the last decade and a half. In 1960, there were 35 divorces per 1000 and by 1974 this figure increased to 63 per 1000. One fourth of the divorces filed are after more than 15 years of marriage. The trend is toward no-fault dissolution of marriage and spousal support for limited periods, if at all.

Increasing number of older women live without men. There has been an increase of 46% in the number of households headed by women in the last decade. In 1973, 1 in every 8 families was headed by a woman, 40% of poor families had a woman as its head. Furthermore, there are more than four times as many widows as widowers. The older women become, the more likely they are to be on their own.

6. What does HR 7003 provide?

The bill provides for the establishment of multi-purpose service programs to offer training, counseling and services for displaced homemakers. The programs would be administered by the Department of Health, Education and Welfare.

These programs include: job counseling, job training and placement services, health education and counseling, financial management services, legal referral and counseling services, education referral and counseling services and outreach and information services relating to already existing Federal programs.

The bill also calls for a one-year study and report to Congress on the feasibility of and appropriate procedures for including displaced homemakers under unemployment compensation programs. While homemakers make an invaluable contribution to the welfare and economic stability of this country, there is no unemployment insurance for a homemaker who is "laid off".

7. What can people do to assure passage of this bill?

HR 7003 is presently pending before the Subcommittee on Equal Opportunity of the House Education and Labor Committee. You and/or your organization can support this legislation by writing to the Chairman, the Hon. Augustus Hawkins, asking for hearings to be held on the bill.

Individuals should also write to their own Representative to urge their support and co-sponsorship of H.R. 7003, and to their Senators to urge support of the Senate counterpart, S. 2353, introduced by Senator John Tunney.

GOVERNMENT OPERATIONS SUBCOMMITTEE ASKS COMMERCE FOR DETAILS ON THE ENFORCEMENT OF ANTI-BOYCOTT POLICY

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. DRINAN. Mr. Speaker, while the Arab boycott continues to exert intense pressure upon American companies and violates our country's espoused doctrine of free trade, the Ford administration resists all proposed legislation to counteract the insidious effects of the boycott and to protect American firms from this form of economic coercion. The administration has claimed consistently that new legislation is unnecessary since existing law enables executive departments to act against the boycott. Yet, the Departments of Commerce, State, Treasury, and Justice have not used their discretionary authority to take effective steps to combat the boycott. Given the administration's apparent unwillingness to take the initiative in this regard, it is incumbent upon Congress to mandate enforcement of our antiboycott policy through appropriate amendments to the Export Administration Act of 1969.

It is somewhat unfortunate that recent congressional involvement in this subject area has focused almost exclusively on the Commerce Department's refusal to disclose certain boycott-related information to the Congress and the public. While this issue is important and warrants prompt remedial action by the Congress or the courts, it has had the effect of deflecting attention from the fundamental issue—the administration's failure to exercise its existing discretionary powers and the resulting necessity of new legislation to combat the boycott.

I am pleased to report that the Government Operations Subcommittee on Commerce, Consumer, and Monetary Affairs, while still involved with its own dispute with the Commerce Department over the disclosure of boycott-related documents, is moving toward an investigation of the substance, or lack thereof, of the Department's enforcement of the policy of the United States to oppose restrictive trade practices. On October 17, Subcommittee Chairman BENJAMIN S. ROSENTHAL sent a letter to Commerce Secretary Rogers Morton requesting detailed information on the Commerce Department's antiboycott program. I hope that Secretary Morton will reply expeditiously to Chairman ROSENTHAL's letter so that the subcommittee can move forward with public oversight hearings of the Department of Commerce and confirm the need for legislative action.

The text of the letter follows:

COMMERCE, CONSUMER, AND MONETARY AFFAIRS SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C., October 17, 1975.

Hon. ROGERS C. B. MORTON,
Secretary, Department of Commerce,
Washington, D.C.

DEAR MR. SECRETARY:

The Export Administration Act of 1969, Public Law No. 91-184, 83 Stat. 841, provides:

"It is the policy of the United States (A) to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States, and (B) to encourage and request domestic concerns engaged in the export of articles, materials, supplies, or information, to refuse to take any action, including the furnishing of information or the signing of agreements, which has the effect of furthering or supporting the restrictive trade practices or boycotts fostered or imposed by any foreign country against another country friendly to the United States . . ." [Section 3(5), 50 App. U.S.C. § 2402(5)]

In carrying out its congressional responsibility to oversee the Department of Commerce, the Subcommittee desires to know:

(1) What specific steps has the Department taken since the enactment of the Export Administration Act of 1969 to implement the section quoted above?

(2) Has the Department sought to deny or threatened to deny export licenses to U.S. companies that participate in or support such restrictive trade practices or boycotts? Specify all such instances.

(3) Has the Department sought to deny or threatened to deny benefits of Government programs, including subsidies and contracts, to companies which participate in or support such restrictive trade practices or boycotts? Specify all such instances.

(4) Has the Department sought to deny or threatened to deny export licenses to U.S. companies which violate Section 369.2 of the Export Administration Regulations detailing boycott reporting requirements? Please specify all such instances.

(5) If the answers to questions 2, 3 and/or 4 are in the negative, does the Department have the authority under existing law to take such actions?

(6) Under the Department's boycott reporting requirements, are foreign subsidiaries of American companies which receive requests for the furnishing of information or the signing of agreements to further or support a restrictive trade practice or boycott, required to report that fact to the Department?

(7) According to data supplied June 25, 1975, by Undersecretary John K. Tabor to Senator Harrison A. Williams, Jr., the total dollar value of goods involved in reported boycott-related transactions increased from less than $10 million in 1974 to more than $200 million in 1975 to date.

a. How do you explain this dramatic increase?

b. Could it be inferred from these statistics that the boycott reporting requirements were not adequately enforced prior to 1975?

c. To what extent do you believe the boycott reporting requirements are still violated or ignored?

(8) Please explain how the practice of the Department to distribute and disseminate bid invitations or "tenders" containing restrictive trade and boycott provisions directed against nations friendly to the United States is consistent with Section 3(5) of the Export Administration Act of 1969.

(9) Is the practice referred to in question 8 above carried out at public expense? If so, what is the approximate annual cost of distributing tenders containing boycott provisions to American firms?

(10) Section 369.2 of the Export Administration Regulations details the reports required of U.S. exporters subjected to boycott-related requests.

a. Describe in detail the Department's program to enforce said regulations from the date of promulgation to the present.

b. What is the approximate annual cost of this enforcement effort from 1969 to date? List manpower and budget allocated by year.

c. What evidence is gathered by the Department to warrant the issuance of warning letters? How is that evidence gathered?

d. Explain how the present reporting requirements serve to enforce our Nation's anti-boycott policy as stated in Section 3(5) of the Export Administration Act.

(11) On February 26, 1975, President Ford spoke out against restrictive trade practices and announced that your Department, among others, would conduct an investigation and make suitable recommendations for action.

a. Describe the investigation conducted by your Department.

b. Relate the findings and recommendations submitted to the President.

(12) Is there currently a Commerce Department Boycott Task Force? If so, who serves on this task force? What are its responsibilities? What has it accomplished?

(13) It is required by existing law that data submitted in fulfillment of boycott reporting requirements be kept confidential from committees of the Congress with jurisdiction over your agency? If so, please cite the statute which guarantees confidentiality to this particular information.

(14) If the Commerce Department used its own discretion in deciding to collect boycott information under a promise of confidentiality, what were its reasons for such secrecy? Could the Department disclose all such information collected in the future? If not, why not?

(15) In your opinion, does current legislation give your Department adequate authority to enforce the anti-boycott policy contained within the Export Administration Act of 1969?

(16) Would new legislation be necessary to prohibit American companies from complying with boycott-related demands or is existing legislation adequate for that purpose?

Sincerely,

BENJAMIN S. ROSENTHAL,
Chairman.

THE NATION SALUTES ALL WAGS A.C., INC. OF PATERSON, N.J. ON ITS 50TH ANNIVERSARY OF PUBLIC SERVICE TO OUR YOUNG PEOPLE IN COMPETITIVE SPORTS

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. ROE. Mr. Speaker, on Saturday, October 25, residents of my Eighth Congressional District, State of New Jersey will gather together at the Westmount Country Club, West Paterson, N.J. in celebration of the 50th golden anniversary of All Wags A.C., Inc. of Paterson, N.J., esteemed sponsors of one of the most outstanding athletic youth programs of our Nation. It will be my honor and privilege to address this assemblage and I know you and our colleagues here in the Congress will want to join with me in extending our heartiest greetings and felicitations to the officers and members of All Wags A.C., Inc. on this most auspicious occasion in appreciation of the excellence of their public service to the youth of America in building strength of character, fair play, and sportsmanship through recreation in athletic and social activities for the youngsters of the Greater Paterson area between the ages of 7 and 18 years of age.

At the outset let me commend to you its current officers, trustees and past presidents who serve, and have served with distinction in bringing the highest standards of excellence to the sports world of baseball and football in the northeastern metropolitan area of our country, as follows:

THE HONORABLE OFFICERS—1975

Sam Sibilio, President.
Rich Perrotta, 1st Vice President.
Fred Calvetti, 2d Vice President.
Richard Marotta, Financial Secretary.
John A. Pasquale III, Recording Secretary.

Charles Tolomeo, Treasurer.
James Ferraro, Sergeant-at-Arms.
Robert J. Passero, Counsel.

TRUSTEES

Bob Wyder, Chairman.
Ray Guarino, Sr.
Tony Pasquale.
Rocco Merlino.
Ralph Tolomeo, Sr.
John J. Pasquale.
Steve Scillieri.

PAST PRESIDENTS

* William "Wee" Menler.
Tony Pasquale.
Charles Baratta.
John J. Pasquale.
Charles Trombetta.
Henry Sgrosso.
*Ed Bastady.
*Joe Passero.
Mort Rittenberg.
*Phil Ross.
Ralph Tolomeo, Jr.
Dom Dinardo.
Tony Mariconda.
Tom Church.
John A. Pasquale, III.
Robert J. Passero.
Tom Piccoli.
Nick De Nova.
Tom Maselli.
Robert Wyder.
*Deceased.

In reflecting on the history of All Wags, Inc., we recall the quality of leadership and sincerity of purpose of distinguished community leaders throughout the years who were responsible for perpetuating its sterling principles and achieving the preeminence of its athletic and social endeavors that brought joy and refreshment of spirit to our people during these past 50 years.

The initial fundraising and founding of All Wags, Inc., was led by William "Wee" Menler, Harold Greider, Nick Pandolfi, Charles Baratta, Tony Martone, Augie Feura, Mike Grego, Joe and Tony Ianozzi, Mike Feura, Pete Sheridan, Paul Loffredo, and Tony Pasquale. It is interesting to note that in 1930 through the outstanding contribution of Mike Parella, Dom Mele, Louis and Emil Sgrosso, Sam La Cava, Carmen LePore, Emil Schmidt, Russ Pagaon, Fred DeFeo and Doc Naples All Wags A.C. attained blue ribbon performances in baseball participating in the playoffs with a 25 to 8 record, facing the Emblems in the finals. In 1933 they won the City Championship and with a 22 to 2 record went on to win the State Championship in 1934 behind the "major league" pitching arm of Nick Swetz, one of the most heralded southpaws of Paterson, N.J.; and second baseman Joe Passero, who later served as Recreation Commissioner of the City of Paterson. Other members of this championship squad were: infielders Sammy Matchett, Cubby Matchett, and Johnny De Maria; outfielders Ralph Knight, Al Cozzalino and Casey DeSist; pitchers Doc Naples, Kreger De Young, Jackie Eeelman and Mike DeVita; catchers Fred DeFeo and Ralph "Corp" Delullo, who later served as area scout for the Chicago Cubs; assisted by Johnny McToskie, Jim Pagano, Joe Ivanicki, Lucky McKee and Stan Piela; and manager Tony Pasquale, who is still an active officer and trustee in the All Wags today.

All Wags A.C. expanded and added football honors to their success in baseball. In 1932 and 1934 they had two championship football teams under the leadership of Adam "Oatsie" Reiser, who is held in the highest esteem as our present Chief of Passaic County Detectives. Members of these championship squads were Lou LePera, Mike Parelli, Harold Greider, Carmen Spagnola, Ed Bastady, Ralph Pagano, Al Saccomano, Art Passaro, Charles Baratta, George LePera, Charles Salvatore, Charlie Tolomeo, Carmen Cuccinello, Phil Mangarelli, Al Faragalli, Ralph Tolomeo, Pete Ferraro, Jim Ferraro, Joe DeMaria, Morris Barone, Fred DeFeo, Al Lepore, Frank LePore, Nick Paone, Charles Martone, Jim Raymond, Lembo Perrone, Sam Silverstri, Tom Silvestri, Mike LaGreca, George Maiella, Johnny Belcastro.

On its 25th anniversary, following the end of World War II, All Wags A.C. reorganized under the expertise and direction of community leader John J. Pasquale, and other distinguished citizens, including charter member, Tony Pasquale, the late Fred DeFeo, the late Ed Bastady, Charles Trombetta, Henry Sgrosso, Louis Sgrosso, Emil Sgrosso, Charles Tolomeo, Ralph Tolomeo, Rocco Merlino, Jim Ferraro, Sam and Tom Silvestri, Harold Greider, Paul Loffredo, George Maiella, Lou Pezzuti, Dominice Mele, John Belcastro, Wee Menler, Carmen Cuccinello, Dan DeCando, Gus DeSantis, George Furey, Ralph Knight, Nick LaGreca, Joe Mele, Oatsie Reiser, Pete Sheridan, Carmen Spagnola, the late Jerry Maiella, John DeMaria, Doc Naples, the late Joe Passero, and Jim Pagano.

In their sponsorship of young people in the Paterson Midget League and the Junior Development League, the members of All Wags A.C. have made a lasting contribution to the future preeminence of America's society in training and developing, through sportsmanship, fair play and recreation, the industriousness and leadership qualities of our youth.

The Midget League program was launched under the direction of Ed Bastady, Fred DeFeo, and Dominice Mele who brought Midget League baseball to Hawthorne, N.J., when he sponsored a team called the Mele's All Wags in a league which is known today as the Hawthorne Little League. A perfect 16 to 0 score that won them the 1962 Midget League championship under the direction of John Ciongoli is still a record of great pride to all.

Under the direction of Joe Passero, Mort Rittenberg, and Tony Pasquale, the junior development program expanded with some of the members of the team continuing to develop their outstanding expertise as members of the Paterson Development League and, in some instances, going on to achieve distinction in the major leagues including such notables as the late Danny O'Connel, Larry Doby, and Butch Sawatski. Some of the distinguished players on the Junior Development teams included Joe Russo, Bob Passero, Joe Vitale, Ralph Tolomeo, Jr., John A. Pasquale, III, Charlie Linfante, Ray Delarme, Dan DeCando, Frank LaSala, Gabe Maletta, Ron Barbaris, Henry Sgrosso, Don Silvestri, Tony DeGrazia, Tony "Lefty" Pallotta, Frank Petrucelli, Joe Petrucelli, Pat DiLemma, Frank Gilabert, and Rich Sales. They posted a championship in 1969 under the direction of Lou Iozia.

The Ladies Auxiliary of All Wags A.C. was organized in May 1957 consisting of approximately 12 charter members, including President Jean Pezzutti, Vice President Adelle Trombetta, Secretary Elda Pasquale, Rose DeFeo, Emily Merlino, Josephine Ross, and a board of trustees comprised of Mary DeNova, Mary LaSala, Phil Pasquale, Marie Tolomeo, Rose Passero, Loretta Notorgiacomo and Ann Tolomeo. Throughout the years the ladies auxiliary has been an integral part of All Wags A.C.'s successful endeavors and, among their many significant achievements, was the establishment of the Joe Passero Memorial Pee Wee League during the 1958 baseball season which, in the early years, featured Mort Rittenberg and Joe Passero as its directors and an exemplary group of women coaches and assistants, including Dea Mitchell, Angie Forte, Doris Serviss, Millie Giglio, Mary Iandoli, Lorraine Wassmer, June Turner, Emma Schamble, Mary Richardson, Pauline Church, Eleanor Marmo, Marie Wassmer, Marie Tolomeo, Anna Mae Recchione, Rose DeFeo, Jean Pezzutti, Elda Pasquale, Mary Giarusso, Violet McNamara, Pauline Babitz, Jean Sibilio, Pat Ross and Michelle Tolomeo. In 1964, after the death of Joe Passero, the league was renamed the Joe Passero Memorial Pee Wee League.

The ladies auxiliary was responsible for introducing many young girls of the Paterson area to the sport of softball and recruited some of them as coaching assistants in the Pee Wee League.

In 1961 All Wags A.C. ventured into Connie Mack baseball under the direction of Tony Stumpo, Ralph Tolomeo, Jr., Bob Passero, and John A. Pasquale III. The following year they expanded into American Legion baseball under the direction of Ralph Tolomeo, Jr. and Jim LaBagnaro. The American Legion/Connie Mack combined record under LaBagnaro and Tolomeo was 60 wins, 9 losses and they won the 1962 State championship and 10 years later the 1972 State championship. Some of their alumni team members included Milwaukee Brewers outfielder John Briggs, Boston Red Sox minor leaguer Roger Nelson, San Francisco Giant Bill Benitz and New York Mets' Jim Didieo. Team member Mike Rosenfelt still holds the NCAA stolen base record which he attained while attending Hofstra University.

It is interesting to note that in addition to baseball and football records of distinction All Wags A.C. counted up championship basketball records in junior lightweight, lightweight and middleweight league competition from 1959 through 1964. Coach Tyrone Barnes was especially lauded for the blue ribbon performance of the middleweight league teams.

The introduction of tackle football for high school students in the City of Paterson was achieved through the efforts of All Wags A.C. in conjunction with other Paterson civic groups under the Presidency of Tom Picolli, who represented the Wags and the Old Timers. The Old Timers Junior Football League has completed its 6th year of competition, and continues to uphold the standards of excellence established by the founders of this athletic endeavor and prowess in tackle football. Only last year All Wags A.C. finally captured the elusive city championship under head coach Bob Giarusso in a thrilling game against the Junior State Colts.

Mr. Speaker. I appreciate the opportunity to take a few moments to look through the hour glass and reflect on some of the highlights of the past half century of All Wags A.C. and seek national recognition of the many achievements that have been attained by this esteemed organization in their outstanding and unselfish efforts on behalf of our people. They have combined their recreational, social and athletic endeavors in helping young and adults alike. I particularly commend to you their many fund raising activities and charitable deeds for God's children, the disadvantaged, underprivileged and retarded children, the Elks Cerebral Palsy Center, Cancer Crusade, Heart Association, Easter and Christmas Seal programs for the handicapped. I know you will want to join with me in saluting All Wags A.C. Inc. for 50 Golden Years of good works which have truly enriched our community, State and Nation.

ECHOES IN FORD'S TAX PLAN

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. DOWNEY of New York. Mr. Speaker, President Ford's recent tax proposal has caused widespread comment and concern. An editorial in Newsday points out certain weaknesses in the plan. I would like to share Newsday's views with my colleagues:

ECHOES IN FORD'S TAX PLAN

"It is time to get big government off your back and out of your pocket."—Richard Nixon, January, 1973.

". . . Only by getting the government off your back and out of your pocket will we achieve our goals of stable prices and more jobs."—Gerald Ford, Monday night.

President Ford's audacious tax-cut plan, in which he offers to sponsor what he calls a "dollar-for-dollar" reduction in both federal taxes and spending up to the munificent total of $28 billion, seems to have left many congressional leaders speechless. Here are some questions they should be asking:

Would Ford's plan really be "the biggest single tax cut in our history," as he put it on television Monday night—or a modest addition to tax cuts already in effect? The White House's arithmetic compares proposed 1976 tax rates with 1974 rates. It ignores the antirecession tax cuts enacted last March, which Congress in any case was certain to extend next year. For individuals, the President's new proposal would mean an additional $4 billion in tax relief—provided Congress is willing and able to cut $28 billion from the next fiscal year's federal budget.

Where would the budget cuts be made? About all Ford has to say about that is, "I will not permit reductions in our military budget," which is the federal government's single biggest expense item. He promises to have a list of proposed budget cuts ready in January, but that's too late. The current tax-cut law expires in December and must be extended before then if the nation is to escape a damaging tax increase next year.

Who would benefit the most from Ford's proposed tax package? According to Ford, "the chief benefits will be concentrated where they belong: among working people." But while this year's tax-cut bill was weighted heavily in favor of low-income workers, tables issued by the White House indicate that a family of four earning $5,000 would get no additional tax relief at all next year under the Ford plan, while a family of four earning $50,000 would save an additional $390.

There are other questions that need answers, too. What of the President's plan, announced only last week, to pump $100 billion into energy development? And what are Ford's views on tax reform? The President was strangely silent on that issue, although there's no more efficient way of achieving his highly desirable goal of cutting the budget deficit. Finally, how can Congress possibly agree to a budget ceiling even before the Ford administration has submitted its budget? Richard Nixon also demanded a blank check from Congress; he didn't get it.

Ford's plan borrows heavily from the Nixon program not only in language and ideology but, sadly, in technique as well. It is deliberately obscure in detail. It makes promises that even the President must know he cannot keep. It includes a built-in scapegoat—Congress—in the case of failure. If Ford had deliberately set out to confuse the critical issue of whether this year's tax cuts should be extended in 1976 as a vital antirecessionary measure, he could not have done a better job. His performance on television Monday night was not worthy of the honest and forthright man who, as he replaced a disgraced Richard Nixon, promised the nation "openness and candor" and who until now has fulfilled that promise.

GAS CUSTOMERS PAYING SPECIAL SURCHARGE

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. MOFFETT. Mr. Speaker, this fall over 2 million Southern California Gas customers will begin paying a special monthly surcharge, totaling $640 million over the next 7 years.

The funds will be used by Atlantic Richfield to pay back huge bank insurance loans secured for the development of natural gas supplies. In exchange for this interest-free money, Southern California Gas will have first option on part of the developed reserves. This customer-to-producer aid scheme is unique. Traditionally, oil and gas companies have relied exclusively on investors, with the customer paying the investor for taking risks.

Similar proposals have been filed with the New York Public Service Commission.

Tom Hayden, candidate for the U.S. Senate in California, recently addressed the subject in an August 20 speech to the Committee on Energy and Diminishing Materials of the California State Assembly. His remarks follow:

STATEMENT BY TOM HAYDEN

I am here today to associate myself with those protesting the present and projected giveaway of billions of consumer dollars to two of the wealthiest corporations in California: Atlantic Richfield (ARCO) and EXXON. I am here to ask: Who will represent the desperate consumers who are essentially being held ransom by the private oil and energy corporations?

The questions before us are fundamentally political, not technical or narrowly economic. A careful reading of the recent Public Utilities Commission (PUC) decision on the ARCO deal reveals that what is at question is power, not economic logic. The ARCO and EXXON deals symbolize the primordial issue of our time: whether the many or the few will control and profit from our resources.

The PUC, mandated to protect the interest of millions of Californians, has found the ARCO deal "ill-defined", "unfair" and "unconscionable". Because ARCO threatens to sell the gas elsewhere, however, the PUC "with great reluctance" has accepted the deal "for one reason only: necessity". We are now being asked to accept the notion that a few private men are more powerful than a governmental body.

We cannot accept this. We cannot continue to see a handful of private executives control the lives of millions of Californians, protecting profit-oriented privilege while the rest of us find it increasingly hard just to get by. I am tired of driving slower and paying more for gas; tired of eating less and paying more for food; tired of calling information operators less but paying higher phone bills. And, most emphatically, I am tired of turning down my lights only to see utility rates climb.

While a majority of our people continue to bear an almost unbearable burden of sacrifice, the few are having their unnecessary and immoral power protected by the decisions of politicians and their appointees.

We are living in a new international context which has sharpened this conflict between the many and the few. Multinational corporations like EXXON are losing their profit base as the Middle East oil-producers can demand more than the slave wages and prices of the past generation. These companies are returning home in a period when the choicest exploration targets have already been exhausted, and federal price controls make refining and marketing less profitable than the giants are accustomed to.

As the oil companies come home, the battle is joined. The companies project spending some $300 billion on oil and gas production over the next decade. Their total energy package over the next fifteen years, moreover, exceeds one trillion dollars.

Where is this unprecedented flow of capital to the energy giants to come from? If it is to come from direct consumer financing as in the ARCO deal, millions of Californians and tens of millions of Americans will know poverty we have not seen since the Great Depression.

The view of the economic royalists running our oil companies is clear. The power and opulent living standards to which they are habituated is to be maintained by consumers. And so, the economic screw must tighten on our ratepayers.

But who are these giants whom the ratepayer-consumer must help to bring energy supplies to California? While they appear as paupers before utility commissions, they boast of incredible economic success to their investors.

"Atlantic Richfield Corporation in 1974 earned $474,605,000 or $8.35 per share compared to $270,185,000 or $4.76 per share in 1973," begins the ARCO annual report in a year in which millions of Californians had to tighten their belts as never before because of skyrocketing energy costs.

The May, 1975 issue of Fortune magazine tells us that in 1974 EXXON was the most profitable corporation in the entire country, with profits of $3.1 billion. Although their profits have fallen for the first quarter of 1975 from the all-time highs of 1974, ARCO and EXXON are still among the most profitable corporations in the entire country and are making far more than in the past. From 1965–1972, for example, ARCO's highest average quarterly earning was $57.2 million in 1969. In the first three months of 1975, they made $67.5 million; even as they decided to blackmail the consumers of California into paying for their gas production in Alaska.

And what do they do with these profits? They tell us that they are used to develop new energy sources. Reading Business Week of July 14, 1975, however, we find that "the big multinational companies are, in fact, beginning to diversify outside energy". Mobil buys a controlling interest in Marcor, a department store and packaging conglomerate. Standard Oil of California buys 20% of Amax, a metal mining company. Gulf is considering a merger with Rockwell International. Congressman John D. Dingell of Michigan reports that: "Oilmen have told us that they have a desperate need for money to develop new energy sources, but instead they're putting their profits into dividends, salaries and bonuses, and investing in totally different industries."

The ARCO Towers themselves in downtown Los Angeles are a symbol of the different standards that apply for the many and the few. ARCO spends millions on a huge advertising campaign telling the public to save energy. Meanwhile, ARCO Towers consumes each month as much energy as 6,500 single-family homes housing some 25,000 people in Los Angeles.

If we look at the Boards of Directors of the banks and utility companies, we find a pattern of corporate and financial incest, not a pattern of separate parties negotiating for the most economical loan arrangements. The boards of both ARCO and Pacific Lighting, the parent of SoCal, are full of bankers:

Robert O. Anderson, Chairman of the board of ARCO, is a director of Chase Manhattan Bank and the Security Pacific Bank;

Thornton F. Bradshaw, ARCO President, is a director of Security Pacific Bank;

Gaylord Freeman, ARCO Director, is Chairman of the Board of First Chicago Corporation, the holding company which owns First National Bank of Chicago;

Paul Miller, Chairman of the Board of Pacific Lighting, is a Director of Wells Fargo Bank;

Joseph Rensch, President of Pacific Lighting, is a Director of the Union Bank;

John V. Vaughn, Director of Pacific Lighting, is a Director of Crocker National Bank, and Chairman of the Iran-American Chamber of Commerce and Industry;

William French Smith, Director of Pacific Lighting, is a Director of Crocker National Bank;

Not only are banks interlocked with the oil giants through their directors and management executives, they increasingly control enormous stock in the corporations. Given this trend, it should come as no surprise to find that ARCO officials have asked the First National City Bank of New York to put together the loan for the SoCal deal. The First National City Bank controls the largest block of stock in ARCO! According to a 1974 report by Senator Lee Metcalf, which lists ARCO's 30 largest stockholders of record, First National City Bank controls the largest single block of stock through two nominee names—Stuart and Company, and King and Company. Thus the ratepayers are giving millions to ARCO, which is dominated by a major New York bank, in order to pay the loan interest to the same bank.

If there ever was a case of crime in the suites, the ARCO deal is it. We, the consumers and voters of California, have been robbed—and without proper protection from the authorities we elected to protect our interests. It is a fact that:

1. The private energy corporations are getting around and over the regulated price of natural gas by obtaining "advance payments" from ratepayers for their interest on loans to finance exploration—without any guarantee that a single cubic foot of gas will ever be delivered. (As the PUC order notes, "the real effect, in our opinion, has been to provide an extra bonus on top of the price of natural gas.")

2. The same private interests know that the "advance payments" system will end this year by FPC or court order, and so they are forcing this rip-off just under the wire.

In approving this utility increase, the PUC has caved in to what it clearly perceives as blackmail by ARCO.

By so doing, it has established the most dangerous possible precedent. Next month EXXON will be demanding its similar deal with Pacific Gas and Electric. What will the PUC do then? And then? And then?

Instead, we need public officials who will stand up against these energy monopolists and assert the public interest. The principle must be established here and now that the public interest will prevail over private privilege. It is not too late for this showdown between our public servants and those economic royalists who would bring us into the "Rollerball" nightmare portrayed in a recent movie.

The blackmail must stop.

1. I call upon the legislature to strike down this giveaway by declaring that it is not permissible under the State statutes authorizing the PUC.

2. I call upon the PUC to issue an order to put representatives of consumer groups on the Board of Directors of Southern California Gas Corporation and other electric and gas utility corporations. If we the consumers are going to be asked to pay for the classic risk-taking function of the entrepreneur, then we ought to share the benefits or even go into business for ourselves. Gaining seats on the Board of SoCal Gas would be the first step in this direction.

I urge you to act now to establish the principle that the public interest will control energy production in the decades to come—before it is too late.

Right now, for example, these same special-privilege corporations are waging a manipulative advertising campaign to deregulate the price of natural gas. I am pleased that the PUC had the sanity and courage to oppose such an inflationary step, and I am hopeful that the United States Congress will concur. But the PUC approval of the current ARCO requests more than cancels out their applaudable stand on deregulation. Where the pinch is most severe the PUC has failed to help suffering people. If this pattern continues, they will not only eventually cave in on de-regulation of natural gas, they will ultimately commit consumers to subsidizing the cost of transporting natural gas brought from Alaska by pipeline and/or super-tanker.

The blackmail must and can stop now. We are not simply talking about saving ratepayers from a $588 to $987 million gouging on this ARCO deal. We are considering the tens of billions more dollars consumers will be forced to pay unless this precedent is stopped.

We elect politicians to protect us against such calamities, and I believe they should begin now. A political showdown between our elected officials and profit-seeking oil executives is what we need; and it can be won. California, our largest state, simply cannot be strangled or ignored in a showdown with the large oil blackmailers.

It is a question of political commitment and political will. We can make these arrogant giants back down from profit and begin serving the people. It can start here, it can start today, it can start with you.

If you act, you will have the good will and support of a majority of Californians. If you do not act, you will not only have helped the energy monopolies, but you will have guaranteed a deepening of public cynicism toward all politicians. You will only have postponed crises which cry out for solutions rather than delay.

I implore you to act with courage and principle. You can change the history of this state. Thank you.

QUARTERLY ADJUSTMENT RESOLUTION

HON. ALVIN BALDUS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. BALDUS. Mr. Speaker, today the Dairy and Poultry Subcommittee of the Agriculture Committee unanimously recommended to the full Committee a resolution that would direct the Secretary of Agriculture to adjust quarterly the price support level for milk in order to provide the stability in this industry that the law clearly intends it to have.

In 1949, the Congress passed legislation establishing the dairy price support program. The basic goals of that program were to assure the production of an adequate supply of milk at stable prices high enough to encourage dairy farmers to stay in business.

In 1973, that legislation was reviewed and an additional goal assigned: To assure the maintenance of adequate productivity within the dairy industry to meet future anticipated needs.

In order to fulfill the goals of this legislation dating back to 1949, the Secretary of Agriculture has been given authority to adjust milk support prices to meet changes in the costs of production and parity. If he would use that authority, the resolution before us today would not be necessary. In recent years, milk support prices have been adjusted annually. The best evidence of the inadequacy of that policy is the fate of dairymen themselves.

Wisconsin lost 60 percent of its dairy farms in the last 20 years, an average of 3,500 per year. This represents the loss of over one-half million milking cows. In this year to date, 1,195 dairy farmers have gone out of business in Wisconsin. Milk shortages will drive prices up, as they have recently, making the consumer an added victim. An assurance that prices for milk will be kept current with rising costs of production and parity levels would give farmers some small cause for hope. It would give them a base price they could rely on. In the end, it might in some small way slow down the exodus from dairying and encourage farmers to stay on the farm.

At least two Congresses, the 93d and the 94th, have noted these developments and determined that quarterly adjustment of the milk support price would be a stabilizing factor—for the farmer and the consumer. Both of those bodies have passed comprehensive legislation designed to encourage dairy farmers by including quarterly adjustments. The bills were vetoed by the President.

The resolution before us today would call for a simple administrative adjustment of the price four times a year. It does not add any new authority to present law. It will merely cause the Secretary of Agriculture to pay attention to what is going on in the dairy industry and take the kind of action two Congresses have thought necessary.

Commonsense would dictate that this action is indeed necessary. In a period of rapid inflation such as we are and have been experiencing, the farmer cannot wait an entire year for the Department of Agriculture to readjust support prices and match them against rising costs. Asking farmers to wait a year for the needed adjustment is akin to giving a starving man seed corn, telling him to plant it and feast on the harvest months later.

Even the Secretary of Agriculture has come to the conclusion that annual adjustments are not enough. He has said he will consider semiannual adjustments of the support price. I consider this an inadequate measure, and I am happy to see that Senator HUMPHREY, whose companion bill in the Senate has just been passed, agrees.

I would like to note for the record the significant contribution of the subcommittee, under its able Chairman ED JONES, in conducting field hearings across the country on the present status of the dairy situation, and documenting the problems firsthand. Those hearings—held in Connecticut, Wisconsin, Minnesota, California, and Tennessee—are now nearly complete. I had the privilege of attending hearings in three States and would conclude, based on my experience at those hearings, that while the administrative change called for by this bill is a modest one, it is desperately needed by dairy producers.

Because of USDA opposition to this measure, and because of Earl Butz' tendency to supply this committee information freely, whether it is factually accurate, or not, I would like to note for the record the following:

> The quoted price support level of $7.24/cwt. for manufacturing milk was equal to 77.8%—not 80%—of parity last April;
>
> In August 1975 the quoted price support of $7.24/cwt. was still less than 76% of parity.

Some of this lag can be attributed to a failure on the part of the Secretary of Agriculture to adjust make allowances. Recently, under pressure from members of this committee and farmers across the country, the Secretary did make such an adjustment. But make allowance lag is only a small part of the discrepancy. The crux of the matter is the continuing failure by the Secretary to keep quoted support levels current with parity increases.

The price support program has not provided the assurances it intended. I support more than 80-percent parity for the dairy farmers; but if 80 percent is all that they are allowed, then I feel that 80 percent ought to be the very least that is administratively required.

KISSINGER BITES HAND THAT FED HIM

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. DERWINSKI. Mr. Speaker, every so often we come across an article that does not require elaboration or commentary in that it quite effectively speaks for itself.

Therefore, I insert in the RECORD an article by Bob Wiedrich which appeared in the Chicago Tribune on Monday, October 20, 1975:

KISSINGER BITES HAND THAT FED HIM

(By Bob Wiedrich)

Secretary of State Henry A. Kissinger may well be the world's foremost diplomat. But his personal diplomacy stinks.

In fact, his deprecating remarks about former President Nixon, uttered in what he obviously believed to be an off-the-cuff moment in Canada last week, were in extremely bad taste.

For the man about whom he confided snide remarks, at a dinner staged in his honor in Ottawa, was the one person most responsible for Kissinger getting that distinguished free meal as the guest of Canadian External Affairs Minister Allan MacEachen.

Without Nixon in his life, Kissinger might still be brown bagging it at Harvard University.

As the whole world knows, Dr. Kissinger was a mere Harvard professor and adviser to then New York Gov. Nelson Rockefeller, when Nixon plucked him from relative obscurity to make him his senior foreign affairs adviser.

In virtually no time, Kissinger emerged as the cock of the White House walk, overshadowing William Rogers, who was then secretary of state. And in the years that followed, Kissinger was permitted to carve his personal niche in the history books only through the good offices of Richard M. Nixon.

Otherwise, the world might never have heard of Henry Kissinger.

Yet, that background of personal advancement because of Nixon had no leveling effect on Kissinger's tongue when he chose to become a back fence gossip while breaking bread with the high and mighty of the Canadian capital.

Nixon, Kissinger confided to his no doubt titilated dinner companions, was "a very odd man," "an unpleasant man," and "an artificial man."

Nixon had "barely governed" during the last 18 months of his presidency as the Watergate scandal crashed down about him, Kissinger continued. He lacked spontaneity in meeting people. He hated to meet new people. He didn't like crowds. People sensed he was uncomfortable with them. He couldn't understand why Nixon had even become a politician, Kissinger concluded.

Granted, the secretary of state, also offered a few gratuitous remarks about his former boss and sponsor.

Nixon had been very good at foreign policy. He was decisive in his own way. And Kissinger lumped Nixon with Harry Truman and Dwight D. Eisenhower as among the great post war Presidents.

But in the final analysis, Kissinger would have been better advised sticking to polite cocktail talk or keeping his mouth shut.

Because unbeknownst to Kissinger, his intemperate and indiscreet remarks were being inadvertently transmitted to a lounge in the Canadian National Press Club where a radio reporter was faithfully recording them for broadcast to 42 Canadian stations.

And Kissinger, always the bon vivant ladies man of global diplomacy, couldn't resist indulging in a moment of idle chamber chatter for the entertainment of several women present who had inquired about the quality of American Presidents.

Jacqueline Kennedy Onassis was "sexy," but her late first husband, John F. Kennedy, had been a disaster in Kissinger's judgment during the first two years of his presidency.

And, on the eve of his eighth trip to Red China, Kissinger was sufficiently lacking in poise to observe to his probably spellbound audience that Premier Chou En-lai was "very ill and I think he's dying."

That may have furnished the ladies present with enough fodder for their own back yards for a month. However, his last remark may have proved disconcerting to the man who is hosting the egg rolls during Henry's visit to Peking this week.

In our judgment, it was a cheap shot for Kissinger to deal in petty, derogatory locker room comments about Richard Nixon, the man who gave him the free rein and forum to become an international diplomat privy to the intimate facts of public figures.

Even if he had never known Nixon, it would still have been distasteful for the secretary of state to discuss in detail the personal idiosyncrasies of a deposed President with foreign government officials.

Thruout his tenure in the Nixon administration, Kissinger was never denied the right to bask in the glory of his accomplishments. Nixon went out of his way to praise Kissinger as he rose as the super star of the international scene and won for himself a Nobel Peace Prize for the Viet Nam Peace Accords of 1973.

And Nixon always kept him on center stage in the negotiations that led to the opening of detente with Red China and Soviet Russia. Not once did Nixon publicly ruffle a feather on Kissinger's diplomatic cloak.

Thus, Kissinger's conduct reeks of bad taste, bad manners, and boorishness. It displays an arrogant insensitivity and a disgraceful lack of appreciation for what Nixon did for Kissinger.

BROKERAGE INDUSTRY CONTEMPLATING LEAVING NEW YORK CITY

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 21, 1975

Mr. BIAGGI. Mr. Speaker, as if New York City did not have enough problems, the brokerage industry is contemplating leaving in one of the biggest business exoduses from that troubled municipality.

Recent improvements in stock transfers and consolidation of so-called "backroom" activity in the stock industry has made decentralization of the industry possible.

New York City and State have not made Gotham a friendly place for stockbrokers to do business either. Sizable stock transfer and corporate bond transfer taxes have added to the already high costs of the brokerage business.

An article in the September 29, 1975, edition of the Money Manager details the conditions now being laid for the possible departure of the stock industry from New York. Since the Congress will be dealing with New York City's financial crisis in the near future, I am inserting the article at this point in the Record for the edification of my colleagues:

Consolidated Clearing Is the Key to Exodus if Brokerage Houses Want To Leave New York

(By Charles Koshetz)

The joke about putting the broker-dealers of Wall Street aboard the Queen Mary and floating the whole operation to wherever the chance for transfer taxes was least was repeated here last week. At the time, it was meant to be dismissed as a one-laugher. But a little probing indicates it may be more of a spectre, for New York, than a joke.

The securities industry has been striving for centralized processing. Only last week the New York and American stock exchanges, together with the National Association of Securities Dealers (NASD), announced the formation of a Special Clearing Advisory Committee.

It will work on rather detailed plans to consolidate the clearing corporations which they operate. This process is already well advanced. The Big Board and Amex, through the jointly owned Securities Industry Automation Corp. (SIAC), have already automated and meshed much of the delivery and transfer of the stock on their respective lists.

The NASD, which is the self-regulatory agency of the over-the-counter traders, has automated its clearing with the National Clearing Corp. (NCC), which now remains to be somehow combined with SIAC.

Another element in the system is Depository Trust Co. (DTC), which will be spun-off from NYSE control through the sale of stock to DTC participants. It was created to help banks and brokers immobilize stock certificates by having them stored in DTC's vaults or the vaults of participants while handling stock and bond accounts through electronic bookkeeping.

DTC is officially a separate entity from SIAC. But both were largely organized by the NYSE, and share computers. They are located on the same block of floors at 55 Water Street in Manhattan.

Now one of the key factors in keeping the broker-dealers in New York City, aside from inertia, and pride in the location, has been the need for the physical proximity so that securities can be exchanged or deposited overnight in banks as collateral. SIAC, DTC, NCC, and all the other initials will spell the end of the lockbox and the messengers of Wall Street.

They could also spell mobility. The age of Terminal Man is fast dawning, as banks and bank regulators are finding out. Many see the black box as the end product in the securities industry also, or at least for the transfer and delivery "back office" processes. Automated trading will be another matter.

Add the Statewide New York stock transfer tax (with its recent 25% surcharge) to the equation, and the new secondary market corporate bond transfer tax (a Citywide liability), which have nettled the New York securities industry, and one can see some motivation for a mass exodus.

A few years ago, the idea of a securities industry "industrial park" in New Jersey was being considered. At the same time the Big Board was threatening to move to Jersey City. Nothing happened.

Now, however, the prospect of consolidated clearing may change the situation.

For brokers, the change can be for the better or for the worse. Consolidated clearing can have the effect of drawing more turnover under the New York tax umbrella. Or, it could provide the way for all the turnover to escape the taxes.

Another factor to watch are the New York banks. They do a lot of clearing for the big, institutional customers. And it has been reported that at least some of them would like to unload these functions, with SIAC very happy to take up the business.

The DTC, of course, has already relieved the banks of much of this burden. And it should be noted that DTC has been moving in the direction of having the actual custody of bank-owned securities kept in vaults other than its own.

Again, this is making it easier for the securities industry to cut loose from New York.

Well, suppose there is a big exodus from New York. Where will everybody go. If the move comes about because of the reasons speculated upon above, proximity to Wall Street will not be an important factor.

Up to now, it has. Indeed, Weeden & Co., which shook up the industry with its plans to move its traders over to Jersey City, is only moving this part of its operations to a location which is a few minutes away from Downtown Manhattan via the Port Authority's Trans-Hudson rapid transit line.

Weeden is moving these operations to an area known as Exchange Place, which is on the Hudson River and already houses smaller over-the-counter houses which don't like transfer taxes either. But there is not much space available in Exchange Place, and certainly not for all the firms, such as Morgan Stanley or Drexel Burnham, which are reportedly considering moving part of their operations out of New York also.

Exchange Plaza is an urban renewal area which has seen more demolition than construction. The Ukrainian National Association has a 15-story office building which houses small transfer operations, the Jersey City Board of Education, and if the deal goes through, Weeden.

This would leave only two 19,000-square-feet floors free in the building. Perhaps encouraged by the importance of its prospective tenants, the owner was asking $8 per square foot as the rental for the uncommitted space.

Space in the hard-hit Downtown New York real estate market, at least in office buildings, is said to go for considerably less.

In any event, broker-dealers may not like the view of the parking lots, the railroad embankment, the Colgate-Palmolive soap plant, the cold storage warehouses, and the abandoned waterfront which can be enjoyed from the sleepy location in Jersey City.

The view of the Financial District, however, is great. But, it could be a case of out-of-sight, out-of-mind.

SENATE—*Wednesday, October 22, 1975*

The Senate met at 9 a.m. and was called to order by Hon. Patrick J. Leahy, a Senator from the State of Vermont.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O Thou who art from age to age the same, the Creator of all that is good, we thank Thee for the energy implanted in the universe, revealed in nature, discovered and used by man. Show us now Thy plan for the better use of Thy great gifts. And inspire us again by the vision of the higher energies of the spirit, the strength of the mind, the power of personality, the dynamism of the Gospel. Impart Thy wisdom and Thy grace to all who serve in this body, and keep us faithful to the end when Thy perfect kingdom comes and Thy will is done.

In the Redeemer's name, we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The second assistant legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., October 22, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. Patrick J. Leahy, a Senator from the State of Vermont, to perform the duties of the Chair during my absence.

James O. Eastland,
President pro tempore.

Mr. LEAHY thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, October 21, 1975, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object, will the Senator withhold that request temporarily?

Mr. MANSFIELD. I withhold that request, Mr. President.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations under New Reports.

There being no objection, the Senate proceeded to the consideration of executive business.

The ACTING PRESIDENT pro tempore. The nominations will be stated.

INTERNATIONAL MONETARY FUND

The second assistant legislative clerk read the nomination of Thomas Byron Crawford Leddy, of Virginia, to be U.S. Alternate Executive Director of the International Monetary Fund.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

DEPARTMENT OF STATE

The second assistant legislative clerk read the nomination of John Gunther Dean, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Denmark.

The **ACTING PRESIDENT** pro tempore. Without objection, the nomination is considered and confirmed.

AGENCY FOR INTERNATIONAL DEVELOPMENT

The second assistant legislative clerk read the nomination of Stanley S. Scott, of the District of Columbia, to be an Assistant Administrator of the Agency for International Development.

The **ACTING PRESIDENT** pro tempore. Without objection, the nomination is considered and confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of these nominations.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The **ACTING PRESIDENT** pro tempore. Does the Senator from Michigan seek recognition?

Mr. GRIFFIN. No.

The **ACTING PRESIDENT** pro tempore. Does the Senator from Montana seek recognition?

Mr. MANSFIELD. No, Mr. President.

The **ACTING PRESIDENT** pro tempore. Under the previous order, the Senator from Virginia is recognized for not to exceed 15 minutes.

NEW YORK'S FISCAL CRISIS

Mr. HARRY F. BYRD, JR. Mr. President, I note that the steamroller is beginning to roll in an effort to have the American wage earner bail out the city of New York from its financial difficulties.

The Committee on Banking, Housing and Urban Development yesterday, by a vote of 7 to 6, has laid the groundwork for this bailout.

I feel it would be a very unfortunate event were the Federal Government to begin to guarantee the bonds of a city which so obviously has been grossly mismanaged for so long.

The Wall Street Journal of Monday, October 20, puts in focus just what such a bailout would mean. I shall read one paragraph of this editorial at the moment and, at a later time, put the entire editorial in the RECORD.

> Temporary federal help pending a balanced budget would be help not to the city but to the bondholders, and Saturday's testimony by New York bankers should be seen in that light. Of course, what the city really wants is not temporary emergency help, but a permanent subsidy from the rest of the nation so that it can avoid balancing its budget and continue its old ways.

As the Wall Street Journal editorial points out, it is not the people of New York who will be helped by the bailout, it is the bondholders. The major bondholders are the New York banks. There is much speculation in New York bonds. The speculators will be bailed out by the Federal Government. Who are these speculators?

I think what needs to be realized also is that those who bought New York bonds have received high, tax-free interest. The income on the bonds is tax free and the yield, in most cases, is very high.

It would be setting a very dangerous precedent, in my judgment, for the Federal Government to guarantee the New York City bonds. As I mentioned before, and as the Wall Street Journal editorial pointed out, it is the bond holders who would benefit from such a bailout by the American taxpayer.

The Philadelphia Inquirer, in the lead paragraph of its lead editorial of October 11, under the caption, "New York Can't Be Helped by Taking the Heat Off," said:

> New York's biggest problem is its failure to face up to its problems. Any effort, from Congress or elsewhere, to rescue the city from its financial plight will be doomed to disastrous failure if it merely takes the pressure off New York officials to deal effectively with the waste and extravagance that have brought the municipal government to the threshold of fiscal collapse.

I note in a page from this week's Newsweek that the former mayor of New York, Mr. John V. Lindsay, is bitterly condemning President Ford for New York's problems. If anything could be more foolish or more ironic than that, I do not know what it would be.

President Ford, during the time that New York got itself in this fix, was a Member of the House of Representatives in Washington, representing a district in Michigan. He was the minority leader of the House of Representatives. He had nothing in the world to do with New York City.

During that time, John V. Lindsay was the mayor of New York City, beginning in 1966. It was during that time that New York City laid the foundation for the fix that it is in now.

The Senator from Virginia is not willing to let go unchallenged an assertion by the former mayor of New York, who did more than any other individual to get New York in its present condition, that President Ford is responsible for New York's plight. I think it is ridiculous on its face, and I regret that a man who has had the honors that Mayor Lindsay has had would attempt to castigate the President of the United States, such as he has done in the Newsweek article.

Mr. President, I ask unanimous consent to have printed in the RECORD the Wall Street Journal editorial of October 20, the editorial from the Philadelphia Inquirer of October 11, and an Evans and Novak article captioned "Rockefeller Plays Dangerous Game," published in the Winchester Evening Star of October 16, 1975.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Oct. 20, 1975]

NEW YORK MYTHS

After New York City's close brush with default Friday, Mayor Beame headed straight to Washington to plead with Congress for federal help. Since he continues his campaign in testimony today, there are a few points that listeners might keep in mind.

It's important to remember, for example, that the pain to the city comes from balancing its budget, whether it is forced to do this by default or by a federal law. Temporary federal help pending a balanced budget would be help not to the city but to the bondholders, and Saturday's testimony by New York bankers should be seen in that light. Of course, what the city really wants is not temporary emergency help, but a permanent subsidy from the rest of the nation so that it can avoid balancing its budget and continue its old ways.

The argument for a permanent subsidy is quite explicit: The rest of the nation should subsidize New York because it bears the brunt of the national problems of race and poverty. The trouble with this *contention is* that it is built on a series of myths. New York is *not* an especially poor city. The racial migration has *not* made it poorer. It does *not* harbor a uniquely large proportion of the "welfare class." Its welfare payments are *not* the main cause of its budget deficits. Proposals to federalize welfare may have considerable merit, but New York's welfare problem does *not* give it a unique moral claim for federal help.

Median family income in New York City was $9,682 in 1970, compared with $9,867 nationwide. The city's median income was 60% higher than a decade earlier; while this was less than the 75% gain nationwide, it nonetheless represented a healthy increase. Similarly, the proportion of poverty families fell to 11.5% in 1970 from 15.2% in 1960; it was below the national average in both years. During the 1950s, when the bulk of the black migration actually took place, the decline in low-income families was even sharper.

The migrations undeniably did change the city's racial composition. In 1950 it was 10% black; in 1970, 21%, which is not at all high by the standards of other big cities. The median income for black families was $8,107 in New York, compared to the national average of $6,279. Other studies confirm that blacks came to New York to earn money, not to go on welfare, and that a good number of them have succeeded.

As for welfare, without question it is a serious problem for its demoralized clients and a large burden for the budget. But New York is far from unique. According to the National Center for Social Statistics, 10.9% of New York's population receives Aid to Families with Dependent Children. This compares to 12.6% in Newark, 13.9% in Philadelphia, 14% in Washington, D.C., 14.5% in Baltimore and 15.8% in St. Louis.

In New York welfare payments pass through the city, where in most locations they are handled by counties or special welfare districts. More significantly, New York pays a share of the benefits out of its own tax funds while some other cities have been relieved of this responsibility by their states. But in 13 states a local jurisdiction still puts up its own tax money toward welfare. In one or two places, like Washington, D.C., this share is larger than it is in New York. Yet only New York is threatened with bankruptcy.

In any event, the importance of welfare in the city's budget is far less than first appears. Social services excluding Medicaid constitute $2.4 billion, or nearly 20% of the current $12 billion expense budget, but much of this is offset by receipt of state and federal reimbursement. According to City Hall, the direct cost to the city, including administration, is about $600 million.

The cost of the city's debt service last year was nearly three times as large. And the increase in debt service costs during the five-month-old attempt to avert default—added interest costs, administration of the Municipal Assistance Corporation and the like—has already cost New York taxpayers more than their share of the annual AFDC payout. New York's trouble is not welfare, but poor management.

In addition, New York's subsidies to the poor are dwarfed by its subsidies to the middle class. These include: high salaries and unbelievable pensions for municipal employees, free tuition at City University, the tax loss that results from rent control, the subsidies to the mostly defaulted Mitchell-Lama housing. The poor typically move too often to be helped much by rent control, and don't need free tuition because they could get state scholarships. The gravy goes to the middle class.

This is the style of life to which New York has grown accustomed. We hope that Congress recognizes that the pressing need is not to finance it, but to persuade the city to change it.

[From the Philadelphia Inquirer, Oct. 11, 1975]

New York Can't Be Helped by Taking the Heat Off

New York's biggest problem is its failure to face up to its problems. Any effort, from Congress or elsewhere, to rescue the city from its financial plight will be doomed to disastrous failure if it merely takes the pressure off New York officials to deal effectively with the waste and extravagance that have brought the municipal government to the threshold of fiscal collapse.

"Everybody agrees that New York City has always done more for its people than any other city in the world," Mayor Abraham Beame said the other day. Precisely. And more for its garbage collectors and its school teachers and anyone else on the public payroll that could persuade all-too-easily-persuadable city officials to give in to demands beyond the city's ability to pay for.

Immediate and drastic cutbacks in city expenditures are the primary need—not a cushion to allow and, indeed, to encourage the city to keep on living beyond its means.

A bill introduced in the U.S. House of Representatives by Rep. Henry S. Reuss, Wisconsin Democrat, puts the cart before the horse by proposing a cushion while postponing the day of reckoning. It would provide $7 billion in federal loans and loan guarantees to New York on the condition that the city balance its budget within three years. That wouldn't solve New York's problems. It would subsidize a delay in finding solutions.

Waiting until next year, or a year or two after that, has been the story of New York's slide into the dismal swamp of insolvency. The belt was always going to be tightened, and the budget balanced, next year—on the premise that next year would never come.

New York has run out of tomorrows. If congressional action is required—and a convincing case has not yet been made that a massive transfusion of federal funds to New York can be justified—it should occur only after New York officials have done more than offer flimsy promises of future remedies.

The Reuss bill would provide $3 billion for New York's creditors and $4 billion to balance city budgets. The major emphasis thus is on deferring hard budget choices that the city needs to make now and should have made long ago.

Mayor Beame has proposed such "radical changes" in New York government as the application of modern management procedures to city agencies, emphasis on productivity by municipal employees, and use of auditing and supervisory procedures to control expenditures. These are reforms? New York apparently is just getting around to adopting practices that have been standard in business and government for years.

Meanwhile, the Wall Street Journal observes from its vantage point right there in the Big Apple, "The simple fact is that since midsummer there have been no significant budget reductions. There has been much running about and rearranging of furniture, new commissions and new accounting structures, and talk about 'bridges' into some bright future. Lost in the confusion is the simple fact: Outgo exceeds income."

Nonetheless, Rep. Reuss proposes pouring seven billion federal dollars into the New York trough and is willing to settle for promises of a balanced budget three years hence. "This is not a bailout, intended to let New York City rest on its oars," Mr. Reuss insists. We don't know what else you could call it.

[From the Winchester (Va.) Evening Star, Oct. 16, 1975]

Rockefeller Plays Dangerous Game

(By Rowland Evans and Robert Novak)

Washington.—Vice President Rockefeller's electrifying break with President Ford and the administration's economic high command over federal aid to New York City was calculated political strategy taken with no advance consultation with White House officials and no clearance of any kind from Gerald R. Ford.

Rockefeller insiders say the President has been aware for weeks that his Vice President flatly disagreed with Secretary Simon and White House staff chief Donald Rumsfeld on federal help for New York. His Saturday night Columbus Day speech in Manhattan was obviously contrived to dramatize this conflict in a spectacular way.

That he succeeded is beyond question. But whether his demand for congressional action (hinged to a credible 1978 New York City budget balance) changes Mr. Ford's mind is very much in doubt. Rockefeller was not even scheduled to talk to the President privately about his speech until Wednesday.

That a Vice President should muster the political bravado to challenge his President so frontally reveals much about the present state of Mr. Ford's administration, and particularly the rancid in-fighting between Rockefeller and Rumsfeld.

On Sunday, when he first read news reports of Rockefeller's free-wheeling speech, Rumsfeld was privately described as "beside himself" with outrage. At the regular senior White House staff meeting Monday morning, Rumsfeld, presiding, repeatedly emphasized that there had been no change whatever in the administration's position.

That position was stated most recently by the President at his Oct. 9 press conference. If New York City submitted a believable plan to balance its budget by 1978, he said, "it hardly seems necessary for the federal government to get involved."

Privately, the President was saying exactly the same thing to top aides early this week, exhibiting a high degree of mystification over Rockefeller's ringing dissent.

At stake, then, is an ultimate test of Rockefeller's strongly-held theory that by surfacing a major internal administration conflict—Rockefeller vs. everyone else—he can change the mind of President Ford.

He did just that with his $100 billion long-range energy plan. But throughout the internal battles over that plan, Rockefeller always had the President's sympathetic ear.

In the New York bail-out, precisely the opposite is true: Mr. Ford himself has been the toughest hawk against any federal help, on grounds that it could open floodgates from cities all over the country dumping their financial problems on Washington's doorstep.

Thus, Rockefeller is playing with political dynamite. If the President—often perceived as a constituency of one in picking his 1976 vice presidential running-mate—continues in alliance with Simon and Rumsfeld, Rockefeller's electrifying break and its evidence of deep administration disorder constitutes at last a 50-50 chance of losing that constituency outright. With that would go any chance of Rockefeller staying on the Ford 1976 ticket.

Rockefeller intimates scoff at such an event. They depict his New York speech as a lifesaver for Mr. Ford, reasoning thus: if Simon and Rumsfeld are wrong and a New York City bond default does indeed bring national financial chaos, the President, not the Democratic Congress, will get full blame. Yet, they say, without congressional action the President has no legal recourse.

In the backgrounds are hours of unhappy political talks between Rockefeller and leading New York Republicans representing the nation's big-city constituencies. At least one of these has warned Rockefeller that the administration's no aid posture risks political disaster for 1976. Beyond that, Rockefeller's old New York political pals see grave dangers for the President, quite apart from New York City's imminent bankruptcy, in the miserable condition of Mr. Ford's campaign organization.

Some politicans link this directly to Rockefeller's decision to surface with fanfare his plan for federal aid to New Work City: a kind of declaration of independence.

Finally, rebuked all over the liberal north for this recent trip to Dixie to display his claimed conservatism, Rockefeller's New York bail-out appeal might help to restore the old big-city image and to portray Rockefeller as standing far above the White House pack.

But the political danger is immense. He knows he has now drawn heavily on his own political credit in the bank of Jerry Ford, and that only a stunning reversal on New York City by Mr. Ford himself can restore it.

Mr. HARRY F. BYRD, JR. Mr. President, I reserve the remainder of my time.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be permitted to meet today during the session of the Senate with the exception of the Committee on Banking, Housing and Urban Affairs.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BARTLETT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The **ACTING PRESIDENT** pro tempore. Under the previous order, the Senator from Oklahoma (Mr. BARTLETT) is recognized for not to exceed 15 minutes.

NEW YORK CITY

Mr. **BARTLETT.** Mr. President, I am disappointed that the administration may be wavering in its announced opposition to Federal intervention in the New York financial crisis. The Vice President has openly broken with the previously announced administration position; and "official sources" in the White House are implying that President Ford might not veto "bail out" legislation if it reaches his desk.

I have not changed my position. The people of Oklahoma have not changed their position. We still believe this is a responsibility of the leaders and citizens of New York City and not the Federal Government.

New York's 11th hour escape from default and the subsequent statements by Mayor Beame make it clear that New York City will go bankrupt without Federal intervention. Following the near default last Friday, we have been witnessing a panicky effort to shame the Federal Government into action.

In the race to put the full faith and credit of the United States behind the New York City bonds, we are not only being asked to bail out New York City, but, as importantly, the New York bankers and the bond holders. The pressure from these sources is beginning to be applied.

I have previously spoken out on the arguments against a bail out from a point of view of the municipal policies of New York City itself. These have changed little. If anything, the process of last week's escape clearly demonstrates that the city is still at the mercy of the left wing municipal labor unions, still unwilling to make the basic changes in a lifestyle which can be accommodated by a balanced budget that will begin amortising the huge debt. Right up to the hour of default, not 1 penny of tuition has been added at the city college, not one significant move had been made to turn off the welfare watering trough, nor has a balanced budget been developed. In fact, the employment has been reduced only about 7 percent and the budget by less than 2 percent.

However, many of my colleagues' most recent concern has been directed toward overlooking the reluctant behavior of the city because of a fear about the drastic effects of a default on the municipal bond market in general.

First, it is well to note that the municipal bond market is soft notwithstanding New York City's financial problems.

Banks which have been the No. 1 purchaser of municipal bonds have seen yields increase from 1.8 percent to 7.4 percent over the last 25 years so that their portfolios do not need additional tax exempt bonds for revenue.

Fire and casualty companies, the second largest purchaser of municipal bonds, because of declining profits, have reduced their purchases of these bonds.

It is not surprising that New York bankers David Rockefeller, Elmore Patterson, and Walter Wriston do not want to see "New York go through the unnecessary turmoil and distress that could follow a default." But it is surprising, as well as disappointing, that these men in their dual capacities of prudent bankers and municipal leaders did not insist on a fiscally sound budget. Does it not follow that every American citizen should shoulder his prorated share of debt irresponsibly permitted by the bankers and leaders of New York? I think not.

If Chase Manhattan or any bank in Oklahoma used the same criteria on one's loans and mine when we got behind on our payments, they would not stay solvent for long—nor would they expect to be bailed out by the Federal Government. However, the fact that Chase Manhattan, First National City, and Morgan Guaranty hold huge amounts of New York municipals may help to mold their compassion and judgment for Federal intervention.

Mr. Rockefeller and the other bankers have been firsthand observers to the fact that for over 10 years New York City has been engaged in a program of unparalleled fiscal irresponsibility. They did not make New York balance its budget then, they did not make New York balance its budget last week, and apparently they are not able to make New York balance its budget now or ever. It appears that New York is out of fiscal control and the only way to achieve control may be for it to reorganize in bankruptcy. It would not be the first city to go bankrupt and, I am sure, not the last. Federal intervention cannot solve the bond problems if the city refuses to or is unable to balance its budget.

Mayor Abraham Beame of New York City has said this Federal intervention is essential in order to provide time for the city to start borrowing all over again. This is the time for a balanced budget, not more borrowing.

My initial reaction was to ask how stupid does Mayor Beame think the Federal Government is, particularly when it, too, is out of control.

But, I am too frightened of the answer that I expect to put the question.

Dr. Paul McCracken recently said:

> An economy that endeavors to avoid discipline for failure to perform will become enfeebled and arthritic.

To be sure, Dr. McCracken made these remarks in the context of legitimate concern over the effects on other innocent segments of the economy in the event of a New York City default.

Certainly, careful, cool-headed policy must be followed by the Federal Reserve Board. The Fed must make sure that the banking system remains sound even if individual banks suffer losses from poor judgment on investment. It must make sure that the money supply remains sound, even if some individuals lose money. However, in most municipal bankruptcies, full payment has been made on principal—a requirement to reestablish credit.

It is important that we in Congress stand firm against entering what my colleague, the distinguished senior Senator from Virginia, calls the bottomless pit of Federal intervention, and I agree that we must make our decision unshakable and unequivocal—and do it now.

The uncertainty and panic caused by New York City's irresponsible financial condition has already had a deleterious effect on the bond market.

It is more difficult now for other communities to enter the bond market. If and when New York City defaults, there will be further problems in the bond market.

But the culprit will not be Uncle Sam for nonintervention, but rather the bankers and leaders of New York City.

However, investors will soon see that there is no reason to worry about the bonds of those communities who traditionally and faithfully operate on a financially sound basis. We can thank the great majority of the banks throughout the country which have demanded the required financial discipline of our cities and towns to accomplish this.

Financial discipline on behalf of the city of New York, either self-imposed or resulting from bankruptcy, will ultimately tend to strengthen the market for municipal bonds. Financial permissiveness abetted by emotional scare tactics is not the best avenue to follow.

Finally, what are we really talking about when we say that we are putting the full faith and credit of the United States behind the bonds? New York City folded when it began printing debt to pay for debt. That scheme did not work. New York State entered the picture, and the big MAC began issuing a third series of debt, and that did not work either. Now New York City and others believe that it is the Federal Government's turn to expand further its runaway deficit to subsidize an increase in the debt of a city which gives no guarantee that it will quit flooding the market with red ink. The increased deficit and resulting inflation will tend to depress rather than strengthen the municipal bond market.

The Congress is asked to guarantee a debt which the New York bankers would not otherwise risk, which the trustees of the New York Teachers Union thought was a bad deal—and with no assurance of repayment.

This might be amusing if it were not for the fact that the Federal Government itself is presently floating on over one-half trillion dollars in debt with no hope or plan of balancing the Federal budget.

Let it be known to every single American that our Federal Government is clearly out of control. Will we continue to pile debt upon debt upon debt until the whole rickety pile falls down on our heads?

What we need to do is reverse the fall of the dominoes. We in Congress must stand firm for fiscal responsibility in New York City today, and fiscal responsibility in the Federal Government tomorrow.

Maybe what we need today is a good 5-cent cigar—or a good joke—or even better, a good 5-cent nickel.

Mr. **MANSFIELD.** Has the Senator completed his remarks?

Mr. **BARTLETT.** I have completed.

I thank the distinguished majority leader.

Mr. **MANSFIELD.** Mr. President, will the Senator yield back the remainder of his time?

Mr. BARTLETT. Mr. President, I yield back the remainder of my time.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business for not to exceed 10 minutes, with statements therein limited to 5 minutes each.

ORDER AUTHORIZING SECRETARY OF SENATE TO MAKE TECHNICAL AND CLERICAL CORRECTIONS—S. 805

Mr. HOLLINGS. Mr. President, on behalf of the leadership, I ask unanimous consent that the Secretary of the Senate be authorized to make any necessary technical and clerical corrections in the engrossment of S. 805, the amendment of the National Trails System Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

NUCLEAR PROLIFERATION AND COUNTERFORCE

Mr. SYMINGTON. Mr. President, owing to the important votes of today on energy issues, I canceled a planned trip to Boston. Dr. Paul Doty had asked me to talk to the Harvard University program for science and international affairs.

In my prepared remarks to this group, I was emphasizing that the current nuclear weapons spread represents the most important security issue of our day; also that the now recommended counterforce nuclear policy, one of "limited nuclear war," threatens to undercut any chance for strategic balance.

This prepared talk was given to the press.

Mr. President, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the talk was ordered to be printed in the RECORD, as follows:

NUCLEAR PROLIFERATION AND COUNTERFORCE

It is a pleasure to address this distinguished group today at the invitation of my good and valued friend, Paul Doty.

I was asked to speak on two subjects: (1) nuclear proliferation, and (2) counterforce.

In this nuclear space age, the policies of the nuclear powers about the use of nuclear weapons can only relate to the fact that many more nations will soon have the capacity to develop such weapons; in fact on Friday of this week our Subcommittee on Arms Control will be taking testimony from the Pentagon on the defense implications to this country of the growing number of nations currently developing nuclear arms capabilities.

As to proliferation, it is a fact that time is fast running out for establishing any meaningful control over these weapons. One can no longer deny that the growing worldwide "Atoms for Peace" trade is rapidly spreading the capability to use nuclear energy for war.

Whether it is still possible to delay, let alone prevent, further proliferation is at best uncertain.

Since the Baruch Plan of some 29 years ago, no equally bold initiative designed to control the spread of these weapons has been advanced. But in the intervening years we have seen the number of states that have exploded nuclear devices grow from 1 to 6; and there are many additional nations which currently either possess untested nuclear weapons, or have the capability to produce them.

As a result of the establishment of the International Atomic Energy Agency (IAEA) in 1957, and also the Treaty on the Non-Proliferation of Nuclear Weapons of 1968, it was felt this Agency and this Treaty provided some hope of preventing proliferation. But that hope would appear to be fading.

Many nations, including three members of the so-called "nuclear club," will not support the Non-Proliferation Treaty. Some important countries which supply nuclear technology, as well as others which receive it, have asserted they will not ratify this Treaty.

Moreover, what is generally not understood is that by ratifying the Non-Proliferation Treaty nations "undertake to facilitate, and have the right to participate in, the fullest possible exchange of (nuclear) equipment" (Article IV) and then can withdraw, without penalty, upon giving notice "three months in advance" (Article X). This means that any nation can first sign said Treaty, receive all the technology and equipment necessary to produce nuclear weapons, and then withdraw from the Treaty after only ninety days notice.

Limitations on the effectiveness of the IAEA have also become increasingly apparent. Its so-called "safeguards" against proliferation are based exclusively on inspection and monitoring procedures, conducted at the forebearance of member states; and it has no authority to prevent these states from using nuclear materials for weapons development.

It is interesting to recall the conclusion of the Acheson-Lilienthal Report of 1946, which report in turn led to the Baruch Plan. The latter plan emphasized that there could be no effective control over nuclear weapons proliferation under a system which relied "only" on inspection, but which at the same time allowed "an otherwise uncontrolled exploitation of atomic energy by national governments."

Let us note also the results of a recent study sponsored by the Energy Research and Development Administration (ERDA). That study states that, for both financial and political reasons, the IAEA will be unable to carry out even its limited inspection tasks; important because over the next 15 years the nuclear market is expected to expand to more than 100 times its present size.

Nor would there appear to be any decrease in these problems; in fact the reverse. As example, we all now know about the recent multi-billion dollar nuclear contractual agreement between Germany and Brazil, which was signed last July. This agreement gives Brazil a "complete nuclear fuel cycle," i.e., all the facilities required to develop and produce nuclear weapons. This is the first time in history any such transaction has taken place; and Brazil has extensive deposits of uranium.

Both countries involved have sought to allay criticism of the agreement by noting the IAEA inspection provisions which they say they will apply to it. But these provisions could not prevent a Brazilian regime—perhaps not the present one—from developing nuclear weapons; nor could they prevent Brazil from selling such weapons to other countries, including Germany.

In a world in which such transactions are taking place, how can there be any real control over proliferation.

I have spent most of my life in the arms field—and am now convinced that this is the most important security issue of our day. Perhaps this is now being recognized. Representatives of seven nuclear supplier nations—Britain, Canada, France, West Germany, Japan, the Soviet Union, and the United States have over a period been meeting in semi-secrecy in London.

The 1946 Acheson-Lilienthal Report recommended an international agency with powers to regulate the enrichment and reprocessing operations that are essential for the production of nuclear weapons. This premise, that true control over nuclear proliferation requires some form of meaningful regulation over the nuclear fuel cycle, as distinguished from any system based solely on inspection, is now being revived.

A Congressional Resolution introduced last July by Senator John Pastore, the able and experienced Chairman of the Joint Committee on Atomic Energy, urges, "that the United States should take the lead in seeking agreement for the development of regional, multinational, rather than national, centers to undertake enrichment and reprocessing activities, in order to minimize the spread of technology which could be used to develop nuclear weapons."

Last month, in an address by Secretary Kissinger before the United Nations, this country formally proposed the establishment of such "multinational regional fuel cycle centers." In that address the Secretary asserted that these centers would reduce the financial burden of nuclear power for a growing number of nations; and would also help curb nuclear weapons proliferation.

For myself, however, I question whether a practical and meaningful plan for multinational centers could actually be accomplished. Not only would it require an unprecedented degree of cooperation among the world's nuclear supplying nations; but it would also require a commitment to dependence upon non-national facilities by those nations seeking energy self-sufficiency, not to mention other countries with clear-cut ambitions to achieve nuclear military power.

It is logical to believe the latter would desire to possess, on a national basis, all those facilities necessary to produce such weapons.

It is now clear that nuclear power is to become an essential source of energy for a growing number of countries. It would also appear clear that any effort to curb the use of this new power for energy could result in moving forward the development of nuclear weapons in more countries.

The paradox the world faces today, therefore, would appear to be that the development of nuclear power for peaceful purposes, bearing in mind the "form as against substance" control of the IAEA, could actually be a plan for furthering the possibility of nuclear war; and how to provide this energy source without further loosening the reins of control over nuclear weapons development is the greatest problem facing all peoples today.

We can only go so far in strengthening any inspection and monitoring system of the IAEA; nor is the world about to establish any international policy structure with meaningful authority over the action of national governments.

Nevertheless the proposal for multinational nuclear centers, even with its obvious shortcomings, is a proposal which deserves further study, even though the diverse interests of all nations in this nuclear age will not be easily reconciled; and even though any arrangements for multinational nuclear centers would at best provide but a partial solution.

Let me now turn to the question of counterforce, reviewing briefly the history of this concept, and where it would appear we stand today.

As we all know, the term "counterforce" connotes an attack against an adversary's military capability, particularly his strategic military capability. Typical targets comprise strategic bombers and their bases, ballistic submarines, ICBM silos, air defense installations, command and control centers, nuclear stockpiles, etc.

Counterforce is thus to be distinguished from planned attacks against civilian population and industrial centers of an adversary. The latter have been termed "countervalue" targets.

During its formative stages—1945 through the early 1950's—United States nuclear strategy concentrated on "countervalue" targeting rather than on "counterforce;" for the Soviet Union had yet to deploy any intercontinental nuclear delivery systems. The term "massive retaliation" came into use during this period, because we knew the enemy had little if any capacity to retaliate in kind.

When in the 1950's the Soviet Union deployed long-range strategic bombers—Bear, Bison—United States policy shifted to counterforce concepts designed to knock out attacking aircraft. "Massive retaliation" then had a two-fold purpose: (1) to destroy counterforce targets; (2) to destroy civilian populations and industry.

In the early 1960's, after the Cuban missile crisis, the Soviet Union expanded its own strategic missile force sufficiently to constitute an "assured destruction" capability against this country. As of that point, our nuclear policy became based on the so-called "balance of terror," with population targeting as the primary deterrent.

In 1969, in his first foreign policy address to the Congress, President Nixon posed the question whether, if deterrence based on "balance of terror" failed, the President would be left with only the option of destroying the cities of a major aggressor, with knowledge that millions of Americans would die in return.

The strategy advocated by his Administration retained "assured destruction" as a central component, but also emphasized the feasibility of a range of options that depend on the ability to fight a "limited nuclear war."

What concerns many of us about the recent emphasis on such limited nuclear conflict, however, is that the United States already has adequate power to destroy targets on a selective basis.

Under these circumstances, the concept of emphasizing increased flexibility to fight a "limited nuclear war" apears to undercut deterrence rather than strengthen it; for it would make such a war seem to be an acceptable option.

Without any sure means of capping escalation should such a "limited" conflict occur, it would in all probability result in a full nuclear exchange, at the expense of civilization.

Last month, the Senate Foreign Relations Subcommittee on Arms Control released a study of the effects of limited nuclear war. This study contained new Pentagon statistics on estimated civilian fatalities resulting from such a war.

The Pentagon now concedes that tens of millions of Americans, as well as 800,000 Canadians, could die in any such war. By coincidence this 800,000 figure was the estimate of American fatalities first presented by the Pentagon last year.

After our Subcommittee's request for further study, the estimate of 800,000 total United States fatalities, resulting from attacks against only our ICBMs, has now been revised to 22 million.

Note that this figure still does not include the tens of millions more casualties which would result from fires, long term radiation exposure, the loss of communications, hospital facilities, and so forth.

In any case, this new information raises serious questions about any limited nuclear war doctrine. Apparently that doctrine was formulated before the Department had solid information about its possible price to society in lives and treasure.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Marks, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. LEAHY) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Foreign Relations.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 12:05 p.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 1509. An act to authorize the Secretary of the Interior to sell reserved phosphate interests of the United States in certain lands in Florida to Arthur M. Marshall and Carl F. Steinfield;

H.R. 2279. An act for the relief of Mrs. Louise G. Whelan;

H.R. 2782. An act to provide for the reinstatement and validation of United States oil and gas lease numbered U-0140571, and for other purposes;

H.R. 3816. An act for the relief of John A. Townsley;

H.R. 5752. An act for the relief of Lucie Stein; and

H.R. 8617. An act to restore to Federal civilian and Postal Service employees their rights to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes.

At 4:10 p.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 4799) to amend sections 6, 306, and 308 of the Rural Electrification Act of 1936, as amended.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The Acting President pro tempore (Mr. LEAHY) laid before the Senate the following letters, which were referred as indicated:

AMENDMENTS TO BUDGET REQUEST FOR THE ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION (S. Doc. 94-112)

A communication from the President of the United States transmitting proposed amendments to the budget request for appropriations in the amount of $34 million for the fiscal year 1976 and $23 million for the transition quarter for the Energy Research and Development Administration (with accompanying papers); to the Committee on Appropriations, and ordered to be printed.

PROPOSED LEGISLATION BY THE SECRETARY OF TRANSPORTATION

A letter from the Secretary of Transportation transmitting a draft of proposed legislation to amend title 14, United States Code, to authorize the admission of additional foreign nationals to the Coast Guard Academy (with accompanying papers); to the Committee on Commerce.

REPORT OF THE FEDERAL TRADE COMMISSION

A letter from the Chairman of the Federal Trade Commission transmitting an errata sheet designed to correct certain errors in tables 3 and 5 of the Statistical Supplement to the December 31, 1974, Federal Trade Commission Report to Congress (with accompanying papers); to the Committee on Commerce.

REPORT OF THE COMPTROLLER GENERAL

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Weakened Financial Condition of the Export-Import Bank of the United States" (with an accompanying report); to the Committee on Government Operations.

REPORT OF THE ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

A letter from the Administrator of the Energy Research and Development Administration transmitting, pursuant to law, a report entitled "Geothermal Energy Research, Development and Demonstration Program" (with an accompanying report); to the Committee on Interior and Insular Affairs.

REGULATIONS FOR STATE ADULT EDUCATION PROGRAMS

A letter from the Executive Secretary to the Department of Health, Education, and Welfare transmitting, pursuant to law, a copy of a proposed regulation entitled "subpart G—Adult Indochinese Refugee Education Program Final amendment to regulations for State Adult Education Programs" (with accompanying papers); to the Committee on Labor and Public Welfare.

REPORT OF THE COMPTROLLER GENERAL

A letter from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "System for Measuring Mail Delivery Performance—Its Accuracy and Limits" (with an accompanying report); to the Committee on Post Office and Civil Service.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CRANSTON, from the Committee on Labor and Public Welfare, with amendments:

S. 2145. A bill to provide Federal financial assistance to States in order to assist local educational agencies to provide public education to Vietnamese and Cambodian refugee children, and for other purposes (Rept. No. 94-432).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. MANSFIELD, from the Committee on Foreign Relations, without reservation:

Ex. W, 93-1. Convention on the International Regulations for Preventing Collisions at Sea, 1972, done at London, October 20, 1972, as received by the Process-Verbal of December 1, 1973 (Exec. Rept. 94-8).

Ex. K, 93-2. Amendments to seven regulations contained in Chapters II, III, IV and V of the International Convention for the Safety of Life at Sea, 1960, and an amendment replacing and superseding the regulations in Chapter VI of that Convention, all of which were adopted on November 20, 1973, by the Assembly of the Inter-Governmental Maritime Consultative Organization (IMCO) at its Eighth Session (Exec. Rept. 94-9).

Ex. L, 93-2. Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons, signed on December 28, 1973 (Exec. Rept. 94-10).

Ex. B, 94-1. Protocol for the Coninuatio in Force of the International Coffee Agreement of 1968, as extended, signed for the United

States at the United Nations Headquarters on January 15, 1975 (Exec. Rept. 94–11).

Ex. D., 94–1. Agreement between the Government of the United States of America and the Government of the Federative Republic of Brazil concerning shrimp, with an agreed minute and a related exchange of notes concerning interim undertakings, signed at Brasilia on March 14, 1975 (Exec. Rept. 94–12).

Ex. F, 94–1. Amendments to Articles 10, 16, 17, 18, 20, 28, 31 and 32 of the Convention on the Inter-Governmental Maritime Consultative Organization, which were adopted on October 17, 1974, by the Assembly of the Inter-Governmental Maritime Consultative Organization (IMCO) at its Fifth Extraordinary Session, held at London from October 16 to 18, 1974 (Exec. Rept. 94–13).

JOINT REFERRAL OF S. 2509 AND S. 2514

Mr. PROXMIRE. Mr. President, I ask unanimous consent that S. 2509, a bill to authorize and direct the General Accounting Office to audit the Federal Reserve Board, the Federal Advisory Council, the Federal Open Market Committee, and the Federal Reserve banks and their branches, originally referred to the Committee on Government Operations, be referred jointly to the Committee on Government Operations and the Committee on Banking, Housing and Urban Affairs.

I further ask unanimous consent that S. 2514, a bill to establish an Emergency Intergovernmental Assistance Board and for other purposes, originally referred to the Committee on Government Operations, be referred jointly to the Committee on Government Operations and the Committee on Banking, Housing and Urban Affairs, provided that when one committee acts on this bill, the other committee will have 15 days to act thereupon.

I have cleared this with the distinguished Senator from Connecticut, the chairman of the Committee on Government Operations. I have discussed it with Senator Griffin, who has great interest in this kind of procedure. I understand there is no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Wisconsin? The Chair hears none, and it is so ordered.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated:

H.R. 1509. An act to authorize the Secretary of the Interior to sell reserved phosphate purposes; to the Committee on Interior and lands in Florida to Arthur M. Marshall and Carl F. Steinfield; to the Committee on Interior and Insular Affairs.

H.R. 2279. An act for the relief of Mrs. Louise G. Whelan; to the Committee on the Judiciary.

H.R. 2782. An act to provide for the reinstatement and validation of U.S. oil and gas lease numbered U–0140571, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 3816. An act for the relief of John A. Townsley; to the Committee on the Judiciary.

H.R. 5752. An act for the relief of Lucie Stein; to the Committee on the Judiciary.

H.R. 8617. An act to restore to Federal civilian and Postal Service employees their rights to participate voluntarily, as private citizens, in the political processes of the Nation, to protect such employees from improper political solicitations, and for other purposes; to the Committee on Post Office and Civil Service.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolution were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. CRANSTON (for himself, Mr. Williams, Mr. Javits, Mr. Randolph, Mr. Pell, Mr. Mondale, Mr. Hathaway, Mr. Taft, Mr. Beall, Mr. Magnuson, Mr. Dole, and Mr. Stevenson):

S. 2548. A bill to revise and extend the authorizations of appropriations in provisions of title XII of the Public Health Service Act relating to emergency medical services systems, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. MAGNUSON (for himself and Mr. Pearson) (by request):

S. 2549. A bill to amend the Intervention on the High Seas Act to implement the protocol relating to intervention on the high seas in cases of marine pollution by substances other than oil, 1973. Referred to the Committee on Commerce.

By Mr. HATHAWAY:

S. 2550. A bill to require Presidential primaries to be held within a shortened period by amending the Internal Revenue Code of 1954 to deny Presidential nominating convention payments to political parties which permit delegates selected by Presidential primary elections held at some other time to participate in such conventions. Referred to the Committee on Finance.

By Mr. MAGNUSON (for himself and Mr. Pearson) (by request):

S. 2551. A bill entitled the "Aviation Act of 1975." Referred to the Committee on Commerce.

By Mr. HATFIELD (for himself and Mr. Packwood):

S. 2552. A bill pertaining to the inheritance of enrolled members of the Confederated Tribes of the Umatilla Indian Reservation of Oregon; and

S. 2553. A bill pertaining to land consolidation and development on the Umatilla Indian Reservation. Referred to the Committee on Interior and Insular Affairs.

By Mr. PASTORE (for himself and Mr. Beall):

S. 2554. A bill to amend Public Law 93–107 with regard to the broadcasting of certain professional sports clubs' games. Referred to the Committee on Commerce.

By Mr. HASKELL:

S. 2555. A bill to establish a national rangelands rehabilitation and protection program. Referred to the Committee on Interior and Insular Affairs.

By Mr. MAGNUSON:

S. 2556. A bill to authorize Federal participation in modifying the Upper Baker project, Baker River, Wash. Referred to the Committee on Public Works.

By Mr. BURDICK:

S. 2557. A bill for the relief of Monchito C. Entena. Referred to the Committee on the Judiciary.

By Mr. HATHAWAY (for himself and Mr. Muskie):

S. 2558. A bill to amend title XVII of the Social Security Act to provide for the updating of the life safety requirements which are applicable to nursing homes. Referred to the Committee on Finance.

By Mr. INOUYE:

S. 2559. A bill for the relief of Mr. Sung Won Kim. Referred to the Committee on the Judiciary.

By Mr. FANNIN:

S. 2560. A bill to amend title XVIII of the Social Security Act to assure that the prevailing physicians' fees recognized by medicare for fiscal year 1976 are not less than those for fiscal year 1975, and for other purposes. Referred to the Committee on Finance.

By Mr. MATHIAS (for himself, Mr. Beall, Mr. Jackson, Mr. Johnston, and Mr. Stone):

S. 2561. A bill to establish the Potomac River Historical Area in the States of Maryland, Virginia, and West Virginia, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. HOLLINGS:

S. 2562. A bill to establish an Energy Mobilization Board. Referred to the Committee on Interior and Insular Affairs.

By Mr. THURMOND (for himself, Mr. Talmadge, Mr. William L. Scott, Mr. Hollings, Mr. Nunn, and Mr. Harry F. Byrd, Jr.);

S. 2563. A bill to amend section 2107 of title 10, United States Code, to allocate a minimum number of Reserve Officers' Training Corps scholarships to designated military colleges. Referred to the Committee on Armed Services.

By Mr. THURMOND:

S. 2564. A bill to amend title 5, United States Code, to permit military service performed by an individual after 1956 to be credited under the civil service retirement program, even though such individual is eligible for social security benefits, but requiring the civil service annuity to be offset by the amount of his social security benefit that is attributable to his military service. Referred to the Committee on Post Office and Civil Service.

By Mr. DOLE (for himself and Mr. Talmadge):

S.J. Res. 142. A joint resolution authorizing and requesting the President to issue a proclamation designating the 7 calendar days commencing April 4, 1976, as "National Rural Health Week." Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CRANSTON (for himself, Mr. Williams, Mr. Javits, Mr. Randolph, Mr. Pell, Mr. Mondale, Mr. Hathaway, Mr. Taft, Mr. Beall, Mr. Magnuson, Mr. Dole, and Mr. Stevenson):

S. 2548. A bill to revise and extend the authorizations of appropriations in provisions of title XII of the Public Health Service Act relating to emergency medical services systems, and for other purposes. Referred to the Committee on Labor and Public Welfare.

EMERGENCY MEDICAL SERVICES AMENDMENTS OF 1975

Mr. CRANSTON. Mr. President, I am pleased to introduce the proposed emergency Medical Services Amendments of 1975 and am gratified to be joined in introducing this legislation by the distinguished chairman of the Committee on Labor and Public Welfare (Mr. Williams), the ranking minority member of that committee (Mr. Javits) and the following members of that committee—Mr. Randolph, Mr. Pell, Mr. Mondale, Mr. Hathaway, Mr. Taft, and Mr. Beall—as well as the distinguished Senator from Washington (Mr. Magnuson), the distinguished Senator from Kansas (Mr. DOLE), and the distinguished Senator from Illinois (Mr. STEVENSON).

HISTORY OF EMERGENCY MEDICAL SERVICES SYSTEMS ACT

Mr. President, the Emergency Medical Services Systems Act of 1973—Public law 93-154—which I authored in the Senate was enacted in November 1973 with strong bipartisan support, and a special lift from President Ford, who at that time as Vice President-designate played a vital role in communicating to the White House the strong congressional support for enactment of an emergency medical services bill.

NEED FOR THE ACT

Mr. President, Members of Congress recognized at that time a major deficiency in the health system in many communities was the inability to respond immediately and effectively to an emergency medical crisis. These deficiencies were and still are shared in varying degrees by all communities rich or poor, urban or rural. In the rural area, the greatest problem is undoubtedly the vast distances to be covered coupled with the lack of medical resources. In the urban area, the problem can be caused by a multiplicity of resources which due to their maldistribution lead in some cases to competition among neighborhood facilities to provide care to the emergency victim and in other cases to an inability to provide that care. Urban areas suffer seriously from a lack of coordination of existing resources, a duplication of some, and in some cases from a lack of highly specialized resources, such as burn units, which are essential for the provision of comprehensive emergency medical care in a community.

The numbers of preventable deaths and disabilities resulting from medical emergencies are grim evidence of the compelling need for action to deal with this problem.

Estimates are that 15 to 20 percent of the deaths due to traumatic injury could be saved each year by improved emergency medical services. This would result in 60,000 lives saved, based on estimates by the National Academy of Sciences. Accidental injury is the leading cause of death among all persons aged 1 to 38 and is the fourth highest cause of all deaths in the United States. In 1972 traumatic injury resulted in 117,000 deaths and 11,500,000 cases of disabling injury.

Mr. President, heart attack is the leading cause of death in the United States. In 1972, over 675,000 deaths were due to ischemic heart disease and myocardial insufficiencies. About one-half the heart attack deaths occurred within 2 hours of the attack and before the patient arrived at the hospital. The American Heart Association estimates that between 15 and 20 percent of the prehospital coronary deaths could be prevented if proper care were administered at the scene and en route to an appropriate medical facility.

According to the National Center for Health Statistics, there were approximately 68,000 deaths involving newly born infants in 1971. Many of these deaths could be prevented with an appropriate interhospital referral system to identify the newly born infant with a small chance of survival and to transport the infant to intensive care facilities.

It has also been estimated that 5,000 deaths each year caused by drowning, poisoning, and drug overdoses, could be prevented with improved emergency medical services, provided immediately at the scene of the accident.

These factors are convincing evidence of the importance of the establishment of systems to provide comprehensive emergency medical services throughout the Nation.

PROVISIONS OF THE PRESENT ACT

Mr. President, Public Law 93-154, the Emergency Medical Services Systems Act of 1973, provides support to communities for the planning, establishment, development, or expansion of comprehensive emergency medical services systems. Eligible grantees are States, local units of government, public entities administering a compact or other regional arrangement or consortium, or a public or nonprofit private entity representing the units of government in the region for which a system is proposed.

Such applicants must submit a proposal indicating how the community it represents will develop a comprehensive emergency medical services system utilizing to the best effect existing health resources, facilities, and personnel. The proposal must cite gaps in the community's ability to provide services and the steps that will be taken to overcome such deficiencies. Public Law 93-154 specifies 15 basic components of a comprehensive emergency medical services system which all applicants must provide assurances of meeting or being able to meet within a specified period of time.

These 15 components were derived from testimony received in both the House and the Senate during consideration of the proposed act in the 93d Congress and represent the basic requirements for a comprehensive emergency medical services system. These basic components include such things as well-trained personnel, adequate and centralized communications capability, adequate transportation systems, categorized and nonduplicative facilities, access to specialized medical care units, assurances that services will be provided without regard to an individual's ability to pay, and consumer representation on the policymaking boards, among other requirements.

In addition to grant support for development of an emergency medical services system, the act also provides for specific project grant support for research and training programs in emergency medical services or techniques.

ACHIEVEMENTS UNDER PROVISIONS OF PUBLIC LAW 93-154

DEVELOPMENT OF EMERGENCY MEDICAL SERVICES SYSTEMS

Mr. President, in fiscal year 1974, the first year for which appropriations were authorized, $17 million was appropriated for systems development and 53 communities received grants to plan for an EMS system, 21 communities received grants to initiate or develop a system, and 11 communities received grants to expend or improve an existing system.

Mr. President, the appropriations committees have been consistently very cooperative and supportive in providing funding for programs authorized by the Emergency Medical Services Systems Act of 1973. Congressional action in fiscal year 1975 appropriating $37 million for programs under the act, an increase of $10 million over the administration's budget request, has been of immense value in the implementation of the act. Of this $37 million, $32.5 million was appropriated for planning, establishment, or expansion of emergency medical services systems—$4.5 million was appropriated for research support. In June 1975, these funds were obligated, and as a result of both the fiscal year 1974 and 1975 appropriations, a total of 209 communities are now developing or improving a system for providing emergency medical services. Of these, 89 regions have begun planning for an emergency medical services system, 93 regions are now able to take the first steps toward establishing and operating a system, and 27 regions are in the process of expanding and improving existing systems.

In fiscal year 1975, Mr. President, while $32.5 million was appropriated for systems development, 140 eligible applications were received requesting support totaling $180 million, over six times the funding support available. Mr. President, this enthusiastic response is an indication of the extent of the need for this legislation in this Nation. The Department of Health, Education, and Welfare has determined that 400 EMS systems should be established in the United States to provide coverage to all communities. It is apparent a great deal remains to be accomplished, and the extension of the provisions of the act we are proposing will help us fulfill that need.

I would like to point out to my colleagues that, in developing this act 2 years ago, special requirements were included to require that not less than 20 percent of the sums appropriated for the support of EMS systems would be used for the development of such systems in rural areas. I am grateful to the distinguished Senator from Kansas, Mr. DOLE, for his initiative and leadership in working with me on this provision. In fact, in implementing the act, well over 20 percent of the grant support has been made available to rural areas.

The HEW guidelines for applicants enabling them to ascertain the degree to which they are able to assure meeting the 15 components required for eligibility by Public Law 93-154 provide a valuable tool for every community to measure its ability to provide essential emergency medical services.

These guidelines are based on the 15 requirements specified in the legislation and serve a multiple purpose. First, they require the applicant to examine its proposal for an emergency medical services system in terms of completeness and ultimate effectiveness. Second, they provide a meaningful measure by which the application can be reviewed for acceptability by the granting authority. Third, they serve as a guide to those communities which are in the planning stage to assess the degree to which their resources are capable of providing the necessary 15 components of a competent and comprehensive system.

These guidelines require the applicant to take a hypothetical set of patients, suffering from the most frequently endured and serous medical emergencies, and follow them through the motions necessary to reach the most specialized level of care needed to care for the injury sustained. In this progression through an emergency medical situation, the adequacy of each of the 15 required components is tested, bringing to the surface any hidden or unsuspected gaps in the community's ability to provide services to residents or visitors in an emergency situation. Through this process the application for Federal grant support will be directed toward corrceting these deficiencies and Federal funds will be directed at enabling the community to develop an effective and comprehensive system for providing emergency medical services.

UNMET NEEDS FOR EMS SYSTEMS

Mr. President, as I stated earlier, HEW has determined that, optimally 400 EMS systems could be established in the United States. Of these, 209 have received support under the Emergency Medical Services Systems Act of 1973. Using that figure of 400 as the goal, there remain 191 regions needing initial support for the establishment of an emergency medical services system.

An approximate rule-of-thumb estimate of average support is that most communities require a planning grant—section 1202—usually of $45,000, 2 years of establishment and operational grant support—section 1203—totaling $700,000, and two years of expansion and improvement support—section 1204—totaling $500,000, for total Federal funding support of $1,245,000 per system.

HEW has developed measures to distinguish those systems which are prepared to enter the expansion and improvement phase of support—section 1204 grants—termed systems capable of providing advanced life support. The distinction made is the degree of sophistication of equipment and trained paramedical personnel in the pre-hospital period. The advanced life-support system will utilize a highly trained paramedic and sophisticated communications systems, including telemetry capability, which enables the community to bring the benefit of highly specialized supervision to the scene of the emergency and begin the life-support systems at the earliest possible moment.

The current act requires 50 percent matching on the part of the community except in cases of exceptional need. To date I understand only two communities have pleaded inability to match at 50 percent. This willingness to provide matching support at a time when local government is facing severe budgetary problems is an indication of the high priority emergency medical services are given in communities across the Nation.

Mr. President, as I will attempt to illustrate, 209 of the potential 400 emergency medical services systems are ready now, and already in the process and there is strong evidence that a substantial proportion of the remaining 191 communities will be seeking support under title XII. I believe there is full justification to warrant the authorization of appropriations of $70 million for grants for the development of emergency medical services systems in fiscal year 1977 and to warrant a slight increase in authorizations for the 2 succeeding years—$75 million in fiscal year 1978 and $80 million in fiscal year 1979.

Mr. President, in July, I submitted testimony to the Senate Appropriations Committee that in fiscal year 1976, an appropriation of $70 million was needed which breaks down as follows: Approximately $18,800,000 was needed to provide second-year funding to 47 regions which received the first year of support for the establishment and initial operation of a system; $26,700,000 was required to fund the first-year establishment and development of a system for the 89 regions receiving planning grants currently; $21 million was needed to support 70 regions to expand and improve their systems—46 of these regions are ready to progress from the establishment and initial operation phase of the cycle to the expansion and improvement phase—and about $3.5 million was needed to provide planning grants for regions prepared to take the first steps toward the development of an emergency medical services system. The fiscal year 1976 Labor-HEW Appropriations Act as passed in the Senate appropriates less than half the amount needed.

These are rough approximations, Mr. President, but I believe they indicate that there has been a great deal of activity throughout the Nation in response to the Emergency Medical Services Systems Act of 1973. My close oversight of the program indicates that quality programs are being developed. I believe they should be encouraged to complete the strong beginnings that have been made. Thus, Mr. President, I believe there is firm justification for extending the appropriations authorizations at the level currently authorized rather than at the level of appropriations. I say this in the face of my consistent efforts to maintain authorization amounts at reasonable and realistic levels. In the case of emergency medical services, I believe the facts are there and the need is there to support a $70–$80 million annual authorization figure.

RESEARCH

Mr. President, a second authority of Public Law 93–154 provides grant support for research in emergency medical techniques, methods, devices, and delivery. Under the authorities of this section, research has been supported in such important fields as evaluating the various emergency medical devices, and related rescue and extrication equipment; studying the barriers which may arise in a large urban system in serving the needs of a small population group with limited English-speaking ability and differing cultural values; evaluating the effectiveness of emergency medical technician training; identifying the special needs of rural emergency medical services systems; and the development of diagnostic and prognostic methods in treating critically ill emergency victims.

These areas offer real promise of yielding findings of great usefulness to the medical community in providing care to emergency medical patients in the future.

TRAINING IN EMERGENCY MEDICAL SERVICES

Mr. President, the third appropriations in Public Law 93–154 is to support the costs of training programs in the techniques and methods of providing emergency medical services.

Originally, this authorization was made for fiscal year 1974 only so that its expiration would be coterminous with the expiration of the other training authorities of the Public Health Service Act.

During consideration of legislation extending the Health Professions' Education Assistance Act—contained in title VII of the Public Health Service Act—during the 93d Congress, provisions for extending the authority for training in emergency medical services were included in both the House- and Senate-passed bills. However, the two Houses failed to come to an agreement and the 93d session ended without section 776 being extended.

When we developed the Emergency Medical Services Systems Act in 1973, the members of the Senate and House committees were cognizant of the need to avoid proliferation and duplication of training grant authorities. For that reason, the authority for training in emergency medical services was added to title VII as section 776. Placing the training for emergency medical services authority in title VII has meant that the authority has been administered by the Health Resources Administration which administers other health training authorities. This organizational placement has made the experience of that Administration in health manpower training program available to the administration of the emergency medical services training program and has also made the expertise of the review procedures of that Administration available for review and evaluation of grant applications for training in emergency medical services. It has been suggested that the authority for training should be transferred to title XII. Although there may be benefits in terms of better coordination of these training programs with the emergency medical services systems supported under title XII resulting from such a transfer, there are advantages to retaining this authority in title VII. This is an issue which we will be exploring during hearings.

Mr. President, under the authorities of section 776, $6.6 million was appropriated for fiscal year 1974 and made available for obligation through the first quarter of fiscal year 1975. All the funds were obligated by September 30, 1975, and as a result 76 grants and two contracts were awarded which have provided support for programs in which about 25,000 emergency medical technicians, 4,000 nurses, and 1,200 physicians as well as 6,000 other types of health care personnel were trained in emergency medical services fields at all appropriate levels.

Included among those trained were

about 100 individuals who would be capable of providing the expertise necessary to coordinate and manage an emergency medical services system. These individuals will prove their worth in administering or developing comprehensive emergency medical services systems in many communities.

The training of 1,200 physicians and of 4,000 nurses for the rigorous demands of the emergency room will also be of great value to existing and developing EMS systems. The emergency room physician and the emergency room nurse are highly trained individuals who can deal with the incredible demands and conflicting priorities of the emergency room with competence and skill. No less important is the emergency medical technician who is the first person in most cases to provide any medical assistance to an emergency victim. The 25,000 technicians trained in programs receiving support under the authority of Public Law 93–154 will provide this invaluable service in many communities throughout the Nation.

As more systems are developed throughout the Nation, more of these personnel can be effectively used in the lifesaving work to which they are dedicated. The authority for training such individuals has enabled many communities to provide good emergency medical services utilizing a well trained team of physician, nurse, and technician. I believe this authority should be extended through fiscal year 1979 to help develop the personnel who will be needed as we improve, expand, or initiate the 400 emergency medical services systems which the Nation requires to provide good emergency services to everyone.

Mr. President, it has been brought to my attention that an estimated 180 emergency medicine residency training programs will be needed by the year 1980 in order to meet projected emergency medical physician manpower needs by the year 2000. Today there are 32 such residencies, a small number in comparison to the projected need 4 years from now. The House, in extending the authorizations of appropriations for training under section 766 in H.R. 5546, the Health Manpower Act of 1975, required that no less than one-third of the appropriations for section 766 grants be obligated to assist in meeting the cost of program development and training of physicians in emergency medicine. The question of including a similar earmark in the Senate provision is one to which we will be giving close attention during our hearings in consideration of testimony on training needs among the various categories of health care personnel who provide emergency medical services.

Mr. President, I would like to express at this time my deep appreciation for the extraordinary support and cooperation of the distinguished Senator from Washington (Mr. Magnuson), in his position as chairman of the Subcommittee on Labor-HEW of the Appropriations Committee, in our joint efforts to convince the Department of Health, Education, and Welfare that Congress intended funds to be appropriated for grants under section 776 in the continuing resolution for fiscal year 1975 as well as the one for the current fiscal year. I ask unanimous consent Mr. President, that the exchange of correspondence which Senator Magnuson and I have had with the Department of Health, Education, and Welfare on this subject be printed at this point in the Record.

U.S. Senate,
Washington, D.C., May 6, 1975.

Hon. Caspar W. Weinberger,
Secretary of Health, Education, and Welfare, Department of Health, Education, and Welfare, Washington, D.C.

Dear Mr. Secretary: My continued support of Emergency Medical Services prompts my bringing your attention to a very important matter.

As you know, in fiscal 1975 Congress provided $37 million for Emergency Medical Services to get a nationwide program in this important area started. A problem arises, not with these funds but with the training of Emergency Medical Services personnel to operate these programs and to take a very important place in the delivery of emergency services.

It is now my understanding that HEW is *not* funding any of the training programs which were provided for under the continuing resolution.

Because these two "emergency services" programs go hand in hand, it is imperative that we continue our training of personnel in this area.

I will be looking forward to your proposal for a solution to this problem and support toward getting this program moving.

Sincerely,

Warren G. Magnuson,
Chairman, Subcommittee on Labor-Health, Education, and Welfare.

Health, Education, and Welfare,
Washington, D.C., June 6, 1975.

Hon. Warren G. Magnuson,
Chairman, Subcommittee on Labor-Health, Education, and Welfare, Committee on Appropriations, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Thank you for your letter of May 6 about the training of Emergency Medical Services personnel. Please forgive the delay in replying.

This program, as authorized under Section 776 of the Public Health Service Act, lacks legislative authorization and appropriation and is therefore subject to the provisions of the 1975 Continuing Resolution (P.L. 94–7).

The 1975 President's Budget does not include a specific request for funds to make Emergency Medical Services training awards under Section 776; however, authority and funds do exist under Sections 772, Health Professions Special Projects, and 792, Allied Health Special Projects and Special Improvement Grants. A number of applicants have applied under these provisions. We anticipate funding projects totaling about $850,000 under Section 772 and approximately $3 million under Section 792.

We believe these aforementioned funding actions will satisfactorily continue program momentum.

Sincerely,

Caspar Weinberger,
Secretary.

U.S. Senate,
Washington, D.C., June 13, 1975.

Hon. Warren G. Magnuson,
Chairman, Subcommittee on Labor-Health, Education, and Welfare, Committee on Appropriations, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: I am very grateful for your valuable support and strenuous efforts in urging Secretary Weinberger to obligate funds appropriated under the continuing resolution for fiscal year 1975 for the purpose of making grants under section 776 of the Public Health Service Act (training in emergency medical services). I am very disappointed at the Secretary's failure to obligate any funds under that authority, and the lack of specifity as to his reasons for not obligating these funds. His failure to do so may create an additional difficulty in providing funds for this purpose under a continuing resolution for fiscal year 1976. To avoid a recurrence of this unfortunate situation I hope you will be able to include a specific reference to section 776 in that continuing resolution and include a statement in the committee report that although HEW failed to provide funding as provided in the continuing resolution for fiscal year 1975 for programs authorized by section 776, funds are being appropriated for section 776 at the rate of expenditure for fiscal year 1974.

With best regards.

Sincerely,

Alan Cranston

U.S. Senate,
Committee on Labor and
Public Welfare,
Washington, D.C., August 11, 1975.

Hon. David Mathews,
Secretary, Department of Health, Education, and Welfare, Washington, D.C.

Dear Mr. Secretary: We would like to bring to your attention the Congressional intent expressed during consideration of H.J. Res. 499, (P.L. 94–41) the Joint Resolution making continuing appropriations for the fiscal year 1976, in which it was specified that that Act appropriated funds for carrying out the purposes of section 776 of the Public Health Service Act, "Training in Emergency Medical Services", at the same level of funding as was appropriated in fiscal year 1974 pp. 19720 and 19724, June 19, 1975, Congressional Record). That amount is $6,600,000.

We would appreciate your advising us of steps the Department has taken to obligate that sum for the section 776 authority and to notify applicants of the availability of grant support under that authority. We believe this action on your part should be taken immediately, since those projects which received first-year funding in fiscal year 1974 will be due for second-year funding on September 30, 1975, and appropriate action on your part would avoid unnecessary delay in continuing those grants which merit continuation and in awarding new grants to those programs which are approved by the review process.

With every good wish and many thanks for your cooperation.

Sincerely,

Alan Cranston,
Chairman, Special Subcommittee on Human Resources, Committee on Labor and Public Welfare.

Warren G. Magnuson,
Chairman, Subcommittee on Labor—Health, Education, and Welfare, Committee on Appropriations.

The Secretary of Health,
Education and Welfare,
Washington, D.C., September 23, 1975.

Hon. Alan Cranston,
Chairman, Special Subcommittee on Human Resources, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

Dear Senator Cranston: Thank you for your letter of August 11, also signed by Senator Warren Magnuson, about the training of Emergency Medical Services personnel. I sincerely regret the delay in responding.

Unfortunately, I must provide you with a negative answer. I am advised that the program to train Emergency Medical Services personnel is not authorized in substantive legislation nor under the 1976 Continuing Resolution. Therefore, the legislative history which you cite in your letter is insufficient to overcome the absence of either authorizing legislation or appropriations.

It seems to us, therefore, that the only way the situation can be remedied, as desired by you and Senator Magnuson, is to include funds for this program either in the first FY 1976 supplemental appropriations bill or in the Continuing Resolution if it is extended beyond its current expiration date.

We feel we have no alternative other than to provide you with this advice.

Cordially,

DAVID MATHEWS,
Secretary.

Mr. CRANSTON. Mr. President, the correspondence indicates this problem is still unresolved. Senator MAGNUSON and I continue to pursue solutions to it, and to try to convince Secretary Mathews of the correctness of our position. In the legislation we are introducing today, we are extending this appropriation authorization for fiscal year 1975 as well as for the succeeding 4 fiscal years in order to make clear that Congress intended to provide for a continuation of support in fiscal year 1975 as well as in fiscal year 1976 under the continuing resolutions for each year.

INDIRECT BENEFITS OF IMPLEMENTATION OF ACT

Mr. President, in addition to providing services to meet medical emergencies and reduce the deaths and disabilities which can result from inadequate medical care in an emergency situation, the development of an emergency medical services system can offer a special bonus in certain communities. It can become a catalyst for organizing the community's health facilities and other resources in a system aimed at insuring that essential services will always be available and unnecessary duplication avoided. Natural patterns of health care utilization can be recognized quickly and resources can be organized to meet the service demand and normal patient demand patterns.

In emergency medical services systems, Mr. President, the services must be brought to the patient in the most efficient and accessible manner. This contrasts with the bulk of health care, where the patient is expected to seek out the provider at the locale the provider has chosen.

In many areas, the provision of emergency medical services crosses any artificial boundaries or barriers caused by local governmental jurisdiction. Public Law 93–154 requires coordination between neighboring communities in the provision of emergency medical services, recognizing that, although local government jurisdictions in most cases provide logical boundaries for health services in many cases, there must be a sharing and coordination of resources between jurisdictions to meet patient requirements.

INTERAGENCY COMMITTEE ON EMERGENCY MEDICAL SERVICES

Mr. President, the Interagency Committee on Emergency Medical Services was established by Public Law 93–154 in order to provide coordination and encourage cooperation among Federal agencies having programs related to emergency medical services. This committee has been meeting periodically and, I understand, has been of substantial assistance to directors of programs in Federal agencies in coordinating programs and sharing knowledge and experience to the benefit of all the programs.

In October last year, Public Law 93–498 was enacted, the Fire Prevention and Control Act of 1974. This public law in section 16 gives new authorities to the newly established Fire Research Center in the Department of Commerce to conduct research in fire and its prevention as well as research in the biological, physiological, and psychological factors affecting fire victims as well as in improved methods of first aid treatment of such victims. Section 19 of that act directs the Secretary of HEW to establish within the National Institutes of Health an expanded research program in burns, treatment of burn injuries, and rehabilitation of fire victims, to be administered by the Secretary. Section 19 also directs the establishment of 25 burn centers, 25 burn units, and 90 burn programs in general hospitals, as well as programs for training specialists in the treatment and rehabilitation of burn victims.

Accomplishments under the provisions of this act to date have been limited by the short period of time available—the act was signed into law less than a year ago—and by the administration's failure to request funding for the program authorized by section 19.

Public Law 93–498 designates the National Institutes of Health as the agency administering the provisions of section 19. A substantial proportion of the responsibilities, such as training, providing community services, and rehabilitation of burn victims, are within the expertise of other agencies within HEW and I believe NIH will seek their cooperation in the administration of these provisions. I was gratified to see the language included in the Senate Report on the fiscal year 1976 Labor-HEW Appropriations Act directing the Health Services Administration and the National Institute of General Medical Sciences within NIH to coordinate their efforts in establishing a plan and program for a network of burn centers authorized by section 19 and asking for a report on such plans within 90 days of enactment of that Appropriations Act.

This coordination is essential, and the Interagency Committee on Emergency Medical Services would provide the appropriate forum for coordinating the implementation of the provisions of Public Law 93–498, with regard to both the HEW responsibilities as well as the Department of Commerce responsibilities, with the implementation of the Emergency Medical Services Systems Act of 1973.

Mr. President, I intend to pursue with the Commerce Committee the need for statutory coordination between the Public Law 93–498 sections 16 and 19 provisions and the provisions of the Emergency Medical Services Systems Act of 1973. I am, therefore, most grateful to be joined in cosponsorship of this measure we are introducing today by the distinguished chairman of that committee who is also the chairman of the Labor-HEW Appropriations Subcommittee (Mr. MAGNUSON) and two other members of the Commerce Committee, the Senator from Illinois (Mr. STEVENSON) and the Senator from Maryland (Mr. BEALL).

STUDIES AND REPORTS

The act called upon HEW to study the legal barriers to the effective delivery of medical care under emergency conditions. That report, unfortunately, although due last November, has not yet been submitted to Congress. It is my understanding, however, that initial surveys have indicated that a real problem exists where bordering States recognize varying degrees of independence for ambulance personnel in providing assistance to patients. We are hopeful that submission of this report will be of great value not only in determining other problems in providing emergency medical services, but also in providing a valuable source of data on State laws governing the provision of such services.

I am very disappointed that this report has not been submitted to Congress yet. It's findings would be of immense value to the committee during its deliberation of legislation extending the Emergency Medical Services Systems Act of 1973. I urge the Secretary of Health, Education, and Welfare to act quickly to send this report to Congress so that we may have the benefit of its findings.

TRANSFER OF EQUIPMENT

Mr. President, one problem has arisen with respect to equipment purchased for seven communities which had received contracts from HEW for the improvement of emergency medical services under a demonstration program prior to the enactment of Public Law 93–154. Under the contract authority, equipment purchased with Government funds must revert to the Government upon the conclusion of the contract. Thus, those seven communities which had contracts for developing emergency medical systems now have a total of about $7 million worth of equipment which technically should revert back to the Federal Government unless it is purchased by the community. This equipment is now an integral part of these communities' emergency medical services system, and it is my understanding that the communities do not have the financial resources to purchase it. I believe legislation will be necessary to resolve this problem, and I intend to take appropriate action in this bill when it is reported from committee. However, before including such a technical amendment in the bill as introduced, I would like additional information on the limitations of the contract authority. I intend to question HEW when departmental witnesses present their testimony on this point and seek their suggestions as to effective legislative solutions.

SUMMARY OF EMERGENCY MEDICAL SERVICES AMENDMENTS OF 1975

Mr. President, at this point I would like to summarize the provisions of the Emergency Medical Services Amendments of 1975. Basically, these amendments would extend the existing law for a 3-year period and make a few technical and remedial changes in the present law.

I. EXTENSION OF APPROPRIATION AUTHORITIES—SECTION 1207

The proposed legislation, in section 8(1), would extend the authorizations of appropriations in section 1207(a) to support section 1202 grants for feasibility studies and planning, through fiscal year 1978 and to support section 1203 grants for establishment and initial operation, and section 1204 grants for expansion and improvement, through fiscal year 1979, in connection with emergency medical services systems, at authorizations of $70,000,000 for fiscal year 1977, $75,000,000 for fiscal year 1978, and $80,000,000 for fiscal year 1979. The amount presently authorized to be appropriated for fiscal year 1976 is $70,000,000. The House-passed Labor-HEW Appropriations Act for fiscal year 1976 would provide $32,000,000; the Senate-passed bill has recommended $35,125,000. I would like to point out, Mr. President, that the appropriations authorization for grants for planning for emergency medical services has expired. For fiscal year 1975 the Emergency Medical Services Systems Act of 1973 earmarked 15 percent of the amount appropriated for planning grants. The legislation I am introducing today extends this authority and provides that 15 percent of the amount appropriated in fiscal year 1976 be earmarked for planning. Thus, when this legislation is enacted, I will be seeking an appropriation of $5,000,000 for planning grants in a Supplemental Appropriations Act in order to bring total appropriation for fiscal year 1976 to $40,125,000. For fiscal year 1975, $60,000,000 was authorized to be appropriated and $37,000,000 was appropriated.

In addition, the amendments in section 8(2) of the proposed legislation would authorize 15 percent of the sums appropriated for fiscal year 1976, under the section 1207(a) authorization, to be made available for planning grants and contracts under section 1202; 60 percent for section 1203 establishment grants and contracts; and 25 percent for section 1204 expansion grants and contracts.

For succeeding fiscal years, except fiscal year 1979, 10 percent would be available for section 1202 grants, and no specific percentage would be specified for sections 1203 and 1204 grants. For fiscal year 1979, no funds are authorized to be appropriated by the bill for section 1202 planning grants and the entire amount appropriated would be available for sections 1203 and 1204 operational grants.

When Public Law 93–154 was enacted, appropriations for planning grants were authorized for only fiscal years 1974 and 1975. As the provisions of the act have been implemented, it has become evident that there is a greater community response to the act's provisions than expected at that time. Experience has shown that there are hundreds of communities anxious to plan for the establishment of an emergency medical services system and that there is a need to extend this authority for an additional 3 years.

The provision in the bill would retain the appropriations earmarks in fiscal year 1976 which were in effect in fiscal year 1975, earmarking 15 percent of the sums appropriated for planning, and would decrease that percentage to an earmark for planning of 10 percent of the sums appropriated in fiscal years 1977 and 1978.

I would like to point out that the present law provides that planning grants may be awarded not only for feasibility and planning studies for the establishment of an emergency medical services system but also for the expansion and improvement of such a system.

At the moment, I believe there should be considerable flexibility available in fiscal years 1977, 1978, and 1979 to the Division of Emergency Medical Services in funding systems under either the section 1203 or section 1204 authorities. The rule of thumb estimate I mentioned earlier if followed would provide for a natural progression of the grants from planning through establishment to expansion and improvement of systems.

I plan to consider the question of earmarking funds very carefully during deliberations on this legislation and if the testimony indicates an earmarking is necessary, I will suggest the legislation be amended accordingly.

Authorizations of appropriations for research section 1207(b) would also be extended by section 8(6) of the proposed legislation through fiscal year 1979 at the present $5,000,000 for each fiscal year.

Authorizations of appropriations for training in section 776 would also be extended—by section 11(2) of the proposed legislation through fiscal year 1979 at the currently authorized $10 million for each fiscal year.

II. GRANTS AND CONTRACTS FOR ESTABLISHMENT AND INITIAL OPERATION (SECTION 1203)

Several amendments in section 4 of the proposed legislation would be made to section 1203 which authorizes grants and contracts for the establishment and initial operation of an emergency medical services system. One change would permit first-year grants and contracts to be made for establishment and initial operation of an emergency medical services system through fiscal year 1978; renewal grants could be made through fiscal year 1979.

Current law permits such first-year grants and contracts only through fiscal year 1975. Another change would require the communities supported under this authority to submit reports of the results of the efforts supported by title XII funds to the Secretary and the Interagency Committee on Emergency Medical Services established by Public Law 93–154. This change is modeled on provisions currently applicable only to section 1202 planning grants and contracts.

III. GRANTS AND CONTRACTS FOR EXPANSION AND IMPROVEMENT (SECTION 1204)

Amendments in section 5(1) and (2) of the proposed legislation would be made to section 1204 to clarify that grants and contracts for the expansion and improvement of emergency medical services systems may be made for two consecutive years, and to authorize Federal matching of 50 percent in the first year and 25 percent in the second, except in the case of those applications which demonstrate an exceptional need for financial assistance, in which case the first-year Federal matching could be 75 percent and the second year could be 50 percent. The authority for second-year funding is not specified. This amendment clarifies the intent of the law and provides a structure parallel to section 1203.

These levels of Federal-local matching are identical to the respective first and second year levels authorized by section 1203 for grants for the establishment and initial operation of emergency medical services systems.

The amendment in section 5(3) of the proposed legislation also would require projects assisted under the section 1204 authority to submit reports of the results of the programs supported by title XII funds to the Secretary and the Interagency Committee on Emergency Medical Services established by Public Law 93–154. This change is comparable to the change made to section 1203 modeled on existing provisions applicable to section 1202 grants and contracts.

IV. GRANTS AND CONTRACTS FOR RESEARCH (SECTION 1205)

Section 1205 would be amended by section 6 of the proposed legislation to clarify that research contracts may be made with public entities as well as with private nonprofit entities.

V. GENERAL PROVISIONS RESPECTING GRANTS AND CONTRACTS (SECTION 1206)

Amendments in section 7 of the proposed legislation of a clarifying, remedial, or technical nature are made to section 1206 setting forth requirements for applicants for grants under title XII. Among these are amendments in section 7(2) of the proposed legislation to specify that a communications system in an emergency medical services system must have the capability to deal with any language barriers which might confront major population groups with limited English-speaking ability in the area served.

Section 1206(e) would be amended by section 7(3) of the proposed legislation to correct the inadvertent application of the prohibition in that subsection—against new grant or contract support under the Public Health Service Act for any project which would be eligible to receive title XII funds unless all title XII funds authorized have been appropriated and obligated—to Public Health Service Act grants or contracts for research in emergency medical techniques, methods, devices, and delivery which are eligible for support under section 1205.

The amendment would except from this prohibition grants and contracts made under the authorities of section 301, the general research authority of the Public Health Service Act, and title IV of the Public Health Service Act, governing programs of the National Institutes of Health.

In developing Public Law 93–154, this provision was intended to insure that support for emergency medical services would be provided only to grantees able to meet the requirements or to give assurances of meeting the requirements of comprehensiveness which characterizes grant support under title XII. The intention was not to prohibit research carried out by the National Institutes of Health or by the National Center for Health Services Research and Development. These agencies have an important role to play in supporting research in many areas affecting emergency medical services. The National Heart and Lung Institute for instance is authorized by Public Law 92-423, the National Heart, Blood Vessel, Lung, and Blood Act of 1972 to conduct demonstration programs in the application of research in emergency medical services and techniques to heart, blood, and lung diseases. The National Institute of General Medical Sciences supports the development of trauma and burn centers. The continuation of research in these areas is vital and would be wholly complementary to implementation of the provisions of Public Law 93-154. The amendment made by the legislation we are introducing today would remove any reason to interpret this provision as restricting research programs.

This provision is similar to a proposal included in the bill proposed by the administration.

Section 1206(f) (2) would be amended by section 7(4) of the proposed legislation to permit the waiver of the application of its prohibition where an applicant has demonstrated to the satisfaction of the Secretary that adherence to its provisions would be futile or unreasonably burdensome. The existing provision prohibits support under section 1203 or 1204 for training programs unless the applicant first submitted an application for training program support necessary to implement its emergency medical services system under title VII or VIII of the Public Health Service Act—authorities for support for training of health care personnel—and such application was not approved, or was approved but not funded. This prohibition has created several problems in implementation. Applicants have been required to undergo the cost and time involved in submitting applications to several reviewing authorities, many of which have differing cut-off dates for submission of applications. The restrictiveness of this provision has made it very difficult for an applicant to know precisely the status of his application at any specific time in order to determine his eligibility for training support under title XII.

VI. TRAINING IN EMERGENCY MEDICAL SERVICES

Section 776 of the Public Health Service Act would be amended, by section 11 of the proposed legislation, to make clear that grants under the authority of section 776 may be made to a State, a unit of general local government, or a public entity which has established an emergency medical services system, or given adequate assurances it will establish such a system, meeting the requirements of section 1206(b) (4), and which has entered into a contract or other agreement with an appropriate educational entity for the necessary training aspects of the program. This amendment would provide for increased latitude for grantees under title XII to obtain the level and type of training needed for personnel to be used in their specific system.

VII. CONFORMING AMENDMENTS (SECTIONS 2, 3, AND 7(1) OF THE PROPOSED LEGISLATION)

Title XII would also be amended to make all references to section 314(a) and 314(b) agencies conform to the appropriate new entity established and designated pursuant to title XV of the Public Health Service Act, as added by Public Law 93-641.

CONCLUSION

Mr. President, I believe that the experience gained under the authorities of Public Law 93-154 fully supports the extension we propose at this time. In those communities where systems have been developed, there has been a measurable improvement in the provision of health care and in the coordination of many resources which previously operated independently.

I believe that, as more and more EMS systems become operational, the grim statistics on deaths and disabilities resulting from accidents and sudden illnesses which I cited earlier will be measurably reduced and we will begin to see substantial advances made in terms of lives saved and disabilities averted due to prompt and competent medical care in emergency situations. This human resource gain and the dollars and productive lives saved fully justify the moderate investment made in developing emergency medical services systems throughout the Nation. With extension of the act, I hope that the benefits of this program can be made to reach across the Nation to every community.

Mr. President, the administration has submitted to Congress legislation proposing to extend the EMS Act for 2 years. Although this legislation proposes no growth for the program authorized by the act, it does, at least, indicate the administration's recognition of the necessity and importance of providing special support to communities wishing to establish systems for providing emergency medical services.

Mr. President, I ask unanimous consent that the text of S. 2548 be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2548

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Medical Services Amendments of 1975".

Sec. 2. Section 1201 of the Public Health Service Act (42 U.S.C. 201) is amended by amending paragraphs (4) and (5) to read as follows:

"(4) The term 'section 1521 State health planning and development agency' means the agency of a State designated under section 1521(b) (3).

"(5) The term 'section 1515 health systems agency' means a health systems agency designated under section 1515, and the term 'health systems plan' means a health systems plan referred to in section 1513(b) (2).".

Sec. 3. Section 1202 of such Act is amended by amending subclause (A) of clause (3) of subsection (d) to read as follows:

"(A) with each section 1515 health systems agency whose health systems plan covers (in whole or in part) such area, and".

Sec. 4. Section 1203(c) of such Act is amended by—

(1) striking out in paragraph (3) "June 30, 1976," and inserting in lieu thereof "September 30, 1979,"; and

(2) adding at the end a new paragraph (6) as follows:

"(6) Reports of the results of any establishment or initial operation project assisted under this section shall be submitted to the Secretary and the Interagency Committee on Emergency Medical Services at such intervals as the Secretary may prescribe, and a final report of such results shall be transmitted to the Secretary and such Committee not later than one year from the date the grant was made or the contract entered into, as the case may be.".

Sec. 5. Section 1204 of such Act is amended by—

(1) amending subsection (b) to read as follows:

"(b) (1) Each grant or contract under this section shall be made for costs of expansion and improvement of a system in the year for which the grant or contract is made. If a grant or contract is made under this section for a system, the Secretary may make one additional grant or contract for that system if he determines, after a review of the first nine months' activities of the applicant carried out under the first grant or contract, that the applicant is satisfactorily progressing in the expansion and improvement of the system in accordance with the plan contained in his application (pursuant to section 1206 (b) (4)) for the first grant or contract; and

"(2) Subject to section 1206(f)—

"(A) the amount of the first grant or contract under this section for an emergency medical services system may not exceed (i) 50 per centum of the expansion and improvement costs (as determined pursuant to regulations of the Secretary) of the system for the year for which the grant or contract is made, or (ii) in the case of applications which demonstrate an exceptional need for financial assistance, 75 per centum of such costs for such year; and

"(B) the amount of the second grant or contract under this section for a system may not exceed (i) 25 per centum of the expansion and improvement costs (as determined pursuant to regulations of the Secretary) of the system for the year for which the grant or contract is made, or (ii) in the case of applications which demonstrate an exceptional need for financial assistance, 50 per centum of such costs for such year.

"(3) Reports of the results of any expansion and improvement project assisted under this section shall be submitted to the Secretary and the Interagency Committee on Emergency Medical Services at such intervals as the Secretary may prescribe, and a final report of such results shall be transmitted to the Secretary and such Committee not later than one year from the date the grant was made or the contract entered into, as the case may be.".

Sec. 6. Section 1205 (a) of such Act is amended by inserting "and enter into contracts with" before "public".

Sec. 7. Section 1206 of such Act is amended by—

(1) amending clause (D) of paragraph (3) of subsection (b) to read as follows:

(D) the—

"(i) section 1521 State health planning and development agency of each State in which the service area of the emergency medical services system for which the application is submitted will be located, and

"(ii) section 1515 health systems agency whose health systems plan covers (in whole or in part) the service area of such system,".

(2) striking out in clause (C) (iii) of paragraph (4) of subsection (b) "and" after "number 911," and inserting before the semicolon at the end thereof a comma and "and (IV) will have the capability to communicate in the language of the predominant population groups with limited English-speaking ability in the system's service area";

(3) (A) striking out in the first sentence of subsection (e) "title VII" and inserting in lieu thereof "section 301 or title IV or VII"; and

(B) striking out in clause (1) of such subsection "1207" and inserting in lieu thereof "1207(a)"; and

(4) inserting in paragraph (2) of subsection (f) "(A) has" after "applicant", and

inserting before the period a comma and "or (B) has demonstrated to the satisfaction of the Secretary that the filing of such an application would be futile or unreasonably burdensome".

SEC. 8. Section 1207 of such Act is amended by—

(1) (A) striking out in paragraph (1) of subsection (a) "and" before "$60,000,000" and inserting before the semicolon a comma and "$5,083,000 for the period beginning July 1, 1976, and ending September 30, 1976,";

(B) inserting before the period in paragraph (1) of subsection (a) a comma and "$70,000,000 for the fiscal year ending September 30, 1977, $75,000,000 for the fiscal year ending September 30, 1978, and $80,000,000 for the fiscal year ending September 30, 1979"; and

(C) striking out in paragraph (1) of subsection (a) "sections 1203 and 1204" and inserting in lieu thereof "sections 1202, 1203, and 1204"; and

(2) amending clause (A) of paragraph (4) of subsection (a) to read as follows:

"(A) 15 per centum of such sums shall be made available only for grants and contracts under section 1202 (relating to feasibility studies and planning) for such fiscal year, and";

(3) redesignating clauses (A) (as so amended) and (B) in subsection (a)(4) as (B) and (C), respectively;

(4) striking out in clause (B) as so redesignated "75" and inserting in lieu thereof "60";

(5) adding at the end of subsection (a) the following new paragraph:

"(5) Of the sums appropriated under paragraph (1) for the fiscal year ending September 30, 1977, and the succeeding fiscal year, ten per centum of such sums for each such fiscal year shall be made available only for grants and contracts under section 1202 for such fiscal year."; and

(6) striking out in subsection (b) "two" and inserting in lieu thereof "five".

SEC. 9. Section 1208 of such Act is amended by striking out "section 1203 or 1204" and inserting in lieu thereof "section 1202, 1203, or 1204".

SEC. 10. Section 1209(e) of such Act is amended by striking out "section 1203 or 1204" and inserting in lieu thereof "section 1202, 1203, or 1204".

SEC. 11. Section 776 of such Act is amended by—

(1) inserting in subsection (a) after "entities" a comma and "or a State, a unit of general local government, or any other public entity which has established an emergency medical services system or given adequate assurances that it will establish such a system which meets the requirements of section 1206(b)(4) and which has entered into a contract or other agreement with an appropriate educational entity,"; and

(2) inserting before the period at the end of subsection (e) a comma and "and each of the next five fiscal years".

Mr. BEALL. Mr. President, as a cosponsor, I am pleased to join in the introduction of legislation to extend and improve the Emergency Medical Services System Act of 1973.

In 1973 I introduced one of the major bills providing for a national effort in the emergency medical service area. I also cosponsored Senator CRANSTON's bill which ultimately became law, Public Law 93–154. The 1973 act authorized a 3-year program of Federal assistance to State and local governments and to nonprofit entities for the purpose of stimulating improved and coordinated emergency medical services in the Nation. Grants were provided for planning, for the establishment and initial operation, and for the expansion and improvement of emergency medical services and systems. Also Federal support was provided for research in emergency care and for the training of needed professionals and paraprofessionals.

The 1973 act does not need major surgery. It is sound and successful. It requires only technical changes, refinement, and extension. The bill we introduce today will allow the momentum begun for improved emergency care to continue.

Delivering to the patient and making available to the American public the benefits of medical science and modern technology has been a major concern and focus of mine. In 1971, my first year in the Senate, I called attention to the gap between what is known in medical science and what is being delivered and specifically cited the emergency care area as a good example of this gap.

During Vietnam, the military, perfecting further the techniques and procedures for emergency medical services of the Korean war, demonstrated the lifesaving results of a properly organized system of transporting and treating trauma victims. In fact, the system was so outstanding that then Defense Secretary Laird was able to state that the death rate of such victims in Vietnam was near zero.

Since my early involvement, I have remained an advocate and have continued to work for an accelerated effort in the trauma area which former Assistant Secretary for Health Merlin DuVal in 1971 properly called the hidden crisis in health care. It has also been called the neglected disease of modern society.

Mr. President, notwithstanding the fact that all of us are potential trauma victims, the public in general is lethargic and tends to regard accidents as unfortunate consequences that are inevitable and which hit the other guy. Accidents just do not strike other people. Approximately 1 out of 4 Americans will suffer an accident this year.

As I have pointed out, the military in Vietnam refused to accept that premise and as a result, the trauma victim in that conflict probably had a better chance of survival than an accident victim here at home. Fortunately, and particularly in Maryland, which has been a pioneer in this field, we are moving to implement a statewide emergency medical system.

The following statistics serve to illustrate the public stake in seeing that emergency services are improved:

Accidental deaths are the leading cause of death for persons from 1 to 38;

Over 52 million citizens in the United States are injured and of these, 110,000 die; and another 400,000 suffer some permanent physical disability;

One out of eight beds in a general hospital is occupied by a victim of an accident;

The total cost to the Nation, including loss of productive manhours, is estimated at over $29 million annually; and

One million individuals each year suffer acute myocardial infarction and an estimated 650,000 individuals die from heart attacks, over one-half of whom never reach the hospital.

In all, Mr. President, accident and heart attack victims account for one-quarter of the deaths each year in the United States.

In the heart area alone, some experts estimate that prompt and proper care might save 150,000 victims annually. The experience of Maryland, which has one of the most sophisticated trauma centers and some of the best specialized treatment facilities in the world demonstrates the progress that can take place.

For example, in 1974, 950 patients were admitted to the Shock-Trauma Center and their mortality rate was 18 percent, a remarkable achievement when one realizes that the Maryland Trauma Center takes only the most difficult cases.

Dr. Emilie A. Slack of the National Institute of General Medical Science has stated: "Death rates have been reduced from 85 to 30 percent in those severely injured patients . . ." in the trauma centers funded by NIH.

In the case of the emergency medical services program, I believe we can safely say to the American public here is a program that is working, that is and will save lives, and reduce disability.

Mr. President, it is a good feeling to see legislation one helps shape working. Things are happening in the EMS field, not fast enough in view of the seriousness of the problem, but nevertheless, clear and unmistakable progress.

Recently, I had the pleasure of visiting the Emergency Medical Resource Center located at Sinai Hospital in Baltimore. This was made possible by a Federal grant of $1.25 million in 1973 which I was instrumental in securing for the State.

This is a communication system for the Baltimore metropolitan area. It helps get victims to the best medical facility as rapidly as possible. The center has a central dispatch facility, enabling 24-hour medical consultation, linkage of hospitals with Maryland medivac helicopter program, and immediate care for coronary patients through telemetry equipment installed in ambulances.

In June of this year, an emergency medical services grant of $855,848 was made to Maryland. Maryland is also implementing a statewide communication system. This system enables direct medical communications at the scene of the accident with ambulances, hospitals, speciality care centers, and the State's helicopters.

Maryland, in short, is moving rapidly to make a system, which is already a model, even better.

The State has been regionalized and regional EMS advisory councils have been established in each region.

The 1973 act, along with State and other funds, resulted in:

First, the development of communication systems linking the various parts of the system;

Second, the training of over 1,500 EMT–A's in the last year, and enabled approximately 3,000 ambulance attendants and rescue personnel to participate in Maryland Institute for Emergency Medicine programs—tours, lectures, seminars;

Third, the conducting of physician training programs;

Fourth, the establishment of regional EMS programs in all five regions of the State, and the creation of active advisory councils, all aided by a regional coordinator, in each region;

Fifth, the creation of an education and public information program;

Sixth, the promotion of the prioritization of requests in each region; and

Seventh, the beginning of an evaluation effort.

From this highlight of the Maryland effort, it is obvious that the 1973 act is making a difference—a difference between life and death for the many accident victims.

Mr. President, as I stated in 1973:

> Unlike so many areas, such as cancer, no new breakthroughs are needed. The technology and know-how exists. We need only to rationalize and categorize our emergency facilities and services, and provide additional resources to enable the application of known life saving methods.

The 1973 act is producing the intended results. The legislation we advance today will allow the continuation of this successful program.

By Mr. MAGNUSON (for himself and Mr. PEARSON) (by request):

S. 2549. A bill to amend the Intervention on the High Seas Act to implement the protocol relating to intervention on the high seas in cases of marine pollution by substances other than oil, 1973. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, I introduce, by request, for appropriate reference, a bill to amend the Intervention on the High Seas Act to implement the protocol relating to intervention on the high seas in cases of marine pollution by substances other than oil, 1973, and ask unanimous consent that the letter of transmittal and changes in existing law be printed in the RECORD with the text of the bill.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2549

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Intervention on the High Seas Act (88 Stat. 8, P.L. 93–248) is amended as follows:

(1) Section 2 is amended to read as follows:

"SEC. 2. As used in this Act

"(1) 'a substance other than convention oil' means those oils, noxious substances, liquified gases, and radioactive substances—

"(A) enumerated in the protocol, or

"(B) otherwise determined by the Secretary under the protocol, in consultation with the Administrator of the Environmental Protection Agency, as liable to create a hazard to human health, to harm living resources and marine life, to damage amenities, or to interfere with other legitimate uses of the sea;

"(2) 'convention' means the International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties; 1969, including annexes thereto;

"(3) 'convention oil' means crude oil, fuel oil, diesel oil, and lubricating oil;

"(4) 'Secretary' means the Secretary of the department in which the Coast Guard is operating;

"(5) 'ship' means—

"(A) a seagoing vessel of any type whatsoever, and

"(B) any floating craft, except an installation or device engaged in the exploration and exploitation of the resources of the seabed and the ocean floor and the subsoil thereof;

"(6) 'protocol' means the Protocol Relating to Intervention on the High Seas in Cases of Marine Pollution by Substances Other Than Oil, 1973, including annexes thereto; and

"(7) 'United States' means the States, the District of Columbia, the Commonwealth of Puerto Rico, the Canal Zone, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands."

(2) Section 3 is amended by—

(A) striking the word "oil" and inserting in lieu thereof the phrase "convention oil or of the sea or atmosphere by a substance other than convention oil"; and

(B) striking the word "Convention" and inserting in lieu thereof the phrase "convention, the protocol,".

(3) Section 4 is amended by inserting the words "human health," between the words "limited to," and "fish".

(4) Section 10 is amended by adding a new subsection (c) as follows:

"(c) With respect to intervention for a substance identified pursuant to section 2 (1)(B), the United States has the burden of establishing that, under the circumstances present at the time of the intervention, the substance could reasonably pose a grave and imminent danger analogous to that posed by a substance identified pursuant to section 2(1)(A)."

(5) Section 13 is amended—

(A) in subsection (a) by striking the period at the end of the subsection and inserting in lieu thereof the phrase "and article II of the protocol."; and

(B) in subsection (b) by striking the words "annexes thereto" and inserting in lieu thereof the word "protocol".

(6) Section 15 is amended by inserting the words ", the protocol," between the words "convention" and "and".

SEC. 2. This Act shall be effective upon the date of enactment, or upon the date the protocol becomes effective as to the United States, whichever is later.

COMPARATIVE TYPE SHOWING CHANGES IN EXISTING LAW MADE BY THE PROPOSED BILL

(Matter proposed to be omitted is enclosed in brackets; new matter is in italics)

INTERVENTION ON THE HIGH SEAS ACT

(88 STAT. 8, PUBLIC LAW 93–248)

SEC. 2. As used in this Act—

(1) "a substance other than convention oil" means those oils, noxious substances, liquified gases, and radio-active substances—

(A) enumerated in the protocol, or

(B) otherwise determined by the Secretary under the protocol, in consultation with the Administrator of the Environmental Protection Agency, as liable to create a hazard to human health, to harm living resources and marine life, to damage amenities, or to interfere with other legitimate uses of the sea;

(2) [(3)] "convention" means the International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties, 1969, *including annexes thereto;*

(3) [(2)] "*convention* oil" means crude oil, fuel oil, diesel oil, and lubricating oil;

(4) "Secretary" means the Secretary of the department in which the Coast Guard is operating; [and]

(5) [(1)] "ship" means—

(A) *a* [any] seagoing vessel of any type whatsoever, and (B) any floating craft, except an installation or device engaged in the exploration and exploitation of the resources of the seabed and the ocean floor and the subsoil thereof;

(6) "protocol" means the Protocol Relating to Intervention on the High Seas in Cases of Marine Pollution by Substances Other Than Oil, 1973, including annexes thereto; and

(7) [(5)] "United States" means the States, the District of Columbia, the Commonwealth of Puerto Rico, the Canal Zone, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

SEC. 3. Whenever a ship collision, stranding, or other incident of navigation or other occurrence on board a ship or external to it resulting in material damage or imminent threat of material damage to the ship or her cargo creates, as determined by the Secretary, a grave and imminent danger to the coastline or related interests of the United States from pollution or threat of pollution of the sea by [oil] *convention oil or of the sea or atmosphere by a substance other than convention oil* which may reasonably be expected to result in major harmful consequences, the Secretary may, except as provided in section 10, without liability for any damage to the owners or operators of the ship, to her cargo or crew, or to underwriters or other parties interested therein, take measures on the high seas, in accordance with the provisions of the [Convention] *convention, the protocol,* and this Act, to prevent, mitigate, or eliminate that danger.

SEC. 4. In determining whether there is grave and imminent danger of major harmful consequences to the coastline or related interests of the United States, the Secretary shall consider the interests of the United States directly threatened or affected including but not limited to, *human health,* fish, shellfish, and other living marine resources, wildlife, coastal zone and estuarine activities, and public and private shorelines and beaches.

SEC. 5.....

SEC. 6.....

SEC. 7.....

SEC. 8.....

SEC. 9.....

SEC. 10. (a) ....

(b) ....

(c) With respect to intervention for a substance identified pursuant to section 2(1) (B), the United States has the burden of establishing that, under the circumstances present at the time of the intervention, the substance could reasonably pose a grave and imminent danger analogous to that posed by a substance identified pursuant to section 2(1) (A).

SEC. 11.....

SEC. 12.....

SEC. 13. (a) The Secretary, in consultation with the Secretary of State and the Administrator of the Environmental Protection Agency, may nominate individuals to the list of experts provided for in article III of the convention *and article II of the protocol.*

(b) The Secretary of State, in consultation with the Secretary, shall designate or nominate, as appropriate and necessary, the negotiators, conciliators, or arbitrators provided for by the convention and the [annexes thereto] *protocol.*

Sec. 14.....

Sec. 15. This Act shall be interpreted and administered in a manner consistent with the convention, *the protocol,* and other international law. Except as specifically provided, nothing in this Act may be interpreted to prejudice any otherwise applicable right, duty, privilege, or immunity or deprive any country or person of any remedy otherwise applicable.

Sec. 16.....

Sec. 17.....

Sec. 18.....

The Secretary of Transportation,
Washington, D.C., September 30, 1975.
Hon. Nelson A. Rockefeller,
President of the Senate,
Washington, D.C.

Dear Mr. President: There is transmitted herewith a proposed bill, "To amend the Intervention on the High Seas Act to implement the Protocol Relating to Intervention on the High Seas in Cases of Marine Pollution by Substances Other Than Oil, 1973."

As stated in the title, the proposed bill amends the Intervention on the High Seas Act (88 Stat. 8, P.L. 93-248), which implemented the International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties, 1969. The amendments contained in the bill will implement the Protocol Relating to Intervention on the High Seas in Cases of Marine Pollution by Substances Other Than Oil, signed at London on November 2, 1973.

The Intervention on the High Seas Act became effective on May 6, 1975, and permits the United States to take necessary action on the high seas, subject to reasonable safeguards, to prevent, mitigate, or eliminate a grave and imminent danger to its coastline or related interests from pollution or the threat of pollution of the sea by crude oil, fuel oil, diesel oil, or lubricating oil. In this proposal, these oils are referred to as "convention oil" to distinguish them from other oils covered by the protocol which is the subject of this proposed legislation.

The protocol extends the right of intervention to the threat of pollution by certain additional substances, unlimited by the requirement in the convention that the pollution or threat thereof be to the sea. Annexed to the protocol is an illustrative list containing the substances for which intervention is authorized if the requisite danger to the coastline or related interests is present. The protocol does not preclude intervention with respect to an unlisted substance. However, for an unlisted substance the intervening nation is required to establish that, under the circumstances present at the time of intervention, the unlisted substance could reasonably pose a danger equivalent to that of a substance listed in the protocol.

The protocol will become effective 90 days after 15 nations have ratified it. Our proposed amendments to the Intervention on the High Seas Act will become effective on that same date or upon the date of enactment, whichever is later. Currently no nation has ratified the protocol, due in part to the fact that the list of substances contained in the annex was not established until November 21, 1974, at the 2nd Session of the Marine Environmental Protection Committee of the Inter-Governmental Maritime Consultative Organization.

The existing Act provides that the revolving fund established under section 311(k) of the Federal Water Pollution Control Act, as amended (33 U.S.C. 1321(k)), is available for actions taken by the Secretary thereunder. Therefore, this legislative proposal will not result in additional costs to the Federal Government and has no inflationary impact.

It is recommended that the proposed legislation be enacted by Congress.

The Office of Management and Budget has advised that enactment of this proposal would be consistent with the Administration's objectives.

Sincerely,
William T. Coleman, Jr.

By Mr. HATHAWAY:

S. 2550. A bill to require Presidential primaries to be held within a shortened period by amending the Internal Revenue Code of 1954 to deny Presidential nominating convention payments to political parties which permit delegates selected by Presidential primary elections held at some other time to participate in such conventions. Referred to the Committee on Finance.

Mr. HATHAWAY. Mr. President, today I am introducing a bill intended to make our Presidental primary system a somewhat more orderly selection process. I am not attempting a major reform. All my bill would do is consolidate the present scattered dates on which State primaries are to be held into four State primary dates. These four dates would be the second Tuesday in June, and the second, fourth and sixth Tuesdays before that date. By consolidating State primaries in this manner, my proposal would present the public with the aspect of a more coordinated election process, and the candidates with a less drawn-out campaign schedule. Furthermore, it would prevent any one State from having a disproportionate effect on the chances of a candidate because it happens to have an early primary.

I do not feel that regional primaries are a good idea, because they can give too much of an edge to a candidate popular in his home region but less so elsewhere, if his region happens to be the first one holding a primary. For this reason the method I have chosen for selecting dates guarantees wide geographical distribution for each primary. This will enable a candidate to campaign in the region where he is strongest before each primary election, but will prevent a regional candidate from building up an unstoppable momentum.

I also do not feel a national primary is a good idea. This gives too great an advantage to the candidate who may be better known nationally than the other candidates at the start of a campaign, but who could not win the nomination if he had to compete with other candidates in a series of primary elections.

For this reason, I do not propose to consolidate primaries to that degree.

The method I have chosen is to require a State to hold its primary on the first authorized primary date that falls on or after the date on which the State was scheduled to hold its primary as of October 17, 1975. The accompanying table gives a breakdown of how that works out for the dates I have selected. As you can see, these dates give a good geographical mix for each primary. Furthermore, for the dates selected, almost half of the States planning to hold primaries would not even have to change their planned primary dates to be in accordance with this law.

The enforcement mechanism I am proposing is to prohibit a party from receiving funds under the Presidential Election Campaign Fund Act for a convention if it allowed delegates to participate as a result of their selection by a primary election that was not held on an authorized primary date.

Obviously, there are ways around this enforcement mechanism, but my bill assumes some good faith compliance on the part of the States and major parties.

The consolidation I am proposing will not please the most ardent of primary reformers, nor will it please those States who would be called upon to change the planned dates of their primaries. But it would present the voters with a more seemly Presidential selection process that would still preserve most of the traditional advantages of our primary system.

I think we could not choose a better time to restore some of our citizens faith in politics.

I ask unanimous consent that a copy of the bill and accompanying table be printed in the Record at this time.

There being no objection, the bill and table were ordered to be printed in the Record, as follows:

S. 2550

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 9008 of the Internal Revenue Code of 1954 (relating to payments for Presidential nominating conventions) is amended by adding at the end thereof the following new subsection:

"(i) Requirements Applicable to State Presidential Primary Elections in Which Delegates to Presidential Nominating Conventions Are Selected.—

"(1) In General.—In order to meet the requirements of this subsection—

"(A) Existing delegate selection Presidential primary elections.—A delegate selection Presidential primary election which is provided for by law as of Oct. 17, 1975, shall be held on the first election Tuesday, on or following the date on which it would have been held under such law as in effect on Oct. 17, 1975.

"(B) New delegate selection Presidential primary elections.—In the case of a delegate selection Presidential primary election which is not provided for by law as of Oct. 17, 1975, such an election shall be held on an election Tuesday.

"(2) Definitions.—For purposes of this subsection—

"(A) Delegate selection Presidential primary election.—The term 'delegate selection Presidential primary election' means an election conducted by a State for the purpose of selecting delegates to a Presidential nominating convention held by a major or minor party.

"(B) Election Tuesday.—The term 'election Tuesday' means the second Tuesday in June of 1976 and of every fourth year thereafter, and the second, fourth, and sixth Tuesdays preceding the second Tuesday in June of such years.".

(b) Section 9008(b) of such Code (relating to entitlement to payments from fund) is amended by adding at the end thereof the following new paragraph:

"(6) Denial of entitlement.—No major party or minor party is entitled to receive any payment under this section with respect to a Presidential nominating convention conducted by that party if any delegate to that convention who was selected by a delegate selection Presidential primary election is permitted to participate in such convention by voting on any matter coming before the convention or any committee or subdivision thereof, and if such participation is a direct result of being selected by a delegate selection Presidential primary election (as defined in subsection (i)(2)(A)) which fails to meet the requirements of subsection (i).".

Sec. (c) The amendents made by this Act take effect January 1, 1976.

	Planned date of 1976 primary as of Oct. 17, 1975[1]	*1976 primary date under my bill*
New Hampshire	February 24	April 27.
Massachusetts	March 2	Do.
Florida	March 9	Do.
Illinois	March 16	Do.
North Carolina	March 23	Do.
Wisconsin	April 6	Do.
New York	April 6	Do.
Pennsylvania	April 27	Do.
Texas	May 1	May 11.
Alabama	May 4	Do.
Georgia	May 4	Do.
Washington, D.C.	May 4	Do.
Indiana	May 4	Do.
Tennessee	May 6	Do.
Nebraska	May 11	Do.
West Virginia	May 11	Do.
Maryland	May 18	May 25.
Michigan	May 18	Do.
Nevada	May 25	Do.
Kentucky	May 25	Do.
Idaho	May 25	Do.
Oregon	May 25	Do.
Rhode Island	June 1	June 8.
Mississippi	June 1	Do.
Montana	June 1	Do.
South Dakota	June 1	Do.
Ohio	June 8	Do.
Arkansas	June 8	Do.
California	June 8	Do.
New Jersey	June 8	Do.

[1] Figures received from Library of Congress.

By Mr. MAGNUSON (for himself and Mr. PEARSON) (by request):

S. 2551. A bill entitled the "Aviation Act of 1975." Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, I introduce by request, for appropriate reference, a bill entitled, "the Aviation Act of 1975," and ask unanimous consent that the message of the President and section-by-section analysis be printed in the RECORD with the text of the bill.

I want the record to indicate that I do not necessarily support this particular legislation—which embodies the administration's proposal to deregulate the airline industry. I am, however, introducing the bill as a courtesy to the President in my capacity as the chairman of the Committee on Commerce.

There being no objection, the bill and material were ordered to be printed in the RECORD, as follows:

S. 2551

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Aviation Act of 1975."

SEC. 2. Except as otherwise specified, wherever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Federal Aviation Act of 1958, as amended.

DEFINITIONS

SEC. 3. Section 101 as amended, is further amended by renumbering paragraphs (2) through (19) as paragraphs (3) through (20) and by inserting therein the following new paragraph:

"(2) 'Advance-purchase charter trip' means a charter trip arranged pursuant to a contract between an air carrier or foreign air carrier and a person authorized by the Board to act as a charter organizer, and sold by such charter organizer to members of the general public on an advance purchase basis in accordance with regulations prescribed by the Board. Such regulations may not require that participants purchase the transportation or pay any deposit more than thirty days prior to departure, prohibit the charter organizer from selling up to twenty-five percent of the seats at any time prior to departure date, require a prorated price, prevent the organizer from assuming the commercial risk of the venture, require that the trip exceed three days in the Western Hemisphere or seven days in other areas, or otherwise unduly restrict the availability of such charters."

(b) Section 101 is further amended by renumbering paragraph (20) as that paragraph was numbered prior to the enactment of this section as paragraph (22) and paragraphs (21) through (36) as paragraphs (23) through (38), and by inserting therein the following new paragraph:

"(21) 'Inclusive tour charter trip' means a charter trip which combines air transportation, pursuant to a contract between an air carrier or foreign air carrier and a person authorized by the Board to sell inclusive tours, and land arrangements at one or more points of destination, sold to members of the public at a price which is not unjust or unreasonable for the charter air transportation plus a charter for land arrangements and subject to such other requirements not inconsistent herewith as the Board shall by regulation prescribe to assure that such charter trips do not substantially impair essential scheduled service."

(c) Paragraph 34 of section 101 as that section was numbered prior to the enactment of this section is amended as follows:

"(36) 'Supplemental air transportation' means charter trips, including advance-purchase charter trips in air transportation, rendered pursuant to a certificate of public convenience and necessity issued pursuant to section 401(d)(3) of this Act. Nothing in this paragraph shall permit a supplemental air carrier to sell or offer for sale an inclusive tour in air transportation by selling or offering for sale individual tickets directly to members of the general public, but a supplemental air carrier may control or be under the control of a person authorized by the Board to make such sales, if such control has been approved by the Board pursuant to sections 408 and 409 of this Act."

DECLARATION OF POLICY

SEC. 4. Section 102 is amended to read as follows:

"DECLARATION OF POLICY: THE BOARD

"SEC. 102. In the exercise and performance of its powers and duties under this Act, the Board shall consider the following, among other things, as being in the public interest, and in accordance with the public convenience and necessity:

"(a) The encouragement and development of an air transportation system which is responsive to the needs of the public and is adapted to the present and future needs of the foreign and domestic commerce of the United States, of the Postal Service, and of the National defense;

"(b) The provision of a variety of adequate, economic, efficient and low-cost services by air carriers without unjust discriminations, undue preferences or advantages, or unfair or deceptive practices; and the need to improve relations among and coordinate transportation by air carriers;

"(c) Maximum reliance on competitive market forces and on actual and potential competition to provide the needed air transportation system;

"(d) The encouragement of new air carriers; and

"(e) The importance of the highest degree of safety in air commerce".

PROCEDURAL EXPEDITION

SEC. 5. Section 401(c) is amended as follows:

"(c)(1) Upon the filing of any such application, the Board shall give due notice thereof to the public by posting a notice of such application in the office of the Secretary of the Board and to such other persons as the Board may by regulation determine. Any interested person may file with the Board a protest or memorandum of opposition to or in support of the issuance of a certificate. Unless the Board issues an order finding that the public interest requires that the application be dismissed on the merits, or the application requests authority to engage in foreign air transportation, the application shall be set for a public hearing within sixty days from the date the application is filed with the Board. Any order of dismissal issued by the Board shall be deemed a final order subject to judicial review as prescribed in section 1006 of this Act. Mutually exclusive applications shall be heard at the same time. If an application regarding interstate and overseas transportation is set for public hearing, final disposition of such application must be made within ten months of the date such application was filed, except where the Board finds that the application raises an issue of major air transportation significance, in which case the decision must be made within twelve months of the date the application was filed. In addition, by order in extraordinary circumstances, the Board may delay decision for up to thirty days beyond the applicable date for decision.

"(2) The dates specified in paragraph (1) do not apply to applications pending on the date of enactment of this paragraph or to applications filed within twelve months of such enactment. Applications pending on the date of such enactment must be disposed of within eighteen months of the date of such enactment. Applications filed within twelve months of the date of enactment must be disposed of within eighteen months of the date of application.

"(3) If the Board does not act within the time specified in paragraphs (1) and (2), the certificate authority requested in the application shall become effective, and the Board shall issue the certificate as requested without further proceedings."

ENTRY

SEC. 6. (a) Section 401(d)(3) is amended as follows:

"(3) In the case of an application for a certificate to engage in supplemental air transportation, the Board shall issue a certificate, as may be required by the public convenience and necessity, authorizing the whole or any part thereof and for such periods as the Board may specify, if it finds that the applicant is fit, willing, and able properly to perform the transportation covered by the application and to conform to the provisions of this Act and the rules, regulations, and requirements of the Board hereunder. Any certificate issued pursuant to this paragraph shall contain such limitations as the Board shall find necessary to assure that the service rendered pursuant thereto will be limited to supplemental air transportation as defined in this Act."

(b) Section 401(d) is amended by adding the following paragraphs:

"(4) The Board shall issue a certificate for interstate air transportation between any two cities not receiving nonstop scheduled air transportation by an air carrier holding a certificate of public convenience and necessity to an applicant if it finds the applicant is fit, willing, and able to perform such transportation properly, and to conform to the provisions of this Act and the rules, regulations, and requirements of the Board hereunder.

"(5) Any air carrier that engages in interstate air transportation solely with aircraft having a capacity of less than fifty-six passengers or 16,000 pounds of property shall not be required to obtain a certificate of public convenience and necessity if that carrier conforms to such financial responsibility requirements as the Board may by regulation impose. The Board shall by regulation increase the passenger or property capacities specified in this paragraph when the public interest so requires. Air transportation pursuant to this paragraph is not subject to sections 403, 404, 405 (b), (c), and (d), 408, 409 or 412, except for the provisions regarding joint fares and through rates."

(c) Section 401(e)(1) is amended to add at the end:

"The Board shall not, however, impose closed-door, single-plane service, mandatory stop, long-haul restrictions, or similar restrictions, on any new certificate or amendment to any existing certificate. By January 1, 1981 the Board shall reissue all certificates for interstate air transportation in the form of an unduplicated list of city pairs that each certificated air carrier is authorized to serve pursuant to the terms of subsection (o)(1) or as otherwise provided by this section. Subsequent to January 1, 1981 each amendment to a certificate authorizing interstate air transportation shall take the form of additions to, or deletions from, such listing."

ROUTE TRANSFERS

SEC. 7. Section 401(h) is amended to read as follows:

"(h)(1) By January 1, 1978, the Board shall prepare an unduplicated list of city pairs that each interstate certificated air carrier will be authorized to serve on January 1, 1981, pursuant to the terms of subsection (o)(1). This list shall be the basis for determining whether a city pair route is eligible for transfer, sale, or lease pursuant to the provisions of subsection (h)(2).

"(h)(2) On or after January 1, 1978, each air carrier engaged in interstate scheduled air transportation may transfer, sell or lease any of its authority to engage in scheduled interstate air transportation or the authority conferred by section 401(o)(1) to engage in interstate scheduled air transportation to any air carrier the Board finds is fit, willing and able to perform such transportation properly, and to conform to the provisions of this Act and the rules, regulations, and requirements of the Board thereunder.

"(h)(3) In the case of an application for transfer, sale or lease of a route pursuant to section 401(h)(2) to an air carrier which the Board has found fit, willing and able to engage in air transportation, and to conform to the provisions of the Act and the rules, regulations, and requirements thereunder, the Board shall approve the transaction unless the transaction fails to meet the standards in section 408. If the transferee of the route does not hold certificate authority from the Board, the Board shall determine whether the applicant meets the requirements of section 401(h)(2) within six months of the date the request is filed.

"(h)(4) Prior to January 1, 1978, a certificate may not be transferred unless such transfer is approved by the Board as being consistent with the public interest."

ABANDONMENTS

SEC. 8. Section 401(j) is amended as follows:

"(j)(1) No air carrier shall abandon any route, or part thereof, for which a certificate has been issued by the Board, unless, upon the application of such air carrier, after notice and hearing, the Board shall find such abandonment meets the standards set forth in this subsection or is otherwise found to be in the public interest. Except as provided in paragraph (3), any carrier shall be permitted to abandon any route or part thereof for which a certificate has been issued:

"(A) if that carrier has operated the route or part thereof below fully allocated cost (including a reasonable return on investment) considering subsidy payments pursuant to section 406, for a period immediately preceding the abandonment petition of at least one year, except the Board may require continuation of service for one additional year if the public interest requires; or

"(B) if a carrier can demonstrate its operations for the route under consideration have been conducted below the direct cost for that route for a period of at least three months immediately preceding the abandonment petition; or

"(C) upon ninety days notice to the Board if the carrier can demonstrate that service will be provided by another air carrier.

"(2) Any interested person may file with the Board a protest or memorandum of opposition to or in support of any abandonment petition. The Board may require any air carrier abandoning a route or part thereof to establish reasonable, cooperative working relationships with any air carrier providing replacement services.

"(3) The Board may require continuation of service to a point if the local community or State or other public body agrees to provide sufficient support to assure that the carrier's total revenues, including any subsidy payments pursuant to section 406, for the route or part thereof, cover fully allocated costs (including reasonable return on investment) for the specific service at issue.

"(4) Any carrier may temporarily suspend service on any route or part thereof upon reasonable notice to the Board if service is provided by another air carrier. In the absence of such service temporary suspensions shall be authorized if the suspension meets the standards set forth in subsection (j)(1) for abandonments or is otherwise found to be in the public interest."

ROUTE EXPANSION

SEC. 9. Section 401 is amended by adding the following new subsections:

"REMOVAL EXPANSION

"(o)(1) On or after January 1, 1981, each air carrier engaged in interstate scheduled air transportation may engage in nonstop scheduled air transportation without regard to any certificate limitations or other restrictions between any points in the United States named in its certificate or certificates on January 1, 1975. Within sixty days of the enactment of this paragraph, the Board shall undertake a proceeding to phase out all existing restrictions in such certificate or certificates authorizing interstate air transportation. In exercising this authority, the Board shall proceed equitably, giving due consideration to the effects of elimination of restrictions on each air carrier. The Board shall proceed expeditiously and report its progress to the Congress annually.

"(2) On or after January 1, 1981, each air carrier engaged in foreign air transportation may engage in nonstop scheduled air transportation between any United States points named in its certificate or certificates and served by that air carrier on January 1, 1975. Sixty days from enactment, the Board shall undertake a proceeding to eliminate any requirements which preclude such nonstop service.

"DISCRETIONARY SCHEDULED OPERATIONS

"(p)(1) The authority granted in this paragraph shall become effective on January 1, 1981.

"(2) On or before March 31 of any year in which this paragraph is effective, the Board shall—

"(A) determine and publish the number of available seat miles operated in interstate passenger scheduled air transportation by certificated air carriers and the number of available seat miles operated in intrastate passenger scheduled air transportation by air carriers certificated by a State regulatory authority during the preceding calendar year;

"(B) determine and publish the number of available ton-miles operated by certificated all-cargo air carriers in interstate scheduled air transportation during the preceding calendar year;

"(C) establish classes of scheduled passenger air carriers, as follows: in Class I, those air carriers which operated in excess of five billion available seat miles in interstate scheduled air transportation during the preceding calendar year, or which operated in excess of one billion available seat miles in interstate and intrastate scheduled air transportation during the preceding calendar year and did not receive subsidy payments pursuant to section 406; in Class II, those carriers which operated in excess of one billion available seat miles in interstate and intrastate scheduled air transportation during the preceding calendar year but less than five billion available seat miles in interstate and intrastate scheduled air transportation during the preceding calendar year and which are not in Class I; and in Class III, those carriers which operated less than one billion available seat miles in interstate and intrastate scheduled air transportation during the preceding calendar year, except those carriers certificated by State authorities and which did not operate at least 100 million available seat miles in intrastate scheduled air transportation shall not be in this class; and

"(D) determine and publish the average number of available seat miles in scheduled air transportation for each of the three classes of air carriers in (C) and of available ton-miles for those carriers referred to in (B).

"(3) Notwithstanding any other provision of this section, each air carrier holding a certificate of public convenience and necessity for scheduled air transportation and each air carrier engaged in intrastate scheduled air transportation pursuant to a certificate issued by a State regulatory authority and which reports its available seat miles in passenger scheduled air transportation to the Board may engage in interstate scheduled air transportation in any and all markets of its choosing in addition to that transportation otherwise authorized, subject to the following limitations on the level of such additional operations—

"(A) a carrier in Class I shall be limited in each calendar year to a level of additional operations which does not exceed five percent of the average number of available seat miles in interstate and intrastate scheduled air transportation operated by carriers in its class during the preceding calendar year; and

"(B) a carrier in Class II or Class III shall be limited in each calendar year to a level of additional operations which does not exceed ten percent of the average number of available seat miles in interstate and intrastate scheduled air transportation operated by carriers in its class during the preceding calendar year or which does not exceed ten percent of the available seat miles operated by the individual carrier in interstate and intrastate scheduled air transportation, whichever is greater; and

"(C) all-cargo carriers shall be limited in each calendar year to a level of additional operations which does not exceed ten percent of the average number of available ton-miles operated in scheduled air transportation by carriers in its class during the preceding calendar year.

"(4) Carriers in Classes I through III shall be permitted to carry mail and cargo on any flights conducted pursuant to this paragraph.

"(5) Operations conducted pursuant to this paragraph may be combined with any other authority held by the carrier to permit single-plane and single-carrier services using combinations of the carrier's existing authority and the new authority.

"ADDITIONAL AUTHORITY

"(q) Any carrier engaging continuously for twelve consecutive months in nonstop scheduled air transportation pursuant to the authority conferred by subsection (p) of this section may apply to the Board for a certificate of public convenience and necessity authorizing unrestricted nonstop scheduled air transportation in such market. Within thirty days of the date of application, the Board shall grant such application and issue the certificate as requested unless the Board determines that the applicant has not conformed to the provisions of this Act with respect to the service in question. Breaks in service occasioned by labor disputes or by factors beyond the control of the carrier shall not destroy the continuity of services rendered before and after the break in service, but such periods of time shall not be counted towards meeting the requirement that service be offered for twelve months.

"SCHEDULED AIR TRANSPORTATION DEFINED

"(r) For the purposes of paragraphs (d)(4), (o), (p) and (q) 'scheduled air transportation' means interstate air transportation performed by a carrier between two or more points, with a minimum of five round trips per week, pursuant to published flight schedules which specify the times, days of the week and place between which such flights are performed."

TRANPORTATION OF MAIL.

SEC. 10. Section 405(b) is amended to read as follows:

"(b) Each air carrier shall, from time to time, file with the Board and the Postmaster General a statement showing the points between which such air carrier is authorized to engage in air transportation, and all schedules, and all changes therein, of aircraft regularly operated by the carrier between such points, setting forth in respect of each such schedule the points served thereby and the time of arrival and departure at each such point. The Postmaster General may designate any such schedule for the transportation of mail between the points between which the air carrier is authorized by its certificate to transport mail. No change shall be made in any schedules designated except upon ten days' notice thereof as herein provided. No air carrier shall transport mail in accordance with any schedule other than a schedule designated under this subsection for the transportation of mail."

CONSOLIDATION, MERGER, AND ACQUISITION OF CONTROL

SEC. 11. (a) The first sentence of Section 408(b) is amended by inserting after the first reference to the word "Board" the following:

"and at the same time, a copy to the Attorney General and the Secretary of Transportation".

(b) The first proviso of Section 408(b) is amended by adding after the first "That" the words "(i) with respect to an application filed within thirty months from enactment of the Aviation Act of 1975," and by adding after the last word of that proviso (and before the colon therefollowing):"; and (ii) with respect to an application filed more than thirty months after enactment of the Aviation Act of 1975, the Board shall not approve such a transaction:

"(1) if it would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of air transportation in any part of the United States, or

"(2) whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless the Board finds that the anticompetitive effects of the proposed transaction are outweighed in the public interest by the probable effect of the transaction in meeting the transportation convenience and needs of the community or communities to be served, and unless it finds that such transportation convenience and needs may not be satisfied by any less anticompetitive alternative. The party challenging the transaction shall bear the burden of proving the anticompetitive effects, and the proponents of the transaction shall bear the burden of proving that it meets the transportation convenience and needs of the community or communities to be served and that such convenience and needs may not be satisfied by any less anticompetitive alternatives."

(c) Section 408 is further amended by adding the following new subsection:

"(g)(1) Any transaction specified in subsection (a), regarding which an application is filed more than thirty months following enactment of this paragraph, may not be consummated before the ninetieth calendar day after the date on which the application therefor was presented to the Board, and the Attorney General. The Attorney General may bring an action under the antitrust laws arising out of such a transaction in the United States District Court for the District of Columbia or in any other appropriate District Court within such ninety-day period. At least 10 days before filing such an action the Attorney General shall publicly notify the Secretary of Transportation that he is considering such an action. No transaction specified in subsection (a) shall be consummated until the antitrust action, and all appeals from such action, which shall be taken pursuant to Expediting Act, as amended, 15 U.S.C. §§ 28–29, have been concluded. After the filing of such an antitrust action, all proceedings thereunder shall be stayed until the termination of the Board proceeding under subsection (b) and the termination af all judicial proceedings, if any, brought under Section 1006 with respect to a Board order issued pursuant to subsection (b). The Attorney General may not however seek judicial review under Section 1006 of a Board order regarding a transaction as to which the Attorney General has a pending antitrust action pursuant to this subsection.

"(2) In any action brought by the Attorney General under this subsection, the standards applied by the court shall be identical with those that the Board is directed to apply under Section 408(b)(ii), and the court shall review de novo the issues presented.

"(3) The Board may appear as a party of its own motion and as of right and be represented by its counsel in any action brought by the Attorney General pursuant to this subsection, and in any such action the Secretary of Transportation shall file with the District Court a statement setting forth his views on the challenged transaction and the implications of the challenged transaction upon national transportation policy.

"(4) Upon the consummation of a transaction approved under this section and after the termination of any antitrust litigation commenced within the period prescribed in this section, or upon the termination of such period if no such litigation is commenced therein, the transaction may not thereafter be attacked in any judicial proceeding on the ground that it alone and of itself constitutes a violation of any antitrust laws other than Section 2 of the Sherman Act, 15 U.S.C. § 2, but nothing in this chapter shall exempt any person involved in or affected by such a transaction from complying with the antitrust laws after the consummation of such transaction. For the purposes of this section, the term 'antitrust laws' means the 'antitrust laws' as defined in Section 1 of the Clayton Act as amended, 15 U.S.C. § 12.

"(5) All transactions approved by the Board pursuant to this section may be challenged by the Attorney General in an action brought to enforce Section 2 of the Sherman Act, 15 U.S.C. § 2, notwithstanding any other provision of this section or section 414."

(d) Section 408 is further amended by adding the following new subsection:

"(h) The Board must issue a final order with respect to any application filed pursuant to Section 408 within one calendar year after such filing."

AGREEMENTS

SEC. 12. Section 412 is amended by striking subsection (b) and adding immediately after subsection (a) the following new subsections:

"(b) After each agreement is filed, the Board shall give notice of the agreement to the Attorney General and the Secretary of Transportation within ten days of receipt of the agreement. The Attorney General or the Secretary of Transportation may request the Board to hold a hearing in accordance with 5 U.S.C. § 556 to determine if the agreement is consistent with the provisions of this Act, and if so requested, the Board shall hold such a hearing. If the Attorney General or the Secretary of Transportation believes that because of changed circumstances any agreement which has been previously approved by the Board has anticompetitive implications or no longer serves a transportation need, the Attorney General or the Secretary of Transportation may request the Board to hold a hearing in accordance with 5 U.S.C. § 556 to determine whether the agreement remains consistent with the provisions of this Act. If so requested, the Board shall hold such a hearing, and may after such hearing disapprove the agreement.

"(c) The Board may not approve any contract or agreement in interstate or overseas air transportation (1) which controls levels of capacity, equipment, or schedules, (2) which relates to pooling or apportioning earnings (except for mutual aid pact agreements among air carriers), losses, traffic, or service, (3) which fixes rates, fares or charges (except for joint rates, fares or charges), or (4) which fixes prices, commissions, rates or other forms of contract for goods or services provided to or for air carriers by persons other than air carriers. For the purposes of this section, agreements among carriers allocating operations at high traffic airports as identified by the Secretary of Transportation shall not be deemed pooling or capacity agreements. In addition, the Board may not approve any contract or agreement between an air carrier not directly engaged in the operation of aircraft in air transportation and a common carrier subject to the Interstate Commerce Act, as amended, governing the compensation to be received by such common carrier for transportation services performed by it.

"(d) The Board may approve any such contract or agreement, whether or not previously approved by it, which it finds not adverse to the public interest, and not in violation of this Act, except that the Board shall not approve any such contract or agreement which it finds would reduce or eliminate competition, unless there is clear and convincing evidence the contract or agreement is necessary to meet a serious transportation need or to secure important public benefits, and no less anticompetitive alternative is available to reach the same result.

"(e) With respect to foreign air transportation the Board shall by order disapprove any such contract or agreement, whether or not previously approved by it, that it finds to be adverse to the public interest, or in violation of the Act, and shall by order approve any such contract or agreement, or any modification or cancellation thereof, that it does not find to be adverse to the public interest, or in violation of this Act."

ANTITRUST IMMUNITY

SEC. 13. Section 414 is amended by adding the words "in air transportation" before the word "authorized".

RATES

SEC. 14. Section 1002 is amended by:

(a) Amending paragraph (d) so as to read:

"(d) Whenever, after notice and hearing, upon complaint, or upon its own initiative, the Board shall be of the opinion that any individual or joint rate, fare, or charge demanded, charged, collected or received by any air carrier for interstate or overseas air transportation, or any classification, rule, regulation, or practice affecting such rate, fare, or charge, is or will be unjust or unreasonable, or unjustly discriminatory, or unduly preferential, or unduly prejudicial, the Board shall determine and prescribe the maximum or minimum lawful rate, fare, or charge thereafter to be demanded, charged, collected, or received, or the lawful classification, rule, regulation, or practice thereafter to be made effective: *Provided*, however, that a rate above direct costs may not be found to be unjust or unreasonable on the basis that it is too low, and the Board may not require an air carrier to charge, demand, collect or receive compensation in excess of that air carrier's direct costs for the service at issue."

(b) Amending paragraph (e) so as to read:

"(e) In exercising and performing its power and duties with respect to the determination of maximum rates for the carriage of persons or property, the Board shall take into consideration, among other factors—

"(1) the effect of such rates upon the movement of traffic;

"(2) the need in the public interest of adequate and efficient transportation of persons and property by air carriers at the lowest cost consistent with the furnishing of such service;

"(3) the quality and type of service required by the public in each market;

"(4) the need for price competition to promote a healthy air transportation industry which provides maximum benefits to consumers;

"(5) the need of each carrier for revenue sufficient to enable such air carrier, under honest, economic and efficient management, to provide adequate and efficient air carrier service; and

"(6) the desirability of a variety of price and service options such as peak and off-peak pricing to improve economic efficiency."

(c) Amending paragraph (g) so as to read:

"(g) Whenever any air carrier shall file with the Board a tariff stating a new individual or joint (between air carriers) rate, fare, or charge for interstate or overseas air transportation or any classification, rule, regulation, or practice affecting such rate, fare, or charge, the Board is empowered, upon complaint or upon its own initiative, at once, and, if it so orders, without answer or other formal pleading by the air carrier, but upon reasonable notice, to enter upon a hearing concerning the lawfulness of such rate, fare, or charge, or such classification, rule, regulation, or practice; and pending such hearing and the decision thereon the Board, by filing with such tariff, and delivering to such air carrier affected thereby, a statement in writing of its reasons for such suspension, may suspend the operation of such tariff and defer the use of such rate, fare, or charge, or such classification, rule, regulation, or practice for a period of no longer than 90 days if:

(a) with respect to any proposed increase the proposed tariff would be more than 10 percent higher than the tariff in effect one year prior to the filing of the proposed tariff; or

(b) with respect to any proposed decrease, there is clear and convincing reason to believe that the proposed tariff will be below the direct costs of the service at issue; or

(c) with respect to any decrease filed within one year following the enactment of this paragraph, the proposed tariff would be more than 20 percent lower than the tariff in effect on the day of the enactment of this paragraph and the Board believes the tariff will be found to be unlawful; or

(d) with respect to any decrease filed in the period commencing one year from the enactment of this paragraph and ending two years from such enactment, that the proposed tariff would be more than 40 percent lower than the tariff in effect on the day of enactment of this paragraph and the Board believes the tariff will be found to be unlawful.

If the proceeding has not been concluded and a final order made within the initial period of suspension, the Board may, from time to time, extend the period of suspension, but not for a longer period in the aggregate than one hundred and eighty days beyond the time when such tariff would otherwise go into effect. After hearing, the Board may make such order with reference thereto as would be proper in a proceeding instituted after such rate, fare, charge, classification, rule, regulation, or practice had become effective. Any proceeding pursuant to this subsection shall be completed and a final order issued within one hundred and eighty days of the time when such tariff would otherwise go into effect. If the proceeding has not been concluded and an order made within the period of suspension, the proposed rate, fare, charge, classification, rule, regulation, or practice shall go into effect at the end of such period: *Provided*, That this subsection shall not apply to any initial tariff filed by any air carrier. *Provided further*, That the fact that a tariff may be suspended pursuant to this paragraph shall not create a presumption with respect to its ultimate lawfulness."

(d) Amending paragraph (i) so as to read:

"(i) The Board shall, whenever required by the public convenience and necessity, after notice and hearing, upon complaint or upon its own initiative, establish through service and the maximum joint rates, fares, or charges for interstate or overseas air transportation, or the classifications, rules, regulations, or practices affecting such rates, fares or charges, and the terms and conditions under which such through service shall be operated."

(e) Adding a new paragraph (k) to read as follows:

"(k) 'Direct Costs' means the direct operating cost of providing service to which a rate, fare, or charge applies, and shall not include such items as general and administrative expenses; depreciation; interest payments; amortization; capital expenses; costs associated with the development of a new route or service; and other fixed costs or costs which do not vary immediately and directly as a result of the service at issue."

POSTAL SERVICE CONTRACT AUTHORITY

SEC. 15. Section 5402(a) of title 39, United States Code, is amended to read as follows:

"(a) If the Postal Service determines that service by certificated air carrier between any pair or pairs of points is not adequate for its purposes, it may contract for the transportation of mail by air in such manner and under such terms and conditions as it deems appropriate:

"(1) with any certificated air carrier between any of the points between which the carrier is authorized by the Civil Aeronautics Board to engage in the transportation of mail;

"(2) with any other certificated air carrier, if no certificated air carrier so authorized is willing so to contract, or between points which no certificated air carrier is authorized by the Civil Aeronautics Board to engage in such transportation; or

"(3) with any other air carrier, if no certificated air carrier is willing so to contract."

LOCAL SERVICE SUBSIDY STUDY

SEC. 16. The Secretary of Transportation shall undertake a Study of the Local Service Air Carrier Subsidy Program and make recommendations to Congress for any necessary changes in the subsidy system within one year of the date of enactment of this section. The Secretary shall consult with community leaders in the cities now receiving subsidized air service, the local service air carriers, the Chairman of the Civil Aeronautics Board, and the relevant Committees of Congress. As part of this study, the Secretary shall identify the cost of local service subsidy involved in providing service at each city.

AVIATION ACT OF 1975

To the Congress of the United States:

As part of my program to strengthen the Nation's economy through greater reliance on competition in the marketplace, I announced earlier this year my intention to send to the Congress a comprehensive program for the reform of transportation regulation. In May, I sent to Congress the Railroad Revitalization Act aimed at rebuilding a healthy, progressive rail system for the Nation. Today I am pleased to submit the Aviation Act of 1975 which will provide similar improvements in the regulatory environment of our airlines. To complete the package, I will soon be forwarding similar legislation for the reform of regulation governing the motor carrier industry.

The result of the regulatory reform measures proposed in this legislation will have a direct and beneficial impact on the American consumer. Countless Americans use air travel on a regular basis in connection with their jobs and leisure activities. But for many Americans, air travel has become a luxury too expensive to afford. In part, today's high costs of air transportation are attributable to inflation and the rising cost of fuel and labor. But they are also the result of long years of excessive economic regulation.

In 1938, when the Congress authorized the creation of the Civil Aeronautics Board, there was a belief that some form of government intervention was needed to protect the infant airline industry. Accordingly, the Board was instructed to regulate this industry in order to promote its growth and development. Entry into the industry was strictly controlled. Even those airlines who were allowed entry into the industry were rigorously controlled with respect to what markets they could serve and fares were regulated. Real competition was intentionally dampened.

In the almost four decades since economic regulation of airlines was established, this industry has grown tremendously. It can no longer be called an infant. Consequently, protective government regulation established to serve the particular needs of a new industry has outlived its original purpose. The rigidly controlled regulatory structure now serves to stifle competition, increase costs to travelers, makes the industry less efficient than it could be and denies large segments of the American public access to lower cost air transportation. A number of studies have indicated that the cost of air transportation to American consumers is far higher than necessary as a result of over-regulation.

The overriding objective of the proposed legislation is to ensure that we have the most efficient airline system in the world providing the American public with the best possible service at the lowest possible cost. We must make sure that the industry responds to natural market forces and to consumer demands rather than to artificial constraints set out by government. This legislation would replace the present promotional and protectionist regulatory system with one which serves the needs of the public by allowing the naturally competitive nature of the industry to operate. It provides the airline industry increased flexibility to adjust prices to meet market demands. And it will make it substantially easier for firms who wish and are able to provide airline services to do so. These measures will be introduced gradually to permit the industry to adjust to a new regulatory environment. Government will continue to set rigid safety and financial standards for the airlines. But the focus of the new regulatory scheme will be to protect consumer interests, rather than those of the industry.

I urge the Congress to give careful and speedy attention to these measures so that the over 200 million passengers who use our airlines every year are given the benefits of greater competition that will flow from regulatory reform of this industry.

Gerald R. Ford.

The White House, *October 8, 1975.*

Aviation Act of 1975—Section-by-Section Analysis

Section 1. Cites the Act as the Aviation Act of 1975.

Section 2. Provides that any reference to a section, unless otherwise indicated, refers to the Federal Aviation Act of 1958, as amended ("the Act").

DEFINITIONS

Section 3. This section amends Section 101 of the Act dealing with definitions. The purpose of this section is to liberalize permanently and by statute the availability of charter services.

The Board has generally placed limitations on the growth of charter services. Prior to August, 1975, the Board required for inclusive tour charters: (1) a minimum of three stops; (2) a minimum of seven days between departure and return; and (3) a minimum rate not less than 110 percent of any available scheduled fare. Legislation presently before Congress, S. 421, "The Low-Cost Air Transportation Act", would substantially broaden the availability of charter services. In response to this legislation and public criticism the Board has recently expanded the availability of inclusive tour charters on its own initiative, effective September 13, 1975. [40 F.R. 34089]. The Board's new rules would allow one-stop inclusive tour charters. The minimum stay requirement would be reduced to three nights for a North American charter and six nights for an international charter. Minimum rates would not be pegged to the scheduled fare but would be based on a reasonable rate for the charter air transportation plus $15 a night for land arrangements. The new rules also provide that tickets must be purchased 15 days in advance for overseas trips.

This amendment incorporates many of the features of S. 421 to guarantee the continued availability of low cost charter service. It provides new definitions of "Advance-purchase charter trip" and "Inclusive tour charter trip" and amends the present definition of "Supplemental air transportation". The proposed definition of "Advance-purchase charter trip" contained in paragraph (2) would authorize a new type of charter similar to the present Board authorized travel group charters. Such advance purchase charters would be sold by tour organizers to members of the general public and would not be required to include a group package. The Board would be prohibited from requiring purchase of tickets more than 30 days in advance of the flight or from restricting the charter organizer from selling up to 25 percent of the ticket seats at any time prior to departure. Minimum stay requirements could not exceed 3 days in the Western Hemisphere, nor 7 in other areas.

The proposed paragraph (21) would authorize one stop inclusive tour charters. The rate for such charters would be based on the cost of the air transportation plus the charge for ground arrangements. The reference to "unjust or unreasonable" rates refers to the standard set out in section 1002(d) and (j), as amended by section 14 of the bill. The Board would be authorized to assure that one stop inclusive tours do not impair scheduled services.

The proposed paragraph (36) provides an amended definition of "Supplemental air transportation" and it removes the prohibition against supplemental air carriers selling tickets indirectly through control of those authorized by the CAB to make such sales. The new definition would delete the prohibition against the carriage of mail by supplementals in the present Act and would delete the language "to supplement the scheduled service . . ." The latter language is inconsistent with the present role of supplemental air carriers in providing low-cost charter air transportation.

DECLARATION OF POLICY

Section 4. This section amends Section 102 of the Act dealing with the Declaration of Policy of the Board. Every decision of the Board must reflect the basic guidance provided by the Declaration of Policy which is an integral part of the Act. This amendment rearranges the order of the Declaration into a more logical form, but more importantly, it changes the basic thrust of the policy announced in the declaration.

The present policy declaration is protectionist and promotional of the industry in tone. It speaks in terms of promotion of the industry in several places, and at the same time provides for competition "only to the extent necessary . . ."

The amended policy declaration recognizes the need for "encouragement and development" but clearly states that the basic policy goal is to develop a system to satisfy the needs of the public, not just the airline industry itself. It speaks in terms of a "variety" of "efficient and low-cost services". It reaches this goal by "maximum reliance on competitive market forces" and by the "encouragement of new air carriers" rather than the heavy hand of Federal economic regulation. It recognizes that safety must be continued to the "highest degree". In essence then, the thrust of the amendments is to focus upon the public needs, and to rely upon competition and the market to provide such needs, including the liberalized entry of new carriers, while at the same time preserving the highest degree of safety. Needless to say, the words "promotion" and "competition to the extent necessary" have been deleted.

PROCEDURAL EXPEDITION

Section 5. Section 401 presently provides that no air carrier may operate unless it holds a certificate of "public convenience and necessity" from the Board. By this requirement the Board regulates entry into the industry and into new markets. This section amends section 401(c) which provides that the Board act on applications for certificates of public convenience and necessity "as speedily as possible". The Board has been very reluctant to allow new entrants to the industry—there have been no new "trunk" carriers since the inception of the original Act in 1938—and for 5 years the Board imposed a "route moratorium" and refused to grant entry into new markets by *established* carriers.

To prevent another moratorium, and to assure that cases are decided within a reasonable period, the proposed subsection (c)(1) would require a speedy hearing on all applications for certificates of public convenience and necessity. Any person seeking a Federal license is entitled to a prompt decision on the merits. All applications regarding interstate and overseas transportation, set for public hearing, must be disposed of within ten months of the date of the application except where the Board finds that the application raises issues of "major air transportation significance", and in those cases the decision must be made within twelve months of the date of application. The Board is also given an extra 30 days for decision if it finds there are "extraordinary circumstances". This term is not defined in the Act and is left to the discretion of the Board but it is meant to cover "last-minute" problems and delays.

Applications to engage in foreign air transportation do not fall under these deadlines. The time limits also do not apply to applications pending at the time of enactment or filed within twelve months of enactment. For these applications, a somewhat longer time limit applies. This longer period will allow the Board to process the back load of past applications and any new applications filed to take advantage of the liberalized entry provisions of this Act. The Board may decide not to set an application for hearing in which case it must dismiss the application on the merits, thus giving opportunity for court review.

If the Board fails to meet the deadlines, the certificate requested must be issued by the Board without further proceedings.

ENTRY

Section 6. This section would amend section 401(d) of the Act to liberalize entry into the air carrier industry by new entrants, and permit the supplemental carriers to operate scheduled services.

Section 6(b) of the bill provides a "fit, willing, and able" entry test for transportation "between any two cities not receiving non-stop scheduled air transportation by an air carrier holding a certificate of public convenience and necessity. . . ." In other words, for city-pairs not receiving scheduled air service by a certificated carrier, there is no necessity to prove "public convenience and necessity". "Scheduled air transportation" is defined in section 9 of the bill to mean a minimum of 5 round trips per week.

The second part of section 6(b) exempts from economic regulation those air carriers who engage in interstate air transportation solely with planes with a passenger capacity of less than 56 or a cargo capacity of 16,000 pounds. Commuter air carriers now operate pursuant to this exemption. The Board, at present by regulation exempts air carriers operating aircraft with a capacity of less than 30 passengers or 7,500 pounds of property. The exemption in the bill would be a new higher minimum and would be statutorily imposed. This section would also direct the Board to further increase the exemption as circumstancs warrant. Carriers exempted by this section would still be required to conform to financial responsibility requirements and observe joint and through rates as required by the Board unless otherwise exempted under section 416.

Section 6(c) of the bill would substantially limit the Board's authority to impose conditions on any future or amended certificates of public convenience and necessity. Specifically, the Board would be prohibited from imposing any closed-door, single-plane service, mandatory stop, long-haul restrictions, or any similar restriction. It is the intention of this provision to remove from the Board the authority to impose conditions designed to protect the markets of other carriers. (See analysis of section 9 for removal of past protectionist conditions). In addition, this section requires the Board by January 1, 1981 to reissue all certificates for interstate air transportation in the form of a listing of the city pairs air carriers can serve.

ROUTE TRANSFERS

Section 7. This section provides a new procedure for route transfers, and beginning January 1, 1978 allows carriers to transfer route authority freely to other qualified carriers subject to the standards under section 408 to prevent anticompetitive transactions. The purpose of this section is to provide an expedited procedure for pro-competitive transfers.

ABANDONMENT

Section 8. This section provides a new abandonment procedure. At present, carriers are free to provide various levels of service, and may substantially reduce service without Board permission. To completely abandon service, however, the carrier must obtain approval from the Board in accordance with 401(j) of the Act. Abandonment of service has not been a substantial problem in the airline industry, but by this amendment carriers would be assured that they would not be required to provide noncompensatory service.

The section would amend 401(j) and provide that a carrier may abandon a route if—

(A) the carrier has operated the route below fully allocated cost (including a reasonable return) for at least one year, except the Board may postpone the abandonment for up to one year;

(B) the carrier has operated the route below direct costs for a period of at least three months—in this case there is no postponement; or

(C) upon 90 days notice if the carrier can demonstrate that service will be provided by another carrier.

An exception to the above occurs if a community or another public body agrees to provide sufficient payments to a carrier to ensure that the carriers revenues (including any subsidy) at least equal its fully allocated costs, including a reasonable return. In this case, the carrier may not abandon the route as long as the payments are made. Thus, continuation of service is left to the option of the affected community. This revised abandonment provision will not result in the loss of service at cities where Federally subsidized service is provided by local service carriers.

The proposed paragraph (4) provides that temporary suspensions must be granted if the carrier can show that service will be provided by another carrier or if similar circumstances exist to those necessary for abandonment.

ROUTE EXPANSION

Section 9. The first part of the amendment of this section would add a new subsection to section 401 mandating the Board to remove protectionist conditions on past certificates in a phased procedure.

The proposed subsection (o)(1) provides that on or after January 1, 1981, every air carrier engaged in interstate scheduled service may engage in "non-stop scheduled air transportation without regard to any certificate limitations or other restrictions between any points in the United States named in its certificate . . . on January 1, 1975". In other words, starting in 1981, a carrier can fly non-stop between any two cities named in its certificate on January 1, 1975. The removal of these restrictions will substantially increase competition between existing carriers who may now have authority between existing carriers who may now have authority between cities but who are not effective competitors because of the many restrictions imposed upon them by their certificates. To avoid undue disruption, this section directs the Board to undertake a proceeding after the enactment of this Act to gradually and equitably phase in the elimination of these conditions. All conditions would be eliminated, however, by 1981.

The proposed paragraph (2) of section (o) applies the same type of procedure to carriers engaged in foreign air transportation and allows such carriers to provide non-stop service between any cities in the United States named in their certificates and served on January 1, 1975.

The second part of this section would add new subsections (p) and (q) to section 401 of the Act. These new subsections would permit carriers gradually to expand and rationalize their route authority on a voluntary basis. This procedure will be another mechanism to provide increased competition. To avoid undue disruption, it will not commence until 1981 and as indicated, it is a gradual, phrased procedure.

The proposed subsection (p) provides that each year, starting in 1981, the Board shall calculate the number of available seat miles ("ASM") operated in interstate or intrastate transportation by State or Board certificated carriers in scheduled passenger transportation during the preceding year, and similarly, the available ton-miles operated by all-cargo carriers.

The Board is then directed to establish three classes of passenger carriers; Class I, those carriers with over 5 billion ASM's in the preceding year or 1 billion ASM's in intrastate and interstate transportation and not receiving subsidy payments; Class II, those interstate or intrastate carriers over 1 billion ASM's but less than 5 billion ASM's; carriers which operate less than 1 billion ASM's in interstate and intrastate transportation in the preceding year.

The Board is then directed to calculate the ASM's for each of the three classes and available ton-miles of all-cargo carriers. Beginning in 1981, each Class I carrier may expand its operation by 5 percent of the average ASM's of the class, and each Class II and III carrier may expand its operation by 10 percent of the average ASM's of its respective class or by 10 percent of its own ASM's, whichever is greater. The different basis and percentage for Class I and Class II and III carriers is necessitated by the relatively low absolute mileage of these latter carriers and the desire to make them effective competitors. All-cargo carriers will be allowed each year to expand their cargo routes by ten percent of the average number of available ton miles of the class.

New scheduled air carriers, such as supplemental air carriers that acquire authority to engage in scheduled air transportation would also be eligible for this discretionary authority. These carriers would be placed in Classes I, II or III based on their scheduled available seat miles in the previous year.

The proposed subsection (q) provides that any carrier operating pursuant to the above process for a period of twelve consecutive months in scheduled nonstop service with a minimum of five round trips per week may apply for, and the Board must issue, a permanent certificate for nonstop operations in such market. Once the certificate is issued, it becomes part of the base for future expansion pursuant to the procedure outlined above. The expansion procedure contained in this section is permanent.

TRANSPORTATION OF MAIL

Section 10. This section amends section 405(b) of the Act dealing with mail schedules. This amendment would preserve the requirement that each carrier file schedules with the Postmaster General but remove the authority of the Postmaster to require additional schedules for the transportation of mail. It should be noted that Section 10 of this bill would expand the authority of the Postmaster General to contract for mail transportation.

CONSOLIDATION, MERGERS AND ACQUISITION OF CONTROL

Section 11. This section would amend section 408(b) of the Act dealing with mergers and other restructurings. The present section 408(a) provides that all restructurings must be approved by the Board under a "public interest" test. The Board's decision can then be reviewed in the court of appeals on a substantial evidence test in accordance with general review procedures. The amendment would retain the present section 408(b) for a period of 30 months after enactment of this bill with respect to any cases filed at the Board in that period, but would then impose a new two-part procedure and a new substantive test.

The bill would revise the procedures and standards of section 408 roughly along the lines of the Bank Merger Act. A restructuring would not be approvable under section 408 if it would result in an air transportation monopoly in any part of the country. If the transaction would substantially lessen competition or tend to create a monopoly in air transportation in any part of the country, it could not be approved unless the Board also finds that the anticompetitive effects are outweighed by the transportation convenience and needs of the communities involved, and that such needs may not be met in a less anticompetitive manner.

As they do at present, interested government agencies would be able to participate in Board proceedings under section 408, and seek review of such proceedings in the U.S. Circuit Courts of Appeals under a "substantial evidence" test. The bill would create an additional right in the Attorney General to challenge section 408 restructuring transactions de novo in the U.S. District Courts under the same legal standard applied by the Board. The Attorney General would be required to file such an antitrust lawsuit within 90 days of receiving notice of filing of the section 408 application with the Board, and such lawsuits would be automatically stayed until the final completion of the Board's 408 proceedings. The Attorney General would not be permitted to seek review of the Board's order in a case as to which he has a pending antitrust action.

If review were sought in the District Court, the amendment provides that the Secretary of Transportation must submit his written views directly to the court regarding the transportation aspects of the case. The Board may also intervene in the District Court proceeding to present its views. A merger may not be consummated before the Board acts and any judicial review is completed. Appeals from the District Courts decision could be taken directly to the Supreme Court under the Expediting Act as is the case with actions under the antitrust laws and the Bank Merger Act. Finally, this section would also provide that any merger case must be decided by the Board within one year of the date it was filed.

Section 12. This section amends Section 412(b) of the Federal Aviation Act which deals with air carrier agreements. Section 412 now requires the filing of all agreements, and requires the Board to disapprove any agreement contrary to the "public interest". The intent of this amendment is to prohibit *in toto* pooling, capacity, price fixing, and other anticompetitive agreements while retaining the authority of the Board to approve agreements which are not anticompetitive, and which relate to such areas as training, baggage handling, equipment interchanges and the like. If the Board does not approve an agreement, such non-approval does not prevent the agreement from becoming effective; it merely prevents antitrust immunity from attaching.

Specifically, this amendment first provides that after any agreement is filed with the Board, notice must be given to the Secreary and the Attorney General, either of whom can require the Board to hold a hearing with respect to the agreement.

Second, this amendment provides specifically that the Board may not approve any agreement relating to interstate or overseas air transportation for controlling capacity, for the pooling of earnings or losses, or for fixing rates (except for joint rates) or fixing the prices or terms of contracts for goods and services provided to air carriers by non-carriers. This amendment also provides a new test for all other agreements and forbids the Board to approve any agreement that reduces or eliminates competition unless there is clear and convincing evidence the aggreement is needed to meet a serious transportation need and no less anticompetitive alternative is available to reach the same result.

Finally, this amendment allows the Attorney General or the Secretary to require the Board to hold a hearing on previously filed agreements, and for review of such agreements in accordance with the above standard.

Agreements in foreign air transportation would not be affected and the present standards for review of such agreements would be continued. This amendment would also leave it to the Board to approve or disapprove mutual aid pact agreements.

ANTITRUST IMMUNITY

Section 13. A technical change is made to make it clear that the antitrust immunity created by Board orders affects only the air transportation industry which is regulated by the Board, and not other industries.

RATES

Section 14. This section amends section 1002 of the Federal Aviation Act and deals directly with the question of rate flexibility. It proposes substantial changes in the Board's power with respect to pricing. It provides for a much more flexible regulation of pricing to complement the liberalized entry provisions of this bill. Without flexible pricing, liberalized entry may result only in more of the "same old thing."

Section 1002 of the present Act provides the Board broad authority to regulate rates, and to ensure that they are not "unjust or unreasonable" or prejudicial or discriminatory. This amendment restricts the authority of the Board in several ways.

First, this amendment would amend Section 1002(d) to provide that a rate above "direct costs," as defined by this Act, may not be found unjust or unreasonable on the basis it is too low. By limiting the Board's minimum ratemaking authority in this way, the Act provides for considerable downward pricing flexibility. The Board's present authority with respect to the ultimate lawfulness of rate increases is not affected.

Second, the bill also would amend Section 1002(e) which provides guidance to the Board in its ratemaking considerations. These amendments stress the need for price competition as a means of promoting a healthy air transportation industry and the desirability of a variety of services. Removed from the list of matters to be considered is the reference to "the inherent advantage" of air transportation, a phrase transported from the Interstate Commerce Act, and having no real function in the present Act.

Third, subsection (c) amends Section 1002 (g) to create a non-suspend zone. Rate increases may be suspended but only if they exceed 10 percent of the rate in effect one year prior to the proposed change. Rate decreases may be suspended but only if there is a clear and convincing reason to believe that they do not cover the direct costs of the service at issue or if the resulting rate decrease exceeds certain limits. In the first year after enactment, the Board may suspend a rate which provides for more than a 20 percent decrease in the rate in effect on the date of enactment; and in the second year after enactment, the Board may suspend a rate which provides for more than a 40 percent decrease in the rate in effect on the date of enactment. Again, it is to be noted that this zone relates only to suspensions, and does not affect the Board's authority to rule on the ultimate lawfulness of a rate.

Finally, this amendment also provides a time limit for rate cases. If the Board has not completed its proceeding within 180 days of the time allowed the tariff goes into effect without further proceeding.

Subsection (d) amends Section 1002(i) to remove the Board's power to establish minimum through rates. Subsection (e) provides a definition of "direct cost" which defines this term to be the "direct operating costs of providing the service" and excludes overhead, fixed costs and any non-variable costs from the definition.

POSTAL SERVICE CONTRACT AUTHORITY

Section 15. This section amends Section 5403(a) of Title 39 of the United States Code dealing with the transportation of mail by air. It would authorize the Postal Service to contract with certificated carriers for mail carriage.

LOCAL SERVICE SUBSIDY STUDY

Section 16. This section requires the Secretary to undertake a one-year study of the Local Service Air Carrier Subsidy Program and make recommendations to Congress for any necessary changes. As part of the Study, the Secretary is to identify the costs of the local service subsidy involved with each city.

By Mr. HATFIELD (for himself and Mr. PACKWOOD):

S. 2552. A bill pertaining to the inheritance of enrolled members of the Confederated Tribes of the Umatilla Indian Reservation of Oregon; and

S. 2553. A bill pertaining to land consolidation and development on the Umatilla Indian Reservation. Referred to the Committee on Interior and Insular Affairs.

Mr. HATFIELD. Mr. President, of the utmost importance to any Indian reservation is the need to maintain a viable land base. Many of our past policies have served to do just the opposite, however—to destroy the land base which is so essential to the cohesiveness of an Indian tribe.

One example of the need to improve past policies is that of the Confederated Tribes of the Umatilla Indian Reservation in Oregon. Aboriginally, the Confederated Tribes controlled and lived on lands that now comprise northeastern Oregon and southeastern Washington. In 1855, most of this area was ceded to the United States, but with the guarantee that a reservation would be established.

Within 30 years, the Congress passed a general allotment act, parceling out the land in specified amounts to individual tribal members, greatly reducing the size of the reservation. Moreover, the act effectively broke up the reservation, bringing about a loss of cohesiveness and shared management.

Today, the Umatilla Indian Reservation consists of 157,982 acres, of which 86,688.1 acres, or approximately 55 percent, is owned by non-Indians; 2,028.7 acres is tribal trust land, while 68,434.3 acres is individual allotted land and 830 acres is individual land in fee simple.

On behalf of Senator PACKWOOD and myself, I am introducing two bills today which are designed to provide the Umatilla Indians with an opportunity to reestablish a viable land base through land consolidation and purchase of lands presently in the ownership of nonmembers of the Confederated Tribes.

The first of these bills would give the tribe, in the exercise of its governmental powers, the option of purchasing lands lost to nonmembers. This legislation provides that the purchase price shall be the fair market value and it protects the interests of a spouse. The language is nearly identical to bills passed for the Yakima, Warm Springs, and Nez Perce Tribes.

The second bill would allow the tribe to obtain and consolidate lands. Present law limits tribal authority to mortgage lands within the reservation, and many opportunities have already been lost to the tribe because vendors of land were unwilling to accept cash payment, preferring a mortgage of several years duration in order to avoid a large tax liability. The consolidation bill also authorizes consolidation and exchanges of land, allowing the concentration of tribal lands into one or several operating units.

I believe both bills are consistent with the principles of self-determination which the Congress and the administration have espoused in recent years. I am pleased that my colleague from Oregon is joining with me in this effort and Congressman AL ULLMAN, who represents Oregon's Second Congressional District, has already introduced identical legislation in the House of Representatives. It is my hope that the Senate will move quickly to consider these bills and they will be passed by the Senate as soon as possible.

By Mr. PASTORE (for himself and Mr. BEALL):

S. 2554. A bill to amend Public Law 93–107 with regard to the broadcasting of certain professional sports clubs' games. Referred to the Committee on Commerce.

Mr. PASTORE. Mr. President, today I am introducing a bill to extend for 3 years the so-called sports antiblackout law which is presently embodied in Public Law 93–107 and due to expire on December 31, 1975.

My colleagues will recall the considerations which prompted the enactment of Public Law 93–107 in 1973. In the judgment of the Congress, professional football, baseball, basketball, and hockey clubs had greatly benefited from prior legislation providing an antitrust exemption for their league pooling of game telecast rights. It was, therefore, deemed both reasonable and in the public interest to require in return that sold out games of such clubs televised pursuant to that exemption be made available for telecast in the areas in which those games would be played.

However, because there were arguments that any antiblackout law would have a long-run detrimental impact on the economic well-being of the professional sports—primarily in terms of a predicted "now-show" phenomenon—the Congress provided for a 3-year trial period and a continuing study and annual reports by the Federal Communications Commission on the effect of the legislation.

The FCC's two reports to the Congress have concluded that although the law has had a negative impact on radio broadcast rights—a natural and foreseeable result of increased television availability—and a possible effect on stadium concession revenues, there is no evidence that the sports clubs themselves have sustained economic injury as a consequence of the legislation. With particular regard to the National Football League, the FCC has found no significant correlation between any increase in NFL "no-shows" and the antiblackout law. In fact, the FCC's analysis observes what commonsense would indicate: That precipitation and team standing are much more important influences on the number of NFL no-shows than the operation of the law.

On the other side, the FCC reports have detailed the clear and substantial benefit to the public of having access to local telecasts of sold out home games.

From this experience under the existing antiblackout law, one might well argue that the legislatio nshould be made permanent. However, it has been contended that several factors—the NFL players' strike, the general decline in the state of the economy, and competitive threats from newly established sports leagues—have precluded a full and certain evaluation of the effect of the law. Without fully accepting this argument, I do believe that fairness and prudence counsel for a 3-year extension of the basic antiblackout law, and the bill I introduce today so provides. The bill would also continue the monitoring and annual reports by the FCC so that objective data, analysis, and findings with respect to the effect of the legislation will be available.

In this regard, I would hope that in light of the past 3-years experience any report of this or other similar legislation will make clear that the burden of proof is now squarely upon the professional sports interests to substantiate, with specific economic and financial data, any future claims of hardship or injury resulting from the law.

It should be noted that the bill I introduce contains one modification of the existing law. Public Law 93–107 presently provides that a local blackout may not be imposed if the game is sold out 72 hours or more before its scheduled starting time. This provision has proved reasonable and effective for regular season contests of all sports and for the single post-season playoff and championship games of professional football. The post-season playoff and championship series of professional baseball, basketball, and hockey, however, necessarily involve uncertainties as to number of games, dates, teams, and scheduling. For this reason, the bill provides for a 24-hour sellout cutoff for such post-season series contests.

It is my hope that necessary hearings and consideration of this legislation will proceed expeditiously so that action can be taken before the existing law expires at the end of this year.

Mr. President, I ask unanimous consent that the text of this bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2554

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of Public Law 93–107 (37 Stat. 351) is amended by striking out "December 31, 1975" and inserting in lieu thereof "December 31, 1976".

Sec. 2. Section 331 of the Communications Act of 1934 (47 U.S.C. 331), as added by Public Law 93–107 (87 Stat. 350), is amended by—

(1) amending subsection (a) thereof the first sentence thereof by inserting after "sports club" and before "is to be" the following: ", other than a postseason game of a professional baseball, basketball, or hockey club.";

(2) amending subsection (a) thereof by inserting at the end of the first sentence thereof the following new sentence: "If any postseason game of a professional baseball, basketball, or hockey club is to be broadcast by means of television pursuant to a league television contract and all tickets of admission for seats at such game which are available for purchase by the general public have been purchased twenty-four hours or more before the scheduled beginning time of such game, no agreement which would prevent the bradcasting by means of television of such game at the same time and in the area in which such game is being played shall be valid or have any force or effect."; and

(3) amending subsection (c) thereof by inserting at the end thereof the following new paragraph:

"(5) The term 'postseason game' means any game which is played by a professional sports club (A) after the conclusion of such club's regular season, and (B) in order to determine or in the course of determining the championship of the sport in which such club is engaged.".

Mr. BEALL. Mr. President, up until 2 years ago professional sports fans had a legitimate complaint against their hometown club. Specifically, many professional sports teams had refused to permit home games to be televised in local areas, regardless of ticket sales, on the theory that local TV "blackouts" were essential to preserve and promote live game attendance.

Consequently, on September 14, 1973, Congress enacted the so-called sports antiblackout law which provided that if any professional football, baseball, basketball, or hockey game was to be televised, and all tickets had been sold at least 72 hours in advance, no local "blackout" agreement would be valid.

However, because of the concern that local TV coverage could possibly economically injure professional sports, it was agreed that the law should be effective for a temporary trial period. That trial period ends part way through this winter sports season on December 31, 1975. I am pleased to cosponsor the bill being introduced today which provides for a 3-year extension of the sports antiblackout law.

Representing not one, but two professional sports constituencies, and as a cosponsor of the original legislation, I have had great interest in the effect of this 1973 act.

In April 1975, the Federal Communications Commission submitted an annual report on the effect of this statute during the last 2 years which I believe discredits the fear of undue financial hardship on professional sports and, which also demonstrates the extent to which sports fans across the Nation have had greater access to the excitement of live home team action.

For example, the FCC report shows that for the 1973 football season, the first year of the blackout legislation, 109, or nearly 60 percent of the regular season games, were televised locally. During the 1974 season of 182 regular season games, 86 were telecast in the home market area. However, none of those local telecasts took place in Baltimore, as the Colts were among the nine teams which blacked out all of their home games. On the other hand, the Washington Redskins had sold all their tickets before the 1974 season began, and accordingly locally televised all seven of their regular home games.

None of the Baltimore Orioles regular season hame games were telecast locally during the 1974 season. However, the anti-blackout law has generally had no effect upon professional baseball because the league television contract expressly requires national telecast of both selected regular season games as well as the All-Star game, the National and American League Championship Series, and the World Series—without blackouts and regardless of stadium ticket sales. Monday night and Saturday "Games of the Week" were blacked out in the home territory of both teams, since none of these games sold out more than 72 hours before game time.

Even prior to the passage of this sports anti-blackout law, the National Hockey League had adopted a policy of lifting home market blackouts, which the NHL followed throughout the 1974–75 season. During the 1974–75 season, local blackouts were lifted for 12 of the 40 televised National Basketball Association games pursuant to the anti-blackout law.

Mr. President, I do not believe anyone can question the fact that sports fan have benefited from this legislation—and well they should. If a home game is sold out, there is no good reason why it should not be televised in that area. Indeed, there is a tremendous investment of public funds in municipally owned stadiums where most professional teams play. It is the local taxpayer who finances stadium construction, maintenance, and the operation of stadium facilities—and it will be the same local taxpayer who may never get to see his team play in the arena he helps to pay for if we do not extend the sports anti-blackout law beyond its scheduled December 31, 1975, expiration date.

Therefore, Mr. President, as a member of the Communications Subcommittee and as a cosponsor of the original anti-blackout legislation, I urge the Senate to consider the sports anti-blackout bill introduced today expeditiously and favorably so that we may avoid an interruption of the significant public benefit now experienced pursuant to the sports anti-blackout law.

By Mr. HASKELL:

S. 2555. A bill to establish a national rangelands rehabilitation and protection program. Referred to the Committee on Interior and Insular Affairs.

NATIONAL RANGELANDS POLICY ACT OF 1975

Mr. HASKELL. Mr. President, I am introducing, today, legislation which, if enacted, will stabilize and significantly improve a large segment of our Nation's deteriorating rangelands.

Approximately one-half of the land in the 11 Western States is owned by the Federal Government. The grazing of domestic livestock—both cattle and sheep—is the most significant activity occurring on these lands in terms of acreage; 262 million acres or 73 percent of this Federal land is allocated for grazing. This represents more than one-fourth of all grazing land—public and private—in the United States. Eighteen percent of our beef breeding herd is located in these Western States, and many of these cattle are on public lands at least part of each year.

It is important for all of us to remember that the grazing of livestock is one economic pursuit which can be truly compatible with many other uses of the public land, including those of particular importance to environmentalists such as provision of wildlife habitat and primitive recreation opportunities. By utilizing existing technology and management techniques, we can enhance these uses and simultaneously increase the grazing capacity of these lands.

Mr. President, this legislation offers an opportunity to establish a Federal program which would be beneficial—in fact critically important—to both environmental and economic interests. In view of the importance of our Western livestock industry and the truly multiple-use character of the public lands allocated to grazing, it is imperative that we pursue the wise public policies set forth in this measure to guarantee the future productivity and quality of these lands.

Presently, however, we are not pursuing public policies on our Federal rangeland which will assure such future productivity and quality. A far more dismal future is foreseen, particularly for the national resource lands under the jurisdiction of the Bureau of Land Management. Grazing is permitted on more than 160 million acres of the national resource lands. Most of this acreage is administered through a system of grazing districts established and administered by the Grazing Service in accordance with the Taylor Grazing Act of 1934. The Bureau of Land Management, created in 1946 in a consolidation of the General Land Office and the Grazing Service, succeeded to the Service's role of administering the grazing districts. Today, the BLM oversees, through approximately 20,400 licenses, leases and permits annually, the use of nearly 12 million animal unit months of usage by 3.5 million cattle and 4.9 million sheep on the national resource lands. This activity is still conducted principally under the authority of the Taylor Grazing Act. That act authorized the allocation of Federal rangeland to livestock operators by permit for the specific purposes of stabilizing the livestock industry dependent on the public range, preventing injury to the range by overgrazing, and providing for the orderly use, improvement, and development of the range.

Mr. President, unfortunately, nearly four decades later, several of the purposes of that act are still unmet. Stabilization of the industry has occurred and a measure of order in the grazing use of the range has been established. The industry is no longer dependent on the massive speculation of the cattle baron period of western history. Stockmen are no longer threatened with sudden wholesale bankruptcies similar to those which followed the brutal winters of 1885-86 and 1886-87 and the intervening summer drought. The institution of the permit system ended the lawless period of unrestricted grazing of public lands which began shortly after the Civil War and the notorious range wars and illegal fencings, which characterized that period.

The range, however, still suffers from overgrazing and its productivity is not improving. Although the rate of deterioration which occurred in the late 1800's and early 1900's when grazing was unrestricted has been slowed, the sad fact remains that the range is still deteriorating and its overall productivity is dismally poor. So long as this trend continues—and becomes worse—the quality of our environment will be impaired and the economic viability of a significant portion of our livestock industry will be endangered.

A recent Interior Department report foretells the truly unfortunate future we may expect for these rangelands in the absence of remedial legislation. This report was written in response to a request by the Senate Committee on Appropriations in its report on the fiscal year 1975 appropriations bill for Interior and related agencies. The committee asked the Department to review the condition of the Federal rangelands and the Department's range programs and submit its findings together with recommendations for correcting major deficiencies. In January, the BLM fulfilled this request by submitting to the Committee the "Range Condition Report." The findings in this report concerning the condition of the range on the national resource lands, while probably not at all surprising to livestock producers and other range users, were appalling to me. I would like to share some of these findings with you:

According to the report, only 2 percent or 3.2 million acres of the national resource lands is in excellent condition. Another 28 percent or 45.6 million acres is in poor condition and 5 percent or 8.2 million acres is in bad condition. In my own State of Colorado, only 12 percent of the 7.9 million acres of BLM land is rated good or better, while 33 percent is poor or worse.

I want to emphasize that the truly dismaying aspect of the report's findings is that we are not simply faced with a condition but also a trend. With 16 percent of the range continuing to decline, the report's projections indicate that in 25 years the productive capability of the range could, at present management levels, be further decreased by as much as 25 percent.

Erosion figures on these lands are no better. An inventory of erosion conditions conducted on 144.5 million acres of the national resource lands over the past 5 years and contained in the report indicate that 91 percent of the national resource lands is presently sustaining some soil loss. Ten percent is in either a critical or severe erosion condition. Slightly less than half of the acreage—62 million acres—is in an unacceptable condition because of depleted vegetation and excessive runoff. Over 46 percent of the acreage, according to the report, is considered to be in a slightly eroding condition and no real damage has yet been sustained. However, the report contains the warning that—

> Management practices over the next few years will determine whether (the land) can be stabilized or if (it) will further deteriorate, losing productivity at an ever-increasing rate.

At present management levels, the report estimates that in 20 years another 8 percent or 11 to 12 million acres will be eroded to a serious condition and over 50 percent could be in an unacceptable erosion condition.

Mr. President, we simply cannot afford to allow further deterioration of our public range. To do so would threaten not only local and regional economic and environmental conditions but also international commitments.

At a time when critical world food shortages are forcing us to reevaluate our grain-feed lot method of bringing livestock to the market, the alternative of maintaining livestock longer on the range is being seriously frustrated by a decline in forage resources. Similarly, a continued decline in the condition of the public range will be reflected in a potential loss of livestock grazing privileges threatening the livelihood of individual stockmen and posing the danger of serious economic disruption to western communities dependent on this economic use of adjacent public lands. Even today, these stockmen and their communities suffer from reduced allotments each time an allotment management plan is written. Unfortunately, they must absorb this loss of revenue, caused by earlier overgrazing—the result of unsatisfactory Federal administration of the Federal range or none at all. Yet, as the report shows, if the present management continues, the range will decline further and more reductions in the size of the herds on these lands will be required. This will be accompanied by additional loss of income to the stockmen and the local merchants dependent on the purchasing power that income provides. I, for one, believe we cannot ask these stockmen and their friends and neighbors to suffer further from inadequate Government range policies.

Other potential losses resulting from a deteriorating range are of equal or greater significance. These losses include continued and worsening erosion, deterioration in water quality, loss of wildlife and recreation values, and a general decline in the basic productive capability of these lands. Furthermore, untold indirect costs will likely be incurred through flood damage and stream and reservoir sedimentation. The BLM report discusses the potential value in economic terms of each of these losses.

My colleagues will recall that last Congress we enacted Public Law 93-320, the Colorado River Basin Salinity Control Act, to implement the August 20, 1973, agreement with Mexico. This agreement commits us and the act requires us to mount major—and, I might add, expensive—efforts to reverse the trend of increasing salinity in the Colorado River. These legislatively mandated efforts are threatened by a "business as usual" Federal posture toward the administration of the rangeland. Approximately 40 percent of the national resource lands allocated to grazing would be in the Colorado River drainage; continued deterioration would significantly increase the salinity of that river.

Mr. President, I am convinced that this unfortunate future need not occur, that we can halt this deterioration of the Federal rangelands. BLM range specialists have demonstrated on about 25 million acres of national resource lands that through intensive management techniques, the trend can be reversed. Many would argue that this BLM interest in range rehabilitation is a belated one forced upon the agency by changing public opinion and recent court decisions. Whether this argument is valid, however, is far less important than the present commendable concern of the BLM for the condition of its land resource. This concern can manifest itself only through our encouragement and assistance. We must supply the BLM with the necessary funds, manpower, and management directives it has previously lacked if the present modest effort is to be sustained and the management techniques involved are to be applied throughout the national resource lands wherever grazing occurs.

In an effort to promote and expand the existing stabilization program, the Senate Interior and Insular Affairs Committee, pursuant to section 301(c) of the Congressional Budget Act, recommended to the Budget Committee on March 15, 1975, that the proposed fiscal year 1976 BLM budget for range and forage management be increased by $8.1 million to a total of $24.2 million. The administration's request for $16.2 million was only $162,000 more than last year's appropriation. The committee noted that, of the additional funds requested, $1.6 million would be earmarked for supervision and evaluation of existing range use; $2 million to changes in, or further implementation of, the existing 200 allotment management plans, placing 4.5 million more acres under intensive management and providing forage for 80,000 to 100,000 more cattle; and $4.4 million would be used to implement 90 of 280 allotment management plans already prepared but not yet implemented, placing 2 million more acres under intensive management and generating feed for an additional 36,000 to 40,000 cattle.

By making these increases to the proposed budget, we could modestly increase the rate at which allotment management plans are developed and implemented. However, since the BLM estimates that 25 million acres are in need of immediate rehabilitation to protect watersheds and improve range and forage, it is apparent that even the proposed increases, in the long term, would prove woefully inadequate. The only truly effective remedy for the problems facing this segment of our Nation's rangeland is broad-based intensive management program designed to halt the deterioration of the rangeland and significantly increase the range's productive capacity.

The bill I am introducing today would establish such a management program. Many of the bill's general provisions reflect recommendations outlined in the BLM's range condition report. The legislation directs the Secretary of the Interior to establish an intensive 20-year range management program designed to correct present deficiencies and provide for full rehabilitation of the rangeland of the national resource lands. The bill would also provide management directives requiring that this rangeland be managed to insure full productive capacity in a manner consistent with the protection and enhancement of resource values and with the multiple-use, sustained-yield concept of land management.

The bill provides the opportunity for strong citizen and State and local government participation. The Secretary is required early on, to propose for public comment, specific plans for the rehabilitation of the various areas of the BLM range and to make public specific time tables for actions he proposes to take. I feel that these provisions requiring adequate notice and effective participation of State and local governments, users, and the public are extremely important. It is imperative that the Secretary carefully heed the comments of, and be held accountable for his actions by, those most directly affected—the range users and State and local governments.

Funds authorized under this legislation would total $22 million for 1976, $27 million in 1977, $32 million in 1978, $37 million in 1979, and an additional $1 million each year thereafter through 1996. Obviously, the costs of such a plan are high. However, as I poined out earlier, the direct and indirect costs resulting from delay and continued range deterioration are much higher.

Moreover, it should be emphasized that the benefits of such a long-term management program are many. Under such a program, the BLM has estimated potential forage increases at 39 percent for livestock and 32 percent for big game animals. Erosion could be reduced to acceptable levels on an estimated 80 percent of the BLM range, and a 50-percent improvement in watershed conditions is predicted.

Overall, these benefits total an estimated $125 million annually, according to the BLM report.

Mr. President, even a cursory comparison of these $125 million annual benefits with an initial cost of $22 million and a maximum yearly cost of $54 million disclosed a highly favorable cost-benefit ratio—one not duplicated in many Federal programs with which I am familiar. I truly believe that the type of intensive range management program which this bill would establish is, in fact, a bargain for all of us interested in improving the public range.

I plan to schedule hearings on this bill in the near future in order to provide us with the opportunity to further explore the problems associated with range rehabilitation and maintenance. I am especially interested in using the hearing process to help us formulate a set of specific standards for range rehabilitation which can be incorporated in the bill.

Mr. President, I cannot emphasize enough the urgent need for this critically important legislation. I urge my colleagues to join me in support of this measure.

I ask unanimous consent that the bill be printed in the Record at this point.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2555

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the National Rangelands Policy Act of 1975.

FINDINGS AND PURPOSE

Sec. 2. (a) The Congress finds that—

(1) much of America's western public rangelands is in a deteriorating condition, a condition which threatens the economic livelihood of individual users of such land and the economic stability of neighboring communities which are situated in the vicinity of such land, present levels of meat production, and the quality and availability of scarce western water supplies, United States obligations to Mexico concerning the salinity level of the Colorado River, the maintenance of critical wildlife habitat, and the viability of flood prevention programs.

(2) only 17 percent of the 150 million acres of rangelands administered by the Bureau of Land Management is in satisfactory or better condition, 83 percent of such land is producing less than its potential, and 33 percent of such land is in poor or worse condition;

(3) the rangeland will continue to decline under present management levels with the Bureau of Land Management projections indicating that in 25 years the productive capability could further decrease as much as 25 percent; and

(4) this trend must be reversed by a national commitment to a program of intensified management of the rangeland, a program which would provide the additional benefits of increased soil and watershed stability, protection of water quality and maintenance of present water production levels in the forage resource and a consequent rise in livestock production and enhancement of wildlife habitat, reduced flood danger, and economic stabilization of communities and individuals dependent on this land.

(b) The Congress hereby finds a necessity for, and declares a national commitment to, the rehabilitation and protection of rangelands administered by the Bureau of Land Management. It is the purpose of this Act to establish a program to identify the deficiencies in rangeland conditions and to plan and effect actions to correct those deficiencies and restore such land to, and maintain it in, full productive capacity.

RANGELANDS INVENTORY

Sec. 3. The Secretary of the Interior (hereinafter referred to as the "Secretary") shall develop within one year of the date of enactment of this Act and maintain on a continuing basis thereafter a comprehensive and appropriately detailed inventory of all rangelands administered by the Bureau of Land Management (hereinafter referred to as "rangelands"). This inventory shall identify the resources of and deficiencies in the rangelands and shall be kept current so as to reflect changes in conditions.

RANGELANDS REHABILITATION AND PROTECTION PROGRAM

Sec. 4. The Secretary shall, within two years of enactment of this Act, develop and, thereafter, maintain, revise as necessary, and implement a rangelands rehabilitation and protection program for the intensive management of the rangelands, which shall have as its purpose the correction of the deficiencies in the rangelands as inventoried pursuant to section 3 and the full rehabilitation of such lands within 20 years of enactment of this Act. Such program shall also provide for the maintenance of such lands thereafter in full productive capacity in a manner consistent with the protection and enhancement of resource values identified by this Act and with the multiple use, sustained yield concept of land management.

Such program shall include plans for the various areas of the rangelands, which plans specify the actions, and the schedule thereof, to be undertaken on such areas within said 20-year period. Such plans may identify areas of the rangelands which, because of their small relative size, minor resource value, scattered land ownership, or other reasons, are unsuitable for the intensive management required by this Act and provide for custodial management of such lands to arrest further decline thereof and to protect values identified pursuant to this Act.

RANGELANDS MANAGEMENT

Sec. 5. The Secretary shall manage the rangelands in accordance with rangelands rehabilitation and protection program.

PARTICIPATION OF STATE AND LOCAL GOVERNMENTS, USERS, AND THE PUBLIC

Sec. 6. The Secretary, by regulation, shall establish procedures, including public hearings where appropriate, to give State and local governments, users of the rangelands, and the public adequate notice and an opportunity to comment upon the rangelands rehabilitation and protection program at each significant step in its preparation and implementation.

ANNUAL REPORT

Sec. 7. The Secretary shall prepare an annual rangelands report which he shall make available to the public and submit to the Congress no later than 120 days after the close of each fiscal year. The report shall include, in appropriate detail, an analysis of the condition of the rangelands, the implementation of the rangelands rehabilitation and protection program, and the advances made in meeting the objective of this Act.

AUTHORIZATIONS

Sec. 8. There is hereby authorized to be appropriated for the purpose of this Act: $22,000,000 in fiscal year 1976, $27,000,000 in fiscal year 1977, $32,000,000 in fiscal year 1978, $37,000,000 in fiscal year 1979 and thereafter in sums beginning at $38,000,000 in fiscal year 1980 and increasing by increments of $1,000,000 each fiscal year to and including fiscal year 1996.

By Mr. MAGNUSON:

S. 2556. A bill to authorize Federal participation in modifying the Upper Baker project, Baker River, Washington. Referred to the Committee on Public Works.

Mr. MAGNUSON. Mr. President, I am today introducing legislation that will enable the Corps of Engineers to increase its flood control storage capacity in Puget Sound Power & Light Co.'s Upper Baker Reservoir on the Baker River in Skagit County, Wash. I am introducing the legislation now so it may be considered by the Public Works Committee during its forthcoming hearings on the omnibus water resources development bill.

The Seattle District Engineer of the Corps of Engineers has had this problem under study for quite some time and has recommended a specific plan for increasing the storage capacity in the Upper Baker Reservoir. That plan has been approved by the North Pacific Division Engineer and the Board of Engineers for Rivers and Harbors. The Skagit County commissioners support that plan. Also, during hearings on the plan, the Skagit Environmental Council and the Izaak Walton League both indicated they had no objections to it. Puget Sound Power & Light Co., has no objection nor has the Bonneville Power Administration registered any objection. Finally, the plan is consistent with the FPC license for the Upper Baker project.

The corps transmitted a draft environmental impact statement on the plan to the Council on Environmental Quality on February 10, 1975. The plan together with a revised draft EIS will shortly be sent to relevant State and Federal agencies which will have 90 days in which to offer any further comments. Following that period, a final EIS will be filed with the Council on Environmental Quality. At that point, then, the corps will be in a position to submit to Congress, through the Office of Management and Budget, the legislation required to implement the plan. However, I fear that the corps may not complete the review process and obtain OMB clearance in time to submit legislation for consideration by the Public Works Committee during its hearings on the omnibus water development bill. I understand those hearings are to begin later this month.

That, then, is why I am now introducing this legislation which would simply implement the recommendations made by the District Engineer. Specifically, it would enable the corps to increase its flood control storage capacity in the Upper Baker Reservoir from the present capacity of 16,000 acre-feet to 74,000 acre-feet. It would also permit power to be transferred from the Pacific Northwest Federal Power System to Puget Sound Power & Light Co. as replacement "in kind" for any power losses experienced by the company because of the increased storage capacity. The amount of power transferred to the company would be determined by the corps in conjunction with the Bonneville Power Administration.

The district engineer's report makes clear the need for the additional storage capacity and the economic justification for providing that additional capacity. His report states:

> Additional flood control storage at the Upper Baker project would help reduce Skagit River flooding downstream of Concrete, Washington, benefitting nearly 100,000 acres of flood plain which contains portions of the towns of Sedro Woolley, Burlington, Mount Vernon, and LaConner as well as other smaller communities and substantial agricultural lands.

The report also estimates that power revenues foregone by the Federal Government in providing replacement power to Puget Sound Power & Light would be only about $56,000 annually. Benefits, on the other hand, are very substantial. Thus, the District Engineer estimates that increasing the storage capacity in the reservoir will have a benefit-to-cost ratio of 2.6 to 1.

Finally, I would point out that the district engineer's report also states:

> There are no significant adverse environmental effects anticipated from implementing the proposed plan and the proposal is compatible with National Wild and Scenic River System status for the Skagit River as currently proposed by the U.S. Forest Service.

Mr. President, I ask unanimous consent that the text of the bill be printed at this point in the Record followed by the syllabus from the district engineer's report.

There being no objection, the bill and syllabus were ordered to be printed in the Record, as follows:

S. 2556

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that the Secretary of the Army, acting through the Chief of Engineers, is hereby authorized to participate in modification of the Upper Baker Project, Baker River, Washington, owner and operated by the Puget Sound Power and Light Company, substantially in accordance with the recommendations of the Chief of Engineers in House Document Numbered 94— to provide for operation of the project for flood control purposes, and for the replacement in kind from the Pacific Northwest Federal Power System of power losses experienced by the Puget Sound Power and Light Company as a result of such operations, the amount of such replacement energy and capacity to be determined by the Corps of Engineers in conjunction with the Bonneville Power Administration.

Syllabus

The purpose of the study discussed in this report was to investigate the feasibility and desirability of providing additional flood control storage at Upper Baker project, owned and operated by Puget Sound Power and Lght Company (Puget Power), as an early action element of the comprehensive plan adopted by the Pacific Northwest River Basins Commission for the Puget Sound and Adjacent Waters study area. Additional flood control storage at the Upper Baker project would help reduce Skagit River flooding downstream of Concrete, Washington, benefiting nearly 100,000 acres of flood plain which contain portions of the towns of Sedro Wolley, Burlington, Mount Vernon, and La Conner, as well as other smaller communities and substantial agricultural lands.

Skagit River flood plain currently is provided limited protection by locally constructed dikes and, since 1953, through use of 120,000 acre-feet of storage space in Ross reservoir, a hydroelectric project owned and operated by Seattle City Light. Also, 16,000 acre-feet of flood control storage is now provided at Upper Baker project as compensation for natural valley storage lost by project construction. The minimum safe channel capacity in leveed areas below the town of Burlington amounts to approximately 84,000 cubic feet per second (c.f.s.), representing a flood having an average recurrence interval of 3 years. Studies have found that the additional floor control storage at Upper Baker project partially meets the needs of the Skagit River basin for additional flood control and is consistent with Skagit County's adopted comprehensive flood control plan. Other flood control improvements, including the Federally authorized Skagit River Levee and Channel Improvement and Avon Bypass projects, are also elements of the county's long-range plan. The levee and channel improvement project is strongly supported by Skagit County and is expected to be scheduled for preconstruction planning subsequent to Congressional authorization of the power loss compensation called for in the plan recommended in this report.

Additional flood control storage space of 58,000 acre-feet at Upper Baker project was found to be justified. The recommended plan would be implemented by providing replacement power to Puget Power for power losses incurred as a result of the flood control operation. The power revenues foregone by the Federal Government in providing replacement power could amount to $56,000 annually. The average annual cost of the power loss used in economic analysis was based on providing equivalent power from new facilities, constructed through joint public-private financing. Average annual economic costs are estimated at $434,000. The average annual flood damage reduction benefits that would result from the proposed operation change are estimated at $1,127,000. The plan is economically justified with a benefit-cost ratio of 2.6 to 1.

There are no significant adverse environmental effects anticipated from implementing the proposed plan. Possibly, some reduction of sockeye salmon egg losses now occurring under the existing project operation may result incidental to the flood control drawdown. The revised project operation would be carefully monitored during the initial years of operation change to verify current expectations. The proposal is compatible with National Wild and Scenic River System status for the Skagit River as currently proposed by the U.S. Forest Service.

The District Engineer recommends that, subject to certain conditions of non-Federal cooperation as outlined in this report, the proposed operational change of the Upper Baker project in the interest of additional flood control storage be implemented and that Federal compensation of Puget Power for attendant power losses by power in kind and time from the Federal system (Bonneville Power Administration) be authorized. The annual revenues foregone by Bonneville Power in providing the replacement power would be considered a nonreimbursable Federal flood control cost, to be deducted each year from the reimbursable (power) operation and maintenance account of the Chief Joseph Dam, Rufus Woods Lake, Washington, project.

By Mr. HATHAWAY (for himself and Mr. MUSKIE):

S. 2558. A bill to amend title XVII of the Social Security Act to provide for the updating of the life safety requirements which are applicable to nursing homes. Referred to the Committee on Finance.

Mr. HATHAWAY. Mr. President, I am pleased to introduce today along with Senator MUSKIE a bill which would make the 1973 Life Safety Code applicable to skilled nursing facilities under title XVIII and XIX of the Social Security Act, rather than the currently mandated sole standard of the 1967 Life Safety Code.

Our bill is similar to S. 1563 as introduced by Senator Moss who has done such valuable work in the field of nursing homes. In fact the first section of this bill is identical to that of S. 1563. However, the second section of our bill takes account of the substantaial efforts many nursing home owners have made to comply with the provisions of the 1967 Code.

The Life Safety Code is promulgated by the National Fire Protection Association. The association is an independent nonprofit group which analyzes the cause of fires involving loss of human life, and, based upon the results of its research, establishes construction standards to limit and hopefully to eliminate such loss in the future.

Since 1967, the NFPA has revised its Life Safety Code twice, in 1970 and 1973. These revisions have been the result of ongoing research and field testing, and incorporate various technological advances in fire protection equipment which have occurred over the intervening years.

In comparing the 1967 and 1973 Codes, it is apparent that the 1973 Code allows for some tradeoffs to be made between fireproof construction materials on the one hand and sprinklers, smoke detection, and other fire prevention technologies on the other. The 1967 Code primarily stresses the use of fireproof materials in lieu of detection and sprinkler technology, while the 1973 Code emphasizes greater use of sprinklers and detection, and less use of fireproof material. Because of the nature of these tradeoffs, full compliance with either code would protect the lives of the patients affected.

The intent of our second section is to allow those homes, which in the past few years have undertaken the expense of meeting the 1967 Code and have passed the requisite inspections, to continue to operate under that standard without the potential increased burden imposed by the 1973 Code, which would not add to patient protection, given full compliance with the prior Code.

Also, the bill would allow existing institutions which have been unable to fully comply with the 1967 Code due to its requirement of basic structural changes to instead meet the 1973 Code by installing the required equipment. Many of these homes have in the past few years been granted waivers based on a decision of the Secretary of HEW that their individual fire protection system offered equivalent safety features to the 1967 Code. This case-by-case system created an unfortunate climate of uncertainty both for nursing home operators and patients. This bill would end that uncertainty and allow operators to proceed alternatively under the 1967 Code or 1973 Code to meet their responsibility to patients and to the public.

Such a change is particularly desirable because some States, particularly the State of Maine, have mandated compliance with the 1973 Code for purposes of State laws on fire safety. Under current Federal law Maine's operators have also been required to meet the structural standards of the 1967 Code.

This system of double compliance results in an unjustified and wasteful expenditure since costs of compliance are ultimately passed through to patients and the Federal Government in the form of medicare and medicaid disbursements. Because this proposed legislation is so relevant to the current problem faced by Maine nursing home operators, I am pleased to report that my colleagues in the Maine delegation, Congressmen COHEN and EMERY, are introducing an identical bill today in the House.

Hopefully this legislation can be expedited so that the inequity and uncertainty of the present situation will be eliminated.

Mr. MUSKIE. I am pleased to introduce with Senator HATHAWAY legislation to implement the 1973 Life Safety Code for all skilled nursing facilities currently participating in the medicare and medicaid programs.

Nursing homes wishing to receive reimbursement under these programs must comply with federal requirements, including those embodied in the Life Safety Code. That code, which is a complex set of fire safety standards, is promulgated by the National Fire Protection Association which studies and analyzes the causes of fire and establishes a variety of construction standards to minimize loss of life to fire.

The importance of the association in nursing home safety standards was recognized by the 1967 Social Security Amendments and since then by the Department of Health, Education, and Welfare which has adopted the NFPA recommendations.

The committee on safety to life of the National Fire Protection Association works on a continuing basis to monitor improvements in the field of fire prevention and publishes revised editions of the Life Safety Code every 3 years to reflect technological improvements in systems and devices, in addition to new construction methods.

The 1973 edition of the Life Safety Code, which our proposal would implement, represents the latest in fire safety technology.

The 1967 code has rigid structural requirements and emphasizes the use of noncombustible materials. By comparison, the 1973 Code is more flexible and allows greater use of automatic sprinkler systems and other smoke and fire detection devices to achieve a comparable standard of fire safety.

Implementation of the most current version has been strongly recommended by the National Fire Protection Association, and by the American Health Care Association and the National Symposium on Participative Management in Nursing Homes.

Earlier this year, I cosponsored legislation which would serve to implement the 1973 code. The bill we introduce today would also provide that if nursing homes can meet an equivalent safety standard under the 1967 code, they should be accommodated with that alternative.

Many skilled nursing facilities across the Nation have gone to great expense in meeting the basic structural requirements of the 1967 code. Section 2 of this legislation would recognize those efforts and allow them the alternative of continuing to comply with that code without the additional strain which may be placed upon them through compliance with another set of standards that would not materially improve the safety of their patients.

I should also point out that under this section, deficiencies in meeting fire safety standards for either code must still be corrected and waivers on certain code provisions must be granted or renewed with periodic inspections and plans made for appropriate correction.

This legislation will also help clarify

those confusing situations where different versions of the Life Safety Code are presently applied. In my home State of Maine, for instance, compliance with the 1967 code is a Federal requirement for all skilled nursing facilities participating in medicare and medicaid programs, while at the same time, State law has embraced portions of the 1973 code.

I will work for prompt passage of this bill and am collaborating with my colleagues from Maine in the House of Representatives in assisting nursing homes meet fire safety standards for the health and safety of residents, and for the benefit of skilled nursing facilities.

By Mr. FANNIN:

S. 2560. A bill to amend title XVIII of the Social Security Act to assure that the prevailing physicians' fees recognized by medicare for fiscal year 1976 are not less than those for fiscal year 1975, and for other purposes. Referred to the Committee on Finance.

THE PHYSICIAN FEE INDEX REFORM ACT OF 1975

Mr. FANNIN. Mr. President, the legislation I am introducing is designed to correct some serious problems connected with the physician fee index provision of the medicare part B program as established under Public Law 92-603, the Social Security Amendments of 1972.

By way of introduction, the medicare program was established in 1965 to provide eligible persons over the age of 65 with two basic forms of protection against the cost of health care. In 1972, this protection was also extended to the disabled. One form of this protection, known as part A, covers inpatient hospital care and posthospital care in a skilled nursing facility or the patient's home. This form of protection is financed by a social security payroll tax paid by employees, their employers, and the self-employed.

The second form of protection is a voluntary program—supplementary medical insurance benefits for the aged and disabled—part B. It covers physicians' medical and surgical services, including consultations and home, office, and institutional visits, as well as other services ordinarily provided as part of a physician's service, such as diagnostic tests, medical supplies, and drugs which cannot be self-administered. Part B also covers such things as durable medical equipment, ambulance service, prosthetic devices—other than dental—and diagnostic tests performed by independent laboratories.

Part B is financed, in part, from the proceeds of premiums collected from each eligible beneficiary who has elected to be covered by the program. Part B is paid for jointly by the recipient and the Federal Government, each paying one-half of the premium. The premium for enrollees is now $6.70 each month and can only be increased when there has been a general increase in social security benefits. Part B pays 80 percent of the reasonable charges after the beneficiary has paid the first $60 in a covered bill each year. Finally, the part B program is administered by private insurance carriers under contract to the Social Security Administration.

PAYMENT OF PART B SERVICES

To determine the level of payment for services provided by a physician the part B program utilizes a "reasonable charge" formula. The "reasonable charge" for a specific service, in the absence of unusual medical complications or certain other circumstances, can be first, no higher than the individual practitioner's customary charge for that service; second, no higher than the prevailing charges made for similar services in the locality; and third, no higher than the actual charge of the individual physician rendering the service.

The law further provides that the "reasonable charge" for a service may not exceed the charge applicable for a comparable service under comparable circumstances to the policyholders or subscribers of the carriers which administer the supplementary program. The application of these criteria requires that individual determinations must be made for each medical event, taking into account the charges of the individual physician along with the charges of the other physicians in the locality.

A charge that exceeds either the customary charge of the practitioner or the prevailing charge in a locality, or both, may still be found to be reasonable, if there are unusual circumstances or medical complications requiring additional time, effort or expense to support such a charge, and if it is acceptable practice in the locality, to make such an extra charge.

The term "customary charge" refers to the uniform amount which a physician charges the majority of cases for a specific medical procedure or service. In determining this uniform amount, token charges for charity patients and substandard charges for low-income patients are excluded. Likewise, exceptionally high fees that are attributable to a patient's unusual ability to pay should also be excluded. If a physician varies his charges for a particular procedure or service such that no one amount is charged in the majority of cases, the carrier is required to exercise judgment to establish a customary charge for such service and such physician. The customary charge for a specific service, therefore, may vary from one physician to another.

The customary charges of a physician are not necessarily static amounts. When a practitioner revises his patterns of charges, new customary charges for specific procedures and services develop. When a carrier determines, on the basis of adequate evidence, that a physician has changed his charges to the public in general, the customary charges for that physician resulting therefrom are recognized in subsequent reasonable charge determinations for his services. The revised charges become effective with the fiscal year beginning July 1, and are based on the charge-data developed by the carrier for the prior calendar year.

The term "prevailing charges" refers to those charges for a procedure or service which fall within the range of charges most frequently and most widely used in a locality. The top of this range sets the overall limit on the charges for such procedures or services that the carrier will accept as reasonable for payment purposes, unless there are unusual circumstances or medical complications. The prevailing charges are derived from the overall pattern of charges existing in a locality and prevailing charges may differ from one area to another.

By regulation, the prevailing limit on the reasonable charge for a service has been set at a level no higher than is necessary to embrace the 75th percentile of the cases charged for that service in a locality. To illustrate, if customary charges for an appendectomy in a locality were at five levels, with 10 percent of the services rendered by physicians whose customary charge was $150, 40 percent rendered by physicians who charge $200, 40 percent rendered by physicians who charge $250 and 5 percent by physicians charging in excess of $300, the prevailing limit would be $250, since this is the level that, under regulations, would cover at least 75 percent of the cases.

The computation of prevailing charges was further refined, however, when the Congress in 1972 decided to utilize "appropriate economic index data" as determined by the Secretary in setting the level of prevailing charges. This additional requirement which is the subject of this legislation, was contained in Section 224(a) of Public Law 92-603. In this case the Congress envisioned a process by which increases in prevailing charge levels would occur only when such increases were justified by other changes in the economy and only to the extent justified by indexes reflecting changes in the operating expenses of physicians and in earnings level. The intent of Congress in approving this provision was fully amplified by the Senate Finance Committee when it stated in its report accompanying H.R. 1 that:

> The Committee, as well as the Committee on Ways and Means believes that it is necessary to move in the direction of an approach to reasonable charge reimbursement that ties recognition of fee increases to appropriate economic indexes so that the program will not merely recognize whatever increases in charges are established in a locality but would limit recognition of charge increases to rates that economic data indicate would be fair to all concerned and follow rather than lead any inflationary trends.

By imposing an economic index framework on the existing prevailing charge formula the Congress was attempting to develop a rational system by which to justify increases in physician reimbursement. For the medicare program to assume that increases in prevailing charges were acceptable without any clear justification was a situation the Congress apparently could no longer tolerate.

IMPLEMENTATION

Whether the application of an economic index makes *sense, is fair* and will result in the containment of costs is not the subject of this legislation, although these issues will have to be addressed at an appropriate time. Rather, this bill is designed to correct certain existing deficiencies and inequities in the economic index provision itself and with its administration. Among these deficiencies are: First, the effect of the index on prevailing fees; second, the use of a national economic index as opposed to a local or area-wide index; and third, the absence of any consideration of increases in medical liability premiums in computing the index.

THE EFFECT OF THE INDEX

Public Law 92–603 was enacted into law on October 30, 1972 but it was not until April 14, 1975, nearly 2½ years later, that regulations promulgating section 224(a) were issued. As a result of this delay its application is having serious unintended effects.

As I understand it, the index is applied on a cumulative basis with fiscal year 1973 prevailing charges as the base. The cumulative index for fiscal year 1976 is 1.179. Thus, an increase in any fiscal year 1976 prevailing charge greater than 17.9 percent over the fiscal year 1973 prevailing charge for that service will be reduced to 17.9 percent, while any charge that increased by less than 17.9 percent will be allowed in full and any unused portion of the allowable increase would be carried forward for use in future years.

Instead of limiting increases, however, this index is causing fiscal year 1976 prevailing fees to decrease below 1975 fees in a substantial number of cases. While HEW assumed that the effect of this distortion would be minimal it is understood that over 15 percent of fiscal year 1976 prevailing charges are being decreased below 1975 levels. As a result, affected beneficiaries will no doubt have to pay additional costs as physicians will not be willing to accept assignment under these conditions. In addition, the medicare program will suffer increased costs as these same beneficiaries seek payment directly from medicare. As this was clearly not the intent of the Congress in developing the index I have drafted legislation which will adjust the index so as to avoid a roll-back in prices. This amendment will provide that no reimbursement based on the prevailing charge for physician services in fiscal year 1976 will be less than what was recognized in fiscal year 1975. In addition, the amendment also authorizes retroactive payments to physicians whose fees have been adversely affected by the application of the index.

NATIONAL VERSUS LOCAL OR AREA WIDE INDEX

Under the regulations issued to implement section 224(a), the Social Security Administration determined that the economic index should be based on national data. This determination however, was in direct conflict with the very clear intent of both the House Ways and Means Committee and the Senate Finance Committee that such an index reflect changes in the economy for a locality. In this case, "locality" was defined by the Senate Finance Committee as an "area of a size and nature permitting proper calculation and determination of the types required to adjust prevailing charge levels."

In developing the regulations the Social Security Administration apparently concluded that sufficient data was not available at the local level to permit the development of an economic index. Even though the Social Security Administration could reasonably argue that the definition of "locality" could be interpreted as permitting a national index in the event that a locality index was impossible to develop, there remains the conviction of both the House Ways and Means Committee and the Senate Finance Committee, that a locality index was far more preferable and was to be utilized.

A "local" index is more appropriate since it would conform to the "local" determination of the prevailing charge itself. In addition, a local index would be more relevant and reflective of local economic changes and increases in practice costs and earnings as opposed to the generalities of a national index. Even though the Social Security Administration may now have the capacity to develop such an index for particular localities, Congress should clarify its intent by clearly specifying in the Social Security Act that the index be local. In this way, Congress can guarantee implementation consistent with its original intent. Therefore, the bill amends section 1842 of the Social Security Act to specify that the "appropriate economic index data" be based on local or area-wide data.

INCREASES IN MEDICAL MALPRACTICE PREMIUMS

In addition to the omission by Congress to more clearly specify, in law, its intent regarding the use of local data in building an economic index it also failed to indicate what factors should be taken into account in developing such an index especially as it relates to physicians' operating expenses. The statute is virtually silent on this issue on the assumption perhaps that administrative experience would provide sufficient information to make such a determination.

Yet, the regulations implementing section 224(a) do not, for example, take into consideration the recent precipitous rise in medical liability premiums. In 1972 when Public Law 92–603 was enacted the cost of such premiums was being estimated at $600 million nationwide. In just 3 years, according to the HEW Commission on Medical Malpractice, such costs were estimated to have risen to over $1 billion. In view of the obvious impact of these premium costs to many physicians it would seem appropriate therefore to recognize the effect of these costs by requiring the Social Security Administration to take such costs into account in determining changes in the economic index that reflect operating expenses of physicians. As a result, this legislation seeks to amend the economic index provision by including medical liability premiums as a specified element of such an index. This provision would be effective beginning July 1, 1976.

It is obvious, of course, that other elements should be specified to assure that the economic index is clear as to its basis and scope. Certainly, as presently constituted the language of the law is more vague than clear; a fact which makes the situation involving the administration of this provision difficult and confusing to physicians, carriers, and perhaps to the Social Security Administration itself. The step I am proposing will, I hope, lead to other suggestions as to what other elements should be recognized and whether their mention in the law should be effected.

CONCLUSION

Mr. President, this legislation is designed to correct certain problems with the implementation of the economic index provision. If enacted, I am sure these somewhat minor reforms will make this provision more realistic and administratively sound. This, of course, does not foreclose further consideration of whether this approach to cost containment is acceptable or not. Any index which attempts to restrain costs is difficult to manage at best and discriminatory at worst. In this regard, it remains for the Congress and the Senate Finance Committee to determine whether this approach should be continued or modified on the basis of experience and be effected.

By Mr. MATHIAS (for himself, Mr. Beall, Mr. Jackson, Mr. Johnston, and Mr. Stone):

S. 2561. A bill to establish the Potomac River Historical Area in the States of Maryland, Virginia, and West Virginia, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

POTOMAC RIVER HISTORICAL AREA

Mr. MATHIAS. Mr. President, I am pleased today to introduce on behalf of Senators Beall, Jackson, Johnston, Stone, and myself, legislation which will create the Potomac River Historical Area. This bill will serve two purposes. First, it will preserve for present and future generations the main stem of the Potomac River and adjacent land areas in Maryland, Virginia, and West Virginia which possess unique natural, historic, and recreational value. Second, it will enhance the water quality of the Potomac River. This legislation incorporates the philosophy of that sensitive observer of the river, Frederick Gutheim, who wrote that the proper view of the Potomac must be one that regards the river as an organic natural unit, every part of which is related to every other part and the whole of which is integrated closely with the life of the Potomac's people.

No river has played a more significant role in the history of our country than the Potomac. In 1785, George Washington, as president of the Patowmack Canal Co., invited to Mount Vernon James Madison and representatives of Maryland and Virginia to discuss the improvement of the river. The Potomac flowed without regard to State boundaries, and by so doing raised the complex question of commerce among the confederated States. The Mount Vernon meeting, with its concern for the Potomac, sparked other conferences from which sprang the commerce clause of the Constitution, placing all interstate commerce under the authority of the new Federal Government.

The first half of the 19th century saw the Potomac and its canal system serve as a unifying link between East and West. Coal, flour, wheat, lumber, and corn from as far away as the Ohio River Valley were shipped downstream to Atlantic ports. The river acted as a principal artery of national commerce until steel rails linked the East and the West.

During the Civil War, the Potomac River divided North from South. Great armies forded her waters and soldiers died on her banks. A nation waited anxiously for the words "all quiet along the Potomac" to become a reality.

The years have brought change to the Potomac. Farm and home, commercial and recreation sites have developed along her banks. Increasingly, the river has acted as a link between an urban Washington and a rural countryside. This bill is directed toward sustaining the delicate balance of land and waterscape by protecting the Potomac and the shoreline from intrusion by incompatible development.

In 1970, Congress recognized its responsibility for safeguarding the Potomac by creating the C. & C. National Historic Park along the Maryland banks of the river and providing for Federal acquisition of land not already under public ownership between the canal and the river. This legislation recognizes that the river is a unit and that our concern must be for all its parts. Our proposal will provide the minimum safeguards necessary for the protection of the river. The scenic easement approach utilized in this bill will extend protection to those lands which have not been set aside as Federal, State, or local parks.

Under the proposed legislation, the Secretary of the Interior is authorized to acquire scenic easements or development rights within the boundaries of the historical area. Important provisions of the bill, however, will protect the property owner. Under one option, the landowner may grant a scenic easement to the Park Service in return for which the Secretary's authority to acquire the property will be suspended for such time as the property is used in accordance with the terms of the agreement. Under the second option, the landowner may sell the development rights to this property to the Park Service. In the overwhelming number of cases, the owners of residential, agricultural, or commercial properties would retain the rights of use and occupancy of their properties for purposes compatible with the historical area. The Park Service will acquire the entire ownership interest in a property only when absolutely necessary for the administration of the historical area. I would anticipate that the acquisition of such an interest would be restricted primarily to land adjacent to major population centers or present public recreation areas.

This bill is also designed to improve the quality of waters within the historical area. The Administrator of the Environmental Protection Agency is directed to conduct an analysis of activities which adversely affect the River and to report his findings to the Congress. A series of public conferences will be conducted by the Administrator in the vicinity of the historical area in order to ensure the proper identification of problems associated with water quality and to examine the authorities and plans of those governmental agencies charged with protecting the River.

The bill provides several other important features which bear upon the historical area. First, access to the Potomac by fishermen and hunters is assured under this legislation. In fact, the scenic easement program will have no effect whatsoever on the hunting and fishing rights which private landowners currently exercise as incidental to their riparian ownership.

Second, the Secretary of the Interior is directed to formulate and to transmit to the Congress a master plan which will focus on both recreation needs of visitors and the need to protect lands in the vicinity of the historical area.

Third, in order to insure a local voice in planning, a 31-member Potomac Historical Area Advisory Commission will advise the Park Service on matters of scenic protection, historic preservation, public recreation, and conservation of natural resources. This will build and expand on the valuable contribution made by members of the C. & O. Canal National Historical Park Advisory Commission. In fact, the Potomac Commission will be composed in part of members of the C. & O. Commission. They will be joined by appointees from Virginia and West Virginia counties along the Potomac and appointees of the Secretary of the Interior. Not only should this insure that the Potomac as a whole is represented, but also that Federal, State, and local interests along the river work in closer harmony with one another.

While I believe there is a proper Federal role to be played in protecting the Potomac, I am also convinced that it would be antiproductive for too much Federal presence or control. I believe that the line we draw in our proposal is a sound one. First, it will not exclude industry but will only buffer the shoreline and protect important scenic and recreation areas. Second, it will not allow the Federal Government to acquire local parkland unless a public body wishes to donate it. Third, it will preserve the rights of localities to continue to utilize the Potomac for the purpose of water supply and to discharge treated sewage consistent with existing laws and regulations.

It is becoming increasingly clear that the maintenance of the precarious balance between man and nature along the shores of the Potomac cannot be entrusted purely to chance or private action. Encroaching development threatens a scene which Thomas Jefferson described as "worth a voyage across the Atlantic." I therefore hope that we will be able to obtain approval of this important bill in the coming year so that a vital part of our Nation's heritage will be preserved for this and future generations.

Mr. President, I ask unanimous consent that the full text of the bill appear immediately following my remarks in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2561

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Potomac River Historical Area Act of 1975".

SECTION 2. In order to preserve for the enjoyment of present and future generations the main stem of the Potomac River and adjacent land areas in Maryland, Virginia, and West Virginia which possess significant natural, scenic, historic, fish and wildlife, and recreational values, and to enhance the water quality of the Potomac River, there is hereby established the Potomac River Historical Area (hereinafter referred to as the "historical area"). The historical area shall consist of the lands, waters, and interests therein within the area generally depicted on the map entitled "Proposed Potomac River Historical Area Boundary Map", numbered P-26/80,001, and dated September, 1975, which shall be on file and available for public inspection in the Offices of the National Park Service, Department of the Interior. The Secretary of the Interior (hereinafter referred to as the "Secretary") may make minor adjustments in the boundaries of the historical area from time to time by publication of a revised boundary description in the Federal Register, but the total acreage within the historical area shall not exceed forty-three thousand five hundred acres.

SEC. 3. (a) The Secretary is authorized to undertake, and he is directed to complete substantially within three years from the date of transmission of the master plan to the Congress pursuant to Section 4 of this Act, acquisition by donation, purchase with donated or appropriated funds, transfer from any other Federal agency, or exchange, of the lands, waters, or interests therein located within the historical area. *Provided,* That any property owned by any State or political subdivision thereof may be acquired only by donation: *Provided further;* That the Secretary is directed to attempt to accomplish the purposes of this Act through the use of binding agreements as provided in subsection (b) of this section prior to employing his acquisition authority. Federally owned property within the historical area may, with the concurrence of the agency having administrative jurisdiction thereover, be transferred to the administrative jurisdiction of the Secretary, without transfer of funds, for implementing the purposes of this Act.

(b) In the event that the owner of any property within the boundaries of the historical area enters into an irrevocable agreement with the Secretary which the Secretary determines will assure the protection of such property in a manner consistent with the purposes for which the historical area is established and which the Secretary determines will be enforceable against such owner and any future owner of such property, the authority of the Secretary to acquire such property pursuant to subsection (a) of this section shall be suspended for such time as the property is used in accordance with the agreement.

(c) With the exception of property that the Secretary determines is necessary for purposes of administration, preservation, or public use, any owner of improved property on the date of its acquisition by the Secretary may, as a condition of such acquisition, retain for himself and his heirs and assigns a right of use and occupancy of the improved property for (1) noncommercial residential purposes, including use as a vacation residence; (2) agricultural purposes; (3) educational purposes; or (4) commercial purposes which the Secretary deems to be compatible. The owner shall elect the term to be reserved. Unless the property is wholly or partially donated to the United States, the Secretary shall pay the owner the fair market value of the property on the date of acquisition less the fair market value on the date of the right retained by the owner. A right retained pursuant to this section shall be subject to termination by the Secretary upon his determination that it is being exercised in a manner inconsistent with the purposes of this Act, and it shall terminate by operation of law upon the Secretary's (a) notifying the holder of the right of such determination, (b) the failure of the holder to discontinue the activity which the Secretary determines is inconsistent within 30 days of the date of notification, and (c) the Secretary tendering to him an amount equal to the fair market value of that portion of the right which remains unexpired.

(d) As used in this section the term "improved property" means (1) a detached, one-family dwelling, construction of which was begun before the effective date of this Act, which is used for noncommercial residential purposes, including use as a vacation residence, and which at the time of acquisition meets the requirements of applicable State, county, or municipal laws, ordinances, codes, rules or regulations relating to building, construction, or public health, together with so much of the land on which the dwelling is situated as the Secretary shall designate to be reasonably necessary for the enjoyment of the dwelling for the sole purpose of noncommercial residential use, such land being in the same ownership as the dwelling, together with any structures accessory to the dwelling which are situated on such land, or (2) any property that is used exclusively for agricultural purposes and continues in such use, including structures directly incident thereto, (3) any property that is used exclusively for educational purposes and continues in such use, including structures directly incident thereto or (4) any property which is used for commercial purposes which the Secretary deems would be compatible with the purposes of this Act.

Sec. 4. Within three years from the date of enactment of this Act, the Secretary shall (a) formulate and transmit to the Interior and Insular Affairs Committees of the United States Senate and House of Representatives a master plan for the historical area, consistent with the purposes of this Act, which plan shall indicate the location and estimated cost of facilities needed to accommodate the health, safety, and recreation needs of visitors to the historical area, and the projected need for any such additional facilities, and (b) study the advisability of, and transmit to those Committees his recommendation concerning, protection of lands in the vicinity of the historical area. In the formulation of his master plan for the historical area, the Secretary is directed to consider giving priority in development, where such development is consistent with the purposes for which the historical area is established, to those sections of the historical area which are located within areas of high unemployment.

Sec. 5. (a) The Secretary shall administer the historical area in accordance with the laws applicable to the National Park System, and in a manner consistent with the purposes and provisions of this Act.

(b) Nothing herein contained shall be deemed to affect or alter the exercise of existing jurisdiction or rights of any State in which the historical area is located regarding the control, regulation, or use of the waters of the Potomac River, including the flow and quality thereof.

Sec. 6. (a) That portion of the Chesapeake and Ohio Canal National Historical Park located in the State of Maryland, which historical park was established by the Chesapeake and Ohio Canal Development Act (84 Stat. 1978), is hereby included within the historical area as an identifiable unit thereof and shall continue to be administered as part of the Chesapeake and Ohio Canal National Historical Park in accordance with said Act: *Provided*, That lands within the boundaries of, the historical area may be added to the historical park by the Secretary in order to preserve their historic integrity, or for the purposes of facilitating administration of the historical park or restoring major historical and engineering features of the area.

(b) That portion of the Harpers Ferry National Historical Park located in the State of Maryland, which historical park was authorized by the Act of June 30, 1944 (58 Stat. 645), is hereby included within the historical area as an identifiable unit thereof and shall continue to be administered as part of the Harpers Ferry National Historical Park in accordance with said Act and Acts supplementary thereto: *Provided*, That lands within the boundaries of the historical area may be added to the historical park by the Secretary in order to preserve their historic integrity, or for the purposes of facilitating administration of the historical park or restoring major historical and engineering features of the area.

Sec. 7. The Secretary shall permit hunting, trapping, and fishing on lands and waters under his jurisdiction within the historical area in accordance with the applicable laws of the United States and the appropriate States, except that he may designate zones where and periods when no hunting, trapping or fishing shall be permitted for reasons of public safety, administration, fish or wildlife management, or public use and enjoyment. Except in emergencies, any regulations prescribing such restrictions shall be put into effect only after consultation with the appropriate State agency having jurisdiction over hunting, trapping, and fishing activities. *Provided*, That the provisions of this section shall not apply to any portion of the Chesapeake and Ohio Canal National Historical Park or the Harpers Ferry National Historical Park.

Sec. 8. The Administrator of the Environmental Protection Agency (hereinafter referred to as the "Administrator") is authorized and directed to conduct an analysis of existing and potential Federal, State, and private activities on or affecting the quality and quantity of the waters of the Potomac River within the historical area. In conducting his analysis, the Administrator shall convene a series of public conferences to identify problems and activities which may have an adverse impact on the quality and quantity of the waters of the Potomac River and to discuss the authorities and plans of the various Federal, State and local agencies which have responsibilities for minimizing or preventing such impacts at intervals not to exceed three months. The conferences shall be conducted in the vicinity of the historical area with prior notice in a newspaper of local circulation. The participants in the conferences shall include the members of the commission established by section 9 of this Act, a representative of the Secretary, and representatives of such other Federal, State, or local agencies which the Administrator deems would have significant responsibilities with respect to the quality or quantity of waters of the Potomac River. The Administrator shall serve as chairman of the conferences.

Not later than one year from the date that the commission first meets the Administrator shall submit to the Committees on Interior and Insular Affairs of the Senate and House of Representatives a report of his analysis including the views of the Secretary, the Administrator of Environmental Protection Agency, other interested Federal agencies, and the commission with respect to existing or potential activity having an adverse effect on the quality and quantity of the waters within the historical area.

Sec. 9(a). There is hereby established a Potomac River Historical Area Advisory Commission (hereinafter referred to as the "commission"), composed of the members of the C & O Canal National Historical Park Advisory Commission and twelve members appointed by the Secretary for terms of three years each, as follows:

(1) Seven members to be appointed from recommendations submitted by the boards of commissions or the county councils, as the case may be, of Fairfax, and Loudoun Counties, Virginia, and Mineral, Hampshire, Morgan, and Jefferson Counties, West Virginia, of which one member shall be appointed from recommendations submitted by each such board or council, as the case may be;

(2) Five members to be appointed by the Secretary, one of whom shall be designated by him as Chairman of the Commission and four of whom shall be members of regularly constituted conservation organizations.

(b) Any vacancy in the Commission shall be filled in the same manner in which the original appointment was made, for the remainder of the term vacated;

(c) Members of the Commission shall serve without compensation, as such, but the Secretary is authorized to pay, upon vouchers signed by the Chairman, the expenses reasonably incurred by the Commission and its members in carrying out their responsibilities under this Act.

(d) The Secretary, or his designee, shall from time to time but at least annually, meet and consult with the Commission on general polices and specific matters related to the administration and development of the historical area.

(e) The Commission may advise and consult with other Federal agencies, States and their political subdivisions, regional and other organizations, and persons on matters relating to public recreation, historic preservation and interpretation, scenic protection, wildlife protection, and conservation and protection of natural resources, including water resources, within and in the vicinity of the historical area.

(f) The Commission shall act and advise by affirmative vote of a majority of the members thereof.

(g) The Commission shall cease to exist nine years from the date of its first meeting.

Sec. 10. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Mr. BEALL. Mr. President, I am today introducing, along with Senators MATHIAS, JACKSON, JOHNSTON, and STONE the "Potomac River Historical Area Act of 1975".

This legislation is designed to preserve the Potomac River and its adjacent lands from unwise or inappropriate development which could seriously and permanently mar the beauty of this great river, and I am very hopeful that the Congress will give our proposal its prompt and thorough consideration.

Mr. President, it is entirely appropriate that the Potomac River and its surrounding lands be designated as an historical area, because throughout our Nation's history, the river has been an integral and important part of our heritage. During the first century of our independence, the river served as a gateway to the West. In conjunction with the Chesapeake and Ohio Canal and the railroad, the river formed a path into the heartland of America.

During the Civil War, the Potomac was probably the most important geographical feature of the entire conflict. Its banks were crossed and recrossed by the armies of both sides. The fate of such battles as Gettysburg, Antietam, South Mountain, Ball's Bluff, and Harper's Ferry are all intertwined with the history of the Potomac. To the South, it was a goal worth dying to reach. To the North, it was both a key line of defense and a staging area for the great offensives of the war.

Today, we can walk along the Potomac, and almost see in our mind's eye the westward movement of settlers and commerce, or the ebb and flow of battle.

We can also enjoy, in many places, the tranquil pleasures of unspoiled nature. This quality is particularly valuable in view of the river's close proximity to major urban centers.

Much has been done in recent years to protect the Potomac from ill-advised development, primarily along its northern shore. The major step in this effort came about with the enactment in 1971 of Public Law 91-664, which established the Chesapeake and Ohio Canal National Historical Park. I strongly supported this legislation, and, in the years since its inception, have worked to see that the legislation receives adequate funding to carry out its mandate of preserving a priceless portion of our country's past. I am pleased that the National Park Service has substantially completed the job of acquiring the land for the canal park. Further, I am even more pleased that millions of Americans have recognized the unique nature of the canal, and have visited it in increasing numbers for hiking, bicycling, boating or just relaxing.

However, the massive and successful preservation efforts which have occurred on the Maryland side of the Potomac River can and in fact are being jeopardized by environmentally destructive activities on the other shore.

In spite of what has been done to preserve the Potomac on one side, it would be worth little if unrestricted development was allowed to proceed on the other side.

I believe the Potomac River must be treated as a unit. Surely, what happens on one side will be of significance to the other bank as well. It is time we approach the preservation of the Potomac River in a comprehensive manner, before further development makes it much more difficult and far more costly.

The Potomac River Historical Area Act is the proper vehicle for this comprehensive approach. It would protect the river from the northwest boundary of Washington to Cumberland, Md., from unwanted development, while at the same time permitting landowners along the river to use and occupy their land for residential, educational, agricultural, or approved commercial purposes. As long as the landowner complied with a reasonable scenic easement agreement, his ability to live on his land, and to sell, lease, or will it to his heirs would remain unimpaired.

The historical area would generally consist of a buffer zone of approximately 200 feet on each side of the river, and would also include those portions of the Chesapeake and Ohio Canal and Harper's Ferry Historical Parks located in Maryland. The total acreage of the historical area would be limited to 43,500 acres.

The Secretary of the Interior is given authority to acquire by donation, purchase with donated or appropriated funds, transfer from another Federal agency, or exchange the property located within the historical area. In carrying out this authority, however, the Secretary is directed to attempt to accomplish the purposes of the act through the use of binding agreements, or scenic easements, with landowners prior to invoking his acquisition authority. Whenever the Secretary and a landowner enter into such an agreement the authority of the Secretary of the Interior to buy the land is suspended for as long as the provisions of the agreement are met. The landowner would continue to have the right to sell, lease, or will his land to his heirs.

However, the landowner in the historical area could still elect to sell his land to the Federal Government. With the exception of land necessary for administration, preservation or public use, any owner who sells his land may retain a right of use and occupancy of his property for residential, including vacation use, agricultural, education and approved commercial purposes. The Government would then pay the owner the fair market price on date of acquisition minus the fair market price on the date of the right retained by the owner.

Within 3 years from date of enactment of the bill, the Secretary of the Interior must develop a master plan for the entire historical area. Included in the plan would be the need, location, and costs of visitor facilities, and recommendations concerning the protection of lands in the vicinity of the historical area. In the formulation of the master plan, the Secretary shall consider giving priority in development to those areas of the historical area located in areas of high unemployment. Following the transmittal of this plan to Congress, the Department of the Interior would have another 3 years to substantially complete the establishment of the historical area. So, 6 years from the date of enactment of this bill, the Potomac River historical area will be substantially in place.

I do want to emphasize, however, that nothing in this bill is designed to affect or alter in any way the existing jurisdiction or rights of any State regarding the control, regulation or use of the Potomac.

The measure also would direct the Environmental Protection Agency to conduct an analysis of activities which affect the quality and quantity of the Potomac River within the historical area. He shall conduct a series of public conferences every 3 months to identify problems and activities which may have an adverse impact on the river and discuss with the various Federal, State and local agencies which have jurisdictional ways of minimizing or preventing such impacts. One year from date of enactment, EPA will report to the Congress on its findings.

In keeping with the comprehensive nature of the act, those portions of the C. & O. Canal and Harpers Ferry National Historical Parks located in Maryland will be included as identifiable units of the historical area.

Finally, a Potomac River Historical Area Advisory Commission is established, to be made up of the members of the C. & O. Canal National Historical Park Advisory Commission, seven members from the affected Maryland, Virginia and West Virginia counties, and five members appointed by the Secretary of the Interior four of whom must be members of conservation organizations.

Mr. President, I believe we have developed a reasonable bill which balances the need to protect the Potomac River for present and future generations, while at the same time preserving the rights of property owners to use and dispose of their land.

It deserves the close and favorable consideration of my colleagues in the Senate.

Mr. JACKSON. Mr. President, I am pleased to join with my distinguished colleagues, in cosponsoring this legislation to establish the Potomac River Historical Area in the States of Maryland, Virginia, and West Virginia.

In 1965, President Johnson delivered a message to Congress asking for a program which would clean up the Potomac River and make it a model of scenic and recreation values for the entire country. As directed, a Federal task force set out to accomplish those objectives. From their studies came the Potomac National River proposal. More studies followed, and today we offer a bill to establish the Potomac River Historical Area.

The Potomac is one of the most beautiful of America's large rivers. Today, it constitutes a vast recreation resource which, for the moment at least, remains almost untapped. Few comparable areas in the Nation offer such an array of recreational opportunities ranging from water sports to hiking, camping, biking and sightseeing.

In 1962, the Outdoor Recreation Resources Review Commission, on which I was privileged to serve, submitted its final report. The Commission studied our Nation's outdoor recreation resources, measured present and future demands upon them over the next 40 years, and recommended actions to insure their availability to all Americans of present and future generations.

It was their determination that it should be the national policy, through the conservation and wise use of resources, to preserve, develop, and make accessible to all American people such quantity and quality of outdoor recreation as will be necessary and desirable for individual enjoyment and to assure the physical, cultural, and spiritual benefits of outdoor recreation.

The first two findings of the Commission were that simple activities, such as hiking and picnicking, are the most popular; and that three-quarters of the American people will live in metropolitan areas by the turn of the century. They will have the greatest need for outdoor recreation, and their need will be the most difficult to satisfy since urban centers have the fewest facilities—per capita—and the sharpest competition for land use.

Efforts by the Congress to bring "parks to the people" have resulted in several urban recreation areas: Cape Cod, Fire Island, Indiana Dunes, and more recently, Gateway Golden Gate and Cuyahoga Valley. These urban recreation areas are important to local residents who are unable to visit the more distant parks. Rapid urban development, the acquisition and development of open space, recreation lands and natural areas accessible to urban centers is often thwarted by escalating land values and development pressures. The Potomac River Historical Area has the unique advantage of incorporating two areas into its boundary that are already under Federal protection.

The Potomac River Historical Area will include the Chesapeake and Ohio Canal National Historical Park and the Harpers Ferry National Historical Park as identifiable units.

The historical importance of this river in the Nation's history should not be overlooked. The early colonists settled along its banks and Georgetown became a major port. The westward expansion of the new Nation brought the Chesapeake and Ohio Canal and the development of Harpers Ferry. Major battles of the Civil War were fought near its banks. It is indeed fitting that we recognize the historical importance of the Potomac River by preserving it so that this and future generations can experience and enjoy the scenic grandeur which is so much a part of our heritage.

The Potomac River Historical Area would preserve the essential features of the landscape and make certain that the river's waters and shorelands are fully available to the general public. It would be a permanent scenic asset and an important source of outdoor pleasure.

Mr. JOHNSTON. Mr. President, 10 years ago, President Johnson called for a program to clean up the Potomac River, so that the Potomac—the Nation's River—could not only provide scenic and recreational resources for those who live in and visit the Nation's Capital, but also stand as a model of such scenic and recreational values for the entire country. Today we take an important step forward achieving those goals by the introduction of this legislation to establish the Potomac River Historical Area.

Mr. President, the Potomac has stood witness to the entire history of this Nation. Its tributaries—Antietam Creek, Bull Run, and Shenandoah—echo proud and sad events of our last 200 years. Today, however, suburban sprawl and unplanned development threaten the Nation's river. We must act now if we are to preserve the Potomac as a national asset.

The legislation that my colleagues and I are introducing today will, I believe, do just that. The bill establishes an historical area along both sides of the Potomac from the District line to Cumberland, West Virginia, and directs the Secretary of the Interior to prepare and implement a master plan that will preserve and protect the scenic and recreational values along the River. Encompassed within the area will be the existing Chesapeake and Ohio Canal National Historical Park and the Harpers Ferry National Historical Park.

Mr. President, I am pleased to join in the introduction of this important piece of legislation. I thrust that the Congress will move forward promptly with its enactment.

Mr. STONE. Mr. President, I am pleased today to join several of my colleagues in introducing legislation to establish the Potomac River Historical Area in the States of Maryland, Virginia, and West Virginia. This river, running through our Nation's Capital, should be an example of beauty and recreational opportunities for the Nation's rivers.

The Potomac River, among the large rivers of the eastern seaboard, is one of the most beautiful and least developed. No river is more tightly woven into the fabric of American history. However, if future generations are to share in this heritage, provision must be made now at all levels of government—local, State, and Federal—to keep this river protected from uses which would destroy its natural beauty and recreational desirability. It is for these reasons that I am joining my colleagues from Maryland to clean up and preserve the Potomac River for all Americans.

During my senatorial campaign I promised, if elected, to introduce legislation to clean up the Potomac, so today I am fulfilling that promise. Until recently, man has always been assured of a seemingly never-ending supply of water but the quality is not always guaranteed, and the natural distribution of usable water often is not paired with civilization's growth pattern. Of all our resources, we have mismanaged water the most. We can change rivers into sewers, lagoons and lakes into cesspools, and then we shudder at the costs to correct our abuses and restore dignity to our stream of life.

A river can be a common bond in bringing people of regions together. Water supply, waste disposal, and land and water pollution all relate to the connection streams and the river they form. With this in mind, the President in 1965 directed the Secretary of the Interior to cooperate with local units of government, States, and other Federal agencies in preparing a program to make the historic Potomac River Valley a model for the Nation. The resulting Federal Interdepartmental Task Force for the Potomac River Valley presented its preliminary report to the President in June 1967, and since that time additional studies have been made.

The goals of the task force were to provide the basis for public and private action to clean up the river, to establish desirable land use practices and recreational opportunities, and to maintain the economic growth of the valley.

These efforts have helped to create an awareness of the need to clean up the river, and a responsibility to preserve the recreational aspects of the areas for the use of the general public. There are going to be increasing demands placed on the recreational resources of the Potomac River. It will be possible to meet these demands only if the waters of the river are clean enough to allow recreational uses to exist.

By Mr. THURMOND (for himself, Mr. TALMADGE, Mr. WILLIAM L. SCOTT, Mr. HOLLINGS, Mr. NUNN, and Mr. HARRY F. BYRD, JR.):

S. 2563. A bill to amend section 2107 of title 10, United States Code, to allocate a minimum number of Reserve Officers' Training Corps scholarships to designated military colleges. Referred to the Committee on Armed Services.

Mr. THURMOND. Mr. President, a few years ago our military establishment and our Nation experienced a devisive antimilitary and antipatriotic era beyond all reason because of the Vietnam war. It is indeed heartening and encouraging that we are now beginning to see in our society a dramatic move back toward patriotism, citizenship, honor, and integrity by our young people.

There are many signs of this trend today in our society, but one of the most obvious indicators is the great increase in applications to our service academies and our Reserve Officer Training Corps—ROTC—colleges. In my State, the Citadel, one of our Nation's top military colleges where 4 years of ROTC is mandatory has had a very significant increase in this year's freshman class.

Mr. President, more young Americans are seeking the challenges offered by a military education which can be readily seen in recent application figures from the national service academies. This past year there were just under 11,000 applicants to the U.S. Military Academy at West Point; however, only 1,500 cadet spaces were available for the last school year 1974–75. There were approximately 4,000 fully qualified applicants remaining who could not be admitted due to space limitations.

Both the Air Force and Naval Academies enjoyed similar record application figures. My own applicants to the service academies have almost doubled the last 2 years. This is particularly significant when we see many of our Nation's colleges and universities experiencing a drop in enrollment.

Thus, it has become most apparent to me that our military colleges, such as the Citadel, the Virginia Military Institute—VMI—and the North Georgia College—NGC—along with our service academies, should play an increasingly important role in this resurgence of the basic principles which have provided our Nation with enduring greatness. I am convinced that our country is realizing only a small fraction of the potential of the national resources that our military colleges represent, as producers of high quality career officers and citizen soldiers.

Mr. President, we have long recognized the truth that our service academies produce the type and quality of leaders that are required by our Armed

Forces. It is also true that a regimented and disciplined educational environment stressing integrity, character building and leadership is a sound basis for selecting future leaders. Furthermore, attendance at a military college with a nonpermissive regimen can be a measure of the motivation and interest for extended service of scholarship students.

Therefore, I am introducing legislation which would allow our Nation to more fully realize the advantages offered by the unique leadership laboratories of the military college. This legislation advocates directing a number of ROTC scholarship students each year to specified military colleges which require a total 4-year military environment. The variety of academic disciplines at these institutions, plus an improved curriculum resulting from such a program could readily accommodate scholarship students from each service each year.

There has been some objections to such proposals. The rationale has been that all ROTC institutions must be treated equally, and that a program of "dedicated" service scholarships to the military colleges would be in violation of the intent of Public Law 88-647 which defines the ROTC program. There is considerable doubt in my mind that a conflict actually exists. In fact, the services now have varying interpretations of the public law with regard to administering the ROTC scholarship program. However, the legislation I am proposing will clarify the interpretation of the current law in regard to scholarships.

Mr. President, the certification of the military college in public law has always been a strong prestige factor to specified schools. It was apparently considered necessary for their continued national reputations and consequent capability to attract students on a national basis. To me, this concept is, in today's society, more important than ever. However, the military college ROTC program for scholarship purposes, is treated like other ROTC units whose missions do not concentrate on career recruitment of officers nor have the training and development comparable to the service academies. Military colleges, like The Citadel, VMI and NGC are comparable in these fields to the service academies. Admittedly, equal programs deserve equal treatment, but I believe additional considerations are fully justified for programs which offer a total military environment.

In my opinion, a four-tier approach to officer production would seem to make sound national policy. The first priority should be the service academies; the second priority should be the military colleges; the third priority should be the ROTC at civilian institutions; the fourth priority should be the Officer Candidate Schools.

Mr. President, I believe certain military colleges are entitled to a greater number of 4-year ROTC scholarship recipients, thus more fully employing the resources of these fine institutions in providing our Armed Forces with a well trained young leader who is endowed with a high sense of duty, integrity and courage. Consequently, I am proposing an amendment to section 2107, title 10 of the United States Code, which would require the Department of Defense to allocate a certain number of service scholarships each year for enrollment in three of our Nation's military colleges where 4 years of ROTC is mandatory. This bill will provide for not less than 200 of the total number of appointments currently authorized to be awarded to students enrolled in each of the following educational institutions: The Citadel, Charleston, S.C.; Virginia Military Institute, Lexington, Va.; and North Georgia College, Dahlonega, Ga.

This legislation is extremely significant in view of the predicted shortfall in Army ROTC commissioned graduates over the next few years, and the large number of qualified service academy applicants which are turned away each year due to a lack of space. Also, many thousands of our Nation's outstanding high school graduates are interested in military colleges and qualified, but cannot attend college because of the excessive spiraling costs of a college education. Most important, is the fact that this proposal will not cost the Government any more money. It will reallocate the number of ROTC scholarships currently available under the law.

Mr. President, this is the objective of my bill. I sincerely urge my distinguished colleagues to give this proposal serious and favorable action. I ask unanimous consent that this bill be printed in the CONGRESSIONAL RECORD at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2563

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2107 of title 10, United States Code, is amended by adding at the end thereof a new subsection as follows:

"(i) Not less than 200 of the total number of appointments authorized under subsection (h) shall be awarded to students enrolled in each of the following educational institutions: The Citadel, Charleston, South Carolina; Virginia Military Institute, Lexington, Virginia; and North Georgia College, Dahlonega, Georgia. Not less than 200 of such total number of appointments shall also be awarded to students enrolled in each accredited educational institution which likewise (1) makes the Reserve Office Training Corps program a mandatory four-year course of study for all students enrolled in such institution, (2) is authorized to grant baccalaureate degrees, (3) is financially supported by a state, and (4) has been specifically designated by the Secretary of Defense for such minimum number of appointments.

By Mr. THURMOND:

S. 2564. A bill to amend title 5, United States Code, to permit military service performed by an individual after 1956 to be credited under the civil service retirement program, even though such individual is eligible for social security benefits, but requiring the civil service annuity to be offset by the amount of his social security benefit that is attributable to his military service. Referred to the Committee on Post Office and Civil Service.

Mr. THURMOND. Mr. President, it has come to my attention that certain provisions of the civil service retirement law are punitive to former military personnel which is grossly unjust. The present law can seriously hurt a civil service retiree who has prior military service.

It is noted that section 8332(J) of title 5, United States Code, provides that a retiree's annuity must be recomputed when he becomes eligible for social security benefits. In this recomputation, his years of military service performed after December 1956, are excluded in the computation of his civil service annuity. He will receive a reduced annuity and social security benefits, presumably because the latter would offset the reduction caused by excluding certain years of military service.

Mr. President, the purpose of this section of the law is perfectly clear. It prevents, and rightly so, the retiree from using military service in the computation of both civil service retirement and social security benefits. However, as presently written in the law, it is mandatory that this recomputation be made, even though it might drastically decrease the income an individual receives. Under the present law, when some reach age 62, civil service retirement will be recomputed, excluding as much or more than 9 years of military service.

Mr. President, for an example, a military individual at the O–6 level with over 28 years of military service would have 9 years of his military service excluded which would be a net monthly loss of $479. This loss is replaced by social security benefits of $147.20 per month, resulting in an overall income reduction of $331.80 per month. Similarly, the widow's annuity would be reduced by $293 per month. This computation is based on an O–6 grade with the loss of 9 years between 1957–1966 upon reaching age 62 in 3 years under the current interpretation of the law. In effect, he is being penalized for contributing to his own social security, beginning in January 1957, when the military were required to participate in the social security program.

Mr. President, the retiree cannot waive his social security benefits under the current law, even if crediting his military service under the civil service system would be more advantageous. It is my view, and I am confident my distinguished colleagues will agree, that the individual should be able to credit his military service under either civil service or the social security retirement system, or by an offset recomputation method.

Mr. President, I am proposing legislation to achieve this objective by offsetting at age 62 the amount of any social security benefit attributable to military service against the civil service retirement annuity.

The social security "attributable to military service" is computed assuming that the only source of social security coverage is that which results from active military service. The years of military service would continue to be creditable in the social security system and any benefit to which the individual would be entitled under the social security system based on his lifetime covered earnings would be paid by the Social Security Administration. If the individual were not entitled to social security—for example, if he did not have sufficient social security coverage to warrant payment of a benefit—no offset would be accomplished from the civil service retirement annuity. On the other hand, if the individual were entitled to a social security benefit based on his lifetime covered earnings, a benefit amount equal to that which is attributable to military service would be offset from the civil service annuity; any benefit amount above that which is attributable to military service would be received in addition to the civil service annuity.

Mr. President, it appears that legislation is definitely needed and should be approved to correct this unintentional inequity in the current law. Corrective legislation was previously introduced in the House of Representatives in the last session of Congress, but it was never acted upon before the end of the session.

Consequently, I am proposing legislation to correct this inequity. My bill, which will accomplish the same objective as those previously introduced in the House, will amend section 8332(J) of totle 5. It will permit military service performed by an individual after 1956 to be credited under the civil service retirement program, even though such an individual is eligible for social security benefits. My proposal would provide for offset computations for retirees in this unique category. A retiree's civil service annuity would be reduced only by the amount equal to that which he will receive under social security.

There will be some additional cost resulting from enactment of this proposal because the amount of the social security offset will, generally, be less than the value of the military years of service used in computing civil service retired pay. However, this additional cost should be nominal. I believe the administration will recommend enactment of this proposed legislation.

Mr. President, this is the objective of my bill. I sincerely urge my distinguished colleagues to support this most worthwhile measure. I ask unanimous consent that this bill be printed in the Congressional Record at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2564

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8332 (j) of title 5, United States Code, is amended to read as follows:

"(j) (1) Notwithstanding any other provision of this section, the period of an individual's services as a volunteer under part A of title VIII of the Economic Opportunity Act of 1964, and the period of an individual's service as a volunteer or volunteer leader under chapter 34 of title 22, shall be excluded in determining the aggregate period of service on which an annuity payable under this subchapter to the individual or to his widow or child is based, if the individual, widow, or child is entitled, or would on proper application be entitled, at the time of that determination, to monthly old-age survivors benefits under section 402 of title 42 based on the individual's wages and self-employment income. If the service as a volunteer under part A of title VIII of the Economic Opportunity Act of 1964 or as a volunteer or volunteer leader under chapter 34 of title 22 is not excluded by the preceding sentence, but on becoming 62 years of age, the individual or widow becomes entitled, or would on proper application be entitled, to the described benefits, the Civil Service Commission shall redetermine the aggregate period of service on which the annuity is based, effective as of the first day of the month in which he or she becomes 62 years of age, so as to exclude that service. For the purpose of this service as a volunteer or volunteer leader under chapter 34 of title 22 is the period between enrollment as a volunteer or volunteer leader and termination of that service by the President or by death or resignation, and the period of an individual's service as a volunteer under part A of title VIII of the Economic Opportunity Act of 1964 is the period between enrollment as a volunteer and termination of that service by the Director of the Office of Economic Opportunity or by death or resignation.

"(2) Notwithstanding any other provision of this section, under regulations prescribed by the Commission with the concurrence of the Secretary of Health, Education, and Welfare, in any case where an individual performed military service (except military service covered by military leave with pay from a civilian position) after December 1956 and he (or his widow or child) is or becomes entitled, or would on proper application be entitled, to monthly benefits under section 402 of title 42 based on his wages and self-employment income, the Commission shall exclude from the annuity payable to him (or his widow or child) under this subchapter an amount equal to that portion of the monthly benefit (to which he or his widow or child is entitled under section 402 of title 42) which is attributable to his military service.

"(3) The Secretary of Health, Education, and Welfare, on request of the Commission, shall inform the Commission whether or not the individual, widow, or child described in this subsection is entitled at any named time to the described benefits."

By Mr. DOLE (for himself and Mr. Talmadge):

S.J. Res. 142. A joint resolution authorizing and requesting the President to issue a proclamation designating the 7 calendar days commencing April 4, 1976, as "National Rural Health Week." Referred to the Committee on the Judiciary.

Mr. DOLE. Mr. President, because of our mutual interest in the special health needs of rural America, the Senator from Georgia (Mr. Talmadge) and myself take great pride in jointly introducing today a resolution calling for the designation of a "National Rural Health Week." A similar proposal, H.R. 762, is currently pending before the House of Representatives.

The purpose of such a celebration, of course, would be to stimulate a new awareness of the critical and unique health problems facing citizens in the rural areas of our country. Hopefully, that increased attention would in turn lead not only to a better understanding of their health care situation, but to possible means for improving it as well.

The idea for the week-long period of recognition contemplated by our resolution was originally conceived by the Council on Rural Health of the American Medical Association. It has since been developed through the active support and participation of the American Dental Association; the American Hospital Association; the American Veterinary Medical Association; the U.S. Departments of Agriculture and Health, Education, and Welfare; and the National Safety Council.

Other important groups and agencies cooperating in the promotion of a "National Rural Health Week" include the American Farm Bureau Federation; the National Grange; the American Agricultural Editors Association; the National Association of Farm Broadcasters; the Cooperative Extension Service; the Farm Foundation; the National Extension Homemakers Council; the American Nurses Association, Inc.; the American Public Health Association; the American Bankers Association; the American Medical Students Association; and the AMA Auxiliary. Each organization will draw on its own experience and knowledge of health care to make specific contributions to the events which would take place during the week we are recommending be set by this legislation.

As the language of the resolution indicates, the days involved would be April 4 to 10, 1976—in the spring of our Nation's Bicentennial. The highlight of the activities already scheduled for that particular week is the 29th National Conference on Rural Health—to be held on April 8 and 9 in Phoenix, Ariz.

The very appropriate theme of that annual gathering will be "Horizons for Health in Century 3: Improving the Distribution of Health Services in Rural America." Its focus will be on such topics as expanding emergency medical services; organizing communities for the development of rural health care delivery systems; establishing needed clinical facilities; initiating health education outreach programs; and meeting the need for adequate health manpower—including physicians, dentists, nurses, pharmacists, veterinarians, and allied professionals.

Senator Talmadge and I agree, Mr. President, that by directing the attention of the American public to the health care needs of rural areas, we may stimulate specific programs of comprehensive information relating to personal and community health. By devoting a full week to a concerted, action-oriented attack on the health care problems confronting the less-populated regions of our Nation, we can have a positive impact on the quality of life for all citizens who make their homes there.

It is in that spirit which we are introducing this resolution and calling upon every Senator to join us in working for its enactment. We firmly believe that the only way to bring about meaningful progress in this area is to publicly emphasize the challenges of today in order to avoid the crises of tomorrow.

Mr. President, for the benefit and convenience of our colleagues who share this concern for the future of health care in rural America, I ask unanimous consent that the text of our "National Rural

Health Week" resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 142

Whereas a constant source of strength throughout the history of the United States has been our rural heritage;

Whereas today more than fifty-six million of our citizens who reside in the towns and on the farms of rural America face critical problems of health care availability resulting from decades of urbanization;

Whereas the essence of those problems has been the shortage and maldistribution of primary care physicians and other health professionals, as well as the absence of area-wide delivery systems which utilize modern technology and maintain integrated health education programs; and

Whereas the most effective way to address these deficiencies and develop methods for improving the quality and accessibility of rural health care generally is to accord increased attention to the matter: Now, therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the seven-day period beginning April 4, 1976, as "National Rural Health Week"; urging that efforts in disseminating health information be intensified by community leaders, voluntary organizations, health professionals, and the communications media; and calling upon the people of the United States and all interested groups and organizations to observe that week with appropriate ceremonies and activities designed to promote better health services for rural America.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 5

At the request of Mr. CHILES, the Senator from New Hamphire (Mr. DURKIN) was added as a cosponsor of S. 5, the Federal Government in the Sunshine Act.

S. 810

At the request of Mr. EAGLETON, the Senator from Utah (Mr. GARN) was added as a cosponsor of S. 810, a bill to amend the Flood Protection Act of 1968, as amended.

S. 1776

At the request of Mr. HUGH SCOTT, the Senator from Alaska (Mr. STEVENS) and the Senator from Texas (Mr. TOWER) were added as cosponsors of S. 1776, a bill to establish the Valley Forge National Historical Park in the Commonwealth of Pennsylvania.

S. 1905

At the request of Mr. MAGNUSON, the Senator from New Mexico (Mr. MONTOYA) was added as a cosponsor of S. 1905, a bill to minimize duplication and to maximize efficiency in health planning and resource development, and for other purposes.

S. 1985

At the request of Mr. TOWER, the Senator from California (Mr. CRANSTON) was added as a cosponsor of S. 1985, a bill to encourage the establishment of farmers' markets and other innovative techniques for direct marketing of agricultural commodities from farmer to consumer.

S. 2369

At the request of Mr. CHILES, the Senator from Arkansas (Mr. BUMPERS), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Nevada (Mr. LAXALT), the Senator from North Carolina (Mr. MORGAN), and the Senator from Utah (Mr. MOSS) were added as cosponsors of S. 2369, the Food Stamp Reform Act of 1975.

S. 2463

At the request of Mr. CLARK, the Senator from New Hampshire (Mr. MCINTYRE) was added as a cosponsor of S. 2463, a bill to insure fair treatment for women and to carry out the recommendations of the Presidential Task Force on Women's Rights and Responsibilities and other purposes.

S. 2468

At the request of Mr. FANNIN, the Senator from Virginia (Mr. WILLIAM L. SCOTT) was added as a cosponsor of S. 2468, a bill to amend the tariff schedules of the United States to provide for a higher rate of duty on certain automobiles, motorcycles, and parts therefor.

S. 2497

At the request of Mr. MONDALE, the Senator from Minnesota (Mr. HUMPHREY) was added as a cosponsor of S. 2497, the Lifetime Learning Act.

S. 2545

At the request of Mr. KENNEDY, the Senator from Iowa (Mr. CLARK) was added as a cosponsor of S. 2545, a bill to amend the Internal Revenue Code.

SENATE RESOLUTION 288

Mr. HUMPHREY. Mr. President, through inadvertence the name of the Senator from New Jersey (Mr. WILLIAMS) was not included in the list of original sponsors of Senate Resolution 288, when I submitted it on October 21. I now ask unanimous consent that his name be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATE JOINT RESOLUTION 137

At the request of Mr. TOWER, the Senator from Virginia (Mr. HARRY F. BYRD, JR.) was added as a cosponsor of Senate Joint Resolution 137, proposing an amendment to the Constitution to insure the right of students to attend their neighborhood public schools.

SENATE CONCURRENT RESOLUTION 66

At the request of Mr. HATFIELD, the Senator from California (Mr. CRANSTON) the Senator from Pennsylvania (Mr. SCHWEIKER), and the Senator from Indiana (Mr. HARTKE) were added as cosponsors of Senate Concurrent Resolution 66, a resolution declaring as national policy the right to food.

AMENDMENTS SUBMITTED FOR PRINTING

EMERGENCY RELIEF FOR SMALL BUSINESS—S. 1259

AMENDMENT NO. 1017

(Ordered to be printed and to lie on the table.)

Mr. BROCK submitted an amendment intended to be proposed by him to the bill (S. 1259) to provide for emergency relief for small business concerns in connection with fixed-price Government contracts.

ASSISTANCE FOR SMALL BUSINESS EXPORT ACTIVITIES—S. 2498

AMENDMENT NO. 1018

(Ordered to be printed and to lie on the table.)

Mr. JAVITS submitted an amendment intended to be proposed by him to the bill (S. 2498) to amend the Small Business Act to provide assistance for small business export activities, to transfer certain disaster relief functions of the Small Business Administration to other Federal agencies, to establish a National Commission on Small Business in America, and for other purposes.

ANNOUNCEMENT OF HEARINGS ON REGULATORY REFORM

Mr. RIBICOFF. Mr. President, the Government Operations Committee will hold 3 days of hearings on October 28, 29, and 30, on problems of Federal regulation and the need for regulatory reform. The committee will hear from witnesses who will relate their experiences in dealing with the regulatory agencies. On October 30, members of the committee's advisory panel on regulatory reform will present their views on the priorities for regulatory reform.

The hearings are the first of many activities which will be undertaken by the committee as part of its study on regulatory reform which is being conducted jointly with the Commerce Committee, pursuant to Senate Resolution 71. Members of the Commerce Committee have been invited to participate.

The hearings will convene at 10 a.m. each day in room 3302, Dirksen Senate Office Building.

NOTICE OF HEARING ON LIMITING FEDERAL JURISDICTION OF FREIGHT DAMAGE ACTIONS

Mr. BURDICK. Mr. President, I wish to announce that an open public hearing has been scheduled by the Subcommittee on Improvements in Judicial Machinery on S. 346, a bill which would require a minimum $10,000 jurisdiction limit on freight damage actions brought in U.S. district courts, and for other purposes.

The hearing will be held on November 13, 1975, commencing at 10 a.m. in room 6202, Dirksen Senate Office Building.

Persons who wish to testify or submit a statement for inclusion in the record should communicate as soon as possible with the subcommittee office, 6303 Dirksen Senate Office Building, telephone 224-3618.

ADDITIONAL STATEMENTS

THE ISSUE: BETTER SCHOOLS AND COMMUNITIES—NOT BUSING

Mr. HUMPHREY. Mr. President, it is time to move beyond a position of being "for" or "against" busing. The challenge that this administration and Congress should be facing is the demand for constructive thinking, innovative proposals, and decisive action to give all our children and youth the best possible education and a genuine experience of being contributing members of one American community.

Our central goal must be to provide a genuine equal opportunity for all our children in education. School segregation not only denies equal opportunity, but it also cripples the educational development of thousands of American children.

We should recall that the development of consolidated schools, replacing the one-room schoolhouse, primarily in our rural areas, was designed precisely to improve the quality of education. And, consolidated schools represent an excellent investment of limited public revenues in the most effective use of education manpower and modern instructional equipment to achieve this quality education. Extensive busing has been required to bring children to these consolidated schools, but it has been welcomed by parents because of the educational opportunity given to their children.

In the same way, desegregation is a way to improve education for great numbers of children who otherwise would be disadvantaged throughout life. And, busing is one tool to achieve desegregation. There may be better ways to do this—constructing larger facilities, or so-called magnet schools or educational parks. But high costs and limited public revenues—the result of the combined forces of inflation and recession—have denied us the opportunity of choosing these options. Nor can we wait for continued progress in race relations in America, leading to open neighborhoods and equal job opportunities, all of which would result in the automatic desegregation of our schools.

So, within our limited financial means and within our limited time frame, it has been necessary to choose the option of busing for school desegregation. But I am talking about busing as one tool to achieve equal opportunity in education. I emphatically reject any notion of so-called massive busing to achieve an arbitrary racial balance based on a mathematical formula. The Supreme Court has taken the same position since its 1971 decision in the well-known Swann case, with respect to schools in Charlotte, N.C. Such busing does not help the child, does not bring about quality education, and does not help to solve our racial problems.

THE BASIC ISSUE: RACIAL ISOLATION

Throughout America's history, education has been recognized as the functioning instrument of a stable democracy by being in all of its stages and dimensions an example of the democratic process. To segregate our schools is to damage the instrument of education and thereby undermine the foundations of democracy. To segregate children of minority groups is to damage them intellectually and morally and to seriously impair the moral vision of the majority.

In the last decade we have seen a very dramatic turn-around in the statistics on Southern school segregation. But we have also witnessed an increase in the intensity of racial separation in the North.

Nationwide, as whites moved from the central cities to the suburbs, almost sixth-tenths of black people were central city residents by 1970. A 1973 study reported that in 7 cities, the majority of the population was black, and that black people comprised over 40 percent of the population in another 28 cities. But in the Mid-Atlantic and New England States, the 1960's brought a 10-percent decline in white central city population and a dramatic 45-percent increase in black population.

All too often, blacks occupying larger and larger areas of central cities do not control them—they are not homeowners, and mortgage lending institutions have too frequently continued the practice of limiting home loans to other so-called "stable" areas. Simultaneously, the economic base of some major central cities—the crucial factor in generating revenue for public services, especially schools—has been declining. It could be said that New York's current fiscal crisis is a portent of what may happen to other major cities.

So, we have a very real racial segregation in many of our metropolitan areas.

Federal courts have struggled to find reasonable solutions in cases where a denial of equal protection of the laws, or a deprivation of life, liberty, or property without due process of law, is asserted as a result of racial segregation. At the outset, the courts dealt with cases of so-called de jure racial segregation where clear-cut State government policy and action were involved.

Federal court opinions held that it was not enough to relabel a past policy of officially designating black and white schools, as a new neighborhood school policy—actual desegregation must be demonstrated. Moreover, early efforts to fulfill this obligation through so-called freedom of choice school attendance plans had been shown to be totally inadequate and, in some cases, disingenuous.

But, such cases were comparatively susceptible of remedy—so long as there was no adverse impact on a child's health or education, the courts have said, then a program to eliminate school system racial discrimination resulting from official governmental action should be carried through.

However, more difficult and intractable problems of school segregation have placed a heavy burden on the Federal courts to discover equitable remedies. The sheer fact of the changing racial patterns in residential areas has meant that entire school systems in a number of major cities have become racially identifiable—meaning that the vast majority of students are blacks.

The suggested solution to this fact of urban life was metropolitan desegregation—meaning the overriding of school district boundaries. But it has become clear that under this proposal two principles of the American experience are in direct conflict: First, the right of any citizen to the equal protection of the laws; and second, the deeply rooted tradition in public education that there should be local control over the operation of schools, if community concern and support for these schools is to be maintained and if constant attention to the quality of the educational process is to be assured.

The Supreme Court so far has held in favor of local school autonomy and has refused to grant the claim that school district boundary lines are no more than arbitrary lines on a map drawn for political convenience—in other words, no cross-district busing.

Be that as it may, the problem of racial isolation in our schools is still before us as a nation. Saying "no" to past remedies and current proposals is no solution.

RECENT SENATE DEBATES: FINDING SCAPEGOATS AND AVOIDING ANSWERS

For several years there has been a perception among some Senators and Congressmen that the Department of Health, Education, and Welfare has gone too far in insisting upon nondiscrimination in programs receiving Federal funds, and in vigorously pursuing plans for achieving a so-called racial balance in schools as a requirement for local school districts to be found in compliance and thereby eligible for this assistance. This perception has also found some acceptance among the general public.

Taking this viewpoint, it is possible for one to say that he stands for the protection of constitutional rights and supports desegregation, but that the Federal Government is taking actions which have nothing to do with guaranteeing citizens the equal protection of the laws, and, moreover, that busing does not work. This position supposedly allows one to maintain his civil rights credentials while at the same time expressing sympathy with those who are strongly opposed to busing related to school desegregation.

The facts, however, totally refute this perception and do not allow this "best-of-both-worlds" position to remain unchallenged.

First, under title VI of the Civil Rights Act, HEW is prohibited from providing Federal funds to school systems engaging in unconstitutional segregation. It is as simple as that—there is no blanket authorization under title VI of the Civil Rights Act for something called "big Government" to come in and tell school systems how to run their affairs.

Under title VI, the option of compliance or continued segregation is entirely left open to a local school district, except that no person, by reason of race, color or national origin can be excluded from participation in, or denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Federal departments administering such assistance programs are to seek voluntary compliance by the State or local recipient or political entity. If this is not achieved, the Federal agency must make a finding of discrimination on the record, give opportunity for a hearing, and give appropriate legislative committees 30-days notice, before cutting off Federal assistance. Moreover, any action to terminate assistance is made subject to judicial review.

It is left to school systems to choose to take affirmative action in accomplishing school desegregation, if they wish to continue receiving Federal financial assistance. Title VI is no more than an explicit statement of what is clearly implied under the 14th amendment to the Constitution—namely, that the Federal Government cannot be in the business of financing programs where racial discrimination is practiced as a consequence of State and local government policies and actions, thereby denying to some citizens the equal protection of the laws. Federal programs paid for by all American taxpayers should not benefit only one group of citizens and be denied to another group simply because that group happens to be nonwhite.

Second, those who allege that HEW is completely "out-of-line" in carrying out extensive plans to accomplish racial balance in the schools have not done their homework. For one thing, HEW requirements, as well as Federal court orders, are directed toward bringing about desegregation, in compliance with the law—not to forcing a racial balancing of students as an end in itself. The distinction is important and is well understood in the legal profession.

But also in actual fact, there are only six new desegregation plans ordered by Federal courts in the entire United States this fall, including only two in the North. School districts under court order to desegregate, in accordance with title IV of the Civil Rights Act, have been exempted from HEW enforcement from the beginning, thus leaving most of the southern big cities outside HEW's responsibility. The U.S. Office of Education, under title IV, is authorized to provide technical and financial assistance to local public school systems going through the process of desegregation. But I am advised that since early 1972 it has been the policy of USOE's Division of Equal Education Opportunity not to be involved in desegregation plan development, but rather to defer to the hoped-for initiative of local school authorities, and to limit its own role to providing assistance in improving the quality of education.

As for the scope of school desegregation busing itself, I am advised that while 42 percent of the average daily school attendance in the United States was bused before most court orders were issued, the figure rose to only 43.5 percent—a difference of less than 600,000 children—after a large number of desegregation plans had gone into effect.

Third, in school districts where initially there was a serious problem—for example, Pontiac, Mich., and Charlotte, N.C.—current evaluations indicate that school desegregation is going pretty well. And, of course, in a number of school districts, desegregation has proceeded calmly and quietly.

The danger is that all of this progress can become unraveled under the pressure of congressional actions that express opposition to school desegregation through busing.

The symbolic power of congressional action in the area of civil rights protection is immense. But recent Senate actions signal an entirely different message to the American people. Rather than somehow "neutralizing" the so-called busing issue, as some news columnists have pontifically concluded, the Senate amendments to recently passed appropriations legislation actually suggest that America can now shift into reverse gear on desegregation. They may even lead to the revival of the thoroughly discredited theory of "separate-but-equal" treatment of minority groups in the United States. It has been clearly shown that this theory, in practice, means "separate and unequal."

So, let us have done with the current fad of seeing some more recent opponents of busing as speaking out on the "new reality" of school desegregation measures and as expressing a modern "reformed liberalism" on race relations in America. That is nonsense, when we look clearly at the actual facts of the matter.

It has been said in the Senate recently that what was clear and self-evident in 1954—the time of the Supreme Court's Brown decision, striking down so-called de jure segregated school systems resulting from State policies and actions, as being in violation of constitutional equal protection rights—is not so clear and self-evident in 1975, where some mythical constitutional right of statistical racial balance in each classroom, achieved through busing, seems to be being required by HEW. It has been repeatedly contested by proponents of this view in Congress that the courts have drawn a sharp distinction between de jure and de facto school segregation—the latter resulting from residential patterns.

These statements themselves evidence a failure to face current facts. As I have sought to make clear, they do not have relevance to actual HEW procedures over the past several years, which have been very limited in scope. Nor do they take account of the complexity of problems and State and local government practices more recently confronted by the courts, where the distinction between de jure and de facto segregation is by no means clear, and where constant attention must be given to such problems as resegregation; namely, where an overwhelming racial majority develops in a school district.

Should Congress take the shortsighted and probably unconstitutional action of adopting provisions intended to prohibit Federal agencies, like HEW, from withholding Federal funds from school districts which have not desegregated but where this could be accomplished through busing, or to impose various restrictions on other HEW remedies to implement school desegregation, this is what can happen:

Federal courts will continue to order school desegregation, in compliance with the Constitution, but they will bear an extremely heavy burden, in the absence of HEW technical assistance or alternative procedures, in determining and overseeing fair and effective plans;

Some 706 voluntary desegregation plans worked out by HEW, for school districts where over 3 million students are enrolled, can be adversely affected;

An immense financial burden would be placed on State and local governments, for school districts would necessarily lose their eligibility for Federal assistance for education because equal participation in programs receiving aid had not been achieved due to racial discrimination;

There is the potential for a chaotic legal situation, or at least a disruption in further school desegregation, where 646 school districts, in 17 southern and border States, are presently under court orders to desegregate, and another 93 in the same area are in litigation which could result in court orders;

Worst of all, the basic premise of title VI, prohibiting racial discrimination in federally supported programs, is seriously undermined if not set aside altogether, thereby making our national commitment to equal justice null and void.

CONGRESS MUST ESTABLISH A NEW NATIONAL CONSENSUS

The courts simply do not have the storehouse of information or the administrative machinery that is required to design and supervise effective school desegregation plans.

The problem will only get worse until Congress comes to grips with it. But Congress directly reflects national attitudes, and we know that increasing opposition in Congress since 1966 to busing as a method of implementing school desegregation simply reflects a breakdown of an earlier consensus among our people in favor of promoting long-overdue progress in American race relations.

There is no point in rehearsing the causes of that erosion of public agreement—we have moved far beyond the divisive issues of the latter 1960's, to a new maturity, a recognition of serious needs that must be met on behalf of and by all Americans—promoting economic recovery and job opportunities, providing good health care for all our people, achieving excellence in education for our children and youth, and providing good housing and decent communities across our Nation.

However, there is a crucially important point in stressing the responsibility of Congress to forge a national commitment, a new political consensus, both to end the wrong of racial segregation and to establish the framework of a national education policy that genuinely and equally benefits all our children.

THE IMMEDIATE AGENDA: A NEW NATIONAL EDUCATION POLICY

In enacting the Education Amendments of 1972—Public Law 92-318—Congress began the job of building a new national education policy framework. Included in that law was the important Emergency School Aid Act—ESAA—successor to a pilot program enacted in 1970, to help school districts reduce minority group isolation through major improvements in education services—remedial services, additional professional staff and teacher aides, in-service teacher training, counseling, community activities and innovative bilingual and bicultural programs, curriculum planning and evaluation projects, and effective application of communications media and audiovisual resources.

A number of major cities have made very effective use of ESAA funds. In Minneapolis, Minn., during the past year, the $1.2 million ESAA program in the public schools has given 40 schools, 12,875 students, 30 teachers, and 135 aides the opportunity to participate in vital programs geared to reducing racial isolation and the overwhelming problems created by it. The special academic programs, reading and math, which the ESAA grant has supported, have been of critical importance in making school changes a more positive alternative for students. The skill improvement projects have helped develop good self-concepts and thus more positive inter-action possibilities among children and teachers.

President Ford's recent comment that methods other than busing should be pursued in school desegregation has an empty ring when we recall that earlier this year the Ford administration proposed a 67 percent reduction in ESAA funds which are designed precisely to implement other remedies. The emergency school aid programs already suffer from very low funding, and from a short-term authorization. Moreover, in September the President vetoed appropriations for vitally important education programs. Congress wisely overrode this veto, because these funds represent an absolute minimum of Federal assistance toward promoting equal educational opportunities for our children.

I am disturbed by the fact that so often those who complain that desegregation damages education are the same people who act to deny technical assistance for designing educationally sound plans and refuse to provide adequate resources for educational change.

But ESAA is only a beginning. There is a desperate need in our inner cities for new school buildings with modern equipment. An innovative approach to providing Federal assistance through local debt obligation guarantees can tap major private financial resources to meet this need. A proposal to implement this form of assistance is included in legislation I have introduced, the National Education Investment Act.

Second, we ought to be preparing communities and students for school desegregation, by investing in human relations training programs for students, school staff, and parents and community residents. Rather than struggling to respond to critical incidents, we should be implementing such programs to sensitize the perceptions of people before and after changes in student assignment plans are implemented.

Human relations training programs can be applied to the development of multicultural and pluralistic curriculum materials. They can evaluate the aftereffects of desegregation—this is of critical importance in light of evidence that in some cases, community prejudices have remained and even been strengthened. There is also some evidence that group isolation of students from different ethnic backgrounds, within schools has replaced such isolation previously between schools.

Human relations training programs can help us find answers to overcoming these barriers. They can pinpoint errors in student placement—where minority-group children all too often end up in so-called special classes. And, they can identify measures to reverse failure in scholastic achievement by a minority-group child assigned to an integrated school.

Third, we should encourage the development of specialized education centers within school districts to address special needs and provide opportunities for pursuing subjects in which a child has a special aptitude or interest—such as science and mathematics. These centers would be incorporated in various public schools, all of which would continue to offer a common core curriculum. In this way we can maximize the best use of available teaching talent.

Finally and most importantly, however, the Federal Government must make a major investment in American education to end the wrong of making the quality of a child's education dependent on the comparative wealth or poverty of his or her community. This investment must be targeted upon achieving progressive tax reform in the States and toward balancing and improving per-pupil expenditures among local school districts. This is the fundamental purpose of my bill, the National Education Investment Act.

It is this agenda for a new national education policy that must be given priority attention by Congress.

Mr. President, recently I had the opportunity to reply to a letter urging me to support legislation to halt busing for the purpose of desegregation. In reply, I tried to communicate my understanding of the concerns and deep feelings expressed by the writer of that letter. I would like to share my reply, as an "open letter," with my colleagues in the hope that it can contribute to achieving a new consensus in Congress on the real issues we should be facing. I ask unanimous consent that my letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., October 10, 1975.

Dear —: Thank you for your letter, expressing opposition to what you view as forced busing of school children as a social experiment.

The issue of busing in connection with school desegregation has, indeed, been divisive. The only point of agreement seems to be that all parents, of whatever race, want their children to have an equal opportunity to obtain the best possible education. Moreover, we are all agreed that no child, black or white, should be set adrift in an unstable school situation.

The whole point of the Civil Rights Act of 1964—to which you made reference—was to bring to a halt the practices of segregation based on racial discrimination where governmental policy or action was involved, in violation of the Fourteenth Amendment to the Constitution, guaranteeing to all of our people the equal protection of the laws. Title IV of this Act prohibits school segregation, by requiring the assignment of students to public schools and within such schools without regard to their race, color, religion, sex, or national origin. Title VI states that no person, on the basis of race, color or national origin, should be prevented from equal participation in any program or activity receiving federal financial assistance.

But the problem of racial isolation in our schools has become an increasingly complex and sensitive issue over the past decade. What kinds of measures are taken to overcome this isolation, whether those measures help or set back the achievement of equal opportunity for a quality education for our children, and whether these efforts are causing our people to come together or be polarized—these are among the difficult questions for which there are no simple or direct answers.

Many, many black and white parents would tell us that busing is one of the least acceptable ways to try to provide equal educational opportunity, without regard to race.

The problem is that most of our communities simply do not have the public resources to implement programs to provide the best possible education of all children at schools convenient to their homes. And, years of housing and economic discrimination based on race have all too often left a minority of our citizens—black, Indian, and Spanish-surname, among others—in poverty, or in a position where they feel themselves to be second-class citizens, somehow not to be regarded as having an equal opportunity in life with the majority of our citizens, who are white.

This is wrong.

Parents, whatever their color, want their children to have an equal chance to make the most of their lives, to develop their abilities and skills, and later to earn enough to have a sense of being able to live decently and with reasonable security in the future, and to contribute to making a better community, nation, and world in whatever way they can.

Equal opportunity for a quality education is the key to achieving these objectives. But even this, in itself, is not enough. If some people, because of the color of their skin, know that they are regarded as somehow "different," somehow never to have the same rights and privileges as other people, then we remain a nation divided—not pluralistic, where respect is given to our different heritages, but rather a caste-system. And, we undermine all that an equality of educational opportunity can provide, because a black child, for example, can sense this "difference" right from the beginning, feeling that whatever he or she tries to accomplish, a child with different color skin will succeed better simply because of that fact.

I believe we must continue to work to overcome this deep sense of inequality based on race. We must continue to do everything possible to end the disparities that deny thousands of school children and equal chance to obtain the best possible education and to experience what it means to be part of *one* community of Americans—without regard to race, or level of income, or area of residence.

The basic problem right now is that in Congress and elsewhere we have not come to grips with the fundamental issue of establishing and carrying through a creative and comprehensive *national education policy*. Nor have we faced up to the demands of improving the life of our communities for all our people, to create the reality of an open society.

I have always felt that these are the real issues that demand the concern and action of government at all levels. And, I have regarded busing for the purpose of facilitating school desegregation as a temporary measure of limited utility, in the face of fiscal constraints, while we worked on these central problems. Busing is no substitute for open neighborhoods, or for enabling families to earn a better income or know a better quality of life in a neighborhood.

We need the best schools in areas where people have the least, and the most competent teachers where children have educational problems.

We need to launch a major effort to improve our urban areas. In that way, we can improve the quality of life, which at present seems to be forcing people to move to the suburbs in an effort to escape the seemingly insoluble problems of an urban environment—which, all too often, is the real "classroom" of a child's learning experiences.

I have been deeply disturbed by the failure in Congress to face up to these demands, which also constitute unparalleled opportunities to achieve genuine progress in America. Recent votes in the Senate have been widely viewed as expressing effective opposition to busing. But quite frankly, by adopting these amendments to an appropriations bill, the Senate has helped no one. Instead, greater burdens will be placed on state and local governments, which must comply with judicial interpretations of the meaning of the Fifth and Fourteenth Amendments to the Constitution. Meanwhile, school districts under court orders to desegregate will continue to be denied regular Federal financial assistance—such as under Title I ESEA or PL 874 impact aid—because equal participation in programs eligible for this assistance has not been achieved.

Some people have decided that, therefore, the courts are the problem. They have suggested that the answer is to enact laws either to remove the schools from coverage under the Fourteenth Amendment, or to establish as part of the Constitution the right of students to attend the school nearest to their homes.

I cannot agree with this answer. We cannot carve out one area of American life and say that, *except for our schools*, the articles of our Constittuion will apply—a constitution whose preamble speaks of forming a more perfect Union, establishing justice, insuring domestic tranquility, promoting the general welfare, and securing the blessings of liberty to ourselves and our posterity. We cannot say, on the 200th anniversary of our Declaration of Independence, that, *except for our schools*, we believe that all men are created equal and have certain inalienable rights, including life, liberty, and the pursuit of happiness.

In a recent statement in the Senate, a colleague representing a Southern state said:

". . . (W)e are firmly committed to the continued desegregation of our public schools, but we do not believe that the entire educational system should be uprooted in the process."

As a parent who has worked hard like any other parent to give his children the opportunity to grow up in a decent community and go to a good school, and as a representative in our national legislature, seeking to address these same needs on a nationwide basis, I am in full agreement with my colleague's statement.

But where he would see school busing as the central problem to be solved, I would conclude that the basic requirement is to make our schools and communities become places in which we can all take pride, making it no longer necessary to struggle with such temporary expedients.

You are correct—it is no longer enough for any Member of Congress or the Administration to say he or she is "for" or "against" busing. We must move on to the real issues—establishing excellence in education for all our people, and making our towns, cities, and rural areas places of decency, opportunity, and hope.

Sincerely,

HUBERT H. HUMPHREY.

INDUSTRY CONSERVES VOLUNTARILY—JOHN DEERE & CO., AN OUTSTANDING EXAMPLE

Mr. PERCY. Mr. President, it has always been my contention that a vital key to attaining our country's greatly desired goal of energy self-reliance, is the conservation of our rapidly dwindling energy supplies.

In 1973, during the Arab oil embargo, the citizens of our country were asked to voluntarily conserve energy in their homes, at their offices, and with their cars. While there were some slight savings, it became apparent that mandatory energy conservation measures were going to be needed.

It is now October 1975. Mandatory energy conservation measures are still needed. Nearly every Member of Congress recognizes the need for such measures, and many Members have introduced legislation to meet this need. Yet, the fact still remains that with the exception of the 55 miles per hour speed limit, which became permanent last December, we have enacted no mandatory energy conservation measures.

In a recent statement before the Illinois Energy Resources Commission, Robert F. Denig, a vice president of Deere & Co., the world's largest manufacturer of farm equipment, stated:

> We do not believe that an energy policy for Illinois or any other state can be implemented successfully unless there is developed first a national policy, or set of national guidelines, to which the energy policy of each state would conform.

I am in complete agreement with Mr. Denig's statement.

Yet, notwithstanding the obvious need for a national energy policy, the lawmakers of our country continue to debate ad infinitum without making any significant headway toward the implementation of such a policy.

However, despite the continuing inertia in Washington, I was pleased to receive, in addition to Mr. Robert Denig's statement before the Illinois Energy Resources Commission, a copy of Deere & Co.'s "Energy Conservation Program." The program was foresightedly initiated in 1973 and has provided an increased energy reduction from predicted values of 4.4 percent in fiscal year 1973 to 14.78 percent in the third quarter of fiscal year 1975. The cost avoidance went from $773,520 in fiscal year 1973 to $4,457,386 in the third quarter of fiscal year 1975. The results are not only impressive but portend a steady increase in Deere & Co.'s reduction of energy consumption and saving of money.

Mr. President, at a time when much of the country is deeply concerned about the serious shortages of our domestic energy supplies and our further dependence on foreign sources of energy, I applaud Deere & Co. for its contribution in the area of energy conservation. The results of their program show how with a little organization, and a unified spirit of cooperation and sacrifice, a great deal can be gained; a lesson from which we all could learn.

Mr. President, I ask unanimous consent that the copy of Deere & Co.'s "Energy Conservation Program" be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ENERGY CONSERVATION PROGRAM

John Deere employs approximately 56,000 people at facilities in the United States and 13 foreign countries. Total sales for Fiscal Year 1974 were nearly $2.5 billion. Our company manufacturers products in three major market areas: agricultural equipment, industrial equipment and consumer products.

The John Deere energy conservation program covers nine factories in the United States and Canada. These factories incorporate approximately 25 million square feet of covered plant area. They use approximately 18 trillion BTU of fuel each year at a cost of approximately $30 million.

The John Deere conservation program was organized early in 1973. It was initiated by management directive to insure John Deere's ability to operate its facilities with the already present energy curtailments. We were also concerned with our ability to expand facilities as needed to meet market demands. Along with the potentially critical shortage of needed fuels, the rapidly rising fuel costs created an added incentive.

The John Deere energy conservation program is based upon a computerized program which compares actual fuel consumption with predicted consumption. The predicted values were obtained from historical data which was analyzed via a regression analysis to generate a formula for each factory. These formulas contain three variables—square foot, tonnage and degree days. As any of these variables are changed, the predicted values will change accordingly. Predictions were made for these variables for the next five (5) years. Using the formulas a predicted consumption in terms of BTU's was found for each factor and in turn John Deere as a whole. This is the level at which fuel will be required if a conservation program were not in effect.

Knowing how much energy would be required during the next five (5) years, goals were set for energy savings each year. Since the program was organized part way through 1973, a goal of one-half of one percent was set. For the next year, 1974, the goal was set at 12 percent. A 20 percent goal was set for the remaining years, 1975 through 1977.

It was determined that the most efficient method for saving energy at each plant was for the plant personnel to be responsible for their own energy savings. Presentations explaining the John Deere energy conservation program and goals was made to each plant's management. Each plant manager was informed of his responsibility for his plant's energy savings.

An energy coordinator was assigned by each plant to coordinate his plant's program. At some plants, teams of three or four persons were assigned full time to energy conservation. Most of the efforts were initially directed towards "house-keeping" savings. This amounted to turning down thermostats in winter and up in summer, turning off lights or replacing with more efficient units, closing doors, sealing leaks and in general using equipment and fuels more efficiently. This has been a very effective means of conservation. Most of the present programs are directed towards heat recovery methods so that heat that was previously lost into the atmosphere can be captured and reused. New methods of recovery are continuously being designated to increase efficiency and more effectively use waste heat.

Monthly reports are issued by the plants and forwarded to the corporate headquarters. These reports give BTU usage by fuel and the cost of each fuel. This data is condensed at the corporate level and analyzed for corporate trends. A quarterly report is issued to the corporate management as well as plant management. This report indicates progress of the energy conservation program by showing savings for each unit and the corporation as a whole and, also, gives predicted yearly savings.

A summary of the results of the John Deere energy conservation program are shown in the following chart. The percentages given are actual energy reductions from predicted values.

Fiscal year:	*Energy reduction percent*	*Cost avoidance*
1973	4.47	$773,520
1974	13.86	3,676,976
1975 (3rd Quarter)	14.78	4,457,386

There are two key items which we feel contributed to the success of our energy conservation program. The first is the full management commitment which the program has received. All management personnel, including our Chairman, have backed the energy conservation program to the full extent and encouraged their personnel to do accordingly.

Secondly, John Deere has always been concerned with the efficient use of fuels. Consequently, excellent records were available of historical fuel usage over many years from which trends were determined. Personnel are familiar with the recording and reporting of energy data and with operating equipment at points of high efficiency. The additional conservation requirements which have been proposed have been accepted almost as routine.

DEPOLITICIZE THE JUSTICE DEPARTMENT—S. 1682

Mr. BENTSEN. Mr. President, on May 7, 1975, I announced the time had come to depoliticize the Justice Department. We must stop the practice of allowing the President to appoint the Attorney General or his deputy from the President's political campaign. My bill, S. 1682, contained these and other provisions designed to end the political affinity between the President and the Justice Department.

S. 1682 will do the following:

First, the President will statutorily be prohibited from appointing as Attorney General or Deputy Attorney General any person who held a paid or unpaid position in the political campaign which was organized to elect the President.

Second, the Hatch Act will be amended to extend its prohibition of partisan political activities by any personnel in the Department of Justice.

Third, the Attorney General will appoint U.S. attorneys and marshals for a 4-year term.

Fourth, all assistant U.S. attorneys and their legal staff will become part of the career service of the Department of Justice.

This legislation is recommended by the Watergate Special Prosecution Force report of October 1975. The report stated:

> (T)he President should not nominate and the Senate should not confirm as Attorney General, or any other appointee in high Department of Justice posts, a person who has served as the President's campaign manager or in a similar high-level campaign role.

The necessity of this legislation is underscored by the Watergate incident and the necessity to appoint a special prosecutor to investigate Watergate affairs. This office was established because of improper conduct by high officials in the Department of Justice. For example, selected Government witnesses committed perjury during the trial of the Watergate burglars. This trial, as conducted by the Department of Justice, failed to identify the higher-ups involved in the Watergate operation. As we now know, former Attorney General Mitchell was intricately involved.

The need for this bill is attested by the "Saturday night massacre" which resulted in the resignation of Special Prosecutor Cox, Attorney General Richardson, and his assistant Ruckelshaus. These people resigned because the investigative efforts of the Department of Justice had been impeded by the White House.

These and other events attest to the desire to depoliticize the Department of Justice and to maintain its integrity by constraining it from political decisions.

The conflict of interest presented by having a carryover of personnel from the President's campaign committee to the Department of Justice provides the basis for disloyalty to blind Justice. Campaign officers incur political obligations while they solicit support for a candidate. These obligations should not be discharged with favors from the Justice Department. The opportunity should not arise in which the Department of Justice could decide to settle antitrust suits against ITT or other business concerns in exchange for campaign contributions.

Mr. President, the Congress should not wait for another Watergate scandal of political favors donated from the Justice Department by former Presidential campaign workers.

KEEPING A BIG CITY SOLVENT

Mr. BELLMON. Mr. President, like many other Americans, I am saddened by the financial plight of New York City. It is never pleasant to see a large organization, whether it be a private profit-making company or a unit of government, reduced to bankruptcy by fiscal mismanagement.

Several days ago, news reports hammered home the harsh facts of New York's latest crisis—the city's fourth and worst brush with default since last spring. The temptation is great to feel that an infusion of vast sums of Federal money would solve New York's problems. The fact is, however, that the Federal Government would have to borrow any money provided for New York City, and any Federal attempts to bail out Mayor Beame and his financially-troubled city would create more problems than they would solve.

Mr. President, last week's issue of U.S. News & World Report carries a report on the healthy financial condition of our neighboring city of Baltimore. I ask unanimous consent that the first portion of this article be printed in the Record at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. BELLMON. Mr. President, New York City also can learn a lesson from another governmental entity which has kept its fiscal house in order, my own State of Oklahoma. In Oklahoma, our constitution includes a provision that cities and all units of government within the State must operate under a balanced budget. Balanced budget—two words woefully lacking from the vocabulary of those who have irresponsibly pulled the purse strings of New York City in recent years. There is no question that cities can live within their means and still provide the essential services which a city requires.

In his recent demands that Congress bail out New York City, Mayor Beame has neglected to mention—much less express appreciation—that his city has received almost $1 billion since 1972 from one source of Federal funding alone. I am speaking, of course, of Federal revenue sharing funds, which to date have spilled into New York City coffers to the tune of $910,111,480.

If the Federal Government further rewards the irresponsible administrations, past and present, of New York City, we will in effect be punishing other cities which have lived within their means. What kind of a message will we be sending fiscally prudent city administrators in Oklahoma City and Houston? The message, Mr. President, is clear: We will be establishing a precedent and an incentive for other governments to spend beyond their means and then come to Washington to be bailed out. It is only a matter of time before our Federal Government would also be unable to sell bonds. At that point, Mr. President, who would bail us out? Certainly, Mayor Beame and his crowd have no answers—only demands.

Every Member of the Senate feels compassion for New York City. Based on these feelings, the best thing we can do for New York City is keep our hands off and avoid adopting a policy which will allow that municipality to continue on its present dissolute course.

In addition, any Federal funds provided for New York City would of necessity result in the heavy hand of Federal Government being placed on the helm of the city's operation. This would not be healthy for either New York City or for the U.S. Government.

Mr. President, throughout my career in the Senate, I have opposed the giving of Federal funds to bail out the bankrupt Penn Central Railroad, the Lockheed Aircraft Corp. and the Rock Island Railroad. I believe my opposition was right. I now intend to oppose the bailout of New York City. I feel the city has the resources to provide for its own needs. Once New York City officials are convinced that there is no easy way out, they will take the obvious and responsible actions needed to resolve their problems, as has already been done by numerous other governments in this country.

For years, New York has gleefully basked in its spotlight, enjoying the reputation as the free-wheeling, big-spending, financial capital of the world. And more power to New York and Mayor Beame, so long as they do it on their own. But, Mr. President, there is no justification for the leaders of New York City to come to Congress and ask the Federal Government to pick up the tab for their irresponsible acts.

EXHIBIT 1

[From U.S. News & World Report, Oct. 20, 1975]

KEEPING A BIG CITY SOLVENT—HOW IT WORKS IN BALTIMORE

BALTIMORE, MD.—New York City's financial crisis has shaken many other cities, but there's ample proof here that busted budgets don't have to become an epidemic.

Despite soaring costs and increasing demands from municipal workers, some big cities are keeping their fiscal houses in order—even piling up surpluses.

And it's not just the newer, fast-growing cities of the South and West that are staying solvent. One of the nation's giant Eastern cities—Baltimore—is proving that the older urban centers need not bathe themselves in red ink.

This city—the country's seventh largest, with nearly 900,000 people—is not without problems, but a money squeeze isn't one of them. Tight-fisted budget policies and a generous boost from the State of Maryland have seen to that.

HAPPY PROSPECT: A SURPLUS

Baltimore finished the fiscal year ended June 30, 1975, with a surplus of 52 million dollars.

Higher revenues from income and utility taxes helped, as did unusually good returns on city investments. But much of Baltimore's success can be traced to city hall, where 53-year-old Mayor William D. Schaefer follows a philosophy that "government can't solve all problems."

Instead of committing municipal government to a vast range of social services and pump-priming programs, city officials have leaned heavily on neighborhood associations and the business community to build the area's economy.

Since 1960, Baltimore has religiously followed a policy of selling no more than 35 million dollars in bonds each year. Baltimore investment banker Charles Garland points out that this is significant, since inflation alone has forced most big cities to borrow three or four times what they did eight or 10 years ago.

And unlike New York City, which sells bonds to meet routine operating expenses, all of Baltimore's borrowing is for capital projects—streets, sewers and development of housing and industry. For the past three years, the city has actually retired more debt than it has issued, so that its average bond has only 8½ years to go to maturity.

SENATOR HUMPHREY ADDRESSES ANNUAL AFL–CIO CONVENTION

Mr. HUMPHREY. Mr. President, earlier this month I had the honor of addressing the annual convention of the AFL–CIO. In those remarks, I discussed the nature of today's economic problems and the prospects for their solution. Among other things, I pointed out the need to reform the structure of our Federal Reserve System in order to make it more responsive to the will of the people. In fact, I have introduced legislation today to carry out this essential reform.

But, I also outlined a series of measures that I believe are needed now if we are to restore America to the high road of prosperity.

Mr. President, I ask unanimous consent that the text of my remarks to the AFL–CIO Annual Convention in San Francisco on October 6 be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS BY HUBERT H. HUMPHREY

Well, I'm awfully glad to be greeted by my favorite president, President George Meany.

And President Meany, I realize that you believe in a shorter work week, but even in that short work week, you can do more than the other President that we have that is doing it in the longer work week. I just want to wish you well in all of your endeavors, George. This is a great opportunity to be back with old friends.

I have someone ask me on the way coming in here, someone said, "Senator Humphrey, what are you doing here?"

I said, "I'm with my family, that is all, just here with my friends. No reason I shouldn't be. I'm a card-carrying member—non-dues paying, but a card-carrying member—and I like that."

They said, "Are you running for something?"

I said, "I am."

And I'm making an announcement right now. You have been waiting for it and we might just as well get it over with right now. I'm running for re-election to the United States Senate in Minnesota and you get out there and help me, all you Minnesotans here. That goes for Dave Roe, Neal Sherburne, the man that is our secretary, and Leonard Lashomb, the COPE Director, and all of the others out there from all parts of Minnesota.

I want to tell all of you good friends out there from all over this land of ours that I know that every state fed is a good one. I know that every state organization is good. But if you really want to see what it is to be real good, you just come to Minnesota and see what we have got going out there.

Now if that doesn't get me support, nothing will.

Mr. Meany, my friend George, it was exactly 28 years ago that I spoke here in San Francisco to the American Federation of Labor, and the President was William Green. I will never forget it because that was the great moment in my public life. I had spoken to our own central labor union in Minneapolis, the Trades and Labor Assembly in St. Paul, our Minnesota AFL, and indeed our Minnesota CIO, and the Machinists and Teamsters and others, and all of the Railroad Brotherhoods, but I had never had a chance to be in what we call the Big Time, and I came out to San Francisco and a wonderful man by the name of Bill Green presented me.

And to show just how adventuresome that fellow was and how willing he was to take a risk, he got up and said, "I'm presenting to you the next United States Senator from the State of Minnesota." And I held him to it. I said, "Now you have christened me, launched me, bring me safely to port."

And in October of 1948 Bill Green came to the Minneapolis Auditorium and we put 14,000 people into that auditorium, and we had—well, we had the best political meeting that that state had ever held. I think, for 100 years. He rang the rafters. He launched me. He put me into the air and I haven't come down since.

So I thought I had better come back, you know, and touch the old sod and get ready for running again. And that is what I plan on doing. You have got somebody here that isn't going to ask you to do a thing for me, but you have somebody here that wants to do a lot for you. I want to do a lot for you, a great deal for you, not because of you individually alone, even though as I look around me here I see here some of the closest friends that I have personally and privately and publicly. But I want to do a lot for you because this labor movement has done so much for America and for the free world. I think that any man that is worth his salt in politics today ought to stand up and be counted on the side of organized labor, and I'm going to be there.

By the way, before I get to it, you did well in New Hampshire, thanks. Al Barkan has asked for an increase in pay. I'm handling his negotiations. But I will tell you it was a great job and we thank you very much. When you get two Democratic Senators out of New Hampshire, I want to tell you there is a new day in America believe me, there is a new day. It's great.

Now you have gotten an awful lot of speakers for today, and I know you do understand something about me. You told my friend Lloyd Bentsen that he could have a half hour. I don't know what you told my friend Scoop, how much he could have, but whatever you told him, I'm glad you did. I don't know what you're going to give Birch. But I'm here to tell you, you are not going damn it, I'm just going to let it go. I'm just going to let it go.

After all, it is free. Now I'm going to talk to you as I see it. I can do that because, believe it or not, I'm not going to be here to ask you for a contribution or endorsement or anything else. I just come here because I think we ought to talk together.

We have had all kinds of announcements out of Washington. Every day they proclaim that prosperity is here. You know, I believe in reincarnation but I didn't think it would come so soon. I knew that we had had Hoover, but I didn't think he would return quite so fast.

Prosperity just around the corner. Two chickens in every pot. Two cars in every garage—and that is where they will be if they get those gas prices up to where they want them.

But despite the fact that we hear a lot of good news, and nobody likes good news better than I, I'm a congenital optimist, they tell me that is one of my many weaknesses, but I'm here to tell you there are eight, nine, ten million Americans, maybe more, that every day are asking, "If it is so good, why am I having all of this trouble?"

How much longer is it going to last? Every day millions of shoppers go into these big super markets and find that their pay check is buying fewer groceries, fewer towels, fewer paper towels, fewer everything.

I don't think I need to tell you what is happening to housing, the housing industry. My friends in the Building Trades can tell you about that, that isn't in a recession, that is a depression. That is an unforgivable set of circumstances in this country.

Automobile sales, not nearly what they ought to be. And retail sales are fairly good, but not what they ought to be.

Apparently, though, things look a lot better some places. Somebody says that you can always tell how a fellow stands by where he sits. When you are sitting out in Vail, Colorado, or if you are in that nice cozy hideaway in the Maryland Mountains, or at 1600 Pennsylvania Avenue, it looks a lot better, no doubt about it. But I will tell you, what they see in the White House is not what we have got. And, President Meany, I. W. Abel, a host of other people in the labor movement have been telling the American people the truth since the day, George, you got on that television show when they were talking about how many unemployed there were and you got up and said that there was 10 percent unemployed, not six or seven percent. That is the first time I have ever heard Mr. Meany be at least one point wrong. There is 11 percent instead of 10.

I served as Chairman of the Joint Economic Committee. That doesn't make me an expert, I am not an expert, but I listen and I interrogate every witness of the government and every branch of government, the Council of Economic Advisers, the Office of Management and Budget, the Chairman of the Federal Reserve Board, and I am going to have some nice things to say about Arthur Burns, who has given us Burns "in the third degree."

Believe me, I have something to say about that, just wait. I am holding that for you so you'll stay.

But the longer, dear friends, the longer we permit this mirage of a so-called strong and sustained economic recovery, the longer we will be sitting on the tough job of creating jobs and job actions that this government ought to take and must take if we are going to do anything about it.

So, I come here, as they say, to tell it like it is, and hopefully to lay it on the line.

Now, here is the simple truth: The slide towards depression which we were in appears to have been halted and stopped. Thank God. I know that production is up, and I know the Gross National Product has improved, and I know there are more people at work this month than there were six months ago, but I also know something else—that is only part of the truth—that we are a long, long way from the kind of economic growth, the kind of sustained recovery that your families need, that America needs, that the world needs and our young people need, and until we get what we need we are not going to quit fighting! Not for a minute!

Listen to this: You can argue about the statistics, whether there are eight million or nine million unemployed, but I will tell you one thing: there are a million and a half people that have been unemployed for over six months. I'll tell you something else, that nearly one-third of this nation's industrial plants today are idle, not being used. And if you want to combat inflation, you put the plant to work. The best way to cut inflation is to get America back to work, instead of giving it all of this, you know, so-called political Lydia Pinkham's Compound that they are trying to slip to people here. It just doesn't do the job.

Twenty-four million Americans today are in poverty and they slipped back—we slipped back from the gains we made in the sixties. Today, the buying power of your take-home pay—and we have told the people this, but we need to tell them again—the buying power of that take-home pay is not where it was in the mid-sixties.

You have been negotiating contracts and you know, you and I have talked about it before, those three-year contracts—the first year you tried to catch up for what you lost; the second year, you tried to save, and the third year you run behind. That is the way I did in 1968 and I went back to teaching school. You can't win that way, friends. Can't win that way. But this is apparently the Republican's idea of economic recovery, and this is the reason they never understood when we were slipping into depression.

I heard the President of this great organization, before a great conference in September, 1974, tell us that the problem was not just inflation, but the problem was recession; and when all the wise men of the government were saying that all we had to worry about was inflation—apparently some people in government feel that when corporate profits are a little better, and we want profits, that is the only way that business can stay alive—that when production is a little bit better, or inventories are better that that means recovery. It is only part of recovery.

I think they need to look more closely at what is happening to people, what is happening to people's incomes, what is happening to their jobs, what is happening to their work week and what is happening to their housing. And it is only when these things start to improve that you really have recovery.

Now, let me tell you simply like it is. It is stylish these days to say all the old programs that Roosevelt had, Truman, Kennedy and Johnson had, all these programs, you know, are worn out, no good. I keep reading every day in the columns that some of us being in government for a while have to recognize these old programs have lived out their usefulness. Let me tell you something. I don't think we can say that every program that we have adopted should stay on the books. I don't say that everything that was done in the past was all it should be, but I'm here to tell this audience, and I'm here to tell all the critics, that if it were not for the programs of Roosevelt and Truman, of Kennedy and Johnson, that this country would be flat on its back today in a massive depression.

Listen, it was Franklin Roosevelt that helped this labor movement, that provided the Wagner Act, that made it possible for organized labor to stand up and fight for its members in collective bargaining. Not a single Republican voted for Social Security when it was adopted, not one single Republican. Well, we have them convinced now. Took about 40 years but we got them around—slow learners; easy forgetters.

And they didn't vote for unemployment compensation. Oh, I know a lot of these programs aren't all they are supposed to be—but all those smart-alecks that go around saying, you know, we don't want all that old stuff, Humphrey. Let me tell you something. If it wasn't for something like that old stuff, that Social Security check, that Unemployment Compensation and, yes, even the food stamps and, yes, the Aid to Dependent Children and others, if it wasn't some of this old stuff, some of these stuffed shirts would be out of business today. Believe me.

Now, we have had seven years, seven years of disastrous economic policies of this Nixon-Ford team, and that is more than enough. The Republican neglect, mismanagement, has thrown this economy of ours into the ditch of depression and inflation and unemployment and it's going to take some time to crawl out of it.

They just ignored what was happening.

America has been compelled to follow a zig-zag course that would make you dizzy trying to keep up with it, zigs and zags and wobbles and wibbles, and stop and go, and phases and freezes, until you don't know whether you are coming or going. It has resulted in inflation and stagflation and depression and confusion and uncertainty and loss of confidence by producers, by financiers, job seekers and the labor movement itself. Who knows what is going to happen with this crowd? You'd have to be an Old Testament prophet to be able to even come close—and we don't have any of those around.

Everything is upside down. What ought to be going up, as they said, is coming down; and what ought to be coming down is going up. Now you know that President Johnson used to say some pretty mean things about the man who occupies the White House now. President Johnson was kind of a rough fellow once in a while, I know. (Laughter.) I have marks on the back of my neck. I know. But he said it like it was, and he said some things about playing with the helmet off, and all that kind of stuff and, you know he really shouldn't have done that. I mean that, he really shouldn't have, because that is not the problem.

The problem is that President Ford, when he was at the University of Michigan playing football, he played center. And every time he played center—you lean over on the ball, you see the whole world upside down. You know that.

Isn't that right, George?

And that's a fact, that is what has gone wrong around here.

Why, listen, the inventors of the "Win" pin—now that was a real dud wasn't it? Wasn't that a dandy, this "Win" button? They have given our country the highest level of inflation in three decades. These vocal proponents of the work ethic have given us more unemployment than at any time since the Great Depression. These champions of the balanced budget have the largest federal budget deficit since World War II.

These true believers in rugged individualism and free enterprise, they have more business bankruptcies than at any time since the Great Depression. These great advocates of law and order—yes, they are some advocates of law and order. They couldn't even see a grain scandal if it was right under their nose. Oh, no. They got the Secretary of Treasury that comes out and beats his breast, you know, and is angry about the food stamp frauds—but he can't see corporate pay-offs, he can't see white collar crime and he can't see the economic ripoff of the oil companies. Not a bit.

Did you ever notice how Bill Simon looks like Andy Mellon? I swear, really, folks. The only difference is he is healthier.

You just take a look at that cabinet, the self-proclaimed opponents of big government, you know, every time they get up and speak down against the government. Listen, they got more regulations and more regulators than anybody ever had in our lives. And they appointed them, too. Ever hear the President get up and talk about all these regulations. Why doesn't he call somebody in and tell them to get with it. He is supposed to be the man in charge. They go around the world negotiating contracts and treaties with everybody else. Why don't they negotiate with the regulators for a change.

Oh, 37 Ford vetoes is clear evidence that the Ford Administration engaged in what you and I know is an economic lockout of the Congress and the American people. While the President strikes down programs to educate our children, improve the health care of our elderly, provide jobs for the unemployed, as inflationary, that same President holds a rally to decontrol the price of oil in the name of free enterprise. Who do they think they are kidding?

Yes, they are secure in their self-proclaimed fiscal responsibility. My goodness. They put workers on the street as their answer to inflation. They kill housing and job programs as their answer to the budget deficit. And they veto America as their excuse for the inability to give this country any leadership.

In 14 months in the Presidency we haven't had one single constructive program from the White House, not one, no way.

And what do they do? They put Harry Truman's picture up in the White House. The President said he's like Truman. Man, if he's like Truman, I'm like the King of Saudi Arabia. And I've got no oil.

Listen, I want to remind you of something. The man that says he's like Truman is against every program that Harry Truman put in that Congress, and don't you forget it. Harry Truman came in there as a President with many problems, but he gave us programs and policies and he fought and stood up for the people, he stood up for the workers, he stood up for the the sick, he stood up for the needy. He had guts for the American people. That's Harry Truman.

Harry Truman knew how to say "Let's get going." Ford's crew says "Slip her in reverse." Some of you remember those old Model T's. There are all kinds of Fords. Remember the kind that when you really got going and you wanted to stop, you put it in reverse? These young fellows out there, you don't remember that.

But you couldn't depend on the clutch or the brake. Now, I'm afraid they got a one-shift car. They got it in reverse. This is the "No-no administration." Don't worry about the go-go girls; it's the no-no guys that you got to worry about.

They have said no to jobs. I'm not exaggerating. You know it's the truth. No to education, no to elderly, no to housing, no to our children and their schools, no to our farmers, no to school lunches, no to tax reform.

Whenever they are in doubt they say no and, believe me, they are in doubt a lot, and the keep saying no.

I'm here to tell you, dear friends, we don't need a President that makes it his policy to increase the price of oil and to help out the oil companies. The OPEC countries will do that. And they are doing it good.

We need a President who will lead the fight for you to keep fuel prices down.

We don't need a President to keep interest rates up. Dr. Burns and his banker buddies will take care of that. We need a President who will bring interest rates down and be concerned about your interest rates.

We don't need a President who professes a commitment to quality education and yet vetoes the funds that make it possible.

We don't need leaders whose philosophy produces a tragic and icy indifference to the sufferings of our citizens. We need leaders with a heart. We need people who care. We need people who will err on the side of compassion and fair play, and we need leaders who will challenge this country, who will challenge the spirit and the strength of the American people to achieve what they want.

The American people are not dead. The American people haven't tossed in the towel. The American people want a chance; they want to go to work; they want to make this country something, and they need leaders that will call them into action. That's what they need.

We need a President who knows how to fight inflation without throwing people out of jobs. I know the Barber's Unions are represented here, and I want you people to do something for me. Get one of those barber poles. You will find one around some place. Maybe you got one in the union hall. Take it and put it up in front of the White House.

Years ago, in the 1700's, the old doctors, whenever anybody had a fever, they would bleed the patient. Now, this crowd looks upon inflation as an economic fever. The way to cure it is to bleed the patient. And you are the patient. Now, they lost a lot of patients. I think we ought to give them the symbol they deserve. Anyway, it's red, white and blue. It would not be in any way an offense to them. Just stick the old barber pole out in front and remind them of what it is.

We need a President who believes in work, in jobs and growth and development and not vetoes and tight money.

And we need an administration that is determined, as John Kennedy put it, to get this country moving again and not consent to try to rock us to sleep. We need a new quarterback, not a cheerleader. What we got today is a cheerleader, and what we need is a captain that can really move the ball around and get this game going for American recovery.

Coming from Viking country up there, we say that we need a game plan to put us on the scoreboard. There are a number of things that we can do. I am not going to stand here and tell you how wrong they are. I also want to say I expect this Congress of the United States to deliver. You elected us. And whether the President vetoes what we do or not—that will be his responsibility—our responsibility is to deliver, our responsibility is to show the way. And f they close the door on us and we can't open it because of the two-thirds requirement to override a veto, you will understand what it means when you elect a President.

You don't just elect a President; you elect a court; you elect the agencies of government; you elect everybody in all the commissions of government; you elect Attorney Generals and cabinets; and you elect District Attorneys and District Judges; and you elect a Federal Reserve Board. That's what you do when you elect a President. It's the Super Bowl, and you better be there. D-day is coming up. I think it's just about 13 months from now. And it's time to let those people feel the housing shortage. Get rid of them, the whole kit and kaboodle.

Yes, my friends, I say we can do better. Nobody is asking us to do perfectly. Listen, if I came here and told you I had the answer to everything, you would know I was nothing but a liar. We don't have all the answers, but we ought to be looking for them and we ought to be asking people for them and we ought to be talking to you in this community and others trying to find these answers, because what we're doing is not good enough. There are some things that we know we got to do.

We know we have got to extend Unemployment Compensation, and we know its benefits are not commensurate to what is needed today.

We know that we have to have emergency health legislation for health insurance for the people that lost their job and are no longer covered.

We know that we have to continue to oppose the President's plan to chisel away at Social Security payments and food stamps and what have you.

I know there are always a few people that cheat. There's a few that get hold of some food stamps and trade them in for a bottle of booze and something else. I'm sure of that. You and I have been around. We're not neophytes. But I want to tell you something, dear friends. They can cheat year in and year out on food stamps, but this won't even touch one little bit what's been going on in some of these other things that have been happening in this country. I don't justify the food stamp program. I simply say I expect that if you are going to pick on the widow and if you are going to pick on the poor soul that needs food stamps, then take on the giants and show some courage and show these people.

Now, there are things that we have got to do and get done quickly. We have to extend that tax reduction, because if we don't the taxes go up. And not only should we extend the tax reduction—you may recall you got a tax rebate of about eight billion dollars. Hubert Humphrey has proposed, and the Joint Economic Committee has recommended, that we have what we call an earned income-tax credit that applies to employers and employees alike from eight to ten billion dollars and make a tax reduction package this year equal to what we had last year.

Why? To keep the momentum going. Every time Arthur Burns or Alan Greenspan or anybody around that crowd sees a little recovery, they start to get the shivers. All at once it scares the daylights out of them. Something good might happen, and they start whacking back on the money, cranking it down again, put the old car in reverse.

My proposal would relieve the tax burden. That's a way to compensate for inflation. It would stimulate consumption and reduce inflation, and nobody can deny it.

We need an accelerated program for emergency public works employment; we need to build; we need to develop; we need to improve this country, and we've got things to do.

We need to rebuild our cities, vast areas of them. Look at Washington, D.C. There is block after block down there that was burned out in 1968. And we get all this pontificating about what we ought to do, and nothing has been done to rehabilitate that. I want to say to the Building Trades that are here, and the contractors, we got enough work down there just rebuilding that to take care of thousands of people that are presently on unemployment compensation. You know and I know that there has never been enough unemployment compensation to really take care of anybody.

What people want in this country is good jobs with good pay and good working conditions. That's what America is all about. It's not about a job program that pays you a pittance; it's about a job program that pays you enough so you can live like an American and not like a peasant, not like a peon. We are a proud people. I am sick and tired of having government going around looking as if somehow or other if we take care of ourselves we have done something wrong.

We need to expand that public service jobs program. We need to get America's young people off the streets, out into the woods, into the parks and building, cleaning up, doing things in this country, or we're going to end up with problems far greater than you and I ever dreamed out: Alcoholism, drugs, crime.

I'm here to tell you that the rate of unemployment is related directly to crime, and vice versa, particularly among young people.

And, mothers and fathers, 80 percent of all the crime in this country is committed by youngsters between the ages of 15 and 20; 90 percent between the ages of 14 and 25. And when you got large numbers of young people on unemployment and nothing to do, you got your jails full and you got heartache and you got troubles in America. Good God, we can do better than that. And you know it and I know it.

And we need a mortgage subsidy program, a national housing bank. Why not? George, you remember when you were on that TV? You said, "Look, we have an export and import bank. We have got the money for Russia. Let's subsidize interest?"

They say it is good for business. Well, maybe it is. I will tell you something, if it is good to give the Russians interest at six and seven percent, it is good to give the folks at home the same thing to build a home, and we can do it.

Yes, housing doesn't only mean jobs, income and production, it means families. It means neighborhoods and it means communities. We can tie together good social policy and economic policy.

Oh, we need to modernize our ports. We need to fix up our railroads. We need to expand our parks.

Good God, we have got everything we need to do. Yet we have millions of people wondering whether there is a chance for them.

Don't tell me that people that can put a man on the moon, a country that can split an atom, a nation that can make fantastic discoveries such as we have, someone that can perfect the television and wireless and radio, can't find a way to put somebody to work to clean up a park, build a road, fix up a railroad. Of course we can.

I'm here to tell you that what we are going to do is get it done.

We need a national food policy in this country. When I saw my friend Teddy Gleason I said, "Hello, Henry." I think, if you look, he looks like Kissinger, doesn't he, when you really take a good look.

But he is my friend back here and I'm proud of him.

Let me tell you something, we need a national food policy, and I have been talking about it for a long time. It is not a question of whether we have exports or not. We need exports and you know it. The first duty of government is to see to it, however, that the American people have an adequate supply of food for themselves, and all in God's green earth we need to do is tell our farmers to produce, give them the loans, the credit, share the risk with them, put up a national food reserve, make sure we don't run short if we have a bad crop or bad weather, and we can have exports and food for ourselves, and we can have a prosperous agricultural program. You don't have to go to Harvard to figure that out. You can just be born in South Dakota and live in Minnesota. It's possible.

The trouble with Earl Butz, is that he worked for—was it that Ralston Purina bunch? He still thinks he is selling. You know, he is a salesman, a pitch artist. Isn't it interesting that he worked with Ralston Purina and came to the Department of Agriculture, and his predecessor left the Department of Agriculture and went back to Ralston Purina. I don't know if there is any connection there or not. But I want to say to you that the duty of this government is to our people.

And in the Bible, in the Book of Genesis, and I believe I'm correct that it is in the 41st Chapter, there is the story of the seven good years and the seven lean years. The ever normal grainery isn't something that was concocted under the New Deal, that was concocted in the Bible. And if it was good enough for them and good enough for God Almighty, it ought to be good enough for Earl Butz.

And I'm telling you we can do it.

But all of the things I have talked to you about, they really won't do much good unless we get everybody on the team. You know, we have an executive branch of government, a legislative branch of government, and a judicial branch of government. Then we have a fourth one called the Federal Reserve branch.

Now, I want to talk to you about that. I have proposed tax cuts and programs, and I know they cost money. Unless this Federal Reserve Board cooperates, nothing is going to work. You can strangle economic growth with tight credit and high interest rates. And that is what has been going on. We can't get this Federal Reserve to get a cruising speed. They are either putting on the gas or slamming on the brakes. I think it is time that the Federal Reserve Board was shaken up.

I think it is time it was made more responsive to the Congress and the people. I think it is time it was told that it must work for all of the people. I think it is time that someone in the Federal Reserve Board speak up for labor, for the consumer, for the farmers, or the smaller businessman, and that is why this week when I leave here and go back to Washington tomorrow, after a year of study, I will be introducing legislation in the Congress to undertake this long overdue reform of the Federal Reserve.

Oh, I know I'm going to catch hell. I know that.

And it will reorganize that board, a board of seven today that has five bankers, and we are going to put on that board one from labor, one from agriculture, one from small business, one to represent the consumer, and then we will give the other three spots to the bankers and the corporations. And we are going to cut those terms. They have got 14 years. Why, that is even more than a Senator, and you know what trouble you have with us until election years.

They have 14 years. I think the term ought to be cut back to seven. I think whoever is President ought to be able to nominate the majority of the board in his first administration. That's the way you can make that board accountable.

Now, if we do this, if we get busy and if we do the things in energy and food and jobs and taxes, in housing, that this country can do, we'll be on the road. And we'll whip this recession, because recession is the greatest waste of all. It is a tragic waste of capital and human resources.

It cost 25 million Americans jobs in the 2 years. Do you know that 25 million people have been laid off because of the recession. Seventy-five million Americans this year have been laid off because of the recession? Somebody in their home has lost a job. It has cost us 300 billion dollars in lost incomes in two years. And this recession, according to the government's statistics, will cost the American economy a trillion, five hundred billion dollars between now and 1980. Just like you went to the toilet and flushed it and threw it down into the sewer, a trillion five hundred billion dollars of production and income that nobody will ever get, jobs that nobody will ever have, revenues that no government will ever see. Yet we have people around here that say, "We can't afford to do these things, Mr. Humphrey. You are just a big spender."

I'm not a spender, I'm an investor. I have got faith in this country.

Yes, this recession is a God awful waste of production, of tools, of income, of revenues, of goods not produced and of talent and enthusiasm of young men and women who find it impossible to find a place in this economy, and it is a waste of savings that are used up to carry people through these difficult times. And with all the richness with which America is blessed, I say to you this waste is the shame of our nation. It is even a greater shame when one realizes that there is so much, as I told you, that needs to be done.

America has been saddled seven long years with doubt, division and rising debt. It was saddled in those Nixon-Agnew years with corruption, complacency and conspiracy. We have had it up to our ears.

I tell you, my dear friends, that America needs something better. We need some leadership. We need some purpose. We need some high principle. We need something in the tradition of the great men that have led this country.

I'm proud of those great men. I don't run away because they are dead and gone. I don't run away from them because they are from the past, because from the past we get the inspiration frequently for the future. I don't run away from the lessons of the Bible because they were written yesterday. I don't run away from the Preamble of the Constitution because it was written years and years ago, almost two centuries. I'm *not* going to run away from the great dynamic leadership that I voted for when I was a young man and someone spoke to me as if he was in my heart and my mind and my soul and said, "All you have to fear, Hubert Humphrey, is fear itself," and who said, "We are going to get this country going again."

I tell you, we have got to have somebody somewhere that speaks to us about the greatness that America can be, not somebody that is telling us, "Don't do this. Don't do that." Someone, if you please, that would have put an end to the waste and that will put under a popular check these agencies of the FBI, CIA and IRS that have decided that they can run wild, and somebody that will show all Americans—all Americans—that we can do better. You see, we meet today not just as partisans, even though I have given you in a very real sense, I suppose, a partisan speech. But we meet as citizens of a wounded nation and of an uncertain nation. A nation that has been torn about by a decade of violence at home and of tragic war abroad. A nation that has suffered the public murder of some of its finest leaders. A nation that has gone through the traumatic experience of wholesale corruption in its national leadership. And we meet today as concerned citizens of a nation that has witnessed flagrant abuse of power in the highest offices of the land, and the violation of law and constitution by those pledged to uphold it.

Therefore, I submit to this great assembly, you look well at what you do. There will be men coming here to speak to you who seek your support. There will be those who come to you and ask you to help them to the highest office of this land.

I ask you to keep one thing in mind: which one do you believe as the next President of the United States can reshape that Executive Branch of government, and give leadership to that Congress so that never again will government forget that it is the servant of the people rather than the master of the people. That is your task here.

We need—we need, my friend, a new birth. We need a new birth of freedom in this country. We need a new sense of our purpose. The people are obviously waiting, and I say to you that they have waited long enough and they are impatient. I come to you today to ask you to help give this America a chance. I want America to be great and I want America to be good. I want America to be strong so she need fear no enemy, and I want America to be fair so that all people feel they have justice.

And I want America to be decent and you help make it that way. But I also want something else. I want to remember that in our Bicentnnial that we are pledged to three of the most important principles that were ever written by the hand of man and ever conceived by the mind of man and given to us by God Almighty. Life, the good life, not just survival; liberty, not anarchy but liberty with duty and responsibility; and you know me, I want also for every American, in his own way or her own way in and out of the labor movement, every American to be able to pursue happiness. Let America sing once again and let's get back and get to work.

NATIONAL PATTERN OF DELAYS IN OBTAINING UNEMPLOYMENT INSURANCE BENEFITS

Mr. PERCY. Mr. President, I would like to call attention to my correspondence of October 8, 1975, with Secretary of Labor John T. Dunlop on the subject of prolonged delays in the payment of unemployment insurance compensation to new claimants.

I wrote this letter because the program has failed in a time of maximum need to provide timely benefits to unemployed workers throughout the Nation. Congress intended persons who lost their jobs, through no fault of their own, to be compensated within 2 weeks of the time they first applied for benefits. Because of various State regulations, this works out to 28 days in 38 States and 21 days in 12 States.

Instead of a 2-week delay, some new claimants have been waiting up to 6 months for benefits, even though they or their employers have already made a contribution to the Unemployment Insurance Trust Fund, through taxes collected by the Internal Revenue Service. This year $19 billion will be paid out in benefits. Another $850 million in Federal moneys will be expended in the States to administer this program.

The Department of Labor's Manpower Administration has set a standard that no more than 14 percent of new claimants should wait 28 days or longer. Yet, for the quarter ending in June 1975, 29 percent of new claimants waited that length of time or longer.

The country deserves better.

Unfortunately, even though the unemployment picture has stabilized in recent months, the delays appear to be worsening. In 25 States, the number of new applicants waiting more than 28 days increased in August compared with July; in five States, the number lessened. The rest of the States have yet to report.

Because of the physical and emotional suffering and uncertainty that these delays cause to the newly unemployed, I felt compelled to write to Secretary Dunlop to seek his personal intercession in eliminating the redtape and delays associated with this program. Because of the interest of all Members of Congress and their staffs in this matter, I ask unanimous consent that the text of that letter be printed in the Record.

There being no objection, the letter was ordered to be printed in the Record, as follows:

October 8, 1975.

Hon. John T. Dunlop,
Secretary, Department of Labor,
Washington, D.C.

Dear Mr. Secretary: Let me first express my appreciation to you for having arranged for officials from the Department of Labor to scrutinize the problems of the Illinois Bureau of Employment Security (I.B.E.S.) following our discussions several months back. The comprehensive report following from that effort constitutes a stinging indictment of the administrative and managerial failures of the I.B.E.S. The sound recommendations in that report, based on modern management techniques, apparently provided the impetus for recently announced changes by I.B.E.S. officials aimed at better discharging their public trust.

But in the face of documented dereliction, where does the jobless worker turn? And where does the family of the jobless turn as bills for food, clothing, housing and other essentials pile high when unemployment benefits do not arrive on time? So many Americans out of work have been callously forgotten by a faceless bureaucracy which has been entrusted, as a fiduciary, with administering monies rightfully earned and which has literally abused that trust. Is it any wonder—in the face of those most in need being deprived through official neglect of monies due them—that we are increasingly witnessing throughout this country expressions of outrage and despair toward a government which all too frequently is unresponsive to such felt human needs? I am sure that you would agree that the problems of the unemployed should have the highest priority within the Congress and the Administration. It would be difficult to find a family in America that has not somehow been touched by the specter of unemployment, which nationally amounted to 8.3 percent in September—in human terms, almost 7.5 million men and women, who have been stripped of their ability to support themselves and their families.

We are fortunate to have in this country a means of financially aiding the unemployed worker who has lost a job through no fault of his own. The unemployment insurance compensation program, passed by the 74th Congress some 40 years ago during the nadir of the Great Depression, has provided financial assistance to millions of Americans while they searched for new jobs. It is a unique example of intergovernmental cooperation, with the federal government paying for administrative costs and designating the states and territories to determine eligibility and pay beneficiaries.

But it appears that many states have failed to administer this program in the manner intended by the Congress. Delays of up to six months have been experienced by considerable numbers of eligible beneficiaries who have endured physical and emotional hardships while awaiting benefits. In my own state of Illinois, 58 percent of those applying in June for unemployment compensation waited more than 28 days after first applying for benefits, while 15 percent had to wait 57 days or more. In July (the latest reporting month), the percentage of those waiting 28 days or more dropped only slightly to 55 percent, at a time when the number of persons applying for benefits was levelling off. And, Illinois residents applying for the second 13 weeks of emergency benefits, provided by this Congress, are also experiencing quite extensive delays. The Illinois Bureau of Employment Security, which is charged with promptly distributing these benefits, has become more of a bureau of insecurity as a result of these egregious delays of its own making.

Such delays, which cause so much personal economic uncertainty, are not confined to Illinois. During August, 60 percent of persons applying for unemployment benefits in Kentucky waited more than 21 days; in South Carolina, 73 percent waited more than 28 days; in Arizona, 61 percent waited more than 28 days. And the waits seem to be increasing nationally. For example, for the three-month period ending December, 1974, 18 percent of new intrastate beneficiaries were compelled to endure delays in excess of the maximum permissible period (28 days in 38 states and 21 days in 12 states) before receiving their first unemployment checks; but for the three-month period ending June, 1975, the percentage increased to 29 percent. These figures fall short of the Department's own criteria that not more than 14 percent of new intrastate claimants should wait more than 14 days beyond the end of the first compensable week. Further, figures unofficially released by your Department for August show a deterioration in service over July in 21 states, an improvement in five states, and data missing for the balance. This deterioration comes at a time when the number of new applicants for benefits declined slightly.

Sixty-five percent of those filing interstate claims waited four weeks or longer for the period ending June, 1975. The Department's criteria for good service says no more than 33 percent of interstate claimants should wait that long. For those who moved to another state and then applied in their new state, the delays were even worse than for in-state claimants—ranging from four to six months.

It is clear that Congress wanted beneficiaries paid promptly, regardless of any paperwork problems caused by fluctuations in the job market. Despite the magnitude of today's crisis, it doesn't approach the situation of the Depression of the 30's when one-fourth of the Nation's labor force was unemployed. The unemployment insurance program was intended to operate during crisis periods. Yet, that program is bogged down today, at a time of maximum need, by administrative foot-dragging, reams of red tape, and a cavalier attitude by some toward the needs of the unemployed. For many Americans, walking into an unemployment compensation office is like stepping through a minefield of paperwork hassles, long lines, revolving doors going nowhere, and unsatisfactory answers from overworked clerks. In Illinois some of the offices have even been found to be ". . . dirty, dilapidated and unsafe" by the perceptive report from your Department.

The legislative history of the enabling legislation clearly indicates that the Congress wanted payments promptly made after a two-week waiting period, with a four-week lapse being the longest acceptable wait. In fact, in 42 U.S.C., Section 503(a)(1), Congress directs the Department to cut off funds to any state that fails to make unemployment benefit payments "when due." Of course, cutting off funds is no solution at all because it penalizes the unemployed most heavily, instead of the fumbling bureaucrat. Instead, the Department should proceed forthwith to promulgate binding standards that would clearly spell out the length of time permitted by the states to process checks. In the absence of such standards, the "when due" clause—intended to speed payments to the jobless—has become an "over due" clause. (I note that the Department issued an advisory opinion to the states in 1971 urging them to make payments within 14 days of the time a beneficiary applies. But the opinion was never enforced.)

Instead of inducing the states to speed payments to the unemployed, the Department apparently took steps this May to rescind a proposed rule which would have led states to speed up the processing of appeals. Under the rescinded rule, states would have been required to issue 75 percent of all first benefit appeal decisions within 30 days of the date of appeal, and at least 85 percent within 45 days. This standard has been revised downward to read that 60 percent of all appeal decisions must be handed down within 30 days, and 80 percent within 45 days. For years, Illinois has been flagrantly violating the existing time limit for processing appeals without any penalty from the Department. Yet, the Manpower Administration has ignored this situation.

While it is true that the states have recently been flooded with applications for benefits, some of the current problems clearly predate this crisis. For instance, during the high employment period of 1969, 14.1 percent of all claims handled by I.B.E.S. in Cook County were delayed in excess of 57 days; during the same period, 26.4 percent of all claims were delayed 28 days or more. The Department's recent report documenting in minute detail the dereliction of duty by I.B.E.S. should be applauded. The Department has pink-slipped Illinois for its mismanaged and bungled unemployment insurance system. But words are not enough. What action is the Department contemplating in the unlikely event that I.B.E.S. fails to heed your Department's suggestions?

Interestingly, Illinois reported to your Department's Chicago Regional office that in July it made payments within 28 days to 69 percent of new claimants. This was welcome news, because it indicated a dramatic increase in efficiency from June, when only 42 percent of new applicants received checks within 28 days. But then, when the figures were questioned by my own office, and, in turn, by your regional Manpower office, it was found that no dramatic increase had occurred at all—that only 46 percent of July's new applicants received payments within 28 days. The use for three weeks of this erroneous figure is a prime example of the maladministration on the part of I.B.E.S. that has been creating hardship for months for the unemployed, employers in the state, and the public. I assume—unless an investigation by the Labor Department proves otherwise—that this was a clerical error only and not intended to portray a significant improvement at I.B.E.S. which proves, in reality, to be false.

While it appears that the overall unemployment picture has stabilized in recent weeks, the number of persons applying nationally for unemployment compensation remains high. Despite our shared hopes, it seems that the unemployment picture will not substantially change for quite some time. The federal government will pay at least $850 million simply to administer these state programs in FY 1976. I believe that taxpayers, employers, and workers deserve a better-operated and supervised program. Accordingly, I would like to know when the Department of Labor will promulgate meaningful regulations that will take into account the financial and emotional distress felt by beneficiaries waiting for both in-state and out-of-state benefits. In addition, I would appreciate receiving specific responses to the following questions:

What does the Department do to assure that experience ratings, which are used to compute the employers' tax, are accurate and are processed within a reasonable period of time?

If it is true, as I have heard, that the Department prevents states from hiring additional staff before an actual unemployment crisis occurs in any state, what remedial actions are contempleted?

The Manpower Administration has been trying to straighten out the unemployment insurance mess but is hampered by its limited grant of authority from the Congress. Under the unemployment insurance system, the federal government pays for the administrative costs of the program, while the states administer it and ultimately determine how it is operated. State officials, who are thus responsible, depend 100 percent on federal monies yet are not truly accountable for how it is spent—not to taxpayers, and not even to state legislators because no state monies go toward the administration of the program. Consequently, it is imperative that the federal government, through the Department of Labor, exercise a far greater degree of care in overseeing the expenditure of such huge sums of money from the federal treasury, to the amount of $19 billion in benefits and another $850 million in administrative services.

You have proposed a national commission to examine unemployment insurance. Such a commission is long overdue and I applaud your suggestion. But until the commission reports, I would like to propose several modifications in the present system that, if immediately implemented, could, I believe, promote a better and more efficient program. These include:

Implementation of a carrot and stick policy by the Manpower Administration to reward efficient state systems and better supervise non-responsive systems. For efficient states, Manpower could provide for incentive salary bonuses for agency employees. For inefficient states, Manpower should provide for the use of federal monitors to be informally attached to the unresponsive state agency until such time as agency dereliction is remedied.

Experimentation with varying types of administrative oversight by Manpower's regional offices that would essentially accord less control for efficient states and more control for the non-responsive states.

An exchange of management technology among the state systems as, for example, through the lending of expert personnel from the efficient states to their less efficient counterparts and the establishment of a national computerized information retrieval system that could provide ready answers to common questions or problems.

Creation of an "early warning" system by the Manpower Administration that would make mandatory such effciency studies as the one recently conducted and made public in Illinois. The studies would be made when it appears that a state system is failing and declines to make reasonable readjustments of policy in the public's behalf.

Establishment of a federal complaint bureau, where aggrieved beneficiaries and employers could seek assistance. The complaints could provide leads on deficiencies and strengths in a state system and should be made subject to public scrutiny.

Computerization of the processing of interstate claims, one of the worst bottlenecks in the entire unemployment insurance system.

Promulgation of binding standards that will ensure prompt payment of benefits to claimants.

I wanted to call to your personal attention the operations of the state unemployment insurance programs, which are supervised by the Department's Manpower Administration, because I am sure that you will want to carefully examine the treatment being received by so many out-of-work Americans applying for benefits. I look forward to receiving your report as to what action the Department is taking and what actions are contemplated to make sure that those who are suffering most from the current economic situation in this country at least receive timely compensation, not timeless waits. The unemployed should not doubly suffer because of inadequacy of government action or lack of concern.

Sincerely,

CHARLES H. PERCY,
U.S. Senator.

THE ENERGY CRISIS: THREE PERSPECTIVES

Mr. MONDALE. Mr. President, no subject is of greater concern to Congress and to the Nation than our Nation's future energy policy. Consensus on energy policy is difficult; yet the issues involved are so important and affect each of our lives so deeply that a broader understanding of their significance is essential.

In a recent issue of the Living Wilderness magazine, a distinguished journalist has helped us gain this understanding with a series of three interviews of leading Americans who are deeply involved in the energy problem. Charles Conconi has interviewed Thomas A. Murphy, chairman, General Motors Corp.; Frank G. Zarb, Federal Energy Administrator; and Stewart L. Udall, Secretary of the Interior, from 1961 to 1969. Out of these interviews comes the interplay of views that each of us needs to understand the policy options and conflicts we face today. I recommend these interviews to my colleagues.

Mr. President, I ask unanimous consent that the text of these interviews be printed in the RECORD.

There being no objection, the interviews were ordered to be printed in the RECORD, as follows:

THE ENERGY CRISIS: THREE PERSPECTIVES

All automotive transportation accounts for about 13 percent of the total energy consumption in this country today. If you took all the automobiles off the road tomorrow, we would still have to import energy.—Thomas A. Murphy, Chairman, General Motors Corporation.

There is certainly an energy crisis. I suppose the problem is that there is no energy shortage. People have a habit, because they associate the crisis with the embargo, of saying if there's no shortage, there's no crisis.—Frank G. Zarb, Federal Energy Administrator.

Let's cut our consumption a little bit and give the industry fresh incentives and big profits and the energy industries will solve the problem. That's a nice, neat conclusion for a politician. It just happens to be 100 percent wrong.—Stewart L. Udall, Secretary of the Interior, 1961–1969.

Few American experiences have been more traumatic than the 1973 Arab oil embargo. But counter-balancing its negative aspects, the embargo rendered one highly significant service: it brought for the first time a vivid national realization that certain natural resources essential to the current American lifestyle are neither as available nor as expendable as had been comfortably assumed. The experts, of course, have known that the earth's petroleum will one day be exhausted if humanity continues to pump, refine and burn or convert it for short-term profit, comfort and convenience. Logic also makes it plain enough that well before that day of exhaustion, substitutes will have to be found or the prevailing lifestyle must change. But it took "no gas" signs and an international crisis to make this a part of conventional wisdom.

How deep and lasting a lesson, however, was learned from the embargo? How general is the acknowledgement of need to revise conventional thinking, habits and public policies, in order not merely to avert drastic disruption of present lives but also to conserve for the benefit of future generations what remains of the earth's diminishing natural bounty? Do most Americans perceive the menace which continued energy gluttony poses to the life and beauty of the places that must be drilled, stripped, dammed, pipelined, roaded or otherwise manhandled in order to meet unrelenting human demand? Are they ready to return to public transportation, insist upon energy-saving architecture and otherwise redefine the terms of their over-praised "standard of living," and are government and industry ready to lead such reforms? Or is America married inextricably to the myth of abundance and all its penalties?

As yet there are no definitive answers to these questions. America obviously is barely on the threshold of the reappraisal and major adjustments implicit in the energy challenge. Because the directions taken in meeting this bearing on the future of the nation's wilderness and populated areas alike, however, *The Living Wilderness* asked Washington journalist Charles N. Conconi to interview three prominent Amercans whose views are likely to figure significantly in debate on future energy policies. Thomas A. Murphy has been an employee of General Motors Corporation since 1938 and chairman of its board of directors, and chief executive since last December. Frank G. Zarb, a former New York investment banker, has been Federal Energy Administrator since late last year. Stewart L. Udall, now an environmental consultant, served from 1961 to 1969 as Secretary of the Interior and earlier as a member of the House of Representatives. Mr. Conconi, now a freelance, has reported for several major newspapers and was Washington editor of *Environmental Quality* magazine. *The Energy Balloon*, a book by Messrs. Udall, Conconi and David Osterhout attacking energy waste, was reviewed in these pages last winter. It will be republished by Penguin Paperbacks in November.—Ed.

[Interviews by Charles N. Conconi]

THE AUTOMOBILE IS PART OF THE PROBLEM

(An Interview with Thomas A. Murphy)

Conconi. There seems to be considerable confusion among the general public as to whether there really is an energy crisis.

Murphy. There is a hopeless amount of confusion in the mind of the ordinary guy about it. Because he hears so much about an energy crisis and then he also hears that the gas stations have more gasoline than they can sell, and they're reinstituting premiums. It's complex thing, and I don't know as any of us completely understand it when it comes right down to it.

Conconi. What I'm getting at is, there doesn't seem to be a belief that oil is in short supply.

Murphy. It's not in short supply, and it was never really in short supply. It's only a matter of price. The United States for years had been on what I would call a cheap energy policy. We underpriced deliberately. We put ceilings on the wellhead price of natural gas, and we put restrictions on the price of oil. We were thwarting the markets. Now when the oil crisis developed we were self-sufficient. We were an exporter.

Conconi. We were an exporter?

Murphy. We were an exporter. But we were also artificially keeping the prices of those commodities low, and even today we still have got natural gas and the so-called old oil artificially restricted as far as price is concerned. We've been using natural gas in industry generally for boiler applications simply because it was a clean fuel, it was available fuel, it was low in price. Some day we may wake up and may find that we have a very low price on natural gas but there won't be any more available because nobody is going to go out looking for natural gas.

Conconi. But the question about oil being in short supply is predicated on the fact that you said we were an oil-exporting country. We're an oil importing country.

Murphy. But oil is available. We have to import it.

Conconi. That still makes us dependent on foreign oil.

Murphy. But you see, we are dependent on foreign sources for other things. And there are people in other countries that are totally dependent. Western Germany and Japan, they have no source of energy really of any consequence in their own country. They always have been importers of energy.

Conconi. But there are energy experts and petroleum geologists who are saying the world oil reserves are not in as good shape as we'd like to believe they are. Oil is not a limitless resource.

Murphy. It's not a limitless resource. Obviously, not. And at some point in time all the fossil fuels are going to be gone, if you project yourself out far enough. As far as oil is concerned, I think the record will show that probably, as long as statistics have been available on the subject, it has always been said there's about 15 years' supply. But it's always 15 years. The available supply or knowledge of reserves is something like following a trail down a tunnel with a flashlight. The flashlight will penetrate so far and you can see so far, but that doesn't mean that's the end of the trail.

Conconi. In the past year or so, petroleum geologists and the federal government's geologists at the Geological Survey have been backing away from earlier predictions about vast deposits on the outer continental shelf.

Murphy. That doesn't frighten me greatly, because I think that with the knowledge we have today we will develop other sources of energy. What we have to do is to get on with the thing and recognize that petroleum—I don't know whether it's 10 years or 20 years or 50 years—at some point in time is going to run out. But we also know coal is available in this country. At the present rate of utilization there is probably a century or more remaining. And we also know that nuclear power is feasible and it can be used and should be used today.

Conconi. We have a very complex industrial economy. We can't run into another oil-embargo situation without disastrous consequences, if we're not prepared for it. How do we prepare ourselves?

Murphy. Are you talking now about the world?

Conconi. I'm talking about the United States, and I'd like to add one more point. You mentioned foreign resources. Just because they exist in another country or are found somewhere else doesn't mean they belong to the United States or that we have a right to them. We've got to compete for them.

Murphy. But it's a matter of price. We have the ability in this country to manufacture food if we want to think of food as being an energy resource, and it is. We have the ability, the knowledge and the expertise to produce more food energy than we need for ourselves. We should be working in the global dimensions so that we ought to be able to accommodate and exchange for the energy resources that we need to apply to our industrial side. I don't think it's a terrible thing that we use a third of the energy of the world and we only have six percent of the population. As long as we're producing a third or more of the industrial goods of the world, we're using the energy properly.

Conconi. But are we using it properly? Don't we have some of the most inefficient processes, including the automobile internal-combustion engine and the heating and cooling of buildings, to cite two obvious examples?

Murphy. I don't say the most inefficient, but there's no question but what we have been rather profligate in our utilization of energy. That's the point I made at the beginning. We have been living a cheap-energy policy, so that we were encouraging utilization of energy in ways that really weren't the most efficient application of resources. I do think we have a need in this country to develop a comprehensive energy policy that addresses itself to our domestic supply and also our total consumption. We've got to look at all energy. We can't just say the problem is petroleum. Petroleum is part of the problem. And we just can't zero in on the automobile. The automobile is part of the problem. We've got to look at all energy, all the uses and all the availability. Right today we're importing more energy than we were before the Arab oil embargo and we're producing domestically less. Obviously we haven't dealt with the problem.

Conconi. Is that because we're not getting the feeling of how bad the situation is, or any political leadership from Democrats or Republicans, the White House or Congress, because no one is telling the American people we've got to change our style of living?

Murphy: To a degree, I think the leadership has to address itself and we have to try to get across to the public all the facets of the problem. Obviously if the need is increasing, why are we producing less domestically? The answer is we really haven't faced up to the basic problem. No incentive has been put in the future to improve the domestic availability.

Conconi. What kind of incentives should we have?

Murphy. We should have at least the opportunity to mine the coal that is available. We ought to be able to develop the environmentally acceptable way of mining it and we ought to get on with that. We know coal is available, and we can improve the supply situation. Then we've got to give incentive to use that coal for the applications where coal can be based—in generation of electric supply, for example—and phase out oil and natural gas if we are to continue our economic growth. You can argue about zero population and whether we should be population-concerned, but we want economic growth because if we don't have economic growth then our whole form of living is going to be altered. I think also we're going to have to find ways, and I think we have the knowledge, to handle the nuclear plants that can be used for electric generation.

Conconi. If we have the knowledge, and that's another assumption. You're doing what I was doing, you're projecting into the future. The point is that we haven't started to really make the investigation as to whether we really can be practical about coal and whether we can be practical about nuclear.

Murphy. We have the knowledge to make it work in both of those things. We've been using coal for centuries all over the world.

Conconi. But we've never studied what the ramifications are and we've never considered it would be necessary to go back to coal. I saw a statement saying that if we tried to replace petroleum with coal it would take an earth-moving project each week comparable to the digging of the Panama Canal, which just means an enormous—

Murphy. And we have more technology available today that enables us to move that quantity much better than we did when we dug the Panama Canal.

Conconi. One other factor comes in here—how much energy does it take to produce energy? What I'd like to know is how you'd devise the formula of what we should do.

Murphy. First of all, we've got to be more conservation-minded. We've got to look at every application of energy and make sure that we're being more efficient; looking at industrial processes to be sure that we're not being wasteful of energy. And then we're going to have to be sure that we take some meaningful steps to improve our domestic supply. And to move forward with the supplies that have the promise of being more permanent than the petroleum supplies today. I think there's going to be risk involved. There's risk involved in anything that we do. One of the problems is, are we going to affect the environment dramatically or drastically? Are we going to expose people to radiation? Because I think that's a frightening aspect. You may be getting into radiation, you may be getting into thermal pollution, you may be getting into a lot of things you don't know about.

Conconi. The nuclear waste disposal is a real problem.

Murphy. All right, there are problems in a lot of areas. But I don't think that means we can't handle the problems. And my only point is that if you had started out 100 years ago and said you know there are going to be problems with handling petroleum—that in its most usable form for example, in transportation, gasoline is an explosive mixture and you could blow a lot of people to smithereens—you could have stopped right there and said, we'd better not develop petroleum because it has some potential danger, both to individuals and to society at large. We also, if we'd known then what we know now, would have seen that in the burning process, particularly in an internal combustion engine, it did have a tendency to pollute the atmosphere. We didn't know that even 20 years ago. You move forward and you find the technology. Unless you force the issue, you never get anywhere.

Conconi. Do you think it was because we had such an artificial low price for petroleum that we allowed ourselves to be enamored of an automobile that was too big, too heavily covered with accessories and had an inefficient engine?

Murphy. No, I don't think so. In part, it's bound to be. The price and availability of energy in whatever form is bound to influence how you use it, where you use it and what combination you develop to do a particular job. All automotive transportation accounts for about 13 percent of the total energy consumption in this country today. If you took all the automobiles off the road tomorrow, we would still have to import energy. Now it happens that most of the energy that's used by the automobile is used in the form of petroleum, so that places a little bit higher percentage of the petroleum problem on the automobile.

Conconi. What percentage of the petroleum—you said 13 percent of all energy?

Murphy. You can double that.

Conconi. So it would be 26 percent of petroleum.

Murphy. Twenty-five percent, something like that.

Conconi. You're talking about letting oil and gasoline prices go up to realistic price levels. If that happens, we're not far from the European prices—dollar, dollar and a half, two dollars per gallon of gasoline. How many people can afford to continue to buy a Detroit heavy, standard-sized automobile? How can they afford to pay $1.50 every time they go 11 miles, and what will that do to our overall national economy, if that's permitted to continue?

Murphy. First of all, everything has to be in some relativity to everything else. I think one of the problems that has crept into this particular situation is some belief that manufacturers are making automobiles in the sizes and the shapes and with the equipment on because that's what we wanted to do.

Conconi. Well, that's where your big profits are.

Murphy. But we were making them because we could sell them and we have never been able, in spite of the myth that has grown, to sell the public what we wanted to make. The first Mr. Ford tried that. He had an idea, and it was a good one.

Conconi. But Alfred P. Sloan of General Motors changed that.

Murphy. It wasn't Mr. Sloan that did it. It was the American public that did it. The public started the change. The public said to Mr. Ford, "I want something different. Make it in different colors and make it in different shapes." And Mr. Ford said, "I'm not interested in doing that."

Conconi. Sloan has always been credited with bringing about the concept of annual style change.

Murphy. Sloan happened to be on the scene at the time. When the public began to turn from Mr. Ford and indicate that they were interested in more variety than Mr. Ford was willing to give them, General Motors was there to give them that option.

Conconi. Didn't the auto industry go to the other extreme? Didn't they go too far?

Murphy. I don't think so, because when I look at the American automobile market today and I look at the fact that imports in the first quarter of this year were accounting for 20 percent of that market, then I would say no, obviously the American manufacturer did not go far enough, because otherwise there wouldn't be 20 percent of the business in the first quarter of this year——

Conconi. That's what I mean. They went so far the other way, away from the economical, monocolor model T Ford concept that they left a big gap so that Europe, with economy cars like Volkswagen and Fiat, could come in and take a significant part of the American market?

Murphy. But right today, the low end of the American line is just about as fuel-efficient and low-priced as any of the European offerings. It has better availability as far as service. I'll put our Vega against any one of the European imports at the low end of the line and I can convince you that our car is a better value. The only thing that the foreign car has is, it's another option that the American public has, and they exercise their option.

Conconi. They're getting 20 percent in the first quarter of the year, one of the highest percentages ever, just because it's another option? Or do you think it's just because the American public assumes that it is a more efficient automobile?

Murphy. I think the American public may be under the misapprehension that they're able to build more quality and more economy into their vehicles, and they're saying well, okay, that gives me an option and I'm going to avail myself of it.

Conconi. But the European car, as I understand it, took that leadership in the first place not because it was another option, but simply because Detroit didn't have anything comparable to the European small economical car.

Murphy. I don't think that's true. I think that when Volkswagen first started to come in, it was a fad, and I think it's continued to be a fad. It was not a particularly good car for its time. They're making a good automobile today.

Conconi. But is there any American car that was being made at that time that was comparable to the VW in gasoline mileage efficiency, price and just less complexity?

Murphy. There had been cars like it. The Henry J., if you remember, that and the Willys of that generation, were Plain Jane types of vehicles, no-nonsense vehicles. They were fuel-efficient. And they didn't sell very well.

Conconi. What was the reason? Was it bad marketing? Or just that the American people didn't like them?

Murphy. I don't know. Most of the time during that era, it seemed like the American public talked economy and bought something better. I saw people buying stripped-down models, supposedly the low end of the line, and then when they got finished dolling them up themselves they probably had more investment than if they had bought the top end of the line.

Conconi. What the American public wants and the wants automotive advertising creates is probably something you and I could argue all day. Gas prices or all petroleum prices are going to go up significantly. What do we do about alternative forms of transportation?

Murphy. I think certainly as the price goes up there is a greater incentive for us to make our cars and our engines more fuel-efficient and to seek alternatives, not that we have been dragging our feet in any sense. But I think we have to take a look at our whole system here. We did a lot of things in this country and I'm thinking about setting some of our environmental goals. And we set them in the dimension of the cost, fuel, energy relationships at that time. And I think as those things change we have to reevaluate. That's why I think it's a propitious time for us to take a look at the cost-benefit relationship here and make sure we're getting the best as a society, for the consuming public at large, that we're getting the best deal for America.

Conconi. What about developing an engine or what about alternative engines other than the internal combustion engine? Is there any research in that area?

Murphy. We're doing a tremendous amount of research on it. But as of today, and almost in the foreseeable future, the internal combustion engine with the catalytic converter gives you the best overall concept. We see things that might hold out some promise, but we don't see anything that's on the horizon in the near term.

Conconi. What about the commuter car? There's always a discussion that someone ought to develop a 70 mpg runabout—a commuter car for the type of driving that most Americans do. If mass transit doesn't work—you say you don't believe it is an answer because of the way that we've had sprawled growth in America—what about developing that kind of automobile?

Murphy. If you're going to put in the vehicle the safety and the emission things, the design characteristics or the performance characteristics that have been laid down now, I don't think there is any such thing as a 70 mpg automobile today. You might be able to do it with something like a golf cart, but you know you couldn't use a golf cart on our highways today because of the restrictions we have.

Conconi. But couldn't you set up a restricted setup where that was the only kind of vehicles permitted in the central cities?

Murphy. It would require some changes in the regulations that we have. You could do it. As we see it, in looking at transit—and we have organized a transit systems division where we've brought together all the people in General Motors that had been applying themselves to the problems of transportation and they're working and looking at systems—as they see it, probably the optimum thing that we'll have to be pointing toward in some method of collecting people from the areas where they live and getting them together and then using a dual-mode type of thing, bringing them in during the collection process on a vehicle that has a driver, getting them to a point that puts them on a different mode.

Conconi. It could be mass transit? In the way of rail transit?

Murphy. It would be mass transit. I think in the final analysis you still have to have the individual passenger car as being part of the total mode, because there is nothing else that can give you that complete flexibility to get into all those cul de sacs and the various places that people want to live because of their particular appetites for living, and get them to some point where they interface and get into the mass, public transit.

Conconi. The park and ride?

Murphy. The park and ride, and this combination of the dual mode where maybe you move in one mode until you're able to get to a fixed rail.

Conconi. But you do believe that we have to revitalize our public transportation systems?

Murphy. No question about that. We need some balance in the thing. I think in doing that we have to recognize and get the true economics because right today there is a tendency for people to say, "Think how more efficiently you could move people either by fixed rail or by bus, perhaps with dedicated lanes, than you can with passenger cars." And what they'll do is take a bus fully loaded or a rail car fully loaded and they'll compare that with an automobile with 1.6 passengers. And they can make a very compelling case. But the answer is that with buses the average road factor is probably seven percent of capacity. In the morning they move in and you have to have a whole host of them moving in. Then during the day, unless they're going to lie idle, there's no place to park them. You move them back out of the system. You move them back in, so that when you get all finished, they've traveled in both directions at a very low load factor in order to get the high load factor twice a day. That's why I think we're going to have to be careful when we make our evaluations, and that's what our transit systems division is doing. They're trying to get the optimum so that you don't suddenly fall in love with the concept before you really investigate what the full impact of it is.

Conconi. What are the cars going to be like that we're going to have in America over the next several years?

Murphy. I think they're going to be in carrying capability—towing capability too, because a lot of people like to take their boat trailer along with them—they're going to be what I would call the equivalent of the full-sized vehicle of today in small external dimensions, lighter weight, so that people will be able to use them and withstand, if it happens, the price and availability of fuel. We in the industry are committed to a 40 percent improvement in fuel ability between 1974 and 1980. In the case of General Motors, that means a 53 percent improvement, because they said every one of the major manufacturers, GM, Ford and Chrysler, should get to an average of 18.7 miles per gallon, and we were started from 13.3. So that means that we've got to do a 53 percent improvement over that time span. We think we can do it if we get the right combination.

Conconi. Do you think 18.7 is enough? Or shouldn't there be a better miles-per-gallon rate than that?

Murphy. We're not going to stop at 18.7, because we've got the incentive. We think that this is going to be a competitive race going forward, that the job is going to be to get optimum fuel economy.

Conconi. Are you going to make a car that will compete with the foreign 30 mpg type car?

Murphy. If that's what it takes, we'll be there. And if anybody can do it, General Motors can. We're going to have a car in 1976 that's going to be competitive with what the foreign manufacturers are advertising today.

Conconi. You do accept the belief that energy is one of the major problems facing this country right now, facing American business?

Murphy. And I think we'll solve that problem. We've solved a lot worse problems in the past, and we'll solve that problem too. And we can solve it best through the operation of the market economy, and I hope that we don't put a lot of deterrents—to some degree we were thwarting the market in the past by not letting the energy price really be reflected in the market.

Conconi. Do you think were going to have some rough years ahead of us? While we're making this changeover?

Murphy. It depends on how we go about it. I don't see any reason why we should. We're not going to become energy self-sufficient overnight.

Conconi. Is energy self-sufficiency possible?

Murphy. Its possible, but I'm not sure it would be the best thing for America. Again, you know, Japan, they're doing pretty well. They've been totally dependent on imported energy and to some degree on imported food, too. And you know they still manage to have a very viable economy. Because they're willing to work hard. They're willing to take the bitter with the sweet, so to speak.

We Have To Use Energy More Efficiently

(An Interview With Frank G. Zarb)

Conconi. Is there a genuine energy crisis?

Zarb. There is certainly an energy crisis. I suppose the problem is that there is no energy shortage. People have a habit, because they associate the crisis with the embargo, of saying if there's no shortage, there's no crisis. It isn't a crisis that developed overnight because of an embargo action or any other kind of national emergency. It's something that's been creeping up for a long time and we're just now recognizing it for what it really is.

Conconi. Why did it take us so long to recognize it?

Zarb. For a variety of reasons. When we lost our independence in the '60s but we had access to cheap foreign oil, we used that access to the point of becoming dependent to the present level of 37 or 38 percent. It became an economic decision to acquire this good cheap oil that was less expensive than the domestic product. What wasn't calculated was the possibility of the oil producers' getting together and forming a cartel and using it as a political weapon, and the potential of an embargo if we don't have political agreement, or their ability to abruptly change prices unilaterally.

Conconi. Then what does that mean to us as an energy-consuming nation, dependent on foreign oil?

Zarb. It further demonstrates that our ability to run our own economy unilaterally is lost for the moment and that another embargo of any substance, if it could be put together and held for any length of time, could disrupt this economy in a very serious way.

Conconi. What is being done to correct the situation?

Zarb. We're trying to get together a national program for conservation to use less energy to do the same things we're going to anyway. Just use it more efficiently. We could, if we do nothing, be importing another million to 2 million barrels a day from the Mideast by 1977. And the financial dimensions of that are incredible. We paid $3 billion for foreign oil in 1970. We paid $24 billion, almost $25 billion, for foreign oil in 1974. And if we did nothing and they didn't increase their prices, the bill would be about $32 billion in 1977. We must begin to use energy with a different value concept, more efficiently. And to bring on additional domestic supplies as fast as we can in an orderly way, so that you're displacing imported oil. And you put into place a standby emergency program to accommodate another embargo in the event that another one did occur and do the best you can under the circumstances.

Conconi. Isn't it true that our energy use in this country is profligate?

Zarb. Sure. When you charge 19 cents for a gallon of gasoline and give the motorist a set of glasses to fill up his tank, he's going to treat that product for its value on the marketplace, and order chromium-plated gunboats from Detroit. That's what we all did. If you look at the ethics designed in other nations who have faced this condition for a long time because they're not as fortunate as we are and see that in France, for example, gasoline is between $2 and $2.40 a gallon, cars are smaller and are more efficient. They use a lot less energy per capita even in the buildings that they build, the houses they live in. They pay attention to energy, because energy is a valuable commodity for their economy.

Conconi. Are you saying that if we let the free market value of energy, gasoline or petroleum rise, it will have the effect of bringing about conservation?

Zarb. Yes. I'm saying that. But I'm not saying that we should let it rise in a way that anybody gets rich from this activity. While I do believe that the free market should work and that prices should rise, and they're going to rise anyway, anybody who tells the American people that they can control energy prices and make them go down is just not telling the facts as they are.

Conconi. In other words, energy prices will never go down?

Zarb. They really can't. If you look at all the factors and tell it like it is, you can't say that with a straight face. If we do nothing and just stay fat, dumb and happy, you can see what's going to happen. The cartel is going to increase prices until it can maximize revenues. The less we do as a nation to conserve and bring on our own supplies, the more they're going to increase prices. When you talk about letting the price go to the market level, you've got to protect the consumer so that if an industry or a portion of the industry is earning an excess of profit because of that movement to the market level, you've got to take that back through the tax mechanism.

Conconi. But how do you stimulate Detroit, for example, to manufacture an energy-efficient automobile? How do you stimulate the construction industry to build new buildings that are not hermetically sealed and have to have 365-days-a-year climate control, sometimes both heating and air conditioning at the same time?

Zarb. In the automobile case you do a couple of things. First, with gasoline prices increased, people in this nation are a lot more sensitive about automobile efficiency. And I must say that I think Detroit has lagged behind the import market here. People are going to demand more efficient cars, and for Detroit to keep its share of the market and individual companies to compete with one another, it's going to happen. And we're going to have a better internal-combustion engine. It's going to be more efficient. We're going to have lighter cars, we're going to have more useful cars, and the love affair with the big automobile is going to slowly fade out. In the construction industry it's a whole other problem, and not as easy to particulate in terms of solution. Rising heating and utility prices for electricity have prompted people in the direction of storm windows, insulation and caulking and more efficient heating and cooling systems. Now for new construction you have a new set of circumstances. Builders and buyers are not, even at today's price, prompted in terms of the thermal efficiencies that could occur in building. So, in the President's program we ask for the Congress to legislate that every housing code or every construction code in the country would be changed, and it would mean federal override that says that these specific requirements must exist for every building that is constructed in this nation anywhere.

Conconi. Is there anything in it to stimulate the development of solar-wind energy applications wherever possible?

Zarb. Well, the ERDA bill, or our Energy Research and Development Program, has about $2 billion in it now a year. Probably the majority goes into nuclear. The Energy Research and Development Administration now is reevaluating all of our research dollars that go into advanced techniques. Geothermal, solar, gasification of coal, liquefaction of coal, all these technologies need a good boost now.

Conconi. Should we still be putting the bulk of it in nuclear?

Zarb. We've got two key problems that need to be resolved in nuclear. The safeguards question. As you develop a bigger and bigger nuclear base, you've got to have that nailed down tight. That's the challenge that some raise about all of these terrorist groups throughout the world. The other is the disposal of nuclear waste. And that means when the hot material is used and is still hot, we're got to find a way to dispose of it. When you look into the 1980s it does become a problem that's got to be solved. And that takes a lot of research dollars.

Conconi. But you've got the environmental and fuel capacity problems, and uranium is in very short supply.

Zarb. Well, that brings us to the next generation of nuclear generation, which is the breeder reactor which is—

Conconi. Still a long way off, isn't it?

Zarb. That's right. It's ERDA's estimate that we have enough uranium—enriched—to satisfy the period between now and the developed breeder, going into the period of fusion. I don't think we have an environmental problem in getting the uranium. I think we have the environmental problem with respect to the disposal of the waste.

Conconi. What I'm getting at is, are we making the same mistake again? We went from a coal economy to a petroleum economy and we threw coal out. Virtually completely. Now we're talking about the same thing again, instead of looking at energy as an integrated problem with different applications for different needs. In other words, we're going to jump, as we seem to think, from petroleum into nuclear?

Zarb. No. At best, in the late 1980s nuclear can represent about 20 percent of our total energy base. The rest will need to come from oil, and we still have oil on the outer continental shelf and tertiary recoveries that we haven't used, the north slope of Alaska, still abundant supplies, if we can get at it and deliver it, of oil and coal. A good part of our energy production should come from coal. Now there are problems with coal. We have not exactly kept up with the advanced state of the mining art. Once you've mined it in some parts of the country there are transportation problems. In some areas of the country, if we had some moderation of our environmental laws, we could burn more coal without endangering human health. And we've asked for those changes in the law. With that and alongside of the advanced nuclear development comes the gasification and liquefication of coal. And it's simply a process of taking the coal we have and making it into a liquid form or gaseous form. The impurities we know about come out during the process, eliminating a known environmental problem. There will probably be new environmental questions as we go ahead, but we can't tell till we get there.

Conconi. Except there are some real problems in technology, gasification in particular, and some real problems as to how much energy it takes to produce the energy you get in the end. In some cases it's almost a negative effect.

Zarb. But you start at such an early stage in the technology when you come to that assessment. If you looked at oil-burning generators, residual oil-burning generators and their first five or 10 years of operation, you came to the same conclusion. The coal-burning generators and their first 10 years were not very effective and efficient. Here we've got a new technology that has to develop and evolve. There's no question in my mind that once we get down that road we can make it cost-effective when it's done and all the questions are answered. Every technology has had its early problems.

Conconi. You're talking about things that are going to cause enormous environmental problems. Oil shale creates slag that increases 20 percent in volume after the oil is cooked out of it, and to have any meaningful supply of coal you're undoubtedly talking about extensive strip-mining.

Zarb. Well, our current strip-mining is about half our total production, and we do about 600 million tons a year, and in 10 years we have to be above a million tons to become self-sufficient as part of the total equation. The strip-mining question needs to be taken care of. There is the reclamation problem, which God knows we've got to take care of today. If we could only have that simple legislation everybody could support tomorrow, and nobody was against the reclamation part. Next is to insure that in the new strip-mining operations reclamation occurs under strict standards. It might make coal cost a little more, but that's the name of the game. So you're right. Each of these requires investment, they require getting over some environmental hurdles and satisfying environmental situations. Each of them is going to require some sacrifice from the capital market, but there's no other way from here to there.

Conconi. Are you talking about a major change in life-styles, then? If you keep letting the prices go up, you're talking about a real inflationary price spiral that's involved here. That means that the higher costs ripple and everything in the economy—food, transportation, no matter what it is—is much more expensive.

Zarb. Over a period of time, and if it's done gradually enough, you don't have that kind of abrupt jerking of the economy that you worry about. But you've got to come to the realistic conclusion that energy is going to cost us somewhat more. There's no other truthful answer to that question. There are those who would have you believe there is another answer to that question with respect to price, but it is inconceivable, the world situation being what it is.

Conconi. But what does that do to our life-style? What does that do to the so-called American standard of living?

Zarb. It doesn't lower the standard of living, but it does change the life-style. It doesn't mean that you can't drive an automobile. What it does mean is that you're probably going to drive a lighter, smaller car and that your miles per gallon are going to go up considerably. Your efficiency role's going to go up considerably. And you're going to demand that from your car maker or you're not going to buy his car. So the shape, size and design of automobiles are going to change. That doesn't change your standard of living.

Conconi. Does that mean, also, we're going to have to have more systems of mobility? Does it mean, for example, we're going to have to bring back rail transportation?

Zarb. Yes. We let the railroads go to pot in this country, and we shouldn't have allowed that to happen. In the energy area, it hurts us even there. If we want to transport coal, we've got some places where the trains have to go 10 miles an hour when they're loaded with coal because their rail beds are in such tough shape. Sure, it's going to mean that we're going to have to revitalize the rail industry. It's going to mean that we have to give a boost to rapid transit where we can. Even that's not a panacea, but it's a contributor. It's going to mean a change in the way we treat energy as a product, and that to some extent may change our style of living.

Conconi. Will it cut down on our mobility as a people that travel about as much as we do?

Zarb. No, I don't think so. What it might do—and this is speculative—is make people who have jobs in cities live closer to cities because of the transportation costs. I think what it will do is force techniques and technology to use energy more efficiently.

Conconi. Are we going to make all these changes or are we going to have to set federal regulations?

Zarb. Maybe federal regulations shorten the time line as we have suggested with a tariff and other things. Where the conservation tax goes on a product, people use it differently because it's more expensive. You collect that tax and return it to the economy so that the people have the assurance that the money's going back. That's probably the best way to do it. If you do nothing, prices are going to go up anyway, because the cartel is going to drive them up.

Conconi. Nobody talks about energy independence anymore. And the picture you paint seems to indicate that energy independence is not particularly feasible.

Zarb. Well, it is on the long-term. By 1985 we can become completely invulnerable, which means we will take away from the oil cartel the ability to set prices with respect to this nation and protect ourselves from an embargo quite well. Here are the basic calculations—you have to give or take some because of the 10 years that we're projecting. But we use 17 million barrels of oil a day now, 8½ produced here, the rest is imported. We expect that by 1985 we'll be consuming 21 to 23 million barrels a day. If we conserve and put mechanisms in place to conserve energy, it's not going to hurt all that much. And over a period of years we really do produce a new energy ethic, because buildings are built differently, home owners put on storm windows and insulation and change to efficient oil burners. They buy different kinds of cars, plant managers use different equipment and different processes. And over a 10-year period this really develops into a new energy ethic. So you do get long-range meaningful conservation to the tune of 2 million or 3 million barrels a day that you can save over and above what we'd be using if we didn't do these things. You can bring on coal, you can bring on domestic oil, you can bring on nuclear, you can begin to bring on some solar and geothermal and begin some heavy demonstration of the thermal differences with respect to the ocean and so on.

Conconi. We've come full circle. When will we see an appeal to the American public from the federal government that tells them how serious the situation is? That's the thing we still haven't seen.

Zarb. I just don't know how you do that. We've talked about it. Of course my people are in the country talking about it all the time. The President has several times on nationwide TV talked about it. In the State of the Union message, he outlined it. The problem has been that we have to get this settled politically. The thing that will turn it around is when elected officials throughout our country, or unelected officials, talk about the size and shape of the problem to their constituents. I'm not asking anyone to agree with the President's program. But I am asking them at least to outline the size of the problem that they all agree to.

Conconi. But with the economy in as bad a shape as it's in, it's natural on the part of all politicians to be afraid to talk about reducing energy consumption, because they're talking about reducing production and they're talking about the loss of jobs.

Zarb. But that doesn't hold up, because if you're worried about jobs, then worry about this: that $24 billion we're now spending on foreign oil as compared to the $3 billion five years ago, that's American jobs. And if you're really worried about jobs, then get on with the job of developing domestic production, because that's how you keep the jobs here.

The last embargo we had put half a million people out of work. The next embargo's going to make the last one look like a picnic.

THERE ARE NO TECHNOLOGICAL SOLUTIONS

(An Interview with Stewart L. Udall)

CONCONI. With the exception of price increases for all forms of energy, there doesn't seem to be any feeling that there is an energy crisis. Why do you think that's so?

UDALL. It's my feeling looking at the period since the embargo ended that there's been a lot of wishful thinking by people. But I don't blame the people as much as I blame the leaders—political leaders and industrial—because I think they have either misperceived the depth and nature of the crisis or they have been guilty of wishful thinking themselves. I find going around the country that there is still a lot of confusion and people can't believe that it's serious unless they're asked to sacrifice or unless it's something that's impacting their lives.

CONCONI. Why do you think that there hasn't been any leadership to create the feeling of crisis or create the feeling that we're in a serious situation? Ford has been very critical of Congress and Congress hasn't reacted with any meaningful legislation.

UDALL. I think Congress is muddled because there isn't any clear responsibility. There are four or five committees that have a piece of it and Congress always muddles when you get something like that. Congress also bought the argument at the beginning of the winter that you shouldn't do anything about the energy crisis or you would interfere with the economic recovery.

CONCONI. Why didn't anyone ever perceive it before? Why does it seem to have come upon us as such a surprise?

UDALL. Ford is in his perception and in his leadership talking the same way the oil industry is. He's going to decontrol oil. He wants the prices to go up because of this one major assumption which is that higher prices will enable the oil companies to produce more petroleum and that will end the crisis by increasing supply. That's still the heart of the government policy and many people in Congress buy this too. I found myself feeling increasingly that this assumption is so seriously flawed that if you're serious about the energy crisis, attack it head on.

CONCONI. How can the petroleum supply be increased? Isn't there only so much oil? Or does that mean that it finally reaches a point where it becomes economically feasible to go after such things as oil shale?

UDALL. The thesis that much higher prices will give industry the incentive to produce more oil is based on a curious assumption that somehow there's so much more petroleum left that we can, by a big spurt of exploration, find more and eliminate the shortages. The flaw in that assumption is that petroleum is a non-renewable resource and we're pumping from a well that eventually will go dry. And this is something that the oil companies themselves, because they have the facts, ought to know better. But their whole operation is based on increasing their profits each year, and you can't expect them to plan for the future of the country.

CONCONI. What about the Alaskan oil field and the offshore oil fields?

UDALL. Again, it's a curious thing that Ford, at the very same time he's been talking and premising his whole policy on increased production, that the National Academy, and now even the Geological Survey and others have been severely shrinking their estimates of how much oil is left. I think the most alarming thing is that our political leadership is basing its thinking on a boomer approach to resources, that there's more out there so let's get it. But increasingly the scientific community and the energy experts are saying that there's not as much as we thought. It's almost as though the two groups are not talking to each other.

CONCONI. I still don't understand why the oil industry would do that, why they assume there is more on the outer continental shelves if there really isn't that much there. Is that just so that the can make the profit now and worry about the consequences later?

UDALL. I'm increasingly critical of the oil industry because I think they take a very short view of things. Naturally if they can get big profits for a few years and go out and explore and there isn't as much oil as they said, then they'll turn to us and say, "Well, we tried our best." But in the meantime, the country is living beyond its means. We're getting in deeper trouble every month.

CONCONI. Can't we help the situation with some of the alternative sources like nuclear power or stripping of coal or perhaps even oil shale?

UDALL. I've been of the opinion the last year and a half that it is a mirage that oil shale or coal gasification or nuclear power can substitute in any meaningful way for stronger in that conviction. We're not gasifying coal. The plants are not being built. The oil shale industry, despite all the money they paid for those Colorado leases, it sitting waiting for something to happen. Again, the rhetoric of performance by the industry doesn't match what's actually happening in the field.

CONCONI. Is it necessary for the national economy to move into wholesale stripping or to use oil shale, both having devastating effects on the landscape? Is that the only alternative we have?

UDALL. I just can't believe that the alternative are such that you can't mine whatever coal or shale, whatever we decide to do, and do it in an environmentally acceptable fashion. I think we have proved already that the costs are modest and that the benefits to the future of the country are very great. The coal industry's argument against the national strip mining bill is a hoax, contending that we have to cut corners and destroy the environment to save the economy.

CONCONI. There's some argument now that we ought to relax the EPA standards, and there are accusations that the environmental movement has exacerbated the energy problems.

UDALL. The one missing element, though, that's always been left out, and this is curious, is that we are paying an enormous bill each year for air pollution, the destruction of property and the destruction of human health. The people who are saying we can't afford to clean up the air got away with that argument 10 years ago. But we have a pretty good idea in billions of dollars what we're paying for polluted air. The sooner we face up to this and begin to factor it in, the sooner we'll recognize that pollution controls are not simply something that are going to have some esthetic effect, but that they are also economical in addition to benefiting human health and being the right thing to do.

CONCONI. Can coal be an adequate replacement for petroleum, and if it is, what happens to the air-quality standards?

UDALL. I think we're going to have to use a lot more coal, and I think we can burn it in an acceptable manner. We boast about our skill and technology. I don't know whether these scrubbers are the answer or whether there's some new technology. But I think it's curious that the technological optimists, when you come to a problem like air pollution, suddenly become pessimists.

CONCONI. What do you think should be done? If you were directing the situation, what would be your plan to deal with the energy crisis?

UDALL. The first thing that the country has to do is to get away from the idea that there are either technological solutions, like nuclear power, which will bail us out or that we can eliminate the shortages by giving the oil companies the incentive to go find more petroleum. It hasn't happened. I've watched it for 15 years. I'm 99 percent certain that it's not going to happen, and I think you can't begin a sound policy unless it's premised on sound assumptions about resources. I think we begin by recognizing the limits of our resources, recognizing that we've come to the end of the period of cheap energy. We haven't admitted that at the highest levels of industry and government. And until we do, it's hard to begin to reorient our attitudes.

CONCONI. What has to be done to create an understanding or recognition of just how bad the situation is?

UDALL. I think the President of the United States has to perceive the realities and state them to the American people and set forth policies and persuade the country and Congress that the policies are right, that we've got to have an energy policy based upon a realistic appraisal of where we are and what our resources are.

CONCONI. Why do you think he isn't doing that? What seems to be holding him back? He does talk about energy—he talks about our dependence on foreign oil.

UDALL. President Ford's perception isn't much different from President Nixon's. He has a lot of the same advisers. It's easy to tell the country we've got a short-term problem. Let's cut our consumption a little bit and give the industry fresh incentives and big profits and the energy industries will solve the problem. That's a nice, neat conclusion for a politician. It just happens to be 100 percent wrong.

CONCONI. You don't believe energy independence is possible?

UDALL. It's curious that the politicians at the top in Washington are still talking energy independence and all of the energy experts that I've talked to, including the ones working for the government, agree that this is a hoax.

CONCONI. What can the President do? What can the government do to create an attitude of conservation?

UDALL. I'm back to what I said earlier, that I think one of the biggest flaws in the last 20 years is this philosophy that resources were superabundant or that we could create whatever we needed by technology. And we're finding it hard to abandon that belief and shift over to perception of resources as being finite and very precious and that we've got to conserve them. The first step is the perception of the real world. The next one is to lay out a program—and I think that people are waiting for it—of conservation and the elimination of waste. I think then you're going to see people across the country accept the challenge and begin to change their lives and make adjustments.

CONCONI. The only indication that we get now that something is wrong is that the prices keep going up at the gas station or the electric bills are going up. But that's blamed more on inflation than on the energy crisis. Weren't you one of the optimists during the period you were in the Cabinet?

UDALL. I think, to be honest about it, with a few very rare exceptions that in the 1950s and 1960s all of us were energy optimists. I too had helped lull the American people into a dangerous over-confidence, but during the 1960s when I was in the Cabinet we were all believers in technology, that somehow all our problems could be solved, that all we had to do was keep moving ahead. They certainly were also optimists in Detroit, and we certainly were in building something like the interstate highway system. It was as though we just had a bright paved road 50 years ahead of us, and we'd have all the cheap energy we needed. This was deeply embedded in American thinking, and I subscribed to it. I went along for the ride and I see it now as a big historical misjudgment and I've been trying to say so in what I've been writing and saying.

Conconi. It came as a big surprise to us that we were so dependent on oil, it came as a big surprise to us that we were consuming such an enormous amount of energy. Why do you think that was so? I'd be interested in hearing what are some of the responses you get when you're traveling around the country.

Udall. People are confused but they're also wary. And people have a lot of common sense. Detroit has fallen on its face in the main because they thought they could continue to sell these big family-size cars. But for the last year the American consumers, voting their common sense, have been primarily interested in preformance and gas mileage. And Detroit by making this mistake has allowed foreign importers to take a sizable part of the market from them. And in that sense I feel that the people are ahead of Washington and Detroit.

Conconi. You've said that the automobile industry is a symbol of the American habits of consumption and waste, by building a car that was heavy and gas-guzzling, sometimes giving us as low as seven miles to a gallon. Why do you think Detroit has been reluctant to put out a more efficient automobile?

Udall. I think their first perception was that the energy crisis was a little bump in the road and that they could go back to business as usual. In the last six months they've begun for the first time to react with alarm. It was in reaction to the disastrous 1975 model year, the fact that the bottom dropped out of the market and that they were really thrown into a depression as an industry. I think this awakened them to the big mistakes that they'd made. They're now scrambling around trying to make changes. And the way for the automobile industry to return to a condition of health is for them to produce the kind of products that fit the realities of this age of scarcity.

Conconi. Isn't one of the steps the development of a new engine, a much more efficient non-petroleum-burning engine?

Udall. I can't believe that we don't have the ingenuity, that there isn't enough innovativeness left in American industry, that we can't adapt the automobile to the new realities. This may mean new engines, much more efficient engines. It may mean producing a runabout car that gets 70 to 80 miles per gallon and is designed to do what most of us do most of the time—use it as a vehicle to get around within cities and not for long-distance travel. I think there are a lot of changes than can be made. And I'm going to be amazed if the automobile industry does not recognize this and begin to come in with some striking innovations.

Conconi. Our whole society, the automobile is the symbol of it, the way we build buildings, the way we live, our suburban life patterns, the way we work, the manufacturing process, everything is rife with waste. How do we deal with all that? How do we get industry to become more efficient in its production processes? How do we build buildings that are not sealed glass containers? How do we accomplish this enormous changeover that you're talking about?

Udall. I believe that energy shortages and higher prices for energy, as well as the redesign of electric power rates, is already a significant signal that the days of building these big energy white elephants, whether they are cars or skyscrapers, is coming to the end. This includes such things as the design of industrial products. We've got to have things that are more durable. We've got to have the kind of industrial engineering that is governed overwhelmingly by energy efficiency.

Conconi. You're talking about reducing energy consumption. You're talking about slowing down the economic growth. Can our economy stand that kind of a cutback?

Udall: I don't think that's the alternative. I think we're going to find that a lot of the changes that we will have to make as we become energy-efficient won't sacrifice jobs. We don't have to sacrifice the economy. I think that that's another of the hoaxes that too many people have bought—that using less energy means the economy will be sluggish. Instead of thinking big and thinking in terms of the energy-wasteful approach, if we think small and in terms of energy efficiency our industry will be on a sounder economic basis and we'll provide more jobs rather than less. We may even in some instances have to shut down some of these energy-wasteful forms of automation and go back to using people. If we bring the railroads back, there are hundreds of thousands of jobs, not only in building but in operating the new railroads that will play a larger role in our national life.

Conconi. What do you mean by going small? There are industrialists who will tell you that if you back away from automation that the cost of production will go up so high that no one will be able to afford the products.

Udall. This is the conventional view. Automation has always been keyed to the fact that energy would be so cheap that machines were cheaper than people. I was in one of the largest industrial plants in the country during Engineering Week two years ago and was told that with some of their highly automated machines they could see that if the price of energy continued in the trend it was on, within a few years it would be cheaper to shut down the machines and use people.

FOOD STAMP REFORM

Mr. PACKWOOD. Mr. President, we have long acknowledged that real reform of the food stamp program was a necessity. I have repeatedly urged a reexamination of the program to make sure that our limited resources, the dollars of middle-income taxpayers, would reach those most truly in need of nutritional assistance.

The Senate Agriculture Committee is currently holding hearings that I believe will lead to positive changes in this vital program. I ask unanimous consent at this time, Mr. President, that my testimony before the members of that committee be printed in the Record.

There being no objection, the testimony was ordered to be printed in the Record, as follows:

Food Stamp Reform Hearings

Mr. Chairman, I appreciate the opportunity to appear before the distinguished members of this Committee to again voice my very grave concern over our nation's Food Stamp Program.

Inflation and recession have had a tremendous impact on the Food Stamp Program. Individuals and families who never dreamed of accepting any type of government assistance now wait in long food stamp lines. Unemployment and virtually unrelenting high prices have left many with no where else to turn. At the same time that so many people desperately need help, others have seized the opportunity to "rip off" the system. Thousands of publications are being sold by enterprising individuals who exploit present loopholes in the program structure and easily fleece the American taxpayer.

Meanwhile, the food stamp program has been subject to close scrutiny by Department of Agriculture officials, nutritionists, the General Accounting Office, and Congressional Committees, yielding a mountain of conflicting statistics and opinion. Frustrated and angry constituents blast its obvious problems. Food stamp program advocates and recipients plead for improved and expanded assistance. Regardless of all the conflicting statistics, one thing remains clear; Something is definitely wrong. The entire system has been added to, amended and revised until it has become an unfathomable maze. Mr. Chairman, there has to be a better way!

I firmly believe that the key to meaningful food stamp reform is not to add to the complicated mishmash of coupon allotment formulas and eligibility requirements. That will only compound the problem. The only solution lies in pulling the program out of the regulatory mire. Strip it down. Realistically decide who we want to help. Who can the American taxpayer afford to help? Then, what is the simplest and most efficient way to achieve these carefully thought-out goals?

Often, Mr. Chairman, past attempts at reform have added more and more deductions and exclusions to account for every expense and problem, and at the same time, added more and more room for error, fraud, and administrative red tape. We owe it to the poor and elderly, to America's undernourished, to weed out the program flaws and concentrate limited dollars where they are most needed. We owe it also, to the overtaxed American citizens who finance this program, to eliminate the loopholes so that they can once again afford to help those who are in need.

The time has come to provide a real answer to the outrage of our constituents who see their Federal tax tab rising ever-higher, only to open their Sunday newspapers and have advertisements thrown in their faces: "Free food, free food, your piece of the pie: How to cash in on food stamps", which starts out by saying, "Now Americans from all walks of life—office workers, students, executives, housewives—are eligible for food stamps. In fact, the government's food-stamp program is so generous, it amounts to giving away free food!" Another popular item in my mailbag has been one calling for: "Taxpayers making up to $16,000 a year now eligible: How to save $120 to $2,400 a year by participating in the U.S. food stamp program." There aren't any golden words I can write back to my constituents that could ever convince them that we don't have BIG problems with the Food Stamp Program.

I am confident that these hearings will provide a forum for constructive criticism. I look forward to prompt and meaningful program reform.

Earlier in my remarks, I said that the only way we can ever solve the problems plaguing the program is not to "add to it", but to "shake it down." First, we must simplify the confusing income determination formula that sets the amount of assistance for which a household may qualify. The present complex formula includes deductions from monthly gross income such as: 10 percent of earned income or training allowance up to $30, mandatory union dues, local, state and federal income taxes, social security withholdings, retirement payments and some garnishments. Also deductible are medical costs over $10, exclusive of special diets, child and invalid-care costs, tuition, disaster losses and court ordered child support and alimony. As my colleagues also know, what is left is "Adjusted Income." From this "adjusted" figure, potential recipients then subtract a wide range of shelter costs, even including the phone bill, which exceed 30 percent of that "Adjusted Income", after all other deductions.

A February, 1975 study made by the General Accounting Office pointed out that "Nationally, errors relating to deductions accounted for about 43 percent of all errors involving overpayments and underpayments (of benefits) and 30 percent of all errors in all categories combined." In response to S. Res. 58, the Food and Nutrition Service recently reported that "Cases exemplify the loopholes through which households who would not be considered poor can gain entry into eligibility." It further demonstrates, Mr. Chairman, that itemized deductions increase as gross income increases. Households in low income ranges claim relatively few deductions. According to the USDA report, four-person households below the poverty line claim less than an average of $50 in deductions per month. Present income-deduction formulas favor non-poverty households at the expense of the truly needy. In fact, Federal food subsidies increase in proportion to increasing claimed deductions. That is, benefits increase by 30 cents for every dollar spent on these non-food deductible expenses. These are the loopholes available for middle-income "rip-off." Thus, the complicated itemized deduction formula leads to unfair distribution of benefits, as well as to increased program errors.

The plain truth is that we will reduce the number of errors when we reduce the complexity of the program. Let's scrap the old itemized deduction system, and adopt a streamlined approach. The Department of Agriculture has suggested that, "deduction of a standard, fixed dollar amount from the gross income, could remedy some of these problems by providing large benefits at the lower end of the income distribution scale while curtailing them at the upper end." That's what we are shooting for. Insure a nutritionally adequate diet for the poor, and save the taxpayers the burden of supporting those who are not.

In addition, I will support every effort to cut administrative red tape. We now sell food stamps, and the bonus value of the coupons is the level of government support given. We sell $162 worth of stamps for $4 to $138, according to a sliding scale. My question is this: if our purpose is to provide free food, why don't we do it more directly? Let's cut the red tape of buying and selling a certain face value of stamps for a lesser amount. Why not just give the recipient the difference between the two in stamps. The buying and selling process offers no advantages. On the contrary, eliminating the entire process will alleviate more of the administrative headaches, costs, and loopholes. The GAO showed in their examination of the States' quality control efforts that in about 37 percent of active cases reviewed, households had paid incorrect amounts for their food stamps. Under-payments were found in 26 percent of the cases and overpayments in 11 percent.

Mr. Chairman, the ideas I have discussed are not revolutionary. Both the Department of Agriculture and the General Accounting Office, as well as leading nutrition experts have addressed themselves to similar reform concepts. Many of them have been presented to this Committee in workable, legislative form. I can only add my support to theirs.

I would like for a moment to examine one area of particular interest to me. I have long been concerned with the use of food stamps by college students, as have many of my colleagues. Several bills have been introduced in this session, and I have supported one of them, that would reduce or eliminate participation by college students in the program. I will continue to be supportive of stiff measures to limit the eligibility of able-bodied persons who are enrolled in postsecondary education as a substitute for full-time employment. I request that this Committee carefully consider what merits lie in giving students access to food stamps. Just how much can we pile on the backs of weary taxpayers, who already subsidize the American educational system in countless ways?

In closing, Mr. Chairman, I have talked about several food stamp reform ideas. I am supporting the recent legislation introduced by Senators Dole and McGovern that has incorporated the concept of eliminating the itemized deduction with a standard deduction replacement, and further streamlining the program by also eliminating the "selling" of food stamps. I have also supported Senator Buckley's reform bill and would suggest that its sections dealing with enforced photo identification procedures be added to the Dole-McGovern legislation to further strengthen its provisions to prevent fraud and misuse. Additionally, I support the many efforts to severely restrict the use of food stamps by college students. I urge this Committee to adopt legislation that will meet these ends, and provide this Congress with meaningful food stamp reform legislation.

ALTON HARDY RETIRES

Mr. NUNN. Mr. President, the city of Perry, Ga., has suffered a great loss in the retirement of Mr. Alton Hardy, a dedicated public servant with 28 years of outstanding service to his community.

For the individual who wants to get involved in the political process and make a meaningful contribution to the future of his community, I would point to the distinguished career of Mr. Alton Hardy. As a city councilman, Mr. Hardy has been a moving force in the development of Perry and Houston County. His immense knowledge of municipal affairs has been of invaluable assistance to the mayors under whose administrations he has served. Mr. Hardy's tenure is longer than any other elected official in Perry's history.

My good friend, Bobby Branch, editor and publisher of the Houston Home Journal has written an excellent editorial praising Mr. Hardy's contributions and I ask unanimous consent that this editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Alton Hardy Retires; Dean of City Council

For nearly 30 years, Alton Hardy has served the City of Perry as a dedicated, hard-working City Councilman. He has now made a decision to retire from that body and not seek re-election in the upcoming campaign.

We sincerely appreciate all the contributions Mr. Hardy has made to this city during his tenure in office, many of which have gone unsung. He got things done in a quiet, dignified manner and never sought out publicity or praise for the things he accomplished for the city and for the citizens of Perry. He has the coveted ability to get along with members of council and the citizens. He was never a controversial figure on the council although he did not shy away from controversial issues.

We wish Mr. Hardy well and hope that he will continue to lend his wisdom on the workings of city government to the mayor and council in the years ahead. He has been called the "Dean" of the Perry city council and certainly he is that. We appreciate all he has done for Perry.—B.B.

NEW YORK'S OWN MESS

Mr. FANNIN. Mr. President, all of us are deeply concerned about the financial plight of New York City. We are concerned both because we care about the people of New York and because we know that the failure of the city to pay its debts could have serious consequences for the Nation as a whole. And yet it would be even more dangerous for the Federal Government to jump in and bail New York City out of the predicament the city government has created for itself.

Recently there have been allegations that President Ford and many Members of Congress are heartless creatures for our reluctance to rush in with Federal dollars to save New York City from its own folly.

Mr. President, it appears to me and it appears to millions of other Americans that New York City not only generated its own problem but still refuses to take the kind of actions necessary to give us confidence that it can survive without a perpetual feeding from the Federal Treasury.

Mr. President, I do not see how anyone can expect the people of Arizona to pay for free college educations for New York City residents when the people of Arizona have to pay for a college education for their own children. I do not see why the people of Arizona should be expected to foot the bill for outrageous salaries, early retirement and massive other benefits which New York City has so generously given to its municipal employees.

Mr. President, the State of Arizona does not have any debt. We have a pay-as-you-go government. Our cities operate under tight limitations on debt. Such restraint has meant that we have not always been able to do as much as we might want to do in the way of providing services. But we have believed, and continue to believe, that all bills must be paid—there is no free ride. We have believed that we should not pile debt on our children, and we should not expect handouts.

Surely New York City did not walk into the current situation blindly. For years the fiscal conservatives have warned about the consequences which would arise from New York City's subservience to unions, its excessive welfare program, its extensive services, and its hostile attitude toward business, industry, and the economic heart of the city.

Mr. President, last week the Arizona Republic carried an article which sums up what the people in the West think about New York City's dilemma. I ask unanimous consent that this editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Arizona Republic, Oct. 16, 1975]

New York's Own Mess

The heat is on President Ford to back down, and hurl federal moneys into the cracking New York City dikes.

Pressure is coming from his own vice president.

From New York bankers worried about their accumulated misjudgment in buying all that New York paper.

From labor unions who've turned the New York City budget into their personal cornucopia.

From welfare beneficiaries who owe their idle way of life, their housing, their rent subsidies, their incomes, their food, their medical care, to blindly generous City Hall spending.

From politicians who've used outright bookkeeping deceptions to buy ballot box power and now see their careers collapsing in the world of reality.

Despite this pressure, President Ford must stand fast, and not cave in. So should Congress. If they do not, and New York City is saved from its own fiscal obscenities, then prudent government management of public funds will forever be doomed, and the nation will set itself on a course which encourages misuse of public money.

Arguments that New York's fall into absolute default on obligations will affect other cities are overblown and distorted.

The fact is that most of the nation's large cities are well run, solvent, prudent and able always to sell high-rated bonds because of their judicious handling of public funds.

Arguments, further, that New York's problems grew out of its distinctive role as a gateway city for every conceivable social problem also are phony.

The fact is that City Hall and at least three mayors—the incumbent Abraham Beame and his two predecessors—adopted policies which invited bankruptcy.

Items:

The 266,000 students of the City University of New York—larger than 43 state universities—receive free educations.

The city's $1.9 billion annual pension cost enables some city workers to make more in retirement than on the job. The pension budget is larger than the whole of Arizona's state operating budget.

New York added new taxes on corporations and individuals with maddening regularity to keep pace with City Hall's social spending. Consequently, the city has lost 450,000 jobs, and 78 of the nation's top industrial headquarters who fled elsewhere with their employees.

City Hall stubbornly has kept on rent controls, which has led to deteriorating property values, and thus lowered tax yield.

Its 19 city hospitals offer virtually free services to the 1-in-7 New Yorkers who now are on welfare.

Labor unions, who think nothing of bringing municipal services to a halt, have been repeatedly appeased with outrageous salary increases, and work rules which have led to featherbedding.

Even as Mayor Beame searches frantically for federal help, he and the beneficiaries of the city's wild spending habits have not offered to help.

Voluntary salary cuts and increased work productivity by the city's 335,000 employees not only would be a gesture of credible concern, but also constitute an immediate direct savings.

Tuition for students in the city college system would provide immediate revenues, and also reduce enrollment.

Before the rest of the nation's taxpayers are asked to rush aid to New York, New Yorkers need to show some willingness to bite the bullet and clean up their own financial mess.

The New York spectacle is New York's own making.

MAINTAINING OUR SHELTERBELTS

Mr. HUMPHREY. Mr. President, 40 years ago President Franklin D. Roosevelt ordered the establishment of a 200-mile wide shelterbelt stretching from North Dakota to the Texas Panhandle. Its purpose was to slow the wind and prevent topsoil erosion.

The windbreaks have produced many advantages. They have decreased soil erosion, increased crop yields, reduced water evaporation and dust storms, provided refuges for wild animals, beautified the area, stabilized the water cycle, and improved living conditions for people and livestock.

Unfortunately, as Bryce Nelson of the Los Angeles Times indicated in his October 7, 1973, article, "FDR's Trees—Memorial to Man's Dreams," the program is being forgotten. The windbreaks are threatened. Existing trees are dying. Badly needed renovation and replanting of trees are not being undertaken. Worse than this, some corporations and farmers are bulldozing the trees to increase the amount of available cropland.

As a result, the U.S. General Accounting Office investigated the situation. An August 28, 1975 Los Angeles Times article, "Drive Launched to Save Great Plains Windbreak Trees, Called Key Resource," written by Nelson, presents some of the GAO findings. They conclude that a greater educational program aimed at farmers, and renovation and replanting of shelterbelts are needed.

The deterioration of the shelterbelts cannot continue without an adverse effect. The Great Plains will be damaged because of wind erosion. Valuable croplands will be lost. Both humans and the environment will suffer.

This is a serious problem. For those of us who lived in the Great Plains in the 1930's, the wind and dust storms are still remembered. They were seared into our bodies and souls.

I remember, too, my father saying that the shelterbelts would make things better, and that they would help stop the wind and dust storms. Fortunately, they did. Unfortunately, many people no longer remember this, and are permitting the shelterbreaks to deteroriate.

I, for one, will not let this happen. Neither new legislation nor a vast amount of funds are needed to deal with the situation. The effort can be carried out within existing programs. That is why I have written to the Secretary of Agriculture Earl Butz requesting him to encourage the existing agencies to give this matter high priority consideration.

A key to judging a society, in my view, is how it cares for its resources and its people. If we continue to let the shelterbelts be destroyed, we will be indicating that we do not care for our environment or our fellow human beings.

Mr. President, I ask unanimous consent that the two newspaper articles by Bryce Nelson, a release by the Minnesota Department of Agriculture, and my letter to Secretary Butz be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., October 20, 1975.

Hon. Earl Butz,
Secretary of Agriculture, Department of Agriculture, Washington, D.C.

Dear Mr. Secretary: In recent years trees planted as shelterbelts in the Great Plains during the 1930–1940's have been threatened with destruction. The shelterbelts stretching from the Dakotas to the Texas Panhandle, are being removed to increase the amount of available cropland.

These trees were established to slow the wind and prevent topsoil erosion. According to the GAO, they have decreased soil erosion, increased crop yields, improved agricultural climate, beautified the area, provided refuges for wildlife, and improved the living conditions for humans and livestock.

Unfortunately, the windbreaks are gradually being destroyed. Existing trees are dying. Badly needed renovation and replanting of trees are not being undertaken. Worse than this, in some cases corporations and farmers are bulldozing the trees.

Some people feel that other conservation practices such as irrigation, strip cropping, crop rotation, stubble mulching, and emergency tillage, are sufficient in fighting soil erosion. However, windbreaks are still needed to supplement these practices. They remain a permanent protection during periods of drought when most other conservation practices become less effective.

Thus it is extremely important that windbreak removals are discouraged and that renovation and replanting is undertaken. Loss of the shelterbreak will have an adverse effect in future years. The Great Plains will be damaged because of wind erosion. The GAO reports that from November 1973 to May 1974, 3.8 million acres in ten Great Plains states were damaged by wind erosion. This cannot continue. Valuable croplands will be lost. Both humans and the environment will suffer.

New legislation is not needed to combat the problem of deteriorating shelterbreaks. Existing authorities of the ASCS, SCS, and the Extension Service could be used in a cost-sharing windbreak renovation program. This would not be costly, but it would provide significant dividends.

What is needed is an action program by the Department to encourage the renovation of shelterbreaks on a high priority basis. I strongly urge that you give priority consideration to this matter.

Sincerely,

Hubert H. Humphrey.

[From the Los Angeles Times, Aug. 28, 1975]

Drive Launched To Save Great Plains Windbreak Trees, Called Key Resource

(By Bryce Nelson)

Chicago.—The U.S. General Accounting Office, declaring that "an important resource is slowly disappearing" on the Great Plains, has called on Secretary of Agriculture Earl L. Butz to save the thousands of miles of windbreak trees planted to protect crops from the vast dust storms of the 1930s.

"Unless actions are taken to encourage farmers to renovate and preserve existing windbreaks rather than remove them, an important resource which has taken many years to develop could be lost and adjacent croplands could erode and become less productive," the GAO said in a recent report.

The federal government helped farmers plant more than 222 million trees in the mid-1930s to block the searing winds that devastated the region. The trees were authorized by President Franklin D. Roosevelt and are sometimes called "FDR's trees."

The mile-long windbreaks, usually planted in an east west direction, extend in a 200-mile-wide belt reaching from the Dakotas to the Texas Panhandle. Besides protecting crops, they provide green diversity in a region that otherwise is largely treeless.

Since the Roosevelt era, the program has been largely forgotten, especially by the federal government. The GAO—an independent investigative arm of Congress—found that "no federal or state program exists which is specifically designed to discourage windbreak removals or to assist farmers on a wide scale to renovate old field windbreaks."

GAO supervisory auditor Larry Goldsmith, who managed the study, said in an interview that the GAO became interested in investigating the situation after reading an article in the Los Angeles Times in 1973 describing the increasing rate of destruction of the windbreaks.

"We ought to do something now to save these trees before it's too late," Goldsmith said. "These field windbreak trees are being taken out, but replacements are not being planted." The GAO conducted its investigation in Nebraska, Kansas and Oklahoma.

The GAO said that farmers' main reasons for removing the windbreaks was to free land for crop production and to make room for the "center pivot" (sprinkler) irrigation system increasingly used by Plains farmers.

A greater educational effort is needed to alert farmers to the many values of windbreak trees, the GAO said, adding that the trees are especially important in helping protect soil against wind erosion. It said 3.8 million acres of Great Plains land was damaged by wind erosion in a brief period from November, 1973, to May, 1974.

The GAO said that the windbreaks were particularly vital in times of drought or low rainfall when other soil conservation methods are less effective.

Unless action is taken, the GAO concluded, "it appears that farmers will continue to remove windbreaks" and that this "can only make the erosion problem in the Great Plains more serious." In addition to reducing soil erosion, the GAO said, the field windbreaks had the following advantages:

Short-term and long-term economic benefits to farmers, including greater crop yields.

Protecting crops and seeds from wind, windburn, wilting and blown sand.

Making sprinkler systems more efficient by reducing evaporation.

Beautification, providing fence posts, and improving living conditions for humans and livestock.

Environmental benefits, such as production of oxygen, cleaning air and stabilizing the water cycle. The agency quoted one estimate that such environmental benefits are worth $128 per tree each year.

The windbreaks also serve as refuges for wild animals.

The GAO quoted an Oklahoma wildlife official as saying, "There's no doubt that the belts have been instrumental in bringing deer and turkey back in many sections of western Oklahoma, often into areas where they didn't even exist before."

The GAO urged Butz to have appropriate agencies:

Survey windbreak removals and the renovation needed to preserve the trees.

Begin an educational program aimed at emphasizing to farmers the value of the windbreaks and teaching them how to preserve and renovate them.

Encourage a cost-sharing program between the federal government and farmers, to renovate the windbreaks.

[From the Los Angeles Times, Oct. 7, 1975]

DUST BOWL: F.D.R.'s TREES—MEMORIAL TO MAN'S DREAMS

(By Bryce Nelson)

BEE, NEB.—President Franklin D. Roosevelt saw with his own eyes the black blizzard of dust that whirled across the Great Plains in the 1930's.

His response was an audacious experiment to slow the wind and hold the blowing topsoil and swirling sand of the Dust Bowl on the vast, mostly treeless, prairies. He ordered the planting of "shelterbelts" of trees and shrubs—222 million were put in—in a 200-mile-wide swath stretching from the Dakotas south a thousand miles into the Texas Panhandle.

Now, more than 30 years later, many of "F.D.R.'s trees" still stand—a living memorial to one of man's greatest efforts to control nature.

Although farmers and foresters would plant windbreaks somewhat differently today than was done in the "dirty Thirties," most say, the shelterbelts have helped protect crops, cattle and humans from high winds, the Arctic cold and the burning heat that the volatile seasons bring to the unsheltered plains.

Now, as the leaves go golden in the sharp, autumnal air, enthusiastic men and boys tromp along the windbreaks to hunt pheasants, quail, turkeys, doves or other game the trees have sheltered.

But the grandiose hopes of some of the more ardent advocates of the shelterbelts have become muted by the reality of nature.

"There was something of the idea of changing the Great Plains from the Great American Desert to the Garden of Eden," said Ralph A. Read, a Nebraska forester for the U.S. Forest Service and leading authority on the shelterbelts.

In July of 1934, the nation's chief forester, F. A. Silcox, said that "this will be the largest project ever undertaken in this country to modify climate and other agricultural conditions . . ."

The operation was known as the Prairie States Forestry Project and it ran from 1935 into 1942.

The first announcement was grand indeed. The program was to cost $75 million across 1,000 miles to lessen "the desiccating winds of the Western plains."

From such announcements, it became fixed in people's minds that the shelterbelts would run in continuous north-south rows the length of the plains.

Instead the belts were often planted in half-mile rows, usually in an east-west direction, to protect crops from the scorching summer winds coming from the south.

The 100-foot-wide belts, usually consisting of 10 to 15 rows, contained many species of trees. There were evergreens such as junipers and pines, as well as deciduous varieties such as honey locust, sycamore, green ash, Russian olive, cottonwood, Siberian elm and white willow.

In May of 1935, the program's first trees were planted in the sandy soil of a 160-acre cotton farm five miles west of Willow in southwestern Oklahoma. Those trees are standing today.

"They've done real good," said Horace E. Curtis, the owner of the farm and the "straw-boss" of that original planting. "They've helped the crops tremendously. They're nice to have."

One purpose of the project was to provide jobs for the unemployed, and much of the work was done under the auspices of the Works Progress Administration and the Civilian Conservation Corps. The government provided the seedlings and paid for the planting; the farmers provided the land. In some cases, farmers planted their own belts.

Many of the trees were planted by workers using a No. 2 long-handled, round point, straight-shank shovel. If the trees were watered at all by man after planting, it usually was but once. The young seedlings were basically on their own, receiving their moisture from the capricious plains skies.

The government never spent anywhere near the $75 million target figure; costs barely reached $2 million annually in the eight years the program was operating.

After the program began, the drought on the plains eased and the dust subsided somewhat. The nation became much more concerned about the prospects of a second world war than about blowing dust.

Not long after the United States entered the war, the Prairie States Forestry Project was ended. General responsibility for the trees was passed from the U.S. Forest Service to the U.S. Soil Conservation Service, and farmers no longer received major federal help to plant trees.

Despite the numbers, the federal windbreak project is, in many ways, a forgotten program.

Many of the younger people in the shelterbelt areas do not know why and when the trees were planted. Memories of the drought and dust storms faded.

When the original planters sell the land, often to agricultural corporations, the attachment to the trees becomes less. And so, in parts of the plains, some corporations and some farmers are bulldozing the trees each month, burning the stumps and branches, clearing the land to plant more crops and make more money.

With the price of land and agricultural commodities as high as they are, some authorities predict the pressure to remove the shelterbelts will increase.

"Your shelterbelts were mostly planted by your older people," said Dennis Bejot, agricultural agent for Nebraska's Seward County. "As these older people retire, the younger farmers will probably plow these trees out. With these young guys having to pay $700 to $900 an acre for land, it's too expensive to grow shelterbelts."

Carl Westerhoff, who farms near Bee, cut down his half-mile shelterbelt. He explained, "Land is too high priced to keep it in forest."

A neighbor, Vincent Boarty, disagreed.

"It's a shame these people are dozing out their trees; it only takes three or four acres and you make it bad on your crops and livestock," he said. "These trees have kept the hot winds off my crops. I like trees—you can see that."

Another neighbor, Alvin Herrold Jr., said he thinks the 36 acres of trees in his 320-acre farm "has sure helped my crops." It also was a good place for "kids to play treehouse in," he said.

In some areas, local governments rent or buy pieces of roadside shelterbelts to use as picnic areas for travelers.

The Herrolds are firm believers that man does not farm for bread alone.

"The trees are so beautiful in the fall—the golds, the reds," Mrs. Herrold said. She takes pride that her Danish grandparents planted one of the first windbreaks in Antelope County to the northwest.

"I'm sure that the women were the ones who pushed tree planting on the plains, if only to have a friend," Read, the Nebraska forester, said.

E. L. Perry has written that the earliest settlers found the lack of trees on the prairies one of the hardest conditions they had to face. He wrote that insanity, especially among women isolated in their farmhouses, reached "an alarming peak among the new arrivals" on the treeless, windswept plains.

"The plains turned many people back," said John Muehlbeier, the executive secretary of the Great Plains Agricultural Council in Lincoln.

There is less feeling on the plains these days that trees are needed to stop wind erosion. Farmers now are much more likely to use stubble mulching, strip cropping, crop residue management and other methods to help keep the soil in place than they did 40 years ago.

Forestry experts now say that the 10- to 15-row windbreaks were unnecessarily wide; windbreak planning of one to three rows has been found effective and takes much less land.

The foresters also suggest the use of many more conifers than were planted in the original windbreaks.

Although many farmers who have shelterbelts seem to like them, most have done very little maintenance work on their trees.

"The old saying is that the plains farmer's hands don't fit an ax handle," Read said.

The shelterbelts are also at a stage of maturity. Increasingly the trees will die off as they fall victim to age. Unless many of the belts are thinned, renovated or replanted, they will be in such poor shape the farmers will have to take them out to remove the eyesore of a bedraggled, useless shelterbelt.

Oklahoma Forestry Director Al Engstrom is one of those favoring some incentive to the farmer for improving his shelterbelts.

"These dust storms affect everyone," he said, "There is some community benefit in keeping these trees that the farmer doesn't fully share. He just knows that the trees don't fully pay their way on his farm."

Several foresters and agricultural experts said that farmers and public officials were taking a shortsighted view of the importance of maintaining trees on the plains. They pointed out that future droughts here are a certainty, at which time the field windbreaks would once again fully demonstrate their importance.

"Too many folks now grew up in the generation after the drought," said E.L. (Buck) Worthington, a Mandan, N.D., forester. "People are putting their heads in the sand again. It could get so dry again that there wouldn't even be weeds for ground cover. The potential for disaster on the plains may not be as great, but the potential for disaster is still here."

John Muehlbeier lived through the period 40 years ago on the plains when the sun was blackened by clouds of dust and grasshoppers and when the dust storms became too heavy for auto traffic, even in midday. He talks of how the plains dust settled in Washington, D.C., and other Eastern cities, as well as on ships in the Atlantic.

"Times were bad; we couldn't wait to know everything about what to do to stop these dust storms," Muehlbeier said, "and there's nothing like the shelterbelt project that's ever been done in this country—1,000 miles north to south. That's something.

"We did the best we could. It's worked out."

[News Release From the Minnesota Department of Agriculture]

Most of Minnesota's rural windbreaks and shelterbelts were planted, like those in dust bowl states, 30 to 40 years ago.

Time and the adverse forces of nature decimated many of the neat section and fence rows of trees and shrubs that prevented flatland soils from blowing away or washing away in wind and rainstorms. Dutch elm disease has added to the destruction of trees in the country as well as in the cities.

Recent cost-price and increased food production demands have triggered man-made destruction of many more shelterbelts and windbreaks. Farmers claimed that removal of trees increased their cropland and income potential as much as 16 acres per mile of windbreak bulldozed and burned.

"Some of the farmers who suffered heavy livestock losses in the blizzards last winter would have given a lot for the shelters that the removed windbreaks used to provide," Commissioner Wefald added.

He said that Minnesota also has another common erosion problem with the dust bowl states, the introduction of center pivot irrigation on thin sandy soils. This type of irrigation requires fields clear of vertical obstructions—both trees and powerlines.

Commissioner Wefald said farmers in the developing irrigation areas should consider alternate systems now available that function around trees and powerline poles, and carefully evaluate these erosion controls as an asset instead of only as a liability.

Irrigated areas need both windbreaks and extra electrical energy. According to rural electric cooperative officials, the irrigated farm in Minnesota uses about 10 times as much electricity as the average non-irrigated farm during the irrigation season.

Commissioner Wefald emphasized that not only the sandy soils and flood plains of Minnesota require maximum conservation practices. June and early July heavy rains and flooding have resulted in serious sheet and gully soil erosion on virtually a state-wide basis particularly in row crops fields.

Red River Valley erosion may be permanent damage in some of the most severely flooded counties. Gullies several feet deep and up to 65 feet wide have been reported on the comparatively flat acreages. One farmer in Comstock township of Marshall county lost 30 acres of $400 per acre land, left with a clay and rock pit where wheat had grown.

THE WORLD FOOD PROBLEM

Mr. HATFIELD. Mr. President, many words have been uttered regarding the world food situation. I recall a cartoon which appeared in major newspapers last year at the time of the World Food Conference. It pictured a well-fed person from a developed country pouring words into a bowl held out by a starving child. Fortunately, there are those who not only talk, but act. The American public is keenly aware of the food needs of other nations and as a citizenry which regularly visits the grocery stores of our Nation, it knows that food is a problem in our own country as well, especially among the poor and elderly.

It is this latter problem which I wish to call to our attention today. Estimates of the undernourished in our Nation range from 20 million upward. Government programs have been developed to help the needy, but they touch only half of the problem. As food becomes more inaccessible for the poor and those on fixed incomes, it also becomes more expensive and less profitable to produce for the small farmer.

For the past 8 years farmers and consumers have been learning that food need not be beyond the reach of the poor and elderly. The production of food need not be a losing venture for the small farmer. As a result of the initiative and persistence of Mr. Paul Horvat of Wilmette, Ill., persons have been learning how to cooperate in the food production and sales process, eliminating many unnecessary costs. An article in the August 1974 Reader's Digest recounts the birth and growth of the Self Help Action Center under the leadership of Mr. Horvat.

Interest in the self help action program has developed to such an extent that the center has organized a nationwide food conference to help others learn how to organize to overcome the very real and present problem of the inaccessibility of food. I commend this program and the food conference to my colleagues for their consideration as we continue to seek ever more practical and effective solutions to the food problem in our own country.

Mr. President, I ask unanimous consent that two articles describing the self help action program and the nationwide food conference be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

A Solution to the Food Crisis: The Voluntary Self-Help Action Center Food Program

At the present time we are living in a time of crisis, especially in food. It is the most crucial problem facing the United States and the entire world.

The family farmers are complaining that the production costs of food are much higher than income from sale. Therefore they are forced to reach for radical methods such as burning crops, killing animals. Many must leave their homes and move to the cities, creating more unemployed and poor who become an added burden to American taxpayers.

According to the statistics of the U.S. Department of Agriculture, millions of American family farmers have already left their farms, and week after week another 1,500 to 2,000 are moving off the farmland to an unsure future, becoming a homeless, jobless and hopeless proletariat. These people are very receptive to any radical action against existing society because they believe they have nothing to lose—just something to gain. Paul Horvat, founder and president of the Self Help Action Center Food Program, strongly believes, "As long as we have free and independent farmers, we shall have democracy, freedom, peace and free enterprise. Therefore we have to do all we can to help family farmers stay on the farm."

The federal government is spending hundreds of millions of dollars on subsidies to rich farm corporations and high public officials for not producing food. At the same time millions of Americans are going to bed hungry, as we read in the daily newspapers. Food prices continue to rise day by day and are reaching sky high. People with limited incomes, especially senior citizens, the poor and jobless families are not able to purchase enough food for themselves and their families. Therefore they are demanding more and more money from the welfare institutions at the expense of our taxpayers.

Consequently, the number of hunger marches is increasing, incidents of food stealing are spreading, and unrest all over the U.S. are making headlines in our daily newspapers.

Those Americans who are most seriously affected by inflation number over 46 million senior citizens, 30 million people with limited incomes plus 9 million unemployed workers. Their problems cause them to become a burden to the taxpayers. "And we are sure," Paul Horvat said, "whoever would succeed in solving the vitally important problems of 86 million Americans would in fact solve some of the problems facing the entire nation."

The above-mentioned facts should serve as warning signals to competent officials at all levels of government to take proper action in time to avoid unnecessary disturbances with possible fatal consequences. History very clearly shows that whenever the government fails to act in time to solve the people's critical problems, they are forced to act themselves, sometimes with violent means, if they want to survive. Events of the present time are also forcing the needy people into action to help themselves. For these reasons the Self Help Action Center has been receiving thousands of letters, telephone calls and visitors from all parts of the U.S. People are asking for information and help in organizing such food programs in their own communities, cities or states.

Paul Horvat, a retired Wilmette businessman with more than 60 years of experience and success in voluntary self-help action, has offered a New Economic Rescue Plan as a practical solution to high food prices and poverty in his Self Help Action Center Food Program, which has been incorporated by the state of Illinois as a not-for-profit corporation whose objective is "Help the Needy Help Themselves."

Author of SHAC-FP, Paul Horvat is a retired senior citizen volunteer. He is lecturing and organizing people-to-people voluntary self help action from city to city throughout the U.S. What he is suggesting to his fellow man in need he has already achieved for himself with remarkable success. He is now an economically independent man helping others to help themselves. In the last three years he has devoted 11,544 volunteer hours to this program, not including administrative work and telephone calls at his home. The positive results of his effort clearly show great benefit for everyone. Here are just a few examples.

Through the Self Help Action Center Food Program, the American family farmers are able to sell their own food products for a proper price and thereby enable themselves to survive, stay on the farm, and stop increasing the number of unemployed and poor in the cities.

People with limited incomes, the poor on public welfare, and the unemployed have a chance to buy enough quality farm-fresh nutritious food directly from the farmers at the producers' prices, saving 40 to 80% of their food budget.

From 1968 until the end of 1974 the Self Help Action Center Food Program organized over 2,522 farmers' food shows and sales in the Chicago area. Family farmers in Illinois, Indiana, Michigan, Wisconsin, Florida, and Texas delivered and sold their own food products directly to people with limited incomes who were organized into 115 community food buying clubs and 286 smaller groups. All together, 321,340 families, or 1,600,700 people benefitted from the program.

The family farmers sold their goods directly to the people for $1,871,400 and made a clear profit of $846,547. The people bought their food directly from the farmers, saving $1,241,822 on prices.

People with limited incomes are using their money or food stamps to buy $1.00 worth of food for $1.00 cash or food stamps. By using SHAC-FP they can buy from $1.50 to $2.50 worth of food with the same dollars and at the same time help the family farmers survive.

For example, the state of Illinois is spending about ten million dollars on food stamps per month. Recipients are buying ten million dollars worth of food with these stamps. Using SHAC-FP the state could spend just seven to eight million dollars on food stamps and people on welfare could buy fourteen to fifteen million dollars worth of food.

Through this kind of manipulation the state of Illinois could save from 25 to 36 million dollars a year, feed the hungry much better, solve poverty problems more effectively, and use the balance for emergencies such as medicare, nursing homes, clothing, education, etc.

All parts of the above-mentioned program were carried out by dedicated volunteers. No public or private funds were involved until 1972. That year the SHAC–FP received its first donations: $10,000 from the Human Development Foundation, Catholic Archdiocese of Chicago; $17,100 from the American Freedom from Hunger Foundation, Washington, D.C. (Youth marchers against hunger); and two rooms of office space through the YMCA of Metropolitan Chicago. Since 1973 Catholic Charities of Chicago has covered some expenses of the Self Help Action Center and donated space for offices and a small warehouse. In 1974 the SHAC–FP received additional grants—$44,600 from the Human Development National Campaign office, Washington, D.C. and $13,400 from the Chicago office, totaling $58,000.

The voluntary self help action center food program could be applied at any level of government or at private institutions all over the U.S.A.

During a very short period of time, the SHAC–FP saved over two million dollars of the taxpayers money without any government investment. It could save hundreds of millions of dollars for American taxpayers if the government budget makers for the war on poverty, especially the U.S. Agriculture Department, the Office of Economic Opportunity, and similar institutions, would use the New Economic Rescue Plan organized by the Self Help Action Center Food Program.

The American people as a whole can see from these indisputable facts that the positive results of the Self Help Action Center Food Program are leading to:

Family farmers' survival; elimination of the basic grounds of hunger, poverty and unrest; decreasing of taxes; curbing of inflation; helping people in need to become economically independent and self-supporting; recovering the U.S. economy in general.

In the U.S. we have the necessary means to solve any kind of human problems if we act in time and properly. Then the United States can become a bright example to all other countries all over the entire world.

At a number of meetings, Paul Horvat has spoken to business people who asked him if his New Economic Rescue Plan is not against existing businesses. He answered very clearly:

"Not at all. On the contrary! The SHAC–FP is in fact a safeguard to all free enterprise. We are living in an unusual time, a time of crisis, which creates an emergency situation. Therefore, we must use emergency measures to cope with critical problems. It is in our own interest to participate voluntarily in this emergency action for our common good. Each of us will have to sacrifice a little to assure peace and a better living for all of us. At the present time we are successfully helping family farmers, senior citizens, people with limited incomes, the unemployed, and the poor on welfare to survive and achieve a worthy standard of living, and because of this we are also saving the taxpayers' money."

In 1972 the SHAC–FP opened five special training schools, sponsored by the Loop College of Chicago, 64 East Lake Street, Chicago, with the purpose of educating, motivating, and preparing inner-city people with limited incomes and the poor on welfare for voluntary self help action and their own economic betterment.

The SHAC–FP is now discussing with Loop City College and other universities the possibility of opening a permanent training school for community, city and statewide leadership of self help food programs.

The SHAC–FP is offering American youth an excellent opportunity to spend their free time in cooperation with people in need, learning practical means of solving daily problems, and at the same time preparing themselves for future leadership.

The SHAC–FP is giving senior citizens a very good chance to get high quality, nutritious farm-fresh food at producers' prices and to become active in a nationwide food program.

To carry out the SHAC–FP more easily and in time to benefit all the people in need, it is necessary to have:

A number of volunteers for special committees and specific action

Warehouses with cooling systems as food distribution centers

Trucks with cooling systems to pick up the food from the farmers who have no transportation

Station wagons for delivery of food to needy people who are not able to help themselves

The SHAC–FP also needs some financial help for about three or five years in order to hire farmers' coordinators as well as inner-city organizers and professional staff members necessary to reach and help more needy people at the same time. After that it hopes to become fully independent without any support from the outside.

The SHAC–FP is unique for this kind of program in the U.S. This program is over 60 years old, has been tested many times, and has proved workable, simple, and easy to run. It is very much needed at the present time of inflation because of its practical solution to high food prices and poverty. The SHAC–FP benefits everyone, including taxpayers.

NATIONAL FOOD CONFERENCE IN CHICAGO OUTLINES SELF-HELP SOLUTION TO FOOD CRISIS

Paul Horvat, founder, organizer and the president of the Self Help Action Center Food Program announced today that a Nationwide Food Conference will be held in Chicago, October 24–26, 1975, at the Hotel of the Central YMCA, 826 South Wabash Ave.

Paul Horvat said, "We are witnessing a serious world-wide food crisis. Even our own country, the richest on the globe, has felt the impact of hunger."

American family farmers are not able to get a proper price for their food products. The cost of food production is much higher than the resulting income from food sale. In this desperate, life and death situation, these farmers are many times reaching for very radical methods: burning crops, killing animals and pouring out milk. Increasing numbers of farmers are leaving their own farmland, moving into overcrowded cities, looking for jobs and asking for welfare help at the expense of our already overburdened taxpayers. During the last eight years over ten million family farmers left their farms.

In the United States 46 million senior citizens, 30 million people with limited incomes, over 15 million families made jobless by inflation, poor on welfare and unemployed young adults are not able to buy enough nutritious food for themselves to eat. They are forced to organize "Hungry People Marches", demanding more and more money from welfare agencies to buy necessary food and merely survive. Consequently, the American taxpayers are staggering under the steady increase of heavy taxation to pay for unwise policies at home and abroad.

Paul Horvat's "New Economic Rescue Plan" offers a practical solution to these problems without any increase of taxes. The results of his Self Help Action Center Food Program demonstrates the effectiveness of his solution:

First, family farmers in various areas of the country are now able to sell their food products for the first time and for a proper price. They have thus been enabled to earn enough to support their families through farming and to stay in business.

Second, senior citizens, people with limited incomes, welfare recipients and other urban and rural poor have a chance to buy enough high quality, farm-fresh, nutrition food for themselves at a price they can afford.

Third, the demands on tax dollars for welfare and unemployment compensation have been substantially reduced in those areas where the Self Help Food Program is operative.

Through Self Help Action Center Food Program we can fight inflation successfully.

The Self Help Action Center Food Program has been in operation for more than six years in metropolitan Chicago, as well as in Indiana, Michigan, Wisconsin, New York, Florida and is spreading over the United States. To date, over two million needy people benefited from the Self Help Food Program. Family farmers are gaining from 30% to 300% and people with limited incomes have benefited from similar savings and better quality food.

Whenever a government fails to solve the people's critical problems, the people are forced to try to help themselves—sometimes even by violent means—if they want to survive. This, if anything, should be the message of our bicentennial year.

Present circumstances are forcing people to act to help themselves. As a result, the Self Help Action Center Food Program office in Chicago has been receiving thousands of letters, telephone calls and visitors from all over the United States. People are asking for information and help in organizing such food programs in their own communities, cities and states. Paul Horvat is constantly traveling from city to city meeting with the concerned people, helping them to help themselves.

Paul Horvat explained, "If I wanted to meet all the people who have asked for help, it would take me more than ten years, and that would be too late. Hungry people cannot wait any longer; they have to eat today!" Therefore he decided to organize the October National Food Conference in Chicago.

At this conference Paul Horvat will explain the food program and answer questions. There will be a number of other speakers from national and other organizations. Participants will have an opportunity to observe the food program in action, and attend an American family farmers food exhibition where they will see for themselves the family farmers, their food products, the quality and price of the food, as well as the Self Help Food Program in operation. They can also participate in a wide variety of workshops on how to implement the Self Help Food Program at the community, city or state level. Other special workshops will be available, including workshops for the family farmers on how to get a proper price for their food products, survive and prosper, and so stay in the business of farming. At the same time, the taxpayers will find out how to pay less taxes.

Persons concerned with the food crisis, especially public officials who deal with the problems of hunger and poverty, are invited to attend the National Food Conference in Chicago. By doing so, they will be able to observe with their own eyes a tried and true way to solve our domestic food problems without any increase in taxation.

The registration fee for the conference is $5.00. Associations will be available for approximately $10.00 per day including meals. Donation to cover the organization cost of the conference will be appreciated and are tax deductible. Volunteers welcome!!

For further information write to: Paul Horvat, President, Self Help Action Center Food Program, 1127 Lake Avenue, Wilmette, Illinois 60091.

CO-SPONSORS OF NATIONAL FOOD CONFERENCE IN CHICAGO

The National Council on the Aging, 1828 L Street, N.W., Washington, D.C. 20036.

The National Catholic Rural Life Conference, 3801 Grand Avenue, Des Moines, Iowa 50312.

National Headquarters of the United Mine Workers, 900-15th Street, N.W., Washington, D.C.

Eastern Mennonite Board of Missions and Charities, Salunga, Pennsylvania 17538.

National Conference of Catholic Charities, 1346 Connecticut Avenue, N.W., Washington, D.C. 20036.

National B'nai B'rith Community Volunteer Services, 1640 Rhode Island, N.W., Washington, D.C. 20036.

National Center for Community Change, 1000 Wisconsin Ave., Washington, D.C. 20007.

National Farmers Organization, National Headquarters, Corning, Iowa 50841.

National Association of Credit Union, 1617 Sherman Avenue, Box 431, Madison, Wisconsin 5370.

National Federation of Cooperatives, 1828 L Street, N.W., Washington, D.C. 20036.

National YMCA, National Office, 291 Broadway, New York, N.Y. 10007.

National Center for Community Change, 1000 Wisconsin Ave., N.W., Washington, D.C. 20007.

The American Natural Hygiene Society, National Headquarters, 1920 Irving Park Road, Chicago, Illinois 60613.

Northwestern University Center for Urban Affairs, 2040 Sheridan Rd., Evanston, Illinois 6020.

Self Help Development Institute, 2040 Sheridan Rd., Evanston, Illinois 60201.

City Colleges of Chicago, 185 North Wabash, Chicago, Illinois 60601.

Chicago Area Conference on Hunger and Malnutrition, 22 East Van Buren, Chicago, Ill. 60605.

Community Thrift Clubs of Chicago, 4035 South Michigan, Chicago, Illinois 60653.

Consumer Federation of America, 1012 14th Street, N.W., Washington, D.C. 20005.

Fund for Neighborhood Development, 1065 31st Street, N.W., Washington, D.C. 20007.

The Wilmette Bank, 1200 Central Avenue, Wilmette, Illinois 60091.

WHAT GOVERNMENT CAN AND CANNOT DO

Mr. STEVENSON. Mr. President, our colleague, Senator Muskie, in a speech at the New York Liberal Party's annual dinner recently warned liberals to take stock of the public disaffection with Government. He urged a realistic appreciation of what Government can and cannot do. He warned against the danger of disappointed public expectations and advised liberals to make reform of Government an end in itself. Senator Muskie's admonitions should be heeded by moderates on all sides. Mr. President, I ask unanimous consent that his speech be printed in the Record, together with a number of comments from the press about this speech.

There being no objection, the material was ordered to be printed in the Record, as follows:

The Unfinished Liberal Consensus

(Remarks by Senator Edmund S. Muskie)

Four years ago, I spoke to you here about the need for a liberal coalition to enlist a majority of Americans in a drive for change.

I spoke in terms of votes in a Presidential election. For the Presidency is the big apple of politics—without it there can be little change.

We failed in 1972 to reach a majority consensus for liberal change. And on the eve of 1976, we face the grim possibility of failing again. For the liberal consensus again remains unfinished.

How can that happen? After seven years of a Republican Administration distinguished only by its failures, how could the American electorate fail to vote for a new liberal administration?

When we *know* what's right, how can so many Americans not follow our leadership? How can so many Americans make the wrong choice?

How can so many Americans miss the point?

The answer, I submit, is that we have missed the point.

For in the past decade, liberals have developed an ideology and state of mind that is narrow, unimaginative and often irrelevant.

Contrast that with the state of Liberalist during the Great Depression, when we spoke with the people's voice. We assumed the burden of uniting the poor and discontented of every race and ethnic background.

We held them together in a powerful liberal consensus. In the first 100 days of the New Deal, we accomplished some of the most fundamental changes ever to occur in America.

We succeeded then because our proposals went directly to what people wanted—jobs, controls on big business, rights for workers, social security, freedom from fear.

Four decades ago, we had discovered the possibilities of government action to better the lives of Americans. People were excited by the possibilities, and they prospered as a result.

But something has happened since then—and it's basically happened to us.

People still are discontented. They still want change, and it is still our responsibility to help them make change a reality.

Yet when the average citizen turns to us for help, what does he find?

Consider, for example, the 1972 National Platform of the Democratic Party.

If you wanted to read it, it would take a while. It runs about fifty pages, or nearly 15,000 words, and it reads like the catalogue of virtually every problem that we liberals think bothers the American people.

The Platform speaks knowledgeably about the Railway Labor Act, capital gains taxes, funding for ethnic studies., the Equal Employment Opportunity Commission, the new towns program, bilingual education, community-based rehabilitation facilities, the Food for Peace Program, the Protocol on Chemical Warfare, and literally hundreds of other aspects of our incredibly complex national government.

It was a wonderfully comprehensive and esoteric document. It showed that we knew all about government, and knew just what government programs needed change.

Yet the results of the election showed that the 1972 platform was irrelevant, for all practical purposes.

For in promising so much for so many, it was meaningless. Nowhere in there was there any statement of what those hundreds of changes would cost. How much, for example, would the new towns program cost? Would we need higher taxes to pay for it? How many people really would be helped?

Or, what about capital gains tax reform? Would it soak just the rich? What about retired couples, supplementing their social security check with a blue-chip stock dividend? Would they be soaked, as well?

I'm not trying to say that we need a national effort to write better party platforms. Obviously, there are better ways to communicate with people.

But the Democratic Platform of 1972 represents to me the culmination of years of liberal neglect—of allowing a broad-based coalition to narrow—of progressively ignoring the real fears and aspirations of people—and of assuming we know best what the people need.

For all the fine details we mustered then, and can muster today for political discussions, we still don't deal with the real issues.

And what are the real issues? They're not as finely detailed as the issues we discuss, but they can be found.

I read my mail, I talk with voters in the towns of Maine, and I listen. I find everywhere people who can't cite from the Federal Register but know what's wrong anyway.

They work hard, but they are not so sure anymore that 14 hour days in a lobster boat or the monotony of an assembly line are worth the effort.

They feel victimized by the economy. Fuel oil is up 118 percent over 1969—bread, up 36 percent—hamburger, up 50 percent. Their jobs are in danger as layoffs continue.

Yet all around them they see special interests which have escaped those troubles, if they are big and powerful enough. Money and power buy access to government, whether it's Lockheed or a firemen's union. And raising hell can get access, if you're loud and organized.

They sense that things are getting worse, not better. Crime went up in Maine last year. There are few hopeful signs on the horizon. They don't feel secure in their homes, on the street, or on the job.

And, most important, they don't believe that government really cares about them. All they need is one encounter with some government bureaucrat to confirm that. In Maine, for example, it now takes a full year to process a social security disability claim.

The people I hear in Maine, plainly, are demoralized and alienated. People everywhere are demoralized.

Louis Harris stated recently that 67 percent of the people feel that "what you think doesn't count much anymore," nearly double the 37 percent who felt that way in 1966. Nearly the same response came to the statement that "the people running the country don't care what happens to you."

Seventy-two percent of the American people stated they do not think they get their money's worth from their taxes, up from 56 percent in 1969.

During the same period of time, people lost confidence in literally every major institution, public and private.

The number of people who expressed great confidence in doctors, down to 44 percent from 72 percent.

In higher education, down to 33 percent from 61 percent.

In the military, down to 29 percent from 62 percent.

In organized labor, down to 14 percent from 22 percent.

In Congress, down to 13 percent, from 42 percent.

In the Executive Branch, down to 13 percent, from 43 percent.

And in local government leaders in central cities, an estimated *seven percent*.

At the top of the list, people felt great confidence in local trash collectors. The reason? Harris found that people felt that at least they know whether or not they take away the trash and keep the streets clean.

At the same time people were frustrated with government, Harris found underneath a strong desire for new political leaders who will level with them about problems and solutions. They want leaders who will open up government, and let them participate. They want leaders who are committed to making government work as well as people believe it can work.

A year from now, people will again choose their leadership.

And the liberal task is to make sure that there is a choice.

The Republican Party, predictably, will ignore its failures and run against the Democratic Congress.

And what alternative will we offer? Another 1972 Platform that promises a new, improved program for every problem?

Do we really expect a majority of Americans to support national health insurance, when estimated costs range up to $100 billion a year?

Do we really expect a majority of Americans to support wholesale tax reforms to eliminate loopholes, when such reforms in the past have only made the system more complex and failed to relieve the burden on middle-income people?

Do we really expect a majority of Americans to support massive aid to cities in financial trouble—New York, especially—when their sentiments are to punish cities for overspending?

Do we really expect a majority of Americans to support government mandates for equal opportunities for women and minorities, when it means losing hard-won seniority or the busing of their children?

In other words, do we really expect a majority of Americans to support more government programs—no matter how worthy—at a time when confidence in government is at an all-time low?

At this time, none of us could sincerely answer yes.

Common sense tells us that despite their support for an active role for government, Americans want to see fundamental change—change that can make them again confident in government's ability to help make their lives better.

And there's no good reason that liberals can't do just that.

Why, for example, can't liberals propose fundamental changes in the structure of the Executive Branch of the Federal government? The government published this year a 799-page manual just to explain its own structure. We have an Executive Branch that has 11 cabinet departments and 36 independent agencies, each with its own budget, bureaucracy and constituency.

We have a system of grants-in-aid that has over 1,000 different programs, each with its own requirements, approach, and money. In the health field alone, there are 228 different Federal programs. It takes 10 different agencies to administer those 228 programs.

There are 1,240 Federal advisory boards, committees, commissions and councils, run by more than 4,000 Federal employees.

Why can't liberals start hacking away at the regulatory bureaucracy where it keeps costs up and competition away?

Why do we tolerate regulatory agencies which stifle innovation, restrict competition, bury businesses with needless paperwork, and cost the American consumer billions of dollars a year?

Much regulation of business is undoubtedly necessary. But we now sit under a creaking regulatory structure—much of it outmoded—much of it captive of the very interests it regulates—often with too few resources to carry out its useful functions.

Why can't we just sit down with those agencies and say: Justify yourself. And you'd better make a good case.

Why can't liberals, for another example, talk about fiscal responsibility and productivity without feeling uncomfortable?

When Congress considered enactment of budget reform—which gave us the resources and procedures to discipline Federal spending and establish priorities—some of the strongest opponents were liberals.

When there is talk of cutting costs, making civil servants responsible for productivity, or just wondering why our Federal budget is now almost $400 billion, you simply don't find liberals involved in the discussion.

My basic question is this: Why can't liberals start raising hell about a government so big, so complex, so expensive, and so unresponsive that it's dragging down every good program we've worked for?

Yet we stay away from that question like it was the plague.

We're in a rut. We've accepted the status quo. We know that government can do much to improve the lives of every American. But that conviction has also led us to become the defenders of government, no matter its mistakes.

Our emotional stake in government is so much that we regard common-sense criticism of government almost as a personal attack.

We resist questioning the basic assumptions of the structure and role of government, fearing the unknown, that somehow we have more to lose than gain through change.

Budget reform could mean cutting back spending on health programs, but it could also mean fewer gold-plated weapon systems.

Productivity standards could cost union support, but they could help restore public confidence in the many government workers who work hard.

Or regulatory reform could jeopardize health and safety regulation, but it could also loosen the grip of special interests on agencies.

Plainly, we cannot move forward without questioning such basic assumptions, and running certain dangers.

The American people have already spoken: Government must put its own house in order before it takes on new and bigger responsibilities.

And as long as we shrink from offering an alternative to a system of government people have lost confidence in, we can expect to remain in a minority.

Our challenge this decade is to restore the faith of Americans in the basic competence and purposes of government. That can come only through the hard process of reform.

We must adopt government reform as our first priority—as an end in itself. We must recognize that an efficient government—well-managed, cost-effective, equitable, and responsible—is in itself a social good.

We must do this secure in the conviction that first priority on efficient government is not a retreat from social goals, but simply a realization that without it, those goals are meaningless.

There is no good reason why we can't provide that alternative.

We have a legacy four decades old of enlarging the personal vision of every American. It is a legacy of success of government helping to create the opportunities for the good life for Americans. It has brought meaning and hope to countless millions in this nation.

We also have an unfinished agenda for America. It includes dignity for the worker, for the poor and elderly—clean air and water— free access to the political process—and educational system open to all—a just legal system—fair taxation—and economic fair play—an agenda, in other words, of a nation strong, confident and compassionate.

And finally, we have an unfinished consensus. It is a consensus for liberal change in America. It remains for us to restore confidence in government, and then to tap again the great moral potential of the American people for common sacrifice and sharing.

We have, in other words, a winning hand Let's not fold it.

[From the Baltimore Sun, Oct. 15, 1975]

Time for Liberals To Rethink

"In the past decade American liberals have developed an ideology and state of mind that is narrow, unimaginative and often irrelevant." Who said that? William F. Buckley? Ronald Reagan? Barry Goldwater? The sentiments may be ones those rightwing ideologues share, but the speaker was Edmund Muskie, whose voting record over the past decade has been about as liberal as any Senator's. The Maine senator and former Democratic vice presidential nominee was not recanting before some conservative audience Down East, either. He was speaking in Manhattan, the spiritual and political home of modern liberalism, at a meeting of the Liberal Party. And he was saying that the time has come for liberals to recognize that people "sense things are getting worse not better. . . . Most important, they don't believe that government really cares about them."

Senator Muskie went on in that vein. The point he made in conclusion was that it is time for liberals to reclaim from conservatives the leading role in criticizing the federal government for its inefficiencies and other sins. "We must adopt government reform as our first priority—as an end in itself. We must recognize that an efficient government—well managed, cost effective, equitable and responsible—is in itself a social good. We must do this secure in the conviction that first priority on efficient government is not a retreat from social goals but simply a realization that without it, those goals are meaningless."

The American mood in 1975 is such that there will be little public support for some great new social program or policy as long as the public believes the government is corrupt or inefficient or lazy or over-bureaucratized. Even those citizens who favor the program or policy in question will be loath to trust implementation to a government they distrust.

We think it is vitally important that Senator Muskie and other liberals continue to debate this issue out loud. When the Goldwaters and Reagans make the same arguments, many people in and out of public affairs dismiss them, on the grounds that those critics don't like even positive results of an activist, progressive federal government. But when a liberal who is known to support, say, national health insurance comes out cautioning that it not be enacted until the government proves it can do the job, everybody should listen. Especially other liberals. Bad government is the enemy of all liberal programs.

[From the St. Louis Globe Democrat,
Oct. 17, 1975]

Is Muskie Getting the Message?

Sen. Edmund S. Muskie is not your ordinary liberal. He is, according to the yardsticks of Americans for Democratic Action, Mr. Liberal himself.

What Carl Yastrzemski is to the Red Sox, what Johnny Bench is to the Reds, Ed Muskie is to the ADA.

The ADA rates the gentleman from Maine 100 per cent. By comparison Missouri's two senators, Stuart Symington and Tom Eagleton, are a mere 71 per cent each in the esteem of the ADA.

It follows then that Sen. Muskie should be a welcome speaker at a dinner of the Liberal Party in New York last week. And that he was.

Muskie delivered an astonishing speech. In the past decade, Muskie said, "liberals have developed an ideology and state of mind that is narrow, unimaginative, and often irrelevant."

The Democrat from Maine put his finger on the Democratic Party Platform of 1972 as a classic example of what ails liberals.

"If you wanted to read it, it would take a while," he observed. "It runs about 50 pages, or nearly 15,000 words, and it reads like the catalogue of virtually every problem that we liberals think bothers the American people." The senator then cited some of the points in the platform and commented:

"The Democratic platform of 1972 represents to me the culmination of years of liberal neglect—of allowing a broadbased coalition to narrow—of progressively ignoring the real fears and aspirations of people—and of assuming we know best what the people need. For all the fine details we mustered then, and can muster today for political discussions, we still don't deal with the real issues."

Muskie then asked his liberal audience some provocative questions. Among them were:

"Do we really expect a majority of Americans to support national health insurance, when estimated costs range up to $100 billion a year?

"Do we really expect a majority of Americans to support wholesale tax reforms to eliminate loopholes, when such reforms in the past have only made the system more complex and failed to relieve the burden on middle-income people?

"Do we really expect a majority of Americans to support massive aid to cities in financial trouble—New York, especially—when their sentiments are to punish cities for overspending?

"Do we really expect a majority of Americans to support government mandates for equal opportunities for women and minorities, when it means losing hard-won seniority or the busing of their children?"

"In other words," Muskie asked, "do we really expect a majority of Americans to support more government programs—no matter how worthy—at a time when confidence in government is at an all-time low?"

Muskie gave an honest appraisal. "At this time, none of us could sincerely answer yes," he said.

Sounding like President Ford on his recent visit to St. Louis, Muskie ticked off objections to the vast super-structure of government. "We have a system of grants-in-aid that has over 1000 different programs, each with its own requirements, approach and money. In the health field alone, there are 228 different federal programs. It takes 10 different agencies to administer those 228 programs. There are 1240 federal advisory boards, committees, commissions and councils, run by more than 4000 federal employes."

The longer Muskie talked the better he got. Here are some more gems:

"Why can't liberals start hacking away at the regulatory bureaucracy where it keeps costs up and competition away?

"Why do we tolerate regulatory agencies which stifle innovation, restrict competition, bury businesses with needless paperwork, and cost the American consumer billions of dollars a year?"

One really must pause for breath to realize this isn't Ronald Reagan speaking. It's still Muskie:

"Why can't liberals, for another example, talk about fiscal responsibility and productivity without feeling uncomfortable?

"When Congress considered enactment of budget reform—which gave us the resources and procedures to discipline federal spending and establish priorities—some of the strongest opponents were liberals.

"When there is talk of cutting costs, making civil servants responsible for productivity, or just wondering why our federal budget is now almost $400 billion, you simply don't find liberals involved in the discussion.

"My basic question is this: Why can't liberals start raising hell about government so big, so complex, so expensive, and so unresponsive that it's dragging down every good program we've worked for?"

Whew!

Muskie could go on forever without any complaint from this quarter, but all good things must come to an end.

So how's this for an ending? Once again it's 100-proof Muskie:

"We must adopt government reform as our first priority—as an end in itself. We must recognize that an efficient government—well-managed, cost-effective, equitable, and responsible—is in itself a social good.

"We must do this secure in the conclusion that the first priority on efficient government is not a retreat from social goals, but simply a realization that without it, those goals are meaningless."

Nice going, Senator! All your liberal friends may turn a deaf ear to you. But if you put your votes where your mouth is, you will always be listened to respectfully by the conservative majority.

[From The Washington Star, Oct. 16, 1975]

Muskie: Why Can't Liberals Raise Cain About Big Government?

(By Martha Angle)

Can a certified Democratic liberal steeped in the traditions of free-spending government find peace of mind as a fiscal conservative?

"Why not?" says Sen. Edmund S. Muskie, D-Maine, three-term senator, erstwhile Democratic vice presidential nominee and recipient of a "perfect" rating last year from the liberal litmus testers, Americans for Democratic Action.

"Why can't liberals start raising hell about a government so big, so complex, so expensive and so unresponsive that it's dragging down every good program we've worked for?

"Why can't liberals talk about fiscal responsibility and productivity without feeling uncomfortable?

"We're in a rut," Muskie declared in a speech last week. "Our emotional stake in government is so great that we regard common-sense criticism of government almost as a personal attack."

As chairman of the fledgling Senate Budget Committee, Muskie is attempting to extricate himself from the "rut" and to drag his liberal colleagues with him to the high ground of fiscal realism.

In the 15 months since Congress created special House and Senate committees to carry out its complicated new budget process, Muskie has come to personify—on Capitol Hill, at least—a growing political skepticism among liberals about the approach that government can solve any problem simply by throwing enough dollars at it.

He has become an outspoken penny-pincher, a preacher of relative parsimony in a Senate only gradually adjusting itself to the politically painful demands of fiscal self-discipline.

In the process, Muskie has moved from the periphery of power in the Senate "club" to a position of unquestioned authority and clout.

"It's almost like he came back to life after losing everything in 1972," said one Democratic colleague. "He really enjoys the action, the leadership role this Budget Committee has given him. He's helped to spawn a major new institution, and he's done a tremendous job of it."

Time and again in recent months, Muskie has taken the Senate floor to announce that his committee has scrutinized a particular piece of legislation and found it unduly expensive.

With equal fervor, the budget chairman has tackled a massive military procurement bill, the sacrosanct school lunch program and a fat federal pay increase—warning that each measure would bust the budget ceiling targets which Congress itself adopted last spring.

Sen. Henry Bellmon, R-Okla., a staunch conservative who is the ranking GOP member of the budget panel, has joined Muskie in each floor fight, helping to forge a surprisingly effective coalition which has won every battle it has waged.

At the urging of this ideological "odd couple," the Senate rebuffed veteran Armed Services Chairman John C. Stennis, D-Miss., and sent the military procurement bill back to conference for further pruning.

Sen. George McGovern, D-S.D., chief sponsor of the school lunch and child nutrition bill, was so impressed by this initial Budget Committee victory that he voluntarily removed his bill from the calendar and took it back to conference for more cuts.

And the Senate heeded Muskie's warnings on the federal pay increase, voting to limit raises to 5 percent instead of the 8.66 percent boost recommended by a government panel and by the Post Office and Civil Service Committee.

Not surprisingly, the successes scored by the Muskie-Bellmon forces produced anguished screams from special interest groups at both ends of the political spectrum.

One pair of prominent conservative newspaper columnists, bemoaning the fate of the military procurement bill, claimed the entire budget reform process was a "shell game to fleece the Pentagon."

A council of liberal organizations, on the other hand, warned the "Muskie-Bellmon ploy to promote 'fiscal responsibility' will serve only to discourage needed initiatives in Congress to speed economic recovery."

Muskie was delighted to be drawing fire from both sides; as long as everybody was equally angry, he said, it was obvious the Budget Committee was on the right track.

"When I took this job, I knew I'd run into criticism," he said. "There is no way of trying to develop a discipline of this type without having people get restive under it.

"But I think we have got to face the fact that we cannot forever push for a bigger and bigger federal pie; I don't think unrestrained federal spending makes economic sense anymore, so what we are left with is a question of determining priorities."

Thus far, Muskie said, he has been pleasantly surprised at the acceptance the new budget process has gained in the Senate.

"I think a number of senators probably voted for this thing tongue-in-cheek," Muskie said. "They thought it was a cosmetic gesture, too complicated to work. I suspect many of them didn't really think we could effect changes in the Senate's existing habits."

There are, indeed, still some formidable pockets of resistance to the new process.

No one has been more upset by Muskie's budgetary muscle-flexing than Sen. John L. McClellan, D-Ark., aging chairman of the once-dominant Appropriations Committee.

Until the Budget Committee was established, Appropriations always had the greatest influence on federal spending.

Now Muskie has edged into the picture, looking over the Appropriations Committee's shoulder and alerting the Senate when McClellan's troops stray from the guidelines laid down in the first congressional budget resolution, which outlines various targets for spending this year.

McClellan has been doing a slow burn all year, sniping at Muskie repeatedly on the Senate floor and locking horns with him behind the scenes in jurisdictional disputes.

Muskie insists McClellan has nothing to fear from him. "If only he could bring himself to see the budget process as we see it, he wouldn't worry.

"We're not trying to take over the job of the Appropriations Committee. Our concern is with overall economic policy and priorities, not with line-item spending determinations," Muskie said.

Other Budget Committee members, although unwilling to be quoted by name, were less circumspect.

"There's no question that the powers-that-be on Appropriations and Finance expected to roll right over us," one Democrat on the committee said.

"They realized this budget process can only be meaningful if it supersedes them to some degree, as I think it has," he added.

There are still pitfalls down the road, this senator said, noting that Muskie has yet to tangle with Finance Chairman Russell Long, D-La., a master of internal power politics in the Senate.

Sooner or later, the Budget Committee is likely to differ with the Finance panel over taxation policy—and Muskie is sure to find Long a troublesome foe.

But Muskie has joined the big boys now. He has his own power base, and is well on his way to achieving a substantive mastery unmatched by any other member of the Senate.

Because the Budget Committee deals with overall spending priorities, its members have been forced to undergo a crash education in virtually every aspect of public policy, from economics to weapons systems, from oil prices to health insurance.

"It's a great school," Muskie said. "The educational process is enormously challenging. In another two or three years, there won't be anybody in the Senate who knows more about the way government operates than the members of this committee."

[From the Detroit Free Press, Oct, 16, 1975]

Glamour Years Obscure Where New Deal Left Us

(By Judd Arnett)

The headline in the Morning Friendly said, "Liberals Join Against Big Government," and from Sen. Edmund Muskie we had the following:

"Liberals must start raising hell about a government so big, so complex, so expensive and so unresponsive that it's dragging down every good program we've worked for. Why can't liberals start hacking away at the regulatory bureaucracy where it keeps costs up and competition away? Why can't liberals talk about fiscal responsibility and productivity without feeling uncomfortable?"

Well, as a liberal of sorts who has spent lo, these mays years in the doghouse, I will try to tell you why, Senator.

It all began with an historical fact which the historians have preferred to ignore—the New Deal never had an exact ending, happy or otherwise. Under normal circumstances, would Franklin D. Roosevelt have found the answers to unemployment and depression? World War II intervened and he became a martyr of it, as though he had lost his life on the battlefield.

Around martyrs we have a tendency to build myths, and thus FDR has come down to us as a leader who knew what he was doing. Because of the overall blur of history, it is very difficult to argue against this. He was a magnificent wartime commander and we might not have participated in victory without him.

But the problem now, as Sen. Muskie reminds us, is with the liberals and how they have drifted away from reality, and to answer it you still have to go back to the New Deal and Franklin D. Roosevelt without myths.

You begin with the glamour years, 1933–36. On the side of economics there were no myths in those days. The story of the Great Depression has never been told in excess. The country was on its knees, with the capitalists the most abject of the petitioners, and the Congress and the president could do little wrong. The "First 100 Days," as they are now celebrated, had few detractors. What was wrong with "throwing money at problems" when practically everything else had been tried to no avail?

But then you move on to the second phase of the New Deal and you begin to run into the blur of history. In 1937–38 we had a recession-within-a-depression even though the expenses of government had mounted and literally millions of citizens were on the federal payroll in one way or another. We had public works, and civilian conservation, and projects for artists, and grow-nothing money for farmers, and the dole for practically everyone not otherwise covered.

What would have happened had the second phase of the New Deal gone its full course? We will never know. All at once the war in Europe kicked up, we became the "arsenal of democracy," and we have been on a war economy ever since. We do not like to think of where we are in this sense, but it is the truth.

This brings us to the liberals and their lack of ability to "hack away at regulatory bureaucracy," to misquote Sen. Muskie only slightly. Why this shortsightedness, this affliction?

We return to the blurs and myths of history, to the first phase of the New Deal, the glamour years. For some strange reason the education of liberals has never gone much beyond this period. They have been left with the impression that Franklin D. Roosevelt met the Great Depression head-on and whipped it to a frazzle. When you tell them it didn't come out that way you become a traitor to the cause. The first phase of the New Deal has become their historical benchmark and they have consistently returned to it for the solutions to subsequent problems.

In no other science would you presume that what worked in 1933–36 is good enough for today, but that is the peg on which the liberal movement, which is supposed to deal with the science of government, has been dangling since 1945. That was when the war ended and people started asking *the* same old question: How do we eat? Back to Phase One. Harry Truman was pure New Deal and so were John Kennedy and Lyndon Johnson. And so is Gerald Ford, when he isn't pure Calvin Coolidge.

The liberals should have paid more attention to an earlier hero, Thomas Jefferson. He came home from France to join the first Washington administration as secretary of state and was immediately struck by how conservative the country had become. Forever after he was against high taxes, bureaucracy and public debt. Smart fellow.

SENATOR JOHN J. WILLIAMS HONORED

Mr. HANSEN. Mr. President, many in this Chamber, like myself, were privileged to serve in the Senate with John J. Williams of Delaware.

We recall with tremendous admiration and appreciation his effectiveness in insuring wise use of taxpayers' money, and in requiring of Government the highest degree of honesty and integrity. Senator Williams' retirement a few years ago followed a singularly remarkable and distinguished career in the Congress, and I, for one, have missed him greatly.

On October 12, the University of Delaware dedicated the new $4 million Harry L. Cannon Marine Studies Laboratory at Lewes, Del., and the high point of the ceremony was the conferring on Senator Williams of an honorary doctor of laws degree.

I am certain all who know Senator Williams join me in paying tribute to him, and in expressing appreciation for his contributions to good government.

Mr. President, I ask unanimous consent that two articles describing the ceremony at which Senator Williams received an honorary law degree be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Wilmington (Del.) Evening Journal, Oct. 13, 1975]

UD's Complex in Lewes Hailed as Marine Milestone

(By Nancy Kesler)

Lewes.—A brisk, autumn sea breeze provided appropriate accompaniment yesterday for the dedication of the University of Delaware's $4 million marine studies complex in Lewes.

The university combined the dedication with the conferring of honorary doctor of law degrees on former U.S. Sen. John J. Williams and Joseph A. Mendenhall, who has served as U.S. ambassador to the Malagasy Republic and director of the Agency for International Development in Laos.

The new facilities include the Cannon Marine Studies Laboratory and a 4½-acre research-vessel harbor with an operations building. The Cannon building is named for the late Harry L. Cannon of Bridgeville, a member of the university's board of trustees for 23 years.

Dr. William S. Gaither, dean of the university's College of Marine Studies, was master of ceremonies at the dedication, attended by more than 600.

He called the dedication an "important milestone" in efforts to provide a nationally-recognized marine institute to deal "with the complex people-related problems of the coastal zone and Continental Shelf."

The Lewes facility is one of the few in the nation giving major emphasis to coastal problems as opposed to deep ocean research.

Dr. Robert B. Abel, director of the national Sea Grant program, which has helped fund the unversity's marine studies, had praise for Gaither and the program. He said, "There is no other university in the country that has moved so far so fast as the University of Delaware."

He also said no state in the nation has contributed more per capita in matching funds for Sea Grant than Delaware.

The Lewes complex is on a 387-acre campus at the northern end of Pilottown Road. The Cannon lab overlooks salt marshes at the site where Dutch settlers established the first European community in Delaware.

Additional facilities are planned as part of a five-year building program now completing its first year.

The college is involved in teaching, research and service activities both in Lewes and Newark. There are more than 70 students working toward graduate-level degrees.

Among the topics under study are development of a closed-cycle mariculture system for raising oysters and clams; development of salt-tolerant plants which can be used for food; prediction of tides and waves in the coastal environment, and the impact of exploiting oil and gas resources off the Delaware coast.

Part of the campus at Lewes has been set aside for marine-related governmental research facilities and industrial development. The combination of university, government and industrial development is expected to have a significant impact on Lewes, which for many years has not expanded its tax base or created new jobs.

In the degree ceremonies, Williams was of fiscal matters and public ethics. He is now a resident of Millsboro.

Mendenhall, a career foreign service officer now retired, is the only University of Delaware graduate to serve as a U.S. ambassador in this century.

[From the Delaware Coast Press, Oct. 16, 1975]

Lewes Center Dedicated—Over 500 Attend Ceremonies at College

The University of Delaware dedicated its new $4 million marine studies complex in Lewes during a public ceremony last Sunday and conferred honorary doctor of laws degrees on Delawarean John J. Williams, a retired U.S. Senator and Joseph A. Mendenhall, a University of Delaware graduate.

The new facilities include a 4½-acre research vessel harbor, an 8,000-square-foot operations building and a 38,000-square-foot laboratory, called the Harry L. Cannon Marine Studies Laboratory, in honor of the late Harry L. Cannon, a member of the university Board of Trustees for 23 years. Mr. Cannon was a native of Bridgeville.

Dr. William S. Gaither, dean of the university's College of Marine Studies, presided at the dedication, which took place outdoors on a brisk fall day.

Also participating in the exercises were Delaware Gov. Sherman W. Tribbitt; Dr. Robert B. Abel, director of the National Sea Grant Program; Dr. Samuel Lenher, chairperson of the University's Board of Trustees; and Dr. E. A. Trabant, president of the University.

"This dedication is an important milestone in the history of the university's marine program development," Dr. Gaither said.

"The university's efforts to provide the state, the region and the nation with a nationally recognized marine institution to deal with the complex people-related problems of the coastal zone and continental shelf depend on top-notch facilities," he continued, "and, in that respect, I think we've come a long way since the first marine field station was established in Lewes nearly 25 years ago."

Dr. Gaither added that he considered Lewes "a fine home town for the College of Marine Studies."

Gov. Tribbitt, in a brief talk before the crowd of about 500 people, called the dedication of the new marine studies complex "one of the truly outstanding events during my administration," and concluded that "it would seem that progress is on the march here in Delaware.

Dr. Abel had high praise for Gaither and the university also, saying, "there is no other university in the country that has moved so far so fast as the University of Delaware" in developing marine research facilities.

Dr. Abel added, "there is not a dollar in these United States that we are prouder of having spent" for the Sea Grant Program, than those spent at the University of Delaware.

Receiving honorary doctor of laws degrees were the Hon. Joseph A. Mendenhall, former U.S. ambassador to the Malagasy Republic, and the Hon. John J. Williams, a Sussex countian and former U.S. senator from Delaware. Dr. Trabant conferred both degrees.

Following the dedication and conferral ceremonies, a reception was held in the Cannon Laboratory to honor members of the Cannon family and the two degree recipients. Tours of the facilities were given following the reception.

FEDERAL GUARANTEE OF NEW YORK CITY BONDS NEEDED IMMEDIATELY

Mr. HUMPHREY. Mr. President, the report this morning by "a high administration official" that President Ford would sign legislation to ease New York's fiscal crisis is encouraging news—although it comes very late.

I am hopeful that he now will at least give consideration to legislation I have introduced to provide a simple and reasonable mechanism for averting municipal defaults and bankruptcies and the serious consequences that would ensue.

Designated the Emergency Intergovernmental Assistance Act, my legislation is simple so that it can be implemented quickly to meet the immediate crisis. Yet the requirements that it imposes are sufficiently stringent that only the worst cases will apply and qualify.

The bill also meets the President's criteria that any legislation to ease New York's fiscal crisis contain "stringent restrictions."

I discussed this subject—which is of great concern to all of the cities of our country—with three Washington newsmen on Mutual News' Reporters Roundup. It was broadcast on October 18.

The reporters were Martin Tolchin of the New York Times and Frank Wright of the Minneapolis Tribune. Robert F. Hurleigh of Mutual News moderated the program.

During that discussion I indicated that if something is not done and done soon, it will cost every taxpayer in America a very substantial amount.

For example, a 1-percent increase in the interest rate of municipal bonds now on the open market would cost taxpayers from $2 to $3 billion. And this increase is likely to occur as a ripple effect, resulting from New York City's situation, causing a loss of confidence in these securities all across the Nation.

As I emphasized on this program, timing is of the utmost importance. Therefore, I hope this morning's development means that we can now expect the President and Secretary of the Treasury to respond to the New York City crisis situation and help avert the severe national and international economic repercussions that would occur should the largest city in our Nation default on its debts.

Mr. President, I ask unanimous consent that the transcript of this Mutual News broadcast be printed in the Record.

There being no objection, the transcript was ordered to be printed in the Record, as follows:

Transcript of Mutual News Broadcast

Hurleigh. Mr. Tolchin, will you take the first question, please?

Tolchin. Yes, Senator, you are a strong advocate of some sort of Federal intervention to ease New York City's fiscal crisis. What do you think is the likelihood that Congress will take such action?

Humphrey. I think it's more likely now. I can't safely predict that it will happen, but there has been a rising sentiment of support for some action on the part of the Congress. It is not to be, however, termed "a bail-out," but rather as a bridge between the current situation in New York City and a time when New York City can turn to the market for its bonds and its securities.

Tolchin. When you say "more likely," do you mean it's more likely now than it was, say, two months ago, or it's more likely than not to happen?

Humphrey. No, I think it's more likely to happen. What we need, however, is some support from the President and the Secretary of the Treasury, and it's about time that the President and the Secretary of the Treasury realized that New York City is a very important metropolitan area in this country of ours. It's a financial center; it's an international center. It would be a blight upon the good name of the United States of America to have New York City default on its securities and its bonds.

Tolchin. Just along those lines, as a former Vice President, what do you think was the likelihood that Mr. Rockefeller was speaking for himself when he came out last week for some sort of Federal action to help New York?

Humphrey. I believe he was speaking for

himself, and like other Vice Presidents who have spoken up for themselves on occasion, he has been swatted down, so to speak. He's been criticized by the spokesman of the President—by Mr. Nessen, the Press Secretary—and obviously the Administration has not rallied to his position. I was hoping that Mr. Rockefeller was floating a trial balloon, so to speak, to see what the public reaction would be. But I understand that the President and the Administration are still opposed to any type of financial assistance to New York City.

TOLCHIN. Do you think he made that remark without any consultation with the President?

HUMPHREY. I'm afraid he did. Well, I shouldn't say "afraid" he did; I believe that he did.

I would have hoped that he might have consulted with the President. But let me get it clear before we go one minute further. There is no gift being made to New York City. No one is contemplating a handout to New York City. As a matter of fact, every proposal that we've advanced in the Congress, of assistance to New York City, requires that New York City take unbelievably tough steps to put its house in order; that it will have to come under the general supervision of State government; that the State government will have to be responsible for monitoring all of the fiscal operations of the city. All we're simply saying is that the Federal Government could guarantee taxable—and I repeat, taxable—notes and bonds of New York City, thereby removing New York City from the so-called tax-exempt municipal market and leaving that tax-exempt municipal market to other cities, lowering their tax rates, lowering their interest rates on municipal bonds. New York City deserves this kind of limited help from the Federal Government.

HURLEIGH. Well, Senator, would not this, in a way, avoid the claim of some people throughout the United States—your own State, for instance, might feel—the people of your State might feel that our taxes should not be used as a "bail-out" of New York; and Mississippi, Louisiana, all other States—people in those States—might feel the same way. You're suggesting that in the ultimate, then, and in the final analysis, after all things are taken into consideration, it would not cost the individual taxpayer of the country anything from his taxes at the moment.

HUMPHREY. Well, let me say that if something isn't done, it will cost every taxpayer in America a very substantial amount. There are over two hundred billion dollars worth of municipal bonds out on the open market now, and a one percent increase in the interest rate on those municipal bonds would cost the taxpayers between $2 and $3 billion dollars, right out of their pocket. Already, the fact that New York is in trouble has raised the bond rates, all across the country. Cities that were borrowing at considerably less interest rate are now paying a higher interest rate. So the guarantee that we're talking about—which does not mean that the government puts in to loan; it simply guarantees the bonds and the securities—that guarantee will cost the taxpayers little or nothing unless New York were to default. And, of course, before the guarantee goes on, there has to be a balanced budget in the City; the State government has to take responsibility for making sure that the bonds will be paid, and under the bill that I propose, if the State government fails in that responsibility, it will lose its revenue-sharing funds from the Federal Government. So there's a very severe penalty.

I had a letter, speaking of that, from the Mayor of Minneapolis—as you know, there's a number of Mayors that have been down here to testify, none of them particularly in love with New York City, as such; we're not talking about New York City: we're talking about the United States of America; we're talking about the American Government's position in world economics—but let me quote to you what the Mayor—Mr. Albert J. Hofstede, Mayor of Minneapolis—had to say to me, and I just quote one paragraph. "Therefore," he says, "the problems of New York City are unique. They reflect a need for fundamental changes in the financing of local government. If we fail to take decisive action to assist New York in solving its current crisis, the shock waves will be felt directly all the way to Minneapolis and beyond." Now, here is a young man that's Mayor of a city that has a very good rating in its bonds; I think we're triple-A rating there. But even triple-A rating cities—that is, the best rating that you can get in the bond market—those bonds are going up in cost to the taxpayer. In other words, the interest rate is going up. So let me join Helmut Schmidt, the Chancellor of the Federal Republic of Germany, who when he was here said that if New York were to default or if it were to go bankrupt, that it would have serious international economic repercussions. And many of our leading bankers, as you now know, have stated that it would be a very serious matter to the financial structure of the United States—the banking system itself—if the New York City bonds were to be in default. Also, you must remember now, New York State is involved: New York State had had to come in to help out, so that New York State financing is likewise involved. This is no little chicken-house operation. What we're talking about here is something that is basic and fundamental to economic solvency in this country, and to the banking structure of this country, and to the bond market for municipalities.

WRIGHT. Senator, last week I was sitting in on a session with you, and your attitude at that point seemed to be much, much more pessimistic about the likelihood that Congress would do anything, in a timely fashion, about coming to the aid of New York City. What seems to have changed your mind in the meantime?

HUMPHREY. Well, I believe that there is a growing appreciation of the very serious nature of the New York City situation. Likewise, there have been hearings before the Banking Committee of the Senate; Senator Proxmire's been holding those hearings. I've talked to a number of my colleagues; there seems to be a more friendly response. But I have been cautious in what I've said today: I said it is more likely that there can be assistance; but I don't think it's anywhere guaranteed. Frankly, for this kind of assistance to be forthcoming in a timely manner—and time means everything—I think it's going to require a turnaround on the part of the Administration.

And I make an appeal to the President and the Secretary of the Treasury to be as generous with New York City in loan guarantees as we are to countries all around the world. My gracious, we're talking about economic assistance to countries throughout the world where we give them loan guarantees and developmental loans on terms that New York City would never get, or any other American city. This isn't a political matter any more. This is a matter of sound economics. We simply cannot afford, as a country, to have this great City go into default or into bankruptcy. It isn't just a matter of the pride of New Yorkers: it goes, as my Mayor of Minneapolis said, the rippling effect is felt clear out into the Midwest. And when you have the Mayors of California cities and from the South—from Baton Rouge—and from the North—Detroit—and all around this country, coming in and saying that if New York defaults, it will throw their cities into a financial crisis, I think it's time for the Government of the United States to respond—and respond promptly and affirmatively.

WRIGHT. I've also heard you say that you think that, in your own judgment, President Ford might be getting some political capital, nationally, out of his opposition to the Federal Government doing anything for New York, based largely on your point that not everybody in the country loves the City of New York. Would you think that would be true on the streets of Minneapolis, for example, where people see their own property taxes beginning to rise again, after getting some temporary relief?

HUMPHREY. Yes, I think it is a fact, as I've said, I believe, in your presence, that aid to New York City, even in the form of a guaranteed, taxable bond, which does not mean an outlay on the part of the Federal Government at all, that is not popular. But there are decisions that have to be made that are not popular. It wasn't popular out in Minnesota to bail out—and that was a bail-out of Penn Central; it wasn't popular, but it was necessary. I don't think it was popular for the Federal Reserve System to take care of the Franklin National Bank. I'm sure that if you'd ask the people out in Minnesota or any other State, "Do you think that the Federal Reserve System ought to bail out Franklin National Bank?", they would have said, "Well, if they've made mistakes, let them suffer the consequences." But the Chairman of the Federal Reserve System made it clear that while he had no particular love for Franklin National and didn't approve of their management methods, that were Franklin National to have gone down the drain, that it would have had a disastrous effect upon the banking structure of this country. So what some of us have to do that study issues like this is to vote what we believe is right.

But, again, if you want to play the politics of it, the politics is to condemn New York; to say that it's been a profligate spender; to say that it's been poorly managed; to say all the things that many people know even in part is true. But after that's all said and done, the fact is you've got to do something. It's like a person that has abused his body—

HURLEIGH. The prodigal son.

HUMPHREY. Yes. And there comes a time when you simply have to say, "Well, for the good of all, we're going to step in here now." Now, again I want to repeat, there is very little likelihood—I think the chances would be one in a thousand that New York will not be able to work its way out of this if it can get a government guarantee on its bonds. It will be able to come out, because the program that we are advancing—and I'm one of those that's involved—is a very strict program of fiscal responsibility, sharp cuts in the budget, balanced budget; the State government taking over the responsibility of the control of the City finances, and if the State government in any way fails in that responsibility, it loses its revenue-sharing from the Federal Government. I think those are tough conditions. Very few borrowers—

HURLEIGH. They are the punitive conditions—

HUMPHREY. They are almost punitive, yes.

HURLEIGH. Right. Mr. Tolchin?

TOCHIN. Senator, if helping New York is such an unpopular issue, why are almost all of the Democratic Presidential candidates and prospective candidates—possible candidates—why have they all taken such a strong position in favor of this aid?

HUMPHREY. Well, first of all, I believe that the men that you're talking of are people that have a comprehension of the economic consequences of default or bankruptcy. They understand the issue, because they are people that have worked hard in Congress. Secondly, all of them, or most of them, will be in the New York Democratic primary; and I think that obviously has some interest to them. However, even in New York State itself, there are areas, I'm sure, in upstate New York where they're not particularly anxious to jump in and help New York City. I was Mayor of Minneapolis and I know that many times out in the rural countryside, one of the most popular things you could do was to be against Minneapolis. But we finally were able to get people to understand that we're all one community. And in this instance, we have to undersand that New York City, as the financial capital of the world, the port of entry to the United States, with unique problems—not of its own making, by the way, because of its welfare costs which the City has to bear; there's only one other city in America that has to do that, and that's Denver, Colorado—there are unique circumstances in New York, even with its bad management, that have completed, that have brought about this condition.

And what we need to do now is quit spanking the bad boy and start rebuilding the quality and the character of the City, and this gives us the opportunity to do it under the guaranteed loan program.

Wright. Senator, to get back to the question of timing for a minute, if I'm correct, some of the payments on some of these bonds are going to start coming due within the very, very near future, possibly just a few weeks—at least with some of the initial payments. How soon would you think that Congress might be in a position to act, if it's going to act at all? Will there be some defaulting before the Federal Government is able to act if it decides to act?

Humphrey. Timing is of the utmost importance, and I'm not at all sure that the Congress is going to act in time. I wish I could give you a more positive report, but I do think one thing could happen. Number one, a concurrent resolution, or a joint resolution, could be passed, stating that the Congress will act, which would in a sense firm-up the market for the City. Secondly, we can act between now and, let's say, the first of December. There's no doubt about that, and I think we can act between now and the middle of November. I think there's sufficient time; that's an adequate amount of time to process even a difficult piece of legislation such as this. Then I think you also have to keep in mind that in the first three months of 1976, New York City will have to borrow approximately a billion dollars in those first three months in anticipation of revenues that will come in later on in the year, and just in what we call a legitimate cash-flow problem. Now, she won't be able to borrow that billion dollars if she goes into default. And that'll simply mean that all of the municipal services would have to be stopped. Now, you and I know that that can't happen.

Hurleigh. Can't be allowed to happen.

Humphrey. Well, it cannot be allowed to happen, So, why don't we just settle down, as a Government, and face the music? If New York defaults on its bonds between now and December, it'll never be able to go into the market and borrow a billion dollars for its normal cash-flow problems between January and March. And that will mean that the garbage will not be collected, the police will have to be laid off, the firemen will have to be laid off; the municipal services will come to a halt. Now you can't let that happen. It would be impossible to permit that to happen. That would be as if a foreign enemy had conquered and occupied the City of New York. We can't let that happen; and it isn't going to happen, and this is why I appeal to the President and to the Secretary of the Treasury to be sensible about this thing and to come to us with whatever kind of proposal they want to—as tough as they want to make it—but the important thing is to be as considerate of New York City as they were of Lockheed or as they were of Penn Central.

Hurleigh. I'm sorry, gentlemen, our time is up. Our thanks to Senator Hubert H. Humphrey, Democrat of Minnesota, for being our guest on Reporters Roundup. Our thanks, too, to our reporters, Martin Tolchin, Washington Correspondent for the New York Times, and Frank Wright, Chief of the Washington Bureau of the Minneapolis Tribune. I'll tell you of next week's guest in just one minute.

THE SIXTH GAME OF THE WORLD SERIES BETWEEN THE BOSTON RED SOX AND THE CINCINNATI REDS

Mr. BROOKE. Mr. President, I was privileged to be Commissioner Bowie Kuhn's guest at the sixth game of the World Series played last night and early this morning at old Fenway Park in Boston.

The game truly had everything: suspense, nostalgia, emotion, and incomparable baseball.

One of our outstanding sportswriters, Ray Fitzgerald of the Boston Globe, called it "the best game ever" and suggested that we call the seventh game off and let the World Series stand at three games for the Cincinnati Reds and three games for the Boston Red Sox.

Well, Mr. President, Ray Fitzgerald has a point. But there must be a world champion. And with all due respect to the great Cincinnati Reds team, it must be the Boston Red Sox.

For, Mr. President, the Boston Red Sox are truly "the incredible team."

I ask unanimous consent that Ray Fitzgerald's article, "The Best Game Ever," be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

The Best Game Ever!

(By Ray Fitzgerald)

Call it off. Call the seventh game off. Let the World Series stand this way, three games for the Cincinnati Reds and three for the Boston Red Sox.

How can there be a topper for what went on last night and early this morning in a ballyard gone mad, madder and maddest while watching, well, the most exciting game of baseball I have ever seen.

But maybe my opinion doesn't count. I've only seen a thousand or so baseball games. Reds manager Sparky Anderson has been to a billion and he said when it was over, "I've never seen a better one."

It was a game with a hundred climaxes. Fred Lynn hit a three-run homer and the Red Sox were cruising. Easy stuff, take Luis Tiant out suggested the sages, and save him for the seventh game.

But then opportunities went sliding down the river—bases left loaded, two men on and no out and no production, things like that, and you could feel it slipping away, into the batbag of the Big Red Machine.

And then the magic began to disappear from Louis Tiant's wand, that seemingly tireless right arm that had been snaking the baseball past the Reds for so many innings.

Snap, crackle and pop and there were the Reds ahead, 5–3, and King Tut's tomb couldn't have been more silent than Fenway Park as Tiant began the eighth.

Why he was allowed to start the inning was a mystery, because it was obvious he had tired badly in the seventh. Maybe Darrell Johnson wanted him to get a final Fenway ovation.

If so, it cost the Red Sox, because Cesar Geronimo hit Tiant's first pitch into the right field stands to make it 6–3.

And in the skyview seats, the sporting bards of America began typing the obituaries, like this:

"Death, as it must to all teams, came to the Boston Red Sox last night at 11:16 p.m. when Rawly Eastwick the 3d . . ."

Or,

"The powerful Cincinnati Reds, stretched to the limit by the tenacious Boston Red Sox, captured their first World Championship since . . ."

Or,

"Time ran out for the marvelous Luis Tiant tonight as . . ."

Ah, yes, there were deadlines to make, so why not get the story started, because Bernie Carbo was at the plate and barely able to get his bat on Eastwick's pitches.

With the count two and two, Carbo was about to let a pitch go past when suddenly he saw the ball dipping into the strike zone. Carbo chopped at it like a man cutting sugar cane, barely fouling it off. The patient was still breathing. But the 35,205 relatives were gathered at the bedside and saw no hope. It was all over, as the saying goes, but the shouting.

Ah, yes, the shouting. The screaming, the dancing, the ab-so-lute bedlam as Carbo hit the next pitch into the center field seats for the game-tying home run.

I sat in on the Bill Mazeroski home run that won the 1960 World Series for the Pirates, and that has always been, for me, No. 1 among great baseball games played under great pressure. Excitement pyramided in that one to where you didn't think there could possibly be any more.

Now, the Mazeroski game is No. 2. Last night was a Picasso of a baseball game, a Beethoven symphony played on a patch of grass in Boston's Back Bay.

Here's the kind of game it was. The Globe's Bud Collins was assigned to do a piece on the game's hero. At the end of the 11th inning, he said "I've already crossed off 19 heroes. Maybe they should play a tie-breaker, like tennis."

Or listen to Pete Rose, who said to Carlton Fisk in the 10th, "This is some kind of game, isn't it?", and later in the dressing room, "This was the greatest game in World Series history and I'm just proud to have played in it. If this ain't the National Pastime, tell me what is."

Rose videotapes each game so he can sit back and watch them later. He was a loser in this one, but he is the sort of competitor who can admire such things as Dwight Evans's catch off Joe Morgan in the 11th that saved the game.

Sparky Anderson called the catch "the greatest I've ever seen. You won't see them any better."

The drama piled up like cordwood. Lynn's titanic home, the Reds' comeback, Lynn slumped against the fence after crashing into it trying for Ken Griffey's triple, the Carbo homer, the Reds escaping a bases-loaded none-out situation in the ninth, the Evans catch, and finally, Fisk's game-winning homer.

As Fisk came around the bases, fans poured out onto the field and he had to dodge them on his way home.

"I straight armed somebody and kicked 'em out of the way and touched every little white thing I saw," he said.

At 12:34 it was over, but the people stayed.

John Kiley played "Give Me Some Men Who Are Stout-Hearted Men" and the fans sang along. He played the Beer Barrel Polka and Seventy-Six Trombones and they sang some more.

Next to me, Peter Gammons began to write. "What was the final score?" he asked. In such a game, numbers didn't seem to mean much.

SENATOR HUMPHREY'S STRENGTHS

Mr. MONDALE. Mr. President, as the 1976 Presidential election approaches, we in the Democratic Party are focusing more and more attention on the need for a unified party to recapture the White House. We have seen the legacy of disunity for the past 7 years, and I believe we now realize the crying need for a return to progressive government.

In my opinion, no one in our party could better lead this effort next year than the distinguished Senator from Minnesota (Mr. Humphrey). Hubert Humphrey represents all that is best in the Democratic tradition—a compassion for people, a respect for the law, a faith in America, and a desire to make Government work again. He is a man loved by the American people, and respected by people throughout the world. And though he has stated that he will not actively seek the nomination, more and more thoughtful observers across the country are looking to him as the man who can most effectively lead the Democratic Party to victory.

Mr. President, a recent column by James Reston outlined effectively the reasons for this surge of support for Senator Humphrey. I ask unanimous consent that this column be printed in the Record.

There being no objection, the column was ordered to be printed in the Record, as follows:

Humphrey's Strengths

(By James Reston)

Washington.—The idea is gradually but definitely getting around this town that Hubert Humphrey is going to be the Democratic Party's nominee for president in 1976. Not so long ago, nobody expected it, including Humphrey himself. And a lot of people closest and dearest to him, including his wife Muriel, opposed it. But, for a variety of reasons, it won't go away.

The Democrats have always thought of themselves as the young party of the future, and after President Eisenhower, they bet on the rising generation. But after the murder of John Kennedy, presidential power reverted to the older generation of Johnson and Nixon, and none of the candidates in their 40s and 50s has captured the imagination of the country.

This does not quite explain, however, the slow but steady drift of opinion by the Democratic Party power centers toward Humphrey. They could have gone to Ed Muskie of Maine, or Walter Mondale of Minnesota, or Henry Jackson of Washington, or, if they had been bold enough, to their young governors—Brown of California, Askew of Minnesota, among others.

But when Nixon chose Gerald Ford as his vice president rather than younger men like Elliot Richardson, and when President Ford nominated Nelson Rockefeller as his vice president rather than George Bush or Donald Rumsfeld, the younger men on his "short list," the struggle for the presidency in 1976 became primarily an old man's race.

In any competition between candidates in their 60s, Humphrey was bound to come to the fore. Like President Ford, he was elected to Congress in 1948. But nobody in the race now has been more involved or more creative in the political struggles of the last generation, at home or abroad, than the senator from Minnesota, and none of them has more respect and fewer enemies in both parties.

Humphrey is almost everybody's second choice for the Democratic nomination, but since there is no younger popular first choice, except maybe Sen. Edward Kennedy of Massachusetts, who is not available, he is emerging as the least unacceptable candidate. On more positive grounds, if you could take a private poll in Congress on the person now in the race most qualified by experience, character, ability and personality to be president, Humphrey would undoubtedly lead the list by a wide margin.

Even if the question were put to the leaders of the present administration, including Ford and members of the Cabinet or to the leaders of the Civil Service or the Foreign Service, the answer would probably be the same. Nobody around here is very happy with the question, but given the likely alternatives, Humphrey has even more private support than public support in the rest of the country.

The reasons for this are fairly obvious. There is no present issue of domestic or foreign policy that has not engaged his interest over the last 25 years. He is still a "big-government" man, who believes that the federal government must solve all our problems as a last resort, and this troubles even many of those who like him most. But he knows every card in the deck in this city, and he is still the most engaging personality and the best public speaker of the lot.

The fact that he is even in the running now is more surprising to him than to his detractors, who are many. For he was very ill last year and wondered whether he could save his life, let alone even think about the presidency. The irony of it is not that he has recovered his health, but that he has made so much progress by giving up and leaving everything to chance.

Humphrey has been a fighter all his life. He struggled desperately for the presidency in 1968, with Lyndon Johnson on his back, and barely lost to Nixon, when he was abandoned over Vietnam by many of his liberal friends. But after a spell of grieving at Macalester College, where his students more than anybody else made him forget the past, he has come back to the Senate and played the role of mediator and elder statesman.

It may sound corny in these cynical days, but it is literally true that Humphrey has come to terms with life and is no longer conniving for the presidency. It would be wrong to say that he is beyond ambition and wouldn't want to be drafted, but he won't feel amputated, as he did after his loss to Nixon, if he doesn't get it, and this, really, is his strength.

For the more the others run, the more the people seem to turn to men who don't run, and Humphrey will be there at the convention in Madison Square Garden in New York if his party wants him. He is our modern "happy warrior," probably the best candidate the Democrats have to argue for their return to the White House.

THE PRESERVATION OF AMERICAN IDEALS THROUGH RATIFICATION OF THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, next year the United States will celebrate its 200th anniversary as a republic. Our Nation was founded as a tower of freedom, demonstrating to all men that it is possible always to preserve the basic dignities of man. As Americans, we cherish the human rights guaranteed us in our Constitution. With a foundation of such basic goals, why should it be necessary for me to rise in this Chamber every day to urge and prod you to endorse these same ideals as they are embodied in the Genocide Convention?

During the past 200 years our Government has striven by every peaceful means at its disposal to secure a nation of ideals. These ideals—yours and mine, the ideals of almost every American citizen—these are high ideals of peace, freedom, and human rights.

Of course we cannot force these ideals on any other country, but we can certainly try to influence through example. We live in an age of communication. We know how the peoples of all countries look and sound. This is an age where every action in some way affects the actions of other peoples.

When the United States acts, it does not act behind soundproof walls. The eye of television sees all; the ear of radio hears all. Every sound is translated into every language and transported into every nation of the world. There are newspapers, television, radio, news films, and photographs. Reports from our country are distributed to every nation. The attention of hundreds of thousands of people abroad are daily drawn to the actions of our Nation.

By the Senate ratification of the Genocide Convention we have an opportunity to communicate to the peoples of every nation in the world that the United States still supports the basic democratic tenets of human rights upon which it was founded. Let us act now.

REGULATORY REFORM: THE ADMINISTRATION'S APPROACH

Mr. FANNIN. Mr. President, one of the speakers at the recent Conference on Regulatory Reform, jointly sponsored by the American Enterprise Institute for Public Policy Research and the Hoover Institution, was a member of the President's Council of Economic Advisors, Dr. Paul MacAvoy.

A former professor at MIT, Yale, and the University of Chicago, Dr. MacAvoy is a leading authority on the subject of regulation, having written numerous scholarly works on the subject, including a recent book published by AEI on the regulation-induced natural gas shortage. I strongly recommend this excellent AEI publication to my colleagues for their consideration as we debate the subject of natural gas deregulation.

In his prepared remarks, Dr. MacAvoy discussed the deregulation policies and programs being pursued by the Ford administration. As one who strongly supports regulatory reform and is working on legislative proposals toward that end, I am pleased by the President's initiative on this important issue. I attended the White House Regulatory Reform Conference with Members of Congress, and heard the President stress then the need for positive efforts on the part of all agencies of the Federal Government, including executive branch departments, to improve the efficiency of the regulatory process. The President has since called on the heads of the independent agencies to identify the costs and benefits of current and proposed regulations, to reduce backlogs and delays in regulatory proceedings and to reexamine procedures to insure that consumer interests prevail.

In recent appearances around the country, the President has been emphasizing his administration's commitment to regulatory reform. As is well known to my colleagues particularly to those Presidential aspirants in Congress, the President has received enthusiastic responses from audiences everywhere for advocating a crackdown on the big brother bureaucrats and an overhaul of the Government's regulatory system. It is, therefore, gratifying to know that the White House is following its rhetoric with positive legislative proposals for reform.

According to Paul MacAvoy, the Ford administration has settled on an overall approach to regulation which it considers the most politically attainable. Rather than reform through repeal of regulations, or total deregulation, by congressional enactment, or reform through internal administrative and procedural changes, by the regulatory agencies themselves, the administration has opted for legislative reform, by proposing specific statutory changes of existing regulatory agencies and practices.

While I do not quarrel with the administration's rationale on this matter, I do regret that the administration strategists appear to discount the viability of a total deregulation approach. Comprehensive and meaningful reform is unlikely when undertaken by the regulators who tend to resist change and challenges to their own authority and security. Of course, internal administrative changes, such as the increased use of inflation impact statements and cost-benefit analyses of regulatory actions, should improve the operations of the regulatory commissions. It is also true that a gradual approach to reform, which will accommodate some compromise, has a better chance of attracting broad congressional support than total deregulation.

Nevertheless, it seems to me that proposals to abolish unneeded and outmoded agencies and to repeal wasteful and costly regulations would prove extremely popular. A firm commitment to genuine, thorough reform on the part of the White House would demonstrate to Congress and the bureaucracy that the President means business when he talks about regulatory reform. Judging from my mail and the polls I have seen, I think this is what the American people want to hear from their political leaders as far as Government regulation is concerned. Certainly, the Democratic majority in this Congress would be reluctant to abolish outright those agencies and regulations that they helped to create over the years.

They are also unlikely to take steps to decontrol the very businesses which they have long been making scapegoats for our economic and social ills. However, I have always believed it good political strategy to fight for more than you can get, knowing that, with commitment and compromise, you might get more than you expected down the road.

I tend to agree with one of the questioners who told Paul MacAvoy:

> Half measures concerning regulation are something which remind me of the character of Dostoevski in the Brothers Karamazov. When the devil came to visit him, the devil always used the arguments which this man had once believed in a decade or so before. . . . Regulation . . . deserves W. S. Gilbert's description of the House of Peers, an institution insusceptible of any improvement whatsoever . . . The Administration ought to be devoting itself to trying to get rid of it rather than half-measures . . . The appropriate policy is to get rid of the Interstate Commerce Commission completely rather than get rid of its anti-trust exemptions.

Nevertheless, I am pleased that the Federal administration is seeking reforms which are aimed at increasing business competition while minimizing the adverse adjustment impact on the industries affected. The White House is zeroing in on such targets as the Interstate Commerce Commission, the Civil Aeronautics Board, the Federal Power Commission and the Fair Trades Laws. By providing regulated industry with increased pricing flexibility and gradually liberalized entry controls, the administration's reform plan is designed to stimulate the economy and help consumers. If this approach can do away with the prevalent regulatory practices of fixing minimum prices, stifling competition and encouraging concentration in certain industries and markets, then I am all for it. I look forward to studying the President's specific legislative measures for regulatory reform as they are presented to the Congress.

Mr. President, I ask unanimous consent that the full text of Dr. Paul MacAvoy's September 10 speech on regulatory reform, together with the question-and-answer session with the audience, be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Regulatory Reform

Dr. MacAvoy. I haven't come here to tell you about the too many books and articles that I have published, but, rather, to discuss with you the regulatory reform movement in the Administration.

There is such a movement. You may have difficulty perceiving it, which reminds me of a story that is true, and I will try to repeat it word for word because it occurred at a Cabinet meeting three weeks ago—no, it was six weeks ago—when Secretary Dunlop explained to the President, in Dunlopian tones, that it appeared as if the arrangements with—or, the bargaining and negotiations with the postal workers had broken down, and then he said, "Mr. President, it appears to me as if there's a good chance that postal service will cease on Monday," at which point, Secretary Butz said, "How could you tell?" [Laughter.]

There is a regulatory reform movement in Washington. I hope that, by the end of my remarks, you will be able to tell that it exists.

The Administration has indicated through substantial commitments of my scarce labor and capital as well as that of at least 10 people in the audience—who came here to fill it out to make sure that it looked well attended—that we are embarked on a pervasive program of regulatory reform.

Today, I'd like to address myself to three general questions concerning our current efforts: What are we doing? Why are we doing it? And why are we doing it now?

Let me start with the last question first.

As you all know so well, for decades, economists have been decrying the effects of economic regulation on the efficiency of the market economy. Countless articles, numerous commissions and many conferences, have analyzed, criticized and recommended fundamental change in regulations.

As far as public policy has been concerned, however, this activity has produced no significant change. Yet now we find ourselves in a situation in which decidedly pro-competitive regulatory reform legislation has been enacted, with regard to the securities industry, and has been introduced—or will very soon be introduced—to reform such traditional targets as the Interstate Commerce Commission, the Civil Aeronautics Board, the Federal Power Commission and the Fair Trade Laws.

Recently, several events and conditions have done more than economic research to heighten public interest in regulatory reform.

The inflation of the last few years has prompted serious political concern with the causes and cures of substantial price increases.

It is not at all apparent—to me, at least—that micro economic regulation is a major cause of inflation, but a heightened awareness of prices has produced a suspicion of the regulatory mechanisms by which they have been determined in transportation, communications and other regulated industries.

Although deregulation policies have long been associated with classical economics, a more widespread understanding—through osmosis, at least—of the cost of regulation has made regulatory reform an increasingly non-partisan issue.

The non-partisan flavor of the movement has probably also been helped by the increased participation of some consumer groups.

The professional consumer does give politicians of all parties incentives to, at least, analyze the anti-competitive, pro-industry aspects of regulatory agencies.

Most important, however, the prospects for regulatory reform have been improved by the sheer force of market breakdown in certain regulated industries.

Drastic reductions in the quality and quantity of real service, substantial shortages of natural gas and impending shortages of electric power capacity, are attributed by many to regulation.

It is significant that governors from 14 states last week, when facing natural gas shortages, were able to accept deregulation of gas prices as a viable long-term solution even though the President specifically pointed out that prices will rise. This reflects an increasingly sophisticated awareness that lower regulated prices with no product is not the preferred solution.

These are some of the obvious reasons of why regulatory reform has become a major policy objective of the Administration at the present time.

Now, let me turn to the question of what it is that is being done in terms of concrete actions in legislation to reform regulatory policy.

There are basically three approaches we could have taken to regulatory policy in our work the last six months or so.

First, there is deregulation accomplished through repeal of basic regulation—basic legislation.

Second, there is reform through legislation of the existing regulatory agencies and practices.

Third, there is reform through administrative and procedural changes within the regulatory agencies themselves without any new legislative directive.

The first of these, complete deregulation, has not been politically acceptable in the past obviously.

And the last approach, while probably logistically the most feasible, has not been terribly effective when put into operation in most instances.

While there are elements of all three approaches in the Administration's program, current efforts are primarily focusing on legislative reform of the existing agencies.

Let me take a minute to explain why we are not going to do total deregulation this afternoon.

The economic arguments for total deregulation are appealing, particularly in natural gas and in some branches of transportation.

As a politically achievable alternative, however, immediate deregulation has not been able to muster enough support to be reflected in new legislation.

There are a number of reasons for this:

First, those who benefit from current regulatory policies have been able to obstruct complete deregulation through compromise even of the slightest degree in Congress or elsewhere.

Second, in a world where people are risk averse and lack perfect foresight, it is not unreasonable that the body politics should decide to proceed down the regulatory reform road with caution and with steps.

Third, total deregulation—this approach of total deregulation seems to have been doomed in bureaucratic decision making because it lacks the room for compromise on which the stability of that process depends.

We have turned to reform by reorganization of the existing agencies.

If total and abrupt deregulation appears to be too difficult, administrative change in terms of practices or policies or personnel appears to us to be too easy.

There is a view that the purposes of regulation are proper but that the results have turned out poorly primarily because of administrative difficulties.

Numerous studies have called for organizational reforms to improve regulation, and under this approach, it is argued, that the quality of regulation could be significantly improved if only the regulatory agencies were not so independent, or if only they were not so dependent, if only they were consolidated, if only they were broken up, if only they were staffed by better people, and so on.

Improved regulation, in fact, through administrative reorganization could take two forms.

First, we could upgrade the efficiency of the regulatory decision-making process.

Second, we could improve the economic result of the decisions. Attention should be directed to both, but for lasting effects, we feel it should be focused on the economic effect of the decisions first and foremost.

The administrative process—the administrative approach to regulatory reform overlooks a basis constraint in the process.

Many agencies were created by, and continue to operate under misdirected or misguided legislation.

In some cases, the mandate has been so constraining as to make the impact of administrative change, reorganization within the Commission, negligible.

When the Federal Power Commission was required to set cost base prices of gas, required by the courts, in the presence of excess demand, that's exactly what it had to do.

In other cases, the legislative mandate has been so vague that regulatory agencies have been virtually unconstrained.

When the legislative mandate is vague, practices usually reflect incentives offered commissioners and they become quite susceptible to interest group pressure.

At other times, the practices of the commissions under a vague mandate reflect case-by-case decisions in other regulated industries as imposed on them by the Appeals Courts.

Neither substitute for a statute may be appropriate, thus, practices can be improved over the long run only by legislative changes.

Suggestions that regulatory agencies should be either more dependent or independent or independent of Congress or the Executive Branch have been made a number of times.

However, regardless of where formal accountability rests, it seems that regulation remains the mechanism with great potential for granting some individuals or groups economic gains at the expense of others.

A move towards changing accountability from Congress and the Executive Branch to true independence would tend to change the identity of the lobbyists and the lawyers without any clear prospect or any improvement in the economic effects from regulation.

Another common suggestion is that the mix of regulatory decisions should be changed from a case-by-case approach to more general rule making.

It is true that regulatory agencies do spend large amounts of time and effort in case-by-case proceedings to produce a large collection of intricately detailed regulation.

More rule making does hold some promise for improving the regulatory process.

Such improvements are clearly valuable and should not be belittled, but it is difficult to see how more rule making alone would significantly improve transportation and energy industries now operating under regulatory constraint.

Perhaps, the most-common suggestion for reform is that we just need better people to staff the regulatory agencies.

As I look out in this audience, I see clearly 10 better Federal Maritime Commissioners than the ones who now have.

Outstanding people can make even the worst commission work better. But outstanding people are not supplied consistently by the market unless there are outstanding incentives.

In private corporátions these incentives are financial and non-financial gains, coupled strongly to profit and loss indicators of the corporation.

No such coupling and no such signals or indicators exist for the regulators. Their remuneration does not depend on ostensible measures of regulatory efficiency.

In the absence of a mechanism for recruiting outstanding people and in the absence of incentives for outstanding results, it does not seem likely, to me at least, that we can rely for long on a personnel solution to our regulatory problems.

The solution, once again, is in changing regulatory institutions so as to provide an attractive commission, one that is based upon goals and procedures for adding to the efficiency of market performance.

Regulatory reform through internal changes shouldn't be passed up. Indeed, recent developments have been encouraging.

We have pushed the increased use of inflation impact statements and we have proposed strong requirements for more benefit cost analysis of regulatory actions in the dependent regulatory commissions.

These have a potential for raising the quality of decision making in the commissions. I'm also hopeful that independent commissions will respond positively to requests that regulatory delays be reduced and that competition be encouraged.

The basis problem, however, is with the long-run results. Right now, while the regulatory reform movement has some momentum, the agencies are moving in directions which most would agree are desirable.

But some years ahead when the deregulators have spent themselves, it seems likely that the policies of these agencies will reflect business as usual.

Real and lasting reform requires legislative change in the legal powers and responsibilities of these regulatory commissions.

Well, then, what do we have in mind? Much of the regulatory reform effort within the Administration is aimed at specific statutory modifications of the existing agencies.

This approach is taken to accommodate some compromise which seems to be a necessary, if indigestible part of the political process. Over the past few months a relatively consistent pattern in the approach to regulatory reform has emerged.

This pattern is evidenced in the types of specific reform measures we are proposing in legislation.

First, increased pricing flexibility.

Second, liberalized entry regulation.

And third, elimination of antitrust immunities for the regulated industries.

The consistency is also reflected in the manner in which these reforms will be implemented, particularly through a phasing of deregulation.

The two most important types of provisions so far, from an economic point of view, are the pricing and entry provisions.

In transportation, the lack of pricing flexibility has inhibited the ability of sellers of services to meet the competition of substitutes.

In other industries, the lack of price flexibility in the presence of severe inflation has put regulated companies out of the market, so as to create shortages.

The Administration proposes to provide regulated industries with increasing price flexibility by creating a zone of price reasonableness, an expanding band within which regulated firms are able to adjust their prices without agency interference.

These bands are defined as percentage deviations up or down from published rate levels allowing a float in the regulated price structure.

In some cases, such as railroad rate setting, it has been proposed the band be allowed to widen gradually over time, thus, providing more effective competition in the long run.

The Financial Institutions Act also reflects this approach of phase pricing flexibility in the provisions which free-up the rate, which may be paid on time deposits.

In other legislation, such as the forthcoming Air Transportation reform, we propose a zone designed both to prevent monopoly prices in one airline market and predatory price of a multi-airline market.

As a second type of reform measure, the Administration proposes the liberalization of entry controls as the method by which increased price flexibility can be policed.

In the proposed air transportation reforms, for example, only minimum constraints on entry would be in effect after a period of five years of progressive liberalization of certificate restrictions. Provisions to expedite agency processing of entry requests are an important part of this reform proposal.

These provisions move towards the goal of increasing competition through actual and potential entry, while minimizing the transitional adjustment costs of the regulatory reform package on the existing airlines.

A third category of reform is the removal of antitrust immunity now granted to numerous industries. Such immunity serves to constrain competition by permitting industries to fix prices, pool revenues and set capacity levels.

The Administration's proposed transportation reform legislation specifically outlaws the anti-competitive activities of industry rate bureaus operating under the regulatory commissions.

Throughout the Administration's reform program, we have adopted a policy of gradual implementation of the reform measures.

A scheduled program of phased regulatory change serves to minimize the potential for disruption and allows industry to plan ahead and adjust rationally to this change in the environment.

Therefore, I've come to my last question: Why are we doing this at all? The cynical answer is that there may be votes in it. But I think the correct answer is that the Administration, new as it is, has already established economic efficiency as the basic policy objective.

There is recognition in the Administration that the considerable costs of regulation have been borne for too long.

That ends my printed remarks. I have sped through them at an enormous rate in order to get to your questions.

Could we have 15 minutes or so of questions? Do we have that much time? Sure. I just bought 15 minutes of questions.

Yes?

Question: What are you proposing to do about the airlines? There is a situation now when they are losing considerable sums of money. They claim that the deregulation of——

Mr. Moore. Excuse me. Would you step up to the microphone?

Mr. MacAvoy. If you stand up, I think we could hear a little better.

Mr. Mott. I'm Steve Mott from the Washington Post. Asking about the airlines, in particular, they claim that deregulation is going to cause them to lose more money than they are losing right now.

How do you propose to cut fares and, yet, inspire competition and have a better situation for consumers?

Mr. MacAvoy. Steve, you are surrounded by people from executive office staff who have been worrying about—people at your table—who have been worrying about nothing but that for weeks and months.

The approach we have taken is to obtain a good grasp on what the industry is going to be like over a five to ten year period.

There has not been a significant amendment of the legislation setting up and operating the Civil Aeronautics Board since its inception.

If we get new legislation, it will be a long-term event; an event which ought to shape the industry over a decade or more.

Now, if we're looking ahead five to ten years, with good GNP growth and a substantial growth of airline passenger miles beyond the GNP growth—because there's been a systematic long-term tendency for airline passenger miles to grow faster than GNP—we look at the present situation as one in which a number of mistakes were made in putting in capacity too soon, three–five years ago, then we can see a phasing out of the excess capacity—partly a phenomenon of mistakes in forecasting partly a phenomenon of too much regulation—and a phasing in of the growth of new demand so as to prevent the occurrence of the loss of a significant number of airlines through the addition of competition.

We forecast some airlines will be made considerably better off by opening up entry and by rate flexibility, and some will be made worse off.

But because the phasing occurs over a ten year period, we forecast that it's not likely that there will be any substantial losses of particular lines in the process which can be laid to regulatory reform.

There will be people who will blame it on regulatory reform, but whether it's the cause we would doubt seriously.

The phasing will take, roughly, two steps. This bill is not done, but I can describe it in general terms.

The first is, we have the strong impression that the immediate problems having to do with opportunities to enter and compete in that industry have to do with the tailored entry certificates, whereby each line has had fashioned for it by the Commission, by the Board, a certificate for a city pier that says it can pick up, but not deliver, or deliver but not pick up; that it has to go through, it has to provide so many trips a day. These tailored certificates are significantly inhibiting of entry and of competition among the lines.

The first phase of reform is to eliminate the narrow prohibitions in those certificates that already exist.

There are nine airlines—believe it or not—providing service between Washington and Boston. You don't see them because they have tailored or narrowly circumscribed certificates.

We forecast that if those prohibitions in the certificates are released, there will be a significant increase in the number of viable competitors in the route areas which are growing, primarily the Southeast; secondarily, the Southwest and Northeast part of the country.

The second stage, after removing the prohibitions in the certificates, would be to allow the entry of airlines into city piers they are not now serving. And we have phased that so that the rate of growth of these new services would be roughly compatible with the rate of growth that actually occurred in new entry, roughly, five years ago.

So we get back on the path of growth of entry, but allow the companies to do this themselves, without going through these onerous and narrow certificate procedures.

So that's a two-part process which you can see—which I hope you'll be able to see when we get it out—strongly emphasizing the phasing of the deregulation over a considerable period of time.

Question: In the whole field of transportation, what are you going to do to protect our profitable but necessary rights to serve cities and areas that don't have any other form of transportation?

Mr. MacAvoy. The regulatory reform process is not a vehicle by which to provide subsidies to those that seek them.

It's a vehicle by which we hope to change the institutions which are encumbering of competitive performance.

If you go back to the formation of these commissions, we find, in the original statutes, time and again, that Congress reluctantly is moving to regulation because of the poor workings of a non-competitive market.

When you look at the actual performance in transportation, energy, communications, you find that the way the commissions have been operating is to prevent competition; not to supplant and compliment competition, but to prevent it.

So, given the original mandates had a rationale—there was a good reason for reluctantly moving to government control of industry here—we have got to get back to that.

Now, this is a process of institutional change which doesn't have any dollars in it. We are not in the business of giving out dollars; we're in the business of trying to make long-term structural changes to straighten out poor performance in the regulated industries.

Now, you know as well as I because you cover the beat far better than I do that there are a myriad of proposals to do something for somebody in the transportation industry. I think we've been fairly free of that to date.

Are you going to leave the questions to the reporters?

Mr. Hilton. I'm George W. Hilton from U.C.L.A.

Half measures concerning regulation are something which remind me of the character of Dostoevski in The Brothers Karamazov. When the devil came to visit him, the devil always used the arguments which this man had once believed in a decade or so before. And I feel the same way about half measures.

Regulation, it seems to me, deserves W. S. Gilbert's description of the House of Peers, an institution insusceptible of any improvement whatsoever. And so it seems to me that the Administration ought to be devoting itself to trying to get rid of it rather than half measures of the sort you mentioned.

There is one half measure you mentioned that I think is particularly unlikely to be successful and that is the application of the antitrust laws in these industries, and especially in surface freight transportation where it's very frequently argued that an appropriate solution would be simply getting rid of the Reed-Bullwinkle Act, which grants the carriers an antitrust exemption, provided they file their bylaws and so on with the Commission.

As you well know, the ICC has its origin in an effort to stabilize railroad cartels, which, after the Act was passed, reformed themselves as these tariff bureaus.

The ICC has always argued—and I think correctly—that satisfaction of the letter of the law requires collusive rate making. That was the intention of Congress. Congress didn't have the guts to say it in the Act presumably because it was afraid that the Act would be declared unconstitutional.

I think a case can be made for doing what Robert Kennedy wanted to do: End the antitrust exemption where minimum rate regulation was dropped.

But simply to repeal the Reed-Bullwinkle Act, end the exemption of the rate bureaus from the antitrust laws without doing anything else will simply restore a legal anomaly which existed before 1948.

The appropriate policy is to get rid of the Interstate Commerce Commission completely, rather than get rid of its antitrust exemption.

My friend, Hugh Norton, who teaches at the University of South Carolina, I understand tells his classes that the ICC should be abolished, the building torn down and the ground sown with salt.

[Laughter.]

It seems to me that that——

[Applause.]

It seems to me that my friend, Norton, whom I admire greatly, somewhat overstates his case.

[Laughter.]

I see no particular point in the salt.

[Laughter.]

But I would recommend otherwise that that is the course of action which the Administration should take.

Dr. MacAvoy. To answer that, I'd have to make up the question. [Laughter.]

I sympathize. On the other hand, as a historian of an amateur variety, I have noted that the Senior Senator from Montana has submitted a bill to Congress to do exactly what George suggests every year in the last seven years.

And I am waiting. I'm keeping busy in the interim. My colleagues are keeping busy in the interim, before that bill passes. There is nothing about "selling the salt," but I think, along with you, I'd stop short of that and accept all the rest in the bill.

The question is how do we get from here to there. What are the steps which you do not find inconsistent with a policy of more competition in the regulated industries, more flexibility, more freedom to initiate investment and production decisions that improve the quality of service until we pass Mansfield's bill?

I'm impatient. I started in on natural gas deregulation with my first Yale College term paper in 1955. I don't think there's much chance I'm going to get it this year; that's only 20 years.

Where do we go in the interim on gas controls to start that industry back up again? Well, among the various proposals which have been made in the last few weeks is a declaratory bill proposed by the Federal Power Commission to enunciate their ruling 7515 which essentially allows companies that are now short—industrial firms that are short gas, that have been curtailed by the shortage created by regulation—to go to Texas and buy the gas intrastate.

So the way to deregulate is to make the United States part of Texas so the commerce clause doesn't apply.

[Laughter.]

Well, that's a way of getting from here to there, George. We've got to do it. We can't wait. I can no longer wait for the Nixon bill to deregulate new supplies of gas. That's only been four years.

We need gas this winter. The FEA projects that unemployment in the state of Ohio will be increased by 400,000 people because of the lack of alternative sources of supply in process use for natural gas which is curtailed in that state.

Now, if we wait to deregulate nationally all gas, then the economic costs are going to be substantial. We will deregulate by redefining the sales to be intrastate sales.

The supply side of their market is already deregulated because there isn't anymore gas being sold in interstate commerce. So we deregulate the demand side by making all the interstate demanders intrastate buyers. Well, it's not clean, it's messy, it sounds too cute for words, but it gets the job done.

Now, I want you to tell me how we're going to get rid of the ICC within the time that this administration is in Washington, eradicate the ICC. How do we do it?

Mr. Hilton. I'm sorry—I thought I was asking you the question. I can only recommend that the administration advocate the complete deregulation.

Administrations since the Johnson administration have recommended partial deregulation with very small success.

Mr. Moore. Because we're keeping more or less on schedule, I'll have to admit just one more short question or short speech.

Mr. Chumbris. I have an unpopular question but one that's asked repeatedly. My name is Peter Chumbris, and I'm with the Chief Counsel for the Minority of the Senate Antitrust and Monopoly Subcommittee.

I'll ask you the same question I asked Ralph Nader when he appeared before us. How are you going to fight inflation, especially that created by cost-push wages, without having some restriction placed on labor unions as far as their exemption in the antitrust laws?

Dr. MacAvoy. Well, I'm afraid that's not an unpopular question. It's a question I can't answer. We have attempted to follow the prescriptions that I've laid down here of rough pragmatism, I've infuriated my professor friends, such as George Hilton, by choosing not only to go part way rather than all the way, but to concentrate on those things we think we can do in the next year or two.

We feel we have a good shot at regulatory reform in transportation. We feel we have a half-shot in energy. We feel that we can make some progress on reform in the maritime area.

We think we can do something with the fair trade laws. We think we can do something with the Robinson-Patman Act; that we can loosen up the binds or the controls on those areas.

Why do we concentrate there? Because we think we have a shot. We think we can make a difference in the next year or two, because we have very strong presidential leadership.

My colleagues sitting in this room will write a piece for the President on Commission X; he not only reads it, he knows more about it than the piece suggests. He doesn't use prompting sheets on these topics, because he knows more about it than the prompting sheets. He wants to do it.

And we have got that momentum, and we're going to use it where we think there's an opening. That means that we have made some rough and ready decisions on what to do. They don't include—regulatory reform does not now include working on the antitrust exemption to unions. I have a strong impression the courts are making more progress on that than the legislature.

The proscriptions put on that exemption by court decisions in the last three or four years have been remarkable. It may very well be that we'll have to leave it to that, because with the time and the resources, with the impelling motives to get on with it in transportation and energy, where we're getting industry breakdown under regulation, we're just going to have to do that for awhile.

[Applause.]

Mr. Moore. Thank you, Paul, for an excellent talk. I for one would like to wish you and the administration the best of luck in this. I'm not too optimistic.

A STORY OF COURAGE

Mr. HUMPHREY. Mr. President, it is a wholly heartening occurrence when one can witness a family that emerges from adversity into success.

In the city of DeGraff, Minn., this last year, the father of a family, with seven children, lost 3 months of employment when his truck, his sole means of support as a long-distance truck driver, was damaged in an accident.

Although the Meyer's family's prospects looked dismal, they soon began to improve. Their 14-year-old daughter, Kristin, had written a poem that had received national attention. The family previously had been asked to copywrite and sell it to a poster company in Chicago, but found that it was not financially worthwhile.

So, with no truck, Mr. Meyers began to try and market the poem on a poster. It worked and out of the effort has emerged a family business.

Mr. President, I ask unanimous consent that a report of the family's efforts, which was printed in the August issue of The Independent Banker, be printed in the Record.

There being no objection, the report was ordered to be printed in the Record, as follows:

A Story of Courage

By Bill McDonald

When the air brakes on LeRoy Meyer's semi-trailer truck failed on a steep downgrade in the mountains of North Carolina last December 3, there was bad news and good news.

The bad news was that Lee and his truckload of frozen turkeys were about to go hurtling over a cliff. To avoid certain death at the next sharp turn, Lee cramped the wheels of the careening truck, a maneuver which halted the vehicle by tipping it over. Lee was unhurt, but the truck was a tangled mess. At age 37, he faced three jobless months while the truck was being repaired—bad news for the father of seven.

The good news was that the enforced idleness gave Lee the opportunity to develop a most unusual—but successful—family business, with the help of his local independent bank.

It all started last September when Lee's daughter Kristin, 14, wrote a poem for the Benson, Minnesota, Junior High School newspaper. It is called "Friends."

> Friends are people you can talk to.
> Friends are people you can trust.
> Friends are people who share.
> But most of all,
> Friends are people who care!

The poem was reprinted in a national scholastic magazine and caught the attention of a poster firm in Chicago. They asked Kristin to copyright the poem and allow them to design a poster around its simple wisdom. Kris would receive a royalty of ⅛ of a cent for each poster sold.

Then came the truck accident. During his enforced idleness Lee began to think about the poster idea.

He thought, "If that guy in Chicago can make a poster of the poem, why can't we?"

Lee had the poem copyrighted, then hired a commercial artist that featured the poem. The one they picked shows a young couple strolling in a misty field. A small picture of Kris and her name appear at the bottom of the work of a young girl.

With the sketch under his arm, Lee began making the rounds of retail stores and book shops in Minneapolis. Lee proved to be a good salesman. His directness and warmth are enhanced by an arresting physical presence—the physique of a defensive lineman topped off with a fierce mustache. But really, who could refuse a 240-pound cross-country truck driver whose merchandise is a poem, written by his daughter?

Within a day and a half Lee had taken orders for 2,800 posters. Then he went to see his local banker, Russell Hanson, board chairman and executive vice president of Swift County Bank in Benson. Lee received an enthusiastic reception and the decision was made: the bank would make its first "poetry loan."

"I wouldn't have gotten anyplace without the support of the local banker," Lee said.

The bank loaned him $1,400 to incorporate under the name of Kat-Tale, Inc., an acronym for the seven Meyer children—Kristin-Anthony-Timothy-Thomas-Andrea-Laurel-Edward. The kids, ages 3 to 16, own the stock in the corporation. Lee and his wife, Phyllis, a nurse, are directors. Lee became a one-man sales force, and Phyllis and the kids took part in other aspects of the business.

Lee gives a lot of credit to banker Russ Hanson's wife, Bea, an innovative Benson teacher who helped introduce Kris to poetry and who encouraged the family in its business venture.

When the truck was rolling again, Lee took an armload of posters with him on a run through Illinois, Indiana, Ohio, and Pennsylvania. The route is dotted with Howard Johnson's gift shops, and Lee put a poster in the hands of every manager along the way. The posters were stamped and addressed to the head buyer for Howard Johnson's in New York, and he asked each gift-shop manager to drop the poster in the mail if she was favorably impressed.

In less than six months Lee has sold 10,000 posters in 21 states. They retail for $1.98. The family venture has been the subject of newspaper articles in the Twin Cities, and the other day Lee and Kris were interviewed on one of the television talk shows.

Kat-Tale, Inc., perhaps the only corporation built upon a poem, is today a cottage industry, but Lee feels he may have to move the operation to larger quarters. In addition to the 22x29-inch paper posters, Kat-Tale is also producing plaque versions of the item in two different sizes, with the poster mounted on wood and decoupaged. The firm is also planning to double its asset base by adding a second poem poster.

Swift County Bank has continued to finance Kat-Tale's expansions.

"We told Lee, 'You keep selling posters—we'll provide the financing'," Russ said, "I think this is a colorful example of what the independent community bank can and does do for local people."

Lee is on leave of absence now. In a week or two he will roll across America once again in his truck, a modern minstrel, hauling turkeys and selling his little girl's poem coast to coast.

The whole episode is so happy and wholesome—Walt Disney Productions simply could not have done it better.

FOREIGN ARMS SALES MUST BE CURTAILED: PROXMIRE AMENDMENT TO BE OFFERED

Mr. PROXMIRE. Mr. President, within the last year there has been a growing concern that the expanding foreign arms sales of the United States will encourage a series of regional arms races.

From a sales total of $2 billion in 1967 to $11 billion in the last fiscal year, it can easily be seen that there are no effective controls over either the type or magnitude of U.S.-sponsored arms commitments.

My colleague and friend from Wisconsin, Senator Nelson, has worked hard to tighten the controls of the Congress over arms exports. His efforts have met with considerable success and I am sure that future initiatives are being contemplated.

The foreign policy implications of these spiraling sales have not been fully explained to Congress or to the American public. Are we simply arming neighboring nations which will then use U.S. arms against each other? Will these sales contribute to a drain on the local economies at the sacrifice of economic development? Is there any military or political rationale for increasing the U.S. sales program by $9 billion in 8 years?

Mr. President, in order to discuss these questions more fully before the Senate, I will offer an amendment to the military foreign aid bill which will drastically curtail both governmental and commercial arms sales by the United States. With only a limited number of exceptions, such as the NATO countries, Israel and South Korea, my amendment will limit yearly arms sales through the Federal Government and all private institutions to $10 million per country. Language will be included to permit ongoing commitments already made by the Congress or supported by prior appropriations.

Furthermore there will be a section requiring that all arms sales, as opposed to actual transfers, be coordinated with the $10 million limitation so that a huge backlog cannot be built up while deliveries are held in check.

Mr. President, I will discuss this proposal in greater detail at a later point. In the meantime, I recommend to my colleagues the five part series in the New York Times dealing with the subject. Mr. President, I ask unanimous consent that the first two articles in this series be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the New York Times, Oct. 19, 1975]

U.S. ARMS SALE RISE STIRS CAPITAL CONCERN—GREATER CONTROL IS SOUGHT BY CONGRESS AS NATION TAKES LEAD IN MUNITIONS SALE

(By Richard D. Lyons)

Washington, Oct. 18.—The emergence of the United States as munitions king of the world and almost daily reports of new arms deals with foreign Governments are generating a fresh sense of uneasiness among policy makers and Congressmen over the impact of the weapons on global affairs.

Sales of American-made weapons have risen from about $2-billion a year in 1967 to about $11-billion in the last fiscal year, abetted by Federal policies of liberal credit, a benign attitude toward the shipping of arms overseas, the preeminent state of American military technology, the rapid obsolescence of weapons and an almost limitless world-wide demand for more guns.

Congress has become increasingly embroiled in the specifics of such arms deals as tanks for Turkey, missiles for Jordan, rockets for Israel and jet fighters for Egypt; at the same time Congress is considering the general idea that the Senate and the House of Representatives should have greater control over international shipments of munitions made in this country.

During the last decade there has been a complete reversal of United States arms policy from one of giving the weapons away to one of selling them, either for spot cash or on liberal credit supplied by the Federal Government.

The demand for American weapons has been spurred by arms races in the Middle East and the Persian Gulf because of the quadrupling of the price of oil and the desire of the petroleum producing nations to defend their enormously amplified wealth with steel.

In recent months, in these two areas, which account for more than half of American arms sales overseas, there have been reports of Pershing missiles to Israel, radars to Egypt, fighters to Saudi Arabia, Hawk missiles to Jordan, destroyers to Iran, antitank missiles to Oman, bombers to Kuwait and tanks to Yemen.

While orders for American-made arms appeared to have peaked last year, the probable effect of the Congressional approval of the Sinai accords, which would provide arms to both Egypt and Israel, would be to push still higher the sales of American arms, spare parts and training services.

Increasingly vocal critics of American arms policy, which some complain is a lack of policy, note that this country seems only too willing to sell to all sides.

Over the last generation a dozen nations in conflict have battled one another in Central American jungles, Middle Eastern deserts, East Indian islands and Asian plateaus in wars having one common denominator—they were fought with arms made in America.

GUERRILLA ACTIONS

In thousands of guerrilla actions spanning four continents from Northern Ireland to the Philippines, hordes of people have been killed and maimed by weapons whose production translated to salaries for American workmen and profits for American corporations.

In Asia, Africa and Latin America, military dictatorships have power and keep power with munitions sold, lent, and given away with the endorsement—indeed even the enthusiastic approval—of the last six Presidents and 16 Congresses. Since the end of World War II the United States has shipped $100-billion worth of weapons to 136 nations, making this country the munitions king of the globe with arms sales equal to those of all the rest of the world.

In the last quarter-century the United States has transferred to foreign Governments 866 Phantom jets, 2,375 helicopters, 185 destroyers and destroyer escorts, 1,500 landing craft, 5,000 Hawk anti-aircraft missiles, 28,000 antitank missiles, 16,000 armored personnel carriers, 25,000 pieces of artillery and 28,000 tanks, plus enormous stocks of other weapons, spare parts and services.

Virtually no public debate has accompanied the increasing flow of American-made armaments throughout the world, and only in the last year have members of Congress begun to express concern over the potential danger lurking in overseas arms sales, even to friendly nations.

"A REAL TRAGEDY"

"I think it's a real tragedy for us to end up being the arms merchants of the world," Senator Edward M. Kennedy told a Congressional hearing on arms sales a few months ago.

Senator Hubert H. Humphrey has likened the American munitions industry to "a kind of arms supermarket into which any consumer can walk and pick up whatever he wants."

Defenders of overseas arms sales say, however, that they are necessary to counter Communist threats; that if the United States did not provide the weapons, other countries would, and that weapons production translates not only into national security but also profits and jobs.

In Congress, members of both houses are increasingly questioning what the arms sales policy of the Ford Administration is, if indeed there is one, and whether the nation should adopt a different course.

Among the questions they have raised about arms sales are these: Are they moral? Will the arms sold trigger wars? Could the arms eventually be used against the United States? Should the United States seek a treaty with the Soviet Union limiting the supply of conventional arms? Would other nations increase munitions sales if the United States chose to curtail shipments? What would be the impact on the American economy if the United States drastically reduced foreign arms sales?

"MERCHANT OF DEATH"

In discussing such issues before a Congressional committee, Thomas Stern, deputy director of the State Department's Bureau of Politico-Military Affairs, said: "These are valid questions for Americans, who are troubled at seeing their country in the arms supply business. The image of 'Merchant of Death' dies hard."

Arms experts here are also expressing doubt that it would even be politically possible to curtail the production of weapons for sales overseas because of the increasing strength of the loosely allied arms lobby in the United States.

The economy now is saddled with a self-perpetuating munitions industry that is bad for long-term economic policy," said one knowledgeable Senate staff aide.

In addition to the increase in sheer volume of arms being produced for other countries, the United States in recent years has radically changed its policy on the method of transfer. Until a decade ago most of the arms were given away. Now they are sold for cash, generating fat profits.

FINANCING METHODS

Most arms transfers are financed in the following ways:

¶ Direct give-aways of materiel and services to foreign Governments under the military assistance program. About $500-million was earmarked in 1975.

Foreign military sales in which contracts for the arms are arranged by the Defense Department, with credit terms secured through the Treasury Department's Federal Financing Bank. Current rates of interest and terms of repayment, about 8.7 per cent over six years, are slightly below the going market rate for international loans. In the fiscal year 1975 about $9.5-billion in orders were placed in this matter.

Commercial cash sales with the foreign Government dealing directly with the American manufacturer. Export licenses for the material, about $1-billion of which was sold in the fiscal year 1975, must be issued by the State Department.

One of the very reasons used recently by White House lobbyists in imploring Congress to lift the ban on arms shipments to Turkey was that the Turks had already paid $184,-million in cash for the undelivered weapons.

BOON TO GRUMMAN

The sale of 80 F-14 jet fighters to Iran has shored up the troubled Grumman Aerospace Corporation and helped to brake the unemployment rate on Long Island.

Throughout the world, American munitions agents are hustling for new contracts with the covert, if not total, approval of the Federal Government. Military assistance advisory groups, composed of 2,000 American military personnel, are stationed in more than 40 countries aiding in the purchase and maintenance of American-made weapons, as well as the training of those who man them.

"Munitions sales is the biggest floating crap games in the world," said one arms specialist in the State Department. "The amount of money involved is enormous and everyone is trying to get a piece of the action."

The United States and the Soviet Union are the world's biggest arms dealers, with the former outselling the latter by a margin of 2 to 1. But France, Britain, China, Italy, Sweden and Canada also make major overseas arms sales.

During a Senate subcommittee hearing in June, Senator Humphrey, a Minnesota Democrat, asked Lieut. Gen. H. M. Fish, director of the Defense Assistance Agency, if the Defense Department was "hustling" overseas sales.

"NO HUCKSTERING"

General Fish replied that there was "no hustling, no huckstering. Sales will be made only if it serves our national interests and meets a valid military requirement."

This prompted Senator Humphrey to ask, "What kind of security do you get out of giving something to Haiti, or to Paraguay?"

Yet former officers who have served in the advisory groups overseas say that the units have and are working intimately with the sales representatives of American companies. One former Army colonel, who now is a staff aide on Capitol Hill, said the groups "do their best to convince foreign Governments to buy American weapons."

While serving in such a group in Europe, he said, the overseas agents of American arms companies "attended all the social events at the American Embassy." He added that even the air, naval and military attachés gave them aid by such things as setting up interviews with high-ranking officers of other Governments.

"I thought some of the relationships were clearly unethical," he added of the links between the agents for American arms and United States military officers stationed overseas.

BUYERS "WALK IN"

In addition to pushing the sale of arms through the Defense Department, American weapons makers are also confronted by other Governments whose agents "walk in the front door demanding to be sold the stuff," as one State Department official put it.

He cited the almost unnoticed arms race now going on in South America in which the Peruvians bought tanks and jet fighters, prompting demands from Chile, Argentina and Brazil that they be sold similar equipment.

For over a decade the State Department had a tacit policy of forbidding the sale of sophisticated weapons to Latin-American countries on the ground that they were not needed there since there was no outside threat to the security of the area.

"It's hard to say no to the requests," said Representative Lee H. Hamilton, Democrat of Indiana, who is chairman of a subcommittee of the House International Relations Committee that is investigating overseas sales.

"I don't take the position that we ought not to have arms sales," he added, "but there has been a disproportionate attention paid to arms and not to the economic and political aspects of the sales. Can the countries afford them? Will the sales only spur new demands for more weapons?"

"BETTER MOUSETRAP"

One arms expert here said the military cliques "are always looking for a better mousetrap. If one country gets a new weapon its neighbor wants it too. In the Middle East it may be a question of national survival, but in Latin America it's more a matter of national pride. There's a macho attitude toward weapons too."

An American representative for a European munitions company, who is based here, said the best incentive to the sale of arms is the knowledge that a rival nation is also known to be buying new weapons.

"Is it really up to the United States to tell other sovereign nations what they may or may not be allowed to buy?" he asked. "This is the sort of patronizing that third world nations detest. They want to make their own decisions, and in a laissez-faire market how can we say, 'No'?"

"HAVE NEVER ASKED"

But one attempt is being made to curtail overseas sales. In taking up the foreign assistance bill later this month, the Senate will have to consider an amendment put forth by Senator Kennedy, Democrat of Massachusetts, and co-sponsored by eight other Senators, to suspend arms sales to the Middle East, which is the major American market.

Senator Kennedy originally had sought to goad the Ford Administration into approaching the Soviet Union in an attempt to reach a joint moratorium on arms shipments to the area.

"We are told that if we do not sell arms other nations will do so, yet we have never tried to get common agreement," Mr. Kennedy said. "We have never asked the British, French, the Scandinavian countries, as well as the Soviet Union, whether they are interested in any kind of moratorium."

The Senator said he was particularly irked by the fact that shipments of American-made arms to the Middle East are being paid for in part by the higher prices Americans are paying for oil, so that "We are in effect funding the whole arms race in that part of the world."

The intent of the Kennedy amendment would be to force the Administration to explain what its arms sales policy is, not only in the Middle East but also elsewhere in the world. This is basically the aim of a bill introduced by Senator Gaylord Nelson, Democrat of Wisconsin, to force the Administration to disclose target figures on arms sales at the beginning of each year.

At present Congress may overrule the Administration and deny the right to export arms costing over $25-million to a foreign country, but it has seldom done so.

But the arms lobby both in Congress and the rest of the nation is bound to attack both measures.

A warning about the power of this group was sounded 14 years ago by President Eisenhower during a farewell speech in which he offered parting words of advice to the nation. He spoke of the "grave implications" of weapons making that posed a threat to "the very structure of our society." Yet his warning of the dangers of the "military-industrial complex" has been all but forgotten in the intervening years.

[From the New York Times, Oct. 21, 1975]

U.S. List of Arms Producers and Exporters Shows More Than 1,000 Concerns

(By Richard D. Lyons)

WASHINGTON, Oct. 20.—Making and selling munitions to foreign armies is so lucrative that more than 1,000 American companies are legally engaged in either producing or exporting weapons.

The Federal registration certificates of these companies, which were made public for the first time by the State Department's Office of Munitions Control at the request of The New York Times, provide an extensive overview of their operations.

The materials turned over by the State Department, more than 2,000 copies of documents weighing some 25 pounds, filled a large cardboard box. The documents may be obtained from the department's Freedom of Information Office at a cost of 20 cents per page plus fees for secretarial help.

Many American companies, long identified with such consumer products as refrigerators, stoves, sewing machines, washers, cameras and toys, are also producing items labeled as "arms, ammunition and implements of war" on the United States munitions list, a compendium of products labeled as war materials under various acts of Congress.

In many cases the material consists of sophisticated electronic equipment such as laser range finders, night-viewing devices and underwater acoustical gear, reflecting the high state of American technology that has helped raise overseas sales of this country's munitions industry to $11-billion a year.

$100-BILLION WORTH

But lesser munitions items are exported by hundreds of small companies whose ammunition for American-made guns and spare parts for tanks and planes attest to the great amount of military equipment this country has either sold, lent or given away since World War II—about $100-billion worth.

Many of these smaller companies are clustered in the shipping district in lower Manhattan, near the Pentagon and the headquarters of the Central Intelligence Agency here, and in such gun-running neighborhoods as southern Florida and near the Mexican border.

The giant corporations are well represented. Among the 1,033 companies licensed to make or export arms are 152 of the "Fortune 500," Fortune magazines listing of the biggest industrial companies. Among the 152 are 32 of the largest 50.

The documents furnished by the State Department attest to the fact that a vast array of military hardware is being offered for sale by American industry, some of it by companies not identified in the public mind as arms-makers.

NOT JUST SEWING MACHINES

The Singer Company, famous for over a century for its worldwide sales of sewing machines, devoted seven and a half pages in its registration form to 182 "United States munitions list articles manufactured and/or exported."

The items included electronic reconnaissance systems, intrusion warning devices, infrared surveillance systems, landing approach systems, laser measurement equipment, hydrofoil control equipment, gyrocompass systems, grenade launcher components and a host of other sophisticated equipment.

The Bulova Watch Company, another New York-based corporation long identified with consumer products, reported its munitions list products as:

"Fuzes and components therefor, mechanical and electronic ammunition manufacturing machines, devices for activation and devices for detonation of missiles, missile safety control switches, missile safe and arming devices, missile fuzing devices, quartz crystals, oscillators and timers, power supplies and converters, landing systems."

FORD'S LONG LIST

Many of the larger companies, the Ford Motor Company for example, manufacture so many different types of armaments that a special attachment to the munitions control registration form is needed to list them all. Ford reported that it "manufactured and/or exported" the following:

"Firearms and components; guns over caliber .50; ammunition components and parts; launch vehicles; guided missiles, ballistic missiles and rockets and components for above; gun and gun sight mounts and missile systems for vessels of war and other special naval equipment; tanks and military vehicles and specifically designed components; aircraft, spacecraft and associated equipment; military training equipment, military body armor; military and space electronics; fire control, range finder, guidance and control equipment; auxiliary military equipment including space camera, speech scramblers and cryptographic devices and components and armor plate; technical data."

The General Motors Corporation reported 10 pages of munition list items, starting with rifles, bayonets, mortars and flame throwers, and ranging into "biological agents adapted for use in war to produce death or disablement in human beings or animals, or to damage crops and plants."

E. I du Pont de Nemours & Co., which can trace its involvement in munitions to supplying powder to Washington's troops during the Revolutionary War, sells a wide variety of weapons either through the parent company or a subsidiary, the Remington Arms Company of Bridgeport, Conn.

But such giant concerns are not the leaders in export arms sales, because the largest part of a military budget these days is spent on aircraft, jet engines, missiles, rocketry, helicopters and the electronic equipment that guides and protects such warcraft.

Reflecting this, seven of the 10 largest weapons exporters are involved in aerospace products. Northrop, McDonnell Douglas and LTV Corporation, jet fighters and fighter-bombers; Textron and United Aircraft, helicopters; Hughes Aircraft, missiles and electronics, and General Electric, jet engines.

The three other leaders, Chrysler, American Motors and FMC Corporation, sell tanks, jeeps and armored personnel carriers, among other munitions.

Underscoring the trend toward electronics, munitions list registrants include scores of such corporate names as Electronic Assistance Corporation, Red Bank, N.J., Electro Switch Corporation, Weymouth, Mass., Electronic Memories and Magnetic Corporation, Los Angeles, Electronic Space Systems, Corporation, Concord, Mass., Electronics Corporation of America, Cambridge, Mass., Electrophysics Corporation, Nutley N.J., and Electrosonics, Ltd., Sacramento, Calif.

The academic world is also represented. The Calspan Corporation, which gives its address as P.O. Box 235, Buffalo, N.Y. 14221, lists its parent or holding company as Cornell Univeristy.

SYRACUSE U. CONCERN

Calspan said it exported technical data, specifically a "proposal for consultant study of an electronic warfare test facility." The company's registration said it had either produced or exported "various [munitions] list items including the above for about 25 years" and that its customers had included the Army, Navy, Air Force, National Aeronautics and Space Administration and Atomic Energy Commission.

Another college-related registrant is the Syracuse University Research Corporation, founded in 1957. The company reported exporting a wide variety of munitions list items for aircraft and spacecraft, including "classified articles."

The Federal Cartridge Corporation of Minneapolis, a maker of firearms and ammunition, reported its parent company as the Olin Foundation, a charitable foundation, of 99 Park Avenue, New York.

Tre Arabian American Oil Company (Aramco)—owned 60 per cent by Saudi Arabia and 40 per cent by the Exxon Corporation, Texaco, Inc., the Standard Oil Company of California and the Mobil Oil Corporation—reported exporting from the United States the following munitions-list items:

"Firearms, ammunition, explosives, aircraft and related articles, military electronics, auxiliary military equipment and miscellaneous articles."

Dozens of subsidiary companies are engaged in the production of munitions list items far removed from the products usually associated with their parent corporations.

The Ex-Cell-O Corporation of Detroit, well known to model makers for its hobby knives, reported that a subsidiary, the Cadillac Gage Company, "manufactures and sells the commando armored car, the Stoner 63–A weapon system and power control systems for certain models of U.S. main battle tanks."

Illinois Central Industries, Inc., of Chicago, which started in the corporate world as the Illinois Central Railroad, reported that a subsidiary, the Abex Corporation of 530 Park Avenue, New York, makes and sells eight categories of items on the munitions list.

CANNING JARS

The Ball Corporation of Muncie, Ind., noted for its home canning jars, reported that its Ball Brothers Research Corporation of Boulder, Colo., manufactures aerospace drive assemblies, pointing controls and space lubrication.

The National Lead Company, which became N L Industries of New York, is involved in the munitions business through its Doehler-Jarvis Division, which makes artillery, missile and aircraft components.

Some American arms-makers selling abroad are themselves subsidiaries of foreign companies.

I C I United States, Inc., of Wilmington, Del., is a subsidiary of Imperial Chemical Industries of England. The United States subsidiary reported 14 munitions list items, including "classified material."

Engelhard Minerals and Chemical Corporation of Murray Hill, N.J., is owned 30 per cent by HD Development Limited of Luxembourg. Engelhard reported making and exporting parts for military aircraft and sea vehicles.

The Howmet Corporation of Greenwich, Conn., an exporter of aircraft parts, is a subsidiary of Compagnie Pechiney, Paris. Levy Auto Parts of Washington, which exports spare parts for armored vehicles, is a subsidiary of Levy-Russell Limited, Toronto. Georex, Inc., of Houston, which exports satellite navigation systems, is a subsidiary of Compagnie Generale de Geophysique, Massy, France.

Some of the export items are unusual, such as letter bomb detectors and balloons. Tradeways Limited of Washington reported exporting an "antidote for nerve gas."

The Rector International Corporation of Mount Vernon, N.Y., said in its registration that its exports were so various that "the list of items is very hard for us to compile." It went on:

"In the past, we have exported items ranging from armored cars to mine detectors. We are currently working on an order for submachine guns and have exported ammunition. We will quote and request licenses on any items which our foreign clients wish to purchase."

And then there is the Joy Manufacturing Company of Pittsburgh. It reported producing a wide variety of components for missiles, rockets, warships, tanks, aircraft, torpedoes, mines and bombs.

WHAT EDUCATION

Mr. **GRIFFIN**. Mr. President, earlier this year at the annual banquet of Michigan State University's Chapter of the Honor Society, Phi Kappa Phi, featured a presentation by Dr. Milton E. Muelder, vice president in charge of research and graduate programs.

Dr. Muelder's address so impressed those who heard him that the executive committee of Phi Kappa Phi at MSU has suggested that it be made available to a wider audience.

I ask unanimous consent that the text of Dr. Muelder's address be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

"WHAT EDUCATION: SOME RELEVANCIES AND IMPERATIVES FOR THE MODERN-LIBERAL"

(By Milton E. Muelder)

In brooding about our subject I have often recalled a comment made some years ago by Santiago Ramon y Cajal, the only Spaniard ever to receive the Nobel prize which happened in 1906 in the combined field of physiology and medicine. Cajal observed:

"There are no exhausted questions, only exhausted men.[1]"

Respecting the question of education one could go further to say that there are no final answers. The struggle for illumination can be exhausting and formidable, even though the questions, as Cajal has predicted, cannot be exhausted.

An engagingly provactive caveat on the predicament of the exhausted, educated man emerged as the solution to a double-crostic puzzle in The Saturday Review, May 23, 1970. It is offered as a reminder that we not forget to laugh at ourselves, maintain a sense of humor and of perspective.

"Beware of the man who works hard to learn something, learns it, and finds himself no wiser than before. He is full of murderous resentment of people who are ignorant without having come by their ignorance the hard way."

T. S. Eliot phrased the dilemma in The Rock very succinctly when he asked:

Footnotes at end of article.

"Where is the wisdom we have lost in knowledge?"

The pitfalls of erudition became the target of Moliere's wit long ago who observed:

"An erudite fool is a greater fool than an ignorant fool."

On a more somber note and more germane to our discussion was Thomas Jefferson's warning that one cannot expect to be "ignorant and free in a state of civilization."

I have chosen the theme "What Education" because of its centrality to society. The accumulation of many historical experiences tells us that society's prevailing values will be reflected in its system of education. As an expression and as an instrument of society, education does not play out its role in "splendid isolation," i.e., a vacuum, but is a product of the prevailing forces of its own environment.

But this does not say that education, especially in a democratic society, need or should be a passive one. The fortunes of this nation are extricably interwoven with education. What the government does for and about education and what education does for the government are matters of highest moment.

The choice of the words modern-liberal in the title is to be understood in the context of its original Greek meaning, namely the free man, hence our interest in that education deemed appropriate for a free or liberal man who because of his status of being liberated also has inherent obligations of exercising duties as a citizen. In this context it is meet to ask:

1. What does the citizen need to know in order to exercise his duties responsibly?

2. What are the major society issues, the most pressing problems?

3. What knowledge should we possess to be literate about these problems? What kinds of languages, scientific and otherwise, should we appropriate?

4. What legacies, accomplishments and experiences of our Western World and of our own history are still valid? What are the right questions for 1980 and beyond—politically, economically, socially and environmentally?

Restraints of time will permit only a partial exploration of such inquiries. Ideally one should include an exploration of law which rivals in importance that of education as an institution which speaks tellingly to the basic functioning of a society. The boundaries and strictures within which man may live out his life and conduct his affairs will be determined in no small part by those in society who have the power to promulgate and enforce law. Thus the prevailing values in society concerning law, like education, will reflect importantly what quality of life will be possible in that society. Man's rights under law and his fundamental human condition are almost synonymous.

Du bist nichts, das Volk ist alles! Hitler proclaimed. He thereby unmasked unequivocally the supreme power of the state over any inalienable rights of the citizen. Any concern about appropriate relevancies and imperatives rested with the state, not the citizen.

Our predicament is an ancient one. Each generation must answer anew how it would define and direct the ends of education. Nor is there an exact science to invoke to give sure answers, even assuming that the right questions have been asked. Unless our generation is more fortunate as well as wiser than previous ones difficulties will arise in finding a proper correspondence of ends and means of education.

With the benefit of hindsight it is always easier to assess how well one has chosen. In a pamphlet written about 1784 Benjamin Franklin, that beloved, exciting, and in many ways, greatest of the early Americans recorded an interesting exchange which took place in 1744 at the Treaty of Lancaster, Pennsvlvania between representatives of the Government of Virginia and the Six Nations. Commissionmen from Virginia invited the Chiefs of the Six Nations to send a half dozen of their sons to Williamsburg College which had a fund for educating Indian youths. The chiefs were assured that the sons would be well provided for and be instructed in all the learning of the white people.

The reply of the spokesman for the Indians was no doubt embellished by Franklin as he penned his report. It possesses all the suavity of the 18th century literary salon. Here's the statement of the Indian spokesman à la Franklin:

"We know that you highly esteem the kind of learning taught in those colleges, and the maintenance of our young men, while with you, would be very expensive to you. We are convinced, therefore, that you mean to do us good by your proposal and we thank you heartily.

"But you, who are wise, must know that different nations have different conceptions of things; and you will not therefore take it amiss, if our ideas of this kind of education happen not to be the same with yours. We have had some experience of it; several of our young people were formerly brought up at the colleges of the northern provinces; they were instructed in all your sciences; but, when they came back to us, they were bad runners, ignorant of every means of living in the woods, unable to bear either cold or hunger, knew neither how to build a cabin, take a deer, nor kill an enemy, spoke our language imperfectly, were therefore neither fit for hunters, warriors, nor counsellors; they were totally good for nothing.

"We are however not the less obligated by your kind offer, though we decline accepting it; and, to show our grateful sense of it, if the gentlemen of Virginia will send us a dozen of their sons, we will take care of their education, instruct them in all we know, and make men of them."

Juxtaposed against examples of misdirections—however well intentioned—of missed opportunities and of outright failures are bright spots, real successes in man's long history of pondering "What Education," to what ends and how. One of the most arresting examples came to light, just a few years back. The American Scholar, Winter Issue 1957–1958, published in English translation for the first time some extracts of Latin letters of a Roman Senator, Menenius Apius to the proconsul in Greece, named Atilius Navius. The letters were written on papyri, they were found at Oxyrhynchus, the present El Bahnasa along the banks of the Nile. There is no prior reference to these men in history; the find represents no small addition to our knowledge of those times. Menenius, a retired Roman Senator, writing to a young colleague, is passing on "pearls of wisdom" based on prior governmental experience in Greece. Beyond illuminating our discussion, these documents help in providing insights into the special talent and capabilities which many Romans must have possessed as creative, sensitive, wise administrators—even though we know not all were of this ilk. There is no way for me, from an administrative point of view, to comprehend the phenomenon of either the Roman Republic or the Roman Empire without the participation and dedication of many men possessing both foresight and the talents of a Menenius. My task would be greatly simplified if I could weave in as happy a congruence and so securely as he did, the right insight into the specific historical moment and the right council on how to achieve wisdom and effective administration.

Note the urbanity with which he gracefully bridges the generation gap before venturing any gratuitous admonitions:

"You will please attribute to my age the liberty I am taking in becoming your uninvited mentor, for it is very likely that my advice is not required. But I thought that if there are a few things in my words from which you could benefit, even these would be good, since they are given with such a feeling of affection. Allow, therefore, the former proconsul of your province to offer you, according to the words of Achilles, 'a small and friendly gift.' "

There follows one of the great statements on constraint of power, and on the importance of putting faith in good institutions rather than individual men, assuring thus the perpetuation and continuity of the state against an ephemeral or transitory fate.

"We have won the *world with our legions*, my dear Atilius, but we will be able to hold it only with the political order which we will offer. We have chased war away to the fringes of the earth. From the Persian Gulf to Mauretania, from the land of the Ethiops to Caledonia, the Roman peace rules undisturbed. It is difficult to explain how a city has reached the point of ruling the universe. Among the reasons, however, which could be mentioned to give this fact an explanation should be first the following: We have clearly understood from the beginning that in subjugating foreign peoples we undertook responsibility for their welfare. It is this consciousness of responsibility which distinguishes barbarian conquerors from masters of the world. Before us, Alexander alone had understood this responsibility. Happily for the glory of Rome, he died young; otherwise the Greeks would have been the lords of the world today. Peoples who incarnate their efforts only in single, transient individuals, and not in human communities or institutions which are able to weather the flux of events and which can easily swell the volume of long-term projects, are in a sorry plight indeed."

Other observations of a timeless quality go directly to the mandate of engaging in positive, constructive action versus a passive or negative role of merely maintaining peace and order.

"But it is not enough to give a gift of peace and order, because these are negative elements; they are conditions; they do not constitute the substance of the felicity of men. We should increase the material wellbeing of our people; we should, with our superior technique, build them aqueducts and durable highways, harbors, bridges and other works which make the lives of people more comfortable and easy. We should also disseminate in the countries we govern the gifts of philosophy and poetry. This great work we are capable of doing, however, only in the western provinces, because where you are located the Greeks still do it better than we do."

Then there is a beautiful section on tolerance and accommodation:

"It is not enough, however, that Rome should give to the peoples of the world many things; she should learn to tolerate much, to reconcile herself to all kinds of claims, both logical and illogical, to adapt herself locally to whatever that country believes and seeks; she should prohibit only when prohibition is imposed by dire political necessity; she should recognize all the liberties that can coexist with the general purpose of her policy. The determination of this balance always requires experience, dexterity and unlimited tolerance. Any general, any proconsul like yourself, who does not find this balance in the vast areas which he supervises is in danger of jeopardizing in that district the splendor and grandeur of our republic and of harming an undertaking which was built by the moderation and prudence of generations."

"A ruler should never be disdainful of the ruled, however worthy he may be and however unworthy the ruled may seem. He should stoop to study and get to know his people, especially when he has the difficult task of understanding Greeks."

Finally, there is a foreboding, a premonition of the eventual fate of Rome:

"Cato died long ago and our old democracy died with him. We are now following in the footsteps of the Greeks; and, in time, our own egoisms, which become every day rougher and more violent, will cover with an insurging tide the Senate and the Forum and the Eternal City."

SOME INTERNATIONAL IMPERATIVES

This brief exposure to an array of important concerns which a thoughtful, contemporary public officer deemed central to the welfare and continued existence of his state, one of the great world powers in history, opens the forum for looking broadly at some of our own national and international exigencies and predicaments.

At the end of hard bargaining in Paris in 1783 which happily sealed for these United States the reality of independence, the American Commission wrote back to Congress:

"Since we have assumed a place in the political system of the world, let us move like a primary and not like a secondary planet."

Little did they foresee, that when that when that historical moment would arrive for the United States to assume the mantel of a primary planet, that this new status would entail enormous burdens—at times far more agonies and calummies than glory. Our status as a great power of global proportions, came about not as a deliberate national policy and course of action. It was inherited not sought, not planned or anticipated. We were not ready or prepared for the role; we still are not ready or prepared for the role; we are still operating in a quandry not fully cognizant of what has happened, why it has happened or entirely sure what we should do about it.

Nor will wishing ourselves back to a time before all this happened accomplish anything but further frustrations. Others have tried in vain to set the clock back against such inexorable changes, such as the authors of the Treaty of Vienna 1815, who attempted to re-establish Europe to its *status quo ante* of the 18th century, i.e., before upheaval occasioned by the Napoleonic Wars and the French Revolution.

In retrospect, to be sure, the world of the nineteenth century and the first quarter of the twentieth century was in many ways easier and more comfortable for us. Blessed with vast oceans on both shores, and having only weak military neighbors, the United States could tend its own affairs completely unmolested for the greater part, look after its own domestic needs and above all it could pursue with almost utter abandon programs of economic and industrial expansion.

Reflecting on this period of American history, the eminent historian Clinton Rossiter wrote:

"It is a sobering truth of our history, not just a comforting myth, that fierce concentration on economic development shoved cultural development far to the rear of the American procession toward the anticipated glories of the future.[2]"

Meanwhile England policed the oceans as she watched over her empire. The underdeveloped areas of the world held colonial status; they were satellites of one of the European powers. Their problems and their status were not our concerns. We were spared the burdens and responsibilities of a large military apparatus and the agonies of global international diplomacy; we were spared the acrimony of annual congressional budget debates on foreign assistance—whether military or technical.

First World War I and then as a *coup de grâce*, World War II left England and Europe broken as great political and military forces, dependent abjectedly on the U.S. for military shelter and for a period even for economic survival, e.g., Marshall Plan. Whole empires collapsed in a brief span of time; some of this has immediacy for us. The Ottoman Empire was divided among the victors of World War I, primarily France and England. But separate Moslem countries of the Middle East and North Africa asserted themselves by the end of World War II. The disintegration of the French empire in Asia and in Africa, that of the English empire practically everywhere, despite Churchill's declaration, and that of Japan in the Far East cast the U.S. into a new set of power relationships in the Atlantic, the Mediterranean, the Indian Ocean and the Pacific. Beyond this, England lost its historical, pivotal role in the balance of power of Europe. It also proceeded from being one of the greatest creditor nations to one of the world's largest debtor nations. Discussion now prevails—can England, this mother of parliaments, the cradle of industrial technology, the land of poets, philosophers and scientists, survive?

Three huge powers now stand upon the ruins of these historical events: China, the U.S.S.R. and the U.S. They are enormous military powers, of uncertain ambitions, whose destiny cannot be foreseen or foretold. This circumstance represents our most important reality in international affairs around which much else must pivot.

Responses have been made by the United States, for example: the Point IV programs and its successors, the most recent of which is AID; the Marshall Plan; the participation in the creation of the United Nations; the NATO Alliance; the DEW line in the Arctic; the ICBM; the Peace Corps; the military shelter cast by the U.S. over Japan and Europe. And there is the unhappy, ignoble involvement of the U.S. in Southeast Asia and its attempts to maintain a peace in the Middle East while seeking a detente with China and Russia.

But for such global endeavors and responsibilities the U.S. lacked experience and sophistication. Nor does it have the competencies of sufficient numbers of trained people, to say nothing of the broad political support and understanding needed for effective participation. Indeed, the Marshall Plan was a very brilliant stroke, conceptually as well as in its organization and general administration. We can be proud of this endeavor. But too many of the technical assistance programs, while well intentioned, were not well conceived; they were often staffed, moreover, with incompetent people. There are always exceptions. Likewise, too many of these efforts were piecemeal, not long-range in planning or in support, making it difficult for planners and participants to come up with viable programs.

Thirty years after the conclusion of World War II, a whole generation, and we are still without a comprehensive, intensive debate—global in nature—on what our posture should be. We have, therefore, no consensus as to what territorial or sea boundaries constitute vital, national interests, what areas to defend at all costs; nor do we have any consensus in what areas to remain neutral or merely maintain a sphere of influence through benevolent aid programs. At the conclusion of World War II we insisted on unconditional surrender without considering the consequences of inheriting total responsibilities, including subsequent military protection over vast areas we conquered in Europe and Asia. Do we continue indefinitely with such obligations?

In the absence of any clear, forthright discussion at the federal level, how would or could a citizen define the specific national interests of this country in Europe, in Korea, Japan, Southeast Asia and the Middle East? Within what conceptual framework are we conducting our affairs? Why should be assume older French commitments in Indochina, why not Czechoslovakia, Hungary or any other area? And what illumination is coming forth from discussions of these and related matters at the university level? Much of the rhetoric during the student unrest period reflected little credit on either students, faculty or political leaders—whether elected or appointed. Many knew what they were against, few what they were for. And there was a fundamental misapprehension of the extent to which universities can directly influence public policy. Society has never given a mandate to universities to direct public policy; it has chosen other instruments, namely governmental instruments, for this responsibility.

Sputnik created a national panic. A torrent of instant, public self-criticism ensued upbraiding in the extreme the inadequacies of the U.S. system of education, from the elementary through the secondary and graduate education. Large infusions of state and federal dollars into the education system followed to make the nation stronger and more competitive in an area which we complacently considered ourselves superior.

NDEA programs, including fellowships in a variety of areas and special support for training in so-called exotic foreign languages were launched with great vigor. Sponsored research programs, mostly in the sciences, and funds for research facilities became available on a large scale. But this enthusiasm, this élan, has now subsided. We have put a man on the moon; we have accepted glibly certain assessments of the "Ph. D. glut." Federal fellowships and traineeships have fallen from 51,000 in 1967–68 to 6,600 in 1973–74. And we are fast becoming a monolingual society at the very time that we need highly trained men and well-educated citizens in foreign cultures, including languages. It is the foreign language and humanities areas which are having perhaps the roughest time in our universities. Nor are cudgels in behalf of foreign languages being taken up by the secondary schools. The International Education Act, first proposed with such enthusiasm by President Johnson, has never been funded even though authorized many times. This act could do much to stimulate a greater contribution of universities in the international arena; at the same time it could help improve competencies in international studies so badly needed.

Now we are confronted with an entirely new set of factors and conditions in international affairs never before encountered by Western powers in the modern era. Previous tutoring on international power relationships has become anachronistic to a large extent. What we are witnessing is a transformation in the structural rearrangement of power relationships among material resources, technology and population. And it is coming about at a time when solutions by application of naked force is finding less and less moral endorsement of the citizenry either in the United States or Western powers. To date Henry Kissinger's softly veiled threat of possible use of force in the energy crisis has not found any strong echo of approbation.

The scientific and technological advances of some four or five centuries in the Western World gave Europe a decisive advantage to reduce much of the world to its own ends—politically and economically. These advances also brought about improved health—bringing accentuated population growth in its wake. Technology was joined to capital in a happy marriage of exploitation with a virtual total control of technology to find, extract, and process the raw materials the European powers needed. As Charles F. Gallagher observed:

"With almost exclusive possession of the large amounts of capital required to finance their operations, the Western powers could look forward to a future of unlimited bounty at little cost.[3]"

Footnotes at end of article.

But no longer. Possession of precious and indispensable resources, and the attendant emergence of instant, vast capital, are now components of a new power—lowering the status of technology. It is in our times that the words can be flaunted: "You chaps can be bought"—referring to the experts in technology.

Technical and intellectual endorsements must now be applied in a market where they command less and where the principals compete against each other with growing suspicion and stridency. As for the nouveaux riches, the pressing question is how to trade finite resources and for what kinds of programs of national developments.

Other scarce resources are being added to the scalper's games, e.g., bauxite producers headed by Jamaica and Surinam; phosphate producers, notably Morocco, etc. Others will come. Some will succeed—some will not in extracting their price. Thirteen basic metals needed for our manufacturing and industrial processes come mainly from other less developed countries of the world.

Different countries fare quite differently as one views their circumstances vis-a-vis the total complex of technology, resources and population manpower. However, in different measure each requires something the other has. In our modern world, none can live in isolation as a self-contained entity.

The problem for the U.S. is aggravated by the circumstances that the Western World does not represent a strong, coherent bloc—but rather a series of blocs and even blocs within blocs. The oil crisis has shown how ephemeral or mystic the concept of a European community is, which neither organizationally nor administratively is capable of an effective response and this despite the fact that the new financial claims, in the order of $50 billion per year, will overstrain its banking system.

Kissinger observes soberly:

"It is our liberty that in the end is at stake, and it is only through the concerted action of industrial democracies that it will be maintained."

How to avoid a threat to world stability is no longer a problem only for the economists, it is a fundamental challenge of economic diplomacy.

Because the prevailing values and forces of society will determine its education system, substantively as well as in the instruments for its direction, one could rightly predict that the U.S., the U.S.S.R. and China represent differing modes, as they do, in confronting such a sensitive and significant institution as education. In some ways the task or the role of the citizen living under a dictatorship-style has it easier, particularly in the sense that he is relieved of the responsibilities of initiating programs or action. There the question of "What Education"—is answered by the state, which determines not only the structure and governance of the school system but the nature and content of the curriculum. And the state, likewise, utilizes all-pervading technologies of communication media to penetrate with its propaganda the smallest hamlet or the smallest units or cells of existing organizations.

But in the U.S. the responsibility for the answer "What Education" fall on the citizens, who are free to exercise or not to exercise their franchise, who are free to participate or not to participate in the political and administrative processes of government and who are free or not to make themselves well informed.

A special responsibility and opportunity fall upon the university. In the words of Dr. Derek Bok, President of Harvard:

"Universities are instruments of economic and social mobility whose claim on the public and private purse implies societal usefulness and enjoyment."

If we accept as ineluctable realities that we cannot turn the clock back, that the global role into which we have been cast calls for continuous reassessment of our national and international condition, that we must maintain levels of scientific and technological learning which are internationally competitive, while we seek to keep viable our complex social, economic and political institutions then possibly only in the large complex university is there present that array of talent which is competent to study adequately the implications of this wide range of problems and to articulate constructive alternatives and courses of action. The presence of talents, of course, does not by itself ensure the presence either of the motivation or the capability of the university to organize its resources in ways needed to pursue a whole variety of requisite interdisciplinary endeavors.

A further obligation devolves upon the university in its training of students—who in the eyes of Lord Ashby represent that thin, clear, stream of intellectual excellence, that corps of highly gifted and motivated young men and women who in their generation will carry so heavy a share of the responsibility for innovation and the maintenance of excellence and greatness. Students of whatever discipline should be tutored to think broadly about the exigencies surrounding their society, and be reminded of the obligations of the free, the liberal man. High specialization of learning is indeed fundamental to an increase of knowledge. But it can also lead to fragmentation where one no longer cultivates an awareness of the limitations of the respective disciplines and their specialities. Nor does specialization of itself cultivate awareness of broader societal considerations, including the imperatives to maintain public understanding and faith in the worthwhileness and integrity of the whole academic enterprise.

Perhaps the most difficult education of all, and one which the universities cannot do alone, is how to convince members of a very spoiled and affluent society of the cogency of greater constraints and restraints, on the need for a changed order in the standard of living if we are to survive and if we are also to be responsible. Arthur Burns, the Chairman of the Federal Reserve Board, warns:

"Unless we adopt a 'policy of austerity' there may be a permanent decline of our nation's economic and political power."

SOME DOMESTIC IMPERATIVES

Constraints of time limit further critique of international predicaments. And beyond rendering a bill of particulars, constraints of time restrict much discussion of domestic imperatives. One such list of concerns which touches international along with national problems is provided in a recent AAAS "White Paper."[4]

It was included as part of a staff study carried out by a group of eminent scholars who are advocating the reconstitution of the President's Office of Science and Technology which was dismantled by Nixon in 1973. The office is deemed essential by these scholars to assist the nation's policy makers in addressing themselves more effectively to the big questions of 1980 and beyond. Examples of the types of problems they had in mind follow:

Social and economic problems:

Food requirements and supply;

Widening disparities in living standards within different nations;

Access to efficient, humane, and cost-effective health services;

Development strategies for have-not nations;

Maintenance of labor productivity and price-wage stability;

Creation of jobs for an expanding and educated labor force;

Rationalization of all, and especially higher, education;

Aging, changing population distribution, and humane and effective social services programs;

Ethical and social impacts of applications of biomedical engineering;

Transformation of human settlements;

Impacts of population and resources imbalances on political and other institutional adaptations; and

Economic, political, and social implications of changes in the global climate, in the context of population growth and resource constraints.

Environmental, technological, and institutional problems:

Land-use planning and management;

Environmental regulation;

Air and water management and regulation;

Oceans policies; and

Consumer product safety and performance.

Technological innovation:

Energy supply and utilization;

Reduced dependence on foreign imports of basic materials; and

Technology and balance of trade.

National security:

The limits of détente relative to safeguarding national security and scientific and technological leadership;

Weapons assessment and arms control;

Nuclear proliferation; and

International implications of technological changes.

Now for some brief, general observations. As Father Hesburgh observed in his recent book *The Humane Imperative* there is hardly a serious problem confronting the nation, or almost any nation, which is not international in its implications: pollution, population, trade relations, peace, human rights, human development, security, health, education, communication, drugs, crime, energy, space, raw materials, food, freedom, etc.[5]

The second observation is that many of these problems cannot be attacked adequately by a single discipline but require broad, sophisticated interdisciplinary approaches for which universities are not too well organized or oriented. None to my knowledge has studied or solved this predicament satisfactorily even though Michigan State University has done better than many.

Thirdly, there is one addition which many researchers and research administrators, among others, would want to see included in any list, namely the mandate for universities to participate more effectively in the political decision process, at both the state and federal level. There is no way large public universities can maintain their current stage of excellence without federal assistance. This assistance comes from a variety of agencies—which, except for NSF—are mission-oriented. Hence, the special care to know under what circumstance one should solicit funds, accept funds or urge greater funding.

Lastly, it is no longer sufficient merely to act professionally. It is becoming almost conventional, as it should, to raise questions of moral justification on many issues: medical practice regarding death; social engineering in population control, genetics, questions of energy, ecology and environmental quality, etc.

From any array of domestic imperatives it is invidious to single out *one* area, as all are important, but probably most would endorse a special plea that we fulfill the promise and potential of this nation's social revolution. Thomas Jefferson was prophetic, as we have come to learn, in his warning that one cannot be ignorant and free in a state of civilization. Ghetto life does not have the potentials for

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Footnotes at end of article.

its own improvement. Something external must be invoked to break the vicious circle of poverty and despair. Beyond the right of political liberty, no single force exceeds in importance an access to quality education, the primary instrument for social and economic mobility. Mandates of social justice aside, which must be honored, there are reciprocal benefits which arise from the increased influx into our society of people who can help bear its burdens, help contribute to the storehouse of knowledge and help contribute to its beauty and excitement giving us the blessings of new, imaginative and creative efforts.

Things have gotten very complex.

Socrates' well-known dictum—"An unexamined life is not worth living"—requires for the modern liberal the further admonition that life today cannot be examined adequately by an education that is too fragmented and that we need to be literate in a variety of languages—linguistic and scientific, and in the very least know how to draw upon many resources in order to enjoy and to participate effectively in the full life of our times. By themselves the humanities, the social sciences and the natural sciences would leave us too impoverished and with too weak a crutch, either to understand the complexity of the problems we face or to inform us adequately on what decisions to recommend for their resolution. Life on this planet is a fragile affair, not only from the point of view of the ecologist, but all those concerned with the welfare and destiny of man.

Father Hesburgh includes among his imperatives the need "to make life human, beautiful, intellectually and morally satisfying." His prescription of educational requisites embraces "skills of literacy and quantitative reasoning and passing onto the sciences (natural, physical and social) technology, law, medicine, theology, literature, music, dance and drama—all that we subsume under the word cultural, or more broadly, in its organized form, civilization."

We have created a wondrous technical society, but we still do not know what to do with it. We have surpassed our predecessors in teaching what is true and how to discover new knowledge, but we have no adequate science to teach what is right or how to solve the problems of human conduct—as Watergate so painfully attests.

Mindful of the truth of the accusation that too often we try to solve today's problems with yesterday's solutions, this brief discourse has eschewed any *a priori* formulations of absolutes for education. Rather the nod has been given to the priority of finding and defining some of the realities of the world in which we live. Looked at thoughtfully and forthrightly these realities carry their own message, to a very high degree, of the mix of academic studies and of societal commitments which may be required to render appropriate responses. A definition of specifics would also exceed the boundaries of this discussion; these must remain, therefore, as they have in this paper, suggestive. Their articulation must entail the combined efforts of many both within and without the academic community. And they must be constantly modified to be kept viable and congruent. These efforts make up or should make up the bulk of our lives.

But by way of recapitulation perhaps one can speak to the question of a basic approach, for the individual and for society as a whole. On the question "What Education" for the individual—the entreaty, in brief, of this presentation is to ask each to the maximum of his ability to know the particular historical moment in which he lives, to live in it alertly and consciously, to inqure constantly into the social, economic, political and intellectual forces which mold and shape his environment, and to cultivate unremittingly those variety of educational experiences and capabilities which will enable him to meet problems responsibly, to help enhance the beauty of our planet and to make it more humanly viable.

On the question—"What Education" as a national enterprise or commitment—the entreaty would be that education which endeavors: to make us feel we are a nation of common goals and humane aspirations; to help bind us together as a true community, consciousness of an historical mission; to maintain an awareness of the interdependence of our national and international imperatives; and to pursue that quality and scope of intellectual experiences which will enable us to act responsibly as a strong but morally conscious nation, as well as to work effectively with others toward social, economic and political justice.

The inimitable poetic statement of Archibald Mac Leish comes directly to the core of the matter:

"To see the earth as it truly is, small and blue and beautiful in that eternal silence where it floats, is to see ourselves as riders on the earth together, brothers on that bright loveliness in the eternal cold—brothers who know now they are truly brothers."

FOOTNOTES

[1] Helene Tzitsikas, *Santiago Roman y Cajal Obra Literaria.* Mexico City, Imprenta Venecia, 1965, p. 18.

[2] Cinton Roositer, *The American Quest 1790–1860.* New York, Harcourt Brace Jovanovich, Inc., 1971, p. 171.

[3] *Common Ground,* Vol. 1, January 1975, New York, American Universities Field Staff, p. 4.

[4] "Organization for Science and Technology in the Executive Branch", *Science,* Vol. 187, March 7, 1975, pp. 810–811.

[5] Theodore M. Hesburgh, *The Humane Imperative.* New Haven, Yale University Press, 1974. 107.

SUPPORT GROWS FOR DEVELOPING NEW AGRICULTURAL POLICIES

Mr. HUMPHREY. Mr. President, I wish to bring to the attention of the Senate resolutions passed by the U.S. Conference of Mayors, the Intergovernmental Relations Committee of the Conference of State Legislatures and the Independent Bankers Association.

The themes of these resolutions are similar. We need to develop a new agricultural policy. Among the concerns expressed was the need to assure an adequate supply of food and fiber for American consumers while at the same time assuring a fair return to our producers.

All three resolutions indicate that a national reserve is needed to provide consumer protection while at the same time benefiting farmers and adding to our national security.

The importance of food exports, in terms of our balance of payments, is also recognized, as well as the need for stabilization in the price and supply of food.

I find it encouraging that three such diverse groups have called for new agricultural policies. Unfortunately the administration seems unwilling to learn from its glaring mistakes. We need a coherent program to pull together the various aspects of food production and distribution. We also need to recognize more clearly the interrelationship between our own domestic needs, the humanitarian requirements to which we respond throughout the world and, of course, our export market.

Mr. President, I ask unanimous consent that these three resolutions be printed at this point in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

RESOLUTION TO CONGRESS FROM THE UNITED STATES CONFERENCE OF MAYORS

Whereas an adequate food supply for domestic use is a national necessity; and

Whereas an adequate safety supply stock could work to benefit American consumers and farmers and could add to our national security; and

Whereas this Nation in recognition of its moral obligation to the peoples of the world has and should continue to act to mitigate famine in the world; and

Whereas food exports may serve to stabilize this country's balance of trade; and

Whereas an adequate and continued food supply is reliant on incentives for farmers based on a reasonable return on investment; and

Whereas a stable and equitable food cost is essential to the national and international consumer; and

Whereas stabilization in price and supply of food would be beneficial to this Nation's cities; and

Whereas past and present agricultural programs appear to have lost their full effectiveness in this period of inflation and recession; and

Whereas long range solutions to the problems of agriculture and farmers must be sought; now, therefore, be it

Resolved That the United States Conference of Mayors does hereby call upon the Congress of the United States to enact, and the President of the United States to sign, legislation establishing a National Food Policy, and urges the Congress and the Administration to ensure that any program so created:

1. has, as one of its basic tenets, the preservation of the environment for future generations;
2. provides for a reserve system or similar systems designed to enhance the stability of domestic food prices and supplies;
3. recognizes that this Nation's ability to produce food is a valuable tool of foreign policy which may be used to further the betterment of mankind;
4. recognizes that the American Farmer is entitled to a fair return on his investment and provides incentives to that end;
5. be established with foresight and flexibility in management to cope with the pressures of inflation, recession and the uncertainty of the weather and the world market.

RESOLUTION PASSED BY INTERGOVERNMENTAL RELATIONS COMMITTEE OF CONFERENCE OF STATE LEGISLATURE: FOOD SUPPLY AND AGRICULTURE TASK FORCE

Realizing fully the importance of keeping an adequate supply of American food products for the people of this country both in times of plenty and in times of drought, we recommend that:

(1) an adequate safety supply stock which is designed as protection for the consumer and not competition for the farmers is necessary for national security;

(2) our moral obligation to significantly help abate world hunger is a national concern;

(3) food exports exist as our prime hope for a balance of trade;

(4) an adequate and continued food supply is dependent upon cost of production plus a reasonable profit for the farmer;

(5) a stable and equitable food cost is essential to the national and international consumer;

(6) to bring long range solutions to these

pressing concerns a national food policy is mandatory.

Therefore, we hereby call upon the Congress of the U.S. and the President of the U.S. to concentrate their effotrs for the enactment of legislation establishing a national food policy. We must protect our food supply by stabilizing farm prices through food reserves held in the hands of the producer, thus keeping our nation's farmers in production and resulting in protection for the consuming public by avoiding unnecessary and severe supply and price fluctuations.

RESOLUTION PASSED BY INDEPENDENT BANKERS ASSOCIATION AT 1975 CONVENTION

A NATIONAL FOOD POLICY

Food production is man's most basic industry. Yet America is calling upon its farmers to expand production of essential farm commodities without offering assurances against market fluctuations that can severely depress agricultural prices.

It is thus essential that a national food policy be enacted.

As a part of that policy, a national reserve of feed grains and storable foods must be established.

A national food policy must protect our food supply by stabilizing farm prices through reserves and reasonable maximum and minimum parity guarantees.

A national food policy will keep the nation's farmers in production for domestic and foreign needs.

A national food policy will protect the nation's consumers by assuring an adequate and continuous food supply which will avoid unnecessary and severe price fluctuations.

Our nation's future depends upon the enactment of a national food policy. Therefore, this association calls upon the Congress of the United States and the President to give a priority position among national issues to the establishment of a national food policy.

FOUR NATIONAL CHALLENGES FACING CONGRESS

Mr. DOLE. Mr. President, during the remaining days of this session of the 94th Congress, several issues still demand our attention. These issues involve a mixture of foreign and domestic policy and if properly handled, can go a long way toward stabilizing our domestic economic situation in making our country a leader in the establishment of international peace.

In the international arena, Congress must yet focus on several authorizations and spending bills which will ultimately determine the effectiveness of the recently negotiated Sinai accord. Our policy with regard to grain sales to the Soviet Union and Communist bloc countries, and our general relationship with the Soviet Union and China are still unresolved.

In the domestic arena, Congress continues to battle with a number of energy bills. Within the next 2 months, we must decide what direction this Nation will take with regard to the natural gas crisis and the longer term problem of obtaining overall energy independence. Resolution of these energy issues will have a drastic impact on the economy in the future economic outlook of our Nation.

Equally important to economic stability is the direction that Congress takes in the next 60 days on issues relating to fiscal responsibility. Inflation continues to be America's greatest economic problem. In order to control inflation, it will be necessary for us to reduce Federal spending during the coming year. If we are to extend the tax cut currently available to Americans, or increase the size of the tax cut as has been proposed by the President, sizeable cuts in Federal spending are called for if we are to avoid double-digit inflation.

These are major issues that require serious investigation and consideration during the coming months. Numerous viewpoints have been expressed on all these issues and hopefully through an exchange of viewpoints, compromises can be developed which protect the basic interests of the American people.

Recently in a speech before the Topeka Rotary Club, former Kansas Gov. Alf Landon commented on these important issues. His viewpoints on these issues are enlightening and, I believe, reflect the feelings shared by a vast number of citizens in middle America. I ask unanimous consent that the text of the Governor's speech be printed in its entirety and trust that my colleagues will take the time to reflect on Governor Landon's comments and their implications for this Nation.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

FOUR MAJOR POLICIES

(By Alf M. Landon)

President Ford's four basic policies tremendously important to American life call for immediate bipartisan discussion and consideration by the Congress and Americans. These are, of course:

1. The Middle East pact.
2. Russian and Chinese relations.
3. Energy.
4. Fighting for normal fiscal policies instead of quack inflation.

The settlement in the Middle East by and between Israel and Egypt laboriously worked out by Secretary of State Kissinger is now before the United States Senate for approval of the place our national government will occupy. Its success depends on energetic cooperation by the Arab states and Russia.

I believe it is to America's interest to ratify it, once there is a clear and definite understanding of just what is agreed to by all the governments involved.

Obviously, there has to be a seedbed for stability in the Middle East on which peace and prosperity can be built—or the alternative may be war with widespread disastrous consequences not only to the peoples directly involved, but also to others elsewhere throughout the world.

Hot passions of the ages still run deep and bitter. There must not be any misunderstanding in the wording of the agreement. The assumption that it is in mutual national interests must be justified. We must ensure everyone understands the words the same way.

For many centuries, these old disputes have failed to be settled by force. Now, for the first time, there is a new approach—accommodation instead of confrontation—to avoid setting the world affire with new mass destruction weapons.

This new Israeli-Egypt-US relation cannot be described accurately as disengagement, for it provides more modern weapons for each to be furnished by the United States. Neither can it accurately be titled as bringing friendship between neighboring countries with mutual trust and confidence, when hatred and violence are constantly evidenced. It depends on the United States as observer located in an area occupied by United Nations troops as well as Egyptian and Israeli military forces.

There has never been a set-up like this to maintain peace at any time anywhere in world affairs. Whether it works is a gamble. I believe it is worth taking—particularly with Russian acquiescence—as the only one in sight.

The pending agreement depends on America's participation as a door-keeper, as it were. It is only a step in the right direction and must be followed up. Already Secretary Kissinger has pending highly important discussions with Syria.

I am not impressed with the validity of the comparison of some two hundred American civilian observers with the some twelve thousand armed troops sent into Vietnam by President Kennedy under the guise of "observers." Furthermore, Kennedy's were on only one side. These unarmed civilians are at the request of the parties to the agreement—Egypt and Israel.

Russia is a big factor in the workability of this first step toward peace instead of war in the Middle East.

Brezhnev's enormous influence can smooth out the many difficulties that are bound to arise. That involves something of a turnabout on Russia's part, whose influence heretofore has not been for a quiescent Middle East. Instead, if Russia continues to agitate those countries, that will foster trouble instead of stability.

That brings me to trade with Russia.

Right in the midst of the highly sensitive and significant negotiations of drafting the final understanding between the three governments—Israel, Egypt and the United States of America—President George Meany of the AFL–CIO issued his antagonistic embargo orders on American wheat shipments for Russia by the Gulf longshoremen.

I do not think the possible political consequences in foreign affairs ever occurred to Mr. Meany. For sure, he misinterpreted the benefit for the American consumer. If wheat were free, a pound loaf of bread would still cost 33 cents. As for the wheat embargo, it was only temporary with little effect on the cash price for the American farmer.

President Ford said at once the longshoremen's strike was "disastrous" and urged that it be handled "cool." From subsequent events, it is evident that he was not undecided. Our President realized that Mr. Meany unwittingly was running interference for him, allowing him more time to tie up loose ends.

Look at the situation our President was in: Russia's position on the Middle East—not yet defined . . . nor on a workable and competent limitation on nuclear weapons.

It is well known that I have urged a détente with China and Russia for twenty years. However, I said at the time of the so-called "Spirit of Camp David" that, while I was willing to sleep in the same bedroom with Khrushchev, I would not leave my wallet in my pants hanging over the back of a chair. I have seen no reason to change my mind with Brezhnev.

I have long believed that trade is the only realistic base of peace between nations. For two leading powers like Russia and America, it is what each needs and must have.

Today, with Russia, it is American farm products. With America, it is Russian oil—plus the intangible support of Russia for the Middle East settlement.

As the old saying goes, a fair trade is no robbery. That is what President Ford is trying to work out with Russia. It involves many touchy details of both political and economic value.

We must not over-emphasize the importance of Russia to our farm market. It has never been our best customer—and is not today. Americans had a record-breaking grain crop this year. Russia had a poor crop at the same time. So it must have our surplus grain. Year in and year out we must export two-thirds of our grain crop at a fair price to have a favorable balance in international trade and a profitable agriculture for a good market in domestic needs.

The long range problem is that Russian grain requirements change from year to year with the weather. Variations in weather do not affect our grain crops as much as Russia's. Americans are better farmers with better equipment and techniques.

An elementary principle of peaceful international relations in management of foreign affairs is that agreements be based on what is of interest to one country to make and keep and what is of interest to another country to make and keep. So, let us take a look at the Russian situation.

There is no question but what Russia needs and must have imports of food and grain from America, and there is no question but what Russia's influence for stability in the Middle East is of great importance—not only to America but to all the world. So Russia needs wheat. We in the world need Russia's influence for support of the Middle East Pact of so much importance that has been worked out between America and Israel and Egypt. That is somewhat intangible.

Trading grain for oil is tangible; however, not as simple as it sounds. Russia—with reserves twice that of America's—does offer a supply of limited size for the exchange of crude oil for American grain. However, the amount it has immediately available for export makes it impossible to totally displace our imports from the Middle East. Nor should we. Two sources of supply—no matter in what line and with whom—are more dependable than one.

Exchange of American grain for foreign oil is desirable. We should look to the Peoples Republic of China. Its crude oil production has been increasing dramatically in recent years and the potential for a continuation of this trend is tremendous.

This offers the opportunity for quiet diplomatic conversation opening possible agreement by the two men occupying the most powerful positions of any two men in the world—Chairman Brezhnev for Russia and President Ford for the United States of America—playing it cool, as President Ford said.

If successful, the ramifications are deep and widespread—not only in the present national economy but in the future life of all mankind.

When agreement is once worked out, the President's "play it cool" policy becomes of great importance in conducting other negotiations with Russia. Once the Congress ratifies the Middle East settlement, then it is to Russia's interest to get the grain and it is to our interest to get Russia's influence in the Middle East, particularly in support of the new relationship between Israel and Egypt.

The President's "playing cool" policy reminds me of a policy that I've always believed in for both domestic and foreign affairs—"speak softly but carry a big stick." He's speaking softly but he has the big stick when the time comes for discussion with Russia on their need for food and our need for stability in the Middle East.

We were an agricultural country until World War I. From World War I, our industrial expansion took place, and agricultural products, as far as our economy was concerned, took second place. In the light of events in the last two or three years, once more our agricultural economy is taking the dominant place—and we're not going to have an industrial recovery without a prosperous agriculture—and a prosperous agriculture means disposal of our immense surplus on the foreign market.

Our President's recent far-sighted practical proposal to provide government loans of some one billion dollars for private companies to develop the enormous resources of solar energy—thermal energy—and other ways—requires careful attention and study. Private capital will not be available in the amount needed for the years of exploring, experimenting and testing. New sources of energy other than fossil fuel—whether crude oil or coal—will be a necessity in another twenty years.

Mr. Ford's proposal reversing our previous limitations on railroad mergers and urging consolidation of all the railroads into five or six strong badly needed transportation facilities is making slow progress. This is a realistic and vital proposal and deserves the nation's more serious and prompt attention.

Normal inflation is a corollary of an expanding and thriving economy. Its control is automatically adjusted by business conditions.

Deliberately planned inflation is the management of money by a government with the best intentions. It has been tried many times by different forms of government in various ways—always with disastrous results. In America, this has been true because of concern with the next election. Yet the myth still persists that it is a workable and reasonable way to create a sound national economy of good times generally. That is the way President Franklin D. Roosevelt's inflation ended in six years. It took war planning to stimulate and keep it going.

When Franklin Roosevelt—in 1933—announced his inflationary policy—he said it was for one year and only that; and the administration's policy would be a balanced national budget the following year. That satisfied his supporters and critics who knew their history and feared the bleak prospects from an inflationary policy by our national government.

However, President Roosevelt never got to balancing-the-budget-year. After putting it off for six or seven years, he said it did not make any difference "as long as we owed the money to ourselves."

Since 1933, the value of the American dollar has steadily declined. Furthermore, except for the war years—jobs have declined with inflation and the welfare state economics as contrasted to the workability of its benevolent ideas.

Today all of the Democrat presidential candidates—except for Governor Wallace—advocate more inflation to provide more confidence for more jobs. That is like the proverbial dog chasing his tail—going round and round.

We do not have to ask any questions in the past to keep the record straight. Look at the way the inflationary merry-go-round is running down England. It is in a terrible plight.

England year after year has attempted to meet its declining economy by a constant resort to more inflation. When that proved not to be the answer—instead of returning to the old traditional fiscal policy of a balanced budget—England then started nationalization of railroads—steel mills—automobile plants.

Prime Minister Wilson is at last facing the same dilemma that New York City is. Both are unable to borrow any more money.

The President of the National Association of City Mayors—with some ten or twelve others—all of whom have spent their taxpayer's money recklessly without proper and accurate bookkeeping—are putting pressure on President Ford to bail them out on the grounds that national chaos will occur if federal money is not given them.

I believe the chaos will be if President Ford establishes that principle of government.

I believe it is a compliment to the mayors of America that, so far, only twelve cities have been mentioned as being in the same disastrous financial condition because of weak and incompetent heads of their government.

Yet we find this Congress continuing to vote big lavish appropriations without restraint—execpt for presidential vetoes.

If we have a Congress and a President dancing down that glittering primrose path, as England had, our nation will be headed for the same end. That trend is evident in the American Congress with bills to nationalize the railroads—the big oil companies—the control of export wheat . . . even bank loans on the basis of city populations.

Planned inflation is really the cruelest form of hidden taxation. I have also always been opposed to a sales tax because it is most unfair, in that it does not take into consideration the ability to pay. For large numbers of Americans, it is a hundred percent tax. That is, it applies to everything they buy, whereas, for better off Americans, relatively little of their income goes for things subject to sales tax.

Likewise, deliberate inflation by government presses down the hardest on those least able to adjust their income for offsets. Inflation cancels out equal opportunity. I am not thinking of loopholes in the income tax laws. I am thinking of different ways of investing capital to hedge against inflation.

We have reached the place of decision. If we are going to continue depending on inflation as promising good times, it will be destructive instead of constructive, and more painful to more people all the time. It will create a vacuum for Communism or an equally dreadful form of authoritarianism to move in.

I agree in principle with the sound and equitable short and long range planned fiscal proposal of President Ford the other night. It meets the heart of the problems for stimulating better times.

Its workability depends on congressional support achieved by and between legislative leaders and the Chief Executive. The need is great.

That's the way to go. Politics, as usual, will get in the way.

President Ford's proposals of tremendous beneficial impact will be considered by the Congress. They are evolutionary, not revolutionary. They are realistic, not visionary. They are broad in scope and detailed in specifications.

They aim at new and long-range fundamental changes in American and world life. I urge that they be thoroughly considered, but without partisan rhetoric, trigger words or flamboyant oratory.

FED CHAIRMAN BURNS OUTLINES ELEMENTS NEEDED IN SOLVING NEW YORK FINANCIAL CRISIS

Mr. HUMPHREY. Mr. President, on Wednesday, October 8, the Joint Economic Committee was privileged to receive the testimony of Dr. Arthur Burns, Chairman of the Federal Reserve System, on the financial crisis of New York City.

Dr. Burns' testimony reflects his great concern about the possible impact of a default by New York City as well as his opinion that certain Federal solutions could be worse than the problem. The statement is an evenhanded and carefully thought out presentation that recognizes the magnitude of the problem Congress faces.

During the course of the hearing, Dr. Burns suggested that if he were forced to decide on October 8, he would have voted against assistance. However, he did point out that if the financial markets continued to deteriorate, he would immediately change his position.

Dr. Burns also conceded that there is a great deal of uncertainty about the economic and financial consequences of default. For this reason, he understood how many Members supported assistance and willingly presented his own preference on the form of congressional action. Dr. Burns suggested that any congressional solution should contain at least five basic elements;

First, strict limitations should be placed on eligibility so that Federal assistance is targeted only on cities and States in financial distress;

Second, the State should supervise the management of the city;

Third, the Federal Government should require a strict financial plan with no expenditures or borrowings permitted that are not included in the plan;

Fourth, a fee should be paid to the Treasury for the right to assistance; and

Fifth, a State tax should be levied to pay one-half of the annual operating deficit of the eligible unit of government.

Legislation which I have introduced, the Emergency Intergovernmental Assistance Act—S. 2514—incorporates many of these same provisions.

Mr. President, I commend Dr. Burns for his thoughtful and knowledgeable testimony on an incredibly complex problem. I recommend his testimony to my colleagues. I ask unanimous consent that the full text of Dr. Burns' opening statement be included at this point in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement by Arthur F. Burns

I am here to join you in discussing the economic and financial problems posed by the financial crisis of New York City.

The difficulties now facing New York stem from the erosion of its financial position over the past decade. During this period the expenditures by the City's government grew rapidly while revenues failed to keep pace. To close the gap between its revenues and expenditures, the City relied increasingly on borrowed funds. Not only capital expenditures, but also the mounting deficits on current operations, were financed in this fashion. By the end of 1974, New York City's outstanding debt amounted to over $13 billion, much of which was in the form of short-term notes—that is, obligations maturing in a year or less.

Investors may learn slowly, but their innocence does not last forever. As poor management of New York finances persisted, at first a few but in time more and more investors became concerned about the City's financial condition. During the past winter and spring the City began to experience very serious difficulties in rolling over its debt—to say nothing of adding to its outstanding indebtedness.

Unfortunately, the City failed to take clear-cut remedial measures, and there was some loose talk about an investor conspiracy against the City. The basic facts, of course, were quite simple. First, commercial bankers, being aware of their responsibility for other people's money, felt they may already have approached—if not exceeded—the limits of prudence in their holdings of New York City securities. Second, the many thousands of individuals who invest on their own account likewise focused on safety; they were no longer much tempted by promises of an exceptionally high yield. Investor confidence in the City's finances thus dwindled, while its need to pay current bills and to refinance maturing obligations became more pressing. Once this stage was reached, the possibility of default on the City's obligations became very real, and it was so advertised almost daily in our nation's newspapers.

The financial crisis confronting the nation's largest city prompted the government of New York State to offer financial and managerial assistance. Starting in April, the State put at the City's disposal substantial sums that were not scheduled for payment until some months later. Then, around mid-June, the State legislature created a new agency—the Municipal Assistance Corporation (MAC). This agency was empowered to sell up to $3 billion of its debt obligations, which were to be backed by certain tax revenues that otherwise would have gone to the City, and then to make the proceeds of its borrowing available to the City. Armed with such broad authority, MAC sought to wring some clarity out of the City's tangled finances and to help develop a budgetary plan that could lead the City back to a balanced budget.

These measures, however, proved insufficient to restore investor confidence in the City's financial management, and even the new securities issued by MAC soon came under a cloud. To ward off imminent default by the City of New York, the State adopted firmer measures on September 9. First of all, control of the City's finances was turned over to a State-dominated Emergency Financial Control Board. Second, the power of MAC to issue debt securities was enlarged. Third, the State sought to arrange additional financing of $2.3 billion for the City, of which $750 million in loans was to be provided by the State. This financial plan was designed to tide the City over until early December, and it was hoped that by that time the newly organized Control Board would have in being a sufficiently strong program of budgetary restraints to enable the City to resume the sale of its securities to the investing public.

But when investor confidence is once shaken, it can rarely be restored quickly or easily. The new financial plan failed to elicit enthusiasm on the part of investors. In general, the financial community remained skeptical about the City's ability to avert default and rebuild its financial strength. The concern of market participants was heightened by a judicial ruling on September 29 that brought into question a portion of the financial aid package, namely, the purchase of MAC bonds by the State pension funds. Beyond that, the recent intertwining of the State's finances with the City's finances has troubled many investors and damaged the State's credit standing. Thus, the stresses and strains that developed in the municipal securities market over the summer months have become more acute in recent days.

Since the summer, and to an increasing degree in recent weeks, the participants in the municipal market—that is, investment bankers, securities dealers, and ultimate investors—have been attempting to reduce their exposure to the risk of loss.

This has affected not only securities bearing a New York name, but also issues of some other State and local governments. Thus, many securities dealers have sought to cut back on their inventory of municipal securities, and they have often found it necessary to offer bonds for sale at prices considerably below their purchase price. Underwriters of municipal issues have generally scaled back on their participation in new offerings, thereby protecting their capital in an uncertain and volatile market. Some underwriters have gone so far as to withdraw entirely from bidding syndicates. And investors—the ultimate buyers of municipals—have been tending to shift to higher-quality municipal securities or to categories of investment judged to be less hazardous.

Trading in the market for outstanding tax-exempt bonds has therefore slowed appreciably and the spread between bid and asked quotations has widened. These developments are characteristic of a period when investor confidence has been shaken, and they are indicative of a weakened market.

The recent behavior of investors and dealers has resulted in a rise of the yields on municipal securities to the highest level ever experienced in the tax-exempt market. Yields for even the highest-rated borrowers have risen over the past few months. Some of this increase has been associated with the upward drift of open-market interest rates since mid-year. In addition, municipal yields have been under upward pressure because of the heavy volume of new tax-exempt issues flowing to market. The market for tax-exempt securities is more concentrated, and therefore smaller, than for taxable bonds. Hence, when unusually large amounts of such securities have to be placed, larger yield adjustments relative to taxable markets are likely to occur. Nevertheless, until the last two weeks, I would judge that the yields on the highest-rated municipal issues have not been out of line with those available on corporate bonds of comparable quality.

In choosing among tax-exempt securities, however, investors have become increasingly selective. The differences in yields, comparing lower-rated bonds with higher-rated issues, have increased considerably since last spring and have become unusually large. Thus, the average yield on Moody's A-rated bonds now exceeds that on AAA-rated bonds by more than a full percentage point—or about three times the risk differential required by investors during the preceding six years. Thus, the interest cost for lower-rated borrowers coming to market has risen materially.

The deterioration of the market for municipals of less than the highest quality has been especially pronounced for obligations of New York City, New York State, and certain of the State agencies. In the case of the State proper, investors have become concerned that the resources being diverted to the City are damaging the financial position of the State itself. Some of the State's agencies that issue "moral obligation" securities rather than "full faith and credit" obligations have been unable in recent months to finance themselves in the public market. There now appears to be some tendency on the part of investors to underestimate the financial strength of these agencies—an attitude that stems at least in part from the temporary default earlier this year by the Urban Development Corporation. To a lesser extent, there has also been some reluctance by investors to acquire the securities of similar agencies in other States.

During the past week or so, the impact of the market's unease has spilled over to a wider range of securities. Significant increases in yields have occurred in the case of some outstanding bonds of governmental units that enjoy a high financial standing. Moreover, a few issuers have not received any bids for their bonds, or have rejected the bids received because the interest cost was deemed excessive. These developments reflect increasing concern over the crisis of New York City.

If the weakness of the market for municipals were to persist and spread further, many soundly run, creditworthy communities and public agencies could have great difficulty—or suffer excessive costs—in raising needed funds. Holders of municipal securities, among which financial institutions are numerous, would to some degree be affected, and so might others less directly involved. Hence, if the New York City crisis remains unresolved, and if the fate of New York State remains tied to the City's, the process of economic recovery now under way in our nation could be injured.

Until this most recent turn of events—which I trust will prove to be a transitory phenomenon—the market for municipal securities, taken as a whole, functioned very effectively. During the third quarter of this year, even as pressures associated with the New York City problem intensified, new bond issues amounted to about $9.5 billion. This is by far the largest volume ever for a third quarter, and it would have been a record even in the absence of the $2.4 billion of MAC bonds sold during the period.

In seeking ways to resolve New York City's crisis, the suggestion has occasionally been advanced that the Federal Reserve might serve as a source of emergency credit. No formal application for such credit was ever received by the Board or the Federal Reserve Bank of New York. But I want to explain why we probably would have disapproved such an application had it been made.

As the ultimate source of financial liquidity in the economy, the Federal Reserve has certain powers to extend emergency credit even to institutions that are not members of the System. But the use of that authority is tightly circumscribed. The basic provision—contained in Section 13, paragraph 13, of the Federal Reserve Act—states that emergency loans with maturities no longer than 90 days may be made by the Federal Reserve Banks on the basis of promissory notes backed by Treasury or Federal agency securities. To qualify for credit assistance under this provision of law, a local government would have to possess sizable amounts of unencumbered Federal obligations. This would be an unusual situation for any distressed borrower and it obviously does not apply to New York City.

The lending authority under paragraph 3 of Section 13 of the Federal Reserve Act is broader, permitting the Board, in unusual and exigent circumstances, to authorize Reserve Banks to make loans on the kinds of collateral eligible for discount by member banks. Such paper may not have a maturity of more than 90 days and must afford adequate security to the Reserve Bank against the risk of loss. Furthermore, in view of restrictions of law and Congressional intent, certain conditions must be met in order to permit the extension of emergency credit under this authority. Among these conditions is a requirement that an applicant has exhausted other sources of funds before coming to the Federal Reserve, that the borrower is basically creditworthy and possesses adequate collateral, and that the borrower's need is solely for short-term accommodation. It does not appear that New York City is now in a position to meet all these requirements. Certainly, its finances would hardly permit early repayment of emergency borrowings.

In addition to the emergency lending provisions in Section 13 of the Federal Reserve Act, the Reserve Banks have authority under Section 14(b) to purchase short-term obligations of State and local governments issued in anticipation of assured revenues, subject to regulations by the Board. Legislative history indicates that this authority was designed to assist the Federal Reserve Banks in meeting their operating expenditures, and also to enable them to make the discount rate effective when little borrowing took place at the discount window. There is nothing in the Federal Reserve Act or its legislative history to suggest that Section 14(b) contemplated the purchase of municipal securities as a means of aiding financially distressed communities.

The Congress, of course, could amend the Federal Reserve Act so as to relax the requirements for extending Federal Reserve credit to financially troubled governmental units. But the Board of Governors would have the gravest doubts about any such action. If loans were to be made to State or local governments, the Federal Reserve would have to involve itself in the activities of these governmental units, including particularly their expenditure budgets and the adequacy of their revenues. Moreover, since numerous demands for credit might ensue, the Federal Reserve would have to set standards of eligibility. Being thus placed in the position of having to allocate credit among governmental units, the nation's central bank would inevitably become subject to intense political pressures, and its ability to function constructively in the monetary area would be undermined.

The Board fully recognizes that the Federal Reserve System has the responsibility, subject only to restrictions under existing laws, to serve as the nation's lender of last resort. Over the years, we have therefore developed contingency plans to deal with possible emergency situations. As I previously informed the Chairman of this Committee, our plans have been adapted recently to cope with the financial strains that might be associated with the default of a major municipality.

In that event, I assure you, the Board is prepared to act promptly. The contingency plan calls for lending to commercial banks through the Federal Reserve discount window beyond the amounts required by normal discounting operations. Credit provided in this manner would assist banks in meeting their temporary liquidity needs. Not only that, the proceeds of the special loans made at the discount window could also be used by the banks to assist municipalities, municipal securities dealers, and other customers who are temporarily short of cash because of unsettled conditions in the securities markets. In addition, the System would, of course, be ready to use its broad power to stabilize markets through open market purchases of Treasury or Agency securities.

In the event this contingency plan has to be activated, the Board will make funds available on whatever scale is deemed necessary to assure an orderly financial environment. The Board recognizes that sizable extensions of Federal Reserve credit would run the risk of leading to a substantially larger expansion of bank reserves and the money supply than is consistent with longer-run monetary objectives. Clearly, therefore, any such expansion must be only temporary. In time, any excessive growth in bank reserves would need to be corrected through offsetting open market operations and through repayment of bank borrowing from the System.

There are also certain supervisory and examination questions that may arise with respect to banks in the event of a major municipal default. In this connection, the Board and other regulatory agencies have plans to revise procedures that apply to the valuation of defaulted securities, so that any writedowns may be postponed until the market has had a few months to stabilize and thus provide more reliable indications of their value.

Even so, a default may ultimately require writedowns that could seriously impair the capital of some banks. In that event, the Federal Deposit Insurance Corporation has statutory powers to assist Federally insured banks that might find their capital impaired by a decline in the value of securities in their portfolio. I understand that the Corporation is prepared to implement, with appropriate safeguards, its contingency plans for dealing with insured banks that require a temporary infusion of supplemental capital for the above reason.

I think it evident from the far-flung scope of our contingency plans that we believe a default on debt obligations by New York City could produce serious strains in securities markets. For a time, it could also adversely affect municipalities that need to issue new debt. The like is true of financial institutions that hold such securities in significant volume, and also of individual investors who have part of their life sayings at risk in these bonds. I still believe that the damage stemming from a prospective default by New York City is likely to be shortlived. Indeed, the possibility of such a default has already been discounted to an appreciable degree by the market. But I am also aware of the uncertainty that inherently attaches to a judgment on this score; and I recognize that a default, besides being a very serious matter for the City and State of New York, could have troublesome consequences for the nation at large.

The very fact that this Committee and other committees of the Congress are holding hearings on New York City's finances implies that concern is spreading that a New York default may injure the economic recovery now in process. I have said enough to indicate that I feel this possibility can no longer be dismissed lightly. That, however, does not ease the task that the Congress faces in dealing with the New York problem; for the precise issue is whether Federal financial assistance to New York may not cause national problems over the long run that outweigh any temporary national advantage.

As this matter is debated by the Congress, the adverse effects of a New York City default will undoubtedly receive full attention—as they indeed should. I would only urge that the longer-run risks also be considered thoroughly. A program of Federal assistance to the City may well lead to demands for similar assistance for other hard-pressed communities, even those whose distress was brought on by gross negligence or mismanagement. Substantial Federal credit—whether through insurance, guarantees, or direct loans—would compete directly with the already huge amounts of Federal financing needs. Most important of all, the provision of Federal credit for local government will necessarily inject a major Federal presence in local spending and taxing decisions.

It is highly important, therefore, to recognize that the issue of assistance to New York City goes to the very heart of our entire Federal system of separation of powers—a system that, despite enormous economic and social changes, still prevails in our country.

SECRETARY BUTZ ON FARM EXPORTS

Mr. TOWER. Mr. President, earlier this month, Secretary of Agriculture Earl Butz addressed the Newspaper Food Editors Conference in Chicago on the subject of farm exports.

I think his argument for a continuation of present farm programs, coupled with free exports of agricultural commodities, is a sound one that deserves the attention of my colleagues.

As Secretary Butz points out, farmers must export two-thirds of their wheat, half their rice and soybeans, a quarter of their feed grains, and 40 percent of their cotton in order to prevent a collapse of the agricultural economy.

I think it is time farmers were allowed to export their products in an open market, without restriction or interference. I think this is the sense of this body, and it certainly is the belief of farmers everywhere.

Mr. President, I ask unanimous consent that the text of Secretary Butz' speech be printed in the Record.

There being no objection, the speech

was ordered to be printed in the Record, as follows:

DOMESTIC PLENTY THROUGH FARM EXPORTS

There's a general feeling in this country that farm exports simply jack up the price of food to American consumers. That isn't so. The sales are in the best interests of American farmers, consumers, job holders—and the people in other countries who depend on our food. These sales are also beneficial to world economic development and the maintenance of peace itself.

In carrying out your responsibilities as food editors, your efforts to interpret the food scene for the public now gets you into a field as broad as the world itself. I congratulate you on your new charge in an era that has never been more interesting.

Everybody knows that historically the Department of Agriculture has a close relationship and responsibility with this nation's food producers. But I'd like to discuss with you what the USDA is doing to make sure that 213 million Americans eat well and at economical levels.

At first thought, serving both farmers and consumers may not seem compatible goals, but they are. Present farm policy is designed with both in mind and in reality is serving both very well. Farm production has reached record levels at a time when this is the right prescription for counteracting domestic inflation and meeting growing food demands of a troubled world. Farm exports play a positive role in bringing this about.

If farm exports were still running at the $6 billion annual level of 1969, instead of the current $22 billion level, many farmers would be broke. The cost of government subsidies aimed at keeping the rest from going out of business would be astronomical. The value of the dollar would be shattered as the result of huge trade deficits. The price of all imports, including gasoline, would have gone right through the roof. Grocery shelves would be missing a good many items and American consumers would be worrying more about food shortages than food prices. Many more people would be out of work due to the drop in purchases from industry's largest customer, American agriculture.

Radical statements, yes; but true. It's time that we, as a nation, understand the facts about American farm exports and American farm policy.

Farm exports help keep this country's agriculture strong and functioning at efficient, fully productive levels. American farmers can produce far more agricultural commodities than we can possibly consume here at home. Farmers must have a foreign market for this production if they are to be able to purchase the supplies they need and keep their farms functioning at a capacity that will serve American consumers with ample supplies at reasonable prices.

The facts are:

American farmers must export two-thirds of this year's wheat crop if they are to continue to keep their wheat land in production and purchase the combines to harvest the crop.

American farmers must be able to export 50 percent of the soybeans they are now harvesting if they are to be able to plant as much acreage next spring and pay for the tractors that provide jobs for men working in factories.

American farmers must be able to export more than 55 percent of the 1975 rice crop if rice is to continue to be an economic crop that brings jobs and incomes to those who transport our commodities overseas.

American farmers must be able to export 40 percent of the cotton they produced this year if they are to consider growing more next year and be able to buy the toasters, rugs, refrigerators, clothing, and other consumer products manufactured by industry.

American farmers must be able to export at least one-fourth of all the feed grains they produce this year if they are to stay in business in the years ahead and produce the meat and milk that America needs and wants.

Those are the facts of American farm policy. They are the facts of keeping American farming profitable and American consumers well fed at the lowest possible costs. They are the facts behind the Russian wheat sale, the Japanese soybean sale, the Polish feed grain sale, the Korean cotton sale, or any other commercial sale of American farm products overseas.

The alternative is to turn back to the bankrupt farm policies of the last 40 years. The policies of agricultural restraint; the policies of controlled scarcity. Paying farmers not to grow food. Paying farmers to remove their land from production during a time of growing world hunger and higher grocery prices here at home.

Those old programs never worked. They never brought prosperity to farmers, and they weren't in the best interests of consumers. What they brought was inefficiency on the farm and higher tax bills to everybody. As recently as three years ago American taxpayers were paying up to $4 billion a year for farm programs, most for taking land out of production. Now farm program costs are under $1 billion—and most of that goes for disaster payments in time of emergency.

We are a fortunate people in a rich nation. Our land is blessed with an abundant soil of sufficient breadth, depth and quality to raise the finest crops and livestock on earth. We have a mixed, vigorous, yet gentle climate that will raise most of the major crops man relies on for food. But something must happen to turn that potential into food.

We have a class of farmers who are free, well educated, know what they are doing, and love what they are doing. They want only to be able to make a decent income raising the crops and livestock that consumers enjoy in our own country and that many other countries need for survival. They are the ones who own the land, care for it, work on it, and produce the food. What a magnificent job they do.

So why all the flap about farm exports? Why not let these men and women of the American soil go about their business and do what's needed to best provide food for the rest of us?

The answer is emotionalism. The answer is politics. The answer is misinformation and misunderstanding. The facts concerning the farmers' needs for overseas markets are adrift in a sea of half-truths, statements for political and personal gain, and short-term thinking. You can do something about that.

For years American agriculture sat in the back of everyone's mind, while many of our people moved to the cities. Urbanization; that was where the action was: the industries, the excitement, the future. It was in town that the problems of the future would be met head-on and conquered. Mankind would find its finest hour in the cities—the farm was where grandpa lived, a dull place where nothing ever changed.

This was an easy line to believe during the 1950's and 60's. Things were tight on the farm, while the rest of the economy was booming. Those who stayed on the land during that period were a unique breed. Those who managed to make a living on the farm were the very best. The brightest, the sharpest. The dreamers and the producers. They not only kept the technological revolution alive in agriculture, they *accelerated* it.

But few people outside of agriculture fully noticed this structural change in farming or thought about what it meant to us as a nation as a whole.

Now we find ourselves in the mid-1970's, facing an immediate future of ever-growing world demand for food. It frightens many who do not know the tremendous productive strength of American agriculture as it has evolved in the last two decades. The thought of shipping *any* food at all out of our own country except for emergency aid seems, to many, to be the wrong thing to do.

General inflation drives up the price of food and the simple, though inaccurate cause is listed as food "exports." The fact that over 80 percent of the rise in the cost of food to consumers last year came *after* the raw commodity left the farmer's gate is overlooked—so is the tremendous capacity of this nation's farmers to produce mountains of extra food—so is the fact that increased production is the right answer to inflation and the sole route to increased affluence.

What we actually see, when we look at the productive capacity of rural America, is almost too good to believe. We see a group of efficient, independent farm businessmen—as sharp as any group of businessmen in the world. We see a level of productivity per worker that has nearly tripled in the last 20 years.

We see capital investment on U.S. farms reaching almost $100,000 per worker, while in manufacturing it approaches only $55,000.

We see that American agriculture, which such a short time ago seemed so dull and non-changing, stands out as the world leader in supplying food, one of man's most basic necessities. We see that it strengthens the dollar in relation to other currencies, and keeps the imported materials and products that we need flowing into our country. Last year agriculture was this nation's number one earner of foreign exchange.

Our agriculture also gives us the negotiating strength to batter through the iron curtain and leap over the top of the bamboo curtain, bringing the world closer to true peace and stability than it has been for many years.

People who live in cities find that agriculture remains more important to them than perhaps they thought. One out of every four jobs in U.S. private employment still relates to agriculture in some way. About 13 million people either process or market farm goods, or provide farmers with supplies. All told, farmers spend more than $100 billion each year on production and family living expenses.

Each billion dollars in farm exports provides about 53,000 non-farm jobs here at home. Each dollar of farm exports brings one new dollar into our overall economy, to be turned over and multiplied into $3 as it is spent and respent, used and reused by a number of consumers.

Those are the sides of farm exports that aren't often talked about. Farm exports give jobs to American longshoremen and shippers, to American tractor manufacturers and industrial workers, and to financial institutions. They allow American farmers to make a decent income, while remaining free from costly government interference. They allow our farmers to produce at capacity, and therefore to be lower per-unit cost producers than if forced to farm at part throttle. This means cheaper food for consumers here at home—and abroad too.

That's why we can say farm exports are consistent with both the wishes of the American consumer and American farmer. Overseas sales of American farm goods make a strong America in a world that is increasingly competitive. They provide abundant food produced at the lowest possible per-unit cost to American consumers. Farm exports allow the American farmer to do his job. They allow him to farm as well as he knows how. They allow him to make the investments necessary to keep his operation ahead of the times and the competition in other lands.

Foreign buyers came into this country in 1972, at a time when we were saddled with huge stores of costly government-owned grain. They helped clean out the surplus. It was a deal that's been both cursed and blessed. Since then we have tightened up the bargain basement of the world grain market—the one that American taxpayers had subsidized for 40 years, the one that had been a millstone around farmers' necks, the one that had politicized American agriculture.

Looking ahead, we are trying to iron out some of the irregularities that come through erratic grain export levels, the uncertainties brought about by in-and-out customers, whose purchases vary tremendously from year to year. This is why we are currently negotiating with the Soviets and others on long term agreements that will assure American farmers of at least a minimum level of off-take of American grains each year. We have already reached an agreement of understanding with Japan over her long-term needs. This is good business for farmers, the Japanese, and American consumers. It helps assure more stable grocery prices, as well as more dependable farm markets.

As more such long term agreements are accomplished, American farmers will be able to plan better for full production down the road, because there will be a ready market for their grain at prices assured to meet mounting production costs and add a little profit.

If we reach this stage not only with the Russians, but also with other major grain importers, we will be a long way toward truly feeding the world's peoples better. The best grain reserve system for us in America is a free system of marketing and unfettered access to world markets that gives farmers the economic incentive to produce.

The best assurance of reasonable food *prices* is based on a farm policy of *plenty*.

This can be achieved *only* through a vigorous and sustained export market for our farm products. To pursue any other course will, in the longer run context, raise food costs here at home, either through higher prices or through higher taxes—or both.

ENTERTAINMENT INDUSTRY'S MAN OF THE YEAR

Mr. TUNNEY. Mr. President, I believe I can speak for the people of California in offering my warmest congratulations to Mr. David Begelman, president of Columbia Pictures and senior executive vice president of Columbia Pictures Industries, upon his recent selection as the Entertainment Industry's Man of the Year. This important honor was bestowed on Mr. Begelman by the National Association of Theatre Owners at its recent convention in New Orleans.

The association's tribute to Mr. Begelman was well deserved. Less than 2 years after he assumed the presidency of the company in September 1973, Columbia was able to pull itself out of near-fatal economic problems and achieve financial and critical success. In more concrete terms, Mr. Begelman's achievements can be measured in terms of an unprecedented succession of major productions released by Columbia during the past year—these include "Shampoo," "Funny Lady," "Tommy," "Breakout," "Aloha, Bobby and Rose," "Bite the Bullet," "White Line Fever," and "Hard Times," these films have achieved critical acclaim and are box office hits.

Not only has the success of these films restored the economic health of Columbia Pictures as well as that of its exhibitor customers, but it has also made a significant contribution to the economy of California. Furthermore, Columbia, as a Burbank-based company, underscores Hollywood's continued primacy as the motion picture capital of the world. During the past year it has been my pleasure to observe that other California motion picture companies, as well as Columbia, have been enjoying one of their most successful years in recent history.

The mark of a man is not only the success he achieves, but his reaction to success, and in this assessment, David Begelman comes off with flying colors. Despite his newly won status as one of the most important leaders and policymakers of the motion picture industry, he has managed to retain his delightful sense of humor and avoid any pretense of self-importance. This is a truly wonderful quality, and as a friend and admirer I wish to add my own personal tribute to the one bestowed by his colleagues and friends at the national association. It is indeed a privilege to know David Begelman.

AMENDMENT 1015 TO THE BILL S. 67 TO ESTABLISH THE NANTUCKET SOUND ISLANDS TRUST IN THE COMMONWEALTH OF MASSACHUSETTS

Mr. BROOKE. Mr. President, Senator KENNEDY has introduced for himself and for me a revised text for the Nantucket Sound islands trust bill. These revisions are the product of long hard work by planning groups on the islands working with our staffs and that of the Senate Interior Committee. This final text is subject to further perfecting amendments. But, on the whole, it represents a consensus among all concerned groups on the fairest and most effective system for the protection and development of these lovely islands which are so precious a national resource.

The Nantucket Sound islands, created nearly 50,000 years ago in the wake of giant glaciers, form veritable jewels off the southern coast of Cape Cod in southeastern Massachusetts. Like so many coastal islands, they harbor a relatively small permanent population only to have that population swell dramatically with the coming of each new summer. Martha's Vineyard, for instance, has only 6,000 year-round residents but an astounding 40,000 to 50,000 summer residents. But as happens all too often in similar summer retreats, the sheer numbers of people coming to these islands have posed a grave threat to the very things these people seek: the islands' natural beauty, serenity and fragile ecology. These treasures are now threatened by burgeoning development orchestrated by large developers who possess no sense of place, only a sense of profit.

The legislation is part of a coherent, Federal-State-local response to this identifiable threat. And while it has taken years to iron out all the difficulties attendant to this kind of endeavor, I think we have arrived at the best possible program.

Spearheading this effort has been an enthusiastic, inexhaustible local citizenry. Indeed, I can think of few issues where concerned citizens played as active a role in actually shaping both State and Federal legislation. The State government has been admirable as it moved quite quickly to enact a State land use planning measure for the island of Martha's Vineyard. Not only did this act open the door for even more meaningful citizen participation in the planning of the island's future, but more importantly, it became the catalyst for the unique Federal-State-local partnership which we expect to be the basis for all actions taken to preserve and protect these islands. While pleased with this State and local action, I can only add that I hope similar State land use measures can be enacted for Nantucket and the Elizabeth Islands.

The legislation is the capstone of the unique partnership which I have mentioned. It is so intended. Its basic intent is to afford islanders the needed tools with which to develop and implement a sound planning and preservation program. In contrast to previous legislative efforts, major responsibility in both the development and the implementation of these programs lies with the local citizenry. In short, this bill helps islanders help themselves.

This final draft has maximized local control of development decisions. The islands' communities are now assured of the right to propose and oversee the broad outlines as well as the details of plans. The role of the Federal Government is simply to certify that planning goals and their implementation are being conducted in the national interest as laid forth in this bill. All initiative and all responsibility for engaging Federal, State, and local government in carrying out the plans lie with island residents.

Furthermore, the legislation is a unique and significant advance in the theory of guiding land uses. It establishes a Federal interest in certain kinds of precious natural resources. But that interest is expressed in more subtle and practical forms than we have legislated in the past. The Federal Government does not own land or define uses for particular areas. No parks, no wilderness areas are designated. Rather, overall standards are established which accomplish important national goals. These most familiar with the physical and spatial resources in question are given the power to propose how these may be best protected and enhanced. The governments with the authorities to regulate the island lands, namely State and town governments, are committed to exercising their given powers to contribute to the plans that emerge. Both concept and structure are unique.

Mr. President, the Department of Interior has objected to the legislation on the ground that it confers "partial Federal control" over the islands. Nothing could be further from the truth. To put it simply, no island has to do anything. If residents choose to submit no plans, there will be none and no action will follow. The purpose of the bill is to offer a Federal trust fund as an incentive for preservation of a national resource. If Federal moneys are drawn upon, it must be for expenditures under land use standards agreed on by local, State, and Federal authorities as provided in S. 67. This is the finest example of how the much talked about new federalism may be given effective and creative expression.

Indeed, this bill is not so much a remedy as it is a challenge. And it is a challenge to which I am confident the residents of Martha's Vineyard, Nantucket, and the Elizabeth Islands can and will rise. For it is only through the efforts of these tireless citizens that Senator KENNEDY and I can introduce this legislation now. And it will be because of their dedication and enthusiasm that this bill will achieve its goals.

CONGRESSIONAL ATTENTION TO THE PROBLEMS OF SMALL BUSINESS

Mr. HUMPHREY. Mr. President, most of the work done by the U.S. Congress is nonspectacular. Television time devoted to football in 1 week in October exceeds the television coverage of all congressional committees for a year.

Yet, the tasks which Congress performs are vital to the economy and the political institutions of this country, and affect the pocketbooks and the daily happiness of every family.

An illustration of how Congress discharges these responsibilities is the work of the Select Committee on Small Business.

Under the able chairmanship of the Senator from Wisconsin (Mr. NELSON), that committee has recognized that small business problems have "remained literally at the bottom of the priority list in Washington, D.C.," despite the worst recession since the 1930's.

Since Senator NELSON became chairman at the beginning of this year, the committee has held 46 days of public hearings on the problems of independent business, not only in Washington, but in five States in different parts of the country.

During the congressional summer recess, the committee was in session in Minneapolis, Minn. for a day of hearings on the estate tax problems of small businessmen and farmers, and I had the opportunity of joining in this investigation as chairman of the Joint Economic Committee. More recently, Senator NELSON's committee convened in Milwaukee and La Crosse, Wis., for 2 days of hearings on the manifold economic problems of small businessmen and family farmers in the Midwest.

These thorough public hearings have given more visibility to the 97 percent of the public community classified as "small business" than ever before. Together with the ongoing research by the committee, the information gathered in these hearing records has gone far toward identifying the complex tax, paperwork, financial and regulatory requirements of the Federal, State, and local governments upon the small and independent businessmen and family farmers who are attempting to make a success of their businesses.

In beginning these hearings on October 14, Senator NELSON's opening statement provided a discouraging outline of these problems and the toll which they take of the time and productive energies of small business owners and employees. I feel that this summary would be valuable to all those who are interested in helping to overcome these vexing problems, and to preserve free, private enterprise in this country. Together with Senator NELSON's testimony to the House Ways and Means Committee of July 31, which was previously placed in the CONGRESSIONAL RECORD—August 1, 1975, page 26885—this statement indicates the progress which this congressional committee is making to identify and resolve the problems constituting a drag on the most energetic segment of our economy and society.

I feel that the people of Wisconsin, the Nation's small business community, and all who are concerned about the free, private enterprise system, can take hope and encouragement from attention which the Select Committee is bringing to the problems of small and independent business and their solution.

Mr. President, I ask unanimous consent that Senator NELSON's statement be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ECONOMIC PROBLEMS OF SMALL BUSINESS IN THE MIDWEST

(By Senator GAYLORD NELSON, Chairman, Senate Select Small Business Committee)

It is a special pleasure for the Senate Select Committee on Small Business to hold public hearings in Milwaukee and La Crosse on October 14 and 15.

This Committee up to this point has held 40 days of hearings in Washington, D.C., and in six other cities around the country. Businessmen-and-women in our cities and on our farms have discussed their particular problems before this Committee. We are using this information as a base for proposing remedies and reforms where indicated.

Small business constitutes a significant part of the economy. It accounts for 43% of U.S. business output and one-third of the gross national product. It makes up about 97% of the nearly 13 million American enterprises. It might surprise many people to know that, according to a survey by the National Federation of Independent Business, a typical sole proprietorship has 4 employees; a partnership 8; and an average corporation has 27 workers. Because of this, small business enterprises provide 52% of all private employment and is the area where the most rapid growth in jobs occurs.

Small business is the source of more than one-half of all major inventions in all industries; especially so in the aluminum, oil refining and steel industries. Its innovations and competition have given the consumer lower prices and better products. It is also the primary field of opportunity for individuals looking for their place in the business world, and wishing to make their own way without being tied to a huge and overbearing bureaucracy of any kind—big business, big government, or big labor.

Our free enterprise system has made our economy the greatest success story in the history of the world.

But, government policies in some instances now seems to be smothering new enterprise and forcing existing family farms and independent factory owners and merchants out of business. In doing so, they are delaying economic recovery and undermining the health and vigor of our entire economic system.

While the pressures on independent businesses and family farms reached a peak during our present recession, which is the worst since the 1930's, small business problems remained literally at the bottom of the priority list in Washington, D.C.

Testimony before the Committee so far has shown:

Business bankruptcies in the year ending June 30, 1975, jumped 45% to 30,130, a figure almost twice as high as the 1966–1970 level;

Effective tax rates paid by business are obviously regressive, with the largest corporations paying only about 25% of their income in Federal taxes, while many medium-sized companies pay over 50%, so that a small business enterprise attempting to grow and accumulate capital may be paying double the Federal taxes of his giant competitor;

Government paperwork has gotten completely out of control. It costs the economy $40 billion a year, and more than half of that is borne by private business. Massive simplification in this area, in the view of this Committee, is possible and necessary;

The estate tax exemption of $60,000, which was set in 1942, has not been changed since 1942. It obviously has been outdated by inflation; and the entire estate and gift tax structure stands in need of thorough reform to again allow farmers and small businessmen-and-women to pass their enterprises on to son and daughters;

Family farming, the source of one-quarter of all self-employment in this country and, together with other small business, the anchor of our democracy, is in serious difficulty. Over the past 15 years, nearly one-third of U.S. farms went out of business, and in Wisconsin, since 1952, dairy farms have declined by nearly 60%

The housing industry, which is predominantly composed of small and independent firms, has been forced to cut its production from 2.4 million units in 1972 to 1.26 million this year, and is suffering unemployment of 21.2% because of adverse Administration policy which is prolonging the recession and has priced 78% of American families out of the housing market;

Proliferating and overlapping Federal regulations, such as a 330-page volume on occupational safety and health, are a major demand on the time, funds, and productive energies of small enterprise. Businesses are commonly given penalties without first permitting corrections of defects, which is unfair, and there are too many instances of Federal officials insisting on totally unrealistic standards of compliance;

Capital is in acutely short supply for smaller firms, and in some instances, interest charges have reached 15–18% for small firm borrowings;

Complex rules and regulations govern recovery of capital once equipment has been placed in service by small firms, resulting in poor utilization of present capital recovery provisions by smaller firms;

Major economic legislation, such as the Pension Reform Act, may be inflicting unintended penalties on smaller businesses and their employees.

Amendments to the emergency Tax Reduction Act of 1975 (Public Law 94–12), lowering rates 9% for small corporations and 40% for medium-sized companies—the largest tax cut for independent business since 1950. Under these rate reductions, companies with income of $25,000 save $500 in taxes this year and companies earning $50,000 save $7,000 in 1975. In addition, any business purchasing used machinery worth $100 in 1975 or 1976 can, under these provisions, receive a further $5,000 in tax savings via the investment credit.

An additional amendment raised the ceiling on earnings a small business is permitted to accumulate from $100,000 to $150,000;

On July 21 a dozen Committee members and other Senators introduced S. 2149 proposing to make all of these benefits permanent;

The Committee is formulating a comprehensive Small Business Estate Tax Reform proposal which would roughly double the present estate tax exemption, increase flexibility by combining this with an increased gift tax exemption, eliminate the estate tax on transfers of business or farm assets between husband and wife, and otherwise make a transfer to one's heirs a more practical alternative. An interim bill, to raise the estate tax exemption, has already been introduced;

We are also working now on legislation which will propose simplified depreciation and capital recovery over a two-year period, along the lines of the Canadian law, instead of the more prolonged and complicated system we now have in the U.S.;

We are looking more deeply into the impact of the Pension Reform Act on small business, with the possibility of hearings on this subject. Meanwhile, I have joined with other Senators to introduce a bill calling for simplified pension reporting for smaller businesses;

Early this month a Small Business Advisory Committee held its initial meeting with the Commissioner of Internal Revenue, establishing for the first time a forum for two-way communication between the small business community and high IRS officials;

The Commission on Federal Paperwork also held its inaugural meeting of their two-year term this month, with two Small Business Committee members as the Senate representatives.

We do have something to show for our efforts. However, the workload for those interested in preserving small business and private enterprise is enormous. The problem remains an urgent one.

We are here in Wisconsin to take further testimony in these areas, and on other conditions that are damaging small and independent businessmen-and-women working in our cities and on our farms in this Midwestern part of the nation.

The Committee's attempt to locate the problems facing small businesses; and the subsequent task of devising cures for the discovered ills represent major undertakings. We believe it is vital because small business in urban and rural America is the foundation of our economy.

REPATRIATION FROM VIETNAM

Mr. KENNEDY. Mr. President, on Monday, October 20, the United Nations High Commissioner for Refugees—UNHCR—Sadruddin Aga Khan, released a communication from the Provisional Revolutionary Government—PRG—of the Republic of South Vietnam concerning the repatriation of certain Americans and other foreigners in Vietnam.

Although a list of the repatriates is not immediately available, the group of Americans presumably includes missionary families from the Christian and Missionary Alliance and a U.S. Government official, who were caught in Ban Me Thout during the military conflict in March.

The UNHCR public announcement follows expressions of concern that I and others have made in behalf of the families of these Americans, and follows as well consultations which members of my staff had 2 weeks ago in Geneva with representatives of the Democratic Republic of Vietnam. At that time, these representatives assured my staff that the Vietnamese authorities intended to provide an early opportunity for the repatriation of foreign nations in Vietnam.

Earlier today, Mr. President, I learned that the repatriation by a UNHCR charter flight from Hanoi to Bangkok is scheduled for October 30, 1 week from tomorrow.

I want to commend the PRG and the authorities in Saigon and Hanoi for this humanitarian act. And the U.N. High Commissioner for Refugees deserves high tribute for exercising his good office's function to facilitate an orderly repatriation of foreign nationals in Vietnam under international auspices.

Mr. President, I ask unanimous consent that the communique from the UNHCR in Geneva be printed in the Record.

There being no objection, the communique was ordered to be printed in the Record, as follows:

UNHCR Receives Communication From Vietnamese Authorities Regarding Repatriation of Certain Number of Foreigners Now in Vietnam

(The following is reproduced as received from the Office of the United Nations High Commissioner for Refugees.)

The United Nations High Commissioner for Refugees (UNHCR), Sadruddin Aga Khan, has today received through the liaison office at Geneva of the Provisional Revolutionary Government of the Republic of South Viet-Nam the following communication from the Vietnamese authorities on the subject of repatriation of a certain number of foreigners at present in Viet-Nam.

"Before 30 April 1975, the day of the total liberation of South Viet-Nam, a certain number of Americans and other foreigners, mostly missionaries, were not able to leave South Viet-Nam on account of the military situation. The Provisional Revolutionary Government of the Republic of South Viet-Nam is now responding to their aspirations to return to their countries of origin. The UNHCR has accepted to carry out their repatriation. The operation could take place at the end of October or at the beginning of November 1975."

The High Commissioner and the Vietnamese authorities have been in touch on this subject for some time. In the context of his good offices function the High Commissioner has accepted to carry out this humanitarian action. The transport of this group will take place from Hanoi.

It is recalled that the High Commissioner's office has already assisted in the past through its airlift, from Saigon to Vientiane, in the repatriation of several hundred foreigners from South Viet-Nam to their countries of origin.

THE NEED FOR ANTIRECESSION LEGISLATION

Mr. MUSKIE. Mr. President, I am hopeful that in the near future House and Senate conferees will begin work on H.R. 5247, antirecession legislation providing for public works programs and countercyclical assistance to State and local governments around the country.

In preparation for that debate, I ask unanimous consent to have printed in the Record at this point a series of updated questions and answers about the countercyclical assistance proposal.

There being no objection, the material was ordered to be printed in the Record, as follows:

Questions on Countercyclical Assistance

Q. What is countercyclical assistance?

A. Countercyclical assistance is emergency financial assistance targeted to State and local governments which have been hard hit by recession. The amount of assistance provided varies with changes in national unemployment—rising when unemployment does the same, and declining when unemployment recedes. When national unemployment drops below 6%, countercyclical assistance would be terminated.

Q. Is countercyclical assistance a sensible way to stimulate the economy?

A. Yes, for four main reasons.

First, the impact of the funds spent will be immediate.

Second, aid is targeted to help mostly those governments which have been hardest hit by the recession.

Third, countercyclical assistance will phase itself out as the economy improves. Thus the stimulus will be provided only when it is needed.

And fourth, countercyclical assistance can strengthen the stimulative effect of other Federal anti-recession efforts by reducing the reliance of State and local governments on budget actions which run counter to Federal efforts to stimulate the economy.

Q. How can the budget actions of State and local governments undercut Federal efforts to stimulate economic recovery?

A. During a recession, Federal economic policy is aimed at stimulating greater economic activity, through tax cuts and job-producing programs.

State and local government, however, do not have these options. Almost without exception, they must operate on a balanced budget. Thus when tax revenues decline and the demand for recession-related services (i.e., unemployment compensation, food stamps, welfare, etc.) increase due to higher unemployment, these governments must either raise taxes or cut back on services in order to close the budget gap.

The problem is that these budget actions run counter to what the Federal government is trying to do to stimulate recovery. The Joint Economic Committee has estimated that State and local governments are or will be taking about $8 billion out of the economy—through tax increases and job lay-offs—at the same time that the Federal government is putting nearly $30 billion back in. This working at cross purposes does not make for sound economic policy.

Q. Isn't it a good thing for State and local governments to trim their budgets somewhat? Couldn't this bill be construed as just a "bail-out" for irresponsible and wasteful fiscal management at the State and local level?

A. To be sure, there is fat in all levels of government, and during a recession some belt-tightening by all governments is necessary.

However, the estimated budget gap for State and local governments at the end of 1974 was approximately $8 billion. With national unemployment at 8.5%, the amount of assistance provided under the countercyclical program would be only $1.75 billion—enough to provide some breathing room, but hardly enough to completely relieve State and local governments of all budget pressures. The need to cut back will still be there.

Furthermore, it is not sound policy for governments to be able to provide good basic services—such as police and fire protection—during good times, but be forced to lower the quality of such services when the economy is unhealthy.

Q. Isn't countercyclical assistance a lot like revenue sharing?

A. No, for several reasons. First and foremost, countercyclical assistance is a temporary anti-recession measure only. Revenue sharing, on the other hand, was enacted as a more or less permanent fixture in the Federal grant-in-aid structure.

Second, countercyclical assistance would go to only those governments which have been hard hit by the recession. By contrast, revenue sharing goes to virtually every local government in the country.

The purposes of the two programs are quite different as well. Revenue sharing was enacted in an effort to decentralize decision-making in the Federal grant-in-aid system.

Countercyclical assistance, on the other hand, recognizes the preeminence of the Federal government in setting national economic policy, and argues that such policy will be strengthened if State and local governments are not forced to take budget actions undercutting that policy.

Q. With both public works and public jobs programs, why do we need countercyclical assistance too?

A. Countercyclical assistance is a logical complement to both these programs.

The countercyclical proposal is designed to have an immediate impact. Public works programs, on the other hand, generally have a longer lead time. Inasmuch as the current recession promises to be slow in receding, it makes sense to have an anti-recession policy with both immediate and more long-range impact.

On the public jobs front—one of the principal problems with the public jobs program today is that local governments, faced with severe budget restraints, are laying off employees only to replace them with employees paid with Federal funds. Thus the ultimate objective of the public jobs program—to reduce unemployment—is being blunted. Countercyclical assistance could actually strengthen the impact of the public jobs program, by reducing the need for local governments to resort to this practice.

Q. Isn't the objective of an anti-recession bill to create jobs? How would the countercyclical proposal do this?

A. The Congressional Budget Office (in a report released September 2, 1975) has estimated and compared the job-producing impact of various anti-recession proposals. They found that countercyclical assistance actually rated second, out of four alternatives, in job-producing impact—behind public jobs, but ahead of public works. A general tax cut ranked lowest of the four policy options in job-producing impact.

Q. How does countercyclical assistance fit into the First Concurrent Budget Resolution?

A. In the Community Development section of that Resolution, the Congress has set aside $2.1 billion in outlays for public works and other anti-recession assistance to State and local governments.

Combined outlays for FY 1976 of H.R. 5247 would be a maximum of $2.1 billion, and then only if Title I (public works) and Title II (countercyclical) were in effect for a full year.

Q. How much does countercyclical assistance cost?

A. The authorization level for countercyclical assistance varies with changes in the national unemployment rate. When that rate hits 6%, the initial authorization level is $500 million. For every subsequent increase of 0.5% in the national unemployment rate, the authorization level would rise by $250 million.

Thus with national unemployment at 7%, the authorization would be $1 billion, at 9%, $2 billion.

Q. Would countercyclical assistance be inflationary?

A. No, as the economy heats up, the countercyclical program will phase itself out, so it will not have a lingering impact after recession has ended.

Q. How are the allocations under countercyclical assistance determined?

A. Countercyclical assistance funds are allocated on the basis of a formula using two factors: (1) unemployment, as the measure of the severity of recession; and (2) taxes raised by a particular jurisdiction, as a measure of the level of services provided by that jurisdiction.

Only those jurisdictions with unemployment of at least 6% over one calendar quarter would actually receive their formula allocation. Allocations for those jurisdictions with less than 6% unemployment would be turned back to the Treasury, for use in the contingency fund.

The formula is designed to get the most help to those places that have been the hardest hit. It does this very well. Expressing each jurisdiction's allocation as a percentage of its taxes, the resulting percentages correlate very closely with variations in unemployment rates from place to place.

Q. How are the funds distributed?

A. One-third of the total "pot" is set aside for State governments. The remaining two-thirds goes to local governments, in two categories.

The first category is the "Identifiable" local governments—those for which the Manpower Administration maintains monthly unemployment data. These governments are the prime sponsors and program agents under the CETA program. They number approximately 1,500 in all, and are figured directly into the formula.

The second category is "Balance of States". For each State, an allocation is determined for non-identifiable governments as if they were one government. This Balance of State allocation is to be distributed among the component governments using the best possible unemployment data available.

MYASTHENIA GRAVIS—HELP IS ON THE WAY

Mr. HUMPHREY. Mr. President, Gov. Wendell Anderson of Minnesota recently declared the week of September 21–27, 1975 as Myasthenia Gravis Week to increase public awareness of this illness.

Myasthenia gravis is a relatively rare neuromuscular disease characterized by weakness and abnormal fatigue of the voluntary muscles. This muscle weakness is believed to be due to a defect in the transmission of the nerve impulse at the point where the nerve ends in the muscle. Although it may affect any muscle in the body, most frequently it affects those of the eyes, face, lips, tongue, throat, and neck.

Statistics on the incidence and prevalence of myasthenia gravis vary widely, partly because the disease is often misdiagnosed as muscular dystrophy or multiple sclerosis. But it is estimated that between 100,000 and 240,000 Americans have myasthenia gravis.

Many people are not aware they have it. Others such as Larry Flodin, chairman of the Minnesota Chapter of the Myasthenia Gravis Foundation and Kevin Herrig of Blaine, Minn., know they have it. But with the help of medication, each has made major adjustments in his life.

Larry, a former airline ticket agent, went to Minnesota Vocational School after his condition stabilized. There he learned drafting and is now head of drafting and design in a firm which makes auto testing equipment.

Kevin is a meatcutter, but he wants to get into something he can do with his limited supply of energy and is thinking about real estate. Kevin knows it is not easy to launch a new career at 40, but he is determined.

The cause and cure of myasthenia gravis are still unknown, but medication can now control the disease in a large percentage of patients.

Myasthenia gravis has been part of the research program at the National Institute of Neurological and Communicative Disorders and Stroke ever since the Institute was established in 1950 and substantial progress has been made in the treatment for myasthenia gravis. Several promising drugs and new surgical procedures have resulted. NINCDS grantees are also gaining insight into the causes and pathogenesis of the disease.

In addition, the Myasthenia Gravis Foundation is dedicated to educating the medical and lay populations to early recognition of this unusual disease and for supporting research into its cause and treatment.

Increased public awareness of myasthenia gravis is essential for early diagnosis, since many of the patients can be satisfactorily treated. I am pleased to contribute to this public awareness.

Mr. President, I ask unanimous consent that the proclamation of the State of Minnesota concerning Myasthenia Gravis Week be printed at this point in the RECORD.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

STATE OF MINNESOTA—PROCLAMATION

Whereas, the Myasthenia Gravis Foundation is dedicated to educating the medical and lay populations to early recognition of this unusual disease and for supporting research into the cause and treatment of Myasthenia Gravis; and

Wheras, Myasthenia Gravis is a disease that causes disability in all age groups with muscle weakness of the eyes, throat and extremities and is often not promptly diagnosed;

Whereas, increased public awareness of this illness is essential for early diagnosis since many patients can be satisfactorily treated; and

Whereas, the Myasthenia Gravis Foundation distributes a large portion of the contributed dollar to research;

Now, therefore, I, Wendell R. Anderson, Governor of the State of Minnesota do hereby proclaim the period of September 21–27, 1975 as

MYASTHENIA GRAVIS WEEK

In Minnesota, and urge the citizens of this great state to support the Myasthenia Gravis Foundation.

THE IMPORTANCE OF OCTANE POSTING

Mr. McINTYRE. Mr. President, today I would like to further emphasize the need to protect the consumers of this Nation in dealing with our energy situation. On April 23, 1975, I introduced S. 1508, the Consumer Fuel Disclosure Act of 1975. The primary purpose of this bill is to require that gasoline octane ratings be disclosed to the consumer as realistically and with as much uniformity as possible.

There are two important considerations that need the immediate attention of this Congress. First, the need to require the posting of octane levels on all gasoline pumps as provided in section 4 (1)-(3) of S. 1508. Second, the need for legislation clearly naming one agency, in this case the Federal Energy Administration, to require those postings.

The importance of providing consumers with basic information on products they purchase has been stressed for the last 5 years, but in the case of gasoline the results have, to my mind, confused consumers more than helped them.

For instance, during 1973 and 1974, the Cost of Living Council—CLC—established a requirement for posting of octane ratings on individual pumps. The CLC initiated octane posting, in response to my recommendation, but in doing so, it failed to provide penalties for nonobservance. It also specified a confusing system using an average of research octane number and the motor octane number instead of the prevailing research octane number that consumers had known for many years. The result: octane postings that appeared on pumps were about four numbers below the research octane number—RON.

According to the research octane numbering system, premium is rated at 100, regular at 94, and subregular at 91. The system introduced by the CLC—R+M/2—rates premium at 96 or 95, regular at 90, and subregular at 87.

In most of the new car manuals, 91 octane is specified as the minimum for efficient performance. The consumer, unaware of the various rating systems, would be inclined to purchase regular or premium gasoline when his automobile would require only subregular. Since subregular is listed as 87 on the pump, the consumer might assume that it would not provide the engine with the necessary octane level.

The FEA inherited the CLC octane posting system in 1974. Then in February 1975, the FEA ordered the posting of octane ratings, but a survey of dealers in the District of Columbia area led to the conclusion that the FEA regulations had not reached the dealers, either directly from that responsible organization, or from oil companies and jobbers. There is no penalty for noncompliance.

I have assembled a series of newspaper articles that clearly indicate the problems with the varied systems of octane ratings as well as the problems with enforcement of FEA's regulations. I ask unanimous consent to have these articles printed in the RECORD at the end of my remarks.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

(See exhibit 1.)

Mr. **McINTYRE**. The octane rating system in S. 1508, the average of research octane and motor octane plus four—R+M/2+4—would exhibit the necessary technical proof desired by the proponents of R+M/2 as well as match the octane number displayed on the pump with the one printed in the car-owner's manual, eliminating any confusion.

This situation leads us to the second point enumerated above. Congress must authorize one agency to oversee the posting of this information. Existing authority is vague and should be clarified as soon as possible.

There is no existing specific legislation granting the FEA authority to require the posting of octane ratings at all retail gasoline operations. The existing requirement that gasoline stations post octane ratings is the result of a trade regulation first promulgated by the Federal Trade Commission on December 30, 1970. But this rule came under fire in the U.S. District Court for the District of Columbia when the National Petroleum Refiners Association—NPRA—brought suit to have the regulation declared null and void on the ground that the Commission did not have the statutory authority to issue substantive trade regulation rules. The district court ruled in favor of the NPRA stating that the powers granted, in section 6(g) of the Federal Trade Commission—FTC—Act, 15 U.S.C., section 46(g), be limited to internal, administrative rulemaking within the FTC.

Then, the U.S. Court of Appeals for the District of Columbia reversed the decision of the lower court and upheld the Commission's authority to issue "substantive" trade regulation rules and define violations of those rules as "unfair methods of competition"—section 5 of the FTC Act, 15 U.S.C., section 45(a). In its decision, the court also considered section 6(g) under which the FTC could promulgate rules "to give greater specificity and clarity to the broad standard" set out in section 5(a).

Accordingly, the status of the octane-posting rule is unclear. It is essential that Congress pass legislation to clearly indicate who has the authority to enforce such octane posting rules, for we do need this information made readily available to the consumer.

In making information available, it is also important that a uniform system of octane rating be maintained and that enforcement of the requirements that octane be posted on the pump be implemented as soon as possible.

At this point I ask unanimous consent to have a memorandum I received from the Library of Congress, American Law Division, commenting on the FEA's authority to require the posting of gasoline octane rating, printed in the RECORD.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C., September 19, 1975.

To: Honorable Thomas J. McIntyre.
From: American Law Division.
Subject: FEA authority to require the posting of gasoline octane rating.

Pursuant to your request for a "quick assessment" of the authority of the Federal Energy Administration to require the posting of gasoline octane ratings now that the Emergency Petroleum allocation Act (P.L. 93-511) has expired, we are enclosing a copy of a memorandum prepared by the American Law Division dated July 18, 1975, discussing that question.

As the memorandum indicates, we have found that P.L. 93-511 did not authorize the FEA to require octane-rating postings. Accordingly, the expiration of the Act is of no consequence in that regard. However, as the memorandum also indicates, the authority of the Federal Trade Commission to have promulgated such a requirement was upheld by the U.S. Court of Appeals for the District of Columbia, and the Supreme Court left that decision standing when it refused to hear an appeal in the case. Moreover, § 202 of the recently enacted Magnuson-Moss Warranty—FTC Improvement Act (P.L. 93-637) specifically grants the FTC authority to promulgate trade regulation rules of the type that has required the posting of octane ratings on retail gasoline pumps.

JANICE E. RUBIN,
Legislative Attorney.

CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C., July 18, 1975.

From: American Law Division.
Subject: Requirement that octane ratings be displayed on retail gasoline pumps.

Your question whether, if the Emergency Petroleum Allocation Act (P.L. 93-159, P.L. 93-511) is not extended beyond its August 31, 1975 expiration date, the Federal Energy Administration (created by P.L. 93-275) will retain power to require the posting of octane ratings "at all retail gasoline operations." We find no specific authority, either under the Emergency Petroleum Allocation Act or the act creating FEA, granting such authority to FEA. In fact, P.L. 93-159, Section 4(D) of which *directs the President* to provide for the "preservation of an economically sound and competitive petroleum industry; including the priority need to restore and foster competition in the producing, refining, distribution, marketing, and petrochemical sectors of such industry, and to preserve the competitive viability of independent refiners, small refiners, nonbranded independent marketers, and branded independent marketers," was to be monitored initially by the Federal Trade Commission. Section 7(b) of P.L. 93-159 authorized the *FTC* "under sections 6, 9, and 10 of the Federal Trade Commission Act to gather and compile information and to require furnishing of information [by] any individual or partnership * * * subject to the Act to regulate commerce [such as the Interstate Commerce Act and the Communications Act of 1974 and all amendments thereto]."

The existing requirement that retail gasoline establishments post octane ratings at gasoline pumps is the result of a trade regulation rule promulgated by the Federal Trade Commission in late 1970 and published in the Federal Register on January 12, 1971 (36 F.R. 354). (A copy of the Rule as it appeared in the Federal Register is enclosed; the Rule may also be found at 16 CFR Section 422.1.)

Immediately after the FTC promulgated its Rule, the National Petroleum Association brought suit in the U.S. District Court for the District Columbia to have the Regulation declared null and void on the ground that the Commission did not have the statutory authority to issue substantive trade regulation rules. The district court, finding the powers granted in Section 6(g) of the Federal Trade Commission Act, 15 U.S.C. Section 46(g), to be limited to *internal*, administrative rulemaking within the FTC, ruled in favor of the National Refiners, granting summary judgment for them. 340 F.Supp. 1343 (D DC 1972).

The U.S. Court of Appeals for the District of Columbia, per Judge J. Skelly Wright, reversed the action of the district court and upheld the Commission's authority to issue "substantive" Trade Regulation Rules defining "rules of business conduct," and violation of those rules which would be considered as "unfair methods of competition." The court of appeals found support for its conclusion (1) generally, in Section 5 of the FTC Act, 15 U.S.C. Section 45(a), which empowers and directs the Commission to enforce the prevention of "unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce"; and (2) specifically, in Section 6(g), under which the FTC could promulgate rules "to give greater specificity and clarity to the broad standard" set out in Section 5(a). 482 F.2d 672 (D.C. Cir. 1973).

A review of the decision of the court of appeals was sought in the U.S. Supreme Court (petition for certiorari filed 11/20/73, 42 LW 3319). However, on 2/25/74, the Court refused to hear the case (Doc. No. 73–806), 42 LW 3482, thus letting the decision of the court of appeals stand.

Most recently, the National Petroleum Refiners Association has persuaded the U.S. District Court for the District of Columbia (which earlier had ruled in the Association's favor) to require the FTC to prepare an environmental impact statement and "then to reconsider its octane posting trade regulation rule in light of [the] impact statement" (722 Antitrust & Trade Regulation Report A–22) (National Petroleum Refiners Association v. FTC, No. 1180–71 (D DC 7/1/75)). The impact statement and reconsideration of the rule are to be completed within 60 days.

Accordingly, the status of the octane-posting rule currently is not clear. Should the FTC find that its trade regulation rule is not valid or appropriate in light of the environmental impact statement, and abandon it, and Congress desires nevertheless to maintain the octane-posting requirement, Congress would probably need to enact a specific piece of legislation to require the posting; such Congressional action would probably be sustainable under Congress general commerce power.

JANICE E. RUBIN,
Legislative Attorney.

Mr. McINTYRE. S. 1508 will rectify the above inconsistencies. A uniform system of octane rating will be applied so as to avoid any confusion at the pumps, a regulatory body will be responsible for the enforcement of this law, and penalties will be assessed for noncompliance with the law.

When the Senate Commerce Committee's Consumer Subcommittee holds a hearing on this bill on October 29, 1975, I intend to expand my statements concerning this bill.

EXHIBIT 1

[From the Baltimore Sun, Sept. 2, 1975]

"OVERBUYING" GASOLINE

It ought to be easy for any automobile owner to refer to his owner's manual to find the octane rating of the gasoline he should use, then go to a filling station and get the fuel he needs. The evidence, however, is that so much confusion prevails about octane ratings that few motorists can make wise decisions. The result is octane "overbuying" that wastes fuel, contributes to lead pollution and raises the national gasoline bill.

The first problem is that there are four octane systems, each yielding a different number for the same gasoline. Most of the confusion centers about two systems, AVONS (average octane numbers) and RONS (research octane numbers). AVONS is used in many states for posting octane numbers on pumps at filling stations—when they are posted at all. Owners' manuals for an estimated 50 million late model cars instruct motorists to use 91 RONS gasoline. The RONS system produces a number four points higher than the AVONS system. So many motorists who think they are buying the right gasoline are overbuying by four octane points. And many filling stations, often in defiance of the law, post no octane numbers at all.

The obvious solution is a uniform system and enforcement of the requirement that octane be posted on the pump. The system to use would be RONS, since it already is used in so many owners' manuals. The Federal Energy Administration, which recently held hearings on octane, is the responsible agency but has delayed for months. Consumers and energy conservation will both be served if it promptly names a system and enforces the octane-posting rule.

[From the Baltimore Sun, Aug. 11, 1975]

FEA SEEKS TO END OCTANE WASTE

(By Arthur E. Rowse)

WASHINGTON.—With gasoline prices 3 cents higher than they were on July 1—and on the verge of spurting upward again—at least one federal energy agency is indirectly offering a way for many motorists to beat the increases to some extent.

The agency is the Federal Energy Administration. Its plan is to require gasoline octane ratings to be posted in a new way so buyers can see exactly what they are getting.

Octane is a measure of anti-knock quality. It has nothing to do with power; all gasoline brands and octane ratings have the same power to move an engine.

The reason why octane ratings are important is that many motorists buy higher-octane gasoline than their engines need. An estimated $1 billion is wasted this way every year.

If you buy gasoline with too low an octane rating for your car's engine, it will cause engine knocking and lead to harmful deposits in your engine.

If you buy higher octane than necessary, you will have no way of knowing it unless you check your owner's manual and determine the gasoline's actual octane level. Almost all cars made since 1971 require only 91 octane for maximum efficiency.

The most effective way of determining whether you are buying higher octane gasoline than you need is to buy lower-octane and see whether it causes a noticeable engine knock. If not, you save the difference.

Last summer, the national average was 92.2 octane for sub-regular grade (such as Sunoco 190 and Gulftane), 93.4 for regular and 98.9 for premium.

Since February, service stations have been required by the FEA to post octane ratings prominently on pumps.

But relatively few service stations have been doing so, and the FEA has not been enforcing the regulation. Thus, after three years of trying, the government has not succeeded in getting this information to the motoring public.

Adding further to the problem is the fact that there are several different methods of measuring octane. The system used almost exclusively for years is called "research." It is obtained by running an engine under laboratory conditions at moderate speeds.

Another method is called "motor." It is obtained under similar conditions at high speed. A third method averages the two, resulting in a rating usually about four points below the traditional system.

The FEA originally chose the averaging system. But few motorists know that it usually falls about four points below the traditional octane rating. That is why so many drivers continue to buy higher octane gasoline than necessary.

Recently, the FEA changed its mind. After a new staff study, the agency proposed that the "research" method be used by service stations. It said it also will consider methods not yet tried.

If past performance is any indication, however, oil companies will oppose the change. They apparently profit from the confusion.

To help resolve the issue, the FEA has scheduled a public hearing for August 26. Persons wishing to be heard should write the FEA, Room 3809, Box DZ, Washington, D.C., 20461.

[From the New York Times, Aug. 7, 1975]

ENERGY UNIT ASKS NEW OCTANE CODE; PLAN SEEKS TO END DRIVERS' CONFUSION ON RATINGS

(By Edwin L. Dale, Jr.)

(Special to The New York Times)

WASHINGTON, August 6.—The Federal Energy Administration proposed a step today aimed at clearing up consumer confusion over octane ratings for gasoline.

In a proposed regulation, which will be the subject of a public hearing later this month, the agency would require that all octane ratings be based on what is called "research octane" instead of the current system, which requires posting on gasoline pumps of an average of "research octane" and "motor octane."

The two different methods of rating octane are based on different tests with one-cylinder engines.

Operators' manuals for most cars specify a minimum research octane. Thus under the proposed change a motorist should be better able to match the octane rating posted on a gasoline pump with what his car really needs. Now it is difficult to do so.

If the octane rating of the gasoline used in a car is too low, the engine will "knock," with loss of power and possible damage.

On the other hand, a motorist buying a higher-octane gasoline than his car needs is spending more than necessary for gasoline.

The new system could still leave some problems, however, according to a leading critic whose complaints about the present system were an important factor in bringing about the change proposed today.

He is Louis Lombardo, president of a group called the Public Interest Campaign. Mr. Lombardo said today that the switch to research octane would be better than the present system in clearing up confusion, but he argued that motorists could still face difficulties.

This is because engines in cars built since 1968 are designed with the motor octane system of a rating as standard. Mr. Lombardo said it would be possible, and economically advantageous, for oil companies to make a gasoline that would cause knocking in some cars even though the motorist bought gasoline with the specified minimum research octane number.

[From the Washington Post, July 25, 1975]

THE WASHINGTON MERRY-GO-ROUND

(By Jack Anderson and Les Whitten)

OILY BUSINESS

An oil lobbyist has used the stationery of the nonpolitical American Society for Testing and Materials to lobby against a bill requiring gasoline octanes to be posted at the pumps.

Ray Wright, refining director of the oil-sponsored American Petroleum Institute, is also secretary of the prestigious testing society and is supposed to wear only one of his hats at a time.

Instead, he urged members of the society, on its own letterhead, to lobby against the bill which could save motorists $3 million and keep tons of lead out of the atmosphere.

[From the New York Times, Apr. 3, 1975]

ENERGY AGENCY CRITICIZED ON OCTANE-POSTING SYSTEM

(By Frances Cerra)

A Federal Energy Administration regulation requiring the posting of octane ratings on gasoline pumps is not being enforced, the Public Interest Campaign charged yesterday.

The campaign, an environmental group in

Washington, also charged that even if the posting were enforced it would confuse consumers into buying gasoline with unnecessarily high octane. This would be true, according to Louis Lombardo, president of the campaign, because the Federal agency's rule specifies the use of an octane rating system that is different from the one long used in the manuals received by buyers of new cars.

Based on an analysis of gasoline consumption in the early part of 1974, the campaign maintains that the public is wasting $3-million a day buying gasoline with a higher octane rating than their cars require. This gasoline "overbuying," Mr. Lombardo charged, also contributes to pollution of the air with lead and to the waste of crude oil.

Mr. Lombardo is scheduled to meet with officials of the energy agency today to discuss a possible revision of the agency's octane posting regulations, which took effect on Feb. 5.

In supporting his charge that the posting regulation is not being enforced, Mr. Lombardo said in a phone interview that he had been present at a meeting where F.E.A. public affairs officials acknowledged that the agency's regional offices had been asking for guidelines on enforcement of the posting rule, but that none had been forthcoming.

Mr. Lombardo noted that the agency had not provided gas station proprietors with stickers on which to record the octane information, and that the regulation contained no penalty for nonposting.

"During the comment period prior to the final publishing of the rule, we proposed that there be a $50 fine for not posting," he said. "If there are no fines spelled out, how meaningful can the rule be?"

Repeated attempts to obtain comment on Mr. Lombardo's charge of non-enforcement from the agency's compliance division in Washington were unsuccessful yesterday. A spokesman for the agency's New York regional office commented, "Let's face it, if they [gas station proprietors] don't get a sticker from us, they'll wait for an inspector to come in before they put something up."

The octane rating of a gasoline is a measure of its antiknock properties. Experts within the oil and auto industries and outside critics all agree that a car should be operated on the lowest octane gasoline that does not result in knocking, a rattling sound that pistons make when gasoline is being burned unevenly. Higher octane gasolines require additional refining and therefore are more expensive and consume more crude oil in production.

Under the octane rating system that was used for years by auto manufacturers in recommending the proper gasoline to new-car buyers, about 100 octane is premium gasoline, 94 is regular and 91 is subregular. These numbers are referred to as research octane numbers.

However, the F.E.A.'s posting rules specify an octane rating system that uses an average of the research octane number and the motor octane number, another type of measure. Under this system, premium gasoline is generally 96 octane, regular is 90 and subregular is 87.

If these numbers were posted as required, Mr. Lombardo said they would mislead the public because they are four digits lower than the research octane numbers. Thus, he explained, a motorist who had been told his car could run on 91 research octane would consult the posted average numbers and might conclude wrongly that the only gas with high enough octane would be the premium.

Mr. Lombardo says his organization believes that there is validity to using an average figure that takes into account the motor octane rating. But to make the average comparable to the better-known research rating, the group proposes adding four digits.

In explaining why the agency adopted the average rating system, Edward Marseglia, a staff attorney, said that the agency had "deferred to the expertise of the Federal Trade Commission," which in 1971 proposed an octane posting rule that would have employed the same system now embodied in the F.E.A. rule.

Donald O'Hara, president of the National Petroleum Refiners Association, which has opposed octane-posting proposals since 1971, said he believed that adding four digits to the average would result in "a misrepresentation of the octane rating." Asked to comment on the charge that the public is overbuying gasoline, Mr. O'Hara said, "Gasoline is one of the few commodities you can buy and know in five minutes if it's good. If it's not, the car will knock."

The association is expected to file suit against the F.E.A.'s octane posting rule within a month.

The Public Interest Campaign's estimate that consumers are wasting $3-million a day on unnecessary high-octane gasoline is based on the fact that since 1971, almost all new cars have been designed to run on subregular 91 research octane gasoline. By early 1974, when an octane posting rule of the Cost of Living Council had been in effect for about two years, such cars should have accounted for about 45 per cent of those on the road, according to Mr. Lombardo. Yet sales of 91 research octane gasoline up to that time were only about five per cent of the total, he said.

In addition to being economically wasteful, overbuying results in the loss of an estimated total of 7,900 barrels of crude oil a day in the refining process, said Mr. Lombardo.

[From the National Observer, May 10, 1975]

NUMBERS GAME: IS NEW OCTANE IN OFFING?

(By Paul C. Hood)

Drivers confused about selecting the right grade of gasoline for their cars could be in for yet a new numbers game at the pumps.

It amounts to throwing together figures from the traditional octane-rating systems, computing an average, and then arbitrarily adding a number that would make the results palatable to consumers. Confusing as it sounds, advocates say the net result would be to simplify gasoline shopping and put the octane figure back into terms the consumer understands.

Drivers must understand the octane rating figures, argue consumer spokesmen, not only to keep their car engines from knocking but also to prevent wasteful buying of a higher-quality, more expensive fuel than they may need.

"TRUTH IN OCTANE" BILL

Last week a "truth in octane" bill was introduced in the House of Representatives, closely resembling a "consumer fuel disclosure" measure introduced in the Senate a week earlier. Both use an apparently complex formula—$[(R + M)/2] + 4$—to arrive at a compromise octane figure that the Government would require be posted on all gasoline pumps.

R stands for research-octane number, the figure most consumers have had some familiarity with because it is customarily used in auto owners' manuals. It's a rating of the antiknock performance of gasoline at low to medium engine speeds. M represents motor-octane number, a rating primarily useful for high-speed performance.

Put R and M together and divide by two and you have an average of the two ratings. Five years ago, when the Federal Trade Commission first addressed the need to let consumers know what kind of gas they are buying, it adopted such an approach, at the suggestion of Texaco representatives.

But the trade commission's plans were stymied in court, and the Cost of Living Council stepped into the controversy. The council ordered all service stations to post the average-octane figure, and for a while many stations complied. But the regulation wasn't enforced, the council died, and the octane stickers faded away.

Then in February, after months of study, the Federal Energy Administration again ordered that the average-octane rating be posted. The regulation, however, specifies no penalty for failure to comply, and many stations haven't bothered.

Even with compliance, the posting can be confusing. Under the Federal regulations, premium gasoline, generally known as 100 octane under the research rating, is labeled 96; regular changed from 94 to 90; economy grades went from 91 to 87.

WHY NOT RESEARCH?

So why not post the research rating, if that is the one that has come to have some meaning to consumers? The petroleum industry insists that for technical reasons the motor octane has value too, and critics have decided not to fight the argument.

Louis Lombardo, president of the Public Interest Campaign, a nonprofit group concentrating on clean-air measures, urged the new approach: the average-octane number plus four. In effect it brings the label back to the research-octane level, and fits into the consumer's frame of reference.

To Lombardo it's no esoteric issue, but a matter of money in the consumer's pocket. Autos made since the 1971 model year are designed to operate on 91 research-octane gasoline, he explains, and owners are so informed in their car manuals. But if you look for a gasoline labeled 91 octane or higher now, the only one you will find is premium. By buying that product the consumer wastes money because his car will operate on regular, or even economy grades. The waste, says Lombardo, adds up to more than $1 billion a year, and costs the individual an average of $24 a year.

In addition, Lombardo argues that buying excess octane adds to lead emissions in the air and wastes petroleum.

Petroleum refiners have opposed requirements for posting octane figures and are scornful of the "plus four" solution. "We think it's misrepresentation," says Donald O'Hara, president of the National Petroleum Refiners Association. "Why post an odd number? Why not add a dozen points?"

[From the Detroit News, May 1, 1975]

CALIFORNIA RULING CITED: GOING TO DRIVE SOMEONE IN HIS CAR? BE CAREFUL

(By John E. Peterson)

When you pull up to the pump of your neighborhood gas station, are you sure you're buying the octane rating recommended for your particular car?

Sen. Thomas McIntyre, D-N.H., believes there is rampant confusion in this area and he has introduced a bill providing for a standardized octane rating system that would be displayed prominently on gas pumps and in new car manuals.

"In the past," McIntyre said, "gasoline buyers have tended to buy gas with a higher octane than needed for the proper operation of their cars.

"For instance, a driver whose car runs on regular grade gasoline, which carries a 94 research octane number, has been taught that his car will run better if he buys a 100 research octane number."

Such overbuying, McIntyre estimates, costs American consumers an average of $24 a year—wasting some 1.2 million gallons of gas every day. By encouraging motorists to buy the octane best geared to their particular cars, he said, the bill also would cut down the amount of lead in the air.

McIntyre cited figures by Ralph Nader's Public Interest Campaign, which show that a reduction in octane overbuying could cut lead emissions by as much as 35 percent.

"Clearly, this is an environmental boon with no cost to the customer," McIntyre said. "It would help us meet the percentage reduction in lead levels required by the Environmental Protection Agency (EPA) in 1980—and we could do it now."

The research octane measurement is taken at low engine speeds and mild fuel intake temperatures, while the motor octane rating is taken at a higher speed and higher fuel mixture temperature.

FEA believes that gas with an octane rating that averages out the two measurements is the best for most engines.

The problem, according to McIntyre, is that the FEA's new ratings result in octane figures about four numbers below the familiar research octane numbers that have been used for years.

Thus the 100 octane number that used to signify premium was reduced to 96, the 94 that meant regular became 90, and the 90 that signified economy dropped to about 86.

The unleaded regular required for catalytic-equipped cars, which is referred to as 91 in most new car manuals, now drops to 87.

Owners of new catalyst-equipped cars shouldn't have much of a problem, however, because their gas tank holes will take only the smaller nozzle required on pumps with unleaded gasoline.

McIntyre's bill—called the Consumer Fuel Disclosure Act—is aimed at ending the octane confusion of the 100 million or so Americans who own pre-1975 cars, by providing that a standardized set of octane rating numbers be posted on all pumps.

[From the Washington Post, Mar. 27, 1974]

THE WASHINGTON MERRY-GO-ROUND

(By Jack Anderson)

GAS RIP-OFF

At present, a car owner is often told by his auto manual to use 94 octane gasoline—regular. But octane rating systems vary. The same regular gas is posted as 90 on the gasoline pump. The unwitting buyer therefore, buys premium.

The consumer-oriented Public Interest Campaign complained to Federal energy chief William E. Simon, saying the inconsistency costs drivers $1 billion a year, wastes one million gallons of gasoline a day and adds 405,000 extra pounds of lead to the daily auto pollution. Lead is blamed for disease and death in ghetto children, who breath it or get it in their mouths from playing in street dirt.

Simon, however, wrote a polite private letter to the Public Interest Campaign president, Lou Lombardo, declining to intervene. But a few days ago, Simon's own Consumer Energy Advisory Committee voted unanimously in favor of octane posting changes. Moved by the vote. Simon's aides are now reviewing the question and promised us that "we won't let the issue go down the crack."

[From the Washington Post, Mar. 26, 1975]

FEA STICKER RULE IGNORED: SERVICE STATION MANAGERS UNAWARE OF REGULATION

(By Paul Hodge)

A survey of more than 50 area service stations in recent weeks shows that only three have posted octane and price ceiling stickers on their gasoline pumps, as required under new federal regulations.

Most station managers interviewed said they have heard nothing about the new Federal Energy Administration rules. The regulations are similar to octane and price-ceiling stickers required in 1973 and early 1974 by the now-defunct Cost of Living Council (CLC).

The three stations were one Gulf, one BP and one Amoco. All had posted up-to-date stickers telling customers both the maximum allowable price at which the station may sell gasoline and the octane of the gasoline. Both kinds of information are helpful to motorists in buying the cheapest grade gasoline on which their engine can run without knocking.

The CLC price-octane stickers have not been required since the CLC went out of business last June 30, although many weather-beaten stickers are still visible on area gasoline pumps—with faded 1973 and early 1974 prices on them.

Spokesmen for several major oil companies say they are now supplying their dealers with new stickers both here and across the nation, though several said they were awaiting further "clarification" from FEA on the kind of stickers to use.

A spokesman for FEA said last week that while FEA plans to enforce the Feb. 11 regulation, gasoline prices and octane "are not really the glaring problem in the petroleum industry right now.

". . . There's a gasoline surplus and gasoline simply is not the problem it was a year ago. If a dealer does not post the stickers it is readily detectable by the public and the FEA is spending its resources in areas not detectable by the public, such as utility bills."

Even where the new octane-price stickers are posted on gas pumps, however, many motorists are confused about what the octane numbers mean.

The octane numbering system used by FEA, and the CLC before it, is different from the "research" octane scale that motorists have been accustomed to for decades and that car manufacturers have been using in new-car manuals until this year.

With the research octane test, premium gasoline was 100 octane, regular was 94 octane and subregular was 91 octane. The CLC–FEA octane numbering system is a combination of research and another octane test motor and is generally four digits below research—thus premium is 96 or 95 octane, regular is about 90 and subregular about 87.

The difference in the numbers, both of which are referred to simply as "octane," has caused enough confusion that two "truth in octane" bills have been introduced in the House and Senate within the past month. Both would permit FEA to continue using a combination of the two octane tests but would require it to convert the numbers by adding 4 digits to coincide with the old premium-100 octane scale motorists are familiar with.

The Public Interest Campaign, a nonprofit environmental group here and chief proponent of changing the FEA octane numbering system, estimates the confusion is causing American motorists to spend $3 million a day needlessly buying higher octane and higher-priced gasoline than their cars require.

Experts agree automobiles should be run on the lowest octane gasoline that does not cause knocking, the banging noise pistons make when gasoline burns unevenly. Higher octane gasolines not only need more refining and cost more to produce but also require more crude oil in production.

In introducing the House truth-in-octane bill last month, Rep. John D. Dingell (D-Mich.) said "consumers have sought disclosure of the octane quality of gasoline since the 1930s. In 1974 three federal agencies, the Federal Trade Commission, the Cost of Living Council and the Federal Energy Administration rushed to rescue consumers from the frying pan of ignorance. Unfortunately, the actions of these agencies resulted in . . . confusion."

Dingell said the confusion was particularly bad for drivers of 1971, 1972, 1973 and 1974 cars and trucks, all of which were designed to run on 91 research octane fuel. "Driving into the typical three-pump service station the motorist would find, under FEA's regulations, premium (100 octane) gasoline posted at 96 octane; regular 94 octane posted at 90 octane and economy 91 octane posted at 87 octane. The motorist would be misled into buying premium rather than economy grade because premium is the only grade 'of at least 91 octane' as specified in his owner's manual," Dingell said.

Interviews at Washington area service stations last week found not one among dozens of motorists interviewed who knew what octane meant, although many knew the octane specified in their car manuals.

"It's kind of confusing," said Larence Dunson, of 5741 12th St. NE., who was filling up at a Georgetown Amoco station at Pennsylvania Avenue and 28th Street NW., which had only the day before received the new octane-price stickers required by FEA.

"My car's a 1972 Pontiac LeMans and the manual says it's got to have 91 octane. I've been buying this low-lead gas (Amoco Blue) because I like low-lead. It says 87 octane, and though it's been running all right I guess it's just not getting the octane its supposed to have."

Actually, Dunson was buying the exact octane his car was designed to run on, he was just misled by the "octane" numbers posted on the gas pump.

A New Jersey woman, Mrs. Charles Clancy, who drove a 1972 Mercedes 280–S into the station after Dunson, bought premium gasoline "because my husband does and I do what he says. We use high test for this and the Rolls (Royce) because they were built to use high test. It's the chemistry or something." Mercedes Benz dealers here say that since all Mercedes have been designed to run on 91 research octane economy, low-lead fuel.

A Washington architect, Carl Kohler, also filled up with premium gasoline for his 1971 Alfa-Romeo "because the octane numbers are confusing, and the more I read about it the more confused I get." His car does need premium, he insisted; but he no longer pays attention to the octane numbers.

A survey of gas stations along Wisconsin Avenue NW found only two with new stickers, although one dealer, Jim Phelps' Amoco at 4900 Wisconsin Ave., was still religiously updating the old CLC stickers, which have not been required since last July.

A Shell dealer, Robert Raines at Wisconsin Avenue and Warren Street NW., who was selling gas at the same spot more than 30 years ago "when it was 12 cents a gallon and 10 gallons for $1," said about the octane-price stickers, "That's not my problem. I comply with all city and federal laws and my representative from Shell comes once a week and he's never said anything."

A spokesman for Shell said the company has informed all dealers they can get stickers from the company or can post their own. Raines said yesterday he, for one, had still not been contacted.

While Congress is considering two truth-in-octane bills there is also a possibility that FEA may revise its Feb. 11 rule.

The FEA has agreed to review its regulation, following an early April meeting with Public Interest Campaign president Louis Lombardo and FTC officials.

There are now recommendations that in future years octane numbers be eliminated entirely as too confusing and that a symbol system, with numbers ranging from 1 to 6, take their place.

Many car manufacturers have included the symbol system in their new car manuals this year, along with both research octane numbers and FEA octane numbers. With the symbol system, 2 would be economy gas (91 research octane) and 5 would be premium (100 research octane).

NATURAL GAS DEREGULATION RESOLUTION

Mr. **DOLE**. Mr. President, the junior Senator from Kansas recently received a copy of a resolution passed by the membership of Local 647, International Union of Operating Engineers, AFL–CIO, urging that the wellhead price of new natural gas be deregulated.

It seems to this Senator that the significance of this resolution is the weight it carries as an observation by those working in the industry of how Federal price regulation for the past 20 years has led us down the primrose path to disaster.

The members of this union have seen their jobs decreasing as the incentive to produce more natural gas has been destroyed by artificially low Federal natural gas prices. They have seen production declining and the consequent curtailments that have not only meant a loss of jobs in their own industry but in other industries as well. A recent study showed about 6 million jobs in 14 major industrial States are dependent upon an adequate supply of natural gas. About half a million, or nearly 10 percent, of those workers are expected to be laid off this winter due to natural gas curtailments. If production continues to decline, even more of those jobs will be lost in coming years.

Mr. President, this resolution is testimony to the importance of the deregulation of new natural gas production. Hopefully, the Congress will move promptly to enact legislation to accomplish this and it is the opinion of this Senator that the proposal embodied in the so-called Pearson-Bentsen substitute is the best approach presently before the Senate.

I ask unanimous consent that this resolution be printed in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

Resolution

Whereas, the present pricing policies of the Federal Government in relation to the wellhead pricing of natural gas has created chaos within the natural gas industry, and

Whereas, presently natural gas sold at the well-head for intrastate use is much higher than the price of regulated natural gas sold to interstate transportation companies causing an imbalance in the supply of natural gas available to interstate pipe line companies for transportation to the major population centers, and

Whereas, the entire membership of Local 647, International Union of Operating Engineers, AFL–CIO, being employed in the interstate transportation of natural gas in the States of Kansas, Oklahoma, Texas and Missouri; it has witnessed the loss of jobs of a considerable number of its members due to curtailed natural gas supplies available for transportation to the industrial centers, and

Whereas, workers employed in industry supplied with natural gas by interstate pipeline systems face the spectre of layoff due to shortage of natural gas supplies, and

Whereas, the regulated well-head pricing of natural gas discourages exploration for new natural gas reserves.

Now, therefore be it resolved that—

1. The membership of Local 647, International Union of Operating Engineers, AFL–CIO, support the de-regulation of the wellhead pricing of natural gas sold in interstate commerce from new drilled natural gas wells.

2. A copy of this resolution be sent to the Congressional Delegation of the States of Kansas, Oklahoma, Texas and Missouri.

SENATOR GOLDWATER ADDRESSES THE SOCIETY OF EXPERIMENTAL TEST PILOTS

Mr. **FANNIN**. Mr. President, on September 26, 1975, my good friend and colleague from Arizona made an excellent luncheon address to the Society of Experimental Test Pilots meeting in Los Angeles.

In this address, Senator Goldwater points to the very justifiable pride that we have in our Nation's technology, especially in our aircraft industry.

But the address is more than a well-deserved pat on the back to the test pilots and to the industry. His main theme is the great challenge that now faces our aircraft industry to build defense equipment that is economical to operate and maintain, and planes which are tested under operational rather than laboratory conditions.

Mr. President, our aircraft industry has been extremely important to us because it has provided the equipment necessary to achieve the Government's first priority—protection of our freedom and national sovereignty. My colleague in his address makes another significant point which has been too often overlooked, and that is the contribution the industry has made through exports which have provided jobs for Americans and provided essential help for our balance of payments.

Mr. President, this is a very informative speech and I ask unanimous consent to have it printed in the Record.

There being no objection, the speech was ordered to be printed in the Record, as follows:

Speech of Hon. Barry Goldwater, Sr.

It's a real pleasure to be here with all my old friends in aviation. There should be a lot of pride in this room today, and I am sure there is. When you get a bunch of test pilots together there never seems to be an abundance of humility—nor should there be. I might say that your pride is well deserved. Your organization has a reputation throughout the nation, and the world, for a dedication to excellence. It's well known for members who live a code of high-quality performance—not lives but performance—demanding it of themselves as well as their machines. It has a record of accomplishment that reflects that kind of performance, so there is justifiability a lot to be proud of in this room.

I find it relatively easy to project that pride in performance out of this room, around the world and back, where the fruits of your combined efforts—American areospace products bearing the trademark of the great American industry and the seal of approval from rugged and exacting tests by the best pilots in the world—outperform anything going.

Now, you would expect a nation, which for close to two hundred years has been judged on performance and results, to be impressed by the fact that American equipment owns the majority of the over-1150 world records in aviation . . . that the nearest competitor, the Soviets, trail next in line with less than 20 percent, with the rest spread out, of course, among other nations, some achieving theirs in American-built aircraft. All American share the pride, while you and your counterparts around this nation share the credit that, of the seven absolute world records—those where there are no limits or categories, America holds five. You can bet that Americans were delighted with the performance of the F–15 when it broke all eight time to climb records when it climbed seven miles up in less than a minute and when one flight reached its target altitude, fifteen thousand meters, about ten seconds faster than the Apollo moon shots went through the same altitude.

Those of us who have been around the SR–71 program for a while, and I know some of you join me in that category, were always especially proud of that aircraft's performance and knew world records were there for the taking. I don't know if I've ever disclosed this, but the first time I flew the SR–71, when we sat around afterward having a few drinks, I figured out a flight plan that would set a world's record by going out over the Pacific, refueling, climbing to altitude—going over the Golden Gate and with one refueling—making it in three hours and fifteen minutes to Paris. The State Department wouldn't let us do it. That's the truth. They were afraid the Soviets might become angry. You know, it's a wonder we're doing as well as we are! So, none of us were really surprised when it set the New York to London record at an average speed in excess of 1800 miles per hour—making the crossing in just a little under one hour and fifty-five minutes. Not that it was a surprise but we were not any the less proud either.

There are many other records of speed, distance, altitude, time in space, and, I shouldn't omit, the unofficial record for durability which has to go to our old friend the gooney bird—still in service in many parts of the world. But, there is no need in going into them with an audience like I have here today, but let me remind you that those records don't only mean quality. They don't only mean the prestige that comes with being the world champion, and the best seller of status which accrues to the best. The capability that is expressed is often a combat capability and these missions take on a different deterrent-filled prospective as potential customers and potential adversaries alike look at that performance. Whether you're talking about kill-ratios in combat or airline safety records, whether you're considering the kind of range that makes land based sea surveillance, not only possible, but practical I see some Navy people here so don't take that too seriously—or which gives airliners a non-stop capability between major cities of the world, whether you're speaking of the tremendous payload of a C–5 flying directly to a trouble spot or that of a widebody making air freight a more viable option for the shipper, whether it is the precision of the all-weather target acquisition we have demonstrated so effectively in war or the pinpoint navigation system which produced decreasing risk in an increasingly crowded peacetime sky, there is no question of the American products' performance.

That performance has been the substantial edge both in our hands and in the eyes of potential customers or foes. Performance is an edge you have helped to hone—to which you have made substantial and personal contributions—and one of which you can be justifiably proud. No wonder the European consortium selected an American fighter. Small question why 78 percent of the world's transports are American made . . . that foreign sales are up two billion dollars from the record year before, totalling seven point one billion, a considerable factor in keeping our balance of payments. In fact, it's the only factor. Frankly, gentlemen, one of the problems of those of us who are air-minded in the Congress have is to make those who are not air-minded realize that without our airframe industry, our engine industry, and our avionics industry, we're pretty much down the tube. If any of you have any occasion to try to influence the type of congressman I'm talking about bend his arm.

I'm sure that we can be proud of the high standards of performance we've been able to achieve in our aircraft and our weapons systems but perhaps we've been too locked in on performance and are missing a relatively new phenomenon creeping into our world today. Performance can no longer be head and shoulders above all else as a prime consideration in a decision to build and test an aircraft. It has to share the focus with cost and what's relatively new about this is that cost doesn't mean just the fly-away cost as it has meant in the past.

That was a pretty easy handle to grasp—one that didn't always have a great impact on performance. Cost now has to include total cost—life-cycle cost—the operating and maintaining costs along with the acquisition cost and here is an area where you can really get involved. In fact, I would suggest that you have to get involved. Yet my guess is that you may have only a passing interest in the subject and I'm not criticizing you for the past. I understand. The designers and test pilots among you are *how* oriented, concerned about meeting the operational parameters—how far, how fast, and how effective. You understand that you will be limited in that by cost—but they are the current costs which the manufacturer is naturally interested in today. He is certainly reluctant to invest his money now in order to save the customer money in the future but somebody has to get very interested in this process—the process of thinking about future operating costs and I'm happy to report to you that the Pentagon has *finally* begun to pay some attention to this. Furthermore, the committee of both the Senate and the House are more and more total-cost oriented than they've ever been. I'm sure you have all seen the whimsical, but frighteningly close to true, projection where the increase in cost of weapons systems results in less and less of a given type until finally, and here is where the *when* varies, at some not too distant time, we will be able to afford only one aircraft and we will be back to where it all started—in a bicycle shop in Dayton, or left heeding President Coolidge's questionable advice. "Let them take turns flying it." This may sound far fetched to you, many people in this country believe that the bulk of our money we spend in the Congress goes to weapons systems and goes to the military. Actually it has been decreasing over the last 20 years and while 90-billion dollars sounds like a hell of a lot of money—and it is—it's not buying what it used to buy 10 and 20 years ago. And, actually, if the budget continues to decrease the way it has, in ten years we will have one soldier and one rifle. And, if anybody wants to argue about that I can put up a pretty good fight.

Those of you in this room, performance oriented as you should be, now have to gain deeper understanding in practical application of concepts like reliability, maintainability, and simplicity. Even some times, and I sort of bite my tongue at the thought, at the expense of performance. Now, I understand the need for sophistication, but sophistication does not have to equate to unnecessary complication. What we require is simple sophistication, if you know what I mean. While mentally soaring in your design thoughts, or actually soaring at the controls, you'll have to think very much like a maintenance man—a supply sergeant. It's a tough job. Those of you who may never have "busted" your knuckles using a wrench will have to consider accessibility because we have found tremendous costs are involved in getting to something that needs to be fixed—like having to remove a bucket seat from an aircraft every time we have to get to the high-failure-rate electronic gear found under it. Those of you who have dealt primarily with brand new weapons will have to give more thought to its "used" status—its reliability.

I marvel that the same industry that gives us the fantastic reliability of a space probe or the relatively maintenance-free systems of the alert Minuteman missile, gives us equipment for aircraft with mean times between failures measured, in some cases, in less than tens of hours instead of hundreds or thousands. Any of you who flew radar equipment in F-4's in Southeast Asia have some idea of what I'm talking about.

There's a world of improvement possible—and it's required and each of you should be now as personally involved as you have been in the past developing the great performance records of our weapons systems. Those of you in industry must be given incentives toward reducing ownership costs. That is something the customer must do for you, but it will help for you to have some self motivation. It might take a reversal of your entire corporate practice to help us but it helps you in the long run because neither the national defense or the national economy—both of which you are a vital part of—can afford the consequences of the spiraling operating and maintaining costs. Show us where we can save money in the long run and we'll make it worth your while.

I'm sure you've already digested the results of the air combat fighter competition and seen the driving force that life-cycle costs had in the final decision. The same cost reasons that led to its selection played heavily in the Consortium's decisions abroad.

The message is there for you—for the test pilots—you too have a challenge to help. An important key to maintainability, quality, and reliability is good testing. I mentioned the reliability that we have designed into the space system, but I recognize that is a more benign environment than that in which we fly our air breathers. But, the need doesn't change, only the challenge. What we must avoid, and here you can play an important role, is testing our weapons in a more benign environment than we will fly them in. There's always been a tremendous disparity between laboratory mean time and a particular operational one because, as we all know, "operations" is a hard, cruel world. We need operational verification testing that gives us field reliability and maintainability—not laboratory.

There's a piece of the action for everyone in this room—in the military and out, in business, or in the testing end. You will be motivated if you consider the alternative—less and less aircraft to produce, fewer and fewer models to test, and, as a result, a fundamental change in force structure determination. You realize, of course, in the past the classic way to size a deterrent force has been to analyze the threat, determine the absolute minimum required to meet that threat, and that became your force structure. But, the spiraling cost of defense, when coupled to a national atmosphere which insists on a further reordering of priorities, could force a different kind of force structure. And, don't discount this idea of restructuring priorities that you keep hearing. What too many people in Washington forget is that we only have one priority. That priority is the freedom of our country and the freedom of other peoples that we can help. I don't care if we put priorities on schools and roads—if we have the widest roads, if we have the freest beer, if we have the best "go-go" shows at Edward Air Force Base—it doesn't mean a thing unless this country remains free.

There's another idea creeping in with all of this—"How much can we afford?"—with the possibility that the answer to that comes out to be less than the minimum essentially required. Along the level of the "adequate" is a vast undefined area of the "almost good enough" and none of us wants to wander there. So, there is serious reason—vital reason—to get involved.

There's a bigger role here than I can possibly describe for you today, but this much I wanted you to know, the future security of our nation may well hang on whether, at a gathering ten years from now, we can feel the same amount of pride in our operating and support cost records than as we do today about our performance records. Knowing this organization the way I do, I am sure you will have that pride. I base that confidence on the complete understanding that all the pride that is in this room today fundamentally stems from the pride in being an American—and in my book, that says it all.

PROTECTION OF U.S. COASTAL FISHERIES

Mr. STEVENS. Mr. President, the Senate Commerce Committee has favorably reported S. 961, the 200-mile limit bill, and it is currently pending before the Senate Foreign Relations Committee. The House of Representatives passed 200-mile limit legislation on October 9.

S. 961 is an interim conservation measure designed to protect U.S. coastal fisheries stocks while International Law of the Sea proceedings continue. I believe that, with due consideration for the progress which has been made at past Law of the Sea Conference negotiations, final international resolution of the many issues involved with extended jurisdiction is not likely to occur within several years. The purpose, therefore, of S. 961 is to protect the fish stocks off U.S. coastal areas during the pendency of negotiations so that continued destruction of the fisheries resources in Alaska and other coastal States can be prevented.

In Alaska the fishing industry ranks second in resource production, and because Alaska possesses over one-half of all U.S. coastline, 200-mile extended zone legislation will have a substantial effect.

Alaska's Gov. Jay S. Hammond testified before the U.S. Advisory Committee, National Security Council Interagency Task Force on the Law of the Sea on Monday, October 20, and his statement outlines the official State position in support of extended jurisdiction legislation.

Governor Hammond's statement points out the necessity for the enactment of 200-mile legislation, and I believe it accurately establishes the requirement that Alaska's fisheries resources be protected from further encroachment by foreign fisheries fleets. The recommendations made by Governor Hammond on the provisions of the single negotiating text that relate to management of living resources are included in his statement, and I ask unanimous consent that the summary of Alaska's position on International Fisheries Management presented by Gov. Jay S. Hammond be printed in the Record.

There being no objection, the summary was ordered to be printed in the Record, as follows:

INTERNATIONAL FISHERIES MANAGEMENT: THE ALASKA PERSPECTIVE

(By Hon. Jay S. Hammond)

Alaska's vital stake in the uses and resources of the sea has caused many Alaskans to give considerable thought to current directions in the International Law of the Sea. We have carefully followed the development in the preparations for and the conduct of the Third United Nations Conference on the Law of the Sea. Like other delegates and observers of the proceedings, we have been disappointed at the failure of the Caracas and Geneva sessions of the Conference to achieve, or even to make substantial progress toward, a general treaty on the Law of the Sea.

We do, however, feel that the chances of achieving an eventual treaty have been somewhat enhanced by the appearance, at the conclusion of the Geneva Session, of an "Informal Single Negotiating Text." For the first time in the Conference process, there is a single and comprehensive set of propositions on which further negotiations can focus. In the interval since the close of the Geneva Session, the provisions of the Single Text have been closely studied in Alaska.

The Law of the Sea Conference may eventually adopt a 200-mile economic zone and jurisdiction over fisheries, but in the meantime unilateral action by the United States is necessary to protect valuable fisheries resources. It is recognized that after a treaty has been adopted it still may very well be several years before it is fully enacted. The 200-mile bills now before Congress are not intended to undermine the international negotiations. They are interim measures designed to provide only for management and conservation of off-shore fisheries pending the establishment of fisheries management provisions in a Law of the Sea treaty. Most Alaskan fishermen want protection for coastal and off-shore fisheries as soon as possible—before irreparable damage occurs to the stocks or they disappear completely.

Alaska takes this opportunity to present a summary of its perspective, commentary and recommendations on those provisions of the Single Negotiating Text that relate to management of living resources. While Alaskans are, of course, interested in seeing a favorable accommodation of interests on the complete range of issues before the Conference, our most direct and immediate concern is with those parts of the Single Text which address fisheries management.

General Statement of Alaska Position:

Since Statehood, Alaska has been responsible for far and away the most extensive area of fisheries-management jurisdiction in the United States. In no other part of the country has the lack of adequate management authority over adjacent high seas areas been felt more acutely. We have long recognized that "freedom of the seas" is not an appropriate base for the efficient management of exhaustible resources. We have learned the hard way that proper management of living resources requires a complex, responsive, flexible and enforceable control system. And, because the harvested resources provide, directly or indirectly, human sustenance, their proper management is a top priority item for decision in the Law of the Sea Conference.

BASIC PRINCIPLE

The Law of the Sea Treaty must provide a jurisdictional basis for rational and effective management of living marine resources: if it does not, it will be a functional failure.

Comment: Too often politicians and diplomats, excited and intrigued by the political process of power balances and trade-offs, measure their success only in terms of achieving the compromise that the required majority can accept and adopt. In this process, the reason for a new rule or a different approach can be lost sight of, and consequently, the political compromise can be unresponsive to the basic need. While Alaska is not totally dissatisfied with the trend of the Law of the Sea negotiations on fisheries management, we are fearful that the process might be moving toward a diplomatic success but a functional failure for management purposes. In less formal terms, our basic theme can be restated in this way: "If it doesn't work, it won't be worth the paper it's written on."

PRELIMINARY ASSUMPTIONS

(1) The Law of the Sea Treaty will recognize 12-mile territorial seas for coastal nations.

(2) The Law of the Sea Treaty will recognize up-to-200-mile economic zones (including fisheries) for coastal nations.

(3) International agreements are in general ineffective devices for the rational management of living marine resources.

Comment: The root problem with international fishing agreements is that they are contracts between sovereigns, and based on the recognitions of a mutual right to fish. Therefore, (1) they must be constantly negotiated and renegotiated, and (2) they tend to be unenforceable. In addition, (3) they generally do nothing to control new entrants into competitive fishing grounds.

The necessity for constant negotiations and renegotiations entails at least the following problems, none of which is tolerable if rational and effective management is the goal:

(a) there must be negotiation not only of an agreement's initial terms but also on the interpretation of those terms, which magnifies the already inherent element of uncertainty.

(b) Negotiation is time-consuming, while effective management often requires quick, flexible responses to changing physical circumstances.

(c) International negotiation often involves tradeoffs or bargaining elements unrelated to the particular stock or area under consideration or even to fisheries management at all.

ELEMENTS OF THE ALASKA POSITION

The following are the five principal elements of the Alaska position on fisheries:

A. Coastal nations should be granted exclusive rights in and management jurisdiction over living resources within the 200-mile economic zone.

Comment: Alaska's experience in fisheries management over the past many years has demonstrated that rational, effective management is a complex process. It must be enforceable, and, most importantly, flexible and quickly responsive to change. No rigid set of rules can hope to succeed.

When environmental changes occur, when a fish population suddenly falls off, when fishing effort is unexpectedly too efficient, then the management entity must have the ability to move quickly to suspend or terminate seasons, to close off areas, to restrict use of new gear. Or, when conditions are suddenly more favorable than expected, the manager should be able quickly to increase quotas or seasons.

Foreign fishing within a 200-mile zone should continue only with the consent of the coastal nation and under conditions set by the coastal nation. The Law of the Sea Treaty should recognize no international right of foreign fishing in the zone.

There must be certain exceptions to the unfettered discretion of the coastal state. From the Alaska perspective, these exceptions number only four:

Exception No. 1: The coastal nation should be required to optimize the sustainable yield of the living resources within its 200-mile zone.

Exception No. 2: Where fish stocks (other than anadromous or highly migratory species) exist within more than one exclusive economic zone at any stage of their life history, the coastal nations should be required to coordinate their respective research and management programs for such stock.

Exception No. 3: Where fish stocks (other than anadromous or highly migratory species) exist at any stage of their life history both within an exclusive economic zone and in a seaward area adjacent to the zone, the coastal nation and any nation whose nationals harvest such stock in the adjacent area should be required to cooperate in promulgating management regulations for such stocks in the adjacent area.

Exception No. 4: Highly migratory species, identified by reference to a treaty list of species, should be managed by agreement between the nations whose nationals harvest such species and any nations through whose exclusive economic zones such species migrate.

B. Concerning anadromous species—

1. A nation where anadromous species originate should be granted exclusive rights in and management control over such species.

2. Harvesting of anadromous species should be prohibited seaward of the 12-mile territorial sea, except when authorized by the nation of origin for reasons consistent with the principle of optimum sustainable yield.

Comment: Salmon, the most important of anadromous species, are not suited to management within a 200-mile economic zone system because their migratory pattern typically extends far seaward of 200 miles. Yet, neither is the management approach for highly migratory species suitable for salmon; the fish spawn in fresh-water streams well within the land territory of the source nation. It is therefore natural and appropriate from a management standpoint to place the legal responsibility for management of an anadromous species on the nation that, as a matter of practical reality, holds the actual core responsibility for the conservation and well-being of the species.

High seas capture of salmon is wasteful and inefficient, and should be prohibited.

Alaska feels strongly that anadromous species, should be managed exclusively by the nation of origin and that capture should in most cases occur only within the 12-mile territorial sea.

C. With respect to living resources of the Continental Shelf—

1. Coastal nations should be granted exclusive rights in and management jurisdiction over the living resources of the adjacent Continental Shelf, including the entire Continental Margin.

2. The "Living resources of the Continental Shelf" should be designated by species in the law of the sea treaty, by annex or otherwise, and should include crabs, lobsters and other shellfish.

Comment: The impending reality of broad national economic zones, granting at least primary control over all living resources to the coastal nation out to 200 miles from shore would seem at first glance to obviate any special concern for creatures of the continental shelf. After all, hardly any exploitation of such creatures occurs, or is likely to occur, seaward of a 200-mile boundary. Yet two possibilities dictate that the concern is a real and still substantial one: (1) Coastal nations might be granted only preferential rights, in general, to the living resources in their economic zones seaward of the territorial sea; however, the rights in the natural (including living) resources of the shelf would presumably continue to be "sovereign" or exclusive rights to all living resources within the 200-mile zone, certain states may choose to file reservations to the economic-zone provisions of the treaty but still bind themselves to the continental shelf articles. (2) Certain countries may choose not to become parties to the new Law of the Sea Treaty, thereby remaining bound either by the 1958 Convention on the Continental

Shelf or by customary international law; in these cases, the new treaty can be said to interpret the "sedentary species" provision of the 1958 treaty or the extent of coastal state control over the adjacent continental shelf under general customary law.

D. Enforcement of management regulations, in all phases, should in general follow management jurisdiction.

Comment: No amount of wisdom and rationality in the promulgation of fishery regulations can lead to effective management without effective enforcement of the regulation. If management provisions are not adequately enforced, they might as well not exist.

Enforcement of fishery rules involves these familiar phases: (1) surveillance and detection of violations; (2) apprehension and arrest of violators; (3) trial and punishment. Enforcement under international fisheries agreements to date has denied at least the final phase to any nation-party other than the nation whose flag the apprehended vessel flies; the other enforcement phases are also often left to the flag state to pursue. The result has been at best a lack of credibility that effective enforcement actually occurs and, at worst, no enforcement at all.

The main obstacle to effective enforcement of fisheries regulations on the high seas has, however, been the same obstacle to high seas fisheries management in general: the lack of adequate and recognized jurisdiction in any management entity. The jurisdiction to promulgate rules and the jurisdiction to enforce those rules must, we believe, go hand-in-hand primarily to the coastal nation if proper management is to be the result. The reasons for this marriage are simple and obvious: the coastal nation—the promulgating entity—will have the most incentive to enforce, the highest stake in the success of the management system, and usually the most developed knowledge of the geographical, meteorological and biological factors necessary to effective management.

E. The Law of the Sea Treaty should require compulsory settlement of international disputes over fisheries-management issues.

Comment: Central to effective fisheries management is avoidance of disputes or arguments between nation-states. Thus, the core of the Alaska position is that coastal nations be granted exclusive management jurisdiction within their respective economic zones and that source nations be given exclusive jurisdiction over anadromous species. Because the Alaska position would, however, necessarily, maintain recognition of certain interests of the international community and other nations in the coastal or source nation's management responsibility, the potential for international disputes over fisheries management, though substantially limited, will continue. It is imperative for management reasons, that the Law of the Sea Treaty require compulsory settlement of these disagreements.

For example, the Law of the Sea Treaty, under the Alaska view, would recognize an international community interest in optimization of the yield of ocean food resources. If this interest is to have a meaning, an affected nation or appropriate international organization ought to be allowed to challenge a coastal or source nation's regulation scheme on the ground that the optimization responsibility is being ignored. Nevertheless, in the interests of management, the treaty should make it very clear that the coastal or source nation's regulations will continue to apply pending settlement of the dispute. Further, in light of the extremely subjective nature of the determination of optimum yield or utilization, there should be a heavy burden of proof on the challenger in any such dispute.

It is also essential that the treaty provide some ultimate method of promulgating management rules for migratory stocks in the hopefully rare case where the concerned nations fail to agree on a management system. Similar settlement mechanisms should be adopted for both categories of non-anadromous migratory stocks; those that exist within and in an area adjacent to an exclusive economic zone, in which case the management rules would apply to the adjacent area; and the highly migratory species. The settlement should be decided by a tribunal or board of impartial fisheries management experts and must be made on the basis of management principles, with optimum sustainable yield as the management goal.

Domestic Implications of Alaska Position on Fisheries:

In the domestic context, there are both advantages and, it can be admitted, disadvantages to the Alaska position on fisheries management. The advantages are, however, management oriented and, therefore, consistent with the primary Alaska concern. The disadvantages relate to the political necessity of putting together a United States fisheries position acceptable to all concerned national elements.

The positive aspects have been alluded to throughout our preceding statement, and they need only some elaboration at this point. The advantages of the Alaska position stem from the potential it provides for each coastal nation, including the United States, to provide effective, rational management of living marine resources. Alaska does not suggest that good management be legislated in detail by a general international treaty; we are convinced that any attempt to so legislate is bound to fail and, in fact, will impede rational management. In our opinion, the self-interest of exclusive coastal-nation and anadromous source-nation managers, together with a general international obligation to optimize sustainable yield, will lead to better fisheries management than will any attempted system of international rules for conservation and allocation of the resources.

To others in the U.S. who remain opposed to exclusive management of coastal and anadromous species by coastal nations—that is, those who see such control as a threat to U.S. national security or those who in general abhor the trend toward "national lakes" in the ocean—we must again note the inevitability of the 200-mile zone. In an ideal world, living resources of the sea would be managed rationally and effectively by regional or global ocean entities established by international cooperation and granted exclusive management control and enforcement jurisdiction. All who have closely followed the Law of the Sea Conference proceedings, however, must now concede that living marine resources will be managed primarily by coastal nations within 200-mile economic zones. The Alaska position simply urges that, in light of that necessary assumption, the most effective and rational management will occur only if coastal nations, the inevitable management entities, are granted exclusive control.

PUBLIC BROADCASTING AND THE COPYRIGHT BILL

Mr. MATHIAS. Mr. President, on October 7, the Senate Judiciary Committee marked up S. 22, the copyright revision bill. At that time, the committee adopted an amendment I offered which established a compulsory licensing system for public broadcasters very much similar to those procedures set forth in S. 22 for other users of copyrighted materials, including jukebox owners and cable television operators.

The committee concurred with my view that this amendment represents a reasonable solution to a most perplexing problem: how to ease copyright clearance procedures for public broadcasters with limited resources and at the time compensate copyright holders fairly for their creative efforts. It should also be noted that if the public broadcasters and the copyright holders reach voluntary agreements on this subject, my amendment would not preclude the implementation of such agreements.

In order to promote fuller understanding of the intent and need for this amendment, I ask unanimous consent that my complete statement before the committee be printed in the Record.

There being no objection, the statement was ordered to be printed in the Record, as follows:

Statement of Senator Charles McC. Mathias

This amendment, to provide a licensing system for public broadcasting, is essential if public broadcasting is to be allowed to survive as a source of timely and thoughtful communication to its audiences throughout the land.

This amendment would not permit the free use of copyrighted material, which would be fundamentally unfair to the creators whose works were so used. Instead, it seeks to strike a reasonable balance between the interest of public broadcasters—and the nation as a whole—to have access to the widest possible amount of copyrighted material available for presentation to their audiences and the right of copyright holders to be fairly compensated for their creative efforts. The legislative record should reflect the concern of the Congress for the security of intellectual property.

This amendment would use a compulsory licensing system and the Copyright Royalty Tribunal—both of which are already established in the bill—to ensure that royalty payments for non-dramatic works will be fair and reasonable to both copyright holders and public broadcasting alike. It would in no way effect the use of copyrighted material in dramatic works, which would still be freely negotiated as under the bill now.

I am convinced that the tight budgets and administrative limitations of small educational TV and radio stations across the country—which can not possibly hope to approach the resources of the major networks whose basic programming originates primarily in Hollywood and New York—would make it impossible for public broadcasting stations to negotiate effectively for the use of every piece of copyrighted material they wish to broadcast. Yet that is what would result if S. 22 were passed in its current form. In its place, I offer a proposal to establish a viable mechanism for simplified copyright clearances and for appropriate royalties payments with a minimum of delays and administrative overhead.

I know that many of my colleagues on this Committee had hoped that representatives of public broadcasting and the principal copyright holders would be able to negotiate and reach agreement on these matters before we finally met to decide the final form of S. 22 to recommend to the Senate. I joined in that hope which, if fulfilled, would have made the amendment I am offering today unnecessary.

I have monitored these negotiations closely and have consistently urged the parties to reach agreement. Unfortunately, I regret to report that these negotiations have stalled, for three basic reasons:

First, of course, are the ordinary garden-variety disputes over dollars and other specifics which are typical of any negotiations.

Second, and more importantly, the public broadcasters have had difficulty locating anyone to negotiate with on some of the issues—for example, the use of still photography, whose copyright holders apparently do not have any single representatives who will negotiate for them as a class with the public broadcasters.

And third, even if all parties were located and all agreements were reached, an anti-trust exemption would be needed to allow them to go into effect.

Therefore, we find ourselves confronting a difficult gap, which my amendment offers to bridge. If we do not adopt this amendment today, there is absolutely no assurance that the private agreements we had hoped for will come about in the future. In fact, there would be less incentive to compromise on the part of those who would prefer to see the full force of S. 22 in effect. Even if we included a simple anti-trust exemption to remove the legal obstacles to agreement, the other issues—some soluable, others not so—would remain. And public broadcasting would be in an impossible bargaining position, in the fact of full implementation of S. 22 should negotiations fail. Such an outcome would not only cripple public broadcasting, but would poorly serve the copyright holders, whose works would proportionately go unused.

On the other hand, if we do adopt this amendment—with report language making clear that we still urge the negotiation of private agreements where possible, and that we would be prepared to modify the amendment accordingly, further along in the legislative process—we can still provide an incentive for good faith negotiations without subjecting public broadcasting to the hazards of the full impact of S. 22 should they fail.

HANK KIEL—A BELIEVER IN HARD WORK

Mr. FANNIN. Mr. President, on October 16, 1975, the former editor and publisher of the Arizona Weekly Gazette, Hank Kiel, died. Last Saturday the Arizona Republic carried an editorial pointing out the great contributions that Hank Kiel had made to the legal and business community of our State. I was very saddened to learn of his death, and I wish to join in paying tribute to Mr. Kiel. I ask unanimous consent that the Republic editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

Believer in Hard Work

Hank Kiel, who died Thursday at the age of 73, came late to the newspaper business. He was no dewy-eyed journalism school graduate when a health problem brought him from Ohio to Arizona.

Hank was, in fact, 43 years old. He had worked as a shoemaker, a stenographer, and a railway accountant. Unable to find employment in any of these fields, he sought a job as circulation manager of The Arizona Weekly Gazette, the state's only business newspaper.

That was 1945. A year later he was made editor and publisher of the paper. The Weekly Gazette usually ran 12 pages, and carried mainly legal advertising.

Hank promptly began cultivating the city's lawyers and judges. Before he retired in 1970 the Weekly Gazette was publishing from 72 to 84 pages, still largely legal advertising, but with complete records of court dockets, important judicial decisions, and a smattering of general news and editorial opinion.

Under Hank's direction the Weekly Gazette won many state and national awards among "class newspapers." It was (and still is) a necessary reference tool in every lawyer's office and judge's chamber in the county.

Besides providing unique services for the legal profession, Kiel belonged to a long list of civic organizations. Both the Arizona Judges' Association and the State Bar of Arizona made him an honorary member.

Kiel's outstanding characteristic was his devotion to his job. He felt that anyone willing to work hard enough could make it in America. That attitude helped him, the newspaper he edited and the community in which he lived.

THE GRANTING OF CREDIT TO INDIVIDUALS

Mr. CURTIS. Mr. President, a number of developments in recent months have aimed at making the granting of credit to individuals more equitable.

A Federal law banning discrimination on the basis of sex or marital status goes into effect next week, and on October 16, the Federal Reserve Board announced regulations, effective October 28, for enforcing it.

Nonetheless, there are still questions to be raised, as a recent letter I received from a Nebraska constituent seems to indicate. I would like to read that woman's letter in the Record at this point, eliminating any personal references that might identify her:

Dear Mr. Curtis: This letter is in regard to a problem which I have recently encountered while attempting to apply for a Master Charge credit card.

I am single, earning over $11,000 year as (an employee of the State of Nebraska). I own my own home and have a mortgage payment of $162 mo. I also own my own car free and clear from debt. I have never had to borrow money and have paid cash for all items I have purchased.

I recently attempted to obtain a Master Charge card when I realized my job would involve travelling. It will be necessary to pay hotel and food bills out of my own pocket while travelling, and then receive reimbursement from the State. I decided to obtain a credit card so that I could charge such purchases, and by the time I was billed, would have received the reimbursement of my expenses from the State. This would eliminate the necessity of withdrawing funds from my savings account which is currently $2,200. Because I have never applied for credit, other than a Standard Oil credit card (which has an A-1 rating), I was not surprised when the officials of Master Charge requested additional information regarding my financial status. I was surprised, however, when I was denied an account because I had never had a "suitable" charge account—such as in a department store—which I consider an inadequate source of "proper" rating.

I find this ridiculous! I have fought hard from going into debt and to "pay my own way." The credit card companies are willing to assume the risk of those persons already in debt for charging items they are unable to afford, but are unwilling to support those individuals who have proven their ability to stay out of debt. Somehow, the order of priorities have been reversed.

After I had been denied a charge card, I contacted my bank in Omaha. An official has wirtten a "letter of recommendation" to Master Charge. I am uncertain whether this will suffice in my attempts to obtain a credit card, however, I felt such attempts currently being undertaken by credit card companies should be brought to your attention.

Thank you for your time.

Mr. President, I am certain that all of my colleagues have constituents with similar, or identical, problems. And, in many cases, no matter what legislation we pass, the underlying problem is a reluctance to lend money to women.

According to Ms. Jane Roberts Chapman, codirector of the Center for Women Policy Studies in Washington:

Despite new laws, lenders may be reluctant to extend credit to women until they recognize that women have always been good credit risks.

In an article in the January/February 1975 issue of Challenge magazine, Ms. Chapman documents:

A credit manager of a metropolitan department store was asked a few years back why he refused to open an account for a woman with a high-paying professional job, excellent references, a savings account, and all the other attributes of credit worthiness. "She could get pregnant tomorrow" was his answer.

The notion that it is natural for women to be economically dependent on men is formalized in domestic law, social structures, attitudes, and economic institutions that have been centuries in development. But in its simplest terms, the notion of economic dependency rests on the assertion that "she could get pregnant tomorrow." Only about three million women give birth to children each year. Forty-two percent of all women work, and 13 million women work even though they are mothers of children under 18 years of age. By making it difficult for women as a class to acquire credit, lenders assume a level of economic dependency which no longer exists.

The problem is further stated in an article which appears in this week's U.S. News & World Report:

Linda Maslanko, head of the Greater New York Feminist Federal Credit Union, explains credit discrimination this way: "A divorced or widowed woman frequently has not established her own credit history, and a single woman earning her own salary is not taken as seriously as a man when applying for a loan."

Any of these factors may be working unfairly against credit applicants such as my constituent, whose letter I have presented. Her case, application for a major credit card, may be similar to one documented in Time magazine this week:

Cynthia E. Harrison, a New Jersey woman, was turned down by Chase Manhattan Bank for a BankAmericard although she maintained a considerable balance in a savings account. Just two weeks later she got a form letter from the bank addressed to a sexually unidentifiable "C. E." Harrison, who was greeted as "Dear Preferred Customer" and offered a card.

Whatever the case, it is a fact that there are many responsible, hard-working individuals, who do not have expansive credit histories, and who are not buried deeply in debt like millions of Americans who rely on "little plastic wonders" to make dreams come true.

These people, regardless of sex or marital status, deserve the protection of our laws.

Laws and regulations without teeth

are as flimsy as the paper they are written on.

OUR COUNTRY'S NO. 1 PRIORITY: NATIONAL DEFENSE

Mr. FANNIN. Mr. President, last Friday at Travis Air Force Base, my colleague from Arizona (Senator GOLDWATER) discussed détente and the grave problems involved in maintaining world peace.

He pointed out that détente has lulled many people into believing that we no longer need a strong national defense, when actually the need is greater than ever. We can cut our Federal budget $28 billion as President Ford has suggested, but this should not come from what has to be our country's No. 1 priority, national defense.

Senator GOLDWATER also takes issue with those people, including some Members of Congress, who see the United States as a threat to world peace. I would like to say that I am in total agreement with my good friend on this point, and it is incredible that any supposedly knowledgeable people would have such a low opinion of their own country.

Mr. President, the talk by Senator GOLDWATER at the 1975 Western Conference of the Order of Daedalians makes several other important points which should be of interest to my colleagues in the Senate, and I ask that the text be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY SENATOR BARRY GOLDWATER

Needless to say, I am deeply honored to be here tonight to participate in this year's Western Conference of the Order of Daedalians. Those of you who know me understand my deep respect for your organization and all it has come to mean over the years to the formulation of sound defense policies for the United States of America. I know of no organization anywhere in the world which is more representative of American pilots, both military and civilian, than the Daedalians. I say this because what you people stand for and what you accomplish accrues to the benefit of all aviation regardless of its characteristics.

At the outset of my remarks I want to congratulate you on the success of the Western Conference and upon the importance and timeliness of your theme, the impact of austerity on military preparedness.

The way things are shaping up today, the impact you speak of may be much more severe than any of you had realized and may become a downright critical factor in this nation's military preparedness in the years to come.

I know I don't have to explain to this audience that the decisions and commitments and plans being made today are the ones that will constitute our defense strategy in the years ahead. So sophisticated and intricate have our weapons systems become that longer and longer lead times are required for the development of a well-rounded preparedness machine.

When I say the impact of austerity may become critical to our preparedness in the future, I say it for these reasons:

1. The President's recent proposal for a permanent $28 billion reduction in individual and corporate income taxes has placed a heavy additional need upon the Congress for more cuts in federal budget outlays.

2. The so-called policy of detente with the Soviet Union has led many people, in and out of Congress, to conclude that America's defense expenditures are not as vital as they previously were.

3. The economic liberals who control both Houses of Congress point automatically at the Defense Budget each and every time demands are raised for a reduction in government spending.

Already in 1975, this kind of faulty thinking has resulted in a House vote to reduce overall Defense Department appropriations by $9 billion. And, let me remind you, this vote was taken before President Ford promised a permanent $28 billion tax cut providing Congress reduces government spending by that same amount. The chances are very real that the neo-isolationists in the Congress will again point to the Defense Budget and insist the easing of tensions between the United States and the Soviets justifies further cuts in scheduled military spending.

Many times in the past, I have described the policy of detente—or what we are constantly told is a policy of detente—as a policy of mortal danger. I restate and emphasize that belief here today. Too many of our people want to believe that the Soviet Union has, at long last, decided to follow a foreign policy of sweetness and light towards the United States. Their hope springs eternal and is rooted in their deep yearning for lasting world peace. This is commendable and is characteristic of the fine instincts of the American people. But, given our experience and knowledge of the communist leaders in the Kremlin, this attitude is far from realistic.

There is abundant evidence that the policy of detente does not represent a change of policy but rather a new strategic phase in the Russian program. In other words, events around the world, greatly strengthen the belief that to the Soviets, the policy of detente is merely another word to cloak Soviet intentions behind a policy which will allow Americans to feed their hopes of peace and keep their minds off Russia's policy of conquest. Today the word detente is used where that phony phrase "peaceful coexistence" was once used.

I'm sure you all remember that product of the Khrushchev era in Russian relations. We were still hearing the echos from it when the Russians moved missiles into Cuba and made a bold bid to permanently alter the balance of power throughout the world in their favor. So it is today with the word detente. We hear it used every time the Soviets want something, like our grain; and we hear it used every time the State Department would like us to overlook something new that the Soviets have done to restrict freedom.

I see detente as a policy of mortal danger to this country because it could be used to hoodwink us into surrendering much of our military strength. It already is being used to strengthen the Soviet Union economically and—in view of Russian policies aimed at world domination—this can only work to our long term disadvantage.

The need for austerity in our economic affairs as a nation is real however. There is an overpowering need for a cutback in federal outlays in every area of government activity. Unless we reduce the deficits currently being piled up by the world's largest bureaucracy our future as a nation is in danger. This need is so great that I am afraid many of our people will be convinced that further reductions in defense spending are a matter of necessity.

And that brings me to my major point here today, and that is that there is ample room for huge reductions in government spending that will in no way run risks to the security of our nation and its allies. Billions upon billions of dollars in taxpayer's money are being squandered every year on runaway programs of social welfare which once had a public policy purpose but which have long outstripped the need they were first enacted to cover. The right kind of an overhauling and revamping of our national welfare program, all by itself, could account for the 28 billion dollars President Ford wants to save.

What I am emphasizing here tonight is the need for all patriotic Americans to understand the issues at stake in the President's call for a period of austerity. When *you* consider the repeated reductions in government spending (in real dollars) for defense you begin to understand how threadbare our military services are becoming. In fact if we stay on our present course it won't be too long until we get down to one man with one gun—and this is at a time when the Soviet Union is amassing a fleet capable of dominating every major waterway in the world. Our other services are far short of present requirements just for maintaining a parity with the U.S.S.R.

And how does all this happen?

Well, let's just take this year's program. President Ford's budget proposed to increase spending over the previous year 11.9 percent for non-defense items and 10.3 percent for defense items. This was to cover the inroads made by a severe period of inflation. But look what happened when the liberals in control of Congressional budget-making got their hands on the White House recommendations. The Congressional experts fixed a target for increased non-defense items to 21.1 percent and cut the recommended increase for defense items less than the rate of inflation, and would cause real outlays for defense to fall for the eighth consecutive year.

Few people realize it, but defense spending has been going down at an alarming rate. Between 1969 and 1975 American defense expenditures declined by more than 30 percent. In the same period Soviet defense spending increased by 16 percent. The net result is that the Soviet military budget is more than 35 percent larger than this country's. If this should continue our country will be in grave danger. Even assuming the Soviets were sincere when the policy of detente first began, it is expecting a great deal to believe they will ignore a heavy, and growing superiority in all areas of military capability. It has long been the practice of the Kremlin leaders to push as far as their military strength will allow in the pursuit of their goal of world conquest.

What this country needs right now is a new and heightened awareness of the real issues which are coming to a head in this era of essential austerity. They need this awareness so they can elect the kind of leaders which this country needs, especially in the Congress. We have had too many arch liberals in the House and Senate who actually bear a feeling of guilt about American military strength. We have too many men and women coming to the Congress who sneer at the man in uniform and miss no opportunity to downgrade his patriotic ideals and his national goals.

Let me give you an example of just what I am talking about. Suppose I were to ask this audience who it regarded as the greatest present-day threat to world peace. I would be willing to bet that the Soviet Union, Communist China or some of the parties of the Middle East crisis would predominate in your answers. Well, let me tell you what happened not too long ago when the Washington Post asked the same question of new liberal members of the United States House of Representatives. Twenty-seven percent of the Democrats elected in 1974 said they thought the United States was the leading threat to peace. They put their own country ahead of both the Soviet Union and Red

China, both of whom received a 20 percent vote of no confidence.

This is one of the saddest commentaries I have yet read about the legislative branch of a nation about to celebrate its Bicentennial. If the elected representatives of the American people have no more faith in their country and their Congress than to believe it constitutes the greatest of all threats to peace, then they have either listened too long and absorbed too much of the communist party line or they have absolutely no comprehension of world affairs.

It is my belief that this survey should convince the American people there is something radically wrong with the liberal's approach to and concept of history.

The United States is strong but I don't think it can afford domestic detractors who seem to revel in every opportunity to downgrade and debase their own country. After all, the United States is not the nation that concentrates all of its efforts towards a policy of world domination. If there is a threat to peace in this world, it is not the United States, but the master of Eastern Europe.

You and I know where the threats to the peace of the world actually exist, but apparently a sizable percentage of the liberal community is confused on this score. I say it is time for them, and for all of us, to spend more time worrying about threats to the United States. I, for one, will not buy the idea that the alleged policy of detente has erased all the dangers that threaten our security. I believe that it is now more important than ever before to take actions that will enhance the strategic protection of the United States both today and in the years to come.

In conclusion, I should like to emphasize a truth that today is all too often forgotten—especially by the men who control the Congress—and that is that none of our considerations about the economy of the country, the plight of the unemployed, the health of our citizens and similar concerns are in the least bit important if we do not have security and freedom. Unless we function behind a military shield that all aggressors in the world can see and understand we won't be able to function at all. In other words, without security, the United States and all it stands for are without importance.

CONCLUSION OF MORNING BUSINESS

Mr. MANSFIELD. Mr. President, is there further morning business?

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

NATURAL GAS EMERGENCY ACT OF 1975

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of S. 2310, which will be stated by title.

The assistant legislative clerk read as following:

A bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The Senate resumed the consideration of the bill.

AMENDMENT NO. 1014, AS MODIFIED

The ACTING PRESIDENT pro tempore. The pending question is on agreeing to the amendment of the Senator from California.

Mr. HOLLINGS addressed the Chair.

The ACTING PRESIDENT pro tempore. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, pending the presence here of the distinguished Senator from California, or his arrival on the floor, the time being equally divided between himself and the distinguished Senator from Arizona, I would only say in support of the amendment of the Senator from California that, he goes right to the heart of what has been contended from the very beginning, namely, they are trying to decontrol new natural gas in the Pearson-Bentsen amendment—in order to bring on new supplies in America.

They argue that the only way this can be done is to remove any kind of price controls, let the OPEC market take over, let prices soar.

Now let us assume that is a sound approach, that with all these moneys we are going to get new gas.

Look very closely at the Pearson-Bentsen amendment and instead of bringing on the new gas, one of the things that the Tunney amendment trys to eliminate, one of the evils, I should say, is that upon the termination of old gas contracts the old gas immediately become new gas.

So rather than go out to Wyoming and get these delightful new supplies of gas, what really would occur under the Pearson-Bentsen amendment is just by the termination of old gas contracts old gas would be turned into new without any additional supplies. The deregulated price would be allowed for old gas already found to be economically producible with an assured profit.

Old gas prices are increasing rapidly under present law—there is authority to increase prices to cover higher costs.

Gas prices in the last 2 years have gone up some 50 percent. I quote now from a Federal Power Commission release:

> The April 1975 cost of natural gas purchases by domestic producers [under rates regulated by the FPC] averaged 32.87 cents per thousand cubic feet compared to 25.75 cents in April 1974.

So I think the record should clearly show that we are not insisting upon no increases in old gas prices. Cost-justified increases should be permitted. Old gas prices have been increasing right along under this Federal Power Commission approach.

I think that authority, as restated in this amendment is sufficient to take care of the justified, price increases on the old gas prices.

However, old gas should stay old gas upon the expiration of contracts, in order to make sure that the Pearson-Bentsen incentive works, to assure that the attraction of capital and drilling activity goes to the new gas. We don't want the Nation to suffer enormous inflation in gas prices just because contracts expire. I would certainly urge the adoption of the amendment by the Senator from California.

I will yield now to the distinguished Senator from California. There are about 15 minutes to divide between him and the distinguished Senator from Arizona.

Mr. TUNNEY. I thank my distinguished colleague from South Carolina for yielding to me. I think from the discussion that we had yesterday it was clear that there is a need to maintain a degree of control over old gas which is expiring by contract and which, if we did not pass my amendment which is before the Senate today, would be subject to a renegotiated price without any regulation whatsoever. This would bring old gas up to the same price as new gas. I cannot help but feel that that is not fair to consumers. This gas has been controlled and a profit has been made on the gas. The cost was of producing old gas at the time the original contract was signed is much less than that of new gas produced today.

I also mentioned yesterday, and I repeat it today, that I think that we do need a new formulation for determining what costs are for purposes of responsive regulation of "old" gas. Instead of using the historical method of determining cost, the method that the FPC has used in the past, I think we need to have a new means of evaluating costs so that we can give to the producer a fair shake. I think that a fair shake is one in which the costs that he has incurred in the last few years and the last few months, the costs in an inflationary economy that he is going to incur in the oncoming months and years, should be the bases for responsive regulation.

I believe the fact that you have a 4-year lag now in the FPC between the time that the FPC makes a determination of cost and the data upon which the FPC is making its determination indicates that we should make a change. That is what my amendment would do. We would now use prospective costs to determine what those costs are for the purposes of regulation, rather than a retroactive evaluation of those costs.

The amendment that I am offering today, by maintaining the regulation, will save consumers $5 billion on expiring contracts between now and 1980 alone, assuming that the cost of deregulation is only $1 per mcf.

We also ought to be aware of the fact that the FPC in the past has not done the job that they should have done with respect to evaluating what costs are on a timely basis over a period of years in order to maintain the condition of wells, thereby encouraging the producers to invest capital to make sure that those wells are producing up to capacity.

What has happened in the past is that the FPC, on a catch as catch can basis, has made reassessments of costs from time to time.

Under the amendment I am proposing today, as a result of a modification which was agreed to by me as a result of a statement made by the Senator from Oklahoma (Mr. BARTLETT), we require the FPC to reevaluate costs every 2 years. This assures us that the FPC is not going to be in a position where they are going to wait for an indefinite period of time—4, 5, 6 years—before they reassess those costs.

I believe it is clear in the inflationary economy that we presently have, over a period of 2 years you could have a very significant depreciation in the value of a dollar. It seems only fair that there should be an opportunity for the producer to have his basic costs reassessed upward so that he can get a fair return on his investment in order to keep those wells producing; in order to make sure that the capital investment is made so that they are taking all the gas out that can be taken.

I believe this is an important added feature.

The Pearson-Bentsen proposal purports to decontrol new natural gas, but the definition of new natural gas does contain a loophole which I believe my amendment closes. It prevents the old gas, which is already discovered and which is flowing to the interstate pipelines, from being decontrolled simply because the sales contract expires.

Mr. HOLLINGS. Mr. President, will the distinguished Senator yield?

Mr. TUNNEY. I yield.

Mr. HOLLINGS. Does this amendment not address the situation that was pointed out in the dissenting opinion by Commissioner Don Smith of the Federal Power Commission? I refer to opinion 699–H, where the distinguished Commissioner scheduled the expiring contracts within the next 5 years, and found that the aggregate volume represented by the expiring contracts would be some 5 trillion cubic feet. I think that was the case as he found it.

Mr. TUNNEY. It was estimated to be about 5 trillion cubic feet.

Mr. HOLLINGS. The average price of old gas now is 30 cents, and if, for example, that goes up to $1.30, under the adopted amendment by the Senator from Kentucky (Mr. Ford), then we would have a $1 increase per Mcf for the expired contracts.

If we look at that $1 increase under those old contracts, does that not represent $5 billion in increases going to old gas, rather than, in accordance with the purpose of Pearson-Bentsen, to provide a direct incentive to produce new gas.

Mr. TUNNEY. If we are going to decontrol that gas which has a contract in interstate commerce, and which contract is now expiring, that decontrolled price would be substantially greater than the present controlled price, and it has been estimated that there would be about $5 billion of additional payments by consumers for such gas between now and 1980.

I myself feel that that is a separate question entirely, the question of decontrol of old gas, from the thrust of the Pearson-Bentsen amendment, which is to encourage the exploration for new gas. There may be—I am not here today trying to evaluate what the possibilities are of developing capital in the private sector to discover new gas, and the kind of stimulus that must be made in that area. I am deeply concerned about capital formation in the private sector, and it may be that we ought to at some point hold extensive hearings on capital formation in the energy industry.

But I think that is a separate question from the one we are addressing here today, or at least I have understood we are addressing, which is, how do you stimulate the industry to find new gas?

The reason I am for decontrol, and take a different view from my distinguished friend from South Carolina, is that I think we have to give an additional price, a good price, to the wildcatters, to those who are doing the exploration, in order to encourage them to go out and drill. They are not going to drill for gas controlled at a price of 50 cents per Mcf. That is less than 25 percent, on a Btu equivalency basis, of what they could get for oil, so why do it? I do not think they will do it.

But that is quite a different question from the decontrol of old gas, and I think this gas that is under contract now, where those contracts are expiring, should be maintained under control, unless it is determined at some future point by Congress that we want to decontrol all gas, all old gas as well as the new gas.

I would hope that the relevant committees would take a look at the question of capital formation in the energy industry, because I think that this is something which is very important for the future.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. TUNNEY. I yield to the Senator from Louisiana.

Mr. LONG. How is the Senator going to compel these people to sign the new contracts? In other words, here is an old contract that expires; these people would be expected to sell their gas for prices below their inflated costs, as I understand it. How is the Senator going to get them to sign that contract?

Mr. TUNNEY. Well, they could not get them to sign it, but they also could not abandon a well without a certificate of abandonment, under existing rules, laws, and regulations of the FPC. Therefore, inasmuch as they have to keep delivering to the interstate pipeline at a controlled price, there would be no purpose for the supplier not to sign a contract.

The ACTING PRESIDENT pro tempore. Under the previous unanimous-consent agreement, the hour of 9:45 a.m. having arrived, the Senate will proceed to vote on the amendment (No. 1014) of the Senator from California (Mr. Tunney).

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Iowa (Mr. Culver), the Senator from Maine (Mr. Hathaway), the Senator from Kentucky (Mr. Huddleston), the Senator from Wyoming (Mr. McGee), the Senator from Alabama (Mr. Sparkman), and the Senator from Florida (Mr. Stone) are necessarily absent.

I also announce that the Senator from Michigan (Mr. Philip A. Hart) and the Senator from Mississippi (Mr. Stennis) are absent because of illness.

On this vote, the Senator from Michigan (Mr. Philip A. Hart) is paired with the Senator from Wyoming (Mr. McGee). If present and voting, the Senator from Michigan would vote "yea" and the Senator from Wyoming would vote "nay."

Mr. GRIFFIN. I announce that the Senator from New Jersey (Mr. Case), the Senator from Hawaii (Mr. Fong), the Senator from Nevada (Mr. Laxalt), and the Senator from Maryland (Mr. Mathias) are necessarily absent.

I further announce that the Senator from Tennessee (Mr. Baker) is absent due to a death in the family.

The result was announced—yeas 56, nays 30, as follows:

[Rollcall Vote No. 446 Leg.]

YEAS—56

Abourezk
Allen
Beall
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Cannon
Chiles
Church
Clark
Cranston
Durkin
Eagleton
Ford
Glenn
Griffin
Hart, Gary
Hartke
Haskell
Hollings
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
McClellan
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Pastore
Pell
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Stevenson
Symington
Talmadge
Tunney
Weicker
Williams

NAYS—30

Bartlett
Bellmon
Bentsen
Buckley
Byrd, Robert C.
Curtis
Dole
Domenici
Eastland
Fannin
Garn
Goldwater
Gravel
Hansen
Hatfield
Helms
Hruska
Johnston
Long
McClure
Montoya
Packwood
Pearson
Percy
Scott, William L.
Stevens
Taft
Thurmond
Tower
Young

NOT VOTING—14

Baker
Bayh
Case
Culver
Fong
Hart, Philip A.
Hathaway
Huddleston
Laxalt
Mathias
McGee
Sparkman
Stennis
Stone

So Mr. Tunney's amendment (No. 1014), as modified, was agreed to.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion was agreed to.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of amendment No. 1006.

Mr. PROXMIRE. Mr. President, will the manager of the bill yield me 2 minutes?

Mr. HOLLINGS. I yield to the distinguished Senator from Wisconsin on my time.

The ACTING PRESIDENT pro tempore. Will the Senator allow the amendment to be reported, first?

The assistant legislative clerk read as follows:

The Senator from South Carolina (Mr. Hollings) proposes an amendment, No. 1006.

The amendment is as follows:

On page 22, line 17, after "1975" insert: ": *Provided*, That natural gas so sold or delivered from offshore Federal lands shall be committed for a contract term of not less than fifteen years or for the life of the reservoir if less than fifteen years: *Provided further*, That any natural gas sold by a producer in interstate commerce prior to the date of enactment hereof pursuant to limited term certificates (five years or less) or temporary emergency contracts shall not be considered, for the purpose of this provision, as having been committed to interstate commerce, or".

On page 24, strike line 22 and 23, and insert in lieu thereof the following: "(B) natural gas produced from a reservoir discovered on or after January 1, 1975, or produced from wells initiated and completed in an extension of a previously discovered reservoir on or after January 1, 1975, regardless of whether or not the leases covering such newly discovered or extended reservoir were theretofore committed by contract or otherwise to the interstate market.".

AUTHORIZATION FOR THE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS TO MEET TODAY

Mr. PROXMIRE. Mr. President, for the information of the Senate, earlier today the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) objected to a meeting of the Committee on Banking, Housing and Urban Affairs today. The committee has a hearing this morning on a credit reporting bill. I have talked to the Senator from Virginia, and he has no objection to that particular meeting. We are going to go ahead with that meeting on that basis. The committee will hold hearings on it and, of course, will take no action on the bill.

This afternoon, the committee is scheduled to have a markup session on the New York assistance legislation. The Senator from Virginia objected to that; and, under the circumstances, we have no opportunity to take any formal committee action. However, for the information of the Senate, we are going to meet informally, secure as much information as we can, discuss and debate the bill, and then perhaps we may take action sometime when we can do so properly.

I want the Senate informed that on this very important legislation, the committee will meet this afternoon.

Mr. TOWER. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield to the ranking minority member of the committee.

Mr. TOWER. Mr. President, the measure now before the Senate is vitally important. It deals with the vital energy needs of the United States. I believe that Senators should be present on the floor of the Senate during the course of the debate and the consideration of this measure. Therefore, I would have joined the Senator from Virginia (Mr. HARRY F. BYRD, JR.) in the objection to the Committee on Banking, Housing and Urban Affairs meeting this afternoon.

If the Banking Committee meets, I will have to inform the Senate that no Republicans will be in attendance, because we believe that our attention should be focused on the floor of the Senate this afternoon and that anything that transpires in committee will be objected to on a point of order.

Mr. PROXMIRE. Mr. President, recognizing the authority of the Republican Senators on the committee to do exactly that, the committee still will meet, and we will get all the information we can. Possibly somehow, someway, Republican members of the committee can find their way to the committee during an interlude in the debate, and I think they may be informed by the discussion.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. PROXMIRE. I am happy to yield.

Mr. HARRY F. BYRD, JR. Mr. President, it seems to me that that is being very unfair to a large group on that committee. How can they be here, debating and listening to the debate on a vitally important bill concerning energy, and simultaneously be in the Committee on Banking, Housing and Urban Affairs on another vitally important piece of legislation which will involve the taxpayers to a great degree? They will not be there to get all the information which the Senator from Wisconsin proposes to give to the committee today.

If I were a member of the committee—I am not—I certainly would ask that those witnesses be brought back at a later date, when the members could be present. Anyway, I think it is very unfair to ask them to be in two places at once.

Mr. PROXMIRE. Mr. President, the Senator from Virginia knows that this happens often. Every other committee is free to meet this morning and this afternoon, and is meeting. Other Senators can be here if they wish, or they can be in their committees.

There is no way the Senate can transact business if we do things one at a time and 100 Senators are on the floor. It would be great if we could do that.

It would be a better body if we could. But we are not twins or triplets. We have to make our choices, our hard choices. This is vital legislation. If this legislation is not reported and passed by Congress early next month, and every day counts, the biggest city in this country is going to go down and the repercussions for our economy could be serious. Many disagree with that. Let us at least discuss it in committee, let us act in committee, up or down, and bring it on the floor, then the golden voice of the distinguished Senator from Alabama and others have been promised to discuss this at further length. It should be discussed at further length. Then we can have a decision, with the required three-fifths of the Senate necessary before we can even have a chance to move ahead. I hope that Senators will agree.

Mr. LONG. Will the Senator yield?

Mr. PROXMIRE. Yes, I yield.

Mr. LONG. I hope the Senator, when he looks further at that bill, would consider amending it to say that any mayor who comes down to ask the Federal Government to bail out his city should bring his resignation along with him. I think that would discourage future mayors from coming down here in the hope of having the Federal Government solve their problems, problems that should have been solved locally, and then move on to greater things. I think he should bring his resignation down with him and a firm commitment never to seek office again. That type of thing would make the bill far more attractive than as it stands now. I hope the Senator can explore that with Mr. Beame and see if he can help sweeten that bill by requiring that he bring his resignation along, and a firm commitment never to run for public office again.

Mr. JAVITS. Will the Senator yield me a minute?

Mr. PEARSON. I yield the Senator a minute.

Mr. JAVITS. I thank my colleague.

Mr. President, I wish Members would consider their own consciences and their own oaths of office in thinking, not about the mayor of New York, for whom we do not have to shed any tears, but about the 8 million people in New York who are hit by a serious catastrophe, which may involve not only them but the country and the world.

Sure, they elected these successive mayors. But we do not operate that way in this country. We have come to the rescue of community after community in this country, for one catastrophe or another, which had far less complexity, with far less danger than the people of New York. Everybody here knows that the objection to the meeting of the committee is just to block the bill. It has nothing whatever to do with people being on the floor or anything else. I say that advisedly, because every other committee is free to meet. That is the best answer.

This is a greater emergency in terms of time pressure than the emergency of having the Senators on the floor this afternoon. Do not be callous to 8 million Americans who pay into the Federal Treasury at least five times what the Federal Treasury ever pays out to them and which is, in the eyes of not only most Americans, but most people in the world, the very paramount city in the world and in the United States. We are letting it go down the drain very, very dangerously.

I do not say to Senator LONG what we should do. I say only, at least give it the decent dignity and respect of considering its trouble and see if we should do anything.

Mr. LONG. Will the Senator yield?

Mr. JAVITS. I yield.

Mr. LONG. I do not object to any of that. I hope the Senator understands. I do not object to the committee meeting, to considering the bill, to——

Mr. ROBERT C. BYRD. May we have order in the Senate, Mr. President?

The PRESIDING OFFICER. There will please be order in the Senate. Will the Senators please take their seats or retire to the cloakroom?

Mr. LONG. I wish to make it clear, and I have not had a chance to study the bill at all. I would like to insist that if we pass any bill of this sort—and I want to save those bondholders, provided they do not lend any more money to New York City.

The PRESIDING OFFICER. The 1 minute yielded to the Senator has expired.

Mr. PEARSON. I will yield 1 minute to the Senator from Louisiana and 1 minute to the Senator from Texas.

Mr. LONG. I want to save the bondholders, provided they do not loan any more money to New York City until New York City balances its budget. We would not be in this mess if New York City would do what Louisiana has done, what every city in Louisiana has done, what Virginia has done, what every city in Virginia has done, and even what I believe their own State law has required and their own city charter, if they had not engaged in some dishonest fancy bookkeeping, to pretend they had a balanced budget when they did not. New York could do what anybody else ought to do—that is, when they are running a deficit and cannot keep it up, cut back. We have had to cut back on welfare in Louisiana and on things we wanted to do. So has everybody else at one time or another. As far as I am concerned, I do not want anybody to be hurt. But I do think we should not put the Federal Government in the position of urging New York to continue a course of action that nobody ought to continue. If we had that same thought, I might feel differently about the bill.

The PRESIDING OFFICER. The 1 minute has expired.

Mr. TOWER. Mr. President, in that my motive has been brought into question, I feel that I should say that I happen to represent currently the largest oil-producing State, the largest gas-producing State in the United States. Therefore, this measure is of some vital concern to me. I do not have a callous attitude toward New York City. I am perfectly willing to consider legislation to help the people of New York. I doubt if I am prepared to bail out the bondholders or the bankers that have stuffed city paper into their trust accounts. But I am certainly willing to consider the matter of vital services being continued to the people of New York. I am not prepared to do so this afternoon, with the vital energy measure affecting the lives and welfare of everyone in the United States, including the people of New York City, who are going to be cold this winter if something is not done.

Mr. JAVITS. Will the Senator yield to me briefly?

Mr. TOWER. Yes.

Mr. JAVITS. I would rather do the affirmative than the negative. I have no interest in motivation or anything else. The Senator is a good friend of mine, a very sincere and honorable man. But will the Senator help us to facilitate some ability by the committee to consider the question, considering its emergency character?

The PRESIDING OFFICER. The 1 minute has expired. Who yields time?

Mr. HOLLINGS. Go ahead, I yield 1 more minute.

Mr. TOWER. I have no desire to delay consideration of it, but for today, I prefer to focus my attention here. I think 1 day in this thing is not going to make that much difference. So I say this to the Senator from New York, who is my good friend, and whom I respect and admire very much. As a matter of fact, if I am ever indicted for a felony offense, I would like the Senator from New York to be my defense counsel. But under present circumstances, I think we should postpone action this afternoon. I am certainly not going to insist on any undue delay.

Mr. JAVITS. I say one other thing to the Senator and to Senator LONG, as long as he has the time. Nobody is less interested in the bondholders than I am. I am interested in not seeing this become a boarded-up, tin-cup city. That is the real danger. Let us keep our eye on the ball.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

Mr. HOLLINGS. Now, Mr. President, I ask for regular order.

I give my thanks to the city of New York for keeping this many Senators on the floor.

AMENDMENT NO. 1006

The next amendment to be voted on at 10:45 is the anti-siphoning amendment. We are going along with the thrust of the Pearson-Bentsen amendment to get new money for new gas. This amendment says that one cannot take an old field and just punch a hole into it and call it new gas. He can go beyond and extend the field and that production from new wells would be new gas. That would be a realistic extension, it would constitute new gas. But under the present draft of Pearson-Bentsen, what is going to happen with the existing definition of new natural gas is that enticement and the attraction are going to be there, the temptation will be for all the producers, rather than going out and exploring, trying to find new gas and increasing America's domestic reserves, the producers will attempt to drill a lot of new wells in old fields and, by this contrived effort of putting in another well in the same reservoir they can characterize this old gas as new gas and get the decontrolled price. It is going to be a waste of steel and drilling rigs, it is going to be a waste of money, and it is going to be, as we can readily see, a ripoff to the consumers of America. It will not produce any extra gas.

What we are saying now——

Mr. LONG. Will the Senator yield?

Mr. HOLLINGS. Mr President, I ask unanimous consent that the remaining time be equally divided between my distinguished friend from Kansas and myself.

The PRESIDING OFFICER. Is there objection? The Chair hears none. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I will yield to the Senator from Louisiana.

Mr. LONG. Let me see if I understand the Senator's amendment. What would the Senator's amendment provide where you have production at 3,000 feet, and someone drills a well at 1,500 feet?

Mr. HOLLINGS. That is new gas if it is in a new reservoir. Or if such a well extends an existing reservoir, it is new gas. If the well extends a reservoir laterally, if it extends a reservoir vertically, that is fine. We want to attract new money to get additional new gas—exactly what the question of the distinguished Senator from Louisiana indicates should be done. Let us drill deeper, go wider to discover new reservoirs. Let us provide additional revenues for the production of new additional gas, but let us not set up a temptation for everybody to all of a sudden buy up all the steel and pipe and drilling rigs to start punching holes in existing reservoirs—putting another straw in the old soda, so to speak, and calling it new gas. You are not going to bring on any new supplies. You just treble the price or make it even higher, 400 or 500 percent higher without getting any additional gas.

Mr. LONG. May I ask another question? What would the amendment do in regard to a situation where there is production, let us say, at 3,000 feet, but you have a fault and, from the point of view of any geologist it is clear that they are out of production; there is gas on one side of the fault, but it is an open question.

Mr. HOLLINGS. Yes.

Mr. LONG. It is an open question, purely open entirely to speculation as to whether gas can be found on the other side of the fault.

Mr. HOLLINGS. If the fault is a nonporous barrier it is considered new—it would be a new reservoir. That is what the geologists tell me. On the other side of the fault it is new.

Mr. BENTSEN. Mr. President, will the Senator yield? I understand very well the objective of the Senator from North Carolina.

Mr. HOLLINGS. South Carolina. I appreciate that. It elevates me. [Laughter.]

Mr. BENTSEN. Let me get to this kind of a problem. This idea that they plug old wells and drill new wells in the same formation would be regulated either by the FPC or by the State regulatory agency in the case of intrastate, and they have limitations on that to try to stop that kind of waste, and they have had them for a long time, so I do not think it is a question of just plugging one and drilling a new one in the same formation.

But you run into this kind of practical problem that concerns me in the objective that the Senator is trying to achieve. You get into a tight formation that is not just like putting another straw in a soda bottle, but you have a tight formation where production starts going downhill, and that is in the same formation.

The question is, Do the economics justify your going back into that same formation to drill a new well? If you are talking about the old prices, the economics may not justify that, and they may just walk away from that particular tight formation. But if you give them the classification of new gas then they will go back into that same tight formation to try to bring about production, and that is my concern as to the practicalities of the amendment.

Mr. HOLLINGS. This is what we debated with respect to the Tunney amendment: the added expenses of the reworking of the well would be considered in the old gas price set by the FPC. That is just what the Senate adopted by something like 56 to 30, and those costs should be recoverable in the old gas price. This has already been adopted by the Senate to take care of the expenses of reworking the old wells.

Mr. BENTSEN. Good.

Let me ask this of the Senator.

Mr. HOLLINGS. Yes.

Mr. BENTSEN. The Senator is talking about current costs and prospective costs, as I recall the Tunney amendment.

Mr. HOLLINGS. Yes, current and prospective costs of producing old gas, and that was included in the Tunney amendment.

Mr. BENTSEN. Do we then put a ceiling on that field or are there prospective costs year by year as they might increase?

Mr. HOLLINGS. As they might increase. The FPC would review the old gas produced after contract expiration each 2 years.

Mr. BENTSEN. So it is not a locked-in ceiling?

Mr. HOLLINGS. No, it is not a locked-in ceiling; no, sir, it cannot be if costs of producing such old gas are rising.

The fact of the matter is, as I was reading here previously from the Federal Power Commission reports, the price of the old gas has gone up some 50 percent, according to their release of last month; the average price has gone up from 25.75 cents in April 1974 to 32.87 cents in this particular year. Then we have under the FPC schedules on this same old gas we are talking about sales approved, Senator, of 73.46 cents per Mcf, 83.40 cents per Mcf. So the old gas is not just all locked in at unreasonable prices. But what we really are trying to do, as I indicated, is to do our best to give the decontrol incentive, the increased prices and everything else, to encourage exploration and development of new reservoirs rather than set up a situation that encourages new drilling in old reservoirs where there is no extension.

Let me yield the floor because we will run out of time.

Mr. PEARSON. Mr. President, will the Senator yield for a question? I do not want to split hairs but, as I read the Senator's amendment, when he includes exploration and development is it not the case that conceivably in the offshore, the OCS, in the exploration you could sink a well and then seek to develop the reservoir and then be foreclosed by virtue of the language in the Senator's amendment which includes development and exploration that you have your initial exploration or you go to your development and then you cannot go ahead with additional drilling and have new gas on the OCS development?

Mr. HOLLINGS. No. I look at the language and that is not the way it reads, and certainly that is not the way it is intended to read. We are not trying to, like the Senator says, split hairs or outfox by trying to make it impossible to get the new gas.

The way this language reads, new wells drilled in new reservoirs or to extend old reservoirs offshore it would be new gas.

Mr. PEARSON. That clears up that point on my time.

Mr. HOLLINGS. Yes.

Mr. PEARSON. Let me just respond to the Senator's proposal.

When this bill was drafted, and we make no excuse for it, at a time when there was no emergency legislation anticipated, and all understood in the future beyond the horizon great problems were existing, they were building day by day, one of the great objections to this legislation was that those who questioned its validity would say to us, "You are not going to get any new gas. You may pass your bill, but we are going to talk to you later and say what sort of solution have you given us. You have got yourself a bill, you have got yourself a phased deregulation, but you have not got any new gas."

I think the Senator from South Carolina was most articulate in making that argument in the committee. We sought through the definition of new gas to bring on new supplies as soon as possible, and that is the reason why, in addition to new reservoirs and new wells, we sought to have new gas classified as contracts terminating by their own terms, and by having new wells in old reservoirs so that you could have the capability of rehabilitating some of these wells and have increased production, and so you could bring out new gas as soon as possible.

I am grateful to the Senator from Louisiana for raising the question of going deeper because that was one of the considerations as to the new wells.

I said I would yield to the Senator from Oklahoma 2 minutes.

I yield to the Senator from Louisiana.

Mr. JOHNSTON. I have a question, I guess it should be directed toward the author of the amendment as well as the Senator from Kansas, and that is to ask simply how many wells are you allowed to drill and get new gas from after your initial discovery well?

Mr. HOLLINGS. There is no limitation. If I might answer the question, there is no limitation on the number of wells. It is whether or not they extended the reservoir, or produced from a new reservoir.

What you have, as I was trying to point out to the Senator's distinguished senior colleague from Louisiana, is once you have got the designated reservoir and field which is on record right now, you can extend the reservoir by going deeper with 5 wells or 1 well, or you can extend it laterally and extend that reservoir with 5 wells, 1 well, or 500 wells, and those are all new wells and new gas.

Mr. JOHNSTON. In other words, you can put in an unlimited number of wells so long as it is outside the perimeter.

Mr. HOLLINGS. Right.

Mr. PEARSON. Pardon me, is the Senator talking about a new or an old reservoir?

Mr. JOHNSTON. An old reservoir.

Mr. HOLLINGS. That has been extended.

Mr. JOHNSTON. In other words, you find an initial discovery well, you know you have a reservoir there, and you are permitted an unlimited number of wells so long as they are lateral to the perimeter described by your existing well; is that correct?

Mr. HOLLINGS. That is correct.

Mr. JOHNSTON. And you are permitted to go down deeper or up higher or so long as it is not contained within the same reservoir and the perimeter of the existing well?

Mr. HOLLINGS. That is exactly right; yes, sir.

Mr. LONG. I hope I understand it but I am not sure I do. May I ask this question?

Let us assume one is drilling a 160-acre space on the Continental Shelf and has drilled four 60-acre wells on spaces, that gives 1 square mile which is producing. If one then proceeded to drill step by step, north of that, would that be new gas or old gas?

Mr. HOLLINGS. If that well extends the reservoir, that would be new gas.

Mr. LONG. I thank the Senator.

But the Senator is saying, if one proceeded then to reduce the 160-acre space into an 80-acre space and drilled twice that many wells——

Mr. HOLLINGS. That would be old gas.

Mr. LONG. On the initial 1 mile of leases would be old gas?

Mr. HOLLINGS. Old gas, that is right.

Mr. TAFT. Will the Senator yield for a question?

Mr. PEARSON. I yield to the Senator 2 minutes.

Mr. TAFT. I would like a further explanation as to the effect on the gas in shale formation, such as we have in the Appalachian area where the reservoirs are very small.

Would the Senator's amendment take into account the fact that the wells that are drilled in nonporous situations like this——

Mr. HOLLINGS. Yes.

Mr. TAFT (continuing). Would permit gas drilling in a close radius, but not——

Mr. HOLLINGS. Right, if it is not porous. That is a new reservoir; that is the geological character of the area the Senator described.

Mr. BENTSEN. If the Senator from South Carolina will yield again for a question, I would like a further clarification of what the Senator from Louisiana was asking.

If we talk about development of a new field and a new reservoir and we do that, if we stay within what the regulatory agency recommends in spacing, would that not remain new gas if we develop a new reservoir, a new reserve, as long as we stayed within the conservation practices as stated by the regulatory agency?

Mr. HOLLINGS. I am not sure I understand that question.

I know the facts are on file here in Washington. We both agree to that description of the field. Now, what regulatory agency is the Senator talking about, the Federal Power Commission or the State agency?

Mr. BENTSEN. A State regulatory agency, for example, and they have found a new reservoir and they are developing it on the conservation practices, most efficient rate of production, and all as set forth by that regulatory agency. Does it continue to remain a new field, new gas?

Mr. HOLLINGS. I am trying to understand as clearly as I can the Senator's question. If the new wells are an extension of the reservoir or a new reservoir, that gas would be new gas. That is what we intend and the Seantor intended, I am sure.

Mr. BENTSEN. That is right, I do. But I am concerned about what the Senator from Louisiana was saying, and I may have missed something, but when he was talking about 160-acre spacing, then he turned around and talked about 80-acre spacing, and the point is I thought the Senator said that became old gas.

Mr. HOLLINGS. Well, those new wells are within the 160-acre description and any additional straw in that old soda is not new gas and is not going to benefit from decontrolled prices of Pearson-Bentsen.

Mr. BENTSEN. Offshore——

Mr. HOLLINGS. Offshore, onshore, either way.

But if one drills beyond the original reservoir and extends it or drills in a new reservoir, then the producer gets the new gas price.

Mr. JOHNSTON. Will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. JOHNSTON. Let us say we find a new reservoir next year, that is new gas.

Now, can we ever convert that reservoir into old gas by drilling additional holes or is it true that once we have a new discovery——

Mr. HOLLINGS. New wells in a new reservoir would be entitled to the new gas price.

Mr. BENTSEN. That was my question.

Mr. JOHNSTON. An unlimited amount of holes will not convert it to——

Mr. HOLLINGS. That is right. Maybe that was the Senator's question.

Mr. BENTSEN. That was my question.

Mr. HOLLINGS. If next year or the day after this bill is passed a producer finds a new reservoir, then a producer can drill within that reservoir and that is all new gas, because that is a new reservoir.

Mr. JOHNSTON. All it relates to is preexisting old gas?

Mr. HOLLINGS. That is right. New wells drilled into old reservoirs are not eligible for new natural gas prices.

Mr. JOHNSTON. And that we are not allowing conversion of that old gas reservoir into a new gas reservoir, but simply put more holes in the soil, more straws in the soda?

Mr. HOLLINGS. That is right.

Will the Senator accept my amendment?

Mr. JOHNSTON. It is not nearly as bad as I thought it was.

Mr. PEARSON. I yield 2 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BARTLETT. I thank the distinguished Senator from Kansas.

Mr. President, apparently the Senator from South Carolina is primarily concerned about development wells in existing reservoirs because of the low controlled interstate prices that prevail on gas from those reservoirs, rather than drilling new wells.

But one of the concerns I have is that there are a number of reservoirs that have been discovered fairly recently, such as last year, prior to January 1, 1975, which are in the process of development today.

As I read the Senator's amendment, he would limit additional development of those reservoirs which could be rather sizable at the unrestricted price if the reservoir was discovered before January 1, 1975.

Am I correct on that?

Mr. HOLLINGS. I apologize to the Senator. I did not hear the entire question. Will the Senator repeat it?

Mr. BARTLETT. The concern I have is that a reservoir discovered prior to January 1, 1975, which in most oilmen's parlance would be a new reservoir, relatively new, and——

Mr. HOLLINGS. That is old, I do not know what——

Mr. BARTLETT. My point is that there would be many reservoirs found prior to January 1, 1975, that would normally demand considerable additional development.

As I understand the Senator's amendment, producers would not be able to develop those reservoirs at the deregulated price. They could develop it at the controlled price, but they would be denied a decontrolled price for the new wells.

So the Senator's amendment would, as I see it, limit very much the development of reservoirs still needing development, still not fully developed, which were discovered prior to the first of this year.

The PRESIDING OFFICER. The 2 minutes of the Senator from Oklahoma have expired.

Mr. HOLLINGS. I am sure the Senator from Kansas will yield us another 2 minutes, or we can use my time if I have any left.

The PRESIDING OFFICER. The time remaining is 4 minutes to the Senator from Kansas and 3 minutes to the Senator from South Carolina.

Mr. HOLLINGS. I will try to answer the distinguished Senator on my time.

When the Senator says gas that has already been discovered and dedicated, it was committed, and hence it is old. I am talking about the Pearson-Bentsen definition, not finagling around or altering in any sense the basic idea of new gas.

I am saying that, once it becomes old gas, produced from an old reservoir—the Senator is correct—that would remain old gas, and we cannot make it new gas by just backing up equipment in there and starting to drill again.

Mr. BARTLETT. The point I make is that undoubtedly there are a lot of reservoirs drilled prior to January 1, 1975, some of which have not been fully developed, others were developed on wide spacing, or others in tight reservoirs, where more prudent decisions now would indicate that there should be additional development.

The Senator's amendment would prevent that.

Mr. HOLLINGS. No, no. Additional development——

Mr. BARTLETT. At the deregulated price.

Mr. HOLLINGS. That is the phrase. If it is expansion in an existing reservoir, if it is an additional extension of the field, either laterally, vertically, or otherwise, then we have new gas.

This is about the fourth time we have amended this question. We have made that absolutely clear.

I think it should be pointed out that the pipelines support this particular amendment. I have been trying to find something they would support. This has got to be a good one. I am sure the Senator from Kansas is ready to go along with this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. BARTLETT. Mr. President, may I have 1 more minute from the time of the Senator from Kansas?

Mr. PEARSON. I yield the Senator 1 minute.

Mr. BARTLETT. I thank the Senator.

I bring out to the Senator from South Carolina that I think it would better serve his purpose if he would put on some kind of restriction—if that is what he wants to do—to require maximum production from existing wells. Apparently he is concerned about that.

I think his amendment is going to very definitely restrict the development of existing fields.

Secondly, because of the change in his definition of "new gas" requiring that gas dedicated for the first time in interstate commerce in the OCS must be committed for 15 years, he is going to further restrict the development of this market which is already so severely restricted because of price.

At the present time, the price is 52 cents per thousand, which would be the same as $3 oil, compared to developing oil at a price of $12.50 a barrel.

The PRESIDING OFFICER. The 1 minute of the Senator has expired. Who yields time?

Mr. PEARSON. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. Three minutes.

Mr. PEARSON. I yield 1 minute to the Senator from Oklahoma.

Mr. BARTLETT. I would point out to the Senator from South Carolina that the gas on the Outer Continental Shelf dedicated to the Interstate System is vital for the States in the East and the North. Rather than put further restrictions on this development, it should be the other way around. Certainly, a person who is interested in developing the Outer Continental Shelf might very well want to restrict his contract to 3 years or 5 years, or whatever is remaining for the controlled price, so that he could look forward to an unregulated market at the conclusion of the Federal Power Commission control, this would encourage him to drill today.

So this amendment would restrict the development of the Outer Continental Shelf.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. I yield the remaining time to the distinguished Senator.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BARTLETT. Mr. President, I shall be very brief in concluding my remarks.

I was pointing out to the Senator, and he may have been busy at his desk, the curtailment in drilling activity that will exist in the development of the Outer Continental Shelf. I believe his amendment does not provide any protection in any way for any abuses but only further restricts the price that an operator might receive for developing the OCS.

The leases in the OCS are, generally speaking, much more expensive to develop. An operator is faced with the choice of developing oil at a price of $12.50 a barrel or the equivalent in gas currently at $3 a barrel. It is just not worth his while to try to develop his gas, which is 52 cents per thousand. So this is a further restriction on the development of gas for interstate commerce.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time of the Senator from South Carolina has expired. The Senator from Kansas has 2 minutes remaining.

Mr. PEARSON. Mr. President, I yield back the remainder of my time. I would suggest we go ahead and vote.

The PRESIDING OFFICER. Is all time yielded back?

Mr. HOLLINGS. All time is yielded back.

Mr. President, with my distinguished colleague present, I checked with the Senator from Alaska (Mr. GRAVEL). We have rollcalls scheduled up until 3:30. At the expiration of that rollcall I would ask unanimous consent that we then turn to the amendment of the Senator from Alaska with a time limitation of 1 hour, a half hour to be divided to each side, the time to be controlled by the Senator from Alaska and the Senator from Kansas. I will not ask for the yeas and nays yet.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, since the Senator from Kansas reprinted and updated his amendment in the closing hour last night and all the amendments at the desk have different page numbers, I ask unanimous consent that "on page 22" be amended to read "on page 24."

The PRESIDING OFFICER. Is there objection? Which amendment was that?

Mr. HOLLINGS. Amendment No. 1006.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS SUBMITTED ON HOLLINGS AMENDMENT NO. 1006

Mr. BENTSEN. Mr. President, I must rise in strong opposition to this amendment. We have just voted on the amendment of the Senator from California. His was the compromise measure. The amendment now under consideration, the Hollings amendment, goes well beyond that measure; it is punitive; it will greatly reduce the development of natural gas production.

This amendment would require that gas from new wells drilled in existing fields could not be considered as "new" gas. This would end the increased development of existing gas fields, and would greatly reduce the amount of gas we would expect to be produced in the very near future.

Mr. President, I say this amendment is punitive because it fails to take into consideration the fact that there is still risk connected with the drilling of new wells in proven fields. Natural gas is often located in small reservoirs which are spotted all across a gas field. Thus dry holes can be drilled in the very middle of a very productive field. In addition, this amendment would restrict the full development of gas fields because the risks increase as the drilling of wells approach the edges of the field. This increased risk is compensated for by the definition of new gas in the Pearson-Bentsen amendment. By eliminating this provision Senator HOLLINGS will effectively stop wells from being drilled near the edge of proven fields.

Furthermore, some formations are so tight that new wells must be drilled to offset the loss caused by reduced reservoir pressures.

Mr. President, this amendment could also restrict the amount of gas that will be available under the emergency provisions of the Pearson-Bentsen amendment. One pipeline company reported to me this morning that their experience with the last 180-day sale conducted by the Federal Power Commission was that the sale was successful because the producers could replace the gas they sold by the drilling of additional wells in proven fields. Over 40 percent of the gas this pipeline company was able to buy on an emergency basis was gas that was under contract to be supplied to other pipelines. However, the producer was able to sell this to the second pipeline company because they had confidence that they could replace the gas by increased drilling in their existing fields. The amendment by the Senator from South Carolina would eliminate this confidence and thus eliminate the availability of gas for the 180-day sale contracts.

The fear of the supporters of this amendment that the Pearson-Bentsen language will result in the plugging of existing wells and replacement by new wells so as to gain the increased prices of the new gas definition is unfounded. One, wells cannot be abandoned without permission from the Federal Power Commission or a State regulatory commission, and two, regulations by the State regulatory commissions prohibit the drilling of wells that are not spaced properly in an existing field.

An additional reason behind the Pearson-Bentsen definition is capital formation. For at least 5 years I have been warning about the danger of relying upon OPEC producers for petroleum. I have been warning that we should encourage domestic, not foreign production. To develop our domestic reserves, Mr. President, our producers need huge amounts of capital. Without that capital they will not make the necessary investments to make this country energy-sufficient. Without it they simply will liquidate their assets, and we will grow more dependent on OPEC.

Although I sometimes wonder whether all of my colleagues believe this, Mr. President, we still have a market system in this country. We still believe that private property is essential to our way of life. Unless the owners of natural resources receive sufficient incentives to produce them, they have every right not to do so. This is true with regard to wheat, with regard to corn, with regard to coal, and with regard to oil and gas. The unproduced privately owned natural gas in this country is a national resource, but it is not public property. And until Congress is willing to expropriate it and pay fair compensation for it, it should not complain when its owners refuse to sell it at unacceptably low prices resulting from Federal controls.

The reverse should be true, Mr. President. The owners of natural gas should not have to worry about whether to sell because of low prices; they should be worrying about how much they can sell and how fast they can once again fill the pipelines of this country. To do this they need capital. The Pearson-Bentsen definition of new gas assures them of this capital.

We have additional gas reserves in this country, Mr. President. But it's going to cost money to develop them. I believe the American consumer realizes this and is willing to pay the small price to get it.

For these reasons, Mr. President, I must oppose the amendment of the Senator from South Carolina and I urge my other colleagues to join with me.

The PRESIDING OFFICER. Under the previous unanimous-consent agreement, the hour of 10:45 having arrived, the Senate will proceed to vote on the amendment by the Senator from South Carolina (Mr. HOLLINGS), amendment No. 1006. The clerk will call the roll.

The legislative clerk called the roll.

Mr. MORGAN (after having voted in the affirmative). Mr. President, on this vote I have a pair with the Senator from Wyoming (Mr. MCGEE). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Alabama (Mr. SPARKMAN), the Senator from Iowa (Mr. CULVER), the Senator from Rhode Island (Mr. PELL), and the Senator from Wyoming (Mr. MCGEE) are necessarily absent.

I also announce that the Senator from Mississippi (Mr. STENNIS) and the Senator from Michigan (Mr. Hart) are absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Hawaii (Mr. Fong) and the Senator from Maryland (Mr. Mathias) are necessarily absent.

I further announce that the Senator from Tennessee (Mr. Baker) is absent due to a death in the family.

The result was announced—yeas 52, nays 37, as follows:

[Rollcall Vote No. 447 Leg.]

YEAS—52

Abourezk
Biden
Brock
Brooke
Bumpers
Burdick
Byrd,
  Harry F., Jr.
Cannon
Case
Church
Clark
Cranston
Durkin
Eagleton
Ford
Glenn
Hart, Gary
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
McClellan
McGovern
McIntyre
Metcalf
Mondale
Moss
Muskie
Nelson
Nunn
Pastore
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Stafford
Stevenson
Symington
Talmadge
Thurmond
Weicker
Williams

NAYS—37

Allen
Bartlett
Beall
Bellmon
Bentsen
Buckley
Byrd, Robert C.
Chiles
Curtis
Dole
Domenici
Eastland
Fannin
Garn
Goldwater
Gravel
Griffin
Hansen
Hatfield
Helms
Hruska
Johnston
Laxalt
Long
McClure
Montoya
Packwood
Pearson
Percy
Scott, Hugh
Scott,
  William L.
Stevens
Stone
Taft
Tower
Tunney
Young

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Morgan, for.

NOT VOTING—10

Baker
Bayh
Culver
Fong
Hart, Philip A.
Mathias
McGee
Pell
Sparkman
Stennis

So Mr. Hollings' amendment (No. 1006), as amended, was agreed to.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. RANDOLPH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER (Mr. Durkin). Under the previous unanimous-consent agreement, the hour of 11 a.m. having arrived, the Senate will now proceed to the consideration of the amendment of the Senator from Michigan (Mr. Philip A. Hart).

The amendment will be stated.

The legislative clerk read as follows:

The Senator from Montana (Mr. Mansfield) for the Senator from Michigan (Mr. Philip A. Hart) proposes amendment No. 993 to amendment 919, as modified and amended.

The amendment is as follows:

At the end of the amendment add a new title:

TITLE III—PROMOTION OF ENERGY INDUSTRY COMPETITION

Sec. 301. The provisions of sections 203, 205, and 206 of title II shall not become effective with respect to any major producer, as defined in section 302 of title III until the Securities and Exchange Commission determines that such producer is in compliance with the provisions of this title.

DEFINITIONS

Sec. 302. As used in this title—

(a) "affiliate" means a person controlled by, controlling, or under or subject to common control with respect to any other person;

(b) "asset" means any property (tangible or intangible, real, personal, or mixed) and includes stock in any corporation;

(c) "commerce" means commerce among the several States, with the Indian tribes, or with foreign nations; or commerce in any State which affects commerce among or between any State and foreign nation;

(d) "energy resource" means petroleum, natural gas, tar sands, or oil shale;

(e) "marketing asset" means any asset used in the distribution or marketing of a refined product or natural gas;

(f) "transportation asset" means any asset used in the transportation by pipeline, or gathering line of an energy resource or refined product;

(g) "refinery asset" means any asset used in the refining of an energy resource;

(h) "major producer" means any person which, during the calendar year 1974 or in any subsequent calendar year, alone or with affiliates, produces within the United States one hundred and twenty-five million barrels (forty-two United States gallons each) of crude petroleum and natural gas liquids;

(i) "person" means an individual or a corporation, partnership, joint-stock company, business trust, trustee in bankruptcy, receiver in reorganization, association, or any organized group whether or not incorporated; and

(j) "State" means a State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and the Trust Territory of the Pacific Islands.

UNLAWFUL RETENTION

Sec. 303. (a) Notwithstanding any other provision of law, after December 31, 1980, it shall be unlawful for any major producer to own, or control any interest, direct, indirect, or through an affiliate, in any refinery, transportation, or marketing asset.

(b) For the purpose of this section "control" means direct or indirect legal or beneficial interest in or power or influence over another person, arising through direct, indirect, or interlocking ownership of capital stock, interlocking directorates or officers, contractual relations, agency agreements, or leasing arrangements.

REPORTS

Sec. 304. Each person who on or after the date of enactment of this title owns or controls any assets prohibited by section 303 and any other person designated by the Securities and Exchange Commission shall, within one hundred and twenty days and at such other times as the Commission may designate, file with the Commission such information and reports about such assets as the Commission may request.

ENFORCEMENT

Sec. 305. (a) The Securities and Exchange Commission in accordance with the rules, regulations, or orders it deems appropriate to carry out the purposes of this title, shall require each person covered by section 303 to submit within one year of the date of enactment of this title a plan or plans for divestment of prohibited assets. If, after notice and opportunity for hearings, the Commission shall find the plan, as submitted or as modified by Commission order, necessary or appropriate to effectuate the provisions of this title and fair and equitable to affected persons, the Commission shall approve the plan by order and shall take all necessary actions to enforce the plan: *Provided*, That no plan shall be approved which will not substantially accomplish divestment not later than five years from the date of enactment of this title.

(b) The Securities and Exchange Commission shall institute suits in the district courts of the United States requesting the issuance of such relief as is appropriate to assure compliance with this title, including orders of divestiture, declaratory judgments, mandatory or prohibitive injunctive relief, interim equitable relief, the appointment of temporary or permanent receivers or trustees, civil penalties, and punitive damages for willful failure to comply with lawful Commission orders.

(c) In carrying out the provisions of this title, the Securities and Exchange Commission is authorized to utilize all powers conferred upon it, and all sanctions associated therewith, by other provisions of law.

PENALTIES

Sec. 306. (a) Any person who knowingly or willfully violates any provision of this title shall, upon conviction, be punished, in the case of an individual, by a fine not to exceed $5,000,000 or by imprisonment for a period not to exceed ten years, or both, or in the case of a corporation or other entity, by a fine not to exceed $50,000,000 or by suspension of the right to do business in interstate commerce for a period not to exceed ten years, or both. A violation by a corporation or other entity shall be deemed to be also a violation by the individual directors, officers, receivers, trustees, or agents of such corporation or entity who shall have authorized, ordered, or done any of the acts constituting the violation in whole or in part, or who shall have omitted to authorize, order, or do any acts which would terminate, prevent, or correct conduct violative of this title. Failure to obey any order of a court pursuant to this title shall be punishable by such court as a contempt of court.

(b) Any person who violates a lawful order of the Securities and Exchange Commission issued pursuant to this title shall forfeit and pay to the United States for each violation a civil penalty of not more than $100,000 which shall accrue to the United States and may be recovered in a civil action brought by the Commission. Each separate violation of such an order shall be a separate offense, except that in the case of a violation through continuing failure or neglect to obey an order of the Commission, each day of continuance of such failure or neglect shall be deemed a separate offense.

The PRESIDING OFFICER. The time for debate on this amendment is limited to 2 hours to each side, divided and controlled by the Senator from Montana (Mr. Mansfield), or his designee, and the Senator from Arizona (Mr. Fannin), with a vote to occur thereon no later than 1 p.m.

Who yields time?

Mr. HOLLINGS. Mr. President, I yield time to the distinguished Senator from Colorado.

Mr. HASKELL. Mr. President, I spoke briefly on this amendment yesterday which would sever oil production from the balance of the integrated companies.

I don't want to repeat the remarks that I made yesterday, but I point out for the benefit of our colleagues that a really very helpless group, in the face of the major companies, has taken a courageous position. This is the Independent Gasoline Marketers Council.

They adopted a resolution supporting the divestiture by the major integrated companies of their production facilities.

This is our friendly local gas station owned by an independent businessman.

Mr. President, I wonder if we could have order.

The PRESIDING OFFICER. The Senate will please be in order.

Mr. HASKELL. Mr. President, these

small independent businessmen feel that they are faced with extinction unless there is a divestiture by the vertically integrated companies of their production facilities. The courage that they show in this is probably also a measure of their desperation, because having taken this position, should this amendment not pass the retribution is going to be very substantial and very swift. The need for this amendment to keep a measure of independence within the petroleum industry could not be better illustrated. For that reason, Mr. President, I ask unanimous consent that a resolution of the Independent Gas Marketers Council entitled On the Need for Divestiture of Vertically Integrated Oil Companies be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION OF THE INDEPENDENT GASOLINE MARKETERS COUNCIL ON THE NEED FOR DIVESTITURE OF VERTICALLY INTEGRATED OIL COMPANIES

Whereas, the Congress of the United States must establish a comprehensive and effective national energy program that assures, to the maximum extent possible, a domestically self-sufficient and competitive energy industry; and

Whereas, in order for the citizens of the United States to be assured of adequate supplies of energy resources, and, particularly petroleum products at fair and equitable prices, an open and competitive free market is essential; and

Whereas, there presently exists an international crude oil producing country cartel that establishes and maintains an exorbitant and unconscionable world crude oil price; and

Whereas, there presently exists a worldwide and domestic shared monopoly of international vertically integrated major oil companies that jointly control and maintain levels of exploration and production of crude oil and its transportation, refining, and marketing of petroleum products; and

Whereas, the Congress of the United States has presently under consideration the issue of allocation and price control of crude oil and petroleum products; and

Whereas, decontrol of domestic crude oil prices requires a competitive free enterprise marketplace in order to protect the consumer and the continued viability of truly independent marketers of gasoline and other petroleum products; and

Whereas, in order to assure competition in the domestic oil industry free and open access to crude oil and petroleum products must be assured to the non-integrated independent segment of the industry.

Therefore, *be it resolved* that, Congress must enact legislation requiring that the major vertically integrated oil companies be restructured by separating the exploration and production of crude oil from transportation, refining and marketing.

Mr. HASKELL. I yield the floor.

Mr. FANNIN. Mr. President, there has been a great deal of comment regarding what this amendment would do. First of all, this amendment would create turmoil throughout the industry. I cannot think of anything more devastating to the independent operator than agreeing to this amendment.

I have talked to many independent operators. I do not know the group that the Senator from Colorado is speaking about, but I do know that I was an independent operator myself, so I have some knowledge of what it means to be an independent operator. I no longer am in the business.

But I certainly know what the circumstances were when I was in business, and I know what the circumstances are today under an investigation that I have made.

This proposal would, as I say, certainly create havoc in the petroleum industry.

Here we are talking about meeting an energy crisis, and we are pulling the very teeth of those that can bite the bullet and do something about it. This is as absurd as anything I know of that can be done.

This amendment requires the top producers of crude oil to divest themselves of all interests in energy in refining, transportation, and marketing.

When we are talking about vertical integration, we are talking about money, we are talking about capital that would be needed in the petroleum industry.

Let us look at it from the standpoint of how many companies are involved. There are over 10,000 companies that compete in oil and gas exploration and production. The top four accounted for 31 percent of petroleum liquids and natural gas production in 1973. No one firm accounted for more than 11 percent of oil and gas production.

In refining, 131 companies operated 260 refineries in the United States, with a total capacity of 14.2 million barrels a day in 1973. The top four accounted for 32 percent of refining capacity, and no one company had more than 9 percent.

The relative ranking of the largest companies has changed significantly over time, demonstrating the competitive vying among the firms.

For example, Shell was sixth in 1960 and second in 1973, whereas Mobil dropped from third to sixth over the same years.

In marketing, there are over 15,000 wholesalers of petroleum products and over 300,000 retailers of motor gasoline, most of whom are independent businessmen, not salaried employees of integrated companies.

Yesterday, some Senators were screaming about the number of managers of companies who would be affected. What about the stockholders of this country? Stockholders have investments in all these companies. I do not have any stock in any of them, but in my State of Arizona, stock is very much involved in the retired community. I do not like to see a tearing apart of the very financial structure of these operations.

Less than 10 percent of the retail outlets supplied by the large oil companies are owned and operated by such companies. Ninety percent of the branded gasoline sales by such companies are to wholesalers or retail resellers who control thier own prices and operating practices. The branded sales of the top four motor gasoline marketers accounted for 30 percent of the market in 1973. The top firm had 8 percent of the market. Significant to horizontal competition is the fact that the smaller marketers have substantially increased their market share in recent years. The so-called "independents" or nonmajor brand marketers as defined by the Federal Trade Commission in their 1967 petroleum study accounted for over 28 percent of the market in 1972, compared to 22 percent in 1968.

I do not have any brief for the majors, but they are not taking over the business of this Nation so far as petroleum products are concerned. Yes, they are very much involved, but they are not as involved as the giants in other industries, and these are giants.

The Lundberg Survey data indicate that this same group's market share was 28.8 percent in 1973 and averaged 29.5 percent for the first half of 1974, disproving the charge that the non-major-brand independents are being driven out of business. The market share trends for these independents, the top eight and the top 16 marketers, are shown.

Mr. President, I ask unanimous consent that this document containing excerpts from recent listing presented to the Congress be printed in the RECORD.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

EXCERPTS

Over 10,000 companies compete in oil and gas *exploration and production*. The top four accounted for 31% of petroleum liquids and natural gas production in 1973. No one firm accounted for more than 11% of oil and gas production.

Vertical integration refers to operations by a company in two or more phases representing successive stages in the processing and manufacture of goods. The petroleum industry structure is characterized by a large number of vertically integrated firms. Vertical integration is not the trademark solely of large companies, however. Over 50 petroleum companies in the U.S. can be classified as vertically integrated in that they operate in at least three stages—production, refining and marketing.

While vertically integrated companies are the larger operators in the industry, other firms which are not integrated or which are integrated only to a very small degree play an important role. Several of the top 30 oil and gas producers can be termed "independents." Two of the top 30 refiners are not integrated and 12 others do not market through full lines, branded outlets. Even the largest oil companies are not so integrated as to be compeltely self-sufficient in all stages of operation, so significant markets for crude and products exist despite vertical integration. Also, there are different degrees of participation in the various levels of activity by those companies that are vertically integrated. All this adds up to different strengths and weaknesses and, therefore, different strategies governing each company's operations.

Some degree of vertical integration must be recognized as a natural economic structure in petroleum operations which consist of a continuous flow of production from the wellhead to the ultimate consumer. Not only the large companies, but numerous other ones have adopted this structure (e.g., Diamond Shamrock Corporation, Charter Company; Murphy Oil Corporation; Tesoro Petroleum Corporation; Apco Corporation and Pasco, Inc.). Vertical integration is common in other industries as well, including aluminum, steel, food processing and newspapers to cite a few. This is so because vertical integration is an efficient form of organization. It allows improved coordination, planning and communication among the various segments and thus reduces risk and uncertainty. It allows fuller utilization of capacity and minimizes the impact of unforeseen contingencies on operations. This in turn results in lower costs and greater assurance of product quality and availability to consumers.

Since vertical integration is an efficient form of operation,why is it the subject of so much current debate? Vertical integration is often charged with being anticompetitive because it allegedly allows integrated firms to "squeeze" out firms operating at only one level. Yet vertical integration per se does not prevent competition. Monopoly power is essentially caused by horizontal, not vertical control. As long as the number of sellers at each horizontal level of operations is large, whatever the degree of vertical integration, competition exists. For example, integrated companies cannot squeeze out independent refiners by denying them crude supplies since these integrated companies do not have monopoly power in crude production and cannot control either crude supplies or new entry into production or crude transportation. The charge against vertical integration is in reality a charge of horizontal concentration. As seen in the section above on horizontal structure, concentration ratios in all levels of petroleum operations are low. Under these circumstances, vertical integration simply cannot be used anticompetitively. Rather, it derives its existence from competition and efficiency. Protection of segments of the industry from the economies of vertical integration can only injure competition and raise costs to the consumer.

Another charge against vertical integration is that integrated oil companies maximize profits in their production operations in order to keep marketing and refining profits artificially low, thereby discouraging entry and driving out nonintegrated refiners and marketers. Allegedly, majors can raise the crude price without raising refined product prices and still make more profit because of the lower taxes in production due to the depletion allowance. The facts simply do not bear this out. First of all, the charge is premised on the integrated companies' possession of monopoly power at the crude level, since without monopoly power here, they could not keep the price of crude artificially high. Yet this premise is unwarranted given the low concentration in the petroleum industry.

Secondly, none of the major oil companies are self-sufficient enough in their own domestic crude production to be able to operate this way.

Mr. FANNIN. Mr. President, when we talk about what is being done so far as the different types of integration are concerned, we must realize that, for example, vertical integration represents the operation of a company in two or more phases representing successive stages in the processing and manufacture of goods.

We can talk about several of the top 30 oil and gas producers that can be termed independents. Two of the top 30 refiners are not integrated and 12 others do not market through full line, branded outlets. Even the largest oil companies are not so integrated as to be completely self-sufficient in all stages of operation, so significant markets for crude and products exist despite vertical integration. Also, there are different degrees of participation in the various levels of activity by those companies that are vertically integrated. All this adds up to different strengths and weaknesses and, therefore, different strategies governing each company's operations.

Mr. President, it is all well and good to criticize and say that we must break these large companies apart, but I think we should be concerned as to what the results will be. What is going to happen so far as the market is concerned, and what is going to happen to the consumer? Very simply, the consumer is going to have higher prices. There is no doubt in my mind that the prices will rise if this amendment and the amendment that will follow are adopted. We are going to have great difficulty in regard to the procedures that will be followed related to the manufacture of the petroleum products and what will happen so far as those industries are concerned.

We cannot just say, "Go sell a company," and then give them a few years to do it. How do we know there is going to be a company to buy it? How do we know that they will be able and willing to take over? For example, if the company is a producer or if they are in one business and they want to talk about getting into another, how do we know that if they have those businesses operating, they can continue to do so?

This amendment mandates, after December 31, 1980, far-reaching divestiture by major producers of crude petroleum and natural gas liquids of their refining, transporting, and marketing functions. This amendment is very similar to the one sponsored by Senator ABOUREZK, which was recently defeated.

The amendment should be opposed for the following reasons:

First. The contemplated divestiture is a radical, irreversible step. Time for adequate consideration—including hearings on these specific proposals—is required before any such legislation is enacted.

Second. There is little evidence that the industries are anticompetitive. In fact, there is more evidence that the industries are becoming increasingly competitive, that is, that independents are gaining a larger share of the market and that the barriers to entry are being lowered.

Third. There is little evidence that divestiture would result in more exploration and lower prices. In fact, there is more evidence showing that present industry organization is highly efficient and is resulting in substantial cost savings; moreover, only relatively large units of the energy industry will be able to raise the enormous amounts of investment capital needed for many energy development projects employing innovative technologies.

Fourth. Enactment could cause this country tremendous economic dislocation, at a time when growth is essential, even though the benefits from divestiture are highly speculative.

Fifth. The courts have developed careful tests for determining whether a particular vertical arrangement has a negative effect on prices, exploration, or supply; the courts should continue to be permitted to fashion appropriate remedies on a case-by-case basis.

Sixth. The amendment could result in added financial strain to an industry already experiencing difficulty in raising the massive funds necessary for projected expansion.

Mr. LONG. Mr. President, will the Senator yield?

Mr. FANNIN. I yield.

Mr. LONG. Do I correctly understand that this is an amendment to require that the major companies simply divest themselves of their drilling operations or divest themselves of their refineries and stations?

Mr. FANNIN. If they are a producer, as I understand it, they cannot be a transporter or they cannot be a marketer or they cannot be a refiner.

Mr. LONG. So that it involves the theory that there is something evil about producing and refining and selling.

Mr. FANNIN. Yes.

Mr. LONG. Can the Senator explain to me what, if any, logic there is in saying that somebody who is in the business of refining oil cannot take the profit he is making on refining and use it to drill more wells? What is the logic of that?

Mr. FANNIN. There does not seem to be any logic, other than antibusiness. That is the only logic used by its proponents. In other words, they seem to fear success. Success means lower cost of the product to the consumer. The amendment's proponents seem to be opposed to this.

Mr. LONG. The Senator from Arizona has been a petroleum product dealer. At one time, I was chairman of the Monopoly Subcommittee on Small Business, and I carried the flag for the independent filling station operators for a time. One thing I became very much aware of, even in meeting with those in my home town, was that what those fellows wanted half the time was to raise the price. They were complaining that the company was using company-owned stations to sell the gas at a price that put pressure on them to hold the price down.

At this time it is my understanding that there is a great deal of complaint about the matter that the companies are trying to hold the price down by going more and more into self-service and trying to reduce the tank-wagon markup and reduce the filling station markup. Would this not tend to frustrate the effort of the companies to hold down the price of their products?

Mr. FANNIN. Yes; in fact, it has been through the procedure that the distinguished Senator from Louisiana is explaining that the price of the product has been held down.

Let us look at the price of the product in this country as compared with the other industrial countries in the world. We are selling gasoline at less than half the price at which it is being sold in most other countries. I realize that a tax problem is involved in the other countries.

It is very easy to attack large companies, and it is popular to do so. But when you get down to it, who is benefitting from large companies? The consumer is benefiting.

Mr. LONG. I see something to be gained by requiring the companies to limit the number of retail outlets they own and control, or that they be required to reduce the number they own and control; but I also can see some advantage to vertical integration.

For example, when a company feels that its product is selling at a price altogether too high and it feels that it is losing sales because it is competing with people who are selling their product at a lower price, or it wants to gain sales by reducing the price in competition with others, how can it do that if it cannot control some of the retail outlets in order to have some leverage to bring the price of its product down?

Mr. FANNIN. The Senator is correct. I know that we are talking about conservation, but at the same time we also are talking about the fact that these companies must be competitive in the field. They are competitive by having their own stations. They have been able to hold the price down, and I think it has been very beneficial.

Mr. LONG. Has anybody yet made the argument that, in the name of small business, we ought to raise the price of gasoline?

Mr. FANNIN. I have not heard that argument made.

Mr. LONG. Cannot the Senator see the prospect that once the companies are not in position to hold down the price at which their product is sold off the tank wagon and hold down the price at which it is sold at the pump, the companies then lose the potential of exercising a sort of civic responsibility in holding down the price to the consumer?

Mr. FANNIN. That is correct. I can see the independent's situation from the standpoint of having the majors not being able to do what they are doing at the present time.

Mr. LONG. Will the Senator yield further?

Mr. FANNIN. Yes.

Mr. LONG. Is it not a good idea that on a nationwide basis, for the benefit of those who might be traveling from coast to coast, somebody should keep a filling station open after midnight so that, if a man has to pick his wife and children up to go visit a sick mother or something of that sort, he should be able to get gas in this country, rather than have everybody shut down at 9 o'clock in the evening?

Mr. FANNIN. That is highly essential.

Mr. LONG. Whom should we impose that requirement on if we want to require that somebody keep his filling station open after midnight? Should we impose that on one small businessman and not impose it on others?

Mr. FANNIN. No, it would be impractical to say that.

Mr. LONG. Would it not be feasible to say that any major company that has a substantial number of stations should be required to keep some of them open on an interstate highway system, as a condition of being of that size and magnitude and being in more phases of business than one? That being the case, should we not say they are the ones who ought to try to exercise the responsibility of seeing that one stayed open all night?

Mr. FANNIN. They can stand the loss that might occur from having someone open all night, and they would have stations that might pick up that business.

Mr. LONG. Is that not just one more price we pay for declining business, the right to be big, in some situations?

Mr. FANNIN. That is right. When we say what this amendment says—"notwithstanding any other provision of law, after December 31, 1980, it shall be unlawful for any major producer to own or control any interest—direct, indirect, or through an affiliate—in any refinery, transportation, or marketing asset"—that is really, I think, going to raise havoc with the petroleum industry. I think it is going to result in higher prices, as the Senator has stated. I think it is going to hurt the independent, perhaps, even more than the majors.

Of course, when we are talking about independents, as the Senator knows, some of the independents are quite large. I want to do what can be done to keep those independents operating and operating profitably. I think this can best be done by having the product made available to them at the lowest cost possible.

Mr. LONG. It seems to me that this amendment proceeds on the theory that if a spoonful of castor oil is good for you, a barrel of it would be a lot better. So if, by limiting the number of stations that a company can own—I think that would be a good thing. I have sponsored a bill, may I say, to do that, and would vote for it if it were not in a context where it might prevent this existing natural gas bill from becoming law.

If we look in terms of the kind of thing we ought to be trying to do, we ought to be carefully working to help the small retailer, to help protect his place in the market, to require companies perhaps to reduce the number of stations that they own or control. But this meat-ax thing, as I say, this idea of being able to make a case where a teaspoon of castor oil would be good, therefore, requiring a fellow to drink a barrel of it, really goes altogether too far.

I hope that we would reserve this type of thing for something that could have the thoughtful consideration of a committee, where the kind of things that I have mentioned have been discussed. I regret to say they have not even been mentioned by the proponents of this amendment.

Mr. FANNIN. The distinguished Senator from Louisiana has brought out some very important matters in connection with this amendment. No one has spoken out for small business or the independents more than the distinguished chairman of our Committee on Finance. He has continually taken into consideration the tax aspects of the effect on the small businessman and on the independent companies. I know he has worked for amendments that did give special preference to the independents. I think he would continue to do that. In opposing the amendment, he is opposing, he is following through with his theory that we can help small business without tearing big business down.

It is not the idea that we are going to benefit by tearing big business down. We are going to affect the small independents. In fact, in most instances, we are going to make it very much more difficult for them.

Mr. LONG. I want to make it clear that I would favor a carefully considered measure such as we did for the small automobile dealers. I would also favor a carefully considered measure that would say, perhaps, the companies could not own or control more than 20 percent of their retail outlets and providing for gradual divestiture of a major company back to that point. But this meat-ax type of approach, without considering any of the other aspects of the problems, seems to me to be a very bad mistake.

Mr. FANNIN. I agree. The Senator from Louisiana knows that the Committee on the Judiciary is considering legislation at this time, and in his Committee on Finance, which he chairs, we could consider legislation that would have a great deal of effect on what should be done in regard to taxation; also what could be done of assistance to the independent operator. Of course, other committees will consider these other factors. But at this time, we would tear apart the very fabric of our petroleum industry by taking this action. It is going to be devastating.

Mr. LONG. Will the Senator agree that this amendment could do nothing but create chaos in the industry at this point?

Mr. FANNIN. Absolute chaos.

Mr. LONG. Can the Senator tell me how much more oil and gas that is going to get us, chaotic conditions in the industry?

Mr. FANNIN. Unfortunately, we are talking about one type of integration now, vertical. If we talk about horizontal, it comes under the same category of moneys needed. If the companies do not have the opportunity to do what is prohibited in this amendment—here, they cannot be a producer and then go ahead and have a good marketing procedure, a good manner of handling their product—all this means higher prices for consumers.

This is something we have talked about in the Committee on Finance, what can be done in the way of intangible drilling costs, things of that nature, depletion allowances. If we prohibit these companies from having the profits, the earnings, which they can invest in those risk enterprises, who is going to invest in them?

They have the expertise to drill. They know what it costs. They are willing to take the risks and they are doing most of the work. We will talk later about the horizontal, but just as a matter of illustration, at Geyserville, the largest geothermal production in the world of electricity, the oil companies developed that field.

Mr. GARY HART. Will the Senator yield?

Mr. LONG. Does it not propose one more thing?

Mr. FANNIN. That is horizontal. We are talking about another amendment.

Mr. LONG. Let us look at what we should be doing to get more production. We ought to be interesting people in investing in this industry. If we make companies divest themselves, that scares everybody from investing in this industry.

Mr. FANNIN. The stock market is in trouble. It would be in greater trouble if this goes through. We could see the drop in the price of many stocks immediately.

Mr. LONG. The Senate voted, and I think unwisely, one, to put the Federal

Government into competition—in the Jackson amendment—with the companies in their drilling operations, in drilling operations, in drilling for oil and gas. They have voted for that already.

Having voted to put the Federal Government in competition with them, it then proposed to separate the drilling operations from all their other operations, separate them all for the kill. Who is going to put their money into it?

Mr. FANNIN. That is right.

Mr. LONG. Furthermore, having scared off all the outside investors, we then scare the people in the business. We say, "You cannot take the money from your filling stations and put it in, you cannot take it from the pipelines and put it in, you cannot take it from the refining profits and put that into your drilling operation; you can just not get the money."

Mr. FANNIN. Right.

Mr. LONG. What alternatives does that leave but to come along with what other people are advocating, to say, "Industry cannot do it, they do not have the money, so we will have to nationalize."

Mr. GARY HART. Will the Senator yield?

Mr. LONG. I do not have the floor.

Mr. FANNIN. Yes, I yield.

Mr. GARY HART. The Senator is rationalizing that all these independent energy companies do not have the money for finding new gas. One question I have is why is it that 75 or 80 percent of all the new gas is found by these independents, not the majors?

Two, why is it that Atlantic-Richfield owns controlling interest in 27 nonpetroleum holdings, Cities Service in 30 nonpetroleum holdings, Continental in 22 nonpetroleum holdings, and Gulf in 50?

Mr. FANNIN. What is wrong with that?

Mr. GARY HART. There is nothing wrong with it, but it is not oil and gas.

Mr. LONG. May I answer the question first?

Mr. FANNIN. Yes.

Mr. LONG. I shall give the answer to the last question first.

One, we have made it more profitable to go into other endeavors. Two, we are scaring them to death that if they stay in this business, they are going to be nationalized. That is No. 1.

No. 2, why is it that the independents make more discoveries than the majors? Because there are 10,000 of them, I say to the Senator, sheer numbers—10,000 of them out there punching holes away. We cannot overcome the enterprise of 10,000 people going out and drilling. But to develop those things requires tremendous amounts of capital.

When a little fellow goes out and finds something, what he tends to do—tax considerations and all involved—is to sell that field for a capital gain, take his profit and go out and look for more oil. Who is he going to sell it to? He sells it to a major company, and they put up the money to do the drilling and developing.

Half the time, even if he drills an exploratory well, he has "bottom hole" money from a major company which says, "You go out there, drill for oil. We will put some money into helping you drill. If you find something, we will talk about buying it from you."

So what you are doing with the amendment here is to cut off all the money to do all those things to help the little independent go out and drill, develop, to help develop and get the field so that the money cannot be directed into it.

Mr. GARY HART. All these little companies the Senator is talking about—Exxon, for example, with $42 billion and Mobil—even after you divide it between production, transportation, refining, and marketing, they are still going to be two of the biggest corporations in the world. They are not going to be capital-starved. The same applies to the 15 new units. These are not little, timid, frightened companies that are afraid to go out and drill an oil well.

Mr. LONG. They will still have some money after you get through breaking them up. Where is the additional capital going to come from when people are seeing that they are being divested now, and next they will be nationalized? They will be saying that the Government has already done so, the Senate has already voted to put them in the business of competitive drilling and, if you are going to invest money in the oil industry, where do you think you are going to put it, in the drilling end of it where the Federal Government and the Senate of the United States have already voted to compete with you in doing that, a tax-free Government corporation competing in drilling with you, or to go over into the marketing end of it and the refinery end where it looks, at least for now, as though the Federal Government is not going to run you out of business.

Mr. PACKWOOD. Mr. President, will the Senator yield for a question, the Senator from Louisiana?

Mr. LONG. I do not have the floor.

Mr. FANNIN. What is the question?

Mr. PACKWOOD. Did I just hear the Senator say that one of the principal methods of drilling now is the major companies will go out and put what the Senator called "bottom hole" money into a small independent refining company?

Mr. LONG. I did not say refining. I said drilling.

Mr. PACKWOOD. And "If you find something, we would like to talk to you about buying it"? There is nothing in this bill that prohibits that. If this bill passes, this amendment passes, that will put in——

Mr. FANNIN. All it prohibits is the company will not be able to do it any more because they will not have any money to do it.

Mr. PACKWOOD. Wait a minute. What the Senator is saying——

Mr. FANNIN. I know what the Senator is saying. They are not going to have the risk capital available is what I am saying.

Mr. PACKWOOD. What the Senator is saying is they will not have the money to do it. What the Senator is saying apparently is when they have to give up the drilling and production aspect they are giving up the most important aspect.

Mr. FANNIN. If they have to give up drilling, which starts with the production of oil, their profits go.

Mr. PACKWOOD. I want to point out why—the Senator is saying they will not have the money if we split off drilling from their other aspects and they kept their other aspects, and the Senator from Louisiana says a common method now with a major company is putting in "bottom hole" money, putting money into small companies and hoping to buy the oil after they get it.

What I am saying is Exxon or Mobil will still have money, which is now being invested, to do the same thing apparently they are doing now.

Mr. FANNIN. This is going to prevent them from having an integrated industry.

Mr. LONG. The way it stands now a company can take all of its resources, whether it is making the money out of retailing, transportation, refining, or producing, it can take all of it, whatever it is making, and it can invest the money to do any one of those things.

As I stated, what oftentimes happens is an independent will go out with a contribution from a major company; oftentimes he will drill in an area where a major company has some leases. Sometimes he will drill on leases farmed out from the major company, and he will find something.

For tax purposes, and also because of the shortage of capital, this independent will sell what he finds to a major company, and they will do the drilling to develop that field or else they will go in as partners with him and put up half the money to go in and drill the rest of it on shares.

None of that could be done under this amendment. You might find some other way of doing business.

Mr. ABOUREZK. I want to know what in this amendment would prevent that from happening?

Mr. LONG. A very simple thing because it says you cannot be in the filling station business, you cannot be in the refinery business, you cannot be in the transportation business of oil and have any production, so you cannot take any money from that and put that into producing.

Mr. ABOUREZK. If this cuts off the top 15 major oil companies from being integrated——

Mr. FANNIN. No.

Mr. ABOUREZK. Let me finish. If it cuts off their crude producing operations they are still going to be the top 15 crude oil producers in the world. They are not going to be small companies. They are going to be able to invest in "bottom hole" money, and be able to help independent drillers just like they are doing now. This amendment does not affect relations among companies at the crude production. It is, in fact, a misleading statement to say that this amendment prevents that from happening.

Mr. LONG. Year in and year out the average for that industry is that they hope to make about a 10-percent profit after taxes. How do they hope to do it? They hope to make it about a 10-percent profit on production, a profit on transportation, and about a 10-percent profit on marketing and refining, every step of the way. That is how they try to do business. If they could not do business that way in any one of those segments—under the free flow of capital theory which, I am sure, the Senator knows of, in a capitalist economy, money is expected to flow away from that segment that is making less and into the segment that is making more.

What we need more than anything else right now is production, and this amendment would prevent those companies, big though they may be in their segment of their operation, from putting that money into their drilling operations, and that is where we need it the most.

Mr. PACKWOOD. They could lend the money just as they do now. They can put up their "bottom hole" money; they would buy the oil the drillers produce. As a matter of fact, the drillers are not going to be in the production or transportation or retailing end of it. They are going to have to sell it to the giants.

Mr. LONG. The Senator says they can lend the money to somebody. Well, it just might be better to go into doing something else than what the Senator described. They will say, "It looks like ordinarily the Government does not want us to stay in the drilling business, so let us stay out of it."

The next thing is we will have another amendment by the Senator from Colorado to say, "You cannot even go on an alone basis. So when the Government tells us they do not want to do it, let us take them at their word and stay out of it," and so they will stay out of it. They will say, "We will stay in merchandising, we will stay in transportation and not have anything to do with more drilling, leave that alone."

If you look at the figures on production—I am not talking Arabia now, I am talking about production in the United States—even now the profits in the production end are slightly above the average for all manufacturing anyway. They are not nearly as high as they ought to be to have the drilling operations. You ought to be drilling three times as many wells as you are doing now. You fellows are doing everything you can these days to keep it from happening. I do not know why, but you are doing it when you ought to be trying to encourage these people to produce a great deal more instead of doing exactly the opposite.

The Senate has voted to have the Federal Government go into the business of drilling for oil and gas in competition with those who are drilling for it right now. It has already done that. How much more does it have to do? Divest them all of their other assets, separate them from other parts of their companies? If you ask the court to order divestiture where the court has the power to do it, the judge will say, "Is there anything else I can do prior to ordering them to divest, if so, I will do it."

Why? Even the courts will tell you it is a very, very harsh remedy. It is a very harsh way to treat anybody.

What is wrong about these people owning a filling station? That could be overdone. It can also be done in a way that greatly benefits the public such as when they say, "We can sell a lot gas if these stations will sell it at a lesser price." At that point the independent merchant raises cain about it. He does not want to cut that price, and I can understand why.

He does not want to cut down on the number of personnel he hires in the filling station, he wants to make all the profit he can, and I understand his problem. I sympathize with it. But how can a company hold down the price at which its gas is selling—and they do it all the time, and they are doing it right now—how can they do that if they cannot have any control over any retail outlets? I think the answer to what the Senator is trying to do and what the Senator speaking is saying is somewhere in between the two, but that is not what we are going to vote on. I think the answer is to say you cannot expand or increase your holdings in the stations. You can reduce it, but not require them to divest themselves completely.

Mr. ABOUREZK. Did I understand the Senator to say the major oil companies would hold down the price of gasoline sold by their retailers?

Mr. LONG. Doing it right now.

Mr. ABOUREZK. I just walked out of an antitrust hearing where the vice president of Union Oil Co. was telling me on the stand that the Union does not tell the retailers what price to charge. They say that they sell their gasoline to the retailers and the retailers set their own price.

Mr. LONG. Welcome to the club.

Mr. ABOUREZK. Who are we to believe?

Mr. LONG. I have been holding hearings of that sort for 20 years. I was on the Small Business Committee when it first went into business. I resigned from it 2 years ago. I was chairman about 12 years myself. I know what they say.

Those people do not want to get in a controversy about the antitrust laws and they will tell us, "No, we do not control the price of our product," but those people know the product is selling at too high a price; they will lose sales and they will have a surplus. They are going to lose money in refineries; they are going to lose money in transportation; they have a much greater interest in it than the average filling station owner. In other words, moving that gas into the consumers' tanks.

What do they do? They have their own stations and through that, if it is a service station with services provided, they provide the best service one will find anywhere. If it is a low-cost station, only one person in there, people fill their own tank. The effect of the competition of the company on the stations, on the others, pushes that price down.

I hope the Senator has found out about that because I met with those people in my home town of New Orleans, and everywhere else in this country and have seen them cry bitter tears about the fact that the company was holding down the price. They thought they ought to get a 12-cent markup and the company would not let them have 8, not that the company told them, but in its own stations in competition with them, sometimes across the street, selling that product 4 cents cheaper. So the result would be that they would hold it down.

Right now, take that petition the Senator from Colorado just put in the RECORD. I hope he knows that the principal concern and the principal complaint of the retail people right now, these independents, is that these major companies are reducing the number of people at these stations; they are reducing the markup at the station, they are reducing tank wagon prices, squeezing down the 20-cent margin, and the price when it gets in the consumer's tank, and that is something that is bitterly resented by the independent retailers and I understand why.

They do not want to lay off some of their people. They do not want to reduce their profits. I understand how they feel about it.

Does the Senator recall when we had the price control situation, we had the independents fighting bitterly to have a higher markup than the price control people wanted them to have, even though the major companies were content to go along with it. That is part of the overall picture.

I am for small business. I prefer small business to big business and my record will prove that. I would be the last man to say big business is all wrong and small business is all right. Small business has some defects just like the others.

Mr. GARY HART. Will the Senator yield?

Nobody is arguing that big business is all wrong. What we want is competition.

The Senator talked about the independents. When the first squeeze in the gas market occurred in Denver—I think it was the summer of 1970 or 1971—an assistant attorney general in the State of Colorado testified before a Senate committee that there was only one way to account for that: The independents were underselling the majors, thereby squeezing them out.

That is exactly what happened in Denver during the first gasoline shortage in this country and what has gone on throughout the country for years.

Mr. LONG. The Senator is looking at a man who understands what the Senator is talking about. I would not be a Senator today if my father had not been squeezed out by Standard Oil years ago, and at the same time, having fought those people and been elected to office with them contributing and doing what they could to defeat me.

I think one should be fairminded enough to recognize that even a blind hog finds an acorn once in a while.

Big business has been known to do some good things as well as bad things.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HASKELL. On Senator MANSFIELD's time.

Mr. MANSFIELD. How much time does the Senator want?

Mr. HASKELL. Five minutes.

Mr. MANSFIELD. I yield 5 minutes to the Senator.

Mr. HASKELL. The Senator from Arizona made two points that concerned him very much indeed. He assumed that when this amendment passes—if it does not pass today it is going to pass very shortly I am convinced—that the shareholders would take a terrible beating, that the stock would depreciate in value and that it would further disrupt the stock market.

I would like to mention to the distinguished Senator at least two cases, one of which is many years ago in the early part of this century when Teddy Roosevelt with a great deal of foresight broke up the Standard Oil trust.

I am sure that very much the same arguments were made at that time against breaking up the trust that are made against this very modest divestiture measure.

The history of the stock market was roughly as follows: The market fell off about 27 percent because times were not good, but the stock acquired by the holders of the Standard Oil trust at the same time ran against the trend of the market and went up at least 10 percent.

That is one example. I can take another example from more recent history, and this involved a divestiture which was in settlement of a Federal Trade Commission complaint.

In that particular situation, Georgia Pacific set up a subsidiary called Louisiana Pacific, and to own the property to be divested.

The parent company, Georgia Pacific, then declared the stock in Louisiana Pacific to their stockholders.

The value of the stock, that is the stock of the two companies as opposed to the stock of the one company before because of the divestiture, rose in 2 years—and this is a little more recent history—in the years 1973–1974, the original 150 million increased to 265 million.

Mr. PACKWOOD. Will the Senator yield at that point for an additional figure?

Mr. HASKELL. I am very pleased to yield to the Senator.

Mr. PACKWOOD. Louisiana Pacific is headquartered in Portland, Oreg., offices for the Georgia Pacific, over 2½ years ago.

Last year it was either the first or second, I am not sure, biggest lumber producer in this country, one of the principal exporters of logs, ample supplies of capital, and it is doing very well. Yet, when the suit was brought, there were all the same horrendous arguments about economic disaster, "do not break up an integrated giant."

Mr. HASKELL. I thank the Senator from Oregon for adding that because it is a matter of historical fact that when this happens, at least the history that I have been able to find, the aggregate value of the stock increases.

So I really do not think we have to be too concerned about the stockholders. As a matter of fact, I think they are going to do very well.

Mr. LONG. Mr. President, will the Senator yield at that point?

Mr. HASKELL. For a question?

Mr. LONG. Yes.

Now is it the Senator's position to assure us that the reason that stock went up in price was because the company was divested, or might it be for other reasons, such as prices, the price of timber went up, or something of that sort?

Mr. HASKELL. I would assume, obviously, it could be for other reasons.

Mr. LONG. If the Senator does not know, then why does he want to make that argument? If the Senator does not know that is not why it went up, if it might have gone up because of something completely unrelated, and it probably did, such as the increase in the price of timber, why would the Senator want to suggest that it went up because of the divestiture when it might have gone up in spite of that divestiture?

Mr. GARY HART. Will the Senator yield?

Mr. HASKELL. Yes.

Mr. GARY HART. The point is not that it went up because of divestiture, but it was not prohibited either, and that was how the Senator from Louisiana and the Senator from Arizona were making the point. One divests the companies, the capital will flee, the stockholders are damaged, no money, where is——

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. GARY HART. My colleague is pointing out instances where that has not happened.

Mr. LONG. Does the Senator understand that it might very well be that somebody ordered divestiture and then after they ordered divestiture they found a goldmine on the property, so the stock went up in value even though they were required to divest? Does the Senator quarrel with my statement when I said that any court in the land asked to require somebody to divest will do that only as a last resort on the theory that that is a very, very harsh remedy?

Mr. HASKELL. The Senator is asking a different question.

Mr. LONG. It is certainly relevant. That is relevant.

Mr. HASKELL. I would assume that a court would order it if it felt that a violation of the antitrust laws had that remedy requirement.

Mr. LONG. But the point is, does the Senator know that the court can order any one of several things? They can order a company to cease and desist a practice. They can order any one of many things, including divestiture. Divestiture is the last one they will order because it is a very, very harsh remedy.

Mr. HASKELL. If the Senator wants to discuss this, will he discuss it on his time? We have a limited amount of time.

Mr. LONG. I do not have any time.

Mr. HASKELL. Mr. President, I would like to ask unanimous consent to have printed in the RECORD a table which is entitled "Selected Spinoffs: The Change of Market Package Value as Compared to Change of Dow Jones Industrial Averages," which relates the increase in total value following spinoffs. It includes examples, ranging from 1949 to 1973.

As the Senator from Louisiana points out, other things can take place, but it is a remarkable *coincidence* that in almost every instance the value of the aggregate stock is increased.

I ask unanimous consent that this be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

SELECTED SPINOFFS: THE CHANGE OF MARKET PACKAGE VALUE AS COMPARED TO CHANGE OF DOW JONES INDUSTRIAL AVERAGES DURING THE 1ST YEAR

Parent company—Distributed company	Date of distribution	Share value price 7 days prior to distribution	Package value			Percent change package vs. DJIA (1 yr)	Distribution as percent of total package
			Distribution day	1 month later	1 yr later		
Columbia Broadcasting	Dec. 7, 1970	29	31	26	47	+52	
Viacom						+5	8
Commonwealth Southern	Sept. 30, 1949	5	5.30	5.71	5.70	+8	
Ohio Edison		30				[1] +5	33
duPont	Jan. 4, 1965	235	290	309	288	−1	
General Motors		96				+11	16
Georgia Pacific	Jan. 5, 1973	37	45	38	44	−2	
Louisiana Pacific		28				−16	16
Grinell	Jan. 29, 1968	97	194	196	205	+6	
Am. Dist. Telegraph		83				+9	
Holmes Elec. Protective		62					50
Automatic Fire Alarm		63					
Olin Mathieson	Jan. 15, 1968	71	74	64	78	+5	
Squib Beech Nut		45				+4	42
Paramount Pictures Inc.	Dec. 31, 1949		44	42	48		
Paramount Pictures Corp		21				+9	46
United Paramount Theatres		23				+17	54
Procter and Gamble	Jan. 2, 1969	90	107	107	107	0	
Clorox [2]		28				−15	
Riegel Paper [3]	Jan. 4, 1972	19	17	19	17	0	
Fed. Paper Board Com		24				+17	37
Fed. Paper Board							37
Rexham							26

Footnotes at end of table.

SELECTED SPINOFFS: THE CHANGE OF MARKET PACKAGE VALUE AS COMPARED TO CHANGE OF DOW JONES INDUSTRIAL AVERAGES DURING THE 1ST YEAR—Continued

Parent company—Distributed company	Date of distribution	Share value price 7 days prior to distribution	Package value			Percent change package vs. DJIA (1 yr)	Distribution as percent of total package
			Distribution day	1 month later	1 yr later		
Syntex	Jan. 19, 1969		63		52	−17	3
Alza						−17	
Transamerica	July 7, 1958	43	44	42	55	+25	
First America (Western Bancorp)		18				+35	40
Unionamerica (Calif)	Dec. 31, 1973	19	21	22	[4]24	[4]+14	
Union Bank Corp. (Calif)						[4]+1	
Unionamerica (Del.)							

[1] Dow Jones utility averages.

[2] Exchange ot 1 share of Procter and Gamble for 3.95 of Clorox, therefore 100 percent distribution.

[3] Spinoff of Rexham and balance of assets merged into Federal Paper Board.

[4] Price as of Feb. 27, 1974, and percent change to date.

Mr. HASKELL. The Senator from Arizona said there would not be any money to build pipelines. I am sure he was present but I would like to point out to the Senator from Arizona the Interior Committee hearings of last year when two coal slurry pipelines were to be built. I think Layman Bros. being the underwriters. The lines were to originate in Wyoming and one was to terminate in Houston and the other to terminate in Arkansas. These are obviously substantial investments, two of them at one time. The question was asked by me: Will the pipelines or the utility have any interest in the coal in place? The answer was that they would not. The ultility obviously had a purchase contract for the coal at the end, but the ownership of the mine was separate.

Therefore, without any question, there is capital available in this country to build a pipeline if there is a known demand and a known supply.

I make this statement in response to the distinguished Senator from Arizona. I yield the floor.

Mr. PACKWOOD. Mr. President?

Mr. MANSFIELD. How much time does the Senator wish?

Mr. PACKWOOD. Two minutes now but 5 minutes later.

Mr. MANSFIELD. I yield 2 minutes.

Mr. PACKWOOD. The Senator from Louisiana has argued that divestiture is a harsh remedy, that it certainly would harm the industry at this time if we legislate the order for divestiture. Is that a correct statement?

Mr. LONG. I did not argue that. I said the courts all say it. I will challenge the Senator to show any court that does not agree with that.

Mr. PACKWOOD. Would the Senator say that the 1911 Standard of New Jersey decision, which was a divestiture decision, was bad for the oil industry of the United States, it was a wrong decision, and we would be better off today had Standard Oil of New Jersey not been divested?

Mr. LONG. The decision resulted from the Sherman antitrust law of 1890. That was a good law. I wish I had been here to vote for it. It has survived to this day. I would have been proud to vote for it had I been around. It is one of the great laws of all times and it is a good law.

Mr. PACKWOOD. But was the divestiture harmful to the development of the oil industry in this country?

Mr. LONG. No. That was a very well considered decision.

Mr. PACKWOOD. But it was a divestiture.

Mr. LONG. That was a good decision, there is no doubt about that.

Mr. PACKWOOD. I have no other questions.

Mr. BARTLETT. Will the Senator yield?

Mr. ABOUREZK. Will the Senator from Oregon yield for one other point?

Mr. PACKWOOD. Yes.

Mr. ABOUREZK. The point needs to be made that antitrust suits rarely ask for divestiture. That is why the courts hesitate to provide that kind of a remedy. They are not going to settle a case with a remedy that is not asked for in the prayer of the lawsuit. That happens to be one of the very few things that the antitrust division asks for in these lawsuits. That is why one can stand there and claim that it does not happen very often. But it does happen, and it does not harm the economy when it does happen. It helps the economy. We have proven it time and time again.

I yield back the remainder of my time.

Mr. LONG. Will the Senator yield me a moment to respond?

Mr. PACKWOOD. Yes.

Mr. LONG. That legislative act the Senator is talking about was one of the most carefully considered laws, over a long period of time, that the Congress ever passed, the Sherman Antitrust Act of 1890, and it should have been passed.

What the Senator is talking about here is something that is not carefully considered, where we are not looking at the alternatives. The Senator says that the people seldom ask for it. They seldom ask for it for the reason that they know the court would not order it for the reason we have discussed here.

The Senator has put all of these examples into the RECORD that, according to his definition, were spinoffs. Oftentimes a spinoff is something a corporation is doing to cut its tax liability. Obviously, if that is why they are doing it, it is worth more.

Mr. PACKWOOD. Georgia Pacific did not like the suit, they did not want to spin off Louisiana Pacific. They fought it all the way. They did not willingly give it up. But whether or not the Sherman antitrust law was well or ill considered or whether this law is well or ill considered, all I want to ask is about the statement that the Senator made, that divestiture at that time was good for the oil industry. The Senator is now arguing that this particular divestiture is bad. I do not want the RECORD to show that all divestitures are bad. We can now argue over this one and whether or not it is good, not that all of them are bad.

I yield the floor.

Mr. LONG. Will the Senator yield 1 minute?

Mr. FANNIN. I yield.

Mr. LONG. It is a very simple proposition. When Congress has passed a good law and the courts implement it, that is good. It is a good law and proper enforcement of a good law is good. Take the Sherman Antitrust Act. By the way, it ran into a filibuster here on the Senate floor. I guess the Senator knows that. Or does he? That legislation was carefully considered in both Houses. There is nothing new about that.

Careful legislation in the area undoubtedly could do good. But that did not require everybody to divest. It just required in a limited situation that someone divest, specifically Standard Oil of New Jersey, and they named this one company. A carefully considered act in this area I would expect to vote for, but on something offered out here on the floor of the Senate, I wonder if anybody has in mind doing this on this bill or are they just offering it to defeat this natural gas bill?

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. FANNIN. I yield 1 minute.

Mr. LONG. Something offered on this basis which will do nothing more than fragment a bill to get more oil and gas for this country is counterproductive. It would be unwise. If that is what the Senator really has in mind, I do not think he would be going about it this way.

Mr. MANSFIELD. Mr. President, I understand that we have 42 minutes left on this side. I would like to yield 10 minutes to the distinguished Senator from Colorado (Mr. GARY HART), 10 minutes to the distinguished Senator from South Dakota (Mr. ABOUREZK), 10 minutes to the distinguished Senator from Colorado (Mr. HASKELL), and the last 10 minutes to the distinguished Senator from Oregon (Mr. PACKWOOD).

Mr. GARY HART. Mr. President, the question before this body is why big businessmen hate competition. What is it about the nature of competing in the marketplace that frightens people in big corporations? If someone can answer that question for me, I think that goes to the heart of what this amendment is all about.

The Senator from Louisiana is talking about the Sherman Act. It is a brilliant piece of legislation. It has done more for the free enterprise system than perhaps any other piece of legislation in this century. The question is: Why can we not apply those same principles to the petroleum industry?

It is not accidental, Mr. President, that this measure is before the Senate in 1975. It follows hard upon the heels of the adoption of campaign financial reforms. It is not accidental. The record on this issue goes back somewhere between 15 and 38 years. The record on this issue comprises something like 23 volumes and 40.000 pages of testimony.

It is not an ad hoc, ill-considered, undebated issue. It has been bottled up in the committees of the U.S. Senate and of Congress for one reason, and one reason only: That being the power and economic domination of a handful of corporations in our society.

The first time we had an opportunity to vote on this issue, on October 8, 45 Senators voted for it. That is not ill-consideration. Senators on both sides of the aisle voted for it—people like myself, who believe in the free enterprise system, who believe that that system has not been applied to the oil industry in this country perhaps for its total history.

The 15 or 20 companies we are talking about here dominate that whole industry, because they swap and share and agree with each other. They control the marketplace, and control many of the independents that comprise the last 20 or 25 percent, the real, genuine competitors in the petroleum industry.

This issue has been considered by the committees in Congress year after year. It summons the support, in my judgment, of the vast majority of the people of this country. It would be the best thing that could happen to the petroleum industry in the United States of America, and perhaps in the world. It would be the best thing that could happen to the companies themselves. It would certainly be the best thing that could happen to the independent producers; and in the final analysis, it would be the best thing that could happen to the consumers of this country.

The fact of the matter is that the people of this country are ready for it. The arguments that are made that these poor, frightened, timid little companies are going to shrivel up and die is nonsense. The argument that is made that the stockholders will suffer is nonsense. If they occupy a viable position in the marketplace, the money will flow to those industries. If they are well managed, and do not have the kind of corporate bureaucracy that many of these companies do have, and they will not lack for capital.

People talk about bureaucracy in the Federal Government. I do not hear people talking about bureaucracy in Exxon. But you cannot tell me that buried in that giant corporation there is not a lot of waste and inefficiency. We want to introduce private enterprise to that company.

Mr. President, let me read some of the holdings of Mobil Oil Co.:

Bridgewater Productions, Inc., production of television series, 100 percent.

Buffalo River Improvement Corp., abatement of river pollution, 20 percent.

Canyon Reef Carriers, Inc., common carrier, 15 percent.

Forum Insurance Co., insurance, 100 percent.

Instrumentation Engineering, development of computerized testing devices, 39 percent.

Main Elk Corp., holder of land and water rights, 100 percent.

Container Woodlands, Inc., timberland transactions, 100 percent.

Hyran Conduit Corp., Associated Sand and Gravel, Rocky Mountain Prestress Co., 100 percent of each of those corporations.

Mr. President, I ask unanimous consent to have printed in the Record the complete list of nonpetroleum investments, subsidiaries, and affiliates of the Mobil Oil Corp.

There being no objection, the list was ordered to be printed in the Record, as follows:

Non-Petroleum Investments, Subsidiaries, and Affiliates of the Major Oil Companies

MOBIL OIL CORPORATION

Name, principal business, and percent ownership:

Bradford Computer & Systems, Inc., design of management information systems, 5.78.

Instrumentation Engineering, Inc., development of computerized testing device for printed electronic circuit boards, 4.76.

Brozos Heights Housing, Inc., build and maintain housing facilities, 6.84.

Bridgewater Productions, Inc., production of television series, 100.

Buffalo River Improvement Corp., abatement of river pollution, 20.

Canner's Steam Company, Inc., sale of steam stockholders, 14.29.

Canyon Reef Carriers, Inc., common carrier, 15.60.

Fibras Industriales de Venezuela, S.A., wastepaper stock used for paper mill, 80.

Forum Insurance Co., insurance, 100.

General Petroleum Co., Inc., holding company, 100.

Mobil Chemie Belfie N.V. & Movil Chemie Belge S.A., manufacture and sale of paint and related products, 5.17.

Mobil Oil A/S as of 15 juli 1962, real estate, 100.

Houston County Timber Co., owner of mineral rights, 100.

Instrumentation Engineering, development of computerized testing device for printed electronic circuit boards, 39.18.

Kettleman North Dome Association, administration of certain water lands, 22.25.

Main Elk Corp., holder of land and water rights, 100.

Marcor, Inc., 54.

Container Corp. of America, manufacturing, marketing of paperboard products, 100.

Arizona Container Corp., nameholder, 100.

B.V. Mercurius Golfkarton-Industrie, manufacture shipping containers, 100.

California Container Corp., name protection, 100.

Cartoenvases Valencia, S.A., manufacture and sale of paperboard, 80.

Carton Y Papel de Mexico, S.A., manufacture paperboard products, 100.

Cartotecnica Europa Carton, S.p.A., manufacture paperboard products, 100.

Cartones Nationales, S.A., manufacture and sale of paperboard shipping containers, 82.

Carton de Venezuela, S.A., manufacture of corrugated shipping containers, 80.

Marcor, Inc., Container Corporation of America, Corrugadora de Carton, S.A., manufacture & sale of corrugated shipping containers, 66.81.

Molinos de Carton y Papel, S.A., manufacture of paperboard from bagasse, 80.00.

Papelera Victoria, S.A., manufacture of paperboard products, 100.

Union Grafica S.A., manufacture & sale of folding ctns. and labels, 80.00.

Vosa S.p.A., manufacture of paperboard products, 98.00.

Vosa Sud, S.p.A., manufacture of corrugated paperboard products, 99.90.

Container Woodlands, Inc., timberland transactions, 100.

Hyran Conduit Corporation, 99.96.

Associated Sand & Gravel Company, Inc., 100.

Rocky Mountain Prestress, Inc., 100.

Craftsman Construction Company, Inc., 100.

J. W. Peters & Sons Inc., 100.

Marcor Housing Systems, Inc., 100.

Systems Construction Co., Inc., 100.

Marco Service Corporation, 100.

Marinco International Insurance Ltd., 100.

Montgomery Ward & Co., Inc., 100.

Barretward Properties Co., Inc., 100.

Firstward Properties Co., Inc., 100.

Fourth Wycombe Properties Inc., 100.

Golden Bear Family Restaurants, Inc., 100.

Marco Marketing Services, 100.

Montgomery Ward Credit Corporation, 100.

Montgomery Ward Realty Corporation, 100.

Montgomery Ward Development Corp., 100.

Montgomery Ward Properties Corporation, 100.

Montgomery Ward Life Insurance Company, 100.

Montgomery Ward Insurance Service Inc., 100.

M–W Education Corporation, 100.

Glenwood Advertising Inc., 100.

Montgomery Ward International Inc., 100.

M–W Enterprises Realty Corporation, 100.

M–W Properties Corporation, 100.

Sign of the Beefeater Inc., 100.

Standard T. Chemical Co., Inc., 100.

Third Wycombe Properties Inc., 100.

Signature Agency Inc., 100.

Montgomery Ward Auto Club Inc., 100.

Wardcomex, Inc., nameholder, 100.

Yard Man Inc., 100.

Jefferson Stores, Inc., 100.

Mobil Agricultural Chemical Company, construction & acquisition of facilities for the manufacture & sale of fertilizers & agricultural chemicals, 100.

Mobil Chemical International Ltd., trading in chemicals & providing management services to chemical companies, 100.

Mobil Development Inc., real estate holder & marketing in Virgin Islands; real estate holder in Venezuela, 100.

Mobil Oil Telcom Ltd., holder of radio licenses, 100.

Mobil Petroleum Company, Inc., holding company; exploration, production, manufacture, transportation & sale of petroleum & petroleum products, 100.

Chuo Kaihatsu Kpgyo Kabushiki Kaisha investments and loans, 100.

Chuo T.B.A. Hambai Kabushiki Kaisha manufacturing & marketing of tires, batteries & automobile accessories, 100.

Cagaku Seihim Hambai Kabushiki Kaisha manufacturing & marketing of chemicals, 100.

Emoleum (N.Z.) Limited, bitumen & road servicing contractors, 42.86.

Allied Asphalts Ltd., dealing in paving & servicing materials, 33.33.

Neuchatel Industries (N.A.) Ltd., manufacture & marketing of bituminous prods., 100.

Mobil Chemical Plastics Canada, Ltd., manufacturing & marketing, 100.

Mobil Holdings Benelux Inc., holding company, 100.

Mobil Chemie B.V., marketing of coatings, 100.

Mobil Chemie Manufacturing, B.V., paint manufacturing & marketing, 100.

Mobil Holdings (U.K.) Limited, holding company, 100.

A.K. Chemie G.m.b.H., manufacture & distribute lead alkyl compounds, 100.

A.K. Chemie G.m.b.H. & Co. K.G., manufacture & marketing of anti-knock cpds., 62.10.

Associated Octel Company (Plant) Limited, own and lease manufacturing plant, 100.

Octel S.A., distribute lead alkyl anti-knock compounds, 100.

Fountain Real Estate Limited, real estate, 100.

Mobil Coatings Limited, manufacturing, marketing of coatings, 100.

Octel Associates, manufacture & distribute lead alkyl anti-knock compounds, 5.30.

Mobil Data Services Limited, data processing & accounting services, 100.

Mobil Oil AB Sweden, marketing, 100.

Bostadsrattsforeningen, Basunen, Malmo, real estate holder, 15.03.

Bostadsrattsforeningen, Forarsatet, Orby, real estate holder, 49.87.

Bostadsrattsforeningen, Silverskatten, Trellenborg, real estate holder, 9.40.

Bostadsrattsforeningen, Skepparegarde, Norrkoping, real estate holder, 12.52.

Goteborgs Branslesortering AB, trading in solid fuel, 7.11.

Hotell och Restaurant, Mobilen Kommanditbolag, real estate, 47.37.

Hotell och Restaurant, Aktiebolaget Mobilen, operates hotel and restaurant, 50.00.

Hotell och Restaurant, AB Mobilen Kommanditbolag, real estate, 5.26.

Mobil Oil A/S Norge, marketing, 67.90.

A/S Kongens Plass 1, erect & rent service stations, 40.

A/S Moretral, trawl fishing, 35.71.

Mobil Oil Australia Limited, marketing, 100.

Altona Petrochemical Company Lt., petrochemicals, 50.

Australian Synthetic Rubber Company Limited, manufacture & marketing synthetic rubber & chemicals, 35.

Emoleum (Australia) Limited, manufacture & sale of asphault, 100.

Mobil Minerals Australia Limited, exploration & producing of mineral deposits, 100.

Mt. Marrow Blue Metal Quarries Pty. Ltd., quarrying for stone & aggregate, 50.

Mobil Oil Holdings, S.A. financing, 99.99.

Bluefield Insurance Limited, multiple line insurance & reinsurance within and for the Mobil Group of companies, 100.

Mobil Oil Hong Kong Limited, marketing, 100.

Atadena Limited, property owners & real estate operators, 100.

Tsing Yi Bridge Company Ltd., construction of bridge over Rambler Channel, 34.54.

Mobil Plastics Adriatica, S.p.A., production & sale of plastics, 99.99.

Mobil Plastics Italiana, S.p.A., production & sales of plastics, 99.99.

Ophelis Investments Limited, land investment company, 100.

Rivers Court Estates, Limited, 23.90.

Tonen Sekiyu Kagaku Kabushiki Kaisha, manufactures, store, sell, purchase & transport petrochemicals, 100.

Overseas Investment Corporation, foreign short-term portfolio investments, 100.

San Juan Garage Inc., operation of parking garage, 75.

Scientific Energy Systems Corporation, research & development of a Rankine cycle engine, 17.85.

Beta Engine Systems Corp., manufacture of Beta Engines, 100.

Production Measurements Corporation, manufacture of instruments for monitoring controlling engines, etc., 100.

Mr. GARY HART. Then, of course, we have Marcor, which Mobil purchased for more than $800 million, at the same time they were telling the people of this country they needed those dollars to find more oil and gas.

If they needed the dollars to find more oil and gas, why are they buying Montgomery Ward, the Container Corp., and all these other companies, with the $800 million they need to find oil and gas, when the independents are out there really finding the oil and gas?

Mr. President, if we adopt this measure, the beneficiaries would be not only the people of this country, but free enterprise and competition in the marketplace. That is what is really before us here: the principle of free enterprise.

These are our biggest corporations—far and away bigger than almost any other corporation in this country. If we create 15 new production units of a relative size with which other elements of the industry can compete, we will introduce competition up and down the line in this vertically integrated industry. People will be competing for crude oil; refineries will be competing and bidding against each other in arms length transactions. We will have the people in the transportation industry competing with each other to move the crude petroleum and the refined products in their pipelines. We will have people in the refining end of the industry competing with each other to refine it and deliver it to the retail outlets.

The Senator from Louisiana calls this castor oil. I call it free enterprise.

I cannot understand, when free enterprise applies to everyone else in this country, why it should not apply to the oil industry. The benefits will ripple throughout our economy. If we believe in the free enterprise system as the means by which to produce the best product at the lowest price to the consumer, then that lower price has to permeate the entire economy, to all the users of petroleum. That is what we are arguing for here today. If the Senate adopts this measure and the House of Representatives follows suit, I think it will be the best blow toward getting the U.S. Government out of the petroleum industry of anything we could do.

I reserve the remainder of my time.

Mr. FANNIN. Mr. President, I yield the Senator from Wyoming such time as he may require.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 19 minutes remaining.

Mr. FANNIN. I thank the Chair. I yield 5 minutes to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming may proceed.

Mr HANSEN Mr. President, the facts are that this country is in an energy crisis. Everyone knows that. Everyone is aware that our dependence upon foreign sources of supply has been steadily increasing.

The facts are that people in the oil business, and that includes a whale of a lot of people, not only the big corporate giants that have been maligned here on the floor today, but a lot of independents as well, have been saying that is what is going to happen. The same people who propose that we bring about this divestiture law today are the ones who have been telling us that all the predictions made by the oil industry were not true, that they were a bunch of hogwash. Yet the facts are that the Federal Power Commission has been following a policy for many, many years that has enjoyed the full and firm support of the sponsors of this measure here today. And where has it gotten us? It has brought about this situation.

In the hope of pleasing a lot of consumers around the United States, the Federal Power Commission has kept the price of natural gas at a very low level. All the while, for the last 20 years, the oil industry has been saying, "Our reserves are declining." We had 25 years of reserves back when the Federal Power Commission started regulating the price of natural gas. Fewer than 10 years are available today.

So what has happened? The proponents of this measure and similar measures we have been voting on and will vote on later today are being pretty hard-pressed to answer what the oil industry has been saying. Everyone knows that the oil industry has a pretty big black hat on because of the treatment it has received by the press and by the electronic media. It has become a popular thing today, if you cannot find the facts, to rip into them in another fashion.

That is exactly what this proposal seeks to do. It does not offer any help to get through the winter. It does not assure that there will be one more barrel of oil or one more cubic foot of gas available to meet this emergency. All it does is seize upon a view widely held by most Americans. Recognizing that the price of fuel has raised—and it has; there is no doubt about that; it has raised because many of the things that were being recommended by the oil industry to assure greater self-sufficiency today have been rejected by Congress and by the Federal Commission—the moment of truth has finally arrived.

We need more oil. We need more oil and gas produced domestically, and we are not getting it. So when that regulative policy, as spelled out by the Federal Power Commission, has become the dismal failure it has, and we are going to have to face up to the fact that we are falling farther behind all the time, I think the proponents of this amendment and others simply want to create a situation that will be intolerably bad, so disastrous for the United States that the President is going to have to veto this bill.

If we adopt this, there will be very good reason for him to veto the bill. The political strategy behind that move is simply this: Then they will be able to say: "We have tried to pass a bill that would have made everything all right, but the President of the United States vetoed that bill."

What they are really seizing for this morning and what has been increasingly apparent as this debate has continued is that they really do not want to solve the energy crisis. What they really wish to do is to come up with a political response that will enable them to say the President of the United States is the tool of the big oil companies and the President, because he does represent all of the people of the United States and because he has to be concerned first and foremost with what will be in the public interest, is going to——

The **PRESIDING OFFICER.** The time of the Senator has expired.

Mr. **HANSEN.** Mr. President, will the Senator yield me 2 more minutes?

Mr. **FANNIN.** Mr. President, I yield 2 more minutes.

The **PRESIDING OFFICER.** The Senator has 2 more minutes.

Mr. **HANSEN.** He will have to veto this kind of bill not because he is a tool of the big oil companies but because first and foremost he is concerned with the welfare of the United States.

About 2 years ago, Mr. President, we were shipping oil from North Carolina into the Mediterranean to fuel the 6th Fleet. Those persons who proposed taking the kind of step that is now before us are going to make that sort of a situation more extant throughout the world than it is today.

I say, along with Senator Long and others, who have great knowledge in this area, if this legislation is good, let us hold hearings on it, consider it, and see if it is going to help solve or add to the emergency that we face today.

This is no time to try to create a political issue that will enable those whose motives may not always be in the best interest of the United States to be able to say: "The President is the tool of big oil."

I hope that this amendment will be rejected.

I reserve the remainder of my time.

The **PRESIDING OFFICER.** The Senator from Oregon has 10 minutes.

Mr. **PACKWOOD.** Mr. President, I have 10 minutes, and I will take 30 seconds to a minute of it now.

My good friend from Wyoming knows I have been on his side of the issue on almost all of the energy production votes we have had this year.

We ought to decontrol oil. I think we ought to deregulate gas.

This particular measure would do more to generate capital and do more to encourage competition in production than leaving the status quo.

Do not confuse me with those who want to nationalize or further regulate the oil industry in this country. If we nationalize the oil industry, we would run it with all the efficiency of the U.S. Postal Service, and that is the last thing I want to see.

The **PRESIDING OFFICER.** Who yields time?

Mr. **HASKELL.** Mr. President, I believe I have 10 minutes. I wish to yield 5 of those minutes to the Senator from Oregon.

The **PRESIDING OFFICER.** The Senator from Oregon has 10 minutes.

Mr. **HASKELL.** I know. I wish to give him an additional 5 minutes.

The **PRESIDING OFFICER.** The Senator from Colorado has 5 minutes and the Senator from Oregon now has 15.

Mr. **HASKELL.** I have 10 minutes.

The **PRESIDING OFFICER.** But the Senator is yielding 5 minutes to the Senator from Oregon.

Mr. **HASKELL.** I am yielding 5 minutes to the Senator from Oregon, so inform me when those 5 minutes have expired.

The **PRESIDING OFFICER.** The Senator is now asking for 5 minutes. The Senator may proceed.

Mr. **HASKELL.** Mr. President, it is quite obvious and there will be no further need to belabor the point, that the divestiture contemplated will increase competition. I think that is a fact.

Second, it is a fact that from a shareholder viewpoint, based upon history, shareholders will benefit from this. It is obviously a fact that the capital available for the industry is in no way dissipated. It merely happens to be in two entities.

It is further a fact that the capital markets of this country, judging by the coal slurry pipeline situation, are more than adequate to take care of the projects under way.

Mr. President, the only people who really seem to oppose this, as judged by the intense lobbying effort, is the management of the major integrated oil companies.

Mr. President, if I were in their shoes, I would think several times. To be sure, they want to perpetuate their jobs and positions of power. This is understandable, but if they are looking to the long-range good of the country, I would think that they would come around to our viewpoint. Mr. President, unless we inject competition into the oil industry, there is going to be an increasing anger and a frustrated fury in this country that in my opinion is going to result in nationalization of the industry. From my viewpoint that would be very undesirable and would be a national calamity.

But in my view, injecting competition via some kind of divestiture is one solution and far to be preferred solution. The other is not a solution, but will happen if the obdurance of the industry persists. The industry will in fact be nationalized.

For that reason, I hope that Senators who feel that the competitive system is the best economic system will vote for this amendment.

I yield the remainder of my time.

Mr. **HANSEN** addressed the Chair.

The **PRESIDING OFFICER.** Who yields time?

Mr. **FANNIN.** Mr. President, I yield 30 seconds to the Senator from Wyoming.

The **PRESIDING OFFICER.** Thirty seconds are yielded to the Senator from Wyoming.

Mr. **HANSEN.** Mr. President, by way of rebuttal of the remarks of my good friend from Colorado, I ask unanimous consent that there be printed in the Record a paper on "Divorcement and Divestiture in the Oil Industry," prepared by Frank R. Wyant. It was written for the George Washington University Energy Policy Research Project under a grant from the National Science Foundation. It contradicts the statements he makes that the only people who oppose legislation are the representatives of the major oil companies.

I also ask unanimous consent that there be printed in the Record "Existing Federal Antitrust Laws With Special Reference to Joint Ventures and Divestiture and Divorcement," prepared by Richard E. Messick.

There being no objection, the material was ordered to be printed in the Record, as follows:

Existing Federal Antitrust Laws With Special Reference to Joint Ventures and Divestiture and Divorcement[1]

(By Richard E. Messick)

There already exists substantial protection against anti-competitive behavior in the oil industry. The three basic statutes which form the core of federal antitrust legislation are the Sherman Act of 1890 (15 U.S.C. sections 1–7), the Federal Trade Commission Act (15 U.S.C. sections 41–58) and the Clayton Act (15 U.S.C. sections 12–27). "The general objective of the antitrust laws is promotion of competition in open markets."[2]

The Sherman Act flatly prohibits every contract, combination, or conspiracy in restraint of trade or commerce and makes it illegal for any person to monopolize any part of such commerce. While in general a rule of reason test is applied to such contracts or combinations, five types of business restraints are declared to be unreasonable per se. They are: (1) price fixing among competitors; (2) agreements to limit production; (3) agreements to divide markets; (4) resale price maintenance agreements with distributors; and (5) group boycotts or concerted refusals to deal.

Section 5 of the Federal Trade Commission Act deals with antitrust issues. It declares as unlawful "unfair methods of competition and unfair or deceptive acts or practices." "Unfair methods of competition" has been interpreted by the courts to include restraints of trade and monopolistic practices. Also, under this section, the Federal Trade Commission may act to restrain arrangements and practices which are not monopolistic but threaten to become monopolistic. Thus, the scope of the FTC's authority under section 5 is broadly defined and subject to continued expansion by judicial interpretation.

The relevant antitrust sections of the Clayton Act are sections 2, 3, and 7. In contrast to the generality of the Sherman and FTC Acts, each section of the Clayton Act is specifically aimed at an antitrust abuse. Section 2, as amended by the Robinson-Patman Act of 1936, prohibits price and service discrimination. Section 3 covers exclusive arrangements and tying clauses. Finally, section 7, the merger section, prevents a corporation from obtaining the assets of any other corporation "where in any line of commerce in any section of the country, the effect of such acquisition may be substantially to lessen competition, or tend to create a monopoly."

The remedies available to enforce these acts are legion. Violators of sections 1, 2 or 3 of the Sherman Act are subject to criminal prosecution. Section 4 of the Sherman Act and section 15 of the Clayton Act give the district courts jurisdiction to prevent or restrain violations of these respective laws through the issuance of injunctions. The Federal Trade Commission, as an administrative agency, has a number of options available including the issuance of cease and desist orders. In addition, any individual who has been injured by violation of the antitrust statutes may sue for treble damages.

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[1] The section draws heavily on S. Oppenheim and G. Weston, *Federal Anti-Trust Laws: Cases and Comments*, West Publishing Company, 1968.

[2] The Report of the Attorney General's National Committee to Study the Antitrust Laws (1955).

Of particular significance to oil industry activities is the reach of the statutes with regard to joint ventures and the remedy of divestiture or divorcement. First, joint ventures.

Until 1964, it was at best an open question whether the statutes (specifically section 7 of the Clayton Act) were applicable where two corporations formed a third to engage in a new enterprise. However, in *United States* v. *Penn-Olin Chemical Company*, 378 U.S. 158 the question was answered in the affirmative. Pennsalt and Olin, two companies already engaged in the manufacture of sodium chlorate, had formed Penn-Olin to supply the southeastern U.S. market with this product. Writing for the majority, Mr. Justice Clark said:

> The joint venture, like the "merger" and the "conglomeration," often creates anticompetitive dangers. . . . If the parent companies are in competition, or might compete absent the joint venture, it may be assumed that neither will compete with the progeny in its line of commerce.

Thus, the court held that joint ventures fall within the Clayton Act's prohibition on mergers tending to reduce competition.

The FTC's first joint venture Clayton Act case involved Phillips Petroleum Company (Phillips Petroleum Company CCH Trade Reg. Rep. Para. 17, 640). In this case, Phillips, National Distillers and Chemical Corporation had four joint subsidiaries in the polyolefin plastics field. A consent order was obtained requiring Phillips to sell its interest in two of the concerns to National and National to sell its interests in turn to Phillips.

Section 4 of the Sherman Act and section 15 of the Clayton Act empower the Attorney General to institute equitable proceedings to "prevent and restrain" violations of the antitrust law and provide, inter alia, that the proceedings may include a prayer asking that such violations shall be enjoined or *otherwise prohibited*" (emphasis added). Methods to otherwise prohibit antitrust activities include divestiture and divorcement. Divestiture refers to situations where the defendants are required to divest themselves of property, securities or other assets. Divorcement is a term commonly used to indicate the effect of a decree where certain types of divestiture are ordered; it is especially applicable to cases where the purpose of the proceedings is to secure relief against antitrust abuses following from integrated ownership or control.

Commenting on the courts' power to order "that most drastic, but most effective, of antitrust remedies—divestiture," Mr. Justice Brennan said:

> If the court concludes that other measures will not be effective to redress a violation, and that complete divestiture is a necessary element of effective relief, the Government cannot be denied the latter remedy because economic hardship, however severe, may result." *United States* v. *E. I. duPont de Nemours & Co.*, 366 U.S. 316 (1961).

In short, there already exist substantial legal remedies for anticompetitive behavior in the oil industry. In particular, the courts are fully empowered to order divorcement and divestiture as a means of assuring compliance with antitrust legislation. The question, then, is why special divorcement legislation for the oil industry is necessary at this time.

One reason often given is that it takes too long to secure divestiture through the courts and, more often than not, divestiture never occurs. Divorcement legislation for the oil industry, in a sense, is intended to circumvent due process of law. The industry would be declared guilty of antitrust violations by legislative fiat rather than a decision of the courts.

Critics also argue that divorcement legislation is necessary because the Justice Department and Federal Trade Commission are understaffed and, for this reason, inevitably lose their cases under the normal judicial process. Divorcement, however, is an extreme solution for this "problem". It would seem more appropriate to authorize more funds for federal agencies concerned with alleged anticompetitive activities of the oil industry. A bill to accomplish this goal has been introduced in the Congress and has received broad bipartisan support.

DIVORCEMENT AND DIVESTITURE IN THE OIL INDUSTRY

(By Frank R. Wyant)

"Big" oil has been the subject of political controversy in the United States for nearly a century. The attack on big oil has continued virtually unabated since the Sherman Antitrust Act of 1890 made it possible to dismantle the original Standard Oil Trust. Unfortunately from the point of view of those who argue that the large oil companies ought to be further broken into smaller more competitive pieces, attempts to secure further divestiture through the courts have been most notable for their lack of success. Time and again, the courts have dismissed arguments that big oil is anticompetitive and, for this reason, the big oil companies should be broken up. (Some believe the reason for this failure is that the case against big oil lacked merit. Others have claimed the failure is due to the incompetence of the government legal staff which cannot compete against sharp company lawyers.)

Now, however, public and congressional sentiment against big oil has risen to an extraordinary level. Thus the Senate, on October 8, 1975, rejected by a vote of 54 to 45 and without benefit of hearings, an amendment which would have required vertical "divestiture" of major companies over the next five years.

In support of divestiture, opponents of the big oil companies have advanced a new kind of argument. (This is to say, the argument has been around for a long time but it was not previously supported strongly enough to put forward as a serious argument.) Now critics argue that the oil industry is uncompetitive not simply because it is concentrated, i.e., dominated by a handful of giant companies, but rather the industry is uncompetitive because it is concentrated and vertically integrated, i.e., dominated by companies that are vertically integrated. According to this argument, the integrated oil companies are able to drive smaller companies out of business by virtue of the fact that they control operations from exploration for crude oil through the marketing of final product. Bigness plus vertical integration enables the major oil companies to operate and collude in ways that foreclose opportunities that would otherwise be available to smaller companies. Thus, since the largest companies will never dissolve themselves, their anticompetitive positon must be ended via forced divorcement or divestiture of operations in more than one segment of the industry.

On its face, this argument may be appealing. However, this does not make it compelling. At best, this argument distorts and obscures the relevant issue. First, it assumes that the petroleum industry in general and the largest 20 petroleum companies in particular are anticompetitive. Then it proceeds to show that the assumed anticompetitive behavior of the industry springs from bigness coupled with vertical integration.

According to this argument, the anticompetitive behavior of the major oil companies is manifested in two ways. Vertical integration enables the largest companies to administer prices at each stage of operations and this, in turn, enables them to force out smaller non-integrated companies at particular stages. Independent oil companies that must buy from or sell to the major companies must pay more and receive less than the majors themselves would pay or receive. In other words, by virtue of their vertical integration the top 20 companies are able to put independent operators into a profit squeeze which will eventually force them out of business. For this reason, it is argued vertical integration of the biggest companies allows them to control their industry in ways that the automobile and steel companies, for example, never could.

This being the case, one might wonder why independent petroleum companies persist, prosper, and grow while independents in other industries have disappeared. One might also ask why the 20 or so automobile makers that were in business prior to World War II have disappeared. And, one should also want to know why there are no longer any independent steel makers. But the fact that other industries are anticompetitive cannot by itself counter the point being made by the oil industry's critics.

In the pages that follow, I present a more detailed discussion of divorcement-divestiture proposals for the oil industry, together with their intended and probable effect should their enactment occur. According to its proponents this amendment would facilitate the creation and maintenance of competition in the petroleum industry by requiring divorcement (separation) and divestiture (disinvestment) of assets and interests of the vertically-integrated, major petroleum companies. That is, this amendment is supposed to introduce competition into the petroleum industry by eliminating vertical integration for the largest 20 major oil companies. Each firm would be allowed to engage in only one of the four facets of the industry: production, transportation, refining, or marketing.

According to the proponents of this amendment the particular restructuring required of the petroleum industry is necessary and justified for the following reasons. First, it is alleged that it would increase competition at each and every stage of operation and between stages of operation by creating many new companies all of which would compete with one another at arm's length. Second, proponents contend that this legislation would also decrease the potential for major company abuse of market power via joint ventures and exchange agreement mechanisms. Third, this legislation would end major company ownership and control over crude and product pipelines and make it impossible for the major companies to squeeze independent producers, refiners, and marketers via this means.

Finally, proponents claim that the Hart amendment is a necessary accompaniment to decontrol of the industry. According to these proponents, without price controls and an allocation and entitlements program to protect small and independent segments of the industry, these segments would very soon be driven out of business by the majors. Given their size as well as cooperative and interdependent behavior, it is argued that the majors would, upon decontrol, have the power to administer prices to their own advantage.

At the heart of this argument, is the belief that the oil market is far from competitive. In other words, without the divorcement-divestiture bill, decontrol would create the same situation encountered shortly after the embargo when certain independent marketers and refiners were cut off from their sources of supply by the integrated companies. Supporters of this amendment argue that there is reason to believe that the integrated companies would again use their economic power to force independent refiners and marketers out of business.

What would the Hart Amendment accomplish? There are many possible effects of this legislation.

First, this amendment may well increase U. S. dependence on foreign oil and vulnerability to another embargo. The U. S. is now and will likely be for at least the next decade moderately dependent on foreign oil. Neither the North Slope, the outer continental shelf, nor Project Independence are going to make the U.S. self-sufficient in petroleum, particularly in the face of an economic recovery. In this situation the relevant question may be: Do we or do we not prefer the large international majors to continue their close working relationships with the United States? It is at least worth pondering whether the multinational companies would persist in their interest in U. S. production if forced to decide between divestiture of this production and U. S. downstream operations. Indeed, if forced to divest what might these majors give up? They may give up their domestic operations.

In fact, it can be argued that with divorcement and divestiture a common interest between the majors and OPEC will be forged in which the companies decide that their most profitable future interest and perhaps even their future survival depends upon cooperation with producers outside the United States. Recent moves by OPEC members to reduce equity participation by the major companies have had the effect of divorcing company from country interest. Divestiture may effect a reconciliation. The potential of a major company-OPEC cartel would be formidable. The United States will need the large international majors' loyalty in order to break the OPEC monopoly. It should be obvious at this point that nothing less than more large finds in non-OPEC areas will bring the price of crude back down. The recent increased pressure on companies to form joint ventures in refining and petrochemical operations in various OPEC countries lends further credence to this possibility. In any case any action which undermines the already weak position of majors vis-a-vis OPEC may not be in our national interest.

There are other potential adverse effects of divorcement and divestiture. Looking at the individual sectors of the industry, one can perceive substantial difficulties for the "independents", both old and new.

At the production level one might expect even more joint ventures and possible "collusion" between the newly divorced producers than now exists. With their equity base and cash flows greatly diminished, even previously small investments may, given the risk, be too costly to bear alone. Indeed, one could anticipate a rapid and substantial growth in the size of companies in production and in the concentration of new production in the industry to offset the size disadvantage created by divorcement-divestiture.

Likewise, at the transport level we may find a growth of new "arm's length" relationships between producers and pipelines. But this will not assure increased competitions. Pipelines may consolidate for essentially the same reason as producers. Pipelines are expensive and economic only when they are run at or near capacity. Also, given that pipelines are now heavily regulated, and given that pipeline operations and low profits will no longer be subsidized by crude or marketing operations, the government may have to deregulate pipelines or face shortages as now exist with natural gas.

Greater concentration as a result of divorcement is less likely with refining. There are not as great financial and economic advantages resulting from consolidation of refineries. Most refineries are presently built to optimal capacity and technology for the crude they use and the market they serve. The problem in the refining sector, as in the pipelines, is now inadequate profitability. Divorcement will require higher rates of return and, in general, higher refined product prices. The consumer would suffer. Moreover, with the movement of refineries abroad and with OPEC countries already planning greatly increased refining capacity, it is unlikely that divorcement will bring with it a large increase in U.S. refining capacity. Divorcement may, instead, accelerate expatriation of U.S. refining capacity.

The marketing sector is now the most competitive sector in the industry. It's competitiveness may also be affected adversely. Here again, the advantages of growth and consolidation may prove overwhelming. It is well known that the majors have traditionally "subsidized" marketing in order to provide an outlet for their more profitable upstream activities. Despite this fact, independents have gained a growing share of the market at the expense of the majors over the past decade. The primary reason for this has been an almost chronic excess refining capacity which has, in turn, created a spot market for gasoline and other refined products. With the exception of 1973–74 excess capacity has been the prevailing state of affairs in the industry. Under divestiture the refining industry would have to stand on its own. As a result, excess capacity would probably disappear.

Whether it is the independents' market thrust or the majors' counterthrust, it is obvious that the industry is moving toward higher volume marketing. In this situation, this Amendment would probably give further impetus to concentration. A reorganization of the sort suggested may well be the catalyst which speeds the creation of more high volume outlets.

Existing high volume jobbers such as Hudson and Martin Oil would be in the best position to buy up major oil company marketing operations. It should be recalled that the proposed divorcement-divestiture legislation would permit existing marketers to enlarge and integrate backward into refining. With this bonus to the growth of marketing, the marketing segment of the industry may quickly become dominated by giants. Once the major company umbrella is removed from the various branded and non-branded marketers who are affiliated with the majors, small marketers may find themselves either absorbed into new marketing conglomerates or reduced to a position in which they cannot compete.

Underlying the argument throughout this paper is one great unmentioned point: Without the major integrated companies there could be rather significant horizontal mergers and greater concentration in the four segments of the industry. No one knows whether horizontal economies can be realized. But everyone knows that the majors are restrained from excessive growth of this kind because they fear existing antitrust laws. For this reason, integration has been an alternative to concentration and protection for many small, independent companies in the industry.

This paper does not resolve the divorcement-divestiture controversy. Certainly, the petroleum industry is capable of monopolistic abuses by certain companies in certain areas, especially in the pipeline sector. Clearly, an argument can be made for causing the petroleum industry to be more competitive in several specific ways.

Rather the argument here is the following. First, existing abuses probably do not require the drastic reorganization called for by this amendment. More precise remedies are available, for example, to modify joint ventures and exchange agreements or to challenge vertical integration in the courts. Similarly, more precise legislation can be introduced to segregate the pipeline companies from the rest of the industry. If it can be shown that specific existing pipelines act in an uncompetitive manner, they can be enjoined from that practice under existing law.

Second, even though there may be advantages in divestiture and divorcement, there may also be significant costs which outweigh these advantages. In the end the Amendment might set off a chain reaction that eventually destroys many of the independents it seeks to save. The petroleum industry may resemble the unintegrated automobile and steel industries rather more quickly than anticipated. With divorcement-divestiture we may actually throw the independent baby out with the majors' bath water.

Given the serious international and national ramifications of this Amendment we would do well to consider its effects rather more fully than has been done to date. Congressional hearings must be held specifically addressed to this and related legislation. And, careful studies of potential problems created by divestiture and divorcement ought to be conducted for each segment of the industry. Until these hearings are held and these studies completed, each segment of the industry and the general public should oppose this proposal.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. FANNIN. How much is remaining?

The PRESIDING OFFICER. The Senator from South Dakota has 10 minutes.

Mr. ABOUREZK. Mr. President, today we have heard again we ought to carefully consider this legislation before going ahead with a vote.

Senator GARY HART of Colorado has already enunciated the pages of days and days of debate that have taken place on this issue by Senator PHILIP A. HART in his Antitrust Subcommittee.

We constantly hear that we ought to have a great deal of consideration of important measures like this.

We have so much consideration both in hearings and on the floor that it would be useless to have a great deal more.

We have heard also the warnings that if divestiture takes place we are going to destroy the financial structure of the oil industry.

If it is true that the oil industry needs all of their internally-generated capital and more, to search for new oil, then my question is: Why do they use the internally-generated capital which results from price-gouging the public, for other ventures unrelated to energy? For example, Mobil Oil has the Marcor Corp., which owns Montgomery Wards and the Container Corp.; Gulf Oil Co. has built the city of Reston, Va., one of the most expensive investments any company could make. There has been a recitation today of several other holdings that oil companies have acquired as a result of their oil profits.

There is one basic reason this amendment is desperately needed for this economy. First of all, it will curtail oil company domination of the total energy market. It will prevent the major oil companies from withholding supplies to jack up prices to the consumers. It will help prevent the oil companies from extending their power and their influence into the halls of Government both domestic and foreign, through inflated campaign contributions and admitted bribery. It will prevent the oil companies from spending millions and millions of dollars on advertising that subtly forces us to accept them as well-meaning as they increase their profits and their power at our expense.

It seems to me that the time has come for us to look at the public interest and not at the special interest. That is exactly what this amendment seeks to do, to try to restore some semblance of public interest to the energy industry. It is not, as my friend from Wyoming says, a halfhearted attempt to deal with the energy crisis. It is an attempt to deal with the economic crisis as well as the energy crisis in this country. There is an economic crisis, caused by the inflation that results from monopoly control of any industry. Monopoly control is exactly what we have in the oil industry.

Mr. **HANSEN**. Mr. President, will the Senator yield for a question?

Mr. **ABOUREZK**. I will yield on the Senator's time.

Mr. **HANSEN**. I have no time.

Mr. **ABOUREZK**. Mr. President, the history of divestiture in the United States shows that despite all the warnings the people affected by divestiture have delivered in order to forestall the movement, we have seen nothing but measurable benefit to the economy and to the public following the divestiture.

In the 1930s, when the Utility Companies Holding Act was passed, we heard exactly the same warnings we are hearing now: Divestiture is going to destroy capital structure; it is going to destroy the economy. What happened? What happened was a positive benefit for the public, and that is exactly what will result from this proposal. In fact, in order to wholly restore viable competition in the energy industry, additional legislation probably will be needed on horizontal divestiture, but the separation of crude production from refining, transporting, and marketing is a good beginning.

I reserve the remainder of my time.

The **PRESIDING OFFICER**. Who yields time?

Mr. **GARY HART**. Mr. President, I have a minute remaining.

The **PRESIDING OFFICER**. The Senator has 3 minutes.

Mr. **GARY HART**. I should like to respond to a comment by the distinguished Senator from Wyoming. He suggested that the motives of some, if not all, of the proponents of this amendment are political; that what we are trying to do is to defeat a deregulation measure so we can embarrass the President. I think that calls into question the good faith of the proponents. I think it demeans the issue before the Senate.

The proponents, at least so far as the Senator from Colorado is concerned, are genuine proponents of the merits of the proposal presently before this body. To suggest that at least this Senator—if not all of the major proponents and people who support this measure—is doing so to somehow submarine or torpedo another energy-related measure, which I support in principle, is to divert people's attention from the real purpose of what we are debating here.

I hope the Senator from Wyoming will consider very carefully the suggestion that it is not the genuine purpose of the people who have found now a vehicle, for the first time in perhaps 38 years, to get a vote up or down on a measure that the oil companies had bottled up in the committees of this Senate for too long. That is to suggest that we do not genuinely believe in what we are saying here.

I am sure that the Senator from Wyoming does not really mean that. We have a conviction about why we have an energy crisis in this country. We have a conviction about monopoly and about the lack of free enterprise and the concentration in one of the most key industries in our country, and we have a genuine solution which I believe the vast majority of the American people support. It has nothing to do with the measure that we are trying to amend. It has nothing to do with politics on embarrassing the President. What it has to do with is preserving free enterprise in this country, and that is what I think the issue is before the Senate in the next hour.

The **PRESIDING OFFICER**. The Senator from Oregon has 14 minutes.

Mr. **PACKWOOD**. Mr. President, it seems to me that too often on the floor of the Senate we do not talk philosophy enough. We talk narrow specifics. We look at a particular bill without really talking about what the philosophy of government in this country and the philosophy of enterprise should be. I want to talk about that.

I believe in competition. I believe in locally-owned and medium-sized businesses. I think they are more efficient, more responsive, and more competitive than bigger businesses. I think that bigness generally is ineffective. I do not care if it is the U.S. Government or New York City or General Motors or Exxon. When a company gets so big or a government gets so big that it has to hire computer experts and computers and put everybody on a punch card, and if you do not fit in where the holes are, tough luck, we have become too big and the organizations have become too unresponsive.

Let us take a specific look at what has happened with divestiture in this country before, and let us look first at the oil industry.

We look back to 1911, when the Supreme Court divested Standard Oil of New Jersey in an antitrust action. Let me read from Outlook Magazine of that time, as to what they said prior to the divestiture.

> The forces that make for combination are too strong to be resisted; the advantages which result from combination are too great and too obvious to be sacrificed. It is a great deal better for the general public to have oil sold by a few great corporations, who can afford to keep the oil approximately up to a specific standard, than by a great number of small traders who are put up by competition under strong temptation to lower the quality of oil in order to lower the price.

The Supreme Court did not pay any attention to that; and they took Standard Oil of New Jersey, which was then a company that had assets of $860 million—not billion—and they broke it up into 33 itsy, teeny-weeny companies. Any one of those 33 companies, after the breakup in 1911, would not today have fit in Fortune's list of the top 500 major corporations in this country.

What has come of those 33 little, teeny companies? Who are they? Exxon, with sales last year of $42 billion, the largest corporation in the United States; Mobil Oil with sales of $18 billion, the 5th biggest in the United States; Standard Oil of California, the 6th biggest in the United States; Standard of Indiana, the 13th; Continental, the 16th; Atlantic Richfield, the 18th. That is what happens from divestiture. We took small companies, we made them competitive, and they grew into the giants of the industry today.

If this divestiture amendment is agreed to, in 15, 20, or 30 years we may again have to divide those companies.

Let us take a look at another company in 1911—American Tobacco. It was broken up by the Supreme Court—in the same year they broke up Standard Oil of New Jersey—into nine small tobacco companies.

Have people quit smoking? Has tobacco stopped being grown? Have the companies become smaller? Does the tobacco industry have any power? At a time when the Surgeon General requires advertisements, at a time when we know that smoking causes cancer, the U.S. Government is continuing to subsidize the growing of tobacco because of the power of the tobacco industry in this country today. Did they suffer from a breakup? They did not.

Let us ask some specific questions. Is there a place where we think that at some stage businesses and cities and governments are too big? Yes. I do know anybody who says the bigger the better, no matter how big, and let it grow and grow. There is a point where it is too big. Is there a greater likelihood that fewer people in corporations can conspire than when there are more? Certainly, there is a greater likelihood. The fewer people that have to share a secret, the fewer businesses that have to share a secret, the more likely you can narrow a conspiracy.

Is there a likelihood that business like to eliminate competition? You bet there is. The whole point of business is to squeeze your competitor out. I have yet to meet a businessman—I do not care if it is a stationery store in a small town or an oil company—that does not think they have the best company going and that the public would be better off if that were the only company going.

The other day, President Ford announced that he wants to ease the restrictions on airlines. He wants to give the airlines a better chance to raise and lower their fares and choose their routes. Every major airline in this country said, "Don't take the regulations off us. We can't stand competition."

That is the trouble with this country. Everybody in theory wants competition for all of you, but "not for me. My business is different. It requires some sort of protection."

The people who run these businesses are not evil people, they are not full of malice. It is a natural tendency to think you have the best business going and the bigger it is, the better, and the less competition, the better.

People say, "Well, the antitrust laws, let them run their course, sue the oil companies and see if you can tie them down to the antitrust laws." We may be able to; I am not sure. I am not sure the present laws will be adequate. Even if they are adequate, it will take 5, 10, or 15 years from the time we think of bringing the suit until we break up the oil companies. Then, as the Senator from Louisiana (Mr. LONG) so well indicated, courts hate to order divestiture. I think if we succeeded in prosecuting the oil companies under an antitrust suit, we would get major fines and a slap on the wrist and a warning that says, "Don't do it again." I do not know if we could get divestiture, even if the laws were applied.

The analogy of the banks was used and it is a good analogy, because it is a legislative decision, not a judicial decision. Years ago, under the McFadden Act, Congress, as a matter of policy, said it is too dangerous to allow the major banks of this country to branch between States; we are going to confine them to one State. The reason we said that is because banks, more than any other institution, have tremendous financial liquidity. They have all of our deposits. We said it would be unfair to allow those banks to grow beyond State boundaries; they would be too big.

Then, in addition, Congress has said, "Not only must you confine yourself to one State," we have said to the banks under the Bank Holding Company Acts, "You have to bank. You cannot own service stations and drive-ins, movie theaters, or apartment houses, because, again, that concentration of liquidity gives you an unfair advantage over other normal businesses that do not have that much quick cash. So if you want to bank, fine, but limit yourself to one State, and bank."

Now, I am asking the Senate, have we reached that position with the oil companies? I think we have. The people who run the oil companies are not evil people. I am not adverse to the oil companies. I wish we would get rid of price control on both oil and gas. But I do wish that we would break up these oil companies into 20 or 30 or 40 or 50 smaller companies than now exist. Will they survive? You bet they will.

Are there 35- or 40- or 45-year-old executives in those companies right now, champing at the bit, trying to rise in those companies, but limited because there are relatively few positions at the top, who, if the companies divested, would go with another company, saying, "Man, here is a chance?" You bet they would. Would they compete? You are darn right they would.

Would they beat some of the majors? I would bet on it.

What is to lose? When this divestiture passes, and it will one day pass—if not today, some day—the companies that are created are not going to be the itsy-bitsy, teeny-weeny companies that were created in 1911 out of Standard of New Jersey. These companies, the top 15, when broken up, will still, in every case, be within the top 100 corporations in size in this country.

The opponents of this measure are going to say that that is too small to compete, too small to raise capital. No way.

They can go to any rational banker. There will be a 40- or 45-year-old president of one of these companies which were spun off and he can say, "Look, all I am now allowed to do is drill. I cannot be involved in refining or transportation or marketing. But let me tell you, Mr. Banker, I have a good field and I have a solid company; will you lend me money?" That company will get money.

There is not a single argument that can be raised that is valid from an economic, or from a competitive position, that can sustain defeat of this amendment. I am asking that the ongoing process of competition be continued and that, once again, the major oil companies of this country be broken up into smaller parts, so that, once again, they become more numerous and more competitive, so that, once again, they will grow as they do.

All of us in this room, Senators and non-Senators alike, will be the beneficiaries of that decision.

Mr. GARY HART. Will the Senator yield for a question?

Mr. PACKWOOD. Yes.

Mr. GARY HART. The Senator from Colorado compliments the Senator from Oregon for one of the finest probusiness speeches it has been my privilege to hear on the floor of the Senate. That is what this measure is all about.

The Senator commented, and I think wisely so, on the suggestion that what we ought to do is let the antitrust laws run their course. Is the Senator aware, as I am sure he is, that every successive Attorney General, of both parties, in every administration for the last 20 years, has had a major antitrust suit on his desk against the concentrated oil companies of this country and has not filed that suit?

Mr. PACKWOOD. I am aware of it. I know the arguments they raise—"Well, I am not sure we can prove it." Whatever the reason may be, it has not been filed. The Senator is aware that, if it were filed, it would be 10 years or more from the time it is filed to the time we had a decision from the Supreme Court.

Mr. GARY HART. Is the Senator aware that one of those reasons why that same suit has not been filed in those 20 years is perhaps the same reason we could not get that bill out of Congress?

Mr. PACKWOOD. I am not going to speculate as to why we cannot get it out. I know what the Senator from Colorado is hinting at. I know the oil companies have tremendous power. But I think the Senate, if not the committee, is going to rise above that power.

Mr. GARY HART. I think the Senator is right. I think it is a major issue of public policy.

I thank the Senator.

The PRESIDING OFFICER. Who yields time?

Mr. FANNIN. I yield 2 minutes to the Senator from Wyoming.

Mr. HANSEN. I want to make three observations: No. 1, if business is so bad, why is it that, with the American Telephone and Telegraph Co., we have, without any question at all, the best and cheapest telephone service to be found in the world?

Why is it, if the oil industry has had such bad operators, as many claim they are now and should be broken up, we have the lowest gasoline and fuel prices anywhere in the world?

Why is it that, if Mobil Oil Co. is so bad, if their board of directors, listening to the debate in the halls of Congress, is trying to protect the money that is owned by its investors, that is owned by widows and by pension funds and by everybody else, they would not recommend a little diversification? If I were around here and on a board—and I do not happen to own a single share of oil stock—I can assure the Senators that I would recommend to my board that there be a little diversification. If I understand the temper of the Senate at the present time, it is plain against business and plain against bigness. If we want to protect the interests of the Mobil Oil investors, I would say that they would be well advised to get into something else, because there is not much doubt in my mind that there are many people in Congress today who would break them up and tax them or make it totally unprofitable for them to continue, as they have, exclusively in oil.

The PRESIDING OFFICER. The Senator's 2 minutes have expired.

Mr. PACKWOOD. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 2 minutes.

Mr. PACKWOOD. That is just enough to answer the Senator from Wyoming.

The Senator talks about American Telephone and Telegraph having the most efficient communications system in the world. Does the Senator recall 3 or 4 years ago, maybe longer, when the Federal Communications Commission ruled that the telephone company could not prohibit nontelephone company devices from being attached to the phone? The phone company, for years, had said, "We do not want a Xerox machine or a copier, or anything that could send something through the wires, on our phone," and they did not have a decent gadget that would do it. As soon as the FCC let competition in to lock something on those phone lines, we started getting a variety of efficient devices for improving communications. A.T. & T. suddenly felt they had to compete.

This is exactly what we are talking about: Do not give one company or group of companies the sole power to decide what will be the limits of competition.

Mr. GARY HART. Mr. President, I ask unanimous consent that Mr. Bernard

Nash, of the staff of the Subcommittee on Antitrust, be permitted the privilege of the floor during the deliberation on this measure.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that Mr. Lawrence Thompson be granted privileges of the floor.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, I ask unanimous consent that Terrence Kay of my staff be granted privileges of the floor.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Who yields time?

The **PRESIDING OFFICER** (Mr. HOLLINGS). Who yields time?

Mr. FORD. Mr. President, I yield myself 3 minutes then. Will it be all right?

The **PRESIDING OFFICER.** The Senator from South Dakota yields the Senator from Kentucky 2 minutes.

Mr. FANNIN. Mr. President, I yield the Senator time. I thought they had time, and I will be glad to yield the Senator time. I have 5 minutes left. How much time does the Senator desire? I yield whatever time he wishes.

The **PRESIDING OFFICER.** The Senator from Kentucky.

Mr. FORD. I have 2 minutes, I guess. Mr. President, I did not think I would create so much trouble here for a unanimous-consent agreement when I had it pretty well worked out, I thought, and when the manager of the bill took my place in the Chair.

On yesterday both sides agreed on an amendment on offshore natural gas. It seems, Mr. President, that we made two errors that need to be corrected. One is the date that the price should commence, and the other is we amended the act and we did not intend to go back to 1938. We intended to amend the section or apply it to this section.

So, Mr. President, I ask unanimous consent—and I have cleared it with both sides of the aisle—that in my amendment of yesterday, after the words "offshore Federal lands" add the words "which shall be effective November 1, 1975, and which shall be".

In section (g) of that amendment change the word "act" in the second line to "the Natural Gas Act Amendments of 1975" and after the word "to" strike "the enactment of this Act," and make it "November 1, 1975."

The **PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

The amendment, as corrected, is as follows:

On page 32, after line 24, insert the following:

(e) Pending the establishment of a national ceiling pursuant to section 25(a) of this Act by a final Commission order which is no longer subject to judicial review and within thirty days after the enactment of the Natural Gas Act amendments of 1975 and on January first of each year thereafter until such establishment of a national ceiling, the Commission shall establish an interim ceiling for rates and charges for the sale or transfer in interstate commerce by a producer of new natural gas produced from offshore Federal lands which shall be effective November 1, 1975, and which shall be equivalent to the average dollar valuation per barrel of domestic crude oil used by the United States Geological Survey or its successor Federal agency or office in computing the royalties due the United States on account of crude oil produced from all Federal lands during the calendar month ending thirty days prior to such determination. Such interim ceiling price shall be expressed in one million British thermal units and shall be determined by dividing such average dollar valuation per barrel of crude oil by 5.8. After the establishment of a national ceiling pursuant to section 25(a) of this Act by final Commission order which is no longer subject to judicial review, any producer who has sold new natural gas produced from offshore Federal lands during the period the interim ceiling price was in effect shall thereafter have the benefit of the natural ceiling: *Provided, however*, That the Commission shall have no power to order a reduction in the rates and charges for such sale below the interim ceiling price in effect on the dates of the establishment of the national ceiling.

(f) From and after January 1, 1981, there shall be no ceiling price applicable to the sale of new natural gas produced from offshore Federal lands.

(g) No price established by or pursuant to the Natural Gas Act Amendments of 1975 for new natural gas shall be retroactive so as to affect any price for any gas sold prior to November 1, 1975.

The **PRESIDING OFFICER.** Who yields time? Does the Senator from South Dakota yield time? Does either side yield time to run equally as to both sides?

Mr. HANSEN. Mr. President, does it seem fair when we have spoken and used practically all of our time that the Chair should impose that sort of a rule?

The **PRESIDING OFFICER.** The Rules of the Senate are doing the imposing, not the Chair.

Who yields time?

Mr. ABOUREZK. I have a little time I want to reserve and then yield to the Senator from Oregon. I have only 5 minutes left. The Senator has 11 minutes left.

Mr. HANSEN. The Senator's side has more time than our side, by far.

The **PRESIDING OFFICER.** The Senator from Arizona has 7 minutes remaining.

Mr. ABOUREZK. We will let them talk now, Mr. President.

Mr. FANNIN. That is certainly fair. That is just about the way it has been going on today with the desire of the Senator to take advantage of every little bit of disturbing the situation.

We realize exactly what the intent is, and if the Senator is trying to kill this legislation, trying to take advantage of the floor activities, that certainly is his privilege. But, Mr. President, let us look at just what is involved.

We are talking about an amendment that today is and yesterday was under consideration by the Judiciary Committee. How much sense does it make for us to be considering divestiture when Senator HRUSKA, the ranking minority member, said this was being taken up in the committee, the Judiciary Committee? Why are we involved on the floor of the Senate? It just seems completely out of order. Something as important as doing something about the shortage of energy in this country is not to be laughed about. It is certainly not something we should toy with, and to consider what is happening now, I think, is absolutely absurd.

We have important legislation. We should go forward with that legislation. We should not have amendments to this legislation that are going to result in a veto, an assured veto, and I am sure if Senators will consider that they want this legislation they will not go forward with their amendment.

I yield 2 minutes to the Senator from Illinois.

Mr. PERCY. I appreciate being yielded 2 minutes. I, perhaps, will not take that much time. I simply want to comment as a Member of the Senate asked to vote on a major oil industry divestiture amendment. We have three Cabinet officials testifying this morning before the Foreign Relations Committee, it is just impossible to be on the floor during the time when committees are meeting, and it is simply impossible for the Senator from Illinois to ascertain all of the effects that this amendment would have on an industry that is absolutely vital to the future preservation of the economy of this country.

We do not know what we are doing when we legislate on an amendment of this magnitude and of this scope on the floor of the Senate without an adequate chance to study it and without a report from a committee that has dug deeply into this matter.

It is a flashy amendment. It looks like it may do some good, but it may do some irreparable harm. I cannot imagine that we want to shake up the whole energy field at this particular time and shake to their roots companies that are owned by hundreds of thousands if not millions of stockholders, and not know what effect it will have upon those companies or upon the flow of energy and resources in this country.

I have no doubt this is a subject that should be dealt with by the Congress of the United States. It is an appropriate subject for discussion. But I think it should be dealt with in the ordinary course of events and in accordance with the tested procedures of the Congress of the United States.

We are without real knowledge as to what effect this amendment will have upon the American economy at a most perilous time in our history, when we have unemployment levels soaring at a height that has not been exceeded except in the Great Depression of the thirties, when we have begun an economic recovery that we are still not sure is a sustained recovery. For us to take this kind of destabilizing action to endanger the capital that might be available to an industry that needs capital today for exploration, development, for expansion to fill our future energy needs to make us less dependent on sources abroad, I think would be a great disservice. I shall vote against this amendment simply because I do not really know what I would be voting on, what effect it would have if we approved this amendment at this particular time.

The PRESIDING OFFICER (Mr. Ford.) The Senator's time has expired.

Who yields time?

Mr. ABOUREZK. Mr. President, I yield myself 2 minutes.

Every time somebody arrives on the floor we hear another statement about ill-considered legislation, and we have to describe the history of hearings on the measure we have before us.

Let me recite again, Mr. President, what the Antitrust Subcommittee has produced on the issue of vertical integration and the causes and effects of anticompetitiveness among oil companies.

In the past 10 years Senator Philip A. Hart of Michigan, who is chairman of the Antitrust and Monopoly Subcommittee, has held hearings that have filled 23 volumes, with more than 40,000 pages of testimony by 305 witnesses on these issues. If that makes our amendment an ill-considered piece of legislation, compare it to the consideration that the Sinai agreement got, for example, and to the $500 million that we voted for Israel 2 or 3 years ago on a floor amendment without debate and without hearings.

I think the Senator from Illinois, who just left again before he could hear the recital of this record, voted for those measures, which had no hearings whatsoever. The argument that this amendment comes to the floor without careful and long thought, as well as a substantial hearing record in the antitrust subcommittee—not to mention the Interior Committee and the Special Committee on Integrated Oil Operations—is simply invalid.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. GLENN. We will be glad to yield time to the Senator from Oklahoma if he so desires, if there is no other——

The PRESIDING OFFICER. The Senator from Ohio has no time to yield.

Mr. FANNIN. Who has the time?

The PRESIDING OFFICER. The Senator from Colorado has 1 minute; the Senator from South Dakota has 3; the Senator from Colorado (Mr. Haskell) has 3; Senator Mansfield has 2, and the Senator from Arizona has 2.

Mr. FANNIN. I will yield 2 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma has 2 minutes.

Mr. FANNIN. Will the Senator from Oklahoma bring out exactly what is happening on the floor at this time.

Mr. BARTLETT. Mr. President, I would like to read a telegram sent to me from Mr. C. E. Spahr, chairman of the board of the Standard Oil Co. of Ohio, dated October 22, 1975. He says:

> Amendments which would dismember the oil industry are scheduled for roll call votes on Wednesday, October 22, 1975.
>
> The Standard Oil Company (Ohio) expects to complete a $1.75 billion private placement financing in mid-November. This financing will be the key, arrangement in Sohio's program of financing construction of the Trans Alaskan Pipeline System. It will be the largest in the history of American industry as is this pipeline project. No one today doubts the importance of this project to the country.
>
> I strongly feel that Senate passage of either horizontal or vertical divestiture legislation would delay the completion of this complex financing arrangement, would delay our actual receipt of monies being borrowed and thus could delay the completion of the pipeline project.
>
> Sohio and the other companies in the project are doing everything possible to build this pipeline to bring Alaskan crude oil into the U.S. energy supply. We need help from the Congress and not further obstacles.
>
> We appreciate your support and want to have this additional information.

Mr. President, this, of course, is information that would be about the saddest news that the United States could receive on the energy front. We have counted on the Alaska pipeline oil coming in in just a couple of years and any delay of this would be a disaster for the domestic supplies of energy of this Nation.

I think the debate that has taken place here today just shows that the interest is not in solving the energy problem but, apparently, attack the oil industry.

If there is a desire to make some changes in the size of industries, then I think this should be very definitely dealt with in some detail, in very detailed studies in subcommittee and committees.

There has not been any report from a subcommittee made to a committee, yet I have been on one of the subcommittees that had 10 days of hearings on this subject and I know there is a tremendous amount of testimony in opposition to vertical divestiture or horizontal divestiture.

I think we should look very carefully at any steps we take.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BARTLETT. Mr. President, will the Senator from South Dakota yield me 1 minute?

Mr. ABOUREZK. I will yield 1 minute of Senator Mansfield's 2 minutes to the Senator.

The PRESIDING OFFICER. The Senator may proceed for 1 minute.

Mr. BARTLETT. Mr. President, today we are faced with much inaction on the energy front. We need to make some accomplishments, we need to bring on additional reserves of gas, we need to reverse the trend of declining reserves of oil and gas.

Here we are spending time talking about occupying the time of the leaders of the oil industry, of the bigger companies, into a divestiture proposal that would take so much of their time for several months or years that they would not be in any position to give the time to bringing on the additional supplies of energy.

I think it is vital that we pass the gas deregulation bill.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. ABOUREZK. I yield 3 minutes of Senator Haskell's time to the Senator from Oregon (Mr. Packwood).

The PRESIDING OFFICER. The Senator has 3 minutes.

Mr. PACKWOOD. Mr. President, let us sum up as best we can the major points we are trying to cover and forget this old argument that there has been no hearing.

There have been hearings until we are blue in the face.

One, there is a limit beyond which things should not get too big. Call it what we want, at some point we reach that.

One of the arguments we are talking about today is, have we reached that? I think we have, the opponents think we have not.

Two, if we divest the oil companies of their major production facilities or from the rest of their facilities will they become so weak and small they cannot get capital? Even if we divest these 15 major companies, in every case they will be among the 100 biggest companies in the United States today.

Mr. BARTLETT. Will the Senator yield?

Mr. PACKWOOD. No, I will not yield any more.

Mr. BARTLETT. The Senator has not yielded yet.

Mr. PACKWOOD. So they are not going to have any trouble getting capital.

A shortage of management talent? No. Many companies created out of this will be managed better than the companies today.

Are we endangering the United States in any way, shape, or form; are we endangering competition, endangering oil production, endangering refining or marketing? No.

Every single step we take here enhances competition, enhances business, and this has nothing to do with the deregulation of natural gas or the decontrol of the price of oil, or any of the other things we are talking about here.

There is only one issue, should these businesses be made smaller, more competitive, and the answer is "Yes."

Mr. BARTLETT. Will the Senator yield?

Mr. PACKWOOD. Yes.

Mr. BARTLETT. If the Senator desires they should be smaller, does the Senator think it is a better way to do it to have them divest or just to reduce the size?

Mr. PACKWOOD. I would prefer that they divest.

Mr. BARTLETT. Why?

Mr. PACKWOOD. I will not answer any more questions.

Mr. ABOUREZK. Mr. President, I will just take 2 minutes and I will be ready to yield back the remainder of my time.

How much times does the other side have?

The PRESIDING OFFICER. They have no remaining time.

Mr. ABOUREZK. Mr. President, I want to make one point. Opposition to this amendment generally centers on the claim that we are conducting an attack on oil companies and that we consider them to be evil.

I do not think it is necessary to comment on what anybody's opinion of oil companies is. What we have to remember if the men who run these companies sometimes seem bad it is not the people themselves but the system within which they operate. It is the structure of the industry that makes them the way they are; that makes them greedy, that makes them use their power for enlarging their companies and makes them think that they should be allowed to make decisions about the Nation's resources and what people should pay for their fuel, free from the confusion of the competitive marketplace and any limits whatsoever as they choose where and when and how to develop the essential resources they control. If we are now prepared to deregulate the price of natural gas, which has been regulated for the public good for over 20 years, we should be prepared to insure that all of the safeguards of the competitive market are in good operating order.

The only way to change that is not to conduct an attack on the oil companies and the oil company executives, but to change the system itself, to try to reduce their economic power so that they can no longer conduct themselves the way they have been.

I think it is important to remember that we will never change our economic system for the better in the United States unless we decide to do it here today.

Mr. President, I am ready to yield back the remainder of my time.

Mr. FANNIN. I yield back the remainder of my time.

Mr. ABOUREZK. Just a minute.

Mr. FANNIN. All time has been yielded back.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. DURKIN. Mr. President, for the past 2 years, Americans have been subjected to a massive propaganda blitz designed to permit the oil industry to charge the consumer billions of dollars more for the energy he must have. For half a century, these companies have been scheming to restore their stranglehold over our Nation's energy supply, a stranglehold made possible around the turn of the century by Standard Oil's integration of the production, transportation, refining, and marketing processes within the petroleum industry.

That monopolistic grip on our energy lifeline was finally shattered in 1911 through the successful application of the Clayton Antitrust Act. Since the breakup of the Standard Oil trust at that time, a cudgel of economic power that great has never again been wielded in America.

Until now.

Today, Mr. President, 65 years after the elimination of the Standard Oil monolith, this Nation finds itself confronted once again by the extortionate demands of a unified, noncompetitive oil industry. The demands are clear: we are being asked to tear down the last regulatory barriers standing in the way of a $25 billion surcharge on the consuming public. And just as important, we are being asked to accept the oil industry takeover of the alternative sources of power.

Mr. President, let there be no doubt of the dimensions of the ultimate threat that lies ahead. Already, the oil octopus includes 16 major companies, with a combined 1974 income of $195 billion—more than the gross national product of all but 6 of the world's nations. Add to that the anticompetitive, dependence-fostering potential of developments such as the buying up of solar energy patents, the diversification into uranium milling, and control of increasing amounts of the Nation's coal reserves by the oil industry and we are left with the awesome specter of giant energy concerns whose economic size and political power would dwarf even the Federal Government.

The petroleum predators are playing for real. Though most of our Nation's oil and gas reserves are located on public lands, leased to the producers through 5-year agreements, those producers are now sitting on our supplies to insure a shortage. Companies have stopped drilling and have capped wells to try to stampede this Congress into permitting unfettered prices.

As evidence of this, Mr. President, I present two documents and ask unanimous consent that they be printed in the Record at the close of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibits 1 and 2.)

Mr. DURKIN. The first is an article from the Washington Post of Sunday, October 19, by Morton Mintz. It describes in detail the withholding of natural gas from the hard-pressed interstate markets that has caused and will continue to cause economic dislocations as long as the "incestuous relationship" described in the story between producers and affiliates is allowed to continue. The second is a statement by Chairman John Moss of the House Investigations Subcommittee in testimony to the House Committee on Commerce regarding the fraud being waged on the American public by the major oil firms who are consorting with each other in the supply and pricing of natural gas.

Mr. President, when the oil companies ask for unregulated prices, what they are really asking for are OPEC prices and OPEC profits. Of course, we are told by oil executives that if we allow the price of our two most important and necessary fuels—oil and natural gas—to rise to parity with the $14.50-a-barrel benchmark set by the OPEC cartel, our supply problems will be over. And rest assured, say the oil barons, we will be getting the best possible price on the product because of the economies of scale that their integrated operations afford them.

Well, Mr. President, we know from the Saudi Government's own figures that such prices are outrageously inflated. The production costs for a barrel of Arabian oil is roughly 6 cents; yet, the American people pay upwards of $15 a barrel when their crude reaches this country. This is the price for which our domestic producers are screaming, the price which will see an additional $25 billion each year thrown into the bottomless barrel of American oil companies. And to get this price, these companies are willing to cut off gas to Pease Air Force Base and close down industry and businesses throughout the state of New Hampshire as winter approaches. And the situation in my State is only an example.

If all this Congress does is deregulate, inescapably we will end up paying those prices. We will have no choice, for as the system stands now, each integrated oil company wears a succession of hats: producer, refiner, shipper and marketer. Not surprisingly, with the distinction between "buyer" and "seller" lost in the corporate shell game, the bloated oil octopus can pass its products down the line to the consumer.

But, Mr. President, there is another way for us to go. We can both change the basic structure of the oil industry itself and act to chop off those industry tentacles before they secure themselves around nonpetroleum and nonnatural gas sources of power.

For this reason, I have joined the distinguished chairman of the Senate Antitrust Subcommittee, Senator Phil Hart, and my colleagues Gary Hart and James Abourezk, in calling for a vote today to prevent the major oil companies from controlling their industry from gusher to gas pump. The proposed vertical divestiture would, very simply, require firms who wanted to buy crude oil stocks for marketing or refining purposes to bid against each other for the supplies from the well, instead of with each other. No longer will oil conglomerates be able to soak the consumer at every turn, for the free market system will insure real competition to hold prices down.

And, Mr. President, to help reverse the spread of the oil giants into other energy fields, with all that portends, I have joined as a cosponsor of the Kennedy-Hollings amendment, No. 963, which will prohibit any petroleum corporation from controlling firms producing any competing energy supply.

Mr. President, decades ago, Congress acted in dramatic fashion to free the American public from the domination of its energy supplies by monopolistic forces. The challenge now falls to us.

Two weeks ago, 45 Senators voted to return to the traditions of the free marketplace in America by requiring a total divestiture of the oil industry. I certainly hope that that same spirit will prevail today with the adoption of these amendments to restore a competitive structure in the Nation's most vital economic sector.

(Exhibit 1)

Agency Knew of Shortfalls

(By Morton Mintz)

The government knew at least four years ago that natural gas producers were failing to deliver gas to their pipeline customers in the amounts specified in contracts, but did nothing about it.

A Federal Power Commission official acknowledged this in a July 18 internal agency memo just discovered by the staff of the House Energy Subcommittee.

The gas shortage the nation now faces—which assures widespread layoffs and plant shutdowns with the onset of cold weather—would not have developed "if the FPC had enforced the contract provisions," David S. Schwartz, the agency's former assistant chief economist, told a reporter yesterday.

He made that judgment after reviewing the memo and other evidence gathered in a three-week subcommittee staff investigation made in preparation for a hearing that starts Friday.

Schwartz said he was influenced in part by FPC Chairman John N. Nassikas' disclosure that so-called "nonproducing dedicated reserves"—gas in the ground set aside by producers to ensure that they can meet future contract commitments—actually increased last year.

Testifying at a hearing held by Rep. John E. Moss (D-Calif.) in July, Nassikas conceded that such nonproducing reserves had increased from 7.9 trillion to 8.5 trillion cubic feet in 1974 alone, and then comprised 31.1 percent of all reserves set aside by producers for their interstate pipeline customers.

One of the major questions addressed by the subcommittee staff, in a report to Chairman John G. Dingell (D-Mich.) and by Schwartz, was why neither the FPC nor the industry has said or done anything since 1971 or earlier about the defaults by the producers.

Schwartz said it would be "irrational" to have expected the commission to enforce the contracts because it—and the White House—have been citing the claimed gas shortage for years as a primary justification for ending FPC regulation of wellhead prices.

The Senate shortly is expected to pass a deregulation bill. Schwartz and the subcommittee estimate the cost to consumers at between $9 billion and $11 billion a year.

Under pressure from Capitol Hill and the courts, the FPC on Friday formally asserted that the Natural Gas Act empowers it to force producers to live up to their contractual obligations with interstate pipelines.

The action came three months after FPC Deputy Counsel Robert W. Perdue, in the July 18 memo, told Chairman Nassikas that the agency could find that "the public interest" required it to compel producers to deliver the gas they had contracted to deliver.

Until after the Nixon administration took office on a platform calling for deregulation, the industry regarded the sanctity of delivery contracts as "an accepted fact," Perdue said. But "in the past four or five years, the pipelines have become more than reluctant to acknowledge" nondeliveries, while "the producers have maintained a public silence," he added.

Nassikas, who has resigned, effective Monday, has contended that he had not known of an enforcement problem. But the subcommittee staff said not only that the issue had been raised in a 1971 FPC hearing cited in the Perdue memo, but also that "the noncompliance controversy was common knowledge within the agency for a number of years."

No pipeline ever has taken a producer to court for failing to deliver the gas it had contracted to deliver. The reason, the staff told Rep. Dingell, is that "an apparent incestuous relationship" between producers and pipelines substitutes for the arms-length relationship between buyers and sellers that exists in a competitive environment.

One of the producers with "significant" nonproducing dedicated reserves is a Tenneco, Inc., subsidiary whose pipeline customer is another Tenneco subsidiary.

Among the 19 largest producers under contract to the huge transcontinental Gas Pipeline Co. (Transco), which has drastically curtailed its gas deliveries, only about one-third are fulfilling their obligations.

One of the 19, Union Oil, told an FPC hearing on the Transco situation last week not only that no pipeline ever had questioned a shortfall in gas delivery, but also that higher wellhead prices will not induce it to drill new wells in existing, equipped fields.

Transco, which serves East Coast customers, including Washington Gas Light, did not even know, in most cases, that daily deliveries from producers were less than the contractual amounts, FPC investigators have found.

"There appears to be blind faith on the part of the pipelines in the acceptance of the producer as an 'honorable' partner," the subcommittee staff said.

Citing "administrative negligence" that was "not unique," the staff told Dingell that Transco carried on its books "39.5 TCF in reserves that, according to the producers, never existed . . . Why should the federal government be expected to bail out these mismanaged pipelines" with deregulation?

The subcommittee staff also told Dingell:

That FPC documents show "the pipelines do not want to aggravate their producers in fear of being completely cut off from future gas supplies," and, in any case, would not want to sue producers with whom they are partners in various joint ventures.

That FPC Assistant General Counsel George Lewnes admitted in an interview that the agency has "miserably understaffed" an investigation of Transco's shortages which was ordered in August by the U.S. Court of Appeals and thereby has "doomed (it) to failure."

That the FPC has also engaged in "deliberate undermining" of another investigation, into the withholding of non-producing "dedicated" reserves, and that Congress should substitute its own inquiry.

EXHIBIT 2

TESTIMONY OF THE HONORABLE JOHN E. MOSS BEFORE THE SUBCOMMITTEE ON ENERGY AND POWER

RE H.R. 9464, NATURAL GAS EMERGENCY ACT OF 1975

Mr. Chairman, I would like to commend you and the Members of the Subcommittee on Energy and Power for considering legislation to alleviate this winter's anticipated shortage of natural gas. In addressing ourselves to this problem, I cannot urge too strenuously, however, the need for Congress to refrain from enacting measures that would appear to open the door to the ultimate deregulation of natural gas.

The current shortage of natural gas is not, as some contend, the inevitable result of Federal regulation which provides natural gas producers with a generous 15 percent rate of return on their investment. It is rather the result of two factors: the failure of Congress to extend regulation to the intrastate market and, more importantly, the result of industry speculation concerning future increases in the price of natural gas. As a result of the growing gap between intrastate prices and the FPC regulated price, since 1971 almost all new gas supplies produced onshore have been consumed in the producing state: Texas, Louisiana and Oklahoma now consume more than one-third of the Nation's total gas supply. Federal price regulation of natural gas has not, and will not, work until such time as Congress convinces the petroleum industry that regulation is here to stay. Haskell P. Wald, Chief Economist of the FPC, for example, has referred to "the damaging effects of public pronouncements by government officials that FPC regulation of gas producers was unworkable and should be abandoned." According to Dr. Wald:

". . . On the one hand, the Commission's official position, as in the Southern Louisiana area rate proceeding, was that its new ceiling rates offered 'reasonable incentives to find gas and dedicate that gas to the interstate market,' but on the other hand the industry was being told by responsible officials that the regulated prices were too low to make exploration and production attractive. The undermining of the Commission's policies by the mounting anti-regulation campaign, along with other developments which had the effect of encouraging the expectation of higher future prices, goes a long way toward explaining the deteriorating gas supply after 1968."

In mid-1969 John N. Nassikas, in assuming Chairmanship of the FPC, told the New York Times that he favored a "Nassikas Round of gas rate increases." We've had our "Nassikas Rounds" of price increases that have increased the ceiling price of new natural gas from 16.5 to 20 cents per thousand cubic feet in 1969 to the present 52 cents per MCF. We have had on top of this a Nassikas round of alternatives pricing procedures that permit producers to get prices even higher than those permitted under the FPC's standard area rates and still we face critical shortages of natural gas. After a 250 percent price increase, we have even less gas available than before the increase.

What is needed now is not price increases but a final round in which the Congress of the United States ends industry expectations concerning future windfall increases in the price of natural gas and the abandonment of Federal regulation.

Evidence of the speculative withholding of natural gas has been incorporated into the record of various proceedings before the Federal Power Commission. In July 1973 in a rate case involving a small gas producer, an FPC administrative law judge noted that "the seller is in a pre-eminent position and may be able to refuse an offer of an interstate pipeline when there is not an extant intrastate purchaser. That is so because there is a strong possibility that the carrying costs for holding gas off the market are so low compared to future possible benefits . . . that the producer may shut in the well if the application is denied even if he has no other immediate market." The Judge projected that the carrying costs in that case—even assuming interest rates as high as 20 percent—would be less than $40,000 annually, as opposed to a possible gain of more than $2 million if he waited for higher gas prices.

In another proceeding before the FPC in 1973 a witness for the Okmar Oil Company was asked what he would do if his application to sell gas to a particular pipeline at 61 cents per MCF was denied. He replied that he would sell to the unregulated intrastate market or "not market the gas at all. Uncommitted gas reserves now are apparently among the finest assets that a company can have," he testified. "We are being contacted by other gas producing companies who are interested in buying the reserves *in situ*. They have expressed their willingness to bid on the 'come' so to speak, to take the gamble that the reserves would appreciate in the ground."

Mr. Chairman, I would like to introduce into the Record at this point an article from the June 23, 1975, issue of *The Oil and Gas Journal*. The article notes that only 48 of 1068 Gulf of Mexico tracts leased since 1970 are producing. Many of those leases have not even been explored. The Subcommittee on Oversight and Investigations has identified more than 60 leases that have been held for two years or more for which not a single exploratory well has been drilled.

Additional evidence of speculative withholding emerged when the Subcommittee on Oversight and Investigations uncovered serious discrepancies between testimony before the Federal Power Commission and the facts about the reasons for the curtailments last winter to Transco, the interstate pipeline. Mr. Chairman, I would like to leave with you, if I may, a copy of the Subcommittee's recent hearing and preliminary staff study on the matter. Transco serves the residential gas needs of 25 million people and the industrial needs of factories employing over 1.25 million workers.

With respect to Cities Service—one of the majors and a supplier to Transco—the Subcommittee examined management decisions to delay starting a four-month workover from May 1974 until September, which extended it into the winter months when uninterrupted gas supplies are more critical. The wells in question were supplying Transco with a daily average of 85–90 thousand cubic feet of gas.

At the FPC hearings, Cities officials testified that the reasons for the delay in starting the workover were unavailability of a rig and unavailability of tubing. Staff investigators found that both tubing and a rig were available, and that if Cities had shown due diligence, it could have brought this gas on line before the start of the winter heating season.

Cities was locked into a long-term contract with Transco to supply gas at the area rate of $.25 MCF, but there is reason to believe that Cities may have delayed the workover to influence the debate over decontrol.

In another case, Mitchell Energy Corporation, a large independent, contracted with Transco to deliver gas in the Gulf of Mexico by November 1—well in advance of the '74–'75 winter heating season. However, the gas was not brought on line until seven months later, and the loss to Transco was at least 2.4 billion cubic feet.

At the FPC fact-finding proceeding, a Mitchell official testified that there were no records concerning the delay, that a month was lost due to bad weather in the Gulf, and that the fabricator of the production equipment had wasted time looking for used rather than new equipment. Whereas the facts—as uncovered by the Subcommittee—reveal that there were continuing design changes in the production equipment by Mitchell and over 30 documents in Mitchell's files concerning the delay; that only six days—not a month—were lost to bad weather; and that Mitchell's contract with the fabricator called for the use of used equipment.

What was Mitchell's motive? On June 21, 1974, the FPC issued Order 699 eliminating area rates and setting a national rate of $.43 MCF. Petitions started pouring in to the FPC from industry saying the rate was too low. On August 2, the FPC announced it would reconsider, and the assumption within the industry was that it would be reconsidered upwards. On December 4, 1974, the FPC issued Order 699–H raising the wellhead price of gas to $.51 for gas from wells hooked up after January 1. By bringing the gas on line after January 1, at the higher rate, Mitchell stood to gain $496,000. This case has now been referred by the Subcommittee to the Justice Department which has referred it to the U.S. Attorney's Office for appropriate disposition, pursuant to the criminal laws of the United States.

Other evidence that producers may be holding out for a higher price is contained in a study prepared by a major oil company that I would like to introduce into the record. The study seeks to project future increases in the price of new interstate natural gas. Under the heading "Most Likely" the study projects an increase in the price of new natural gas of 57 cents per thousand cubic feet in 1976; 64 cents in 1977; 92 cents in 1979; $1.06 in 1980 and a $1.21 in 1981. This increase in the price of new natural gas from the current 52 cents per MCF was predicted, moreover, on the basis of continued FPC regulation. In the event of deregulation, the study projects prices "above the BTU equivalent market price for crude oil" that would result immediately not in a doubling, or even a tripling of the current price of new natural gas but a 450 percent increase in the price of new natural gas of $2.25 per thousand cubic feet.

The message of this Subcommittee and of the Congress of the United States to the speculators who prepared these forecasts should be NO. No, we are not going to permit you to get $2.25 per MCF or anything like it. No; we are not going to permit big oil to destroy chances of economic recovery, to increase unemployment, and to raise havoc with the economy by replacing Federal price regulation with OPEC regulation. The choice is not as some would have it between regulation and no regulation. Rather, it is between having our government set the price of natural gas based on cost plus a fair rate of return, or in having the OPEC nations do it for us by permitting natural gas producers to peg the price of natural gas to the OPEC set price of oil.

Now, insofar as the particulars of H.R. 9464 are concerned:

I accept fully the stated purpose of the bill concerning the need "to establish temporary emergency authorities for minimizing the detrimental effects on employment, food production, and public health, safety and welfare caused by natural gas shortages. I would be most reluctant to accept, however, one of the means by which the bill seeks to accomplish that goal by having the FPC establish area ceiling prices applicable to any first sale of onshore new natural gas, based on the August 1975 intrastate prices. Those prices currently average from $1.00 to $2.00 per MCF as contrasted to the current interstate price of 52 cents per MCF.

This tremendous price hike in the interstate price of new onshore natural gas, although limited to June 30, 1976, cannot help but to reinforce industry expectations concerning the speculative bonanza that would await it in the event of de-control and may contribute to a deepening rather than a lessening of current gas shortages. Granted the bill contains a penalty provision to prohibit the future sale of natural gas that "could have been produced or sold" during the period in which the Act is in effect, the temptation to withhold gas for sale to the intrastate market after June 30, 1976, remains great as compared to the ability and desire of the FPC to determine instances of withholding, as evidenced by the FPC's admitted failure to adequately investigate the Cities Service and Mitchell withholdings.

I recommend to this Subcommittee the following measures to alleviate this winter's anticipated shortage of natural gas:

(1) A permanent extension of FPC price regulation to the intrastate market at current ceiling prices.

(2) A system of end use controls that would restrict the sale of gas to essential users. End use priorities should be based on need rather than means. For that reason, I oppose provision in H.R. 9464 that exempts sales of new natural gas by producers to pipelines that result from advance payment arrangements entered into prior to September 9, 1975. The advanced payments program should be recognized for what it is. Namely, a device by which producers have been encouraged by the FPC to extract bonus payments from pipelines for the purpose of providing the producers with free capital, the cost of which has already been provided for in the FPC's area rates.

(3) In this coming winter we have been assured that there are going to be serious curtailments of natural gas supplies across the country. Large segments of our Nation's industry are going to be without the basic fuel to keep going. The reason they are going to be without fuel is because the pipelines who have promised to deliver the gas are now not able or not willing to deliver on their commitments. This deliverability problem has been around for some time and I am sorry to say that the FPC has, "by oversight, neglect or sheer dereliction, failed to take affirmative action in accordance with its own regulations." And those words, Mr. Chairman, are the words of Mr. Nassikas.

FPC regulations governing applications for certificates for the interstate sale of natural gas (Section 157.23) require the producer in his application to set forth the contract volumes to be delivered on a daily or annual basis. You will recall, Mr. Dingell, the assurance the two of us received this past July 18 from FPC Chairman John Nassikas that the FPC was planning "to examine in depth whether the pipelines are diligently pursing their contractual remedies against producers to compel maximum deliveries." In order to compel these deliveries the contracts must specify volumes.

Yet, Oversight and Investigations Subcommittee staff investigators determined yesterday that the FPC has been ignoring the requirement holding producers to a deliverability requirement as a condition of certification. Mr. Nassikas admitted to my Subcommittee investigators that the volume requirement is essential for purposes of maintaining deliverability. The FPC, he said has no idea of the number of contracts that have been certified without any specification of this required deliverability. Nor, he said, did the Commission know how long these regulations have been ignored, although he indicated that these violations may have been going on for more than two years.

I believe the Commission must immediately undertake the steps necessary to insure that all certificates on file with it include a deliverability requirement. This is simply requiring the producers to fulfill their lawful obligations. Having done so, the Commission should proceed to enforce those minimum supply requirements through court action if necessary, as we were promised last July.

(4) Rather than authorizing the Secretary of the Interior to establish a "temporary emergency production rate" for a particular field in excess of the established maximum efficient rate of production as called for in H.R. 9464, the FPC in the event that a producer is not meeting its minimum supply obligations should be authorized and directed to compel the producer to drill such additional wells or completions as may be necessary to meet that contract obligation. Such a course can be undertaken without jeopardizing the amount of natural gas or crude oil that may be obtained from those fields.

(5) The FPC currently classifies 8.5 trillion cubic feet of offshore Gulf of Mexico gas in the category of "non-producing dedicated reserves." This term refers to gas that has been discovered and dedicated for sale to a pipeline but which is not being produced. According to the FPC, the bulk of the non-producing reserves "behind the pipe," that is, that the gas is included in a zone above that currently being worked. The drilling of an additional well to capture the gas from the higher zones can be undertaken without threatening the amount of gas to be recovered from a particular field. The FPC should require the drilling of all such wells as may be required to enable a producer to meet his minimum contractual obligations.

(6) The Oversight and Investigations Subcommittee is currently investigating two major gas fields that are committed to the interstate market to determine why production has declined more rapidly than anticipated. Preliminary indications are that the drilling of additional wells could substantially increase the amount of gas from these fields to the interstate market. The Subcommittee investigation suggests, moreover that the companies involved have assigned higher priority to the development of small intrastate fields at the expense of their larger interstate fields.

(7) A mandatory allocation system among pipelines that would lessen the impact of the shortage on customers of pipelines that are most critically short of gas.

For the longer term, Congress, while giving full support to continued FPC cost-based price regulation, should take additional steps to insure the prompt long-term production of our oil and gas reserves. Such steps to include a requirement that producers explore and develop offshore leases in a timely fashion, the establishment of a Federal oil and gas corporation for use as a yardstick in regulating oil and gas production and stepped up antitrust enforcement to reduce the major's market influence.

Mr. STONE. Mr. President, over the past several days the Senate has been debating various proposals requiring divestiture by petroleum companies of certain operations and interests in alternative energy resources or various levels of the same energy area. The Senate has already had a vote on one of these proposals before the October recess.

While I believe that this debate is an important one and one which the Congress should pursue, I do not believe that the present bill is the proper bill in which to seek to resolve the very complicated issues associated with divestiture in or from the petroleum industry and all other energy areas.

It is absolutely critical that the Congress enact legislation to deal with the natural gas crisis the country faces. Unless we now put into place a policy which encourages the greatest possible production of natural gas and makes available more gas for interstate pipelines, we will shortly be thrown into an energy crisis of very serious proportions.

In my opinion, it is impractical and unwise to attempt to make a legislative determination on divestitures in the energy industry while the Congress is chiefly trying, with considerable difficulty, to adopt a policy with respect to natural gas pricing. For this reason, I shall vote against the various proposals for divestiture now being debated in the Senate.

I do think it is necessary for the Congress to come back to these proposals in the near future and examine the questions which have been raised about the structure of the energy industry in America. The effect of various divestiture proposals on energy production, on energy prices, on unemployment and on the very fabric of our economic life is a matter of great national concern. It is certainly the business of Congress to study this subject and to determine whether changes in the structure of the energy industry are helpful in the national interest. In particular, Mr. President, I believe the time has come to examine the consequences of large companies having extensive control over alternative energy resources. Many citizens have expressed concern about the increasing control of nonoil energy resources by large petroleum companies. I share this concern and hope the Congress will give this matter its careful attention in the very near future.

Mr. MORGAN. Mr. President, the energy crisis, with all the problems that it has caused, has been a long time coming. The energy crisis of which I speak includes not only the crisis with oil but also with natural gas. If the Nixon administration or the Congress had only addressed themselves to the problem sooner we probably would not be going through the economic anguish in which we presently find ourselves.

There can be no doubt but that part of the present energy crisis is related to the lack of competitiveness found in the oil and natural gas industries. In June of 1973, when I was attorney general of North Carolina, I testified before the Judiciary Subcommittee on Antitrust and Monopoly. Directing my comments to a question concerning possible alternatives of the Federal Government in preserving competition in petroleum marketing I stated:

> I feel that legislation should be aimed at giving the Federal Trade Commission and the Federal Courts greater discretion and direction to prevent the growth of energy companies to the point that they become multi-fuel, international cartels. In any case where such cartelization is found to be realized or insipid, the Commission and the Courts should be given the authority and direction to order divestiture as the means to restore and maintain competition in the finding, production, transportation, processing and marketing of energy.

While the comments I made before the Antitrust Subcommittee are primarily directed at horizontal divestiture by the major oil companies, many of the same arguments can also be made for vertical divestiture. The concentration of any industry in the hands of a few individuals and corporations has the inevitable result of harming the consumer through reduced competition.

Therefore, Mr. President, I believe the Congress must come to grips with the question of competition in the oil and natural gas industries. However, I plan to vote against the major producers divestiture amendment which has been offered. The reason for my vote is that I do not think we should attach legislation concerning vertical divestiture, legislation which would have a substantial impact on the petroleum industry, to a bill designed to provide emergency relief from the natural gas shortage.

I am very concerned about natural gas. As my colleagues know, this shortage will hit my State of North Carolina as hard or harder than any other State in the Nation. It is imperative that we provide emergency relief, for without doing so it is estimated that in North Carolina alone thousands of jobs could be in jeopardy during the coming winter.

I do not want to add an amendment of this nature, an amendment which directly and solely affects the oil companies and their production, refining, transporting and retailing of oil products. The emergency natural gas legislation, S. 2310, is too important to be jeopardized with this amendment on vertical divestiture of major oil companies.

It is my hope that the Senate will soon be able to consider S. 2387 which is pending in the Antitrust Subcommittee and which provides for the promotion of competition in the petroleum industry. This bill is very similar to the major procedures divestiture amendment and I feel should be taken up and considered by the Senate on its own merits without being attached as an amendment to this legislation concerning natural gas.

Mr. CLARK. Mr. President, I strongly support the vertical divestiture amendment being offered by Senator Phil Hart. One of the things we all pay good lip service to in this country is the idea that too much power in too few hands is bad for social and political reasons—as well as economic.

For years, this country has feared the excesses of concentrated economic power. Efforts to deal with the problem of concentration in industry began before World War I and continued until the advent of World War II, when we centralized our economy through the War Production Board to meet the demands of our Armed Forces.

Despite all this early history, we have taken no significant steps to remodel the economic structure of our country. Perhaps we lacked the courage—or the vision—or the patience to wade through the problem to the point of remedies.

Or perhaps the dangers never really seemed that imminent.

If such delay and turning away from the problem was ever wise, I do not believe it is any longer.

For there are really only two choices for a country: a regulated economy or a free economy.

We have tried limited regulation in this industry with no spectacular success.

That is a dangerous road to follow. Once we start with limited controls, and they do not work, it is a little too tempting to add some more controls, and eventually to end up with an economy based on big business, planned and controlled by the Federal Government.

Government regulation is not the way for a democracy. The tradeoff—less power in the hands of a few citizens for more power in the hands of Government—is a bad bargain.

It would be far better to have an economy where the marketplace is the regulator, the rules are fair for all, and the most efficient and most diligent are the most successful.

Under this system, freedom prevails—freedom for companies to succeed and fail—freedom of movement for employees—freedom for beginning new companies—freedom for Government from the will of superpowerful corporations—freedom for consumers to make companies respond to their desires.

This is the type of freedom that has been the traditional goal of the antitrust laws, beginning in 1890 with the Sherman Act, the granddaddy of them all. This law sought to wipe out the power over men's lives—as well as the economy—exercised by the trusts.

By the time the Clayton Act was passed in 1914, Congress had recognized that economic power in and of itself was a thing to fear. The Clayton Act was designed to prevent the acquisition of monopoly power, not merely its abuse. In 1950, Congress reiterated its intent to prevent concentration brought about by mergers which tend to substantially lessen competition or to create a monopoly in any line of commerce in any section of the country.

But, in spite of the intent of Congress, the laws were not vigorously applied to prevent the development of monopoly power. The Sherman Act was followed by the first great wave of mergers in our economy, beginning around the turn of the century. DuPont put together nearly 100 companies to develop a near monopoly in the explosives industry. United States Steel put together 180 companies. United States Rubber, General Motors, American Can, International Harvester, and a host of other giants were products of this era. The merger movement was halted not by the antitrust authorities but by a 1903 stock market crash and financial panic.

The Clayton Act was followed by the second great merger wave in the 1920's. This, too, was halted by the stock market crash of 1929 and the Great Depression, not by the Antitrust Division or the Federal Trade Commission.

We have just experienced the third great merger movement in our history, from the mid-1950's through the 1960's. Again it was more the stock market than the antitrust agencies which, hopefully, halted it or at least slowed it down considerably.

We seemingly are caught in our own web: Popular reasoning is that while dismantling some of these corporations is theoretically in the public interest, the effect of the dismantling would be too disastrous.

To accept that is to accept that we must allow Government to be increasingly the handmaiden of the corporations and we must sit back while we watch public government be replaced by private.

Mr. President, passage of this vertical devestiture amendment will be a clear signal that we do not buy that theory. I hope that we will pass the amendment and give that signal.

Mr. BARTLETT. Mr. President, in opposing this amendment I will make three points.

First, if we require this mammoth breakup of the private companies that compose our domestic oil industry, we set a precedent that threatens much of the rest of the economy with the same action.

Second, the first precedent that exists for taking this action—that being the case under the Sherman Act by which the Supreme Court broke up the Standard Oil Co. of New Jersey—is in no way comparable to the conditions of the present situation.

Third, the oil industry has developed an efficient way of operating in our complex economy. Is the Senate ready to break up, dissolve, dismember, divorce, or divest that industry based on theory only with little evidence to show it would be an improvement?

An assessment of the "divorcement" of the petroleum industry should start with a look at the reasons the industry integrated in the first place. All companies started in one function, either production, transportation, refining, or marketing. Each company saw the need to integrate vertically to make it a viable entity to compete with other companies. The strategy of each was different. Some expanded directly into the other functions, some integrated by acquisition, others used both methods.

The company that started as a producer reasoned that if it built a refinery and processed its own crude, products could be provided to the marketers with less expense. At the same time, the stockholder was provided with a better return on a more consistent basis. The company then saw the need to expand into marketing to provide an outlet for the refined products. By fully integrating, the company was able to provide products to consumers cheaper than before.

Some companies starting out as refiners saw the feasibility of providing a direct outlet for their products and expanded into marketing. Some refiners saw that overall costs could be lowered by establishing production of their own. Others went both ways.

Companies in marketing saw the need to establish a supply of their own and thus built or acquired refineries and then moved into the production.

This integration took place over a long period of time. As each move took place, competition in the marketplace increased as these companies became stronger. As the companies grew and became completely integrated they had the ability to raise debt and equity more easily and at less cost. The companies were able to provide a picture to the financial community of a less risky venture with more stable earnings.

These companies have been able to provide cheaper products to the consumer because of the consolidated base from which they operate. Operating costs are lower because of a single management group for all functions and the ability to adopt ones own production, transportation system, refineries and distribution facilities to meet demand at the right place at the right time. External financing costs are also lower because an integrated operation commands a lower interest rate on borrowings. An attractive rate of return to an investor or stockholder can be obtained by balancing the more risky and the less risky elements of the industry.

The U.S. tax laws were constructed to make the production of crude oil the focal point of a company's operation and the other functions were operated to produce this oil. A separation of the integrated companies will mean that each segment must be a focal point and command a rate of return commensurate with the risks involved. As these integrated companies have operated to provide the consumer with the lowest cost products, any separation must by necessity cost more. Each segment of the industry would have to stand on its own in order to attract capital.

Marketing would probably be the most vulnerable. There are about 150,000 independent service station operators in the country and very few own their stations. If these operators must purchase the stations, a great many would go out of business because of lack of capital on the part of the operators. The stations would have to be purchased and financed in the mortgage market which is woefully weak. Most service stations have been built by the integrated companies then sold, leased back, and then leased to the operator.

The companies have been able to do this because of the size of the packages and the ability to make repayment from other sectors of the business in the event of problems. If the presence of the integrated company is eliminated, very few stations will be built. If the operators picked up the leases with the present owners of the properties, the leaseholders would probably want a guarantee of supply and sales to effect repayment. All these measures will drive the cost of marketing much higher. The delivery of product to a good portion of the stations or bulk terminals is provided by the integrated companies now and sustained to the lower volume stations only because these deliveries can be combined with larger drops. Each marketer would probably need to pick up at the refinery gate adding substantially to costs.

The passage of any bill containing divorcement provisions even with the possibility of veto would have a profound effect on the financial markets both here at home and abroad. The companies supposedly the target of divorcement have a market value of 10 to 15 percent of all securities traded on the New York Stock Exchange. Those securities are in the hands of millions of individuals and held by trusts and pensions systems for the future benefit of many more millions. The market will react to this type of action as if it was confiscation and a selloff should take place. Not only will petroleum stocks be affected but the whole market will suffer with the belief that if it can happen to the petroleum industry it can happen to all.

The monumental task, both mechanical and financial, of trying to separate assets, find buyers, finance the acquisitions for close to $50 billion of net fixed assets will upset money markets for years. With the prospects for a capital shortage facing the United States, the use of funds to set up companies for a redistribution of assets seems to be a tremendous economic waste. Default of New York City debt will pale by comparison.

The refineries could not be set up without a specific, adequate, and guaranteed supply of crude. This means a program to allocate U.S. production, spawning a large bureaucracy, and continued controls. As controls seem to be the only way to make divorcement go, it would appear that bureaucratic control is the aim of the bill.

The proposed aim of the bill is to protect the consumer by fostering competition and lowering the price of products. Unfortunately divorcement will only serve to drive the price to the consumer up. The short-term expedient of attempting to lower prices will only result in a long-term shortage of energy. Providing an adequate supply of oil and natural gas to the American public should be the only way to protect the consumer.

Michael Halbouty, a prominent independent producer, has a very vivid description of divorcement. He says that the petroleum industry is like a hand with the five fingers acting together to make the hand go. If one then proceeds to sever the five fingers, the hand then cannot perform its appointed task in the same manner. Thus if the industry must be separated by function each acting independently the U.S. consuming public will be the one who suffers in the long run.

Mr. President, the pending amendment would require the vertical dismemberment of the large integrated oil companies in this country. The theory is that a few companies have amassed such a high concentration of business they are able through either monopoly or collusion to charge higher prices than a free market would allow.

The number of independent producers of crude oil and natural gas has decreased from approximately 20,000 to only 10,000 in the past 15 years. This decrease has not occurred for lack of competition in the petroleum industry. This decrease has occurred because of both direct and indirect Federal price regimentation for the past 20 years. The Congress, by adopting the Pearson-Bentsen amendment, could take a great stride toward increasing the competition in the petroleum industry and increasing supplies of natural gas available to consumers of America.

But the oil industry in the United States is not as concentrated as most other industries.

In the United States the four largest petroleum refining companies account for 33 percent of the business. The eight largest oil companies account for 47 percent. This is according to the Department of Commerce.

The average concentration for all manufacturing in this country is 40 percent for the top four firms, and while I do not have the average for the top eight firms, my understanding is that it is above the 47 percent for petroleum.

In other words, if we pass this amendment we set a precedent for requiring the vertical dismemberment of about half the industries in the American economy. We would be saying that the degree of concentration in the oil industry is bad, while much of the rest of the American economy, from aluminum to automobiles, from copper to clocks, from beer to ball bearings, is even more concentrated.

Perhaps the Senate wants to send that message to American industry. However, just when we are beginning to recover from a severe recession strikes me as an awkward time to threaten half of American industry with governmentally imposed dismemberment and restructuring.

Second, many people favor this legislation because they erroneously compare the successful growth of the American petroleum industry after the breakup of the Standard Oil Co. with conditions today.

The Supreme Court ordered the breakup of Standard Oil in 1911. At that time oil was used primarily to produce kerosene to provide light. The decade immediately following the Standard Oil case was marked by an explosive growth of the use of the automobile and a comparable explosion in the growth of the gasoline market.

Today, there is no such growth in either the petroleum market or in domestic petroleum supplies.

We should also remember that the pattern of a substantial number of oil companies vertically integrated from oil fields to gasoline stations developed naturally after the Standard Oil breakup.

My third and final point is that the free enterprise system in which companies operate in the manner that proves most efficient has served the Nation well. We are in the midst of an energy crisis. To require massive restructuring of the system that works and that admittedly provides wide-scale efficiency is risky indeed. The proponents of dismemberment of the oil industry think that such an action might improve the situation but this is theory only and they are not sure.

However, we know through experience that vertically integrated oil companies operate efficiently, economically, and provide very low-cost energy until OPEC cartel became powerful several years ago.

Mr. President, I urge this amendment be defeated. It has the potential of working irreparable harm to the American economic system, harm which the American people can ill-afford.

Mr. METCALF. Mr. President, nearly 20 years ago, Estes Kefauver warned us that concentration of economic and political power in the oil industry would result in increasing prices and controlled supply all along the line, from the wellhead to the gas pump. As the price of gasoline approaches the $1 mark and as more serious shortages begin to occur in fuel oil and other essential petroleum products, the people are going to demand that we stop talking about this issue of oil company power over the consumer, and do something positive to restore free and independent competition to the industry.

Antitrust Subcommittee hearings and investigations carried on by the senior Senator from Michigan (Mr. PHILIP A. HART), filling many volumes, have proved beyond any reasonable doubt that a handful of American integrated petroleum companies are acting as a combination to effect monopoly control over every segment of the oil producing, refining, and distribution markets. Yet, the Antitrust Division, through four successive administrations since the Kefauver revelations, has done nothing, although the Sherman Act was clearly intended to be used to break up combinations in restraint of trade.

The Federal Trade Commission has made periodic investigations into this problem, and recently came up with a complaint, in re Exxon, but that case may fall apart under its own weight. I understand that even the staunchest proponents in the Exxon case predict a time frame of from 5 to 10 years before that litigation is concluded. Already more than 2 years have gone by and the FTC staff has yet to get access to all the relevant documents.

Mr. President, we do not have the time to wait for the traditionally slow antitrust policies and procedures to solve the energy crisis. We cannot in good conscience continue to tell our constituents that the antitrust laws will protect them from unfair prices and shortages when these laws are not being adequately enforced, and even if they were, the process is so slow and cumbersome.

Thus, it is the Congress to which the people must now turn for immediate relief, and this divestiture amendment is a proposal which the people can understand—to break up the integration of the majors. It is a proposal which will not be easily swept aside as the prices go up and the supplies become short.

Mr. President, at the opening hearings before the Antitrust and Monopoly Subcommittee on S. 2387 on September 23, Dr. Walter Measday, the chief economist of the Antitrust Subcommitee, presented the results of his staff investigation into what the majors were doing on the Louisiana Outer Continental Shelf. He found that they had consistently failed to increase production to permissible levels, in fact that they were operating at less than half capacity. He said that this failure to produce was equal to almost $3 billion worth of imported oil annually, or the equivalent in gasoline to meet the needs of Indiana, Nebraska, the District of Columbia, and Maryland.

"The conclusion to be drawn," states Measday, "is that the companies have determined it is not in their economic interest at this time to develop the leases." (Federal OCS leases.) In my opinion, that sounds like the major oil companies are restricting production in order to push up prices. And as any antitrust lawyer knows this is direct evidence of monopoly power.

Mr. President, we cannot continue to permit these multinational energy companies to decide where oil shall be produced, at what price, and for whose benefit. It is the hallmark of our democratic system of government that such decisions must be made by a truly free and competitive market mechanism. That mechanism is not working today. Instead we have private companies, acting as private governments, making private decisions affecting public policies.

If the energy industry is not restored to a competitive status, and soon, the course toward Federal control is inevitable. We are not happy with government controls over price and supply: it is alien to our way to life, but the alternative of private control in the hands of a few is one which will ultimately destroy our system of freedom, both economic and political.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana and the Senator from Colorado. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BURDICK. Mr. President, on this vote I have a pair with the Senator from Michigan (Mr. PHILIP A. HART). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. MANSFIELD. Mr. President, on this vote I have a pair with the Senator from Wyoming (Mr. McGEE). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." Therefore, I withhold my vote.

Mr. FORD (after having voted in the negative). Mr. President, on this vote, I voted no. If the distinguished Senator from Maryland (Mr. MATHIAS) were present, he would vote "yea." Therefore, I withdraw my vote.

(The following proceedings occurred later in the day:)

Mr. MORGAN. Mr. President, earlier today, when we voted on the amendment offered by the distinguished Senator from Michigan (Mr. Philip A. Hart) and the distinguished Senator from Colorado (Mr. Gary Hart), I voted "no."

The Senator from Indiana (Mr. Bayh) was absent. Had he been present, he would have voted "aye." I ask unanimous consent that I be allowed to withdraw my vote of "no" and that the Record reflect a pair between the Senator from Indiana and me.

The PRESIDING OFFICER. Is there objection to this unusual request? The Chair hears none, and it is so ordered.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Wyoming (Mr. McGee), and the Senator from Alabama (Mr. Sparkman) are necessarily absent.

I also announce that the Senator from Mississippi (Mr. Stennis) and the Senator from Michigan (Mr. Philip A. Hart) are absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Maryland (Mr. Mathias) is necessarily absent.

I further announce that the Senator from Tennessee (Mr. Baker) is absent due to a death in the family.

The result was announced—yeas 40, nays 49, as follows:

[Rollcall Vote No. 448 Leg.]

YEAS—40

Abourezk
Biden
Brooke
Bumpers
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Durkin
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Hollings
Humphrey
Jackson
Kennedy
Leahy
Magnuson
McGovern
McIntyre
Metcalf
Mondale
Moss
Muskie
Nelson
Packwood
Pastore
Pell
Proxmire
Ribicoff
Schweiker
Stafford
Stevenson
Tunney
Williams

NAYS—49

Allen
Bartlett
Beall
Bellmon
Bentsen
Brock
Buckley
Byrd, Harry F., Jr.
Byrd, Robert C.
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Fong
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Helms
Hruska
Huddleston
Inouye
Javits
Johnston
Laxalt
Long
McClellan
McClure
Montoya
Nunn
Pearson
Percy
Randolph
Roth
Scott, Hugh
Scott, William L.
Stevens
Stone
Symington
Taft
Talmadge
Thurmond
Tower
Weicker
Young

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—4

Burdick, against.
Mansfield, for.
Ford, against.
Morgan, against.

NOT VOTING—7

Baker
Bayh
Hart, Philip A.
Mathias
McGee
Sparkman
Stennis

So the Mansfield-Hart amendment (No. 993) was rejected.

Mr. FANNIN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HANSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 963

The PRESIDING OFFICER (Mr. Johnston). Under the previous unanimous-consent agreement, the Senate will now proceed to the consideration of the amendment (No. 963) of the Senator from Massachusetts (Mr. Kennedy).

The Senate will be in order.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. Kennedy) for himself and others, proposes an amendment numbered 963 to amendment 919, as modified and amended.

Mr. Kennedy's amendment (No. 963) is as follows:

TITLE III—ENERGY COMPANY DIVESTITURE

SHORT TITLE

Sec. 301. This title may be cited as the "Energy Company Divestiture Act".

DEFINITIONS

Sec. 302. For purposes of this subsection, the term—

(1) "petroleum products" means gasoline, kerosene, distillates (including number 2 fuel oil), residual fuel oil, liquefied petroleum gas (LPG), refined lubricating oil, or diesel fuel;

(2) "major market share" means that proportion of the market for petroleum or petroleum products, as determined by the Federal Trade Commission, which places any person among the largest twenty domestic producers of crude petroleum on January 1, 1975;

(3) "energy company" means any person engaged in the business of producing, refining, storing, transporting, distributing, selling, or otherwise furnishing energy, from whatever source derived, to the public, except that such term does not include any person directly or indirectly engaged in the production of crude petroleum products who possesses a major market share; and

(4) "asset" means any property, whether real or personal, and includes stock in any corporation, any evidence of indebtedness of any corporation, and any interest in a joint venture or partnership.

ILLEGAL ACTIVITIES

Sec. 303. (a) Effective three years after the date of enactment of this Act, it is unlawful for any person directly or indirectly engaged in the production of crude petroleum or petroleum products—

(1) who possesses a major market share to buy, acquire, hold, own or control in any manner whatsoever any asset of any other energy company in the United States; or

(2) to have and retain any officer or director who is an officer, director, or member, or who, as a stocholder, holds a controlling interest in any energy company in the United States.

(b) No person who purchases, acquires, holds, owns, or controls any interest related to the production of petroleum and natural gas shall be deemed to be in violation of subsection (a) of this section solely because of the purchase, acquisition, holding, ownership, or control of the interest related to the production of natural gas.

REPORTS

Sec. 304. Each person who on or after the date of enactment of this title owns or controls any assets prohibited by section 303 and any other person designated by the Federal Trade Commission shall, within one hundred and twenty days and at such other times as the Commission may designate, file with the Commission such information and reports about such assets as the Commission may request.

ENFORCEMENT

Sec. 305. (a) The Federal Trade Commission, in accordance with the rules, regulations, or orders it deems appropriate to carry out the purposes of this title, shall require each person covered by section 303 to submit within one year of the date of enactment of this title a plan or plans for divestment of prohibited assets. If, after notice and opportunity for hearings, the Commission shall find the plan, as submitted or as modified by Commission order necessary or appropriate to effectuate the provisions of this title and fair and equitable to affected persons, the Commission shall approve the plan by order and shall take all necessary actions to enforce the plan: *Provided*, That no plan shall be approved which will not substantially accomplish divestment not later than three years from the date of enactment of this title.

(b) The Federal Trade Commission shall institute suits in the district courts of the United States requesting the issuance of such relief as is appropriate to assure compliance with this title, including orders of divestiture, declaratory judgments, mandatory or prohibitive injunctive relief, interim equitable relief, the appointment of temporary or permanent receivers or trustees, civil penalties, and punitive damages for willful failure to comply with lawful Commission orders.

(c) In carrying out the provisions of this title, the Federal Trade Commission is authorized to utilize all powers conferred upon it, and all sanctions associated therewith, by other provisions of law.

PENALTIES

Sec. 306. (a) Any person who knowingly or willfully violates any provision of this title shall, upon conviction, be punished, in the case of an individual, by a fine not to exceed $500,000 or by imprisonment for a period not to exceed ten years, or both, or in the case of a corporation or other entity, by a fine not to exceed $5,000,000 or by suspension of the right to do business in interstate commerce for a period not to exceed ten years, or both. A violation by a corporation or other entity shall be deemed to be also a violation by the individual directors, officers, receivers, trustees, or agents of such corporation or entity who shall have authorized, ordered, or done any of the acts constituting the violation in whole or in part, or who shall have omitted to authorize, order, or do any acts which would terminate, prevent, or correct conduct violative of this title. Failure to obey any order of a court pursuant to this title shall be punishable by such court as a contempt of court.

(b) Any person who violates a lawful order of the Federal Trade Commission issued pursuant to this title shall forfeit and pay to the United States for each violation a civil penalty of not more than $100,000 which shall accrue to the United States and may be recovered in a civil action brought by the Commission. Each separate violation of such an order shall be a separate offense, except that in the case of a violation through continuing failure or neglect to obey an order of the Commission, each day of continuance of such failure or neglect shall be deemed a separate offense.

Mr. KENNEDY. Mr. President, I understand that there is a time limitation on this amendment. Am I correct?

The PRESIDING OFFICER. The time for debate on the amendment shall be limited to 2 hours, with a vote to occur thereon at 3:15 p.m., the time to be equally divided.

Who yields time?

Mr. KENNEDY. Mr. President, I yield myself such time as I may need.

I ask unanimous consent that Mr.

Terry Kay be permitted access of the floor during consideration of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. May we have order in the Senate, Mr. President, before we proceed.

The PRESIDING OFFICER. There will be order in the Senate. Let there be order in the Senate.

The Senator is entitled to be heard.

Mr. KENNEDY. Mr. President, this amendment which I have introduced today is introduced in behalf of myself and the distinguished Senator from South Carolina (Mr. Hollings), and the distinguished Senator from Michigan (Mr. Philip A. Hart), who has been the chairman of the Antitrust Subcommittee and has done so much work in seeking to increase competition in the major industries of this country. I ask unanimous consent that Senators Abourezk, Gary Hart, Humphrey, Jackson, Packwood, Metcalf, McIntyre, McGovern, and Durkin be added as cosponsors.

Mr. President, I wish at the outset of this debate, to perhaps outline briefly some of the principal purposes for this amendment. Then I would certainly hope that our colleague, the Senator from South Carolina, would make some comments, and then we can get into the specifics of the amendment, during the course of the debate.

It does seem to me, at the outset, we should highlight the principal objectives of this amendment and tell what the amendment does do and what the amendment does not do.

Over the period of recent days, we have heard a good deal of discussion and debate about the impact of the major oil companies on the economic life of our American society and our economy.

Rather than reiterating many of the points that have been made during these last days, it is important that we distinguish this amendment from other amendments that have been considered by the Senate. With the acceptance of this amendment, we are actually improving the competitive conditions within the energy industry. We do not believe adequate competition exists at the present time. In the future, there can be no adequately competitive industry if the trend continues of the major oil-producing companies to expand their influence, control, and economic power on the alternative sources of energy.

CONGRESSIONALLY MANDATED DIVESTITURE

Mr. President, Congress recognized in section 7 of the Clayton Antitrust Act that the competitive, free market system is best maintained through the policing of concentrations of power before, as well as after, they are abused. Thus section 7 does not prohibit acquisitions and mergers that can only be proven clearly to result in a substantial lessening of competition or creation of a monopoly. Rather, the evil to be guarded against is an acquisition or merger where, and I quote "the effect of such acquisition may be substantially to lessen competition, or tend to create a monopoly."

Courts have followed this lead by refusing to be bound by wooden formulas or numerical measures. Instead they have considered economic and historical factors, as well as measuring the degree of concentration and the relevant markets. I believe, Mr. President, that the case has been made for divorcing ownership of competing fuels under the spirit of the Clayton Act, as expressing the most fundamental principles of congressional intent to promote and sustain competition in our economy and to prohibit undue concentrations of power.

I believe that it is important to recognize that consistent with the Clayton Act's general statement of legislative principles, Congress has moved forward in specific areas to prevent or undo particular concentrations of power where it concluded that the public interest would thereby be best served.

In the field of transportation, Congress has explicitly acted to prohibit common ownership of competing modes of transport. Congress believed that there was an inherent conflict of interest in common control of competing modes of transport, which might likely lead to—in the words of the Interstate Commerce Commission—

> The suppression or strangulation . . . which might follow if control of one mode of transport were allowed to fall into the hands of a competing transportation agency.

Congress thus enacted the Panama Canal Act of 1912, which prohibited common control of railroads and water carriers. Congress prohibited in section 213 of the Motor Carrier Act of 1935 common control of railroads and motor carriers. And Congress wrote into section 408 of the Civil Aeronautics Act of 1938 a prohibition against common control of surface and air transportation.

It is manifest, Mr. President, that the concentration of power in the energy industry today provides as strong a case for congressional action as concentration in the transportation field provided earlier in this century.

But the list of congressional actions does not end there. In a number of specific cases, Congress has found the potential for abuse of concentrated power to be so great that it has acted to prohibit certain kinds of cross-ownership. Let me cite some examples:

The Public Utility Holding Act of 1935 required combination companies to divest themselves of either their gas or electricity distribution facilities.

The Hepburn Act of 1906 made railroads get out of the business of producing coal and other commodities.

The Glass-Stegall Act of 1932 required financial institutions to divest either their investment or commercial banking activities.

The McKellar-Black Air Mail Act of 1934 forced divestiture by a number of firms of either aircraft manufacturing facilities or air carriers.

In each case Congress identified the dangers of particular combinations of ownership. In each case Congress determined to act directly to address the dangers by forcing divorcement or divestiture of holdings in one area or another. And in each instance, I believe, the wisdom of congressional action has been borne out in the marketplace.

The time has come to act again. As Congress addresses one of the single most critical problems of our time—the growing energy crisis—it must focus on concentration as an issue of central importance. And we must do so before the concentration of economic and political power of the oil companies grows beyond our practical control.

Mr. President, first of all, what this amendment does and what it does not do:

This amendment says that, first, the 20 major oil companies may not acquire in the future and must divest themselves now of companies and interests in coal, uranium, geothermal, solar energy, and other alternative sources of energy; second, that such a plan must be filed within 1 year and be accomplished within a period of 3 years.

The amendment does not affect companies' current holdings in oil or natural gas or their ability to increase holdings in those industries. That has been a point that has been raised by the distinguished Senator from North Dakota about whether certain language of this legislation would affect or not affect those companies' holdings in the area of oil and natural gas specifically ownership and interest in pipelines.

I welcome the opportunity to make exceedingly clear that this amendment does not touch, nor was it intended to touch, nor do I believe that any fair interpretation of the language, which has been included in the amendment, would touch any holdings of the companies in oil or natural gas.

Should there be any undue concern by Members of the Senate in this particular area, I would offer such clarifying language to the satisfaction of Members of the Senate, if there were not to be objection by other Members.

But certainly it is clearly the intention of the sponsors, the Senator from South Carolina, as well as myself, that it not reach holdings in any aspect or the affected companies' natural gas or oil activities.

Contrary to much of the oil companies' propaganda, it does not affect or impede in any way these 20 major oil companies from their production, refining, transportation, or marketing arrangements in oil or natural gas, and it does not affect pipelines.

It is important that we understand the full reach of this particular amendment, both what it does and what it does not do.

What this is, basically, Mr. President, is a classical divestiture operation with the results, we believe, to increase competition in the energy industry where we believe competition is sorely needed. Without this kind of amendment, we feel that competition may very well be stifled with a resultant tendency to raise prices, restrain the developments of new technology, and impede maximum production.

So, Mr. President, I think it is important, finally, to mention some of the growing patterns of energy industry control which I believe necessitated the presentation of this amendment on this bill. It is the growth in the pattern of control by major oil companies over all the energy sources, threatening to permit oil companies to determine the pace and the timing of energy development.

Not one corner of the energy industry has been left untouched by the persistent expansion by acquisition and merger of the major oil companies.

Oil companies now own more than 35 percent of existing coal reserves.

Oil companies now account for greater than 25 percent of the Nation's coal production.

Four of the largest companies actually account for more than 20 percent of the Nation's coal production.

Oil companies control more than 50 percent of our Nation's vital uranium reserves and they control some 25 percent of the Nation's uranium milling capacity.

The systematic effort to acquire alternative energy sources is nowhere more prevalent than in the rush of the majors to gain control over all facets of coal production.

Since Gulf Oil's acquisition of Pittsburgh & Midway Coal Mining Co. in 1963—the coal industry has come more and more under the direct control of the petroleum industry.

Oil companies held sway over only 2 percent of the Nation's coal production in 1963. By 1970, the oil industry accounted for 25 percent of that production. And that figure has been sharply increased by recent acquisitions.

Of the top 15 coal producers in 1973, 5 were oil companies.

First. Continental Oil acquired Consolidated Coal Co. in 1966 when Consolidated was the Nation's leading coal producer. Today it is No. 2.

Second. Occidental Petroleum, acquired the Nation's No. 3 coal producer in 1968—Island Creek Coal Co.

Third. Standard Oil of Ohio, SOHIO, acquired Old Ben Coal Co. in 1968.

Fourth. Gulf Oil Co. acquired Pittsburgh & Midway Coal in 1963.

Fifth. Standard Oil of California acquired Amax, Inc., this year, the Nation's fourth largest coal producer.

Six oil companies, which own a combined total of 23.3 billion tons of coal reserves have continued to obtain greater coal acquisitions in recent years. They include:

[In billion tons]

1. Continental Oil-Consolidated Coal	8.1
2. Occidental Petroleum-Island Creek Coal	7.0
3. Gulf Oil-Pittsburgh & Midway	2.0
4. Kerr-McGee	1.5
5. Standard Oil of Ohio-Old Ben Coal	0.8
6. Exxon-Monterrey Coal	7.0

By 1970, according to the Ford Foundation study of the 25 largest petroleum companies, 11 had acquired interests in coal production.

A 1974 report published by the Council on Economic priorities, found that 5 oil companies alone—Continental, Shell, Sun Oil, Gulf, and Arco—are among the top 15 leaseholders which control 70 percent of the federally leased recoverable coal deposits.

URANIUM

The thrust of the major oil companies across the boundaries of the oil and natural gas fields into other fuels has not stopped with coal. The nuclear power industry is one more energy industry that has become more and more a subsidiary of the petroleum industry. The method has been through merger and acquisition, according to the Senate Antitrust Subcommittee, the following petroleum company acquisitions of nuclear energy firms reflect the characteristic movement.

Gulf Oil acquired General Atomic, then a division of General Dynamics, in 1967. Atlantic-Richfield entered the nuclear fuel business by acquiring Nuclear Materials and Equipment Co. Getty Oil entered the field by acquiring nuclear fuels service.

By 1970, 17 oil companies accounted for approximately 55 percent of the drilling and controlled 48 percent of the known low-cost uranium reserves with approximately 28 percent of the uranium ore process capacity. In 1972, according to the FTC staff report, four oil companies, Exxon, Gulf, Getty, and Kerr-McGee, controlled 35.7 percent of the Nation's uranium milling capacity.

ERDA's raw materials division reported in 1975 that 10 companies own 80 percent of the Nation's uranium reserves and of those, 5 of the top 6 are oil companies—Continental Oil, Gulf Oil, Kerr-McGee, Exxon, and Getty Oil.

Similar testimony has come from Dr. Dixy Lee Ray before the Senate Interior Committee. She stated:

> In 1972, fifteen oil companies were engaged in exploratory drilling for uranium . . . oil companies performed 53 percent of the 15.4 million feet of drilling that year . . . oil companies currently control 50 percent of U.S. uranium ore reserves.

If nuclear power holds the potential for reducing reliance on fossil fuels and lowering the cost of electric power, the major oil companies clearly have moved to insure permanent leverage over the pace of competition from that industry.

GEOTHERMAL

Geothermal energy is another potential competitor of the fossil fuels and again one finds the steady tightening of control by the petroleum industry giants over leases, reserves, technology, and production.

The Los Angeles Times cited the increasing control by the major oil companies over this additional competitor in a November 11, 1974, article. The article stated:

> The major American oil companies are rapidly coming to dominate the nation's geothermal resources . . . of 40 tracts of public land, totaling more than one million acres, offered for geothermal exploration and development by the Bureau of Land Management between January and September 1974, 27 drew one or more competitive bids—and 23 were won by major oil companies.

On January 22, 1974, the Department of the Interior for the first time put up for bid leases for geothermal resources on Federal lands. The top bid of $4.5 million was offered by Shell Oil Co. for 3,874 acres in The Geysers, one of the Nation's richest geothermal areas, 75 miles north of San Francisco.

SOLAR

Solar power generation promises to be yet another source of energy for our Nation. Already, other countries have begun developing the technology necessary to harness this inexpensive source of power from the sun.

In our own country, some experimental homes are heated and fueled by solar energy shields. The prospect for cheap solar energy is jeopardized, however, since petroleum companies once again have entered this market through the acquisition of solar energy development interests.

At least four of the Nation's largest oil companies recently have acquired solar companies or have entered the research and development field in solar energy.

In my own State of Massachusetts, for example, Exxon has purchased Solar Power Corp. Between 1970 and 1974, Exxon spent $3.2 million on solar energy research.

Mobil Oil spent $30 million in 1974 to purchase Tyco Labs, a small independent company which had contracted with the National Science Foundation to develop solar technology.

The Shell Oil Co., also has entered the solar energy market through the purchase of the solar energy system. And Gulf Oil Co., is developing a solar energy program through its Gulf Atomics subsidiary.

While these acquisitions do not yet compare to the major companies' control over other energy sources, the intent to corner the market on solar energy production appears well on its way to being fulfilled.

We are spending billions of dollars in the development of alternative sources of energy. It would be a sham on the American taxpayer and a sham to our whole national commitment to the development of alternative sources if we were to invest the public's resources in this area and then find out, in the not too distant future, that all energy resources were controlled by the major oil companies. The result then would be the stifling of effective competition.

My statement goes into greater detail and examples in the area of solar energy as well as in geothermal energy, specifying a list of various major corporations in the energy industry.

I ask unanimous consent that this list prepared by Ford Energy Policy Task Force be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Top 25 oil companies ranked by assets	25 largest holders of petroleum reserves 1970	25 largest oil producers 1970	20 largest holders gas reserves 1970	20 largest gas producers 1970	Coal reserves	Coal production	Coal leases	Uranium mining/drilling	Oil shale reserves	Geo-thermal leases	Solar ventures
Exxon	×	×	×	×	×	×	×	×	×		×
Texaco	×	×	×	×	×	×			×		
Gulf	×	×	×	×	×	×	×		×		×
Mobil	×	×	×	×	×		×	×	×		×
Sta. of California	×	×	×	×	×				×	×	
Std. of Indiana	×	×	×	×					×		
Shell	×	×	×	×	×				×	×	×
ARCO	×	×	×	×	×		×	×	×		
Phillips	×	×	×	×					×	×	
Continental	×	×	×	×	×	×	×	×	×		
Sun	×	×	×		×		×	×	×		
Union	×	×	×	×					×	×	
Occidental										×	
Citco Service	×	×	×	×					×		
Getty	×	×	×	×				×	×	×	
Sohio	×	×	×		×	×		×	×		
Pennzoil	×	×		×							
Signal-Burmah	×	×			×					×	
Marathon	×	×	×	×					×		
Amerada Hess	×	×	×	×							
Ashland							×		×		
Kerr-McGee	×	×						×			
Superior Oil	×		×	×	×				×		
Coastal States Gas Producing											
Murphy											
Tenneco	×	×	×	×					×		

Mr. KENNEDY. Mr. President, I hope the amendment will be accepted. At this time, I yield to the Senator from South Carolina such time as he may require. I hope that I will be able to enter into a dialog with my colleague, the Senator from South Carolina, who is a cosponsor of the amendment.

Mr. HOLLINGS. Mr. President, I thank the distinguished Senator from Massachusetts. It is a privilege to work with him on what, to me, is the most vital problem confronting the Nation.

As we talk about energy independence for the United States of America, the first reaction and feel I get through the experience of having been a Senator a short time is that what we really need to attain first is independence from the clutches of big oil.

I say that advisedly, because almost in a polarity way they have us in confrontation. It is majority political rule. We can see it by the votes that have taken place. We can see how oil controls a majority vote, as we just experienced in the last vote with respect to divestiture. They know how to work them over, and we get less votes every time we try on the same question.

I say advisedly, Mr. President, for the simple reason that back in the very early stages of holding hearings on the Federal Power Commission brownouts and blackouts of 1965 and 1966, we had the full Federal Power Commission discussing the point that we needed an energy policy in this country. Thereupon, on other elements of legislation, it became more and more clear to me that there was a sort of bipartisan feel and realization of the necessity that we get some type of energy policy.

On the Senate side, we did the best we could by organizing the fuels and energy policy study, with the distinguished Senator from Washington (Mr. JACKSON); and now we try to correlate as best we can these particular measures that go through the Senate. But, executivewise, for a national policy for the country, there still is none, other than what is carried in the back pocket of Mr. Frank Zarb.

As we well know, there have been 12 changes in the last 2 years. There is no use going into detail on that. I can see it again and again.

Finally, in May of 1973, likening our energy policy needs somewhat to economics, affecting every agency and department of Government—where we could not just institute a department of economics, we rather opted for a Council of Economic Advisers—I thought we ought to have a Council on Energy Policy in the White House, with the Council members having confirmation in the Senate. That passed overwhelmingly in May of 1973. It was at that time that I learned the real power and intransigence of big oil, because when it got over the House side, they almost laughed at me when I asked them even to have hearings. They said there was not any chance of really getting a hearing on that bill.

What was wrong? What was wrong was the information. I had to serve up the information. One of the principal features was that there be one policy council in this Government that would collect all the necessary information as to the reserves, interlocking directorates, the ownerships, the working contracts, and otherwise, so we could then formulate, in an intelligent fashion, a policy.

They defeated that, with the assistance, of course, of the White House, and that same attitude persists today.

That was passed not only in May of 1973, it was passed on three other occasions—November 1973, December 1973, and then last year in the ERDA bill.

So, I do not come and say that what I am really trying to do, in a butt-headed, impassioned way, is just go after business. I am trying to break this crowd down to where I can handle them rather than their handling the Government. I saw it happen here when we had the superport bill. Everyone knows of the Hepburn decisions with respect to railroad transportation. No railroad, under the statutory law of America today, can carry its own goods. It has a conflict of interest. They would have, then, the rebate problems and the rate advantages if they could carry their own goods in competition with the produce and products of other persons and, as a result, the ICC rulings and the statutory law forbid it.

We thought with the superport law, we would keep the port open as a utility for the general use of oil, not to be controlled. In fact, the Texas Offshore Utilities Commission, that studied this very situation, had recommended that big oil not own the superport, so there would be competition. I could not imagine the Port of New York being owned by a particular trucking line or the Port of Charleston in South Carolina being operated by Sea-Land or McQueen or Overnight or one particular trucking company. But at the very last minute, we saw the power of oil come on this floor and take that away, where they prescribed that they could use and own those superports.

I faced the mood of big oil last week on the break in a seminar with a speaker from Amoco who addressed himself to the question of the oil depletion, where they were trying to talk in terms that nothing could have satisfied Khrushchev—he said Khrushchev as if he were in power today, because he had not gotten up in his history. His point was that nothing could have satisfied the Communists more than to take away the profits which brought on the big exploration and additional resources.

The point, of course, was that in 1973, they made $1.3 billion profits with depletion allowance. With depletion allowance, they were scheduled to make, in 1974, $10.1 billion, and we were trying not to have to subsidize windfall profits. Taking away the entire $3 billion, which would not have occurred in that year of 1974, but for the purpose of argument, the entire $3 billion—they still would have made, with the oil depletion, five times more.

They are not satisfied. We see them moving at every turn, riding here on the crest of emergency legislation, in the name of preventing unemployment, to try to get total decontrol.

I have followed the oil companies in their particular control of Congress in the various measures that have occurred, whether windfall profits or anything else, right down to the time that OPEC hit. The first thing big oil had to do to solve that problem was the lease grab, that they are still pell-mell for hell down the road to try to get all the acreage that they possibly can get their hands on in the next 2 or 3 years.

Secretary Morton responded by saying, "Lease 10 million acres." We had not leased 10 million acres for the 20 years previous, and in one fell swoop, we are going to have a 10-million-acre lease-sale, which proved, according to the Office of Technology Assessment, impossible. On that lease-sale schedule, there would not be, on the one hand, the drilling equipment or, on the other hand, the financial capability to come in on a competitive basis, with any real return to the Government itself.

Therefore, it would not have been a valid, economically beneficial sale by the U.S. Government. They have pared that down to 5 million acres, but I am trying to relate the correlation of events that brings this particular Senator to say, well, there is a logical cutoff somewhere to try to retain or induce, I might say, some kind of competition on a horizontal basis.

Back in 1971, the Department of Justice found that big oil had 72 percent of natural gas, over 50 percent of the uranium, and 25 percent of the coal. Now, Mr. President, that has gone up materially since that time, so that now, they own, to be exact—as of 1973, they had 34 percent of the coal reserves.

Every time, we discuss this my colleagues on the other side of the aisle, say, "Oh, you are just denuding this. If you take away our financial capability, we cannot compete, the money is going. Who is going to get you the oil, who is going to get you gas?" We hear the Senator from Louisiana most eloquently speak as though they—the oil companies—are on the food stamp line.

We have the oil companies owning 34 percent of the coal in 1973; they only produced 22 percent. As they upped their ownership to 42 percent in 1974, they were down to 20 percent in production.

We only have to look at the ownership of Exxon to see whether or not they want to produce competitively. They had 7 billion tons in 1973; they only produced—I am using millions—2,695,000 tons that same year.

They are listed all the way down, with Gulf Oil, having over 2,000,600,000 tons, only producing some 8 million tons. Atlantic Richfield, with the ownership of 2,200,000,000 had no production in 1973; Sun Oil, with over 2,200,000,000 tons, no production; Texaco, over 1,650,000,000 tons of ownership, no production; down to Houston Natural Gas, with 1 billion tons. They are in the gas business, but they want to hold the coal so when they run out of that, then they can control this.

If we think there is any doubt about their particular control, we only have to look to San Francisco, where they got hold of the geothermal area. Before I get into that geothermal picture, I think I should complete the story of Sohio, which came in and acquired the Old Ben Coal Co., which was the 10th largest producer in 1968 in this Nation.

At the time of the acquisition, it was the 10th largest and it has gradually gone down, down, down from all they used to produce, millions and millions of tons—at least 12 million in 1968—to a little over 11 million in 1973, to less than 10—9.5—in 1974. Was the acquisition in the interest of the people? Was it a competitive acquisition? Did it cause them to come in now and bring on this coal to try to get alternative fuels?

Is that not the policy of the President? Is that not the policy of Congress, to try to help develop it?

We get to Continental Oil Co., which bought Consolidated Coal. That was the 4th largest at the time of acquisition. In 1967, they had 48.7 million tons, but by 1974, the production had declined to 7 million tons; whereas, instead of holding just 48.7 million tons, Continental had already acquired over 2 billion. So they are acquiring more and producing less.

That is what we are trying to halt here today not only with respect to coal but, as I mentioned a moment ago, about the geothermal.

In 1970, under a contract between Union Oil and the Pacific Gas & Electric Co. in California, Union Oil had acquired a geothermal capability which it sought to sell to Pacific Gas and Electric.

The contract stated, in effect, that the price of geothermal steam would be tied to the weighted average price of nuclear and fossil fuel. Geothermal power was not priced in relation to its lesser cost, if you please, but rather in relation to the nuclear and fossil fuel cost. So there is no competition. The design is clear—to come in and continue on—and we are trying to break the yoke of the OPEC cartel in this country.

Mr. President, I rise today to support Amendment 963, the Energy Company Divestiture Act. I support it as a member of the Senate, which is charged with providing this Nation with an effective energy policy, and I support it as an American concerned about the future.

Passage of this legislation is absolutely essential if the United States is to attain its goal of energy independence in the years ahead. This may sound like an exaggerated statement, but it is not. Many members of this body have come to realize, like many millions of American citizens, that when we speak of "energy independence" we are, in truth, talking about independence from big oil.

That the major oil companies dominate in every conceivable way the oil and gas markets in the United States today is a fact that precludes serious argument. A long history of self-aggrandizement, joint venturing and commonality of interests, manipulation of the marketplace and likely collusion has stifled competition. Big oil controls every facet of the domestic petroleum industry from the wellhead to the corner gasoline station.

Since the Arab oil embargo of 1973, the major oil companies, in clear contravention of America's best interest, have taken no action to reduce the overwhelming influence of the OPEC nations. And why should they? After all, OPEC has virtually guaranteed big oil exorbitant profits, profits which 2 years ago would have been beyond the wildest dreams of the men who sit in the board rooms at Exxon, Gulf, and Shell. In addition to higher profits, OPEC has also guaranteed big oil a cleverly maintained world market, through use of the embargo threat and production cutbacks. Aside from the excess profits and the guaranteed market, big oil has another reason for cooperating with OPEC. OPEC presents the major companies with a continuing supply. Here in the United States, there is only about a 30-year supply of oil remaining in the ground, even counting the predicted reserves on the Outer Continental Shelf and on Alaska's North Slope. Ad no oil compnay operates today on a schedule of going out of business in 30 years.

So, they cooperate with OPEC. And they tane their profits back overseas to find new supplies, and, above all, they hold down on domestic exploration and production because it is in their best interests to do so.

What has this meant for the American people? It has meant higher and higher prices for energy in every form. It has meant higher and higher inflation. It has meant added unemployment. It is likely to mean more of all these things. But it has not meant that the American people are one step closer today to energy independence.

And now, with the vidence w are presenting today, it can clearly be seen that the oily industry is taking every action it can to insure that the United States will never be independent in energy.

Big oil seeks to insure its future, and it seeks to insure that America's future is linked irretrievably to the oil industry, by investing heavily in alternative fuel reserves and production.

Alternative fuel is the fly in big oil's ointment. We are the Saudi Arabia of coal, for instance, with an 800-year supply, and our technology may well turn that into a prime energy source for the future. And there is nuclear energy, which is limitless in potential. There is energy from the sun. There is geothermal energy. None of these energy forms are based on oil, and they all represent important aspects of our plan for energy independence.

But big oil is moving fast to turn that situation to its own advantage. In 1962, the oil industry accounted for 2 percent of the total coal production in the United States. By 1973, big oil owned 34 percent of the total coal reserves in this country and accounted for 23 percent of the coal production. These figures are even higher today. Today, big oil owns 50 percent of the Nation's uranium reserves and accounts for 50 percent of its production. The major oil companies own virtually all the oil shale leases on Federal lands, and it is on Federal lands that fully 80 percent of our oil shale is located. They own 52 percent of the geothermal leases, and they are into solar energy as well.

I do not blame them. If I were chairman of the board of Standard Oil of South Carolina and my colleagues assembled here now were my board of directors, I would tell them it is in our best interests to get into alternative fuels with both feet.

"Let's face it," I would say, "we have only got a 30-year supply of oil remaining here at home. Now, OPEC's taking care of us as far as our supply and the price is concerned, but the trick is to make sure everyone is still using oil. And if we cannot do that, then we have got to make sure that, when they start using coal or nuclear energy, we own it.

"That is the only way we can maintain our profits. That is the only way we can guard against less expensive forms of energy moving in and competing with our high-priced oil. That is the only way we can protect the interests of our stockholders."

Mr. President, the interests of the stockholders of big oil in this case clearly are not the best interests of the American people. The heavy investment by the oil industry in alternative fuel reserves and production represents the most insidious attempt yet to control America's energy future. This trend toward control of our alternate energy sources has the potential to do far greater damage to this country than big oil's mere control of the petroleum market. If this trend is allowed to continue, the major oil companies will own controlling interest in every energy alternative as well as the petroleum market. The effect of this will be a decrease in competition between alternative fuels and petroleum products, because the oil companies will seek to peg alternative fuel prices at their oil equivalents. This is not supposition, but fact. I have only to cite the case of a 1970 contract between Union Oil and the Pacific Gas & Electric Co. in California. Union Oil had acquired a geothermal capability which it sought to sell to Pacific Gas & Electric. The contract stated, in effect, that the price of geothermal steam would be tied to the weighted average price of nuclear and fossil fuel. Thus, geothermal power was not to be priced in relation to its cost but, rather, in relation to nuclear and fossil fuel costs.

As the oil industry gains increasing control over our alternate fuels, we can expect this kind of arrangement to repeatedly occur. Prices will not be set by markets but by oil prices—and we all know those prices are set in Saudi Arabia, not here.

Big oil will also be in a position to control the technology of alternative fuel development, thus manipulating it to their own ends. In fact, it is safe to say that if big oil is allowed to control the technology, as well as the reserves and producton of our alternative fuels, then they will come to control, totally, the energy policies of our country in the same degree that the Arabs blackmail us from abroad.

The Senate of the United States can take the first forceful step now to prevent this from happening. This amendment would require the top 20 domestic oil companies to divest themselves of holdings in alternative fuel industries. It would protect the independent sectors of the industry and give them the opportunity to compete in America's energy market in the future. It would protect the free enterprise system which, I understand, the oil industry is pledged to protect at any cost. It will insure the technological advances necessary for rapid development of new and potentially less expensive fuels.

Clearly, the Senate appreciates the dangers presented to the future of America by big oil's control over every vestige of energy production. Before the recent recess, no less than 45 Members of this body cast historic votes in favor of decentralizing this control. We are being presented with another opportunity now. In my opinion, this amendment presents the simplest and clearest means at our disposal to insure some form of energy independence for the American people.

There is no question in my mind that the American people desire, and richly deserve, that independence. Not to act, in my opinion, would be to admit that this Congress is unable to take effective action in their behalf. I urge the Senate to approve this legislation now, while there is still time.

Mr. President, I ask unanimous consent that the article in New York magazine entitled "How the Oil Companies Helped the Arabs To Keep Prices High" by Anthony Sampson, be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

How the Oil Companies Help the Arabs To Keep Prices High

(By Anthony Sampson)

On September 24 in Vienna, the members of the Organization of Petroleum Exporting Countries will meet once again to settle the world price of oil, while the consuming countries will watch helplessly, waiting to see what they must pay for the fuel which is their lifeblood.

It is two years since the crisis first began, a time in which the price of crude oil first doubled, and then doubled again, and which revealed to the world the existence of an effective international cartel of producing countries. Since then there have been a succession of twists and turns of policy and attitudes in the Western capitals: first outright disbelief at the existence of the cartel; then patient expectation that it could never survive; then (at least from Washington) a determination to confront it with a solid front of consumers; then total disarray among the Western nations, each with a different attitude toward oil and the Arabs; then a gradual acceptance, at least in the United States and Britain, of the idea that the price of oil might remain where OPEC had fixed it.

At the same time the consuming governments have tried to apply themselves, with equal lack of success, to the problem of the international oil companies, the "Seven Sisters," to whom they had given so much responsibility for maintaining the supplies of cheap oil over the last four decades. First the politicians, goaded by the consumers, were simply outraged by the fact that the companies had lost, overnight, all their bargaining power and leverage to keep prices down, and were powerless to ensure crude supplies. Then they were still further enraged by the vast increases in the company profits, and determined to cut them back and control them. Then they were confused by the need to develop their own national oil resources, which were largely in the hands of the same Seven Sisters. Then they were slowly resigned to the notion that there was no practical alternative to leaving their oil in those hands.

The companies, in the meantime, have emerged, much more clearly, as the most powerful corporations in the history of the world. In *Fortune's* annual list of the biggest companies, the ten biggest American industrial corporations include five of the Seven Sisters, led by Exxon, which has now overtaken General Motors as the biggest company (by sales) in the world. The six others are: Royal Dutch-Shell, Texaco, Mobil, British Petroleum, Standard Oil of California, and Gulf.

And the sinister side of this financial power has emerged in a succession of spectacular revelations about the extent of oil bribes. Oil companies have had a unique reputation for large-scale bribery ever since the turn of the century, when John D. Archbold, who succeeded the first John D. Rockefeller as the head of Standard Oil, set up a network of bribes of senators and congressmen to ensure his company's monopoly. Some evidence of the continuing underground rivers of oil money emerged in the Watergate hearings, when Gulf Oil confessed to having secretly paid $100,000 to Nixon's election fund through cash raised in its Bahamas subsidiary. But the full dimensions did not emerge until Senator Frank Church's investigations this year. They revealed, among other instances, that Gulf had paid $4 million from 1966 to the ruling party of South Korea, and still more sensationally that Exxon had made secret political payments totaling $51 million over eight years in Italy alone.

What is disturbing about these huge payments is not only their capacity to corrupt and subvert foreign governments, but the evidence they provide that giant corporations, supposedly responsible to shareholders and controlled by auditors and rigorous internal accounting, are able to conceal such large sums and direct them secretly for their own purposes. They powerfully suggest that the oil companies, in both the technical and the general sense, are unaccountable.

But a more serious and enduring doubt about the great companies concerns their relationship with the OPEC cartel. Are they genuinely concerned to break up the control by this group of sovereign states, and to bring down the world price? Or are they in fact helping to underpin the oil producers' cartel? On these questions I have tried to assemble the evidence that has emerged in the last two years, and have talked with the leading participants within OPEC and the companies. The story that emerges is an extraordinary one which, I believe, raises great doubts about the role and loyalties of the oil companies.

In looking back at the first crisis of two years ago, it is necessary to bear in mind two crucial factors. First, that OPEC had been essentially the creation of the Seven Sisters. Not at all in the sense that they wanted it, but in the sense that OPEC was from the moment of its foundation in 1960 conceived (as one delegate put it) as "a cartel to confront the cartel." Without the past history of connivance of the companies, OPEC would never have happened. Nor could it ever have solidified without a single extraordinary blunder in the board room of Exxon.

In July, 1960, the Exxon directors agreed—against the advice of their Middle East expert, Howard Page—unilaterally to reduce the "posted price" for Middle East oil, a decision which was swiftly followed by the other six sisters. Thus, all the producing governments found their revenues from oil taxes, which were based on this "posted" price, drastically reduced overnight by the actions of a group of private companies. It was a certain recipe for Arab unity, as many experts had warned; and it worked. The key producers clubbed together to form OPEC, and even the shah swallowed his resentment of Arab radicals in his anger at not being consulted by the companies, and joined the new club.

Secondly, in spite of this crass mishandling of the oil producers, and many other errors that followed, the oil companies were permitted by the Western governments, and particularly by Washington, to maintain effective control over international oil policy over the next thirteen years, so that when the crisis eventually came, both governments and the public were totally unprepared for it. To be fair, a few oilmen, notably in Shell and Mobil, had issued warnings to governments, and governments were at least as much to blame as the companies. But most of the company men were arrogant enough to suppose that they could handle the situation on their own.

Thus, in the critical October of 1973, the confrontation with OPEC was once again left in the hands of the Seven Sisters (now joined by a few independents), in spite of the fact that only two days before, the Middle East war had broken out, which transformed the whole political equation. The negotiation about the oil price, not surprisingly, quickly broke down; but the actual nature of the breakdown, only very briefly recorded at the time, is important to reconstruct, for it marked the historic turning point when the West suddenly lost its once-absolute ability to settle the price of oil.

By the night of October 11, with the war raging across the Suez Canal, the oil-company delegates had failed to reach any agreement with the Arabs about the new price of oil. The oilmen were already well aware, through price warnings from Saudi Arabia, of the likelihood that the Arabs would enforce an embargo of oil to the United States (as they did nine days later). At midnight George Piercy, the director of Exxon responsible for the Middle East, paid a call on Sheik Zaki Yamani, the Saudi Arabian oil minister in his suite at the top of the Intercontinental Hotel in Vienna. Piercy, a rugged engineer with bushy eyebrows who had worked his way up in the oil business through the "Texas pipeline," was a technician not a diplomat, and he had decided, advised by his colleagues, that he could negotiate no further. He told Yamani that the company delegates must adjourn for two weeks, to consult with their home governments. Yamani was very anxious that they should fix the price quickly, for he dreaded (at least by his own account) oil's becoming further mixed with politics. He tried to delay, hoping that the oilmen might negotiate further. He ordered a Coke for Piercy, slowly squeezed a lime into it, waiting silently for a new move. He rang up Baghdad, talked agitatedly in Arabic, and then told the oilmen, "They're mad at you." He rang up the Kuwaiti delegate, who arrived in his pajamas for further worried discussion. Then Yamani began looking up airline timetables, still hoping that the oilmen might relent. But Piercy could not make any further concession. The next day the meeting broke up, and when the company men asked what would happen next, they were told, "Listen to the radio." Four days later the radio brought the news that shook the whole world: OPEC members, meeting again in Kuwait in all the fervent excitement of the October war, decided unilaterally to push up the price of oil to $5 a barrel. Having found they could dispense with negotiation, they did it again. Two months later they again doubled the price.

That night in Vienna marked the end of the historic justification for the oil companies' involvement in commercial diplomacy—that they served as a "buffer" to avoid direct confrontations between nations. For at that moment the companies had not only been unable to mediate, they had failed to assess the political dangers of the crisis. It is quite possible that the companies could have reached an agreement with the OPEC members in Vienna. Certainly Sheik Yamani and Dr. Amouzegar, the Iranian oil minister, insist that they wanted to, and two oil-company delegates told me that they have worried ever since about what might have been averted if they had reached an agreement: OPEC might never have unilaterally taken its initiative on price, or doubled the price again. Whatever the might-have-beens, it is an extraordinary historical fact that this critical encounter, which affected the economies of every industrial nation, should have been left in the hands of technicians from private companies.

Thus the OPEC cartel was suddenly established, to the astonishment of consumers and the incredulity of many experts: the old cartel of the seven companies was abruptly replaced by a cartel of thirteen nations.

The immediate world shortage of oil was soon over, as the world recession, itself partly caused by the oil prices, cut down consumption everywhere. The economists and advisers waited expectantly for the strains on OPEC to show themselves, as each country would compete to keep up production, and thus push down prices. But nothing happened. Consumption went down and down: tankers were laid up, storage tanks were overflowing, cargo rates dropped lower and lower. There were even hopeful signs of disunity among the chief members of OPEC. The Shah of Iran talked with increasing rancor about Yamani, while the Saudis became increasingly worried by the Shah's imperial ambitions. Yet still OPEC held together, and the basic price—with small local variations—held up. What on earth had gone wrong?

An important part of the answer lay in Saudi Arabia, for the Saudis, by far the biggest producers, were the key to the cartel. Like the Texans in the 1930's, when the glut of oil from east Texas threatened to undermine the companies' cartel, the Saudis realized that they must bear the chief burden of regulating production. Sheik Yamani had studied very carefully the history of the Texas Railroad Commission, which regulates production of Texas fields.

And the Saudis had one huge advantage over the Texans as guardians of the cartel—they did not particularly need the money from extra production. As Yamani explained to me, talking in Riyadh last February: "Usually any cartel will break up, because the stronger members will not hold up the market to protect the weaker members. But with OPEC, the strong members do not have an interest to lower the price and sell more." The Saudis, as Yamani was able to show in the following months, were quite prepared to cut back their production to make sure that the price did not come down: in the first six months of 1975, they produced an average of only 6.6 million barrels a day, compared with 8.1 million the year before. Other big producers—Kuwait, Iran, and Libya—followed suit: in Libya, production in the same periods went down from 1.9 million to 1.2 million barrels.

But why were the old political forces of disunity between nations not splitting up the cartel, as they had split up so many attempts at cartels in the past? Why were Iran and Saudi Arabia not constantly competing for production, as they had done through the sixties, using every maneuver to produce an extra barrel? It was not that none of them needed the extra money, for even at the quadrupled price the Shah was soon expecting to go back into debt. No, the real key to the continuing cartel was not the self-restraint of the producers; it was the fact that the oil companies, the familiar Seven Sisters, were in effect conducting their rationing system for them.

It was the companies, with their global system of allocation and their control of worldwide markets, that were making sure that there would be no glut, that were holding the balance between the rival producers. The shah and his oil minister, Dr. Amouzegar, both explained to me that they had to be grateful for the companies' role in running the cartel. "With the Sisters controlling everything," said the shah, "once they accepted, everything went smoothly." "Why try to break them up," said Amouzegar, "when they can do the work for us?" Without the existence of the giant companies, the producers' own companies, like the National Iranian Oil Company in Tehran or Petromin in Riyadh, would be constantly at one another's throats to break into one another's markets. But with the help of the big Sisters, with their intricate mechanism for balancing supplies, they could avoid any such direct friction or undercutting.

The fact that the giant companies were fully "integrated," with their own tankers, refineries, and retail gasoline pumps throughout the world, made the maintenance of the OPEC cartel system infinitely easier. It was the kind of situation that the producers of other commodities, seeking to form their own cartels, might dream of. In the words of The Economist, the authoritative British magazine (and no enemy of the oil companies): "Many poor primary producers would give their eyeteeth if big foreign capitalists would kindly arrange a semi-monopolistic distribution network for their products in the West, down to tied filling stations."

What had hapened, it emerged as the evidence slowly unfolded, was not that OPEC had usurped the old cartel of the oil companies, but that they had simply joined themselves to it, and had maneuvered the companies into the position of being their allies and instruments, with no interest in breaking the OPEC cartel. In the words of Senator Church's report, at the end of the most comprehensive set of hearings on the oil crisis, "The primary concern of the established major oil companies is to maintain their world market shares and their favored position of receiving oil from OPEC nations at costs slightly lower than other companies'. To maintain this favored status, the international companies help proration the product on cutbacks among OPEC members." Thus the puzzle of why the OPEC cartel did not break was not really so mysterious; it was being underpinned by seven of the biggest corporations in the Western world, who had no commercial interest in destroying it.

In fact this had all been part of the grand design of OPEC, and particularly of its most intelligent delegate, Zaki Yamani. Back in 1968, in the aftermath of the earlier Middle East war, when Arab fortunes seemed at their lowest, Yamani had conceived of his plan for "participation," by which the Arab government would acquire shares in the oil companies' concessions. The object was not only to increase the producers' revenues and give them a stake in their own resources; it was also, as Yamani explained to correspondents in March, 1969, to create a bond between the producing governments and the oil companies which "would be indissoluble, like a Catholic marriage."

Yamani knew that outright nationalization of concessions was a dangerous policy. It might cut off the producing country from a whole network of world markets, as it cut off Mossadegh in Iran in 1951. Instead, participation would guarantee the cooperation of the companies, which would be lured into the agreements by the promise of cheaper oil than their lesser competitors. Yamani's policy, after some resistance from the companies, was triumphantly successful. The seven companies, and some others, had all been persuaded to enter into marriages by 1973. And though some producers, like Algeria, preferred outright nationalization, they took care to give preferential treatment to favored companies, thus ensuring their support. In the immediate wake of the 1973 war there were new demands for total nationalization, but producers took care that the marriages would not be damaged to the point of divorce.

Most clearly was this seen in the case of Aramco, the vast consortium of four American Sisters—Exxon, Texaco, Socal, and Mobil—which dominated the oil industry of Saudi Arabia. Yamani had many angry clashes with the Aramco directors, both before and after the 1973 war, but he took pains to ensure that the consortium still kept a huge financial incentive—preferential prices and guaranteed access—to maintain the marriage, rather than let other companies into the harem. And Yamani had his reward for the strategy. When he insisted that Aramco should be the instrument of the embargo of the United States in October, 1973, the Aramco partners had no alternatives but to obey, rather than risk losing their precious concession.

It was the embargo, in fact, that revealed in highly dramatized form that the oil companies had already changed sides, and that they were more vulnerable to pressures from the producers than from the consumers. The embargo could never have been effective if there had not been comparatively few companies operating in the key producing countries in the Persian Gulf. The oil-company men took pride in the fact that they allocated the reduced oil supplies fairly, and managed to divert non-Arab oil to the United States and Holland, the two most important economies among the embargoed nations. But it was clear that the existence of a handful of compliant giant companies was itself a boon to the embargo.

The embargo was really a forewarning, in the heat of battle, of the situation which was to emerge in the following two years. To put it bluntly, in the language of the business, the major oil companies were found in bed with the producers. It was like the old song about the Sheik of Araby: "At night when you're asleep/Into your tent I'll creep."

It was an ironic, even preposterous, outcome to the long history of the Seven Sisters. They had been encouraged, sometimes even pushed, by the governments in Washington and London to go abroad to find cheap oil for Western consumers. Later they had been given huge tax benefits, and special protection from antitrust laws, on the ground that their presence in the Middle East was crucial to Western defense and the future of the free world. Yet now, after the real crisis broke in 1973, they were found to have suffered the fate of so many dubious adventurers in the past: they had gone native, and were discovered in flagrante delicto. When the Saudis insisted that the Aramco partners must cut off all oil from the United States Navy's Sixth Fleet, on station in the Mediterranean, they meekly submitted, in the height of the emergency. (Aramco directors later insisted to me that there were secret arrangements for supplying the Sixth Fleet without interruption. But the crisis was sufficiently serious for a director of BP, the oil company half-owned by the British government, to receive a high-level request from the Pentagon to guarantee the American supplies—a curious reflection on the role of American-domiciled oil companies in matters of "national security.")

The uncertainty about the true loyalties of the oil companies has continued ever since, particularly in the case of Aramco. This uncertainty was poignantly revealed in early 1975, for instance, when the Pentagon and Henry Kissinger were beginning to hint that they might have to invade oil fields in the Persian Gulf. Soon afterward the Vinnell Corporation in California was hired by the Saudi Arabian government to assist in the training of Saudi Arabian armed forces, including the protection of oil fields. I happened to be visiting the Aramco compound in Saudi Arabia just after this event, and I was talking to a young Saudi engineer who expressed some bewilderment about Vinnell's role: "Are they supposed to be defending the oil fields from the Americans, or for the Americans?"

In fact, Aramco was in a position similar to that of the Vinnell mercenaries; if there were to be an invasion, they would have to be on the side of the Saudis, or lose their concession. The fact that Sheik Yamani has since moved to acquire 100 per cent participation in Aramco does not break up the basic interdependence, for Yamani has sensibly ensured that Aramco still receives oil at preferential prices, and special opportunities in other fields, to ensure its continuing loyalty.

We are thus faced with a remarkable new phenomenon in the character of Aramco and of the other Sisters—BP and Gulf in Kuwait, for instance—and all seven in the Iranian Consortium. Here are the biggest corporations in the world, owned by American or European shareholders, and theoretically dedicated (at least in the reasoning of past support from the State Department) to safeguard cheap oil and democracy, which have now emerged with their principal loyalties directed toward foreign powers whose interests might become diametrically opposed to their "home" governments, and which are now committed to a cartel to maintain expensive oil.

The phenomenon is not altogether new, of course. It is inherent in the situation of any company operating abroad, unless on a semimilitary basis, that it must establish some kind of sound relationship with its host government, which will set up conflicts with its home loyalties. That was the dilemma behind the wartime scandals in 1940, when oil companies and other, including ITT, were found to have formed close links with Hitler's Germany. Such conflicts were visible in the first of the great multinationals, the East India Company in the eighteenth century. But the phenomenon of the giant oil companies is different not only in degree, but in kind, for through "participation" they have now been trapped into a much more fundamental dependence on which much of their profit depends. Whatever the ambiguities of East India Company policy, it was unthinkable that the company should actually support, say, the Indian Mutiny.

In the context of this dependence, it is now much easier to see why the OPEC cartel has continued unbroken for two years. It is not simply that the oil companies dread, as much as OPEC does, the chaos of a disorderly market caused by sudden gluts and price wars. It is also that they dare not offend the OPEC members, lest they lose their preferential position. Hence the most interesting fact about the oil companies' attitude toward OPEC: after all their noisy protests when it was first formed in the early sixties, they now say nothing at all. As one Shell director put it to me: "That is our greatest difficulty—we have to be silent."

There is nothing consciously conspiratorial about the company's support for OPEC. The oil executives can, and do, insist honestly that they are constantly operating according to the market, trying to take oil where it is cheapest and refusing it where it is too expensive, as they have done in Abu Dhabi and Libya. Like Rockefeller's executives a hundred years ago, they can boast that they are operating the most economical and efficient system imaginable. But they are operating within a monopoly, and they will do nothing, beyond exploiting the local differentials, to offend or break that basic cartel. Of course there are plenty of smaller adventurous companies which would be glad to buy and sell cut-price oil wherever they could find it, but the OPEC countries can easily enough keep them under control, provided they are not threatened by the global networks of the Seven Sisters.

So what is the basic solution to breaking the cartel? The Western governments appear, at least for the time being, to have come to terms with the extraordinary situation. Last November Henry Kissinger was warning that the political implications of OPEC were "ominous and unpredictable." By February his energy expert, Thomas Enders, was openly explaining that his role was to break up OPEC. But since then, the statements have been much more muted.

The confrontation with OPEC has taken second place to the Middle East settlement, and the arguments against a high oil price have been thoroughly confused by the realization that greater self-sufficiency in the West can be achieved only through a higher oil price there, too. This objective, reflected in President Ford's decontrol policy, can lead only to a further strengthening of the power of the oil companies, which are constantly protesting that they must be allowed huge profits in order to make huge explorations for oil. Their promises are thoroughly suspect. Mobil, with part of its huge profits, succeeded in buying the Montgomery Ward chain of stores. Gulf tried to buy the Ringling Brothers circus—hardly an essential part of anyone's energy policy. But however unconvincing their justification, the oil companies will inevitably strengthen their profits and their power if the higher oil price is accepted.

But there is, I believe, one obvious answer to the question of how to break up OPEC. It is to break up the giant oil companies. For it is clear that without the companies, the solidarity of OPEC would be seriously weakened.

The Seven Sisters have existed for so long—Exxon for a century, Shell for 80 years—that they have become regarded as facts of life, like nations or mountains. The need for giant integrated companies has been held to be essential to security of supply; so the Exxon oil can be pumped into Exxon tankers to be carried through Exxon refineries to Exxon filling stations. But in fact there has been nothing inevitable or irreversible about these oil empires. They have been the result, more than anything, of deliberate governmental decisions in past years which have guaranteed tax relief and diplomatic support overseas, as part of a deliberate foreign policy which is now totally outdated. The integrated companies developed increasingly into tax-dodging devices: the tax concessions led to absurd distortions in the accounting of the companies, which arranged to make most of their profits out of foreign production, where they paid minimal taxes, and came to regard their distribution and filling stations simply as "outlets" for the flood of cheap oil.

But now the whole logic of the integrated company has been turned upside down. The vast machinery for extracting cheap oil and selling it through global networks has been used for the opposite purpose: to ensure that expensive oil will always find markets and will not be undercut by sudden gluts of cheap crude. The integrated companies have become like a heavy blunderbuss, seized and turned round by the opposite side.

There is now no advantage to Western consumers and governments in having these unwieldy giants in control of their oil supplies. If they were broken up into smaller components, and if they were forced to withdraw from their participation with foreign governments, there would be a much greater possibility of OPEC's disintegrating. The producing countries would no longer be sure of selling their oil through long-term contracts, and would compete fiercely with each other. The oil companies, shorn of their concessions, would become more like other trading companies dealing with commodities, buying wherever the stuff was cheapest, with no permanent commitments.

Of course, oil companies will always need large sums of money for exploration and development. But these can be raised by medium-sized companies, and the record of the two biggest companies, Exxon and Shell, is singularly undistinguished in the field of exploration. Exxon got into Alaska only on the back of a smaller company, Atlantic Richfield, and it got into Saudi Arabia, the biggest jackpot of all, only because it controlled the markets which the first partners, Socal and Texaco, needed. There is little evidence that size, beyond a certain point, encourages daring, and many of the biggest risks have been taken by independents with far smaller resources than the giants.

The Western governments are fearful at the prospect of moving against the companies that they have helped to build up, partly because of their political clout, partly because, if the Seven Sisters pulled out of their participation agreements, they would lose their preferential oil, and the bill for oil imports would be still higher. But only by dissolving those indissoluble marriages will there be any prospect of wresting the power from OPEC and enabling consuming countries to have a role in negotiating prices.

Recent revelations about bribery provide further ground for unease about the role of the companies. The justification of giant concentrations has been that they supply the resources for global development, and that they have taken over some of the responsibilities of world government. But the fact that one company, within a single country, can secretly pay $51 million to political parties raises fundamental doubts as to the trustworthiness of such giants, armed with such resources.

Any move to break up or control the oil giants will, of course, be portrayed by the oilmen as an "assault on free enterprise" (to use the title of a recent pamphlet by Exxon, replying to Senator Jackson). No picture could be more misleading. The oil giants have never been examples of free enterprise. They were born out of a near monopoly, developed into a cartel, and eventually coalesced with another cartel, this one of sovereign states. In the patterns of excessive concentration of unaccountable wealth, operating not to encourage free enterprise but to frustrate it.

Mr. HOLLINGS. Referring to that article they suggest exactly what would happen here. What they did was, Mr. President, the big oil companies have gotten in bed with the OPEC cartel, and rather than trying to break it they continue it on and extend its tentacles, if you please, within the country.

I ask unanimous consent to also include at this point in the Record the article entitled "Inflation by Oligopoly" by Bennett Harrison of the Department of Urban Studies and Planning at MIT, showing exactly how they are working hand in glove.

There being no objection, the article was ordered to be printed in the Record, as follows:

INFLATION BY OLIGOPOLY

(By Bennett Harrison)

It is a tenet of radical political economy that the most important systematic explanation for the severity of modern capitalist inflation is the increasing power and influence (if not numerical incidence) of oligopoly throughout the capitalist world. It is these concentrated employers who have the most market (i.e., price-making) power, who can most easily influence their government regulators (e.g., through promises of jobs at six-digit salaries), whose employment discrimination has the greatest consequences (because so many "good" jobs are involved), who can afford to withhold output from the market, who can, through their connections, anticipate government economic policies and thereby change the conditions originally assumed by the policy makers, and whose investment decisions are the most sensitive to international opportunities for making a profit.

To be sure, our economy experiences some inflation from labor or other supply bottlenecks in one or another sector from time to time (although even that often occurs from the lack of public planning—itself caused in large part of the opposition of private corporations, at least in the United States, to public planning). And no one can escape occasional shortages due to real physical scarcities (although, again, planning could facilitate the process of shifting to less-scarce alternatives). But overwhelmingly, we suffer from inflation that is sometimes caused, and *always* exacerbated, by oligopoly. It works in three ways: by profit-push: administered increases in prices, often in anticipation of increased consumer spending; by obtaining government protection against price reductions; and by the vertical integration of entire industries, which eliminates external market exchange entirely in whole areas of the economy.

Orthodox economists are aware of at least some of the influences of oligopoly on inflation. The general tendency of oligopoly prices to rise quickly in response to (or in anticipation of) expanded demand but not to fall quickly (if at all!) in response to (or in anticipation of) declining demand imparts an upward bias to prices that has been recognized by Charles Schultze and Robert Solow (although neither of them seriously proposes action to weaken this power). In twelve months between October 1, 1973 and September 30, 1974, General Motors raised the average retail price of its cars ten separate times for an average increase of more than $800. At the same time, its sales fell by 21 per cent. To be sure, many of its costs rose significantly, notably labor (an additional cost of $2 per hour) and steel (an additional $65 per ton). Nevertheless, if faced with strong competition from other producers or from other means of transport, G.M. would have been forced to absorb some of these higher costs. That it did not—and padded the administered prices even further, by making standard some devices that were formerly optional, by adding in "inflationary expectations," etc.—illustrates the inflationary consequences of oligopoly.

Early in 1975, Federal Trade Commission Chairman Lewis Engman announced his findings that "most regulated industries have become federal protectorates living in a cozy world of cost-plus, protected from the ugly specters of competitive efficiency and innovation." He pointed to decisions of the Civil Aeronautics Board, Interstate Commerce Commission, Department of Agriculture and Federal Communications Commission: "Our airlines, our truckers, our railroads, our electronic media and countless others are on the dole. We get irate about welfare fraud, but our system of hidden regulatory subsidies makes welfare fraud look like petty larceny."

Perhaps the two most dramatic examples in modern times of "larceny" by oligopoly are provided by the automobile industry's systematic destruction of potential competition from mass transit, and the oil industry's power to effect a drastic redistribution of income from labor to capital and to reduce the future independence of consumers from the oil cartel. These case studies illustrate some of the effects of oligopolistic concentration on important areas of the American economy.

TRANSPORTATION

Introspection and fragmentary evidence have always suggested to some people that it is by no accident that we have become so dependent on cars, buses and trucks for the movement of people and freight. Of all possible forms of transportation, the automobile is socially and privately the most expensive. As urban land becomes more valuable, and the external diseconomies of sprawl become more apparent, the social consequences of underdeveloped mass transit increase. The real cost of "accessibility" rises and that, too. is inflation.

New evidence has appeared to support the view that our dependence on the private automobile is deliberate. A study, "American Ground Transport," conducted for the Senate Subcommittee on Antitrust and Monopoly by Bradford Snell has unearthed data which show that, beginning in the 1930s, "General Motors and allied highway interests acquired the local transit companies (first in Los Angeles, then in cities across the country), scrapped the pollution-free electric trains, tore down the power transmission lines, ripped up the tracks, and placed G.M. motor buses on already congested . . . streets. The noisy, foul-smelling buses turned earlier patrons of the high-speed rail system away from public transit, and in effect, sold millions of private automobiles."

G.M. also began in the same years to use its virtual monopoly of rail locomotive production and its leverage as the nation's single largest shipper of rail freight to force railroads to scrap their pollution-free electric locomotives in favor of G.M.'s more expensive, less durable and far less efficient diesels. "The switch to diesels prevented the railroads from competing effectively with the cars and trucks G.M. was fundamentally interested in selling." Most of the commuter rail systems, and nearly all of the railroads, were operating in the black until G.M. "invaded" their turf.

For example, Snell writes, "During fifty years of electrified operation (the New Haven Railroad) never failed to show an operating profit. Then, in 1956, G.M. persuaded it to tear down the electric lines and scrap an entire fleet of powerful, high-speed electric locomotives. By 1959, three years after dieselization, the New Haven lost $9.2 million. In 1961, it was declared bankrupt; by 1968, when it was acquired by the Penn Central, it had accumulated a deficit of nearly $300 million." After a review of these facts, the ICC, in an unprecedented move, found that General Motors had contributed to the New Haven's "financial ruin."

Snell reminds us that there is more at stake than simply the relative profitability of different private corporations. "The most disturbing aspect of G.M.'s dieselization program is that it eliminated a technological alternative, electric trains, which would have helped the railroads compete with highway transport. Today, when virtually every other advanced nation has electrified its trains, America and what is left of America's railroads are *still* locked in to G.M. diesel locomotives." These examples seriously challenge the "revealed preference" theory—that we "love our cars" and cannot be persuaded to part with them—so close to the hearts of neoclassical economists. Snell's study makes it clear enough that the addiction to road transport hardly resulted from free consumer choice among competing alternatives.

INFLATION AND THE OIL CARTEL

Events in the past year have enabled many observers to find in the Arab states a new bogey, responsible for much of our current inflation. But the problem of cartelized oil, with attendant high prices and artificially restricted supplies, existed long before there were any independent modern Arab states. This example merits the closest examination; it tells much about the "wire frame" of Tom Vietorisz's "birdcage." In his words: "Millions of unimportant decisions are made every day in local markets—the soap film covering the wire frame of the birdcage. The really important decisions—the wire frame itself—are less numerous, but far more fundamental. And they are explained by an analysis of power, not competitive advantage."

"The central fact of the petroleum industry," writes Melville Ulmer (The New Republic, January 5–12, 1974), "is that the demand for its product is 'inelastic.' . . . So long as the oil barons can maintain discipline in their industry, as they regularly manage to do, it always pays to keep prices on an upward track." The Snell study gives an important part of the explanation for the high-price inelasticity of demand for gasoline in America; competing modes of transportation have been systematically destroyed by the auto-gasoline-highway interests. Consumers must continue to pay ever higher prices. What are their alternatives? Intrasuburban mass transit? It does not exist. Commuter railroads? Only a handful of cities have them. Mechanical modes of travel, such as bicycles (or even walking)? Impossible when in the largest cities the average journey to work is longer than 5 miles.

The extraordinary power of the oil industry has not come despite government regulatory constraints. There is ample evidence that regulatory agencies, the White House and Congress have strongly supported and promoted this development. Here again is Ulmer:

"Because of the inelastic demand just described, it is financially advantageous for petroleum producers to keep thier customers a little hungry. Here, government has cooperated magnanimously. The Hot Oil Act of 1935 enabled the major producers to exercise control over the nation's output with the obsequious assistance of state agencies. A waiver of the anti-trust laws permits them to integrate fully from oil wells through pipelines, tankers, refineries and retail outlets. The same governmental benevolence encourages them to buy up sellers of potentially competing fuels, especially coal, and to join with British, French, Dutch and Italian companies in international "consortiums." Import quotas, administered by complacent government officials, serve to crown the perfection of their control over the nation's energy supply, and hence of the prices at which it sells. . . . To cap the financial bliss of this sector of our free enterprise system, a 22 per cent depletion allowance virtually absolves the oil companies from the corporation income tax.

"The oil industry has been carefully planned, but in the interests of monopoly profits . . . the majors sell part of their crude oil to independent, nonintegrated refiners. By hiking the prices, they can squeeze these potential competitors at will, narrowing their profit margins until they cry 'help.' Help means sellout or merger. Between 1950 and 1967, according to the Federal Trade Commission, the majors in this way absorbed 73 large independents with aggregate assets of more than six billion dollars. . . .

"Regulation by government seems no more effective than hiring Boy Scouts to rout out the Mafia. The oil moguls have demonstrated their talent for cowing or confusing public officials, whether in the Interior Department, the state oil prorating agencies or the White House's Office of Emergency Preparedness. Nor has any government official, concerned with 'truth in advertising,' ever dared to suggest that the oil companies reveal the homogeneity of gasoline—the treasured trade secret that all gasoline of the same octane rating, like all aspirin, is the same, regardless of the label under which it is sold."

The Economics Division of the Library of Congress recently reported to Rep. John Moss's House Commerce and Finance Subcommittee that Congress and the White House were directly responsible for much of the increase in oil prices. First, it was charged, the Cost of Living Council allowed the companies to increase the price of "old oil" (that from existing wells) from $4.25 to $5.25 a barrel, even though "this is oil that cost, roughly, less than $1 to produce." Excess oil costs to the consumer totaled about $2 billion. Then, the council allowed the price of "new oil"—which costs no more than $2 a barrel, including allowances for depreciation and depletion—to rise to $10.50. This cost consumers about $3.25 billion extra. Then, for each barrel of "new oil" produced, the majors were allowed to raise the price of a barrel of "old oil" still further, resulting in an increased revenue of about $2.23 billion. During the "shortage" of the winter of 1974, the Federal Energy Office permitted retailers to raise their profit margins from 7.25 cents a gallon to 11 cents; that increase has not been cut back since the advent of the summer 1974 sudden "surplus." The Library of Congress researchers estimate that this has added almost $3 billion to consumer costs.

In view of these cost and revenue data, the claim by the oil companies that the supply of oil has not been artificially curtailed is unacceptable. The record shows that the shortages are the result of deliberate policies to restrict output. Since 1956, the industry has cut back its exploratory drilling by 60 per cent. As late as 1967, fields in Texas and Louisiana were operating at only 40 per cent of capacity. No new refineries have been built in the United States for ten years; the new ones are being located abroad, near more lucrative markets (India now pays American firms $1.50 retail per gallon). U.S. News & World Report estimated that the United States had underground oil deposits of 400 billion barrels (we now consume about 4.3 billion barrels per year). Business Week (November 10, 1973) announced that Texas oil wells were pumping only about 30 per cent of the oil lying under their facilities.

The connection between the cartelization of the American-dominated oil industry and the recent behavior of the Mideastern oil countries is only dimly perceived by the media and the public. Last spring, Sen. Frank Church's Foreign Relations Subcommittee released its long-awaited study of this relationship. It charged that the oil companies are the "senior partners," helping the Arabs at State Department request, and being rewarded with the kinds of regulatory and legislative favor described above. One witness, a law professor who worked in President Truman's Justice Department, reported that his 1952 investigation revealed unmistakable evidence of an American-European-Middle Eastern cartel, but that the investigation was called off by the President himself because he feared "it might harm 'national security' by weakening our oil supply coming from the Middle East." The witness, Prof. Leonard Emmerglick of the University of Miami, said the cartel, known as the "Seven Sisters"—Exxon, Texaco, Standard of California, Gulf, Mobil (all American), Shell and British Petroleum—was formed around 1928.

The interests of the cartel were clearly served by the Arab oil boycott of 1973–74. American oil companies still earn dividends on Arab oil sales to other countries (and they own most of the tankers that transport the oil). The U.S. General Accounting Office estimates that, while ARAMCO (Exxon, Mobil, Texaco and Standard of California) sustained production costs of about 12 cents a barrel in 1973 at its Middle Eastern wells, the cartel's profits per barrel rose from 62 cents in 1963 to $1.23 during the 1973 embargo. "These were profits *after* the payment of royalties and taxes to the Arabian governments," according to GAO accountant Shirley Ward.

Oligopolistic power extends beyond price making and the withholding of supply. It means that oil companies can buy up potentially competing fuels such as coal and natural gas (the top four oil companies now own 50 per cent of the natural gas; the top eight own 70 to 80 per cent). They can use their power and wealth to control—usually in order to suppress—new technologies. For example, during World War II, the Nazis made gasoline from coal. After the war, the U.S. Government set up a research project to develop it here. In 1954, under pressure from the oil companies, the Eisenhower administration abandoned the project. The power to destroy competing independent retailers or refiners has already been remarked upon; according to The Wall Street Journal, there were more failures of independent gas stations in 1973—5,000 such failures—than in any other postwar year. Independent truckers are also being injured.

Findings such as those I have reported here have led even the conservative Sen. Henry Jackson to conclude that "the fuel shortage is a deliberate, conscious contrivance of the major integrated petroleum companies to destroy the independent refiners and marketers, to capture new markets, to increase gasoline prices and to obtain repeal of environmental protection legislation." An FTC study leaked to the press in the summer of 1973, but never subsequently published, similarly concluded that "the oil companies have behaved . . . as would a classical monopolist: they have attempted to increase profits by restricting output." This charge received support when the Senate Foreign Relations Committee, in March 1974, disclosed a confidential memo written by economists working for Standard Oil of California back in 1968—long before any Arab boycott threats. According to The Wall Street Journal, the company economists "recommended strong measures to prevent an oversupply of crude oil, including production cutbacks. [They] also assured that all of the major international companies would act concurrently to hold production down rather than see prices drop."

Finally, an unusual grand jury in New York returned a report to the state's Attorney General, concluding that "the recent petroleum shortages [in New York] were clearly avoidable and may have triggered the Arab oil embargo. . . . It's a fair question to ask whether the Arabs would have imposed the embargo at all if the [United States] had had adequate reserves."

What was the Nixon administration's (and now, presumably, the Ford Administration's) response to all of this? In February 1974, Budget Director Roy Ash announced a preliminary "plan," in which "the government's role will be primarily to assist industry. . . . Antitrust laws may be modified to permit cooperation among oil companies. Environmental laws will have to be reshaped to permit rapid development of offshore oil, coal strip mines, oil shale, and other energy sources. Research and development programs of new sources of energy, such as solar and geothermal energy, will be promoted. This burden will have to be borne primarily by the government," Ash said, "because the costs will be very high and the return too remote to interest private investors." Ash minimized the effects of the price increases. He said "it will amount to a 'one-time' cost of only about $50 billion—or only 4 percent of the GNP. Once the economy has adjusted to the higher price level . . . it will continue to grow without long-term ill effects."

These two brief case studies demonstrate, I believe, the overt use of political and economic power by two highly concentrated industries to increase their share of the national income, enhance their power and destroy potential competitors—not by offering a better product, more efficiently produced, but by bludgeoning their opponents to death. And all with the active support of the state.

A study of inflation that fails to assign a central role to the power of concentrated industry cannot hope to succeed. The giant corporation is the central institution of advanced monopoly capitalism; it affects every aspect of economic life. Magazine writers may concoct lists of *ad hoc* causes of inflation until the cows come home. The *systemic* causes are to be found in the industrial structure.

Mr. HOLLINGS. I think it was the distinguished journalist Joseph Kraft who summed it up with Yamani in Vienna trying to get, if you please, that telephone call. The Senator was talking about ITT a moment ago. I hope they do not start an Arab cartel for the telephones because the poor fellow could not get a call through and had to go to London.

But I ask unanimous consent that the article by Mr. Kraft entitled "The OPEC Charade" of September 30, 1975, covering the OPEC meeting in Vienna, be printed in the RECORD at this particular point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE OPEC CHARADE

(By Joseph Kraft)

The price rise set by the foreign oil cartel last week shows how little this country has a foreign economic policy. For the increase comes at a time when excess supplies should have forced the cartel of exporting countries known as OPEC to cut prices.

That OPEC was able to stick together and then to hike prices at all is only thanks to help from major Western oil companies. The big companies favored the foreign cartel largely because they got no contrary signals from their own governments, notably from the Ford administration in Washington.

To understand all this it is necessary to have a feel for the strengths and weaknesses of OPEC. The cartel is powerful when demand for oil exceeds supply. It can then set very high prices which member countries will gladly adopt and enforce. That is what happened in 1973 and 1974.

An excess of supply over demand, however, poses vexing problems for OPEC. In order to hold prices high, production has to be cut. Deciding which member countries should accept which cuts in production—and therefore in income—has up to now proved beyond the capacity of OPEC.

Thus Abdul Amir Kubbah, a former OPEC official, mentions in his book on OPEC that its first resolution spoke of the need to ensure the "regulation of production." "But," he adds mournfully, "nothing ever came of it."

Thanks to the recession and a mild winter, 1975 was a time of oil glut which put OPEC to the most severe test in its history. Consumption of OPEC oil fell from a capacity of about 40 million barrels a day to an actual figure of about 25 million barrels per day.

So if the cartel was to hold, if prices were to be kept steady, the exporting countries had to withhold from the market 40 per cent of their productive capacity. They had to eat—or, as the term goes, "lock in"—15 million barrels a day.

The great miracle of 1975 is that the OPEC countries passed the test. They sustained prices (at a basic level of about $10.50 for the marker crude) all through the year by huge cutbacks in production.

Moreover, they assigned the cutbacks not in a crude, across-the-board manner, but in a highly sophisticated way which inflicted least harm on those countries least able to bear pressure. Thus the biggest producer, Saudi Arabia, which takes in much more revenue than it can spend, absorbed by far the biggest cut in production. It locked in nearly 50 per cent of production in April and well over 40 per cent subsequently.

Conversely, countries heavily dependent on oil income for current expenditures were allowed to get by with only tiny cuts in production. Thus the second-biggest producer, Iran, which consumes almost all of its oil income in development, cut back its production by only between 15 and 20 per cent.

Exactly how the cutbacks were arranged in a way so well calculated to minimize friction among OPEC members is not known. But it is very clear that the OPEC countries and the international oil companies were in collusion.

For example, Aramco, a conglomerate of American companies which runs the Saudi oil industry, decided on the level of Saudi production each month according to the world market. But the Aramco decisions were subject to the control of the Saudi government which owns 60 per cent of the company. In this way Aramco combined with the Saudi government to make the cartel work.

Conversely, American companies did not use their power to break the cartel. Iran, for example, would have been highly vulnerable to a threat by companies to cut back, say, 90 per cent of their purchases from that country. Under such a threat the Shah would have probably been forced to break the price and bust the cartel. Precisely such a strategy was in fact suggested by one major American company. But the State Department discouraged any such counter-cartel actions by the American companies.

What all this seems to say is that the Ford administration—despite much official huffing and puffing—actually helped the cartel raise prices. The OPEC deliberations of last week were a kind of charade which made it possible for some members—notably the Saudis—to look pro-American.

In fact, the cartel stood together from beginning to end. It will do so again—and to the great damage of the Western economies—until the United States and other consuming countries come up with an international energy policy. While there are some signs of progress now, I am reminded that the Saudi oil minister, Zaki Yamani, once asked me: "Does the United States really have an oil policy?"

Mr. HOLLINGS. Mr. President, they are not in competition. All we are trying to do is not go through, as someone called it earlier on the floor, a hiatus of divestiture and how would you get rid of your tankers or how would you do away with your marketing. I think the proponents of vertical divestiture made a strong and valid case. I voted to support their position, but there can be no doubt that this can very easily be done.

We will leave the oil and gas companies who deal exclusively with those products alone and only affect the 20 largest who have gone into other energy fields.

With respect to oil shale there is no divestiture there but with respect to the rest there must be if we are going to sober up in this country and realize what the problem is.

The problem is not nationalization of oil by the Government but the nationalization of the Government by oil. That is exactly what has been going on year in and year out in the U.S. House of Representatives, in the U.S. Senate. We are gradually inching up on them. It is going to take some time to catch them. They have been into every government in Italy and in France with paid agents, and in Saudi Arabia. They laundered all of that money. They all pleaded guilty to it down in Mexico in the CREEP election and everything else.

They know how to control. I am saying with all of these moneys here please let us be rational and objective enough to hold some competitive feature in this energy game.

I know of no one enjoying the inaction more than the big oil companies. The spokesmen for the big oil companies are here day in and day out saying we are having no policy, and then going back to the Carlton Club at night and laughing all evening long, and they ought to laugh, for the plain and simple reason is as long as this impasse lasts and there is no policy it is their policy. It is the big oil policy we have had in this country now. They have the profits. They are in everywhere with the premium dollars.

With respect to geothermal, I have got the most recent figures I could find early this morning. At one time they had out on the west coast, I think there were, 101 geothermal leases, that is the total. Now there are 53 of those geothermal of 101 leases acquired by big oil. There were 61 other companies trying to bid on them. There is an interest there and in every other energy form. But big oil has got the premium dollars, and they are moving in and taking over and they are controlling. This control has got to stop if America is going to get energy independence. I am talking not just about independence in order to have a sufficient supply to depend upon in its own right, but independence from the clutches monopolistically of the big oil companies in this country.

This is an amendment that does not need any more public hearings. If you have had 8 to 9 years of experience up here in Congress as I have had, I have heard from all of these angles with respect to handling various measures, whether it was the automobile fuel economy, the oil depletion allowance, with respect to the natural gas bill, the hearings on the brownouts and blackouts. Serving on the Energy and Fuels Policy Study, ranking member of the Energy Subcommittee of the Budget Committee, I have been convinced of one thing, and I have said it before, and that is oil owns government. We have been nationalized, and this time we should not have complete and total nationalization of this government in the energy field by big oil. It is time we get some freedom to bring in competitive forces under the Kennedy amendment.

I thank my distinguished colleague for the time.

Mr. KENNEDY. Mr. President, how much time remains?

The **PRESIDING OFFICER.** The Senator from Massachusetts has 20 minutes.

Mr. KENNEDY. And the other side?

The **PRESIDING OFFICER.** The Senator from Arizona has 58 minutes.

Mr. KENNEDY. I would like to withhold our time shortly and then raise some additional points.

Mr. JOHNSTON. Mr. President, will the Senator from Arizona yield me time?

Mr. FANNIN. I would be glad to yield time.

Mr. KENNEDY. Mr. President, I ask

unanimous consent that Mr. Thomas Susman of the Judiciary Committee staff be granted the privileges of the floor during the consideration of this measure.

The **PRESIDING OFFICER** (Mr. BARTLETT). Without objection, it is so ordered.

The Senator from Louisiana is recognized.

Mr. **FANNIN**. How much time does the Senator desire?

Mr. **JOHNSTON**. I hope I could do it in 5 minutes.

Mr. **FANNIN**. I yield 5 minutes to the Senator from Louisiana.

Mr. **JOHNSTON**. I would like to ask some questions about the bill on my time because the import of each word here is of critical importance.

My first question is whether "energy company," as defined on page 2, line 8, et seq., includes affiliates and subsidiaries of that energy company.

Mr. **KENNEDY**. It does not refer to oil or natural gas affiliates, as I mentioned in my opening comments, but would refer to affiliates in other energy sources.

Mr. **JOHNSTON**. But would it refer to all the affiliates and all of the subsidiaries of a company?

Mr. **KENNEDY**. The Senator is correct with the exclusion affiliates in natural gas or oil products.

Mr. **JOHNSTON**. All right. So that "energy company" means—I mean if we are talking about Exxon Refining or Exxon Coal or Exxon USA it is all the same person for the purpose of that definition; is that correct?

Mr. **KENNEDY**. The Senator is correct with regard to the alternate energy affiliates only.

Mr. **JOHNSTON**. All right. The word "person" on page 2, line 21, in like manner, I would assume, includes all affiliates and subsidiaries of that person?

Mr. **KENNEDY**. The Senator is correct as to nonoil and nonnatural gas affiliates.

Mr. **JOHNSTON**. That is correct.

Very well. If that is so, is it not a fact under the bill and particularly under section 303(a)(1), that it is perfectly all right for Exxon to retain its coal company if it wishes, because that is all part of the same person and it is all part of the same energy company?

Mr. **KENNEDY**. No, that would not be a correct interpretation. As I indicated the interpretation of those words was applied to the definition of those elements that are retained within the oil and natural gas production but were exclusive of other energy sources.

Mr. **JOHNSTON**. I submit to the Senator that the answer just given me, which I think follows from the wording here, that the very definition contained in the bill, regardless of the Senator's intent, would mean that Exxon include all its parts, and under section 303(a)(1) a person, to wit, Exxon, who possesses a major market share, which they would possess, may not acquire, hold, or own any asset of another energy company.

The emphasis is on the word "other" and obviously Exxon Coal is not a separate company from Exxon. That seems very elemental and very clear under the bill, is that not true?

Mr. **KENNEDY**. It is not so. If the Senator would like to offer language to make it clearer to himself, I would be more than willing to accept it, to draw that distinction.

It does not seem to me that distinction is necessary, but I think the Senator and I both understand what not only the proponents of the amendment intended to do, but we believe it does do.

But if there is some other language to spell that out, that is satisfactory to the Senator from Louisiana, particularly if it will bring his support, I will be more than glad to offer it at this time.

Mr. **JOHNSTON**. I have a number of other questions, if I may get on those.

Is it not correct that under section 303(a)(1)——

Mr. **KENNEDY**. Just to restate, if it is of any interest, and obviously it is of interest to the Senator, the language solely restricts the ability to maintain or to new acquire nonoil and nonnatural gas assets.

Mr. **JOHNSTON**. On the next question, as I understand it, under 303(a)(1) it is all right for a person who has a major market share to acquire an asset of another energy company so long as that energy company also has a major market share.

In other words, Shell can acquire the assets of Exxon, or vice versa, with impunity under that section; is that not correct?

Mr. **KENNEDY**. Yes, as to solely petroleum and natural gas activities, if permissible under the antitrust laws. This would solely limit their utilities to acquire nonoil and nonnatural gas assets.

The **PRESIDING OFFICER** (Mr. BARTLETT). The time of the Senator from Louisiana has expired.

Mr. **JOHNSTON**. May I have 5 more minutes?

Mr. **FANNIN**. Yes.

Mr. **JOHNSTON**. I invite the Senator's attention to the fact that on page 2, line 8, et cetera, energy company is defined to exclude a person who has a major market share and, therefore, one major can acquire any asset of another major because it is excluded from the definition of energy company.

Mr. **KENNEDY**. I am glad we can make the legislative history, if it is necessary to make it on this point. That would apply only to the extent that they are not involved in the alternative sources of energy.

Mr. **JOHNSTON**. One more question. On page 2, line 3, and the following, we talk about major market share. Do I assume that is only domestic market and not the international market?

Mr. **KENNEDY**. The Senator is correct.

Mr. **JOHNSTON**. We speak separately there of petroleum, of petroleum products, and crude petroleum.

Now, what is meant there, all three, or one, or which, when we determine who are the 20 largest?

Mr. **KENNEDY**. It is the largest 20 domestic producers.

Mr. **JOHNSTON**. Of crude petroleum, and more than market share of petroleum products is surplusage and that language should not be in there; is that correct?

Mr. **KENNEDY**. Which language should not be in there?

Mr. **JOHNSTON**. All right. Major market share means that proportion of the market for petroleum or petroleum products as determined by the——

Mr. **KENNEDY**. If those words were not there, it would not alter the operative language of that clause, identifying the companies to be affected as the 20 largest domestic producers of crude petroleum.

Mr. **JOHNSTON**. If one had the 20 largest crude petroleum producers, who do not happen to be the largest 20 of petroleum product producers, then one goes to the definition of crude petroleum producer?

Mr. **KENNEDY**. Correct.

Mr. **JOHNSTON**. I thank the Senator for the answers to these questions.

Mr. **KENNEDY**. I would like to ask the Senator from Louisiana on my time, if we are able to make adjustments or changes, would the Senator be willing to give us his help and support, because I know how useful and helpful it is and we need that, quite frankly.

On these particular matters of the questions of the Senator from Louisiana, first of all, I would ask he clarify the language, if he has specific language, to make those points clear. I would ask that my amendment be modified to so reflect and I would welcome his cosponsorship of such changes, particularly if he thought he could support it.

Mr. **JOHNSTON**. I would not want to commit myself in advance, before seeing the language. Quite frankly, I do not share a great deal of enthusiasm for this amendment and I would like to say why.

I think this colloquy illustrates the gravity of the question we are dealing with and the difficulty of using that language. I think if the Senator will go back and read this language very carefully he will determine that the answers first given to me about what person——

Mr. **KENNEDY**. This is on the Senator from Louisiana's time.

Mr. **JOHNSTON**. Very well.

Mr. **KENNEDY**. Because we are running out, if that is agreeable to the Senator.

Mr. **JOHNSTON**. Very well, on my time then.

That the answers first given as to the definition of person and the definition of energy company are such as to permit all of those results which flow therefrom. That is, under the very clear wording of this language, an energy company can hold all its affiliates, can continue to own all its subsidiaries with perfect impunity under this law, and the language is clear that that is the result, and the Senator from Massachusetts gave those answers.

It is also clear under the language of this bill that a major can acquire, hold, own or control any asset of any other major company because under the clear definition that is excluded.

I am not so sure, Mr. President, that even if I were of a mind that I could get language to correct this and which would lead to the result the Senator from Massachusetts wants to do. At least we could not do it here on the floor of the Senate, in my judgment; at least we should not do it here on the floor of the Senate, because of the gravity of what we are doing is so great.

If we really mean to tell Exxon to divest itself of Exxon Coal and Exxon Plastics, and all the other affiliates, we need to say so with very precise language so that we know, so it is not left up to a generation or two of litigation in the courts.

Mr. President, this language does not do it.

I do not mean to be critical of my friend from Massachusetts, for whom I have the highest respect, but that definition of major market share is a model of obfuscation, ambiguity, and circularity in reason.

Three different terms are used. We use petroleum, we use petroleum products, and we use crude petroleum.

Mr. President, those are three different things, and yet we are going to have billions of dollars worth of divestiture turn on the use of these three terms which are interchangeably and, in my judgment, confusedly used.

That is not the only problem in this amendment.

That is not the only problem with this amendment.

The amendment, if it means what it says, does not prohibit anything. It simply does not prohibit anything except interlocking directorates in section 2. Section 1 does not do anything. It permits an energy company to continue to own coal, to continue to own nuclear, to continue to own any other source of energy whatsoever. It is very clear in that respect.

Furthermore, it does not even prohibit a major from acquiring other assets of another major. I assume that that would be in contravention of the antitrust law, but it is not in contravention of this amendment.

So, Mr. President, if we are going to try to do anything here on the floor of the Senate, I would urge the Senate to do it only after the most careful debate, and only after the most careful legislative draftsmanship. We are dealing not only with billions of dollars, the property of the stockholders of the major energy companies, but, Mr. President, we are dealing here with the very life blood of the Nation, that is to say, energy. If we are going to deal with that life blood, if we are going to have some transplants, if we are going to have some divestitures of major proportion, let us be very careful in what we do.

I submit, Mr. President, this is not a carefully drawn piece of legislation. I hope that the Senate will reject this amendment. I do not think the problem can be cured here in the Chamber, even if I wanted to sponsor the legislation myself. I could not cure it in the time limit allowed between now and 3:15. I think it would be dangerous and irresponsible to try to write this kind of a major piece of legislation while we are conversing here in the Chamber of the Senate. I thank my friend from Arizona for yielding.

Mr. KENNEDY. Mr. President, I have tried to indicate, both in my formal statement and during the exchange with the Senator from Louisiana, the scope of this particular language. Evidently, I have been unsuccessful in doing so with my good friend and colleague from Louisiana.

Let me just say that it was not confusing and it is not confusing to the Treasury Department.

In a letter to the distinguished Senator from Oklahoma, which has already been printed in the RECORD, and in reference to this particular language, he said:

> We read its language to require within three years of enactment divestiture by the 20 largest as of January 1, 1975, domestic crude petroleum producers of their other energy operations.

That is exactly what we intended.

So the Treasury Department does not have difficulty in understanding. We tried to make it as clear as possible in terms of the legislative history. We have welcomed any particular amendment of the Senator from Louisiana who wanted to perfect it, change it, or alter it to carry forward what our intention would be. I daresay if the Treasury Department in review of that language understands the nature and the purpose and the intention, and with the legislative history established in this Chamber, there should be no confusion about the operative parts of this amendment.

I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. LAXALT). Who yields time?

The Senator from Arizona.

Mr. FANNIN. Mr. President, the legislation which is being considered today, as I said earlier when discussing another amendment, is under consideration in the Judiciary Committee. There were meetings on it this morning and there were meetings on it yesterday. It seems absurd that we would go forward on a bill that has nothing to do with the subject being discussed other than to go backwards, as far as the energy solutions we have before us in this country.

The distinguished Senator from Massachusetts (Mr. KENNEDY) would prevent oil companies from participating in developing other forms of energy in this country. This amendment is very detrimental to what we are trying to achieve.

The distinguished Senator from South Carolina mentioned the other areas of development, the manufacture of the synthetic fuels through coal, oil shale, and tar sands development being critical to our Nation's oil supply-demand balance. These areas are very much involved in what we are talking about.

The other energy fields that we would hope the companies would go into are the ones I mentioned. Involvement by the major oil companies in this effort is a must for several reasons: The development of coal, oil shale, tar sands, and geothermal resources is an extension of oil technology in which the U.S. oil industry is the world leader. Development of those energy sources requires capital that will dwarf the likes of the Manhattan and Apollo projects, and to foreclose oil industry involvement will retard development of these resources. From plant operators and mechanics to chief executive officers, the oil industry has the manpower skills needed in the development and manufacture of alternative fuel resources, and to forbid their manufacture of alternate fuels resources, and to forbid their involvement in these areas, would seriously dilute our Nation's efforts to lesen our foreign energy dependence.

It would take the lifeblood of the energy program out of existence. The opportunities to give new life to our energy program are thwarted by this amendment.

The natural gas legislation now before us is of major importance to our country's energy situation. The Senate should not entertain amendments which divert attention and could complicate that issue. Furthermore, the subject matter of the amendment is relatively new to the Congress.

Some have said that they have been studying this for years. They have not studied it under present circumstances because we have not before been in this situation.

Since it involves a statutory dismantling of such a major segment of our American economy, it deserves more than cursory debate on the Senate floor.

The Senate Committee on the Judiciary, as I said, has already begun hearings, is holding them today, and held them yesterday on a series of divestiture bills. That normal legislative process should be permitted to continue. Only through careful study in committee prior to reporting such legislation can the actual effect on achieving energy self-sufficiency be calculated. Singling out one industry is certainly not the way to do it.

Vertical and horizontal integration have worked toward reducing manufacturing costs for a number of different agencies and products, including petroleum products. To vote in favor of divestiture of oil companies at this time is voting for an automatic price increase in petroleum products.

Mr. President, there has been a reference to the developments of geothermal energy. The largest geothermal development in the world is at Geyserville, Calif. It was referred to by the distinguished Senator from South Carolina.

The Senator from Arizona has visited this facility and has been involved with the geothermal program for many years, as Governor of Arizona. As Senator I have studied the developments in my own State, the State of Arizona, as well as in northern and southern California. It has been my privilege to visit a number of proposed projects, some in an experimental position. They are ones being carried forward through the cooperation and financing coordination of oil companies. They are being carried forward by oil companies because there is a great risk involved and because the oil companies have the drilling expertise. There are great problems on drilling for geothermal, even more so than oil because of the great heat that is involved. They have had to develop special equipment in order to do this.

It seems absurd that we at this time

would try to take action that would prohibit any further involvement by these companies that are carrying the program forward.

We could talk about other areas of the country that are very important as far as geothermal is concerned. In the Gulf of Mexico, in Texas and Louisiana, there is great potential. But this is involved with petroleum products under the same areas; they will produce geothermal energy and also produce petroleum products. That is certainly going to complicate matters, to say that they can do one and not the other, because we have a combination of resources in many areas of the country.

Certainly, with the development of resources already underway, we should not be saying that the companies cannot continue.

Projects on the development of oil shale are going forward in the State of Colorado. We have had here in Congress a showing of films by the Occidental Petroleum Co., incident to their development. This is being carried forward with technology that they possess in their particular company. When we start saying "You cannot do it" and they are already doing it, what are they going to do? These are not as yet profitable ventures, so they cannot sell them off to someone else. No other company wants to undertake the tremendous risk, other than the oil companies. This amendment would result in complete desertion of these projects.

We talked about coal gasification. Yes, the oil companies are involved. Why are they involved? Because they are willing to take the risk. A coal gasification plant, Mr. President, a few years ago was estimated to cost around $650 million. The last figure that was given to us on a coal gasification plant of a size that would be beneficial to operate and would be successful was $850 million. It has been stated that if we do not get started before the first of the year, they will probably cost a billion dollars.

So, Mr. President, we have every reason to keep the oil companies involved in the development of energy in other than just straight petroleum activities, and I hope that we can; because when Members of the Senate review the current situation and come to the conclusion: "Well, we have to have all these laws that the Senator from Oregon talks about," they fail to realize that the antitrust laws are capable of remedying anticompetitive situations in the petroleum industry.

Neither horizontal nor vertical integration affects the competitive situations to a significant degree. The courts have recognized that divestiture, as brought out by the Senator from Louisiana (Mr. LONG), is an extreme and disruptive remedy, and therefore, it should not be considered without an opportunity to evaluate the effect on competition in each area within an economic market. Since there are no facts demonstrating that horizontal operations in the energy industry are necessarily anticompetitive, the courts should continue to exercise jurisdiction in this area.

I know that the Senator from Oregon is very well aware of the potential developments of geothermal energy in his own State. I have not seen many small companies that are rushing out and making the huge investments that would be necessary to carry these programs forward. Yes, we see a few little programs where they are using hot water, and some steam to a limited extent, but the real opportunities for power development lie in large generating plants, and those are tremendously expensive. If we are to be able to go forward and take advantage of this great resource, we will clearly be at a great disadvantage if we do not use the companies that are now interested in the programs and working today. It would set us back for years. If the pending amendment is approved, it would mean that these developments would not go forward now and in fact, it could be 10 years or more before they could be gotten underway.

So, Mr. President, there is everything to be gained by defeating this amendment, and carrying forward a bill on natural gas deregulation and the development of a good energy program.

Mr. President, I reserve the remainder of my time.

Mr. KENNEDY. Mr. President, how much time do we have remaining?

The PRESIDING OFFICER. The Senator has 19 minutes.

Mr. PACKWOOD. Will the Senator yield me 7 or 8 minutes?

Mr. KENNEDY. I yield the Senator from Oregon 7 minutes.

Mr. PACKWOOD. Will the Senator from Arizona yield for a question, on our time?

Mr. FANNIN. I am glad to.

Mr. PACKWOOD. In terms of oil company ownership of these diverse nonenergy resources, is there any limit to what oil companies or others should be allowed to own?

Mr. FANNIN. As far as bigness is concerned, I do not think bigness is wrong.

Mr. PACKWOOD. So there is not any limit?

Mr. FANNIN. I would not say there is not any limit, but I cannot put a limit on that. I think we should have hearings. The Senator is asking questions that I think it would be impracticable to answer from both of our standpoints.

Mr. PACKWOOD. But is there any limit? Is the Senator saying that so long as they do not violate the antitrust laws, there is no limit?

Mr. FANNIN. If the companies are carrying forward and furnishing a public service, beneficial to the general public of our country, I do not think the size is an element of consideration.

Mr. PACKWOOD. So the Senator's ultimate position would be that if they do not violate the present antitrust laws, that should be the standard?

Mr. FANNIN. I think we are going forward with hearings now to make that determination. I think we should continue to go forward with those hearings. I am not on that committee, so I would leave it to the members of the committee to make a determination in that respect.

Mr. PACKWOOD. But I am sure that is not what the Senator's personal opinion is, because he is opposing divestiture here.

Mr. FANNIN. I think my personal opinion does not enter into the issue.

Mr. PACKWOOD. But he is opposing it here, because he is arguing against it.

Mr. FANNIN. Yes. We are talking about the development of an energy policy in this country, and I cannot understand why at this time, without more extensive hearings and dissemination of those hearings—we are trying to act on something most of us know little about.

Mr. PACKWOOD. Mr. President, let me take the remainder of my 5 minutes to say why I think the Senator from Arizona and I simply disagree.

I think there is a size beyond which it is dangerous to allow a concentration of power. I do not know if the oil companies violate the antitrust laws today or not. I do not know, if we brought a suit against them—so far, for 20 years, the Department of Justice has been reluctant to do so—what would happen. I do not know whether they violate the antitrust laws, but I think somewhere legislatively we should say it is dangerous to have such concentration of power, whether or not there is a conspiracy to rig the market or manipulate the price.

This is nothing new. We have done it before. We did it with the banks. Under the McFadden Act, we prohibited them from operating interstate, requiring that they confine their operations to a single State; and under the Bank Holding Company Act, they have to limit their activity to banking. They cannot own apartments with reference to running them; they can lend money to build then. They cannot own movie theaters, because as a matter of legislative policy, Congress has said it is too dangerous to allow banks, which have this tremendous access to capital, to compete with other businesses which do not have that kind of liquidity.

I think that is roughly the same type of standard we should apply to the oil companies. I thought earlier they should be divested vertically, so that they cannot be involved in both the drilling process and the refining, transportation and retail processes. We lost that.

I think when you look at the size of the companies today, you can see that in fairness this is too big an aggregation of power for the good of the consumers, for the good of competition, or for the good of business in this country. Twice in the past we have ordered major divestiture. Both of them were court ordered.

The Senator from Louisiana was quite right in saying that the courts have been reluctant to order divestiture, but in 1911 they ordered the divestiture of Standard Oil of New Jersey, which at that time was the largest corporation in this country, with assets of $860 million. Eight hundred sixty millions, not billions.

The court ordered Standard Oil of New Jersey broken up into 33 small companies. Those 33 small companies, all derived from a company that was no bigger than $860 million in 1911, include Exxon, the largest corporation in the United States with sales of $42 billion; Mobil, the fifth biggest corporation with sales of $19 billion; Standard of California, the sixth biggest corporation; Standard of Indiana, the 13th; Continental Oil, the 16th; and Atlantic Richfield the 18th. All of them have grown from these little tiny companies.

When they were broken up, there was not one of them that would have been big enough to fit within the 500 top companies today.

If this amendment that Senator KENNEDY and I are sponsoring is agreed to today, and these companies are broken up, every one of them will still be within the top 100 in size.

We are not jeopardizing anyone's ability to borrow capital, drill for energy, or take care of the needs of this country.

What about American Tobacco? That was broken up in 1911 into nine small companies. Who has quit smoking? Who has quit advertising?

Has that tobacco company grown weak? They have grown powerful. They have grown so powerful that in the face of evidence that smoking causes cancer, that it is a menace to our health, we make everyone put big white disclosures on packages and advertisements, and at the very same time we support tobacco crops with subsidies. That is how weak they have grown since broken up in 1911, when American Tobacco was the dominant factor in the tobacco market.

I do not see how anyone can look at these facts and statistics and say that this amendment, which in my mind is a rather moderate amendment, is endangering anyone's health, safety, energy, the right to compete, business, or anything else.

If this Congress wishes to do a favor for the American consumer and for middle-sized American business, it will break up these major oil companies into smaller units. We will see very quickly those smaller units, led by what are now middle management officials of the present companies, who will be happy to spinoff, spinout, undertake one of these new companies, lead it, make it competitive, make it successful, make it profitable competing, we will see America moving faster, and we will see more energy developed than we are seeing at the moment.

To sit here and say we have not had enough hearings, when we had 200 days of miscellaneous hearings before the Antitrust Subcommittee, to sit here and say, "I am not sure how big they should be allowed to get, but they are not that big yet," to sit here and say that if we break up these companies we are endangering the future of this country, when broken up they will be among the 100 big companies in this country, belies credibility.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. PACKWOOD. I yield the floor.

Mr. KENNEDY. Mr. President, I wonder if I could have the attention of the Senator from Oregon just to carry this point further for a few moments, because I think it is an extremely important one.

The Senator, in his, I thought, interesting exchange with our colleague from Arizona, talked about what our responsibilities are, generally, to promote competition and the role of antitrust legislation in this country. The Clayton Act is quite clear in attempting to limit both actual evils and to prevent future evils. It states that the law applies when:

> The effect of acquisition may be substantially to lessen competition or tend to create a monopoly.

Are we not really dealing with both situations, an actual evil and the situation which would tend to create a monopoly, something which is prospective? Is it not only appropriate, as the Senator from Oregon pointed out, in reviewing past history to exercise some responsibility, not just to lurch from crisis to crisis, but also to try to look ahead and anticipate some of these different issues?

Before listening to the comment, I mention a couple of very brief points and wish to get the Senator's reaction to them.

In March of this year, the Union Oil Co.—this is in California—doubled the price of steam it is selling to the Pacific Gas and Electric Co., which is a private power company, which sells power at wholesale to the Municipal Electric System, and this dramatic pricing was based on a contract which tied the cost of geothermal steam to the price of oil.

As I understand in San Francisco, the plurality of their energy used to be geothermal; now it is a smaller percent. But here we have a clear example where an oil company, that owns those geothermal resources is tying the price to oil.

In order to make this point further in the area of coal, an interesting study was done recently. The Federal Power Commission in that study said:

> It is unlikely that a large price increase—

This is in the price of coal—

> can be accounted for by real cost of increase in production. A more likely explanation is that oil companies, able to charge higher prices for oil, decided to raise coal prices through their control of subsidiary coal interests.

Then another study done by George Washington University also points out that in recent years the likely increase in price should have produced an increase in the quantity of coal offered for sale. When we have an increase in price there should be an increase in quantity.

But their conclusion is this is not in fact the case of production. In 1971, 1972, 1973, it was lower than production in 1970.

They noted that the decline in production could not be explained by any incapacity to produce more coal. Rather, they found there is a suggestion that coal producers restricted output to further drive up prices and profits.

Here is an expression of the Federal Power Commission, studies that have been made by the American Public Power Association and the specific examples in geothermal pricing in San Francisco—all of which indicate the danger of stifling competition. Based upon what the society, are we not obligated to take the Clayton Act says that we have a responsibility to prospectively deal with factors that can lessen the competition in our society, are we not obligated to take the action that the Senator from Oregon has supported in this amendment?

Mr. PACKWOOD. I agree absolutely. We take the theory of Lord Acton that power corrupts and more power corrupts absolutely. The fewer we have, the bigger they get, and the more likely the danger of conspiracy. It is easier for 20 companies to compete than 10. It is easier for 10 to compete than 5. So the natural tendency of people in business—and I do not say it is malicious—but the natural tendency is to squeeze out the competitor, to do a slightly better job, if he can, and finally squeeze everyone out. We all think we are the most efficient and have the best business and are convinced we know how to run it better than anyone else. The final result is that we get down to either one, or we get down to a small enough number that there becomes a natural tendency to conspire among themselves for the mutual benefit of everyone.

I will yield the floor back to the Senator from Massachusetts. The best example we have seen of this in the last 2 weeks is the airline industry. President Ford sent to Congress a message for the deregulation of the airline industry to allow them to raise and lower their rates within a very large margin, to allow them to pick and choose what service and what cities they wish to serve so they might better to compete with each other. What did the airlines say? "No, no, no, we don't mean that. Don't remove the Federal Aeronautics Administration from control of us. We won't be able to compete. We need Government regulation."

These very same people, who normally want free enterprise competition, do not want it for themselves. This is what I see in every industry, regulated or unregulated. It wishes the benefits of Government protection. It wishes the right to compete as long as they regard competition as successful, but they really would rather squeeze the competition out. Once it is out, we are going to have the same results that the Senator from Massachusetts has alluded to.

Mr. KENNEDY. I thank the Senator from Oregon.

Mr. BARTLETT and Mr. ABOUREZK addressed the Chair.

Mr. KENNEDY. Mr. President, I yield to the Senator from South Dakota.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BARTLETT. Mr. President, I yield myself such time as I may require.

Mr. FANNIN. Mr. President, may I ask how much time is available?

The PRESIDING OFFICER. The Senator from Arizona has 30 minutes.

Mr. BARTLETT. Mr. President, I think I am out of line there. I thought the Senator from Wyoming had the floor.

Mr. HANSEN. How much time does the Senator desire?

Mr. BARTLETT. Five minutes.

Mr. President, I noticed that the distinguished Senator from Massachusetts distributed a sheet which says that this amendment does not require any changes in the major producers' oil and gas operation and that it does not affect any energy-related companies other than the top 20 oil producers.

I ask the Senator from Massachusetts

if this does not refer to all joint ventures, all partnerships, all joint activities of research, drilling, and exploration of every kind, between a company in the 20 largest, as I think he interprets his definition, and any other energy-related company or partnership.

Mr. KENNEDY. The answer to that question is no, it does not.

Mr. BARTLETT. I point out to the Senator that when he describes assets on page 2, the amendment reads:

> "assets" means any property, whether real or personal, and includes stock in any corporation, any evidence of indebtedness of any corporation, and any interest in a joint venture or partnership.

Section 303(a) reads:

> Effective three years after the date of enactment of this Act, it is unlawful for any person directly or indirectly engaged in the production of crude petroleum or petroleum products—
>
> (1) who possesses a major market share to buy, acquire, hold, own or control in any manner whatsoever any asset of any other energy company in the United States.

"Assets" are defined as any property, real or personal, as I have already read.

Mr. KENNEDY. I say to the Senator that he has referred to the briefing paper that I put out. The Senator from Oklahoma must be using the same briefing paper that the Senator from Louisiana put out. We went through all these specific questions about 45 minutes ago; they were almost identical.

But I am glad to see that the problems are troublesome to our colleagues equally on this issue. We have answered.

I do not believe there is a question of ambiguity in this, either in the intention or the language. As I mentioned to my friend and colleague from Louisiana, if the Senator from Oklahoma or the Senator from Louisiana, or any other interested party, has any language which can make it more specific, more precise, to carry forward what we understand to be the meaning of the language, which the Treasury Department has agreed to be their understanding, which says that it will only apply to those particular ventures which are outside of oil or natural gas activities, we will be glad to include it.

We would be glad to work that out with the Senator from Oklahoma, and we would be particularly glad to work it out if we could get his support and endorsement for the proposal.

Though the language is complex, the intent is clear. If it is a technical question, we will welcome the opportunity to clear it up. If there is another problem that bothers the Senator from Oklahoma, we will just have to take our chances.

I want to make it clear that we tried in our presentation—Senator HOLLINGS and I—and in our dialogue with the Senator from Louisiana to review that particular language and develop the legislative history very precisely. I suppose that in terms of the language, there could be alteration or change or some words to make it more precise. There is always that possibility, and that has existed since the days of the Declaration of Independence.

If the Senator wants to offer some language, I will be glad to consider it, to carry forward our very clear intent.

Mr. BARTLETT. I appreciate the answer. I certainly disagree. I think the wording is ambiguous, as the Senator agrees it is.

It does provide, for example, that if a major oil company, one of the 20 largest, could not engage in contractual relationships with——

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. BARTLETT. Mr. President, will the Senator yield me an additional 5 minutes?

Mr. HANSEN. I yield 5 minutes to the Senator.

Mr. BARTLETT. It is my understanding that one of the 20 largest would be denied the opportunity to engage in contractual relationships with companies which are engaged in the drilling of oil and are engaged in the producing of oil.

Mr. KENNEDY. The Senator is not stating correctly either the intention or, more precisely, what the language of the amendment states. There would be no such bar as the Senator has described. There would be absolutely no kind of limitation in the various joint ventures in oil or natural gas outside the existing antitrust law. Obviously, those still are in effect. But there would be otherwise no limitation, prohibition, or elimination of such ventures so long as they did not move into fields other than oil or natural gas. I am glad to make that as precise as I possibly can.

Again I challenge my good friend to supply language, if that is the troublesome aspect. I do feel that the Senator is troubled by other factors, however.

Mr. BARTLETT. I am troubled by other factors, and I think one or two words are not going to provide too much improvement in the Senator's amendment. I think there is an intent that the Senator has that is not conveyed by the language he has, and I was bringing this to his attention. I am glad to get his comments, and I appreciate them very much.

One thing that should not be overlooked by those who are considering this amendment is that it is going to prevent many of the 20 largest companies from engaging in other areas of energy in which they have an interest, in which they have great knowledge. For example, the drilling of wells is involved in geothermal development. The largest companies which have a familiarity with and a knowledge of drilling of oil wells obviously have a knowledge in the area of geothermal energy, which would mean that this perhaps would discriminate against their continued entry into other fields of endeavor where energy is related.

This is going to deprive the energy business of a great deal of expertise and of much interest, and someone will have to fill this vacuum. Is it going to be filled by the Federal Government, or is it going to be filled by other companies which do not have the knowledge and expertise in these areas but which will be more or less forced to enter?

So I do not think that we are necessarily going to be using the talent that is available in this country to develop as quickly as we can the ultimate energy resources, if this bill were to become law. It would deprive the entry of knowledgeable concerns and knowledgeable people into areas of great interest today, into the alternate energy fields.

As we look at various alternate fields, such as coal, nuclear, geothermal, and solar, we can see that some of the 20 largest companies have entered these fields, generally in a rather small way. For example, they have patents in certain areas. In coal research, for example, they have developed many more patents than the non-oil-owned companies, showing that there is a real interest and a real desire on the part of the oil companies to develop intelligently the sources of energy.

It is too bad that we do not have the interest in expanding the total energy industry, which is so greatly needed, as we have in tearing apart some of the larger companies, on the unfounded pretext that they are anticompetitive, that they deny competition. There has been no proof of this. I would like to see such proof.

So far as power concentration is concerned, I know that the power concentration of the energy companies, of the oil companies, of the large ones, is not nearly as great as that of the average manufacturer, not as great in comparison with the power concentration of those in data processing, aircraft, and many others, including autos, by a long shot.

So, Mr. President, I think we have a bill here which does not dedicate itself to the goal of increasing the energy for this Nation, but rather, to the more narrow, very important matter of dismantling our large companies. I think if this is going to be pursued, it should be done with very detailed hearings. I understand the Senator from South Dakota has been engaged in this today. I have been on a subcommittee which has looked into the matter in 10 meetings and I know that it is a very complicated matter. I think it is very difficult to know just where it might end up.

Mr. President, I ask unanimous consent to have printed in the RECORD a memorandum and a telegram relating to this matter.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MORGAN STANLEY & CO., INC.,
New York, N.Y., October 22, 1975.

Hon. DEWEY BARTLETT,
U.S. Senate,
Washington, D.C.

We understand that today the Senate will be considering legislation relating to the horizontal and vertical dismemberment of the oil industry. Our firm has played a major role in financing the growth of this important industry and we believe that you and your colleagues in the Senate should know that, in our judgment, passage of the proposed legislation will seriously impair the ability of most companies involved in the oil business to attract the capital necessary to finance the growth that is required to reach our national goals of energy self-sufficiency.

In addition, we believe that the negative response of many elements of our society to the passage of these proposals could have serious implications for the recovery in our economy which is still early in its development and therefore vulnerable.

We urge you and your colleagues to defeat these two amendments. The haste with which they have been considered has not done justice to what is a very complex issue, with broad implications for our country.

FRANK A. PETITO,
Chairman.

TELEGRAM FROM C. E. SPAHR, CHAIRMAN OF THE BOARD, THE STANDARD OIL COMPANY, OHIO, TO SENATOR BARTLETT, DATED OCTOBER 22, 1975

DEAR SENATOR BARTLETT: Amendments which would dismember the oil industry are scheduled for roll call votes on Wednesday, October 22, 1975.

The Standard Oil Company (Ohio) expects to complete a $1.75 billion private placement financing in mid-November. This financing will be the key arrangement in Sohio's program of financing construction of the Trans Alaskan Pipeline System. It will be the largest in the history of American industry as is this pipeline project. No one today doubts the importance of this project to the country.

I strongly feel that Senate passage of either horizontal or vertical divestiture legislation would delay the completion of this complex financing arrangement, would delay our actual receipt of monies being borrowed and thus could delay the completion of the pipeline project.

Sohio and the other companies in the project are doing everything possible to build this pipeline to bring Alaskan crude oil into the U.S. energy supply. We need help from the Congress and not further obstacles.

We appreciate your support and want you to have this additional information.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. BARTLETT. Mr. President, I yield the floor.

Mr. ABOUREZK. The Senator from Massachusetts has yielded 2 minutes to me. I shall take my 2 minutes to respond to two points that have been raised: No. 1, that it requires an oil company to own a coal company to raise the capital to explore and develop new coal reserves.

I have been chairing hearings in the Subcommittee on Antitrust on the issue of horizontal divestiture. I can make these two points, not by what Senator KENNEDY might say, or myself or anybody else, but right out of the mouths of the oil companies themselves. The vice president of Sohio appeared at my hearings yesterday. In response to some questions, he stated that the Old Ben Coal Co., which had been acquired by Sohio, is now being used as security to borrow money to make additional capital expenditures and pay operating costs for Sohio's participation in the Alaska pipeline. He claimed that Sohio was having it both ways—that Sohio was using Old Ben Coal Co. revenues to subsidize Sohio and Old Ben was using Sohio's financial backing to borrow money.

He also said that coal companies traditionally—and this is still true—take their contracts with the utility companies to the banks and borrow money on the contracts. There is not one ounce of evidence that a coal company with proven reserves needs an oil company to get financing. They get along better without an oil company.

The second point I want to make goes to the heart of this legislation and the real reason this is needed. The vice president of Continental Oil Co. testified, and it is in the hearing record, in answer to a question that I asked of him. I said, "Would you ever allow your coal subsidiary to undersell your oil subsidiary on a Btu equivalent basis?"

The thrust of his answer was, "Of course not; we would be ridiculous to do so."

And he is right. He would have to be crazy or have bad business judgment to order one of his subsidiaries to compete and undersell another subsidiary.

That is why we need legislation like this. That is the whole basis of it.

Mr. GRAVEL. Will the Senator yield?

Mr. ABOUREZK. I yield back the remainder of my time.

Mr. GRAVEL. Will the Senator yield me some time?

Mr. HANSEN. How much time does the Senator desire?

Mr. GRAVEL. Two minutes.

Mr. HANSEN. I yield 2 minutes to the Senator from Alaska.

Mr. GRAVEL. The Senator from South Dakota is inferring that Sohio did something wrong. The Alaska pipeline was the biggest financing effort ever undertaken on Wall Street. For them to have an asset and not throw the asset in the pot when they go to borrow money is absolutely ridiculous. They obviously had to do that.

I think the whole issue of horizontal divestiture is an issue of conglomerates. We get an oil company that acts like a conglomerate and picks up assets in an area it knows something about, which is energy—and that is a strong dictum in business: You invest in things you know something about, you do not invest in things you do not know about.

Mr. ABOUREZK. Will the Senator yield?

Mr. GRAVEL. If he will share the time with me. Time is precious.

Mr. ABOUREZK. I do not have time.

Mr. KENNEDY. How much time is remaining, Mr. President?

The PRESIDING OFFICER. The Senator from Massachusetts has 4 minutes. The Senator from Arizona has 17 minutes.

Mr. GRAVEL. Will the Senator from Arizona yield to me 5 minutes for the purpose of this colloquy?

Mr. FANNIN. I yield to the Senator from Alaska 5 minutes.

Mr. ABOUREZK. I was not implying that there is anything illegal about using the Old Ben Coal Co. as a basis for financing a pipeline. What I said was that the argument used by those opposing this amendment is that only the oil companies can raise the capital for coal exploration.

Mr. GRAVEL. I think that there may be some merit in that, for the simple fact that the financial companies are inclined to lend money to people who know something about what they are doing. The reason people move horizontally in the energy field is that they know something about that area.

Mr. ABOUREZK. The Senator was saying that the coal companies could not raise money before they were acquired by oil companies.

Mr. GRAVEL. I think the fact that the oil companies have a larger financial base does permit flexibility. That is one of the things about our society: As you get bigger, it is easier to borrow money.

Mr. ABOUREZK. Raising money for what?

Mr. GRAVEL. Let me finish. Therefore, a company can compete more favorably, not because it has extra talent, but because it has easier access to capital. If the Senator can find a way to obviate that, I think there may be some social reason for doing that.

Mr. ABOUREZK. To raise money for what? So they can go and do other things?

Mr. GRAVEL. No, for the activity in question and for activities attendant on their ownership. This is why conglomerates came into being—as they put together their massive empires, it was easier for them to go out and get capital. What the Senator is doing in divestiture is making it more difficult to get capital.

He may have an argument with respect to efficiency. I do not think that has been pursued in sufficient depth. I do not know the answer. I do not think anybody in this room knows the answer as to what will happen when we decrease size. I think we have taken it as a given that because it is big, it works better for society. I am not prepared to accept that given any more, but I do not have facts to the contrary. I do know what is a given in our financial sector, and that is that the bigger you are, the easier it is to borrow money and the cheaper you acquire the money. Society is replete with examples of that.

Mr. ABOUREZK. No matter what else happens to that society, no matter that it puts an end to competition between oil and coal, between oil and uranium, or between oil and geothermal—is that what the Senator is saying?

Mr. GRAVEL. I hope my colleague will come forward with one ounce of proof where a company has acted in a way that is not in its financial interest.

Mr. ABOUREZK. That is not the issue.

Mr. GRAVEL. Yes, it is. The Senator is implying that because there are oil companies which went into the coal business, they thwarted their coal activities. That is not so. I thought it was encouraging when Mobil went into solar. We have been beating our brains out, trying to get somebody to go into solar energy, and when Mobil went in, I knew that now, something was going to happen, because Mobil had the know-how to do it.

The Senator wants somebody to come in from scratch, to start behind the power curve. That may have social value. I am prepared to grant that. But he cannot prove that one way or the other, as he cannot prove on this floor any instances where an oil company, in holding uranium or in holding coal or geothermal, acted to thwart those alternate sources of energy to improve their oil position. He cannot prove that. He has to prove that to make the case for this amendment.

Mr. ABOUREZK. I never alleged that. I alleged that what they would do is end the price competition. That is exactly what they have said they will do. That is exactly what they have been doing.

Mr. GRAVEL. Prove it. Do not make statements here; prove it.

Mr. ABOUREZK. Why not use the testimony of the vice president of Continental Oil?

Mr. GRAVEL. The Senator just recited that. I am familiar with Continental's structure.

Mr. ABOUREZK. I will say another thing.

Mr. GRAVEL. Wait a minute. Let the Senator show me a case where one part of the corporate Continental structure thwarted the development of another part. Show me where they kept coal in the ground where they could have made a buck selling coal. Put it before this body right now; either put up or shut up.

Mr. ABOUREZK. That is not the issue at all.

Mr. GRAVEL. That is the issue. What is the purpose of this amendment?

Mr. ABOUREZK. Is the Senator——

Mr. GRAVEL. Wait a minute. What is the purpose of this amendment if not to cut unfair competition? The Senator is implying that oil companies grab solar development, coal development, and geothermal, and go hide it in a dark closet. They do not do that. If the Senator says they do that, he should prove it.

The PRESIDING OFFICER. The time is up. Who yields time?

Mr. GRAVEL. Will the Senator yield me 5 minutes?

Mr. ABOUREZK. Does the Senator want to give him 5 more minutes?

Mr. KENNEDY. I yield a minute to the Senator from South Dakota.

Mr. ABOUREZK. I have 1 minute.

The only thing that the Senator from Alaska is doing is arguing some other amendment. He is not arguing this amendment, because what he is saying has nothing to do with horizontal divestiture.

I used to worry about the oil companies controlling solar energy, and I think we can drop that out of this amendment or the legislation, because they are not going to be too much interested in solar energy, because they have not yet figured out a way to get a lock on the supply of it. They only want into those energy areas where they can lock up the supply. How are they going to cage the Sun in? There is no way in the world.

Mr. GRAVEL. Will the Senator from Arizona yield 1 minute so I may answer that?

Mr. FANNIN. I yield 1 minute for the answer.

Mr. GRAVEL. I think the oil companies, as soon as solar gets popular, will get into that over their heads. In fact, oil companies have been in the Sun business and in the whole solar business, because that is exactly what oil is. It was done by nature through the Sun. That is what it is all about. That is something they are very expert in and the Senator just does not want them to do that any more.

There may be good reasons for that. There may be good social gain to what the Senator wants to do, but he has not proved that, one way or the other, and has not proved they have done anything wrong. He just has a meat ax out here that he is throwing at the wall on purely emotional grounds.

The PRESIDING OFFICER. Who yields time?

Mr. HASKELL. Mr. President, will the Senator from Massachusetts yield some time to me?

Mr. KENNEDY. How much time do we have remaining?

The PRESIDING OFFICER. The Senator from Massachusetts has 2 minutes remaining. The Senator from Arizona has 12 minutes remaining.

Mr. KENNEDY. I yield 1 minute to the Senator from Colorado.

Mr. HASKELL. I thank my colleague from Massachusetts.

I have some information on a very narrow subject, uranium milling capacity that, I think, would be important. The Senator from Massachusetts obviously wants to maintain competition between energy forms.

To show that dwindling competition, a questionnaire which was sent out to the major petroleum companies has been analyzed and shows that 95 percent of the uranium milling capacity is either in the hands of the petroleum companies or companies which have a common director. The remaining 5 percent is owned by Utah International which, in turn, owns a petroleum company, and by TVA which is in a joint venture with Federal Resources, an owner of coal property.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HASKELL. That is all I want to say.

Mr. FANNIN. I yield 5 minutes to the Senator from Texas.

The PRESIDING OFFICER. How many minutes?

Mr. FANNIN. Five minutes.

The PRESIDING OFFICER. Five minutes are yielded to the Senator from Texas.

Mr. TOWER. Mr. President, there is a fundamental issue involved here that does not necessarily relate to the energy question.

I have to concur with those who feel that the big companies with access to capital can do more to produce various forms of energy in this country than if we forced divestiture and broke them up into smaller companies.

But aside from the energy question, the fundamental issue is, Is not this a harbinger of legislation that might come along in the future that would result in the breakup of the corporate structure in the United States?

There are many men dedicated to the breakup of the corporate structure in the United States who, apparently, proceed on the assumption that bigness is bad. I think historically it has been proven otherwise. I think that bigness has been good for this country.

The fact that we have had big corporate giants has given us the capital, the technology, the productivity that have made us the most productive Nation in the world, the most technologically advanced Nation in the world, and the Nation with the highest standard of living.

Furthermore, Mr. President, should this trend toward trying to break up the corporate structure in the United States continue, and should it be successful, we will find ourselves unable to compete in the world marketplace with the other major industrialized nations which do not atomize their business organizations and their manufacturing concerns.

It is a little bit bemusing to me to see that those who advocate the horizontal and vertical dismemberment of major corporations in this country are not willing to support the same thing for organized labor. What is the most powerful single segment of society in this economy of ours? It is organized labor. Organized labor is combined both horizontally and vertically. But if we made any attempt to break them up, the very people who wanted to destroy the corporate structure in this country would vote against us.

Organized labor operates behind a statutory wall of protection. Big business operates within the strictures of the antitrust laws which, if energetically and conscientiously enforced in this country, prevent abuse, administered pricing, and noncompetitive practices.

But nothing, nothing, stands in the way of the anticompetitive practices of organized labor, which can both demand and get wages and benefits that have no relationship to the law of supply and demand, no relationship to increases in productivity.

Usually wage negotiations are accompanied by shorter working hours and more anachronistic work rules that reduce productivity.

If we really want to get competitive in this country why do we not break up the vertical and horizontal organization of organized labor so that labor will compete in the marketplace as does everybody else? I find this proposal to be the height of hypocrisy and a cruel hoax on the American people.

Mr. PASTORE. Mr. President, will the Senator yield some time to me?

Mr. KENNEDY. I believe we have a minute and a half left, Mr. President.

The PRESIDING OFFICER. The Senator has 2 minutes left.

Mr. KENNEDY. I yield 2 minutes.

Mr. PASTORE. Now, Mr. President, I am afraid we are beginning to compare apples and oranges. There is nobody here on the floor who is opposed to big business. I like big business. It has flourished in this country. All we are saying here with this amendment is that energy is the life blood and muscle of our economy, and if you put every source of our energy into the hands of a selected few, what are you going to do? You are going to suffocate the economy of this country, and that is what we are trying to avoid.

We are not stopping the Mobil Oil Co. from buying the Red Sox or the Cincinnati team, after tonight's game. We are not saying that. We are only saying you cannot buy up all the uranium, you cannot buy up all the geothermal, you cannot buy up all the wind, you cannot buy up all the solar because then you put all of our energy into a few very selected hands, and they will crucify the consumers of America. That is what we are trying to avoid.

If you want bigness all we say is diversify but do not grab everything so that you can suffocate the American economy, and that is all we are trying to prevent here.

There is a big ball game here tonight. It is the deciding game, and if the Exxon Co. wants to buy the Red Sox or the Cincinnati team, let them do it. There is nothing in this amendment that prevents it. But, goodness gracious, do not let them buy up all of the sources of energy because if you do the American public is going to end up behind the eight ball, and that is all this amendment is about, and I hope it passes.

Mr. GRAVEL. Mr. President, will the Senator yield to me?

Mr. PASTORE. Yes, I will yield to the Senator if I have any time.

Mr. FANNIN. I yield to the Senator from Texas. How much time is remaining?

Mr. PASTORE. Mr. President, do I have any more time? Did I talk for a minute and a half?

The PRESIDING OFFICER (Mr. CASE). Thirty seconds.

Mr. PASTORE. I will yield 30 seconds.

Mr. FANNIN. I will yield to the Senator from Texas and then yield to the Senator from Alaska. Two minutes. How many minutes are there remaining?

The PRESIDING OFFICER. Six minutes remaining.

Mr. FANNIN. Two minutes.

Mr. TOWER. I am delighted that the Senator from Rhode Island does not object to the oil companies acquiring nongeneric business endeavors such as the Boston Red Sox. I think a better investment would be the Dallas Cowboys. [Laughter.]

Mr. PASTORE. Not after tonight's game.

Mr. TOWER. However, I am afraid his thinking is not consonant with others because I have heard the major oil companied damned roundly on the Senate floor because of the fact that they have acquired nongeneric industries.

The fact of the matter is big business has not resulted in the American people having a paucity of energy. Quite the contrary, we have had a surfeit of cheap energy for so long we have been spoiled. When the Arabs came along and were able to undersell American industry we rushed to buy Arabian oil. We abandoned the American industry.

That $1 Arab oil looked great. But some of us saw what was coming; some of you did not, and you got yourselves dependent on that $1 oil. Now, all of a sudden it is $13.50 oil, and now you want to blame American industry for it. The American oil industry did well by its people until the requirements outstripped what we could produce, and these requirements were partially due to the fact that the Arabs dumped their oil on the American market. Things were fine while the price was right, but now it is not what it was and in an effort to place the blame somewhere, you want to finish the oil industry in this country. This is one heck of a way, Mr. President, to generate additional domestic production of a fuel.

Mr. FANNIN. Mr. President, I yield 2 minutes to the Senator from Alaska.

Mr. GRAVEL. Just briefly, let me state that there may be a social benefit to the whole divestiture issue.

But it seems odd that we would move on divestiture horizontally in an industry which is not nearly as culpable as most other industries in this country. I think the reason we see that taking place is because of an emotional reaction against oil companies.

Compound this with the simple fact that we are in an energy crisis, and we see this is no time to take large amounts of capital out of the various areas that can solve that crisis.

That would be the impact of a divestiture amendment, whether it is horizontal or vertical. That would be a mistake, an economic mistake.

What we should do is look very deeply, through a committee process, into the whole problem of divestiture, or horizontal integration, not only dealing with the oil industry, but dealing with all forms of conglomerates.

I think Congres has only scratched the surface. We are addressing the matter in the area of our economy where there is the least culpability and we are doing it on the basis of emotion, which will do vital harm to what Americans want to see now, and that is for Congress to make some inroads in solving the energy crisis.

This is going to be totally counterproductive.

Mr. FANNIN. Mr. President, how much time remains?

The PRESIDING OFFICER. (Mr. CASE). Three minutes remain.

Mr. FANNIN. Mr. President, this situation on the floor seems to have developed into an understanding that we are going in all directions, or trying to go in all directions.

This is a natural gas deregulation bill. This does not pertain to other matters such as the divestiture of the oil companies and what happens whether it is horizontal or vertical.

We have an important assignment. We have a chance to get a bill through that will accomplish a great deal in regard to this energy shortage. The Senator from South Carolina and others have stated that we must get this through and, certainly, I am sure that if he had his choice he would not want to place a barrier in the path of this bill being successfully brought to the House and signed by the President.

So what we are talking about is what we can do now to see that this bill takes another step forward. We can say all we want to about what is happening as far as the oil companies are concerned. We can debate whether or not they are doing a good job. Certainly, we know they have done more than any other oil companies in other nations of the world. We know they are doing a tremendous job in other energy fields, and when we talk about geothermal, coal gasification, liquefaction, whatever we are talking about, who is taking the lead? The oil companies.

I am not fighting for the oil companies, but I say, let us recognize realities. We must go forward with the development of the energy program. They have the expertise, the knowledge, the background. Why should we put a barrier in their path? Why is it not right that we go forward and cooperate and coordinate efforts with them? That would be far better than saying that we do not want to develop this energy, or solar energy, or the geothermal.

They are helping development of all those resources. They are going forward more than any other industry, far more, with the geothermal because they do have the expertise. They know how to drill wells and that is the main factor involved. The seismic information needed, all the different details of going after geothermal wells are very similar to going after an oil well except it is more complicated.

But they have studied and worked out the expertise. Now we are going to say, "No, we don't want you to do that."

We have some companies that have been highly successful. I feel we know they have done more than any other country in the world knows on geothermal.

We are doing more as far as solar is concerned, we are doing more as far as coal gasification is concerned, and development of our oil shale, and this is being done principally through the expertise of the oil industry.

Mr. PACKWOOD. Mr. President, it seems to me that there are three alternatives for America's energy future. We can allow a small number of huge energy conglomerates to have increasing control over our energy future. These amoebic conglomerates would simply dictate national energy policy, both domestic and foreign. A second choice is nationalization. The Federal Government would step into the industry "for the benefit of the people" and run energy with all the efficiency it runs the post office. Both of these alternatives are unpalatable.

A third alternative, and by far the most acceptable, is to take a step closer to the free market situation where relatively unrestrained competition guarantees maximum results and efficiency. The Kennedy-Hollings amendment takes the necessary first step by limiting control over energy production and development. The amendment simply states that only the largest oil companies must give up their holdings of coal, uranium, geothermal, solar or any other energy company, reserve or production facility. Because of the dependent relationship between crude oil production and natural gas production, this amendment does not affect natural gas. Under the amendment, the 20 largest companies engaged in the production of crude petroleum or petroleum products: First, cannot acquire any assets of any other energy company in the United States, and second, cannot have interlocking directorates. In a word, the amendment provides for greater competition between products and their substitute fuel sources. In so doing, the undue influence of these largest oil companies over our energy future is curtailed.

I do not believe that any particular oil company is guilty of wrongdoing; growth is not illegal. There is no evidence of a giant energy conspiracy. Rather than the individual single cases, it is the totality of all the individual partnerships and joint venture arrangements which stifles healthy competition in the energy industry. Dr. John Wilson, a widely quoted economist formerly with the Federal Power Commission, says it well:

> It is not necessarily the case that any single one of the thousands of joint venture arrangements which constitute so much of the petroleum industry in itself undermines workable competition between the joint venture partners. Nor would it be correct to conclude merely from their existence that joint venture interties are necessarily collusive arrangements consciously aimed at restraining competitive conduct. Rather it is the totality of all the individual partnerships which constitutes the petroleum industry's unique form of structural integration. Regardless of the specific motives which may justify any individual combination, because of the extensive and widespread nature of mutual intercorporate interests it cannot be presumed that the competitive result will be the same as if the proprietary and commercial interests of each firm were independent of and competitively opposed to the self interest of the other market participants. Whether or not one believes that certain combinations constitute collusive restraints of trade, when the entire mosaic is viewed in context, the extent to which these interlocks dominate the industry's structure is undeniable.

At present, major oil companies have a hold on all forms of alternative energy sources. In addition to the connection between oil and natural gas, there is ample evidence of major oil company involvement in coal, geothermal, nuclear, and oil shale. The examples which follow are by no means exhaustive; they are merely indicative of the extent to which our energy destiny is controlled by the largest oil companies. This is precisely the control which we must begin to curb.

According to a report published in 1974 by the Council on Economic Priorities, there is a tremendous concentration of coal lease holding among corporations. In 1974, the top 15 leaseholders controlled about 70 percent of all the land under lease. Among these 15 were five oil companies—Continental, Shell, Sun Oil, Gulf, and Arco.

Coal is not the only fuel which is coming under increasing control by the oil companies. Oil shale, geothermal, and nuclear are others. The bulk of the oil shale is found in Colorado, Utah, and Wyoming. The Department of Interior has leased thousands of acres to major oil companies for millions of dollars. Gulf and Standard of Indiana alone leased 5,120 acres of prime shale land for $210,305,000 in a single transaction.

Nuclear power is also within the grip of the oil companies. Testimony before the Senate Anti-Trust and Monopoly Subcommittee revealed that Gulf Oil has taken a lead in this area, followed closely by others, notably Atlantic Richfield. Gulf made "what has perhaps been the largest acquisition to date when it purchased General Atomic—division of General Dynamics—in 1967, with both fuel core and reactor production capability." The subcommittee further states:

> In 1970, 17 oil companies accounted for approximately 55 percent of the drilling and controlled about 48 percent of the known low cost uranium reserves, with approximately 28 percent of the uranium ore processing capacity.

A Federal Trade Commission staff report concluded:

> Seven companies controlled 70% of low-cost uranium reserves in the United States in 1971. Of these seven companies, four were major oil companies—Exxon, Gulf, Getty, and Kerr-McGee.

Likewise, major oil companies are shaping the destiny of yet another energy source—geothermal power. Geothermal leases are being snapped up by major oil companies. In the State of Oregon alone, out of 458 applications for geothermal leases, 73 were from Sun Oil Co. and Chevron had 48.

Finally, major oil companies have delved into solar energy acquisition. Exxon has purchased the Solar Power Corp., Mobil bought Tyco Labs, Shell Oil Co. acquired Solar Energy Systems, and the list continues. Where it will stop, I am unwilling to predict.

Mr. President, there is ample evidence that the major oil companies are developing or have developed close to an oligopolistic grip over America's energy future. Exhaustive hearings by numerous committees in both the House and Senate as well as a plethora of staff reports delineate the extent to which our energy future is in the hands of a small number of "energy fiefdoms." I have stated before that I do not think that it is in the country's best interests to allow a few oil companies to control every segment and every phase of energy production and development.

For these reasons, I have joined with Senators Kennedy and Hollings in this attempt to spring from the hands of a few giants America's energy destiny.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment of the Senator from Massachusetts. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The clerk will suspend. The Senate will be in order. The rollcall will not proceed until the Senate is in order so that the Members may hear their names and the clerk hear their responses.

The assistant legislative clerk resumed the call of the roll.

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order. Senators will please take their seats. Senators will please find their places. The clerk will not proceed until the Senate is in order. Will the Senator from Washington please find his seat?

The clerk may proceed.

The assistant legislative clerk resumed and concluded the call of the roll.

Mr. MORGAN (after having voted in the affirmative). Mr. President, if the Senator from Wyoming (Mr. McGee) were present, he would vote "nay." If I were at liberty to vote, I would vote "aye." I withdraw my vote.

Mr. MATHIAS. Mr. President, on this vote I have a live pair with the Senator from Michigan (Mr. Hart). If he were present and voting, he would vote "aye." If I were at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Wyoming (Mr. McGee), and the Senator from Alabama (Mr. Sparkman) are necessarily absent.

I also announce that the Senator from Michigan (Mr. Hart) and the Senator from Mississippi (Mr. Stennis) are absent because of illness.

I further announce that, if present and voting, the Senator from Indiana (Mr. Bayh) would vote "yea."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. Baker) is absent due to a death in the family.

The result was announced—yeas 39, nays 53, as follows:

[Rollcall Vote No. 449 Leg.]

YEAS—39

Abourezk
Biden
Brooke
Burdick
Case
Church
Clark
Cranston
Culver
Durkin
Hart, Gary
Hartke
Haskell
Hathaway
Hollings
Huddleston
Humphrey
Inouye
Jackson
Kennedy
Leahy
Mansfield
McGovern
McIntyre
Metcalf
Mondale
Moss
Muskie
Nelson
Packwood
Pastore
Pell
Proxmire
Ribicoff
Schweiker
Stafford
Stevenson
Tunney
Williams

NAYS—53

Allen
Bartlett
Beall
Bellmon
Bentsen
Brock
Buckley
Bumpers
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Curtis
Dole
Domenici
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Hatfield
Helms
Hruska
Javits
Johnston
Laxalt
Long
Magnuson
McClellan
McClure
Montoya
Nunn
Pearson
Percy
Randolph
Roth
Scott, Hugh
Scott, William L.
Stevens
Stone
Symington
Taft
Talmadge
Thurmond
Tower
Weicker
Young

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—2

Morgan, for.
Mathias, against.

NOT VOTING—6

Baker
Bayh
Hart, Philip A.
McGee
Sparkman
Stennis

So Mr. Kennedy's amendment (No. 963) was rejected.

Mr. FANNIN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HANSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BENTSEN. Mr. President, this amendment is again a simple sounding proposal with strong political appeal but one that is fraught with difficulties and infeasibility.

Mr. President, what this amendment seeks to do is to direct any pipeline to release gas to a pipeline that is in a curtailment position for its priority customers. It is another form of the "share the shortage" philosophy that the Senate rejected when it selected to consider both long- and short-term solutions to the natural gas shortage.

Beyond that, Mr. President, this amendment will dilute the effectiveness of the 180-day sale provision, the provision that everyone agrees is an effective tool in easing the pending shortages this winter.

The 180-day sale provision is an opportunity for a pipeline that is facing a curtailment posture to enter the intrastate market and obtain the gas it needs. However, under the amendment we are now considering, a pipeline could avoid this responsibility, go into curtailment and rely on FPC to force another pipeline to interconnect and supply gas to the curtailing pipeline.

Thus, Mr. President, this amendment will actually result in encouraging pipelines to go into a curtailment condition so as to force outside gas into its system. Again, this is an unfortunate subversion of the 180-day sale provision and is to the detriment of the natural gas users in this country.

Mr. President, this amendment must also be rejected on the ground that it will bring Federal control over the intrastate market. By giving the FPC the power to divert the flow of gas, their jurisdiction is necessarily extended over the intrastate market. This is authority that has been rejected before by this legislative body on a long-term basis; it is authority that the Federal Power Commission wants to avoid. The intrastate market is an enormously complicated system that works well within the respective States, but to require extension of these systems to the intrastate market is an enormously complicated proposal which promises only to frustrate the producing and supply efforts of the producing States. That is a situation we must avoid, Mr. President. We need less complicating regulation in the energy area, no further bureaucratic complications.

I urge the rejection of this amendment.

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to vote on the amendment (No. 969) of the Senator from Delaware (Mr. ROTH). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senate is not in order. The clerk will suspend until order is restored. Senators will please take their seats and clear the well. Senators wishing to converse are requested to leave the Chamber. Can we have the last vestige of conversation closed off now?

There are now only two Members of the Senate not in order.

The Senate is again in order. The clerk may proceed.

The rollcall was resumed and concluded.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Wyoming (Mr. McGEE), the Senator from Alabama (Mr. SPARKMAN), and the Senator from South Dakota (Mr. ABOUREZK) are necessarily absent.

I also announce that the Senator from Michigan (Mr. HART), and the Senator from Mississippi (Mr. STENNIS) are absent because of illness.

I further announce that, if present and voting, the Senator from Wyoming (Mr. McGEE) would vote "nay."

Mr. GRIFFIN. I announce that the Senator from Tennessee (Mr. BAKER) is absent due to a death in the family.

The result was announced—yeas 41, nays 52, as follows:

[Rollcall Vote No. 450 Leg.]

YEAS—41

Biden
Burdick
Cannon
Case
Church
Clark
Culver
Durkin
Eagleton
Glenn
Hart, Gary
Hartke
Haskell
Hathaway
Hollings
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Pastore
Pell
Proxmire
Ribicoff
Roth
Schweiker
Stevenson
Symington
Taft
Williams

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Curtis
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Domenici
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Mathias
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Nunn
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Pearson
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Young

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Abourezk
Baker
Bayh
Hart, Philip A.
McGee
Sparkman
Stennis

So Mr. ROTH's amendment (No. 969) was rejected.

AMENDMENT NO. 997

The PRESIDING OFFICER (Mr. CASE). Under the previous order, amendment No. 997, offered by the Senator from Alaska (Mr. GRAVEL) is in order. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. GRAVEL) proposes an amendment numbered 997 to amendment 919, as modified and amended.

Mr. GRAVEL. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

TITLE—TRANSPORTATION OF ALASKAN NATURAL GAS

SEC. 01. With respect to the application of the Alaska Arctic Gas Pipeline Company for a certificate of public convenience and necessity to construct and operate a natural gas pipeline on a Canadian route pending before the Federal Power Commission on the date of the enactment of this Act, and the application of the El Paso Alaska Company for a certificate of pubic convenience and necessity to construct and operate a natural gas pipeline on a competing Alaskan route so pending on such date, the Federal Power Commission shall make a final decision in the case of each such application on or before June 30, 1976. Any such decision shall become effective in accordance with the provisions of section –03 of this title, but in no case shall any such decision be subject to judicial review under any law in any court, except that claims alleging the invalidity of this section may be brought within sixty days following its enactment, and claims alleging that an action will deny rights under the Constitution of the United States may be brought within sixty days following the date of such action. A claim shall be barred unless a complaint is filed within the time specified. Any such complaint shall be filed in a circuit court of appeals of the United States, and such court shall have exclusive jurisdiction to determine such proceeding in accordance with the procedures hereinafter provided, and no other court of the United States, of any State, territory, or possession of the United States, or of the District of Columbia, shall have jurisdiction of any such claim whether in a proceeding instituted prior to or on or after the date of the enactment of this Act. Any such proceeding shall be assigned for hearing at the earliest possible date, shall take precedence over all other matters pending on the docket of the circuit court at that time, and shall be expedited in every way by such court. Any review of an interlocutory or final judgment, decree, or order of such circuit court may be had only upon direct appeal to the Supreme Court of the United States.

SEC. 02. To serve the purposes of this Act, and further the policies and goals of the National Environmental Policy Act of 1969 (83 Stat. 852) the Congress authorizes and directs that all public laws of the United States which relate to matters concerned herein shall be interpreted and administered so as to insure a substantive correlation of all laws, governmental policies, rules, regulations, and orders governing air, land, and water environments and the construction and operation of certificated facilities pursuant to the Natural Gas Act (52 Stat. 821). Within the time specified by the Federal Power Commission, all departments or agencies of the Federal Government which are charged with responsibility to administer or enforce any law governing air, land, water quality, or other environmental requirements affecting construction or operation of natural gas facilities for the transportation of Alaskan North Slope natural gas to the forty-eight contiguous States falling within the purview of the Natural Gas Act shall consult with and make available to the Federal Power Commission information, data, recommendations, findings, and conclusions so as to facilitate an integrated final decision by the Federal Power Commission on all environmental and natural gas resource matters and to obviate the need or basis for duplicating independent proceedings by agencies or departments charged with the administration or enforcement of environmental laws, rules, regulations, or orders which affect the construction, operation, or maintenance of such natural gas facilities. These requirements for procedural simplification and the manner and method of applying environmental substantive law to the construction, operation, and maintenance of such natural gas facilities through an integrated final decision of the Federal Power Commission shall be conclusive as to all environmental questions affecting certificated natural gas facilities under the Natural Gas Act and this Act. Pursuant to the requirements of the National Environmental Policy

Act of 1969, all departments and agencies of the Federal Government shall bring their respective authorities and policies into conformity as may be necessary by reason of the provisions of this Act.

SEC. 03. (a) No final decision of the Federal Power Commission referred to in the first section of this title shall take effect until the end of the sixty-day period (excluding Saturdays, Sundays, and holidays, and any day on which either House is not in session) beginning on the day such decision is transmitted by the Chairman of the Federal Power Commission to the Speaker of the House of Representatives and the President of the Senate and then only if during such sixty-day period both Houses of Congress do not adopt a concurrent resolution disapproving such decision.

(b)(1) This section is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such these provisions are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of resolutions described by this section; and they supersede other rules only to the extent that they are inconsistent therewith; and

(B) with full recognition of the constitutional right of either House to change the rule (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(2) or the purpose of this section, "resolution" means only a concurrent resolution, the matter after the resolving clause of which is as follows: "That the —————— disapproves of the decision of the Federal Power Commission described as follows: ——————.", the blank spaces therein being appropriately filled; but does not include a resolution which specifies more than one action.

(c) A resolution with respect to such decision shall be referred to the appropriate committees of the House of Representatives and the Senate, by the President of the Senate or the Speaker of the House of Representatives, as the case may be.

(d) If the committee to which a resolution has been referred has not reported it at the end of twenty calendar days after its introduction, it is in order to move to discharge the committee from further consideration of any other resolution with respect to the same action which has been referred to the committee.

(e) A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same action), and debate thereon shall be limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(f) If the motion to discharge is agreed to or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same action.

(g) When the committee has reported, or has been discharged from further consideration of, a resolution, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(h) Debate on the resolution shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(i) Motions to postpone made with respect to the discharge from committee or the consideration of a resolution, and motions to proceed to the consideration of other business, shall be decided without debate.

(j) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution shall be decided without debate.

The **PRESIDING OFFICER.** Under the unanimous-consent agreement, there is a time limit on this amendment of 1 hour, to be equally divided between the Senator from Alaska and the Senator from Kansas (Mr. PEARSON).

Mr. **GRAVEL.** Mr. President, I ask unanimous consent that Bill Hoffman and Nancy Leonard, of my staff, be permitted the privilege of the floor during the consideration of this measure.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

Mr. **GRAVEL.** Mr. President, at least five Senators have asked me to yield to them for a brief moment, and I would like to accommodate everybody in this matter if the time will not be charged to either side.

The **PRESIDING OFFICER.** Is there objection? The Chair hears none, and it is so ordered.

Mr. **GRAVEL.** I yield to the Senator from New York.

AMENDMENT NO. 971

Mr. **JAVITS.** Mr. President, I call up my amendment No. 971.

The **PRESIDING OFFICER.** Is there objection to the amendment being called up at this time? The Chair hears none, and it is so ordered.

The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. **JAVITS.** Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The **PRESIDING OFFICER.** Without objection, it is so ordered.

The amendment (No. 971) to amendment 919, as modified and amended, is as follows:

On page 32, line 11, add the following new subsection and redesignate the subsequent subsections accordingly.

(e) The Administrator shall, by rule promulgated no longer than thirty days after enactment of this Act, prohibit all uses of natural gas that he determines are solely for ornamental or decorative purposes. Such gas prohibition shall be limited to uses which are outside of a residence or dwelling which has the installed capacity to use electricity. The prohibition shall take effect not later than sixty days after enactment of this title.

Mr. **PASTORE.** Mr. President, may we have order?

The **PRESIDING OFFICER.** The Senate will be in order.

Mr. **JAVITS.** Mr. President, the amendment is self-explanatory, and I will read it:

(e) The Administrator shall, by rule promulgated no longer than thirty days after enactment of this Act, prohibit all uses of natural gas that he determines are solely for ornamental or decorative purposes. Such gas prohibition shall be limited to uses which are outside of a residence or dwelling which has the installed capacity to use electricity. The prohibition shall take effect not later than sixty days after enactment of this title.

There are 4 million natural gas lamps in the United States today, and they use four-tenths of 1 percent of the total annual natural gas supply. That is enough to supply the State of Connecticut.

We are doing little enough for conservation. This is one thing we can and should do.

I understand that the amendment is acceptable to Senator PEARSON and Senator HOLLINGS.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment of the Senator from New York.

The amendment was agreed to.

Mr. **PASTORE.** Mr. President, will the Senator yield?

Mr. **JAVITS.** I yield.

Mr. **PASTORE.** Will the Senator's amendment shut off the gas at the Kennedy grave?

Mr. **JAVITS.** No, because it does not have an installed capacity to use electricity. It is *strictly* gas use. I do not know whether it uses natural gas.

Mr. **PASTORE.** I am sure it uses natural gas.

Mr. **JAVITS.** I am sure that no regulation will do that.

The **PRESIDING OFFICER.** The Senate will now return to the consideration of the amendment by the Senator from Alaska.

Mr. **GRAVEL.** Mr. President, I yield to the Senator from New Mexico (Mr. DOMENICI).

Mr. **DOMENICI.** Mr. President, does the Senator from North Carolina seek recognition?

Mr. **GRAVEL.** The Senator from North Carolina will be next.

AMENDMENT TO AMENDMENT NO. 995

Mr. **DOMENICI.** I thank the Senator from Alaska.

Mr. President, yesterday, we adopted an amendment that the Senator from Kansas (Mr. DOLE) and I proposed. It is amendment No. 995. The Senator from South Carolina suggested that we should insert the word "new" preceding "natural gas," so that it would be "new natural gas."

We now find that the bill we are considering defines new natural gas in a specific way. What I have to do now is to delete the word "new" and to insert the appropriate definition of "new natural gas," so that my amendment will make sense in the context of the entire bill.

In order to accomplish this, I send to the desk an amendment.

The **PRESIDING OFFICER.** If there is no objection to consideration of the amendment at this time, the amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. **DOMENICI.** Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, line 5, strike the word "new." and insert in the same line following the word "gas" the following language "first sold in commerce after the date of enactment of this subsection."

Mr. DOMENICI. Mr. President, I ask unanimous consent that this amendment to my amendment be in order at this time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment was agreed to.

Mr. DOMENICI. I thank the distinguished Senator from Alaska for yielding.

AMENDMENT NO. 1008

Mr. GRAVEL. Mr. President, I yield to the Senator from Ohio.

Mr. GLENN. I thank the Senator from Alaska. This will take just a couple of minutes.

Mr. President, I call up my amendment No. 1008.

The PRESIDING OFFICER. The amendment will be stated. The legislative clerk proceeded to read the amendment.

Mr. GLENN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 6, at the end of line 8, strike the period and insert in lieu thereof: ": *Provided further*, That any contractual provision prohibiting sales or transportation entitled to any such exemption or terminating any other obligations of any gas supply or sales contracts as a result of such sales or transportation shall be unenforceable in respect to any such sale or transportation.".

The PRESIDING OFFICER. Is there objection to the present consideration of the amendment? The Chair hears none, and the Senate will proceed to consider the amendment.

Mr. GLENN. Mr. President, this has been agreed to by both sides, by Senator Pearson and Bentsen. Basically, it provides that there are some situations where even though the interstate pipelines servicing distressed areas could get gas, because of some contractual arrangements, however they might not be able to get it out of the State of its origination. This amendment would correct that. It would be applicable only for the emergency period. It has been agreed to on both sides of the aisle.

Mr. President, I have a short statement to supplement the legislative history of yesterday. I would like to clarify an amendment which Senator Hollings and I offered, and which was agreed to yesterday. The amendment would place a ceiling price on all first sales of natural gas during the emergency period. This ceiling would apply to interstate and intrastate contracts entered into during that period. The ceiling would be equal to the highest single wellhead price at which natural gas was "sold" during the months of June and July 1975 in the State in which the new sale is made. The use of the word "sold" in this amendment should be clarified. Our intent—and I think this would be the more natural reading of the language—was to use as the basis of the ceiling, contracts which were entered into during the 2 months in question. It was not meant to reference contracts entered into prior to those 2 months pursuant to which deliveries or payments were made during those months. Thus, by "sold," our precise meaning was "first sold" or "contracted for" during those months.

Another question that might be raised relates to the Commission's determination of the highest price in a given State: What would happen in the unlikely event that no new contracts were entered into during the 2-month base period in a given State? In that unlikely circumstance we would expect the Commission to look at adjacent States and make the best determination possible as to what the prices would have been if contracts had been entered into in the State in question.

I thank the Senator from Alaska for his courtesy.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GRAVEL. Mr. President, I have made a list, as the Senators have been coming to me. I shall go right around the chamber. I have been putting their names down on this.

I yield to Senator Ford.

AMENDMENT NO. 1009

Mr. FORD. Mr. President, I ask that my amendment No. 1009 be called up for consideration at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

The clerk will state the amendment.

Mr. FORD. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(g) Notwithstanding any other provision of this section the Administrator shall not issue any order under this section which applies to any powerplant, which was in existence on June 30, 1975, which during the 12-month period preceding such date did not burn petroleum products and which the Administrator determines will be operated on natural gas only for the purpose of providing electric power which would otherwise be provided by one or more of the base-load powerplants of the same electric power system, but cannot be operated because of an air pollution emergency, an unanticipated equipment outage, or act of God.

Mr. FORD. Mr. President, this is an amendment which has been agreed to by both sides. It allows the use of natural gas for emergency generation when no other power source is available.

I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GRAVEL. Mr. President, I yield to the Senator from North Dakota.

AMENDMENT NO. 1016

Mr. BURDICK. Mr. President, I ask unanimous consent that we proceed to consideration of amendment No. 1016 to the pending bill.

The PRESIDING OFFICER. Is there objection to consideration of the amendment at this time?

The Chair hears none and it is so ordered.

The clerk will state the amendment.

The assistant legislative clerk proceeded to read the amendment.

Mr. BURDICK. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 33, after line 23, insert a new section 26, and renumber those following accordingly:

"COMMISSION JURISDICTION OVER SYNTHETIC GAS

"Sec. 26. With respect to liquefied, regasified, or synthetic natural gas, any plant for the production or regasification of synthetic natural gas, any sales or transportation of such synthetic natural gas, and any person owning and/or operating such plant shall be subject to the jurisdiction and authority of the Commission under the Natural Gas Act of 1938 to the same extent as if it were a natural gas company: *Provided*, That such jurisdiction shall not include the feedstock of such plant or facilities for the production of such feedstock, unless the feedstock is natural or manufactured gas: *And provided further*, That such jurisdiction shall not preempt State laws, rules, and regulations regarding natural resource development, conservation, and environmental protection, or any other proper exercise of State police powers.".

CONFORMING AMENDMENT

Section 2 of the Natural Gas Act (15 U.S.C. 717) is amended (1) by inserting after "natural" and before "and" the following: "synthetic" and (2) by inserting the following new paragraph:

"(10) 'synthetic natural gas' means gas manufactured from coal or hydrocarbon containing materials which is sold or transported in interstate commerce.".

Mr. BURDICK. Mr. President, the purpose of this amendment is to extend the jurisdiction of the Federal Power Commission to synthetic gas plants and facilities to assure that the construction and operation of such facilities meet a public convenience and necessity test. The amendment is drafted in such a way as to preserve the role of the States in regard to plant siting, water allocation, health, and environmental laws and standards.

At the present time, the FPC has not asserted jurisdiction over synthetic gas projects, although it has imposed conditions upon the purchase by certain pipelines of synthetic natural gas. Because State regulatory bodies, such as the North Dakota Public Service Commission in my own State, have determined that a synthetic gas plant is probably not a public utility for the purpose of the State certification procedure, synthetic gas plants now occupy a regulatory limbo that should not be allowed to continue. The extension of FPC jurisdiction authorized by my amendment will cure this problem and will provide an opportunity for the general public and any interested persons to participate in the planning and environmental aspects of synthetic natural gas plant construction and operation.

Mr. President, I have checked this with both sides of the aisle and they find it acceptable.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. **GRAVEL**. I yield to the Senator from West Virginia.

AMENDMENT NO. 973

Mr. **RANDOLPH**. Mr. President, I have at the desk an amendment numbered 973. This amendment is cosponsored by my able colleague from New York (Mr. JAVITS). I ask that it be considered.

The **PRESIDING OFFICER**. Is there objection to the consideration of this amendment at this time? The Chair hears none, and it is so ordered.

The amendment will be stated.

The legislative clerk read as follows:

On page 20, line 4, redesignate section 107 as section 108 and insert the following new section:

"EMERGENCY PURCHASES BY CURTAILED CONSUMERS

"SEC. 107. (a) The purpose of this section is to allow curtailed high priority consumers of natural gas to purchase natural gas from the intrastate market by enabling them to arrange for the transportation of such gas by regulated interstate pipeline companies.

"(b) The provisions of the Natural Gas Act shall not apply to the use of the facilities of a natural gas distributing company for the transportation of natural gas produced by an independent producer from lands, other than any land or subsurface area within the Outer Continental Shelf as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a)), and sold by such a producer directly to a high-priority consumer of natural gas: *Provided*, That the rates applicable to the use of such facilities for the transportation of natural gas described in this subsection are subject to regulation by a State commission. The transportation of natural gas exempted from the provisions of the Natural Gas Act by this subsection is hereby declared to be a matter primarily of local concern and subject to regulation by the several States. A certification from such State commission to the Commission that such State commission has regulatory jurisdiction over rates and service of such person and facilities and is exercising such jurisdiction shall constitute conclusive evidence of such regulatory power or jurisdiction.

"(c) Pursuant to the substantive and procedural provisions of this section the Commission may in its discretion issue a certificate of public convenience and necessity upon filing of an application by a natural gas company to transport natural gas produced by independent producers from lands, other than any land or subsurface area within the Outer Continental Shelf as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a)), and sold by such producers directly to existing high priority consumers of natural gas whose current supply of natural gas is curtailed due to natural gas company curtailment plans on file with the Commission: *Provided, however*, That in issuing a certificate pursuant to this subsection, the Commission need not review or approve the price paid by a high priority consumer of natural gas directly to an independent producer.".

Delete from page 2, line 25, to page 3, line 2, and insert in lieu thereof the following:

"(2) 'High priority consumer of natural gas' means an essential user whose supply requirements cannot be served by an interstate pipeline which is a priority interstate purchaser as determined by the Commission.".

On page 3, line 24, insert the following new definition:

"(9) 'Essential user' means a user, or a class of users, who satisfies criteria to be established by the Commission, by rule, as indicative of a user for which no alternative fuel is reasonably available and whose supply requirements must be met in order to avoid substantial unemployment or impairment of food production or the public, safety, or welfare.".

Mr. **RANDOLPH**. Mr. President, this amendment is concerned for certain high priority users of natural gas who are unable to obtain supplies from their interstate pipelines.

Concern is for essential natural gas uses as determined by the Federal Power Commission. These consumers must be found to be unable to obtain an alternative supply for natural gas. It also must be found that unless their needs are met there will result substantial unemployment, impairment of food production, or endangerment of the public safety or welfare. In addition the Federal Power Commission must find that the requirements of such an essential user cannot be met by a priority interstate pipeline as so defined in the measure before us.

This amendment thus permits high priority consumers of natural gas who are experiencing curtailments to locate and to purchase natural gas directly from intrastate sources at market prices. They could then arrange for its transportation through interstate pipeline systems. This authority would terminate on the expiration date of this emergency natural gas legislation.

There is no comparable provision in the Pearson-Bentsen proposal. This amendment is based on title III of S. 2330, the administration's proposal. In a letter to me on September 23, 1975, the Federal Energy Administrator Frank Zarb stated:

> We strongly support the amendment you have proposed.

In his judgment the provision of amendment would—

> Aid end-users which are unable to get natural gas at regulated prices for high priority uses from their pipelines. It would enable them to purchase gas from intrastate sources and to arrange for its transportation, irrespective of the wellhead price, through interstate pipelines.

Mr. President, the amendment also would facilitate the intrastate movement of natural gas by interstate pipeline.

Within my State of West Virginia, commercial and industrial consumers, with priority uses approved by the Federal Power Commission, are being curtailed by interstate pipelines. These same users cannot obtain access to new supplies of West Virginian natural gas in other parts of the State, because there are no intrastate pipelines.

Mr. President, this provision would partially correct this situation. Intrastate natural gas could be transported within a State by an interstate pipeline. This could be accomplished without diversion of the supply of users outside the State, which is likely to occur under present regulatory policies. In the past this has served as a major constraint on the development of new supplies within West Virginia to offset the curtailments being experienced there.

These end users may have to pay more than the regulated interstate price; however, the amendment will provide them an alternative to ceasing or reducing their operations due to a lack of natural gas.

Under such an arrangement, the pipeline would operate as a "common carrier" without owning the natural gas.

Recently, on August 28, 1975, the Federal Power Commission endorsed this proposal. In order No. 533, for docket No. RM 75-25, the FPC proposes the issuance of certificates of public convenience and necessity to interstate pipeline companies in order to permit transmission of natural gas purchased directly by end users from the intrastate market. However, the FPC acknowledges in its order that legal objections may be raised with respect to the FPC's action. This amendment would provide an explicit statutory base for this action.

Mr. President, in the judgment of FEA Administrator Zarb:

> This amendment could make available as much as 75 billion cubic feet of gas to curtailed high priority end users.

Concern has been expressed that big industrial end users would bid high, thereby tying up all of the available gas and raising the price to an inordinately high level. In my judgment this is unlikely to occur under the amendment as now drafted. In testimony before the Senate Commerce Committee, FEA Administrator Zarb observed that experience under other Federal Power Commission emergency procedures also demonstrate that this is unlikely.

Consortiums of curtailed priority users can be formed to offset this possibility and to obtain more favorable bulk purchase prices. This is already occurring in my State of West Virginia.

While large priority users are likely to center their attention on supplies in the major producing States in the South and Southwest. Under this amendment small users would have the option of seeking out small producers within their own State.

The alternative, Mr. President, may well be for curtailed priority users of natural gas to absorb the curtailment without this opportunity to obtain substitute natural gas supply.

Mr. **JAVITS**. Mr. President, I am cosponsoring this important amendment with the distinguished Senator from West Virginia to the emergency natural gas legislation because I believe it provides the only effective mechanism for avoiding devastating consequences at the local level when gas supplies are severely curtailed and the pipeline is unable to secure additional supplies under the provisions now in this bill.

It is impossible to foretell how many jobs may be at stake if the winter weather is severe. We know that at least 14 States face serious curtailment problems even if the weather is moderate. Although the emergency provisions of this bill deal with this problem, principally by requiring all new natural gas production go to the interstate market, there is no guarantee that these new supplies will be sufficient to meet the shortages faced by the consuming States, particularly those with large residential requirements in relation to their industrial needs.

The bill contains nothing to assist those industrial users who simply run out of gas. If their pipeline supplier is either unable or for some reason unwilling to find the needed gas, the user would be helpless to take any action to secure necessary supplies.

This amendment corrects that deficiency by enabling the user to go directly into the market and contract for the purchase of emergency supplies of natural gas if its essential needs require that gas. This amendment will give an industrial user the chance to keep its plant open, thereby preserving the jobs that are the real purpose of this legislation, rather than to shut down because no alternative energy supplies are available to fuel the plant.

This is a fall back emergency provision, Mr. President, not to be used unless absolutely necessary, but at the ready if jobs are at stake. I believe the amendment will save jobs without any increased costs to the rest of the gas consuming public, and I urge my colleagues to agree to the amendment.

Mr. GLENN. Mr. President, if the Senator from West Virginia will yield for a question, I wish to make a statement of legislative history on this in case it has not already been covered.

As I understand this, it will permit end users to go, but only in the event that pipelines servicing such distressed areas, either because of the lack of capital to buy or other reasons were unable to service that area—the FPC would have to certify the lack of ability of that pipeline to service that distressed customer in that distressed area.

Mr. RANDOLPH. The able Senator is correct. In my remarks, I detail what the Senator from Ohio has indicated in his understanding of the amendment. The provision is concerned for essential users who are unable to obtain both alternative supplies for natural gas and substitute natural gas supplies from a high priority interstate pipeline. Moreover the user must satisfy the Federal Power Commission to qualify.

Mr. GLENN. I thank the Senator. What we were concerned about in the original version of this bill and in the administration's bill was that the way they permitted end users to go to the far end of the pipeline to buy. This put it on a completely uncoordinated, unregulated basis, where big buyers, such as GM, DuPont, or other major buyers, could go in and bid up the prices on interstate pipelines and the small user—that might be equally distressed—would not have the buying power to do that and would have to pay the higher price. The way I understand it now, this is not the situation, and it would apply only where the pipelines—for whatever reason—were unable to service their areas, and in that event, the end user would be served.

Mr. RANDOLPH. Yes; I thank the Senator from Ohio for calling that to our attention. We were able to clarify that point. It is now in the amendment.

The **PRESIDING OFFICER.** The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GRAVEL. Has the Chair disposed of this legislation?

Mr. HOLLINGS. Will the Senator yield for a moment?

Mr. GRAVEL. I yield to the Senator from South Carolina.

Mr. HOLLINGS. I thank my distinguished colleague.

Mr. President, we have been working along, and gotten much farther than we had hoped. We have now cleared around and hope we can get a couple of hours more and move up the time of the vote from 12 noon on Friday to 9:30 tomorrow morning. I make that a unanimous-consent request.

Mr. TOWER. Reserving the right to object, I do not see why we could not push the thing to conclusion tonight.

Mr. HOLLINGS. We have talked to the distinguished Senator from Oklahoma (Mr. BARTLETT) and this was what he agreed to.

Mr. TOWER. Will the Senator withhold that request a little while?

Mr. LONG. Mr. President, I suggest that we try to move it to 9:30 tomorrow and then discuss it.

The **PRESIDING OFFICER.** The request is made that the time for the vote be changed to 9:30 tomorrow morning. Is there any objection?

The Chair hears none.

Mr. BARTLETT. Reserving the right to object. What is the full unanimous-consent request?

Mr. HOLLINGS. That the vote on final passage occur not later than 9:30 tomorrow morning. We have the rest of this evening.

The **PRESIDING OFFICER.** The Chair understands there was a fixed time of 9:30.

Mr. BARTLETT. What time will we come in?

Mr. HOLLINGS. Whatever time the Senator wants.

Mr. BARTLETT. Will the Senate be staying in tonight to process all amendments?

Mr. HOLLINGS. Yes, sir; that is what I hope to do.

Mr. BARTLETT. Then we come in tomorrow and have the vote on that as the first thing?

Mr. HOLLINGS. Yes.

Mr. CHILES. Reserving the right to object, how long are we going to stay in tonight to process amendments?

Mr. HOLLINGS. We do not know. We do not have amendments enough to keep this going beyond a couple of hours, the best we can tell. We are checking with both sides.

Mr. TOWER. Reserving the right to object, Mr. President, I hope that we can get to a vote tonight. I shall not object to this request, providing that it is understood that we will still try to get agreement between and among Senators to vote tonight if we can dispose of the matter tonight.

Mr. HOLLINGS. I absolutely agree.

Mr. PASTORE. Will the Senator yield to me?

Mr. GRAVEL. Yes.

Mr. PASTORE. Reserving the right to object, I have had a talk with the Senator from Oklahoma and I think he has made it abundantly clear that he does not want to vote on passage tonight for reasons best known to himself. I think that should be respected. He asked that we do it at 9:30 tomorrow morning.

After all, it is only Thursday. I do not see anything to haggle about. I think 9:30 tomorrow morning will be very comfortable. If we can do it tonight, that is fine. But I understand from the Senator from Oklahoma that he has already determined that he would not want to vote on it tonight. That is where it stands. I quite agree that if we could have it tonight, that would be perfect. I understand he does not want it tonight.

I have talked with the Senator from Kansas, who has to leave tomorrow on official business, and he is perfectly willing to agree to 9:30. I do not see why we do not agree to that. That is the best we can do after all these consultations to and fro.

The **PRESIDING OFFICER.** The question is on agreeing to the unanimous-consent request.

Mr. HOLLINGS. And that rule XII be waived.

The **PRESIDING OFFICER.** Is there objection. The Chair hears none. It is so ordered.

Mr. HOLLINGS. Now, Mr. President, the distinguished Senator from Alaska has been indulgent of all of us Senators. He has lost a good 25 minutes. I wanted to ask unanimous consent that his hour's time, to be equally divided a half hour to each side, commence at this particular point.

The **PRESIDING OFFICER** (Mr. CASE). That has been agreed to.

Mr. HOLLINGS. Yes.

The **PRESIDING OFFICER.** The Senator from Alaska is recognized.

Mr. GRAVEL. I hope we will not take the full hour so that we can proceed to other amendments.

If I could have the full attention of the body, Mr. President. Both the proponents and opponents of this legislation are sincerely trying to solve the problem of the natural gas deficiency today. The amendment I propose now would contribute to that. It would simply take an issue which is before the Federal Power Commission and accelerate it to a more rapid conclusion.

Mr. FORD. Mr. President, may we have order to give the Senator from Alaska the courtesy he gave the rest of the Senators in this Chamber.

The **PRESIDING OFFICER.** The Senator is quite correct. The Chair takes no pleasure in calling the Senate to order so frequently. The Chair considers each Member of this body as entitled to the full attention of the body, to at least a courteous hearing, and in order to provide that for our junior Member from

Alaska I ask that the Senate be in order. The Senator will proceed. The Senator is recognized.

Mr. GRAVEL. It is difficult to try to persuade Members when a conference is being held.

The PRESIDING OFFICER. The Senator is quite right. The Chair appreciates the help of the Senator from Alaska in this delicate matter. Will the Senators please take their seats.

Mr. GRAVEL. I thank the Chair.

The PRESIDING OFFICER. The Senator from Alaska will wait just one moment. The Senator from California has not quite made his way to the rear of the Chamber.

The Senator is recognized.

AMENDMENT NO. 997

Mr. GRAVEL. I thank my colleage.

This amendment is quite important because it is going to involve a period of time that the American people could be denied the receipt of some gas. We, in Alaska, are blessed to have somewhere between 40 to 140 trillion cubic feet of gas. We currently have a firm reserve of 26 trillion cubic feet of gas, which represents 13 percent of the national reserve.

There are two issues before the Federal Power Commission today. One is to bring the gas down through Canada and the other is to bring it through Alaska. I do not address myself to that problem and I do not think we should at this point in time. I think that decision should be made by the proper body, and that is the Federal Power Commission.

What my amendment seeks to do is to remove the bureaucratic entanglements which frustrate us, which frustrate the American people, in solving their crises. All this amendment does is exactly what we did on the Alaska pipeline amendment, and that was to remove judicial review so that we could proceed with a forthright decision.

My amendment is broken down into three sections. The first section involves setting a time, which would be June 30 of next year, by which the Federal Power Commission would complete its deliberations. I have had conversations with the former chairman, Mr. Nassikas, who said the Federal Power Commission could meet that deadline.

The second point is that judicial review would be removed which will, of course, hasten the FPC proceedings. It does not remove any constitutional review, and in this regard is the same as we did with the Alaska pipeline. It will permit the issue to go to the court, but it will go directly to the court of appeals and, obviously, be treated in a very expeditious fashion.

The second section of the amendment names the FPC as the lead agency to collect all of the needed statements from the necessary agencies and meet all of the permit requirements. That is what we did with the Alaska oil pipeline issue. It would require that they meet a deadline of June 30 of next year, and since we are removing judicial review, I mandate in my amendment that we give it legislative review because, obviously, if the FPC decides either way there might be a contrary way. We give the Congress the opportunity to review. The Congress is given 60 legislative days to overrule or make some decision based on events that occurred at that time.

That essentially is the case. I hope the managers of the bill will accept this amendment. I do not find it controversial. I do not think anybody can argue but that we want to satisfy our gas needs, and we should satisfy them as soon as possible.

I think, in retrospect, we should look at the decision in the Alaska oil pipeline—not deciding whether it was an Alaskan line or a Canadian line—but merely acknowledge the fact that we wasted 4 years in dillydallying on the issue. Mr. Nassikas, who is an authority in the field, told me that we face here a possibility of 5 to 7 years of delay in getting this gas to market. This will mean the oil in Alaska will be more expensive because they will have to go through a reinjection process.

So, one, we get the gas in a timely fashion. Two, it would increase the cost of the oil if we do not get it in a timely fashion. The only thing that is stopping us from getting it in a timely fashion is our own bureaucratic, myopic vision. I hope we will push for a decision that all parties agree can be acquired in proper time.

Mr. President, I have made the case. I would like to reserve the remainder of my time, hoping that the managers of the bill might query me as to any controversial aspects of this amendment. If there are no controversial aspects, I hope they will accept it and that we can move on to the full consideration of the bill.

I reserve the remainder of my time.

The PRESIDING OFFICER. (Mr. STEVENS). Who yields time?

Mr. GRAVEL. I suggest the absence of a quorum, and ask unanimous consent that the time not be charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The clerk will call the roll with time not being charged to either side.

The second assistant legislative clerk proceeded to call the roll.

Mr. GLENN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, will the Senator from Alaska yield?

Mr. GRAVEL. I believe the Senator has time on the other side.

Mr. GLENN. The Senator is correct.

I would like to ask just a couple of questions.

The PRESIDING OFFICER. I might say to the Senator from Ohio that the Senator from Kansas has the time in opposition, and the Chair is in doubt as to who is yielding time.

Mr. GRAVEL. I will yield the time. I am sure the Senator from Kansas will yield it back to me later. I yield some to the Senator from Ohio.

Mr. GLENN. This is a very important amendment, of course, and would make decisions that would be very far reaching and would have a major effect on particular parts of the country that are faced, at this time, with emergency gas shortages that are going to result, of course, in major unemployment additions this winter.

It would appear, with the importance of the long-term aspects of this, to rush into any decision on whether the Alaska line or the trans-Canada line——

Mr. GRAVEL. Will the Senator yield on that?

Mr. GLENN. Certainly.

Mr. GRAVEL. I apologize for interrupting, but this does not make that decision. I think there is a misunderstanding. I want to be very clear on that. I know the conflict in question. I know my colleague does. My amendment is not addressed to that at all. All my amendment provides is that they must make a decision by a time certain.

I know my colleague sincerely wants to do something about gas. All I am saying is that we are going to put aside a lot of bureaucratic *nonsense* and get an early decision on this matter rather than get into a situation like the Alaska oil pipeline where we lose 4, 5, or more years on a decision.

So there is no decision as to where the gas goes. It would come to the United States.

Mr. GLENN. I agree with the Senator from Alaska. I thank him for his correction.

This amendment would not make the decision itself, but, in effect, would force the FPC to make an early decision because I think if any decision had to be made at this time or by the time limit set here, June 30, 1976, it would be almost certain that decision would have to go against the trans-Canada pipeline.

Mr. GRAVEL. Why is that?

Mr. GLENN. We know that Canada, as I understand it, has indicated they will need more time than that just to make the decision on the routes.

Mr. GRAVEL. I beg to differ with that. I think we can get statements from almost anybody, and I know some of the companies in question that would like to have more time. But if we put constraints of time on ourselves, I see nothing wrong with the same constraints applying to Canada.

Mr. GLENN. Does the Senator know at what date the Canadian Government would be willing to commit to their recommendations as to routes and what the arrangement would be? That, as I understood it, would not be necessarily available by June 30, 1976, the deadline, and the various provincial governments that also play a major role have indicated to their government in Canada that they would not have that information available by then.

Mr. GRAVEL. There is no reason why they cannot come to a decision like the FPC. If our FPC can make a decision by the first of July next year, then I do not know why the Canadians cannot do similarly.

Mr. GLENN. It is not——

Mr. GRAVEL. We are arguing that we should not hasten the day for the Americans to get natural gas as an accommodation to Canadians.

They can act like we can. If they have bureaucratic entanglements, this will force the issue with them.

Mr. GLENN. I do not believe it is within the province of the U.S. Senate or the U.S. Congress to dictate time schedules to the Canadian Government. We would be saying that if the Canadian Government does not come up with a plan and a time period to accommodate the United States of America, then the FPC must make their decision.

Mr. GRAVEL. What if it takes 5 years to make their decision? Is the Senator willing to let his people in Ohio suffer?

Mr. GLENN. No, not at all. Nor would I propose this, if the Senator will let me answer his question first.

I would not have proposed we let anyone wait 5 years. But I would also want to know before I agreed to a June 30, 1976, decision, which would almost surely indicate coastal and tanker routes, what time period the Canadian Government is talking about. I do not have any indication on that. Does the Senator from Alaska have any indication?

Mr. GRAVEL. No, that is up to the Canadians, but I know if we make a decision it will be up to us, and they will have to abide with it. But if not here, they will go their merry way.

I see nothing wrong. The Federal Power Commission is doing more work on this than the Canadians, and if they can meet the July 1 deadline I do not know why the Canadians cannot. I do not know why the Senator would want to accommodate them on a delay that would hurt his people.

Mr. GLENN. I would not be accommodating them on a delay to hurt my people.

All I am asking is, What are the estimates of the Canadian Government at this time? I would think it would be correct to at least ask them and get their information in sufficient time that this date would be quite acceptable to me, but I do not know that at this time.

Mr. GRAVEL. The Senator cannot ask them that. They cannot give the Senator a better answer than the Senator can get in this country. In this country it is 5 to 7 years because of litigation. It could be longer. They have a judicial system there, too. Why does the Senator want to let himself be subject to the delays of their judicial system, when we in this country decided with the Alaska oil line that we would not put up with that kind of nonsense after suffering for years? I think the Canadians will get on the stick if they want the line through Canada and meet the criteria. If they cannot, then the Senator is starting on a very faulty premise and that is that they will be accommodated first, before our bureaucracy.

Mr. GLENN. The Senator from Alaska is putting words in the mouth of the Senator from Ohio and I do not plan to be put in that position.

All I am asking is what the information is from the Canadian Government. It would seem to me that hearings would be in order to establish essentially what the facts are before we agree to a time certain. If we agree to this June 30, 1976, deadline now, it would be tantamount to dictating, probably because the trans-Canada pipeline would serve the people of Wisconsin, Minnesota, Ohio, Michigan, the whole Midwest and much of the west coast. It is the whole tier across the Midwest and the west coast that would be affected by this.

It is such a big decision, I think the least we can do is to find out what the Canadian Government has planned at this time.

Mr. GRAVEL. But the Federal Power Commission will have that data for us. I do not understand why the Senator wants to effect a delay, which is really what is involved here. If the Senator is afraid about the outcome of the decision, I am in the same boat. But, this does not go to the issue of where the line goes.

This is the Federal Power Commission. Here is the data they will look at. These are the duties of the Federal Power Commission. Maybe some people have more reliance on the Canadian Power Commission, but this is what the American commission has to do:

One, they have to establish economic feasibility;

Two, they have to establish the environmental effects;

Three, they have to look at safety and transportation;

Four, they have to investigate the impact on consumers, whether they are on the east coast, west coast, central part of the United States or in Alaska, and

Five, they have to look into alternatives which might be available, which is principally the Canadian alternative.

The Senator's agency is going to do all these. If they can do this by the first of next July, I cannot understand why then the Senator would say that we want to know what the Canadians want to do.

Who is running this country, we or the Canadians?

Mr. GLENN. The pipeline is to run across Canadian territory and how we can dictate or set a time standard——

Mr. GRAVEL. Well, let me repeat——

Mr. GLENN. There are different local governments.

Mr. GRAVEL. Suppose the Federal Power Commission rules it goes through Canada, Canada can still do whatever they want. There is nothing here that says the Federal Power Commission has to rule for an Alaska line. It says they must investigate all these areas, which they say they can do by the first of July, and if it goes through Canada, so be it. If not, so be it. One has 60 days to then fight it out on this floor.

Mr. MONDALE. Will the Senator yield?

Mr. GLENN. Certainly, I yield to the Senator from Minnesota.

Mr. MONDALE. Would the distinguished Senator from Ohio inform me as to whether the pending amendment was considered before the Commerce Committee by way of hearing or any other way?

Mr. GLENN. I am not on the Commerce Committee, but it is my understanding that it was not.

Mr. MONDALE. I would ask the Senator from South Carolina.

Mr. GLENN. The Senator from South Carolina is a member of the committee.

Mr. HOLLINGS. I really with trepidation arise. I should be better equipped to properly answer. I think what is occurring is that our Government, obviously, is in negotiation with the Government of Canada relative to rights-of-way and the treaty. We did not want to come into the Commerce Committee with our subcommittee on the Federal Power Commission having hearings while the treaty negotiations were going on. No. 1: It is a very delicate situation with give-and-take there on whether or not they can reach an agreement. Pending that, I can assure the Senator and the distinguished Senator from Alaska any major resolution along this line that he would have, the Commerce Committee would willingly cooperate to have a hearing. I just have somewhat of an eerie feeling if we pass the amendment of the Senator from Alaska. I am not up here just fighting it because he has been so considerate of me. If we could agree on having some hearings of that kind, whatever the legislation is, I think the Senator from Alaska would have made his point. He wants to accelerate and expedite, the Senator from Minnesota wants to expedite, and so do I. But on a procedural basis, I think it would be premature to have it on this bill.

(Mr. Tower assumed the chair at this point.)

Mr. MONDALE. Will the Senator yield?

Mr. HOLLINGS. Yes.

Mr. MONDALE. When we were debating the question of the trans-Alaska and trans-Canada pipeline, the Senator from Alaska and I agreed on one thing which was accepted: that there had to be a termination point imposed by law as to when that decision had to be made. I think that is one of the reasons, even though I preferred the trans-Canadian route, that we are going to get Alaskan oil sooner than we would have otherwise. I think before this is over we may very well have to do the same thing with the movement of gas out of Prudhoe Bay. What bothers me about this amendment is that it has not been heard before the committee. We have not heard from the State Department, for example, on the progress of the hydrocarbon treaty negotiations, which I understand are moving along rather well. We have not received their advice on the prospects for a trans-Canadian pipeline. We have not had testimony on the environmental problems of the alternative routes. I do not think there is any evidence of alternative costs although there have been some tentative reports out of the FPC. We have nothing, in my opinion, upon which we can make an intelligent judgment as to what that time interval ought to be.

I would hope the Senator from Alaska, in the spirit of my comments, might withdraw his amendment and then we could bring this matter up before the Commerce Committee, have hearings, and maybe we could come out of here with a unanimous agreement on some time agreement that would bring this to a head. I think we could work it out in a way where the Canadians would agree to the same thing, if that is agreeable.

In my talks with the Canadians, they talk about how long will it take. They are worried about whether we will ever make a decision.

Mr. GRAVEL. They have good reason.

Mr. MONDALE. That is right. I worry about whether they will make a decision. It may be if the trans-Canadian pipeline is the indicated source, if that is what is decided, there ought to be an agreement between their Government and ours where both would agree to collapse the time interval and get it over with. I would be glad to work with the Senator from Alaska to see if we could not agree on something, based upon those hearings.

Mr. HOLLINGS. I am sure that Senator MAGNUSON and Senator STEVENSON, who chairs the subcommittee, would gladly cooperate. I think the Senator from Minnesota has put his finger on the procedural question. The Senator from Alaska has touched me even more sympathetically. I am restless, and I want to expedite a decision just as the Senator from Alaska does. But I think procedurally we would make a bad mistake to set a deadline at this time. If the Congress required that a decision had to be made by a fixed date, I am afraid the Federal Power Commission might have to eliminate important considerations of this case that I do not even know about. We might create an injustice, though I am not sure.

Mr. GRAVEL. Based on my conversations with them, I think that would not be the case, but I think there is room to accommodate some suspicions or fears. Obviously, in trying to pull something through, if you do not have people in agreement with it, you do not really gain anything. So maybe a little bit of retreat here will gain us some time.

I sincerely believe that Senator MONDALE, the Senator from South Carolina, and others do not want to repeat the ridiculous situation we had for 4 years with the Alaskan pipeline.. We should have learned from that experience.

I know the FPC can make a decision if directed to do so by a time certain next year. If we delay in giving that direction, then obviously the period that we delay is wasted. Suppose we do go through a hearing process and the Commerce Committee does not schedule it until December, and it does not get to the floor until January or February. We then just waste another year when we do not have to. The matter is fairly simple if we give people enough time to look at it. I am prepared to do that. I have no problem in that if we are talking in terms of 2 or 3 weeks. The issue is not so complex that we cannot call the Federal Power Commission on the phone, or invite them to the office and ask, "How long will it take them to do this?" Or we can call up the Canadians and say, "Look, our time frame is this date. Where do you people stand?" They either fish or cut bait, and that is where we show our cards. I am prepared to do that.

I am prepared to withdraw this amendment and work out an accommodation. I think we would be derelict in our duty if we let this thing dally along through the normal legislative process where it would take 6 months to come out with another bill. I think it would be a shame on the part of all of us.

Mr. HOLLINGS. With my distinguished colleague, I would be glad to set up an appointment to meet with the new chairman of the FPC. He was the budget chief of Governor ROCKEFELLER. His general guidance would be in order as the new Chairman of the Federal Power Commission. I think it would be well taken, if the Senator does not mind, to withdraw this amendment and for the Senator and I to speak to Senator MAGNUSON.

Mr. GRAVEL. And include other Senators.

Mr. HOLLINGS. I am sure the Senator from Minnesota (Mr. MONDALE) would be glad to join us.

Mr. GRAVEL. How can we proceed to act with dispatch in this area? Should we introduce a bill and have it go immediately to the committee, or put in a simple bill at the desk and call it up?

Mr. HOLLINGS. I am not in charge of the Commerce Committee Subcommittee on Natural Gas. If a bill is introduced, I am sure it will be referred to our Committee. As one Senator, I am certain we will set a date for a hearing and bring in the parties. If the Senator will introduce his bill or resolution, it will be referred to our subcommittee and, in turn, I will ask Chairman MAGNUSON to set a hearing and get the chairman of the FPC over here, with the other parties, and see exactly where we are.

Mr. STEVENS. Will the Senator yield?

Mr. GRAVEL. I yield.

Mr. STEVENS. I am interested, of course, in accelerating the decision of the FPC. I recently made a trip to Montreal and Toronto to discuss with representatives of the Canadian Government and with industry representatives there their attitudes with regard to the decision on the transportation not only of Alaskan gas but of Canadian gas. I find very interestingly a great development in Canada. That is the growing support for the so-called Maple Leaf Line and the Polar Gas Line, the two being lines primarily designed to serve Canadian needs. They are developing in opposition, frankly, I would say to the Senator from Minnesota, to the Arctic Gas Line. There are growing sentiments in Canada against the transportation of Alaskan gas through Canada.

I share Senator GRAVEL's desire to get an acceleration of the process of arriving at a decision. The gas that comes out of the Prudhoe Bay field is associated with oil and after 2 years of production of oil there must be a gas pipeline ready for that transportation. I think we all are in agreement that we want to get a decision.

Serving on the Commerce Committee as I do, I have already discussed the question of inviting Canadian citizens to appear before our Commerce Committee who express the viewpoints of Canada. We have some of our U.S. citizens expressing opinions before the Canadian Parliamentarians and the Canadian National Energy Board.

I think we should invite some of their people to Washington to tell us what is involved in terms of time frame and procedure as far as their Government is concerned, and what is the attitude of the Canadians with regard to the transportation of Canadian gas, as well as developing what is the attitude of Americans on this side of the border to the transportation of Alaskan gas.

While I support the objectives of my colleague, I have informed him that one of the great problems on this measure is whether or not we can have the support that we might have on an independent bill.

My colleague will recall that in connection with the oil pipeline we had in fact had 2 days of hearings before the Committee on Interior and Insular Affairs on my bill on that subject. I do not know what the Senator proposes to do with his amendment; I shall, of course, support it if it comes to a vote. But I would hope that we would be able to have hearings, and perhaps even be able to assure the Senator from Minnesota that it is in his best interest and the best interest of the country as a whole to once again listen to us on the subject of the logistics of the distribution of gas on the North American Continent.

If we have the hearings I am talking about, we may not even have an issue before the Federal Power Commission. I am of the opinion that the support in Canada of the Maple Leaf Line and the Polar Line will become so great that we may not even have before us an issue as to the trans-Canada route for Alaska gas before they are through.

If this amendment comes to a vote today and fails, it could be misinterpreted in Canada. I would urge the Senator to remember that; they could take a reading from such an action that might result in our intentions being misinterpreted in Canada. I would not want to see that happen, because of the very delicate circumstances.

As far as a treaty is concerned, when I was in Canada I was informed that a treaty has been agreed to in draft form. It is initiated, we might say, and now ready for policy review and final form, and for presentation to the Senate for ratification.

If that is the case, that is a delicate negotiation, as my friend from South Carolina would say; I do not wish to disturb it. It involves more than a gas pipeline treaty; I hope we all understand that. It is a treaty that pertains to pipelines in Canada and the United States. The only pipeline in place right now goes through my friend from Minnesota's back yard, as he knows, the Inter-Provincial Oil Line. We want protection for that as well as any future U.S. pipelines that might go through Canada.

I do not know what my friend and colleague is going to do, but I will support his amendment if he brings it to a vote. I would hope we could develop ground rules and get an approach that we could all approve as the sense of Congress as to the urgency of the situation on both sides of the border.

Mr. PEARSON. Mr. President, on my own time, I wish to say to the distinguished Senator from Alaska that I rise, really, not to speak about the merits of his amendment. All the old stories about "You have not had hearings, and are raising unconstitutional issues," and so forth, I think, are really for another time and another forum. I am very much concerned about this bill.

This matter may have many ramifications that I do not understand and that I do not really intend to seek to understand tonight. But I wish to say to the Senator that no one has been more diligent, no one has tried longer or made a greater contribution to the bill that we have before us than the Senator from Alaska (Mr. GRAVEL).

Perhaps I am overconcerned. I have been on this thing too long. Almost anything would delay us at this hour. We are working on an agreement for final passage in the next 2 or 3 hours. I am the ranking Republican member of the Committee on Commerce. I have discovered that that is not a very palatable position.

But I wish to say to the Senator, with whatever persuasion and authority I have, that I pledge to him that he will have a hearing before that committee on this particular subject. I do not know when that will be. I made the mistake one time in this Chamber of having the chairman of a committee guarantee me that he would have hearings on a bill I had. I made one mistake, and did not get a guarantee as to when I would have hearings; and the matter went on for some time.

But in all seriousness, I think we need speed. The people in the northern part of the country are being phased out on Canadian natural gas. The energy crisis there is potentially as serious as any in the country. If the Senator will just accommodate his own interests and ours and, in his own judgment, fulfilling his own commitment to this cause, raise an issue tonight, pull it down, and let us come to him within a day or two with some sort of assurance for hearings, I would be most grateful.

Mr. MONDALE. Mr. President, will the Senator yield?

Mr. PEARSON. I yield.

Mr. MONDALE. I want to say once more the Senator from Alaska will not, I know, wish to repeat the type of sectional debate such as we had over the trans-Canadian and Alaska pipeline. I hated it, and I am sure he did, too; it is the kind of bitter dispute that everyone feels strongly about. Maybe the hope is fanciful, but I would hope that this time around we could begin a cooperative effort toward hearings reaching toward a solution of this problem, and avoid the kind of acrimony we went through the last time.

I believe in order to accomplish that, the first thing we need to do is have hearings to establish as many of the facts as can be established, on which agreement is possible. Maybe we will have to have an argument about the rest, but we will have settled as many of these issues as possible before the debate begins.

Mr. President, I oppose the amendment offered by the distinguished Senator from Alaska (Mr. GRAVEL).

The transportation of the vast quantities of natural gas in Alaska to the lower 48 States must be one of the most immediate priorities on our Nation's energy agenda. We all want to do everything possible to expedite movement of this natural resource, which represents over 10 percent of the proven reserves of natural gas in the United States.

Yet, I believe that the amendment of the Senator from Alaska will not help us reach this goal. In fact, I believe it would give us the worst of both worlds. If, in fact, the FPC can conclude hearings on its own before June 30, 1976, this amendment is not needed. If, on the other hand, the FPC will take longer to make its decision, putting a terminal date of June 30 will probably simply result in the FPC's making a decision on the basis of inadequate data. And it would mean that the Congress until that point would have little to say about which of the competing routes proposed for movement of this natural gas should prevail.

I believe that the more appropriate course is for the Congress to take a stronger and more immediate role in making this decision. We should hold the appropriate hearings, we should get the benefit of expert testimony of the relative merits of the two projects that have been proposed, and then we should make the decision as to which route would best serve the national interest. In fact, I am quite confident that this could be done before June 30, 1976.

The transportation of natural gas from the Arctic is going to be a major component of our Nation's energy policy. We in the Congress should have a major voice in determining which system would serve consumers throughout the country, and would provide us with natural gas at the lowest possible price. All the amendment now under consideration would do is to delay this type of congressional involvement, and thereby delay the ultimate decision point for getting this natural gas moving.

We in the Congress can expedite matters in ways not possible at the FPC. We can hold the hearings we need, develop adequate information, and make a decision on our own in less time than the end point the pending amendment would impose. This is the most rational method to make a decision of this importance.

Our first priority should be working out the congressional timetable for expediting this matter. I believe that supporters of both the Gas Arctic and the El Paso proposals can agree on this goal. And I would hope to work with the distinguished Senator from Alaska (Mr. GRAVEL) and others in developing this timetable to assure a speedy and final congressional decision. With this type of decision, the 24 trillion cubic feet of natural gas in Alaska can become a benefit to the entire Nation in the shortest possible period of time.

Mr. GRAVEL. I think considerable good will has been expressed to address ourselves to this problem. I agree with the Senator from Minnesota that it is not useful to have a debate that we do not know where it will go. I appreciate the pledge of the Senator from Kansas. I understand the difficulty of members of the committee. I think perhaps the Senator from Kansas has the same difficulty. He cannot pledge beyond his immediate power. But I think they appreciate my situation, and they know from their own experiences, having seen things like this: we think we are going to have hearings and all of a sudden we do not see the matter again for another year or so.

I think, now that the issue has been raised and the bill, S. 2510, has been referred to the Commerce Committee, I will withdraw the amendment and hope that all parties to this discussion will use their good offices to try to secure a hearing within 30 days.

I do not mean to be unreasonable in suggesting that, but time is fleeting in this regard, and the sooner we make the decision, the sooner we can induce the bureaucratic institutions to respond in a like period of time. I think 30 days would be adequate, and the only recourse left to me would be to give notice that I would bring the issue up on some other piece of legislation, which I could do as a Member of this body. I hope that would add a pressure device on the members of the Committee on Commerce who are not here, who might be as committed as Senator HOLLINGS, Senator STEVENS, Senator MONDALE, and myself in this regard.

Mr. HOLLINGS. And Senator STEVENSON.

Mr. GRAVEL. I mentioned Senator STEVENSON.

Mr. HOLLINGS. And Senator STEVENSON, who has made an important contribution in this area.

Obviously we have to protect the integrity of the Federal Power Commission, but there is no reason not to give their word. They can come up in the next 30 days with a position as to whether or not they desire to expedite it, and whether or not they would urge congressional action of some kind.

Does the Senator withdraw his amendment?

Mr. GRAVEL. Yes; with the understanding that we will be able to see where we can go within the next 30 days, I would withdraw my amendment.

The PRESIDING OFFICER (Mr. STEVENS). The amendment is withdrawn. The bill is open to further amendment.

Mr. HOLLINGS. Mr. President, we have an agreement to vote at 9:30 on final passage. Perhaps we could vacate that agreement, if we could agree on a time on the Pearson amendment. I wish we could get other Senators who have amendments to call them up and attempt to vote, say, no later than 6:30 on Pearson-Bentsen, and 7:30 on the bill.

Mr. PEARSON. Mr. President, I think that is agreeable. I would be willing to put that in the form of a unanimous-consent request.

Mr. TOWER. Mr. President, I wish to raise a question. Senator BARTLETT now is satisfied with the arrangement?

Mr. PEARSON. That is my understanding. I had a personal conversation with him.

Mr. HOLLINGS. Let us get the Senator from Missouri. He has an amendment. Are there any other Senators at this moment who wish to present an amendment?

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER VITIATING VOTE ON FINAL PASSAGE AT 9:30 A.M. TOMORROW AND ORDER FOR VOTE ON PEARSON-BENTSEN AMENDMENT TO OCCUR AT 6:30 P.M. AND VOTE ON FINAL PASSAGE OF S. 2310 AT 7:30 P.M.

Mr. HOLLINGS. Mr. President, if this is agreed to by Senator BARTLETT, I ask unanimous consent that the 9:30 a.m. order for vote on final passage for tomorrow be vitiated and instead that the Senate by unanimous consent agree to vote on the Pearson-Bentsen amendment no later than 6:30 p.m. and on final passage no later than 7:30 p.m. this evening.

Mr. PEARSON. Make it 6:30 p.m.

The PRESIDING OFFICER. Does the Senator request that rule XXII be waived?

Mr. HOLLINGS. I ask unanimous consent that rule XXII be waived. We are trying to bring up the other amendment.

The PRESIDING OFFICER. Is there objection?

Mr. PEARSON. Mr. President, reserving the right to object, will the Senator make the vote on the Pearson-Bentsen amendment at precisely 6:30 p.m. and the vote on final passage no later than 7:30 p.m.?

Mr. HOLLINGS. I ask unanimous consent that the vote on the Pearson-Bentsen amendment be at 6:30 p.m. and the vote on final passage no later than 7:30 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I will now make a little talk while the distinguished Senator from Alaska has a chance to be recognized to call up his amendment.

The PRESIDING OFFICER (Mr. TOWER). The Senator from Alaska is recognized.

Mr. STEVENS. Mr. President, I have an amendment at the desk, No. 979.

The PRESIDING OFFICER. The amendment will be stated.

Mr. HOLLINGS. Mr. President, will the Senator from Alaska yield to the Senator from Georgia? He has a one-word amendment that we all agree to.

Mr. STEVENS. I am happy to do so.

Mr. TALMADGE. Mr. President, if Senators will look at the Pearson-Bentsen substitute, turn to page 33, they will see language relating to the agricultural priority. What I propose to do is strike the word "domestic" in the last sentence of that agricultural priority section. My amendment has been cleared, as I understand it, on both sides of the aisle.

I ask unanimous consent that it be in order to offer that amendment at this time.

The PRESIDING OFFICER. Is the Senator from Georgia referring to the print that was modified and amended?

Mr. TALMADGE. Yes, I am.

It is on page 33, line 22, of the latest modified amendments.

The amendment I offer, and I ask unanimous consent that it be in order at this time, is to strike the one word "domestic" in the agricultural priority on line 22. I ask unanimous consent that it be in order at this time, and I send the amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

> The Senator from Georgia (Mr. TALMADGE) proposes an amendment on page 33, line 22, strike the word "domestic" where it appears.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its immediate consideration.

The Senator from Georgia is recognized.

Mr. TALMADGE. This has been cleared with both the distinguished floor manager of the amendment on both sides of the aisle, and I understand they are prepared to accept it.

My amendment would simply strike the word "domestic" from the final sentence of the agricultural priority section of the bill which now reads:

> The Secretary of Agriculture shall also certify to the Commission the amount of natural gas which is necessary for such essential uses to meet requirements for full domestic food and fiber production.

My reason for proposing that the word "domestic" be deleted from this sentence is that its retention may provide the Federal Power Commission with an excuse for denying the priority provided under this section to any nitrogen fertilizer manufacturer or others who may be selling any of their products in the export market. While our Nation today is a net importer of nitrogen fertilizer, some nitrogen fertilizer is still exported. Much of what is sold for export is in reality for purposes of a "swap" or assurance of our being able to obtain from foreign nations other fertilizer products such as potash from Canada, or other materials which are essential to the production of food, fiber and other U.S. produced goods.

When Mr. Nassikas, Chairman of the Federal Power Commission, appeared before the Senate Commerce Committee regarding S. 2310, he as much as stated that he did not believe that any natural gas priority for agriculture was needed since we export so much of our food and fiber. A similar statement was issued earlier this year by the FPC staff, I am told.

Therefore, to remove any doubt as to the intent of Congress on the importance of providing our Nation's food and agricultural industry with natural gas priority, I recommend that the word "domestic" be deleted, and that my amendment be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia.

The amendment was agreed to.

Mr. TALMADGE. I thank the distinguished floor manager of the bill and I thank the Presiding Officer.

AMENDMENT NO. 979

Mr. STEVENS. Mr. President, I call up my amendment No. 979, which is at the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. STEVENS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

> On page 15, line 6, after "authority," insert "or is arbitrary or capricious,".
>
> On page 15, line 24, after "authority," insert "or is arbitrary or capricious,".

Mr. STEVENS. Mr. President, the amendment I offer would both clarify and make more specific the grounds for judicial review with regard to propane standby allocation which is addressed in section 106(a) of amendment No. 919.

The amendment I offer adds the additional "arbitrary and capricious" requirement with respect to orders as well as to regulations.

Paragraph 5 within section 106 of amendment No. 919 contains a discrepancy between provisions for judicial review of the agency's "regulations" and judicial review of the agency's "orders" issued under those regulations.

A regulation, or its application to a particular litigant, may be enjoined or set aside if the reviewing court determines that the regulation is in excess of the agency's authority, or is arbitrary or capricious, or is otherwise unlawful.

But an order cannot be enjoined or set aside unless the reviewing court determines that the order is in excess of the agency's authority or is based upon findings which are not supported by substantial evidence.

Thus, an order, unlike a regulation, cannot be set aside on the ground that it was arbitrary or capricious, provided that there was substantial evidence to support it.

There is nearly always substantial evidence, as distinguished from a preponderance of the evidence to support any kind of an order, no matter how arbitrary or capricious it is. Courts should not be bound to accept an agency's judgment when it has arbitrarily ignored the weight of the evidence and has seized only on the portions favorable to its intended course of action, but that is what this language would do. An issue of discrimination, or of personal prejudice, for example, could not be raised against such an order. This is a wrong result.

There may be examples of appeals, within FEA, from the same administrative action which result in orders which make opposite determinations with respect to two different appellants—one an order remanding a decision for reconsideration, another making the decision appealed from final, each of the conflicting orders proclaiming that it is based on substantial evidence.

The "arbitrary or capricious" language should be added to the requirement of substantial evidence with respect to orders, and should not be restricted to the making of regulations.

Mr. President, this is a very technical amendment.

Basically the provisions of the bill, as they stand now, apply the rule of arbitrary and capriciousness to regulations only.

As we interpret the provisions of the bill now, a court could upset a regulation if it were arbitrary or capricious, but it could not do so if it were an order of the agency involved.

I seek to include in the Pearson-Bentsen amendment the provisions that appear with regard to regulations and make them applicable to an order issued by the agency so that an order, which under the present bill could not be enjoined or set aside by a reviewing court unless the court determines it is in excess of the agency's authority or is based upon findings which are not supported by substantial evidence, could in fact also be set aside if the reviewing court found the order was arbitrary and capricious.

I have discussed this matter with the managers on both sides. I think that they are prepared to accept the amendment. I hope that is correct.

It is technical in form. It has been examined by people I consider to be very leading legal authorities, legal officers in the practice of law whom I have known for many years, and they agree with me that this is necessary in connection with this type of legislation that an order be capable of being set aside if in fact it is arbitrary and capricious even though it may be supported by some evidence.

Mr. HOLLINGS. Mr. President, we have agreed to accept this amendment—it is a technical amendment—to have the judicial review orders conform with one another, as I see it, and we urge the adoption of the amendment.

Mr. STEVENS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back.

The question is on agreeing to the amendment of the Senator from Alaska.

The amendment was agreed to.

The PRESIDING OFFICER. Who yields time?

The bill is open to further amendment.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. STONE). Without objection, it is so ordered.

AMENDMENT NO. 962

Mr. EAGLETON. Mr. President, I call up my amendment No. 962.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) proposes an amendment numbered 962 to amendment numbered 919, as modified and amended.

Mr. EAGLETON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 11, beginning with line 1, strike out all through line 11 on page 22 and insert in lieu thereof the following:

PROPANE ALLOCATION PROGRAM

SEC. 106. Notwithstanding the provisions of section 4(g) or any other provision of the Emergency Petroleum Allocation Act of 1973, as amended, the regulations promulgated by the President under section 4 of such Act and the authority of the President under such Act shall, with respect to propane and butane, remain in effect until midnight, April 4, 1976.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the name of the distinguished Senator from Georgia (Mr. TALMADGE) be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EAGLETON. Mr. President, the proposed amendment has a simple purpose—to continue through the coming heating season the existing propane allocation and price control program.

By contrast, the Pearson amendment would attempt to write a whole new propane program just as we are beginning to move into the winter months. In effect, the Pearson propane amendment would return us to the situation that existed in 1973 when, under my amendment to the Economic Stabilization Act, the President was given authority to allocate propane and other petroleum products and to control their prices, but elected not to do so. The result was a threefold increase in propane prices and serious shortages in every region of the country. Not until the passage of the Mandatory Emergency Petroleum Allocation Act in November 1973, did the situation begin to stabilize.

The Pearson amendment leaves the whole question of what to do about propane, if anything, to the President and his administrators.

Mr. President, there is no question that there will be critically short supplies of propane this winter. Even FEA Administrator Frank Zarb conceded this point and, himself, has called on Congress to take action in this emergency bill to deal with the situation.

If there is no question about the problem, why then should there be any question that the Federal Government will act to assure the millions of families, farmers and small businessmen dependent on this product enough propane to meet essential needs and at reasonable prices?

It makes no sense at all in these circumstances to abandon a program that has worked well over the past 2 years in favor of a general grant of authority to the President. Congress has its own responsibility in this area. It has met this responsibility by enacting the existing propane allocation program. It should see that this essential protection is continued.

It is noteworthy that the authors of the proposed "new" propane program have seen fit to modify their provision to adopt the priorities of the existing program rather than trying to reorder those priorities, as they originally proposed.

This is indicative of the kind of difficulties which would confront any effort to rewrite such a complex program. With the time-consuming hearings and rights of appeal provided by the Pearson-Bentsen provision, I frankly doubt a program could be put together before the winter is over.

In any event, the fact remains that the Pearson-Bentsen provision is still discretionary with the President. We do not know that he will act at all or, if so, to what extent he will act. Most of all, we have no idea under this provision what sort of action would be taken, especially with regard to the price of propane.

I think it is no secret the administration is aiming to get out from under the existing propane price guidelines which now require economic justification for any increase. Now, I will not argue that the existing price regulations are perfect or could not be improved, but they are certainly preferable to an open-ended grant of authority to the administration to set the price of propane at any level it chooses. I do not want to be the one to explain to my rural constituents how it is the price of propane doubled this winter when Congress claimed to have dealt with the problem.

I believe the existing law and regulations provide ample leeway for the FEA to make price adjustments to take account of higher production costs or to deal with any inequities that may exist.

If the existing law is inadequate in this or any other respect, then I would urge FEA to make that known to Congress. I am certain it would find an accommodating audience and quick remedial action.

The existence of an administrative problem or inconvenience cannot stand as a pretext for scrapping a vitally needed program in exchange for what is essentially a blank check to the administration.

I understand that the administration is aiming to get rid of the present three-tier pricing system for propane under which there is a different price for propane produced from natural gas and that produced as a byproduct of crude oil. In addition, the allowable price will vary according to when the propane was introduced. Obviously, propane produced 2 years ago and held in inventory should not be priced to reflect current production costs. That would result in a windfall bonanza for the speculators.

The administration is proposing to replace this three-tier system with a single price on the argument it would make for a more orderly administration of the program and it would be a convenience for dealers and producers.

Mr. President, it seems clear to me that any single price system would have to be based on the highest current cost of production. A price that was lower than the cost of the most expensive propane production method would be a disincentive to production. It simply would not pay an oil company to extract propane if the single price established by FEA did not reflect true production cost plus a reasonable return.

In short, Mr. President, there is no way that a single price system could avoid substantial increases in the cost of propane this winter. And, that higher price presumably would apply to the millions of gallons of propane already produced and sitting in inventory.

The proponents of the Pearson-Bentsen amendment have alluded to support of their provision by certain farm cooperatives. I question that, at least in part. I have heard from a great number of farm organizations including Farmland Industry which strongly supports continuation of the existing program. To the extent there is any farm support of the Pearson-Bentsen provision, it is on the part of dealers—businesses that sell propane to farmers and rural families. It is these dealers who stand to profit from the anticipated higher prices and who would find a single price—a single higher price, I hasten to add—more convenient in dealing with customers.

One thing is clear—the proponents of this provision have not talked with farmers in the field or with the rural families who are going to have to pay the higher prices.

The price of propane today is already about four times the cost of an equivalent amount of natural gas and, according to this morning's Washington Post, the price is going up 2 cents a gallon to cover nonproduct cost increases.

Mr. President, to sum this up, the Pearson-Bentsen propane provision would allow the administration to permit steep increases in the price of propane and would introduce uncertainties and confusion into an already disrupted propane market. I think it is of utmost importance that the Senate provide for a continuation of the existing program at least through this heating season and it can do that by adopting the Eagleton-Talmadge substitute.

Mr. TALMADGE. Will the Senator yield?

Mr. EAGLETON. I am pleased to yield.

Mr. TALMADGE. Mr. President, I am delighted to join the distinguished Senator from Missouri (Mr. EAGLETON) in cosponsoring this particular amendment because I believe that the propane provision now contained in the Pearson-Bentsen substitute is inadequate. It is inadequate because, first, it gives to the President too much discretionary authority as to whether, and what kind of program, we will have;

Second, it offers no genuine price protection for propane users; and,

Third, the changes in regulations that would be required under any program initiated by the President would occur right in the middle of the upcoming winter heating and crop drying seasons.

As the Senator from Missouri has indicated, the variable producer pricing situation for propane now in effect is inequitable and messy. Today, propane at the production level is selling for from 10 cents to 30 cents per gallon. The natural gas producer of propane is selling propane for about 10 cents per gallon. The oil producer is selling it for about 20 cents per gallon. And brokers and independents are selling it for about 30 cents. Such variations in price at the production level create wide variations in the price of propane among users.

In short, the price that any individual user pays for propane is largely determined by the original type of propane producer; namely, whether that producer is in the natural gas business, the oil business, or is a broker or independent.

I believe FEA should try to work out a better producer pricing formula, but such an effort should be undertaken through the extension of the existing mandatory propane regulations and not under the open-ended "equitable pricing" provision contained in the Pearson-Bentsen amendment. Two-thirds of our Nation's propane supply comes from natural gas, which sells at the production level for about 10 cents per gallon, and most of the supply for this coming season has already been produced. Therefore, in working out any new pricing formula for this season, it should be in the direction of the lower—and not the higher—end of the price range.

The question of whether or not FEA has sufficient authority to develop a new and more equitable producer pricing formula is challenged by FEA. On the other hand, others have concluded that FEA does have sufficient flexibility under existing law to adjust the current producer pricing formula.

Specifically, it has been suggested that FEA might be able to adopt a propane producer pricing formula similar to the program now utilized under the crude oil regulation program which involves the selling of tickets by refineries largely dependent upon new oil to those largely dependent upon old oil supplies. This so-called ticket system has the effect of equalizing the price of new oil with that of old oil. I believe FEA should carefully examine the possibility of adopting a similar equalization formula for application in the case of propane.

As I stated earlier, we already have entered the 1975–76 winter heating season and we are now in the midst of the 1975 crop-drying season. The Pearson-Bentsen amendment leaves the general question of "whether" we are going to have a continuation of a propane regulation program up to the discretion of the President: Furthermore, if the President decides to have a propane regulation program, numerous additional uncertainties are created with respect to the exact dimensions and scope of that program.

Mr. President, farmers, rural homeowners and other users of propane should not have imposed upon them such additional uncertainties at this critical time of the year. And we should not, in my judgment, be making numerous changes in propane regulations at this time.

Farmers and rural residents, together, consume over 20 percent of all propane sold in this country annually. And these farm and other rural users have no means available to them to convert to other fuels in the immediate future. Therefore, Mr. President, I urge the adoption of this amendment so that the existing uncertainties regarding the future supply and price of propane can be resolved.

Mr. President, I yield the floor.

Mr. EAGLETON. Mr. President, I thank very much my distinguished colleague from Georgia for his excellent contribution in this effort.

Mr. HOLLINGS. Mr. President, I join the Senator from Missouri and the Senator from Georgia in urging the adoption of the amendment on the treatment of the emergency in the propane price. We have more or less fixed, with the Ford amendment relative to gas, in the indeterminable period when the Power Commission is actually deciding the meaning of the new guidelines and so forth under Pearson-Bentsen. There should be some certainty there, and here, with propane gas, the propane allocation is the one part that has worked extremely well for the farmers of America. We should not build in uncertainty by not extending the title I provision during the life of the Pearson-Bentsen amendment. I join with my colleagues from Georgia and Missouri and urge the adoption of the amendment.

Mr. PEARSON. Mr. President, we are in agreement on identifying the problem and seeking a solution. I join with the Senator from Missouri, the Senator from Georgia, and the Senator from South Carolina in saying that at times when there is a shortage of natural gas, it is essential that we have some powers of allocation and some price ceilings set. History has shown us in similar periods that on these occasions, industries short on essential energy resources go into the propane area, particularly when they are short on natural gas. It creates shortages to those, particularly in the rural parts of our country, who are relying on propane and butane. The amendment that now is in the so-called Pearson-Bentsen proposal is the FEA proposal.

The administrator and, indeed, the President himself have indicated in conferences that it is essential we have some sort of a propane proposal for this shortage.

The argument is made that one cannot spend all of these days and weeks talking about an emergency natural gas bill and the need for a long-range proposal and then say we are in a period where discretion is necessary to go forward with the act.

I think, so far as I am concerned, we can make the Pearson-Bentsen proposal mandatory right now. If the Senator prevails in his amendment we will not have to do so. All I say is, if he does not, I will move to make it mandatory at this time.

But there are questions as to the administration of this proposal. It is my understanding that propane comes from two sources: coming from natural gas it costs more than if it comes from crude oil, and the end user of propane is subject to the uncontrollable source of where he gets his fuel. If he is in a situation where he must obtain his propane from natural gas sources, he pays a higher price, and there is no reason or justification as to why one agricultural user pays more than another. It was because of this that the administration did propose and the FEA did propose that they have the authority to set the price.

The Senator from Missouri can make the argument that the FEA Administrator, in his setting of the price and with the authority under the President, might raise it up to the higher price. One might also make the argument that he would in a blend price pull it somewhere between the crude oil and natural gas price.

Be that as it may, and having developed that as much as it needs to be developed, let me ask the Senator from Missouri this particular question that concerns me. It relates to the regulations. If you extend the Emergency Petroleum Allocation Act, as the Senator has in his amendment, to the date which, I assume, coincides with the emergency program, is that correct——

Mr. **EAGLETON**. That is correct.

Mr. **PEARSON**. Does he, by incorporating by reference the regulations, so extend them, freeze the regulations, so that there is no flexibility on the part of the FEA Administrator to make such modifications as necessary?

I do not say his amendment does that. I think we ought to clear it up if there is flexibility and if there is authority for modification.

Mr. **EAGLETON**. The President and his Administrator, Mr. Zarb, would have the authority to amend regulations. We do not freeze the regulations into law. However, if he wants to change the pricing he would have to set forth the economic justification to increase the price upward. In essence, he would have the same authority to issue regulations that he now has to change the price and my amendment would continue that authority through April 4 of next year.

Mr. **PEARSON**. I thank the Senator, and I think it is helpful to make a record of the circumstances and the extent to which and the scope of what might be done.

I think our disagreement lies precisely in the pricing methods. It seems to me the existing system, the multitier system, can be better administered in a way that might be fair to all concerned who have to rely on this fuel to have a common standard for setting the price. It is on that basis that I hope the Senator's amendment is defeated.

Does the Senator desire a vote? I have said all I have to say about this.

Mr. **EAGLETON**. I am prepared to vote, if I can have 2 minutes.

Mr. **PEARSON**. Of course.

Mr. **EAGLETON**. I want to thank my distinguished colleague from Kansas. I feel that I detect in his presentation almost an inner urge to support my amendment, for which I am very grateful.

Mr. **PEARSON**. The Senator has misunderstood my statement.

Mr. **EAGLETON**. I am pleased that his distinguished colleague (Mr. DOLE) from Kansas is with us on the floor of the Senate because both of them represent a fine State, with a large agricultural constituency. I think both of them, as well as Senator TALMADGE, Senator HOLLINGS, Senator FORD, and myself, all of whom represent large agricultural constituencies, do not want to raise the price of propane. The small homeowners in rural America or the small farmers who use it to heat their homes as well as to dry their crops, do not want us to raise the price of propane to them. So I think we share a common objective, a common purpose.

We do disagree as to methodology to see that the price is a fair and equitable one. The Senator from Kansas supports the single-price theory suggested by Mr. Zarb. I prefer the existing system which, I think will better guarantee that there will not be a precipitate rise in propane prices.

May I ask the Senator from Kansas if he desires this be handled on a rollcall vote basis or would a voice vote be satisfactory?

Mr. **PEARSON**. I am not going to ask for a rollcall. I am just looking around for votes.

[Laughter.]

Mr. **EAGLETON**. I am willing to take my chances at the present time, unless there is a mass invasion of the floor of the Senate.

Mr. **PEARSON**. A voice vote is agreeable.

The **PRESIDING OFFICER**. The question is on agreeing to the amendment of the Senator from Missouri.

The amendment was agreed to.

Mr. **TALMADGE**. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. **HOLLINGS**. I move to lay that motion on the table.

Mr. **GLENN**. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. **HOLLINGS**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. **HOLLINGS**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **HOLLINGS**. Mr. President, I yield to the Senator from Minnesota.

Mr. **MONDALE**. I would ask the distinguished Senator from Kansas if he will yield in order to permit me to propound a few questions concerning his intention as the chief sponsor of the Pearson amendment.

Mr. **PEARSON**. I yield.

Mr. **MONDALE**. I would like to ask several questions concerning priority for agricultural, food processing and packaging uses in the allocation of natural gas under the Pearson-Bentsen amendment. On September 29, Senator HOLLINGS and I discussed these questions in connection with S. 2310 in the form that it was reported by the Senate Commerce Committee. This discussion appears on pages 31817–31819 of the CONGRESSIONAL RECORD. Does the pending amendment still contemplate high priority for agriculture and the processing and packaging of food products in the supply of natural gas?

Mr. **PEARSON**. The Senator is correct. That is the intention of the sponsors of the pending amendment, as clearly set forth in section 26 of our amendment.

Mr. **MONDALE**. I thank the Senator. And the specific uses that I mentioned in the discussion with Senator HOLLINGS, that is, in the processing of skim milk and liquid whey into dry form and in the singeing of hairs and in the processing chambers used to produce ham, bacon, frankfurters, luncheon meat, and other meat products? Under the Senator's amendment, would these uses still constitute the kind of activity the Secretary could find were essential purposes and that natural gas is necessary for these purposes?

Mr. **PEARSON**. The Senator is correct in his understanding.

Mr. **MONDALE**. I thank the Senator for that answer, because, as the Senator knows, and I would hope our colleagues understand, those purposes can only be achieved under present technology through the use of natural gas. Oil products are not suitable, and no other form of energy will work except natural gas.

Mr. **PEARSON**. The Senator is correct. That was the understanding of the sponsors of the amendment, and it is so shown.

Mr. **MONDALE**. In other words, although certain major changes would be made in S. 2310 if the pending amendment were adopted, none of these changes would jeopardize the ability of milk or meat processors to obtain priority in the allocation of natural gas for the purposes I just described?

Mr. **PEARSON**. The Senator is correct. The Secretary of Agriculture would have to make the determination under the terms of this amendment. However, the situations described in the discussion with Senator HOLLINGS last month on the Senate floor, and reiterated here today, would fall within the kind of activity that the Secretary could find were essential purposes.

Mr. **MONDALE**. I thank the Senator for his help on this question.

I ask unanimous consent that the colloquy which occurred on September 29 between myself and the Senator from North Carolina (Mr. HOLLINGS) be printed in the RECORD at this point.

There being no objection, the colloquy was ordered to be printed in the RECORD, as follows:

Mr. MONDALE. Mr. President, as we debate all aspects of the issue of natural gas production and conservation, I want to make certain that we do not overlook the interest of agriculture as it relates to the dairy industry.

Milk production on our farms utilizes very little energy in the raw milk process, but once the milk is produced it is very perishable in liquid form and must be processed to allow for storage so that seasonal surpluses can be utilized and economically distributed.

In my State of Minnesota about 3.4 billion pounds of skim milk and 1.4 billion pounds of liquid whey are processed annually as a byproduct of butter and cheese production.

If the byproduct is not processed there are only two alternatives for using the skim milk and liquid whey: First, feed as much as possible to livestock; and second, dump the rest. Using this valuable protein source for livestock feed is not economical and dumping creates ecological problems and tremendous economic loss to our dairy farmers and their cooperatives.

To even contemplate dumping is unthinkable in the face of the tremendous need for nonfat dry milk. Under the Public Law 480 program about 100 million pounds of milk powder was utilized this past fiscal year.

These byproducts of butter and cheese contribute significantly to the Nation's nutritional needs and to the agricultural economy. Currently these products are being dried in plants using direct combustion driers. These driers require natural gas as a clean burning fuel for product purity. Propane has been used as a substitute during small natural gas cutbacks but propane supply is limited and not available to meet total needs.

I want to be certain in my understanding that the legislation now being considered does assure a high priority status for natural gas for use in food processing, and particularly in the processing of skim milk and liquid whey into dry form.

Is that the sponsor's intent?

Mr. Hollings. Yes, if the Secretary of Agriculture determined such uses to be essential food processing purposes and found that natural gas was necessary for such purposes.

Mr. Mondale. I am generally in favor of the passage of this bill and I will vote for it. In particular, I am pleased to see that section 5(a) of the amendments to S. 934 gives a priority for essential agricultural, food processing, and packaging uses of natural gas because the problems of providing food at reasonable prices is of great concern.

As I know the Senator is aware, the farmers and food processors in my home State of Minnesota provide commodities for the American marketplace. The quality, variety, and abundance of this produce has been unequaled in the history of the world. A reasonable cost for most of these goods, however, depends upon adequate amounts of natural gas. Certain steps in preparation and packaging simply cannot be done without the use of natural gas. One procedure involves the singeing of hairs and bristles from the carcasses of hogs so that they can be cooked, packed, and distributed in the forms that the public knows and enjoys—ham, sausage, lunchmeat, and frankfurters. Last year every American consumed the equivalent of 65 pounds of pork. The Senator can understand that a change in processing fuels could mean a cessation of production or a reduction in efficiency of one-third.

Therefore, I am concerned that the Secretary of Agriculture have proper guidance in making his determinations as to what is an essential agricultural use.

Am I correct in assuming that this essential agricultural, food processing, and packaging priority was added to this bill in order to assure the continued availability of natural gas for essential agricultural commodities where natural gas usage is necessary.

Mr. Hollings. Yes, we are vitally concerned with assuring that the American consumer continue to enjoy the varied and stable marketplace for food products which they have known in the past. This includes the ability to purchase these essential foods at a reasonable price. One matter which the Secretary of Agriculture will consider in determining whether natural gas is necessary for essential agricultural uses will be the practicability of alternative fuel use by such users.

Mr. Mondale. I thank the Senator for that clarification because it certainly will be important to evaluate the practicability of converting to alternative fuels for agricultural users.

I notice that section 5(a)(1) lists a number of agricultural uses of natural gas—irrigation pumping, crop drying, raw materials, feedstock, production of fertilizer, and agricultural chemicals. Does this list prevent the Secretary from finding that other essential agricultural, food processing, and packaging uses for which natural gas is necessary?

Mr. Hollings. No, the enumeration in the section is not intended to be inclusive. He is to make the determination of what the essential uses are, whether natural gas is necessary—consistent with the provisions of section 5(b)—and how much gas must be made available for those purposes. The list is merely an illustration of the types and uses that the Secretary may designate.

Mr. Mondale. Would it also be correct to say that the enumeration of those purposes does not give them priority over other essential agricultural, food processing, and packaging uses which the Secretary may determine are essential? In other words, this enumeration will not have the effect of creating a third priority for some agricultural uses?

Mr. Hollings. The Senator from Minnesota is correct that these numerated uses do not receive a special priority simply because they were listed.

Mr. Mondale. I thank the Senator. Perhaps you will indulge me two more questions. Was it the view of the sponsor of S. 2310, as amended, that among the essential food processing and agricultural purposes would be the process ovens or chambers which are used in the meat-packing industry to cook and prepare ham, bacon, frankfurters, luncheon meat, and other meat products?

Mr. Hollings. Well, we are generally aware of the factors the Senator has raised, although I appreciate his bringing them more concretely to our attention. Under the terms of this bill, the decision must rest with the Secretary of Agriculture. However, it would seem that the situation the Senator outlines falls within the kind of activity that the Secretary could find was an essential purpose and that natural gas is necessary for that purpose.

Mr. Mondale. Finally, would the equipment which I mentioned earlier for singeing hog carcasses be included in the category of an essential food processing use? The Senator will recall that no alternative to this gas-fueled equipment is available except at high cost which might prevent the large-scale processing of pork products.

Mr. Hollings. I believe that the answer to this question is the same as my reply to the previous question.

Mr. Mondale. I thank the Senator. I also want to make sure that the consequences of the determinations made by the Secretary of Agriculture will not result in disorganization of our agricultural economy. I would find it highly undesirable if some essential product lines had to be discontinued, or the price of the commodities increased to the point where it might become prohibitive for most consumers.

Is it the view of the committee that the Secretary of Agriculture will consider the economic and practical feasibility or alternative fuels as an important factor in deciding what is and what is not an essential agricultural or food processing use?

Mr. Hollings. The Secretary of Agriculture would first identify essential agricultural food processing and packaging uses. In determining whether natural gas is necessary for such uses he would consider whether it is possible for such users to use alternative fuel. To the extent alternative fuel use is not reasonably possible, he would certify the amount of natural gas that is necessary to the Commission.

Mr. Mondale. Then, if the Secretary were to find that the denial of natural gas for a particular use, especially for production of a product of high nutritional value, such as complete protein products, would result in: First, potentially prohibitive capital investment to convert to an alternative fuel; second great inefficiency in the production of products due to a decrease in producing capacity; or third, a reduction in the quality of a product which would require further processing thus adding to the cost of the product and the price which a consumer would pay, then he could find that the use of natural gas was necessary under the terms of section 6(a)?

Mr. Hollings. Yes, we intend that the Secretary consider economic feasibility for alternative fuels and where he finds in the case of any particular essential commodity that the use of the alternative would increase cost to prohibitive levels or unreasonably curtail production, even to the extent that the plants processing such essential commodities might be forced to close, he may find that natural gas is necessary even where it is technically possible to use alternative fuel.

Mr. Mondale. Since this legislation is concerned with the conservation and allocation of a resource which is scarce, am I correct in assuming that the Secretary will find that the use of natural gas is essential for agriculture food processing if the only alternative would be a fuel which requires the use of natural gas in its production, so that there would be no saving or perhaps even a deficit?

Mr. Hollings. We do not intend that the determinations of the Secretary of essential uses result in the greater consumption of natural gas by the production of an alternative fuel than is consumed by a direct use of natural gas in the particular agricultural process. Therefore, if the only alternative in a particular case is the use of some fuel which cannot be manufactured without using great quantities of natural gas, then the Secretary would be justified in making a finding that the original processing use was essential.

Mr. HOLLINGS. Mr. President, I am not totally familiar with the standard operating procedure, but, on behalf of the managers of the bill, in trying to draw this matter to a close, there have been some changes in time agreements.

We now have the unanimous-consent agreement to vote up or down on Pearson-Bentsen at 6:30, and to vote on passage no later than 7:30. I would hope that the Members could be informed of these changes. I wish the cloakroom would advise Senators on the hot line and alert them that they must get any remaining amendments ready.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. HOLLINGS. I yield to the Senator from Rhode Island.

Mr. PASTORE. If I had been on the floor when that unanimous-consent agreement was changed from 9:30 tomorrow, I would certainly have objected. I would hope Senators would be advised that immediately after the 6:30 vote, we would proceed to final passage.

Mr. HOLLINGS. The agreement is worded "not later than 7:30."

Mr. PASTORE. By the time we get home it will be 8:30, and the question here is——

Mr. HANSEN. It is more dangerous after dark.

Mr. PASTORE. Well, it may be after dark, but the question here is after dinner. Not that it makes any difference to me personally, very frankly. I have already made my choice.

Mr. HOLLINGS. We are indebted to the distinguished Senator from Rhode Island, because we were struggling to get a time limitation, and he obtained the agreement for us for 9:30 tomorrow morning.

We both have problems. We have the practical problem of a lot of amendments on the desk. I have already lost one distinguished Senator, who has just landed in New Jersey; he had the understanding we would vote tomorrow morning. As I understand the Senator from Kansas, we cannot vote on Pearson-Bentsen before 6:30, so we have a time certain, and the effort is being made to notify everyone.

Mr. PASTORE. Will the Senator yield further?

Mr. HOLLINGS. I yield.

Mr. PASTORE. Is it not a fact that all we are doing is stalling until that clock says it is 6:30? It is 5 minutes to 6 and we are just gabbing, gabbing, gabbing, saying nothing that is material to the outcome of this bill, until it is 6:30. That is the thing that really bothers me, very frankly. This is supposed to be an institution of men—and women, I hope some day—who are dedicated to getting the country's business done. I think we ought to recess until 6:30. We are just wasting our breath.

Mr. PEARSON. Mr. President, I have a colloquy, if I can get the other Senator over here.

Mr. HOLLINGS. The Senator from Kansas has a colloquy, and I can make a few comments on the bill.

Mr. PASTORE. I can make a few comments, too. They will be good ones.

Mr. HOLLINGS. Does the Senator from Kansas want the floor at this point?

Mr. PEARSON. No; I have a colloquy I am trying to engage in, if I could get the other Senator to the floor to fulfill it. He is not here. We have sent for him.

Mr. HOLLINGS. Mr. President, this is what we are trying to do. These things have to be worked out. Pending the appearance in the Chamber of the colleague of the Senator from Kansas in order to engage in that colloquy, let me say that I oppose the Pearson-Bentsen amendment.

The reason why we oppose that Pearson-Bentsen amendment is that they were talking about a long-range approach to tack on to a bill to avoid unemployment. That is what we started off with. Having gauged the House of Representatives, the White House, and the membership, we realized we would have all these amendments with respect to divestiture, with respect to oil prices, and anything and everything, even the Alaska gas pipeline, that would be proposed and they would try to be heard on.

We have been generally successful in trying to avoid some of the add-ons, but now the Pearson-Bentsen amendment, which has the majority's support, calls for decontrol of new gas, as of April 5, 1976.

We did make improvements in the emergency section of title I. We were able to effectuate the separation of the long-term policies from the short-term, and thus give an advantage to the priority users so they could satisfy their unemployment problems.

We also added the improved propane section, and, at the behest of PEARSON and BENTSEN, we added a price ceiling to the emergency title—the highest price between June 1 and August 1 of this year in that State.

But under Pearson-Bentsen on April 5 we go to decontrol of all onshore new gas prices, and what we have said, then, is that we have turned over the control of prices on gas in America to OPEC from the FPC, which has performed reasonably well, since 1938, and certainly since the Supreme Court decision of 1954 confirming that authority to regulate the prices, and has brought about an American success story. What we have said, in the light of an economic war with the OPEC cartel, is that rather than resist and try to break that cartel, rather than bringing it under the control of the United States for the protection of the general good, what we in essence have done is say we abdicate our authority in control over new gas prices from the United States, and we will put that under Arab regulation, and whenever they meet in Vienna, we will find what the price will be. They will decide a fundamental energy question for us.

We have said, "Just turn gas prices over to the monopolistic cartel," and I emphasize "monopolistic."

Under a monopoly there are certain urges or incentives. One of the biggest incentives, of course, is to continue the monopoly, and the way that is done is to diminish production to maintain high prices.

Here under the guise of trying to get a policy, trying to get independence in America, trying to create new production, and all those arguments for decontrol, we put gas prices under a monopoly whose sole purpose it is to exist and continue, and its continuance and existence is guaranteed by minimal production.

When we increase production in a monopoly, we weaken the price base and we have destroyed the effect of the monopoly, and the way to maintan that highest price is to slow down production.

We see it already with the high-price approach that has been employed by the OPEC cartel and the President of the United States for the past 2 years on oil.

We have had increased prices and total decontrol of new oil. It went from $3.40 a barrel in October 1973, to over about $14 a barrel now.

We have had that increase in the price of gasoline. The Senator from Illinois (Mr. PERCY) was recommending back 2 years ago that we ought to put a 30-cent tax on a gallon of gas. We have gotten that up from 35 cents to 65 cents. The Senator from Illinois has his 30 cents. We have two-thirds of the President's program; namely, $2 of his $3 excise tax, and domestic refinery production is down 872,000 barrels, and imports are up 270,000 barrels.

So the monopoly is working.

What we have done under Pearson-Bentsen with respect to new gas in America is joined it to the monopolistic controls and the cartel prices for oil.

In addition to that particular effect, we have made sure on offshore gas that new supply will not be brought on quickly. We put that in rhythm with the monopoly. We said with the 5-year delayed decontrol: "Look, you know you are going to get total decontrol in 5 years. So don't bring new supplies on too fast. In fact, the slower you bring it on the greater the price when deregulation comes."

We are back into the monopolistic influences in providing incentives for diminishing production rather than increased production.

So, offshore the producers will get the leases, get the equipment, get out there, and everything else like that, but we will find, as the record showed in the past that producers were drilling more in 1972, 1973, and 1974, but finding less. That is what will happen offshore over the next 5 years.

The cartel prices are beginning to prevail in the intrastate market of gas. The cartel prices, then, for offshore will begin to show their effect with that 5-year phased decontrol. All in the name of increased production and energy independence. Once again we have chosen the monopolistic influences with a diminished supply.

At the end of the line, of course, what do we have? What do we have? We have inflation and less supply.

We were able in the Senate with perfecting amendments to change the definition of new gas. Before these amendments the economic section of the Library of Congress found a $6.6 billion impact under Pearson-Bentsen for the total decontrol right away, dating the gas back to January of this year.

I have tried to best estimate that to find out what impact it would now have, and we find, at least, a $2 billion impact next year. And as the committee report shows—the distinguished Senator is a ranking member of that committee—at least $15 billion increase in gas cost annually by 1980, and by 1985, with decontrol then of offshore gas joining the picture, an annual cost by 1985 of $29 billion.

This is all in the name of turning the economy around with the rebates and tax reductions and the continuation into the next fiscal year of rebates and tax reduction. A $25 billion impact has been imposed upon the economy of the United States by the OPEC cartel since October 1973, and now 8.3 million are unemployed in America. And we have a $69 to $72 billion deficit this year.

By our vote, if we support Pearson-Bentsen, we are going to guarantee a similar-type inflationary impact of an additional $24 billion in the cost of natural gas alone by 1985 with the same-type effect.

We have had decreased production, Mr. President. We have had monopolistic controls abdicating to the Arab Congress. The U.S. Congress now has cleansed its hands of regulation because the President says we have too much regulation. What we have really done is to exact one of the biggest taxes that could possibly be imposed on the American people. When we take that $15 billion in 1980 or $25 billion per year by 1985, we have extracted from consumers' pockets $25 billion of purchasing power they would have had to buy cars, to build homes, to buy furniture, and everything else. These are all depressed industries of America. They will be even further depressed.

All along, remember, we were going to try to bring certainty to the natural gas policies in this country. If there is one thing the minority and the majority could agree upon in the Committee on Commerce in the years and years of hearings—and there are two rooms full of hearings back there—it is that we are going to cut through the interminable hearings before the Federal Power Commission, no more of these 10 years of southern Louisiana rate cases, and similar cases that, trying to determine a national area rate. We have had 25-years of experience with the present law including interpretations by the U.S. Supreme Court. It was getting so that Federal Power Commission practitioners could understand what the law meant. But now we are going to have a lawyers' bonanza.

I remember my distinguished colleague from Texas, when we were debating this bill in the early stages, he said this ought to be the lawyers employment act or benefit act of 1975.

By voting for Pearson-Bentsen we will really have that lawyers' bonanza.

That is going to be a wonderful experience for many lawyers for the next 5 years.

In the name of trying to bring certainty, we have really guaranteed uncertainty, save one respect, and that is that there is going to be increased unemployment. When the Senator from Ohio and I started, along with the Senator from Georgia, the whole thrust of the emergency bill was to avoid unemployment. With President Ford's S. 2330 and S. 2310, we even had JOHN DINGELL on the House side introduced a companion bill and join us at the news conference. This was an emergency bill. There is just no possibility to get long-term legislation in natural gas through the House of Representatives before November or December, at which time we would have the unemployed on the streets. But now riding the crest of unemployment, Pearson-Bentsen are trying to attach their long-range solution of decontrol. But that so-called solution cannot occur. I believe I understand our House colleagues, because they are going into this issue in depth. They are not relying only on a few witnesses from the Federal Power Commission.

But as we had printed in the RECORD the other day, the statements made there from their particular findings, they blame the laxity of the Federal Power Commission administering the regulations for the gas shortage rather than the regulations themselves.

They have brought us all back into focus. The entire thrust of Pearson-Bentsen has been this: "Look, we have this shortage of natural gas a result of Federal regulation." The truth of the matter is that the Chairman of the Federal Power Commission said he never knew during the past 6 years that the law was not being enforced. If he and his colleagues during these years had brought those proceedings against the producers to produce in accordance with their contracts with the pipelines, all these pipelines certified on a 20-year backup basis of supply, could not have a shortage of gas. In other words, rather than being here strengthening the regulation, as we should be doing here this evening, we are saying, "Look, we should abolish them. After all, OPEC is running the thing and those Arab sheiks know more about it, and let us just forget about this bothersome nuisance, the matter of regulating the price of natural gas in America."

Throw it open not to the free market but to the OPEC market. Let them handle it. And "I will go home to the chamber of commerce and give my free enterprise talk. I am against Washington, and I am against regulation, and I am against controls." This line might sell for a little while, until the American people realize they did have an advantage in energy and should have an advantage in energy, and it should continue if we are going to continue with the productivity of America, our balance of payments, and our economic competitive position.

If we want to abandon that, if that is the policy of America, all in the name of independence, all in the name of doing away with regulations, so be it.

I thought that in the few moments we have here now, awaiting the attendance of our colleagues on the floor, to vote on the Pearson-Bentsen amendment, I should make the record known.

After all the debate has been concluded I do not want to say to my colleagues how decent and fine the Senator from Kansas is. They will think I want to vote for his amendment. But I have never worked with a more decent colleague. "Phillips 66" really got a good captain when they got the Senator from Kansas for their team. That is one remarkable thing that crowd did. Other than that, I do not believe any part of this particular movement. I really believe it is—it can be characterized as—a ripoff of the American people, all in the name of doing way with government, of doing away with Congress.

If you cannot do the job, get out. I am tired of Representatives and Senators standing around here and saying what a sorry Congress it is. They do not have to run. They are supposed to work in this body and try to improve it and try to be more responsive and reflective of the country's needs at this hour.

With respect to natural gas, I say to the Senator from North Dakota that it is an American success story. Sam Rayburn and the industry came here when they were burning it off in the noonday sun, back in 1938, and said: "We will put the pipelines over America. We will build a market, if you help us, if you give us the protection, if you give us the rights of way and the right of eminent domain, so that we can carry our lines across the people's land. We can benefit and the country can benefit." Since 1938, they have benefited.

Since 1954, the time of the Supreme Court decision in the Phillips case, we have gone from 9 trillion cubic feet of production to more than 22 trillion cubic feet last year. It has not diminished. There has been an increase in supply. Not intrastate gas but interstate gas usage, if anything, has caused this shortage. We have stepped up the production industrially in Southeast America of natural gas—a good, clean energy fuel.

Until 1972, the relative prices of intrastate and interstate gas were about the same. It was only when the OPEC cartel took effect that prices shot up and caused producers to hold up gas from the interstate market.

We can wait and see what happens in the House. My prediction is that they will start reporting the withholding of natural gas. There will be reports on the failures of the Federal Power Commission to enforce the law. They are into the middle of these investigations now. I commend them for their deliberateness and persistence in getting down to the truth. After all, when you have the White House against you, when you have the Federal Power Commission against you, and you have the Chairman of the FPC saying he did not even know about the enforcement of any of these contracts and everything else for the last 6 years, it is difficult for a Senator to find what is for the interests of the people and how to protect those interests?

The Senate has succumbed to the gas lawyers, in the form of the Pearson-Bentsen amendment, which I hope the Senate will vote down very soundly.

Mr. BARTLETT. I am impressed.

Mr. HOLLINGS. Does the Senator not think that we should vote down the Pearson-Bentsen amendment?

Mr. BARTLETT. I am glad the Senator asked me a question. Will the Senator yield?

Mr. HOLLINGS. I yield.

Mr. BARTLETT. I think we really should address ourselves to the problem of the energy shortage and analyze what finally comes out of this deliberation. If it is Pearson-Bentsen, or whatever it is, as amended, or the Hollings proposal, we should then proceed to diagnose it carefully, to see how we might even improve it. I think we have a big challenge, as a nation, and we all want to work together to fill the energy needs of South Carolina, West Virginia, Georgia, North Dakota, Kansas, and even Oklahoma.

Mr. JOHNSTON. Mr. President, will the Senator yield, so that I might ask a question of the Senator from Kansas?

Mr. BARTLETT. I obtained the floor so I could answer the question of the Senator from North Carolina.

I wonder whether the Senator from Kansas (Mr. PEARSON) can answer this question. I have a question with respect to the definition of "independent producer" in amendment 919, title I, section 103, paragraph (3). Is it correct to interpret this definition to mean that title I will apply to the transportation, sale and delivery, transfer or exchange of natural gas by a producer even if the producer is affiliated with a natural gas pipeline company? I understand, of course, that if a producer sells gas to an affiliated pipeline, it cannot be paid more than that which could be paid to a nonaffiliated producer?

Mr. PEARSON. I say to the Senator from Oklahoma that the answer is in the affirmative. That is the intention of this section. The only exclusion applicable under title I would apply to transfers of natural gas to a pipeline by a division or department of that pipeline.

Mr. BARTLETT. I thank the distinguished Senator from Kansas.

I yield the floor to the distinguished Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I have a question for the distinguished Senator from Kansas.

The Pearson-Bentsen substitute prohibits the use of natural gas for boiler fuel under certain circumstances unless the FPC, upon petition by the user, determines that—

> (1) alternative fuels, other than crude oil or products refined therefrom and propane, are not available to such user; or
>
> (2) it is not feasible or practicable to utilize such alternative fuels at the time of such Commission determination.

I am informed that a number of users do not, and at the operative time under the section will not, have the facilities to use alternative fuels. For example users of coal would require substantial storage space for such coal and users may be located where such storage space is not readily available. A powerplant located in an urban area is a good example. Vacant land adjacent to the plant for storage of coal simply may not be available. Similarly, a switch to coal may not involve merely a conversion of existing boilers but actually replacing existing unamortized boilers with highly expensive new boilers capable of burning coal. I assume under either of such circumstances that it would not be deemed feasible or practicable to require a switch to coal and that it is not the purpose of the substitute to prohibit the use of natural gas under such circumstances.

Is that correct?

Mr. PEARSON. I understand the Senator's question clearly, and he is correct in his interpretation.

Mr. JOHNSTON. Mr. President, I wish to add a word or two for this amendment and ask for a vote shortly.

Mr. President, I could debate this measure on the basis of the principles that the Senate has spoken about on free enterprise versus government regulation, and I think I can make a powerful case. But, Mr. President, I think the most powerful case to be made for the Pearson-Bentsen amendment is the fact that the present situation, under the Federal Power Commission, has been the most dismal failure, the most classic example of economic misallocation of resources, and the most classic example of a planned shortage that any economics professor could ever imagine. For decades now, Mr. President, we have misapplied a resource, we have guaranteed its shortage, and we have insured that its use would be for those purposes which are not the highest and best use of a resource.

Mr. President, we have heard that the Pearson-Bentsen amendment is going to rip off the taxpayers, rip off the consumers, and send this country into a deep depression. We all know that is a great deal of hyperbole. The fact of the matter is that on an equivalent Btu basis, natural gas is now selling at an equivalent price of $2 a barrel for oil—less than 25 percent of what it would cost to use oil for the same purposes. Something has to be wrong with a situation such as that, and something is wrong with it. The thing that is wrong is that FPC-controlled gas prices result in shortages, and the shortages will get worse and the misallocation will get more serious, and this country will fail to come to grips with that energy crisis, unless we begin to take the kind of steps that Pearson-Bentsen dictates by this amendment.

Mr. President, it is not going to cost one penny for Pearson-Bentsen unless we find some new supplies, because this legislation only deregulates the price of new supplies. By the Tunney amendment and by the Hollings amendment, the scope of this legislation has been narrowed considerably so that now it applies only to new supplies. If it is unsuccessful in bringing on new supplies, then the consumer pays not one red cent. On the other hand, if it is tremendously successful in bringing on new supplies, Mr. President, it is going to be the best bargain that this country ever got.

Not long ago, in the Committee on Interior and Insular Affairs, I sponsored an amendment to the ERDA bill which would encourage the construction of coal gasification plants to supply synthetic natural gas.

I asked the coal gasification people what they thought they would have to charge for their gas in order to make a go of their projects. They told me they would have to charge at least $3 per Mcf for gas. But, they said, they could sell all the gas they could make at $3 or more, because the need for gas is more important in many places right now than is the price of that gas.

What this legislation would do is guarantee that, to the maximum extent possible, we devote economic incentive to finding new natural gas at a price much less than $3 per Mcf. Not only will gas produced as a result of this legislation cost a great deal less than synthetic natural gas would cost, it will cost many, many times less than the economic dislocation caused by no gas; because no gas results in unemployment; no gas results in a winding down of the economic activity in this Nation; no gas truly results in recession, in some instances critically localized, but in a more general way, affecting the whole Nation.

Mr. President, we would be kidding ourselves if we should ever say that the Pearson-Bentsen amendment is going to solve the natural gas crisis. It will not. There will be a continuing shortage. We will be continuing to try to get enough energy of all kinds in this Nation for the next two or three decades, in my judgment. We are not going to cure the shortage at least until 1990 or 2000, and even then it is going to depend on some new technology not now available.

What we can do by this amendment, however, is give to the drillers of natural gas, first of all, some certainty as to what the rules are. Right now, that is the most serious thing that plagues this industry. There is no certainty.

Second, it will give them some incentive to go out and find new natural gas. It is getting harder to find now, and it is more expensive to find. It is either deep, or in the Outer Continental Shelf, or it is in tight formations where we do not find a great deal of it and that which we do find, we have to use expensive methods to extract. Producing natural gas today is chancy and expensive, and chance and expense add up to the need for incentive. That is what Pearson-Bentsen does—it provides a needed incentive.

Pearson-Bentsen will not cure the shortage, Mr. President, but it will at least give us the optimum chance to find the natural gas that homeowners need, that industry needs, that this Nation needs—not only economically but to preserve as much of the lifestyle as we can.

Mr. BENTSEN. Will the Senator from Louisiana yield?

Mr. JOHNSTON. I yield to my distinguished colleague from Texas.

Mr. BENTSEN. Is it not correct that actually, we have made an improvement—at least, in my opinion—in this amendment, where, in effect, we assure the supply to the homeowner for many years, at a price that will be relatively constant, and that they will have a priority on the old gas? The distinguished Senator from Louisiana and I joined in voting for that amendment.

Mr. JOHNSTON. I think there is no question about that. There is no question in my own mind that the homeowner is not going to have to pay significantly more for his gas because of this amendment.

Mr. BENTSEN. But even with that guarantee for him, we are still left the incentive for exploration, finding the additional reserves in those marginal fields and the small fields and the deep reserve, to bring them onstream for industry, where it is important to keep jobs.

Mr. JOHNSTON. That is correct, and those kinds of fields the Senator just described are the only kind we have left in Louisiana; I think they are the only kind left in Texas. All the easy gas has already been found. That which is left is deep or tough to find or is chancy or offshore in deep water, and it is going to cost a lot of money to get it out. I think this amendment is going to do more to spur some activity to find that gas and to make economical some drilling that is not now economical than any other step the Senate can take.

Mr. BENTSEN. I agree with the Senator from Louisiana that none of these amendments or bills that have been offered is going to give an instant solution to the shortage of gas and we are still going to have shortages. All we are trying to do is moderate those shortages and put some real incentives in there to exploration, and try to ease this problem for the coming winter, with the shortage that is sure to come.

Mr. JOHNSTON. I think that is correct, and if we add up all the things Congress has done in this bill and other bills, we will find this is a very modest approach. We no longer have the depletion allowance, at least beyond 3,000 barrels a day or its equivalent, and even that is going to be phased out. But we do need some powerful incentives to give to drillers to go down to 15,000 feet looking for natural gas or to go offshore in 500 or 600 feet of water. I think this bill will give it to us. I only hope the House is going to go along with us when, hopefully, we pass it by an overwhelming margin.

I thank my colleague.

ADDITIONAL STATEMENTS SUBMITTED ON AMENDMENT NO. 919

Mr. HANSEN. Mr. President we have now reached a point where we are to vote on passage of amendment No. 919, the Pearson-Bentsen substitute to S. 2310.

As you know, I have supported complete removal of Federal Power Commission jurisdiction over gas producer sales. Having failed to attain that goal, I have supported the Pearson-Bentsen compromise incorporated in amendment No. 919.

Looking at that compromise as amended, I am not sure precisely what kind of creature we now have.

Among other things, the proposal as amended now postpones the effective date of long-term decontrol of new gas until April 4, 1976; establishes ceilings over interstate and intrastate sales until April 4, 1976; requires that our hard-pressed industries absorb all the cost of higher new gas sales under a so-called "incremental" pricing scheme and narrows the amount of new gas to be decontrolled and thus reduces the incentive to find more gas and commit more gas to the interstate market by adopting the Tunney and Hollings amendments.

And there have been many more questionable amendments adopted which undercut the merits and reduce the effectiveness of the compromise.

However, in view of the urgent need to pass some legislation to at least begin to decontrol natural gas, I shall support the substitute as amended but with no great enthusiasm. It is better than no legislation at all.

Mr. DOLE. Mr. President, the junior Senator from Kansas wishes to express support for the so-called Pearson-Bentsen amendment, as amended. In expressing that support, I must state that it is qualified with several reservations.

The basic concept of deregulation still exists in this substitute amendment. The deregulation of new natural gas, such as is permitted, should greatly increase the incentive to explore and develop new natural gas resources. In view of the severe shortages we are presently faced with—due to price regulation at artificially low prices—any new developments of gas production are desperately needed.

It is the feeling of this Senator that the restrictions placed on deregulation by some of the amendments adopted to this substitute will significantly dampen the incentive that would have been provided by the original language of this substitute amendment. Since that will surely slow the development of new gas resources necessary to meet the demands of the interstate natural gas market, the adoption of those amendments are regrettable.

Among the problems this Senator would see with the changes made in the substitute is the delay of implementation of title II—the deregulation portion—until next year. The ceiling placed on natural gas prices under title I—the 180-day emergency provision—could also create problems that would result in a lesser supply of gas being made available this winter to offset curtailments in the interstate market. The limitation of the definition of new natural gas to newly discovered reservoirs or to extensions of previously discovered reservoirs may result in years of litigation and confusion with the consequences of restricting the development of additional natural gas resources onshore.

But the concept of deregulation is still embodied in this substitute. We have to start somewhere and because this is a starting point, I support this substitute amendment.

Mr. TAFT. Mr. President, I am reluctantly supporting the Pearson-Bentsen substitute as amended. I will vote for this substitute because I strongly believe that only through deregulation can jobs be saved and homes heated. The price amendment qualifies this approach and explains my reservations. If deregulation does not occur, we face many job and production losses now and in the years ahead. This bill will give us permanent deregulation after the emergency legislation has expired.

There is no doubt that Ohio will be one of the States most severely hit in employment and production by the natural gas shortage this winter. Deregulation of the price of interstate natural gas, which now sells for 52 cents per thousand cubic feet would have encouraged producers who now sell their gas only to intrastate markets—where they can get up to $2 per thousand cubic feet—to sell on the interstate market to Ohio. I still believe the immediate situation in Ohio could have been better relieved through the deregulation approach.

The other approach we considered, which placed ceilings on the prices of interstate and intrastate natural gas in interstate commerce, would force production at a given price, and raise questions of Federal control over intrastate commerce and contract rights under the U.S. Constitution. This seems sure to be challenged in the courts. Lawsuits could bring considerable delays and I am afraid that the price ceiling question might not be settled in time to bring gas to Ohio this year.

I regret that we are raising the price ceiling issue in this bill. I feel that an end to price ceilings is needed to allow Ohio to bid against other States and insure that it actually receives more gas for industrial purposes. Ceilings make it a toss-up as to where the gas goes, and there is no allocation provision that would make sure that the States in greatest need, such as Ohio, really benefit. I hope that House will review this problem.

Admittedly, deregulation of natural gas prices would bring some increase in the gas bills of residential customers. The latest Federal Energy Administration estimates are that these increases would be about $18 per household per year. There are reasons to believe that the increases might even be lower than $18, as only one-fifth of the residential delivered price is related to the wellhead price. Since natural gas under fixed contracts would remain at present prices, the impact would be spread out perhaps over several years, as the low-priced contracts gradually ran out.

I hope that deregulation is eventually going to become a reality and that if we can accomplish it this winter, we may be able to save jobs in the industrial sector and will at least be assured of getting some additional natural gas for industry that we need so badly. The alternative approach seems unlikely to produce any more gas and threatens thousands of jobs in Ohio for that reason.

It is long past the time that the Congress should have taken permanent action on an energy bill that will be effective and not require renewals every 6 months or a year. The American public has been waiting for the energy bill, Ohio has been waiting for the energy bill, and I hope the Congress will pass one that will alleviate our gas *shortage* in Ohio this winter.

While the bill as presented to the Senate has temporary price control on intrastate gas going interstate, it is at least a vehicle which hopefully can be used to get to the House of Representatives where I hope its deficiencies can be corrected. I shall vote for it for that reason.

Mr. MONTOYA. Mr. President, once more I want to speak about our energy situation and the natural gas legislation pending before the Senate. My purpose is to, once again, stress the importance of deregulation of natural gas for our Nation and to voice my support for the Pearson-Bentsen substitute. We are faced with a critical situation now for the winter of 1975 and the need for long-term phased deregulation cannot be overemphasized.

Mr. President, as I see it, we are confronted with two major problems—problems which must be resolved if we are to meet the needs of the American people and the realities of our current natural gas emergency situation. The first problem is to get available gas to areas that face shortages this winter. As we debate this issue, there are predictions of shortages of natural gas supplies in New England up to 15 percent. As we know, a shortage of natural gas affects industries, small businesses, and homeowners. The fact of the matter is that, if we do not move, and move fast, to pass this legislation, there will not be any gas. It is either gas at an increased price or no gas at all. In particular, I want to point out to my colleagues the importance of the emergency section of this legislation that allows for interstate pipelines to purchase intrastate natural gas at existing market prices. This provision would be helpful in easing the crisis situation in those areas that face the critical shortages in the approaching winter months.

The second major problem we must resolve is how best to provide incentives to further the exploration and development of new and existing resources of natural gas. I believe this legislation will do just that—to help us not only this winter, but for many winters to come. Through phased deregulation with a price increase, we can have the incentives so necessary for stimulating production of natural gas.

Mr. President, phased deregulation is the answer to the problem of stimulating production. We need gas and more of it now! We cannot achieve this by placing price ceilings on all natural gas, nor can it be done by hampering the major companies by requiring them to divest integral sectors of their industry. These means seem counterproductive to me. The best way to attack this problem is through deregulation—providing the necessary incentives for further development.

When I last spoke on this issue, I reminded my colleagues of the magnitude of this problem. Once again, I want to emphasize the fact that deregulation is no longer a matter for debate but a matter of necessity. In my own State of New Mexico, the importance of this fuel to the farmers, businesses and homeowners is evident. This importance will not decline as we enter the winter months. For example: In New Mexico, as of December 31, 1972, production of natural gas reached 12,335,647,000 Mcf. As of December 31, 1973, production was at 12,488,363,000 Mcf. While an increase of 0.14 percent in production was present, it fell short of the supply capabilities of this essential resource. In addition, sources have estimated that, potential reserves of natural gas could reach 23 trillion cubic feet. This potential cannot be wasted. New Mexico cannot afford to lose this supply and neither can the rest of the Nation. Nationally, natural gas provides about one-third of America's overall energy requirements. It accounts for 41.1 percent of domestic energy production compared to 30.6 percent for crude oil and 22.1 percent of coal. More than 50 percent of the energy consumed by the U.S. industry is derived from natural gas and over 55 percent of our homes are heated by natural gas. Demand for this fuel has continued to increase as production has declined.

Mr. President, the future energy security of our Nation is at stake. We must supply the incentives for increased production and ease the pending natural gas shortage for this winter. The emergency section of the Pearson-Bentsen substitute will do just that. We must also face the problem of our future energy requirements. Here, phased deregulation is the answer. By allowing for incentives to increase production, we will also be allowing for the possibility of added capital being channeled into other areas of energy production—such as solar energy and geothermal energy. This, of course, is imperative because existing resources will not be able to meet our future energy requirements.

Again, Mr. President, I would like to reaffirm my support for the Pearson-Bentsen substitute to S. 2310. It is clearly the first step we need to take in establishing a comprehensive national energy policy.

Mr. HOLLINGS. Mr. President, may we have the yeas and nays on this?

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. Mr. President, I think we can have a vote on S. 2310. I assume we can adopt that. Let us get the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The hour of 6:30 having arrived, the Senate will proceed to vote on Amendment No. 919, in the nature of a substitute, as modified and amended, to Amendment No. 934, as modified, to S. 2310. The yeas and nays have been ordered. The clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. HARTKE (after having voted in the affirmative). Mr. President, on this vote, I have a pair with the Senator from Iowa (Mr. CULVER). If he were present and voting, he would vote "nay." Having already voted "aye," I withdraw my vote.

Mr. METCALF (after having voted in the negative). Mr. President, on this vote I have a pair with the Senator from Wyoming (Mr. MCGEE). If he were present and voting, he would vote "yea." Having already voted "nay," I withdraw my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Wyoming (Mr. MCGEE), the Senator from Alabama (Mr. SPARKMAN), the Senator from Iowa (Mr. CULVER) are necessarily absent.

I also announce that the Senator from Michigan (Mr. PHILIP A. HART), and the Senator from Mississippi (Mr. STENNIS) is absent because of illness.

Mr. GRIFFITH. I announce that the Senator from Massachusetts (Mr. BROOKE) is necessarily absent.

The result was announced—yeas 50, nays 41, as follows:

[Rollcall Vote No. 451 Leg.]

YEAS—50

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Buckley
Byrd,
  Harry F., Jr.
Byrd, Robert C.
Chiles
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Ford
Garn
Goldwater
Gravel
Griffin
Hansen
Hatfield
Helms
Hruska
Huddleston
Johnston
Laxalt
Long
Mathias
McClellan
McClure
Montoya
Nunn
Packwood
Pearson
Percy
Randolph
Roth
Scott, Hugh
Scott,
  William L.
Stevens
Stone
Taft
Thurmond
Tower
Tunney
Weicker
Young

NAYS—41

Abourezk
Biden
Bumpers
Burdick
Cannon
Case
Church
Clark
Cranston
Durkin
Eagleton
Glenn
Hart, Gary
Haskell
Hathaway
Hollings
Humphrey
Inouye
Jackson
Javits
Kennedy
Leahy
Magnuson
Mansfield
McGovern
McIntyre
Mondale
Morgan
Moss
Muskie
Nelson
Pastore
Pell
Proxmire
Ribicoff
Schweiker
Stafford
Stevenson
Symington
Talmadge
Williams

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—2

Hartke, for
Metcalf, against

NOT VOTING—7

Bayh
Brooke
Culver
Hart, Philip A.
McGee
Sparkman
Stennis

So amendment No. 919, as modified and amended, was agreed to.

Mr. PEARSON. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. FANNIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

PROPOSED JOINT REFERRAL OF HOUSE JOINT RESOLUTION 549

Mr. JACKSON. Mr. President, I ask unanimous consent that the joint resolution, House Joint Resolution 549, to approve the covenant to establish a Commonwealth of the Northern Mariana Islands be jointly referred, for a period not to extend beyond December 3, 1975, to the Committee on Foreign Relations for review of the foreign policy implications, if any, of this resolution and to the Committee on Armed Services for review of military implications, if any.

I understand that this agreement is acceptable to the chairmen of the Foreign Relations and Armed Services Committees.

Mr. GRIFFIN. Reserving the right to object, Mr. President, is there a 30-day time limit on each committee?

Mr. JACKSON. No, they are concurrent. They will each review for 30 days.

Mr. GRIFFIN. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

(Later in the day the following proceedings occurred:)

Mr. GRIFFIN. Mr. President, earlier the chairman of the Committee on Interior and Insular Affairs, the Senator from Washington (Mr. JACKSON), propounded the unanimous consent request with respect to Senate Joint Resolution 549, to approve the covenant to establish the Commonwealth of North Marianna Islands.

The Senator from Michigan objected. The Senator from Washington correctly stated that he was making this request on behalf of the administration. He asked that this resolution, which has been reported by the Committee on Interior and Insular Affairs, be referred to the Committee on Foreign Relations and the Committee on Armed Services for a period not to extend beyond 30 days.

There had been no consultation with the ranking members of the Committee on Foreign Relations, and I also find that the Senator from Virginia (Mr. HARRY F. BYRD, JR.) has an interest in this matter.

I now ask that it be referred as requested by Senator JACKSON, except that instead of the 30-day period, it be extended for a slightly longer period, not to extend beyond December 3, 1975. This is in accordance with the wishes of Senator HARRY F. BYRD, JR.

The PRESIDING OFFICER. Is there

objection? The Chair hears none, and it is so ordered.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that if there is any objection by Senator Jackson to this arrangement, the order be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATURAL GAS EMERGENCY ACT OF 1975

The Senate continued with the consideration of the bill (S. 2310) to assure the availability of adequate supplies of natural gas during the period ending June 30, 1976.

The PRESIDING OFFICER. The question now is on agreeing to amendment No. 934, as amended.

The amendment (No. 934), as amended, was agreed to.

Mr. HOLLINGS. Third reading.

The PRESIDING OFFICER. The question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The Senate will be in order.

The vote will not commence until the Senate is in order. Will the Senators kindly take their seats and clear the aisles or, if they wish to converse, withdraw from the Chamber? The Senate will be in order.

The question is, Shall the bill pass? The yeas and nays have been ordered, and the clerk will call the roll.

Mr. METCALF (after having voted in the negative). On this vote I have a pair with the distinguished Senator from Wyoming (Mr. McGee). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withdraw my vote.

Mr. MANSFIELD. Mr. President, on this vote I have a pair with the distinguished Senator from Kentucky (Mr. Huddleston). If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Iowa (Mr. Culver), the Senator from Kentucky (Mr. Huddleston), the Senator from Wyoming (Mr. McGee), and the Senator from Alabama (Mr. Sparkman) are necessarily absent.

I also announce that the Senator from Mississippi (Mr. Stennis) and the Senator from Michigan (Mr. Philip A. Hart) are absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Massachusetts (Mr. Brooke) is necessarily absent.

The result was announced—yeas 58, nays 32, as follows:

[Rollcall Vote No. 452 Leg.]

YEAS—58

Allen
Baker
Bartlett
Beall
Bellmon
Bentsen
Brock
Buckley
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Chiles
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Hart, Gary
Hartke
Hatfield
Helms
Hruska
Johnston
Kennedy
Laxalt
Long
Mathias
McClellan
McClure
Montoya
Moss
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Randolph
Roth
Scott, Hugh
Scott, William L.
Stevens
Stone
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Young

NAYS—32

Abourezk
Biden
Bumpers
Cannon
Case
Church
Clark
Cranston
Durkin
Eagleton
Haskell
Hathaway
Hollings
Humphrey
Inouye
Jackson
Javits
Leahy
Magnuson
McGovern
McIntyre
Mondale
Morgan
Muskie
Nelson
Proxmire
Ribicoff
Schweiker
Stafford
Stevenson
Symington
Williams

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—2

Metcalf, against
Mansfield, against

NOT VOTING—8

Bayh
Brooke
Culver
Hart, Philip A.
Huddleston
McGee
Sparkman
Stennis

So the bill (S. 2310), as amended, was passed, as follows:

S. 2310

An act to provide authority to institute emergency measures to minimize the adverse effects of natural gas shortages, to provide authority to allocate propane, to regulate commerce to assure increased supplies of natural gas at reasonable prices for consumers, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—EMERGENCY NATURAL GAS AUTHORITY

SHORT TITLE

Sec. 101. This title may be cited as the "Natural Gas Emergency Standby Act of 1975".

FINDINGS AND PURPOSES

Sec. 102. (a) The Congress finds and declares that the Nation will suffer severe shortages of natural gas during the heating season from November 1975 through March 1976. The Congress further finds and declares that such imminent shortages in our Nation's natural gas supply constitute an emergency which can be alleviated by providing for limited exemptions from regulation of natural gas and for the prohibition of the use of natural gas as boiler fuel.

(b) The purpose of this title is to grant the Federal Power Commission authority to allow natural-gas companies which transport natural gas in interstate commerce with inadequate quantities of natural gas to meet the requirements of their high priority consumers of natural gas to purchase natural gas from sources not in interstate commerce and from other such companies on an emergency basis free from the provisions of the Natural Gas Act (15 U.S.C. 717 et seq.), except for the reporting requirements of such Act; to grant the Federal Energy Administration authority to prohibit the use of natural gas as boiler fuel; and to provide the President with standby authority to allocate propane during periods of actual or threatened severe shortages of natural gas.

DEFINITIONS

Sec. 103. For the purposes of this title—

(1) Natural-gas distributing company means a person involved in the distribution or transportation of natural gas for ultimate public consumption for domestic, commercial, industrial, or any other use, but such term does not include a natural-gas company as defined in section 2(6) of the Natural Gas Act (15 U.S.C. 717a(6)).

(2) "High priority consumer of natural gas" means an essential user whose supply requirements cannot be served by an interstate pipeline which is a priority interstate purchaser as determined by the Commission.

(3) "Independent producer" means a person, as determined by the Commission, (A) who is not affiliated with a person engaged in the transportation of natural gas in interstate commerce, and (B) who is not a producing division of such a person engaged in the transportation of natural gas in interstate commerce.

(4) "Boiler fuel use of natural gas" means the use of natural gas as the source of fuel in a generating unit of more than 25 megawatts rated net generating capacity or in any unit which is part of an electric utilities system with a total net generating capacity of more than 150 megawatts for the purpose of generating electricity for distribution.

(5) "Propane" means (A) the chemical C_3H_8 in its commercial form whether recovered from natural-gas streams or crude oil refining, (B) the C_3H_8 component of raw domestic mixtures containing more than 10 percent of such component by weight, and (C) commercial propane-butane mixes containing by weight more than 10 percent of propane and not more than 5 percent of constituents other than propane or butane.

(6) "United States" means the States, the District of Columbia, Puerto Rico, and the territories and possessions of the United States.

(7) "Administrator" means the Administrator of the Federal Energy Administration.

(8) "Commission" means the Federal Power Commission.

(9) "Essential user" means a user, or a class of users, who satisfies criteria to be established by the Commission, by rule, as indicative of a user for which no alternative fuel is reasonably available and whose supply requirements must be met in order to avoid substantial unemployment or impairment of food production or the public, safety, or welfare.

EMERGENCY EXEMPTIONS

Sec. 104. Section 7(c) of the Natural Gas Act (15 U.S.C. 717f(c)) is amended by designating the two unnumbered paragraphs thereof as paragraphs (1) and (2), by deleting the period at the end of paragraph (2) as designated hereby, and inserting in lieu thereof the following: ": *Provided further,* That within 15 days after the enactment of the Natural Gas Emergency Standby Act of 1975, the Commission shall by regulation exempt from the provisions of this Act, except for reporting requirements, any activities, operations, facilities, or services relating to the transportation, sale and delivery, transfer, or exchange of natural gas from any source, other than any offshore Federal lands, by an independent producer, a natural-gas company which transports natural gas in interstate commerce, a person who transports natural gas in other than interstate commerce, or a natural-gas distributing company to or with a natural-gas company which transports natural gas in interstate commerce which does not have or which under reasonably foreseeable circumstances may not have, a sufficient supply of natural gas to meet the requirements of its high priority consumers of natural gas and which is curtailing during the heating season from November 1975 through March 1976 pursuant to a curtailment plan on file with the Commission. Exemptions granted pursuant to this proviso shall be for periods of no more than *180* consecutive days. Persons who are exempt under section 1 (b) or (c) of this Act shall not have their exempt status affected in any way by making the sales or deliveries contemplated by this subsection: *Provided further,* That the Commission shall have no power to deny, in whole or in part, recovery by any natural-gas company in its jurisdictional rates of the amount paid by it for natural gas delivered to it pursuant to sales and contracts as described herein, except to the extent that an interstate transporter purchases natural gas from an affiliate at a rate in excess of the price paid by the transporter to nonaffiliated sellers in comparable sales transactions: *Provided further*, That natural gas sold and delivered or transported pursuant to any exemption granted under section 104 of the Natural Gas Emergency Standby Act of 1975 shall not be or become subject to the jurisdiction of the Commission because of such sale and delivery or transportation whether or not such sale is a sale for resale in interstate commerce or such transportation is in interstate commerce: *Provided further*, That any contractual provision prohibiting sales or transportation entitled to any such exemption or terminating any other obligations of any gas supply or sales contracts as a result of such sales or transportation shall be unenforceable in respect to any such sale or transportation: *Provided further*, That it shall be a violation of the Natural Gas Act (as amended) for any natural-gas distributing company to charge residential users and small users (as defined by the Commission) rates which reflect any costs incurred by an interstate transporter as a result of purchases of natural gas made pursuant to an exemption granted under this section: *And provided further*, That no first sale of natural gas after enactment and prior to expiration of the Natural Gas Emergency Standby Act of 1975 shall be made at a price which exceeds the highest wellhead price (as determined by the Commission) at which natural gas was sold during the period of June 1, 1975 through August 1, 1975, in the State in which such first sale is made."

PROHIBITION OF USE OF NATURAL GAS AS BOILER FUEL

SEC. 105. (a) The purpose of this section is to continue the conservation of natural gas and petroleum products by fostering the use of coal by powerplants and major fuel burning installations, and if coal cannot be utilized, to provide authority to prohibit the use of natural gas when petroleum products can be substituted.

(b) Section 2 of the Energy Supply and Environmental Coordination Act of 1974 is amended by—

(1) redesignating subsections (e) and (f) as subsections (f) and (g), respectively;

(2) amending redesignated subsection (g) (1) to read as follows:

"(g) (1) Authority to issue orders or rules under subsections (a), (b), (d), and (e) of this section shall expire at midnight June 30, 1976. Authority to issue orders under subsection (c) shall expire at midnight June 30, 1976. Any rule or order issued under subsections (a) through (e) may take effect at any time before January 1, 1979."

(c) Inserting after subsection (d) the following new subsection (e):

"(e) (1) The Administrator may, by order, prohibit any powerplant or major fuel burning installation from burning natural gas if—

"(A) the Administrator determines that:

"(i) such powerplant or installation had on June 30, 1975 (or at any time thereafter) the capability and necessary plant equipment to burn petroleum products,

"(ii) an order under subsection (a) may not be issued, with respect to such powerplant or installation,

"(iii) the burning of petroleum products by such powerplant or installation in lieu of natural gas is practicable,

"(iv) petroleum products will be available during the period the order is in effect,

"(v) with respect to powerplants, the prohibition under this subsection will not impair the reliability of service in the area served by the plant,

"(vi) the prohibition under this subsection will result in making natural gas available for sale to a natural-gas company which transports natural gas in interstate commerce and which does not have adequate quantities of natural gas to meet the requirements of its high priority consumers and which is curtailing pursuant to a curtailment plan on file with the Commission, and

"(B) the Administrator of the Environmental Protection Agency has certified that such powerplant or installation will be able to burn the petroleum products which the Administrator has determined under subparagraph (A) (iv) will be available to it and will be able to comply with the Clean Air Act (including applicable implementation plans).

"(2) An order under this subsection shall not take effect until the earliest date the Administrator of the Environmental Protection Agency has certified that the powerplant or installation can burn petroleum products and can comply with the Clean Air Act (including applicable implementation plans).

"(3) The Administrator may specify in any order issued under this subsection the periods of time during which the order will be in effect and the quantity (or rate of use) of natural gas that may be burned by a powerplant or major fuel burning installation during such periods, including the burning of natural gas by a powerplant to meet peaking load requirements.

"(4) Conversion to petroleum products pursuant to an order issued under this subsection shall not be deemed to be a modification for the purposes of paragraphs (2) and (4) of subsection 111(a) of the Clean Air Act, as amended.

"(5) The Administrator shall exempt from any order issued pursuant to this subsection the burning of natural gas for the necessary processes of ignition, startup, testing, and flame stabilization by a facility.

"(6) The Administrator shall also exempt from any rule under this section the burning of natural gas by powerplants for the purpose of operating pollution abatement systems.

"The Administrator shall modify or suspend any order issued pursuant to this subsection to the extent necessary to alleviate short-term air quality emergencies or other danger to the public health, safety, or welfare.".

(d) (1) Any order issued pursuant to this subsection shall provide for just compensation of the facility and transporter affected by such order. Such compensation is (A) to be measured by the increased costs, if any, incurred by a facility and the loss of revenue, if any, incurred by a transporter as a result of such order, and (B) to be paid ultimately through increase rates and charges by those users, in proportion to the volumes of natural gas consumed by such users, who are determined by the Commission to benefit as a result of such order: *Provided, however*, That nothing contained in this subsection shall be construed to extend the jurisdiction of the Commission to any rates and charges not otherwise subject to the jurisdiction of the Commission under section 1 of the Natural Gas Act (15 U.S.C. 717).

(2) For the purposes of this subsection, the term 'users' means high priority consumers of natural gas who consume natural gas transported by that natural-gas company which obtains the natural gas supplies made available for nonboiler fuel use by an order issued pursuant to this subsection.

(e) Section 11(g) (2) of the Energy Supply and Environmental Coordination Act of 1974 is amended by striking out "June 30, 1975", wherever it appears and inserting in lieu thereof "June 30, 1976".

(f) Notwithstanding any other provision of this section the Administrator shall not issue any order under this section which applies to any powerplant, which was in existence on June 30, 1975, which during the 12-month period preceding such date did not burn petroleum products and which the Administrator determines will be operated on natural gas only for the pupose of providing electric power which would otherwise be provided by one or more of the baseload powerplants of the same electric power system, but cannot be operated because of an air pollution emergency, an unanticipated equipment outage, or act of God.

PROPANE ALLOCATION PROGRAM

SEC. 106. Notwithstanding the provisions of section 4(g) or any other provision of the Emergency Petroleum Allocation Act of 1973, as amended, the regulations promulgated by the President under section 4 of such Act and the authority of the President under such Act shall, with respect to propane and butane, remain in effect until midnight, April 4, 1976.

EMERGENCY PURCHASES BY CURTAILED CONSUMERS

SEC. 107. (a) The purpose of this section is to allow curtailed high priority consumers of natural gas to purchase natural gas from the intrastate market by enabling them to arrange for the transportation of such gas by regulated interstate pipeline companies.

(b) The provisions of the Natural Gas Act shall not apply to the use of the facilities of a natural gas distributing company for the transportation of natural gas produced by an independent producer from lands, other than any land, or subsurface area within the Outer Continental Shelf as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a)), and sold by such a producer directly to a high-priority consumer of natural gas: *Provided*, That the rates applicable to the use of such facilities for the transportation of natural gas described in this subsection are subject to regulation by a State commission. The transportation of natural gas exempted from the provisions of the Natural Gas Act by this subsection is hereby declared to be a matter primarily of local concern and subject to regulation by the several States. A certification from such State commission to the Commission that such State commission has regulatory jurisdiction over rates and service of such person and facilities and is exercising such jurisdiction shall constitute conclusive evidence of such regulatory power or jurisdiction.

(c) Pursuant to the substantive and procedural provisions of this section the Commission may in its discretion issue a certificate of public convenience and necessity upon filing of an application by a natural gas company to transport natural gas produced by independent producers from lands, other than any land or subsurface area within the Outer Continental Shelf as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a)), and sold by such producers directly to existing high priority consumers of natural gas whose current supply of natural gas is curtailed due to natural gas company curtailment plans on file with the Commission: *Provided, however*, That in issuing a certificate pursuant to this subsection, the Commission need not review or approve the price paid by a high priority consumer of natural gas directly to an independent producer.

EXPIRATION DATE

SEC. 108. (a) This title shall expire on midnight April 4, 1976.

(b) The expiration of this title and the authority granted under this title shall not affect any action or pending proceedings not finally determined on the date of such expiration, or any action or proceeding based upon any act committed prior to such date.

TITLE II—NATURAL GAS ACT AMENDMENTS

Sec. 201. This title may be cited as the "Natural Gas Act Amendments of 1975".

Sec. 202. The Natural Gas Act (15 U.S.C. 717 et seq.) is amended by (1) striking out section 24 thereof (15 U.S.C. 717w); and (2) amending section 1 thereof by redesignating subsections (a), (b), and (c) as subsections (b), (c), and (d), respectively, and inserting therein the following new subsection:

"(a) This Act may be cited as the 'Natural Gas Act'."

Sec. 203. Section 1(c) of the Natural Gas Act, as redesignated by this title (15 U.S.C. 717(b)), is amended (1) by deleting "The" at the beginning thereof and by inserting in lieu thereof immediately after "(c)" the following: "(1) Except as provided in paragraph (2) of this subsection, the"; and (2) by inserting at the end thereof the following new paragraph:

"(2) Subject only to the provisions of section 24 of this Act, after midnight April 4, 1976, the authority of the Commission to regulate the sale of natural gas to a natural-gas company for resale in interstate commerce pursuant to this Act shall cease to exist with respect to, and shall not apply to, new natural gas: *Provided, however,* That nothing contained in the Natural Gas Act Amendments of 1975 shall modify or affect the authority of the Commission in effect prior to the date of enactment of such amendments to (A) regulate the transportation in interstate commerce of natural gas or the sale in interstate commerce for resale of old natural gas, or (B) regulate sales for resale of natural gas by any natural-gas company which transports natural gas in interstate commerce or by an affiliate thereof which transports natural gas in interstate commerce.

Sec. 204. (a) Section 2 of the Natural Gas Act (15 U.S.C. 717a) is amended by redesignating paragraphs (7) through (9) as paragraphs (12) through (14), and by inserting the following new paragraphs:

"(7) 'Boiler fuel use of natural gas' means the use of natural gas as the source of fuel in a generating unit of more than 25 megawatts rated net generating capacity or in any unit which is part of an electric utilities system with a total net generating capacity of more than 150 megawatts for the purpose of generating electricity for distribution.

"(8) 'New natural gas' means natural gas sold or delivered in interstate commerce (A) which is dedicated to interstate commerce for the first time on or after January 1, 1975: *Provided,* That natural gas so sold or delivered from offshore Federal lands shall be committed for a contract term of not less than fifteen years or for the life of the reservoir if less than fifteen years: *Provided further,* That any natural gas sold by a producer in interstate commerce prior to the date of enactment hereof pursuant to limited term certificates (five years or less) or temporary emergency contracts shall not be considered, for the purpose of this provision, as having been committed to interstate commerce, or (B) natural gas produced from a reservoir discovered on or after January 1, 1975, or produced from wells initiated and completed in an extension of a previously discovered reservoir on or after January 1, 1975, regardless of whether or not the leases covering such newly discovered or extended reservoir were theretofore committed by contract or otherwise to the interstate market.

"(10) 'Affiliate' means any person directly or indirectly controlling, controlled by, or under common control or ownership with any other person, as determined by the Commission pursuant to its rulemaking authority.

"(11) 'Offshore Federal lands' means any land or subsurface area within the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1331(a)).".

Sec. 205. (a) Section 4(a) of the Natural Gas Act (15 U.S.C. 717c(a)) is amended by adding at the end thereof the following new sentence: "The rates and charges made, demanded, or received by any natural-gas company for, or in connection with, a contract for the sale of new natural gas produced from offshore Federal lands shall be deemed to be just and reasonable, if they do not exceed the applicable national ceiling, established by regulation of the Commission or subsequently modified by the Commission pursuant to section 24 of this Act, in effect at the time when such new natural gas is either first sold or first transferred under such contract to a natural-gas company: *Provided, however,* That rates and charges in excess of such national ceiling may be authorized by the Commission to provide special relief to meet extraordinary expenses that could not be anticipated at the time the national ceiling was established or modified.".

(b) Section 4(e) of the Natural Gas Act (15 U.S.C. 717c(e)) is amended by adding at the end thereof the following new sentence: "Notwithstanding the foregoing, the Commission shall have no power (1) to deny, in whole or in part, any rate or charge made, demanded, or received by any natural-gas company for, or in connection with, the purchase or sale of new natural gas, or that portion of the rates and charges of such company which relates to such purchase or sale, except (A) to the extent that such rates or charges, of such portion thereof, for new natural gas produced from offshore Federal lands exceed the national ceiling, established or modified by regulation of the Commission pursuant to section 24 of this Act, or (B) in any case where a natural-gas company purchases natural gas from an affiliate or produces natural gas from its own properties, to the extent that the Commission determines that the rates and charges therefor exceed the current rates and charges, or portion thereof, made, demanded, or received for comparable sales by any person who is not affiliated with any natural-gas company; or (2) to order a decrease in the rate or charge made, demanded, or received for the sale or transfer of old natural gas by a natural-gas company if such rate or charge shall have been previously determined or deemed to be just and reasonable pursuant to this Act.".

Sec. 206. Section 5(a) of the Natural Gas Act (15 U.S.C. 717d(a)) is amended by striking the period at the end thereof and by adding the following: ": Provided further, That the Commission shall have no power (1) to deny, in whole or in part, any rate or charge made, demanded, or received by any natural-gas company for, or in connection with, the purchase or sale of new natural gas, or that portion of the rates and charges of such company which relates to such purchase or sale, except (A) to the extent that such rates or charges, or such portion thereof, for new natural gas produced from offshore Federal lands exceed the national ceiling, established or modified by regulation of the Commission pursuant to section 24 of this Act, or (B) in any case where a natural-gas company purchases natural gas from an affiliate or produces natural gas from its own properties, to the extent that the Commission determines that the rates and charges therefor exceed the current rates and charges, or portion thereof, made, demanded, or received for comparable sales by any person who is not affiliated with any natural-gas company; or (2) to order a decrease in the rate or charge made, demanded, or received for the sale or transfer of old natural gas by a natural-gas company if such rate or charge shall have been previously determined or deemed to be just and reasonable pursuant to this Act.".

Sec. 207. Section 14 of the Natural Gas Act (15 U.S.C. 717m) is amended by adding at the end thereof the following new subsection:

"(h) Reserve Information.—(1) The Commission is further authorized and directed to conduct studies of the production, gathering, storage, transportation, distribution, and sale of natural, artificial, or synthetic gas, however produced, throughout the United States and its possessions whether or not otherwise subject to the jurisdiction of the Commission, including the production, gathering, storage, transportation, distribution, and sale of natural, artificial, or synthetic gas by any agency, authority, or instrumentality of the United States, or of any State or municipality or political subdivision of a State. It shall, insofar as practicable, secure and keep current information regarding the ownership, operation, management, and control of all facilities for production, gathering, storage, transportation, distribution, and sale; the total estimated natural gas reserves of fields or reservoirs and the current utilization of natural gas and the relationship between the two; the cost of production, gathering, storage, transportation, distribution, and sale; the rates, charges, and contracts in respect to the sale of natural gas and its service to residential, rural, commercial and industrial consumers, and other purchasers by private and public agencies; and the relation of any and all such facts to the development of conservation, industry, commerce, and the national defense. The Commission shall report to the Congress and may publish and make available the results to the Congress and may publish and make available the results of studies made under the authority of this subsection.

"(2) In making studies, investigations, and reports under this section, the Commission shall utilize, insofar as practicable, the servfices, agencies, and other entities of the grams of existing departments, bureaus, offices, agencies, and other entities of the United States, of the several States, and of the natural-gas industry, but such studies, investigations, and reports shall be based on information developed, or completely reviewed for accuracy, after the date of enactment of this subsection. Nothing in this section shall be construed as modifying, reassignment, or otherwise affecting the investigative and reporting activities, duties, powers, and functions of any other department, bureau, office, or agency in the Federal Government.

"(3) In order to assist in determining necessary actions to eliminate the national emergency which exists with respect to natural gas supplies the Commission shall carry out and complete, not later than ninety days after the date of enactment of this subsection, an initial such study with respect to the total estimated natural gas reserves of fields and reservoirs and the current utilization of natural gas and the relationship between the two. Such study shall include specific estimates for individual fields and reservoirs but shall not include reserves controlled by small producers. On January 1, 1977, and at the beginning of each calendar year thereafter, the Commission shall, within the following ninety-day period, complete a review of the previous study and revise the results thereof to the extent necessary. A report of such initial study and each such review shall be made, within the time provided for the completion thereof, to the President and the Congress."

Sec. 208. The Natural Gas Act, as amended by this title, is further amended by adding at the end thereof the following eight new sections:

"NATIONAL CEILING FOR RATES AND CHARGES

"Sec. 24. (a) The Commission shall, as soon as practicable after the date of enactment of the Natural Gas Act Amendments of 1975, and pursuant to rulemaking procedures under section 553 of title 5, United States Code, establish by regulation, and may from time to time modify, a national ceiling for rates and charges for the sale or transfer in interstate commerce by any person of new natural gas produced from offshore Federal lands on or after January 1, 1975, through December 31, 1980. In establishing such national ceiling the Commission shall consider the following factors and only these factors:

"(1) the prospective costs attributable to the exploration, development, production, gathering, and sale of natural gas;

"(2) the rates and charges necessary to encourage the optimum levels of (A) the exploration for natural gas, (B) the development, production, and gathering of natural gas, and (C) the maintenance of proved reserves of natural gas;

"(3) the promotion of sound conservation practices in natural-gas consumption necessary to contribute to the maintenance of a supply of energy resources at reasonable prices to consumers; and

"(4) the rates and charges that will protect consumers of natural gas from price increases that would, in the absence of a national ceiling during periods of actual or anticipated shortages, exceed the rates and charges necessary to achieve the objectives of paragraphs (1) through (3) of this subsection.

"(b) The Commission shall monitor the national ceiling for rates and charges for the sale or transfer in interstate commerce by any person of new natural gas, and during the period such ceiling is in effect, commencing on July 1, 1976, the Commission shall report to the Congress not less than annually on the effectiveness of such national ceiling in meeting the factors set forth in subsection (a) of this section.

"(c) The Commission may authorize a person to charge an amount in excess of such national ceiling for new natural gas produced from offshore Federal lands from any high cost production area or vertical drilling depth as designated by the Commission pursuant to its rulemaking authority. In establishing such amount in excess of such national ceiling, the Commission shall consider the factors set forth in subsection (a) of this section and only those factors.

"(d) Any contract entered into after the date of enactment of the Natural Gas Act Amendments of 1975 for the sale of new natural gas for resale which involves the receipt by the seller of funds in advance of production of the natural gas covered by such contract shall be filed with the Commission at least 60 days in advance of deliveries thereunder. The Commission may thereafter require, after notice and opportunity for hearing, that the sales rate specified in such contract be reduced or modified as necessary to repay in full to the advancing party the principal of the advance and any interest thereon, upon such terms and conditions as the Commission may determine proper in the public interest.

"(e) Pending the establishment of a national ceiling pursuant to section 25(a) of this Act by a final Commission order which is no longer subject to judicial review and within thirty days after the enactment of the Natural Gas Act amendments of 1975 and on January first of each year thereafter until such establishment of a national ceiling, the Commission shall establish an interim ceiling for rates and charges for the sale or transfer in interstate commerce by a producer of new natural gas produced from offshore Federal lands which shall be effective November 1, 1975, and which shall be equivalent to the average dollar valuation per barrel of domestic crude oil used by the United States Geological Survey or its successor Federal agency or office in computing the royalties due the United States on account of crude oil produced from all Federal lands during the calendar month ending thirty days prior to such determination. Such interim ceiling price shall be expressed in one million British thermal units and shall be determined by dividing such average dollar valuation per barrel of crude oil by 5.8. After the establishment of a national ceiling pursuant to section 25(a) of this Act by final Commission order which is no longer subject to judicial review, any producer who has sold new natural gas produced from offshore Federal lands during the period the interim ceiling price was in effect shall thereafter have the benefit of the national ceiling: *Provided, however,* That the Commission shall have no power to order a reduction in the rates and charges for such sale below the interim ceiling price in effect on the dates of the establishment of the national ceiling.

"(f) From and after January 1, 1981, there shall be no ceiling price applicable to the sale of new natural gas produced from offshore Federal lands.

"(g) No price established by or pursuant to the Natural Gas Act Amendments of 1975 for new natural gas shall be retroactive so as to affect any price for any gas sold prior to November 1, 1975.

"NATURAL GAS FOR ESSENTIAL AGRICULTURAL PURPOSES

"Sec. 25. (a) Except to the extent that natural-gas supplies are required to maintain natural-gas service to residential users, small users, hospitals, and similar services vital to public health and safety, and notwithstanding any other provision of law or of any natural-gas allocation or curtailment plan in effect under existing law, the Commission shall, by rule, prohibit any interruption or curtailment of natural gas and take such other steps as are necessary to assure as soon as practicable the availability in interstate commerce of sufficient quantities of natural gas for use for any essential agricultural, food processing, or food packaging purpose for which natural gas is essential, including but not limited to irrigation pumping, crop drying, use as a raw material feedstock, or process fuel in the production of fertilizer and essential agricultural chemicals in existing plants (for present or expanded capacity) and in new plants. The Secretary of Agriculture shall determine by rule the agricultural, food processing, or food packaging purposes for which natural gas is essential. The Secretary of Agriculture shall also certify to the Commission the amount of natural gas which is necessary for such essential uses to meet requirement for full food and fiber production.

"(b) Essential Industrial Purposes.—Except to the extent that natural gas supplies are required to maintain natural gas service to users specified under subsection (a), the Commission shall exercise its authority under this title to assure, to the maximum extent feasible, the continuance of natural gas service to users using natural gas as a raw material and uses other than boiler fuel for which there is no substitute regardless of whether such users purchase natural gas under firm or interruptible contracts.

"(c) Prompt Curtailment Decisions.—The Commission shall decide applications for relief under subsections (a) and (b) as soon as practicable, but in no event later than 120 days of the time such applications are filed.

"COMMISSION JURISDICTION OVER SYNTHETIC GAS

"Sec. 26. With respect to liquefied, regasified, or synthetic natural gas, any plant for the production or regasification of synthetic natural gas, any sales or transportation of such synthetic natural gas, and any person owning and/or operating such plant shall be subject to the jurisdiction and authority of the Commission under the Natural Gas Act of 1938 to the same extent as if it were a natural gas company: *Provided,* That such jurisdiction shall not include the feedstock of such plant or facilities for the production of such feedstock, unless the feedstock is natural or manufactured gas: *And provided further,* That such jurisdiction shall not preempt State laws, rules, and regulations regarding natural resource development, conservation, and environmental protection, or any other proper exercise of State police powers.

"NATURAL GAS CONSERVATION

"Sec. 27. (a) Except as provided in subsection (d) of this section, the Commission shall by rule prohibit boiler fuel use of natural gas affecting commerce not contracted for prior to January 1, 1975, unless, upon petition by the user, the Commission determines that—

"(1) alternative fuels, other than crude oil or products refined therefrom and propane, are not available to such user; or

"(2) it is not feasible or practicable to utilize such alternative fuels at the time of such Commission determination.

"(b) Except as provided in subsection (d) of this section, boiler fuel use of natural gas contracted for prior to January 1, 1975, shall be terminated by the user of such natural gas at the expiration of such contract or 12 years after the date of enactment of the Natural Gas Act Amendments of 1975, whichever is earlier unless, upon petition of such users, the Commission determines that (1) alternative fuels, other than crude oil or products refined therefrom and propane, are not available to such user, or (2) it is not feasible or practicable to utilize such alternative fuels at the time of such Commission determination. The Commission shall modify or terminate certificates of public convenience and necessity relating to such contracts to the extent necessary to carry out the purpose of this subsection.

"(c) Except as expressly provided in subsection (b) of this section, the Commission shall not (1) modify, amend, or abrogate contracts entered into prior to January 1, 1975, for the sale or transportation of natural gas for boiler fuel use, (2) modify, amend, or abrogate certificates of public convenience and necessity authorizing the sale or transportation of natural gas under such contracts except upon application duly made by the holder of a certificate under section 7 of this Act; or (3) prevent, impair, or limit, either directly or indirectly, the performance of any such contract or certificate: *Provided however,* That the provisions of this subsection shall not otherwise modify or affect the authority of the Commission under this Act.

"(e) The Administrator shall, by rule promulgated no longer than 30 days after enactment of this Act, prohibit all uses of natural gas that he determines are solely for ornamental or decorative purposes. Such gas prohibition shall be limited to uses which are outside of a residence or dwelling which has the installed capacity to use electricity. The prohibition shall take effect not later than 60 days after enactment of this title.

"(f) The Commission shall not prohibit the boiler fuel use of natural gas for the necessary processes of ignition, startup, testing, and flame stabilization by a facility, or for the purpose of alleviating short-term air quality emergencies or any other danger to the public health, safety, or welfare.

"(g) In implementing the provisions of this section, the Commission shall, to the extent necessary, apply the provisions of section 17 of this Act.

"(h) Nothing in this section shall impair any requirement in any State or Federal law pertaining to safety or environmental protection. The Commission, in determining feasibility or practicability where required by this section, shall not assume that there will be any lessening in any safety or environmental requirement established pursuant to State or Federal law.

"RESIDENTIAL AND OTHER SMALL USERS

"Sec. 28. General.—The Commission shall—

"(a) Require all pipelines to file separate tariffs with respect to (1) old natural gas and (2) new natural gas (including synthetic or liquefied natural gas) in such form and manner as to reflect the price and average annual volumes of each which enter each such pipeline.

"(b) Require all pipelines to give first priority for sales of transfers under the applicable tariff for old natural gas to natural-gas distributing companies, to the extent such old natural gas is available, to meet the requirements of each such company's residential users and small users.

"(c) Promulgate rules to govern sales, exchanges, or transfers among pipelines and sales, exchanges, or transfers to natural gas distributing companies served by multiple pipelines, to the extent necessary to achieve the purpose of this section.

"(d) For the purposes of this section, persons using natural gas for essential agricultural purposes not to exceed 50 Mcf on an average day, shall be deemed small users.

RATES AND CHARGES CEILING

"Sec. 29. The Commission shall, as soon as practicable after the date of enactment of the Natural Gas Act Amendments of 1975, and pursuant to rulemaking procedures under section 553 of title 5, United States Code, establish by regulation, and shall every two years modify, a national ceiling for rates and charges for the sale in interstate commerce for resale of old natural gas, the sale of which gas is continued in interstate commerce after the expiration of a contract by its own terms (and not through the exercise of any power to terminate or renegotiate contained therein) for the sale or delivery of such natural gas. In establishing such national ceiling, the Commission shall consider the following factors and only these factors:

"(1) the costs attributable to the exploration, development, production, gathering, and sale of old natural gas;

"(2) the prospective costs of operation, reworking, installation of additional compression, and similar expenses, which costs are necessary to prevent abandonment in place of old natural gas reserves otherwise recoverable;

"(3) the reimbursement to the seller of (a) any severance, production, or other tax payable by the seller and levied on the value or volume of production at the wellhead; and (b) any royalty or royalties on natural gas which a producer is required to pay to a royalty owner under applicable State law;

"(4) the rate of return on seller's original capital investment which is sufficient to encourage the optimum level of investment in natural gas exploration and production; and

"(5) the rates and charges that will protect consumers of natural gas from price increases that would, in the absence of a national ceiling during periods of actual or anticipated shortages, exceed the rates and charges necessary to achieve the objectives of paragraph (4) of this subsection.

"NATURAL GAS PRODUCTION ON FEDERAL LANDS

"Sec. 30. (a) All leases or other agreements entered into by the Secretary of the Interior for the exploration or production of oil or natural gas on Federal lands shall contain a provision that the Secretary shall have the right to require increased production up to but not to exceed the maximum efficient rate of production under such lease for the purposes of dealing with emergency shortages of oil or natural gas or other national emergencies.

"(b) Within ninety days after enactment of this section, the Secretary shall issue regulations setting forth the maximum efficient rate of production for each field on Federal lands which the Secretary determines produces, or has the capacity to produce, significant quantities of natural gas.

"(c) For purposes of this section the term 'maximum efficient rate of production' means the maximum rate of production of natural gas which may be sustained without loss of ultimate recovery of crude oil or natural gas, or both, under sound engineering principles.

"(d) Nothing in this section shall be construed to authorize the production from any Naval Petroleum Reserve subject to the provisions of chapter 641 of title 10, United States Code.

"DISPOSITION OF FEDERAL ROYALTY NATURAL GAS

"Sec. 31. (a) Upon commencement of production of natural gas from any lease on Federal lands issued under the authority of the Natural Gas Act (15 U.S.C. 717) or the Outer Continental Shelf Lands Act (43 U.S.C. 1309) enactment of this Act, the Secretary shall, except as provided in this section, offer to the public and sell by competitive bidding for not less than its fair market value, in such amounts and for such terms as he determines, that proportion of the gas produced from said lease which is due the United States as royalty natural gas. Whenever, after consultation with and advise from the Administrator of the Federal Energy Administration, and the Chairman of the Federal Power Commission, the Secretary determines that an emergency shortage of natural gas is threatening to cause severe economic or social dislocation in any region of the United States and that such region can be serviced in a practical, feasible, and efficient manner by royalty natural gas of the Federal Government, the Secretary shall limit participation of competitors for the sale of any such royalty natural gas to those servicing such region, but he shall not make any sale for less than the fair market price.

"(b) Within sixty days after the date of enactment of this section, the Secretary shall submit to the Congress a systematic plan together with any necessary Federal policies, regulations, and procedures and any amendments he deems necessary to the Natural Gas Act, the Mineral Leasing Act, 1920, or the Outer Continental Shelf Lands Act or any other applicable Federal legislation, to facilitate and maximize the efficient and effective use of royalty natural gas ordered by the Secretary pursuant to (a) above. In preparing such recommendations for use of such royalty natural gas the Secretary shall consult with the Administrator of the Federal Energy Administration, the Federal Power Commission, and any other appropriate Federal department or agency.".

Sec. 209. Section 2 of the Natural Gas Act, as designated by this Act (15 U.S.C. 717), is amended by inserting at the end thereof a new subsection as follows:

"(d) Nothing in this Act shall prevent the intrastate transportation of natural gas first sold in commerce after the date of enactment of this subsection in an interstate pipeline as long as such intrastate transportation does not prevent service necessary to meet the requirements of interstate consumers and the rates for such transportation reflect the fully distributive costs of the interstate facilities used therein, and the provisions of this Act shall not apply to any such intrastate transportation or the facilities utilized in such service.".

CONFORMING AMENDMENTS

Sec. 210. Section 2 of the Natural Gas Act (15 U.S.C. 717) is amended (1) by inserting after "natural" and before "and" the following: "synthetic" and (2) by inserting the following new paragraph:

"(10) 'synthetic natural gas' means gas manufactured from coal or hydrocarbon containing materials which is sold or transported in interstate commerce.".

Mr. GRIFFIN subsequently said: Mr. President, at the request of Senator Pearson, and with the approval of Senator Bentsen and Senator Hollings, I ask unanimous consent that the title of S. 2310, which was amended by the Bentsen-Pearson amendment, be amended as provided by the Bentsen-Pearson amendment. That was an oversight. It could not be done until final passage of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PEARSON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. FORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make necessary clerical corrections in S. 2310.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senate will be in order.

ORDER FOR RECOGNITION OF MR. GARY HART ON TUESDAY NEXT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Tuesday next, after the two leaders or their designees have been recognized under the standing order, the Senator from Colorado (Mr. Gary Hart) be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE STATUS OF APPROPRIATIONS BILLS

Mr. HARRY F. BYRD, JR. Mr. President, while the two leaders are on their feet, I call attention to this situation. There are at least four appropriations bills which need to be acted upon. Speaking as one Member of the Senate, I hope that the leadership will not waive the 3-day requirement for committee reports to be available and the proposed legislation to be available before those appropriations bills are called up before the Senate.

There is a great deal of money involved in these bills. One is a Defense Department appropriation bill, the largest appropriation bill the Senate will have. The Senator from Virginia has no great difficulty with that bill, because I am on the committee, but certainly others would want adequate time for it.

I am not on the committees for the other appropriations bill.

As a matter of policy, I hope the leadership will not waive the 3-day requirement with regard to appropriations bills. I am speaking now only of appropriations bills because of the vast sums involved and because of the tremendous deficit the Government is running.

Mr. ROBERT C. BYRD. The Senator is referring to the four remaining appropriations bills shown on the calendar?

Mr. HARRY F. BYRD, JR. That is correct, plus any supplemental that might be involved.

Mr. ROBERT C. BYRD. The leadership certainly will attempt to accommodate the wishes of the distinguished Senator from Virginia, so far as that can be done. The only situation in which the leadership might find it difficult would be in the event that one or more of the appropriations bills were to be delayed in being reported until the Senate was confronted with an imminent adjournment. This has been the case in the past. When the Senate is faced with a logjam of various measures and a recess or adjournment is imminent, the leadership has had to proceed a little more rapidly than otherwise would be the case.

On behalf of the majority leader, I appreciate the expression of wishes by the distinguished Senator from Virginia, and every effort will be made to accommodate those wishes. In any event, the Senator will be contacted if circumstances dictate otherwise.

Mr. HARRY F. BYRD, JR. I thank the Senator.

I do not see the foreign aid bill listed in this group. There is the foreign aid for 1975, I believe. I do not see the foreign aid for 1976. I hope there will be adequate time to study that proposal before the Senate is called upon to vote on it.

Mr. ROBERT C. BYRD. The foreign aid bill is usually the caboose of all appropriation bills. I hope it will not come along so late as to make it difficult to give the Senator from Virginia plenty of advance warning.

I have just been informed by the distinguished Republican whip that the House has not passed the foreign aid appropriation bill as yet.

Mr. HARRY F. BYRD, JR. I thank the Senator. Perhaps the Senate will not even be confronted with it in the calendar year 1976, which would suit the Senator from Virginia.

Mr. ROBERT C. BYRD. I thank the distinguished Senator from Virginia.

ORDER FOR VOTE ON NOMINATION OF GENERAL SLAY AT 1 P.M. ON TUESDAY, OCTOBER 28, 1975

Mr. ROBERT C. BYRD. Mr. President, as in executive session, I ask unanimous consent that the order entered previously providing for the vote on the nomination of Maj. Gen. Alton D. Slay on Friday this week be vitiated and that instead of that order, the debate on the nomination begin at 12 noon on Tuesday next, with a vote to occur on the nomination at the hour of 1 p.m. on Tuesday next.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL 10 A.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until the hour of 10 o'clock tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR HARRY F. BYRD, JR., AND SENATOR ROBERT C. BYRD, AND FOR TRANSACTION OF ROUTINE MORNING BUSINESS AND FOR CONSIDERATION OF SENATE JOINT RESOLUTION 134 TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, after the two leaders or their designees have been recognized tomorrow, Mr. HARRY F. BYRD, Jr., be recognized for not to exceed 15 minutes, that he be followed by ROBERT C. BYRD for not to exceed 15 minutes, after which there be a period for the transaction of routine morning business, of not to exceed 15 minutes with statements limited therein to 5 minutes each, at the conclusion of which the Senate proceed to the consideration of Calendar Order 398, Senate Joint Resolution 134, a joint resolution to extend the authority for the direct purchase of U.S. obligations by Federal Reserve banks.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF S. 2498

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of Senate Joint Resolution 134, the Senate proceed to the consideration of Calendar Order 409, S. 2498, a bill to amend the Small Business Act to provide assistance for small business export activities, to transfer certain disaster relief functions of the Small Business Administration to other Federal agencies, to establish a National Commission on Small Business in America, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF H.R. 12

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of S. 2498, the Senate proceed to the consideration of Calendar Order No. 370, H.R. 12, an act to amend title 3, United States Code, to provide for the protection of foreign diplomatic missions, to increase the size of the Executive Protection Service, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF S. 327

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of H.R. 12, the Senate proceed to the consideration of Calendar Order No. 361, S. 327, a bill to amend the Land and Water Conservation Fund Act of 1965, as amended, to establish the National Historic Preservation Fund, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF S. 1259 OR H.R. 5541

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of S. 327, the Senate proceed to the consideration of either S. 1259 or H.R. 5541, both of which provide for emergency relief for small business concerns in connection with fixed price Government contracts.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF NOMINATION OF GEN. ALTON D. SLAY ON TUESDAY, OCTOBER 28, 1975 AT 12 NOON

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, notwithstanding the order that has been entered for the consideration in sequence of the various measures enumerated, nonetheless the Senate at 12 noon on Tuesday next proceed in executive session with the nomination of Maj. Gen. Alton D. Slay and that upon the disposition of that nomination at 1 p.m., the Senate then resume consideration of the various measures in sequence as ordered.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT FROM TOMORROW UNTIL 10 A.M., FRIDAY, OCTOBER 24, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on tomorrow it stand in adjournment until the hour of 10 a.m. on Friday.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the program for tomorrow is as follows: The Senate will convene at the hour of 10 a.m. After the two leaders or their designees have been recognized under the standing order, Mr. HARRY F. BYRD, Jr., will be recognized for not to exceed 15 minutes. He will be followed by the junior Senator from West Virginia (Mr. ROBERT C. BYRD) for not to exceed 15 minutes. Thereafter, there will be a period for the transaction of routine morning business of not to exceed 15 minutes with statements limited therein to 5 minutes each, at the conclusion of which the Senate will proceed to the consideration of Calendar No. 398, Senate Joint Resolution 134, a joint resolution to extend the authority of direct purchase of U.S. obligations by Federal Reserve Banks.

Whether or not the Senate will proceed beyond that on tomorrow remains to be seen. It is hoped that the Senate can proceed to the consideration of S. 2498, which is the next bill in the sequence order, but there may be some problems with that. In any event it is expected that the Senate, when it goes out tomorrow, will go over until Friday or until 11:30 a.m. on Tuesday.

I think I had better clarify that.

Mr. President, upon the conclusion of business tomorrow, the Senate may stand in adjournment for a pro forma session on Friday, or we may go from tomorrow over to Tuesday. In any event there will not be any votes on Friday. The Senate will come back then on Tuesday next at the hour of 11:30 a.m. and then will proceed at 12 noon to take up the nomination of Maj. Gen. Alton D. Slay. There will be 1 hour of debate on this nomination with the rollcall occurring on the nomination at the hour of 1 p.m. on Tuesday.

Mr. President, following the disposition of Senate Joint Resolution 134 tomorrow, if the Senate can proceed to the consideration of S. 2498 with any hope of completing action thereon it will do so; otherwise, that measure will go over until Tuesday next. After S. 2498 has been disposed of, the next measure on the calendar will be H.R. 12, to be followed by S. 327, to be followed by S. 1259 or H.R. 5541. Hopefully, on tomorrow, agreements can be secured on each of the measures that have been cranked into the order, which would provide all Senators with information as to the amount of time to be allotted to each of the measures and so that they might also expect when rollcall votes would occur on the various measures.

Conference reports being privileged matters may be called up at any time. Votes may occur thereon. Other measures which have been cleared in advance may also come up on Tuesday or even tomorrow.

The prospect for rollcall votes tomorrow does not seem to be very imminent but it is possible that there could be such. There is no question but that there will be rollcall votes on Tuesday next, one vote already having been ordered to occur at 1 p.m., and with other rollcall votes being virtually assured.

ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move that the Senate stand in adjournment until 10 o'clock tomorrow morning.

The motion was agreed to; and at 7:28 p.m. the Senate adjourned until tomorrow, Thursday, October 23, 1975, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate October 22, 1975:

DEPARTMENT OF STATE

Walter L. Cutler, of Maine, a Foreign Service officer of class 2, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Zaire.

DEPARTMENT OF STATE

James W. Spain, of Florida, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the United Republic of Tanzania.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 22, 1975:

INTERNATIONAL MONETARY FUND

Thomas Byron Crawford Leddy, of Virginia, to be U.S. Alternate Executive Director of the International Monetary Fund for a term of 2 years.

DEPARTMENT OF STATE

John Gunther Dean, of New York, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Denmark.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Stanley S. Scott, of the District of Columbia, to be an Assistant Administrator of the Agency for International Development.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before and duly constituted committee of the Senate.)

HOUSE OF REPRESENTATIVES—*Wednesday, October 22, 1975*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

Commit your work unto the Lord and your plans will be established.—Proverbs 16: 3.

We come to Thee, our Father, to voice the longings of our hearts in prayer. Amid the pressures of daily living we so often forget Thee and so often fail to hear Thy voice. During this moment we would regain our consciousness of Thy presence and feel once again our kinship with Thee. Help us, O God, to keep alive this sense of the reality of Thy Spirit in the midst of the duties and the difficulties of our common life.

When we are tempted to wrongdoing do Thou restrain us from every evil way. When called upon to give our support to noble causes may we respond eagerly, giving our very best with joy and faith.

Bless our Nation with Thy favor and lead the Members of this body to work to make their prayers come true for the good of our Nation and for the good of all nations. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate has passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 805. An act to amend section 5(c) of the National Trails System Act;

S. 1390. An act to authorize a study for the purpose of determining the feasibility and desirability of designating the Pacific Northwest Trail as a national scenic trail;

S. 1516. An act to increase the amount authorized to be appropriated for the development of the Arkansas Post National Memorial, and for other purposes; and

S.J. Res. 101. Joint resolution to authorize the President to issue annually a proclamation designating that week in November which includes Thanksgiving Day as "National Family Week."

INCLUDE WOMEN IN THE BASEBALL FESTIVITIES

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, I am sure the distinguished majority leader is very excited about his hometown baseball team, the Boston Red Sox, and how well it is doing in the World Series. I certainly wish them well.

I also hope that if the majority leader has any functions to celebrate his hoped-for victory of the Red Sox he will include the women Members of this House and and we can all celebrate the Red Sox' victory. Even though there are no women players on the Red Sox team we women still wish them well and hope women Members can be included in the festivities celebrating the victory.

NEW HOPE FOR MISSING AMERICANS IN VIETNAM

(Mr. OTTINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OTTINGER. Mr. Speaker, it was very gratifying to receive the news yesterday from Vietnam that there will be a release of a number of Americans who have been held in South Vietnam since the conclusion of the war there. This gesture may be a signal to our country of the desire of the Vietnamese to negotiate in earnest on normalization of our relations with them including a full accounting of all the missing Americans in Southeast Asia in the aftermath of the Vietnam war. There have been communications to us to that effect.

I hope the release of these Americans will elicit an affirmative response from the administration. This release presents an ideal opportunity for elimination of the barriers to constructive discussions between the United States and Vietnam of the humanitarian problems remaining on both sides in the aftermath of the Vietnam war. Both sides' positions have been frozen awaiting on who should make the first move. The State Department should not let this opportunity go by. For the families who have been waiting years to receive definite word of their loved ones, it represents a real hope that must not be dashed.

As a member of the Select Committee on Missing Persons in Southeast Asia, I think the Vietnamese release of these Americans augurs well for our efforts.

PERMISSION FOR SUBCOMMITTEE ON AVIATION OF COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION TO MEET TODAY DURING 5-MINUTE RULE

Mr. MINETA. Mr. Speaker, I ask unanimous consent that the Subcommittee on Aviation of the Committee on Public Works and Transportation may be permitted to meet today during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. YOUNG of Texas. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PROVIDING FOR CONSIDERATION OF HOUSE RESOLUTION 780, DISAPPROVING A REGULATION PROPOSED BY THE FEDERAL ELECTION COMMISSION

Mr. YOUNG of Texas. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 800 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 800

Resolved, That upon the adoption of this resolution it shall be in order to consider in the House the resolution (H. Res. 780) disapproving a regulation proposed by the Federal Election Commission. After general debate, which shall be confined to the resolution and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on House Administration, the previous question shall be considered as ordered on the resolution to its adoption or rejection.

The SPEAKER. The gentleman from Texas is recognized for 1 hour.

Mr. YOUNG of Texas. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Illinois (Mr. ANDERSON), pending which I yield myself such time as I may require.

Mr. Speaker, House Resolution 800 provides for a rule with 1 hour of general debate on House Resolution 780, a resolution to disapprove a proposed Federal Election Commission regulation.

The Federal Election Campaign Act Amendments of 1974 provides that no regulation proposed by the Federal Elections Commission can become effective until the regulation has been submitted to the appropriate body of Congress and the body has not acted, within 30 legislative days of submission, to disapprove the regulation. On August 1, 1975, the Federal Election Commission submitted to the House a proposed regulation designating the Commission as the filing place for election reports and statements of House candidates and their principal campaign committees.

The Committee on House Administration believes that the Federal Election Campaign Act Amendments of 1974 and the legislative history make clear that the Clerk of the House, as custodian to the Commission, is to continue to receive such reports and statements.

Mr. Speaker, I urge the adoption of House Resolution 800 in order that we may discuss and debate House Resolution 780.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, this rule would make in order House consideration of House Resolution 780 which disapproves proposed regulation No. 1 of the Federal Election Commission. The regulation in question would require that the original copies of all campaign reports and statements be filed initially with the Federal Election Commission before being transferred to the House and Senate for custody. On Monday of this week House Resolution 780 was brought up under suspension of the rules and failed to receive the requisite two-thirds vote. Since such resolutions of disapproval do not have a privileged status under the provisions of the 1974 Federal election law, it was necessary to obtain a rule on the matter. Under this rule there will be 1 hour of general debate to be equally divided between the chairman and ranking minority member of the House Administration Committee, after which we will have an up or down vote on the resolution.

Mr. Speaker, I voted against House Resolution 780 on Monday for two reasons—one substantive and the other procedural. And in the brief time I have on this rule I want to discuss some of the procedural questions which were raised with the chairman of the House Administration Committee before the Rules Committee yesterday. One of my main objections to considering this matter under suspension on Monday was that most Members did not have copies of the proposed regulation and backup explanation and justification available to them at the time of the vote. While this regulation had been printed as a House document shortly after its submission on August 1 (No. 94-231), there was no reference to this document in either the Administration Committee resolution or report. Moreover, the report on the resolution or report. Moreover, the report on the resolution was a scant nine lines and contained no explanation whatever of the issues involved or the committee's reason for recommending disapproval. I think Members are entitled to know more before being asked to vote, especially after only 40 minutes of debate.

In the Rules Committee yesterday, Chairman HAYS promised that in the future the committee would conduct a hearing on any proposed regulation on which there is likely to be a disapproval resolution. He also said it would be possible to report a resolution of approval on a noncontroversial regulation to permit implementation earlier than the 30-legislative-day layover provided under the law. I also gathered that the committee would attempt to provide a more substantive report on future resolutions, though I do not recall that a specific commitment to that effect was made. Nevertheless, I would hope such an orderly procedure is followed so that Members will have more to go on the next time around. If not, then it may be necessary for the Rules Committee to prescribe such procedures to insure the protection of Members.

As was explained to us by Chairman HAYS, the reason this resolution did not get more thorough treatment was because there was a compromise revision being discussed between the Commission and committee; but somewhere along the line, those negotiations broke down, and the Commission decided to go with its original draft.

What I have been able to ascertain from comments made by representatives of the House Administration Committee and letters from FEC Chairman Curtis is, there is a lot of pride involved on both sides stemming from the Commission's desire to remain truly independent and the committee's desire to retain its prerogatives and jurisdictional rights in the process involved. What we have to recognize is that the Commission is not entirely independent when it comes to promulgating regulations; nor can the committee be arbitrary, capricious or dilatory in reviewing and recommending to the House on those proposed regulations. The 1974 act provides that either House of Congress may disapprove a proposed regulation within 30 legislative days of its submission to the Congress. So there is a working relationship between the Commission and the Congress which must be established here and must be maintained in a spirit of comity and compromise if we are going to successfully implement this act.

I do get the impression that both sides have learned something from this initial painful experience. The Commission is now conducting hearings on draft regulations and inviting concerned people to testify and comment on them before they are formally submitted to the Congress. It seems to me that this will permit compromise to occur and legitimate concerns to be raised before the 30-day clock starts ticking. On the other side, the committee has assured us that it will give proposed regulations a fair hearing before acting on a resolution of disapproval, and I would again hope it will give Members of this body a fair opportunity to review the proposed regulations and the committee's reasoning in advance of a floor vote. Neither the Commission nor the Congress is going to benefit from excessive pride, stubbornness or inflexibility from the other. And we are both going to suffer in the eyes of the public if we cannot establish a healthy working relationship in the interest of implementing the act.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I will be pleased to yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Speaker, I have been thinking about the colloquy we had before the Committee on Rules yesterday about noncontroversial resolutions, and I do not think it would be necessary to come down here with a resolution of disapproval. I think if the committee meets and decides they do not want to contest it, a mere announcement of the same appearing in the CONGRESSIONAL RECORD would have the same effect and would save the time of the House.

Mr. Speaker, I intend to discuss this with the committee and if they approve the procedure, that would be the way we would handle it. We would give notice we were not going to bring up the resolution of disapproval, and that would be it.

If it would be a matter of tremendous importance of disapproval, but in many instances I think that would be a waste of the time of the House, and I propose to use whichever one seems to be feasible at the time.

Mr. ANDERSON of Illinois. I thank the gentleman for his comments. I would agree that in many cases a 30-day period is not that vital and it would not be necessary to take up the time of this body, even though we intended to go along with the resolution; it would not be necessary to take up the time involved in formally voting and reporting of the resolution of disapproval.

Mr. Speaker, I think, for the reasons I have stated, we certainly should adopt this rule so that we can get on with the discussion of the substantive issues involved in considering House Resolution 780.

Mr. Speaker, I urge adoption of the rule.

Mr. YOUNG of Texas. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. FRENZEL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 390, nays 8, answered "present" 2, not voting 33, as follows:

[Roll No. 627]

YEAS—390

Abdnor
Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashbrook
Aspin
AuCoin
Badillo
Bafalis
Baldus
Baucus
Bauman
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Casey
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Corman
Cornell
Cotter
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Green
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Hébert
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Keys
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McClory
McCloskey
McCollister
McDade
McDonald
McEwen
McFall
McHugh
McKay
McKinney
Macdonald
Madigan
Maguire
Mahon
Mann
Mathis
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nix
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Preyer
Price
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roush
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Skubitz
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, Bob
Wilson, Tex.
Winn
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—8

Drinan
Fascell
Fenwick
Frenzel
Gude
Hansen
Martin
Pressler

ANSWERED "PRESENT"—2

Barrett
Steiger, Wis.

NOT VOTING—33

Ashley
Clawson, Del
Cleveland
Collins, Ill.
Conyers
Eshleman
Evins, Tenn.
Fary
Fraser
Jones, Okla.
Ketchum
Lent
McCormack
Madden
Milford
Mills
Moorhead, Pa.
Murphy, N.Y.
Nedzi
Nolan
Passman
Pritchard
Risenhoover
Rose
Sarbanes
Sisk
Slack
Solarz
Teague
Udall
Vanik
Wiggins
Wilson, C. H.

Mr. Teague with Mr. Evins of Tennessee.

Mr. Moorhead of Pennsylvania with Mr. Del Clawson.

Mr. Passman with Mr. Fraser.

Mr. Sisk with Mr. Milford.

Mr. Nedzi with Mr. Cleveland.

Mr. Sarbanes with Mr. Lent.

Mr. Risenhoover with Mr. Jones of Oklahoma.

Mr. Charles H. Wilson of California with Mr. Eshleman.

Mr. Conyers with Mr. Fary.

Mrs. Collins of Illinois with Mr. Madden.

Mr. Ashley with Mr. McCormack.

Mr. Vanik with Mr. Nolan.

Mr. Murphy of New York with Mr. Rose.

Mr. Slack with Mr. Wiggins.

Mr. Solarz with Mr. Mills.

Mr. Pritchard with Mr. Udall.

Messrs. MOFFETT, WRIGHT, YATES, and MAGUIRE changed their vote from "nay" to "yea."

Mr. THOMPSON and Mr. MEEDS changed their vote from "present" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AMENDING SECTIONS 6, 306, AND 308 OF THE RURAL ELECTRIFICATION ACT OF 1936, AS AMENDED

Mr. BERGLAND. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4799) to amend sections 6, 306, and 308 of the Rural Electrification Act of 1936, as amended, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, strike out lines 8 to 14, inclusive, and insert:

Sec. 3. Section 6 of the Rural Electrification Act of 1936, as amended, is amended by adding at the end thereof the following new sentence: "On or before February 15 of each calendar year beginning with calendar year 1976, or such other date as may be specified by the appropriate committee, the Secretary of Agriculture shall testify before the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry and provide justification in detail of the amount requested in the budget to be appropriated for the next fiscal year for the purpose of administering this Act and for the purpose of making the studies, investigations, publications, and reports herein authorized.".

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. BERGLAND. Mr. Speaker, H.R. 4799 contains several amendments to the Rural Electrification Act of 1936, as amended.

The bill adopted by the Senate is the same bill which passed the House with one technical change. In H.R. 4799, as adopted by the House, there was included a provision that was designed to give the Congress more effective oversight authority concerning the administration of the Rural Electrification Act—the language the House adopted required that there must be an annual authorization from the Congress for each fiscal year ending after September 30, 1976, before appropriations can be made for administrative expenses and for the cost of studies, investigations, publications, and reports.

In lieu of the provision the Senate adopted an amendment requiring the Secretary of Agriculture to testify on or before February 15 of each calendar year or such other date as may be specified by the appropriate committee before the House Committee on Agriculture and the Senate Committee on Agriculture and Forestry and provide justification in detail of the amount requested in the budget to be appropriated for the next fiscal year for these same purposes.

The Senate amendment is identical to the language which was included by the Congress in amendments to the Consolidated Farm and Rural Development Act recently adopted by the Corgress (Public Law 94-68) and is designed for the same purpose as the provision originally contained in the House bill.

I hope the Members will join me in supporting the adoption of the Senate amendment to H.R. 4799.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

DISAPPROVING A REGULATION PROPOSED BY THE FEDERAL ELECTION COMMISSION

Mr. HAYS of Ohio. Mr. Speaker, pursuant to the provisions of House Resolution 800, I call up House Resolution 780, disapproving a regulation proposed by the Federal Election Commission, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 780

Resolved, That the regulation proposed by the Federal Election Commission pertaining to filing of election reports and statements, transmitted to the House under date of August 1, 1975, is disapproved.

Sec. 2. The Clerk of the House is directed to transmit a copy of this resolution to the Chairman of the Federal Election Commission.

The SPEAKER pro tempore (Mr. McFall). Pursuant to the provisions of House Resolution 800, general debate shall be confined to the resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on House Administration.

The Chair recognizes the gentleman from Ohio (Mr. Hays).

Mr. HAYS of Ohio. Mr. Speaker, I am pleased to yield 2 minutes, and more if he needs it, to the distinguished minority leader, the gentleman from Arizona (Mr. Rhodes).

Mr. RHODES. Mr. Speaker, I thank the gentleman from Ohio for yielding for the purpose of my discussing the situation at hand and the vote I intend to cast.

In my opinion, the vote which we are about to cast is rather important. The facts are that the Election Commission, which I helped set up and for which I have great hopes, has refused a compromise in this instance which was offered to it by the Members of the House.

The question of which body will accept the report from the Members is a very important matter, and when a compromise is offered it should give more consideration than I think it has received.

I think the only way we can get the matter back on the track is to adopt the resolution of disapproval of the Election Commission action. When the vote comes, I will vote in favor of the resolution to disapprove. I felt constrained on yesterday to vote against the resolution as it came up under a different procedure and with less debate time. But I must agree that at the time, on the substantive question, the proper vote was to disapprove. Having gone more thoroughly into the matter, and upon further examination, I think the vote I cast yesterday was in error and I will correct it today by voting in favor of the resolution.

Mr. HAYS of Ohio. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana (Mr. Brademas).

Mr. BRADEMAS. Mr. Speaker, I regret exceedingly that the House should have to expend any of what little time remains in this session to consider a matter the substance of which essentially involves housekeeping.

But there is a question of principle involved here which I think is worth our attention. And that is the question of whether the Federal Election Commission, as an agency of the Government, may, by regulation extend its powers not only beyond the grant of authority given to it by Congress but to do so in a way that actually contravenes the clear intent of Congress.

Mr. Speaker, the Federal Election Campaign Act Amendments of 1974 took its final form only after a long and difficult series of compromises made between the House and Senate. One of the most difficult of the points of controversy to be resolved was whether the members of the Federal Election Commission as it came to be known were to be appointed exclusively by the President as the Senate bill provided or whether they were to be appointed exclusively by Congress, as the House bill provided.

A part of this issue, Mr. Speaker, centered about the role, if any, to be played by the officials designated as "supervisory officers" under the original 1971 act, including the Clerk of the House, the Secretary of the Senate, and the Comptroller General.

In the end, Mr. Speaker, as is often the case in such matters, a compromise was reached between the House and Senate positions which contained elements of both.

The Clerk of the House and the Secretary of the Senate were named ex officio members of the new Commission, while the Comptroller General, at his own request, was not.

Further, Mr. Speaker, the Secretary of the Senate and the Clerk of the House, while under the 1974 act no longer charged with the responsibility of being "supervisory officers," were directed to continue to receive as "custodians for the Board," the reports and statements required of candidates by the act. That they would exercise this responsibility was expressly spelled out in section 438(d)(1).

It is around this provision that the current controversy centers.

The Federal Election Commission, citing another provision of the act, contends that candidates for Federal office are required to file their reports directly with the Commission, and that the Clerk of the House and Secretary of the Senate, as appropriate, shall merely receive from the Commission a copy of the report filed.

Mr. Speaker, this contention is to turn the clear intent of Congress on its head.

First, the relevant provisions of the act are in no way contradictory. In fact, the provision directing the Clerk of the House and Secretary of the Senate to receive candidates' reports is expressly and by direct reference reconciled with the provision which the Commission cites as requiring a contrary result. Thus, a simple reading of the two provisions together clearly establishes the proposition that the reports are to be collected for the Commission, but by the Clerk of the House and Secretary of the Senate as custodians for the Commission.

Second, Mr. Speaker, the legislative history of the act clearly establishes that the result I have described was the one intended by the conferees. The conference report described the House bill as providing that—

> (R)eports required to be filed by candidates for the office of Representative, Delegate, or Resident Commissioner, shall be filed with the Clerk of the House of Representatives as custodian . . .,

And went on to indicate that—

> The conference substitute is the same as the House amendment.

Moreover, in explaining the conference report to the House, I, as a manager of the bill, stated that—

> Under the bill candidates for the House and Senate will continue to file disclosure reports with the Clerk of the House and the Secretary of the Senate.

Therefore, Mr. Speaker, nothing could be more clear, from both the statute itself and its legislative history, that Congress intended these reports to be filed in the same manner as prior to passage of the 1974 amendments, and that we were not directing the Commission itself to collect the reports.

Unfortunately, the Commission seems to have difficulty reading plain English, and so we are here today.

I would suggest, Mr. Speaker, that the responsibility of the Federal Election Commission is not to determine whether the statute as written by Congress embodies the most efficient way to collect such reports, or the best way, or even the wisest way.

If the Commission believes, in its collective wisdom, that it should be the collector of reports, I know that the distinguished gentleman from Ohio (Mr. HAY), and the committee he chairs, of which I am a member, will be happy to listen to their suggestions as to how the law might be improved.

In the meantime, however, the Commission must enforce the law as written, even if it finds that to do so is inconvenient.

And if the Commission, in derogation of its responsibility to administer the law as passed by Congress, attempts by regulation to rewrite the law, it is our responsibility to disapprove such regulations.

For the legislative power under the Constitution lies here, in the House and Senate, and not in any other agency of the Government.

And if we, once the matter is brought to our attention, allow the Federal Election Commission to rewrite the law—even in a matter so trivial—we invite the Commission and every other agency of the Government to do the same with respect to matters large and small, virtually at will.

So the fundamental point at issue, today, Mr. Chairman, is not whether or not the particular question, the substantive question of the so-called point of entry, is handled in the best and wisest way possible by the statute. That is a matter on which reasonable people can disagree; the question at issue here is whether the Federal Election Commission can, by regulation, clearly ignore the express intent of the Congress of the United States.

The **SPEAKER** pro tempore (Mr. McFALL). The time of the gentleman from Indiana has expired.

Mr. HAYS of Ohio. Mr. Speaker, I yield the gentleman from Indiana 1 additional minute.

Mr. BRADEMAS. Mr. Speaker, we have had a lot of arguments in recent years in respect to the failure on the part of the executive branch of the Federal Government to implement the legislation passed by Congress in compliance with the legislative intent of Congress.

The fundamental reason, therefore, that I support the resolution of disapproval has nothing to do with the substance of the point of entry question. The fundamental issue is this: Will the duly established Federal Election Commission in its regulations comply with the language of the law and with the intent of Congress? So a fundamental principle is involved here, and I hope that it is on the basis of that principle that the House will approve the resolution of disapproval.

Mr. Speaker, I insert at this point in the RECORD the text of the memorandum of July 30, 1975, to the Federal Election Commission concerning the regulation proposed by the Commission on the point of entry question:

MEMORANDUM

JULY 30, 1975.

To: Federal Election Commission.
From: Congressman John Brademas.
Re: FEC Regulations—Point of Entry.

The Federal Election Commission has proposed regulations that would provide that the Commission serve as the single point of entry for all statements and reports filed pursuant to the Federal Election Campaign Act, as amended. The Commission argues that this procedure would "assure uniform and expeditious processing . . . simplif(y) filing procedures . . . and avoid costly duplications."

The procedure would mean that reports of House and Senate candidates and their commitees would be filed initially with the Commission. This appears to be contrary with the intention and understanding of the principal sponsors of the 1974 Campaign Act that reports of House candidates would continue to be filed initially with the Clerk of the House (and the reports of Senate candidates and their committees would be filed with the Secretary of the Senate).

ISSUES

1. Whether statements and reports of House and Senate candidates and their principal campaign committees should be filed initially with the Clerk of the House and the Secretary of the Senate; and

2. Whether the Clerk of the House and the Secretary of the Senate should perform "desk audits" of the statements and reports filed with them.

CONCLUSION

The statute and the legislative history support the conclusion that the reports and statements of House candidates and their committees are to be filed initially with the Clerk of the House and reports of Senate candidates and their committees are to be filed with the Secretary of the Senate and that the Clerk of the House and the Secretary of the Senate are authorized to conduct the so-called desk audits of these statements and reports.

RELEVANT STATUTORY PROVISIONS

The Federal Election Campaign Act Amendments of 1974 established a Federal Election Commission to enforce the provisions of the Federal election laws. The Commission assumed *most* (but not all) of the responsibilities of the three supervisory officers (the Clerk of the House, the Secretary of the Senate, and the Comptroller General) and was given additional authority, including authority to resolve possible election law violations through informal procedures and through civil enforcement actions.

The Act relieved the Comptroller General of all his election responsibilities and named the Clerk of the House and the Secretary of the Senate as non-voting ex-officio members of the Commission. The Act also designated them "custodians" for the Commission with respect to reports and statements filed by candidates for the Senate and the House.

The issue is how much supervisory responsibility was to be retained by the Clerk of the House and the Secretary of the Senate as custodians and how much of the supervisory responsibilities were to be transferred to the Commission.

The relevant statutory provisions include:

§ 437d. Powers of Commission

(a) The Commission has the power—

(1) to require, by special or general orders, any person to submit in writing such reports and answers to questions as the Commission may prescribe; and such submission shall be made within such a reasonable period of time and under oath or otherwise as the Commission may determine;

(2) to administer oaths or affirmations;

(3) to require by subpena, signed by the chairman or the vice chairman, the attendance and testimony of witnesses and the production of all documentary evidence relating to the execution of its duties;

(4) in any proceeding or investigation, to order testimony to be taken by deposition before any person who is designated by the Commission and has the power to administer oaths and, in such instances, to compel testimony and the production of evidence in the same manner as authorized under paragraph (3) of this subsection;

(5) to pay witnesses the same fees and mileage as are paid in like circumstances in the courts of the United States;

(6) to initiate (through civil proceedings for injunctive, declaratory, or other appropriate relief), defend, or appeal any civil action in the name of the Commission for the purpose of enforcing the provisions of this Act, through its general counsel;

(7) to render advisory opinions under section 437f of this title;

(8) to make, amend, and repeal such rules, pursuant to the provisions of chapter 5 of Title 5, United States Code, as are necessary to carry out the provisions of this Act;

(9) to formulate general policy with respect to the administration of this Act and sections 608, 610, 611, 613, 614, 615, 616, and 617 of Title 18, United States Code;

(10) to develop prescribed forms under subsection (a) (1) of this section;

(11) to conduct investigations and hearings expeditiously, to encourage voluntary compliance, and to report apparent violations to the appropriate law enforcement authorities.

§ 438. Administrative and judicial provisions[8]

(a) *Duties.* It shall be the duty of the Commission—

(1) *Forms.* To develop and furnish to the person required by the provisions of this Act prescribed forms for the making of the reports and statements required to be filed with it under this chapter;

(2) *Manual for uniform bookkeeping and reporting methods.* To prepare, publish, and furnish to the person required to file such reports and statements a manual setting forth recommended uniform methods of bookkeeping and reporting;

(3) *Filing, coding, and cross-indexing system.* To develop a filing, coding, and cross-

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[8] Notwithstanding section 308(a) (7) of the Federal Election Campaign Act of 1971 (relating to an annual report by the supervisory officer), as in effect on the day before the effective date of the amendments made by paragraph (1) of section 209(a) of the Federal Election Campaign Act Amendments of 1974, no such annual report shall be required with respect to any calendar year beginning after December 31, 1972.

indexing system consonant with the purposes of this chapter;

(4) *Public inspection; copies; sale or use restrictions.* To make the reports and statements filed with it available for public inspection and copying, commencing as soon as practicable but not later than the end of the second day following the day during which it was received, and to permit copying of any such report or statement by hand or by duplicating machine, as requested by any person, at the expense of such person: *Provided,* That any information copied from such reports and statements shall not be sold or utilized by any person for the purpose of soliciting contributions or for any commercial purpose;

(5) *Preservation of reports and statements.* To preserve such reports and statements for a period of 10 years from date of receipt, except that reports and statements relating solely to candidates for the House of Representatives shall be preserved for only 5 years from the date of receipt;

(6) *Index of reports and statements; publication in Federal Register.* To compile and maintain a cumulative index of reports and statements filed with it, which shall be published in the Federal Register at regular intervals and which shall be available for purchase directly or by mail for a reasonable price;

(7) *Special reports; publication.* To prepare and publish from time to time special reports listing those candidates for whom reports were filed as required by this title and those candidates for whom such reports were not filed as so required;

(8) *Audits; investigations.* To make from time to time audits and field investigations with respect to reports and statements filed under the provisions of this chapter, and with respect to alleged failures to file any report or statement required under the provisions of this chapter;

(9) *Enforcement authorities; reports of violations.* To report apparent violations of law to the appropriate law enforcement authorities; and

(10) *Rules and regulations.* To prescribe rules and regulations to carry out the provisions of this chapter, in accordance with the provisions of subsection (c).

§ 433. Registration of political committees

(a) *Statements of organization.* Each political committee which anticipates receiving contributions or making expenditures during the calendar year in an aggregate amount exceeding $1,000 shall file with the Commission a statement of organization, within 10 days after its organization or, if later, 10 days after the date on which it has information which causes the committee to anticipate it will receive contributions or make expenditures in excess of $1,000. Each such committee in existence at the date of enactment of this act shall file a statement of organization with the Commission at such time as it prescribes.

§ 434. Reports

(a) *Receipts and expenditures; completion date, exception.*

(1) Except as provided by paragraph 2, each treasurer of a political committee supporting a candidate or candidates for election to Federal office and each candidate for election to such office, shall file with the Commission reports of receipts and expenditures on forms to be prescribed or approved by it.

(d) *Rules and regulations; congressional cooperation.*

(1) The Commission shall prescribe suitable rules and regulations to carry out the provisions of this title, including such rules and regulations as may be necessary to require that—

(A) reports and statements required to be filed under this title by a candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress of the United States, and by political committees supporting such candidate, shall be received by the Clerk of the House of Representatives as custodians for the Commission;

(B) reports and statements required to be filed under this title by a candidate for the office of Senator, and by political committees supporting such candidate, shall be received by the Secretary of the Senate as custodian for the Commission; and

(C) the Clerk of the House of Representatives and the Secretary of the Senate, as custodians for the Commission, each shall make the reports and statements received by him available for public inspection and copying in accordance with paragraph (4) of subsection (a), and preserve such reports and statements in accordance with paragraph (5) of subsection (a).

(2) It shall be the duty of the Clerk of the House of Representatives and the Secretary of the Senate to cooperate with the Commission in carrying out its duties under this Act and to furnish such services and facilities as may be required in accordance with this section.

§ 437g. Enforcement

(a) (1) (A) Any person who believes a violation of this act or of section 608, 610, 611, 613, 614, 615, 616, or 617 of Title 18, United States Code, has occurred may file a complaint with the Commission.

(B) In any case in which the Clerk of the House of Representatives or the Secretary of the Senate (who receive reports and statements as custodian for the Commission) has reason to believe a violation of this act or section 608, 610, 611, 613, 614, 615, 616, or 617, of Title 18, United States Code, has occurred he shall refer such apparent violation to the Commission.

DISCUSSION

Background

To understand what was intended in designating the Clerk of the House and the Secretary of the Senate as "custodians", one must understand how the legislative authority of the Commission evolved and the tension that existed between retaining the status quo and creating a full-time Commission whose members would all be appointed by the President and which would assume total authority for administering the election laws—authority that would include both civil and criminal enforcement authority.

(1) Senate Provisions

Prior to consideration of the enforcement entity by the House Administration Committee, the Senate had passed two election reform bills (S. 372 and S. 3044) which both included authority to establish a so-called independent Federal Election Commission. The Senate provisions called for the creation of a full-time seven member Commission. All the Commissioners would be appointed by the President, no more than four of whom could be from the same party.

(2) House Provisions

During consideration of the bill by the House Administration Committee and by the House, several Members raised serious objections regarding the concept of a Presidentially appointed Commission. Some felt that the existing supervisory officers had done a satisfactory job and that a Commission was unnecessary. Others were apprehensive about entrusting the President with the authority to appoint members to such a Commission. There was almost no support on the House Administration Committee for the concept of a Presidentially-appointed Commission.

The compromise adopted unanimously by the Committee in June 1974, during Committee mark-up, created a 7 member Board of Supervisory Officers composed of the Clerk of the House, the Secretary of the Senate, the Comptroller General, and four public members selected by the Senate and the House.

The Board was responsible for (1) supervising the actions of the existing supervisory officers to assure that their actions were uniform and consistent with law (by supervising the development of rules and regulations and the preparation of forms); (2) rendering advisory opinions and (3) seeking voluntary compliance through informal means.

The existing supervisory officers were to retain most of their existing responsibilities including the receipt and maintenance of reports and statements, the development of rules and regulations, the preparation of forms and the authority to conduct desk audits.

Just prior to consideration of the bill by the full House, proponents of the Federal Election Commission concept succeeded in getting the Committee to agree to some modifications of the Board of Supervisory Officers. In addition, the Comptroller General indicated he was displeased with the arrangement and asked to be relieved entirely of his election responsibilities. I offered these amendments on behalf of the Committee on August 8, 1974. The amendments were as follows:

1. Remove Comptroller General from the Board;
2. Make Board full-time;
3. Modify *"review of regulations"* provision to provide that regulations be submitted to the House and the Senate, rather than to the specific Committees;
4. Vest *all* of the Comptroller's supervisory *responsibilities* in the Board. Vest *most* of the Clerk of the House's and Secretary of the Senate's responsibilities in the Commission. However, the Clerk of the House and the Secretary of the Senate were to continue to receive the reports and statements as "custodians for the Board". Responsibilities transferred from the Clerk of the House and the Secretary of the Senate included the authority to draft rules and regulations and prepare forms.

The Committee amendment was a compromise with an amendment that Congressman Fascell and Frenzel intended to offer on the floor which would have established a Presidentially-appointed Commission which relieved the supervisory officers of all their election responsibilities.

In reaching a compromise, the Committee and the House agreed to make the Clerk of the House and the Secretary of the Senate non-voting members of the Board but insisted that they continue to sit as members of the Board. The Committee and the House also agreed to transfer most of the supervisory duties to the Board but insisted that the Clerk of the House and the Secretary of the Senate *continue* to handle the reports of candidates for the Senate and the House. It was our intention that House and Senate reports would continue to be filed with the Clerk of the House and the Secretary of the Senate (2 U.S.C. 438(d) (1) (A) and (B)), and that the Clerk of the House and the Secretary of the Senate would be responsible for making the reports available to the public (2 U.S.C. 438(d) (1) (C)), and that they would be responsible for reviewing the reports for any apparent violations which, if found, would be turned over to the Board for investigation and appropriate enforcement action (2 U.S.C. 437g(a) (1) (B)).

(3) Conference Report

The Conference Report adopted most of the House Board of Supervisory Officer provisions, with the following amendments:

1. The name was changed to Federal Election Commission;
2. Two Presidential appointees were added;
3. The Commission was given civil enforcement authority and primary jurisdiction over election law matters.

The responsibilities of the Clerk of the House and the Secretary of the Senate provided in the House passed bill remained unchanged.

Statutory language

The FEC in its memorandum of explanation makes a point of the apparent contradiction between sections in the law which direct that statements and reports be *filed* with the Commission and sections which speak of the statements and reports that are *received* by the Clerk of the House and the Secretary of the Senate as *custodian for the Commission.*

Based on the genesis of these sections, the approach taken in the law is no great mystery. The Commission was given principal responsibilities for enforcing the law.

The basic sections of this portion of the law speak of the general duties of the Commission. The law, for the sake of simplicity, speaks in the general sections of filing reports and statements with the Commission just as it speaks of the other general duties of the Commission.

Since the Comptroller General is no longer involved in the process, Presidential reports are filed with the Commission. However, the law makes an important exception to this general delegation of responsibilities to the Commission by providing that the Clerk of the House and the Secretary of the Senate shall *receive* the reports of House and Senate candidates.

These two concepts are not inconsistent. The Clerk of the House and the Secretary of the Senate are, in effect, acting as agents of the Commission when they receive the reports. Candidates when submitting their reports to the Clerk of the House and the Secretary of the Senate are, therefore, filing with the Commission when they file with the Commission's "custodians" (who are also ex-officio members of the Commission).

The language itself is clear: "reports required to be filed . . . by a candidate for the Office of Representative . . . shall be received by the Clerk of the House of Representatives as custodian for the Commission" (2 U.S.C. 438(d) (1) (A))—an approach which would continue the existing practices with respect to the filing of House and Senate reports.

The Clerk of the House and the Secretary of the Senate would continue to be responsible for making the reports available to the public:

(C) the Clerk of the House of Representatives and the Secretary of the Senate as custodian for the Commission, each shall make the reports and statements received by him available for public inspection and copying in accordance with paragraph (4) of subsection (a), and preserving reports and statements in accordance with paragraph (5) of subsection (a). (2 U.S.C. 438(a) (1))

Paragraphs (4) and (5) of subsection (a) provide:

(a) *Duties.* It shall be the *duty* of the Commission— . . .

(4) *Public inspection; copies; sale or use restrictions.* To make the reports and statements filed with it available for public inspection . . .

(5) *Preservation of reports and statements.* To preserve such reports and statements . . . (2 U.S.C. 438)

Thus, in connection with the handling of reports of House and Senate candidates, the language of the statute simply implements the intention of the Congress to continue the practice of filing House and Senate reports with the Clerk of the House and the Secretary of the Senate and to continue to make these officers responsible for making the reports available for public inspection and preserving them.

Further, it was intended that the Clerk of the House and the Secretary of the Senate continue to perform so-called desk audits of reports and to refer any apparent violation to the Commission for appropriate enforcement action:

(B) In any case in which the Clerk of the House and the Secretary of the Senate (who receive reports and statements as custodians for the Commission) has reason to believe a violation of the chapter or section 608, 610, 611, 613, 614, 615, 616, or 617 of title 18 United States Code has occurred he shall refer such apparent violation to the Commission. (2 U.S.C. 437(g) (a) (1))

Under prior law, the Clerk of the House and the Secretary of the Senate were to refer any apparent violations to the Attorney General. The new law, however, authorized the Commission to investigate and resolve complaints through informal means and to initiate civil enforcement action. Therefore, instead of referring possible violations to Justice, the Clerk of the House and the Secretary of the Senate were directed to refer them to the Commission.

(It is arguable that the Clerk of the House and the Secretary of the Senate need not even give the Commission copies of all statements and reports, but just copies of those reports which include apparent violations. If the Commission wishes to conduct any further audits or investigations, it appears that it would have to go to the Clerk of the House and the Secretary of the Senate to review the reports which are to be filed with them.)

Legislative history

For 46 years from 1925 until 1971 under the Federal Corrupt Practices Act of 1925 (2 U.S.C. 247 (b) and (c)), the Clerk of the House and the Secretary of the Senate were custodians of election campaign reports without any regulatory or enforcement authority. Reports of candidates for the House, political committees supporting them, and other persons filed reports with the Clerk of the House who preserved them, made them available for public inspection and performed certain desk audit functions. The Federal Election Campaign Act of 1971 continued this practice and expanded these custodial duties to include enforcement and regulatory responsibilities. The Federal Election Campaign Amendments of 1974 transferred to the Federal Election Commission the enforcement and regulatory responsibilities but continued the long practice of vesting the custodial responsibilities in the Clerk of the House and the Secretary of the Senate.

The legislative history clearly supports the approach that House and Senate reports are to be filed in the first instance with the Clerk of the House and the Secretary of the Senate.

Since the provision establishing the Clerk of the House and the Secretary of the Senate as custodians was adopted on the House floor, the original House Report does not explain the language. Therefore, the Conference Report, which summarizes the House provision that was accepted by the Conferees, is the most important piece of legislative history. The relevant section is as follows:

F. CUSTODIAL RECEIPT OF REPORTS

Senate bill

No provision.

House amendment

Section 205(b) of the House amendment amended section 308 of the Act by inserting a new subsection (c). Such subsection provided that the supervisory officer shall prescribe rules to carry out title III of the Act, including rules to require that (1) reports required to be filed by candidates for the office of Representative, Delegate, or Resident Commissioner, shall be filed with the Clerk of the House of Representatives as custodian for the Board of Supervisory Officers (hereinafter in this statement referred to as the "Board"); (2) reports required to be filed by candidates for the office of Senator shall be filed with the Secretary of the Senate as custodian for the Board; and (3) the Clerk of the House of Representatives and the Secretary of the Senate shall be required to (A) make such reports available for public inspection; and (B) preserve such reports.

Subsection (c) also required the Clerk of the House of Representatives and the Secretary of the Senate to cooperate with the Board in carrying out its duties under the Act.

Conference substitute

The conference substitute is the same as the House amendment.

(House Report 93-1438, p. 81)

The clear intention of the Conferees was, therefore, that the existing practice of filing reports with the Clerk of the House and the Secretary of the Senate would continue.

Indeed, in explaining the Conferees Report I indicated that, although most of the supervisory responsibilities had been transferred to the Commission,

Under the bill candidates for the House and Senate will *continue* to *file* disclosure reports with the Clerk of the House and the Secretary of the Senate. (*Congressional Record*, daily editions, page 10328. October 10, 1974.)

This procedure does not conflict with the concept of an independent Commission. As custodians, the Clerk of the House and the Secretary of the Senate have little discretion. They receive reports, process them and make them available to the public. Any apparent violations *must* be referred to the Commission for appropriate enforcement action.

A single point of entry is not necessarily "vital to the objective of uniformity" since the actions of the Clerk of the House and the Secretary of the Senate will be taken pursuant to rules and regulations prepared by the Commission which presumably will be uniform and consistent with their rules affecting Presidential candidates.

Since the problems of handling reports of House, Senate and Presidential candidates vary, the Commission would no doubt have to create three separate staffs to handle these matters even if they were housed in the same building.

In fact by splitting the responsibilities, the processing of the reports could possibly be expedited. The procedures will be essentially ministerial and almost identical whether done by the Clerk on Capitol Hill or by the FEC downtown. Reports will be stamped in, microfilmed and filed away. Under neither approach will the original report be made available to the public. It seems to me that it is just as simple to make the microfilm copy in the Capitol and send a copy to the FEC as it is to make the copy at the FEC and send it to the Capitol. Further, by making the point of entry the House, the Commission will save the cost and risk of destruction or loss during the transfer of the original documents to the House after they are filed.

Mr. HAYS of Ohio. Mr. Speaker, I yield 3 minutes to the distinguished majority leader, the gentleman from Massachusetts (Mr. O'NEILL).

Mr. O'NEILL. Mr. Speaker, I concur with the feelings of the gentleman from Ohio (Mr. HAYS) and the distinguished minority leader, the gentleman from Arizona (Mr. RHODES) and the previous speaker, the gentleman from Indiana (Mr. BRADEMAS). I think they are absolutely correct on this subject.

The Federal Election Commission is an instrument created by this Congress. There were hours spent on the discussions before its creation. One of the issues raised was where should the point of entry be—where should we file our returns? Should we send our returns to the Federal Election Commission or should we keep that function in the House Clerk's office as had been the custom for years? We decided it should be kept with the Clerk.

That was the intent of Congress when it passed this legislation. I do not think that the Federal Election Commission has any right whatsoever to set up rules and regulations that violate the intent of this Congress.

We can change the law ourselves if we want to. I think it is wrong to allow the Commission to contravene the intent of Congress and set up its own rules.

I concur with the gentleman from Indiana. The argument is as simple as that. I think that we have set up procedures and we should follow those procedures. If changes are needed it is for the Congress to make them. We have expressed our intent. It is not up to the Federal Election Commission we have created to change our intent.

I stand behind the distinguished minority leader, the gentleman from Arizona (Mr. RHODES), and I hope we will approve the action of the gentleman from Ohio (Mr. HAYS) at this time.

Mr. DICKINSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I regret very much that there are not more Members on the floor to hear the debate today—not just my debate, but hear both sides to be presented, because I do not know of anything that will more directly and perhaps more adversely affect the Members than the result if they vote wrong on this particular issue for us right now.

This has been pointed out, that the very issue we are discussing today was hammered out in conference. It was not just added by accident. The House insisted that when the reports were filed, that they would be filed with the Clerk, who would be its agent and who is a member of the Commission, and with the Secretary of the Senate.

Now, what is wrong with that? That is the way it has been done for years. Experience has shown that the Clerk has performed well and fully. I know of no particular complaints that have come about concerning the availability of the records from the Clerk's office.

I served on the Committee on Elections. There were numerous complaints but not as to the actions of the Clerk's office in the handling of his ministerial duties. I think it is right that they be filed there. I think it is in the best interests of the Members and contestants who are not in Congress that it be filed there.

It is very important that this House maintain control over the election procedures of its Members, as well as other Federal officials. Why is it so important? We recognized when we created this Commission that we could possibly be creating a monster and creating something over which we would have no control which would then turn around and dictate to us what we may and may not do as to how we could get elected; and, in effect, absolutely dictate the management of our various campaigns.

For that reason, I think, as the Members will ultimately come to believe if they do not do so already, that one of the wisest things we did was to put in here a provision saying that we, the House and the Senate, would be the ultimate arbiters of what the laws will be, and we will not be governed by arbitrary guidelines and regulations of this Commission. I think we have already seen the wisdom in this when the Senate turned down the edict, or proposed regulation, of this same Commission saying that a Member's office account would be counted as political expenditures. That is ridiculous, and that was turned down.

While this might not seem so important at the present time, time will show that it will become important if we do not maintain control, if we do not decide what the law should be and not have it changed by arbitrary regulation.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Speaker, a little later I propose to yield myself a few minutes to explain the fact that we tried to compromise on this regulation two or three times and thought we had a compromise. If the gentleman will permit me, I would like to read three short paragraphs from an article which appeared in the Washington Post written by a fellow who was very avid to have this Commission set up, and I would commend the whole article to the Members. It appeared on the 15th of September and was written by Walter Pincus, one of their columnists, but those three pertinent paragraphs say this:

> Congress is beginning to find out from personal experience why much of the country is up in arms about Federal Government bureaucracy.

Then, it goes on to tell how we set up this Commission:

> The Commission members, including four former Congressmen, are setting rules and giving opinions in areas the legislators never conceived as being in the Commission province. The Commission reporting requirements and procedures now being established are so complex as to require extensive legal and accounting assistance for those, particularly Members of Congress, who must abide by the Commission decrees.

This final paragraph says:

> To put the whole thing out of business, whatever happens, the brief experience to date has made many Representatives and Senators more sympathetic to the administration's request that something be done to cut down the power and grasp of regulatory agencies.

The reason I asked the gentleman to yield so that I might put this in at this time is because it seems to me it fit right into what he was saying, that while the substance of this is not so overpowering, the precedent is what we need to establish.

I would like to establish procedures that, when they get a decree, they come to the committee and discuss it with us; and if we think there is something wrong with it, we talk about a possible compromise and, if not, we will hold hearings or come to the House. But I think in 90 percent of the cases if they are amenable to looking at what the Congress wrote, we can arrive at a mutually agreeable decree or regulation which need never bother the House.

Mr. DICKINSON. Before the gentleman sits down, let me say that I appreciate his contribution, and it is a meaningful contribution.

Mr. Speaker, I would ask the chairman this: Is it not a fact that the chairman, in discussions with the Commission, has proposed to hold hearings on the substantive changes of the law which the Commission might deem advisable?

Mr. HAYS of Ohio. If the gentleman will yield further, absolutely. And, as I say, we attempted on two occasions to compromise this. The chairman said, "I think that is a very decent compromise offer. I will go back to the Commission." And they did not buy it. They agreed again, agreed to a compromise, and went back, and they did not buy that. And so we ran out of time. That is why we are here today.

Mr. DICKINSON. When the gentleman says they did not buy it, was there further communication with the Commission in connection with the proposed modification?

Mr. HAYS of Ohio. Not until Mr. Curtis' letter, which went to the leadership and, I am sure, to the gentleman, myself and others, which was just last Friday afternoon about 3:30.

Mr. DICKINSON. Mr. Speaker, I wonder if the chairman could refresh my recollection. How much money did we appropriate for this Commission to operate?

Mr. HAYS of Ohio. The Committee on House Administration authorized $6.25 million. I believe the Committee on Appropriations gave them $5.25 million. Of course, they have a right to cut our authorization. The Senate, up to now, has not given them anything. So they are operating now on a continuing resolution with more than 100 employees.

Mr. DICKINSON. Is it not a fact that they have 150 employees already and they are still climbing?

Mr. HAYS of Ohio. I could not say. The last figure I had was a month ago, and it was in excess of 100, and it had gone up from 90. So the gentleman may very well be correct. I know it is still climbing.

Mr. DICKINSON. The point is: What are they doing with all of the money, and what kind of empire are they building? Is it necessary for them to build such an empire to carry out the wishes of Congress rather than proliferate into all kinds of games and guidelines?

Mr. HAYS of Ohio. I can say to the gentleman each one of the commissioners has an administrative assistant to whom they are paying $38,000 a year for starters, and that is more than most Members of Congress have.

Mr. DICKINSON. Mr. Speaker, let me

say, in conclusion—and I wish I could have the attention of the Members—this is the most important one point I can make: In talking with the Clerk and serving on the committee that dealt with election irregularities, I can say that over the years both incumbents and challengers have on hundreds and hundreds of occasions filed with the Clerk their report, as required by law, and there have been technical deficiencies in the report. And as an accommodation to the candidate, be he incumbent or not, as a matter of courtesy and course it had been the custom of the Clerk's office to communicate to the candidate that his report was in error in some respects and would he like to come in and correct it. This is not an advantage of an incumbent over a challenger. Everybody was treated evenhandedly. There have been no complaints about this. I would hope that this would continue to be the practice, rather than nitpicking on the technical discrepancies to find somebody guilty of a misdemeanor, have a lawsuit, have a contest of election, which seems to have been the trend recently.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Speaker, I have been informed by the Commission—and I think the Members will want to hear this and every Member ought to pay close attention—that the minute the incumbent reaches $25,000 in expenditures, they are going to send in an auditor and audit him.

Mr. Speaker, let me say something else to the Members. The minute it appears in the headlines of the papers that a Member is being audited, that Member comes under a cloud of suspicion. I do not think we ever intended them to do that. If they are going to audit, they ought to audit both candidates, not just incumbents, because after word gets out that the IRS is auditing a Member, 75 percent of the people in that Member's district thinks he has not paid his taxes.

That happened to Senator Metzenbaum, and it absoutely killed him dead. Later we found out the Government was in error, and they paid him back the money, but by that time he was not in office anymore.

I think we must set a precedent here and say that these people have to understand that they are dealing with the future of Members and of potential Members and the future of this country and they cannot be arbitrary. That is what they have tried to do with this regulation, and it is totally arbitrary.

Mr. DICKINSON. Exactly. That is one thing we should guard against. We should be most diligent to guard against arbitrary and capricious actions by a bureau which we have set up. This Commission, by its own fiat and its own guidelines, has set up its own regulations, which often appear to be unintelligible to us as lawyers and incumbents, so that it is almost impossible not to do something that is technically wrong in filing the numerous reports that are required of us.

So, Mr. Speaker, for that reason I feel very strongly that the way we have done it in the past is fair and equitable to all, and we should not say that we will give the exclusive right to the Commission. If there is a technical irregularity, one would really think they would call us up and say, "Congressman," or "Mr. Candidate, come down and see us because we think you have made an error and we would like to correct it."

I think the House should be practical in this, and I think this would be in the best interest of all candidates, whether they are incumbents or not, to mandate the continuation of the filings as we have in the past.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I thank the gentleman for yielding.

On the basis of the discussion between my colleague, the gentleman from Ohio (Mr. HAYS) and my colleague, the gentleman from Alabama (Mr. DICKINSON), I believe this is another clear example of a situation in which Congress has enacted a law—of course, I did not vote for this law—where the established commission or any agency has clearly gone far beyond the intent of the legislation.

Mr. DICKINSON. And they are straining to go even further. Exactly.

Mr. ROUSSELOT. And unless we take some action to prevent that, they will go even further.

Mr. DICKINSON. There is no doubt about that.

Mr. HINSHAW. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from California.

Mr. HINSHAW. Mr. Speaker, I thank the gentleman for yielding.

It seems strange to me that the Commission's attitude on the compromise was that it be rejected, seemingly, out of hand.

I am surprised to hear the statistics as to the number of employees the Commission has and the salaries it is paying its employees.

Yesterday while we were debating a bill here on the floor that came out of the Committee on Post Office and Civil Service, I received a copy of the act we are talking about today. In rereading that act, it seems obvious to me that both the incumbent Members and the challengers are very likely going to have to expend a large portion of their campaign receipts for accountants and attorneys to interpret that act.

Mr. Speaker, if the Commission is going to take arbitrary attitudes—such as those heard today—that they are going to start auditing campaign reports after we have expended some $25,000, we will find ourselves in a quagmire during the election process itself, and as the gentleman from Ohio (Mr. HAYS) pointed out, we will have a cloud cast on both the incumbents and the challengers.

I do not know what the Commission is trying to do, but I certainly hope that this committee does look toward changes in the law so as to clearly spell out to the Commission they must respect the attitudes of the Members of Congress and respect the laws as we wrote them.

Mr. Speaker, I intend to vote for the resolution. I was very pleased to hear our distinguished minority leader say earlier that he may have made an error in his vote. Possibly many Members may have made an error in their votes *earlier* this week, and I think many of them will change their votes today.

Mr. DICKINSON. Mr. Speaker, let me just say that there is a very distinct difference between voting on a suspension and voting in the regular, orderly procedure, after a rule has been adopted, when we come to consider the same measure on the floor of the House. There is justification, in my way of thinking, for voting down a suspension in the absence of discussion and debate and then voting for it after we have had an opportunity to discuss it fully on the floor.

Mr. MAZZOLI. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. Mr. Speaker, I listened very intently to the presentation given and to the remarks of the gentleman as well as the colloquy he had with the chairman of the committee. I really have not great concern with whether we file our reports first with the Elections Commission or with the Clerk of the House.

The thing that troubles me about this measure and why I voted against it Monday was because it seems to be a very symbolic vote. A vote, it seems to me, against this commission at this point and against one of its early regulations is perhaps tantamount to a vote against the whole idea of having an independent agency, independent of the Congress, trying to oversee a very sensitive area, which is election reform.

I wonder whether the gentleman from Alabama (Mr. DICKINSON) might share with me his thoughts as to whether or not I am correct in this appraisal of this vote.

Mr. DICKINSON. I think the gentleman is absolutely correct in saying that this is a milestone vote.

Mr. MAZZOLI. A very significant one.

Mr. DICKINSON. Yes, but the reason I do not interpret it, perhaps, as others do is that I sat in the Congress when we had this legislation before us and in conference with the Senate. It came back to the House and references were made on the floor that this was the way it would be, and we wrote it into the law. Now the Commission, by regulation, wants to change what we say is statutory law.

I think it is significant and a milestone in that regard. I think it is wrong for them to attempt to do so. I think now is the time to explain it to them, if we can.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. I will be glad to yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Speaker, I would just like *to* say to the gentleman that I see this not as infringement upon the independence of the Commission, but as a warning to them not to be capricious and not to try to rewrite the law because they do not have the authority to rewrite an act of Congress. They only have the authority to write regulations to enforce it.

Mr. JOHN L. BURTON. Mr. Speaker, will the gentleman yield?

Mr. DICKINSON. Yes, I will be glad to yield to the gentleman from California.

Mr. JOHN L. BURTON. Mr. Speaker, I would just like to say to the gentleman from Kentucky (Mr. Mazzoli) that the only thing this does not do is that it does not impinge upon the independence of that Commission. It just says that they ought to follow the law.

I agree that it does not matter where one files the papers, but the law says that the Clerk will be the custodian and that that Commission can say, through regulation within 48 hours, "Send it on down to us."

This is not what they did. Therefore, clearly it does not infringe upon their independence. It just says that they have to be independent within the framework of the statute that set them up.

That is the issue here. I am for the independence of the Commission, but just as I do not want other governmental agencies going beyond the law, they have clearly gone beyond the statute.

Mr. MAZZOLI. Mr. Speaker, will the gentleman yield further?

Mr. DICKINSON. Yes, I yield to the gentleman from Kentucky.

Mr. MAZZOLI. If I am not mistaken, and I am not exactly an expert on this subject, is there not a good-faith difference of opinion here as to what the Commission's responsibility should be?

Mr. DICKINSON. I would say yes, there is a difference of opinion.

Mr. MAZZOLI. Therefore, in effect, we are resolving that difference?

Mr. DICKINSON. We are going to determine whether or not the Commission is going to follow what we wrote into law, or whether they are going to change that by their own guidelines. I think that is wrong.

Mr. HAYS of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. John L. Burton).

Mr. JOHN L. BURTON. Mr. Speaker, I thank the gentleman for yielding.

I would like to direct some remarks to the gentleman from Kentucky (Mr. Mazzoli).

First of all, if there is a good-faith difference, I just wanted to respond to the gentleman's comment. If there is a good-faith difference—and I am not really sure that there is because the law is clear that the Clerk is the custodian—the committee tried several times to work out a compromise. The only compromise that I am aware of that the Commission came back with said this: "You, as incumbent Members of Congress, can file with the Clerk, and every other citizen who desires to run for Congress has to file with us."

The chairman rightfully rejected that double standard.

Mr. HAYS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. JOHN L. BURTON. Yes, I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Speaker, the gentleman is making a very good argument.

Not only is the Clerk the custodian, but in the preceding paragraph it says:

> Reports and statements required to be filed under this subchapter by a candidate for office as a Representative in the Congress of the United States and by political committees supporting such candidate shall be received by the Clerk of the House of Representatives, as custodian for the commission.

Therefore, it not only says that he is the custodian, but it says that he shall receive the reports.

As somebody earlier said, obviously, down there they cannot read English.

Mr. JOHN L. BURTON. I would like to make this statement: I do not view this as a vote against the independence of the Commission.

If the Members did not like the way this language was put into the law then they could have voted another way, but this is the law.

The chairman, I think, was more than reasonable in the committee in not trying to ram something through but in trying to work something out. And, as the gentleman said, the only compromise that came out was a dandy, it made us file in one place and the other people in another place.

We also discussed in the hearings with the Commission as to what they would do if they got a complaint that somebody was violating the law, and they said that they would go in and investigate.

I said, "Isn't that swell?" So that comes out that whoever is being investigated, and normally you do not get a person who is behind, is the front runner, and I said, "How about a precedence whereby if you go into a district such as the one I represent and you investigate any candidate that you also have to investigate each candidate running for the office in that district, because the operation of the district is in question, and if you investigate candidates X, Y, and Z, that is the way to do it."

They said, "All right," and that is the way that I think that it would be eminently fair.

They did come in with a very high budget report which we cut down. Of course I think they do need an adequate staff, but I do think also that it is important that they adhere to the law. It really does not matter where it is filed but it is important that they follow exactly what the law is, and the law is clear.

Then we talk about an alleged good faith difference of opinion. But they never followed the law. They talked about a good faith compromise.

And then they put in another regulation which has something to do dealing with office accounts, and which I do not understand, but then they backed off of that one real fast.

But, the real thing is that they should follow the law and the law says that we should file it with the Clerk. And they cannot pass a regulation that says in 12 hours or 12 seconds or 32 seconds, like almost instanter it will be delivered to the Commission, but, the law is really clear. And I do not think that any of the Members should be fooled into believing that if we vote for this then we are voting against an independent Commission. But, nevertheless, I do not believe that however independent they are that they can be above the law. The law is clear. If we do not like that law, then we can change it.

But, you know, we have voted against the State Department, the CIA and the BEI and the HEW, but when the law is clear then they ought to obey it. We can change it. But I really do not think that the Members should feel that if we vote to uphold this—and, you know, the Commission voted to uphold the regulation, that they are doing a pure thing because they are not doing a pure thing, I think it is a copout thing because they clearly have not followed the law. That is all that this is about.

I can understand the readiness of the House of Representatives in voting this down on the suspension but the reason we were trying to put it through under a suspension was because of the time element, time was limited because the Chairman had thought that they would work out a compromise with the Commission and instead, they notified the Committee at 3 o'clock Friday afternoon that they were not going to do anything.

I just think that this is the proper thing to do.

I feel that so far as other regulations that I will push very hard to handle them. But I just think that if they are going to get a complaint and then go in and investigate just one person who is running for public office that that is not right, but that they should also look into every person who is running in that district. Otherwise if they do not do that, then they will be putting one individual under a cloud.

So I would strongly urge support of the resolution. Again I say that the law is clear. This in no way impinges upon the independence of the Commission because I think that they can be completely independent within the law and not be independent above the law.

Mr. HAYS of Ohio. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. Danielson).

Mr. DANIELSON. Mr. Speaker, I thank the gentleman from Ohio for yielding me this time.

Mr. Speaker, I wish to state that I concur with and associate myself with the arguments presented so far on the floor by everyone.

I would like to point out that in my opinion there cannot be a good faith difference of opinion in this matter because the law is clear that the Clerk of the House of Representatives must receive these reports and must be the custodian. That means that he has to be the custodian at all times and that they must be lodged with him. Therefore there is not room for a difference of opinion.

We would be placed in an untenable

dilemma if this regulation is allowed to stand.

Under the regulations, we would be required to file with the Commission. Under the law, we are required to file with the Clerk. You are damned if you do and damned if you don't, because one is in trouble with one or the other under either interpretation.

We used to ask a question when I practiced law: Who wants to test an electric chair? That is exactly the position we would be in here. If we file with the Commission, we would be in violation of the law and subject to prosecution or some other penalty, and if we file with the Clerk, we would be in violation of the Commission's regulations. The only way to resolve this is to vote in favor of the resolution which will simply assist this Commission in getting back on the track where they belong and hopefully follow the mandate of the law in the future.

Mr. Speaker, I urge an aye vote on this resolution.

Mr. DICKINSON. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota (Mr. Frenzel).

Mr. FRENZEL. Mr. Speaker, it is a little difficult to proceed in 5 minutes to try to rebut, and to counter, the wonderful oratory that has already preceded my presentation. All of it has been in support of House Resolution 780 to reject the Commission rule. The Members have heard from the chairman of the committee, the majority leader, the minority leader, and legions of other fine speakers, who have all assured us with different kinds of expressions that somehow the Election Commission is breaking the law in proposing this rule.

I agree that it is a good thing for the House to review the laws, and to review the regulations of the Election Commission, to see if in fact they do carry out the congressional intent. But, Mr. Speaker, it is my absolute conviction that the regulation of the Election Commission does in every respect conform to the Election Campaign Act of 1971, as amended by our amendments of 1974. The Commission did not "ignore the express intent of Congress," as one speaker said, nor "break the intent of Congress," as another speaker said, nor "change the law," as a third speaker said.

Mr. Speaker, I ask unanimous consent to include in the Record at this point a listing of citations from 2 U.S.C. which are 24 statutory references which indicate that reports and registrations are to be filed with the Commission, or which refer to report filed with the Commission.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. FRENZEL. The citations are as follows:

FILING OF CAMPAIGN FINANCE REPORTS

A. The Federal Election Campaign Act Amendments of 1974, which created the Federal Election Commission, contains references throughout the statute to "filing" of campaign finance reports with the FEC, as follows:

(1) REGISTRATION

Organization: Section 433(a) requires political committees to "file with the commission a statement of organization";

Changes: Section 433(c) requires changes in statements of organization to be "reported to the Commission";

Disbanding: Section 433(d) requires that any committee disbanding shall "so notify the Commission";

Non-principal campaign committees: Section 433(e) says committees that are not principal campaign committees should file the "reports and notifications required under this section to be filed with the Commission" with the principal campaign committee instead of the Commission.

(2) REPORTS

Candidate filing: Section 434(a)(1) requires candidates and political committee treasurers to "file with the Commission reports of receipts and expenditures on forms to be prescribed or approved by it."

Non-principal campaign committee filing: Section 432(f)(2) says that committees that are not principal campaign committees, but which accept contributions or make expenditures on behalf of a candidate should file with the principal campaign committee of such candidate "each report or statement of contributions received or expenditures made . . . which is required to be filed with the Commission under this Title."

Principal compilation: Section 432(f)(3) requires each principal campaign committee receiving reports from non-principal campaign committees (under 432(f)(2) above) "to compile and file such reports and statements together with its own reports and statements, with the Commission."

Independent filing: Section 434(e) requires persons making contributions or expenditures on their own in excess of $100 to "file with the Commission a statement containing the information required by this section."

Postmark as date of filing: Section 436(d) permits a postmark to be "deemed the date of filing" for a report "delivered by registered or certified mail to the Commission or principal campaign committee with which it is required to be filed."

Advertisement notice: Section 435(b) requires political committees to print the following notice on all literature and advertisements soliciting contributions: "A copy of our report is filed with the Federal Election Commission and is available for purchase from the Federal Election Commission, Washington, D.C."

Multi-State committees: Sect. 434(a)(3) authorizes the Commission to waive reporting requirements for committees operating in more than one state, so that such committees do not have to file reports more often than monthly.

Debt reporting: Sect. 434(b)(12) requires that debts and obligations owed by a political committee after an election must be reported "in such form as the Commission may prescribe . . . and "at such periods as the Commission may require."

Preservation of copies: Sect. 436(a) requires that persons filing reports preserve copies "for a period of time to be designated by the Commission."

Petty cash: Section 437b(b) requires "statements and reports" of petty cash expenditures not in excess of $10 to be "furnished to the Commission."

(3) COMMISSION DUTIES

Section 438(a) itemizes numerous "duties" of the Commission with respect to filings:

Forms: Sect. 438(a)(2): "to develop and furnish . . . prescribed forms for the making of the reports and statements required to be filed with it."

Manuals: Sect. 438(a)(2): to prepare and distribute a manual for uniform bookkeeping and reporting methods "to the person required to file such reports and statements."

Filing system: Sect. 438(a)(3) to "develop a filing, coding, and cross-indexing system."

Public inspection: Sect. 438(a)(4): "to make the reports and statements filed with it available for public inspection and copying".

Preservation: Sect. 438(a)(5): "to preserve such reports and statements for a period of 10 years from date of receipt, except that reports and statements relating solely to candidates for the House of Representatives shall be preserved for only 5 years from date of receipt."

Index: Sect. 438(a)(6): "To compile and maintain a cumulative index of reports and statements filed with it . . ."

Special reports: Sect. 438(a)(7): "To prepare and publish from time to time special reports listing those candidates for whom reports were filed as required by this title, and those candidates for whom such reports were not filed as so required."

Audits: Sect. 438(a)(8): "to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of this chapter, and with respect to alleged failures to file any report or statement required under the provisions of this chapter."

(4) FILING WITH STATE OFFICERS

State filing: Sect. 439(a) requires "a copy of each statement required to be filed with the Commission shall be filed with the Secretary of State . . . of the appropriate State."

State duties: Sect. 439(b) outlines numerous duties for the Secretary of State with respect to the federal reports filed at that office, such duties being similar to the duties of the Commission under Sect. 438(a), including receiving, preserving, making public, and maintaining a list of statements pertaining to each candidate.

B. The statute contains only 2 references to reports benig "received" by the Clerk of the House or the Secretary of the Senate, as follows:

Receipt: Sect. 438(d) is entitled "Rules and Regulations, Congressional Cooperation." Under 438(d)(1) the Commission must promulgate rules and regulations "to require that—

(A) reports and statements required to be filed under this title . . . shall be received by the Clerk of the House of Representatives as custodian for the Commission."

(B) ditto for the Secretary of the Senate

(C) the Clerk of the House of Representatives and the Secretary of the Senate, as custodians for the Commission, each shall make the reports and statements received by him available for public inspection and copying.

Referral of apparent violations: Sect. 437g(a)(1)(B) provides for referral of apparent violations to the Commission from the Clerk of the House or Secretary of the Senate "who receive reports and statements as custodian for the Commission."

Mr. FRENZEL. Mr. Speaker, this matter shows that there are four citations in section 433 indicating that registrations will be filed with the Commission. There are 10 citations in sections 434, 432, 435, 436, and 437 relating to the filing of reports with the Commission. There are nine citations with respect to the Commission's duties in section 438, and there are in section 439 references to filing with the Commission with respect to other reports filed elsewhere.

There are, Mr. Speaker, only two instances in the whole law that say anything about the Clerk of the House receiving. It says nothing about filing with the Clerk. It says, "The Clerk shall receive" in section 438(d), and in another instance it references the Clerk as the custodian for the Commission.

Mr. Speaker, those two references form a very slender reed on which to hang a statement that the Commission is breaking the law. Those are only 2 references to the Clerk of the House, as against 24 which repeat again and again that the Commission will be the agency with which these reports are filed.

Mr. Speaker, before the committee the Federal Election Commission was not heard. The Election Commission was not heard before the Committee on Rules.

Mr. Speaker, I ask unanimous consent to insert in the Record at this point the proposed regulation which we are going to reject today because it does not occur in the committee report, and I doubt that very many Members have read the House document in which it appears.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Minnesota?

Mr. **HAYS** of Ohio. Mr. Speaker, reserving the right to object, I did not object to the 24 citations. I do not know what they are or who compiled them because of congressional courtesy, but I think I will object to printing this in the Record at the price of $288 a page, because several hundred of them have been printed already and have been available and are available now at the Republican side and the Democratic side and in the document room.

I just do not see why we should spend another couple thousand dollars to put these into the Record at this point when they are available right here, so I object, Mr. Chairman.

The **SPEAKER** pro tempore. Objection is heard.

Mr. **FRENZEL**. Mr. Speaker, may I proceed?

The **SPEAKER** pro tempore. The gentleman from Minnesota may proceed.

Mr. **FRENZEL**. Mr. Speaker, the gentleman from Kentucky (Mr. Mazzoli) indicated he thought this might be a symbolic vote, and indeed it is. We are, for no good reason in my judgment, rejecting the first regulation that has been presented to us by a Commission that we created ourselves to show the people that we had some good faith, to try to dispel the distress that came after Watergate and dispel the disappointment of the people in their Government.

We created an independent Elections Commission. We said we would not mess with the elections problems as we did before. We said we were not going to supervise our own elections. We said we were giving supervision to an independent agency.

But the first rule the FEC has given to us, which is within the law and within the bounds of good sense and reason, we are about to reject.

It is not a momentous matter. If we reject this rule, the world will go on. The Republic will not fail. Nevertheless, we will not have shown good faith, in my judgment. We will not have delivered on the promise we gave the people of this country when we passed the Election Campaign Amendments of 1974.

I urge the resolution be defeated.

Mr. **HAYS** of Ohio. Mr. Speaker, may I ascertain how much time is left to me and to the gentleman from Alabama?

The **SPEAKER** pro tempore. The gentleman from Ohio has 12 minutes and the gentleman from Alabama has 7 minutes.

Mr. **HAYS** of Ohio. Mr. Speaker, I have no further request for time except I want to take a couple of minutes to sum up, so if the gentleman from Alabama runs short of time and cannot yield to the gentleman from Illinois (Mr. Anderson), I will yield time but, if the gentleman from Alabama will go ahead now, I have no other speakers.

Mr. **DICKINSON**. Mr. Speaker, I yield 3 minutes to the gentlewoman from New Jersey (Mrs. Fenwick).

Mrs. **FENWICK**. Mr. Speaker, I thank my distinguished colleague.

Mr. Speaker, I associate myself with the remarks of my distinguished colleagues from Kentucky and Minnesota.

There are citations. They are all listed. It says the Commission shall prescribe the forms that are to be filed with the Commission. Filing is one thing and receiving is another. That seems to be clearly separated in the citations and in the law, but there is much more to it than this.

Why are politicians so despised, Mr. Speaker? Why are politicians held in such low repute? Because every single time we seem to be measuring up to some form of clean politics, to be willing to submit to dispassionate judgment of our actions, we dodge away from that.

Why do people feel that we are always up to something? Because we give them a reform act and then give them a commission which shall prescribe the rules and regulations, and then when the commission does prescribe regulations we try to undercut them.

What are we doing in this House? Are we not concerned with honor and the good opinion of people? We must have, as our Founding Fathers had, a due regard for the opinions of mankind. We are not showing that.

I am distressed that every single Member of this House does not feel that we must abide by the regulations of the Commission we created. They are within the law. The law says in two places that the Clerk of the House shall receive but it says the reports are filed with the Commission. Now the Clerk receives from the Commission the reports that are filed with it. That is fully indicated in the statute.

What we do here is symbolic and it is also very important.

One Member was saying to me that this is a little matter of egos and egos do not count. It is much more than that. It is the people of the Nation who deserve better of us. I do hope and pray we defeat the resolution. I do not take much time speaking as a rule on the floor of the House and when I do it is for 1 minute at a time.

I have not cost the taxpayers large sums for inserts in the Congressional Record. My record is open in that regard, but this is something I wish I had an hour to discourse upon, not that I think it is going to be very effective here. Let us speak to what the public expects of us. Can we not understand how they look at us, what these actions mean to them? They have a right to better from us. I do not know what people think. They are paying for the whole business and they ought to get clean government; not just clean government, but as one of our Chief Justices said, "It is not only that justice must be done, but it must be seen to be done. The law must be seen to be obeyed, not just obeyed."

This is what I think is important about this vote. I think my colleague, the gentleman from Kentucky, has put his finger on it. It is symbolic.

Are we going to go along with what has been? Some of my distinguished colleagues in the well have said that it has been good enough the way it is. It has not been good enough the way it is. It has not been anywhere near good enough and everybody knows it.

This is not the kind of government the people want or deserve.

Mr. **HAYS** of Ohio. Mr. Speaker, I yield myself 2 minutes.

I want to reply directly to the remarks of the gentlewoman from New Jersey. No. 1, I want to read again for the gentlewoman's benefit from the law:

> Reports and statements required to be filed under this subchapter by a candidate for the Office of Representative shall be received by the Clerk of the House of Representatives as custodian for the Commission.

Now, that is just as plain as it can be.

The other thing I want to say, it is not showing any disrespect when the Congress exercises authority to veto the regulations of a Commission which was not elected by anybody.

The third thing, I want to make a very succinct observation about a statement which I think the gentlewoman should never have made, if I may say so, that we are despised by our constituents I do not know anything about the gentlewoman's district, but for the last five elections I have received more than 70 percent of the votes; so if I am despised, it is by a rather small minority and I will take that minority, because I have come to the conclusion in many years of politics that you cannot please everybody.

I think it is wrong, I think it is derogatory to this body, I think it is even against the rules to say that this body is despised by the people who sent us here. If they despised us, they would send somebody else.

Mr. **DICKINSON**. Mr. Speaker, I yield 4 minutes to the gentleman from Illinois (Mr. Anderson).

Mr. **ANDERSON** of Illinois. Mr. Speaker, I hope that we do not somehow get caught up in the idea that this is a symbolic vote today that involves the integrity and the independence of the Federal Election Commission. Those who served in the previous Congress would know that I stood on the floor of this House and I fought for an independent Commission. If I thought today that approval of this disapproval resolution meant that I was destroying that Commission, I would not be taking the position that I did.

I voted against the Committee on House Administration on Monday. I condemned them for the procedures they had adopted, coming in here under a suspension of the rules. I said they ought to go to the Committee on Rules. They ought to get a rule. They ought to give us time to examine the justification presented by the Election Commission for its position. Every Member presumably now has had that time.

I am here today and I will support the resolution, because there is a good faith difference as to what we meant when we passed the sections of that law in the previous Congress.

Even the American Law Division, and I read very carefully their report, said that on balance—"on balance we come to the conclusion that the point of entry should be the Commission." But they went on to cite the conflict in interpretation that could be made.

I would suggest, therefore, that this is a situation that fairly cries out for compromise and that that is what we ought to have.

As the gentleman from Minnesota himself said, the world, the Republic, is not going to fall if this resolution is adopted. I would suggest that what is going to happen is what has taken place already and was later abandoned; there will be a compromise on this issue.

Another factor in bringing me to my decision on this resolution today was the letter addressed under date of October 21 to the chairman of the Rules Committee by the Chairman of the Federal Election Commission, Mr. Curtis. In that letter, he confirms what the chairman of the House Administration Committee told us on the floor on Monday, that he did early in October meet with the gentleman from Ohio (Mr. Hays) to discuss the terms of the compromise; that the commission staff then drafted and submitted the language of a compromise regulation.

What was that compromise? It was a compromise that provided that House candidates would simultaneously file their reports, the originals, with the Clerk of the House, and a copy with the Commission simultaneously—at the same time, on the same day. In that way, both provisions of the law would be complied with. Members would be filing reports with the Commission, as is required by the law, and reports would be received by the Clerk of the House for custody, as required under the law.

Then, what happened? The chronology of events was simply this: The staff of the House Administration Committee suggested some amendments. One of those amendments was an amendment that would have provided duplicate filing for Members of the Senate as well. Well, what is wrong with that? There certainly ought to be some consistency, it seems to me, between the method we employ with respect to filing by House candidates and filing by Senate candidates.

Then, the letter also makes reference to some technical changes that were made by the committee staff. Well, the next thing to happen was that the Commission met on this matter on the 9th of October, and when they learned of the suggested changes they said, and I quote:

> Considering the further burden which duplicate filing would impose upon candidates, it decided not to pursue the matter further but to rest the commission's case with the original proposed regulation as submitted on August 1.

In other words, they turned around 180 degrees from their position and said:

> We are not willing to compromise. We are going to go back just where we were on the 1st of August.

What did we do when we passed this law? First, we gave the Federal Election Commission the right to issue regulations, but we also said that those regulations would lie before the Congress for 30 days, and Congress had the power to disapprove those regulations.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. HAYS of Ohio. Mr. Speaker, I yield 2 additional minutes to the gentleman from Illinois (Mr. Anderson).

Mr. ANDERSON of Illinois. Under those circumstances, it seems to me that we have to develop and we have to create a climate of cooperation between the Commission and the Congress so that we can get the job done. No one wants an independent Election Commission any more than I, but I simply do not like this "gunfight at the O.K. corral" mentality, where we are going to have a shootout between the Congress and the Commission every time they issue a regulation. I think there ought to be compromise where there are honest differences of opinion. I think they ought to go to the committee if it appears there is going to be a disapproval resolution and say, "Let us try to make the changes that will enable us to compromise our differences."

If we cannot, then the Commission under the law certainly has the right to go ahead and issue a regulation anyway, and Congress has the right—indeed, the responsibility—to carry out its duty under the statute to exercise its disapproval authority. So, what we are doing today, I think, is simply encouraging the Commission, encouraging the Federal Elections Commission, to adopt a modus operandi, a method of writing regulations that is going to be good for the country; that is going to enable them to carry out their responsibilities without having this kind of confrontation and conflict on every regulation that they may issue.

Mr. MAZZOLI. Mr. Speaker, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from Kentucky.

Mr. MAZZOLI. Mr. Speaker, I asked the gentleman to yield so that I may put this question: Would not this resolution encourage our views upon the FEC, but at the end of a stick or bludgeon? Are we not really coercing this kind of compromise?

Mr. ANDERSON of Illinois. No, not at all, because, as I tried to make clear, when we write a statute as we did in this case which says that when they have issued a regulation it shall lie before Congress for 30 days, and we have the right during that time to disapprove the regulation, I think we have created a situation where we, that is, the Commission and the Congress, ought to work together.

Mr. BROWN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HAYS of Ohio. I yield to the gentleman from Michigan.

Mr. BROWN of Michigan. I thank the gentleman for yielding. Having been one who voted against the resolution when it was on the Suspension Calendar, and primarily because it was on the Suspension Calendar, I rise and ask to be associated with the remarks of the gentleman from Illinois (Mr. Anderson) and say I intend to support the resolution today.

Mr. HAYS of Ohio. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I have not spoken on this, except in colloquy with some other people, but I take this time to lay to rest one canard which has been floating around town, and that is that if these things are filed with the Clerk, that the Commission cannot get them for 10 days.

Mr. Speaker, I have a letter here, dated October 22, 1975, from Mr. Jennings, which I would like to read. It is not very long.

> Dear Mr. Chairman: It has been alleged that the Federal Election Commission has been delayed in carrying out their auditing and other responsibilities . . .

I ask the Members to remember that we have filed with the Clerk all the while, and the Commission wanted to see—

> . . . because the Clerk has been late in supplying copies of reports of candidates for the House and political committees supporting them.
>
> Mr. Chairman, such delay on the part of the Clerk is not possible. When the Clerk receives election reports they are photographed that same day and sent to Baltimore for processing by Kodak. Pursuant to the Clerk's authorization, the next morning microfilmed copies are simultaneously delivered by Kodak to both the Clerk of the House and the Federal Election Commission. Each time an index covering all the microfilmed reports is prepared for the Clerk, one is also prepared for the Federal Election Commission and it is either delivered to or picked up by the Commission on the same day. Under existing procedures, the microfilm reports are available to both the Commission and the House at approximately the same time.
>
> Since January 1, 1975, when the 1974 election law Amendments went into force, the Clerk has met or exceeded all statutory requirements for making election reports received by him available for public inspection and copying.

Mr. Speaker, I would like to just say one thing further. The New York Times paints me as some kind of a bugaboo enemy of the Commission. That is not so. I have instructed the Clerk to deliver this within 24 hours, and we have done everything we know how.

I want the Members to know that the Committee on House Administration, of which I am chairman, held hearings first and we confirmed the members of the Commission first. The minute they came up with a budget, we held hearings on it immediately, and we approved a budget for them which the Committee on Appropriations later cut, and we again did it before the Senate did it because the Senate has not done it yet.

Mr. Speaker, I take a lot of flack about this, but I find that the New York Times reporters are not about to let facts obscure a good story.

The **SPEAKER**. Under the rule, the previous question is ordered on the resolution.

The question is on the resolution.

The question was taken.

Mr. **HAYS** of Ohio. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 257, nays 148, answered "present" 1, not voting 27, as follows:

[Roll No. 628]

YEAS—257

Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Ill.
Annunzio
Armstrong
Ashbrook
Ashley
Badillo
Barrett
Bauman
Beard, R.I.
Beard, Tenn.
Bergland
Bevill
Biaggi
Bingham
Blanchard
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Burton, Phillip
Byron
Carney
Casey
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Collins, Tex.
Corman
Cotter
Crane
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dent
Devine
Dickinson
Diggs
Dingell
Downing, Va.
Duncan, Oreg.
Early
Edwards, Ala.
English
Evans, Colo.
Findley
Flood
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Frey
Fuqua
Gaydos
Giaimo
Gibbons
Ginn
Goldwater
Gonzalez
Guyer
Haley
Hall
Hammerschmidt
Hanley
Hansen
Harkin
Harsha
Hawkins
Hayes, Ind.
Hays, Ohio
Hébert
Hefner
Henderson
Hicks
Hightower
Hinshaw
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kazen
Kelly
Kemp
Kindness
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Leggett
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
McDonald
McFall
McKay
Macdonald
Madden
Mahon
Mathis
Matsunaga
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mills
Minish
Mink
Mollohan
Montgomery
Morgan
Moss
Murphy, Ill.
Murtha
Myers, Ind.
Natcher
Neal
Nichols
Nix
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Perkins
Pickle
Pike
Poage
Preyer
Price
Quie
Quillen
Randall
Rangel
Reuss
Rhodes
Risenhoover
Roberts
Robinson
Rodino
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Rousselot
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Satterfield
Scheuer
Seiberling
Shipley
Shuster
Sikes
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Steed
Steiger, Ariz.
Stephens
Stokes
Stratton
Stuckey
Sullivan
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thompson
Thornton
Treen
Udall
Ullman
Van Deerlin
Vander Jagt
Vigorito
Waggonner
White
Whitehurst
Whitten
Wilson, Bob
Wilson, Tex.
Wolff
Wright
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—148

Abdnor
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Archer
Aspin
AuCoin
Bafalis
Baldus
Baucus
Bedell
Bell
Bennett
Biester
Blouin
Bonker
Brodhead
Brown, Ohio
Broyhill
Buchanan
Burgener
Butler
Carr
Cederberg
Cochran
Cohen
Conable
Conlan
Conte
Cornell
Coughlin
D'Amours
Dellums
Derwinski
Dodd
Downey, N.Y.
Drinan
du Pont
Duncan, Tenn.
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
Erlenborn
Esch
Eshleman
Evans, Ind.
Fascell
Fenwick
Fish
Fisher
Fithian
Florio
Flynt
Forsythe
Frenzel
Gilman
Goodling
Gradison
Grassley
Green
Hagedorn
Hamilton
Hannaford
Harrington
Harris
Hastings
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Hillis
Hughes
Jacobs
Jeffords
Johnson, Colo.
Kasten
Kastenmeier
Keys
Lehman
Litton
Lujan
McClory
McCloskey
McCollister
McDade
McEwen
McHugh
McKinney
Madigan
Maguire
Mann
Martin
Mazzoli
Mikva
Miller, Calif.
Miller, Ohio
Mineta
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Moore
Moorhead, Calif.
Mosher
Mottl
Myers, Pa.
Nolan
Nowak
Pepper
Pettis
Peyser
Pressler
Pritchard
Railsback
Regula
Richmond
Riegle
Rinaldo
Roe
Rogers
Roush
Santini
Sarasin
Sarbanes
Schneebeli
Schroeder
Schulze
Sebelius
Sharp
Shriver
Simon
Spence
Stark
Steelman
Studds
Thone
Traxler
Tsongas
Vander Veen
Walsh
Wampler
Waxman
Weaver
Whalen
Wirth
Wydler

ANSWERED "PRESENT"—1

Steiger, Wis.

NOT VOTING—27

Carter
Clawson, Del
Cleveland
Collins, Ill.
Conyers
Derrick
Evins, Tenn.
Fary
Fraser
Gude
Jones, Okla.
Ketchum
Lent
McCormack
Milford
Moorhead, Pa.
Murphy, N.Y.
Nedzi
Passman
Rees
Sisk
Solarz
Teague
Vanik
Wiggins
Wilson, C. H.
Winn

The Clerk announced the following pairs:

Mr. Teague with Mr. Rees.

Mr. Passman with Mr. Carter.

Mr. Moorhead of Pennsylvania with Mr. Conyers.

Mr. Murphy of New York with Mr. Fary.

Mr. McCormack with Mr. Cleveland.

Mr. Jones of Oklahoma with Mr. Derrick.

Mr. Evins of Tennessee with Mr. Fraser.

Mr. Vanik with Mr. Del Clawson.

Mr. Solarz with Mr. Gude.

Mr. Sisk with Mr. Wiggins.

Mr. Nedzi with Mr. Lent.

Mr. Charles H. Wilson of California with Mr. Milford.

Mrs. Collins of Illinois with Mr. Winn.

Messrs. ABDNOR, DODD, DOWNEY of New York, and MITCHELL of Maryland changed their vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. **HAYS** of Ohio. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks, and include extraneous matter, on the resolution just agreed to.

The **SPEAKER**. Is there objection to the request of the gentleman from Ohio?

There was no objection.

LOAN OF THE MAGNA CARTA TO THE UNITED STATES FOR THE BICENTENNIAL CELEBRATION

Mr. **O'NEILL**. Mr. Speaker, on behalf of the minority leader and myself, I offer a concurrent resolution (H. Con. Res. 458) and ask unanimous consent for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 458

Whereas, The historic document known as the Magna Carta of 1215 A.D. represents an essential link in the long chain of constitutional instruments; and

Whereas, American colonists brought with them from England the traditions of free government and the principle that all persons stand as equals before the law, concepts which had been embodied in the Magna Carta, and they regarded them as their birthright and incorporated them in their colonial charters and constitutions; and

Whereas, In drafting the Constitution and the Bill of Rights of the United States, our founding fathers sought to guarantee to the people of these United States the freedom of the church, an independent judiciary, the right to a speedy trial, and the concept of due process of law, which principles were clearly derived from the Magna Carta; and

Whereas, In recognition of the Bicentennial celebrations of the United States of America, the House of Lords and the House of Commons of the Parliament of the United Kingdom of Great Britain and Northern Ireland have unanimously adopted motions respectfully praying that Her Majesty, The Queen, direct that an original copy of the Magna Carta be loaned to the people of the United States, to be held by their representative, the Congress of the United States, for a period of one year; and

Whereas, This loan has been authorized by Her Majesty, The Queen, in order that this historic document may be displayed in the Capitol, enclosed in a showcase donated by the United Kingdom for that purpose; Therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States recognizes that it is natural that men should value the original documents which guarantee their rights, and thus hereby expresses its sincere gratitude to Her Majesty, The Queen, the Parliament and the people of the United Kingdom for their loan to this Nation of the Magna Carta, a document of historic and symbolic significance to the peoples of both our Nations, and believes that its temporary residence here in the country of its philosophical descendants, the Declaration of Independence, the Constitution and the Bill of Rights, will contribute an important historical perspective to the Bicentennial celebration; and be it further

Resolved, That the showcase donated to the United States by the United Kingdom to be used to display the Magna Carta may be placed in the rotunda of the United States Capitol, and the Architect of the Capitol is hereby authorized to make the necessary arrangements therefor, including the payment of all necessary expenses incurred in connection with the installation, maintenance, and protection thereof; and be it further

Resolved, That the Secretary of State is requested to transmit a copy of these resolutions to the Parliament of the United Kingdom of Great Britain and Northern Ireland.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

CONSUMER PRODUCT SAFETY COMMISSION IMPROVEMENTS ACT OF 1975

Mr. VAN DEERLIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 6844) to amend the Consumer Product Safety Act, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from California.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 6844, with Mr. Bergland in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Before the Committee rose on Friday, September 26, 1975, it had been agreed that section 13, ending on page 22, line 12, would be considered as read and open to amendment at any point.

There was pending the amendment offered by the gentleman from North Carolina (Mr. Broyhill) to strike section 13. Without objection, the Clerk will again report the amendment offered by the gentleman from North Carolina.

There was no objection.

AMENDMENT OFFERED BY MR. BROYHILL

The Clerk read as follows:

Amendment offered by Mr. Broyhill: Page 21 strike line 23 through line 12 on page 22. Redesignate the succeeding sections accordingly.

Mr. McCOLLISTER. Mr. Chairman, I ask unanimous consent that the gentleman from North Carolina (Mr. Broyhill) may have an additional 5 minutes in which to further explain his amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

Mr. VAN DEERLIN. Mr. Chairman, reserving the right to object, I am sure the gentleman from Nebraska (Mr. McCollister) intends there should be an opportunity for both sides to summarize under this unanimous-consent request.

Mr. McCOLLISTER. Mr. Chairman, if the gentleman will yield, no; responding to the gentleman, it was my intention that the gentleman from North Carolina have 5 minutes, and I would not object to the gentleman from California having some time too.

Mr. VAN DEERLIN. No; the gentleman would not, but some other Member might, so I would have to insist the unanimous consent request be withdrawn and one be offered to cover both sides.

Mr. McCOLLISTER. Mr. Chairman, I withdraw my unanimous-consent request.

Mr. Chairman, I ask unanimous consent that both the minority and the majority may have 5 minutes each in which to restate the arguments stated at the time the committee rose 5 weeks ago.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

Mr. ECKHARDT. Mr. Chairman, reserving the right to object, may I inquire, is there a limitation on time at present?

The CHAIRMAN. There is no limitation on time.

Mr. ECKHARDT. Then any Member would have the right to have 5 minutes in which to speak?

The CHAIRMAN. The gentleman is correct.

Mr. ECKHARDT. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The CHAIRMAN. The gentleman from North Carolina (Mr. Broyhill) is recognized for 5 minutes in support of his amendment.

Mr. BROYHILL. Mr. Chairman, my amendment would strike section 13 of the bill.

First let me explain what the present law provides. When the Consumer Product Safety Act was enacted in the 91st Congress we decided at that time, that we would transfer jurisdiction over other safety laws that the Congress had passed in recent years, and it would give that jurisdiction to the Consumer Product Safety Commission. In other words, we did not repeal those laws and pass one law to regulate potential hazards of consumer products. We said that if a potential hazard could be regulated under those old acts, then they had to use the authorities in those old acts to regulate that potential hazard.

We thought that was a fair way to go about it since the industries that were being regulated under those acts were accustomed to those. For example, those industries that would be regulated under the Flammable Fabrics Act were already familiar with its provisions and with its regulations and the court decisions that had been handed down under that act.

Mr. Chairman, the language in the committee bill would reverse all of this. It would say that the Consumer Products Safety Commission could pick and choose the act under which it wants to regulate a potential hazard. My amendment would strike the language in section 13 and retain the law as it is presently written.

Now, we just do not know what effect the committee language would have. There has been really relatively little discussion and debate on this in the hearings. Really, there is not a lot of information available to us as to the effect this would have on the regulated industries.

I think that Members realize there has been a lot of regulations that have been written under each one of these acts that are administered by the Consumer Product Safety Commission. Also, there have been a number of court decisions that have been handed down. So how would the businesses and the industries that are regulated be aware of what requirements are going to be made of them if the Commission should pick and choose the authorities under which to regulate potential hazards?

So what I am asking is that we strike this language. If it is best to regulate potential hazards of consumer products under one law, then let the Congress make that decision and not some agency downtown make that decision for us.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, were not the transfered acts, the hazardous substances and others, drawn with rather a narrow purpose in mind at the time of their passage? Will not the ability of the Commission to pick and choose from among those transferred acts, those acts which were specifically designed for specific situations now broadly applied in the terms of the Consumer Product Safety Act, give quite a different weight and action as far as those transferred acts are concerned?

Mr. BROYHILL. The gentleman is correct. I was pointing out, for instance, the Flammable Fabrics Act has been on the books for some time. People know what to expect under that act. It seems to be working well; but now the regulated industries may have to be regulated under another act or possibly under both acts. They do not know what the regulations are. The Commission could come after them and we do not know which act they would use.

Mr. McCOLLISTER. If the gentleman will yield further, would not this amount to a very substantial delegation by the Congress of its legislative powers to an agency?

Mr. BROYHILL. That is absolutely correct, because it would be the agency that would make that decision, not the Congress.

Mr. FREY. Mr. Chairman, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from Florida.

Mr. FREY. Mr. Chairman, we do have a specific law to cover those hazards. They are well drawn.

Mr. BROYHILL. That is correct.

Mr. FREY. But this would put someone intending to carry out the law in an impossible position. If one Commission, for instance, said go ahead and do this and these companies have spent money and done it and the other Commission says do not do it, they are put in an impossible situation.

Mr. VAN DEERLIN. Mr. Chairman, I rise against the Broyhill amendment.

Mr. Chairman, I would urge as many Members as possible to stay on the floor as long as possible when we are discussing this amendment. We do not want to be bogged down in quorum calls, but yet it is almost certain we will have to have a recorded vote on this amendment.

All that section 13 in this bill does is to provide the Product Safety Commission with a greater flexibility in dealing with the various laws that come within the jurisdiction of that Commission and not, as the gentleman from Florida suggested, having to do with the jurisdictions of several different commissions.

It just happens that this section provides some safeguards for industry, as well as for the consumer, and it should, therefore, remain in the bill.

Now, the opponents of the provision argue that businesses will not know which act they are going to be regulated under. Nothing could be further from the truth. As we pointed out in the earlier debate on this bill, before issuing safety standards under any of the acts, the Consumer Product Safety Commission must give public notice and opportunity for comment. This in itself surely tells any industry which of the laws they are going to be regulated under.

Further, if the Commission decides to regulate a business under the Consumer Product Safety Act, then those businesses will be given more procedural safeguards than they are offered under the Flammable Fabrics or Poison Prevention Packaging Act.

Mr. BROYHILL. Mr. Chairman, will the gentleman yield?

Mr. VAN DEERLIN. I yield to the gentleman from North Carolina.

Mr. BROYHILL. How can there be any assurance as to which act will be used, for example, in assessing any civil penalties; which act would be used, say, if it would be necessary to go into court to seek injunction? There are all of these various questions which immediately come to mind because the Commission could very conceivably jump back and forth from one act to another in taking the authorities that it wanted.

Mr. VAN DEERLIN. I do not think they could winsomely jump back and forth.

Mr. BROYHILL. What is in the law here to prevent them from doing that?

Mr. VAN DEERLIN. I would agree with the gentleman, and I am sure he feels as I do, that ultimately the whole spectrum of these laws should be brought under one tent.

Mr. BROYHILL. I agree with the gentleman. All I am asking is, let us let the Congress do that and not the agency.

Mr. VAN DEERLIN. Today, we must try to do the best job we can in extending the life of the Commission with the new flexibility section 13 provides. Further, in addition to the safeguards provided on the face of things here, business must be given an opportunity under the law to establish its own standard, to devise its own safety standard and to give the Commission an opportunity to accept or reject that, so it is not a matter of imposing any undue burden upon them.

Furthermore, they are provided with the opportunity for an oral hearing if there is any argument. We have provided in earlier debate on this bill examples both in the bicycle industry and in the fireworks industry, the manner in which the Commission has been frustrated thus far in trying to move without the opportunity to use the law which is most applicable, most appropriate to the problem at hand.

I can only implore the Members to keep this section in the bill to give the Commission the opportunity to do the job which Congress gave it do to.

Mr. ECKHARDT. Mr. Chairman, I move to strike the last word, and I rise to speak against the amendment.

Mr. Chairman, I have the highest respect for the ability and integrity of the gentleman from North Carolina, but in this particular instance I think he has been led into error with respect to the question of notice of what actions and what standards are applicable to a particular activity.

Let us assume, for instance, that the question involved a question respecting the danger involved in making mattresses of some flammable material. If the Commission decides to put into effect the provisions of the Product Safety Act, under the terms of the section that the gentleman from North Carolina would strike, the Commission may take action under this act to regulate such risk of injury only if the Commission, by order published in the Federal Register, finds that it is in the public interest to regulate such risk of injury under this act.

Therefore, it must publish in the Federal Register its intent to regulate the flammability of mattresses under this act rather than under the Flammable Fabrics Act. If it does publish such order and does thereby make the election to utilize the Product Safety Act instead of the Flammable Fabrics Act, then it may not use the Flammable Fabrics Act. Therefore, it must clearly give advance notice of what it intends to do.

But, in addition to that, it must furthermore, in order to make an order applicable under the Products Safety Act, in accordance with this section and section 9, promulgate consumer products safety standards by rule.

It then sets out the manner in which the rule is promulgated.

Mr. Chairman, I urge my colleagues to recognize this proposition: that the method of making that rule is one of the most cautiously guarded processes with respect to due process in any administrative law.

Mr. BROYHILL. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from North Carolina.

Mr. BROYHILL. I thank the gentleman for yielding.

I do not think that the gentleman said anything that I disagree with, but there is always the uncertainty of what is the commission going to do, which act is it going to use.

Mr. ECKHARDT. That is correct.

Mr. BROYHILL. Let us assume that the commission uses one act in order to write the regulation. Then which act would apply in the authority to go in and to investigate or to require reports? We do not know which act.

Mr. ECKHARDT. Yes, we would know.

Mr. BROYHILL. There is an ambiguity there.

Mr. ECKHARDT. One would have to know, under the provisions of section 13 of the act we have before us.

Mr. BROYHILL. There is an ambiguity there, which has been expressed to me by competent legal counsel, that the commission would still have legal authority to use either act with respect to investigation, reporting, injunctive relief and so forth.

Mr. ECKHARDT. Let us attempt to clear up that ambiguity, if there be one, at this time.

Mr. BROYHILL. I do not think we can do it except by legislation.

Mr. ECKHARDT. I think it is perfectly clear here in this act that in order for the commissioner to take action under the Consumer Product Safety Act, he may do so only if the commission, by order published in the Federal Register, advises that it is in the public interest to regulate such risk of injury under this act.

As I understand that, that is an absolute prerequisite to action under the Product Safety Act.

I will ask the chairman of the committee if he does not understand it the same way.

Mr. VAN DEERLIN. Of course.

Mr. ECKHARDT. The second proposition is this: When he has made such a determination, and he has issued such an order and he has thereby designated the Product Safety Act as the act under which he will proceed, if I understand correctly, he may not proceed under another act, so long as that order is in effect.

Mr. VAN DEERLIN. That is the understanding of the committee, yes.

The CHAIRMAN. The time of the gentleman from Texas (Mr. ECKHARDT) has expired.

(On request of Mr. MCCOLLISTER, and by unanimous consent, Mr. ECKHARDT was allowed to proceed for 2 additional minutes.)

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield to me?

Mr. ECKHARDT. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, I think I know the answer to the question I am about to ask the gentleman, but does not the gentleman from Texas (Mr. ECKHARDT) believe that whatever the measure of these ambiguities and uncertainties, is not the place to resolve these in the Congress, in the committee, by resolving these things carefully, with the legislative history to stand the test of time, to tell the Clerk subsequently what we meant? Would not that be a much better procedure?

Mr. ECKHARDT. Let me answer my colleague from Nebraska by saying this: I do not find any ambiguity in that respect to this proposition. But I think what the gentleman is getting at is, would it not be better in advance for Congress to rigidly choose which act governed the type of activity, rather than to leave that question of determination to the commission, even after a published order? If that is the gentleman's question, I think I can answer it.

Mr. McCOLLISTER. It is not quite, but I would be interested in what the gentleman has to say.

Mr. ECKHARDT. I would say, in the long run, it would be better for the Congress to resolve it. But what has happened is this: Those regulated by the Flammable Fabrics Act, and other specific acts have become used to operating under those procedures and under those orders. So they have urged us not to abolish those acts immediately. I think we will all recognize ultimately the entire field of safety should be absorbed in this act so that a single standard applies.

Now, what we are doing in an interim period is permitting the use either of the old acts or of this act, but we require the Administrator by order to make a choice as between the acts and give notice of which act is applicable. I consider this to be a very reasonable procedure and one that is, I feel, most conducive to permitting manufacturers regulated by these acts to receive the fairest treatment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina (Mr. BROYHILL).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. ECKHARDT. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count.

Thirty-eight Members are present, not a quorum. The call will be taken by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 629]

Andrews, N.C.
Ashley
Barrett
Bingham
Boggs
Brown, Calif.
Burton, John
Clawson, Del
Clay
Cleveland
Collins, Ill.
Conyers
Diggs
Drinan
Duncan, Oreg.
du Pont
Early
Erlenborn
Esch
Evins, Tenn.
Fary
Fraser
Giaimo
Gibbons
Hanley
Harsha
Hébert
Ichord
Jones, Okla.
Kastenmeier
Ketchum
Kindness
LaFalce
Lent
McDade
Mathis
Mikva
Milford
Moorhead, Pa.
Murphy, N.Y.
Myers, Ind.
Nedzi
Nichols
O'Neill
Passman
Patman, Tex.
Pattison, N.Y.
Pike
Reuss
Rhodes
Runnels
Scheuer
Shuster
Sisk
Solarz
Stanton, James V.
Steed
Teague
Vanik
Whitten
Wiggins
Wilson, C. H.
Winn
Yatron
Young, Alaska

Accordingly the Committee rose; and the Speaker pro tempore (Mr. McFALL) having assumed the chair, Mr. BERGLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 6844, and finding itself without a quorum, he had directed the Members to record their presence by electronic device, whereupon 368 Members recorded their presence, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

PARLIAMENTARY INQUIRY

Mr. ECKHARDT. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ECKHARDT. Mr. Chairman, I should like to ask a parliamentary inquiry to ascertain our parliamentary position at the present time. Do I understand correctly that there is pending the demand of the gentleman from Texas for a recorded vote on the amendment offered by the gentleman from North Carolina (Mr. BROYHILL)?

The CHAIRMAN. That is correct.

Mr. ECKHARDT. And we have not had a showing of support for the recorded vote as of this time?

The CHAIRMAN. The gentleman is correct.

Mr. ECKHARDT. I thank the Chairman.

RECORDED VOTE

The CHAIRMAN. The pending business before the Committee is the demand by the gentleman from Texas (Mr. ECKHARDT) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 204, noes 205, not voting 25, as follows:

[Roll No. 630]

AYES—204

Abdnor
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bell
Bennett
Bevill
Breaux
Brinkley
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Byron
Carter
Casey
Cederberg
Chappell
Clancy
Clausen, Don H.
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Danielson
Derrick
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
Edwards, Ala.
Emery
English
Erlenborn
Esch
Eshleman
Evans, Ind.
Findley
Fish
Flowers
Flynt
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gibbons
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hammerschmidt
Hansen
Harsha
Hastings
Hefner
Heinz
Henderson
Hightower
Hillis
Hinshaw
Holland
Holt
Howe
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Kasten
Kelly
Kemp
Kindness
Krueger
Lagomarsino
Landrum
Latta
Lloyd, Tenn.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McKay
McKinney
Madigan
Mahon
Mann
Martin
Mathis
Michel
Miller, Ohio
Mills
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Murtha
Myers, Ind.
Myers, Pa.
Neal
Nichols
O'Brien
Patten, N.J.
Pettis
Peyser
Pickle
Poage
Pressler
Preyer
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Rinaldo
Risenhoover
Roberts
Robinson
Rose
Roush
Rousselot
Runnels
Ruppe
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stuckey
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Traxler
Treen
Vander Jagt
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wilson, Bob
Winn
Wydler
Wylie
Yatron
Young, Alaska
Young, Fla.
Young, Tex.

NOES—205

Abzug
Adams
Addabbo
Albert
Alexander
Ambro
Anderson, Calif.
Annunzio
Ashley
Aspin
AuCoin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breckinridge
Brodhead
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Chisholm
Conte
Corman
Cornell
Cotter
D'Amours
Daniels, N.J.
Davis
de la Garza
Delaney
Dellums
Dent
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Evans, Colo.
Fascell
Fenwick
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Gaydos
Giaimo
Gonzalez
Green
Gude
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Helstoski
Hicks
Holtzman
Howard
Hubbard
Jacobs
Jenrette
Johnson, Calif.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Keys
Koch
Krebs
LaFalce
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Long, La.
Long, Md.
McFall
McHugh
Macdonald
Madden
Maguire
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Natcher
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Patman, Tex.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pike
Price
Rangel
Rees
Reuss
Richmond
Riegle
Rodino
Roe
Rogers
Roncalio
Rooney
Rosenthal
Rostenkowski
Roybal
Russo
Ryan
St Germain
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Smith, Iowa
Spellman
Staggers
Stanton, James V.
Stark
Stokes
Studds
Sullivan
Symington
Thompson
Tsongas
Udall
Ullman
Van Deerlin
Vander Veen
Vigorito
Waxman
Weaver
Whalen
Wilson, Tex.
Wirth
Wolff
Wright
Yates
Young, Ga.
Zablocki
Zeferetti

NOT VOTING—25

Clawson, Del
Clay
Cleveland
Collins, Ill.
Conyers
du Pont
Evins, Tenn.
Fary
Fraser
Hébert
Horton
Jones, Okla.
Ketchum
Lent
Milford
Moorhead, Pa.
Murphy, N.Y.
Nedzi

Passman
Sisk
Solarz
Teague
Vanik
Wiggins
Wilson, C. H.

Messrs. **DENT** and **LEGGETT** changed their votes from "aye" to "no."

Messrs. **HAGEDORN** and **CHAPPELL** changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The **CHAIRMAN**. Are there further amendments to section 13? If not, the Clerk will read.

The Clerk read as follows:

EFFECT ON STATE LAW

SEC. 14. (a) Section 18(b) of the Federal Hazardous Substances Act is amended to read as follows:

"(b)(1)(A) Except as provided in paragraphs (2) and (3), if a hazardous substance or its packaging is subject to a cautionary labeling requirement under section 2(p) or 3(b) designed to protect against a risk of illness or injury associated with the substance, no State or political subdivision of a State may establish or continue in effect a cautionary labeling requirement applicable to such substance or packaging and designed to protect against the same risk of illness or injury unless such cautionary labeling requirement is identical to the labeling requirement under section 2(p) or 3(b).

"(B) Except as provided in paragraphs (2) and (3), if under regulations of the Secretary promulgated under or for the enforcement of section 2(q) a requirement is established to protect against a risk of illness or injury associated with a hazardous substance, no State or political subdivision of a State may establish or continue in effect a requirement applicable to such substance and designed to protect against the same risk of illness or injury unless such requirement is identical to the requirement established under such regulations.

"(2) The Federal Government and the government of any State or political subdivision of a State may establish and continue in effect a requirement applicable to a hazardous substance for its own use (or to the packaging of such a substance) which requirement is designed to protect against a risk of illness or injury associated with such substance and which is not identical to a requirement described in paragraph (1) applicable to such substance (or packaging) and designed to protect against the same risk of illness or injury if the Federal, State, or political subdivision requirement provides a higher degree of protection from such risk of illness or injury than the requirement described in paragraph (1).

"(3)(A) Upon application of a State or political subdivision of a State, the Commission may, by regulation promulgated in accordance with subparagraph (B), exempt from paragraph (1), under such conditions as may be prescribed in such regulation, a requirement of such State or political subdivision designed to protect against a risk of illness or injury associated with a hazardous substance if—

"(i) compliance with the requirement would not cause the hazardous substance (or its packaging) to be in violation of the applicable requirement described in paragraph (1), and

"(ii) the State or political subdivision requirement (I) provides a significantly higher degree of protection from such risk of illness or injury than the requirement described in paragraph (1), and (II) does not unduly burden interstate commerce.

In determining the effect of a State or political subdivision requirement on interstate commerce the Commission shall consider and make appropriate findings on the technological and economic feasibility of complying with such requirement, the cost of complying with such requirement, the geographic distribution of the substance to which the requirement would apply, the probability of other States or political subdivisions applying for an exemption under this paragraph for a similar requirement, and the need for a national, uniform requirement under this Act for such substance (or its packaging).

"(B) A regulation under subparagraph (A) granting an exemption for a requirement of a State or political subdivision of a State may be promulgated by the Commission only after it has provided in accordance with section 553(b) of title 5, United States Code, notice with respect to the promulgation of the regulation and has provided opportunity for the oral presentation of views respecting its promulgation.

"(4) As used in this subsection, the term 'Commission' means the Consumer Product Safety Commission.".

(b) Section 16 of the Flammable Fabrics Act is amended to read as follows:

"PREEMPTION

"SEC. 16. (a) Except as provided in subsections (b) and (c), whenever a flammability standard or other regulation for a fabric, related material, or product is in effect under this Act, no State or political subdivision of a State may establish or continue in effect a flammability standard or other regulation for such fabric, related material, or product if the standard or other regulation is designed to protect the public against the same risk of occurrence of fire with respect to which the standard or other regulation under this Act is in effect unless the State or political subdivision standard or other regulation is identical to the Federal standard or other regulation.

"(b) The Federal Government and the government of any State or political subdivision of a State may establish and continue in effect a flammability standard or other regulation applicable to a fabric, related material, or product for its own use which standard or other regulation is designed to protect against a risk of occurrence of fire with respect to which a flammability standard or other regulation is in effect under this Act and which is not identical to such standard or other regulation if the Federal, State, or political subdivision standard or other regulation provides a higher degree of protection from such risk of occurrence of fire than the standard or other regulation in effect under this Act.

"(c)(1) Upon application of a State or political subdivision of a State, the Commission may, by regulation promulgated in accordance with paragraph (2), exempt from subsection (a), under such conditions as may be prescribed in such regulation, a flammability standard or other regulation of such State or political subdivision applicable to a fabric, regulated material, or product subject to a standard or other regulation in effect under this Act, if—

"(A) compliance with the requirement would not cause the fabric, related material, or product to be in violation of the standard or other regulation in effect under this Act, and

"(B) the State or political subdivision standard or other regulation (i) provides a significantly higher degree of protection from the risk of occurrence of fire with respect to which the Federal standard or other regulation is in effect, and (ii) does not unduly burden interstate commerce.

In determining the effect of a State or political subdivision flammability standard or other regulation on interstate commerce the Commission shall consider and make appropriate findings on the technological and economic feasibility of complying with such flammability standard or other regulation, the cost of complying with such flammability standard or other regulation, the geographic distribution of the fabric, related material, or product to which the flammability standard or other regulation would apply, the probability of other States or political subdivisions applying for an exemption under this subsection for a similar flammability standard or other regulation, and the need for a national, uniform flammability standard or other regulation under this Act for such fabric, related material, or product.

"(2) A regulation under paragraph (1) granting an exemption for a flammability standard or other regulation of a State or political subdivision of a State may be promulgated by the Commission only after it has provided in accordance with section 553(b) of title 5, United States Code, notice with respect to the promulgation of the regulation and has provided opportunity for the oral presentation of views respecting its promulgation.

"(d) For purposes of this section—

"(1) a reference to a flammability standard or other regulation for a fabric, related material, or product in effect under this Act includes a standard of flammability continued in effect by section 11 of the Act of December 14, 1967 (Public Law 90–189); and

"(2) the term 'Commission' means the Consumer Product Safety Commission.".

(c) Section 8 of the Poison Prevention Packaging Act of 1970 (15 U.S.C. 1476) is amended (1) by striking out "Whenever" and inserting in lieu thereof "(a) Except as provided in subsections (b) and (c), whenever", and (2) by adding at the end thereof the following:

"(b) The Federal Government and the government of any State or political subdivision of a State may establish and continue in effect, with respect to a household substance for its own use, a standard for special packaging or related requirement which is designed to protect against a risk of illness or injury with respect to *which* a standard for special packaging or related requirement is in effect under this Act and which is not identical to such standard or requirement if the Federal, State, or political subdivision standard or requirement provides a higher degree of protection from such risk of illness or injury than the standard or requirement in effect under this Act.

"(c)(1) Upon application of a State or political subdivision of a State, the Commission may, by regulation promulgated in accordance with paragraph (2), exempt from subsection (a), under such conditions as may be prescribed in such regulation, a standard for special packaging or related requirement of such State or political subdivision applicable to a household substance subject to a standard or requirement in effect under this Act if—

"(A) compliance with the standard or requirement would not cause the household substance to be in violation of the standard or requirement in effect under this Act, and

"(B) the State or political subdivision standard or requirement (i) provides a significantly higher degree of protection from the risk of illness or injury with respect to which the Federal standard or requirement is in effect, and (ii) does not unduly burden interstate commerce.

In determining the effect of a State or political subdivision standard or requirement on interstate commerce the Commission shall consider and make appropriate findings on the technological and economic feasibility of complying with such standard or requirement, the cost of complying with such standard or requirement, the geographic distribution of the household substance to which the standard or requirement would apply, the probability of other States or political subdivisions applying for an exemption under this subsection for a similar standard or requirement, and the need for a national, uniform standard or requirement under this Act for such household substance.

"(2) A regulation under paragraph (1) granting an exemption for a standard or requirement of a State or political subdivision of a State may be promulgated by the Commission only after it has provided in accordance with section 553(b) of title 5, United States Code, notice with respect to the promulgation of the regulation and has provided opportunity for the oral presentation of views respecting its promulgation.".

(d) Subsections (b) and (c) of section 26 of the Consumer Product Safety Act (15 U.S.C. 2075) are amended to read as follows:

"(b) Subsection (a) of this section does not prevent the Federal Government or the government of any State or political subdivision of a State from establishing or continuing in effect a safety requirement applicable to a consumer product for its own use which requirement is designed to protect against a risk of injury associated with the product and which is not identical to the consumer product safety standard applicable to the product under this Act if the Federal, State, or political subdivision requirement provides a higher degree of protection from such risk of injury than the standard applicable under this Act.

"(c) Upon application of a State or political subdivision of a State, the Commission may by rule, after notice and opportunity for oral presentation of views, exempt from the provisions of subsection (a) (under such conditions as it may impose) a proposed safety standard or regulation which is described in such application and which is designed to protect against a risk of injury associated with a consumer product subject to a consumer product safety standard under this Act if the State or political subdivision standard or regulation (1) provides a significantly higher degree of protection from such risk of injury than the consumer product safety standard under this Act, and (2) does not unduly burden interstate commerce. In determining the effect of a State or political subdivision requirement on interstate commerce, the Commission shall consider and make appropriate findings on the technological and economic feasibility of complying with such requirement, the cost of complying with such requirement, the geographic distribution of the consumer product to which the requirement would apply, the probability of other States or political subdivisions applying for an exemption under this subsection for a similar requirement, and the need for a national, uniform requirement under this Act for such consumer product."

Mr. VAN DEERLIN (during the reading). Mr. Chairman, I ask unanimous consent that section 14 be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDMENT OFFERED BY MR. ECKHARDT

Mr. ECKHARDT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Eckhardt: Page 23, line 1, strike out "(2) and (3)" and insert in lieu thereof "(2), (3), and (4)".

Page 25, insert after line 6 the following new paragraph (4):

"(4) Paragraph 1(B) does not prohibit a State or a political subdivision of a State from establishing or continuing in effect a requirement which is designed to protect against a risk of illness or injury associated with fireworks devices or components thereof and which provides a higher degree of protection from such risk of illness or injury than a requirement in effect under a regulation of the Secretary described in such paragraph.

Page 25, line 7, strike out "(4)" and insert in lieu thereof "(5)".

Mr. ECKHARDT. Mr. Chairman, this is an amendment that simply exempts from Federal preemption State and local safety regulations applicable to fireworks.

Fireworks are a unique type of hazard, and the hazards in one area are quite different from the hazards that may exist in other areas. This amendment simply leaves with the States and local subdivisions authority to regulate fireworks.

Mr. VAN DEERLIN. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from California.

Mr. VAN DEERLIN. Mr. Chairman, I am inclined to accept the gentleman's amendment. I really do not see any obstacle from either side to the amendment.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, I agree with the gentleman from California. We have no objection to the amendment on this side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. Eckhardt).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. HEINZ

Mr. HEINZ. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Heinz: Page 31, insert after line 25, the following new section:

CONSIDERATION OF THE NEEDS OF ELDERLY AND HANDICAPPED PERSONS

Sec. 15. Section 9(b) of the Consumer Product Safety Act (15 U.S.C. 2058(b)) is amended by adding at the end the following new sentence: "In the promulgation of such a rule the Commission shall also consider the special needs of elderly and handicapped persons to determine the extent to which such persons would be adversely affected by the promulgation of such rule."

Mr. HEINZ. Mr. Chairman, the Consumer Product Safety Commission Improvements Act of 1975 contains an omission which we all too frequently make when considering the health and safety of the American people. In this bill there is no specific mention of allowing for the special needs of the handicapped and the elderly as regulations are promulgated and as they would implement the act.

That attention should be given in an act of this type to persons with special needs should be obvious. We have already taken such needs into account in the development of "childproof" packaging regulations ordered by the Product Safety Commission. We forget, however, that what is "childproof" can also be "adultproof," especially if the package is designed to require the normal strength and dexterity of a healthy adult to open it. Persons who suffer from the arthritic conditions and frailties of old age and who depend on medicines to alleviate pain or stabilize chronic conditions are frustrated by the automatic tendency for pharmacists to put "childproof" lids on all drug packages.

Similarly, certain groups of handicapped people often cannot open, without assistance, packages which require pushing down and twisting or some other fairly complex psychomotor skill. Where childproof packages are required, they can and should be designed so that intellectually able elderly and handicapped persons can open them. We have the technology and the know-how to do this.

In other areas, such as construction of public facilities, including senior centers and buildings used to serve the aged, blind, and disabled, as well as the nonhandicapped or infirm, there is still little attention given to facility design that would take into account the special needs of these groups. How many of you with good eyesight and reflexes have had the experience of nearly walking into a glass door or partition that borders on the invisible?

I am happy to say that Senator Church's Special Committee on Aging in the Senate has taken testimony on this subject from older Americans. The record is that many of our senior citizens, because of vision and hearing problems, become afraid to use home appliances, and often stay in their own homes because the outside environment is unsafe for them and because they have already experienced frightening or frustrating events such as striking a glass door that was not marked for easy identification.

Mr. Chairman, the amendment which I propose has already been introduced and adopted in the Senate in its version of this bill. I hope the Members of this Committee will join us in instructing the Commission to be more sensitive to the special needs of the elderly and handicapped as they consider regulations that affect the health and safety of all Americans.

Mr. VAN DEERLIN. Mr. Chairman, will the gentleman yield?

Mr. HEINZ. I will be happy to yield to the distinguished gentleman from California.

Mr. VAN DEERLIN. Mr. Chairman, on behalf of senior citizens and those of us who are about to become senior citizens, I happily accept the gentleman's amendment as a useful addition to the bill.

Mr. HEINZ. I thank the gentleman from California.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. HEINZ. Yes, I am happy to yield to my friend, the distinguished gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, I compliment the gentleman on his amendment. We not only have no objection, but support it enthusiastically.

Mr. HEINZ. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. Heinz).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ECKHARDT

Mr. ECKHARDT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ECKHARDT: page 31, insert after line 25 the following new section:

FLAMMABLE FABRICS ACT ADVISORY COMMITTEE

SEC. 15. Section 17(a) of the Flammable Fabrics Act (15 U.S.C. 1204(a)) is amended by inserting after the first sentence the following new sentence: "The members of the Committee who are appointed to represent manufacturers shall include representatives from (1) the natural fiber producing industry, (2) the man-made fiber producing industry, and (3) manufacturers of fabrics, related materials, apparel, or interior furnishings."

Mr. ECKHARDT. Mr. Chairman, this amendment merely clarifies who will be representatives of manufacturers. Let me make it clear that the word "manufactures" here is used in a very broad sense to include producers as, for instance, cotton producers.

It assures that representatives of the natural fiber industries, of the man-made fiber industry, and of manufacturers of fabric-related materials, will all be amongst those who are described as constituting a fair and equitable balance on the Flammable Fabrics Board.

Mr. McCOLLISTER. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. Yes, I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Chairman, I support the gentleman's amendment and thank him for offering it.

Mr. VAN DEERLIN. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. Yes, I yield to the gentleman from California.

Mr. VAN DEERLIN. Mr. Chairman, I would say that I think the language of the bill, when first written, intended the result essentially that the gentleman now proposes.

To the extent that his amendment nails it down and makes it abundantly clear, I am prepared to accept his amendment.

Mr. ECKHARDT. Mr. Chairman, I would like to talk to the gentleman from California (Mr. VAN DEERLIN) further in this respect: As I understand, the present Board includes 10 consumer members and 10 industry members. This amendment is in no way intended to direct the Board to change that balance, but is merely to assure that certain industry representatives are not overlooked.

I think we might make that legislative history here because I do not think there is any intent here to change the present policy of appointing an equal number of consumer and industry representatives.

Mr. VAN DEERLIN. If the gentleman will yield further, I should hope that that point would be made abundantly clear.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. Yes: I yield to the gentleman from Texas.

Mr. PATMAN. The gentleman does not expect to make history here in the direction of being against any change if the Board wants to make it, regardless of what it is; is that correct?

Mr. ECKHARDT. No, we are not attempting to bind the Board in this respect: Though we do not bind the Board under the statute, the Board has, I think, been very properly constituted of an even balance of consumer and industry members.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. ECKHARDT).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BUTLER

Mr. BUTLER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUTLER: Page 31, insert after line 25, the following new section:

CONGRESSIONAL REVIEW OF ADMINISTRATIVE ACTIONS OF THE COMMISSION

SEC. 15. Section 27 of the Consumer Product Safety Act (15 U.S.C. 2076) is amended by adding at the end thereof the following new subsection:

"(1) (1) (A) The Commission shall transmit to the Congress and the Commerce Committee of the Senate and the Interstate and Foreign Commerce Committee of the House of Representatives each consumer safety standard promulgated under this Act after the date of the enactment of this subsection and each rule, regulation, and order promulgated by the Commission after such date pursuant to a specific authorization or requirement prescribed by this Act, the Federal Hazardous Substances Act, the Poison Prevention Packaging Act of 1970, or the Flammable Fabrics Act. If, during the first period of 30 calendar days of continuous session of Congress after the date of its transmittal pursuant to the preceding sentence, neither House passes a resolution stating that that House does not approve such standard, rule, regulation, or order, such standard, rule, regulation, or order shall, except as provided under paragraph (2), be effective upon the expiration of such period or the effective date prescribed by the Commission for such standard, rule, regulation, or order, whichever is later.

"(B) For purposes of subparagraph (A) of this paragraph—

"(i) continuity of session is broken only by an adjournment of Congress sine die; and

"(ii) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 30-day period.

"(2) (A) If, after the date a standard, rule, regulation, or order is transmitted pursuant to paragraph (1) to the Congress and the committees referred to in such paragraph, both Houses of Congress pass a concurrent resolution (described in subparagraph (B)) authorizing such standard, rule, regulation, or order to take effect before the expiration of the 30-day period applicable to it under paragraph (1), such standard, rule, regulation, or order may take effect on the date authorized by such concurrent resolution (unless the Commission specifies a later effective date).

"(B) The concurrent resolution referred to in subparagraph (A) is a concurrent resolution the matter after the resolving clause of which reads as follows: 'The Congress authorizes ——, which was transmitted to Congress on ——, 19—, to take effect on ————.'; the first blank space therein being filled with an identification of the standard, rule, regulation, or order which is the subject of the resolution, the second blank space being filled with the date of transmittal of the standard, rule, regulation, or order, and the third blank space being filled with the effective date being authorized by the resolution."

Mr. BUTLER. Mr. Chairman, my amendment would simply add a section to the Consumer Product Safety Act requiring the Commission to submit its regulations to the Congress for possible disapproval by either House prior to the issuance of them.

The precedent for such congressional approval or disapproval of agency regulations is well established and in fact has been experienced on this floor this very day.

There are numerous pieces of legislation similar to the Federal Election Commission Act which has, as I said, a similar provision.

Many times legislation has been introduced to neutralize this procedure in the rules of the House with several bills attracting nearly 200 cosponsors. Hearings on this particular legislation are now underway in the Committee on the Judiciary.

I am sure the Members are all familiar with the instances of agencies issuing rules and regulations which go far beyond the intent of the Congress, or which impose senseless restrictions upon the public.

With respect to this particular issue we have experienced the case of the toy manufacturer being nearly driven out of business through inadvertence, and with regard to OSHA filing administrative pesticide regulations, the justification for which the courts and the GAO found to be without foundation.

The list is almost endless.

I do not anticipate frequent use of this provision, indeed, it would be my fervent hope that it would never be used. However, when we are vesting these independent agencies with such very large powers then I feel it is incumbent upon us, the Congress, to find some means to prevent such abuse of these powers. The function of this amendment is to bring the regulations back to the Congress for a possible disapproval within a period of 30 days.

This is I think an appropriate way for the Congress to exercise its oversight and legislative responsibilities over the rule-making powers of the Consumer Product Safety Commission.

Mr. BAUMAN. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Chairman, I thank the gentleman for yielding to me. I want to compliment the gentleman from Virginia for offering his amendment. We have heard a debate that extended for almost an hour earlier today on the subject of the Federal Election Commission's rulemaking powers. The House overruled them in a proper exercise of our power. I think that the very least we can do for all American citizens is to extend to them the same privilege that we accord ourselves, the right of oversight of the various Federal Commissions who so frequently issue harmful regulations that badly need review by the Congress.

Mr. BUTLER. If the gentleman is suggesting that we can reserve justification of the Federal Election Commission legislation because it protects Members of the Congress, and would not have been approved were it to protect the American people, I would certainly resist such a suggestion because I think the Congress would necessarily approve whatever was appropriate for the American public just like it has done for itself.

Mr. MOFFETT. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from Connecticut.

Mr. MOFFETT. Mr. Chairman, I thank the gentleman for yielding to me. I think I share with the gentleman from Virginia and many other Members of this body the frustration that is reflected in our constituencies many times when inappropriate and overly burdensome rules and regulations are issued, but I really question whether this is the way to get at it.

First, it does not seem to me that the Congress, for example, has the technical expertise to evaluate the regulations. I would appreciate comments from the gentleman from Virginia on this problem.

Mr. BUTLER. I think that is a very good observation. Certainly I think we are elected to be just as stupid as we are to be smart. But we have a responsibility to be sure that the legislation is sound, and we have the same responsibility with reference to regulations. When regulations of a technical nature come back to us, the Congress, then we have got to find the expertise within our committees and within our bodies to pass judgment on them and not delegate to these people, who then arrogate to themselves greater brain power and greater intelligence than the Members of Congress. It simply does not work that way. If we are so dumb as to create agencies smarter than we are—and we admit that—then we ought to be replaced.

Mr. MOFFETT. I am not suggesting we should not exert oversight; I am saying it can be done in different ways. For example, each Member of this body, it seems to me, has the right to go downtown and intervene in an agency proceeding where they are promulgating regulations. Many of us talk about that, but very few of us do actually intervene in those proceedings.

Mr. BUTLER. Would the gentleman like to have me reply to that?

Mr. MOFFETT. Yes.

Mr. BUTLER. Of course, we may very well have the responsibility and we may very well have the opportunity to intervene, but at the same time the agency has the responsibility and the opportunity to do what in their infinite wisdom they think is best. They ignore what the Congress says, and we have no answer. If we have this sort of thing hanging over the head of the agency, then it will listen to the Congress, and it will do what the Congress wants, and then we would not be bothered with having to go through this procedure.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate the gentleman's yielding.

In response to the gentleman from Connecticut, our colleague, the gentleman from Texas (Mr. PATMAN) will tell him how much attention he will get when he goes down to, say, the Federal Reserve Board. The gentleman from Texas (Mr. PATMAN) has been down many times trying to talk to the Federal Reserve Board, and he will tell the gentleman how much attention they pay to a Member of Congress.

I think the point is well taken that we should at least give ourselves the opportunity to review new rules and regulations during a 30-day time. We have technical staff on most of our committees. We have a Science and Technology Committee. We have all kinds of capabilities, through the Library of Congress, if technical help is needed. We have among our membership here many people who have very specific capabilities to review technical rules and regulations. I think it is a good amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DRINAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I can understand the frustration of the distinguished gentleman from Virginia, but I am inclined to think that this amendment is totally unwise and probably unconstitutional.

First of all, the Consumer Product Safety Commission, like every other regulatory agency, has to give a hearing to all interested or affected parties prior to the promulgation of the rule. We all know how extensive these hearings are. We know that the Commission publishes a proposed regulation; all can comment on it; if this regulation is of a certain kind, it must be in the Federal Register. The Commission must have an oral hearing at which all interested persons may present data, arguments, and views. The fact is that the final standard is subject to the full review of the courts.

But to enact the Butler amendment, with all due respect to the gentleman from Virginia, would, I think, just turn administrative law on its head. This amendment would probably violate the constitutional principle of separation of powers and at best, Mr. Chairman, the only result in the vast majority of cases would be to add another 30 days of delay to the ultimate promulgation of a safety standard which is needed to protect the consumer.

We hope that very shortly we will have more regulations on the lobbying industry in this town and in this country. But the fact of the matter is that industry lobbying could be very, very effective if, in fact, they wanted to kill a regulation.

All effective parties have their time to protest against any unreasonable or unfair safety standards. After the regulation is promulgated parties may go to the court for injunctive relief. I think this amendment would be a very, very unfortunate deviation in the whole history of administrative law.

Mr. BUTLER. Mr. Chairman, will the gentleman yield?

Mr. DRINAN. I yield to the gentleman from Virginia.

Mr. BUTLER. I thank the gentleman for yielding.

With reference to the constitutionality, the gentleman did vote for the Budget and Impoundment Control Act; did he not?

Mr. DRINAN. Yes.

Mr. BUTLER. Does the gentleman realize, of course, that we have the power to review the Presidential deferral in that instance?

The gentleman also voted for the Federal Rules of Evidence. Does he know we have the right in that instance to review the Supreme Court decisions?

The gentleman also voted for the Emergency Petroleum Allocation Act of 1973, and he is quite aware of the instances in which we have reviewed executive action under the act.

The gentleman voted for the War Powers Act of 1973, and he is aware of what congressional review provided for there.

The gentleman is also recorded as voting for the Presidential Recordings and Materials Preservation Act.

The gentleman is also aware no doubt of the Education Amendments of 1974 and the review which we preserved in that instance; is he not?

Mr. DRINAN. If the gentleman will yield back, I think the basic question is we can in fact develop new legislation if we want to. If a particular agency goes beyond the standards we set, we can very clearly redefine those standards in the ordinary legislative process. But to say we can just vote up or down in one body of Congress on every regulation is to eviscerate the act and cut out the power to act as spelled out in the statute.

Mr. ECKHARDT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I heard the recitation of the various pieces of legislation in which the Congress has essentially exchanged its role with the Executive by making general policy pronouncements and then by preserving to itself a congressional veto. The gentleman from Virginia (Mr. BUTLER) is exactly correct. We have done that many times, but that does not make it desirable. I would very strongly urge some of my friends on the other side of the aisle, and on this side of the aisle too, who are concerned with due process to hear me on this proposition.

Once we get used to delegating authority with the idea that we can pull back like a yo-yo, we will delegate authority with less procedural safeguards. The result is a far greater delegation of congressional power that has existed heretofore.

Our original concept in the Product Safety Act was to grant to an agency an authority which is much more closely guarded procedually than in the case of most other agencies. It is true that in some other agencies we have even more sharply curtailed that authority, but in this agency we provide review on the basis of substantial evidence on the record as a whole. We also provide for the right of oral presentation.

But once we get used to granting authority with the pullback provision, we simply reverse the roles of Congress and of the President.

If we have been wrong in granting unreasonable authority to be the Commission, let us correct that by curtailing the authority, by making more stringent the process, for instance by making more stringent examination in the hearing procedure, or whatever we wish. But let us not say that power is granted and that it may be withdrawn after a submission again to Congress. If we do that we are going to be caught up in the most ridiculously detailed procedural process.

For instance, section 10 requires the Commission to grant or deny a petition within 120 days where a consumer asks that something be done by the Commission. Here are some of the things that have been asked of the Commission:

To ban the sale of flea collars for human use. They would have to come in, they would have to act, and they would have to submit to us whether they should ban the sale of flea collars.

They have been asked to ban certain textbooks because the material in them presented an unusual risk to the reader.

Mr. LEVITAS. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Georgia.

Mr. LEVITAS. Would the gentleman give me his opinion? Suppose the Commission adopts a regulation about the flea collars on humans, does the gentleman not think it should be within the powers of this body to reject such an absurdity?

Mr. ECKHARDT. No, I do not think so. In the first place I do not think that authority was granted by this body. The point is though that if we did grant a broad enough authority for the Commission to make such a rule, we would have acted wrongly in the beginning.

But we do not so define the scope of that Commission. The Commission may not exercise such authority reasonably. I feel sure a determination in favor of such a rule would not bear the court test of having substantial evidence on the record as a whole leading to such a decision.

Mr. DRINAN. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Massachusetts.

Mr. DRINAN. Mr. Chairman, I think the gentleman would agree that any person adversely affected by a regulation may go to a Federal court and get injunctive relief. He can get a temporary restraining order and that, hopefully, is the source to which he should resort, rather than coming to Congress.

Mr. ECKHARDT. He normally has that remedy but, of course, he should contest the rule itself as to whether or not it was based on substantial evidence on the record as a whole.

Mr. Chairman, I urge a vote against the amendment.

Mr. VAN DEERLIN. Mr. Chairman, I move to strike the requisite number of words. I thought I might oppose the amendment, Mr. Chairman.

The gentleman from Virginia has suggested that if we in Congress are not smarter than the people in the agencies downtown, there ought to be some changes made on the Hill. I do not know what sort of turnover the gentleman anticipates in this body as a result of that theory; but I imagine there would be some substantial gaps on both sides of the aisle. However, I think the differences between being smart and being well-informed is the difference to be emphasized here. I would hope that if we are smart enough to be elected to Congress, we would be smart enough to be elected to serve on the Consumer Product Safety Commission. I would hope service in Congress will not deny us later eligibility for continued service.

Mr. BUTLER. Mr. Chairman, if the gentleman will yield, maybe some of us are just down on our luck for awhile.

Mr. VAN DEERLIN. Mr. Chairman, I would call attention to the exhaustive records being compiled in the Commission. On the matter of standards for architectural glass, a very important matter which perhaps could be contained in a few dozen pages, the Commission has already compiled a record of 3,500 pages.

On power lawnmowers, there are 2,000 pages.

Space heaters, 1,500 pages.

Swimming pool slides—not sides, but slides—just to go down to the pool, 3,000 pages.

I do not know about the gentleman from Virginia, but I find my job is a rather full one up here. In addition to acquiring the specialized information that we try to achieve in our Committee affairs, we all have to keep up dealing with a great spectrum of problems of our constituents and on public issues day-after-day, week-after-week, month-after-month. I do not want those vast records dumped on my desk for reconsideration by Congress. We have established a reconsideration system. We have established an independent regulatory agency with congressional oversight.

Let us leave the job with them, with the necessary court protections that have been built into the system.

I say let us reject the amendment and leave the bill the way it is.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. VAN DEERLIN. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, nobody was suggesting we go through all the records and all the hearings and all the material that necessarily is not relevant; but the rules and regulations in many cases affect many of our constituents. I do not see that there is any great damage in our reviewing those if we do not act and to go ahead and implement them. I know many people in this body have complained time and time again about unwarranted actions by the executive branch of the Government in which we were never consulted or had no opportunity to talk about them or to discuss them. The issue has been raised, well, do we want to be involved in every single detail?

No; we are merely saying to the gentleman, and as both of us know, many of us in California are concerned with the unwarranted regulations of the EPA with reference to parking spaces to be decided in the State of California, which is a good example.

Mr. VAN DEERLIN. Mr. Chairman, it was an example of the Commission going far beyond its authority.

Mr. ROUSSELOT. All right; my point is that I do not see the harm in allowing Congress to review those. We have adequate staff on most of our committees. Many of our Members have sufficient staff for reviewing regulations. It is not an unfamiliar practice. We do it all the time. I do not see there is any great harm in reviewing those kinds of regulations, because they affect all our constituents. Why should we not participate?

Mr. VAN DEERLIN. The very essence of the Commission system, I would point out to my colleague, is the extension of the power of Congress on a delegated basis.

Mr. ROUSSELOT. I fully understand that, and my colleague from Texas can tell the gentleman the problems we have run into in the powers we have delegated to the Federal Reserve Board. I am sure the gentleman has heard him in the well many times, and he is right. We have given too much power time and time again.

Mr. VAN DEERLIN. If the gentleman will yield me some of my time back——

Mr. ROUSSELOT. I just wanted to respond to the gentleman's question.

Mr. VAN DEERLIN. That is why we have the system of yielding.

Mr. ROUSSELOT. I appreciate the gentleman yielding to me.

Mr. VAN DEERLIN. The gentleman said that he is not interested in reviewing the record.

Mr. ROUSSELOT. No; I said all the types of volumes.

Mr. VAN DEERLIN. I said that there are other influences on Congress which would be outside the record, and that is known as political pressure. I think that is a very important influence to avoid where we can, and here is a place where we can.

Mr. ROUSSELOT. Is the gentleman saying that we are not able to resist pressure any better than members of the Commission?

Mr. VAN DEERLIN. I think probably elected officers are more susceptible to political pressure.

Mr. ROUSSELOT. They are also susceptible to election every 2 years, and perhaps that is a good thing. That gives us a little more sensitivity.

The CHAIRMAN. The time of the gentleman from California has expired.

(On request of Mr. ECKHARDT and by unanimous consent Mr. VAN DEERLIN was allowed to proceed for 1 additional minute.)

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. VAN DEERLIN. I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, I was very interested in this colloquy because, as the gentleman indicated, when an agency has gone wrong, as for instance in eliminating certain parking, we have an easy remedy, which is simply to pass an act clarifying our authority. The difficulty with this provision is that it is negative. Either body may negative an action, so we do not have assurance that the check is the check of Congress. It is the check of either of the Houses in a specific instance.

Mr. VAN DEERLIN. Does the gentleman not envision a situation wherein an industry piqued by a ruling of the Commission would almost automatically run up to Capitol Hill for redress?

Mr. ECKHARDT. Precisely, and if they do not convince either House—not both

Houses—that they should be favorably treated, they would not win, so it seems to me that we would, by passing this amendment, create the most enormous pressure on this body that one can imagine.

Mr. VAN DEERLIN. And for these reasons we urge a very strong no vote on the Butler amendment.

Mr. LEVITAS. Mr. Chairman, I move to strike the last word and rise in support of the amendment offered by the gentleman from Virginia, and I commend him on the amendment as being a very needed addition to this act.

First, I would like to address myself to those who have said that to support this amendment would gut this bill. I do not think that is true at all. I think this amendment simply places final responsibility for actions taken by the Commission where it belongs, on the Congress. I, for example, voted against the Broyhill amendment because I did feel that it might affect the effectiveness of this Commission, but all this amendment does is place the responsibility for legislating within the legislature.

The standards that are going to be adopted and are adopted by the Commission are legislative actions, and when the Congress has delegated away irrevocably its power to pass upon these, it has abandoned to the bureaucracy the final decisions that properly belong in the Congress of the United States.

Now, my friend, the gentleman from Massachusetts, suggested that perhaps this might be unconstitutional. I suggest to the gentleman that since Congress is making the delegation to begin with, it can properly condition the exercise of the delegated authority in any way it so desires, such as by having this review power. The fact is that Congress has not done this once or twice or three times or four times, but in fact 127 times, written review power over actions taken by the executive branch in a manner similar to this, and I think that is sufficient precedent to say that we can do it here.

Mr. DRINAN. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Massachusetts.

Mr. DRINAN. Mr. Chairman, just today this House reversed a regulation of a regulatory body. We have that power, but what I have difficulty with in this proposal is that this is automatic. Under this bill we can reverse a regulation without having any argument.

Today the gentleman who was in charge of the matter went to the Committee on Rules, got a rule, brought it to the floor and set aside that regulation. So what is being offered, as I see it, is something that goes above and beyond that.

Mr. LEVITAS. If I understand this amendment correctly, it should be within the province of the Committee on Interstate and Foreign Commerce, which has oversight jurisdiction, to pass on the appropriateness of the administrative legislation. It is not an automatic vote by the House.

I might also say there has been mention of the opportunity for judicial review instead of congressional veto. These are not really alternatives. I would point out to my distinguished colleagues that the limitations on judicial review are rather substantial. They do not go to the foolhardiness or the wisdom of the regulation. They go simply to some rather technical legal procedural points and, in the final analysis, the rather slim argument of due process.

Finally, as my colleague from Texas suggested, perhaps Congress could repeal such an unwise standard. I would suggest to him that it is inconsistent with his argument that this is a cumbersome process, because what could be more cumbersome than passage of an act by Congress, through committees of both Houses, and then subject it to Presidential veto in the last analysis.

What we are really talking about here is that when Congress delegates to some other body the power to enact laws—and that is what these standards become—then it is certainly a responsible act on the part of the Congress to retain enough control that, where the bureaucrats have gone off the deep end, either House of Congress could veto and reject that unwise standard and let the others—the good ones—go by.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Texas.

Mr. ECKHARDT. I thank the gentleman for yielding.

I would hope that my colleague in the well, whom I know to be a philosophical Member, and others who have been supporting this amendment, would consider its implications. What is it, 127 cases of broad delegation with the congressional veto proposition?

Incidentally, most of these are vetoed by one or the other House. If we could follow this process to its ultimate extent we could, in effect, delegate to the executive department the authority to maintain the public welfare, retaining to ourselves the congressional veto, precisely reversing our governmental structure.

Mr. Chairman, I merely urge upon the gentleman in the well and others on the other side of the aisle that if they feel we have delegated too much authority in various acts, limit that authority, provide some grounds for restraint on that authority, but end the legislative process at some point prior to administrative action.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. LEVITAS) has expired.

(On request of Mr. VAN DEERLIN and by unanimous consent, Mr. LEVITAS was allowed to proceed for 2 additional minutes.)

Mr. LEVITAS. Mr. Chairman, I thank the gentleman from California.

Mr. Chairman, I would like to respond to the point that was made by the gentleman from Texas. I think the whole problem has been that we have on too many occasions delegated too broad a charge to the administrative agencies. We have, in effect, passed acts of Congress that said to a newly created agency, "Go out and do good," and then authorized the commission or the Secretary to adopt the regulations necessary to accomplish that purpose. And that is where we have gotten into the problem.

I suggest to the gentleman from Texas that there are at least two ways that this could be remedied, and both of them lie within this body. One is to be much more careful and restrictive and definitive when we delegate legislation authority. The other is to retain this type of rejection or veto control where the agencies and the commissions in certain instances go too far.

Mr. Chairman, I share the concern of the gentleman from California that this means additional work for the committee and for the Members of Congress. There is no question about that. But we sought the job of being legislators for the United States of America, and I think that we cannot shirk that responsibility and pass the job of legislating on to appointed officials. That is what we are doing unless the amendment offered by the gentleman from Virginia is adopted.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from Texas.

Mr. ECKHARDT. I thank the gentleman for yielding.

I agree with the gentleman's statement on the two courses we could follow.

I am merely urging that the first of those processes is the only one we should use, because if we yield to this great temptation of taking a second bite of the apple and then legislating again, we invite the most irresponsible delegation of authority. I simply urge upon the Members of the House that to start this precedent, or to extend it beyond where it has already gone, is to engage in a most dangerous process of erosion of congressional power.

Mr. MAGUIRE. Mr. Chairman, will the gentleman yield?

Mr. LEVITAS. I yield to the gentleman from New Jersey.

Mr. MAGUIRE. Mr. Chairman, I think the gentleman's general points are well taken and they have been very well stated, but I wonder if the gentleman really wants to require that this agency or any other regulatory agency will have to come back to this body with each and every regulation. Does the gentleman really want that?

Mr. LEVITAS. Yes, I do, as a matter of fact. And I particularly want it in those situations where there are criminal penalties or where the harm that may be done by a bad administrative rule cannot be rectified in any other way.

The CHAIRMAN. The time of the gentleman from Georgia (Mr. LEVITAS) has expired.

(On request of Mr. MAGUIRE and by unanimous consent, Mr. LEVITAS was allowed to proceed for 30 additional seconds.)

Mr. LEVITAS. I thank the gentleman from New Jersey. Mr. Chairman, to finish my statement, in instances where Congress delegates legislative authority, considering the breadth with which it does that and the consequences that follow from it, yes, I do think that the Congress needs this check within itself; otherwise we turn these unelected people loose on the public.

Mr. MAGUIRE. Mr. Chairman, will the gentleman yield further?

Mr. LEVITAS. I yield to the gentleman from New Jersey.

Mr. MAGUIRE. Mr. Chairman, I respectfully disagree with the gentleman. I think we must have an overall setting of parameters, and we ought to rein in an agency when it has clearly gone afoul of our intent, but to ask each and every agency to come in on each and every regulation, I think, would be a terribly burdensome requirement. I think that would be an unwise decision for this body to make.

Mr. Chairman, we have enough trouble moving on items of legislation that are essential, and there is no point in setting up an agency in the first place if we are going to ask that every regulation of that agency be brought back to the House for approval.

Mr. VAN DEERLIN. Mr. Chairman, I ask unanimous consent that all debate on the Butler amendment and all amendments thereto be concluded in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. Members standing at the time the unanimous-consent request was agreed to will each be recognized for approximately three-fourths of 1 minute.

The Chair recognizes the gentleman from Georgia (Mr. Levitas).

Mr. LEVITAS. Mr. Chairman, there was one final point I wanted to add to the comments that my colleague and friend, the gentleman from New Jersey (Mr. Maguire) made.

I think it is extremely important that we never lose sight of what we are talking about here. We are talking about giving this Commission the power to pass laws. Let us never forget that, because given the alternative of whether we have to assume this additional responsibility or give it to someone else, I think the only alternative is for us to assume the responsibility.

(By unanimous consent, Mr. Kindness yielded his time to Mr. Butler.)

The CHAIRMAN. The Chair recognizes the gentleman from Virginia (Mr. Butler).

Mr. BUTLER. Mr. Chairman, I would like to respond to the remarks that were made by the gentleman from Texas (Mr. Eckhardt). Certainly in my brief time in this body I have come to have the highest regard for his careful analysis of legislation, and I see his fine hand in the consumer product safety legislation.

I congratulate the gentleman on the procedural safeguards that have been placed in this legislation, but I would remind this body in the first instance that we are not, as has been suggested at this moment, talking about every single Federal agency.

We are talking about the Consumer Product Safety Commission, and what we are talking about is congressional oversight of the lawmaking power which we have delegated to this Commission.

If the Commission had adopted and followed all of the procedural safeguards which are in existence now and the modest changes that have been made in this law, then there should be no reason to come back to the Congress and have Congress take any action.

However, for us to turn this agency loose with all this tremendous power and not reserve the one safeguard which we have provided here so that it will be apparent to the agency and the staff and so that they can really understand what this is, and that is that the agency does not have the power to overrule this body, we then indicate that we have reserved that power to ourselves.

That is all that this amendment does. It reserves to the Congress of the United States the responsibility to do things which we were elected to do.

The failure to do that and the failure to adopt this amendment amounts to abdicating to another Federal agency the very things for which we were sent here and for which our people have sent us here and expect us to protect them against.

Mr. ECKHARDT. Mr. Chairman, will the gentleman yield?

Mr. BUTLER. Yes, I yield to the gentleman from Texas.

Mr. ECKHARDT. Mr. Chairman, we reserve the authority. We never give up the authority of the whole Congress.

(By unanimous consent, Messrs. Maguire and Drinan yielded their time to Mr. Moffett.)

The CHAIRMAN. The Chair now recognizes the gentleman from Connecticut (Mr. Moffett).

Mr. MOFFETT. Mr. Chairman, as I indicated when the gentleman from Virginia was good enough to yield to me earlier in the debate, I think most of us share a feeling that we ought to be spending more time in making old laws work than in making a lot of new laws.

I know that the gentleman from California (Mr. Rousselot) and I have had many discussions about this, but the fact of the matter is that we now have ample opportunity, in many respects, to review regulations that may be burdensome and ineffective. Not many of us take advantage of that, and I would be the first to admit that I do not take advantage of it as much as I should.

The gentleman from California (Mr. Rousselot) indicated that we do not have an opportunity. We all know what the Federal Register is. We all see proposed regulations in the Federal Register. Do we take those proposed regulations and comment on them to an agency? Generally we do not. I would hasten to add that I think the agencies are inclined to listen to us in many cases when we do. In general, we just do not do it frequently enough.

If I were in the position of a citizen intervening before an agency in something like flammable fabrics, this amendment puts me in the position of going to a quasi-judicial agency and presenting my views, and the other people in the industry, or whatever, present their views. Then there is a whole procedure we have to go through with a political body. Let us face it: We are lifting it out of a quasi-judicial proceeding up to a political body.

With respect to what the amendment says, I think we all agree that we are talking here not about minor kinds of hazardous substances, but in many cases substantially hazardous substances.

As I understand it, the gentleman is talking about section 15, which talks about substantial product hazards including flammable fabrics.

Mr. Chairman, I do not think we could afford in many of those cases to have the kind of delay that this amendment would bring about.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MOFFFETT. Yes; I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I do think we have the right under this rulemaking power because we are the ones who are given the rulemaking power. All we are asking for is the process of review.

I think the gentleman from Georgia stated very well that all we are asking for, as the gentleman from Virginia is trying to put forward in his amendment, is that we have that opportunity of review because we have given them substantial powers over all of our constituents.

Mr. MOFFETT. I am not disagreeing with that. I think we have done that.

(By unanimous consent, Mr. Shuster yielded his time to Mr. Butler.)

The CHAIRMAN. The Chair now recognizes the gentleman from Virginia (Mr. Butler).

Mr. BUTLER. Mr. Chairman, I thank the gentleman for yielding.

I just want to respond to the recent point, which was anticipated.

We do not often talk about this, but I would like to explain that in this particular amendment we have provided for an accelerated congressional review so that we could proceed to adopt a resolution of approval.

Of course, the gentleman is also aware that with respect to those kinds of emergency powers under the act that are provided, they would not be abrogated by this amendment. We also have many other provisions in the act which make reference to time so I would really think that 30 additional days is not very many under the circumstances. I think there may be policy objections to this amendment but delay is not a valid one.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan (Mr. Brodhead).

Mr. BRODHEAD. Mr. Chairman, I think that the gentleman from Texas (Mr. Eckhardt) with his usual perspicacity has put his finger on the key problem with this amendment in that it allows one body of the Congress to veto the delegated authority that has been given to the Commission by both Houses of the Congress and that really this is unsound as a matter of constitutional theory.

This seems most clear to me. I have a good deal of sympathy with the arguments advanced by the gentleman from Georgia (Mr. Levitas). But again I say that it is most unsound to allow one body of the Congress to veto the action of both Houses.

It is for these reasons that I think we ought to reject this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Nebraska (Mr. McCollister).

Mr. McCOLLISTER. Mr. Chairman, during the discussion with the gentleman from New Jersey (Mr. Maguire) the inference that this Member drew from that gentleman's remarks was that each and every rule of the Consumer Product Safety Commission would have to be reviewed by the Congress.

That is not the intention of this amendment. The gentleman from Virginia (Mr. Butler) made it abundantly clear that the purpose of his amendment was to use it as an extreme remedy when the Commission goes far afield. I think that that is the way in which it would be used. Therefore it would not be such a burden on the Committee on Interstate and Foreign Commerce or on this House of being required to review each and every regulation that this Commission issues.

The CHAIRMAN. The Chair recognizes the gentleman from California (Mr. Van Deerlin) to close debate.

Mr. VAN DEERLIN. Mr. Chairman, I will use the time allotted me to advise the Members of an informal understanding that has been reached with the ranking minority member of the subcommittee. Whichever way the voice vote goes on this amendment, it is assumed that there will be a desire for a rollcall vote. And in order to save the time that we have consumed before, with an unnecessary quorum call of 15 minutes in advance of the vote, it has been agreed by the leadership on both sides of the committee to urge all Members to stand for a rollcall vote when that request is made.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Virginia (Mr. Butler).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. VAN DEERLIN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 224, noes 180, not voting 29, as follows:

[Roll No. 631]

AYES—224

Abdnor
Alexander
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Baucus
Bauman
Beard, Tenn.
Bell
Bennett
Bevill
Blanchard
Bowen
Breaux
Brinkley
Broomfield
Brown, Mich.
Broyhill
Buchanan
Burgener
Burke, Fla.
Burleson, Tex.
Butler
Byron
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
de la Garza
Delaney
Dent
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Edwards, Ala.
Emery
English
Erlenborn
Esch
Eshleman
Evans, Colo.
Evans, Ind.
Findley
Fish
Flowers
Flynt
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hammerschmidt
Hannaford
Hansen
Harsha
Hastings
Hays, Ohio
Hefner
Henderson
Hightower
Hillis
Hinshaw
Holland
Holt
Horton
Hubbard
Hughes
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Tenn.
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Kindness
Krebs
Krueger
Lagomarsino
Landrum
Latta
Levitas
Lloyd, Tenn.
Lott
Lujan
McClory
McCollister
McDonald
McEwen
McKinney
Madden
Madigan
Mahon
Mann
Martin
Mathis
Matsunaga
Mazzoli
Meeds
Michel
Miller, Ohio
Mills
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Murtha
Myers, Ind.
Myers, Pa.
Neal
Nichols
O'Brien
O'Hara
Patterson, Calif.
Pattison, N.Y.
Pettis
Pickle
Pike
Poage
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Risenhoover
Roberts
Robinson
Roncalio
Rose
Rousselot
Runnels
Ruppe
Russo
Santini
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Sharp
Shipley
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stuckey
Symington
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Traxler
Treen
Vander Jagt
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wilson, Bob
Wilson, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Young, Alaska
Young, Fla.
Young, Tex.

NOES—180

Abzug
Adams
Addabbo
Ambro
Annunzio
Ashley
Aspin
Badillo
Baldus
Barrett
Beard, R.I.
Bedell
Bergland
Biaggi
Biester
Bingham
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Chisholm
Clay
Conte
Corman
Cornell
Cotter
Coughlin
Daniels, N.J.
Davis
Dellums
Derrick
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Fascell
Fenwick
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Gaydos
Gibbons
Gonzalez
Green
Gude
Hall
Hamilton
Hanley
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Heinz
Helstoski
Hicks
Holtzman
Howard
Howe
Hungate
Johnson, Calif.
Jordan
Karth
Keys
Koch
LaFalce
Leggett
Lehman
Litton
Lloyd, Calif.
Long, La.
Long, Md.
McCloskey
McCormack
McDade
McFall
McHugh
McKay
Macdonald
Maguire
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Natcher
Nix
Nolan
Nowak
Oberstar
Obey
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Perkins
Peyser
Pressler
Preyer
Price
Rangel
Rees
Reuss
Richmond
Riegle
Rinaldo
Rodino
Roe
Rogers
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Ryan
St Germain
Sarbanes
Scheuer
Schroeder
Seiberling
Simon
Smith, Iowa
Spellman
Staggers
Stanton, James V.
Stark
Stokes
Studds
Sullivan
Thompson
Tsongas
Ullman
Van Deerlin
Vander Veen
Vigorito
Waxman
Weaver
Whalen
Wirth
Yates
Yatron
Young, Ga.
Zablocki
Zeferetti

NOT VOTING—29

AuCoin
Brown, Ohio
Casey
Clawson, Del
Cleveland
Collins, Ill.
Conyers
Evins, Tenn.
Fary
Fraser
Giaimo
Hébert
Jones, Ala.
Jones, Okla.
Ketchum
Lent
Milford
Moorhead, Pa.
Murphy, N.Y.
Nedzi
Passman
Pepper
Sisk
Solarz
Teague
Udall
Vanik
Wiggins
Wilson, C. H.

Messrs. CARTER, HUGHES, and RUSSO changed their vote from "no" to "aye."

Messrs. BLOUIN, FORD of Michigan, and HALL changed their vote from "aye" to "no."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. du PONT. Mr. Chairman, earlier this afternoon I was absent on official business at the Department of State and missed the recorded vote on rollcall No. 630, the Broyhill amendment. Had I been present, I would have voted "aye" on rollcall No. 630.

AMENDMENT OFFERED BY ASHBROOK

Mr. ASHBROOK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Ashbrook: Page 31, insert after line 25 the following new section:

ACCOUNTABILITY

Sec. 15. Section 4 of the Consumer Product Safety Act (15 U.S.C. 2053) is amended by adding at the end the following new subsection:

"(i) Subsections (a) and (h) of section 2680 of title 28, United States Code, do not prohibit the bringing of a claim under chapter 171 of title 28, United States Code, and section 1346(b) of such title during the two-year period beginning on the date of enactment of this subsection which claim is based upon mispresentation or deceit on the part of the Commission or any employee thereof or upon any exercise or performance or failure to exercise or perform a discretionary function or duty on the part of the Commission or any employee thereof if—

"(1) such claim is not made with respect to any agency action (as defined in section 551(13) of title 5), and

"(2) in the case of a claim based upon the exercise, performance, or failure to exercise or perform a discretionary function or duty, a determination (based upon consideration of all the relevant circumstances and factors, including the statutory responsibilities of the Commission and the public interest in encouraging rather than inhibiting the exercise of discretion) is made that such exercise, performance, or failure is unreasonable with respect to the discretionary function or duty involved."

Mr. ASHBROOK. Mr. Chairman, the general purpose of my amendment is to make the Federal Government more accountable in exercising its regulatory activities. Specifically, it would allow private parties to sue the Consumer Product Safety Commission for torts it commits against them. An amendment with the same objective as the one I am offering today has already passed the Senate without dissent.

We have heard a lot of talk recently about the need for regulatory reform. There is a growing realization that the Federal regulatory agencies do not always act in a responsible manner. Those who are regulated often find themselves subject to decisions that are arbitrary in nature. And these arbitrary decisions can cost the regulatee thousands of dollars.

Even when the agency's decision has been erroneous, there is no redress for the injured party. The doctrine of sovereign immunity prevents legal action to collect the damages sustained.

In this regard I would like to mention the case of the Marlin Toy Co., a small business located in Wisconsin. Marlin was literally driven into bankruptcy when the Consumer Product Safety Commission erroneously listed two of its products on the banned products list and then issued a retraction only after the passage of 8 months. This obviously devastated the product, a safe legal product, of this small company. As the law now stands, Marlin could not even file a legal claim until House passage of a special resolution allowing them to do so.

This situation constitutes a serious injustice. The Federal Government should bear legal responsibility for its tortuous acts just as private parties are required to do. A wronged party should be able to obtain a just remedy from his or her own government. Hopefully the Federal Government has not grown so big that it cannot render justice to the "little man" in our society.

I would also like to mention that my amendment has a built-in safeguard. It would only be operative for about 2 years. After that time the Congress would have the opportunity to evaluate how it has worked out. If we are satisfied, we can extend it. Otherwise we can modify it in any way that seems appropriate.

My amendment would give private parties who have been wronged by the Consumer Product Safety Commission the opportunity to recover damages. It would prevent that Commission from hiding behind the cloak of sovereign immunity. If the Federal Government is going to require greater responsibility on the part of private parties, then it is only just that the Government exercise greater responsibility for its own actions as well. I urge the passage of this amendment.

Mr. DRINAN. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Massachusetts.

Mr. DRINAN. I thank the gentleman for yielding. I wonder if there has been any hearing on this amendment. I went through the hearings rather thoroughly, and I did not see this particular point mentioned at all.

Obviously, what the gentleman is proposing is at least a minor revolution against Federal agencies.

Mr. ASHBROOK. I guess it would be a minor revolution, in some ways, to think that the Federal Government can be responsible for its actions. But that is the kind of revolution I think we ought to spark now.

Mr. DRINAN. Were there any hearings?

Mr. ASHBROOK. No, I would refer the gentleman to the July 18, 1975 debate between the illustrious Senator Moss and Senator BUCKLEY of New York. This was when the matter was first brought up. It was approved in the Senate, and I am adding the same amendment, with some changes, admittedly to get by the germaneness rule we have but which the Senate does not have. But, basically, it is the same amendment, the same thrust, that was discussed on the floor of the Senate.

While I would agree with my colleague from Massachusetts, I would hope we do not get so stuck on the committee system—I am on the Committee on the Judiciary, as the gentleman is—to believe that nothing can be offered on the floor of the House on its merits that has not at least been considered in the committee.

Mr. DRINAN. Mr. Chairman, will the gentleman yield further?

Mr. ASHBROOK. I yield to the gentleman from Massachusetts.

Mr. DRINAN. I find no provision for money to pay for the administration of this amendment in the act, and I am wondering if the gentleman is intending that that should come out of the general budget and, if so, could it pay for the cost of defending any claim or to pay for any damages which the court might award?

Mr. ASHBROOK. I would say the same thing is true that would be true with any other individual or a business. I certainly am not equipped in my business to be sued, but I assume if a judgment is brought against me I have to find the means to pay it. I would guess the same thing would be applied to this Commission. The only difference is that as an individual I would have insurance and in the case of the Government, the taxpayer provides the insurance in the form of taxes. One of the shortcomings of my amendment is that everywhere a private person sues and gets a judgment, the bureaucrat who perpetrated the tortious error is not liable, the Government which is his principal in this case must pay.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(By unanimous consent, Mr. ASHBROOK was allowed to proceed for 1 additional minute.)

Mr. ASHBROOK. Directly or indirectly, sooner or later, since the CPSC is a Federal agency funded by taxpayers' money, they undoubtedly would have to ask the Congress for moneys they would be liable for if the court determined that through some tortious act they were subject to a claim and the claim were vindicated.

So I would say, yes, in answer to the gentleman, sooner or later we would have to pay for it out of appropriated funds.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, this amendment is basically a civil rights amendment for the protection of the people who have been wrongly treated by the Commission; is that basically correct?

Mr. ASHBROOK. To the extent that civil rights tries to balance things, I would say, yes. This is trying to get some balance between the people and the total sovereign power of the Government, and it would provide that in these cases where someone feels he has been wronged or aggrieved, he can go into court. To that extent I would say there would be some degree of civil rights involved.

Mr. SEIBERLING. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentleman from Ohio.

Mr. SEIBERLING. Mr. Chairman, does the gentleman realize this would work a basic policy change, without any hearings having been held, in the Federal Tort Claims Act?

Mr. ASHBROOK. Mr. Chairman, I suppose the key word is "basic." I question how basic it is. It seems we have been doing this for some time.

I think, if anything, in recent years we are coming more and more to the conclusion that the Government can and should be sued. The idea of the Federal Government being the unquestioned sovereign is, if anything, a questionable argument, if not an outmoded argument.

Mr. SEIBERLING. There is a provision made for bringing of a suit against the Government, and this would make a basic change in that procedure. I believe it also invades the jurisdiction of the Judiciary Committee.

Mr. ASHBROOK. Mr. Chairman, I would agree with the gentleman. I have brought with me two volumes that are on the desk there, and they concern the matter of torts in title 28. Indeed, as the gentleman says, it is a very extensive process. I think perhaps we should make the basic change you refer to.

Mr. ECKHARDT. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, this is a provision which would permit an injured person, in the case of a defective product, to get a court and a jury to determine whether or not the agency failed unreasonably in exercising its discretionary function to enact a rule protecting that consumer.

Now, when we are calling upon an agency to cover the entire area of possible unsafe products, they are bound to make some mistakes, and, incidentally, they are bound to be guilty of some omissions if they do not act in every case. If some jury or some court may later determine that to have been an area in which they should have acted, we then make the agency responsible for a tort claim against it.

Mr. Chairman, if we are going to do that, why do we not do it with respect to all agencies? Why do we not do it with respect to the FEA and the Federal Trade Commission, for example?

Mr. ASHBROOK. Mr. Chairman, will the gentleman yield?

Mr. ECKHARDT. I yield to the gentleman from Ohio.

Mr. ASHBROOK. Mr. Chairman, the gentleman presents a point that very well might be taken up by this House. Maybe we have reached the place in our history where we should make every agency responsible, up to and including the White House, the Council on Economic Advisers, the CIA, and every other agency.

Mr. ECKHARDT. Precisely. But when we do so, we should treat it with great care after hearings in order to determine whether or not in this particular area such a regulation would be desirable or undesirable.

Merely to say that an agency charged with protecting consumers in matters of consumer safety should be made liable for its inaction after a court or a jury second-guesses its discretionary authority on the grounds of reasonableness is certainly a very foolish thing for us to do here. It would be foolish for us to do this without hearings, without presenting the matter to a committee such as the Committee on the Judiciary, and without determining that in this precise area such a determination is desirable.

Mr. Chairman, I certainly strongly urge my colleagues not to make this decision at this time without more mature consideration.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. Ashbrook).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ASHBROOK. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 166, noes 230, not voting 37, as follows:

[Roll No. 632]

AYES—166

Abdnor
Anderson, Ill.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bell
Bennett
Bevill
Biester
Bowen
Brinkley
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Burleson, Tex.
Butler
Byron
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Clay
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Davis
de la Garza
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Edwards, Ala.
Emery
Erlenborn
Esch
Evans, Ind.
Findley
Fish
Fithian
Flynt
Forsythe
Frenzel
Frey
Gibbons
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Haley
Hammerschmidt
Hansen
Harsha
Hefner
Heinz
Hillis
Hinshaw
Holland
Holt
Hutchinson
Hyde
Ichord
Jacobs
Jenrette
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Kindness
Krueger
Lagomarsino
Latta
Lujan
McClory
McCollister
McCormack
McDade
McDonald
McEwen
Madigan
Mahon
Martin
Mathis
Miller, Ohio
Mills
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Myers, Ind.
Myers, Pa.
Nichols
O'Brien
Patterson, Calif.
Pettis
Poage
Pritchard
Quie
Quillen
Randall
Regula
Roberts
Robinson
Roe
Rogers
Roncalio
Rousselot
Runnels
Satterfield
Schneebeli
Schulze
Sebelius
Sharp
Shuster
Sikes
Skubitz
Smith, Nebr.
Snyder
Spence
Steiger, Ariz.
Steiger, Wis.
Stratton
Stuckey
Symms
Talcott
Taylor, Mo.
Thone
Thornton
Treen
Vander Jagt
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wilson, Bob
Wilson, Tex.
Winn
Wright
Wydler
Wylie
Young, Alaska
Young, Fla.
Young, Tex.

NOES—230

Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Badillo
Baldus
Barrett
Beard, R.I.
Bedell
Bergland
Biaggi
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breaux
Breckinridge
Brodhead
Brooks
Brown, Calif.
Brown, Mich.
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Chisholm
Conte
Corman
Cornell
Cotter
D'Amours
Daniels, N.J.
Danielson
Delaney
Dellums
Dent
Derrick
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
English
Evans, Colo.
Fenwick
Fisher
Flood
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Fuqua
Gaydos
Gonzalez
Green
Gude
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Helstoski
Henderson
Hicks
Hightower
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Jarman
Jeffords
Johnson, Calif.
Jones, Ala.
Jones, Tenn.
Jordan
Karth
Keys
Koch
Krebs
LaFalce
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
McCloskey
McFall
McHugh
McKay
McKinney
Macdonald
Madden
Maguire
Mann
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murtha
Natcher
Neal
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pickle
Pike
Pressler
Preyer
Price
Railsback
Rangel
Rees
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Rodino
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Seiberling
Shipley
Shriver
Simon
Slack
Smith, Iowa
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Stephens
Stokes
Studds
Sullivan
Symington
Taylor, N.C.
Thompson
Traxler
Tsongas
Ullman
Van Deerlin
Vander Veen
Vigorito
Waxman
Weaver
Whalen
Wirth
Wolff
Yates
Yatron
Young, Ga.
Zablocki
Zeferetti

NOT VOTING—37

AuCoin
Baucus
Burke, Fla.
Burlison, Mo.
Casey
Clawson, Del
Cleveland
Collins, Ill.
Conyers
Eshleman
Evins, Tenn.
Fary
Fascell
Fraser
Giaimo
Hagedorn
Hébert
Jones, Okla.
Ketchum
Landrum
Lent
Lott
Michel
Milford
Moorhead, Pa.
Murphy, N.Y.
Nedzi
Passman
Risenhoover
Sisk
Solarz
Steelman
Teague
Udall
Vanik
Wiggins
Wilson, C. H.

Mrs. BOGGS, Mrs. LLOYD of Tennessee, and Messrs. DERRICK and LEVITAS changed their vote from "aye" to "no."

Mr. COUGHLIN changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT OFFERED BY MR. PREYER

Mr. PREYER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Preyer: Page 31, insert after line 25, the following new section:

FLAMMABILITY STANDARDS AND REGULATIONS

Sec. 15(a)(1) Subsection (d) of section 4 of such Act is amended to read as follows:

"(d) Standards, regulations, and amendments to standards and regulations under this section shall be made in accordance with section 553 of title 5, United States Code, except that interested persons shall be given an opportunity for the oral presentation of data, views, or arguments in addition to an opportunity to make written submissions. A transcript shall be kept of any oral presentation."

(2) Subsection (e)(3) of section 4 of such Act is amended by adding at the end thereof the following: "The standard or regulation shall not be affirmed unless the findings required by the first sentence of subsection (b) are supported by substantial evidence on the record taken as a whole. For purposes of this paragraph, the term 'record' means the standard or regulation, any notice published with respect to the promulgation of such standard or regulation, the transcript required by subsection (d) of any oral presentation, any written submission of interested parties, and any other information which the Commission considers relevant to such standard or regulation."

(b) The amendments made by subsection (a) shall apply with respect to standards, regulations, and amendments to standards and regulations under section 4 of the Flammable Fabrics Act the proceedings for the promulgation of which were begun after the date of the enactment of this Act.

Mr. PREYER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. PREYER. Mr. Chairman, this amendment changes the standard of judicial review in the Fammable Fabrics Act to bring it into accord with the standard set out in the Consumer Product Safety Act.

I want to commend the committee for what is really a model of fairness in rulemaking procedure and judicial review.

The Consumer Product Safety Act provides an opportunity for industry and the public to participate in rulemaking procedures in a fuller and fairer way than does any other regulatory act.

What this amendment attempts to do is import some of that fairness into the Flammable Fabrics Act. The "substantial evidence" rule of judicial review is contained in the Consumer Product Safety Act. It is the standard used in the Poison

Prevention Packaging Act. It is also the standard used in the Hazardous Substances Act. It is only in the Flammable Fabrics Act that we do not have the standard of "substantial evidence." We have instead the "arbitrary and capricious" standard. This amendment would seek to bring all these consumer acts into accord.

Mr. VAN DEERLIN. Mr. Chairman, the gentleman has called upon his judicial background and judicial temperament to prepare an amendment which combines the fine things about the committee and it prompts us to accept the gentleman's amendment.

Mr. McCOLLISTER. Mr. Chairman, the amendment is agreeable to this side of the committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina (Mr. PREYER).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SEIBERLING

Mr. SEIBERLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SEIBERLING: On page 31, after line 25, insert the following new section:

EXPERT WITNESSES' FEES AND ATTORNEYS' FEES

SEC. 15. (a) Section 23(a) of the Consumer Product Safety Act (15 U.S.C. 2072(a)) is amended by adding immediately after "including a reasonable attorney's fee" the following: "and reasonable expert witnesses' fees".

(b) Section 24 of the Consumer Product Safety Act (15 U.S.C. 2073) is amended by striking out the final sentence and inserting in lieu thereof the following: "In any action under this section the court may in the interests of justice award reasonable attorneys' fees and reasonable expert witnesses' fees."

Mr. SEIBERLING. Mr. Chairman, my amendment would give the courts the discretion to award reasonable fees for expert witnesses and for attorneys in private lawsuits brought under the Consumer Product Safety Act. Many other Federal statutes currently authorize such awards, and my amendment would cost the Government nothing.

My amendment affects two sections of the Consumer Product Safety Act. These are section 23, which permits the recovery of monetary damages by persons who have been injured by violations of the Consumer Product Safety Commission's rules and orders, and section 24, which permits interested parties to obtain injunctive relief.

Neither section now provides for awards of expert witnesses' fees, which may be substantial because of the time needed to prepare for a case. Proof that a consumer product is defective or dangerous, or proving that it violates the Commission's rules or orders will normally require expert witness testimony.

Especially when the product is found to be defective, the court could well conclude that a manufacturer or other defendant should be made to paid for the other side's expert witness fees.

As I have indicated, Congress has frequently determined that courts should have discretion to award expert witness fees, and in recent years we have enacted such provisions in many different acts.

The second element of my amendment concerns the awarding of attorneys' fees. Section 23 of the Consumer Product Safety Act, which is the damage section, gives the courts discretion to award attorneys' fees in appropriate cases. In section 24, injunction cases, however, unlike damage cases, the courts have no such discretion. Instead, section 24 requires the plaintiff to make an election, in advance, as to whether the winning side of the lawsuit will or will not have its costs and attorneys' fees paid for by the losing side.

The election must be made at the time the plaintiff files the case, so the plaintiff cannot await the outcome before making a decision about attorneys' fees. Mr. Chairman, there are over 55 Federal statutes which authorize the awarding of attorneys' fees, but the Consumer Product Safety Act is the only one which contains such an election provision.

This provision, I believe, is counterproductive since it discourages plaintiffs from bringing actions if they have to elect in advance to be paid a fee if they win the case, but to pay the other side's fee if they lose.

On the other hand, if the court has discretion, it can decide what fees are to be awarded in the interests of justice, and in an appropriate case it might be to a defendant instead of to the plaintiff.

Mr. Chairman, I urge the adoption of these amendments.

Mr. VAN DEERLIN. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from California.

Mr. VAN DEERLIN. In addition to making it possible to pay the expert witness fees, which the law does not now provide, the gentleman's amendment gives the court the discretion of awarding court costs to a losing side in a controversy if the court feels that the suit was brought in the public interest?

Mr. SEIBERLING. That is correct, because technically it is sometimes difficult to determine whether there was, in fact, a prevailing party, or it might be the defendant.

Mr. VAN DEERLIN. In any event, it would not be a cost item to the Government?

Mr. SEIBERLING. That is correct.

Mr. VAN DEERLIN. I would be inclined to accept the amendment.

Mr. SEIBERLING. This would bring this law into line with 55 other Federal laws where attorneys' fees are involved.

Mr. EDWARDS of Alabama. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Alabama.

Mr. EDWARDS of Alabama. Mr. Chairman, on the question of expert witness fees, does that apply again both to defendants and plaintiffs, manufacturers and complainants?

Mr. SEIBERLING. That is correct.

Mr. EDWARDS of Alabama. And the same on attorneys' fees?

Mr. SEIBERLING. Well, the attorneys' fees would be at the discretion of the court.

Mr. EDWARDS of Alabama. I understand that, but the gentleman is saying that the court can award attorneys' fees to either side, depending on the situation?

Mr. SEIBERLING. That is correct.

Mr. EDWARDS of Alabama. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio (Mr. SEIBERLING).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to the committee amendment in the nature of a substitute? If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. McFALL) having assumed the chair, Mr. BERGLAND, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6844) to amend the Consumer Product Safety Act, and for other purposes, pursuant to House Resolution 624, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted in the Committee of the Whole?

Mr. VAN DEERLIN. Mr. Speaker, I demand a separate vote on the amendment offered by the gentleman from Virginia (Mr. BUTLER), striking section 12, the civil litigation provision of H.R. 6844.

The SPEAKER pro tempore. Is a separate vote demanded on any other amendment? If not, the Clerk will report the amendment on which a separate vote is demanded.

The Clerk read as follows:

Amendment: Page 20, strike out line 23 and all that follows down through and including line 22 on page 21.

Redesignate the succeeding sections accordingly.

Mr. DANIELSON. Mr. Speaker, I suggest the absence of a quorum.

The SPEAKER pro tempore. Does the gentleman from California (Mr. DANIELSON) make the point of order that a quorum is not present?

Mr. DANIELSON. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore. Does the gentleman object to the vote on the ground that a quorum is not present?

Mr. DANIELSON. Mr. Speaker, I make the point of order that a quorum is not present.

Mr. ASHBROOK. Mr. Speaker, I object to the vote on the ground that a quorum is not present.

Mr. JOHN L. BURTON. Mr. Speaker, I agree with the gentleman from Ohio (Mr. ASHBROOK).

The SPEAKER pro tempore. The Chair will state to the gentleman from Ohio that the question has not yet been put on the amendment.

Mr. ASHBROOK. Mr. Speaker, I tend to agree, but I was hoping.

Mr. DANIELSON. Mr. Speaker, I stand on my point of order.

The SPEAKER pro tempore. The gentleman from California (Mr. DANIELSON) makes the point of order that a quorum is not present.

Evidently a quorum is not present.

Without objection, a call of the House is ordered.

Mr. BAUMAN. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

REQUEST FOR A CALL OF THE HOUSE

Mr. PRICE. Mr. Speaker, I move a call of the House.

The question was taken; and on a division (demanded by Mr. BAUMAN) there were—ayes 30, noes 80.

Mr. PRICE. Mr. Speaker, on that I demand the yeas and nays.

PARLIAMENTARY INQUIRY

Mr. ROSENTHAL. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. ROSENTHAL. Mr. Speaker, on what matter are we now voting?

The SPEAKER pro tempore. The Chair will state that the House is now determining whether to order the yeas and nays on the motion for the call of the House. The yeas and nays are in order on the motion.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 241, nays 149, answered "present" 11, not voting 32, as follows:

[Roll No. 633]

YEAS—241

Abzug
Adams
Addabbo
Alexander
Anderson, Calif.
Andrews, N.C.
Annunzio
Archer
Aspin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Broomfield
Brown, Calif.
Brown, Ohio
Broyhill
Burgener
Burke, Mass.
Burlison, Mo.
Burton, Phillip
Carr
Chisholm
Clay
Conte
Corman
Cornell
Cotter
D'Amours
Daniels, N.J.
Danielson
Davis
Delaney
Dellums
Dent
Derwinski
Dingell
Downey, N.Y.
Drinan
Duncan, Oreg.
Duncan, Tenn.
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Esch
Evans, Colo.
Evans, Ind.
Fenwick
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Fuqua
Gaydos
Gibbons
Gonzalez
Green
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harris
Harsha
Hayes, Ind.
Hechler, W. Va.
Heckler, Mass.
Helstoski
Hicks
Hinshaw
Holland
Holtzman
Horton
Howard
Hubbard
Hughes
Hungate
Hutchinson
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Keys
Koch
Krebs
LaFalce
Latta
Lehman
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
McCollister
McCormack
McFall
McHugh
McKay
Macdonald
Madden
Maguire
Mann
Martin
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mink
Moakley
Moffett
Mollohan
Mosher
Moss
Mottl
Murphy, Ill.
Murtha
Natcher
Neal
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Pattison, N.Y.
Perkins
Peyser
Pickle
Pike
Preyer
Price
Randall
Rangel
Rees
Reuss
Richmond
Riegle
Rinaldo
Roberts
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Russo
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Simon
Slack
Smith, Iowa
Smith, Nebr.
Spellman
Staggers
Stanton, James V.
Stark
Stokes
Stratton
Studds
Sullivan
Symington
Taylor, N.C.
Thompson
Thone
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Waggonner
Wampler
Waxman
Weaver
Whalen
White
Whitten
Wilson, Bob
Wilson, Tex.
Wirth
Wolff
Wright
Yates
Yatron
Young, Fla.
Young, Tex.
Zablocki
Zeferetti

NAYS—149

Abdnor
Andrews, N. Dak.
Armstrong
Ashbrook
Ashley
Bafalis
Bauman
Beard, Tenn.
Bevill
Brooks
Brown, Mich.
Buchanan
Burke, Calif.
Burleson, Tex.
Butler
Byron
Carney
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Cochran
Collins, Tex.
Conable
Conlan
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
de la Garza
Derrick
Devine
Dickinson
Diggs
Downing, Va.
du Pont
Edwards, Ala.
English
Erlenborn
Eshleman
Fascell
Findley
Fish
Flowers
Flynt
Forsythe
Fountain
Frenzel
Frey
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hansen
Hastings
Hawkins
Hays, Ohio
Hefner
Henderson
Hightower
Hillis
Holt
Howe
Hyde
Ichord
Jarman
Johnson, Pa.
Jones, Ala.
Kasten
Kazen
Kelly
Kemp
Kindness
Krueger
Lagomarsino
Landrum
Leggett
Levitas
Long, La.
Lott
Lujan
McClory
McCloskey
McDade
McDonald
McEwen
Madigan
Mahon
Mathis
Michel
Miller, Ohio
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Morgan
Myers, Ind.
Myers, Pa.
Nichols
O'Brien
Pettis
Poage
Pressler
Quie
Quillen
Railsback
Regula
Rhodes
Robinson
Rousselot
Roybal
Runnels
Ruppe
Ryan
Satterfield
Schneebeli
Schulze
Sebelius
Shriver
Shuster
Sikes
Skubitz
Snyder
Spence
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stuckey
Symms
Talcott
Taylor, Mo.
Thornton
Walsh
Whitehurst
Winn
Wydler
Wylie
Young, Alaska
Young, Ga.

ANSWERED "PRESENT"—11

Ambro
Bonker
Burton, John
Cohen
Dodd
Harrington
Heinz
Johnson, Colo.
McKinney
Mitchell, Md.
Pritchard

NOT VOTING—32

Anderson, Ill.
AuCoin
Burke, Fla.
Casey
Clawson, Del
Cleveland
Collins, Ill.
Conyers
Emery
Evins, Tenn.
Fary
Fraser
Giaimo
Hébert
Jones, Okla.
Ketchum
Lent
Milford
Moorhead, Pa.
Murphy, N.Y.
Nedzi
Passman
Patterson, Calif.
Pepper
Risenhoover
Sisk
Solarz
Teague
Udall
Vanik
Wiggins
Wilson, C. H.

Mrs. SMITH of Nebraska, Mrs. HECKLER of Massachusetts, and Messrs. THONE, SCHEUER, STRATTON, YOUNG of Texas, O'NEILL, HUTCHINSON, WAXMAN, WRIGHT, and BROOMFIELD changed their votes from nay to yea.

So the motion was agreed to.

The result of the vote was announced as above recorded.

Mr. BAUMAN. Mr. Speaker, in view of the fact that a quorum has been established by a rollcall, I ask unanimous consent that the call of the House just ordered be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

CONSUMER PRODUCT SAFETY COMMISSION IMPROVEMENTS ACT OF 1975

The SPEAKER pro tempore. The question is on the amendment which, without objection, the Clerk will report again.

There was no objection.

The Clerk read as follows:

Amendment: Page 20, strike out line 23 and all that follows down through and including line 22 on page 21.

Redesignate the succeeding sections accordingly.

PARLIAMENTARY INQUIRY

Mr. VAN DEERLIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. VAN DEERLIN. Mr. Speaker, is it the understanding of the Chair and therefore of the Members that the Butler amendment on which the separate vote is being asked is one on the civil litigation section of the bill, not to be confused with the Butler amendment on which we voted earlier this afternoon?

The SPEAKER pro tempore. The Chair will state that is not a parliamentary inquiry but that is the understanding of the Chair.

Mr. VAN DEERLIN. I thank the Speaker.

The SPEAKER pro tempore. The question is on the amendment.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. McCOLLISTER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 209, nays 195, not voting 29, as follows:

[Roll No. 634]

YEAS—209

Abdnor
Adams
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bell
Bennett
Bevill
Biester
Bowen
Breaux
Breckinridge
Brinkley
Brooks
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burleson, Tex.
Butler
Byron
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Conte
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
Danielson

Davis
de la Garza
Derrick
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Edwards, Ala.
English
Erlenborn
Esch
Eshleman
Evans, Ind.
Findley
Fish
Fithian
Flowers
Flynt
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hammerschmidt
Hansen
Harsha
Hastings
Heckler, Mass.
Hefner
Heinz
Henderson
Hightower
Hillis
Hinshaw
Holland
Holt
Hubbard
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Tenn.
Kasten
Kastenmeier
Kazen
Kelly
Kemp
Kindness
Krueger
LaFalce
Lagomarsino
Landrum
Latta
Levitas
Lloyd, Tenn.
Lott
Lujan
McClory
McCloskey
McCollister
McDonald
McEwen
McKinney
Madigan
Mahon
Mann
Martin
Mathis
Mazzoli
Michel
Miller, Ohio
Mills
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mosher
Myers, Ind.
Myers, Pa.
Neal
Nichols
O'Brien
Pettis
Pickle
Poage
Pressler
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Rinaldo
Roberts
Robinson
Roncalio
Rose
Rousselot
Runnels
Ruppe
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shipley
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stuckey
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Treen
Ullman
Vander Jagt
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wilson, Bob
Winn
Wright
Wydler
Wylie
Young, Alaska
Young, Fla.
Young, Tex.

NAYS—195

Abzug
Addabbo
Ambro
Anderson, Calif.
Annunzio
Ashley
Aspin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bergland
Biaggi
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Brodhead
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Chisholm
Clay
Corman
Cornell
Cotter
D'Amours
Daniels, N.J.
Delaney
Dellums
Dent
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Evans, Colo.
Fascell
Fenwick
Fisher
Flood
Florio
Foley
Ford, Mich.
Gaydos
Gibbons
Gonzalez
Green
Gude
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Helstoski
Hicks
Holtzman
Horton
Howard
Howe
Hughes
Hungate
Jacobs
Jenrette
Johnson, Calif.
Jones, Ala.
Jordan
Karth
Keys
Koch
Krebs
Leggett
Lehman
Litton
Lloyd, Calif.
Long, La.
Long, Md.
McCormack
McDade
McFall
McHugh
McKay
Macdonald
Madden
Maguire
Matsunaga
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Morgan
Moss
Mottl
Murphy, Ill.
Murtha
Natcher
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pike
Preyer
Price
Rangel
Rees
Reuss
Richmond
Riegle
Rodino
Roe
Rogers
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Russo
Ryan
St Germain
Santini
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Simon
Smith, Iowa
Spellman
Staggers
Stanton, James V.
Stark
Stokes
Studds
Sullivan
Symington
Thompson
Traxler
Tsongas
Van Deerlin
Vander Veen
Vigorito
Waxman
Weaver
Whalen
Wilson, Tex.
Wirth
Wolff
Yates
Yatron
Young, Ga.
Zablocki
Zeferetti

NOT VOTING—29

AuCoin
Burke, Fla.
Casey
Clawson, Del
Cleveland
Collins, Ill.
Conyers
Emery
Evins, Tenn.
Fary
Fraser
Giaimo
Hébert
Jones, Okla.
Ketchum
Lent
Milford
Moorhead, Pa.
Murphy, N.Y.
Nedzi
Passman
Risenhoover
Sisk
Solarz
Teague
Udall
Vanik
Wiggins
Wilson, C. H.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Moorhead of Pennsylvania against.

Mr. Passman for, with Mr. Murphy of New York against.

Mr. Risenhoover for, with Mr. Sisk against.

Mr. Teague for, with Mr. Solarz against.

Mr. Casey for, with Mr. Charles H. Wilson of California against.

Mr. Burke of Florida for, with Mr. Vanik against.

Mr. Lent for, with Mr. Conyers against.

Mr. Del Clawson for, with Mr. Nedzi against.

Mr. Emery for, with Mr. Giaimo against.

Mr. Cleveland for, with Mrs. Collins of Illinois against.

Mr. Wiggins for, with Mr. Fary against.

Until further notice:

Mr. AuCoin with Mr. Evins of Tennessee.

Mr. Udall with Mr. Fraser.

Mr. Jones of Oklahoma with Mr. Milford.

Messrs. GONZALEZ, MATSUNAGA, PATTISON of New York, TRAXLER, and JENRETTE changed their votes from "yea" to "nay."

Mr. NEAL changed his vote from "nay" to "yea."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. BROYHILL

Mr. BROYHILL. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BROYHILL. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BROYHILL of North Carolina moves to recommit the bill H.R. 6844 to the Committee on Interstate and Foreign Commerce with instructions to report the same to the House forthwith with the following amendment: Page 21, strike out line 23 and all that follows down through line 12 on page 22.

The SPEAKER. The Chair recognizes the gentleman from North Carolina (Mr. BROYHILL) for 5 minutes.

Mr. BROYHILL. Mr. Speaker, I will make this just as brief as I can.

Mr. Speaker, my amendment would strike section 13 of the bill before us. Let us just briefly outline what the present law is. The present law is this:

The Commission has jurisdiction over several safety laws that have been passed over the years to protect the public from potential hazards. I have in my hand a compilation of the various laws over which the Commission has jurisdiction. The law says, very simply, that if a potential hazard can be reduced or regulated under that act, it must use that act.

For example, we have the Flammable Fabrics Act. If they can reduce a potential hazard from fabrics, as an example, they must use the Flammable Fabrics Act.

The language that I wish to strike would give the Commission the right to pick and choose the act and the authorities that they would use to regulate a potential hazard. This just does not make sense. It would be in effect a de facto repeal of the transferred acts, the acts by which we transferred authority to this Commission.

These various laws were designed to deal with specific risks that are arising from a relatively narrow range of products. The Commission, under the language which is in the act, could discard the transferred acts without soliciting input from anyone who would be affected by the decision, and this would thus be in effect a repeal of those acts.

Mr. Speaker, I say if we want to repeal those acts, let the Congress repeal them. If we want the Commission to administer one act, let the Congress pass that act and let the Commission administer it.

Mr. McCOLLISTER. Mr. Speaker, will the gentleman yield?

Mr. BROYHILL. I yield to the gentleman from Nebraska.

Mr. McCOLLISTER. Mr. Speaker, I thank the gentleman from North Carolina for yielding.

In addition to all the gentleman has said, I have a note that on page 22 of the bill, in line 10, it says "by order" of the Commission it can do this. They have not even prescribed any rulemaking procedure by which the acts can be repealed or by which they can be listed and considered more carefully.

I think the amendment, which failed by only one vote a short time ago, should be adopted to strike section 13 from the bill for the reasons that the gentleman from North Carolina has given.

Mr. Speaker, I thank the gentleman for yielding.

Mr. BROYHILL. Mr. Speaker, I will point out that this is the same amendment I offered in the Committee of the Whole about an hour or so ago. It failed then by only one vote. I hope I have at least one friend in the Chamber who will switch a vote in my favor this time.

The SPEAKER. The Chair recognizes

the gentleman from California (Mr. VAN DEERLIN).

Mr. VAN DEERLIN. Mr. Speaker, inasmuch as it is not raining in Boston, I urge quick consideration of this proposed recommital motion. This matter was thoroughly debated in the day. It was voted upon, and the amendment was defeated emphatically by a vote of 205 to 204.

Mr. Speaker, I urge that we move swiftly toward the consideration of this legislation and turn down the recommittal motion.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. McCOLLISTER. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 204, nays 198, not voting 31, as follows:

[Roll No. 635]

YEAS—204

Abdnor
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Bauman
Beard, Tenn.
Bell
Bennett
Bevill
Biester
Bowen
Breaux
Brinkley
Broomfield
Brown, Mich.
Brown, Ohio
Broyhill
Buchanan
Burgener
Burleson, Tex.
Butler
Byron
Carter
Cederberg
Chappell
Clancy
Clausen, Don H.
Cochran
Cohen
Collins, Tex.
Conable
Conlan
Coughlin
Crane
Daniel, Dan
Daniel, R. W.
de la Garza
Derrick
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Edwards, Ala.
English
Erlenborn
Esch
Eshleman
Findley
Fish
Flowers
Flynt
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gibbons
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hammerschmidt
Hansen
Harsha
Hastings
Hefner
Heinz
Henderson
Hightower
Hillis
Hinshaw
Holland
Holt
Horton
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jarman
Jeffords
Jenrette
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Tenn.
Kasten
Kazen
Kelly
Kemp
Kindness
Krueger
Lagomarsino
Landrum
Latta
Lloyd, Tenn.
Lott
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McDonald
McEwen
McKay
McKinney
Madigan
Mahon
Mann
Martin
Mathis
Michel
Miller, Ohio
Mills
Mitchell, N.Y.
Montgomery
Moore
Moorhead, Calif.
Mosher
Myers, Ind.
Myers, Pa.
Neal
Nichols
O'Brien
Pettis
Pickle
Poage
Pressler
Preyer
Pritchard
Quie
Quillen
Railsback
Randall
Regula
Rhodes
Rinaldo
Roberts
Robinson
Rose
Roush
Rousselot
Runnels
Ruppe
Sarasin
Satterfield
Schneebeli
Schulze
Sebelius
Shriver
Shuster
Sikes
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stratton
Stuckey
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Thornton
Treen
Ullman
Vander Jagt
Waggonner
Walsh
Wampler
White
Whitehurst
Whitten
Wilson, Bob
Wilson, Tex.
Winn
Wright
Wydler
Wylie
Young, Alaska
Young, Fla.
Young, Tex.

NAYS—198

Abzug
Adams
Addabbo
Ambro
Anderson, Calif.
Annunzio
Ashley
Aspin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Bedell
Bergland
Biaggi
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Chisholm
Clay
Conte
Corman
Cornell
Cotter
D'Amours
Daniels, N.J.
Danielson
Davis
Delaney
Dellums
Dent
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Evans, Colo.
Evans, Ind.
Fascell
Fenwick
Fisher
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Gaydos
Gonzalez
Green
Gude
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Helstoski
Hicks
Holtzman
Howard
Howe
Jacobs
Johnson, Calif.
Jones, Ala.
Jordan
Karth
Kastenmeier
Keys
Koch
Krebs
LaFalce
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Long, La.
Long, Md.
McFall
McHugh
Macdonald
Madden
Maguire
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mineta
Minish
Mink
Mitchell, Md.
Moakley
Moffett
Mollohan
Morgan
Moss
Mottl
Murphy, Ill.
Murtha
Natcher
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pike
Price
Rangel
Rees
Reuss
Richmond
Riegle
Rodino
Roe
Rogers
Rooney
Rosenthal
Rostenkowski
Roybal
Russo
Ryan
St Germain
Santini
Sarbanes
Scheuer
Schroeder
Seiberling
Sharp
Shipley
Simon
Smith, Iowa
Spellman
Staggers
Stanton, James V.
Stark
Stokes
Studds
Sullivan
Symington
Thompson
Traxler
Tsongas
Van Deerlin
Vander Veen
Vigorito
Waxman
Weaver
Whalen
Wirth
Wolff
Yates
Yatron
Young, Ga.
Zablocki
Zeferetti

NOT VOTING—31

AuCoin
Burke, Fla.
Casey
Clawson, Del
Cleveland
Collins, Ill.
Conyers
Emery
Evins, Tenn.
Fary
Fraser
Giaimo
Hébert
Heckler, Mass.
Jones, Okla.
Ketchum
Lent
Milford
Moorhead, Pa.
Murphy, N.Y.
Nedzi
Passman
Risenhoover
Roncalio
Sisk
Solarz
Teague
Udall
Vanik
Wiggins
Wilson, C. H.

The Clerk announced the following pairs:

On this vote:

Mr. Hébert for, with Mr. Moorhead of Pennsylvania against.

Mr. Passman for, with Mr. Murphy of New York against.

Mr. Teague for, with Mr. Sisk against.

Mr. Risenhoover for, with Mr. Solarz against.

Mr. Casey for, with Mr. Giaimo against.

Mr. Emery for, with Mr. Vanik against.

Mr. Del Clawson for, with Mrs. Heckler of Massachusetts against.

Mr. Burke of Florida for, with Mr. Charles H. Wilson of California against.

Mr. Cleveland for, with Mr. Conyers against.

Mr. Wiggins for, with Mr. Nedzi against.

Mr. Lent for, with Mr. Roncalio against.

Until further notice:

Mr. AuCoin with Mr. Fary.

Mr. Evins of Tennessee with Mr. Fraser.

Mr. Jones of Oklahoma with Mr Milford.

Mrs. Collins of Illinois with Mr. Udall.

Messrs. HORTON, BIESTER, COLLINS of Texas, and ALEXANDER changed their vote from "nay" to "yea."

Mr. FORD of Tennessee, Mrs. SPELLMAN, and Mr. HELSTOSKI changed their vote from "yea" to "nay."

So the motion to recommit was agreed to.

The result of the vote was announced as above recorded.

Mr. VAN DEERLIN. Mr. Speaker, in accordance with the instructions of the House and on behalf of the Committee on Interstate and Foreign Commerce, I report the bill back to the House with an amendment.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amendment: Page 21, strike out line 23 and all that follows down through line 12 on page 22.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. ASHBROOK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 313, nays 86, not voting 34, as follows:

[Roll No. 636]

YEAS—313

Abdnor
Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Ashley
Aspin
Badillo
Bafalis
Baldus
Baucus
Beard, R.I.
Bedell
Bell
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breckinridge
Brinkley
Brodhead
Brooks
Broomfield
Brown, Ohio
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Carney
Carr
Carter
Chisholm
Clausen, Don H.
Clay
Cochran
Cohen
Conlan
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
de la Garza
Delaney
Dellums
Dent
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Oreg.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg

English
Erlenborn
Esch
Evans, Colo.
Evans, Ind.
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Foley
Ford, Mich.
Ford, Tenn.
Fountain
Frenzel
Fuqua
Gaydos
Gibbons
Gilman
Ginn
Gonzalez
Gradison
Green
Gude
Hagedorn
Hall
Hamilton
Hanley
Hannaford
Harkin
Harrington
Harris
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hyde
Jacobs
Jeffords
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kazen
Keys
Koch
Krebs
LaFalce
Lagomarsino
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lott
Lujan
McCloskey
McCollister
McCormack
McDade
McFall
McHugh
McKay
McKinney
Macdonald
Madden
Madigan
Maguire
Mahon
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Morgan
Mosher
Mottl
Murphy, Ill.
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Pressler
Preyer
Price
Pritchard
Quie
Railsback
Randall
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Rodino
Roe
Rogers
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Scheuer
Schroeder
Schulze
Seiberling
Sharp
Shipley
Shriver
Simon
Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steelman
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vigorito
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitten
Wilson, Bob
Wilson, Tex.
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Fla.
Young, Ga.
Zablocki
Zeferetti

NAYS—86

Archer
Armstrong
Ashbrook
Bauman
Beard, Tenn.
Bennett
Bevill
Breaux
Brown, Mich.
Burleson, Tex.
Byron
Cederberg
Chappell
Clancy
Collins, Tex.
Conable
Crane
Daniel, Dan
Daniel, R. W.
Davis
Derrick
Derwinski
Devine
Dickinson
Downing, Va.
Duncan, Tenn.
Eshleman
Flynt
Forsythe
Frey
Goodling
Grassley
Guyer
Haley
Hammerschmidt
Hansen
Harsha
Holland
Holt
Hutchinson
Ichord
Jarman
Jenrette
Jones, N.C.
Kasten
Kelly
Kemp
Kindness
Krueger
Landrum
Latta
McClory
McDonald
McEwen
Mann
Martin
Mathis
Michel
Miller, Ohio
Moore
Moorhead, Calif.
Moss
Murtha
Nichols
Poage
Quillen
Roberts
Robinson
Roncalio
Rousselot
Runnels
Satterfield
Schneebeli
Sebelius
Shuster
Sikes
Skubitz
Spence
Steed
Steiger, Ariz.
Symms
Taylor, Mo.
Waggonner
Whitehurst
Young, Alaska
Young, Tex.

NOT VOTING—34

AuCoin
Barrett
Brown, Calif.
Burke, Fla.
Casey
Clawson, Del
Cleveland
Collins, Ill.
Conyers
Emery
Evins, Tenn.
Fary
Fraser
Giaimo
Goldwater
Hébert
Jones, Okla.
Ketchum
Lent
Milford
Moorhead, Pa.
Murphy, N.Y.
Nedzi
Passman
Risenhoover
Sisk
Slack
Solarz
Teague
Udall
Vanik
Wiggins
Wilson, C. H.
Winn

The Clerk announced the following pairs:

On this vote:

Mr. Moorhead of Pennsylvania for, with Mr. Hébert against.

Mr. Murphy of New York for, with Mr. Passman against.

Mr. Sisk for, with Mr. Teague against.

Mr. Giaimo for, with Mr. Casey against.

Mr. Barrett for, with Mr. Risenhoover against.

Until further notice:

Mr. AuCoin with Mr. Fary.

Mr. Nedzi with Mr. Evins of Tennessee.

Mr. Solarz with Mr. Charles H. Wilson of California.

Mr. Goldwater with Mr. Jones of Oklahoma.

Mr. Emery with Mr. Del Clawson.

Mr. Lent with Mr. Wiggins.

Mr. Cleveland with Mr. Burke of Florida.

Mr. Winn with Mr. Milford.

Mr. Brown of California with Mr. Slack.

Mr. Vanik with Mrs. Collins of Illinois.

Mr. Conyers with Mr. Fraser.

Messrs. DOWNING of Virginia, BREAUX, and SYMMS changed their vote from "yea" to "nay."

Messrs. LUJAN, ASHLEY, and JOHNSON of Pennsylvania changed their vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. VAN DEERLIN. Mr. Speaker, pursuant to House Resolution 624, I call up from the Speaker's table the Senate bill, S. 644, to amend the Consumer Product Safety Act to improve the Consumer Product Safety Commission, to authorize new appropriations, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

AMENDMENT OFFERED BY MR. VAN DEERLIN

Mr. VAN DEERLIN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VAN DEERLIN: Strike out all after the enacting clause of the bill S. 644 and insert in lieu thereof the provisions of H.R. 6844, as passed, as follows:

SHORT TITLE

SECTION 1. This Act may be cited as the "Consumer Product Safety Commission Improvements Act of 1975".

AUTHORIZATION OF APPROPRIATIONS

SEC. 2. Section 32(a) of the Consumer Product Safety Act (15 U.S.C. 2081(a)) is amended to read as follows:

"(a) There are authorized to be appropriated for the purposes of carrying out the provisions of this Act (other than the provisions of section 27(h) which authorize the planning and construction of research, development, and testing facilities) and for the purpose of carrying out the functions, powers, and duties transferred to the Commission under section 30, not to exceed—

"(1) $51,000,000 for the fiscal year ending June 30, 1976;

"(2) $14,000,000 for the period beginning July 1, 1976, and ending September 30, 1976;

"(3) $60,000,000 for the fiscal year ending September 30, 1977; and

"(4) $68,000,000 for the fiscal year ending September 30, 1978.".

LIMITATIONS ON JURISDICTION

SEC. 3. (a) Section 2(2) of the Poison Prevention Packaging Act of 1970 (15 U.S.C. 1471(2)) is amended (1) by striking out subparagraph (B), and (2) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

(b) Section 3(a)(1)(D) of the Consumer Product Safety Act (15 U.S.C. 2052(a)(1)(D)) is amended by striking out "economic poisons" and inserting in lieu thereof "pesticides".

(c)(1) Section 2(f)2 of the Federal Hazardous Substances Act (15 U.S.C. 1261(f)(2)) is amended by inserting before "but such term" the following: "and not to tobacco and tobacco products,".

(2) Section 3(a)(1) of the Consumer Product Safety Act (15 U.S.C. 2052(a)(1)) is amended (A) by inserting "other" before "limitations" in the last sentence thereof and (B) by inserting before such sentence the following: "Except for the regulation under this Act or the Federal Hazardous Substances Act of fireworks devices or any substance intended for use as a component of any such device, the Commission shall have no authority under the functions transferred pursuant to section 30 of this Act to regulate any product or article described in subparagraph (B) or (E) of this paragraph, or described, without regard to quantity, in section 845(a)(5) of title 18 of the United States Code.".

(d) The second sentence of section 30(a) of the Consumer Product Safety Act (15 U.S.C. 2079(a)) is amended by (1) striking out "of the Administrator of the Environmental Protection Agency and"; and (2) striking out "Acts amended by subsections (b) through (f) of section 7 of the Poison Prevention Packaging Act of 1970" and inserting in lieu thereof "Federal Food, Drug, and Cosmetic Act (15 U.S.C. 301 et seq.)".

BUDGET AND EMPLOYEE PROVISIONS

SEC. 4. (a) Section 4(f) of the Consumer Product Safety Act (15 U.S.C. 2053(f)) is amended by adding at the end thereof the following new paragraph:

"(3) Requests or estimates for regular, supplemental, or deficiency appropriations on behalf of the Commission may not be submitted by the Chairman without the prior approval of the Commission.".

(b) Section 4(g) of such Act (15 U.S.C. 2053(g)) is amended (1) by striking out "fulltime" in paragraph (2) and inserting in lieu thereof "regular", and (2) by adding after such paragraph the following new paragraphs:

"(3) In addition to the number of positions authorized by section 5108(a) of title 5, United States Code, the Chairman, subject to the approval of the Commission, and subject to the standards and procedures prescribed by chapter 51 of title 5, United States Code, may place a total of ten positions in GS-16, GS-17, and GS-18.".

STANDARDS DEVELOPMENT

SEC. 5. (a) The last sentence of section 7(b) of the Consumer Product Safety Act (15 U.S.C. 2056(b)) is amended to read as follows: "An invitation under paragraph (4)(B) for an offer to develop a proposed consumer product safety standard shall specify the period in which the offeror of an accepted offer is to develop the proposed standards, which period shall be a period ending 150 days after the date the offer is accepted unless the Commission for good cause finds (and includes such finding in the notice) that a different period is appropriate.".

(b) Section 7(e)(2) of such Act (15 U.S.C. 2056(e)(2)) is amended by adding at the end thereof the following new sentence: "If the Commission accepts one or more offers to develop a proposed consumer product safety standard and the Commission determines that the standard developed by each offeror whose offer for the development of such standard was accepted is not satisfactory, the Commission may develop proposals for such standard or contract with third parties for such development.".

(c) Section 7(f) of such Act (15 U.S.C. 2056(f)) is amended by striking out "Not more than 210 days after its publication of a notice of proceeding pursuant to subsection (b)" and inserting in lieu thereof "Not more than 60 days after receiving the proposed standard from the offeror".

PROHIBITED ACTS AND ENFORCEMENT

SEC. 6. (a) Section 19(a) of the Consumer Product Safety Act (15 U.S.C. 2068(a)) is amended—

(1) by inserting "or fail or refuse to establish or maintain records," immediately after "copying of records," in paragraph (3); and

(2) by striking out "or" at the end of paragraph (6), by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; or", and by adding after paragraph (7) the following new paragraphs:

"(8) fail to comply with any rule under section 13 (relating to prior notice and description of new consumer products); or

"(9) fail to comply with any rule under section 27(e) (relating to provision of performance and technical data).".

(b) Section 20(a)(1) of such Act (15 U.S.C. 2069) is amended by striking out "or (7)" and inserting in lieu thereof "(7), (8), or (9)".

INFORMATION DISCLOSURE TO OTHER GOVERNMENTAL BODIES

SEC. 7. Section 29 of the Consumer Product Safety Act (15 U.S.C. 2078) is amended by adding at the end thereof the following new subsection:

"(e) The Commission may provide to another Federal agency or a State or local authority engaged in activities relating to health, safety, or consumer protection, copies of any accident or investigation report made under this Act by any officer, employee, or agent of the Commission only if (1) information which under section 6(a)(2) is to be considered confidential is not included in any copy of any report provided under this subsection; and (2) each Federal agency and State and local authority which receives under this subsection a copy of a report provides assurances satisfactory to the Commission that the identity of any injured peron and any person who treated an injured person will not, without the consent of the person identified, be included in—

"(A) any copy of any such report, or

"(B) any information contained in any such report, which the agency or authority makes available to any member of the public. No Federal agency or State or local authority may disclose to any member of the public any information contained in a report received by the agency or authority under this subsection unless with respect to such information the Commission has complied with the applicable requirements of section 6(b).".

TITLE 18 PROTECTION

SEC. 8. Section 1114 of title 18, United States Code, is amended by inserting ", the Consumer Product Safety Commission," immediately after "Department of Health, Education, and Welfare".

ADVANCE PAYMENTS; RENT AND SEMINAR EXPENSES

SEC. 9. (a) Section 7(d)(2) of the Consumer Product Safety Act (15 U.S.C. 2056(d)(2)) is amended by adding at the end thereof the following: "Payments under agreements entered into under this paragraph may be made without regard to section 3648 of the Revised Statutes (31 U.S.C. 529)."

(b) Section 27(b) of such Act (15 U.S.C. 2076(b)) is amended—

(1) by striking out "and" at the end of paragraph (7), and

(2) by redesignating paragraph (8) as paragraph (10) and by inserting after paragraph (7) the following new paragraphs:

"(8) to lease, without regard to the Act of March 3, 1877 (40 U.S.C. 34), buildings or parts of buildings in the District of Columbia for the use of the Commission;

"(9) to pay travel and subsistence expenses incurred in connection with safety education seminars of the Commission by participants in the seminars; and".

SUBSTANTIAL PRODUCT HAZARD

SEC. 10. (a) Section 15(d) of the Consumer Product Safety Act (15 U.S.C. 2064(d)) is amended by adding at the end the following: "An order under this subsection may prohibit the person to whom it applies from manufacturing, for sale, offering for sale, distributing in commerce, or importing into the United States (or from doing any combination of such actions) the product with respect to which the order was issued."

(b) Section 19(a)(5) of such Act (15 U.S.C. 2068(a)(5)) is amended (1) by striking out "and to" and inserting in lieu thereof "to", and (2) by inserting ", and to prohibited acts" after "refund".

(c) Section 22 of such Act (15 U.S.C. 2071) is amended—

(1) by striking out in subsection (a) all that precedes the second sentence of such subsection and inserting in lieu thereof the following:

"(a) The United States district courts shall have jurisdiction to take the following action:

"(1) Restrain any violation of section 19.

"(2) Restrain any person from manufacturing, for sale, offering for sale, distributing in commerce, or importing into the United States a product in violation of an order in effect under section 15(d).

"(3) Restrain any person from distributing in commerce a product which does not comply with a consumer product safety rule."; and

(2) by striking out in subsection (b) all that precedes the second sentence of such subsection and inserting in lieu thereof the following:

"(b) Any consumer product—

"(1) which fails to conform with an applicable consumer product safety rule, or

"(2) the manufacture for sale, offering for sale, distribution in commerce, or the importation into the United States of which has been prohibited by an order in effect under section 15(d).

when introduced into or while in commerce or while held for sale after shipment in commerce shall be liable to be proceeded against on libel of information and condemned in any United States district court within the jurisdiction of which such consumer product is found.".

COMPLIANCE TESTS

SEC. 11. Section 7(a) of the Consumer Product Safety Act (15 U.S.C. 2056(a)) is amended (1) by inserting "(1)" after "(a)", (2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B) respectively, and (3) by adding at the end the following new paragraph:

"(2) No consumer product safety standard promulgated under this section shall require, incorporate, or reference any sampling plan. The preceding sentence shall not apply with respect to any consumer product safety standard or other agency action of the Commission under this Act (A) applicable to a fabric, related material, or product which is subject to a flammability standard or for which a flammability standard or other regulation may be promulgated under the Flammability Fabrics Act or (B) which is or may be applicable to glass bottles.".

EFFECT ON STATE LAW

SEC. 12. (a) Section 18(b) of the Federal Hazardous Substances Act is amended to read as follows:

"(b)(1)(A) Except as provided in paragraphs (2) and (3), if a hazardous substance or its packaging is subject to a cautionary labeling requirement under section 2(p) or 3(b) designed to protect against a risk of illness or injury associated with the substance, no State or political subdivision of a State may establish or continue in effect a cautionary labeling requirement applicable to such substance or packaging and designed to protect against the same risk of illness or injury unless cautionary labeling requirement is identical to the labeling requirement under section 2(p) or 3(b).

"(B) Except as provided in paragraphs (2), (3), and (4) if under regulations of the Secretary promulgated under or for the enforcement of section 2(q) a requirement is established to protect against a risk of illness or injury associated with a hazardous substance, no State or political subdivision of a State may establish or continue in effect a requirement applicable to such substance and designed to protect against the same risk of illness or injury unless such requirement is identical to the requirement established under such regulations.

"(2) The Federal Government and the government of any State or political subdivision of a State may establish and continue in effect a requirement applicable to a hazardous substance for its own use (or to the packaging of such a substance) which requirement is designed to protect against a risk of illness or injury associated with such substance and which is not identical to a requirement described in paragraph (1) applicable to such substance (or packaging) and designed to protect against the same risk of illness or injury if the Federal, State, or political subdivision requirement provides a higher degree of protection from such risk of illness or injury than the requirement described in paragraph (1).

"(3)(A) Upon application of a State or political subdivision of a State, the Commission may, by regulation promulgated in accordance with subparagraph (B), exempt from paragraph (1), under such conditions as may be prescribed in such regulation, a requirement of such State or political subdivision designed to protect against a risk of illness or injury associated with a hazardous substance if—

"(i) compliance with the requirement would not cause the hazardous substance (or its packaging) to be in violation of the applicable requirement described in paragraph (1), and

"(ii) the State or political subdivision requirement (I) provides a significantly higher degree of protection from such risk of illness or injury than the requirement described in paragraph (1), and (II) does not unduly burden interstate commerce.

In determining the effect of a State or political subdivision requirement on interstate commerce the Commission shall consider and make appropriate findings on the technological and economic feasibility of complying with such requirement, the cost of complying with such requirement, the geographic distribution of the substance to which the requirement would apply, the probability of other States or political subdivisions applying for an exemption under this paragraph for a similar requirement, and the need for a national, uniform requirement under this Act for such substance (or its packaging).

"(B) A regulation under subparagraph (A) granting an exemption for a requirement of a State or political subdivision of a State may be promulgated by the Commission only after it has provided in accordance with section 553(b) of title 5, United States Code, notice with respect to the promulgation of the regulation and has provided opportunity for the oral presentation of views respecting its promulgation.

"(4) Paragraph 1(B) does not prohibit a State or a political subdivision of a State from establishing or continuing in effect a requirement which is designed to protect against a risk of illness or injury associated with fireworks devices or components thereof and which provides a higher degree of protection from such risk of illness or injury than a requirement in effect under a regulation of the Secretary described in such paragraph.

"(5) As used in this subsection, the term 'Commission' means the Consumer Product Safety Commission.".

(b) Section 16 of the Flammable Fabrics Act is amended to read as follows:

"PREEMPTION

"SEC. 16. (a) Except as provided in subsections (b) and (c), whenever a flammability standard or other regulation for a fabric, related material, or product is in effect under this Act, no State or political subdivision of a State may establish or continue in effect a flammability standard or other regulation for such fabric, related material, or product if the standard or other regulation is designed to protect the public against the same risk of occurrence of fire with respect to which the standard or other regulation under this Act is in effect unless the State or political subdivision standard or other regulation is identical to the Federal standard or other regulation.

"(b) The Federal Government and the government of any State or political subdivision of a State may establish and continue in effect a flammability standard or other regulation applicable to a fabric, related material, or product for its own use which standard or other regulation is designed to protect against a risk of occurrence of fire with respect to which a flammability standard or other regulation is in effect under this Act and which is not identical to such standard or other regulation if the Federal, State, or political subdivision standard or other regulation provides a higher degree of protection from such risk of occurrence of fire than the standard or other regulation in effect under this Act.

"(c) (1) Upon application of a State or political subdivision of a State, the Commission may, by regulation promulgated in accordance with paragraph (2), exempt from subsection (a), under such conditions as may be prescribed in such regulation, a flammability standard or other regulation of such State or political subdivision applicable to a fabric, regulated material, or product subject to a standard or other regulation in effect under this Act, if—

"(A) compliance with the requirement would not cause the fabric, related material, or product to be in violation of the standard or other regulation in effect under this Act, and

"(B) the State or political subdivision standard or other regulation (i) provides a significantly higher degree of protection from the risk of occurrence of fire with respect to which the Federal standard or other regulation is in effect, and (ii) does not unduly burden interstate commerce.

In determining the effect of a State or political subdivision flammability standard or other regulation on interstate commerce the Commission shall consider and make appropriate findings on the technological and economic feasibility of complying with such flammability standard or other regulation, the cost of complying with such flammability standard or other regulation, the geographic distribution of the fabric, related material, or product to which the flammability standard or other regulation would apply, the probability of other States or political subdivisions applying for an exemption under this subsection for a similar flammability standard or other regulation, and the need for a national, uniform flammability standard or other regulation under this Act for such fabric, related material, or product.

"(2) A regulation under paragraph (1) granting an exemption for a flammability standard or other regulation of a State or political subdivision of a State may be promulgated by the Commission only after it has provided in accordance with section 553 (b) of title 5, United States Code, notice with respect to the promulgation of the regulation and has provided opportunity for the oral presentation of views respecting its promulgation.

"(d) For purposes of this section—

"(1) a reference to a flammability standard or other regulation for a fabric, related material, or product in effect under this Act includes a standard of flammability continued in effect by section 11 of the Act of December 14, 1967 (Public Law 90–189); and

"(2) the term 'Commission' means the Consumer Product Safety Commission.".

(c) Section 8 of the Poison Prevention Packaging Act of 1970 (15 U.S.C. 1476) is amended (1) by striking out "Whenever" and inserting in lieu thereof "(a) Except as provided in subsections (b) and (c), whenever", and (2) by adding at the end thereof the following:

"(b) The Federal Government and the government of any State or political subdivision of a State may establish and continue in effect, with respect to a household substance for its own use, a standard for special packaging or related requirement which is designed to protect against a risk of illness or injury with respect to which a standard for special packaging or related requirement is in effect under this Act and which is not identical to such standard or requirement if the Federal, State, or political subdivision standard or requirement provides a higher degree of protection from such risk of illness or injury than the standard or requirement in effect under this Act.

"(c) (1) Upon application of a State or political subdivision of a State, the Commission may, by regulation promulgated in accordance with paragraph (2), exempt from subsection (a), under such conditions as may be prescribed in such regulation, a standard for special packaging or related requirement of such State or political subdivision applicable to a household substance subject to a standard or requirement in effect under this Act if—

"(A) compliance with the standard or requirement would not cause the household substance to be in violation of the standard or requirement in effect under this Act, and

"(B) the State or political subdivision standard or requirement (i) provides a significantly higher degree of protection from the risk of illness or injury with respect to which the Federal standard or requirement is in effect, and (ii) does not unduly burden interstate commerce.

In determining the effect of a State or political subdivision standard or requirement on interstate commerce the Commission shall consider and make appropriate findings on the technological and economic feasibility of complying with such standard or requirement, the cost of complying with such standard or requirement, the geographic distribution of the household substance to which the standard or requirement would apply, the probability of other States or political subdivisions applying for an exemption under this subsection for a similar standard or requirement, and the need for a national, uniform standard or requirement under this Act for such household substance.

"(2) A regulation under paragraph (1) granting an exemption for a standard or requirement of a State or political subdivision of a State may be promulgated by the Commission only after it has provided in accordance with section 553(b) of title 5, United States Code, notice with respect to the promulgation of the regulation and has provided opportunity for the oral presentation of views respecting its promulgation.".

(d) Subsections (b) and (c) of section 26 of the Consumer Product Safety Act (15 U.S.C. 2075) are amended to read as follows:

"(b) Subsection (a) of this section does not prevent the Federal Government or the government of any State or political subdivision of a State from establishing or continuing in effect a safety requirement applicable to a consumer product for its own use which requirement is designed to protect against a risk of injury associated with the product and which is not identical to the consumer product safety standard applicable to the product under this Act if the Federal, State, or political subdivision requirement provides a higher degree of protection from such risk of injury than the standard applicable under this Act.

"(c) Upon application of a State or political subdivision of a State, the Commission may by rule, after notice and opportunity for oral presentation of views, exempt from the provisions of subsection (a) (under such conditions as it may impose) a proposed safety standard or regulation which is described in such application and which is designed to protect against a risk of injury associated with a consumer product subject to a consumer product safety standard under this Act if the State or political subdivision standard or regulation (1) provides a significantly higher degree of protection from such risk of injury than the consumer product safety standard under this Act, and (2) does not unduly burden interstate commerce. In determining the effect of a State or political subdivision requirement on interstate commerce, the Commission shall consider and make appropriate findings on the technological and economic feasibility of complying with such requirement, the cost of complying with such requirement, the geographic distribution of the consumer product to which the requirement would apply, the probability of other States or political subdivisions applying for an exemption under this subsection for a similar requirement, and the need for a national, uniform requirement under this Act for such consumer product."

CONSIDERATION OF THE NEEDS OF ELDERLY AND HANDICAPPED PERSONS

SEC. 13. Section 9(b) of the Consumer Product Safety Act (15 U.S.C. 2058(b)) is amended by adding at the end the following new sentence: "In the promulgation of such a rule the Commission shall also consider the special needs of elderly and handicapped persons to determine the extent to which such persons would be adversely affected by the promulgation of such rule."

FLAMMABLE FABRICS ACT ADVISORY COMMITTEE

SEC. 14. Section 17(a) of the Flammable Fabrics Act (15 U.S.C. 1204(a)) is amended by inserting after the first sentence the following new sentence: "The members of the Committee who are appointed to represent manufacturers shall include representatives from (1) the natural fiber producing industry, (2) the man-made fiber producing industry, and (3) manufacturers of fabrics, related materials, apparel, or interior furnishings."

CONGRESSIONAL REVIEW OF ADMINISTRATIVE ACTIONS OF THE COMMISSION

SEC. 15. Section 27 of the Consumer Product Safety Act (15 U.S.C. 2076) is amended by adding at the end thereof the following new subsection:

"(l) (1) (A) The Commission shall transmit to the Congress and the Commerce Committee of the Senate and the Interstate and Foreign Commerce Committee of the House of Representatives each consumer safety standard promulgated under this Act after the date of the enactment of this subsection and each rule, regulation, and order promulgated by the Commission after such date pursuant to a specific authorization or requirement prescribed by this Act, the Federal Hazardous Substances Act, the Poison Prevention Packaging Act of 1970, or the Flammable Fabrics Act. If, during the first period of 30 calendar days of continuous session of Congress after the date of its transmittal pursuant to the preceding sentence, neither House passes a resolution stating that that House does not approve such standard, rule, regulation, or order, such standard, rule, regulation, or order shall, except as provided under paragraph (2), be effective upon the expiration of such period or the effective date prescribed by the Commission for such standard, rule, regulation, or order, whichever is later.

"(B) For purposes of subparagraph (A) of this paragraph—

"(i) continuity of session is broken only by an adjournment of Congress sine die; and

"(ii) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 30-day period.

"(2) (A) If, after the date a standard, rule, regulation, or order is transmitted pursuant to paragraph (1) to the Congress and the committees referred to in such paragraph, both Houses of Congress pass a concurrent resolution (described in subparagraph (B)) authorizing such standard, rule, regulation, or order to take effect before the expiration of the 30-day period applicable to it under paragraph (1), such standard, rule, regulation, or order may take effect on the date authorized by such concurrent resolution (unless the Commission specifies a later effective date).

"(B) The concurrent resolution referred to in subparagraph (A) is a concurrent resolution the matter after the resolving clause of which reads as follows: 'The Congress authorizes ————, which was transmitted to Congress on ———, 19—, to take effect on ————.'; the first blank space therein being filled with an identification of the standard, rule, regulation, or order which is the subject of the resolution, the second blank space being filled with the date of transmittal of the standard, rule, regulation, or order, and the third blank space being filled with the effective date being authorized by the resolution."

FLAMMABILITY STANDARDS AND REGULATIONS

SEC. 16. (a) (1). Subsection (d) of section 4 of such Act is amended to read as follows:

"(d) Standards, regulation, and amendments to standards and regulations under this section shall be made in accordance with section 553 of title 5, United States Code, except that interested persons shall be given an opportunity for the oral presentation of data, views, or arguments in addition to an opportunity to make written submissions. A transcript shall be kept of any oral presentation."

(2) Subsection (e) (3) of section 4 of such Act is amended by adding at the end thereof the following: "The standard or regulation shall not be affirmed unless the findings required by the first sentence of subsection (b) are supported by substantial evidence on the record taken as a whole. For purposes of this paragraph, the term 'record' means the standard of regulation, any notice published with respect to the promulgation of such standard or regulation, the transcript required by subsection (d) of any oral presentation, any written submission of interested parties, and any other information which the Commission considers relevant to such standard or regulation."

(b) The amendments made by subsection (a) shall apply with respect to standards, regulations, and amendments to standards and regulations under section 4 of the Flammable Fabrics Act the proceedings for the promulgation of which were begun after the date of the enactment of this Act.

EXPERT WITNESSES' FEES AND ATTORNEYS' FEES

SEC. 17. (a) Section 23(a) of the Consumer Product Safety Act (15 U.S.C. 2072(a)) is amended by adding immediately after "including a reasonable attorney's fee" the following: "and reasonable expert witnesses' fees".

(b) Section 24 of the Consumer Product Safety Act (15 U.S.C. 2073) is amended by striking out the final sentence and inserting in lieu thereof the following: "In any action under this section the court may in the interests of justice award reasonable attorneys' fees and reasonable expert witnesses' fees."

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 6844) was laid on the table.

AUTHORIZING THE CLERK TO CORRECT CROSS-REFERENCES, SECTION NUMBERS, AND PUNCTUATION IN ENGROSSMENT OF HOUSE AMENDMENT TO S. 644

Mr. VAN DEERLIN. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to correct cross-references, section numbers, and punctuation in the engrossment of the House amendment to the Senate bill, S. 644.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

GENERAL LEAVE

Mr. VAN DEERLIN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

HOUR OF MEETING TOMORROW

Mr. McFALL. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 10 a.m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

REQUEST FOR CONSIDERATION OF CONCURRENT RESOLUTION PROVIDING FOR ADJOURNMENT FROM OCTOBER 23 TO OCTOBER 28, 1975

Mr. McFALL. Mr. Speaker, I send to the desk a privileged concurrent resolution and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on Thursday, October 23, 1975, it stand adjourned until 12 o'clock meridian Tuesday, October 28, 1975.

The SPEAKER. Without objection the resolution is agreed to.

Mr. McKINNEY. Mr. Speaker, may I be recognized?

The SPEAKER. Was the gentleman standing at the time?

Mr. McKINNEY. I was on my feet, Mr. Speaker.

Mr. ROUSSELOT. Yes, he was, Mr. Speaker.

The SPEAKER. The gentleman is recognized.

Mr. McKINNEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. The Chair will state that the previous question not having been ordered and the question not having been put, the Chair cannot recognize the gentleman from Connecticut (Mr. McKINNEY) for a vote at this time on this concurrent resolution.

Does the gentleman from California (Mr. McFALL) withdraw the concurrent resolution?

Mr. McFALL. Mr. Speaker, I withdraw the concurrent resolution.

REQUEST FOR PERMISSION FOR ALL COMMITTEES TO SIT TOMORROW DURING THE 5-MINUTE RULE

Mr. McFALL. Mr. Speaker, I ask unanimous consent that all committees may be permitted to sit tomorrow during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. KAZEN. Mr. Speaker, I object.

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Mr. SEIBERLING. Mr. Speaker, I move that all committees may be permitted to sit tomorrow during the 5-minute rule.

The SPEAKER. The Chair will state that that motion is not in order.

REQUEST TO MAKE IN ORDER THAT THE SPEAKER DECLARE A RECESS AT ANY TIME ON WEDNESDAY, NOVEMBER 5, 1975, FOR JOINT MEETING WITH PRESIDENT OF ARAB REPUBLIC OF EGYPT

Mr. McFALL. Mr. Speaker, I ask unanimous consent that it may be in order at any time on Wednesday, November 5, 1975, for the Speaker to declare a recess for the purpose of receiving in joint meeting the President of the Arab Republic of Egypt.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. DRINAN. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

LEGISLATIVE PROGRAM FOR TOMORROW

(Mr. McFALL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McFALL. Mr. Speaker, I wish to announce the program for tomorrow.

We will start with H.R. 8672, which is the Emergency Rail Transportation Improvement and Employment Act, under an open rule, with 1 hour of debate.

The next two bills will be H.R. 9472, TVA Bonding Authority, under an open rule, with 1 hour of debate, and H.R. 6184, referees in bankruptcy salaries, under an open rule, with 1 hour of debate.

It is the intention of the Speaker that we attempt to finish the emergency rail transportation improvement and employment bill and have the House adjourn by approximately 4 p.m.

Hopefully, we will be able to complete action on the other two bills, but the first bill is the important one that we intend to try to finish tomorrow.

REQUEST FOR PERMISSION FOR SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP AND INTERNATIONAL LAW OF COMMITTEE ON THE JUDICIARY TO SIT TOMORROW DURING THE 5-MINUTE RULE

Mr. NOWAK. Mr. Speaker, I ask unanimous consent that the Subcommittee on Immigration, Citizenship and International Law of the Committee on the Judiciary be permitted to sit on Thursday, October 23, 1975, during the 5-minute rule.

The SPEAKER pro tempore (Mr. McFall). Is there objection to the request of the gentleman from New York?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

REQUEST FOR PERMISSION FOR COMMITTEE ON AGRICULTURE TO SIT TOMORROW DURING THE 5-MINUTE RULE

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture be permitted to sit tomorrow during the 5-minute rule.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

IMPORTANT POINTS IN CONSIDERATION OF H.R. 8672

(Mr. SKUBITZ asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. SKUBITZ. Mr. Speaker, the bill, H.R. 8672, is scheduled to come before this body tomorrow. Due to the pressures of time under which we will debate the bill, there are a number of points which need to be made and which cannot be fully developed during that debate.

Therefore, I take this opportunity to answer one or two points which the proponents of this bill may advance in its support.

During the discussion before the Rules Committee the $240 million made available in H.R. 8672 can and should be considered as a downpayment on the more extensive and more comprehensive rehabilitation programs which are now being developed.

First, the $240 million of H.R. 8672 cannot be considered a downpayment on the final system plan and the $2.4 billion which is included in the plan, due to the simple fact that by the time H.R. 8672 becomes operational, the final system plan will have already been put into effect. By that I mean, the final system plan becomes legally effective November 9, unless the House or the Senate disapprove. It actually takes over operations and begins to function in late February. Before that February date the Congress will be required to fund the program for the $2.4 billion described in the final system plan.

On the other hand, H.R. 8672, by the time it is passed, sent to conference, vetoed by the President, returned to the Congress, the veto is overridden—if, indeed, it is—it goes to the Department of Transportation, guidelines are written, applications are made and considered—no reasonable person could expect it to be in place and in effect until the latter part of March or April. Therefore, to say that it would be a downpayment on something that is already in effect is simply an irrelevant argument. The point should also be made that the $240 million cannot be deducted from the money provided in the final system plan because to make that kind of deduction would seriously imperil the final system plan itself and could lead to an underfunding of what is already a precarious program.

In short, it is simply no argument at all to say that H.R. 8672 could or should be considered to be a downpayment on rehabilitation work in the northeast.

DR. BURNS OPPOSES ANOTHER CONGRESSIONAL ATTEMPT TO LOOK AT THE OPERATIONS OF THE FEDERAL RESERVE SYSTEM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Patman) is recognized for 30 minutes.

Mr. PATMAN. Mr. Speaker, many in this Chamber were elected to this Congress on a pledge of openness in Government—a pledge to end the secrecy in high places which has plagued our national government in recent years.

As a recent Asheville, N.C., Times editorial reprinted in the Athens, Tex., Review, notes:

> Secrecy in government almost never enhances the administrative process. All it does is protect those who govern. It enables administrators to hide their mistakes and self-serving decisions.
>
> Public officials are supposed to be accountable to the public. This is not possible as long as the public's business is conducted behind closed doors.

While most in this House are aware of the efforts of the Federal Reserve System in fighting H.R. 7590—a bill to require a General Accounting Office audit of the Fed—many may not be aware that Dr. Burns, Chairman of the Fed, is also opposing proposed legislation which would require the Fed to hold its policymaking meetings in public.

As the Asheville Times states in reviewing Dr. Burns' opposition:

> An open meetings law is needed here more than anywhere else.

Referring to Dr. Burns' testimony on the legislation, the editorial said:

> Cloaking himself in holiness, Burns seemed insulted at the suggestion the Fed needed such a law. He also predicted dire consequences for the American economy if the Fed could not continue to hold closed meetings.
>
> "The mere thought that an anticorruption bill need apply to the Federal Reserve would cast doubt on the integrity of the nation's central bank and would undermine confidence in the dollar and the future of the economy," Burns said.

The editorial concluded exactly the opposite:

> The Fed, of course, is one of the most independent, autocratic and secretive agencies in the entire bureaucracy. It is also one of the most powerful, and inclined to abuse its power. An open meetings law is needed here more than anywhere else.

Mr. Speaker, at this point I would like to enter in the Record a copy of this Asheville, N.C., times editorial as reprinted in the Athens, Tex., Daily Review on September 24:

Federal Government

> The Senate is trying for the second year to pass an open meetings law that would apply to Congress and some executive agencies. This time it may succeed, despite a replay of opposition that developed to the bill last year.
>
> The proposed law would require congressional committees to make their bill-drafting sessions open to the public. House committees already do this under rules adopted in 1973. Four Senate committees have a similar policy, but it is needed for all committees.
>
> Also, executive agencies that are run by two or more co-equal administrators would have to hold policy-making meetings in public. It would apply to about 50 agencies, generally those governed by boards and commissions whose members are nominated by the President and confirmed by the Senate.
>
> This is where most of the opposition is coming from. High level bureaucrats, long accustomed to the cozy atmosphere that secrecy provides, seem horrified at the very

thought of an open meetings law. They are raising all the usual and transparent objections.

Securities and Exchange Commission Chairman Ray Garrett, Jr., for example, said it would inhibit the free play of ideas, result in ill-considered judgments and cause administrative delays.

Arthur F. Burns, chairman of the Federal Reserve Board, was even more extreme. Cloaking himself in holiness, Burns seemed insulted at the suggestion the Fed needed such a law. He also predicted dire consequences for the American economy if the Fed could not continue to hold closed meetings.

"The mere thought that an anticorruption bill need apply to the Federal Reserve would cast doubt on the integrity of the nation's central bank and would undermine confidence in the dollar and the future of the economy," Burns said.

The Fed, of course, is one of the most independent, autocratic and secretive agencies in the entire bureaucracy. It is also one of the most powerful, and inclined to abuse its power. An open meetings law is needed here more than anywhere else.

Forty-eight states have passed "sunshine" laws, and the same objections have been raised in nearly every case. None has proved valid.

Secrecy in government almost never enhances the administrative process. All it does is protect those who govern. It enables administrators to hide their mistakes and self-serving decisions.

Public officials are supposed to be accountable to the public. This is not possible as long as the public's business is conducted behind closed doors. (Asheville (N.C.) Times)

FIRE SAFETY IN NURSING HOMES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maine (Mr. Cohen) is recognized for 5 minutes.

Mr. COHEN. Mr. Speaker, earlier this year, I was pleased to join with other Members of the House in cosponsoring legislation aimed at updating the current fire safety requirements for nursing homes participating in the medicare and medicaid programs.

Under current law, nursing homes are required to be in compliance with the 21st edition of the Life Safety Code which was issued in 1967 by the National Fire Protection Association, a voluntary, nonprofit organization formed to promote the science and improve the methods of fire protection and prevention. The application of this code to health care facilities has done much to replace minimal fire safety protection with an appropriate widely recognized standard.

While it is incumbent upon us to mention the 1967 code, two new editions of the code have been released since that time which incorporate new methods, including the use of automatic sprinkler systems, to improve fire safety. The Senate Special Committee on Aging, the National Fire Protection Association itself, the National Health Care Association, the American Association of Homes for the Aging have all recommended implementation of the latest edition of the Life Safety Code, that of 1973, in our Nation's nursing homes.

The State of Maine, recognizing the value of automatic sprinklers in protecting lives and property against the dangers of fire, has adopted the 1973 edition of the code—which emphasized the use of sprinklers—as the fire safety standard for the State. Maine is now one of two States in the union in which long-term care facilities have been fully equipped with sprinklers. The National Health Care Association estimated that 95 percent of nursing homes in the Nation will have sprinklers within the next 5 years.

While only nursing homes are now required by statute to comply with the Life Safety Code, it is reasonable to assume that the benefits of this bill will not be restricted to nursing homes but will be extended to hospitals and other health facilities. The standards of fire safety for hospitals are chosen at the discretion of the Secretary of Health, Education, and Welfare. For the sake of uniformity, the Secretary adopted the 1967 edition of the Life Safety Code for hospitals after that code had been applied to nursing homes. Likewise, with the implementation of the 1973 version of the code, a similar gesture of conformity could be expected.

I strongly endorse the concept embodied in legislation to substitute the 1973 edition of the code for the 1967 edition. But in implementing this change in codes, I believe it is important that we do not compromise the position of those homes and institutions that have faithfully complied with the 1967 version of the code. With this in mind, I am today introducing, in conjunction with the other members of the Maine congressional delegation, legislation which would protect the accreditation of those facilities in compliance with the 1967 code—or such other waivers as approved by the Secretary—as long as such compliance is maintained.

The 1973 code represents an effort to keep the lifesaving protection procedures and equipment up to date with the latest technological advances. As such, the members of the delegation believe it is essential to take advantage of the 1973 code. However, we also believe that the health and safety of residents in existing nursing homes require that we protect the ability of those homes to continue their service without costly interruption.

Mr. Speaker, I include the text of my bill in the Record at this point:

H.R. 10317

A bill to amend title XVIII of the Social Security Act to provide for the updating of the life safety requirements which are applicable to nursing homes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1861(j)(13) of the Social Security Act is amended by striking out "(21st edition, 1967)" and inserting in lieu thereof "(23rd edition, 1973)".

Sec. 2. (a) Subject to subsection (b), the amendment made by the first section of this Act shall be effective on the first day of the sixth month which begins after the date of the enactment of this Act.

(b) Any institution (or part of an institution) which complied with the requirements of section 1861(j)(13) of the Social Security Act on the day preceding the effective date of this Act, so long as such compliance is maintained (either by meeting the applicable provisions of the Life Safety Code (21st edition, 1967), with or without waivers of specific provisions, or by meeting the applicable provisions of a fire and safety code imposed by State law), shall be considered (for purposes of titles XVIII and XIX of the Social Security Act) as satisfying the requirements of such section as amended by the first section of this Act.

FIRE SAFETY IN NURSING HOMES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maine (Mr. Emery) is recognized for 5 minutes.

Mr. EMERY. Mr. Speaker, I am proud to join my distinguished colleague from Maine (Mr. Cohen) in introducing this important legislation to update the fire safety requirements of nursing homes participating in the medicare and medicaid programs. It is appropriate that Maine, considering its past leadership in fire safety, should continue its progress in this field. This piece of legislation not only upgrades fire safety requirements, but also respects the past efforts of those homes who already comply with the 1967 code.

The importance of fire safety cannot be overemphasized. The National Fire Prevention Association documents that fire kills or maims more than 100,000 Americans every year. Property loss is estimated at $2.75 billion while total annual fire-related expenditures are estimated at $12 to 15 billion. These figures underscore the importance of fire safety.

Nursing home residents represent one of the largest categories of fire victims. A combination of factors which include the use of old wooden structures for homes and the fact that many residents are invalid or semi-invalid contribute to the greater probability of fire and the difficulty of removing people from a burning structure. Updating the 1967 code for qualifying nursing homes, then, is imperative for the fire safety of the residents.

This piece of legislation introduced today by Mr. Cohen, and supported by myself and the other members of the Maine delegation, Mr. Muskie, and Mr. Hathaway, is consistent with the goals of fire safety.

ASSOCIATED GENERAL CONTRACTORS OPPOSE COLLECTIVE-BARGAINING BILL (H.R. 9500, S. 2305)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. Ashbrook) is recognized for 15 minute.

Mr. ASHBROOK. Mr. Speaker, there have been some misconceptions as to the position of the Associated General Contractors regarding the collective-bargaining bill (H.R. 9500, S. 2305). I think it is important to set the record straight.

The Associated General Contractors are opposed to the collective-bargaining bill. They do not believe that H.R. 9500 and S. 2305 represent any compromise between labor and management on the question of collective-bargaining reform.

Following is some information that further clarifies this matter.

THE ASSOCIATED
GENERAL CONTRACTORS OF AMERICA,
Washington, D.C., October 21, 1975.
Hon. JOHN M. ASHBROOK,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN ASHBROOK: There seems to be some confusion on Capitol Hill about the position of the Associated General Contractors of America on the collective bargaining bill (H.R. 9500, S. 2305). The recent (October 7th) House vote on H.R. 9500 reflects the fact that about 95 members who had previously voted against the common situs bill (H.R. 5900) voted in favor of H.R. 9500. Many of these 95 members, we are told, voted for the measure in the belief that H.R. 9500 represented an accord between labor and management on the subject of collective bargaining. Such a belief is not established upon any factual information available to us.

Attached is the pertinent excerpt from remarks made by me before the AGC Midyear Board Meeting, recently held in Kansas City. A short summary of the entire matter is that we are *for* the principle of collective bargaining reform, but *against* these specific bills (H.R. 9500, S. 2305). These bills do *not* represent any compromise between labor and management on the question of collective bargaining reform.

We appreciate your concern over these confusing circumstances, and hope that this letter will set the record straight: AGC opposes the Collective Bargaining Reform bills in their present form.

Sincerely,

J. M. SPROUSE,
Executive Vice President.

In November of 1974 John T. Dunlop, with the approval and support of the administration, formed a committee called the "Interim Construction Committee," comprised of ten representatives from construction management associations, ten of the international presidents from the Building and Construction Trades Department, the president of the Contractors Mutual Association and a representative of one individual construction company, John O'Connell of the Bechtel Corporation. At that time and later, Mr. Dunlop expressed the opinion that neither the Taft Hartley Act nor the Landrum-Griffin Act really fit construction collective bargaining, and that the Congress needed to go back to square one and begin writing basic labor law for the construction industry.

Tentative, very general, discussion was begun by the Interim Construction Committee and continued in the meetings of the collective bargaining committee in construction, which was established in April 1975 by executive order, comprised of the same people who were on the Interim Construction Committee. During these discussions none of those involved, and Mr. Peter Volpe was by that time a member of the CBCC along with me, ever saw anything in writing until, on September 3, we were given a summary of the proposed legislation. At that time, Mr. Volpe and I both stated that based on the *summary* we could support the *principles* of the proposal but that we could make no supporting statement until we saw the actual legislative language. The next day, September 4, the officers of the association, the chairman of the AGC Collective Bargaining Committee, Past President Nello L. Teer, Jr., Laurence F. Rooney and Paul G. Bell met with me to discuss the summary. Following that meeting President Matich said "based on the summary, the legislation appears to be a step forward, but until we have the opportunity to examine the actual bill in detail we are not in a position to commit ourselves to support it." On the afternoon of Friday, September 5, we received a copy of the bill. President Matich called a special meeting of the Executive Committee for Wednesday, September 10, and had counsel representing both the collective bargaining segment of the industry, as well as counsel representing the non-collective bargaining segment, give their opinions on the legislation to the Executive Committee. The association was handicapped by having had only three working days to examine the bill, call a special meeting of the Executive Committee, attempt to develop a position and prepare testimony to be given the next day, September 11. The Executive Committee was of the strong opinion that meaningful collective bargaining reform legislation is absolutely necessary for the continuation and, indeed, survival of the construction industry, but felt that any reform legislation should contain certain points, which Mr. Rooney presented in his testimony the next day. Mr. Rooney concluded his testimony by stating that "due principally to the short period of time that the association has had to give consideration to the bargaining reform proposal, and due to our very deep concern over the rapidity of the legislative process in the case of HR 9500, AGC cannot support the bill in its present form."

On September 16, Mr. Rooney testified in the Senate on the collective bargaining legislation and concluded his testimony that day with this statement: "We are increasingly disturbed by the reports and statements, including those made by the chairman of the House Education and Labor Committee and members of this committee, describing this bill and the situs picketing bill as a "package." If that in fact occurs we will have no choice but to actively oppose S. 2305. There is *no* legislation we can support if it includes in any way the legalization of secondary boycotts in the construction industry."

On September 18 the House Labor Committee approved the bill by a vote of 34–1. None of the improvements suggested by AGC and others were accepted. In view of that action, we then polled our Executive Committee and all of our chapters requesting them to advise us as to whether we should maintain our position of neither opposing nor supporting or whether we should formally oppose the legislation. The Executive Committee and the chapters were overwhelmingly opposed to the legislation under those circumstances and in its present form.

On September 25, the AGC formally announced its opposition to the collective bargaining legislation for the following stated reasons:

1. The bill falls short in too many areas to be considered truly useful reform legislation, and it was for this reason that we suggested nine amendments, none of which were adopted by either the House or the Senate Labor Committees;

2. The unusual manner in which this legislation is being rushed through the Congress can only be described as shocking. This is an issue which certainly deserves due deliberation, thorough study and thoughtful consideration by all affected parties. The bill has not had those benefits, and we see no need whatsoever for the steamrolling that is taking place;

3. Equally shocking is the clear political connection which this bill now has with the secondary boycott bill. The chairman of the House Labor Subcommittee which held hearings on the bills described them as a "package." Both the chairman and the ranking minority member of the Senate Labor Committee have stated that it is absolutely necessary that these bills go together. We confidently expect that the two bills will reach the Senate floor together, be debated together, be voted together and, if passed, sent to the White House together. The political reality, then, is that we are in the position of being unable to support one without supporting both and are, therefore, left with no choice except to oppose both.

When we testified before the Senate Labor Committee on this issue we told that committee that if the secondary boycott bill had been voted up or down in the Senate and had been signed or vetoed by the President, that our views on the collective bargaining legislation would have been different, but that had not been the case.

We felt that we had no choice, therefore, but to oppose HR 9500 and S 2305 just as we opposed HR 5900 and S 1479, the secondary boycott bills. We cannot, and will not, compromise our position on secondary boycotts; we will make no deal on secondary boycotts; we will make no trade-offs on secondary boycotts.

There is no question but that the legislation developed by Secretary Dunlop is a step in the right direction, although a very small step, but if the price for that small step is secondary boycotts it is completely unacceptable.

INTRODUCTION OF NEEDED LEGISLATION TO CORRECT INEQUITIES IN VETERANS' BENEFITS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. BOB WILSON) is recognized for 5 minutes.

Mr. BOB WILSON. Mr. Speaker, Congress several years ago approved automatic cost-of-living raises for social security recipients. This was a major step forward for the elderly and gave our senior citizens some guarantee of income maintenance during times of inflation. Many of us who had pushed for automatic social security raises hoped that this cost-of-living rider would provide a greater degree of assurance and stability to the social security program and eliminate the politics of last minute election year raises.

While the automatic raises have been a boom to many senior citizens, there has also been a continuing problem. Several other federally-funded programs are tied closely to social security, but have no built-in mechanism to deal with the new social security raise procedure.

On January 1, less than 3 months away, our Nation's veterans and widows face a substantial reduction or loss of their VA pensions unless Congress acts to increase the earnings ceiling and pension rates to offset the effect of this summer's social security raise. I hope that we will complete final action on a new veterans' pension bill by the end of the year, but unless we permanently alter the current pension law, these last-minute corrections will continue to be an annual exercise.

I have received many letters from veteran constituents, who are understandably apprehensive that we will fail to act in time, and am sure that many of my colleagues have received similar expressions of concern. The bill I am introducing today exempts this year's social security and railroad retirement increases from being counted as income for VA pension purposes and provides that cost-of-living adjustments under these programs will be similarly exempt in the future. Rather than our annual increase in the earnings ceiling and pension rates, I would urge the Veterans' Affairs Committee and the full House to consider the alternative legislation I am introducing today.

Elderly pensioners do not understand the logic of the earnings limitation or the means test. They only know the Government raises social security benefits with one hand and reduces their VA pensions with the other, for an aggregate gain of zero. As we are only too aware, rents and prices continue to climb. It is time to stop playing sleight of hand with the pensions of our Nation's veterans and their widows.

Second, I would like to address the question of a separate pension bill for World War I veterans. The survivors of the trenches are now in their late seventies and eighties, and I feel there is considerable equity in creating a special World War I pension program. Those who served in World War II and subsequent conflicts have been provided additional Government aid in terms of education, home loans, and so forth, which were not available to the veterans of World War I. These GI bill benefits have made a major contribution toward helping these former servicemen make their way in the civilian world. The returnees of 1918 had no such programs, however, and I feel it is only fitting to provide some additional measure of financial security in their last years. Many of these elderly veterans exist in or on the fringe of poverty.

The bill I am introducing authorizes a payment of $150 per month for a veteran with a spouse or dependent child and $135 per month for a single veteran. A widow would be entitled to $150 if she has a child, or to $135 alone. This special pension would be paid regardless of the income of the veteran or widow.

Third, there is the question of the present limitation on the use of educational benefits for graduate work. During the last Congress, we increased the educational benefits allowances from 36 to 45 months, which I strongly supported, but restricted the additional 9 months to undergraduate work only, which I opposed. I do not feel it is fair to discriminate against the veteran who had some preservice college credits or attended night classes while in the service by denying the additional 9 months benefits for graduate work. Elimination of this graduate study restriction was included in H.R. 9576 as recently passed by the House. Since the ultimate fate of this bill in the Senate is in doubt, however, I am introducing separate legislation to eliminate the limitation on graduate education.

Finally, I am introducing two bills suggested by a constituent, who works closely with veterans' programs, to assure that veterans in military hospitals receive benefits comparable to veterans hospitalized under VA auspices. One measure authorizes the transfer of a veteran from a military hospital to VA nursing home care. Presently, such a transfer is permissible only from a VA hospital. Additionally, when a veteran dies in a VA hospital, the VA will transport the body to the place of burial and my bill provides such transportation for veterans who die in military hospitals.

Monday is Veterans' Day and I can think of no more fitting tribute than the passage of comprehensive legislation. We need to redouble our efforts to help our younger veterans in obtaining jobs and education, to assure adequate income and comprehensive medical care for the disabled, and to provide some measure of financial assistance against the privations of old age. Let us give meaning to Veterans' Day by our actions here, as well as by our words.

FEDERAL ELECTIONS COMMISSION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRENZEL) is recognized for 5 minutes.

Mr. FRENZEL. Mr. Speaker, today, when I attempted to insert into the RECORD the regulation rejected by House Resolution 780, the chairman of the House Administration Committee objected.

The committee report did not include that proposed regulation, nor were any copies available on the floor. The regulation was included in House Document 94-231 printed on August 1, but I understand it was not distributed to the Member's offices. It surely was not delivered to mine.

I hate to be old fashioned, but I think it would be a nice touch if the text of the regulation rejected today were available, even if after the fact.

The text of the regulation follows:

PROPOSED REGULATION ON DOCUMENT FILING

Section 1.1 All statements and reports, including any modifications or amendments thereto, required to be filed under 2 U.S.C. 433 and 2 U.S.C. 434, shall be filed in original form with the Federal Election Commission.

Section 1.2 Upon receiving a statement or report filed by (a) a candidate for nomination or election to Federal office, and by (b) any political committee supporting one or more such candidates, the Commission shall as soon as practicable, usually within one working day and in any event not later than the second working day after receiving the filed statement or report, furnish a microfilm (or suitable equivalent) copy thereof, together with an index, to the Clerk of the House of Representatives and to the Secretary of the Senate.

Section 1.3(a) As soon as practicable after receiving a filed statement or report, usually within 5 working days but in any event no later than 10 days after receiving it, the Commission shall transmit the original statement and report filed by (1) a candidate for the office of Representative in, or Delegate or Resident Commissioner to, the Congress of the United States, and by (2) any political committee supporting such candidate, to the Clerk of the House of Representatives as custodian for the Commission.

(b) As soon as practicable after receiving a filed statement or report, usually within 5 working days but in any event no later than 10 days after receiving it, the Commission shall transmit the original statement and report filed by (1) a candidate for the office of Senator, and by (2) any political committee supporting such candidate, to the Secretary of the Senate as custodian for the Commission.

(c) For the purposes of this section the phrase "any political committee supporting such candidate" means:

(1) the principal campaign committee designated by a Congressional candidate, and

(2) any political committee required to file a statement or report with the principal campaign committee of a Congressional candidate.

Section 1.4 The definitions in 2 U.S.C. 431 are applicable to sections 1.1 through 1.3 unless otherwise expressly modified or required by context.

HEALTH INSURANCE ADMINISTRATION COSTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. CRANE) is recognized for 10 minutes.

Mr. CRANE. Mr. Speaker, I wish to share with my colleagues a most illuminating study on health insurance administration costs. This report by Ronald J. Vogel and Richard Blair deserves thorough study by each Member of this body.

As we debate the merits and means of a national health insurance program, one would think that the decisionmakers would want Members of Congress and the American public to have access to all the facts involved in establishing a health insurance plan. This, however, is not the case. The Vogel-Blair report has been suppressed by the Department of HEW. It has been suppressed because it does not deal favorably with many aspects of Government health programs. This report refutes many of the arguments for a Government controlled and Government operated health system. Obviously HEW cannot put out a report saying private health insurers are more efficient than Government run programs. That would be counter to what advocates of National Health Insurance have been telling us for the past few years.

For the benefit of those who cannot obtain a copy of this suppressed report I will summarize several of the major results of this valuable study:

SUMMARIZATION OF THE VOGEL-BLAIR REPORT

The Vogel-Blair report on Health Insurance Administrative Costs analyzes the three largest health insuring bodies in the United States. Those three bodies are: (1) Commercial Insurers, (2) Blue Cross-Blue Shield, and (3) The Medicare program administered by the Federal Government.

The analysis of these three groups was done separately because of the wide disparity in the type of services provided.

An analysis of commercial health insurers in Chapter III reveals that there are economics of scale in the administration of commercial health insurers. This chapter shows that as commercial firms grow larger the administrative costs fall. Also, Vogel-Blair shows that the costs of administration varies greatly depending on: (1) volume of insurance written by the company and (2) whether the insurance is individual or group. Group insurance according to this report is much less expensive to administer than individual insurance.

Administrative costs of Blue Cross-Blue Shield programs are analyzed in Chapter IV. The most revealing finding in this section is the total lack of economies of scale in the administrative costs of these programs. The authors explain this fact by alluding to the non-profit status of Blue Cross-Blue Shield. The authors conclude that the non-profit form has been a deterrent to cost minimizing actions on the part of the Blues. In other words, there is no incentive to reduce costs or for that matter to even hold costs down.

One method of cost minimization recommended by the authors would be the merging of the Blues in areas in which they both operate.

Chapter V is a thorough analysis of Medicare administrative costs. Since Medicare is administered by both the Federal Government and private carriers, both groups have been examined.

One finding in this chapter shows that insurers have two primary reasons for becoming a carrier under Medicare. The first reason is that carriers may be able to minimize their costs by adding Medicare clients. Second, carriers can become more efficient in their non-Medicare business by transferring much of their regular administrative costs to Medicare administrative costs. Carriers have a great incentive to maximize Medicare costs because of the reimbursement of those costs by the government. In other words, Medicare provides an incentive to maximize administrative costs rather than reduce them.

This study also deals with the implications for national health insurance administered under the current system. The findings in this area are most revealing. The authors find on efficiency grounds alone that any national health insurance program should be administered by large, private, (non-governmental) competitive firms. If the Blues are to be a part of national health insurance the authors recommend elimination of the non-profit concept of operation. That is, the Blues should become competitive. If price competition is made an integral part of a national health insurance program administrative costs can be held to a minimum.

The authors state that if national health insurance is administered in the same manner as Medicare (cost reimbursement) administrative costs will be maximized.

Vogel-Blair also conclude that administration of national health insurance by a single government agency would result in a less-efficient administration as opposed to a system of competitive operations. In other words, based on the dismal economic performance of the Medicare program, the federal government should not be involved in administration of a national health insurance program.

TAX JUSTICE ACT OF 1975

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. DRINAN) is recognized for 60 minutes.

Mr. DRINAN. Mr. Speaker, I am most pleased to rise in strong support of the Tax Justice Act of 1975, H.R. 10086, an important piece of legislation which was recently introduced by 31 Members of Congress. The need for tax reform in this country has never been more pressing, and a number of colleagues and I would like to take this opportunity to urge the passage of meaningful reform provisions such as those contained in H.R. 10086.

Before entering into a discussion by cosponsors of the Tax Justice Act—TJA—on the necessity of revising the Federal Tax Code, I feel it is significant to note the unique legislative history which surrounds this bill. The TJA was drafted by a dozen citizens' tax reform groups around the country, joining with several public interest groups here in Washington to form the National Committee for Tax Justice. The legislation has now been endorsed by more than 20 consumer and grassroots organizations, indicating the broad public support which H.R. 10086 has already earned.

Mr. Speaker, although the Tax Justice Act was only recently introduced in October of this year, the congressional response has been most encouraging as well. A complete list of the 31 cosponsors follows by State:

Arizona: Morris K. Udall.

California: John L. Burton, James C. Corman, Ronald V. Dellums, Jerry M. Patterson, Edward R. Roybal, Fortney H. Stark, Charles H. Wilson.

Illinois: Cardiss Collins.

Maryland: Parren J. Mitchell, Gladys Noon Spellman.

Massachusetts: Robert F. Drinan, Michael Harrington, Joe Moakley, Gerry E. Studds, Paul E. Tsongas.

Michigan: John Conyers.

Minnesota: Donald M. Fraser.

Missouri: Richard Bolling.

New Jersey: Andrew Maguire.

New York: Bella S. Abzug, Herman Badillo, Charles B. Rangel, Benjamin S. Rosenthal, James H. Scheuer.

Ohio: Charles J. Carney, John Seiberling, James V. Stanton.

Pennsylvania: Robert W. Edgar, Robert N. C. Nix.

Rhode Island: Edward P. Beard.

Mr. Speaker, when the income tax was first devised 60 years ago, the plan was simply to tax all income, without complicated distinctions between factory wages, real estate windfalls, or earnings from the farm. The tax schedule was meant to be progressive, taxing individuals and businesses according to their ability to pay. Today, however, the notion of a progressive tax system has largely become a hoax on middle income groups, as the tax code is riddled with deductions, credits, exemptions, subsidies and other loopholes.

The end result of the annual legislative tinkering with the tax code is a system which is now inequitable, benefiting those very groups of people who should be taxed the most according to their income level. In statistics just released by the Internal Revenue Service for 1973, it was revealed that 17 millionaires were able to avoid any Federal income tax after calculating their tax deductions and credits. Seven wealthier individuals, with an average income of $2.54 million, were similarly able to avoid any taxes. Thus, for 1973, a total of 24 persons with an adjusted gross income of $1 million and over paid no Federal income tax.

The picture is hardly brighter in the corporate sector. Highly complex and arbitrary tax loopholes result in very few companies paying the corporate income tax rate of 48 percent. For example, in 1974, eight of the very largest U.S. corporations completely escaped paying any Federal corporate income taxes despite a total profit of $843,974,000. In addition, 18 companies of similar size paid an approximate tax rate of 10 percent or less, $270.43 million in taxes on profits of $5.322 billion.

Mr. Speaker, the above figures represent barely a tip of the iceberg. If we are to truly understand the magnitude of the problem, we must look at some of the particular tax loopholes which plague the Federal tax code. In the following sections, I will briefly cover a few of the more egregious tax shelters which must be remedied through comprehensive tax reform legislation.

CORPORATE TAX SHELTERS

Federal taxing policy has become replete with corporate tax shelters of every description and type. It is the very unusual company which pays anywhere near the statutory tax rate for corporations, as the tax code has virtually "something for everyone." Indeed, the average effective Federal income tax rate for major U.S. companies was only 22.6 percent in 1974, not even half of the 48 percent corporate rate.

At the conclusion of the statements by the cosponsors, Mr. Speaker, a complete summary of the tax loopholes which the Tax Justice Act closes will be included. However, at this point, I would like to point specifically at the asset depreciation range system—ADR—domestic international sales corporations—DISC's—the investment tax credit, and foreign tax credits as examples of unnecessary tax subsidies whose costs are borne by the average American taxpayer.

The asset depreciation range system was first enacted in 1971, as a means of allowing the accelerated depreciation of business assets. Through an arbitrary formula, the ADR may be used by companies to depreciate capital equipment 20 percent faster than before. In effect, this tax shelter has enabled corporations to write off their assets in a manner which has no bearing to an asset's actual expected lifetime, at considerable expense to the U.S. Treasury.

ADR is costing American taxpayers approximately $1.59 billion on an annual basis. But despite the enormity of the figure, this loophole's benefits are not evenly spread throughout the business sector. Like so many provisions in the tax code, the asset depreciation range system is uniquely suited to the giant corporations, having the effect of encouraging conglomeration and monopolies. Of the $1.59 billion figure previously mentioned, 80 percent of this will be utilized by .002 percent of the Nation's corporations. As a result of tax shelters such as the ADR, several large companies have been able to pay respectable dividends to their shareholders without paying more than a pittance in Federal taxes.

The domestic international sales corporation is another expensive tax avoidance scheme which was devised in 1971. Under its provisions, corporations may defer a portion of their income derived from exports simply by setting up a paper DISC corporation. The DISC device was designed to promote U.S. exports, but this loophole gives benefits without demanding performance. Even companies whose exports are declining can receive DISC benefits.

The cost of the DISC shelter has escalated enormously in recent years, increasingly saddling the average taxpayer with all the expense. The cost to the Treasury was originally estimated to be $100 million in 1971, but the actual figure reached 2½ times as much—$250 million. By 1975, the sales corporations were costing the Treasury $925 million, and it is estimated that they will attain the billion dollar mark in 1976, climbing to $1.29 billion.

Mr. Speaker, again we have a situation where a relatively small loophole has ballooned into a major tax avoidance scheme. And as is so often the case, 90 percent of the DISC receipts go to parent corporations whose asset size places them in the top 1 percent of all U.S. companies. Unless devices like this are ended, middle-income taxpayers are going to be left with the clear majority of the taxes to pay in this country.

A third tax shelter is the investment tax credit, one of the most expensive of all loopholes. The credit allows a direct reduction in tax money owed when a company purchases machinery and equipment, its intent being to encourage the modernization of business facilities. However, the ITC has presented a major windfall to the giants in industry, with 300 corporations receiving more than 50 percent of the credit. In addition, the tax credit is highly discriminatory, doing little or no good for financially troubled industries—those in the most need of help, or for the large majority of small businesses.

The cost of the ITC has now reached the astounding sum of $7.2 billion, making it one of the leading loopholes in our tax system. But instead of reducing this drain on the Treasury, the largest U.S. corporations have convinced the Congress to enlarge the investment tax credit's benefits.

In the end, we simply have another instance in which Federal tax laws serve to emphasize the interests of the large conglomerates over those of small and medium size firms.

A final tax shelter which I would particularly like to point out is the foreign tax credit. Although not as costly as some of the preceding loopholes, the foreign tax credit is symptomatic of the way in which the Federal tax code benefits large corporations at the expense of the average taxpayer. In this instance, business expenses and royalties paid to foreign governments are simply labeled as taxes, and these fees are credited against taxes owed to the U.S. Government.

Mr. Speaker, the oil companies have taken considerable advantage of the foreign tax credit. U.S. corporations earned over $1 billion on mining and oil operations abroad in 1970, but paid no Federal taxes on that income. It has been estimated that for fiscal year 1975, the taxes that the oil companies would pay to the Federal Government, were it not for the tax credit, could be as high as $1.75 billion. Because of the foreign credit though, these companies may escape Federal taxation entirely. This prospect is indeed likely, as foreign credits from profitable overseas operations have exceeded U.S. tax liabilities every year since 1962.

The end result of these many loopholes, Mr. Speaker, is that the business community is carrying less than its fair share of the tax burden. In 1967, corporate income taxes accounted for 22.7 percent of the Federal revenue "pie," but by 1973, that share had declined to 14.9 percent. There can be little question who is picking up the extra tab here—it is the individual taxpayer. Such inequities cannot continue. We must firmly establish the concept of progressive taxation in the tax code once again.

PERSONAL TAX SHELTERS

Mr. Speaker, tax shelters are hardly limited to the business sector. Over the years, numerous deductions and exemptions have been incorporated in the tax code for individuals as well, further distorting the progressiveness of the Federal tax structure. These loopholes have most often resulted in direct tax subsidies to those upper-income individuals who are most able to bear the burden of taxation. In addition, many of the shelters have been found to work against the original social objectives for which they were established, leaving only unrepealed loopholes as an aftermath.

In this section on personal tax shelters, I would again like to outline just a few of the more blatant inequities in the current taxation of personal income. The loopholes which I will briefly explore include agricultural tax shelters, tax-free State and local bonds, and favored tax treatment of capital gains.

Mr. Speaker, one of the most wasteful and unjust Federal tax loopholes is the preferential treatment granted to agricultural business and farm-related income. Because income from farm enterprises is not often realized in the same year as investment, and since current law exempts farmers from normal accounting methods, many wealthy individuals are able to create "artificial" farm losses and realize enormous tax savings. The annual cost of this subsidy is $1.1 billion.

Not only are farm expenditures fully deductible against future income that will not be taxed until a subsequent year, but farm earnings are considered capital gains and granted favored tax status over normal business income. This amounts to an interest-free "loan" to psuedo-farmers, in an amount of $580 million per year, and most of these deductions are credited to avoid taxes on professional income from nonagricultural sources.

Treating farm income as a capital gain instead of a return on business expenditure results in another subsidy to wealthy nonfarmers in an amount of $520 annually. Both of these tax subsidies are enjoyed mostly by the rich, since small farmers generally do not have enough income toward which to apply tax credits. On average, this subsidy is worth 29 times as much for individuals with income over $100,000 than it is for persons earning $10,000 per year.

Since it is only essential that a "tax farmer" realize an apparent capital loss in a given year, this provision of law does not even promote investment in legitimate farm operations, and has a minimal impact on agricultural production. In essence, current tax preferences for agriculture result almost entirely in a billion dollar giveaway to individuals who have probably never set foot on a farm.

Mr. Speaker another considerable tax break enjoyed by upper-income groups is the awkward and regressive tax treatment of capital gains. Current tax law provides that 50 percent of all income realized from the sale of stocks, bonds, real estate or other capital assets held longer than 6 months is entirely exempt from Federal income taxes. Understandably, more than 80 percent of this 6.7 billion tax writeoff applies to persons with incomes of more than $20,000 per year.

Since many low- and middle-income persons cannot afford capital assets other than a home or modest number of stocks and bonds, the 50 percent exemption is of greatest value to wealthier individuals who derive much of their personal income from investment. An average employee earning $10,000 will benefit by about $19 a year from this tax writeoff, while an individual with an income over $100,000 will average a $19,569 reduction in taxes.

Also, taxes on appreciated value fail to take into account the effect of inflation over extended periods of time. Thus, a family that sells a home owned for several generations will be heavily taxed on increased "dollar value," while a real estate speculator might sell a similar house at a large profit after less than a year, and will realize a substantial gain after taxes.

The Federal tax treatment of capital gains is especially regressive in that it favors capital earnings over income from wages and salaries, provides much greater pecuniary advantages for wealthy investors than for paid employees, and discriminates against long-term family investments by neglecting the effects of inflation on property value.

Finally, Mr. Speaker, one tax shelter available only to select income groups is investment in tax-free State and local bonds. The average taxpayer with an income over $100,000 receives a $3,412 tax break each year from this exemption, at a cost to taxpayers of as much as $2.9 billion annually.

Since State and municipal bonds provide a very low rate of return, about 5 or 6 percent, they are totally unprofitable for persons at low- and middle-income levels. This low-interest, tax-exempt arrangement is only conducive to very wealthy investors, and it is not surprising that more than 88 percent of this subsidy is granted to persons with income over $50,000 per year. Though this revenue-loss enables localities to finance capital improvements at very low rates, it is also designed in a manner that needlessly subsidizes the rich, and sharply conflicts with the progressivity of the Federal tax structure.

The Tax Justice Act would correct this serious inequity by directly subsidizing 40 percent of the interest on State and local bond issues, thus allowing competitive rates of return. This method, as outlined in congressional testimony by the President of the Federal Reserve Bank of Boston, would cost only about $50 million more than the current multibillion tax subsidy. This approach would also allow local bond interest to be taxed in the same manner as all other income, and would eliminate a major tax shelter available only to the extremely rich.

Mr. Speaker, the personal and corporate tax shelters which I have briefly discussed are but a few of the loopholes which abound in the U.S. tax code. Reform is desperately needed. The average American is not knowledgeable in the use of sophisticated devices such as capital gains, accelerated depreciation and the investment tax credit, but he or she is very much aware that the middle income groups are enduring a bigger share of the tax burden as years pass.

Toward this important end of tax reform, the Tax Justice Act represents a major step forward. I would urge my colleagues to give this legislation serious consideration in the very near future so that we can once again reestablish a truly progressive tax structure in this country.

I would now like to yield to other cosponsors of the Tax Justice Act.

Mr. SCHEUER. Mr. Speaker, tax reform groups from Beaumont to New Haven, from San Francisco to Wilmington have pooled their talents and energy to form the National Committee for Tax Justice which spawned the Tax Justice Act of 1975.

I want to applaud the organization for helping individual Members of Congress to mold legislation which will move us closer to our common goals of tax equity, sound economic policy and providing for the general welfare of all Americans.

The NCTJ, in drafting their proposals for restructuring our national tax system, has held firm to their basic definition of tax equity. That is, that taxpayers with the same income, and therefore the same financial capability to pay taxes, should actually pay the same amount of taxes. Under its present byzantine construction, our national income tax system clearly does not elicit the same amount of taxes from individuals with equal incomes.

Our national perception of tax equity has for decades been based on the concept of progressivity—the imposition of proportionately higher taxes on higher incomes. The Tax Justice Act of 1975 brings to Congress a number of tools with which the erosion of the concept of progressivity can be abated.

This ensemble of tax reform proposals, the first comprehensive tax reform bill to be drafted by public interest groups, deserves careful scrutiny by all members of the Ways and Means Committee. It is my hope that many features of the Tax Justice Act of 1975 will be incorporated in tax reform legislation which will be brought to the full House of Representatives during the second session of the 94th Congress.

Mr. CHARLES H. WILSON of California. Mr. Speaker, our national unemployment rate is now 8.3 percent or 14 percent for blacks and over 19 percent for youths. Industry is operating at 34 percent below capacity because of the lack of consumer demand. These figures are considerably higher in the economically depressed 31st Congressional District of California which I represent.

A family of four in the middle-income bracket pays nearly 10 percent of their income in Federal taxes each year. Texaco and Gulf paid 2.3 percent on their net income; Standard of California contributed only 1.6 percent in 1970.

These numbers illustrate two critical dilemmas—this Nation's dire need for economic stimulation, and the unfair financial consideration accorded the wealthy and big businesses, resulting in a heavy tax burden being placed on those who can least afford it. However, the two inequities would find a common solution in the Tax Justice Act of 1975.

President Ford would have us tie his plan for massive tax reductions to a bare-bones spending program. This trade-off, cleverly designed to produce short-term benefits during an election year, would contribute onerously to long-term inflation and the economic slump.

While claiming that 1976 taxes for low-income working families would remain the same, President Ford manipulated the impact of the earned income credit in order to conceal the fact that poverty-level workers will actually lose benefits under his tax cut proposals. In reality, the Ford administration's program would cost our poorest families between $200 to $300 million in 1976, while providing the richest bracket tax breaks totaling $310 million. A working family of four earning $5,000 yearly would lose $300 in tax benefits, while the same size family with an income of $50,000 would gain $390. And this is not the sum of bad news. The poor would be doubly hurt since many of the social programs the administration proposes to cut are designed to help those wage-earners already hard hit by double-digit inflation.

The Tax Justice Act, which I have cosponsored, would close many of the large loopholes benefiting only very wealthy taxpayers. It would provide a subsequent revenue gain of $20 billion, of which $13 billion would be redistributed back to average income taxpayers through personal tax credits.

Given the low tide of consumer demand, additional cuts in corporate taxes would be highly ineffectual; economic vitalization can result only from tax cuts for middle and lower income citizens. The President's plan would not only severely aggravate the injustice perpetuated by our present tax system, but in so doing, it would preclude a chance to reverse the effects of a devastating recession. The Tax Justice Act would restore the purchasing ability of average taxpayers and inaugurate a long-awaited system of equitable taxation. I am hopeful that my colleagues in the Congress will recognize the need for quick enactment of this vital reform package so that people in California's 31st District and throughout the Nation will obtain much-needed financial relief from the inequitable Federal tax structure.

Mr. EDGAR. Mr. Speaker, I am pleased to cosponsor the Tax Justice Act of 1975. There is perhaps no part of public policy which outrages the workingman more than the policy of giving welfare to people who do not need it. Certainly, we all recognize that there are some people in our society, the disabled, the unemployed, the aged, who may require some assistance from Government. However, many tax loopholes, initiated by Congress to serve the public interest, are failing to serve that interest. Instead, they are providing unjustifiable financial advantages to that segment of the population which least requires a dole from the Government. Every American is paying for this subsidy of the wealthy.

This bill provides for comprehensive tax reform. I do not endorse every provision of this bill. However, I believe that as a package, the Tax Justice Act vigorously and creatively addresses the problem of equitably distributing the tax burden among all of our citizens. Millions of dollars which should be paid to the Federal Treasury as a tax on foreign source income, for example, never become Government revenues. Domestic International Sales Corporations, established as a mechanism for increasing exports, lower the tax base without providing the benefits which were anticipated. Tax shelters encourage inefficiency.

Federal expenditures have been rising at a large rate in recent years. Dollars which are not collected as the result of the generosity to wealthy corporations and individuals must be replaced by "contributions" from a segment with much less purchasing power. Citizens who work hard and pay their fair share are angered and frustrated by loopholes which allow many with much higher incomes to escape all taxes, or pay only a fraction of the tax which would be due had there been no special advantages for the wealthy.

There was once a time when meaningful tax reform was only a dream. The Congress was too responsive to greedy special interests who rewarded them with campaign contributions and special favors. I sense that the mood of the Congress is changing. Members are becoming more sensitive to the plight of the workingman who sees what little purchasing power he has erode with the effects of inflation. Earlier this year, the oil depletion allowance for large producers met a timely death. This allowance has been a symbol to the American people for years of a Government handout to a special interest with staggering wealth.

The philosophy behind many of the provisions of this bill will spread much faster than the language itself. I foresee radical changes in tax policy, and I feel that this bill and those who support it will have a stronger voice in shaping tax policy.

This bill will return billions of dollars to the average American taxpayer. I urge my colleagues in the House to become familiar with the issues this bill addresses, and to support its spirit.

Mr. MOAKLEY. Mr. Speaker, congressional debate on the 1894 income tax bill prompted one supporter on the House floor to state:

> The passage of the bill will mark the dawn of a brighter day, with more of sunshine, more of the songs of birds, more of that sweetest music, the laughter of the children well fed, well clothed, well housed. Can we doubt that, in the brighter, happier days to come, good, even-headed, wholesome democracy shall be triumphant? . . . Hasten the

> era of equality in taxation and in opportunity. And . . . prosper the Wilson bill, the first leaf in the glorious book of reform in taxation, the promise of a brightening future for those whose genius and labor create the wealth of the land, and whose courage and patriotism are the only sure bulwark in the defense of the Republic.

Over 80 years later, however, we find ourselves with a Federal tax code riddled with special provisions that provide financial assistance to certain industries and certain classes of taxpayers. As corporations and wealthy individuals pay less than their fair share, the burden is placed on low- and middle-income taxpayers.

The Tax Justice Act presents us with a manner in which to fight the injustice in the tax system so that the low- and middle-income taxpayers no longer have to go without representation.

This measure represents a model of the type of tax reform necessary. Adopted by the 16 citizens groups which compose the National Committee for Tax Justice, this legislation represents an agenda for fundamental tax revision in the years ahead. It is significant in that it is the first major legislative proposal responsive to the middle- and low-income taxpayers who carry the burden of others who receive unwarranted tax privileges.

Empty talk and campaign rhetoric have dramatized the inequities of our tax structure, but the introduction of the Tax Justice Act marks a new era. Congress now has a concrete reform proposal from which to make tax law.

Let me cite an example of the unequities. The present social security tax is a flat rate tax and applies only to wages under the ceiling level of $14,000. Social security benefits have expanded over the years, and rightly so. At the same time, however, social security tax payments provided by the work force cannot keep up with the growing number of people receiving social security tax benefits. This has placed a strain on the average worker to provide social security funds.

For instance, a family of four, with an income of $6,000 pays more social security tax than income tax—that is, $351 as compared to $245. Figures for 1971 reveal that the social security tax was the highest tax paid by at least one-half of American income earners. Furthermore, $1.5 billion was paid by individuals below the poverty level.

The middle income taxpayer does not get a fair deal either. He or she has to pay the same maximum social security payment that NELSON ROCKEFELLER does: $824.85.

The Tax Justice Act would change all this. By incorporating numerous provisions designed to equalize the tax burden, this legislation would alleviate the regressive effect of the social security tax on low- and middle-income taxpayers. This goal would be achieved under the Tax Justice Act by collecting the tax savings enjoyed by wealthy Americans due to personal tax exemption deductions and to the present ceiling on income subject to social security tax.

The reforms incorporated in the Tax Justice Act are crucial. It is time for labor intensive businesses to have a higher priority in the tax structure. It is time for consumers to have greater purchasing power. It is time for all to have equal treatment under the law.

The Tax Justice Act is the first step in ensuring that the tax code is an equitable revenue raising system. In a time of inflation coupled with unemployment, I strongly urge my colleagues to support provisions of the Tax Justice Act which promotes tax relief for those who need it the most—the low- and middle-income people of this country and our senior citizens.

Mr. BADILLO. Mr. Speaker, from the time of original enactment right up until today, the Federal income tax code has always included progressive rates of taxation. The intent of the Congress has continually been that wealth could well afford to pay more of their incomes in taxes; while the moderate and lower-income families paid less. However, numerous statistics from several sources continue to confirm the increasingly apparent phenomenon of ordinary working people being forced to shoulder heavier and heavier tax burdens while wealthy investors skip lightly through tax loopholes.

I heartily support and endorse all efforts which are intended to reorganize certain unnecessary investor-incentive tax priorities as well as those hidden but undeserved outright tax subsidies to the wealthy. Accordingly, in line with my continued concern for the welfare of the common man and the interest of the majority of the people, I have cosponsored the Tax Justice Act of 1975 (H.R. 10086). While many of the provisions contained within that bill continue to evoke considerable controversy, the bill in its entirety can and should serve as a primary means of implementing tax reform. I personally intend to push strenuously for its passage.

First of all, I am particularly concerned about specific tax avoidance manipulations utilized by many of our largest corporate conglomerates. Supposedly the corporate tax rate is 48 percent of net income; however, during 1973 according to Fortune magazine, the 15 largest companies paid average U.S. tax rates on worldwide income equal to only 15.7 percent. Also during 1973, the six largest oil companies paid average U.S. tax rates on worldwide income equal to only 6.3 percent. These miniscule tax rates are in large part due to the currently allowed dollar-for-dollar deduction taken by large corporations for foreign taxes and royalties already paid. In a related manner many large subsidiaries of large corporations are presently being assisted by lowered tax rates as an econmic incentive to exportation of American products. I no longer see the necessity for such incentives. Therefore, I support and encourage passage of those provisions of the Tax Justice Act of 1975 which would operate to end the special treatment for overseas subsidiaries of U.S. corporations, and those provisions which eliminate lowered tax rates for American subsidiaries such as domestic international sales corporations and Western Hemisphere trade corporations.

Second, I am in favor of readjusting the tax benefits inherent in interest being paid on State and local bonds. Because such interest is now paid free of federal taxes, the bonds become more marketable, thus costing the city or State less in terms of interest due. However, rather than reward the wealthy investor with an undeserved tax exemption, I support that provision of the Tax Justice Act of 1975 which allows a direct Federal payment of 40 percent of the interest due on State and municipal bonds—except for "industrial development bonds." This mechanism thus adjusts the costs/benefits ratio of this essential tax burden more evenly throughout the whole society.

Third, I support and encourage those provisions of the Tax Justice Act of 1975 which increase the tax burden on income earned as a result of investing capital rather than on income earned personally by working for oneself or performing services for others. Specifically, I encourage the elimination of special taxation treatment for capital gains and losses. All income should be taxed at ordinary rates, regardless of how earned. In this regard, I favor the repeal of the $100-dividend exclusion currently enjoyed by stock owners. People who earn money paid as interest on savings accounts enjoy no arbitrary exclusion from income tax liability; so too, neither should people who earn their money from dividends paid on stock investments. Further, I recommend those provisions which operate to close the loophole for gains—capital or otherwise—transferred untouched by income taxes at the death of the property owner. This bill specifically imposes an income tax on such gains above and beyond the presently imposed estate taxes. The only exceptions are transfers between husband and wife, and the first $25,000 transferred from a family home, business, or farm.

Finally, I have cosponsored and again endorse the Tax Justice Act of 1975 because it seeks to implement a long-needed integration of the estate and gift taxation systems. I believe that property transfers should be taxed identically whether the transfer occurs inter vivos or at the time of the property owner's death. The act is also beneficial because it seeks to tax each generation, regardless of whether they receive actual title to the property or not. This eliminates the generation skipping trusts which are now frequently used by the wealthy to avoid the imposition of estate taxes, while they nevertheless enjoy the beneficial use of the property. Along these same lines, I support this bill because it would limit those estate and gift tax deductions which can presently be taken for gifts to charities, including the personal family foundation. This limitation would be similar to current deductions limits—that is 50 percent of income—in the present income tax structure.

Tax reform is urgently needed now. This bill seeks to eliminate those more glaring inequities now contained in the present Federal Income Tax Code. I support H.R. 10086 primarily as a means of initiating legislative change in this area of most vital concern to our Federal governmental structure. Federal expenses are a certainty which necessitate the intake of Federal revenues. This bill only seeks to equalize the tax burden such that it may be carried equally by all citizens who enjoy the benefits of our Government.

Mr. STUDDS. Mr. Speaker, Americans are becoming increasingly aware of the economic discrimination built into the Federal income tax system. Millions of working, middle income families conscientiously and faithfully pay their taxes as required by law, while many wealthy individuals use various tax preferences—or loopholes—to escape paying their fair share. Similarly, the average taxpayer sees huge corporations paying less taxes as profits rise. This lack of simple fairness and equity causes justifiable anger and frustration among those groups not favored by special treatment.

A number of these angry citizens banded together, and have written their own tax reform bill, the Tax Justice Act. Because the bill is the result of a grassroots citizen effort, I am pleased to cosponsor it, even though my own preferred amendments to existing law might differ in some respects. I believe the provisions of the Tax Justice Act should be used by the House Ways and Means Committee as a model in its current work on tax reform legislation.

Mr. Speaker, I believe that inequities have developed as the nature of the Federal tax system has changed from its original premise. The 16th amendment, which marked the birth of the income tax, called for taxes upon income "from whatever source derived." The tax was to be progressive; that is, as income rose the rate of tax on that income would also rise. Over the years, however, special interests with sufficient power succeeded in attaching numerous exemptions and deductions onto the Tax Code. The tax became one not on income "from whatever source derived," but only on certain types of income. Since only the wealthy had the power to influence the making of the tax laws, only their desires were reflected in the Internal Revenue Code.

Income of the wealthy is in large part unearned income—income derived from property—while income of the average worker is almost entirely earned income—wages, salaries. Not coincidentally, most deductions and exemptions are applied to unearned income. Since the existence of exemptions and deductions means that not all income is taxed, and since those preferences related most often to unearned income of the wealthy, the rich are not taxed on much of their income. The progressive nature of the income tax is thus substantially weakened. While the regular income tax rate supposedly reaches 70 percent at its highest point, Treasury studies show the effective ceiling to be about 32 percent. The wealthy pay a lower rate, then, than the tax system intends.

True, devices such as the standard deduction do help middle and lower income groups by insuring that everyone has some deductions. However, efforts to promote fairness by giving everyone his own loophole have instead made the system unfair. A worker with an annual earned income of $10,000 pays almost $1,000 in Federal taxes, even with the standard deduction. A wealthy person who receives $10,000 income from State and local bonds pays no taxes on that income because Congress has declared interest on those bonds tax free. In 1969 such tax benefits allowed 21,317 people with incomes over $20,000 to avoid paying any taxes at all. Fifty-six of those people made over $1 million. In 1970, 1,338 people with incomes over $50,000 paid no taxes at all. One hundred twelve of those people made over $200,000. These figures do not include those who derive all their income from tax-free State and local bonds, nor those who pay only nominal taxes.

Avoidance of taxes among the wealthy is even more inexcusable in light of the distribution of income throughout society. The bottom 20 percent of families receive 3.4 percent of the Nation's income. The top 20 percent receive 45.1 percent. It is unacceptable that a group with nearly one-half the Nation's income should be exempted in large part from paying income taxes.

Ms. ABZUG. Mr. Speaker, since I have been a Member of this House, and for many years before that, I have heard the calls issued for meaningful tax reform. Congress has started on the road to accomplish this goal, particularly during this session. However, genuine tax reform requires a qualitative reformation of the Internal Revenue Code, in a manner which will apply taxes in an equitable fashion across all economic levels, and will eliminate the seemingly endless list of tax loopholes which permit those with the greatest resources to carry the smallest burden. The Tax Justice Act of 1975, of which I am proud to be a cosponsor, represents a real effort to implement those modifications in the system which are so urgently needed.

An appropriate procedure for approaching tax reform is first to analyze the purposes and goals of a tax system. The system should be designed to raise revenues from citizens in the most equitable manner: this means that everyone should be taxed in a fashion which is appropriate to his or her income. While the wealthy should pay a greater amount, quantitatively the percentage they contribute to the Government should represent the same comparative burden as is placed upon the middle and lower economic classes. Special provisions which allow deductions or credits should therefore not be drafted in a way that permits the rich to pay an amount which represents a lesser burden than is carried by others who may not be able to take advantage of any such special provisions.

Tax deductions, credits, and exclusions, under the present system, have allowed those who are in the best financial position to pay less, while providing little or no benefit to most individuals. This has resulted in a transference of a disproportionate part of the tax burden to the lower and middle classes and to smaller businesses. A study of the Joint Economic Committee revealed, for example, that 75 percent of the advantages of the tax loopholes in the existing tax structure benefit only those with the top 20 percent of the income.

The current system is not only applied inequitably, but also results in a reduction in the revenues which the Federal Government could collect and apply to social programs that would benefit all the people. We must put an end to the current scheme whereby the lower and middle classes are supporting a disproportionate amount of Government activities which are designed to protect and assist all our citizens.

A study conducted by a former revenue estimator for the Treasury Department notes that the Tax Justice Act would eliminate $20 billion worth of tax preferences. With this change, taxes could be lowered for the middle and lower classes in a manner which would save them $13 billion. Actual tax bills for families of four with a taxable income of less than $25,000 would be reduced. This is the kind of change which would implement what I consider fair tax reform that would help equalize the burden for all.

An additional $10 billion would be realized from the treatment in the act of capital gains as earned income, and another $18 billion in business tax subsidies would be eliminated. We are extremely conscious in this Congress of the constantly increasing Federal debt, resulting from lack of revenues to match expenditures. I have consistently voted against increasing the national debt ceiling, particularly since that ceiling is being driven up by many military programs which are far from essential. An additional benefit of tax reform would be the reduction in this debt resulting from a permanent scheme which generates such additional revenues as I have noted.

In accordance with the purpose of lightening the tax load for the lower and middle classes, the Tax Justice Act would eliminate most of the special considerations for corporations. A 1973 Fortune magazine study showed that the 15 largest companies paid between 1 and 40 percent of their income for taxes—despite the myth of the 48-percent tax rate of corporations—with oil companies paying only between 1 and 20 percent. The Tax Justice Act would repeal the investment tax credit, which has failed in its purpose of stimulating the sagging economy. It would also repeal totally the percentage depletion allowance for the oil industry, which has resulted in greatly magnified profit rates for oil companies at the expense of the taxpayers. Adoption of this provision alone would add $650 million to the present budget.

All the evidence is clear that the Tax Justice Act would rectify many of the inequities and weaknesses in the existing tax structure. I would therefore urge the support of my colleagues for this meaningful first step in our efforts to create a genuinely fair and effective tax system.

Mr. PATTERSON of California. Mr. Speaker, I would like to take this opportunity to express my support for the Tax Justice Act of 1975 introduced on October 8, 1975.

I cannot stress enough the need for tax reform in order to restore integrity and equity to our Federal tax system. I firmly believe that the Tax Justice Act of 1975 is the avenue by which to achieve this reform. It represents long, hard hours of work by taxpaying citizens who are asking for fair representation at all levels of the tax system.

The basic thrust of the Tax Justice Act is to correct some of the major abuses of the tax system. Over the past years, Congress has continually enacted special exemptions, credits, deductions, and reduced rates to provide incentives in the form of reduced taxes. These tax incentives are also tax preferences which usually benefit the high income individual, who as a result, pays little or no tax. Tax preferences significantly erode the tax base. Compared to the $170 billion in Federal income tax revenues expected to be collected for fiscal year 1976, about $100 billion of potential revenues will be lost as a result of tax preferences. Not only does the present system of tax preferences to the individual result in an unequal tax burden for average taxpayers, tax preferences drastically reduce the equity of the Federal income tax. The benefits go primarily to upper income persons, and tax preferences for this group inevitably means higher taxes for everyone else. In 1974 almost one-fourth of the benefits of tax preferences under the individual income tax went to persons with adjusted gross incomes over $50,000, who filed only 1.2 percent of the taxable returns.

Besides creating inequities in the tax system, tax preferences produce undesirable economic distortion. Heavy use of tax shelters has produced distortion far beyond that ever intended by Congress. The Tax Justice Act attempts to eliminate those tax shelters which produce undesirable economic distortion. Tax shelters in farming have caused wealthy persons to bid up the price of farm land beyond that which would prevail in a normal farm economy. The Tax Justice Act limits deductions for farm losses to farm income plus $10,000 of nonfarm income.

The Tax Justice Act eliminates all forms of accelerated depreciation on real estate and limits depreciation to the straight line method. Tax shelters on real estate may contribute to the inflation of real estate values and construction costs, and equipment leasing shelters may induce capital investment which is economically unsound.

The Tax Justice Act also eliminates tax subsidies to the oil industries which were originally intended to cut prices of fuel and encourage exploration. These subsidies have obviously failed in their purpose and have merely added to oil and gas company profits.

Tax preferences for the corporate sector must be limited. Those who are now arguing that additional cuts in corporate taxes are necessary for capital formation ignore the basic economic fact that industry is now operating far below capacity because of lack of consumer demand. Obviously, the only fair and effective way to stimulate the economy is through tax cuts so that middle-income people will have more spendable income. The Tax Justice Act, by closing loopholes for the wealthy, redistributes the revenue gained back to the average-income taxpayers.

Current economic trends of unemployment and the rising cost of living require that we must provide some relief for the forgotten average taxpayers. The Tax Justice Act provides this relief.

The Tax Justice Act meets our national goal that every American pays taxes in an amount which bears a reasonable relationship to his or her actual income. We must restore the taxpayers' confidence in the fairness of the Federal tax system.

Mr. TSONGAS. Mr. Speaker, "it is time that the Ways and Means Committee and the entire Congress devote attention to tax reform. The Tax Justice Act of 1975 is a comprehensive package of potential reforms which should be addressed in the immediate future. I am hopeful that this effort will stimulate congressional and national debate on the issue of equitable tax laws.

I believe the proposal that is most necessary at this time is a minimum tax. All individuals and businesses earning a reasonable amount of money ought to be subject to paying a fixed minimum amount of income taxes. A variety of special interest loopholes that exist today has subverted the original intent of our income tax laws. The burden now rests on low- and middle-income families and small businesses. This must be changed.

I must say that there are sections of this legislation that I do not agree with. Specifically, provisions which restrict investment incentives could further tighten an already difficult credit and capital market. However, I do feel that the Tax Justice Act represents an important step forward in the area of tax reform, and I urge my colleagues to give speedy consideration to this legislation.

Mr. UDALL. Mr. Speaker, I am pleased to join in this discussion on the very important subject of tax reform. The importance of this dialog today is twofold:

First, we must focus attention on the need for legislative action in this Congress. The American people have waited long enough for tax reform. They are demanding action. They cannot understand why, if everyone is for tax reform, so little is accomplished. Indeed, the Tax Justice Act of 1975, which I cosponsor, is the result of a grass roots movement in this country to bring about tax reform. And it is a movement that will, with our help, finally succeed in ending the inequities and plugging the loopholes in our tax code which cost us billions in lost revenues.

Second, while we may all have different priorities and may quibble over the exact details, the Tax Justice Act serves as a fresh agenda for action in the 94th Congress. It is a straightforward, no nonsense legislative vehicle which addresses some of the most serious deficiencies in the present law.

The case for reform is clear and compelling. The tax code is riddled with exclusions, exemptions, deductions, credits, preferences and deferrals—most of which serve only to make the wealthy more wealthy and the Federal deficit significantly higher.

We know, for example, that in 1974, 62 percent of the $6.7 billion from the special treatment afforded capital gains went to only 1.2 percent of all taxpayers—those with incomes of over $50,000. For the tax exemptions for municipal bonds, that percentage was 88 percent.

All are familiar with the litany of other horror stories: hundreds of individuals with incomes over $100,000 a year pay no Federal income taxes; at least one taxpayer with an income over $5 million a year need not even report that income because its source is completely tax exempt; the aggregate corporate tax burden declines steadily, from 21.9 percent of Federal receipts in 1965 to 15.1 percent today; the average effective tax rate is just 6.3 percent for the oil giants listed by Fortune magazine among the 15 largest American companies.

In all, special provisions of the tax code, wrapped up in the packaging of special rates, deductions, credits and deferrals, cost the Federal Treasury and all of us nearly $90 billion this year. Many of these special favors serve no sound policy ends and should be repealed immediately. Others require a closer, harder look, while yet others are plainly justifiable. Not all of the $90 billion we spend through the tax laws can be saved by tax reform: Few would argue with the nontaxation of sick pay, workmen's compensation benefits, welfare payments, or the like. On the other hand, the deferral of export income—DISC—the deferral of taxation on income from controlled foreign subsidiaries and numerous rapid amortization provisions of the tax code should be repealed.

Before I outline the specifics I believe tax reform should include, two structural issues should be addressed: the role of the tax laws in our economic system and the unresponsiveness of the tax structure to proper demands for reform.

It is time that the tax laws be viewed as line items in the national budget. Economically, it makes little difference whether the Federal Government provides subsidies through direct grants and Treasury checks or by failing to tax someone who would otherwise be taxed Procedurally, however, the two methods of being on the Federal take are vastly different. Appropriations are reviewed each year by the Congress in an effort to determine whether a given program merits further funding. Tax expenditures, in contrast, are rarely if ever reviewed. In the appropriations process, Congress must act affirmatively to open the Treasury tap; but Federal dollars "spent" under the tax laws continue to be spent until the Congress acts to turn the tap off. As a result, tax expenditures are self-perpetuating, remaining on the books long after their original justification has disappeared. A perfect example is the depletion allowance. It simply should not have taken as long as it did—over 60 years—to eliminate that incentive to engage in activity which had long since become sufficiently profitable to attract investors without special treatment.

Congress should be required to review Federal tax expenditures annually and to act affirmatively if it wishes to continue any one of them, or at the least, an agreed upon group of them about which there might well be some debate.

If active approval is not given, the benefit should lapse. In this way, the burden of justifying the spending of public money would be shifted to where it belongs—to those who claim the need for the tax break.

There are a great many immediate tax reform measures which we can responsibly take at this time. But let us keep in mind that tax reform is an empty gesture unless it is coupled with tax relief for those now pressed to bear more than their fair share of the Federal tax burden. Each dollar we raise through tax reform should be returned to those lower and middle income taxpayers who have had to take up the slack in Federal receipts as the rich and influential got more and more special breaks.

We must phase out the preferential tax treatment of capital gains, replacing it with fair income averaging provisions for these earnings.

A dollar earned is a dollar earned; there is simply no justice in treating the dollar earned by the capital investor more favorably than the dollar earned by working men and women. Capital gains should not escape taxation by virtue of transfers of the assets at death: they should be taxed at that time, or in certain cases, such as the transfer of residences or family farms, a transferred basis should follow the assest.

We must thoroughly comb our corporate tax laws to weed out or revise any provisions which encourage economic concentration.

For example, the corporate reorganization provisions should be restructured so as to eliminate the present incentive for the small businesses of the Nation to sell out to the conglomerates.

We must tax the income earned on State and municipal bonds.

At the same time, the Federal Government should subsidize some portion of the interest rate—say 40 percent— which local governments must pay. This would involve no net increase in the Federal deficit. Presently, only 70 percent of the dollar benefit of this tax exemption is realized by local government; the remaining 30 percent is pocketed by those in a high enough income bracket to make tax-free bonds profitable.

We must put real teeth into the so-called minimum tax, which today does little more than help keep taxes to a minimum.

We should repeal the present exemption of the first $30,000 of loophole income from the minimum tax, as well as the deduction for regular taxes paid. In addition, we should revise the minimum tax rate—replacing todays' flat 10 percent with a graduated scale rising to at least 20 or 25 percent.

We must see tax "deductions" for what they really are—tax breaks whose economic value increases as the need for the break diminishes—and move toward greater utilization of tax credits.

For example, the present $750 personal exemption is really worth—in terms of dollars saved—$525 each for the very wealthiest taxpayers, but only $105 for those with the lowest incomes. A flat, mandatory credit should take its place. Similarly, the tax laws now require the Federal Government to pay 70 percent of the cost of a wealthy citizen's visit to the doctor, but only 14 percent of the medical bills of the family whose income barely exceeds the poverty line. Again, tax credits are more equitable.

We must reform the most regressive tax of all, the payroll tax.

We should provide personal exemptions and a low income allowance under this tax, and it is time to raise the income ceiling which makes the tax so regressive in its impact.

We must require that all remaining deductions be allocated between taxable and tax exempt income so that they do not inadvertently, as at present, afford their beneficiaries a double benefit.

We must completely close the loophole for farming losses for those who are not really farmers, a group which cannot be defined as those with more than $15,000 a year of non-farm-related income.

Economics is not a simple subject, but our tax law is needlessly shrouded in dense, complex language that obscures its meaning and hides its effect on public and private decisionmaking.

With 1,890 pages of the Internal Revenue Code, and 4,526 pages of accompanying regulations, even sophisticated analysts must struggle to comprehend the implications of tax policy. As the area of federal law most immediately touching Americans, the code should be shortened and simplified so that interested parties can understand what their obligations are.

The list can go on and on: outlined above are a few of the starting points. At bottom, we must recognize that the tax system should be used primarily to raise revenue. The use of the tax laws to influence business decisions should be done only as a last resort.

The proliferation of quick-fix subsidies has sharply eroded the theoretical progressiveness of the system. Individually, tax provisions designed to influence economic behavior are inefficient and unwise public policy, as they reward economic activity which, to some uncertain extent, would have taken place anyway. Collectively, they undermine public confidence in the fairness of the tax laws and of government as a whole. If subsidies are desirable, let them be direct cash payments visible to the public which provides them.

Again, tax reform will be a meaningless and empty gesture unless and until the revenues derived thereby are turned back to the people through tax relief for low- and middle-income taxpayers. We must reform the tax laws—not by taking a shotgun approach to tax expenditures, an approach which would deny needed benefits to working people—but by addressing ourselves to the startling gaps in the system which allow wealthy individuals and corporations to avoid paying their fair share of the tax burden. What moneys we raise in this manner must be returned to the people now paying more than their fair share, now caught in the vise of inflation-stagnation, now bruised by the unfair and misguided economics of the Ford administration.

Mr. Speaker, I cannot emphasize enough the urgent need for this Congress to enact a comprehensive tax reform bill. The Committee on Ways and Means has made an excellent start, and the distinguished chairman is to be congratulated on their progress to date. I sincerely hope this momentum will not die and that the committee will not be swayed by the intense pressures from vested interests.

We have a rare opportunity, Mr. Speaker. The 94th Congress can be remembered as the Congress that dared to go beyond promises to bring tax justice to the American people.

Mrs. SPELLMAN. Mr. Speaker, I think that every Member here will agree that we need tax reform. The difficulty is finding consensus on what should be reformed. We have all heard what the President thinks should be done: cut taxes $28 billion only if expenditures are also cut by $28 billion. The Ways and Means Committee is working on its own tax reform bill, and already we are hearing from those whose interests have been wounded by the tentative decisions of the committee.

As a cosponsor of the Tax Justice Act, I think that the American people would certainly like to see their personal taxes decreased. That would probably be the first price drop they have seen this year. However, I also think that they would be more than willing to bear their present tax burden, as long as they knew that everyone else was paying his fair share.

But, we know that "everyone else" is not paying his fair share. Corporate taxes, for example, are supposed to hover around the 48 percent tax rate. Does any corporation pay that rate? By escaping through loopholes, the larger corporations in particular have managed to pay at rates averaging far below that mythical 48 percent. Ten corporations, in fact, paid no taxes at all in 1973, and 20 others, including some of the largest oil firms, paid at rates less than 10 percent. The six largest oil companies paid an average rate of 6.3 percent in 1973; major commercial banks paid at a 3.6-percent rate that same year. Electronic firms paid the highest average rate of 33.7 percent, which is still 14 percent below the "corporate tax rate" of 48 percent. And that is not all the citizen taxpayer is faced with.

When corporations pay less than their share, the burden is shifted to the citizen taxpayer. Corporate income tax payments, as a percentage of Federal revenue receipts, have declined from 33.6 percent in 1944 to an estimated 14.6 percent in 1974. At the same time, individual income tax payments rose from 48.8 percent in 1944 to an estimated 73.9 percent in 1974. No wonder the taxpayer is screaming.

We have got to close the loopholes that allow corporations to shift the tax burden to low- and middle-income taxpayers. I think that the Tax Justice Act is one way to close them. It eliminates the accelerated depreciation allowance—ADR—that allows corporations to speed up depreciation by 20 percent. It repeals the investment tax credit that has given companies 10 cents back for every $1 they spend on new machinery. That credit alone costs the Treasury $4 billion a year. TJA limits the farm loss deductions that have favored farming conglomerates over the small, independent farmer, and have cost the United States $840 million in lost taxes. It also eliminates all special provisions for DISC's and WHTC's so that these special corporate subsidiaries can no longer receive a 14-percent tax cut, or be taxed at one-half the normal rate.

These and other provisions of the Tax Justice Act insure that the corporations pay a fair share of taxes. Other provisions make the individual tax system more equitable by substituting tax credits for personal exemptions and deductions. Each taxpayer will receive the same benefits from a credit, whereas the system of exemptions and deductions favors those who have higher incomes.

I have great faith in the American people. They will pay their share of taxes when they know it is their "fair share" and when they know that those dollars are being used efficiently and wisely. We have been working, in this Congress, to put their money to good use. It is now time to work on the equity of the tax system. I would urge my colleagues to give consideration to the Tax Justice Act as a way to insure the equity of the tax system.

Mr. **CONYERS**. Mr. Speaker, what is so bewildering about tax reform is that the public, encouraged the past several years by promises of tax reform, yet never realizing its fruits and aware of the inequities of the tax structure, still shows a remarkable degree of compliance with one of the most unjust pieces of legislation in the United States, the Federal tax laws.

In a democratic society the question of how the costs of government should be shared and the question of how the benefits of government should be allocated ought to be hotly debated topics in public life. Such discussion should be open and informed. The opposite is the case in the United States. Fiscal policy is among the least comprehensible aspects of public policy. Tax laws have assumed so complex and esoteric a character as to defy popular understanding and judgment. For these reasons the tax structure has been rarely scrutinized by the citizenry and official justifications of it have until recently been accepted without serious challenge.

There is, however, reason to believe the public no longer will tolerate the abuses and inequities of taxation. The great number of tax reform groups around the country who have introduced the Tax Justice Act of 1975 point to a gathering movement for economic justice without which the best efforts of progressive legislators can have little effect.

Documentation of the tax privileges enjoyed by certain individuals, groups, and organizations, of the inequities of tax law in general and of the ruinous effect of this on the legitimacy of government and on the sufficiency of the economy fills more pages than the most informed and diligent citizen can assimilate. Tax breaks to the wealthy and to leading corporations have had continuous exposure. However, the assumptions underlying the tax structure warrant greater examination.

Federal tax laws reflect a leading premise: money in the hands of high income groups and corporations is more socially productive than money in the hands of the lower, working and middle classes and government. Presumably, the former will use their resources to invest in production create jobs, and stimulate economic growth. These benefits will eventually trickle down to the less privileged. This premise has been severely strained if not refuted by economic events of the past decade. Big business and the wealthy have contributed very little to remedying the economic breakdown.

The glaring inequities in the tax laws have to be viewed in the context of an economy that is no longer controllable by government and a political system that caters principally to corporations and their military and bureaucratic allies. Tax preferences to business and the wealthy in the past in the name of stimulating capital formation and stabilizing economic growth are no longer valid in a corporate economy in which wealth and power are concentrated in relatively few hands. Tax breaks to multinational corporations do not induce them to invest in America but on the contrary encourage them to export increasingly their capital overseas at the cost of underinvestment, diminished productivity, and massive unemployment at home. Insofar as only 2 percent of adult Americans own more than 80 percent of corporate stocks, the capital gains tax break no longer fosters free enterprise. When all tax preferences are combined, the Federal Government will lose $91 billion in revenues in fiscal year 1976, one-quarter of budget outlays. These tax preferences are in fact tax expenditures by which government protects and enhances the fortunes of the wealthy and of leading corporations.

Tax expenditures reflect a political-economic system which spreads the risks of economic enterprise and the expenses of government among the public while individualizing the rewards to a small number of powerful individuals and organizations. It forms part of a repertoire of devices by which government serves the corporate world too often at the expense of the liberties and well-being of the citizenry. Others include the Government-financed infrastructure that facilitates industrial growth, Government-supported educational institutions that produce the skilled manpower and the research which business incorporates into its profitmaking enterprise, the welfare payments that cushion the economic shocks experienced by the disadvantaged and that maintain civil order and therefore a favorable business climate, and the military expenditures that protect and promote American corporate interests at home and abroad.

Tax reform then must become the cutting edge of a broader effort to restructure the American economy—to dissolve concentrations of economic power, to institute a full employment economy, and to strengthen the public sector. The citizen action which made possible the Tax Justice Act of 1975 must become the thrust of a citizens' movement for economic and political justice.

Mr. **ROSENTHAL**. Mr. Speaker, I enthusiastically join in introducing the Tax Justice Act of 1975. This legislation represents a giant stride toward a more equitable distribution of our national income tax burden. It is a long overdue effort to rectify what is perhaps the most vexing source of alienation of Americans from their Government; the monumentally unfair tax structure which places an inordinate hardship on those who can least afford to bear it.

The concept of tax reform is one which has been passed around for several years now but has received little more than rhetorical flourishes to date from the full Congress. Tax expenditures, sometimes referred to as loopholes, drain an estimated $100 billion from our tax base. These are often to the exclusive benefit of very wealthy taxpayers; or simply not effective enough as incentives to justify their continuation in view of the huge revenue losses they engender.

Even loopholes which are available to low- and moderate-income taxpayers end up benefiting the rich disproportionately. For example, the deductions allowed for mortgage interest and property taxes, while providing a messure of relief for all homeowners, result in granting high-bracket taxpayers up to five times as much advantage dollar for dollar as the less well-to-do. There is no limit placed on the size or value of the home nor on the number of homes for which a taxpayer is eligible for such relief.

The net result of this formulation is that nearly two-thirds of this loophole—considered one of the most significant for the mass of taxpayers—is reserved for upper-income tax writeoffs. A fixed tax credit for such homeowner-related expenses would redress this imbalance in favor of those who most need the tax break, while increasing the incentive and thus further aiding the construction industry.

The tax code abounds with similar examples of this sort of inequity, as well as outright giveaways to the corporations and wealthy.

This bill will eliminate many of these welfare programs for the privileged while redistributing much of the additional revenue garnered to the average taxpayer. It is a highly responsible fiscal measure because it will increase Federal revenues by cutting wasteful provisions from the code while providing consumers with additional money to stimulate the economy. Squeezed by high unemployment and a rising cost of living, middle and working class Americans deserve relief beyond the temporary rebates enacted earlier this year—even if they are extended through next year.

Those who are now arguing that additional cuts in corporate taxes are necessary for capital formation ignore the basic economic fact that industry is now operating far below capacity because of a lack of consumer demand. Excess and idle capital is our chief concern, not the accumulation of more capital. Additionally, when the economy revives fully, there is little reason to believe that it will not generate internally the profits needed for investment and capital growth in a capitalist system.

The American tax structure has been likened to that of France in 1788 in the magnitude of its abuses. The voluntary nature of tax collection, relying on citizen acquiescence and participation, risks collapse as growing numbers of Americans realize with increasing bitterness that progressive income taxation is a myth. I urge speedy enactment of this legislation to avert a wholesale taxpayer revolt, restore faith in the processes of Government, boost the economy back onto the road to complete recovery and inject equity into our tax collection system.

Mr. NIX. Mr. Speaker, I am happy to join with my colleagues in support of the Tax Justice Act of 1975.

I believe that the introduction of this bill marks an historic milestone in the long battle for tax reform. Revising and reforming the tax code is a long and complicated process. This bill will help immensely by educating the public on the major issues of tax reform and by focusing attention on the glaring inequities in our tax laws.

Equity and sound government both demand that we keep tax reform high on our list of priorities. This comprehensive legislation provides us with a detailed plan and agenda for promoting tax equity, and I commend it to the attention of the Members.

Mr. STARK. Mr. Speaker, it is a great pleasure for me to take part in this special order today on the introduction of the Tax Justice Act of 1975. As a member of the Ways and Means Committee—which is presently completing work on its first tax reform package for the 94th Congress—I am especially pleased to note the strong support demonstrated here for effective and substantial tax reform.

As my colleagues know, the Ways and Means Committee has already taken action in some of the areas covered by this bill. In most cases, though, we have not gone nearly as far—nor raised nearly as much revenue—as the Tax Justice Act. In the area of individual taxes, we did not even begin to consider the far-reaching changes included in this bill. The result is first that we fall far short of the revenue-raising level we had hoped for. Perhaps more important, though, we fail to achieve any real equity for those lower- and middle-income wage earners who so desperately need tax relief.

The fact of this bill's introduction, Mr. Speaker, will go a long way toward convincing the Ways and Means Committee that the difficult questions of shifting the tax burden must finally be faced. We owe a great deal of appreciation to those people from across the country who have worked hard to get this effort moving.

Mr. HARRINGTON. Mr. Speaker, I have recently joined with 29 of my colleagues in sponsoring what I believe to be a far-reaching, urgently needed, and fiscally responsible tax reform proposal.

The Tax Justice Act of 1975, to which I refer is not a bill which originated in the board rooms of major corporations, or for that matter, in the respective congressional committees which have jurisdictional responsibility over tax legislation.

Quite the contrary, the Tax Justice Act is a product of the collective efforts of some 20 grassroots tax reform organizations across the Nation. Organizations which commonly share a deep concern over the fundamental lack of justice which is, and has for some time been reflected in our tax laws.

The blatantly discriminating nature of our current tax laws has motivated an unprecedented number of individuals and communities to get directly involved in the process of formulating progressive tax reform proposals. The concern on the part of these interested parties is certainly understandable given the appalling lack of leadership provided by the Congress in this area.

To date, tax law has been written with the interests of a select few in mind. From their perspective—the corporate perspective—the traditionally cozy relationship with ranking members of the relevant committees has certainly paid off.

Take, for instance, the case of the multinational Texaco empire. Operating in 84 countries with a fleet of 205 tankers and 37,000 miles of pipeline, the company last year paid a scant 1.6-percent Federal tax on a $2.8 billion net profit. Texaco shared this dubious distinction with Mobil Oil which paid an equal percentage of tax, 1.6 percent, on a total net profit of $3.5 billion.

The list of large corporations which engage in similar tax-evasive activities is almost unending. And it is in fact this same list of corporate conglomerates which cause the real welfare problem in this country.

While corporate tax ripoffs represent the most flagrant examples of how the rich are carried on the backs of the poor, the inequities in our tax system are designed to benefit the high-income individual as well. A family whose income is in the $200,000 range can "legally" pay less taxes than a family who lives on $20,000 annually. In fact, through investments and manipulative accounting, an individual making $2,000,000 annually can easily pay no taxes at all. It is abundantly clear that our current tax structure is highly conducive to such manipulations. These shelters and manipulations are what allow the rich to get richer while the poor become poorer.

It is my sincere hope that in light of these historic inequities, the House Ways and Means Committee will, in a marked departure from past procedure, consider the broad remedial and progressive provisions embodied in the Tax Justice Act.

The act attacks the heart of tax shelters; and through such measures as converting capital gains to ordinary incomes, the U.S. Treasury can, under this proposal, save $7,000,000,000 per year in lost revenues.

The Tax Justice Act also mandates the repeal of intangible drilling costs. The original purposes of intangible drilling costs subsidy was to cut the price of fuel and encourage exploration. Our present fuel shortage proves that claims of encouraging exploration and development to guarantee an adequate supply of oil and gas are obviously not true. Nor have the subsidies kept prices down. They have aided the oil and gas companies, however, by lowering the amount of taxes they must pay. Therefore, the Tax Justice Act repeals the provisions which allow the oil and gas companies to deduct immediately the intangible expenses—labor, supplies, tool rental, equipment repair, power, and so forth—of drilling a well instead of capitalizing them over several years. These provisions have allowed 70 to 90 percent of the cost of each well to be expensed. The average American loses out, because the final result of each well being expensed is that a multinational oil corporation like Texas Gulf did not pay one dollar in income tax during 1973.

Another provision of the Tax Justice Act of 1975 is the elimination of generation skipping trusts. This current loophole allows wealthy individuals to transfer property to their children and subsequently to later generations and only pay the estate tax once.

These provisions, while by no means representative of the many important reforms embodied it the act, are in my view, some of the most urgently needed corrective tax reform measures now before the Congress.

Given the harshly lopsided way in which people are required to financially contribute to the general welfare, it is hard to be unaware of, or unsympathetic to the bitter frustrations of families of modest means. Although they are least able to afford it, these hard-pressed families are forced to pay a far greater proportional share of their income for services from which they derive little or no benefit.

Congress has to date allowed this arrangement to continue, despite repeated attempts to enact even minimal reforms. Recently, however, there have been some signs which indicate that the mood of Congress is changing.

I am hopeful that the impressive support which is reflected in the list of cosponsors of the Tax Justice Act will serve to generate even broader interest in this proposal on the part of the House membership. Moreover, it is my hope that the Tax Justice Act will, at the very least, serve as the model for all tax reform provisions which emerge from the current efforts of the House Ways and Means Committee.

Mr. DELLUMS. Mr. Speaker, I am pleased to join my colleagues in cosponsoring the Tax Justice Act of 1975.

On behalf of the 31 Members of Congress who have sponsored this important tax reform legislation, I would like to take this opportunity to summarize the provisions contained within the Tax Justice Act.

CAPITAL GAINS AND LOSSES

Capital gains: Under the present tax code, one-half of the gain made on the sale of a capital asset such as stocks, real estate, machinery, or equipment which has been held over 6 months, is deducted from gross income and is, therefore, never taxed. Special treatment of capital gains is the largest single loophole in the tax system, costing the Treasury about $7 billion per year in lost revenues. Most of the benefits of this massive expenditure go to wealthy taxpayers, with 94 percent going to those with incomes over $100,000.

In 1972 those with incomes over $100,000 saved an average of $39,168.49 which was more than 2,601 times as much as the family earning between $7,000 and $10,000 who saved an average of only $15.57; and more than 911 times as much as the average wage earner making between $15,000 and $20,000 who saved an average of $43.72. Statistics show that 78 percent of adults do not even own stock at all.

The Tax Justice Act—TJA—eliminates this special treatment of capital gains by treating the income the same way as ordinary income is treated.

Mr. Speaker, the cosponsors of the TJA feel that this legislation would allow taxpayers on capital gains to avoid the problem of "bunching"; that is, of paying the tax all at once when the asset is sold which could produce such a large single piece of income that the taxpayer would be pushed into the higher brackets. In the TJA, the taxpayer could choose to pay the tax on the appreciation, the increase in value, each year at the taxpayer's regular rate. Thus the taxpayer would have the option to report as income the amount by which the value of the asset has increased and pay tax on it that year. When the asset is sold, only the last year's appreciation would be taxed.

Capital losses: Currently long term capital losses can be deducted only from long term capital gains. Since only half the gain is now taxed, only half the loss is, in effect, deducted. The Tax Justice Act would make capital losses fully deductible from ordinary income.

Capital assets transferred at death: Now capital gains are taxed when the asset is sold or transferred. If, for example, a person buys stock for $100 and sells it 5 years later for $150, he or she would pay taxes on one-half the profit or $25. However, if the owner dies before selling the stock, the heir would receive the $150 asset and would pay no tax at all. If the new heir sold the stock for $150, he or she would pay no tax. If the heir holds the asset and does not sell, then the entire gain of $50 escapes all taxation, and the next generation could inherit the $150 plus its new value, say of $200, tax free and so on, collecting dividends all the while. This costs the Treasury $3 billion a year.

The TJA requires that tax on the accumulated gain be paid by the owner before the asset is transferred to the heirs. Several exceptions to this general rule are made to avoid working a hardship in certain situations. For example, transfers at death to the surviving spouse will not be taxed. Instead the value of the property will retain its original value, called basis, when it is carried over to the inheriting spouse. The gain will, therefore, be taxed eventually when it passes to the next generation, but not until both of the spouses have died.

Also, there shall be a lifetime exemption of $25,000 of the gain realized on a family home, business or farm which is allowed to the owner's estate. This is to avoid forced sales of those basic family assets to pay the tax. Finally, the income tax would be allowed as a deduction in determining the taxable estate for tax purposes, so that the estate will not have to pay a tax on a tax.

CORPORATE TAXES

There are those of us that feel that the corporate tax rate of 48 percent is a myth. As table I shows, few companies pay at that rate. In 1973, commercial banks and oil companies enjoyed the lightest corporate tax burden. Twelve major commercial banks, much of whose tax benefits come from tax exempt municipal bond interest and foreign tax credit, averaged a 3.6-percent tax rate. The 6 oil companies among the 15 largest industrial firms on Fortune magazine's annual list, paid taxes at an average rate of 6.3 percent.

TABLE I.—CORPORATE FEDERAL TAX BURDEN ON MAJOR COMPANIES IN SELECTED INDUSTRIES

[All figures are percentages of 1973 pretax financial income [1]]

Industry	Number of companies	Average U.S. tax rates on worldwide income [2]	Total worldwide rate on worldwide income	Percent	
				High companies	Low companies
Fortune magazine:					
15 largest companies	15	15.7		40.2	0.9
9 largest nonoil	9	22.0		40.2	2.8
6 largest oil	6	6.3		19.8	.9
Chemical companies	12	24.4	35.2	36.8	15.0
Commercial banks	12	3.6	16.1	18.2	[3] (19.3)
Conglomerates	10	24.5	29.3	43.4	4.6
Drug companies	12	22.1	36.7	32.5	7.3
Electronic firms	11	33.7	41.2	49.1	6.5
Food processors	10	28.4	41.5	39.0	12.3
Metals and mining	10	17.3	25.5	33.6	(2.1)
Oil (excluding those in top 15)	10	11.5	[4] 37.0	25.0	.6
Retailers	11	29.4	33.5	41.2	.5
Steel companies	13	32.7	39.9	42.5	13.2
Timber firms	10	32.2	40.9	43.4	24.4
Trucks and equipment	10	31.8	39.1	44.3	22.9

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[1] The base figure for the computations summarized in the table is net earnings before Federal income taxes. This base figure is derived by reducing the net earnings before income taxes, as shown on a firm's income statement, by the provision for State income taxes. This is done because State income taxes are merely another deduction for purposes of Federal income taxes.

[2] The industry figures are unweighted for size. They are simple arithmetic averages of the effective rates for the companies in each industry and thus are not precise industry averages.

[3] These negative figures represent sufficient tax write-offs to completely avoid taxes in 1973. The surplus will further reduce taxes in 1974.

[4] These figures include payments by oil and gas companies to foreign governments not generally recognized as true taxes.

As corporations pay less than their share, the tax burden shifts more and more to low- and middle-income taxpayers. Corporate income tax payments, as a percentage of Federal revenue receipts, have declined from 33.6 percent in 1944, to 20.9 percent in 1964, to an estimated 14.6 percent in 1974. In contrast, individual income tax payments rose from 48.5 percent in 1944, to 62.7 percent in 1964, to an estimated 73.9 percent in 1974. Business and industry lower their tax burden by taking advantage of many corporate tax privileges on both foreign and domestic income. As I will explain, the Tax Justice Act, will eliminate most of the special considerations for corporations.

BUSINESS TAX SUBSIDIES

Investment tax credit: Mr. Speaker, the TJA repeals the investment tax credit which now allows a company to reduce its tax bill dollar for dollar by an amount equal to 10 percent of any investment in new machinery. As you know, this credit, which costs the Treasury over $4 billion per year, was enacted in 1971 to stimulate a sagging economy and to cut the unemployment rate. In fact, it has not achieved its purpose.

A company cannot increase its employment or its sales by using tax incentives to purchase new equipment when its existing equipment is already lying idle due to slack demand as is the present situation. Currently, industry is operating at about 80 percent of capacity. A great deal of this tax subsidy is wasted on replacing machinery which the company would have bought without the subsidy. Thus, an indeterminate portion of the $4 billion is used on routine replacement of worn out industrial equipment and does nothing at all to encourage the purchase of new equipment or the creation of new jobs. The investment tax credit is one of the major subsidies big business uses to either pay very low tax rates or in many instances to pay no taxes at all.

Asset depreciation range: The TJA repeals the asset depreciation range enacted in 1971 which permits rapid depreciation of assets. The Tax Code permits a business to deduct a reasonable amount for the exhaustion and wear of property such as machines and equipment used in the business for the production of income. The problem, as I see it, is how to determine what the actual life of the asset will be and over how many years the deductions should be spread. The shorter the life, the higher the deduction each year and that lowers taxes. When the tax deduction exceeds the actual depreciation of the equipment or asset, then the owner of the asset receives a tax subsidy on the difference.

In 1962, the Treasury issued guidelines for depreciation deductions which specified years over which different kinds of asset could be depreciated. This was called "guideline lives." In addition, a "ratio reserve test" was established which limited the depreciation claimed by the taxpayer to the actual wearing out time of the equipment. They could not depreciate it faster than they were actually replacing the equipment. The assets depreciation range system abolished the ratio reserve test and allowed the guideline lives to be shortened an arbitrary 20 percent which increases the deductions greatly. It is estimated that repeal of the asset depreciation range, otherwise known as the ADR, will raise $4.2 billion in revenues per year.

Straight line depreciation on real estate: The Tax Justice Act limits deductions for depreciation of real estate to the straight line method. The deductions are computed so that a fixed amount is deducted each year over the useful life of the asset. For example, if the asset is worth $100,000 and will last for 20 years, the taxpayer deducts $5,000 a year for 20 years to make up for the loss of value. Other methods of computing depreciation on real property such as declining balance and sum-of-the-years digit, all permit initial deductions for amounts larger than the acutal exhaustion and wear and tear on property. These methods all allow accelerated depreciation which results in a very large deduction during the earlier years of property ownership and constitute a tax expenditure by the Treasury and a tax subsidy or an interest free loan to the owner or industry.

The TJA eliminates all forms of accelerated depreciation on real estate. It limits depreciation on real estate to the straight line method which is the one most commonly used both for tax purposes and for corporate accounting and is the easiest to compute and apply.

Farm loss limitation: The Tax Justice Act limits deductions from the gross income of an individual for losses incurred in the operation of a farm to the amount of income from farming plus $10,000 of any nonfarm income. Any amount of a farm loss disallowed under this provision will be treated as an expense of farming in the following tax year.

Farming has become a tax shelter because farmers can use the cash method of accounting for tax purposes which allows them to deduct the cost of their operations, including feed, labor, pasturage, livestock, in the year these expenses are incurred. Under the usual or accrual method of accounting the expenses are deducted from the profits, which usually would not be realized until the following years.

The great fluctuation of good and bad years underscores the need for this cash method for real farmers. But corporations and wealthy individuals invest in farming ventures in order to use the accounting losses to offset their nonfarm income and thus reduce their taxes. No real farmer ever wants a bad year—but tax-loss farmers plan on bad years for the larger deductions.

For the wealthy investor much of the loss, of course, is an artificial tax loss. The investor takes the deductions for the advance costs associated with growing a crop or raising livestock and creates an immediate tax loss which he or she uses to offset income earned from a profession thus lowering the taxes. The investor can then take the income realized for selling the cattle at a later time when his or her tax rate is lower. Also, when the investor sells his or her share of the investment, the profit is considered a capital gain and will be taxed at half the ordinary tax rates. The advantages of the cash method to the full-time farmer are minimal since the costs and profits will offset each other in each year and average out over the years of ownership.

There are major disadvantages in tax loss farming aside from the loss of Treasury revenue, estimated to be more than $840 million. The advantages of farming investments favor the monopolies and conglomerates of agribusiness over the independent family farmer. Mr. Speaker, we all know that small farmers have been going out of business at an alarming rate. Some of us feel that this is due, in part, to the disadvantage of competing with a huge farm industry whose owners are more interested in losses than crops.

Percentage depletion, intangible drilling costs, et cetera: The oil industry receives several tax subsidies. The percentage depletion allowance was developed to compensate oil companies for using up, or depleting, their oil supplies. The allowance was, however, a very costly and inefficient subsidy of the oil industry and was, therefore, repealed, at least in part, by the Congress in the Tax Reduction Act of 1975. However, the so-called independents were exempted. Over a period of years, the "independent" exemption will be phased down to a deduction of 15 percent on the first 1,000 barrels of oil per day.

As my colleagues know, this exemption was thought necessary to enable the independents to remain competitive with the big oil companies. However, the independent oil companies are making a higher profit margin, in other words getting a greater price for their oil, due to price controls and paying a lower tax rate than the major oil companies. Therefore, independents are more than competitive with the majors. The exemption of independents will be expanded in practice to include an increasing percentage of domestic oil production and will cost at least $650 million in lost revenue in 1975. The Tax Justice Act repeals the percentage depletion allowance completely.

The TJA would also repeal the provisions which allow the oil and gas companies to deduct immediately, to expense, the intangible expenses such as labor, supplies, et cetera, of drilling a well instead of capitalizing them or deducting over several years. These provisions have allowed 70 to 90 percent of the cost of each well to be expensed, immediately deducted as a business expense, instead of capitalized and depreciated over the life of the well as they would normally be. Expensing of intangibles cost the Treasury $650 million in 1972. Depletion and intangible drilling expense deductions will cost about $3 billion in 1975 which means an average of $40 per taxpayer.

As all of us know, these tax subsidies were supposed to cut the price of fuel and encourage exploration. But, Mr. Speaker, our present fuel shortage proves to me that claims of encouraging exploration and development to guarantee an adequate supply of oil and gas are obviously not true. Nor have the subsidies kept prices down. But they have helped lower the taxes oil and gas companies pay.

In 1973 Texas Gulf paid no income taxes at all while seven oil companies paid at extremely low rate: Occidental 1.8 percent, Texaco 2.3 percent, Gulf 3.1 percent, Standard Oil of Ohio 3.5 percent, El Paso Natural Gas 4.5 percent, Union of California 9.6 percent and Continental 9.9 percent. The corporate tax rate is supposed to be 48 percent.

Rapid amortization of certain business expenditures: The Tax Justice Act repeals a number of sections in the present tax code which allow several specific types of investments to be amortized over 5 years instead of depreciated over the life of the asset. Under law, rapid amortization can be used for certain pollution control facilities, mine safety equipment, railroad rolling stock, child care, and on-the-job training facilities. By amortizing costs, companies can often take even larger deductions than asset depreciation range—ADR—would permit, which defers or permanently reduces taxes and saves the company money. Rather than being subsidized by the Treasury, in order to artifically lower the price of the product, such expenses should be reflected in the price of the product, so that consumers pay the true economic price for the goods they use.

The costs of research and development can be treated in several ways at the option of the corporate taxpayer. The expenses can be capitalized, and depreciated, amortizerd over 5 years, or deducted immediately as a business expense.

Since the corporation chooses which method is used, the timing can be arranged so that the deductions can most effectively offset any income from the research. This can result in hugh initial deductions or smaller ones spread out over 5 years or over the life of the asset.

Option to deduct certain expenditures: The TJA eliminates the option of expensing the costs immediately and also repeals the amortization clauses so that research and development costs must be capitalized and deducted over the years the asset is used.

FOREIGN SOURCE INCOME

Earnings of overseas subsidiaries: The Tax Justice Act ends the current tax treatment for earnings of foreign subsidiaries of domestic corporations which currently remain untaxed until brought into this country. Under present law, these earnings are not taxed until they are distributed to the parent corporation in the United States. This allows corporations to defer, and sometimes completely avoid, the tax by reinvesting the money overseas. These earnings are, however, considered assets of the U.S. parent company for other purposes such as credit and for reporting its income to shareholders.

The deferral or avoidance of tax is, therefore, an incentive to U.S. corporations to build factories and offices overseas instead of at home where they would provide jobs for American workers. To end this situation, the TJA provides for the taxation on a current basis of the undistributed earnings of domestically controlled foreign corporations.

Domestic international sales corporations—DISC: The Tax Justice Act repeals the provisions which created the domestic international sales corporations, commonly referred to as DISC's. DISC's are, as you know, subsidiaries of American companies set up to export American-made products to foreign countries. The income from the DISC's is taxed at capital gains rates, one-half the normal rates. Enacted in 1971, this tax subsidy was to encourage export of American goods.

Estimated to cost the Treasury $100 million in 1972 and $170 million in 1973 in lost revenues, these costs were actually $250 million and $500 million respectively and will cost about $1.3 billion in 1976. The devaluation of the American dollar acted to increase exports and, Mr. Speaker, there is little evidence that DISC's do more than favor very large corporations with tax subsidies for doing what they would have done anyway. Furthermore, the DISC provisions apply to anything produced in this country, regardless of the fact that some of the products are scarce, such as farm products and that extensive exporting raises domestic prices. Thus, the American consumer pays more for a product or food to compete with an export price that is subsidized by the same consumer's taxes. The 1975 Tax Reduction Act only eliminated DISC benefits for natural resource and energy products.

Foreign tax overall limitation: The foreign tax credit, as my colleagues know, is designed to prevent the double taxation of foreign business income. But it is now used to shelter taxable income. The amount of foreign taxes which can be credited against American taxes is computed by one of two methods: on a country-by-country basis or on an overall basis. In both cases, the company is allowed to credit a proportionate amount of taxes paid to foreign countries against its U.S. tax bill, depending on what portion of its total income came from foreign countries.

The per-country limitation computes the income percent and resulting tax credit separately for each country. The overall limitation combines all foreign income and all foreign taxes to find the amount of credit due.

This is an advantage for companies doing business in countries which have a high tax rate, since these high foreign taxes can be averaged out against another country's lower rate. The U.S. tax rate is 48 percent, so any foreign tax rate higher than that would not ordinarily be fully creditable against U.S. taxes. The overall limitation, therefore, is a shelter since it permits companies which have excess credits from one country—a country with a tax rate higher than 48 percent—to apply their excess credits to countries with tax rates lower than the U.S. rate. This not only gives those companies a competitive advantage in the second foreign country, but in effect, the high tax countries, rather than the United States, collect taxes on the income earned in low tax countries. Thus, U.S. taxpayers subsidize the overtaxation of U.S. company revenue by high tax countries.

The 1975 tax cut bill limited the amount of excess credits oil companies can use but did not eliminate them.

The Tax Justice Act repeals the overall limitation so that all foreign tax credits would be computed on a per country basis.

Royalties treated as income tax: Since many foreign governments own the mineral assets of their countries, the fee that is paid by American companies for extracting the mineral, such as oil, goes to the foreign government rather than to individual property owners. As a result, the fee can be called a tax and taken as a credit against U.S. taxes when, in fact, it is a royalty and should be treated as a deduction. The credit is subtracted dollar-for-dollar from the tax liability while the deduction is worth only 48 cents on the dollar in reducing U.S. taxes.

The oil industry receives the greatest advantage from this situation. Increased production fees charged by OPEC countries, subsequently passed on to consumers through higher prices, have been considered "taxes" by the oil companies and deducted from their U.S. tax liability. The effect has been to eliminate U.S. tax liability on foreign oil production and, for companies using the overall limitation, mentioned previously, to generate tax credits used to offset potential U.S. tax liability for income from low tax countries. Excess tax credits generated from oil production, even after offsets under the overall limitation, were $931 million in 1971.

Internal Revenue Service rulings condone this practice. The Tax Justice Act deals with the problem in two ways. First, the elimination of the overall limitation insures that tax credits from oil production can not be used to offset a tax liability generated in low tax countries. Second, the TJA gives the Secretary of the Treasury the authority to challenge any claim for a foreign tax credit, to examine corporate records and to disallow claims for payments that are in reality royalties. The Secretary, under the TJA, is required to report annually so that the Congress can further tighten the rules if it is necessary.

Western Hemisphere trade corporations and other tax subsidies to U.S. possessions and less developed countries: The Tax Justice Act repeals the 14 percent tax cut given to corporations doing business outside the United States in the Western Hemisphere. As the Members of Congress are aware, the special provisions for Western Hemisphere trade corporations started in 1942 as an exemption from World War II excess profits tax since it was thought unfair to tax such companies who were not reaping wartime profits. The exemption has continued—changing to the present 14 percent reduction after the war—and, in the opinion of some, with no justification. Currently, it is little more than a device for cutting taxes for export subsidiaries of U.S. firms, costing about $200 million per year.

Mr. Speaker, the TJA also repeals special tax breaks for U.S. corporations operating in U.S. possessions whose income is completely exempt from U.S. taxation. It further eliminates the special foreign tax treatment available to U.S. companies with subsidiaries operating in less developed countries.

ESTATE AND GIFT TAXES

Integration of the estate and gift taxes: A major problem with the estate and gift tax systems is that they discriminate in favor of those who give away part of their estate before death and the rest after death; as against those who pass on all of their wealth at death. Since both taxes are progressive, the person who transfers property by both gift and bequest gets to start at the bottom of two progressive rate structures and pays less tax than if the gifts were combined and taxed all at once. For example, a person who makes inter vivos or lifetime gifts of $3 million and leaves a $2 million estate will pay lower taxes than if the two sums were "stacked" and the $5 million taxed at one progressive rate.

The Tax Justice Act integrates the estate tax rate with inter vivos gifts so that the tax brackets for property transferred at death are determined by the combined amount of inter vivos gifts and the estate. One tax rate would apply to all gifts made cumulatively over the lifetime of the donor and the gifts made at death. To compute the tax, the amount of the estate would be "grossed up," that is, the total amount of inter vivos gifts would be added as if made after death, a tax is then computed on that total. Then the tax is reduced by the gift taxes already paid when the inter vivos gifts were made. The final amount—the tax less credit for taxes already paid—will be the amount of the estate tax due.

Generation skipping trusts: The TJA eliminates the so-called generation skipping trust, the most criticized abuse of the estate tax. Frequently, by using the trust device wealthy individuals transfer property to their children and then to later generations and only pay the estate tax once, instead of paying each time the estate is transferred.

The decedent can set up a trust before death for the grandchildren but provide that the income and the assets of the trust be used and enjoyed by the children, who are made the trustees, during their lifetime. When the children die, the trust terminates and the remaining money is given to the grandchildren. Both generations have used and enjoyed the inheritance, but since the children never had full title, the money theoretically skipped their generation so it is not taxes to their estates. It is considered inherited directly by the grandchildren from the decedent. Three out of every five millionaires transfer some property in trust.

Limit on the estate charitable deduction: Under present law an estate may take an unlimited estate tax deduction for bequests made to qualified charities. The gift tax also allows an unlimited charitable deduction, But under the income tax, a charitable deduction is limited to 50 percent of income. Many of the charitable contributions consist of stock of a family being given to a private foundation and, by making certain stock arrangements, the family can retain control over the business while removing most of its value from the estate tax base.

Mr. Speaker, we would like to make it clear that the TJA does not tamper with the fundamental structure of charitable deductions. It merely limits the estate and gift tax deduction to 50 percent of the value of the estate or of lifetime gifts in keeping with the 50 percent limitation under the income tax.

AID TO STATE AND LOCAL GOVERNMENTS

Repeal interest exemption on State and local bonds: Interest paid on State and local government bonds is totally exempt from Federal income tax, a subsidy which cost the U.S. Treasury $2.9 billion in 1972. The exemption aids State and local governments because it induces borrowers to accept lower rates of interest since the bond interest is tax free. Wealthy individuals and commercial banks receive most benefits from these tax free bonds yet State and local governments are having to continually raise their interest rates and thus receiving fewer benefits. Because of this, the TJA repeals the exempt status of State and local bonds.

Federal payment of interest yield on State and local bonds: However, some States and towns, especially many smaller communities, without some type of subsidy, would not be able to raise funds for community development. Therefore, the TJA provides that the Federal Government will pay 40 percent of the interest yield on State and local bonds to the localities issuing them with the exception of industrial development bonds.

The current exemption saves local State governments $1.9 billion in lower costs. However, it costs the Treasury $2.5 billion in lost taxes. A direct Federal subsidy is far more efficient, giving a dollar's benefit to local governments at a dollar's cost to the U.S. Treasury.

INDIVIDUAL TAXES

Tax credit: The TJA substitutes a tax credit of $250 per person in lieu of the personal exemption of $750 now allowed for each taxpayer and each dependent. This change will distribute the tax savings from this most basic tax allowance more evenly so that every taxpayer whether poor, middle income, or wealthy will receive the same dollar benefits. The worth of an exemption depends on the taxpayer's tax bracket. The $750 exemption is worth $525 to the wealthy taxpayer in the 70-percent bracket—0.70 times 750—$225 to the 30-percent bracket taxpayer, and $105 to the lowest taxpayer. But the amount of a tax credit is subtracted from the total tax bill and, therefore, returns the same dollar amount to taxpayers regardless of their income or tax bracket.

Personal tax credit: The Tax Justice Act also substitutes a tax credit for the present personal deductions. The credit would be computed as 25 percent of the amount which, under present law, would be the total of all personal deductions. This credit will be subtracted from the final tax bill so that every dollar of allowable personal deductions will be worth the same to every taxpayer regardless of his or her tax bracket. At present a deduction of $100 is worth $70 to the wealthiest taxpayer but saves only $14 for the lowest-bracket taxpayer.

The credit will reduce the taxes for all taxpayers who are now taxed at less than 25 percent and will increase taxes for those with higher tax rates. For single taxpayers earning less than $10,000 and for a family of four with an income under $20,000, income taxes will decrease. The tax savings are greatest for lower-income people and decrease as they approach those break-even points.

Replacing the personal exemption and the personal deductions with tax credits, is one way the Tax Justice Act will help distribute the excessive income tax burden now placed on low- and middle-income families. Table II shows how the tax credits would change the amount of income taxes paid.

TABLE II.—TAX LIABILITY UNDER TAX JUSTICE ACT COMPARED TO PRESENT TAX CODE

MARRIED COUPLE WITH 2 DEPENDENTS

Adjusted gross income	Present tax law [1]	Tax Justice Act [2]	Income tax savings	Present 1975 social security tax [3]
$1,000	[4] 0	[4] 0	0	$59
$3,000	[4] 0	[4] 0	0	176
$5,000	[4] 0	[4] 0	0	293
$6,000	[4] $35	[4] 0	$35	351
$8,000	347	0	347	468
$10,000	709	$345	364	585
$12,500	1,165	885	280	731
$15,000	1,612	1,410	202	825
$17,500	2,036	1,936	99	825
$20,000	2,538	2,528	10	825
$25,000	3,630	3,958	[5] (328)	825
$50,000	11,345	13,935	(2,590)	825

MARRIED COUPLE WITH NO DEPENDENTS

Adjusted gross income	Present tax law [1]	Tax Justice Act [2]	Income tax savings	Present 1975 social security tax [3]
$1,000	0	0	0	$59
$3,000	0	0	0	176
$5,000	$170	0	$170	293
$6,000	326	$25	301	351
$8,000	674	405	269	468
$10,000	1,054	845	209	585
$12,500	1,540	1,385	155	731
$15,000	2,002	1,910	92	825
$17,500	2,456	2,436	20	825
$20,000	2,975	3,028	(53)	825
$25,000	4,110	4,458	(348)	825
$50,000	12,000	14,534	(2,355)	825

SINGLE PERSON

Adjusted gross income	Present tax law [1]	Tax Justice Act [2]	Income tax savings	Present 1975 social security tax [3]
$1,000	0	0	0	$59
$3,000	$63	0	$63	176
$5,000	404	$250	154	293
$6,000	594	460	134	351
$8,000	1,007	940	67	468
$10,000	1,476	1,440	36	585
$12,500	1,998	2,025	(28)	731
$15,000	2,519	2,633	(114)	825
$17,500	3,115	3,346	(232)	825
$20,000	3,754	4,128	(375)	825
$25,000	5,200	5,878	(678)	825
$50,000	14,773	17,815	(3,043)	825

[1] Computed without reference to the tax tables for adjusted gross incomes under $10,000. Figures based on 1975 law and includes the $30 credit per exemption.

[2] Computed using the 25-percent credit in lieu of deductions and a $250 tax credit in lieu of personal exemption.

[3] Assumes payroll tax deductions for 1 worker in each family. Social security tax is included here to show that taxpayers paying either low Federal income taxes or none at all, still pay social security taxes.

[4] If the family qualifies for the earned income credit, a refund will be given of: $100 on $1,000 income, $300 on $3,000 income, $300 on $5,000 income, and $165 on $6,000 income.

[5] ( ) indicates additional tax due.

Note: All figures were computed using deductions equal to 17 percent of adjusted gross income, or the standard deduction, whichever was applicable.

The $100 dividend exclusion: The Tax Justice Act repeals the provision in present tax law that allows an individual to exclude from gross income $100 of dividends received on corporate stock. There is no similar exclusion for interest received on savings accounts, which is a much more common form of investment by middle- and low-income taxpayers.

Mortgage interest and property tax: The TJA limits deductions now allowed for interest paid on mortgages and property taxes to amounts paid on the taxpayer residence. The deductions cannot exceed interest paid on the first $50,000 of a mortgage and the property taxes paid on property assessed at $70,000. No deductions will be allowed for rental or investment property in excess of the income from it.

Fifty percent maximum tax: Currently the maximum Federal income tax that can be applied to earned income is 50 percent. Often, a taxpayer may be paying little or no tax on unearned income such as interest on tax exempt municipal bonds. Therefore, the rate on the taxpayer's total income may be very low. This tax ceiling was written into the Tax Code of 1969 to lower taxes for high income people without any real justification. The Tax Justice Act repeals the present limitation of a 50-percent maximum tax on earned income. Higher rates will apply where appropriate.

REVENUE ESTIMATES, FISCAL YEAR 1976

[In millions of dollars]

	Revenue change	
	Corporations	Individuals
A. Capital gains and losses:		
101. Gains	$755	$4,165
102. Losses		
103. Capital assets transferred at death		[1] 4,550
B. Business tax subsidies:		
201. .nvestment tax credit	7,209	1,551
202. Asset depreciation range	[2] 1,590	[2] 12
203. Straight-line depreciation:		
Rental	[2] 120	[2] 420
Nonrental	[2] 275	[2] 215
204. Farm loss limitation	[2] 12	188
205. Percentage depletion and intangible drilling costs	[3] 738	[3] 162
	[2] 1,235	130
206. Rapid amortization ot certain expenditures	115	60
207. Option to expense certain expenditures	660	
C. Foreign source income:		
301. Earnings of overseas subsidiaries	620	
302. Domestic international sales corporations	1,290	
303. Foreign tax credit overall limitation	[3] 270	[3] 30
304. Royalties treated as income taxes	[4] 300	
305. Other tax preferences for corporate foreign source income:		
(a) Western Hemisphere Trade Corp	50	
(b) Possessions corporations	10	
(c) Less Developed Country Corp	55	
D. Estate and gift tax:		
401. Integration of the estate and gift taxes		[5] 325
402. Generation skipping trusts		[5] 300
403. The estate charitable deduction		[5] 150
E. Aid to State and local governments:		
501. Interest exemption on State and local bonds		
502. Federal payment ot interest yield on State and local bonds	[6] −33	[6] −17
F. Individual taxes:		
601. $250 personal tax credit		(−13,120)
602. The $100 dividend exclusion		360
603. Tax credit tor personal expenses		
604. Mortgage interest and property taxes on residences		(7)
605. Maximum tax on earned income		385

[1] Estimate not available for reduction in $4,550,000,000 gain which would result from the exclusion of transfers to surviving spouse and the special $25,000 exclusion for the lifetime disposition of a residence, etc.

[2] Allocation between corporations and individuals based upon 1972 figures in "Estimates of Federal Tax Expenditures," published by the Committee on Ways and Means, June 1, 1973.

[3] Based upon 1972 levels. Sources: "Tax Notes, Tax Analysts and Advocates (TA/A)," Apr. 1, 1974, p. 16. Allocation between individuals and corporations based upon revenue estimates contained in H. Rept. 93-1502, 93d Cong. 2d sess. 21 (Committee on Ways and Means, H.R. 17488, Energy Tax and Individual Relief Act of 1974).

[4] Source: Tax notes, note 3 above at 16-17.

[5] Based on revenue estimates done by Thomas F. Leahy, former director of the revenue estimating staff, U.S. Treasury Department using statistics and existing law for 1973. These exact items were not included in the Federal budget analysis fiscal year 1976 estimates but they are not expected to differ greatly from the figures given.

[6] Source: Statement of Frank E. Morris, president, Federal Reserve Bank of Boston, House Ways and Means Committee, panel discussions on general tax reform, panel No. 8, an alternative to tax-exempt State and local bonds 1198 (Feb. 23, 1973). For allocation between corporations and individuals, see note 2, above.

[7] Revenue gain less than $10,000,000.

GENERAL LEAVE

Mr. DRINAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include therein extraneous material on the subject of my special order today.

The SPEAKER pro tempore (Mr. McFALL). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

TODAY'S BAN-THE-HANDGUN RALLY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 5 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, about one-half hour ago the National Coalition To Ban Handguns and supporters of gun control began to march around this building to dramatize the need for handgun control legislation. I have been involved in the issue of handgun control for 10 years or more and I am hopeful that this year Congress will enact strict gun control laws.

At 12:30 p.m. the march will come to rest at the west front Capitol steps. The rally that will take place at that time is designed to be both living evidence of the broad support for handgun control legislation and a forum to encourage active participation in the effort to bring this issue before the Congress as quickly as possible.

This is an issue that has for too long been ignored by the Congress. I hope that many of my colleagues will attend the rally today, listen to the short speeches that will be given by our colleagues, and join in our effort to save lives and rid our streets of gun-toting criminals.

This year I have again together with my colleague ABNER MIKVA introduced the Handgun Crime Control Act. Our bill is designed to prohibit the importation, manufacture, sale, purchase, transfer, receipt, or transportation of handguns, except for or by members of the Armed Forces, law enforcement officials, and, where authorized, licensed importers, manufacturers, dealers, and pistol clubs. It does not call for the confiscation of handguns presently in existence.

In a recent set of polls conducted in my city of Chicago by five unrelated organizations, 83 percent of the 21,000 participants were in favor of legislation that would ban the manufacture, sale and distribution of handguns. I also asked the same basic question of my own constituents this past spring as part of my Eighth District questionnaire. 72.2 percent responded that they were in favor of handgun control and 65.8 percent said that they would support more stringent gun control than that which I have proposed.

Last March, six different Chicago area organizations began circulating a yes-no poll sheet to their customers and members. Participants were asked to indicate whether or not they were in favor of the Mikva-Rostenkowski approach to handgun control.

Below is a breakdown of the organizations involved in the Chicago poll. As you can see, the support for this issue is broad. The opinions reflected in these polls are the opinions of a diverse spectrum of people, and are not the result of one efficient organized lobby.

The results follow:

Organizations	Yes		No		Total
	Number	Percent	Number	Percent	
Checker and Yellow Cab Companies	8,616	83	1,795	17	10,411
Chicago Retail Druggists	5,479	78	1,547	22	7,026
Chicago Suburban League of Women Voters	1,821	96	78	4	1,859
Chicago Retail Cleaners & Tailors Association	1,087	85	184	15	1,271
United Methodist Church	436	94	30	6	466
Individual poll takers	232	86	37	14	269
Total	17,671	83	3,671	17	21,342

The results of these polls have been forwarded to the House Judiciary Subcommittee on Crime.

In the past, the gun lobby had a disproportionate impact on Congress because it was highly organized and well-financed. But now, thanks to these polls and the efforts of grassroots organizations throughout the country, the full measure of public opinion is finally being crystallized on this issue, which means the chances for meaningful handgun control legislation are better than ever before.

THE DOLLARS AND CENTS EFFECT OF THE SOVIET GRAIN DEAL

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Montana (Mr. MELCHER) is recognized for 5 minutes.

Mr. MELCHER. Mr. Speaker, the media have all had stories about the effect of the administration's deal with the Russians and reactions to it.

The important effect and reaction occurred yesterday in the markets, where the prices farmers will receive for their products are set.

Wheat closed down 17 cents a bushel in Chicago. Calculated against our 150 million bushel crop in Montana, that means wheat producers in my State lost at least $25 million yesterday as a result of the deal.

Corn was down 8 cents. Soybeans were off 18 cents. Nationally, that means the 1 day loss to producers was over $500 million.

For the record, I am inserting portions of a New York Times account of the market reaction to the deal, together with the tables of futures quotations for wheat, corn, and soybeans at Chicago:

PRICES ON GRAINS DECLINE SHARPLY—SLIDE LAID TO LIFTING OF MORATORIUM ON SOVIET SALES

(By Elizabeth M. Fowler)

Sharply lower wheat, corn and soybean prices marked trading on the Chicago Board of Trade yesterday, the day after the announcement that the Government had lifted the moratorium on grain sales to the Soviet Union and had completed a long-term grain agreement with the Russians.

December wheat closed at $3.95 a bushel, down 17 cents; December corn ended at $2.85¼, down almost 8 cents. November soybeans were off 18 cents at $5.05¾.

Some traders continued to believe absence of heavy commercial buying yesterday indicated that leading exporters such as Continental Grain, Cook Industries, and Cargill, Inc. had already bought some supplies for the Soviet Union in anticipation of the deal.

CHICAGO GRAINS, TUESDAY, OCT. 21, 1975

	Open	High	Low	Close	Prev.
Wheat:					
December	4.14	4.16	3.93	3.95	4.12
March	4.27	4.30½	4.07½	4.11	4.25
May	4.33	3.35	4.11½	4.16	4.30½
July	4.26	4.30	4.10	4.14	4.27
September	4.35	4.36	4.17	4.20	4.32½
Corn:					
December	2.94	2.95½	2.83	2.85¼	2.93
March	3.00½	3.04	2.91¼	2.93	3.01¼
May	3.04	3.05¾	2.95	2.97¾	3.04½
July	3.05	3.08	2.95¾	2.98	3.05¼
September	2.96	2.96	2.86½	2.89	2.95½
December	2.81½	2.81½	2.75	2.77	2.81½
March	2.82	2.85	2.82	2.84	2.87
Soybeans:					
November	5.25	5.31½	5.05¾	5.05¾	5.24
January	5.39	5.41½	5.17¾	5.17¾	5.37
March	5.50	5.52	5.27¾	5.27¾	5.47½
May	5.56	5.59½	5.35½	5.35½	5.54
July	5.60	5.65	5.41	5.41	5.61
August	5.64	5.65	5.41¾	5.41¾	5.62
September	5.57½	5.60	5.39	5.39	5.60
November	5.58	5.61	5.38	5.40	5.58
January				5.48	5.48

ENERGY SUPPLY AND CONSERVATION

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, early this month Edward Berlin, a member of the New York State Public Service Commission delivered a speech before the League of Women Voters in Rochester, N.Y.

His presentation is one of the most thoughtful statements on energy supply and conservation I have read. Mr. Berlin raises some very important questions and suggests some new directions in which we should be moving.

I would like to share Mr. Berlin's remarks with my colleagues:

ENERGY SUPPLY AND CONSERVATION

(By Edward Berlin, Commissioner)

While it is unfortunate, from your standpoint, that the Governor is unable to be here this evening due to a previously scheduled commitment—and he has asked that I convey his regrets and very best wishes—I consider his conflict a considerable personal gain. This evening marks the first occasion on which I will deliver remarks at a public meeting following my joining the New York Public Service Commission. I am delighted that my baptismal is to be at a meeting sponsored by the League of Women Voters for I have long considered the League to represent the paradigm of responsible public input that is so essential if participatory democracy is to be more than a cliche.

Although I am honored to appear in place of the Governor this evening I hasten to add the obvious—the remarks that I offer are mine alone. I add that observation in full confidence of the fact that I will never learn to inject the measure of caution expected from public officials.

I have been asked to speak with you about energy conservation and indeed I shall but first I simply must talk with you about a slightly different type of conservation—the conservation of money, yours, mine and of millions of consumers in this State and elsewhere across the Nation. Therefore, with your indulgence I will begin with the subject of federal regulation of natural gas production—whether it should be strengthened or abandoned.

Be assured, the outcome of the present debate in Washington will have a lasting impact upon the consumers of this State and time is running out. Congress, confronted with an erratic energy policy that is modified almost whimsically in a panic effort to pacify short-term crises, is being bludgeoned into precipitous action. Indeed, it is tragic that Members of Congress, on both sides of the aisle, who ordinarily are sensitive to consumer difficulties, lamely are falling in line behind the wolf that eagerly awaits the opportunity to pick even deeper into our already threadbare pockets. They are being told that unless they succumb we will run desperately short of natural gas this winter further aggravating our economic climate.

Let me assure you that as a Member of the New York Public Service Commission I yield to no one in concern over our deteriorating natural gas supply situation. In a climate of ever rising gas, electric, telephone and water bills few decisions that I make are happy ones. But there is one group of decisions that I find most disheartening—those that require that I refuse natural gas to homeowners and businesses that truly need that service.

If deregulation were the answer, if I could in good conscience conclude that the added economic burden that it would impose on consumers would be outweighed by the benefit of increased supplies, I would champion the end of price controls. Admittedly, I am paid to regulate. But I most certainly do not believe that regulation should be preserved for its own sake. However, before we are quick to abandon it, it would be well to remember why it was established. The essential objective of regulation is to achieve the results that would obtain in a free competitive market. In recognition of the fact that we do not have a free competitive market in the case of natural gas, regulation was deemed essential to protect consumers from what could become a predatory situation. It was recognized that when you are dealing with a limited number of suppliers and an essential product the withholding of supplies would cause distortions in the marketplace and effect a considerable upward pressure on price. In a free competitive market, where the entry of new suppliers is possible, the market structure itself would take care of that situation. Where, however, entry is not possible it is necessary to correct the market structure imbalance and that is the major role of regulation.

Yet we are now being told that regulation must be abandoned precisely because suppliers are pursuing the very type of restrictive activities that would not be tolerated in a free competitive market. That is, we are told that we must abandon regulation precisely because its necessity has now been established.

It is essential that we begin to ventilate the underlying issues at meetings such as this. Too often it is assumed that the public either cannot, or will not, endeavor to understand seemingly complex regulatory issues and therefore need not be consulted. That, however, is a convenient excuse for avoiding public input and it must not be tolerated. In point of fact the underlying issue is quite clear and quite simple: are prices for natural gas, produced mainly on publicly owned lands, to be established by public officials who are, I hasten to add, under a mandate to guarantee that the producers receive a price that is adequate to cover all of their costs plus a fair rate of return or, conversely, are we willing to let an increasingly cartelized energy industry charge whatever the market will bear remembering that where we are dealing with scarce resources that are essential for the public health and welfare the market may well bear a price that is close to infinite notwithstanding that it includes an exorbitant profit margin.

At this very moment several proposals are actively being considered by the Congress to deregulate natural gas pricing either partially or totally. Let me state as emphatically as I possibly can that the issue is not an academic one to be debated by political scientists. If any erosion of natural gas regulation is permitted the cost impact upon the American consumer will be staggering. Indeed, it has been estimated that the additional dollar cost under varying deregulation proposals ranges between 5 and 17 billion dollars annually. I do not find it at all surprising that the Ford administration would endeavor to bestow this windfall on the oil industry but I do find it shocking that that effort would be pursued so blatantly and so vigorously in view of the striking and obvious impact that such a price rise would have on inflation, recession and unemployment.

Just recently I was pleased to join approximately 200 other signatories to a letter urging that Congress turn down these efforts. As the letter points out, regulation has not caused the shortage of natural gas. Indeed, deregulation would only increase prices and add to the problems of unemployment without providing any assurance whatsoever that we will in fact realize additional supplies. If one were to take the trouble to look at the facts it would be discovered that when regulation was aggressive, when it was clear to the natural gas industry that they would be provided a fair price for their product and no more, ample supplies of natural gas were produced and dedicated to the interstate market. But when, beginning in the late 1960's, the Federal Power Commission embarked on a series of administrative efforts to emasculate regulation, when it became clear to the natural gas industry that all it need do was to wait and it would receive higher prices in the future, the problem of scarcity set in.

Natural gas producers are rational businessmen and as such their objective is to maximize profits. Accordingly, their reluctance to explore for additional supplies of natural gas or commit supplies already found to the interstate market is quite understandable. We must remember that we are dealing with a wasting resource. Our supplies of natural gas are finite in character. Moreover, it had been the law, although this too has been subject to erosion by the FPC that once the natural gas association with a particular reservoir is committed to the interstate market the price of that gas largely is fixed for the life of that reservoir. This being the case it makes sense for the producer to withhold supplies until he is able to exact the highest possible price.

I firmly believe that supplies are being withheld. I believe this both because recent studies undertaken by congressional committees suggest it most strongly and because I know that each time the FPC has carved an additional breach into the protective shield of regulation and permitted prices to rise inexcusably new supplies miraculously were discovered and made available to the market.

The lead time on new production simply does not permit overnight increases in supply, that is, unless the supply is being withheld. This is why a precipitous price rise is not required to assure new discoveries in time to meet the shortage this winter. If there are substantial supplies being withheld until prices are increased as a result of deregulation, then plainly the shortage need not occur. If, on the other hand, substantial volumes of gas have not been hidden away and it is necessary to await the results of time-consuming exploration activities, then it is fraudulent to pressure the Congress into the enactment of decontrol legislation when such action could not possibly alleviate our supply problem this winter.

We must keep in mind that we simply do not have a free competitive market in the natural gas industry. As the letter recently sent to Congress indicates:

"The eight largest producers in each of the major gas producing areas of the country control between 62% and 100% of the uncommitted gas reserves. Moreover, many of the largest producers engage in numerous joint ventures, own producing wells jointly with other large producers, and enjoy interlocking directorship with the nation's largest banks. This situation demonstrates the high degree of concentration and interdependence among gas producers. In such a noncompetitive market, reliance on 'free market forces' to regulate gas prices would in reality result in rates determined by the Organization of Petroleum Exporting Countries (OPEC) and the major oil companies."

Let there be no misunderstanding as to my position. I believe in rewarding producers with a fair rate of return. But we must also remember that at the present time, even under the strictest regulatory guidelines, producers are guaranteed a profit margin of between 15 and 18% after the inclusion of an allowance sufficient to cover all of the costs that are incurred by them in their exploration and production activities. Remember also that in the main we are dealing with public resources located on public lands.

My position, simply stated, is that where public lands are permitted to be developed for private gain we have a right to expect that that private gain will stay within reasonable bounds. If the natural gas industry isn't willing to accept that limitation, if it insists instead on the exaction of monopoly prices charged for commodities that are essential for the public health and well-being, then it is time to consider seriously public development. We simply must not permit the American consumer to remain the captive of a handful of corporate conglomerates.

President Ford has it within his power to stimulate aggressive natural gas exploration and development tomorrow. All he need do is to make it clear to the production industry that unless it is willing to proceed with the assurance that it will receive a fair profit margin and no more an appropriate public agency will be established to insure that the American consumer is not sacrificed to exorbitant corporate demands. If the Administration makes clear what was eminently clear to the industry during the early 1960's, that regulation is here to stay and that it intends for regulation to do its job, producers will realize that there no longer is a profit in withholding supplies and production will, I am certain, commence.

I ask you to think about these issues seriously. To analyze for yourselves the competing proposals.

MAKING AUTOMOBILE WARRANTIES MEANINGFUL

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, I am today introducing legislation to make automobile warranties more meaningful by providing that automobile companies are responsible for long delays in service while a car is under warranty.

The experiences related to me by constituents, which I am certain have been shared by many others, demonstrates the need for this legislation.

One constituent wrote:

"I have had a ——— for nearly a year and although covered by a warranty, it has been out of service for nearly *fourteen weeks*. I have had letters from the ——— company, sometimes polite and sometimes insulting, but the only reasonable gesture made by them was to supply a substitute car for five of the nearly one hundred days that the car has been out of service.

"You can imagine the difficulties this means for a family that depends on their car for transportation and cannot afford to (and should not have to) rent a substitute car. My daughter who is a school teacher and needs her car to get to and from work had her ——— tied up for three weeks waiting for warranty repairs.

"The problem is that the warranty from the ——— company is virtually valueless. For the most part all I have gotten were "so sorry" letters. In a few weeks, the 12-month warranty period will be up and I won't even have the consolation of receiving these."

Mr. Speaker, the legislation I am introducing today provides that after 60 days or reasonable attempts—under Federal Trade Commission regulations—to remedy the defect or malfunction, the warrantor must refund or replace the vehicle.

The bill also provides that a warranty shall be extended by the period required to carry out warrantied service. In the case of nonwarrantied services required during the period the car is still under warranty, the warranty will be extended for the period of service time in excess of 48 hours.

Mr. Speaker, these amendments to the Magnuson-Moss Warranty-Federal Trade Commission Improvement Act (15 U.S.C. 2301) are badly needed to make automobile warranties truly meaningful to the consumer.

The legislation follows:

H.R. 10302

A bill to require warrantors to refund or replace defective new motor vehicles, extend new motor vehicle warranties in certain instances for the period of time a consumer is deprived of the use of a new motor vehicle, and provide substitute motor vehicles during periods of repair

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101 of the Magnuson-Moss Warranty—Federal Trade Commission Improvement Act (15 U.S.C. 2301) is amended by adding at the end the following new paragraphs:

"(16) The term 'motor vehicle' means any consumer product which is a motor vehicle, as defined in section 102(3) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1391).

"(17) The term 'new motor vehicle' means any motor vehicle—

"(A) which is covered by a written warranty,

"(B) which is sold to a consumer and has not previously been sold to a consumer, and

"(C) which has not been used by any supplier for the personal transportation of persons, nor driven more than 250 miles or for more than 15 days as a rental, driver-education, or demonstration motor vehicle."

SEC. 2. (a) Section 104(a) of the Magnuson-Moss Warranty—Federal Trade Commission Improvement Act (15 U.S.C. 2304) is amended by striking out "and" at the end of paragraph (3), by redesignating paragraph (4) as paragraph (5), and by inserting after paragraph (3) the following new paragraph:

"(4) such warrantor must permit a consumer to elect either a refund for, or replacement without charge of, a new motor vehicle containing a defect or malfunction if such defect or malfunction is not remedied—

"(A) within 60 days after such new motor vehicle is made available to the warrantor, not including any period of time the new motor vehicle is in the possession of the consumer following an unsuccessful attempt by the warrantor to remedy the defect or malfunction, or

"(B) after a reasonable number of attempts by the warrantor to remedy the defect or malfunction; and"

(b) Section 104(b) of such Act is amended by adding at the end the following new paragraph:

"(5) (A) No liens or other encumbrances on any new motor vehicle shall prevent any consumer from electing a refund for, or replacement of, such new motor vehicle under subsection (a).

"(B) Notwithstanding any provision of State law, if a consumer receives a replacement of a new motor vehicle, any liens and other encumbrances on such new motor vehicle shall terminate and a like lien or encumbrance shall attach to the replacement new motor vehicle."

(c) Section 104(a) of such Act is amended by inserting after "for purposes of this paragraph" in paragraph (5) (as redesignated by section 2(a) of this Act) the following: "and paragraph (4)".

(d) Section 104(b) of such Act is amended by inserting after "except as" in paragraph (2) the following: "provided in paragraph (5) or as".

Sec. 3. Section 102(b) of the Magnuson-Moss Warranty—Federal Trade Commission Improvement Act (15 U.S.C. 2302) is amended by adding at the end the following new paragraphs:

"(4) The Commission shall prescribe rules under which the period of time a written warranty or service contract is in effect shall be extended—

"(A) by any period of time during which the consumer is deprived of the use of a new motor vehicle by reason of failure of such new motor vehicle to conform with the written warranty or by reason of failure of the warrantor (or service contractor) to carry out such warranty (or service contract) within the period specified in the warranty, and

"(B) by any period of time in excess of 48 hours during which the consumer is deprived of the use of the new motor vehicle by reason of defect or malfunction not covered in such written warranty or service contract.

"(5) The Commission shall prescribe rules under which the warrantor or service contractor of a new motor vehicle shall be required to provide a substitute motor vehicle to any consumer deprived of the use of such new motor vehicle, by reason of defect or malfunction, during the period of such deprivation, regardless of whether such defect or malfunction is covered by the written warranty or service contract."

Sec. 4. (a) The amendments made by this Act shall take effect 6 months after the date of enactment of this Act, except that such amendments shall not apply to new motor vehicles, as defined in section 101(16) of the Magnuson-Moss—Federal Trade Commission Improvement Act (15 U.S.C. 2301) (as added by section 1 of this Act), manufactured prior to such date.

(b) The Commission shall promulgate rules for initial implementation of the amendments made by this Act as soon as possible after the date of enactment of this Act, but in no event later than one year after such date.

COMPENSATING ACQUITTED DEFENDANTS IN CRIMINAL TRIALS

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, when a defendant in a Federal criminal case is acquitted, or when charges against him or her are dismissed, we view that defendant as having been spared the punishment of the law. But the unconvicted defendant is likely to be subject to punishment of a far different sort: The high cost of a legal defense in a criminal case. I believe that we must confront the essential inequity of a system in which an innocent person may be punished more by the cost of defending him or herself than by the sentence or fine he or she receives if convicted. To correct this situation, I have introduced legislation, H.R. 6296, which would provide for the payment of reasonable attorney's fees and other costs of the accused where the ultimate disposition is other than a conviction.

This legislation would make the decision to award attorney's fees and other costs of the accused discretionary with the judge. That decision is appealable, with the appeal costs also reimbursable.

Three aspects of the bill need to be highlighted. First, I have included provisions in the bill so that a defendant acquitted on a technicality does not receive attorney's fees. Second, the possibility of granting attorney's fees might in particular cases limit prosecutions in what many view as "political" trials, in which the defendants were literally buried under tens of thousands of dollars of legal costs.

Finally, and most importantly, the awarding of attorney's fees will provide the middle-income person with the same kind of right to adequate legal counsel which the indigent have had since Gideon against Wainwright and which the rich have as it is.

This legislation now has 25 cosponsors: Mr. Badillo, Mr. Beard of Rhode Island, Mr. Carr, Mr. Dellums, Mr. Drinan, Mr. Duncan, Mr. Fraser, Mr. Harrington, Mr. Helstoski, Ms. Holtzman, Mr. Jenrette, Mr. Krebs, Mr. Mitchell of Maryland, Mr. Neal, Mr. Ottinger, Mr. Rangel, Mr. Richmond, Mr. Rosenthal, Mr. Scheuer, Mr. Solarz, Mrs. Spellman, Mr. Waxman, Mr. Weaver, Mr. Charles Wilson of Texas, and Mr. Yates.

KEEL LAYING OF THE U.S.S. "CARL VINSON"

(Mr. LANDRUM asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. LANDRUM. Mr. Speaker, on Saturday, October 11, at Newport News, Va., the keel of the nuclear carrier U.S.S. *Carl Vinson* was laid.

As most of the Members of this body know, Carl Vinson served in the House of Representatives for 50 years, a period longer than any other Member in its history. During that period he was first chairman of the old House Naval Affairs Committee, and later during critical periods in our history he was chairman of the House Armed Services Committee and a recognized world leader in military affairs.

Carl Vinson was scheduled to be present at the keel laying, but on Friday, the 10th of October, he was stricken and required hospitalization, preventing his travel from Georgia to Newport News. His great nephew, presently the junior U.S. Senator from the State of Georgia, substituted for him and in addition to his own remarks delivered verbatim the prepared statement which former Congressman Vinson would have delivered if illness had not prevented his appearance.

I include the remarks of the junior Senator from the State of Georgia, the Honorable Sam Nunn, and the remarks prepared by the Honorable Carl Vinson and delivered by his great nephew in the body of the Record:

Opening Remarks of U.S. Senator Sam Nunn

Thank you Admiral Rickover. Uncle Carl, as you know, is in the Milledgeville Hospital, but he told us in strong voice last night "I am holding my own."

His faithful friend and companion of 41 years, Tillman Snead, and his loyal secretary, Clyde Petty, are by his side.

Many of the Vinson family and loved ones are with us today. His beloved Molly Snead is in the audience and will return to him this afternoon. Tillman Snead, III and his beautiful wife, Karen, who in March will make Grandpa Vinson, Great Grandpa Vinson, are here. Tillman's brother and Uncle Carl's namesake, Carl Snead, is also with us.

Tillman and Carl are the sparks that have motivated Uncle Carl for years. They gave his life purpose, and it is fitting that they carve his initials on the Keel in a few moments.

Thus, our God above has, in many ways, made it possible for Uncle Carl to remain in Milledgeville and yet be with us in Newport News, in spirit and in thought.

Now let us hear his exact words of wisdom and love.

Prepared Remarks of Hon. Carl Vinson

Mr. Vice President, Governor Godwin, Secretary Clements, Mr. John Diesel, Mr. Secretary of the Navy, Mrs. Mamie Doud Eisenhower, Mrs. John Eisenhower, Ambassador John Eisenhower, Admiral Rickover, Members and former Members of the Congress, distinguished guests, ladies and gentlemen:

On November 18, 1973, when the Walter F. George School of Law, my Alma Mater, at Mercer University in Macon, Georgia, celebrated its 100th Anniversary, with it was entwined my 90th birthday.

President Nixon on that day at Mercer University in closing a most forceful and eloquent address said, "As you know, we have just begun to develop nuclear carriers. The first one was named the *Eisenhower*, the second was named the *Nimitz*, the great Naval Commander of World War II, the third is just beginning and it will be called the *Carl Vinson*."

Well, as you can all imagine I was the most amazed and surprised man in America at that moment.

I never dreamed that some day my name would be on one of the greatest aircraft carriers ever to be built.

My cup runneth over—my star has reached its zenith.

Needless to say, I am humbled beyond words that my contributions should receive the recognition that is being accorded me now, and for the life of this ship.

Now, I am here to participate in the Keel-Laying and, notwithstanding my advanced age, I am going to do my level best to be back here at this privately owned shipyard at the christening in the fall of 1978.

In a few moments we will witness the christening of the great Eisenhower, on its way to sea.

However, at this moment we turn our hand to another great carrier—the CVN 70—powered with nuclear energy which will enable her to sustain herself at sea without refueling for an unbelievable period of time, on which I will write my initials with an acetylene torch on the keel block.

She will carry many sophisticated aircrafts and will be home for more than 6,000 skilled and highly motivated naval personnel.

When this ship joins the Enterprise, the Nimitz, the Eisenhower, and their nuclear escorts in 1978, our supremacy at sea for the time being will be assured so far as air power is concerned.

America is strong, but she is in danger of becoming weak. This great aircraft carrier will add strength. But it must not stop here.

By the end of this fiscal year, we will only have 490 naval vessels in commission. We are fast falling back to becoming the second greatest sea power in the world.

When that day arrives, and it may be sooner than we realize, we will be forced out of the Mediterranean, the Indian Ocean, the Western Pacific and possibly even the Caribbean.

The time has come for the Congress of the United States to recognize and meet squarely the responsibilities imposed upon the Congress by the Constitution.

The Congress must provide for a strong national defense. I sincerely hope that it will have the courage and foresight to authorize and fund a five-year ship building program that will assure our supremacy on the high seas of the world.

We especially need attack submarines, as well as missile carrying cruisers.

Only with a determination on the part of our people to remain militarily strong, will we survive.

Today marks a step in the right direction. Let us pray that this course of action will continue and that we will not allow ourselves to become a second-class naval and military power.

I call your attention that just two days from now, on October 13th, the United States Navy will celebrate its 200th Anniversary.

Imbued with the spirit of John Paul Jones, the Navy has written on the pages of history a glorious and heroic record.

God bless this wonderful land of ours.

Thank you.

Text For Plaque To Be Placed in Carl Vinson Hall, McLean, Va.

President Nixon gave voice to my attitude and true feelings when at Mercer University on my 90th Birthday, he said:

"Next to his country, next to his State of Georgia, Carl Vinson loved the Navy most."

And so I am placing this beautiful plaque in Carl Vinson Hall at McLean, Virginia, the Home of Retired Officers and Widows of the Navy and Marine Corps Personnel.

DELLUMS CALLS FOR "A REALISTIC LEVEL OF SUPPORT" FOR NEW YORK CITY

(Mr. DELLUMS asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. DELLUMS. Mr. Speaker, it is only right that New York City be given the financial support to complete its job. Certainly partisan delight in the embarrassment of Democratic public officials should not be a motive for denying help. I intend to fight for a realistic level of support for the city in its present financial crisis.

Although some of New York City's financial trouble is of its own making and much of the remedy can only come from the actions of its own leaders and residents. I believe it is time for a fresh examination of the real responsibilities of the Federal Government, not just New York City, but to all the Nation's municipalities.

I deplore President Ford's demagoguery in undermining the city's chances by taking cheap political shots at New York and encouraging the rest of the Nation to wash its hands of the problem. We did not see President Ford opposing support for Lockheed Corp. when he was minority leader.

I do not intend to enter into an extended defense of New York City, whose only guilt is that of trying to do too much and to take in the burdens that legitimately belong to the Federal Government. I believe that it is important to note that the goal of providing decent homes, medical services, education, and jobs for the oppressed who came to the city from the Deep South and Puerto Rico, as well as refugees from other countries, was a laudable one.

It is clear that the city of New York must be regarded as an agency that has been tackling necessary problems and tasks that no one else was ready to do. For example, the welfare load is a national responsibility that we have shifted onto this particular city. Or, to take another example, while we have subsidized highway construction very heavily at the national level, we have left New York City to pay for the much more efficient mass transportation system by itself. Yet for both highway and subways, transportation is an economic and social necessity that should be a Government responsibility.

The threat of New York City default would be catastrophic for the country. In the event that default occurs and the credit dries up, any city or State borrowing authority will be unable to float the bonds necessary to meet payments on bond anticipation notes. The crunch in municipal financing is already beginning to be felt and to affect the level of services.

It is absolutely imperative that all Americans realize that the default of New York City could have consequences far beyond the boundaries of that city. We must realize that even if the default causes a 1-percentage-point increase in the cost of local borrowing, the end result will cost taxpayers an additional $1.84 billion in interest charges over the average life of a municipal bond.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Murphy of New York (at the request of Mr. O'Neill), through November 10, 1975, on account of official business.

Mrs. Collins of Illinois (at the request of Mr. O'Neill), for October 22 and 23, 1975, on account of a necessary absence.

Mr. Cleveland (at the request of Mr. Rhodes), for today through November 18, 1975, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. Shuster) to revise and extend their remarks and include extraneous material:)

Mr. Cohen, for 5 minutes, today.

Mr. Emery, for 5 minutes, today.

Mr. Kemp, for 30 minutes, today.

Mr. Ashbrook, for 15 minutes, today.

Mr. Bob Wilson, for 5 minutes, today.

Mr. Frenzel, for 5 minutes, today.

Mr. Crane, for 10 minutes, today.

Mr. Peyser, for 60 minutes, October 29, 1975.

Mr. Horton, for 60 minutes, October 28, 1975.

Mr. Fish, for 60 minutes, October 28, 1975.

Mr. Mitchell of New York, for 60 minutes, October 28, 1975.

The following Members (at the request of Mr. Nowak), to revise and extend their remarks, and to include extraneous matter:)

Mr. Gonzalez, for 5 minutes, today.

Mr. Drinan, for 60 minutes, today.

Mr. Ford of Tennessee, for 5 minutes today.

Mr. Rostenkowski, for 5 minutes, today.

Ms. Abzug, for 15 minutes, today.

Mr. Melcher, for 5 minutes, today.

Mr. Rosenthal, for 60 minutes, on October 28.

Mr. Koch, for 60 minutes, on October 28.

Mr. Ambro, for 60 minutes, on October 28.

Ms. Holtzman, for 60 minutes, on October 28.

Mr. Scheuer, for 60 minutes on October 28.

Mr. Addabbo, for 60 minutes, on October 28.

Mr. LaFalce, for 60 minutes, on October 28.

Mr. Hanley, for 60 minutes, on October 28.

Mr. Biaggi, for 60 minutes, on October 28.

Mr. Rangel, for 60 minutes, on October 28.

Ms. Abzug, for 60 minutes, on October 28.

Mr. Badillo, for 60 minutes, on October 28.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Shuster) and to include extraneous matter:)

Mr. Symms in two instances.

Mr. Hagedorn.

Mr. Frenzel in two instances.

Mr. Young of Florida.

Mr. Brown of Michigan.

Mr. Emery.

Mr. Bob Wilson.

Mr. Kasten in three instances.

Mr. McClory.

Mr. Derwinski.

Mr. Grassley.

Mr. Mitchell of New York.

Mr. Gilman.

(The following Members (at the request of Mr. Nowak) and to include extraneous matter:)

Mr. Gonzalez in three instances.

Mr. Anderson of California in three instances.

Mr. Beard of Rhode Island.

Mr. Corman in five instances.

Mr. Nowak in two instances.

Mr. de Lugo.

Mr. Fisher.

Mr. Fraser in five instances.

Mr. Ford of Tennessee.

Mr. Dodd.

Mr. McDonald of Georgia in five instances.

Mr. Richmond.
Mr. Gaydos in 10 instances.
Mr. Phillip Burton.
Mr. Fauntroy.
Mr. Rangel in three instances.
Mrs. Burke of California.
Mr. Harrington.
Mr. Helstoski.
Mr. Zeferetti.
Mr. Waxman.
Mr. Miller of California.
Mr. Hubbard.
Mr. Breckinridge.

SENATE BILLS AND JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 805. An act to amend section 5(c) of the National Trails System Act; to the Committee on Interior and Insular Affairs.

S. 1390. An act to authorize a study for the purpose of determining the feasibility and desirability of designating the Pacific Northwest Trail as a national scenic trail; to the Committee on Interior and Insular Affairs.

S. 1516. An act to increase the amount authorized to be appropriated for the development of the Arkansas Post National Memorial, and for other purposes; to the Committee on Interior and Insular Affairs.

S.J. Res. 101. Joint resolution to authorize the President to issue annually a proclamation designating that week in November which includes Thanksgiving Day as "National Family Week"; to the Committee on Post Office and Civil Service.

ADJOURNMENT

Mr. DRINAN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 28 minutes p.m.) under its previous order, the House adjourned until tomorrow, Thursday, October 23, 1975, at 10 o'clock a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1925. A letter from the President of the United States, transmitting proposed supplemental appropriations to pay claims and judgments against the United States (H. Doc. No. 94–286); to the Committee on Appropriations and ordered to be printed.

1926. A letter from the Chairman, Federal Trade Commission, transmitting an errata sheet to accompany the statistical supplement to the Commission's report on cigarette labeling and advertising; to the Committee on Interstate and Foreign Commerce.

1927. A letter from the Vice President for Government Affairs, National Railroad Passenger Corporation, transmitting a report covering the months of July and August 1975, on the average number of passengers per day on board each train operated, and the on-time performance at the final destination of each train operated, by route and by railroad, pursuant to section 308(a)(2) of the Rail Passenger Service Act of 1970, as amended; to the Committee on Interstate and Foreign Commerce.

1928. A letter from the Secretary of Transportation, transmitting a draft of proposed legislation to amend title 14, United States Code, to authorize the admission of additional foreign nationals to the Coast Guard Academy; to the Committee on Merchant Marine and Fisheries.

1929. A letter from the Administrator, Energy Research and Development Administration, transmitting the geothermal energy research, development and demonstration program definition report, pursuant to section 102(a)(2) of Public Law 93–410; to the Committee on Science and Technology.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 816. Resolution providing for the consideration of H.R. 8835. A bill to amend the Truth in Lending Act to protect consumers against inadequate and misleading leasing information, assure meaningful disclosure of lease terms, and limit ultimate liability in connection with leasing of personal property primarily for personal, family, or household purposes, and for other purposes. (Rept. No. 94–572). Referred to the House Calendar.

Mr. YOUNG of Georgia: Committee on Rules. House Resolution 817. Resolution providing for the consideration of H.R. 9721. A bill to provide for increased participation by the United States in the Inter-American Development Bank, to provide for the entry of nonregional members and the Bahamas and Guyana, in the Inter-American Development Bank, to provide for the participation of the United States in the African Development Fund, and for other purposes (Rept. No. 94–573). Referred to the House Calendar.

Mr. LONG of Lousiana: Committee on Rules. House Resolution 818. Resolution providing for the consideration of S. 2195. An act to establish a National Center for Productivity and Quality of Working Life; to provide for a review of the activities of all Federal agencies including implementation of all Federal laws, regulations, and policies which impede the productive performance and efficiency of the American economy; to encourage joint labor, industry, and Government efforts to improve national productivity and the character of working conditions; to establish a Federal policy with respect to continued productivity growth and improved utilization of human resources in the United States; and for other purposes (Rept. No. 94–574). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of Michigan (for himself, Mr. Stephens, Mr. Johnson of Pennsylvania, Mr. Rousselot, Mr. McKinney, Mr. Wylie, Mr. Hansen, Mr. Hyde, Mr. Grassley, Mr. Rees, Mr. Hubbard, Mr. LaFalce, Mr. Derrick, and Mr. Hayes of Indiana):

H.R. 10283. A bill to amend the Real Estate Settlement Procedures Act of 1974; to the Committee on Banking, Currency and Housing.

By Mr. ROSTENKOWSKI (for himself, Mr. Duncan of Tennessee, Mr. Corman, Mr. Pike, Mr. Vanik, Mr. Burleson of Texas, Mr. Waggonner, Mr. leson of Texas, Mr. Waggonner, Mr. Cotter, Ms. Keys, Mr. Crane, Mr. White):

H.R. 10284. A bill to amend title XVIII of the Social Security Act to assure that the prevailing fees recognized by medicare for fiscal year 1976 are not less than those for fiscal year 1975, to extend for 3 years the existing authority of the Secretary of Health, Education, and Welfare to grant temporary waivers of nursing staff requirements for small hospitals in rural areas, to maintain the present system of coordination of the medicare and Federal Employees' Health Benefit programs, and to correct a technical error in the law that prevents increases in the medicare part B premiums; to the Committee on Ways and Means.

By Mr. ASPIN:

H.R. 10285. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide a system for the redress of law enforcement officers' grievances and to establish a law enforcement officers' bill of rights in each of the several States, and for other purposes; to the Committee on the Judiciary.

H.R. 10286. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide a Federal minimum death and dismemberment benefit to public safety officers or their surviving dependents; to the Committee on the Judiciary.

H.R. 10287. A bill to make it a Federal crime to kill or assault a fireman or law enforcement officer engaged in the performance of his duties when the offender travels in interstate commerce or uses any facility of interstate commerce for such purpose; to the Committee on the Judiciary.

H.R. 10288. A bill to provide emergency financial assistance to assure that there are adequate levels of police and fire personnel to provide for the public safety of citizens residing in areas which have been forced, due to severe financial hardship, to lay off public safety officers; to the Committee on Education and Labor.

H.R. 10289. A bill to make it a Federal crime to murder or assault a fireman or law enforcement officer engaged in the performance of official duties by any person traveling in interstate commerce or using any facility of interstate commerce for such purpose; to the Committee on the Judiciary.

H.R. 10290. A bill to amend title 28 of the United States Code to exempt volunteer firemen from Federal jury duty; to the Committee on the Judiciary.

H.R. 10291. A bill to provide the Secretary of Commerce with the authority to make grants to States, counties, and local communities to pay for up to one-half of the costs of training programs for firemen; to the Committee on Science and Technology.

H.R. 10292. A bill to provide financial aid for local fire departments in the purchase of firefighting suits and self-contained breathing apparatus; to the Committee on Science and Technology.

H.R. 10293. A bill to establish a U.S. Fire Administration and a National Fire Academy in the Department of Housing and Urban Development, to assist State and local governments in reducing the incidence of death, personal injury, and property damage from fire, to increase the effectiveness and coordination of fire prevention and control agencies at all levels of government, and for other purposes; to the Committee on Science and Technology.

H.R. 10294. A bill to provide for the creation of the National Fire Academy, and for other purposes; to the Committee on Science and Technology.

H.R. 10295. A bill to amend the Internal Revenue Code of 1954 to provide an additional personal exemption of $750 for certain volunteer firemen; to the Committee on Ways and Means.

H.R. 10296. A bill to amend the Internal Revenue Code of 1954 to provide a trade or business deduction to firemen for meals which they eat while at their post of duty overnight; to the Committee on Ways and Means.

H.R. 10297. A bill to amend the Internal Revenue Code of 1954 to provide that pensions paid to retired policemen or firemen or their dependents, or to the widows or other survivors of deceased policemen or firemen, shall not be subject to the income tax; to the Committee on Ways and Means.

H.R. 10298. A bill to amend the Internal Revenue Code of 1954 to exclude from gross income certain amounts received by members of certain firefighting and rescue units; to the Committee on Ways and Means.

H.R. 10299. A bill to amend the Internal Revenue Code of 1954 to provide that the first $5,000 of compensation paid to law enforcement officers shall not be subject to the income tax; to the Committee on Ways and Means.

By Mr. BEARD of Rhode Island (for himself and Mr. St Germain):

H.R. 10300. A bill to amend title 38 of the United States Code to provide that no reduction be made in plot or interment allowances paid by the administrator of Veterans' Affairs to reimburse costs assumed by State or local governments in the case of veterans buried in cemeteries which are owned by State or local governments and used solely or primarily for the interment of veterans; to the Committee on Veterans' Affairs.

By Mr. KINDNESS (by request):

H.R. 10301. A bill to amend the Administrative Procedure Act to allow affected parties a fair opportunity to comment upon notices of proposed rulemaking published in the Federal Register, to allow for the orderly extension of time for the filing of comments and for the holding of hearings regarding contested matters, and to assure affected parties of full and fair opportunity to comment upon Federal agency rulemaking; to the Committee on the Judiciary.

By Mr. KOCH:

H.R. 10302. A bill to require warrantors to refund or replace defective new motor vehicles, extend new motor vehicle warranties in certain instances for the period of time a consumer is deprived of the use of a new motor vehicle, and provide substitute motor vehicles during periods of repair; to the Committee on Interstate and Foreign Commerce.

By Mr. KOCH (for himself, Mr. Dellums, Mr. Duncan of Oregon, Mr. Fraser, Mr. Harrington, Mr. Jenrette, Mr. Krebs, Mr. Neal, Mr. Ottinger, Mr. Rangel, Mr. Rosenthal, Mrs. Spellman, Mr. Waxman, Mr. Weaver, Mr. Charles Wilson of Texas, and Mr. Yates):

H.R. 10303. A bill to provide for the payment by the United States of attorneys' fees and other costs of the accused in criminal cases where the ultimate disposition is other than a conviction; to the Committee on the Judiciary.

By Mr. METCALFE (for himself and Ms. Abzug):

H.R. 10304. A bill to amend section 1979 of the Revised Statutes (42 U.S.C. 1983) to permit suits against bodies politic and the District of Columbia with respect to certain violations of civil rights; to the Committee on the Judiciary.

By Mr. NEAL (for himself, Mr. Beard of Tennessee, and Ms. Holtzman):

H.R. 10305. A bill to limit the use of limousines; to the Committee on Government Operations.

By Mr. RONCALIO:

H.R. 10306. A bill to authorize the Administrator of General Services to acquire certain property in the District of Columbia for use for Federal purposes; to the Committee on Public Works and Transportation.

By Mr. STUDDS:

H.R. 10307. A bill to establish the Nantucket Sound Islands Trust in the Commonwealth of Massachusetts, to declare certain national policies essential to the preservation and conservation of the lands and waters in the trust area, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SYMMS:

H.R. 10308. A bill to repeal section 7623 of title 26, United States Code; to the Committee on Ways and Means.

By Mr. BOB WILSON:

H.R. 10309. A bill to amend title 38 of the United States Code to require that the Administrator of Veterans' Affairs transport the body of any former member of the Armed Forces who dies in an Armed Forces hospital to the place of burial; to the Committee on Veterans' Affairs.

H.R. 10310. A bill to amend title 38 of the United States Code to permit the Administrator of Veterans' Affairs, under certain conditions, to transfer individuals, entitled as former members of the Armed Forces to medical care, to institutions which furnish nursing care; to the Committee on Veterans' Affairs.

H.R. 10311. A bill to amend title 38 of the United States Code in order to entitle veterans to 45 months of educational assistance for undergraduate or any other authorized programs of education; to the Committee on Veterans' Affairs.

H.R. 10312. A bill to amend title 38 of the United States Code in order to provide service pension to certain veterans of World War I and pension to the widows of such veterans; to the Committee on Veterans' Affairs.

H.R. 10313. A bill to amend title 38 of the United States Code to make certain that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced because of increases in monthly social security benefits or railroad retirement annuities, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. YOUNG of Florida (for himself, Mr. Frey, Ms. Holtzman, and Mr. McKinney):

H.R. 10314. A bill to amend part A of title XVIII of the Social Security Act to freeze the inpatient hospital deductible under the medicare program at its 1975 level; to the Committee on Ways and Means.

By Ms. ABZUG (for herself and Mr. Fascell):

H.R. 10315. A bill to provide that meetings of Government agencies shall be open to the public, and for other purposes; to the Committee on Government Operations.

By Mr. ANDERSON of California (for himself, Mr. Jacobs, Mr. Koch, Mr. Brodhead, Mr. Patterson of California, Mr. Maguire, and Mr. Drinan):

H.R. 10316. A bill to discourage the use of painful devices in the trapping of animals and birds; to the Committee on Merchant Marine and Fisheries.

By Mr. COHEN (for himself and Mr. Emery):

H.R. 10317. A bill to amend title XVIII of the Social Security Act to provide for the updating of the life safety requirements which are applicable to nursing homes; to the Committee on Ways and Means.

By Mr. ECKHARDT (for himself, Mr. Van Deerlin, and Mr. Brodhead):

H.R. 10318. A bill to regulate commerce and protect health and the environment by requiring testing and necessary restrictions on certain chemical substances and mixtures, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FASCELL:

H.R. 10319. A bill to amend the State and Local Fiscal Assistance Act of 1972; to the Committee on Government Operations.

By Mr. FISH:

H.R. 10320. A bill to increase from 10 to 15 years the period during which veterans and certain wives and widows of veterans are eligible for educational assistance; to the Committee on Veterans' Affairs.

By Mr. HASTINGS:

H.R. 10321. A bill to amend the Regional Rail Reorganization Act of 1973 to require the special court to make partial distribution of the securities, obligations, and compensation deposited with such court to certain railroads in reorganization pending completion of proceedings by such court under title III of such act, and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 10322. A bill to amend the Regional Rail Reorganization Act of 1973 to terminate the powers and duties of the Interstate Commerce Commission under section 7 of the Bankruptcy Act with respect to a railroad in reorganization which conveys rail properties to the corporation or to a profitable railroad pursuant to the final system plan, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HUTCHINSON (for himself and Mr. Fish):

H.R. 10323. A bill to amend the Immigration and Nationality Act, and for other purposes; to the Committee on the Judiciary.

By Mr. KOCH (for himself, Mr. Biester, Mr. McKinney, and Mr. Moffett):

H.R. 10324. A bill to amend part B of title XVIII of the Social Security Act to broaden the coverage of home health services under the supplementary medical insurance program and remove the 100-visit limitation presently applicable thereto, and to eliminate the requirement that an individual need skilled nursing care in order to qualify for such services, to amend part A of such title to liberalize the coverage of post-hospital home health services thereunder, to amend title XIX of such act to require the inclusion of home health services in a State's medicaid program and to permit payments of housing costs under such a program for elderly persons who would otherwise require nursing home care, to require contributions by adult children toward their parents' nursing and home health care expenses under the medicaid program, to provide expanded Federal funding for congregate housing for the displaced and the elderly, and for other purposes; jointly to the Committees on Ways and Means, Interstate and Foreign Commerce.

By Mr. LITTON (for himself, Mr. Bonker, Mr. Moore, Mr. Krebs, and Mr. Bevill):

H.R. 10325. A bill to amend the Food Stamp Act of 1964 to prohibit any individual from receiving food stamps who receives at least one-half of his income from any other individual who is a member of another household which is ineligible for food stamps; to the Committee on Agriculture.

By Mr. LITTON (for himself and Mr. Conlan):

H.R. 10326. A bill to amend the Occupational Safety and Health Act of 1970 to provide that the Administrator of the Small Business Administration may render onsite consultation and advice to certain small business employers to assist such employers in providing safe and healthful working conditions for their employees; to the Committee on Education and Labor.

By Mr. LITTON (for himself and Mr. Mineta):

H.R. 10327. A bill to prohibit, except in cases of extreme emergency, assistance under the Agricultural Trade Development and Assistance Act of 1954 to any country which does not make reasonable and productive efforts, especially with regard to family planning, designed to alleviate the causes of the need for assistance provided under such act; to the Committee on International Relations.

By Mr. MANN:

H.R. 10328. A bill to amend title IV of the Social Security Act to improve and make more realistic various provisions relating to eligibility for aid to families with dependent children program, and for other purposes; to the Committee on Ways and Means.

By Mr. MIKVA (for himself, Mr. Andrews of North Carolina, Mr. Dellums, Mr. Cochran, Mr. Jenrette, and Mr. Maguire):

H.R. 10329. A bill to correct inequities in certain franchise practices, to provide franchisors and franchisees with evenhanded protection from unfair practices, to provide consumers with the benefits which accrue from a competitive and open market economy, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MILLER of Ohio (for himself and Mr. Burgener):

H.R. 10330. A bill to amend title 18 of the United States Code to increase the penalties for certain criminal acts against the person of the President; to the Committee on the Judiciary.

By Mrs. MINK (for herself, Mr. Anderson of California, Mr. Barrett, Mr. Davis, Mr. Flood, Mr. Hicks, Mr. Leggett, Mr. Whitehurst, Mr. Hayes of Indiana, Mr. Lloyd of California, Mr. Johnson of California, Mr. Nix, Mr. Bennett, Mr. Hannaford, and Mr. Macdonald of Massachusetts):

H.R. 10331. A bill to provide for the exclusion of industrially funded personnel in computing the total number of civilian personnel authorized by law for the Department of Defense in any fiscal year; to the Committee on Armed Services.

Mr. MOFFETT:

H.R. 10332. A bill to amend the Fair Labor Standards Act of 1938, to require prenotification to affected employees and communities of dislocation of business concerns, to provide assistance (including retraining) to employees who suffer employment loss through the dislocation of business concerns, to business concerns threatened with dislocation, and to affected communities, to prevent Federal support for unjustified dislocation, and for other purposes; to the Committee on Education and Labor.

By Mr. OBERSTAR:

H.R. 10333. A bill to provide for the price support of milk at not less than 100 per cent of parity; to the Committee on Agriculture.

By Mr. PERKINS:

H.R. 10334. A bill to amend title XVIII of the Social Security Act to authorize payment under the supplementary medical insurance program for optometric and medical vision care; to the Committee on Ways and Means.

By Mr. ROE:

H.R. 10335. A bill to amend XVIII of the Social Security Act to provide for the coverage of certain psychologists' services under the supplementary medical insurance benefits program established by part B of such title; to the Committee on Ways and Means.

By Mr. ROUSH (for himself, Mr. Evans of Indiana, Mr. Hamilton, Mr. Hayes of Indiana, and Mr. Jacobs):

H.R. 10336. A bill to amend section 600 and section 601 of title 18, United States Code, relating to the granting or deprivation of benefits provided for or made possible by any Act of Congress, on the basis of political activity, and for other purposes; to the Committee on the Judiciary.

By Mr. SEIBERLING:

H.R. 10337. A bill to amend the Federal Reserve Act to permit commercial banks to pay interest on demand deposits when the depositor is a credit union; to the Committee on Banking, Currency and Housing.

By Mr. TAYLOR of North Carolina (for himself, Mr. Broyhill, and Mr. Byron):

H.R. 10338. A bill to authorize a study for the purpose of determining the feasibility and desirability of designating the Daniel Boone Trail as a national scenic trail; to the Committee on Interior and Insular Affairs.

By Mr. VIGORITO (for himself, Mr. Baldus, Mr. Bergland, Mr. Bowen, Mr. Breckinridge, Mr. Brown of California, Mr. D'Amours, Mr. English, Mr. Findley, Mr. Fithian, Mr. Harkin, Mrs. Heckler of Massachusetts, Mr. Jeffords, Mr. Jenrette, Mr. Jones of Tennessee, Mr. Litton, Mr. Melcher, Mr. Mezvinsky, Mr. Nolan, Mr. Peyser, Mr. Richmond, Mr. Rose, Mr. Wampler, and Mr. Weaver):

H.R. 10339. A bill to encourage the direct marketing of agricultural commodities from farmers to consumers; to the Committee on Agriculture.

By Mr. RUNNELS:

H.J. Res. 706. Resolution proposing an amendment to the Constitution of the United States limiting deficit spending by the Federal Government; to the Committee on the Judiciary.

By Mr. BEARD of Tennessee (for himself, Mr. Brooks, Mr. Burlison of Missouri, Mr. Conable, Mr. Corman, Mr. Coughlin, Mr. Dellums, Mr. Dent, Mr. Edwards of Alabama, Mr. Harsha, Mr. Jacobs, Mr. Johnson of Colorado, Mr. Kelly, Mr. Latta, Mr. McClory, Mr. McCloskey, Mr. Murphy of Illinois, Mr. Murtha, Mr. Pike, Mr. Shipley, Mr. Symington, Mr. Symms, Mr. White, and Mr. Bob Wilson):

H.J. Res. 707. Joint resolution to authorize the President to issue a proclamation designating November 10, 1975, in commemoration of the 200th anniversary of the U.S. Marine Corps; to the Committee on Post Office and Civil Service.

By Mr. DENT (for himself and Mr. James V. Stanton):

H. Res. 801. Resolution to express concern over the attempted takeover of the Copperweld Corp., by a foreign corporation; to the Committee on Education and Labor.

By Mr. O'NEILL (for himself, Mr. Adams, Mr. Addabbo, Mr. Alexander, Mr. Andrews of North Dakota, Mr. Archer, Mr. Ashley, Mr. Badillo, Mr. Baldus, Mr. Barrett, Mr. Baucus, Mr. Bedell, Mr. Bell, Mr. Bergland, Mr. Bevill, Mr. Biaggi, Mr. Blouin, Mrs. Boggs, Mr. Bolling, Mr. Bowen, Mr. Breaux, Mr. Breckinridge, Mr. Brinkley, Mr. Brodhead, and Mr. Brooks):

H. Res. 802. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Broomfield, Mr. Brown of Ohio, Mr. Burke of Florida, Mr. Burke of Massachusetts, Ms. Burke of California, Mr. Burlison of Missouri, Mr. John L. Burton, Mr. Phillip Burton, Mr. Carney, Mr. Chappell, Ms. Chisholm, Mr. Clancy, Mr. Cleveland, Mr. Cohen, Mr. Conable, Mr. Conte, Mr. Cornell, Mr. Coughlin, Mr. D'Amours, Mr. Dominick V. Daniels, Mr. Danielson, Mr. Davis, Mr. Delaney, and Mr. de Lugo).

H. Res. 803. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Derwinski, Mr. Devine, Mr. Dickinson, Mr. Dodd, Mr. du Pont, Mr. Edwards of California, Mr. Edwards of Alabama, Mr. Emery, Mr. English, Mr Erlenborn, Mr. Evans of Colorado Mr. Fauntroy, Mr. Fish, Mr. Fisher, Mr. Fithian, Mr. Flood, Mr. Flowers, Mr. Fountain, Mr. Fraser, Mr. Frenzel, Mr. Fuqua, Mr. Gaydos, and Mr. Giaimo):

H. Res. 804. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Gibbons, Mr. Ginn, Mr. Goldwater, Mr. Gonzalez, Mr. Goodling, Mr. Gude, Mr. Hagedorn, Mr. Hamilton, Mr. Hannaford, Mr. Harkin, Mr. Harrington, Mr. Harris, Mr. Hawkins, Mr. Hayes of Indiana, Mr. Hechler of West Virginia, Mrs. Heckler of Massachusetts, Mr. Heinz, Mr. Helstoski, Mr. Henderson, Mr. Hicks, Mr. Hillis, Mr. Hinshaw, Mr. Howard, and Mr. Howe):

H. Res. 805. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Hungate, Mr. Hyde, Mr. Ichord, Mr. Jacobs, Mr. Jenrette, Mr. Johnson of Pennsylvania, Mr. Jones of North Carolina, Mr. Karth, Ms. Keys, Mr. Krebs, Mr. Krueger, Mr. Latta, Mr. Lent, Mr. Lloyd of California, Mr. Long of Maryland, Mr. Long of Louisiana, Mr. Lujan, Mr. McCloskey, Mr. McCormack, Mr. McDade, Mr. McEwen, Mr. McHugh, Mr. McKinney, and Mr. Maguire):

H. Res. 806. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Mazzoli, Mr. Metcalf, Mr. Mezvinsky, Mr. Mikva, Mr. Miller of Ohio, Mr. Miller of California, Mr. Mills, Mr. Mineta, Mr. Minish, Ms. Mink, Mr. Mollohan, Mr. Montgomery, Mr. Morgan, Mr. Moss, Mr. Murtha, Mr. Nix, Mr. Nowak, Mr. O'Brien, Mr. Patten, Mr. Patterson of California, Mr. Pepper, Mr. Perkins, Mrs. Pettis, and Mr. Peyser):

H. Res. 807. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Pickle, Mr. Poage, Mr. Pressler, Mr. Pritchard, Mr. Quillen, Mr Railsback, Mr. Rangel, Mr. Regula, Mr. Riegle, Mr. Risenhoover, Mr. Robinson, Mr. Rogers, Mr. Roncalio, Mr. Rooney, Mr. Rosenthal, Mr. Rostenkowski, Mr. Roush, Mr. Roybal, Mr. Ruppe, Mr. Russo, Mr. Ryan, Mr. Santini, Mr. Sarasin, and Mrs. Schroeder):

H. Res. 808. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Sebelius, Mr. Seiberling, Mr. Sharp, Mr. Shipley, Mr. Shriver, Mr. Shuster, Mr. Simon, Mr. Skubitz, Mr. Slack, Mr. Smith of Iowa, Mr. Snyder, Ms. Spellman, Mr. Stark, Mr. Steed, Mr. Steelman, Mr. Steiger of Wisconsin, Mr. Stokes, Mr. Studds, Mr. Symington, Mr. Talcott, Mr. Taylor of North Carolina, Mr. Thompson, Mr. Thone, and Mr. Traxler):

H. Res. 809. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Udall, Mr. Ullman, Mr. Van Deerlin, Mr. Vander Jagt, Mr. Vander Veen, Mr. Vanik, Mr. Waggonner, Mr. Wampler, Mr. Weaver, Mr. White, Mr. Whitehurst, Mr. Whitten, Mr. Wiggins, Mr. Bob Wilson, Mr. Wirth, Mr. Wolff, Mr. Wydler, Mr. Yatron, Mr. Young of Georgia, Mr. Young of Florida, Mr. Zablocki, Mr. Downey of New York, Mr. Litton, and Mr. Solarz):

H. Res. 810. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Green, Mr. Hall, Mr. Hays of Ohio, Ms. Holt, Ms. Holtzman, Mr. Hutchinson, Mr. Johnson of California, Ms. Jordan, Mr. Kastenmeier, Mr. Kemp, Mr. Koch, Mr. Lagomarsino, Mr. Leggett, Mr. Lehman, Mr. Levitas, Mr. McClory, Mr. McKay, Mr. Macdonald of Massachusetts, Mr. Matsunaga, Mr. Meeds, Mr. Mitchell of Maryland, Mr. Moakley, Mr. Murphy of New York, and Mr. Murphy of Illinois):

H. Res. 811. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Myers of Indiana, Mr. Nedzi, Mr. Oberstar, Mr. Obey, Mr. Ottinger, Mr. Pattison of New York, Mr. Price, Mr. Reuss, Mr. Richmond, Mr. Rodino, Mr. Rousselot, Mr. Sarbanes, Mr. Staggers, Mr. James V. Stanton, Mr. Stratton, Mrs. Sullivan, Mr. Waxman, Mr. Charles Wilson of Texas, and Mr. Yates):

H. Res. 812. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Ms. Abzug, Mr. Ambro, Mr. Anderson of California, Mr. Annunzio, Mr. Ashbrook, Mr. Bauman, Mr. Beard of Tennessee, Mr. Boland, Mr. Brown of Michigan, Mr. Brown of California, Mr. Buchanan, Mr. Cederberg, Mr. Clay, Mr. Cotter, Mr. Drinan, Mr. Early, Mr. Eilberg, Mr. Fascell, Ms. Fenwick, Mr. Foley, Mr. Ford of Michigan, Mr. Forsythe, Mr. Gilman, and Mr. Gradison):

H. Res. 813. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Rinaldo, Mr. Mottl, Mr. Zeferetti, Mr. Mosher, Mr. Scheuer, Mr. Beard of Rhode Island, Mr. Hanley, Mr. Benitez, Mr. Dent, Mr. Holland, Mr. Preyer, Mr. Jones of Tennessee, Mr. Milford, Mr. Neal, Mr. Hughes, Mr. Edgar, Mr. Duncan of Oregon, Mr. Downing of Virginia, Mr. Corman, Ms. Meyner, and Mr. St Germain):

H. Res. 814. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. GILMAN:

H. Res. 815. Resolution to express the sense of the House of Representatives that the President should, upon visiting the People's Republic of China, request the appropriate Chinese officials use their good offices to obtain a full and complete accounting of members of the U.S. Armed Forces missing in action and confined as prisoners of war in Southeast Asia and of all American civilian personnel who are listed as missing in Southeast Asia and should, upon his return to the United States, report back to the Congress on the results of his request; to the Committee on International Relations.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

272. By the SPEAKER: Memorial of the Legislature of the Territory of Guam, relative to inspection of the military facilities in Guam; to the Committee on Armed Services.

273. Also, memorial of the Legislature of the Territory of Guam, relative to home rule for the people of Guam; to the Committee on Interior and Insular Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. MOAKLEY:

H.R. 10340. A bill for the relief of Irving M. Sobin Co., Inc., and/or Irving M. Soben Chemical Co., Inc., and/or Sobin Chemicals, Inc., and/or Daniel E. Hicks (Inc.); to the Committee on the Judiciary.

By Mr. OBERSTAR:

H.R. 10341. A bill for the relief of Herman R. Klun and Helen Klun; to the Committee on the Judiciary.

By Mr. RUNNELS:

H.R. 10342. A bill for the relief of Alda J. Wild; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

270. The SPEAKER presented a petition of Bud Freeman, Lindsay, Okla., and others, relative to Federal automobile and truck standards, which was referred to the Committee on Interstate and Foreign Commerce.

EXTENSIONS OF REMARKS

THE U.N. AND RACISM

HON. HARRY F. BYRD, JR.

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Wednesday, October 22, 1975

Mr. HARRY F. BYRD, JR. Mr. President, to my colleagues in the Congress, I commend an editorial from the Richmond Times-Dispatch of Tuesday, October 21, 1975.

It is captioned "The U.N. and Racism."

I ask unanimous consent that this editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Richmond Times-Dispatch, Oct. 21, 1975]

THE U.N. AND RACISM

The United Nations has made a 180-degree turn on the question of Israel.

It was, of course, a young U.N. that was instrumental in satisfying historic yearnings for a Jewish homeland by partitioning the little Mideast land of Palestine into Jewish and Arab states in 1948.

The horrible suffering European Jews experienced during World War II under the odious "master race" dogma of German dictator Adolf Hitler was a major factor in a U.N. majority's acceding to the creation of Israel. Jews also had encountered persecution in other lands as they sought to retain their sense of religious identity.

Now, a committee representing the full membership of the "new" U.N.—a U.N. whose ranks have been swollen by admission of many nations that did not even exist in 1948—has turned around and declared that those who have aspired for the creation of a Jewish homeland are themselves racists. Zionism, the movement favoring a Jewish nation, "is a form of racism and racial discrimination," decreed the august committee, by a vote that wasn't even close.

It is not surprising, although it is regrettable, that the Arab nations which originally opposed setting aside a portion of Palestine for Jews would take this position. However, for other U.N. members to assume this posture requires total disregard and disrespect for the value of established precedent in U.N. deliberations.

If a U.N. majority can repeal its own rationale for Israel's existence today, it can rewrite its Universal Declaration of Human Rights to legalize slavery tomorrow.

Maybe it is too much to expect of a U.N. that is now dominated by callous dictators of the left and right to have any respect for precedent, history or tradition, let alone for elementary human decency. After all, an assembly that can wildly cheer for a president who feeds his political opponents to the crocodiles (Idi Amin of Uganda) or for a guntoting guerrilla who masterminds the murders of Olympic athletes (Yasir Arafat) could hardly be expected to shed a tear if Israel's three million people were all shoved into gas ovens tomorrow.

Nevertheless, what U.S. delegate Leonard Garment said, needed saying badly:

"Under the guise of a program to eliminate racism the United Nations is at the point of officially endorsing anti-Semitism, one of the oldest and most virulent forms of racism known to human history . . . this is an obscene act."

OBJECTIONS TO H.R. 8841

HON. TOM HAGEDORN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. HAGEDORN. Mr. Speaker, I would briefly state my objections to H.R. 8841, a 1-year extension of the Federal Insecticide, Fungicide, and Rodenticide Act. Although in a number of respects the bill is a distinct improvement over the current act, its weaknesses are serious ones and compel my opposition.

Primary among these is the bill's failure to balance those considerations influencing the suspension and cancellation of pesticides. Responsibility for making these decisions was transferred from the Department of Agriculture to the Environmental Protection Agency in 1970. As with most other Federal agencies, the EPA has developed its own constituency with whom it remains most responsive. This is a constituency with little appreciation for the interests of the farmer and rural America. Rather it is a constituency that subordinates considerations of growth, production, energy, and economy to a single minded preoccupation with the purity of the environment. In short, the life style of the EPA constituency and its vision for this country is at variance with the life style and visions of the productive sector of America, including the farmer.

To delegate total responsibility to this Agency to determine the fates of pesticides that are so essential to American agricultural productivity has been a mistake. The EPA's decisions to ban DDT, aldrin, and dieldrin have had a severe impact upon the American farmer, especially in the Corn Belt of our Nation where reports have noted high infestations of rootworm. At the time of aldrin's cancellation, the EPA noted that chlordane and heptachlor were effective, alternative controls. Yet on July 30, the EPA ordered an abrupt end to the manufacture of these two substances. More recently, another important pesticide, mirex, has been placed on suspension.

Not only have these decisions by EPA resulted in the reintroduction of various pests around the country, but they have had a substantial impact upon the costs of farm production. Along with increased energy costs, and declining commodity prices, this is a burden that the farmer cannot easily afford. For example, the cost of switching from DDT to alternative pesticides has cost cotton farmers $1 per acre per year, increasing to an additional $6 per acre per year in the southeastern section of our country. Costs to farmers in other sections of the country as a result of having to rely on more costly, less effective pesticides have been nearly as substantial. The costs of reduced production and reduced crop quality must be added to these figures. Yet, "Consideration of economics does not to Russell Train, EPA Administrator, represent a rollback of the environmental movement." Nor, apparently, do considerations of any other type.

I supported efforts to give the Department of Agriculture veto authority over the actions of the EPA. No one denies that there are legitimate environmental considerations that affect the use of pesticides. All that was sought by those who supported the so-called Poage-Wampler amendment in the House Agriculture Committee was that agricultural considerations be balanced in the final equation. Enabling the Secretary of Agriculture to participate in these decisions was merely a way in which to insure that all interests affected would have input into these often crucial decisions. A pluralist society such as ours can justify no other method of decisionmaking.

The Poage-Wampler amendment was defeated both in committee and on the floor. Instead language was substituted which requires only that the EPA "consult" with the Department of Agriculture. This is illusory balance, certain to result in no substantive change in the decisionmaking process in this area. Hard as it may be to believe, the EPA is already charged by law with weighing the agricultural impact of their decisions.

My other basic objection to H.R. 8841 were provisions which watered down the self-certification process for farm applicators of pesticides. Rather than being able to purchase pesticides upon signing a register that he has read the label and will follow the instructions, new self-certification procedures allow the EPA to issue regulations requiring applicators to undergo prescribed courses of instruction. Thus, in order to obtain proper certification to use pesticides, farmers are going to suffer great inconvenience and loss of time attending pesticide use classes, merely to prove to Federal bureaucrats that they are capable of managing their own affairs. It is in the strongest self-interest of the farmer to insure that pesticides and similar substances are used properly and safely on his own property, for the benefit of his own crops, and in proximity to his own family. To establish a new bureaucratic structure to accomplish this same end is a waste of money, a waste of personnel, and a further blow to the freedom of millions of American citizens.

Not only is the farmer going to suffer as a result of this ill-advised legislation but so is the consumer whose dependence upon low food prices requires the wise use of pesticides. The world market will suffer also as the amount of commodities available for export diminishes. With EPA in the forefront, it would appear that the United States is determined to emulate the no-growth, subsistence food policies of those technologically backward countries which at least have the excuse of not knowing any better.

A 200-MILE FISHING ZONE

HON. CHRISTOPHER J. DODD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. DODD. Mr. Speaker, I would like to bring to the attention of our colleagues in the other body an editorial printed just this Monday in a distinguished newspaper in my district, the New London (Connecticut) Day.

This editorial urges our colleagues in the other body to quickly pass a 200-mile-limit bill, just as this House did last week when it approved by a considerable margin H.R. 200—the Marine Fisheries Conservation Act of 1975.

That act, Mr. Speaker, is a necessary and long-overdue measure to establish a 200-mile fishing limit for the United States.

I commend this editorial to those in the Senate, and I add my voice in urging them to quickly pass similar legislation to H.R. 200.

It was the deliberate judgment of the House, after long and wide-ranging debate, that this bill is in the best interests of this nation and a vital step to protect our sorely-depleted fish stocks, and our fishermen from unfair competition from huge, government-subsidized, foreign fleets.

H.R. 200 is designed to promote the orderly management and conservation of these important fish resources, which have been severely depleted for many years through overfishing by foreign fleets.

It is an act to give our marine fisheries enforcement agencies the legal authority to expand their protection of these resources and to better monitor and regulate the operations of these foreign vessels.

But what this act is not, Mr. Speaker, and I emphasize the word "not," is a measure to close our coastal waters to foreign vessels or unfairly restrict them from catching the resources they historically have been harvesting.

It is not an attempt to sabotage the United Nations Law of the Seas conferences, nor will passage of this bill have that effect, despite vague, dire warnings from the State Department.

In point of fact, this bill contains provisions to adapt its enforcement regulations to any future Law of the Seas treaty, thus ensuring compatibility between our law and future international arrangements.

Mr. Speaker, I also strongly disagree with the State Department's arguments against the 200-mile-limit bill that such unilateral action by the United States would set off a "200-mile-limit race," with other nations carving up and competing for the ocean's resources, rather than sharing them.

The truth is that other nations do not wait for this country to act in such matters.

Specifically, almost 40 other nations already have extended their jurisdictions beyond the traditional 12 nautical miles, and Canada and Mexico currently are actively considering extensions up to 200 miles.

These nations are proceeding with actions they consider to be in their best interests to protect their fishermen and fish resources.

This country can do no less, Mr. Speaker, and this House recognized that fact formally by its vote last week. *The* matter now rests with the Senate, where past efforts have been more successful to bring forth a 200-mile-limit bill.

Lastly, Mr. Speaker, I would ask our colleagues in the other body to remember that this issue is not simply a New England one, and that I am not speaking solely from my perspective as a New Englander. Nor did this House last week, in passing H.R. 200, merely bow to the exhortations of an outspoken, regional lobby.

Protection of our fishermen and fish resources is a national problem, and I have learned that through the firsthand experience of speaking with fishermen from California and Alaska during a recent congressional committee trip to the west coast.

These conversations showed that the west coast fishermen are suffering just as badly as those on the east coast and in New England from depletion of fish stocks by foreign fleets.

These conversations convinced me more than ever that this country needs the 200-mile fishing limit, and the increased fish conservation measures it affords.

I urge the other body to move forward quickly, so we can send this bill to the President as soon as possible.

I insert the editorial from the New London Day at this point in the Record:

[From the Day (New London, Conn.)
Oct. 20, 1975]

A 200-Mile Fishing Zone

Henry Kissinger stated the Ford administration's position on the proposed 200-mile off-shore fishing limit last week, and it's still another example of poor judgment on the part of the White House.

The administration, Kissinger said, opposes congressional establishment of a 200-mile limit within which all foreign fishing would be regulated. He opts for establishment of fisheries zones by international treaty, possibly next year when the Law of the Sea Conference is scheduled to resume.

Just last week the House passed a bill extending the present 12-mile limit to 200 miles. The 200-mile limit is becoming more and more prevalent throughout the world and it was seriously considered by the last Law of the Sea Conference which ended just over a year ago.

But these sea conferences have been going on for years and there have been few, if any, tangible results. It's about time the U.S. took unilateral action—as other nations have done—to protect its own fishermen.

New England fishermen are particularly interested in the outcome of 200-mile limit discussions because they have been the victims of the huge factory ships sent to the Grand Banks and Georges Bank in the North Atlantic. These foreign vessels have scooped up billions of pounds of fish, leaving the area—once considered the best fishing banks in the world—nearly devoid of some species.

Kissinger made this comment on the unilateral action: "I have great understanding and great sympathy for those who are advocating unilateral legislation. I agree with them that fishing should be protected and therefore I substantially agree with their objective. However, it is my conviction that the fisheries can be best protected by having an internationally accepted agreement in which all nations apply an accepted standard and which preserves all existing international agreements."

Well and good, Mr. Secretary. An international agreement certainly would be welcome. There are too many different applications of the fishing limit and an internationally accepted standard would clear up many problems. But there is no reason to believe such an agreement will be reached next year or even the year after. And by then it may be too late to save the fish-spawning grounds that lie within the 200 miles off the East Coast of the United States.

And the House bill does take into consideration the possibility of an international treaty. It provides that the 200-mile unilaterally established limit would lapse when the United States endorses an international fishing treaty. What more can Mr. Kissinger and the administration want? And we need that 200-mile limit now, before it's too late, before the already dwindling supply of fish disappears altogether, before one of our important industries is forced out of business by unprincipled foreign competition.

The 200-mile limit would not be unique, incidentally. Latin American countries began establishing such limits in the late 1940s and other nations have since followed suit. The Law of the Sea Conference has been interested not so much in a 200-mile limit as in establishing uniform fisheries zones throughout the world. The proposal with the most support at the last international conference involved a 12-mile territorial sea and an additional 183 miles over which the coastline country would have natural resource jurisdiction.

Perhaps unilateral action by the United States at this time might even add impetus to the establishment of an international agreement. The 200-mile limit is needed, whether the U.S. declares it on its own or whether a worldwide treaty is put into force. We would urge the Senate to follow the lead of the House in creating a 200-mile fishing zone off our shores, both to protect our fishermen right now and to spur international action.

REMARKS ON INTRODUCTION OF BILL TO PROVIDE FEDERAL AID FOR STATE-SUPPORTED VETERANS' CEMETERIES

HON. EDWARD P. BEARD

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. BEARD of Rhode Island. Mr. Speaker, I am introducing today a bill that I believe will provide Federal assistance in an area that has long needed the provisions of this measure. Without adding at all to Federal expenditure, assistance to States which operate their own veterans cemeteries will be formalized and enable those States to properly maintain a burial facility for veterans within their boundaries. I point out that the Federal Government already is committed to an expenditure of $150 for each burial in a private cemetery. My bill calls for payment of approximately that amount to the States which operate their own cemeteries. There has been a proposal from the administration to pay half the cost of all veterans burials: Such a proposal would sharply increase Federal expenditures in this area and would not come within recent economic guidelines we have heard from the administration. I urge the House to give serious consideration to this bill.

BILL INTRODUCED TO AMEND SECTION 204 OF H.R. 8493

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. DERWINSKI. Mr. Speaker, I have introduced a bill, H.R. 8493, to amend section 204 of the Federal Water Pollution Control Act to authorize the use of ad valorem taxes to satisfy the user charge system requirement.

I am pleased that the Subcommittee on Water Resources of the Committee on Public Works and Transportation held hearings on amendments to the Federal Water Pollution Control Act in September.

The problem faced by Chicago's Metropolitan Sanitary District on this matter is actually a national one, affecting many other areas.

I am pleased that WMAQ-TV, Chicago, in an editorial broadcast on Octobe 3 and 4, has strongly supported the purpose of my bill, and I ask that their editorial be included in the Record as part of my remarks:

Government Comes Up With Scheme To Put Pay Toilets in Your Home

Two years ago, the Federal Government came up with a scheme that could in effect put pay toilets in your home. We didn't like the idea then, don't like it now and neither does the Sanitary District.

Several years ago, Congress passed the Water Pollution Control Act which was designed to clean up water in this country. A goal was for cities like Chicago to build water treatment plants. The Federal Government offered to help pay for those plants—of course, there were strings attached. One string was a requirement that the Metropolitan Sanitary District impose a "user charge" on its customers.

We are all customers because we all use water. We pay for that water through our property taxes in Chicago. It's a service provided by the city. You can use as much as you want because there are no water meters.

But the Federal people want the Sanitary District to collect this "user charge" based on the number of gallons of water each home or building puts into the sewer system. That means homeowners will pay more. Major industries and large buildings would pay less than they do now. Industries, you see, now pay a surcharge to the Sanitary District because their waste water is expensive to treat. Big buildings pay extra, too, because the present tax is based on the value of the building, not on the amount of water it uses.

And this scheme would waste millions and millions of dollars. First, somehow, the Sanitary District would have to install some kind of meter on every building in Chicago. Then it would have to spend millions of dollars every year to send out bills to all property owners. What a waste! A huge amount of our money down the drain without having any effect whatsoever on the quality of our water.

The way we see it, the Federal people have dreamed up a solution where there was no problem in the first place. We think a congressional committee that's looking into this should be told that the user charge for Chicago is a ridiculous idea. It could end up costing hundreds of millions of dollars to determine how much water we flush into the sewers. Maybe we should just take the idea of the user charge and flush it away.

QUICK CIVICS COURSE NEEDED

HON. RON DE LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. DE LUGO. Mr. Speaker, among their many responsibilities as the fourth estate, newspapers often play an important civic role in explaining the functions of Government to their readers. The Virgin Islands Daily News recently performed such a public service by publishing the following editorial which I would now like to share with you:

QUICK CIVICS COURSE NEEDED

There are times when we are forced to wonder if anyone at Government House is really familiar with the operation of the federal government. Some recent statements by the Governor's top administrative advisor, Peter de Zela, are all too typical of this unrealistic view of how Washington works and what the role of the Virgin Islands congressional representative is.

The Governor's top aide displayed this lack of knowledge at Government House when, in discussing an attempt to get additional federal money for the territory, he said the administration expected the Virgin Islands Delegate to be involved. He added that the local administration was preparing data for the Interior Department's preparation of an appropriations bill to cover a deficit in the local budget. Government House, said the chief executive's advisor, expected the Delegate to pick up the bill when it is submitted to the House by the Ford administration and then to "push it through."

Aside from displaying such an incredible lack of astuteness as to be unaware that the Ford administration's sponsorship of a bill could easily be the kiss-of-death in the present political clime, the Government House advisor, whose views certainly must reflect those of his boss, seems to both overestimate the congressman's powers and underestimate his role. He speaks airily of the delegate pushing it through as if the representative were all-powerful, but at the same time subordinates him to the position of an emissary for the Governor.

This attitude seems a hangover from years ago when the appointed Governor was a presidential appointee and the islands had no representation in Congress. The Governor then dealt with the federal administration, whose employee he was, and at Government House the ideal visitor to Washington was one who would act as an emissary for the Governor. In the Legislature, on the other hand, the ideal emissary was frequently one who would appear before congressional committees to protest the activities of the federal appointee.

Things are supposed to be different now, though. The Governor is elected by the people to run the affairs of these islands, and the Delegate is elected to represent the people—not the Governor or the Legislature—in Congress. Tho two jobs are different and it is quite possible that the two officials may be of different parties, as is the case in many states. Once Government House recognizes these basic facts it may be possible for the two officials to work together. Hopefully someone there will take a quick civics course and learn such basic principles.

TRANSPORTATION POLICY

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. FRENZEL. Mr. Speaker, a few weeks ago the Department of Transportation issued its statement of national transportation policy. It was a terribly important statement and will, I hope, attract comment, opinion, and constructive criticism from people concerned with all aspects of transportation.

Some of my own comments are included in a letter I wrote to Secretary Coleman on October 10. The letter follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 10, 1975.

Hon. WILLIAM T. COLEMAN,
Secretary, Department of Transportation, Washington, D.C.

DEAR SECRETARY COLEMAN: I was very pleased to see that the Department of Transportation under your leadership has finally issued its long-awaited Statement of National Transportation Policy. It provides a good point of departure for further discussions and debate about what our national transportation goals should be. Since you are soliciting reactions, I'd like to make a couple of comments regarding the urban transportation section of the statement.

I particularly liked the heavy emphasis you have placed on the need to gather more accurate and comprehensive performance data. Your determination to implement vigorously the data reporting requirements contained in last year's mass transit legislation should eventually bring an urgently-needed discipline to the urban transportation planning process.

But I looked in vain for a clear-cut statement of policy objectives against which we could gauge the performance of UMTA's nearly $2 billion annual budget. How much balance in our urban transportation networks are we seeking to achieve? Transit's market share currently falls in the 2–5% range. Should we be aiming higher, and, if so, how much? The same sorts of questions apply to transit's soaring operating deficits (up 72% last year). I found nothing in the policy statement that directly addresses these fundamental issues.

The report does discuss the need to fund cost-effective options, a shift in emphasis which I heartily endorse. Since heavy rail systems are not considered cost-effective for most cities, about the only other option around is buses. This means the Department will now try to steer local transit planners toward the low cost, low benefit bus option and away from the high cost, low benefit rail option. This shift will save the Federal government a lot of money at little or no cost in ridership.

DOT's study of Urban Mass Transit Needs and Financing shows that even if we spent an additional $58 billion on current transit options over the next 15 years, we can expect zero growth in transit's market share and soaring operating deficits. By shifting the investment mix toward buses, we do a little better. The market share will hang at that miserable 5% level, but we could reduce our capital costs significantly and retard the growth in operating deficits.

The policy statement suggests a third option which is to legislate restraints on transit's competition, the automobile. We should experiment with this approach, but your performance expectations may be right. If so, auto restraints will fall into the negligible cost, low benefit category. To achieve even this level of performance, however, we have to make the unproved assumption that DOT will be more successful than EPA was when it tried to regulate the use of cars in city centers. Despite our tradition of heavy reliance on the auto, we should at least give this approach a try.

Perhaps the lack of any low cost, high performance transit options explains the apparent reluctance to set national goals for urban transportation. It's no fun having to tell the world that we presently lack the tools to achieve a truly balanced transportation system. It's worse to have to explain that it will take a great deal more than $2 billion a year just to maintain transit's current position in the market. Since all of the available options achieve about the same dismal level of performance, we are obliged to push the low cost alternatives. But, at the same time, it would be irresponsible for us not to pursue vigorously the search for low cost transit services that the public will want to ride.

At the moment, UMTA is spending less than 1% of its annual budget on new, demand-responsive systems such as area-wide dial-a-ride, dual-mode and PRT. These are the kinds of systems that were conceived specifically to compete more effectively with the automobile. Nobody knows for sure if these options will turn out as good as their advocates believe, but we can find out for a fraction of the funds that UMTA spends everyday on systems which the vast majority of the public won't ride.

My recommendations are simply these:

1. Establish some short, medium and long range ridership goals. We'll never be sure how wide of the mark we are until we know what we are shooting at.
2. Explain why our short term goals are necessarily modest and why low capital intensive systems make sense.
3. Provide incentives to those cities that increase vehicle occupancy.
4. Accelerate the new system R&D program and candidly explain to Congress and the public the urgency of Federal participation in these high risk, potentially high payoff adventures.

We should not expect to achieve miraculous improvements in transit's market share overnight. On the contrary, in the short run the public will have to settle for relatively modest service improvements. But we should set our longer term goals high and do the work now that will make these goals achievable further down the road.

Yours very truly,

BILL FRENZEL,
Member of Congress.

LONG BEACH GOOD NEIGHBORS: LIVING UP TO THEIR NAME

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. ANDERSON of California. Mr. Speaker, for the past 4 years a group of businessmen and women in Long Beach, Calif., have devoted a good portion of their time and energy toward helping charitable and service organizations in their community. Known as the Long Beach Good Neighbors, this group of about 140 individuals is unique, not only because of its effectiveness, but because of its special type of organization.

The Long Beach Good Neighbors have

no permanent officers of any kind, nor a set of organizational structure. They hold monthly meetings, chaired by a different member each month. They never fail to have a good attendance. Guest speakers are usually invited to talk about current events that have a bearing on business matters.

However, the true effectiveness of the Good Neighbors is reflected in their activities on behalf of charities. The California Community Pool for the Handicapped, Inc., has been the recipient of much of the effort the Good Neighbors have put out to raise funds. Last year saw the business group raise a total of $16,000 through luaus: since the group became active, over $40,000 has been raised for this organization to help handicapped citizens lead productive lives.

In addition to work on behalf of the California Community Pool for the Handicapped, the Good Neighbors have helped raise funds for the North Long Beach YMCA, and have made their services available to the local Boy Scouts' organizations.

The Long Beach Good Neighbors were first organized back in November 1971, by several civic leaders and members of the Long Beach business community. Among those early members were Harold and La Verne Penrose, and Long Beach City Councilman Russ Rubely. Today, the organization represents a broad spectrum of the commercial world, from oil companies and chemical manufacturers, to restaurateurs and small shops—and all have been active in making the Good Neighbors a truly beneficial force in the community.

Next month, on November 14, the Long Beach Good Neighbors will hold their anniversary dinner, celebrating 4 productive years as a thriving community action group. I would like to take this opportunity to commend the members of the Good Neighbors for the outstanding work they have done in the past years.

I am sure that they will continue to demonstrate their concern and dedication in the years to come.

INTRODUCING LEGISLATION TO REPEAL SECTION 7623

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. SYMMS. Mr. Speaker, I am today introducing legislation which will repeal section 7623 of the Internal Revenue Code. Under this section and the regulations which were issued pursuant to it, the IRS has been able to pay people who provide information on others' tax returns. These paid informants can obtain up to 10 percent of the total additional taxes and penalties which the IRS collects from the person who was informed upon.

The language of the code section seems relatively innocuous. However, it is quite apparent what the intent of the section was when one reads the regulations. These talk in terms of "informants" and provide specific information about the proper procedure for submitting information and collecting rewards. The regulations also provide for anonymity of the informant.

My colleagues, this is not the U.S.S.R., so why are we rewarding the practice of spying upon one's neighbor? I have written to the IRS to request information on how much they spend each year to pay informants. Even if the amount proves to be small, the principle is very important to all of us who have been elected to preserve basic rights in a free society.

UNITED NEGRO COLLEGE FUND

HON. HAROLD E. FORD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. FORD of Tennessee. Mr. Speaker, as we approach that time of the year during which the United Negro College Fund—UNCF—campaign gets underway, I wish to emphasize to my colleagues the vital importance of this fund-raising effort. Throughout these United States, there are numerous institutions of higher learning which are dependent upon UNCF to help maintain the educational standards which they offer.

One outstanding UNCF institution, LeMoyne-Owen College, is located in my hometown, Memphis, Tenn. LeMoyne-Owen's example is not unlike that of other similarly situated institutions. It is a 4-year liberal arts college with an enrollment of more than 900. It has approximately 3,000 alumni on record, many of whom have made vital contributions to the betterment of our city. Over 25 percent of its alumni have received masters or doctoral degrees. Overall, its presence has greatly enhanced the lives of black Memphians and therefore has contributed incalculably to the creation of a progressive, harmonious environment in the city as a whole.

More than 80 percent of the students enrolled at LeMoyne-Owen receive financial aid of some kind. UNCF plays an important role in this. The leaders, past and present, of these institutions have labored too diligently for us to permit their efforts to be diminished by our failure to support the fruits of their labor. In the case of LeMoyne-Owen, presidents emeritus Dr. Hollis F. Price and Judge Odell Horton along with the recently inaugurated president, Dr. Walter Walker, have given unselfishly of themselves to the advancement of this fine institution of higher learning. These fine gentlemen, along with the men and women who serve as trustees of the college, deserve our support. They are examples of the kind of fine, dedicated people who have made the United Negro College Fund and the institutions it serves what they are today.

Schools such as LeMoyne-Owen, and others like it across the country, might not survive were it not for the generosity of individuals and institutions. Their continued survival is essential, and therefore our continued commitment must be strong. I therefore call to the attention of this body the enormous importance of the United Negro College Fund's annual compaign and urge your support of it.

CONGRESSIONAL BLACK CAUCUS LEGISLATURE AGENDA

Hon. Yvonne Brathwaite Burke

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mrs. BURKE of California. Mr. Speaker, at the beginning of this session of Congress, the Congressional Black Caucus presented its first formal legislative agenda, laying out our legislative goals for this year. During the caucus' annual dinner weekend, September 26 and 27, a status report on the Black Caucus' legislative agenda was presented to participants. I am inserting that status report in the Congressional Record so that our colleagues may be apprised of the progress Congress has made on our agenda:

Congressional Black Caucus Legislative Agenda

Congressional action has taken place on a large number of the Legislative Agenda items presented by the Congressional Black Caucus in February, 1975. Following is a brief summary of the congressional actions on those Agenda items which have reached at least the subcommittee hearing stage as of September, 1975. Numbers next to each legislative issue correspond to the number for the same issue in the Caucus' Legislative Agenda, reprinted from the March 5, 1975 Congressional Record. Those bills in the Agenda which have not had hearings on them are not listed in the summary.

II.A.1. Full Employment: The Equal Opportunities Subcommittee of the Education and Labor Committee has held local hearings in six cities on H.R. 50, the Equal Opportunity and Full Employment Act. Future hearings are scheduled for October 13th in Milwaukee and on October 14th in St. Louis. The Joint Economic Committee, chaired by Senator Hubert Humphrey, will shortly begin hearings on the Employment Act of 1946, the basis of H.R. 50. The bill presently has 111 co-sponsors. On May 20th, the Caucus held a major ad hoc hearing on full employment. Participants include public interest groups, labor organizations, Members of the House and Senate, newspaper publishers, editors, and other media representatives. Despite growing initiatives around the current unemployment crisis, the House failed to override the President's veto of the Emergency Employment Appropriation bill. This $5.3 billion legislative package would have provided some 900,000 jobs. The Caucus released an analysis of the override vote showing that many of those who voted against the override represent districts that had high unemployment rates and/or significant black populations. A summer job bill was passed and signed shortly after failure to override the Emergency Employment bill veto.

II.A.2. Tax Reform: The Tax Reduction

Act of 1975, passed early in the year, in addition to providing for tax rebates, established the important principle of declining tax benefits relative to increasing income. Also, the oil depletion allowance was greatly limited, as called for in the Legislative Agenda. The House Ways and Means Committee began hearings on major tax reform legislation in the Spring, and in September began adopting reform proposals, including elimination of a number of "tax shelters" and establishing a minimum tax. The tax reform package will come to the House floor later this year.

II.A.3. Budget and Appropriations. The Caucus voiced major concern in a public statement in May 1975 on the House Budget Resolution which set as a goal, an unemployment rate of 7.4 per cent by the end of June 1976. The Caucus felt that Congress was buckling under to the President's preoccupation with deficit levels. The narrow margin by which the Budget Resolution passed (200–196) provides impetus for making the second Budget Resolution, scheduled for committee markup in October, more responsive to national needs. Caucus members have taken the lead in increasing appropriations for a number of social programs, such as for the Community Services Administration (formerly OEO) and education program funds.

II.B.1. Voting Rights Act of 1965: On August 6, 1975, the President signed into law a seven-year extension of the historic Voting Rights Act of 1965. In addition to continuing coverage in the mostly southern states affected by the law previously, the new law expands protections to many Spanish-speaking and other minorities. The Caucus took an active role in building support across the country for the bill's passage in the House and Senate. The House passed the Voting Rights Act extension June 4th by a margin of 341–70, and the Senate passed the bill July 24th by a vote of 77–12. Many Members previously unsympathetic to the law but direct beneficiaries of the votes it provides voted for the extension.

II.B.2. Universal Voter Registration: A bill which provides for simplified registration by postcard, H.R. 1686, has been reported out of the Elections Committee of the House Administration Committee and is presently pending before the full committee.

II.C.1. General Revenue Sharing: Legislative hearings begin in late September before the Intergovernmental Relations Subcommittee of the Government Operations Committee on proposals to extend the general revenue sharing program. A number of House and Senate committees have held oversight hearings on the program earlier in the year. The House Judiciary Committee's Civil and Constitutional Rights Subcommittee will hold hearings in early October on civil rights aspects of revenue sharing. The Caucus has continued to raise critical questions regarding the value of general revenue sharing for minorities and the poor.

II.C.2. Health Care: A number of major bills have been introduced in the 94th Congress, as in earlier Congresses, to establish a system of national health insurance. However, the Congress has failed to move aggressively forward to pass such legislation. The first hearings on that topic this session will begin this Fall before the Health Subcommittee of the Ways and Means Committee.

II.C.3. Social Insurance: No major proposals for reform of the welfare system have moved forward in Congress. Early in the year, an Administration attempt to increase the cost of food stamps was soundly defeated. Hearings and debate on the food stamp program continue. Legislation to cut back on the food stamp program (S. 1993) has been introduced, while proponents of the program seek to strengthen and extend its benefits. The House Agriculture Committee has reported out H.R. 7887, which would cut waiting time for food stamps.

II.C.4. Education: Hearings began July 24th before the Postsecondary Education Subcommittee of the House Education and Labor Committee on renewal of the Higher Education Act. Hearings have been completed on the Student Financial Aid Act. Caucus members are actively opposing attempts to dilute allocation formulas and to limit affirmative action requirements. Hearings have also been held on extension of the Vocational Education Act. The Education for All Handicapped Children bill has passed both the House and the Senate.

III.A. Child Care: Hearings on child care legislation concluded July 15th before the House Subcommittee on Select Education of the Education and Labor Committee. The hearings were held jointly with the Senate Labor and Public Welfare Committee.

III.B.1. Voting Representation for the District of Columbia: Hearings before the House Judiciary Committee's Civil and Constitutional Rights Subcommittee began in the Spring on H.J. Res. 280, which would provide for two United States Senators and the number of voting Members of the House of Representatives to which the District of Columbia is entitled based on population. There are over 120 co-sponsors of the bill.

III.B.3. Amnesty: Hearings on the subject of amnesty of those who have refused to perform military service have been taking place before the Subcommittee on Courts, Civil Liberties and the Administration of Justice of the House Judiciary Committee.

II.C.1. Gun Control: Over 100 bills to limit the sale, transfer and possession of firearms have been introduced in the House. Hearings, which took place across the country in the Spring before the Judiciary Committee's Crime Subcommittee, are continuing this Fall.

III.D.1. Antitrust: A bill to amend the Sherman Antitrust Act to remove the exemption for state fair trade laws passed the House of Representatives by a vote of 380–11 on July 21, 1975. The bill is presently pending before the Senate Judiciary's Subcommittee on Antitrust and Monopoly.

III.D.3. Commodity Price Marking and Consumer Protection Agency: A bill to require price marking on individual commodity items is pending before the Consumer Protection Subcommittee of House Interstate and Foreign Commerce. The bill to establish a Consumer Protection Agency has been reported out by the House Government Operations Committee and will come before the full House shortly.

III.E.1. Rhodesian Chrome: The Caucus has strongly supported legislation to repeal the Byrd Amendment, which authorizes the President to import chrome from Rhodesia in disregard of United Nations sanctions. That bill, H.R. 1287, has been reported out of the International Relations Committee and will reach the House floor shortly.

III.E.3. African Development Funding Act: Hearings on legislative proposals provide for U.S. membership in and contributions to the African Development Fund are taking place before the Subcommittee on International Development Institutions and Finance of the House Banking, Currency and Housing Committee.

III.F.6. Hatch Act Reform: The Federal Employees' Political Activities Act, which permits federal government employees to participate in partisan election campaigns has been reported out of the House Post Office and Civil Service Committee and will reach the House floor shortly.

III.H.1. Limited Moratorium on Repayment of Home Loans: The Emergency Homeowners' Relief Act, providing temporary assistance to help defray mortgage payments on homes owned by persons temporarily unemployed or underemployed as a result of adverse economic conditions became law earlier in the year.

III.I. Martin Luther King Birthday National Holiday: Two days of hearings were held during the week of September 8th on legislative proposals to designate the birthday of the late Dr. Martin Luther King, Jr., as a national holiday. Hearings were before the Census and Population Subcommittee of the House Post Office and Civil Service Committee.

III.J.1. Rape Prevention and Control: A program for rape prevention and control, the subject of a Caucus endorsed bill, was included as a section of the Health Revenue Sharing Act, which was enacted into law over presidential veto on July 29, 1975.

PHILIP BASKIN HONORED FOR EFFORTS

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. GAYDOS. Mr. Speaker, recently I had the pleasure of attending a testimonial dinner honoring one of the most prominent legal and civic leaders in the Pittsburgh area—Mr. Philip Baskin.

The occasion was the 25th anniversary of the State of Israel bond campaign and Mr. Baskin was singled out for public recognition because of his "exemplary efforts" on behalf of the Jewish and general communities in southwestern Pennsylvania.

The guest list was indicative of the esteem in which Mr. Baskin is held: U.S. Senators Henry M. Jackson and Richard S. Schweiker, Congressman William S. Moorhead, Gov. Millton S. Shapp, Allegheny County Commissioner Leonard C. Staisey, Pittsburgh City Councilman Louis Mason.

Rabbi Aaron B. Ilson of Temple Sinai; Mr. Herman Fineberg, chairman of the anniversary dinner; Saul Elinoff and Harry J. Wagner, cochairman of the 1975 Israel bond campaign; Mrs. Mark E. Mason, chairman of the women's division; Joseph M. Katz, cochairman of the dinner; Harold Gondelman, associate chairman of the bond campaign; Rabbi Morris A. Landes of Adath Jeshurun congregation and Mrs. Samuel Sherman.

The selection of Mr. Baskin as the honoree for this occasion was not a coincidence. As Mr. Fineberg so aptly stated:

> I can think of no one more deserving of this honor than Phil Baskin nor a more fitting time to honor him for his wonderful service for Israel than at this salute to the silver anniversary of Israel bonds . . .

Mr. Baskin's interests, activities, and associations throughout the Pittsburgh area attest to this richly deserved award.

A partner in one of the leading law firms in the city—Baskin, Boreman, Wilner, Sachs, Gondelman & Craig—Mr. Baskin has practiced in all county courts, the Pennsylvania Supreme Court, the U.S. district, circuit, tax and Supreme Courts. He is a member of the Allegheny County, Pa. and American Bar Associations.

As a civic leader, he has served on the Board of the Civic Arena Auditorium Authority almost continuously since 1962 and also is on the board of the Pittsburgh Zoological Society, the Civic Light Opera Association, Carnegie Library, and the Carnegie Institute. He was an assistant solicitor in Allegheny County's Law Department from 1953 to 1958 and later served as special counsel through 1960. Also, from 1961 to 1969, Mr. Baskin was a member of Pittsburgh City Council, serving as finance chairman.

His dedication on behalf of the Jewish community is most meritorious. On two occasions he has served as Pittsburgh chairman for the Israel bond campaign. He is active in numerous Jewish organizations and presently is chairman of the Pittsburgh Board of Governors of Israel Bonds and a board member of Pittsburgh Histadrut, and the Pittsburgh American Jewish Community. His advice on Israel's economic situation has been sought by the highest leaders of that nation, including Prime Ministers David Ben-Gurion, Golda Meir, and Yitzhak Rabin.

Mr. Speaker, Mr. Baskin has been the recipient of many awards during an illustrious career but I know this recent tribute, paid him by his friends, will be his most memorable.

TREASURY DEPARTMENT'S PROPOSED REGULATIONS TO IMPLEMENT ANTI-DUMPING PROVISIONS

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. NOWAK. Mr. Speaker, I have some serious concerns about the Treasury Department's proposed regulations designed to implement the anti-dumping provisions of the Trade Reform Act of 1974.

With our high unemployment rate and record of plant closures in recent years, we in the Buffalo area are acutely aware of the havoc and economic distress that often can be traced to unfair foreign competition.

I have forwarded to Treasury Secretary William Simon a statement detailing my concerns about the Department's proposed regulations. I would like to share that statement with my colleagues:

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 21, 1975.

Hon. WILLIAM E. SIMON,
Secretary of the Treasury,
Washington, D.C.

DEAR MR. SECRETARY: This letter is in response to the request for comments on proposed regulations to implement the Trade Reform Act of 1974. I will limit my comments to proposed regulations 19 CFR 153.27 and 19 CFR 153.44 under authority of P.L. 93-618.

The Secretary and his staff are to be congratulated for having done a thorough and competent job. The draft certainly indicates that considerable time and effort were expended in the preparation of the document. In at least two important respects, however, I believe the tentative rules do not reflect the intent of Congress. First, the pleading requirements set forth in Section 153.27 are so extensive and difficult to satisfy that they will serve to inhibit or actually prevent some exercising their rights under the Antidumping statute. Second, the lack of any meaningful safeguard in the proposed rule governing revocation of dumping findings contained in Section 153.44 presents a serious threat to the future efficacy of the Antidumping law.

With respect to pleading, the regulations propose to greatly expand and formalize its requirements. For example, this is seen in the changes regarding price information. Under the regulations currently in effect, the Department requires the complainant to provide "to the extent feasible . . . such detailed data as are available with respect to values and prices. . . ." The proposal, in contrast, has the effect of shifting the primary responsibility for monitoring and investigating dumping practices from the Treasury Department to the private sector. This proposed transfer is in complete contradiction to promises made by the Department to Congress in the past. In the Customs Simplification Act of 1956, for example, Congress ordered the Secretary to recommend any amendments to the Antidumping Act which he considered necessary to provide for greater certainty, speed and efficiency in the enforcement of the statute.

Treasury did indeed adopt a new form which would require information needed to monitor dumping. However, the form applied only to articles subject to ad valorem duties and not to duty free items or items covered by specific rate tariffs. Even more unfortunate, I am advised that the price reporting requirements are not vigorously enforced even when the form is applicable. The proposed regulations would complete the gradual shift of the investigatory and evidentiary burden from the Department to the complainant.

Perhaps a few of the giant multi-national corporations, with offices abroad and large supportive staffs at home, will possess the capability to secure such information and assemble it in the form required by Treasury. Certainly the small and medium size companies cannot furnish this data without spending huge sums for overseas investigations and other assistance. Most firms simply do not have the financial resources to pay for such services. The net result is that, as far as these firms are concerned, the law against foreign dumping has been all but repealed, expressly contrary to Congressional intent.

Similar detailed pleading requirements are proposed for injury information. I recognize that under the Trade Act the Secretary must determine if there is substantial doubt whether an industry is being injured and, if so, refer the case to the International Trade Commission for a preliminary determination. It would appear, however, that the proposed regulations demand more information at the pleading stage than the Commission does in connection with a full-scale injury investigation. Some of the information sought is clearly irrelevant (e.g. unemployment and profit figures of industries other than that of the complainant). Other data probably could not be obtained by the complainant without violating federal antitrust laws (e.g. capacity utilization of the firms represented by the petition). And still other statistics are readily available to the Department since they are derived from figures recorded by its Bureau of Customs (e.g. volume and value of imports of the merchandise in question). The net effect of these pleading requirements is to discourage or preclude domestic companies from obtaining relief from unfair foreign competition.

The second area of serious concern involves Treasury's proposal relating to modification or revocation of dumping findings. Regulations now in effect allow the Secretary to terminate a dumping order only if certain conditions are met, including the passage of a "substantial period of time" following entry of the order. The proposed regulation would permit revocation or modification of any finding upon request provided the applicant (1) had refrained from dumping for two years and (2) offered assurances he would not dump in the future. Adoption of this regulation would merely codify an ill-advised policy already being followed.

One of the cases in which the new procedure was applied involved the American pig iron industry (Quebec Iron and Titanium Corporation). On two separate occasions in recent years the industry successfully brought actions against dumped imports from abroad. In each case, the Tariff Commission found injury and the Treasury Department entered a dumping finding. Two years later the Department announced its intention to revoke the existing order insofar as it pertained to Quebec Iron.

I can sympathize with what I trust is the Department's motivation, i.e., to prevent dumping orders from remaining in effect long after they serve any legitimate purpose. It is my understanding that in the past such orders sometimes remained in effect for decades. I agree that a mechanism must be available to prevent such occurrences. On the other hand, it must be recognized that the two conditions or safeguards on which revocation or modification is predicated in the proposed rule, namely no dumping for two years and assurances of no further dumping, are, in fact, illusory. Once a dumping order is entered, no rational person will engage in dumping for one very practical reason: any price advantage realized by dumping will be negated by the assessment of special dumping duties. (Of course a dumping finding does not set the amount of dumping duties for future importations. Rather, the Bureau of Customs compares the U.S. price of the import with the foreign home market price for each shipment. If the U.S. price is lower, a special dumping duty is assessed equal to the differential.) Thus, the absence of dumping following entry of an order can in no way be construed as an indication that the importer will continue to refrain from dumping once the order is lifted. Similarly, the requirement of assurances offers no comfort to the American business or labor unit being subjected to the onslaught of unfairly priced goods. What is the effect of such assurances? Unlike, the situation in which the Department determines that dumping margins are minimal and accepts assurances in return for a discontinuance of the proceeding, there is no monitoring of future shipments. Neither is there a provision for reinstating the original dumping order if the assurances are violated. Under these circumstances, assurances represent little more than a charade. In essence, therefore, a dumping finding under the Treasury proposal is effective for only two years. I doubt if there is a company in the United States that can afford the very considerable time, effort and money required to prosecute a dumping action in return for such short term relief.

I implore the Department to reconsider the proposed regulations to be more in line with the Congressional intent to continue an effective antidumping policy.

Respectfully yours,

HENRY J. NOWAK.

WORLD FOOD CRISIS SYMPOSIUM—VIII—RESEARCH IN AGRICULTURAL EFFICIENCY AT UNIVERSITY OF KENTUCKY

HON. JOHN BRECKINRIDGE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. BRECKINRIDGE. Mr. Speaker, efficient, low-cost food production is the goal of agricultural research at the University of Kentucky and similar institutions throughout the United States. It will be an attainable goal for an increasing number of developing nations and their institutions abroad, with the passage of H.R. 9005, which incorporates the Findley amendment to strengthen the role of the Nation's universities in increasing the agricultural production in developing countries.

A discussion of agricultural research at the University of Kentucky constituted an important part of its World Food Crisis Symposium held April 1 and 2 of this year. Dr. James Kemp of the University of Kentucky Animal Science Department emphasized more efficient livestock production, and Dr. John Walker of the Agricultural Engineering Department related food production to the energy crisis. Because it is helpful to state in concrete terms what such agricultural research is accomplishing, I include their discussion in the RECORD:

THE WORLD FOOD CRISIS FORUM, UNIVERSITY OF KENTUCKY, APRIL 1, 1975

(Remarks of James D. Kemp, and John N. Walker)

Dr. KEMP. The unofficial motto of the Department of Animal Sciences for many years has been "A Better Product at Less Cost". Many of the projects of the Department over the long run are geared to produce better products more efficiently. We recognize that what is "better" for one group may not be "better" for every other group. We also recognize that not all research is, nor should it be, for the purpose of feeding people. However, we can group the research of the Department roughly into four categories. Much of the research will do much to increase or improve the world's food supply. The four groups are: (1) Nutrition; (2) Management; (3) Genetics and Physiology; and (4) Processing.

NUTRITION

Use of Forages: There are millions of acres of land in the U.S., including many in Kentucky, that are suitable only for forage production. This forage cannot be used directly by man but must be converted into useful products by converting it into meat, wool and milk. In addition, there are large amounts of crop residues such as straw, corn stalks, etc. that only ruminants can utilize. Also, many food processing residues such as beet pulp, citrus pulp and even bakery waste, are used for feed. In fact, between two-thirds and three-fourths of all beef gains are from foods humans do not normally eat. Research in the Department of Animal Sciences is geared toward programs of nutrition, breeding and management that will enable cattle and sheep to use these feeds more efficiently.

Use of Non-protein Nitrogen Such as Urea as a Substitute for Protein: Ruminants have the ability, through the microbiological systems in the rumen, to convert this NPN into a form that can be synthesized into meat, milk and wool. Thus a material that cannot be used for food by man is converted into a usable form.

Use of Feed Additives: Animals are often as much as 15% more efficient in converting feed into weight gain by the use of materials such as DES or other growth-stimulating additives. Some people object to the use of these materials and make various claims concerning, mostly unproven, health hazards. The objectors, however, are not the hungry people. Even if there were some valid objections, the benefits would still be much greater than the risks.

Mineral Research: Several feeds do not have the exact balance of minerals for the most efficient feed utilization. Work in dairy and swine is geared to finding the proper amounts and ratios of minerals for the most efficient milk and meat production.

Protein-Amino Acid Work: This is being studied by the swine and dairy groups in order to improve protein utilization. Protein is usually the most expensive major nutrient. More efficient use will allow more production with the same protein input.

Vitamin A Research: The lack of this vitamin is the third most critical human nutrient deficiency behind protein and energy. Its role in animals is being studied to ascertain more effective means of utilization. Much of the data obtained may be adaptable to man.

Treating Feed Protein So That There is Less Loss in Fermentation in the Rumen: By doing this, fuller use may be made of this expensive part of the ration.

MANAGEMENT

Recycling Animal Waste: Excreta from livestock contains valuable nutrients. The waste can be converted into livestock feeds. The poultry group in cooperation with the Agricultural Engineering Department is working on this.

Early Weaning of Pigs: By early weaning, sows can be rebred much sooner and thus be more efficient breeding units. More pigs can be produced with fewer breeding animals.

Mastitis Control in Dairy Cattle: Proper management can greatly reduce losses from this problem thus enabling more milk of higher quality to be produced more economically.

PHYSIOLOGY AND GENETICS

Hormonal Control of Breeding Cycles and Fertility: Work in the Department helped set the stage for the birth control pill. If this pill could be properly used, thus helping control population, there would be fewer people to feed. Work on control of fertility and breeding cycles may allow more efficient and economical control of breeding animals.

Genetic Manipulation of Genes Through Selection and Crossbreeding to Produce More Economical Cattle, Sheep and Swine: Work in progress using exotic breeds of cattle and sheep to develop crosses adaptable to more efficient utilization of forages.

FOOD PROCESSING

Work with Improved Shelf-Life in Dairy Products: By processing and packaging dairy products for greater shelf-life, a greater distribution of the products can be achieved. Transportation and storage losses will be reduced.

Pork Curing Methods: Pork curing is geared to improving keeping qualities and thus shelf-life. This should allow wider distribution of the products.

Pesticide Residues in Food Especially Dairy Products: Use of pesticides sometimes causes contamination of food products. A study of the effects of residues on the microflora of dairy products and the possible health hazards of the products has been undertaken. By knowing residue levels and the effects of these levels, a larger quantity of safer food products can be made available.

Other projects deal with other aspects of producing high quality animal proteins. People of the world want these protein foods as they recognize their importance in developing a better diet.

Dr. WALKER. During the next two days there is going to be much said about the world food crisis—the theme of the Focus Forum Conference on the World Food Crisis. I think it is paradoxical that at the same time we are talking about this food crisis that has become so prominent in the world that we are also faced with a severe energy crisis. The energy crisis is not unrelated to the food crisis—the one impinges on the other. The remarks I would like to make today are primarily related to energy and its relationship to food production. Taking an engineer's viewpoint, I hope that I can make you aware of some of the things we think we can do, some of the things we think we ought to be doing, and some of the things we are going to attempt to do.

Without question, the most important commodity in any society is food. I think Ghandi once said that even God did not dare go before a starving man except in the form of bread. Be that as it may, if a man is going to enjoy clothing, recreation and all of the other things he desires, he is first going to have to have an abundance of food. A modern industrial society that provides a high living standard for its people is based upon a small fraction of people in the agricultural areas producing the food and fiber for the remaining populus of that society. Agricultural technology enables this to occur in the United States. Fewer and fewer people have been able to produce an abundance of food that has maintained the high living standard in this country. It has been brought about primarily by substitution of fossil energy for human labor and has resulted in a higher and higher input of energy into our food production system.

Back in the days of our very early forefathers man expended about .15 calories of energy to acquire a calorie of food. In 1970 in the United States the average was about 8.5 calories of energy input to acquire a calorie of food. If you just looked at the last 50 years, there has been about a 10 fold increase in the amount of energy that has gone into agricultural production. Many people say that we are taking more calories of energy to produce food than we are getting in return. This bothers me some because I think it is a totally erroneous way of looking at food production. I would ask each of you to look at the clothing you are wearing and tell me what calories went into producing that clothing and how many calories it is worth? And yet, for a commodity as basic as food people are saying that if agriculture can't produce food for less calories than we are obtaining in the form of food then agriculture is inefficient. I would ask you to look at the automobiles you ride home in tonight and ask yourself what calories does that automobile represent. In no other segment of our society do we ask "What is the energy input as compared to the energy output." When it is in terms of basic commodity, such as food, we should not do so either.

The energy inputs into our food system are many and varied. On the farm they include fuel, electricity, machinery, tractors, buildings, the energy going into those buildings, the energy going into labor and all of the operations related to the preservation of food. There is a great amount of energy involved in the production of fertilizer, chemicals, irrigation, and the improved seeds that are used on farms. Off the farms there is a great deal of energy used in processing, packaging and transportation of our food. It is this input of energy that has made us a food surplus nation.

If you look at the long-term pattern of energy use, you will see we have followed a sigmoidal type of growth. We initially had a very very low energy input and a relatively low level of food production. Then as we started to put energy input into our food production system, we find that for an increment of energy input we got a large return in terms of food production. However, in the last few years we find that as we have continued to put more and more energy into our agricultural production, we obtain a correspondingly smaller increase in agricultural production. The benefits of increased energy usage seem to have tapered out. I would however caution you to not adopt the policy that we can make cuts in that energy without having significant impact upon the amount of food produced. For instance, if you have been reading the papers you are aware that a curtailment of natural gas to the fertilizer industry may have very serious consequences on the food abundance in this nation because nitrogen fertilizer is essential to the corn and other grain production of this nation.

Protein is the essential element to all human diets. The world population is dependent upon it. You can get it from two principal sources—from grains or from animals. Many people say we ought to consume grain directly and obtain our proteins in this way. I would suggest to you that good nutritional balance optimally involves some animal protein. More importantly, we have a great deal of land in this country which is only suitable for the production of forages, such as grass. Man cannot directly utilize this agricultural commodity for protein food. This is one area in which we propose to conduct research. We are going to be looking at beef production. Beef production is a particularly critical area. As suggested earlier in the discussion about the calories required to produce food, it takes about 15 calories of energy to produce a calorie of beef. This is even higher than it is for most other agricultural commodities. Beef is still something most consumers enjoy and beef can utilize the forages that man cannot directly utilize.

Now, what about this land on which we produce forages? It turns out that this is the dominant class of land in the United States. Approximately 54% of the total land area of the 48 continental United States is in grassland, shrub land or open forested land. In Kentucky about 66% of the total crop land is in land most suitable to forage production. This represents about 6.6 million acres of land in Kentucky. At the present time the forage from this 6.6 million acres is being utilized by about 3 million head of livestock. On unimproved forage land we can produce about 2,000 lbs. of forage per year per acre. If land is improved or more efficiently managed the production can be increased 3 to 4 times relatively easily and certainly the potential for a five fold increase in production is possible.

One of the principal methods of doing this is through renovation, i.e., the introduction of legumes into grassland. Legumes are natural nitrogen fixing plants and eliminate the need for nitrogen fertilizer. With the introduction of legumes a much higher productivity of this forage land is possible and where before 3 million head of livestock were being supported on the unimproved forage land, the potential in Kentucky is to support 15 million head of cattle if all other factors were kept constant. These grasslands can also be improved by the use of nitrogen fertilizer.

It takes 150 to 200 pounds of nitrogen fertilizer per acre per year to do this. This is equivalent to 35-46 gallons of fuel oil—a high energy consumption. This is an extravagant waste of fossil energy and one that I think we ought to be doing something about. I'm proud to say that Kentucky leads the nation in renovation of grasslands. I'm also very pleased to say that the Agricultural Engineering Department at the University of Kentucky has developed a piece of machinery which brings about a once over the field form of renovation which in itself cuts the energy required for renovation by a factor of approximately one third.

Kentucky, therefore, has done a great deal to bring about a possible 4 to 5 fold increase in beef production on a constant land base. There is one other area where we would like to conduct research and it also is an area with considerable potential. This is the area of utilization of agricultural refuse. We hear a lot about waste. Waste is really a resource to an imaginative person. In the United States man discards something like 600,000,000 tons per year of energy bearing waste, and about two-thirds of that waste is agricultural residue.

One of the real problems in agriculture this last year was to find the energy required for the drying of grain. We have looked at the energy that exists in the residue of corn stalks, and wheat stubble and it is an interesting analysis. There are six to ten times of energy in the residue, as the amount necessary to dry the corn or wheat. It is possible that agriculture could be an energy producer if we can find an inefficient, profitable and economic basis to utilize agricultural refuse.

In doing this, we must look at the total energy. This includes determining the energy involved in going out collecting the refuse, grinding it or processing it into a form that can be utilized or burned and to determine the energy that will have to be put back on the fields in terms of fertilizer if we do not leave the residue in the fields. This area of waste utilization is an area in which a significant research opportunity exists to aid Kentucky citizens and Kentucky farmers,

QUESTION. Relative to the research you discussed on the production of beef by use of forages, what specifically do you propose to do and what will be the primary direction of that endeavor?

Dr. WALKER. The specific objectives of our research in this area as it is now defined is really doing a feasibility study. It will be a study involving three departments: Agronomy, Animal Science, and Agricultural Engineering. It is devoted to looking at the land resources to determine the effect of the adoption of certain land utilization schemes and to then evaluate our capabilities for producing red meat. For each of these schemes we are going to be looking at the required energy inputs. We are also going to be looking at the dollar inputs into each of those production schemes. Hopefully, upon conclusion of the research we will be able to say that if a given production practice was instituted on cool season grasses then we will be able to produce "x" pounds of beef with a given energy input. If the energy input is restricted or if the economic dollar is restricted, then we should be able to project the restrictions that would be placed on the production of beef. We would know what our resources are and how we can best utilize those resources in terms of cool season grasses and the production of beef.

QUESTION. In your beef production feasibility study, are you going to consider the production of beef on all land and in competition with grain and other food production or just on land primarily adapted to grass?

DR. WALKER. We will be looking at all of the land classes in the cool season grass ranges. We will not initially attempt to distinguish between them. We will, however, maintain the land class identification, for instance, Type 1 land is flat and very adapted for row crop production. I would not suggest the use of such land into cool season grasses even though it could be used for coal season grasses. By maintaining the land classification information which is available to us, we should, after the study is complete, be able to say all right if we restrict our beef production to specific classes of land then this is the potential beef production. I think the significant thing is and I don't think it is well understood—we can produce more beef than we are now producing on these forage lands if we will adopt land improvement schemes and we can also do it with a lower energy input. This will pose an additional important question which is, "Is that beef that is produced on forages going to have the quality desired by the consumer?" This is not an engineering consideration. We can provide the machinery, the computer programs and the mathematical language but it is up to the animal scientist to say whether the beef we produce on that land can have a quality acceptable to the consumer. If there is a large price differential between grain-fed beef and grass-fed beef, are you, the consumer, still going to eat grain fed-beef or are you going to eat grass-fed beef—it is up to you.

JOSEPH P. LUNA TRIBUTE

HON. HENRY HELSTOSKI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. HELSTOSKI. Mr. Speaker, last month I was privileged to participate in a tribute to a special man deserving of special recognition. It was my great pleasure to join many good friends, eminent community leaders, and distinguished elected officials on September 19 as a speaker at a function in Lodi, N.J., honoring this extraordinary man, Joseph P. Luna, on the occasion of his 70th birthday.

Joe has given most generously of his time and energies over the years to be of service to the people in the borough of Lodi and surrounding localities. He has compiled an impressive record of accomplishments and is an outstanding credit to his family and community.

Because Joseph P. Luna is so worthy of the acclaim which was bestowed upon him with such deep affection and appreciation, I wish to enter into the RECORD a copy of the program for this event which is enlightening as to why this salute was given to this exemplary public servant:

PROGRAM

Our National Anthem, Assemblage.

Welcome and Introduction of Toastmaster, John J. Lattanzio, Chairman.

Master of Ceremonies, Marinus C. Galanti, Dean, Fairleigh Dickinson University.

Invocation, Rev. Hector DiNardo, C.R.M., Pastor, St. Joseph's R.C. Church.

Toast, Guy Luna, Son of Honored Guest.

Remarks, John Bombace, Mayor of Lodi.

Remarks, Henry Helstoski, United States Congress, 9th District, New Jersey.

Address, John J. Breslin, Former Bergen County Prosecutor.

Address, Joseph F. Job, Sheriff of Bergen County.

PRESENTATIONS

Response, Joseph P. Luna.

Benediction, Rev. Hector DiNardo, C.R.M.

Dinner and Dance Music by Neglia's Orchestra.

TRIBUTE TO JOSEPH P. LUNA

Joseph P. Luna was born in New York City on September 19, 1905, the son of the late Anthony and Caroline Luna. The family moved to Lodi when he was only five years old. He was educated in the local schools of that municipality.

In the early 1920s he worked for Joseph Pacl, builder, as foreman. In 1928, he became owner of the Litwin Decorating Company in New York City. In 1939, he became Chief Clerk of County Board of Election and resigned in 1950. In 1950 became project manager of Joseph J. Brunetti Construction Co. In 1962 became credit manager and head salesman for Mazzo Oil Co. In 1963 was appointed tax collector and treasurer of the Borough of Lodi.

As a young man his ambition was to become a politician. He accomplished that dream. At age 24, he was appointed to the General Assessment Board in 1929. In 1930, he was elected to the Board of Education and served two three year terms. Became a councilman in 1936 and elected mayor in 1941 for five two-year terms the longest tenure in the borough's history. In fact, Luna was the only war and peace time mayor. In 1959, he was re-elected to the council.

Service, community and sports associations have taken much of his time. He served on the Board of Trustees of Felician College and Boys' Club of Lodi. Served as the first Grand Knight of St. Michael's Council and was chairman of the 1969 Cancer Crusade of the New Jersey Division.

A joiner, he belongs to the Lions Club of Garfield; Haworth Country Club, 19th Hole Club of Saddle River Country Club, Paramus; Democrat Mayors' Association of Bergen County where he won the first Mayor Award in 1966 and is a member of the Bergen County Cultural and Heritage Commission.

Married to the former Gertrude Onorato the couple resides at 56 Garibaldi Avenue. There are four children—Mrs. Howie (Carole) Stamato, Guy Luna, Mrs. Michael (Mary) Polisse and Charlotte, who attends Lodi High School at home. He has two brothers Michael and Charles and a sister Mrs. Jennie Ruvolo.

FRIENDS OF THE IRA

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. McDONALD of Georgia. Mr. Speaker, I would draw the attention of my colleagues to a most informative article in the New Republic of October 18, 1975. Entitled "Friends of the IRA," the article links the Marxist terrorist bombings and assassinations in North Ireland with supporters of both the "Official" and "Provisional" factions of the Irish Republican Army—IRA—in this country.

The editors of the New Republic draw our attention to the fact that Paul O'Dwyer, the chairman of the New York City Council—and, it will be recalled, an inveterate "joiner" of Marxist fronts—is fully aware that funds supposedly collected for relief work in Northern Ireland are in fact being used for the purchase of guns. The article states:

> Paul O'Dwyer * * * was somewhat franker about the assistance from the US. Asked on the same broadcast if any of the money raised in the US went to the Provisionals, he replied "Oh, yes, I would think so." To purchase guns? "I wouldn't have any doubt about that."

Martin Peretz has recently assumed the editorial direction of the New Republic. I am delighted that he and his new colleagues on the magazine have apparently finally understood the relationships between the Palestinian terrorists, the IRA, and other Moscow-supported movements which had so enamored certain members of the staff under the magazine's former direction.

Let us hope that Mr. Peretz will continue to bring the spotlight of public criticism on those in this country who support or excuse terrorist acts under the guise of "nationalism," or "liberation," and who by their actions undermine our own security. The article follows:

FRIENDS OF THE IRA

One afternoon early this September a bomb exploded in the lobby of the Hilton Hotel in London, killing two, injuring scores more. Almost 300 Americans were staying in the hotel at that time; it was only an accident that hundreds were not killed. The bomb was one of a series planted in the London area by the Provisional Irish Republican Army—whether on orders from the leadership of the Provisionals or a semi-independent unit is not clear.

It costs money to run a terrorist organization. The current bombing campaign, like so much else of the bad works of the Provisional IRA, may well have been financed out of the wallets of some Irish-Americans who, along with Col. Gaddafi of Libya and Gen. Amin of Uganda, belong to that dwindling number who believe that "British imperialism" is of any significance in the modern world. Insofar as Ireland is concerned, they are 50 years out of date. So are the members of the two branches—Official and Provisional—of the Irish Republican Army. Both branches continue to believe that the problem in Northern Ireland is the British presence. On the contrary, the real problem is the conflict between the bigots among the extreme Protestants and Catholics, particularly the IRA itself and Protestant paramilitary groups that are intent on preventing any peaceful solution to the conflict.

The current chain of bombings in London is only an echo of what is happening in Ulster, which is gripped by a horrifying vendetta culture motivated by a depth of hatred and a glory in killing that is incomprehensible to an outsider. The two sides, the IRA and the militant Protestants, wage war not only against each other but also against the entire population. The totals for Northern Ireland are staggering—more than 1300 deaths on all sides since 1969, and more than 13,000 injuries. The latest twist is an increase in "sectarian killing"—the arbitrary murder of innocent Catholics and Protestants—gasoline station attendants, motorists, pedestrians, pop singers—in alleged revenge for the equally arbitrary murder of other Catholics and Protestants. In addition, the Provisionals have engaged in a series of bombing campaigns within England, killing 52 and injuring 1000 since 1972. The current Provisional campaign in London is linked to a new "limited offensive" they have opened: one day alone, September 22, the Provisional IRA set off 20 bombs throughout Ulster.

The ascendancy of the terrorists, particularly the IRA, is to a significant degree made possible by large subsidies from Irish-Americans in the United States. The full extent of the assistance is unknown. But the files of the Foreign Agents' Registration Office in Washington, D.C., suggest that the aid must be very large. One of the major fundraising groups, NorAid (the Irish Northern Aid Committee) officially declared that it had remitted $823,000 to Ireland between 1971 and 1973. Between January 1974 and January 1975, it declared an additional $213,000. One of the two chief recipients of their money was Joe Cahill, known as the Provisional "quartermaster" until his arrest in 1973 by the Irish Navy while in the process of running guns into Ireland. It is said that much more of the money raised in the United States, far beyond what is officially reported, never leaves the country, but is spent on the purchase of guns and other weapons, which in turn are smuggled to gunmen in Ireland. At least 75 percent of IRA armaments are American-made. In the last eight months the Provisionalists apparently built up new stockpiles of weapons from the U.S., including gelignite explosives and armalite rifles.

NorAid raises its money from a variety of sources, social events in the Irish community, a few wealthy supporters, collection cans in bars bearing such labels as "Help Stop British Torture in Ireland." The money supposedly pays for "relief work" among the Catholics of Northern Ireland. In truth the money appears destined to support the activities of the Provisional IRA, the chief terrorist organization.

Some of the American fund-raisers have admitted at least part of this association. Brian McCusker, a NorAid official, was recently interviewed for a television documentary broadcast by the Thames Network in Britain. "I support the Provisional IRA. I support their policy, the Provisional IRA policy which is the ultimate liberation of Ireland, the 32-county concept under a federal Ireland," he said. "It is *the* only solution to the Irish problem." Did he support the Provisionals' use of violence, which seems to be the organization's only policy? "I support the use of violence to achieve that end, yes."

While McCusker blandly denied that any NorAid money went for arms, Paul O'Dwyer, New York City Council president, and a director of the Irish National Caucus, was somewhat franker about the assistance from the U.S. Asked on the same broadcast if any of the money raised in the U.S. went to the Provisionals, he replied, "Oh, yes, I would think so." To purchase guns? "I wouldn't have any doubt about that." O'Dwyer was also asked if he supported the Provisionals. "I don't condemn them. I consider the Provisionals as a logical outcome of oppression, and the Provisionals are no different from the American revolutionaries that we are going to *celebrate, 200 years ago.*"

It seems that many in the Irish-American community have bought this romantic and dangerous nonsense. The Provisionals are not freedom fighters; they are tough terrorists who have found their purpose and importance in fighting a battle against British domination—which is not the issue today in Northern Ireland. The Provisional and regular IRA do not enjoy any significant following in the government of the independent Republic of Ireland in the south; their candidates regularly win only a small percentage of the votes in any election. In the north, the majority of Catholic voters supports the nonviolent Social Democratic and Labour party.

Many Americans who contribute to the IRA would be surprised to learn that their funds are going to organizations dedicated to Marxist socialism. Of course, the IRA groups have gone out of their way to disguise this fact. Former IRA activist Maria Maguire, in her book. To Take Arms, recounts how IRA fundraisers, when sent to the United States, were told to drop all their references to socialism and all of their criticisms of the Roman Catholic Church. But, in fact, the official IRA maintains close links with Moscow-oriented Communist parties. It pays no attention to the genuine Soviet oppression of its minorities, and one of its journals actually sought to justify the Soviet invasion of Czechoslovakia in 1968. The Provisional IRA maintains active links with various Third World revolutionaries in Europe and the Middle East.

Most interesting is its friendship with Libya. "We support the revolutionaries of Ireland who oppose Britain and are motivated by nationalism and religion," Col. Gaddafi has declared over Libyan radio. "The Libyan Arab Republic has stood by the revolutionaries of Ireland . . . There are arms and there is support for the revolutionaries of Ireland." Soviet-made rocket launchers used in Northern Ireland apparently reached the Provisionals from the Middle East probably through Libya. Concrete proof came when the Irish Navy captured the Cypriot freighter *Claudia* in the process of attempting to smuggle $80,000 worth of arms into Ireland. Among those arrested was Joe Cahill, the designated co-recipient for NorAid's funds until 1973. The arms were Libyan. (The depth of Col. Gaddafi efforts to best "British imperialism" should be underestimated—of late he has also been flirting with some of the extreme Protestants).

The IRA has found a very powerful appeal for the Irish-Americans. It has called up the ghost of the Irish Revolution of 1916 and wins dollars and supporters by portraying itself as fighting British oppression. This is a fantasy. The British gain nothing by sending their troops to Northern Ireland. It costs Britain over one billion dollars a year in subsidy to keep apart the extremists and prevent civil war. The real oppression in Northern Ireland comes from the unholy alliance of extremists on both sides who terrify the inhabitants with fake visions of apocalypse and genuine violence.

Newspaper editorials in London declare more frequently these days that Britain cannot simply foresake Northern Ireland, wish a plague on all extremists and withdraw. It is an indication that public sentiment is leaning in this direction. However, such a walk-out would not be a liberation, but rather a disaster, not only for the 1.5 million people of Ulster, but also for those in the Republic of Ireland. A protracted war would follow, economic life would cease, and when the shooting was over, the Marxist commonwealth of the IRA would undoubtedly be no closer to realization than before. Conor Cruise O'Brien, a cabinet minister in the Republic of Ireland, earlier this year warned Americans who "think of themselves as friends of Ireland" that a British withdrawal would mean "a shattering civil war in Ireland, bringing different forms of disastrous consequences on all parts of the country and on all sections of the population."

A few extremists are beginning to recognizing the truth of this prediction. The latest British-sponsored effort to find a formula for power-sharing, a constitutional convention, has been stalemated by failure of the Catholic's Social Democratic and Labour party—the hardest group of all—and the Protestants' United Ulster Coalition to reach an agreement. In mid-September, however, William Craig, till now one of the hardest of the hard-line Protestants, suddenly endorsed power-sharing as an emergency measure. This was a dramatic turn-around for Craig. "It was because I recognized the sincerity of the SDL," he explained. It was also because he recognized that a failure of this convention might well bring much closer the day of British withdrawal, to be followed by all-out civil war. Other hard-line Protestant leaders like the Rev. Ian Paisley, however, still live in their dream world, ranting about the "Papists," digging themselves into their bunkers. Paisley, with help from the mercurial racist Enoch Powell, has succeeded in isolating Craig.

At the same time, the Provisional IRA does everything it can to undercut progress toward power-sharing. Their tool continues to be violence. In addition to their share of sectarian murder, they have opened their "limited offensive" in Ireland and in London to cut the ground out from the moderates and frustrate any move toward a settlement. IRA violence not only kills and maims, but also provides ammunition for those extreme Protestants who stand just as firmly and violently against power-sharing.

A somewhat clearer recognition of the Provisionals' true character caused some US congressional supporters of the Catholic minority in Ulster, including Sen. Edward Kennedy, to refrain from supporting the IRA. However many Americans still fail to understand that contributions to the IRA help none of the people of Northern Ireland, Catholic or Protestant, but rather provide the financial wherewithal for civil war. How much better if, the next time the collection box came around, the donors listened not to the myths but to the truth. Officials of the independent Republic of Ireland, which disowns the IRA completely, tried to get that message across. Money sent from America to the Provisionals, the foreign minister of the Irish Republic, Garret Fitzgerald, said, "helps to finance murder, sowing bitter seeds of dissension among Irishmen. It assists in the effort to subvert democracy in Ireland and may yet precipitate a holocaust of immeasurable proportions. . . . Hundreds of the deaths in Northern Ireland have resulted from the money collected in the United States being used for the purchase of guns by the Irish Republican Army. . . . Every dollar bill contributed to agencies such as the Irish Northern Aid Committee contributes to the killing of Irish people."

But the message does not get across. On another occasion, Fitzgerald pointed out that if an African country should be sending arms and money "to, say, the Black Panthers or an organization like that in America," many of the Irish-Americans who support the IRA "would resent this very bitterly." But, he said, "they do the same thing to us in Ireland."

CONGRESSIONAL BLACK CAUCUS

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. RANGEL. Mr. Speaker, the Congressional Black Caucus held its annual dinner weekend on September 26 and 27. Many persons from across the country participated in discussions of legislative issues facing the country in general and the black community in particular and contributed to the work of the caucus. Among the materials prepared for the daylong issue workshops held September 26 was a piece, "About the Congressional Black Caucus," which summarizes caucus activities during this session of Congress. I am inserting "About the Congressional Black Caucus, September 1975" in the CONGRESSIONAL RECORD in response to the interest shown by our colleagues and by many others across the country:

ABOUT THE CONGRESSIONAL BLACK CAUCUS, SEPTEMBER 1975

THE CONGRESSIONAL BLACK CAUCUS: A 9-MONTH OVERVIEW, 1ST SESSION, 94TH CONGRESS

Foreward

In the face of an American public anxious to remove the bad taste of Watergate and the trauma of a near-depression level economy, the 94th Congress appeared, at its onset, ready to assume more power and direction than it exercised during the Nixon years.

New Members of Congress, particularly Democrats, emerged as an organized and active force. They succeeded in toppling several powerful and conservative committee chairpersons. Victories on such issues as a more liberal tax stimulus (tax rebate) that proposed by the Administration; halting an attempt by the President to increase the cost of food stamps; the voting rights legislation recently passed by the House were all positive indicators that the 94th Congress might be more responsive to human needs and priorities.

It was also hoped that this Congress would utilize its new role in determining budget and economic policy to provide viable alternatives to vetoes in such vital areas of domestic concern as the Emergency Employment Appropriations and housing legislation, has resulted in considerable public skepticism about whether progresive political rhetoric is being translated into positive, forceful action.

Further, this Congress has, in part, accepted the Administration's position that the budget deficit and danger of continued inflation should guide and dictate spending priorities. Numerous economists, both within and outside the Administration, have refuted the 'deficit scare' argument. Yet, the new House Budget Committee passed a Budget Resolution setting spending targets that represent no viable alternative to Administration proposals. The American people are being told that fear of increasing the budget deficit tempers government initiative in meeting urgent human needs. It is the position of the Congressional Black Caucus, that jobs create a fiscally solvent nation, that the only buffer which poor and moderate income families have against inflation is a job.

With more than 25 million poor people in the nation today and some six million, out of a total of eight to ten million jobless workers, drawing unemployment compensation, public frustration and outrage has reached a critical peak. The people are requiring substantive answers, direction and action on their concerns.

Advocate and interests groups within the Congress such as the Democratic Caucus, the Democratic Study Group, the Republican Caucus are all vying for their share of legislative initiatives in addressing critical economic, domestic and foreign policy issues before the nation.

Black America has become increasingly aware of the role of elective politics in garnering support for their needs and priorities. Over 3,000 Black Elected Officials have been voted into political offices, and the Congressional Black Caucus in November, 1974, gained a new representative from Memphis, Tennessee. Translating these numbers into power is a difficult task—Black Elected Officials still represent a fractional percentage of all elected officials in the nation. The Congressional Black Caucus is the formal organization of seventeen black Members of the House—in a body of 435 Representatives the Caucus proportionally constitutes only 4 percent of the House Membership.

Since its inception, however, the Congressional Black Caucus has grown in stature and power. Caucus members constitute a political experienced and knowledgeable group. They have established viable relationships with other Members of Congress on issues and legislative mandates of mutual concern.

The Caucus, as a formal legislative advocate within the Congress for the interests of black citizens, has consistently identified issues that address problems facing the black community, the poor and the nation as a whole. The current economic crisis has greatly increased the number of citizens who bear the burden of unemployment and poverty, and who are now speaking out on issues and problems that the Caucus has repeatedly raised. Proponents of the status quo find it increasingly difficult to separate the interests of black and white workers and of black and white consumers. All are the victims of this government's and the private sector's unwillingness to meet human needs. As the number of victims grow, many of the Caucus' heretofore unresponsive colleagues in the Congress, have begun to recognize our issues and have joined in our efforts to pass progressive legislation.

In view of its new initiatives and strengthened ability to gain support, the Congressional Black Caucus has this year:

1. Developed a Legislative Agenda for the 94th Congress and action strategies to gain support for that Agenda.

2. Developed an effective operation, capable of creating various support mechanisms from black and other technical resource people who assist in advancing the Caucus' Legislative Agenda.

3. Developed an oversight mechanism, capable of monitoring and evaluating the impact of federal programs on black and poor communities.

4. Developed vigorous oversight and organizing strategies on full employment, affirmative action, military spending reductions, minority enterprise, voting rights and the U.S. policy toward Africa and other countries.

In addition to the legislative program, a process has been developed which allows full participation and leadership by all Caucus members, based on their congressional committee assignments and related issue assignments within the Caucus itself. The leadership role of the Caucus has been strengthened by the current broader distribution of its members on key House Committees (e.g. Ways and Means, Rules, Budget, Appropriations and International Relations). Several Caucus members have assumed significant House subcommittee chairmanships and leadership positions in key congressional groups (Democratic Caucus, Democratic Study Group).

The attached charts reflect the key organizational activities and focus of the Congressional Black Caucus during the first six months of the 94th Congress.

MAJOR ACTIVITIES AND FOCUS OF THE CONGRESSIONAL BLACK CAUCUS JANUARY TO MARCH 1975

January

New Executive Director and staff organized.

Office organized around new legislative direction.

Development of mailing list around new legislative goals.

Refinement of communication process between individual offices of members and CBC operation re: legislative agenda. Assignment of specific Caucus staff liasons to CBC.

Formal development of legislative priorities.

State of the Union Response in open letter to the President.

Analysis and critique of FY 1976 Budget, as proposed by the President.

Voting Rights Background Analysis.

Preliminary planning for Full Employment Initiatives.

Media workshop for staff of CBC and individual members.

February

Election of Caucus officers.

Publication of CBC Legislative Agenda—94th Congress.

Reception for Rep. Ford, new CBC member.

Preliminary planning for Caucus legislative support and technical resource network.

Caucus support and initiative in Rep. Dellums appointment to Select Committee on Intelligence (CIA-Oversight).

Development of Plans for 1975 Dinner Weekend.

Planning meetings for ad hoc hearing on Full Employment.

Letter to President Ford opposing nomination of former Governor John Bell Williams to the Federal Elections Commission.

March

Design CBC Newsletter FOR THE PEOPLE.

Legislative Agenda followup and development of system for tracking for key legislation.

Development of legislative support group around CBC agenda.

Completion of office organization.

Parliamentary procedures workshop held for Members' staffs.

Planning for May Ad Hoc Hearing on Full Employment & Economic Crisis.

Planning activity for Annual Dinner and Legislative workshop.

Development of process for Federal Agency Oversight issues.

April

Published first issue CBC NEWSLETTER FOR THE PEOPLE.

Legislative meeting on Voting Rights legislation and release of Caucus position.

Memorandum opposing Waxman-Scheuer Amendment to Health Service Bill (Affirmative Action).

CBC action alert and support network on voting rights activated.

Letter to the President and public interest organizations opposing Nathaniel Davis nomination as Assistant Secretary for African Affairs.

Meeting of the CBC Annual Dinner Planning Committee.

Meeting with President Kenneth Kaunda, Republic of Zambia.

CBC members participate in Joan Little Press Conference.

Beginning development of CBC Media Task Force.

May

CBC May 20th Ad Hoc Hearing on Full Employment.

Development of follow-up plans on the hearing and formation of a Legislative Task Force on Full Employment.

Meeting with Secretary, Department of Transportation.

Continued planning activity for Dinner and Legislative Workshop.

Distribution of analyses of unemployment rates by local labor force areas of congressional districts.

Distribution of analyses of 1974 congressional election results with respect to influence of black electorate.

Development of legislative workshop outline for CBC Dinner Weekend.

Development of Technical Resource Network.

CBC statement opposing nominations of William Knecht and Edith Green to Board of Directors Legal Services Corporation.

Position statement on Vietnamese Refugees.

June

Legislative alert on Voting Rights Act.

Follow-up on development of Resource Network.

Re-organization and expansion of CBC mailing lists on congressional district basis.

Continued follow-up and planning for legislative task force on Full Employment.

CBC response to Rep. Fortney Stark's (D-Calif.) request for Caucus membership as a non-black member.

Study mission by CBC members to Liberal/Senegal. CBC represented by members at Mozambique Independence celebration.

Development of CBC fact-sheet series on issues related to Legislative Agenda.

Letter to President Ford opposing Boorstin's nomination as Librarian of Congress.

July

Study Mission to Liberia and visit to Senegal completed (June 28th–July 3rd). Caucus members involved in the mission initiate a series of follow-up meetings with U.S. State Department Officials to review their findings and encourage more supportive U.S. policies toward Africa.

Continued initiatives around the Voting Rights Act to ensure passage of a strong bill by the U.S. Senate.

Support of the Labor-HEW Appropriations Bill, passed by the House but threatened with a Presidential veto. Cacus members successfully pushed through, in June, amendments to the Labor-HEW bill that would provide increased support for Community Services Administration (formerly OEO Programs).

Caucus members are successful in assisting the Mound Bayou Community Hospital (a black controlled hospital serving poor residents in a four-county area of the Mississippi Delta Region) secure HEW funds vital to its continuance.

Continued follow-up on full employment.

August

Caucus members involved in successful defeat of a bill to provide military aid to Turkey. A number of Caucus members expressed concern about Turkey's failure to limit the growth of poppy plants used in the production of addictive drugs illegally sold and used in the U.S.

Final preparation for the Caucus Fifth Annual Dinner Weekend. . . . particularly the legislative workshop.

Planning for Forum on Southern Africa and U.S. policy.

Meeting with Secretary of State Henry Kissinger re: U.S.-Africa Policy.

Participation in planning meetings for December, 1975 Conference of Black Elected Officials.

Congress in Recess—August.

September

Implementation of the Congressional Black Caucus Fifth Annual Dinner Weekend. This year's Dinner Weekend Theme is "From Changing Structures to Using Structures: 1876 to 1976". Dinner Weekend Activities Include: Friday, September 26, 1975—Legislative Workship, Cocktail Reception, Benefit Concert: Saturday, September 27, 1975—Benefit Fashion Show/Luncheon, Annual Dinner.

Participation in planning meetings for December, 1975 conference—Black Elected Officials.

Annual Dinner Weekend: September 26–27, 1975.

THE FLORIDA EXPERIENCE

HON. JOSEPH L. FISHER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. FISHER. Mr. Speaker, Resources for the Future—RFF—the nonprofit research organization with which I formerly was associated, has in recent years, like Congress itself, become increasingly interested in the problems of land use and growth management. Last spring, the Johns Hopkins University Press published for RFF a book that looks at these problems as they arise in Florida, which, besides being probably the fastest-growing major State in the Nation, must accommodate to some unusual environmental and resource constraints. This book, "The Florida Experience: Land and Water Policy in a Growth State," by Luther J. Carter, is important because, although the Florida situation is in some respects unique, the basic problems there are generic and of a kind common to land use and growth management in all States.

Two chapters from "The Florida Experience" have been reprinted in whole in a volume of "Readings on Land Use Policy" prepared by the Congressional Research Service of the Library of Congress for the Senate Committee on Interior and Insular Affairs. One chapter is about Federal, State, and local action to protect an area of "critical concern, in this case the Big Cypress Watershed that adjoins the Everglades. The other is about the problems—and, not least, the problems of intergovernmental relations—involved in finding a suitable site for a key regional facility: the long proposed south Florida jetport, which will not be built anytime soon but may be needed some day.

The July-August issue of "Florida Environmental and Urban Issues," published by the Joint Center for Environmental and Urban Problems of Florida Atlantic University and Florida International University, featured excerpts from the conclusions of "The Florida Experience." Because of their relevance to other States besides Florida, I ask that they be reprinted here, with the editor's preface.

The article follows:

THE FLORIDA EXPERIENCE

(By Luther J. Carter)

A long-time observer of Florida's environment, Luther Carter has examined the management and use of Florida's land and water resources from the beginning of statehood in 1845 up to the present in his recently published book, The Florida Experience. Because the bulk of the book was researched and written prior to late 1974, some of the specific recommendations he suggests in the book's final chapter "Finding the Way" reorganizing the state's environmental agencies, creating a "one-stop" permitting system, adopting a Local Government Comprehensive Planning Bill and formulating a statewide growth policy—have materialized in part during the 1974 and 1975 legislative sessions. The following excerpts from the book's last chapter primarily focus on Carter's own preferences for statewide policies for growth, land classification and environmental standards, some innovative ideas about revamping Florida's cabinet system and insights into the average citizen's role in drafting state and local environmental policies. His desire for opening up new channels for citizen input is a special concern, and he notes that, "If growth and development can be made to conform to the policies and decisions of responsible elected officials, the individual citizen and voter will surely benefit. In fact, the citizen may come to enjoy more meaningful political influence than ever before, especially if innovative methods are developed for him or his community representatives to take part in the planning process or even to vote on alternative futures for his city, county, or region."

A PROPOSED SOLUTION

Although recognizing the value of much of what the governor and legislature have already done toward establishing land and water management policies, I shall nevertheless set forth my own prescriptions. Finding the solution will, I am persuaded, require:

A state policy, with supporting standards and guidelines, establishing a program of comprehensive planning and zoning and a clear set of goals for conservation and development.

Reforms and innovations in the structure of government at the state and local levels to facilitate the adoption and observance of plans—and of budgets conforming to the plans—that properly reflect these aforementioned goals. Also, existing tax policies should be modified in keeping with the goals and structural changes that have been adopted.

Steps to give citizens a meaningful part in regional and state planning and to increase their influence through better information, more honesty in government (i.e. less conflict of interest), more participation in the shaping and review of alternatives, and better access to the courts.

The above points may be referred to as policy, structure and politics.

POLICY

The legislature should spell out clearly a policy for growth and land use in Florida. It should go beyond bland statements that merely call for an "orderly accommodation" of growth or for the best possible balance between conservation and development. The legislature might begin with three propositions. First, that Florida, as the only subtropical region of the continental United States, is in many ways unique in its natural and esthetic endowment. Second, that it is to the benefit of all Floridians to cultivate a strong sense of place and a sense of responsibility for keeping development in harmony with natural and esthetic values. Third, that while Florida (taken as a whole) has the land and other resources necessary to accommodate continued growth and development, much of the land in the state has only slight tolerance for development and some has none at all; further, that certain parts of Florida do indeed seem to be outgrowing their resources and present ability to accommodate more people. . . . The policy should have these four basic objectives:

To try to answer, under the rubric of a "growth policy" for Florida, these three questions: What are reasonable and legally defensible limitations on growth? What kind of growth should be encouraged? And where will growth be most desirable?

To establish a comprehensive set of "Florida Standards" that would extend the existing concept of environmental quality standards beyond the protection of air and water quality to the conservation of natural systems and the enhancement of living amenities. These standards would apply throughout Florida, wherever development is allowed.

To have all land in Florida placed into one or another of these four basic classifications: Preservation zones, where little or no development would be allowed; conservation zones, where development would be limited and confined to enclaves carefully designed for compatibility with natural ecological and hydrologic systems; agricultural zones, where development would again be limited and stringently regulated; and development zones, where most urban and suburban growth and development would occur. Land zoned for preservation would, with rare exceptions, remain in that classification permanently. Land zoned for conservation, agriculture, or development could be transferred from one classification to another, though never routinely or without a clear showing that transfers are in the public interest.

To plan the placement of those public facilities that are necessary to development—that is, the roads, interceptor sewers, power transmission lines, and water control works—in such a way as to reinforce growth policies and zoning. These will be the infrastructure plans.

FIRST POLICY: DIRECTING GROWTH

Once established, a growth policy for Florida would influence, often decisively, the outcome of a variety of specific land use decisions facing state and local officials. An appropriate policy would necessarily take into account such considerations as the "intolerance" of some areas for development; the relative importance of various kinds of economic activity to overall prosperity, plus their effect on environmental quality; the existing distribution of population and the imbalances such as found between the population of southeast Florida and that of the panhandle; and of course, the question of what Floridians want their state to be . . .

Regarding where growth and development might best occur, the coastal ridge areas of South Florida and that region's few sandy inland plateaus, together with the "highlands" of central Florida, north Florida, and the panhandle, can be regarded as development-tolerant-bearing in mind the caveat that in the citrus and lake country of the Central Highlands, protection of aquifer recharge, water quality, and scenic amenity will require strict limits on growth. Thus far, only one fully acceptable means for disposal of large volumes of sewage effluent has been found: the ocean outfall, with the effluent (after secondary treatment) being discharged well offshore and carried away by ocean currents. For this reason, large urban concentrations can be accommodated more easily along the coasts of peninsula Florida than in inland areas.

With respect to whether certain kinds of growth are desirable or not, some judgments are easily made. Florida is clearly not the place for polluting industries of any kind, and any company that wants to build an oil refinery, a chemical plant, or similar facility should bear the burden of proving that it will not pollute. Any permit for the construction of a plant that could conceivably give rise to a damaging pollution incident should perhaps be conditioned upon the posting of a high bond to indemnify the state in case such an incident does in fact occur. Had the phosphate companies been subject to such a requirement, the Peace River would probably not have been devastated four times during the past 14 years by the escape of clay slimes. The exigencies of a developing national fuel shortage will dictate some oil drilling off the Florida coast, but, again, any permits for drilling within the state's territorial limits should be conditioned on promise of substantial indemnity to the state in case of spills. . . .

Perhaps the most controversial question to arise with respect to growth policy will be that of striking an appropriate balance between tourism and the "retirement industry". Many Floridians intuitively believe that the state should encourage tourism but discourage the continued influx of retirees, especially into the Gold Coast region. This intuition, I would submit, is essentially well founded if an exception is made for the numerous thinly populated counties of north Florida and the panhandle where the establishment of retiree communities could be beneficial . . .

As for the question, "How much growth?", hard and fast growth ceilings for an entire local jurisdiction—such as the one adopted in 1972 by Boca Raton—may be unwise and legally indefensible. Usually it should be enough to observe a policy of allowing only such development as can be accommodated without loss of environmental quality.

SECOND POLICY: THE FLORIDA STANDARDS

The establishment of comprehensive environmental protection and amenity standards to apply to development throughout the state will be essential to effective land use control. Why? Because they can be made responsive to the following critical realities of land use policy and regulation:

Comprehensive planning and zoning tend to be long, drawn-out and rather abstract. Pending preparation of a comprehensive plan, standards can themselves help serve to prevent abuses of land and water resources. Also, after the plan has been adopted, standards should help ensure the protection and enhancement of environmental quality in those numerous areas where development is allowed and encouraged.

Development is, by virtue of the market economy, a dynamic and continuing process that occurs unevenly, in large and small increments . . . But, given the enforcement of appropriate standards, even the piecemeal development of an area can occur in a rational and desirable manner.

The local and state officials who make land use decisions are fallible men and women exercising wide powers of discretion. Standards will not only guide official decisions but could also give citizens acting as "private attorneys general"—a concept I shall come to later—better means of challenging in court any private or official actions that flout the public's interest in a high quality of life.

What precisely would the Florida Standards consist of? First, they would include existing standards of air and water quality. Those standards have always had major implications for land use . . . But the Florida Standards would be related to not just a few indices of environmental quality, but to many. They would, for instance, ensure public access to ocean and Gulf beaches and to all publicly owned lakes [and] also reinforce those provisions of existing law intended to protect coastal wetlands . . .

The standards would aim at making every new community, whatever the income level of its residents, a place of esthetic appeal—indeed, given Florida's lush subtropical climate, every community could literally become a garden through imaginative landscaping and planting. The preservation of natural features such as sloughs and cypressheads would be strongly encouraged if not made mandatory. Such abominations as strip development along urban highways would be forbidden. In the case of both new commercial and residential construction, the Florida Standards would encourage planned unit development . . . The [standards] would not remain static, but would evolve as new concepts and technologies open up possibilities for a better adjustment between man and his environment. For example [if solar heating and cooling proves economical], the Florida Standards could be amended to encourage, if not require, builders to equip new homes to tap this inexhaustible energy source . . .

THIRD POLICY: LAND CLASSIFICATION

The zoning [or land classification] that I have in mind would differ greatly from the conventional kind practiced in many Florida counties. In the past, private interests have generally been allowed the initiative in deciding what land in Florida is to be developed, even if recently many developers have had their plans frustrated by local officials who are feeling the heat from citizens demanding moratoriums on new construction. What is needed is a zoning policy that firmly guides the developer away from areas where development will not be in the public interest to other areas where it will be.

Lands to be placed in preservation zones would include, for example, underdeveloped flood plains and wetlands of high econologic, hydrologic, and esthetic value, these to include many of the "high marsh" areas along the coast (areas subject only to periodic tidal flooding and hence not presently protected as regular tidal or submerged lands) and some of the more important interior wetlands.

Conservation zones would be established for environmentally sensitive areas where limited development is to be allowed . . . PUD districts could be authorized by law and allowed to undertake such development, even in the face of problems of multiple property ownerships. Conservation and preservation zoning, together with the establishment of additional parks and preserves, should protect most of the important remaining natural ecosystems in Florida . .

The preservation of much of Florida's farmland should, in my view, be provided for through agricultural zoning, but such zoning should take into account the complex relationships between land committed to agriculture and land devoted to other purposes.

Development zoning would, at its broadest, cover all existing cities, and suburbs and land designated for new towns, industrial parks, transportation or utility rights of way, and more generally, land that local and state authorities have not placed in any other zoning category. In the main, this would be land that is easily developable (with little or no drainage or filling required) and not in intensive agricultural use.

FOURTH POLICY: INFRASTRUCTURE

The construction of facilities such as roads, airports, interceptor sewers and the like has, of course, generally followed development in Florida and has not preceded or accompanied it according to a deliberate plan. Yet one of the most powerful levers available to local and state officials for controlling land use lies in their authority to decide when and where essential public facilities will be built. The infrastructure plans and the zoning that will determine patterns of future growth and development should be prepared in close concert. The infrastructure plan would include at least three distinct functional plans: one for transportation, another for waste management, and the third for water management. Although each of these might continue to be prepared and executed separately, all should reflect objectives and priorities established for the overall regional plan.

STRUCTURE

If Florida's growth and development is to be guided in a positive and politically responsible manner, a comprehensive structure for planning and decision making must be established, with ultimate power residing in Tallahassee but with local government, and especially county government, playing the principal implementing role.

REFORM OF LOCAL GOVERNMENT

At the bottom of the structure, most urban counties perhaps should have the kind of two-tiered local government contemplated in the Metropolitan Dade County charter and now apparently approaching fruition under Dade's new political leadership. An alternative, however, would be a countywide consolidated government on the Jacksonville-Duval County model. In either case, I would propose that the county government be responsible for establishing an enforceable general land use master plan and at least minimum zoning regulations for the entire county. All decisions by independent municipalities or specialized agencies (such as water management districts) having a substantial impact on land use would be subject to review by the county governing body.

REFORM IN TALLAHASSEE

A top reform priority should be to abolish the cabinet system. Floridians have had an understandable attachment to this system, perhaps chiefly because of its relative openness and because many people prefer to entrust especially important issues to a group of independently elected officials than to any one official, even though that official might be the governor. These are indeed virtues not to be lightly given up, especially when they are associated with a body that has been a part of Florida tradition for nearly 90 years. For this reason, if for no other, there is an argument to be made for establishing a new body of elected officials to cope with the intensely political issues of growth policy and land and water management. This body might be called the Florida Conservation and Development Commission, or simply the Florida Commission. I would suggest that it be made up of the governor, who would be its chairman, and six other members to be independently elected at-large for four-year staggered terms.

The commission's duties would be:

To make up and approve the "Florida Plan", which would be the annual plan setting forth the broad planning and policy framework for the state's physical development. In preparing the plan, the commission would pull together into a coherent whole the policies and plans of the various departments of state government, such as those of the departments of transportation, community affairs pollution control, agriculture, and natural resources. It would also review and integrate the comprehensive land use master plans and infrastructure plans received from the 67 counties, resolving conflicts among those plans and making sure that each plan conforms to state policy.

Each year's Florida Plan would be tied closely with the state budget, and, like the budget itself, would be subject to the review and approval of the legislature.

To adopt and keep updated the Florida Standards within the general policies established by the legislature.

To assume the statutory duties of the cabinet with respect to matters such as bulkhead lines, dredge-and-fill permits, beach setback lines, areas of critical concern, developments of regional impact (DRIs), and the state water resources plan . . .

Ordinarily, the commission would decide questions by majority vote, the governor's vote counting the same as those of the other members. But the governor perhaps should be given the prerogative of vetoing any commission decision that fails to receive the support of at least five of the other six commission members. Each commission member would serve full-time, receive the same salary as a department head, and have a small personal staff. The present state Department of Administration, with its planning and budget divisions, would provide the staff support for the commission. The staff director would be appointed by the governor with the commission's concurrence.

The Florida Commission could be made up of appointive instead of elected officials, but such a body almost certainly would be too weak politically to decide effectively the many controversial issues on its agenda. The tendency would be for those developers and local officials who happened to be outraged by some decisions to go over its head to the governor and the legislature and try to get those decisions reversed. This has happened repeatedly in the case of the pollution control board, an appointive body. As an elective body, the Florida Commission would be in a far stronger position to defend its actions.

(Carter now questions whether the appointive policy-making body for the new Department of Environmental Regulation will be strong enough to carry out its responsibilities effectively.)

ROLE OF REGIONAL PLANNING COUNCILS

Regional planning councils comprised of local government representatives have not, in either Florida or other states, generally distinguished themselves by their influence on land management or the growth process. But this may be in part because such bodies have too seldom been put in a position where their reports and recommendations could prove a decisive influence. Under Florida's Environmental Land Management Act of 1972, however, regional planning councils now have the role of preparing impact analysis reports on DRIs . . . While the governor and legislature appear to have acted quite wisely in giving the regional planning councils an enhanced role and some state financial support, some improvements could be made. It might help if some planning council members could be appointed by the governor, especially in the case of councils serving regions where there is not yet much public concern about uncontrolled growth and its effect on the quality of life.

POLITICS

The political feasibility of any program for the regulation of growth and development will, quite obviously, depend on whether it is understood and supported by a majority of the citizens affected. Accordingly, there is a need for truly meaningful, not merely pro forma, citizen participation in land use planning at the county level.

CITIZEN PARTICIPATION IN PLANNING

The county plans will be of such importance that innovative methods to bring about public participation in their development will be needed. For each county, and for some large areas within a county, the basic question for planners and decision-makers will be: What is the best mix of developmental, agricultural, conservation and preservation zoning? . . .

County governments could point up these concerns by having citizens help formulate and review two or more alternative plans, with one plan perhaps emphasizing conservation goals, while another emphasizes development. The county board, in cooperation with the Florida Commission, could schedule planning conferences and invite all interested individuals and groups to offer statements and plans as to the best pattern of conservation and development for the area in question. Conferees would presumably include representatives of municipalities, state and federal agencies, conservation groups, chambers of commerce, associations of architects and builders, labor unions, farm groups, inner-city minorities, and so on. . . . The end product of the conferences would be a report broadly setting forth, for the area under consideration, an array of alternative plans or "futures".

TAX REFORM

The political acceptability of any effective program of land use planning and regulations may be compromised if some property owners are allowed large profits as a result of zoning and infrastructure decisions while others are denied the most profitable use of their land. Although this problem exists even under conventional land use regulations, the problem will be more acute under a system where zoning changes and variances are relatively few and where roads and other facilities are planned more to guide development than to respond to it. Perhaps the best way of coping with this problem is to enact laws allowing the state to levy a special capital gains tax on profits realized from the sale of unimproved land. The state of Vermont may have shown the way in this matter with its 1973 tax law designed to discourage short-term speculation. . . . An antiwindfall law of this kind should tend to cool the speculative fever that will inevitably continue in regard to those lands zoned for agriculture that are near urban areas where some rezoning for development may be inevitable. Like the special capital gains tax, a fair and rigorously administered property tax would also do much to eliminate inequities associated with land values created through zoning or infrastructure decisions.

PRIVATE ATTORNEYS GENERAL

All bureaucracies, at whatever level of government, seem eventually either to lapse into a comfortable, unflappable routine or to become otherwise unresponsive to legitimate demands made upon them by citizens. Evidence of such administrative paralysis can be seen in the leniency with which pollution control laws sometimes have been enforced in Florida and other states. Citizens concerned about proper enforcement of laws pertaining to growth policy and land and water management may ultimately have to go to court. They may well lack the means to do so, however, and under the rules which American courts generally follow, a successful plaintiff cannot recover his attorney's fees from the defendant. . . . The legislature could offer relief here by providing for recovery where the plaintiff either prevails on the merits or is found by the court to have otherwise performed a valuable public service. Already, there have been a number of federal court rulings providing for fee recovery on the theory that the plaintiffs have been acting in the role of private attorneys general.

A MAJOR TESTING GROUND

Because of the urgency of its problem of accelerated growth, Florida is clearly a major testing ground for the development of growth policy and a better process of land and water management. What are Florida's prospects of succeeding in bringing growth and development under effective and enlightened public regulation? The answer, which must be equivocal, involves a paradox. The continuing heavy influx of new people into Florida will, in one sense, make success less likely because it allows no respite. On the other hand, the very massiveness of the growth pressures keeps people aroused and determined to find a way to protect their quality of life. Further, there is the ironical fact that the very newcomers who add to the severity of the growth problem help make that problem politically more amenable to strong remedies. They generally are not beholden to local business or political interests, and their self-interest lies chiefly in preserving and enhancing the living amenities that attracted them to Florida . . .

It is frequently pointed out by these concerned Floridians that, with uncontrolled population growth contributing to pollution and other problems, Florida will become less attractive to tourists at the same time that more and more of them are discovering the attractions of competing resorts in the Bahamas and the West Indies. Furthermore, increasing numbers of Floridians are realizing that, while the state and local governments can do nothing about population growth trends nationally, they can reduce or at least direct and redistribute such growth in Florida by land use controls. This idea, I suspect, will prove to be an increasingly powerful one in public debate about the "growth problem". It could eventually become as appealing to the leaders of the thinly populated counties in north Florida and the panhandle who want more people, as it is to those leaders on the Gold Coast who think that the population growth in their area must be restrained.

FINAL PASSAGE OF H.R. 9924

HON. HELEN S. MEYNER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mrs. MEYNER. I regret that I was unable to be here yesterday for the vote on final passage of H.R. 9924, a bill to direct the National Commission on the Observance of International Women's Year, 1975, to organize and convene a National Women's Conference. I would like the record to show that if I had been present, I would have voted "aye."

I am a cosponsor of H.R. 9924 and I deeply regret the failure of the House of Representatives to pass this measure under suspension of the rules. Many of the arguments raised against the bill yesterday were specious.

The $10 million authorization for 56 State conferences, a national conference, and a report to Congress is in line with expenditures on similar conferences in recent years.

The national conference would not constitute a lobbying organization for the equal rights amendment. It would simply provide a forum for the discussion of the full range of women's issues and an opportunity to focus attention on the contribution of American women to the first 200 years of our Nation's history.

I sincerely hope that this measure will be granted a rule and reconsidered by the House. It deserves the support of every Member of this body who truly cares about the rights of women in America.

CONGRESSIONAL BLACK CAUCUS DINNER WEEKEND

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. FAUNTROY. Mr. Speaker, at the Congressional Black Caucus' recent dinner weekend, for which I had the privilege to serve as the planning committee chairman, participants were presented with material showing the House committees and subcommittees on which our members serve. I am inserting that listing in the CONGRESSIONAL RECORD for the information of our colleagues and of the public:

CONGRESSIONAL BLACK CAUCUS COMMITTEE AND SUBCOMMITTEE ASSIGNMENTS, 94TH CONGRESS, 1ST SESSION

(Hon. CHARLES RANGEL, Chairman)

NAME, HOUSE COMMITTEE, AND SUBCOMMITTEE ASSIGNMENTS

Hon. Yvonne Burke (Calif., Dist. 28) 336 Cannon HOB, 225-7085.

Appropriations: State, Justice, Commerce and Judiciary; HUD-Independent Agencies.

Hon. Shirley Chisholm (New York, Dist. 12) 123 Cannon HOB, 225-6231.

Education and Labor: Elementary, Secondary and Vocational Education; Select Education; Post-secondary Education.

Hon. William Clay (Mo., Dist. 1) 328 Cannon HOB, 225-2406.

Education and Labor: Labor-Management Relations; Labor Standards; Equal Opportunities.

Post Office and Civil Service: Chairman, Employee Political Rights and Intergovernmental programs; Postal Facilities, Mail and Labor Management.

Hon. Cardiss Collins (Ill., Dist. 7), 1123 Longworth HOB, 225-5006.

International Relations: International Resources, Food, and Energy; International Organizations.

Government Operations: Commerce, Consumer, and Monetary Affairs; Government Activities and Transportation.

Hon. John Conyers (Mich., Dist. 1), 2444 Rayburn HOB, 225-5126.

Government Operations: Manpower and Housing, Government Information and Individual Rights.

Judiciary: Chairman, Crime.

Hon. Ronald Dellums (Calif., Dist. 8), 1417 Longworth HOB, 225-2661.

Armed Services: Military Compensation, Military Personnel.

District of Columbia: Chairman, Education, Labor and Social Services; Fiscal Affairs.

Select Committee on Intelligence.

Hon. Charles C. Diggs, Jr. (Mich., Dist. 13), 2208 Rayburn HOB, 225-2261.

District of Columbia, Chairman: (All Subcommittees).

International Relations: Chairman, International Resources, Food, and Energy; International Operations.

Hon. Walter E. Fauntroy (D.C., Delegate), 326 Cannon HOB, 225-8050.

Banking, Currency and Housing: Housing and Community Development; Consumer Affairs; International Development Institutions and Finance; Financial Institutions Supervision, Regulation and Insurance.

District of Columbia: Fiscal Affairs; Chairman, Government Operations; Judiciary.

Hon. Harold E. Ford (Tenn., Dist. 8), 1609 Longworth HOB, 225-3265.

Banking, Currency and Housing: Domestic Monetary Policy; Housing and Community Development.

Veterans Affairs: Cemeteries and Burial Benefits; Education and Training.

Select Committee on Aging: Housing and Consumer Interests.

Hon. Augustus F. Hawkins (Calif., Dist. 29), 2350 Rayburn HOB, 225-2201.

Education and Labor: Chairman, Equal Opportunities; Post-secondary Education; Manpower, Compensation and Health and Safety.

House Administration: Chairman, Electrical and Mechanical Office Equipment; Accounts; Personnel and Police.

Hon. Barbara Jordan (Texas, Dist. 18), 1534 Longworth HOB, 225-3816.

Government Operations: Manpower and Housing; Intergovernmental Relations and Human Resources.

Judiciary: Monopolies and Commercial Law; Administrative Law and Governmental Relations.

Hon. Ralph H. Metcalfe (Ill., Dist. 1), 322 Cannon HOB, 225-4372.

Interstate and Foreign Commerce: Consumer Protection and Finance; Transportation and Commerce.

Merchant and Marine and Fisheries: Oceanography; Merchant Marine; Chairman, Panama Canal.

Hon. Parren Mitchell, (Md., Dist. 7) 414 Cannon. HOB, 225-4741.

Budget: Chairman, Task Force No. 5, Human Resources.

Banking, Currency and Housing: General Oversight and Renegotiation; Housing and Community Development.

Small Business (On Leave).

Hon. Robert N. C. Nix (Pa., Dist. 2) 2201 Rayburn HOB 225-4001.

International Relations: Chairman, International Economic Policy; International Resources, Food and Energy.

Post Office and Civil Service: Postal Facilities, Mail and Labor Management; Postal Service.

Hon. Charles B. Rangel (New York, Dist. 19) 107 Cannon HOB, 225-4365.

Ways and Means: Public Assistance Oversight.

Hon. Louis Stokes (Ohio, Dist. 21) 303 Cannon HOB, 225-7032.

Appropriations: Labor-Health, Education and Welfare, HUD-Independent Agencies; District of Columbia.

Budget.

Hon. Andrew Young (Ga., Dist. 5) 332 Cannon HOB, 225-3801.

Rules.

POSITIONS OF CONGRESSIONAL LEADERSHIP

Hon. Shirley Chisholm, Assistant Secretary of Democratic Caucus.

Hon. Cardiss Collins, At-Large Whip.

Hon. Barbara Jordan, Member, Democratic Caucus Steering and Policy Committee.

Hon. Ralph Metcalfe, Secretary, Democratic Study Group Executive Committee. Member, Democratic Caucus Steering and Policy Committee.

Hon. Andrew Young, Regional V.P. Democratic Study Group.

UNEMPLOYMENT HITS NEW ENGLAND HARDEST

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. HARRINGTON. Mr. Speaker, unemployment remains one of our most pressing economic problems, particularly in New England where projected unemployment rates through 1980 are grim indeed. An excellent, but sobering, article which appeared in the October 5 issue of the Boston Globe offers insight into the projected unemployment rates, and focuses particularly on the bleak New England figures.

While employment on the national level is expected to increase by 22 percent over the next 5 years, New England's projected employment increase is only about half that figure. The changing business world, the chronic energy crisis, industrial automation, and the resulting decline in manufacturing in the New England region are a good part of the reason why New England's job future is not as bright as the rest of the Nation.

In an effort to better acquaint my colleagues with the enormous economic problems besetting the New England region, I submit the following article by John Burke for publication in the CONGRESSIONAL RECORD. The text of the articles follows:

[From the Boston Globe, Oct. 5, 1975]

U.S. REPORT SAYS N.E. TO LAG FAR BEHIND REST OF NATION IN 1970-80 JOB GROWTH

(By John C. Burke)

A U.S. Labor Department report released today projects a relatively grim future for the job market in New England during the current decade in comparison to the rest of the nation.

Only a 12 percent gain in the number of employed persons in New England is expected during the period from 1970 to 1980, while the national increase is expected to average 22 percent.

In the period from 1960 to 1970 the number of employed persons in the nation went from 70,612,000 to 78,627,000—an increase of 11.32 percent. The U.S. Commerce Department reports for 1960 did not give a New England figure which would allow a regional gains' comparison.

The Labor Department report said, however, the total number of employed persons in New England is expected to rise to 5,381,000 by 1980, an increase of 568,000 over 1970.

Nationwide the Labor Department sees the number of jobs increasing to 95,800,000 by 1980.

The changing business world, the energy problems, automation, self-service, the decline in manufacturers in New England and the overall economy are seen as reasons why New England's job future is not as bright as the rest of the nation. What is more dejecting.

The job areas hardest hit by the decline are those occupations performed mainly by low-income persons.

The latest Labor Department statistics show that in September 85.4 million persons had jobs nationwide and the number of persons in a labor force of 93.2 million who were out of work was 7.8 million, or 8.3 percent.

In New England current unemployment rates are running ahead of the national average with Rhode Island as high as 16 percent and Massachusetts between 12 and 13 percent. The regional employment figure for August was 8.4 percent.

The Labor Department report released today does not give any statistical relationship between employed and unemployed persons nor does it have statistics which show the relationship between the increase in jobs and the area's increase in population.

In 1970 there were 203,325,298 persons in the United States and the New England population was 11,847,186. The number of persons unemployed in the nation was 3,756,000, or some 5 percent of the work force. In 1965, 3,366,000 out of 74,455,000 persons were unemployed. In 1955, 2,904,000 out of 68,899,000 persons, or 4.4 percent, were unemployed.

The report, released by Wendell D. MacDonald of the Bureau of Labor Statistics regional office in Boston, cautioned the statistics "should be viewed as providing guidelines of future trends rather than as a precise statement of New England manpower in 1980."

The most substantial gains in new jobs—85 percent or 480,000 out of the 568,000—are seen in the category of white collar workers while in the area of blue collar workers, little or no gains are expected in this decade. Some 2,928,000 white collar jobs are seen by 1980, compared to 1,724,000 blue collar positions.

In the white collar breakdown of current and anticipated job trends (the study runs from 1970 with projections to 1980), the labor department points out, however, that increase in the New England area of the number of white collar workers is expected to be only 20 percent between 1970 and 1980, which is about 10 percent below the national average in this work area.

The data released by the Labor Department does not give a state-by-state listing of just where the job opportunities are expected to occur, but it does give data on some of the specific occupations that the most job opportunities will be in.

Employment in the professional and technical occupational category is expected to increase 160,000 jobs by the time the decade ends and 18-percent of the region's workers are expected to be in this job classification compared to 16 percent nationwide.

The department said "projected employment would be even higher except for the anticipated slowdown in the need for teachers and engineers which, together, account for 25 percent of all professional workers. The rate of increase in teachers' jobs has been reduced by the slower increase in the number of pupils while engineering expansion has slackened with diminished emphasis on space exploration.

"Offsetting these lower growth rates is the increasing need for highly trained workers in solving the region's transportation, environmental and urban renewal problems."

The report says that "continued research in the region's research firms and laboratories, the solving of social problems, and the need to operate and maintain a growing number of computers will all require trained professional and technical workers. Such occupations invariably require a minimum of some college or technical training while a college degree, or higher, is required in most cases."

The Labor Department feels that in the

area of "managers and administrators" New England will have its largest gain in new jobs by 1980. Some 111,000 new openings, or an increase of 25 percent (national projection is 22 percent), are seen.

The study shows that of the nation's total work force, 10 percent are expected in this category by 1980. One source of additional positions is seen in wholesale and retail trade firms where approximately two-fifths of the managers are presently concentrated.

"Potential for further growth lies in the expansion of quick-service grocery stores, drive-in snack shops and restaurants, self-service laundries and dry cleaners,' the report adds.

In no area of the data released today, however, is any reference made to salaries paid various workers.

The report does warn "the number of self-employed proprietors is expected to continue downhill due to the changing structure of business size and organization that will be offsetting factors to gains in the area of management and administration."

Two other areas that declines are seen in are sales workers and clerical workers.

On sales workers the report states:

"The growth in sales workers, where 59,000 new regional openings are foreseen by 1980 is directly related to growth in retail trade. The expected 18 percent increase in New England, however, is well below the 30 percent increase projected for the United States. The slower rate of increase for employment in retail trade and the increased use of self-service, central checkout registers, and vending machines will have a limiting effect on growth in openings for New England sales persons. These trends will offset the need for salespeople in stores expanding into suburban areas and the lengthening of retail business hours."

Commenting on opportunities for clerical workers, the Labor Department says:

"By the end of 1980 the total number of clerical workers in New England should reach over one million and will make it the largest major occupational group in the region. Clerical workers have already become the largest major occupational group in the United States having bypassed operatives in 1971.

"In both the region and the nation clerical workers should account for 19 percent of total employment in 1980. As in most occupational groups the rate of growth in the latter half of the decade will be slower than that experienced over the previous five years. This is a direct consequence of the projected reduction in manufacturing employment and the slower pace of growth in the trade group—both of which are major sources for clerical jobs.

"Many clerical occupations will continue to be eliminated by the use of computers as they assume the routine and repetitive operations formerly done manually by payroll, accounting, inventory and billing clerks. On the other hand, the wider use of electronic data processing requires a greater number of operators and related workers to prepare material for the computer.

"Many clerical jobs will not be affected by the computer and these may be expected to expand at a steady rate. Secretaries, typists, stenographers, file clerks and jobs that require contact with the public such as receptionists, bank tellers and cashiers should display fairly strong growth."

In the analysis of the job opportunities for blue collar workers in New England during the current 10-year period, the Labor Department says there actually will be a decline in the percentage of the number of persons on blue collar jobs in relation to the total distribution of the region's labor market—36 percent to 33 percent. This also is a national trend.

"An anticipated decline in New England's manufacturing employment where a majority of blue collar workers are concentrated, is the primary reason for a stabilizing of jobs in this group," the report states.

Within the blue collar category a slight growth in the number of craft workers and supervisors is seen, but only 7 percent in the region compared to 21 percent nationwide. Carpenters, plumbers, painters, electricians, machinists, machine tool operators and mechanics are in this category. The report also says "the growth of contract construction will help boost openings in these classifications since one out of two craftworkers is engaged in construction activity. The construction openings may well offset the lack of growth in manufacturing where one out of five workers is a craft worker."

There is no mention of the current slump in some areas of construction, particularly housing, due to the economic climate.

A drop of some 23,000 positions, however, is expected among such jobs as assemblers, semi-skilled factory workers, sewing machine operators in the region's apparel centers and persons working in laundries.

The Labor Department again blames the industrial decline in New England for this reduction.

The energy shortage, meanwhile, is cited as the reason there may be an increase in the number of jobs in transportation because people will have to turn to public transportation from private cars. No substantial growth is anticipated among truck driver jobs, however.

Another area of expected growth across the nation is in persons engaged as "service workers," but again the New England forecasts are running below average. Only a 12 percent hike (70,000 jobs) is expected in the region compared to a 31 percent (3 million jobs) increase nationwide.

The report states that "occupations in the service category cover a wide range of individual occupations, but their one common attribute is catering to the rising incomes and the increasing leisure time of a growing population and businesses."

In breaking down this category the Labor Department said increases are expected among cooks, waiters, waitresses, nurses' aides, hairdressers, firefighters, policemen and guards, but a decline is seen in barbers and private household workers.

Another category reviewed was the farm industry. The report states:

"Farmers and farm workers are expected to continue their decline which began decades ago. The regional decrease of 29 percent is surpassed by the 36 percent anticipated at the national level. As a percentage of total occupations in the region the farmers and farm workers category will be under 1 percent in 1980 while at the national level the percentage declines from 4 percent in 1970 to 2 percent in 1980.

"This employment contraction has been made possible by the ever increasing productivity of the nation's farms. Improved farm machinery, fertilizer, seed and feeding methods have lessened the need for farm workers with no accompanying decrease in output. In fact, expanding production with fewer workers has characterized the nation's farms throughout this century. This trend is expected to continue."

PROGRESS AT BAY PINES VETERANS' ADMINISTRATION CENTER

HON. C. W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. YOUNG of Florida. Mr. Speaker, I recently had the privilege of participating in ground breaking ceremonies for a new medical clinic at the Bay Pines Veterans' Administration Center which is located in my district.

Bay Pines VA Center provides medical services to nearly 300,000 Florida veterans in a 12-county area. The addition of this clinic will add to the quality of the medical services those veterans already receive.

Mr. Speaker, the remarks by Odell W. Veterans' Administration Center which is erans Affairs, at the October 4 ground breaking ceremonies were particularly significant as a reminder of what America has chosen to provide those who served in her Armed Forces—in peace and in war. I wish to share Mr. Vaughn's remarks with you and with my other colleagues in the Congress.

The remarks of Mr. Vaughn follow:

GROUND BREAKING CEREMONY

This morning's ground-breaking ceremony is a doubly rewarding occasion for me.

First, it gives me the opportunity to meet again with many of the valued friends and associates whom I have been privileged to know and work with since my very enjoyable tours of duty as a member of the staff, assistant director and director of the Veterans Administration's St. Petersburg Regional Office.

Second, it permits me to share with you what I consider to be an eventful moment for us and for all who have accepted Abraham Lincoln's challenge ". . . to care for him who shall have borne the battle . . ."

For today we are doing far more than breaking ground for the construction of a $2 million clinic addition to our Bay Pines VA hospital. We are offering America's veterans, their families, and, indeed, all of our fellow-citizens yet further evidence of the continuing growth and progress of the Veterans Administration's hospital and medical care program.

It is difficult, of course, to see in the spadesful of earth that will be turned over in a few moments a growing and improving VA hospital and medical care program.

I can assure you, however, that this growth and improvement are happening.

But let's look at some facts.

It is a fact, for example, and not just the judgment of Dr. Jack Chase, Chief Medical Director of the Veterans Administration, or Odell Vaughn, that VA is in a stronger position today than it has ever been to provide the greatest number of veterans in history with ever-improving health care.

Your distinguished 6th District Congressman, C. W. Bill Young, and his colleagues in the House and Senate, have voted a record-high $18 billion appropriation for the Veterans Administration this year, Fiscal 1976. Included in this total is $4 billion, also an all-time high, for the VA hospital and medical care program.

With this funding:

1. We will provide a record 1.2 million veterans with quality health care in our 171 hospitals, 87 nursing homes (the most modern, innovative and attractive being the one here at Bay Pines), 18 domiciliaries, 18 spinal cord injury centers, and other VA installations, plus State, community and private health care facilities.

2. We will handle a record 15 million visits to our 213 outpatient clinics and fee basis doctors and dentists.

3. We will reach a medical care average employment of 173,000, an all-time high.

4. We will raise staffing in VA's hospitals to 167 employees for each 100 patients, another record.

5. We will assist in the training of more than 70,000 doctors, dentists, nurses, and

other health service personnel, an all-time high.

6. We will increase the authorized VA nursing bed level from 8,000 to 10,000, nearly five times the total just 10 years ago.

7. We will spend a record $99 million for medical and prosthetics research.

8. And we will allocate $357 million for the continued implementation of the Quality of Patient Care Survey recommendations growing out of the Presidentially-ordered study of VA hospitals and clinics.

Those are the highlights of the national VA hospital and medical care program this year.

Now let's look at the VA medical picture here in Bay Pines.

The two-story, 32,000 square-feet clinic that will be located adjacent to the hospital's medical and surgical buildings is scheduled for completion in January 1977. It will provide needed space for Dental and Nuclear Medicine Services, an Orthotic Laboratory, Eye Clinic, Ear, Nose and Throat Clinic, Laboratory Service and five Outpatient Examination Rooms.

Obviously, these new services and facilities will mean even higher quality care for the more than 290,000 Florida veterans in the 12-County area served by our Bay Pines VA Center.

This is the purpose, of course, of the Clinic addition. More important, it is the personal goal not only of Center Director James Haile and the 1,500 able and dedicated men and women who staff this Center but of Administrator of Veterans Affairs Richard L. Roudebush, Dr. Chase, and me, as well as all of our associates in the Department of Medicine and Surgery.

Until this Clinic addition is a reality, we must and we will make the most effective use of the considerable resources, human, financial and physical, that are available here at Bay Pines to handle the largest-in-history workload confronting the Center this year.

For example, upwards of 7,800 veterans, a record, will seek and receive quality inpatient care at this hospital during Fiscal 1976. There will be a record 120,000 visits to our Outpatient Clinic here for staff care, and another 170,000 fee-basis outpatient visits handled through our Bay Pines VA Center.

To support these and other on-going activities at this Center, including, of course, care for nearly 800 veterans in the Domiciliary and Nursing Home, VA will spend a record $39 million this year.

In summary, VA's mission of service to those who served will be carried out at our Bay Pines, Florida, Veterans Administration Center this year.

Adequate funding, facilities, equipment and supplies are essential, certainly, to the accomplishment of this mission, and will be provided.

But the most important determinant of the success of our Bay Pines VA Center's truly humanitarian mission will continue to be, as it has always been, people.

For it is people who alone can feel concern for human life, and who alone can fulfill man's commitment of all of his medical knowledge, skills, experience and resources to his fellow-man.

Every human being is a special person. But if there can be, and I think that there can, extra special people among all of these special persons, it is America's veterans, particularly the ill and disabled, whom we are privileged to serve.

Let us now proceed to the actual ground breaking for our Bay Pines VA Center Clinic addition and begin the task of better serving this Center's deserving patients and residents.

NATIONAL INSTITUTE FOR BLACK ELECTED OFFICIALS

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. RANGEL. Mr. Speaker, a significant event is scheduled to take place in our Nation's Capital on December 11–13 of this year. It is on that occasion that the third National Institute for Black Elected Officials will be held. It is expected that black elected officials some 3,000 strong, will concern ourselves with the development of viable strategies necessary to meet the needs of the black, poor and other minorities in this country. Mr. Eddie N. Williams, president of the Joint Center for Political Studies, signaled the importance of this meeting in remarks given during the recently concluded Congressional Black Caucus Legislative Workshop when he stated that "the development of a network which can impact on political structure and decisionmaking at all levels of government is what the December meeting is after." Mr. Williams has gone on to provide a more detailed accounting of the institute's business—past and future—in the September issue of Focus, the newsletter of the Joint Center for Political Studies. I would like to commend the article to my colleagues:

PERSPECTIVE

From time to time it is important to bring all black elected officials together, under one roof, to deal with issues and problems which are common to all of them, regardless of party, level of office, or geographic region. Such was the case in 1967 and again in 1969. Now these officials have once again issued a call for a national non-partisan conference to deal with the future of black political participation, paying particular attention to their own roles, problems, and opportunities.

This third national conference is scheduled for December 11–13 in Washington, D.C. It is expected to serve as a major forum for the discussion of urgent issues. More details will be forthcoming soon.

The conference is being called by seven organizations which represent the interests of more than 3,000 black elected officials: the Congressional Black Caucus, the National Black Caucus of Local Elected Officials, the Southern Conference of Black Mayors, the Black Judicial Council, the National Caucus of Black School Board Members, the National Black Legislative Clearinghouse, and the National Association of Black County officials. It will be coordinated by the Joint Center and co-sponsored by JCPS and the seven organizations of black elected officials.

There is precedent for this conference. Eight years ago, when the total number of BEOs was probably less than 400, a group led by Manhattan Borough President Percy Sutton and then-California State Senator Mervyn Dymally called for a national conference to exchange ideas and experiences and to get acquainted. That 1967 conference, the first in history, was held in Chicago and attracted more than a hundred participants. It reinforced the belief that in numbers there is strength and through shared experiences and objectives can come unity. It also led to the establishment of the National Clearinghouse for Black State Legislators, under the leadership of Illinois State Senator Richard Newhouse, and of a western regional organization of BEOs created by Senator Dymally and Nevada State Assemblyman Woodrow Wilson.

Later in 1967 the election of two black mayors of major cities—Richard Hatcher in Gary and Carl Stokes in Cleveland—signaled a turning point in black political participation. The 1968 elections produced more black officeholders as well as a Republican administration. These two factors led to a consensus of the need to assess the state of black politics and the resources required by black officials to make them effective and their communities viable.

Once again it was Sutton and Dyamily, in concert with Dr. Kenneth B. Clark, president of the Metropolitan Applied Research Center who took the initiative in convening a number of leadership meetings in 1968 and early 1969. These led to the second national conference of black elected officials in Washington, D.C. in September, 1969. Under the cochairmanship of Dymally and Sutton, both Democrats, Wilson and Louisville Alderwoman Louise Reynolds, both Republicans, this conference attracted over 400 participants from all parts of the country.

In addition to serving as a vehicle for the exchange of views among BEOs, the meeting included a series of workshops and panel discussions designed to acquaint these public officials with the policies and programs of the Nixon Administration. It also provided administration officials with an unusual opportunity to hear the views of and to exchange ideas with a group of elected public officials with whom they had little contact.

This second conference advanced the cause of black politics in two important ways: it led to the creation in 1970 of the Joint Center for Political Studies, and it initiated the annual publication of the National Roster of Black Elected Officials, a national census which has been published by JCPS in every year since 1971.

In the years since 1969, the number of BEOs has grown from 1,185 to 3,503. The number of mayors has increased from 48 in 1969 to 135 today. Blacks have been elected as lieutenant governors in two states, and their numbers and influence in state legislatures have increased dramatically. Equally important is the fact that blacks in general have become more active participants in the political life of this country and have been able to translate their involvement into successes at the polls and into growing influence on policy making bodies at all levels of government. Moreover, black elected officials are emerging in new roles, availing themselves of new opportunities and confronting new problems.

These developments in the political constitution of black Americans are among the subjects which the third national conference will address.

We think the nation will take notice of this meeting of black elected officials, because individually and collectively they represent a growing force, not only in civil rights areas, but in the body politic.

CHIANG KAI-SHEK: DEFENDER OF FREEDOM

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. McDONALD of Georgia. Mr. Speaker, at a time when our President

is preparing for a trip to Communist China, it appears to be entirely appropriate to recall the history of the recently deceased leader of Taiwan or Free China—Chiang Kai-Shek. In the view of many of us, Taiwan is a great and good friend and nothing our President does in Red China should compromise that special relationship with Free China. In this connection, I am including for the Record the speech given by General A. C. Wedemeyer at the National Cathedral in Washington on April 16, 1975, and commend it to the attention of my colleagues.

The article follows:

Chiang Kai-Shek, Defender of Freedom

On the last day of October, 1887, in the Province of Chekiang, a boy was born who was destined to become one of the great leaders of China and the modern world. We pay tribute to him today. Chiang Kai-shek's forebears had worked the land for centuries, perpetuating the rich heritage of the "Good Earth." When the boy was eight, his father died, and his mother assumed full responsibility for his upbringing. He often recalled his mother's admonition, "All that I pray for you is that you love your country and preserve the good name of your ancestors, who were men of repute." He credited his mother with inculcating a strong moral code, a sense of duty, and the ability to face hardships with stoicism. After studying in the village school, the youthful Chiang went to Fenghua for higher education. Later he went to Japan, and for four years led the Spartan life of a cadet in a Japanese military school. There he came in contact with students who, like himself, were interested in political and social as well as military affairs.

Japan also was the scene of Chiang's introduction to the progressive ideas then agitating his own country. He not only became acquainted with the well-known Chinese revolutionary, Chen Chi-mei, but, by an eventful turn of fate, met and favorably impressed Dr. Sun Yat-sen, Father of the Republic of China.

Dr. Sun Yat-sen's new order envisioned the application of three great principles—San Min Chu-I. The first principle referred to national unity. In order to overcome the forces that had kept China weak and divided, this principle would unify the masses in a spirit of common destiny. The second principle conveyed the importance of "the people's sovereignty" or democracy. It affirmed the ideal of universal participation of the people in the affairs of government. The third principle, "the people's livelihood," dealt with increased economic opportunity, an equitable distribution of land, and the development of industry.

The intuitive Dr. Sun, pointing a finger at Chiang, told Chen Chi-mei, "That young man will one day be the hero of our revolution." And so it came to pass, Dr. Sun and Chiang, dedicated to the three noble principles, San Min Chu-I, collaborated as joint architects and builders of the New China. Dr. Sun in the role of philosopher and theoretician, Chiang in the role of strategist and doer.

The aims of the movement, as laid down in the three principles, were ambitious ones and worthy of the great humanistic traditions of East and West alike. To achieve these aims, however, in the context of the time and place, and under the politically fragmented conditions prevailing half a century ago in China, was a task of superhuman dimensions.

It was under such conditions that Dr. Sun and Chiang Kai-shek launched their program to implement the three principles—San Min Chu-I. Until 1925 they worked effectively in eliminating or gaining the support of the majority of powerful and independent war lords Further, they boldly countered the sinister political influence of Russian Communists who had been accepted as purely military advisors.

After the untimely death of Dr. Sun in 1925, Chiang alone bore, with courage and dedication, the burdens of leadership. He instituted many constructive programs, always within the framework of Sun Yat-sen's three principles. Progress was notable—so much so that throughout the Far East the period 1927–1937 was often referred to as "the Golden Decade."

Tragically, all of these constructive steps were abruptly halted in 1937. The Japanese, determined to prevent the development of a strong, unified government in China, and aware of China's military weakness, created an incident that inexorably led to war. For four embattled years, Chiang and his people fought bravely. They were no match, however, for the modern, well-equipped, and numerically superior Japanese invaders, who advanced steadily. All the seaports and communications in the eastern third of the country were soon overrun by the enemy. China's future was bleak. Then in December, 1941, the Japanese attacked Pearl Harbor, an event which dramtically changed the entire array of forces in the Far East. The hard-pressed Chinese were no longer isolated in their struggle against aggression. The war had expanded to global dimensions.

President Roosevelt and Prime Minister Churchill enthusiastically accepted Generalissimo Chiang as a co-equal partner, and he was designated the Supreme Commander for the Allied Powers in the Far East. America and Britain began to send military supplies which, though limited in quantity, greatly heartened the Generalissimo and his people. Crisis after crisis occurred as Japanese aggression continued. None the less, the Chinese kept fighting—even when the Japanese, alarmed by early American successes in the Pacific, twice offered the Generalissimo very favorable terms of peace. If he had accepted those peace terms, more than a million veteran Japanese soldiers who were fighting in China could have been released for immediate employment against American forces under Admiral Nimitz and General MacArthur.

Chiang attended the Cairo Conference in 1943 as a member of the Allied Big Four. It should be emphasized that Stalin was not present. During the deliberations, Mr. Roosevelt and Mr. Churchill unequivocally recognized Chinese sovereignty over Manchuria, Taiwan and the Pescadores. After one of the sessions in Cairo, I heard President Roosevelt describe Chiang Kai-shek as a man of great courage and vision, with a remarkably keen understanding of the problems of today and tomorrow.

The next conference of Allied leaders occurred almost two years later at Yalta. Chiang was not invited—nor was China represented. Completely repudiating the Cairo understanding regarding China, the conferees at Yalta granted the Soviet Union 50% control of the Chinese Eastern Railway in Manchuria, and control of the Chinese territories of Port Arthur and Dairen. Chiang was subsequently informed and reluctantly accepted these decisions, bitter and humiliating as they were. His foreign policy had uniformly been based on cooperation with and reliance on the United States, China's traditional friend.

After eight long years of debilitating war, the Japanese were decisively defeated. Unfortunately, the victory celebration in China was short-lived. Chiang and his Nationalist forces were immediately confronted with another serious threat, the Chinese Communists. The Communists had not contributed to the defeat of Japan, but had used the long crisis to arm themselves, with the support of the Soviets, in preparation for the eventual seizure of power. Now in the hour of victory they struck. It soon became apparent to the Generalissimo that his government—which withstood for many years the savage attacks and exploitation at the hands of the Japanese—was no longer able to withstand the new onslaught. Weakened and demoralized, he and his loyal followers withdrew to the island stronghold of Taiwan and established a government in exile.

Today Taiwan exists as a showplace of freedom in the Far East. The same rehabilitation program which President Chiang had envisaged for mainland China at the close of World War II was promptly inaugurated on Taiwan. This program included land reform, compulsory education for all children, a modernized, well-trained army, and universal suffrage. Today the seventeen million people on Taiwan enjoy freedom, prosperity, and the unintimidated opportunity to exercise their God-given talents. Millions of Chinese have defected to Taiwan and elsewhere in the free world from mainland China, while millions more hopefully await their release from bondage and the opportunity to enjoy the freedom of San Min Chu-I.

May I briefly recount my personal experience with Generalissimo Chiang Kai-shek during nearly two years of almost daily association as his Chief of Staff and American Commander. During the closing years of World War II, and several months thereafter, China experienced many problems, both military and diplomatic. During these difficult times, my respect and esteem for President Chiang as a gentleman, as a patriot, and as a dedicated leader steadily grew. People really come to know each other when they strive together to turn the millstones and grind out the decisions where the lives, the destinies, and the treasure of a nation are involved.

I pay tribute to this great man, Chiang Kai-shek, with deep and abiding sympathy for his bereaved widow and loved ones, and for the Chinese people. They, and we, have lost a friend who symbolized the hope of millions of liberty-loving people throughout the world.

Chiang knew that human freedom was the foundation on which the modern state must be built, just as he knew that in the larger sphere of international relations, where there is freedom, there is little danger of war and a greater possibility of peace. He once wrote: "If when I die I am still a dictator, I will certainly go down into the oblivion of all dictators. If, on the other hand, I succeed in establishing a truly stable foundation for a democratic government, I will live forever in every home in China."

It was not given to him, during his life, to establish such a foundation on the mainland of Asia. Who can doubt, however, that he laid a cornerstone of freedom on Taiwan, a foundation upon which future generations can build with confidence?

DECLARATION OF CONSCIENCE—PART III

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. RICHMOND. Mr. Speaker, again I wish to call the attention of my colleagues to the plight of Kim Chi Ha, the noted Catholic poet who is standing trial in South Korea for having violated the

anti-Communist law. On October 9, 1975, I inserted on pages 32941–32943 of the RECORD the first two parts of his "Declaration of Conscience." In reiterating my concern over the future of Kim Chi Ha as well as the future of American policy toward South Korea, I wish to insert the final part of the "Declaration of Conscience," so that my colleagues will be re-reminded of the questionable democratic attitudes of the Park government.

The third part entitled "Revolutionary Religion" follows:

DECLARATION OF CONSCIENCE—PART III

3. REVOLUTIONARY RELIGION: THE WORLD OF "CHANG IL TAM"

The more I search for answers, the more contradictory ideas I find and the more confused I am. J.B. Metz confessed to the same experience. Yet the antagonistic diversity of these systems of thought makes me strive even more for faith in the one absolute being. I believe such faith is attainable.

Must revolution reject religion and religion be the foe of revolution? I think the answer is, "No." Perhaps by this reply alone I could not be a Marxist-Leninist. But the Marxist dictum that religion is the opiate of the masses is only a partial truth applicable to one aspect of religion.

When a people have been brutally misruled and exploited for a long time, they lose their passion for justice and their affection for their fellow men. Committed only to self-survival, they lapse into an individualistic materialism. Their near-crazed resentment and rage at social and economic conditions, diverted into frustration and self-hatred, is repeatedly dissipated in fragmented, anomic actions. Our prisons are full of lower class criminals, thrown there by a ruling elite that spits on the poor and flourishes on social injustice. The prisoners' roster of crimes is diverse: armed robbery, theft, murder, desertion from military service, kidnapping, etc. Yet their wretched tragedy has a common origin in frustration and isolation.

The chief priests and Pharisees defuse the people's bitter resentment and moral indignation with sentimental charity. The people are emasculated by mercy. The god of philanthropy serves the oppressor by turning the people into a mob of beggars. That is why I cannot admire Albert Schweitzer.

In similar situations of bondage and deprivation, prophetic religions of love arise in the wilderness and shake the emotions of the oppressed and mistreated people. The slumbering masses awaken like a thunderclap; their human and divine qualities suddenly shine forth. The mystery of resurrection—revolution. That resurrection fashions people in God's image, opens their eyes to their own nobility and turns their frustration and self-hatred into eschatological hope. This kind of resurrection changes a selfish, individualistic, escapist anomie into a fraternal, united, realistic commitment to the common good. It becomes a struggle for a humane life and dignity for all the people. This resurrection prevents the people's bitter resentment and moral indignation from evaporating in self-hatred and converts it into a fierce demand for God's universal justice. If necessary, the people's enormous energy may also be directed to decisive, organized explosion. This is a revolutionary religion. This miraculous conversion which conceived the mystery of revival may also bring a decisive spiritual revival. This conversion is the philosophy of *tan*, the determination to choose the circumstances of one's death, that my hero Chang II Tam sings about.

Since my college years when I suffered from tuberculosis, I have passionately wanted to understand both my personal situation and my country's. How could I overcome my terror of death and how could South Korea find its way out of the ubiquitous spiritual dehumanization and material poverty. I heard something then about the Tonghak teaching that "Man is Heaven." At first it was a pianissimo idea that made only a slight impression. Later I learned more about the Tonghak rebillion, and an image took shape in my mind. I could see that awesome band of starving peasants, their proud banners proclaiming "An end to violence, save the people," as they marched off to fight. Suddenly that Tonghak teaching became a fortissimo, as thunderous as the battle cries of those marching peasants.

I have been grappling with that image for ten years. At some point I gave it a name, "The unity of God and revolution." I also changed the phrase "Man is Heaven" into "Rice is Heaven" and used it in my poetry.

That vague idea of "the unity of God and revolution" stayed with me as I continued my long, arduous search for personal and political answers, and as I became very interested in contemporary Christian thought and activism. European social reformism, including Ernst Troeltsch, Frederic Ozanam, Carl Marx and others had been in absorbed into the grand edifice of Christian thought. Their ideas were now being reinterrogated, developed in new directions. I was intrigued by efforts to combine Marxist social reform and Christian beliefs as evinced in the 1972 Santago Declaration of Christian Socialism.

The synthesis draws from diverse sources. One example is the adaptation of the teachings of Marx and Jesus. Marx's contribution is his structural epistemology which maintains that social oppression blocks man's salvation. From Jesus's teachings we take his humanism, which advocates love for all people and the sanctity of man, his emphasis on rebirth as the means to salvation, the idea of the God of hope who brings salvation, equality, and liberation on earth, and the activities of Jesus of Nazareth during his life.

The synthesis tries to unify and integrate these concepts. In my view this is not a mechanical process, a rote grafting of bits of Marxism onto Christianity. The union produces something entirely new. (The new synthesis is not finished. Its gestalt cannot be defined; it is still amorphous. Therefore I must decline to use the existing terminology. The Korean people are suffering from the tragic reality of a divided peninsula. This division has become the excuse for brutal repression; everything is done in the name of "national security," the threat from the North. Under this praetorian system South Korean society has become rigid, intolerant, frightened; our intellectual life is as airless and barren as the valleys of the moon. The authorities, hyper-sensitive and always suspicious of new and possibly "dangerous thoughts," may attempt to label my ideas as a certain ideology, I reject this false labelling of an unfinished "product." I stand on my human right to be creative. Man's original ideas are not turned out on an assembly line.)

My image of the unity of God and revolution was clarified by Pope John XXIII's "Mother and Teachers:" "The mystery of Jesus and the loaves of bread is a temporal miracle which shows the future heaven." I also benefitted from the writings of the liberation theologians: Fredrick Herzok, James Cone, Richard Shaull, Paul Lehmann, Jürgen Moltmann, T. B. Metz, Tödt Hugo, Reinhold Niebuhr, Dietrich Bonhöffer, and others. The statements of the pope after Vatican II and encyclicals such as *Rerum Novarum* provided insights. The greatest single influence on my thinking, however, has been my participation since 1971 in the Korean Christian movement for human rights. This experience convinced me that the Korean tradition of resistance and revolution, with its unique vitality under the incredibly negative circumstances prevailing here, are precious materials for a new form of human liberation. This rich lode will be of special value to the Third World. Shaped and polished by the tools of liberation theology, our experience may inspire miraculous new forms of *Missio Dei* in the gritty struggle of the South Korean people.

My ballad "Chang Il Tam" attempts to express these ideas through the teachings and intellectual pilgrimage of one holy man who speaks in the form of gospels. However, the Park regime has seized my notes as proof of a "conspiracy to publish subversive materials."

Chang Il Tam is a thief, the son of prostitute and a *paekchŏng* (an outcaste strata which performs unclean tasks such as slaughtering animals, tanning, etc.) A failure in life, despondent, Chang suddenly attains enlightment and becomes a preacher of liberation. Chang emulates Im Kŏk Chŏng (Korea's legendary Robin Hood) in believing that the poor should "re-liberate" what the rich have stolen from them and divide it equally among the needy. He begins stealing from the rich and giving to the poor, is arrested and thrown into jail, whereupon he teaches the other prisoners about revolution. One day Chang is unfairly disciplined. Angrily throwing caution to the winds, he shouts "We must be liberated! Down with the hated bourgeoisie!" (My working notes cover only a portion of his proselyting in prison; these are his early radical ideas. The government claims they are identical with *my* ideas and therefore constitute irrefutable proof that I am a communist!)

Chang escapes from prison, is hunted by the police, and finally hides in a filthy back alley where some prostitutes are plying their trade. He calls to the prostitutes, "Oh, you are all my Mother!" He kisses their feet, and declares: "The soles of your feet are heaven," "God is in your putrid wombs," and "God's place is with the lowest of the low."

Chang later goes to live on Mt. Kyeryong and preaches about a paradise in the land of the Eastern Sea (Korea, Ed.). He teaches a systematic religious discipline in three stages: *Sich'ŏnju*, acceptance of God and service to Him; *Yangch'ŏnju*, cultivation of God in your heart and subordination of everything to God's will; and *Saengch'ŏnju* (Author's term; the meaning is unclear, Ed.). Chang preaches "community ownership of property," teaches about revolution, stresses the unity of prayer and action, and advocates "resistance against the tide." His major ideas include "the transformation of the lowest into heaven," that the traveller's path from this world to heaven is revolution, the need to purge the wild beasts that lurk within the hearts of men, symbolic of the *paekchŏng*'s occupation, and that this world is corrupt but in the next world they will visit the paradise in the Eastern Sea.

Chang Il Tam preaches to the workers and farmers. He builds an altar in the wilderness, starts a huge bonfire, and casts everything old into the flames. He teaches the people that although violence is unavoidable, "Tan" is desirable. Chang leads the multitude toward the evil palace in the capital, Seoul. The throng all carry beggar's cans. At this point Chang proclaims that paradise is "to share food with others" and that "food is heaven." They reach the capital where food is abundant and continue through the city on the eternal journey toward paradise where food is shared by all. (This journey implies an endless transmigratory discipline: to the destination and then a return to a place where there is no food.)

During the march to Seoul, Chang is defeated in a battle. The government offers a reward, and the traitor Judas turns Chang in. Chang remains silent, saying nothing in his own defense. He is convicted of violating the AntiCommunist Law, the National Security Law, and inciting rebellion. Chang is taken out to be executed and just before he is beheaded, breaks his silence and sings a song, "Food is heaven."

Food is heaven
You can't make it on your own
Food should be shared
Food is heaven.

We all see
The same stars in heaven
How natural that we
All share the same food.
Food is heaven
As we eat
God enters us
Food is heaven
Oh, food
Should be shared by all.

Chang is resurrected three days later. His severed head seeks out the traitor Judas, decapitates him, and places itself on his trunk. The traitor's body is joined with the saint's destiny. This weird union of holiness, goodness, and truth, accomplished through Judas' wicked intelligence, is both Chang's revenge and salvation for the sinner. It expresses the manifold paradoxes of Chang's thought.

My tentative denouement for the ballad is, "The song 'Food should be shared' has become a raging storm sweeping into every corner of South Korea."

That is the general outline of the ballad. I repeat that Chang Il Tam's world is in flux Religious ascetism and revolutionary action, the works of Jesus, the struggle of Ch'oe Che U (founder of the Tonghak) and Chong Pong Jun (commander of the Tonghak peasant army), a yearning for the communal life of early Christianity, and a deep affection for the long, valiant resistance of the Korean people are all part of Chang's kaleidoscopic world. So are Paulo Freire's *The Pedagogy of the Oppressed*, Franz Fanon's ideas on violence, the direct action of Blanquism, the Christian view of man as flawed by original sin, the Catholic doctrine of the omnipresence of God and the Buddhist concept of the transmigration of the soul, the populist redistributive egalitarianism of Im Kok Chong and Hong Kil Tong, and the Tonghak teachings of *Sich'onju* and *Yangch'onju*. Some of these movements and doctrines combine and coalesce; others clash in mighty confrontations.

I have no intention of trying to provide a consistent theoretical elucidation of "Chang Il Tam" while I am still writing it. That is impossible. When the work is finished, I may be able to do so.

4. DID I VIOLATE THE ANTI-COMMUNIST LAW?

The charge that I am a communist rests on three allegations. First, that my notebooks for "Chang II Tam" and other works contain statements favorable to North Korea. Second, that my statements about the so-called People's Revolutionary Party (PRP) "praise, encourage, and support" a subversive organization. Thirdly, that my possession of several books was beneficial to North Korea because they "praise, encourage, and support" subversive ideas.

National security laws have been misused in South Korea for many years. The constant, expedient; indiscriminate and conspiratorial application of the dreaded Article Four of the Anti-Communist Law has been the most malevolent restriction on the intellectual and spiritual growth of the republic. It has been used to deprive us of freedom of speech and to impose a suffocating culture of silence that has killed democracy and sustained a corrupt dictatorship. I oppose the misuse of Article Four with every ounce of strength in my body. It is repugnant to everything I believe in and stand for. I call on others to oppose the regime's attempt to gag me with this filthy rag of a law." We must have freedom of thought and expression. Individuality—conscience and creativity—must be protected.

I shall discuss the state's allegations one by one. I was threatened by the KCIA interrogators to admit that some of my notes for "Chang II Tam" were based on Mao Tse Tung's thought. As I stated above, the work draws on the seminal ideas, theories, and accomplishments of world civilization. Mao's *On Contradiction* is an important contribution to politics. But the KCIA were so proud of themselves! At last they had found a real "communist connection." They said I was a Maoist who joined the Catholic Church because I followed Mao's teaching on the transformation and unity of antagonisms. My notes included the words, "God and revolution, bread and freedom, the unity of earth and heaven," all phrases that correspond to the resolution of contradictions. To my astonishment, the KCIA even attributed my use of the word "resurrection" to Mao! They said the "resolution" of death into resurrection was the resolution of a contradiction! Even perverse sophistry has its limits, one would think. Perhaps under the circumstances I can be excused for not admiring the vivid imagination and creativity of the prosecutor.

The police of the Republic of Korea are not much for subtle distinctions. They regard materialism as identical with metaphysics. At the faintest whiff of dialectics, they stick the communist label on you. In South Korea, Lao Tzu, Confucius, Jesus, the Buddha, anybody and everybody concerned with fundamental truth or essential reality would be a communist.

I said above that it would be premature to categorize "Chang II Tam." But I *can* say that it is not socialist realism, a vehicle for Marxist ideas. The work is apocalyptical prophetic, full of allegory, mystery, and symbolism. I use supernatural occurrences and the fanciful events conjured up by the sensitivity and imagination of peasants and workers. I dab in a touch of the abstract with bizarre illusions. I use death, chaos, insecurity, terror, revolution, despair, melancholy, atrocities, executions and decadence to create the overall tone. I attempt to describe a ghastly, blood-soaked, transitional period by the use of furious language and violent incidents. My work bears no resemblance to the pallid tone, naturalistic descriptions, and realistic plots of conventional socialist writing. There are no romances between steel workers and their blast furnaces in "Chang Il Tam."

This is what I am working on. It is far from finished. Nevertheless, the government says it was written "to aid the Northern puppet regime." What can I say? There has been much publicity recently about the government's "Five Year Plan to Encourage Literature." But what they are doing to me is how they really "encourage" literature.

Let's look at the second allegation. I had notes for a play called "Maltuk" about a day laborer by that name who fights against the bourgeoisie. The police and KCIA insist that this is Marxist writing which calls for the overthrow of the bourgeoisie by workers and peasants. They are so eager to find communists that they react like Pavlov's dog to the word "bourgeoisie" and neurotically grab the Anti-Communist Law. Just because Marx called a flower a flower, am I supposed to call it something else? The world "bourgeoisie" is an internationally accepted historical term. If the mere use of the word, or the expression of contempt for something "bourgeois" proves a person is a communist, where does that leave France's George Bernanos who said, "I hate the bourgeoisie." One hardly need cite foreign examples. Don't we hear the word everyday as a half-humorous term for the rich? That is how I used it. To be more exact, my use of the word "bourgeoisie" has the limited meaning of the "corrupt ruling elite" who dominate South Korea. They are synonymous with the "Five Bandits."

"Maltuk" is based on the rebellious servant character in traditional mask dramas. The plot evolves from a popular protest against corruption and privilege. The protagonist is a laborer but he is not trying to start a revolution to impose a dictatorship of the proletariat. I am trying to portray a rebel from the lowest strata of society, far lower than organized industrial workers, in fact. My idea was to make my hero a "debased ch'onmin," a strata shunned by society as sub-human. He is a typical dehumanized South Korean, spiritually and physically robbed of his manhood. I want to describe his despair and the divine inspiration that rescues him. I will show the "reciprocal effect of action and prayer" which leads him to resist and regain his human dignity. I placed this interaction in Maltuk, a "rebellious, sweaty, dirty South Korean peasant" and stressed hope. I tried to describe a certain world of "community" which appears in the resultant eschatological illusion. This is also an illusory manifestation of an oppression-free society, the eternal theme of true art. The drama is sustained by an imagination rooted in Christian eschatology; it is not derived from any political ideology. The allegation that it "was written to aid the Northern puppets" could not be more preposterous.

I want to explain why I wrote "Five Bandits," "Groundless Rumors," "Chang Il Tam," "Maltuk," and other works. So they could be used by someone? No. Because *I* wanted to write them. I had no choice. They were deep inside me, stirring, swirling. I had to let them burst out. I wrote because I had to. That was the only reason.

Next, the "People's Revolutionary Party" matter. I wrote about the torture of Ha Chae Wan and I held a press conference to ask for the release of the "PRP" prisoners. The government terms these actions as "support for the propaganda activities of the Northern puppets" that "benefitted the People's Revolutionary Party, a subversive organization."

For the sake of argument, let's say that my statement about the torture of the "PRP" prisoners was identical with the North Korean "propaganda" on the case. The question really is, did I "support" their version or did they "support" my mine? They did not meet Ha Chae Wan. I met him and I heard his story directly from him. I just told the world what I heard. I did not say Ha Chae Wan was tortured on the basis of a North Korean broadcast. Does similarity of content mean "support?" If it does, thousands of ordinary citizens, intellectuals, religious leaders, students and politicians who demanded the "release of the democratic leaders" arrested in 1974 must be fellow travellers, since the North certainly must have advocated the same thing. Don't they all have to be charged under the Anti-Communist Law? Hasn't this nonsense gone too far?

Did I speak out to help the "People's Revolutionary Party, a subversive organization?" How could that possibly have been my reason? I knew certain facts which every person in this country needed to know. I made those horrible facts public in the interests of civil rights and democracy in South Korea. Consider my position. I had no connection with the "PRP" and I did not even know the prisoners. I was aware of course that the Park regime would retaliate against me. Why should I go so far just to help a subversive organization? Didn't I have anything better to do? The government as usual has a ready explanation. They say I called the PRP case a "fabrication" to conceal my own "Communist sympathies!" Unless my memory is wrong, even the Prime Minister is supposed to have said in the National Assembly, "Kim Chi Ha is not a Communist." The KCIA assertion that I was trying to hide my "procommunist sympathies" is absurdly illogical. Claiming the government had trumped up charges against the "PRP" men would obviously bring me under suspicion.

I know the "PRP" men were tortured. What is the KCIA anyway? We all know they have tortured students and opposition party National Assembly members. Recently the National Assembly floor leader of the ruling Democratic Republican party revealed that he also had been tortured by the KCIA. That is how they function; brutality and terror are their standard operating procedure. Anyone who thinks the "PRP" prisoners, who were being set up as communists for execution, were not tortured ought to have his head examined. I spoke only about facts I heard with my own ears and saw with my own eyes; facts I am absolutely certain of.

Was the "PRP" a subversive organization? Was there really a "PRP"? My suspicions have not been resolved by the Park regime's pronouncements. If the government wants me to accept its version and to convince the public that I was wrong, they should bring back to life the eight men executed on April 9. Or perhaps they can call the ghosts of Ha Chae Wan and Yi Byong Su to testify on the state's behalf. I want to challenge the legality of these "PRP" related charges.

Finally, we come to the most absurd items in the indictment, that some of the books in my storage shed were a threat to the state. The magazines "Hanyang" and "Chongmaek" I read in 1964. Mao's *On practice* and *On Contradiction* I read about 1969. I read these books and put them away years ago. How did these volumes gathering dust in my shed help North Korea?

I believe that all who oppose repression and dictatorship and defend freedom, justice and the rights of conscience still remain committed to the struggle against the corrupt Park regime. When I was released from prison on February 15, I reconfirmed my vow to resist this dictatorship as long as I live. I have explained in this statement the spurious charges against me. All those who know me will disregard any kind of slander against me at variance with this statement. Your understanding comforts me.

My prison notebooks contain ample proof that this statement is true. And more. Prison was not easy for me. But I gained precious experiences and inspiration through my fellowship with the other prisoners, supposedly the dregs of our society. The notebooks are not just about me; the truth about this period of our history is also there. I hope you can prevent their destruction.

Why have we been fighting against the Park regime? For human liberation. Too recover the manhood God gave us, to be free men. Nothing is more important. We must press ahead. We will not be stopped. We shall overcome.

The government constantly asserts that the threat from North Korea is so serious that civil rights are an impermissible luxury. But a corrupt, immoral dictatorship is the greatest spur to communism. What better argument do the communists have than the Park regime? Dictatorial rule will never make South Korea secure. A country is strong and viable only when its people are defending their freedom.

If we have no basic rights or representative government, what is there for us to defend? Our hopeless privation and disease, our endless despair and humiliation? Are we to risk our lives for these? In every neighborhood and village we must shout our opposition to this sterile dilemma.

We are not alone in this struggle. Men and women all over the world concerned with freedom will generously support our struggle. Our age demands truth and the passion to endure the suffering necessary to learn the truth.

We want to be free. To taste, feel and transmit to our children the freedom so long promised in South Korea. We must commit everything we are and hope to be to this noble cause. My prayers are with all of you in this courageous struggle.

KIM CHI HA.

MAY 1975.

CLARENCE MITCHELL ON UGANDA'S AMIN

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. FRASER. Mr. Speaker, there has been wide coverage in the press recently concerning official U.S. reaction to statements made at the United Nations by President Amin of Uganda. Americans were justifiably chagrined at the Ugandan President's call for the extinction of the State of Israel, his assertion that the United States is in the total grip of international Zionism, and his disparagement of the struggle of American blacks for equality.

Our Ambassador at the United Nations, Daniel Patrick Moynihan, reacted sharply to these statements by agreeing to a New York Times editorial characterizing President Amin as a "racist murderer." This led the U.N. representative of Dahomey to unleash an attack on Ambassador Moynihan and the U.S., speaking on behalf of some black African nations. In response to the Dahomey attack, Clarence Mitchell of the NAACP, who is also serving as a U.S. Delegate to the U.N. General Assembly, delivered a statement whose rhetoric and substance was of such high quality that I would like to commend it to all our colleagues. Mr. Mitchell, noting the deaths and disappearances of tens of thousands of Ugandans under the regime of President Amin, said, "I might say a man is just as dead if he is killed by a black person as he is if he is killed by a white person."

Mr. Mitchell carefully addressed his criticism to the portions of the Amin speech in which the President spoke as President of Uganda, and not as Chairman of the Organization of African Unity. In fact, Mr. Mitchell commended the moderating influence exerted by the OAU on the question of expelling Israel from the United Nations. Concerning President Amin's uncomplimentary references to American blacks and Jews, Mr. Mitchell expressed the feeling of the vast majority of Americans when he said: "We will raise our voices against an attack on any of our people; any assault on any segment of us is an attack on all of us. We are one people in the United States—this is an occasion for pride, and not for apologies."

I include the full text of Clarence Mitchell's remarks in the RECORD:

CLARENCE MITCHELL ON UGANDA'S AMIN

Mr. President, Distinguished Citizens of the World, you have the honor to be here representing your countries. I know that you have had a long day. I know that many will consider that an extended speech would necessarily be an imposition. Therefore, I advise you in advance that what I have to say is not long. I would hope to stay within the limitation of ten minutes which is what I understand to be our rule.

I want also to make it clear that what I say is not said so much in anger or rancor because I think we have had too much of that. What I am saying is with the hope that we can set the record straight so that the world as it looks at us will have both sides of the problem which prompts my appearance here.

I am replying on behalf of my government to the statements made this morning by the representative of Dahomey.

I was especially interested during that intervention to find that while Ambassador Moynihan was criticized for things he is quoted as saying outside this chamber, there was not a word of reply to the report of the International Commission of Jurists of June 1974 concerning the deaths and disappearances of tens of thousands of Ugandans in the course of the Amin regime. This report and the findings of the report are the reality of the controversy. I might say a man is just as dead if he is killed by a black person as he is if he is killed by a white person.

In our country we believe the right of freedom of speech is sacred. We wish always to protect that right of our own citizens. We also want to protect it for our visitors, whether they be heads of mighty states, whether they be representatives of newly born nations, or tourists or immigrants who come to our country. In that spirit we listen with respect and will continue to give respectful attention to the views of all who speak in this chamber, whether or not we agree with them.

I have been here myself since early in the month of September. I have walked these aisles. I have shaken hands with the men and women who have spoken, not always because I have agreed with them but because I believe they had the right to be heard and I wanted to assure them by a hand shake and a look into their faces that I was listening.

We accorded that kind of respect to the President of Uganda. On behalf of my country, I personally listened for the entire length of his presentation as Chairman of the OAU. I also listened to what began on page 9 of his printed text, which I have here with me. In item 39, he said this, and I quote, "I should now like to discuss a few points in my capacity as President of Uganda." What he said from that point on contains much that constitutes an affront to millions of citizens of the United States. In our country, and many of you who are here represent countries who were with us, we fought a long and costly war against one kind of racism. That racism had been inflicted on the world by a dictator who exterminated millions of humans because they were not members of what he called the Master Race. Perhaps if we had been less courteous with that dictator in the beginning, immense human suffering and loss would have been avoided.

Speaking as President of Uganda, and I emphasize, not as Chairman of OAU, President Amin said on page 13, item 50 of his printed text, which I have here, and I quote, "The United States has been colonized by the Zionists who hold the tools of development and power. They own virtually all of the banking institutions, the major manufacturing and processing industries, the major means of communication, and have so much infiltrated the CIA that they have proven a great threat to the nations and the people who may be opposed to the Zionist movement." He then said, "They have turned the CIA into a murder squad to eliminate any form of just resistance anywhere in the world." That is the end of the quotation.

Further on he called for the extermination of the State of Israel, and there is also a gratuitous suggestion to the Blacks of the United States that the conditions in which they suffer are of their own doing and that if they would just straighten themselves out, they would not have the kinds of troubles that they now suffer from.

It is interesting to note that in his remarks this morning the representative of Dahomey further compounded this insulting and ludicrous type of address with this question, and I quote: He said of our leader of the delegation from the United States, "Is Moynihan representing Zionism or the United States? If he is representing Zionism he should go to Israel as soon as possible." It is ironic that in his very next statement the representative of Dahomey appealed to Ambassador Moynihan to act "in a more responsible way." It is also ironic that the remarks of the representative of Dahomey are in sharp contrast to the fact that it was the OAU itself which at Kampala took the decision to look at the Israeli question in a moderate rather than an extremist way. Ambassador Moynihan in his San Francisco speech gave full credit to the OAU for this wise decision. And I say with all the sincerity that I can command I thank the OAU for whatever it has done constructively to bring moderation into this troublesome question.

The fact is that President Amin's words are the kind that have been used through the centuries to persecute minorities, particularly the Jews. Usually, such words are preceded by such utterances as "I like the Jews," or "Some of my best friends are Black." As we find at the beginning of item 52 on page 13 of President Amin's speech, this is also the technique that he used. But we in our country are not deceived by fair-sounding language that issued to mask rhetoric that sows the seeds of hate. We will raise our voices against an attack on any of our people, any assault on any segment of us is an attack on all of us. We are one people in the United States. When we are assailed with cruel and degrading words, we feel and we are free to express our indignation. That is what has to be done. It is my personal view that this is an occasion for pride, and not for apologies. We will raise our voices not only in the defense of the Jews but we will raise our voices in defense of the Arabs who are distinguished citizens in our land. We will raise our voices in the defense of persons of Asian ancestry and we will even raise our voices in the defense of those with whom we do not agree politically when they are attacked unfairly.

Mr. President, during the Seventh Special Session the United States offered a plan for partnership. Through hard work and negotiation that session was a success. And we thought, I still believe, my country still believes, that we were and are on the road to building a partnership in this world. This continues to be our real work.

We now have a choice: We can continue our arguments about President Amin or others who may say similar things, or we can turn, Mr. President and distinguished citizens of the world who are here, to the real problem at hand—improving the quality of life for all of the world's population, relieving children of the pangs of hunger, placing a roof over the heads of those who are in need of homes, assuring that talent is not wasted because we give to those who have the ability an opportunity to learn. And above all talking in a spirit of constructive reason so that we do not end up at each other's throats but rather as men and women of good will, talking about our differences. Surely we may not always agree but if we are always rational, if we are always fair, if we are always willing to listen and not as some may do and walk out in pique rather than even listen, if we do these things, I believe that we have a great opportunity in this period of human history to begin building a world which we have always dreamed we could have which would reflect as this great chamber reflects the hues of mankind, the political beliefs of mankind, and all of the things that have made this world a place where we have an opportunity to build something which may not be close to paradise but will be far better than anything we have done before.

NATIONAL LAWYERS GUILD PLANS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the National Lawyers Guild—NLG—a coalition of Old Left Communist Party, U.S.A.—CPUSA—members and supporters, Maoist Communists, Castroites and other New Left activists, held its National Executive Board—NEB—meeting at the Columbus, Ohio, campus of Ohio State University, August 15–18, 1975.

Among the significant developments at the meetings was resolving of a debate regarding the NLG's relationship with the Midnight Special, published under the NLG logo and distributed among revolutionary prison inmates and which promotes "armed struggle politics" in the prisons.

After discussion based on the NLG prison task force's position paper in support of the Midnight Special previously published in the NLG newspaper, Guild Notes, and wish was the subject to my comments in the Congressional Record on September 10th, the NEB passed the prison task force resolution making the Midnight Special "a publication of the National Prison Task Force of the Guild" which should be printed in the name of the NLG.

The resolution of the National Prison Task Force, which supported the Midnight Special's advocacy of armed struggle and which pointed out the NLG's previous de facto and actual support of armed struggle tactics such as at Wounded Knee, called for the creation of a permanent NLG Prison Committee to coordinate and direct the organization's work in the prisons. More control over the recruitment and activities of '"jailhouse lawyers" was established, and a system of local chapter contacts with these prisoners was approved.

The Prison Task Force specifically will not impose censorship on the Midnight Special although members of the task force will participate in writing, editing, publishing and distribution of the newsletter. States the resolution, "Since prisoners are the political base of the Midnight Special, it must have editorial integrity. The prison task force rejects the notion of complete editorial control of the Midnight Special by the NEB."

The NLG's National Executive Board also began discussions "on the issue of whether or not the Guild, as complainant, should file a lawsuit against the FBI and the United States for their surveillance of the organization, particularly at the Atlanta NEB—meeting—in March of 1974."

NLG President Doron Weinberg, who headed the U.S. delegation to the World Peace Council's Puerto Rican Solidarity Conference in Havana in September, leads an NLG NEC subcommittee investigating fundraising, control of the legal and political direction and the scope of such a lawsuit against the FBI.

It would seem to be litigational arrogance for the National Lawyers Guild to object to surveillance of its activities—if indeed, any official notice is being taken. The public record of the NLG is that it was founded by the Communist Party, U.S.A. as a front for lawyers; that it has been and remains a member of the International Association of Democratic Lawyers, a cited international, Soviet-controlled Communist front; that it remains active in other international, Soviet-dominated Communist front activities, for example, the March and September Havana conferences on Puerto Rico under World Peace Council auspices; that its officers have held and continue to hold memberships in various revolutionary parties and organizations which plan and organize for the use of force and violence to overthrow our constitutional form of government whenever what Marxists term the "objective conditions" for revolution are appropriate; and that the organization, as a whole, is working toward creating optimum conditions for an armed rising against the state.

The fact that this is documented many times over in the National Lawyers Guild's own publications—newspapers, newsletters, pamphlets, position papers, circulars, leaflets, et cetera—indicates rather, that if the NLG and its members were not under law enforcement observation for both domestic and international activities, these agencies would be subject to nonfeasance charges at the very least.

The NLG's national executive board also authorized the creation of a national legislative task force to be located in the Washington, D.C., chapter offices, 930 F Street NW., room 300, Washington, D.C. 20004. Among the task force's duties will be the preparation of an attack on S. 1, the criminal code revision, which has been most strenuously opposed by the Communist Party, U.S.A. and its front, the National Committee Against Repressive Legislation.

The task force will prepare an "exposure" of S. 1's "repressive sections which affect the Guild and the left." The legislative task force will also work with the NLG's Police Crimes Task Force in "a project of attack" against the Law Enforcement Assistance Administration—LEAA—which the NLG characterizes as "the financier of police repression." By "police repression," the National Lawyers Guild means such as the Los Angeles special weapons unit involved in the shootout with Symbionese Liberation Army terrorists.

A National Legislative Task Force apparatchik, writing for the NLG newspaper, Guild Notes, also noted that "We will read the CONGRESSIONAL RECORD regularly and will be happy to clip it and send pertinent entries to any national committee, task force or project that would like any information."

The National Lawyers Guild's Finance Committee continues to be active in fundraising projects among the left-wing foundations. In 1974, the NLG received $50,000 from the Stern Fund of New York through the Capp Street Foundation—the NLG's San Francisco offices are on Capp Street.

The grant was reportedly made "to strengthen ongoing projects of the Foundation and the National Lawyers Guild dedicated to the extension of political, social and economic democracy in the United States." The latter is the current Marxist euphemism for "dictatorship of the proletariat."

The NLG National Finance Committee reported that applications for funds in 1976 would be made to the Stern Fund again and to the New York Foundation which like the Stern Fund has already provided money for the NLG-related Center for Constitutional Rights which was the subject of a report in the CONGRESSIONAL RECORD on September 10, 1975.

Additional funding for National Lawyers Guild projects has come indirectly from other major foundations through the Law Students Civil Rights Research Council—LSCRRC—which finances summer interns for many NLG projects. LSCRRC, on whose board sit a number of NLG and American Civil Liberties Union activists, recently received a 3-year, $450,000 grant from the liberal Carnegie Corp. which has funded LSCRRC generously for some 6 years.

Among the plethora of resolutions which ranged from homosexual rights through condemnation of the anti-Marxist government of Chile, was one from the NLG's Boston antiracism summer project calling on the NLG to file a U.S.C. section 1985 suit against the organization called ROAR—Restore Our Alienated Rights—which opposes forced busing of school children.

The NLG directed its National Executive Committee "to discuss national Guild financial, legal, educational and organizational support of a section 1985 suit against ROAR. Concrete support must be given to this suit whose goal is both to isolate and neutralize the leadership of ROAR."

The activities of the National Lawyers Guild would be a worthy subject for investigation by the Judiciary Committee which has jurisdiction over internal security matters, but which has assigned neither staff nor funds to that responsibility. If the distinguished Chairman of that Committee would care to schedule investigatory hearings. I would be happy to provide NLG documents for it.

EMERGENCY RAIL TRANSPORTATION IMPROVEMENT AND EMPLOYMENT ACT

HON. HENRY J. NOWAK

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. NOWAK. Mr. Speaker, I would like to support H.R. 8672, the Emergency Rail Transportation Improvement Act of 1975. This bill has a two-pronged goal: To improve our Nation's rail roadbeds and to help reduce unemployment.

Mr. Speaker, the rail roadbeds in our country are in disgraceful condition. Going east or west from Buffalo, trains are limited in many stretches to speeds under 20 miles per hour. In this country, derailments have doubled over the past 10 years, as decades of neglect have taken their toll. There have even been reports of trains falling over while stopped, because of the disgraceful state of the roadbeds.

The cost of fixing these roadbeds has been estimated at $20 billion. Four billion dollars could be expended during the next 8 to 10 years to put the tracks of the Penn Central system alone in first-class condition. With an energy shortage, this, our most efficient means of transportation, needs this influx of money to help remedy this deplorable condition. We have spent hundreds of billions for roads for our cars and trucks in this country since World War II but nothing for our rail roadbeds. This program is a step in the right direction to meet America's transportation needs.

This bill authorizes the amount of $240 million over the next year to be spent for wages and not for material or administrative expenses. Even the bankrupt railroads have stockpiles of ties and rails. The need is for a fund to pay the direct labor costs of this rehabilitation work. The Secretary of Transportation is required to award grants to areas of substantial unemployment, as defined by the Labor Department, and where the rail roadbeds are the greatest threat to safety.

There have been many proposals to create public service jobs during this current economic downturn. Few projects would produce better long-term benefits to industry and consumers than the improvement of the Nation's railbeds. This quick-starting project would immediately ease unemployment by worthwhile capital improvements to a necessary national resource which has been allowed to deteriorate.

In testimony before the committee, it was estimated that this program will produce 16,000 man-years of employment. Mr. Speaker, I believe the need for this bill is clear and I urge its passage.

SEEKING CHINA'S HELP FOR MIA's

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. GILMAN. Mr. Speaker, I rise today to submit a resolution expressing the sense of the House that the President take the occasion of his forthcoming visit to Peking to request Chinese officials to use their good offices to obtain a full and complete accounting of those Americans who are still listed as missing in Southeast Asia, and upon his return, report back to Congress the results of his request.

After long, painstaking negotiations, on January 23, 1973, the Paris peace agreement was signed by the United States, by North and South Vietnam, and by the Vietcong. Our Nation properly assumed that once signed, honorable men would abide by that agreement. Regrettably, this has not been the case, since there are still over 1,000 Americans missing and unaccounted for in Southeast Asia.

Without the cooperation of Hanoi, obtaining a final accounting of the fate of these Americans will be extremely difficult. Our leverage and bargaining position has eroded in that part of the world.

Accordingly, the President's forthcoming trip to China presents us with a unique opportunity to exert whatever influence we do have with the Chinese by seeking the cooperation of their good offices in the resolution of this lingering question.

This proposal, seeking to inject the resolution of the MIA issue into our negotiations, gives the President a substantive issue to discuss with his hosts.

Our tragic involvement in Southeast Asia must not be put behind us until we have done all that is within our power to exhaustively determine the fate of our missing Americans.

The full text of the resolution is as follows:

H. RES. 815

Resolution to express the sense of the House of Representatives that the President should, upon visiting the People's Republic of China, request that appropriate Chinese officials use their good offices to obtain a full and complete accounting of members of the United States Armed Forces missing in action and confined as prisoners of war in Southeast Asia and of all American civilian personnel who are listed as missing in Southeast Asia and should, upon his return to the United States, report back to the Congress on the results of his request

Resolved, That is it the sense of the House of Representatives that the President should, upon visiting the People's Republic of China, request that appropriate Chinese officials use their good offices to obtain a full and complete accounting of members of the United States Armed Forces missing in action and confined as prisoners of war in Southeast Asia and of all American civilian personnel who are listed as missing in Southeast Asia and should, upon his return to the United States, report back to the Congress on the results of his request.

CONGRESSIONAL RECORD ABUSES

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. HUBBARD. Mr. Speaker, I want to share with my colleagues and with others an editorial which appeared in the Sunday, October 12, 1975 edition of the Louisville Courier-Journal and Times. This editorial forcefully expresses my own views regarding widespread abuses of the CONGRESSIONAL RECORD and, I would hope, the views of several of my House colleagues.

The editorial is as follows:

WHY ISN'T IT CALLED "THE CONGRESSIONAL CATCHALL"?

Although the *Congressional Record* is supposed to be an accurate journal of each day's activities and speeches within Congress, it is, instead, a clutter of inanities, sophistries and distortions. What makes the situation worse is that the taxpayers pay $286 per page for this congressional vanity press.

There is a genuine need for a daily printed record of what transpires in Congress, but the *Congressional Record* simply does not fulfill that need. This is because some members of Congress, over the years, have allowed the *Record* to become a catchall organ in which they put recipes, jokes, reprints of various articles and flowery tributes.

If the extraneous material was confined to the "Extension of Remarks" section at the rear of each publication, the *Congressional Record* might at least keep fact from fancy. Unfortunately, even the record of those actual speeches from the floor of the House and the Senate is distorted.

Members of Congress are allowed rights to "revise and extend" their comments made on the floor. Thus it is not uncommon for a congressman to "clean up" his language and his speech by striking out sentences or words he wishes he had not said. This sort of censorship distorts the truth about what really happens in Congress.

Even worse is the congressional penchant for allowing non-speeches to be inserted into the body of transcripts of actual floor sessions. Since there is no difference in the print of the real speeches and the fake speeches, the reader is totally misled.

A celebrated case in point was the *Congressional Record* of Oct. 18, 1972, which had Hale Boggs, Louisiana Democrat, making a speech in the House that day, praising "significant legislation enacted during this session." Mr. Boggs actually was dead on October 18; his airplane had crashed in Alaska two days before. He had simply left his speech behind, and it was mindlessly printed in the *Congressional Record*.

The respected *Congressional Quarterly*, a non-government journal based in Washington, had an apt account of the *Record*. It said, "It records not only what was said in Congress but also what members want people to believe they would have said had they been there. It's hard to tell one from the other."

The misuse of the *Congressional Record* threatens the interpretation of the intent of Congress in passing many bills. Quite often the courts and federal executive agencies must read the *Record* to determine "the intent of Congress" on various new laws. Since the *Record* is so frequently misused, interpretation can be distorted.

There have been numerous attempts over the years to reform the use of the *Congressional Record*. One reform came last year after some pranksters dropped bogus "speeches" into a box used for collection of material for the *Congressional Record*. Those embarrassing bogus speeches were printed, and angry congressmen then cracked down and tightened procedures for submitting material for the *Record*.

It is not enough to tighten submission procedures. Congress must wean itself from the extraneous material it lards the *Record* with. It should never permit non-speeches to be included with actual speeches made on the floor.

In short, Congress should allow the *Congressional Record* to be a true and useful record of just exactly what happened and what was said in the Capitol. Those congressmen who crave outlets for their fiction writing should be steered to vanity presses that are not provided by the taxpayers.

FAMILY UNITY MONTH

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. MILLER of California. Mr. Speaker, the people of the Seventh Congressional District of California, which I am privileged to represent, have formally proclaimed the month of November to be "Family Unity Month." The Contra Costa County Board of Supervisors, mayors, law enforcement agencies, and civic and religious groups have all banned together in this endeavor so that the importance of united families will not be forgotten.

I am pleased to have this opportunity to reflect briefly on what I consider to be a most positive influence on our society: the family. We have all heard claims by social critics that the family has become irrelevant—an outmoded unit. I think the contrary is true.

First, I think there is no better alternative in the caring for children than the establishment of a secure relationship between child and parent or guardian. The greatest of sacrifices is required to provide such security: All parents must strive constantly to provide a lasting commitment to their children. They must have a capability to love deeply. These commitments should be the same as are required for a successful marriage—a permanent relationship.

Second, it may be true that the "conventional" family unit may not be as prevalent these days as it used to be. But that is not important. What is important is that, regardless of the structure, the unified, loving family still represents a lifestyle of working for the common good.

The Watergate years, the Vietnam war, and other tragic events in recent history set forth deep divisions in our country. And yet we recover, gradually sometimes, but we are strong enough to do so. I think the will and the strength of our Nation—the working-for-common-good attitude of so many of our citizens—can be attributed, in no small measure, to the influence of the unified, loving, strong family.

I think it is right that the citizens of Contra Costa County observe November, the month of Thanksgiving, as "Family Unity Month."

EPA SHARES RESPONSIBILITY FOR U.S. ENCEPHALITIS EPIDEMIC

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. McDONALD of Georgia. Mr. Speaker, several weeks ago, Dr. William Hazeltine, manager of the Butte County, Calif., Mosquito Abatement District, presented to the Western Agricultural Chemical Association meeting in Scottsdale, Ariz., a very significant statement in my view. In this statement, he has presented material tending to show that the Environmental Protection Agency, in its mindless rush to get certain chemicals off the market, has created more problems than it has solved. I commend the contents of that statement to the attention of my colleagues for their thoughtful consideration:

EPA SHARES RESPONSIBILITY FOR U.S. ENCEPHALITIS EPIDEMIC

"The Environmental Protection Agency is partly responsible for the present encephalitis epidemic in the Midwest. The epidemic was predicted. It has reached high numbers and restrictions on pesticides are part of the reason."

These were the words of Dr. William Hazeltine, a California Mosquito Control official to the delegates of the Western Agricultural Chemical Association meeting in Scottsdale, Arizona.

There have been over 1200 illnesses and 58 deaths attributed to mosquito carried encephalitis this year.

Mr. Russell Train, head of EPA has strongly denied any link of pesticide restrictions to this epidemic. He has even called such suggestions "a smear campaign" and linked it to Agriculture Secretary Butz and some Congressman who are working for better pesticide legislation.

"The facts clearly argue against Mr. Train's denial. He is trying to shift the blame away from his agency, while the evidence shows EPA to be largely responsible for lack of mosquito control," Dr. Hazeltine continued.

Consider these facts.

After many years of only scattered cases of encephalitis, suddenly we have over 1200 human cases in the U.S. and over 50 deaths from the disease.

All the environmental regulations and restrictions on manufacturers have naturally increased the costs of pesticides they produce.

Increased restrictions and required testing to prove safety add more costs.

Secondary effects, such as shortage of basic chemicals occur because we can not drill for oil in sensitive areas and delayed Alaskan oil is not available. This adds more costs to the available pesticides.

EPA financed studies clearly show chemical costs have increased and will continue to go up, because of added restrictions. Work on new chemicals for control of public health pests will decrease.

Cheap residual chemicals, such as DDT, are banned or so restricted that they are unavailable for any quick use.

"These facts alone show Mr. Train has taken a position he can not defend, no matter how many times he denies any responsibility for reduced mosquito control or the consequent disease epidemics. Higher costs mean less use of pesticides, and more mosquitos go uncontrolled.

"In the past 15 months, one of the major mosquito control chemicals has doubled in cost and new replacement chemicals cost many times more than the older chemicals. Agencies on fixed budgets obviously must use less chemical and this means more mosquitos.

"EPA and its environmentalist friends are a major cause of increased costs and reduced pesticide availability, and they should be prepared to accept the consequences of their actions. They have reduced the available tools for insect control and this clearly results in higher risks of disease epidemics. Environmental purity seems to have some high hidden costs.

"EPA has recently enacted rules which will even restrict ditching and draining operations. These water management techniques were the very same ones offered by environmentalists as good ways to reduce pesticide uses in wet land areas. One Mosquito Control Agency has already been ordered to stop ditching until it files an impact statement and gets a permit.

"It seems obvious that Mr. Train has never tried to control mosquitos, and he seems to lack understanding on many other benefits from the use of chemicals.

"EPA has said that pesticides might harm people, therefore they should be restricted in use. Such restriction neglects chemical uses to protect human health at the same time. This neglect is what now seems to scare Mr. Train when the epidemics occur.

"Good disease control depends on disease prevention, instead of trying to stop an epidemic after it starts. Willingness by EPA to give crisis exemptions for special control chemicals after the disease occurs, clearly shows a lack of concern for those who are already diseased or dead.

"EPA restrictions have even caused many promising mosquito control chemicals to be discontinued.

"Many Congressmen that have looked into EPA's actions under the new pesticide law are upset. Agriculture as well as public health has actually suffered under EPA's action. The Congressional Committee on Agriculture has even held up EPA funding, to try and get more balance in EPA rule making.

"Mr. Train's recent attacks on those who point out the serious consequences of his actions are part of his fight with the Congress over this legislation."

SOCIAL SECURITY APPEALS: A NEED FOR A TIMELY AND FAIR REVIEW SYSTEM

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. KASTEN. Mr. Speaker, the subcommittee on Social Security of the Committee on Ways and Means held several days of hearings on the social security appeals process earlier this month. During these hearings, administration officials, law professors, Congressmen, Senators, and others knowledgeable about the social security appeals process gave their views about current problems and possible solutions. All were in agreement that something must be done about the present process—to speed up the process and to eliminate the huge backlogs which have developed over the past several years. There was not a consensus as to what should be done, but there was considerable agreement that steps should be taken to provide:

First, for an early face-to-face conference in which an individual whose claim was not allowed would be told in some detail why he could not qualify for the benefits;

Second, for time limits on the various steps in the appeals process; and

Third, for a clarification of the rules for conducting hearings and the appointment of the administrative law judges who conduct social security and SSI hearings.

When the Commissioner of Social Security, James B. Cardwell, appeared before the subcommittee, he said that the backlog of cases waiting for hearing was about 107,000 cases and that the median processing time was about 7 months. He estimates that the backlog can be reduced by about 1,000 cases a month. This means that sometime in 1984, social security and SSI appeals will be reviewed on a current basis. This, of course, is too long to wait. I believe that the Social Security Administration wants to move more quickly than this. However, it appears that Congress will have to provide it with some assistance.

The roots of this problem, Mr. Speaker, are as much in the law as in the administration of the law. In the past few years the Social Security Administration has assumed the responsibility of administering two new programs, the black lung program and the SSI program. In addition, the public has become aware of the fact that just because some Government employee says an individual is not entitled does not necessarily mean that he is not. Government employees, like the rest of the world, make errors.

As things stand now, when someone is told he does not qualify for social security benefits or for SSI payments he is told something along the lines of "you do not qualify because you are not disabled within the meaning of the law"; or "you do not qualify for SSI because your assets exceed the amount prescribed by law." I do not know how everyone would react to a letter like the disallowance letters sent out by the Social Security Administration, but I do know that my reaction, and apparently the reaction of many people who receive the letters, would be to file an appeal. Unfortunately, even in the appeals process you learn little about the reasons why you do not qualify.

It is my opinion, and the opinion of some of the people who testified before the Subcommittee on Social Security, that if people were to be told early in the process why their claims were not allowed, there would be fewer cases going to a full hearing and a consequent speeding up of the process. For example, the Commissioner of Social Security told the subcommittee:

> We have also been testing a new procedure of face-to-face interviews between the claimant and the decision maker before the case gets to a hearing. It offers the claimant, whose application was denied and who requested reconsideration, the opportunity to discuss his case fully and completely with a State agency decision maker. By involving the claimant more fully in the decision making process, we hope to identify, at an earlier point in time, those claims that should be paid. Additionally, where the decision is adverse, we expect the claimant to be more satisfied that he has been given a "fair shake" and will be less likely to request a hearing. Of course, for those who do request a hearing, the file will be more fully documented.

Earlier in my statement, I listed three steps which hold some promise of improving the process. On August 1, I introduced a bill, H.R. 9230, which would mandate each of these steps. I am not convinced that enactment of this bill is all that is needed. In fact, I suspect there is a great deal more that could be done—some of it legislative, some of it administrative. I am convinced though, that H.R. 9230 represents the minimum that we have to do. I am encouraged by the action of the Subcommittee on Social Security in holding hearings on this matter. I hope that a bill will be reported to the full House in time for us to act this session.

KASTEN: BETTER, NOT MORE, GUN LAWS

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. SYMMS. Mr. Speaker, in 1974, my colleague from Wisconsin, Representative Bob Kasten, was named the Wisconsin Wildlife Federation Legislator of the Year. Recently, the Wisconsin Wildlife Federation asked Mr. Kasten to provide an article on gun control for its publication, The Wisconservation. I would like to place a copy of that article in the Congressional Record in order to bring it to the attention of my colleagues. It is an articulate statement for Representative Kasten's views on the issue of gun control, and particularly how they relate to the concerns of sportsmen and conservationists:

Kasten: Better, Not More, Gun Laws

From all accounts, it is painfully clear that we are not winning the war on crime in the United States.

Firearms—particularly handguns—play a major role in the commission of crimes. Almost 70 percent of all murders in 1974 were committed with handguns, and an overwhelming majority of robberies are committed with firearms.

Some suggest that the remedy is to outlaw firearms. I disagree. The answer is to put the man who used guns in the commission of crime in the penitentiary.

I have recently introduced legislation to amend the Gun Control Act of 1968 by increasing the penalties for persons convicted of committing a Federal felony while carrying a firearm.

I have proposed punishment of a minimum of two years and a maximum of ten years imprisonment in addition to the punishment for committing the felony, in the case of a first offender. Where a person is being convicted a second or subsequent time for the same type of offense, the additional sentence would be five to twenty-five years. In the case of such a repeater, the court would not be permitted to suspend the sentence, make it only concurrent with the term of imprisonment for the felony.

Where a judge has failed to invoke the penalties in the case of a first offender, U.S. prosecutors would be able to appeal the decision and seek a firmer sentence on the grounds that the judge had not exercised his discretion.

The seven years that the Gun Control Act has been in existence have shown the need for this legislation. It will make the Act much more effective in the job of controlling the criminal himself before we attempt to further control the weapon he uses.

My stand on this bill does not indicate a desire on my part to remove firearms from the possession of American citizens. To the contrary, I strongly believe citizens have a right to own firearms, whether for hunting, target sports, collections, or for self-defense. Those of us who care about wildlife in terms of beauty, sport, or the spirit of freedom they represent for us, and who are aware that human society has already undeniably affected the ecology of even our most untamed territory, are especially in sympathy with the inclusion of hunting as an integral part of well-planned programs for the management of this precious but renewable resource.

The crux of the problem is the overwhelming occurrence of armed robbery—and it is there that we must deal with it. We have always had laws on which to base convictions of robbers and murderers. The 1968 Gun Control Act did not affect that, and consequently it has had little impact on the crime rate, though it may have made it somewhat more difficult for juveniles and criminals (as well as for some honest citizens) to obtain firearms.

We must see to it that proper conviction and sentencing is carried out, above all where crimes to life and property are concerned. An indirect result of the prevalence of armed robbery is that many people who would otherwise have no desire to own firearms are buying them because they feel they need a way to defend their stores, homes, and families. Ironically, this in turn increased the incidence of accidental injuries and deaths because of firearms misunderstood or left in reach of children. It is in the proper punishment of the armed robber that we must stop this vicious circle.

We cannot ignore the problem of firearm accidents. Firearm safety courses are already being sponsored by private sportsmen and conservation groups. Not only can these courses teach the basic techniques of safe firearm handling, they can also help instill a philosophy of respect for firearms as tools for work and responsible sporting uses rather than toys. I am enthusiastic about the work which has been done in this area, and I commend it to all groups who are sincere in their desire to promote responsible gun use and a good public image for the sportsman.

The 1968 Act already requires licensing of manufacturers and dealers, and it restricts the sale of firearms to minors, convicted felons, mental incompetents, and drug addicts. In my opinion, the nation does not need further laws restricting the legitimate use of firearms. The relentlessly increasing rate of violent crime since 1968 is testimony to our inadequate understanding of the causes and prevention of crime. Police statistics from most of our cities show a bewildering variety of trends, among which is decidedly not a significant decrease in gun crimes where cities have strict gun owner licensing and gun registration programs.

The one fact that unifies an otherwise inconclusive body of experience is that existing crime laws and gun laws are not being upheld in the courts. Judges who deplore the state of our penal institutions let young criminals, first offenders, and even several-time repeaters go free. A recent television special interviewed a fifteen-year-old youth who had been arrested eight times while carrying a gun, and who had never spent more than a few weeks in confinement; another had been convicted in case after case of homicide with a firearm. We do not know any way to effectively control guns, and we would be wrong to put additional unenforceable statutes on the books until we can first deal with the convicted criminal.

I will continue to support those laws and other Federal actions which I believe will strengthen the effectiveness of our courts with respect to gun crimes and will improve our correctional systems, as well as measures to keep firearms out of the hands of the irresponsible and the immature.

NEW YORK CITY'S STRATEGY: ENTRAPMENT

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. BOB WILSON. Mr. Speaker, while Congress considers the Federal Government's responsibility to bail out the city of New York, and the long range implications of such action, we must also weigh what the city has or has not done in its own behalf. I want to commend to my colleagues' attention a commentary by George F. Will which appeared in this morning's Washington Post and include it as a portion of my remarks:

[From the Washington Post, Oct. 22, 1975]

NEW YORK'S STRATEGY: ENTRAPMENT

(By George F. Will)

NEW YORK.—This city's recent day of dancing along the rim of default was a carefully staged melodrama. It was supposed to send shivers down the presidential spine, to spread enough panic to entrap the federal government into giving aid.

The day began with an early a.m. attempt by Mayor Abraham Beame to reach President Ford by telephone, presumably to ask Mr. Ford to dip into petty cash for a $450 million loan for the city. The White House sensibly treated the mayor's call as a histrionic prank, and did not disturb Mr. Ford.

The day ended with Mayor Beame's collaborator, Gov. Hugh Carey, sending this telegram to Mr. Ford:

"New York, by exhausting all of its resources, can meet its obligations until Dec. 1. After then, the welfare of our citizens rests in the hands of the federal government."

That second sentence is perhaps the most abject confession of incompetence ever offered up by an American politician. If in December the welfare of Carey's constituents becomes a federal responsibility, perhaps Carey, having abdicated responsibility, will abdicate his office, thereby removing himself as a drain on the public payroll.

The first sentence of Carey's telegram—about New York "exhausting all its resources"—is patent nonsense. In fact it has not made a serious effort to raise revenues or curtail outlays.

Less than seven percent of the people on the city's bloated payroll have been laid off. The mayor's long awaited budget cuts involved less than two percent of this year's "emergency" budget, which is significantly larger than the previous budget.

This city, with a constant high level of empty hospital beds, could close half its public hospitals and still have nine times more than Chicago operates. This city would take a giant step toward solvency if it would renegotiate—back to Chicago levels—the pension commitments that public employee unions have easily extorted from successive compliant mayors.

Under "open admissions" this city's university system—19 institutions—offers "free" education to all high school graduates. There are 220,000 students this year. A generous scholarship program for poor students would cost the city a tiny fraction of what the no-tuition policy costs the city. That fact should make this clear: the politicians correctly look upon the no-tuition policy as a giant subsidy for the middle class.

Apartments are a third of this city's tax base. Their value is a function of their ability to earn. But rent control laws restrict the growth of this tax base. Indeed, by making many apartments unprofitable, rent control causes abandonments—36,000 apartments last year, enough to house the population of Sioux Falls, S.D. So rent control causes the tax base to contract. But repeal of rent control would be politically hazardous, so, naturally, New York politicians instead just extend their sticky palms toward Washington.

New York's politicians are not very exalted specimens of a not very exalted profession. But Carey must even embarrass his peers when he talks about New York "exhausting all its resources."

Presumably Carey's role in this city's continuing melodrama, a role suitably symbolized by his telegram to Mr. Ford, will put an end to the preposterous talk about Carey being vice presidential or even presidential material.

Perhaps being men of few ideas helps Carey and Beame to be men of immense concentration. Certainly they have concentrated on ideas for entrapping the federal government into saving New York, to the exclusion of ideas about how New York might save itself.

Their effort at entrapment—more determined and imaginative than any efforts they have made to govern—call to mind a story told about George Sanders, the actor, who wanted to entrap his wife of the moment in a compromising situation.

Entrapment, although not nice, would have enabled Sanders to change wives without the inconvenience of a huge alimony. Sanders' rationale for resorting to entrapment is a suitable motto for New York's government: "This is no time to behave like a gentleman. I am a cad and shall react like one."

TRIBUTE TO MRS. LOIS ORTIZ

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. WAXMAN. Mr. Speaker, on Thursday, November 13, 1975, at the Sportsmen's Lodge, the North Hollywood Chamber of Commerce will be holding its 61st installation banquet.

It is my pleasure to join in paying tribute to their outgoing president, Lois Ortiz. Mrs. Ortiz has been active in the organization for many years and is its first woman in its 61 years.

On August 17, 1970, she became the first woman elected vice president of

United California Bank, and is at present manager of the North Hollywood office.

In addition to her many professional activities and accomplishments, she is a director of the North Hollywood YMCA.

Mrs. Ortiz is indeed to be honored and commended for a life of accomplishment and service to others.

H.R. 10283

HON. GARRY BROWN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. **BROWN** of Michigan. Mr. Speaker, late last session in an attempt to be responsive to demands voiced by our constituents and consumer groups that regulatory legislation be enacted to protect against abuses which were brought to our attention in real estate settlement procedures, we enacted the Real Estate Settlement Procedures Act of 1974, RESPA. Although many of us had serious doubts about the wisdom of some of its provisions and were concerned about the burdens imposed by that act upon lenders, real estate people, and the consumers the act was intended to protect, we nevertheless supported the legislation and have done what we could to help in its successful implementation.

It now has become apparent, however, that some of the requirements of the act place burdens and costs upon consumers, mortgage lenders, and real estate institutions far and beyond the benefits derived. In short, rather than being a plus for the consumer, some of the act's provisions have actually worked to the detriment of the potential home buyer. The act needs to be amended to remove these onerous and cost-ineffective burdens in the interest of all concerned.

I have today, therefore, for myself and several of my colleagues, introduced H.R. 10283, which would amend the Real Estate Settlement Procedures Act of 1974 in order to not only eliminate these undesirable provisions, but also to clarify our congressional intent with respect to certain requirements imposed by the legislation. Of particular significance, the legislation I have introduced removes certain of the advance disclosure provisions which experience has shown have forced home buyers to hold off settlements even though there was full understanding and appreciation of the transaction with the end result that some have even been required to live in motels until provisions of the act could be met and they could complete the closing on their new home.

In addition, this legislation would amend the definition of "federally related mortgage loan" to exclude construction loans and second trusts and exclude any agency or instrumentality of a State from the definition of "creditor." It also provides HUD with more flexibility to modify the uniform settlement statement to adapt to area differences in procedures and merely requires that it be provided at or before settlement by the person conducting the settlement.

The special information booklet designed by HUD would be modified to include general estimates of the settlement costs likely to be borne by the borrower and, the act makes it clear, lenders would only be required to give out this booklet and the estimates upon a written application for a mortgage loan.

This legislation also repeals the requirements for advance disclosure of specific settlement costs and the disclosure of the house's previous selling price. In addition, it clarifies the fact that it was not the original intention of the 1974 act that cooperative brokerage arrangements fees, such as the sharing of a set fee under a multiple listing service, be prohibited.

Basically, these are the major provisions which I am sure you have all been hearing about from your constituents.

It is the purpose of this act to repeal the troublesome sections of the 1974 act and to allow flexibility in the administration of those remaining in the law. The legislation I have introduced has bipartisan support, and I urge all my colleagues to study the measure. In order to facilitate such study, the provisions of the bill follow these remarks:

H.R. 10283

A bill to amend the Real Estate Settlement Procedures Act of 1974

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Real Estate Settlement Procedures Act Amendments of 1975".

SEC. 2. Section 3(1) of the Real Estate Settlement Procedures Act of 1974 is amended—

(1) by inserting "(other than temporary financing such as a construction loan)" immediately after "includes any loan";

(2) by inserting "a first lien on" immediately after "is secured by" in subparagraph (A);

(3) by striking out "is eligible for purchase by" in subparagraph (B) (iii) and inserting in lieu thereof "is intended to be sold by the originating lender to";

(4) by striking out "or" the first time it appears in subparagraph (B) (iii);

(5) by striking out "from any" and "could" in subparagraph (B) (iii) and inserting in lieu thereof "a" and "is to", respectively; and

(6) by inserting the following immediately before the semicolon at the end of subparagraph (B) (iv): ", except that for the purpose of this Act, the term 'creditor' does not include any agency or instrumentality of any State".

SEC. 3. (a) Section 4 of the Real Estate Settlement Procedures Act of 1974 is amended—

(1) by adding "(a)" before "The Secretary";

(2) by deleting the words "minimum" and "unavoidable" in the parenthetical phrase;

(3) by deleting the last sentence thereof; and

(4) by adding at the end thereof the following new sentences: "The Secretary may, by regulation, permit the deletion from the form prescribed under this section of items which are not, under local laws or customs, applicable in any locality, except that such regulation shall require that the numerical code prescribed by the Secretary be retained in forms to be used in all localities. Nothing in this section may be construed to require that that part of the standard form which relates to the borrower's transaction be furnished to the seller, or to require that that part of the standard form which relates to the seller be furnished to the borrower."

(b) Section 4 of such Act is further amended by adding the following new subsection:

"(b) The form prescribed under this section shall be completed and made available for inspection by the borrower at or before settlement by the person conducting the settlement, except that (1) the Secretary may exempt from the requirements of this section settlements occurring in localities where the final settlement statement is not customarily provided at or before the date of settlement, or settlements where such requirements are impractical and (2) the borrower may, in accordance with regulations of the Secretary, waive his right to have the form made available at such time."

SEC. 4. Section 5 of the Real Estate Settlement Procedures Act of 1974 is amended—

(1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively;

(2) by inserting after subsection (b) the following new subsection:

"(c) Each lender shall include with the booklet a good faith estimate of the amount or range of charges the borrower is likely to incur in connection with the settlement as prescribed by the Secretary.";

(3) by striking out in the first sentence of subsection (d), as redesignated by paragraph (1), "an application" and inserting in lieu thereof "or for whom it prepares a written application"; and

(4) by adding in the second sentence of subsection (d), as redesignated by paragraph (1), "or preparation" after the word "receipt".

SEC. 5. Section 6 of the Real Estate Settlement Procedures Act of 1974 is repealed.

SEC. 6. Section 7 of the Real Estate Settlement Procedures Act of 1974 is repealed.

SEC. 7. Section 8 of the Real Estate Settlement Procedures Act of 1974 is amended in subsection (c) by striking out "or" immediately before "(2)", and by inserting before the period at the end thereof a comma and the following: "or (3) payments pursuant to cooperative brokerage arrangements between real estate agents, or (4) such other payments or classes of payments or other transfers as are specified in regulations prescribed by the Secretary, after consultation with the Attorney General, the Administrator of Veterans' Affairs, the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, and the Secretary of Agriculture."

SEC. 8. Section 10 of the Real Estate Settlement Procedures Act of 1974 is amended to read as follows:

"ESCROW ACCOUNTS

"SEC. 10. A lender, in connection with a federally related mortgage loan, may not require the borrower or prospective borrower—

"(1) to deposit in any escrow account which may be established in connection with such loan for the purpose of assuring payment of taxes, insurance premiums, or other charges with respect to the property, in connection with the settlement, an aggregate sum (for such purpose) in excess of a sum that will be sufficient to pay such taxes, insurance premiums and other charges attributable to the period beginning on the last date on which each such charge would have been paid under the normal lending practice of the lender and local custom, provided that the selection of each such date constitutes prudent lending practice, and ending on the due date of the first full installment payment under the mortgage, plus one-sixth of the estimated total amount of such taxes, insurance premiums and other charges to be paid on dates, as provided above, during the ensuing twelve-month period; or

"(2) to deposit in any such escrow account in any month beginning with the first full installment payment under the mortgage a sum (for the purpose of assuring payment of taxes, insurance premiums and other charges with respect to the property) in excess of the sum of (A) one-twelfth of the total amount of the estimated taxes, insurance premiums and other charges which are reasonably anticipated to be paid on dates during the ensuing twelve months which dates are in accordance with the normal lending practice of the lender and local custom, provided that the selection of each such date constitutes prudent lending practice, plus (B) such amount as is necessary to maintain an additional balance in such escrow account not to exceed one-sixth of the estimated total amount of such taxes, insurance premiums and other charges to be paid on dates, as provided above, during the ensuing twelve-month period; provided, however, that in the event the lender determines there will be or is a deficiency he shall not be prohibited from requiring additional monthly deposits in such escrow account to avoid or eliminate such deficiency.".

SEC. 9. Section 18 of the Real Estate Settlement Procedures Act of 1974 is amended by striking out subsection (b) and "(a)" in subsection (a).

SEC. 10. Section 19 of the Real Estate Settlement Procedures Act of 1974 is redesignated as Section 20 and a new Section 19 is added to read as follows:

"AUTHORITY OF THE SECRETARY

"SEC. 19. (a) The Secretary is authorized to prescribe such rules and regulations, to make such interpretations, and to grant such reasonable exemptions for classes of transactions, as may be necessary to achieve the purposes of this Act.

"(b) No provision of this Act or the laws of any State imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule, regulation, or interpretation thereof by the Secretary or the Attorney General, notwithstanding that after such act or omission has occurred, such rule, regulation, or interpretation is amended, rescinded, or determined by judicial or other authority to be invalid for any reason.".

SEC. 11. Section 121 (c) of the Truth in Lending Act is repealed.

SEC. 12. The provisions of this Act and the amendments made hereby shall become effective upon enactment, except that the Secretary may suspend for up to 180 days from the date of enactment of this Act any provision of this Act or the Real Estate Settlement Procedures Act of 1974 if the Secretary determines such suspension is necessary to carry out the purposes of either Act in an orderly manner.

PAYMENT OF SOCIAL SECURITY CONTRIBUTIONS BY STATES

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. KASTEN. Mr. Speaker, since 1951 when social security coverage for employees of State and local governments became a fact, the States have made quarterly payments in lieu of social security taxes to the Social Security Administration. These payments are authorized by Federal law only when a State enters into an agreement with the Social Security Administration. Now, the Social Security Administration has informed the States that in spite of these long-standing agreements, the States are going to have to pay contributions more frequently. However, no effective date for the new procedures has been set, and I understand that the Social Security Administration is in the process of setting up discussions with the States to determine how the change to the new procedures might be put into effect.

As I understand the situation, there is to be no discussion as to whether the new procedures should go into effect because section 218(i) of the Social Security Act requires that the States pay contributions under regulations of the Secretary of Health, Education, and Welfare which ". . . shall be designed to make the requirements imposed on States . . . the same, so far as practicable, as those imposed on employers." Under the law, when a private employer has paid taxable wages of $2,000 or more, social security taxes are due 3 banking days after the week the wages were paid. When wages of more than $200 but less than $2,000 have been paid, social security taxes are due 15 days after the end of the month in which the wages were paid. If less than $200 in wages is paid, the social security taxes are not due until the end of the month following the end of the quarter.

Under current regulations, the States are not required to pay their social security contribution until the 15th day of the second month after the end of the quarter.

Considering the law and the requirements imposed on private employers, I should not have objected to the Social Security Administration's proposal had it been made at the time the law went into effect. But, after so many years, it seems unfair to change the rules now. The change would create a large burden on the states and provide a relatively small increase in income to the Social Security Administration.

When social security coverage was extended to the States in 1951, about 540,000 employees of State and local governments were covered and the contributions on the wages was about $861,204. By 1974, 8.4 million employees were covered and the States paid contributions of $7.4 billion. The Social Security Administration estimated last spring that the contributions for 1975 would be about $8.3 billion under present procedures.

They did not estimate how much more in contributions would have to be paid by the States if the contributions were paid under the same procedures that apply to private employers. However, it seems reasonable to assume that the increase in the year in which the change is made might be between one-third and one-quarter of the total contributions for the year. In the end the Social Security Administration would have no more money—other than about $122 million in additional interest earnings—than it gets now; but the States would immediately be out several billion dollars. Moreover, because the social security interest comes only from investments in Federal bonds, the increased interest would be at the taxpayers' expense.

Mr. Speaker, it seems to me that this is not the time, if any time would ever be the proper time, to require the States to make large payments to the Social Security Administration just to permit the Social Security Administration to conform its regulations to its interpretaton of the law. I believe that the present law does not require the change the Social Security Administration proposes. Although the law would have permitted the adoption of the proposed rules when it was initially enacted, I believe that now the part of the law which reads "so far as practicable" should govern. It is no longer practicable to make the changes proposed.

Long-standing administrative procedures should not be changed to the detriment of parties who have entered into agreement with the Federal Government except when Congress determines that there is an urgent need for the change. Therefore, I have introduced a bill, H.R. 9229, which would require the continuation of the present procedures.

Mr. Speaker, even though the Social Security Administration has not indicated when it anticipates making a change in the time when State social security contributions are due, action on this bill should not be delayed. Each Member of this House knows of the particular problems his own State is having in preparing its budget. There are significant items in the State and local budgets which make it difficult to predict future costs. Payrolls and payroll related items top the list. Because the Social Security Administration has seen a need to announce that at some unspecified future date it contemplates changing the obligations of the States with respect to social security contributions, I believe the law should be changed to preclude the proposed change and to eliminate the uncertainty which the announcement has created. Therefore, I hope that the Social Security Subcommittee will see its way to reporting in the near future legislation such as H.R. 9229 which would require the continuation of quarterly payments by the States.

A SALUTE TO MIKILAJ KOPERNIK

HON. DONALD J. MITCHELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. MITCHELL of New York. Mr. Speaker, on Sunday, October 26, I will be privileged to participate in a special ceremony in Utica, N.Y., that typifies the greatness of America. I would like to share some of the particulars of the program with my colleagues because the event, the manner in which it has been arranged and the list of distinguished participants combine to say so much about our country and the way we do things. It gives us all added insight as to why our unique experiment in democracy has been so successful and is especially meaningful on the eve of our Nation's Bicentennial.

The stories of America being the great "melting pot" are legion. From lands near and far, our forefathers came to these shores in search of a new and better life. What they accomplished during our nearly 200-year history has exceeded even the most optimistic expectations.

While pride in the "new country" has always been evident in this Nation of immigrants, never have our people lost sight of their rich heritage. Whatever the ethnic background, Americans are proud of their ancestry.

Americans of Polish descent are in the front ranks of those having special pride in their ancestry, and rightly so, for those they honor have so often made significant contributions that have benefited all mankind. Among them is Mikilaj Kopernik, more commonly known to us by his Americanized name Nicolaus Copernicus.

It is a tribute to Kopernik that will bring together in Utica, N.Y., this Sunday hundreds of representatives of civic and cultural organizations and government officials, as well as special guests from the famed astronomer's native Poland. The occasion will be the unveiling of a statue of Kopernik, a statue paid for by public subscription and one that will grace the grounds of the nationally-prominent Munson-Williams-Proctor Institute of Utica.

One of Poland's foremost sculptors, Prof. Bohdam Chmielewski, created the massive work of art and will personally be on hand for the unveiling. Accompanying Professor Chmielewski from Warsaw will be Henry Urbanowicz, chief director of Warsaw's Fine Arts Institute and Undersecretary of Fine Arts for Poland.

I am very much looking forward to participating in this jubilant affair which marks the culmination of more than 3 years of planning and hard work on the part of the Kopernik Memorial Association of Central New York which, under the coordination of Donald Gladwin, raised more than $30,000 to make the statue tribute to Kopernik a reality.

I am very much looking forward to participating because I want to join in honoring not just the subject of the work of art, but the Polish people of America who every day are doing so much to insure the continued success of that great experiment in democracy known as America.

Before concluding these remarks, a few comments about Kopernik are very much in order as a reminder to all of us about the greatness of the man.

Kopernik was an outstanding 15th century scholar who came from a prominent Polish family. He grew up in the midst of a frontier city-state where his father and uncles were among the leaders helping to shape the course of history during some very stirring times. He was fortunate enough to take advantage of the opportunity for an education that most young men at the time never dreamed of. It was at this point in his life that he developed the foundation for all the great contributions that he later made to mankind.

Kopernik is probably best remembered for the contributions he made to the science of astronomy. An astute observer, he recorded such things as eclipses of the moon, passage of the moon in front of stars, and the position of the planets.

He was a man that required exact measurements of times and circumstances relating to his work. All this work led him to his theory that the Sun was the center of the universe with the Earth revolving around it. His theory was revolutionary but was not accepted until years after his death. It was instrumental in supplying us with ideas that we take for granted every day, such as an explanation of the seasons and developing the foundations for reform of the calendar. It is appropriate that he be honored for these contributions which would be enough to occupy the whole lifespan of many other great scholars. For Kopernik, it was only a beginning.

This great man made important contributions in many other areas of study. Just to name a few, he was a pioneer in mathematics, developing much of the thought we use in modern trigonometry. He was a linguist who knew Polish, German, Italian, Latin, and Greek. He was an accomplished theologian and was considered an expert on church law. He was an excellent economist who dealt with problems familiar to us today, such as inflation. Kopernik developed theories designed to keep the cost of living down and combat poverty. As an aside, we certainly could use him now. He was an artist who was respected for his work. Finally and most importantly, Kopernik was just as famous as a man of medicine as he was as an astronomer. Not much is known about his practice or methods in medicine, but there are many references to his ability in the field.

It is evident that Kopernik had a great mind for the sciences and its related fields, but was that all he had to offer? Obviously not. Perhaps the best way to answer that question is to conclude with a quote from a prominent scholar on Kopernik, Angus Armitage, who wrote—

> The typical scientist is sometimes represented as a bald-headed old gentleman with spectacles and a butterfly net. Copernicus was not that kind of scientist. He was a capable man of affairs. He had a deep understanding of the intricate machinery by which a country is run, both in its inner life and in its outward relation to other countries.

In summary, Kopernik was truly a great man and I welcome this opportunity to pay tribute to him.

ANOTHER SAD DAY AT THE UNITED NATIONS

HON. LEO C. ZEFERETTI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. ZEFERETTI. Mr. Speaker, the President of Uganda, Idi Amin, recently made a widely reported speech in which he called for the elimination of Israel as a nation. His remarks were more than a little offensive for a number of reasons. They were characterized by what many observers believed was a crude anti-Semitism, mixed with thoughts that would have done justice to Adolf Hitler. By themselves, these remarks would be unacceptable. Uttered from the podium of the United Nations General Assembly, they become outrageous.

Thirty years after the gates of Auschwitz were opened before a horrified world, Nazi ideology is offered to the world by a head of state through an international forum. Three decades after 6 million Jews were annihilated by an organized assembly line of death, this kind of an attack is made. I grieve to note this event, because it shows how little progress has been made toward eliminating these seeds of hatred from the minds of some men.

A vigorous response was made by Ambassador Moynihan and Clarence Mitchell. It is a source of pride to me that our country refused to suffer these statements in silence. The action of our United Nations delegation showed America at its best; standing up for what we think and believe is right, and in the name of justice and freedom for all mankind.

It is another source of pride to me that an American of Irish background and an American of African descent were the instruments of our reply. It illustrated that our country has a conscience, one which some have been led to believe we had lost in the recent past.

In light of these events, I was most disturbed by the U.N. General Assembly's Social, Humanitarian and Cultural Committee's vote last week to define Zionism as "a form of racism." It seems to me that by this action, the U.N. has once again lent itself to endorsing a policy which is inexcusable and totally unacceptable in any enlightened age, and has thrown away much of the little that is left of its credibility as an international organization. Millions of American tax dollars support this organization every year. However, if the members of such an organization continue to espouse such beliefs or support such policies, I will continue to question the worth of our investment, especially if it supports the ideas to justify dictatorship or those to assail democracy.

The poison of race hatred and religious bigotry is something of which any organization must purge itself. Therefore, I have joined in sponsoring a resolution introduced by the distinguished majority leader, to condemn the United Nations Committee's vote of last week, and to urge the General Assembly to reject this action when the question of Zionism is brought before the full Assembly for a vote.

In the meantime, it is my sincere hope that whenever similar occasions arise, whenever we are asked for our opinions and comments on ideas which are clearly contrary to the spirit of democracy and freedom for all, we will continue to stand up and be counted in opposing and condemning those ideas and those who espouse them. We must continue to stand up for what we believe is right.

WAR AGAINST THE POOR CONTINUES

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. RICHMOND. Mr. Speaker, in recent months I have become increasingly alarmed at the lack of consideration given the poor by President Ford. Now once again the poverty-stricken people of America have been forsaken by the Ford administration in its crusade against the supposed "middle-class rip-off" of the food stamp program.

In the name of "reform" the President is, as the New York Times puts it, attempting to "eviscerate" the food stamp program. The President's food stamp bill is, in my opinion, nothing more than an attempt to put the screws on providing food assistance to the hungry for the sake of politics.

I urge my colleagues to read the perceptive description of this Ford attack on the poor in the following editorial which appeared in today's New York Times:

HUNGER AND POLITICS

President Ford has just renewed his anti-hunger war in which the target seems to be hungry Americans rather than hunger itself. The Administration's latest sally, though billed as food stamp reform, actually amounts to a substantial evisceration of the program.

Under Mr. Ford's plan 4.9 million people would be eliminated from the program altogether and the benefits received by another 6.4 million people would be decreased. Thus, in the name of reform, the President proposes adverse consequences for at least 60 per cent of the people in a program explicitly designed by Congress to "permit low-income households to purchase a nutritionally adequate diet through normal channels of trade."

Oddly enough, those whom this conservative Administration proposes to injure most are the working poor and workers who have just recently lost their jobs. The program, as currently structured, has fairly effective work incentives for poor people who are employed; but now the President proposes to limit eligibility to those whose income falls below the poverty line. Moreover, under the White House's newly proposed eligibility formula, workers who lose their jobs will have to wait three to six months to receive benefits.

The whole draconian scheme is supposedly designed to eliminate a "middle-class rip-off" that the Administration has never been able to demonstrate. Currently, 87 per cent of the households involved in the program have incomes of less than $6,000 and virtually no families with incomes over $10,000 are participating. The problem of participation by college students from affluent families, often cited by opponents of the program as a chief abuse, is being eliminated.

A more rational explanation for the proposal was given by Agriculture Secretary Earl Butz when he observed that it would help Mr. Ford in the 1976 election. Ronald Reagan and a group of fire-eaters on the right edge of the Republican party, including Senator James Buckley of New York, are doing everything they can to turn the food stamp issue into a test of ideological purity.

Thus, in the name of reform, Mr. Ford has proposed to gut the program just to prove that he is not soft on hunger. While some real reform in terms of simplifying red tape and eliminating opportunity for bureaucratic error is surely in order, taking food from the tables of hungry citizens for the sake of electoral advantage is indefensible.

CHARTRAND AND EMARD CITE COMPUTERIZED INFORMATION SERVICES AVAILABLE TO CONGRESS

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. McCLORY. Mr. Speaker, during the past decade, the Congress has become increasingly aware of the significant role to be fulfilled by advanced information services and systems. In particular, steps have been taken to utilize computer and microform technology within the Congress, whether assisting us through providing electronic voting support or current information on the status of pending bills, or by liberalizing the use of clerk-hire funds to allow the individual Member to acquire his own computer terminal or some other form of computer service. We have come a long way since I introduced the first bill, in 1966, calling for the creation of an automatic data processing facility for the Congress.

Another major area of interest and activity has been that of incorporating into legislation a provision for the use of sophisticated information tools and techniques or the establishment of a special capability—perhaps a "clearinghouse" for certain types of data or the creation of a "commission" empowered to coordinate and manage the collection and dissemination of selected information in a topical field. A number of years ago, during the drafting of legislation which resulted in the founding of a Federal Judicial Center, I urged successfully that its mission include: "study and determine ways in which automatic data processing and systems procedures may be applied to the administration of the courts of the United States."

A most enlightening article written by Robert L. Chartrand, a specialist in information sciences with the Congressional Research Service of the Library of Congress, and Jean Paul Emard, a professional staffer in the Information Sciences Section of the Science Policy Research Division of the Congressional Research Service, appeared in the April, 1975 issue of the Bulletin of the American Society for Information Sciences. This article, which appeared under the general subject of "Congress in the Information Age," is particularly informative and valuable, and I am sure that my colleagues in this body will appreciate its reproduction in the Congressional Record. The views expressed in this article are, of course, the individual views of the authors and do not necessarily reflect the position of the Congressional Research Service nor of the Library of Congress.

Mr. Speaker, in my opinion Bob Chartrand has supplied the principal impetus for utilization by the Congress of computerized information services. In the development of an automatic data processing and systems facility to serve the U.S. House of Representatives, in the adoption of computer technology to legislative reference services in the Library of Congress, in the application of this science to the administration of our court systems and in many other areas of governmental service, Bob Chartrand has provided leadership and direction to our Federal lawmakers. The article by Chartrand and Emard follows:

LEGISLATING RESPONSIVE INFORMATION SERVICES

(Robert L. Chartrand and Jean Paul Emard)

During the past quarter century, the importance of information science, and in particular the role of automatic data processing (ADP) technology, has increased enormously. Many new applications of computer and microform technology now allow more imaginative approaches to providing requisite information support to our complex civilization.

Congress, for many years relatively unaware of the potential of the new devices and techniques, was reluctant to enact legislation which included any requirement for their use. Gradually, however, provisions for the use of ADP and man-machine techniques began to appear in legislation treating a broad range of governmental and societal problem areas. Evidence of these trends may be attested to by surveying the work of recent Congresses.

IN THE BEGINNING. . . .

In the 90th Congress, hearings were held by the Senate Special Subcommittee on the Utilization of Scientific Manpower in connection with a bill (S. 430) to "mobilize and utilize the scientific and engineering manpower of the nation to employ systems analysis and systems engineering . . . to solve national problems." At the same time, Rep. F. Bradford Morse and Sen. Hugh Scott led a group of Members in proposing the establishment of a National Commission on Public Management. This legislation featured the need for further study of the applicability of the systems-management approach to non-defense and non-space public programs.

The potential of systems analysis in dealing with environmental pollution was cited among the recommendations of the House Subcommittee on Science, Research and Development in these terms:

> To place pollution abatement on a comparable basis with other national technology programs, systems analysis and management capability should be established within the Federal Government.

Sen. Edward Kennedy in his Joint Resolution 89–187 urged the Advisory Commission on Intergovernmental Relations to undertake a study and the subsequent design of a "national information system utilizing advanced information technology."

Yet another piece of legislation providing for the use of innovative technology was that establishing the Federal Judicial Center, whose staff was directed to determine "ways in which automatic data processing and systems procedures may be applied to the administration of the courts of the United States." Thus, it may be seen that forerunner activity concerning the application of systems technology has been evident in the congressional conscience for a number of years.

Summarized here are examples of key legislation of the 93rd and 94th Congresses embodying provisions for the use of information science—especially the spectrum of innovative tools and techniques—in managing and processing problem-oriented information. Along with the areas of fiscal-budgetary information and energy, problem areas receiving legislative action included the protection of privacy and confidentiality of information, public information services support, public welfare and education applications, and the Federal paperwork "crunch."

FISCAL-BUDGETARY INFORMATION

During the 93rd Congress, years of effort on the part of reform-minded Congressmen resulted in action designed to lead to greater fiscal-budgetary parity between the Federal Legislative and Executive branches. Under the scrutiny of the Bureau of the Budget—now the Office of Management and Budget (OMB)—the Executive departments and agencies, using the planning, programming, and budgeting systems (PPBS) approach during the 1960's, had submitted and defended their portions of the budget. In recent years, those who dealt with Federal budgetary procedures witnessed the scrapping of PPBS for the more managerially oriented "Management By Objectives" (MBO) systems approach. It might be said with some accuracy that until the 93rd Congress, legislators either paid scant attention to or knew little of such management-type matters.

The culmination of recent legislative action was the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93–344), by which Congress legislated itself broad powers. Discussion of this measure is found in the articles by Rep. Adams and Rep. Rose in this issue of the Bulletin.

Interest in providing fiscal-budgetary data at both the Federal and state levels was evidenced during the 93rd Congress in the introduction by Sen. William Hathaway of S. 1992, the Federal Fiscal and Budgetary Information Act. The thrust of this bill was the development and maintenance of a national center, for the selection, storage, retrieval, and dissemination of information and data related to the Federal budget. With the advent of P.L. 93–344, many of the bill's key elements were adopted, but a reintroduction designed to strengthen other fiscal-budgetary procedures may take place in the 94th Congress.

The use of computer technology in the banking and securities fields also has become a subject for legislative action. With the passage of Rep. Fernand St Germain's Federal Regulation of Depository Institutions Act (H.R. 11221) as P.L. 93–495, Congress has taken a critical regulatory step; Title II of the law established a National Commission on Electronic Funds Transfer.

ENERGY INFORMATION

Energy needs and the lack of a sound energy program have placed the Nation and its citizenry in the midst of a serious crisis. During the past Congress, hundreds of bills were introduced which centered on the exploration, manufacture, distribution, and use of energy materials. Among those bills several called for the forming of energy information bureaus and systems.

One comprehensive bill, Sen. Gaylord Nelson's Energy Information Act (S. 2782), called for the creation of a permanent Bureau of Energy Information. One of the Bureau's tasks would be to establish a National Energy Information System which would maintain a public library to answer promptly and conveniently citizens' energy-related questions. Another library also would be established to serve exclusively that sector of government whose need for accurate statistical information on mineral fuel reserves, natural energy resources, and energy industries grows with each passing day. Rep. Peter Rodino's counterpart bill (H.R. 14135), the National Resource Information Act, called for basically the same measures to be instituted.

More than a dozen bills introduced during the 93rd and 94th Congresses carried titles such as the Energy Inventory Act, the Energy Information Disclosure Act, and Rep. Robert Kastenmeier's present bill (H.R. 2385) proposing the creation of a National Energy Information System.

PROTECTION OF PRIVACY

Concern for individual privacy has stimulated interest and action in both the public and private sectors. For more than a decade, Congress has been wrestling with a number of problems related to protecting the individual citizen's personal privacy while capitalizing upon the information-processing capabilities of computers. In trying to achieve these ends, new regulations, controls, and safeguards have been proposed and adopted.

The privacy issue focuses on education, medicine, social security, law enforcement, and fair credit reporting, among other areas. (For a broader examination of the privacy area, see the October 1974 issue of the *Bulletin*. The medical reporting field was featured in the December 1974 issue.) During the 93rd Congress, more than 200 pieces of legislation reflecting concern toward the protection of privacy and the confidentiality of information were introduced.

The most noteworthy piece of legislation to be enacted in this area was the Privacy Act of 1974 (P.L. 93–579). This measure allows individuals the right to access, copy, correct, and challenge personal information held by the Federal Government. The law also provides for the establishment of a Privacy Protection Study Commission empowered to study data banks and information-processing programs in both Government and private sectors. Recommendations for needed regulations would then be submitted by the Commission. Other sections of P.L. 93–579 require the publication of pertinent facts regarding Federal Government files in the *Federal Register* and limitations on the use of the Social Security Number.

Other bills, such as the Comprehensive Right to Privacy Act, sponsored both in the 93rd and 94th Congresses by Rep. Barry Goldwater and Rep. Edward Koch, represent new legislation which would strengthen the Privacy Act of 1974 by ensuring the establishment of safeguards for personal privacy against intrusions from unauthorized record-keeping organizations.

Closely associated with the Privacy Act of 1974 is the Freedom of Information Act (P.L. 93–502). This latter piece of legislation amends certain sections of the 1966 version of the Freedom of Information Act. Now the Act allows for the easier implementation of the principle of the people's "right to know."

PUBLIC INFORMATION SERVICES SUPPORT

During the 93rd and 94th Congresses, legislators realized the need to fund those institutions, both public and non-profit, which maintain systems for disseminating information to the public. In 1969, P.L. 91–345 established a National Commission on Libraries and Information Science. With the Commission's guidance and support, sponsorship of state-level conferences would be convened in 1975 and 1976 at which knowledge-handling people would gather to discuss problems, corrective approaches, and performances related to the application of information science. The projected series of meetings will culminate in a national-level White House Conference on Library and Information Services to be held either in late 1977 or early 1978.

Some Members of Congress felt that other areas of information services support, such as library funding and legislative information—for example, the Library Partnership Act (S. 3944), introduced by Sen. Jacob Javits—should be assisted or cultivated, but no such legislation introduced in the 93rd Congress received final action.

Of major concern to some legislators has been the accessibility to legislative information by the public. Concerned Americans rightfully ask: "What goes on in Washington?" To try to answer these questions, attempts were made to place legislative business in easily accessible information-retrieval systems. Sen. George McGovern's S. 3566 (93rd Congress) would have required the preparation of concise summaries reflecting all legislative business on a day-to-day basis. Under the direction of the General Accounting Office (GAO), toll-free telephone exchanges could be used by any American to access these summaries in any one of 15 target cities. Several 93rd and 94th Congress bills feature provisions for a Congressional Advisory Legislative Line (CALL), by which the American people could quickly obtain computer-stored, on-line information relating to the status of pending legislative proposals.

PUBLIC WELFARE AND EDUCATION

An ever-increasing proportion of the American population is being served by the public welfare and educational sectors of the Federal Government. Senior citizens have now become recognized as a national resource in the United States. To assist these individuals in continuing their productive lives, Title II (Section 204) of the Older Americans Comprehensive Services Amendments of 1973 (P.L. 93–29) established a National Information and Resource Clearinghouse for the Aged.

The needs of the young, too, have not gone unnoticed. In the 93rd Congress, Rep. Marvin Esch and numerous colleagues sponsored H.R. 5595, providing for the Department of Health, Education, and Welfare to manage a National Adoption Information Exchange Center.

Finding a means of financing their attendance at colleges and universities is becoming harder each day, but in the 93rd Congress, more funds were made available for veterans and underprivileged students. To further assist these groups, Rep. Mario Biaggi has introduced in the 94th Congress H.R. 2728, a bill for the Office of Education to establish a National Student Financial Assistance Data Bank.

FEDERAL PAPERWORK

Yet another problem area prompting legislation is worth note: the Federal Government's penchant for paperwork, which has been said to "oil the machinery" of the Nation's capital. The problem of Federal paperwork was examined during the 93rd Congress, with more than a dozen bills designed to cope with this mounting burden. With the introduction of H.R. 2265 and H.R. 3825, the Federal Records Management Act of 1975, Rep. Bill Archer has tried to re-examine the problem. By posing solutions to the related problems of collecting, storing, maintaining, and retrieving information, this legislation may prove useful in easing Government's "red-tape" dilemma.

COMMISSION ON INFORMATION AND FACILITIES

A final example of providing for information services through legislation is found in the recommendations of the House Select Committee on Committees contained in H. Res. 988 (93rd Congress). After holding two in-depth technical sessions in June 1973 on several aspects of "committee information," a series of specific recommendations were issued by Chairman Richard Bolling's bipartisan committee. In House Report 93–916, Part II, and H. Res. 988, combined Bolling-Hansen findings call for the establishment of a House Commission on Information and Facilities. Among the numerous areas within which the Commission—under the aegis of the Joint Committee on Congressional Operations—would be empowered to study and prepare recommendations are: information management for Congress, House resources for information (such as the Congressional Research Service and the GAO), experimentation with outside information groups, information flow from the Executive, and creation of a process for more efficient communication.

Since no one committee or congressional office maintains a central legislative or information file on authorization acts in force, information on committee jurisdiction for statutes and amendments, or cross-checks of action on passed authorizations, the Select Committee proposed the formation of a new special office. This group's task would be to improve the flow of information for oversight, committee jurisdiction, and the tracking of Federal programs. In this way, Congress would be more knowledgeable as to what money was spent, where, and over what period of time, critical data which it has lacked for too many years.

As may be seen, Congress has shown an awareness of and initiated action through legislation in several major problem areas, by recommending utilization of information technology and information science. What we are now seeing, however, are the first manifestations of a new activity pattern. For as Members of Congress continue to become better acquainted with capabilities and limitations of the computer and related information-handling techniques, their legislative action—through public laws passed, hearings, and other interfaces with the public—will result in improved management of Government and the society it serves.

EMERGENCY LEGISLATION TO ALLEVIATE THE NATURAL GAS SHORTAGES PREDICTED FOR THIS WINTER

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. KASTEN. Mr. Speaker, the difficult choices in formulating a national energy policy have been the major preoccupation of the 94th Congress. The bulk of our deliberations, as well as the comments of the Nation's news media, have focused on the price of crude oil in the wake of OPEC's successful cartel actions. Unfortunately, the impending shortage of natural gas for this winter has arrived almost unannounced.

We began to witness a rapid increase in the consumption of natural gas, while our known reserves were diminishing, in the late 1960's. Today, we can no longer ignore the short-term and long-range implications of this significant shortfall. Natural gas curtailments last winter totaled 1 trillion cubic feet. This winter, the shortfall is expected to reach 1.3 trillion cubic feet, and perhaps more if the winter is particularly severe. The shortage is growing so fast that many natural gas consumers, who have the ability to convert to alternative fuels, do not have the time. In fact, we may have reached the point where industries dependent on natural gas, such as the textile industry, cannot obtain a sufficient supply and yet do not have the technology to convert to another fuel.

I do not intend to recount the long and complicated history of the development of our Nation's natural gas policy. The issues raised by the unique fuel have been difficult—and our efforts to resolve them have been inadequate. Natural gas is an efficient source of energy, and extremely easy to use. Consumers have always valued it as a clean fuel—as well as an inexpensive fuel, particularly when compared with today's oil prices.

Yet, most of the gas now supplying our Nation's needs is being obtained from reserves that were fairly inexpensive to develop. To meet our future needs, we must locate new fields and increase the productivity of the fields we are now exploiting. Neither of these alternatives will be cheap—and neither will be pursued if consumers refuse to pay higher prices. Producers simply cannot afford to explore and develop new sources of natural gas if they cannot recover their costs. The artificially low prices we are now paying for interstate natural gas are not a bargain if, within a few years, we cannot obtain the natural gas we need.

The issue is not whether or not to deregulate the price of interstate gas, but rather when to begin and how rapidly to lift the control on prices. These decisions become more difficult in view of our current economic predicament. As we are struggling toward economic recovery, while trying to bring inflation under control, we cannot suddenly lift all price controls. It will take time to arrive at a sound, long-term gas policy. However, time is exactly what consumers do not have.

The shortfall of natural gas last winter was cushioned by a drastic decline in industrial activity and a reduction in fuel demand. Though still plagued by high unemployment, we are at last entering a long-awaited economic upturn which means an increased demand for natural gas. Our economic recovery could be aborted if major industries are forced to shut down because they cannot obtain natural gas. Though the major gas curtailments are expected to hit only about a dozen Middle Atlantic and Midwestern States, stagnation in these areas will have powerful secondary effects on the jobs, income, and living standards of the rest of the country. During the past year and a half we have witnessed the crippling side-effects of drastic slides in such industries as automobile manufacturing. Similar damage could also be done by collapse in such gas-dependent sectors as textile mills—whose production has already dropped nearly 20 percent below its year ago levels.

The imminent gas crisis is not simply a contest between gas-consuming and gas-producing States. With over 200,000 industrial plants utilizing natural gas, it is a problem confronting everyone interested in sustaining our fragile return to prosperity. And it is a problem that is going to get worse before it gets better. The Federal Energy Administration estimates that this winter's shortage of 1.3-trillion cubic feet will translate into a shortage of 2.9-trillion cubic feet for the year, or about 15 percent of domestic demand.

We can do little about the overall dimensions of the immediate shortage. Conservation and increased production incentives will take effect only slowly over future years. But if we cannot erase the immediate supply shortfall we can at least ease its impact on individual parts of the economy.

The likelihood is that those worst hit by prospective shortages will be concentrated at the terminal regions of several of the Nation's major interstate pipelines. These pipelines, and the markets they serve, are the special victims of our dual price policy for natural gas. Customers of cheap interstate gas may find even firm contracts for supplies unfulfilled while the intrastate market siphons much needed supplies toward less essential uses.

The Federal Power Commission, aware of this particular danger, has proposed an amendment to current regulations that would permit interstate gas consumers to deal, in effect, in the intrastate gas market. Hard hit factories and utilities would be able, under the Commission's plan, to buy gas in the producing States and pay interstate pipelines to ship it across State boundaries. The plan is sensibly addressed to the most important features of the gas crisis, but it has several drawbacks.

First, it compels individual gas-consuming companies to negotiate with producers rather than permitting the more experienced pipelines themselves to seek the best terms for themselves and their customers. Second, the plan may be subject to court challenge, providing an additional element of uncertainty in a situation already ridden with doubt.

To remedy these defects, and thus assure the best practicable accommodation to the short-term gas shortage, I am cosponsoring the emergency relief bill for natural gas. This measure simply provides that interstate pipelines unable to fulfill their firm supply commitments may themselves purchase gas on the unregulated markets. This exemption would be granted by the FPC for 1 year, and, if good cause is shown, for an additional year at the Commission's discretion.

The time periods envisioned in the bill underscore its temporary nature. It is not an attempt to set long-term natural gas policies; nor does it "deregulate" any portion of the market which is capable of obtaining supplies in the regulated gas market. The legislation sets up a badly needed "safety valve" for gas consumers who otherwise would face the prospect of nonexistent or inadequate fuel sources.

The necessity for this safety valve is plain enough. For even at this late date, we know far too little about the vulnerability of U.S. industry to natural gas cutoffs. Recently, John Lichtblau, head of the respected Petroleum Industry Research Foundation, argued that 75 percent of the gas shortage would be taken up by alternative fuels—heating and residual oil, et cetera. But other analysts see problems in so large a shift, citing storage and distributional difficulties in accommodating a rapid switch to nongas fuels. The emergency relief bill for natural gas would not hamper such shifting, it would merely provide another option for those unable to accomplish the shift. The bill would write this option into law so that industry, utilities and families could plan on rational basis their own energy consumption in coming months.

Allowing gas consumers, especially business firms that must chart payroll and production plans, some degree of freedom in meeting the shortage is, I submit, the least we in Congress can do at this point. We cannot wait until the exact scale of the crisis is known; until, for example, the behavior of weather and revived industrial activity put a precise figure on the amount of gas nonpriority customers will have available. For even when this figure becomes known, it will have a different impact for each kind of user and each region of the country.

In my own State of Wisconsin, dependency on gas fuels is a fact of life. A total of 853,000 homes, about half of those in the State, rely on gas. Almost 70,000 commercial firms, employing about 300,000 workers, also utilize gas, chiefly in paper production and our vital farming and food processing industries. For many of these latter customers, gas is not simply a fuel, but a raw material for fertilizer and petrochemical processes in which there is no alternative feedstock.

In one pivotal respect, we in Wisconsin are fortunate. This year's curtailments are expected to be less than 1 percent of our State's normal gas usage. The direct impact of the gas shortage will thus be small, relative to States like Pennsylvania and New Jersey where curtailments of 17 percent and 33 percent are forecast.

But the peculiar nature of this shortage and the breadth of gas's role in the economy insure that no part of the country can comfortably sit out the crisis.

The interconnections of our economy—our dependency upon one another for intermediate products and for the consumer demand that fuels all our commercial activity—make it vital that each State prove alert to the dangers facing its neighbors. The natural gas crisis poses just these sort of dangers, dangers that cannot await permanent solutions and cannot be trusted to the good luck of another mild winter.

NUMBER OF EMPLOYEES ON NEW YORK CITY PAYROLL

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 22, 1975

Mr. GRASSLEY. Mr. Speaker, following my television appearance with a distinguished Congressman from New York, I have received numerous inquiries as to the merits of that gentleman's claim that New York City has not been extravagant in the number of employees on the city payroll. Numbers speak louder than words, so I present for the Members' examination, data supplied by the Congressional Budget Office:

CITY GOVERNMENT EMPLOYMENT PER 10,000 POPULATION, 1974

New York City	517.1
Boston	378.0
Chicago	140.0
Newark	391.1
Los Angeles	162.2
Philadelphia	163.8
San Francisco	312.5
New Orleans	177.3
St. Louis	241.9
Denver	237.0
Baltimore	434.1
Detroit	194.8

HOUSE OF REPRESENTATIVES—*Thursday, October 23, 1975*

The House met at 10 o'clock a.m.

Father John A. Licari, St. Anne's Catholic Church, Pensacola, Fla., offered the following prayer:

O God, You once said to Your disciples, "You are the salt of the Earth, but if the salt loses its strength, it is of no use but to be thrown out."

Stir up Thy power and come upon these Your duly elected servants today, that they may truly recognize themselves to be "the salt of this land."

Guard them against those who would rob them of their strength lest they merit Your eternal disapproval.

Bless them with Your courage as they strive to defend the just and honest interests of the people they proudly represent.

Teach them to appreciate the importance of this day, October 23, which, if lived for Your honor and glory, will resound to their sanctification and to the good of those around them. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

FATHER JOHN A. LICARI

(Mr. SIKES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SIKES. Mr. Speaker, the opening prayer today was delivered by Father John A. Licari, pastor of the Catholic Church of St. Anne in Pensacola, Fla. Father Licari is a native New Yorker, but a fully converted Pensacolan. He studied with the Maryknoll missionaries and had planned for a career in foreign missionary activity. However, an accident made this impractical. He has given inspiring service in God's cause in Pensacola for 23 years.

Father Licari's activities are varied and exciting. They include St. Anne's annual autumn roundup. It is a 3-day throwback to the Old West in a reconstructed frontier city. This colorful bit of American history draws thousands to its action-packed events. As many as 75,000 persons have attended these roundups. There are country-western bands, legendary cowboys and lawmen, homesteaders, savage Indians, and all the other accouterments of the Old West. There is food of many types, numerous games of skill and chance, pony rides, cart rides, hay rides, and so forth.

Celebrities have included most of the big stars of western movies. This year's roundup was featured by Ed McMahon on Johnny Carson's "Tonight Show." Colonel Sanders was a guest of the festival.

Father Licari reaches out to people, carrying God's message to them. He helps them to enjoy religion. He provides a distinctive example in helpful leadership and his contributions are many and varied. I am sure that the House joins me in expressing appreciation for his presence here today.

ADJOURNMENT FROM THURSDAY, OCTOBER 23, 1975, TO TUESDAY, OCTOBER 28, 1975

Mr. O'NEILL, Mr. Speaker, I offer a privileged concurrent resolution (H. Con. Res. 459) providing for an adjournment of the House from Thursday, October 23, 1975, to Tuesday, October 28, 1975, and ask for its immediate consideration.

The Clerk read the concurrent resolution as follows:

H. CON. RES. 459

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on Thursday, October 23, 1975, it stand adjourned until 12 o'clock meridian Tuesday, October 28, 1975.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR SUBCOMMITTEE ON GOVERNMENT INFORMATION AND INDIVIDUAL RIGHTS OF COMMITTEE ON GOVERNMENT OPERATIONS TO SIT DURING 5-MINUTE RULE TODAY

Ms. ABZUG. Mr. Speaker, I ask unanimous consent that the Subcommittee on Government Information and Individual Rights of the Committee on Government Operations have permission to sit during the 5-minute rule today.

The SPEAKER. Is there objection to the request of the gentlewoman from New York?

There was no objection.

PROVIDING FOR CONSIDERATION OF H.R. 8672, EMERGENCY RAIL TRANSPORTATION IMPROVEMENT AND EMPLOYMENT ACT OF 1975

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 758 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 758

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8672) to improve the reliability, safety, and energy efficiency of railroad transportation, and to reduce unemployment by providing funds for work in repairing, restoring, rehabilitating, and improving essential railroad roadbeds and facilities. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto without intervening motion except one motion to recommit with or without instructions. After the passage of H.R. 8672, the Committee on Interstate and Foreign Commerce shall be discharged from the further consideration of the bill S. 1730, and it shall then be in order in the House to strike out all after the enacting clause of the said Senate bill and insert in lieu thereof the provisions contained in H.R. 8672 as passed by the House.

The SPEAKER. The gentleman from Indiana (Mr. Madden) is recognized for 1 hour.

CALL OF THE HOUSE

Mr. RHODES. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 637]

Ambro
Andrews, N.C.
Ashley
AuCoin
Badillo
Barrett
Biaggi
Bolling
Brown, Calif.
Burton, John
Byron
Chisholm
Clawson, Del
Cleveland
Collins, Ill.
Conyers
Crane
Diggs
Edgar
Edwards, Calif.
Emery
Esch
Eshleman
Evins, Tenn.
Fary
Findley
Fish
Fraser
Giaimo
Gibbons
Hagedorn
Harris
Hébert
Hinshaw
Jarman
Johnson, Colo.
Jones, Okla.
Kelly
Ketchum
Lent
Long, La.
Lott
McClory
Macdonald
Martin
Matsunaga
Milford
Mollohan
Moorhead, Pa.
Murphy, N.Y.
Myers, Pa.
Neal
Nedzi
Nolan
Passman
Patman, Tex.
Pepper
Pike
Railsback
Rangel
Risenhoover
Satterfield
Scheuer
Sisk
Solarz
Spellman
Stephens
Sullivan
Taylor, Mo.
Teague
Treen
Udall
Van Deerlin
Vander Jagt
Vanik
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Young, Alaska

The SPEAKER. On this rollcall 352 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MAKING IN ORDER PERMISSION FOR SPEAKER TO DECLARE A RECESS AT ANY TIME ON WEDNESDAY, NOVEMBER 5, 1975, FOR JOINT MEETING WITH PRESIDENT OF ARAB REPUBLIC OF EGYPT

Mr. O'NEILL. Mr. Speaker, I ask unanimous consent that it may be in order at any time on Wednesday, November 5, 1975, for the Speaker to declare a recess for the purpose of receiving in joint meeting the President of the Arab Republic of Egypt.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERMISSION FOR MANAGERS TO HAVE UNTIL MIDNIGHT, FRIDAY, OCTOBER 24, 1975, TO FILE CONFERENCE REPORT ON H.R. 8069

Mr. FLOOD. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tomorrow, Friday, October 24, 1975, to file a conference report on the bill H.R. 8069, making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies for the fiscal year ending June 30, 1976, and the period ending September 30, 1976, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

REQUEST FOR PERMISSION FOR SUBCOMMITTEE ON LABOR STANDARDS OF COMMITTEE ON EDUCATION AND LABOR TO SIT TODAY DURING HOUSE SESSION

Mr. DENT. Mr. Speaker, I ask unanimous consent that the Subcommittee on Labor Standards of the Committee on Education and Labor be permitted to sit today during the House session.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

REQUEST FOR PERMISSION FOR SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, AND INTERNATIONAL LAW OF COMMITTEE ON THE JUDICIARY TO SIT TODAY DURING GENERAL DEBATE

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the Subcommittee on Immigration, Citizenship, and International Law of the Committee on the Judiciary be permitted to sit today during general debate.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER. The Chair will inform the gentleman that during general debate the gentleman does not need that permission.

PROVIDING FOR CONSIDERATION OF H.R. 8672, EMERGENCY RAIL TRANSPORTATION IMPROVEMENT AND EMPLOYMENT ACT OF 1975

The SPEAKER. The Chair recognizes the gentleman from Indiana (Mr. Madden).

Mr. MADDEN. Mr. Speaker, I yield 30 minutes to the distinguished gentleman from Ohio (Mr. Latta), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 758 provides for an open rule with 1 hour of general debate on H.R. 8672, the Emergency Rail Transportation Improvement and Employment Act of 1975.

House Resolution 758 provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Interstate and Foreign Commerce now printed in the bill as an original bill for the purpose of amendment.

House Resolution 758 also provides that after the passage of H.R. 8672, the Committee on Interstate and Foreign Commerce shall be discharged from the further consideration of the bill S. 1730, and it shall then be in order in the House to move to strike out all after the enacting clause of S. 1730 and insert in lieu thereof the provisions contained in H.R. 8672 as passed by the House.

The purpose of H.R. 8672 is to authorize $240 million to assist in upgrading the Nation's deteriorated railbeds and to pay the wages of railroad maintenance workers.

H.R. 8672 provides that the Secretary of Transportation is to award the grants to bankrupt railroads in the Northeast and Midwest, including Amtrak, ConRail, the Southern Railroad, and the Denver & Rio Grande & Western Railroads. The funds are to be used solely to pay the wages and other benefits earned by individuals employed for the approved projects, and are not to be used for materials or any administrative or other expenses incurred with respect to the projects.

I know the Members of Congress are fully familiar with the unfortunate deterioration of adequate and safe rail transportation over the Nation. Our main and arterial highways, especially those adjacent to metropolitan areas are overloaded with trucks, automobiles, buses, and all forms of transportation.

This legislation that we are considering today will be but a small start toward expanding and improving rail transportation. I firmly believe that our Federal Government must inaugurate an expansive program to utilize our existing rail trackage and also provide improved rail transportation equipment to diminish the massive transportation problem on our Federal highways. H.R. 8672 is but a minor start in this direction.

It is not only legislation to expand our transportation facilities but it is in addition, a job bill for unemployed and part-time railroad personnel.

Mr. Speaker, I urge the adoption of House Resolution 758 in order that we may discuss and debate H.R. 8672.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 8672 authorizes in grant money to pay the wages of railroad maintenance workers. The Secretary of Transportation is to award the grants to bankrupt railroads in the Northeast and Midwest, Amtrak, Conrail, the Southern Railroad, and the Denver & Rio Grande & Western Railroads. The grants are to be awarded for projects that involve the repair or improvement of railroad beds or facilities. The funds are to be used solely to pay the wages and other benefits earned by individuals employed for the approved projects, and are not to be used for materials or any administrative or other expenses incurred with respect to the projects.

This bill authorizes $240,000,000.

The committee report contains two letters from the Interstate Commerce Commission supporting legislation similar to this bill. There is a letter from the Department of Transportation which strongly opposes enactment of this bill, among other reasons, because the administration does not want to start any new spending programs at this time.

Dissenting views were filed by JOE SKUBITZ and JAMES COLLINS concluding that the bill should either be rejected or significantly amended. They object for the reason that most of the railroads which will receive assistance under this bill are in the Northeast, while unemployment of maintenance of way workers is more severe in the West and South. They also object that jobs under this bill will pay the union wage—about $6 per hour—whereas many more people could be helped if the same funds were used for minimum wage jobs. Finally, they object that the season for outdoor work has passed in most parts of the country.

The administration opposes the passage of this legislation as not being an effective way to reduce unemployment. Also the Federal Government is currently spending $300 million for job producing rail maintenance programs.

Mr. Speaker, I yield 10 minutes to the gentleman from Kansas (Mr. SKUBITZ).

CALL OF THE HOUSE

Mr. DERWINSKI. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 638]

Adams
Alexander
Ambro
Andrews, N.C.
Ashley
AuCoin
Brown, Calif.
Burke, Calif.
Burton, John
Clawson, Del
Cleveland
Collins, Ill.
Conyers
Crane
Dellums
Diggs
Eckhardt
Edwards, Calif.
Emery
Esch
Eshleman
Evins, Tenn.
Fary
Fraser
Giaimo
Gibbons
Hagedorn
Harsha
Hébert
Hinshaw
Jarman
Johnson, Colo.
Jones, Okla.
Ketchum
Leggett
Lent
McKinney
Matsunaga
Milford
Mollohan
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Nedzi
Nowak
Passman
Patman, Tex.
Pike
Rangel
Rees
Risenhoover
Rosenthal
Santini
Scheuer
Shuster
Sisk
Solarz
Spellman
Steed
Taylor, Mo.
Teague
Udall
Van Deerlin
Vander Jagt
Vanik
Whitten
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Wright
Zablocki

The SPEAKER. On this rollcall 361 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

EMERGENCY RAIL TRANSPORTATION IMPROVEMENT AND EMPLOYMENT ACT OF 1975

The SPEAKER. The gentleman from Kansas (Mr. SKUBITZ) is recognized for 10 minutes.

Mr. SKUBITZ. Mr. Speaker, 5 months ago the gentleman from Massachusetts (Mr. CONTE) urged this committee to provide $700 million for emergency jobs for railroad workers. He pleaded with this committee for immediate action, pointing out that time was the essence, that a delay for a few short months could very well defeat the whole objective of this type of legislation.

The gentleman argued, and rightly so, that winter would come with the rain, the cold, the snow, and would make it impossible to do maintenance work in the Northeast, in the West and in the South.

What a sales pitch was made for that bill at that time and the sole slogan was useful jobs, not leaf-raking jobs.

Certainly every Member of this committee remembers the eloquence of our subcommittee chairman, the gentleman from Pennsylvania (Mr. ROONEY) and the logic the gentleman poured forth at that time in opposition to the proposal of the gentleman from Massachusetts (Mr. CONTE).

Like Horatio at the bridge, the gentleman from Pennsylvania (Mr. ROONEY) stood in the well and engaged in verbal combat with the proponents of this proviso and one by one the gentleman annihilated them and when the smoke of the battle had cleared, the gentleman from Pennsylvania (Mr. ROONEY) had won the day.

This committee by an overwhelming vote defeated the proposed emergency jobs proviso for $700 million by a vote of 215 to 136.

Then the gentleman from Pennsylvania (Mr. ROONEY), gentleman that he is, scheduled hearings on several bills that were submitted providing for emergency jobs for rail workers; but really, the heart of the gentleman from Pennsylvania (Mr. ROONEY) was not in it. The gentleman knew as well as I did and as did every Member of the subcommittee that very shortly the final system plan would be before us and that the committee was already working on an omnibus bill to take care of the total rail problem.

Hearings were held by our committee that dragged on for 5 months.

Mr. Coleman, Secretary of Transportation, appeared before the committee and vigorously opposed the bill, these bills providing for emergency jobs. Let me read what Mr. Coleman said before the committee:

> This legislation represents an approach to one facet of the Railroad problem—its supporters point out that it provides an opportunity to attack the problem of national significance—the deteriorating rail plant and unemployed.
>
> Because of this potential—The Department began a thorough review of the legislation. On the basis of our analysis we concluded it is not the right approach.

In a letter dated July 21, Mr. Coleman wrote me:

> I remain opposed to this bill.

And he urged quick action on the Railroad Revitalization Act, which is a broad attack on all the ills of the railroads.

Mr. Ailes, president of the American Association of Railroads, appeared before our committee. He praised the bill, and why not? Members of his association were going to dip down into Uncle Sam's pocket for $240 million. But Mr. Ailes made it clear to the committee that roadbed improvement is only one facet of the railroad problem.

Mr. Crotty, president of the Railroad Maintenance Workers Union, appeared before the committee, and he endorsed the bill, and why not? This bill would provide $240 million to the railroads to provide jobs paid at union scales of $6.60 per hour, for $12,000 to $14,000 per year. Since 80 percent of the jobs would be filled by unemployed workers, these workers would have to pay an initiation fee into the Maintenance Workers Union, plus, of course, the monthly dues.

But, Mr. Crotty did something else on that occasion when he testified on June 19. He told the committee exactly what Mr. CONTE had said in May, and let me read to the Members what Mr. Crotty said:

> The tracks and roadbeds of the Nation can be rehabilitated only in certain times of the year. Generally the winter months—cold in the North and West—rains in the South—greatly limit track and roadbed maintenance.

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from Ohio.

Mr. LATTA. Mr. Speaker, I want to commend the gentleman for the statement he is making. I think this statement has to be made to set the record straight.

I would like to clarify one point the gentleman has made. Did I understand him to say that this money to be extracted from the taxpayers of this country will be paid to the workers, who in turn will be paying union dues out it?

Mr. SKUBITZ. About 80 percent of the jobs will be for unemployed railroad workers. That is what the bill provides for.

Mr. LATTA. I understand that. With respect to union dues, did I understand the gentleman to say the taxpayers of this Nation then, in effect, would be paying union dues for these workers?

Mr. SKUBITZ. That is right, and in turn Mr. Crotty certainly should be entitled to initiation fees and monthly dues.

Mr. LATTA. I thank the gentleman.

Mr. SKUBITZ. And then Mr. Crotty said this:

> If we are to take advantage of these conditions and realize the objectives of this legislation, enactment must be swift.

Mr. Speaker, if there was justification for such legislation last May, the dawdling of this committee has destroyed the effectiveness of this program. The working season has been lost, and therefore the urgency of the situation has been completely dissipated.

Members will be told during debate that the jobs follow the sun. Do not be fooled. These jobs are for the Northeast. Amtrak is not going to get any money except for the roads in the Northeast. Southern Railroad is not going to get any money because it is a profitable line. Every Member in this House would object to such action.

Furthermore, let me call the attention of this House to a few more facts of life. Members are familiar, I hope, with ConRail and the final systems plan. If this body or the other body does not pass a resolution of disapproval by November 9—get that—by November 9, ConRail becomes a fact of life.

Mr. LATTA. Mr. Speaker, will the gentleman yield further?

Mr. SKUBITZ. I yield to the gentleman from Ohio.

Mr. LATTA. I want to thank the gentleman for yielding to me. He is making a very important statement, and I think every Member of Congress whose railroads will be affected—and this Member's railroads will be affected—ought to be contacting members of this committee, and particularly the chairman of this committee, asking what is going to be done before the November 9 date. Practically all of the railroads in my district—running north and south—will be eliminated under this proposed plan.

I was assured there would be some congressional action taken, and to date there has not been any action. I am asking now, although I do not see the chairman of the committee, but I would like to have the chairman tell this House and tell the people in the Northeast whether or not we are going to have any action before that November 9 deadline.

Mr. SKUBITZ. Mr. Speaker, if the final systems plan goes into effect because this body does not pass a resolution of disapproval, then this Congress must provide about $2.4 billion with which to operate.

This amount for the final systems plan will be going in mostly for maintenance work and improvement work of the rail facilities. So what do we have? We have a bill here today under the guise of being a jobs bill for $240 million. On November 9, we are going to be talking about a bill of $2,400,000,000 for all of the rails throughout the United States and not just in one section of the country.

If this bill passes today, what happens? It must then go to conference. Both Houses will have to act on the conference report. Then the President of the United States—and I want to repeat that—has already said he is going to veto this bill.

If we pass it over his veto, then the Secretary has 30 more days to draw up the plans and the criteria for such loans, and then 15 days are given before applications are received.

So what are we talking about? We are talking about a bill today that cannot possibly become effective until next March, whereas the final systems plan will become effective on February 9, or in 2 months, so in February it must go into effect and be in operation.

Certainly the President had that in mind when he suggested that he would veto the bill before us today.

The SPEAKER pro tempore. The time of the gentleman from Kansas (Mr. SKUBITZ) has expired.

Mr. LATTA. Mr. Speaker, I yield 3 additional minutes to the gentleman from Kansas (Mr. SKUBITZ).

Mr. SKUBITZ. Mr. Speaker, how often are we going through these exercises of futility on this floor, so we can tell the folks back home we voted for a jobs bill? How often are we going to be required to come down in the well of the House and ask for money for piecemeal rail legislation?

Several months ago it was hundreds of millions for Amtrak. About 8 months ago, $300 million for Penn Central, to keep it operating until the final systems plan was operating, was ready to go. Today, $240 million for the emergency rail rehabilitation bill. In another 3 months, another $2½ billion for the same sort of program.

Mr. Speaker, I am well aware of the terrible plight of the roadbeds in this country. I am well aware of the unemployment that exists. And I, like every Member of this Congress, would sooner see men do useful work rather than leaf-raking work; but this bill is poorly timed. I strongly feel that the passage of the bill will do irreparable damage to the whole rail program that is now before the House Committee on Interstate and Foreign Commerce.

Mr. Speaker, since the purpose of this bill has been defeated by the dawdling of the committee, since the final systems plan will become effective on November 9, unless this House takes action, since the final systems plan will pump $2.4 billion over the entire rail system, rather than $240 million in one area of the country, since the President has already indicated he will veto this bill, this body should not be asked to waste its time today to go through another exercise in futility; but it should vote down this rule until we determine what is going to be done on the final systems plan, because if that goes into effect, this bill is useless.

Mr. BROYHILL. Mr. Speaker, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from North Carolina.

Mr. BROYHILL. Mr. Speaker, I agree with the gentleman. I think the gentleman has come to the correct conclusion with regard to this legislation, and I was impressed with the information he was giving to the House a few moments ago on the list of subsidies that have already been provided for the Nation's railroads. In other words, the U.S. Congress has already created several deep pockets of assistance for these railroads, and all we are doing today is creating another pocket of assistance that they can reach into to take some more of the taxpayers' money.

And we have really no assurance that we are going to get any nearer to the solution of the problems that do confront the railroads.

Mr. Speaker, I compliment the gentleman from Kansas. I think that he is right, and I will support his efforts to defeat this rule.

Mr. SKUBITZ. Mr. Speaker, I hope the House will not do a useless act, and I urge the Members not to support this rule.

Mr. LATTA. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I have yielded myself this time since the gentleman who has just left the well mentioned the railway financial assistance plan and the approaching deadline of November 9, and I wish to touch on these matters. Seeing the chairman of the Committee on Interstate and Foreign Commerce, my good friend, the gentleman from West Virginia, HARLEY STAGGERS, on the floor, I would like to ask him if he would answer a question for me.

I ask the gentleman what action is being taken in his committee relative to this deadline, whether or not anything is going to happen, and whether his committee is going to let this plan go into effect without any action by this Congress.

Mr. STAGGERS. Mr. Speaker, will the gentleman yield?

Mr. LATTA. I yield to the chairman of the committee.

Mr. STAGGERS. Mr. Speaker, in answer to the gentleman, I will say this: that after I talked with the gentleman from Ohio I introduced an amendment to provide that all of the abandoned railroads in this plan would be continued for 2 years to see if we can make them paying branch lines; then at the end of 2 years the plan of 90 percent help by the Federal Government would go into effect, and it would go down to the point where the State governments will come into the picture.

This will be considered, I am sure, in the committee next week in the markup of the bill. However, the abandonment automatically takes effect unless something is done about it.

Mr. LATTA. Mr. Speaker, I quite agree with the gentleman, that it automatically goes into effect unless something is done.

Mr. STAGGERS. Mr. Speaker, I can assure the gentleman from Ohio that I kept my word and put in an amendment to do that immediately, and that is exactly what he wants done.

Mr. LATTA. Mr. Speaker, I wish to thank the gentleman, and I look forward to the consideration of this legislation on the floor of the House before November 9.

Mr. Speaker, I yield 4 minutes to the gentleman from Pennsylvania (Mr. Heinz).

Mr. HEINZ. Mr. Speaker, I thank the gentleman from Ohio.

Mr. Speaker, I rise in support of the rule. I feel very strongly about this, and I know I speak for the vast majority of the members of the Committee on Rules who voted to report this bill, and I believe I speak for the vast majority of the members of the Committee on Interstate and Foreign Commerce who voted 26 to 4 to report this bill.

This is in fact overdue and necessary legislation. The legislation is perhaps not as strong as I would like to see it, but I do support it.

I want to take this opportunity to compliment the gentleman from Pennsylvania (Mr. Rooney) for having kept his word and moving ahead on this problem and bringing this legislation onto the floor of the House. I want also to compliment the chairman of the full committee, the gentleman from West Virginia (Mr. Staggers), and I wish to compliment the ranking minority member, the gentleman from Ohio (Mr. Devine). I thank them for their support and their efforts in bringing this before us and making sure it is good legislation.

While it is not as strong as I would like and it does not help solve in my opinion the unemployment problem as much as it could, nevertheless I think each of the gentleman I mentioned have been very supportive of our efforts, and without their help we would not have this legislation before us on the floor of the House today. Two other gentlemen who deserve substantial credit for the movement of this legislation are the gentleman from New York (Mr. Hastings) and the gentleman from Ohio (Mr. Brown). Mr. Hastings, as a member of the Transportation Subcommittee has provided invaluable insight and constructive to make this the best possible legislation. Similarly Mr. Brown has lent his energy and expertise to keeping this legislation moving and on the right track. I think it is fair to say that without their aid this legislation might not now be before the House.

Mr. Speaker, I will address some of the specific points of the legislation during general debate, but at this time I would like to indicate that this is truly bipartisan legislation. Republicans and Democrats, Members on both sides of the aisle, have been working for its enactment.

It is also national legislation. I was impressed by the fact that as the result of a news program on one of the networks last week, my office received letters from all over the country in support of H.R. 8672, the so-called rail jobs bill. We received letters in support of the bill from the following cities:

Binghamton, N.Y.; Fort Myers, Fla.; Raleigh, N.C.; Greenville, S.C.; Charlotte, Mich.; Arlington Heights, Ill.; Lincoln, Nebr.; Tulsa, Okla.; Beverly Hills, Calif.; Cedar Rapids, Iowa; St. Louis, Mo.; Memphis, Tenn.; Houston, Tex.; St. Paul, Minn.; Denver, Colo.; Enid, Okla.; Peoria, Ill.; Wichita, Kans.; Portland, Maine; and many other areas of the country.

I also want to reemphasize, in contrast to the remarks of my good friend, the gentleman from Kansas (Mr. Skubitz), that this is unemployment-oriented legislation. The legislation only pays the cost of putting people to work. It does not pay the cost of supervisors; it does not pay the cost of managers; and it does not pay the cost of equipment or rails.

Every single penny is going to go to the workingman who is now unemployed; and I do not think, Mr. Speaker, that there is anything else that should have a higher priority in this Congress than getting back to work those who do not want to be on unemployment or who do not want to be on welfare. Those who want to work and are frustrated with our seeming inability to get our economy going again deserve our encouragement and help. I do not think there is anything more important than the kind of aid in this legislation and the kind of help we can give tens of thousands of unemployed people in the United States.

Therefore, Mr. Speaker, I urge the adoption of the rule.

Mr. LATTA. Mr. Speaker, I yield 4 minutes to the gentleman from Texas (Mr. Collins).

Mr. COLLINS of Texas. Mr. Speaker, the one thing we should keep uppermost in our minds on this bill is that we are just putting the Federal Government even more into the railroad business.

I would like to cite some of the countries where railroads have had the experience of having the Government as their manager.

Canada has two railroads. One is privately owned; the other one is Government-owned. In 1973 the private carrier made $32 million after taxes. The Government-operated carrier lost $46 million.

In 1971—and these are the latest figures we have—the Government railroad lost $219 million in Britain, $111 million in the Netherlands, $1.595 billion in Germany, $1.184 billion in France, and $1.133 billion in Japan, and this excludes the direct subsidies.

The reason they have heavy losses is that it takes so many workers to get the same job done when we have the Government loosely operating the railroads.

As my distinguished friend, the gentleman from Pennsylvania (Mr. Heinz), just mentioned, this bill could take care of a lot of people on unemployment. He is right. Every time there is a job that needs to be done, they can put about 50 people on that one job. Let me give an example of how the Government does it with the railroads. Under Government ownership, the railroads become a make-work porkbarrel.

For example, the U.S. railroads, with all of their deficiencies, have 2.7 rail employees for each mile of track, but in other countries where the government operates the railroad, employees required for each mile of track are considerably higher. The figures are 20.7 in England; 12.9 in France; 22.1 in Germany; and 19 in Italy.

Compare that to 2.7 in the United States.

That means that it takes about eight men on the Government railroad to do what one does on the private railroad.

Mr. Speaker, I would like to put this in the Record. I have here a sheet that is made up of about 10 or 12 examples of archaic or "make-work" operating work rules that we have, in effect, on most of our class-1 railroads. I am even talking about the private railroads, which have their problems.

Let us start here with the basis of pay rule:

> 100 miles, or 8 hours, constitutes a day's work with overmiles for miles run in excess of 100. Under this system, an employee frequently receives the equivalent of 8 hours' pay for as little as two or three hours' work.
>
> Crew Consist Requirements:
>
> Normally an engineer, conductor and two trainmen must be used on each train or engine, regardless of whether actually needed to safely and efficiently perform the work required.

Therefore, they have more people than they actually need because they have a minimum requirement.

Then we have the starting time rule and yard service, which means that engines must run outside of assigned limits.

Then we get down here to examples of the railroads providing an arbitrary rule on pay allowances, where a hose coupling gets a 95-cent extra allowance per tour of duty goes to each member of a yard crew, when required to couple or uncouple a hose.

Mr. Speaker, what I am pointing out on this—and I want to put all of this in the Record—is the fact that today railroads are not on a sound productivity basis.

The article follows:

EXAMPLES OF ARCHAIC OR "MAKE WORK" OPERATING WORK RULES IN EFFECT ON MOST CLASS-I RAILROADS

Basis of Pay Rule: 100 miles, or 8 hours, constitutes a day's work with overmiles for miles run in excess of 100. Under this system, an employee frequently receives the equivalent of 8 hours' pay for as little as two or three hours work.

Crew Consist Requirements: Normally an engineer, conductor and two trainmen must be used on each train or engine, regardless of whether actually needed to safely and efficiently perform the work required.

Starting Time Rule—Yard Service: Yard

engines shall commence work only between the hours of 6:30 and 8:00 a.m., 2:30 and 4:00 p.m., and 10:30 and 12:00 midnight. Thus, regardless of when an engine is needed, it must be started during those time periods.

Road and Yard Separation: Rules segregating road and yard crews, restrict yard engines from spotting cars at, or switching at an industry which happen to locate in excess of four miles beyond the switching limits of a yard. Thus, for example, if a plant or industry locates five miles from a switching yard, a railroad is restricted, except under certain limiting conditions, from having yard crews perform switching at the plant, but must perform this service with its road crews, greatly reducing the amount of service the railroad can offer its customers. The same rules prohibit road crews, except in certain limited instances, from performing work in yards or terminals.

Running Outside Assignment Limits: Road crews have bulletined assignment limits. If operational necessity dictates use of a crew beyond these assignment limits, then it receives an additional day's pay for doing so, even if only a few minutes' time is so consumed.

EXAMPLES OF RULES PROVIDING ARBITRARY OR DUAL PAY ALLOWANCES

Air Hose Coupling: 95c extra allowance per tour of duty to each member of a yard crew when required to couple and/or uncouple hose.

Initial Terminal Delay: When delayed leaving initial terminal in excess of 75 minutes, each member of the crew receives double pay computed on a minute basis until the train actually departs the terminal.

Final Terminal Delay: When a train crew is held out of its final terminal thirty minutes or more, because of congestion or other reason, the crew receives double pay computed on a minute basis until the crew goes off duty.

Weight on Drivers: The weight on drivers of locomotives used determines the scale of pay for engineers. If more than one unit is coupled together, the engineer receives added pay, based upon the combined weight on drivers, even though a single control is still involved.

Car Scale: The number of cars handled in through-freight and local-freight trains determines the scale of pay received by conductors and trainmen.

Fireman Pay: Engineers working without firemen on locomotives on which under the former National Diesel Agreement of 1950 firemen would have been used, receive an additional $4.00 per basic day with 4c per mile additional for each mile operated in excess of 100.

Pick Up or Set Out Locomotives: Engineers receive up to three 30-minute arbitraries per day, in addition to their regular pay for the trip, when required to pick up, set out or exchange diesel locomotives while enroute between initial and final terminals, including turning points in turn-around service.

Terminal Switching: Engineers receive an arbitrary allowance of a minimum of one hour's pay, in addition to their regular service pay, when required to switch their trains or turn engines at terminals or turning points, or required to perform yard work or make up their trains at points where switching crews are on duty, even though this work is performed within the 8 hours for which they are already receiving pay.

Hostling Engine: Engineers required to hostle their engines (move them to or from the engine tie-up point or fuel them) at points where hostlers are not provided, receive added pay, with a minimum of 30 minutes, for the time engaged in such hostling, even though already on duty and under pay for their road or yard service.

As an example, let me give you all the operating financial ratios on the losing railroads. The best ratio is the transportation ratio which is the transportation expense divided by the operating revenues.

The Lehigh Valley operates on a 44-percent transportation ratio. Compare that to a good railroad that is operating on a 24.9-percent operating transportation ratio.

The Reading Railroad operates on a 44.2-percent operating ratio; the Boston & Maine, 44.9 percent; Chicago, Rock Island & Pacific, 46.1 percent; Penn Central, 46.2 percent; Erie Lackawanna, 48 percent; Central of New Jersey, 49.7 percent; Ann Arbor, 50.9 percent, and Penn Reading Seashore, 66 percent.

If these losing eastern railroads would take constructive action on the work rules and pay allowances, they could be run efficiently. Get these feather bed archaic work rules modernized.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from Kentucky (Mr. CARTER).

Mr. CARTER. Mr. Speaker, I am somewhat amused by some of the words used by a distinguished Member of this body about correspondence concerning legislation and it reminds me of a caller in the old station in Louisville at 10th and Broadway. He would start out calling the stations like this: "E. Town, Sonora, Glendale, Dry Ridge, Munfordville, Horse Cave, Cave City, Glasgow Junction, and Bowling Green."

A lady came up to him and she seemed to be a little bit nervous and she said, "When does the northbound train leave? When does the southbound train leave? How deep is that mudhole over there? And how much are those bananas?"

The man responded to the lady just as if he were calling out the stations in reply to this diatribe, in his best station-caller manner, "One leaves at 8, one leaves at 9, up to your hips, and five for a dime."

Mr. MADDEN. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. ECKHARDT). The question is on the resolution.

The question was taken and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SKUBITZ. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 369, nays 23, not voting 41, as follows:

[Roll No. 639]

YEAS—369

Abdnor
Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Annunzio
Archer
Armstrong
Ashley
Aspin
Badillo
Bafalis
Baldus
Barrett
Baucus
Bauman
Beard, R.I.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Breckinridge
Brinkley
Brodhead
Brooks
Brown, Mich.
Brown, Ohio
Buchanan
Burgener
Burke, Calif.
Burke, Fla.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Butler
Byron
Carney
Carr
Carter
Casey
Cederberg
Chappell
Chisholm
Clancy
Clausen, Don H.
Clay
Cochran
Cohen
Conable
Conlan
Conte
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Oreg.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Esch
Evans, Colo.
Evans, Ind.
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gaydos
Gibbons
Gilman
Ginn
Goldwater
Gonzalez
Gradison
Grassley
Green
Gude
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Harsha
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hicks
Hightower
Hillis
Holland
Holt
Holtzman
Horton
Howard
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Colo.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jones, Tenn.
Jordan
Karth
Kasten
Kastenmeier
Kazen
Kemp
Keys
Koch
Krebs
Krueger
LaFalce
Landrum
Leggett
Lehman
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
McKinney
Macdonald
Madden
Madigan
Maguire
Mahon
Mann
Martin
Mathis
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Miller, Ohio
Mills
Mineta
Minish
Mink
Mitchell, N.Y.
Moakley
Moffett
Montgomery
Moore
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nix
Nolan
Nowak
Oberstar
O'Brien
O'Hara
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Poage
Pressler
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rees
Regula
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Roberts
Robinson
Rodino
Roe
Rogers
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Russo
Ryan
St Germain
Santini
Sarasin
Sarbanes
Satterfield
Scheuer
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Shuster
Sikes
Simon
Slack
Smith, Iowa
Smith, Nebr.
Spellman
Spence
Staggers

Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, N.C.
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Udall
Ullman
Vander Veen
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, Bob
Wirth
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Tex.
Zablocki
Zeferetti

NAYS—23

Ashbrook
Beard, Tenn.
Broomfield
Broyhill
Burleson, Tex.
Collins, Tex.
Duncan, Tenn.
Erlenborn
Guyer
Hansen
Kelly
Kindness
Lagomarsino
Latta
Lott
McDonald
Moorhead, Calif.
Obey
Rousselot
Skubitz
Snyder
Symms
Young, Fla.

NOT VOTING—41

AuCoin
Brown, Calif.
Clawson, Del
Cleveland
Collins, Ill.
Conyers
Crane
Eshleman
Evins, Tenn.
Fary
Fraser
Giaimo
Goodling
Hagedorn
Hébert
Hinshaw
Jones, Okla.
Ketchum
Lent
Matsunaga
Milford
Mitchell, Md.
Mollohan
Moorhead, Pa.
Murphy, N.Y.
Nedzi
Passman
Rangel
Risenhoover
Sisk
Solarz
Taylor, Mo.
Teague
Van Deerlin
Vander Jagt
Vanik
Wiggins
Wilson, C. H.
Wilson, Tex.
Winn
Young, Ga.

The Clerk announced the following pairs.

Mr. Hébert with Mr. Jones of Oklahoma.

Mr. Passman with Mr. Del Clawson.

Mr. Teague with Mr. Goodling.

Mr. Mitchell of Maryland with Mr. Mollohan.

Mr. Matsunaga with Mr. Young of Georgia.

Mr. Giaimo with Mr. Crane.

Mr. Sisk with Mr. Hinshaw.

Mr. Risenhoover with Mr. Brown of California.

Mr. Solarz with Mr. Hagedorn.

Mr. Vanik with Mr. Cleveland.

Mr. Charles H. Wilson of California with Mr. Lent.

Mr. Moorhead of Pennsylvania with Mr. Eshleman.

Mr. Murphy of New York with Mr. Milford.

Mr. Nedzi with Mr. Taylor of Missouri.

Mr. Rangel with Mr. Fraser.

Mr. Evins of Tennessee with Mr. Wiggins.

Mr. Conyers with Mr. Van Deerlin.

Mrs. Collins of Illinois with Mr. Charles Wilson of Texas.

Mr. Fary with Mr. Winn.

Mr. AuCoin with Mr. Vander Jagt.

Messrs. **TAYLOR** of North Carolina, **HASTINGS**, and **WRIGHT** changed their vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ROONEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8672) to improve the reliability, safety, and energy efficiency of railroad transportation, and to reduce unemployment by providing funds for work in repairing, restoring, rehabilitating, and improving essential railroad roadbeds and facilities.

The **SPEAKER**. The question is on the motion offered by the gentleman from Pennsylvania (Mr. ROONEY).

The motion was agreed to.

The **SPEAKER**. The Chair appoints the gentleman from New York (Mr. BINGHAM) as Chairman of the Committee of the Whole, and the Chair requests the gentlewoman from Missouri (Mrs. SULLIVAN) to assume the chair temporarily.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 8672, with Mrs. SULLIVAN (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The **CHAIRMAN** pro tempore. Under the rule, the gentleman from Pennsylvania (Mr. ROONEY) will be recognized for 30 minutes, and the gentleman from Kansas (Mr. SKUBITZ) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Pennsylvania.

Mr. **ROONEY**. Madam Chairman, I yield such time as he desires to the gentleman from West Virginia (Mr. STAGGERS).

Mr. **STAGGERS**. Madam Chairman, first I would like to congratulate the subcommittee chairman and all the members of the subcommittee for bringing this bill to the floor. Some have said that it is a little bit late. It is better late than never because it is much needed in the land. Also, I would like to congratulate the staff on the work that it has done.

This bill is not a panacea. It is not going to solve all the problems of the railroads, and no one makes a claim for that, but it makes a start. It is a small start because we are so far behind in the railroad system in America that it is going to be an enormous job to bring the equipment up to what the railroads have abroad. I heard a statement a while ago about what they are spending abroad, but if we just compare, if we ride one of their railroads and ride one of ours, we will see that it is worth it. That is about all I can say about that.

It has been said that we are just spending this money sort of in a piecemeal fashion and uselessly. This money is being spent for men and women who are unemployed, putting them back to work; not raking leaves, but building a better America, building one of the most essential transportation systems we have in the land.

As was stated by the gentleman from Pennsylvania, it does not buy materials. It does not do a lot of other things, but it does do one thing: It puts men back to work. Certainly, we know that the railroads of America need a lot of work, and this is just a starter, as I have said. It is not just a sectional piece of legislation. It is mainly in the Northeast, but it is nationwide because it takes in Amtrak, and for that reason every person across America should be interested in the bill.

I do not know the exact amount, but we have spent $100 billion to $150 billion in building our highways across this land. We have put $10 billion into a trust fund for our airlines. We have spent hundreds of billions of dollars to bring the locks and dams across America into existence for better transportation systems. This bill proposes that we invest $240 million that will put men and women to work on the railroads of America and take them off the relief rolls so that they will not be drawing unemployment, that other taxpayers have to pay. I heard someone say, "Well, it is at the taxpayer's expense." It will take them off the unemployment and welfare rolls and make them taxpayers and put them back to work, and the money will come back to America and make them and their families a little bit more proud of what is going on in America because they will not just be receiving unemployment and welfare.

The time has come now. There is talk by some about some big bill in the future. That bill may never come to this floor at all. We hope it does. It may not, and possibly will not come until some time next year, the next session of Congress.

Now is the time. We have something now to start to put men back to work. They are not just unskilled people. They are people who know how to run the machines that do the work. Most of it is not done manually, driving spikes, and so forth, as it used to be in days gone by. These are men who are skilled, who know their jobs. And beyond that, it would put other men back to work who are unemployed to do this job.

I do not know of any bill that is going to come before the floor that ought to get the vote of the Members of Congress more than this bill now. I hope, when the voting is over, the result will be overwhelming.

There has been talk about a veto. I hope the result of the vote will be so overwhelming that the President will get the message.

We want people to go back to work and we want to keep the railroad system strong. The time is not next year, or years ahead, but the time is now, to make a better America, a better way of living and a better way of life for many thousands of families in which the wage earner today is not working, and give them a useful job and make them taxpayers instead of tax eaters.

Madam Chairman, I hope every Member will vote for this bill, and I think it is a small amount to pay to get started back on this job of doing something that we have let go too long.

Madam Chairman, this bill authorizes $240 million to deal with two of the most serious problems facing this country today—unemployment and the deplorable condition of the roadbeds and facilities of many railroads.

There is no doubt that unemployment is one of our most serious problems today. We estimate that, under this bill, about 15,000 people will be put to work over a 12-month period, with a peak level of about 20,000 during at least a 6-month period.

The first priority for jobs under this bill will go to unemployed railroad maintenance workers who reported over 8,000 unemployed in July this year. This is about 9 percent of the normal work force and also a seasonal low because July is the height of the work season for these people out of work. Without this bill these people will soon be out of work again.

The second priority for jobs goes to people who have exhausted unemployment benefits or who have been out of work for 15 weeks or more. Other unemployed people have third priority. We believe that most of the people put to work under the second and third priorities will come from the construction industry where the unemployment rate is running around 21 percent, with some areas as high as 60 percent.

The jobs provided under this bill will also have a ripple effect by providing jobs in related industries such as steel mills, tie plants, and quarries.

The other major problem this bill deals with is the fact that our railroad facilities are suffering badly from neglect—in nicer terms it is called "deferred maintenance."

It is not uncommon for freight and passenger trains to be slowed to 10 miles per hour because of poor track conditions and some trains are prevented from traveling more than 100 miles in a day. These delays often double and sometimes triple the cost of shipping freight and are directly responsible for large numbers of passengers using other modes of transportation.

With the money in this bill, the railroads can relay almost 2,500 miles of track using 500,000 tons of new rail. Another 2,000 miles of track can be rehabilitated with salvaged material made available from laying this new rail. We also estimate that over 23,000 miles of track will have ballasting and surfacing upgraded by projects under this bill.

None of the money in this bill can be used for materials or for administrative costs of the projects. We had testimony that more than adequate materials are on hand or on order to handle the projects under this bill with no adverse effect on other rehabilitation projects generated by the railroads themselves.

This bill requires that these funds be used in addition to funds that railroads would spend for maintenance without this bill.

The problems of the railroads are of an emergency nature and this bill is needed now. The need for comprehensive solutions for all problems faced by the rail industry should not be used as an excuse to delay enactment of this bill.

The Senate has passed a similar bill (S. 1730) for an even greater amount of money—$700 million.

I believe that this country, and the railroads of this country, are presently facing the kind of situation that calls for unusual measures.

The situation I refer to is the extremely high unemployment among the workers of this great Nation and also the deteriorating physical condition of the railroads of this country. These are the same railroads which played a major role in the development of this country before the turn of the century and which are still essential to the economic health and well-being of this country today.

There is probably no member of this House who would want to stand up in his district and defend the high rate of unemployment we have in this country today.

Also, there probably isn't any member with a railroad in his district who would want to tell his constituents that he is completely satisfied with the physical condition of the track and roadbed serving their communities. And some of those tracks are used to haul some very hazardous materials through those communities.

Madam Chairman, under these circumstances, I do support the provisions of this bill which would provide $240 million for public service jobs involving repair and rehabilitation of railroad roadbeds and facilities.

I am convinced that adequate and safe rail transportation is essential to the public interest and that jobs involving railroad roadbed rehabilitation are important public service jobs.

I am also convinced that unemployment can be reduced significantly by providing for these public service jobs.

This bill contains provisions which assure that the railroads must maintain a good faith level of maintenance based on past experience and financial capability. This will guarantee that Federal money will not be used for normal maintenance of the railroad.

This bill also establishes priorities for hiring unemployed railroad workers first and then other unemployed workers.

This bill would also assure that the money provided would be spent on railroads we are going to use in the future and not on track which will be abandoned later. For example, in the Northeast a railroad track must have been included in the final system plan for that region which is approved by the United States Railway Association.

I can assure you that our committee has taken every precaution to be sure that public money is expended wisely.

Anyone who has followed our committee activities dealing with railroad problems recently will know there is no quick or easy solution to these problems, but I can assure you that we are doing our very best to come up with the best possible solution in the shortest possible time.

I urge the House to pass this needed legislation.

Mr. ROONEY. Madam Chairman, I yield myself such time as I may consume.

Madam Chairman, I yield myself such time as I may consume. I think the vote we have just seen on the rule indicates to the Members of this Congress the overwhelming support that this Congress has for this legislation, because the rule was approved by a vote of 369 to 23, crossing party lines in every area of this country.

The purpose of this bill, Madam Chairman, is to help the current unemployment problem and assist in upgrading railroad roadbeds and facilities in this country.

Madam Chairman, there has been much said today about the minimum wage, to be paid for the projects under this bill. I heard the gentleman from Ohio talk about a wage of $6 per hour. I heard the distinguished minority Member talk about $6.60 an hour. I would like to tell my colleagues in this Congress that the minimum wage today is $2.10. I do not think any family in this country can survive on $2.10 an hour. For the edification of the Members of Congress, the wage at the present time for the workers to be hired by this bill is $5.17. I would rather pay that additional $3.07 to put people back to work and give them a decent living in this country and do something about the rail problems that this country faces today.

As we all know, unemployment is one of the most serious problems facing our country today, and railroad beds and facilities are being seriously deteriorated. This bill authorizes only $240 million to the Secretary of Transportation for the purpose of awarding grants to Amtrak, ConRail, the two railroads presently in reorganization under section 77 of the Bankruptcy Act, which are the Boston & Maine and the Rock Island, the railroads subject to reorganization under the original Rail Reorganization Act of 1973, and any railroad which provides intercity rail passenger service, as defined in the Rail Passenger Service Act, which are the Southern Railroad, the Denver, Rio Grande, and the Western Railroad.

Thus, there can be a wide diversity in the areas of the country where projects can be undertaken and, at the same time, the benefits will not accrue to profitable railroads, as we heard before.

The grants are to be awarded for projects involving repair, restoration, rehabilitation and improvement of railroad roadbeds facilities. This includes things like tracks, ties, switches, bridges, signal systems, grade crossings, yards, and so forth, but specifically it excludes the rolling stock and assures the widest possible latitude in choosing to maximize the reemployment potential in this country.

The hiring of furloughed railroad maintenance employees is the highest of unemployment priorities for jobs created by this bill. Reportedly there were over 8,000 unemployed maintenance-of-way workers in July of this year. This is about 9 percent of the normal work force. It is also a seasonal low, because July is the height of the work season for these people. In April of this year there were about 15,000 of these people out of work. Without this bill the industry soon will have large numbers of these people out of work once again.

The second priority for jobs under the bill goes to unemployed persons who have exhausted unemployment insurance benefits or who are not eligible for these benefits or who have been unemployed for 15 or more weeks.

Other unemployed and underemployed persons are the third order of priority in this legislation. We believe that most of the people put to work under the second and third priorities will come from the construction industry, where the unemployment rate today is running 21 percent, with some areas as high as 80 percent.

Within 30 days after the enactment of this Act the Secretary of Labor must establish the procedures and the rules and regulations necessary to insure that sufficient numbers of those unemployed persons are referred to eligible applicants. It is estimated that an average of 15,000 persons will be employed during the year by this legislation with as many as 20,000 being employed during the peak period of the projects. In addition, the jobs provided by this bill will have a ripple effect in related industries such as steel mills, tie plants, and quarries.

Madam Chairman, the other major problem this bill deals with is the fact that our railroad facilities are suffering badly from neglect. In nicer terms, it is called "deferred maintenance." We all know the problems that the railroads face today because we failed to do anything during the past 25 years. We are now given the opportunity to help solve the problem and save a private enterprise in this country. If we do not, if we do not begin to act today, we are going to see the railroads in this country nationalized, and I am sure that every Member of this House does not want to see that happen.

It is not uncommon for freight and passenger trains to be slowed to 10 miles per hour because of poor track conditions and some trains are prevented from traveling more than 100 miles in a day. These delays often double and sometimes triple the cost of shipping freight and are directly responsible for large numbers of passengers using other modes of transportation.

It is estimated that with the funds provided with this bill, 2,470 miles of new rail and 2,100 miles of used rail can be relayed. Also, 23,000 miles of track can be ballast and surfaced. Moreover, this bill requires that these funds be used in addition to funds that railroads would have been reasonably expected to expend for maintenance without this bill.

We received testimony that more than adequate materials are on hand or on order for these projects with no adverse effect on other rehabilitation projects generated by the railroads themselves. The funds must be used solely to pay the wages and other benefits earned by individuals employed for the approved projects, and cannot be used for any materials or administrative or other expenses incurred with respect to the projects.

Within 30 days after enactment of the bill, the Secretary of Transportation must establish and publish procedures for making and evaluating applications for a grant. Each application will include a description of the project and a statement as to the number of persons to be employed. Applications must be acted upon within 15 days after receipt by the Secretary. Priority is to be given to projects which can be substantially completed within 18 months. Thus, it is believed that the projects will be commenced and completed in a very short time period and thereby satisfy the emergency aspects of this bill's goals.

The bill also requires all recipients of financial assistance to maintain records which fully disclose the amount and disposition of such assistance. The Secretary would use this information in formulating a cost and benefit assessment of the various projects and programs receiving assistance under this bill, but only if such assessment will not delay the project. Also, the Secretary and Comptroller General will have access to these records and the rights of audit of the project grants for at least three years after the project is completed.

Another very important provision of this bill is that if property improved by financial assistance received under this bill is sold, leased, or liquidated within 5 years, the owner would have to pay back to the Government the unamortized portion of such assistance.

Some persons have contended that the benefits from this bill cannot be immediately realized because the season for rail maintenance has passed. This is true for certain areas in the Northeast and Midwest but not for other sections of the country. We received testimony that in this vast country of ours there are a number of areas where maintenance-of-way work can be performed any time of the year. In this regard, Amtrak informed us that it expects to receive a large percentage of the funds and plans to shift workers all around the country in order to "follow the Sun." Also, there are a number of areas where the Rock Island, for example, can perform work during the coming winter season.

Finally, I am sure we all agree that instead of a piecemeal approach we must have comprehensive legislation to deal with the many horrendous problems facing the railroad industry. Just as the railroads cannot substitute these projects for those it was expected to perform, we do not believe this bill is a substitute for comprehensive legislation. In addition to evaluating USRA's final system plan for reorganizing the bankrupt railroads of the Northeast and the Midwest region, my subcommittee is presently considering a comprehensive bill for assisting the railroads in the other region—H.R. 9802—the Railroad Revitalization and Regulatory Reform Act of 1975.

We are moving on this legislation as expeditiously as possible. Nevertheless, the need for comprehensive legislation should not be used as an excuse to delay this bill. There will certainly be no duplication of effort. The roadbeds are severely deteriorated and the sooner we start rehabilitating them, the better.

Moreover, I for one do not want to have to explain to unemployed persons that we are delaying this bill for the sole purpose of neatly tying it into other legislation. Granted $240 million is a modest amount in comparison with the deteriorated roadbed problem and employment of 15,000 to 20,000 persons is small in comparison with the unemployment problem. But even so, we are going to repair a lot of track and give jobs to a lot of people.

As you know, the Senate has already passed a similar bill (S. 1730) for an even greater amount of money—$700 million. Also, the Budget Committee has included $700 million in the budget for these jobs. We are therefore asking for a modest amount based, not on what is needed, but rather on the amount that is estimated can reasonably be expected to be utilized in the limited time frame.

Mr. SKUBITZ. Madam Chairman, I yield 3 minutes to the gentleman from Ohio (Mr. DEVINE).

Mr. DEVINE. Madam Chairman, when we wander into the woods, we never know which way we will come out. I recall when I got involved with the legislation originally, we were considering the problems of unemployment and we were considering legislation on what was called public service employment. That took us back to the days in the 1930's when the Congress enacted the Works Progress Administration, the WPA.

Those were the leaf-raking jobs, and we heard the criticism that went across the country that they were creating jobs that were not necessary. We heard they were putting people to work and they were leaning on rakes and leaning on shovels, and they were just put on some kind of a payroll whether or not what they were doing was productive.

When we were considering that legislation, the fact also came up that the rail beds and the rails themselves in this country were in deplorable condition, and that the railroads did not have the money to do anything about it. At that time it seemed to me and to a number of my colleagues, particularly the gentleman from Pennsylvania (Mr. HEINZ), that, if the Federal Government is going to put money into creating employment, for heaven's sakes, why should we not put it in a productive area where it would do some good in the public interest as well as to provide some jobs.

That is the time when we initiated and cosponsored legislation to the effect that as long as we were going to have public service jobs, let us put them to work building right-of-way and get the railroads running again. It would be in the public interest and it would be important.

The other body felt that it was important enough to fund this on the basis of $750 million.

Mr. CARTER. Madam Chairman, will the gentleman yield?

Mr. DEVINE. Yes, I yield to the gentleman from Kentucky.

Mr. CARTER. How does the gentleman account for the deplorable state of the railroads today?

Mr. DEVINE. I cannot totally account for it. I think it is miserable management on the part of many of the railroads. A number of them are in bankruptcy for this reason.

Mr. CARTER. Does not the gentleman think that there are other factors, really, that also come into play?

Mr. DEVINE. There is no question about that. There are other factors involved, but the issues today concern two things: One is unemployment, and the second is that we should get the railroads running again. Let us spend the taxpayers' money for something that is productive, rather than raking leaves across the Louisville City Hall lawn and then back again.

I do not want them to do that. I want them to build railroads.

Mr. CARTER. If the gentleman will yield further, I certainly agree with that, especially with respect to the employment portion of it.

Mr. SKUBITZ. Madam Chairman, I yield 5 minutes to the gentleman from Pennsylvania (Mr. HEINZ).

Mr. HEINZ. Madam Chairman, I

strongly support passage of this overdue and much-needed legislation, H.R. 8672, and I support passage of this bill, the Emergency Rail Transportation-Improvement and Employment Act of 1975 for a number of reasons.

First and foremost, this legislation provides jobs for those out of work. Somewhere between 15,000 and 20,000 unemployed Americans will be put back to work with the enactment of this legislation. The work that they will be doing will not be "make-work"; it will be important work that badly needs doing. It will be the rebuilding of this Nation's railroad system.

Many other Americans will benefit indirectly because of the jobs created in this bill. For example, the industry supplying the rail and the ties for improving railroad right-of-way will have additional sales as the program of railroad rehabilitation gets underway. Perhaps the greatest beneficiary will be the public at large. Today, this Nation's railroad system is in deplorable condition. The goal of this bill, to ease the problems of unemployment by focusing job creation on a job that needs doing—rehabilitating our Nation's railroad—provides the American public with dual benefits. To me, the ingenuity of the approach used in this legislation is that it gets the very most for the use of tax dollars spent.

Personally, I would have preferred to see H.R. 8672 funded at a much higher level to more adequately meet the dual purposes of the legislation. This bill authorizes only $240 million over an 18-month period. In similar legislation that I introduced last spring, I proposed funding of $2.5 billion. I know that the difference in money terms is staggering. So, too, however, would have been the difference in the number of men removed from the unemployment rolls and the miles of track made efficient and safe within our national railroad system.

Instead of 15,000 or 20,000 men removed from the unemployment rolls, we could have and should have had 10 times that many. Nevertheless, H.R. 8672, as reported by the committee, represents a significant step because it introduces a new concept in programs to eliminate unemployment. Madam Chairman, this bill takes a man off the unemployment rolls and gives him a job that is worthwhile not only to him, but to the welfare of the entire Nation.

The Budget Committee of this body recognized the importance of this type of legislation when it earmarked $700 million for jobs to rehabilitate the railroads. In June, the other body, by a vote of 67 to 10, passed S. 1730 which provides over $700 million in money to put people back to work to put the railroads back in shape. This bill was overwhelmingly endorsed by a vote of 26 to 4 when our committee considered it several weeks ago. Few pieces of legislation have received such overwhelming support, both from legislators and from the public.

Let me for a minute, Madam Chairman, point out some of the worthwhile endeavors that can be undertaken once this legislation becomes law. First of all, Amtrak, the National Rail Passenger Corp., is eligible to apply for funds to improve those sections of track throughout the Nation which will most improve the reliability and quality of service of our Nation's rail passenger trains. When the President of Amtrak, Mr. Paul Reistrup, testified before the committee, he pointed out some of the projects that Amtrak could and would undertake in order to improve the condition of track and roadbeds. For example, let me just cite some of the 17 projects to which Mr. Reistrup assigned top priority. First, Chicago to Detroit; second, Pittsburgh to Chicago; third, Pittsburgh to St. Louis; fourth, Chicago to St. Louis; fifth, Post Road to Rensselaer, N.Y.; sixth, Carman to Hoffman, N.Y.; seventh, Boston to Albany, N.Y.; eighth, Taylor to Temple Cutoff which involves a stretch of track owned by the Missouri-Kansas-Texas Railroad; ninth, Cincinnati to Indianapolis; 10th, Seattle to Portland, Oreg.; 11th, access to the Cincinnati Union Terminal which would have the benefit of helping all services that come into and go out of Cincinnati. There is Louisville, Chicago, Indianapolis, and Kankakee, Dallas and Houston, San Diego, Los Angeles, and the list goes on. Places where the present condition of the railroad right of way is of such low quality that Amtrak cannot properly run passenger trains over those tracks. This bill, Madam Chairman, would permit Amtrak to use its share of the funds to begin work on those high-priority items so that the day when Amtrak could make a profit would become closer at hand.

Madam Chairman, the second great area of improvement of track right-of-way is in the Northeast. As you know Madam Chairman, we have struggled with the rail problem in the Northeast for nearly a decade. Recently, the U.S. Railway Association submitted its final plan for the Northeast and it holds out some promise for the development of a railroad system that will work in our part of the country. However, today, cars become derailed simply by standing still on tracks which are unable to support them. Mile after mile of railroads in the Northeast are in chronic need of repair. Enactment of this legislation will permit the Secretary of Transportation to provide money so that work can begin immediately on getting the tracks in shape for ConRail and an improved rail system in the Northeast.

Finally, Madam Chairman, the two other passenger carrying railroads in the country—the Southern and Denver-Rio Grande have been made eligible under this bill to apply for funds to upgrade their track so that passenger trains can function smoothly and efficiently.

In short, Madam Chairman, the benefits in this bill are made available throughout the country—from North to South and East to West. Within that framework, there is ample latitude to insure that those regions of the country hardest hit by unemployment can be taken care of first. Within the bill, there is ample latitude to insure that the tracks greatest in need of repair are repaired first. This is one national program that is flexible enough by design to create jobs and to perform work where the need is the greatest.

Madam Chairman, we all realize that the national unemployment rate remains untolerably high. Nearly 9 percent of our country's workers are unemployed. The time has come for the Federal Government to use its power to alleviate unemployment by undertaking necessary public works. The program posed by this legislation is one that could be put into action within a matter of hours. Amtrak and the other railroads know where the greatest need exists for repairing and improving railroad track. Railroad Retirement Board and the various state unemployment commissions know where the unemployed are located. Almost immediately, men can be put back to work with the entire Nation being the beneficiary.

Madam Chairman, some Members will mention that H.R. 9802, the comprehensive and well-thought-out rail bill is now pending before the Commerce and Transportation Subcommittee. They may also argue that because that bill is pending, we should delay action on the bill before us. Nothing could be further from what is desirable. H.R. 9802 attacks many of the root causes of the problems facing the railroad industry. For example, it contains much regulatory reform so that railroads can get better rates for the goods they haul. It improves the machinery of the Interstate Commerce Commission so that cases will not drag on for years. It provides for new abandonment procedures for branch lines and a method of subsidies so that communities can continue to have service on those lines. It makes it easier for railroads to merge and it provides large sums of money so that railroads can modernize some of their antiquated equipment. I fully agree with the supporters of that measure than once that bill is enacted there will be jobs over the long run. Let me emphasize that those jobs will occur over the long run. The funding mechanism in the bill is geared to a 5-year funding plan. At this point in time, the bill has not even moved out of subcommittee. On the other hand, Madam Chairman, H.R. 8672 was overwhelmingly voted 26 to 4 out of committee. Its companion bill, S. 1730, has passed the Senate by a vote of 67 to 10. The 40,000 to 50,000 that the Senate bill would put to work or the 15,000 to 20,000 this bill would employ are now waiting to see if this body will take action. I, for one, Madam Chairman, believe that there is nothing inconsistent in being a strong supporter of this bill and a strong supporter of H.R. 9802 which will be coming before this body in several months.

I have heard it suggested that passage of the jobs bill would complicate the chances for enactment of H.R. 9802. I believe just the contrary is true. Passage of this bill will serve to highlight the fact that the Nation's railroads are in deep trouble. Thousands of miles of track need repair. Thousands of miles of right-of-way need to be upgraded. Thousands of grade crossings need to be improved. Enactment of this jobs bill, H.R. 8672, will be a signal to the country that we in the Congress have recognized the true dimensions of the problems facing the rail industry and have moved to take care of those problems in a way designed to alleviate the unemployment problem of the country.

Some, Madam Chairman, have criticized this jobs bill because it does not force men to work at a rate no greater than a minimum wage. I find part of the reasoning that goes into that kind of concern very persuasive. That is the reasoning that suggests our Federal money could go further if we paid these men only at the minimum wage. To go that route, however, would undo that which has become a basic principle of our Government relations with labor. As a matter of principle, Congress and the Executive have insisted upon prevailing wage levels for American workers. We have done this in the Interstate Highway System. We have done this with respect to shipbuilders. We have done this with respect to waterways. We have done this with respect to airports. We have done this with respect to the aerospace industry. We have done this with respect to defense contractors. Prevailing wage levels simply mean that the man on the job should be paid what he is worth in terms of the private market place for that particular job in that particular region of the country. This is all that has been done in the jobs bill. Individuals employed to improve our Nation's railroads shall be paid at a rate comparable to the rate paid those workers who are already working on track and roadbed improvements. To do less would turn back the hands on the clock of time and while it is tempting to get more jobs out of the little money that we have in this bill, we must avoid that temptation.

There have been those who suggested that the works season has passed with respect to the projects contemplated by this bill. Such might be the case if the only projects we were talking about were in New England, but even there—there are miles of track where work can still be done before winter sets in. Most of the United States has railroad track that can be worked on the year round. Amtrak for example, has projects throughout the southern tier of the country as does the Southern Railroad and the Rock Island. Even the Boston and Maine has stated that it has supplies and is ready to begin work on some important segments of track in New England.

Under this legislation, public money is being spent to achieve two goals: First, to provide jobs to those who need them; and second, to improve the track of our Nation's railroads. No one has quarreled with the legitimacy of the purpose in providing jobs. Some have suggested that private companies, namely, railroads would receive unjust enrichment because Federal dollars were used to improve their property. First, let me point out that railroads are regulated common carriers and unique among all private companies in that under section 77 of the Bankruptcy Act, they cannot cease operation. Perhaps a greater protection of the public interest exists, however, in that this bill, in section 9, subsection (d) provides that the railroad companies must pay back the United States should there be a sale or subsequent lease of the property involved.

In conclusion, Madam Chairman, this emergency bill is long overdue. I first introduced my bill last March. The Senate passed its bill last May. Now we have an opportunity to move with a piece of legislation which will not only provide jobs and repair the Nation's railroads, but will privide an opportunity to test the principle of job creation for work that needs to be done. As I have mentioned, this bill does not contain as much money as I would have liked. This bill does not provide as many jobs as I would have liked. This bill does not repair as much of our Nation's rail system as I would have liked. However, Madam Chairman, it is a beginning, and an important beginning. It is directed at the heart of the railroad problem—rehabilitation of track and right-of-way. Above all, it will provide meaningful employment for some 15,000 to 20,000 unemployed Americans. I urge my colleagues to join with me in voting for H.R. 8672.

In summary, I want to touch very briefly on just a few of the really salient points in this legislation.

I think the most important point for everybody in this room to remember is that this is legislation to fight unemployment with jobs.

We will hear that this is legislation that is somehow going to bail out the railroad industry. That is simply not true. The way the legislation is written, all the money goes to currently unemployed people who would be put to work. Money does not go for ties, tracks, machinery, management, or anything else.

Not only that, but the legislation encumbers for a reasonable period of time on any piece of track or piece of property improved by work fund under this bill, so that no shareholder, no bank, or no creditor is going to get rich at the taxpayers' expense.

We all know there is a job that needs to be done.

The gentleman from Kentucky (Mr. CARTER) asked a question of the gentleman from Ohio (Mr. DEVINE) as to why the railroads are in such bad shape. One of the responses, I think, is accurate. It is mismanagement. But another answer—and there are others—is that the Federal Government is subsidizing literally every other kind of transportation which is a competitor of the railroads with taxpayers' money, whether it is the Interstate Highway System by the highway trust fund, whether it is the dams and waterways we need which the Corps of Engineers, with taxpayers' money, build on our Nation's waterways, whether it is the airlines and the safety devices that keep the airlines on time and on target.

The railroads are saddled with the Interstate Commerce Commission that has often said no to increases in progress, in productivity, and in rate adjustment.

I submit to the Members of the Committee, therefore, that one of the reasons the railroads are in tough shape is because of previous actions undertaken by the Congress and by past administrations.

I hope that when and if the committee does report out its omnibus rail bill it will deal with some of these other questions.

Mr. CARTER. Madam Chairman, will the gentleman yield?

Mr. HEINZ. I will be happy to yield to the gentleman from Kentucky in just one moment. But first I would like to complete my statement.

Mr. CARTER. Madam Chairman, the gentleman from Pennsylvania mentioned my name and I believe that according to the rules of the House it is necessary for the gentleman to yield to me.

Mr. HEINZ. I will yield briefly to the gentleman from Kentucky.

Mr. CARTER. I thank the gentleman. I only want to carry on the colloquy a little bit further about the causes of the terrible state in which our railroads find themselves in. There are many, many causes, as the gentleman from Pennsylvania well knows.

I would like to ask the gentleman from Pennsylvania if he would tell the Members of the House about what percentage of the traffic in our country now is carried by the railroads.

Mr. HEINZ. Does the gentleman from Kentucky have an answer to his question?

Mr. CARTER. Yes; I do.

Mr. HEINZ. Then would the gentleman supply that answer to the committee?

Mr. CARTER. Certainly. I believe it is in the neighborhood of 40 percent.

How much of the traffic do the trucks carry?

Mr. HEINZ. I think the gentleman knows the answer.

Mr. CARTER. I am not sure on that, but I am sure the gentleman knows since the gentleman is on the Subcommittee on Transportation of Interstate and Commerce.

Mr. HEINZ. The gentleman is incorrect; I do not serve on the Subcommittee on Transportation, although I wish that I did.

Mr. CARTER. Will the gentleman yield further?

Mr. HEINZ. I will yield no further to the gentleman from Kentucky at this time.

The CHAIRMAN pro tempore. The gentleman refuses to yield.

Mr. HEINZ. Madam Chairman, in the very limited time that I have available I would also like to make very clear to the members of the committee that this legislation will be a national initiative and will be national in its scope. It will help the Amtrak passenger lines across the country, in the South, in the Midwest, in the Northeast, and all the way to the west coast. It will help the ConRail and bankrupt railroads. It will help, in effect, just about every area of the United States. Every area of the United States, with very few exceptions, has severe unemployment problems at this time, as we know.

Madam Chairman, one other point that I should like to make to the committee is who this legislation helps. It will help some unemployed maintenance-of-way workers, and I hope it does, and it will help others among the unemployed, but it will not help as many unemployed workers as expanded legislation could.

The CHAIRMAN pro tempore. The time of the gentleman has expired.

Mr. HEINZ. Madam Chairman, would

the gentleman from Kansas (Mr. Skubitz) yield me 1 additional minute?

Mr. SKUBITZ. I am sorry, Madam Chairman, but I must state that my time is spoken for.

Mr. ROONEY. Madam Chairman, I yield 1 additional minute to the gentleman from Pennsylvania.

Mr. HEINZ. I thank the gentleman from Pennsylvania (Mr. Rooney) for yielding me this time.

Madam Chairman, I think it is important, and I believe the gentleman from Pennsylvania (Mr. Rooney) previously made this point, that it is important to recognize that these jobs are good jobs. They are truly the kind of jobs that one could describe as deserving a fair day's pay for a fair day's work. I personally am one who would like to see everybody who wants to work and can work be allowed to work. I would love to see us get our unemployment compensation rolls reduced and I would like to see our welfare rolls reduced and certainly, Madam Chairman, I think this legislation, while it could be expanded, will do exactly that.

One last point, Madam Chairman, and it was made previously, and that is that the House had voted on this issue back on May 22. I would like the record to show that the House has never previously voted on this or even remotely similar authorizing legislation. I think all of the Members know that. The vote that we had on May 22 was to concur in a Senate amendment to add money to an appropriations conference report for legislation that this House had not authorized. I am certain that most of the Members who voted against the inclusion of that money in the form of a concurring amendment did so on very understandable parliamentary grounds that they did not want to vote for an appropriation before there was authorizing legislation.

I think the vote that we have just seen on the rule indicates that the Members understand this and that this legislation is going to be enacted into law with the overwhelming support of this body.

Mr. HASTINGS. Madam Chairman, as a member of the Transportation and Commerce Subcommittee and a cosponsor of this legislation, I rise in support of H.R. 8672. This timely piece of legislation directs itself to two problems facing the Nation today and is perhaps one of the most unique measures the 94th Congress has acted upon to this date. H.R. 8672 will have the effect of putting men to work while at the same time giving them meaningful employment restoring the many miles of railroad beds. In no sense is this bill a "make work" piece of legislation.

Railroad trackage throughout the Nation, and in particular the Northeast region, has been crying out for help for many years and yet more money has been continuously poured into the administration and rolling equipment costs while the deterioration of the plant itself has been permitted to erode. The programs contemplated by the legislation with the use of the $240 million can begin almost immediately and with little administrative programing. Men can soon be constructively working on the roadbeds—approximately 16,000 to 20,000 men who today find themselves unemployed.

I would like to place this legislation within the railroad scenario the subcommittee has been following this session and call H.R. 8672 the downpayment on large-scale railroad rehabilitation legislation that we hope to report to the House before the end of the year. In addition, this bill, as an initial step, will ease our unemployment problems, improve consumer service through less costly, efficient rail transportation and provide one more "shot in the arm" for our faltering economy.

For these reasons, Madam Chairman, I support H.R. 8672 and urge my colleagues to join me.

Mr. SKUBITZ. Madam Chairman, I yield myself 11 minutes.

Mr. BROWN of Ohio. Madam Chairman, will the gentleman yield?

Mr. SKUBITZ. I yield to the gentleman from Ohio.

Mr. BROWN of Ohio. Madam Chairman, as a cosponsor of this bill, I rise to express my support for the legislation we have before us now, H.R. 8672, the Emergency Rail Transportation Improvement and Employment Act. This legislation, which was reported from the House Commerce Committee by a vote of 26 to 4, has received strong support from both sides of the aisle. H.R. 8672 is a very progressive piece of legislation in that it simultaneously addresses two crucial problems facing our Nation today—unemployment and the deterioration of the railroads.

Many of the tracks and roadbeds on which American trains run are seriously deficient—even dangerous. This negligence can be partially attributed to lack of funds for labor costs involved in maintenance of the roadbeds. H.R. 8672 provides $240 million for grants to the railroads specifically earmarked for the wages of unemployed persons hired to repair the rail rights-of-way. Such work will certainly improve one of our most important, yet dilapidated transportation systems.

The railroad employment bill would not provide any funds for materials or equipment, thus forcing the railroads who wish to take advantage of the program to spend their own funds for those purposes. Estimates indicate that the railroads would have to invest $2 in materials and equipment for every dollar provided by the Government for labor costs. This would produce a beneficial ripple effect in the other supplying areas of the economy, boosting the need for production and thus employment in a number of other industries, notable steel and heavy equipment. The railroads would not be able to substitute jobs under this program for existing jobs. They also would have to give priority to unemployed railroad workers.

With unemployment still running at an excessive 8.3 percent and millions already receiving unemployment compensation, it becomes even more important that we pass this legislation. H.R. 8672 creates productive, meaningful employment for approximately 20,000 people, improving our important railroad system as opposed to the "make work" jobs created in other public employment programs.

While the last thing this country needs right now is another new spending program with its inevitable effect on the budget deficit, I believe we must face the reality of the need for finding jobs for the unemployed. I would greatly prefer to see those in public service jobs working on projects to benefit the Nation. I think we can avoid inflationary impact in two ways. A public service jobs program such as this will have a beneficial effect on the budget through increased tax collections, and a decrease in unemployment compensation and welfare benefits. I would also like to suggest that the House consider legislation that would reduce spending on other jobs programs which are unproductive and do not lead to permanent benefits either for those employed or for the rest of the country.

Although H.R. 8672 is not as far reaching as the proposal which I originally supported, it is a sound beginning for a program which will greatly benefit this Nation. Perhaps more important, it shows innovative thinking and a new direction for public service jobs. It demonstrates to the American public that we care, not only about spending their money, but also about demanding a sound return on that money. For these reasons, Mr. Speaker, I urge that we act favorably on this legislation today.

Mr. SKUBITZ. Madam Chairman, I am well aware of the terrible plight of this Nation's railroads. I am well aware of the unemployment that exists in this country, and like every member of this committee, like every Member of this Congress, I would prefer to see men do useful work rather than busy work. As a Member of this body who cosponsored the "jobs" bill nearly 5 months ago, I can assure the Members that it is not an easy task to stand here today and urge the defeat of this measure, but after sitting through the hearings and listening to the testimony, I strongly feel that the passage of this bill, which is piecemeal legislation at best, could very well do irreparable damage to the whole railroad reorganization bill that is now before the Committee on Interstate and Foreign Commerce.

Most of the Members will recall, as I said earlier, the circumstances under which this idea of jobs on the railroad came into existence. The Members will recall that without any hearings whatsoever, a proviso was added to H.R. 5899 in the other body providing not for authorization but for an appropriation of $700 million for unemployed right-of-way workers.

Perhaps the most persuasive argument that could possibly be raised against the passage of the legislation at that time was advanced by the chairman of our subcommittee, the gentleman from Pennsylvania (Mr. Rooney).

The gentleman from Pennsylvania (Mr. Rooney) stood in the well of this House and pointed out that there was no provision in the President's budget for the funds for this program; that our Committee on Interstate and Foreign Commerce was about to start hearings on a Railroad Revitalization Act, an act that would breathe life into the final systems plan and provide solutions to the broad problems that confront the railroads; that very shortly the final systems plan would be before the Congress; and God only knew what it would cost.

The gentleman from Pennsylvania (Mr. ROONEY) at that time pointed out that $700 million for this sort of a program would be peanuts; that what was actually needed was closer to $7 billion; and the House in its wisdom at that time refused to accept the proviso.

Later on a number of bills were introduced; hearings were held; and out of them came the bill that is before us today. This bill calls for the expenditure of $240 million. Make no mistake about it, the bill is basically one aimed at solving the problem in the Northeast area. I was shocked when the chairman of this committee, the gentleman from West Virginia (Mr. STAGGERS) got up and said this covered the whole country.

Madam Chairman, if we examine the committee report, we see that on page 5 it does provide an impressive list of eligible railroads.

Look at the list: the Southern, and the Denver & Rio Grande, both profitable railroads, were placed in there because of someone on the committee. Is there any reason why funds should be provided by this Congress to assist profitable railroads in developing their lines?

Does anyone here think that the Secretary would act favorably on an application for the Southern?

The Rock Island is listed. It is in bankruptcy. It has already had one denial for a request of $100 million. USRA did that. Does anyone think the Secretary of Transportation, who opposes this bill, is going to act favorably?

The other listed railroads, beginning with the Penn Central and the other bankrupt Northeast railroads are under ConRail which will come into existence on the 9th of November unless this body rejects it.

Does anyone here think that the Secretary will give Amtrak money except to be used in the Northeast Corridor where most of the passenger trains are found and the rails are in deplorable condition?

Madam Chairman, every criticism, every caution, every warning that the gentleman from Pennsylvania (Mr. ROONEY) sounded when this bill was up in May has come to pass. We do have the multibillion-dollar final systems plan for the Northeast railroads before us. I state again unless this body by specific action turns it down, ConRail will become operative after November 9. The final systems plan will go into effect, no doubt about that.

Here we are talking about a 10-year capital improvement program, that will cost $6 billion approximately, and this Congress if it permits that legislation to come into being, which it will, will certainly have to put up the money. And here we are talking about $2.4 billion for maintenance and operational improvement on the railroads and not $240 million for one area of the country.

Our subcommittee has already held hearings on the administration's Rail Revitalization Act which proposes a broad-based program to get at the root of the rail problem, not only the rehabilitation of the roadbeds but also the development of ratemaking procedures and methods of dealing with abandonment of tracks and so forth and so on.

Out of those hearings already has come a bill which the gentleman from Pennsylvania (Mr. ROONEY) and the gentleman from Ohio (Mr. DEVINE) and I introduced, H.R. 9802, a long-range bill with long-range solutions to the problems of the Nation's railroads. It not only breathes life into the final systems plan but also recommends a broad-based program to meet all rail problems.

That bill also proposes $2.6 billion, not $240 million, and it contains provisions for updating the rail policies of the ICC.

Madam Chairman, I was shocked when the chairman of this committee, the gentleman from West Virginia (Mr. STAGGERS), said that perhaps no other bill will come forward. If the final systems plan comes forward, certainly if the total package part of this bill does not pass, we have got to provide the money to make the final systems plan operative.

The thing that really bothers me about this bill is that there is no provision in the President's budget for it and it means that this would have to be added to the national debt. There might be something in the congressional budget, the one that is going to call for in the neighborhood of $60 billion deficit as compared with the President's proposed deficit.

How many times, I say again, can we come into this well to ask this body to authorize the providing of funds for the railroads of the country?

Madam Chairman, the President of the United States has already indicated that he would veto this bill because of the damage that it will do to the total railroad reorganization bill. Let me read from a letter I received from the Office of Management and Budget, dated October 8, 1975:

> DEAR CONGRESSMAN SKUBITZ: I am greatly encouraged by your concern about the possible enactment of H.R. 8672, the Emergency Rail Transportation Improvement and Employment Act. This is a bill which the Administration finds highly objectionable and the President has indicated that he would veto it if passed.

Madam Chairman, initially the objective of this legislation was to provide jobs for the unemployed rail workers of this country. We are now in the month of October. It would be impossible to get this bill through the Congress and into operation over the President's veto before next March. At that time the final system plan will be in operation.

Furthermore, the gentleman from Pennsylvania (Mr. ROONEY) stated that there were 8,000 unemployed maintenance workers in this country; but what the gentleman forgot to tell us is that the 8,000 maintenance workers are scattered all over the United States, not found just in the Northeast area.

Second of all, that this is the season of the year when most maintenance work cannot be performed. This is the reason for it.

I would like to read a statement that comes from the September 1975 edition of the Bureau of Labor Statistics publication called "Employment and Earnings":

> The overall unemployment percentage for the United States for the month of August was 8.3 percent. However, according to the same publication, unemployment figures for railroad workers for the same period was 3.2 percent.

Furthermore, the unemployed maintenance workers are not in the Northeast, the area that this bill is aimed to help. In that area, in the eastern area, there were 563 more maintenance workers on the job in June of 1975 than there were in June of 1974.

In the southern district, in June of 1974 there were 13,942 maintenance workers employed. In the southern district in June 1975, they had 12,887 workers, down 1,055, and none of the money is going to the southern district.

In the western district, in June 1974, there were 46,253 railroad maintenance workers. In June 1975, in the western district, there were 41,520, a drop of 4,733 fewer employees in June 1975, than June 1974. Very little of this money is going to this area.

Madam Chairman, we talked about Amtrak operating in that area. The only money Amtrak is going to get out of this program is for the jobs it had in the Northeast corridor area.

Basically, what we are doing here is providing $240 million to give to 14,000 unemployed workers in the Northeast area principally.

I want to refer to page 660, my chairman says it is page 530.

The CHAIRMAN pro tempore (Mr. ADDABBO). The time of the gentleman from Kansas has expired.

Mr. SKUBITZ. Mr. Chairman, I yield myself 1 additional minute.

Mr. Chairman, what we are doing is providing $240 million to give about 14,000 unemployed workers in the Northeast jobs on the railroad, less, of course, initiation dues into the union, and less monthly dues.

Let us face it. The railroads will love it. They will get $240 million from Uncle Sam.

The maintenance workers love it. They will get 14,000 dues-paying members, and worse yet, these same workers will become eligible for railroad unemployment benefits, if we please, if they earn $1,000 and work 5 months.

Certainly this body remembers that last September we bailed out the railroad retirement fund when it was going broke by taking money out of the social security fund, which is already broke, and here we go again right into the railroad unemployment fund now.

Mr. Chairman, I know the members of this Committee are concerned with unemployment. I am concerned. I know that the members are dedicated to a sound transportation system; but let us not do a useless act; worse yet, pass a bill that is going to be vetoed, thus creating a climate where no meaningful legislation can be provided in the future.

Mr. MYERS of Indiana. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to the provisions of clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

The Chair recognizes the gentleman from Pennsylvania (Mr. Rooney).

Mr. ROONEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I might say that the more I hear the gentleman from Kansas (Mr. Skubitz) talk about the threat of a veto and tell us that the President will veto this bill, I am more and more convinced that this legislation is badly needed in the public interest. I know there have been many other bills the President vetoed recently, and that many of those vetoes were overridden by this House.

I believe that the fact that the House agreed to this rule by a majority vote of 15 to 1 is an indication of how my colleagues feel about this piece of legislation.

Mr. Chairman, I want to say something about defending my position on the $700 million appropriation bill that the Senate sent over here last May. Yes, I was opposed to that, as the gentleman from Kansas (Mr. Skubitz) pointed out, but the only reason I was opposed to it was because they bypassed the authorization committee.

They tried to bypass my committee authorizing this amount of money.

I did say that it was leaf-raking. I no longer think the $240 million is leaf-raking. After talking to the Association of American Railroads and after talking to the unions, I find that this $240 million being authorized today is the only money that they can use during this work period. This $240 million can be used in every part of this country because, as I said before, it follows the Sun. It will put people to work in the western part of the United States. It will put people to work in the Northeast where we are in dire need of some help.

For that reason, I am for the bill and I am for decreasing it from $700 million to $240 million.

I may be before the Members at a later date asking for additional moneys because if we are going to have a viable railroad system in this country, we have to help the railroads.

For the past 25 years we have been putting billions of dollars in the Federal highway system; we have been putting billions of dollars in the barge system also.

With respect to the information that the gentleman from Kentucky (Mr. Carter) wanted, the railroads today carry about 30 percent of the freight in this country; the barges carry about 30 percent of the freight in this country; the trucks carry about 30 percent of the freight in this country; and the additional 10 percent goes to other modes.

I think that this is very sound legislation. All of us have to take into consideration, Mr. Chairman, whether or not the rail system is needed in this country. We all know it is needed, and I do hope that we will support this legislation.

Mr. Chairman, I yield 4 minutes to the gentleman from New York (Mr. Pattison).

Mr. PATTISON of New York. Mr. Chairman, I rise in support of H.R. 8672.

I will not repeat the obvious statistics with respect to the recession, nor the arguments that demonstrate the wisdom of spending taxpayers' money to put people to work building needed facilities rather than maintaining those same people through unemployment insurance, welfare, and food stamps.

The greatest danger of public works and public employment projects is the danger of creating dignity-destroying jobs of no value to anyone or of building facilities that we do not really need. This is clearly not the case in this instance.

Nothing could be clearer than that the railroad trackage of this Nation is in deplorable condition; no one can disagree with the proposition that these conditions are the result of various unwise public policies of the past. No one can disagree with the proposition that our Nation's railroads are a national asset essential to the security and to the commerce of the Nation; no one who I know believes that there is the slightest chance that the private sector is willing or able to address itself to the mammoth task of rehabilitation of the Nation's railroads.

Amtrak is trying to do the job given to it by the Congress. But railroads are run on tracks, and a railroad can only be as good as what it runs on.

Amtrak will shortly introduce an experimental run from Boston through Albany to Chicago. Where that run enters Albany there are 12 miles of missing track, track which was abandoned and ripped up by the Penn Central a few short years ago, just before the creation of Amtrak.

As a result of this missing track, the new Boston-to-Albany run will be lengthened by 45 minutes caused by a complicated backing and switching operation.

Earlier this year, in the adoption of the Amtrak Improvement Act, provision was made for the acquisition by Amtrak of this short, but essential right-of-way. This bill will provide the necessary funds to pay for the labor needed to accomplish this goal as well as funds for the upgrading of the entire rest of the roadbed from Boston to Albany.

The improvement of this run will make it possible to have a new means of mass transit between two of the major cities of the East and the major city of the Midwest, an alternative that presently does not exist.

Mr. Chairman, I urge the Members of the House to support this bill, H.R. 8672.

Mr. SKUBITZ. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. Gilman).

Mr. GILMAN. Mr. Chairman, H.R. 8672, the Emergency Rail Transportation Improvement and Employment Act of 1975, which we are considering today is vital not only to our railroads but also to the economy of our Nation.

For far too long the northeastern region of our country has been forced to contend with the appalling conditions that now exist on the roadbeds and facilities of the northeastern railroads. These deplorable conditions have contributed significantly to the losses sustained by shippers dependent on rail transportation and have caused hazardous, inconvenient traveling conditions for millions of rail commuters.

H.R. 8672 is a comprehensive proposal which seeks to reverse the gross dereliction of the management of the bankrupt railroads. This legislation is a twofold attack. On the one hand, it provides funds and manpower to help us combat the steadily eroding condition of our rail rights of way, and, on the other hand, it provides meaningful jobs for some 16,000 persons each year.

Grants totaling $240 million are authorized by this measure to the eligible railroads for the rehabilitation of the track beds and facilities, including switches, bridges, and yards. Only through such massive rehabilitation will the safety of passengers and freight be assured and the swiftness of rail transportation become a reality.

The House Interstate and Foreign Commerce Committee reports that in 1974, rail track defects caused 41 percent of all rail accidents. Deteriorated trains have caused unreasonably slow speeds and detours, circuitous routing, unduly adding to the cost of shipping.

We are all well aware of the high unemployment that now prevails throughout our Nation. While this legislation will not solve the enigma of unemployment, it does take a positive approach to that problem. By the enactment of this bill, 16,000 persons will be employed. While this is a minuscule number when we consider that millions of people are currently unemployed, it is nevertheless a step in the right direction. In addition to providing direct employment to the railroad industry, this legislation will create a ripple effect throughout our economy by increasing employment in related industries such as steel mills and tie plants.

Mr. Chairman, while this legislation is sorely needed to put the Nation's unemployed back to work rehabilitating deteriorated railroad tracks and roadbeds, we should also seek reimbursement of these costs to the Federal Government, if at some future date the Government decides to purchase any of these facilities. We can safeguard the Government's interests by accepting the amendment to be proposed by the gentleman from Illinois (Mr. MIKVA) which prevents the Federal Treasury from paying twice for rehabilitated rail facilities.

Accordingly, I compliment the gentleman from Pennsylvania (Mr. HEINZ) for initiating this proposal, which I was pleased to cosponsor and urge my colleagues to support this important legislation, including the Mikva amendment to the Emergency Rail Transportation Improvement and Employment Act of 1975.

Mr. ROONEY. Mr. Chairman, I yield 2 minutes to my distinguished colleague, the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SKUBITZ. Mr. Chairman, I, too, will yield time to the gentleman from Pennsylvania. I yield 1 additional minute to the gentleman from Pennsylvania (Mr. SHUSTER).

Mr. SHUSTER. Mr. Chairman, I thank the distinguished gentlemen for yielding to me this time.

Mr. Chairman, I rise in strong support of the Emergency Rail Transportation Improvement and Employment Act of 1975, and I do so for three reasons. First, because our railroad roadbeds must be refurbished as a prerequisite to the revitalization of America's railroad system. This bill is one modest step in that direction.

Second, because this bill will put people to work on needed projects to increase the assets of America rather than on "make work" jobs that add nothing to the economy.

Third, because this legislation is in harmony with the overall final system plan with the new Northeast Railroad System.

There has been criticism of this bill because it is separate from the final system plan. It has been called a "piecemeal" approach. The fact is that this legislation is simply a "Headstart" program for our railroads, an effort to begin doing what the final system plan clearly says needs to be done. America needs a revitalized railroad system. Let us get on with the job, and in the process create real jobs for American workers.

Mr. ENGLISH. Mr. Chairman, will the gentleman yield?

Mr. ROONEY. I yield to the gentleman from Oklahoma.

Mr. ENGLISH. I thank the gentleman for yielding.

I would like to say, first of all, that I and the people of Oklahoma are extremely grateful to the chairman of the Subcommittee on Transportation and Commerce for his initiative and leadership in the development of this bill. I would appreciate very much if the gentleman could inform me a little more fully concerning the intent of the subcommittee regarding this measure's impact on one specific railroad which is currently under reorganization.

I understand that, if the funds were made available to the Rock Island Line for employment of maintenance personnel, the line could employ up to 1,500 persons in States like Oklahoma to improve the quality of its track and roadbed with equipment and materials already available. Is it the intention of the subcommittee and of the full Committee on Commerce that the maintenance of the Rock Island track will be covered under the provisions of this bill?

Mr. ROONEY. I would be very happy to answer that question. It is covered in the bill. As long as the Rock Island has the material, they are eligible for assistance under this act.

Mr. SKUBITZ. Mr. Chairman, will the gentleman yield?

Mr. ROONEY. I am very happy to yield to the gentleman from Kansas.

Mr. SKUBITZ. I thank the gentleman for yielding.

The gentleman also knows that the Rock Island was turned down by USRA when it solicited a loan.

That this committee has no authority to determine how these funds are going to be spent. Rock Island may apply, but the Secretary of Transportation will pass on that application.

Mr. ROONEY. That is the same as any other railroad.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. ROONEY. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. I thank the gentleman for yielding.

I will address my question to the distinguished ranking minority member.

Does that not mean, therefore, that the Rock Island or any other railroad would have an equal opportunity to compete for the funds with any other railroad?

Mr. SKUBITZ. If the gentleman from Pennsylvania will yield further, the railroads that are listed in this bill will have an opportunity if they submit an application.

Mr. SHUSTER. I thank the gentleman.

Mr. ROONEY. And the Secretary will pass final judgment.

Mr. ENGLISH. I thank the gentleman very much.

Mr. SKUBITZ. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. MYERS).

Mr. MYERS of Indiana. Mr. Chairman, I rise in support of this legislation. We are combining two very real problems in this country: One, a rail system which the Nation certainly very much needs is in a deplorable condition as far as rolling stock is concerned, as far as the condition of rights-of-way, and two, we still do have a very real unemployment problem in this Nation. We are paying out massive amounts for unemployment. It seems to me that we can obtain some very real improvement in this transportation system and still be spending not a whole lot more money than we already are spending in unemployment. I do have some questions about the bill, one of which is—and I fully understand why the Davis-Bacon Act must be complied with—why can there not be some type of compromise here rather than paying the minimum wage today of $2.10 going later to $2.20, on up to $2.30 and maybe even higher?

Rather than paying that very low scale, why can we not compromise some place between that $2-plus and the $5.30 or $6, whatever it may be which is prevailing in the present labor agreements? I hope that the provisions of this act will be only temporary in nature. I certainly hope it is. If it were providing for a permanent program, I would completely agree that we should fully comply with the labor agreements that have been negotiated in the areas affected.

But it seems to me, in order to get the most out of these dollars, the best repair of the railroads, and in order to get the most help for all organized labor, there ought to be a compromise worked out. Is there any way to do that, to work out a compromise and get for the dollars here something less than the prevailing rates in those areas since it is only temporary? I ask the chairman or the gentleman from Pennsylvania to respond.

Mr. ROONEY. Mr. Chairman, no, it will be at the union wage scale, which as I clarified earlier was about $6 an hour including fringe benefits.

Mr. MYERS of Indiana. I hope something can be worked out. I feel confident that organized labor will have many more people working if we can get the railroads improved and soon. The way I interpret the amortization in Sec. 9 of the bill is that there will be no interest on the principal assistance given the railroads and that they will amortize over a 5-year period principal only. Now this is at no interest, but also it is not taking into consideration whether that railroad that has received the assistance is making a profit or not. No consideration as to ability to pay. Is that correct?

Mr. ROONEY. It is a direct grant and if the railroad is sold within a period of 5 years the Federal Government will be protected under its amortization over that period. After 5 years it remains a part of the railroad.

Mr. MYERS of Indiana. Now in the amortization schedule that is proposed in section 9, paragraph (d) particularly, there is an escape clause that provides that the Secretary can determine that if the transfer is in the best interest of the transportation needs, that repayment can be waived. Is that correct? As far as the legislation is concerned there is laid down no guideline for the Secretary in making that determination. It is at his discretion entirely. Is that correct?

Mr. ROONEY. That is correct.

Mr. MYERS of Indiana. Mr. Chairman, the argument made this afternoon of course is that the $240 million authorized in this bill would somehow come into conflict with the plan later this year with legislation planned to be brought to this floor for the final systems plan. It seems to me that we can pass this today; hopefully it will be enacted into law and that $240 million could be taken out of the final systems plan of $2.3 or $2.4 billion, whichever it is. If it is March or whatever the date, then we could start using this money, and at least we would have a running start in getting these people to work and start rebuilding the rights-of-way. Could it be deducted?

Mr. ROONEY. This $240 million will not come out of ConRail's appropriation per se. As the gentleman from Kansas (Mr. SKUBITZ) said earlier, it is part of the omnibus bill. If this legislation is passed it will be deleted from the omnibus bill. It covers not only ConRail but also Amtrak and others I mentioned.

Mr. SKUBITZ. Mr. Chairman, if the gentleman will yield, do I understand the gentleman (Mr. ROONEY) to say we are going to delete this from the omnibus bill then?

Mr. ROONEY. There is absolutely no reason to have it in the omnibus if we pass this legislation today.

Mr. SKUBITZ. There is a difference. The $240 million was to go to Amtrak alone which will be used all over the United States not only to ConRail in the Northeast.

Mr. MYERS of Indiana. You have made an argument that we do need this bill because Amtrak and many lines are not covered under the other transportation bill coming by later this year. If Amtrak is to get help and get its rails in shape to go up to 100 m.p.h. they need help too.

Mr. SKUBITZ. That is the very reason we should not enact this today.

Mr. MYERS of Indiana. But it could well be deducted from the final plan.

Mr. SKUBITZ. If the gentleman will yield further, the very point that I was trying to make in this discussion is that this is not a bill that is going to go into effect before the final systems plan. The final systems plan, unless this House by November 9 takes steps to stop it, will become operative.

Mr. MYERS of Indiana. But does the final systems plan cover or is it the intent today that it will cover every railroad that this bill covers?

Does it cover all the need of getting help for the hard-core unemployed? As I see this, it is getting the hard-core unemployed employed and it is helping a very real problem in transportation.

Mr. SKUBITZ. The final plan is for ConRail; but the final omnibus bill is trying to breathe life into that and also cure the total problems in the country.

Mr. MYERS of Indiana. Amtrak is traveling over other rails, not ConRail necessarily, other lines will be assisted here. Amtrak is an example, is that not right?

Mr. SKUBITZ. Yes; but if the gentleman thinks Amtrak will get any money for rail improvement outside the Northeast area the gentleman indulges in wishful thinking.

Mr. MYERS of Indiana. Amtrak is traveling over somebody else's tracks.

Mr. SKUBITZ. But it has to make the application.

Mr. ROONEY. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. MCHUGH).

Mr. McHUGH. Mr. Chairman, I rise in support of H.R. 8672 because it would deal constructively with two of the major problems still facing our Nation and particularly the Northeast—unemployment and a crippled rail system.

We are all well aware that unemployment remains at an unacceptably high level. The latest figures place the jobless rate at 8.2 percent of the work force, and, of course, these figures do not truly reflect the depth of the problem. They do not reflect those who have given up on their search for employment, nor do they measure the suffering of families which depend on a steady income for their sustenance. In my view, the Government has not begun to meet its oft-stated commitment to a full employment economy. The comprehensive jobs bill passed earlier this year, but vetoed by the President, would have been a significant step toward that goal. This bill, although considerably more modest, would provide some relief for those who want to work but find that neither government nor private enterprise can take them off the rolls.

The second benefit of this bill, of course, is that it would rehabilitate rail lines which have been allowed to deteriorate. The financial condition of the railroads of the Northeast is known to us all, and I believe Congress is committed to restructuring the rail systems in that region. In this connection, we will shortly be deciding whether to accept the final system plan presented by the U.S. Railway Association. In the meantime, however, the condition of the lines is deplorable and in many cases quite dangerous.

In my own 27th District of New York, for example, there have recently been two derailments which have posed a direct threat to segments of the population. The first of these occurred in Broome County on May 23 of this year and involved a 30,000-gallon liquid petroleum gas tanker. The second incident took place only 2 weeks later in the same county, and on that occasion two of the cars contained hydrocyanic gas. In each instance, disrepair of the railbeds was cited to be the cause of the derailment. I could cite other similar cases, but these examples demonstrate what the situation has been for some years, a situation which gets worse by the day and which, most tragically, represents a constant threat to the people of my district.

I understand that the hazardous conditions which pertain in upstate New York are typical of conditions elsewhere. Putting able-bodied workers to the task of repairing the rail lines would be a particularly responsible way of approaching this problem. It is not a make-work project, but a fine example of one which performs a vital public service as well as providing relief to individuals who want and need help so badly.

Mr. Chairman, I indicated earlier that this is a modest proposal and it is. The cost would be $240 million, which is well below the $700 million provided for in the Senate bill. Moreover, it is within the guidelines established by the concurrent budget resolution adopted by Congress earlier this year.

In view of the need for us to address the dual problems of unemployment and hazardous rail lines, while at the same time being fiscally responsible, I urge my colleagues to support this bill. I also believe we should adopt the amendment to be offered by Mr. MIKVA which would prevent any railroad from being unjustly enriched at Government expense.

Mr. McKINNEY. Mr. Chairman, our Nation faces serious problems, three of the most crucial being unemployment, dwindling energy resources, and a deplorable mass transportation system. Frankly, the 94th Congress has been sadly irresponsive to these critical needs. We have dillied and dallied, allowing political considerations rather than economic realities to dominate our deliberations. We are also in the midst of an era which demands the most creative allocation of our limited monetary and natural resources. Dollars must be stretched to serve multiple purposes. In light of these considerations, I rise in support of H.R. 8672, Emergency Rail Transportation Improvement and Employment Act, which I earlier cosponsored, for I believe this measure embodies a responsible multipurpose approach to alleviating some of the ills that face our Nation.

First of all, the legislation will put people to work in meaningful jobs in the private sector during these times of high unemployment. This is a responsible one-year employment program—no "make-work" jobs, but a national program geared to solving a national disgrace. Approximately 20,000 now unemployed people will be put to work rehabilitating our Nation's badly deteriorated railroad rights-of-way. Moreover, the ripple effect of this rehabilitation program will result in thousands of backup jobs in related areas of the industry such as steel mills, tie plants, quarries, and other industries supplying materials and equipment for the rail improvements.

I should point out here that the legislation is carefully drafted to avoid monetary waste, for the $240 million authorized is to be used solely for workers' wages, not for the railroads' administrative or materials costs. The railroads are not getting a free ride; they are not receiving an all-expenses-paid renovation of their lines. Rather, they must share the costs and responsibilities for improvement with the Government. And because of their large stake in the improvements to be made, I think it is reasonable to assume we will see fiscally responsible and efficient management decisions. Let me also emphasize that hiring priorities are established in this legislation, aiming at railroad employees who have been laid off and persons who have exhausted their unemployment benefits or who have been out of work 15 weeks or more. In addition, the Library of Congress estimates that the Federal Government would directly and immediately save one of every three dollars spent because of offsets in unemployment compensation, welfare benefits and tax gains.

Rebuilding railroads is a sound means of reducing unemployment and stimulating the economy. It is also an environmentally sound approach, for the railroads cause less air and noise pollution and, of particular importance today, are less energy-intensive than other major transportation systems. Transportation experts indicate that railroads "can move most goods in volume between the same points with less than one-third the fuel, one-third the air pollution, one-sixth the casualties and one-tenth the land."

Our energy crisis underscores the importance of forging a stronger role for the fuel-efficient railroads in the Nation's transportation system. However, the deteriorating economic health of many railroads and their inability to generate sufficient capital has resulted in widespread delays in the maintenance of track and equipment. In fact, the Department of Transportation's annual report for fiscal year 1974 notes that "this condition has resulted in a greater number of accidents during the year and increased safety activity by the Federal Railroad Administration." According to the National Transportation Safety Board, the number of train accidents caused by broken rails has soared in the last decade—a total of 5,765 accidents.

Nationwide, freight and passenger trains are often restricted to unreasonably slow speeds of 10 to 30 miles per hour or detoured on circuitous routes because of poor track conditions. Naturally such obstacles preclude a train from traveling more than 100 miles a day. Delays reportedly often double and even triple the attendant costs of shipping freight and are directly responsible for large numbers of prospective passengers using alternate means of transportation. The Washington-New York Metroliner—a 100 mi/h train with a 30 mi/h rail bed—daily demonstrates that the kind of help provided in this legislation is necessary.

In my own district and State we are well familiar with such tales of woe, with respect to both our commuter lines and our freight lines. For example, freight service in Connecticut has suffered because fire devastated the Poughkeepsie Bridge several years ago and this critical structure has yet to be rebuilt. Connecticut-New York commuters often approach open revolt because of the perilous route they must travel, coupled with ever-increasing fares. If we could achieve safe, fast, efficient service on our railroads our trains would be heavily utilized by passengers, operating deficits could be cut and fares could stabilize at reasonable rates. Currently, relatively few Americans travel by train because the cost of gasoline is usually cheaper than train fare and trains are slower going than automobile; also, more and more, people are willing to pay the extra cost of air fare for the convenience of time saved.

I could continue such hand-wringing but the important point is that many of the materials are already at hand for restoration, rehabilitation, and improvement of our trackbeds. In fact, railroads across the country have 23 million ties and more than 3,500 miles of rail stockpiled because they lack funds to employ maintenance crews to lay the track. It is time for action to get people moving to utilize these stockpiled materials. And it is this legislation that will get those people moving and that will constitute a lasting, permanent improvement in an energy-efficient mode of transportation that will repay taxpayers many times in cheaper, safer and faster movement of goods and passengers.

To those who would argue that our railroads have long been mismanaged and that it is the railroads' own fault they have deteriorated to such a miserable state, let me cite the committee report which reads that the "rail industry is suffering the ravages of decades of neglect." Over the years the railroad industry has been forced to compete at a disadvantage with other forms of transportation which have been heavily subsidized with Government support. In fact, one reason rail service is on the decline is because rail transportation has received less than 1 percent of all transportation funds expended by all levels of government in the United States. The time has come for this Congress to correct the inequities in the distribution of Government financial support for transportation in this country and to put our national transportation priorities in order. Federal aid to repair and maintain dilapidated trackbeds is consistent with federal aid over the years to subsidize other forms of transportation—cars and trucks through the highway system, airplanes through airport construction assistance, and shipping through the construction of canals, harbors and ports.

Without question a legitimate criticism of this measure is that it does not provide a comprehensive solution to the challenge of upgrading our railroad system. However, the appropriate committees are presently evaluating the U.S. Railway Association's final system plan for rail reorganization and comprehensive legislation is being considered to effect the final system plan, including rehabilitation. The need for this comprehensive legislation should not be used as an excuse to unduly delay commencing the restoration and improvement of the deteriorated roadbeds and facilities. It may take months, even a year, to develop and effect the final plans for a comprehensive approach. This bill before us today is an initial step to the long-range solution, a stopgap measure to hold the line on further needless track and facility degradation. Passage and implementation of H.R. 8672 would permit work to begin immediately to upgrade the tracks and put people to work. I urge my colleagues to support its passage.

Mr. VANDER VEEN. Mr. Chairman, the Emergency Rail Transportation and Employment Act, H.R. 8672, is a bill which I strongly support, and which I think deserves the support of all my colleagues in the House. This legislation merits overwhelming passage by the House because it is aimed at helping to alleviate two critical problems now facing our country—an unacceptably high rate of unemployment, and a seriously deteriorated rail system. Unemployment, together with inflation, is the most urgent problem in our Nation and in my State of Michigan. A good public works program is a valuable tool in helping to reduce unemployment. This is an especially effective and productive program because it gives workers jobs repairing and rehabilitating the seriously dilapidated rails and roadbeds of our railroads, which are a key segment of our transportation system. This bill is not a panacea for solving these problems. But it is a step in the right direction.

This bill should be particularly effective in increasing available jobs because it provides that the $240 million authorization may be used only for wages, and not for materials or administrative costs. The Interstate and Foreign Commerce Committee estimates that this bill will provide for the employment of 15,000 persons during the next year, with as many as 20,000 persons being employed in the 6-month peak period. Additional ripple-effect employment will result from the increased purchases of these workers, and in industries which supply materials used in roadbed improvement.

Another attractive aspect of the bill is that it sets definite priorities to determine who will be eligible for these jobs. After the first category of unemployed railroad maintenance workers, priority will be given to unemployed persons who have exhausted unemployment insurance benefits, who are not eligible for such benefits, or who have been unemployed for 15 weeks or more. In addition, the bill aims specifically at reducing unemployment in areas of substantial unemployment, which includes most of Michigan and the district which I represent.

The bill is a very timely one. Everyone knows that, as a result of the financial crisis involving many rail systems, maintenance and upgrading of roadbeds have been sadly neglected. In many locations, both freight and passenger trains are restricted to unreasonably slow speeds because of poor track conditions. It is estimated that this bill will allow eligible railroads to re-lay about 4,500 miles of seriously deficient rail segments, including important intercity passenger routes. The bill puts the money where it is needed most by restricting these funds to Amtrak, Conrail, bankrupt railroads, and intercity passenger lines.

Finally, Mr. Chairman, it should be noted that the Interstate and Foreign Commerce Committee estimates that this bill will not contribute to inflation or increased Federal deficits. The committee estimates that the Federal Government will directly save $1 of every $3 expended in this bill because of reduced payments for unemployment compensation and welfare benefits, and increased tax revenues. The committee further estimates that economic ripple effects of the bill should result in a $1 saving to the Government for every dollar spent through this legislation.

Mr. Chairman, I think these provisions demonstrate the kind of action the Congress can and should take to alleviate urgent problems of our Nation. I urge my colleagues in the House to join me in supporting this bill.

Mr. ALEXANDER. Mr. Chairman, I rise in strong support of H.R. 8672, the Emergency Rail Transportation Improvement and Employment Act of 1975.

This bill is a shot in the arm to our ailing railroad industry. It injects needed jobs into the economy and at the same time assists in upgrading the Nation's deteriorated railbeds and facilities.

The bill authorizes $240,000,000 for grants to specific railroads. Funds are to be used solely to pay the wages and other benefits earned by those unemployed. Employment priorities go to unemployed railroad maintenance-of-way and signal system maintenance employees. Hiring priorities next extend to those who have exhausted or are not eligible for unemployment insurance benefits and those unemployed for more than 15 weeks.

Track defects in 1974 caused 41 percent of all accidents and have contributed to both passenger and freight trains restricted to unreasonably low speeds or detoured over circuitous routes causing unnecessary delays. These delays have resulted in the doubling and tripling of the cost of shipping freight and are largely responsible for prospective rail passengers choosing other means of transportation.

It is estimated that 4,200 persons will be employed during the 1st month of work on projects funded under the bill, increasing to 20,000 for a 6-month period beginning during the 4th month. It is also estimated that with the funds, railroads will be able to relay 2,470 miles of track, using 500,000 tons of new rail; install 13 million new ties; and improve ballasting and surfacing on 23,000 miles of track.

Both the Rock Island Railroad and Amtrak which run in the First Congressional District would be eligible for these funds.

This is not a welfare program. In fact, it is a breath of fresh air from nagging unemployment problems. This is a program that involves pay for work. It may well be a breakthrough for welfare program reform. I urge my colleagues to vote for this legislation.

Mr. GRASSLEY. Mr. Chairman, my own State of Iowa has had some recent and very successful experience with a program similar to the one under consideration.

Over the past 2 years, Iowa has entered into three-way agreements with the rail companies and the shippers to bring about improvement and restoration of deteriorating rail beds. In these contracts, the State becomes partners with private enterprise. The State and the shippers contribute money, while the railroad contributes materials and employee time.

Thus far, Iowa has put $6 million into this program. Back in Iowa, the land of tall corn and budget surplusses, $6 million is a lot of money. Although the program cost a great deal—in Iowa terms—it yielded great returns. Key rail routes which were on the brink of closing because of their poor condition, have been renovated and kept open. The rejuvenated lines have reduced the No. 1 cause of rail accidents. Railroad workers who would otherwise have been unemployed, have been kept on the payrolls, not the welfare rolls. And the benefits have not stopped at the Iowa borders. The program has kept open vital grain shipping routes, aiding consumers everywhere.

In short, Mr. Chairman, I can say from the Iowa experience, that this approach can and will work, and will provide many direct benefits to our society.

Mr. BOLAND. Mr. Chairman, I rise in support of H.R. 8672, the Emergency Rail Transportation Improvement and Employment Act of 1975.

This Nation's railroads are facing a crisis such as they have never before known. I believe my schedule of yesterday and today will serve to illustrate this point.

Last Tuesday afternoon I testified before the Senate Commerce Subcommittee on Surface Transportation. My remarks dealt with legislation which Senator Kennedy has introduced in the Senate and which I have introduced in the House on behalf of the 25-member New England congressional caucus, which I cochair with my good friend, SILVIO CONTE. The thrust of our bills is to create a public corporation which is authorized to receive rail properties—railbed and rights-of-way—from our bankrupt Northeast railroads in return for long-term, exclusive leases for those lines. The rail companies would then pay user fees commensurate with their rail traffic volume. These fees would be substantial, but not so onerous as to prevent the railroads from making a profit. Meanwhile, the new corporation would pay for and oversee the necessary repairs and rehabilitation that have so often been neglected in the recent history of the rail industry. The money which would finance this work would have to come from an annual appropriation from the Federal Government, but it would be a structured transaction which would strengthen our railroads rather than be wasted as so many previous subsidies have been.

At the same time that I testified concerning this legislation, which I have introduced on behalf of the 25-member New England congressional caucus, I also responded to the testimony a day previous of Secretary of Transportation Coleman in which he reduced the administration's support for the Boston to Washington high-speed, rail passenger corridor. His reason was that the project involved the expenditure of too much money—up to $4 billion—for just an extra one-half hour difference in travel-time between Boston and New York or between New York and Washington. I responded by pointing out that the rail corridor is not just a way to save a few minutes. It is a way to reduce pressure later on, in the 1970's and 1980's, to build enormously costly additional airports in the corridor. If completed, it can avoid costly highway and road tunnel expenditures in the region. Most importantly, it is a way to reduce air and noise pollution and to save large amounts of energy in the process. Railroads are the most fuel efficient, environmentally clean source of mass transportation we have available to us today. Moreover, the roadbeds, the terminals and the rolling stock are all in place. We simply must move ahead with the corridor project and those that will follow it.

Later on Tuesday, after returning for yet another gathering that dealt with rail issues, I spoke to a group of Massachusetts shippers who were greatly concerned about the eventual abandonment of service on many branch lines in the Commonwealth. They reported to me and to other Members of the congressional delegation that present provisions in law for the payment of a Federal subsidy for 2 years at the rate of 70 percent Federal, 30 percent State contributions would not save the industries that depend on rail traffic for their economic survival. They gave us statistics to show a huge jump in alternative freight costs. The delegation relayed to them our commitment to maintain rail freight service in our State. Ours is an area that entered the current recession long before other parts of the country. We look to have similar problems climbing up from the depths to which we have sunk. Cutting of all rail freight service that is not now profitable could lose our State 7,500 jobs in corporate insolvencies and contractions. I for one support a greatly increased Federal share of any branch line supplement that may be necessary—and for as long as it should be necessary.

Last, to bring my tale of related rail issues to a close, we have before the House today a bill that would provide $240 million in grants to Amtrak and to the bankrupt railroads in the Northeast, for the repair, rehabilitation or improvement of railroad roadbeds and facilities. This money can be used only to pay the wages earned by the workers that will be employed to perform these projects. Further, the funds must be made available for work in addition to that work which would reasonably be done on these roadbeds in the absence of such funds.

It is estimated that this legislation, which is first and foremost a jobs bill, will provide funds sufficient to repair 2,470 miles of track. Over a period of 18 months during which the money must be spent, it ought to provide an average of 15,000 persons, with a peak of 20,000 jobs during one 6-month period. In addition, after unemployed railroad employees, preference in hiring will be given to those who have exhausted unemployment benefits or who are now unemployed. This condition is expected to greatly aid unemployed construction workers, whose national rate of unemployment is currently 21 percent and in our area exceeds 30 percent.

The amount of money involved in this bill is miniscule compared to the needs of the rail industry or even of just the Northeastern railroads. It is certainly not the solution to the other problems of the railroads. But it is a bill that will create much needed jobs very quickly in a sore-pressed section of the labor market. We simply must move on all other fronts of the rail problem as well as this one. I wholeheartedly endorse this rail jobs bill, the Emergency Rail Transportation Improvement and Unemployment Act of 1975. I urge its speedy passage, and I plead that the House speedily come to grips with the other pressing aspects of railroads that now face us.

Mr. ROONEY. Mr. Chairman, I have no further requests for time.

Mr. SKUBITZ. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, pursuant to the rule, the Clerk will now read the substitute committee amendment printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Emergency Rail Transportation Improvement and Employment Act of 1975".

DECLARATION OF POLICY

Sec. 2. (a) Findings.—The Congress finds and declares that—

(1) adequate and safe rail transportation is essential to the public interest, and jobs which involve repairing, restoring, rehabilitating, and improving essential railroad roadbeds and facilities to increase the public service capability of railroads are important public service jobs; and

(2) unemployment can be reduced significantly by stimulating and expediting the repair, restoration, rehabilitation, and improvement of the Nation's railroad roadbeds and facilities, because there is a great need to halt the deterioration of roadbeds and facilities and because such activity is labor intensive.

(b) Purpose.—It is the purpose of this Act to authorize the Secretary of Transportation, after consultation with the Secretary of Labor, to provide financial assistance to eligible applicants, for projects designed to reduce unemployment and to repair, restore, rehabilitate, or improve essential railroad roadbeds and facilities.

Sec. 3. Definitions.—As used in this Act, unless the context indicates otherwise, the term—

(1) "eligible applicant" means the National Railroad Passenger Corporation, the Consolidated Rail Corporation, any railroad in reorganization under section 77 of the Bankruptcy Act (11 U.S.C. 205) on the date of enactment of this Act, any railroad subject to reorganization under the Regional Rail Reorganization Act of 1973 as provided in section 207(b) of such Act (45 U.S.C. 717 (b)), and any railroad which provides intercity rail passenger service and which is not in reorganization under such section 77 or subject to reorganization as provided in such section 207(b)";

(2) "intercity rail passenger service" means intercity rail passenger service as defined in section 102(5) of the Rail Passenger Service Act (45 U.S.C. 502(5));

"(3) "roadbeds and facilities" means the physical assets of a railroad, other than rolling stock, that are necessary for the actual movement of rolling stock, including, but not limited to, tracks, ties, rails, switches, bridges, yards, stations and terminals, machines for loading and unloading, ferries and shoreside facilities for transporting rolling stock over water, signal systems, grade crossings, train monitoring systems, electrification and other power transmission systems, and structures and equipment necessary to the functioning of any of the foregoing; and

(4) "Secretary" means the Secretary of Transportation.

EMPLOYMENT GRANTS FOR RAILROAD REPAIR, RESTORATION, REHABILITATION, OR IMPROVEMENT PROJECTS

Sec. 4. (a) General.—The Secretary shall, in accordance with this Act, provide financial assistance in the form of grants to eligibile applicants for projects that involve the repair, restoration, rehabilitation or improvement of railroad roadbeds and facilities as set forth in section 6 of this Act and that best fulfill the following objectives:

(1) The reduction of unemployment in areas identified by the Secretary of Labor as areas of substantial unemployment.

(2) The improvement of severely deteriorated roadbeds and facilities that (A) constitute a significant risk to public safety, (B) seriously inhibit the expeditious movement of freight or passengers, or (C) inhibit safety or comfort in connection with the movement of passengers.

(3) The improvement of roadbeds and facilities that (A) contribute significantly to a balanced national rail transportation system, and (B) meet national or regional goals set forth in section 7 of this Act.

(4) The restoration of rail lines used by the National Railroad Passenger Corporation in intercity rail passenger service to the level of utility which any contracting railroad may have agreed to maintain by an agreement made under the provisions of the Rail Passenger Service Act (45 U.S.C. 501 et seq.).

In making such a grant, the Secretary shall obtain adequate assurances that the proposed project substantially meets the goals set forth in section 7.

(b) Guidelines and Procedures for Grant Applications.—(1) To facilitate the rapid invitation of railroad repair, restoration, rehabilitation, or improvement projects, the Secretary shall establish and publish, within 30 days after the date of enactment of this Act, guidelines and procedures for making and evaluating applications for financial assistance pursuant to this section.

(2) Any such application shall be prepared and submitted to the Secretary pursuant to such guidelines and procedures. Such an application shall include, but need not be limited to, the following information, assurances, and documentation in support thereof, with respect to the projects for which financial assistance is requested:

(A) A description of the roadbeds and facilities to be repaired, restored, rehabilitated, or improved.

(B) A statement as to the number of persons to be employed.

(C) A description of the relationship between the applicant and the roadbeds and facilities to be affected, if such applicant does not directly own or control such roadbeds and facilities.

(D) An evaluation of the roadbeds and facilities to be affected, in terms of present or potential significance for national or regional transportation.

(E) A description of the way in which the goals set forth in section 7 of this Act will be realized, and the manner in which such realization will be monitored.

(F) Adequate assurance from the applicant that whenever any roadbeds and facilities included in the grant application, or any interest therein, are transferred within 5 years from the date of completion of the project for which grant assistance is requested, the unamortized portion of such assistance will be paid to the Secretary in accordance with section 9(d) of this Act.

The Secretary shall act upon any application under this section within 15 days after it has been received and is complete.

(c) Supervision of Projects.—In administering this Act, the Secretary is authorized to establish objective criteria to aid in determining whether the recipient of financial assistance made available under this Act is maintaining a good faith level of repair and rehabilitation, on the basis of past experience and the present financial capability of the recipient.

(d) Limitations.—Grants made to eligible applicants pursuant to this section shall be used solely to pay the wages and other benefits earned by individuals employed in projects funded by this Act, and shall not be used by such applicants for any administrative expenses incurred with respect to any such projects. Funds made available under this section are to be used by public applicants in addition to, and not as a partial or total substitute for, any other funds that the applicant would have been reasonably expected to expend in the absence of this Act.

EMPLOYMENT PRIORITIES

Sec. 5. The jobs created pursuant to financial assistance provided pursuant to this Act shall, after the recall of furloughed maintenance-of-way and signal system maintenance employees pursuant to applicable collective bargaining agreements, be made available, consistent with other provisions of this Act, (1) to unemployed persons who have exhausted unemployment insurance benefits, to unemployment persons who are not eligible for unemployment insurance benefits (except for persons lacking work experience), and to unemployed persons who have been unemployed for 15 or more weeks; and (2) to underemployed or unemployed persons as defined in paragraphs (11) and (12) of sertion 601(a) of the Comprehensive Employment and Training Act of 1973 (29 U.S.C. 981(a)(11), (12)). The Secretary of Labor shall, within 30 days after the date of enactment of this Act, establish such procedures, rules, or regulations as necessary to insure that sufficient numbers of such unemployed persons are referred to eligible applicants receiving funds pursuant to this Act by State unemployment service agencies, by the Railroad Retirement Board, and by prime sponsors designated under section 102 of the Comprehensive Employment and Training Act of 1973 (29 U.S.C. 812). All jobs created under this Act, except those to which furloughed employees are being recalled, must be listed with the State employment service at least 72 hours before such vacancies are filled.

ELIGIBLE ROADBEDS AND FACILITIES

Sec. 6. Roadbeds and facilities are eligible for project grants pursuant to section 4 if they—

(1) have been designated for transfer to the Consolidated Rail Corporation in the final system plan approved by the Board of Directors of the United States Railway Association under section 206(c) of the Regional Rail Reoragnization Act of 1973 (45 U.S.C. 716(c)); or

(2) are utilized by the National Railroad Passenger Corporation pursuant to the Rail Passenger Service Act (45 U.S.C. 501 et seq.) for providing intercity rail passenger service or are part of either the basic system or the experimental routes established pursuant to such Act; or

(3) are owned by a railroad in reorganization under section 77 of the Bankruptcy Act (11 U.S.C. 205) on the date of enactment of this Act; or

(4) are utilized for providing intercity rail passenger service by any railroad which is not in reorganization under section 77 of the Bankruptcy Act (11 U.S.C. 205) or subject to reorganization as provided in section 207(b) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 717(b)).

GOALS

Sec. 7. In order to receive financial assistance under this Act, a project shall be structured and administered so as to achieve substantially the following goals:

(1) The reduction of unemployment.

(2) The acceleration and expansion of a nationally balanced rail rehabilitation effort designed to improve railroad roadbeds and facilities that meet essential national and regional transportation needs or policies or that will eliminate serious safety hazards involving such roadbeds and facilities.

(3) The coordination of repair and rehabilitation work with other national transportation priorities, such as the elimination of grade crossings and similar safety problems, the improvement of intercity rail passenger service, and the modernization of facilities, including the electrification of appropriate lines.

(4) The substantial completion of such project within 18 months after the date on which work is commenced.

(5) The maximization of the chances for permanent employment by the railroad of the individuals employed on such projects.

LABOR PROTECTION

Sec. 8. (a) All work in connection with the projects funded under this Act which has been performed by practice or agreement in accordance with provisions of the existing contracts in effect with the representatives of the employees of the classes or crafts involved shall continue to be performed by the applicant's employees, including employees on furlough. Should the applicant lack a sufficient number of employees, including employees on furlough, and be unable to hire additional qualified employees from among the unemployed and underemployed persons specified under section 5 of this Act, to perform the work required, it shall be permitted to subcontract that part of such work which cannot be performed by its employees consistent with applicable collective-bargaining agreements. Applicants shall be required, prior to contracting out work under this subsection, to secure certification from the Department of Labor that there is an insufficient number of furloughed maintenance-of-way and signal system maintenance employees, or of unemployed persons referred pursuant to section 5 of this Act, to perform the work required. In the event that such work is subcontracted, after meeting the requirements of this subsection, wages and benefits paid shall be not less than those provided for in collective-bargaining agreements in effect and negotiated pursuant to the Railway Labor Act for similar jobs and classifications. Such rates shall be considered to be in compliance with the Davis-Bacon Act (40 U.S.C. 276a—276a-5), Walsh-Healey Act (41 U.S.C. 35-45), or Service Contract Act of 1965 (41 U.S.C. 351-357), as the case may be.

(b) Work to be performed with financial assistance received under this Act, which has not traditionally been performed by employees of the applicant, may continue to be performed by a contractor of the applicant; except that the applicant shall take such action as may be necessary to insure that all laborers and mechanics employed by such contractor or subcontractors in the performance of work done with the aid of such financial assistance shall be paid wages and benefits at rates not less than those prevailing on similar work in the locality, as determined in accordance with the Davis-Bacon Act, Walsh-Healey Act, or Service Contract Act of 1965, as the case may be. No contract or agreement for the performance of work on any project receiving financial assistance under this Act shall be entered into under this subsection without first obtaining adequate assurances that required labor standards shall be maintained in the performance of such work and that persons employed, whether by the applicant, contractor, or subcontractor of the applicant, shall be hired in accordance with the priorities and procedures set forth in section 5 of this Act.

MISCELLANEOUS PROVISIONS

Sec. 9. (a) Records and Audit.—Each recipient of financial assistance under this Act shall maintain such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project in connection with which such assistance was given or used, and such other records as will facilitate an effective audit. The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives shall, until the expiration of 3 years after the completion of such project, have access for the purpose of audit and examination to any books, documents, papers, and records, which, in the opinion of the Secretary or the Comptroller General, may be related to or pertinent to any such financial assistance.

(b) Cost and Benefit Assessment.—The Secretary is authorized to conduct, or to cause to be conducted, cost and benefit assessment studies of various projects receiving financial assistance under this Act, and of proposed projects, to the extent necessary to assure that funds appropriated for purposes of this Act are expended in the manner most cost-beneficial to the people of the United States, except that this provision may not be applied in any way which is likely to delay reduction in unemployment.

(c) Reports and Oversight.—The Secretary shall submit to the Congress and the President periodic reports on his actions taken pursuant to this Act, including statements as to progress made in reducing unemployment and in improving the Nation's rail transportation system in terms of reliability, safety, and energy efficiency.

(d) Amortization and Reimbursement of Financial Assistance.—The aggregate amount of financial assistance provided under this Act with respect to any project to repair, restore, rehabilitate, or improve roadbeds and facilities shall be amortized over the 5-year period beginning on the date of completion of such project. Except as otherwise provided in this subsection, if roadbeds and facilities included in such project are transferred (in whole or in part), by sale, lease, or otherwise, before the expiration of the 5-year amortization period, the person making the transfer shall pay to the Secretary an amount equal to the unamortized portion of the financial assistance provided under this Act with respect to such project as of the date of the transfer. The preceding sentence shall not apply in any case in which the Secretary determines that the transfer will promote the public service capability of the roadbeds and facilities to meet national or regional transportation needs. Any amount paid to the Secretary under this subsection shall be covered into the Treasury as miscellaneous receipts.

AUTHORIZATION OF APPROPRIATIONS

Sec. 10. There are authorized to be appropriated, not to exceed $240,000,000 to the Secretary for purposes of providing financial assistance pursuant to section 4. Sums appropriated under this section are authorized to remain available until expended.

Mr. ROONEY (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendment in the nature of a substitute be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMENDMENT OFFERED BY MR. SHUSTER

Mr. SHUSTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Shuster: Page 26, line 5, after the word "exceed", strike out "$240,000,000" and insert the sum of $400,000,000."

Mr. SHUSTER. Mr. Chairman, in months past this House considered a proposal for $700 million for the upgrading of our railroad tracks in America; but at the same time, we might recall, there was disagreement over the procedure. It had not been considered by the responsible committee and it was rejected on that basis.

We heard earlier today in this debate that the only reason that it was objected to, the only reason the $700 million was not agreed to, was because of the procedural problem of the matter not going to the proper committee. Well, of course, that has now changed. The proper committee has heard the testimony and has prepared this legislation.

We all know that the upgrading of tracks is going to cost billions of dollars. Therefore, the $240 million is simply a "head start," a modest step in the right direction.

As this legislation which is before us today was being prepared, I know at least some of us felt there was going to be substantial opposition to it on the floor. I understand in view of contemplated opposition, the sum of $700 million was very significantly reduced down to $240 million, down to a figure which, hopefully, this House would approve; however, in the past few days I believe it has become very clear that there is overwhelming support for this legislation in this House.

Indeed, I would point out to my friends from my own political persuasion that the Republican Policy Committee, in a meeting this week—a committee of which I happen to be a member—did not take a position against this legislation.

Another point which is very significant, I believe, is that across America there will be more funds available, not just for the Northeast, but in the various States across these 50 States if we increase this sum from $240 million to $400 million. It only stands to reason that the Secretary of Transportation is going to be able to make funds available into more areas of America if this modest increase takes place.

Last, I would point out that this is simply an authorization. It is an authorization which must stand the test of the Appropriations Committee. In summary, I believe that because of the multibillion dollar job which needs to be done on our Nation's railroads, in view of the fact that this is but a modest head start, a step in the right direction which fits in harmoniuosly with the final system plan of the Northeast railroads, for these various reasons I urge support for this amendment.

Mr. SKUBITZ. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Chairman, I do not think the gentleman desires to make a misstatement of fact. The Republican Policy Committee met, and by a vote of 11 to 4, it refused to endorse this proposal.

Mr. SHUSTER. That is very true.

Mr. SKUBITZ. Yes, it is true.

Mr. SHUSTER. The Republic Policy Committee refused to take a position.

Mr. SKUBITZ. It was suggested that it support this bill.

Mr. SHUSTER. It was suggested that it support this, and it chose not to support it. It was also suggested—in fact, I can recall the gentleman's words when he said, "This policy committee should oppose this legislation."

Indeed, in the policy committee, there was not one move in the policy committee, not one person stepped forward to propose a statement in opposition to this.

Mr. SKUBITZ. Also the Policy Committee, because of a vote on the floor, we adjourned right after the vote refusing endorsement of this bill.

Mr. SHUSTER. Not at all. Had there been a single member of the committee, of which I happen to be a member, who wanted to bring us back into session; had there been anyone who wanted to step forward to propose that the Republican Policy Committee oppose this legislation, I am sure we would have taken that under consideration. The point is, the Republican Policy Committee has not issued any statement in opposition to this legislation, and therefore, I think that this should indicate to my friends on the other side of the aisle that they will have substantial support. There will be substantial bipartisan support for this legislation.

As a result of the tremendous need, as a result of the bipartisan support, I think we should increase this modest amount because there is a job which needs to be done.

Mr. ROONEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I reluctantly oppose this amendment, although I did say that $240 million is an infinitesimal amount of money for the rehabilitation of our Nation's railroads. I do think that, as the gentleman from Pennsylvania (Mr. SHUSTER) pointed out, it is a headstart program, a start in the right direction.

As I said earlier in my remarks, I talked to the heads of the railroads and also to labor, and they said that in this work period this is all the money they can use. I feel that this is the beginning of a good program. We can, at some later date, come back for additional funds, but at this time I would oppose the amendment.

Mr. HEINZ. Mr. Chairman, I move to strike the last word, and rise in support of the amendment.

Mr. Chairman, I would like to compliment the gentleman from Pennsylvania (Mr. SHUSTER) on this excellent amendment. I think it is an amendment worthy of support of this body. In my previous remarks, I did indicate that I felt this bill, if expanded, could do a lot more for a lot more unemployed persons.

I think the gentleman's amendment, by increasing the money from $240 million to $400 million, is good. There is substantial support, not only from this Member of Congress but from many others in this body, for doing what the gentleman's amendment will do.

When I originally introduced legislation, with the cosponsorship of the gentleman from Kansas (Mr. SKUBITZ); when I introduced it with the cosponsorship with the gentleman from New York (Mr. HASTINGS), we had in this bill $2½ billion over 2½ years.

When the cut down region of this legislation came to the full Committee on Interstate and Foreign Commerce, a number of us Republicans on the full committee, urged the entire committee to put a total of $550 million, not $240 million, into this bill.

We have received testimony before the committee from the Association of American Railroads, indicating that at least 60,000 people could be put to work by an expanded verison of this legislation. That 60,000 people does not include perhaps another 100,000 people who would be put to work with the railroads' own money, not Government money, to purchase the ties, machinery, rails, and bolts that our steel mills and lumber mills would have to produce.

Mr. Chairman, there is an enormous job to be done in rehabilitating the railroads and one that we must start on just as soon as possible, because I firmly believe that the railroads are going to be just as important to the growth of this country in the next 15 years as the Interstate Highway System was during the last 15 years, and, specifically, important in creating jobs and in facilitating the economic development of this country.

Mr. Chairman, think about all of the jobs that the Interstate Highway System has created indirectly and directly. I truly believe the railroads, in their rehabilitation, will create just as many new jobs, and even more, than we have seen over the past 15 years because of the Interstate Highway System, and we have seen perhaps millions of jobs created by that Interstate Highway System.

I think the gentleman from Pennsylvania (Mr. SHUSTER) should be commended for his amendment. I think the amendment should be adopted by this body. I know that there are many others who feel very strongly and identically. I hope, Mr. Chairman, that the House will adopt this very necessary amendment.

Mr. DEVINE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment offered by the gentleman from Pennsylvania (Mr. SHUSTER). The fact is, this might be considered a Pennsylvania amendment because just Members from Pennsylvania seem to be supporting it at the moment.

As the Members know, I spoke in favor of the legislation. I am a cosponsor of the legislation. But I recognize the facts of life.

The Office of Management and Budget has written a letter in opposition to the legislation for budgetary reasons. In this letter from Mr. Lynn, of the Office of Management and Budget, he pointed out that, in all probability, the President would veto the legislation. It seems to me that if this body passes this legislation by a substantial majority—and I anticipate that they will—there would be less likelihood of an Executive veto. But if we increase the dollar amount from $240 million to $400 million, that may be a further reason for the President to look upon it not in opposition to solving the problems of unemployment or in opposition for building railroads, but for purely economic budgetary reasons. And for that reason, I would oppose the amendment that would increase the dollar amount of this legislation from $240 million to $440 million.

Mr. SHUSTER. Mr. Chairman, will the gentleman yield?

Mr. DEVINE. I yield to the gentleman from Pennsylvania.

Mr. SHUSTER. Mr. Chairman, I wonder if either the gentleman in the well or the distinguished ranking minority leader might have any feeling on this situation if this is kept at $240 million rather than $400 million. Does the gentleman in the well feel that there is a likelihood the President will not veto the bill?

Mr. DEVINE. I think that the likelihood of his vetoing it would be considerably less at $240 million than $400 million.

That is the reason that I am opposing the amendment, because I do favor the legislation. I think it is important legislation, and I think we should not compound the situation or rub salt in the wound in a situation like this, because I think we can pass the bill. I think we can pass the bill with $240 million in it, but if it is $400 million, I think we may have more problems.

Mr. MYERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. DEVINE. I yield to the gentleman from Indiana.

Mr. MYERS of Indiana. Mr. Chairman, I certainly think the gentleman from Ohio (Mr. DEVINE) has made a very valid point here, that we certainly will be subjecting this legislation to a more serious look for a veto, and there may be the likelihood of having more difficulty in overriding a veto, and we must think about it in that respect.

There is one other aspect to be considered here, and that is relating to whether or not the final system plan will be proposed. It probably will be proposed, and it probably will be enacted. It has already been suggested that there is money provided there to do this same job. I am sure it is probably likely that that legislation will come along later and will be enacted.

So why should we increase it at this point? It has already been admitted that it is going to be difficult to spend the $240 million between now and next March. I believe the final systems plan will be effective in February, so the money could not be spent before the final systems plan goes into effect.

So again, Mr. Chairman, I repeat that this really is not needed right now. This additional sum is not necessary now.

Mr. DEVINE. Mr. Chairman, I thank the gentleman, and I urge the defeat of the amendment.

Mr. WHALEN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of H.R. 8672. As the sponsor of H.R. 7924, the Railroad Right-of-Way Improvement Act, I am most pleased that the House Committee on Interstate and Foreign Commerce has reported favorably a bill to put unemployed workers into jobs to rehabilitate the Nation's railroad tracks. The committee deserves to be commended for its decisive action on this legislation.

I especially call the attention of my colleagues to the efforts of the gentleman from Pennsylvania, JOHN HEINZ, with respect to this bill. He has worked energetically to secure support for this novel, yet practical, approach to restoring our deteriorated railways and relieving unemployment. It is appropriate that his initiatives in this regard are incorporated in the committee bill.

The decaying state of our rails and

roadbeds has been a matter of concern to many of my constituents. They have observed trains crawling across traffic crossings at extremely slow speeds because of the poor track conditions and have been disturbed by the frequent reports of derailments on inadequately maintained railways. According to the National Transportation Safety Board, there have been 5,756 train accidents across the country in the last decade caused by broken rails. It is not surprising that our citizens ask, "Why is not something done about this?"

According to the testimony received by the committee during the course of the hearings, adequate materials and supplies already are on hand to begin the rebuilding of the tracks and roadbeds. Essentially, the problem is one of labor. It is alarming to note, however, that in July approximately 9 percent of right-of-way and signal maintenance workers were unemployed.

The thrust of this bill is most sensible. It is designed to provide the funding with which these and other unemployed workers can be put to the task of repairing our rail facilities. According to the committee, more than 16,000 man-years will be employed with the funds provided in this bill. This aid, in turn, is expected to increase employment in the related areas of the industry, such as steel mills, tie plants, and quarries.

Under the funding of H.R. 8672, the railroads are expected to be able to relay 2,470 miles of track. The salvaged rail replaced by the new rail can provide 2,100 miles of relaid track. Further, over 23,000 miles of track can be ballasted and resurfaced with the expenditures in this measure.

I believe this bill is an effective means of helping to revive the Nation's rail facilities. At the same time, it assists the attainment of our national goal of putting people to work on jobs that will stimulate the economy and expand work opportunities in private industry.

Therefore, I enthusiastically join with JOHN HEINZ and other cosponsors of right-of-way improvement legislation in urging my colleagues to vote in favor of H.R. 8672.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of H.R. 8672, a bill to restore and rehabilitate essential railroad rights of ways and to reduce unemployment.

My colleagues may remember that I addressed myself to this type of legislation on three previous occasions; once during the debate on the Emergency Employment Act of 1975 (H.R. 4481) and twice during consideration of the conference report of the second supplemental (H.R. 5899). I fought for an amendment which would provide funds for the implementation of the bill we have before us today. Unfortunately, each one of my attempts failed in spite of their virtual unanimous support in the Senate.

I continued in my endeavors for early passage in order to maximize the use of the summer, which is the most productive time of the year for this type of work. Further, another impetus was the fact that this bill would have been a countermeasure to the rising unemployment that reached 9 percent this summer.

Unemployment made the rail industry suffer an unemployment rate of more than 16 percent. Even though my amendments were drafted to provide funds only when authorizing legislation became available, I had to endure arguments based on shallow technicalities. The strongest and most inconsistent argument was that the House cannot appropriate for programs which are not authorized. At that time, we were considering the second supplemental (H.R. 5899) which contained appropriations for three unauthorized programs. The icing on the cake came when the House provided $5 million for roadbed rehabilitation research and development in place of my amendment. The $5 million amendment that passed contained language that funds will be available only upon passage of authorizing legislation—the supreme contradiction in positions. Fellow members, the gymnastics we performed on those two bills displayed less than a responsible legislative manner by this House.

Last April we were assured that hearings on this vital issue would begin by early June. Hearings were finally concluded by mid-July. Alas, the bill is finally here. The summer is gone and the unemployment rate rose consistently. Unfortunately, the pleasure of saying "I told you so" is shrouded by the fact that since my last endeavors, unemployment in the rail industry has risen by an additional 10,000 persons.

Before us now is a bill which would serve as a substantial foothold on a program to rehabilitate our rail rights-of-way in addition to assisting the unemployment. First of all, we must realize that the bill's program goes into effect only when several qualifying factors exist, one of which is that they are to be "identified" by the Secretary of Labor as—an area—of substantial unemployment. Another important factor which must be met is that the roadbeds in question must:

> (A) Constitute a significant rush to public safety. (B) Seriously inhibit the expeditious movement of freight or passengers, or (C) inhibit safety or comfort in connection with the movement of passengers.

I commend Chairman ROONEY and the members of the subcommittee for including language which assures that priorities will be given to the most essential roadbeds in areas which suffer high rates of unemployment.

I should also like to direct my colleagues' attention to section 9(d) on page 25, which provides that any financial assistance realized by a particular railroad will be amortized over a 5-year period following completion of the rehabilitation. If any of the facilities are transferred by sale or lease within the 5-year period, the railroad must make retribution to the Secretary in an amount equal to the unamortized portion remaining. I am sure that any possibility of undue enrichment will be countered by this provision, thanks to the foresight of the subcommittee, chaired by the gentleman from Pennsylvania (Mr. ROONEY).

I anticipate an argument that this bill will come under fire because of the upcoming railroad improvement bill or "omnibus rail bill," which will be more encompassing and the programs in the present bill would be duplicative. A preliminary draft of the omnibus bill is H.R. 9802. Section 9 of that bill is similar to H.R. 8672 only because they both have authorization maximums of $240 million. At this point, the future bill (H.R. 9802) only provides for a rehabilitation program on the Amtrak line alone. Our most critical rehabilitation needs are on freight lines.

The present bill's (H.R. 8672) eligibility provisions provide assistance to Amtrak, ConRail "included" lines, those lines under section 77 bankruptcy proceeding, and lines involved in inner city rail passenger service. It is clear that this bill is of a more encompassing nature and will benefit railroads across the Nation, instead of confined to any region. Also in this regard, I should like to mention an amendment I intend to offer later in the bill. Summarily, my amendment will enable any railroad to receive financial assistance so long as any State, political subdivision or regional commission certifies that the right-of-way in question is "essential (to) present or anticipated transportation needs." My amendment would insure that any railroad certified to be vital to the transportation needs of any community in every State could seek relief through this bill.

Unemployment is still climbing in the rail industry. The figure rose from 30,000 to 42,000 since I last addressed this body on this issue. There are presently 24.2 million ties, 3,500 miles of rails, and 2,100 miles of relay rails stockpiled in railroad yards because the railroads have virtually laid off all their maintenance-of-way workers because of economic hardships. This bill will serve as a start on the long road to a viable rehabilitation program and enable the railroads to begin using their stockpiled materials. Derailments hit an all-time high of 8,300 in 1974 and all indications are that the figure will exceed 10,000 this year.

It is clear that we are in a desperate state with regard to the conditions of our roadbeds. In the last 2 weeks alone, there were serious derailments in New York, Alabama, Tennessee, and Massachusetts. Deteriorated rail rights-of-way are clearly of concern to us all.

When I testified before the Interstate and Foreign Commerce Subcommittee on Transportation and Commerce, I said we must "start walking before we start running." Fellow Members, the authorization is here: It is a good bill, the great "omnibus bill" in the sky is still on the drawing board. There are a wide variety of projects that can continue even during the roughest of the winter months. With the addition of my amendment, this bill will reach every railroad in all the 50 States. This would not be a regional rail rehabilitation bill. It would be national in scope.

I listened to many of my colleagues who opposed my efforts in the past because there was no authorizing legislation. Today that authorization is before you. In addition, the $240 million needed to implement the program was placed in the Department of Transportation and related agencies appropriations bill now awaiting conference. As ranking minority member of the Appropriations Subcommittee on Transportation, I will channel my efforts to see that the funds will be available to implement this bill.

The opportunity is here. I urge all my colleagues to recognize the impact it will have on their own State, the national transportation system, the righ rate of unemployment in the industry, and the public safety factor. The time is here. The opportunity is ours to take or to once again fail by letting the situation only become more severe.

I urge my colleagues to support this bill.

Thank you, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. SHUSTER).

The amendment was rejected.

AMENDMENTS OFFERED BY MR. VIGORITO

Mr. VIGORITO. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. VIGORITO: Page 19, line 11, immediately after "Act", insert the following: "in the following order: (1) to other furloughed railroad employees, except that the acceptance or rejection of a job created under this Act by any such employee shall not impair or diminish any right or benefit to which he may be entitled under any Federal or State law or any contract;".

Page 19, line 11, strike out "(1)" and insert in lieu thereof "(2)", and on page 19, line 16, strike out "(2)" and insert in lieu thereof "(3)".

Mr. VIGORITO [during the reading]. Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD, and that they be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. VIGORITO. Mr. Chairman, the effect of my amendment would be to give second priority for rehiring under this bill, immediately after the recall of furloughed maintenance-of-way and signal system maintenance employees, to other furloughed railroad employees who are appropriately situated to perform the type of jobs authorized by this bill.

For example, the 117 employees of the Meadville Car Shop in my district, whose jobs have been to repair rail cars but who are currently furloughed by the Erie-Lackawanna Railroad, would be eligible for rehiring under this bill following the recall of furloughed maintenance-of-way and signal system employees.

My amendment contains a savings clause designed to assure that the acceptance or rejection of a job under this act as amended by my amendment, will in no way impair or diminish any right or benefit to which that person may be entitled under any Federal or State law or contract.

That clause will assure that any furloughed employees, who are considered for jobs under my amendment, will not jeopardize any rights or benefits under, for example, the Rail Reorganization Act or any other statute or contract.

Furthermore, the clause is designed to assure that operating employees of railroads, such as engineers or conductors, for which the maintenance jobs under this act may not be appropriate, will in no way be compelled to consider such jobs if they are presently furloughed, in order to protect their economic rights and benefits. I would expect that primarily furloughed shop craft rail workers would want to avail themselves of employment under my amendment, in order to tide them over their present period of unemployment.

Mr. Chairman, I think that my amendment is fair and workable, for several reasons:

First, it would seem to me that, as a general rule, any furloughed employee of a railroad company, who is willing and able to perform the work, should have priority for rehiring under this act over workers in other sectors. This is particularly the case because, in many instances, the furloughed rail employees would be going back to the same company for which they worked previously. It would seem only fair that they should be rehired by the company, before the company turns to other workers.

Second, furloughed railroad employees have experience in railroading, and particularly the shopcraft people should be suited to the roadbed and facilities maintenance jobs authorized by this bill, with little requirement for training and adaptation.

Third, the workers whom my amendment would give a high priority will necessarily be physically located in areas where railroading is concentrated, since they already work for a railroad company, and therefore their close proximity to the jobs renders their participation especially feasible.

Mr. Chairman, I would hope that my amendment could be adopted.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. VIGORITO. I yield to the gentleman from Pennsylvania.

Mr. ROONEY. Mr. Chairman, the committee has taken a look at the amendments submitted by the gentleman from Pennsylvania (Mr. VIGORITO), and we accept them.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Pennsylvania (Mr. VIGORITO).

The amendments were agreed to.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CONTE: On page 21, line 5 of H.R. 8672, delete the following: "(45 U.S.C. 717(b))."

And, in lieu thereof, insert the following: "(45 U.S.C. 717(b)); or

"(5) have been identified to the Secretary by any State, political subdivision thereof, or regional commission as significantly contributing to improvements in, or the continuation of, essential present or anticipated transportation needs, and the Secretary concurs in such identification; or

"(6) are owned by a State or public entity."

Mr. ROONEY. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Pennsylvania (Mr. ROONEY) reserves a point of order against the amendment.

Mr. CONTE. Mr. Chairman, I believe that I do not have to present my credentials to the Chamber here today with regard to my interest in this legislation.

As the Members will recall, it was back in April that I was on the floor of the House fighting for this type of legislation. Unfortunately, at that time, through parliamentary gymnastics and political maneuvering, I was defeated on the floor of the House three times.

At that time I said: "We have a very grave unemployment problem. We have deteriorating railroads just going down the tube all over the country, and we could put 35,000 maintenance workers back to work immediately."

I was assured at that time by everyone: "Don't worry. We will have this legislation on the floor of the House, and we will have it passed by August."

If the Members will go back and read that RECORD and see my words at that time, I said, "No way; if you don't adopt my amendment, there is no way will we ever have a bill before this forum."

Here we are now in the latter part of October, and we still do not have a bill. It still has to go over to the Senate, and we still have to have a conference. To me, this is really a travesty and an injustice.

Mr. Chairman, I rise in support of my amendment to increase the eligibility criteria in this bill designed to rehabilitate our Nation's rights-of-way and to reduce unemployment in the rail industry. Mr. Chairman, I stand in the well not as a member of a regional delegation in support of a provision that is purely regional in nature. I authored this amendment to insure that funds in this bill can be made available to every one of the 50 States. All of us are aware that the ConRail final system plan provides a 70-percent subsidy to a State's 30-percent contribution to cover the operating losses of lines excluded from the ConRail system. How will the State maintain those roadbeds—the most expensive operational expense? My amendment will solve that problem. It provides that those lines owned by a State or public entity will be eligible for these funds.

As the bill stands now, a short line freight operation in Montana, for example, not part of ConRail or under section 77 bankruptcy proceedings, could not use these funds. My amendment corrects that problem. The State, political subdivision thereof, or regional commission merely needs to certify to the Secretary of Transportation that its operations are essential to the locality it serves—funds are then made available.

So you see, my amendment is national in scope. Any State or public entity which operates a rail system would benefit from this amendment.

We have worked long and hard to get this authorization on the floor. Now—let us guarantee that every essential line would have a qualified access to these funds.

Fellow Members, I stand here in support of an amendment which would provide the only means in which many of the essential roadbeds in your States could benefit from this bill. This bill has the potential of employing as many as 30,000 men over a period of 12 months, and could rehabilitate as much as 5,700 miles of essential railbeds. I am here to see that this rehabilitation will reach those essential roadbeds on a nationwide basis. The deplorable shape of our Nation's rights-of-way is not a regional concern—it is nationwide.

It is only when we act in concert on an issue such as this that we actually achieve the desired end.

Fellow Members, I urge each of you to recognize the significance of my amendment and its effect on every essential roadbed in every one of the 50 States.

Thank you, Mr. Chairman.

Mr. COHEN. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Maine.

Mr. COHEN. Mr. Chairman, I rise in support of the Conte amendment which will make roadbeds and facilities eligible for project grants if they have been identified to the Secretary of Transportation by a State or political subdivision of the State as essential to transportation needs.

While I fully support the concept of H.R. 8672, the eligibility criteria are too exclusive. We have heard a great deal already about Federal dollars that have gone into northeast railroads. Yet not one dime of these Federal operating subsidy funds have gone to Maine railroads. Yet our railroads are vitally important to the transportation system and economy of Maine. The paper industry, for example, is a key employer in Maine. Without the Bangor and Aroostook and Maine Central that industry would be in serious trouble.

I regret that this bill has come to us in a form that would once again exclude railroad lines which are of particular significance to the transportation needs of the States. I am assured that on Maine railroads there are necessary rehabilitation projects and repairs to roadbed that can be undertaken through the kind of program envisioned by this bill. Further, we have pockets of severe unemployment. This program can provide jobs and help reduce that unemployment while upgrading deteriorated roadbeds that are essential to a balanced transportation system in Maine.

Acceptance of the Conte amendment not only will be good for the State of Maine, but will make the Emergency Rail Transportation Improvement Employment Act of 1975 a truly national program.

Mr. CONTE. Mr. Chairman, I thank the gentleman from Maine (Mr. COHEN) for the fine contribution he has made in support of my amendment.

Mr. HEINZ. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Pennsylvania.

Mr. HEINZ. Mr. Chairman, I thank the gentleman for yielding. I think the gentleman from Massachusetts (Mr. CONTE) has offered an excellent amendment and I hope it passes.

POINT OF ORDER

The CHAIRMAN. Does the gentleman from Pennsylvania (Mr. ROONEY) insist upon his point of order?

Mr. ROONEY. I do, Mr. Chairman.

The CHAIRMAN. The gentleman is recognized.

Mr. ROONEY. Mr. Chairman, I believe the amendment should be referred to the Committee on Public Works. I have discussed this with the chairman of the Subcommittee on Surface Transportation of the Committee on Public Works and I am informed that at the present time they are working on this legislation. Therefore I do not think it is germane to this legislation and that this committee does not have that jurisdiction.

The CHAIRMAN. Does the gentleman from Massachusetts desire to be heard on the point of order?

Mr. CONTE. Mr. Chairman, I do desire to be heard on the point of order raised by the gentleman from Pennsylvania. I must say that certainly what the gentleman from Pennsylvania has said in support of his point of order is about the weakest argument I have ever heard of, that some other committee is considering it.

The amendment is germane as the Chair will, I am sure, rule, when he is ruling on the point of order.

The CHAIRMAN (Mr. BINGHAM). The Chair is prepared to rule.

The amendment offered by the gentleman from Massachusetts (Mr. CONTE) would add two categories to the eligible roadbeds and facilities in section 6 of the bill. The four categories that are now included comprise a diverse group within the generic category of railroad beds and facilities and do not constitute any clearly discernible class different from the categories proposed to be added by the amendment offered by the gentleman from Massachusetts (Mr. CONTE). There is nothing in the language of the amendment which would indicate that the facilities covered thereby are within a different class.

In addition, the Chair would refer to the fact that the findings and purposes of the bill refer to railroad and railroad beds and facilities without excluding any particular type of roadbeds and facilities. For these reasons the point of order is overruled.

Mr. STAGGERS. Mr. Chairman, I rise in opposition to the amendment and I do so as the chairman of the subcommittee also said, very reluctantly because the gentleman from Massachusetts (Mr. CONTE) has a good point that something needs to be done in this area, and certainly it must be taken care of sooner or later. The gentleman from Massachusetts has great knowledge of this subject and he knows I have the highest respect for his views. However, I believe that the amount is so small in this bill that it does not begin to really cover the issue that the gentleman from Massachusetts is presenting to the House today. This would be an enormous project. As I say, it is one that does need attention and I truly believe it needs it now but this legislation before the House has been designed specifically for a specific purpose to help the men who are out of work get back to work in some of the areas that have such great unemployment.

I am not saying that what the gentleman from Massachusetts is trying to do or the area the gentleman represents does not need this, but, as I say, this is designed specifically for certain objectives. I would hate to see the money diverted to another objective which could take all of the money. The funds provided here would only be a drop in the bucket to what the gentleman from Massachusetts is talking about. His proposal would require an enormous amount of money.

The $240 million has been designed to put the men to work who are out of work on these lines and the ones who absolutely need it right now for the national transportation system, holding it together. The bill is not designed for commuter service or rail lines operating solely within States. This is a national issue we are talking about here.

As I say, I very reluctantly oppose the amendment offered by the gentleman from Massachusetts because I know what he is doing. It is a worthwhile one that needs to be taken care of and one that this House needs to be attacking and solving.

Mr. HEINZ. Mr. Chairman, will the gentleman yield?

Mr. STAGGERS. I yield to the gentleman from Pennsylvania.

Mr. HEINZ. I thank the gentleman.

Might I ask my very good friend, the gentleman from West Virginia, the distinguished chairman of the committee, whether he feels—since I think he does agree that these are necessary jobs, and there are plenty of unemployed people available to do them—that it would, in fact, be a good idea to put more money in this bill so that we can do that?

Mr. STAGGERS. If it were possible, but I believe under the circumstances, in answering the gentleman from Pennsylvania, it would be almost impossible, because on the Senate side they have set up so much for appropriations, and, as I understand, none on our side. I do not believe it could go above what we have in the Senate, so it would be just a useless gesture to put any more in.

Mr. HEINZ. Mr. Chairman, would the gentleman yield further?

Mr. STAGGERS. I yield to the gentleman.

Mr. HEINZ. Is it not the case that the congressional—not the Senate, not the House, but the congressional—budget resolution that we have adopted has in it $700 million for jobs for rehabilitating the rail rights-of-way?

Mr. STAGGERS. That is true. I would agree with the gentleman, but it is not in the legislation in the final appropriation act, which is what we have to go by. When we go to conference, we cannot go beyond what either House has in it. The appropriation bills will go to conference, and they have only so much in the Senate side and none in the House side, so they cannot go beyond that.

Mr. HEINZ. If the gentleman will yield further, does the gentleman understand what the amount is that they have?

Mr. STAGGERS. It is $200 million. I am hopeful that some way—and I do not know how it can be done—that will be raised.

Mr. HEINZ. The gentleman said $200 million?

Mr. STAGGERS. That is what I understand.

Mr. HEINZ. In their appropriation?

Mr. STAGGERS. Yes.

Mr. HEINZ. In legislation that has not been authorized by this House?

Mr. STAGGERS. I believe it has been before the House. They have not gone to conference. They are going to conference in November, I believe.

Mr. HEINZ. Would it not, in fact, be possible for supplemental appropriations—and I am sure we will have them once we pass authorizing legislation—to fund the rest of this bill and any additions to it?

Mr. STAGGERS. It certainly could. We could have a conference on this bill with the Senate. The Senate has authorized $700 million, and there is a possibility if this takes place that there might be some accommodation.

Mr. HEINZ. If the gentleman will yield one last time, does he think he would lend assistance at the appropriate point in time in trying to make this a more extensive, better, more far-reaching, and necessarily more expensive bill?

Mr. STAGGERS. I would try, and I would want to do this. I want to do something that will be signed by the President. I do not want to just go through the gesture that will take some research and talk and other things, and maybe some persuasion; but I do want to get this bill passed, especially—and if it is possible—to try to do the possible as far as we can. I will say that.

Mr. HEINZ. I thank the gentleman.

The **CHAIRMAN.** The time of the gentleman has expired.

Mr. COHEN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, just briefly in response to some of the statements that have been made. With respect to the notion we must defer this amendment for further study or that the Senate might not include this in its actions, I might point out the other body has been fairly stringent and hard line in setting priorities and in adhering to its budget resolutions, and I would point out the Senate has in fact included what is the Conte amendment substantially in its bill last spring. So I ask the chairman, if the Senate has already acted and included that in its version, would the chairman when we go to conference be inclined to support its inclusion?

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. COHEN. I yield to the gentleman from Massachusetts.

Mr. CONTE. It reminds me of that old musical: "Promises, Promises, Promises." That is what we got for my original proposal in April was promises, promises, promises, that were unfulfilled. Here again today we get promises, promises, promises again.

I am surprised at the chairman of the Interstate and Foreign Commerce Committee. We gave him over $100 million for a kiddy cart up in Morgantown that will not go 3 miles and all we are asking here for the railroads of America is a few million dollars for a roadbed. The gentleman cannot have it all in West Virginia. Be gracious and give the rest of the country a little something. He has $100 million for a kiddy cart in Morgantown, W. Va. I was very gracious with the gentleman. At least he can give Texas and Montana and a few other States a few crumbs here today.

Mr. STAGGERS. Mr. Chairman, will the gentleman yield?

Mr. COHEN. I yield to the gentleman from West Virginia.

Mr. STAGGERS. Mr. Chairman, the gentleman from Massachusetts has been very eloquent about West Virginia. I must say that is an experiment by the U.S. Government which was put in there and it was not done by me.

Mr. CONTE. If the gentleman will yield further, what an experiment. It is $100 million and we could have found the answers in Disneyland in 3 minutes by taking a ride in one of their kiddy carts.

Mr. D'AMOURS. Mr. Chairman, I move to strike the last word and I rise in support of the amendment.

It will not take much of the committee's time.

Mr. CONTE. Mr. Chairman, I make the point of order that a quorum is not present.

The **CHAIRMAN.** Does the gentleman insist on his point of order?

Mr. CONTE. Mr. Chairman, I withdraw my point of order.

Mr. D'AMOURS. Mr. Chairman, I compliment my colleague, the gentleman from Massachusetts (Mr. CONTE), for his amendment and I rise in support of it.

Mr. Chairman, there is no area of the country where railroads are in more difficulty than the Northeast and particularly in New Hampshire. Recent derailments of Amtrak's Montreal express and real questions about the safe transport of propane gas fuel for homes and industry are only recent manifestations of the poor conditions of the roadbeds in our area. We need this legislation badly and we need it now.

In addition to joint Federal efforts for railroads in the Northeast there are a few railroads which are attempting to survive in the private economy continuing competitive service. One of those is the Boston & Maine—a railroad which is presently bankrupt but is fighting its way back to solvency. This bill would be a major asset to the B. & M. As they struggle to make themselves a part of the viable transportation system, their major problem is deteriorating roadbed. Despite a major inhouse revitalization program, they are in need of assistance from the outside to make it around the corner into private financial viability.

New Hampshire may be a relatively small State but it is an important State for many reasons. It is unique in that it is a microcosm of our entire Nation with its rural-urban mixes and the diversification of its industries.

I am proud of the stubborn attempts of the Boston & Maine railroad to preserve its economic integrity and to fend off the lure of Federal takeover. This bill will help the B. & M. to do just that. It will improve track. It will help employ new workers. From now through the end of spring B. & M. can employ 334 presently unemployed men for 50,196 man-days of labor. The railroad needs it; the economy needs it; the transportation system of New Hampshire, New England and the Nation needs it. I strongly support it and urge this body to vote for it.

Mr. ROONEY. Mr. Chairman, I rise in opposition to the amendment.

I am very much concerned about transportation in this country. I am very much concerned about rural America. I am very much concerned about our cities. I am very much concerned about the urban mass transportation problem.

As I said in my earlier remarks, when I objected to the germaneness of this amendment, the Committee on Public Works is responsible for this area of transportation. I talked to the chairman of the Subcommittee on Transportation, the gentleman from New Jersey (Mr. HOWARD), and he assured me the question has top priority.

That is the only reason I object to it on the ground that it is not germane.

I commend the gentleman from Massachusetts. He has been in the forefront of trying to help transportation in this country, but I feel this provision does not belong in this legislation.

Mr. STAGGERS. Mr. Chairman, will the gentleman yield?

Mr. ROONEY. I yield to the gentleman from West Virginia.

Mr. STAGGERS. Mr. Chairman, I thank the gentleman for yielding.

Again I say I hesitate very much to oppose this amendment because it is worthy but it gets completely off the track in that we are trying to help the railroads that are down, that will connect the railroads of America.

This amendment says anybody that is within a State that has a system that wants money can come in and apply for it and take it away.

We ought to take this amendment up under separate legislation. Again I say this is the wrong place, the wrong time, and certainly ought not to be passed at this time. It ought to have consideration at the proper time when we can give consideration to it, but we are trying to remedy something now for the good of all America and not just for a local subdivision or a State or a public utility.

That is exactly what this amendment provides for. We are trying to make this a national issue and we do not want to confine it to any local issue; so with those remarks, Mr. Chairman, I say the amendment ought to be voted down.

Mr. CONTE. Mr. Chairman, I make the point of order that a quorum is not present.

Mr. ROONEY. Mr. Chairman, will the gentleman withdraw his point of order?

The **CHAIRMAN.** Does the gentleman from Massachusetts insist on his point of order of no quorum?

Mr. CONTE. Mr. Chairman, I withdraw my point of order.

The **CHAIRMAN.** The question is on

the amendment offered by the gentleman from Massachusetts (Mr. Conte).

The question was taken; and on a division (demanded by Mr. Conte), there were—ayes, 14, noes 34.

Mr. CONTE. Mr. Chairman, I demand a recorded vote.

A recorded vote was refused.

So the amendment was rejected.

AMENDMENT OFFERED BY MR. MIKVA

Mr. MIKVA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Mikva: Page 25, line 15, insert immediately after "subsection" the following: "or subsection (e)".

Page 25, line 21, insert immediately before "preceding" the following: "payment required under the".

Page 25, line 23, strike out "the transfer" and insert in lieu thereof "such transfer".

Page 26, immediately after line 2, insert the following new subsection:

(e) Subsequent Acquisitions.—(1) Whenever the National Railroad Passenger Corporation or the Consolidated Rail Corporation acquires, by purchase or otherwise, any roadbeds and facilities which have been repaired, restored, rehabilitated, or improved with financial assistance under this Act, the person from whom such roadbeds and facilities are acquired shall pay to the Secretary an amount equal to the lesser of—

(A) the amount of financial assistance expended pursuant to this Act, for the repair, restoration, rehabilitation, or improvement of such roadbeds and facilities; or

(B) the increase in value of such roadbeds and facilities which is determined by the Secretary to be a direct result of financial assistance expended pursuant to this Act.

(2) Whenever the United States or any agency or instrumentality thereof acquires, by purchase or otherwise, any roadbeds and facilities which have been repaired, restored, rehabilitated, or improved with financial assistance under this Act, there shall be deducted from the acquisition price thereof an amount equal to the lesser of the amounts referred to in subparagraphs (A) and (B) of paragraph (1).

Mr. MIKVA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MIKVA. Mr. Chairman, this is a very simple amendment which, but for my inability to communicate effectively with the distinguished floor managers of the bill, I am sure would have been accepted by the committee. There is a very simple and fundamental concept involved here which says that we ought not to pay for the same thing twice.

What my amendment provides is that if—not when—but if—either Amtrak or ConRail or any agency of the U.S. Government ever takes over any of these railroads, and we have to contemplate that possibility, then we ought to get a deduction for any value that has been added to the road as a result of the money we are spending here. We are proposing to spend $240 million here and I am for it. I intend to support the bill, with or without my amendment; but in good conscience I would say to the Members of this House, we would rest a lot easier with our taxpayer constituents if we could tell them we at least took back a chip that says that if ever we have to take over the railroad or buy it, we are not going to pay for the same thing twice. If we enhance the value of the roadbeds, we ought to get credit for that, whatever it is. If it is the whole $240 million, fine; if it is zero, fine; but if there is a value we have added with the taxpayers' money, we ought not to again pay the taxpayers' money to buy it back.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. MIKVA. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Chairman, I rise in support of the amendment. I think the gentleman is sugegsting sound economic sense in offering this amendment. I urge my colleagues to support it.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. MIKVA. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, on the basis of what the gentleman has stated, his amendment sounds very reasonable to me. Why is the leadership on the committee opposed to this common sense amendment?

Mr. MIKVA. I will let the leadership speak for itself. I will be glad to yield to the distinguished chairman of the subcommittee.

Mr. ROONEY. I do not want to explain now.

Mr. MIKVA. Let me only say that the explanation as I have heard it is that it would cause some complication for the Secretary of Transportation in measuring whatever enhancement there is.

Mr. ROUSSELOT. Since the General Accounting Office is very helpful in analyzing this kind of thing, could we not use the arm of Congress, the General Accounting Office, to get an appraisal of the type of expenditures we make for the railroads? We have been told these expenditures are going to improve roadbeds. I would assume that kind of value can be appraised and the expenditures will be accounted for. I would assume the taxpayers would not want to pay for it twice, and I would assume my good colleague from Pennsylvania would accept that concept.

Mr. MIKVA. I can only say to my colleague that I hope his eloquence is persuasive, because I really think the amendment does make sense. This is the kind of limitation that ought to be put on any moneys advanced to the railroads from here on in, whether by way of this bill or something else down the pike. We ought to make clear that we will insist on taking back some kind of negotiating chip.

Mr. ROUSSELOT. I think we should do the same thing with New York City.

Mr. MIKVA. We are not trying to solve that problem by my amendment.

Mr. CARTER. Mr. Chairman, will the gentleman yield?

Mr. MIKVA. I yield to the gentleman from Kentucky.

Mr. CARTER. I thank the distinguished gentleman for yielding. Certainly, I want to commend him on this amendment. I think it is very sensible, and I support it.

Mr. MIKVA. I thank the gentleman.

Mr. Chairman, I would only say in conclusion that I offer this on behalf of the gentleman from New York (Mr. Solarz), and myself. It was presented to the committee and sent around to every Member of the House. I think it makes a good bill better, and for those Members who have had difficulty in supporting the bill without it, I hope this added enhancement of the bill will persuade them to vote for it.

Mr. ROONEY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I will be very brief. The amendment proposes to give the United States lifetime protection to get money back from any improvement in railroad facilities, but we have to remember that the bill adequately protects, in my opinion, the investment of the public.

First of all, it takes into account the public benefits we are gaining through the reduction of unemployment, putting between 15,000 and 20,000 people back to work. This bill is a sound bill.

Second, the bill requires the owner of any facility to pay back to the United States all or part of the cost of improvements in the period of 5 years if the improved property is transferred or sold to anyone. I think, Mr. Chairman, this is a reasonable amount of time, but to have a lifetime lien by the Federal Government against any railroad property in this country, I think, is unreal and unwise.

Mr. KOCH. Mr. Chairman, I move to strike the last word, and I rise in support of the amendment.

Mr. Chairman, I serve on the Transportation Subcommittee of the Appropriations Committee, and on two occasions the matter of our providing moneys to the bankrupt railroads of this country have come before my subcommittee. On each occasion, I asked a basic question. The question was: "Why must we provide these moneys in the way of grants? Why should they not be loans? Why should they not be a first priority lien so that, in the event of bankruptcy, these properties would become, in fact, the property of the United States?

On each occasion when I asked that question, there really was no reasonable response. Indeed, at this moment as a result of legislation called the Tucker Act, which gives the stockholders the right of action against the United States, we may be placed in a position where the Treasury of the United States, will ultimately pay the stockholders of these bankrupt railroads up to $14 billion.

That is a fact. The agency heads, say no, they are convinced the payment will be somewhere in the neighborhood of $2 or $3 billion. But, of course, they cannot give us a guarantee that that will be the figure. How do they know the court will conclude that is the amount due the stockholders?

What we know is that if railroads are bankrupt, they are in fact nationalized. It is what we have done. We have nationalized them to the extent that we are paying the bill but the stockholders continue to ultimately reap the benefits.

I direct myself particularly to this amendment. We want to insure that the Federal Government has a first priority lien. If and when these railroads ultimately go into bankruptcy, the Federal Government ought to be in a position to say, "For the moneys we have put in, we can take over these railroads without any additional payments because we bought them once."

Instead, we are going down the road where we are granting money, and that is wrong. That is why I am supporting this amendment.

Mr. **FLORIO.** Mr. Chairman, will the gentleman yield?

Mr. **KOCH.** I yield to the gentleman from New Jersey.

Mr. **FLORIO.** Perhaps I could make a suggestion as to what the answer might be to the question the gentleman has not received an answer to yet. I think the grant device is preferable in some respects because with loans there is no question about the fact that the benefit granted by the loan is the same as by grant. Those railroads in most need of assistance may be those who are not able to obtain loans. I think the point is what we are saying is the grant approach in this situation might be the better approach.

Mr. **KOCH.** The gentleman, who is a good friend of mine, misses the point entirely. I am not suggesting for one minute that loans only be made to bankable railroads. What I am suggesting is that loans be made because we need the railroads. They have to be kept in business. But there is no reason to consider that the loans should be in the form of grants, because there is no control in ultimate bankruptcy. It would place us in a better position if we had a loan instead of a grant.

Mr. **ICHORD.** Mr. Chairman, would the gentleman yield?

Mr. **KOCH.** I yield to the gentleman from Missouri.

Mr. **ICHORD.** I thank the gentleman for yielding. It is not very often that I associate myself with the remarks of the gentleman in the well.

Mr. **KOCH.** It should be more often.

Mr. **ICHORD.** But at this time I am with the gentleman from New York. This is a railroad welfare bill. I have a bankrupt railroad in my own district that will be benefitted by this legislation. But I am not known as a proponent of welfare, and most certainly I am not going to be a proponent for welfare for the railroads in this Nation.

Mr. **KOCH.** Mr. Chairman, I want to make it clear I am for granting the loans, and I hope my friend, the gentleman from Missouri is too, but the financial assistance should be in the form of loans so that the Government has some leverage in the event of bankruptcy.

Mr. **ICHORD.** If the gentleman will yield further, the gentleman is correct, but the railroads are owned by corporations which have shareholders; and, ultimately, it is going to be a welfare to the shareholders of the railroads of this country. They are going to get the benefit. There are some side benefits toward helping to solve the problems of unemployment, but the value will go to the railroads.

Mr. **HEINZ.** Mr. Chairman, I move to strike the requisite number of words.

I would like to commend the gentleman from Illinois (Mr. MIKVA) for this amendment because it prevents something that is very necessary; that is, a double dip. We do not want to make grants to railroads for labor purposes or to put people to work having tracks improved. In the event—and this is really the only case in which the gentleman's amendment applies—that we come along, the U.S. Government, and take over those railroads, we do not want to pay twice.

I cannot see why any Member, particularly my good friends on that side of the aisle over there, would want to oppose this amendment. I cannot understand that for the life of me. I know that there is substantial support for the amendment on this side of the aisle because the Members believe it is a very reasonable amendment.

As I understand the amendment offered by the gentleman from Illinois (Mr. MIKVA), we are not asking necessarily that 10 years from now the railroads would have to pay back every single dollar. We are not asking that at all. The Secretary of Transportation has considerable discretion, and, therefore, this is not being too tough or too hard on them at some future point in time.

I do not think there should be any question that this Congress should be on record as being against bailing out the creditors or the bankers or the shareholders of any of these railroads. We have to take a stand on that today and at any future time.

Mr. Chairman, I think the gentleman's amendment makes the point very clear. I believe there are no Members in the House of Representatives—it is possible there could be a few—who might vote against the gentleman's amendment because they are for bailing out the railroads. All the rest of us who intend to vote for the amendment stand against bailing out the railroads and giving welfare to wealthy bankers and wealthy creditors and wealthy shareholders of railroads.

Mr. **KAZEN.** Mr. Chairman, will the gentleman yield?

Mr. **HEINZ.** I yield to the gentleman from Texas.

Mr. **KAZEN.** Mr. Chairman, I associate myself with the gentleman's remarks.

I will just make the further observation that all of the debate on this amendment only tends to show what is clear now, and that is that at some point the railroads are going to go bankrupt and we are going to have to take them over.

Mr. **MYERS** of Indiana. Mr. Chairman, will the gentleman yield?

Mr. **HEINZ.** I yield to the gentleman from Indiana.

Mr. **MYERS** of Indiana. Mr. Chairman, I find myself somewhat confused about one point.

What is the intent of section 9 of the proposed legislation, the section that talks about amortization? If there is no intent of recovery of the sums advanced here, except in a case where the line is sold to somebody else, what is this amortization all about?

I certainly support what the gentleman from Illinois (Mr. MIKVA) is suggesting here, but in colloquy earlier today I understood that the amortization provision, as it was written and intended here, was that over a 5-year period the principal would be repaid, and in the event of a bankruptcy I do understand and I see now that there is no provision for bankruptcy except under the Bankruptcy Act, so in that circumstance it goes back to the act itself.

I understand there is no lien provided here, and I think this is a very good suggestion the gentleman has made. But I do ask the question: Is section 9 not providing for amortization so that there will be a recovery of principal payments?

Mr. **HEINZ.** Mr. Chairman, in answer to the gentleman from Indiana, I will point out two things.

First of all, I was not satisfied when section 9 was inserted by the Committee on Interstate and Foreign Commerce, and I opposed it for this reason.

The way I understand section 9 is that it simply says that for each year, through a 5-year period, we will not hold any lien or encumbrance over the asset improved by virtue of the labor funded under this bill; we will reduce any liability or encumbrance by 20 percent for each of these years, so at the end of the 5-year period, as I understand it—and if the chairman of the committee or the chairman of the subcommittee thinks I have made a mistake, I hope one of them will correct me—according to my understanding of the amortization provision, in effect at the end of 5 years anything improved here is free and clear and the property of the railroads at the end of 5 years.

Is that not the case?

Mr. **ROONEY.** Mr. Chairman, if the gentleman will yield, that is the case.

If the gentleman will yield further, what I intended to do is just to do away with prolonged litigation. This is going to go on for years and years and years, and the Federal Government is going to have a lien on the railroads for 50, 60, or 100 years.

Mr. **MYERS** of Indiana. Mr. Chairman, will the gentleman yield further?

Mr. **HEINZ.** I yield to the gentleman from Indiana.

Mr. **MYERS** of Indiana. Mr. Chairman, I will ask one further question.

What the gentleman really intends under section 9 is an amortization of depreciation of assets rather than a repayment plan under amortization; is that correct?

Mr. **ROONEY.** Mr. Chairman, if the gentleman from Pennsylvania will yield, the gentleman from Indiana is correct.

Mr. **HEINZ.** Mr. Chairman, I think the gentleman from Indiana (Mr. MYERS) has hit the nail on the head. I think it is obvious from the colloquy we have just had that the Members should be in support of the amendment offered by the gentleman from Illinois (Mr. MIKVA).

Mr. **MYERS** of Indiana. Mr. Chairman, if the gentleman will yield further, we do need the amendment, and I support it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. MIKVA).

The amendment was agreed to.

Mr. BROYHILL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I wish to express my strong opposition to H.R. 8672, the Emergency Rail Transportation Improvement and Employment Act of 1975. In the first place, this is not a national bill. It is limited to bankrupt railroads in the Northeast and a handful of other railroads around the country—a strong orientation to the Northeast region of the Nation. This favoritism seems rather strange since the figures available indicate that the unemployment of maintenance of way workers is far more severe in the South and in the West than it is in the Northeast.

Reference to this bill as an emergency measure is rather meaningless since the season for right-of-way maintenance in most of the Nation will be over for the year before funds would be available. There are many other pieces of legislation, some already passed and some still pending in the Congress, which add up to several billion dollars of current and impending rail programs. The piecemeal approach taken by H.R. 8672 is both inequitable in its application and unnecessary to achieve what could and should be done through existing programs.

Despite the lower authorization level in the bill as finally reported, the $240 million figure nevertheless presents a budgetary problem. Strict limitations on new spending programs are absolutely necessary, and I feel this is especially the case where, as with the railroads, much more money will be or has been allotted. The authorization contained in this bill cannot be justified in my opinion. The bill would not make a significant contribution toward solving the problem it purports to deal with, nor would it alleviate any of the other serious problems facing the railroad industry.

Finally, the Interstate and Foreign Commerce Committee's Subcommittee on Transportation and Commerce is now considering legislation necessary to effect the United States Railway Association's final system plan, which will also incorporate regulatory reforms and significant amounts of money for nationwide railroad and rehabilitation. While I have reservations concerning the wisdom of pouring money into such unprofitable systems, I do feel that whatever approach is taken should consider the entire situation. The comprehensive legislation already drafted is designed to deal with the root causes of the railroads' distress. Further programs of a piecemeal nature could only offer insignificant marginal benefits, and would not be responsive to the needs of the rail industry or of the Nation. H.R. 8672 would only threaten to complicate or delay efforts for more comprehensive legislation.

The administration has stated its opposition to this bill through letters from Secretary Coleman and from the Office of Management and Budget Director, James Lynn. I concur with the criticisms of the bill that they expressed, and I urge the House to defeat this bill.

Mr. FLORIO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to call for support of H.R. 8672 which is being considered by the full House today and which deals with two major problems in the railroad industry, that of unemployment and that of deferred maintenance. This legislation authorizes $240 million to be spent to put hundreds of maintenance of way employees, who are desperately in need of jobs, back to work; and as importantly, it puts these men back to work fixing the rails which are in extreme need of repair. This repair is needed, not only from the standpoint of safety to freight and passengers, but from the standpoint of economic viability for those carriers which use these rails and are trying to make a profit or at least break even. Therefore, I urge you and my other colleagues to vote in favor of passage of this very vital legislation.

The CHAIRMAN. Are there further amendments? If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BINGHAM, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having under consideration the bill (H.R. 8672) to improve the reliability, safety, and energy efficiency of railroad transportation, and to reduce unemployment by providing funds for work in repairing, restoring, rehabilitating, and improving essential railroad roadbeds and facilities, pursuant to House Resolution 758, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SKUBITZ. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 261, nays 129, not voting 43, as follows:

[Roll No. 640]

YEAS—261

Abzug
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Annunzio
Ashley
Aspin
Badillo
Baldus
Barrett
Baucus
Bauman
Beard, R.I.
Bedell
Bergland
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breaux
Brinkley
Brodhead
Brooks
Brown, Ohio
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Carter
Chisholm
Clancy
Clausen, Don H.
Clay
Cochran
Cohen
Conable
Conte
Corman
Cotter
Coughlin
D'Amours
Daniels, N.J.
Danielson
Davis
Delaney
Dellums
Dent
Derwinski
Devine
Dingell
Dodd
Downey, N.Y.
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
English
Esch
Evans, Ind.
Fascell
Fenwick
Fish
Fithian
Flood
Florio
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Frenzel
Gaydos
Gilman
Ginn
Gonzalez
Goodling
Grassley
Green
Gude
Guyer
Hall
Hamilton
Hanley
Hannaford
Harrington
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Heckler, Mass.
Hefner
Heinz
Helstoski
Hicks
Hightower
Hillis
Holland
Holtzman
Horton
Howard
Hughes
Ichord
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, Tenn.
Jordan
Karth
Kastenmeier
Kemp
Keys
Koch
Krebs
LaFalce
Leggett
Lehman
Litton
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
Lujan
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKinney
Macdonald
Madden
Madigan
Maguire
Matsunaga
Melcher
Metcalfe
Meyner
Mezvinsky
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mink
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Morgan
Mosher
Moss
Mottl
Murtha
Myers, Ind.
Natcher
Neal
Nix
Nolan
Nowak
Oberstar
O'Brien
O'Hara
O'Neill
Ottinger
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Peyser
Pike
Pressler
Preyer
Price
Pritchard
Railsback
Rees
Regula
Reuss
Richmond
Riegle
Rinaldo
Rodino
Roe
Rogers
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Russo
Santini
Sarasin
Sarbanes
Scheuer
Schneebeli
Schulze
Seiberling
Sharp
Shipley
Shuster
Simon
Slack
Smith, Iowa
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steelman
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Thompson
Thone
Thornton
Traxler
Tsongas
Ullman
Vander Jagt
Vander Veen
Vigorito
Walsh
Waxman
Weaver
Whalen
White
Whitten
Wilson, Tex.
Wirth
Wolff
Wright
Wylie
Yates
Yatron
Young, Tex.
Zablocki
Zeferetti

NAYS—129

Abdnor
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Bafalis
Beard, Tenn.
Bell
Bennett
Bevill
Breckinridge
Broomfield
Brown, Mich.
Broyhill
Burgener
Burke, Fla.

Burleson, Tex.
Burlison, Mo.
Butler
Byron
Casey
Cederberg
Chappell
Collins, Tex.
Conlan
Cornell
Daniel, Dan
Daniel, R. W.
de la Garza
Derrick
Dickinson
Downing, Va.
Duncan, Oreg.
Duncan, Tenn.
du Pont
Edwards, Ala.
Erlenborn
Evans, Colo.
Findley
Flowers
Flynt
Fountain
Frey
Fuqua
Gibbons
Goldwater
Gradison
Haley
Hammerschmidt
Hansen
Harris
Harsha
Hechler, W. Va.
Henderson
Hinshaw
Holt
Howe
Hubbard
Hungate
Hutchinson
Hyde
Jarman
Johnson, Colo.
Jones, N.C.
Kasten
Kazen
Kelly
Kindness
Krueger
Lagomarsino
Landrum
Latta
Levitas
Lott
McClory
McCloskey
McDonald
McKay
Mahon
Mann
Martin
Mathis
Mazzoli
Michel
Miller, Ohio
Montgomery
Moore
Moorhead, Calif.
Myers, Pa.
Nichols
Obey
Pettis
Pickle
Poage
Quie
Quillen
Randall
Rhodes
Robinson
Roncalio
Rose
Rousselot
Runnels
Ryan
Satterfield
Schroeder
Sebelius
Shriver
Sikes
Skubitz
Smith, Nebr.
Snyder
Spence
Steed
Steiger, Ariz.
Steiger, Wis.
Symms
Talcott
Taylor, N.C.
Teague
Treen
Waggonner
Wampler
Whitehurst
Wilson, Bob
Wydler
Young, Alaska
Young, Fla.

NOT VOTING—43

AuCoin
Brown, Calif.
Buchanan
Clawson, Del
Cleveland
Collins, Ill.
Conyers
Crane
Diggs
Eshleman
Evins, Tenn.
Fary
Fisher
Fraser
Giaimo
Hagedorn
Harkin
Hébert
Jones, Okla.
Ketchum
Lent
Meeds
Milford
Mollohan
Moorhead, Pa.
Murphy, Ill.
Murphy, N.Y.
Nedzi
Passman
Rangel
Risenhoover
Roberts
St Germain
Sisk
Solarz
Taylor, Mo.
Udall
Van Deerlin
Vanik
Wiggins
Wilson, C. H.
Winn
Young, Ga.

The Clerk announced the following pairs:

Mr. Murphy of New York with Mr. Hébert.
Mr. Risenhoover with Mr. Passman.
Mr. AuCoin with Mr. Roberts.
Mr. Solarz with Mr. Jones of Oklahoma.
Mr. Sisk with Mr. Lent.
Mr. Charles H. Wilson of California with Mrs. Collins of Illinois.
Mr. Moorhead of Pennsylvania with Mr. Hagedorn.
Mr. Murphy of Illinois with Mr. Crane.
Mr. Giaimo with Mr. Winn.
Mr. Diggs with Mr. Fary.
Mr. Vanik with Mr. Del Clawson.
Mr. Van Deerlin with Mr. Buchanan.
Mr. Meeds with Mr. Eshleman.
Mr. Nedzi with Mr. St Germain
Mr. Udall with Mr. Wiggins.
Mr. Young of Georgia with Mr. Cleveland.
Mr. Rangel with Mr. Fraser.
Mr. Evins of Tennessee with Mr. Milford.
Mr. Harkin with Mr. Taylor of Missouri.
Mr. Conyers with Mr. Mollohan.
Mr. Fisher with Mr. Brown of California.

Mr. STEIGER of Wisconsin changed his vote from "yea" to "nay."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER. Pursuant to the provisions of House Resolution 758, the Committee on Interstate and Foreign Commerce is discharged from further consideration of the bill (S. 1730) to improve the reliability, safety, and energy efficiency of transportation and to reduce unemployment by providing funds for work in repairing, rehabilitating, and improving essential railroad roadbeds and facilities.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. ECKHARDT

Mr. ECKHARDT. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. Eckhardt moves to strike out all after the enacting clause of the Senate bill, S. 1730, and to insert in lieu thereof the provisions of H.R. 8672, as passed, as follows:

That this Act may be cited as the "Emergency Rail Transportation Improvement and Employment Act of 1975".

DECLARATION OF POLICY

Sec. 2. (a) Fndings.—The Congress finds and declares that—

(1) adequate and safe rail transportation is essential to the public interest, and jobs which involve repairing, restoring, rehaiblitating, and improving essential railroad roadbeds and facilities to increase the public service capability of railroads are important public service jobs; and

(2) unemployment can be reduced significantly by stimulating and expediting the repair, restoration, rehabilitation, and improvement of the Nation's railroad roadbeds and facilities, because there is a great need to halt the deterioration of roadbeds and facilities and because such activity is labor intensive.

(b) Purpose.—It is the purpose of this Act to authorize the Secretary of Transportation, after consultation with the Secretary of Labor, to provide financial assistance to eligible applicants, for projects designed to reduce unemployment and to repair, restore, rehabilitate, or improve essential railroad roadbeds and facilities.

Sec. 3. Definitions.—As used in this Act, unless the context indicates otherwise, the term—

(1) "eligible applicant" means the National Railroad Passenger Corporation, the Consolidated Rail Corporation, any railroad in reorganization under section 77 of the Bankruptcy Act (11 U.S.C. 205) on the date of enactment of this Act, any railroad subject to reorganization under the Regional Rail Reorganization Act of 1973 as provided in section 207(b) of such Act (45 U.S.C. 717 (b)), and any railroad which provides intercity rail passenger service and which is not in reorganization under such section 77 or subject to reorganization as provided in such section 207(b)";

(2) "intercity rail passenger service" means intercity rail passenger service as defined in section 102(5) of the Rail Passenger Service Act (45 U.S.C. 502(5));

(3) "roadbeds and facilities" means the physical assets of a railroad, other than rolling stock, that are necessary for the actual movement of rolling stock, including, but not limited to, tracks, ties, rails, switches, bridges, yards, stations and terminals, machines for loading and unloading, ferries and shoreside facilities for transporting rolling stock over water, signal systems, grade crossings, train monitoring systems, electrification and other power transmission systems, and structures and equipment necessary to the functioning of any of the foregoing; and

(4) "Secretary" means the Secretary of Transportation.

EMPLOYMENT GRANTS FOR RAILROAD REPAIR, RESTORATION, REHABILITATION, OR IMPROVEMENT PROJECTS

Sec. 4. (a) General.—The Secretary shall, in accordance with this Act, provide financial assistance in the form of grants to eligible applicants for projects that involve the repair, restoration, rehabilitation or improvement of railroad roadbeds and facilities as set forth in section 6 of this Act and that best fulfill the following objectives:

(1) The reduction of unemployment in areas identified by the Secretary of Labor as areas of substantial unemployment.

(2) The improvement of severely deteriorated roadbeds and facilities that (A) constitute a significant risk to public safety, (B) seriously inhibit the expeditious movement of freight or passengers, or (C) inhibit safety or comfort in connection with the movement of passengers.

(3) The improvement of roadbeds and facilities that (A) contribute significantly to a balanced national rail transportation system, and (B) meet national or regional goals set forth in section 7 of this Act.

(4) The restoration of rail lines used by the National Railroad Passenger Corporation in intercity rail passenger service to the level of utility which any contracting railroad may have agreed to maintain by an agreement made under the provisions of the Rail Passenger Service Act (45 U.S.C. 501 et seq.).

In making such a grant, the Secretary shall obtain adequate assurances that the proposed project substantially meets the goals set forth in section 7.

(b) Guidelines and Procedures for Grant Applications.—(1) To facilitate the rapid initiation of railroad repair, restoration, rehabilitation, or improvement projects, the Secretary shall establish and publish, within 30 days after the date of enactment of this Act, guidelines and procedures for making and evaluating applications for financial assistance pursuant to this section.

(2) Any such application shall be prepared and submitted to the Secretary pursuant to such guidelines and procedures. Such an application shall include, but need not be limited to, the following information, assurances, and documentation in support thereof, with respect to the projects for which financial assistance is requested:

(A) A description of the roadbeds and facilities to be repaired, restored, rehabilitated, or improved.

(B) A statement as to the number of persons to be employed.

(C) A description of the relationship between the applicant and the roadbeds and facilities to be affected, if such applicant does not directly own or control such roadbeds and facilities.

(D) An evaluation of the roadbeds and facilities to be affected, in terms of present or potential significance for national or regional transportation.

(E) A description of the way in which the goals set forth in section 7 of this Act will be realized, and the manner in which such realization will be monitored.

(F) Adequate assurance from the applicant that whenever any roadbeds and facilities included in the grant application, or any interest therein, are transferred within 5 years from the date of completion of the project for which grant assistance is requested, the unamortized portion of such grant assistance will be paid to the Secretary in accordance with section 9(d) of this Act.

The Secretary shall act upon any application under this section within 15 days after it has been received and is complete.

(c) Supervision of Projects.—In administering this Act, the Secretary is authorized to establish objective criteria to aid in determining whether the recipient of financial assistance made available under this Act is maintaining a good faith level of repair and rehabilitation, on the basis of past experience and the present financial capability of the recipient.

(d) Limitations.—Grants made to eligible applicants pursuant to this section shall be used solely to pay the wages and other benefits earned by individuals employed in projects funded by this Act, and shall not be used by such applicants for any administrative expenses incurred with respect to any such projects. Funds made available under this section are to be used by eligible applicants in addition to, and not as a partial or total substitute for, or as a replacement for, any other funds that the applicant would have been reasonably expected to expend in the absence of this Act.

EMPLOYMENT PRIORITIES

Sec. 5. The jobs created pursuant to financial assistance provided pursuant to this Act shall, after the recall of furloughed maintenance-of-way and signal system maintenance employees pursuant to applicable collective bargaining agreements, be made available, consistent with other provisions of this Act in the following order: (1) to other furloughed railroad employees, except that the acceptance or rejection of a job created under this Act by any such employee shall not impair or diminish any right or benefit to which he may be entitled under any Federal or State law or any contract; (2) to unemployed persons who have exhausted unemployment insurance benefits, to unemployed persons who are not eligible for unemployment insurance benefits (except for persons lacking work experience), and to unemployed persons who have been unemployed for 15 or more weeks; and (3) to underemployed or unemployed persons as defined in paragraphs (11) and (12) of section 601(a) of the Comprehensive Employment and Training Act of 1973 (29 U.S.C. 981(a) (11), (12)). The Secretary of Labor shall, within 30 days after the date of enactment of this Act, establish such procedures, rules, or regulations as necessary to insure that sufficient numbers of such unemployed persons are referred to eligible applicants receiving funds pursuant to this Act by State unemployment service agencies, by the Railroad Retirement Board, and by prime sponsors designated under section 102 of the Comprehensive Employment and Training Act of 1973 (29 U.S.C. 812). All jobs created under this Act, except those to which furloughed employees are being recalled, must be listed with the State employment service at least 72 hours before such vacancies are filled.

ELIGIBLE ROADBEDS AND FACILITIES

Sec. 6. Roadbeds and facilities are eligible for project grants pursuant to section 4 if they—

(1) have been designated for transfer to the Consolidated Rail Corporation in the final system plan approved by the Board of Directors of the United States Railway Association under section 206(c) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 716(c)); or

(2) are utilized by the National Railroad Passenger Corporation pursuant to the Rail Passenger Service Act (45 U.S.C. 501 et seq.) for providing intercity rail passenger service or are part of either the basic system or the experimental routes established pursuant to such Act; or

(3) are owned by a railroad in reorganization under section 77 of the Bankruptcy Act (11 U.S.C. 205) on the date of enactment of this Act; or

(4) are utilized for providing intercity rail passenger service by any railroad which is not in reorganization under section 77 of the Bankruptcy Act (11 U.S.C. 205) or subject to reorganization as provided in section 207 (b) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 717(b)).

GOALS

Sec. 7. In order to receive financial assistance under this Act, a project shall be structured and administered so as to achieve substantially the following goals:

(1) The reduction of unemployment.

(2) The acceleration and expansion of a nationally balanced rail rehabilitation effort designed to improve railroad roadbeds and facilities that meet essential national and regional transportation needs or policies or that will eliminate serious safety hazards involving such roadbeds and facilities.

(3) The coordination of repair and rehabilitation work with other national transportation priorities, such as the elimination of grade crossings and similar safety problems, the improvement of intercity rail passenger service, and the modernization of facilities, including the electrification of appropriate lines.

(4) The substantial completion of such project within 18 months after the date on which work is commenced.

(5) The maximization of the chances for permanent employment by the railroad of the individuals employed on such projects.

LABOR PROTECTION

Sec. 8. (a) All work in connection with the projects funded under this Act which has been performed by practice or agreement in accordance with provisions of the existing contracts in effect with the representatives of the employees of the classes or crafts involved shall continue to be performed by the applicant's employees, including employees on furlough. Should the applicant lack a sufficient number of employees, including employees on furlough, and be unable to hire additional qualified employees from among the unemployed and underemployed persons specified under section 5 of this Act, to perform the work required, it shall be permitted to subcontract that part of such work which cannot be performed by its employees consistent with applicable collective-bargaining agreements. Applicants shall be required, prior to contracting out work under this subsection, to secure certification from the Department of Labor that there is an insufficient number of furloughed maintenance-of-way and signal system maintenance employees, or of unemployed persons referred pursuant to section 5 of this Act, to perform the work required. In the event that such work is subcontracted, after meeting the requirements of this subsection, wages and benefits paid shall be not less than those provided for in collective-bargaining agreements in effect and negotiated pursuant to the Railway Labor Act for similar jobs and classifications. Such rates shall be considered to be in compliance with the Davis-Bacon Act (40 U.S.C. 276a—276a-5), Walsh-Healey Act (41 U.S.C. 35-45), or Service Contract Act of 1965 (41 U.S.C. 351-357), as the case may be.

(b) Work to be performed with financial assistance received under this Act, which has not traditionally been performed by employees of the applicant, may continue to be performed by a contractor of the applicant; except that the applicant shall take such action as may be necessary to insure that all laborers and mechanics employed by such contractor or subcontractors in the performance of work done with the aid of such financial assistance shall be paid wages and benefits at rates not less than those prevailing on similar work in the locality, as determined in accordance with the Davis-Bacon Act, Walsh-Healey Act, or Service Contract Act of 1965, as the case may be. No contract or agreement for the performance of work on any project receiving financial assistance under this Act shall be entered into under this subsection without first obtaining adequate assurances that required labor standards shall be maintained in the performance of such work and that persons employed, whether by the applicant, contractor, or subcontractor of the applicant, shall be hired in accordance with the priorities and procedures set forth in section 5 of this Act.

MISCELLANEOUS PROVISIONS

Sec. 9. (a) Records and Audit.—Each recipient of financial assistance under this Act shall maintain such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project in connection with which such assistance was given or used, and such other records as will facilitate an effective audit. The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives shall, until the expiration of 3 years after the completion of such project, have access for the purpose of audit and examination to any books, documents, papers, and records, which, in the opinion of the Secretary or the Comptroller General, may be related to or pertinent to any such financial assistance.

(b) Cost and Benefit Assessment.—The Secretary is authorized to conduct, or to cause to be conducted, cost and benefit assessment studies of various projects receiving financial assistance under this Act, and of proposed projects, to the extent necessary to assure that funds appropriated for purposes of this Act are expended in the manner most cost-beneficial to the people of the United States, except that this provision may not be applied in any way which is likely to delay reduction in unemployment.

(c) Reports and Oversight.—The Secretary shall submit to the Congress and the President periodic reports on his actions taken pursuant to this Act, including statements as to progress made in reducing unemployment and in improving the Nation's rail transportation system in terms of reliability, safety, and energy efficiency.

(d) Amortization and Reimbursement of Financial Assistance.—The aggregate amount of financial assistance provided under this Act with respect to any project to repair, restore, rehabilitate, or improve roadbeds and facilities shall be amortized over the 5-year period beginning on the date of completion of such project. Except as otherwise provided in this subsection or subsection (e), if roadbeds and facilities included in such project are transferred (in whole or in part), by sale, lease, or otherwise, before the expiration of the 5-year amortization period, the person making the transfer shall pay to the Secretary an amount equal to the unamortized portion of the financial assistance provided under this Act with respect to such project as of the date of the transfer. The payment required under the preceding sentence shall not apply in any case in which the Secretary determines that such transfer will promote the public service capability of the roadbeds and facilities to meet national or regional transportation needs. Any amount paid to the Secretary under this subsection shall be covered into the Treasury as miscellaneous receipts.

(e) Subsequent Acquisitions.—(1) Whenever the National Railroad Passenger Corporation or the Consolidated Rail Corporation acquires, by purchase or otherwise, any roadbeds and facilities which have been repaired, restored, rehabilitated, or improved with financial assistance under this Act, the person from whom such roadbeds and facilities are acquired shall pay to the Secretary an amount equal to the lesser of—

(A) the amount of financial assistance expended pursuant to this Act for the repair, restoration, rehabilitation, or improvement of such roadbeds and facilities; or

(B) the increase in value of such roadbeds and facilities which is determined by the Secretary to be a direct result of financial assistance expended pursuant to this Act.

(2) Whenever the United States or any agency or instrumentality thereof acquires, by purchase or otherwise, any roadbeds and facilities which have been repaired, restored, rehabilitated, or improved with financial assistance under this Act, there shall be deducted from the acquisition price thereof an amount equal to the lesser of the amounts referred to in subparagraphs (A) and (B) of paragraph (1).

AUTHORIZATION OF APPROPRIATIONS

Sec. 10. There are authorized to be appropriated, not to exceed $240,000,000 to the Secretary for purposes of providing financial

assistance pursuant to section 4. Sums appropriated under this section are authorized to remain available until expended.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 8672) was laid on the table.

GENERAL LEAVE

Mr. ECKHARDT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 8672) just passed.

The **SPEAKER.** Is there objection to the request of the gentleman from Texas?

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 458. Concurrent resolution expressing appreciation to the Parliament for the loan to the United States of the Magna Carta of 1215, A.D.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a concurrent resolution of the House of the following title:

H. Con. Res. 459. Concurrent resolution providing for an adjournment of the House from Thursday, October 23, 1975, to Tuesday, October 28, 1975.

The message also announced that the Senate had passed a joint resolution of the following titles in which the concurrence of the House is requested:

S.J. Res. 134. Joint resolution to extend the authority for the direct purchase of U.S. obligations by Federal Reserve banks.

PROVIDING FOR ADJOURNMENT OF CONGRESS FROM THURSDAY, OCTOBER 23, 1975, TO TUESDAY, OCTOBER 28, 1975

The **SPEAKER** laid before the House the concurrent resolution (H. Con. Res. 459) providing for an adjournment of the House from Thursday, October 23, 1975, to Tuesday, October 28, 1975, with the Senate amendments thereto.

The Clerk read the title of the concurrent resolution.

The Clerk read the Senate amendments as follows.

Amendments: Page 1, line 4, strike out "1975" and insert: "1975, and that when the Senate adjourns on Thursday, October 23, 1975, it stand adjourned until 11:00 a.m. Tuesday, October 28, 1975."

Th Senate amendment was concurred in.

The title was amended so as to read: "Concurrent resolution providing for an adjournment of the two Houses from Thursday, October 23, 1975, to Tuesday, October 28, 1975."

A motion to reconsider was laid on the table.

TVA BONDING AUTHORITY

Mr. DELANEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 778 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 778

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 9472) to amend section 15d of the Tennessee Valley Authority Act of 1933 to increase the amount of bonds which may be issued by the Tennessee Valley Authority, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works and Transportation, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The **SPEAKER.** The gentleman from New York (Mr. Delaney) is recognized for 1 hour.

Mr. DELANEY. Mr. Speaker, I yield 30 minutes to the gentleman from Tennessee (Mr. Quillen), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 778 makes in order the consideration in the House, of H.R. 9472, a bill providing bonding authority for the Tennessee Valley Authority. House Resolution 778 provides for an open rule with 1 hour of general debate.

H.R. 9472 will increase from $5 billion to $15 billion the amount of revenue bonds which the Tennessee Valley Authority may have outstanding to finance additions to its power system.

H.R. 9472 also provides that TVA should return to the pre-1959 system of making annual repayments of the original Federal investment and the equivalent interest payments. Currently, the payments are made on a semiannual basis.

There will be no costs to the Federal Government as a result of the enactment of this bill.

Mr. Speaker, I urge the adoption of House Resolution 778 in order that we may discuss and debate H.R. 9472.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of the rule and of the bill which it makes in order, H.R. 9472. I am one of 14 sponsors of this measure. The bill increases the bonding ceiling of the Tennessee Valley Authority from $5 billion to $15 billion, and I am willing to agree to this.

I favor this bill because it provides for more power production, but I have a profound conviction that TVA's rate increases to its customers over the past several years are unwarranted and inexcusable. These exorbitant rate increases have been far greater than the rate of inflation, and the people demand an end to them. I join in this justifiable demand. Electric power rates must come down.

I fully support TVA for its progress in nuclear powerplant construction to meet future needs. It is imperative that construction of TVA powerplants, like the one at Phipps Bend in Hawkins County, continues on schedule. These nuclear plants can provide power for upcoming needs.

But to build these plants, TVA must have funds from the sale of bonds. This $10 billion increase should guarantee that we will not run short of power in the years ahead. We should also see the end of the string of rate increases inflicted on the people by TVA in the last few years.

So, while I do support this bill, I also must insist that the TVA respond to the legitimate pleas for relief from the people it supplies with electric power. The rate increases must cease, and they must begin to come down. I suggest that it is not too soon for TVA to begin doing this at once.

Mr. Speaker, I urge adoption of the rule, and passage of the bill.

Mr. DELANEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. JONES of Alabama. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideraion of the bill (H.R. 9472) to amend section 15d of the Tennessee Valley Authority Act of 1933 to increase the amount of bonds which may be issued by the Tennessee Valley Authority, and for other purposes.

The **SPEAKER.** The question is on the motion offered by the gentleman from Alabama.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 9472, with Mr. Obey in the Chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The **CHAIRMAN.** Under the rule, the gentleman from Alabama (Mr. Jones) will be recognized for 30 minutes, and the gentleman from Mississippi (Mr. Cochran) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Alabama (Mr. Jones).

Mr. JONES of Alabama. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, this bill, H.R. 9472, amends section 15d of the Tennessee Valley Authority Act of 1933, as amended, to increase the amount of bonds which may be issued by the Tennessee Valley Authority from $5 billion to $15 billion.

The bill was reported by the Public Works and Transportation Committee on September 22, 1975, without objection or dissent following hearings September 19.

H.R. 9472 is similar to legislation which the Congress has favorably considered in the past. The primary objective is to provide the TVA with authority to issue revenue bonds to finance the power construction program. House Report 94-510 to accompany H.R. 9472 provides extensive detail on the TVA's operations and requirements.

Congress amended the TVA Act on 1959 to authorize TVA to issue revenue bonds for financing power facilities. That amendment authorized TVA to have outstanding up to $750 million in borrowing and provided that such bonds issued by TVA would not be obligations of or be guaranteed by the United States. It further provided that annually TVA make two types of payments to the U.S. Treasury, one a return on the Government appropriations remaining invested in the power system at the average cost of money to the Government, and one a repayment of a portion of those appropriations.

Subsequently, to enable TVA to borrow sufficient funds to finance the construction of the additional facilities necessary to supply the increased power requirements of the region; in August 1966, Congress revised the limit to $1,750 million; then in October 1970, Congress raised the limit to $5 billion.

Expenditures and commitments under the $5 billion authority have risen to the point where TVA must again seek additional borrowing authority to enable it to discharge its responsibility of supplying electric power to accomplish the physical, social, and economic development of the area it serves.

Electric power is one of the great resource tools provided by TVA within the region in which it conducts its operations. TVA is the power supplier for an area of about 80,000 square miles containing nearly 7 million people. TVA generates, transmits, and sells power to distribution systems, which in turn retail power to their own customers. It also supplies power directly to 50 industries which have large or unusual power requirements and to 11 Federal installations, including the ERDA plants at Oak Ridge, Tenn., and Paducah, Ky. The distributors are municipalities and rural electric cooperatives which purchase their power at wholesale from TVA to serve about 2½ million electric customers, including homes, farms, businesses, and most of the region's industries.

But the importance of the TVA power system is by no means limited to electric consumers in the area which TVA supplies directly. The TVA system, which with 26.7 million kilowatts of presently installed generating capacity is the Nation's largest, is interconnected at 27 points with neighboring systems with which TVA exchanges power. The TVA system is, in effect, part of a huge power network. In a time of power emergency, operation of the TVA power system could have a definite impact on power supply conditions from the Great Lakes to the Gulf of Mexico and from New England to Oklahoma and Texas.

These interconnections with other regions allow exchanges of power to meet peak requirements on a day-to-day as well as seasonal basis. Thus, all interconnected systems can make maximum use of existing facilities to meet consumer requirements with the minimum capital investment.

The unique energy use patterns of the TVA service area, with extensive use of electric power for space heating and industrial applications, have great significance for the Nation's energy independence goals. Because TVA power is almost exclusively produced with domestic fuels of greatest abundance, the per capita consumption of oil and natural gas in the region is considerably below national average.

Borrowings under the act have enabled TVA to build to serve these growing needs—from a capacity of 11 million kilowatts in service and 1.7 million kilowatts under construction in 1959 to a capacity today of 26.7 million kilowatts with another 21.2 million kilowatts currently under construction or on order. The large increase in capacity under construction is principally the result of the longer lead times required to install generating capacity today. The transmission system has increased from about 12,000 miles of transmission lines with the highest voltage at 161,000 volts, to almost 17,000 miles of lines with over 1,500 miles at the extra-high voltage of 500,000 volts.

The 1959 TVA amendments capitalized the power investment at $1.2 billion and required the TVA consumers to repay to the Treasury a total of $1 billion of this capital over a period of years.

The payments have been made at the rate of $10 million for the first 5 years; $15 million for the next 5 years and now are $20 million a year.

In addition, the 1959 amendments require the TVA to pay to the Treasury a return on the appropriations remaining invested in the TVA power system. This is determined by applying the average interest rate payable by the Treasury on its total marketable public obligations at the beginning of each year to the net appropriation investment in power facilities. This payment will amount to $71 million this year.

Since 1959, these two annual payments have amounted to $982.8 million. The total payment of $91 million this year will bring to more than $1 billion the amount that has been paid to the Treasury since the 1959 amendment.

At the end of the last fiscal year, TVA net investment in power assets was approximately $5.6 billion. This includes about $3.7 billion in bonds and notes and about $1 billion in appropriated investment, and about $870 million in retained earnings.

During the past 12 months, the amount of increase in the TVA revenue bond authorization has been under staff review by the TVA and the Office of Management and Budget, proposals for increases ranged from a minimum of $5 billion to a maximum of removal of any statutory limit in the bonding authority.

The Public Works and Transportation Committee is recommending an increase of $10 billion to bring the total revenue bonding authorization to $15 billion. This is the same increase as recommended by Chairman Wagner of the TVA and endorsed by the Office of Management and Budget.

Any smaller amount will hamper the TVA in the statutory obligation to provide the region with ample supplies of electric power. With any increase of less than $10 billion, the TVA would be forced to seek additional authorization in 2 or 3 years, thus quite possibly requiring further legislation early in the 95th Congress, if the TVA is to adhere to its established record of responsible fiscal management.

There are no disadvantages that the Public Works and Transportation Committee can see in providing an authorization of $15 billion. If growth in power demands in the TVA system should for any reason be less than now anticipated, the only result would be that TVA would slow down its construction program and its issuance of bonds, and the authorization would last somewhat longer.

In summary, the Public Works and Transportation Committee is convinced that an increase in the authorization to less than $15 billion would be inadequate, that strong reasons for an increase to at least this amount, and that such an increase would have no important disadvantages as compared to a lesser amount.

Section (b) of H.R. 9472 concerns the time payments by the TVA to the Treasury as a repayment of the original Federal investment and the annual interest equivalent payments on the outstanding principal amount of the investment. It does not alter the amount of the payments.

TVA was on an annual basis for payments to the Treasury, the same as other Federal Corporations, prior to the 1959 TVA amendments. The 1959 amendments provided for extensive new arrangements for TVA's financial affairs and one of the changes established semiannual payments to the Treasury.

By deletion of the December 31 payment date as provided in H.R. 9472, the TVA would be required to make the full payment before June 30.

The other Government corporations such as Commodity Credit Corporation, Export-Import Bank, Federal Savings and Loan Insurance Corporation, and the Panama Canal Co., make their payments on an annual basis.

Since the extensive new financial arrangements established for TVA 16 years ago, the TVA has proven to be completely responsible in all financial obligations to the Treasury and to the bond holders.

By returning TVA to the normal annual payments of other Federal Corporations, TVA would have full use of the payment funds until the payment date as other similar Government corporations do.

Section (b) of H.R. 9472 charges only the date of the payment, not the amount.

The Public Works Committee is aware of the broad support for this legislation in the TVA area and the urgent requirement to meet the power needs of the entire area.

In the past, the Congress has provided the TVA with adequate bonding authority to finance the planned construction program.

Additional review and alteration of the bond authorization was anticipated by the committee when the 1970 amendment increased the ceiling to $5 billion.

It is in this light that we bring to the House today this additional increase in revenue bonding authority.

In hearings and continuing review, the Public Works and Transportation Committee finds the TVA has been faithful to the letter and the spirit of the Tennessee Valley Authority Act. The Public Works Committee and other committees of the Congress, as jurisdiction require, make thorough examinations of TVA's programs. One provision for Congressional review provided in Public Law 86-137 and cited erroneously on page 7 of the report was repealed by the Congress in subsequent legislation.

TVA has been responsive to the regional and national needs. TVA has been responsible in management of fiscal affairs. In actions and programs, the TVA has been a splendid reflection of the attitudes and aspirations of the people of the region and of the Nation.

Ample need exists for increasing from $5 billion to $15 billion the amount of revenue bonds which the Tennessee Valley Authority may have outstanding to finance additions to the power system and that the TVA payments to the Treasury should be made on an annual basis as provided in H.R. 9472.

I urge approval of H.R. 9472 as reported by the Public Works and Transportation Committee.

Mr. COCHRAN. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, H.R. 9472 comes before the House with the support of the minority as well as the majority on the Committee on Public Works and Transportation.

Support for increasing TVA's borrowing authority comes from committee members representing all sections of the Nation. It is evidence of the growing awareness of the critical need this country has for increased electric power generating capacity. A bill which not only promotes the construction of needed new capacity but does so without appropriated funds and without placing any obligation on the U.S. Treasury is deserving of this support.

We are all well aware of the urgent needs that are met when an area has adequate supplies of electric power. We are also aware of the hardships that can befall a region when power supplies fall short of requirements.

I am also cognizant of the fact that the building of an electric generating facility serves more than the area in which it is installed. For example, just as power generated in the upper Northwest at Bonneville Power Administration facilities is transmitted through its voltage lines to help serve the needs of California power consumers so also is TVA power distributed throughout the East at times of peak power requirements or emergency needs.

Although the generating capacity to be financed by the increased authority provided by H.R. 9472 will not directly affect some parts of the country, it will have a beneficial effect on power reliability far beyond the area directly served by TVA. Through interconnections with other systems TVA generating capacity is a factor in power service in all or part of 32 States.

The value of TVA's generating capacity to other areas of the country has been clearly demonstrated in the last few years when power generated by TVA was used to help meet peak needs throughout the network. This assistance was possible because TVA had sufficient capacity to meet its own needs and was interconnected with other utilities in the Eastern part of the Nation.

For a better understanding of the scope of these interconnections it might be well to point out just which States can be affected by TVA's ability to generate power. These 32 States include the seven States in which TVA operates. Portions of these seven States not supplied by TVA are closely interconnected with the TVA system.

In another 13 States electric service is provided by utilities which are members of groups having interchange facilities and contracts with TVA. These include Arkansas, Kansas, Louisiana, Oklahoma, and Texas to the south and west of the TVA area, the midwestern States of Illinois, Indiana, Michigan, Missouri, and Ohio, as well as Florida, South Carolina, and West Virginia.

Another 12 States have electric service provided by utilities which receive a part of their power requirements from pools into which TVA power is placed through the groups I have just referred to. These include the six New England States, Wisconsin, and the Middle Atlantic States of New York, New Jersey, Pennsylvania, Delaware, and Maryland.

A perusal of this list clearly shows that additional borrowing authority provided to TVA by H.R. 9472 will have a definite effect on the power supply situation of a broad area of the country. This authority will enable TVA to build sufficient generating capacity to meet the needs of its own area, and only if TVA has such capacity can it continue to be an effective factor in the interconnected systems which provide service in these 32 States.

TVA provides other national benefits, including reliable power for our nuclear fuel production plants which benefit all systems which now use or in the future will use nuclear power.

Finally, Mr. Chairman, TVA serves as a yardstick of efficiency to measure the performance of the privately owned power producing corporations. TVA is a national asset. I urge the adoption of H.R. 9472.

Mr. DUNCAN of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I yield to the gentleman from Tennessee.

Mr. DUNCAN of Tennessee. Mr. Chairman, I would ask the gentleman if I am correct in stating that these bonds are retired from revenues paid by the consumers of the electric power supplied by TVA.

Mr. COCHRAN. The gentleman is absolutely correct.

Mr. DUNCAN of Tennessee. I would like to voice my support for this legislation.

Mr. COCHRAN. Mr. Chairman, I have no further requests for time.

Mr. JONES of Alabama. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the first sentence of subsection (a) of section 15d of the Tennessee Valley Authority Act of 1933, as amended (16 U.S.C. 831n-4), is amended by striking out "$5,000,000,000" and inserting in lieu thereof "$15,000,000,000".

(b) The first sentence of subsection (e) of section 15d of the Tennessee Valley Authority Act of 1933, as amended (16 U.S.C. 831n-4), is amended by striking out "December 31 and".

Mr. JONES of Alabama (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. If there are no amendments, under the rule the Committee rises.

Accordingly the Committee rose; and the Speaker, having resumed the chair, Mr. OBEY, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee, having had under consideration the bill (H.R. 9472) to amend section 15d of the Tennessee Valley Authority Act of 1933 to increase the amount of bonds which may be issued by the Tennessee Valley Authority, and for other purposes, pursuant to House Resolution 778, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of Alabama. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The **SPEAKER** laid before the House the following communicaiton from the Clerk of the House of Representatives:

WASHINGTON, D.C.,
October 21, 1975.

Hon. CARL ALBERT,
The Speaker, House of Representatives.

DEAR MR. SPEAKER: On this date, I have been served with a subpoena duces tecum by a representative of the U.S. Department of Justice, that was issued by the United States District Court for the District of New Jersey.

The subpoena commands me or my designated representative to appear before the Grand Jury of the U.S. District Court on October 28, 1975, and requests certain House records of former Congressman Joseph Maraziti, that are outlined in the subpoena itself, which is attached hereto.

House Resolution #9 of January 14, 1975, and the rules and practices of the House of Representatives indicate that no official of the House may, either voluntarily or in obedience to a subpoena duces tecum, produce such papers without the consent of the House being first obtained. It is further indicated that he may not supply copies of certain of the documents and papers requested without such consent.

The subpoena in question is herewith attached, and the matter is presented for such action as the House in its wisdom may see fit to take.

With kind regards, I am,
Sincerely,
W. PAT JENNINGS, *Clerk,*
U.S. House of Representatives.

The **SPEAKER**. The Clerk will read the subpena.

The Clerk read as follows:

[In the U.S. District Court for the District of New Jersey]

SUBPENA TO TESTIFY BEFORE GRAND JURY

To: W. Pat Jennings, Clerk, Office of the Clerk, U.S. House of Representatives, Washington, D.C.:

You are hereby commanded to appear in the United States District Court for the District of New Jersey at U.S.P.O. & Courthouse Bldg. in the city of Newark on the 28th day of October 1975 at 10:00 o'clock A.M. to testify before the Grand Jury and bring with you—

1. Copies of all Clerk-Hire Allowance Forms submitted to the Office of Finance, United States House of Representatives, for Ann Leclerc, a former Advisor and Research Assistant of former Congressman Joseph J. Maraziti (Republican, N.J.) for the period January 1, 1973 to December 31, 1974.

2. Copies of all Employee's Withholding Allowance Certificates (W-4 Forms) submitted to the Office of Finance, United States House of Representatives, for Ann Leclerc, a former Advisor and Research Assistant of former Congressman Joseph J. Maraziti (Republican, N.J.) for the period January 1, 1973 to December 31, 1974.

This subpena is issued on application of the United States of America.

Jonathan L. Goldstein, U.S. Attorney, by: William F. Maderer, Assistant U.S. Attorney, United States Attorney's Office, 970 Broad Street, Newark, New Jersey (201) 645-3519.

Date October 10, 1975.

SUBPENA DUCES TECUM IN GRAND JURY INVESTIGATION PENDING IN U.S. DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

Mr. **O'NEILL**. Mr. Speaker, I send to the desk a privileged resolution (**H. Res.** 819) and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 819

Whereas in a Grand Jury Investigation pending in the United States District Court for the District of New Jersey, a subpena duces tecum was issued by the said court and addressed to W. Pat Jennings, Clerk of the House of Representatives, directing him to appear before the grand jury of the said court at 10:00 antemeridian on the 28th day of October 1975, and to bring with him certain documents in the possession and under the control of the House of Representatives: Therefore be it

Resolved, That by the privileges of this House no evidence of a documentary character under the control and in the possession of the House of Representatives can, by the mandate of process of the ordinary courts of justice, be taken from such control or possession but by its permission; be it further

Resolved, That when it appears by the order of the court or of the judge thereof, or of any legal officer charged with the administration of the order of such court or judge, that documentary evidence in the possession and under the control of the House of Representatives is needful for use in any court of justice, or before any judge or such legal officer, for the promotion of justice, this House will take such action thereon as will promote the ends of justice consistently with the privileges and rights of this House; be it further

Resolved, That when said court determines upon the materiality and the relevancy of the records called for in the subpenas duces tecum, then the said court, through any of its officers or agents, have full permission to attend with all proper parties to the proceeding and then always at any place under the orders and control of this House, and take copies of those requested papers and documents which are in the possession or custody of the Clerk; and the Clerk is authorized to supply certified copies of such documents or papers that the court has found to be material and relevant and which the court or other proper officer shall desire, so as, however, the possession of said documents and papers by the said Clerk shall not be disturbed, or the same shall not be removed from their place of file or custody under the said Clerk; be it further

Resolved, That as a respectful answer to the subpena duces tecum a copy of these resolutions be submitted to the said Court.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REVISION OF THE SALARY-FIXING PROCEDURE FOR BANKRUPTCY JUDGES

Mr. **MATSUNAGA**. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 776 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 776

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6184) to amend section 40 of the Bankruptcy Act to fix the salaries of referees in bankruptcy. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The **SPEAKER**. The gentleman from Hawaii is recognized for 1 hour.

Mr. **MATSUNAGA**. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 776 provides for an open rule with 1 hour of general debate on H.R. 6184, a bill revising the salary-fixing procedure for bankruptcy judges.

H.R. 6184 raises the salary of each full-time bankruptcy judge to $36,000 per year and provides that the maximum salary for a part-time bankruptcy judge shall not exceed $18,000 per year.

H.R. 6184 restores to the Congress the sole and exclusive authority to fix the salaries of full- and part-time bankruptcy judges. Currently, the procedure is as follows; the Commission on Executive, Legislative and Judicial Salaries reviews salary levels of all Federal judges and Federal bankruptcy judges every 4 years and forwards its recommendations to the President, who, after making desired changes, sends them to Congress. Approval of Congress action is then subject to review by the Judicial Conference of the United States.

Mr. Speaker, the present system must be changed because the Judicial Conference has adopted a policy contrary to that expressed by Congress 6 years ago by refusing to grant to full-time bankruptcy judges the highest possible statutory ceiling of $36,000.

It is anticipated that enactment of this legislation would entail costs of approximately $826,000 per year.

Mr. Speaker, I urge the adoption of House Resolution 776 in order that we may discuss and debate H.R. 6184.

Mr. **LATTA**. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 776 provides for 1 hour of general debate on H.R. 6184, revision of salary fixing procedure for bankruptcy judges. The bill shall be read for germane amendments under the 5-minute rule. There are no waivers of points of order.

H.R. 6184 restores to the Congress the exclusive authority of fixing the salaries of full-time bankruptcy judges, as it now has with respect to all other Federal judicial officers. The bill will eliminate the role of the Judicial Conference. Under the bill, salaries will be set by the same procedures as used for all other top Federal employees. The anticipated cost of the bill is $826,000.

Mr. Speaker, I urge we adopt this rule and pass the bill.

Mr. Speaker, I have no further requests for time.

Mr. **MATSUNAGA**. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. EDWARDS of California. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 6184) to amend section 40 of the Bankruptcy Act to fix the salaries of referees in bankruptcy.

The SPEAKER. The question is on the motion offered by the gentleman from California (Mr. EDWARDS).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 6184, with Mr. BENNETT in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from California (Mr. EDWARDS) will be recognized for 30 minutes, and the gentleman from Ohio (Mr. KINDNESS) will be recognized for 30 minutes.

The Chair recognizes the gentleman from California.

Mr. EDWARDS of California. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I wish to urge passage of H.R. 6184, a bill that would restore the sole and exclusive authority to the Congress to fix the salaries of full-time referees in bankruptcy. This bill is necessary to correct a historical anomaly. To explain the reason for this bill, it would be useful first to explain the nature of the referee's job.

Referees in bankruptcy, now called bankruptcy judges, are full judicial officers of the United States. They administer this country's enormous bankruptcy system. They are more than special masters. Their decisions in all bankruptcy cases are final, unless appealed. This includes decisions in the 254,000 bankruptcy cases filed involving well over $11 billion in assets in fiscal 1975, more than twice the number of civil cases filed in the Federal district courts in the same year. The number of decisions that a bankruptcy judge must make in a single case are often numerous. They decide matters of contract, tort, property, tax, family, labor, and corporations law, in addition to the numerous bankruptcy law decisions they must render. In this respect they are very much like their brethren on the district court and State court benches. However, they differ from them in that they are uniformly current with their dockets. This yeoman's task is performed by only 188 full-time bankruptcy judges.

They differ from their brethren in another respect, as well, and that is what I wish to address myself to this afternoon. Their salaries are not set by the Congress, as all other Federal judicial officers' salaries are, but rather are set by the Judicial Conference of the United States, a wholly nonpolitical body. The reason for this difference is historical. Prior to 1946, referees in bankruptcy were not full-time Federal employees, but were assigned cases by district judges at their discretion. The referees were compensated by the universally deplored fee system, which awarded the referees a percentage of the amount involved in each case they decided. Congress abolished this system in 1946, and made referees in bankruptcy full-time judicial officers. At that time, however, there were many parts of the country where full-time referees did not have as large a caseload or workload as their brethren in other parts of the country did. Thus, it was inappropriate for the Congress to set a uniform salary for all full-time referees. Instead, Congress established a maximum rate, and certain statutory criteria, and delegated the authority to the Judicial Conference to determine which referees deserved the maximum, based on the statutory criteria which were related to caseload, and which referees deserved less than the maximum. This amounted to an administrative decision in the operation of the U.S. courts.

This system worked well for 23 years. For 23 years the Judicial Conference awarded nearly all full-time referees the statutory maximum, and awarded a few referees less, based on the statutory criteria. In 1969, however, the Judicial Conference changed its policy. In that year, based on the work of the Quadrennial Executive, Legislative and Judiciary Salary Commission, Congress authorized a maximum salary for full-time referees in bankruptcy of $36,000. The Judicial Conference, for its own internal reasons, decided to ignore this new maximum, and set a lower figure as the amount to be received by the full-time referees.

The Judicial Conference did more. They determined that there no longer existed the differences in case load and work load among the full-time referees that would warrant differences in salaries. The Conference gave all full-time referees the same salary.

With this determination by the Judicial Conference that full-time bankruptcy judges no longer differ according to the statutory criteria set out in the Bankruptcy Act, the reason for the delegation of authority to the Judicial Conference has disappeared. It is now appropriate for the Congress to resume full and exclusive authority to set bankruptcy judges' salaries, and to set them uniformly across the Nation.

There is an additional reason that the Congress should resume this authority. In 1967, Congress created the Quadrennial Commission on Executive, Legislative, and Judicial Salaries. That body reviews Federal salary levels every 4 years. Its recommendations are subject to review by the President. The President transmits the revised recommendations to the Congress. Finally, unless Congress acts to the contrary, the recommendations become law in 60 days. Bankruptcy judges' salaries are subject to this review process. With three bodies already reviewing their salaries every 4 years, it is a duplication of effort and an unnecessary exercise to require the Judicial Conference re-review these recommendations, and to give it a potential veto over the President's and Congress action.

It is for these reasons that I introduced this legislation, and it is for these reasons that I urge its adoption.

Mr. KINDNESS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of the statement of the gentleman from California, and in support of this legislation. It is high time that the Congress resumed the authority to set the salaries of devoted and hard-working Federal judges.

Since 1969, the year in which the Judicial Conference recognized no significant differences in the workload among full-time bankruptcy judges around the country, the delegation of authority to the Judicial Conference has been unnecessary and contrary to the long-established policies of this Congress in the administration of the Federal Government. It is the Congress that has traditionally set the salaries of all Federal employees. The only significant exception has been this delegation to the Judicial Conference to set the salaries of bankruptcy judges. The delegation of this authority to a nonpolitical body was premised on a specific need, the difference in caseload among the bankruptcy judges. That need ceased 6 years ago, and it is now long past time to correct this anamalous situation.

The reason for removing this delegation of authority becomes even clearer when it is realized that the Judicial Conference has acted contrary to the intent of the Congress in the exercise of this power. The Judicial Conference blocked the pay raise that Congress granted the bankruptcy judges in 1969, although it has approved the 5-percent pay raise that was granted this year. This limited delegation of authority is wholly unwarranted where the Judicial Conference has ignored the wishes and the directions of the Congress.

Mr. Chairman, both the Subcommittee on Civil and Constitutional Rights, and the House Committee on the Judiciary, reported this bill without dissent. I strongly urge its passage by the House.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. KINDNESS. I yield to the gentleman from Kentucky.

Mr. SNYDER. Mr. Chairman, I would state to the gentleman from Ohio that it is my understanding that this legislation applies only to bankruptcy judges and not to district court judges?

Mr. KINDNESS. That is correct.

Mr. SNYDER. Is the $36,000 figure a maximum or is it a fixed amount?

Mr. KINDNESS. The maximum was fixed by the Congress in 1969 and was not allowed to go into effect by the Judicial Conference thereafter until now. So it is both the maximum and a fixed amount under this bill.

Mr. SNYDER. In other words it will go up to $36,000, to specifically $36,000 a year?

Mr. KINDNESS. The gentleman is correct.

Mr. SNYDER. How much do they now get?

Mr. **KINDNESS**. The salaries are presently at the level of $31,500, I believe.

Mr. **SNYDER**. Does that include the 5-percent cost of living that just took place?

Mr. **KINDNESS**. The amount had increased the $31,500, it is a little more than that.

Mr. **SNYDER**. It will increase above that by 5 percent or roughly $1,500 and it will be roughly $33,000, and then do we make the 10 percent on top of that?

Mr. **KINDNESS**. That is the approximate amount.

Mr. **EDWARDS** of California. Mr. Chairman, will the gentleman yield?

Mr. **KINDNESS**. I yield to the gentleman from California.

Mr. **EDWARDS** of California. Mr. Chairman, the gentleman from Kentucky is correct, the salary as of several weeks ago was $31,600 and with the 5 percent that the bankruptcy judges receive and everyone got, their salary went to $33,200. So that is their pay at this time.

The statutory limit is $36,000. However, the 5 percent will apply to the statutory limit by an amendment that will be offered later, and will make the final salary $37,800.

Mr. **SNYDER**. Mr. Chairman, I would like to inquire what the district judges would be making.

Mr. **EDWARDS** of California. If the gentleman will yield further, they are making $42,000 plus the 5 percent which is about $44,000.

Mr. **SNYDER**. The same as the Members of Congress?

Mr. **EDWARDS** of California. $42,000.

Mr. **SNYDER**. $42,000 after the 5 percent is added on?

Mr. **EDWARDS** of California. $40,000 plus the 5 percent, which is $2,000 which makes it $42,000.

Mr. **SNYDER**. I thank both gentlemen.

Mr. **KINDNESS**. Mr. Chairman, I have no requests for time and I reserve the balance of my time.

Mr. **EDWARDS** of California. Mr. Chairman, I have no requests for time.

The **CHAIRMAN**. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the portion of section 40 (11 U.S.C. 68) of the Bankruptcy Act which appears before subsection (c) of such section is amended to read as follows:

"(a) The compensation of referees in bankruptcy shall be as follows:

"(1) Each full-time referee in bankruptcy shall receive a salary of $36,000 per annum, subject to adjustment in accordance with section 225 of the Federal Salary Act of 1967.

"(2) Each part-time referee in bankruptcy shall receive a salary of not more than $18,000 per annum, subject to adjustment in accordance with section 225 of the Federal Salary Act of 1967, and subject to further adjustment by the conference, in the light of recommendations of the councils, made after advising with the district judges of their respective circuits, and the Director. In fixing the amount of the salary to be paid to a part-time referee, consideration shall be given to the average number and types of, and the average amount of gross assets realized from, cases closed and pending in the territory which the part-time referee is to serve, during the last preceding period of ten years, and to such other factors as may be material.

"(3) Disbursement of salaries of referees shall be made monthly by or pursuant to order of the Director.

"(b) The conference, in light of the recommendations of the councils, made after advising with the district judges of their respective circuits, and of the Director, may increase or decrease the salary of any part-time referee, within the limit prescribed in subdivision a(2) of this section, if there has been a material increase or decrease in the volume of business or other change in the factors which may be considered material in fixing salaries.".

SEC. 2. The next to final sentence of section 40d(2) of the Bankruptcy Act is amended by striking out "However, the rate of compensation" and all that follows down through the end of the sentence and inserting in lieu thereof the following: "However, the rate of compensation of a retired referee assigned to serve on a full-time basis in the territory of a part-time referee shall be the rate of full-time service.".

Mr. **EDWARDS** of California (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the RECORD, and open to amendment at any point.

The **CHAIRMAN**. Is there objection to the request of the gentleman from California?

There was no objection.

AMENDMENT OFFERED BY MR. EDWARDS OF CALIFORNIA

Mr. **EDWARDS** of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EDWARDS of California: On the first page, line 6, strike out "(a)" and insert "a" in lieu thereof.

On page 2, line 16, strike out "(b)" and insert "b" in lieu thereof.

Mr. **EDWARDS** of California. Mr. Chairman, this is a purely technical amendment in nature, it changes the designation of this section as it would read in the Bankruptcy Act from subsection letters in parentheses to subsection letters without parentheses.

The **CHAIRMAN**. The question is on the amendment offered by the gentleman from California (Mr. EDWARDS).

The amendment was agreed to.

AMENDMENTS OFFERED BY MR. EDWARDS OF CALIFORNIA

Mr. **EDWARDS** of California. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. EDWARDS of California: On the first page, line 11, insert "and section 461 of title 28 of the United States Code" immediately after "1967" but before the period.

On page 2, line 4, insert "and section 461 of title 28 of the United States Code" immediately after "1967" but before the comma.

Mr. **EDWARDS** of California. Mr. Chairman, I ask unanimous consent that these amendments be considered en bloc.

The **CHAIRMAN**. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. **EDWARDS** of California. Mr. Chairman, these amendments are also technical amendments.

In July of this year, the Congress amended title 28 of the United States Code to grant Federal judges annual cost-of-living increases. In part this was accomplished by an amendment to section 40 of the Bankruptcy Act, the same section this bill would amend. Because this bill was drafted before those amendments became effective, it did not include like provisions. If this bill is enacted without these amendments, it will undo the work that the Congress did just 3 months ago. These amendments, subjecting the bankruptcy judges' salaries to adjustment under section 461 of title 28, conform this bill to the earlier legislation.

It is at the request of the Post Office and Civil Service Committee that I am proposing this correcting language.

The **CHAIRMAN**. The question is on the amendments offered by the gentleman from California (Mr. EDWARDS).

The amendments were agreed to.

AMENDMENTS OFFERED BY MR. EDWARDS OF CALIFORNIA

Mr. **EDWARDS** of California. Mr. Chairman, I offer amendments.

The Clerk read as follows:

Amendments offered by Mr. EDWARDS of California: On the first page, line 9, strike out "$36,000" and insert "$37,800" in lieu thereof.

On page 2, line 2, strike out "$18,000" and insert "$18,900" in lieu thereof.

Mr. **EDWARDS** of California. Mr. Chairman, I ask unanimous consent that these amendments be considered en bloc.

The **CHAIRMAN**. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. **EDWARDS** of California. Mr. Chairman, this is the matter that the gentleman from Ohio (Mr. KINDNESS) and I discussed with the gentleman from Kentucky.

These amendments would revise the $36,000 figure currently in the bill to reflect the change made in that figure by the Congress in July of this year when it took action that granted a 5 percent cost-of-living raise to all Federal employees, effective this month. The intent of this bill was primarily to restore the salary setting authority over bankruptcy judges to the Congress. In so doing, we intended to grant the bankruptcy judges the full amount authorized by law, by removing the Judicial Conference as an impediment in the salary setting procedure. When this bill was drafted, the congressionally authorized salary for bankruptcy judges was $36,000. In July, passage of the Federal Executive Salary Cost-of-Living Adjustment Act plus subsequent Presidential and congressional action changed that figure to $37,800. That is the figure to which the bankruptcy judges are entitled. That is the figure which the Judicial Conference has withheld from them. Without these amendments the bill will undo last July's congressional action, and lower the statutorily authorized salary for bankruptcy judges.

Mr. **KINDNESS**. Mr. Chairman, I would like to just clarify through an exchange with the gentleman from California, the chairman of the subcommittee, the intent of the amendments and the effect of them. It is my understanding that the amendments when adopted would not result in any doubling up of the applicability of the 5 percent cost-of-living adjustment; is that correct?

Mr. EDWARDS of California. That is correct.

Mr. KINDNESS. And that, further, the setting of the absolute amount by statute under these amendments and under the bill would give rise to no question about when the cost-of-living adjustment would apply? From the effective date of this act, when it becomes an act, the new rate of $37,800 would apply from that date forward?

Mr. EDWARDS of California. The gentleman is correct.

Mr. KINDNESS. I thank the gentleman.

The CHAIRMAN. The question is on the amendments offered by the gentleman from California (Mr. EDWARDS).

The amendments were agreed to.

The CHAIRMAN. If there are no further amendments, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BENNETT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6184) to amend section 40 of the Bankruptcy Act to fix the salaries of referees in bankruptcy, pursuant to House Resolution 776, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. EDWARDS of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the legislation (H.R. 6184) just passed.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

LEGISLATIVE PROGRAM FOR WEEK OF OCTOBER 27

(Mr. BAUMAN asked and was given permission to address the House for 1 minute.)

Mr. BAUMAN. Mr. Speaker, I take this time to ask the majority whip the program for the remainder of today and for next week.

Mr. McFALL. Mr. Speaker, will the gentleman yield?

Mr. BAUMAN. I yield to the gentleman from California.

Mr. McFALL. Mr. Speaker, on Monday of course there is no legislative business because of the recess on that day.

On Tuesday we will have:

H.R. 6227, right to representation during questioning, votes on amendments and bill;

H.R. 8835, truth in leasing, under an open rule with 1 hour of debate; and

S. 2195, national productivity and quality of working life, under an open rule with 1 hour of debate.

On Wednesday we will have:

H.R. 10049, temporary debt limitation increase to March 31, 1976, subject to a rule being granted;

House Journal Resolution 92, statistics relating to Americans of Spanish origin, under an open rule with 1 hour of debate; and

H.R. 5665, postal supervisors arbitration, under an open rule with 1 hour of debate.

On Thursday and Friday we will have:

H.R. 8603, Postal Reorganization Act amendments, on which we will conclude consideration of this legislation on which the House had been working previously;

H.R. 9019, health maintenance organization amendments, under an open rule with 1 hour of debate;

H.R. 10024, extending regulation "Q" for financial institutions, subject to a rule being granted;

H.R. 10230, national science and technology policy and organization, subject to a rule being granted; and

H.R. 9924, National Women's Conference, subject to a rule being granted.

Conference reports may be brought up at any time.

There is the usual admonition of course that any further program may be announced later.

AUTHORIZING CLERK TO RECEIVE MESSAGES FROM SENATE AND SPEAKER TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS NOTWITHSTANDING ADJOURNMENT

Mr. McFALL. Mr. Speaker, I ask unanimous consent notwithstanding the adjournment of the House until Tuesday, October 28, 1975, that the Clerk be authorized to receive messages from the Senate and the Speaker be authorized to sign any enrolled bills and joint resolutions duly passed by the two Houses and found truly enrolled.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. McFALL. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday of next week.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

ANNOUNCEMENT BY MAJORITY LEADER OF OFFICIAL OBJECTOR ON CONSENT CALENDAR FOR MAJORITY

Mr. O'NEILL. Mr. Speaker, I take this time to announce that I am appointing our colleague, the gentleman from Utah (Mr. GUNN MCKAY), as an official objector on the Consent Calendar for the majority. He replaces the gentleman from Wyoming (Mr. TENO RONCALIO), who has resigned.

PERSONAL EXPLANATION

Mr. BRECKINRIDGE. Mr. Speaker, due to personal illness I was unable to make the rollcall No. 566. Had I been there I would have voted "yea" on the motion to discharge the Committee on Post Office and Civil Service from the further consideration of House Resolution 688, disapproval of the President's pay plan.

CONGRESS SHOULD NOT ENACT THE ADMINISTRATION'S PROPOSAL FOR A $100 BILLION ENERGY CORPORATION TO RATION CREDIT AND CAPITAL TO INDUSTRY

The SPEAKER pro tempore. (Mr. MCFALL. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 30 minutes.

Mr. KEMP. Mr Speaker, there sometimes emerge proposals for remedying a national problem which ought never to see the light of day.

This is particularly true when the rhetoric about what is intended—should the proposal be adopted—is so transparently at odds with the realities of what will happen—and this can be shown to be so from similar past experiences.

Such a proposal is the recently announced plan to create a $100 billion "new Government corporation"—the proposed Energy Independence Authority—EIA.

There are many reasons why this is not the approach we should be pursuing or the specific plan we should be endorsing to guarantee the energy independence which we seek as a national goal.

First, there are other and more preferred ways to address the basic problem of energy shortages without incurring the substantial risk of the Federal Government—the taxpayers—picking up the tab for what would otherwise have been the costs of doing business by the oil and gas industry. The decontrol of domestic gas and oil and the removal of existing disincentives to exploration and recovery now found in our laws would be a more rapid, less costly, and more assured way of bringing new oil and gas into our marketplace to the consumers.

Second, it undercuts the administration's credibility in seeking and funding no new programs, in reducing Federal expenditures, and in reflecting accurately off-budget items in the Federal obligations ledger to offer this proposal which is for a new program, is financed through off-budget obligations, and which eventually will be redirected in whole or in part to the taxpayer to pay when losses occur in this high risk business.

Third, it frustrates the administration's goal of lessening Government intrusion in the private sector, of reducing the amount of Government regulation, both of which are to a major degree the causes of the shortages of oil and gas—and other energy sources—in the first place.

Fourth, it would make a major segment of the economy—the companies which would participate in this Government-business joint venture—increasingly dependent on the cumbersome, slow, and unimaginative decisions of bureaucracies—instrumentalities of Government which can in no way match the efficiency, effectiveness, and discipline of the profit and loss incentice system. As the EIA borrows $75 billion, it will compete with private borrowing requirements and thus further exacerbate the problems of "crowding out" which are evident today with the Federal Government already preempting so much of the private credit market. In an attempt to deal with a capital shortage problem, EIA would make it even worse.

Fifth, the history of public authorities, such as in New York State—which form the precedent for this proposed Federal public authority—indicates the high probability of default. We need only to remember the Urban Development Corporation—New York State's urban renewal and related housing authority which tottered on the verge of bankruptcy and had to be bailed out this past spring by the State—to know this. Furthermore, the likelihood of the EIA bonds not being repaid—and therefore having to be paid from the general funds of the Treasury—is quite high, for the EIA is intended to fund only those very high risk oil and gas ventures which are so high risk that private companies have foregone them in the absence of a competitive pricing, market system.

Sixth and of profound long-range importance, this type of joint Government-business venture can too easily drift into the type of Government-business collusion—contrary to the best interests of the people—about which the Nobel laureate in economics, Friedrich Hayek, warns us in "The Road to Serfdom"—that while increasing both the ownership and control of the means of production and distribution in an economy is a drift toward socialism, increasing control of the means of production and distribution—while leaving ownership in private hands—is a tilt toward state corporatism, known frankly among the political scientists as Fascism. Either way, it points toward the Britainization of our economy.

I certainly see no reason, therefore, why this proposed authority—the EIA—even be seriously considered by the Congress. It would misdirect our time and energy from the more feasible answers which we should be pursuing.

The arguments against the EIA are dealt with in two major articles, the first from the Washington Star of Sunday, September 21, and the second from the Wall Street Journal of Tuesday, September 30, and I think they are worthy of our attention.

The Washington Star article dealt at length with the similarity between the EIA and the public authorities created in New York State and with the intensifying financial weaknesses now being seen in those New York State authorities:

> The public authority—sometimes called the "public benefit corporation"—in its pristine form is simply a means of letting the users of public projects pay for them.
>
> For example, an authority might be set up to build and operate an expressway or a bridge. To raise the money, it would sell bonds. Over the years, to pay off the bonds with interest, and to pay for operating the road or bridge, it would charge tolls. The project successfully financed by an authority would literally pay for itself—be "self liquidating," in the government lingo.
>
> The authority classically is used to do a job that has an extra dimension or is not in the state's usual line of work. For example, an authority might operate power plants to generate and sell electricity in partnership with a foreign government. Or it might provide a facility that transcends ordinary political boundaries (such as building and operating a sports stadium to serve two counties, or a farmer's market serving a vast region of many cities and counties; or a seaport or airport serving a wide region).
>
> The members of an authority, often three to six in number, operate as a kind of free-wheeling board of directors. They combine the flexibility and independence of a private business with the power of government.
>
> They operate—in secret, if they wish—outside the conventional controls by elected officials.
>
> And they can, by selling bonds, run up debt without the approval of the voters or the legislature. This is perhaps the most important aspect of the authority because many state governments are forbidden by their constituents to go into debt (that is, to borrow by selling bonds or notes) without obtaining the voters' approval. The public authority is a way around that obstacle.
>
> Almost any time Rockefeller had a major money problem in New York—how to provide university or mental hospital buildings, housing for those of low and middle incomes, or commuter railroad cars—he created a public authority.
>
> In April one of Rockefeller's pet authorities, the Urban Development Corporation, became the first major public agency in New York State ever to declare itself unable to meet its debts. "The Impossible Happens: UDC Goes Broke," said a *New York Times* headline.
>
> In addition, New York State's Housing Finance Agency, still another Rockefeller public authority (it is the agency that markets bonds for public authorities) which needs to borrow $100 million a month just to tread water, served notice on the state just last week that it has no reliable source of funds in sight.
>
> Yet, with the smoke from UDC still on the horizon and the HFA troubles looming, Vice President Rockefeller—whose sense of timing in the past has been less than exquisite—has been pushing for the same general kind of answer to the nation's energy problems: a public authority that would float bonds and raise up to $100 billion.

In discussing the grounds on which public authorities were initially justified in an exhaustive study in the early 1950's directed by William J. Ronan, then dean of New York University Graduate School of Public Administration and Social Science, and in contrasting that study with what has happened in recent years with the authorities, the Star commented:

> Ronan's study also noted that the debt acquired by authorities is not subject to those early-warning systems, state or municipal debt ceilings. A public authority's debt is its own obligation and is not lumped in with total state debt. "... Many public authorities in New York have been created to avoid debt limits," said the Ronan-directed study.
>
> Despite the authorities' freedom from state restrictions, Ronan's study conjectured that if an authority could not meet the payments on its bonds and went broke, the state's taxpayers would have a tacit obligation to pay its debts. This, he said in 1956, could be a "moral obligation." (Prophetic words: That is exactly what happened after the UDC declared insolvency in April.)
>
> Rockefeller laid the foundation for public authority financing in 1960 with the Housing Finance Agency.
>
> Gradually, authorities proliferated. In 1962, confronted with the need for hundreds of millions, perhaps billions, to enlarge the state university. Rockefeller created the State University Construction Fund.
>
> Then, there was the Mental Hygiene Facilities Improvement Fund to erect buildings at mental hospitals (in those days a big part of every state's budget). Both sold their bonds through the HFA.
>
> The UDC came along in 1968, after voters had defeated two low-income housing bond issues.
>
> Rockefeller's authorities had a twist. The projects they financed did not exactly pay for themselves—they were not "self-liquidating," although he continues to insist they were.
>
> What Rockefeller did was to spin off some conventional state responsibilities, such as the construction of college buildings or mental hospitals, and give the job to a public authority.
>
> Since these kinds of structures did not themselves generate any new revenues, as a new toll road or a bridge would, he then earmarked student's fees and mental hygiene patients' fees to pay off the bonds.
>
> Because such fees previously had been going into the state's general funds, this meant the slack would have to be taken up by tax revenues. So, the bonds indirectly were being repaid by the taxpayers, even though the debt technically had been shifted from the state's books to the authorities'.
>
> Besides the bookkeeping sleight of hand, the authority device provided a number of advantages.
>
> Another was that authorities enabled Rockefeller to avoid the cumbersome, time-consuming process of government—the approval by legislators, whom Rockefeller does not hold in high esteem at any level, and the voters, who were demonstrably against more public housing and might have resisted the badly needed state university expansion. The authorities enabled Rockefeller to exercise his considerable "papa-knows-best" instincts.
>
> Finally, the authorities had the benefit of postponing, if only for a while, the need to raise taxes.
>
> New York's "moral obligation" is indeed being called upon—to the tune of $285 million of the taxpayers' money for UDC bonds, to date.
>
> The other money to meet UDC's debts was borrowed last spring from such places as a state fund that pays claims when there's no insurance after an accident, from the state employes' retirement system and from a consortium of savings banks. Thus, it is

> possible that the taxpayers will have to reimburse them and may end up paying the entire half billion. Yet the UDC was to have been a device, like Rockefeller's proposal for a federal energy agency, to avoid "tying up great quantities of public money."

In discussing the many ways in which the EIA proposal is inconsistent with prior and even current Administration positions on the economy and spending, including Government intervention in the economy, the Wall Street Journal remarked:

> Almost to a man, For administration economists are baffled that
>
> Mr. Ford opted for the scheme, with its inherent bureaucracy, expense and federal intervention in the capital marketplace.
>
> The long debate highlighted a profound difference in outlook and philosophy within the Ford administration. The critics of the plan are cautious men, pessimistic about the ability of government to shape events and opposed on principle to government intervention.
>
> Out of staff meetings and numerous working dinners at the Rockefeller residence here, the proposed agency took shape. It would operate much like the Depression-era Reconstruction Finance Corp. By guaranteeing loans and making loans of its own, it would try to steer $100 billion into a variety of projects.
>
> Those projects, by definition, would be high-risk projects, either too far-out or too huge to attract sufficient capital on their own merits. Mr. Rockefeller's proposed Energy Independence Authority would try to launch synthetic fuel plants using technological processes now in the research stage, for example. It would promote "energy parks"—clusters of nuclear power plants or of conventional utilities. To get construction moving, it would even build some major facilities itself—nuclear power plants, for example—then try to lease or sell them back to private industry.
>
> To launch the EIA, the Treasury would buy about $25 billion in the public corporation's stock, the purchases spread out over the first four or five years of the corporation's life. After 10 years, the EIA would go out of business. Then, in theory, the Treasury would devote the next decade after that recovering the taxpayers' investments.
>
> Would taxpayers get all their money back? It's doubtful. Some of EIA's high-risk loans might well prove bad and some of its high-risk projects might well become white elephants. To offset these losses, the EIA would have to make profits on its other investments.
>
> Philosophically, the opponents objected to the very idea of government meddling in the marketplace. They feared it would merely subsidize many investments that are going to be made in any event. They argued that it would hurt other sectors of the economy by diverting capital away from them and noted that it would create yet another bureaucracy in an administration that supposedly is trying to shrink the bureaucracy.
>
> Of course, the only man whose opinion really counted was President Ford. And according to one participant in the debate, the President accepted the Rockefeller idea, in principle, months ago.
>
> This seems highly ironic for a President who ceaselessly champions free enterprise and has repeatedly denied hard-pressed New York City the very kind of loan guarantees he now advocates for some of the most powerful corporations in America.

I think the Washington Star summarized very effectively what might happen if EIA is created. They said it would mean that "money going into the social security 'trust fund' or other retirement money could be 'invested' " in EIA. And, if EIA "performed in the manner of UDC or HFA, pension money would be lost and the United States would have to step in and make up the difference" the same way in which New York State has now had to dip heavily into its trust funds—its automobile accident reimubrsement fund for where negligent parties have no private insurance and from the State employees' retirement fund—to bail out its public authorities. I certainly do not think this is what we want to see our social security and other trust funds used for.

Mr. Speaker, as I indicated at the outset of my remarks, I trust this proposal will not see the light of day.

THE FORD ADMINISTRATION'S ECONOMIC POLICIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. McFall) is recognized for 5 minutes.

Mr. McFALL. Mr. Speaker, many leading economists, Members of Congress, and concerned, but confused citizens have been asking the question, who is in charge here, anyway, about the Ford administration's economic policies?

Now that question and others just as disturbing have been posed on the editorial page of the Wall Street Journal. Mr. James P. Gannon, who covers economic affairs for that corporate and financial bible, presents a pointed analysis of what he calls the "odd twists and turns" and economic "record of flipflop and zigzag" in the Journal's October 21 editions.

He concludes that the President's promised era of "communication, conciliation, compromise, and cooperation" is over. Gannon says:

> The old four C's are replaced by a new set, confusion, contradiction, confrontation and can't do.

The Journal has toughter words about the President's economic performance than the Democratic National Committe. The analysis points out:

> Press Secretary Nessen's frequent attempts to harmonize all this (economic) cacophony only contribute to the impression that the orchestra is out of control and the maestro can't find the baton.
>
> This confusing pattern has undermined the credibility of Mr. Ford's economic advisers and spokesmen, and has cast doubt on the President's consistency and control. It is worth noting that, since the beginning of his administration, Mr. Ford has displayed a curious penchant for proposing economic programs with fanfare, and then abandoning them.

One of the earliest indications of the President's strange economic approach dates from his economic summit conference, which I attended, and at which Mr. Ford assembled some of the best economic brains in the country. Curiously, the President turned a deaf ear to repeated urgings that he turn his attention to the dangers of mounting unemployment. He fixed single-mindedly on inflation, despite the fact that millions of Americans were without jobs and without hope. There have been other baffling incidents since.

The Journal cites the ballyhooed WIN program, which almost overnight became a forgotten also-ran. It cites the President's "179°" switch that transformed a proposal to increase taxes into one to reduce them shortly before Congress this year enacted a tax cut. It analyzes his support of a new $100 billion Government energy corporation against the backdrop of heated advice to the contrary by his top advisers and his rhetoric about the evils of big government. The Journal asks:

> Whose advice on economic matters is President Ford relying upon, now that it's obvious that he is often ignoring the counsel of his economic advisers? Who speaks authoritatively for the President on economic matters? Is it Treasury Secretary William Simon, Vice President Rockefeller, Press Secretary Ron Nessen, or none of the above?
>
> At the moment there aren't any clear-cut answers to these questions. In the past few weeks, the development and articulation of White House policy on basic economic matters appear to have grown unusually confused and contentious, if not downright chaotic. The White House is emitting such conflicting signals that even some administration economists are baffled, Congress is suspicious, and the public must wonder if anyone is in charge.

In addition to raising some serious questions about the President's economic performance, the Journal article suggests an explanation: politics. It says:

> In the weeks since Mr. Ford officially declared his candidacy for election next year, the political factor has become a dominant influence in policy formulation, and is certain to remain so for the next year.

I ask that the entire Wall Street Journal article be printed at this point in the Record.

[From the Wall Street Journal, Oct. 2, 1975]

WHO'S IN CHARGE HERE, ANYWAY?

(By James P. Gannon)

Washington.—The making of economic policy in the Ford administration is taking such odd twists and turns that it's time to ask some fundamental questions.

Is President Ford really serious about cutting taxes, slashing federal spending, deregulating American business, pouring $100 billion into energy development and letting New York City sink or swim? Or is he playing political games with such issues?

Whose advice on economic matters is President Ford relying upon, now that it's obvious that he is often ignoring the counsel of his economic advisers?

Who speaks authoritatively for the President on economic matters? Is it Treasury Secretary, William Simon, Vice President Rockefeller, Press Secretary Ron Nessen, or none of the above?

At the moment, there aren't any clearcut answers to these questions. In the past few weeks, the development and articulation of White House policy on basic economic matters appear to have grown unusually confused and contentious, if not downright chaotic. The White House is emitting such conflicting signals that even some administration economists are baffled, Congress is suspicious, and the public must wonder if anyone is in charge.

"It is weird, really weird," muses one member of Mr. Ford's economic team. "Strange things are happening."

One of the strange things is Mr. Ford's sudden decision to propose a bigger tax cut than even liberal Democrats in Congress dared to suggest, tied to a controversial proposal to restrain future federal spending. For weeks, Mr. Ford and his advisers said the decision on whether to seek renewal of the temporary 1975 tax reduction would hinge on the state of the economy this fall. The President told a press conference on Sept. 16 that he'd propose "a continuation of the present tax cut" if it appeared the economy needed such stimulus, but "if we find that the economy is continuing to come out of the recession, as it is, and there is no danger of added inflationary problems, we would probably not recommend a continuation of the tax cut."

Less than three weeks after saying that, Mr. Ford had a big new idea and a whole new rationale for it. Though the economy is recovering faster than his economists expected, Mr. Ford rejected the no-tax-cut advice of Treasury boss Simon and Federal Reserve Chairman Arthur Burns and went beyond the middle-road counsel of other economic aides who urged a continuation of this year's tax-withholding rates. Mr. Ford's long touchdown bomb, almost Nixonian in its spectacular boldness, couples a $28 billion tax-cut proposal with a rigid spending limit of $395 billion for the year starting next Oct. 1. Furthermore, Mr. Ford vows to veto any tax cut measure that doesn't include the budget lid.

A CHANGE OF PLAN

Starting another round of tax cuts Jan. 1 and delaying the spending holddown until after Oct. 1 obviously would benefit the economy in the months before Election Day, 1976. But the President now says his plan wasn't aimed at affecting the economy at all. The aim, he says, is to get a handle on escalating government spending, and unless the Congress goes along, there won't be any tax cut at all, regardless of the state of the economy.

This stance raises the strong possibility that taxes will go up rather than down on Jan. 1, if Mr. Ford's veto threat isn't hollow. Is that what the President really wants? Probably not, though such an outcome would put him in a position to blame Congress for blocking "the biggest tax cut in history" by rejecting thrift in government.

The President presumably wants just what he proposed, but even that is quite a switch from his previous position. Remember the budget deficit line that Mr. Ford drew on national television last March, insisting that this year's red ink be held to $60 billion? That line drifted above $70 billion, without fanfare, when the President proposed his big tax cuts.

And whatever happened to "crowding out"? Treasury Secretary Simon for months had warned that the big deficit and heavy Treasury borrowing would push up interest rates and crowd other borrowers out of credit markets; only days before Mr. Ford's deficit-deepening proposal, Mr. Simon asserted the feared results actually were coming to pass, even earlier than he'd expected. But now the Treasury chief brushes off the larger 1976 deficit in the current fiscal year as nothing to worry about, an acceptable price to pay for long-term restraint in federal outlays.

The presidential rhetoric about reducing federal spending and governmental interference with the economy is hard to square with another recent decision that has Mr. Ford's economic advisers nearly gagging. Adopting Vice President Rockefeller's brainchild, the President is prodding Congress to create a new $100 billion government corporation which would finance nuclear power plants, synthetic fuel facilities and other energy projects.

Treasury chief Simon, White House economist Alan Greenspan and other economic aides thought Mr. Rockefeller's idea was such a bad one that they battled fiercely in inner councils to kill it. The scheme, they argued, ran counter to administration policy on numerous grounds: It would create a new government agency, increase federal demands on credit, put basic economic decisions in the hands of bureaucrats, substitute federal for private effort and it would employ a disreputable "off-budget" accounting technique that Mr. Simon had often attacked as fiscal gimmickry.

These arguments fell on deaf ears in the Oval Office. The plan gave Mr. Ford a flashy centerpiece for his energy program. Even better, it showed Mr. Ford "doing something" about the energy crisis while Congress hemmed and hawed. In unveiling it, the President didn't miss a chance to complain that Congress hadn't enacted his earlier energy proposals.

The Vice President's success in selling one unlikely idea to Mr. Ford seems to have encouraged Mr. Rockefeller to try to sell another: a financial bailout of New York City. The once-clear and firm position of the Ford administration against federal aid to the nearly bankrupt city grows mushier and murkier by the day.

Congress wonders whether to heed Mr. Rockefeller's urgent call to pass a quick bailout bill, or to believe Mr. Ford's repeated assertions that he's against the idea. The President has stopped short of flatly promising to veto any bailout legislation, and some Ford-watchers doubt he'd risk it: if a veto were followed by a New York City default which toppled financial dominoes across the land, the political blame would fall squarely on the President.

A CURIOUS CACOPHONY

Arthur Burns' ominous warnings about possible dire consequences of a New York City default seem directly at odds with Mr. Simon's repeated assertions that the fallout would be minimal. Press Secretary Nessen's frequent attempts to harmonize all this cacophony only contribute to the impression that the orchestra is out of control and the maestro can't find the baton.

This confusing pattern has undermined the credibility of Mr. Ford's economic advisers and spokesmen, and has cast doubt on the President's consistency and control. It is worth noting that, since the beginning of his administration, Mr. Ford has displayed a curious penchant for proposing economic programs with fanfare, and then abandoning them.

A year ago, Mr. Ford was wearing a WIN button and asking Congress to raise taxes to fight inflation. As the economy went down the recession tube, Mr. Ford executed that famous "179-degree turn" and proposed tax cuts in January to fight unemployment. A special program of tax relief for electrical utilities, proposed in May, has been all but forgotten and appears superseded by the $100 billion energy-development plan. In July, Mr. Ford sent Congress a complicated "capital formation" plan to reduce the double taxation of corporate dividends but now that's been overtaken by his substitute tax-cut plan, which includes different tax reductions for business.

The President has a right to change his mind and adapt his program to changing economic conditions, of course, but the record of flipflop and zigzag raises questions: Will this month's brainchild be next month's stepchild? Will Mr. Ford quietly disown Rocky's energy offspring, decide that New York needs a bailout after all, or accept a tax cut passed by Congress without his budget lid? The answers aren't obvious.

What is obvious, though, is that the President and Congress are in a new contentious posture with each other. Coloring all of the President's actions, and Congress's reactions, are the politics of 1976. In the weeks since Mr. Ford officially declared his candidacy for election next year, the political factor has become a dominant influence in policy formulation, and is certain to remain so for the next year.

Mr. Ford's strategy for 1976 seems clear: He is running against "horrendous" federal spending, the "swollen federal bureaucracy," high taxes, government red tape, and—most of all—the "can't do" Democratic Congress. Even if Mr. Ford doesn't expect to achieve his economic programs, they ably lend themselves to this campaign strategy.

When Mr. Ford took office last year, ending the long national nightmare of Watergate, he wisely fostered a spirit of reconciliation. The new President promised to Congress "a policy of communication, conciliation, compromise and cooperation."

But now the Mr. Nice Guy period is over. The old four C's are replaced by a new set: confusion, contradiction, confrontation and can't do. Look out, everybody, here comes 1976. It's going to be a long year.

$700 MILLION TAX WRITE-OFF FOR MIDDLE CLASS TO INSULATE THEIR HOMES—$16.5 MILLION FOR THE POOR—"CONSERVATION U.S.A."?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. WIRTH) is recognized for 5 minutes.

Mr. WIRTH. Mr. Speaker, the most conservative estimate of what the cost to Government will be of the proposed—and approved—tax deduction for insulation of a homeowner's dwelling is $700 million. The proposed House appropriation figure for the Community Services Administration's—CSA—emergency energy conservation program is $16.5 million. The Senate figure for CSA energy programing is $38.5 million—woefully inadequate to meet the needs of the poor, but still 2½ times the House figure. House and Senate are now in conference.

There are 8 million dwellings in the United States occupied by the poor. Few are adequately insulated by standards based on thorough studies by the National Bureau of Standards. NBS findings indicate that these dwellings need a minimum of $500 work each to achieve the optimal level of weatherization—the point at which weatherization work returns the greatest total savings per dollar spent. This represents a need for investment of $4 billion, in a job-creating labor intensive activity that will return 20 percent annually on the investment. According to Dr. Jerry Plunkett of the Montana Energy Institute, these weatherization programs of CSA are at a minimum 10 times more cost effective than any other energy program yet offered by Government or private industry.

And this does not even consider the problem faced by the poor in trying to pay their energy bills. A study by CSA staff indicates that by December 1975 the poor will fall short of their ability to pay their energy bills by an amount of $292 million per month. And all indications are that energy costs will continue to rise. CSA has 880-odd Community action agencies now actively engaged in energy programing for the poor. They need the Senate mark of $38.5 million now.

DEFENSE APPROPRIATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. ASPIN) is recognized for 10 minutes.

Mr. ASPIN. Mr. Speaker, Mr. Schlesinger is asking the Senate Appropriations Committee to restore $2.6 billion in cuts in the Defense bill made in the House. A group of Senators are asking for a further cut of $932 million, saying that otherwise we will be breaking the congressionally imposed ceiling.

What is the right thing to do? Leaving aside whether or not Mr. Schlesinger is right about the need for more spending on defense, my own view is that the House bill was under the ceiling and that we could add $661 million if we want to. The reasoning and calculations are as follows:

The President's budget request for the national defense function includes some or all of the funds in the following appropriation bills: Department of Defense; military construction; ERDA, weapons/warhead; foreign assistance; HUD, independent agencies; State, Justice; and Treasury, Postal Service.

The President's request for the national defense function was $107.7 billion. The first concurrent budget resolution passed by Congress adopted a total of $100.7 billion for the entire category.

Monday, the group of Senators claimed that the House Defense Appropriations Committee bill was $932 million above the target allowed under the first concurrent budget resolution. The bill passed by the House was $90.219 billion. They said it should have been no more than $89.287 billion.

Mr. Speaker, the new budget process is a complicated procedure involving a large number of authorization and appropriation bills which are at different stages at any given moment. Calculation of the target of any one bill is dependent on a number of assumptions. Of course, it is important that all assumptions are explicit and that assumptions are based on the best information currently available.

How did our colleagues in the Senate arrive at their conclusion that $89.287 billion was the correct amount? Chart I demonstrates how they added assets and subtracted appropriations from the budget resolution target of $100.7 billion to calculate the Defense Appropriations Act ceiling of $89.287 billion.

CHART I. *Study released by Senator Cranston et al.*

[In billions of dollars]

Defense function target (first concurrent budget resolution)	$100 .700
No. 1. Trust funds	−1 .668
No. 2. Pay raise	−2 .999
No. 3. Inventory replenishment fund	− .300
No. 4. Other pay adjustments	− .142
No. 5. Foreign assistance	−1 .380
No. 6. Military construction	−3 .690
No. 7. ERDA weapons budget	−1 .896
No. 8. Other appropriations	− .174
No. 9. Stockpile receipts	+ .488
No. 10 Elk Hills oil receipts	+ .347
Defense appropriations target	89 .287

CHART II

[In billions of dollars]

House passed defense appropriation bill	$90. 219
Defense Appropriations Target	89. 287
Over Target	.932

What is each component of chart I? Why are items added or subtracted? Are the assumptions for each item correct? What would be a proper assumption?

No. 1. Trust funds, −$1.688 billion: The trust fund account is the difference between expenditures from various DOD revolving accounts—for consumable items like petroleum and foreign military sales—and receipts from those accounts. The President includes in his budget as budget authority orders from the revolving funds and as receipts payments to the fund such as income from foreign military sales. The sum is subtracted when expeditures exceed income. The assumption and the numbers in the Senators' analysis appear to be correct.

No. 2. Pay raise, −$2.999 billion: This figure represents the pay raise for civilian and military employees. It is subtracted because a separate supplemental appropriation bill financing the pay raise will be considered by Congress and will be part of the national defense function. The $2.999 billion assumes that military and civilian employees of the Department of Defense will receive an 8.66 percent pay increase. But, Congress has already voted to limit pay increases to 5 percent. This results in a pay raise cost of $2.013 billion. Hence, the numbers in the Senators' assumptions is, in this case, incorrect. The correct assumption is a pay raise cost of $2.013 billion.

No. 3. Inventory replenishment fund, −$300 million: The inventory replenishment fund was a Defense Department request for $300 million to establish a fund to finance the cost of replacing items in the U.S. inventory that are sold overseas under the foreign military sales program. It is subtracted by the Senators against the national defense function since they assume that it needs to be financed. But, since the fund was never authorized, and therefore cannot be appropriated, it should not be included. The number here should be zero.

No. 4. Other pay adjustments, −$142 million: This item is composed of legislation expected to be considered that will raise military per diem for travel to higher levels recently enacted for civilians and some adjustments for retired pay. The $142 million is subtracted since it is future legislation that, if enacted, would be debited against the $100.7 billion for the national defense function. This assumption is correct.

No. 5. Foreign assistance, −$1.380 billion: The $1.380 billion is the President's request for the military assistance program—MAP—and foreign military sales credits. It is subtracted since separate legislation will be considered on the subject by the Congress. The number in this assumption is faulty. When Congress passed the first concurrent budget resolution, $425 million in aid to Cambodia and $260 million in foreign military credit sales were eliminated. The first concurrent resolution assumes a target of $695 million which is the best available assumption.

No. 6. Military construction, −$3,690 billion: According to the Senators' report, the $3.690 billion is equivalent to the figure contained in the concurrent budget resolution. This sum should be subtracted since a bill will be passed for military construction appropriations and charged against the total of $100.7 billion for the national defense function. In this category, it appears likely that the Congress will fund below the concurrent budget resolution target. The House has already passed a $3.519 billion appropriation and, at the moment, this figure appears to be the best and latest available estimate.

No. 7. ERDA weapons budget, −$1.896 billion: This figure represents the total amount of ERDA's budget that is used for weapons research and nuclear warheads production. It is subtracted since a separate appropriation is needed outside the Department of Defense appropriation to finance this part of the national defense function. The $1.896 billion assumption reflects the President's original budget request. The House has already passed a bill that contains $1.852 billion. $1.852 billion is the best available assumption and should be used.

No. 8. Other appropriations, −$174 million: The $174 million is the amount contained in the President's original budget proposal for appropriations contained in bills financing Treasury-Postal Service, HUD and independent agencies, and State-Justice which are part of the national defense function. A subtraction is required since these sums are part of the national defense function. The number in this assumption, however, is incorrect. Congress has already enacted these three appropriations with $152 million approved for the portion covered by the national defense function. The correct assumption is $152 million.

No. 9. Stockpile receipts, +$488 million: The President's budget submitted in January assumed sales from the country's stockpile of critical materials that would total $488 million. The sum is added in the Senators' calculations since this item gives the President additional dollars above the national defense function target of $100.7 billion. The Congressional Budget Office—CBO—has revised the expected receipts downward, however, to $244 million. The latest and best estimate then is $244 million—not $488 million used in the President's budget.

No. 10. Elk Hills oil receipts, +$347 million: When the President submitted his budget it was expected that Congress would quickly enact legislation to open the Naval Petroleum Reserve at Elk Hills, Calif. The sum is added since oil sales would have produced new receipts available as budget authority to the executive branch. However, passage of the Elk Hills legislation has been delayed. Now the Congressional Budget Office estimates that Elk Hills will cost $122 million to operate and produce $100 million in revenue during fiscal year 1976. Hence, $22 million should be subtracted.

Based on the revised assumptions, what should have been the target for a Senate Defense appropriation bill?

CHART III

[In billions of dollars]

Defense function target (first concurrent resolution)	$100.700
No. 1. Trust funds	−1.668
No. 2. Pay increase	−2.013
No. 3. Other pay	−.142
No. 4. Inventory replenish fund	0.
No. 5. Foreign assistance	−.695
No. 6. Military construction bill	−3.519
No. 7. ERDA weapons	−1.852
No. 8. Other appropriations	−.153
No. 9. Naval petroleum reserve	−.22
No. 10. Stockpile receipts	+.244
Revised target	91.880

CHART IV

[In billions of dollars]

House bill	$90.219
Revised target	91.880
Below target	.661

The House, based on the assumptions I have outlined was actually $661 million below target rather than $932 million above target as asserted in the Senate Report.

If all the assumptions made in the analysis are correct, then the Senate should be able to pass a $91.880 billion defense budget. In other words, the Defense appropriations bill in the Senate would be $661 million higher than the House and still be within ceiling. This is not to say that Secretary Schlesinger is right in asking for a restoration of $2.6 billion in defense appropriations. It does say that at this time it looks like they could add $661 million without going over ceiling.

DEFAULT IN NEW YORK CITY THREATENS FISCAL INTEGRITY OF MUNICIPALITIES AND NATIONWIDE LIQUIDITY CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WOLFF) is recognized for 5 minutes.

Mr. WOLFF. Mr. Speaker, today the House will adjourn. I rise to object to the recess for even though it is a short one, there is before the House pressing business which can and will ultimately affect every American citizen. I am speaking about New York City and the still present specter of default. The President and some Members of Congress are willing to take the gamble that New York City's fiscal collapse will not significantly affect the economic stability of the Nation or the fiscal integrity of our municipalities. This is a bet we cannot afford to make, much less lose.

Since we are no doubt going to adjourn despite the pressing need to translate a commitment to New York into a policy for the Nation, I would like to urge the Members to undertake an investigation to determine how a New York City default will affect their district's municipalities and banking institutions. Indeed I wonder whether the President is aware that a major bank in his old congressional district has over 50 percent of its gross capital invested in New York City debt. While I can only speculate as to the affect a New York City default will have on municipal access to capital, it appears evident to me that it could be catastrophic.

I am appalled by the President's partisan callousness to the people of New York; and I am no less appalled by his callousness to the threat which hangs over every municipality in our country. It is left to the Congress to act, and act now. I call upon each of you to join the effort to insure the fiscal integrity of our municipalities and our banks.

An officer of the bank in the President's old district has told U.S. News & World Report that the failure of New York City would not only imperil his bank's liquidity, but would perhaps have a greater impact on small municipalities throughout the Nation whose only possible customers for their bonds are their own local banks. This clearly indicates that a failure in New York would make it difficult, if not impossible, for many municipalities to sell their bonds anywhere. Accordingly, I respectfully urge my colleagues to investigate the questions I have raised to see if the financial fate of their districts is perhaps not more intimately connected to New York City than any might previously have realized.

LABOR SAYS CPA WOULD BE "STICKING THEIR NOSES IN OUR AFFAIRS"

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. FUQUA) is recognized for 5 minutes.

Mr. FUQUA. Mr. Speaker, in the debate over the Consumer Protection Agency—now Agency for Consumer Protection—bill last session, Andrew Biemiller, legislative director of the AFL-CIO said:

> We don't want another government agency intervening in labor-management relations, sticking their noses in our affairs.

Mr. Speaker, that quotation upset me at the time. In light of what we have witnessed in this country over the past few months, the quotation haunts me.

As I picked up this morning's featherweight edition of the Washington Post, I was reminded that very shortly this body will be asked to choose between the interests of consumers and the interests of organized labor. The situation at the Post is yet another example of how labor activities affect the interests of consumers.

This issue of whether consumer interests are affected by labor activities is reflected by the exemption for labor disputes and agreements which the Government Operations Committee has included in H.R. 7575, the Agency for Consumer Protection legislation. I understand it will be before the House on November 5.

Based upon a horrendous misconception, H.R. 7575 presently provides that the ACP would be excluded from representing consumer interests in—or even recognizing the existence of—any dispute or agreement relating to organized labor. Somehow, Members of this body have convinced themselves that a labor dispute is a private matter between the parties and that consumers are not substantially affected by any such dispute.

A review of the headlines over the past several weeks will certainly demonstrate the emptiness of this premise. Teacher strikes, firemen strikes, police slowdowns, doctor strike threats, railroad strikes, shipping strikes, airline strikes—these are no figment of the imagination, they are affecting consumers at this very moment.

Last Saturday's Post had a front-page story about how a local couple made a citizen's arrest and called the police five times, only to be told, "Haven't you heard? We're on strike." They finally had to release the suspect after the police did not come for 2 hours and a menacing crowd began gathering.

The Southern Pacific Railway's freight and Amtrak passenger operations are shut down and unavailable to consumers in six Western States because of a strike. In my own State, National Airlines has not been flying for weeks because of a labor dispute, and 18,000 airlines seats a day have been denied Florida consumers.

It is inconceivable to me how we can create a new consumer agency to protect consumers while at the same time blindfolding, gagging it and tying its hands as far as labor matters are concerned. The front-page headlines in any newspaper argues against such a myopic approach to consumer protection.

The emptiness of a consumer agency powerless to comment or act upon any labor dispute has been summed up editorially by many of the Nation's leading newspapers. So that my colleagues may benefit from the opinions expressed in these editorials, I shall include them in the RECORD immediately following my remarks.

Mr. Speaker, over the next several weeks we will be hearing a great deal more about this consumer agency. I also hope that the glaring loophole provided by the labor exemption is closed for the benefit of all consumers.

The material follows:

[From the New York Times, Mar. 14, 1975]

CONSUMERISM, LIMITED

The long fight to establish an independent agency to defend the interests of consumers in proceedings before Federal regulatory bodies and courts has moved an important step closer to victory in the Senate. The 11-to-1 vote by which the consumer advocate bill was approved in committee this week measurably reduces the danger that it can be killed by filibuster, the fate that befell it on the Senate floor last year.

Before final adoption, however, the Senate will do well to eliminate from the bill a special-interest exemption that is foreign to the whole concept of independence for the new bureau. Inserted under strong pressure from organized labor, this exemption would bar the consumer agency from gathering information or expressing its views in any proceeding involving labor disputes or agreements.

The records of the National Labor Relations Board and the courts abound in cases in which unions on their own or in collusion with employers disregard the public interest, pushing up prices or limiting competition. That the proposed Agency for Consumer Advocacy should not have the same freedom to speak for consumers in such situations that it would have in matters affecting business is indefensible on its face.

For labor to make this exemption the price of its support for a measure in which wage-earners and their families have a primary stake is short-sighted. For legislators to submit to such coercion would be politics at its most cynical.

[From the St. Louis Globe-Democrat, May 5, 1975]

ANTI-CONSUMER AGENCY

If Mrs. Virginia Knauer wants to earn her keep as head of the federal Office of Consumer Affairs, she can take the stump in opposition to creation of a new monster called the Agency for Consumer Advocacy.

Mrs. Knauer is understood to favor the proposal, but has maintained a discreet silence since President Ford made his opposition clear, as well as he should have.

Consumers need and deserve protection. Most of all they need protection against phony super-lawyers of government that are truly anti-consumer.

The Senate soon will consider a bill to establish the new super bureaucracy which would decide for 210 million consumers what they want on any issue. The ACA could oppose decisions made by 33 existing agencies and departments which operate more than 1000 federal consumer-related programs, and could go to court to impose its will upon the public.

ACA, at a cost of $80 million for the first three years, would be a federalized Ralph Nader organization. But guess what is exempted from the provisions of the bill? Labor disputes—the bill applies to business but not to labor. The New York Times calls this "indefensible on its face." Sen. Jacob Javits (R.-N.Y.), a sponsor, even admitted in effect that if labor was included in the tyrannical bill, unions would drop their support. Apparently it's all right to discriminate against or regulate one segment of America but taboo to do so to another. Sen. Charles Percy (R.-Ill.) cast the deciding vote in committee to keep the discriminatory labor exemption.

If consumers are so pitiful that they need protection from another federal agency in addition to the more than 1,000 programs already applicable, how come a massive 75 per cent prefer making "the agencies we now have more effective" to adding a new one? That finding, by the respected Opinion Research Corp. of Princeton, N.J., was included in a poll which found only 10 per cent of Americans favored "setting up an additional consumer agency above all the others." A large majority of the public, in the poll, reported that it is being treated fairly by business—27 per cent believed they were "almost always" dealt with fairly, and an additional 50 per cent felt they were "usually" treated fairly.

Percy's reaction to the poll: Endorsement of a consumer group's request that an investigations subcommittee, on which he is ranking Republican, start investigating polls.

The Senate is almost sure to pass the labor-pushed bill this year, reason and justice being in short supply in these days. And the House may follow suit. But President Ford already has announced what can only be construed as an advance veto message: "I do not believe that we need yet another federal bureaucracy . . . It is my conviction that the best way to protect the consumer is to improve the existing institutions of government, not to add more government."

The Agency for Consumer Advocacy bill is riddled with provisions that will add greatly to consumer costs (beyond the direct budget cost of $60 million), just as experience with almost all regulatory agencies would indicate. It's time to reduce the regulatory monsters which cost consumers billions of dollars annually, not to add another pernicious layer of bureaucracy to them.

[From the Chicago Sun-Times, Mar. 17, 1975]

PROTECTING THE CONSUMER

Legislation to establish an independent agency for the protection of consumer interests before federal regulatory bodies has reached the U.S. Senate again. However, its 11-to-1 approval last week by the Government Operations Committee promises a kinder fate this year than last, when a similar bill was killed by filibuster despite substantial support.

Sen. Charles H. Percy (R-Ill), one of the bill's supporters, feels the change in the Senate filibuster rules, making it easier to shut off debate, has enhanced considerably the measure's chances of passage.

The legislation would create the Agency for Consumer Advocacy to intervene before regulatory bodies, such as the Interstate Commerce Commission and the Food and Drug Administration. It would deal with such matters as price, safety and other issues affecting consumers. The measure is strongly opposed by the U.S. Chamber of Commerce, but has the backing of consumer organizations.

As it stands, the bill contains a provision that would require any federal agency to issue a "consumer cost-impact statement," when writing new regulations. The statement would consist of an analysis of cost and benefits, with an explanation of how the benefits are justified in terms of cost to the consumer.

A controversial section retained in the bill exempts labor-management cases before the National Labor Relations Board from the new agency's scrutiny. A similar exemption for broadcast license renewals pending before the Federal Communications Commission was deleted.

Although the measure has great merit, it is weakened by special attention to some groups and not others. But we hope that the Senate will pass the bill. Consumers long have needed representation in the halls of bureaucracy.

[From the Arkansas Gazette, Apr. 25, 1975]

THE CONSUMER AGENCY BILL

Congress has been talking about establishing a federal agency of some kind to represent consumer interests since the late Senate Estes Kefauver first introduced a bill on the subject in 1961. A lot of mileage has been put on the issue in the interim and now it appears that the Senate may soon pass a version that would create an independent Agency for Consumer Advocacy.

The proposal, which easily cleared the Senate Government Operations Committee, may be about as good a consumer bill—with one critical exception—as can be fashioned and enacted. Its general purpose is to protect as well as promote consumer interests, but the ACA would not have authority to dictate to other federal agencies on decisions affecting consumers. The Agency's representatives would represent and advocate consumer interests before other federal agencies and the federal courts. The ACA also would receive consumer complaints and dispense information.

The measure before the Senate has one critical flaw, however, that begs for correction by amendment on the floor. The concept behind the bill is that the ACA would have independence to act in behalf of the consumer in all matters affecting consumer interests in the federal regulatory agencies. During committee consideration, however, an exemption was placed in the bill that would bar the ACA from gathering information or giving its views in any proceeding involving labor disputes. There are just too many opportunities for labor and management, or both, to reach agreements without regard to the consumer who in the end will be footing the bill.

It is reassuring, in any case, to see that the ACA bill has the general support of Ralph Nader, as stated at a National Town Meeting in Washington. He predicts the bill will be enacted this year over the opposition of big business and President Ford because "after several years of massive inflation and massive consumer ravishment, the people are very displeased to see an unelected president continue to foster the most inflationary, most anticonsumer policies in almost every weekly statement." It would be helpful if Mr. Nader also would turn his talents for consumer advocacy to amending out of the bill that exception made in its text at the behest of organized labor.

The ACA proposal is similar at the national level to the proposal in Arkansas for an office of public counselor that failed to get anywhere with the 70th General Assembly. Perhap if the federal legislation succeeds in this session of Congress the Arkansas legislature will be encouraged to establish the state office next time around. The public counselor in Arkansas would represent interests of the consumer in rate matters before three state regulatory bodies.

Interest in consumer affairs has never been higher either at state or national levels and if the message has not yet reached enough legislators in Arkansas it apparently is getting over to Congress. This may well be the congressional session that will replace 14 years of talking about a federal consumer agency with affirmative action.

[From the Chattanooga News-Free Press, July 18, 1975]

WARNING AHEAD OF ERROR

With our country and its people being faced with so many serious governmental and economic problems these days, many have reason to complain, "Why didn't somebody warn us about these things before they got started, before they got out of control, before it was too late to do something to prevent them?"

But we are about to get into another dangerous, costly and unsound program by adoption of a federal Consumer Protection Agency. Let's be fully warned before another error is made.

It sounds good to "protect the consumer." But basically, there is no single consumer interest. Consumer interests are many, varied and sometimes conflicting. Besides, it is not the business of federal government to dictate to consumers or to those who supply them. "Caveat emptor," the old Latin phrase for "let the buyer beware," expresses the individual freedom that American consumers have always enjoyed in selecting or rejecting the many products offered that have to stand or fall on their market appeal.

It seems we would have learned from recent events not to call for federal "protection."

For example, we are suffering a domestic oil problem now because "environmentalists" delayed the Alaskan pipeline construction for about three years as they worried about melting the permafrost and stopping the migration of a few caribou—both situations having been taken care of reasonably in the planning.

And then there was the recessionary and pocket-picking impact of the federal demand that catalytic converters be put on every new car. After car buyers paid approximately $300 more per car for the converters, it was found that the expensive anti-pollution device produces worse pollution in the form of sulphuric acid than the kind of pollution it was designed to prevent.

For another example, the cost of many things has been pushed upward by unwise, unreasonable and despotic demands upon free enterprise producers by impractical rules under the Occupational Safety and Health

Act (OSHA). And similarly, mine safety rules have run up costs, with demands, for example, for anti-gas devices in mines that experience has shown are in geological situations that produce no gas.

As for cost, our experience with food stamps should be sufficient warning. The program started in 1969 with an expense of "only" 248 million dollars—but is expected to take 6.5 billion of your tax dollars next year. A consumer agency may cost little at the start, then mushroom into huge costs.

The Consumer Protection Agency has the seeds of all of these faults—and more—in its concept.

It would create a potentially huge bureaucracy hanging over every American enterprise, imposing regulations, costs, restrictions on freedom and serving one interest against another. The cost of administration and operation would be high. It would cause higher prices.

But as unsound as the whole basic concept is, the specific legislation to establish a CPA has added another gross fault, a basic flaw of demonstrable demagogic, political favoritism.

While the CPA would apply its regulations upon almost everything, the Senate-passed bill that is due House of Representatives consideration within days would exclude regulation of the consumer impact that labor unions might have.

The reason is simple: The big union bosses deliver campaign money, campaign work and votes to a majority of the members of Congress. They are vehemently against being included.

Sen. John Tower, R–Tex., has summed up the ridiculous nature of this labor union exclusion in saying:

"The fact of the matter is that union activities impact adversely against the consumer in many instances—union work rules, featherbedding, contracts that are entered into with business organizations that add to the cost of doing business which is passed on to the consumer . . . We in this country have a blind fear of organized labor and cannot act against them. By this bill, Congress is saying we are for the consumer as long as it does not offend labor."

The right thing to do with the Consumer Protection Agency bill is to defeat the Senate-approved measure in the House. Failing that, President Gerald R. Ford ought to veto it.

The measure, if equally inclusive of all segments of society that influence the consumer, would be a bad bill. But with tyranny imposed upon some and organized labor excluded, CPA would be a compound error. Good judgment calls for avoidance of this mistake.

[From the San Francisco Chronicle, July 23, 1975]

The Consumer Bill

By interesting historical coincidence, the House this week repealed the Fair Trade law of 1937 in acknowledgment that it hadn't worked satisfactorily to help consumers and then prepared to take up a 1975 version of a so-called consumer protection bill. We say "so-called" because it isn't clear that the bureaucracy set up to protect the public will accomplish much beyond using up money that might more effectively go to strengthen the consumer activities of existing agencies like the Federal Trade Commission, the Food and Drug Administration, the ICC, the FCC and so on.

The measure creates an independent agency having procedural authority to break into proceedings of other federal agencies. While there is something to be said for an independent role of consumer advocacy, there are justified objections to the kind of interference in other-agency affairs the new agency would be authorized to engage in.

It could, for instance, subpoena information and call and cross-examine witnesses before another federal agency hearing. It could take that agency to court on appeal if it disliked its ruling. That would put a double burden on the respondent industry or manufacturer. President Ford has been quoted as saying this intervention power would slow down the other agencies, and we think he is right. At all events, he is reported intending to veto the bill expected to be coming out of the House this week.

The bill's most indefensible feature in the eyes of industry—which admittedly is put on the defensive by consumer legislation—is that it specifically exempts labor unions from its reach. Labor disputes of course have a considerable impact on consumer interests by pushing up prices or limiting competition. The amendment to the Consumer Protection bill, HR 7575, which says the act shall not apply to labor disputes is a sweetheart exemption, plain and simple and unjustifiable for a special interest—labor.

[From the Los Angeles Herald-Examiner July 22, 1975]

Labor's Consumer Bill

The U.S. Senate has passed a bill to establish an independent agency to defend the interests of consumers in proceedings before federal regulatory bodies and courts. The new super bureaucratic agency could oppose decisions made by 33 existing agencies and departments which operate more than 1000 federal consumer-related programs. The House is expected to act on a similar bill this month.

The measure has a special-interest exemption that is foreign to the whole concept of fair play. Inserted under strong pressure from organized labor, this exemption would bar the consumer agency from gathering information or expressing its views in any proceeding involving labor disputes or agreements.

That the proposed Agency for Consumer Advocacy should not have the freedom to speak for consumers where labor pushes up prices or limits competition is indefensible.

For labor to insist on this exemption as the price of its support for a measure in which wage-earners and their families have a primary stake is short-sighted. For legislators to submit to such coercion is politics at its most cynical.

Even so, the House is expected to pass the bill, exempting labor from its provisions.

President Ford undoubtedly will veto this unfair measure. He said, "I do not believe that we need yet another federal bureaucracy . . . It is my conviction that the best way to protect the consumer is to improve the existing institutions of government, not to add more government."

We trust there still are sufficient men of principle in Congress to sustain Ford's veto of this blatantly unjust bill.

[From the Portland, Oregon Journal, July 16, 1975]

Don't Limit Consumer Agency

Students who attend Oregon's public colleges and universities are consumers who have a legitimate interest in the level of faculty salaries as it affects the cost of their education.

That was at least part of the reasoning behind HB 3043, pushed by the Associated Oregon Student Lobby and enacted by the Legislature with substantial margins in both houses. It was signed by Gov. Straub, with some reluctance, last week.

The bill gives student representatives a right to participate in faculty salary negotiations.

Meanwhile, Congress has under consideration a bill to create a new Agency for Consumer Protection (ACP). Its function would be to advocate the interests of consumers through the gathering and dissemination of information and by representing consumers before other federal agencies and the courts.

But as now written, the bill contains a provision which is contrary to the spirit of the Oregon legislation on student (consumer) rights. It would bar the consumer agency from gathering information or expressing its views in any proceeding involving labor disputes or agreements.

These are not exactly parallel issues, but a stronger case can be made for including organized labor in the scope of the consumer agency's activities than for allowing students to participate in faculty collective bargaining.

The argument for labor's exclusion is summarized in a statement by Andrew Biemiller, AFL–CIO legislative director, "We don't want another government agency intervening in labor-management relations, sticking their noses in our affairs."

Similar comments have been made by businessmen. Many business groups, however, are supporting creation of the proposed agency even though they do not like all provisions of the bill. They are firm in believing labor should not be exempted. They are not alone.

The New York Times has editorialized that "for labor to make this exemption the price of its support for a measure in which wage-earners and their families have a primary stake is shortsighted. For legislators to submit to such coercion would be politics at its most cynical."

Sen. Lowell Weicker, R-Conn., in arguing against the exclusion, has declared that "the American people are tired of special exemptions. The only way for Congress to regain credibility is to legislate fairly—including the powerful in legislation and not exempting them."

It can be documented that the welfare of millions of consumers has been adversely affected by sometimes arbitrary acts of labor unions.

There is no assurance that a consumer agency could remedy this problem, but certainly this is an area where the rights of consumers ought to be heard. Labor should not be exempted from the scope of the proposed consumer protection law.

[From the Atlanta Journal, July 15, 1975]

A Consuming Need

Interest in consumer affairs continues to draw lively attention on Capitol Hill where legislation to create an independent consumer agency faces yet another test in its five-year struggle to become law.

Judging by its ability to survive and gain strength, it is an issue whose time may have come.

The question now seems to focus on how the legislation can be shaped in its final stages to best protect and advocate the interest of consumers on the broad range of forces that come to bear in the marketplace.

Certainly business is one key part of the equation. Just as important a factor in the regular push and pull of market prices and practices is the interest of organized labor.

The two are inseparable if an independent consumer agency is to effectively press its case for sympathetic treatment. Yet the legislation, as it presently stands, would exempt labor.

Some labor spokesmen have expressed a desire not to be placed under the scrutiny of a consumer agency. Yet it makes great sense that they be included if the legislation is to be fairly applied. The labor leaders who have spoken out so boldly for fair treatment on labor-management issues on numerous occasions in the past ought to be the most receptive to legislation offering the consumer a fair chance.

Union members, in fact, are among the many concerned consumers who ultimately feel the impact of labor and management policies.

It would be a travesty of legislation to excuse labor from the purview of such an agency. And we trust that Congress has enough courage and wisdom to rise above narrow political interests to assure that labor is part of the consumer package.

[From Newsday, July 24, 1975]

Exemptions Are Killing the Consumer Bill

At federal regulatory hearings, David seldom holds his own with Goliath. To be sure, the consumer has the right to be heard on such questions as, what an airline ticket should cost, where a nuclear plant should be built and whether a drug is safe enough to be marketed. But a consumer who testifies at a regulatory hearing is more than likely to be torn apart by a battery of high-priced lawyers representing some special-interest group.

This could be the year when Congress arms the consumer with more than a sling and a stone. The Senate has already passed a bill to create an Agency for Consumer Advocacy to represent the public, and the House is expected to pass it soon.

But President Ford, like the U.S. Chamber of Commerce and many other big-business groups, considers the consumer agency bill an unnecessary intrusion into the workings of the free-enterprise system. And now, on the eve of its enactment after years of bitter failures, Congress is giving opponents a brand-new excuse to oppose it.

The bill is being riddled with exemptions. The Senate version orders the new agency to stay away from hearings involving national security agencies, the manufacture and sale of firearms, the renewal of television and radio licenses. The agency would be able to intervene in pipeline hearings—but not in Alaska. And in the most blatant and damaging exemption of all, the interests of farmers are put before those of consumers. The consumer agency is to have no say in the setting of farm price supports and farm export levels, both of which directly affect the price of food at supermarkets.

The floodgate broke when organized labor won an exemption that specifically orders the new agency to keep hands off National Labor Relations Board cases, federal mediation panels and negotiations between employers and unions. The result was to encourage the National Rifle Association, the farm lobby and others to insist on their own exemptions. More important, the labor exemption breathed new life into the nearly moribund efforts of big business to defeat a bill that stands to benefit union members more than most.

The blanket exemption for labor is the red flag that business lobbyists are waving under the noses of wavering members of Congress whose votes will become critical when Ford issues his almost certain veto and a two-thirds majority in each house will be needed to override it. It behooves Congress to clean out the labor exemption and all the others before sending the consumer agency bill to the White House.

AMERICANS IN VIETNAM

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. Montgomery) is recognized for 5 minutes.

Mr. MONTGOMERY. Mr. Speaker, I am putting in the Record a United Press release from Saigon of nine Americans stranded in Ban Me Thout City in the Central Highlands.

The article pretty well explains the situation of American civilians in South Vietnam. We will all be gratified and thankful when these Americans are home.

The House Select Committee on Missing Persons is very encouraged that we can move forward on the American MIA and bodies not recovered from Southeast Asia. The press release follows:

Americans in Vietnam

Saigon.—Nine Americans stranded in Ban Me Thout City during the fighting last March will leave South Vietnam at the end of October, Saigon sources said today.

Two Australians, one New Zealander and two Filipinos will also be released, the sources said.

The nine Americans were caught inside Ban Me Thout, 163 miles north of Saigon, when Communist troops overran the city in mid-March.

One of the nine was identified as Paul Struharik, Barberton, Ohio, of the U.S. Agency for International Development and reportedly the last American prisoner of war in Vietnam.

Another was believed to be Jay Scarborough, York, Pa., of the Ford Foundation.

The other seven Americans are all missionaries and their families.

The sources did not identify the missionaries but known American missionaries in Ban Me Thout include: Betty Mitchell, Cass Lake, Minn., Dr. Richard Phillips, Albany, Ore., and his wife Lillian, Khamgaon Berar, India, all of the Christian and Missionary Alliance; John Miller, Orefield, Pa., his wife Carolyn, Fillmore, N.Y., and their daughter Launne, 5 of the Wycliffe Bible translators.

At least 41 known Americans and two Canadians are still in South Vietnam awaiting permission to leave the country.

WHEAT GROWERS DEPLORE GOVERNMENT TAKEOVER OF GRAIN MARKET

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Montana (Mr. Melcher) is recognized for 10 minutes.

Mr. MELCHER. Mr. Speaker, the people who grow the wheat that Henry Kissinger bargained over with the Soviet Union—and the people who took a $500 million loss in values the day after his big deal was announced—do not like it a bit.

Although Secretary of Agriculture Butz and others may try to apply verbal cosmetics and claim that it assures market stability, the head of the major wheat market development organizations has called it "too little, too late" and declared that it "will not be of any value to U.S. agriculture since the quantities involved are too insignificant to matter greatly. It places limits on rather than assures Soviet grain purchases from the United States, and actually makes no provisions for years when the Soviet Union needs exceptional quantities."

The speaker is Joseph Halow, executive president of Great Plains Wheat, Inc., who made his remarks at the 37th Annual Durum Show in Langdon, N. Dak.

For the information of members of the House who have been brainwashed with praise for the big deal, and for that letter of intent which conceals the breakdown of negotiations for cheap oil, I am putting the text of a Great Plains Wheat Inc., press release on Mr. Halow's speech in the Record in full in the Extensions of Remarks.

Also, a somewhat more outspoken appraisal of the big deal by President Oren Lee Staley of the National Farmers Organization who calls the deal an "outrageous interference with American farmers' free markets, not just for 1 year, but for 1975 and 5 succeeding years, extending 4 years beyond the tenure of the current occupant of the White House," a prophet's statement.

Staley also charged that the amounts that Russia will be allowed to buy this year were sharply restricted to depress domestic grain markets. He was right about that. As my Record insert yesterday reflects, the day after the big deal was announced wheat markets closed down 17 cents per bushel, corn was down 8 cents per bushel, and soybeans were off 18 cents.

Mr. Staley observes that the deal is "Government dictatorship with a vengeance" and charges that farmers have been "lied to, betrayed, and sold down the river."

The material follows:

Great Plains Wheat Inc.,
Washington, D.C., October 21, 1975.

Langdon, North Dakota.—"Washington, D.C. has become the most important world grain exchange," stated Joseph Halow, Executive Vice President of Great Plains Wheat. "Actions taken in Washington are of greater significance than the trading at all three of the U.S. grain exchanges, and anyone who doubts it has merely to note the price drop at all exchanges following the Administration's Monday announcements of the conclusion of the U.S.-Soviet grain accord and the lifting of the moratorium on sales to the USSR."

"Unfortunately," stated Halow, "while activity in the grain exchanges tends to be positive, the Washington grain activities are becoming increasingly negative. This is because they now all tend to be regulatory rather than the type of action which will encourage production."

Speaking at the Thirty-Seventh Annual United States Durum Show in Langdon, Halow stated that the new grain accord with the Soviet Union was of no economic value and that its psychological value was diminished because of the length of time it took the Administration to negotiate and announce it.

"The grain accord will, in any event, not be of any value to U.S. agriculture," stated Halow, "since the quantities involved are too insignificant to matter greatly. It places limits on rather than assures Soviet grain purchases from the United States, and actually makes no provisions for years when the Soviet Union needs exceptional quantities. In such years the Soviets will have to negotiate for quantities greater than 8.0 million tons. This will undoubtedly discourage the Soviets from planning to purchase more than this quantity from the United States, and the United States needs sales to the USSR as much as the Soviets need to buy grain from the U.S."

"We must remember," Halow stated, "that the quantities covered in the agreement refer to grain and not merely wheat." "This year," he pointed out, "U.S. wheat farmers produced approximately 11 million tons of wheat more than the record crop last year. U.S. corn farmers have produced about 27 million tons more corn than they did last year. The six to eight million tons covered by the new agreement pale in significance when compared to the additional production this year. There is no doubt in my mind that U.S. wheat producers could and would surpass even this year's bumper wheat crop if given the proper incentives. The type of regulation now practiced in Washington can hardly provide that type of incentive," he added.

"The end of the moratorium was really too little too late," stated Halow, "an opinion which is obviously shared by the market. The Soviets may now buy an additional 7 million tons of all grains for delivery between now and September 30, 1976. By that time the United States will have harvested an entire new wheat crop, so that much of this wheat could be shipped from next year's production. There is, furthermore, no indication that the Soviets will buy this much grain or, in fact, that a large portion of the 7.0 million tons will not be covered by expected transfers of "optional origin" orders placed earlier and which may now be shipped from the U.S."

"The United States is the only country which has, through greater production, been able to respond materially to the increased world demand for food," stated Halow. "This was because of a relatively free marketing system. The continuation and escalation of government regulation of this system is reversing the positive trend in agriculture in the United States during the last several years. It is unfortunate, but what we have at the moment is even worse than a national wheat board, since grain marketing is being influenced by factors other than those which would be of benefit to the grains industry," Halow stated.

Great Plains Wheat, Inc., is a wheat market development organization supported by the wheat producers of Colorado, Kansas, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Texas and Washington.

STATEMENT OF THE NATIONAL FARMERS ORGANIZATION

The agreement entered into by the U.S. government and the Soviet Union to regulate our grain sales is illegal and an outrageous interference with American farmers' free markets, not just for one year, but for 1975 and 5 succeeding years, extending 4 years beyond the tenure of the current occupant of the White House.

It is clearly in defiance of the Export Administration Act of 1969 which says that exports of agricultural commodities excess to domestic requirements cannot be prohibited or curtailed except after a determination by the President that it is necessary for major foreign policy or security reasons, and then only upon approval of the Secretary of Agriculture. No such determination has been made and, of course, cannot be made for the next 5 years until the size of each year's crops is known.

The amounts of additional grain the Soviets will be allowed to buy this year—7 million tons of both wheat and feed grains—has obviously been sharply restricted to depress domestic grain markets at the expense of producers. The exclusion of soybean exports from controls is clearly because the Soviets no longer need any significant amount—during our embargo the Soviets have met 75% of their total needs elsewhere and we have lost those sales in face of a mounting, all-time record high stock of beans.

The farmers of the United States have been lied to, betrayed and sold down the river by the Administration repeatedly. They are now also defying Congress and the law of the land by limiting exports without complying with the Export Administration Act of 1969.

NFO hopes Congress will not sit on its hands and allow this defiance of enacted law to proceed without even an effort to require compliance. This is government dictatorship with a vengeance.

BUSTING THE TRUSTS—REVISITED

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, more than 64 years ago public indignation forced the Federal Government to file an antitrust action against the Standard Oil Trust. In May of 1911 the Standard Oil Trust was found to have violated the Sherman Antitrust Act which states:

> Every contract, combination in the form of a trust or otherwise, or conspiracy, in restraint of trade of commerce . . . is hereby declared to be illegal.

The trust was thereby ordered to dissolve into 33 separate, competitive firms.

Today, the specter of rising petroleum prices coupled with falling production has reignited public indignation and refocused national attention on the structure of the petroleum industry. In 1975, 8 of the top 20 petroleum producers are able to trace their roots back to the Standard Oil Trust. Each of these eight firms is now larger and more powerful than the trust was at its zenith. One of these firms, Exxon Corp., is by sales the largest firm in this Nation and is the leading domestic producer of petroleum. Its assets, in excess of $31,000,000,000, are 36 times greater than the assets of the old Standard Oil Trust. Taken as a whole, the U.S. petroleum industry is one of the largest and most powerful manufacturing sectors in this Nation.

There have been recent attempts to break up the largest oil firms. However, these efforts have been stymied by the defenders of the industry. Only yesterday, the Senate defeated an amendment by Senators PHILIP A. HART and JAMES ABOUREZK to divest the 15 top oil producers of their transportation, marketing, refining, and retailing operations. A separate attempt by Senators KENNEDY and HOLLINGS was defeated; it would have prohibited the oil firms from investing in alternative energy sources.

Further, there are indications that the Federal Trade Commission is considering withdrawing its antitrust suit. To drop the case now would be most unfortunate.

The U.S. petroleum industry is currently dominated by 20 giant firms. As economists phrase it, each of these firms is vertically integrated. That is, they engage in all stages of manufacturing from exploration, drilling, and refining, to the transportation and sales of the final product. These top 20 petroleum firms own more than 90 percent of this Nation's proven reserves of petroleum; they control more than 86 percent of the refinery capacity; they account for more than 70 percent of the crude oil production; and they control nearly 80 percent of the retail market.

These statistics, however, belie the true grip the petroleum industry has on the entire energy industry. As well as controlling the majority of the oil and natural gas industry, the top 20 petroleum firms also have interests in oil shale, coal, geothermal energy, as well as nuclear power. Indeed, there are few, if any, facets of energy production that these major petroleum firms do not have an interest in.

Dr. John Wilson, an economist formerly with the Federal Power Commission and an industry expert, has stated that:

> Because of the industry's size and scope and because of the critical role of energy in modern life, the policies, actions and performance of these firms affect virtually every aspect of our Nation's economy, and they deeply influence the welfare of every consumer of oil and natural gas (as well as coal, uranium, oil shale, geothermal steam and solar energy) and every purchaser of industrial or commercial products whose manufacture and transportation depend upon the availability and price of energy.

Though the major petroleum firms control, or have influence over, the majority of the domestic production of energy, they vigorously deny that they use their market power. Still, it has been estimated that between one-fourth and one-third of the double-digit rate of inflation we experienced during 1974 was accounted for by higher energy prices. It is a fundamental theorem of economics that cartels work only when all parties conspire.

There is no doubt that if this Nation's petroleum firms had responded to the Arab oil boycott by raising production rather than raising prices, then this Nation would not have experienced double-digit inflation and the worst unemployment record since the Great Depression of the 1930's.

The statistical data the defenders of the industry use to "prove'" that the petroleum industry is less concentrated than many other industrial sectors conceal many of the anticompetitive aspects in the industry. This data, usually given as percent control held by the 4, 8, and 20 largest firms, does not shed light on the degree of interconnection between the majors; and the industry is rife with explicit cooperation. The majors join together in purchasing petroleum leases, they join together to build the plants necessary to process natural gas, they join together to build and operate the pipelines that are a crucial element in transporting both gas and oil to market.

It is also a typical practice for the majors to join together when bidding for the submerged petroleum lands of the Outer Continental Shelf. By doing so, not only do they stifle competition among themselves, they also increase their ability to outbid any competition; statistics bear this out. In hearings on oil and gas from the Outer Continental Shelf, testimony revealed that major oil companies and their joint ventures account for 81 percent of the OCS acres leased and 97 percent of the petroleum produced from the OCS. There does not seem to be much left over on the OCS for the 10,000 or so independent producers.

Not only do the majors join together in various enterprises and ventures, they also produce a portion of their competitors' product. It is a typical practice for one major to refine another major's petroleum so that the latter can take advantage of economies of distance between their well location, the refinery location and the final market of their product. It is interesting to ponder the antitrust implications if Ford and General Motors agreed to produce the other's product.

These joint ventures and interlocking connections are the seeds from which a cartel, explicit or implict, can spring; they are also the key structural feature of the industry. The petroleum industry and all of its corporate entities are tied together through many direct and indirect links. And it is these links which prevent the industry, as presently structured, from being workably competitive.

Due to the structure of the industry, not only is it possible for the majors to operate in a cartel-like fashion, it is also practical for them to keep the independent operators and refiners in close check. The majority of the independents rely upon the good will of the majors to provide them with a supply of petroleum. They know that if they become too competitive, the next time a squeeze comes they will be the first to be denied supplies. This has happened in the past and the independents know that it can very well happen in the future. Since the major firms are vertically integrated it is irrelevant to them at which point in the production process they take their profits. They may, as a consequence, charge both themselves and the independents a higher price for oil without affecting their overall profit picture. By doing so, they can squeeze the independents by charging them a high price for the oil without being in violation of the antitrust statutes.

In recent hearings, the major petroleum firms were charged with intentionally creating a shortage of No. 2 home heating oil. By decreasing the supply of home heating fuel during the winter of 1972–73 these firms hoped to be able to keep the price up and reap monopolistic profits. They are charged with diverting nearly 2 million barrels of oil to the East and Southeast where it was stored by the Colonial Pipeline Co.—a company which is jointly owned by 10 major oil firms. Additionally, a major gulf coast refiner was charged with withholding 800,000 barrels of home heating oil which otherwise would have been transported to the fuel-short Midwest. It is obvious that if competition had been the byword of the petroleum industry, then the petroleum would have been delivered.

In other hearings, the president of the Marine Petroleum Co., an independent producer, charged that the Explorer Pipeline Co. refused to permit his firm to connect with the pipeline; a pipeline which is by law a common carrier. It is no coincidence that the Explorer Pipeline Co. is jointly owned by eight major petroleum firms.

In an investigation by the Federal Trade Commission, evidence has been uncovered which indicates that the natural gas reserves reported by the Nation's petroleum firms have consistently been smaller than actual reserves.

The Chief of the Federal Trade Commission's Bureau of Competition has testified that:

> From the documents received it appears that there has been serious under-reporting of proved natural-gas reserves.

By engaging in this form of trickery, the petroleum industry hopes to force the deregulation of natural gas by arguing that it is a necessary step in order to avoid a "shortage."

In a recent Federal Trade Commission suit against the petroleum industry, the central allegation is that the eight major petroleum firms have "maintained and reinforced a noncompetitive market structure in the refining of crude oil into petroleum products." The FTC suit contends that they have done so by:

> . . . pursuing a common cause of action to abuse and exploit the means of gathering and transporting crude oil to refineries . . . participating in restrictive or exclusionary transfers of ownership of crude oil among themselves and with other petroleum companies . . . using their vertical integration to keep profits at the crude level artificially high and profits at the refining level artificially low . . . accommodating the needs and goals of each other in the production supply and transportation of crude oil to the exclusion or detriment of independent refiners.

While the FTC suit—if it is pursued—is a noble effort by the Commission to contain the monopoly and cartel powers of the petroleum industry, it may take years if not decades for the case to reach a final conclusion. The alternative is clear. The Congress must take action to cut the cords binding the petroleum companies together. It must also force the majors to reorganize so that competition, not collusion, rules the marketplace. Without these actions, the health of the economy is at the whim of the major petroleum firms. Until such action is complete, it is essential we retain price controls on domestic oil and natural gas to protect the public from the monopolistic practices of the cartel.

YEA WE WEPT WHEN WE REMEMBERED ZION

(Mr. **KOCH** asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. **KOCH**. Mr. Speaker, tomorrow will be the 30th anniversary of the founding of the United Nations. It is truly regrettable that this cannot be a time to praise that organization. But, the United Nations is no longer a repository of the world's conscience. Instead it has degenerated to the point that it is a forum in which the lowest of emotions are articulated and too often reign. One remembers with sadness the great hopes that lay behind the United Nations establishment, particularly that hope that the United Nations would raise the communications and relations between nations to a civilized level.

But, today the United Nations is captive of nations that are totalitarian in nature—the Soviet, Arab, and African states. There is not one democracy among that controlling majority. And instead of using its power for good, the majority has turned it into a weapon for oppression. The most prominent attacks have been made against Israel, the only democratic state in the Mideast. And now the attacks even exceed Israel's borders and extend to the Jewish people wherever they are, unveiling the antisemitism that has always motivated them.

The recent action of the Third Committee of the United Nations equating Zionism with racism places the United Nations in the same category as those who encouraged hate of Jews throughout the centuries by ascribing deicide to them and seeking to deprive them of their humanity and the right to exist as a people.

Mr. Speaker, according to most historians the oldest surviving nations today are the Chinese, the Jews, and the Egyptians. Throughout the ages the Jews have had their oppressors and have lived to see the oppression ended and their oppressors left in the wake of history.

The current oppression will likewise pass and the credo by which Jews live and indeed some of whom went to the cremitoria uttering: "Hear O Israel; the Lord our God, the Lord is one." as well as the heart of the age old Psalm 137:

> By the rivers of Babylon, there we sat down; yea we wept when we remembered Zion.
> Upon the willows in the midst thereof we hanged up our harps.
> For there they that led us captive asked us works of song, and our tormentors asked of us mirth; "Sing us one of the songs of Zion."
> How shall we sing the Lord's song in a foreign land?
> If I forget thee, O Jerusalem, let my right hand forget her cunning.
> Let my tongue cleave to the roof of my mouth, if I remember thee not; if I set not Jerusalem above my chiefest joy."

shall continue as shall the Jewish people in the ages to come.

THE CREDIT UNION INTEREST ACT

(Mr. **SEIBERLING** asked and was given permission to extend his remarks at this point in the Record).

Mr. **SEIBERLING**. Mr. Speaker, yesterday I introduced a bill to repeal the 1933 prohibition on payment of interest on demand deposits for credit unions. My bill would allow credit unions to receive fair compensation for the value of moneys kept in checking accounts in commercial banks.

Under the Federal credit union bylaws, credit unions are not permitted to keep any significant sums of money on hand for any length of time. They must either place their funds in authorized investments, lend them to their members, or deposit them in authorized depositories such as commercial banks. Although the bulk of credit union funds are loaned or invested, approximately $530 million is kept in demand deposits in commercial banks.

The payment of interest on demand deposits has been prohibited since the 1933 and 1935 Banking Acts which were passed as a result of the banking collapse in the early 1930's when it was believed that excessive interest rate competition had weakened the banking system. Since then, several stabilizing mechanisms have been built into the banking system and the necessity of banning payment of interest on demand accounts has come into question.

Support for a return to interest-bearing checking accounts has gained momentum in recent years. Earlier this month, the Senate Banking, Housing and Urban Affairs Committee approved a bill which would repeal the 1933 prohibition for all depositors. The House will undoubtedly be facing this issue before the present Congress is over.

I offer my bill not because I believe that only credit unions should be compensated for the fair value of their demand deposits; a good case can be made for the payment of interest on demand accounts of all bank depositors. Rather, my purpose is to insure that credit unions are given special consideration when this issue comes before the House.

There are 22,859 Federal and State-chartered credit unions in the United States with assets of $36.1 billion. This money represents the savings of over 30 million hard-working Americans who have pooled their earnings in order to provide low-cost loans to each other for useful purposes. Credit unions reflect the best of the American democratic tradition. They are essentially democratically controlled, mutual aid societies founded on the principle of self-help through collective effort. When Americans of small means were unable to obtain credit at reasonable rates in the late 19th century, credit unions were organized to fill this need. Owned by and operated for the benefit of their members, they are the "people's banks" of the country.

Americans who keep their funds in credit unions should be entitled to a fair return for the use of their money by commercial banks, even for limited periods of time. It is time to reexamine the outdated prohibition on interest-bearing checking accounts for all depositors, and I hope my bill will serve as a vehicle for this purpose.

THOSE WHO LIVE IT UP MUST PAY UP!

(Mr. DEVINE asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. DEVINE. Mr. Speaker, there is much publicity about the plight of "Fun City" and the big spenders that would urge the Nation's taxpayers to bail them out, notwithstanding their excessive and unrealistic giveaway policies and programs.

By letter dated October 19, Miss Anne Christine Hummell of my district wrote an unsolicited letter, and, in a nutshell, said:

> Let New York City learn how to balance a budget and to be self-supporting!

Christine Hummell is a correspondence clerk for a large department store in the Capital City of Ohio and earns $5,800 a year before taxes. She tells the story much better than I can, and I am, therefore, setting forth her letter in its entirety and would suggest that all Members read it, weigh its logic, and then vote accordingly if the New York City boondoggle comes before the House for a decision.

The letter follows:

> Brice, Ohio, *October 19, 1975.*
>
> Representative Samuel Devine,
> *Congress, Capitol Building,*
> *Washington, D.C.*
>
> Dear Representative Devine: Let New York City learn how to balance a budget and to be self-supporting! Judging by the incomes of garbage collectors, electricians, and teachers of New York City, I am poor. Thus I do not want my taxes to support the city.
>
> I understand that New York City garbage collectors earn $20,000.00 per year, and I resent that. I am a correspondence clerk for a large department store earning $5800.00 a year *before* taxes. Qualifications for my job include knowing the financial aspects of dealing with manufacturers and wholesalers, analyzing financial problems, writing and typing business letters, and handling clients over the telephone. Besides these skills, I have a bachelor's degree from The Ohio State University. I work 40 hours a week 51 weeks a year.
>
> A garbage collector only has to be able to drive a truck and pick up refuse cans. The unskilled and possibly uneducated collector makes $20,000 a year in New York City; yet I make a mere $5800 per year even though I need more skills and education for my job. Therefore, why should I support a wealthy garbage collector who is making more money than me?
>
> I refuse to support a city that has the wealthiest teachers, garbage collectors, policemen, and electricians in the United States. Yet that city government has the nerve to beg Congress for more money so it can continue paying those high salaries. Let New York City learn how to balance a budget; I do it. Of course, I cannot afford everything I want, and I do not ask any government for more money. According to New York's standard of living, I am poor. If I am at poverty level, why should I pay taxes to support wealthy people of New York?
>
> Sincerely,
>
> Anne Christine Hummell.

HOW MANY NEW TAXES FOR OHIOANS

(Mr. HAYS of Ohio asked and was given permission to extend his remarks at this point in the Record.)

Mr. HAYS of Ohio. Mr. Speaker, in the turmoil we are having about the possibility of New York City and New York State defaulting on bonds, I think it is of interest to call to the attention of the House the fact that there will be four bond issues on the ballot in Ohio in November of this year, placed there by the administration in Columbus.

If these bond issues pass and if New York defaults, they will probably have to sell at interest rates of 10 percent or more which would saddle the people of Ohio with a debt of bonds and interest second only to that of New York State.

I think it is in the interest of every citizen of Ohio who wants to see the credit of his State remain strong, does not want higher taxes on his property and does not want higher taxes in general, to vote no on issues 2, 3, 4, and 5.

CASEY'S WIT FAST AS HIS BAT

(Mr. HAYS of Ohio asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HAYS of Ohio. Mr. Speaker, when Casey Stengel passed away, the sport of baseball lost one of its greatest leaders and the country lost a truly great personality. Stengel's unique handling of the language has produced a treasure of anecdotes. A few days ago I came across an ancedote which demonstrates not only his sense of humor but his quick mind and inasmuch as the story contains a mention of this body, I am including it in the Record, as follows:

Casey's Wit Fast as His Bat

(By Ed Barthlemes)

(Editors Note.—As a young sportswriter Ed Barthlemes covered Army athletic events for a paper in Peekskill, just eight miles south of West Point. Ed actually saw and heard the following incident from Casey Stengel's fabled career. Ed is now a special assignment reporter for the Record.)

When Casey Stengel was an active player his wit was as fast as the swish of his bat. One of the lesser known anecdotes about the man who could have made the Hall of Fame at Cooperstown either as an outfielder or big league manager illustrates this.

When Stengel was a player the New York Giants always played the West Point Cadets on the Monday before the regular season opening the next day. It was a tradition started when Hans Lobert, a former Giant third baseman, became coach of the Cadets. In recent years the New York Mets made the pilgrimage up the Hudson to the Plains on the day before the opener.

In this particular game Stengel was in his usual right field position. The games then were played on the parade grounds. There were no outfield fences. Once a ball got beyond the outfielders it was gone.

Stengel started an early banter with the cadets. The future officers were riding the craggy-faced Stengel, who returned as much as he received.

When a cadet batter lashed a hard drive down the right field foul line Casey started in futile pursuit. His banty legs didn't bring him close to the ball. He threw his glove, then his hat, in the direction of the ball. Finally he just stopped running. It was an Army home run.

At the end of the inning when Stengel returned to the bench the cadets were on him unmercifully.

A cadet shouted: "Casey, how did you ever make the Giants?"

Stengel turned his head and shot back: "My congressman appointed me."

Since congressmen appoint candidates to West Point the retort was a temporary silencer. For the rest of the game the cadets and Casey were buddies.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. Rangel, for today, on account of official business outside the country.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. Flood, for 1 hour on October 29.

(The following Members (at the request of Mr. Kindness) to revise and extend their remarks and include extraneous material:)

Mr. Kemp, for 30 minutes, today.

Mr. Kemp, for 60 minutes, October 28, 1975.

(The following Members (at the request of Mr. Hughes) to revise and extend their remarks and include extraneous materials:)

Mr. McFall, for 5 minutes, today.

Mr. Gonzalez, for 5 minutes, today.

Mr. Wirth, for 5 minutes, today.

Mr. Aspin, for 10 minutes, today.

Mr. Wolff, for 5 minutes, today.

Mr. Fuqua, for 5 minutes, today.

Mr. Koch, for 5 minutes, today.

Mr. Mezvinsky, for 5 minutes, today.

Mr. Montgomery, for 5 minutes, today.

Mr. Melcher, for 10 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. Kindness) and to include extraneous matter:)

Mr. Kemp in three instances.

Mr. Sebelius.

Mr. Collins of Texas in four instances.

Mr. Pressler.

Mr. Gradison.

Mr. Gilman.

Mr. Frenzel in two instances.

Mr. McKinney.

Mr. Crane.

Mr. Hastings.

Mr. Grassley.

Mr. Pritchard.

Mr. Wampler.

Mr. Steiger of Arizona.

Mr. Michel in two instances.

Mr. Conte.

Mr. Treen.

(The following Members (at the request of Mr. Hughes) and to include extraneous matter:)

Mr. Mineta.

Mr. de Lugo.

Mr. Gonzalez in three instances.

Mr. Anderson of California in three instances.

Mr. Hamilton in 10 instances.

Mr. Wolff.

Mr. Long of Maryland in two instances.

Mr. Udall.

Mr. Fraser.

Mr. McDonald of Georgia in four instances.

Mr. Ginn.

Mr. Baldus.

Mr. Harrington.

Mr. Melcher in five instances.

Mr. Gaydos in two instances.

Mr. Drinan in two instances.

Mr. D'Amours.

Mr. Ford of Tennessee.

Mr. White.

ENROLLED BILL SIGNED

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 4799. An act to amend sections 6, 306, and 308 of the Rural Electrification Act of 1936, as amended.

ADJOURNMENT

Mr. HUGHES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

The SPEAKER pro tempore (Mr. McFall). In accordance with House Concurrent Resolution 459, 94th Congress, the Chair declares the House adjourned until 12 o'clock noon on Tuesday, October 28, 1975.

Thereupon (at 2 o'clock and 52 minutes p.m.), pursuant to House Concurrent Resolution 459, the House adjourned until Tuesday, October 28, 1975, at 12 o'clock noon.

1930. Under clause 2 of rule XXIV, a letter from the Secretary of Commerce, transmitting a report on export administration for the first quarter of 1975, pursuant to section 10 of the Export Administration Act of 1969, as amended [50 U.S.C. App. 2409]; to the Committee on International Relations.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ADDABBO:

H.R. 10343. A bill to prohibit federally supported experimentation on human subjects of biomedical and behavioral research without their informed consent; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWN of Ohio:

H.R. 10344. A bill to provide standby authority for the President to allocate propane during periods of actual or threatened severe shortages of natural gas; to the Committee on Interstate and Foreign Commerce.

By Mr. COCHRAN:

H.R. 10345. A bill to repeal the Real Estate Settlement Procedures Act of 1974; to the Committee on Banking, Currency and Housing.

By Mr. CRANE:

H.R. 10346. A bill to limit authorizations of appropriations to a maximum of 1 year and require a detailed review of the program by the authorizing committee before it can be renewed; to the Committee on Rules.

By Mr. CRANE (for himself, Mr. English, Mr. Moorhead of California, Mr. Krueger, Mr. Martin, Mr. Whitehurst, Mr. Derwinski, Mr. Burgener, Mr. Conghlin, Mr. Hagedorn, Mr. Brown of Ohio, and Mr. Ketchum):

H.R. 10347. A bill to provide that in civil actions where the United States is a plaintiff, a prevailing defendant may recover a reasonable attorney's fee and other reasonable litigation costs; to the Committee on the Judiciary.

By Mr. HAMMERSCHMIDT:

H.R. 10348. A bill to provide for the conveyance of certain mineral interests of the United States in property in Crawford, County, Ark., to the record owners of the surface of that property; to the Committee on Interior and Insular Affairs.

By Mr. HENDERSON:

H.R. 10349. A bill concerning legal counsel of recipients of loans under programs administered by the Department of Agriculture; to the Committee on Agriculture.

By Mr. LaFALCE:

H.R. 10350. A bill to repeal the Real Estate Settlement Procedures Act of 1974; to the Committee on Banking, Currency and Housing.

H.R. 10351. A bill to amend the Small Business Act to increase the maximum Small Business Administration share on a business loan from $350,000 to $500,000; to the Committee on Small Business.

Mr. LITTON (for himself, and Mr. Duncan of Tennessee):

H.R. 10352. A bill to amend the Legislative Reorganization Act of 1970 to provide seminars to freshmen Members of the Congress, and for other purposes; to the Committee on House Administration.

By Mr. LONG of Maryland:

H.R. 10353. A bill to amend the Internal Revenue Code of 1954 to permit a taxpayer to deduct certain expenses paid by him in connection with his education or training, or the education or training of his spouse or any of his dependents, at an institution of higher education or a trade or vocational school; to the Committee on Ways and Means.

By Mr. MICHEL (for himself, Mr. Archer, Mr. Beard of Tennessee, Mr. Clancy, Mr. Collins of Texas, Mr. Dan Daniel, Mr. Devine, Mr. Dickinson, Mr. Eshleman, Mr. Findley, Mr. Frey, Mr. Grassley, Mr. Hutchinson, Mr. Hyde, Mr. Lott, Mr. Madigan, Mr. Martin, Mr. Montgomery, Mr. Moore, Mr. Quie, Mr. Regula, Mr. Schneebeli, Mr. Spence, Mr. Thone, and Mr. Wampler):

H.R. 10354. A bill to reform the Food Stamp Act of 1964 by redirecting resources to those with the greatest need, by making program administration more effective, by making more realistic eligibility requirements, and by tightening accountability, and for other purposes; to the Committee on Agriculture.

By Mr. MONTGOMERY (for himself, Mr. Roberts, Mr. Wylie, Mr. Hammerschmidt, Mr. Teague, Mr. Brinkley, Mr. Charles Wilson of Texas, Mr. Hefner, Mr. Mottl, Mr. Guyer, Mr. Edwards of California, Mr. Carney, Mr. Danielson, Mr. Wolff, Mr. Cornell, Mr. Hannaford, Mr. Beard of Rhode Island, Mr. Edgar, Mr. McHugh, Mrs. Heckler of Massachusetts, Mr. Hillis, Mr. Abdnor, Mr. Walsh, Mr. Hansen, and Mr. O'Brien):

H.R. 10355. A bill to amend title 38 of the United States Code to liberalize the provisions relating to payment of disability and death pension and dependency and indemnity compensation, to increase income limitations, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. MYERS of Indiana:

H.R. 10356. A bill to amend title 23, United States Code, to insure that no State will be apportioned less than 80 percent of its tax contribution to the highway trust fund; to the Committee on Public Works and Transportation.

By Mr. MYERS of Pennsylvania:

H.R. 10357. A bill to amend the Internal Revenue Code of 1954 to increase the exemption for purposes of the Federal estate tax, to increase the estate tax marital deduction, and to provide an alternate method of valuing certain real property used for farming for estate tax purposes; to the Committee on Ways and Means.

By Mr. PEPPER (for himself and Mr. Koch):

H.R. 10358. A bill to amend title XVIII of the Social Security Act to provide long-term care services as a part of the supplementary medical insurance program, to encourage the creation of community long-term care centers to assist in providing such services, and for other purposes; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. PRESSLER:

H.R. 10359. A bill to permit a State or local unit of government to acquire able-bodied individuals who are not specifically exempted to perform public service employment in community work and training programs at the discretion of local, State, and Federal officials, without cash remuneration, as a condition of their continuing eligibility for welfare and food stamps, jointly to the Committees on Ways and Means, and Agriculture.

By Mr. RINALDO (for himself, Mr. Andrews of North Dakota, Mr. Edgar, Mr. Goodling, and Mr. Kemp):

H.R. 10360. A bill to expedite construction starts on certain approved public works projects, and to eliminate certain procedural requirements in order to reduce delays and accelerate certain public works programs and projects in the nature of flood control; to the Committee on Public Works and Transportation.

By Mr. RUPPE:

H.R. 10361. A bill to reform the Food Stamp Act of 1964 by improving and making more realistic various provisions relating to eligibility for food stamps and administrative responsibility for the food stamp program, and for other purposes; to the Committee on Agriculture.

By Mr. STRATTON:

H.R. 10362. A bill to establish a Short Term Agency for Municipal Insurance and Normal Accounting to provide short-term guarantees for certain obligations intended to provide emergency assistance to certain municipalities; to the Committee on Banking, Currency and Housing.

By Mr. STUDDS:

H.R. 10363. A bill to establish a uniform and comprehensive legal regime governing liability and compensation for damages and cleanup costs caused by oil pollution of the marine environment, and for other purposes; jointly to the Committees on Public Works and Transportation, and Merchant Marine and Fisheries.

By Mr. TAYLOR of North Carolina:

H.R. 10364. A bill to provide temporary authority for the Secretary of Agriculture to sell timber from U.S. Forest Service lands, consistent with various acts; to the Committee on Agriculture.

By Mr. WHALEN:

H.R. 10365. A bill to require committee reports on proposed legislation to contain statements of the reporting and recordkeeping requirements which will be imposed on private business as a result of the enactment of such proposed legislation; to the Committee on Rules.

By Mr. YOUNG of Florida (for himself and Mrs. Spellman):

H.R. 10366. A bill to amend part A of title XVIII of the Social Security Act to freeze the inpatient hospital deductible under the medicare program at its 1975 level; to the Committee on Ways and Means.

By Mr. LENT:

H.J. Res. 708. Joint resolution proposing an amendment to the Constitution of the United States relative to neighborhood schools; to the Committee on the Judiciary.

By Mr. PRESSLER:

H.J. Res. 709. Joint resolution proposing an amendment to the Constitution of the United States to limit the number of consecutive terms that Representatives and Senators may serve; to the Committee on the Judiciary.

By Mr. ABDNOR (for himself, Mr. Cleveland, and Mr. Symington):

H. Con. Res. 460. Concurrent resolution to promote and encourage the removal of architectural barriers to the access of handicapped persons to public facilities and buildings; to the Committee on Public Works and Transportation.

By Mr. O'NEILL (for himself, Mr. Abdnor, Mr. Andrews of North Carolina, Mr. Armstrong, Mr. Broyhill, Mr. Byron, Mr. Carter, Mr. Casey, Mr. Roe, Mr. Landrum, Mr. Cochran, Mr. Mann, Mr. Natcher, Mr. Rees, Mr. Satterfield, Mr. Treen, Mr. Symms, Mr. Dan Daniel, Mr. Evans of Indiana, Mr. Flynt, Mr. Ford of Tennessee, Mr. Frey, Mr. Hammerschmidt, Mr. Horton, and Mr. Hefner):

H. Res. 820. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Bingham, Mr. Melcher, Mr. McCollister, Mr. Rose, Mr. Sikes, Mr. Kindness, Mr. Young of Alaska, Mr. Hubbard, Mr. Findley, Mr. Johnson of Colorado, Mr. Wright, Mr. Blanchard, Mr. Pike, Mr. Tsongas, Mr. Jones of Alabama, Mr. Madigan, Mr. Spence, Mr. Nolan, Mr. Derrick, Mr. Mathis, Mr. Stephens, Mr. Schneebeli, Mr. Madden, Mr. LaFalce):

H. Res. 821. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Walsh, Mr. Randall, Mr. Crane, Mr. Grassley, Mr. Downey of New York, Mr. Litton, Mr. Solarz, Mr. Guyer, Mr. Collins of Texas, Mr. Bonker, Mr. Wylie, Mr. Haley, Mr. Robert W. Daniel, Jr., Mr. Hébert, Mr. Don H. Clausen, Mr. Aspin, Mr. J. William Stanton, Mr. Conlan, Mr. Burgener, Mr. Bafalis, Mr. Esch, Mr. Winn, Mr. Brademas, and Mr. Duncan of Tennessee):

H. Res. 822. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Taylor of Missouri, Mr. Dingell, Mr. Eshleman, Mr. O'Hara, Mr. Carr, Mr. Dellums, Mr. Young of Texas, Mr. Whalen, Mr. Hastings, Mr. Hansen, Mr. Moorhead of California, Mr. Lott, Mr. Steiger of Arizona, Ms. Collins of Illinois, Mr. Thornton, Mr. Kasten, Mr. Nichols, Mr. Florio, Mr. Quie, Mr. Moorhead of Pennsylvania, Mr. Won Pat, Mr. Kelly, Mr. Mitchell of New York, and Mr. Moffett):

H. Res. 823. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Ms. Lloyd of Tennessee, Mr. Vigorito, and Mr. Stuckey):

H. Res. 824. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. RHODES (for himself, Mr. Scheuer, and Mrs. Spellman):

H. Res. 825. Resolution to create a Select Committee on Energy; to the Committee on Rules.

By Mr. SNYDER:

H. Res. 826. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on International Relations.

PRIVATE BILLS AND RESOLUTIONS

Under clause of rule XXII,

Mr. POAGE introduced a bill (H.R. 10367) to authorize the conveyance of certain lands in the State of Texas, and for other purposes, which was referred to the Committee on Public Works and Transportation.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

271. By the SPEAKER: Petition of the Puerto Rico Bar Association, San Juan, Puerto Rico, relative to Puerto Ricans held in the Dominican Republic; to the Committee on International Relations.

272. Also, petition of Michael L. Heiner, Winlock, W. Va., and others, relative to the United Nations; to the Committee on International Relations.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 8603

By Mr. COHEN:

Page 23, line 16, strike out the quotation mark and the period immediately after the quotation mark.

Page 23, immediately after line 16, insert the following:

"(e)(1) For purposes of this title, the term 'agricultural', as used in former sections 4358(j)(2), 4452(d), and 4554(b)(1)(B) of this title, includes the art or science of cultivating land, harvesting crops or marine resources, or raising of livestock.

"(2) In the administration of this section, and for purposes of former sections 4358(j)(2), 4452(d), and 4554(b)(1)(B) of this title, agricultural organizations or associations shall include any organization or association which collects and disseminates information or materials relating to agricultural pursuits.".

By Mr. WHITE:

Page 32, immediately after line 26, add the following new section:

Sec. 16. (a)(1) Chapter 34 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 3406. Free postage for voting materials

"(a)(1) Any voting materials which are directly related to any election for Federal office or for State office, and which are mailed by an election official of any State or political subdivision of a State which is—

"(A) subject to the provisions of section 4(a) of the Voting Rights Act of 1965, as determined in accordance with section 4(b) of such Act; or

"(B) subject to the provisions of section 203 of such Act;

may be mailed free of postage within the United States, if such election official makes such mailing as a means of complying with the provisions of the Voting Rights Act of 1965 specified in subparagraph (A) or subparagraph (B).

"(2) Any such election official, in making any mailing under this subsection to any individual eligible to vote in the election involved, may enclose free mail covers in any such mailing. Any such free mail cover shall list a return address and may be used only for the transmission of voting *materials.*

"(b) For purposes of this section—

"(1) the term 'election official' means any individual designated by the chief executive officer of a State, or by the laws of such

State, to be responsible for the conduct of elections for Federal office or for State office in such State;

"(2) the term 'free mail cover' means any envelope, wrapper, label, or card used to transmit mail free of postage under this section;

"(3) the term 'State' includes the District of Columbia; and

"(4) the term 'voting materials' means voter registration application forms, voter registration certificates, absentee ballots, and instructions relating to the proper use of such materials.".

(2) The table of sections for chapter 34 of title 39, United States Code, is amended by adding at the end thereof the following new item:

"3406. Free postage for voting materials.".

(b) (1) Section 2401(c) of title 39, United States Code, is amended by striking out "3405" and inserting in lieu thereof "3406".

(2) Section 3627 of title 39, United States Code, is amended by striking out "3605" and inserting in lieu thereof "3606".

SENATE—*Thursday, October 23, 1975*

The Senate met at 10 a.m. and was called to order by Hon. SAM NUNN, a Senator from the State of Georgia.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty God, whose Word proclaims that the "fervent prayer of a righteous man availeth much," look upon us in this place and so qualify us in righteousness that our prayers may come from fervent and sincere hearts. May our words, symbols, and ceremonies never obstruct Thy presence, but as instruments of the divine spirit may they lead us into the Holy of Holies. Push back all other thoughts that for this moment we may think of Thee and know Thee and Thee alone. Here we present unto Thee our souls, our bodies, our minds, our lips, our emotions, and our wills in love of Thee and in service to the Nation.

We pray in His name who went about doing good. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., October 23, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. SAM NUNN, a Senator from the State of Georgia, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. NUNN thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Wednesday, October 22, 1975, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object, it has been my intention, late yesterday afternoon, to object to a meeting of the Committee on Banking, Housing and Urban Affairs during the time the Senate is in session today.

The Senate rules provide that committees shall not meet while the Senate is in session.

However, I understand that, as a result of the Senate not giving consent to the committee to meet yesterday, there has been additional concern expressed by members of the Committee on Banking, who had previously been favorable, and may still be, for all I know, to the New York bailout proposal. They have expressed concern about it and feel that additional information should be gathered.

As I understand it, the purpose of the meeting today will be to obtain additional information.

The purpose of the meeting yesterday, I was convinced, was to approve a far-reaching bill. The action of the Senate in preventing the committee from formally meeting prevented that. That accomplished what I was seeking to accomplish.

So, I shall not object to the committee meeting today. I think that the committee has a lot of work to do if it is going to present to the Senate all the facts.

I hope that the Committee on Banking will not bring in this far-reaching piece of legislation without simultaneously bringing before the Senate essential facts.

Among the essential facts that the Senate will need to have, and which I think the committee is obligated to bring to the Senate, is information as to the amount of bonds being held by the various New York City banks.

My understanding is that the committee does not have that information. I think it is obligated to get that information. I do not object to the unanimous-consent request for the committees to meet today during the session of the Senate.

The ACTING PRESIDENT pro tempore. Is there any objection to the unanimous-consent request? The Chair hears none.

Without objection, it is so ordered.

EXTENSION OF AUTHORITY FOR DIRECT PURCHASE OF U.S. OBLIGATIONS BY FEDERAL RESERVE BANKS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 398.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The bill will be stated by title.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 134) to extend the authority for the direct purchase of U.S. obligations by Federal Reserve banks.

The ACTING PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 14(b) of the Federal Reserve Act is amended—

(1) by striking out "November 1, 1975" and inserting in lieu thereof "November 1, 1976"; and

(2) by striking out "October 31, 1975" and inserting in lieu thereof "October 31, 1976".

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the standing order, the Senator from Pennsylvania (Mr. HUGH SCOTT) is recognized.

THE FOOD STAMP REFORM ACT OF 1975

Mr. HUGH SCOTT. Mr. President, I am pleased today to join as a cosponsor of S. 2451, the Food Stamp Reform Act of 1975, a bill introduced by Senators DOLE and MCGOVERN. This bill holds the promise of alleviating the food stamp crisis.

I have long been involved in legislation to improve the food stamp program. Earlier this year, I sponsored legislation to facilitate the processing of applications and I have consistently fought against restrictive measures which would arbitrarily and drastically reduce participation in the program.

However, the program has come under growing criticism for sloppy administration and rampant inequities. And because costs of the program as well as the number of participants have increased sharply in recent years, many charge that it has become a massive giveaway program rife with abuses. Such charges cannot be dismissed lightly. The complaints seem too well founded for that.

Obviously, comprehensive and corrective legislation is now needed to improve and streamline this program which has become subject to both waste and abuse.

The administration recently sent up its own Food Stamp Reform Act which sets out many of the same goals found in the Dole-McGovern bill:

First. Establishment of a standard deduction;

Second. Elimination of automatic eligibility for welfare recipients; and

Third. Prohibition of participation by students who are tax dependents of ineligible households.

It is obvious that the two measures move in the same direction. Unfortunately, the administration proposal goes beyond the realm of streamlining and reform. It will present an undue hardship for millions of Americans who have a legitimate right to and a desperate need for food stamps.

It has been estimated that the administration proposal will knock from the eligibility rolls somewhere between 3.5 and 6 million people. It establishes eligibility below the poverty level, or at a net income of $5,050 for a family of four. The administration bill will also require an assets limitation test.

The merit of the Dole-McGovern proposal, on the other hand, lies in its simplicity. It sets out a flat, maximum allowable net income for a family of four at $7,776. It further offers substantive and meaningful reform by establishing a single standard deduction formula to be used by all food stamp participants. It simplifies the existing program by eliminating the purchase price requirement for food stamps and by adopting a uniform benefit ratio of 30 percent.

The legislation I join in sponsoring today provides a positive step toward reform of the welfare system. It is greatly needed to eliminate abuses, but also to allow the truly needy to continue to participate in the food stamp program. I hope it will receive the swift and favorable attention of the Agriculture Committee and of the full Senate.

I yield back the remainder of my time.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Virginia is recognized for not to exceed 15 minutes.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the 15 minutes allotted to me under the order yesterday be allocated to the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.).

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator from Virginia yield to me 3 minutes?

Mr. HARRY F. BYRD, JR. I am glad to yield.

Mr. ROBERT C. BYRD. I thank my friend from Virginia.

THE PRESIDENT'S $100 BILLION EIA PROPOSAL

Mr. ROBERT C. BYRD. Mr. President, last month President Ford unveiled in San Francisco his proposal to create an Energy Independence Authority or Administration—EIA—a new Government corporation whose purpose would be the achievement of energy independence for the United States. The President stated that the EIA would have financial resources of $100 billion, consisting of $25 billion of equity and $75 billion of debt.

On the evening of October 6, in a classic example of government-by-surprise, the President called for a cut in taxes of $28 billion and a budget reduction equaling that amount.

On Monday of this week, the proposal for the EIA reached this body and was referred to the Committee on Banking, Housing and Urban Affairs. It calls for an estimated $600 billion in expenditures to attain energy independence by 1985.

On the one hand, the Congress has been attacked by the administration for fiscal irresponsibility and for squandering money; on the other, a proposal is sent to this body calling for a massive outlay of money by a new Federal agency. On the one hand, the President has been deploring big Government; on the other, he has proposed a massive new Federal superagency—another stratum of bureaucracy to be heaped on top of that which is already too big.

This is the acme of inconsistency and contributes generously to a credibility gap that increasingly is becoming apparent. The fact that there has been no rush to support this new proposal demonstrates the wariness that has developed when the administration appears more interested in headlines than in solutions to the energy and economic problems of this Nation.

Unfortunately, we already have ample evidence of what such monstrosities as the EIA can mean to the taxpayers. Whenever a public corporation is unable to meet its obligations, those burdens of necessity fall upon the people who pay the taxes. In the State of New York, the Urban Development Corporation is one of several public authorities established in recent years. This mammoth housing and development agency defaulted earlier this year when it could no longer borrow to meet the deficits on its far-ranging portfolio of projects. The loser in this debacle was the people of New York who are left holding the bag for the losses incurred by the UDC.

The proposed EIA is a like invention; it is a blue-ribbon boobytrap for the American taxpayer. Though its outlay would not be included in the Federal budget, any losses, deficits, or liabilities it incurred would become part of that budget. Furthermore, the EIA's obligations would be backed by the full faith and credit of the U.S. Government.

Moreover, in my judgment, EIA is unnecessary. Congress has just recently created the Energy Research and Development Agency—ERDA. Thus, the instrument already exists to undertake the work for which the President is calling. Rather than creating another bureau or authority, we should make use of the one which has been established to accept the challenge of developing new forms of energy.

Again, many economists have warned that one of the major factors creating the unhealthy economic situation current in this Nation is the fact that massive amounts of capital are being siphoned from the financial markets to pay for annual Federal deficits. Federal assistance in funding ongoing energy research can be justified, but to propose a new Federal Government corporation to extract another $100 billion at least from the already lean capital markets is sheer fiscal irresponsibility. But $100 billion is the lowest figure cited; the proposal that has gone to committee calls for an estimated $600 billion over a 10-year period. According to some estimates, the United States will need the incredible sum of $3 to $5 trillion in new capital funds in the next 10 years.

The obstacles to raising that kind of money in the economic environment likely to prevail in the next decade are probably incapable of being surmounted. Large Federal deficits are already making it difficult for many companies to get the external capital needed, and the pressure on the Nation's total capital pool would be increased if the administration's proposed multibillion dollar government corporation were to become a reality.

This midsummer night's dream is a national nightmare in disguise, and I am opposed to it.

Mr. President, the whole country is concerned about the energy crisis. It is becoming increasingly evident to everyone that the luxury of abundant cheap energy is a thing of the past. I believe that the Nation has recovered from the initial shock of the energy crisis and is ready to accept the challenge which this crisis offers. There is a need for serious and responsible leadership in the development of new energy sources. Unfortunately, the EIA, in my opinion, is not an example of such leadership.

Mr. HARRY F. BYRD, JR. Mr. President, I commend the able Senator from West Virginia for the excellent speech he has just made to his colleagues in the Senate.

I have been particularly interested in the $100 billion proposal submitted to Congress by the administration. I have been studying that matter ever since it was submitted. I have not up to this point made a firm decision in regard to it.

I think the arguments made by the able Senator from West Virginia are very persuasive, and those arguments are in accord with the situation as I see it at this moment.

I want to continue my study of this proposal before making a firm decision, but I think the pitfalls have been pointed out by my friend and colleague, the Senator from West Virginia (Mr. ROBERT C. BYRD).

NEW YORK'S FISCAL CRISIS

Mr. HARRY F. BYRD, JR. Mr. President, I regard New York City as one of the great cities of the world. Few cities can compare to New York. London can; Paris can; Rome can; Vienna can. Tokyo I do not know well enough to express a view, but I am firm in my view that New York is not only a great city but one of the greatest cities in the world. It is certainly the financial capital of the world, and New York is here to stay.

I was interested to read in the New York Times this morning of a speech made in New York yesterday by Howard L. Clark, chairman of the American Express. Co. He asked the question, which he then answered: "Can New York survive?" His answer, "No, but it will."

Of course, New York will survive. That great city has been debased by its politicians, but it still is a great city.

What is being proposed in legislation which is about to be reported by the Committee on Banking, Housing and Urban Affairs is a guarantee by the Federal Government of New York City bonds.

Mr. President, there has been, in my judgment, inadequate consideration of just what this means.

One Member of the Senate yesterday, in arguing in favor of a New York City bailout, urged the Senate to consider the plight of the 8 million citizens of New York.

Mr. President, the 8 million citizens of New York will not get one thin dime from what is being proposed by the Senate Banking Committee. Those who will gain by it will be those who hold the bonds, and the New York City banks are the major bond holders.

I have no quarrel with those Members of the Congress who feel that the American taxpayers as a whole should bail New York City out of its financial difficulties, but I do hope that they will be willing to point out that it is not the 8 million people of New York who will benefit, but the holders of the bonds who will obtain financial gain.

The Senate Banking Committee yesterday was prepared to approve this legislation. The Senate, by refusing to give the committee approval to meet while the Senate in session, prevented such action yesterday.

Since then, two members of the committee who previously favored the legislation, and possibly still do, reached the conclusion that more information is necessary before the committee acts on that very important piece of legislation. Most certainly more information is necessary.

In my judgment it is the most important and the most potentially far-reaching piece of legislation to come before the Congress in the past 10 years.

I do not underestimate the power of the New York politicians who are pushing this bill.

I do not underestimate the power of the New York bankers who have been to Washington en masse demanding enactment of this legislation.

I do not underestimate the power of the New York financial community which is demanding that the New York banks be bailed out and that New York City bonds be guaranteed by the Federal Government.

No, I do not underestimate the power of those groups.

For that reason, Mr. President, if the financial integrity of the Federal Government is to be preserved to any degree at all, if the American taxpayers are not to be called upon, the American wage earners are not to be called upon, to guarantee the bonds of New York City, then it will be necessary for some of us in the Senate to do whatever the rules permit us to do in an effort to prevent the enactment of the proposal now before the Committee on Banking, Housing and Urban Affairs.

That is such a far-reaching proposal, it is wrong in so many respects, that it is very difficult for the Senator from Virginia to comprehend how a committee could report it favorably to the floor of the Senate.

I shall not today go into all of the details. Suffice it to say, however, the chief beneficiaries of this legislation will be the New York City banks, plus those who speculate in bonds, plus those wealthy individuals who purchase tax exempt bonds because they need pay no Federal income tax on the interest which they receive.

The Banking Committee has not even obtained the information as to how many of these bonds are held by each of the individual banks in New York City. Yet, that committee was prepared to report that legislation to the floor of the Senate without that very important, very essential, information.

The Banking Committee has an obligation, as I see it, to submit to the Senate pertinent information making clear just who will benefit and to what extent.

Mr. GRIFFIN. Will the Senator from Virginia yield?

Mr. HARRY F. BYRD, JR. I am glad to yield to the Senator.

Mr. GRIFFIN. I have not been on the floor and I have not had an opportunity to hear the complete statement of the Senator from Virginia. However, as one of those in the leadership of the Senate I have some concern about reports by the news media that the committee, despite an objection to the unanimous-consent request that would have permitted it to meet while the Senate was in session, went ahead and held a hearing.

I raise this question without any particular reference to the merits or demerits of the issue under discussion, but more on a broader basis of compliance with the rules of the Senate.

I also heard in the media that the Republican members boycotted the meeting. It would be my impression that if Republican members did not attend they were abiding by the rules of the Senate.

Does the Senator from Virginia have any information about what occurred? Was a stenographic record made of the hearings on yesterday, and is the Senate expected to pay the cost of that record notwithstanding the objection that was lodged?

Mr. HARRY F. BYRD, JR. The Senator from Virginia will have to say to the distinguished Senator from Michigan that I do not have the answer to that question. I think the Senator from Michigan raises a very pertinent question. It is one that, frankly, had not occurred to the Senator from Virginia. When I leave the floor today, I shall attempt to find out just what was done at that committee meeting.

So far as the press saying that the Republicans boycotted the meeting, I think that is an unfair assertion.

Under the rules of the Senate, committees are not permitted to meet while the Senate is in session. Members of the Banking Committee were interested in the energy bill, which was before the Senate yesterday, one of the vital pieces of legislation affecting this country.

Mr. GRIFFIN. With rollcall votes scheduled all during the morning, the first one being at 9:45.

Mr. HARRY F. BYRD, JR. With rollcall votes all during the day. To expect those men to leave the Chamber to go to a committee meeting which was called contrary to the Senate rules—although I might say that committees do, from time to time, meet informally—I think is a mistake when we had before the Senate an issue as great as this one, a vitally important piece of legislation to meet the energy needs of our Nation.

To take one example, the ranking Republican member of the Banking Committee stated on the floor of the Senate yesterday morning that perhaps his State is more affected than any other State by the piece of legislation which was then before the Senate.

To say that he boycotted that meeting because he was here attending to his duties in regard to legislation on which the Senate had to act yesterday, and on which it was voting throughout the day, seems to me a very unfair accusation.

I do not know how the committee is going to bring out a reasonable and appropriate proposal if it insists on holding meetings and calling witnesses at a time when many Members could not be there because of vital Senate work.

I join with the able Senator from Michigan in questioning that procedure.

I do not want to intrude too much on the time of the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Go right ahead.

Mr. GRIFFIN. But I might call attention to the Daily Digest of the Congressional Record, which I understand is an unofficial summary of activities in the various committees. The Digest describes what happened yesterday in the Committee on Banking, Housing and Urban Affairs as follows:

> Committee continued markup of bills to provide loan guarantees or other financial assistance for local units of government and announced one additional hearing on this subject will be held tomorrow afternoon.

Mr. HARRY F. BYRD, JR. If the Senator will permit me to interrupt at that point, if the Digest is correct, if the committee did indulge in a markup of the bill, then I say it was done improperly and against the rules of the Senate.

Mr. GRIFFIN. Another question that would be raised logically is the expense of witnesses who testify at a hearing of a committee which is not held in accordance with the rules of the Senate.

While we are on this subject—and I see that my colleague from Alabama, who is a member of the Rules Committee on which I serve is present—I cannot help but say that there is no particular credit for the Senate itself if we, as Senators, do not call attention and try to do something about possible violations of the rules of our body. It may be that some of the rules need changing. But so long as those rules are not changed, it seems to me it is important that the Senate abide by its rules.

I am a member of the Committee on Foreign Relations. Notwithstanding a very clear rule of the Senate that confidential communications from the President of the United States, even in the case of a treaty, are not to be made public except by the action of the Senate as a whole, the committee took it upon itself to make public a confidential communication of the President. That was a clear violation of the rules.

It may be that members of the committee did not realize at the time that it was a violation, at least all may not have realized it. But it seems to me it was a most serious violation of the rules of the Senate.

The Senate, as a body, ought to be concerned about that. Otherwise, we are going to drift into a state of affairs less than orderly, and into a position where we cannot expect to command the respcet of the Nation.

I call attention to this because as a member of the Rules Committee and, as one of the leaders of the Senate I believe it is important that we require compliance with our rules.

Mr. HARRY F. BYRD, JR. I believe the Senator is quite right. Also it suggests to me what I mentioned earlier in my comments: the power of those who are trying to rush through a bailout for New York City. I do not blame them for trying to rush it through, because if the Members of Congress will carefully study that measure that is now before the Committee on Banking, Housing and Urban Affairs, and which appears to have the support of a one-man majority out of the total committee—if the American people can understand what is being done to them, that legislation will never pass.

I do not blame the proponents on that committee for wanting to rush it through. That is what they were prepared to do yesterday. They were prepared to steamroll it through the committee and, hopefully, steamroll it through the Senate.

It suggests to me that I am correct in not underestimating the power of the New York politicians and not underestimating the power of the New York bankers.

The Senator from Michigan raised a point where secret Government documents, dealing with American relations with foreign countries, have been made public.

Yet, when I asked a member of the Banking Committee yesterday whether the committee had information as to how many bonds are held by each of the New York City banks, he indicated that was secret information and could not be given to the Senate.

So far as this one Senator is concerned, I propose to do all that I can to hold up a vote on this matter until the Senate has full information as to what banks, what groups, will benefit. There are hundreds of millions of dollars involved. Let us have the facts in who will benefit—and to what extent.

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I am glad to yield to the Senator from Alabama.

Mr. ALLEN. I commend the distinguished Senator from Virginia for his resolution, his dedication, and his determination that this measure shall not pass, at least until it has been given close and careful scutiny here in the Senate.

The Senator pointed out that yesterday the committee was prepared to vote out this measure, and the Senator from Alabama has noted in the press that one of the features of that bill at that time was a requirement that the State should levy a tax, a statewide tax, to bring in some $420 million a year to help pay for the bonds that would be guaranteed by the Federal Government.

I wonder if the Senator from Virginia noted in the press this morning that the New York State officials say they are not willing to levy that tax. It looks as though their attitude is one of getting a bailout and not having to put in any austerity program, or any blood, sweat, and tears sacrifice to extricate themselves from their difficulties. So it may well be the legislation, if it had been reported out yesterday, might not have been acceptable. Did the Senator see that item in the newspapers this morning?

Mr. HARRY F. BYRD, JR. Let me say to the able Senator from Alabama that I did not see that statement this morning, but I am not surprised to hear that it was made. That alone is adequate justification for the Committee on Banking, Housing and Urban Affairs to scrap that whole piece of legislation and start all over again.

The Senator from Alabama mentioned the officials of New York State—New York State or New York City, one or the other—being unwilling to face up to an austerity program. I want to contrast that with what has happened in the State of Virginia.

The Governor of Virginia is Mills E. Godwin, Jr. He served as Governor from 1966 to 1970. Under the Virginia Constitution, he could not serve a consecutive term, but, breaking a 100-year precedent, he was elected again to serve from 1974 to 1978.

Governor Godwin has found that in the State of Virginia the expenditures are exceeding the revenues, so he has told the departments of government that they must tighten their belts, and that a balanced budget, as the constitution requires, must be achieved this year.

In a speech in Front Royal, Va., on Saturday, October 18, Governor Godwin said that Virginia's budget will be one that remains balanced, even if it is the only one in the United States to do so; and he has taken steps to balance Virginia's budget.

I want to commend Governor Godwin on the floor of the Senate of the United States, and draw a contrast between the way we in Virginia handle our financial affairs, as compared to the way they handle their financial matters in New York.

As long as I have the opportunity to stand on the floor of the Senate, I do not propose to vote money out of the pockets of the wage earners of our Nation, money out of the pockets of the wage earners of the State of Virginia, and use Federal credit to guarantee bonds for the city of New York, which has been grossly mismanaged over a long period of time.

Instead of the Banking Committee bringing legislation to the floor of the Senate to bail out New York City, I think they would be rendering a service to the banking community, and certainly a service to the taxpayers, by calling on the Department of Justice to see whether there has been criminal action in the handling of the finances of New York City, in the sense that deliberately underestimated revenues were submitted for the purpose of obtaining funds to which the city would not otherwise have been entitled.

Mr. ALLEN. Mr. President, will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield to the Senator from Alabama.

Mr. ALLEN. I commend the Senator for his determination to see that this matter is not steamrollered through the Senate as a result of efforts to this effect, and that the voice of reason is allowed to be heard.

I wonder whether the distinguished Senator noticed an editorial in the Wall Street Journal this morning. That oracle of the financial and business community of this country, the oracle of Wall Street, we might say, in its lead editorial this morning, was recommending that the proper course for the city of New York to pursue was to go into voluntary bankruptcy. They pointed out that the mayor of New York has suggested that even if they did not have to pay on their bonds, they still would not have sufficient funds to keep the city going. The Wall Street Journal points out that if they do get a moratorium on their bonds, the income that they would have would be only 8 percent below what they would need to carry on the functions of the city, and recommends that the best course for the city of New York to pursue is to go into voluntary bankruptcy and then cut expenses by 8 percent, which they suggest is not too great a sacrifice to make.

Mr. HARRY F. BYRD, JR. Virginia is cutting its expenses by 5 percent, at the request of the Governor.

Mr. ALLEN. Virginia is not calling on the Federal Treasury for any help; is it?

Mr. HARRY F. BYRD, JR. Let me interrupt the Senator right there. I do not think we will find any Governor of Virginia coming to the Capital of the United States and asking for legislation by which the American taxpayer and the Federal Government would bail out the State of Virginia and, under a piece of legislation such as that before the Banking Committee, would dictate to the legislature what it must do about taxes. I think any Virginia Governor who did that, if he did not resign voluntarily, would be required to do so by the people of the State of Virginia.

Mr. ALLEN. It looks as though the legislation we ought to be considering is legislation, if the present bankruptcy laws do not quite fit the situation, to amend the bankruptcy laws to give New York a method of getting some time under the law applicable to all such municipalities.

That is the type of legislation that we should be considering rather than legislation that would freeze in this excessively high rate of expenditures that the city is operating under, that they cannot live with, and that would cause a loss of whatever the Federal Government guaranteed or puts into the guarantee operation.

Did the Senator have an opportunity to read the editorial in the Wall Street Journal?

Mr. **HARRY F. BYRD, JR.** I say to the Senator from Alabama, that the Senator from Virginia customarily reads 44 newspapers a day, and I get up rather early in the morning. But I find that the Senator from Alabama gets up much earlier than does the Senator from Virginia and he reads even more newspapers than does the Senator from Virginia. No, I did not see that editorial. I ask unanimous consent that an editorial entitled "The First Condition" from the Wall Street Journal be printed in the RECORD at the conclusion of this colloquy. I do not want to interrupt the Senator.

The **PRESIDING OFFICER**. Without objection it is so ordered.

(See exhibit 1.)

Mr. **ALLEN**. One other thing that impresses me about this whole operation is the lack of credibility even in the State of New York that the assurances of the New York City officials have. No one seems to feel that this austerity program they keep promising they are going to inaugurate will ever be inaugurated, and they have to have watchdogs there at the State level to look after it and put in other austerity measures, but they obviously do not feel like these assurances are worth a great deal. If they are not willing to take any action before the guarantee is made, we can rest assured they are not going to take any action after the guarantee is made.

I am willing to follow the advice of the Wall Street Journal in this matter. I feel that they have their fingers on the pulse of the financial community and the effect that this will have on New York, the people of New York, and on the economy of the Nation.

I call attention to the Senator from Virginia another item I noticed in the paper this morning. This condition of New York is supposed to have caused chaos in the financial community and in the matter of selling State and municipal bonds. The State of Maryland was able to sell $85 million in bonds yesterday at an interest rate of 5.27, whereas some months ago they had to pay 5.97. I noticed that the House of Morgan was the successful bidder for this issue, and they are turning around and selling the early maturities of this Maryland issue at 4.2 percent interest. So, a local government that is properly operated apparently is not going to have any trouble getting their bonds sold. Here is the State of Maryland that is able to sell bonds that the House of Morgan is turning around and offering for sale at 4.2 percent interest.

Mr. **HARRY F. BYRD, JR.** What that suggests to the Senator from Virginia is that the New York banking community is trying to scare the people of this country into enactment of bail-out legislation, potentially the most far-reaching piece of legislation to come before Congress in the past 10 years.

As the Senator from Alabama pointed out, the communities of our Nation which are well run and the States which are well run will have no difficuity in selling their bonds. The Senator from Alabama has pointed out what has happened yesterday.

Mr. **ALLEN**. That is correct.

Mr. **HARRY F. BYRD, JR.** That has happened yesterday, and yet they say: "Oh, my Lord, if New York bonds default, every city in the country will go down the drain. It will just be terrible," they say.

I do not want anything to happen to New York City either. It is one of the great cities of the world. But I want New York City to clean up its own mess. I do not want the politicians and the bankers in New York City to dig into the pockets of the wage earners of my State of Virginia, when the Governor of Virginia has enunciated an austerity program to reduce expenditures by 5 percent so that the budget will be balanced. New York City should be required to balance its budget—not seek Federal credit so as to escape its clear responsibility to operate within its means.

Mr. **ALLEN**. If the Senator will yield further, this $6 billion that is suggested that the Federal Government guarantee, in the judgment of the Senator from Alabama, would stand a mighty good chance of being lost. The Senator has talked about what this would cost the average person. At a $5 billion loss, it would be an assessment of $25 on every man, woman, and child in this country. That is what it would cost the average citizen and the average child throughout the country, an assessment of $25 per capita.

Mr. **HARRY F. BYRD, JR.** That is a very interesting figure.

In that connection, one of the members of the Banking Committee told me yesterday that it would not cost anyone anything.

If that is the case, why do not the New York banks just underwrite it then? If it is not going to cost anyone, everyone will come out fine.

That theory "it is not going to cost anyone anything" is a fundamental reason why our Nation is in the very unsound condition that it is in today.

Too many banks of our country think that they can over-extend, and it is not going to cost anyone anything; too many citizens of our country think they can over-extend, and it is not going to cost anyone anything. Practically all the politicians of the country think that the Federal Government can over-extend, and it is not going to cost anyone anything.

I say what is happening in New York City is a dramatic example of what can happen by over spending. No city, no State can continue to spend beyond its means, nor can the Federal Government. Individual citizens know, the housewife knows, and the wage earner knows, that if he or she continues to spend beyond his or her means, bankruptcy is the end result.

There is no Federal Government program to bail them out. There are 12,000 bankrupt companies in this country every year, a minimum of 12,000. Are we going to bail out all of those bankrupt companies?

There are many other cities besides New York that are in difficult conditions because the politicians continually overspend. Are we going to bail all of those out?

There are 38,000 communities throughout our Nation. Are we prepared to bail out any which run into financial difficulties.

Most certainly we will if we establish a precedent with New York. It will be a bottomless pit if the Federal Government guarantees New York City bonds.

That is the proposal that the Senator from Alabama and the Senator from Virginia are fighting so strongly, because what that does, in reality, is guarantee the banks of New York City against default on bonds that they own and guarantee them their interest income. They are getting high tax-free income. Yet they come to Washington and demand that the Federal Government guarantee those bonds. They do not want to lose their money.

It is not pleasant for me to stand here in the Senate and to take this position. I know many of the top bankers in New York, and they are fine people. But I am not willing to have the American wage earners guarantee them against loss. There are hundred of million of dollars involved.

The **ACTING PRESIDENT** pro tempore. The Senator's time has expired.

Mr. **ALLEN**. I thank the distinguished Senator.

EXHIBIT 1

THE FIRST CONDITION

We think Senator Proxmire's Senate Banking Committee is making a mistake in envisioning a federal guarantee of New York City securities. But the committee will plunge beyond a mistake and into sheer folly if it guarantees the notes without securing the tax base that must pay them off. This means requiring the city to repeal its rent control laws.

We continue to believe that the best step for the city is voluntary bankruptcy, and that if it is unwilling to take that step the federal government ought to step aside and let the courts handle the problem. Mayor Beame talks of needing a billion dollars by March even if all debt service is suspended; this is chiefly the result of seasonal patterns in the payment of state and federal monies that could perhaps be corrected. In fact, the same projections show that through the remaining nine months of the fiscal year, a suspension of debt service and an 8% cut in other city spending would balance income and outgo.

These numbers are not significantly different from those the Proxmire legislation contemplates. The most important difference is that if the city goes through bankruptcy and is forced to live without credit, the cuts actually will be made. If it receives a federal guarantee, Mayor Beame will come limping back to Senator Proxmire next year for new and bigger guarantees.

We might remind the committee what a guarantee means. It means that if the city is unable to pay off the note, the federal government must do so. The legislation would in effect set up a new uncontrollable federal expenditure of $6 billion. Since the committee hopes that the expenditure will not be necessary, it recognizes that it must attach stringent conditions concerning the expenditure side of the city's budget. But so far it has not recognized that the same scrutiny must be applied to the revenue side.

The revenue side is at least as scary as the expense side. Earlier this year three disinterested civic associations—the Citizens Housing and Planning Council, the Citizens Budget Commission and the Citizens Union—issued an unprecedented joint statement warning of "the virtual collapse of the housing inventory of New York City and a massive erosion in the property tax base which would have a devastating impact on the city's revenue-raising abilities."

"Collapse . . . massive erosion . . . devastating," the words describe the recent effects of rent control, which has clung on in varying forms in New York though it was abolished soon after World War II in the parts of the nation now asked to guarantee the city's debt. There is no better example of the habit of preposterous cant at the root of New York's problems than the rhetoric about "greedy landlords," which obscures the huge importance of the real estate industry to the city's tax base and credit standing.

The real estate tax remains the most vital single revenue source in New York. Some 31% of the city's assessed valuation and a somewhat smaller part of revenues come from apartment properties. The value of these properties, and thus their contribution to assessed valuation and their taxpaying abilities, depends principally on their rental income. The rent control and rent stabilization laws reduce this income, and thus reduce the city's tax base, revenues and ability to redeem securities.

This chronic problem erupted into a full-fledged crisis with the increase in fuel costs and other inflationary pressures, and with the reimposition of rent stabilization on apartments previously exempted from the older rent control law. The apartment owners have not been allowed to pass along the full increases in fuel costs in higher rents. The typical apartment is now operating at a loss. If in order to make a basic point we may be allowed an exaggeration ignoring such complexities as tax losses: This means the value of the property is zero, and the assessed valuation of the city ought to be written down by something approaching 31%.

A de facto write-down is rapidly making itself felt. About 25% of the apartment buildings are already in arrears on their real estate taxes. About 90 of the city's 125 subsidized Mitchell-Lama projects for middle income residents are in various stages of default on their mortgages. A rent strike at the huge Co-op City development, backed by many members of the city government, is the principal reason the State Housing Finance Agency is in financial jeopardy. The outright abandonment of apartments runs at about 40,000 housing units a year, or the equivalent of the entire housing stock in many smaller cities now asked to guarantee New York's debt.

Unless rent control is repealed, this hemorrhage will not only continue but accelerate. The city is devouring its own tax base just at the moment it is asking the rest of the nation to co-sign notes that base is supposed to pay off. Making the end of rent control the very first condition of any federal action is not a matter of ideology, but a matter of simple prudence.

ROUTINE MORNING BUSINESS

The **ACTING PRESIDENT** pro tempore. Under the previous order there will now be a period for the transaction of routine morning business not to exceed 15 minutes with statements therein limited to 5 minutes.

NEW YORK CITY'S FISCAL CRISIS

Mr. BARTLETT. Mr. President, I have heard the colloquy this morning, and I congratulate the Senator from Virginia for the leadership he has shown in this very important area.

It has been my observation that some scare tactics have been used by some of the advocates of the Federal guarantee of the bonds of the city of New York, indicating that the bond market was going to be very difficult for cities throughout the country to enter for their normal financing.

This seems to me to break down into two areas. On the one hand, those cities which have been responsible and whose bankers have been responsible, as leaders of the city, have their bonds in good shape. On the other hand, there has been some deterioration in the bond market because of the irresponsibility of civic leaders as well as bankers and the leaders of the city of New York in the handling of the finances of New York, which has depressed the bond market and made it more difficult to enter.

In addition, bankers tell me that because the yield on tax exempt municipal bonds has increased in the last 25 years from less than 2 percent to more than 7 percent, they have an ample amount of revenues in their portfolios, so that they do not have the incentive they had before to enter the bond market for additional tax-exempt bonds. Incidentally, they are the largest buyers of tax-exempt bonds.

Second, the casualty companies have had low profits in the last year. It is my understanding that they are No. 2 in buying tax-exempt bonds. So they have not had the necessary revenues.

In addition, I understand that there have been some IRS rulings so far as wealthy individuals are concerned that have affected their purchases.

So, is it the Senator's opinion that scare tactics have been used to try to force votes in support of guaranteeing these funds, principally of the banks of New York but also other banks, to the detriment of this country?

Mr. HARRY F. BYRD, JR. Yes. I say to the Senator from Oklahoma that I think scare tactics have been used. I do not like to say that, but I think there have been.

I believe that certainly the steamroller yesterday was prepared to roll in the Senate Committee on Banking, Housing and Urban Affairs. I have no doubt that bailout legislation would have been reported to the Senate yesterday, had not some of us used the Senate rules to prevent it.

Yes, I think scare tactics have been used. If one reads the New York Times, one will find a good bit of what I consider hysteria in that publication.

Incidentally, some news media are so anxious that the proposed legislation be enacted that apparently they continually misquote the President's intentions. I note today that on page 31 of the New York Times, President Ford denies he is willing to sign a bailout legislation. At the appropriate time, I shall ask unanimous consent that this denial by President Ford be inserted in the RECORD.

The President has courageously taken this firm position that if the Federal Government ever goes into the business of guaranteeing State and local bonds, then we will have created a bottomless pit, and the taxpayers will be paying for it for many, many years. That is the President's position and it is my position.

Mr. BARTLETT. Mr. President, will the Senator yield further?

Mr. HARRY F. BYRD, JR. I yield.

Mr. BARTLETT. It seems to me that the bankers of New York, as prudent bankers, as civic leaders, have had a responsibility for a long time to see that the financial condition of the city of New York was in proper order. They either were unable to or unwilling to see that that was done over the last 10 years, when they cooperated with the city in the financing of its debt.

Then, even more recently, when the 11th hour was reached, before there was a delay in the bankruptcy, with the short-term financing that was made available to the city, the bankers obviously were unable to have the city adopt an austerity program that would work. Apparently the bankers have not been able, and perhaps the city leaders are unable to adopt an austerity program that will enable them to operate at a profit, so that they can work their way out.

In this case, is it not the normal thing, if the leadership of a city is unable to operate at a profit, that they reorganize under the Bankrupty Act and that this does give them the protection of the court, and does it not also provide an answer to the problem? It is going to assure the people of this country, as well as the people of the city of New York, that they are going to start operating on a balanced budget. Then, in order to have credit for future loans, they eventually would pay off at least the principal of those loans. This has been the history of most bankruptcies of cities, from what I can find.

Is this pretty much the way the Senator from Virginia would look at this problem?

Mr. HARRY F. BYRD, JR. Absolutely. The Senator from Oklahoma is correct in what he says.

But if the Committee on Banking, Housing and Urban Affairs prevails—if the majority prevails—and if Congress enacts the legislation that the committee proposes, there will be little incentive for New York City to do what every other city must do, what every other State must do, what Virginia is doing right now. There will be little incentive.

The PRESIDING OFFICER (Mr. NELSON). The Senator's 5 minutes have expired.

Mr. ALLEN. Mr. President, I ask recognition, in order that I may yield time to the Senator from Virginia.

The **PRESIDING OFFICER**. The Senator from Alabama is recognized.

Mr. HARRY F. BYRD, JR. There is a provision in the proposal that the Banking Committee was prepared yesterday to report which states that the city does not have to balance its budget for 3 years. Yet, the laws of the State of New York require that it operate on a balanced budget every year. It has not been doing so, and it has been violating the law by not doing it.

If we follow this committee proposal—a one-vote majority, incidentally—then we will be saying, "You do not have to follow your laws which require that you balance your budget every year. We will give you 3 years."

It is like saying to an alcoholic, "You have to stop drinking, but we're going to give you a supply of whiskey to carry you for 3 years; and at the end of 3 years, we exect you to stop drinking." We know what condition the alcoholic will be in at that point.

Mr. BARTLETT. I certainly agree that if the measure pending before the Banking Committee were reported and passed, there would be no incentive for the city of New York to undertake any kind of austerity program or manage its affairs in an efficient and prudent manner. But if this measure did become law, would not there be a deleterious kind of incentive throughout the land for other cities which are in difficulty now to say that they want to get on the bandwagon, too, and then for cities which have handled their affairs rather prudently to say that they want to get on the bandwagon, also, and get in on the free lunch?

Mr. HARRY F. BYRD, JR. I think the Senator from Oklahoma is so right in that. In that connection, Albert Sindlinger, the economic pollster, who takes polls throughout the Nation daily—he polls consumers by telephone and has been quite reliable—points out in his issue of October 22 that the American consumers are opposed, by a vote of a 2-to-1 majority, to using Federal funds to help New York out of its financial dilemma. He says that the American consumer feels, speaking generally, that such legislation opens the door to the much-discussed possibility that if New York were helped, many other beleagued cities would follow, hat in hand. Then his report says:

> At the very least, leaders of the other cities would be under public pressure to join the parade to Washington.

I tell the Senator, one way to help the airlines of this country is to pass the legislation that the Committee on Banking is seeking. The average citizen will not be able to get a seat on an airplane. It will be filled with public officials from virtually every State in the Union coming to Washington for Federal guarantees.

Mr. BARTLETT. Mr. President, I thank the distinguished Senator from Virginia for his leadership.

Mr. HARRY F. BYRD, JR. Mr. President, I have sent a telegram to the chief executive officers of 11 of the largest banks in New York City. I ask unanimous consent that the telegram and the list of addressees be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

OCTOBER 16, 1975.

Because a determined drive is being made by New York City politicians and New York City bankers to have the Congress provide Federal guarantees for New York bonds, I think it important that the Senate have full information if it is to act on such proposals in a responsible manner.

I am asking you to furnish to me a complete listing of holdings in your bank's name and as custodian for others, in New York City bonds, New York State bonds, and bonds issued by any New York State or New York City authority. I would appreciate your including maturity dates, purchase dates and interest rates.

Your prompt response to this request would be most helpful should legislation dealing with New York City's financial situation come before the Senate.

HARRY F. BYRD, Jr.,
U.S. Senator.

LIST OF ADDRESSES

Mr. W. B. Wriston, Chairman, First National City Bank, 399 Park Avenue, New York, N.Y. 10022.

Mr. David Rockefeller, Chairman, Chase Manhattan Bank, 1 Chase Manhattan Plaza, New York, N.Y. 10005.

Mr. E. C. Patterson, Chairman, Morgan Guaranty Trust Co. of New York, 23 Wall Street, New York, N.Y. 10015.

Mr. Donald C. Platten, Chairman, Chemical Bank (New York), 20 Pine Street, New York, N.Y. 10015.

Mr. G. T. Wallis, Chairman, Irving Trust Co., 1 Wall Street, New York, N.Y. 10015.

Mr. W. H. Moore, Chairman, Bankers Trust Co., 16 Wall Street, New York, N.Y. 10015.

Mr. J. S. Lawson, Chairman, Marine-Midland Bank, 140 Broadway, New York, N.Y. 10015.

Mr. S. H. Woolley, Chairman, Bank of New York, 48 Wall Street, New York, N.Y. 10015.

Manufacturers Hanover Trust Co., 40 Wall Street, New York, N.Y. 10015, Chairman: Gabriel Hauge.

Charter New York Corp., 1 Wall Street, New York, N.Y. 10015, Chairman: G. T. Wallis.

National Bank of North America (New York), 44 Wall Street, New York, N.Y. 10015, Chairman: J. H. Vogel.

EXTENSION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time for routine morning business be extended for an additional 10 minutes, with the same limitation of 5 minutes therein on statements.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I yield such time out of my 5 minutes as the Senator from Virginia (Mr. HARRY F. BYRD, JR.), may need.

Mr. HARRY F. BYRD, JR. I think that is important information that the Senate should have, Congress should have, and the American people should have.

I am surprised, I might say, to have learned on yesterday that the Committee on Banking either has not sought it or, certainly, I was informed, does not have it. I think that is important information that should be made available to the people of this country and to the Senate of the United States before acting on any legislation to guarantee New York bonds.

I point out again that the guaranteeing of Federal bonds will furnish not one dime to the 8 million people of New York City. The guaranteeing of those bonds will benefit the bond holders, and the banks are the major bondholders—against interest default and against the default of the bonds themselves. Thus, the banks have the major financial stake in the bailout legislation.

Mr. President, I ask unanimous consent that the New York Times column by James M. Naughton, to which I referred earlier, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FORD DENIES HE IS WILLING TO SIGN A RESCUE ACT

(By James M. Naughton)

WASHINGTON, October 22.—President Ford, warning against "the" false anticipation of an easy solution," said today through his spokesman that he was "irritated" by published accounts of his willingness to sign legislation easing New York City's fiscal plight.

"I never told anybody that," Ron Nessen, the White House press secretary, quoted Mr. Ford as having said. "There was no indication by me to anybody in the Administration that I feel this way."

Mr. Nessen relayed the President's remarks to reporters this morning, following accounts earlier this week in The New York Times and other publications that quoted unnamed senior Administration officials as having said Mr. Ford would reluctantly sign a fiscal-aid measure if it imposed stringent restrictions on the city.

REJECTION INDICATED

According to Mr. Nessen, the President said there was "no legislation I've seen or heard of that I would approve, including measures being drafted in Senate and House committees.

The White House also issued a denial by William E. Simon, the Secretary of the Treasury, of a report today in The Long Island Press and other Newhouse newspapers that Mr. Simon had told Republican members of the New York Congressional delegation that the President would approve "any reasonable bill."

For all that the White House did not flatly rule out the possibility that Mr. Ford ultimately would go along with legislation to help rescue New York City if a measure could survive opposition on Capitol Hill.

Mr. Nessen refused today, as he had done for several days, to respond directly when asked if the President would veto any such legislation.

"FACTS," NOT EMOTIONS

The President moreover displayed no irritation when the subject of New York City's fiscal crisis was raised with him by a small group of reporters and photographers summoned to the White House family quarters, where Mr. Ford was recuperating for the third day from a sinus infection and head cold.

Asked if he felt well enough "to sign legislation helping New York," Mr. Ford replied in an unusually husky voice that he acted on the basis of "facts" rather than emotions. He reiterated his oft-stated position that New York City and New York State had ample means, without Federal assistance, to resolve the problem. Mr. Ford made no comment on what he would do if confronted with Congresssional legislation.

A few minutes later, however, Mr. Nessen volunteered at his daily news briefing that the President was "irritated" with an account, published yesterday in The New York Times, of an unidentified senior official's confidence that Mr. Ford would sign carefully drawn legislation.

Although the source of the report was an official who talks frequently with the President, Mr. Nessen said that Mr. Ford's irritation was "based on his belief that the source is uninformed."

The press secretary said that "the President thinks it's too bad that the people who are working on these hard decisions of getting New York City back on a fiscally responsible basis [would] be diverted from their work by what he referred to as the false anticipation of an easy solution."

Mr. Nessen said that the President had drawn the following analogy:

"A man has some important reason to get to the fifth floor of a building, because there is something there that he badly needs to do. Now, rather than start the hard climb up the five flights of stairs to get there, somebody has told him if he just hangs around the lobby long enough, there is going to be an elevator coming.

"Well, there's not going to be an elevator coming. The sooner he gets started climbing the five flights of stairs, the sooner he's going to get to his important chores on the fifth floor."

Asked if Mr. Ford was irritated with Vice President Rockefeller for having urged Congress to enact legislation to ease the city's situation—in effect, install the "elevator"—Mr. Nessen said the President "didn't direct his remarks to anyone" in particular.

SIMON DENIES REPORT

Mr. Nessen was also asked if the President considered Mr. Simon "uninformed" in light of the Long Island Press report. An aide to Mr. Nessen supplied him with a typewritten note in which Mr. Simon was said to have denied the report with an "earthy expression."

Mr. Simon said, through the White House, that it was "absolutely untrue that I even hinted (Mr. Ford) would sign such legislation."

Representative Peter A. Peyser, a Westchester Republican who favors Federal support for the city, agreed in an interview today that Mr. Simon had told participants at the private meeting that he was "in no position to say what the President would do" if Congress enacted the legislation.

Nor would Mr. Nessen entertain any inquiries about the prospects of a Presidential veto. One of several exchanges on the matter went as follows:

Q. Have you ever asked the President's position on a veto?

A. I've given you the President's position.

Q. But have you asked him if he would veto—

A. I am reflecting to you his views at the moment.

Q. Does that mean the answer is yes?

A. I don't hear that. I'm telling you what I've said the past couple of days—what I've always said, I hope—is an accurate reflection of the President's views.

Asked later if Mr. Ford was irritated by news accounts pointing out that the President had carefully refrained from closing the door on assistance to New York City, Mr. Nessen said: "We didn't specifically discuss those stories."

The PRESIDING OFFICER. Who yields time?

Mr. JAVITS. Mr. President, what is the parliamentary situation? May I have 5 minutes?

The PRESIDING OFFICER. Statements during routine morning business are permitted for a period of 5 minutes.

NEW YORK CITY

Mr. JAVITS. Mr. President, I just happened to be on the floor to hear this passionate outcry against New York. I regret very much that I did not hear it all. I have heard the same particular line of reasoning and argument—mainly argument—so often that I just thought I might take a few minutes myself to introduce a few facts into the Record.

In the first place, what has New York already done for itself? Pension funds, whatever may be the feeling of Members about what the union negotiated with the city, are still trusteed funds for workers. They have now contributed several million dollars, the latest one being the rescue operation of the teachers union, to keep New York from defaulting, and some $450 million in indebtedness was just paid last Friday to avoid a default.

Second, the city has let go, by layoffs, something in the area of 20,000 to 30,000 employees. Again, I did not expect to encounter this situation on the floor this morning, but the figure is in that area.

There is now a 3-year wage freeze in effect respecting city employees. The capital construction of the city has practically been stopped in a measure which will be extremely harmful to the future of the city and to the future of this Nation.

A great convention center has been stricken from the capital improvement rolls, even though it could have been financed, because there is simply no market for the securities which would have helped to finance it. That is a disastrous blow to the city's future, probably for 20 years.

That is by no means the end. The State has gravely jeopardized its own credit in a recognition of its own responsibility for the city of New York, and that jeopardy is very serious. It involves some $750 million in additional State obligations.

In addition, the State is now forcing upon the city, from whom it has taken, for all practical purposes, all its self-financing power, a regime of the most strict austerity. Some 40,000 more employees will have to be let go. Whatever one may think about the inflated rolls of the city in terms of workers and whether they get too much money and whether it costs too much to operate New York City, those alleged charges have been completely confounded by the findings of the Congressional Budget Office itself, which shows that when we strip the New York City costs of what they should not be bearing—just as other major cities are not bearing them—they are very comparable, and in many cases lower than the costs of other large cities in the United States.

In addition, the plan, which I gather my colleague from Virginia finds highly objectionable, which was laid before the Committee on Banking, Housing and Urban Affairs, as an option, includes even stricter requirements. The State Oversight Board has already called for a plan which it has now approved, that the city must read a balanced budget by fiscal 1978—that is only 3 years; in the life of a great organism, for 8 million people, that is a very, very short time; that it must surrender its fiscal affairs to the State; that it must open its books to the Federal Government and follow proper accounting practices, all of which I thoroughly agree with; that it must put up as security for a prospective Federal guarantee of some of its bonds all of its revenue sharing money, which comes to something in the area of $600 million a year; that the State must levy a special tax. We are already the most heavily taxed State in the United States, and every State, including Virginia and Alabama, is very ardently competing with us for every piece of business we have or may get.

So that by no means is there a home-free competitive situation for the State or the city of New York.

In addition, 20 percent of everything guaranteed must be paid in. There is a big difference in this case between guarantee and pay-in. Twenty percent of everything must be paid in by sources other than the guarantee of the United States.

That is draconian, Mr. President, and it is not unexpected and, on the whole, I agree with it. That is why I have so violently objected to the bailout charge because New York is not seeking to be bailed out of its mistakes. It is going to suffer and pay for its mistakes. But the question is, Is New York, in appealing to the Federal Government as a group of people, 8 million strong, who have been hit with a disaster, to be any different than chicken farmers in Mississippi or farmers in some other State or than those who are hit by a flood or tornado or another catastrophe which they did not expect and which, because of the gimmickry used upon them in New York, which I strongly condemn, they had no particular reason to suspect, not even by the ratings of the agencies for New York bonds, which seemed to have been just as much a party to accepting that gimmickry as the bond buyers themselves?

So the people—and I am speaking for the people, I am not speaking for any politician, and I think my colleagues know me well enough for that—the people have been hit with a catastrophe in a very real way. The question is, Shall they be punitively treated, which is what Secretary Simon said. That statement is going to go down in history, in my judgment, with Charlie Wilson's statement that what is good for General Motors is good for the United States. Should the people of my State and my city be punitively treated because of these events?

What has brought them to this pass, Mr. President? One other point and then I will be through. The demographic situation in our country where, because of the civil rights revolution in the South, blacks from the South poured into other cities, especially New York; and where, because the United States established and joined in establishing a Commonwealth in Puerto Rico, 1 million Puerto Ricans moved to the United States, because they were American citizens and could go anywhere they chose, and they flocked into New York.

They will be, all of these groups, in 10 to 20 years as good citizens, as hard working, as earning, as my parents, who came in the middle 1800's, my mother from what is now Palestine, and my father from what was then the Austro-Hungarian empire—they will be just as good, just as valid, and will not need the welfare any more than my parents did. But right now they cannot be. And yet New York, because of the kind of formulae enforced upon it in the Senate and in the House of Representatives is disadvantaged. It pays 25 percent of the bill which other cities do not, and that comes to a neat $600 million a year.

These are the inequities and the appeals which the city of New York, through the State of New York, is making.

Again, just to recapitulate very briefly: One, the State will be held, and should be held, responsible. Every State—and my colleagues, I know, as a matter of fact, feel even more deeply than I do about this matter of States' rights and State responsibility, and that is right—the State will be the responsible party. There can be no question about that.

The most draconian measures will be called for and will be taken, and we must agree with that. But all we ask is that our appeal—may I have 1 additional minute, Senator BYRD, just to finish?

Mr. ALLEN. Mr. President, I ask recognition in order that I might yield the entire time to the distinguished Senator from New York.

Mr. JAVITS. Just 1 minute.

The PRESIDING OFFICER. The Senator is recognized for 1 minute.

Mr. JAVITS. The city will be under a draconian regime, and no one quarrels with that at all.

Finally, Mr. President, everybody agrees that ultimately the bondholders and everybody else will be paid. We are going to have to adjust our schedules for employees and pensions, salaries, and everything else, and we will. Ultimately, the bonds will be paid.

What is asked for of the United States is a small bridge of credit, and that is all. We have always made money on these guarantees. We make money on the FHA; we make it on a dozen other guarantees, and we will make money on this one in charging an insurance premium.

In addition—and this is something that has not come out, which should—how does the United States make good on a guarantee? I heard my colleagues say, I think it was Senator ALLEN, that it was $25 for every man, woman and child in this country—I have not stopped to figure it out, it is not relevant to what I am about to say, I think, I assume, it is correct—the United States pays on a guarantee by issuing bonds which are generally long-term bonds at very modest rates of interest, and in this case they would be subrogated to the position of the bondholder or the New York City bondholder who had a guaranteed bond.

I say everyone agrees—even Secretary Simon agrees—that ultimately these bonds will be paid so that is the reason we say the United States will not lose anything on it. It has not in respect of guarantees, and it certainly will not in respect to this guarantee. Now, that is the case.

I wish always scrupulously to refrain from any feeling of passion about this, and that is the thing that worries me so much, I say this to the Senator honestly and as a man. I am worried, deeply worried, feeling that all of us should try to be as objective as we humanly can and not have hangups.

Mr. HARRY F. BYRD, JR. Mr. President, if the Senator will yield there, I do not know anyone who has been more passionate in this subject than has the senior Senator from New York.

The senior Senator from Virginia is not going to be deterred one little bit in his belief in the need for some financial responsbility in both the Federal Government and the New York City government by the Senator from New York. I will take just as objective an approach as the Senator from New York takes.

Mr. JAVITS. I will be very happy if the Senator will, and I think we can find some way, hopefully—I do not know if the Senator will ever agree, but I think we can find some way, hopefully—as a group, that is, in the House and Senate and with the President, to see our way out of this particular emergency situation.

When I used the word "passion" all that I meant, may I say to the Senator—and I think the Senator knows my very high opinion of him and I know his high opinion of me, so I immediately say that—I use it only in the sense of a reasoned argument on the issue. Of course, we speak passionately. The Senator does, I do, we all do, and we should. It is the only way you ever make a point.

Mr. HARRY F. BYRD, JR. The Senator from Virginia was under the impression that he had made a reasonable argument, and I am sure the Senator from New York was under the impression that he had made a reasonable argument.

Mr. JAVITS. Exactly. I am sure the Senator understood that was in my mind. But it is a very serious matter.

I think I would like to close on this note. I think I heard the Senator say—and please correct me if I am wrong—he said that he thinks highly of our city—he may have said he loves our city. The Senator I know has appreciation for the importance of the nature to the country and to the world of the enormous nexus of so many social, economic, and political activities as are represented by New York City.

Mr. HARRY F. BYRD, JR. I said, may I say to the Senator from New York, the way I expressed it was that I considered New York City one of the great cities of the world, comparable to London, Paris, Rome, and Vienna. I am not sure about Tokyo because I spent so little time there. But I regard New York City as one of the great cities, and I just regret that such a great city as that has been debased by what I consider to be the excesses of its politicians. But however great it may be it is not entitled to a Federal guarantee of its bonds.

Mr. JAVITS. I have dealt with the question of the excesses.

May I say, one of the truest things the mayor of New York—who is obviously a very deeply troubled man and who came to this place through many, many years of very arduous service as a civil servant and a public officer in New York City itself—has asked us, and I think it is a very challenging question, what would the British Parliament do with London, what would the French Chamber of Deputies do with Paris, what would any parliament of the countries the Senator referred to do with their city? I believe and he believes that they would impose very strict conditions, but there would be no question about the fact that they would not wish that city destroyed in terms of its ability to function as a great city, which means that somehow it has got to have some kind of credit.

The PRESIDING OFFICER. All time has expired.

Mr. ROBERT C. BYRD addressed the Chair.

The PRESIDING OFFICER. The Senator from West Virginia.

EXHIBITION OF THE MAGNA CARTA—HOUSE CONCURRENT RESOLUTION 458

Mr. ROBERT C. BYRD. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on House Concurrent Resolution 458.

The PRESIDING OFFICER laid before the Senate House Concurrent Resolution 458, which was read, as follows:

H. CON. RES. 458

Whereas, the historic document known as the Magna Carta of 1215 A.D. represents an essential link in the long chain of constitutional instruments; and

Whereas, American Colonists brought with them from England the traditions of free government and the principle that all persons stand as equals beofre the law, concepts which had been embodied in the Magna Carta, and they regarded them as their birthright and incorporated them in their colonial charters and constitutions; and

Whereas, in drafting the Constitution and the Bill of Rights of the United States, our Founding Fathers sought to guarantee to the people of these United States the freedom of the church, an independent judiciary, the right to a speedy trial, and the concept of due process of law, which principles were clearly derived from the Magna Carta; and

Whereas, in recognition of the Bicentennial celebrations of the United States of America, the House of Lords and the House of Commons of the Parliament of the United Kingdom of Great Britain and Northern Ireland have unanimously adopted motions respectfully praying that Her Majesty, The Queen, direct that an original copy of the Magna Carta be loaned to the people of the United States, to be held by their representative, the Congress of the United States, for a period of one year; and

Whereas, This loan has been authorized by Her Majesty, The Queen, in order that this historic document may be displayed in the Capitol, enclosed in a showcase donated by the United Kingdom for that purpose; Therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States recognizes that it is natural that men should value the original documents which guarantee their rights, and thus hereby expresses its sincere gratitude to Her Majesty, The Queen, the Parliament and the people of the United Kingdom for their loan to this Nation of the Magna Carta, a document of historic and symbolic significance to the peoples of both our Nations, and believes that its temporary residence here in the country of its philosophical descendants, the Declaration of Independence, the Constitution and the Bill of Rights, will contribute an important historical perspective to the Bicentennial celebration; and be it further

Resolved, That the showcase donated to the United States by the United Kingdom to be used to display the Magna Carta may be placed in the rotunda of the United States Capitol, and the Architect of the Capitol is hereby authorized to make the necessary arrangements therefor, including the payment of all necessary expenses incurred in connection with the installation, maintenance, and protection thereof; and be it further

Resolved, That the Secretary of State is requested to transmit a copy of these resolutions to the Parliament of the United Kingdom of Great Britain and Northern Ireland.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of the concurrent resolution.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution—House Concurrent Resolution 458—was agreed to.

The preamble was agreed to.

ADJOURNMENT OF THE TWO HOUSES UNTIL TUESDAY, OCTOBER 28, 1975—HOUSE CONCURRENT RESOLUTION 459

Mr. ROBERT C. BYRD. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on House Concurrent Resolution 459.

The PRESIDING OFFICER. The Chair lays before the Senate House Concurrent Resolution 459, which will be stated.

The assistant legislative clerk read as follows:

H. Con. Res. 459

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on Thursday, October 23, 1975, it stand adjourned until 12 o'clock meridian Tuesday, October 28, 1975.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the concurrent resolution.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. ROBERT C. BYRD. Mr. President, I call up an amendment which is at the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 1, line 4, change the period to a comma and insert the following: "and that when the Senate adjourns on Thursday, October 23, 1975, it stand adjourned until 11:30 a.m. Tuesday, October 28, 1975."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ROBERT C. BYRD. Mr. President, there is a title amendment.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

Amend the title so as to read:

Providing for an adjournment of the two Houses from Thursday, October 23, 1975, to Tuesday, October 28, 1975.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The concurrent resolution—House Concurrent Resolution 459—as amended, was agreed to, as follows:

H. Con. Res. 459

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on Thursday, October 23, 1975, it stand adjourned until 12 o'clock meridian Tuesday, October 28, 1975, and that when the Senate adjourns on Thursday, October 23, 1975, it stand adjourned until 11:30 a.m. Tuesday, October 28, 1975.

Amend the title so as to read:

Providing for an adjournment of the two Houses from Thursday, October 23, 1975, to Tuesday, October 28, 1975.

Mr. ROBERT C. BYRD subsequently said: Mr. President, is the adjournment resolution still at the desk?

The PRESIDING OFFICER. Yes.

Mr. ROBERT C. BYRD. Mr. President, I move to amend that resolution to provide that the Senate, when it convenes on Tuesday next, convene at the hour of 11 a.m. rather than the hour of 11:30 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, line 4, change the period to a comma and insert the following: "and that when the Senate adjourns on Thursday, October 23, 1975, it stand adjourned until 11:00 a.m. Tuesday, October 28, 1975."

CERTAIN MEASURES PLACED UNDER SUBJECTS ON THE TABLE

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the following measures be taken from the Calendar of General Orders and placed on the Calendar under the heading "Subjects on the Table;" Calendar Order No. 186 (S. 692), Calendar Order No. 349 (S. Res. 234), and Calendar Order No. 360 (S. 2330).

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS ON TUESDAY, OCTOBER 28, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the recognition of Mr. Gary Hart on Tuesday next under the order previously entered, there be a period for the transaction of routine morning business not to extend beyond the hour of 12 noon with statements limited therein to 3 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

CONVENTION ON THE INTERNATIONAL REGULATIONS FOR PREVENTING COLLISIONS AT SEA, 1972; AMENDMENTS TO THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960; CONVENTION ON THE PREVENTION AND PUNISHMENT OF CRIMES AGAINST INTERNATIONALLY PROTECTED PERSONS; PROTOCOL FOR THE CONTINUATION IN FORCE OF THE INTERNATIONAL COFFEE AGREEMENT OF 1968, AS EXTENDED; AGREEMENT WITH THE FEDERATIVE REPUBLIC OF BRAZIL CONCERNING SHRIMP; AND AMENDMENTS TO CERTAIN ARTICLES OF THE CONVENTION ON THE INTERGOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of calling up certain conventions and protocols and agreements.

I merely want these matters to be stated at the moment without any action by the Senate thereon.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider Executive W (93d Cong., 1st sess.), Convention on the International Regulations for Preventing Collisions at Sea, 1972; Executive K (93d Cong., 1st sess.), Amendments to the International Convention for the Safety of Life at Sea, 1960; Executive L (93d Cong., 2d sess.) Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons; Executive B (94th Cong., 1st sess.), Protocol for the Continuation in Force of the International Coffee Agreement of 1968, as extended; Executive D (94th Cong., 1st sess.), Agreement with the Federative Republic of Brazil concerning shrimp; and Executive F (94th Cong., 1st sess.), Amendments to certain articles of the Convention on the Intergovernmental Maritime Consultative Organization, which were read the second time, as follows:

CONVENTION ON THE INTERNATIONAL REGULATIONS FOR PREVENTING COLLISIONS AT SEA, 1972

The parties to the present convention,

Desiring to maintain a high level of safety at sea,

Mindful of the need to revise and bring up to date the International Regulations for Preventing Collisions at Sea annexed to the Final Act of the International Conference on Safety of Life at Sea, 1960,

Having considered those Regulations in the light of developments since they were approved,

Have agreed as follows:

Article I

GENERAL OBLIGATIONS

The Parties to the present Convention undertake to give effect to the Rules and other Annexes constituting the International Regulations for Preventing Collisions at Sea, 1972 (hereinafter referred to as "the Regulations"), attached hereto.

Article II

SIGNATURE, RATIFICATION, ACCEPTANCE, APPROVAL, AND ACCESSION

1. The present Convention shall remain open for signature until 1 June 1973 and shall thereafter remain open for accession.

2. States Members of the United Nations, or of any of the Specialized Agencies, or the International Atomic Energy Agency, or Parties to the Statute of the International Court of Justice may become Parties to this Convention by:

(*a*) signature without reservation as to ratification, acceptance or approval;

(*b*) signature subject to ratification, acceptance or approval followed by ratification, acceptance or approval; or

(*c*) accession.

3. Ratification, acceptance, approval or accession shall be effected by the deposit of an instrument to that effect with the Inter-Government Maritime Consultative Organization (hereinafter referred to as "the Organization") which shall inform the Governments of States that have signed or acceded to the present Convention of the deposit of each instrument and of the date of its deposit.

Article III

TERRITORIAL APPLICATION

1. The United Nations in cases where they are the administering authority for a territory or any Contracting Party responsible for the international relations of a territory may at any time by notification in writing to the Secretary-General of the Organization (hereinafter referred to as "the Secretary-General"), extend the application of this Convention to such a territory.

2. The present Convention shall, upon the date of receipt of the notification or from such other date as may be specified in the notification, extend to the territory named therein.

3. Any notification made in accordance with paragraph 1 of this Article may be withdrawn in respect of any territory mentioned in that notification and the extension of this Convention to that territory shall cease to apply after one year or such longer period as may be specified at the time of the withdrawal.

4. The Secretary-General shall inform all Contracting Parties of the notification of any extension or withdrawal of any extension communicated under this Article.

Article IV

ENTRY INTO FORCE

1. (*a*) The present Convention shall enter into force twelve months after the date on which at least 15 States, the aggregate of whose merchant fleets constitutes not less than 65 per cent by number or by tonnage of the world fleet of vessels of 100 gross tons and over have become Parties to it, whichever is achieved first.

(b) Notwithstanding the provisions in subparagraph (*a*) of this paragraph, the present Convention shall not enter into force before 1 January 1976.

2. Entry into force for States which ratify, accept, approve or accede to this Convention in accordance with Article II after the conditions prescribed in subparagraph 1(*a*) have been met and before the Convention enters into force, shall be on the date of entry into force of the Convention.

3. Entry into force for States which ratify, accept, approve or accede after the date on which this Convention enters into force, shall be on the date of deposit of an instrument in accordance with Article II.

4. After the date of entry into force of an amendment to this Convention in accordance with paragraph 4 of Article VI, any ratification, acceptance, approval or accession shall apply to the Convention as amended.

5. On the date of entry into force of this Conventioin, the Regulations replace and abrogate the International Regulations for Preventing Collisions at Sea, 1960.

6. The Secretary-General shall inform the Governments of States that have signed or acceded to this Convention of the date of its entry into force.

Article V

REVISION CONFERENCE

1. A Conference for the purpose of revising this Convention or the Regulations or both may be convened by the Organization.

2. The Organization shall convene a Conference of Contracting Parties for the purpose of revising this Convention or the Regulations or both at the request of not less than one-third of the Contracting Parties.

Article VI

AMENDMENTS TO THE REGULATIONS

1. Any amendment to the Regulations proposed by a Contracting Party shall be considered in the Organization at the request of that Party.

2. If adopted by a two-thirds majority of those present and voting in the Maritime Safety Committee of the Organization, such amendment shall be communicated to all Contracting Parties and Members of the Organization at least six months prior to its consideration by the Assembly of the Organization. Any Contracting Party which is not a Member of the Organization shall be entitled to participate when the amendment is considered by the Assembly.

3. If adopted by a two-thirds majority of those present and voting in the Assembly, the amendment shall be communicated by the Secretary-General to all Contracting Parties for their acceptance.

4. Such an amendment shall enter into force on a date to be determined by the Assembly at the time of its adoption unless, by a prior date determined by the Assembly at the same time, more than one-third of the Contracting Parties notify the Organization of their objection to the amendment. Determination by the Assembly of the dates referred to in this paragraph shall be by a two-thirds majority of those present and voting.

5. On entry into force any amendment shall, for all Contracting Parties which have not objected to the amendment, replace and supersede any previous provision to which the amendment refers.

6. The Secretary-General shall inform all Contracting Parties and Members of the Organization of any request and communication under this Article and the date on which any amendment enters into force.

Article VII

DENUNCIATION

1. The present Convention may be denounced by a Contracting Party at any time after the expiry of five years from the date on which the Convention enterd into force for that Party.

2. Denunciation shall be effected by the deposit of an instrument with the Organization. The Secretary-General shall inform all other Contracting Parties of the receipt of the instrument of denunciation and of the date of its deposit.

3. A denunciation shall take effect one year, or such longer period as may be specified in the instrument, after its deposit.

Article VIII

DEPOSIT AND REGISTRATION

1. The present Convention and the Regulations shall be deposited with the Organization, and the Secretary-General shall transmit certified true copies thereof to all Governments of States that have signed this Convention or acceded to it.

2. When the present Convention enters into force, the text shall be transmitted by the Secretary-General to the Secretariat of the United Nations for registration and publication in accordance with Article 102 of the Charter of the United Nations.

Article IX

LANGUAGES

The present Convention is established, together with the Regulations, in a single copy in the English and French languages, both texts being equally authentic. Official translations in the Russian and Spanish languages shall be prepared and deposit with the signed original.

In Witness Whereof the undersinged being duly authorized by their respective Governments for that purpose have signed the present Convention.

Done at London this twentieth day of October one thousand nine hundred and seventy-two.

INTERNATIONAL REGULATIONS FOR PREVENTING COLLISIONS AT SEA, 1972

PART A—GENERAL

Rule 1

APPLICATION

(*a*) These Rules shall apply to all vessels upon the high seas and in all waters connected therewith navigable by seagoing vessels.

(*b*) Nothing in these Rules shall interfere with the operation of special rules made by an appropriate authority for roadsteads, harbours, rivers, lakes or inland waterways connected with the high seas and navigable by seagoing vessels. Such special rules shall conform as closely as possible to these Rules.

(*c*) Nothing in these Rules shall interfere with the operation of any special rules made by the Government of any State with respect to additional station or signal lights or whistle signals for ships of war and vessels proceeding under convoy, or with respect to additional station or signal lights for fishing vessels engaged in fishing as a fleet. These additional station or signal lights or whistle signals shall, so far as possible, be such that they cannot be mistaken for any light or signal authorized elsewhere under these Rules.

(*d*) Traffic separation schemes may be adopted by the Organization for the purpose of these Rules.

(*e*) Whenever the Government concerned shall have determined that a vessel of special construction or purpose cannot comply fully with the provisions of any of these Rules with respect to the number, position, range or arc of visibility of lights or shapes, as well as to the disposition and characteristics of sound-signalling appliances, without interfering with the special function of the vessel, such vessel shall comply with such other provisions in regard to the number, position, range or arc of visibility of lights or shapes, as well as to the disposition and characteristics of sound-signalling appliances, as her Government shall have determined to be the closest possible compliance with these Rules in respect to that vessel.

Rule 2

RESPONSIBILITY

(*a*) Nothing in these Rules shall exonerate any vessel, or the owner, master or crew thereof, from the consequences of any neglect to comply with these Rules or of the neglect of any precaution which may be required by the ordinary practice of seamen, or by the special circumstances of the case.

(*b*) In construing and complying with these Rules due regard shall be had to all dangers of navigation and collision and to any special circumstances, including the limitations of the vessels involved, which may make a departure from these Rules necessary to avoid immediate danger.

Rule 3

GENERAL DEFINITIONS

For the purpose of these Rules, except where the context otherwise requires:

(*a*) The word "vessel" includes every description of water craft, including non-displacement craft and seaplanes, used or capable of being used as a means of transportation on water.

(*b*) The term "power-driven vessel" means any vessel propelled by machinery.

(*c*) The term "sailing vessel" means any vessel under sail provided that propelling machinery, if fitted, is not being used.

(*d*) The term "vessel engaged in fishing" means any vessel fishing with nets, lines, trawls or other fishing apparatus which restrict maneuverability, but does not include vessel fishing with trolling lines or other fishing apparatus which do not restrict maneuverability.

(*e*) The word "seaplane" includes any aircraft designed to manoeuvre on the water.

(*f*) The term "vessel not under command" means a vessel which through some exceptional circumstances is unable to manoeuvre as required by these Rules and is therefore unable to keep out of the way of another vessel.

(*g*) The term "vessel restricted in her ability to manoeuvre" means a vessel which from the nature of her work is restricted in her ability to manoeuvre as required by these Rules and is therefore unable to keep out of the way of another vessel.

The following vessels shall be regarded as vessels restricted in their ability to manoeuvre:

(*i*) a vessel engaged in laying, servicing or picking up a navigation mark, submarine cable or pipeline;

(*ii*) a vessel engaged in dredging, surveying or underwater operations;

(*iii*) a vessel engaged in replenishment or transferring persons, provisions or cargo while underway;

(*iv*) a vessel engaged in the launching or recovery of aircraft;

(*v*) a vessel engaged in minesweeping operations;

(*vi*) a vessel engaged in a towing operation such as renders her unable to deviate from her course.

(*h*) The term "vessel constrained by her draught" means a powerdriven vessel which because of her draught in relation to the available depth of water is severely restricted in her ability to deviate from the course she is following.

(*i*) The word "underway" means that a vessel is not at anchor, or made fast to the shore, or aground.

(*j*) The words "length" and "breadth" of a vessel means her length overall and greatest breadth.

(*k*) Vessels shall be deemed to be in sight of one another only when one can be observed visually from the other.

(*l*) The term "restricted visibility" means any condition in which visibility is restricted by fog, mist, falling snow, heavy rainstorms, sandstorms or any other similar causes.

PART B—STEERING AND SAILING RULES

Section I—Conduct of Vessels in any Condition of Visibility

RULE 4

Application

Rules in this Section apply in any condition of visibility.

RULE 5

Look-out

Every vessel shall at all times maintain a proper look-out by sight and hearing as well as by all available means appropriate in the prevailing circumstances and conditions so as to make a full appraisal of the situation and of the risk of collision.

RULE 6

Safe speed

Every vessel shall at all times proceed at a safe speed so that she can take proper and effective action to avoid collision and be stopped wtihin a distance appropriate to the prevailing circumstances and conditions.

In determining a safe speed the following factors shall be among those taken into account:

(*a*) By all vessels:

(*i*) the state of visibility;

(*ii*) the traffic density including concentrations of fishing vessels or any other vessels;

(*iii*) the manoeuverability of the vessel with special reference to stopping distance and turning ability in the prevailing conditions;

(*iv*) at night the presence of background light such as from shore lights or from back scatter of her own lights;

(*v*) the state of wind, sea and current, and the proximity of navigational hazards;

(*vi*) the draught in relation to the available depth of water.

(*b*) Additionally, by vessels with operational radar:

(*i*) the characteristics, efficiency and limitations of the radar equipment;

(*ii*) any constraints imposed by the radar scale in use;

(*iii*) the effect on radar detection of the sea state, wheather and other sources of interference;

(*iv*) the possibility that small vessels, ice and other floating objects may not be detected by radar at an adequate range;

(*v*) the number, location and movement of vessels detected by radar;

(*vi*) the more exact assessment of the visibility that may be possible when radar is used to determine the range of vessels or other objects in the viciniay.

RULE 7

Risk of collision

(*a*) Every vessel shall use all available means appropriate to the prevailing circumstances and conditions to determine if risk of collision exists. If there is any doubt such risk shall be deemed to exist.

(*b*) Proper use shall be made of radar equipment if fitted and operational, including long-range scanning to obtain early warning of risk of collision and radar plotting or equivalent systematic observation of detected objects.

(*c*) Assumptions shall not be made on the basis of scanty information, especially scanty radar information.

(*d*) In determining if risk of collision exists the following considerations shall be among those taken into account:

(*i*) such risk shall be deemed to exist if the compass bearing of an approaching vessel does not appreciably change;

(*ii*) such risk may sometimes exist even when an appreciable bearing change is evident, particularly when approaching a very large vessel or a tow or when approaching vessel at close range.

RULE 8

Action to avoid collision

(*a*) Any action taken to avoid collision shall, if the circumstances of the case admit, be positive, made in ample time and with due regard to the observance of good seamanship.

(*b*) Any alteration of course and/or speed to avoid collision shall, if the circumstances of the case admit, be large enough to be readily apparent to another vessel observing visually or by radar; a succession of small alterations of course and/or speed should be avoided.

(*c*) If there is sufficient sea room, alteration of course alone may be the most effective action to avoid a close-quarters situation provided that it is made in good time, is substantial and does not result in another close-quarters situation.

(*d*) Action taken to avoid collision with another vessel shall be such as to result in passing at a safe distance. The effectiveness of the action shall be carefully checked until the other vessel is finally past and clear.

(*e*) If necessary to avoid collision or allow more time to assess the situation, a vessel shall slacken her speed or take all way off by stopping or reversing her means of propulsion.

RULE 9

Narrow channels

(*a*) A vessel proceeding along the course of a narrow channel or fairway shall keep as near to the outer limit of the channel or fairway which lies on her starboard side as is safe and practicable.

(*b*) A vessel of less than 20 metres in length or a sailing vessel shall not impede the passage of a vessel which can safely navigate only within a narrow channel or fairway.

(*c*) A vessel engaged in fishing shall not impede the passage of any other vessel navigating within a narrow channel or fairway.

(*d*) A vessel shall not cross a narrow channel or fairway if such crossing impedes the passage of a vessel which can safely navigate only within such channel or fairway. The latter vessel may use the sound signal prescribed in Rule 34(d) if in doubt as to the intention of the crossing vessel.

(*e*)(*i*) In a narrow channel or fairway when overtaking can take place only if the vessel to be overtaken has to take action to permit safe passing, the vessel intending to overtake shall indicate her intention by sounding the appropriate signal prescribed in Rule 34(c)(i). The vessel to be overtaken shall, if in agreement, sound the appropriate signal prescribed in Rule 34(c)(ii) and take steps to permit safe passing. If in doubt she may sound the signals prescribed in Rule 34(d).

(*ii*) This Rule does not relieve the overtaking vessel of her obligation under Rule 13.

(*f*) A vessel nearing a bend or an area of a narrow channel or fairway where other vessels may be obscured by an intervening obstruction shall navigate with particular alertness and caution and shall sound the appropriate signal prescribed in Rule 34(*e*).

(*g*) Any vessel shall, if the circumstances of the case admit, avoid anchoring in a narrow channel.

RULE 10

Traffic separation schemes

(*a*) This Rule applies to traffic separation schemes adopted by the Organization.

(*b*) A vessel using a traffic separation scheme shall:

(*i*) proceed in the appropriate traffic lane in the general direction of traffic flow for that lane:

(*ii*) so far as practicable keep clear of a traffic separation line or separation zone;

(*iii*) normally join or leave a traffic lane at the termination of the lane, but when joining or leaving from the side shall do so at as small an angle to the general direction of traffic flow as practicable.

(*c*) A vessel shall so far as practicable avoid crossing traffic lanes, but if obliged to do so shall cross as nearly as practicable at right angles to the general direction of traffic flow.

(*d*) Inshore traffic zones shall not normally be used by through traffic which can safely use the appropriate traffic lane within the adjacent traffic separation scheme.

(*e*) A vessel, other than a crossing vessel, shall not normally enter a separation zone or cross a separation line except:

(*i*) in cases of emergency to avoid immediate danger;

(*ii*) to engage in fishing within a separation zone.

(*f*) A vessel navigating in areas near the terminations of traffic separation schemes shall do so with particular caution.

(*g*) A vessel shall so far as practicable avoid anchoring in a traffic separation scheme or in areas near its terminations.

(*h*) A vessel not using a traffic separation scheme shall avoid it by as wide a margin as is practicable.

(*i*) A vessel engaged in fishing shall not impede the passage of any vessel following a traffic lane.

(*j*) A vessel of less than 20 metres in length or a sailing vessel shall not impede the safe passage of a power-driven vessel following a traffic lane.

SECTION II—CONDUCT OF VESSELS IN SIGHT OF ONE ANOTHER

RULE 11

Application

Rules in this Section apply to vessels in sight of one another.

RULE 12

Sailing vessels

(*a*) When two sailing vessels are approaching one another, so as to involve risk of collision, one of them shall keep out of the way of the other as follows:

(*i*) when each has the wind on a different side, the vessel which has the wind on the port side shall keep out of the way of the other;

(*ii*) when both have the wind on the same side, the vessel which is to windward shall keep out of the way of the vessel which is to leeward;

(*iii*) if a vessel with the wind on the port side sees a vessel to windward and cannot determine with certainty whether the other vessel has the wind on the port or on the starboard side, she shall keep out of the way of the other.

(*b*) For the purposes of this Rule the windward side shall be deemed to be the side opposite to that on which the mainsail is carried or, in the case of a square-rigged vessel, the side opposite to that on which the largest fore-and-aft sail is carried.

RULE 13

Overtaking

(*a*) Notwithstanding anything contained in the Rules of this Section any vessel overtaking any other shall keep out of the way of the vessel being overtaken.

(*b*) A vessel shall be deemed to be overtaking when coming up with another vessel from a direction more than 22.5 degrees abaft her beam, that is, in such a position with reference to the vessel she is overtaking, that at night she would be able to see only the sternlight of that vessel but neither of her sidelights.

(*c*) When a vessel is in any doubt as to whether she is overtaking another, she shall assume that this is the case and act accordingly.

(*d*) Any subsequent alteration of the bearing between the two vessels shall not make the overtaking vessel a crossing vessel within the meaning of these Rules or relieve her of the duty of keeping clear of the overtaken vessel until she is finally past and clear.

RULE 14

Head-on situation

(*a*) When two power-driven vessels are meeting on reciprocal or nearly reciprocal courses so as to involve risk of collision each shall alter her course to starboard so that each shall pass on the port side of the other.

(*b*) Such a situation shall be deemed to exist when a vessel sees the other ahead or nearly ahead and by night she could see the masthead lights of the other in a line or nearly in a line and/or both sidelights and by day she observes the corresponding aspect of the other vessel.

(*c*) When a vessel is in any doubt as to whether such a situation exists she shall assume that it does exist and act accordingly.

RULE 15

Crossing Situation

When two power-driven vessels are crossing so as to involve risk of collision, the vessel which has the other on her own starboard side shall keep out of the way and shall, if the circumstances of the case admit, avoid crossing ahead of the other vessel.

RULE 16

Action by give-way vessel

Every vessel which is directed by these Rules to keep out of the way of another vessel shall, so far as possible, take early and substantial action to keep well clear.

RULE 17

Action by stand-on vessel

(*a*) (*i*) Where by any of these Rules one of two vessels is to keep out of the way the other shall keep her course and speed.

(*ii*) The latter vessel may however take action to avoid collision by her manoeuvre alone, as soon as it becomes apparent to her that the vessel required to keep out of the way is not taking appropriate action in compliance with these Rules.

(*b*) When, from any cause, the vessel required to keep her course and speed finds herself so close that collision cannot be avoided by the action of the give-way vessel alone, she shall take such action as will best aid to avoid collision.

(*c*) A power-driven vessel which takes action in a crossing situation in accordance with sub-paragraph (*a*) (*ii*) of this Rule to avoid collision with another power-driven vessel shall, if the circumstances of the case admit, not alter course to port for a vessel on her own port side.

(*d*) This Rule does not relieve the give-way vessel of her obligation to keep out of the way.

RULE 18

Responsibilities between vessels

Except where Rules 9, 10 and 13 otherwise require:

(*a*) A power-driven vessel underway shall keep out of the way of:

(*i*) a vessel not under command;

(*ii*) a vessel restricted in her ability to manoeuvre;

(*iii*) a vessel engaged in fishing;

(*iv*) a sailing vessel.

(*b*) A sailing vessel underway shall keep out of the way of:

(*i*) a vessel not under command;

(*ii*) a vessel restricted in her ability to manoeuvre;

(*iii*) a vessel engaged in fishing.

(*c*) A vessel engaged in fishing when underway shall, so far as possible, keep out of the way of:

(*i*) a vessel not under command;

(*ii*) a vessel restricted in her ability to manoeuvre.

(*d*) (*i*) Any vessel other than a vessel not under command or a vessel restricted in her ability to manoeuvre shall, if the circumstances of the case admit, avoid impeding the safe passage of a vessel constrained by her draught, exhibiting the signals in Rule 28.

(*ii*) A vessel constrained by her draught shall navigate with particular caution having full regard to her special condition.

(*e*) A seaplane on the water shall, in general, keep well clear of all vessels and avoid impeding their navigation. In circumstances, however, where risk of collision exists, she shall comply with the Rules of this Part.

SECTION III—CONDUCT OF VESSELS IN RESTRICTED VISIBILITY

RULE 19

Conduct of vessels in restricted visibility

(*a*) This Rule applies to vessels not in sight of one another when navigating in or near an area of restricted visibility.

(*b*) Every vessel shall proceed at a safe speed adapted to the prevailing circumstances and conditions of restricted visibility. A power-driven vessel shall have her engines ready for immediate manoeuvre.

(*c*) Every vessel shall have due regard to the prevailing circumstances and conditions of restricted visibility when complying with the Rules of Section I of this Part.

(*d*) A vessel which detects by radar alone the presence of another vessel shall determine if a close-quarters situation is developing and/or risk of collision exists. If so, she shall take avoiding action in ample time, provided that when such action consists of an alteration of course, so far as possible the following shall be avoided:

(*i*) an alteration of course to port for a vessel forward of the beam, other than for a vessel being overtaken;

(*ii*) an alteration of course towards a vessel abeam or abaft the beam.

(*e*) Except where it has been determined that a risk of collision does not exist, every vessel which hears apparently forward of her beam the fog signal of another vessel, or which cannot avoid a close-quarters situation with another vessel forward of her beam, shall reduce her speed to the minimum at which she can be kept on her course. She shall if necessary take all her way off and in any event navigate with extreme caution until danger of collision is over.

PART C—LIGHTS AND SHAPES

RULE 20

Application

(*a*) Rules in this Part shall be complied with in all weathers.

(*b*) The Rules concerning lights shall be complied with from sunset to sunrise, and during such times no other lights shall be exhibited, except such lights as cannot be mistaken for the lights specified in these Rules or do not impair their visibility or distinctive character, or interfere with the keeping of a proper look-out.

(*c*) The lights prescribed by these Rules shall, if carried, also be exhibited from sunrise to sunset in restricted visibility and may be exhibited in all other circumstances when it is deemed necessary.

(*d*) The Rules concerning shapes shall be complied with by day.

(*e*) The lights and shapes specified in these Rules shall comply with the provisions of Annex I to these Regulations.

RULE 21

Definitions

(*a*) "Masthead light" means a white light placed over the fore and aft centreline of the vessel showing an unbroken light over an arc of the horizon of 225 degrees and so fixed as to show the light from right ahead to 22.5 degrees abaft the beam on either side of the vessel.

(*b*) "Sidelights" means a green light on the starboard side and a red light on the port side each showing an unbroken light over an arc of the horizon of 112.5 degrees and so fixed as to show the light from right ahead to 22.5 degrees abaft the beam on its respective side. In a vessel of less than 20 metres in length the sidelights may be combined in one lantern carried on the fore and aft centreline of the vessel.

(*c*) "Sternlight" means a white light placed as nearly as practicable at the stern showing an unbroken light over an arc of the horizon of 135 degrees and so fixed as to show the light 67.5 degrees from right aft on each side of the vessel.

(*d*) "Towing light" means a yellow light having the same characteristics as the "sternlight" defined in paragraph (*c*) of this Rule.

(*e*) "All round light" means a light showing an unbroken light over an arc of the horizon of 360 degrees.

(*f*) "Flashing light" means a light flashing at regular intervals at a frequency of 120 flashes per minute.

RULE 22

Visibility of Lights

The lights prescribed in these Rules shall have an intensity as specified in Section 8 of Annex I to these Regulations so as to be visible at the following minimum ranges:

(*a*) In vessels of 50 metres or more in length:

a masthead light, 6 miles;
a sidelight, 3 miles;
a sternlight, 3 miles;
a towing light, 3 miles;
a white, red, green or yellow all-around light, 3 miles.

(*b*) In vessels of 12 metres or more in length but less than 50 metres in length:

a masthead light, 5 miles; except that where the length of the vessel is less than 20 metres, 3 miles;
a sidelight, 2 miles;
a sternlight, 2 miles;
a towing light, 2 miles;
a white, red, green or yellow all-round light, 2 miles.

(*c*) In vessels of less than 12 metres in length:

a masthead light, 2 miles;
a sidelight, 1 mile;
a sternlight, 2 miles;
a towing light, 2 miles;
a white, red, green or yellow all-round light, 2 miles.

RULE 23

Power-driven vessels underway

(*a*) A power-driven vessel underway shall exhibit:

(*i*) a masthead light forward;

(*ii*) a second masthead light abaft of and higher than the forward one; except that a vessel of less than 50 metres in length shall not be obliged to exhibit such light but may do so;

(*iii*) sidelights;

(*iv*) a sternlight.

(*b*) An air-cushion vessel when operating in the non-displacement mode shall, in addition to the lights prescribed in paragraph (*a*) of this Rule, exhibit an all-round flashing yellow light.

(*c*) A power-driven vessel of less than 7 metres in length and whose maximum speed does not exceed 7 knots may, in lieu of the lights prescribed in paragraph (*a*) of this Rule, exhibit an all-round white light. Such vessel shall, if practicable, also exhibit sidelights.

RULE 24

Towing and pushing

(*a*) A power-driven vessel when towing shall exhibit:

(*i*) instead of the light prescribed in Rule 23(*a*)(*i*), two masthead lights forward in a vertical line. When the length of the tow, measuring from the stern of the towing vessel to the after end of the tow exceeds 200 metres, three such lights in a vertical line;

(*ii*) sidelights;

(*iii*) a sternlight;

(*iv*) a towing light in a vertical line above the sternlight;

(*v*) when the length of the tow exceeds 200 metres, a diamond shape where it can best be seen.

(*b*) When a pushing vessel and a vessel being pushed ahead are rigidly connected in a composite unit they shall be regarded as a power-driven vessel and exhibit the lights prescribed in Rule 23.

(*c*) A power-driven vessel when pushing ahead or towing alongside, except in the case of a composite unit, shall exhibit:

(*i*) instead of the light prescribed in Rule 23(*a*)(*i*), two masthead lights forward in a vertical line;

(*ii*) sidelights;

(*iii*) a sternlight.

(*d*) A power-driven vessel to which paragraphs (*a*) and (*c*) of this Rule apply shall also comply with Rule 23(*a*)(*ii*).

(*e*) A vessel or object being towed shall exhibit:

(*i*) sidelights;

(*ii*) a sternlight;

(*iii*) when the length of the tow exceeds 200 metres, a diamond shape where it can best be seen.

(*f*) Provided that any number of vessels being towed or pushed in a group shall be lighted as one vessel,

(*i*) a vessel being pushed ahead, not being part of a composite unit, shall exhibit at the forward end, sidelights;

(*ii*) a vessel being towed alongside shall exhibit a sternlight and at the forward end, sidelights.

(*g*) Where from any sufficient cause it is impracticable for a vessel or object being towed to exhibit the lights prescribed in paragraph (*e*) of this Rule, all possible measures shall be taken to light the vessel or object towed or at least to indicate the presence of the unlighted vessel or object.

RULE 25

Sailing vessels underway and vessels under oars

(*a*) A sailing vessel underway shall exhibit:

(*i*) sidelights;

(*ii*) a sternlight.

(*b*) In a sailing vessel of less than 12 metres in length the lights prescribed in paragraph (*a*) of this Rule may be combined in one lantern carried at or near the top of the mast where it can best be seen.

(*c*) A sailing vessel underway may, in addition to the lights prescribed in paragraph (*a*) of this Rule, exhibit at or near the top of the mast, where they can best be seen, two all-round lights in a vertical line, the upper being red and the lower green, but these lights shall not be exhibited in conjunction with the combined lantern permitted by paragraph (*b*) of this Rule.

(*d*)(*i*) A sailing vessel of less than 7 metres in length shall, if practicable, exhibit the lights prescribed in paragraphs (*a*) or (*b*) of this Rule, but if she does not, she shall have ready at hand an electric torch or lighted lantern showing a white light which shall be exhibited in sufficient time to prevent collision.

(*ii*) A vessel under oars may exhibit the lights prescribed in this Rule for sailing vessels, but if she does not, she shall have ready at hand an electric torch or lighted lantern showing a white light which shall be exhibited in sufficient time to prevent collision.

(*e*) A vessel proceeding under sail when also being propelled by machinery shall exhibit forward where it can best be seen a conical shape, apex downwards.

RULE 26

Fishing vessels

(*a*) A vessel engaged in fishing, whether underway or at anchor, shall exhibit only the lights and shapes prescribed in this Rule.

(*b*) A vessel when engaged in trawling, by which is meant the dragging through the water of a dredge net or other apparatus used as a fishing appliance, shall exhibit:

(*i*) two all-round lights in a vertical line, the upper being green and the lower white, or a shape consisting of two cones with their apexes together in a vertical line one above the other; a vessel of less than 20 metres in length may instead of this shape exhibit a basket;

(*ii*) a masthead light abaft of and higher than the all-round green light; a vessel of less than 50 metres in length shall not be obliged to exhibit such a light but may do so;

(*iii*) when making way through the water, in addition to the lights prescribed in this paragraph, sidelights and a sternlight.

(*c*) A vessel engaged in fishing, other than trawling, shall exhibit:

(*i*) two all-round lights in a vertical line, the upper being red and the lower white, or a shape consisting of two cones with apexes together in a vertical line one above the other; a vessel of less than 20 metres in length may instead of this shape exhibit a basket;

(*ii*) when there is outlying gear extending more than 150 metres horizontally from the vessel, an all-round white light or a cone apex upwards in the direction of the gear;

(*iii*) when making way through the water, in addition to the lights prescribed in this paragraph, sidelights and a sternlight.

(*d*) A vessel engaged in fishing in close proximity to other vessels may exhibit the additional signals described in Annex II to these Regulations.

(*e*) A vessel when not engaged in fishing shall not exhibit the lights or shapes prescribed in this Rule, but only those prescribed for a vessel of her length.

RULE 27

Vessels not under command or restricted in their ability to manoeuvre

(*a*) A vessel not under command shall exhibit:

(*i*) two all-round red lights in a vertical line where they can best be seen;

(*ii*) two balls or similar shapes in a vertical line where they can best be seen;

(*iii*) when making way through the water, in addition to the lights prescribed in this paragraph, sidelights and a sternlight.

(*b*) A vessel restricted in her ability to manoeuvre, except a vessel engaged in minesweeping operations, shall exhibit:

(*i*) three all-round lights in a vertical line where they can best be seen. The highest and lowest of these lights shall be red and the middle light shall be white;

(*ii*) three shapes in a vertical line where they can best be seen. The highest and lowest of these shapes shall be balls and the middle one a diamond;

(*iii*) when making way through the water, masthead lights, sidelights and a sternlight, in addition to the lights prescribed in subparagraph (*i*);

(*iv*) when at anchor, in addition to the lights or shapes prescribed in subparagraphs (*i*) and (*ii*), the light, lights or shape prescribed in Rule 30.

(*c*) A vessel engaged in a towing operation such as renders her unable to deviate from her course shall, in addition to the lights or shapes prescribed in subparagraph (*b*) (*i*) and (*ii*) of this Rule, exhibit the lights or shape prescribed in Rule 24(*a*).

(*d*) A vessel engaged in dredging or underwater operations, when restricted in her ability to manoeuvre, shall exhibit the lights and shapes prescribed in paragraph (*b*) of this Rule and shall in addition, when an obstruction exists, exhibit:

(*i*) two all-round red lights or two balls in a vertical line to indicate the side on which the obstruction exists;

(*ii*) two all-round green lights or two diamonds in a vertical line to indicate the side on which another vessel may pass;

(*iii*) when making way through the water, in addition to the lights prescribed in this paragraph, masthead lights, sidelights and a sternlight;

(*iv*) a vessel to which this paragraph applies when at anchor shall exhibit the lights or shapes prescribed in sub-paragraphs (*i*) and (*ii*) instead of the lights or shape prescribed in Rule 30.

(*e*) Whenever the size of a vessel engaged in diving operations makes it impracticable to exhibit the shapes prescribed in paragraph (*d*) of this Rule, a rigid replica of the International Code flag "A" not less than 1 metre in height shall be exhibited. Measures shall be taken to ensure all-round visibility.

(*f*) A vessel engaged in minesweeping operations shall, in addition to the lights prescribed for a power-driven vessel in Rule 23, exhibit three all-round green lights or three balls. One of these lights or shapes shall be exhibited at or near the foremast head and one at each end of the fore yard. These lights or shapes indicate that it is dangerous for another vessel to approach closer than 1,000 metres astern or 500 metres on either side of the minesweeper.

(*g*) Vessels of less than 7 metres in length operations shall, in addition to the lights prescribed in this Rule.

(*h*) The signals prescribed in this Rule are not signals of vessels in distress and requiring assistance. Such signals are contained in Annex IV to these Regulations.

RULE 28

Vessels constrained by their draught

A vessel constrained by her draught may, in addition to the lights prescribed for power-driven vessels in Rule 23, exhibit where they can best be seen three all-round red lights in a vertical line, or a cylinder.

RULE 29

Pilot vessels

(*a*) A vessel engaged on pilotage duty shall exhibit:

(*i*) at or near the masthead, two all-round lights in a vertical line, the upper being white and the lower red;

(*ii*) when underway, in addition, sidelights and a sternlight;

(*iii*) when at anchor, in addition to the lights prescribed in sub-paragraph (*i*), the anchor light, lights or shape.

(*b*) A pilot vessel when not engaged on pilotage duty shall exhibit the lights or shapes prescribed for a similar vessel of her length.

RULE 30

Anchored vessels and vessels aground

(*a*) A vessel at anchor shall exhibit where it can best be seen:

(*i*) in the fore part, an all-round white light or one ball;

(*ii*) at or near the stern and at a lower level than the light prescribed in sub-paragraphs (*i*), an all-round white light.

(*b*) A vessel of less than 50 metres in length may exhibit an all-round white light where it can best be seen instead of the lights prescribed in paragraph (*a*) of this Rule.

(*c*) A vessel at anchor may, and a vessel of 100 metres and more in length shall, also use the available working or equivalent lights to illuminate her decks.

(*d*) A vessel aground shall exhibit the lights prescribed in paragraph (*a*) or (*b*) of this Rule and in addition, where they can best be seen:

(*i*) two all-round red lights in a vertical line;

(*ii*) three balls in a vertical line.

(*e*) A vessel of less than 7 metres in length, when at anchor or aground, not in or near a narrow channel, fairway or anchorage, or where other vessels normally navigate, shall not be required to exhibit the lights or shapes prescribed in paragraphs (*a*), (*b*) or (*d*) of this Rule.

RULE 31

Seaplanes

Where it is impracticable for a seaplane to exhibit lights and shapes of the characteristics or in the positions prescribed in the Rules of this Part she shall exhibit lights and shapes as closely similar in characteristics and positions as is possible.

PART D—SOUND AND LIGHT SIGNALS

RULE 32

Definitions

(a) The word "whistle" means any sound signalling appliance capable of producing the prescribed blasts and which complies with the specifications in Annex III to these Regulations.

(*b*) The term "short blast" means a blast of about one second's duration.

(*c*) The term "prolonged blast" means a blast from four to six seconds' duration.

RULE 33

Equipment for sound signals

(*a*) A vessel of 12 metres or more in length shall be provided with a whistle and a bell and a vessel of 100 metres or more in length shall, in addition, be provided with a gong, the tone and sound of which cannot be confused with that of the bell. The whistle, bell and gong shall comply with the specifications in Annex III to these Regulations. The bell or gong or both may be replaced by other equipment having the same respective sound characteristics, provided that manual sounding of the required signals shall always be possible.

(*b*) A vessel of less than 12 metres in length shall not be obliged to carry the sound signalling appliances prescribed in paragraph (*a*) of this Rule but if she does not, she shall be provided with some other means of making an efficient sound signal.

Manoeuvring and warning signals

(*a*) When vessels are in sight of one another, a power-driven vessel underway, when manoeuvring as authorized or required by these Rules, shall indicate that manoeuvre by the following signals on her whistle:

one short blast to mean "I am altering my course to starboard";

two short blasts to mean "I am altering my course to port";

three short blasts to mean "I am operating astern propulsion".

(*b*) Any vessel may supplement the whistle signals prescribed in paragraph (*a*) of this Rule by light signals, repeated as appropriate, whilst the manoeuvre is being carried out:

(*i*) these light signals shall have the following significance: one flash to mean "I am altering my course to starboard"; two flashes to mean "I am altering my course to port"; three flashes to mean "I am operating astern propulsion";

(*ii*) the duration of each flash shall be about one second, the interval between flashes shall be about one second, and the interval between successive signals shall be not less than ten seconds;

(*iii*) the light used for this signal shall, if fitted, be an all-round white light, visible at a minimum range of 5 miles, and shall comply with the provisions of Annex I.

(*c*) When in sight of one another in a narrow channel or fairway:

(i) a vessel intending to overtake another shall in compliance with Rule 9(*e*) (*i*) indicate her intention by the following signals on her whistle:

two prolonged blasts followed by one short blast to mean "I intend to overtake you on your starboard side"; two prolonged blasts followed by two short blasts to mean "I intend to overtake you on your port side".

(*ii*) the vessel about to be overtaken when acting in accordance with Rule 9(*e*) (*i*) shall indicate her agreement by the following signal on her whistle: one prolonged, one short, one prolonged and one short blast, in that order.

(*d*) When vessels in sight of one another are approaching each other and from any cause either vessel fails to understand the intentions or actions of the other, or is in doubt whether sufficient action is being taken by the other to avoid collision, the vessels in doubt shall immediately indicate such doubt by giving at least five short and rapid blasts on the whistle. Such signal may be supplemented by a light signal of at least five short and rapid flashes.

(*e*) A vessel nearing a bend or an area of a channel or fairway where other vessels may be obscured by an intervening obstruction shall sound one prolonged blast. Such signal shall be answered with a prolonged blast by any approaching vessel that may be within hearing around the bend or behind the intervening obstruction.

(*f*) If whistles are fitted on a vessel at a distance apart of more than 100 metres, one whistle only shall be used for giving manoeuvring and warning signals.

RULE 35

Sound signals in restricted visibility

In or near an area of restricted visibility whether by day or night, the signals prescribed in this Rule shall be used as follows:

(*a*) A power-driven vessel making way through the water shall sound at intervals of not more than 2 minutes one prolonged blast.

(*b*) A power-driven vessel underway but stopped and making no way through the water shall sound at intervals of not more than 2 minutes two prolonged blasts in succession with an interval of about 2 seconds between them.

(*c*) A vessel not under command, a vessel restricted in her ability to manoeuvre, a vessel constrained by her draught, a sailing vessel, a vessel engaged in fishing and a vessel engaged in towing or pushing another vessel shall, instead of the signals prescribed in paragraphs (*a*) or (*b*) of this Rule, sound at intervals of not more than 2 minutes three blasts in succession, namely one prolonged followed by two short blasts.

(*d*) A vessel towed or if more than one vessel is towed the last vessel of the tow, if manned, shall at intervals of not more than 2 minutes sound four blasts in succession, namely one prolonged followed by three short blasts. When practicable, this signal shall be made immediately after the signal made by the towing vessel.

(*e*) When a pushing vessel and a vessel being pushed ahead are rigidly connected in a composite unit they shall be regarded as a power-driven vessel and shall give the signals prescribed in paragraphs (*a*) or (*b*) of this Rule.

(*f*) A vessel at anchor shall at intervals of not more than one minute ring the bell rapidly for about 5 seconds. In a vessel of 100 metres or more in length the bell shall be sounded in the fore-part of the vessel and immediately after the ringing of the bell the gong shall be sounded rapidly for about 5 seconds in the after part of the vessel. A vessel at anchor may in addition sound three blasts in succession, namely one short, one prolonged and one short blast, to give warning of her position and of the possibility of collision to an approaching vessel.

(*g*) A vessel aground shall give the bell signal and if required the gong signal prescribed in paragraph (*f*) of this Rule and shall, in addition, give three separate and distinct strokes on the bell immediately before and after the rapid ringing of the bell. A vessel aground may in addition sound an appropriate whistle signal.

(*h*) A vessel of less than 12 metres in length shall not be obliged to give the above-mentioned signals but, if she does not, shall make some other efficient sound signal at intervals of not more than 2 minutes.

(*i*) A pilot vessel when engaged on pilotage duty may in addition to the signals prescribed in paragraphs (*a*), (*b*) or (*f*) of this Rule sound an identity signal consisting of four short blasts.

RULE 36

Signals to attract attention

If necessary to attract the attention of another vessel any vessel may make light or sound signals that cannot be mistaken for any signal authorized elsewhere in these Rules, or may direct the beam or her searchlight in the direction of the danger, in such a way as not to embarrass any vessel.

RULE 37

Distress signals

When a vessel is in distress and requires assistance she shall use or exhibit the signals prescribed in Annex IV to these Regulations.

PART E—EXEMPTIONS

RULE 38

Exemptions

Any vessel (or class of vessels) provided that she complies with the requirements of the International Regulations for Preventing Collisions at Sea, 1960, the keel of which is laid or which is at a corresponding stage of construction before the entry into force of these Regulations may be exempted from compliance therewith as follows:

(*a*) The installation of lights with ranges prescribed in Rule 22, until four years after the date of entry into force of these Regulations.

(*b*) The installation of lights with colour specifications as prescribed in Section 7 of Annex I to these Regulations, until four years after the date of entry into force of these Regulations.

(*c*) The repositioning of lights as a result of conversion from Imperial to metric units and rounding off measurement figures, permanent exemption.

(*d*) (*i*) The repositioning of masthead lights on vessels of less than 150 metres in length, resulting from the prescriptions of Section 3(*a*) of Annex I, permanent exemption.

(*ii*) The repositioning of masthead lights on vessels of 150 metres or more in length, resulting from the prescriptions of Section 3 (*a*) of Annex I to these Regulations, until nine years after the date of entry into force of these Regulations.

(*e*) The repositioning of masthead lights resulting from the prescriptions of Section 2(*b*) of Annex I, until nine years after the date of entry into force of these Regulations.

(*f*) The repositioning of sidelights resulting from the prescriptions of Section 3(*b*) of Annex I, until nine years after the date of entry into force of these Regulations.

(*g*) The requirements for sound signal appliances prescribed in Annex III, until nine years after the date of entry into force of these Regulations.

ANNEX I—POSITIONING AND TECHNICAL DETAILS OF LIGHTS AND SHAPES

1. DEFINITION

The term "height above the hull" means height above the uppermost continuous deck.

2. VERTICAL POSITIONING AND SPACING OF LIGHTS

(*a*) On a power-driven vessel of 20 metres or more in length the masthead shall be placed as follows:

(*i*) the forward masthead light, or if only one masthead light is carried, then that light, at a height above the hull of not less than 6 metres, and, if the breadth of the vessel exceeds 6 metres, then at a height above the hull not less than such breadth, so however that the light need not be placed at a greater height above the hull than 12 metres;

(*ii*) when two masthead lights are carried the after one shall be at least 4.5 metres vertically higher than the forward one.

(*b*) The vertical separation of masthead lights of power-driven vessels shall be such that in all normal conditions of trim the after light will be seen over and separate from the forward light at a distance of 1000 metres from the stem when viewed from sea level.

(*c*) The masthead light of a power-driven vessel of 12 metres but less than 20 metres in length shall be placed at a height above the gunwale of not less than 2.5 metres.

(*d*) A power-driven vessel of less than 12 metres may carry the uppermost light at a height of less than 2.5 metres above the gunwale. When however, a masthead light is carried in addition to sidelights and a sternlight, then such masthead light shall be carried at least 1 metre higher than the sidelights.

(*e*) One of the two or three masthead lights prescribed for a power-driven vessel engaged in towing or pushing another vessel shall be placed in the same position as the forward masthead light of a power-driven vessel.

(*f*) In all circumstances the masthead light or lights shall be so placed as to be above and clear of all other lights and obstructions.

(*g*) The sidelights of a power-driven vessel shall be placed at a height above the hull not greater than three quarters of that of forward masthead light. They shall not be so low as to be interfered with by deck lights.

(*h*) The sidelights, if in a combined lantern and carried on a power-driven vessel of less than 20 metres in length, shall be placed not less than 1 metre below the masthead light.

(*i*) When the Rules prescribe two or three lights to be carried in a vertical line, they shall be spaced as follows:

(*i*) on a vessel of 20 metres in length or more such lights shall be spaced not less than 2 metres apart, and the lowest of these lights shall, except where a towing light is required, not be less than 4 metres above the hull;

(*ii*) on a vessel of less than 20 metres in length such lights shall be spaced not less than 1 metre apart and the lowest of these lights shall, except where a towing light is required, not be less than 2 metres above the gunwale;

(*iii*) when three lights are carried they shall be equally spaced.

(*j*) The lower of the two all-round lights prescribed for a fishing vessel when engaged in fishing shall be at a height above the sidelights not less than twice the distance between the two vertical lights.

(*k*) The forward anchor light, when two are carried, shall not be less than 4.5 metres above the after one. On a vessel of 50 metres or more in length this forward anchor light shall not be less than 6 metres above the hull.

3. HORIZONTAL POSITIONING AND SPACING OF LIGHTS

(*a*) When two masthead lights are prescribed for a power-driven vessel, the horizontal distance between them shall not be less than one half of the length of the vessel but need not be more than 100 metres. The forward light shall be placed not more than one quarter of the length of the vessel from the stem.

(*b*) On a vessel of 20 metres or more in length the sidelights shall not be placed in front of the forward masthead lights. They shall be placed at or near the side of the vessel.

4. DETAILS OF LOCATION OF DIRECTION-INDICATING LIGHTS FOR FISHING VESSELS, DREDGERS AND VESSELS ENGAGED IN UNDERWATER OPERATIONS

(*a*) The light indicating the direction of the outlying gear from a vessel engaged in fishing as prescribed in Rule 26(*c*) (*ii*) shall be placed at a horizontal distance of not less than 2 metres and not more than 6 metres away from the two all-round red and white lights. This light shall be placed not higher than the all-round white light prescribed in Rule 26(*c*) (*i*) and not lower than the sidelights.

(*b*) The lights and shapes on a vessel engaged in dredging or underwater operations to indicate the obstructed side and/or the side on which it is safe to pass, as prescribed in Rule 27(*d*) (*i*) and (*ii*), shall be placed at the maximum practical horizontal distance, but in no case less than 2 metres, from the lights or shapes prescribe in Rule 27(*b*) (*i*) and (*ii*). In no case shall the upper of these lights or shapes be at a greater height than the lower of the three lights or shapes prescribed in Rule 27(*b*) (*i*) and (*ii*).

5. SCREENS FOR SIDELIGHTS

The sidelights shall be fitted with inboard screens painted matt black, and meeting the requirements of Section 9 of this Annex. With a combined lantern, using a single vertical filament and a very narrow division between the green and red sections, external screens need not be fitted.

6. SHAPES

(*a*) Shapes shall be black and of the following sizes:

(*i*) a ball shall have a diameter of not less than 0.6 metre;

(*ii*) a cone shall have a base diameter of not less than 0.6 metre and a height equal to its diameter;

(*iii*) a cylinder shall have a diameter of at least 0.6 metre and a height of twice its diameter;

(*iv*) a diamond shape shall consist of two cones as defined in (*ii*) above having a common base.

(*b*) The vertical distance between shapes shall be at least 1.5 metre.

(*c*) In a vessel of less than 20 metres in length shapes of lesser dimensions but commensurate with the size of the vessel may be used and the distance apart may be correspondingly reduced.

7. COLOUR SPECIFICATION OF LIGHTS

The chromaticity of all navigation lights shall conform to the following standards, which lie within the boundaries of the area of the diagram specified for each colour by the International Commission on Illumination (CIE).

The boundaries of the area for each colour are given by indicating the corner co-ordinates, which are as follows:

(i) *White*

x	0.525	0.525	0.452	0.310	0.310	0.443
y	0.382	0.440	0.440	0.348	0.283	0.382

(ii) *Green*

x	0.028	0.009	0.300	0.203
y	0.385	0.723	0.511	0.356

(iii) *Red*

x	0.680	0.660	0.735	0.721
y	0.320	0.320	0.265	0.259

(iv) *Yellow*

x	0.612	0.618	0.575	0.575
y	0.382	0.382	0.425	0.406

8. INTENSITY OF LIGHTS

(*a*) The minimum luminous intensity of lights shall be calculated by using the formula:

$$I \text{—} 3.43 \times 10^{6} \times T \times D^{2} \times K^{-D}$$

where I is luminous intensity in candelas under service conditions,

T is threshold factor 2×10^{-7} lux,

D is range of visibility (luminous range) of the light in nautical miles,

K is atmospheric transmissivity. For prescribed lights the value of K shall be 0.8, corresponding to a meteorological visibility of approximately 13 nautical miles.

(*b*) A selection of figures derived from the formula is given in the following table:

Range of visibility (luminous range) of light in nautical miles D	*Luminous intensity of light in candelas for K=0.8 I*
1	0.9
2	4.3
3	12
4	27
5	52
6	94

NOTE.—The maximum luminous intensity of navigation lights should be limited to avoid undue glare.

9. HORIZONTAL SECTORS

(*a*) (*i*) In the forward direction, sidelights as fitted on the vessel must show the minimum required intensities. The intensities must decrease to reach practical cut-off between 1 degree and 3 degrees outside the prescribed sectors.

(*ii*) For sternlights and masthead lights and at 22.5 degrees abaft the beam for sidelights, the minimum required intensities shall be maintained over the arc of the horizon up to 5 degrees within the limits of the sectors prescribed in Rule 21. From 5 degrees within the prescribed sectors the intensity may decrease by 50 per cent up to the prescribed limits; it shall decrease steadily to reach practical cut-off at not more than 5 degrees outside the prescribed limits.

(*b*) All-round lights shall be so located as not to be obscured by masts, topmasts or structures within angular sectors of more than 6 degrees, except anchor lights, which need not be placed at an impracticable height above the hull.

10. VERTICAL SECTORS

(*a*) The vertical sectors of electric lights, with the exception of lights on sailing vessels shall ensure that:

(*i*) at least the required minimum intensity is maintained at all angles from 5 degrees above to 5 degrees below the horizontal;

(*ii*) at least 60 per cent of the required minimum intensity is maintained from 7.5 degrees above to 7.5 degrees below the horizontal.

(*b*) In the case of sailing vessels the vertical sectors of electric lights shall ensure that:

(*i*) at least the required minimum intensity is maintained at all angles from 5 degrees above to 5 degrees below the horizontal;

(*ii*) at least 50 per cent of the required minimum intensity is maintained from 25 degrees above to 25 degrees below the horizontal.

(*c*) In the case of lights other than electric these specifications shall be met as closely as possible.

11. INTENSITY OF NON-ELECTRIC LIGHTS

Non-electric lights shall so far as practicable comply with the minimum intensities, as specified in the Table given in Section 8 of this Annex.

12. MANOEUVRING LIGHT

Notwithstanding the provisions of paragraph 2(*f*) of this Annex the manoeuvring light described in Rule 34(*b*) shall be placed in the same fore and aft vertical plane as the masthead light or lights and, where practicable, at a minimum height of 2 metres vertically above the forward masthead light, provided that it shall be carried not less than 2 metres vertically above or below the after masthead light. On a vessel where only one masthead light is carried the maneuvering light, if fitted, shall be carried where it can best be seen, not less than 2 metres vertically apart from the masthead light.

13. APPROVAL

The construction of lanterns and shapes and the installation of lanterns on board the vessel shall be to the satisfaction of the appropriate authority of the State where the vessel is registered.

ANNEX II—ADDITIONAL SIGNALS FOR FISHING VESSELS FISHING IN CLOSE PROXIMITY

1. GENERAL

The lights mentioned herein shall, if exhibited in pursuance of Rule 26(*d*), be placed where they can best be seen. They shall be at least 0.9 metre apart but at a lower level than lights prescribed in Rule 26(*b*) (*i*) and (*c*) (*i*). The lights shall be visible all round the horizon at a distance of at least 1 mile but at a lesser distance than the lights prescribed by these Rules for fishing vessels.

2. SIGNALS FOR TRAWLERS

(*a*) Vessels when engaged in trawling, whether using demersal or pelagic gear, may exhibit:

(*i*) when shooting their nets: two white lights in a vertical line;

(*ii*) when hauling their nets: one white light over one red light in a vertical line;

(*iii*) when the net has come fast upon an obstruction: two red lights in a vertical line.

(*b*) Each vessel engaged in pair trawling may exhibit:

(*i*) by night, a searchlight directed forward and in the direction of the other vessel of the pair;

(*ii*) when shooting or hauling their nets or when their nets have come fast upon an obstruction, the lights prescribed in 2(*a*) above.

3. SIGNALS FOR PURSE SEINERS

Vessels engaged in fishing with purse seine gear may exhibit two yellow lights in a vertical line. These lights shall flash alternately every second and with equal light and occultation duration. These lights may be exhibited only when the vessel is hampered by its fishing gear.

ANNEX III—TECHNICAL DETAILS OF SOUND SIGNAL APPLIANCES

1. WHISTLES

(*a*) *Frequencies and range of audibility.*—The fundamental frequency of the signal shall lie within the range 70–700Hz.

The range of audibility of the signal from a whistle shall be determined by those frequencies, which may include the fundamental and/or one or more higher frequencies, which lie within the range 180–700 Hz (± 1 per cent) and which provide the sound pressure levels specified in paragraph 1(*c*) below.

(*b*) *Limits of fundamental frequencies.*—To ensure a wide variety of whistle characteristics, the fundamental frequency of a whistle shall be between the following limits:

(*i*) 70–200 Hz, for a vessel 200 metres or more in length;

(*ii*) 130–350 Hz, for a vessel 75 metres but less than 200 metres in length;

(*iii*) 250–700 Hz, for a vessel less than 75 metres in length.

(*c*) *Sound signal intensity and range of audibility.*—A whistle fitted in a vessel shall provide, in the direction of maximum intensity of the whistle and at a distance of 1 metre from it, a sound pressure level in at least one ⅓rd-octave band within the range of frequencies 180–700 Hz (±1 percent) of not less than the appropriate figure given in the table below.

Length of vessel in metres:	⅓-octave band level at 1 meter in dB referred to 2×10^{-5} N/m²	Audibility range in nautical miles
200 or more	143	2.0
75 but less than 200	138	1.5
20 but less than 75	130	1.0
Less than 20	120	.5

The range of audibility in the table above is for information and is approximately the range at which a whistle may be heard on its forward axis with 90 per cent probability in conditions of still air on board a vessel having average background noise level at the listening posts (taken to be 68 dB in the octave band centered on 250 Hz and 63 dB in the octave band centered on 500 Hz).

In practice the range at which a whistle may be heard is extremely variable and depends critically on weather conditions; the values given can be regarded as typical but under conditions of strong wind or high ambient noise level at the listening post the range may be much reduced.

(*d*) *Directional properties.*—The sound pressure level of a directional whistle shall be not more than 4 dB below the sound pressure level on the axis at any direction in the horizontal plane within ±45 degrees of the axis. The sound pressure level at any other direction in the horizontal plane shall be not more than 10 dB below the sound pressure level on the axis, so that the range in any direction will be at least half the range on the forward axis. The sound pressure level shall be measured in that ⅓rd-octave band which determines the audibility range.

(*e*) *Positioning of whistles.*—When a directional whistle is to be used as the only whistle on a vessel, it shall be installed with its maximum intensity directed straight ahead.

A whistle shall be placed as high as practicable on a vessel, in order to reduce interception of the emitted sound by obstructions and also to minimize hearing damage risk to personnel. The sound pressure level of the vessel's own signal at listening posts shall not exceed 110 dB (A) and so far as practicable should not exceed 100 dB (A).

(*f*) *Fitting of more than one whistle.*—If whistles are fitted at a distance apart of more than 100 metres, it shall be so arranged that they are not sounded simultaneously.

(*g*) *Combined whistle systems.*—If due to the presence of obstructions the sound field of a single whistle or of one of the whistles referred to in paragraph 1(*f*) above is likely to have a zone of greatly reduced signal level, it is recommended that a combined whistle system be fitted so as to overcome this reduction. For the purposes of the Rules a combined whistle system is to be regarded as a single whistle. The whistles of a combined system shall be located at a distance apart of not more than 100 metres and arranged to be sounded simultaneously. The frequency of any one whistle shall differ from those of the others by at least 10 Hz.

2. BELL OR GONG

(*a*) *Intensity of signal.*—A bell or gong, or other device having similar sound characteristics shall produce a sound pressure level of not less than 110 dB at 1 metre.

(*b*) *Construction.*—Bells and gongs shall be made of corrosion-resistant material and designed to give a clear tone. The diameter of the mouth of the bell shall be not less than 300 mm for vessels of more than 20 metres in length, and shall be not less than 200 mm for vessels of 12 to 20 metres in length. Where practicable, a power-driven bell striker is recommended to ensure constant force but manual operation shall be possible. The mass of the striker shall be not less than 3 per cent of the mass of the bell.

3. APPROVAL

The construction of sound signal appliances, their performance and their installation on board the vessel shall be to the satisfaction of the appropriate authority of the State where the vessel is registered.

ANNEX IV—DISTRESS SIGNALS

1. The following signals, used or exhibited either together or separately, indicate distress and need of assistance:

(*a*) a gun or other explosive signal fired at intervals of about a minute;

(*b*) a continuous sounding with any fog-signalling apparatus;

(*c*) rockets or shells, throwing red stars fired one at a time at short intervals;

(*d*) a signal made by radiotelegraphy or by any other signalling method consisting of the group . . . — . . . (SOS) in the Morse Code;

(*e*) a signal sent by radiotelephony consisting of the spoken word "Mayday";

(*f*) the International Code signal of distress indicated by N.C.;

(*g*) a signal consisting of a square flag having above or below it a ball or anything resembling a ball;

(*h*) flames on the vessel (as from a burning tar barrel, oil barrel, etc.)

(*i*) a rocket parachute flare or a hand flare showing a red light;

(*j*) a smoke signal giving off orange-colored smoke;

(*k*) slowly and repeatedly raising and lowering arms outstretched to each side;

(*l*) the radiotelegraph alarm signal;

(*m*) the radiotelephone alarm signal;

(*n*) signals transmitted by emergency position-indicating radio beacons.

2. The use or exhibition of any of the foregoing signals except for the purpose of indicating distress and need of assistance and the use of other signals which may be confused with any of the above signals is prohibited.

3. Attention is drawn to the relevant sections of the International Code of Signals, the Merchant Ship Search and Rescue Manual and the following signals:

(*a*) a piece of orange-coloured canvas with either a black square and circle or other appropriate symbol (for identification from the air):

(*b*) a dye marker.

RESOLUTION I

THE CONFERENCE,

RECOGNIZING the need for participation by all Contracting Parties to the Convention on the International Regulations for Preventing Collisions at Sea, 1972, in the process of amending that Convention,

PARTICULARLY RECOGNIZING the need for participation in that process by Contracting Parties which are not Members of the Inter-Governmental Maritime Consultative Organization when consideration of amendments is undertaken by the Assembly of the Organization,

CONSIDERING that provision can be made by the Organization for such participation by States which are not Members of the Organization,

RESOLVES to recommend that the Assembly provide for participation with the right to vote by all Contracting Parties to the Convention including those which are not Members of the Organization whenever matters concerning amendment of the International Regulations for Preventing Collisions at Sea, 1972, are under consideration in the Assembly of the Organization.

RESOLUTION II

THE CONFERENCE,

MINDFUL of the need for early entry into force of the Convention on the International Regulations for Preventing Collisions at Sea, 1972.

RESOLVES to recommend that those States which contemplate becoming Parties to the Convention:

(1) deposit their instruments of ratification, approval, acceptance or accession at as early a date as possible;

(2) if they have not deposited such instruments before 31 December 1973, give the Secretary-General of the Inter-Governmental Maritime Consultative Organization by not later than that date an indication of the period within which they expect to be able to do so.

AMENDMENTS TO CHAPTERS II, III, IV AND V OF THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960

The Assembly,

Recognizing the need to improve safety of life at sea,

Noting Article 16(i) of the Convention on the Inter-Governmental Maritime Consultative Organization, concerning the functions of the Assembly with regard to regulations relating to maritime safety,

Noting Further that Article IX of the International Convention for the Safety of Life at Sea, 1960 provides for procedures of amendment involving participation of the Organization,

Having Considered certain amendments to the International Convention for the Safety of Life at Sea, 1960, forming the subject of recommendations adopted by the Maritime Safety Committee at its twenty-fourth, twenty-fifth, twenty-sixth and twenty-seventh sessions and directed towards improvement of safety of navigation,

Resolves to adopt the following amendments to the International Convention for the Safety of Life at Sea, 1960:

(*a*) replacement of Regulations 35(a) and 94(a), Chapter II, by a new text which is at Annex I to this Resolution;

(*b*) addition of a new sentence to Regulation 5(j), Chapter III, the text of which is at Annex II to this Resolution;

(*c*) addition of a new sentence to Regulation 15(b), Chapter III, and replacement of Regulation 15(p), Chapter III, by a new text; these are reproduced at Annex III to this Resolution;

(*d*) amendment to Regulation 36(c), Chapter III, the text of which is at Annex IV to this Resolution;

(*e*) replacement of Regulation 6(d), Chapter IV, by a new text which is at Annex V to this Resolution;

(*f*) addition of a new sub-paragraph (viii) to Regulation 16(a), Chapter IV, the text of which is at Annex VI to this Resolution; and

(*g*) amendment to Regulation 17, Chapter V, the text of which is at Annex VII to this Resolution,

Requests the Secretary-General of the Organization in conformity with Article IX(b) (i) to communicate, for purposes of acceptance, certified copies of this Resolution and its Annexes to all Contracting Governments to the International Convention for the Safety of Life at Sea, 1960, together with copies to all Members of the Organization, and

Invites all governments concerned to accept each of the amendments at the earliest possible date.

A VIII/Res.263

Annex I

AMENDMENTS TO REGULATIONS 35(A) AND 94(A) OF CHAPTER II OF THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960

Paragraph (a) is replaced by the following:

"(*a*) *Incombustible material* means a material which neither burns nor gives off inflammable vapours in sufficient quantity for self-ignition when heated to approximately 750° C (1382° F), this being determined to the satisfaction of the Administration by an established test procedure. Any other material is a combustible material."

Annex II

AMENDMENT TO PARAGRAPH (j) OF REGULATION 5 OF CHAPTER III OF THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960

Paragraph (j) is replaced by the following:

"(*j*) The block coefficient of the cubic capacity as determined in accordance with Regulation 6 of this Chapter of all life-boats, except wooden life-boats made of planks, shall be not less than 0.64 provided that any such life-boat may have a block coefficient of less than 0.64 if the Administration is satisfied with the sufficiency of the metacentric height and freeboard when the life-boat is loaded with its full complement of persons and equipment."

Annex III

AMENDMENT TO PARAGRAPH (b) OF REGULATION 15 OF CHAPTER III OF THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960

Paragraph (b) is replaced by the following:

"(*b*) The life-raft shall be so constructed that if it is dropped into the water from a height of 60 feet (or 18 metres) neither the life-raft nor its equipment will be damaged. If the raft is to be stowed on the ship at a height above the water of more than 60 feet (or 18 metres) it shall be of a type which has been satisfactorily drop-tested from a height at least equal to the height at which it is to be stowed."

AMENDMENT TO PARAGRAPH (p) OF REGULATION 15 OF CHAPTER III OF THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960

Paragraph (p) is replaced by the following:

"(*p*) (*i*) The life-raft shall be so stowed as to be readily available in case of emergency. It shall be stowed in such manner as to permit it to float free from its stowage, inflate and break free from the vessel in the event of sinking;

(*ii*) if used, lashings shall be fitted with an automatic (hydrostatic) release system of a type approved by the Administration;

(*iii*) the life-raft required by paragraph (c) of Regulation 35 of this Chapter may be securely fastened.

Note: Paragraph (c) of Regulation 35 of Chapter III as amended by Resolution A.122(V)."

Annex IV

AMENDMENT TO PARAGRAPH (*C*) OF REGULATION 36 OF CHAPTER OF CHAPTER III OF THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960

Paragraph (c) is replaced by the following:

"(*c*) Life-boats and life-rafts for which approved launching devices are required to be carried shall preferably be positioned as close to accommodation and service spaces as possible. They shall be stowed in such positions as to ensure safe launching, having particular regard to clearance from the propeller and steeply overhanging portions of the hull, with the object of ensuring so far as practicable that they can be launched down the straight side of the ship. If positioned forward they shall be stowed abaft the collision bulkhead in a sheltered position and in this respect the Administration shall give special consideration to the strength of the davits."

Annex V

AMENDMENT TO REGULATION 6 OF CHAPTER IV OF THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960

Regulation 6.—Watches—Radiotelegraph

Paragraph (d) is replaced by the following:

"(*d*) (*i*) During the period when a radio officer is required by this Regulation to listen on the radiotelegraph distress frequency, the radio officer may discontinue such listening during the time when he is handling traffic on other frequencies, or performing other essential radio duties, but only if it is impracticable to listen by split headphones or loudspeaker. The listening watch shall always be maintained by a radio officer using headphones or loudspeaker during the silence periods provided for by the Radio Regulations.

The term "essential radio duties" in this Regulation includes urgent repairs of:

(1) equipment for radio communication used for safety;

(2) radio navigational equipment by order of the master.

(*ii*) In addition to the provisions of sub-paragraph (i) of this paragraph, on ships other than multi-radio officer passenger ships, the radio officer may, in exceptional cases, i.e. when it is impractical to listen by split headphones or loudspeaker, discontinue listening by order of the master in order to carry out maintenance required to prevent imminent malfunction of:

(1) equipment for radiocommunication used for safety;

(2) radio navigational equipment;

(3) other electronic navigational equipment including its repair;

provided that:

(1) the radio officer, at the discretion of the Administration concerned, is appropriately qualified to perform these duties; and

(2) the ship is fitted with a receiving selector which meets the requirements of the Radio Regulations;

(3) the listening watch is always maintained by a radio officer using headphones or loudspeaker during the silence periods provided for by the Radio Regulations."

Annex VI

AMENDMENT TO REGULATION 16 OF CHAPTER IV OF THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960

Regulation 16.—*Radio Logs*

The following sub-paragraph (viii) is added to paragraph (a):

"(*viii*) the time at which the listening watch was discontinued in accordance with paragraph (d) of Regulation 6 of this Chapter, together with the reason and the time at which the listening watch was resumed."

Annex VII

AMENDMENT OF REGULATION 17 OF CHAPTER V OF THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960

Regulation 17 is replaced by the following:

"Regulation 17.—*Pilot ladders and mechanical pilot hoists*

Ships engaged on voyages in the course of which pilots are likely to be employed shall comply with the following requirements:

(*a*) *Pilot ladders*

(*i*) The ladder shall be efficient for the purpose of enabling pilots to embark and disembark safely, kept clean and in good order and may be used by officials and other persons while a ship is arriving at or leaving a port.

(*ii*) The ladder shall be secured in a position so that it is clear from any possible discharges from the ship, that each step rests firmly against the ship's side, that it is clear so far as is practicable of the finer lines of the ship and that the pilot can gain safe and convenient access to the ship after climbing not less than 1.5 metres (5 feet) and not more than 9 metres (30 feet). A single length of ladder shall be used capable of reaching the water from the point of access to the ship: in providing for this due allowance shall be made for all conditions of loading and trim of the ship and for an adverse list of 15°. Whenever the distance from sea level to the point of access to the ship is more than 9 metres (30 feet), access from the pilot ladder to the ship shall be by means of an accommodation ladder or other equally safe and convenient means.

(*iii*) The steps of the pilot ladder shall be:

(1) of hardwood, or other material of equivalent properties, made in one piece free of knots, having an efficient nonslip surface; the four lowest steps may be made of rubber of sufficient strength and stiffness or of other suitable material of equivalent characteristics;

(2) not less than 480 millimetres (19 inches) long, 115 millimetres (4½ inches) wide, and 25 millimetres (1 inch) in depth, excluding any non-slip device;

(3) equally spaced not less than 300 millimetres (12 inches) nor more than 380 millimetres (15 inches) apart and be secured in such a manner that they will remain horizontal.

(*iv*) No pilot ladder shall have more than two replacement steps which are secured in position by a method different from that used in the original construction of the ladder and any steps so secured shall be replaced as soon as reasonably practicable by steps secured in position by the method used in the original construction of the ladder. When any replacement step is secured to the side ropes of the ladder by means of grooves in the sides of the step, such grooves shall be in the longer sides of the step.

(v) The side ropes of the ladder shall consist of two uncovered manila ropes not less than 60 millimetres (2¼ inches) in circumference on each side. Each rope shall be continuous with no joins below the top step. Two man-ropes properly secured to the ship and not less than 65 millimetres (2½ inches) in circumference and a safety line shall be kept at hand ready for use if required.

(vi) Battens made of hardwood, or other material of equivalent properties, in one piece and not less than 1.80 metres (5 feet 10 inches) long shall be provided at such intervals as will prevent the pilot ladder from twisting. The lowest batten shall be on the fifth step from the bottom of the ladder and the interval between any batten and the next shall not exceed 9 steps.

(vii) Means shall be provided to ensure safe and convenient passage onto or into and off the ship between the head of the pilot ladder or of any accommodation ladder or other appliance provided. Where such passage is by means of a gateway in the rails or bulwark, adequate handholds shall be provided. Where such passage is by means of a bulwark ladder, such ladder shall be securely attached to the bulwark rail or platform and two handhold stanchions shall be fitted at the point of boarding or leaving the ship not less than 0.70 metre (2 feet 3 inches) nor more than 0.80 metre (2 feet 7 inches) apart. Each stanchion shall be rigidly secured to the ship's structure at or near its base and also at a higher point, shall be not less than 40 millimetres (1½ inches) in diameter and shall extend not less than 1.20 metres (3 feet 11 inches) above the top of the bulwark.

(viii) Lighting shall be provided at night such that both the pilot ladder overside and also the position where the pilot boards the ship shall be adequately lit. A lifebuoy equipped with a self-igniting light shall be kept at hand ready for use. A heaving line shall be kept at hand ready for use if required.

(ix) Means shall be provided to enable the pilot ladder to be used on either side of the ship.

(x) The rigging of the ladder and the embarkation and disembarkation of a pilot shall be supervised by a responsible officer of the ship.

(xi) Where on any ship constructional features such as rubbing bands would prevent the implementation of any of these provisions, special arrangements shall be made to the satisfaction of the Administration to ensure that persons are able to embark and disembark safely.

(*b*) *Mechanical pilot hoists*

(i) A mechanical pilot hoist, if provided, and its ancillary equipment shall be of a type approved by the Administration. It shall be of such design and construction as to ensure that the pilot can be embarked and disembarked in a safe manner including a safe access from the hoist to the deck and *vice versa*.

(ii) A pilot ladder complying with the provisions of paragraph (a) of this Regulation shall be kept on deck adjacent to the hoist and available for immediate use.

CERTIFIED true copy, in English and French, of the text of Resolution A.263 (VIII) adopted by the Assembly of the Inter-Governmental Maritime Consultative Organization on 20 November 1973 and of Annexes I to VII thereto comprising seven amendments to the International Convention for the Safety of Life at Sea, done in London on 17 June 1960, which amendments were adopted in conformity with Article IX(b) (i) of the aforesaid Convention, the original of which is deposited with the Inter-Governmental Maritime Consultative Organization.

For the Secretary-General of the Inter-Governmental Maritime Consultative Organization:

—— ——.

RESOLUTION A.264(VIII)

(*Adopted on 20 November 1973—Agenda item 9*)

AMENDMENT TO CHAPTER VI OF THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960

The Assembly,

Recognizing the need to improve safety of life at sea,

Noting Article 16(i) of the Convention on the Inter-Governmental Maritime Consultative Organization, concerning the functions of the Assembly with regard to regulations relating to maritime safety,

Noting Further that Article IX of the International Convention for the Safety of Life at Sea, 1960 provides for procedures of amendment involving participation of the Organization,

Recalling its Resolution A.184(VI) which recommended that the governments concerned accept the total application of the Grain Regulations set out in the Appendix to that Resolution as being equivalent to and a total alternative to the provisions of Chapter VI of the International Convention for the Safety of Life at Sea, 1960,

Recalling Further that by the same Resolution it requested the Maritime Safety Committee to study data compiled as the result of use of these Regulations with a view to practical evaluation of the Regulations and determining their suitability as an Amendment to Chapter VI of the International Convention for the Safety of Life at Sea, 1960,

Having Noted the successful completion of the study referred to above and the subsequent conclusion and recommendation of the Maritime Safety Committee, which does not relate to or affect the permanent structure of a ship within the meaning of Article IX (f) of that Convention,

Having Considered the amendment to the International Convention for the Safety of Life at Sea, 1960, forming the subject of the recommendation adopted by the Maritime Safety Committee at its twenty-seventh session in accordance with Article IX of that Convention, directed towards the improvement of requirements for the carriage of grain in bulk, *Resolves:*

(*a*) to adopt the amendment which replaces and suspersedes the present Chapter VI in its entirety and all reference to it with a new Chapter VI, the text of which is at Annex to this Resolution;

(*b*) to request the Secretary-General of the Organization to communicate in conformity with Article IX(b)(i), for purposes of acceptance, certified copies of this Resolution and its Annex to all Contracting Governments to the International Convention for the Safety of Life at Sea, 1960, together with copies to all Members of the Organization;

(*c*) to recommend that all governments put into effect as soon as possible the provisions of the amendment as a total replacement for the present Chapter VI;

(*d*) to invite all governments concerned to accept this amendment at the earliest possible date;

(*e*) to further recommend that the validity of approvals which have been issued under the existing Chapter VI prior to entry into force of the new Chapter VI should be left to the decision of each Administration of the country in which the ship is registered and such decision accepted by other Contracting Governments;

(*f*) to revoke Resolution A.184(VI) whilst recognizing that approvals issued under its provisions shall be considered as generally complying with the amended Chapter VI;

(*g*) to revoke Resolution A.185(VI); and

(*h*) to recommend that governments apply the principles of the proposed amended Chapter VI to cargo ships of less than 500 tons gross tonnage as far as reasonable and practicable.

Annex

NEW CHAPTER VI OF THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960

The existing Chapter VI is replaced by the following:

CHAPTER VI.—CARRIAGE OF GRAIN

PART A.—GENERAL PROVISIONS

Regulation 1.—Application

Unless expressly provided otherwise, this Chapter, including Parts A, B and C, applies to the carriage of grain in all ships to which the present Regulations apply.

Regulation 2.—Definitions

(*a*) The term "grain" includes wheat, maize (corn), oats, rye, barley, rice, pulses, seeds and processed forms thereof, whose behaviour is similar to that of grain in its natural state.

(*b*) The term "filled compartment" refers to any compartment in which, after loading and trimming as required under Regulation 3, the bulk grain is at its highest possible level.

(*c*) The term "partly filled compartment" refers to any compartment wherein bulk grain is not loaded in the manner prescribed in paragraph (b) of this Regulation.

(*d*) The term "angle of flooding" (θ_f) means an angle of heel at which openings in the hull, superstructures or deckhouses, which cannot be closed weathertight, immerse. In applying this definition, small openings through which progressive flooding cannot take place need not be considered as open.

Regulation 3.—Trimming of Grain

All necessary and reasonable trimming shall be performed to level all free grain surfaces and to minimize the effect of grain shifting.

(*a*) In any "filled compartment", the bulk grain shall be trimmed so as to fill all the spaces under the decks and hatch covers to the maximum extent possible.

(*b*) After loading, all free grain surfaces in "partly filled compartments" shall be level.

(*c*) The Administration issuing the document of authorization, may, under Regulation 9, grant dispensation from trimming in those cases where the underdeck void geometry resulting from free flowing grain into a compartment, which may be provided with feeding ducts, perforated decks or other similar means, is taken into account to its satisfaction when calculating the void depths.

Regulation 4.—Intact Stability Requirements

(*a*) The calculations required by this Regulation shall be based upon the stability information provided in accordance with Regulation 19 of Chapter II, or with the requirements of the Administration issuing the document of authorization under Regulation 10 of this Chapter.

(b) The intact stability characteristics of any ship carrying bulk grain shall be shown to meet, throughout the voyage, at least the following criteria after taking into account in the manner described in Part B, the heeling moments due to grain shift:

(i) the angle of heel due to the shift of grain shall be not greater than 12 degrees except that an Administration giving authorization in accordance with Regulation 10 may require a lesser angle of heel if it considers that experience shows this to be necessary;[1]

(ii) in the statical stability diagram, the net or residual area between the heeling arm curve and the righting arm curve up to the angle of heel of maximum difference between the ordinates of the two curves, or 40 degrees or the "angle of flooding (θ_f)", whichever is the least, shall in all conditions of loading be not less than 0.075 metre-radians; and

(iii) the initial metacentric height, after correction for the free surface effects of liquids in tanks, shall be not less than 0.30 metre.

(*c*) Before loading bulk grain the master shall, if so required by the Contracting Government of the country of the port of loading, demonstrate the ability of the ship at all stages of any voyage to comply with the stability criteria required by paragraph (b) of this Regulation using the information approved and issued under Regulations 10 and 11.

(*d*) After loading, the master shall ensure that the ship shall be upright before proceeding to sea.

Regulation 5.—Longitudinal Divisions and Saucers

(*a*) In both "filled compartments" and "partly filled compartments", longitudinal divisions may be provided as a device either to reduce the adverse heeling effect of grain shift or to limit the depth of cargo used for securing the grain surface. Such divisions shall be fitted grain-tight and constructed in accordance with the provisions of Section I of Part C.

(*b*) In a "filled compartment", a division, if fitted to reduce the adverse effects of grain shift, shall:

(i) in a 'tween-deck compartment extend from deck to deck; and

(ii) in a hold extend downwards from the underside of the deck or hatch covers as described in Section II of Part B.

Except in the case of linseed and other seeds having similar properties, a longitudinal division beneath a hatchway may be replaced by a saucer formed in the manner described in Section I of Part C.

(*c*) In a "partly filled compartment", a division, if fitted, shall extend from one-eighth of the maximum breadth of the compartment above the level of the grain surface and to the same distance below the grain surface. When used to limit the depth of overstowing, the height of the centreline division shall be at least 0.6 meter above the level grain surface.

(*d*) Furthermore, the adverse heeling effects of grain shift may be reduced by tightly stowing the wings and ends of a compartment with bagged grain or other suitable cargo adequately restrained from shifting.

Regulation 6.—Securing

(*a*) Unless account is taken of the adverse heeling effect due to grain shift in accordance with these Regulations, the surface of the bulk grain in any "partly filled compartment" shall be level and topped off with bagged grain tightly stowed and extending to a height of not less than one-sixteenth of the maximum breadth of the free grain surface or 1.2 metres, whichever is the greater. Instead of bagged grain, other suitable cargo exterting at least the same pressure may be used.

(*b*) The bagged grain or such other suitable cargo shall be supported in the manner described in Section II of Part C. Alternatively, the bulk grain surface may be secured by strapping or lashing as described in Section II of Part C.

Regulation 7.—Feeders and Trunks

If feeders or trunks are fitted, proper account shall be taken of the effects thereof when calculating the heeling moments as described in Section III of Part B. The strength of the divisions forming the boundaries of such feeders shall conform with the provisions of Section I of Part C.

Regulation 8.—Combination Arrangements

Lower holds and 'tween deck spaces in way thereof may be loaded as one compartment provided that, in calculating transverse heeling moments, proper account is taken of the flow of grain into the lower spaces.

Regulation 9.—Application of Parts B and C

An Administration or a Contracting Government on behalf of an Administration may authorize departure from the assumptions contained in Part B and C in those cases where it considers this to be justified having regard to the provisions for loading or the structural arrangements, provided the stability criteria in Regulation 4(b) are met. When such authorization is granted under this Regulation, particulars shall be included in the document of authorization or grain loading data.

Regulation 10.—Authorization

(*a*) A document of authorization shall be issued for every ship loaded in accordance with these Regulations either by the Administration or an organization recognized by it or by a Contracting Government on behalf of the Administration. It shall be accepted as evidence that the ship is capable of complying with the requirements of these Regulations.

(*b*) The document shall accompany and refer to the grain loading stability booklet provided to enable the master to meet the requirements of Regulation 4(c). This booklet shall meet the requirements of Regulation 11.

(*c*) Such a document, grain loading stability data and associated plans may be drawn up in the official language or languages of the issuing country. If the language used is neither English nor French, the text shall include a translation into one of these languages.

(*d*) A copy of such a document, grain loading stability data and associated plans shall be placed on board in order that the master, if so required, shall product them for the inspection of the Contracting Government of the country of the port of loading.

(*e*) A ship without such a document of authorization shall not load grain until the master demonstrates to the satisfaction of the Administration or the Contracting Government of the port of loading on behalf of the Administration that the ship in its proposed loaded condition will comply with the requirements of these Regulations.

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[1] For example, the permissible angle of heel might be limited to the angle of heel at which the edge of the weather deck would be immersed in still water.

Regulation 11.—Grain Loading Information

This information shall be sufficient to allow the master to determine in all reasonable loading conditions the heeling moments due to grain shift calculated in accordance with Part B. It shall include the following:

(*a*) Information which shall be approved by the Administration or by a Contracting Government on behalf of the Administration:

(*i*) curves or tables of grain heeling moments for every compartment, filled or partly filled, or combination thereof, including the effects of temporary fittings;

(*ii*) tables of maximum permissible heeling moments or other information sufficient to allow the master to demonstrate compliance with the requirements of Regulation 4(c);

(*iii*) details of the scantlings of any temporary fittings and where applicable the provisions necessary to meet the requirements of Section I(E) of Part C;

(*iv*) typical loaded service departure and arrival conditions and where necessary, intermediate worst service conditions;

(*v*) a worked example for the guidance of the master;

(*vi*) loading instructions in the form of notes summarizing the requirements of this Chapter.

(*b*) Information which shall be acceptable to the Administration or to a Contracting Government on behalf of the Administration:

(*i*) ship's particulars;

(*ii*) lightship displacement and the vertical distance from the intersection of the moulded base line and midship section to the centre of gravity (KG);

(*iii*) table of free surface corrections;

(*iv*) capacities and centres of gravity.

Regulation 12.—Equivalents

Where an equivalent accepted by the Administration in accordance with Regulation 5 of Chapter I is applied, particulars shall be included in the document of authorization or grain loading data.

Regulation 13.—Exemptions for Certain Voyages

The Administration, or a Contracting Government on behalf of the Administration, may, if it considers that the sheltered nature and conditions of the voyage are such as to render the application of any of the requirements of Regulations 3 to 12 of this Chapter unreasonable or unnecessary, exempt from those particular requirements individual ships or classes of ships.

PART B.—CALCULATION OF ASSUMED HEELING MOMENTS

SECTION I.—Description of the Assumed Voids and Method of Calculating Intact Stability.

SECTION II.—Assumed Volumetric Heeling Moment of a Filled Compartment.

SECTION III.—Assumed Volumetric Heeling Moment of Feeders and Trunks.

SECTION IV.—Assumed Volumetric Heeling Moment of Partly Filled Compartments.

SECTION V.—Alternative Loading Arrangements for Existing Ships.

SECTION I.—DESCRIPTION OF THE ASSUMED VOIDS AND METHOD OF CALCULATING INTACT STABILITY

(*A*) *General*

(*a*) For the purpose of calculating the adverse heeling moment due to a shift of cargo surface in ships carrying bulk grain it shall be assumed that:

(*i*) In "filled compartments" which have been trimmed in accordance with Regulation 3 a void exists under all boundary surfaces having an inclination to the horizontal less than 30 degrees and that the void is parallel to the boundary surface having an average depth calculated according to the formula:

$Vd = Vd_1 + 0.75(d - 600)$ mm

Where:

Vd = Average void depth in mm;

Vd_1 = Standard void depth from Table I below;

d = Actual girder depth in mm.

In no case shall Vd be assumed to be less than 100 mm.

TABLE I

Distance from hatchend or hatchside to boundary of compartment (*metres*):	Standard void depth Vd_1 *mm*
0.5	570
1.0	530
1.5	500
2.0	480
2.5	450
3.0	440
3.5	430
4.0	430
4.5	430
5.0	430
5.5	450
6.0	470
6.5	490
7.0	520
7.5	550
8.0	590

Notes on Table I

For distances greater than 8.0 metres the standard void depth Vd_1 shall be linearly extrapolated at 80 mm increase for each 1.0 metre increase in distance. Where there is a difference in depth between the hatchside girder or its continuation and the hatchend beam the greater depth shall be used except that:

(1) when the hatchside girder or its continuation is shallower than the hatchend beam the voids abreast the hatchway may be calculated using the lesser depth; and

(2) when the hatchend beam is shallower than the hatchside girder or its continuation the voids fore and aft of the hatchway inboard of the continuation of the hatchside girder may be calculated using the lesser depth;

(3) where there is a raised deck clear of a hatchway the average void depth measured from the underside of the raised deck shall be calculated using the standard void depth in association with a girder depth of the hatchend beam plus the height of the raised deck.

(ii) In "filled compartments" which are not trimmed in accordance with Regulation 3 and where the boundary surface has an inclination to the horizontal which is less than 30 degrees, the cargo surface has an inclination of 30 degrees to the horizontal after loading.

(iii) Within filled hatchways and in addition to any open void within the hatch cover there is a void of average depth of 150 mm measured down to the grain surface from the lowest part of the hatch cover or the top of the hatchside coaming, whichever is the lower.

(b) The description of the pattern of grain surface behaviour to be assumed in "partly filled compartments" is shown in Section IV of this Part.

(c) For the purpose of demonstrating compliance with the stability criteria in Regulation 4(b) (see Figure 1), the ship's stability calculations shall be normally based upon the assumption that the centre of gravity of cargo in a "filled compartment" is at the volumetric centre of the whole cargo space. In those cases where the Administration authorizes account to be taken of the effect of assumed underdeck voids on the vertical position of the centre of gravity of the cargo in "filled compartments" it will be necessary to compensate for the adverse effect of the vertical shift of grain surfaces by increasing the assumed heeling moment due to the transverse shift of grain as follows:

total heeling moment = 1.06 × calculated transverse heeling moment.

In all cases the weight of cargo in a "filled compartment" shall be the volume of the whole cargo space divided by the stowage factor.

(*d*) In "partly filled compartments" the adverse effect of the vertical shift of grain surfaces shall be taken into account as follows:

total heeling moment = 1.12 × calculated transverse heeling moment.

(*e*) Any other equally effective method may be adopted to make the compensation required in paragraphs (*c*) and (*d*) above.

(FIGURE 1—Not printed in RECORD.)

Notes on Figure 1

(1) Where:

$$\lambda_0 = \frac{\text{Assumed Volumetric Heeling Moment due to Transverse Shift}}{\text{Stowage Factor} \times \text{Displacement}}$$

$\lambda_{40} = 0.8 \times \lambda_0$;

Stowage factor = Volume per unit weight of grain cargo;
Displacement = Weight of ship, fuel, fresh water, stores etc. and cargo.

(2) The righting arm curve shall be derived from cross-curves which are sufficient in number to accurately define the curve for the purpose of these requirements and shall include cross-curves at 12 degrees and 40 degrees.

SECTION II.—ASSUMED VOLUMETRIC HEELING MOMENT OF A FILLED COMPARTMENT

(*A*) *General*

(*a*) The pattern of grain surface movement relates to a transverse section across the portion of the compartment being considered and the resultant heeling moment should be multiplied by the length to obtain the total moment for that portion.

(*b*) The assumed transverse heeling moment due to grain shifting is a consequence of final changes of shape and position of voids after grain has moved from the high side to the low side.

(*c*) The resulting grain surface after shifting shall be assumed to be at 15 degrees to the horizontal.

(*d*) In calculating the maximum void area that can be formed against a longitudinal structural member, the effects of any horizontal surfaces, e.g., flanges or face bars, shall be ignored.

(*e*) The total areas of the initial and final voids shall be equal.

(*f*) A discontinuous longitudinal division shall be considered effective over its full length.

(*B*) *Assumptions*

In the following paragraphs it is assumed that the total heeling moment for a compartment is obtained by adding the results of separate considerations of the following portions:

(*a*) Before and abaft hatchways:

(i) If a compartment has two or more main hatchways through which loading may take place the depth of the underdeck void for the portion(s) between such hatchways shall be determined using the fore and aft distance to the midpoint between the hatchways.

(ii) After the assumed shift of grain the final void pattern shall be as shown in Figure 2 below:

(FIGURE 2—Not printed in RECORD.)

Notes on Figure 2

(1) If the maximum void area which can be formed against the girder at B is less than the initial area of the void under AB, i.e. AB x Vd, the excess area shall be assumed to transfer to the final void on the high side.

(2) If the longitudinal division at C is one which has been provided in accordance

with Regulation 5(b)(ii) it shall extend to at least 0.60 metre below D or E whichever gives the greater depth.

(b) In and abreast hatchways:

After the assumed shift of grain the final void pattern shall be as shown in the following Figure 3 or Figure 4.

(FIGURE 3—Not printed in RECORD.)

Notes on Figure 3

(1) AB Any area in excess of that which can be formed against the girder at B shall transfer to the final void area in the hatchway.

(2) CD Any area in excess of that which can be formed against the girder at E shall transfer to the final void area on the high side.

(FIGURE 4—Not printed in RECORD.)

Notes on Figure 4

(1) If the centreline division is one which has been provided in accordance with Regulation 5(b)(ii) it shall extend to at least 0.6 m below H or J whichever gives the greater depth.

(2) The excess void area from AB shall transfer to the low side half of the hatchway in which two separate final void areas will be formed *viz.* one against the centreline division and the other against the hatchside coaming and girder on the high side.

(3) If a bagged saucer or bulk bundle is formed in a hatchway it shall be assumed, for the purpose of calculating transverse heeling moment, that such a device is at least equivalent to the centreline division.

(C) Compartments Loaded in Combination

The following paragraphs describe the pattern of void behavious which shall be assumed when compartments are loaded in combination:

(*a*) Without effective centreline divisions:

(*i*) Under the upper deck—as for the single deck arrangement described in Section II(B) of this Part.

(*ii*) Under the second deck—the area of void available for transfer from the low side, i.e. original void area less area against the hatchside girder, shall be assumed to transfer as follows: one half to the upper deck hatchway and one quarter each to the high side under the upper and second deck.

(*iii*) Under the third and lower decks—the void areas available for transfer from the low side of each of these decks shall be assumed to transfer in equal quantities to all the voids under the desks on the high side and the void in the upper deck hatchway.

(*b*) With effective centerline divisions which extend into the upper deck hatchway:

(*i*) At all deck levels abreast the division the void areas available for transfer from the low side shall be assumed to transfer to the void under the low side half of the upper deck hatchway.

(*ii*) At the deck level immediately below the bottom of the division the void area available for transfer from the low side shall be assumed to transfer as fololws: one half to the void under the low side half of the upper deck hatchway and the remainder in equal quantities to the voids under the decks on the high side.

(*iii*) At deck levels lower than those described in sub-paragraphs (*i*) and (*ii*) above the void area available for transfer from the low side of each of those decks shall be assumed to transfer in equal quantities to the voids in each of the two halves of the upper deck hatchway on each side of the division and the voids under the decks on the high side.

(*c*) With effective centreline divisions which do not extend into the upper deck hatchway: Since no horizontal transfer of voids may be assumed to take place at the same deck level as the division the void area available for transfer from the low side at this level shall be assumed to transfer above the division to voids on the high sides in accordance with principles of paragraphs (*a*) and (*b*) above.

SECTION III.—ASSUMED VOLUMETRIC HEELING MOMENT OF FEEDERS AND TRUNKS

(A) Suitably Placed Wing Feeders (See Figure 5)

It may be assumed that under the influence of ship motion underdeck voids will be substantially filled by the flow of grain from a pair of longitudinal feeders provided that:

(*a*) the feeders extend for the full length of the deck and that the perforations therein are adequately spaced;

(*b*) the volume of each feeder is equal to the volume of the underdeck void outboard of the hatchside girder and its continuation.

(FIGURE 5—Not printed in RECORD.)

(B) Trunks Situated Over Main Hatchways

After the assumed shift of grain the final void pattern shall be as shown in Figure 6.

(FIGURE 6—Not printed in the RECORD.)

Note on Figure 6

If the wing spaces in way of the trunk cannot be properly trimmed in accordance with Regulation 3 it shall be assumed that a 25 degree surface shift takes place.

SECTION IV.—ASSUMED VOLUMETRIC HEELING MOMENT OF PARTLY FILLED COMPARTMENTS

(A) General

When the free surface of the bulk grain has not been secured in accordance with Regulation 6 it shall be assumed that the grain surface after shifting shall be at 25° to the horizontal.

(B) Discontinuous Longitudinal Divisions

In a compartment in which the longitudinal divisions are not continuous between the transverse boundaries, the length over which any such divisions are effective as devices to prevent full width shifts of grain surfaces shall be taken to be the actual length of the portion of the division under consideration less two-sevenths of the greater of the transverse distances between the division and its adjacent division or ship's side.

This correction does not apply in the lower compartments of any combination loading in which the upper compartment is either a "filled compartment" or a "partly filled compartment".

SECTION V.—ALTERNATIVE LOADING ARRANGEMENTS FOR EXISTING SHIPS

(A) General

A ship loaded in accordance with either Sub-Section (C) below shall be considered to have intact stability characteristics at least equivalent to the requirements of Regulation 4(b). Documents of authorization permitting such loadings shall be accepted under the provisions of Regulation 10(e).

For the purpose of this Part, the term "Existing Ship" means a ship, the keel of which is laid before the date of coming into force of this Chapter.

(B) Stowage of Specially Suitable Ships

(*a*) Notwithstanding anything contained in Part B of this Chapter, bulk grain may be carried without regard to the requirements specified therein in ships which are constructed with two or more vertical or sloping grain-tight longitudinal divisions suitably disposed to limit the effect of any traverse shift of grain under the following conditions:

(*i*) as many holds and compartments as possible shall be full and trimmed full;

(*ii*) for any specified arrangement of stowage the ship will not list to an angle greater than 5 degrees at any stage of the voyage where:

(1) in holds or compartments which have been trimmed full the grain surface settled 2 per cent by volume from the original surface and shifts to an angle of 12 degrees with that surface under all boundaries of these holds and compartments which have an inclination of less than 30 degrees to the horizontal;

(2) in partly filled compartments *or* holds" free grain surfaces settle and shift as in subparagraph (ii) (1) of this paragraph or to such larger angle as may be deemed necessary by the Administration, or by a Contracting Government on behalf of the Administration, and grain surfaces if overstowed in accordance with Regulation 5 of this Chapter shift to an angle of 8 degrees with the original levelled surfaces. For the purpose of sub-paragraph (ii) of this paragraph shifting boards, if fitted, will be considered to limit the transverse shift of the surface of the grain;

(*iii*) the master is provided with a grain loading plan covering the stowage arrangements to be adopted and a stability booklet, both approved by the Administration, or by a Contracting Government on behalf of the Administration, showing the stability conditions upon which the calculations given in subparagraph (ii) of this paragraph are based.

(b) The Administration, or a Contracting Government on behalf of the Administration, shall prescribe the precautions to be taken against shifting in all other conditions of loading of ships designed in accordance with paragraph (B)(a) of this Section which meet the requirements of subparagraphs (ii) and (iii) of that paragraph.

(C) Ships Without Documents of Authorization

A ship not having on board documents of authorization issued in accordance with Regulations 4 and 10 may be permitted to load bulk grain under the requirements of Sub-Section (B) above or provided that:

(*a*) All "filled compartments" shall be fitted with centreline divisions extending for the full length of such compartments which extend downwards from the underside of the deck or hatch covers to a distance below the deck line of at least one-eighth of the maximum breadth of the compartment or 2.4 metres, whichever is the greater except that saucers constructed in accordance with Section II of Part C may be accepted in lieu of a centreline division in and beneath a hatchway.

(*b*) All hatches to "filled compartments" shall be closed and covers secured in place.

(*c*) All free grain surfaces in "partly filled compartments" shall be trimmed level and secured in accordance with Section II of Part C.

(*d*) Throughout the voyage the metacentric height after correction for the free surface effects of liquids in tanks shall be 0.3 metre or that given by the following formula, whichever is the greater:

$$GM_R=\frac{LBVd(0.25\,B-0.645\sqrt{Vd\,B})}{SF\times\Delta\times0.0875}$$

Where:

L = total combined length of all full compartments;

B = moulded breath of vessel;

SF = stowage factor;

Vd = calculated average void depth as per paragraph (a)(i) of Section 1(A) of this Part;

Δ = displacement

PART C.—GRAIN FITTINGS AND SECURING

SECTION I.—Strength of grain fittings:

(A) General (including working stresses).

(B) Divisions loaded on both sides.

(C) Divisions loaded on one side only.

(D) Saucers.

(E) Bundling of bulk.

(F) Securing hatch covers in filled compartments.

SECTION II.—Securing of partly filled compartments:

(A) Strapping or lashing.

(B) Overstowing arrangements.

(C) Bagged grain.

SECTION I.—STRENGTH OF GRAIN FITTINGS

(*A*) *General*

(*a*) *Timber.* All timber used for grain fittings shall be of good sound quality and of a type and grade which has been proved to be satisfactory for this purpose. The actual finished dimensions of the timber shall be in accordance with the dimensions hereinafter specified in this Part. Plywood of an exterior type bonded with waterproof glue and fitted so that the direction of the grain in the face plies is perpendicular to the supporting uprights or binder may be used provided that its strength is equivalent to that of solid timber of the appropriate scantlings.

(*b*) *Working Stresses.* When calculating the dimensions of divisions loaded on one side, using the Tables in paragraphs (C) (a) and (b) of this Part, the following working stresses should be adopted:

For divisions of steel	2000 kg per square cm
For divisions of wood	160 kg per square cm

(*c*) *Other Materials.* Materials other than wood or steel may be approved for such divisions provided that proper regard has been paid to their mechanical properties.

(*d*) *Uprights.*

(*i*) Unless means are provided to prevent the ends of uprights being dislodged from their sockets, the depth of housing at each end of each upright shall be not less than 75 mm. If an upright is not secured at the top, the uppermost shore or stay shall be fitted as near thereto as is practicable.

(*ii*) The arrangements provided for inserting shifting boards by removing a part of the cross-section of an upright shall be such that the local level of stresses is not unduly high.

(*iii*) The maximum bending moment imposed upon an upright supporting a division loaded on one side shall normally be calculated assuming that the ends of the uprights are freely supported. However, if an Administration is satisfied that any degree of fixity assumed will be achieved in practice, account may be taken of any reduction in the maximum bending moment arising from any degree of fixity provided at the ends of the upright.

(*e*) *Composite Section.* Where uprights, binders or any other strength members are formed by two separate sections, one fitted on each side of a division and inter-connected by through bolts at adequate spacing, the effective section modules shall be taken as the sum of the two moduli of the separate sections.

(*f*) *Partial Division.* Where divisions do not extend to the full depth of the hold such divisions and their uprights shall be supported or stayed so as to be as efficient as those which do extend to the full depth of the hold.

(*B*) *Divisions Loaded on Both Sides*

(*a*) *Shifting Boards*

(*i*) Shifting boards shall have a thickness of not less than 50 mm and shall be fitted grain-tight and where necessary supported by uprights.

(*ii*) The maximum unsupported span for shifting boards of various thicknesses shall be as follows:

Thickness (mm):	*Maximum Unsupported Span (metres)*
50	2.5
60	3.0
70	3.5
80	4.0

If thicknesses greater than these are provided the maximum unsupported span will vary directly with the increase in thickness.

(*iii*) The ends of all shifting boards shall be securely housed with 75 mm minimum bearing length.

(*b*) *Other Materials.* Divisions formed by using materials other than wood shall have a strength equivalent to the shifting boards required in paragraph (B) (a) above.

(*c*) *Uprights.*

(*i*) Steel uprights used to support divisions loaded on both sides shall have a section modulus given by

$$W=a \text{ x } W_1$$

Where:

W=section modulus in cm^3;

a=horizontal span between uprights in metres.

The section modulus per metre span W_1 shall be not less than that given by the formula:

$W_1=14.8(h_1-1.2)$ cm^3 per metre;

Where: h_1 is the vertical unsupported span in metres and shall be taken as the maximum value of the distance between any two adjacent stays or between the stay and either end of the upright. Where this distance is less than 2.4 metres the respective modulus shall be calculated as if the actual value was 2.4 metres.

(*ii*) the moduli of wood uprights shall be determined by multiplying by 12.5 the corresponding moduli for steel uprights. If other materials are used their moduli shall be at least that required for steel increased in proportion to the ratio of the permissible stresses for steel to that of the material used. In such cases attention shall be paid also to the relative rigidity of each upright to ensure that the deflection is not excessive.

(*iii*) The horizonal distance between uprights shall be such that the unsupported spans of the shifting boards do not exceed the maximum span specified in paragraph (B) (a) (ii) of this Section.

(*d*) *Shores.*

(*i*) Wood shores, when used, shall be in a single piece and shall be securely fixed at each end and heeled against the permanent structure of the ship except that they shall not bear directly against the side plating of the ship.

(*ii*) Subject to the provisions of sub-paragraphs (iii) and (iv) below, the minimum size of wood shores shall be as follows:

Length of shore in meters	Rectangular section (mm)	Diameter of circular section (mm)
Not exceeding 3 m	150×100	140
Over 3 m but not exceeding 5 m	150×150	165
Over 5 m but not exceeding 6 m	150×150	180
Over 6 m but not exceeding 7 m	200×150	190
Over 7 m but not exceeding 8 m	200×150	200
Exceeding 8 m	200×150	215

Shores of 7 metres or more in length shall be securely bridged at approximately mid-length.

(*iii*) When the horizontal distance between the uprights differs significantly from 4 metres, the moments of inertia of the shores may be changed in direct proportion.

(*iv*) Where the angle of the shore to the horizontal exceeds 10 degrees the next larger shore to that required by sub-paragraph (ii) of this paragraph shall be fitted provided that in no case shall the angle between any shore and the horizontal exceed 45 degrees.

(*e*) *Stays.* Where stays are used to support divisions loaded on both sides, they shall be fitted horizontally or as near thereto as practicable, well secured at each end and formed of steel wire rope. The sizes of the wire rope shall be determined assuming that the divisions and upright which the stay supports are uniformly loaded at 500 kg/m^2. The working load so assumed in the stay shall not exceed one-third of its breaking load.

(*C*) *Divisions Loaded on One Side Only*

(*a*) *Longitudinal Divisions.* The load in kg per metre length of the division shall be taken to be as follows:

TABLE I[1]

h(m)	B(m)							
	2	3	4	5	6	7	8	10
1.5	850	900	1, 010	1, 225	1, 500	1, 770	2, 060	2, 645
2.0	1, 390	1, 505	1, 710	1, 985	2, 295	2, 605	2, 930	3, 590
2.5	1, 985	2, 160	2, 430	2, 740	3, 090	3, 425	3, 800	4, 535
3.0	2, 615	2, 845	3, 150	3, 500	3, 885	4, 270	4, 670	5, 480
3.5	3, 245	3, 525	3, 870	4, 255	4, 680	5, 100	5, 540	6, 425
4.0	3, 890	4, 210	4, 590	5, 015	5, 475	5, 935	6, 410	7, 370
4.5	4, 535	4, 890	5, 310	5, 770	6, 270	6, 765	7, 280	8, 315
5.0	5, 185	4, 570	6, 030	6, 530	7, 065	7, 600	8, 150	9, 260
6.0	6, 475	6, 935	7, 470	8, 045	8, 655	9, 265	9, 890	11, 150
7.0	7, 765	8, 300	8, 910	9, 560	10, 245	10, 930	11, 630	13, 040
8.0	9, 055	9, 665	10, 350	11, 075	11, 835	12, 595	13, 370	14, 930
9.0	10, 345	11, 030	11, 790	12, 590	13, 425	14, 260	15, 110	16, 820
10.0	11, 635	12, 395	13, 230	14, 105	15, 015	15, 925	16, 850	18, 710

[1] For the purpose of converting the above loads into British units (tons per foot) 1 kg per meter length shall be taken to be equivalent to 0.0003 ton per foot length.

Note: h=Height of grain in meters from the bottom of the division. Where the distance from a division to a feeder or hatchway is 1 meter or less, the height (h) shall be taken to the level of the grain within that hatchway or feeder. In all cases the height shall be taken to the overhead deck in way of the division. B=Transverse extent of the bulk grain in meters. For other values of h or B the loads shall be determined by linear interpolation or extrapolation as necessary.

(*b*) *Transverse Divisions.* The load in the kg per metre length of the divisions shall be taken to be as follows:

TABLE II[1]

h(m)	L(m) 2	3	4	5	6	7	8	10	12	14	16
1.5	670	690	730	780	835	890	935	1,000	1,040	1,050	1,050
2.0	1,040	1,100	1,170	1,245	1,325	1,400	1,470	1,575	1,640	1,660	1,660
2.5	1,460	1,565	1,675	1,780	1,880	1,980	2,075	2,210	2,285	2,305	2,305
3.0	1,925	2,065	2,205	2,340	2,470	2,590	2,695	2,845	2,925	2,950	2,950
3.5	2,425	2,605	2,770	2,930	3,075	3,205	3,320	3,480	3,570	3,595	3,595
4.0	2,950	3,160	3,355	3,535	3,690	3,830	3,905	4,120	4,210	4,235	4,240
4.5	3,495	3,725	3,940	4,130	4,295	4,440	4,565	4,750	4,850	4,880	4,885
5.0	4,059	4,305	4,535	4,735	4,910	5,060	5,190	5,385	5,490	5,525	5,530
6.0	5,175	5,456	5,720	5,945	6,135	6,300	6,445	6,655	6,775	6,815	6,825
7.0	6,300	6,620	6,905	7,150	7,365	7,445	7,700	7,930	8,055	8,105	8,115
8.0	7,425	7,780	8,090	8,360	8,590	8,685	8,950	9,200	9,340	9,395	9,410
9.0	8,550	8,935	9,275	9,565	9,820	9,930	10,205	10,475	10,620	10,685	10,705
10.0	9,680	10,095	10,460	10,770	11,045	11,270	11,460	11,745	11,905	11,975	11,997

[1] For the purpose of converting the above loads into British units (ton per foot) 1 kg per meter length shall be taken to be equivalent to 0.0003-ton-per-foot length.

Notes:

h=Height of grain in meters from the bottom of the division. Where the distance from a division to a feeder or hatchway is 1 meter or less, the height (h) shall be taken to the level of the grain within that hatchway or feeder. In all cases the height shall be taken to the overhead deck in way of the division.

L=Longitudinal extent of the bulk grain in meters.

For other values of h or L the loads shall be determined by linear interpolation or extrapolation as necessary.

(c) *Vertical Distribution of the Loads.* The total load per unit length of divisions shown in the Tables I and II above may, if considered necessary, be assumed to have a trapezoidal distribution with height. In such cases, the reaction loads at the upper and lower ends of a vertical member or upright are not equal. The reaction loads at the upper end expressed as percentages of the total load supported by the vertical member or upright shall be taken to be those shown in Tables II and IV below.

TABLE III.—LONGITUDINAL DIVISIONS LOADED ON 1 SIDE ONLY

[Bearing reaction at the upper end of upright as percentage of load (table 1)]

h(m)	B(m) 2	3	4	5	6	7	8	10
1.5	43.3	45.1	45.9	46.2	46.2	46.2	46.2	46.2
2.0	44.5	46.7	47.6	47.8	47.8	47.8	47.8	47.8
2.5	45.4	47.6	48.6	48.8	48.8	48.8	48.8	48.8
3.0	46.0	48.3	49.2	49.4	49.4	49.4	49.4	49.4
3.5	46.5	48.8	49.7	49.8	49.8	49.8	49.8	49.8
4.0	47.0	49.1	49.9	50.1	50.1	50.1	50.1	50.1
4.5	47.4	49.4	50.1	50.2	50.2	50.2	50.2	50.2
5.0	47.7	49.4	50.1	50.2	50.2	50.2	50.2	50.2
6.0	47.9	49.5	50.1	50.2	50.2	50.2	50.2	50.2
7.0	47.9	49.5	50.1	50.2	50.2	50.2	50.2	50.2
8.0	47.9	49.5	50.1	50.2	50.2	50.2	50.2	50.2
9.0	47.9	49.5	50.1	50.2	50.2	50.2	50.2	50.2
10.0	47.9	49.5	50.1	50.2	50.2	50.2	50.2	50.2

Notes:

B=Transverse extent of the bulk grain in meters.

For other values of h or B the reaction loads shall be determined by linear interpolation or extrapolation as necessary.

TABLE IV.—TRANSVERSE DIVISIONS LOADED ON 1 SIDE ONLY

[Bearing reaction at the upper end of upright as percentage of load (table II)]

h(m)	L(m) 2	3	4	5	6	7	8	10	12	14	16
1.5	37.3	38.7	39.7	40.6	41.4	42.1	42.6	43.6	44.3	44.8	45.0
2.0	39.6	40.6	41.4	42.1	42.7	43.1	43.6	44.3	44.7	45.0	45.2
2.5	41.0	41.8	42.5	43.0	43.5	43.8	44.2	44.7	45.0	45.2	45.2
3.0	42.1	42.8	43.3	43.8	44.2	44.5	44.7	45.0	45.2	45.3	45.3
3.5	42.9	43.5	43.9	44.3	44.6	44.8	45.0	45.2	45.3	45.3	45.3
4.0	43.5	44.0	44.4	44.7	44.9	45.0	45.2	45.4	45.4	45.4	45.4
5.0	43.9	44.3	44.6	44.8	45.0	45.2	45.3	45.5	45.5	45.5	45.5
6.0	44.2	44.5	44.8	45.0	45.2	45.3	45.4	45.6	45.6	45.6	45.6
7.0	44.3	44.6	44.9	45.1	45.3	45.4	45.5	45.6	45.6	45.6	45.6
8.0	44.3	44.6	44.9	45.1	45.3	45.4	45.5	45.6	45.6	45.6	45.6
9.0	44.3	44.6	44.9	45.1	45.3	45.4	45.5	45.6	45.6	45.6	45.6
10.0	44.3	44.6	44.9	45.1	45.3	45.4	45.5	45.6	45.6	45.6	45.6

Notes:

L=longitudinal extent of the bulk grain in meters.

For other values of h or L the reaction loads shall be determined by linear interpolation or extrapolation as necessary.

The strength of the end connections of such vertical members or uprights may be calculated on the basis of the maximum load likely to be imposed at either end. These loads are as follows:

Longitudinal Divisions:

Maximum load at the top ---------- 50% of the appropriate total load from Table I.

Maximum load at the bottom ------ 55% of the appropriate total load from Table I.

Transverse Divisions:

Maximum load at the top ---------- 45% of the appropriate total load from Table II.

Maximum load at the bottom ------ 60% of the appropriate total load from Table II.

The thickness of horizontal wooden boards may also be determined having regard to the vertical distribution of the loading represented by Tables III and IV above and in such cases

$$t=10a\sqrt{\frac{p\times k}{h\times 213.3}}$$

Where:

t=thickness of board in mm;

a=horizontal span of the board i.e. distance between uprights in metres;

h=head of grain to the bottom of the division in metres;

p=total load per unit length derived from Table I or II in kg;

k=factor dependent upon vertical distribution of the loading.

When the vertical distribution of the loading is assumed to be uniform, i.e. rectangular, k shall be taken as equal to 1.0. For a trapezoidal distribution

$$k=1.0+0.06(50-R)$$

Where:

R is the upper end bearing reaction taken from Table III or IV.

(*d*) *Stays or Shores.* The sizes of stays and shores shall be so determined that the loads derived from Tables I and II in the preceding paragraphs (a) and (b) shall not exceed one-third of the breaking loads.

(*D*) *Saucers*

When a saucer is used to reduce the heeling moments in a "filled compartment", its depth, measured from the bottom of the saucer to the deck line, shall be as follows:

For ships with a moulded breadth of up to 9.1 metres, not less than 1.2 metres.

For ships with a moulded breadth of 18.3 metres or more, not less than 1.8 metres.

For ships with a moulded breadth between 9.1 metres and 18.3 metres, the minimum depth of the saucer shall be calculated by interpolation.

The top (mouth) of the saucer shall be formed by the underdeck structure in the way of the hatchway, i.e., hatchside girders or coamings and hatched beams. The saucer and hatchway above shall be completely filled with bagged grain or other suitable cargo laid down on a separation cloth or its equivalent and stowed tightly against adjacent structures and the portable hatchway beams if the latter are in place.

(*E*) *Bundling of Bulk*

As an alternative to filling the saucer with bagged grain or other suitable cargo a bundle of bulk grain may be used provided that:

(*a*) The saucer is lined with a material acceptable to the Administration having a tensile strength of not less than 274 kg per 5 cm strip and which is provided with suitable means for securing at the top.

(*b*) As an alternative to paragraph (a) above a material acceptable to the Administration having a tensile strength of not less than 137 kg per 5 cm strip may be used if the saucer is constructed as follows:

Athwartship lashings acceptable to the Administration shall be placed inside the saucer formed in the bulk grain at intervals of not more than 2.4 metres. These lashings shall be of sufficient length to permit being drawn up tight and secured at the top of the saucer.

Dunnage not less than 25 mm in thickness or other suitable material of equal strength and between 150 to 300 mm in width shall be placed fore and aft over these lashings to prevent the cutting or chafing of the material which shall be placed thereon to line the saucer.

(*c*) The saucer shall be filled with bulk grain and secured at the top except that when using material approved under paragraph (b) above further dunnage shall be laid on top after lapping the material before the saucer is secured by setting up the lashings.

(*d*) If more than one sheet of material is used to line the saucer they shall be joined at the bottom either by sewing or a double lap.

(*e*) The top of the saucer shall be coincidental with the bottom of the beams when these are in place and suitable general cargo or bulk grain may be placed between the beams on top of the saucer.

(*F*) *Securing Hatch Covers of Filled Compartments*

If there is no bulk grain or other cargo above a "filled compartment" the hatch covers shall be secured in an approved manner having regard to the weight and permanent arrangements provided for securing such covers.

The documents of authorization issued under Regulation 10 shall include reference to the manner of securing considered necessary by the Administration issuing such documents.

SECTION II.—SECURING OF PARTLY FILLED COMPARTMENT

(*A*) *Strapping or Lashing*

(*a*) When, in order to eliminate heeling moments in "partly filled compartments", strapping or lashing is utiilzed, the securing shall be accomplished as follows:

(*i*) The grain shall be trimmed and levelled to the extent that it is very slightly crowned and covered with burlap separation cloths, tarpaulins or the equivalent.

(*ii*) The separation cloths and/or tarpaulins shall overlap at least 1.8 metres.

(*iii*) Two solid floors of rough 25 mm by 150 mm to 300 mm lumber shall be laid with the top floor running longitudinally and nailed to an athwartships bottom floor. Alternatively, one solid floor of 50 mm lumber, running longitudinally and nailed over the top of a 50 mm bottom bearer not less than 150 mm wide, may be used. The bottom bearers shall extend the full breadth of the compartment and shall be spaced not more than 2.4 metres apart. Arrangements utilizing other materials and deemed by an Administration to be equivalent to the foregoing may be accepted.

(*iv*) Steel wire rope (19mm diameter or equivalent), doubled steel strapping (50 mm x 1.3 mm and having a breaking load of at least 5000 kg), or chain of equivalent strength, each of which shall be tight by means of a 32 mm turnbuckle, may be used for lashings. A winch tightener, used in conjunction with a locking arm, may be substituted for the 32 mm turnbuckle when steel strapping is used, provided suitable wrenches are available for setting up as necessary. When steel strapping is used, not less than three crimp seals shall be used for securing the ends. When wire is used, not less than four clips shall be used for forming eyes in the lashings.

(*v*) Prior to the completion of loading the lashing shall be positively attached to the framing at a point approximately 450 mm below the anticipated final grain surface by means of either a 25 mm shackle or beam clamp of equivalent strength.

(*vi*) The lashings shall be spaced not more than 2.4 metres apart and each shall be supported by a bearer nailed over the top of the fore and aft floor. This bearer shall consist of not less than 25 mm by 150 mm lumber or its equivalent and shall extend the full breadth of the compartment.

(*vii*) During the voyage the strapping shall be regularly inspected and set up where necessary.

(*B*) *Overstowing Arrangements*

Where bagged grain or other suitable cargo is utilized for the purpose of securing "partly filled compartments", the free grain surface shall be covered with a separation cloth or equivalent or by a suitable platform. Such platforms shall consist of bearers spaced not more than 1.2 metres apart and 25 mm boards laid thereon spaced not more than 100 mm apart. Platforms may be constructed of other materials provided they are deemed by an Administration to be equivalent.

(*C*) *Bagged Grain*

Bagged grain shall be carried in sound bags which shall be well filled and securely closed.

CERTIFIED true copy, in English and French, of the text of Resolution A.264(VIII) adopted by the Assembly of the Inter-Governmental Maritime Consultative Organization on 20 November 1973 and of the Annex thereto comprising an amendment to the International Convention for the Safety of Life at Sea, done in London on 17 June 1960, which amendment was adopted in conformity with Article IX(b)(i) of the aforesaid Convention, the original of which is deposited with the Inter-Governmental Maritime Consultative Organization.

For the Secretary-General of the Inter-Governmental Maritime Consultative Organization:

———— ————.

CONVENTION ON THE PREVENTION AND PUNISHMENT OF CRIMES AGAINST INTERNATIONALLY PROTECTED PERSONS, INCLUDING DIPLOMATIC AGENTS

The States Parties to this Convention,

Having in mind the purposes and principles of the Charter of the United Nations concerning the maintenance of international peace and the promotion of friendly relations and co-operation among States,

Considering that crimes against diplomatic agents and other internationally protected persons jeopardizing the safety of these persons create a serious threat to the maintenance of normal international relations which are necessary for co-operation among States,

Believing that the commission of such crimes is a matter of grave concern to the international community,

Convinced that there is an urgent need to adopt appropriate and effective measures for the prevention and punishment of such crimes,

Have agreed as follows:

Article 1

For the purposes of this Convention:

1. "internationally protected person" means:

(a) a Head of State, including any member of a collegial body performing the functions of a Head of State under the constitution of the State concerned, a Head of Government or a Minister for Foreign Affairs, whenever any such person is in a foreign State, as well as members of his family who accompany him;

(b) any representative or official of a State or any official or other agent of an international organization of an intergovernmental character who, at the time when and in the place where a crime against him, his official premises, his private accommodation or his means of transport is committed, is entitled pursuant to international law to special protection from any attack on his person, freedom or dignity, as well as members of his family forming part of his household;

2. "alleged offender" means a person as to whom there is sufficient evidence to determine *prima facie* that he has committed or participated in one or more of the crimes set forth in article 2.

Article 2

1. The intentional commission of:

(a) a murder, kidnapping or other attack upon the person or liberty of an internationally protected person;

(b) a violent attack upon the official premises, the private accommodation or the means of transport of an internationally protected person likely to endanger his person or liberty;

(c) a threat to commit any such attack;

(d) an attempt to commit any such attack; and

(e) an act constituting participation as an accomplice in any such attack shall be made by each State Party a crime under its internal law.

2. Each State Party shall make these crimes punishable by appropriate penalties which take into account their grave nature.

3. Paragraphs 1 and 2 of this article in no way derogate from the obligations of States Parties under international law to take all appropriate measures to prevent other attacks on the person, freedom or dignity of an internationally protected person.

Article 3

1. Each State Party shall take such measures as may be necessary to establish its jurisdiction over the crimes set forth in article 2 in the following cases:

(a) when the crime is committed in the territory of that State or on board a ship or aircraft registered in that State;

(b) when the alleged offender is a national of that State;

(c) when the crime is committed against an internationally protected person as defined in article 1 who enjoys his status as such by virtue of functions which he exercises on behalf of that State.

2. Each State Party shall likewise take such measures as may be necessary to establish its jurisdiction over these crimes in cases where the alleged offender is present in its territory and it does not extradite him pursuant to article 8 to any of the States mentioned in paragraph 1 of this article.

3. This Convention does not exclude any criminal jurisdiction exercised in accordance with internal law.

Article 4

States Parties shall co-operate in the prevention of the crimes set forth in article 2, particularly by:

(a) taking all practicable measures to prevent preparations in their respective territories for the commission of those crimes within or outside their territories;

(b) exchanging information and coordinating the taking of administrative and other measures as appropriate to prevent the commission of those crimes.

Article 5

1. The State Party in which any of the crimes set forth in article 2 has been committed shall, if it has reason to believe that an alleged offender has fled from its territory, communicate to all other States concerned, directly or through the Secretary-General of the United Nations, all the pertinent facts regarding the crime committed and all available information regarding the identity of the alleged offender.

2. Whenever any of the crimes set forth in article 2 has been committed against an internationally protected person, any State Party which has information concerning the victim and the circumstances of the crime shall endeavor to transmit it, under the conditions provided for in its internal law, fully and promptly to the State Party on whose behalf he was exercising his functions.

Article 6

1. Upon being satisfied that the circumstances so warrant, the State Party in whose territory the alleged offender is present shall take the appropriate measures under its internal law so as to ensure his presence for the purpose of prosecution or extradition. Such measures shall be notified without delay directly or through the Secretary-General of the United Nations to:

(a) the State where the crime was committed;

(b) the State or States of which the alleged offender is a national or, if he is a stateless person, in whose territory he permanently resides;

(c) the State or States of which the internationally protected person concerned is a national or on whose behalf he was exercising his functions;

(d) all other States concerned; and

(e) the international organization of which the internationally protected person concerned is an official or an agent.

2. Any person regarding whom the measures referred to in paragraph 1 of this article are being taken shall be entitled:

(a) to communicate without delay with the nearest appropriate representative of the State of which he is a national or which is otherwise entitled to protect his rights or, if he is a stateless person, which he requests and which is willing to protect his rights; and

(b) to be visited by a representative of that State.

Article 7

The State Party in whose territory the alleged offender is present shall, if it does not extradite him, submit, without exception whatsoever and without undue delay, the case to its competent authorities for the purpose of prosecution, through proceedings in accordance with the laws of that State.

Article 8

1. To the extent that the crimes set forth in article 2 are not listed as extraditable offences in any extradition treaty existing between States Parties, they shall be deemed to be included as such therein. States Parties undertake to include those crimes as extraditable offences in every future extradition treaty to be concluded between them.

2. If a State Party which makes extradition conditional on the existence of a treaty receives a request for extradition from another State Party with which it has no extradition treaty, it may, if it decides to extradite, consider this Convention as the legal basis for extradition in respect of those crimes. Extradition shall be subject to the procedural provisions and the other conditions of the law of the requested State.

3. States Parties which do not make extradition conditional on the existence of a treaty shall recognize those crimes as extraditable offences between themselves subject to the procedural provisions and the other conditions of the law of the requested State.

4. Each of the crimes shall be treated, for the purpose of extradition between States Parties, as if it had been committed not only in the place in which it occurred but also in the territories of the States required to establish their jurisdiction in accordance with paragraph 1 of article 3.

Article 9

Any person regarding whom proceedings are being carried out in connexion with any of the crimes set forth in article 2 shall be guaranteed fair treatment at all stages of the proceedings.

Article 10

1. States Parties shall afford one another the greatest measure of assistance in connexion with criminal proceedings brought in respect of the crimes set forth in article 2, including the supply of all evidence at their disposal necessary for the proceedings.

2. The provisions of paragraph 1 of this article shall not affect obligations concerning mutual judicial assistance embodied in any other treaty.

Article 11

The State Party where an alleged offender is prosecuted shall communicate the final outcome of the proceedings of the Secretary-General of the United Nations, who shall transmit the information to the other States Parties.

Article 12

The provisions of this Convention shall not affect the application of the Treaties on Asylum, in force at the date of the adoption of this Convention, as between the States which are parties to those Treaties; but a State Party to this Convention may not invoke those Treaties with respect to another State Party to this Convention which is not a party to those Treaties.

Article 13

1. Any dispute between two or more States Parties concerning the interpretation or application of this Convention which is not settled by negotiaton shall, at the request of one of them, be submitted to arbitration. If within six months from the date of the request for arbitration the parties are unable to agree on the organization of the arbitration, any one of those parties may refer the dispute to the International Court of Justice by request in conformity with the Statute of the Court.

2. Each State Party may at the time of signature or ratification of this Convention or accession thereto declare that it does not consider itself bound by paragraph 1 of this article. The other States Parties shall not be bound by paragraph 1 of this article with respect to any State Party which has made such a reservation.

3. Any State Party which has made a reservation in accordance with paragraph 2 of this article may at any time withdraw that reservation by notification to the Secretary-General of the United Nations.

Article 14

This Convention shall be open for signature by all States, until 31 December 1974 at United Nations Headquarters in New York.

Article 15

This Convention is subject to ratification. The instruments of ratification shall be deposited with the Secretary-General of the United Nations.

Article 16

This Convention shall remain open for accession by any State. The instruments of accession shall be deposited with the Secretary-General of the United Nations.

Article 17

1. This Convention shall enter into force on the thirtieth day following the date of deposit of the twenty-second instrument of ratification or accession with the Secretary-General of the United Nations.

2. For each State ratifying or acceding to the Convention after the deposit of the twenty-second instrument of ratification or accession, the Convention shall enter into force on the thirtieth day after deposit by such State of its instrument of ratification or accession.

Article 18

1. Any State Party may denounce this Convention by written notification to the Secretary-General of the United Nations.

2. Denunciation shall take effect six months following the date on which notification is received by the Secretary-General of the United Nations.

Article 19

The Secretary-General of the United Nation shall inform all States, *inter alia:*

(a) of signatures to this Convention, of the deposit of instruments of ratification or accession in accordance with articles 14, 15 and 16 and of notifications made under article 18.

(b) of the date on which this Convention will enter into force in accordance with article 17.

Article 20

The original of this Convention, of which the Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations, who shall send certified copies thereof to all States.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed this Convention, opened for signature at New York on 14 December 1973.

PROTOCOL FOR THE CONTINUATION IN FORCE OF THE INTERNATIONAL COFFEE AGREEMENT 1968 AS EXTENDED

The Governments Party to this Protocol,

Considering that the International Coffee Agreement 1968 as Extended is due to expire, under the provisions of paragraph (1) of Article 69 thereof, on 30 September 1975;

Considering that the time required both to negotiate a new Agreement with economic provisions and to carry out the constitutional procedures for approval, ratification or acceptance will not permit such an Agreement to enter into force on 1 October 1975; and

Considering that in order to allow adequate time for the negotiation of a new Agreement and the completion of the necessary constitutional procedures, the International Coffee Agreement 1968 as Extended should continue in force beyond 30 September 1975,

Have agreed as follows:

Article 1

The International Coffee Agreement 1968 as Extended (hereinafter referred to as "the Agreement") shall continue in force between the Parties to this Protocol until 30 September 1976. Should a new International Coffee Agreement enter into force before that date, this Protocol shall cease to have effect on the date of the entry into force of the new International Coffee Agreement. If by 30 September 1976 a new Agreement has been negotiated and has received a sufficient number of signatures to enable it to enter into force after approval, ratification or acceptance in conformity with the relevant provisions but has not entered into force either provisionally or definitively, the present instrument shall continue in force until the entry into force of the new Agreement, provided that the period of such extension shall not exceed twelve months.

Article 2

(1) Governments may become Party to this Protocol:

(a) by signing it;

(b) by approving, ratifying or accepting it, after having signed it subject to approval, ratification or acceptance; or

(c) by acceding to it in accordance with the provisions of Article 6 of this Protocol.

(2) On signing this Protocol, each signatory Government shall state formally whether, in conformity with its constitutional procedure, its signature is or is not subject to approval, ratification or acceptance.

Article 3

This Protocol shall remain open at the headquarters of the United Nations from 1 November 1974 until and including 31 March 1975 for signature by any Government which on the date of signature is a Party to the Agreement.

Article 4

In cases in which approval, ratification or acceptance is required, the appropriate instruments shall be deposited with the Secretary-General of the United Nations not later than 30 September 1975.

Article 5

(1) This Protocol shall enter into force definitively on 1 October 1975 among those Governments which have signed this Protocol or, should their constitutional procedures so require, which have deposited instruments of approval, ratification or acceptance if, on that date, such Governments represent at least twenty exporting Members holding a majority of the votes of the exporting Members and at least ten importing Members holding a majority of the votes of the importing Members. The votes for this purpose shall be as distributed in the Annex to this Protocol. Alternatively, it shall enter into force definitively at any time after it is provisionally in force and the requirements of this paragraph are satisfied. This Protocol shall enter into force definitively for any Government which deposits an instrument of approval, ratification, acceptance or accession subsequent to the definitive entry into force of the Agreement for other Governments, on the date of such deposit.

(2) This Protocol may enter into force provisionally on 1 October 1975. For this purpose a notification by a signatory Government containing an undertaking to apply this Protocol provisionally and to seek approval, ratification or acceptance of this Protocol in accordance with is constitutional procedures as rapidly as possible, which is received by the Secretary-General of the United Nations not later than 30 September 1975, shall be regarded as equal in effect to an instrument of approval, ratification, or acceptance. A Government which undertakes to apply this Protocol provisionally pending the deposit of an instrument of approval, ratification or acceptance shall be regarded as a provisional Party thereto until it deposits its instrument of approval, ratification or acceptance, or up to and including 31 December 1975, whichever is earlier. For any Government which is applying this Protocol provisionally the Council may grant an extension of the time within which such Government may deposit its instrument of approval, ratification or acceptance.

(3) If this Protocol has not entered into force definitively or provisionally on 1 October 1975 those Governments which have signed it or deposited instruments of approval, ratification or acceptance or notifications containing an undertaking to apply this Protocol provisionally and to seek approval, ratification or acceptance, may immediately after that date consult together to consider what action the situation requires and may, by mutual consent, decide that it shall enter into force among themselves. Similarly, if this Protocol has entered into force provisionally but has not entered into force definitively by 31 December 1975, those Governments which have deposited instruments of approval, ratification or acceptance may consult together to consider what action the situation requires and may, by mutual consent, decide that it shall continue in force provisionally or enter into force definitively among themselves.

(1) The Government of any State member of the United Nations or any of its specialized agencies may accede to this Protocol upon conditions which shall be established by the Council.

(2) Such Government depositing an instrument of accession shall, at the time of such deposit, indicate whether it is joining the Organization as an exporting Member or an importing Member, as defined in paragraphs (7) and (8) of Article 2 of the Agreement.

(3) Instruments of accession shall be deposited with the Secretary-General of the United Nations. The accession will take effect upon deposit of the instrument.

Article 7

Any Government which becomes a Party to this Protocol may make the notifications in respect of Group Membership or Dependent Territories referred to in Articles 5 and 65 of the Agreement subject to the provisions thereof.

Article 8

The Agreement and this Protocol shall be regarded as one single instrument and shall be known as the International Coffee Agreement 1968 as Extended by Protocol.

In witness whereof, the undersigned, having been duly authorized to this effect by their respective Governments, have signd this Protocol on the dates appearing opposite their signatures.

The text of the present Protocol in the English, French, Portuguese and Spanish languages shall all be equally authentic. The originals shall be deposited with the Secretary-General of the United Nations who shall transmit certified copies thereof to each signatory and acceding Party to this Protocol.

The text of this Protocol was approved by Resolution number 273 of the International Coffee Council on 26 September 1974.

Done at London on September 26, 1974.

Agreement Between the Governments of the United States of America and the Federative Republic of Brazil Concerning Shrimp

The Parties to this Agreement,

Considering that the Agreement concerning shrimp of May 9, 1972, between them will soon terminate and that mutually satisfactory arrangements concerning shrimp should be continued;

Note that the Government of the Federative Republic of Brazil continues to consider

that its territorial sea extends to a distance of 200 nautical miles from its coast,

that the exploitation of living resources within the Brazilian territorial sea is reserved to Brazilian fishing vessels,

that exceptions to this can be granted by international agreement, and

that the Government of the Federative Republic of Brazil is willing to allow United States shrimp fishing vessels to operate in the area defined in this Agreement, in accordance with the terms of this Agreement, during the period in which the Brazilian fishing industry is unable to utilize the shrimp of the area;

Note also that the Government of the United States of America continues to consider

that it is not obligated under international law to recognize territorial seas claims of more than three nautical miles nor fisheries jurisdiction of more than 12 nautical miles from the coast,

that the area defined in this Agreement is high seas where all nations enjoy freedom of fishing in accordance with international law, and

that all nations have a duty to conserve the living resources of the high seas and may enter into international agreements to this effect; and further

Recognizing that the difference in the respective juridical positions of the Parties may give rise to certain problems relating to the conduct of certain shrimp fisheries;

Considering the tradition of both Parties for resolving international differences by having recourse to negotiation;

Aware of the common desire of the Parties to further develop cooperation between the two countries with respect to research concerning the resources of the sea and to encourage joint ventures for the development of the shrimp resources of the sea;

Concluding that, while general international solutions to issues of maritime jurisdiction are being sought and until more adequate information regarding the shrimp fisheries is available, it is desirable to maintain an agreement which takes into account, *inter alia*, their mutual interests in the conservation of the shrimp resources of the area;

Having arrived at an accommodation for the conduct of shrimp fisheries without prejudice to either Party's juridical position concerning the extent of territorial seas or fisheries jurisdiction under international law;

Have agreed as follows:

Article I

This Agreement shall apply to the fishery for shrimp (*Penaeus* (M) *duorarum notalis*, *Penaeus brasiliensis* and *Penaeus* (M) *aztecus subtilis*) in an area of the broader region in which the shrimp fisheries of the Parties are conducted, hereinafter referred to as the "area of agreement" and defined as follows: the waters off the coast of Brazil having the isobath of thirty (30) meters as the south-west limit and the latitude 1° north as the southern limit and 47°30' west longitude as the eastern limit.

Article II

(1) Taking into account their common concern with preventing the depletion of the

shrimp stocks in the area of agreement and the substantial difference in the stages of development of their respective fishing fleets, which results correspondingly in different kinds of impact on the resources, the two Parties agree that, during the term of this Agreement, the Government of the Federative Republic of Brazil is to apply the measures set forth in Annex I to this Agreement and the Government of the United States of America is to apply the measures set forth in Annex II to this Agreement.

(2) The measures set forth in the Annexes may be changed by agreement of the Parties through consultation pursuant to Article X.

ARTICLE III

(1) Information on catch and effort and biological data relating to shrimp fisheries in the area of agreement shall be collected and exchanged, as appropriate, by the Parties. Unless the Parties decide otherwise, such exchange of information shall be made in accordance with the procedure described in this Article.

(2) Each vessel fishing under this Agreement shall maintain a fishing log, according to a commonly agreed model. Such fishing logs shall be delivered quarterly to the appropriate Party which shall use the data therein contained, and other information it obtains about the area of agreement, to prepare reports on the fishing conditions in that area, which shall be transmitted periodically to the other Party as appropriate.

(3) The Parties consider it desirable to expand research on shrimp, on a national basis as well as in the form of coordinated research, according to a program developed by the scientists of both Parties. Scientists duly appointed by the two Parties shall meet periodically, but at least once each year, for the purpose of exchanging scientific data, publications, and knowledge on shrimp stocks and fishing effort in the area of agreement, to exchange information on research plans and to develop coordinated research programs.

ARTICLE IV

(1) The Party which under Article V has the responsibility for enforcing observance of the terms of the Agreement shall receive from the other Party the information necessary for the identification and other enforcement functions, particularly the following:

(a) name of vessel;

(b) official number and agreement number;

(c) port of registry and usual port of operation of the vessel;

(d) a photograph of the vessel, accompanied by its general description, including colors of side, deck house, top of house and trim, speed and horsepower of the main engine;

(e) radio frequency and radio call letters for the establishment of communications;

(f) methods and equipment employed for catching;

(2) Such information shall be assembled and organized by the flag Government and communications relating to such information shall be conveyed to the Party responsible under Article V for the enforcement of this Agreement.

(3) The Party which receives such information shall verify whether it is complete and in good order, and shall inform the other Party about the vessels found to comply with the requirements of paragraph 1 of this Article, as well as about those which would, for some reason, require further consultation among the Parties.

(4) The information referred to in the present Article shall include a translation in the addressee's language.

(5) Each shrimp fishing vessel flying the flag of the United States operating pursuant to this Agreement shall display an identification sign agreed between the Parties. The Parties shall also agree upon other measures to facilitate the implementation of this Agreement.

ARTICLE V

(1) In view of the fact that Brazilian authorities can carry out an effective enforcement presence in the area of agreement, the two Parties agree that the Government of Brazil shall carry out such enforcement to ensure that the conduct of shrimp fisheries conforms with the provisions of this Agreement.

(2) A duly authorized official of Brazil, in exercising the responsibility described in paragraph 1 of this Article may, if he has reasonable cause to believe that any provision of this Agreement has been violated, board and search a shrimp fishing vessel. Such action shall not unduly hinder fishing operations. When, after boarding, or boarding and searching a vessel, the official continues to have reasonable cause to believe that any provision of this Agreement has been violated, he may seize and detain such vessel. In the case of a boarding or seizure and detention of a United States vessel, the Government of Brazil shall promptly inform the Government of the United States of its action.

(3) After satisfaction of the terms of Article VI as referred to in paragraph 4 of this Article, a United States vessel seized and detained under the terms of this Agreement shall, as soon as practicable, be delivered to an authorized official of the United States at the nearest port to the place of seizure, or any other place which is mutually acceptable to the competent authorities of both Parties. The Government of Brazil shall, after delivering such vessel to an authorized official of the United States, provide a certified copy of the full report of the violation and the circumstances of the seizure and detention.

(4) If the reason for seizure and detention falls within the terms of Article II or Article IV, paragraph 5 of this Agreement, a United States vessel seized and detained shall be delivered to an authorized official of the United States, after satisfaction of the terms of Article VI relating to unusual expenses.

(5) If the nature of the violation warrants it, and after carrying out the provision of Article X, vessels may also suffer forfeiture of that part of the catch determined to be taken illegally and forfeiture of the fishing gear.

(6) In the case of vessels delivered to an authorized official of the United States under paragraph 3 or 4 of this Article, the Government of Brazil will be informed of the institution and disposition of any case by the United States.

ARTICLE VI

The Government of the United States of America will pay an amount to the Government of the Federative Republic of Brazil, in connection with the operation of this Agreement, as well as any unusual expenses incurred in carrying out the seizure and detention of a United States vessel under the terms of paragraph 2 of Article V, as determined in an exchange of Notes between the two Governments.

ARTICLE VII

The implementation of this Agreement may be reviewed at the request of either Party six months after the date on which this Agreement becomes effective, in order to deal with administrative issues arising in connection with this Agreement.

ARTICLE VIII

The Parties shall co-operate in the development of their fishing industries; the expansion of the international trade of fishery products; the improvement of storage, transportation and marketing of fishery products; and the encouragement of joint ventures between the fishing industries of the two Parties.

ARTICLE IX

Nothing contained in this Agreement shall be interpreted as prejudicing the position of either Party regarding the matter of territorial seas or fisheries jurisdiction under international law.

ARTICLE X

Problems concerning the interpretation and implementation of this Agreement shall be resolved through diplomatic channels.

ARTICLE XI

This Agreement shall enter into force on the date mutually agreed by exchange of notes, upon completion of the internal procedures of both Parties, and it shall remain in force until December 31st, 1976.

In witness whereof the undersigned Representatives have signed the present Agreement and affixed thereto their seals.

Done at Brasilia this fourteenth of March, 1975, in duplicate in the English and Portuguese languages, both texts being equally authentic.

FOR THE UNITED STATES OF AMERICA,
——— ———.

FOR THE FEDERATIVE REPUBLIC OF BRAZIL,
——— ———.

ANNEX I

(a) Prohibition of shrimp fishing activities, for conservation purposes, in spawning and breeding areas;

(b) Prohibition of the use of chemical, toxic or explosive substances in or near fishing areas;

(c) Registry of all fishing vessels with the Maritime Port Authority (Capitania dos Portos) and with SUDEPE;

(d) Payment of fees and taxes for periodical inspections;

(e) Use of the official fishing logs to be returned to SUDEPE, after each trip or weekly;

(f) Prohibition of the use of fishing gear and/or other equipment considered by SUDEPE to have destructive effects on the stocks;

(g) Prohibition of discharging oil and polluting waste.

ANNEX II

(a) Not more than 325 vessels flying the United States flag shall shrimp in the area of agreement. The United States Government shall communicate quarterly to the Brazilian Government lists of vessels authorized to fish in that area. These lists shall contain not more than 200 vessels authorized to fish during any quarter of the Agreement; and not more than 175 vessels authorized to fish during any quarter of the second year. Of these vessels, not more than 160 and not more than 120 shall fish at any one time, during the first and the second year of the Agreement (1975 and 1976), respectively, as documented by the fishing logs conveyed quarterly to the Brazilian authorities. Such vessels shall be of the same type (up to approximately 85 feet in length) and have the same gear as those employed in the fishery until now. They shall not employ, in fishing operations, electrical fishing equipment, nor shall chemical, toxic, explosive or polluting substances, or other material with similar destructive effect be employed.

(b) Shrimp fishing in the area of agreement shall be limited to the period from March 1st to November 30th.

(c) Shrimp fishing in that part of the area of agreement Southeast of a bearing of 240° from Ponta do Céu radiobeacon shall be limited to the period from March 1st to July 1st.

(d) Transshipment of catch may be made only between vessels fishing in the area of agreement under the terms of the Agreement.

AGREED MINUTE

1. The Delegations of the Government of the United States of America and the Government of the Federative Republic of Brazil consider it desirable to record the points set forth below relating to the Agreement between the two Governments concerning shrimp signed today.

2. The United States delegation took note of the amount of US$3,400 (three thousand four hundred U.S. dollars) per year per vessel fishing within the provisions of the Agreement, in the area of agreement, required by the Brazilian Government as a fee to operate the Agreement. The United States delegation understands that the United States Government will pay the amount of US$361,000 (three hundred and sixty one thousand dollars) to cover the enforcement costs in connection with Article V, paragraph 1, each of the two years covered by the Agreement (1975 and 1976), as provided for in the exchange of notes and in connection with the actual seizure of a United States flag shrimp vessel by Brazilian enforcement authorities pursuant to the terms of Article V, paragraph 2, will pay $500 for each day during which a United States vessel is being escorted to port and $200 per day while the United States vessel is in port, as provided for in the exchange of Notes.

3. Both the Brazilian and the United States Delegations agreed that if, as a result of new information which becomes available through scientific research, there is acceptable evidence to justify the reappraisal of the total fishing capacity of the area referred to in Article I, or of the definition of the fishing season, any of the Parties may ask the other for a consultation to revise the Agreement accordingly. Any modifications so agreed shall come into force when they have been confirmed by an exchange of notes between the Parties.

4. With reference to item (a) of Annex II, the Brazilian delegation invited the United States delegation to consider the possibility of establishing within the United States Government a system to ensure control of the number of vessels allowed in the area of agreement so as to make it possible, in future arrangements, that the two Parties may agree to provisions for one single allocation of vessels, applicable to both registered vessels and the quota of vessels to be present in the area.

5. It is the understanding of both Delegations that the information referred to in Article IV, paragraph 1, will be transmitted to the Party responsible under Article V for the enforcement of this Agreement at least 15 days before any vessel included in this information starts fishing in the area of agreement, noting that the above mentioned delay shall be counted from the day the latter receives such information.

FOR THE UNITED STATES OF AMERICA,

—— ——.

FOR THE FEDERATIVE REPUBLIC OF BRAZIL.

—— ——.

[No. 106]

EMBASSY OF THE UNITED STATES OF AMERICA,

Brasilia, March 14, 1975.

EXCELLENCY: I have the honor to refer to the Agreement Concerning Shrimp signed today by the Government of the Federative Republic of Brazil and the United States of America and in particular Article VI, and to confirm on behalf of my Government the following:

(a) The Government of the United States of America shall, after the appropriation of funds by Congress, compensate the Government of Brazil in an annual amount of U.S. $361,000 (three hundred and sixty one thousand dollars) in connection with the terms of Article V, paragraph 1.

(b) The Government of the United States of America shall, after the appropriation of funds by Congress, further compensate the Government of Brazil in the amount of U.S. $500.00 (five hundred dollars) for each day a United States flag shrimp fishing vessel is being escorted to port and U.S. $200.00 (two hundred dollars) for each day while the United States vessel is in port, in connection with the terms of Article V, paragraph 2.

I have the honor to propose that this Note and Your Excellency's reply confirming the above points of understanding on behalf of your Government shall be regarded as constituting satisfaction of the terms of Article VI of the aforementioned Agreement between the two Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

—— ——.

[LS No. 48601-B]

DPB/DCS/36/245/(B46) (B13).

MARCH 14, 1975.

His Excellency JOHN CRIMMINS,
Ambassador of the United States of America.

MR. AMBASSADOR: I have the honor to acknowledge receipt of note No. 106, dated March 14, 1975, which, in Portuguese, reads as follows:

[The Portuguese translation of the aforementioned U.S. note has been compared by the Language Services Division with the original English text and has been found to have the same meaning in all substantive respects.]

2. In reply, I have the honor to inform Your Excellency that the Brazilian Government concurs in the terms of the note quoted above.

Accept, Excellency, the renewed assurances of my high esteem and most distinguished consideration.

A. F. AZEREDO DA SILVEIRA.

CERTIFICATION OF TRANSLATION

I hereby certify that the above translation bearing LS No. 48601-A and B was prepared by the Division of Language Services of the Department of State and that it is a correct translation to the best of my knowledge and belief.

Dated: April 24, 1975.

JORGE R. PEREZ,
Assistant Chief, Translating Branch.

[No. 094]

FOR SENATE INFORMATION ONLY

EMBASSY OF THE UNITED STATES OF AMERICA,

Brasilia, March 14, 1975.

The Embassy of the United States of America presents its compliments to the Ministry of External Relations of the Federative Republic of Brazil, and with reference to the Agreement Concerning Shrimp signed on this date, as well as the accompanying exchange of Notes related to Article VI of that Agreement, has the honor to inform the Ministry of the following:

Pending the entering into force of the Agreement as provided for in Article Eleven, the Government of the United States of America is prepared to make every effort to encourage the voluntary compliance by its industry of the provisions of the Agreement so as to ensure that events in the interim period do not prejudice the successful implementation of those provisions. It is the understanding of the Government of the United States of America that the Government of the Federative Republic of Brazil intends also to abide by the spirit of the proposed interim Agreement.

Following the entering into force of the Agreement as provided for in Article Eleven, but prior to the passage of enabling legislations, the Government of the United States of America proposes to continue its efforts to encourage voluntary compliance.

In the period between the completion of internal procedures as noted in Article Eleven and the entering into force of the Agreement, the Government of the United States of America will seek, *inter alia*, with the voluntary cooperation of U.S. flag vessel owners,

1. To achieve the objectives of Article II
2. To institute appropriate Article III procedures
3. To achieve the intent of Articles IV and V.

In stating its willingness to encourage the voluntary compliance with appropriate provisions of the Agreement so that the intent of the accord may be achieved while awaiting its entering into force, it is the understanding of the Government of the United States of America that the Government of the Federative Republic of Brazil agrees that in this same interim period both Parties should have as their objective the achievement of the intent of the Agreement.

With specific reference to Article III, paragraph 2, the Government of the United States of America shall treat the information obtained from individual fishing logs as confidential.

The Embassy takes the opportunity to renew to the Ministry the assurance of its highest consideration.

[Initialed.]

[Translation]

DEPARTMENT OF STATE, DIVISION OF LANGUAGE SERVICES

LS No. 48601-A DT Portuguese.

BRASILIA, *March 14, 1975.*

DPB/DCS/35/245(B46) (B13).

The Ministry of Foreign Affairs presents its compliments to the Embassy of the United States of America and has the honor to acknowledge receipt of note No. 094 of March 14, 1975, which, in Portuguese, reads as follows:

[The Portuguese translation of the aforementioned U.S. Embassy note has been compared by the Language Services Division with the original English text and has been found to have the same meaning in all substantive respects.]

2. In reply, the Ministry of Foreign Affairs wishes to confirm that the understanding referred to in the antepenultimate paragraph of the Embassy's note is shared by the Brazilian Government.

3. Furthermore, the Ministry of Foreign Affairs wishes to state that while awaiting the entry into force of the Agreement, it is the intention of the Brazilian Government to apply its provisions in so far as possible, beginning on this date, so as to ensure that events in the interim period do not prejudice the successful implementation of those provisions.

4. With specific reference to Article III, paragraph 2, the Government of the Federative Republic of Brazil will treat as confidential the information obtained from individual fishing logs.

[Initialed.]

AMENDMENTS TO THE IMCO CONVENTION

THE ASSEMBLY,

Recalling Resolution A.69(ES.II) by which it adopted amendments to the IMCO Convention increasing the membership of the Council and Resolution A.70(IV) by which amendments were adopted to the IMCO Convention to increase the number of members in the Maritime Safety Committee and to modify the method of their election.

Noting and welcoming the increase in the membership of the Organization since these amendments were adopted,

Recognizing the need to ensure at all times that the principal organs of the Organization are representative of the total membership of the Organization and ensure equitable geographic representation of Member States on the Council, *Recalling* its Resolution A.314(VIII) by which it decided to convene an Ad Hoc Working Group to study proposed amendments to the IMCO Convention concerning the size and composition of the Council and the Maritime Safety Committee and any consequential related amendments,

Having considered the Report of the Ad Hoc Working Group, including the Working Group's recommendations on proposed amendments to the IMCO Convention,

Having adopted at the fifth extraordinary session of the Assembly held in London from 16 to 18 October 1974, amendments, the texts of which are contained in the Annex to this Resolution, to Articles 10, 16, 17, 18, 20, 28, 31 and 32 of the Convention on the Inter-Governmental Maritime Consultative Organization,

Having determined, in accordance with the provisions of Article 52 of the Convention, that these amendments are of such a nature that any Member which hereafter declares that it does not accept the amendments and which does not accept the amendments within a period of twelve months after the amendments come into force shall, upon the expiration of this period, cease to be a Party to the Convention,

Requests the Secretary-General of the Organization to deposit the adopted amendments with the Secretary-General of the United Nations in accordance with Article 53 of the IMCO Convention and to receive declarations and instruments of acceptance as provided for in Article 54,

Invites the Member Governments to accept each amendment at the earliest possible date after receiving a copy thereof from the Secretary-General of the United Nations by communicating the appropriate instrument of acceptance to the Secretary-General.

ANNEX

AMENDMENTS TO THE CONVENTION ON THE INTERGOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION

ARTICLE 10

The existing text is replaced by the following:

An Associate Mmeber shall have the rights and obligations of a Member under the Convention except that it shall not have the right to vote or be eligible for membership on the Council and subject to this the word "Member" in the Convention shall be deemed to include Associate Member unless the context otherwise requires.

ARTICLE 16

The existing text of paragraph (d) is replaced by the following:

(d) To elect the Members to be represented on the Council as provided in Article 17.

ARTICLE 17

The existing text is replaced by the following:

The Council shall be composed of twenty-four Members elected by the Assembly.

ARTICLE 18

The existing text is replaced by the following:

In electing the Members of the Council, the Assembly shall observe the following criteria:

(a) Six shall be States with the largest interest in providing international shipping services;

(b) Six shall be other States with the largest interest in international seaborne trade;

(c) Twelve shall be States not elected under (a) or (b) above, which have special interests in maritime transport or navigation, and whose election to the Council will ensure the representation of all major geographic areas of the world.

ARTICLE 20

The existing text is replaced by the following:

(a) The Council shall elect its Chairman and adopt its own Rules of Procedure except as otherwise provided in the Convention.

(b) Sixteen Members of the Council shall constitute a quorum.

(c) The Council shall meet upon one month's notice as often as may be necessary for the efficient discharge of its duties upon the summons of its Chairman or upon request by not less than four of its Members. It shall meet at such places as may be convenient.

ARTICLE 28

The existing text is replaced by the following:

The Maritime Safety Committee shall consist of all Members.

ARTICLE 31

The existing text is replaced by the following:

The Maritime Safety Committee shall meet at least once a year. It shall elect its officers once a year and shall adopt its own Rules of Procedure.

ARTICLE 32

This Article is deleted.

Articles 33 through 63 are renumbered accordingly.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the treaties be considered as having passed through their various parliamentary stages, up to and including the presentation of the resolutions of ratification.

The PRESIDING OFFICER. Without objection, the conventions, agreements and protocols will be considered to have passed through their various parliamentary stages up to and including the presentation of the resolutions of ratification.

The resolutions of ratification are as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Convention on the International Regulations for Preventing Collisions at Sea, 1972, done at London, October 20, 1972, as rectified by the Process-Verbal of December 1, 1973 (Ex. W, 93–1).

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the amendments to seven regulations contained in Chapters II, III, IV and V of the International Convention for the Safety of Life at Sea, 1960, and an amendment replacing and superseding the regulations in Chapter VI of that Convention, all of which were adopted on November 20, 1973, by the Assembly of the Inter-Governmental Maritime Consultative Organization (IMCO) at its Eighth Session (Ex. K, 93–2).

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons, including Diplomatic Agents, adopted by the United Nations General Assembly on December 14, 1973, and signed in behalf of the United States of America on December 28, 1973 (Ex. L, 93–2).

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to ratification of the Protocol for the Continuation in Force of the International Coffee Agreement of 1968, as Extended, adopted by the International Coffee Council in its Resolution Number 273 of September 26, 1974 (Ex. B, 94–1).

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Agreement between the Government of the United States of America and the Government of the Federative Republic of Brazil concerning shrimp, with an agreed minute and a related exchange of notes concerning interim undertakings, signed at Brasilia on March 14, 1975 (Ex. D, 94–1).

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Amendments to Articles 10, 16, 17, 18, 20, 28, 31 and 32 of the Convention on the Inter-Governmental Maritime Consultative Organization, which were adopted on October 17, 1974, by the Assembly of the Inter-Governmental Maritime Consultative Organization (IMCO) at its Fifth Extraordinary Session, held at London from October 16 to 18, 1974, (Ex. F, 94–1).

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that a vote occur on the first of the treaties at the hour of 2 p.m. on Tuesday next and that votes on the subsequent treaties to the first follow in sequence, with rollcall votes on each of the five subsequent treaties, not including the first one, be limited to 10 minutes on each rollcall with a warning bell to sound after the first 2½ minutes; the understanding would be that the first vote would be a 15-minute vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate return to the consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE HOUSE

At 10:42 a.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has agreed to the following concurrent resolutions in which it requests the concurrence of the Senate:

H. Con. Res. 458. A concurrent resolution expressing appreciation to the Parliament for the loan to the United States of the Magna Carta of 1215 A.D.; and

H. Con. Res. 459. A concurrent resolution providing for an adjournment of the House from Thursday, October 23, 1975, to Tuesday, October 28, 1975.

At 11:08 a.m., a message from the House of Representatives delivered by Mr. Berry, one of its reading clerks, announced that the House had passed the bill (S. 644) to amend the Consumer Product Safety Act to improve the Consumer Product Safety Commission, to authorize new appropriations, and for other purposes, with an amendment in which it requests the concurrence of the Senate.

At 11:39 a.m., a message from the House of Representatives delivered by Mr. Berry announced that the House agrees to the amendments of the Senate to the concurrent resolution (H. Con. Res. 459) providing for an adjournment of the House from Thursday, October 23, 1975, to Tuesday, October 28, 1975.

ENROLLED BILL SIGNED

The message also announced that the Speaker has signed the enrolled bill (H.R. 4799) to amend sections 6, 306, and 308 of the Rural Electrification Act of 1936, as amended.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. METCALF).

REPORTS OF COMMITTEES

The following reports of committees were submitted:

On October 22, 1975, by Mr. JACKSON, from the Committee on Interior and Insular Affairs, with amendments:

H.J. Res. 549. A joint resolution to approve the covenant to establish a Commonwealth of the Northern Mariana Islands (referred jointly to the Committees on Foreign Relations and Armed Services) (Rept. No. 94-433).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolution were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. JAVITS:

S. 2565. A bill for the relief of Technical Sergeant Alan I. Moses, United States Air Force. Referred to the Committee on Armed Services.

By Mr. STEVENSON:

S. 2566. A bill to provide for Daylight Saving Time on an eight-month basis, beginning with the last Sunday in February and ending with the last Sunday in October, for a two-year period beginning with the last Sunday in February of 1976 and to require the Federal Communications Commission to permit certain daytime broadcast stations to operate before local sunrise. Referred to the Committee on Commerce.

By Mr. MAGNUSON (for himself and Mr. STEVENSON):

S. 2567. A bill to amend the Uniform Time Act of 1966 to provide that daylight saving time shall be in effect from the second Sunday in February until the second Sunday in November each year. Referred to the Committee on Commerce.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. STEVENSON:

S. 2566. A bill to provide for daylight saving time on a 8-month basis, beginning with the last Sunday in February and ending with the last Sunday in October, for a 2-year period beginning with the last Sunday in February of 1976 and to require the Federal Communications Commission to permit certain daytime broadcast stations to operate before local sunrise. Referred to the Committee on Commerce.

Mr. STEVENSON. Mr. President, in December 1973, Congress passed the Emergency Daylight Saving Time Emergency Conservation Act to help initiate an emergency national energy conservation program following the OPEC oil embargo.

Testimony presented to the Senate Commerce Committee indicated potential energy conservation, crime reduction and traffic safety benefits, in addition to the increased convenience of longer days for tens of millions of Americans as a result of year-round daylight saving time. To provide data to verify these projections, the Congress enacted a 2-year trial period to assess the impact of year-round daylight saving time.

During October of 1974, in response to public concern primarily over the plight of children leaving for school in the dark during the shortest days of the year, the Congress implemented an interim Department of Transportation report and changed the second year of the Emergency Daylight Saving Time Energy Conservation Act to provide for 8-months of daylight saving time, beginning with the last Sunday in February and ending with the last Sunday in October.

This 8-month plan called for a return to standard time during the 4 winter months, thus avoiding the public inconvenience associated with dark mornings. The 2 additional months of DST under the 8-month plan—March and April—have the same number of daylight hours as September and October, 2 months during which we have traditionally experienced the benefits of DST without the adverse consequences of dark mornings.

In July of this year, the DOT released its first report on the impact of the 8-month program. While encouraged by both the preliminary data and public response, DOT concluded that more data than was available from this first 8-month experiment was needed before any final recommendations could be made concerning permanent changes in the Uniform Time Act. The report specifically concluded:

> That modest overall benefits might be realized by a shift from the historic 6-month DST system (May-October) to an 8-month DST system (March-October) in the areas of energy conservation, overall traffic safety and reduced violent crimes.

The report then recommended that:

> In view of the evidence suggesting favorable impact of an 8-month DST system, we recommend using an 8-month system for two more years to permit further analysis and more effective measurement of public acceptance and response.

A poll conducted by the Department in March 1975 indicated overwhelming public support—better than 2 to 1—for continuation of 8-month DST.

The Emergency Daylight Saving Time Energy Conservation Act expired last April. Unless congressional action is taken, the country will return to 6 months of standard time from this Sunday and to the last Sunday in April under the terms of the Uniform Time Act of 1966.

Therefore, I am introducing legislation to extend the 8-month DST experiment 2 more years as recommended by the Department of Transportation.

Such an extension will enable DOT to gather additional data concerning the energy conservation, traffic safety, and crime reduction benefits of extended DST while providing more daylight for the convenience and pleasure of most people.

Under this legislation, daylight saving time would take effect the last Sunday in February and end, as it will this week, on the last Sunday in October. In addition to collecting and analyzing more definitive data on the effects of 8-month DST, DOT will also be required to issue an interim report on its findings no later than July 1976, and a final report no later than July 1977. At the end of this 2-year extension, the Department of Transportation believes that Congress will have all the information it needs to determine whether any permanent changes in the Uniform Time Act are warranted.

I am hopeful that the Congress can act on this legislation in time for our return to 8-month daylight saving time next February.

By Mr. MAGNUSON (for himself and Mr. STEVENSON):

S. 2567. A bill to amend the Uniform Time Act of 1966 to provide that daylight saving time shall be in effect from the second Sunday in February until the second Sunday in November each year. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, I introduce today a bill to amend the Uniform Time Act of 1966 to provide that daylight saving time be in effect from the second Sunday in February to the second Sunday in November each year. I request unanimous consent that the entire text of the bill be printed at the conclusion of my remarks.

During 1973, this Nation was jolted by the realization that we were heavily dependent upon foreign oil. We learned for the first time that there is a limit to cheap energy. It was and continues to be a traumatic experience. But, it has had beneficial effects. The Arab oil embargo caused us to reevaluate not only our use of energy but our use of all of our natural resources. In time, this reevaluation will lead to a more realistic and prudent approach to the consumption of scarce resources. I think it is encouraging that within the last 2 years a number of new conservation programs have been undertaken to reduce the demand for energy. These measures include voluntary conservation campaigns, the reduction of the highway speed limit, new energy initiatives and conservation research, and other such legislative measures.

The Senate will recall that the Emergency Daylight Saving Time Energy Conservation Act of 1973 was originally put forward in the context of the overall national effort to conserve energy. The Senate passed that bill with the hope that the extension of daylight saving time into spring and fall months would conserve on electrical energy consumption. The Senate enacted the law for a 2-year trial period and ordered the Department of Transportation to study the effects of the time change and report its findings to the Congress.

The Department of Transportation filed its final report in August. The report shows that the Nation's experience under daylight saving time was much as Congress had anticipated when it enacted the emergency daylight saving time bill. Even more important, the Department of Transportation report shows that the fears aroused by the extension of daylight saving time in winter months were unfounded. In addition, the report shows that the extension of daylight saving time into the fall and spring months saves lives and reduces urban crime.

The Department of Transportation concluded that placing the two spring months of March and April on daylight saving time would result in probable electricity savings of approximately 1 percent, motor vehicle fatalities of about 0.7 percent—approximately 50 lives in 2,000 injuries—and apparent reductions in violent crimes in large urban areas.

It is also important to note that the Department of Transportation found no statistically significant daylight saving time impact on fatal accidents involving school age children. Nor was there indication of any significant economic harm from daylight saving time in March and April. Further, the public opinion polls commissioned by the Department of Transportation in 1974 and 1975 indicated widespread public acceptance of daylight saving time for the months of March and April. The Department of Transportation study also noted that a 9-month system of daylight saving time, which covered all election days, would increase daylight during existing polling hours in almost all States.

The emergency daylight saving time legislation has now lapsed and the Uniform Time Act of 1966 is again in force. Under the Uniform Time Act, the Nation spends 6 months of each year on daylight saving time and 6 months on standard time. However, this period of daylight saving time is skewed around the shortest days of the year. The Nation goes off of daylight saving time 2 months before the shortest daylight periods of the year. But it returns to daylight saving time 4 months after the shortest days of the year have passed. There is little rationality for this difference in the hours of daylight which causes different life styles between the fall and spring months even though the hours of total daylight available are relatively similar. This system will remain the law of the land unless Congress acts to appropriately balance the period of daylight saving time around the shortest days of the year.

The bill I am introducing today would amend the Uniform Time Act to extend daylight saving time from 6 to 9 months each year. This would take advantage of the benefits pointed out in the Department of Transportation's study and avoid the inconveniences of year-round advance time. It would not significantly affect the time the Nation now goes off daylight saving time in the fall. But it would allow an additional hour of daylight during the polling hours of the first week of November. More importantly, it would balance the months of daylight saving time evenly over the calendar year and provide uniformity in life styles in spring and fall months.

The bill would not affect States' current legal rights to exempt themselves from daylight saving time if the State acts by State law and extends the exemption to the entire State within a particular time zone. Similarly, the legislation would not affect the continuing authority of the Secretary of Transportation to adjust the time zone lines where appropriate because of the needs of commerce.

The Senate Commerce Committee will hold hearings on this and other daylight saving time proposals on November 13, 1975. The Department of Transportation has been invited to testify at those hearings on its report. It is my hope that the committee will report appropriate amendments to the time laws to the Senate in the very near future.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2567

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Permanent Daylight Saving Time Act".

Sec. 2. Section 3(a) of the Uniform Time Act of 1966 (15 U.S.C. 260(a)) is amended by—

(1) striking out "the last Sunday in April" and inserting in lieu thereof "the second Sunday in February"; and

(2) striking out "the last Sunday in October" and inserting in lieu thereof "the second Sunday in November".

Sec. 3. This Act shall take effect February 8, 1976.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 2451

At the request of Mr. Dole, the Senator from Pennsylvania (Mr. Hugh Scott), the Senator from Connecticut (Mr. Ribicoff), the Senator from Massachusetts (Mr. Kennedy), the Senator from Iowa (Mr. Culver), the Senator from Michigan (Mr. Philip A. Hart), and the Senator from Iowa (Mr. Clark) were added as cosponsors of S. 2451, a bill to amend the Food Stamp Act of 1964.

SENATE RESOLUTION 289—SUBMISSION OF A RESOLUTION RELATING TO REDUCTIONS IN BUDGET RESOLUTION CEILINGS

(Referred to the Committee on the Budget.)

SENATE RESOLUTION TO REDUCE FEDERAL BUDGET OUTLAYS AS UNEMPLOYMENT DECREASES

Mr. STONE. Mr. President, I am today introducing a resolution committing the Senate to reduce total Federal budget outlays as the Nation's unemployment rate decreases. This resolution, directed to the spending levels adopted in the first concurrent resolution on the budget for fiscal year 1976, will dramatize the Senate's commitment to reduce the exorbitant present level of Federal Government spending.

Americans of every ideological persuasion are increasingly concerned about the level of Federal spending and the resulting Federal deficits. And, well we should be. Projected Federal spending for fiscal year 1976 is approaching $400 billion. The estimated deficit for this fiscal year alone is between $60 and $70 billion.

Our citizens have come to understand that this kind of deficit spending by the Federal Government fans the fire of inflation. They understand that such reckless and excessive Government spending ultimately causes the prices of food, shelter, and clothing to rise and rise and rise. They have come to appreciate that it is the middle-income American who suffers most from these spiraling prices.

The tragic situation now confronting New York City is a lesson for us all about the consequences of reckless and irresponsible government spending. Unless the Federal Government adopts a more responsible approach to Federal spending and financing, the Nation may very well face the same troubles as those now plaguing New York City.

The urgent need for Congress to accept more responsibility in the budget process was recognized by the enactment of the Budget Act of 1974. The congressional budget process set in place by this act is already bearing fruit and I am confident that this act has established the basis for a more studied and serious congressional effort to control the level of Federal expenditures.

Because of the danger of renewed inflationary pressures developing in the course of the economic recovery now finally underway, I believe it is important to go one step further at this time in signaling congressional determination to limit Federal spending levels. My resolution does this by committing the Senate to reduce the level of total budget outlays set forth in the second concurrent resolution on the budget for fiscal year 1976 and in any other concurrent resolution on the budget for 1976, by $1 billion from the level of the first budget resolution for each one-tenth of 1 percent by which the projected rate of unemployment for such fiscal year is below the projected rate of unemployment assumed in the first budget resolution.

This resolution, if implemented, would have the effect of reducing the level of Federal spending according to an improving employment situation in the country. Certainly the justification for deficit Federal financing disappears as the economy moves toward a full-employment economy. My resolution is designed to phase out excessive Federal spending as the general economic situation improves evidenced by decreasing unemployment. By thus reducing Federal spending levels we can be more certain in preventing the regeneration of inflation as our economic recovery continues.

My resolution does not reduce budget outlays and new budget authority, except from normal operation of law for such programs as veterans' compensation, pension benefits, and hospital care; benefit from social insurance trust funds, the supplemental security income program; interest on the public debt; revenue sharing; and other fixed spending commitments.

Mr. President, I ask unanimous consent that the complete text of the resolution be printed at this point in the Record.

There being no objection, the resolution was ordered to be printed in the Record, as follows:

S. Res. 289

Resolved, That it is the sense of the Senate that the appropriate levels of total budget outlays and total new budget authority to be set forth in the required Second Concurrent Resolution on the Budget for fiscal year 1976, and in any concurrent resolution on the budget for such fiscal year, should reflect a reduction, from the levels set forth in the First Concurrent Resolution on the Budget for such fiscal year, of $1,000,000,000 for each one-tenth of one percent by which the projected rate of unemployment for such fiscal year is below the projected rate of unemployment assumed in the First Concurrent Resolution on the Budget.

Section 2. It is the sense of the Senate that such a reduction should not include any decrease in budget outlays and new budget authority except from the normal operation of current law for—

(1) veterans' compensation, pension benefits, and hospital care;

(2) benefits from social insurance trust funds, the supplemental security income programs and aid to families with dependent children;

(3) interest on the public debt, refunds of receipts, and uninvested funds;

(4) revenue sharing; and

(5) judicial salaries.

ADDITIONAL COSPONSORS OF AN AMENDMENT

AMENDMENT NO. 1018

At the request of Mr. Javits, the Senator from Wisconsin (Mr. Nelson) was added as a cosponsor of amendment No. 1018, intended to be proposed to the bill (S. 2498), a bill to amend the Small Business Act to provide assistance for small business export activities.

ADDITIONAL STATEMENTS

THE ECONOMIC PLIGHT OF NEW YORK CITY

Mr. FANNIN. Mr. President, as my colleagues from across the Nation continue to discuss the economic plight of New York City and what, if any, aid the Federal Government should provide, I believe it is enlightening to review what some New Yorkers have to say about this mess. The October 28, 1975, issue of New York magazine published an article by Ken Auletta entitled "Who's To Blame for the Fix We're In." New York magazine is well known for its liberal journalistic tradition and promotion of the city for which it is named.

As a fiscal conservative I find Mr. Auletta's article fascinating in that it is the only historical analysis I have seen of the development of New York City's financial crisis. Everyone knows that a city does not approach bankruptcy overnight. It takes time to make enough wrong decisions which result in a potential default. We all have heard of the unconsionable pressures applied by the labor unions for wage and benefit increases, the free college tuition for all students, the extravagant welfare payments to millions, the exorbitant city taxes and so forth. What we have not seen is a chronological list of the policy decisions which led to these fiscally irresponsible actions within the city.

Auletta begins his article with a quote from William F. Buckley during his campaign for mayor of New York City. Buckley stated:

> New York City is in dire financial condition, as a result of mismanagement, extravagance, and political cowardice. . . . New York City must discontinue its present borrowing policies, and learn to live within its income, before it goes bankrupt.

This statement was made in 1965. Ten years later Mr. Buckley has been proven correct.

As we all know, the sixties was the decade of grand ideas implemented by grand legislation at the city, State and Federal levels of government. Politicians, regardless of their party affiliation, were promising more than anyone could, or at least were willing to pay for. Auletta exemplifies this trend by quoting Mayor Robert F. Wagner who said during his last budget message in 1965:

> I do not propose to permit our fiscal problems to set the limits of our commitments to meet the essential needs of the people of the City.

New York City certainly should not bear the entire brunt of the wrath now spewing forth from traditional fiscal conservatives as well as those "good time Charlies" from the sixties who have finally seen the light from their new vantage point on the edge of the chasm. Someone must have told Washington politicians of Mayor Wagner's novel idea of throwing money at social problems with the hope that they would disappear down the Hudson River. The Federal Government has pursued this same course for the past decade and more.

During my years in the Senate, the Federal budget has increased from $117 billion in fiscal year 1965 to a projected $367 billion in fiscal year 1976, an increase of over 200 percent. Unless legislative restrictions are placed on the present automatic increase mechanisms, this Nation can look forward to a Federal budget of $423 billion in fiscal year 1977. This is a 14-percent increase over the present fiscal year. Despite this extravagant spending, and borrowing to meet the bills, the Nation's social problems have not disappeared down the Potomac River.

In reading Ken Auletta's article, it is clear that major policy decisions and events which have resulted in the present financial crisis were not New York City's alone. For example, the first item listed is passage in 1944 of the GI Bill of Rights which encouraged some 2 million middle-income people to move from New York City to the suburbs. There is no question that the demography of all the Nation's large cities has been affected by this and other landmark Federal legislation such as the Federal highway trust fund enacted in 1956.

Other vital decisions were made at the city and State levels. Auletta points to Mayor Wagner's issuance of executive order No. 49 in March 1958. This "Little Wagner Act" granted 100,000 city employees the right to join unions and to bargain collectively. One of Wagner's former aides, who encouraged his signing the executive order, now states that it is wrong to assume that municipal unions will conduct themselves as trade unions do in their negotiations with employers. The difference is in the lack of profits in which to share and the presence of taxes. The result is that municipal employee unions become another pressure group with immense potential for disruption of the city's responsibilities to its citizens.

The State of New York added to the rising expectations of public employees by action in 1960 to increase by 5 percent the State's contribution to State employees' pensions. Auletta correctly observes that city and State governments competed with each other for increasing contributions, but more importantly, the benefits from employee pension programs. Of the Nation's local governments, certainly New York City wins the prize for mushrooming retirement benefits. However, again, the Federal Government caught onto this "cause" and ran quickly with it. The result is an excellent retirement benefits program for Federal employees, ever increasing benefits for social security and railroad retirement recipients, and unpaid bills which frighten even my most liberal colleagues.

Let us not forget the "imaginative" people who were responsible for the city's budget. As comptroller and mayor, Abe Beame compiled a $6 billion short-term debt. All responsible accounting procedures were forsaken for the practice of placing current operating expenses in the capital budget. These current expenses were funded through debt financing. Once again, Mayor Beame and his cohorts at city hall could very well have mimicked Washington in the development and execution of New York City's budgets.

Mr. President, I have stated before and I adamantly reaffirm now that I am opposed to any Federal aid for New York City. I realize the uncertainty involved in New York City's defaulting on its bond obligation. However, it is clear to me that Federal aid to New York City would be a monumental mistake for at least two reasons. First, it would effectively destroy the real incentive for balancing the city's budget. While my colleagues who support Federal aid have proposed steps which would be tough for New York to comply with, any Federal aid would effect the aspirations of New York and other cities to achieve balanced budgets. Second, it would destroy the Federal system as we presently know it. Regardless of its deficiencies, this system has worked for almost 200 years. It is senseless to alter the relationship between the States and the Federal Government in this hurried manner without clearly knowing the long-term consequences of our action.

Mr. President, I would like to share with my colleagues the Auletta article from New York magazine. I ask unanimous consent that the article be printed in the Congressional Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Who's To Blame for the Fix We're In

(By Ken Auletta)

On October 7. 1965, William F. Buckley, then a candidate for mayor, warned, "New York City is in dire financial condition, as a result of mismanagement, extravagance, and political cowardice. . . . New York City must discontinue its present borrowing policies, and learn to live within its income, before it goes bankrupt." Judging by the reaction, one would have thought Buckley had proposed to drop the atom bomb on Israel.

It took a decade for Buckley to appear "responsible." He was bucking the sixties, the Age of Good Intentions, when candidates solemnly promised to outspend their rivals. New ideas. New programs. That's what we wanted. An unwitting spokesman for the age was Mayor Robert F. Wagner, who, in his last budget message, in 1965, declared: "I do not propose to permit our fiscal problems to set the limits of our commitments to meet the essential needs of the people of the city."

Consistent with that curious fiscal philosophy, New York City persisted in an ambitious—and compassionate—effort to care for those less fortunate by taxing those who could afford it. Today, 14 per cent of our citizens are on welfare. We support nineteen municipal hospitals, free tuition at the City University, open enrollment, day-care centers, foster homes—and we have an assortment of more than 25 different taxes. We have conducted a noble experiment in local socialism and income redistribution, one clear result of which has been to redistribute much of our tax base and many jobs out of the city.

The city's now overwhelming credit crisis is primarily a symptom, not a cause, of a deeper economic malaise, whose roots reach back three decades and encompass a series of city, state, and even federal decisions. This is a piece about those decisions, a chronicle of the people and events that cumulatively pulled us into our predicament.

To pinpoint the most important of these decisions, I interviewed more than 40 public officials, labor leaders, businessmen, bankers, and students of city government. My question was always the same: What were the key events and decisions that led to the city's present fiscal crisis? After sorting through these responses, and assisted by a research associate, Robert Sullivan, I waded through old budgets, Board of Estimate minutes, press releases, newspaper clips, state laws, books and pamphlets. Then, when I had narrowed the choices, I did more interviewing.

In time, twenty critical decisions seemed to me to be the key events that led New York into financial ruin. The criterion for selection was not merely a "bad" or a "good" decision as such, but also those that opened the door for later abuse.

There are those who stress that New York is primarily the victim of social forces beyond its control. They will be disappointed in what they find here. Sure, there are general villains in plenty: the migration since World War II which brought 2 million blacks and Hispanics (largely poor) to the city and the departure of 2 million primarily white residents (largely middle income); the loss of one out of ten jobs in the last five years; inflation; taxes; racial polarization; anti urban bias; even the invention of the automobile. Not to mention such nondecisions as insufficient federal and state aid and the failure to engage in effective economic planning.

But to blame everybody is to blame nobody. There are particular villains in this story. If there is a single common thread weaving through these many decisions, it would be what is called "politics." And since "liberal" politicians have dominated city government these many years, it is they who are more guilty than others. The roll-overs, false revenue estimates, and plain lies that have robbed taxpayers of literally billions through excessive borrowing to cover up excessive fraud . . . people have gone to jail for less.

If the principal actors who have guided our city's destiny these last several decades—Wagner, Rockefeller, Beame, Lindsay—seem the chief villains in this piece, it must be remembered that they could not have accomplished all they did without a supporting cast of state legislators, borough presidents, City Council members, and city comptrollers.

Add to this list promiscuous bankers, voracious labor leaders and their members, and—by no means least—the press, because it was too preoccupied with gossip, too lazy, or assumed its readers were too dumb or too bored to bother with detail. Finally, there is the press' audience, the public, which all too often lived down to the press' low expectations.

So, this is a story not only about what our "leaders" did—and how—but about what we did to ourselves.

TWENTY CRITICAL DECISIONS THAT BROKE NEW YORK CITY

1. June 22, 1944: The G.I. Bill of Rights is enacted.

One cannot write about the city's fiscal crisis without tracing the exodus of 2 million middle-income people since World War II to the suburbs. The decision of the federal government in 1944 to provide 4 per cent home loans to World War II veterans, with no down payment required, opened the floodgates. The American dream of owning a home and property converged with federal moneys to subsidize that dream. There were few comparable incentives to keep people in town. Implicitly, the government was saying: We invite you to the suburbs. Millions took advantage of that offer. To get them to their new homes, various governments and agencies would subsequently, quite literally, pave the way.

2. March 26, 1953: Governor Thomas E. Dewey signs a bill allowing New York to impose a payroll tax.

Governor Dewey, in a then common Republican effort to win suburban and upstate support by running against and embarrassing Democratic New York City, had the legislature pass a bill granting the city authority to impose a payroll tax of one-half of 1 per cent on all wage earners—including commuters. The cost of this was to be shared by the employer and the employee. There was a state string attached, however. The tax could be imposed only if the city agreed to set up a Transit Authority and commit itself to make its mass transportation system self-sustaining. Which was politically impossible. The city got the Transit Authority. What it didn't get was a payroll tax. On the recommendation of Mayor Wagner, the Board of Estimate rejected it. Through the mid-sixties the city retained this authority to impose a payroll tax. It was unused, and finally withdrawn by the state. For years the city has fought, vainly, to get permission of the State Legislature to tax commuters. A payroll tax would have provided a means to do so. If the city now had the payroll tax John Lindsay had asked for in 1970—his proposal would also have abolished the city income tax—an estimated additional $400 million would have been received from commuters alone this year.

3. January 16, 1955: The Port Authority and the Triborough Bridge and Tunnel Authority agree on a master plan—for cars.

Many factors were to contribute to the erosion of the city's economic base—repeal of the Lyons law, for example, which had required city employees to live in the city, and constantly rising taxes, which encouraged business to leave town. But it was the highway construction binge after World War II that made it easy to do so.

The Port Authority and the TBTA agreed on a plan to build a second level of the George Washington Bridge, the Throgs Neck Bridge, and the Verrazano-Narrows Bridge—each to carry cars only—and for ribbons of access roads and highways to go with them. It was a $1.2-billion package, and its architect was Robert Moses. As Robert Caro wrote in *The Power Broker*, his biography of Moses, the pact "sealed, perhaps for centuries, the future of New York and its suburbs." If the proposed money had been applied to mass transit—an abhorrent thought to Moses or the Port Authority's Austin Tobin—the city could have completely remodeled its subway system.

Little more than a year later, on June 29, 1956, the Federal Highway Trust Fund was established, creating a mechanism—a gasoline tax—to funnel new billions each year into highway construction. Between 1956 and 1965 alone, these funds paid for the construction of 439 miles of new highway in the metropolitan area. In the same period, not a mile of new rapid-transit track was completed.

4. March 31, 1958: Mayor Robert F. Wagner issues Executive Order Number 49.

What came to be called the "Little Wagner Act" was in fact the Big Wagner Act for municipal unions. The mayor's executive order granted to 100,000 city employees the right to join the union of their choice and the right to bargain collectively. It was not an easy decision. Wagner's advisers were divided between those who opposed the order, claiming it would lead to increased union pressure, and those who favored it, arguing it would impose orderly machinery for the resolution of disputes, bring stability to city agencies, and promote efficiency.

A labor adviser to Wagner, one who urged the signing of the executive order, now thinks it was a "mistake." He now believes it was wrong to assume that a municipal union can be dealt with like a trade union, because "the city is not an employer in the traditional sense. Profits do not exist. Workers are not extracting a share of profits but rather a share of taxes." He now views municipal collective bargaining as part of the political rather than the adversary process. Therefore, he says, municipal unions "are really a pressure group, a special-interest group."

A pretty powerful one, too. They are heavy contributors of money, printing, and manpower to campaigns. As Victor Gotbaum, head of District Council 37 of the State, County, and Municipal Employees' union, recently remarked: "We have the ability, in a sense, to elect our own boss."

The signing of the executive order led inexorably to the dilution of the power of city executives to manage their departments, since it placed such matters as "workload and manning" on the collective-bargaining table.

City union contracts now specify two-man, rather than one-man, patrol cars in low-crime areas; four rather than five men to a fire truck; a set number of days off for blood donations; 35-hour, rather than 40-hour, weeks for most city employees; eighteen days off a year for "chart" time for cops; fifteen minutes a day of paid wash-up time for sanitationmen; more than three months a year of paid vacation for teachers, plus paid sabbaticals.

Federal employees, who do not have the same collective-bargaining rights, have received salary increases averaging 5.5 per cent in the last ten years. In the same period city salaries grew by 10.4 per cent.

One does not have to make labor a scapegoat or excuse a weak management to note, as *Newsweek* did recently, that even after adjusting for disparities in county, state, and federal aid, it still costs New York City $1,446 per capita to deliver the same services that cost Atlanta only $650, Chicago $715, and Philadelphia $731.

Following Wagner's executive order in 1958, the New York Times editorialized: ". . . city employees . . . will now be permitted to bargain harder for a pay raise that isn't there." Ultimately the *Times* was right, but it took a calamitously long time to make it so.

5. March 26, 1960: Governor Rockefeller signs a bill increasing by 5 per cent the state's contribution to state employees' pensions.

On the face of it, this appears to be a minor decision with small immediate dollar consequences. But, in fact, this decision signaled the beginning of a process of leapfrogging, of open competition between the city and state to outdo each other in rewarding their servants. The bill for the first time made pensions a part of collective-bargaining settlements and invited competition among public unions. Former Mayor Wagner recalls a Loyalty Day Parade in the early sixties. He and Rockefeller "were heading up the parade. The police and firemen were shouting, 'Atta boy, Rocky!' So I turned to Nelson and I said, 'You son of a gun, taking all the credit.' He laughed."

The financial consequences of the 54 pension bills passed between 1960 and 1970 are staggering. In 1961, according to the State Scott Commission, the city paid $260.8 million to provide its employees with retirement and social security benefits. By 1972, that had jumped to $753.9 million, a growth of 175 per cent. The rapid increase in city employment accounted for only 30 percent of this increase.

This year, the city budget for retirement benefits is $1.3 billion. But not even that sum gives the whole story. The business-oriented Committee for Economic Development has calculated that when all the city's costs—including hidden ones—are figured in, pensions will cost about 25 per cent of payroll. And the payroll itself now consumes 60 per cent of the city's budget.

6. April 18, 1960: Governor Rockefeller signs a bill creating the State Housing Finance Agency.

Until the creation of this agency, public authorities were expected to be self-sustaining. The things they built were supposed to pay their own way. However, upon the recommendation of a housing task force consisting of such luminaries as I. D. Robbins, James Scheuer, and Harry Van Arsdale, Rockefeller persuaded the State Legislature to depart from this policy.

The new agency would build nothing itself; it would provide money for others to build with. There would be no direct user revenues. The purposes for which the money could be used were broadly defined. As a way of getting around the state constitutional requirement to hold a public referendum in order to sell bonds backed by the "full faith and credit" of the state, the HFA would now rely on what was called "the moral obligation" of the state, for which voter approval wasn't necessary. The "moral obligation" concept was thought up by John Mitchell, the bond lawyer who went on to other things.

The governor, in lining up support, tried to have it both ways. On the one hand, he told the public it would cost the "taxpayers" no money. On the other, he told investors that the state taxpayers would back the bonds. Years later we would all pay. "The decision on moral-obligation bonds," says Donna Shalala, a professor of government at Columbia University and a director of the Municipal Assistance Corporation, "reinforced and led to the era of avoiding constitutional requirements. It was difficult for the state to say to the city, 'Look, you're avoiding statutory or constitutional requirements in preparing your budget' when the state ignored the constitution by not going to the voters on bond issues."

By the winter of 1975, the moral-obligation debt of state public authorities had soared to $7.4 *billion*. Public authorities had proliferated across the state, now totaling 230. And in February, 1975, one of the children of the HFA—the Urban Development Corporation—defaulted on its moral obligations, setting off the chain reaction which now threatens the entire local and state government bond market.

7. November 7, 1961: Voters approve new city charter.

This was an eventful day in New York. It was a day the voters re-elected Bob Wagner—running against his own eight-year record—as mayor. Less noticed was a proposal supported by such good-government groups as the City Club and the League of Women Voters to amend the city charter. It carried by better than two to one. Among the charter changes were two that would strengthen the office of mayor. One empowered the mayor to estimate general fund revenues, a power formerly shared with the comptroller, the Board of Estimate, and the City Council; the second granted the mayor the power to estimate the maximum debt the city might incur for capital projects, a power also formerly shared.

It was the belief at the time—much as it was in Washington—that we needed a strong chief executive with the power to make decisions. The charter changes strengthened the mayor's powers, but they also opened these powers to abuse. An audit check on the mayor had been removed.

The new charter took effect on January 1, 1963. Fiscal sleight-of-hand began almost instantly. On April 2, 1963, Wagner proposed to balance his $3-billion budget, in part, by waiving payment of $15 million to the city's Stabilization Reserve Fund for one year. The City Council rubber-stamped this request, as did the State Legislature.

Comptroller Beame, unhappy with this approach, called on Wagner to use magic instead and balance the budget by increasing general fund estimates by $13.75 million and by changing the payment dates on state aid, thereby shifting the following year's state aid payments into the upcoming fiscal year.

Then, on May 6, Wagner solemnly warned: "A way must be found to replace a $40-million loss from the out-of-city sales tax." But on May 14, he suddenly saw a "brighter economic outlook" and said that the city could count on an additional $26.3 million in revenues.

"The significance of the charter change," argues a budget expert, "was that when you had a mayor operating with a Budget Bureau which was creative, the sky was the limit."

8. April 3, 1964: The New York State Local Finance Law is amended.

The State Legislature and the governor, each of whom is required to pass on every city budget, have often passed on, winked at, or initiated gimmicks which allowed city officials to use the capital budget—intended to pay for projects with a long economic life—for current expenses. Instead of requiring politically painful budget cuts, Section 11, Paragraph 62 permitted officials to use the capital budget to borrow money for *current* expenses.

Imagination bloomed. In his 1964–65 capital budget, Mayor Wagner buried $26 million in expense items. Governor Rockefeller approved an administration bill (Chapter 634 of the Laws of 1967) which allowed "the costs of codification of laws and the fees paid to experts [lawyers], consultants, advertising and costs of printing and disseminating" to be regarded as a capital expense by granting these expenses a "three year period of possible usefulness." This from our present vice-president, who is now campaigning against "permissive liberals."

The expanding use of this device and its long-range cost and effect on "investor confidence" should not be underestimated. Between 1965 and 1975, according to the Citizens Budget Commission, a total of $2.4 billion in expense items was smuggled into the capital budget at an added interest cost of $250 million. It has become a major factor in the city's massive debt service, which in this year is projected to require $1.886 billion, consuming 14 cents out of every expense budget dollar, or more than the city spends for police, fire, the City University, sanitation, and the environment combined.

9. May 13, 1965: Mayor Wagner closes a budget gap by short-term borrowing.

Mayor Wagner had planned to present his last expense budget to the full Board of Estimate before live television cameras. But word had leaked out that the mayor planned to close a $255.8-million budget gap by issuing short-term notes and by asking two separately elected state legislatures and the voters to approve a constitutional amendment permitting the city to increase real estate taxes 20 per cent. Editorialists screeched. City Comptroller Beame, a close Wagner ally, blasted the plan.

The live TV plans were scratched. Instead, Deputy Mayor Edward F. Cavanagh, Jr. read a six-minute message to two Board of Estimate members on the same day John Lindsay announced his candidacy for mayor. Among the highlights of the Wagner budget message was his plan to "borrow now, repay later," as he phrased it. Expressing the optimism and rhetoric of the day, he said, "I intend that we shall press ahead with the war on crime, the war on poverty, the war on narcotics addiction, the war on slums, the war on disease, and the war on civic ugliness."

Such "wars" cost money, and Wagner presented a tricked-up, record-high $3.87-billion budget to pay for them. It was deficit financing, and the implications for the future were profound. In July, Moody's lowered New York City's credit rating, thereby costing taxpayers millions of dollars in additional interest charges. According to one official on the privately funded Citizens Budget Commission, an organization whose timely and pertinent warnings went largely unheeded over the years, "Wagner showed it could be done. His action showed that our laws—with the help of the legislature, our constitution, and our statutory framework—are sufficiently elastic to encompass a devastating amount of mismanagement." Governor Rockefeller helped round up sufficient Republican votes in the legislature to pass this scheme.

On June 30, 1965, the city's short-term debt was $526 million. By February, 1975, it had grown to an insupportable $5.7 billion.

On December 21, 1965, Mayor-elect John Lindsay, sounding remarkably similar to the man who would follow him into office eight years later, expressed alarm: "I face a budget gap of almost a billion dollars for the first fifteen months of my administration." Wagner denied there was a deficit, as Lindsay would eight years later.

10. January 12, 1966: Mayor Lindsay settles a citywide transit strike.

Mayor-elect John Lindsay journeyed to the American Hotel on December 27, 1965, to meet with representatives of the Transport Workers union and the Transit Authority. He asked both sides to arrive at a "fair settlement" to avoid a transit strike and then, with unaccustomed humility, declared: "I am not an expert on labor matters."

Over the next fifteen days he would prove this. On January 1, 1966, 34,800 transit workers went on strike, immobilizing most of the city. It was the first strike in TWU history, and the first major citywide strike in the city's history. Until this point, unions would threaten and bluster but then sit down in some smoke-filled room and work out a settlement. This time—after Lindsay denounced what he called the "power brokers," after the New York *Times*, near hysteria, had blasted a judge for merely throwing union leaders in jail, after union president Michael Quill had called his mayor a "pip-squeak" and the *Times* a "meddler"—the strike was settled with a package of improvements worth $52 million, or twice what one of the three mediators said could have been the price.

Price aside, there was another important consequence. As former Mayor Wagner now recalls, "They went on strike—a violation of the law—and yet as part of the settlement they were forgiven, with no penalties to any extent."

The 1966 transit strike was John Lindsay's

Bay of Pigs. It set the pattern for his future shaky dealing with municipal labor. Some feel he was the victim of poor advice. One participant recalls, "There were four guys principally responsible: Abe Raskin and John Oakes of the New York *Times* were on the phone every day telling Lindsay what to do. Then there was [pollster] Lou Harris and [Liberal party chief] Alex Rose. They were the architects of that settlement. They were all smart guys who understood public relations, but not labor relations."

Today, one of those four advisers reflected that Lindsay's mistake was that he "surrendered" to the unions' demands. His view was that Lindsay should have drawn the line and summoned the troops to battle. That may be correct, but it presupposes that the public, like a mighty army, would march in step behind their leader. Yet by the thirteenth day of the strike the public—tired, inconvenienced, their work and life patterns disrupted—was the party most ready to "surrender."

11. April 30, 1966: The State Medicaid law is enacted.

Running for re-election in 1966, and playing the role of a "liberal," Nelson Rockefeller signed Medicaid into law, hailing it as "the most significant social legislation in three decades."

The significance should not be under-estimated. Almost everyone was for Medicaid in 1966—Robert Kennedy, both houses of the State Legislature, labor, Republicans, and Democrats. It was the compassionate thing to do—and a classic case of good intentions and goals being subverted by poor thinking and slovenly legislation. The New York State Medicaid law promised free medical care to the poor, to senior citizens, and part of the middle class as well. The state was going to spend money—Rockefeller said "$90 million"—to subsidize medical care. But the state neglected to provide money or a plan to expand medical facilities and provide the beds, doctors, nurses, and technicians that would be necessary. Costs exploded as too many people chased too few doctors and facilities—making medical care prohibitively expensive for many New Yorkers. Not to mention what it would later do to our senior citizens in nursing homes and for venal private nursing-home operators.

The city's share of Medicaid costs is now greater than its share of welfare.

12. January 4, 1967: The city's Office of Collective Bargaining names an impasse panel to settle a pay-parity dispute.

In 1967, faced with a tough quarrel involving old and sensitive relationships—"parities"—within police ranks, and between police and fire pay scales, the city's Office of Collective Bargaining named an impasse panel to sort out the issues. There followed the city's breaking of a written agreement with the police, a lawsuit, appeals, rehearings, and a six-day police strike in 1971. Ultimately, the city lost a suit brought by the Patrolmen's Benevolent Association, and the financial consequences were great. "By the time other groups, like firemen and sanitationmen, came forward with their related demands," writes professor Raymond Horton in his book Municipal Labor Relations in New York City, "the cost to the city was considerable—estimated from $150 million to $215 million."

But the city paid another price for its parity debacle. The city had previously suffered strikes by its transit workers, its teachers, sanitationmen, welfare workers. But until January, 1971, it had been almost unthinkable that those responsible for public safety would strike. With that strike went another piece of the social fabric, encouraging citizens and investors alike to lose confidence in the city's future.

13. November 7, 1967: Voters reject a new state constitution.

Voters who can remember back to 1967 may dimly recall a strident argument over the wisdom of repealing the so-called "Blaine Amendment" to the state constitution, which forbade state aid to parochial schools. Repeal of Blaine was part of an extensive revision worked out in a constitutional convention. The package was resoundingly defeated. But for the city of New York, which cast 56 per cent of its ballots against the revisions, the new constitution would have helped a great deal in other ways.

Article V, Section 25b of the proposed constitution called for the state to assume over a ten-year period the full cost of operating all courts in the city of New York. In the 1975–76 year the city's share of court costs is budgeted at $94.2 million.

Article X, Section 16 of the proposed constitution called for the state to assume over a ten-year period—10 per cent each year—the total cost of all city welfare. In 1967–68 the local cost for welfare was $267.2 million. By 1975–76 the local share of welfare and Medicaid costs had multiplied to more than $1 billion.

Article IX, Section 1d of the proposed constitution would have changed the city's state-school-aid formula. Instead of being based on attendance, as it now is (with the city's high rate of absenteeism), the formula would have been switched and would have been based on pupil registration, benefitting densely populated areas like the city.

14. November 6, 1968: The election of Richard Nixon.

The name Nixon will be remembered for various perfidies—Watergate, Cambodia, Chile, Vietnam. But as far as the city's fiscal crisis is concerned, Nixon should be remembered as the president who, in the words of urban historian Richard Wade, "abandoned the notion of compensatory spending for our cities and instead switched to per capita aid, which favored the burgeoning suburbs." Though in absolute numbers federal aid to the city grew incrementally during each of the years Nixon was president, by 1973–74 it decreased as a percentage of the city's budget—and it is certain that had a progressive been president, the city would have received considerably more support. Additionally, as the federal government cut back on matching grant programs, the city, in an attempt to continue those services, often overextended itself. "A critical series of decisions," argues a former deputy mayor, "was the acceptance of federal programs forced on us during the Johnson years. In the liberal euphoria over these programs too little attention was paid to the long-term costs of these programs."

15. March 18, 1969: John Lindsay announces his candidacy for re-election.

Lindsay was in trouble and he knew it. In February, 1968, he had suffered a massive, city-wide sanitation strike in which he threatened to call out the National Guard. In a union town, labor leaders were calling him anti-labor. Even worse, in the wake of the September, 1968, teachers' strike over decentralization, many Jews—the city's largest and most powerful ethnic group—were openly calling the mayor anti-Semitic.

He had to try to rebuild an electoral coalition, to be more political. He hired a talented campaign manager, Richard Aurelio, and instructed his key aides to check important government decisions with Aurelio. If he was to win he had to do what most elected executives do: use his government powers to advance his campaign. Only John Lindsay had to do more. He was still a Republican in a town where that party is nearly extinct: And more he did.

"That was a year the mayor wanted labor peace," Lindsay's deputy budget director at the time, David Grossman, now recalls. It was the year, says Raymond Horton, "when John Lindsay stopped fighting with the unions and went to bed with them."

Before the 1969 election, lucrative new pension benefits had been awarded attendance teachers, sanitationmen, higher-education employees, police, firemen, and library teachers. Lindsay's reelection campaign would ultimately win the support of such powerful city unions as those of the state, county, and municipal employees and the sanitationmen. Albert Shanker, head of the teachers' union—who in 1968 spoke of Lindsay in terms that would make Mike Quill proud—remained neutral. The mayor's people considered this a pro-Lindsay posture. In 1970, the teachers were rewarded with an extravagant pension settlement.

Lindsay also used his budget for a series of manipulations to tide him through the election. He balanced his expense budget by counting $116.7-million in nonexistent revenues. He doubled expense moneys slipped into the capital budget. Playing Santa Claus, he reversed a long-held position and promised to hire more firemen; he also dangled overtime pay for policemen who worked a new night shift.

With the involuntary help of the taxpayers, and assisted by a brilliant campaign, the Liberal party, and a clown named Procaccino, Lindsay won—with 42 percent of the total vote.

16. June 18, 1971: Rockefeller signs an amendment to the Local Finance Law.

New York State first resorted to budget notes in 1942 as a method of meeting emergency expenditure needs by borrowing against next year's revenues. The legislation spoke of "epidemic, riot, flood, storm, earthquake, or other unusual peril." Looking at New York City's recent fiscal history one would think that "epidemic," "earthquake," and "unusual peril" were annual events.

In 1971, in order to "balance" the city budget, city leaders got behind an overly optimistic forecast of how much federal aid the city could expect. When Congress hedged on revenue-sharing, the city got caught short by several hundred million dollars. Governor Rockefeller responded by signing into law an amendment to the Local Finance Law which, in effect, said: if New York City makes a mistake in its estimate of additional revenues from federal revenue sharing in fiscal 1971–72, not exceeding $100 million, and gets insufficient aid from the federal government, it can issue one-year budget notes. But if the city can't come up with this money by 1974, it would be permitted to ask the State Legislature for money to cover the budget notes, and the legislature "will make a first-instance appropriation." That is, it would lend the city the difference.

At that time, John Lindsay used this special power to issue $308 million of such notes to cover false revenue estimates. The legislature also permitted the city to repay these notes as late as July 31, 1974, on the presumption the city would repay a part each year. Instead, each year the city simply rolled over that debt. This takes us to May 30, 1974, a gubernatorial election year. In preference to prudence, Governor Malcolm Wilson and the legislature created the New York Stabilization Reserve Corporation at the request of Mayor Beame to repay the budget notes of 1971–72.

The legislature then created the Stabilization Corporation to be a borrowing agency in order to borrow money to pay for the borrowings the city could not. In brief, this new agency was encouraged to borrow money to repay borrowed money—paying interest on interest. And digging the city in deeper and deeper until it faced a true "epidemic" in 1975.

17. June 19, 1973: The Board of Estimate and City Council approve Lindsay's 1973–74 expense budget.

It was a good year for wine but a lousy year for the city budget. It was an unusual budget in that it was shaped by both an outgoing mayor (Lindsay) and by a Comptroller (Beame) who was to be the incoming mayor. Though Beame has repeatedly blamed the $1.5-billion deficit he says he inherited for much of the city's current woes, as comptroller and mayoral frontrunner his fingerprints were all over the document. He attended breakfast meetings on June 11 and 15 with Lindsay to achieve a compromise toward what they called a "balanced budget." On June 18, 1973, City Hall issued a joint statement. "Agreement has been reached on a proposed 1973–74 Expense Budget by the Mayor, the Comptroller, the Board of Estimate and City Council leaders." The New York Post reported: "This was the first year in the past four that Lindsay and Beame practiced budget politics of consensus instead of confrontation."

Among their budget tricks were (1) the placing of $564 million of expense items in the city's capital budget, an increase of $290 million from the previous year; (2) the city ended at midyear its existing subsidies of transit fares for schoolchildren and the elderly, pretending the need would disappear or that the state or federal government would bail the city out; (3) the City Council arbitrarily freed "revenues" of $148.5 million by, among other things, postponing the statutory repayment of $96 million to the "rainy day" fund; (4) Lindsay announced a deficit of $211 million and simply summoned the state to close it; (5) they made good a Beame campaign pledge by adding to the budget an authorization for 3,000 more cops, even though the city had at the time 2,250 police vacancies; (6) they approved a one-year roll-over of the $308 million in budget notes issued to cover the 1970–71 budget deficit.

A high official in the present comptroller's office calls that budget an example of outright fraud.

David Grossman, Lindsay's budget director at the time, described in a June, 1973, memo the importance of his and Lindsay's—and Beame's—budget for 1973–74: "It was not until recently—from June 30, 1973, to March, 1975—that the really sharp increase in short-term borrowing occurred and the market began to ask what was going on. In those two years, short-term debt went up by an astounding 138 per cent (from $2.5 billion to the current $6 billion level). During the same two years, the expense budget went up 19 per cent while the state and federal aid component rose by only 7 per cent. Small wonder, then, that the city ran into a crisis of confidence in March, 1975, and ceased to be able to sell its short-term debt. What accounts for the very rapid growth in short-term borrowing in only two years? It would appear that the answer lies mostly in the way in which the last two city budgets were constructed—built on hoped-for revenues that never arrived, on budgetary techniques that anticipated future revenues by borrowing cash in the present, and on a continuing roll-over of past deficits from year to year. . . The current cash crisis is, in budgetary terms, the end result of a political process that saw the city adopt two successive budgets in which the hard issue of budget balance was avoided."

18. November 6, 1973: The election of Abe Beame.

"The whole disaster of the city is Beame," bitterly complains an official with the Citizens Budget Commission. "The people in the Budget Bureau are and have been his. The secret of his powers is his mastery in the Budget Bureau. If you take a look at the creative decisions in the city, you have to stand in admiration. There is an unbelievable technical elegance that one has to admire. What led to Beame and Deputy Mayor Cavanagh's downfall was the fact that these two guys were unable to adjust to changes in the new intergovernmental ball game we have. The city came to depend for 40 to 45 per cent of its budget on state and federal government funds. They could not shuffle these funds.

"The nature of the city's budget changed, but Beame did not adjust to the situation. He still continued to claim savings based on expenditures not made, and which never would have been made to begin with. The city claimed hundreds of millions in savings on people it could not have hired. It was as if my washing machine broke and my wife got it repaired for $50. If I were Abe Beame I would claim a $250 saving since I didn't have to go out and buy a new washing machine."

Abe Beame did something like that in the spring of 1974 when he presented his 1974–75 budget. Rather than make painful cuts to balance his budget, he raised the already highest taxes in the nation by $44 million; he smuggled $722 million of expense items into his capital budget; borrowed $520 million through the creation of the Stabilization Reserve Corporation, to be repaid over ten years; raised some $280 million by advancing the date of sewer-rent collections and siphoning what he called "excess" pension earnings to meet the city's share of pension contributions. The city had increased its reliance on borrowed funds to cover insufficient current revenues, thus pushing off still larger debt payments to next year.

Besides his budget failures, Abe Beame's performance directly led to the undermining of confidence in his—and, therefore, the city's—credibility. At first, he blamed whatever budget problems he had on the $1.5-billion deficit he said he inherited from terrible John Lindsay. Then on December 2, 1974, he blamed City Comptroller Goldin's differing deficit estimates for the 9.5 per cent interest the city was forced to pay for short-term notes. Then, over the next two months, he separately announced what he called Phase One, Two, and Three of city layoffs. On February 1, he said layoffs had been averted because city unions were forgoing contractual rights. The mayor seemed to be saying that the current year's budget crisis was no more. On February 15, Beame projected a $1.68-billion budget gap for the next fiscal year. Then he announced layoffs that later did not materialize. He blamed Republicans in Washington. Then he blamed Albany. On May 29, standing in the well of the Council Chamber before live television cameras, the mayor blamed the banks and "editorial columns" for a "conspiracy" to create "an atmosphere of doubt and uncertainty about New York's securities." On June 24, First Deputy Budget Director John J. Lanigan, a long-time Beame-Cavanagh associate, said, "I think there's a possibility we'll end up with a balanced budget" for the 1974–75 fiscal year. By July 7, the mayor was sitting calmly in his office and announcing that the fiscal crisis was "behind us." Like Nixon with Watergate, he had treated the city's fiscal crisis as a public-relations problem.

On March 24 he warned, "Nobody is going to tell me how to run the city." On June 10, the state Municipal Assistance Corporation was created. By July 18 Beame meekly told the MAC he would do "whatever is necessary" to win back the investors he had accused of "conspiracy" on May 29. By September, the State Legislature had passed a bill, a main purpose of which was to advertise to investors that Abe Beame was no longer in charge. He had been stripped of his budgetary powers, as the city—through the default of its leaders—had been stripped of representative government.

"Abe Beame could have done much more much earlier and paid much less," a high state official told me in July. "In fact, if the city had been willing to get honest with its figures last winter and had presented a two- or three-year fiscal plan and agreed to limit its borrowing, there could have been an agreement with the financial community and there would have been no need for Big MAC."

19. June 15, 1974: The Port Authority's 1962 covenant is repealed.

In 1962 the Port Authority made a deal with the governors of New York and New Jersey. The authority agreed to take over and modernize the bankrupt and decaying trans-Hudson commuter tubes in return for winning the approval of the governors to build the World Trade Center. As an additional incentive, the legislatures of the two states passed covenants assuring the authority, together with its bondholders, that never again would it be required to assume any deficit mass-transit operation. Since mass-transit systems chronically lose money, this effectively took the authority out of the mass-transit business.

For years, critics of the Port Authority have lashed out at this failure to invest in mass transit. A leader in the fight to wrench the authority into helping finance mass transit was labor attorney Theodore Kheel, who said in the spring of 1974, "Repeal of the 1962 statutory covenant will in no way impair the security of Port Authority bondholders." He was backed by Governor Brendan Byrne of New Jersey, who signed the repeal on April 30. Then overwhelming majorities in both houses of the New York State Legislature passed the repeal. Governor Malcolm Wilson, switching from the support he had promised Nelson Rockefeller in the fall of 1973, hesitated in signing the measure. He was fearful, he said later, that his approval of the measure would "overturn a solemn pledge of the state." He was immedaitely attacked by fellow Republicans, by Kheel, by all the then-Democratic-candidates for governor, by the City Bar Association, by just about everyone in politics. Wilson had been warned that repeal would seriously undermine "investor confidence," words then foreign to most of us. Finally, on June 15, only minutes before the signing deadline—and knowing he faced a difficult November election—Governor Wilson relented and approved the measure.

Donna Shalala, a member of the MAC board, reports that in her dealings with bankers they often cite the repeal as undermining "confidence" in government securities. To investors the repeal served as a warning—despite assurances from the state and the Port Authority—that what the state giveth it can taketh away.

20. February 25, 1975: The New York State Urban Development Corporation defaults.

The first sentence of UDC President Edward J. Logue's 64-page annual report for 1974 begins: "1975 can be a banner year. . . ." It was, of sorts.

On January 21, State Comptroller Arthur Levitt deplored yet again the "moral obligation" gimmick used by UDC and other agencies to avoid constitutionally required voter approval for state borrowing. He also blamed the banks for "cooperating with a vengeance" to reap profits from UDC. In succeeding days Governor Carey appointed task forces to study and seek to prevent the nation's most powerful housing agency from drowning in $1-billion in debts outstanding, and the $1-million per day it owed contractors. The agency had clearly overextended itself. After a series of frenetic meetings and touch-and-go negotiations with the banks, on February 26 the governor fashioned a bipartisan plan to provide refinancing and stave off the collapse of this important state agency. At the time everyone hailed the statesmanship exhibited by all sides. Largely overlooked was an event which took place the day before, and seemed less significant. On February 25, New York State—rather than appropriating state moneys and perhaps raising taxes to cover $104.5 million in due notes—chose to default on UDC obligations for four weeks. Governor Carey double-talked, saying that since these were short-term notes they "do not carry the moral obligation of the state."

Four weeks later the state made good on

this money. But the damage had been done. UDC became the first major government agency since the Depression to become insolvent. As Richard Ravitch, the man Carey installed as Logue's successor, had warned on February 9, "People did business with the UDC—small businessmen, architects, civil-rights organizations—thinking they were doing business with the state of New York. The fact that they technically were not doesn't matter now." The message communicated to investors was that state moral obligations were not legal obligations. Like the Port Authority bond covenant, in the eyes of the investment community the state was breaking a contract. Said a Wall Street bond trader: "Why should I buy the moral obligations of immoral politicians?" The consequences were swift. The *Wall Street Journal* reported "public bonds fell an average of $15 for each $1,000 face amount." Within days New York City was forced to accept a then astronomical 8.69 per cent interest rate on $537-million of bond-anticipation notes—up from 7 per cent two weeks before. In a joint statement Beame and Goldin said, "The recent default by the state Urban Development Corporation" has created an "unwarranted climate of suspicion in the marketplace." They charged that New York City taxpayers were being forced to pay for the mistakes of "another jurisdiction." The State Housing and Finance Agency postponed a scheduled note sale—made finally on April 23 for a record 9.6 per cent. By April, construction of more than $1 billion in nursing homes, hospitals, facilities for the handicapped, and other projects was held up for lack of investors. The municipal-bond market was going to hell. And the city of New York, the most flagrant violator of that market's rules, was thus set up to reap a whirlwind.

A USEFUL SUGGESTION

Mr. CHURCH. Mr. President, recently there appeared in Farm Journal a very useful article detailing ways in which farm families might use their personal checks to keep better tax records.

The article, written by Charles F. Lein, Jr., gives several tips for handling checks so farmers might keep their farm-related expenses better separated from their personal expenses. These procedures if followed, can save the individual a great deal of time and trouble when it comes to that onerous task of compiling a tax return and provide excellent records should the IRS decide to audit a person's taxes.

Because this article provides information which can be of benefit in helping farm families with the chore of tax preparation, I ask unanimous consent that it be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

How to Write Checks That Will Stand a Tax Audit

The best tool you have to help you make out your income tax accurately, keep you out of trouble with IRS, and bail you out of a tax audit when that comes along is something you handle every day—your bank checks.

The problem is that too many farmers and ranchers simply ignore this valuable tax record and handle checks so carelessly they don't record much of anything useful. Or worse, they handle them in such a way that they become the very proof IRS may need to catch a cheat, intended or not. Here are tips on handling checks you get and checks you write to make them an asset, not a liability.

1. Deposit all income checks in the bank. Sounds simple enough. Trouble is many checks you get do not represent all the income you received for the item sold.

For example, suppose you buy $1,500 worth of feed and seed at the elevator and charge it. Later on, you sell $6,000 worth of grain and "settle up" with a check for $4,500. When you come to make out your tax return you may inadvertently list the $3,000 as the income on the grain, forgetting the $1,500 they deducted. In effect, you've charged the feed and seed off twice.

Your wife may do the same thing never thinking about it if she buys butter at the creamery, for example, and sells eggs or cream. If she takes cash for the difference, you might lose track of both the income and the household expense (not deductible). The best practice is to pay by check for all deductible expenses and deposit checks for the full amount you receive for products sold—grain, livestock, milk, eggs, or other products.

If you want $50 or $500 as pocket money for living expenses that are not deductible, write a check for that much as "cash," and your records will be complete and correct.

2. Use checks for all expenses and capital expenditures.

Ordinarily, you don't have much trouble recognizing a payment that is obviously a regular business deduction. But you may overlook non-business payments that also affect your taxes—medical expenses, contributions (even $5 for the Red Cross), personal taxes, interest on a personal note.

Even grocery bills may affect your income and expense—if you board any hired help. So they should be paid by check.

An expense you may easily overlook is wages paid to children who help on the farm. This is deductible if they do income-producing work (not housework). You should pay them by check so you have an automatic record of it.

3. Write the expense category on the face of the check. You may easily forget what a $29 check written to a farm supply store was for. If $9 of it was for kitchen supplies and $20 for barbed wire and staples, you've got a $20 deduction for fence repairs and no more. A notation will make it clear. Usually, it is better to write separate checks for deductible and non-deductible items.

One warning: Don't write a check for $42 to pay a $22 repair bill and pocket the $20 cash to spend on personal items. The taxes you evade this way are not worth the penalty.

4. Keep duplicate copies of all deposit slips. Your copies with your notes on them could be as valuable as your marked checks.

A few more pointers on making checks as valuable as possible:

If you sell something at the end of the year, get that check deposited before New Year's day and avoid confusion between the years.

Remember, income is taxable when a cashable check is received. Don't carry around a check thinking you can postpone listing the amount as income because you haven't yet deposited or cashed it.

After you've filed your tax, collect all your checks, deposit slips and invoices and other records in one file or package.

—Charles F. Lein, Jr.

WORLD SERIES

Mr. BROOKE. Mr. President, there was no joy in Beantown last night.

The Cincinnati Reds were crowned baseball champions of the world.

The spunky Red's manager, Sparky Anderson, said:

> I always had the feeling we're the best team in baseball. But not by much.

And, Mr. President, that about sums it up. So with congratulations and gratitude to our Boston Red Sox and a salute to the world champion Cincinnati Reds we end the 1975 baseball season. And as we say in Fenway Park, "we'll be back next year."

GROWING CONCERN ABOUT ARMS TRADE

Mr. NELSON. Mr. President, an editorial in this morning's New York Times examines very clearly and concisely several of the arguments advanced in support of rapidly increasing transfers of American-made weapons throughout the world. The editorial concludes that—

> The extraordinary growth in weapons exports and the huge shipments of military equipment to both sides in arms races in the Middle East, the Persian Gulf and Latin America are unjustified.

Noting that "American arms exports now are much more than double those of the Soviet Union and larger than those of all other countries combined," the editorial calls upon the United States to "take the lead" in attempting to restrain the growth of arms sales and in seeking to negotiate some form of arms control agreement among the major arms producing nations.

I commend this editorial to my colleagues as well as a series of informative articles by Richard Lyons which appeared in the New York Times of October 19, 20, and 21, and were submitted for the Record of October 22 by my distinguished colleague from Wisconsin (Mr. Proxmire).

I ask unanimous consent that the editorial, "The Arms Business Must Be Curbed," from the New York Times of October 23 be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the New York Times, Oct. 23, 1975]

The Arms Business Must Be Curbed

The tripling of American arms sales abroad in little more than two years to about $11 billion in the last fiscal year may have stirred concern and debate in the Congress and even in the Administration, which originally encouraged it. But a significant move to restrain this pernicious trade has yet to develop, despite a succession of Congressional studies. Why?

The five-fold increase in the price of imported oil has put vast sums into the hands of the Mideast oil producers, who are the chief arms buyers; and it has added a $20-billion-a-year drain to the American balance of payments. Two months after the oil embargo, a directive by President Nixon on Dec. 20, 1973, set up an interagency committee to spur exports—including, specifically, the sale of arms, which earlier had been carefully restricted, except for shipments to the NATO countries and several other allies believed to be threatened by Communist neighbors or insurgencies.

One rationale for the Nixon arms export drive, which has continued into the Ford Administration, is that if the United States doesn't sell the arms, other nations will. The Pentagon has also argued that longer production runs, achieved through foreign sales, reduce per-weapon cost for the United States and keep production lines open.

None of these arguments, of course, could possibly justify the extraordinary growth in weapons exports and the huge shipments of military equipment to both sides in arms races in the Middle East, the Persian Gulf and Latin America. But attempts to restrain this vast enterprise now encounter enormous resistance from a powerful munitions lobby.

A study published in The Times this week has revealed that more than 1,000 American companies from coast to coast, including 32 of the nation's 50 largest corporations, are involved in producing or selling arms for export. Other components of the lobby include trade unions, protecting jobs in the arms industry; top legal talent in Washington, including former cabinet members and Presidential advisers; scores of former Senators and Congressmen employed by the major arms makers or their law firms, and more than 1,000 former Pentagon officials, civilian and military, now working directly for arms manufacturers or serving them as "consultants." At home and abroad, arms pushers have mixed normal commercial methods and hard sell with extra-legal inducements ranging from lavish entertainment and free vacations to outright bribes totaling millions of dollars.

Until a decade ago, most arms exports were grants, given to allies to enable them to defend themselves; with Congress appropriating taxpayers' funds for this purpose, arms went to countries where an American national interest was perceived. Now 95 per cent of the exports are cash or credit sales on commercial or near-commercial terms—and almost any buyer is welcome.

The Soviet Union's repeated refusals after the 1967 Mideast war to accept American proposals for joint limitation of arms shipments to the battlefield countries undoubtedly blocked what could have been the best way to halt the Arab-Israeli arms race. But it is by no means certain that this attitude will always prevail in Moscow. Continuing efforts to open a negotiation on Mideast arms limitation should accompany further efforts for a Mideast political settlement. In the Persian Gulf, the United States is the chief arms supplier both to Iran and Saudi Arabia and could on its own damp down on arms race that now has even the smallest of Gulf sheikdoms acquiring jet fighters.

As long as the Soviet Union, France, Britain, Italy, the Netherlands, Sweden and other countries are also involved in the arms trade multinational agreement will be needed to curb the dangerous and wasteful arming of developing countries. But American arms exports now are much more than double those of the Soviet Union and larger than those of all other countries combined.

The moral responsibility falls upon Washington to restrain its own sales and take the lead in attempting to influence others to follow suit pending efforts to negotiate formal arms control agreements.

THE RUSSIAN WHEAT PACT

Mr. YOUNG. Mr. President, there has been great concern in recent months among farmers and farm organizations over the embargo on exports of wheat, especially to Russia. This is one of the few issues on which every farm organization is united. They all oppose the limitation of exports as a gimmick for either holding down prices or as a means of effecting foreign policy.

Farmers went all out to produce this year and came up with the biggest crop in history of wheat, corn, and other grains. The ceiling prices imposed by limiting exports can be disastrous, especially when there is no adequate floor on prices if we should wind up with a big, price-busting surplus, which is entirely possible.

Mr. President, the Bismarck Tribune of Bismarck, N. Dak., carried an editorial on this subject which I believe expresses very well the feelings of North Dakota people with respect to export embargoes on wheat and other grain. It is an editorial which I hope will be read by every Member of Congress, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Bismarck Tribune, Oct. 22, 1975]

THE RUSSIAN WHEAT PACT

The Ford Administration in Washington may have to produce a lot more than an agreement with Russia on the sale of wheat to that country to win back the confidence of the American farmer.

When the Administration, seemingly under the bludgeon of George Meany, imposed an embargo on the shipment of grain to the Soviet it was for the frank purpose of holding down the price of grain.

This means that the Administration was in league with George Meany to hold down the income of the grain producer. By cutting off a part of his market, and helping thereby to increase what already was a surplus beyond domestic needs, the Administration dealt a serious blow to the farmer's pocketbook. Meanwhile, there was no corresponding freeze of the price being paid by American farmers for the machines produced by Meany's people.

Now we are given only incomplete reports on what the Soviet agreement entails. According to Congressman Mark Andrews, it could mean that Russia will buy as much as 8 million metric tons of U.S. grain this year. That would amount to about 293 million bushels, or about 30 million bushels more than was grown in North Dakota this year. U.S. production this year totalled around 2.1 billion bushels, of which there is use for only about one-third domestically. But according to Washington sources, the deal is for only about 5 million tons of grain annually.

On top of this ambiguity, it also is stressed that the agreement contains loopholes so that either the U.S. or Russia can escape whatever obligations it has under it whenever one or the other wants to. Possibly, one of these loopholes could enable Russia to refuse to buy grain when it has a sufficient supply of its own. Another could permit the U.S. to refuse to sell the obligated amount if, by some freak, our own production was extremely low. All of which could be taken to mean that the only parts of the agreement that will always hold are those provisions which will enable the two governments to manipulate prices. In this country, the only way prices have been manipulated in the recent past has been to the disadvantage of the producer and for the benefit of the consumer—who, thanks to the productivity of the American farmer, far outweighs the producer in numbers and political power. The American farmer's unparalleled productivity, which is to say his unsurpassed efficiency, thus becomes his own undoing.

The White House posture on agriculture up to now has not been one to encourage the support of rural America. Perhaps there will be good forthcoming from the U.S.-Russian grain agreement, but it will take something more than the sketchy plan we now see to justify the farmer's future confidence.

THE HARKIN AMENDMENT

Mr. CHURCH. Mr. President, decency has long run wide and deep through America. Our Constitution commands that we respect each other's rights. It is the native instinct of most Americans to practice fair play. Our Government and its laws are built on that concept. Yet too often in recent years, we have not practiced abroad among other peoples the same high standard we insist upon at home.

We sided in Indochina with regimes that, in the field of human rights, make the British king from which we parted in 1776 look like a demi-despot. We have been learning of late that some of our major corporations have been bribing foreign officials abroad and perverting the policies of other governments in ways we would never tolerate at home. We are finding now that agents of the American Government have been interfering in the domestic affairs of other nations—even including the extreme of murder plots against their leaders. We would rightly consider any such tampering with our destiny by another power to be an international outrage. And, adding an expensive insult to the injury of tarnishing this Nation's principles, our Government has been taxing the American people to give financial support to regimes which consistently deny their own people the rights routinely supplied Americans.

This schizophrenic policy of undermining abroad that which we demand at home besmirches everything the founders of this Nation stood for. Two hundred years after they laid down the precepts they knew to be the natural rights due any people, we can renew their commitment of a decent respect to the opinions of mankind by demonstrating with our actions that we know basic human rights are more than the private preserve of Americans alone.

For that reason, Mr. President, I am intrigued by what has come to be known as the Harkin amendment to the foreign aid bill. I may differ with some details, but I salute the thrust of this amendment by Representative THOMAS HARKIN of Iowa, because it seeks to impose on our grants of foreign aid to other nations the condition that the governments of those nations must show, in the treatment of their citizens, some attention to the basic rights which have long been held dear by those who pay the bill—the American taxpayers.

The humane spirit of the Harkin amendment has been explained with characteristic directness by that never-jaded columnist for the Washington Star, Mary McGrory. In her column of September 29, she described the amendment as "a new effort to introduce conscience into U.S. foreign policy." It is the measure of how far U.S. policy has strayed that imposing the strictures of conscience on the expenditure of funds abroad should be considered a novel idea.

Mr. President, this column and the concept it contains deserve more attention. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From The Washington Star, Sept. 29, 1975]

A FRESHMAN PRESSES A POINT

(By Mary McGrory)

The Harkin Amendment, a new effort to introduce conscience into U.S. foreign policy, won in the House by a surprising margin of

74 votes. Its success in the Senate, however, is in some doubt.

The amendment's author, freshman Democrat Tom Harkin of Iowa, convinced his colleagues that Congress should force the administration to make human rights a consideration in foreign aid.

Under the Harkin Amendment, repressive regimes which grossly abuse their own citizens still could get U.S. aid. But the president would have to admit that they are repressive and provide proof that the money being sent actually would be used for needy people and stated purposes.

Harkin, who as a congressional aide helped uncover the "Tiger Cages" of South Vietnam, which was one of the all-time high recipients of U.S. assistance, could not get his amendment considered by the House International Relations Committee.

His victory on the floor is witness to the growing power of human rights as an issue.

The administration is, of course, opposed to this latest exercise in "meddling." The limits of foreign policy morality were expressed by Secretary of State Henry Kissinger in a July speech: "The question is whether we promote human rights more effectively by counsel and friendly relations or by confrontational propaganda and discriminatory legislation." The former method is clearly favored.

But Kissinger's magic has waned. The Solzhenitsyn snub inflamed the right, and liberals are haunted by guilt over U.S. complicity in bringing about the appalling state of affairs in Chile, for which $22.5 million has been requested by the administration.

Chile most conspicuously fits the amendment's conditional prohibition against aid for "any country which engages in a consistent pattern of gross violations of internationally recognized human rights (including torture, or cruel, inhumane or degrading treatment)."

Liberal congressmen are beset by pleas from distraught relatives for help in locating or liberating family members detained by the ruling junta. Recently, Carlos Lorca, a Chilean businessman, made the rounds on Capitol Hill telling the story of his son Carlos Lorca, Jr., a Socialist leader, who is also a legislator and a doctor.

Young Lorca was picked up by the Secret Police (DINA) in June. The junta refuses to confirm his arrest, his whereabouts and the charges against him. He has been seen in a concentration camp. He also has been seen walking through poor sections of Santiago, his DINA captors walking behind him, waiting to pick up anyone who spoke to him.

Sen. Hubert Humphrey says, "Chile is an outrage. There is just no excuse for aiding that outfit."

Humphrey is chairman of the subcommittee in charge of the aid bill and he invited Harkin to come and explain his amendment. Harkin ran into resistance from two liberals—Sen. Jacob Javits, R-N.Y., who thought the bill was "too rigid," and Sen. Clifford Case, R-N.J., who substituted for Harkin's amendment a softer one of his own which would put the initiative with Congress rather than with the president for determining which countries needed strings attached to aid.

Humphrey sees practical and technical difficulties with the Harkin Amendment. He thinks it puts Congress in the dilemma of having to choose between supporting disgusting governments and punishing poor people who might starve wtihout U.S. food.

But he says that he thinks Harkin has come as close as anyone could to protecting the rights of the deprived and says:

"I personally could support it and most likely will with some slight modification." He thinks it might survive the Senate Foreign Relations Committee, which takes up aid this week.

Some liberals feel that the amendment could be used by anti-detente conservatives to ban aid to Eastern European countries. Some think Africa, which has oppressive governments and starving populations, might suffer most.

Humphrey notes that the requirement that the president certify certain governments "might ask him to lie regularly"—Henry and the boys down there would likely find that none of them are oppressive."

If it fails on the foreign aid bill, the Harkin Amendment is certain to come back appended to the military aid bill. Congress is getting to the point where it thinks the country should stand for something more than the Kissinger policy of "arms for peace."

EFFECTIVE GOVERNMENT

Mr. MATHIAS. Mr. President, nearly 2 years ago Charles Reich and Burke Marshall issued a rational call for effective Government. Their article, which appeared in the New York Times on December 23, 1973, warned that the failure to govern was a far greater sin than Watergate and one that would not be absolved by a change of faces in the White House.

It might be useful to reread this challenging article and to remind ourselves that with all the dramatic changes we have witnessed since it first appeared, nothing has changed very much. Washington, like Paris, is still the same.

But with such basic problems eroding our economy and our society, real change is on the way. It is still within our power to influence, if not to control, the shape of that change. If that power evaporates, then the changes ahead will be involuntary, abrupt, and possibly dangerous.

Both Charles Reich and Burke Marshall have been right too often in the past to ignore any longer the sober warning they gave us on the eve of Christmas 1973. I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Dec. 23, 1973]

NEEDED: A GOVERNMENT THAT GOVERNS

(By Charles A. Reich and Burke Marshall)

NEW HAVEN, CONN.—The most important thing about the energy crisis is what it tells about how inadequately we have been governed. Our Government has permitted this whole society to be built upon the assumption of an unlimited supply of gasoline and other fuel. The pattern of suburban living, second homes, shopping centers and industrial parks assumes this. The travel, transportation and recreation industries assume it.

Yet in the last decade our Government has never really taken the responsibility for making us question whether the assumption was valid. We have never effectively been asked to learn the facts, we have never been given the opportunity to make serious choices. Suddenly, out of the blue, the energy shortage is discovered. Can any society afford such folly, such shortsightedness, such lack of planning?

Watergate is a far less serious disaster than the fact that we have a Government that has so utterly failed to govern. Watergate has, of course, contributed to that failure by occupying the center stage. And to the extent that Watergate means more than mere personal corruption on the part of officials, its abuses very likely stem from an effort to retain political power in spite of the underlying failure to govern. But our present approach to national politics shows we have not yet really seen our predicament. On all sides, it seems to be assumed that if President Nixon is replaced by a man who is personally honest and willing to obey the Constitution, that will mean a resumption of responsible national government. It will not, if we do not face our problems more squarely.

We can no longer afford a government that does not engage in long-range planning and have the courage openly to persuade, through law or otherwise, the necessary sectors of our society to follow its plans.

We can no longer afford a government that does not assume fundamental responsibility for income distribution effects, for the equality or inequality with which economic events burden different individuals in our society. The very idea that the fuel shortage, which no one knew about, will arbitrarily make some people richer and other people poorer strikes at the heart of any concept of social justice.

We can no longer afford a democratic system in which basic choices that have to be made—such as how to allocate our limited resources—are not presented to the people for their ultimate decision, a decision that should be based upon facts which even at this late date are still unknown to most of us and appear to be dribbled out in a deliberately misleading fashion.

We can no longer afford an economic system in which giant units obey only their own internal needs to expand or develop and are not subject to external restraints representing the needs of society as a whole.

We can no longer afford the irresponsibility of tax-deductible advertising that recklessly goes along creating needs which either cannot be satisfied at all or cannot be satisfied without a socially disastrous misallocation of resources.

The problem, in short, is not that we are governed by bad men and women. What we really have to confront is the fact that we are governed by people who do not know what they are doing, who lack the knowledge what it needs, what means might be taken and time to understand how a society works, to insure its survival. We are governed in the first instance by people who necessarily spend most of their energies getting themselves elected, selling themselves like merchandise, and who are apt to devote their time that is not expended in that effort to exercising power for is own value or simply because they possess it. And below that level, we are governed by bureaucracies organized and devoted to perpetuating their own power niche in tasks that are often outdated by the time the bureaucracies get to them.

The end of the last decade saw the election of many candidates for office whose main appeal was to fear. There were appals to fear of crime, fear of racial violence, fear of youth and the antiwar movement. What we got for our fears was government, at the national, state, and local levels, that promised repression under the name of law and order, but had no real idea of the nation's needs except to let the powerful grow yet more powerful and uncontrolled. Watergate and the energy crisis are only the first fruits of this flight from responsibility. The domestic ills that brought forth the discontent of the sixties are with us still, more urgent than ever. It is these problems that must now be faced—the problems of an advanced industrial society—and no government will be able to face them until we do ourselves.

THE ARMS BUSINESS MUST BE CURBED

Mr. CULVER. Mr. President, the New York Times this week has published an eye-opening three-part analysis of U.S. arms sales.

Today that newspaper carries a double editorial entitled, "The Arms Business . . . Must Be Curbed." Drawing upon the previous analysis, the Times concludes:

> The moral responsibility falls upon Washington to restrain its own sales and take the lead in attempting to influence others to follow suit pending efforts to negotiate formal arms-control agreements.

Mr. President, that conclusion parallels my own suggestion to Secretary Kissinger that the United States initiate efforts to convene an international conference of major arms-producing nations in order to seek some rational control and coordination of this fierce competition. Since our country accounts for over half the world's arms trade, an American initiative is crucial.

I ask unanimous consent that the editorials and the analytical articles be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE ARMS BUSINESS . . . MUST BE CURBED

The tripling of American arms sales abroad in little more than two years to about $11 billion in the last fiscal year may have stirred concern and debate in the Congress and even in the Administration, which originally encouraged it. But a significant move to restrain this pernicious trade has yet to develop, despite a succession of Congressional studies. Why?

The five-fold increase in the price of imported oil has put vast sums into the hands of the Mideast oil producers, who are the chief arms buyers; and it has added a $20-billion-a-year drain on the American balance of payments. Two months after the oil embargo, a directive by President Nixon on Dec. 20, 1973, set up an interagency committee to spur exports—including, specifically, the sale of arms, which earlier had been carefully restricted, except for shipments to the NATO countries and several other allies believed to be threatened by Communist neighbors or insurgencies.

One rationale for the Nixon arms export drive, which has continued into the Ford Administration, is that if the United States doesn't sell the arms, other nations will. The Pentagon has also argued that longer production runs, achieved through foreign sales, reduce per-weapon cost for the United States and keep production lines open.

None of these arguments, of course, could possibly justify the extraordinary growth in weapons exports and the huge shipments of military equipment to both sides in arms races in the Middle East, the Persian Gulf and Latin America. But attempts to restrain this vast enterprise now encounter enormous resistance from a powerful munitions lobby.

A study published in The Times this week has revealed that more than 1,000 American companies from coast to coast, including 32 of the nation's 50 largest corporations, are involved in producing or selling arms for export. Other components of the lobby include trade unions, protecting jobs in the arms industry; top legal talent in Washington, including former Cabinet members and Presidential advisers; scores of former Senators and Congressmen employed by the major arms makers or their law firms, and more than 1,000 former Pentagon officials, civilian and military, now working directly for arms manufacturers or serving them as "consultants." At home and abroad, arms pushers have mixed normal commercial methods and hard sell with extra-legal inducements ranging from lavish entertainment and free vacations to outright bribes totaling millions of dollars.

Until a decade ago, most arms exports were grants, given to allies to enable them to defend themselves; with Congress appropriating taxpayers' funds for this purpose, arms went to countries where an American national interest was perceived. Now 95 per cent of the exports are cash or credit sales on commercial or near-commercial terms—and almost any buyer is welcome.

The Soviet Union's repeated refusals after the 1967 Mideast war to accept American proposals for joint limitation of arms shipments to the battlefield countries undoubtedly blocked what could have been the best way to halt the Arab-Israeli arms race. But it is by no means certain that this attitude will always prevail in Moscow. Continuing efforts to open a negotiation on Mideast arms limitation should accompany further efforts for a Mideast political settlement. In the Persian Gulf, the United States is the chief arms supplier to both Iran and Saudi Arabia and could on its own damp down an arms race that now has even the smallest of Gulf sheikdoms acquiring jet fighters.

As long as the Soviet Union, France, Britain, Italy, the Netherlands, Sweden and other countries are also involved in the arms trade, multinational agreement will be needed to curb the dangerous and wasteful arming of developing countries. But American arms exports now are much more than double those of the Soviet Union and larger than those of all other countries combined.

The moral responsibility falls upon Washington to restrain its own sales and take the lead in attempting to influence others to follow suit pending efforts to negotiate formal arms-control agreements.

U.S. ARMS-SALE RISE STIRS CAPITAL CONCERN

(By Richard D. Lyons)

WASHINGTON, October 18.—The emergence of the United States as munitions king of the world and almost daily reports of new arms deals with foreign Governments are generating a fresh sense of uneasiness among policy makers and Congressmen over the impact of the weapons on global affairs.

Sales of American-made weapons have risen from about $2-billion a year in 1967 to about $11-billion in the last fiscal year, abetted by Federal policies of liberal credit, a benign attitude toward the shipping of arms overseas, the preeminent state of American military technology, the rapid obsolescence of weapons and an almost limitless world-wide demand for more guns.

Congress has become increasingly embroiled in the specifics of such arms deals as tanks for Turkey, missiles for Jordan, rockets for Israel and jet fighters for Egypt; at the same time Congress is considering the general idea that the Senate and the House of Representatives should have greater control over international shipments of munitions made in this country.

During the last decade there has been a complete reversal of United States arms policy from one of giving the weapons away to one of selling them, either for spot cash or on liberal credit supplied by the Federal Government.

The demand for American weapons has been spurred by arms races in the Middle East and the Persian Gulf because of the quadrupling of the price of oil and the desire of the petroleum producing nations to defend their enormously amplified wealth with steel.

In recent months, in these two areas, which account for more than half of American arms sales overseas, there have been reports of Pershing missiles to Israel, radars to Egypt, fighters to Saudi Arabia, Hawk missiles to Jordan, destroyers to Iran, antitank missiles to Oman, bombers to Kuwait and tanks to Yemen.

While orders for American-made arms appeared to have peaked last year, the probable effect of Congressional approval of the Sinai accords, which would provide arms to both Egypt and Israel, would be to push still higher the sales of American arms, spare parts and training services.

Increasingly vocal critics of American arms policy, which some complain is a lack of policy, note that this country seems only too willing to sell to all sides.

Over the last generation a dozen nations in conflict have battled one another in Central American jungles, Middle Eastern deserts, East Indian islands and Asian plateaus in wars having one common denominator—they were fought with arms made in America.

GUERRILLA ACTIONS

In thousands of guerrilla actions spanning four continents from Northern Ireland to the Philippines, hordes of people have been killed and maimed by weapons whose production translated to salaries for American workmen and profits for American corporations.

In Asia, Africa and Latin America, military dictatorships have power and keep power with munitions sold, lent and given away with the endorsement—indeed even the enthusiastic approval—of the last six Presidents and 16 Congresses. Since the end of World War II the United States has shipped $100-billion worth of weapons to 136 nations, making this country the munitions king of the globe with arms sales equal to those of all the rest of the world.

In the last quarter-century the United States has transferred to foreign Governments 866 Phantom jets, 2,375 helicopters, 185 destroyers and destroyer escorts, 1,500 landing craft, 5,000 Hawk anti-aircraft missiles, 25,000 Sidewinder air-to-air missiles, 28,000 antitank missiles, 16,000 armored personnel carriers, 25,000 pieces of artillery and 28,000 tanks, plus enormous stocks of other weapons, spare parts and services.

Virtually no public debate has accompanied the increasing flow of American-made armaments throughout the world, and only in the last year have members of Congress begun to express concern over the potential danger lurking in overseas arms sales, even to friendly nations.

"A REAL TRAGEDY"

"I think it's a real tragedy for us to end up being the arms merchants of the world," Senator Edward M. Kennedy told a Congressional hearing on arms sales a few months ago.

Senator Hubert H. Humphrey has likened the American munitions industry to "a kind of arms supermarket into which any consumer can walk and pick up whatever he wants."

Defenders of overseas arms sales say, however, that they are necessary to counter Communist threats; that if the United States did not provide the weapons, other countries would, and that weapons production translates not only into national security but also profits and jobs.

In Congress, members of both houses are increasingly questioning what the arms sales policy of the Ford Administration is, if indeed there is one, and whether the nation should adopt a different course.

Among the questions they have raised about arms sales are these: Are they moral? Will the arms sold trigger wars? Could the arms eventually be used against the United States? Should the United States seek a treaty with the Soviet Union limiting the supply of conventional arms? Would other nations increase munitions sales if the United States chose to curtail shipments? What would be the impact on the American economy if the United States drastically reduced foreign arms sales?

"MERCHANT OF DEATH"

In discussing such issues before a Congressional committee, Thomas Stern, deputy director of the State Department's Bureau of Politico-Military Affairs, said: "These are valid questions for Americans, who are troubled at seeing their country in the arms supply business. The image of 'Merchant of Death' dies hard."

Arms experts here are also expressing doubt that it would even be politically possible to curtail the production of weapons for sales overseas because of the increasing strength of the loosely allied arms lobby in the United States.

"The economy now is saddled with a self-perpetuating munitions industry that is bad for long-term economic policy," said one knowledgeable Senate staff aide.

In addition to the increase in sheer volume of arms being produced for other countries, the United States in recent years has radically changed its policy on the method of transfer. Until a decade ago most of the arms were given away. Now they are sold for cash, generating fat profits.

FINANCING METHODS

Most arms transfers are financed in the following ways:

Direct give-aways of materiel and services to foreign Governments under the military assistance program. About $500-million was earmarked in 1975.

Foreign military sales in which contracts for the arms are arranged by the Defense Department, with credit terms secured through the Treasury Department's Federal Financing Bank. Current rates of interest and terms of repayment, about 8.7 per cent over six years, are slightly below the going market rate for international loans. In the fiscal year 1975 about $9.5-billion in orders were placed in this manner.

Commercial cash sales with the foreign Government dealing directly with the American manufacturer. Export licenses for the material, about $1-billion of which was sold in the fiscal year 1975, must be issued by the State Department.

One of the very reasons used recently by White House lobbyists in imploring Congress to lift the ban on arms shipments to Turkey was that the Turks had already paid $184-million in cash for the undelivered weapons.

BOON TO GRUMMAN

The sale of 80 F–14 jet fighters to Iran has shored up the troubled Grumman Aerospace Corporation and helped to brake the unemployment rate on Long Island.

Throughout the world, American munitions agents are hustling for new contracts with the covert, if not total, approval of the Federal Government. Military assistance advisory groups, composed of 2,000 American military personnel, are stationed in more than 40 countries aiding in the purchase and maintenance of American-made weapons, as well as the training of those who man them.

"Munitions sales is the biggest floating crap game in the world," said one arms specialist in the State Department. "The amount of money involved is enormous and everyone is trying to get a piece of the action."

The United States and the Soviet Union are the world's biggest arms dealers, with the former outselling the latter by a margin of 2 to 1. But France, Britain, China, Italy, Sweden and Canada also make major overseas arms sales.

During a Senate subcommittee hearing in June, Senator Humphrey, a Minnesota Democrat, asked Lieut. Gen. H. M. Fish, director of the Defense Assistance Agency, if the Defense Department was "hustling" overseas sales.

"NO HUCKSTERING"

General Fish replied that there was "no hustling, no huckstering. Sales will be made only if it serves our national interests and meets a valid military requirement."

This prompted Senator Humphrey to ask, "What kind of security do you get out of giving something to Haiti, or to Paraguay?"

Yet former officers who have served in the advisory groups overseas say that the units have and are working intimately with the sales representatives of American companies. One former Army colonel, who now is a staff aide on Capitol Hill, said the groups "do their best to convince foreign Governments to buy American weapons."

While serving in such a group in Europe, he said, the overseas agents of American arms companies "attended all the social events at the American Embassy." He added that even the air, naval and military attachés gave them aid by such things as setting up interviews with high-ranking officers of other Governments.

"I thought some of the relationships were clearly unethical," he added of the links between the agents for American arms and United States military officers stationed overseas.

BUYERS "WALK IN"

In addition to pushing the sale of arms through the Defense Department, American weapons makers are also confronted by other Governments whose agents "walk in the front door demanding to be sold the stuff," as one State Department official put it.

He cited the almost unnoticed arms race now going on in South America in which the Peruvians bought tanks and jet fighters, prompting demands from Chile, Argentina and Brazil that they be sold similar equipment.

For over a decade the State Department had a tacit policy of forbidding the sale of sophisticated weapons to Latin-American countries on the ground that they were not needed there since there was no outside threat to the security of the area.

"It's hard to say no to the requests," said Representative Lee H. Hamilton, Democrat of Indiana, who is chairman of a subcommittee of the House International Relations Committee that is investigating overseas sales.

"I don't take the position that we ought not to have arms sales," he added, "but there has been a disproportionate attention paid to arms and not to the economic and political aspects of the sales. Can the countries afford them? Will the sales only spur new demands for more weapons?

"BETTER MOUSETRAP"

One arms expert here said the military cliques "are always looking for a better mousetrap. If one country gets a new weapon its neighbor wants it too. In the Middle East it may be a question of national survival, but in Latin America it's more a matter of national pride. There's a macho attitude toward weapons too."

An American representative for a European munitions company, who is based here, said the best incentive to the sale of arms is the knowledge that a rival nation is also known to be buying new weapons.

"Is it really up to the United States to tell other sovereign nations what they may or may not be allowed to buy?" he asked. "This is the sort of patronizing that third world nations detest. They want to make their own decisions, and in a laissez-faire market how can we say, "No?"

"HAVE NEVER ASKED"

But one attempt is being made to curtail overseas sales. In taking up the foreign assistance bill later this month, the Senate will have to consider an amendment put forth by Senator Kennedy, Democrat of Massachusetts, and co-sponsored by eight other Senators, to suspend arms sales to the Middle East, which is the major American market.

Senator Kennedy originally had sought to goad the Ford Administration into approaching the Soviet Union in an attempt to reach a joint moratorium on arms shipments to the area.

"We are told that if we do not sell arms other nations will do so, yet we have never tried to get common agreement," Mr. Kennedy said. "We have never asked the British, French, the Scandinavian countries, as well as the Soviet Union, whether they are interested in any kind of moratorium."

The Senator said he was particularly irked by the fact that shipments of American-made arms to the Middle East are being paid for in part by the higher prices Americans are paying for oil, so that "We are in effect funding the whole arms race in that part of the world."

The intent of the Kennedy amendment would be to force the Administration to explain what its arms sales policy is, not only in the Middle East but also elsewhere in the world. This is basically the aim of a bill introduced by Senator Gaylord Nelson, Democrat of Wisconsin, to force the Administration to disclose target figures on arms sales at the beginning of each year.

At present Congress may overrule the Administration and deny the right to export arms costing over $25-million to a foreign county, but it has seldom done so.

But the arms lobby in Congress and the rest of the nation is bound to attack both measures.

A warning about the power of this group was sounded 14 years ago by President Eisenhower during a farewell speech in which he offered parting words of advice to the nation. He spoke of the "grave implications" of weapons making that posed a threat to "the very structure of our society." Yet his warning of the dangers of the "military-industrial complex" has been all but forgotten in the intervening years.

ARMS LOBBY RELIES ON VARIED SOURCES, INCLUDING LIBERALS SEEKING TO PROTECT WORKERS' JOBS

(By Richard D. Lyons)

WASHINGTON, October 15.—When freshman Representative Philip H. Hayes entered Congress last January he sought to concentrate his legislative efforts on problems of the economy and the control of water pollution, yet found himself embroiled in a totally unexpected area—the politics of munitions.

The idealistic Democrat, who had opposed the Vietnam war and who describes himself as "anything but pro-Pentagon," suddenly was devoting much of his time to a successful drive to retain the job of 600 constituents at a naval munitions depot in Crane, Ind.

"I'm all for taking care of my own people," Mr. Hayes said candidly the other day in conceding that he had been forced by practical politics to join 500 or so other members of Congress who find it expedient either to join or at least not buck the national arms lobby.

Mr. Hayes senses that he is in an ideological dilemma because it upsets him to think that "the United States has become the Krupp of the world"—a position that other persons more prominent in national affairs believe exists.

Mr. Hayes is not alone in the dilemma. Political and academic interests seemingly unconnected with the production of weapons find themselves drawn into league with the corporate groups that will over the next 12 months produce $35-billion worth of weapons, spare parts and military services for the United States and 136 other countries.

Leonard Woodcock, the auto workers president who is a pillar of liberal politics and anything but a militarist, actively supported funds for the B–1 bomber. Other labor leaders, such as the late Joseph A. Beirne, once president of the Communications Workers of America, backed the Vietnam war because it meant jobs for the members of their unions. Universities want pentagon research and development projects continued because they translate to Federal funds to keep their laboratories open.

It would be expected that the nation's corporate giants, as well as possibly 10,000 small businesses serving as subcontractors, would want to promote a munitions business that outsells the munitions business of the rest of the world combined.

The arms lobby is huge, amorphous and powerful. Surrounding the White House and the Pentagon are offices of 221 companies producing weapons that have easy access to the White House and high members of the executive branch of Government. In his first year as President, Gerald R. Ford entertained at the White House the leading executives of 23 large corporations involved in arms production.

The President numbers among his personal friends such prominent lobbyists for arms builders as Rodney W. Markley Jr. of the Ford Motor Company, William G. Whyte of United States Steel Corporation and Kimberley C. Hallamore of Lear Siegler Inc., whose collective products range from rifles to guided missiles.

During a state dinner for the Shah of Iran in May the guests included Henry Ford 2d, chairman of the Ford Motor Company; Robert H. Malott, chairman of FMC Corporation, and David S. Lewis, chairman of the General Dynamics Corporation. The three companies are major munitions makers and Iran has become the primary purchaser of American-made arms, placing almost $10-billion worth of orders in the United States since 1970.

BIG NAME LEGAL TALENT

For legal talent the major arms makers rely on such former advisers to Presidents as Clark MacGregor, President Nixon's campaign manager who now represents United Aircraft; Clark Clifford, former Secretary of Defense under President Johnson, who has served General Electric, and Nicholas deB. Katzenbach, former Attorney General under President Johnson, now general counsel for International Business Machines. The three companies make a wide variety of military material such as jet engines, helicopters and sophisticated electronics.

Their ability to smooth over difficulties between their employer-clients and the Federal bureaucracy is legendary. According to one tale, Thomas G. Corcoran, a "brain truster" in the Franklin D. Roosevelt Administration, was retained by a defense contractor involved in a multimillion dollar damage suit brought by the Defense Department and settled it with one short telephone call. Mr. Corcoran, however, said that resolution of the dispute actually took him a month.

The arms lobby is also aided by such industrial groups as the Aerospace Industries Association, the Defense Supply Association and the American Defense Preparedness Association, which look after the interests of their members.

More than 1,000 former Pentagon officials work in their area either directly for arms makers or as "consultants" to them. Scores of former Congressmen work here either as lobbyists for major arms makers or for the law firms that include J. W. Fulbright, former Senator from Arkansas, and John Sherman Cooper, former Senator from Kentucky, both of whom are with law firms in Washington.

Representative Hayes of Indiana conceded that "I'm under pressure to maintain what is euphemistically called a 'strong national defense position' as are other members who have military bases and defense contractors in their areas."

Two of the most persistent critics of runaway arms production are Senator William Proxmire and Representative Les Aspin, Democrats from Wisconsin, a state more noted for dairy farming than munitions making. Their crusade against funds for the Air Force's prize project, the B–1 bomber, led one Pentagon official to jest that it was "a shame that we can't run the B–1 on milk."

"The arms lobby is powerful, but not cohesive," Mr. Aspin said in an interview. "Nobody orchestrates the lobby because all its members are out there fighting for their own piece of turf."

Mr. Aspin, a doctor of philosophy in economics, served as a Pentagon planner before entering Congress four years ago to become the loudest gadfly of the military on Capitol Hill. The lobby, he said, is even more powerful "if the unemployment rate is 8 per cent, rather than 3 per cent."

"When discussing defense appropriations the talk isn't of the relationship between weapons and world defense, it's of jobs and what a specific project will mean to a Congressman's district," he said.

When the lobbyists for North American Rockwell, now named Rockwell International, were promoting the B–1 bomber, Mr. Aspin said, "their biggest selling point was the 192,000 jobs that the program would create."

Representative John F. Seiberling, Democrat of Ohio, was given a list by the B–1 lobbyists showing that companies in his Akron area district stood to gain more than $10-million in business if funds for the plane were approved. However, Mr. Seiberling voted against spending the money.

Funds for the B–1 have been pushed by Congressmen from California, where the plane is being built, and the United Auto Workers, which represents thousands of workers in the depressed aerospace industry there.

"At the urging of the Texas delegation, Congress voted more than $300-million for F–111 and A–7 airplanes that the Pentagon never even asked for," Mr. Aspin said. The production centers for the planes are in Dallas-Fort Worth.

Mr. Aspin said that the most intense lobbying was of members of those Congressional committees that authorize and appropriate funds for the military, such as the House Armed Services Committee, of which he is a member.

MORE OUT THAN IN

As a prime example of Congressional pressure to buy weapons, Pentagon officials testified four years ago that they had been forced by political pressures on Capitol Hill to develop the F–5 jet fighter to equip foreign air forces even though the United States Air force had no intention of using the plane.

Senator Hubert H. Humphrey, Democrat of Minnesota, complained that $113-million of Federal research and development funds had been invested in the F–5 but that only $3-million of this amount had been recovered through foreign sales.

The F–5 had been sold throughout the Middle East, the Persian Gulf and Latin America by its developer, Northrop Aircraft, which with rival Lockheed has reported the payment of millions of dollars abroad in bribes and commissions on its sales.

One Northrop consultant here is Leonard A. Alne, who last year was director of overseas arms sales for the Pentagon.

Asked if there was indeed an arms lobby in Washington, Mr. Alne answered, "Yes—the 20 major companies have large offices with huge staffs." But he emphatically denied there was anything sinister about their work.

"There is a tendency on the part of the press to look for something shady here, yet these are high-intensity firms that want to educate Washington in the real world," he said.

Discussing the decision by the Governments of Belgium, Norway, Denmark and the Netherlands to choose the F–16, an American-built jet fighter, as the standard replacement for its older planes, Mr. Alne said:

"If this General Dynamics aircraft ultimately replaces 2,000 of the 5,000 obsolescent aircraft in the free world that need replacing, the United States would gain about $470-million in recovery of its research and development effort, about 900,000 jobs, over $6-billion in tax receipts, and over $9-billion in balance-of-payments receipts."

He listed such other considerations for approving overseas sales as world peace, foreign policy, diplomatic relations and national security in addition to that of pure economic benefit. While necessary and powerful, he said, the arms lobby is not conspiratorial.

"The cultural response to arms is that the lobby has removed itself so that nothing remains but the grin of the Cheshire cat, but large defense contractors lean over backwards so that they don't get themselves involved in a collusive lobbying effort," he added.

"It's impossible to set up a cabal," he went on, "Why you can't get Lockheed, Grumman and General Dynamics to agree on the time of day."

One Senate aide who has specialized in the economics of armaments said the munitions lobby "is enormously powerful on Capital Hill."

"Sure they offer contracts for a Congressman's constituent and jobs for the voters back in his district, but they also offer drinks, luncheons, dinners and free plane rides back to the district or to vacation spots at famous watering holes," he continued.

The aide said that some Congressmen who would like to oppose new arms expenditures cannot do so "because it's politically taboo to oppose large defense contractors in one's own state."

"These lobbyists are damned effective," he went on. "They know exactly how to apply the pressure and exactly where to stop so that they don't antagonize the Congressmen they're working on."

Yet there is increasing pressure in both houses of Congress to scrutinize more closely the domestic military budget, as well as the shipment of arms overseas.

SECURITY LOSS SCENE

In the view of Gene R. Larocque, the retired rear admiral who is director of the Center for Defense Information here, "The uncontrolled, unplanned, hectic effort of the U.S. Government to sell weapons all over the world, to any country which can afford them, will in the long run reduce our national security."

"In recent years the U.S. has given or sold to foreign governments over 18,000 nuclear-capable missiles, ships and aircraft," he said. "It is now within the capacity of almost every nation to develop or obtain the nuclear weapons to go with the nuclear-capable missiles, ships and aircraft."

U.S. LIST OF ARMS PRODUCERS AND EXPORTERS SHOWS MORE THAN 1,000 CONCERNS

(By Richard D. Lyons)

WASHINGTON, October 20.—Making and selling munitions to foreign armies is so lucrative that more than 1,000 American companies are legally engaged in either producing or exporting weapons.

The Federal registration certificates of these companies, which made public for the first time by the State Department's Office of Munitions Control at the request of The New York Times, provide an extensive overview of their operations.

The materials turned over by the State Department, more than 2,000 copies of documents weighing some 25 pounds, filled a large cardboard box. The documents may be obtained from the department's Freedom of Information Office at a cost of 20 cents per page plus fees for secretarial help.

Many American companies, long identified with such consumer products as refrigerators, stoves, sewing machines, washers, cameras and toys, are also producing items labeled as "arms, ammunition and implements of war" on the United States munitions list, a compendium of products labeled as war materials under various acts of Congress.

In many cases the material consists of sophisticated electronic equipment such as laser range finders, night-viewing devices and underwater acoustical gear, reflecting the high state of American technology that has helped raise overseas sales of this country's munitions industry to $11 billion a year.

$100 BILLION WORTH

But lesser munitions items are exported by hundreds of small companies whose ammunition for American-made guns and spare parts for tanks and planes attest to the great amount of military equipment this country has either sold, lent or given away since World War II—about $100 billion worth.

Many of these smaller companies are clustered in the shipping district in lower Manhattan, near the Pentagon and the headquarters of the Central Intelligence Agency here, and in such gun-running neighborhoods as southern Florida and near the Mexican border.

The giant corporations are well represented. Among the 1,033 companies licensed to make or export arms are 152 of the "Fortune 500," Fortune magazines listing of the biggest industrial companies. Among the 152 are 32 of the largest 50.

The documents furnished by the State Department attest to the fact that a vast array of military hardware is being offered for sale by American industry, some of it by companies not identified in the public mind as arms-makers.

NOT JUST SEWING MACHINES

The Singer Company, famous for over a century for its worldwide sales of sewing machines, devoted seven and a half pages in its registration form to 182 "United States munitions list articles manufactured and/or exported."

The items included electronic reconnaissance systems, intrusion warning devices, infrared surveillance systems, landing approach systems, laser measurement equipment, hydrofoil control equipment, gyrocompass systems, grenade launcher components and a host of other sophisticated equipment.

The Bulova Watch Company, another New York-based corporation long identified with consumer products, reported its munitions list products as:

"Fuzes and components therefor, mechanical and electronic ammunition manufacturing machines, devices for activation and devices for detonation of missiles, missile safety control switches, missile safe and arming devices, missile fuzing devices, quartz crystals, oscillators and timers, power supplies and converters, landing systems."

FORD'S LONG LIST

Many of the larger companies, the Ford Motor Company for example, manufacture so many different types of armaments that a special attachment to the munitions control registration form is needed to list them all. Ford reported that it "manufactured and/or exported" the following:

"Firearms and components; guns over caliber .50; ammunition components and parts; launch vehicles; guided missiles, ballistic missiles and rockets and components for above; gun and gun sight mounts and missile systems for vessels of war and other special naval equipment; tanks and military vehicles and specifically designed components; aircraft, spacecraft and associated equipment; military training equipment, military body armor; military and space electronics; fire control, range finder, guidance and control equipment; auxiliary military equipment including space camera, speech scramblers and cryptographic devices and components, and armor plate; technical data."

The General Motors Corporation reported 10 pages of munitions list items, starting with rifles, bayonets, mortars and flame throwers and ranging into "biological agents adapted for use in war to produce death or disablement in human beings or animals, or to damage crops and plants."

E. I. du Pont de Nemours & Co., which can trace its involvement in munitions to supplying powder to Washington's troops during the Revolutionary War, sells a wide variety of weapons either through the parent company or a subsidiary, the Remington Arms Company of Bridgeport, Conn.

But such giant concerns are not the leaders in export arms sales, because the largest part of a military budget these days is spent on aircraft, jet engines, missiles, rocketry, helicopters and the electronic equipment that guides and protects such warcraft.

Reflecting this, seven of the 10 largest weapons exporters are involved in aerospace products: Northrop, McDonnell Douglas and LTV Corporation, jet fighters and fighter-bombers; Textron and United Aircraft, helicopters; Hughes Aircraft, missiles and electronics, and General Electric, jet engines.

The three other leaders, Chrysler, American Motors and FMC Corporation, sell tanks, jeeps and armored personnel carriers, among other munitions.

Underscoring the trend toward electronics, munitions list registrants include scores of such corporate names as Electronic Assistance Corporation, Red Bank, N.J., Electro Switch Corporation, Weymouth, Mass., Electronic Memories and Magnetic Corporation, Los Angeles, Electronic Space Systems Corporation, Concord, Mass., Electronics Corporation of America, Cambridge, Mass., Electrophysics Corporation, Nutley, N.J., and Electrosonics, Ltd., Sacramento, Calif.

The academic world is als represented. The Calspan Corporation, which gives its address as P.O. Box 235, Buffalo, N.Y. 14221, lists its parent or holding company as Cornell University.

SYRACUSE U. CONCERN

Calspan said it exported technical data, specifically a "proposal for consultant study of an electronic warfare test facility. The companys registration said it had either produced or exported "various (munitions) list items including the above for about 25 years and that its customers had included the Army, Navy, Air Force, National Aeronautics and Space Administration and Atomic Energy Commission.

Another college-related registrant is the Syracuse University Research Corporation, founded in 1957. The company reported exporting a wide variety of munitions list items for aircraft and spacecraft, including "classified articles."

The Federal Cartridge Corporation of Minneapolis, a maker of firearms and ammunition, reported its parent company as the Olin Foundation, a charitable foundation, of 99 Park Avenue, New York.

The Arabian American Oil Company (Aramco)—owned 60 per cent by Saudi Arabia and 40 per cent by the Exxon Corporation, Texaco, Inc., the Standard Oil Company of California and the Mobil Oil Corporation—reported exporting from the United States the following munitions list items:

"Fireamrs, ammunition, explosives, aircraft and related articles, military electronics, auxiliary military equipment and miscellaneous articles.

Dozens of subsidiary companies are engaged in the production of munitions list items far removed from the products usually associated with their parent corporations.

The Ex-Cell-O Corporation of Detroit, well known to model makers for its hobby knives, reported that a subsidiary, the Cadillac Gage Company, "manufactures and sells the Stoner 63-A weapon system and power control systems for certain models of U.S. main battle tanks."

Illinois Central Industries, Inc., of Chicago, which started in the corporate world as the Illinois Central Railroad, reported that a subsidiary, the Abex Corporation of 530 Park Avenue, New York, makes and sells eight categories of items on the munitions list.

CANNING JARS

The Ball Corporation of Muncie, Ind., noted for its home canning jars, reported that its Ball Brothers Research Corporation of Boulder, Colo., manufactures aerospace drive assemblies, pointing controls and space lubrication.

The National Lead Company, which became N L Industries of New York, is involved in the munitions business through its Doehler-Jarvis Division, which makes artillery, missile and aircraft components.

Some American arms-makers selling abroad are themselves subsidiaries of foreign companies.

I C I United States, Inc., of Wilmington, Del., is a subsidiary of Imperial Chemical Industries of England. The United States subsidiary reported 14 munitions list items including "classified material."

Engelhard Minerals and Chemical Corporation of Murray Hill, N. J., is owned 30 per cent by HD Development Limited of Luxembourg. Engelhard reported making and exporting parts for military aircraft and sea vehicles.

The Howmet Corporation of Greenwich, Conn., an exporter of aircraft parts, is a subsidiary of Compagnie Pechiney, Paris. Levy Auto Parts of Washington, which exports spare parts for armored vehicles, is a subsidiary of Levy-Russell Limited, Toronto. Georex, Inc., of Houston, which exports satellite navigation systems, is a subsidiary of Compagnie Generale de Geophysique, Massy, France.

Some of the export items are unusual, such as letter bomb detectors and balloons. Tradeways Limited of Washington reported exporting an "antidote for nerve gas."

The Rector International Corporation of Mount Vernon, N.Y., said in its registration that its exports were so various that "the list of items is very hard for us to compile." It went on:

"In the past, we have exported items ranging from armored cars to mine detectors. We are currently working on an order for submachine guns and have exported ammunition. We will quote and request licenses on any items which our foreign clients wish to purchase."

And then there is the Joy Manufacturing Company of Pittsburgh. It reported producing a wide variety of components for missiles, rockets, warships, tanks, aircraft, torpedoes, mines and bombs.

SENATOR HANSEN WELCOMES DELEGATION OF JAPANESE GOVERNORS TO THE ANNUAL MEETING OF THE COUNCIL OF STATE GOVERNMENTS

Mr. HANSEN. Mr. President, it is a pleasure to greet the Governors on their seventh exchange visit to the United States. To those who have been here before, welcome back, and to those who have never been here, we hope their visit will be a productive one.

Our honored guests and their prefectures are:

Gov. Hikaru Kamei and wife Tomiko of Fukuoka (leader of the delegation).

Gov. Heidayu Nakagaka and wife Fusako of Fukui.

Gov. Seiichiro Itagaki and wife Yoshiko of Yamagata.

Gov. Fujio Takeuchi and wife Yoko of Ibaraki.

Gov. Yoshiaki Nakaya and wife Sadako of Aichi.

When I was Governor of Wyoming and a member of the Executive Committee of the National Governors' Conference I had the honor of being a guest of the Japanese Government and their Governors on a visit to their beautiful land. I remember with delight eating their delicious beefsteaks. Only the steaks in my great cattle-raising State of Wyoming can compare to the tender beef of Japan. My visit to Japan was one of the great experiences of my life and I am sure that this thought will be echoed by our cochairman Senator TALMADGE.

There are other Senators and other guests who as Governors also participated in these valuable trips which have been arranged and sponsored by the Educational and Cultural Affairs Office of our State Department. We commend the State Department for this splendid achievement in furthering international cooperation between our two nations.

Our guests will be interested in learning that there are 15 former Governors in the U.S. Senate. In addition, serving in Washington are many Cabinet and sub-Cabinet officers who were Governors as well as Lieutenant Governors and State legislative leaders. Furthermore, 13 Governors have served as Presidents of the United States. Obviously, all of them were great Presidents.

During this year's visit by the Japanese governors to the United States, our esteemed friends were received by Gov. George Ariyoshi of Hawaii. After visiting historic places, the Dole Cannery, and attending a State reception by Governor Ariyoshi, our guests left for Helena, Mont. where they were greeted by Governor and Mrs. Tom Judge.

Having studied industrial mining problems while in Montana, the Japanese governors departed for Des Moines, Iowa, the home State of former Gov. Harold Hughes.

After studying urban development in Columbus, Ohio, our friends traveled to Washington, D.C. This morning, our distinguished guests were received at the White House. Tomorrow the governors will be leaving for New York City.

I join with my colleagues in welcoming the governors to the Capital of the United States. We are pleased and honored to have them here.

ANNUAL MEETING OF THE COUNCIL OF STATE GOVERNMENTS

Mr. TALMADGE. Mr. President, I am very glad to have this opportunity to join my good friend and distinguished colleague, the Senator from Wyoming (Mr. HANSEN), in welcoming to the Nation's Capital the delegation of Japanese governors, who are here to participate in the annual meeting of the Council of State Governments.

Our distinguished visitors were guests at a luncheon today, and their itinerary has included calls on various Members and officers of the Senate, as well as observing firsthand the procedures and operations of the legislative branch of the U.S. Government.

I am a former Governor of the State of Georgia, and many other Members of the Senate were also Governors of their respective States. Although Japan and the United States are worlds apart geographically, and although it has been 20 years since I was Governor, I think I know of the problems these Japanese governors face as they endeavor to serve their people and improve the quality of life in their prefectures.

Japan has made enormous social and economic progress in recent years, which to a very large extent has come about because of intelligent leadership in government and industry and the industrious nature of the Japanese people. We value Japan as a friend in the Far East and as an important trading partner.

The best interests of the United States and Japan are advanced through exchange programs like this, and I wish the Japanese governors a successful visit to the United States.

A POLITICAL CHIMERA

Mr. CHURCH. Mr. President, Webster's Dictionary gives several definitions of the noun "chimera." Political chimera is the term chosen by the New York Times to describe Mr. Ford's recent tax proposal. Since "a fire-breathing she-monster in Greek mythology having a lion's head, a goat's body, and a serpent's tail" seems inappropriate on several grounds, I refer my colleagues to the more suitable—"an imaginary monster compounded of incongruous parts." It takes some effort to keep up with the Times even on weekdays, but in this case it was worth it.

Mr. President, I ask unanimous consent that the editorial from the October 8 edition of the New York Times be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A POLITICAL CHIMERA

With the economy still subject to dangerous imponderables as it emerges from a severe slump, it is deeply unfortunate that President Ford has chosen to play political and ideological games. His tax message is not the serious program of a responsible leader, it is a political chimera projected by a candidate playing for votes in a year-off election instead of seeking realistic answers to the challenge of unemployment and inflation.

By conditioning his tax-reduction proposals on an equivalent cut in public expenditures, Mr. Ford starts from a premise he knows to be unrealizable. As was immediately pointed out by Representative Brock Adams, Washington Democrat and chairman of the House Budget Committee, there is no way to slice $28 billion out of the Federal budget unless Social Security, veterans' pensions, food stamps, education and defense are substantially reduced. The President postponed until January his specific proposals as to how these existing programs could be "revised, consolidated and held below their projected levels."

Yet Congress must act by Dec. 11 on taxes if withholding schedules are not to revert to the higher levels in effect before the temporary tax cut was enacted last spring. There is no realistic prospect that Congress will legislate a further tax cut based on an expenditure ceiling without knowing what expenditures are to be held down. Mr. Ford knows this perfectly well, but he is demagogically assuming that the public does not.

In the budget that the President submitted at the beginning of this year, he recommended a ceiling on the cost-of-living increases for Social Security recipients, far-reaching changes in Medicare, Medicaid and food stamps and other reductions in programs that most Congressmen of both parties regard as untouchable. With the exception of a cutback in the comparability increase for Federal employees, Congress has refused to go along with any of these recommendations. To meet Mr. Ford's lastest fiscal targets, Congress would have to impose much more draconian sacrifices in an economy where prices are rising at a rate close to 10 per cent, principally because of higher food and fuel cost and tight-money policies.

THE BIG RED MACHINE

Mr. TAFT. Mr. President, it is indeed my pleasure to take the floor today to sing the praises of the Big Red Machine.

When the World Series began I seriously considered making a wager with my colleagues from Massachusetts on the outcome of the games. My wager would have been Cincinnati Chili against Boston Baked Beans; however I thought this might be inappropriate when the Senate was debating gas.

Sport commentators have said that this series was one of the greatest ever played. I know that members of my staff were bleary eyed after the 12-inning Tuesday night game.

I know that all of Cincinnati is proud of the Reds and of Pete Rose, a hometown boy, who won the Most Valuable Player Award for the 1975 Classic.

After talking to friends in Cincinnati today I think that I might have to introduce a supplemental appropriations to cover the costs of the clean up from the wild celebration that is going on today.

While the Reds have not won a world championship since 1940 I think with their current outstanding team Cincinnati may be the home of the World Series trophy in many years to come.

Boston may be the "Hub of the Universe" to some, but Cincinnati is the Hub of the Baseball Universe.

WIND POWER TO MAINTAIN ALL-ELECTRIC HOME

Mr. LEAHY. Mr. President, during the recent recess I had the opportunity to spend part of an evening with Janet and Scott Nielsen, of Plainfield. The Nielsens are neighbors of my brother-in-law and sister, Dale and Mary Anderson.

The Nielsens have shown the kind of individuality and self-sufficiency which made Vermont and this country great. The two of them have worked extremely hard to be self-sufficient in energy and are utilizing wind power to maintain their all-electric home in Vermont.

They will be the first to admit that their work and solution is not a total answer. It is, however, considerably further than most people in this country have gone.

Because of that, Mr. President, I ask unanimous consent that an excellent article, "The Nielsens: Pioneering With New Lifestyles," referring to their efforts, which appeared in the Sunday Times Argus and the Sunday Rutland Herald on October 12, 1975, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE NIELSENS: PIONEERING WITH NEW LIFESTYLES

(By Wallace Roberts)

PLAINFIELD.—On Jan. 1, 1976, Scott and Janet Nielsen will declare their independence and pull the plug on the modern, once all-electric home here that looks down the sweep of Hollister Hill toward East Montpelier.

Up that draw comes a good wind that's now spinning a generator salvaged from an abandoned North Dakota farm, and there's a giant ice house under construction with plans for a summer kitchen on top of it, with a dumbwaiter to cold storage and hot water from a solar heater.

A wood cookstove sits in the center of their main living area, at the edge of a kitchen now emptied of a dishwasher, clothes washer and dryer, garbage disposal, waiting to displace the electric stove.

Downstairs a sturdy, thermostatically controlled wood heating stove radiates a wall of warmth, while in another room a bank of batteries salvaged from a communications utility lines the walls, storing up unused power from the wind generator.

For the Nielsens, turning the power company off started out as an economic choice, Janet said, when oil became the football of world politics two years ago.

They had built their electrically heated home themselves in 1970 when the promises about its operating costs were predicated on a different kind of world.

The new high price of oil, the dangers of nuclear plants, the recognition that oil reserves are limited, driving cars in inefficient ways all combined with a desire to find a better way has changed the Nielsen's economic choice into a moral one.

That first autumn of the oil crisis they got the wood heating stove. It's an Ashley, which many people swear by and is consequently hard to find. They didn't get the one they ordered, and now have, until last November, but that first winter they were able to use an Ashley borrowed from one of Scott's students at Goddard.

"I could have unplugged right then, two years ago," he said recently, "but I didn't want to switch to another form of fossil fuel dependency. I wanted to do the whole thing right so I could feel comfortable when I turned the switch off all at once.

That first winter they wore their long underwear until April and seemed to spend all their time cutting and splitting wood. They tried to cover their insulated plate glass windows and doors with styrofoam panels at night but it became a nuisance and an unappealing chore. And it didn't work to well anyway if the panels were not exactly seated.

Being an all-electric house, however, meant that it had been built originally with extra insulation not usually found in other houses. Four inches of fiberglass in the walls, six in the ceiling with a vapor barrier and dead-air pockets.

Last winter they cut wood for this winter also, and this winter they again want to cut a two years' supply from their 75 acres.

It doesn't appear that they will be able to make up the rest of their power needs as easily however, for their wind generator can produce only about 300 kilowatt-hours a month, about half what they now use.

The wind generator is a 35-year-old Jacobs, which Scott says is one of the best, a 440-pound hunk of steel and copper on top of a 60-foot tower that his students helped him raise last year as part of a course at Goddard on wind-power.

It's got a direct drive system and produces full power at 250 revolutions per minute, about a tenth the speed of more recent vintage models, and Scott figures it will last another 35 years.

The wind produces enough electricity for the lights but not enough to run also the refrigerator, which uses about 100 KWH a month. Scott said he could have switched to a gas refrigerator but that would have meant using fossil fuels in another way.

"So we're experimenting with ice. Vermont has a surplus of cold, and we should use it."

The silo-shaped house is 4 feet in diameter and about nine feet tall at the moment. It will become taller when the summer kitchen is added on top, at a level that will bring it even with the main floor of the house, in the corner that looks down the slope of a field on Hollister Hill.

The Nielsens' plan to fill large plastic bags with water in the winter, let them freeze outside and then store them in the insulated ice house for summer-time refrigeration. A dumbwaiter through the floor of the summer kitchen, a system used by Janet's grandmother on a farm in Massachusetts years ago.

The only other necessity (they've never had a television) is hot water, which is now supplied by the wood stove and whose output will be complemented by a water solar heater Scott plans to build on the roof of the house.

Living the energy crisis from day to day has meant some changes for Scott and Janet Nielsen. It hasn't seemed to affect their two sons, Brian, 14, and Jerry, 13, who complain more of the family's switch to less meat that its minimization of the use of electricity.

But for Scott and Janet the switch "implies the integration of different lifestyles." We all work, buy, and consume things in different places, they contend, and with their switch they are trying to bring some of these things together in one place.

"We're eliminating some of the middlemen," Scott said "and we've discovered that work is more enjoyable when it's directly related to something meaningful, like cutting and splitting enough wood to keep warm for the winter.

"I like the idea of understanding how things work and are related. Getting in wood isn't a totally mindless task. There are lots of interesting problems, beginning with looking at the trees to see which are the best to cut."

Scott is an economist who's taught at Massachusetts Institute of Technology and worked for an insurance company in Hartford, Conn., before coming to Goddard College here. For him one of the most important parts of unplugging is learning to live emotionaly without fossile fueled energy.

"When you live with the wind powering your lights," he said, "you become attuned to it, to changes and you're more thorough about turning off unused lights."

Scott says his goal is "to act as if the industrial system is going to fall apart within five years," to live out alternatives to the present system to show that it can be done, with the hope that in that five years he will have learned a lot about what works and what doesn't so he can pass the information on.

The finite supply of fossil fuels and the fact that nuclear power is an uncertainty means to Scott that "first we have to learn to cut our consumption in half and then in half again."

A gallon of gasoline used in a chain saw on the winter wood or in a garden tractor "is a far more efficient use of gasoline than generating electricity or driving a car," he says.

Living without energy supplied through the nation's power grid means supplying it from other places, the woodlot, the wind, the sun, the cold.

But it also takes new forms of energy from the people involved, not just in solving the technical problems and doing the chores, but also in working out the new patterns of life that are logical consequences of the switch.

Asked what these changes have meant, Janet looked at Scott and said, "Is it OK if I tell him?"

Scott nodded, and she said, "My women's group is really mad at Scott because all this means I have to work nearly full-time around the house, without the dishwasher and the clothes washer and dryer.

"All this alternate culture stuff is male-oriented. Most of Scott's students are male. They play with the machines and we do the grub work.

"Fortunately, I don't have an outside job now, so I have plenty of time for the house work, but if I had an outside job I don't know how we would get all the work done.

"We're old enough though, to remember when things were done the way we are trying to do them, so in a way it's not as much a cultural shock as it is to some of the kids who've never known anything besides cheap power."

Jane looked at Scott and he at her, and the air cracked with uncertainty.

CINCINNATI: WORLD CHAMPIONS

Mr. GLENN. Mr. President, on October 9, 2 days before the start of the 1975 World Series, the senior Senator from Massachusetts, (Mr. KENNEDY) rose in this hallowed Hall and presented a resolution which was passed on an unrecorded voice vote. The resolution recognized the excellence of both the Boston Red Sox and the Cincinnati Reds but further resolved that the Senate hoped each team would be victorious in each of its home games.

Mr. President, every baseball fan in America will immediately realize the biased intent of that resolution in that a seven-game series would play three games in Cincinnati, but four games at Boston.

Mr. President, the series is now history, and I feel it is an appropriate time for comment.

With sincere apologies to the late Ernest Lawrence Thayer and "Casey at the Bat," I would like to read the following:

ODE TO THE SERIES '75

(With added references)

'Twas 3 to 2 the Series stood at Riverfront that day,
With next the move to Boston, and 2 games left to play.
There was ease in Boston's manner as they homed on Fenway Park,
With its left field Green-wall Monster looming awesome, drear and stark.

The Gods of Sport who knew in full of what was going to be
Then cried such tears it flooded all, for days that numbered three.

But even Gods must dry their tears when Series time comes nigh.
The rain stopped falling—field was dried, all under bright blue sky.

"Play Ball" the blue-coat umpire said and batters strode to plate
As inning after inning passed with baseball simply great.

The Fenway ballpark rocked and roared as Red Sox hit quite free, And when the dust had settled down the Series stood 3–3.

The Seventh game, that fateful night, tomorrow won't be there.

With Series tied at even up, both clubs threw way all care.
At inning nine the score was tied and still the battle roared
But class will out, Joe Morgan hit, drove in the winning score.

Oh, somewhere in this favored land the sun is shining bright
The band is playing somewhere, and somewhere hearts are light;

But Boston's men aren't laughing, and children don't dare shout,
For there is no joy in Boston. The mighty Red Sox are all out.

Cincinnati wins the crown—a toast, they got their due.
But another toast to Boston, for they're true champions, too.

They played a hard and skillful game, they played it straight, no tricks.
We wish them well, minus Indians games, in 1976.

To the Senior Senator from Mass., his hopes so sadly smote,
We point out Senate limits of quiet-passed "voice votes".

The "ayes" and "nays" for next year's moves, I call for here today.
That's just in case these two great teams may next year's Series play.

A serious note to end this tome
Such excellence, rare-made,
It's been great pleasure just to watch
these craftsmen ply their trade.

If every effort in this land had dedication same
Perhaps our problems would grow small
—a lesson from these games.

Mr. President, I thank the chair for this indulgence.

AMERICANS AND THE LAW

Mr. PELL. Mr. President, the distinguished senior Senator from Idaho (Mr. CHURCH) has drawn our attention in a recent speech to a growing lawlessness abroad in the land. As he points out, this is not simply the conventional lawlessness of garden-variety criminals, but worse, the growing lawlessness of those who traditionally set the lawful example. Some of our most prominent corporate and governmental leaders have strayed from the ethical habits of this Nation in recent years. And perhaps worst of all, some of our law enforcement agencies have not been true to the law.

Mr. President, this is a speech that spotlights a growing weakness at the top of our society, which fosters a general disrespect for the law at every level. It is worth wider attention, and I ask unanimous consent to have printed in the RECORD an excerpt from this remarkable address.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

EXCERPT FROM A SPEECH BY SENATOR CHURCH

Of late, the seems to have lost much of its traditional respect, and not just because of the growth in conventional crimes. Ordinary criminals have never respected the law. We seem to have come to the disquieting point today where citizens who are normally law abiding have taken to bending the law and even to breaking it.

That sense of community—of the duty each citizen owed to his fellow citizens—seems to be evaporating. A social cannibalism is emerging in its place. We are beginning to feed on each other. We are taking rather than giving. Selfishness is displacing scruples about the common good.

This feeds a spreading anarchy which takes on different forms. It reaches into the workshops of our land.

In frustration over the exorbitant price of bread, the longshoremen refuse to load wheat sold to Russia. Their refusal has nothing to do with wages or working conditions. But rather with their opposition to the sale. The law is disregarded. By refusing to load the grain, the union displaces the government and usurps for itself the right to determine trade policies.

Lacking a law which requires binding arbitration, a New York teachers union defies a court order against a strike, rather than taking an appeal to a higher court. What do those teachers now tell the children who find given laws personally inconvenient.

And this audience remembers well that the police in San Francisco recently staged an illegal strike and ignored court orders, while packing pistols on the picket line. If the police can defy public order, then the army is next. No society can long endure strikes against the public health or safety.

We must insist that the government provide mechanisms for settling grievances of public employees, and public employees must—in turn—work through legal channels to accomplish their economic goals. Otherwise essential public services will collapse. And the very fabric of our society will start to unravel.

But, lest there be any thought that public employees are alone in flaunting the law, we have only to look to the boardrooms of our largest corporations. For the past two years, as a matter of fact, I have been peering into those boardrooms, as part of the inquiry being conducted by my Subcommittee on Multinational Corporations. This is what we have found:

ITT secretly offering the CIA a million dollars to prevent Allende, lawfully elected by the people of Chile, from becoming President. Like the longshoremen refusing to load wheat, this giant corporation sought to usurp for itself the right to determine the course of American foreign policy.

Exxon parceling out 27 million dollars in illegal political contributions in Italy in return for economic favors from the government.

Gulf Oil doling out four million dollars in illegal corporate contributions in Korea.

Northrop paying an agent 450 thousand dollars for the purpose of bribing Saudi Arabian generals.

United Fruit slipping the President of Honduras 1.2 million dollars to lower the export tax on bananas.

Lockheed admitting illegal payments to government officials in countries around the globe . . . in Europe, in Asia, in the Middle East and in the Far East, amounting in the aggregate to many millions of dollars.

All of this wrong-doing is acknowledged by straight-faced executives who say they had to break the law in order to get the business. The excuse, after all, is written plainly in the adage, "When in Rome. . . ."

But the excuse is hollow. The bad habits of Rome were brought home to America. The roster of companies that made illegal corporate contributions to the Nixon campaign in 1972 include many of the companies which have turned to bribery abroad. If we condone bribery of foreign officials we will sow the seeds of corruption in our own land.

Perhaps the most depressing aspect of this corporate lawlessness is that it is authorized at the highest executive levels. These corrupt practices are not aberrations engineered by underlings. They are company policy. Contempt for the law has come to preside in the boardrooms of some of the largest companies. Unless we support the moral and honest among our business leaders we are in danger of sinking into a quagmire of corporate lawlessness.

But it is not only members of the corporate leadership which seek to evade the law. Government leaders as well invent specious rationalizations to evade the clear intent of the Congress.

I would like to think that the high fever point of our national affliction of disregarding the law came a year ago, with the resignation of Richard Nixon, when proof of his unlawful conduct finally forced him out of office, a step ahead of impeachment. The lesson of that painful ordeal is that, if we are to restore respect for the law to a position of primacy in our society, we will have to begin at the top.

Within the Federal Government, the place to start is with the keepers of the law—those agencies charged with law enforcement and secret intelligence activities. If they won't respect the law, who will?

The investigation of these agencies—the FBI and the CIA—by the Senate Committee I chair came about as a result of widespread charges of unlawful conduct and wrongdoing. We know now that the CIA has toyed with murder abroad—in league with the Mafia, no less! The FBI has admitted to a whole series of infractions, unrelated to law enforcement, but directed instead toward the harassment of law-abiding citizens.

Justice Louis Brandeis once wrote:

"Decency, security and liberty alike demand that government officials shall be subjected to the same rules of conduct that are commands to the citizens. In a government of laws, existence of the government will be imperiled if it fails to observe the law scrupulously. Our government is the potent, the omnipresent teacher. For good or ill, it teaches the whole people by its example."

Happily, such wisdom is not the sole province of learned jurists. A few days ago, a chicken farmer up in Pennsylvania approached me to ask if it were true that the CIA had worked with the Mafia. When I told him, "Yes," it was true, he looked down at the ground, pushed at the dirt with his foot, and said:

"Senator, how will I ever teach my kids to grow up honest, when the government, itself, goes partners with the underworld?"

It is with such matters that the Senate Intelligence Committee must deal. The scope of our inquiry ranges far beyond attempted assassinations abroad. Indeed, the whole sordid subject of murder plots formed no part of the Committee's original mission. It was dropped in our laps when the Rockefeller Commission ducked it, and President Ford passed it on to us to deal with. Since then, the Committee has taken over eight thousand pages of testimony, interrogated nearly a hundred witnesses, examined a vast array of documents, and compiled a record on the assassination issue alone that compares in size to the entire investigation of the Senate Watergate Committee.

All of this work has been conducted in executive sessions, behind closed doors. But the Committee intends to publish soon a full and detailed report of its findings. Doubtlessly, public hearings on such a subject, telecast to every corner of the globe, would have played to an unprecedented audience. The political box office, however, would have been far exceeded by the political damage that such a proceeding would inflict upon the United States. Hence the Committee chose closed hearings, to be followed by a full disclosure in the form of a printed report.

Now, as the Committee goes into open hearings, we will focus on unlawful conduct by the CIA and the FBI . . . as directed against law-abiding American citizens. To what degree have these agencies, established to spy on foreign governments and fend off foreign spies, turned their techniques inward to spy on the American people instead?

That is a vital question, not only for what it tells us about our government today, but for what it portends for the future.

I don't know whether Big Brother Government waits for us, as we enter the third century of our Republic. Big Brother may still be the fictional figment of an Orwellian imagination, but the electronic hardware to sustain his rule exists in the American Government today. It has already been invented. It has been built. And it is in use.

In the need to know what foreign governments—some of them potential enemies—are doing, our own government has projected an awesome technology that enables us, not only to spy from the sky, but also to monitor the messages that course through the air. We have in place and functioning the capability to eavesdrop on messages between ships at sea, between planes in the air, and military units in the field. We possess an amazing capacity to intercept messages of every kind, whether governmental or commercial, military or civilian, public or private, wherever they are transmitted through the atmosphere.

The issue is how to keep that capacity outward-reaching in the service of our legitimate national security needs. For if it were ever turned around, no American would have any privacy left, such is the government's potential for monitoring any telephone conversation, any telegram, any unguarded conversation. There would, in short, be no place left to hide.

If an American President ever aspired to dictatorship, the existing technology of the Federal intelligence agencies could place in his hands the means to impose near absolute surveillance. The most careful efforts to combine together in resistance, no matter how discreetly undertaken, would be within the reach of the tyrant to know. Such is the sweep of this technology.

That is why the Senate authorized this investigation, why I accepted its Chairmanship, and why this has been the most disturbing assignment of my career. It is now more apparent than ever to me that the agencies which control this technology must always operate strictly within the law, and under the close and continuing supervision of the Legislative, as well as the Executive Branch of our government.

I know first-hand the wartime worth of intelligence-gathering, because I served with the Military Intelligence as a young Army officer in World War II. Now, as a senior member of the Foreign Relations Committee, I am fully aware of the great value of good intelligence in times of peace. Without it, an informed foreign policy could not be conducted; without it, nuclear arms controls could not be policed; without it, the United States would be left groping in a dangerous world.

But the maintenance of such agencies poses a dilemma for a free society. They must function in the most delicate of all realms: mandated to maintain security without impairing freedom. If they engage in wrongdoing, it is not a casual matter that can be safely swept under the rug. If the charges raised in the press, which gave rise to the investigation, should prove largely true, then it is urgent that we learn in time. If they prove largely false, then the investigation will serve to redeem the reputation of prestigious agencies which find their honor in upholding the law.

The situation we now face is not without historical precedent. On December 17, 1911, President Taft abrogated a lucrative trade agreement with Czarist Russia which was shortly to go into effect because the latter refused visas to American Jews. In May 1885, the United States was informed by the Austrian government that Mr. Anthony Reiley would be unacceptable as envoy extraordinaire and Minister Plenipotentiary in Vienna, "The position of a foreign envoy wedded to a Jewess by civil marriage would be untenable and even impossible in Vienna."

Then Secretary of State Bayard replied in these terms:

"It is not within the power of the President nor of the Congress, nor of any judicial tribunal in the United States, to take or even hear testimony, or in any mode to inquire into or decide upon the religious belief of any official, and the proposition to allow this to be done by any foreign government is necessarily and a fortiori inadmissable.

"To suffer an infraction of this essential principle would lead to a disfranchisement of our citizens because of their religious belief, and thus impair or destroy the most important end which our constitution of Government was intended to secure."

Would that we had today a President and Secretary of Commerce equally sensitive to the "most important end which our constitution of Government was intended to secure."

But even if the lawkeepers commence again to set a sound example for upholding the law, we must pull ourselves together as a people and reestablish a general respect for the law at every level. We must begin to assert a self-discipline which recognizes that everybody can't have everything at the expense of everyone else.

If we fail to restore a proper regard for the common good within the framework of the law, then creeping anarchy will gradually replace the rule of law altogether. In its wake will surely come the repressive measures that a frightened people will then find preferable. There can be no successful preservation of liberty outside the law.

The foremost example of lawful conduct must come from the top. But a proper regard for the law must be regenerated throughout—in the treatment of one citizen by another, in the self-discipline exercised by our great unions and in the lofty centers of corporate power.

Indeed, there is some hope on that score. Certain unions in financially-beleaguered New York City have agreed to wage freezes during the current fiscal emergency. Police and firemen in other cities, recognizing their duty to protect life and property, have urged the adjudication of their grievances in lieu of striking. And many American corporations have sacrificed business at home and abroad, rather than adopt dishonest methods.

But much sturdier political leadership is needed if a decent regard for the general welfare is to be regained. It will not come from the politicians who practice and encourage a double-standard, who reject lawbreaking from one quarter with a mailed fist, while accepting it from another with a welcoming hand. These politicians offer us no solutions, because they are part of the problem.

Adlai Stevenson, as civilized a man as ever sought the Presidency, tried to tell us: "As citizens of this democracy," he said, "you are the rulers and the ruled, the law-givers and the law-abiding—the beginning and the end."

I know Adlai Stevenson would agree that, if we don't regain our respect for the law and for each other, then our generation will be, in this our 200th year, not merely the end of a great beginning, but the beginning of the end.

My work on the foreign relations committee has revealed another very disturbing area of the executive branch's disregard for the law:

The Export Administration Act of 1969 declares it to be the "policy of the United States to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries." It also requires that the Department of Commerce be notified of any requests for compliance with such boycotts.

Yet, the Department of Commerce distributes, through the American business community, a notice from the Government of Iraq, detailing intentions to buy 3,550 prefabricated buildings. The bid specifications disseminated by the Department included a requirement that would force any U.S. firm bidding on the project to support an economic boycott of Israel, a direct violation of official government policy.

And at whose request was the Commerce Department distributing these Iraqui bid specifications?

None other than our own State Department!

In justification of this outrageous breach of law, the Secretary of Commerce urges that a refusal to distribute such specifications would deny U.S. firms "prompt access to business opportunities in the Arab markets . . ."

On September 19, the Secretary of Defense informed the Senate Foreign Relations Committee that the Defense Department plans to sell one and a half billion dollars of military planning, design and construction work to Saudi Arabia under the foreign military sales act.

Hearings I chaired have revealed United States Government compliance with Saudi discriminatory boycott and visa regulations on such construction projects in the past.

Yesterday Senator Clifford Case and I informed Secretary Schlesinger by letter that we would fight this billion and a half sale unless we receive assurances of complete adherence to the principles of equal opportunity and non-discrimination in all aspects of the sale and construction.

What is missing in the Administration's position on the boycott and visa restrictions is a decent respect for the basic principles on which the republic was founded. Our principles—not theirs!

ORDER FOR RECOGNITION OF MR. HARRY F. BYRD, JR., ON TUESDAY, OCTOBER 28, 1975, AND THAT THERE BE NO ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at 11:30 a.m. on Tuesday next.

Mr. President, I ask unanimous consent that after Mr. GARY HART is recognized on Tuesday next, Mr. HARRY F. BYRD, Jr., be recognized for not to exceed 15 minutes and that there be no routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF MR. ALLEN ON TUESDAY, OCTOBER 28, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after Mr. HARRY F. BYRD, JR., has been recognized on Tuesday next, Mr. ALLEN be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS AND FOR ROUTINE MORNING BUSINESS ON TUESDAY, OCTOBER 28, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the following Senators be recognized after the two leaders or their designees have been recognized under the standing order on Tuesday next and in the order stated: Mr. Harry F. Byrd, Jr.; Mr. Allen; Mr. Gary Hart; after which there be a period for the transaction of routine morning business with statements limited therein to 3 minutes each, such period not to extend beyond the hour of 12 o'clock noon.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 11:46 A.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess for 3 minutes.

There being no objection, the Senate, at 11:43 a.m., recessed until 11:46 a.m.; whereupon, the Senate reassembled when called to order by the President Officer (Mr. Nelson).

ORDER FOR YEAS AND NAYS ON NOMINATION OF MAJOR GENERAL SLAY

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, as in executive session, that the yeas and nays may be ordered at this time on the nomination of Major General Slay.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on that nomination, as in executive session.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

ORDER FOR YEAS AND NAYS ON TREATIES

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that it be in order to order the yeas and nays on the six treaties with one show of seconds at this time, as in executive session.

The PRESIDING OFFICER. Is there objection?

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ROBERT C. BYRD. I thank the Chair.

ORDER FOR CERTAIN ACTION DURING ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that during the adjournment of the Senate over until Tuesday, October 28, 1975, the Secretary of the Senate be authorized to receive messages from the President of the United States and the House of Representatives; and that the Vice President, the President pro tempore, and the Acting President pro tempore be authorized to sign duly enrolled bills and joint resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene at the hour of 11 a.m. on Tuesday next. After the two leaders or their designees have been recognized under the standing order, the following Senators will be recognized, each for not to exceed 15 minutes and in the order stated: Mr. Harry F. Byrd, Jr., Mr. Allen, Mr. Gary Hart. There will then be a period for the transaction of routine morning business, not to extend beyond the hour of 12 o'clock noon, with statements limited therein to 3 minutes each.

At the hour of 12 o'clock noon, the Senate will go into executive session to consider the nomination of Gen. Alton D. Slay for the rank of lieutenant general. One hour of debate will ensue on that nomination and a vote will occur at the hour of 1 p.m.

Mr. President, at the hour of 2 p.m., the Senate will begin voting by rollcall vote, undoubtedly, on the following protocols:

The first rollcall vote will be a 15-minute rollcall vote and the votes that will occur in consecution will be a 10-minute rollcall vote in each instance.

First will be the rollcall vote on Executive W (93d Cong., 1st sess.), Convention on the International Regulations for Preventing Collisions at Sea, 1972; to be followed by a vote on Executive K (93d Cong., 2d sess.), amendments to the International Convention of the Safety of Life at Sea, 1960; Executive L (93d Cong., 2d sess.), Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons; Executive B (94th Cong., 1st sess.), Protocol for the Continuation in Force of the International Coffee Agreement of 1968, as extended; Executive D (94th Cong., 1st sess.), agreement with the Federative Republic of Brazil concerning shrimp; and Executive F (94th Cong., 1st sess.), amendments to certain articles of the Convention on the Intergovernmental Maritime Consultative Organization.

The PRESIDING OFFICER. Is that in the nature of a unanimous-consent request?

Mr. ROBERT C. BYRD. I already have unanimous consent.

Mr. President, also during the day on Tuesday the Senate will proceed to the consideration of S. 2498, and upon the disposition of that measure the Senate will take up H.R. 12. That will be followed by S. 327, which will be followed by S. 1259 or H.R. 5541.

There will be at least seven rollcall votes on Tuesday, and there will likely be additional rollcall votes.

ADJOURNMENT UNTIL 11 A.M. TUESDAY, OCTOBER 28, 1975

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the provisions of House Concurrent Resolution 459, as amended, that the Senate stand in adjournment until the hour of 11 a.m., Tuesday next.

The motion was agreed to; and at 11:47 a.m. the Senate adjourned until Tuesday, October 28, 1975, at 11 a.m.

EXTENSIONS OF REMARKS

EMPEROR HIROHITO'S VISIT TO THE UNITED STATES

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. MINETA. Mr. Speaker, the recent visit of the Emperor and Empress of Japan, the first state visit in history of a reigning Japanese monarch to the United States, exemplifies the close ties that exist between our two nations. It is particularly gratifying to note the warm reception the Emperor and Empress received at all their stops around the Nation. The historic significance of this visit was underlined in numerous editorials appearing in the Nation's leading newspapers.

Excerpts from some of these editorials follow:

> The Emperor and Empress of Japan will arrive in this city tomorrow on one of the first stops of their unprecedented state visit to the United States. The event has been too long delayed considering the closeness of United States-Japanese relations over the last three decades. . . .
>
> His visit as Head of State and an important symbol of Japanese nationhood still represents a significant milestone in Japanese-American relations . . . we wish the Emperor and the Empress Nagako a pleasant and worthwhile stay on these shores.—Washington Star, October 1, 1975.
>
> . . . Americans and Japanese have been dealing with each other as equals for some years. Each side has learned something about the practical side of mutual dependence and the degree of mutual dependence is deepening. It is no small thing to say that affairs between the two countries are developing as the most optimistic statesmen on both sides might have hoped a generation ago. The Emperor himself, who is a man of that generation, is also here to celebrate that quiet triumph of good will and good sense. He is welcome in the United States.—Washington Post, October 5, 1975.
>
> Japan is unusual among America's allies, unique as a world power. Japan is the only close partner we have with cultural background totally different from our own. The largest of our close allies in population, it is second as a trading partner only to Canada. The State visit of Emperor Hirohito and Empress Nagako . . . then, is no casual gesture. It is remarkable to the Emperor, remarkable to Japan. We in the United States welcome the imperial guests with the hope

that their stay will be pleasantly memorable to them, and in full recognition that by coming, they are symbolizing a continuing friendship of great value to us all—Japanese and Americans alike.—Houston Post, October 1, 1975.

Indeed, the Emperor's visit symbolizes a "really new stage in our relationship that's most gratifying" says a man who should know, Harvard's Prof. Edwin O. Reischauer, former U.S. Ambassador to Japan. It represents a "waking up on both sides" to the role of the world's economic powers as working together to solve mutual problems.—Christian Science Monitor, September 30, 1975.

Americans will be happy to welcome the world's oldest reigning monarch and Empress Nagako, especially when this country's alliance with Japan—its most important Asia-Pacific ally—is in such sound condition.—Seattle Times, September 29, 1975.

The formal good will visit to the United States by Japan's Emperor Hirohito, now nearing its end, will be noted by historians as an extraordinary event of milestone significance in the relations of two great nations. It is vital to us that a stable Japan be maintained . . . we need each other. Our basic common goals surpass all passing differences, and it is this which Emperor Hirohito sought to reaffirm in making his unprecedented personal visit to this country. A fruitful full understanding by the peoples of both nations may well determine the future of world history.—Baltimore News-American, October 8, 1975.

That the Emperor of Japan is arriving in the United States of America today for a two-week state visit testifies to the warm relationship that now links two countries that were at war 30 years ago. Emperor Hirohito and the Empress Nagako will be in our country as representatives of Japan whose commitment to peaceful relations with all its neighbors has been unwavering during the entire postwar era . . . we can hope our country puts its best foot forward to make the next two weeks a rewarding experience for two people who, as some Americans might put it, would be interesting folks to get to know.—San Diego Union, September 30, 1975.

Emperor Hirohito's two-week visit is an important event representing as it does the first state visit to our shores of a reigning monarch whose Imperial line dates back more than 1,000 years. But the visit is of more than ceremonial importance. It also underscores the fact that U.S.-Japanese friendship is based on something more than deference toward a military victor.—Wall Street Journal, October 9, 1975.

Emperor Hirohito's first visit to the United States is being viewed by official Washington as ceremonial, strictly non-political and a bridge between cultures, but even the fussiness of official Washington fails to obscure the lurking historical irony. In 1921, he told President Harding that only the illness of his father, Emperor Taisho, prevented a U.S. visit . . . in Japan, he is considered by many to be the living symbol of the country's essence. We are on friendly terms with that country now, and for the foreseeable future.—San Francisco Chronicle, October 3, 1975.

Chicago often receives visits by foreign dignitaries—Presidents, Prime Ministers, Mayors, Princes, Princesses and others. It is a duty that is also an honor. But the visit to Chicago of Hirohito, the Emperor of Japan, takes on a special quality . . . we hope that in their brief visit, the Emperor and Empress sense the esteem in which they and their country are held by Chicagoans and other Americans.—Chicago Sun-Times, October 6, 1975.

The sampling of the Nation's editorial opinion is typical of the national reaction to the visit of the Emperor and Empress to this country and the perception of our close relationship with Japan. The warm welcome given to the Emperor and Empress superseded all regional and political distinctions, showing a great measure of respect and interest by the American people for the symbolic leaders of one of the great nations of the world. It is my belief that this historic trip by the Emperor will foster continued peaceful and cooperative relations between our two countries and that it will symbolize the bonds which link our nations and peoples in a common search for a peaceful and prosperous world.

FEA FINDINGS SUPPORT AUTO EMISSION STANDARDS

HON. JAMES F. HASTINGS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. HASTINGS. Mr. Speaker, I would like to draw attention to the results of a Federal Energy Administration nationwide public opinion poll pertaining to interest in improving the quality of our air. The results of the survey, I think, give strong support to recent changes made by the House Subcommittee on Public Health and Environment in the section of the Clean Air Act relating to auto emission standards.

The FEA survey asked if citizens would be amenable to paying an additional $250 per car over a 5-year period to cover the expenses of emission control devices and a substantial 48 percent said they would. In addition, 46 percent said they would pay $10 more per year in taxes for governmental assistance in the development of cleaner engines.

I am heartened at the results of the poll which I think reflect a desire on the part of the public for improved car emissions despite an average added cost of about $190 per car. It should be noted that the move toward improved car emissions not only is helping to clean the air, but is also increasing fuel economy. Once total conversion to unleaded gasoline is made—gas now required by catalytic converters—tests show a total savings of 210,000 barrels of gas per day. In a September EPA analysis of "Factors Affecting Automotive Fuel Economy," the agency states that although the 1975 emission standards are the toughest ever, the fuel economy has never been better on those model year cars.

In brief, the compromise I offered in subcommittee and which was adopted by a 12 to 3 vote, strikes a middle ground between those advocates of a 5-year freeze of the standards and those who favor immediate compliance with the present standards. My amendment retains the levels for 1978 and 1979 at the present California levels at 0.9, 9.0, and 2.0 for HC, CO, and NO_x, respectively. Then, to permit automotive manufacturers more time to develop and experiment with alternative technologies, in 1980, and HC and CO levels become those within the statute, 0.41 and 3.4. The Administrator may, however, in the case of NO_x—the most controversial standard in terms of health and technological developments—grant waivers in 1980 and 1981 up to the level of 1.5 and in 1982 and 1983 up to 1.0. The final directive is, then, in 1985, the manufacturers will be required to meet the statutory levels for all three pollutants, that is, 0.41, 3.4, and 0.4 NO_x.

I might also add that the recent controversy over the effectiveness of the catalytic converter in terms of performance and sulfate emissions needs to be put in focus. The health hazards of sulfuric acid mist from catalysts even 10 years from now appears questionable and even if the fears are confirmed, it would appear that corrective action could be taken by that time. It must be remembered that 99 percent of the oxides of sulfur emitted from the air come from stationary not mobile sources. General Motors recently announced that:

> The catalytic converter is not only doing the emission control job it is supposed to do, while accumulating an astonishingly trouble-free record of reliability, but it is also giving us, our customers and the nation some additional benefits . . . All segments of the American industry involved should view the accomplishment with pride.

I believe that my colleagues on the Public Health and Environment Subcommittee feel the changes we have made in the Clean Air Act are a sensible approach to a complex problem and I would ask that the House carefully examine the work we have done.

JUSTICE JOSEPH LIFF, NEW YORK STATE SUPREME COURT

HON. LESTER L. WOLFF

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. WOLFF. Mr. Speaker, it is with profound sorrow that I rise today to pay my respects to Justice Joseph Liff of the New York Supreme Court—a dear friend, a good neighbor, a longtime constituent and a guiding force in the lives of many.

My wife, Blanche, and I wish to take these few moments to express our heartfelt condolences to our friend's wife, Hilda, and to their children, Susan and Eric. We also wish to share with our colleagues in the House a few moments of reflection on the life and services of Justice Liff, who played such an important role in our home county of Nassau, and in all of New York.

Perhaps the most lasting influence on the people of my district played by Justice Liff has yet to see fruition—the establishment of a county legislature to bring some coordination and order into the normally hectic political scene in Nassau. Justice Liff himself organized a 15-member nonpartisan citizens' committee which recommended a 15-member legislature, and the voters of Nassau will decide in November whether to grant such a body their trust.

Justice Liff had lived in Kings Point

since 1939, and lent his special wisdom and commitment to civic, philanthropic and political affairs at the community, county, and State level. Indeed, he ran for Congress as a Democrat in 1952, but since this House was deprived of his wisdom at that time, Judge Liff concentrated on serving his community in other ways.

Justice Liff, a member of Temple Beth-El, was on the board of directors of the Community Fund of my home town of Great Neck, and was a life member of the NAACP. After his election to the State supreme court in 1962, Judge Liff rose to become secretary of the Association of Supreme Court Justices, and served on the association's committee on reform of the law.

This good friend and dedicated servant was chairman of the judicial section of the American Bar Association, and a fellow of the National College of State Trial Judges. Truly, Justice Liff earned the love and respect of his peers.

Justice Liff, my friend, Joe, is irreplaceable. He is missed. But we are and will be forever grateful that he lived, and that we could share his life and his wisdom.

Thank you, Mr. Speaker.

STAFF SGT. JOHN NEWELL COTTON

HON. NORMAN E. D'AMOURS

OF NEW HAMPSHIRE

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. D'AMOURS. Mr. Speaker, I would like to take this opportunity to acknowledge and commemorate the retirement of a distinguished member of the U.S. Air Force at Pease Air Force Base, Portsmouth, N.H., Staff Sgt. John Newell Cotton, csg/ccs. Sergeant Cotton's distinguished career will be formally honored and recognized at his retirement ceremony on October 31, 1975. But now, I would like my colleagues to join with me in applauding John on his fine service to the U.S. Air Force.

John enlisted in the Air Force in April 1955 and was first stationed at Parks Air Force Base in California. For the next 21 years, Sergeant Cotton served his country and the U.S. Air Force in a most admirable manner. It was not long before the U.S. Air Force realized the high quality and character with which Sergeant Cotton performed his duty. During his career, he accumulated many awards and citations for his actions and ability while a member of the Air Force.

He has received the Air Force Accommodation Medal, the Presidential Unit Citation, the Air Force Outstanding Unit Award, the Army Good Conduct Medal with one knot, the Air Force Good Conduct Medal with three clusters, the Air Force Longevity Service Medal with four clusters, the National Defense Medal, the Air Force Expeditionary Medal, the Small Arms Marksman Ribbon, the Pease Air Force Base Environmental Award, and the Airman of the Month Award. Indeed, the Air Force truly had a sergeant of an exceptionally high caliber in Sergeant Cotton.

To this litany of awards and commendations, Sergeant Cotton's certain response would be that he was simply performing his duty as a member of the U.S. Air Force. But it is obvious that he performed his duty with outstanding dedication and in the very best traditions of our armed services.

And so, as Staff Sgt. John Newell Cotton plans his retirement in the city of Portsmouth, New Hampshire, I ask my colleagues to join me in wishing him and his family a good life. We applaud him as a military man and as an American. To you, Sgt. John Newell Cotton, an appreciative nation says thank you for a job well done.

SMALL MANUFACTURERS MARK ANNIVERSARY

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. GAYDOS. Mr. Speaker, earlier this month the Smaller Manufacturers Council in southwest Pennsylvania observed its 30th anniversary and elected new officers for 1975–76.

Several hundred members of SMC acknowledged the accomplishments of retiring president Mr. John W. Hannon and pledged their continued support to the new president, Mr. Harry G. Austin, Jr. Mr. Austin heads a cleaning compound firm now located in Mars, Pa., but which was established in Pittsburgh in 1889.

A highlight of the annual membership dinner is the presentation of a Junior Achievement award to an outstanding individual. This year's award was made by Mr. Paul L. Fry, executive vice president of JA in our area, and I am proud to announce the recipient was a young man from the 20th Congressional District of Pennsylvania: John Skalican, a son of Mr. and Mrs. John Skalican of 120 Thunderbird Dr., McKeesport.

A graduate of Serra High School in McKeesport and now attending Slippery Rock State College, Mr. Skalican last year served as vice president of manufacturing for Energized Trivia, a JA company counseled by Fisher Body Division of General Motors in West Mifflin, Pa. Under the sponsorship of SMC, young Skalican entered a national JA contest and finished in the semi-finals.

The SMC, as described by Mr. Leo McDonough, its executive vice president, is an association of businessmen involved in manufacturing who have combined experience, knowledge, and energy to improve the climate in which they operate, increase individual and collective productivity and profitability and make their joint voice effective as a force for progress through private enterprise.

In this, they have grown increasingly successful. On several occasions during the past year, for example, representatives of SMC were called to conferences in the White House and appeared before a Select Senate Subcommittee to express their views on legislation affecting small business operations.

Mr. Speaker, SMC has proven itself a viable part of our community and I take this opportunity to extend formal congratulations on behalf of myself and my colleagues and wish it the best of success in the future.

NEW YORK CITY

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. HAMILTON. Mr. Speaker, I include my Washington Report entitled "New York City":

NEW YORK CITY

As if the Congress did not have enough on its agenda for the rest of the year with the defense budget, energy policy, tax reform, natural gas pricing, Middle East aid, and seven appropriations bills, another blockbuster is about to be added—New York City's fiscal crisis.

For most Hoosiers the response to that problem, at least at first glance, comes easily. Why should the folks in Indiana want to pay New York City's bills? New Yorkers got themselves into this mess by bad management, extravagant spending, and sloppy fiscal discipline, and there is just no good reason for a bailout of New York City.

As a result of the long erosion of New York City's financial position and the growing gap between its expenditures and revenues, the banks had informed the city by the spring of this year that it had come to be seen as such a credit risk that no purchasers for its securities could be found. In an effort to deal with the problem, the State of New York began to offer financial and managerial assistance, and the city has taken various drastic steps, including layoffs, wage freezes for municipal workers, fare increases, and cutbacks in services. So far, these steps have failed to change investors' views, and the financial community remains skeptical about the ability of the city to avert default and rebuild its financial strength.

The result has been that, in a kind of "domino effect," confidence in municipal markets has been shaken, and the market for many state and local government securities has weakened. These developments reflect increasing concern over New York City's crisis, and they threaten many communities and public agencies with great difficulty and added expense in raising needed funds. It is generally agreed that a default on debt obligations by New York City could produce serious strains in the entire securities market. While no one can be sure what effect a New York City default would actually have, concern is also spreading that a New York City default may even injure the economic recovery which is now underway. The actions taken by New York State have already intertwined the finances of the state and the city.

President Ford has long refused to consider assistance to ease New York City's crisis because he has contended that a default would not necessarily harm the nation at large. In recent days his views seem to be softening. The President has stopped short of promising to veto any financial rescue plan. Vice-President Rockefeller is now calling for aid to New York City, and various banks, including Chase Manhattan, have said that temporary federal support for the City is of the highest priority.

Although there continues to be disagreement over the national and even international consequences of the city's situation, momentum is gathering in Washington behind legislation that would rescue New York from financial collapse, although there is probably not enough strength yet for such a measure to be enacted.

Without a doubt, federal assistance to New York City raises risks. It could lead to demands for similar assistance for other hard-pressed communities, and substantial federal assistance would further strain federal finances and could inject a major federal presence in local spending and taxing decisions, with adverse implications for the entire federal system of separation of powers. Various plans of assistance, generally providing for loans and loan guarantees rather than direct aid, are emerging which call for a stretch-out of the city's obligations, which require the city to balance its budget within one to three years, and which direct the state to impose new taxes to erase any budget deficit.

Although I remain skeptical about the merits of assistance to New York City, I will try to keep an open mind and be alert to the unfolding developments. I would not support a sweeping federal cash bailout for New York City, but a Member of Congress cannot lightly dismiss a New York City default which could bring the collapse of the municipal bond market and abort the economic recovery. If any assistance is provided, there should be stringent limitations on the conditions under which the federal government would make such a loan and on the way it would be repaid. For example, the state should be required to exhaust its normal borrowing channels, and repayment should come from special taxes or future revenue sharing money, and the city itself would have to live up to a draconian austerity program.

The federal government must not be put in the position of underwriting any and all state and federal debt. It is my hope that the New York City fiscal crisis will focus attention on the need to restructure state and local governments so that they become viable and effective governments which serve the needs of their citizens and counterbalance the power of the federal government.

FEDERAL EMPLOYEES' GROUP INSURANCE PROGRAM

HON. HAROLD E. FORD

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. FORD of Tennessee. Mr. Speaker, I rise on this occasion to clarify my position with regard to H.R. 7222, the Federal employees' group insurance program.

This bill would have increased the Federal Government's contribution toward the cost of Federal employees' life insurance from 33⅓ per cent to 50 percent and reduced the employee's share accordingly. I wish to go on official record as having been in favor of that bill's passage which, unfortunately, failed.

I feel the provisions of this measure were necessary to maintain the competitiveness of the Government's program with those in the private sector. This is vitally necessary in the Government's ability to attract and retain qualified employees.

It is regrettable that due to the press of business on Tuesday I was unable to properly inform myself on the substance of this bill before rushing to the floor to cast my vote. I was involved in an important markup session of the Ways and Means Committee which prevented my giving this bill the close attention it deserved.

Although I realize that it is too late to alter my vote, I submit that it is a measure worthy of reconsideration by myself and this body as a whole.

KIM CHI HA'S "DECLARATION OF CONSCIENCE"

HON. DONALD M. FRASER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. FRASER. Mr. Speaker, on October 9, in approximately 19 American cities, people prayed for the restoration of democracy in the Republic of Korea. These Americans were particularly concerned about the fate of Kim Chi Ha, a talented Korean poet who was arrested by Korean authorities for exposing the use of torture against the eight Koreans alleged to be People's Revolutionary Party—PRP—members who were executed this April.

Kim Chi Ha's "Declaration of Conscience" poignantly addresses the consequences of continued oppressive rule in South Korea. The fundamental question of conscience which Americans must ask themselves is whether we wish to continue giving support to this oppression. A summary of Kim Chi Ha's statement appears below:

Declaration of Conscience by Kim Chi Ha

South Korea's revolutionary poet, Kim Chi Ha, has been held in solitary confinement in Seoul's West Gate prison since March 15 on charges of violating the ROK government's Anti-Communist Law. Kim was imprisoned for writing several articles exposing the Pak regime's torture of political prisoners alleged by the government to be members of the People's Revolutionary Party. He faces the death penalty, if convicted.

Below is a rough translation of excerpts from Kim's "Declaration of Conscience" recently made public after being smuggled out of prison in June. The official English version of the Declaration is currently being prepared by the International Committee to Save Kim Chi Ha. For copies of the complete text, write to: The International Committee to Free Kim Chi Ha, c/o Nikkan Renren, #402 Saikawa Bldg. 2–9–1, Takada-no-Baba, Shinjuku-ku, Tokyo, Japan.

Because of my love for the people, I hate every kind of oppression and exploitation that dehumanizes them. Oppression and exploitation not only dehumanize the people, but also the oppressors. To fight against oppression and exploitation—my every intellectual and practical concern is part of this struggle. . . .

The reason I have opposed the Pak regime and denounce the "five bandits"[1] is that they are the very criminals willfully perpetuating exploitation and oppression in our society.

My thoughts stem from my love for the people and my trust in them. Brought up among the masses, I have seen how groundless the prejudices and discrimination imposed on the people by the oppressors are. The oppressors say that the people are mean, ugly, morally degenerate, inherently lazy, ignorant—a sort of inferior race. It is clear to me, however, that the pictures the oppressors paint of the people are actually reflections of themselves. . . .

My trust in the people is unshakeable. I am confident that we can find the solution to any problem we face when we hold the key to our own destiny in our hands. I am equally confident that the era of the people will surely come . . . This conviction has led me to a thorough confidence in democracy.

Those who cannot trust the people, cannot be democrats. They are eventually bound to take the side of the oppressors.

What is democracy? It opposes silence and values free expression. A system which conceals the truth is not a democracy. I believe that the truth is the only force that can liberate mankind. . . .

Democracy does not seek "benevolent rulers," rather it requires authority which fears the blood and sword of the people. Democracy means opposition to suppression. And as long as the masses do not have the power to eliminate political power they do not want, democracy cannot be said to exist. Democracy is not something which denies the people's right of revolution; rather, democracy exists with that right as its ultimate guarantee. We should not close our eyes to this obvious truth.

Without revolution, how can the people fight against a power which suppresses all criticism and popular protest and refuses to change. . . .

To one degree or another, resistance and revolution are accompanied by violence . . . I support such violence, I cannot help but support it. For the violence that I affirm is not the violence of oppression but the violence of resistance, not the violence that destroys humanness, but that which restores it. . . .

Violence of course brings suffering, and the destruction it causes brings pain. But there are times when we must overcome such suffering. Especially when the people slumber in silence and subjugation from which they cannot easily be aroused . . . to preach "nonviolence" to them then would be tantamount to urging them to strip themselves before a pack of hungry wolves in the wilderness . . .

The revolution that I envision is aimed at building a unified fatherland based on freedom, democracy, independence and peace. It is the kind whose aim is to win the guarantee that the people can hold their destiny in their own hands.

Nor will it be a revolution based on a foreign ideology. It will be a revolution growing out of the revolutionary traditions particular to our nation, a revolution in the tradition of the Tong Hak Rebellion, the March First Movement, and the April Student Revolution. . . .

I am sure that all who oppose oppression and dictatorship and who strive to be defenders of freedom, justice, and conscience, continue to confront the dictatorial regime of the corrupted few in power. As I promised on February 15 when I was released from prison, I will say again that as long as I live, I will continue the struggle against the dictatorship. . . .

I am now confined in a dark cell which has an area of four square meters.

In this darkness, my eyes glaring in anger, I am constantly confronted with a grey, ominous future. Yet this suffering keeps the spirit of struggle burning within me. I will not fall asleep in front of the enemy. . . .

[The above translation appeared in the Korea Bulletin (Vol. 2, No. 9), September 1975.]

HARRINGTON COMMENDS HAVERHILL'S PROGRESSIVE ARCHIVAL PROGRAM

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. HARRINGTON. Mr. Speaker, I would like to bring to the attention of my colleagues, the progressive efforts the city of Haverhill, Mass., has undertaken toward the preservation of the town's public documents, records, and materials of significant historical value.

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[1] "Five Bandits" is a poem written by Kim Chi Ha in 1970. The five bandits he refers to in this poem are the business clique, parliamentarians, high-ranking officials, generals, and government agency directors.

In its first year of operation, this singular program has attained a high degree of success and support. With the construction of an archival vault, the organization of a municipal archival commission, and the creation of the post of city archivist, Haverhill has acted to provide the physical security and professional expertise by which the existence and availability of these vital records are guaranteed to the future. This, together with the inauguration of a records management program geared to all city departments, makes of Haverhill a model for improved records administration.

For the enthusiasm and support with which these endeavors have been met, the people of Haverhill are to be commended and congratulated.

THE MEDICAL PATIENT UNDER PSRO

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. CRANE. Mr. Speaker, since our colleague from Georgia, LARRY MCDONALD, is a practicing physician and surgeon, he is highly qualified to testify on the nature and requirements of the proper care of medical patients.

Probably no other program of the Federal Government will have a greater effect on patient care, in terms of both quality and quantity, than the Professional Standards Review Organizations now being established nationwide by the Department of Health, Education, and Welfare.

Thus I would like to call the attention of my colleagues to Dr. MCDONALD's testimony before the Health Subcommittee of the Committee on Ways and Means in which he assesses the effects of the PSRO's on patient care:

TESTIMONY BEFORE THE COMMITTEE ON WAYS AND MEANS

(By the Honorable LARRY MCDONALD)

I welcome this opportunity to place before you my great concern for the future quality of health care in this country. Unless the Congress acts quickly and with foresight to remove the Federal regulations and restrictions imposed on the practice of medicine, the individual patients of our country will have a decrease in the quality of health care.

In recent years we have permitted politicians to replace physicians as the decision-makers in providing medical care. Because Congress is unqualified to make medical decisions, the buck has been passed to the Secretary of Health, Education and Welfare, who has become a sort of medical guru, establishing criteria for health care the way a chef prepares a cookbook, with clerks following computerized "recipes" to determine whether a very real human being, with a very real illness, may or may not be allowed an extra day in the hospital, or whether that patient's physician can prescribe treatment his experience indicates will be best for the patient's well-being.

I am particularly concerned about the regulations that have been set forth under a recent and dangerous law Congress passed without a single minute of debate in the House—and with scarcely any Representative aware he had voted for it.

When Congress passed Public Law 92-603, dealing with Social Security, in the fall of 1972, there was buried within that massive bill a section that created Professional Standards Review Organizations (PSRO). To this day, most of the public has not heard of these PSROs—and yet they have imposed strict new anti-humanitarian rules on health care, limiting the quality of the care a patient can receive, and placing harsh, totalitarian controls, with awesome penalties, on physicians who seek only the right to practice according to their training and judgment.

Most patients, if not all, will be shocked to learn that this dangerous law reducing the quality of health care was passed by the House of Representatives before there was any explanation of what the PSRO section of the bill would do. Obviously, very few in the House knew what they were passing. This is just another example of "crisis legislation" passed in haste without proper consideration and review.

Even former Secretary of Health, Education, and Welfare (HEW) admitted to a House committee on March 19, 1974 that:

"I would be less than candid if I did not express to you the feeling that I have that there is a potential danger of a very substantial governmental interference into the practice of medicine by this kind of statute."

With the growth of such interference, who will suffer most? It will be the patients of this country because they will be the recipients of the new "political" medicine. Political medicine is bad medicine.

One might logically ask, why are the doctors so concerned? Doctors, as individuals and as members of medical societies, have given the greatest protest against PSRO. Since PSRO is totally voluntary on the part of the doctor, this law does not require the attending doctor's participation in the PSRO itself.

The individuals who are confined by PSRO are the sick patients. The reason is because PSRO is concerned with services delivered to the *patient*. At this time, those patients mainly involved are those under Medicare and Medicaid programs. This limitation is unquestionably temporary. The director of PSRO has stated that, if national health insurance (socialized medicine) is passed, PSRO could be applied to "all care rendered in the country to all citizens in any setting. . . ." (New York Times, April 3, 1974).

The patients of this country have essentially no voice in protesting PSRO or in pointing out the obvious shortcomings of PSRO.

The patients have had no representation as such before Congress. It is a major fallacy to believe the so-called consumer groups speak for their members—when considering their members as patients. Such organizations speak for their leadership.

This essential point can be stated without hesitation because whenever PSRO is explained to an individual patient by his doctor, then PSRO is invariably denounced by the patient as unwarranted intrusion, expensive meddling, dangerous, etc.

Why, therefore, do the doctors protest against PSRO? It is simply because of their unique position in the delivery of medical care. Thus, we find the situation where the practicing doctor has become the patient's advocate or spokesman.

When hearing testimony from front-line doctors, this committee has heard how bad PSRO is or will become. (A front-line doctor is one involved with the full time practice of his profession.)

This testimony is in contrast to the doctor who appears as a representative of an organized specialty or from the upper levels of a professional organization in most instances.

The dangers of PSRO to the patient may be summarized as follows:

(1) *The Establishment of Norms of Care or Cookbook Medicine.* This error was first performed in ancient Egypt and the listing of such norms was called the Hermetic Books. This action proved only one thing—that the establishment of all existing knowledge in book form did not prevent the deterioration of care, but that it could halt future advances in care. Such norms standardize care and stifle innovation in health care.

Also, such schemes will increase the cost of financial liability of the patient because if the patient is not treated according to the standard, he or she is faced with paying the bill. This bill would be separate and in addition to the base or hidden cost.

(2) *Loss of Confidentiality.* The patient records are open to inspection by the PSRO, its clerks and agents. As an example, hospitals are already sending reams of paper to intermediaries. Mostly these are copies of patient's charts. Office records of all patients will be open to the review of PSRO agents under the guise of checking for discrimination in care. That means that the confidential doctor-patient relationship no longer exists. Under this provision, everything you and I, as patients, tell our doctors—about our personal problems, our financial problems, our private marital activities, our professional or business anxieties—will no longer be kept confidential, to help the doctor in treating us, but will become HEW records at best and political weapons at worse.

(3) *Escalation of Costs.* Most of the new costs will be hidden from the patient but will necessarily be paid either directly by higher taxes or indirectly through increased inflation. The increase in government and hospital costs will be due to the maintenance of the PSRO.

A stated justification for PSRO is that the system would limit rising costs of medical care. Actually this is merely a device to make doctors the scapegoats for the rising cost of medical care which in reality is the fault of government caused inflation. Thus, when the government's promises fall flat, all too often the doctors will be blamed. In short, PSRO is a scheme designed to place the blame on doctors for broken political promises that patients would be given the best quality care they wanted at the cheapest price.

(4) *Less Time for Patient Care.* More and more of the doctor's time will be spent complying to PSRO regulations and forms rather than patient care.

(5) *Change of the Doctor's Rule.* When a doctor becomes a participating member of PSRO, he then becomes a governmental agent who is simply enforcing a governmental regulation rather than advocating the patient's best interests.

The patient, not doctors, will suffer most because medical care compressed into a standardized mold by political pressure will not be first-class care. Who will be deprived of first-class care? Obviously the patient, not the doctor!

(6) *In Reality . . . Rationing.* Since PSRO is a cost control mechanism, the establishment of norms will lead to a form of rationing of medical care.

This was echoed recently in England when Dr. David Owen, Minister of State for Health, was uncommonly candid when addressing a meeting of community health officials earlier this year: "The Health Service is a rationed service. There will never be a government or a country that has enough resources to meet all the demands any nation will make on a National Health Service." (Private Practice, September, 1975)

One may logically wonder whether the PSRO provision of Public Law 92-603 was the product of a fumbling bureaucracy or whether this dangerous program is part of a larger, sinister plan. In this area there is no doubt as far as those who developed the program; they know what they were doing and did it anyway. Insiders tipped their hand in advance with the book, PSRO: Organization for Regional Peer Review, by Decker and Bonner, Ballinger Publishing Company, Cambridge, Massachusetts, developed by Arthur D. Little, Inc., under a contract with HEW. This book was financed by HEW, had its preparation guided by HEW employees, and was published before the law was passed by Congress. In this book, the authors admitted that PSRO is a method of rationing.

Of additional interest, this same book adds that PSRO is (a) a precursor to control of all medical care for all citizens, (b) must be applicable to private care (not authorized by law at this time), and (c) is designed to insure uniformity, modify individual behavior, and systematically impose restraints upon the care given to patients by the doctor!

Researcher, Harry Schwartz, (New York Times, September 16, 1975) makes it clear that the machinery for imposing health care rationing to the sick of this country is now being put into place. That machinery, Mr. Schwartz points out, is the Professional Standards Review Organization (PSRO) now being formed nationwide.

In summary PSRO is destructive legislation. It will increase the cost of medical care; it will decrease the quality of medical care. It further will diminish the efficiency of medical care. Perhaps most frightening of all, PSRO will set a precdent for a degree of invasion by the Federal government into an individual's private life hitherto unheard of and formerly, absolutely unacceptable.

Advocates of PSRO tell us that the plan is designed to decrease hospital costs for Medicare and Medicaid patients by limiting hospital care, but—

(1) PSRO does not control rising hospital costs due to the effect of increasing the minimum wage and,

(2) PSRO does not control government caused inflation with its influence on rising hospital costs and,

(3) PSRO does not limit the rising number of beneficiaries of Medicare and Medicaid coverage and,

(4) PSRO does not regulate the additional procedure and treatments that these programs are assigned by the government which results in increased costs and,

(5) PSRO does not curtail the expansion of these programs into paramedical areas such as physiotherapy and,

(6) PSRO does not induce incentives to the patients to limit excessive demands for medical care under these programs.

Thus, it is easy to see why full time physicians conclude that PSRO is inappropriately oriented in its effort to effect the rising cost of governmental medical expenditures.

In recognizing the dangers of PSRO to individual Georgians, the Georgia General Assembly has adopted a Resolution urging the repeal of the PSRO law. These lawmakers correctly understood that this is a law that cannot be amended; the proper remedy is total repeal.

Finally, it is very interesting to note that Section VI of the American Medical Association Code of Ethics (and also adopted by the Medical Association of Georgia) reads as follows:

"A physician should not dispose of his services under terms or conditions which tend to interfere with or impair the free and complete exercise of his medical judgment and skill or *tend to cause a deterioration of the quality of medical care.*" (Emphasis Added)

In an official statement, the Medical Association of Georgia has held that PSRO will *decrease the quality of health care.* (Emphasis Added)

Trying to resolve the dangers inherent in PSRO by amending the law would be as foolish as trying to tame the creature of Jaws. Nor can the problem be resolved by trying to pull its teeth; in time new ones would simply move into place. Due to the nature of both beasts, no intermediate or temporizing measure is appropriate.

This law is dangerous and cannot be amended satisfactorily. Most of the House did not knowingly vote to establish PSROs, and has no vested interest in preserving bad laws; therefore, I urge the repeal of Professional Standards Review Organizations (PSRO).

PROMOTING THE ARTS IN INDIANA

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. BRADEMAS. Mr. Speaker, as Chairman of the Select Education Subcommittee, with jurisdiction over the National Foundation for the Arts and Humanities, I am naturally gratified to see evidence of support of the arts and humanities in my own home State of Indiana.

I ask unanimous consent to insert at this point in the RECORD an article published recently in the Fort Wayne News-Sentinel by Gloria Joseph on the work of the Indiana Arts Commission.

The article follows:

PROMOTING THE ARTS IN INDIANA

(By Gloria Joseph)

The Indiana Arts Commission is a six-year-old organization dedicated to promoting the arts in Indiana.

Difficult as this may seem, the 13 Commissioners and four staff officers have reached nearly 1,000,000 persons in Indiana with the arts projects supported by the Commission.

Cynthia Gehrig, Fort Wayne native and former New Haven art teacher, is running the Commission, which is presently between directors. Former Director John Bitterman resigned last Spring and has been announced as new Director of the Georgia Arts Commission.

Ms. Gehrig said the Commission makes grants and acts as consultant for projects architectural and environmental arts, dance, arts in education, literature, music, visual arts and crafts, public media and drama.

Presently, the Commission supports 250 programs. Monies are available for local agencies or individuals who develop their own project ideas and request matching funds from the Commission and for programs of the Commission itself such as Artists in the School and a statewide dance touring program.

Special programs funds are also available. The Commission's two research interns are conducting an Arts Resource Survey and preparing a Directory identifying the museums, art galleries, symphony orchestras and local libraries in the State.

Ms. Gehrig said the Commission really has four clearcut purposes.

Wider availability of the arts in Indiana—the Commission is trying to reach out to all 92 counties to develop arts programs.

Development of cultural resources—Strengthening the already existing cultural institutions in the state and identifying new cultural resources.

Promotion of arts in education—Education for persons from preschool age to adults in the arts.

Development of individual artist programs—Trying to provide funds for individual artists other than through a tax-exempt non-profit organization.

Since its establishment in 1969 by the Indiana General Assembly, the Commission has increased its budget 12 times over.

Ms. Gehrig said the Commission began "as a low-funded committee with a budget allocation of $50,000" for 1969. In 1976, the Commission will have $600,000 to finance programs and administrative costs.

Funding also is available from the National Endowment for the Arts and private foundation grants. The Federal funds from the National Endowment come in the form of a block grant to Indiana plus special earmarked monies for specific projects. The Federal government supplies most of the Commission's money. Businesses and individual foundations supplement the operating expenses, also.

Not only has the Commission grown financially, but it has more personnel and the Commissioners' expertise has grown. Since its origin in 1969, the staff has increased from two Commissioners to 13. With more people working the Commission is able to maintain professional consultant staff members to travel throughout Indiana and help set up projects within the counties.

As people around the State learn more about funding, the better projects result, Ms. Gehrig said.

As for the future, Ms. Gehrig foresees the Commission being more concerned in community arts development. Ms. Gehrig believes every community should be able to identify its own resources and develop arts programs.

Ms. Gehrig said more than 100 communities are involved with the Commission with 60 community arts councils established in the 92 counties. Ms. Gehrig took over as interim director in June of this year.

Ms. Gehrig joined the Indiana Arts Commission in 1973 as the Arts Education Coordinator. Serving as the administrator and coordinator of all educational programs, consultant for all dance activities and administrator of the Commission's Dance Touring Program, Ms. Gehrig was named the Education Program Director in 1974.

Believing the Commission should provide services to the citizens of Indiana, Ms. Gehrig said, "Self-evaluation systems need to be developed and implemented in order to apprise the Commission of its progress and of the areas which need further emphasis."

When she took office Ms. Gehrig said, "Although I am assuming this responsibility only in an interim period, I will act upon the need for the Indiana Arts Commission to progress and to develop continuously, without interruption."

CONGRESSMAN DANIEL J. FLOOD WILL ADDRESS THE HOUSE ON WEDNESDAY, OCTOBER 29, 1975, ON THE CHALLENGE OF THE PANAMA CANAL AND WHAT SHOULD BE DONE

HON. DANIEL J. FLOOD

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. FLOOD. Mr. Speaker, one of the most gravely important policy questions now before the Congress is the challenge of the Panama Canal.

On Wednesday, October 29, I plan to address the House on this subject and trust that as many Members as possible will be on the Floor to participate in the discussion.

In this address, I propose to bring the subject up to date and to outline a plan of action for our Government derived from many years of experience in governing the Canal Zone and operating the canal.

PENNY-PINCHING IN THE (NATIONAL) PARKS—A SHADOW OVER THE SPIRIT OF '76

HON. KEITH G. SEBELIUS

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. SEBELIUS. Mr. Speaker, I am inserting in the Record for the interest of my colleagues, a short article from the October 13, 1975, edition of U.S. News & World Report, reflecting on the sad financial plight of our National Park System as it stands on the threshold of our Nation's Bicentennial.

I know we all have our own priorities, and it seems that increasingly with time there comes to be more demand for fewer available dollars everywhere we turn, but it does indeed seem unfortunate that our National Park System will be so greatly jeopardized on the eve of our Bicentennial.

Not only does our National Park System embrace the absolute best of the historical resources and heritage of our Nation—many areas of which will be prime shrines of pilgrimage during the Bicentennial year—but the National Park System also embraces the best of our country's superlative scenic and natural heritage.

With the personal economic difficulties most of our people face today, the National Park System—even with the fuel crisis—increasingly acts as a magnet for the relatively inexpensive vacation; it is a place of respite—often a haven for the return to simpler surroundings.

Unfortunately, as the following article points out, the reception our people can expect to have when they arrive at many of our parks will be way less than most of us would wish.

Moreover, the essential protection of some of these irreplaceable historic and natural resources themselves is coming more and more into grave jeopardy.

The article follows:

Penny Pinching in the Parks—a Shadow Over Spirit of '76

Millions of financially pinched Americans are planning to spend all or part of their Bicentennial vacations in the national parks in 1976. But the way things stand now, many face bitter disappointment.

Because of a federal-budget squeeze, cutbacks are in prospect for the 286 U.S.-Government-operated parks stretching from Maine and the Virgin Islands to Hawaii and Alaska—during the year, ironically, when a record 250 million or more visits are expected.

Among possible results of the economy measures:

Parts of Philadelphia's Independence National Historical Park—a keystone of the nation's 200th-birthday celebration—may be closed for lack of manpower.

Independence Hall, where the Declaration of Independence was signed in 1776, will definitely be open. But other points of interest in the old city area, such as the Thaddeus Kosciuszko National Memorial, where the Polish general and Revolutionary War hero once lived, may remain locked. Reconstruction of the home is nearly complete—supposedly for the Bicentennial.

Many concerts and plays that were to have been among highlights of the Bicentennial program in the nation's capital have been eliminated.

In Yellowstone National Park, half the picnic grounds are closed, because there is inadequate manpower to maintain and clean the areas.

The ancient El Morro Castle in San Juan, Puerto Rico, faces collapse into the Atlantic unless millions of dollars are allocated for repairs and a sea wall.

Restrictions may be ordered against use of parts of many parks. In some, such as Shenandoah in Virginia, roads in certain sections have deteriorated to the point where fire-access trails are impassable. "I hate to think what would happen if there was a fire now," commented one ranger.

In New York City, the Hamilton Grange National Memorial—a mansion built by Alexander Hamilton—is rapidly decaying, with a leaking roof, falling plaster and weakened floors.

Camping has been curtailed in many areas, and restoration of a national reservation system has been hampered by a shortage of funds.

Bicentennial activities have been hard hit. Although the parks still hope to provide a wide range of historical programs in 1976, the effort is suffering from a staff shortage, because the Park Service was unable to retain top Bicentennial planners whose temporary appointments expired.

Congressional sources say the main difficulty is that the Ford Administration is unwilling to spend enough money to maintain the parks properly or develop new ones established in recent years.

Since 1960, visits to the parks have tripled, and 99 new areas—containing 7 million acres—have been added. In 1960, there was 1 employee for each 27,000 visitors. Now it's 1 for each 44,000.

Observes Gary Everhardt, Director of the National Park Service: "I'm sure that some of our perennial park visitors noticed this summer that the standard of service was not quite what it used to be. With a budget that is almost constant and a system and visitation that keep growing, the only way to cope is to spread ourselves a little thinner and to ask visitors to 'do it yourself' a little more often."

Park officials say their budget has been badly outpaced by inflation and increased acreage approved by Congress and the President. The Service is asking for 347 million dollars for the fiscal year starting July 1, 1976—but estimates are that about 600 million actually is needed just to keep maintenance from slipping further backward.

Mr. Everhardt says it would take almost 3 billion dollars to restore the parks properly. That figure does not include funds for possible development of more than 40 areas which Congress is considering as future additions. Nor is any money in the works for 32 million acres proposed for new parks in Alaska—which would double the size of the system.

Requests for more money by park officials have been turned down by the Interior Department, which maintains that other priorities—such as developing new techniques for strip mining—rank higher.

The President's Office of Management and Budget which prepares the Administration's budget proposals for submission to Congress, also has turned a deaf ear to pleas for more funds because of a general effort to hold down Government spending.

Some conservationists contend that continued neglect of the parks at a time when use is growing will lead to even more serious deterioration. Consideration has been given to closing whole parks, but that idea, so far, has been rejected.

One environmentalist complains: "The trouble is that nobody's lobbying for the little guy—the one that uses the parks—even though this is one of the few places were everybody gets something for his tax dollar. Something's got to be done before the parks fall apart completely."

"PAY" MEDICINE FLOURISHING IN RUSSIA

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. McDONALD of Georgia. Mr. Speaker, even though in these times of tight budgets at all levels, the talk of socialized medicine and national health plans has died down somewhat in the United States, it is still useful to point out that such plans have failed, no matter what the form of government whether in England, Sweden, or even the Soviet Union. The revelation that Russian citizens prefer and will pay for private doctors was recently noted in a study by Dr. Dimitri Dimes. The story of his study, as reported in the London Daily Telegraph of September 27, 1975, follows:

[From the London Daily Telegraph, Sept. 27, 1975]

"Pay" Medicine Flourishing in Russia

(By David Floyd, Communist Affairs Correspondent)

Private medicine is flourishing in Russia, although it is illegal and the State health service is supposed to be all-embracing, it is revealed by Dr. Dimitri Dimes, a Russian scholar now working in Washington.

In an article in the British quarterly journal *Survey* on the "parallel market" in the Soviet economy, Dr. Dimes says: "In theory, every citizen is entitled to free and good medical care. It is not so in practice.

"Soviet hospitals and clinics are always over-crowded. Physicians do not have enough time for thorough examinations; they spend most of their time filling in innumerable papers instead of treating their patients.

"There is also a shortage of hospital beds, and admission to a hospital is difficult unless one is really critically ill.

"It is not surprising that many Soviet citizens look for ways to be examined and treated by someone they can trust. This is possible, but it costs money."

In the big cities there are commercially run Government clinics which require payment, Dr. Dimes says. "But they are still handicapped by innumerable shortcomings and the general inefficiency of the Soviet medical system."

LAWYERS' FEES

People therefore made their own private arrangements with doctors and surgeons.

Officially only a very small number of doctors are allowed to practice privately. "But quite a few make deals with their patients," Dr. Dimes says.

The "parallel market" also operates in the legal profession. "If some privileged citizens can still enjoy adequate medical assistance without paying for it, virtually the only chance they have of getting a good lawyer is to pay an additional unofficial fee for his services," says Dr. Dimes.

Summarizing the role in the Soviet economy of the illegal parallel market in goods and services, Dr. Dimes says:

"It is permanent, a product of the very nature of the Soviet economic system, brought into existence by the inefficient methods by which goods and services are distributed and by lack of quality as well as quantity."

LET'S GET THE RAILROADS MOVING AGAIN

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. UDALL. Mr. Speaker, rail passenger service in this country is in trouble, and it is about time we took stock of the situation and did something about it.

Orren Beatty, president of the National Association of Railroad Passengers, has for some time been an articulate spokesman for those of us who wish to maintain a vigorous rail transportation sector in the United States. In the October issue of "Not Man Apart," a monthly publication of the Friends of the Earth, Mr. Beatty explains why the present situation is not inevitable and suggests ways in which we can bring American rail passenger service closer to the high-caliber of service which exists in most of Western Europe.

As a cosponsor of H.R. 10077, the Rail Rehabilitation Act of 1974, and as a citizen concerned about energy conservation, environmental quality, and efficient public transportation, I highly recommend Orren Beatty's thoughtful, hard-hitting article:

LET'S GET THE RAILROADS MOVING AGAIN!

(By Orren Beatty)

Freight hauling is vital in a major industrial and heavy agricultural nation like ours. Railroads can do the job better, more reliably, with less air pollution, and with better fuel-use efficiency than any other mode of transport. With Amtrak's new, more reliable and comfortable passenger equipment now being built, trains can obtain the higher load factors that will make railroads the most energy-efficient transporter of people as well as freight. Both accomplishments are possible using existing facilities. Little, if any, additional land would have to be ripped from fields and forests or cities and towns to build new freeways or truckways or whatever.

Preserving railroads generally, and passenger trains in particular, however, is not an easy job, partly because government policy for the past 50 years or so has favored every other mode of transportation. While the railroads have built and maintained their own tracks and roadbeds and paid state taxes on them, the government (federal, state, and local) has built highways for the trucks and buses—as well as for millions of passenger cars—and has built canals and dredged rivers for barges that haul increasing amounts of freight while paying nothing in user charges. Federal and local governments have also spent billions of tax dollars building and maintaining airports, operating traffic control systems, and providing special weather services for commercial airlines and private pilots.

Since 1920, the United States Railway Association has determined, governments in this country at all levels have spent about $400 billion on transportation. Railroads have received less than one percent of that money. The federal government provides as much as a billion dollars a year in support of air travel and much more for building and maintaining highways. Gasoline, excise, and other use taxes pay only part of the costs. The railroads maintain their own tracks and roadbeds (inadequately), and often pay discriminatory taxes while tortoise-like regulatory agencies deny them some efficiencies.

THE ROCKY ROAD

Railroads have had their ups and downs since their heyday before World War I. One decline was slowed by World War II, but when peacetime reduced the heavy military traffic, both passengers and freight, the decline resumed. Then the first heavy impact of an unbalanced national transportation policy hit passenger trains and, incidentally, prompted the formation of the National Association of Railroad Passengers to combat train discontinuances. The impact was greatest in the northeast, where financial collapse of the giant Penn Central in June, 1970, touched off a wave of railroad bankruptcies.

One emergency action followed another to prevent the collapse of the northeastern rail carriers from derailing the entire national economy. Now, in the fall of 1975, Congress and the Administration are in the final phases of a planned restructuring of both the ownership and the physical plant of railroads stretching from St. Louis and Chicago on the west to Boston and the Chesapeake Bay area on the east. Billions of dollars will be involved, but even this heavy expenditure will not do the job unless additional steps are taken to guarantee that dilapidated tracks and roadbeds are brought up to high standards and kept there.

Without better and safer tracks, the fine, fast new equipment Amtrak is putting into service will have to continue running at restricted speeds, unable to provide the expanded, reliable service that will lure Americans from their private cars.

The situation is different in many of the world's other important industrial nations, and even in some of the developing countries.

It may be no surprise to learn that passenger trains in France and Japan daily attain speeds of 125 and 130 miles per hour respectively. One can ride the 320 miles between Tokyo and Osaka at an *average* speed of 101 mph including stops, and the 360 miles between Paris and Bordeaux at an average speed of 90 mph. The surprise may come with knowledge that developing countries are catching up with European standards, while Europeans themselves are preparing for a further increase in train speeds by constructing new rights-of-way for the exclusive use of passenger trains.

France is planing a new line between Paris and Lyon to be built to 185-mph standards, although it will be operated initially at 155 mph. The trains that use it will be compatible with the existing rail network, over which they will run to reach the stations of Paris, Lyon, and more distant points. The Ministry of Transport has calculated that the line will save at least 100,000 tons of oil annually because the traffic diverted from air and automobiles will more than offset the increased energy consumption of the faster trains.

Perhaps because of similar calculations, construction of Italy's new 155-mph Rome-Florence line continued on schedule through last year's economic crisis. New lines are also planned in Germany and elsewhere in Europe

Japan now has a total of 663 miles of high-speed line in service, the most recent segment having opened last March; 534 additional miles are under construction, and the country is aiming for a network totaling 4,300 miles. The "Shinkansen," as it is called, made a profit of approximately half a billion dollars in the 12 months that ended on March 31, 1974, even after allowing for depreciation and interest payments.

THE U.S. LAGS BEHIND

Iran has purchased some French Turbotrains of the same design that Amtrak now operates on the Chicago-St. Louis and Chicago-Detroit runs. Reportedly sold out two to three days in advance, these Iranian trains average 74 mph on one 308-mile segment of their 574-mile Teheran-Mashhad route. And Argentina expects to operate 100-mph trains by 1977.

Unfortunately, with all the environmental advantages good rail passenger service brings, service in the United States today is generally much slower than in the foreign examples. The average scheduled speeds of all Amtrak trains, according to the timetables, is less than 50 mph.

Primarily because of its love affair with the superhighway and private car, the nation that normally prides itself on its industrial accomplishments must import French Turbotrains and Swedish electric locomotives, and is unable to run even those at speeds of which they're capable because of deplorable track conditions.

The New York-Washington Metroliners provide the one U.S. service that international speed surveys acknowledge. Its fastest schedule calls for an average of 75 mph over the 224-mile route, including four intermediate stops. But Metroliners are limited to a top speed of 105 mph, schedules are not reliably maintained, and the ride is frequently rough. The Federal Railroad Administration has just announced a two-year program to restore the tracks to their 1969 condition and a 120-mph speed limit.

Congress, in writing the Regional Rail Reorganization (RRR) Act to salvage the bankrupt northeast railroads, mandated the establishment of genuine high-speed service over the entire Boston-Washington corridor. It called for upgrading the track to standards that would permit non-stop New York-Washington running times of two hours instead of the present three, and Boston-New York non-stop trips of 2.75 hours instead of four.

The Administration has taken its time implementing this mandate. An interim program to restore previously existing speeds is also in progress on the Boston-New York run, where the fastest trip is now at an average speed of 58 mph, but the Administration has yet to express a commitment to attaining the goals of the law.

On the bright side, there is substantial evidence that Americans, like their European and Japanese counterparts, will patronize good service when it is provided. Surprising ridership increases are being realized on clean, reliable trains operated at relatively slow speeds. The French Turbotrains operating between Chicago and Detroit, which achieve an overall average of only 50 mph and do not exceed 70 mph, drew 90 percent more passengers in June of 1975 than in the same month of 1974. In contrast, the system-wide trend in 1975 is toward reduced riding as a result of the recession, compared to last year's greater use during the energy crisis.

NO NEED TO WAIT

It seems there is no need to wait either for 100-mph tracks or for the futuristic types of vehicles our government has been playing with for the past decade while other countries were improving service. Citizens can reasonably demand the immediate restoration of service wherever adequate tracks exist and reasonable ridership levels are foreseen. Tracks can then be improved as needed.

Amtrak's network has grown steadily, in fact, since the quasi-public corporation began operating a skeleton system on May 1, 1971. Routes have been added either as a result of the direction of Congress or where states have taken advantage of Section 403 (b) of the Amtrak law, which enables states to get new service by agreeing to pay two-thirds of the cost. The Administration advocates changing this arrangement to a 50–50 basis to reduce the state share; then states would be forced to pick up half the losses or to lose the service. Successful 403(b) programs involving more than one route are sponsored by Illinois, Michigan, and New York; Minnesota participates to a lesser degree.

Under Section 403(b), Amtrak is empowered to initiate new routes on its own, and 403(c) requires the corporation's board to initiate at least one experimental route per year. Amtrak recently made its first use of 403(a) by adding a Dallas section to its Chicago-Houston "Lone Star."

THE BIG PROBLEM: LACK OF TRACK

One problem delaying restoration of passenger service is the absence of adequate track in many of the most promising corridors, such as across heavily populated Ohio and Indiana. Even though Indianapolis was served by two north-south routes in Amtrak's basic system (Chicago-Cincinnati-Washington and Chicago-Louisville-Florida), no such service is provided now because deteriorating tracks have forced the rerouting of these trains to other railroads which bypass Indiana's largest city. Beginning October 31, Cleveland will once again have inter-city service—one daily Boston/New York-Chicago round-trip—but service will be about five hours slower than it was ten years ago, and Cleveland still awaits logical links to Pittsburgh and the Columbus-Dayton-Cincinnati corridor.

The RRR Act provides for upgrading most of the mainlines needed for Midwest services, and there is hope that passenger trains will be able to attain 80 mph on many of these routes within five years—about the time when foreign services will be approaching 155 mph!

Aggressive efforts by a growing number of states that want good rail passenger service are being aided by private organizations of railroad enthusiasts. The efforts of Illinois, Michigan, New York, and Minnesota have obtained new routes. Massachusetts had one 403(b) service for awhile and wants to restore it. Pennsylvania, Ohio, Wisconsin, Florida, and California are looking for new services. State and regional groups, such as the Northeast Transportation Coalition, the Northeast Corridor Rail Action, and associations of railroad passengers in a number of states—Ohio, Michigan, Florida, Georgia, and Texas—have been in the forefront of such projects. There are about 20 active state or regional groups, along with NARP, doing the necessary groundwork that could lead to expanded and improved service.

In addition, a number of local associations of commuter riders are working on making better use of existing railroad facilities. The states of Maryland, Pennsylvania, New Jersey, New York, Massachusetts, and Illinois have been progressively involved. In many cases, the quickest method to bring fast rail transit service to the suburbs is to make the greatest possible use of existing railroad facilities and to operate what is traditionally known as "commuter rail" service. This method is cheaper and involves less community disruption than the construction of separate exclusive use tracks for a rapid transit system. Since the tracks are already in place, trains can run farther from the central city, minimizing the number of automobiles converging on individual stations.

COMMUTING IN TORONTO

Toronto, Ontario, provides the most dramatic example of a commuter rail system built from scratch. Service in two directions from downtown Toronto was inaugurated on Canadian National Railways tracks only two years after the decision to institute it was made. Fifteen thousand trips per day were being handled three months after the line opened, and that in a low ridership month for commuter operations.

Such opportunities in the United States have been neglected because of the combined pressure of private railroads not anxious to have to "bother" with more passenger trains and of the special interests that stand to benefit from construction of massive suburban rapid transit systems. (This is not to say that no more subways should be built, but that railroad facilities should be more closely examined for the provision of service to the suburbs.)

Not only is the Toronto example unlikely to be repeated in this country, but several existing commuter rail services may be lost within the next year as a result of the RRR Act. These services are not presently subsidized by state or local governments, generally because they extend beyond the boundaries of transit districts for the metropolitan areas they serve. Since the RRR Act envisions somewhat hopefully that ConRail (Consolidated Rail Corporation), the new operating entity that will succeed Penn Central and the smaller northeast bankrupts, will be profitable, ConRail will not maintain commuter services at its own expense. It can be expected to discontinue them if subsidy arrangements cannot be made, probably by February 1976, when ConRail is scheduled to begin operations.

SUBSIDIZE COMMUTERS

We agree that ultimately these services will have to be supported by transit authority subsidies from the states or localities involved. However, our experience indicates that in an area where rail services have not previously been subsidized, it takes time to develop the political climate and the legal and funding capabilities. Since most of the attention of planners and the public in the northeast has been focused on freight, many of the people who would be working to save these trains are unaware that the services are in jeopardy.

Therefore, we urge Congress to amend the RRR Act to provide a 100 percent federal subsidy for the ConRail commuter lines for a year or two to give interested local groups and governments time to preserve badly needed services.

We also support massive federal efforts to upgrade mainline inter-city trackage. The railroads can't or won't do it, and without improved tracks, Amtrak can't provide the fast, reliable service the nation needs. We prefer public ownership of the tracks, with the private-enterprise railroads and Amtrak paying user fees to cover the costs after the initial rehabilitation. This procedure would protect the taxpayers' investment.

If Congress or the Administration can come up with a better method for better tracks for an intercity rail passenger network; we will support it. We demand action on some reasonable plan, however, before we have no trains left. The next few months are a time for important decisions in the transportation field.

1975 WORLD SERIES

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. CONTE. Mr. Speaker, I rise to offer my congratulations to the two best teams in baseball, the Cincinnati Reds and the Boston Red Sox, and to commend them for providing us one of the greatest spectacles in sports.

While I am disappointed that my Massachusetts team did not win the World Series last night, I share the satisfaction of Americans everywhere in an enthralling and spectacularly played baseball contest.

My hat is off to the Cincinnati Reds as the World Champions for 1975. But my heart remains with the Red Sox, for repeatedly coming up with the improbable and miraculous plays and extending the Reds right up to the final out of the seventh game.

When baseball is discussed in the "hot stove" league this winter, I will vividly recall and share memories of the tantalizing taunts and tosses of Luis Tiant, Berne Carbo's tremendous clutch home run that tied the sixth game, and Carlton Fisk's blast in extra innings that brought euphoria to Beantown, and the miraculous feats of Jim Lynn, Carl Yastrzemski, and Dwight Evans in the outfield.

It was an incomparable World Series, which has mightily reestablished baseball in the hearts of the American people as our national game.

THE CAPE ROUTE—AN AMERICAN PERSPECTIVE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. McDONALD of Georgia. Mr. Speaker, in spite of what anyone may say or do, and Diego Suarez notwithstanding, there is no adequately equipped naval base between Africa and Australia, except that of Simonstown, South Africa. That base is currently available to any Western power willing to sign the lease. To say that the shipping route around the Cape of Good Hope is vital to free world shipping, is to belabor the obvious. Anthony Harrigan, a noted military writer and author, recently wrote an article that appeared in South African Scope which outlines the strategic realities of the situation very well, in my view. The article follows:

THE CAPE ROUTE—AN AMERICAN PERSPECTIVE

(By Anthony Harrigan)

Since the opening of the 20th century, the Atlantic and Pacific Oceans have been the primary theatres of history for the people of the United States. Two world wars and lesser conflicts have been fought on those oceans and on the continents they separate. In the final quarter of the 20th century, however, it is increasingly clear to American strategic thinkers that the Indian Ocean is the new arena of global conflict. Moreover, the Indian Ocean is a focus of American strategic concern because the oil and minerals moved across that ocean are vital to the security and prosperity of the industralized nations of the northern hemisphere.

A variety of considerations are involved in the new American strategic interest in the Indian Ocean. Maintenance of access to Persian Gulf oil is the No. 1 consideration at this time. Drew Middleton of The New York Times has written: "To military men the security of the main tanker routes out of the Persian Gulf area will be as important to the United States, Western Europe and Japan as were the approaches to Britain and the English Channel in two World Wars." Mr. Middleton also noted that "The key tanker route to the West from the Persian Gulf rounds the Cape of Good Hope and then runs north to Europe and northwest to the United States."

The Indian Ocean has several very important control points, including Aden and Singapore. But the most important control point is the Cape of Good Hope. Whoever controls the Cape is in a position to monitor, protect, or interfere with maritime traffic in two of the world's oceans.

Nations often suffer from the illusion of central position. But in the case of the Republic of South Africa, central position is in no sense an illusion; it is a fact. In geopolitical and strategic terms, South Africa occupies the key central point between the energy riches of the Gulf and Arabian Peninsula and the industralized, oil-consuming nations of the West.

The reopening of the Suez Canal doesn't change this situation at all. Indeed the reopening of the Canal only makes the South African position at the Cape of Good Hope more important. The reopened Suez Canal cannot handle the giant tankers of today. What it does afford is an opportunity for the Soviet Union to gain quicker access to the Indian Ocean. The larger U.S. warships are unable to transit the Canal.

The need for monitoring and, perhaps, for protection of the Persian Gulf tanker traffic is all the greater because of the proliferation of revolutionary governments on the East Coast of Africa. In the years ahead, these regimes may be tempted to interfere with the Indian Ocean tanker traffic as the Cambodians attempted to interfere with the Mayaguez on the high seas. Both the oil-producing and oil-consuming nations have an interest in promoting protective measures against any such development. Rapid response forces must be available. But the basic need is an effective system of maritime intelligence gathering, which can only be done effectively at the Simonstown Naval Base near the Cape of Good Hope.

In this new era of an energy crunch and of mineral shortages, the United States is in process of changing its naval strategy from an alliance support strategy to a resource control strategy. Subtle changes in American policy toward South Africa and marked, underlying changes in thinking among strategic theorists are the results of a greatly increased awareness of the long-term U.S. need for access to South African minerals and coal. Americans also are keenly aware of Japan's dependence on South African raw materials.

Out of the growing awareness of U.S. needs in the Indian Ocean area are emerging, albeit slowly, new national defense commitments. The first of these commitments is to expansion of facilities on the British-administered Indian Ocean island of Diego Garcia.

This is a step—a necessary step—toward meeting America's security needs in the Indian Ocean. In time, however, the United States will have to recognize the infinitely greater strategic importance of the Simonstown Naval Base and the tremendous advantage to the U.S. in negotiating facilities there.

In this connection, a bi-partisan delegation of American senators and representatives recently visited Somalia and viewed, with considerable alarm, the naval facilities the Soviets are building at Berbera on the Gulf of Aden. U.S. Rep. Samuel S. Stratton (D-NY) said Berbera is clearly a "missile-handling facility." The delegation concluded that the facilities represent "a very significant enhancement of Soviet naval and air force capabilities to operate in the Indian Ocean area."

In reporting on the House Armed Service Committee mission to Berbera, the *Washington Post* quoted Defense Department officials as noting that U.S. ships in the Indian Ocean must either go to Norfolk, Va., or Subic Bay in the Philippines for comparable facilities.

American writers on national strategy are deeply concerned. For example, Capt. Hibberd V. B. Kline III, writing in the April issue of the *Marine Corps Gazette*, observed that the "present Soviet investment in the Indian Ocean littoral leaves no doubt that they will increase their forces in these waters. . . . They have made massive investments in Berbera, Um Qasr, Aden, Vishakhapatnam, Chittagong, and the Andaman Islands which they are not likely to abandon short of a Sadat-style eviction by the local governments."

Capt. Kline also observed that "the only viable counterweight to the increasing Soviet naval presence in the Indian Ocean is an equally potent American naval force." And any serious student of naval matters must conclude that U.S. warships in the Indian Ocean, in order to be deployed with maximum effectiveness in the period ahead, must have significant backup support facilities—in terms of logistics, repairs and intelligence—at Simonstown.

Iran is another country that appreciates the importance of the Cape Route. Gregory R. Copley, editor of *Defense and Foreign Affairs Digest*, notes: "For this reason too the Shah is warming his relations with South Africa, whose hegemony over the Cape sea routes is vital (and for which reason, the USSR is sponsoring such vast and expensive anti-South African movements through Southern Africa)."

In the past, while conceding in private the strategic importance of the Cape Route, the Western powers—principally the United States—have been reluctant to evidence much defense cooperation with South Africa. But several factors have produced a degree of change. India, which once presented itself as the world's largest democracy and which bitterly opposed Western military cooperation with South Africa, today is the world's second largest dictatorship with an increasingly marked orientation towards the Soviet Union. Then there are such factors as rise of a new revolutionary government in Mozambique, the expansion of Soviet naval forces and support installations, and the West's extreme sensitivity to the threat of another cut-off of oil supplies from the Persian Gulf. These factors, together, are producing a growing correspondence of U.S. and South African interests. In the United States, even those elements most impatient with South Africa, or downright hostile, are coming to realize that the southern sea lanes around the Cape must be protected.

Unfortunately, the United States hasn't unlimited time in which to wake to the seriousness of the Soviet threat in the Indian Ocean and the need for an adequate base structure from which the U.S. could react decisively. The Soviet penetration of the Indian Ocean world is far advanced, with port facilities available in several countries. The immediate United States need is to proceed rapidly with the Diego Garcia installation and then begin right away to negotiate with South Africa for those facilities which Diego Garcia cannot provide, namely missile-loading facilities, major repair facilities, landing rights for naval reconnaissance aircraft covering the Cape area, and well-protected intelligence data collection and analysis facilities. If the United States were able to obtain agreement for such facilities, the security of vital tanker traffic to the U.S. and Europe would be enormously enhanced.

SADAT SPEECH

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. BINGHAM. Mr. Speaker, I strongly object to the decision by the House and Senate leadership to invite Egyptian President Anwar Sadat to address a joint session of the Congress on November 5, 1975. This rarely extended privilege is an inappropriate action for the United States at this time. It is said to have had its origins in a specific request from President Sadat to address the Congress, a request which was endorsed by the administration. Sadat is understandably eager to advance his view of recent events in the Middle East and make a case for large new amounts of American aid to his country. Confronted with what amounted to a fait accompli, the leadership in both House and Senate decided to demonstrate U.S. good will and evenhandedness by agreeing to the appearance, and by arranging a similar appearance by the Prime Minister of Israel in the near future.

While heads of state are occasionally invited to address a joint session, I cannot agree that President Sadat deserves such an invitation at this juncture. His reputation as a peacemaker is of very recent vintage and it is impossible to know yet if it will mature into real and long-lasting peace.

He has taken a few risky steps toward establishing a less belligerent relationship with the nation of Israel and people around the world hold deep hopes that more steps will follow. But Egypt's moves toward peace in the Middle East have only just begun and pale in comparison with 28 years of off-and-on war with the objective of destroying the state of Israel.

It is important to note that during that same 28 years no invitation of this kind was extended to the Government of Israel. Why is it that this valiant democracy only offered this opportunity in the wake of an announcement that the leader of the principal Arab confrontation state will appear before the Congress on November 5?

IS NEW YORK CITY DISADVANTAGED?

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. GRASSLEY. Mr. Speaker, as the debate continues on whether this Congress should race to the aid of New York City, we are being told that New York City is unique. That it faces problems no other American city faces, and that is the reason it is on the verge of financial collapse. The Congressional Budget Office has recently brought to light information which clearly indicates that this is not the case.

In a recent publication the Budget Office printed figures from a study done by Richard Nathan in "The Record of the New Federalism: What It Means for the Nation's Cities", Brookings Institution, 1974.

Nathan prepared a composite index of central city disadvantage, which yielded the following:

New York City	211
Boston	198
Chicago	245
Newark	422
Los Angeles	105
Philadelphia	205
San Francisco	105
New Orleans	168
St. Louis	231
Denver	143
Baltimore	256
Detroit	210

In addition to those listed above, there were eight other American cities who received an index of greater economic disadvantage than our friend the "Big Apple".

In light of these figures I can only conclude that the rhetoric we have been bombarded with concerning New York City's unique problems can be taken to be nothing more than a weak excuse for weak financial management.

THE TOM-TOMS FOR THE RUSSIAN GRAIN/OIL DEAL SHOULD BEAT IN THE OVAL OFFICE

HON. JOHN MELCHER

OF MONTANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. MELCHER. Mr. Chairman, the tom-toms are being beaten furiously down at the White House and State Department over a statement of intent entered into with the Soviet Union to negotiate sale of 200,000 barrels of oil a day from Russia to the United States.

Actually, the letter of intent to negotiate is a device used to cover up the fact that no agreement could be reached with Russia, even using American farmers' grain which Russia needs, as bait for such an agreement in 2 months of negotiating.

Behind the drum beating is a record of inaction, ineptness and actual opposition to measures we have initiated here in Congress to try to pull together the energy resources the Nation requires to get out of the clutches of the OPEC bandits.

When the full force of the energy crisis struck this Nation, some of us surveyed the possibility of making the United States more self-sufficient.

One way to do it was to speed up availability of Alaskan oil, so a key part of the bill authorizing the Alaskan pipeline prevented the continuation of almost endless litigation in the courts to permit rapid construction of the pipeline.

The administration fought it all the way to the floor of the House, and I mean that literally. A Cabinet member, also a former Member of the House with floor privileges, actually came to the floor to line up votes against this key provision in the pipeline bill. The Speaker will recall that I protested this conduct to him and he put an end to it.

A bill to get 300,000 barrels of oil daily flowing out of the Elk Hills Reserve was initiated and is now in conference in spite of hemming, hawing, balking, bucking, nitpicking, sniping and foot-dragging by the agencies of Government which should have been helping get something passed.

A strip mining bill was introduced to get coal production going from the giant Fort Union deposits in my county and others by insuring against permanent environment damage It has been twice vetoed and the administration now even refuses to support its own weak and consequently unacceptable strip mine legislation.

Environmental Protection Agency Administrator Russell Train, on October 21 at the National Coal Association's Conference and Expo II in Louisville, called for an effective Federal strip mining law and bodly proclaimed that—and I quote—"the Nation's commitment to coal must depend . . . upon the commitment of those who mine and burn it to face up to the environmental and health risks and costs and to take all necessary steps to bring them down to acceptable levels.

> I strongly support—and I believe that, even if only in its own interests, the coal industry should strongly support—the enactment of really effective strip mining legislation. I am convinced, in fact, that by removing one of the very real constraints upon the industry and by setting clear and effective ground rules for dealing with the environmental impacts of strip mining, such legislation cannot help but increase employment and production in the industry over the long term.

Mr. Train should make that speech at the White House, too, for it is the White House—not the coal industry—which has twice stopped an effective strip mining bill. The coal industry has opposed it, it is true, but it has been the President's vetoes, requiring a two-thirds vote to override, which have actually blocked the measure. There has always been a big majority—within three votes of two-thirds—in favor of the bill.

Let the tom-toms at the White House and State Department, which are beating because the negotiations for 200,000 barrels of oil from the Russians did not fail completely, be moved into the Oval Office to see if they can awaken our Chief Executive to the need for his administration to at least quit obstructing our congressional efforts to get something done on energy resource supplies.

We can eventually pass legislation to open up Elk Hills. We will eventually pass strip mining legislation to get coal development off dead center.

It would help if the President and his people would at least get out of the way.

COSELL AND NEWHOUSE

HON. JAMES M. COLLINS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. COLLINS of Texas. Mr. Speaker, on the wire services just off of the House floor, I saw the news that Hallsville had struck back. I was proud to see the mayor of the fine community issue the proclamation that Howard Cosell and the ABC Network should get the record straight about Robert Newhouse.

Hallsville, Tex., is located halfway between Marshall and Longview in the beautiful piney woods of east Texas. My mother was raised in Hallsville, Tex. I was born there. My Uncle Will used to have the best general store in the town. Now we have a national hero in Robert Newhouse.

I know that Robert Newhouse is the great football player in the National Football League. Every Sunday night I telephone my mother to find out what is the news in Texas. She always brings me up to date on the Cowboys football game which she saw on television. In every game she reports that Robert was the finest ballplayer on the field. Mom knows much more about football than this shoot from the tip, tongue twister who shuts his eyes every Monday night and rambles on about the television football spectacular.

We are proud to see the mayor of Hallsville speak up. I think it is only fair to advise Mr. Cosell that Don Meredith was raised just a short piece down the road in east Texas. It would be well for Mr. Cosell to make his peace before Don descends on him also.

To sum it all up, Robert Newhouse is a great football player, a great runner, and a tremendous individual. Texas is proud that he is a Dallas Cowboy.

WHAT NEW YORK MUST DO

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. MICHEL. Mr. Speaker, the most recent crisis day for New York City had a phony ring to it all along. I am grateful therefore, for Mr. George Will's informative exposition of just what happened. Mr. Will's column appeared in yesterday morning's Washington Post, and I would like it added to these remarks in the Record.

Will calls the event a "carefully staged melodrama" and I think he is right. But the column is not strictly negative, for the writer also offers a list of suggestions to the city, suggestions which if followed would make Federal aid unnecessary.

The list seems to me a good one. First, close half the hospitals in the city, thereby bringing supply into line with demand. Second, renegotiate exorbitant pension commitments to city employees. Third, end the practice of free admissions to the city's university system, replacing it with a scholarship program for poor students. And fourth, repeal the rent control law.

I think there should be a program of Federal aid for New York. And it should consist of this: every time Mayor Beame, or some other officer of the city appeals to Washington for help, he should be handed or sent a copy of Mr. Will's column. That would be the best aid, the best help, we could give the city.

The article follows:

[From the Washington Post]

NEW YORK'S STRATEGY: ENTRAPMENT

(By George F. Will)

NEW YORK.—This city's recent day of dancing along the rim of default was a carefully staged melodrama. It was supposed to send shivers down the presidential spine, to spread enough panic to entrap the federal government into giving aid.

The day began with an early a.m. attempt by Mayor Abraham Beame to reach President Ford by telephone, presumably to ask Mr. Ford to dip into petty cash for a $450 million loan for the city. The White House sensibly treated the mayor's call as a histrionic prank, and did not disturb Mr. Ford.

The day ended with Mayor Beame's collaborator, Gov. Hugh Carey, sending this telegram to Mr. Ford:

"New York, by exhausting all of its resources, can meet its obligations until Dec. 1. After then, the welfare of our citizens rests in the hands of the federal government."

That second sentence is perhaps the most abject confession of incompetence ever offered up by an American politician. If in December the welfare of Carey's constituents becomes a federal responsibility, perhaps Carey, having abdicated responsibility, will abdicate his office, thereby removing himself as a drain on the public payroll.

The first sentence of Carey's telegram—about New York "exhausting all its resources"—is patent nonsense. In fact it has not made a serious effort to raise revenues or curtail outlays.

Less than seven percent of the people on the city's bloated payroll have been laid off. The mayor's long awaited budget cuts involved less than two percent of this year's "emergency" budget, which is significantly larger than the previous budget.

This city, with a constant high level of empty hospital beds, could close half its public hospitals and still have nine times more than Chicago operates. This city would take a giant step toward solvency if it would renegotiate—back to Chicago levels—the pension commitments that public employee unions have easily extorted from successive compliant mayors.

Under "open admissions" this city's university system—19 institutions—offers "free" education to all high school graduates. There are 220,000 students this year. A generous scholarship program for poor students would cost the city a tiny fraction of what the no-tuition policy costs the city. That fact should make this clear: the politicians correctly look upon the no-tuition policy as a giant subsidy for the middle class.

Apartments are a third of this city's tax base. Their value is a function of their ability to earn. But rent control laws restrict the growth of this tax base. Indeed, by making many apartments unprofitable, rent control causes abandonments—36,000 apartments last year, enough to house the population of Sioux Falls, S.D. So rent control causes the tax base to contract. But repeal of rent control would be politically hazardous, so, naturally, New York politicians instead just extend their sticky palms toward Washington.

New York's politicians are not very exalted specimens of a not very exalted profession. But Carey must even embarrass his peers when he talks about New York "exhausting all its resources."

Presumably Carey's role in this city's continuing melodrama, a role suitably symbolized by his telegram to Mr. Ford, will put an end to the preposterous talk about Carey being vice presidential or even presidential material.

Perhaps being men of few ideas helps Carey and Beame to be men of immense concentration. Certainly they have concentrated on ideas for entrapping the federal government into saving New York, to the exclusion of ideas about how New York might save itself.

Their effort at entrapment—more determined and imaginative than any efforts they have made to govern—call to mind a story told about George Sanders, the actor, who wanted to entrap his wife of the moment in a compromising situation.

Entrapment, although not nice, would have enabled Sanders to change wives without the inconvenience of a huge alimony. Sanders' rationale for resorting to entrapment is a suitable motto for New York's government: "This is no time to behave like a gentleman. I am a cad and shall react like one."

IMPORTS OF SPECIALTY STEEL THREATENS FUTURE OF DOMESTIC INDUSTRY

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. GAYDOS. Mr. Speaker, on February 19 and June 26 of this year, I addressed the Members of this House and reported on the increasingly serious condition of the domestic specialty steel industry caused by the flood of foreign imports.

An article in the Pittsburgh Press of October 19, 1975, indicates that the domestic specialty steel industry is now "fighting for its life."

For the first 8 months of 1975, imports supplied nearly 24 percent of this country's stainless steel supply and almost one-third of its tool steel.

Accordingly, some domestic mills have, at times, operated at only 40-percent capacity and more than 15 percent of the industry's work force is unemployed.

The main reason for this condition appears to be the "guerrilla" marketing tactics of foreign producers.

According to Mr. A. P. Simmons, president of Allegheny Ludlum Steel Corp., foreign producers select certain strategic markets, expand their production and sell at unfairly low prices to capture the market. This prevents any expansion in the domestic demand and the result is a domination by foreign producers in the American market.

While the American specialty steel industry increased output by 40 percent during the period 1965–74, Japan enjoyed a 400-percent increase and surpassed American production by 400,000 tons. During this same period, West Germany, France, and Italy more than doubled their output. All this occurred at a time when total world production doubled.

The domestic specialty steel industry has petitioned the International Trade Commission for relief. But representatives of the industry are concerned that delays in the processing of their petition for relief can only result in further damage to the domestic industry.

The article from the Pittsburgh Press of October 19, 1975 follows:

SPECIALTY STEEL FIGHTS FOR LIFE AS IMPORTS CLOSE IN

(By William H. Wylie)

Last February Richard P. Simmons, president of Allegheny Ludlum Steel Corp., warned that there would be "thousands of layoffs" if specialty steel imports continued to flood this country.

As it turned out, the industrialist's worst fears have been realized. Unemployment in the specialty steel industry touches one of every six workers, or about 10,000. This statistic has spread gloom in Brackenridge, Latrobe, Midland, Butler and other southwestern Pennsylvania milltowns that make specialty steels.

This sudden reversal of the fortunes of an industry that enjoyed its finest year in 1974 has been especially hard on the Pittsburgh area. It is estimated that more than half of the 65,000 specialty steelworkers work and live in this region.

Industry leaders like Simmons and Cyclops Corp. President William H. Knoell feel that their companies have been unfairly attacked by foreign competitors. Cheap imports have picked off markets at a time when the recession makes it hard enough to survive.

Knoell classifies foreign marketing tactics as "guerrilla warfare". The impact has been severe because "the chief casualties have been the bread and butter products that keep our industry profitable and our employes working," Knoell added.

The import dilemma has worsened since July when 19 specialty steel firms and the United Steel Workers (USW) sought relief from the U.S. International Trade Commission. At that time the Tool and Stainless Steel Industry Committee claimed foreign mills had grabbed nearly 22 per cent of the stainless market during the first four months of this year.

Last week the American Iron and Steel Institute reported that imports supplied nearly 24 per cent of the nation's stainless supply and almost one-third of its tool steel during the first eight months of this year.

At various times some mills have operated at only 40 per cent of capacity, an industry spokesman said. "Recently there has been a gradual pickup in orders for flat-rolled products," he added. "Demand for tubing and plate remains strong," he continued.

What little strength the industry has gained from the recovery, mainly through an increase in appliance manufacturing, is overshadowed by the fact that more than 15 per cent of specialty steel's labor force remains idle.

The industry's contention that cheap imports have hurt American workers is an integral part of its petition before the International Trade Commission.

The industry also is asking the government to impose quotas on foreign products, with periodic adjustments based on domestic economic conditions. If business in the U.S. were good, quotas might be raised and in a recession they would be lowered.

Specialty steelmakers also are seeking more orderly markets through government-to-government negotiations, similar to the textile agreements.

But regardless of the industry's desperation, nothing will happen very fast. First, the commission must conduct hearings next month. Then it can take three months to make a recommendation to the White House, which can sit on a decision for another two months.

All of this is frightening to specialty steelmakers who have been wrestling with imports since the late 1960s. In 1970, when more than 21 per cent of the stainless market fell to foreigners, the industry knew it had a tiger by the tail.

Simmons has defined the problem this way:

"The pattern is clear. The foreign producer identifies a strategic market; expands capacity to produce and sell at unfairly low prices to capture the market; weakens our domestic industry at the same time and prevents us from expanding our own capacity sufficiently to meet national needs for that product.

"When demand increases, the foreign producer can allege that exports of his products are necessary since the United States domestic producers failed to meet the needs of their economy."

Once the world relied on the United States for specialty steels. But not any more. Simmons said since 1965 world output of stainless steel ingots has doubled to more than 7 million tons.

While the U.S. was increasing output 40 per cent, from 1965 to 1974, Japan boosted its production 400 percent to 2.3 million tons, surpassing the U.S. by 400,000 tons.

During the same period, West Germany, France and Italy more than doubled their output of stainless, he added.

The American industry contends it can make specialty steel as cheaply as foreign competitors even though wages in the country are higher. But when foreign mills sell at a loss in the U.S., American producers are "done in," the industry argues.

Simmons cited a story in a Japanese trade publication which indicated Japanese stainless steel sheet and plate producers were "heavily in the red" from selling at below cost in the U.S.

The American specialty steel industry calls itself "by far the world leader in development of new alloys and new processes". The industry portrays itself as essential to national defense, aerospace, communications, nuclear energy and power, mass transit and transportation, mining, chemical processing and other key segments of American society.

Although the industry accounts for only 1 per cent of total steel shipments in the United States, as Simmons says, "Specialty steels, although 'David' in size are truly 'Goliath' in economic and strategic impact."

But, stragely, the industry is fighting for its life.

VIRGIN ISLANDS MUSICIAN HONORED

HON. RON DE LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. DE LUGO. Mr. Speaker, the culture of the Virgin Islands, as many of my colleagues know, is rich in musical talent and expression. Virgin Islanders often reflect the beauty and serenity of our islands through songs and dances. One of the more famous of our musicians is Ira Meyers who was recently presented a certificate of appreciation and a trophy for his outstanding musicianship from the Virgin Islands Commissioner of Conservation and Cultural Affairs.

A native of St. Thomas, Mr. Meyers began his musical career by playing guitar with the Charlotte Amalie High School Band in 1952. Since then he has played with various local bands and groups, gaining a reputation for his musical versatility and expertise. During his illustrious career he has made several appearances in New York City and has written numerous arrangements for the group in which he has played for the past 15 years, "Milo and the Kings."

It is my privilege today to recognize this local talent by inserting into the RECORD the October 17, 1975, news item from the Daily News. To my colleagues I extend an open invitation to enjoy firsthand this celebrated musician on your next visit to the Virgin Islands:

[From the Daily News, Oct. 17, 1975]

VIRGIN ISLANDS MUSICIAN HONORED

Ira Meyers, saxophonist with Milo and the Kings for the last 15 years, was recently presented with a certificate of appreciation and a trophy by Commissioner of Conservation and Cultural Affairs Virdin Brown to commemorate his achievements in the field of music.

The presentation to Meyers was made recently during the group's appearance at Frenchman's Reef with Byron Lee and the Dragonaires. The certificate of appreciation was awarded to Meyers "for his accomplishments in the field of music" and the trophy bears the inscription "To Ira Meyers for his outstanding musicianship."

Meyers, 38, a native of St. Thomas, began his musical career by playing guitar with the Charlotte Amalie High School Band in 1952. A year later he played lead tenor pan with the high school's first steelband the Shooting Stars.

In 1954, Meyers began playing alto saxophone with the Caribbean Special Band and joined the Modern Mouds the next year. This group was led by Julien Phillips. Meyers was inducted into the Army in 1956 but continued his musical career by playing alto saxophone and clarinet in the army special service band.

He returned to St. Thomas in 1958 and rejoined the Modern Mouds. A year later, Meyers joined Rico and the Rhythmers and began arranging music for the group.

Emile "Milo" Francis took over the leadership of Rico and the Rhythmers in 1960 and renamed the group Milo and the Five Kings. During his time with Milo and the Kings, Meyers began playing tenor and soprano saxophone as well as clarinet.

He has also made several appearances in New York City and has continued to write arrangements and conduct the band.

PERSONAL STATEMENT

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. FRENZEL. Mr. Speaker, for the past several years when groups—colleges, companies, associations, et cetera—have wanted to pay me honoraria for speeches or appearances. I have suggested that the groups instead make a contribution to a charitable, educational, religious, or community service organization.

Now the Federal Elections Commission, in its advisory opinion No. 1975–8 has ruled that such contributions are election expenses attributable to me, personally, and to my campaign. Even though I believe the FEC has made a bad decision, I am now forced to abandon what I considered a good practice. In the past 3 years, I am aware of the following contributions. There may have been others of which I have no direct knowledge. The list of honorariums follows:

HONORARIUMS

Date	From whom	Turned over to	Amount
1973:			
Feb. 13	Mortgage Bankers of Minnesota	Youth Emergency Service	$500.00
Feb. 27	Brookings Institution	Minnesota Teen Corps	150.00
Mar. 8	National Association of Manufacturers.	Washburn Child Guidance Center	500.00
June 22	Protective Group	YMCA Building Fund	150.75
Do	Macalester College	Macalester Student Fund	200.00
July 25	Baltimore Sun	Anna Mae Hunter Home for Blind	30.00
Oct. 1	U.S. Chamber Public Affairs Committee.	Sister Kenny Institute	250.00
Oct. 7	Presbyterian Homes	Presbyterian Home	250.00
Sept. 21	Minnesota Association of Realtors	Islands for Peace	150.00
Oct. 18	U.S. Chamber Breakfast Group	Greater Minneapolis Day Care Association.	200.00
Oct. 28	Public Affairs Council	Children's Hospital, Minnesota	500.00
1974:			
Feb. 5	Minneapolis/St. Paul Transportation Clubs.	Courage Center	100.00
Mar. 1	Carter Golembe Executive Seminar on Banking.	Golden Valley Health Center	500.00
Apr. 16	Minnesota Lenders Association	Freshwater Biological Institute	500.00
May 15	Brookings Institution	Jewish Community Center	150.00
June 14	Macalester College	Macalester Student Scholarship Fund.	200.00
June 15	MINNPAC	Minnesota Medical Foundation (student scholarships).	200.00
Oct. 12	NSP	University branch YWCA	150.00
Oct. 27	Colonial Church of Edina	Reach Out Today	50.00
Dec. 5	Minnesota Bankers Association	St. Louis Park Senior Citizens	500.00
1975:			
Mar. 24	Brookings Institute	Minnesota Association for Retarded Children.	150.00
Apr. 1	Printing Industry of Twin Cities	Children's Health Center	200.00
Apr. 18	Minneapolis Rotary	Rotary Community Service Foundation.	50.00
Apr. 3	J. C. Penney	Children's Hospital	500.00
July 1	Macalester Taft Institute	Macalester Student Scholarship Fund.	200.00

OAHE: A POSITIVE ALTERNATIVE

HON. LARRY PRESSLER

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. PRESSLER. Mr. Speaker, I have been very concerned with the Oahe irrigation project which is located partially within my district in South Dakota. Because of some of the problems which this project has encountered in terms of meeting environmental objections raised in the environmental impact statement and increasing resistance among farmers in the affected area, I have felt that it was wise to consider alternatives to the project in the event that it failed to meet these critical tests. It was in this vein that I recently submitted an alternative plan for use of the water from the Missouri River impoundments. This statement was sent to members of the State legislature and interested citizens and public officials. Because of the interest which this proposal for an alternative has generated, I am inserting the plan into the RECORD:

SUMMARY SHEET

	Present OAHE project	Alongside-the-Missouri Pressler Alternative
1. Cost per acre	$1,766	$500.
2. Time for completion after project development begins	12 to 20 years	3 to 5 years.
3. Amount of farmland destroyed by project features	90,000 acres	Almost none if pipe used. Very small amount if ditches used.
4. Project planning	Bureau of Reclamation	Individual farmers or groups of farmers if they so choose.
5. Relocation	50 farm families and 120 cottages	None.
6. Land acquisition	110,000 acres	Very little, if any.
7. Environmental impacts	Stream channelization and several thousand acres of wetlands destroyed.	No stream channelization and very few wetland acres sacrificed, if any.
8. Water pollution	Severe	Slight.
9. James River impact	Channelize the James	None.
10. Total potential irrigation	200,000 to 500,000	Well over 1,000,000 acres.

I. PROPOSAL

Irrigating adjacent to the Missouri River—a plan for a possible alternative to the Oahe Irrigation Plan or a possible supplement to the Oahe Irrigation Plan. The plan would involve irrigating with the use of pumps and pipes in an area 50 to 100 miles immediately adjacent to the Missouri River on either side and in particular in those counties where irrigation permits have already been issued and where there is a growing amount of private irrigation. The counties that have land that is irrigable, and in many cases more irrigable than the land in the Oahe area include: Campbell (particularly the Pollock-Herreid proposed area); Walworth (particularly the proposed Shamrock irrigation project); Dewey; Potter; Sully; Hughes; Buffalo; Lyman; Brule; Gregory; Charles Mix; Douglas (the proposed Ft. Randall Conservancy Subdistrict BCD Project); Bon Homme; Yankton; Clay; and Union.

The idea of irrigating immediately adjacent to the Missouri River is not new—but for some reason the Bureau of Reclamation has designed it to carry water nearly 180 miles to begin irrigation while much irrigable land immediately adjacent to the Missouri is being ignored. The problem of run-off waters in the James River would not exist because most of the run-off waters could be channeled back into the Missouri. Private irrigators along the Missouri utilize pumps and pipes as opposed to digging canals. As the summary on page one indicates, irrigating adjacent to the Missouri River first would result in virtually no land being destroyed while the present Oahe plan calls for destruction of between 90,000 and 110,000 acres.

Congress has made a basic authorization for irrigation in South Dakota—if the plan should be changed that authorization could be retained and the specific annual appropriations changed to supplement and support irrigation immediately adjacent to the Missouri River. Irrigation could be achieved more quickly close to the Missouri River—private irrigators have shown that substantial amounts of land can be irrigated from one to five years. The present Oahe plan envisages from twelve to fifteen years of preparations before it is operational.

The basic costs of irrigating close to the Missouri are much less.

According to the Bureau of Reclamation's own figures, the costs per acre for the Oahe Irrigation project will be at least $1,766—while private irrigators adjacent to the Missouri are accomplishing their task for less than $500 per acre.

Also, more land could be irrigated adjacent to the Missouri River than under the present Oahe project. Indeed, future use permits have already been issued for 1,500,000 acres of land that one day might be irrigated directly from the Missouri River. These permits included for over 1,000,000 acres issued to the Lower James and Ft. Randall Conservancy Subdistricts; one for the Pollock-Herreid Project in Campbell County; one for the Shamrock Project in Walworth County; and three for the Oahe Subdistricts close to the Missouri River. The Oahe project envisages somewhere between 200,000 and 400,000 acres.

BACKGROUND

On May 7, 1975, I became the first member of the South Dakota Delegation to ever raise any questions about the Oahe project before a Congressional Committee. On that date I asked for a moratorium in construction funding. Later, on the floor of the House of Representatives, during debate on general appropriations I read a letter from the Environmental Protection Agency stating that agency's objections to approving the Oahe irrigation plan as presently proposed. Since that time there have been many editorial criticisms of my actions—particularly in the Huron and Aberdeen newspapers. Indeed, attached to this proposal is one such critical editorial which illustrates the height of feeling that has arisen on this issue.

I support a referendum on the Oahe irrigation project. However, since my days of working on irrigation projects in the U.S. Army as an assistant to David Lilienthal (one time Chairman of the Tennessee Valley Authority), I have become convinced that irrigation is futile if it does not have grassroots support. If our State Legislature does have a referendum on the project, and if that referendum indicates the people do not want the project, it does not mean that South Dakota must lose the basic authorization for the project. The nearly $400 million that have been authorized can be preserved without a new authorization and appropriated on an annual basis to develop an irrigation project immediately adjacent to the Missouri River. I would not propose doing so unless the farmers and citizens in those areas indicated through referendum that they wanted irrigation. My point is that an end to the Oahe irrigation project does not mean that South Dakota necessarily must lose irrigation—indeed, by shifting the appropriations to projects closer to the Missouri we might have irrigation from three to five years while the Oahe project will require between 12–15 years at the optimum.

If an alternative is adopted, will Oahe funds be lost forever?

The Oahe Irrigation Project, like its sister—the Garrison Diversion Unit, may be in serious trouble with environmentalists, farmers, legislators, taxpayers, and youth. Some signs are quite ominous—increasing opposition within the U.S. Government itself through the Environmental Protection Agency and the President's Environmental Quality Council; growing farmer opposition has led to the formation of the United Family Farmers, comprised of a combination of dryland farmers, large operators, environmentally concerned farm operators, and older farmers resistant to change; increasing farmer opposition in the representation on the Oahe Conservancy Board as evidenced in last November's election; the break in solid citizen support which was recently shown by the action of the League of Women Voters and the South Dakota Farmers Bureau in endorsing a moratorium on construction; and the legislative impasse on Oahe resolutions at the 1975 Session calling for a moratorium. I might add that as a Republican Candidate for Congress in 1974 and committed to a moratorium on construction funding, I received my largest majority in Brown County—one of the Oahe counties—and normally a heavily Democratic stronghold. These developments which have literally exploded overnight have raised the specter that the Oahe Unit may not be built—or drastically changed from its original plan. Therefore, I believe that consideration of alternatives is necessary if South Dakota is to assure itself of the beneficial use of waters impounded in the Missouri River reservoirs.

If the State legislature schedules a referendum on Oahe for next spring, and if that referendum results in a negative vote, I contend that we should preserve the Congressional authorization of nearly 400 million dollars and seek annual appropriations from this ongoing, existing authorization for alongside-the-Missouri irrigation. Similar project changes have been made in numerous states on numerous projects. The basic authorization need not be lost: it could be converted in June of 1976 to appropriations for other projects in South Dakota.

Possible areas of irrigation

The concept of alongside Missouri River irrigation is hardly new. Some preliminary studies have been made of these areas, but these have never been given the major attention accorded Oahe. This was understandable in the past when the Oahe Project was sailing along full steam. But now that there are problems—we must examine other alternatives more comprehensively. Private irrigation development along the Missouri River is already on the move. The State Department of Natural Resources was recently reported to have issued permits for irrigating 123,587 acres directly out of the Missouri. Permits for some 27,000 acres were issued in 1975, giving evidence of the rapidly developing interest. Thirty new permits were issued for river irrigation in Union County this year. Also, in recent conversations with a representative of an irrigation equipment firm in Ft. Pierre, we were advised that many more farmers are looking into sprinkler irrigation systems with pumping directly from the Missouri. This movement is proceeding without direct Federal investments although, of course, there has been a great deal of State and Federal technical assistance. The piecemeal private development of alongside river irrigation illustrates graphically that irrigation is indeed feasible today with new technology in sprinkler irrigation. I daresay that studies made ten years or more ago can hardly be up to date.

I envision the development of a series of Missouri River irrigation districts operating alongside-the-Missouri River and extending away from the Missouri River with central water supplies provided primarily by pipelines or smaller canals. I understand that there is new technology being developed that promises a dozen to 100 center-pivot rigs can be served from a single system. Certainly, if we can develop alongside river irrigation privately on 125,000 acres, as we have already done, or are in the process of doing, it would be possible to expand this figure to *1,000,000* acres if we make a concerted effort. Indeed future use permits have been issued for over 1,500,000 acres of land that might be irrigated directly from the Missouri river. We know that stretching along the 300+ mile stretch of the River there have been numerous proposals including Shamrock, Pollock-Herreid, and the BCD Project in the Ft. Randall Conservancy Subdistrict. Others are in the talking stage. Many of these should go forward—and in addition on the Missouri River Slope in central South Dakota, there is a potential for one or more projects. (See Attached map on page 4) I will work for speedy congressional appropriations of these new projects where there is a favorable cost benefit ratio, and a referendum that people want them. However, in many cases, the lengthy congressional approval procedures should be bypassed and State-local-private funds used to carry out development. The industrial bond concept should be extended to water development projects.

Costs

It seems to me that it is elementary that the closer we can irrigate to the river, the lower the cost. I am advised that in one instance a farmer operator near Pierre will make an investment of over $350,000 to irrigate nearly 1,000 acres and the irrigation consultant believes this would be increased to $500,000 if maximum utilization were sought. This is a cost factor of approximately $500 per acre inclusive of pumps, pipeline and center-pivot sprinklers. While this may be considered low due to the proximity to the river, advantages of scale coming with a large central pump and distribution system would probably offset disadvantages of distance up to a reasonable point. Compare this with the costs of the Oahe unit where public investments, according to a fact sheet issued earlier this year, are placed at $1,766 per acre and this only brings the water to the farmers' land. The farmer will still need to invest in the sprinkler and water distribution system on his own land. A complete financial analysis would undoubtedly see this disparity narrowed as certain sunk costs in the reservoir and main pumping units would need to be redistributed if the Oahe Project were not developed as originally planned. But it does give me some basis to believe that the ranges suggest that the alongside river plans would have favorable C/B ratios and merit more serious developmental efforts.

Lastly, would these projects meet the critical environmental test? Tests lead me to believe that the soils in these areas are sandy loams which are much less conducive to salt and water build-ups. Return flows could be accommodated by the Missouri River itself without serious degradation problems. As of this time, I know of no serious environmental problems that would be encountered.

ATTACHMENT

A critical editorial

The attached editorial contains a good deal of critical analysis of an Alongside-The-Missouri alternative plan. Although the editorial is highly critical of me, I include it because the statistics it cites shed a good deal of light on the irrigation controversy in South Dakota. I would contend that the facts cited strongly support Alongside-The-Missouri irrigation as a possible alternative. The editorial was run in two major South Dakota daily newspapers—in the *Huron Daily Plainsman* on September 21, 1975, and in the *Aberdeen American News* on September 23, 1975.

[From the Huron Daily Plainsman and Aberdeen American News, Sept. 23, 1975]

PRESSLER—NAIVE OR?

Proponents of water development in South Dakota should be happy to learn that First District Congressman Larry Pressler has finally conceded that irrigation will work in South Dakota even though this revelation is couched in strange and naive terms.

Pressler said Wednesday that he has come up with a reasonable alternative plan for the Oahe Irrigation project. He thinks that the Bureau of Reclamation has overlooked natural irrigation possibilities along the Missouri River. And he suggests that around a million acres of land along the Missouri River could be found that is suitable for irrigation, a project that could be developed in two or three years as an alternative to Oahe.

What Pressler himself has overlooked is all of the research, planning and work that has been going on over the past 15 or 16 years in the state he is attempting to represent.

The Bureau of Reclamation did conduct an exhaustive survey of the Missouri River perimeter which was completed in 1959. At that time there were several feasible projects that showed promise but later were put on the shelf, either because of lack of local interest or lack of economic feasibility. The Oahe project had and has both, another fact that Rep. Pressler chooses to ignore.

However, the state of South Dakota and the conservancy subdistricts (the locally elected entities of government responsible for water resource development that Pressler refuses to listen to) have not been idle.

According to the Department of Natural Resources in Pierre, the office responsible for this sort of thing, permits for irrigating directly out of the Missouri have been issued for 123,587 acres of land. This is nearly one-fourth of all of the acreage (537,200 acres) for which irrigation permits have been issued in the entire state.

In addition, future use permits (excluding Oahe) have been issued for 1,500,840 acres of land that might one day be irrigated directly from the Missouri River. These permits include one for 1,150,000 acres issued to the Lower James and Ft. Randall conservancy subdistricts; and three for the Oahe subdistrict; one for 305,000 over and above the Oahe project, one for Pollock-Herreid in Campbell County for 25,200 acres and one for the Shamrock project in Walworth County for 20,640.

This comes out to a considerably larger acreage than Pressler had in mind, but the subdistricts and the state have done a great deal more research in this area than the congressman has. And none of this has ever been considered an alternative to Oahe.

As for developing all or a major part of this in two or three years, it is difficult to believe that a freshman congressman could be so naive. Pollock-Herreid has been in the planning stages for a dozen years and the local support has been very enthusiastic. Even though the project is economically feasible the Congress has failed to authorize it. This is the way federal projects work, and a congressman should know this.

Efforts have been made, unsuccessfully, to have the Shamrock project funded with state funds. Efforts to steer state funds into irrigation development are being revived again in Pierre, but even if they are successful these funds will be limited, and large scale progress will be slow.

South Dakota needs the million plus acres of irrigation that can and will be developed directly out of the Missouri River. It also needs the Oahe project. Neither can be considered an alternative for the other.

Congressman Pressler would serve his state better if he would spend a little more time researching his ideas and a little less time putting out uninformed press releases that make him appear either naive or stupid. And he might begin by talking with some of the people in the conservancy subdistricts and state government who have been doing the things he is beginning to dream about.

V. CONCLUSION

On balance, I believe that this proposal should be considered as not only a reasonable alternative to Oahe, but as a possible add-on if that project survives. With the water available, and we should never forfeit it, we need to expand our vision beyond considering the Alongside-the-Missouri River irrigation as an afterthought and consider it as a top priority. That is what I hope my proposal will do. However, this is not a grand plan for the bureaucrats but rather one which the people are evolving slowly for themselves as evidenced by the growth in irrigation along the river. As a public policymaker, I think we have an obligation to assist in providing leadership to encourage these piecemeal efforts and to develop the means by which this movement can expand.

The late Senator Francis Case and other early supporters were not for Oahe irrigation alone, but saw the bigger picture of Missouri River development. I hope to help in that great effort. I welcome your comments and suggestions to this proposal. Whatever is done in the future should be with grass-roots inputs and with referendum by the people involved. It is possible that the people of our State will decide against irrigation in many instances. This is a question of values, but such a value judgment should rest with the people.

FISCAL REPUTATION UNHURT BY NEW YORK CRISIS IN VIRGINIA AND MARYLAND

HON. WILLIAM C. WAMPLER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. WAMPLER. Mr. Speaker, in recent days the Congress and the people of our Nation have been subjected to a "propaganda blitz" from the leaders of New York State and city to the effect that a failure by the Federal Government—the people of the United States—to rescue the city of New York from its pending financial crisis would have an adverse financial impact on every State, city, and county throughout the country.

Coming from a section of the country where local governments zealously guard their reputations for fiscal integrity and which at the same time know what physical deprivations and economic hardships mean through long years of experience, I caution my fellow Members of Congress to carefully examine this Fifth Avenue sales pitch. I suggest the current experiences of other local and State governments to market their municipal bonds on the New York City-centered financial markets paint a much different picture than the doom and gloom painting expounded by the great Empire State leaders.

A case in point is the experience of local governments in Virginia and Maryland who last Wednesday sold $95 million worth of municipal bonds at interest rates substantially below those paid in recent years. It would appear from this experience that the financial reputations of local governments in Virginia and Maryland, and I suspect this condition also applies to the vast majority of local and State governments across the country, will be relatively unhurt by New York City's financial crisis.

In this regard, I call each Member's attention to an article in today's Washington Post, Thursday, October 23, 1975, and ask each of my colleagues to examine recent similar municipal bond sales in the States they represent in Congress.

The Washington Post article follows:

Fiscal Reputations Unhurt by New York; Maryland, Fairfax Bonds Sell

(By Charles A. Krause and Jane Seaberry)

The state of Maryland and Fairfax County sold more than $95 million worth of bonds yesterday at interest rates substantially below those they have paid in recent years, indicating that New York City's financial crisis has not had an adverse impact on all municipal bond sales.

William S. James, Maryland state treasurer, said that, contrary to his original fears, New York's problems appear to have actually helped his state rather than hurt it. This is because, James said, New York City's difficulties "make us look better."

Wall Street investment bankers contacted yesterday said that both Maryland and Fairfax have excellent reputations for fiscal integrity and that investors are sophisticated enough to differentiate between them and other jurisdictions, such as New York, where major problems exist.

Richard Eide, head of Morgan Guaranty Trust Company's municipal bond department, said that "the problems of state and local governments have been thoroughly discounted by the market." Those jurisdictions that still look good will not be penalized simply because other municipalities are on the brink of default, Eide said.

Both Maryland and Fairfax have triple-A credit ratings, the highest possible, and both have made efforts in recent months to impress Wall Street with their financial strength and fiscal responsibility.

A delegation of Maryland officials, headed by Gov. Marvin Mandel, spent a day in New York last month talking with Wall Street bankers and investors, trying to convince them that Maryland was in no danger of going the way of New York City, and, now, New York state.

Fairfax County recently issued a fact-filled and sophisticated brochure, similar to those regularly printed by corporations, to impress Wall Steet with the county's assets and financial strength.

Asked if a public relations effort helps inspire investor confidence, Eide said "it doesn't hurt." He added, however, that all of the major banks and investment banking houses in New York maintain their own research departments and attempt to independently evaluate the financial condition of state and local governments.

The state of Maryland sold $85.8 million worth of general obligation bonds yesterday at a net interest rate of 5.2772 per cent, the lowest rate the state has paid since February, 1973.

Fairfax sold $10.65 million worth of similar bonds at a net interest rate of 5.69763 per cent, again the lowest rate the county has paid since February, 1973.

Maryland received three bids for its bonds, the lowest submitted by a consortium headed by Morgan Guaranty. Fairfax received six bids, the lowest and winning bid submitted by a group headed by First National City Bank of New York.

Maryland plans to use most of its $85 million for construction projects, including schools and other state facilities. Fairfax plans to use its $10 million to improve publice transportation in the county.

Officials in both Annapolis and Fairfax were apprehensive about the bonds sales and the interest they would have to pay. After the bids were opened, there was jubilation.

In Annapolis, deputy state treasury Edwin J. Schamel said those who attended the bid opening ceremony there were "enthusiastic almost to the point of jumping up and down and breaking open a bottle of champagne."

AFL–CIO CALLS FOR CHANGES IN GENERAL REVENUE SHARING PROGRAM

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. DRINAN. Mr. Speaker, the House Government Operations Subcommittee on Intergovernmental Relations and Human Resources, on which I serve, is currently engaged in the consideration of legislation to extend and reform the general revenue sharing program beyond its scheduled termination at the end of 1976. The subcommittee has focused its attention on a number of key issues, including the nontraceability of revenue sharing funds, the extent of citizen participation in the expenditure of revenue sharing funds, the equity of the allocation formula, and the effectiveness of civil rights enforcement under the act.

At its recent convention in San Francisco, the AFL–CIO adopted a resolution calling for several basic changes in the State and Local Fiscal Assistance Act of 1972. I attach the text of that resolution for the information of my colleagues.

General Revenue Sharing

Resolution No. 41—By Delegates representing the American Federation of State, County and Municipal Employees.

Whereas, The current debate on extension of the general revenue sharing program has generated a good deal of heated rhetoric, but very little systematic analysis. Many complaints have been leveled against the ways in which general revenue sharing funds are being spent by state and local governments. By using data compiled by the U.S. Department of Treasury, critics of the program have charged that unacceptably small amounts of revenue sharing funds have been allocated to programs dealing with the social needs of economically disadvantaged persons, and

Whereas (This kind of criticism reflects a basic misunderstanding of what general revenue sharing is all about) The general revenue sharing program is nothing more than a supplement to the revenue sources of state and local governments. On tax equity grounds, it provides an extremely desirable effect: it uses progressively raised federal tax dollars to supplement public services which are usually provided by regressively raised state and local revenues.

General revenue sharing funds should be viewed as an increment to local property tax collections or increased sales tax revenues. To blame the general revenue sharing program for misguided spending decisions misses the point. If a jurisdiction is underfunding key social programs, meaningful reform will come only by impacting the entire budget process at the local level, and

Whereas, The efforts of those who favor increased spending for the economically disadvantaged could be put to better use by considering the performance of general revenue sharing as a fiscal equalizer. This involves a systematic analysis of the allocation formula based on two criteria: funds should be targeted to jurisdictions with the greatest needs, and funds should be transferred from low service to high service jurisdictions. By basing the allocation of funds on factors such as urbanization, local expenditures, and welfare caseloads, a large portion of the wealthy suburban entitlements would find itself in the coffers of fiscally distressed central cities, and

Whereas, The most serious technical shortcoming in the present allocation formula involves the use of imprecise data that discriminates against urban minority groups. Systematic undercounting of black and Spanish-speaking populations have resulted in reduced shares for many cities with large minority group populations. Discrimination on this basis and an overall poor record on civil rights enforcement leaves much room for improvement in the current program, and

Whereas, General revenue sharing has an enormous potential for increasing the fiscal capacity of hard-pressed jurisdictions. With more progressive allocation formulas and a mechanism for rewarding the modernization and equity features of state and local tax structures, general revenue sharing could play a prominent role in developing a sound basis for financing public services in most states and cities, and

Whereas, These governments—particularly those of our major cities—are threatened with curtailment of vital public services, it is appropriate to look to the federal government for relief. However, some public officials at the state and local level have viewed the responsibilities of the federal government as being limited to a simple check-writing function. Any attempt on the part of the federal government to set minimum standards for workers who are employed with these funds is met with incredible resistance, and

Whereas, If certain public officials insist that the federal government has no right to set minimum labor standards, consistency requires that they refuse all federal funding, and

Whereas, In order to guard against the flagrant disregard of congressional intent on the issue of fair labor standards, Congress must insist that federal standards must be met as a pre-condition for receiving federal money; therefore, be it

Resolved: 1. AFL–CIO urges the Congress to view the general revenue sharing program as a supplement to state and local government tax revenues, not as an alternative to the system of categorical grant programs.

2. We urge the Congress to adopt an allocation formula under the general revenue sharing program which targets funds to jurisdictions which provide a high level of public services and contain a large number of economically disadvantaged citizens in their populations.

3. We urge the Congress to use the general revenue sharing program to reward those states which their own revenues through progressive tax structures.

4. We urge the Congress to mandate strong civil rights enforcement under the general revenue sharing program, including a procedure for updating inadequate data which reflects a systematic pattern of discrimination.

5. We urge the Congress to require all recipient governments under the general revenue sharing program to comply with all provisions of the Fair Labor Standards Act.

INVESTIGATE KGB ACTIVITIES ON CAPITOL HILL

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. McDONALD of Georgia. Mr. Speaker, 3 weeks ago Senator Barry Goldwater, Republican of Arizona, disclosed that Vice President Rockefeller had been told to suppress the public release of information that the Soviet intelligence service, the KGB, had infiltrated seven to nine Senators' offices.

The information was withheld from the American people because it "might disturb delicate negotiations with the Communists." Indeed, it is this dangerous policy of keeping the American people in ignorance which encourages the various Communist intelligence agencies—Soviet, Cuban, Polish, East German, Czech, Red Chinese, Vietnamese, et cetera—to continue and expand their activities.

A distinguished private citizen, Wilson C. Lucom, speaking on behalf of thousands of concerned voters, has called for several urgently needed and practical steps to be taken to determine the extent of the Communist intelligence operations in the United States—including the establishment of a select committee of both houses to investigate the matter thoroughly.

I commend the full statement of the chairman of Concerned Voters to the immediate attention of my colleagues.

STATEMENT FROM CHAIRMAN OF CONCERNED VOTERS

Mr. Wilson C. Lucom, Chairman of Concerned Voters, today called for either Vice President Rockefeller or Senator Church to release to the American voters the names of the seven to nine Senators' offices which have been infiltrated by the Soviet secret police. He also called for a Congressional investigation by both houses of this Watergate-type coverup of the specific infiltration, as well as all the Soviet espionage activities in the United States.

Senator Barry Goldwater (R-Ariz.) revealed that Vice President Nelson A. Rockefeller had been told to suppress releasing to the public that the seven to nine Senators' offices had been infiltrated by the Communist secret police (KGB or their helpers). Goldwater disclosed this explosive story in answer to a question by columnist John Lofton who was substituting for Martin Agronsky on his September 30 evening program on WETA, Public Broadcasting System Network, Washington, D.C.

Mr. Lucom said that the protection of the national security of the United States against its self-proclaimed enemy, the Soviet Union, makes it imperative that the identification of the infiltrated Senators' offices be revealed to the American people. Until this is done and such infiltration is removed, top-secret, classified information is being received in these offices which then is susceptible to theft by the infiltrators. Particularly dangerous to national security is if any of the Senators and Congressmen who are investigating the C.I.A. are those whose offices were infiltrated, for they surely are receiving sensitive, highly secret material.

Mr. Lucom said it appears that either President Ford or Secretary of State Henry Kissinger were the top officials who ordered the concealment of the Communist infiltration in the Senators' offices after Vice President Rockefeller had promised Senator Goldwater he would print the story in his commission's CIA report. More likely, it was Kissinger who ordered the concealment because NEWSWEEK magazine recently reported in its "Periscope Section" that Secretary Kissinger had "excised and cut out a great deal of material about Soviet spying on the United States out of the CIA Report." "If true," said Lucom, "such concealment from the public by the Secretary of State calls for Kissinger's resignation from office. Such a continuation of the Watergate coverup mentality by Kissinger has no place in a democracy and must be stopped."

Senator Goldwater said "the Soviet espionage in this country is so fantastically larger than what we do that there's no way to talk about it. They have our country absolutely infiltrated. I would say every major industry, every major business; they know what's going on in the committees of Congress. Every once in a while in the Armed Services Committee I'll see the Russian equal sitting out there. Once in a while someone will say, 'If there's anything you're not understanding'—just want to make him feel at home. We couldn't do that in Russia."

Mr. Lucom asks "who on the Armed Services Committee is inviting Communists to sit in on its meetings."

He also says that Senator Goldwater's statements on Communist infiltration and espionage are corroborated as Communist policy by John Barron in his book, "KGB, the Secret Work of Soviet Secret Agents." This book (Reader's Digest Press, distributed by E. P. Dutton & Co., Inc., 1974) describes as follows: "KGB training manual entitled "The Practice of Recruiting Americans in the USA and Third Countries." The format states the manual was 'published in accordance with the plan for editorial publishing work of (KGB Higher) School 101, approved by the leadership of the First Chief Directorate of the KGB under the Council of Ministers, USSR. The authors are identified as Y. M. Bruslov, N. S. Skvortsov, L. A. Byzov, V. M. Ivanov, and N. G. Dyukov. The manual specifies the more important KGB targets in the United States; outlines, step by step, the methods the KGB customarily employs in recruiting Americans. . . .' "

"The basic targets of our (KGB) agent penetration (operations) are as follows: The President's Cabinet and the National Security Council. The State Department, including its representatives in New York, the U.S. delegation to the U.N., the Passport Office of the State Department, etc. The U.S. Department of Defense (Pentagon), the military intelligence organs of this department, and the Permanent Military Group of the NATO Staff in the U.S. The Central Intelligence Agency and the Federal Bureau of Investigation. The National Association of Manufacturers, and the most important monopolies and banking houses, which have a direct influence on the U.S. government. The most important scientific centers and laboratories;. . ."

"The governing organs of the leading political parties in the U.S. and other influential public and political organizations—trade unions, youth, journalistic, etc; . . ."

"Soviet intelligence can accomplish this task successfully with the aid of a competent agent network capable of obtaining the secret information in which we are interested. The acquisition of such an agent network in the countries of the principal adversary, particularly in the U.S. (capitalization supplied), is the most important operational task of Soviet intelligence."

Mr. Lucom points out that although Senator Church promised on June 18 to investigate KGB activities in the United States, almost four months have elapsed and Senator Church has yet to hold one public hearing investigating the KGB. Instead, Senator Church is constantly criticizing the CIA but not the KGB. Senator Church's failure to do so, according to Mr. Lucom, shows the need for the House of Representatives to reactivate the House Internal Security Committee as well as a re-invigorated Senate Internal Security Committee which can keep the American public constantly informed on such subversion in the United States so the public will not unknowingly support Communist propaganda operations through the Communist "United Fronts." Also, a select Committee of both houses—similar to the Watergate Committee—should be established to thoroughly investigate the full extent of the subversion described by both Senator Goldwater and Barron's book, "KGB, The Secret Work of Soviet Agents."

"The voters have a right to know," states Mr. Lucom. "It is only through such concealment of Communist subversion and propaganda fronts that uninformed voters are deceived into supporting Marxism-Leninism." Mr. Lucom goes on to say, "Communism is the cancer of freedom and no one knowingly would vote for cancer to kill his own freedom or the United States."

Mr. Lucom specifically calls for Mrs. Katherine Graham, Publisher of the Washington Post, Mr. Joe L. Albritton, Publisher of the Washington Star News, Mr. Arthur Sulzberger, Publisher of The New York Times, Mr. Otis Chandler, Publisher of the Los Angeles Times; also, Mr. Wes Gallagher, General Manager of the Associated Press, Mr. Roderick Beaton, head of the United Press, Mr. Herbert Schlosser of National Broadcasting, Mr. William Paley, Chairman of the Columbia Broadcasting System and Mr. Richard Salant of CBS News, Mr. Leonard Goldenson, President of the American Broadcasting System, Mr. Edward Little, President of Mutual Broadcasting System, as well as many other top media leaders, to assign investigative reporters as they did in the Watergate matter—to investigate—and report to the American people the names of the seven to nine Senators' offices infiltrated; the material of Soviet spying in the United States Secretary Kissinger is reported to have suppressed from the Rockefeller Report on the CIA; and any other information the CIA, the FBI, and any other intelligence agencies have of such Communist infiltration in the United States because it "might disturb delicate negotiations with the Communists."

Mr. Lucom says it is this erroneous, insecure coverup policy which has allowed the Soviet subversion to be so successful in the U.S.

As Abraham Lincoln said: "Let the people know the facts, and the country will be safe."

SECRETARY OF THE ARMY SPEAKS AT FORT STEWART-HUNTER ARMY AIRFIELD

HON. BO GINN

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. GINN, Mr. Speaker, the Honorable Martin R. Hoffman, our distinguished Secretary of the Army, recently presided over the activation ceremony of the 24th Infantry Division at Fort Stewart-Hunter Army Airfield, Ga.

I am very proud of the fact that the 24th Division is making its home at Stewart-Hunter within the First Congressional District of Georgia which I have the honor of representing.

The 24th Division bears a vital role in our Nation's defense, and I have great pride in the division because I have had the opportunity to see firsthand that the safety of the United States rests in the hands of the finest men and women in the Nation.

Secretary Hoffman made note of the great accomplishments in the past and the great future that lies ahead for the 24th. The Secretary is one of the most incisive men in our Government, and I would like to place his remarks in the RECORD at this point for the benefit of my colleagues:

Remarks by Hon. Martin R. Hoffman, Secretary of the Army at the Activation Ceremony of the 24th Infantry Division, Fort Stewart, Ga.

Governor Busbee, Senator Talmadge, Senator Nunn, Representative Ginn, Distinguished Guests, Ladies and Gentlemen, Men and Women of the 24th Division: We are gathered here for an auspicious event today in the 201st year of the life of the United States Army. It is a renaissance today of a part of American history and of the Army's history. The Taro Leaf Division—the fighting 24th—returns again to the active rolls of the Army. This is truly a significant day for the Army and for the Nation.

Today's modern Army is moving toward a force of 16 active and 8 National Guard divisions: A fully manned, combat-ready force. Our actions here today mark dramatic progress toward that goal. And it is fitting that this division, which is so important and integral a part of that 24-division total force, carries the designation as the 24th Division.

It has been said—and wisely—that those who will not learn the lessons of history will be required to repeat them. This is true of nations, it is true of organizations, it is true of individuals. And so I will address briefly the history of this Division in certain aspects that bear directly on the present and the future, and on our goals for the U.S. Army.

The 24th Division was born at Schofield Barracks, Hawaii, just 68 days before the Japanese launched the surprise attack against Pearl Harbor which sent the Nation into nearly 4 years of global war.

History reminds us that it was the men of the Taro Division who fired some of the first rounds of World War II and gave up the first dead to the threat against our freedom. On December 7, 1941, Japanese fighters strafed the unwarned men of the 24th. When the Day of Infamy was over, 8 members of the 24th had given their lives. But the ground fire of the 24th had brought down 5 enemy fighters. It was evident that the newborn 24th Division was a real fighting organization.

In April, 1944, after months of preparation, the 24th scrambled over the ramps of landing crafts at Tanamerah Bay to liberate Hollandia, New Guinea. The Division hit the beaches again at Leyte on October 20th. Philippine residents greeted the 24th with shouts of "Victory," producing that new nickname for the Division. It was there on Leyte that the commander of the 34th Infantry—Colonel "Red" Newman—immortalized the image of the U.S. Army Infantry when he called to his men pinned down by small arms fire: "Get the hell off the beach; follow me." Today, "Follow Me" continues as the spirit of the Infantry, as the heritage of the 24th Division, and as a way of life for the modern American soldier. We are indeed proud to have Colonel, and now Major General (Retired), Newman with us her today.

In December 1944, the Victory Division again hit the beaches—this time on the rocky coast of Mindoro. The 24th then sailed south to Mindanao, marched more than 100 miles across that last Japanese stronghold in the Philippines, and was mopping up enemy resistance when the war in the Pacific ended. The Division then settled into occupation and garrison duty in Japan.

In June 1950, the North Koreans threatened the right of South Korean self-determination. Pouring down from the north, they threatened to push the South Korean Army into the sea. The United Nations—led by the United States—determined to repel the assault, but time was needed to marshal the necessary forces. A foothold—at least—had to be held for the building of the UN combat power. The 24th was understrength and garrisoned in Japan, but they were the closest—and LTC Charles B. Smith took his small task force to Korea to stop the enemy and to buy time. Task Force Smith and the remainder of the 24th that was later landed at Pusan paid the high price of a nation forced to go to war unprepared. But the 24th Division held the foothold and joined the push north until the Armistice of 1953.

The Victory Division stayed in Korea to guard the South Korean nation against another attack.

I have spent some time this morning going over the history of the 24th to relate some brief glimpses of the proud heritage that goes with the Division Colors you are now charged with forwarding. But I also wish to dwell with you on a lesson we must strive to learn and retain, for ourselves and for the Nation—the lesson of preparedness. Twice, the 24th Division has felt the effects of the Nation's unpreparedness for war. They were the first to fight. Unpreparedness cost lives at Schofield Barracks, but fortunately the enemy could not press the attack.

After World War II, as a nation we again ignored the lessons of history and demobilized into a weak, understrength, and ill-prepared garrison Army. When aggression threatened Korea, the 24th Division, though understrength and undertrained, answered the Nation's call.

I hope and trust—and I know the Members of the Congress here with me today join me in the hope that the activation of the 24th Division here today is a bellwether. As part of a combat-ready, 24-division force, it will stand guard over the cause of world freedom. This Nation must never again by its unpreparedness tempt a foreign power to act against it by force of arms.

The modern 24th must, and I know will, remain true to the honor and valor of the men who have gone before. We live in an era of modern technology when the essential requirement of any future conflict will be to win and win decisively the first battle. This is your challenge, men and women of the 24th. You must, in justice to your history and to the Army's mission, maintain readiness exemplary in our modern Army.

The activation of this Division thus carries a clear message to our allies and to those who may seek to test the Nation's will in some future contingency. The Army will be ready—to move, to stand, and to fight—and to win the first engagement. God willing, the Nation will remain strong and free and will not again be forced into armed conflict. Our readiness will provide the strongest deterrent against that possibility. But should the call to battle sound, the 24th and the United States Army will be ready.

DRUG-RELATED CRIMES AGAINST PHARMACIES

HON. JOEL PRITCHARD

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. PRITCHARD. Mr. Speaker, I would like to bring to the attention of my colleagues the upward spiral of drug-related crimes against pharmacies. In fiscal year 1973 there were 4,333 such offenses nationwide. By the end of fiscal year 1974, the number of these crimes per annum has increased by 45 percent to 6,320—or an average of over 125 offenses in every State.

The unusual growth in pharmacy burglaries and robberies correlates with the implementation of the Controlled Substances Act and the Federal crackdown on illegal drug trafficking. While the stricter enforcement of these laws on the Federal level has created a void in drug supply nationwide, many fear this void is being filled by the spiral in drug-related crimes against pharmacies.

To reverse this trend, the gentleman from North Carolina (Mr. Hefner) has drafted legislation, supported by the National Association of Retail Druggists, which would make the robbery or burglary of a retail pharmacy a Federal offense.

This measure, which I have cosponsored, provides a penalty of imprisonment for up to 5 years or a fine of up to $5,000, or both, for breaking and entering into a retail pharmacy with intent to steal a narcotic or other controlled substance.

A drug-related offense against a retail pharmacy, while armed, would subject the offender to a fine of up to $10,000 or imprisonment for a minimum of 2 years and a maximum of 25 years, or both. In the commission of such a crime, if the criminal should kill or maim any other person, the minimum sentence will be set at not less than 10 years with a maximum of life imprisonment.

In addition to providing added deterrence, making drug-related crimes against retail pharmacies Federal crimes would provide additional law enforcement assistance to State and local authorities.

Mr. Speaker, because this legislation is meritorious, I commend it to the attention of my colleagues, and insert the text of H.R. 9914 at this point in the Record:

H.R. 9914

A bill to amend the Controlled Substances Act to provide penalties for persons who obtain or attempt to obtain narcotics or other controlled substances from a retail pharmacy by force and violence, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Controlled Substances Act (21 U.S.C. 801 et seq., Public Law 92–513) is amended by inserting immediately following section 411 (21 U.S.C. 851) thereof the following:

"THEFT AND OTHER CRIMES TO OBTAIN NARCOTICS OR OTHER CONTROLLED SUBSTANCES

"Sec. 412. (a) It shall be unlawful for any person—

"(1) to break and enter the premises of a retail pharmacy with the intent to steal, or otherwise obtain by unlawful means, a narcotic or other controlled substance; or

"(2) to obtain, or attempt to obtain, from or within the premises of a retail pharmacy, by force or violence, a narcotic or other controlled substance.

"(b) Any person who violates subsection (a)(1) shall be fined not more than $5,000 or imprisoned for not more than twenty years, or both such fine and imprisonment.

"(c) Any person who violates, or attempts to violate, subsection (a) while armed, or by assaulting any person, or by putting in jeopardy the life of any person by the use of a dangerous weapon or device, shall be fined not more than $10,000 or imprisoned for not less than two years and not more than twenty-five years, or both such fine and imprisonment.

"(d) Any person who, in violating or attempting to violate subsection (a), kills or maims any other person shall be imprisoned for not less than ten years nor for more than life.".

SEC. 2. The table of contents of the Comprehensive Drug Abuse Prevention and Control Act of 1970 is amended by inserting after the item relating to section 411 the following:

"Sec. 412. Theft and other crimes to obtain narcotics or other controlled substances.".

RESOLUTIONS PASSED BY THE ANNUAL CONVENTION OF THE NATIONAL LADIES AUXILIARY, JEWISH WAR VETERANS OF THE U.S.A., INC.

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. LONG of Maryland. Mr. Speaker, the legislation chairman for the Maryland Ladies Auxiliary of the Jewish War Veterans of the U.S.A., Mrs. Pearl Sneiderman, has made available to me three important resolutions passed by the Ladies Auxiliary's 48th Annual Convention.

These three resolutions, citing the plights of Syrian and Soviet Jewry and responding to spiteful criticism of Israel at a recent U.N. conference are statements which I call to the most serious attention of the Congress.

The texts of the resolution follow:

RESOLUTIONS PASSED AT 48TH ANNUAL CONVENTION

SYRIAN JEWS

Whereas: The plight of the Jewish citizens of Syria who are being persecuted by the government of that country,

Be it resolved: That the National Ladies Auxiliary of the Jewish War Veterans of the U.S.A. call upon President Ford to intervene personally, urging the President of Syria to cease all persecution and to insure their human rights and dignity and to request the Syrian government to permit the immigration of Syrian Jews. We further urge Secretary General of the United Nations to urge the Syrian government to comply.

SOVIET JEWRY

Whereas: Every indication points to continued deterioration in the status of Jews in the Soviet Union and Jewish emigration from the USSR declined further in the past year to about half of the 1973 figure; and

Whereas: Official harassment of Jews seeking permission to leave continues as authorities impose severe prison sentences on Jews arrested for trumped-up charges while additional new impediments and intimidations are contrived to deter others from applying;

Whereas: Gifts from abroad to Soviet citizens are newly subjected to a monstrous tax as Soviet authorities take further aim at Soviet Jewish activists fired from jobs and denied employment once they have applied for exit visas and survive only through financial assistance from Jews from other countries;

Whereas: the refusal of Brezhnev and his colleagues in the Soviet leadership to discuss jointly emigration with visiting American delegations of Senate leaders;

Whereas: clearly the challenge to create movement within Soviet policy requires all the ingenuity and compassion the world Jewish community is able to muster,

Be it resolved: that the Ladies Auxiliary of the Jewish War Veterans of the U.S.A. pledges its participation in programs aimed at sustaining the morale of Soviet Jews whether by personal visits, communications or public protest;

Be it further resolved: that we urge our Government to stand fast in its commitment to human rights by persisting in its efforts to negotiate a new agreement with the Soviet Union which would make possible increased emigration.

INTERNATIONAL WOMEN'S YEAR

The delegates assembled voted to affirm the position of the Leadership Conference of National Jewish Women's Organizations, of which the National Ladies Auxiliary of the Jewish War Veterans of the U.S.A. is a member, and which represents over 1,000,000 women in the United States, to express sharp disapproval of the ill-founded criticism and gross distortion of Israel's position at the recent Mexico City UN Conference on International Women's Year. The equation of Zionism in the Declaration of Mexico with colonialism, apartheid and other forms of oppression was excoriated. We express condemnation that in another resolution at this world conference of the IWY, Israel was falsely accused of violations of fundamental human rights against Palestinians and all States and international organizations were urged "to extend assistance" to Palestinians "in their struggle against Zionism." We regret that the value of the Mexico City Conference was so greatly diminished by these erroneous and prejudiced attacks upon both Israel and Zionism. These incidents are part of a recent chain of most unfortunate and reprehensible abuses in which numbers of Arab, Third World and developing nations have spearheaded actions in the UN which are meant to isolate Israel. Such deeds can only lead to a weakening of the UN which reduces for all nations and peoples the opportunities for peace, equality and development, to which should be added security and justice.

The National Ladies Auxiliary of the Jewish War Veterans of the U.S.A., along with the Leadership Conference of National Jewish Women's Organizations, appreciates the unwavering stand of the United States delegation in voting against unfair statements directed toward Israel in Mexico City. We shall continue to educate our members on the World Plan of Action adopted for the International Women's Year and to strive for the rights and advancement of women in all areas of social, political, economic and educational life, as well as to struggle for their equal opportunity in decision making with men for the benefit of all. At the same time, we shall also seek, through governmental and organizational approaches, to educate men, women and governments on the facts about Israel's stand for a just peace of security and development for herself and all peoples and nations in the Middle East.

POVERTY INCREASED IN 1974

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. DRINAN. Mr. Speaker, I would like to call to my colleagues' attention the shocking results of the 1974 Census Bureau report on "Money Income and Poverty Status of Families and Persons in the United States."

Most alarmingly, the report states that in 1974 the poverty population was 1.3 million, or 5.6 percent higher than the 1973 figure. Moreover, the real earnings of full-time workers decreased by 4 percent between 1973 and 1974. This dismaying decline is due to the substantial—11 percent—inflation which occurred during this period and which in many parts of the country continues unabated.

The report states further that there was an incredible 8 percent increase in the number of children—persons aged 14 to 18—living below the poverty level—from 9.5 million in 1973 to 10.2 million in 1974, even though the number of children in the total population actually decreased.

There was also noted a 7-percent increase in the number of poor persons under age 65 since 1973. However, the number of low-income persons 65 years and over did not change significantly. This was the first time that the number of aged poor did not decline since 1970, when substantial increases in social security benefits were enacted.

The 1974 poverty level was set at $5,038 for a nonfarm family of four. This meager figure is based on an Agriculture Department computation of minimum consumption requirements. The cost of this subsistence level is then multiplied by three, on the assumption that one-third of all income is spent on food.

Mr. Speaker, today over 24 million Americans—one of every eight men, women, and children in this country—are living in abject poverty. The implications of this statistic are compellingly clear. Sustained and effective assistance is desperately needed to halt the shameful depletion of our most precious natural resource—human beings.

The text of the Census Bureau Report follows:

MONEY INCOME AND POVERTY STATUS OF FAMILIES AND PERSONS IN THE UNITED STATES: 1974 (ADVANCE REPORT)

INTRODUCTION

The median income of all families in the United States was $12,840 in 1974, according to the results of the Current Population Survey (CPS) which was conducted in March 1975 by the Bureau of the Census. This figure represented an increase of about 7 percent over the 1973 median *family* income. However, after adjusting for the 11 percent increase in prices between 1973 and 1974,[1] the 1974 median in terms of constant dollars decreased by about 4 percent below the 1973 median. The survey also showed that there were about 24.3 million persons below the poverty level in 1974 ($5,038 for a nonfarm family of four) comprising 12 percent of the U.S. population.[2] Overall, the poverty population was 1.3 million or 5.6 percent higher than the 1973 figure.

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[1] The percentage increase in prices between 1973 and 1974 is computed by dividing the annual average Consumer Price Index (CPI) for 1974 by the annual average value of the Index for 1973.

[2] See page 3 for an explanation of the poverty definition.

MONEY INCOME IN 1974

The general downturn in the economy coupled with the substantial inflation which occurred between 1973 and 1974 contributed to a decline in real income for both white and black families.[3] The median income of white families was $13,360 in 1974, a decrease of about 4 percent below their 1973 median when expressed in constant dollars. Similarly, black median family income, estimated at $7,810 in 1974, decreased by approximately 3 percent in real terms, not significantly different than for whites.

Of the 55.7 million families in the United States in March 1975, 6.4 million or 11.5 percent received incomes of $25,000 or more in 1974. There were 15.8 million families (28.3 percent) with incomes between $15,000 and $25,000; 13.6 million families (24.4 percent) with incomes between $10,000 and $15,000; 12.7 million families (22.7 percent) with incomes between $5,000 and $10,000; and 7.3 million families (13.1 percent) with incomes below $5,000.

Men and women who were income recipients in 1974 had median incomes of $8,380 and $3,080, respectively. The 1974 median income for men, expressed in real terms, showed a decline of about 6 percent below the 1973 median. In contrast, the real median income for women did not show a statistically significant change between 1973 and 1974.

The impact of the recession has had an effect on the proportion of male—but not female—civilian income recipients who were year-round full-time workers. The percent of male income recipients who were year-round full-time workers declined from 58 percent in 1973 to 56 percent in 1974. The percentage for comparable women was about 30 percent in 1974, unchanged from 1973.

Although the median earnings of both male and female year-round full-time workers increased between 1973 and 1974, the substantial inflation which occurred during this period caused a decline in their real earnings. For men working year round full time, the median earnings in 1974 was $11,840. This represents a decline of about 5 percent in real terms below the 1973 median for comparable men. The median earnings for women working year round full time was $6,770 in 1974, or about 4 percent below the 1973 median in real terms. The difference between these rates of decline for men and women, however, was not statistically significant.

TABLE A.—NUMBER OF FAMILIES AND UNRELATED INDIVIDUALS BY TOTAL MONEY INCOME IN 1974

[Families and unrelated individuals as of March 1975]

Total money income	Number of— Families	Number of— Unrelated individuals
Total	55, 712, 000	18, 872, 000
Under $1,000	701, 000	1, 189, 000
$1,000 to $1,999	766, 000	2, 171, 000
$2,000 to $2,999	1, 489, 000	3, 231, 000
$3,000 to $3,999	2, 040, 000	2, 175, 000
$4,000 to $4,999	2, 305, 000	1, 526, 000
$5,000 to $5,999	2, 475, 000	1, 375, 000
$6,000 to $6,999	2, 478, 000	1, 202, 000
$7,000 to $7,999	2, 501, 000	1, 025, 000
$8,000 to $9,999	5, 203, 000	1, 613, 000
$10,000 to $11,999	5, 702, 000	1, 185, 000
$12,000 to $14,999	7, 879, 000	1, 047, 000
$15,000 to $19,999	10, 032, 000	923, 000
$20,000 to $24,999	5, 755, 000	
$25,000 and over	6, 384, 000	209, 000
Median income	$12, 836	$4, 439

CHANGES IN THE POVERTY POPULATION BETWEEN 1973 AND 1974

As a result of the pervasive decline in real income for persons and families, the number of poor persons increased by 1.3 million between 1973 and 1974. As shown in table B, white persons below the poverty level increased by 1.1 million or 8 percent since 1973, whereas sampling variability was too large to measure whether a change in the number of low-income blacks actually occurred. There was a 7 percent increase in the number of poor persons under 65 years since 1973, while the number of low-income persons 65 years and over did not change significantly. This was the first time since 1970, when substantial increases in Social Security benefits were enacted, that the number of aged poor did not decline. Social Security benefits increased at about the same rate as the Consumer Price Index during 1974.

Of the 24.3 million persons below the poverty level in 1974, about 19.4 million were family members, while the remainder were unrelated individuals (persons living alone or with nonrelatives). In 1974, there were 5.1 million families and 4.8 million unrelated individuals below the low-income level. Both of these figures represented increases from the 1973 levels. Increases in the number of low-income families were observed regardless of the sex of the head.

In 1973, there were 9.5 million related children under 18 years in families with incomes below the poverty level. Between 1973 and 1974 this figure increased by 8 percent to 10.2 million, even though the number of children in the total population decreased. The poverty rate for children, therefore, increased from 14.2 percent in 1973 to 15.5 percent in 1974.

These are some of the highlights obtained from the Census Bureau's Current Population Survey (CPS) of March 1975. The information was collected from the civilian noninstitutional population and members of the Armed Forces living off post or with their families on post in the United States. Unrelated individuals under 14 years of age are also excluded from this report. More detailed income and poverty data for families and persons will appear in separate reports in this series to be issued later this year. Furthermore, another report in this series will be issued which will show detailed income data for households.

SOCIALIZED MEDICINE—OR, MAKE THEM ALL WAIT IN LINE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. McDONALD of Georgia. Mr. Speaker, what are the goals of socialized medicine? Are they quality health care for all, as proponents of national health insurance proclaim? Or are they the exact opposite: the absolute guarantee that no one will receive quality health care?

Frankly, I believe that most people, particularly the proponents of socialized medicine, realize that the latter is true and the former is merely a rationalization. This is simply too obvious in both theory and practice to be a mere mistake.

Proclaiming that everyone has a "right" to medical care, the egalitarism haters of human individuality and freedom proceed to put this into practice. Is their goal quality health care for all? Consider what their theory entails. If health care is a "right," then the Government must protect this right by insuring that it is provided to everyone. But since quality health care is provided by highly trained and highly skilled professionals, and not by nature, the Government then has to point its gun at the medical profession: "Provide *quality* health care on our terms, or else." But since human beings are not automatons and do not like or respond to slavery, the result is a flight from the medical profession by its best practitioners.

At the same time, told that health care is a "right" and is "free", people clamor for their fair share and the demand for medical services increases sharply. This increased demand coupled with the decreased supply resulting from the flight of physicians causes costs to skyrocket. The Government, attempting to control these runaway costs, begins rationing and standardizing health services. The end result: more patients, fewer doctors, less time for diagnosis and treatment, and a new phenomenon for patients used to private health care: standing in lines which grow longer and longer. And woe be unto him who wants real quality health care and commits the egalitarian sin of cutting in line.

For those who think this is not what the theory leads to in practice, consider the following article about the British Natonal Health Service which appeared in the Washington Post on October 13, 1975. Doctors are leaving Great Britain in droves for the United States, for higher earnings and for freedom to practice their profession. As for the patients, they are waiting in line for up to a year for a hospital bed so they may have a needed operation. As for those who may attempt to go to a private practitioner for their operation, the British Labor Party has plans to reserve all beds in public hospitals for public patients. The Labor Party "will no longer tolerate a system under which a health service patient may wait a year for a bed while a feepayer can jump the line."

So there you have it, an egalitarian's delight. In Britain the goal of quality health for all has reached its logical conclusion: The guarantee that no one will receive prompt, quality care. Unless, undoubtably, one has political pull. If a man works hard all his life and saves some money to pay for the operation of a loved one, well that is just tough. Who does he think he is? Let him wait in line like everybody else. They are all wards of the State. Make them all wait in line!

The article follows:

[From the Washington Post, Oct. 13, 1975]

U.S. Pay Lures British Doctors—Conservatives Deplore Medical Brain Drain, Stir Political Row

(By Bernard D. Nossiter)

London.—Our family doctor here was earning about $14,000 three years ago from private and National Health Service patients. He was saddled with a mortgage, fees for three children at private schools and the stiff British tax rates.

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[3] The decline for black families is statistically significant at the 90 percent confidence level. See section on "Source and Reliability of the Estimates."

When a group of businessmen in Lubbock, Tex., guaranteed him about $35,000 a year to emigrate, he did not hesitate long. Lubbock may not be as salubrious as London, but the money lure was too great.

His story is being replayed all over Britain, and the doctor drain has become the source of the latest row between the well-organized medical profession and Barbara Castle, the veteran Labor Party minister who runs the Health Service.

Neatly timed to coincide with the Conservative Party conference, right-wing papers here have been telling with relish accounts of specialists who are leaving for double and triple the pay in Houston, Dallas, Los Angeles and elsewhere. Almost to a man, these doctors are saying that it is not the money but the research equipment or the freedom to practice without bureaucratic interference or something equally high-minded that is drawing them. Nevertheless, they somehow cannot help talking about the much bigger pay.

The new Tory leader, Margaret Thatcher, exploited these tales with skill in Blackpool Friday. "Stay here," she cried out to the migrants. "Stay and help us defeat socialism so that the Britain you have known may be the Britain your grandchildren will know."

Reliable statistics on the doctor drain are not available here. Dr. Derek Stevenson, who heads the British Medical Association, said he believes that the outflow ranges from 100 to 450 a year, with an average of about 300. But he concedes he does not really know. He insists, however, that there are 800 vacancies for specialists in British hospitals, and this points to a troubling shortage.

At the ministry, Castle's chief deputy is a capable member of Parliament who is also a physician, David Owen. Like Stevenson, he suspects that the drain is increasing, but he cannot document his suspicions.

Castle says she has counted 106 specialists and senior medical men who left in the year ended Sept. 30. That is nearly 1 per cent of the 11,300 persons in these categories. But this number is not very helpful either. It does not take into account those coming into Britain from India, Pakistan and other places, nor does a one-year figure offer any clue about the trend.

Despite the absence of reliable data, Stevenson insists that the drain "is going to hit us very hard in the next few months." He readily acknowledges that the doctors "want to go where the grass is greener."

Not only is pay lower, but taxes are much harder to dodge in Britain, where most fees are channeled through the Health Service and very few transactions are in cash. Stevenson claims that the Labor government's threat to private practice is the real spur. About one-third of Britain's specialists work only part-time for the Health Service and take fee-paying patients on the side.

At the Ministry of Health, Owen retorts that this is a false issue, that he and Castle firmly believe in preserving choice. He gives visitors a document that states, "the philosophy of a democratic society is one which allows for minority views, tastes and practices."

But Labor's plan to convert all beds now reserved for private patients in public hospitals into public beds has outraged the British Medical Association.

Stevenson argues that confining private patients to private hospitals will wreck private practice. There are few private hospitals in rural areas, and surgeons and patients would have to travel miles for an accommodation. Moreover, complex sophisticated surgery is virtually impossible to perform in private hospitals. Doctors want to preserve beds for their well-heeled clients in the medical centers of excellence.

"Private practice," says Owen with a classic socialist argument, "distorts the allocation of scarce resources, distributing them in terms of ability to pay."

Owen and others in the Labor Party will no longer tolerate a system under which a Health Service patient may wait a year for a bed while a fee-payer can jump the line.

Any backsliding by Labor on this one will be hard. There have been several strikes in the past year by nurses and non-professional workers who refuse to serve private patients in public hospitals. The medical unions are forcing the government's hand.

"A woman hospital worker told me of her husband, out of heavy labor for months, waiting for a hernia operation," Owen said. "This woman has seen several private patients come into the theater for the same operation. She is embittered."

For Stevenson and the medical association, this is just another instance of a government knuckling under to unions. "Who is running the country?" he asks. "The government isn't governing."

To counter the doctor drain, Owen is planning to expand Britain's medical schools and encourage more women to become doctors. Medical school enrollment is about 3,300 students annually now, and Owen hopes to find money to enlarge this total to 4,000 by 1980. Stevenson scoffs that there are not enough teachers and that any such program would take 10 years to affect the situation.

The real point is that Britain is now tightening its belt and trying to check a raging inflation and will have no funds for any Health Service expansion for the next few years. Indeed, Owen and Castle will have to struggle to maintain the present buying power of their $8 billion budget.

THE ARAB ECONOMIC BOYCOTT

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. SCHEUER. Mr. Speaker, for several months I have been trying to focus the attention of my colleagues on the triple-pronged boycott which for years has been conducted by the Arab nations. First, the boycott is aimed at the State of Israel and at the American firms which have Jewish owners or employees, or which trade with Israel. Additionally, the boycott is directed at American firms which are doing business with other American firms which are allegedly doing business with Israel—a classic case of the thoroughly illegal secondary boycott.

After much study, in April of this year I urged Chairman John Moss of the Investigations Subcommittee of the Interstate and Foreign Commerce Committee to involve our subcommittee in this crucial issue because of the serious implications it holds for American commerce abroad. Subsequently, when Commerce Secretary Rogers C. B. Morton appeared before our subcommittee on September 22 in an attempt to defend his refusal to supply the subcommittee with subpenaed boycott materials, I repeatedly asked the Secretary to give us answers in three distinct problem areas.

First, when U.S. companies reported to the Commerce Department that they had been asked to participate in the Arab boycott, why, I asked Secretary Morton, didn't the Commerce Department insist that these firms also report whether or not they planned to knuckle under to these boycott requests?

Second, when U.S. companies totally ignored the legal requirement that they report to the Commerce Department boycott-related queries from Arab sources, and declined to file any information at all—in clear violation of a criminal statute—why weren't these cases turned over to the Justice Department for prosecution? For example, companies such as National Cash Register, which refused even to file the innocuous reporting form for a decade, suffered nothing more than a piddling administrative fine of $1,000 for ignoring their legal obligation to report during that entire period.

Third, I asked the Secretary, why were those firms which refused to file reports as well as those which filed reports—either indicating or failing to indicate their intentions to participate in the boycott—given a secure cloak of secrecy by the Commerce Department, whose mission supposedly is to safeguard the interests of the American people—not to protect American companies that are directly and repeatedly flaunting our clearly stated national public policy?

In a letter to Chairman Moss and myself 3 days after the September 22 subcommittee hearing at which he testified, Secretary Morton stated that—

> Congressman Scheuer noted that it would be desirable for the Department to know which companies complied with the boycott-related request and which did not.
>
> In response to Congressman Scheuer, I indicated that I had been considering whether the answer to Item 10 (regarding the corporation's intent to comply with the boycott request of our reporting form should be made compulsory.

"Henceforth, information as to whether or not an exporter intends to comply with a boycott-related request should be made on a mandatory basis" by the Commerce Department's Export Administration, effective October 1, 1975.

This clearly is a significant step toward eventually breaking the Arab boycott, for until now, U.S. firms have not been required to disclose whether they planned to participate in the boycott.

I also questioned Secretary Morton on the Department of Commerce reporting forms for exporters. These forms inform the reader that it is our national policy to oppose the boycott, in the following language:

> It is the policy of the United States to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States.

The following sentence, however, amounts to an administrative wink at this policy, by stating:

> All U.S. exporters of articles, materials, supplies or information are encouraged and requested to refuse to take, *but are not legally prohibited from taking*, any action, including the furnishing of information or the signing of agreements, that has the effect of furthering or supporting such restrictive trade practices or boycotts (italics supplied).

Certainly that weasel-worded sentence made a mockery of our policy of opposition to the boycott and clearly signaled business executives that they were free to cooperate with the boycott. Secretary Morton, in response to my questioning during the September 22 subcommittee hearings, changed the Department's policy so that it now requires all firms reporting Arab boycott requests to inform the Department whether they intend to comply with the Arab boycott requests by eliminating the limpid language:

> Completion of the information in this item would be helpful to the U.S. Government but is not mandatory.

In addition, the Secretary has also eliminated from the form the offending phrase—

> but are not legally prohibited from taking . . .

The next step, as Secretary Morton is aware, is for all firms that have filed in the past, but failed to indicate their intention to abide or not to abide by the Arab boycott, to be required to refile and to state whether or not they intended to comply with the boycott request, as U.S. firms currently reporting for the first time are now required to do. Then, Congress must be informed by the Commerce Department, one way or another, as to the identity of the American firms which have bowed to the Arab boycott requests.

Mr. Speaker, the Arab boycott is offensive to every standard of decency and morality we cherish. It is illegal under numerous American laws pertaining to unfair trade practices and illegal competition, harmful to our national trade and demeaning to our stature among the nations of the world. It has been a shadowed feature of the Middle East conflict for many years. Recently, however, the impact of the boycott on U.S. business firms has increased dramatically as the Arab nations have begun to utilize their enormous new oil wealth—and the raw economic clout which accompanies it. American businessmen who wish to deal with the Arabs now have to reckon with the boycott.

This Arab boycott extends not only to the State of Israel itself, but also, as I have stated, to American firms doing business with Israel, to firms which have Jewish executive or employees, and to firms which are doing business with other American firms which allegedly are doing business with Israel. The boycott has been consistently denounced by Congress and various administrations. It pits American businessmen against each other, citizen against citizen. American business firms hesitate to conduct business with other U.S. firms which trade with Israel or which have Jewish owners or even Jewish employees. Clearly, the Arab boycott is a frontal assault on our basic democratic principles.

Democratic and Republican administrations alike, despite our firm public posture in opposition to the boycott, have systematically violated this policy and, in effect, have acquiesced and supported the Arab boycott.

I submit for the interest of my colleagues some of the significant correspondence showing developments in our investigation of the boycott, including Secretary Morton's letter in which he states that in response to my questions, he is now requiring U.S. firms to report their intent to cooperate or not to cooperate with the boycott.

I would also like to inform my colleagues of some of the issues which are involved in the impending move to cite Secretary Morton for contempt of Congress. This contempt citation is the appropriate response to his refusal to provide our subcommittee with information we vitally need in doing our legislative work and the people's business.

We have asked for and we are determined to obtain specific information—first, as to which companies have been approached by the Arab nations, and second, whether or not they are participating in the Arab boycott.

When we are able to analyze this information, we can then quantify the damage done to our economy, to relations between fellow Americans and to our standing among the civilized nations of the world.

Then we will be able to address the challenge of ending by the legislative process the bizarre circumstances which permit a foreign state or corporation to coerce an American corporation to boycott and discriminate against another country with which we are at peace—as well as against other American corporations—in flagrant violation of the U.S. Constitution, our domestic laws, and our oft enunciated foreign policy.

I include the following material:

Request For Inquiry Into Arab Boycott

Washington, D.C.,
March 19, 1975.

Hon. John Moss,
Chairman, Committee on Interstate and Foreign Commerce, Subcommittee on Oversight and Investigations, Rayburn House Office Building, Washington, D.C.

Dear Mr. Chairman: I am concerned about the repeated, serious and reliable reports of Arab boycotting and economic discrimination against Jewish and other members of the U.S. business community, both at home and abroad.

In this regard, I am enclosing a copy of a February 25, 1975 letter and enclosure I received from the Chairman of the Securities and Exchange Commission, together with selected clippings from the *New York Times* and *Washington Post*, as well as an article from *Newsweek*.

I would appreciate your giving consideration to having the Subcommittee on Oversight and Investigations conduct an inquiry into the facts of this matter, since it clearly falls within the jurisdiction of the Interstate and Foreign Commerce Committee.

Such hearings could elicit testimony on possible violations of Federal anti-trust statutes, as well as the adequacy of enforcement of existing statutes, and the need for additional legislation.

If you approve, I will get in touch with knowledgeable members of the business community to elicit as many accurate, pertinent reports as possible for the use of the Subcommittee.

In the interim, subject to your approval, I shall also query the Securities and Exchange Commission on what concrete action the National Association of Securities Dealers has taken with respect to the Arab boycott; what reports the Securities and Exchange Commission has received from Treasury Under Secretary Jack Bennett and from the Justice Department; what further information on this matter the Securities and Exchange Commission itself has developed; and, finally, to explore more fully the Commission's own authority under the Federal securities laws to help on this matter.

Again, John, I should be very grateful for your leadership on this matter. The Subcommittee could provide an ideal hearings and investigation forum. The United States must not become a battle-ground for Arab economic warfare.

With every warm best wish,
Yours,

James H. Scheuer,
Member of Congress.

Request to SEC by Chairman Moss

Washington, D.C., *April 7, 1975.*

Hon. Ray Garrett, Jr.,
Chairman, Securities and Exchange Commission, Washington, D.C.

Dear Mr. Garrett: Congressman Scheuer of New York has told me of his deep concern over what he describes as the repeated, serious and reliable reports of Arab boycotting and economic discrimination against Jewish and other members of the U.S. business community, both at home and abroad.

Congressman Scheuer was kind enough to furnish me with a copy of your letter to him of February 25 in this regard, a copy of which I am enclosing for your ready reference. I should deeply appreciate your furnishing me with a detailed, current report on this matter, making specific reference to whatever concrete action the National Association of Securities Dealers has taken with respect to the alleged Arab boycott.

It might also be helpful to learn what "authority under the Federal securities laws" the Commission does have "to control the composition of financing syndications" as such authority relates to any such boycott.

May I have your judgment on the adequacy of the NASD's action as well as any recommendations you may have for additional legislation? Please call Chief Counsel Michael R. Lemov, or Special Assistant Richard Falknor, at 225-4441, if you have any questions.

Sincerely,

John E. Moss,
Chairman,
Oversight and Investigations Subcommittee.

Request to Treasury Department by Chairman Moss

April 7, 1975.

Hon. Jack Bennett,
Under Secretary for Monetary Affairs, Department of the Treasury, Washington, D.C.

Dear Mr. Bennett: Congressman Scheuer of New York has told me of his deep concern over what he describes as the repeated, serious and reliable reports of Arab boycotting and economic discrimination against Jewish and other members of the U.S. business community, both at home and abroad.

In this regard, I am enclosing a report from the Chairman of the SEC indicating that he has been in close touch with you in an effort to deal with this problem.

Would you kindly furnish me with an up-to-date estimate of this situation and any pertinent recommendations you may have?

Sincerely,

John E. Moss,
Chairman, Oversight and Investigations Subcommittee.

Opening Remarks by Chairman Moss at Subcommittee Hearing, September 22, 1975

Mr. Moss. Over the past few months, the subcommittee has been requested by many persons, particularly our colleague and subcommittee Member, the Honorable James H. Scheuer of New York, to commence an inquiry into the nature and scope of the Arab Boycott of American firms doing business with Israel. During the course of our preliminary inquiry, the subcommittee has communicated with the Chairman of the Securities and Exchange Commission, with the Department of the Treasury, and with the Department of Justice.

Excerpts From Testimony of Commerce Secretary Rogers Morton, Subcommittee Hearings, September 22, 1975

Secretary Morton. In carrying out its responsibilities, the Department administers a program involving licensing of exports and investigation of violations of statutory or regulatory requirements. Accordingly, the Department must, of necessity, obtain from individual exporters a considerable amount of commercial information on particular export transactions that is obviously of a very sensitive nature. Indeed, there are occasions when even the fact that a particular company is involved in an export transaction could, if available to the applicant's competitors, cause that company serious economic harm.

Moreover, the mere fact that a U.S. company is identified as trading with a particular country could subject that company to domestic pressures and economic reprisals. This may occur, even though such trade may be perfectly legal.

* * * * *

Mr. Scheuer. Mr. Secretary, you say that trading with the Arab countries and conforming to their requirements of providing information and perhaps refusing to deal with another American company doing business with Israel is legal. It may or may not be legal under our antitrust laws, but assuming it is legal, isn't it contrary to the clear public policy of the United States? Isn't it contrary to the urgings of our State Department and the Commerce Department that American companies not acquiesce to the Arab boycott? If it is clearly contrary to your instructions to them and to Presidential policy, State Department policy, and the policy of the Congress, then if they insist on flagrantly violating the declared pubilc policy of this country even though it may be legal to do so, why are they entitled to a cloak of secrecy in making the choice to cave in to the boycott threats and flaunt our national policy? Under present law they have the right to make that choice, perhaps, but why don't their stockholders have a right to know of their choice? Why don't their customers have the right to know of their choice? Why don't the consumers of America have the right to know of that choice and why doesn't the Congress of the United States have a right to know of that choice?

* * * * *

Secretary Morton. In answer to the Congressman's question, I think there is a lot of confusion about the extent to which these reports reflect cooperation with and participation in a boycott. Various sources have labeled these reports as a list of firms boycotting Israel, firms capitulating or surrendering to commercial blackmail, and I think these labels are for the most part inaccurate as I note in my statement.

The fact that a firm reports the receipt of a boycott request or even responds to it does not necessarily indicate cooperation with or the actual boycott. The factors such as market conditions in Israel, foreign competition and other things may dictate that the firm's market is in the Arab countries and not in Israel or firms may be trading with both Israel and Arab countries since the boycott does not preclude routine civilian trade with Israel. I do not believe that such a U.S. firm should be subjected to the risk of domestic sanctions for obeying the law and reporting boycott requests, particularly since it is lawful to trade with the Arab countries even where boycott requests are involved.

So, I think we get down to where you have to look at the law.

Excerpts From Testimony of Acting Deputy General Counsel Richard E. Hull—Commerce—Subcommittee Hearings, September 22, 1975

Mr. Scheuer. Mr. Secretary, as a very well-liked and respected former Member, you are more than welcome here today and we always enjoy the opportunity of chatting with you.

When you get these many hundreds of notices from each of the companies that have filed notice with you that they have been requested to provide information as to their intent to comply with the Arab boycott, what do you do? What is your response to those companies?

Secretary Morton. Let me ask Mr. Hull who is the General Counsel of the very area in the business that handles those reports to respond to your question and give you as much detail as you would like.

Mr. Hull. Yes, sir.

These reports are aggregated into statistical data—

Mr. Scheuer. Forget the aggregation. What do you do with firm "X" that notifies you they have been approached by the Arabs to comply with the demands of the Arab boycott?

Mr. Hull. It would depend if the nature of the request were one involving trade with Israel or one that would involve, as has been true in very few instances, an ethnic or religious type discrimination request.

Mr. Scheuer. Supposing it were that, or supposing it were their request for American company "A's" commitment not to do business with American company "B" as a condition of doing business with that particular Arab group if American company "B" were allegedly doing business with Israel; in other words, the classic secondary boycott that is a flagrant violation of our Federal Trade Commission regulations on unfair competition.

Mr. Hull. Your two examples are mixing what we would consider to be two different issues.

Mr. Scheuer. Okay.

Mr. Hull. Religious type question. For instance, and as I say, we have encountered, to the best of my knowledge, five of those, if it is a religious question we would report this to the Department of Justice immediately for full investigation and also to the Department of State.

Mr. Scheuer. Now, what do you do with those responses that simply state that they have been asked for information? What is your response to those individual firms?

Mr. Hull. Well, we don't respond to the firms because the firms are not writing us for advice, they have already been told by us what the U.S. policy is.

Mr. Scheuer. How have they been told by you?

Mr. Hull. We have regulations which contain the statement of policy of the Congress and under the Secretary's signature a personal urging on the part of the Secretary that firms not complying with these boycott-related type requests.

Moreover, the form on which these firms will report the boycott-related request will have at the top of it the statement of policy of the United States again urging and requesting these firms not to cooperate with it. So that to add a response when we receive the report would really be futile because we have already advised them of what the position is and what the Secretary of Commerce's position is.

Mr. Scheuer. You don't get in touch with them and tell them it would be against the public policy of the United States for them to comply with the demands of the Arab boycott?

Mr. Hull. Well, I would like, if I might, sir, to show you for the record a copy of the form and you will note that the form itself has this statement.

Mr. Scheuer. Could I see a copy of the form?

Mr. Hull. Yes, sir. As a matter of fact, it was attached in the letter to Chairman Moss dated July 24, but I will be happy to give you an additional copy if you wish.

Mr. Scheuer. Yes.

Mr. Hull. I would like to read the form at the very top which says: "Important. It is the policy of the United States to oppose restrictive trade practices for boycott fostered or imposed by foreign countries against other countries friendly to the United States. All U.S. exporters of articles, materials, supplies or information are encouraged and requested to refuse to take but are not legally prohibited from taking any action"——

Mr. Scheuer. May I interrupt you there? Do you know of any other form in which the United States urges a person or a corporation not to do something that is inconsistent with the public policy but in the same sentence tells them it is not illegal for them to do that? Our Government urges people to buy bonds or to do other things yet we don't tell them in the same sentence that they don't really have to do it, that the request isn't legally binding. When you tell them your request isn't legally binding, isn't that sort of winking at them and signaling them that you don't really mean it?

Mr. Hull. If we were to mislead them into thinking it was legally prohibited, we would have been inaccurately describing the law. Since the law does not prohibit them, we thought it was fair and straightforward.

Mr. Scheuer. When a company reports to you that they have been approached by the Arabs to conform with the boycott, they get no further word from you that this would be against public policy other than that printed form with the inherent wink in there that you have just read?

Mr. Hull. That and the fact that 15 Code of Federal Regulations contains a reprint of our regulations which also makes that statement.

Mr. Scheuer. You don't seem to want any information from those companies who have written and notified you that they have been approached by the Arabs. How about the companies that are doing business only with the Arabs and the other companies that are doing business only with the Israelis? For example, companies that are doing business with the Arabs but not with Israel like Chase Bank, Exxon, Texas Instruments. Do you ask them whether in their opinion the effect of the Arab boycott is to inhibit them from carrying on trade with Israel and do you ask companies like Motorola, Xerox, Zenith, Coca-Cola, Revlon, and others who are doing business only with Israel whether the effect of the Arab boycott is not to diminish the trade that they could do and would like to do with the Arab companies and whether as a result of the boycott there is not a significant diminution in the amount of our total foreign trade?

Secretary Morton. Well, I sent a letter to 30,000 different firms and if those companies that you mentioned were in those 30,000, I would assume they were. I can't give you the list of the 30,000 we sent to inform them of this policy. So I really don't think that just as a practical matter there are very many significant exporters who don't know what the policy of the United States is.

Mr. Scheuer. No, but have you asked what the result of the Arab boycott has been to their business and therefore to total U.S. foreign trade?

Secretary Morton. No, we have not. This is beyond the scope of our obtaining information, but we do monitor all aspects of foreign trade as you know.

Excerpts From Testimony on Boycott Participation, Subcommittee Hearings, September 22, 1975

Mr. Scheuer. You mentioned just a moment ago that the fact that a company is filing does not indicate that it is participating in the boycott. My problem is how you are exercising your discretion on this question as well as other questions. It seems to me an abuse of your discretion not to ask companies that tell you that they are filing, *not* to ask them whether they intend to comply with the boycott. That should be something that your Department ought to know. I don't understand how it is possible that you have not asked those companies whether they are knuckling under to the Arab boycott.

Secretary MORTON. We ask them but we have to make it clear, and maybe my lawyers here can address themselves to that, but their answer to this is optional.

Mr. SCHEUER. You could certainly require that they answer as to whether they are complying with the boycott which you have stated repeatedly is against the public policy of the United States.

Let me mention another instance in which I think you have abused your discretion.

Secretary MORTON. Let me get the first one. There is some legal question as to whether we have the authority to do it but I have instructed the Department to look at this to see if we can make this compulsory in answer to your question.

Mr. SCHEUER. It seems to me this is knowledge that you should have and that you should insist on having. Why have you used your discretion to cloak with a shield of secrecy not only the companies that have filed their answers and what they intend to do but also the companies that have flagrantly refused to file, that are stonewalling you and the Congress? They have not provided information which is covered by your confidentiality. They have refused to file this information. They are stonewalling. Why have you protected a company like National Cash Register which was informed by you in 1965 and 1966 of the requirements of filing? There was a form issued again by your Department in 1968 and 1969 of the requirements of filing. They were informed again by your Department earlier this year of the requirements of filing, and they are represented by an expensive array of lawyers who surely have advised them as to their legal obligation to file and they are still stonewalling it. Why have you given them the powder puff treatment?

Secretary MORTON. I turned that over to the Department of Justice and if they prosecute it, fine.

Mr. SCHEUER. I didn't know that. The information that we have is that you gave them a thousand dollar administrative fine, which would mean nothing.

Secretary MORTON. Well, the Department of Commerce cannot set a fine.

Mr. SCHEUER. Has this case been turned over to the Justice Department?

Secretary MORTON. We handled that one administratively I am told.

Mr. SCHEUER. Have you sent a single case of stonewalling by corporations, of flat outright refusal to file, over to the Department of Justice?

Secretary MORTON. We have referred some cases to Justice on ethnic and religious grounds.

Mr. SCHEUER. How about the refusal to file which is a flat violation of a criminal statute? Have you ever turned one of those cases over to the Justice Department?

Secretary MORTON. We have used administrative proceedings against the firms that have refused to file and if we have failed in that we would turn them over to the Department of Justice.

Mr. SCHEUER. Well, you have been failing with the National Cash Register Company for 10 solid years and they have been warned and notified year after year after year. They have among the finest array of legal talent in this country. Don't you think if you turned that file over to the Department of Justice, it might induce them to file, and also would have a powerful effect in concentrating the minds of the thousands of executives of other firms in this country that have likewise stonewalled and refused to file? How can you justify not even having turned over a single case to the Justice Department of stonewalling or of refusing to file after repeatedly being informed by your Department?

Mr. HULL. If I may answer that, sir. First, there is a little confusion. We have never had a case of a firm refusing to file. In other words, we have never had a case where we contacted a firm and said, "It has come to our attention that you should have reported a particular transaction and we want you to report," and they refused to. So, "refusal" is misleading. What we have had——

Mr. SCHEUER. Now, wait a minute. When you don't file your income tax returns for three or four years, it is no excuse for you to say, "Well, they never asked me to file." You are under a legal obligation to file, and if that is not filed there is a clear violation of criminal statute.

Mr. HULL. That is quite correct.

Mr. MOSS. The gentleman's time has expired.

SECRETARY MORTON CHANGES REGULATIONS FOR REPORTING BOYCOTT SOLICITATIONS

SEPTEMBER 25, 1975.

Hon. JOHN E. MOSS,
Chairman, Subcommittee on Oversight and Investigations, Committee on Interstate and Foreign Commerce, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: During my appearance before the Subcommittee on Oversight and Investigations on September 22, Congressman Scheuer noted the fact that, under the Department's reporting requirements in effect since 1965, an exporter is asked but not required to indicate in his reports to the Department what he intends to do about the boycott-related request which he has reported.

As you recall, Congressman Scheuer noted that it would be desirable for the Department to know which companies complied with the boycott-related request and which did not.

In my response to Congressman Scheuer, I indicated that I had been considering whether the answer to Item 10 of our reporting form should be made compulsory.

This is to advise you that I have given this matter further consideration and have concluded that, henceforth, information as to whether or not an exporter intends to comply with a boycott-related request should be sought on a mandatory basis. Accordingly, the Department's Export Administration Regulations and the reporting form are being so revised, effective for all reports submitted on or after October 1, 1975.

A copy of the Export Administration Bulletin announcing this revision and of the revised reporting form is enclosed for your information.

Sincerely,

ROGERS MORTON,
Secretary of Commerce.

DEPARTMENT OF COMMERCE REVISED REGULATIONS

Subject: Revision of Requirement to Report Restrictive Trade Practices or Boycott Requests.

It is the policy of the United States to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States. In accordance with this policy, all exporters are required to report such requests to the Office of Export Administration, and are encouraged to refuse to take any action that has the effect of furthering or supporting such restrictive trade practices or boycotts. In submitting these reports, exporters have not been required to indicate whether or not they would comply with the requests.

In order to provide more complete information with which to analyze the effects of boycott activity on U.S. trade, the Export Administration Regulations are being revised to require that in all reports submitted on or after October 1, 1975, exporters include a statement as to whether or not the exporter intends to comply with the requests. Form DIB–621P is being revised to reflect this new reporting requirement by making the response to Item 10 mandatory. Earlier versions of Form DIB–621P may still be used, provided the exporter completes Item 10. Letters submitted to report multiple requests must now indicate whether or not the requests will be complied with.

Accordingly, § 369.2 of the Export Administration Regulations (15 C.F.R. § 369.2) is amended as follows:

"1. by adding to the end of subparagraph 369.2(b)(1) the following:

"'* * * All items on the form must be completed, including Item 10. If the exporter uses a version of the reporting form that indicates completion of Item 10 is optional, Item 10 must nevertheless be completed. If the exporter has not decided what his action will be, he must inform the Office of Export Administration within five business days of making a decision.'

"2. by revising subparagraph 369.2(b)(2)(viii) to read as follows:

"'(viii) The number of requests the exporter has complied with or intends to comply with. If the exporter is undecided, he is required to submit a further report within five (5) business days of making a decision on each such request.'"

Effective date of action: October 1, 1975.

RAUER H. MEYER,
Director,
Office of Export Administration.

OLD REPORTING FORM—DEPARTMENT OF COMMERCE

U.S. DEPARTMENT OF COMMERCE,
DOMESTIC AND INTERNATIONAL BUSINESS ADMINISTRATION, BUREAU OF EAST-WEST TRADE, OFFICE OF EXPORT CONTROL,
Washington, D.C., 20230.

Form DIB–621 (Rev. 4–73) (formerly 1A–1014).

Form Approved; Budget Bureau No. 41–R2305.

U.S. EXPORTER'S REPORT OF REQUEST RECEIVED FOR INFORMATION, CERTIFICATION, OR OTHER ACTION INDICATING A RESTRICTIVE TRADE PRACTICE OR BOYCOTT AGAINST A FOREIGN COUNTRY

A. Important. It is the policy of the United States to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States. All U.S. exporters of articles, materials, supplies or information are encouraged and requested to refuse to take. [but are not legally prohibited from taking] any action, including the furnishing of information or the signing of agreements, that has the effect of furthering or supporting such restrictive trade practices or boycotts.

Accordingly, I encourage and request individuals and firms receiving such requests to refuse to comply with them.

FREDERICK B. DENT,
Secretary of Commerce.

B. Instructions: This form must be completed by a U.S. exporter whenever he is requested to take any action, including the furnishing of information or the signing of an agreement, which is designed to support a restrictive trade practice or boycott fostered or imposed by a foreign country against any other country not included in Country Group S, W, Y, or Z. (Country Groups are listed in Supplement No. 1 to Part 370 of the U.S. Department of Commerce Export Control Regulations.) Submission of this form is mandatory (50 USC App. 2403(b)).

Failure to comply subjects the U.S. exporter to the penalties prescribed in Section (6) of the Export Administration Act of 1969, as amended. It must be submitted to the U.S. Department of Commerce, Domestic and International Business Administration, Bureau of East-West Trade, Office of Export Control, Washington, D.C. 20230, within fifteen business days from the date of receipt of such a request. Whenever a person receives more than one request for action with reference to the same transaction, only the first request need be reported to the Office of Export Control (See Part 369 of the Export Control Regulations).

C. Confidential. Information furnished herewith is deemed confidential and will not be published or disclosed except as specified in Section 7(c) of the Export Administration Act of 1969 (50 USC App. 2406(c)).

1. Name and Address of U.S. Exporter submitting this report.

Name:

Address:

City, State, and Zip Code:

2. Exporter's Reference No. (*If any*):

3. Name of Country/ies against which the request is directed:

4. Date request was received by me/us:

5. I/We received this request from:

Name:

Address:

City and Country:

6. Specify type of request received. (*If any Item in 6b is checked, complete Item 7*)

a. ☐ Questionnaire (*Attach copy*).

b. ☐ Other type of request for information or action contained in:

☐ Trade Opportunity
☐ Bid Specification
☐ Purchase Order
☐ Certificate of Origin
☐ Certificate of Manufacture
☐ Letter of Credit
☐ Consular invoice
☐ Other (*Specify*).

7. If Item 6b above is checked, give the specific information or action requested. (Use direct quotations from the request.)

8. If the request relates to a specific transaction, describe the commodities or technical data involved. (The description of the commodity or technical data may conform to the description on the order or to usual commercial terminology, and may but need not be in terms of the Commodity Control List or Schedule B.) (Quantity, Description, Value).

9. Additional Remarks:

10. Action: [(Completion of the information in this Item would be helpful to the U.S. Government but is not mandatory.)]

a. ☐ I/We have not complied and will not comply with the request for information or action described above.

b. ☐ I/We have complied with, or will comply with, the request for information or action described above.

c. ☐ I/We have not decided whether I/we shall comply with the request for information or action described above and I/we will inform the Office of Export Control of my/our decision.

11. I certify that all statements and information contained in this report are true and correct to the best of my knowledge and belief.

Sign here in ink (Signature of Person Completing Report).

Type or print (Name and Title of Person whose Signature Appears on the Line to the Left).

Date ———.

USCOMM–DC 70489–P73.

(Note.—The bracketed items in the original form (above) have been deleted in the new, revised form (below) effective October 1, 1975.

(In section A of the original form, the language ". . . but are not legally prohibited from taking . . ." has been deleted by Secretary Morton. In Item No. 10, the Secretary also deleted the instruction "Completion of the information in this item would be helpful to the U.S. Government but is not mandatory.")

NEW REVISED FORM—DEPARTMENT OF COMMERCE

U.S. DEPARTMENT OF COMMERCE,
DOMESTIC AND INTERNATIONAL BUSINESS ADMINISTRATION, BUREAU OF EAST-WEST TRADE,
OFFICE OF EXPORT ADMINISTRATION,
Washington, D.C. 20230.

Form DIB–21P (Rev. 9–75) (formerly 1A–1014).

Form Approved; OMB No. 41–R2305.

U.S. EXPORTER'S REPORT OF REQUEST RECEIVED FOR INFORMATION, CERTIFICATION, OF OTHER ACTION INDICATING A RESTRICTIVE TRADE PRACTICE OR BOYCOTT AGAINST A FOREIGN COUNTRY

A. Important. It is the policy of the United States to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States. All U.S. exporters of articles, materials, supplies or information are encouraged and requested to refuse to take any action, including the furnishing of information or the signing of agreements, that has the effect of furthering or supporting such restrictive trade practices or boycotts.

Accordingly, I encourage and request individuals and firms receiving such requests to refuse to comply with them.

ROGERS MORTON,
Secretary of Commerce.

B. Instructions: This form must be completed by a U.S. exporter whenever he is requested to take any action, including the furnishing of information or the signing of an agreement, which is designed to support a restrictive trade practice or boycott fostered or imposed by a foreign country against any other country not included in Country Group S, W, Y, or Z. (Country Groups are listed in Supplement No. 1 to Part 370 of the U.S. Department of Commerce Export Administration Regulations.) Submission of this form is mandatory (50 U.S.C. App. 2403(b)). Failure to comply subjects the U.S. exporter to the penalties prescribed in Section (6) of the Export Administration Act of 1969, as amended. It must be submitted to the U.S. Department of Commerce, Domestic and International Business Administration, Bureau of East-West Trade, Office of Export Administration, Washington, D.C. 20230, within fifteen business days from the date of receipt of such a request. Whenever a person receives more than one request for action with reference to the same transaction, only the first request need be reported to the Office of Export Administration (See Part 369 of the Export Administration Regulations).

C. Confidential. Information furnished herewith is deemed confidential and will not be published or disclosed except as specified in Section 7(c) of the Export Administration Act of 1969 as amended (50 U.S.C. app. 2406 (c)).

1. Name and Address of U.S. Exporter submitting this report:

Name:

Address:

City, State, and Zip Code:

2. Exporter's Reference No. (*If any*):

3. Name of Country/ies against which the request is directed:

4. Date request was received by me/us:

5. I/We received this request from:

Name:

Address:

City and Country:

6. Specify type of request received. (*If any Item in 6b is checked, complete Item 7*)

a. ☐ Questionnaire (*Attach copy*)

b. ☐ Other type of request for information or action contained in:

☐ Trade Opportunity
☐ Bid Specification
☐ Purchase Order
☐ Certificate of Origin
☐ Certificate of Manufacture
☐ Letter of Credit
☐ Consular Invoice
☐ Other (*Specify*)

7. If Item 6b above is checked, give the specific information or action requested. (Use direct quotations from the request.)

8. If the request relates to a specific transaction, describe the commodities or technical data involved. (The description of the commodity or technical data may conform to the description on the order or to usual commercial terminology, and may but need not be in terms of the Commodity Control List or Schedule B.) (Quantity, Description, Value).

9. Additional Remarks:

10. Action:

a. ☐ I/We have not complied and will not comply with the request for information or action described above.

b. ☐ I/We have complied with, or will comply with, the request for information or action described above.

c. ☐ I/We have not decided whether I/we shall comply with the request for information or action described above and I/we will inform the Office of Export Administration within 5 business days of making a decision.

11. I certify that all statements and information contained in this report are true and correct to the best of my knowledge and belief.

Sign here in ink (Signature of Person Completing Report).

Type or print (Name and Title of Person whose Signature Appears on the Line to the Left).

Date ———.

U.S.C. COMM–DC 84196–P76.

LETTER FROM CONGRESSMAN SCHEUER TO SECRETARY MORTON, OCTOBER 2, 1975

WASHINGTON, D.C., *October 2, 1975.*

Hon. ROGERS MORTON,
Secretary of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: I congratulate you on your swift response to some of the questions raised at the September 22 Investigations Subcommittee hearing.

It is my hope that these actions you have taken (1) requiring companies to state whether they are or are not participating in the boycott; and (2) eliminating the form language, "but is not legally prohibited from taking" (action to further the Arab boycott), indicate a new effort by the Administration to reduce the impact of the Arab boycott and its harmful effects on American commerce.

I would like to know if the mandatory new requirement concerning participation in the boycott will apply to all companies that have filed forms previous to October 1, 1975, when they did not have to indicate whether or not they intended to comply with a boycott-related request. Will the exporters be requested to refile and fill in question No. 10?

I look forward to working with you to make a reality of our professed national opposition to the Arab boycott.

With every warm best wish,

Yours,

JAMES H. SCHEUER,
Member of Congress.

THE TWO-WAY STRIKE

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. MICHEL. Mr. Speaker, the question of the legitimacy, or lack of it, of strikes by public employees is one of the issues which society in some form or another is going to have to deal with.

"Dealing with it" is I suppose generally thought to entail decisions at the legislative or judicial levels of government as to what is permissible and what is not. But a recent editorial in the Peoria Journal-Star suggests that another method of "dealing with it," may come about.

"Does someone," editor C. L. Dancey asks, "who refuses a vital service to the community have a right to expect all that community's services to him should continue?"

That is, if the firemen strike, thereby exposing, say, grocery stores, to imminent disaster by fire, are not grocers thereby justified in refusing to sell groceries to firemen?

Strikes against the public may indeed lead to retaliation by the public. It is a frightening thought. But unless those of us who have responsibility for public policy are prepared to deal with such strikes in a manner which does away with them once and for all, we may force the public to take such retaliatory measures.

I commend to the Members' attention the aforementioned editorial:

THE TWO-WAY STRIKE

(By C. L. Dancey)

Kansas City and its firemen's strike, simultaneously with the outbreak of several times more fires than is the norm, is another step in the use of the "ultimate weapon," especially by community-service workers.

That makes it another step toward a more universal use of the "ultimate weapon" and a real rough eventual result in what is an interdependent society.

There really was a reason for laws preventing public service strikes, especially at a time when the philosophy was that strikes were to "get a share of the profit" and nobody dreamed of a moral or legal right to strike to get whatever you want and make the taxpayers or customers cough up to pay it.

Strikes are now against the public, by and large, either as taxpayers or price payers, and eventually the public will realize that it isn't "the company" or the "city managers" that is being pressured—it is all of us.

The real target of strikes, eventually, will respond instead of sitting on the sidelines as we do now out of habit and past impressions no longer valid.

To put it crudely, if withholding services is legitimate to extort money, do the victims have to sit still for it?

Does a grocer have to sell groceries to a fireman who has decided to let a grocery store burn down? Does a power company have to keep the heat and power flowing to the home of a fellow who has decided to let the power company burn?

Does the waterworks have to keep the pipes open to a fellow who has decided to let the waterworks burn and the homes of its workers burn?

In short, does someone who refuses a vital service to the community have a right to expect all that community's services to him to continue?

The "strike" of services philosophy can work both ways, and that is the can of worms opened by these public service strikes, in particular. As it is expanded by militants and its targets and victims are also expanded, eventually the use of the same "ultimate weapon" in response will arise by those who are just beginning to recognize that they are the real targets and real victims of these strikes.

The present trend to spread and spread that form of "reprisal" has nowhere to go. It can only get broader and meaner, until it gets back to the users.

And so it will. It's just a matter of time.

STRENGTHENING U.S. NUCLEAR EXPORT POLICY

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. LONG of Maryland. Mr. Speaker, the proliferation of nuclear weapons threatens the security of the world. It must be checked.

The International Security and Scientific Affairs Subcommittee of the House International Relations Committee, under the leadership of our able colleague, CLEM ZABLOCKI, is currently holding hearings on a resolution to combat nuclear proliferation.

The following are my recommendations to the Zablocki committee for the strengthening of U.S. policy:

STRENGTHENING U.S. NUCLEAR EXPORT POLICY

The Executive Branch lacks a policy for combating nuclear proliferation resulting from U.S. exports of nuclear technology and nuclear fuel. I support H. Con. Res. 371 as a laudable step toward remedying this lack by stipulating the suspension of nuclear exports to countries that do not accept International Atomic Energy Agency safeguards on all their nuclear programs and by urging the creation of regional nuclear fuel centers as a means of providing multinational control.

This brief statement will suggest several actions with regard to nuclear exports in addition to those called for in H. Con. Res. 371-.

Summary of suggestions for House Concurrent Resolution 371:

Congress should urge the Administration to close loopholes in our international nuclear agreements that would allow other countries to produce nuclear bombs using U.S. reactors.

Congress should urge the suspension of nuclear fuel exports to countries that are exporting nuclear weapons capability (in the form of enrichment and reprocessing plants) to third countries who have not accepted measures to prevent their development of nuclear weapons.

Congress should urge the Administration to seek the cooperation of the Soviet Union in stopping the exports of enrichment and reprocessing plants.

Congress should urge the acceleration of efforts to strengthen international nuclear safeguards.

EVASION OF CONTROLS BY SWAPPING PLUTONIUM

Congress should urge the Administration to close certain loopholes in our present agreements under which nuclear material and technology are provided to countries that are not parties to the Nuclear Nonproliferation Treaty.

Nuclear weapons are made from plutonium (or highly enriched uranium). Plutonium is produced as a by-product in nuclear reactors. Although our nuclear agreements forbid the plutonium made in U.S. reactors from being used to make nuclear bombs, some agreements do allow plutonium produced in U.S. reactors from non-U.S.-supplied fuel to be transferred to third countries without U.S. approval in return for other, "laundered," plutonium. This "laundered" plutonium could then be used for a nuclear bomb. In this way, a country could build a nuclear weapon using our reactors without violating (technically, at least) its nuclear agreement with the United States.

Our nuclear agreement with Spain, for example, contains such a loophole. Spain has two U.S. reactors in operation, six reactors under construction, and a small plutonium reprocessing plant. Possible partners which Spain could use for "laundering" plutonium are South Africa, Argentina, or India. South Africa has developed its own uranium enrichment process and thus can produce weapons-grade uranium, which could be swapped to Spain for plutonium. Argentina and India both have reprocessing plants for the separation of plutonium.

The U.S. should revise our nuclear agreement, where necessary, to forbid U.S. reactors from being used by foreign countries to produce nuclear weapons regardless of whether the nuclear fuel is supplied by the United States.

RESTRICTING THE EXPORT OF NUCLEAR WEAPONS FACILITIES

France and West Germany are currently exporting to Brazil and Pakistan enrichment and fuel reprocessing plants—plants which can produce nuclear weapon-grade material. Neither Brazil nor Pakistan has ratified the Nuclear Nonproliferation Treaty, nor has either agreed to place its nuclear facilities under International Atomic Energy Agency safeguards.

Congress should call for suspension of U.S. nuclear fuel and equipment exports to countries like France and West Germany. West Germany and France depend on the U.S. for the great part of their nuclear fuel supplies (86% and 62% respectively) and will continue to depend on sources outside those countries until the 1980s. Cut-off of fuel supplies would therefore threaten these countries with the shutdown of their nuclear power reactors and the loss of electric power needed to run some of their domestic industry.

Although the U.S. controls the largest portion of nuclear fuel-making capacity available to the free world, the Soviet Union may also be capable of supplying substantial quantities of nuclear fuel.

The Congress should urge the Administration to seek the cooperation of the U.S.S.R.—cooperation which may not be impossible to obtain in view of the leverage we have by virtue of Soviet need for our grain and in view of the fact that the Soviets have been more conservative than the U.S. in supplying nuclear technology and fuel to other countries. For example, only after Libya ratified the Nonproliferation Treaty did the U.S.S.R. agree to supply Libya with a small research reactor.

As part of this cooperation, the U.S. should ask Russian agreement to refuse nuclear fuel or equipment to countries that have not—at the very minimum—concluded a comprehensive nuclear safeguards agreement with the International Atomic Energy Agency. The United States and the Soviet Union working together could require other suppliers to follow the same rule.

NUCLEAR SAFEGUARDS AGAINST THEFT OR ILLEGAL DIVERSION

Present international nuclear safeguards provide little, if any, security against theft or diversion of nuclear weapon material and against sabotage of nuclear facilities. Argentina has reportedly (Newsweek July 7, 1975) been able to divert 50 kilograms of plutonium—enough for 5–10 nuclear bombs—from a supposedly safeguarded reactor, without detection by International Atomic Energy Agency inspectors. The Agency has denied this charge. The report, however—attributed by Newsweek to U.S. intelligence sources—is disquieting, especially since Argentina has a plutonium reprocessing plant and since her leaders long ago expressed the desire for nuclear weapons.

To strengthen international safeguards, Congress should urge the Administration to accelerate efforts to build up the International Atomic Energy Agency through improved inspection procedures and equipment, more and better-trained inspectors, and authority to impose physical security standards at all nuclear facilities.

Congress should insist that the Executive agencies and departments take seriously the threats involved in our nuclear exports. The State Department recently dismissed the dangers of exporting 130.5 kilograms of plutonium (enough for over 10 nuclear bombs) to Italy, with the obscure statement that Italy could "deter, prevent, or respond to" any attempt to steal the plutonium.

In two other cases, the State Department discounted the dangers of shipping over 90 metric tons of enriched uranium fuel to India and Korea by saying that the question of physical security arrangements in those countries was not applicable, since it (the fuel shipment in question) is . . . low enriched uranium, which is not a nuclear weapon material.

However, as a report submitted to the Administration over eight months ago points out, terrorists could take over and blow up a reactor. This would release much deadly radioactivity, contaminate thousands of square miles, and cause thousands of deaths.

THE FUTURE THREAT TO THE UNITED STATES

If unchecked, nuclear proliferation may soon lead to nuclear weapons in the arsenals of dozens of countries. The United States could someday be hit by a nuclear attack and not know who its attacker was. In the fact of multiple possible assailants, our nuclear arsenal would have no deterrent effect, for we would not know whom to strike back at. We might even strike back at the wrong country.

The dangers to the United States and to the world of not finding the means to check nuclear proliferation are incalculable.

This concurrent resolution is an important step toward reformulating and updating U.S. nuclear policy. I hope the Subcommittee finds my suggestions helpful, and I hope that the Administration acts promptly, using the authority it already has, to press these policies. If not, Mr. Chairman, I must urge that Congress begin enacting statute legislation to enforce our concerns.

HOW PAGE GREW

HON. SAM STEIGER

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. **STEIGER** of Arizona. Mr. Speaker, the new city of Page, Ariz., has grown rapidly since the first people lived there 18 years ago. The first buildings in the city housed the construction workers and their families, who helped build the Colorado River's Glen Canyon Dam, a principle feature of the Bureau of Reclamation's Colorado River storage project.

The story of "How Page Grew" was told in an article written by Carol White in the summer 1975 issue of Reclamation Era, a publication of the Bureau of Reclamation. I ask that it be reprinted in the CONGRESSIONAL RECORD.

The article is attached:

HOW PAGE GREW

(By Carol White)

The area above the rim of the Colorado River's Glen Canyon on the Arizona-Utah border was a vast scenic wilderness of red Navajo sandstone. Dotted with isolated buttes and mesas, it was uninhabited except for a few ranches on the northwest side of the river and scattered Indian families on a reservation southeast of the river.

That was 18 years ago. Today, a new community of more than 8,000 people exist near the canyon rim. This is the modern town of Page, Ariz. Located on Manson Mesa, it is two miles from the Colorado River and Glen Canyon Dam.

Unlike most other towns, this one began with a plan and a purpose.

In the spring of 1956 Congress authorized Glen Canyon Dam, a principal feature of the Bureau of Reclamation's Colorado River Storage project. This gigantic dam was to be 710 feet high, only 16 feet lower than the famed Hoover Dam, but much larger in concrete volume. To build the massive dam and accompanying powerplant and bridge, the Bureau and its contractors would need people—lots of people, all kinds of people.

And they came. The construction men with their families arrived in spite of the blowing, drifting sand; the over-100° F. Summer heat; the 0° F. winter cold; and the isolation.

But the isolation would disappear. Page emerged in July 1957 in the form of a newly erected 16x14-foot prefabricated metal shack. The shack served as a telephone communications center hooked up to Kanab, Utah—about 70 miles away as the crow flies, but nearly 170 miles away over the existing roads. At first no road at all reached the northwest rim of the canyon, and even after a crude road was bladed, the distance from one canyon rim to the other was almost 250 miles.

The nearest railhead was 135 miles away in Flagstaff, Ariz.

Although these distances were shortened gradually by new access roads, a bridge across the canyon remained a critical need during the first two and a half years of construction.

The first bridge built was not the steel-arch bridge that now spans the Colorado River at Glen Canyon Dam (U.S. Highway 89). It was a pedestrian-only, temporary, wire mesh walkway with a steel-cable handhold on each side. Anyone with enough courage to cross this 6-foot wide bridge could look right through the wire mesh and see the Colorado River 700 feet below.

The story is told in Page about the bridge, and the wife of a project engineer. It seems she was dared to drive her small car across the 6-foot-wide mesh walkway. She accepted the dare. Some say the car was a Jeep; others insist it was a Volkswagen. Whatever the make of car, she did it. And there are those still living in Page who swear they saw her do it.

On February 20, 1959, the steel-arch Glen Canyon Bridge was opened for public use, eliminating both the need for the wire mesh walkway and the necessity for the 250-mile drive from one canyon rim to the other. The bridge completed a new routing for U.S. Highway 89 and opened a shorter route between Page, Ariz., and Kanab, Utah—a distance of about 76 miles.

Glen Canyon Bridge is the highest steel arch in the world and the second longest in the United States. In 1964, the American Society of Civil Engineers voted Glen Canyon Dam, Powerplant, and Bridge "The Outstanding Civil Engineering Achievement of 1963."

According to the proposed plan, the town became a designed community governed by the Bureau of Reclamation. The late John C. Page, after whom the town is named, was Commissioner of Reclamation from 1937 to 1943. He also pioneered much of the Colorado River Reclamation development.

Little by little, living conditions improved. The first business established in Page was a branch of the Bank of Arizona, now the First National Bank of Arizona. Huge monthly paychecks were deposited there. The pay for construction on the dam was good because the work was dangerous.

A grocery store and post office were also established. Trailer parks were laid out, and the Bureau built 200 government homes situated along curving paved roads.

By 1958, a permanent airfield had been built, suitable for use by small commercial planes, and a 25-bed hospital was ready for use by the residents of Page. A paved road linked the modern pioneer town directly with Flagstaff.

During the first year, children went to school by correspondence. The second year, three prefabricated steel buildings were erected to serve as classrooms and one student was graduated from high school. On Sundays, the school buildings served as churches.

In 1959, a volunteer fire department was established. The department included a full-time chief and 15 volunteers—all Reclamation employees. The equipment consisted of two pumper firetrucks—one of 1941 vintage and the other of 1945. The available equipment also included a 500-gallon water tank on a trailer and a direct chemical unit.

In July 1959 near disaster overtook the fledgling town. Some of the original residents remember it vividly as "The Strike." In fact, it almost destroyed the town.

For six months the strike dragged on. One by one, the construction workers and their families pulled out in search of jobs elsewhere. Some businessmen were forced to close their businesses, and others just sat in front of their empty stores.

On December 24, 1959, an agreement between management and labor was reached and the remaining Page residents celebrated a joyous Christmas.

On June 17, 1960, the first bucket of concrete was poured.

With the construction of the dam in progress, Page grew to a population of 6,000. In September 1963, Glen Canyon Dam was topped out and finished within the next few months.

Following completion of the major construction on the powerplant in 1964, the population dropped to 3,000. And, three years later it dwindled to 1,322. Page would continue to exist, however, if only because a few Government workers would always be required to be there to maintain the dam and powerplant.

And so Page settled down to a quiet existence, beside the yet undiscovered tourist haven, Lake Powell.

In 1967 a study to determine the possibility of incorporating the city was undertaken by Arizona State University under contract by the Bureau of Reclamation. At the end of December 1967, the report was made public.

The study noted three important elements: (1) the Bureau of Reclamation intended eventually to incorporate Page under Arizona law. (2) Although the Bureau administered the city government, all of the businesses and some of the residences were privately owned. (3) The town was fast becoming a tourist center.

The University recommended procedures and a time schedule for transfer of the city government.

About the same time that Arizona State University's report became public, a deposit of high-quality coal was discovered on Black Mesa, 70 miles southeast of Page. Thus began the Navajo Power project.

Construction of the power station began in 1970 and Page once again became a construction boom town, as well as a tourist mecca.

In 1974 one unit of the Navajo Generating Plant began producing power. A second unit was placed on the line early in 1975, while a third is scheduled for operation in 1976. At present the population of Page is about 8,300 residents.

From 1964 to 1975, the Advisory Council guided Page. It consisted of six members—five elected by the citizens and one appointed to represent the Bureau of Reclamation. The Council was formed to be a liaison between the Bureau and the citizens of Page, to administer community affairs, and to work toward incorporation.

There are two legal requirements under Arizona law for incorporation of an area. The first is that the area must possess a population of at least 500 people. The second is that the area proposed for incorporation must be a "community." A "community" is defined as "a locality in which a body of people reside in more or less proximity, having common interests in such services as public health, public protection, fire protection, and water which bind together the people of the area and where the people are acquainted and mingle in business, social, educational, and recreational activities." The county board of supervisors determines if a "community" exists.

There are two methods to incorporate an area. One requires a petition to the county board of supervisors signed by two-thirds of real property taxpayers living within the "community."

The second method requires that 10 percent of the real property taxpayers living within the area proposed for incorporation should petition the board of supervisors for an election on the question of incorporation.

The residents of Page used the second method of incorporation. Elections on incorporation may be held only on the fourth Tuesday after the next State general election. Once the election has been called, only real property taxpayers who are qualified electors of the State and live within the area proposed for incorporation may vote in the election.

A special election for incorporation of Page by the Coconino County Board of Supervisors was held December 17, 1974. The results were 2-to-1 in favor of incorporation.

The Coconino County Board of Supervisors recognized the legitimacy of the community on March 1, 1975, by declaring Page incorporated. The Advisory Council was sworn in as a temporary seven-member "Common Council," to represent the citizens until an election could be held. This election was set for May 1975, with a runoff (if necessary) in June.

Saturday, March 22, 1975, was a day of celebration. A ceremony was held to help people realize the significance of their giant step toward incorporation. On that day, however, a huge frontal storm swept down across the Sierra and through the deserts, kicking up winds of over 60 miles per hour and depositing snow in its wake. As the violent wind hurled sand and dust through the streets of Page, old-timers were reminded of the early days when the raw soil for new lawns was strewn into the path of savage spring winds.

In spite of the storm, the March 22 ceremony went off as scheduled, minus a few dignitaries whose planes were grounded in Salt Lake City or Phoenix. A capacity crowd of 600 filed into the sparkling new high school where the auditorium was decorated with a forest of flags.

Commissioner of Reclamation Gilbert G. Stamm was able to fly in from Denver to speak. He presented Page Mayor, Norman Martindale, a framed stainless steel key to the city. In addition, he presented a copy of the Bureau's contract with the city that officially turned over considerable city land, utilities, hospital, airport, and items of equipment.

Delighting the audience were several musical numbers by the bank and chorus of Page High School. The show stopper, however, was the appearance of Navajo children from nearby Kaibeto School, who sang short, happy, Indian chants to the beat of a tom-tom. Dressed in traditional Navajo clothing, these bright-faced seven and eight-year olds, each wore some valuable item of family jewelry.

Since it borders the Navajo Indian Reservation, Page could also count among its citizens the many nearby Navajos who shop in the town and who use the hospital and the schools. For these Indian families, the existence of Page has effected a tremendous change in life styles, in economic status, and in personal expectations.

In fact, Page initially was on the Navajo Indian Reservation. But in 1958, land for the town was obtained under the Navajo Land Exchange Act, whereby the Indians were given equivalent land elsewhere.

Also participating in the ceremony was Mildred Page, widow of the late Commissioner John C. Page, for whom the town was named. Mrs. Page—a spry, active octogenarian—marched up the aisle bearing the new town flag. Then with a strong voice she spoke of her delight in being present for the important occasion.

Stan Jones, master of ceremonies and president of the Page-Lake Powell Chamber of Commerce, summed it up when he said, "A new infant was born this week: the town of Page. It may stumble a bit but it will soon learn to walk with strength and vigor toward the goal of self-determination."

THE PROBLEM OF PCB'S

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 23, 1975

Mr. ASPIN. Mr. Speaker, one of the most ecologically damaging industrial chemicals in use today is polychlorinated biphenyls—PCBs.

PCBs have been in used since 1929, but it was not until 1966, that they were discovered to be widespread environmental contaminants.

Since 1971, the use of PCBs has been limited to closed electrical systems, transformers and capacitors. Prior to 1971, they were used in such items as surface coatings, plasticizers, sealants, adhessives, printing inks, and carbonless copy paper.

In 1973, the U.S. Food and Drug Administration established maximum PCB tolerance levels for fish and shell fish, paper food packaging materials, animal feed and poultry and dairy products.

Mr. Speaker, in spite of FDA's rules and regulations, the PCB problem has not diminished, but has increased. Fish and sediment samples which reveal this disturbing news, the absolute decline in the commercial fishing industries of the Great Lakes' States, the Hudson River Valley and other areas, and the potential danger PCBs pose to human health, has led me to propose legislation, H.R. 9525. This bill would prohibit PCB imports, and the use and shipment of PCBs in the interstate commerce.

Mr. Speaker, I am enclosing for my colleague's further information, a page one article in the October 10, 1975 Wall Street Journal, written by Jeffrey A. Tannenbaum.

PERSISTENT PCB'S: INDUSTRIAL POLLUTANTS MAY BE WORSE THREAT THAN DDT TO ECOLOGY; THEY LINGER LONGER, ARE TOXIC AT LOWER LEVELS THAN HAD BEEN THOUGHT; SICK MONKEYS, MINKS AND MEN

(By Jeffrey A. Tannenbaum)

NEW YORK.—A group of industrial pollutants that seemed to be coming under control a few years ago is currently emerging as a more serious threat than the insecticide DDT.

The ubiquitous pollutants—a chemical family derived from benzene and called polychlorinated biphenyls, or PCBs—are stirring concern for a variety of reasons. They have caused severe human ailments, including a skin disease and liver problems, and researchers are finding evidence that PCBs are toxic at far lower levels than previously thought. In laboratory experiments, PCBs fed to monkeys have resulted in a high incidence of miscarriages and sickly infants, while rats have developed liver cancer. Evidence is accumulating that PCBs may harm some wildlife—particularly ocean-feeding birds—and even the entire ecological food chain.

Furthermore, PCBs are far more resistant than even DDT to degradation by natural forces. In many places the accumulation of PCBs in the environment either has exceeded or may soon exceed that of DDT.

But because of their advantages—chemical stability, fire resistance and electrical insulating properties—PCBs are important to the safe operation of many electrical transformers and capacitors. They also have been used in such varied products as lubricants, waterproofing chemicals and "carbonless" duplicating paper.

USED LONGER THAN DDT

PCBs have been in use since 1929, more than a decade longer than DDT. But it wasn't until the late 1960s, several years after the late Rachel Carson's book, Silent Spring, focused attention on the widespread contamination by DDT and its danger to birds, that scientists began to worry about PCBs, too. But the federal government wasn't worried enough to curb use of PCBs, as it did with DDT in 1972.

Evidence of contamination now is being discovered far from industrial plants. "It's all over the place—we find PCBs everywhere we look," says Glenn E. Schweitzer, director of the office of toxic substances of the U.S. Environmental Protection Agency. Worrisome quantities of PCBs have been detected in fish ranging from salmon in Lake Michigan to striped bass in the Hudson River—a hint that the chemicals are leaking into the very beginnings of the food chain. Oceanographers have found the chemicals far at sea.

"Our overall concern about PCBs is greater than ever before," the EPA's Mr. Schweitzer says.

That concern is increased by the fact that a three-year-old voluntary restriction on PCB applications has failed to reduce pollution. "The contamination of the environment is as bad as it has ever been," says Donald I. Mount, an aquatic toxicologist and director of the National Water Quality Laboratory in Duluth.

MANY BUYERS ELIMINATED

The controls were instituted in the wake of a 1972 report by a federal government task force that urged that PCBs "should be restricted to essential or nonreplaceable uses which involve minimum direct human exposure, since they can have adverse effects on human health." The sole U.S. producer, Monsanto Co., voluntarily stopped selling the chemicals to "several thousand" customers—all except users with "closed system" electrical applications.

The St. Louis-based company says that it now sells to only 40 PCB customers in the U.S. and that its U.S. production has been slashed to about 40 million pounds a year from the 1970 peak of 85 million pounds. Monsanto also makes PCBs in Europe and sells them under the same restrictions.

But the production cutback has failed to reduce pollution levels for several reasons. One is the chemicals' persistence in the environment; PCBs "could be around for years and years to come," says Nicholas S. Fisher, a marine ecologist at the Woods Hole Oceanographic Institute in Massachusetts. Also, many U.S. users of PCBs cut off by Monsanto are obtaining supplies from European producers for use in hand soaps, copying-ink toners and other products that readily contribute to pollution, federal officials believe. And finally, even Monsanto customers in their manufacturing processes accidentally spill PCBs, and direct emissions of the chemicals into waterways have never been stopped.

COMPLETE BAN URGED

As a result of the apparent failure of voluntary controls, environmentalists are urging a ban on PCBs. "They are a hazard to human health, so there should be a complete phaseout of PCBs in every use as soon as possible," says Karim Ahmed, a biochemist with the Natural Resources Defense Council in New York.

According to Barry Commoner, a biologist and director of Washington University's Center for the Biology of Natural Systems, the lack of environmental caution in introducing PCBs amounts to "an absolutely shocking and staggering case history."

Mr. Commoner says the ability of PCBs to cause chloracne, a skin ailment, was well-documented by 1943 because of outbreaks among workers handling PCBs and products containing them. But nobody bothered to consider the eventual public-health problems that might result from the environmental pollution, he says.

It's true that only after environmental problems in general and DDT in particular became issues in the 1960s did PCBs finally become suspect. In 1966, researchers discovered PCBs in the tissues of fish that at first had been thought to be suffering from DDT intoxication. Subsequent studies confirmed PCBs as a widespread contaminant, entering the environment through pollution of waterways, the burning of trash containing PCBs and other routes.

Then the alarm grew as new evidence of PCB's toxicity came to light. In 1968, more than 1,000 people in Japan suffered an epidemic of a disfiguring skin disease, dubbed Yusho, that later was traced to rice oil heavily contaminated with PCBs. The victims also suffered abdominal pains and disturbances in liver function. The chemicals had been used as a heat-transfer agent in making the oil, which apparetly had been contaminated by leaking equipment.

Evidence of toxicity cnotinues to increase. After PCBs became an issue three years ago, the Food and Drug Administration set maximum levels, effective in 1973, to be tolerated in foods; the tolerance for fish, for example, was put at five parts per million. But recent research suggests that PCBs may be hazardous at the stipulated levels or lower.

The evidence comes from the University of Wisconsin's Primate Research Center. James R. Allen, a professor of pathology, says rhesus monkeys, only a few months after being put on diets containing as little as 2.5 parts per million of PCBs, suffered loss of hair, general metabolic disturbance and, in effect, a severe stomachache. Moreover, even low levels of PCBs in monkeys apparently caused abortions and sickly offspring. "This indicates that if man were exposed to similar levels over the same time, he also would become extremely ill," Mr. Allen says.

The monkey studies are considered significant because many fish contain more than five parts per million of PCBs. Through an insidious phenomenon known as bioaccumulation, PCBs tend to build up in the fatty portions of animals and man; authorities say PCB concentrations in fish may be up to 250,000 times as great as in the water in which they feed.

Fish from the Great Lakes, the Hudson, Milwaukee and Ohio rivers and other waterways are showing worrisome PCB levels. Recent samples from Lake Michigan average 5.6 parts per million in bloater chubbs, 22.9 parts per million in large lake trout and 10.5 parts per million in coho salmon. PCB levels tend to be somewhat lower in edible portions of fish but still exceed the five-parts-per-million limit.

Two shipments of Great Lakes canned salmon recently were seized by the FDA as contaminated, and several states have been trying to police fish sold within states. But many people, mainly sport fishermen, are believed to be eating contaminated fish, despite warnings by health authorities in New York and the Midwest. And serious problems could loom for commercial fishermen. After studying Lake Michigan, for example, a special task force recently concluded, "Although all species aren't affected by PCBs, the potential exists for a significant portion of this fishery being curtailed."

Moreover, there are hints that PCBs also might cause cancer in man, although this possibility is far from having been proved. One soon-to-be-published study by Renate D. Kimbrough, a physician currently with the federal Center for Disease Control in Atlanta, provides the strongest indication to date that PCBs can cause liver cancer in rats. "This serves as a warning that PCBs may be a low-grade carcinogenic agent in man," she says. Some scientists speculate that if the chemicals cause cancer in man, it would be only after heavy exposure over many years and possibly only in longtime workers in PCB plants.

The dangers to some forms of animals has been definitely established. For example, mink that ate Great Lakes fish containing PCBs failed to reproduce, and PCB pollution is said to have forced some mink growers out of business. And the chemicals are prime suspects in wildlife problems. Robert W. Risebrough, an ecologist with the University of California's Bodega Marine Laboratory, says there is a "strong but still unproven" case that PCBs are killing birds such as the herring gull and osprey.

Scientists also worry that PCBs in the oceans will eventually decimate some forms of algae, with a possibly fatal impact on tiny animals, near the bottom of the food chain, that eat those specific algae. Experimentation also has suggested that PCBs somehow interfere with the process of photosynthesis through which plants flourish. More recent research at Woods Hole, however, suggests that photosynthesis isn't impaired, but cell division is; the result would be fewer cells and less total photosynthesis in types of algae sensitive to PCBs. Nobody knows what the eventual impact, if any, will be on man.

Amid all these uncertainties, few people are seriously arguing that PCBs shouldn't be cleaned up. The EPA promises "aggressive" action. Mr. Schweitzer of the toxic-substances office says that next February the EPA will finally set effluent limitations for PCBs aimed at stopping industrial pollution. (Since 1972 the agency has had the authority to issue such standards, but hasn't done so. In the absence of standards, most PCB users have been free to pollute waterways, though some regional EPA offices have tried to regulate emissions through permits.)

The EPA also is citing PCBs in renewing its call for passage of the long-proposed Toxic Substances Control Act. The legislation, which isn't considered likely to clear Congress soon, would expand the EPA's powers to curb pollution. But environmentalists call the proposed legislation weak since it wouldn't require new testing procedures.

SENATE—*Tuesday, October 28, 1975*

The Senate met at 11 a.m. and was called to order by Hon. John Glenn, a Senator from the State of Ohio.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

Almighty God, from whom all thoughts of truth and peace proceed, kindle, we pray Thee, in the hearts of all men a true love of peace, and guide with Thy pure wisdom those who take counsel for the nations of the Earth. Help us to see others in the light of the faith we possess. Grant us grace to do what can be done to remove old hatreds, to diminish ancient rivalries, to check presumptuous judgments, and to correct the errors of the past. Give Thy grace and higher wisdom to the President, to all who serve here and elsewhere in this Nation's Government, and grant to each one faithfulness in every duty, perseverance in all that is just, and a heart in tune with Thy spirit.

In the name of the Prince of Peace, we pray. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. Eastland).

The assistant legislative clerk read the following letter:

U.S. Senate,
President pro tempore,
Washington, D.C., October 28, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. John Glenn, a Senator from the State of Ohio, to perform the duties of the Chair during my absence.

James O. Eastland,
President pro tempore.

Mr. GLENN thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, October 23, 1975, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today.

Mr. HARRY F. BYRD, JR. Mr. President, reserving the right to object, the Committee on Banking, Housing and Urban Affairs has been attempting to force out of that committee a very far-reaching piece of legislation. It is a measure that has been lobbied for by the New York City politicians and by New York City bankers. Its purpose is to bail New York City out of its financial difficulties.

I do not underestimate the power of the New York City politicians, and the New York City bankers.

With that in mind, I feel that those who want to protect the working people of our Nation against this raid on the Federal Treasury must use the rules of the Senate to delay that legislation. That being the case——

Mr. MANSFIELD. Mr. President, will the Senator yield at that point?

Mr. HARRY F. BYRD, JR. I yield.

Mr. MANSFIELD. Mr. President, I think I understand what the Senator is driving at. In view of the fact that we do have some special orders, and an agreement for the transaction of routine morning business not to extend beyond 12 noon, would the Senator be willing to allow all committees except the one which he has in mind to meet?

Mr. HARRY F. BYRD, JR. I have no objection to that.

Mr. MANSFIELD. Mr. President, I ask unanimous consent, then, that all committees except the Committee on Banking, Housing and Urban Affairs be authorized to meet during the session of the Senate today.

The ACTING PRESIDENT pro tempore. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, it is my understanding that that committee has until the termination of morning business, that is, until noon, to meet officially.

The ACTING PRESIDENT pro tempore. That is correct.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. HELMS. I did not understand the Senator's last statement.

Mr. MANSFIELD. That the Committee on Banking, Housing and Urban Affairs has until noon to meet, or until the end of morning business, whichever comes first, because of the fact that we have three special orders and then 15 minutes for the conduct of routine morning business.

Mr. HELMS. I understand. I thank the Senator.

SCHEDULE OF NONLEGISLATIVE PERIODS FOR 1976

Mr. MANSFIELD. Mr. President, while a liberal schedule of nonlegislative days was established for 1975, it is interesting to note that as of October 23 the Senate had been in session more hours than in the previous year on the same date. In 1974, the Senate was in session 146 days for 908 hours, whereas in 1975, we have also been in session 146 days for over 930 hours. This is even more noteworthy since Congress was in adjournment during the entire month of August which is required by law.

Senators have been better able to schedule visits to their home States as a result of early scheduling of brief breaks in the legislative activity throughout the year. At the same time, attendance for record votes has increased. As a matter of fact, during 1975, an average of only 10.6 percent of the membership was absent during voting. This is the best record since 1964. In the intervening years, absenteeism has been as high as 23.6 percent and averaged nearly 16 percent.

The joint leadership is pleased to announce the 1976 schedule at this time so that Senators can make their plans well in advance to insure maximum attendance in the Senate.

I ask unanimous consent that the schedule for next year be printed in the RECORD at this point.

There being no objection, the schedule was ordered to be printed in the RECORD, as follows:

Congress reconvenes Tuesday, January 6.

Lincoln's Birthday (Thursday, February 12)—From conclusion of business Friday, February 6, until Monday, February 16.

Easter (Sunday, April 18)—From conclusion of business Wednesday, April 14, until Monday, April 26.

Memorial Day (Monday, May 31)—From conclusion of business Friday, May 28, until Wednesday, June 2.

July 4 (Sunday) and Democratic Convention—From conclusion of business Friday, July 2, until Monday, July 19.

Republican Convention—From conclusion of business Wednesday, August 11, until Monday, August 23.

Labor Day (Monday, September 6)—From conclusion of business Wednesday, September 1, until Tuesday, September 7.

Expected Adjournment Sine Die—Saturday, October 2.

Mr. MANSFIELD. Mr. President, it is anticipated that the Senate will try for an adjournment by December 12 of this year, and return next year on January 6. If, however, we cannot complete our work by December 12, for each day beyond that, a day would be added beyond January 6, so that it will be possible for the entire membership to have a 3-week interregnum between the end of the first session and the beginning of the second session of this Congress.

Mr. HUGH SCOTT. Mr. President, will the Senator yield?

Mr. MANSFIELD. Yes, indeed.

Mr. HUGH SCOTT. That was the first question I was going to ask to clarify the matter. It is expected, I believe, under the recess schedule for next year, that hopefully we may be able to adjourn sine die by October 2.

Mr. MANSFIELD. That is correct. I believe that is in the schedule.

Mr. HUGH SCOTT. I think it ought to be pointed out that next year's schedule allows for fewer nonlegislative periods than this year's schedule.

Mr. MANSFIELD. That most certainly is correct, but it also takes into consideration the fact that, on the basis of our system, we do have a Republican and a Democratic national convention next year for the purpose of selecting our respective presidential candidates.

Mr. HUGH SCOTT. I noticed with Democratic convention is about twice as some amusement that the recess for the long as the recess for the Republican convention.

Mr. MANSFIELD. Ah, but it goes over the Fourth of July holiday, in part.

Mr. HUGH SCOTT. I was not objecting. I had been consulted on the schedule, and had agreed to it. I think it simply points out that Democrats fight longer and take a longer time to select their candidates. But, as Abraham Lincoln used to say, "No matter how much the cats fight, there always seems to be plenty of kittens," the truth of which I note sorrowfully.

Mr. MANSFIELD. Well, the Democrats do have a reputation for scrapping. Maybe that is what holds us together.

Mr. HUGH SCOTT. I would not be surprised. Actually, I think a little scrapping among the Republicans is extremely healthy, and I am in no way opposed to it. I want people to know we are alive as a party, that we have differing opinions, and that we hold them sincerely and often strongly.

I think that we can probably do this in less time, chiefly because we are more efficient than the Democrats.

Mr. MANSFIELD. And less numerous.

Mr. HUGH SCOTT. And, unfortunately, less numerous, as the distinguished majority leader notes. I do not think a premium is put on efficiency in this country. I think amiable inefficiency gets more votes apparently than somewhat solid efficiency. I am sorry that my party presents that image. I try in propria persona not to present that. I believe politics is fun. I believe we should not be ashamed of it.

In the British Government, and I taught politics in a British university once, they are not ashamed of it. They call themselves politicians, and they practice the art of politics.

There is no reason why we should tuck our tails between our legs and run every time some predatory journalist accuses us of being politicians. We are, and it is an honorable profession.

I pointed out only this weekend in Erie that in my opinon it is the most honorable profession. I pointed out that the distinguished majority leader and I, in working out the problems of the Senate's day-to-day progression, never need anything in writing. Our given word, I believe, is as good as Fort Knox.

I am not sure that that is true—in fact, I said bluntly it was not true in any other profession, and someone had to bring up the diamond merchants in Amsterdam who seem to do the same thing. But short of the diamond merchants in Amsterdam, I do believe we have this relationship among ourselves as politicians which is something of which to be very proud.

Mr. President, if I could be recognized on my own time, if the distinguished majority leader is finished——

Mr. MANSFIELD. Mr. President, will the Senator allow me to continue?

Mr. HUGH SCOTT. Yes.

ORDER FOR VOTE TO OCCUR ON SLAY NOMINATION AT 2 P.M.

Mr. MANSFIELD. Mr. President, I discussed this matter with the distinguished Republican leader, and this has been cleared with both Senators Bayh and Goldwater. I ask unanimous consent that the vote on the Slay nomination occur at the hour of 2 p.m. rather than 1 p.m.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR VOTE TO OCCUR ON RATIFICATION OF PENDING TREATIES IMMEDIATELY FOLLOWING VOTE ON SLAY NOMINATION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that immediately following the vote on the Slay nomination the vote occur on the treaties listed in the calendar which are six in number, and that there be one vote on all of these treaties which were reported by the Committee on Foreign Relations unanimously, but they count as six votes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HUGH SCOTT. Mr. President, I am glad that the distinguished majority leader has pointed out the high attendance record in this session, because it is quite correct, and it is much better than most previous sessions. It is because Senators have been able to plan their time better, and to see the people who wish them to speak in various parts of the country, including their own constituents. We can do it best in the time we are not required to be in the Senate.

I am glad to say my own record is in the neighborhood of 91½ percent attendance. Whenever it slips, someone writes a story in the paper. When it goes up, they go dumb.

So I have to say these things in the hope that some lone person somewhere will print it. If he does not at least the Record will show it.

Mr. President, there are 64 days left in 1975. The $64 question is when will Congress pass an energy bill that can become law? It would be very interesting to see what we do in these 64 days.

Our people are going to be confronted with a severe natural gas shortage. My State is going to suffer through loss of jobs. Homeowners are going to suffer. Some of our industries are going to grind either to a slowdown or a halt. Nothing whatever has been done on the fuel-oil crisis in the way of securing a compromise between the President and Congress.

It does look as if Congress would rather have no action than some action, and it is regrettable. The press is giving us the dickens about it. I think in this case the press is absolutely right.

The record of Congress is deplorable in this regard. We are meeting oftener and working harder, but we are not getting the major jobs done in the energy field. I regret it, and I will not be a party to that performance. I have said so many times.

OPEN COVENANTS NOT SO OPENLY ARRIVED AT

Mr. HUGH SCOTT. Mr. President, there was a very good article in the Sunday, October 26, Washington Post, called "Open Covenants Not So Openly Arrived At," in which the distinction is made between the need for confidentiality in our relationships as distinguished from the necessity of secrecy in our relationships.

In my opinion, we have lost sight of this distinction. Fortunately nothing can be done without some degree of confidentiality.

So the question has to be looked at from the standpoint of how can men and women relate to problems without some protection of the confidentiality leading up to decisions and yet how can we protect the public's right to know so that matters shall not be classified as secret which ought to be in the public domain.

I think this article by Warren Bennis, president of the University of Cincinnati, is excellent, and I ask unanimous consent that it may be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

[From the Washington Post, Oct. 26, 1975]

Open Covenants Not So Openly Arrived At

(By Warren Bennis)

The British Foreign Office gives its fledgling diplomats three cardinal rules of behavior: 1. never tell a lie; 2. never tell the whole truth, and 3. never miss a chance to go to the bathroom. An old Tammany boodler, who dislikes leaving any traces of his dealings, had a terser rule: "Don't write. Send word."

Both sets of rules, I fear, are likely to become more and more a tacit standard of conduct for those who, in the post-Watergate climate of suspicion, share the hazardous privilege of running large organizations—including, in my own case, the nation's second largest urban multiversity.

Never have the American people felt such universal distrust of their presumed leaders—whether in government, the law, the clergy or education. Year after year of calculated deception over Vietnam, compounded by the conspiracy, skullduggery and chicanery of Watergate, have left them trusting almost no one in authority.

Consider a recent Gallup survey in which college students were asked to rate the honesty and ethical standards of various groups: Political officeholders (only 9 per cent rated "very high") were eclipsed only by advertising men (6 per cent), lawyers rated 40 per cent, journalists 49 per cent. I am proud that college teachers rated highest (70 per cent), but since college presidents were not included, I can't seek shelter under that umbrella.

In short, virtually all leaders are in the doghouse of suspicion. And the understandable reaction to all these credibility gaps is creating a growing insistence that every public act, of whatever public institution, be conducted, as it were, in Macy's window.

Some symptoms:

"Sunshine laws" have now been passed by numerous states, prohibiting closed meetings at any federally supported institution. Hawaii has even made it a crime to hold a private meeting of any sort without giving advance notice.

The Buckley amendment requires that personnel records in institutions with federal support (particularly those concerning students) be open to inspection by the person concerned.

The Freedom of Information Act, first passed in 1967 and recently strengthened over the President's veto by amendments that became effective last Feb. 19, requires that most records of federal agencies be provided to anyone upon request.

The intended purpose of all such measures is wholesome. It is to create a standard, for all public business, of what Woodrow Wilson called "open convenants openly arrived at." I believe wholeheartedly in such a purpose.

I have argued that goals will be achieved effectively almost in proportion to the extent that the organization can achieve a climate where members can level with one another in open and trusting interpersonal relationships. I believe this because denial, avoidance or suppression of truth will ultimately flaw the decision-making—and in the case of business, the bottom line as well.

At the same time, I am convinced, as a practical administrator, that these well intended goldfish-bowl rules will have unintended results worse than the evils they seek to forestall. They are likely to produce more secrecy, not less (only more carefully concealed), and on top of it, so hamstring already overburdened administrators as to throw their tasks into deeper confusion.

For secrecy is one thing. Confidentiality is another. No organization can function effectively without certain degrees of confidentiality in the proposals, steps and discussions leading up to its decisions—which decisions should then of course, be open, and generally will be.

An amusing case in point. The Nixon Administration moved heaven and earth seeking to restrain, perhaps even imprison, New York Times editors in their determination to publish the Pentagon Papers. The Times won the right from the Supreme Court (under some continuing criminal risk) to resume publishing these assertedly "secret" studies of Vietnam War decisions. Yet the editors themselves surrounded their preparation of these stories with a secrecy and security the Pentagon might envy—renting a secret suite of hotel rooms, swearing each member of a small secret staff to total secrecy, confining them for weeks almost like prisoners, restricting their communications to an elite handful with "need to know" and setting the stories themselves on sequestered, closely guarded typesetting machines. Thus the ultimate challenge to "official" secrecy was performed in ultimate "private" secrecy.

What the Times editors knew, of course, was what every decision-maker knows, instinctively. The mere fact of discussions becoming known, at the wrong stage of the procedure, can prevent a desirable decision from ultimately being carried out.

On a less cosmic level, some experiences of my own bring home how vital confidentiality can be in determining whether or not ultimately "open decisions openly arrived at" can be made at all.

Case 1:

Shortly after I became president of the University of Cincinnati, of which the city's largest hospital (General) is a part, a U.S. senator announced an investigation of whether whole-body radiation, carried out at General on terminal cancer patients, constituted "using human beings as guinea pigs." The charges were totally false, but there were some awkward aspects in the way the whole thing had been handled that caused me to investigate (privately) the reasons.

This was on the eve of a Hamilton County election absolutely crucial to the hospital, on which thousands of the poor rely for treatment. It was far from sure whether a major bond levy for General Hospital would pass or fail. It did pass, but during three critical weeks I had either to evade all questions or fuzz my answers, relating to my own and to the senator's investigation. I never lied. I never told the whole truth. I often went to the bathroom.

Case 2:

Last year a group of black graduate students made charges of racism against their college faculty. I met with this group and heard out their grievances. I told them that, if the faculty would agree, I would ask a blue-ribbon panel of distinguished local citizens, including two black leaders.

That was Wednesday. On the next day, the dean of the College had arranged to meet with the faculty. The plan was to make this proposal for such a committee. I had no reason to think the faculty would object.

But by late that Wednesday afternoon The Cincinnati Post was blazoning the entire story—the protest meeting, my proposal to the blacks, tomorrow's meeting arranged with the faculty, etc. Apparently, the protesters had "leaked" the details of our meeting on the assumption that it would further their cause. The opposite happened. The faculty were irritated by reading about arrangements they had not been consulted about. By the time I *could* consult them, they were sufficiently angry to vote down the whole proposal of an outside committee. Werner Heisenberg's "uncertainty princple" affects human as well as atomic relations: the mere act of observing a process (publicly) *can impede the process itself*.

So—it is certainly clear in my own mind that there are times when confidentiality is a necessary prerequisite to *public* decisions for the *public* benefit. But when one asks, or is asked, where this desirable good blends into the undesirable evil of secrecy—for secrecy's own sake, or for concealing mistakes—it is hard to set any very clear or definitive standards or rules of thumb.

One almost has to come back always to the character, the integrity, of the individuals concerned. If he or she is worthy of trust, his judgment must be trusted as to when, and under what circumstances, confidentiality is required.

Unquestionably, however, certain individuals are by nature so obsessed with secrecy and concealment one suspects that, as infants, they were given to hiding their feces from their parents. One thinks immediately of Nixon. His former speechwriter, William Safire, reveals in his book, "After the Fall," that Nixon was so secretive that, prior to his election, he mistrusted even the Secret Service men guarding him. His foreign policy adviser, Richard Allen, wanted to bring him together with Anna Chennault, widow of the Flying Tiger general, who was pulling strings to block a Lyndon Johnson bombing pause in North Vietnam. "Meeting would have to be absolute top secret," wrote Allen to "DC" (Nixon's "code" name). Secretive old "DC" scribbled opposite this reference to "top secret:" "Should be but I don't see how—with the S.S. Secret Service. If it can be secret RN would like to see—if not—could Allen see for RN?"

Note that, for extra secrecy, he even writes of himself in the third person.

We all know where this excessive passion for secrecy led. Kissinger not only had Safire's phone tapped, but even recorded—without their knowledge—conversations with such coequals as budget director George Shultz. Writes Safire: "This tolerance of eavesdropping was the first step down the Watergate road. It led to eavesdropping by plumbers, to attempted eavesdropping on the Democratic National Committee, and to the ultimately maniacal eavesdropping by the President, on the President, for the President, completing the circle and ensuring retribution. Eavesdropping to protect presidential confidentiality led to the greatest hemorrhage of confidentiality in American history, and to the ruination of many good men."

Indeed, I sometimes think it is such needless passion for secrecy in many of our institutions, corporate as well as governmental, that has set off the present demand to wash, as it were, all public information in Macy's window. It has set off, as well, the unprecedented epidemic of public litigiousness, where every leader of any institution now has to consult his lawyer about even the most trivial decisions (I am currently involved in so many lawsuits my mother now calls me "my son the defendant)."

So even while I defend the need for confidentiality, I argue for the utmost possible openness—for "leveling"—in every institutional hierarchy. In the 1960s, when I made some organizational studies for the State Department, I quickly learned that junior Foreign Service officers often decided not to tell their bosses what they knew from the field situation (because they believed the bosses would not accept it), only to learn later that the bosses felt the same way *but in turn kept silent* for fear *their* bosses would disapprove.

This went on, up and down the line, to the very top. Each privately knowing what was right, all enclosed themselves in a pluralistic ignorance, much like the husband who doesn't want to go to a movie but thinks his wife does, and whose wife doesn't want to go but thinks he does, so that both go though neither wants to.

It is reminiscent of Khrushchev's answer, at his New York press conference, to one of the written questions handed up to him: "You were close to Stalin. What were you doing during all his crimes you later exposed?" Khrushchev was livid with rage. "Who asked that question? Let him stand up." Nobody stood. "That's what I was doing," said Khrushchev.

People in power have to work very hard to get their own key people to tell them what they do know, and what they truly feel. But the whole Vietnam mess is a succession of the failure, by people who knew better, to say what they really knew—either while in power or after resigning because they could no longer stomach the ascending pyramid of lies and deceptions.

This leaves us with a paradox. The more we can establish *internal* truth—true openness, true candor, true leveling—within an organization and its hierarchy, the better able it will be to define, and defend, the proper areas of *external* confidentiality. Once a business executive is convinced that the enemy is not across the hall but across the street, the less inclined he will be, so to speak, to hide his feces.

Nevertheless, the national mania for "full information" is very much with us, and is now part of the turbulent social environment that every administrator must deal with. Dealing with it wisely will challenge all his tolerance for ambiguity. Freud's definition of maturity was the ability to accept and deal with ambiguity.

Among colleges, one result is already clear. The Buckley Amendment is laudable in its intent. But henceforth school and college administrators are going to be chary of putting any very substantive information into any student's record. What will wind up there will be so bland and general as to be useless (for example) to college entrance officials in making a considered judgment of an applicant's over-all merits. If, for example, he had threatened to cut a teacher's throat but had not done so, he could scarcely be described as "possibly unstable"; the student or his parents might sue.

In government, the Macy's window syndrome is going to make for greater inefficiency, because officials are going to spend more and more of their time processing requests for documents on *past* actions instead of applying the same energy to *future* actions.

In the case of meetings of public bodies—school boards, college regents, and the like—the disclosure mania will make for more and more cliques which meet privately beforehand to agree on concerted actions subsequently revealed only at the "public" meeting. What is likely to emerge are the "pre-meeting-meetings" novelist Shepherd Mead described in ad agency conferences in his "The Great Ball of Wax."

In every important decision likely to impinge on this new "right to know," there will likely be far fewer written recorded discussions, far more private, oral discussions, far mare tacit rather than "official" decisions. More winks than signatures ("Don't write. Send word.") If for no other reason than to avoid some new capricious lawsuit.

The public will be learning more and more about things of less and less importance. It will be poorer served by administrators trying to fight their way through irrelevant demands for "full information" about old business, to the neglect of attending to new business.

I am not saying that individuals who have been unjustly accused should not be able, as the Freedom of Information Act provides, to examine their own dossiers. Nor am I saying it is unwholesome for any government or public agency to be prodded out of its passion for hiding its mistakes under "classified" labels. That kind of file cleaning and purging is needed. Furthermore, scholars are finding the law a great boon in gaining quicker access to needed documents.

What I *am* saying is that in the long run we are likely to get better government, better decisions, by focusing our energies on finding leaders whose innate integrity, honesty and openness will make it unnecessary for us, later on to sue them or ransack their files. Attorney General Edward Levi, it seems to me, cuts to the heart of the dilemma:

"A right of complete confidentiality in government could not only produce a dangerous public ignorance but also destroy the basic representative function of government. But a duty of complete disclosure would render impossible the effective operation of government."

ORDER FOR TIME LIMITATION ON THE DEBATE ON THE SLAY NOMINATION

Mr. MANSFIELD. Mr. President, as in executive session, I ask unanimous consent that the 1-hour debate limitation on the Slay nomination begin at the hour of 1 p.m.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF CALENDAR NO. 409, S. 2498

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at the conclusion of morning business today the Senate then turn to the consideration of Calendar No. 409, S. 2498, a bill to amend the Small Business Act, and that it be laid before the Senate and made the pending business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Virginia (Mr. HARRY F. BYRD, JR.) is recognized for not to exceed 15 minutes.

MR. JUSTICE LEWIS POWELL

Mr. HARRY F. BYRD, JR. Mr. President, I must say frankly I am not objective where Mr. Justice Lewis Powell is concerned because he is a wonderful friend.

Whether one agrees or disagrees, one can always be certain Mr. Justice Powell has studied carefully the facts, he has weighed the facts impartially, he has reached a conclusion as to what seems to him to be the right decision under the law and the Constitution.

Don Hill, chief of the Washington bureau of the Norfolk, Va., Virginian-Pilot, has written an interesting profile of Lewis Powell captioned "The Inquisitive Virginian."

Mr. Justice Powell is making a great record as a member of the Supreme Court.

Mr. HUGH SCOTT. Mr. President, will the senior Senator from Virginia yield?

Mr. HARRY F. BYRD, JR. I yield to the distinguished Senator from Pennsylvania.

Mr. HUGH SCOTT. I wish to say simply apropos of the record of Mr. Justice Powell that it is one of the most glowing records being established upon that august bench. I have the greatest respect for him, and I have known of decisions he has made where emotionally he might have perhaps been moved in another direction, but the law has been supreme in his judgment. He has been a forceful, amiable, and effective member of that very great body.

I have to say, by way of disclosure now, that when Mr. Justice Powell, whose name I had advocated more than 2 years before he was named publicly, was named to the bench I urged his confirmation and I did not discover until after he had ascended the bench that his wife, Josephine Rucker Powell, is a cousin of mine, so I rejoice in the relationship as well as in the high regard which we all share for Mr. Justice Powell.

I thank the Senator.

Mr. HARRY F. BYRD, JR. I say to the senior Senator from Pennsylvania, the minority leader, he has a lovely and charming cousin.

Mr. HUGH SCOTT. There is no question about it.

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that the article by Don Hill be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Virginian Pilot, Oct. 12, 1975]

LEWIS POWELL: THE INQUISITIVE VIRGINIAN

(By Don Hill)

WASHINGTON. The arguments were impassioned but not unduly so for an issue that was later to be called the "domestic Vietnam of the '70s".

Justices of the Supreme Court sat behind their imposing bench in varying aspects: Chief Justice Warren Burger, handsome, typecast, erect as though engraved in place; Thurgood Marshall, almost reclining, dark in expression as well as skin; William Douglas, leaning forward combatively like a wizened bantamweight.

Justice Lewis F. Powell Jr. of Richmond, Va., catercornered in his chair, leaned an elbow on the bench. His right hand held to his chin, occasionally stroking it between thumb and index finger.

He spoke deliberately. The NAACP lawyer down front snapped to attention.

"Who levies the taxes on the real estate in these school districts?" Justice Powell asked.

The answer he received eventually caused the Supreme Court's "Detroit" opinion to block busing at the school district line.

When the Detroit inter-district school busing case was argued, in February 1974, Justice Powell had been a member of the nation's highest court slightly more than two years.

He had already made an impact, both with opinions he had written (35 for the majority, 22 separate concurring opinions, and 17 dissents) and votes he had cast as part of a new conservative majority.

But since Supreme Court deliberations are secret, it's rare for the public, to get a glimpse at the pre-decision development of thought in a case.

Detroit's was the second inter-district school busing case to come before the Supreme Court. The first involved Powell's home city of Richmond and adjacent counties. Powell had abstained. The resulting 4-4 vote had failed to overturn a decision of the 4th U.S. Circuit Court of Appeals in Richmond forbidding cross-line school busing to achieve integration.

Four months after the Detroit arguments, when the judgement came down, the vote was 5-4 to forbid cross-line busing. This time, a legal precedent binding across the land was set.

Not only had Powell's vote carried the day, but the opinion written by Chief Justice Warren Burger was etched with the point sharpened by Powell's question.

Justice Powell, whose nomination by President Nixon to the Supreme Court inspired almost universal acclaim from the legal community in 1971, now has been a member of the court for 3½ years.

He has emerged as a partner in a new majority that has halted—and even reversed—the trend in American criminal law of the previous two decades under Chief Justice Earl Warren.

In civil law, he has been an independent voice, often a moderating one. Many of his opinions seem clearly to reflect facets of his background as a Southerner, a school board official, a lawyer and a man of established institutions.

Perhaps it was his experience as nine-year chairman of the Richmond Public Schools Board and seven-year member of the Virginia Board of Education that forged the blade with which he cut through to the heart of the Detroit case.

In the Detroit area, 54 predominantly white school districts had been ordered to mingle their students with those of the Detroit central city, 65 per cent black.

Lawyers for Michigan officials argued that it was unconscionable to penalize the innocent white suburbs in order to correct Detroit's unconstitutional segregationist acts.

Lawyers for the NAACP claimed, though, that Michigan's state government actually runs the schools of the state. Thus, they contended, Michigan was responsible for the school situation in Detroit and should be ordered to correct it with its other school districts adjacent. The question was clear: Who was responsible for the operation of the schools—the state or the districts?

That's when Justice Powell asked the NAACP lawyer his deceptively simple question: "Who levies the taxes on the real estate in those school districts?"

Chief Justice Burger seized upon Powell's point and, in his own questions, expanded upon it. In the secret court conference that followed, a majority emerged including Nixon appointees Burger, Justice Harry Blackmun, Justice William Rehnquist, and Justice Powell, and Eisenhower-appointee Potter Stewart. Burger assigned himself the task of writing the majority opinion.

When Burger later read the opinion in his cultivated tones, it emphasized the U.S. tradition of autonomy for local school districts. The courts could only reluctantly interfere with district lines and only if they had been unlawfully devised, he wrote. After all, it was the local school districts that levied the taxes on local people to support the school.

Lewis Powell, 64 when nominated to the Supreme Court, was older than most nominees. A graduate of Washington and Lee University, he had law degrees from W & L and Harvard. Although never previously a judge, in speeches and public writings—some of them as president of the American Bar Association—he had built a reputation for judiciousness.

There was a noticeable exception, however.

In 1971, he wrote for the Richmond Times-Dispatch an article titled "Civil Liberties Repression: Fact or Fiction? Law-Abiding Citizens Have Nothing to Fear."

In it, among other pronouncements, he winked at the dangers the Warren Court had perceived in warrantless domestic wiretapping. "The outcry against wiretapping," Powell wrote, "is a tempest in a teapot."

That and other language, unusually narrow for Powell, must have heartened the Nixon White House in considering his nomination. The Nixon Administration was at the time engaged in widespread warrantless domestic wiretapping, which many considered a dangerous encroachment on Fourth Amendment guarantees against unreasonable searches and the First Amendment's free speech clause.

The article roused concern among civil libertarians. In the Powell confirmation hearings, Sen. Edward Kennedy asked about "a certain hardness creeping into some of your writings."

Both sides have since found Powell as unpredictable as new justices are purported to be.

Fourth Amendment search and seizure rights are among the most difficult in the Constitution to protect. Congress and legislatures have been reluctant to pass laws sanctioning improper police actions for fear of paralyzing officers at times when decisions must be often made rapidly.

A citizen outraged by an improper search has little recourse to civil law. First, damages are difficult to assess. And, second, the doctrine of sovereign immunity generally holds governments immune from suit for the behavior of their agents.

Therefore, the usual enforcement scheme protects accused—often clearly guilty—people rather than innocent citizens. Courts will "exclude" from consideration evidence illegally gathered, in order to forbid the police from benefitting from "the fruits" of their own unlawful behavior.

In one of his early opinions for the court, Justice Powell applied this exclusionary rule to wiretap evidence gathered under what Nixon had claimed was an "inherent power" of the chief executive.

In Alderman versus United States, 1969, the Warren Court had forced the government to choose between dismissing a case or disclosing information secured by illegal wiretapping. The defendant could then examine the information and move to exclude any evidence tainted by the lawless wiretapping.

Powell's opinion for an 8–0 majority (Rhenquist, a former assistant attorney general, disqualified himself) came in the case of United States versus United States District Court for the Eastern District of Michigan.

The District Court had granted defendants, political dissenters in that case, disclosure under the Alderman precedent and was considering excluding key evidence. The government took the unusual step of suing the court to quash the judge's order. The government lost in Appeals Court and turned to the Supreme Court with its base of four Nixon appointees.

It was a case the Nixonians put high store in. Former Harvard Law School Dean, Solicitor General Erwin Griswold, refused to argue the case and lost his job over it.

Nixon had said he wanted "strict constructionists" of the Constitution on the Supreme Court. In Powell, he was sure he'd found one. Defending the age of his nominee, the President had said, "Ten years of Powell is worth 30 years of anyone else."

After hearing the evidence, Justice Lewis Powell decided that the Teapot Tempest he had journalistically dismissed had boiled over.

He wrote, carrying six justices with him and persuading the chief justice to concur in the result: "The issue before us is an important one for the people of our country and their government. It involves the delicate question of the President's power, acting through the attorney general, to authorize electronic surveillance in internal security matters without prior judicial approval . . .

"History abundantly documents the tendency of government—however benevolent and benign its motives—to view with suspicion those who most fervently dispute its policies. Fourth Amendment protection becomes the more necessary when the targets of official surveillance may be those suspected of unorthodoxy in their political beliefs."

That "tendency of government" identified by the honorable justice from Virginia was grotesquely illustrated two days after Powell gravely read this opinion. District of Columbia police caught a crew of White House-related burglars in the National Democratic Party Headquarters where, among other objectives, they sought to install wiretaps. The Virginia Avenue office building, of course, was the Watergate.

Justice Powell's defense, in confirmation hearings, of his article in the Richmond Times Dispatch might be read to suggest some disrespect for journalistic values. The article, Powell told the Senate Judiciary Committee, had been "journalistic" in nature and therefore had failed to receive the level of scholarship and consideration Powell would have given to legal writings.

In his work on the court, however, Powell proved to be concerned for the role of the press in American life. From a January 1973 advertising case to a March 1975 privacy case, he marched cautiously through a thicket of press cases, stepping neither in an identifiably conservative or notably liberal trail.

He was an independent voice.

In a related pair of California prisoner rights cases, Powell's judicial caution was unmistakable.

He wrote the opinion for a unanimous court finding that California may not arbitrarily censor prisoner mail without procedural safeguards, not arbitrarily bar prisoner interviews by lawyers' assistants and by law students. Seven justices joined in the opinion and four participated in concurring opinions.

Justice Thurgood Marshall joined Powell but, concurring separately also would have recognized a First Amendment free speech right of prisoners to keep their mail virtually inviolate.

Soon afterwards, in June, the court—including all the Nixon justices but Powell—upheld the right of California officials to bar news reporters from interviewing specific prisoners. The five-man majority ruled that prisoners properly may be severely restricted in their free speech rights and that reporters lack any rights under the Constitution unavailable to the general public.

Dissenter William Douglas, joined by Justices William Brennan and Marshall, protested that even prisoners have unabridgeable First Amendment rights and that reporters have a right to access of prisoners as news sources.

Powell found a tight middle ground for a separate dissent. Prisoners, he agreed with majority, lack any "Personal constitutional right" to be interviewed. But an absolute ban on interviews "impermissably restrains the ability of the press to perform its constitutionally established function of informing the public of the conduct of their government," he wrote.

The right, he emphasized, was that of the public to the information newspeople could bring them. It was not any right of the newspeople themselves.

In a similar suit, brought against federal authorities, Powell was joined in his dissent by Justices Brennan and Marshall. Unlike the earlier case, this one was brought only by newspeople, without a prisoners' claim.

In other areas, Powell proved unafraid to restrict the press.

The Pittsburgh Commission on Human Relations sought to forbid the Pittsburgh Press Co. from continuing to publish classified help-wanted ads designating preference by sex. In January 1973, Powell upheld the Pittsburgh rule. In an opinion for a five-man majority, he judged the matter on the clear precedent that the First Amendment does not protect purely commercial utterances.

Chief Justice Warren Burger, in a rare separate dissent, argued that it was too fine a line readily to separate the commercial interests of newspapers from other interests protected by the Constitution.

Justice Potter Stewart was vehement. This was the first time, he railed, that the courts had entered a newspaper's composing room. "The camel's nose is in the tent," he warned.

In Mach 1973, Powell wrote an unsigned opinion for the lower court summarily reversing a lower court's finding that a University of Missouri student could be dismissed for distributing on campus newspapers containing obscene words and cartoons.

Justice Rehnquist, with two supporters, dissented, citing the student's poor general record. Her conduct fell short, perhaps, of being criminal but certainly supported dismissal, Rehnquist wrote. But Powell found that the First Amendment protects expressions of opinion even on campus.

In two libel cases, Powell came down sturdily in favor of limiting the press's license to print defamatory material.

A landmark libel case before Powell's time on the court bears the name of the New York Times. It established the principle that public officials are fair game for responsible newspaper comment, even defamatory comment.

In June 1974, Powell wrote the majority's opinion in Gertz versus Robert Welch, Inc. A lawyer in a murder case is libeled and may recover damages even if the defamation he complains of fails to meet the New York Times standard of "actual malice or reckless disregard of the truth," Powell wrote.

Similarly, Powell dissented vigorously when a six-man majority denied libel when a Richman union newspaper was sued for use of such words as "traitor" and "scab."

The chief justice and Justice Rehnquist joined Powell. He wrote, "because this decision appears to allow both unions and employees to defame individual workers with little or no risk of being held accountable for doing so, I dissent." The majority's verdict needlessly overrode legitimate state interest in protecting citizens from injury to their reputations, he said.

In March 1973, however, Justice Powell concurred with a majority opinion in favor of a broadcast newsman who published a rape victim's name despite state laws protecting her privacy. "The right of privacy fades when the information involved is already in the public record," the court held.

The biggest changes in American law since Justice Powell has been a member of the Supreme Court have been in criminal law. Powell has avoided the vanguard of this movement, but he has been a consistent member of the "Nixon court" that has whittled away rules forged in the '50s and '60s by the Warren Court to enforce the protections of the Bill of Rights.

He did abandon the Nixon majority in one Fourth Amendment "search and seizure" case, but only to write a dissent that broadened police powers in a way the majority ignored. That was the 1973 case of Almeida-Sanchez.

A roving U.S. border patrol seeking illegal immigrants stopped and searched a car driven by a Mexican citizen about 50 miles north of the border.

The driver proved to have a legal American work permit, but the searchers unexpectedly found a cache of marijuana in his car.

Four justices—three Nixon appointees and Justice Byron White—would have upheld his conviction. But Powell joined with the remaining four members of the court to exclude the evidence and free the defendant.

Chief Justice Burger and the other dissenters argued that searches by the roving patrol were "reasonable" under the constitution and the evidence they harevsted should be admitted in trials. Justice Brennan, writing for the prevailing view, ordered the evidence excluded because the searchers had lacked any "probable cause" to conduct the search.

Justice Powell, whose vote carried the day, disagreed with both sides. The evidence in this case should be excluded, he wrote, because the searchers lacked a warrant. But, he wrote, a judge would be justified in issuing a "general area" warrant that would authorize just such roving patrols as the one that conducted the Almeida-Sanchez search.

It was a pyrrhic gain for the libertarians, who could have cried, as did General Pyrrhus, "another such victory and we are undone."

Across the board—in search and seizure cases, in Fifth Amendment right against self-incrimination cases, in Sixth Amendment right to counsel, trial by jury, and fair trial cases—the new Supreme Court majority has avoided overruling Warren Court recognition of individual rights but has read those precedents so narrowly as to be applying effectively the old Khrushchev salami-slicing proverb: "If you want to take a peasant's sausage, don't grab it; ask for a small slice, and then another . . ."

In an evaluation of the court term that ended in June 1972, Professor Philip Kurland of the University of Chicago noted that many of the attitudes of the Warren Court had ceased to prevail, he lamented that this "watershed in constitutional law" had been reached simply by changes in personnel rather than by a progression of legal thought.

Law scholar and Pulitzer Prize winning historian Leonard Levy wrote last year:

"The Nixon Court has raised the use of alternative routes to a high art by relying on more subtle means than overruling in order to alter the course of the law. It reinterprets precedents, distinguishes them away, blunts them, obliterates them, ignores them, and makes new law without the need of overruling or being bound by the past . . . while the Nixon Court goes about its quiet business of creating its own regressive "revolution" in the criminal law, striking a pose of doing no more than refusing to open new frontiers, it has systematically closed old frontiers and made daring incursions that cripple many rights of the criminally accused."

That's, of course, a subjective assessment not everyone will concur in. More objectively, Levy's study showed that whatever the new majority of the court is doing, especially in criminal law, Powell agrees with it.

In narrowly-decided criminal justice cases, Powell deserted Nixon appointees only 8.3 to 13.9 per cent of the time. Across the board, in all cases, however, Powell voted with the court's most liberal three in from 45.5 per cent to 57.3 per cent of the cases.

That Lewis Powell consistently has been with the majority in this exercise was to be expected considering his pre-nomination writing and speeches on the overreach of the Warren Court in criminal law.

Nor is it surprising that Powell, given his years on school boards, should show sympathy for school officials' problems in several important cases.

In two early 1975 cases, the court held, first, that students could not be suspended for rules infractions without due process and, second, a month later, that school board members could be held liable for damages if they "maliciously" violated students' constitutional rights.

Powell wrote dissents in both cases for the Nixon appointees. In the first, he argued that the court was blindly entering "a new thicket" in requiring due process in minor student cases.

In the second, he argued that school officials should enjoy immunity from damages for actions taken upon the "existence of reasonable ground for belief formed at the time" that the actions were appropriate.

Nearly every one of the dozens of members of the U.S. legal community consulted at the time of Justice Powell's nomination was convinced he was qualified virtually without peer to serve on the court.

The evidence is, however, that one dissenter was Lewis Powell himself. When Atty. Gen. John Mitchell called Powell to discuss the appointment, Powell demurred on grounds of his age and lack of judicial experience. President Nixon, himself, interceded before Powell agreed to the nomination.

A great judge once said that "judges need not forget what they know as men."

Justice Powell's decisions often show that he has not forgotten what he learned in a full life as lawyer, community leader, and scholar.

One pair of examples suffices.

His Southern gentility reigned in his vehement dissent to an October 1973 ruling of the court invalidating a local ordinance against "menacing, insulting, slanderous, or profane language." The majority held the city law unconstitutional "as overbroad as possibly punishing expressions protected by the free speech clause."

The case was that of a woman passenger in a taxicab who protested when the driver passed her destination. According to Powell's dissent, in which Rehnquist joined, the cabbie responded "with a series of absolutely vulgar suggestions and abhorrent, sexually-oriented statements." Powell would have upheld the city's right to punish the driver.

In a march 1974 ruling, however, Justice Powell evinced sympathy for the poorly educated person indulging innocently in what the court called "street vernacular."

A defendant in a court trial had uttered a vulgarism likening an assailant to the excrement of a chicken. The Supreme Court majority overturned the defendant's conviction for contempt of court.

In a separate concurrence, Powell wrote:

". . . The controlling fact, in my view, and one that should be emphasized, is that petitioner received no prior warning or caution from the trial judge with respect to court etiquette. It may well be, in view of contemporary standards as to the use of vulgar and even profane language, that this particular petitioner had no reason to believe that the expletive would be offensive . . ."

Now 68, Powell's alertness at the bench suggests that he will give the court at least the 10 years that President Nixon alluded to. In June 1973, he suggested another issue where the justice from Virginia may impact upon the current Supreme Court.

In a Denver, Colo., school desegregation case, the court ruled that illegal "de jure" segregation in any part of a school system established that an unconstitutional "dual system" existed throughout. "De jure" in this context refers to segregation established by law, as opposed to "de facto" segregation caused by other than statute.

Powell may have anticipated the future thrust of desegregation law when he wrote, in a separate opinion:

"If our national concern is for those who attend such (segregated) schools, rather than for perpetuating a legalism rooted in history rather than present reality, we must recognize that the evil of operating separate schools is no less in Denver than in Atlanta. In my view, we should abandon a distinction (between de facto and de jure) which long since has outlived its time, and formulate constitutional principles of national rather than merely regional application."

FDA SHELLFISH PROGRAM

Mr. HARRY F. BYRD, JR. Mr. President, as many of my colleagues may be aware, last January the Food and Drug Administration made available a preliminary draft of proposed regulations, entitled "The National Shellfish Safety Program."

These regulations were designed to bring under full Federal control the administration of the shellfish indstry—an industry which has been effectively and efficiently administered in my State by the cooperative efforts of the hard-working members of that private industry and the dedicated and expert officials of Virginia's government.

Deep concern was immediately expressed to me and to the Secretary of Health, Education, and Welfare and the Commissioner of the Food and Drug Administration over the profound adverse impact such heavy-handed regulation would have on this important Virginia industry.

The Virginia General Assembly passed a resolution requesting that no implementation of the proposed regulations be made until a complete and proper analysis of the need for such sweeping changes and their economic impact be made.

In response to my inquiries made on behalf of the many Virginians who had contacted me on the subject, FDA Commissioner Alexander M. Schmidt wrote me on May 12, 1975, that he was specifically soliciting economic data concerning FDA's proposal.

I have just received from the Council on Wage and Price Stability a copy of its comments on the proposed rulemaking. It has outlined with clarity and brevity the hard questions which FDA must answer before it unleashes upon the public an oppressive Federal program of significant private and consumer cost, but of questionable social value.

The Council's comments include three main recommendations:

First. That "the FDA not undertake a significant new regulatory program without first determining the actual costs of its implementation."

Second. That the FDA answer in quantifiable terms "whether the problem is of sufficient scope to warrant the measures proposed."

Third. That, in order to make "an informed decision" on the adoption of these regulations, the FDA should make "an exploration of the feasibility of less costly alterantive regulatory schemes."

I believe this submission by the Council on Wage and Price Stability is a most thoughtful one. It highlights an aspect of zealous Federal regulation which is all too often ignored: mandatory Federal regulations result in mandatory price increases.

While the costs are sometimes difficult to define, it is the responsibility of the agency proposing the regulations to make a fair and full assessment of the economic impact of its proposal before imposing upon an unsuspecting public Government-mandated price increases.

I ask unanimous consent that the release and comment of the Council on Wage and Price Stability on FDA's proposed shellfish program be printed in the Record at this point.

There being no objection, the material was ordered to be printed in the Record, as follows:

Council Expresses Concern About Effects on Small Businesses of FDA Proposed Shellfish Program

In comments before the Food and Drug Administration (FDA), the Council on Wage and Price Stability warned that the proposed regulations of the National Shellfish Safety Program could have a very disruptive impact on small businesses. The Council said that an economic analysis concentrating on costs and benefits should be done before FDA decides to implement the proposed program. FDA also was urged to conduct cost/benefit analyses of less stringent regulatory alternatives before proceeding with its proposed program.

The objective of the proposed program is to insure that shellfish are harvested only from safe waters in addition to being processed under sanitary conditions. While the Council does not question this basic premise, it is concerned about the costs which the proposed program will impose on the shellfish industry and ultimately on consumers. Added costs result principally from those parts of the proposed regulations requiring major changes in harvesting and processing equipment. The Council believes that FDA's study of additional costs is based on untested assumptions rather than an analysis of the industry. The study assumes that the proposed regulations would increase fixed costs within the industry by no more than 50 percent and variable costs by no more than 25 percent. The sum of these costs is $24.4 million, according to FDA's analysis.

The Council said that FDA's analysis fails to examine the costs which would be absorbed by individual firms involved. There are several subindustries (oyster and clam harvesters and processors) which are composed of many small, highly competitive members. Any government-mandated increase in fixed costs is certain to put these smaller firms at a distinct disadvantage and may well put some out of business.

For example, there are 273 very small oyster plants on the East Coast and the Gulf of Mexico. This number represents 23 percent of the shucked oyster production. Each of these plants produces less than 10,000 gallons of shucked oysters annually which generates less than $118,000 revenue per plant. These small processors could have difficulty in bearing the estimated minimum additional costs of $12,000 per plant for government-mandated requirements. Also, an additional employee would have to be hired to maintain records and keep different classes of oysters separate in the growing and processing stages. If only one extra employee was hired for a 10,000 gallon production of shucked oysters, the variable costs per gallon would rise by $1.25 or about 11 percent.

The potential damage to the harvesters seems to be much more acute since they typically operate two-man boats. Their capacity is small since states like Maryland limit the daily catch to 25 bushels per man for oysters and 15 bushels per boat for clams. The average catch in Virginia is 15 bushels of oysters per man. These vessels are little more than decks, with a small hold for the catch and space for the motor. The changes required to comply with the proposed regulations would involve complete rebuilding of the boat.

In addition, the increased regulatory costs would be borne by the individual states, with the heaviest burdens falling upon the States of Virginia, Maryland, New Jersey, Washington, Louisiana and New York, among others. For example, the State of Virginia, one of the largest shellfish producers, tentatively estimates that it would incur additional costs of $2½ million per year.

The Council also stated that since relatively few cases of disease have been attributed to shellfish, FDA must answer as to whether the problem is of sufficient scope to warrant the measures proposed. In addition, a significantly less rigorous regulatory environment is proposed for imported shellfish which accounts for about 10 percent of U.S. consumption.

The Council noted that there is no legislation that requires implementation of the new National Shellfish Safety Program and hence FDA is not operating under a statutory deadline. While surveys conducted by FDA and GAO have concluded that there is a need for improvement in the existing shellfish control program, the deadline for these regulations to take effect is at FDA's discretion. The rulemaking process began on December 13, 1973, and the comment period ended October 17, 1975.

In summary, Council Director Michael H. Moskow said, "The FDA should determine the costs of implementation to the firms within the industry and should include within its study an analysis of whether the program is likely to force smaller harvesters and processors out of business. The ultimate impact on consumer prices of the direct cost increases and of any changes in industry structure should be analyzed. So also should the costs of implementation and enforcement to be borne by state and local governments. These costs should be balanced against quantifiable benefits. Technically feasible alternatives should be explored in an effort to obtain the most benefits at the lowest cost to consumers and taxpayers. Only after these economic analyses are prepared should the Commissioner proceed to the ultimate question of whether to adopt the National Shellfish Safety Program, either as proposed or in modified form."

Copies of the filing are available at the Council's Public Affairs Office.

[Before the Food and Drug Administation, Washington, D.C.]

Comments of the Council on Wage and Price Stability in Response to Notice of Proposed Rulemaking

(National Shellfish Safety Program—Docket 75N–0075)

The Council on Wage and Price Stability (the "Council") hereby submits its comments on the proposal of the Commissioner of Food and Drugs (hereafter the Food and Drug Administration or FDA) to adopt regulations establishing a National Shellfish Safety Program (40 F.R. 25916, June 19, 1975). The objective of the program is to insure that shellfish are harvested only from safe waters and handled and processed under sanitary conditions. The program would replace the existing, voluntary National Shellfish Sanitation Program with a comprehensive, mandatory regulatory scheme which would, *inter alia*, set micro-biological standards for water quality in shellfish harvesting areas, require segregation of shellfish by harvesting area at every stage of processing and sale, and require specified sanitary conditions in processing facilities.

The Council was created by the Council on Wage and Price Stability Act of 1974.[1] The Council's purpose under the Act is, generally summarized, to monitor the inflationary impact of activities in both the private and public sectors of the economy. With regard to the public sector, section 3(a) of the Act expressly directs the Council to:

"(7) review and appraise the various programs, policies and activities of the departments and agencies of the United States for the purpose of determining the extent to which those programs and activities are contributing to inflation; and

"(8) intervene and otherwise participate on its own behalf in rulemaking, ratemaking, licensing and other proceedings before any of the departments and agencies of the United States, in order to present its views as to the inflationary impact that might result from the possible outcomes of such proceedings."

In addition, Executive Order 11821 and OMB Circular No. A–107 contemplate that the Council will receive and evaluate inflation impact statements accompanying major proposals for rules and regulations of executive branch agencies.

We do not question the fundamental finding on which the proposed regulation rests, *viz.*, that the harvesting and processing of shellfish give rise to various health hazards which can be reduced by strengthened regulation. The Council staff claims no expertise that would enable it to comment on the specific design of the proposed regulation or to determine whether it will achieve its goals. We are concerned, however, about the substantial costs which the proposed regulation would impose on the industry and ultimately on the consumers of shellfish. And we are especially concerned with the costs of compliance for individual harvesters and processors of shellfish.

We do not contend that any governmental activity that imposes additional costs either upon the economy as a whole or upon some segment of it is by definition "inflationary" and ought, therefore, to be eliminated or delayed. Rather, we believe that economic costs are only one of many factors that agencies must consider in reaching decision.[2] Indeed, we will not quarrel with the FDA's conclusion that public health considerations are its "primary concern," so long as the FDA gives due weight to the costs of the proposed regulatory program—to the industry, consumers and the states—relative to the benefits to be achieved.

We recognize that benefits will result from improving the safety of shellfish sold for human consumption. Nonetheless, inappropriately stringent standards can disrupt the industry and add unnecessarily to consumer costs. Our interest in this proceeding, therefore, is to see that in arriving at its decision, the FDA gives full consideration to both benefits and costs, and that in the course of achieving whatever level of benefits is ultimately deemed desirable, current and future inflationary consequences are minimized. In short, we urge the FDA to choose the most cost-effective alternative for dealing with the problem at hand. We will suggest certain principles that, if followed, will increase the chances that this desirable result is obtained.

First, we urge the FDA not to undertake a significant new regulatory program without first determining the actual costs of its implementation. This has not been done in the instant case. The FDA made a preliminary study intended to determine the costs of implementing the regulations. However that study was only for the limited purpose of determining whether the proposal would increase industry costs by as much as $100 million annually, the threshold under relevant guidelines of the Department of Health, Education, and Welfare beyond which an inflation impact statement would be required. For that purpose, a relatively simple study capable of producing a ball-park estimate was satisfactory. This is so because the added costs imposed by the regulation would have to equal 57% of current industry costs in order to trigger the inflation impact statement process. Such a result is unlikely; indeed, the FDA study, which estimates an increase in costs of less than $25 million would have to be wrong by a factor of four in order to reach the guideline level.

As an aid to decisionmaking, however, the existing FDA cost study is of little value, for two reasons. First, it is based on untested assumptions rather than on an analysis of the industry. Thus, the study simply "assumed" that the proposed regulations would increase fixed costs within the industry by no more than 50% and variable costs by no more than 25%. The study then breaks up the expenses of the industry into component parts and tacks on percentages to each component. The sum of these additional costs is $24.4 million.

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[1] Public Law 93-387, as amended by Public Law 94-78, 12 USC. 1904 note.

[2] The FDA has recognized the relevance of economic considerations in the formulation of the final regulation, specifically soliciting data from industry, the states, and consumers in regard to the economic issues which it raises (40 Fed. Reg. at 25922).

Second, even if the $24.4 million gross figure is correct, the FDA analysis is inadequate because of its failure to examine the costs which would be experienced by individual firms within the industry. The several sub-industries involved (the oyster and clam harvesters and processors) are composed of many small, highly competitive members, varying widely in size, as measured by quantity of output. Any government-mandated increase in fixed costs is certain to put the smaller firms at a distinct disadvantage since such costs can be spread over fewer units of output. (The FDA analysis assumed a maximum increase in fixed costs of 50%.) The smaller firms' prices must compete with the prices charged by the larger firms. Such smaller firms must either find the capital to expand their operations considerably or they will fold. In either case, the ultimate cost to the consumer is apt to increase.

Information obtained from the Shellfish Institute of North America indicates that there are 410 processors of oysters on the East Coast and the Gulf of Mexico. Two hundred and seventy-seven are very small plants accounting for 23% of the shucked oyster production. Each of these small plants produces less than 10,000 gallons of shucked oysters annually, which generates revenues per plant of less than $117,300 annually. These small processors would presumably have difficulty in bearing the estimated minimum additional fixed costs of $12,000 per plant as well as the added costs of hiring the additional employee required to maintain records and to keep lots of oysters from different growing areas separate throughout processing and packing. If only one extra employee were hired and 10,000 gallons of shucked oysters were produced, the variable costs of producing a gallon of shucked oysters would rise by $1.25 (roughly 11%).

Plants producing 20,000 gallons of shucked oysters per year would have somewhat higher (though far from proportionately higher) additional fixed costs. These plants would require at least 1½ additional employees and the variable costs of producing a gallon of shucked oysters from these large plants would increase by 93.75 cents or 8% at the wholesale level. The clam processing industry would be likely to suffer similar problems.

The potential damage to the harvesters seems to be much more acute since they typically operate rather small, simple two man boats with either hand tongs or patent (mechanical or motorized) tongs. Their capacity is small since States like Maryland limit the daily catch to 25 bushels per man for oysters and 15 bushels per boat for clams. The average catch in Virginia is 15 bushels of oysters per man.

Since these vessels are little more than decks, with a small hold for the catch and a space for the motor, the changes required to comply with the proposed regulations would involve complete rebuilding of the boat. These boats generally harvest from several growing areas in a day. In order to prevent commingling with oysters and clams from different growing areas, the deck would have to be redesigned and rebuilt as a platform with walled sections. Hard shell clams are also graded into seven sizes on board. Again record keeping would be required of the clammers and oystermen. No estimates are available for the added cost to the harvesters.

Finally, the increased regulatory costs which will be borne by the states upon implementation of the regulation should also be considered. The State of Virginia, one of the largest shellfish producers, tentatively estimates that it will incur additional costs of two and one-half million dollars. Other producing states would encounter the same sort of cost escalation.

Hopefully, the FDA's request for data relevant to the regulation's likely price effect on "markets, consumers, and businesses" and its "cost impact on State and local government" will elicit useful material. Whether or not such data is forthcoming, however, the FDA should undertake a cost study so that it can determine in advance the cost of the benefits it seeks. Only then will it have the facts essential to its ultimate decision.

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Second, we urge the FDA to undertake some quantification of the benefits of the new regulation and to relate those benefits to the cost of compliance with the regulation. Obviously every human life which can be saved by improving conditions under which shellfish are harvested and processed is of benefit. So too is the relief of suffering and expense related to disease which would otherwise be contracted from contaminated seafood. But these matters can be quantified. How great is the health hazard posed by existing conditions in the shellfish industry? How many lives are now lost, how much sickness caused? To what extent would the proposal eliminate these problems?

At the Eighth National Shellfish Sanitation Workshop in January 1974 much was made of an outbreak of hepatitis associated with the oysters served at a particular restaurant in Houston, Texas. The source of the oysters was traced within a matter of hours. This incident was used as proof of the necessity of new regulations. While it does serve to highlight the health problems associated with shellfish consumption, the incident suggests that the proposed regulations are not necessarily the appropriate solution. The source (distributor, processor, harvestor and growing area) of the oysters was determined very shortly after the cases of hepatitis were reported even though no regulations required such information to be kept. More importantly, this information was of little or no value since the disease did not break out until a month or more after exposure, so no preventive measures could be taken. In addition, the actual cause of the disease could not be determined since the growing area was found to be certifiably sanitary as were the processing and distributing conditions. Most other consumers of shellfish from the same area were unaffected. Accordingly, the extra recordkeeping to be required by the FDA and the ban of commingling of growing lots would not have changed the situation at all.

In fact, relatively few cases of disease have been attributed to shellfish. The question which the FDA must answer, therefore, is whether the problem is of sufficient scope to warrant the measures proposed.

Finally, an informed decision on whether to adopt the proposed regulations cannot be made without an exploration of the feasibility of less costly alternative regulatory schemes. Although the possibility of alternative approaches is mentioned in the explanatory statement accompanying the proposal and although comments were specifically requested in respect to alternatives, it does not appear that the FDA has made careful analyses of alternative proposals. Again, it is hoped that the comments to be received from the industry, consumer groups, and state and local governments will shed additional light on this aspect of the problem.

On the basis of the information set forth by the FDA it is by no means clear that a partial implementation of the regulation would not represent the best balance of costs and benefits. For example, a significantly less rigorous regulatory environment is proposed for imported shellfish, which today account for about 10% of U.S. consumption. Shellfish will be permitted to come from countries that have submitted "scientific and public health studies that have been conducted to show that harvested and processed shellfish can be produced in a sanitary manner and meet the criteria and standards" of the regulations. The FDA reserves the right to make occasional inspection of the foreign country's shellfish control program and industry processing and handling practices. Submission of lists of growing areas is the only other requirement for imports. If the above regulations are sufficient for the maintenance of health when imported shellfish are involved, are they not also sufficient in the case of domestic shellfish?

Alternatively, it is possible that vigorous and frequent on-sight inspections of production facilities together with continuous monitoring of harvesting areas would be sufficient to achieve the public health aims of the program. Again, we do not claim the technical expertise to answer these questions. Rather, we urge the FDA to address them before embarking on a course which is likely to be expensive and which might cause severe dislocations within the industry.

* * * * *

In summary, we believe that substantially greater economic analysis is required before a decision is made on whether to modify or implement the proposed National Shellfish Safety Program. The FDA should determine the costs of implementation to the firms within the industry and should include within its study an analysis of whether the program is likely to force smaller harvesters and processors out of business. The ultimate impact on consumer prices of the direct cost increases and of any changes in industry structure should be analyzed. So also should the costs of implementation and enforcement to be borne by state and local governments. These costs should be balanced against quantifiable benefits. What will the program achieve? At what cost? Technically feasible alternatives should be explored in an effort to obtain the most benefits at the lowest cost to consumers and taxpayers. Only after these economic analyses are prepared should the Commissioner proceed to the ultimate question of whether to adopt the National Shellfish Safety Program, either as proposed or in modified form.

SENATOR TALMADGE ADDRESSES ECONOMIC CONFERENCE AT MADISON COLLEGE, HARRISONBURG, VA.

Mr. HARRY F. BYRD, JR. Mr. President, Senator HERMAN E. TALMADGE, chairman of the Committee on Agriculture and Forestry, addressed the Economic Conference at Madison College, Harrisonburg, Va., on Monday, October 20. I have heard much favorable comment about Senator TALMADGE's speech. It was well received by that large audience.

I have been in that community since, and I find that many are still talking about Senator TALMADGE's address. It is a thoughtful one, and I feel it should receive wide distribution. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR HERMAN E. TALMADGE

I am very glad to have an opportunity to participate in this economic seminar, and I appreciate the invitation of my friend and fellow Georgian, Dean Hanlon of the School of Business here.

Both the timing and the subject of your conference are well chosen. Every national poll that I have seen in recent years indicates beyond doubt that the economy is by far the Number One concern of the American people.

That should come as no surprise to anyone. For the past 10 years, the United States has suffered the worst sustained inflation in the history of our Republic. We have fallen into the deepest recession since the economic calamity of the 1930's.

And, most alarming of all is the fact that we are unable, at least at this time, to see any light at the end of the tunnel. What we do see is a projected federal deficit approaching $80 billion for the current fiscal year, which very likely can generate another round of severe inflation, which in turn can bring about another recession.

We don't know that these dire predictions will come to pass. We don't know that the current deficit will result in escalating inflation, at a higher rate than before, and push us into another recession, in 1976 or 1977, even deeper than we have experienced for the past year.

But, what troubles me and ought to trouble everyone, is the fact that we have no assurances, absolutely none, that the situation I have described will not come to pass.

I don't like to take that kind of gamble with the United States economy. I am not a pure economist. But, I can read history. I am sufficiently aware of sound fiscal policies and practices to know that the federal government cannot continue to repeat, and courting economic disaster in the future.

For the most part, these mistakes have consisted of a federal proclivity, for 30 years since the end of World War II, of spending too much money we don't have for too many programs we don't need, and an unrestrained determination to try to play policeman, banker, and Santa Claus for the whole world.

Even the most optimistic apologist for federal fiscal affairs would have to concede that there is not much to shout about in the American economy today.

And when you contemplate the dual problems of economy and energy, the picture seems bleak indeed.

But there is one bright spot. At the risk of over-dramatizing the situation, I contend that it offers more hope and promise, and the ability to deliver positive results, than anything else I see on the horizon at this time.

I am referring to American agriculture. The strongest economic force we have in the United States today is agriculture. This translates into agri-business. That means billions of dollars in income, and millions of jobs, for people on the farm and off the farm. To carry the concept one step further, it means agri-power.

It has economic punch. It has political clout throughout all the world. It can be, and is, an enormous lever in foreign relations.

Food policy can no longer be confined to the narrow stereotype which characterized agriculture a generation ago. Neither Congress nor the American public can afford to be so shortsighted that we fail to recognize the importance and the potential of American agriculture.

I know of no opportunity more compelling. We must seize the initiative. We must exploit it to the fullest extent possible.

I do not propose that we fashion agriculture as some kind of weapon for retribution or economic sanction . . . or for blackmail, as the OPEC nations are now using their vast oil reserves.

But we most certainly should employ agriculture as a diplomatic bargaining tool to strengthen the United States' economy and to help build a better and more secure world for all nations.

The United States has distinct advantages in agriculture that no other nation enjoys. We have the most and the best.

The Japanese and the West Germans can manufacture as well as we can. But they cannot farm as well. No other nation on the face of the Earth can match the efficiency and productivity of the American farmer.

He produces a commodity which in the final analysis is more precious than oil.

Farmers in the United States comprise only about 4 per cent of the total population. Yet, one American farmer can feed 51 people.

Compare that to the vast expanse of the Soviet Union, where one-third of its labor force is on the farm, and a farmer there can produce enough food to feed only six people.

The worldwide demand for United States' agriculture is greater today than ever before. In the future, both immediate and long range, it has nowhere to go but up.

The world population increases by 200,000 a day, or 74 million a year. Nations of the world which are dollar-rich but food-poor, will look more and more to the United States to fill their vitally needed agricultural needs.

We have in agriculture the best of all possible worlds. The American farmer produces enough to feed not only 214 million people in this country, but also to fill freighters to the brim with wheat, and corn, and feedgrains, and soybeans to help nourish untold millions throughout the rest of the world.

We are already midway through the decade of the 1970's. The picture is very clear. If the present trend continues—and it should not only continue but improve—the 1970's will go down as the Golden Years of American agriculture.

The impact of agriculture on the American economy surpasses by far even the wildest of expectations. For example, four or five years ago, learned economists like Eliot Janeway and writers for magazines like Forbes and Business Week painted a rosy future for agriculture. They were so bold as to forecast that United States' farm exports would hit $18 billion by 1980.

Well, here's what happened. We surpassed that figure by almost $4 billion in 1974.

The enormous surge forward in agriculture exports, which surprised even the experts, can best be demonstrated if we go back a few years.

In 1970, the United States exported agriculture commodities worth $7 billion. Exports have steadily increased since, and not by small steps, but by leaps and bounds.

U.S. agriculture exports reached $18 billion in 1973 . . . $22 billion in 1974 . . . and last year they topped $22 billion again.

In fiscal 1975, we enjoyed a record agricultural trade surplus of $12 billion. In the context of our present economic plight and the energy crisis, let me relate that surplus in more meaningful terms.

That surplus was equal to almost half of what we had to pay for imported oil. That surplus helped offset an overall trade deficit that would have been devastating without agricultural exports.

There is no way on Earth that we can earn enough foreign exchange to continue to pay the inflated, blackmail price for imported oil—which has been running about $25 billion a year, and which will be pushed even higher by the latest OPEC price increases.

But until the cartel can be broken, until the price of oil abates, our ace in the hole is now, and will continue to be, agricultural exports. The backbone of this effort will be the American farmer.

It is not just the farmer who has such a vital stake in foreign markets. The Department of Agriculture estimates that every billion dollars in farm exports produces about 53,000 non-farm jobs in the United States.

These are jobs in railroads, warehouses, for American dock workers, and in the steel, machinery and supply industries which provide farmers the means to produce.

Therefore, if we are going to ask the American farmer to increase production to earn more foreign exchange, then it is imperative that he be protected against the uncertainties of weather and the fluctuation of prices. He must be guaranteed a reasonable income for the production that we demand of him.

Farmers are caught in a cost-price squeeze that threatens to drive many of them off their land—unless they are willing to go on paying more to produce a crop than they get for them in the marketplace. For example, the cost of his machinery, fertilizer, insecticides, and labor have doubled, tripled, and even quadrupled in some instances.

In the past decade alone, his property taxes have quadrupled, and his debt burden quintupled.

So, just like everyone else, the farmers have to be guaranteed reasonable prices, if they hope to make a profit or even break even.

Merchants in towns and cities need to realize that a farmer going broke is not a very promising customer for new tractors, television sets, cars or trucks, or new clothing.

I know it's a difficult pill to swallow, but the American consumer may as well get used to paying more for food. This problem, along with agriculture in general, also needs to be put in its proper perspective.

Of every dollar spent for food, the farmer receives about 37 cents. The rest goes to people involved in processing, distributing and selling. An average market basket of food cost $105 more in the first half of 1975 than the year before. Of that increase, $1 went to the farmer. The other $104 went to the middlemen.

The average consumer here pays about 16 per cent of his disposable income on food—compared to 35 to 50 per cent in Europe and even much higher than that in some parts of the world.

Food costs will go up, despite all we can do. That's not because the farmer is getting richer. It's mostly because of the increasing cost of labor, transportation, processing, and all other things that happen to food before it reaches the supermarket.

But the fact remains, food in America is still the best buy in the world.

Apart from foreign trade, there is yet another aspect of agriculture that most people have a tendency to overlook. It is vital to city dwellers as well as the man in the field.

It is estimated that agriculturally-based industries contribute 25 per cent of the Gross National Product. These industries, which depend directly upon farm, field, and forest, provide employment for about 30 per cent of the total U.S. work force.

Agriculture no longer has the strong voice it once had in Congress. Fifty years ago one-third of the nation lived on farms, compared to only about 4 per cent today.

Also, because of the complexity of agriculture and farm legislation, it is a much misunderstood, and too often maligned industry.

But, though farmers are fewer in number, their influence is becoming more pronounced. More and more people, and more and more members of Congress, are becoming increasingly aware that agriculture is a potent force in the American economy.

For the good of our country and in order to fully utilize this potent force to strengthen the economy, I hope this trend will continue.

NEW YORK CITY'S FINANCIAL PROBLEMS

Mr. HARRY F. BYRD, JR. Mr. President, the dominant issues before Congress at this time is whether or not the Federal Government will guarantee New York City's bonds.

The Committee on Banking, Housing and Urban Affairs has been attempting to force this legislation to the floor of the Senate. The committee is very closely divided on the issue. The votes have been 7 to 6 in favor of a New York City bailout, but one of those seven members—and perhaps two—is beginning to have second thoughts.

It is very important that the public have all the facts in this matter.

I am rather surprised that the committee either has not sought or certainly has not obtained—up to this morning—information as to just how much this New York City bailout legislation will benefit the various banks of New York City.

Mr. President, the 8 million citizens of New York will not receive one thin dime from the proposed legislation to have the Federal Government guarantee New York City's bonds.

The financial beneficiaries will be the bondholders. The major bondholders are the New York City banks.

I feel there is an obligation on the part of the committee to obtain from those banks the amount of bonds held by each of the banks. This is important, because otherwise the Senate, the Congress, and the American people have no way of knowing how many hundreds of millions of dollars those banks will be benefitted by a guarantee of the bonds.

What does a default mean?

If those bonds are in default, it means that the bondholders—and the major bondholders are the banks—will not receive the interest on those bonds. It means, also, that those bonds will not be paid off immediately, should they become due immediately.

To guarantee the payment and the interest on these tax-exempt bonds is not only a very far-reaching piece of legislation, but also, it is legislation that will have an enormous beneficial impact on the New York City banks. For that reason I think it is important that when the proposed legislation comes to the Senate, if it does, all the facts be made available to the public.

In regard to the sale of bonds and what effect the situation in New York City is having on the sale of bonds throughout the Nation, I cite two Virginia cases. On last Tuesday, October 21, the city of Newport News, Va., obtained a low bid of 6.13 percent annual interest, for an $11.75 million bond issue. That rate of interest drew quick approval from the Newport News City Council and from Mayor Harry Atkinson and from Councilwoman Mrs. Jessie M. Rattley.

The Newport News City Council feels—and I concur in that view—that the city has done an excellent job and deserves a fine rating and its case was successfully argued by Mayor Atkinson and Mrs. Rattley.

So I cite that case to show that well managed cities are not going to have difficulty in selling bonds that need to be sold.

I cite another case, that of Fairfax County, the largest political subdivision in the State of Virginia, with a population of 550,000. Fairfax had no trouble selling $10,650,000 worth of AAA rated bonds this past Wednesday, a week ago tomorrow. The net interest rate on that was 5.69 percent.

There, again, it shows that those communities which manage their affairs properly will not have difficulty in borrowing the money they need.

With regard to New York City, I have before me an article published in the Richmond Times Dispatch of yesterday, Monday, October 27. It contains a column by former Gov. Ronald Reagan of California. In this column, he makes a very important point. He says "The Federal growth"—that is, the growth of the Federal Government—"has cramped nearly every city's ability to raise money."

Certainly, the more the Federal Government goes into the money markets, the more difficult it is for everybody—not just municipal and State governments, but the individual citizen—to obtain financing.

Then, speaking specifically about the New York City situation, former Governor Reagan says of New York City—

> But instead of trimming expenses, New York let its city budget swell larger and larger. Today, it is up to $11 billion a year. With a population of 7 million, it has a public work force of 400,000 persons. The State of California, by contrast, has 21 million people and only 100,000 State employees.

Those are astonishing figures.

New York City, with a population of 8 million persons, has a public work force of 400,000, while the State of California, with 21 million persons, has a public work force of 100,000.

Instead of a bailout for New York City, what that city must do is put its own financial affairs in order. It has been mismanaged over the years. It must get back to a balanced budget and it must not expect the wage earners of our Nation to guarantee New York bankers a return on their bond investment. These bonds yield a high tax-exempt income and those who buy them must take the risk which comes with a high yield.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Alabama (Mr. ALLEN) is recognized for not to exceed 15 minutes.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator from Alabama yield for a unanimous-consent request?

Mr. ALLEN. Yes, I am happy to yield.

ORDER TO CONSIDER H.R. 12 UPON CONCLUSION OF MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that, at the conclusion of routine morning business today, the Senate proceed to consideration of Calendar Order No. 370, H.R. 12, a bill to increase the size of the Executive Protective Service.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR VOTE ON NOMINATION TO OCCUR AT 2:30 P.M. TODAY

Mr. ROBERT C. BYRD. Mr. President, as in executive session, I ask unanimous consent that the vote on the nomination, which was to occur at the hour of 2 p.m. today, occur at the hour of 2:30 p.m. instead.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none. Without objection, it is so ordered.

ORDER FOR 1 HOUR OF DEBATE ON NOMINATION TO BEGIN AT 1:30 P.M. TODAY

Mr. ROBERT C. BYRD. Mr. President, I suppose the order has already been entered that the votes on the various treaties will immediately follow the vote on the nomination.

The ACTING PRESIDENT pro tempore. That is correct.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the 1 hour of debate on the nomination of Maj. Gen. Alton D. Slay begin at the hour of 1:30 p.m. today, rather than at the hour of 1 p.m.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DOMENICI. Will the Senator yield for a question?

Mr. ALLEN. Yes, I yield.

Mr. DOMENICI. This is just a clarification. Previous to the last unanimous-consent request, Order No. 409 was agreed to be the next order of business. Do we understand now that that is to be removed and it will occur subsequent to the votes on the treaties?

Mr. ROBERT C. BYRD. Later on in the afternoon.

Mr. DOMENICI. I thank the Senator.

Mr. ROBERT C. BYRD. I thank the Senator from Alabama.

Mr. President, I ask unanimous consent that the time I have consumed not be charged against the Senator from Alabama.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

NEW YORK CITY'S FISCAL CRISIS

Mr. ALLEN. Mr. President, I oppose legislation which would bail out the city of New York and the State of New York from their financial difficulties by the device of a Federal guarantee of $8 billion of bond issues of New York City. It is ironic, Mr. President, but it is true that in opposing these things, I am standing up for the people of the city of New York and the people of the State of New York. I am seeking to protect the best interests of the people of New York, as well as the people of the Nation.

The people of New York have been ripped off in recent decades by the politicians of New York City and New York State. They have been ripped off by the big city bankers. They have been ripped off by the municipal labor union leaders. The politicians are seeking to survive; the big city bankers are seeking to collect their hundreds of millions of dollars in New York City and New York State bonds; and the municipal labor union leaders are seeking to preserve the bloated municipal payrolls and the unrealistic pension plans.

Well, Mr. President, what would the Federal guarantee of bonds of New York City accomplish? How would this action on the part of the Federal Government affect the average citizen of New York? Mr. President, it would freeze in this unrealistic level of wasteful expenditures in New York City. It would freeze in a level of support of wasteful practices that has brought New York City to this unhappy state.

Mr. President, my sympathies are with the people of New York. They have had incompetent government; they have had politically motivated government; they have had big spenders at the head of their government. The big city banks are not free from blame. They have continued to lend at exorbitant rates of interest, I might say, to a city that was not living within its income and that was headed for financial ruin.

The big labor leaders are not free from blame.

Mr. **HARRY F. BYRD, JR.** Will the Senator yield at that point?

Mr. **ALLEN.** Yes, I am glad to yield.

Mr. **HARRY F. BYRD, JR.** It might be well to read into the RECORD at this point, with the permission of the able Senator from Alabama, the comment by the State comptroller of New York, Arthur Levitt, as published in the New York Times last week. This is the comment by Mr. Levitt dealing with the New York banking situation: "I don't mind saying I am very disappointed in the bankers," said Mr. Levitt. "They have made it far too easy for the city to borrow more than was good for it, made enormous profits on the loans, and now are doing far less than they ought to do to straighten out the situation."

Mr. **ALLEN** I thank the distinguished Senator from Virginia. Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Oct. 20, 1975]

LEVITT ANALYZES CITY'S MISTAKES

(By Tom Buckley)

"I remember back in 1960 going to lunch with John Mitchell at the Bankers Club," State Controller Arthur Levitt said the other day. "It was set up by Nelson Rockefeller. Mitchell was going to persuade me that moral obligation bonds were a bold, new, imaginative financing tool."

The thin blade of irony scratched in his words. One state agency financed by such bonds, the Urban Development Corporation, had already collapsed. Others were shaky.

New York City, which had used even more imaginative forms of financing and accounting, seemed to be only 24 hours from default, and Mr. Levitt was prepared to see it go under rather than to compromise his principles by lending it state pension funds without what he regarded as adequate safeguards.

"Mitchell was a bond lawyer in those days," he went on, "but he was just the same as he was when he was with Nixon. Smoking a pipe, softspoken, but very tough."

The slender, white-haired Controller paused for effect.

"He wasn't tough enough to persuade me he was right," he said. "I promptly attacked the whole idea as a betrayal of the taxpayer, and I've been attacking it ever since."

"I've always believed in the wisdom of the people," he said. "Let them decide what capital projects their money should be used for, by referendum, as provided by the State Constitution. Then back the bonds with the full faith and credit of the state, not with some sort of meaningless moral obligation."

INFLATIONARY PSYCHOLOGY

Mr. Levitt sat in his office on the 23d floor of the state office building at 270 Broadway. From the gray eminence of his 75 years and his nearly 21 years of service as Controller, he looked down at the rooks and jackdaws, harbingers of economic collapse, roosting on the eaves of City Hall.

"As I see it," he said, trying to keep the "I told you so" tone out of his voice, "the city has been a victim of inflationary psychology. That is, the need to satisfy all its wants at the same time. Without planning. By borrowing, and then borrowing again to pay the first borrowing. By piling debt on debt."

"The Blue List," the daily compilation of the prices of government bonds, lay on his desk. It showed New York City and even state bonds selling at painful discounts, the moral obligation bonds weakest of all.

"After the law was passed," Mr. Levitt said, "I got the bankers together. 'You should be the first to decry these bonds,' I told them. You know what their answer was? They said, 'We absolutely agree with you, but the Legislature and the Governor have agreed in their wisdom to sell them, and we're in business to make money.'"

Mr. Levitt shook his head. It isn't often that a Democratic officeholder finds himself preaching prudence to the banks. It isn't often that someone is elected to statewide office six times by enormously increasing pluralities while having his advice on major public issues ignored by just about everyone.

In 1954, when he first took office with the W. Averell Harriman administration, his margin of victory was 20,000 votes. Last year he ran far ahead of the ticket, winning by 2.1 million votes, the largest plurality recorded in a state election in this country.

A PRIDE IN FIGURES

Mr. Levitt takes a good deal of pride in this figure, in the fact that he has served longer in statewide elective office than anyone else in New York's long history, and that he could have had the Republican and Conservative nominations as well as the Democratic and Liberal last year.

"Maybe I should have done it," he said, thinking about another entry in the state record books, "but the Democrats thought it would hurt them so I turned it down."

In fact, Mr. Levitt, although Brooklyn born and bred and Democratic besides, is probably more popular among the old-stock Republicans of upstate than he is in his native city.

One of the responsibilities of his office is to audit the books of the more than 7,000 political subdivisions of the state, and in the hamlets and villages north of the Bronx line his financial reports and speeches on fiscal responsibility are greeted with rapturous applause.

Since 1971, when the Legislature granted to his office the same broad powers in New York City, his staff has turned out countless reports detailing waste and mismanagement here. These have seldom been given the attention he thinks they deserve.

"Upstate my reports are news," he said. "The papers print them, especially the weeklies; in New York the media have always ignored them."

On the East and West Sides of Manhattan, particularly, among those who propose costly schemes for the betterment of mankind, Mr. Levitt, with his repeated warnings of the perils of uncontrolled spending, has been generally regarded as a bore—party-pooper during the go-go years.

The next day, Friday, when it appeared that the city would finally default by being unable to pay $477-million in notes and other obligations coming due, Mr. Levitt spent the morning in a series of private conferences at Governor Carey's offices here.

He and Louis J. Lefkowitz, the State Attorney General, were the first to leave for lunch. As they made their way to the elevator they were surrounded by television crews and radio reporters.

"Is there going to be a default?" he was asked.

"I have some degree of confidence there won't be," he replied. "Call it an instinctive hope."

Was there any chance that he might increase the purchase of Municipal Assistance Corporation bonds or state notes by the pension funds of which he is the sole trustee, to bail the city out at the last minute?

"No," he said. "No chance at all of that."

UNRUFFLED UNDER BARRAGE

Even after newsmen pushed him into a corner of the elevator and continued their questioning during the descent and across the lobby, Mr. Levitt, who was dapper in a double-breasted blue nailhead worsted suit, red-and-white striped shirt and red-and-blue figured tie, remained unruffled.

"See my lawyer," he said with a smile, turning to Mr. Lefkowitz, when someone raised a legal issue.

"My client is always right, the Attorney General said genially, turning the question aside.

Seeing these two shrewd old-time politicians together brings to mind the two retired vaudevillians of Neil Simon's "The Sunshine Boys," whose relationship was also compounded of mutual irritation conflicting vanities, differing personalities and, possibly, an underlying respect and affection.

When Mr. Levitt speaks of his record-breaking majorities and length of service, Mr. Lefkowitz is apt to remind him that he gets only token opposition while he, Mr. Lefkowitz, a Republican, won big in 1974 over the attractive and energetic Bronx Borough President, Robert Abrams, in a Democratic year.

Which Mr. Levitt's public image is dour and bankerish, Mr. Lefkowitz is ebullient and outgoing. While Mr. Levitt has become increasingly remote from party politics, running his office on a nonpartisan basis, Mr. Lefkowitz is enthusiastically and unashamedly political.

A WELL-ARMORED EXTERIOR

"He's a wonderful guy," Mr. Lefkowitz will confide to anyone who will listen, "but he drives me crazy. He wants opinions on everything. He won't take a step without getting an opinion. Providing Levitt with opinions keeps my office working overtime."

The two men walked across 55th Street to the Office Pub, a modest restaurant where an old friend of theirs, Harold L. Fisher, a member of the Metropolitan Transportation Authority, was waiting at a reserved booth in the corner.

"Well, it's up to the teachers," said Mr. Levit, after ordering a plain chopped steak and fried onion rings. "Carey is talking to Albert Shanker."

Mr. Fisher said he had heard that some banks were accepting maturing city notes for deposit "subject to collection" rather than immediately entering the amount in customers' passbooks as has always been the custom.

"I don't mind saying I'm very disappointed in the bankers," said Mr. Levitt. "They made it far too easy for the city to borrow more than was good for it, made enormous profits on the loans, and now are doing far less than they ought to do to straighten out the situation."

A guest at the table said that the same charge had been leveled against Mr. Levitt, since he had held firm against buying more than a token amount, $25-million, of Municipal Assistance Corporation bonds for the multibillion-dollar pension funds of which he is the sole trustee.

Indeed, it was that issue that brought Mr. Levitt into the city financial crisis. At an emergency meeting of city and state officials on Labor Day, his refusal to make the purchases led to the convening of a special session of the Legislature to pass a law requiring him to do so.

A man who was present at the meeting said that he had been astounded by the eloquence of the Controller's arguments.

"I didn't know him well and had always been suspicious of his reputation," he said. "I figured he was at least a decade over the hill. As soon as he began his speech I knew he wasn't going to buy any Big MAC bonds. I thought, 'That S.O.B.' But by the time he finished he had convinced everyone that he was doing the right thing. There wasn't any argument.

"He even had what turned out to be an alternative," the source went on. "He said that as the sole trustee of the funds he was required by law to consider only safety and yield in investing them. If the Legislature mandated that he should consider social purposes, too, such as aid to New York, they would save to mandate that view into law. If they did, which he doubted, he said he would go along with it."

The Legislature was called into session and passed the law. When it was declared unconstitutional, Mr. Levitt had another proposal. That was to have his pension funds buy $250-million in state notes that had been refused by the banks as unsalable, with the state in turn lending the money to the city.

These notes, unlike the ones Mr. Shanker had changed his mind about buying for the city teachers' pension fund, were backed by the full faith and credit of the state.

With default temporarily averted when Mr. Shanker yielded to intense pressure, Mr. Levitt that night sent a telegram to President Ford. In it he anticipated the next credit crunch at the end of November.

"Unless the Federal Government guarantees its borrowing, the city will surely default on its obligations," he said.

The next day, Saturday, Mr. Levitt rose early at his apartment on East 72d Street and breakfasted lightly with his wife, a retired public schools supervisor. Their son, Arthur Jr., heads the brokerage firm of Shearson, Hayden, Stone, Inc., and has his own family.

After that, he went down to the Vanderbilt Y.M.C.A. on East 47th Street for a workout. He rowed five miles pulled 500 strokes on the rowing machine and did a couple of dozen pulls-ups on a tilt board inclined at a 45-degree angle.

"I've been doing it all my life," he said. "I hate it but I couldn't get along without it. When I weighed myself today, you know, I weighed 160 pounds, only two pounds more than when I was wrestling at Columbia."

Mr. Levitt, the son of a dentist who has been brought to the United States from Russia as a child, grew up in the Williamsburg section of Brooklyn. He was graduated from Columbia College and the Columbia University Law School, which awarded him an honorary degree in 1970, and served as a colonel in the judge advocate general's department of the Army in World War II.

A good government, Ivy League ornament of the Brooklyn Democratic organization, he served as president of the Board of Education before being selected to run for Controller.

"I was worried yesterday," he said, while he was getting dressed. "Default would have been awful, just awful. For one thing, there might have been a run on the banks that were heavily invested in city bonds."

Asked if he had been pushed on Friday to make more state pension funds available for the rescue effort, he shrugged.

"They tried a little," he said, "but they knew where I stood. I've been saying the same thing too long for them to expect me to change now."

There was a copy of the current issue of Time magazine in the lounge, showing a caricature of Mayor Beame on the cover. Wasn't there, he was asked, a resemblance between him and the Mayor?

"Maybe you're right," he said, studying the drawing. "I've never thought about it. Well, it's better than looking like Lefkowitz."

Mr. ALLEN. Mr. President, the leaders of the big municipal labor unions are not free from fault, because they have caused the negotiation of pension plans in the city that were unrealistic, that have been a severe burden to the city, and that is one of the contributing causes for New York City's collapse.

Mr. President, this is a local matter affecting New York City and New York State. The Senator from Alabama would not comment on the inefficiency of the government of the city of New York, he would not comment on the action of the big city banks, he would not comment on the action of the leaders of the big municipal labor unions, had the issue been kept a local issue. But, Mr. President, the problem of New York City and New York State have been dumped in the lap of Congress, and it is appropriate that any Member of Congress express his opinion with respect to their problems and the solution that should be worked out.

Mr. President, I believe it is for the best interests of the people of New York City and New York State not to pass this legislation bailing out, so to speak, the government of the city of New York and the government of the State of New York.

Mr. President, I am saying it is a bailout of those governments and not a bailout of the people because it is against the best interests of the people of New York City and New York State, in my judgment.

I feel that voluntary bankruptcy is the proper course for New York City to follow. I do not claim to be a great economist but I know that under the protection of the bankruptcy law it would not be necessary for New York City and New York State to default on their obligations to the extent of not eventually paying them. There is nothing to prevent New York City and New York State paying their just obligations after they obtain the protection of the bankruptcy court. They would have a right though to see that these pension contracts are renegotiated; that reductions are made in the bloated bureaucracy that they have in New York City; that changes are made in the free hospitals and the free universities they have; that they put their affairs in order and come up with a plan which New York City can shoulder its own burdens and not seek to pass those burdens out among all the people of the Nation.

Mr. President, if the Senator from Alabama was the only person advocating the best course for New York City to follow is to go into bankruptcy that might be one thing. But the Wall Street Journal, Mr. President, which is, I assume, the oracle of Wall Street, the oracle, the spokesman, for the financial community, in their issue of October 23, 1975, in the lead editorial, stated:

> We continue to believe that the best step for the city is voluntary bankruptcy, and that if it is unwilling to take that step the Federal Government ought to step aside and let the courts handle the problem.

So, Mr. President, one of the dangers we face here is the Federal Government, if it invests this $6 billion—I might say the investment or the gift that the Federal Government is going to make—I might not oppose this bailout. But it is the precedent that is going to be set. It is going to be the dozens of other municipalities that come in and say, "If you help New York, you have got to help us." It is going to be the loss of the privilege of local self-government we still enjoy in this country to some extent.

It would be a reward to fiscal mismanagement, and it would be a disincentive to cities and States to operate on a fiscally sound basis. If the Government guarantees New York's securities, would that not be a better investment than the security of another municipality that does not have a Government guarantee?

So we see that bonds of less value, less intrinsic value, would have more value in the marketplace by reason of the Government guarantee. That is hardly fair to municipalities that are trying to live within their income.

Now, Mr. President, another editorial from the Wall Street Journal of Monday, October 20, 1975 has this to say:

> It is important to remember, for example, that the pains of the city come from balancing its budget, whether it is forced to do this by default or by Federal law. Temporary Federal help, pending a balanced budget, would be help not to the city but to the bondholders.

As has been stressed by the distinguished Senator from Virginia (Mr. HARRY F. BYRD, Jr.)—

> And Saturday's testimony by New York bankers should be seen in that light.
>
> Of course, what the city really wants—

And this lets the cat out of the bag, Mr. President—

> is not temporary emergency help but a permanent subsidy from the rest of the nation so that it can avoid balancing its budget and continue in its own way.

Mr. President, I do not see the advantage of allowing that to happen. Also, Mr. President, the distinguished Chairman of the Federal Reserve Board, Mr. Arthur Burns, as reported in the Friday, October 24, issue of the Washington Post, the headline says: "Let New York City Default, Burns Advises the Hill."

So, Mr. President, I do not believe we need any legislation at this time. After default has taken place—and it seems reasonable to expect that it will—after the pension plans have been cut back to something in the neighborhood of reason, after the bloated bureaucracy has been cut back to some extent, after some of the many services furnished by the city to its citizens are reconsidered, then we are going to have a city that can live within its income, and we are going to serve the best interests of the people of New York by denying this further bit of opiate that they would survive on until the money ran out, and then they would come back and ask Congress for more money to continue their wasteful practices.

Now, Mr. President, one comment on the Committee on Banking that is considering this legislation, and the fact that they have not been able to get a majority of the members of the Banking Committee to support any specific plan shows the complex nature of this legislation and the lack of universal support that the plan has.

I noted in the press that the committee is, some on the committee, at least, are seeking to avoid having this legislation go to the Finance Committee. It is suggested that these new bonds would be taxable and that would require the bill to go to the Finance Committee. To avoid letting it go to the Finance Committee, where it would be considered there, they are suggesting charging the city a premium of 3½ percent for issuing this guarantee.

Well, that would be, as the Senator from Alabama understands it, computes it, a cost to the city of $210 million to get this Federal guarantee. Well, how are you going to charge a pauper, as New York City claims to be? How are you going to charge them $210 million for a guarantee and justify it?

We ought to allow this bill to go to the Finance Committee and let it be considered there.

Mr. President, any commonsense requirements that Congress would place, where they would require that the amount of interest on these bonds be cut down, where they would require that New York State levy a tax to cover half of the budget deficit, would be held against Congress by New York City and New York State. They would not appreciate this helping hand.

What they would say is not that Congress helped them but that Congress imposed stringent requirements on the city of New York.

I do not see that we ought to impose any requirements. Leave New York City where we find them. Leave the State of New York where we find them. Let them get such relief as they can following the recommendations of the chairman of the Federal Reserve Board, Dr. Arthur Burns, following the recommendation of the Wall Street Journal, following the recommendation, I might say, of Secretary Simon, the Secretary of the Treasury, to go into voluntary bankruptcy, to get their affairs in order, and then pay back all of their debts.

I am not suggesting that New York City beat any of its debts, but I am suggesting that the Congress should require New York State and New York City to solve this matter. If we do not follow that course, we are certainly going to live to regret it.

Mr. President, I might say to those who are trying in the committee to have a real bill, a real requirement, imposing conditions, if they do agree on a bill in committee, all bets would be off about what was agreed to in the committee and no telling what would emerge here on the Senate floor.

I hope those members in the committee will stand firm.

Again I say requirements which are placed by the Congress on New York City are going to be greatly resented. New York City is not going to appreciate the hope that the Congress gives them because they are going to say these requirements are too rough, they are too strict, they are too demanding, and they do not want to be forced to do these things. Congress, instead of having its actions appreciated by New York City, the government of New York City and the government of New York, would be severely criticized.

Mr. President, I believe the proper course is to allow New York City and New York State to solve these matters themselves. I believe that the people of New York State and New York City would benefit from that action.

Mr. President, I ask unanimous consent that these three news editorials to which I have alluded may be printed in the Record at this point.

These being no objection, the articles were ordered to be printed in the Record, as follows:

[From the Washington Post, Oct. 24, 1975]

Burns: Let New York Default

(By Hobart Rowan)

Congress would be better advised to let New York City fall into bankruptcy, and then provide some aid measures, than to pass a federal bailout law now, Federal Reserve Board Chairman Arthur F. Burns told a House banking subcommittee yesterday.

In answer to questions by Economic Stabilization Subcommittee Chairman Thomas L. Ashley (D-Ohio), Burns said that although there is a "stigma" attached to bankruptcy, "and that troubles me," a receivership would make it possible to reorganize New York City's finances and still preserve its essential services.

There would be no "chaos" in such an eventuality, Burns said. "I'm inclined to think the paychecks (for city employees) would go forward."

Burns said that Congress should immediately amend the bankruptcy laws so that the courts could arrange a reorganization of New York's debts "in an orderly and expeditious manner."

Bankruptcy is a legal proceeding under which the party in default allows a court to parcel out available resources among creditors.

Once the city has actually defaulted, Burns told the subcommittee, "some assistance to New York might be desirable." He said that could take the farm of prepayment of some federal grants-in-aid.

He did not spell out the full implications of bankruptcy, except to say that interest payments on New York City securities would be "suspended for a time."

The City could then meet its cash needs "by some further cuts in spending, by stopping some projects, by suspending payments into the city's pension fund, or borrowing from it," Burns said. "And salaries could be cut. This is very unpleasant. None of the alternatives are very attractive. But it's do-able."

Burns said repeatedly that "as of today" he would advise Congress not to vote for financial assistance to New York, even if the legislation contained seven conditions he outlined that are designed to limit the scope of any aid program.

Six of those conditions, making it onerous for a municipality to seek federal aid, had been suggested by Burns before. Yesterday, he added a seventh, under which holders of Municipal Assistance Corporation (MAC) bonds and institutional holders of New York City securities would voluntarily agree to "scale down" the interest they collect.

He would also demand "voluntary revisions" in the New York City pension fund.

In answer to questions, Burns said that New York's problems are not seriously affecting the value of the dollar abroad, according to a survey he had conducted yesterday. The primary reason for dollar fluctuations, the central banker declared, is changes in interest rates here compared to those abroad.

Earlier, both Paul A. Volcker, president of the Federal Reserve Bank of New York, and George Ball, former Under Secretary of State and a partner in Lehman Bros., an investment banking firm, had told the committee that a New York default would have serious international repercussions.

Ball said that New York's problems have created a "brooding apprehension" in Europe that a New York default would abort the U.S. economic recovery, and therefore start "a slide toward world depression."

Volcker, for many recent years the Treasury's chief negotiator on international financial matters, said that the value of the dollar had already been threatened by the New York crisis, and that Europeans find it "incomprehensible" that the federal government would "permit an outright default of its major city."

Meanwhile, Sen. James L. Buckley (Cons-R-N.Y.) called for a Justice Department investigation into the possibility that New York City officials violated federal laws by misrepresenting the city's financial condition.

At a news conference, Buckley made public a report from Jeremiah B. McKenna, a lawyer for the New York State legislature's Select Committee on Crime.

McKenna said that reports by State Comptroller Arthur Levitt "leave little doubt that recent city borrowings have relied on massive fraud." Buckley would not say whether he thought there had been criminal violations.

In New York, Mayor Abraham D. Beame called Buckley's charges "a rehash and political interpretation" of a report issued last August by the state comptroller.

[From the Wall Street Journal, Oct. 20, 1975]

New York Myths

After New York City's close brush with default Friday, Mayor Beame headed straight to Washington to plead with Congress for federal help. Since he continues his campaign in testimony today, there are a few points that listeners might keep in mind.

It's important to remember, for example, that the pain to the city comes from balancing its budget, whether it is forced to do this by default or by a federal law. Temporary federal help pending a balanced budget would be help not to the city but to the bondholders, and Saturday's testimony by New York bankers should be seen in that light. Of course, what the city really wants is not temporary emergency help, but a permanent subsidy from the rest of the nation so that it can avoid balancing its budget and continue its old ways.

The argument for a permanent subsidy is quite explicit: The rest of the nation should subsidize New York because it bears the brunt of the national problems of race and poverty. The trouble with this contention is that it is built on a series of myths. New York is *not* an especially poor city. The racial migration has *not* made it poorer. It does *not* harbor a uniquely large proportion of the "welfare class." Its welfare payments are *not* the main cause of its budget deficits. Proposals to federalize welfare may have considerable merit, but New York's welfare problem does *not* give it a unique moral claim for federal help.

Median family income in New York City was $9,682 in 1970, compared with $9,867 nationwide. The city's median income was 60% higher than a decade earlier; while this was less than the 75% gain nationwide, it nonetheless represented a healthy increase. Similarly, the proportion of poverty families fell to 11.5% in 1970 from 15.2% in 1960; it was below the national average in both years. During the 1950s, when the bulk of the black migration actually took place, the decline in low-income families was even sharper.

The migrations undeniably did change the city's racial composition. In 1950 it was 10% black; in 1970, 21%, which is not at all high by the standards of other big cities. The median income for black families was $8,107 in New York, compared to the national average of $6,279. Other studies confirm that blacks came to New York to earn money, not to go on welfare, and that a good number of them have succeeded.

As for welfare, without question it is a serious problem for its demoralized clients and a large burden for the budget. But New York is far from unique. According to the National Center for Social Statistics, 10.9% of New York's population receives Aid to Families with Dependent Children. This compares to 12.6% in Newark, 13.9% in Philadelphia, 14% in Washington, D.C., 14.5% in Baltimore and 15.8% in St. Louis.

In New York welfare payments pass through the city, where in most locations they are handled by counties or special welfare districts. More significantly, New York pays a share of the benefits out of its own tax funds while some other cities have been relieved of this responsibility by their states. But in 13 states a local jurisdiction still puts up its own tax money toward welfare. In one or two places, like Washington, D.C., this share is larger than it is in New York. Yet only New York is threatened with bankruptcy.

In any event, the importance of welfare in the city's budget is far less than first appears. Social services excluding Medicaid constitute $2.4 billion, or nearly 20% of the current $12 billion expense budget, but much of this is offset by receipt of state and federal reimbursement. According to City Hall, the direct cost to the city, including administration, is about $600 million.

The cost of the city's debt service last year was nearly three times as large. And the increase in debt service costs during the five-month-old attempt to avert default—added interest costs, administration of the Municipal Assistance Corporation and the like—has already cost New York taxpayers more than their share of the annual AFDC payout. New York's trouble is not welfare, but poor management.

In addition, New York's subsidies to the poor are dwarfed by its subsidies to the middle class. These include: high salaries and unbelievable pensions for municipal employees, free tuition at City University, the tax loss that results from rent control, the subsidies to the mostly defaulted Mitchell-Lama housing. The poor typically move too often to be helped much by rent control, and don't need free tuition because they could get state scholarships. The gravy goes to the middle class.

This is the style of life to which New York has grown accustomed. We hope that Congress recognizes that the pressing need is not to finance it, but to persuade the city to change it.

[From the Wall Street Journal, Oct. 23, 1975]

The First Condition

We think Senator Proxmire's Senate Banking Committee is making a mistake in envisioning a federal guarantee of New York City securities. But the committee will plunge beyond a mistake and into sheer folly if it guarantees the notes without securing the tax base that must pay them off. This means requiring the city to repeal its rent control laws.

We continue to believe that the best step for the city is voluntary bankruptcy, and that if it is unwilling to take that step the federal government ought to step aside and let the courts handle the problem. Mayor Beame talks of needing a billion dollars by March even if all debt service is suspended; this is chiefly the result of seasonal patterns in the payment of state and federal monies that could perhaps be corrected. In fact, the same projections show that through the remaining nine months of the fiscal year, a suspension of debt service and an 8% cut in other city spending would balance income and outgo.

These numbers are not significantly different from those the Proxmire legislation contemplates. The most important difference is that if the city goes through bankruptcy and is forced to live without credit, the cuts actually will be made. If it receives a federal guarantee, Mayor Beame will come limping back to Senator Proxmire next year for new and bigger guarantees.

We might remind the committee what a guarantee means. It means that if the city is unable to pay off the note, the federal government must do so. The legislation would in effect set up a new uncontrollable federal expenditure of $6 billion. Since the committee hopes that the expenditure will not be necessary, it recognizes that it must attach stringent conditions concerning the expenditure side of the city's budget. But so far it has not recognized that the same scrutiny must be applied to the revenue side.

The revenue side is at least as scary as the expense side. Earlier this year three disinterested civic associations—the Citizens Housing and Planning Council, the Citizens Budget Commission and the Citizens Union—issued an unprecedented joint statement warning of "the virtual collapse of the housing inventory of New York City and a massive erosion in the property tax base which would have a devastating impact on the city's revenue-raising abilities."

"Collapse . . . massive erosion . . . devastating," the words describe the recent effects of rent control, which has clung on in varying forms in New York though it was abolished soon after World War II in the parts of the nation now asked to guarantee the city's debt. There is no better example of the habit of preposterous cant at the root of New York's problems than the rhetoric about "greedy landlords," which obscures the huge importance of the real estate industry to the city's tax base and credit standing.

The real estate tax remains the most vital single revenue source in New York. Some 31% of the city's assessed valuation and a somewhat smaller part of revenues come from apartment properties. The value of these properties, and thus their contribution to assessed valuation and their tax-paying abilities, depends principally on their rental income. The rent control and rent stabilization laws reduce this income, and thus reduce the city's tax base, revenues and ability to redeem securities.

This chronic problem erupted into a full-fledged crisis with the increase in fuel costs and other inflationary pressures, and with the reimposition of rent stabilization on apartments previously exempted from the older rent control law. The apartment owners have not been allowed to pass along the full increases in fuel costs in higher rents. The typical apartment is now operating at a loss. If in order to make a basic point we may be allowed an exaggeration ignoring such complexities as tax losses: This means the value of the property is zero, and the assessed valuation of the city ought to be written down by something approaching 31%.

A de facto write-down is rapidly making itself felt. About 25% of the apartment buildings are already in arrears on their real estate taxes. About 90 of the city's 125 subsidized Mitchell-Lama projects for middle income residents are in various stages of default on their mortgages. A rent strike at the huge Coop City development, backed by many members of the city government, is the principal reason the State Housing Finance Agency is in financial jeopardy. The outright abandonment of apartments runs at about 40,000 housing units a year, or the equivalent of the entire housing stock in many smaller cities now asked to guarantee New York's debt.

Unless rent control is repealed, this hemorrhage will not only continue but accelerate. The city is devouring its own tax base just at the moment it is asking the rest of the nation to co-sign notes that base is supposed to pay off. Making the end of rent control the very first condition of any federal action is not a matter of ideology, but a matter of simple prudence.

The ACTING PRESIDENT pro tempore. The time of the Senator from Alabama has expired.

Under the previous order, the Senator from Colorado (Mr. GARY HART) is recognized for not to exceed 15 minutes.

LEAKS AND THE INTELLIGENCE COMMUNITY

Mr. GARY HART. Mr. President, almost 10 months ago, on January 27, 1975, the Senate Select Committee on Intelligence was established. At that time, few questioned the need for a full review of and inquiry into the U.S. intelligence community, although many doubted the ability of Congress to conduct such an inquiry in a responsible manner. Some predicted that the committee would become a sieve for State secrets. Others even charged that such an inquiry would hamper, if not destroy, the effectiveness of our intelligence agencies. Only a few weeks ago, the Secretary of Defense charged that leaks from congressional committees investigating the CIA had "dramatically reduced" the Agency's effectiveness. Although the Secretary did not specify what leaks he was referring to, his charge was directly related to the question of Congress ability to conduct such a sensitive investigation.

As a member of the select committee, I am particularly disturbed by these charges. In the past, Congress has failed to provide adequate oversight of the CIA and other intelligence agencies, and Congress must now demonstrate its ability to conduct a thorough and complete inquiry, and do so in a responsible manner. The record of the Senate select committee to date has demonstrated that Congress can do this job. The committee has not proved to be a sieve. No leaks of sensitive, national security information have come from the committee.

At the outset of the committee's inquiry, elaborate precautions were taken to prevent leaks. Tough committee rules, as well as security restrictions, were adopted. The committee understood from the outset that any disclosure of sensitive sources or methods would be injurious to our legitimate intelligence activities and our relations with foreign governments. The committee has, however, constantly faced the tension between the right of the public to know and the protection of legitimate national security interests. And, the committee has dealt with this tension in a responsible manner.

Despite these precautions, there have been leaks. None, to my knowledge, injurious to our national security, but leaks nevertheless. When leaks have occurred, many have concluded that they came from the committee. The record does not justify this conclusion. Leaks can come from many sources, as well as for many motives. Many of the leaks during the course of this committee's investigation have come not from the committee but from the White House or various agencies within the intelligence community, including the CIA and the FBI. Yet, it is difficult, if not impossible, to determine the specific source of leaks or the motives for them. Despite this fact, I would like to mention exmples of leaks from sources which clearly are not committee-related.

ASSASSINATION

During the course of the committee's assassination inquiry, a number of key witnesses have gone straight to the press with their stories, either prior to or following their appearance before the committee. The first example of this was Richard Goodwin, a former Kennedy White House aide. Mr. Goodwin was a key witness in the committee's inquiry into the Trujillo assassination. Mr. Goodwin appeared before the committee on July 10 and 18. On July 19, the Washington Post reported essentially all Mr. Goodwin told the committee in executive session. Who was the source of the leak? None other than Mr. Goodwin himself.

The committee has also been looking into the assassination of former Congo leader Patrice Lumumba. A key witness in this case was Richard Bissell, former Deputy Director for plans of the CIA. I attended a closed session with Mr. Bissell to discuss his knowledge of this case and the next day I read a carefully selected revision of that testimony in the newspaper. The source? Richard Bissell.

CHILE

For several months now the committee has been looking into covert operations conducted by the CIA in Chile as well as into a specific case which involved the killing of a Chilean general, Rene Schneider. During the most intense period of investigation into the Schneider killing, two articles appeared in the New York Times discussing this case. The first article, on July 23, contained several references to material that had come to the committee's attention. One could not identify where the leak originated, for the article referred to "authoritative Government sources." A second article on Chile, which appeared in the New York Times 4 days later, helped to clear up this mystery. The article referred to a memorandum prepared by Richard Helms in the fall of 1970 on CIA activities in Chile. It referred to the Schneider incident. Although not pinpointing the person responsible for leaking this material, the article did establish one point beyond doubt—the select committee was not the source. The reason is simple—the select committee had, by then, neither received nor knew of the Helms memorandum.

The Chile leaks reveal another interesting story. On September 2, 1975, a third New York Times article on Chile appeared. If one reads the first two Chile articles carefully, as the select committee did, and then looks at the third article, it is curious that these articles take on differing interpretations of essentially the same facts. There is, quite simply, a dispute in the articles over what was and was not authorized back in the fall of 1970. The first two articles interpret the authorization question in a light most favorable to the Nixon White House, the third article favored the CIA. There is an old metaphor about ships passing in the night; I would like to revise that in light of these leaks to state that we may have a case here of "bureaucracies clashing in the night."

NATIONAL SECURITY AGENCY

Recently the committee has been looking into the super-secret National Security Agency. The committee has been attempting to decide how most prudently to disclose the information we have gathered.

Throughout its investigation of the NSA, the committee has been most sensitive to charges that the disclosure of any information on the NSA would be harmful to U.S. national security interests. In fact, the select committee has delayed hearings on NSA for just that reason.

Nevertheless, numerous articles have appeared in recent days dealing with the NSA and discussing many of the same topics that his committee wanted to explore fully in closed session before going to public hearings. For example, on October 12, 1975, an article appeared in the New York Times stating that two former Presidents had received private reports from NSA on what prominent Americans were doing and saying abroad. The article cited "present and former Government officials" as sources. Another, more recent, Washington Post article, this time citing "informed intelligence community sources," discussed the NSA's interception of conversations of Jane Fonda, Benjamin Spock, and other leading antiwar figures in 1969 and 1970. These same "informed intelligence community sources" disclosed that these conversations were intercepted by NSA from overseas cable traffic. The article went on to reveal the code designations used for the intercept of these communications. The article was replete with references to "intelligence community" sources and, unless the select committee has become a part of the intelligence community, one must point the finger elsewhere for these leaks.

It is also interesting to note that a few days after the committee's last executive session on NSA, at which it decided to postpone temporarily public hearings, an article appeared in the Washington Post which revealed, among other things, that NSA's advanced technology had made it possible to scan thousands of telephone conversations, cables, and other wire and radio commmunications, and select those with valuable national security data. The article went on to say that the NSA has a "Watch List" of names including numerous leaders of the American antiwar movement. The source for this article? None other than "highly placed administration sources."

One further example of an NSA leak is worth noting. In an October 11 Los Angeles Times article, a "former high-ranking member of the U.S. intelligence community" told the Times that NSA has "an amazing capability"—beyond that of most other nations. According to this official and "another source involved in the system," the NSA gave the FBI secret data, purportedly for domestic security reasons. Also, the article stated that "according to knowledgeable officials" the NSA monitored millions of overseas phone calls as well as those within foreign countries as part of its code-breaking and foreign intelligence-gathering operations. Ironically, this same article noted that the select committee had abruptly postponed its hearings on this topic to honor the administration's request that the matter be further explored before public disclosure.

MAIL OPENINGS

On August 5, 1975, there appeared an article in the New York Times which stated that agents of the FBI opened and photographed foreign and domestic mail at several U.S. cities beginning in 1958, and continuing possibly until 1970. The source for this article was attributed to someone "with direct knowledge of the secret operation." Since neither members of the committee nor staff have ever participated in opening and photographing mail, it is obvious that no one connected with the committee could have "direct knowledge of the secret operation." The article went on to state that the source's account and the FBI's unusual confirmation of part of his account represented the first disclosure that, like the CIA, the FBI also participated in the opening and photographing of parcels and letters it believed to be of some intelligence value.

FBI BLACK BAG JOBS

On July 28, 1975, Newsweek magazine contained an article entitled "The FBI's 'Black Bag Boys' " which referred to FBI Director Clarence Kelley's confirmation that the FBI had, in the past, made "surreptitious entries" into various places, foreign embassies included, to obtain what if felt to be important information. The Newsweek article went on to say that "most intriguingly, the Director's disclosure also set 'other tongues wagging.' " The "other tongues wagging" included former FBI agents, as well as Justice Department officials. One Justice Department official, according to Newsweek, even disclosed the number of black bag jobs conducted by the FBI as well as the targets of these operations.

SHELLFISH TOXIN

Back in September the select committee held hearings on the failure of CIA officers to destroy deadly toxins in spite of a Presidential order to do so. The committee had originally planned to hold public hearings on this matter on September 9. It decided, however, to postpone the hearings for a week in order to be more fully prepared. In the meantime, however, an article appeared in the Washington Post, quoting "informed sources," which leaked many of the details of this case which were to be disclosed by the committee. On the same day, there was a similar article in the New York Times.

It is interesting to note that "administration sources," if not directly responsible for the leak itself, responded very quickly to it. The Washington Post article stated that "administration sources acknowledged that the bacteriological material should have been destroyed but added that the substances wound up at Fort Detrick without any clear understanding that they were deadly or even dangerous." Clearly these "administration sources" were attempting to shed the best light on a rather bad story. The purpose of this leak, of course, was to attempt to preempt the committee's hearings.

Mr. President, far be it for any Member of Congress to cast the first stone when it comes to talking with the press. Attempting to deny that one is a source of a newspaper leak is about as easy as responding to the question of "when did you stop beating your wife?"

However, the Senate Select Committee on Intelligence has done an excellent job in this respect. It has stayed behind closed doors—and out of the press—when necessary, and issued public statements when appropriate.

Despite this fact, leaks have occurred and there are at least two motives. First, "highly placed administration sources," "authoritative Government sources," and "intelligence community sources," are leaking to protect their own bureaucratic and political interests. These sources want to get their side of the story in print first, hopefully in the most favorable light. Second, these leaks are a conscious attempt to preempt the public disclosures of this committee.

If there is one disease endemic to official Washington, it is hypocrisy. Hypocrisy is saying one thing and doing another. It is fashionable in Washington today to suggest possible misconduct by others, then, under the cover of that smokescreen, carry out such misconduct oneself. The record strongly supports a conclusion that such activities are going on here.

This sort of hypocrisy threatens to destroy even further the public's confidence in Government. The obvious examples of leaking cited here further undermines the credibility of our institutions and actions. It is time that we reject the games Washington plays. "Highly placed administration sources," Cabinet officers, and agency officials should either exercise self-restraint or stop criticizing, hypocritically, the Senate committee.

To date, those under investigation by the committee have played by different rules than those conducting the investigation. Nevertheless, this committee is constantly criticized for undermining the intelligence community's effectiveness. **The blunt truth is that any damage done to intelligence agencies to date has not been done by the committee but by the** administration or agency sources themselves.

The committee has a very important job to do. It is performing its constitutional duty. The committee has attempted to demonstrate that it is not a sieve. It has attempted to be leak-proof. We would appreciate equally responsible action from witnesses who appear before the committee, "authoritative Government sources," "intelligence community sources," and all "informed sources"—whoever they may be.

Mr. President, I ask unanimous consent that newspaper articles documenting this statement be printed in the Record at this point.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From The Washington Post, Aug. 3, 1975]

Schlesinger Says Leaks Curb CIA

(By Stan Crock)

Secretary of Defense James R. Schlesinger said leaks from congressional committees investigating the Central Intelligence Agency have "dramatically reduced" the agency's sources of information.

Asked by Sen. James L. Buckley (Cons.-R.-N.Y.) during a taped television interview set up by Buckley's office whether there is reason to fear that the leaks will undercut the willingness of foreign governments to work with the United States, Schlesinger replied, "I think we have more than reason to fear.

"I think that we recognize that the sources of information coming into the CIA have been dramatically reduced in both liaison relationships and in relation to the willingness of foreigners to work with our intelligence people."

Schlesinger, a former CIA director, called the problems "the inevitable effect of these kinds of revelations."

In the interview made public yesterday, which is to be released to New York television stations this week, Schlesinger rejected the argument that information from intelligence sources is not needed because photographs that U.S. satellites take are sufficient.

Such an argument is "a dramatic oversimplification," he said.

"Photographs, of course, can provide you with indications with respect to the growth of certain types of capabilities, but one must recognize that nobody has ever been able to photograph intentions," he said.

Because of the limitations of photographs, "all the elements of the intelligence community must be effective if the U.S. is to have eyes and ears in what continues to be a relatively dangerous world," he said.

He told Buckley he believes the world is "more dangerous than it was a year ago," citing "growing problems" from one end of the Mediterranean to the other and the aftermath of the "American debacle in Southeast Asia."

Reducing defense spending and increasing money spent on public works would augment instead of solve the unemployment problem, Schlesinger said.

Schlesinger said those who favor such a reduction "tend to forget the most valuable of social welfare services that a society can provide for its citizens is to keep them alive and free."

Schlesinger also said NATO members in Europe face a greater morale problem than the United States, but denied that they are not shouldering their military burden.

With 2.5 million men under arms, the NATO allies far outnumber the 300,000 Americans in Europe, he said. These countries "cannot individually and at the present time collectively stand up against the Soviet Union without the backbone that is represented by another superpower," he said.

[From the Washington Star, Aug. 3, 1975]

Hill Leaks Hurt CIA—Schlesinger

Secretary of Defense James R. Schlesinger said yesterday the CIA's sources of information abroad "have been dramatically reduced" as a result of leaks from congressional investigating committees.

Schlesinger, who formerly headed the CIA, was asked by Sen. James Buckley, R-N.Y., in a recorded television interview whether "we have reason to fear that the willingness of foreign governments to work with us is being undercut" because of CIA secrets made public.

"I think we have more than reason to fear," Schlesinger replied.

"I think that we recognize that the sources of information coming into the CIA have been dramatically reduced in both liaison relationships and in relation to the willingness of foreigners to work with our intelligence people and that is an inevitable effect of these kinds of revelations."

Schlesinger dismissed as "a dramatic oversimplification" the notion that the only kind of intelligence the United States needs is that which is provided by spy satellites.

"Photographs, of course, can provide you with indications with respect to the growth of certain types of capabilities, but one must recognize that nobody has ever been able to photograph intentions," Schlesinger said.

"The only way we are ever able to get at intentions is through normal human intelligence and, in addition to that, there are various technical parameters that one can never learn though photographs.

The defense chief said that, in his opinion, the world is in a more dangerous state than it was a year ago.

"From one end of the Mediterranean to the other end of the Mediterranean there are growing problems," he said.

[From the Boston Globe, July 19, 1975]

JFK Ruled Out U.S. Role in Trujillo Death, Aide Says

(By George Lardner, Jr.)

Washington.—President Kennedy personally ruled out U.S. involvement in the assassination of Rafael Trujillo shortly before the Dominican dictator was killed in May 1961, according to a former Kennedy White House aide.

Richard Goodwin, who was Mr. Kennedy's principal advisor on Latin American affairs, said the President not only disapproved of U.S. participation in the scheme, but inserted a strong warning against such involvement in a May 1961 cable to the U.S. consul general in the Dominican Republic.

"He said, 'Look, if Trujillo goes, he goes, but why are we pushing that?' " Goodwin recalled of a conversation he had with Mr. Kennedy at the time.

The injunction the President laid down in the cable, Goodwin added, stated that the "U.S., as a matter of general policy, cannot condone assassination."

Then an assistant special counsel to the President, Goodwin said he was speaking up publicly now to refute suggestions that John F. Kennedy, who was sworn in as President on Jan. 21, 1961, may have known and even approved of CIA complicity in efforts to kill foreign leaders.

Evidence Goodwin cited suggested, instead, that high officials of the Eisenhower Administration had encouraged such undertakings.

In an interview, Goodwin said for example, that on Jan. 12, 1961, while Eisenhower was still President, the White House's so-called special group in charge of covert CIA operations authorized the CIA to turn over several guns to certain Dominican dissidents who were later involved in the Trujillo assassination.

Three .38-caliber revolvers and three carbines with accompanying ammunition, it was confirmed by other sources, were handed over to the dissident group.

The special group had approved the transfer only on the condition that it take place outside the Dominican Republic—with the understanding that the underground rebels would have to smuggle the guns into the country themselves.

The CIA, however, sent them straight to Ciudad Trujillo (now Santo Domingo) in a diplomatic pouch, Goodwin declared. The guns were turned over to the dissidents with the help of Henry Dearborn, the U.S. consul general there.

Trujillo had a very tight grip on the country, another source said, and the rebels were unable to work out their own method of getting the guns in.

Alluding to the documents he saw as a White House aide, Goodwin said the revolvers and carbines were depicted by the CIA as intended for the personal defense of the dissidents "attendant to their projected efforts to neutralize Trujillo."

According to evidence now in the hands of the Senate Intelligence Committee, the CIA also sent four .45-caliber submachine guns and some grenades to the Dominican Republic, apparently in another diplomatic pouch. The CIA informed the White House on May 13, 1961, that these, too, could be provided to the anti-Trujillo group "for their use in personal defense" if authorization were granted.

Goodwin said he vetoed the suggestion, at Mr. Kennedy's instructions, in the same late May cablegram to Dearborn.

Dearborn, now retired, declined to comment. However, he worked closely with both pro-U.S. dissidents and the CIA at the time.

Dearborn, it was learned, doubled as the CIA's unofficial station chief in the Dominican Republic for several months in 1960, when the United States withdrew its diplomatic recognition of the country, and called back many of its employees, including CIA personnel.

There is no evidence that the carbines or the revolvers were used when Trujillo was gunned down on May 30, 1961, Goodwin said, but he maintained that the machine guns were sought for that purpose. "They weren't intended for personal defense," he declared.

Another source maintained that the CIA guns, were all sought simply as a token to satisfy the skeptics among them that the United States supported their efforts to overthrow Trujillo.

[From The Washington Post, July 10, 1975]

CIA-MAFIA LINKS CONFIRMED

(By Robert L. Jackson)

A former chief of clandestine services for the Central Intelligence Agency said yesterday he personally approved CIA cooperation with Mafia figures who wanted to assassinate Cuban Premier Fidel Castro in 1960.

Richard M. Bissell, the ex-CIA official, said in an interview that he also believed the late Allen W. Dulles, then director of the CIA, received regular reports on the Mafia connection.

Bissell's statements marked the first time a former member of the CIA hierarchy had acknowledged responsibility for the unusual cooperation in the early 1960s between the underworld and U.S. intelligence planners

Lawrence R. Houston, former CIA general counsel, told reporters last week that he first learned about the CIA-Mafia links in April, 1962, from the late Col. Shefield Edwards, then the agency's director of security.

Houston said he never authorized these arrangements and insisted that he and Edwards immediately brief Attorney General Robert F. Kennedy about the contacts. Houston said he doubted Edwards had acted alone in arranging the contacts.

Bissell said arrangements with the Mafia were handled by Edwards' office through Robert A. Maheu.

Maheu, a former top aide to industrialist Howard Hughes, gave his first closed door testimony to Senate CIA investigators yesterday after being granted immunity from prosecution earlier this month. Maheu has said he will meet with reporters today if he completes his testimony.

Bissell said Edwards had arranged the highly secret cooperation with underworld figures Sam Gianeana and Johnny Rosselli, but that Bissell—outranking Edwards—also approved it.

Bissell said the Mafia work was not under his personal direction, however.

"In everything related to this matter, I believer Edwards reported directly to Dulles—with my knowledge and concurrence," Bissell said.

Bissell said these arrangements began in the waning months of the Eisenhower administration as plans were also being made for Cuban expatriates to invade their homeland. These plans ended in the disastrous Bay of Pigs invasion in April. 1961, in the early days of the Kennedy administration.

Rosselli has reportedly told Senate investigators that he helped plan or direct about six attempts on Castro's life in the early 1960s.

Bissell, when asked how cooperation with the Mafia arose, said: "I think the history is very uncertain as to whose original idea it was."

Gianeana or other Mafia members might have suggested it themselves, he said, because "they did have very large interests in Cuba that were totally eclipsed or destroyed by Castro."

"I believe the record shows that they worked without pay (for the CIA) for the most part," he said.

Other government sources have said the Mafia wanted to remove Castro from power to reopen lucrative gambling operations in Havana that Castro had closed down.

Bissell, a top planner of the Bay of Pigs invasion, left the CIA in February, 1961, during a Kennedy administration shakeup of the agency. He said he did not know how long the Mafia work continued, although others have said Rosselli's anti-Castro plans continued until 1963.

It was learned that Bissell has told Senate investigators he knew assassination plans would be made when he approved the Mafia cooperation, but doubted the Mafia could ever execute such plans.

He said he had "no clear recollection or hard evidence" that the White House or Attorney General Kennedy knew about any assassination plans.

[From the Washington Post, Sept. 12, 1975]

LUMUMBA DEATH PLAN TOLD

The Central Intelligence Agency in 1960 explored ways to poison Congolese leader Patrice Lumumba, a former head of the agency's clandestine operations said yesterday.

In an interview, Richard M. Bissel said, "There was an occasion when the feasibility of an action of that kind was investigated," but he added that he personally decided not to implement the plans "for various operational reasons."

Then-CIA director Allen Dulles was aware of the planning effort, Bissell said, but said he did not know whether anyone outside the agency was informed.

"To the best of my knowledge and belief" the CIA had nothing to do with Lumumba's death in early 1961, Bissell said.

"The particular operation that was looked into was aborted for reasons which did not have anything to do with events in the Congo," Bissell said. "There was a decision within the agency not to carry the operation beyond the feasibility stage."

Bissell, who left the agency in the wake of the Bay of Pigs fiasco, said he could not recall any of the operational details of the plan. He said he could not identify what kind of poison was to be used or even "whether it was lethal or incapacitating."

He specifically refused to make any connection between plans to poison Lumumba and the cache of deadly poisons recently discovered at a CIA laboratory.

According to Bissell, the planning effort would have consisted, among other things, of development of a suitable poison by the agency's Technical Services Division and investigation by agents in the field of whether it was possible to administer the poison to Lumumba.

[From the Los Angeles Times, May 31, 1975]

CASTRO REMOVAL PLAN—EX-GENERAL CITES KENNEDY ORDERS

WASHINGTON.—Retired Maj. Gen. Edward G. Lansdale said Friday that, acting on orders from President John F. Kennedy delivered through an intermediary, he developed plans for removing Cuban Premier Fidel Castro by any means including assassination.

"I just wanted to see if the United States had any such capabilities," the former Air Force officer and expert on counterinsurgency tactics said. In a telephone interview, Lansdale stressed that his planning effort included other means, such as a coup, for removing Castro from power.

Asked if any attempts against Castro's life were made as a result of his project. Lansdale said, "Certainly nothing I ever heard about. Nothing was ever initiated on it as far as I know."

However, a source familiar with the tentative findings of the Rockefeller commission on the Central Intelligence Agency said he had been told that some subsequent assassination efforts were undertaken.

Although Lansdale avoided using the word "assassination," he twice replied in the affirmative to the specific question of whether assassination was one of the means he considered.

"I was working for the highest authority in the land," Lansdale said of the report, Asked to be more specific, Lansdale replied, "It was the President."

Lansdale said he did not deal directly with President Kennedy on the project but worked through an intermediary. Asked if the intermediary was McGeorge Bundy, then President Kennedy's assistant for national security affairs, Lansdale replied, "No it was someone much more intimate."

He refused to provide the intermediary name for the record.

Lansdale said he was assigned to the project in 1962 when the U.S. first received intelligence that Castro was prepared to install Soviet-made nuclear missiles in Cuba. "It was something that was very closely held then and still is," Lansdale said.

Last week, the Associated Press identified Lansdale as the author of an August, 1962, memo, now in the possession of the Rockefeller commission, that authorative sources said provided the CIA with authority to develop contingency plans for the assassination of Castro. Lansdale maintained, as he had last week, that he did not remember the memo, but he acknowledged that it would not have been "incompatible" with his assigned task.

"I didn't know what all the potentials were," Lansdale said, "the feasibilities, the practicalities of doing something like that." In response to a question, Lansdale confirmed that the phrase "something like that" included the possibility of assassination.

In previous interviews, Lansdale had refused to discuss his role in the anti-Cuban operations that informed sources have said were directed by a special Cabinet-level group headed by then Atty. Gen. Robert F. Kennedy and titled Operation Mongoose.

Other members of the group included Bundy, CIA director John A. McCone, Secretary of Defense Robert S. McNamara and Secretary of State Dean Rusk. The Rockefeller commission reportedly has obtained the minutes of an Aug. 10, 1962, meeting of this group, the official title of which was Special Group (Augmented), that indicate that the subject of assassination was discussed.

The minutes show that Robert Kennedy was not present, sources have said.

Although Lansdale is officially listed as an assistant to the secretary of defense in August, 1962, McNamara objected to the description of Lansdale as a McNamara assistant. "I had no personal knowledge of what he was doing," McNamara said.

[From The New York Times, July 23, 1975]

'70 NIXON ORDER TO C.I.A. TO BALK ALLENDE REPORTED—PRESIDENT'S AUTHORIZATION TERMED CAUSE OF AGENCY'S ROLE IN MILITARY PLOTS TO THWART MARXIST'S ELECTION

(By Nicholas M. Horrock)

WASHINGTON, July 23.—Preident Richard M. Nixon authorized the Central Intelligence Agency to make, a last-ditch, all-out effort in September, 1970, to keep Salvador Allende Gossens from becoming President of Chile, authoritative Government sources said today.

As a result of the assignment, the sources said, the C.I.A. became involved in the planning of two military coups d'étate—planning that included proposals to kidnap Gen. René Schneider, Chief of Staff of the Chilean Army.

Theoretically, the kidnapping of General Schneider would have given the Chilean military a justification for declaring martial law and assuming the powers of government.

The sources said that the C.I.A. tried later to stop the carrying out of one plan, but that it went forward nevertheless and General Schneider was killed by Chilean military plotters in the kidnap attempt.

In the other plot, the agency was said to have supplied insurgents with three machine guns and with tear-gas grenades. When it was discerned that the plot could not get broad political support it was halted and the guns were later returned to the C.I.A. unused the sources said.

Henry A. Kissinger, then President Nixon's assistant for national security affairs, was briefed about the first plot on Oct. 13, 1970, by Thomas J. Karamessines, then chief of overt operations for the intelligence agency, the sources said. Mr. Karamessines reportedly told Mr. Kissinger the plot had little chance of success and it was at that point the two agreed it should be halted.

Mr. Kissinger has told President Ford of this plot, Administration sources said, but has said he did not know that the C.I.A. was negotiating with yet another group. Intelligence sources said, however, that agency officials felt Mr. Nixon's orders to block Mr. Allende, each were strongly worded, constituted a blanket authorization for their activities.

CONTRADICTIONS INVESTIGATED

Reports in The New York Times last fall indicated that the C.I.A. was involved in efforts to stop Mr. Allende from assuming the Presidency. But in these accounts and in subsequent Congressional hearings the efforts appeared to be limited to the secret financing of opposition parties and labor unions. The latest disclosures are the first confirmation that President Nixon and the C.I.A. contemplated military coups or the violent take-over of the Chilean Government.

The new information, with copies of Congressional testimony in 1973 by Richard M. Helms, then Director of Central Intelligence, have been forwarded to the Department of Justice for study on whether the contradictions may constitute perjury, the sources confirmed.

Mr. Helms testified on Chile before a Senate committee as early as May, 1973, and later a connection with his confirmation as United States Ambassador to Iran. He also testified at a Senate Foreign Relations Committee hearing on Chile earlier this year. There are contradictions in his testimony over the depth and extent of C.I.A. activities against Mr. Allende.

KISSINGER'S TESTIMONY SOUGHT

Meanwhile, Senator Frank Church, chairman of the Senate Select Committee on Intelligence announced today that the committee would call Mr. Kissinger to testify on the "line of authority implementing the Nixon policy toward Chile." The Idaho Democrat said that Mr. Kissinger could offer insight into the extent of the knowledge and control" exercised by the policy-makers.

The announcement brought a sharp reaction from Roderick Hills, a counsel to President Ford. He said the request for Mr. Kissinger's testimony was "abrupt" and was not handled with the same courtesy he knew the committee had extended to other witnesses.

The committee, Mr. Hills said, had made no attempt to send out what Mr. Kissinger could really add on the question. He said, however, that his action should not "in any way" indicate that Mr. Kissinger would attempt to avoid fortifying.

Government sources and sources within the intelligence community gave this report on the fast-paced events of the fall of 1970:

On Sept. 15, 1970, 11 days after Mr. Allende a Marxist, had won the presidential elections by a plurality, President Nixon called a secret meeting at the White House. It was attended by Mr. Kissinger, Mr. Helms and John Mitchell, then Attorney General.

The meeting was unusual because it was out of the normal channels of transmitting instructions to the C.I.A. Under the law and in practice CIA covert operations are passed on by the 40 Committee, a top level White House security group, and transmitted through the national Security Council. It is unclear whether the matter ever reached the agenda of the committee.

Mr. Nixon was, one source said, "extremely anxious" about Mr. Allende's rise to power in Chile. Another source said the former President was "frantic." He told Mr. Helms in "strong language" that the CIA was not doing enough in the situation and it had better "come up with some ideas." He said that money was no object and authorized an initial expenditure of $10-million to unseat the Chilean Marxist.

CIA'S EFFORTS REDOUBLED

Notes on the meeting, however, do not indicate that Mr. Nixon ever specifically ordered the CIA to arrange a coup d'etat in Chile. But the "tone" of the meeting, one source said, was "do everything you can."

The agency redoubled its efforts. Mr. Karamessines, deputy director of plans at CIA and thus the chief covert operator went to Chile himself, one source said.

On Oct. 13, 1970, Mr. Karamessines briefed Mr. Kissinger on the CIA's progress. He told Mr. Kissinger that Brig. Gen. Roberto Viaux, who had recently retired from the Chilean Army, was plotting to kidnap General Schneider as the prelude to a military takeover. Mr. Karamessines said, however, that it was the opinion of the CIA that General Viaux's project could not succeed. Mr. Kissinger told the CIA to "keep the pressure up" and keep the CIA's "assets" in Chile up to par, but agreed that this plan should not go forward.

He told the agency to try to halt General Viauxs plot. These sources said that CIA cable traffic, copies of which are in the hands of the Senate Select Committee on Intelligence, indicate that the CIA did make an effort to halt the plan.

PLOT GOES FORWARD

Nevertheless, General Viaux's plot went forward. On October 22, 48 hours before the Chilean Congress was scheduled to vote on Mr. Allende's election—the fact that he had not won a majority threw the decision into Congress—an attempt was made to kidnap General Schneider. When it appeared the general was going to resist, these sources said he was killed by three .45 caliber bullets, according to Chilean press accounts.

However, between the Oct. 13 meeting and the killing of General Schneider on Oct. 22, these souces said, the C.I.A. was negotiating with a completely separate group of plotters. A group of military officers under Gen. Camilo Valenzuela, then commander of the Santiago army garrison, was also planning to kidnap General Schneider to pave the way for a military take-over.

The C.I.A., these sources said, at first had greater confidence in General Valenzuela's plot. Accordingly, officials at the agency headquarters at Langley, Va., authorized the C.I.A. station in Santiago to give the insurgents three machine guns and tear gas grenades for use in a kidnapping attempt. The authorization was issued on Sunday, Oct. 24.

But within hours the C.I.A. had ascertained that the Valenzuela coup did not get sufficient political support to succeed and that Jorge Alessandri Rodriguez of the right-wing National party, the runner-up in the election, would not accept the presidency. Nevertheless, apparently on the order of C.I.A. officials in Santiago, the guns and tear gas were reportedly given to the conspirators. They were later returned to the agency unused.

After Mr. Allende had been confirmed and had assumed office, the agency secretly sent money to the families of men arrested in General Viaux's abortive plot, the sources said. The money, one source said, was paid to "keep the families quiet about the contacts with C.I.A."

NIXON REPORTED TOLD

According to the sources, Mr. Kissinger told President Ford after Mr. Nixon had resigned, of the stepped-up effort to unseat Mr. Allende and about the Viaux plot. But Mr. Kissinger has maintained, in private conversations, that he never knew about the second plot, the sources said.

Mr. Kissinger has said, in these private conversations, that had the C.I.A. proposed a military coup in Chile the agency would presumably have come back to him and outlined the plot, and the President and the 40 Committee would either have authorized or prohibited it.

The 40 Committee is a special group under the National Security Council that passes on all covert operations.

One source said that the 40 Committee had approved all covert activities in Chile except the involvement in the Viaux and Valenzuela affairs. But another source said that "from the beginning it appeared the matter was being handled on its own special track."

Another source said that C.I.A. officials had felt that the President's strongly worded assignment on Sept. 15, 1970, was a "blanket authorization" to become involved in planning for a military take-over.

MISTAKE IS CONCEDED

Since the military coup in September, 1973, in which President Allende was killed, there has been a growing national inquiry into the role of Mr. Kissinger and the C.I.A. in efforts to undermine the Chilean Government. When Mr. Helms testified before the Senate Foreign Relations Committee during hearings in 1973 on his nomination as ambassador, he gave very scanty testimony on the Chilean matter.

Earlier this year, in private testimony later made public, Mr. Helms told the Senators he had "made a mistake in his earlier testimony" in that he had not revealed that President Nixon wanted President Allende's Government overthrown.

In other testimony this year, Mr. Helms said there had been a "probe" to see if there were any forces in Chile to oppose Dr. Allende's advent as President.

"It was very quickly established there were not," he added, "and therefore no further effort was made along those lines to the best of my knowledge, at least I know of none."

Mr. Helms returned to Teheran, where he is Ambassador. He could not be reached by The New York Times today.

[From the New York Times, July 27, 1975]

HELMS LINKED TO C.I.A. MEMO FOR KISSINGER AND MITCHELL ON PLOT IN CHILE

(By Nicholas M. Horrock)

WASHINGTON, July 26.—Richard Helms, while director of the Central Intelligence Agency, prepared a memorandum in the fall of 1970 informing Henry Kissinger and John N. Mitchell that the agency had supplied machine guns and tear-gas grenades to men plotting to overthrow the Chilean Government, authoritative Government sources said today.

The memorandum may become crucial evidence as the Senate Select Committee on intelligence attempts to learn who authorized the C.I.A. to become involved in planning two military coups in Chile in October, 1970.

One of the plans resulted in the death of Gene Rene Schneider Chereau, Chief of Staff of the Chilean Army.

According to sources who have seen the memorandum, it was written by Mr. Helms after the plot involving the machine guns had been called off. It was in the sense, they said, of an "advisory" to the Administration of President Richard M. Nixon on C.I.A. activities.

The memorandum was written to Mr. Mitchell, then Attorney General, and was to have been passed on to Mr. Kissinger, then assistant to Nixon for National security affairs.

But, these sources said, there is no evidence that either Mr. Kissinger or Mr. Mitchell received the document.

Neither Mr. Kissinger nor Mr. Mitchell could be reached for comment. But Mr. Kissinger is reported to have told associates in private conversations that he was unaware the C.I.A. had smuggled machine guns and tear gas grenades to Chilean insurrectionists.

Mr. Kissinger has said however, that he was aware of an earlier plot to kidnap General Schneider and spark a military coup that both he and the C.I.A. agreed to stop.

The Helms memorandum was part of a collection of Mr. Helms' papers and files that were turned over to the Rockefeller commission by William E. Colby, Director of Central Intelligence. Although the eight-man commission, headed by Vice President Rockefeller, was concentrating on alleged domestic wrongdoing by the C.I.A. its staff did review the documents.

AGENCY LINKED TO PLOTS

The Rockefeller staff concluded from its review that the C.I.A. did not plot to assassinate anyone in Chile, but it found substantial evidence that the agency had become involved in planning a military take-over.

On Thursday, The New York Times quoted authoritative Government sources as having said that on Sept. 15, 1970, President Nixon ordered the C.I.A. to make an all-out, last minute effort to keep Salvador Allende Gossens from becoming President of Chile.

Mr. Allende won the Presidency by a plurality early in September and his election was to be certified by the Chilean Parliament late in October. The United States feared that he would create a hostile Marxist government.

In this six-week period, these sources said, the C.I.A. became involved in two separate plots to seize power in Chile by military means. Both plots involved the kidnapping of General Schneider, a highly respected military leader, and inducement of the army to take power.

On Oct. 13, 1970, Thomas J. Karamessines, then chief of the agency's covert operations, briefed Mr. Kissinger about its progress in Chile. He told Mr. Kissinger, these sources said, that a group of retired military officers planned to abduct General Schneider.

But Mr. Karamessines warned Mr. Kissinger that it was the C.I.A.'s opinion that the plot could not succeed. The two agreed to try to halt it, according to the sources. They said there were copies of cablegrams in which the C.I.A. tried to head off the plan.

The conspiracy went ahead, however, and General Schneider was killed on Oct. 22, 1970.

Meanwhile, the sources said, the C.I.A. was conspiring with the commander of the Santiago garrison in a similar plot. The agency felt at one point that this endeavor had more chance of success, and authorized C.I.A. employes in Chile to give the plotters three machine guns and tear-gas grenades.

At the last minute, this plot also appeared to be doomed to failure, and the tear gas and guns, unused, were returned to the C.I.A.

It was at this point, in the last days of October or early in November, the sources said, that Mr. Helms prepared the advisory memorandum to Mr. Mitchell and Mr. Kissinger.

Intelligence sources have said the C.I.A. became involved in planning the coups under the general authorization of President Nixon on Sept. 15, 1970. However, there are no documents showing that Mr. Nixon told the C.I.A. to plan a coup, they said.

Mr. Kissinger has made few public statements concerning the role of the C.I.A. in undermining the Allende Government. However, in his 1973 Senate confirmation hearings as Secretary of State, Mr. Kissinger testified in closed hearings:

"The intent of the United States Government was not to destabilize or to subvert him [Mr. Allende] but to keep in being those political parties that had traditionally contested the elections. Our concern was the election of 1976 and not at all with a coup in 1973, about which we had nothing to do with."

[From the New York Times, Sept. 3, 1975]

PENTAGON ROLE REPORTED IN '70 PLOT AGAINST ALLENDE

(By Nicholas M. Horrock)

WASHINGTON, Sept. 2.—The Defense Department ordered the United States military attaché in Chile to give strong covert support to an October, 1970, plan for a military coup aimed at keeping Salvador Allende Gossens out of the Chilean presidency, sources familiar with the operation reported today.

According to the sources, the Defense Department sent "at least two cables" between Oct. 2, 1970, urging Col. Paul Wimert, then military attaché in Chile to secretly assure Chilean military officers plotting a coup that the United States would give them total support "short of troops," as one source put it.

Dr. Allende led a left-wing coalition including the Chilean Communist party to an election victory in September, 1970. The election had to be confirmed by the Chilean congress because Dr. Allende lacked a majority. This was done in October. Dr. Allende did not take office until November.

The information on that period was gathered by the Senate Select Committeee on intelligence.

WIDER OPERATION SEEN

Evidence submitted on the role of the Defense Department in the plotting of military coups in Chile appears to indicate that involvement was not limited to the Central Intelligence Agency.

On July 24, 1975, The New York Times quoted intelligence sources who said that on Sept. 15, 1970, President Nixon ordered an all-out last-minute attempt to keep Dr. Allende from becoming president of Chile.

Acting on this general instruction, the sources said, the CIA learned of two plots for a military take-over in Chile, one involving retired personnel and one involving officers on active duty. One of the plots, put into effect on Oct. 22, resulted in the death of Gen. René Schneider, chief of the Chilean General Staff.

Secretary of State Kissinger, who has testified before the committee, has said publicly that he knew of no assassination plots. Privately he has reportedly acknowledged that he learned of one coup plan, but that he and CIA officials opposed it.

PLOT DISCUSSED

On Oct. 15, 1970, several sources said, Mr. Kissinger, then Presidential Assistant for National Security Affairs; Col. Alexander M. Haig Jr., his deputy, and Thomas J. Karamessines, then chief of the C.I.A.'s undercover operations, met to discuss Chile. At this meeting, the sources said, Mr. Kissinger agreed with Mr. Karamessines that one of the plots in Chile was unlikely to succeed and should not go forward.

But, Senate investigators have been told, Colonel Haig and Mr. Karamessines met the next day—Oct. 16, 1970—and support for another plot in Chile was discussed.

The C.I.A., these sources said, received "tacit" approval to go ahead and support this plot. Whether the approval came from Mr. Kissinger, President Nixon "or other channels" is in dispute in the testimony, several sources said.

It was after the Haig-Karamessines meeting, however, that the Defense Department cabled Colonel Wimert his instructions.

Colonel Wimert was brought before the committee last month as a "secret witness." He declined to comment today on the matter.

"That is behind me now," he said. "I'm retired. I can look myself in the mirror when I shave. I don't want to get back into hat business." He advised that facts be checked very carefully.

After hearing that such orders had been given Colonel Wimert, the Senate committee interviewed former officials of the Defense Intelligence Agency, which was a conduit for the cables sent to Colonel Wimert. "There apparently is some dispute over who signed the cables and who authorized them," a source said.

It was during the critical days between Oct. 15 and Oct. 22—the Chilean Congress was due to make its decision on Dec. 24—that the C.I.A. authorized three machine guns and a quantity of tear gas grenades be given to one group of military plotters. Before the plot could be put into effect, however, another group of plotters attempted to kidnap General Schneider. Theoretically this would have given the military justification for declaring martial law and assuming the powers of government. The General was shot during the attempt and died a few days later.

Chilean political leaders to the right of Mr. Allende then apparently declined to support any other plots. Mr. Allende assumed office the next month.

Complicating the matter is that in remarks about United States involvement in Chile in that period made at a news conference last fall, President Ford said the involvement was intended only to "assist the preservation of opposition newspapers and electronic media and to preserve opposition political parties."

NSA FED GOSSIP TO PRESIDENTS

(By Nicholas M. Horrock)

Presidents Richard M. Nixon and Lyndon B. Johnson received private reports from the National Security Agency on what prominent Americans were doing and saying abroad, apparently obtained from electronic eavesdropping, according to present and former government officials.

These sources said yesterday the reports were not matters of national security and did not come to the presidents through normal intelligence channels.

Instead, they said, they were sent directly from NSA to the presidents and marked for "White House distribution only" to prevent their being circulated to other intelligence agencies.

The existence of this type of reporting has been made known to both the Senate and House intelligence committees, and they are investigating.

Several sources raised the question of whether it was a proper use of NSA facilities to gather and make such reports. They said there are also questions of improper intrusion on the privacy of the Americans.

A spokesman for NSA said the agency had no comment. NSA officials as a matter of routine have never made comments on stories about the agency's operations.

In one case, a source reported, the NSA dispatch informed Johnson that a group of Texas businessmen involved in private negotiations in the Middle East had claimed a private relationship with him to improve their bargaining position.

Another source said Johnson received details about Sen. Robert F. Kennedy's personal activities and nightlife in Paris from intelligence sources. He could not confirm that the material came from NSA.

Nixon received similar reports, particularly on businessmen, a third source said.

There is no indication that the practice was exclusive to either Nixon or Johnson, but The New York Times was unable to confirm instances in any other administration.

A senior aide to President Ford said privately that he believed Ford "would not tolerate this practice," and that to his knowledge no such reports had been delivered.

The sources familiar with the private reports said they appeared to be "unsolicited" and were "gossipy" in nature.

One account of testimony by NSA officials at a closed session of the House intelligence committee several weeks ago indicated the agency picked up information of what Americans might privately say to foreign governments by eavesdropping on the communications of those governments and their embassies in Washington.

But other sources said NSA ability to gather information on the movement of prominent American business and professional leaders abroad can be far more direct. NSA monitors virtually all foreign cable traffic and many businesses send enormous amounts of top-level information by cable, these sources said.

[From the Washington Post, Oct. 13, 1975]

MESSAGES OF ACTIVISTS INTERCEPTED

(By Bob Woodward)

The National Security Agency intercepted conversations of Jane Fonda, Dr. Benjamin Spock and other leading antiwar figures in 1969 and 1970, according to informed intelligence community sources.

The communications were intercepted by the NSA from overseas cable traffic, some domestic telegrams and long-distance telephone calls, the sources said. Transcripts were then circulated to top government officials under one of the nation's most highly classified and closely held code designations, they said.

At least 150 messages of conversations and communications of antiwar leaders were routed to the chairman of the Joint Chiefs of Staff and other officials under a special intelligence designation in the "Gamma" series for sensitive communications intercepts, the sources said.

Special officers in the CIA, FBI and the counterintelligence unit of the Defense Intelligence Agency were designated to receive and handle these messages, according to the sources.

The sources revealed the exact code designation in the Gamma series used for the intercepts of the communications of antiwar figures, but an intelligence official suggested last week that it would be imprudent to make it public.

The National Security Agency used a similar designation in the Gamma series—the designation "Gamma Gupy"—for the communications it monitored from the limousine radio calls of Soviet Union officials in Moscow. This project was first reported in newspapers in 1971.

The Gamma designations were reserved exclusively for intercepts of Russian communications until the NSA received orders in 1969 to use the same sensitive methods and procedures to monitor the communications of U.S. antiwar leaders, the sources said. It could not be learned who issued the orders.

In addition to Fonda and Spock, the NSA monitored communications of "Chicago Seven" defendants Abbie Hoffman and David T. Dellinger and former Black Panther leader Eldridge Cleaver, the sources said.

All these persons traveled extensively abroad and throughout this country during 1969 and 1970. Cleaver, for example, visited Cuba, Algeria, Sweden and North Vietnam during this period. Virtually all the intercepted messages were short and involved travel plans or appointments, the sources said.

Under another, less sensitive code designation, the NSA, also obtained and circulated information on the personal life of Rev. Ralph Abernathy, Dr. Martin Luther King's successor as head of the Southern Christian Leadership Conference, the sources said. It could not be determined how the NSA came by this information.

Those familiar with the monitoring programs said the conversations involving top Soviet leaders would come in one moment and those of the antiwar personalities the next.

"What Brezhnev and Jane Fonda said got about the same treatment," one source said.

The National Security Agency is in charge of protecting communications security and U.S. message codes while attempting to intercept and break the messages and codes of foreign powers. NSA Director Lt. Gen. Lew Allen Jr. said through a spokesman that he would have no comment on this story.

A Pentagon spokesman also declined to comment, and retired Army Gen. Earle Wheeler, the chairman of the Joint Chiefs of Staff at the time, could not be reached for comment. Sources said Wheeler reviewed most of the messages from antiwar leaders and initialed them with a "W."

One source within the intelligence community said the communications intercepts were confined to international cables. Two other sources, however, said the NSA intercepted a limited number of domestic communications as well.

There is no indication that the method for intercepting communications involved conventional wiretapping. Instead, the sources said, the information came from various airwave interceptions such as from microwave stations that are used to transmit or relay telephone calls and telegrams.

[From the New York Times, Oct. 15, 1975]

FORD AIDES SEEK TO MODIFY LAWS ON SPYING METHOD—THE ATTORNEY GENERAL WOULD RULE ON LEGALITY OF N.S.A. ELECTRONIC SURVEILLANCE

(By Nicholas M. Horrock)

WASHINGTON, Oct. 14.—The Ford Administration has become convinced that a significant part of the National Security Agency's foreign intelligence gathering, though vital, may be of "questionable legality" and it has devised a plan by which it hopes to continue such operations while protecting the rights of Americans, according to highly placed Administration sources.

The sources said today that the bulk of the law limiting electronic eavesdropping was developed in connection with domestic criminal investigations and as one source put it, "National security needs were not given significant consideration." The result, the sources said, was that the N.S.A.'s massive electronic surveillance techniques may have been in "technical violation" of the law.

President Ford, they said, is considering an Executive order that would empower Attorney General Edward H. Levi to approve or disapprove specific electronic intrusions by the security agency. The plan is not complete and several sources were concerned that publication of its detail might endanger national security.

AN AUTHORIZED INTRUSION

But these details were pieced together from several interviews with Administration sources:

The security agency's advanced technology has made it possible for the agency to scan thousands of telephone calls, cables and other wire and radio communications and select those with valuable national security data.

The proposal Mr. Ford is considering would require that when the agency records a communication it believes contains important intelligence data, the agency would notify the Attorney General and he would authorize a national security intrusion. If the Attorney General did not give his approval, the recordings would be destroyed, under the proposal.

If such approval was received, the security agency would then be able to disseminate the information to other intelligence agencies, including the Central Intelligence Agency and the Federal Bureau of Investigation.

The operations of the security agency, which has 20,000 employees and an estimated budget of $1.2-billion a year, are regarded by the Administration as the "top priority" in intelligence-gathering techniques, the sources said. "If the public could know some of the things they've done over the past two years it would be justly proud," one source said.

But at the same time, these sources said, the agency's technology has "outstripped" current law in the United States, particularly domestic criminal law, which deals mainly with wiretapping and room bugging. However, several Administration lawyers contended, the domestic laws and court decisions are "vague" and "ambivalent."

Ultimately, Administration sources said, Mr. Ford may decide to ask Congress for new legislation to cover "space age" electronic surveillance techniques. The proposal to assign decision making responsibility to the Attorney General would provide a test period to discover just what new law is needed, they said.

What has made the agency's techniques particularly difficult to match with current law or practice is that the agency makes an intrusion on a communication before it knows the conversation or cable contains matters of national security.

At the same time recent court decisions have been slowly limiting the Government's power to conduct warrantless national or domestic security electronic surveillance.

A recent decision in the United States Court of Appeals for the District of Columbia said that the Government should obtain a warrant before it eavesdrops on an American citizen in a national security case unless it can establish that he is an agent of a foreign government.

AGENCY OPERATES IN SECRECY

A large part of recent law and legislation was formed without any real knowledge of what the super-secret National Security Agency was doing.

But under the pressure of the Congressional investigations and the Rockefeller commission investigation of intelligence agencies, what some Administration aides called "bothersome indications" of unacceptable activity began to emerge.

The indications included the following:

In June, the Presidential commission on the C.I.A., headed by Vice President Rockefeller, reported that an unnamed agency of the Government had supplied 1,100 pages of materials on dissident Americans gleaned from communications between the United States and foreign countries. In August, Government sources confirmed that the agency was the N.S.A. and that a "watch-list" of names included numerous leaders of the American antiwar movement. There is no indication that any Attorney General approved these eavesdroppings or obtained a court order for them.

In early September, The New York Times reported that in addition to spying on antiwar leaders, the security agency had intruded on virtually every cable or printed matter transmission that entered or left the United States. The result, sources told The Times, was that the agency intruded on communications that might have nothing to do with national security.

Senator Frank Church, Democrat of Idaho, chairman of the Senate Select Committee, on Intelligence, warned in a television interview that the current bugging technology "could be turned around on the American people and no American would have any privacy left."

When Senator Church's committee sought to hold public hearings on the security agency last week, President Ford called Mr. Church personally and asked him to permit Attorney General Levi to argue the Administration's case against investigating the agency in public. The committee voted to put off hearings for the present and study the Administration's plea.

Mr. Levi, responsible sources said, presented the committee in this closed session with the legal complications of the agency's role. According to a report in The Los Angeles Times, the committee had independently learned that some of intelligence data gathered by the agency was routinely sent to the F.B.I. and may have been used in domestic cases.

Administration sources said that their role was to preserve the agency's foreign intelligence capability while avoiding illegal or unconstitutional intrusions on Americans. However, they resist the current legal view that suggests the courts should decide what justifies a national security electronic surveillance.

[From the Los Angeles Times, Oct. 11, 1975]

Global Monitoring System Provided FBI Information

(By Robert L. Jackson and Ronald J. Ostrow)

Washington.—A worldwide electronic monitoring network of the National Security Agency was about to be disclosed last week when Senate hearings were abruptly postponed, The Times has learned.

Investigators for the Senate Select Committee on Intelligence Activities had planned to disclose that the NSA for years had provided FBI officials with information gleaned from overseas phone calls and cables.

The NSA's data are obtained from a highly sophisticated computer system that has monitored foreign telephone calls and cables on a vast scale, according to knowledgeable sources.

A former high-ranking member of the U.S. intelligence community told The Times that this system had "an amazing capability"—beyond that of most other nations.

According to this official and another source involved in the system, the NSA gave the FBI secret data, purportedly for domestic security reasons.

But it was understood that the Justice Department, the parent organization of the FBI, had curbed this arrangement within the last two years because it had become difficult to separate domestic security intelligence from information that could have a bearing on criminal cases.

Department officials feared that criminal cases against U.S. citizens could be legally tainted if they were based, at least in part, on phone calls recorded without a warrant.

One source said that this practice had constituted "bad judgment" on the part of the FBI, although it was legal.

Another defended the NSA's overseas electronic surveillance in these words, insofar as it affected the FBI:

"It doesn't violate the law. It doesn't require burglary and doesn't require opening mail. It's a pretty healthy capability in terms of civil rights."

However, a Justice Department official questioned whether information gathered by electronic surveillance outside the United States would be admissible in a criminal proceeding.

"It is unclear to what extent the Fourth Amendment (guarantee against unreasonable search and seizure) would apply overseas," he said. Even a noncitizen overseas has some Fourth Amendment right if the stuff is going to be used in criminal proceedings here."

On the eve of the scheduled Senate hearings, Atty. Gen. Edward H. Levi, at the request of President Ford, paid a visit last Tuesday to Chairman Frank Church (D-Ida.) and the other committee members.

According to committee spokesman, Spencer Davis, Levi made a "generalized appeal" for postponement of the hearings on national security grounds. The panel voted to honor the Administration's request until the matter could be explored further.

"The committee was not trying to destroy the electronic surveillance capabilities of the NSA," a committee source said. "The abuse of these capabilities was the reason for our hearings. We were not about to reveal the techniques."

Those techniques are so sensitive they cannot be described publicly, The Times' sources said.

According to knowledgeable officials, the NSA monitors millions of overseas phone calls, as well as those within foreign countries, as part of its code-breaking and foreign intelligence-gathering operations. In addition, it intercepts certain radio and cable communications.

The agency does not monitor domestic phone calls, they said, although U.S. citizens may be overheard when they are parties to overseas calls. Because the quantity is so large, the NSA uses computers to screen out conversations that have no intelligence value, one source said.

These computers are programmed to scan conversations and record those in which key words are used, including the names of particular persons or organizations.

The Senate committee is also understood to be investigating evidence that the FBI furnished the NSA with a list of U.S. citizens whose overseas calls were of interest to the bureau.

Congressional sources said that the FBI, in turn, assisted the NSA by breaking into foreign embassies to obtain code-books and other material to help the agency decipher intercepted messages.

[From the New York Times, Aug. 6, 1975]

Opening of Mail is Traced to FBI—Agency Concedes Operation—Declares Purpose Was "To Thwart Espionage"

(By John M. Crewdson)

Washington, Aug. 5.—Agents of the Federal Bureau of Investigation opened and photographed foreign and domestic mail at several sites in the United States beginning in 1958 and continuing until possibly 1970, according to a source with direct knowledge of the secret operation.

The source said that the openings were centered in New York and Washington, where they involved chiefly mail addressed to Soviet-bloc embassies and missions to the United Nations, but occurred also in other cities, including San Francisco.

STATEMENT BY F.B.I.

He said that the openings, known within the F.B.I. as "Z-covers," were accomplished without the authority of judicial search warrants, and were thus a violation of Federal statutes prohibiting obstruction of the mails. He added that the openings had been made with the assistance of "certain officials of the Post Office [who] knew what the F.B.I. was doing."

Asked about the source's assertions, an F.B.I. spokesman issued the following statement:

"In connection with its foreign counterintelligence responsibilities, the F.B.I. did engage in opening of mail until 1966, when former Director J. Edgar Hoover ordered the activity to be discontinued.

"The motive behind it was solely to carry out F.B.I. counterintelligence responsibilities in order to thwart espionage efforts directed against the United States by foreign powers.

"No activities of this nature were undertaken by the F.B.I. after 1966."

A spokesman for the Postal Service said that his agency would have no comment on the report "at this time."

The source's account and the bureau's unusual confirmation of part of his account represent the first disclosure that, like the Central Intelligence Agency, the F.B.I. also participated in the opening and photographing of parcels and letters it believed to be of some intelligence value.

The New York Times reported yesterday that Justice Department lawyers investigating alleged wrongdoing by the C.I.A. had concluded that the agency's "mail intercept" program, which lasted from 1953 until 1973, had violated Federal statutes protecting the sanctity of first-class mail.

The same standards would presumably be applied by the Justice Department to the F.B.I.'s "Z-covers," although, as with the C.I.A. investigation, a key question would be whether the openings took place within the last five years.

That is the period in which, according to the Federal statute of limitations violations of Section 1702 of Title 18 of the United State Code, which prohibits the detention or opening of the mails without a search warrant, must have taken place if they are to be prosecuted.

Asked whether any attempt had been made to obtain search warrants in the "Z-cover" program, the source said that the senders and recipients of the letters had not been the subjects of a criminal investigation by the bureau.

"How could you get a warrant?" the source asked rhetorically.

The year 1966, given as the cutoff date for the mail openings is the same year, according to Clarence M. Kelley, the F.B.I. director, that bureau agents stopped committing burglaries to gain foreign intelligence information.

STOLEN LETTER CITED

There have been reports, however, that although Mr. Hoover apparently trimmed back the bureau's counterespionage effort in 1966, such break-ins continued on a less formal basis, and there are also indications that the mail openings persisted as well.

The source cited, for example, a copy of a letter that was stolen from the F.B.I.'s office in Media, Pa., in 1971 and subsequently made available to several newspapers.

That letter, dated Nov. 30, 1970, was from Thomas E. Ingerson, a Boy Scout leader from Moscow, Idaho, to the Soviet Embassy in Washington and contained a request for information about a prospective visit to the U.S.S.R. by his troop of six Explorer Scouts.

Asked how, if the mail openings were halted in 1966, the 1970 letter found its way to the F.B.I.'s files, the bureau spokesman replied that this agency would stand on its statement.

One Justice Department source said, however, that after 1966 the F.B.I. continued to receive copies of correspondence produced by the C.I.A.'s mail intercept program, which at that time was also centered in New York and San Francisco.

JUNE REPORT RECALLED

One well-informed source said that he was virtually certain that the Idaho letter, which he said was "discussed quite a bit" within the bureau after it had become public, had been obtained by the F.B.I. as a result of a "Z-cover."

Another well-placed source said, however, that after 1966 the F.B.I. continued to receive copies of correspondence produced by the C.I.A.'s mail intercept program, which at that time was also centered in New York and San Francisco.

The source suggested that the Idaho letter might have been provided to the F.B.I., by the C.I.A., rather than obtained directly by the F.B.I., which, if true, would represent the first known instance in which the C.I.A. tampered with mail from one domestic address to another.

A commission appointed last January by President Ford to look into the C.I.A.'s domestic activities reported in June that the agency, over a 20-year period, had opened and examined mail between the United States and various Communist countries.

The commission, which was headed by Vice President Rockefeller, reported that in January, 1958, the F.B.I. approached the Post Office Department "for the purpose of instituting similar coverage of mail to and from the Soviet Union."

The bureau was told, the commission reported, that the C.I.A. was already conducting such an effort, and an agreement was subsequently reached in which "the C.I.A. would send to the F.B.I. mail project items which were of internal security interest."

The commission report said, however, that "the bureau agreed with the C.I.A.'s suggestion that the project should be handled by the C.I.A. alone."

[From Newsweek Magazine, July 28, 1975]

THE FBI'S "BLACK-BAG BOYS"

(NOTE.—Every foreign intelligence agent had suspected it and every major mafioso had known for sure, but last week director Clarence Kelley made it official: the FBI, he reported, has in the past made "surreptitious entries" into various places, foreign embassies included, to obtain what it felt was important information. Kelley said the break-ins began during World War II and were largely discontinued by J. Edgar Hoover in 1966, and he implied they were legal because the agents "acted in good faith." But the disclosure touched off a major furor: Attorney General Edward Levi promised a criminal investigation, several foreign ambassadors called the White House to learn whether they had been targets, and Presidential counsel Philip Buchen berated Levi for not keeping Kelley "on a shorter leash." Most intriguingly, the director's disclosure also set other tongues wagging. Newsweek's Anthony Marro pieced together this story of the FBI's after-hours adventures.)

The FBI agents usually went in clean: no badge, no guns, no credentials. Almost always they wore the standard uniform of suit and tie, but with labels and cleaners' markings removed. "It was your ass if you got caught," recalled a former agent who said he had taken part in many break-ins. "You were told, 'If you get caught, you're on your own'." They were known as "black-bag teams" or "black-bag boys" and they usually consisted—at a minimum—of a locksmith, a lookout and a couple of men to do the ransacking. Depending on the purpose of the break-in, one of them would know how to use a camera or install a bug. Sometimes a "slugger" was sent along to intercept unexpected visitors. "We had guys who, if they went bad, would be the best second-story men in the world," boasted one former agent.

Over the years, a Justice Department official told Newsweek's Stephan Lesher, the FBI conducted about 1,500 break-ins of foreign embassies and missions, mob hangouts and the headquarters of such extremist groups as the Ku Klux Klan and the American Communist Party. Embassy break-ins, averaging one a month by one estimate, were usually staged to get information that could help the National Security Agency break foreign codes.

Bugs: One top source said last week that he never knew of a case in which the FBI planted a bug in an embassy; if the code were cracked, no bug would be needed anyway and, besides, a diplomatic bug was almost sure to be found. But break-ins against organized-crime figures and U.S. Communists were almost always to plant bugs. "They had bugs in mob apartments all over New York," said one government investigator.

A break-in at a mob office in Brooklyn, for example, might employ only a lookout, a driver for a getaway car and a couple of agents. But a break-in at a major embassy or mission would require not only a skilled team, but dozens of agents to fan out across the city and watch all of the 50 to 60 persons known to have keys to the building. The agents who entered usually would take in sensitive cameras (capable of taking pictures without a flash) and small copying machines that could be folded into a suitcase. "They wouldn't read anything," said one FBI source. "They'd just copy everything in sight." The agents would photograph the coding machine from every possible angle, then copy messages and replace the originals. The idea was that the National Security Agency would have intercepted incoming coded messages and the FBI would have decoded copies. That, plus the photographs, might enable the NSA to break the code.

Two sources said that the FBI actually smuggled out an entire coding machine about fifteen years ago. Borrowing a truck and uniforms from a garbage collection company, agents drove into the yard of the Czech Embassy in Washington and waited near an open window, through which a Czech defector passed not only the machine but nearly a truckload of files. "They were so excited that they forgot to pick up the garbage," said one source. The next morning, the FBI filmed the results from a hide-out. "One of the funniest things you'd ever see," the source said, "was the film of the Czech deputy chief of security going to the Soviet Embassy with his hat in his hand. The Czechs couldn't even wire Prague to tell them what had happened. They had to go to the Soviet Embassy and use the Soviet machines."

Salute: This same source and another agreed that in the late 1950s and early 1960s the FBI also broke into the Polish and Yugoslav embassies in Washington. At least three separate bureau sources agreed that there was "no way" for agents to penetrate the Soviet Embassy, so instead they targeted Soviet satellite countries. Even allies, such as France or Japan, were occasional targets, as were the Arab states. "All the Arab embassies were easy," said one bureau source. "The only problem was tripping over the Israelis already inside." He said that in at least one case FBI agents breaking into an Arab mission found themselves face to face with Israeli agents. What happens in such cases? "You salute each other and walk away," the source said. "Nobody wants any trouble."

There were enough problems as it was. Once, in a mob headquarters in the Midwest, an agent planting a microphone slipped on a joist in the attic and thrust his foot through the ceiling of the room below. The agents had to wake up the owner of a hardware store and get plaster to repair the ceiling before dawn. During the late 1950s, two sources said, an agent had a heart attack and died while helping with a bag job in one of the Eastern European embassies. And sometimes local police stumbled onto an FBI break-in. When that happened, "You hit the cop and you ran," said one former agent. Said another: "There were some nasty confrontations in back alleys."

Two sources recalled a case ten years ago in which FBI agents had earlier planted a bug in the office of a mob attorney and had "gone back in to juice it up." One agent dropped something that he shouldn't have been carrying anyway—either his credentials or a report with his name on it—and when the lawyer came in next morning, it was clear the FBI had been there. As the sources recalled it, the agent was fired.

There were cases in which local police concealed the FBI's tracks. More than a decade ago, a former New York City policeman recalled, the FBI broke into the apartment of a Soviet diplomat assigned to the United Nations. As usual, there was an agent on watch in the lobby of the apartment, but the Russian—who had forgotten some theater tickets—somehow returned without being spotted. When he discovered the agents, their only recourse was to pretend that they really were burglars. They hit him, knocked him down and hurriedly ransacked the room. The Russians called the cops, who came to investigate, but later that night the FBI told the detectives not to probe too hard. The detectives were unhappy about it because they had to fill out monthly status reports on the "unsolved" case.

On one occasion, however, the FBI unwittingly helped the New York police. An FBI agent was breaking into the apartment of a mobster while a lookout and a getaway man waited in separate cars. The plan was for the "burglar" to come out and signal to the lookout, who would honk twice; the getaway car would drive up and speed the "burglar" away. "Off they went at 90 miles per hour," said a former agent. "About six blocks away, the driver looks at the passenger and says, 'Who the f——— are you?' The passenger looks at the driver and answers, 'Who the f——— are you?'" The passenger, it seemed, was a police "burglar" whose target was another apartment in the same building—and whose getaway signal was also two honks of a horn.

[From the Washington Post, Sept. 9, 1975]

CIA SAID TO KEEP POISONS

(By George Lardner, Jr.)

An official of the Central Intelligence Agency prevented the destruction of various toxins in spite of a presidential order calling for the elimination of the U.S. stockpile of bacteriological weapons, according to informed sources.

The preservation of the so-called "odds and ends" of bacteriological warfare will be subjected to public hearings next week before the Senate intelligence committee, headed by Frank Church (D.-Idaho).

President Nixon, in November, 1969, took what was then described as "a decisive step" toward outlawing chemical and bacteriological warfare, by ordering destruction of the U.S. stockpile of bacteriological weapons.

Despite that edict, sources said, some 5 per cent of the proscribed poisons were "withheld" from destruction on the grounds that they might be useful for scientific or experimental purposes.

A middle-level official of the CIA was responsible for that order, sources said.

The poisons that should have been destroyed were discovered in a warehouse at Ft. Detrick, Md., by the White House earlier this year, officials said.

White House officials recently submitted a report on the issue to the Senate committee with the expressed hope that the committee could and would, confine the issue to a publicly printed report.

Instead, Church insisted on public hearings, perhaps, critics said, to bolster his claims that the CIA has been operating like "a rogue elephant" out of control.

Administration sources said they doubted Church could make much headway with his charges. They acknowledged that the bacteriological materials should have been destroyed but added that the substances wound up at Ft. Detrick without any clear understanding that they were deadly or even dangerous.

ADDITIONAL STATEMENT SUBMITTED BY SENATOR MATHIAS

A RESPONSIBLE INQUIRY

Mr. MATHIAS. Mr. President, I wish to thank the Senator from Colorado (Mr. Gary Hart) for his remarks today on the important question of leaks and the intelligence community. When Senator Mansfield and I proposed the creation of a select committee to examine our Nation's intelligence needs, we fully realized the sensitive and important task the select committee would face. It was not our objective to jeopardize the intelligence community or to weaken the vital contribution it makes to our Nation's security, rather, we believed that America's intelligence arm should be strengthened by a careful examination of intelligence programs, budgets, management, and technology. And—most important—there was the need to determine the proper role of the intelligence agencies within the Constitution and the law.

The select committee is well on the way to completing its work. As Senator Hart points out in his remarks today, the committee has conducted that work in a responsible manner. The select committee respects—and has carefully observed—the need to refrain from leaking information. The committee will continue to respect that need. I thank Senator Hart for his discussion of the excellent record of this committee in conducting a thorough and responsible inquiry.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business of not to exceed 10 minutes, with statements therein limited to 3 minutes each.

The PRESIDING OFFICER (Mr. Leahy). Without objection, it is so ordered.

ORDER FOR ADJOURNMENT UNTIL TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT FROM CLOSE OF BUSINESS TOMORROW UNTIL THURSDAY

Mr. ROBERT C. BYRD. I ask unanimous consent that at the conclusion of business tomorrow, the Senate stand in adjournment until the hour of 12 o'clock noon on the following day.

The PRESIDING OFFICER. Without objection, it is so ordered.

FORCED BUSING: A CONGRESSIONAL SOLUTION

Mr. HELMS. Mr. President, beginning on September 17 and continuing for a total of 9 days, the question of the position of the U.S. Senate on the forced busing of schoolchildren was ardently debated. Indeed, parliamentary exercises taxed the skill of every participant, but as my colleagues are aware, on the 9th day, it became clear that a consensus had, in fact, been reached. During that period, the Senate passed three antibusing amendments—an average of one every 3 days.

The distinguished assistant majority leader (Mr. Robert C. Byrd) offered a well thought-out and very desirable amendment to stop forced busing. It passed the Senate on September 24 by a vote of 51 to 45. Other Senators were active participants in that debate.

And, as I stated at that time, the many evils of forced busing have been discussed in the Senate Chamber at length. The record is there, and it is plain. But, I believe that it is well for Senators to ponder the widespread public dissatisfaction with the continuing Federal interference with our local school systems. Frankly, the American people are fed up—they are fed up with a meddling Federal Government, they are fed up with a Congress that will not face up to its constitutional responsibilities; and they are fed up with the ever-growing centralization of power in the hands of arrogant, unelected Federal officials. They are fed up with continuing inflation, vast budget deficits, and the politicalization of the Nation's energy policy. In short, the American people are fed up with the present occupants of the city of Washington, D.C., if the Senator from North Carolina is any judge.

A redirection of present policies is needed, and it is needed immediately. There is no better place to begin than by putting a stop to forced busing and returning control of the schools of this Nation to local units of government and thereby to the people. And, let us make no mistake about it, Congress can stop forced busing if it will. It has the authority to act, and the American people know it.

I am greatly encouraged that the conference committee contains enough antibusing Senators to approve the compromise amendment to be offered by the distinguished Senator from Louisiana (Mr. Johnston). Just as they voted to approve the amendment offered by the distinguished assistant majority leader about a month ago, I trust they will vote to approve the Johnston amendment this afternoon. However, I am concerned about the fact that there appears to be some confusion in certain quarters about the constitutionality of antibusing legislation. And, since this confusion seems to be growing, rather than relenting, I am compelled to the conclusion that proponents of forced busing are deliberately attempting to inhibit congressional action by suggesting that busing is "constitutionally required." And, that being "constitutionally required," Congress cannot regulate it or so the argument goes. Nothing could be further from the truth. Indeed, such wild assertions of congressional impotency fly in the face of express constitutional language. One can only assume that such statements are made in an attempt to obscure the issue and frustrate the purpose of those legislators who wish to conform to the wishes of the overwhelming majority of the American people and all races in all parts of the country and stop forced busing.

In the leading case of *Swann* v. *Charlotte-Mecklenburg Board of Education*, 402 U.S. 1 (1971), the Supreme Court upheld the authority of a Federal District Court to order forced busing as a part of a desegregation plan. Speaking through Chief Justice Burger, the Court said that—

> The remedial techniques (forced busing) used in the District Court's order were within that court's power to provide equitable relief." The Chief Justice subsequently noted that "An objection to transportation of students may have validity when the time or distance of travel is so great as to either risk the health of the children or significantly impinge on the educational process.

Additionally, he observed that—

> Neither school authorities nor district courts are constitutionally required to make year-by-year adjustments of the racial composition of student bodies once the affirmative duty to desegregate has been accomplished and racial discrimination through *official action* (emphasis added) is eliminated from the system.

Thus, what the Supreme Court really said is that a Federal District Court has the authority to require forced busing, not that forced busing is constitutionally required; that there are valid objections to the transportation of students, which valid objections include significantly impinging on the educational process; and that neither school authorities nor district courts are constitutionally required to make adjustments in the racial composition of student bodies once desegregation has been accomplished and racial discrimination through official action is eliminated. That holding is a far cry from the so-called dogma of "constitutionally required busing." Forced busing is not constitutionally required. It is constitutionally permitted—which is simply to say that forced busing orders are not unconstitutional.

But, continuing with the reasoning of the Court, has forced busing significantly impinged on the educational process? Prof. James S. Coleman of Johns Hopkins University, the much lauded author of "Equality of Educational Opportunity" which came out in 1966, after observing the numerous and inevitable hardships that always result from busing decrees, has concluded that forced busing does not work. Indeed, he suggests that it encourages the so-called "white flight" out of the cities, and generally has a destructive effect upon the educational process. And, according to Professor Coleman, the destructive nature of busing is such that it should be discontinued.

Obviously, Professor Coleman, a strong advocate of desegregation and one has carefully studied the matter, feels that forced busing "significantly impinges on the educational process." This being true, in addition to not being constitutionally required, it is not appropriate. Under the Constitution, as interpreted by Chief Justice Burger, it is subject to a valid objection—an objection that Congress has both the authority and the duty to raise.

The 1954 Supreme Court decision in *Brown* v. *Board of Education*, 347 U.S. 483, struck down State-required dual school systems as being violative of the 14th amendment to the U.S. Constitution. This interpretation of that amendment and the equal protection clause contained therein, has been fundamental to desegregation cases ever since. And, just as the framers of the 14th amendment wished to maximize individual liberty and equality under the law, they wished for the Congress to be involved with the guarantees it provides. Therefore, they wisely provided in section five of the amendment that—

> The Congress shall have power to enforce, by appropriate legislation, the provisions of this article.

Indeed, the distinguished legal scholar, Archibald Cox, has written with approval of the right of Congress to exercise this authority under the 14th amendment and enact legislation regulating school desegregation and busing. "Such a statute," he said, "would be constitutional as applied to school districts where violations of the 14th amendment occurred because it would be a measure adopted under section five to remedy past violations. It seems irrelevant whether the relief is greater or lesser than the courts would order. In either event, the relief is not part of the Constitution." Cox, 40 *University of Cincinnati Law Review*, 199 (1971). Of course, by his statement that "the relief is not part of the Constitution, Professor Cox is, in fact, stating that forced busing is not constitutionally required.

The time has now come for Congress to exercise its express authority under section five of the 14th amendment to insure that a true equal protection of the laws is afforded to the schoolchildren of this Nation. Just as the Chief Justice in 1971 wisely understood that forced busing could conceivably be such a detriment as to significantly impinge on the educational process, the framers of that amendment so many decades ago realized the need for Congress to have the constitutional authority to supplement Court decisions with necessary legislative directives. Congress can act on Professor Coleman's conclusions. Congress can find that forced busing not only wastes valuable energy and violates the wishes of the American people, but that it also significantly impinges on the educational process. Under the authority of the 14th amendment, Congress can act within the framework of the Supreme Court decision in *Swann* v. *Board of Education* and put an end to forced busing. In doing so, Congress would not be reversing that Court decision, it would be acting in strict adherence to its mandate of not interfering with the educational process as the Chief Justice indicated. Such legislation would not be a deprivation of constitutional rights, but rather a vindication of *Swann* v. *Board of Education*, of the Court, and of the 14th amendment itself.

And, while the clear provision I have cited establishes beyond doubt that there is a very proper role for Congress to play in the regulation of forced busing, another section of the Constitution makes it equally as clear that Congress has the authority to regulate judicial remedies. The power of Congress to regulate the jurisdiction of the inferior Federal courts is stated in article III. Section one of that article provides that—

> The Judicial Power of the United States, shall be vested in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish.

Therefore, Congress has the power to create inferior Federal courts and did, in fact, create them by the Judiciary Act of 1789. Having created the inferior Federal courts, Congress has the power to abolish them in whole or in part, and to prescribe or limit their jurisdiction.

Indeed, in *Turner* v. *Bank of North America*, 4 U.S. 8 (1799), the Supreme Court observed that—

> The notion has frequently entertained that the Federal courts derive their judicial power immediately from the constitution; but the political truth is, that the disposal of the judicial power (except in a few specified instances (not relevant to forced busing)) belongs to Congress. If Congress has given the power to this court, we possess it; not otherwise. And, if Congress has not given the power to us, or to any other Court, it still remains at the legislative disposal. Besides, Congress is not bound, and it would, perhaps, be inexpedient to enlarge the jurisdiction of the Federal Courts to every subject, in every form, which the Constitution might warrant."

Therefore, it is clear not only from the Constitution itself, but from the language of the Supreme Court that Congress has substantial authority over the jurisdiction of the Federal judiciary.

This concept of legislative supremacy threads its way throughout our history. In *Cary* v. *Curtis*, 44 U.S. 236 (1845), the Supreme Court, speaking through the eminent Justice Story, declared that—

> The judicial power of the United States, although it has its origin in the Constitution, is (except in enumerated instances applicable exclusively to this court (and which do not involve forced busing)), dependent for its distribution and organization, and for the modes of its exercise, entirely upon the action of Congress, who possesses the sole power of creating tribunals (inferior to the Supreme Court), for the exercise of the judicial power, and of investing them with jurisdiction either limited, concurrent, or exclusive, and of withholding jurisdiction from them in the exact degrees and character which to Congress may seem proper and for the public good.

Other Supreme Court cases upholding the disposition of power in the legislative branch to regulate Federal Court jurisdiction are readily available: *Wiscart* v. *D'auchy*, 3 U.S. 320 (1796), *Duroussea v. United States*, 10 U.S. 307 (1840); *Ex Parte McCardle*, 74 U.S. 506 (1896).

And, indeed, Congress has not hesitated to exercise its authority over the jurisdiction of the Federal Courts. In *Lauf* v. *E. G. Skinner and Company*, 303 U.S. 323 (1938), the Supreme Court sustained the provisions of the Norris-LaGuardia Act (29 U.S.C. section 101–115), which withdrew from the courts the power to issue injunctions in labor disputes. Similarly, the Supreme Court upheld the provision of the 1942 Price Controls which, in effect, stripped the Federal District Courts and State Courts of jurisdiction to consider their validity, under the act or the Constitution, or enjoin the enforcement of regulations promulgated by the Administrator and, instead, granted an emergency Court of Appeals exclusive jurisdiction to set aside price regulations. *Lockerty* v. *Phillips*, 319 U.S. 182 (1943); *Yakus* v. *United States*, 321 U.S. 414 (1944).

This concept of the authority of the legislature to alter the tyrannical edicts issued by unjust courts is, therefore, not some new found idea. It pervades our history. The framers of the Constitution did not delegate unlimited power to Federal Judges who serve with life tenure. To suppose otherwise is contrary to reason. They provided that the authority of the Federal Courts should not be direct, but indirect. It was to be granted to the Congress so that the Congress could in turn grant to the Federal Courts such authority, or jurisdiction, as it thought proper. And, having granted such authority, Congress can take it away. This, of course, is the safeguard against the abuse of power by Federal Judges that the Founding Fathers built into the Constitution.

I, therefore, suggest that it is long past time for the Congress to adhere to its constitutional duties and enact some sensible legislation to end the forced busing of school children. The constitutional authority is clear. I hope that the conferees meeting today to resolve the differences between S. 622 and H.R. 7014 will reflect upon the wisdom of Congress exercising the necessary boldness to make the Constitution work in a way that will provide a genuine guarantee of freedom and individual liberty. I hope that the conferees as they consider this complex energy legislation, will vote to accept the anti-busing compromise provision sponsored by the distinguished Senator from Louisiana (Mr. Johnston). The schoolchildren of America deserve no less.

The point I wish to emphasize, Mr. President, is this:

This afternoon at 3:30—the time was originally at 3 p.m.—the conferees considering Senate bill, S. 622, and House bill, H.R. 7014 will meet to decide a question that is very important to parents and schoolchildren of America. They will decide whether to accept a version of the House-passed antibusing amendment.

I am advised that the distinguished Senator from Louisiana (Mr. Johnston) will propose a compromise amendment that is substantially similar to the antibusing amendment that my distinguished friend from West Virginia (Mr. Robert C. Byrd) offered in the Chamber of this Senate a few weeks ago and which was aproved by the Senate on September 24.

At that time a number of Senators who are members of the conference committee—and I emphasize that this conference committee will meet this afternoon at 3:30 p.m.—a number of Senators voted in favor of the Byrd amendment in this Chamber and, in so doing, went on record clearly as opposing the forced busing of schoolchildren.

In looking at the Record on September 24, I find among those voting for the Byrd amendment and against the forced busing the names of the distinguished Senator from Tennessee (Mr. Baker), the distinguished Senator from Oklahoma (Mr. Bartlett), the distinguished Senator from Maryland (Mr. Beall), the distinguished Senator from Arkansas (Mr. Bumpers), the distinguished Senator from Arizona (Mr. Fannin), the distinguished Senator from Wyoming (Mr. Hansen), Senators Hartke, Haskell, Hollings, Jackson, Johnston, Magnuson, McClure, Randolph, and Stone.

In all, I count 15 of the 25 Senate conferees working on the Senate bill 622 and House bill 7014, 15 of the 25 Senate conferees who voted for the Byrd amendment and against forced busing.

I say on this occasion, Mr. President, that I do hope that each of those Senators will stand by what was a commitment, in my judgment, at that time and in the conference deliberations this afternoon make sure that the effect of the amendment by the distinguished Senator from West Virginia (Mr. Robert C. Byrd) is preserved.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. HELMS. I am delighted to yield.

Mr. ROBERT C. BYRD. Mr. President, the distinguished Senator speaks of a conference at 3:30 p.m. today. Of what conference is he speaking?

Mr. HELMS. On the energy bill, I say to the Senator.

Mr. ROBERT C. BYRD. I was thinking he had in mind the conference on the HEW appropriations bill.

Mr. HELMS. Not at all.

The point I am making is that Senator Johnston is proposing a compromise which is almost identical with the amendment by the distinguished Senator from West Virginia which I happen to cosponsor.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. HELMS. I yield the floor, Mr. President.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GOLDWATER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGE OF THE FLOOR

Mr. GOLDWATER. Mr. President, I ask unanimous consent that during the debate today on the General Slay matter that Mr. Robert Old of the Armed Services Committee be granted the privilege of the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GOLDWATER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. The time for morning business has expired.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a 3-minute extension of the time for routine morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I thank the Senator.

NEW YORK CITY'S FINANCIAL DISTRESS

Mr. HELMS. Mr. President, in this morning's New York Times is a very interesting story entitled "Four Luxury Towers To House the Poor Opening in Harlem." This news story is highly instructive in terms of financial distress of the city of New York; but, further than that, it points a finger at the U.S. Government—specifically, Congress.

I read the first paragraph of a story written by Robert E. Tomasson:

> A federally subsidized housing project for the poor is scheduled to open in East Harlem in about two months with luxury features never before included in low-income housing in the United States. Depending on the point of view, the project is regarded as a monument to government compassion or an epitaph on bureaucratic folly.

Then the article goes on to say:

> The project is Taino Towers, four 35-story buildings with a total of 656 apartments on the block between 122nd and 123rd Streets, and Second and Third Avenues. The centrally air-conditioned towers will have an indoor swimming pool, a gymnasium, an auditorium, a theater, a greenhouse, roof laundry rooms and play areas, and underground parking with attendants 24 hours a day.
>
> There will also be six-bedroom tri-plex apartments with 11-foot-high ceilings and 20-foot-long balconies.
>
> Tentative minimum rent for the six-bedroom apartments is $113.28, including utilities, under Federal subsidy plans committed for 40 years.

Then Mr. Thompson's story goes on to say:

> The average construction cost per apartment is $68,597, by far the largest ever in this country for low-income housing.

Mr. President, the current New York City financial distress speaks for itself. We do not often discuss the distress of the U.S. Government, except when we bandy around figures such as the Federal debt as of today being $545 billion, with the interest thereon running between $35 billion and $38 billion a year.

In my judgment, this story in this morning's New York Times is one of these res ipsa loquitur matters. It speaks for itself.

The only difference between the city of New York and the U.S. Government is that the Federal Government can print money, and ignore the reality of the decreasing value of the dollar and the resulting inflation. Bankruptcy is bankruptcy, whether in New York City or in Washington, D.C.

Mr. President, I ask unanimous consent that the story in its entirety be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

FOUR LUXURY TOWERS TO HOUSE THE POOR OPENING IN HARLEM

(By Robert E. Tomasson)

A federally subsidized housing project for the poor is scheduled to open in East Harlem in about two months with luxury features never before included in low-income housing in the United States. Depending on the point of view, the project is regarded as a monument to government compassion or an epitaph on bureaucratic folly.

The project is Taino Towers, four 35-story buildings with a total of 656 apartments on the block between 122d and 123 Streets and Second and Third Avenues. The centrally air-conditioned towers will have an indoor swimming pool, a gymnasium, an auditorium, a theater, a greenhouse, roof laundry rooms and play areas, and underground parking with attendants 24 hours a day.

There also will be six-bedroom triplex apartments with 11-foot-high ceilings and 20-foot-long balconies.

Tentative minimum rent for the six-bedroom apartments is $113.28, including utilities, under Federal subsidy plans committed for 40 years.

The average construction cost per apartment is $68,597, by far the largest ever in this country for low-income housing. Federal officials say that the $45-million cost of the development represents the largest single allocation for a community project ever made by the Department of Housing and Urban Development.

The basic features of the project—which are not likely to be matched for many years, if at all, in low-income housing—have evoked strong criticism from city and state housing officials, including some with the H.U.D. itself.

NONRESIDENTIAL SPACE

The principal criticism is of the large amount of nonresidential space. In each building the first six floors—a total 265,000 square feet, or the equivalent of about five and one-half floors of the PanAm Building—were constructed for nonresidential use.

This space houses some of the amenities, but includes large areas intended for agencies that would provide educational and medical services to the community while paying rent that would be used to keep apartment rents low.

But commercial tenants have not turned up, placing the elaborate financing of Taino Towers in doubt.

"They got everything they wanted and now they don't know what to do with it," said an official in the local H.U.D. office, referring to the community sponsor, the East Harlem Tenants Council.

S. William Green, regional administrator of the Federal Agency, said that because of the unprecedented inclusion of nonresidential space in a federally subsidized housing project, final approval had been given in Washington.

The state's Urban Development Corporation and the city's Housing and Development Administration had considered financing the project, but pulled out when the sponsoring group insisted on including the nonresidential space.

THE MAN BEHIND IT

The guiding force behind the project is Robert Nicol, a 40-year old Presbyterian minister who left an East Harlem church to become the full-time $17,200-a-year project administrator. He offers no apologies for insisting on the nonresidential space.

"You don't predicate providing basic and humane services for people on a possible future collapse in the market," he said. "It's a question of whether we have a viable city or go on building slums for the poor.

"I know we have been accused of overdesigning for the poor, but we are concerned with changing people's lives, not just creating another future slum."

"Look there," Mr. Nicol said as he stood on the roof of one of the towers, gesturing southward. "From 112th to 115th Street, from First to Seventh Avenue, a whole corridor of public housing built in the nineteen-fifties and sixties. It wiped out hundreds of businesses and brought a tremendous concentration of the poor, which is a problem by definition."

TWO WHO PULLED OUT

Two major tenants that Mr. Nicol expected in the project have decided not to rent space there: the Health Insurance Plan and the Board of Education, which considered establishing a bilingual school.

Mr. Nicol, who has been described by officials who have worked with him as "dynamic," "persuasive" and "intractable," acknowledged that he was struggling to preserve his dream in the face of complex financing.

Most of the initial funds came from construction loans, totaling $39-million, from a consortium of nine banks headed by the Chemical Bank. All but a small part of the 40-year 7 per cent mortgages—one for each tower—are guaranteed by the Federal Housing Administration.

In addition, the project received about $6-million in city and Federal funds, including $3-million from H.U.D.'s Model Cities program, for such expenses as architect's fees and extensive administrative costs. In addition, New York City has agreed to give full property-tax abatement.

Included in the $39-million mortgages are funds to pay monthly interest until the project begins receiving income. These funds can carry the project until the last tower is completed next June, about six months after families start moving into the first tower.

Officials at the Chemical Bank conceded that the timing would be close. If the interest reserve runs out while any building is incomplete, the result could be a mortgage default. The F.H.A. would then pay for the balance and try to sell the buildings to a private developer.

The Department of Housing and Urban Development has agreed to pay an interest subsidy of $1,574,000 a year for the mortgages, enough to reduce the 7 per cent bank rate to about 2 per cent. In addition, it is to pay $497,000 a year in direct rent subsidies for 40 per cent of the tenants. Taken together, interest and rent subsidies are a 40-year Federal commitment of $82.84-million.

If, as now seems probable, Taino Towers do not earn the projected $1.2-million a year from the nonresidential space, residential will have to increase. Thus, even with subsidies, poor families may not be able to afford the rents. This, in turn, would jeopardize the subsidies, since these apply to families already receiving welfare payments.

Mr. Nicol said that tenants had already been chosen for Taino Towers—which are named for an ancient tribe of Caribbean Indians in honor of East Harlem's largely Hispanic population.

First preference is for families forced out of slum dwellings that were demolished to make way for the project. Mr. Nicol said that the East Harlem Tenants Council had maintained contact with about 225 such families that had expressed interest in Taino Towers. Other tenants are to come from the impoverished neighborhood.

All tenants will be required to attend five three-hour demonstrations on apartment and project upkeep.

Gerard Silverman of Silverman & Cika, the project architects, said that a major design goal was to reduce maintenance problems and upkeep costs. Lobbies and halls, for example, are covered with an Italian mosaic tiles that are supposed to be all but impervious to graffiti. Other esthetic features include brick sidewalks and terraced landscaping complete with a stream.

UNANIMOUS-CONSENT AGREEMENT—SLAY NOMINATION

Mr. ROBERT C. BYRD. Mr. President, as in executive session, I ask unanimous consent that the 1 hour for debate on the nomination today of Maj. Gen. Alton D. Slay begin at 1:15 p.m. and that the vote on the nomination occur at 2:15 p.m. today.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there further morning business?

Mr. THURMOND. Mr. President, will the distinguished Senator from West Virginia designate the handling of the time?

Mr. ROBERT C. BYRD. It is my understanding that Mr. BAYH and Mr. GOLDWATER will be in control of the time. Does the Senator have a suggestion to the contrary?

Mr. THURMOND. That is all right with me. I have no objection. I am the ranking member on the Committee on Armed Services. I would just as soon that I be handling the time.

Mr. ROBERT C. BYRD. Mr. President, as in executive session, I ask unanimous consent that the time for debating the nomination of General Slay be under the control of Mr. BAYH and Mr. THURMOND and that the time be divided equally.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. GLENN) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 11:03 a.m., a message from the House of Representatives delivered by Mr. Hackney, one of its reading clerks, announced that the House has passed the bill (S. 1730) to improve the reliability, safety, and energy efficiency of transportation and to reduce unemployment by providing funds for work in repairing, rehabilitating, and improving essential railroad roadbeds and facilities, with an amendment in which it requests the concurrence of the Senate.

The message also announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 6184. An act to amend section 40 of the Bankruptcy Act to fix the salaries of referees in bankruptcy; and

H.R. 9472. An act to amend section 15d of the Tennessee Valley Authority Act of 1933 to increase the amount of bonds which may be issued by the Tennessee Valley Authority, and for other purposes.

At 12:51 p.m., a message from the House of Representatives delivered by Mr. Hackney announced that the House has passed without amendment the joint resolution (S.J. Res. 134) to extend the authority for the direct purchase of U.S. obligations by Federal Reserve banks.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

The ACTING PRESIDENT pro tempore (Mr. GLENN) laid before the Senate the following letters, which were referred as indicated:

AMENDMENTS TO BUDGET REQUEST FOR THE FEDERAL ENERGY ADMINISTRATION—(S. DOC. 94–113)

A communication from the President of the United States submitting proposed amendments to the request for appropriations for the fiscal year 1976 in the amount of $147,660,000 and for the transition quarter in the amount of $2,825,000 for the Federal Energy Administration (with accompanying papers); to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. TALMADGE, from the Committee on Agriculture and Forestry, with amendments:

H.R. 9005. An act to authorize assistance for disaster relief and rehabilitation, to provide for overseas distribution and production of agricultural commodities, to amend the Foreign Assistance Act of 1961, and for other purposes (Rept. No. 94-434).

By Mr. CANNON, from the Committee on Rules and Administration, with amendments:

H. Con. Res. 215. A concurrent resolution providing for the printing as a House document of a revised edition of "The Capitol" (Rept. No. 94-436).

By Mr. CANNON, from the Committee on Rules and Administration, without amendment:

S. Res. 290. An original resolution authorizing the printing of the Seventy-seventh Annual Report of the National Society of the Daughters of the American Revolution as a Senate document (Rept. No. 94-435).

By Mr. HUMPHREY, from the Committee on Foreign Relations, without amendment:

S. Res. 288. A resolution relating to the United Nations and Zionism. Considered and agreed to.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

By Mr. SPARKMAN, from the Committee on Foreign Relations:

Herbert Salzman, of the District of Columbia to be a member of the Board of Directors of the Overseas Private Investment Corporation.

Hans N. Tuch, of Illinois, a Foreign Service Information officer of class 1, for promotion to the class of Career Minister for Information.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. PROXMIRE, from the Committee on Banking, Housing and Urban Affairs:

William B. Widnall, of New Jersey, to be Chairperson of the National Commission on Electronic Fund Transfers.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. MAGNUSON, from the Committee on Commerce: Hamilton Herman, of Connecticut, to be an Assistant Secretary of Transportation.

(The above nomination was reported with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. MAGNUSON. Mr. President, from the Committee on Commerce, I report favorably sundry nominations in the Coast Guard which have previously appeared in the Congressional Record and, to save the expense of printing them on the Executive Calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the Record of September 29, 1975, at the end of the Senate proceedings.)

HOUSE BILL REFERRED

The bill (H.R. 9472) to amend section 15d of the Tennessee Valley Authority Act of 1933 to increase the amount of bonds which may be issued by the Tennessee Valley Authority, and for other purposes, was read twice by its title and referred to the Committee on Public Works.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. PASTORE (for himself and Mr. Baker) (by request):

S. 2568. A bill to amend the Atomic Energy Act of 1954, as amended, to revise the method of producing for public remuneration in the event of a nuclear incident, and for other purposes. Referred to the Joint Committee on Atomic Energy.

By Mr. HATHAWAY:

S. 2569. A bill to provide assistance to museums to enable them to maintain and to improve their services to the public during the Bicentennial era, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. HELMS:

S. 2570. A bill to provide that the United States Canal Zone shall be represented by a Delegate to the House of Representatives. Referred to the Committee on Armed Services.

By Mr. THURMOND (for himself and Mr. Eastland):

S. 2571. A bill to amend the Internal Security Act of 1950 to control and penalize terrorists, and for other purposes. Referred to the Committee on the Judiciary.

By Mr. McCLELLAN (for himself, Mr. Thurmond, Mr. Hruska, and Mr. Hansen):

S. 2572. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide a Federal death benefit to the survivors of public safety officers. Referred to the Committee on the Judiciary.

By Mr. THURMOND:

S. 2573. A bill for the relief of Gert Richard Haber. Referred to the Committee on the Judiciary.

By Mr. EAGLETON:

S. 2574. A bill to amend the Securities Act of 1933 to provide for the registration of securities issued by State and local governments. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. MONDALE:

S. 2575. A bill to permit foster grandparents in established programs to serve adults where the need for service to children has been met. Referred to the Committee on Labor and Public Welfare.

By Mr. STONE (for himself, Mr. Randolph, and Mr. Chiles):

S. 2576. A bill to amend title 23 of the United States Code in order to provide a program for the completion of the National System of Interstate and Defense Highways. Referred to the Committee on Public Works.

By Mr. JACKSON (for himself and Mr. Fannin) (by request):

S. 2577. A bill to authorize the Secretary of the Interior to designate a segment of the New River Gorge in West Virginia as a component of the National Wild and Scenic Rivers System, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

By Mr. HUMPHREY for Mr. Philip A. Hart (for himself, Mr. Eastland, Mr. Humphrey, Mr. McGee, Mr. Leahy, and Mr. Clark):

S. 2578. A bill to authorize the Secretary of Agriculture to make financial assistance available to agricultural producers who suffer losses as the result of having their agricultural commodities or livestock quarantined or condemned because such commodities or livestock have been found to contain toxic chemicals dangerous to the public health. Referred to the Committee on Agriculture and Forestry.

By Mr. BUCKLEY:

S. 2579. A bill to amend chapter IX of the Bankruptcy Act, relating to proceedings involving certain local governments. Referred to the Committee on the Judiciary.

By Mr. INOUYE:

S. 2580. A bill for the relief of Miss Theodora Roada Irvine. Referred to the Committee on the Judiciary.

By Mr. NELSON (for himself, Mr. Jackson, Mr. Abourezk, Mr. Fannin, and Mr. Bartlett):

S. 2581. A bill to amend the Menominee Restoration Act. Referred to the Committee on Labor and Public Welfare.

By Mr. MAGNUSON (for himself and Mr. Pearson) (by request):

S. 2582. A bill to amend the Endangered Species Act of 1973. Referred to the Committee on Commerce.

By Mr. HARTKE (for himself and Mr. Pearson) (by request):

S. 2583. A bill to amend the Interstate Commerce Act to establish expeditious Interstate Commerce Commission procedures, and for other purposes. Referred to the Committee on Commerce.

By Mr. PASTORE (for himself and Mr. Magnuson):

S. 2584. A bill to amend certain provisions of the Communications Act of 1934, as amended, to provide long-term financing for the Corporation for Public Broadcasting, and for other purposes. Referred to the Committee on Commerce.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HATHAWAY:

S. 2569. A bill to provide assistance to museums to enable them to maintain and to improve their services to the public during the Bicentennial era, and for other purposes. Referred to the Committee on Labor and Public Welfare.

BICENTENNIAL ERA MUSEUM SERVICES ACT

Mr. HATHAWAY. Mr. President, I am introducing today a bill, the Bicentennial Era Museum Services Act of 1975, to provide badly needed Federal assistance to the Nation's financially troubled museums during an integral part of the Bicentennial era.

This act would authorize $25 million

per year for the next 3 years for grants to museums. Among other things, the grants would be used by museums to create special exhibitions, extend the hours they are open, or in the case of particularly troubled museums, insure that current hours will be maintained, hire and retain staff, including security staff, preserve and maintain collections, and develop special training exhibitions and educational programs during this era.

The grants would not be available to construct new facilities or acquire new works for a museum's collection.

Museums would be required to match Federal dollars by putting up 25 percent of the cost of any new project or service funded under this act.

Mr. President, for several years, Congress has had before it legislation to provide Federal funding for museum services. The most recent such proposal is found in title II of S. 1800, the Arts Humanities and Cultural Affairs Act of 1975, introduced by my distinguished colleagues, Senators PELL and JAVITS. But while the titles of S. 1800 concerned with authorizing appropriations for the National Endowment on the Arts and Humanities and indemnifying foreign exhibitions against damage or loss have been accepted by the Labor and Public Welfare Committee, no consideration has been given as yet to title II.

For that reason, I am proposing a new approach to this subject, one which I hope all my colleagues on the Arts and Humanities Subcommittee will join me in cosponsoring. In designing this new proposal I have drawn heavily on the work they have already done. I believe the changes I have made should remove several apparent current impediments to its enactment.

For example, the proposal I am making today is intended to be one of limited duration, tied to what I consider the most integral 3-year period of the Bicentennial era, when the greatest number of Americans and foreign visitors can be expected to utilize our museums.

In addition, the bill does not set up any complicated new funding apparatus or institution. Funding will be administered through the Chairman of the National Endowment for the Arts, with the advice of the Federal Council on the Arts and the Humanities and the National Council on the Arts. The National Endowment was selected for this purpose because of the availability of advice from councils whose members already include representatives of the museum community, and because of its fine proven track record in administering Federal grants in the arts without exercising Federal control over subject matter or content.

Also, museums will be prohibited from spending any of this money on new construction or on new acquisitions for their collections.

I believe Congress must pass this simplified museum services legislation, or answer to future generations for not having done so. For an ever-increasing number of our Nation's museums have simply nowhere else to turn for support. Museum directors, administrators and trustees from all over the country have written to me to describe with eloquence and dignity their difficult situation.

Willis F. Woods, director of the Seattle Art Museum, says that:

> Museums generally throughout the country are experiencing serious difficulties making income match expenses. They are caught in the crunch of rapidly rising operating costs and an economy that inhibits charitable gifts.

Woods concludes by saying:

> Certainly it seems reasonable to want to enable full museum participation in Bicentennial celebrations. The prospect of having them closed or limping along, especially during this period of self-congratulations, is paradoxical to say the least.

Marvin Sadik, the Director of the National Portrait Gallery of the Smithsonian Institution, writes as a private citizen to say:

> In my view, it is unlikely that any donors will be coming along to endow museums with the kind of money they need to keep up their buildings, preserve their collections, and maintain their security. It is far easier to get such money for objects, exhibitions, and bricks and mortar.

Douglas Dillon, president of the Metropolitan Museum of Art, writes that:

> The traditional sources of support have been strained to the limit. As an example, the Metropolitan Museum, faced with reductions in support from New York City and New York State, due to their difficult financial situation, is being forced to close its door for two days each week and to substantially reduce its educational and community programs as well as its exhibition schedule. And all this at a time of unprecedented public interest in the Museum with two million visitors during the first six months of 1975.

Dr. Herbert Gottfried, of the Center for the Fine Arts of the University of Wyoming, says:

> For the Bicentennial we have planned an exhibition of art inspired by Wyoming. Total cost for this exhibition may run as high as $20,000. Though we have a grant we find ourselves still searching for the additional funds to realize this significant event.

And Samuel Sachs II, director of the Minneapolis Institute of Arts, sums the matter up nicely by noting that:

> The costs of security, heat, light and maintenance have risen dramatically but as someone once quipped "No one ever gave a ton of coal in memory of his mother."

Mr. President, it is a sad fact that somehow, non-Federal museums seem to fall through cracks when we take up Federal support for educational institutions. We find plenty of money for institutions like schools, colleges, and libraries. Our Nation's museums are no less important to us than any of those, especially at a time when so many Americans will be traveling throughout the country to explore the roots and manifestations of their unique culture.

The American people should take tremendous national pride in their museums. When those museums stand in desperate need of assistance, it would be a tragic national scandal if we failed to provide that assistance.

I ask unanimous consent that the text of the bill and the letters excerpted in my statement be printed in the RECORD.

There being no objection, the bill and letters were ordered to be printed in the RECORD, as follows:

S. 2569

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Bicentennial Era Museum Services Act of 1975".

STATEMENT OF CONGRESSIONAL PURPOSE

SECTION 1. The Congress hereby finds and declares—

(a) that the Bicentennial era, of which the next three years are the most integral part, should be a time for all Americans to be educated and enlightened about their Nation's rich cultural and historic heritage;

(b) that because of the recession and for other reasons, many American museums are faced with financial hardships even in maintaining current levels of service to the public and are unable to contemplate any increase in service for the Bicentennial era, when they expect greatly increasing use by the public; and

(c) that it is therefore the duty of the Federal Government, in a manner as administratively simple as possible, to provide encouragement and assistance to American museums so that they may be able better to sustain their current level of vital services during the Bicentennial era, to increase and expand their educational role during this era, in conjunction with formal systems of elementary, secondary, and postsecondary education and with programs of nonformal education for all age groups, and to modernize their methods and facilities so that they may better be able to conserve our valuable heritage for the future.

BICENTENNIAL ERA MUSEUM SERVICES GRANTS

SEC. 2. (a) Section 5 of the National Foundation on the Arts and the Humanities Act of 1965 is amended by adding after subsection (g) the following new subsection:

"(h) (1) The Chairman, with the advice of the Federal Council on the Arts and the Humanities and the National Council on the Arts, is authorized to make grants to museums to increase and improve museum services during the Bicentennial era, through such activities as—

(A) projects to enable museums to construct or install displays, interpretations, and exhibitions in order to improve their services to the public;

(B) assisting them in developing and maintaining professionally trained or otherwise experienced staff to meet their needs;

(C) assisting them to meet their administrative costs in preserving and maintaining their collections, exhibiting them to the public, and providing educational programs to the public through the use of their collections;

(D) assisting museums in cooperation with each other in the development of traveling exhibitions, meeting transportation costs, and identifying and locating collections available for loan;

(E) assisting them in conservation of artifacts and art objects; and

(F) developing and carrying out specialized programs for specific segments of the public such as programs for urban neighborhoods, rural areas, Indian reservations, and penal and other State institutions.

Grants shall not be made to museums under this subsection for the construction of new facilities or the addition of any works of art or other tangible objects to their collections.

(2) In making grants under this subsection, the Chairman shall to the maximum extent feasible insure that the available funds are disbursed equitably throughout the country on the basis of relative population.

(3) Grants under this subsection may not exceed 75 per centum of the cost of the program or services for which the grant is made.

(4) For purposes of this subsection, the term "museum" means a public or private

nonprofit agency or institution organized on a permanent basis for essentially educational or esthetic purposes, which, utilizing a professional staff, owns and utilizes tangible objects, cares for them, and exhibits them to the public on a regular basis.

(b) Section 5 of the National Foundation on the Arts and the Humanities Act of 1965 is amended by redesignating subsections (h) through (k) as subsections (i) through (l) respectively.

AUTHORIZATION OF APPROPRIATIONS

SEC. 3. Section 11(a) (1) (A) of the National Foundation on the Arts and the Humanities Act of 1965 is amended by inserting at the end thereof the following:

"For the purpose of making grants under section 5(h), there are hereby authorized to be appropriated $25,000,000 for the fiscal year ending June 30, 1976, $6,250,000 for the period July 1, 1976 through September 30, 1976, and $25,000,000 for each of the succeeding fiscal years ending prior to October 1, 1978."

CENTER FOR THE FINE ARTS,
UNIVERSITY OF WYOMING,
September 3, 1975.

WILLIAM D. HATHAWAY,
U.S. Senator from Maine, Senate Office Building, Washington, D.C.

DEAR SENATOR HATHAWAY: Thank you for your kind response to our support of senate Bill 1800. In response to your request for input concerning the Museum Service Act portion of senate Bill 1800, the Art Museum at the University of Wyoming most emphatically supports your effort to obtain funding for this cause.

Perhaps some background on our situation would make clearer our need for such federal support. Our museum is the only Educational Museum in the state of Wyoming. We have no operating budget or acquisitions budget. The University pays for only the director's, curator's, and assistant's salaries. We operate the entire Museum Program out of gifts and grants. We attempt to run a full Museum Program; exhibits brought in from outside, exhibits of local work, lectures, film programs. Our indefinite funding makes all this difficult.

For the Bicentennial we have planned an exhibit of art inspired by Wyoming. Total cost for this exhibition may run as high as $20,000. Though we have a grant we find ourselves still searching for the additional funds to realize this significant event. Any support from the congress in achieving these kinds of public education situations will be greatly appreciated.

Thanking you for your interest in our programs I remain,

Sincerely yours,

HERBERT GOTTFRIED, Ph. D.,
Acting Head, Department of Art.

P.S.—As a former Washington County Democrat, I am pleased to note your continued interest in cultural affairs.

THE MINNEAPOLIS INSTITUTE OF ARTS,
August 6, 1975.

Hon. WILLIAM D. HATHAWAY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HATHAWAY: Thank you for your highly informative letter of July 25th.

I was particularly struck by your singularly perceptive suggestion concerning a special three-year museum services bill. In my judgment this is one of the most urgently needed pieces of legislation that the Congress could consider, and I believe this view is shared by most all of my profession.

The Museum Services Act has been followed with great interest, particularly by art museums. As you know, museums do not qualify as "educational institutions" and thereby are unable to avail themselves of considerable Federal support, support which goes freely, however, to our colleagues in universities, libraries, etc.

Aimed as it is, toward operational subsidy, the Museum Services Act would indeed, as you suggest, allow American museums to focus their potential in terms of collections and expertise on the celebration of the Bicentennial as well as the celebration of these remarkable treasures themselves. It is the operational dollar that is the hardest to come by and it is in this area that museums are suffering the most. The costs of security, heat, light, and maintenance have risen dramatically but as someone once quipped "No one ever gave a ton of coal in memory of his mother"! It is clear, however, that all of these essential services must be funded before the museum can even open its doors, let alone give thought to innovative exhibitions or educational programs.

With dwindling endowments and limited donations, museums thus find themselves in the unhappy situation of putting that part of their effort which justifies their existence (collections and education) effectively at the bottom of the priority list.

All of this is preamble to my feeling that a three-year "shot in the arm" would be of the greatest possible interest and would truly focus attention on one of the nation's greatest assets. I am sure that you are as embarrassed as I am to note that at the present time the per capita support of the arts in the United States is among the lowest in the world for developed nations. Surely the Bicentennial would be a good time to rectify this situation.

With my deep gratitude for your support and interest, I am

Sincerely,

SAMUEL SACHS II,
Director.

Hon. WILLIAM D. HATHAWAY,
U.S. Senate,
Washington, D.C.

THE METROPOLITAN MUSEUM OF ART,
August 8, 1975.

DEAR SENATOR HATHAWAY: As a summer resident of Maine for over fifty years, I was delighted to receive your letter of July 25th in reply to my plea for support of S. 1800 on behalf of the Metropolitan Museum of Art. I was also very pleased to learn that the Senate had passed the Arts and Artifacts Indemnity Act. All of us connected with museums are grateful to you for your support of this important piece of legislation.

I am glad to answer your question regarding the Museum Services Act. In my last annual report, as President of the Metropolitan Museum of Art, I pointed out that the single greatest need of Museums today was federal support for the operating costs of existing institutions, which is just what the Museum Services Act would give, Museums across the country have been hit even harder than most institutions by a combination of inflationary pressures that cannot be offset by mechanization, as in industry, and greater public demand for their services. The traditional sources of support have been strained to the limit. As an example, the Metropolitan Museum, faced with reductions in support from New York City and New York State, due to their difficult financial situation, is being forced to close its door for two days each week and to substantially reduce its educational and community programs as well as its exhibition schedule. And all this at a time of unprecedented public interest in the Museum, with two million visitors during the first six months of 1975.

Therefore, support of the type that would be provided by the Museum Services Act is the most important single thing that could be done for the Metropolitan and other Museums, all of whom are facing similar problems. The only reason that Museums have not been more vociferous in support of the Museum Services Act is that they have hoped that such support might be forthcoming at some point from the National Endowment for the Arts. This has not yet been the case, however. Until now the National Endowment has not been willing to make grants in the greatest area of need, operating support for existing institutions. This attitude is based on the size of their appropriation which, although generous compared to three or four years ago, remains totally inadequate for the needs of cultural institutions of all kinds for operating support. Therefore, in the absence of a substantial increase in the appropriation for the National Endowments earmarked specifically for operating support of existing institutions, I would wholeheartedly support your innovative and thoughtful suggestion of giving the Museum Services Act a three year trial run as a Bicentennial effort. In doing this it must be recognized that there would be strong pressures and good reasons to continue the effort after the end of the three year period as the effect of a sudden cut-off would be extraordinarily severe.

In view of Senator Pell's long-standing interest in this legislation, I am taking the liberty of sending him a copy of this letter.

With all good wishes,

Sincerely,

DOUGLAS DILLON.

WASHINGTON, D.C., *August 4, 1975.*

Hon. WILLIAM D. HATHAWAY,
U.S. Senate,
Washington, D.C.

DEAR BILL: I am writing you as a private citizen about the Museum Services Act portion of S. 1800 in response to your inquiry.

Because a very significant proportion of the museums in this country no longer can operate on the income from major bequests they received in the past, it is inevitable that if these institutions are to survive they will have to be the recipients of Federal assistance.

In my view, it is unlikely that any donors will be coming along to endow museums with the kind of money they need to keep up their buildings, preserve their collections, and maintain their security. It is far easier to get such money for objects, exhibitions, and bricks and mortar. I therefore believe that the Federal Government must provide funds for the former three categories. In addition to serving a vital need, such moneys would have the virtue of being "non-political" in that they would not be attached to what might be "controversial" acquisitions or exhibitions. In addition, it would be relatively easy to establish objective standards concerning the need for these funds. In fact, such grants both might be best "monitored" and the burden on the Federal Government reduced if they were matched on a 50-50 basis with local grants. By lifting this great burden from American museums, they could survive, depending on private donations for pictures, exhibitions, and bricks and mortar.

How much would be involved in all of this, I don't know, but relatively little research could come up with a figure which I am convinced would not even amount to the fuse on a missile. After eighteen years in the museum profession, I am convinced that this would be a viable and common sense solution to a very pressing national cultural problem. And in this day and age, I cannot believe that the American people would oppose the expenditure of such a small portion of the taxes they pay for such an important national resource.

Your idea of seeing if the Museum Services Act will fly for a three-year trial period during the Bicentennial era is a good one. If there is any way I can help, I hope you will let me know.

Yours sincerely,

MARVIN SADIK.

Seattle Art Museum,
Seattle, Wash., July 28, 1975.
Hon. William D. Hathaway,
U.S. Senate,
Washington, D.C.

Dear Senator Hathaway: In your letter of July 25 you requested my input regarding the Museum Services Act portion of S1800. Your concept of a three year museum services bill has great attraction for me.

Museums generally throughout the country are experiencing serious difficulties making income match expenses. They are caught in the crunch of rapidly rising operating costs and an economy that inhibits charitable gifts. Most city governments, struggling to keep their communities viable, are extremely limited in the support they can provide museums. Middle-sized museums such as this have come close to the limit in both private and local public support of their programs. In the absence of significant increase in government operational assistance there will have to be curtailment of programs, lay-offs of personnel and all the destructive actions that drastic retrenchment requires.

In spite of two years of deficit financing, our Trustees are committed to continuing efforts to build support of this Museum. They realize the necessity to continue full programming in order to attain this support. However, another year or so without developing new sources of funding will force them to reverse their laudable position. The "shot in the arm" you suggest could be the sustenance that museums such as ours need to stay alive until the economy has swung back into better shape.

Certainly it seems reasonable to want to enable full museum participation in Bicentennial celebrations. The prospect of having them closed or limping along, especially during this period of self-congratulation, is paradoxical to say the least.

Sincerely,
Willis F. Woods,
Director.

William Rockhill Nelson
Gallery of Art,
Kansas City, Mo., August 18, 1975.
Hon. William D. Hathaway,
U.S. Senate, Committee on Finance,
Washington, D.C.

Dear Senator Hathaway: Your letter of July 25th addressed to the Trustees of the Nelson Gallery of Art has been referred to me.

You may be sure we are all profoundly gratified that the Arts and Artifacts Indemnity section of S–1800 received favorable consideration by the Labor and Public Welfare Committee, of which you are a member. All of us in the museum field believe that the enactment of this legislation will contribute immeasurably to the cultural life of our country through making exhibitions of national importance from foreign countries financially feasible. It is good to learn that you are also concerned with the Museum Services Act portion of S–1800. This is somewhat more complicated legislation than the Indemnity Act, and those of us in the museum field have been studying it with deep interest. The Bill has been frequently discussed at the meetings of the Association of Art Museum Directors. Because of the press of the Chinese Archaeological Exhibition here I have missed the last two meetings, and am not familiar with the thinking of the Association. Once I am up to date, I will take the liberty of writing you again on this important matter.

Incidentally, we have received welcome financial assistance from the National Endowment for the Arts for making certain parts of our collections not hitherto exhibited, available to our public. You may be sure I thoroughly concur in your view that museums will welcome a "shot in the arm" during the Bicentennial year and later.

With thanks for your helpful letter, I am,

Sincerely yours,
Laurence Sickman,
Director.

The Solomon R. Guggenheim
Foundation,
New York, N.Y., August 7, 1975.
Mr. William D. Hathaway,
U.S. Senate, Committee on Finance,
Washington, D.C.

Dear Senator Hathaway: Very many thanks for your letter of July 25th.

Let me first of all express my gratitude for your interest and active support of the Arts and Artifacts Indemnity Act, which would be of such very great usefulness not only to the Guggenheim Museum but to Museums from coast to coast who find it increasingly difficult to cope with steadily-mounting insurance costs. Enactment of this legislation would substantially ease financial pressures now upon us, and we are therefore looking with much hope toward the development of that matter.

The funding of the Museum Services Act would also please us very much, since despite the increased effect of help for cultural institutions both from the Federal and the State level, we still find it extremely difficult to live within our means and to make ends meet. Our position therefore is that any government agency able to support our needs, particularly those who would cover areas not presently aided, would perform a valuable duty for which we would be grateful.

It is only fair that I should indicate to you my awareness of a somewhat contrary position taken by the National Endowment for the Arts—an agency to whom we owe much and for whose help and support we are grateful. We, therefore, would hesitate to support unequivocally what NEA considers detrimental. If, however, such an apparent obstacle could be removed, the Guggenheim, and I am sure the Museum profession as a whole, would welcome the additional aid that a well-funded Museum Services Act could undoubtedly provide.

I hope that I have expressed the issue with sufficient clarity but would be happy to make myself further available if you so desire.

Sincerely yours,
Peter Lawson-Johnson,
President.

By Mr. HELMS:

S. 2570. A bill to provide that the U.S. Canal Zone shall be represented by a Delegate to the House of Representatives. Referred to the Committee on Armed Services.

Mr. HELMS. Mr. President, over a period of years various leaders in the Congress have stressed the two major interoceanic canal questions as retention of our undiluted sovereign rights, power, and authority over the Canal Zone and the major modernization of the existing Panama Canal. There is, however, a third important issue on which I shall elaborate.

The Canal Zone with its various installations and the canal are territory and property of the United States. The zone has a land area of 362 square miles. Its population is 44,198 of whom 39,200 are U.S. citizens.

The executive branch of its government is headed by the Governors of the Canal Zone, appointed by the President for terms of 4 years. Its judicial branch is headed by a U.S. district judge for the Canal Zone. Its legislative branch is the Congress. This government is called upon to perform many duties of State, city, and county governments but has no permanent representative in the Congress.

In contrast, the District of Columbia with an area of 61 square miles and population of 756,510, the Virgin Islands with an area of 132 square miles and population of 62,468, and Guam with an area of 209 square miles and population of 84,996 all have nonvoting delegates in the House of Representatives.

The Canal Zone has a strategic importance far greater than either the Virgin Islands or Guam, Alaska, or Hawaii, which latter two for many years before becoming States had delegates in the Congress. Citizens living in the zone pay U.S. income taxes thus creating a situation of taxation without representation.

The Congress as the legislature for the Canal Zone faces many problems, some of them intricate. Arriving at wisely reasoned decisions requires the continuous presence of an elected delegate from the zone territory, familiar with problems of its citizens.

A bill to create such an office, H.R. 7425, was introduced in the House of Representatives on May 22, 1975, by Congressman Daniel J. Flood of Pennsylvania, one of the Nation's leading authorities on Isthmian Canal policy questions, and it was referred to the House Committee on Merchant Marine and Fisheries, the cognizant committee.

I ask unanimous consent that the bill be printed at this point in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2570

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DELEGATE FROM THE CANAL ZONE

Section 1. The first section of the Act entitled "An Act to provide that the unincorporated territories of Guam and the Virgin Islands shall each be represented in Congress by a Delegate to the House of Representatives", approved April 10, 1972 (48 U.S.C. 1711), hereinafter in this Act referred to as the "Act", is amended by striking out "and the territory of the Virgin Islands" and inserting in lieu thereof the following: ", the territory of the Virgin Islands and the Canal Zone".

ELECTION

Sec. 2. Section 2(a) of the Act (48 U.S.C. 1712(a)) is amended—

(1) in the first sentence thereof, by inserting "from Guam and the Delegate from the Virgin Islands" immediately after "The Delegate";

(2) by inserting immediately after the first sentence thereof the following new sentence: "The Delegate from the Canal Zone shall be elected by the citizens of the United States residing in the Canal Zone at a general election held in November 1976, pursuant to regulations established under section 4(b), and at a general election every second year thereafter."; and

(3) in the second sentence thereof, by striking out "The Delegate" and inserting in lieu thereof "Each Delegate".

ELIGIBILITY

Sec. 3. Section 3(c) of the Act (48 U.S.C. 1713(c)) is amended by inserting "or possession" immediately after "territory".

ELECTION PROCEDURE

SEC. 4. Section 4 of the Act (48 U.S.C. 1714) is amended—

(1) by inserting "(a)" immediately after "Sec. 4."; and

(2) by adding at the end thereof the following new subsection:

"**(b)** The Governor of the Canal Zone shall prescribe regulations for conducting general elections for the office of Delegate from the Canal Zone, and shall submit a copy of such regulations to each House of the Congress not later than January 1, 1976, Such regulations shall take effect on March 1, 1976, unless either House of the Congress passes a resolution before such date which specifically disapproves of all or part of such regulations.".

PRIVILEGES OF DELEGATE

SEC 5. Section 5 of the Act (48 U.S.C. 1715) is amended—

(1) by striking out "and the Delegate from the Virgin Islands" and inserting in lieu thereof the following: ", the Delegate from the Virgin Islands, and the Delegate from the Canal Zone"; and

(2) by striking out "the Delegate from each territory" and inserting in lieu thereof the following: "each Delegate".

SPECIAL ELECTION

SEC. 6. The Governor of the Canal Zone shall conduct a special election for the office of Delegate from the Canal Zone not later than thirty days after the date of the enactment of this Act. Such Delegate shall be elected by the citizens of the United States residing in the Canal Zone on the date of such special election. The term of such delegate shall commence not later than ten days after the date of such special election, and shall end upon the commencement of the term of the person elected Delegate in the general election in 1976.

By Mr. THURMOND (for himself and Mr. EASTLAND):

S. 2571. A bill to amend the Internal Security Act of 1950 to control and penalize terrorists, and for other purposes. Referred to the Committee on the Judiciary.

Mr. THURMOND. Mr. President, on behalf of the Senator from Mississippi (Mr. EASTLAND) and myself, I am introducing legislation to prohibit anyone convicted of terrorism in or out of the United States from being admitted to the United States or granted citizenship in this country. The same prohibition would apply to one who has advocated terrorism while outside the United States or against whom there is convincing evidence that he has engaged in or supported terrorist activities.

This legislation also provides for a maximum $10,000 fine or imprisonment for a maximum of 10 years or both for anyone who sends instruments of terrorism outside the United States or receives such instruments from outside the United States. This penalty is also applicable to anyone who knowingly transports, possesses, receives, or disposes of funds or anything of value caused or induced by any crime of terrorism.

Mr. President, last week the Senate Internal Security Subcommittee held a hearing on terrorist bombing activity, which has recently increased. There is ample evidence that materials and people travel in and out of this country for the purpose of conducting terrorist activities, particularly bombing, against Government and private property. Only yesterday, the State Department here in Washington was the target of a bomb. The time has come to try to halt these activities, and I hope this bill will be a significant step in that direction.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2571

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Internal Security Act of 1950 is amended by inserting immediately after title I the following new title:

"TITLE II—TERRORISM

"CONGRESSIONAL FINDINGS

"SEC. 201. The Congress finds that—

"(1) There exist in the United States and elsewhere in the world, terrorist groups. Many are a part of international terrorist networks. These networks and groups engage in kidnappings, extortion, and other acts of violence. Terrorists from one country are being used in actions by terrorist groups from another country.

"(2) Terrorist groups in the United States and elsewhere in the world are receiving training and logistical support from various Marxist-Leninist governments.

"(3) There exists in the United States organizations and individuals providing financial and logistical support to foreign terrorist groups.

"(4) There exists in the United States domestic terrorist groups which have contacts with foreign terrorist organizations and other groups which have received material support and training from foreign Marxist-Leninist governments.

"(5) Terrorist groups both in the United States and other countries finance their activities through kidnappings, extortion, and armed robberies.

"(6) Foreign terrorists are visiting the United States under various pretexts in order to obtain support from American individuals and organizations.

"(7) The individuals, groups, and organizations above have phased revolutionary objectives. Currently, these persons seek to and in fact do subvert the authority of domestic and foreign governments and subvert individual liberties by acts of terrorism with an ultimate objective of overthrow of democratic government and the establishment of a dictatorship of the proletariat under Marxist-Leninist doctrine. Such objectives and such acts of terrorism constitute a clear and present danger to the lives and liberties of United States citizens and others and to the Government of the United States and to State and local governments.

"DEFINITION

"SEC. 202. As used in this title, the term 'crime of terrorism' includes espionage, sabotage, kidnaping, extortion, skyjacking, robbery, bombing, holding a person prisoner or hostage, or any threat or attempt to kidnap, extort, skyjack, bomb, or hold prisoners or hostage, or any threat to do any injury to a human being, animal, or personal or real property or any conspiracy to do any of the above, in order to compel an act or omission by any person, or any governmental entity.

"PROSCRIPTIONS

"SEC. 203. (a) Any person who has been convicted in the United States or elsewhere of any crime of terrorism, or any person against whom there is produced convincing evidence that he has engaged in terroristic activities, including logistic support thereof or giving aid, comfort, or concealment to terrorists or has been a member of a terroristic organization, shall not be issued a visa to the United States, and shall not be admitted to the United States, or granted citizenship in the United States. Any such person who gains admittance to the United States by fraudulently concealing such prior activity shall be deported forthwith upon the production of convincing evidence that such person has been so convicted or has engaged in terroristic activities or been a member of a terrorist group.

"(b) Any person not subject to the jurisdiction of the United States who, while outside of the United States, advocates orally or in writing any crime of terrorism, shall not be issued a visa to enter the United States or admitted to the United States except to appear as a witness for the prosecution of a criminal case or to appear as a defendant in a criminal case.

"(c) It shall be unlawful for any person subject to the jurisdiction of the United States to send, directly or indirectly, funds, arms, explosives, or any other thing of value outside of the United States to any person or group of persons for the purpose of committing any crime of terrorism.

"(d) It shall be unlawful for any person subject to the jurisdiction of the United States to receive funds, arms, explosives, or any other thing of value from outside of the United States for the purpose of committing any crime of terrorism.

"(e) It shall be unlawful for any person subject to the jurisdiction of the United States to knowingly possess, transport, receive, or dispose of directly or indirectly, funds or anything of value coerced or induced by any crime of terrorism.

"PENALTIES

"SEC. 204. (a) Whoever violates any of the provisions of section 203 (c), (d), or (e), shall be fined not more than $10,000, or imprisoned not more than ten years, or both.

"(b) Notwithstanding any other provision of United States law, any person convicted in the United States of a crime of terrorism which resulted in the death of a hostage shall be imprisoned for life, and no such person shall be eligible for any parole, time off for good behavior, or any pardon or mitigation of sentence whatsoever.

"CONSTRUCTIVE TRUST ON PROCEEDS OF FEDERAL LAW VIOLATION

"SEC. 205. (a) CIVIL RIGHT OF ACTION TO IMPOSE CONSTRUCTIVE TRUST.—The United States shall have a civil right of action, to be brought by the Department of Justice in the manner hereinafter provided, to impose a constructive trust, or trust ex maleficio, in favor of the United States, upon all property, including funds which has been acquired by violation of any Federal criminal statute, and upon the fruit or product thereof in the hands of whomsoever the same may be found, except where such has been acquired by a purchaser in good faith for value without notice. Such action shall be instituted by the Department of Justice against the person or persons directly acquiring such property by law violation as aforesaid, against the property or res itself, whether in its original form or in an altered state, and against persons in possession thereof other than bona fide purchasers for value. The tracing and recovery of such property shall be in accordance with established equitable principles and practices followed in these tracing and recovery of property the legal title to which has been wrongfully acquired and is subject to a constructive trust.

"(b) CIRCUMSTANCES IN WHICH TRUST MAY BE IMPOSED.—In determining the rights of the parties in such a civil action, the court shall declare a constructive trust only upon clear and convincing evidence that the property was acquired by law violation as provided in subsection (a). Prior criminal conviction, of any individual, however, shall not be necessary to establish the illegality of such acquisition. If the court finds that a portion of the property involved in such an action was acquired by legal means, it may separate such portion from that upon which a trust is imposed always apply the principle that it is the duty of the Government to prove wrongful acquisition by clear and convincing evidence but, where property was originally acquired by law violation, as provided in subsection (a), the fact that the same, or its fruit or product has since been devoted to legal purposes and has thereby increased in value shall not prevent the impression of a trust upon the whole thereof.

"(c) Special Master or Jury May Assist.—The district court, upon the motion of either party or upon its own initiative, may appoint a special master to hear evidence and make findings and recommendations as to factual issue or the court may try an issue of fact with the assistance of an advisory jury.

"(d) Property To Be Subject to Seizure and Forfeiture.—All property upon which a constructive trust has been impressed under this chapter shall be seized and forfeited to the United States. All provisions of law relating to the seizure, summary, and judicial forfeiture procedures, and condemnation of vessels, vehicles, merchandise, and baggage for violation of the customs laws; the disposition of such vessels, vehicles, merchandise, and baggage or the proceeds from such sale; the remission or mitigation of such forfeitures; the compromise of claims and the award or compensation to informers in respect of such forfeitures shall apply to seizures and forfeitures incurred or alleged to have been incurred under the provisions of this chapter, insofar as applicable and not inconsistent with such provisions. Such duties as are imposed upon the Collector of Customs or any other person in respect to the seizure and forfeiture of vessels, vehicles, merchandise, and baggage under the customs laws shall be performed with respect to seizures and forfeitures of property or funds under this chapter by such officers, agents, or other persons as may be designated for that purpose by the Attorney General.

"(e) Disposition of Property.—If the court shall find in any case that any person, firm, or corporation has an equitable right to property upon which a constructive trust has been impressed pursuant to this chapter, or upon any portion of such property, which equitable right is superior to that of the United States, it shall incorporate such findings in its decree and render judgment accordingly. All other property recovered under this Act shall inure to the use of the Law Enforcement Assistance Administration. If in any case the court finds that the property was derived from activity which was also in violation of State law, the Director of the Law Enforcement Assistance Administration shall give preference in the expenditure of funds so derived to the State where such violations of State law also occurred.

"Sec. 206. If any separability provision of this title or the application thereof to any person or circumstances is held invalid, the remainder of the title and the application of such provisions to other persons or circumstances, shall not be affected thereby."

By Mr. McCLELLAN (for himself, Mr. Thurmond, Mr. Hruska, and Mr. Hansen):

S. 2572. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to provide a Federal death benefit to the survivors of public safety officers. Referred to the Committee on the Judiciary.

Mr. THURMOND. Mr. President, I rise in support of Senator McClellan's bill to provide benefits to the survivors of public safety officers who are killed in the line of duty.

This legislation would provide a $50,000 benefit payable to the survivors of a public safety officer who is killed in the line of duty by a criminal act or an apparent criminal act. As defined in this bill, "public safety officer" includes policemen, firemen, correction officers, probation officers, parole officers, and judicial officers.

Mr. President, in recent years many of our public safety officers have been killed by felonious assaults, and it is increasingly apparent that violent crime is spreading. Crime knows no jurisdictional boundary, nor respects the color of a law enforcement officer's uniform. Each officer, whether sheriff, deputy, highway patrolman, or policeman, must be fully cognizant that death may come to him in the performance of his sworn duties.

Public safety officers, dedicated to their law enforcement careers, are not nearly so concerned with their low salaries as they are of maintaining and preserving the security of their families. The Law Enforcement Officer's Group Life Insurance program, passed in the 91st Congress, was but the first step in providing this group of persons some security.

In the case of the average law enforcement officer, group insurance protection is only nominal because the amount of private insurance he can purchase with his law salary is normally insufficient to provide for the needs of his dependents. The approach of this bill should adequately meet the security needs of these officers.

Similar legislation passed the Senate on September 5, 1972. On October 17, 1972, a Senate-House conference committee filed its reports with the House of Representatives, but because the House failed to act, this important legislation died. The Senate passed S. 15, a similar measure, on March 29, 1973.

This bill introduced today contains many of the compromises agreed to in the 92d Congress. I am hopeful both Houses can speedily enact this important legislation.

The alarming trend of crime can only be reversed by professional police officers, who are assured that they and their families will be compensated in a manner commensurate with the risks inherent in law enforcement. Law enforcement careers must be made more acceptable to our qualified citizens. We cannot ask decent, hardworking men to face the constant risk of death in the line of duty and then ignore their rightful request that their families be protected from financial calamity.

Mr. President, I ask unanimous consent that the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2572

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Safety Officers' Benefits Act of 1975".

Sec. 2. Title I of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, is amended by adding at the end thereof the following new part:

"Part J.—Public Safety Officers' Benefits

"AWARDS

"Sec. 701 (a). In any case in which the Administration determines, under regulations issued pursuant to this title, that a public safety officer has died in the line of duty from injuries directly and proximately caused by a criminal act or an apparent criminal act, the Administration shall pay a benefit of $50,000 as follows:

"(1) if there is no surviving child of such officer, to the surviving spouse of such officer;

"(2) if there is a surviving child or children and a surviving spouse, one-half to the surviving child or children of such officer in equal shares and one-half to the surviving spouse;

"(3) if there is no surviving spouse, to the child or children of such officer in equal shares; or

"(4) if none of the above, to the dependent parent or parents of such officer in equal shares.

"(b) Whenever the Administration determines, upon a showing of need and prior to taking final action, that the death of a public safety officer is one with respect to which a benefit will probably be paid, the Administration may make an interim benefit payment not exceeding $3,000 to the person entitled to receive a benefit under subsection (a) of this section.

"(c) The amount of any interim payment under paragraph (b) of this section shall be deducted from the amount of any final benefit paid to such person.

"(d) Where there is no final benefit paid, the recipient of any interim payment under subsection (b) of this section shall be liable for repayment of such amount. The Administration may waive all or part of such repayment, considering for this purpose the hardship which would result from such repayment.

"(e) The benefit payable under this part shall be in addition to any other benefit that may be due from any other source, but shall be reduced by—

"(1) payments authorized by section 8191 of title 5, United States Code;

"(2) payments authorized by section 12(k) of the Act of September 1, 1916, as amended (D.C. Code, sec. 4-531(1)).

"(f) No benefit paid under this part shall be subject to execution or attachment.

"LIMITATIONS

"Sec. 702. No benefit shall be paid under this part—

"(a) if the death was caused by the intentional misconduct of the public safety officer or by such officer's intention to bring about his death;

"(b) if voluntary intoxication of the public safety officer was the proximate cause of such officer's death; or

"(c) to any person who would otherwise be entitled to a benefit under this part if such person's actions were a substantial contributing factor to the death of the public officer.

"Sec. 703. As used in this part—

"(a) 'child' means any natural, illegitimate, adopted, or posthumous child or stepchild of a deceased public safety officer who, at the time of the public safety officer's death, is—

"(1) eighteen years of age or under;

"(2) over eighteen years of age and a student as defined by section 8101 of title 5, United States Code; or

"(3) over eighteen years of age and incapable of self-support because of physical or mental disability;

"(b) 'criminal act' means any conduct which is declared by law to be a crime in the jurisdiction where the injury to the public safety officer occurred. Such conduct is a crime for the purpose of this part notwithstanding that by reason of age, insanity, intoxication, or otherwise, the person engaging in such conduct was legally incapable of committing the crime;

"(c) 'dependent' means a person who was substantially reliant for support upon the income of the deceased public safety officer;

"(d) 'fireman' includes a person serving as an officially recognized or designated member of a legally organized volunteer fire department;

"(e) 'intoxication' means a disturbance of mental or physical faculties resulting from the introduction of alcohol, drugs, or other substances into the body;

"(f) 'law enforcement officer' means a person involved in crime control or reduction, or enforcement of the criminal laws. This includes, but is not limited to, police, corrections, probation, parole, and judicial officers;

"(g) 'public agency' means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States, or any unit of local government, combination of such States or units, or any department, agency or instrumentality of any of the foregoing; and

"(h) 'public safety officer' means a person serving a public agency in an official capacity, with or without compensation, as a law enforcement officer or as a fireman.

"ADMINISTRATIVE PROVISIONS

"Sec. 704. Rules, regulations, and procedures issued under this title may include regulations governing the recognition of agents or other persons representing claimants under this part before the Administration. The Administration may prescribe the maximum fees which may be charged for services performed in connection with any claim under this part before the Administration, and any agreement in violation of such rules and regulations shall be void.

"Sec. 705. In making determinations under section 701, the Administration may utilize such administrative and investigative assistance as may be available from State and local agencies. Responsibility for making final determinations shall rest with the Administration."

MISCELLANEOUS PROVISIONS

Sec. 3. Section 520 of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, is amended by inserting "(a)" immediately after "520" and by adding at the end thereof the following new subsection:

"(b) There are authorized to be appropriated in each fiscal year such sums as may be necessary to carry out the purposes of Part J."

Sec. 4. Until specific appropriations are made for carrying out the purposes of this Act, any appropriation made to the Department of Justice or the Law Enforcement Assistance Administration for grants, activities, or contracts shall, in the discretion of the Attorney General, be available for payment of obligations arising under this Act.

Sec. 5. If the provisions of any part of this Act are found invalid, the provisions of the other parts and their application to other persons or circumstances shall not be affected thereby.

Sec. 6. This Act shall become effective and apply to deaths occurring from injuries sustained on or after the date of enactment.

Mr. HRUSKA. Mr. President, I rise in support of the measure introduced today entitled the "Public Safety Officers Benefits Act of 1975." As my colleague, the Senator from South Carolina, has stated, this legislation has been before the Senate on previous occasions.

A similar bill, S. 2087, passed the Senate in the 92d Congress by a vote of 80 to 0. It was reintroduced in the 93d Congress as S. 15, but was not acted upon before the adjournment of the Congress. The House, however, passed another version of the bill, but no agreement could be reached during a conference meeting on the two measures.

The bill is intended to provide assistance to the dependent survivors of public safety officers who are killed in the performance of their duties and where the cause of death was a criminal act or an apparent criminal act. As a result of a death under these circumstances, the Law Enforcement Assistance Administration would provide a gratuity of $50,000 to one or more dependent survivors.

Public safety officers are defined in the bill as public servants whose occupation places the officer in danger of physical injury by a criminal act. Included under this definition are policemen, sheriffs, correction guards, and firefighters. All of these groups are forced to deal with the violent elements of our society, and in so doing, face great risks in the performance of their duties. This legislation would provide direct financial benefits to the families of slain public safety officers, increase the morale of these employees, and hopefully, improve their efficiency, which will lead to better law enforcement service to American citizens.

As the bill is presently drafted, it would exempt the lump sum gratuity from Federal income taxation and would become effective upon enactment of the legislation.

Mr. President, this is a good bill which is needed to respond to the almost steady rise in police killings. As the Uniform Crime Reports for 1970 stated: "No arrest situation can be considered routine." The report also noted that in 1970, 19 percent of police killings occurred as the result of ambush.

The risks to our public safety officers are high. The legislation introduced today will serve to compensate the dependents and survivors of slain officers who take these risks in order to protect the lives of those in our society.

Mr. President, I hope this legislation will be carefully considered in committee, balanced with the interests of certain Members in the other body, and brought to the floor for approval by the Senate.

By Mr. EAGLETON:

S. 2574. A bill to amend the Securities Act of 1933 to provide for the registration of securities issued by State and local governments. Referred to the Committee on Banking, Housing and Urban Affairs.

SEC AND MUNICIPAL BONDS

Mr. EAGLETON. Mr. President, I am today introducing a bill to require the registration of tax-exempt bonds with the Securities and Exchange Commission. I believe that this is a constructive way of avoiding future situations such as we are facing today with New York City. While the deliberations over New York's current problems should continue, this is something we can do now to curtail the artful accounting and management practices which either have destroyed or soon will destroy the creditworthiness of many of our large cities.

The Securities Act of 1933 generally requires stock and bond offerings to be registered with the Securities and Exchange Commission. This act was originally set up during the Depression to cope with the fiscal morass caused by the collapse of many corporate securities of dubious merit. Today we face a not dissimilar problem; this time our State and local governments are in trouble.

Issuers of tax-exempt bonds—States, counties, cities, various public authorities—were exempted from the registration provisions of the 1933 act. I think it is past time for them to be included. My bill would amend the Securities Act of 1933 by simply removing the exemption for securities issued by State and local governments.

Mr. President, a corporation seeking to issue new stock or bonds must meet a rigid set of requirements for accuracy and consistency in its reporting of financial data. The company's books must be submitted to an independent auditor, and the information supplied in a formal registration filed with the Securities and Exchange Commission.

State and local governments are subject to less stringent requirements when they seek to place a bond offering. If municipal bonds were registered with the SEC, the many well-run States and communities would be better able to justify their high credit ratings. At the same time, any bond-issuer who was manipulating figures to show a balanced budget would be exposed. Good issues could be more easily differentiated from bad issues, and fiscally responsible State and local governments might then see their prudence rewarded by lower interest rates.

Mr. President, I attended a hearing held by the Senate Banking Committee last Saturday. As I listened to the mayor of New York City and the heads of the major banks there, I felt a growing sense of alarm over the casual indifference with which billions of dollars in securities were bought and sold. Consider the following exchange between the Senator from Massachusetts (Mr. Brooke) and the president of First National City Bank, Mr. Walter Wriston:

> Senator Brooke. Obviously my question to you is, why did you wait so long to come in—you must have known this crisis was building—and try to protect not only your own benefit, but for the City and the State of New York?
>
> Mr. Wriston. . . . I think it is true that some of the gimmicks were known about . . . but the clear facts are that the accounting system of the City of New York defies you finding out precisely what all the numbers are.
>
> You are quite correct, I think, that we should have known earlier. We did not, but part of that is that the whole system was designed to prevent anybody from finding out. That is true of the rating services. It is true of the State and it was true of ourselves.
>
> Senator Brooke. You don't lend money to private borrowers under those same conditions, do you?

Mr. Wriston. I think if an elected mayor certified to you that the budget is balanced and you have the controller, who is also elected, certifying numbers, a person has a certain right to rely on that in the same manner you would rely on an independent auditor in a private firm.

Senator Brooke. You did act on reliance of that certification?

Mr. Wriston. Yes, sir.

I think that exchange clearly demonstrates the weakness of the existing system. The unregulated atmosphere of give and take has broken down, and even if the Federal Government does not come to New York City's rescue we are all the poorer because of the lack of even basic controls over the accuracy of facts and figures.

Mr. President, here we have the president of one of the world's largest banks, buying billions of dollars of bonds from a city it knew was in trouble, on the basis of figures it knew were not entirely accurate. Requiring registration of municipal bonds with the SEC would at least mean that standard and acceptable accounting practices were being followed. These borrowers would then be subject to as much scrutiny as the individual seeking a car loan. I think that is not only fair, it is good public policy. It would not prevent future defaults, but at least investors would know what they are getting when they buy a tax-exempt bond.

I ask unanimous consent that the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

S. 2574

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 3(a)(2) of the Securities Act of 1933 is amended—

(1) by striking out "or any territory thereof, or by the District of Columbia, or by any State of the United States, or by any political subdivision of a State or territory or by any public instrumentality of one or more States or territories,"; and

(2) by striking out "or any security which is an industrial development bond" and all that follows through the semicolon following "does not apply to such security".

(b) Section 3 of such Act is amended by adding at the end thereof the following new subsection:

"(d) The Commission may from time to time by its rules and regulations and subject to such terms and conditions as may be prescribed therein add to the securities exempted as provided in this section any class of securities issued by a State of the United States or by any political subdivision of a State or by any territory of the United States or political subdivision of a territory or by any public instrumentality of one or more States or territories if it finds, having regard to the purposes of this title, that the enforcement of this title with respect to such securities is not necessary in the public interest and for the protection of investors."

(c) Section 15B(d)(1) of the Securities Exchange Act of 1934 is amended by striking out "Neither the Commission nor the Board is" and inserting in lieu thereof "The Board is not".

By Mr. MONDALE:

S. 2575. A bill to permit Foster Grandparents in established programs to serve adults where the need for service to children has been met. Referred to the Committee on Labor and Public Welfare.

Mr. MONDALE. Mr. President, I am introducing a bill designed to make it possible for Foster Grandparents to work with adults in institutions where the needs of children are being met through other means. The Foster Grandparents program has been one of the most successful human programs ever developed by the Federal Government. It has met both the needs of youngsters and of the elderly. Institutionalized children who need the love and companionship of an older person have been able to develop meaningful relationships with the Foster Grandparents. And the Foster Grandparents have benefited both psychologically and economically from participating in the program.

In recent months there has been a growing concern in my State of Minnesota over a policy which prohibited Foster Grandparents from working with persons over the age of 18, and then working with persons over the age of 21. At the Brainerd State Hospital in Minnesota, a 24-year old retarded man no longer has the companionship of a Foster Grandparent because of this policy. The Foster Grandparent was reassigned because under regulations promulgated by the Federal ACTION Agency, he could not be considered a "child" and, therefore, could not receive the services of a Foster Grandparent.

With the trend toward deinstitutionalization of retarded and other handicapped children, some established Foster Grandparent programs are faced primarily with the needs of institutionalized adults. The needs of these people are as great as those of the youngsters. In Minnesota, most of these State institutions are located outside the biggest population areas. It would not be practical or economical to encourage the Foster Grandparents to relocate in other communities.

In an October 14 memorandum to regional and State ACTION directors, a Washington ACTION official stated that in requiring programs to comply with the age limitations for service by Foster Grandparents, assignments should be made "In such a manner as to avoid any volunteer being terminated."

The bill I am introducing today would make it possible for Foster Grandparents to provide services to these adults in need, if the needs of children in those institutions were being met through other programs or agencies.

This bill would apply only to established Foster Grandparent programs. It would not address the question of a long-range policy affecting future new Foster Grandparent programs.

It has been suggested that this problem could be solved by expanding the senior companion program, in which the elderly may assist persons in need of all ages. Although a proposed increase in the senior companion program is pending in an appropriations conference committee, I do not think that this is the answer to the immediate problem faced in my State and others like it. However, I am hopeful that through the efforts of the Labor and Public Welfare Committee we can arrive at a permanent solution which will provide the greatest service to Americans who need it; and the much deserved rewards to the elderly who are willing to provide that service. But we should act now to resolve the question of how we may best use our current Foster Grandparents to meet the human needs of citizens in our States.

I ask unanimous consent that two articles dealing with this situation in Minnesota, and the text of the bill be printed in the Record.

There being no objection, the articles and bill were ordered to be printed in the Record, as follows:

[From the Minneapolis Tribune,
Oct. 22, 1975]

Foster Grandparents at State Hospitals

A program in which senior citizens work on a one-to-one basis with retarded people at Minnesota state hospitals has had a double benefit—to the retarded as well as to the older people who receive small payments for their help along with the satisfaction of doing something useful for others. But the program, according to a report Sunday by the Tribune's Jack Coffman, has been severely limited by what many people consider too-restrictive federal regulations.

The federal foster-grandparents program pays senior citizens to help troubled children by establishing personal relationships with them. The program has been implemented in some Minnesota state hospitals. There also is a state appropriation providing funds that enable senior citizens to work with retarded adults in the hospitals. But the federal government has announced that it will not provide funds for programs in which senior citizens are working with adults. As one federal official commented, by way of explanation, "There are 5 million children in this country who could use the services of foster grandparents." Consequently, in Minnesota, senior citizens have been "reassigned" to hospital residents under 18, and many adult residents have lost their foster grandparents.

This is an example of how a sweeping federal regulation, oblivious to special circumstances, can wipe out a perfectly good endeavor. There is no consideration of the fact that chronological age is a meaningless measurement for retarded people. A 30-year-old could have the mental age of 2. Further, there is no recognition that the program isn't fulfilling its purpose if there are senior citizens available who have no children to help. James Lleder, who directs the state program in conjunction with the Minnesota Association for Retarded Citizens, said, "They say there are millions of children who aren't being served. But that doesn't help the grandparents at Cambridge. We have to scrounge up children for the grandparents." At the hospital, 510 of the 646 residents are over 18.

A spokesman for the Association for Retarded Citizens commented that the foster-grandparents program is "one of the greatest things we've been involved in. Everybody is pleased with it." Bunny Anderson, who directs the program at Cambridge, said residents under 18 tend to be more profoundly retarded and less susceptible to the kind of help that foster grandparents can provide, by developing a relationship with residents. She said it is a "tragedy" that such relationships can't continue, and wondered, "Why is such a sensible thing so difficult?"

We wonder, too. It would seem that, at least, the previous arrangement at the hospitals could be retained. It might also be reasonable to reconsider the definition of "adult" in the context of this program. The matter has been brought to the attention of Minnesota congressmen. We hope they will urge more flexibility in the regulations.

[From the Brainerd (Minn.) Daily Dispatch, Oct. 2, 1975]

Young Retarded Man Loses "Grandmother" to Regulations

(By Les Sellnow)

Mark Bourgeault, 24, is an unhappy young man today.

He can't say he is unhappy because he speaks only rarely, but his parents, Mr. and Mrs. Marcel Bourgeault, Brainerd, say they know he is feeling the loss of his "grandmother."

Mark is a patient at Brainerd State Hospital. He has cerebral palsy and is retarded. He is confined to a wheelchair.

He just lost his foster grandmother to a federal regulation.

The regulation says that foster grandparents can't work with retarded folks who are more than 17 years of age.

That regulation had been skirted in the past at Brainerd State Hospital, according to Nancy Erckenbrack, who heads the foster grandparent program, because funding here had been primarily by the state which does not have the restriction.

However, now the foster grandparent program is funded through the Action Agency at the federal level. Federal officials found out that the foster grandparents here were working with patients who were over 17. They promptly declared that this must cease or Brainerd's foster grandparent program would not be funded.

(Foster grandparents are retired senior citizens who spend time with patients at the hospital each day in an effort to give them the personal love and affection that staff members would not have time for.)

Mark's most recent foster grandmother was Mrs. Jack Sather, who lives on Mill Avenue. She is now working with another patient in Mark's time slot.

Mark's parents are upset apout the federal regulation and are trying to do something about it. Bourgeault called Senator Walter Mondale and has been assured by the senator that he will try to do something about it. Bourgeault also met with a representative of Senator Hubert Humphrey in Brainerd Tuesday. The representative said he would discuss the problem with Humphrey.

In the meantime, Mark is missing the daily outings with Mrs. Sather. He spends some time in therapy and some time in a classroom, but gone is the hour or more a day that Mrs. Sather spent wheeling him outside for fresh air, combing his hair, changing his shirt and showering affection on him.

That love and affection, Mark's parents say, were very important to the young man.

"He can't talk," Bourgeault says, "but he can let you know how he feels. We bring him home every weekend. He used to just sit there at the hospital like a bump on a log until we picked him up. He was kind of in a shell."

The energetic Mrs. Sather changed that. Though 74, she would wheel Mark outdoors everyday and also take him to special programs at the hospital. When there was nothing special to do, she would play the piano for him because he seemed to enjoy the music.

"My wife and I sang 'Happy Birthday' to Mark on his birthday," Bourgeault said, and it made him smile. After that whenever Mrs. Sather wanted him to smile, she'd sing 'Happy Birthday.' "

Mrs. Sather also added some extra touches. If she thought Mark might be lonely, she'd get his mother on the phone and hold the receiver to his ear so that he could hear her voice.

One day Mark startled both his mother and Mrs. Sather by speaking into the phone: "How are you?"

Mrs. Sather doesn't want to get involved in a controversy, but she knows what she thinks of Mark. "I'd like to take care of him," she said.

The older patients, she feels, need foster grandparents as much or more than the younger ones. The younger children, she said, have a great deal of time spent with them by the nurses because of their needs, but "the older ones just sit there."

Miss Erckenbrack would like to see the regulation changed. "I know," she says, "that no matter what the age of a resident, whether it be toddler or adult, he or she can benefit from the foster grandparent program. We would welcome a change in the regulation."

Bourgeault is determined to obtain such a change—not just for Mark, who has been at the hospital since he was 12, but for other older patients as well.

"Without a foster grandparent," he said, "Mark just looks at four walls—no fresh air."

S. 2575

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, Notwithstanding any other provision of law or Federal regulation, the Director of ACTION agency shall assure that individuals serving in established Foster Grandparents programs assisted under part B, Title II of the Domestic Volunteer Service Act of 1973 (P.L. 93–113) shall be permitted to serve adults in all cases in which the needs of children previously served by such programs have diminished, or have been reasonably met, including cases in which deinstitutionalization has altered the need for Foster Grandparent services.

By Mr. STONE for himself, Mr. Randolph, and Mr. Chiles):

S. 2576. A bill to amend title 23 of the United States Code in order to provide a program for the completion of the national system of interstate and defense highways. Referred to the Committee on Public Works.

Mr. STONE. Mr. President, today I am introducing legislation with the distinguished chairman of the Public Works Committee (Mr. Randolph) and Mr. Chiles, my senior colleague which would provide States with the opportunity to bond the costs for the remaining segments in the Interstate System and establish a final date terminating the Federal funding commitment for the Interstate Highway System.

Mr. President, the Federal Highway Administration has estimated that as of January 1, 1974 about $34.7 billion—which is 38.8 percent of the total estimated cost to complete the Interstate Highway System of $89.2 billion—remained to be obligated by the State and Federal Governments. This estimate was made without any reference to the impact of future inflation which historically has been about 10 percent annually. Given the present level of funding and the present rate of inflation the General Accounting Office has recently estimated that the construction of the Interstate Highway System will not be finished until the year 2009. Even if the level of funding is increased from the current level of $3.25 billion per year to $3.7 billion per year, the system will not be completed until 1996. The resultant effect of the extended period of time necessary to complete the Interstate System are greatly increased construction costs, increased highway accidents, fatalities and the increased inconvenience to our citizens.

Mr. President, the Federal Highway Administration's estimate of the cost of the Interstate Highway System has increased by $51.6 billion between the 1958 estimate of $37.6 billion and the present estimates of $89.2 billion. Construction price increases incurred after the 1975 cost estimate have further raised the cost of completion to roughly $99.8 billion. Unfortunately, there are no indications that the inflation rate of construction costs, which are heavily dependent upon petroleum costs, will level off in the near future. The General Accounting Office has reported that between the calendar years 1973 and 1974 the Highway Administration's composite construction price index rose by 32.4 percent.

These escalating prices have been primarily responsible for increasing the cost of completing the interstate system.

The GAO has recently completed a study which illustrates the effect various rates of inflation will have upon the total cost of completing the Interstate System, and I ask unanimous consent that the table be printed in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

TABLE I

The following table shows the effect of the two assumed inflation rates and of zero inflation on the cost to complete work remaining at June 30, 1975 with an annual Federal interstate authorization of $3.25 billion and $3.7 billion.

	Assumed annual inflation rate		
Assumed annual Federal authorization level	0 percent	5 percent	10 percent
$3,250,000,000:			
Total Federal-State cost to complete (billions)	$38.9	$52.4	$123.4
Last year of funding	1986	1990	2009
$3,700,000,000:			
Total Federal-State cost to complete (billions)	$38.9	$50.2	$83.4
Last year of funding	1985	1987	1996

Mr. STONE. Mr. President, this table indicates that even an unrealistically low inflation rate of 5 percent will increase the costs to complete the system by between $11 and $14 billion. The table further indicates that at the present level of funding, the current 10 percent rate of inflation would increase the estimated completion cost to a total of $123.4 billion—an increase *of $83.4 billion.*

Mr. President, I also ask unanimous consent that a table compiled by the GAO which illustrates the effect these increased costs will have upon the revised estimate of total interstate costs be printed in the Record.

There being no objection, the table was ordered to be printed in the Record, as follows:

TABLE II

	5 percent inflation annual Federal funding		10 percent inflation annual Federal funding	
	$3.25 billion	$3.7 billion	$3.25 billion	$3.7 billion
Costs incurred at June 30, 1975	$60.9	$60.9	$60.9	$60.9
Estimated completion costs	52.4	50.2	123.4	83.4
Total	113.3	111.1	184.3	144.3

Mr. STONE. Mr. President, the problems caused by the increased costs of construction have been particularly severe in my State of Florida. The present cost for completing the system in Florida has been estimated to be $1.4 billion by the Florida State Department of Transportation. Under the present level of funding the completion of the system will be delayed until after the year 2000. During this period of time millions of citizens are subjected to the hazards of overcrowded and unsafe highways.

A recent study compiled by the GAO shows that at the end of 1973 the interstate mileage opened to traffic represented less than 1 percent of the total road and street mileage in the United States; but the system carried one-sixth of the total vehicle miles of travel in the country that year. More importantly, the rates of traffic fatalities and injuries per vehicle miles traveled on the Interstate System were about one-half or less than similar rates on all other roads and streets combined. On the west coast of Florida from Naples to Tampa, one of the more densely populated areas in the State, the delays in completing the construction of I–75 have required traffic to use overcrowded two-lane highways. This same situation confronts users of certain segments of I–95 on the east coast of Florida. These conditions are not limited to Florida. Similar conditions exist in West Virginia, Texas, and every other State that has not completed its Interstate System.

Mr. President, the legislation we are introducing today will provide States with the opportunity to bond costs for the remaining segments of the Interstate Highway System. These bonds, which would be based upon a binding contractual obligation of the United States to pay the principal and interest over a 20-year period, would permit States to complete immediately the State's Interstate Highway system without waiting for their annual apportionments. By allowing the States to issue bonds and expedite the construction of remaining interstate segments, this bill will insure that the entire system will be completed at today's construction costs, thereby eliminating inflationary cost effects.

This bill requires that any State wishing to participate in this bond program submit their projects to the Secretary of Transportation and issue their bonds by September 30, 1984. Furthermore, all projects funded under this bond program must be let for construction by December 31, 1984. These provisions will compel participating States to accelerate the development of their program. Any State that does not participate in this program or complete the construction of its interstate segments prior to December 31, 1984 will be required to fund the remaining construction of its interstate segments out of general highway funds. In essence, this program will insure that all States wanting to take advantage of the 90–10 matching funds under the Interstate System will either complete or bond the costs of completing their segments of the system by December 31, 1984. Should this bill be enacted, the longstanding and seemingly endless Federal commitment to the Interstate Highway System will therefore be ended by 1985.

The economic benefits of completing the interstate system under this program are reflected in the substantial reductions of the total cost of the system. According to the GAO study, the entire system, based upon the current 10 percent inflation rate and the current fund levels of $3.25 billion, will be completed in 2009 at a cost of $123.4 billion. By permitting the States to bond the $38.9 billion current day cost of completing the interstate highway system—at an interest rate of 5.9 percent, the current market price—the total cost of completing our system would be $61.4 billion; a savings for the Federal and State governments of about $62 billion.

At my request the Library of Congress compiled the annual apportionments necessary to amortize the principal and interest of the bonds issued by the States pursuant to this program. Also included in this report is the total aggregate cost of this bond issue.

Mr. President, I ask unanimous consent that this chart be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

This chart illustrates total annual cost to the Federal Government to cover principal bond interest on a $38 billion bond issue—sold over an eight year period. Note the present level of funding is $3.25 billion.

Current market price

(Total cost at 5.9)

(000)

	517, 750
	1, 021, 488
	1, 511, 183
	1, 986, 925
	2, 448, 625
	2, 896, 372
	3, 329, 988
	3, 748, 677
	3, 637, 550
	3, 525, 450
	3, 413, 350
	3, 301, 250
	3, 189, 150
	2, 976, 750
	2, 964, 950
	2, 852, 850
	2, 740, 750
	2, 628, 650
	2, 516, 550
	2, 404, 450
	2, 054, 850
	1, 719, 263
	1, 397, 688
	1, 090, 125
	796, 575
	517, 038
	251, 513
Total cost	61, 439, 760

Mr. STONE. Mr. President, this chart illustrates that the average annual level of funding will be substantially less than the current $3.25 billion.

The need to enact this program is further emphasized by examining the escalating cost of Florida's interstate segments. If the present levels of funding and the current rate of inflation remain static, Florida's annual apportionment, according to the Florida Department of Transportation, would never be sufficient to complete the system. Presently, the total annual apportionment—including both Federal and State matching funds—for the State of Florida is $125 million. The total cost of completing the system in Florida is $1.4 billion. If the present construction inflation rate continued at 10 percent, $140 million annually would be needed to finish the system. This would result in a continuing annual deficit of $15 million based solely upon the inflation rate.

In a recent study the Florida State DOT has computed the total cost of the system based upon an inflation rate of 8 percent through the year 1980 and an inflation rate of 5 percent through the year 2003. Even at these greatly reduced inflation rates, the total cost of completing the Florida segments would be $4.5 billion—an increased cost of $3.4 billion in Florida alone.

Mr. President, in addition to accelerating the construction of the Interstate System and greatly reducing the total cost of the system, the enactment of this bill would significantly reduce present unemployment rates. At a time when our unemployment rate is in excess of 9 percent, I believe the Congress should seriously consider the creation of manpower-intensive powers. Historically, highway construction has been extremely successful in providing much-needed jobs for our workers. Under the bond program proposed in this legislation, Congress would create a program which would provide an immediate stimulus for employment with an annual Federal expenditure which is less than that envisioned under the current congressional authorization for our interstate program.

Mr. President, the Federal Government has been in the process of constructing the Interstate Highway System for more than 20 years. Recent studies indicate that this Federal commitment will continue until the turn of the century. Each year construction costs have escalated, thereby pushing the completion date for the system further into the future and raising the total cost of the system. Predicted increases in petroleum products, both in the short term and long time, will undoubtedly further increase construction costs. In addition to rapidly increasing costs, the failure to complete the Interstate System has required American drivers to use hazardous and inadequate highways. Safety factors alone dictate the urgent need to accelerate the completion of the Interstate Highway System.

This bill would require States to complete their construction plans for the system and let the contracts for construction of the remaining interstate segments by 1985. By providing the States with an alternative bonding program, this legislation will finally establish a termination date for the Federal commitment to the Interstate Highway System.

Mr. President, the expeditious completion of the Interstate System will not only save the Federal and State Governments $62 billion in construction costs, but also create much needed jobs and provide our citizens with safe and efficient highways.

Mr. RANDOLPH. Mr. President, I am gratified to join with my diligent colleague from Florida (Mr. Stone) in cosponsorship of this bill intended to accelerate completion of the Interstate Highway System. Since 1956, the development of this 42,500-mile network has been the principal activity carried out by the Federal Highway Act program. It was originally intended that the system would be completed simultaneously throughout the country. Subsequent events, however, soon made this goal incapable of achievement. On a national basis, 87 percent of the system is now open to traffic. Some States have virtually completed their allocations of interstate mileage while others have substantial amounts of work to be done.

The cost of the Interstate System has increased considerably since 1956 when $24.8 billion were authorized to build the network over a 13-year period. The most recent cost estimate submitted by the Secretary of Transportation now places the ultimate price of the Interstate System at $89.2 billion. A recent study by the Comptroller General updated the Secretary's figures to approximately $100 billion.

Mr. President, the actual cost is likely to be substantially higher since the Comptroller General's estimate is based on an assumption of no inflation in the years ahead. Rapid rises in the cost of highway construction in recent years are responsible for the situation today. Between 1973 and 1975 the cost-price index for roadbuilding increased by approximately 50 percent.

This means that authorizations for the Interstate System, which have remained relatively unchanged in recent years, purchase decreasing amounts of roadway. As recently as 1970, we were confident that the Interstate System could be completed by 1985. We know now that this is impossible. At present funding levels and with only an unexpectedly modest inflation rate, completion could not be achieved before 1990. More likely, it would be the next century before the final mile of interstate highway is built.

Mr. President, while completion of the Interstate System is delayed, other road needs continue to mount. These needs for improved transportation cannot be adequately met, however, so long as the Interstate System remains unfinished. At the same time, continuing inflation pushes the date of interstate completion far into the future.

There are several States—Florida and West Virginia among them—with both the desire and the ability to expedite completion of their portions of the Interstate System. The measure introduced by Senator Stone and me would permit any such State to move ahead as rapidly as it desires. The issuance of bonds would provide the necessary funds without imposing an immediate heavy burden on the Federal budget. Interstate roads could then be built and I am confident that the price would be less than if construction were extended over the next 25 years. That period would be used to retire the bonds at an interest rate almost certainly below the annual rate of inflation. Money would be saved and the benefits of the highways would be available to the motoring public and to our national economy. This plan has an added advantage of permitting the Congress to forecast accurately the annual expenditures for highways. No State would be compelled to participate in this program but for those with substantial amounts of costly interstates remaining the advantages are obvious.

Mr. President, I have advocated that we must find a method of bringing the interstate program to a successful conclusion. The bill we introduce today provides a mechanism by which this goal can be achieved in a relatively brief period and without subjecting ourselves to the continuing cost increases of another quarter century. I urge Members of the Senate to carefully review its provisions and I hope that it can be brought before this body for early consideration.

By **Mr. JACKSON** (for himself and Fannin) (by request):

S. 2577. A bill to authorize the Secretary of the Interior to designate a segment of the New River Gorge in West Virginia as a component of the National Wild and Scenic Rivers System, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. JACKSON. Mr. President, I am introducing today, for myself and Mr. Fannin—by request—a bill to authorize the Secretary of the Interior to designate a segment of the New River Gorge in West Virginia as a component of the National Wild and Scenic Rivers System, and for other purposes.

I ask unanimous consent that the bill and the accompanying letter of transmittal be printed in the Record.

There being no objection, the bill and letter were ordered to be printed in the Record, as follows:

S. 2577

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized to take appropriate action, as herein provided, to include in the National Wild and Scenic Rivers System the following river and land adjacent thereto:

New River Gorge, West Virginia.—The segment from Bluestone Lake near the town of Hinton in Summers County downstream 66 miles to the town of Gauley Bridge in Fayette County, as identified in the Department of the Interior's New River Gorge Study Report dated May 1, 1975.

(b) For not more than three years after the date of enactment of this Act, the Federal Power Commission shall not license the construction of any dam, water conduit, reservoir, powerhouse, transmission line, or other project works under the Federal Power Act, as amended, on or directly affecting the New River Gorge area described in subsection (a), and no department or agency of the United States shall assist by loan, grant, license, or otherwise in the construction of any water resources project that the Secretary determines would have a direct and adverse effect on values for which he might designate such area for inclusion in the National Wild and Scenic Rivers System.

(c) After the Secretary determines that the appropriate officials of the State of West Virginia and political subdivisions thereof have taken adequate measures to protect such area, including, but not limited to, measures to regulate surface and deep mining operations and regulate and coordinate the use and development of all public and privately owned lands through local zoning or other land use regulation methods, the Secretary is authorized to designate such area as a component of the National Wild and Scenic Rivers System by publication of notice thereof in the Federal Register, and to administer the New River Gorge component. Upon the date of such publication of notice, all of the provisions of the Wild and Scenic Rivers Act (82 Stat. 906) applicable to the rivers designated in section 3 of that Act shall become applicable to the New River Gorge component: *Provided,* That, with respect to such component, the Secretary shall (i) take the action specified in section 3(b) of the Wild and Scenic Rivers Act within two years after such date, and (ii) not acquire a fee title to, or lesser interest in, a total of more than 1000 acres of land unless the acquisition is by donation, or by transfer from any Federal agency.

Sec. 2. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act, but not to exceed $2,500,000 for the acquisition and development of lands to be administered by the Secretary. No funds otherwise authorized to be appropriated by this section for land acquisition and development shall be expended by the Secretary until the date of publication of notice in the Federal Register of the designation of the New River Gorge component.

U.S. Department
of the Interior,
Washington, D.C., September 30, 1975.

Hon. Nelson A. Rockefeller,
President of the U.S. Senate,
Washington, D.C.

Dear Mr. Rockefeller: Enclosed is a draft bill, "To authorize the Secretary of the Interior to designate a segment of the New River Gorge in West Virginia as a component of the National Wild and Scenic Rivers System, and for other purposes."

We recommend that the bill be referred to the appropriate Committee for consideration and that it be enacted.

The enclosed draft bill would authorize the Secretary of the Interior to include in the National Wild and Scenic Rivers System that segment of the New River in West Virginia from Bluestone Lake near the town of Hinton in Summers County downstream 66 miles to the town of Gauley Bridge in Fayette County.

Administration of the river would be by the Secretary of the Interior following his publication of a notice in the *Federal Register that* the appropriate officials of the State of West Virginia and political subdivisions thereof have taken adequate measures to protect such area, including, but not limited to, measures to regulate surface and deep mining operations and regulate and coordinate the use and development of all public and private owned lands through local zoning or other land use control methods.

The draft bill provides that immediately upon its enactment a 3-year moratorium is placed on the Federal Power Commission licensing of new water resource projects on or directly affecting the New River Gorge area, provided that the presently existing, licensed projects in and just below the area—Glen Ferris and Hawks Nest—as currently operated, or any reasonable modifications thereto, shall not be affected by the designation of the area as a wild and scenic river. Further, the 3-year moratorium would extend to Federal assistance in the construction of any water resource project which the Secretary determines would have a direct and adverse effect on the wild and scenic river values of the area.

It is proposed that, upon the date of publication of the above notice, all the provisions of the Wild and Scenic Rivers Act (82 Stat. 906) applicable to the "instant rivers" of the national system would become applicable to the New River Gorge component, except that the action specified in section 3(b) of the Act would be accomplished within two years after such date. Also, the Secretary would be limited to the acquisition for this component of land or interests in land totaling no more than 1,000 acres unless the acquisition is by donation, or by transfer from any Federal agency.

The proposed bill would authorize the appropriation of the funds necessary to carry out its provisions, but not to exceed $2,500,000 for the acquisition and development of lands to be administered by the Secretary. A provision delaying the expenditure of these acquisition and development funds is included in order to assure that State and local officials have taken adequate measures to protect the New River Gorge area before such funds are expended.

This legislative proposal derives from an assessment of the recreation and environmental values of the New River Gorge in West Virginia conducted by the Bureau of Outdoor Recreation. The study was responsive to a request contained in the Senate Committee report on the Department of the Interior Appropriation Act for Fiscal Year 1975. The draft bill implements the recommendations presented in the enclosed copy of the Bureau's study report.

The study report assesses the physical capabilities of the New River Gorge area, compares the area to national criteria, and recommends a course of action that recognizes the recreational, environmental, historical, cultural, and economic values of the New River Gorge.

It is our judgment that the New River Gorge in West Virginia is best suited for National Wild and Scenic River designation. This conclusion is based on an objective evaluation of National Park, National Recreation Area, and National Wild and Scenic River criteria. Costs, local public opinion, and degree of environmental protection were other important considerations.

In considering the proposal, it should be noted that the Department of the Army operates Bluestone Lake Project immediately upstream from the proposed river area. As authorized by Congress in the Flood Control Acts of June 22, 1936 (74 Stat. 1586) and June 28, 1938 (75 Stat. 1217), Bluestone Lake Project provided for the future development of hydroelectric power facilities and associated structures. Establishment of the wild and scenic river as provided in the draft bill would preclude that development of hydroelectric power at Bluestone Lake utilizing downstream regulating structures.

The flow standards which might be required to assure preservation or enhancement of the wild and scenic rivers project would be developed in full cooperation with the Department of the Army.

We would note that an onsite mineral evaluation was not part of the study, and no analysis of the mineral values has been conducted under the corridor around the proposed segment.

The proposal attempts to balance Federal cost, environmental protection, and the desires of those most affected—the people who live and work in the New River Gorge area.

The study report recommends that the New River in West Virginia, from the town of Hinton to Gauley Bridge, should be included in the National Wild and Scenic Rivers System. The river segments from Hinton to Brooks Island (8 miles), and from the Appalachian Corridor "L" Bridge to Gauley Bridge (14 miles) should be classified as recreational river areas. The middle segment, from Brooks Island to the "L" Bridge (44 miles), should be designated as a scenic river area.

The Office of Management and Budget has advised that there is no objection to the presentation of this draft bill from the standpoint of the Administration's program.

Sincerely yours,

NATHANIEL P. REED,
Assistant Secretary of the Interior.

By Mr. HUMPHREY for Mr. PHILIP A. HART (for himself, Mr. EASTLAND, Mr. HUMPHREY, Mr. MCGEE, Mr. LEAHY, and Mr. CLARK):

S. 2578. A bill to authorize the Secretary of Agriculture to make financial assistance available to agricultural producers who suffer losses as the result of having their agricultural commodities or livestock quarantined or condemned because such commodities or livestock have been found to contain toxic chemicals dangerous to the public health. Referred to the Committee on Agriculture and Forestry.

Mr. HUMPHREY. Mr. President, I am introducing this bill on behalf of Senator PHILIP A. HART of Michigan.

Mr. President, I ask unanimous consent that the text of Senator HART's remarks as well as the text of the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

S. 2578

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that for the purposes of this Act—

(1) The term "agricultural producer" means any person engaged in the production of food crops, animal feedcrops, livestock, or livestock products, as owner, operator or renter.

(2) The term "toxic chemical" means any organic or inorganic chemical substance for which Federal or State standards exist to protect the public health.

(3) The term "federal official" means any officer of the United States Government empowered to quarantine or condemn property for reasons of public health.

(4) The term "State official" means any officer of a State Government empowered to quarantine or condemn property for reasons of public health.

(5) The term "United States" means the fifty States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Canal Zone, and the Trust Territory of the Pacific Islands.

(6) The term "State" means any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Canal Zone, or the Trust Territory of the Pacific Islands.

(7) The term "Secretary" means the Secretary of Agriculture.

LOAN AUTHORITY

SEC. 2 (a) The Secretary is authorized to make loans through the Agricultural Credit Insurance Funds to agricultural producers in the United States who—

(1) have sustained losses as a direct result of their food crops, animal feedcrops, livestock or livestock products having been quarantined or condemned by a Federal official or State official because such crops, feedcrops, livestock, or livestock products contained quantities of toxic chemicals dangerous to the public health;

(2) have not willfully or negligently failed to follow procedures prescribed by the United States in connection with the use of the toxic chemical causing the quarantine or condemnation; and

(3) intends to use the proceeds of such loan to continue his farming or livestock operation.

(b) Loans made under this Act shall bear interest at 5 per centum per annum and shall be made for periods not to exceed 10 years, except as provided in subsection (d).

(c) The amount of any loan made under this Act shall not exceed the fair market value or the replacement value, whichever is less, of the property quarantined or condemned, and in no event shall the amount of any loan exceed $100,000 in the case of any agricultural producer.

(d) No loan shall be made under this Act to any agricultural producer who has been fully compensated for the loss for which the loan is requested. In any case in which an agricultural producer is granted a loan under this Act because of a loss and such agricultural producer is subsequently compensated for that loss, he shall be required to repay the loan up to the amount of compensation within a period of six months after receipt of compensation for such loss.

EFFECTIVE DATE

SEC. 3. Loans under this Act shall be made available to agricultural producers for looses incurred on and after January 1, 1973. Authority to make loans shall terminate three years after the date of enactment.

RULES AND REGULATIONS

SEC. 4. The Secretary is authorized to issue such rules and regulations as he deems necessary to carry out the provisions of this Act.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 5. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

STATEMENT BY SENATOR PHILIP A. HART

FARMERS' TOXIC CHEMICAL CONTAMINATION RELIEF ACT

The purpose of this legislation is to provide low-interest loans through the Department of Agriculture to farm producers whose feed or livestock has been condemned because of contamination by toxic chemicals through no fault of the farmer.

We are all familiar with the serious environmental problems facing this nation through the contamination of the food chain with toxic chemicals. When such contamination occurs, our first concern is properly for the consumer. Federal and State governments launch emergency recall and condemnation efforts to keep contaminated food from harming the public. But there is another victim of those incidents whom we seem all too willing to overlook—the farmer who, through no fault of his own, has his livestock or crops condemned to protect the public. I cannot emphasize too strongly the need for some assistance for those forgotten farmers who have suffered through the tragedy of having crops or animals destroyed because of someone else's error.

The problem has arisen as chemicals, some never intended to be used in agricultural production, have accidently been incorporated into animal feeds causing the loss of millions of dollars to American farmers. Since 1968, there have been 18 such incidents involving poultry in 20 states. Livestock (cattle, swine, or lambs) have been involved in another six incidents in five states during the same period. The following chart sets out in greater detail these contamination incidents:

State	Year	Animal	Estimated cost	Cause of loss
Arkansas	1969	Poultry	$4,000,000	Heptachlor.
Missouri	1969	Cattle	50,000	Dieldrin.
New York	1970	Poultry	500,000	Do.
Do	1971	do	1,000,000	PCB.
Southeastern United States (14 States).	1971	do	2,500,000	PCB.
Maine	1972	do	3,000,000	PCB.
Minnesota	1972	do	336,000	PCB.
Maine	1972	do	150,000	Dieldrin.
Missouri	1972	do	78,000	Do.
California	1972	do	90,000	Do.
Do	1971	do	50,000	PCB.
North Carolina	1973	do	2,000,000	Chlordane.
Do	1973	do	88,000	Dieldrin.
Louisiana	1973	do	20,000	Do.
Oregon	1969	Cattle	250,000	Do.
Mississippi	1971	Poultry	50,000	Do.
Georgia	1971	do	2,500	Do.
North Carolina	1971	Swine	10,000	Do.

State	Year	Animal	Estimated cost	Cause of loss
New Mexico	1970	do	36,000	Mercury.
California	1973	Lambs	25,000	HCB.
Missouri	1973	Poultry	567,000	PCB.
Louisiana	1973	Cattle	400,000	HCB.
Michigan	1974	Cattle/ poultry.	[1] 100,000,000	PBB.

[1] Approximate.

The Wall Street Journal, on July 1, 1975, gave the following account of an incident of toxic chemical contamination which occurred in my State of Michigan when a chemical company accidentally substituted a fire retardant chemical (polybrominated biphenyl-PBB) for magnesium oxide, a supplement added to dairy cattle feed, in a shipment to Michigan Farm Bureau, which then mixed the chemical and feed and distributed it throughout the State to dairy farmers.

It was a nightmare for farmers. An obscure industrial chemical had accidentally been mixed into animal feed and had gone undetected for more than a year. Some animals were dying. Tens of thousands of cattle, sheep and hogs and 1.5 million chickens were quarantined, with all of these ultimately to be destroyed.

Meantime, unknown quantities of meat, milk, and eggs from the contaminated animals had found their way onto Midwestern dinner tables. When news of the problem got out, consumers anxiously awaited word on the health consequences for humans. But then the tension eased last year because no ill effects were found.

So the nightmare—one of the worst cases of contamination in U.S. farm history—seemed to be over.

But for farmers, the nightmare was not over. It had hardly begun, and there is no debate about the economic havoc wreaked by the FBB contamination on Michigan farmers. The losses have been staggering; over 600 claims have been filed with the Michigan Farm Bureau. Although about half of these claims have been settled, to the tune of $22 million, there are at least another 300 farmers who either continue to operate under the most impossible of financial situations or who have been forced into bankruptcy for lack of relief. Farm Bureau, itself, has filed a $200 million damage suit against Michigan Chemical, its supplier.

The effect of the Michigan disaster is best documented in the following excerpt from the report from the Michigan State Senate Special Investigating Committee, "The Contamination Crisis in Michigan: Polybrominated Biphenyls," (July 1975):

"With the imposition of a quarantine, the farmer was left with absolutely no source of income, yet his overhead continued to rise with the mounting enormous veterinary bills. It would have been unlawful to market any products from the farm, and yet, maintenance of these animals was necessitated. This was due to the questionable legal position of a farmer disposing of contaminated livestock, and/or products on his farm with the uncertainty of contaminating the local environment. For this reason, the farmers continued on a day to day, week to week, and month to month basis, maintaining herds that were most certainly doomed to be destroyed in the interest of public health. Unlike a situation created by a natural disaster, no state or federal funds were available to these farm individuals. They were forced to weather out this crises, caused by someone else and suffered fully by them.

"Relief began arriving in early October, 1974, when insurance settlements started through Michigan Farm Bureau. However, insurance settlements were not, and still are not, quick in coming. The insurance structure surrounding the PBB crisis is a mammoth conglomerate of bureaucracy and red tape. Perhaps hundreds of insuring and reinsuring corporations are involved. Decisions as to financial retribution are oftentimes made far beyond the boundaries of the State of Michigan, hundreds and thousands of miles removed from the plight of the farmer. In any case, some 74 claims were settled in the fall of 1974 out of the first insurance pool of some 10½ million dollars.

* * * * *

"Following the exhaustion of the first pool of insurance monies, efforts were undertaken to establish a second insurance pool. This was an involved process, but eventually, in February, 1975 settlements from the second insurance pool began.

. . . Eventual settlements . . . entails first of all, the formation of another insurance pool, as the current one will in no way meet the needs of the many claims yet unsettled. Secondly, just compensation is still contingent upon the various parties' acceptance of an individual's claim. Thirdly, even if a third insurance pool in constructed, and, even if the insuring corporations and responsible parties accept the claim and liability for damages of an individual farmer, he still has the grueling months of waiting until his claim is reached.

* * * * *

"To fully appreciate the straits of destitution faced by hundreds and hundreds of Michigan farmers, one would have to experience the situation that they did . . .

"Months and months were suffered without income. While the bills piled up, productive farm operations reached the levels of bankruptcy. All this time, the many other fears associated with the PBB crisis were compounded in these families. While the consuming public in the Grand Rapids area was in an uproar about the possibility of eating a half-pound of hamburger at .3 parts per million, farm families across the state wrestled daily with the fact that each of them, parents and children alike, had ingested large amounts of products contaminated with PBB at high levels for months. These farm families anxiously awaited reports from the Health Department that many times were long in coming. They awaited some kind of conclusive evidence that their family's health was safe. This danger was more real to them than that of the consuming public, whose exposure was only to the very low levels, which sporatically reached the market after quarantines were imposed. They were forced to face these questions and fears while constantly living under the economic shackles of quarantine and no income."

Despite the development of information on the cause of the contamination, farmers were left with little recourse once the first insurance companies' settlements reached their maximum. The only available alternative to waiting for further action by reinsuring companies was to seek redress in the courts. The Michigan State Senate Report aptly describes the futility of this remedy for most farmers:

"Unfortunately, in the months that we have researched this question, working in close conjunction with the Insurance Commissioner's office, this office has been unable to find a means of hastening this process or of forcing action. We are doomed to a role of sitting on the sidelines and urging action. The reason for this is that the insuring corporations or reinsuring corporations, as the case may be, (despite the appearance of disregard for the plight of the families involved) always have legal recourse to attempt to prove their case in court. Thus, if a farm family feels their claim is not being given just consideration, even if the Insurance Commissioner's office and this office is in concurrence with that opinion, perhaps the only option open to that farm family is a lengthy court battle. From a practical point of view, it is impossible for an individual farmer to finance the long, difficult legal battle necessary to defeat a giant corporation and its staff while maintaining this fight from a position of financial destitution inflicted by the PBB contamination."

The bill my colleagues and I are introducing today is to respond to situations such as faced by the Michigan farmers by making low-interest loans available to agriculture producers who, without negligence, are victims of such chemically induced disasters. These loans would allow the farmer to recoup his losses immediately and begin rebuilding rather than risk bankruptcy while waiting for compensation through the courts. Funds for these loans are to be obtained through the Agricultural Credit Insurance Fund, which is a revolving fund administered by the Farmers Home Administration. By using this funding approach, the cost to the government can be kept at a minimum. The loans under this bill are for a 10-year period, with a maximum available per farmer of $100,000 at 5% interest. The legislation also provides that the recipient must repay the loan within six months of receiving compensation from the parties at fault.

It is clear that there is a pressing need to protect the agricultural sector from the effects of these devastating contamination incidents. I strongly urge the Congress to act expeditiously to prevent future tragedies such as experienced by the Michigan farmers.

I include at this point in the RECORD, along with newspaper articles describing further the impact of the occurrence in Michigan.

[From the Washington Post, June 27, 1975]

MICHIGAN'S DYING COWS: AT LEAST THEY'RE FIREPROOFED

(A commentary by Nicholas von Hoffman)

Mrs. Anne Hale of Dafter, Mich., is calling for help. The beef cattle on her farm in the Upper Peninsula are dying. The family has suffered such financial reverses that her husband has had to take a construction job.

The Hales think that their cattle have been poisoned. The government does not. What is generally agreed on is that two years ago the Michigan Chemical Company accidentally filled a number of bags of livestock feed with a chemical called polybrominate biphenyl or PBB. This compound normally has nothing to do with agriculture, its principal use being as a fire retardant for plastics.

Unfortunately, PBB looks a great deal like livestock feed and by the time people realized that the mistake had occurred, over 20,000 head of cattle in Michigan had died or had to be destroyed. A million and a half chickens went the same route, as did lesser numbers of pigs and sheep.

Now enters the government. The Food and Drug Administration had no toxicity studies of PBB when the accident was discovered. It therefore decided that it would set the permissible limits of this substance in meat, milk and eggs on the basis of its experience with compounds having an analogous molecular structure, the poly-chlorinated biphenyls. As it turned out these limits were 10 times too high or perhaps even more so.

In other words these Borgias in Washington simply made a guess, an informed guess, possibly, but still a guess about allowing a toxic substance in the food chain. They had no direct clinical studies, no direct laboratory experiments about how little of this poison can kill and sicken man or beast. They can do that legally because under our laws anything from lead to plutonium is, for all practical purposes, presumed safe until people start dropping dead from it 20 years later.

So far, so deadly, but what comes next shows you why Lucretia Borgia would make the ideal head of the Food and Drug Administration. According to Alan Hoeting, the

FDA's Deputy Regional Director out there in Michigan, when they found out their original guidelines were too high, a period passed when they could do nothing about it. Convinced the permissible limits had to be dropped much lower, down to 3 parts per million, the agency discovered it had only one reliable test for picking up the existence of the offending chemicals at such a level. The agency's rules require it to have two independent tests so that the new, more conservative guidelines couldn't be put into effect until a new test was successfully devised. Note that the institutional presumption is in favor of the chemical's harmlessness, not the safety of human beings or animals.

Unhappily for Mrs. Hale and her family, the FDA failed to notify their livestock that it had been administratively determined they were supposed to stay alive at the .3 level. Mrs. Hale says her cattle tested at a far lower level of toxicity, at .07, but they were dying anyway. "We have lost 31 cows and calves," she says. "The normal loss for the winter or a whole year would have been three or four.

The FDA contends that if Mrs. Hale's cattle are suffering such awesome morbidity rates it must be due to another cause. A group of learned, and well-credentialed experts was hustled into Michigan by the agency. These worthy scientists did a study of 31 carefully selected herds and established cattle do not die at the .07 level. Case closed.

Well, not quite closed. Alpha Clark, a doctor of veterinary medicine in McBain, Mich., says, "I can blow a hole right straight through that study." If he's got his facts straight, he already has, because he says four of the control herds were fed feed with PBB in it, which, of course, would render the FDA effort meaningless. The doctor is very worried. He says he's done studies on 100 Michigan herds and that the data is anything but reassuring. "I wish someone from out of this state would look into this. This is a bugger and it's affecting lots of farm families," he declares adding he also has word of several suspicious cases affecting farm children.

The possibility that the PBB controversy won't be settled on its scientific merits but by innuendos about people's self-interest also concerns Dr. Clark. He has reason. The FDA office in Detroit won't say it, but they're hinting that the farmers want the permissible PBB limits lowered to make it easier for them to collect on insurance for the damage they've incurred. At any rate, it is passing strange that when you call up the FDA office for information on toxicity they volunteer economic statistics designed to put the farmers' motives in an unfavorable light.

While the Borgias of the Food and Drug bureaucracy work on a research plant to show Michigan livestock is suicidal, more of Mrs. Hale's cattle die. The calves are sickly and losing their hair and she is wondering if there isn't more PBB around than the authorities are letting on. But whether or not this fire retardant is still getting into the food chain, Mrs. Hale says, "We have no alternative but to put our cattle on the market. We are already finished financially, but it doesn't seem right if we won't eat them or feed them to our children to ask someone else to purchase and eat this meat."

There are consolations, though. Michigan now has fireproof cows. If you don't like it, America, don't eat your heart out. It might be poisoned.

[From the Wall Street Journal, July 1, 1975]

MICHIGAN FARMERS CONTINUE TO COMPLAIN ABOUT HEALTH HAZARD FROM 1973 ACCIDENT

(By John R. Emshwiller)

STANWOOD, MICH.—It was a nightmare for farmers. An obscure industrial chemical had accidentally been mixed into animal feed and had gone undetected for more than a year. Some animals were dying. Tens of thousands of cattle, sheep and hogs and 1.5 million chickens were quarantined, with all of these ultimately to be destroyed.

Meantime, unknown quantities of meat, milk and eggs from the contaminated animals had found their way onto Midwestern dinner tables. When news of the problem got out, consumers anxiously awaited word on the health consequences for humans. But then the tension eased last year because no ill effects were found.

So, the nightmare—one of the worst cases of contamination in U.S. farm history—seemed to be over.

But for people like Ronald Creighton the episode is neither gone nor forgotten. Some cattle and chickens on Mr. Creighton's 40-acre farm here were wiped out by the contamination problem, but that's the least of his worries. Lately, the 29-year-old farmer has been beset with fatigue, severe and nagging joint aches and a painfully swollen knee that have made his farm chores difficult and forced him to abandon a job with a county road commission.

"Sometimes it takes me an hour just to get up and get going in the morning," he says. and recently his doctor gave him more bad news—tests indicate his liver may be damaged.

EFFECT ON FARM FAMILIES

Nobody is sure just what is causing Mr. Creighton's ailments or similar complaints by some other Michigan farmers. But one theory is that while the general public may have escaped any ill effects from the contamination, those who relied most heavily on the afflicted animals for food—the farmers and their families—may not have been so lucky.

That theory has caused a smoldering controversy between farmers and health officials that has raised new questions not only about the bizarre accident here but also about how any such cases might be dealt with elsewhere in the future.

The trouble began here in 1973, when a major chemical concern, Michigan Chemical Co., accidentally supplied a large batch of a commercial fire retardant, polybrominated biphenyl, or PBB, to Farm Bureau Services, a farmers' cooperative, instead of a feed supplement that had been specified. The PBB was mixed into feed that then went to several hundred Michigan farms. The accident wasn't pinpointed until a year later, after it became clear something was making a large number of animals ill.

As soon as the contamination of the feed was found, state health officials moved quickly to quarantine and destroy the sickest animals. They also set standards for PBB content in food products that they say are so low as to eliminate any risk from marginally affected animals still on the market. And they successfully assured the public that food previously consumed from the afflicted animals didn't post any general health threat, because the amount eaten by any typical consumer would have represented only a tiny part of his overall diet.

But Mr. Creighton and some others aren't typical in this case. In the year before the contamination was discovered, thousands of Michigan farm dwellers ate a concentrated daily diet of products from their own tainted livestock. Some farmers, doctors and independent researchers now fear that the result for this group may be PBB-related illnesses.

HEALTH OFFICIALS' FINDINGS

So far, the suspicion is unproven. The Michigan Department of Public Health has repeatedly stated it hasn't been able to find any conclusive evidence of human sicknesses caused by the PBB debacle. It recently published a long-awaited scientific study of several hundred farmers that concluded "no disease or symptom that occurred consistently" could be isolated.

But a number of farmers remain unconvinced. For example, 50-year-old Leonard Rehkopf, a Big Rapids, Mich., farmer says he has suffered from headaches, fatigue and swollen finger joints. And he blames PBB, which he says has been found in his system through blood tests. Similarly, Douglas Warner, a Charlevoix, Mich., farmer who lost his herd last year to the chemical accident, worries that PBB may have caused some of his health problems.

Such health problems aren't universal among farmers who lost animals to PBB. But some observers agree that there has been at least a curious pattern in some cases. For example, Dr. David Salvati, a Big Rapids physician, says that besides Mr. Creighton, he has 32 other patients from farms where PBB-tainted food was consumed who show traces of liver damage. And Dr. Walter Meester, a Grand Rapids clinical toxicologist, adds that signs of liver damage have turned up in "some" of the 20 PBB related patients he has tested. Both physicians avoid any flat judgments, but Dr. Meester says there is "a logical suspicion that warrants further study."

Some research studies on rats and mice have also raised questions. One federal Food and Drug Administration experiment indicated PBB could cause such things as retarded growth and enlarged livers in the test animals. An Ann Arbor, Mich., medical researcher says signs of a high birth-defect rate turned up in the offspring of rodents fed large doses of PBB. But in both cases the scientists caution that such tests aren't conclusive and aren't necessarily meaningful for humans.

LACK OF INFORMATION

Because PBB was never intended to be used in connection with food products, little was known about its health effects.

Dr. John Isbister, chief of the state health department's bureau of community health, insists that his agency has been "doing everything within our capabilities to identify a health problem" from PBB. But "we haven't found any patterns of illness" so far, he says.

He suggests that some complaints that patients ascribe to PBB may have different sources. For example, one case of hair loss was traced to a ringworm fungus, whereas the victim suspected PBB. Health officials add that the entire PBB debacle, with its huge economic losses for many farmers, has put great nervous and emotional strain on many victims, which could indirectly account for some illnesses.

Still, some farmers argue that health officials have been too slow to aid them, and a few darkly suggest that because they are only a small group, they are being overlooked by an indifferent state and federal health bureaucracy.

"They're trying to sweep us under a rug," contends Mr. Rehkopf, the Big Rapids farmer. And Mr. Warner of Charlevoix charges health officials with "just breezing over things because if they said something bad, it might hurt sales" of the state's farm products.

Dr. Isbister and other health officials bristle at such accusations. The state's first report on the possible effect of PBB on farm families took 10 months to complete, but "this is very deliberate work and it has to be accurate and meaningful," Dr. Isbister says. He adds that my early this year he had assigned 12 to 15 staff members to the project to help speed it to conclusion, roughly double the number working on it initially.

LONG-TERM STUDY BEGINS

Dr. Isbister recently took a public tour of some rural communities in the state to answer questions from curious or nervous farmers. His department, with the help of the federal government, has also set up plans for a long-term study of PBB's health effects on about 6,000 farmers here. The broad study could take up to 15 years to complete and may ultimately yield more definitive answers about the chemical's effects. But so far the health department is still trying to wring $225,000 in first-year costs from governmental budgets.

The lack of any standby system for handling such man-caused accidents particularly troubles some people, including Michigan farmer Frederick Halbert, who led the investigation that helped identify the PBB in the animal feed in the first place. The young chemical-engineer-turned-farmer spent thousands of dollars of his own money on research and telephone calls pending government agricultural and health establishments to action on the farmers' complaints more than a year ago.

"The bureaucracies still seem to have very little internal energy" for such problems, he says, perhaps because only a few thousand people seem to be directly affected. But he sees this state's PBB accident as just one of a new kind of potential hazard from the proliferation of exotic man-made chemicals, and he believes that information developed here could provide clues for dealing with any future contaminations.

Some officials agree that there may be a lesson in the controversy here. An aide to Michigan Sen. Philip Hart, for example, suggests that tighter food controls and a plan for compensating victims of such accidents may be needed. He says he fruitlessly searched federal health programs for possible help for Michigan farmers. "I can see why they're upset. We have plans for bailing out everything under the sun from Lockheed to the Penn Central," he says, but nothing to deal with an accident such as occurred here.

Meantime, the effects of the PBB issue continue to ripple. Farm Bureau Services, the cooperative that supplied the feed to the farmers, has settled about 300 damage claims from farmers for about $22 million, and another 300 claims are outstanding. The cooperative, in turn, has a $200 million suit pending against its supplier, Michigan Chemical.

Officials are still debating whether the allowable PBB-content standard for food products in the state should be lowered further. One agriculture expert estimates that a lower standard would mean the ultimate destruction of another 20,000 head of cattle on top of the 23,000 already taken off the market.

By Mr. MAGNUSON (for himself and Mr. PEARSON) (by request):

S. 2582. A bill to amend the Endangered Species Act of 1973. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, I introduce, by request, for appropriate reference, a bill to amend the Endangered Species Act of 1973, and I ask unanimous consent that the letter of transmittal be printed in the RECORD together with the text of the bill.

There being no objection, the bill and letter were ordered to be printed in the RECORD, as follows:

S. 2582

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Endangered Species Act of 1973 (87 Stat. 884; 16 U.S.C. 1531–1543) is amended as follows—

(a) Section 4(f) (2) (B) (ii) (87 Stat. 889) is amended by striking ", (B) and (C)" after "subsection (b) (A)".

(b) Section 10(b) (87 Stat. 896) is amended by adding a new subparagraph (4) and (5) as follows: "(4) The Secretary may grant to any person subject to the jurisdiction of the United States, under such terms and conditions as he may prescribe, exemptions to the prohibitions on exportation in section 9(a) (1) (A) and to the prohibitions in sections 9(a) (1) (E) and (F) for stocks or inventories of parts or products of endangered species lawfully held within the United States on December 28, 1973, in the course of a commerical activity: *Provided,* That such an exemption shall not violate the Convention or other provisions of law: *Provided further,* That such an exemption may apply to such length of time as the Secretary may determine."

"(5) The Secretary may grant to any person subject to the jurisdiction of the United States, under such terms and conditions as he may prescribe, exemptions to the prohibitions in section 9(a) (1) (A), (E) and (F) for live endangered species of fish or wildlife lawfully held in captivity in the United States on December 28, 1973: *Provided,* That such exemption shall not violate the Convention or any other provisions of law: *Provided further,* That such an exemption may apply to such length of time as the Secretary may determine."

"(6) (A) Any such exemption may be granted under subparagraphs (4) and (5) of this subsection by such Secretary upon such terms and conditions as he shall prescribe, which may include, but are not limited to, requiring such persons to register inventories within a time certain to be set by the Secretary; to maintain complete sales records and such other documents and materials as the Secretary may prescribe; to permit duly authorized agents of such Secretary to inspect any such inventories and records; and to prepare and submit to such Secretary any reports requested by him. *Provided,* That if the Secretary requires such inventories under this subsection, he shall only grant an exemption pursuant to subparagraphs (4) and (5) for the holdings reported in such inventories. *Provided further,* that no regulations issued under this subsection shall be subject to the provisions of section 4(f) (2) (A) (i)."

"(B) With respect to any act prohibited by Section 9(a) (1) (A), (E) and (F) for live endangered species of fish or wildlife, or for stocks or inventories of parts or products of endangered species, there shall be a rebuttable presumption that the live endangered species of fish or wildlife, or the stocks or inventories of parts or products of endangered species involved in such act was not lawfully held within the United States on December 28, 1973."

(c) Section 10(c) (87 Stat. 896) is amended by—

(1) striking the word "subsection" in the first sentence and inserting in lieu thereof the word "section"; and

(2) striking the period at the end of the second sentence and inserting in lieu thereof ", except that the 30 day period may be waived by the Secretary in an emergency situation where the health or life of an endangered animal is threatened, and no reasonable alternative is available to the applicant. Notice of any emergency waivers granted pursuant to this subsection must be published in the Federal Register within 10 days following the issuance of the permit."

(d) Section 11(e) (3) (87 Stat. 899) is amended by—

(1) adding "make arrests without a warrant for any violation of this Act if they have reasonable grounds to believe that the person to be arrested is committing the violation in his presence or view, and" before the words "execute and serve any arrest warrant,"; and

(2) striking the period at the end of the subsection and inserting in lieu thereof "; upon forfeiture, or waiver, of any such property to the United States, it shall be disposed of by the Secretary in such a manner, consistent with the purposes of this Act, as the Secretary deems appropriate."

U.S. DEPARTMENT OF THE INTERIOR,
Washington, D.C., October 2, 1975.

Hon. NELSON A. ROCKEFELLER,
President of the U.S. Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Transmitted herewith are the Department of the Interior's proposed amendments to the Endangered Species Act of 1973 (P.L. 93–205; 87 Stat. 884).

We recommend that this proposal be referred to the appropriate Committee and that it be enacted.

The Endangered Species Act of 1973 provided new and stronger authority for the Secretary of the Interior (and the Secretary of Commerce) to prevent the extinction of plants and animals. That authority included a broader responsibility to list species that are subject to provisions of the Act and also strengthen the Secretary's ability to protect and manage listed species.

The goal of the endangered species program is to maintain a healthy diversity of species and to preserve in their natural ecosystem species that are endangered with extinction or threatened with endangerment. Wherever possible the program seeks to restore such species to the point at which it is once again a viable component of its ecosystem. Further, insofar as possible, it is intended to prevent other species from becoming endangered or threatened.

Since enactment of the 1973 Endangered Species Act, we have become aware of a number of problems; certain provisions need clarification or modification to expedite management and to insure equity to those individuals impacted by the Act.

Of great concern to the Department of the Interior is the situation where individuals legally possessed, prior to enactment of the 1973 Act, parts or products of endangered species for the purpose of sale or for other activities of a commercial nature. A similar situation exists with respect to live animals. For example, prior to enactment of the 1973 Endangered Species Act, zoos and circuses and various other types of live animal dealers regularly engaged in the sale and interstate transport of surplus or unneeded animals which were Federally listed as endangered. The Endangered Species Act of 1969 did not prohibit such commercial activity, but prohibited only the importation of species listed as endangered. With passage of the 1973 Act, such commercial activity was prohibited.

By Mr. HARTKE (for himself and Mr. PEARSON) (by request):

S. 2583. A bill to amend the Interstate Commerce Act to establish expeditious Interstate Commerce Commission procedures, and for other purposes. Referred to the Committee on Commerce.

Mr. HARTKE. Mr. President, Senator PEARSON and myself are introducing, by request, a bill to eliminate regulatory delay at the Interstate Commerce Commission. I ask unanimous consent that the text of the bill be printed in the RECORD, together with the letter of transmittal from the Interstate Commerce Commission and explanation and justification for the proposal.

This Department fully supported this prohibition so as to reduce the demand for certain animals whose continued existence was, and is, in jeopardy. However, we recognize that such a prohibition has also caused economic hardship on many individuals who were engaged in legitimate commercial activities prior to passage of the 1973 Act. It is our judgment that the commercial demand for endangered animals should be reduced, and the United States should take the lead by reducing the demand of its citizens. However, we believe that a gradual reduction of this demand would create less severe economic hardhsip for many legitimate commercial enterprises.

The amendments proposed in subsection (b) of the proposed legislation would resolve the problems with respect to live animals and their parts or products of endangered species. The remaining proposed amendments would: 1) eliminate the 90 day comment period in issuance of emergency regulations. Such regulations cease to be in effect after 120 days unless the standard regulatory procedure is applied. As provided for in the current law, such regulations may be promulgated only in the case of an "emergency posing a significant risk to the well being of any species of fish or wildlife" and only if the Secretary publishes in the Federal Register the "detailed reasons why such regulation is necessary;" 2) clarify that notice of review of permit applications applies to the entire section 10, not just subsection (c); 3) waive the 30 day notice requirement in issuance of a permit where the health or life of an animal on the endangered species list is threatened; 4) authorize law enforcement personnel to arrest, without a warrant, persons committing violations in their presence or view; and 5) provide the Secretary with authority to dispose of forfeited property.

We urge enactment of this proposed legislation in order to assure the efficient administration of the Endangered Species Act of 1973.

The Office of Management and Budget has advised that there is no objection to the presentation of this draft bill from the standpoint of the Administration's program.

Sincerely yours,

Nathanial Reed,
Assistant Secretary of the Interior.

There being no objection, the bill and letter were ordered to be printed in the Record, as follows:

S. 2583

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 17 of the Interstate Commerce Act (49 U.S.C. 17) is amended as follows:

Section. 1. Subsection (5), (6), (7), and (8) of section 17 are deleted and the following subsections are substituted therefor:

(5) Any finding, report, or requirement or order of an individual Commissioner or board, with respect to any matter so assigned or referred involving the taking of testimony at public hearing shall be accompanied by a statement in writing of the reasons therefor, together with a recommended order, which shall be filed with the Commission. Copies thereof shall be served upon interested parties (including, in proceedings under part II, parties specified in section 205(e)). Such interested parties may appeal the initial decision to the Commission or a duly designated division of the Commission within twenty days after service; but, if within twenty days after service of the initial decision, or within such further period as the Commission or a duly designated division thereof may authorize, no appeal shall have been filed, the initial decision and order shall become the order of the Commission and shall become final. The Commission or a duly designated division thereof may, upon its own motion, and where an appeal is filed it shall, review the initial decision either upon the same record or after further hearing and rule thereon; and such recommended order shall thereupon be stayed or postponed pending final determination thereof. Review of an initial decision shall be made in accordance with section 8 of the Administrative Procedure Act, 5 U.S.C. § 557, and such rules limiting and defining the issues and pleadings upon review as the Commission may adopt in conformance with section 8(a), 5 U.S.C. § 557(b), thereof. When deemed by the Commission to be appropriate, it may authorize duly designated employee boards to perform under this paragraph functions of the same character as those which may be performed thereunder by duly designated divisions of the Commission. If the initial review upon appeal is performed by a duly designated employee board, then the decision of such employee board may be appealed to the Commission or duly designated division thereof as heretofore provide in this subsection.

(6) Any decision, order, or requirement of the Commission or a duly designated division thereof shall become effective within thirty days after service on the parties unless the decision, order, or requirement, or any applicable rule adopted by the Commission shall provide for such decision, order, or requirement to become effective at an earlier date. Any interested party to a decision, order or requirement of a duly designated division of the Commission, subject to such rules and limitations as the Commission may establish, may petition the Commission for rehearing, reargument, or reconsideration; and if the Commission finds that a matter of general transportation importance is presented, the Commission may reconsider the decision, order or requirement and in its discretion stay the effective date of such decision, order or requirement.

(7) Any decision, order or requirement of the Commission or a duly designated division thereof shall be administratively final on the date served; and from that time a suit to enforce, enjoin, suspend or set aside such decision, order, or requirement in whole or in part may be brought in a court of the United States under those provisions of law applicable in the case of suits to enforce, enjoin, suspend or set aside orders of the Commisison, but not otherwise.

(8) The Commission may at any time upon its own motive reopen any proceeding, and grant rehearing, reargument or reconsideration as to any decision, order, or requirement and reverse, modify, or change the same, and may establish rules allowing interested parties to petition for leave to request reopening and reconsideration based upon new evidence or changed circumstances.

Sec. 2. Section (9) of section 17 is deleted in its entirety; and subsections (10), (11) and (12) of section 17 are renumbered subsections (9), (10) and (11) respectively.

Interstate Commerce Commission,
Washington, D.C., October 17, 1975.

Hon. Warren G. Magnuson,
Chairman, Committee on Commerce, U.S. Senate, Washington, D.C.

Hon. Harley O. Staggers,
Chairman, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

Hon. Robert E. Jones,
Chairman, Committee on Public Works and Transportation, House of Representatives, Washington, D.C.

Gentlemen: Regulatory lag is a problem that both the Congress and this Commission are working to solve. Attached for your consideration is a Commission legislative proposal to modify section 17 of the Interstate Commerce Act, which we believe could aid the Commission substantially in its efforts to speed up its decision-making process. We believe that Section 17 imposes excessive and burdensome procedural requirements on the Commission that tend to drag out our cases. Our proposal would delete these excessive provisions and substitute a simple and logical procedure in conformance with the Administrative Procedure Act.

We have previously indicated in Congressional testimony that we intended to submit a legislative proposal that would provide for only one discretionary level of review. After careful consideration, we have decided that there should be an absolute right to one Commission (or Division) review, but that the Commission should have the discretion to limit the issues it will consider in making its review.

This, coupled with the various other parts of our proposal (which are fully explained in the attached Explanation and Justification), should enable the Commission to expedite its review process. Thus, we would be grateful for the prompt introduction and enactment of this proposal.

Sincerely yours,

A. Daniel O'Neal,
Acting Chairman.

By Mr. PASTORE (for himself and Mr. Magnuson):

S. 2584. A bill to amend certain provisions of the Communications Act of 1934, as amended, to provide long-term financing for the Corporation for Public Broadcasting, and for other purposes. Referred to the Committee on Commerce.

LONG-RANGE FUNDING FOR PUBLIC BROADCASTING

Mr. PASTORE. Mr. President, today I introduce and send to the desk a compromise bill to provide long-range funding for public broadcasting in the United States.

In February, I introduced S. 893, a bill to amend certain provisions of the Communications Act of 1934, to provide long-term financing for the Corporation for Public Broadcasting. S. 893 was cosponsored by Senators Griffin, McIntyre, Pastore, and Pearson.

On March 21, the Senate Commerce Committee reported the legislation favorably with amendments and the bill was then referred to the Senate Committee on Appropriations where it is now pending.

The bill I am introducing today is in every significant way a duplicate of the legislation that was favorably reported by the Senate Commerce Committee. Like S. 893, this legislation has three principal purposes relating to the Corporation for Public Broadcasting and the system of noncommercial educational radio and television stations:

First. To provide long-term Federal financing for the Corporation for Public Broadcasting by means of a 5-year authorization;

Second. To assure that a portion of Federal funds is distributed to local noncommercial educational broadcast stations; and

Third. To expand the scope of the Public Broadcasting Act of 1967 to include the development and use of nonbroadcast communications technologies for the distribution and dissemination of educational radio and television programing.

The only significant difference between this bill and S. 893 is the separation of the appropriation and authorizing functions with respect to long-term funding for public broadcasting. It is my sincere hope that this bill will provide the appropriate compromise vehicle to authorize long-term public financing for public broadcasting. It is extremely important that the Senate move quickly on this proposal. The Corporation for Public Broadcasting is functioning now on a continuing resolution. The basic programing decisions for the next TV season must be made within the next few months. It is important that authorizing legislation be enacted to allow the Appropriations Committee to act quickly on a supplemental appropriation for the Corporation for Public Broadcasting as soon as possible.

I would like to summarize why it is necessary that new legislation be introduced and be deferred to the Commerce Committee at this time.

The original bill, S. 893, combined appropriations and authorizations for CPB for a 5-year period. The companion legislation in the House of Representatives, H.R. 6461, was favorably reported by the Committee on Interstate and Foreign Commerce on May 22, 1975 and was sequentially referred to the Committee on Appropriations. The House Appropriations Committee reported the bill unfavorably on July 22, 1975.

The House Appropriations Committee opposed H.R. 6461 because it objected to the inclusion of appropriations in the authorization vehicle. The Appropriations Committee had no objection to the authorization language, the matching requirements, or the other essential features of the bill. The House Appropriations Committee stated in the body of its report that the committee would make appropriations to carry out the intent of H.R. 6461 following its enactment. The House Appropriations Committee apparently does not intend to delay in any way the availability of funds for public broadcasting. But the committee did object to the automatic appropriation for the 5-year period ending September 30, 1980, as proposed by H.R. 6461. The Committee states—

> It does not in principle oppose advance appropriations for public broadcasting, and will include appropriations for the three fiscal years ending September 30, 1974 in an appropriation bill if and when H.R. 6461, or similar legislation, is enacted.

I believe that it is appropriate that Congress proceed with a 5-year authorization bill for the Corporation for Public Broadcasting with the assurance of the Appropriations Committees that they will proceed immediately to consider appropriations for the Corporation under the authorizing legislation. It is for that reason that I am introducing this legislation today which will not be required to be referred to the Senate Appropriations Committee for action.

I do not agree with the conclusions of the House Appropriations Committee with respect to insulated funding for the Corporation for Public Broadcasting. The House committee objects to the original proposal in S. 893 that the Corporation for Public Broadcasting have 5 years of "insulated" funding free of congressional oversight in the appropriations process. Personally, I believe there is great merit to the insulation argument. Certainly there is sufficient merit to warrant a trial period to allow the Corporation to experiment wih programing free of concerns about political restraints through the appropriations process. This argument is not settled and will be taken up between the Senate and House Appropriations Committees at the time that appropriations for the Corporation for Public Broadcasting are actually considered. But I think it is inappropriate to allow the very good things that were contained in S. 893 that everyone agrees upon to not become law quickly. Therefore, I think it is appropriate that Congress deal with the authorizing language in a separate vehicle from the appropriation language. It is for that reason that I am today introducing this legislation and calling the Senate's attention to the fact that I expect the Senate Commerce Committee to take this matter up in the very near future and report legislation without further hearings.

Mr. President, I request unanimous consent that the text of the bill be printed in the Record.

There being no objection, the bill was ordered to be printed in the Record, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Broadcasting Financing Act of 1975".

Sec. 2. Subsection 396(k) of the Communications Act of 1934 is amended by inserting after paragraph (2), the following paragraphs:

"(3) There is hereby established in the Treasury a fund which shall be known as the Public Broadcasting Fund, administered by the Secretary of the Treasury. There are authorized to be appropriated to said fund for each of the fiscal years during the period beginning July 1, 1975, and ending September 30, 1980, an amount equal to 40 per centum of the total amount of non-Federal financial support received by public broadcasting entities during the fiscal year second preceding each such fiscal year, and for the period July 1, 1976, through September 30, 1976, an amount equal to 10 per centum of the total amount of non-Federal financial support received by public broadcasting entities during the fiscal year ending June 30, 1975: *Provided, however,* That the amount so appropriated shall not exceed $88,000,000 for the fiscal year ending June 30, 1976; $22,000,000 for the period July 1, 1976, through September 30, 1976; $103,000,000 for the fiscal year ending September 30, 1977; $121,000,000 for the fiscal year ending September 30, 1978; $140,000,000 for the fiscal year ending September 30, 1979; and $160,000,000 for the fiscal year ending September 30, 1980.

"(4) The funds authorized by this subsection shall be used solely for the expenses of the Corporation. The Corporation shall determine the amount of non-Federal financial support received by public broadcasting entities during each of the fiscal years indicated in paragraph (3) of this subsection for the purpose of determining the amount of each authorization, and shall certify such amount to the Secretary of the Treasury. Upon receipt of such certification, the Secretary of the Treasury shall disburse to the Corporation, from such funds as may be appropriated to the Public Broadcasting Fund, the amount authorized for each of the fiscal years and for the period July 1, 1976, through September 30, 1976, pursuant to the provisions of this subsection.

"(5) The Corporation shall reserve for distribution among the licensees and permittees of noncommercial educational broadcast stations that are on the air an amount equal to not less than 40 per centum of the funds disbursed to the Corporation from the Public Broadcasting Fund during the period July 1, 1975, through September 30, 1976, and in each fiscal year in which the amount disbursed is $88,000,000 or more but less than $121,000,000, not less than 45 per centum in each fiscal year in which the amount disbursed is $121,000,000 or more but less than $160,000,000; and not less than 50 per centum in each fiscal year in which the amount disbursed is $160,000,000.

"(6) The Corporation shall, after consultation with licensees and permittees of noncommercial educational broadcast stations that are on the air, establish, and review annually, criteria and conditions regarding the distribution of funds reserved pursuant to paragraph (5) of this subsection, as set forth below:

"(A) The total amount of funds shall be divided into two portions, one to be distributed among radio stations, and one to be distributed among television stations. The Corporation shall make a basic grant from the portion reserved for television stations to each licensee and permittee of a noncommercial educational television station that is on the air. The balance of the portion reserved for television stations and the total portion reserved for radio stations shall be distributed to licensees and permittees of such stations in accordance with eligibility criteria that promote the public interest in noncommercial educational broadcasting, and on the basis of a formula designed to—

"(i) provide for the financial need and requirements of stations in relation to the communities and audiences such stations undertake to serve;

"(ii) maintain existing, and stimulate new, sources of non-Federal financial support for stations by providing incentives for increases in such support; and

"(iii) assure that each eligible licensee and permittee of a noncommercial educational radio station receives a basic grant.

"(B) No distribution of funds pursuant to this subsection shall exceed, in any fiscal year, one-half of a licensee's or permittee's total Federal financial support during the fiscal year second preceding the fiscal year in which such distribution is made.

"(7) Funds distributed pursuant to this subsection may be used at the discretion or stations for purposes related to the provision of educational television and radio programming, including but not limited to producing, acquiring, broadcasting, or otherwise disseminating educational television or radio programs; procuring national or regional program distribution services that make educational television or radio programs available for broadcast or other dissemination at times chosen by stations; acquiring, replacing, and maintaining facilities, and real property used with facilities, for the production, broadcast, or other dissemination of educational television and radio programs; developing and using nonbroadcast communications technologies for educational television or radio programing purposes.".

Sec. 3. Subsection 396(g)(2)(H) of the Communications Act of 1934 is amended by deleting the period after the "Broadcasting" and inserting the following: "and the use of nonbroadcast communications technologies for the dissemination of educational television or radio programs.".

SEC. 4. Subsection 396(i) of the Communications Act of 1934 is amended by inserting after the word "appropriate" the following sentence: "The officers and directors of the Corporation shall be available to testify annually before appropriate committees of the Congress with respect to such report and with respect to the report of any audit made by the Comptroller General pursuant to subsection 396(l), or any other matter which any such committee may determine.".

SEC. 5. Section 397 of the Communications Act of 1934 is amended by inserting, after paragraph (9), the following paragraphs:

"(10) The term 'non-Federal financial support' means the total value of cash and the fair market value of property and services (except for personal services of volunteers) received—

"(A) as gifts, grants, bequests, donations, or other contributions for the construction or operation of noncommercial educational broadcast stations, or for the production, acquisition, distribution, or dissemination of educational television or radio programs, and related activities, from any source other than (i) the United States or any agency or establishment thereof, or (ii) any public broadcasting entity; or

"(B) as gifts, grants, donations, contributions, or payments from any State, any agency or political subdivision of a State, or any educational institution, for the construction or operation of noncommercial educational broadcast stations or for the production, acquisition, distribution, or dissemination of educational television or radio programs, or payments in exchange for services or materials respecting the provision of educational or instructional television or radio programs.

"(11) The term 'public broadcasting entity' means the Corporation, any licensee or permittee of a noncommercial educational broadcast station, or any nonprofit institution engaged primarily in the production, acquisition, distribution, or dissemination of educational television and radio programs.".

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 5

At the request of Mr. CHILES, the Senator from Arizona (Mr. FANNIN) was added as a cosponsor of S. 5, the Federal Government in the Sunshine Act.

S. 1177

At the request of Mr. MCGEE, the Senator from New Hampshire (Mr. Durkin) was added as a cosponsor of S. 1177, the post card voter registration bill.

S. 1776

At the request of Mr. HUGH SCOTT, the Senator from Vermont (Mr. STAFFORD), the Senator from Oregon (Mr. HATFIELD), the Senator from Connecticut (Mr. WEICKER), the Senators from Arizona (Mr. FANNIN and Mr. GOLDWATER), the Senator from Montana (Mr. METCALF), the Senator from Utah (Mr. MOSS), the Senator from Minnesota (Mr. MONDALE), the Senator from Wyoming (Mr. MCGEE), and the Senator from Missouri (Mr. SYMINGTON) were added as cosponsors of S. 1776, a bill to establish the Valley Forge National Historical Park in the Commonwealth of Pennsylvania.

S. 1847

At the request of Mr. HUMPHREY, the Senator from Pennsylvania (Mr. SCOTT) and the Senator from Connecticut (Mr. RIBICOFF), were added as cosponsors of S. 1847, to authorize the 101st Airborne Division Association to erect a memorial in the District of Columbia or its environs.

S. 1911

At the request of Mr. HARTKE, the Senator from Indiana (Mr. BAYH) was added as cosponsor to S. 1911, a bill to amend title 38, United States Code, to provide certain persons insured under servicemen's group life insurance, SGLI, with a choice of conversion to either an individual term or whole life insurance policy or veterans' group life insurance policy upon the expiration of their servicemen's group life insurance coverage, and for other purposes.

S. 1949

At the request of Mr. CURTIS, the Senator from Kentucky (Mr. FORD), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Nebraska (Mr. HRUSKA) were added as cosponsors of S. 1949, a bill to amend the Internal Revenue Code.

S. 2293

At the request of Mr. HELMS, the Senator from Nebraska (Mr. HRUSKA) was added as a cosponsor of S. 2293, a bill to amend section 402 of the Highway Safety Act of 1966, with respect to compulsory helmet laws for motorcyclists.

S. 2295

At the request of Mr. CANNON, the Senator from New Hampshire (Mr. DURKIN) was added as a cosponsor of S. 2295, a bill relating to financial disclosure.

S. 2359

At the request of Mr. BAYH, the Senator from Indiana (Mr. HARTKE) and the Senator from Vermont (Mr. LEAHY) were added as cosponsors to S. 2359, a bill to provide for equal treatment for all persons entering into health insurance agreements.

S. 2359 AND S. 2360—WITHDRAWAL

At the request of Mr. BAYH, the Senator from Colorado (Mr. HASKELL) was withdrawn as a cosponsor of S. 2359, a bill to provide for equal treatment for all persons entering into health insurance agreements; and

S. 2360, a bill to amend the Public Health Service Act.

S. 2360

At the request of Mr. BAYH, the Senator from Indiana (Mr. HARTKE), the Senator from Vermont (Mr. LEAHY), and the Senator from Minnesota (Mr. MONDALE) were added as cosponsors of S. 2360, the Life Support Centers Act of 1975, a bill to amend the Public Health Service Act to provide health care services for pregnant adolescents before and after childbirth.

S. 2389

At the request of Mr. INOUYE, the Senator from Alaska (Mr. STEVENS) and the Senator from New York (Mr. BUCKLEY) were added as cosponsors of S. 2389, a bill to amend Title I of the Employee Retirement Income Security Act and the Internal Revenue Act.

S. 2426

At the request of Mr. DOLE, the Senator from Missouri (Mr. EAGLETON) was added as a cosponsor of S. 2426, a bill to establish a reduced rate of postage for letters sealed against inspection mailed by private citizens.

S. 2459

At the request of Mr. KENNEDY, the Senator from New Jersey (Mr. CASE) was added as a cosponsor of S. 2459, the Rail Rehabilitation Act of 1975.

S. 2471

At the request of Mr. ABOUREZK, the Senator from Wyoming (Mr. MCGEE) was added as a cosponsor of S. 2471, a bill to provide payments to State and local governments based on public lands within their boundaries.

S. 2521

At the request of Mr. BELLMON, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 2521, a bill to amend the Consolidated Farm and Rural Development Act.

S. 2524

At the request of Mr. MCINTYRE, the Senator from Colorado (Mr. HART), the Senator from Minnesota (Mr. MONDALE), and the Senator from Ohio (Mr. TAFT) were added as cosponsors of S. 2524, to require that the Secretaries of the military departments be kept fully and currently informed regarding matters considered and acted upon by the Joint Chiefs of Staff.

S. 2529

At the request of Mr. HARTKE, the Senator from Indiana (Mr. BAYH) and the Senator from California (Mr. TUNNEY) were added as cosponsors to S. 2529, a bill to amend chapter 37 of title 38, United States Code, to increase the maximum Veterans' Administration's guaranty for mobile home loans from 30 to 50 percent, to make permanent the direct loan revolving fund, to extend entitlement under chapter 37 to those veterans who served exclusively between World War II and the Korean conflict, and for other purposes.

SENATE JOINT RESOLUTION 60

At the request of Mr. BARTLETT, the Senator from Texas (Mr. TOWER) and the Senator from South Carolina (Mr. THURMOND) were added as cosponsors of Senate Joint Resolution 60, proposing an amendment to the Constitution relating to open admissions to public schools.

SENATE JOINT RESOLUTION 131

At the request of Mr. HUMPHREY, the Senator from Colorado (Mr. HASKELL) was added as a cosponsor of Senate Joint Resolution 131, to establish a Joint Congressional Task Force on Federal Small Business Impact.

SENATE RESOLUTION 104

At the request of Mr. HATHAWAY, the Senator from North Dakota (Mr. BURDICK), the Senator from Iowa (Mr. CULVER), the Senator from New Hampshire (Mr. DURKIN), the Senator from New

Mexico (Mr. MONTOYA), and the Senator from Missouri (Mr. SYMINGTON) were added as cosponsors of Senate Resolution 104, relating to the Select Committee on Small Business (to provide limited legislative authority).

SENATE RESOLUTION 201

At the request of Mr. CRANSTON, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of Senate Resolution 201, relating to the status of certain Americans held in Mexico.

SENATE RESOLUTION 288

At the request of Mr. HUMPHREY, the Senator from Alabama (Mr. ALLEN), the Senator from Tennessee (Mr. BAKER), the Senator from Indiana (Mr. BAYH), the Senator from Maryland (Mr. BEALL), the Senator from Delaware (Mr. BIDEN), the Senator from Massachusetts (Mr. BROOKE), the Senator from West Virginia (Mr. BYRD), the Senator from Idaho (Mr. CHURCH), the Senator from California (Mr. CRANSTON), the Senator from Kansas (Mr. DOLE), the Senator from New Mexico (Mr. DOMENICI), the Senator from Michigan (Mr. HART), the Senator from Colorado (Mr. HASKELL), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. JOHNSTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Vermont (Mr. LEAHY), the Senator from Washington (Mr. MAGNUSON), the Senator from Wyoming (Mr. MCGEE), the Senator from South Dakota (Mr. MCGOVERN), the Senator from New Hampshire (Mr. MCINTYRE), the Senator from Montana (Mr. METCALF), the Senator from Minnesota (Mr. MONDALE), the Senator from Wisconsin (Mr. NELSON), the Senator from Oregon (Mr. PACKWOOD), the Senator from Illinois (Mr. PERCY), the Senator from Wisconsin (Mr. PROXMIRE), the Senator from Pennsylvania (Mr. SCHWEIKER), the Senator from New Mexico (Mr. MONTOYA), the Senator from Maine (Mr. MUSKIE), the Senator from Delaware (Mr. WEICKER), the Senator from Illinois (Mr. STEVENSON), the Senator from Georgia (Mr. TALMADGE), the Senator from California (Mr. TUNNEY), and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of Senate Resolution 288, relating to an action of the United Nations concerning Zionism.

SENATE RESOLUTION 290—ORIGINAL RESOLUTION REPORTED RELATING TO THE ANNUAL REPORT OF THE DAR

(Placed on the calendar.)

Mr. CANNON, from the Committee on Rules and Administration, reported the following resolution:

S. RES. 290

Resolved, That the Seventy-seventh Annual Report of the National Society of the Daughters of the American Revolution for the year ended March 1, 1974, be printed, with an illustration, as a Senate document.

AMENDMENTS SUBMITTED FOR PRINTING

APPOINTMENT OF ADDITIONAL DISTRICT COURT JUDGES—S. 287

AMENDMENT NO. 1019

(Ordered to be printed and to lie on the table.)

Mr. ROTH submitted an amendment intended to be proposed by him to the bill (S. 287) to provide for the appointment of additional district court judges and for other purposes.

CONSTRUCTION OF NATURAL GAS PIPELINES—S. 2510

AMENDMENT NO. 1020

(Ordered to be printed and referred to the Committee on Commerce.)

Mr. GRAVEL submitted an amendment intended to be proposed by him to the bill (S. 2510) relating to construction of natural gas pipelines for transporting Alaskan North Slope natural gas to the lower 48 States.

SMALL BUSINESS EXPORT DEVELOPMENT ACT—S. 2498

AMENDMENTS NOS. 1021 AND 1022

(Ordered to be printed and to lie on the table.)

Mr. EAGLETON submitted two amendments intended to be proposed by him to the bill (S. 2498) to amend the Small Business Act to provide assistance for small business export activities, to transfer certain disaster relief functions of the Small Business Administration to offer Federal agencies, to establish a National Commission on Small Business in America, and for other purposes.

MINNESOTA VALLEY NATIONAL WILDLIFE RECREATION AREA—S. 2097

AMENDMENT NO. 1023

(Ordered to be printed and referred to the Committee on Commerce.)

Mr. MONDALE submitted an amendment intended to be proposed by him to the bill (S. 2097) to provide for the establishment of the Minnesota Valley National Wildlife Recreation Area.

INTERNATIONAL DEVELOPMENT AND FOOD ASSISTANCE ACT OF 1975—H.R. 9005

AMENDMENT NO. 1024

(Ordered to be printed and to lie on the table.)

HUMANITARIAN FOOD AID

Mr. CLARK. Mr. President, today I am submitting a humanitarian food aid amendment to the Food for Peace—Public Law 480—section of the International Development and Food Assistance Act (H.R. 9005). My purpose is simple: To retain and safeguard recent accomplishments in the allocation of Food for Peace commodities now threatened by measures pending in the Senate. The amendment I am offering requires that at least 70 percent of title I—concessional sales—food aid be allocated to countries with an annual per capita gross national product of $200 or less, the lowest income category of developing nations.

Mr. President, I ask unanimous consent that the text of the amendment be printed at this point in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

AMENDMENT NO. 1024

In section 207, strike out all preceding subsection (b) and insert in lieu thereof the following:

ASSISTANCE TO MOST SERIOUSLY AFFECTED COUNTRIES

SEC. 207. Title I of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new section:

"SEC. 111. Not more than 30 per centum of the food aid commodities provided under this title shall be allocated and agreed to be delivered to countries other than those with a per capita gross national product of $200 or less (as adjusted to reflect that country's annual rate of inflation), and affected by inability to secure sufficient food for their immediate requirements through their own production or commercial purchase from abroad, unless the President certifies to the Congress that the use of such food assistance is required for humanitarian food purposes and neither House of Congress disapproves such use, by resolution, within thirty calendar days after such certification. In determining per capita gross national product for the purposes of this section, the President is authorized and directed to make use of data developed by the World Bank and relied upon by the Secretary of the Treasury. A reduction below 70 per centum in the proportion of food aid allocated to most seriously affected countries which results from critical and unforeseeable circumstances occurring after the initial allocation shall not constitute a violation of the requirements of this section. Any reallocation of food aid shall be in accordance with this section so far as practicable. The President shall report promptly any such reduction, and the reasons therefor, to the Congress.".

FOOD FOR PEACE OR POLITICS: A BRIEF HISTORY

Mr. CLARK. Last year, Congress took steps to halt the extensive politicization of our food aid program. In an amendment to the 1974 Foreign Assistance Act, an allocation formula was applied to food for peace concessional sales. Congress required that at least 70 percent of title I food aid must be allocated to countries on the United Nations list of those most seriously affected—MSA—by the threat of famine and the world economic crisis. By the time the legislation was enacted, the political abuses of Public Law 480 were well documented and the subject of national debate. Americans who had always considered Public Law 480 to be a humanitarian program learned that nearly half of all food for peace commodities had gone to the war economies of Vietnam and Cambodia in fiscal year 1974. For 1975, the administration had planned to ship up to two-thirds of the commodities to Southeast Asia, the Middle East, and countries such as Chile, with which it had a "special" relationship. It was only because Congress imposed the 70/30 MSA allocation formula that the food for peace program reached countries most in need this past year. The shift was dramatic; in fiscal year 1974 MSA countries received commodities valued at $43.5 million. By 1975, when the congressional allocation formula took effect, aid to MSA countries increased to almost 80 percent of the total title I program.

AN ALTERNATIVE ALLOCATION FORMULA

Through H.R. 9005, the Senate will soon consider a new allocation formula for this year's food for peace program. The House version continues last year's 70/30 allocation formula but holds that the President "may be guided" rather than "shall be guided" by the United Nations' MSA list. The Senate Committee on Foreign Relations, in its review, required that the President "shall be guided" by an 80/20 MSA allocation formula. I supported this stronger language and formula in the Foreign Relations Committee since it actually maintains the status quo established last year when the final food aid allocation was 79/21 MSA.

However, the Senate Committee on Agriculture and Forestry has reported a 70/30 formula and deleted the Foreign Relations Committee's reference to the United Nations MSA list. In its place, the President is instructed to submit his own list of recipients. The 70/30 formula is then applied to the Presidential list.

My amendment provides an alternative vehicle for assuring humanitarian food aid allocation while eliminating objections to the MSA list. The 70/30 allocation formula I propose is applied to countries with a per capita/GNP of $200 or less. Thirty-nine countries—one-fourth of the world's population—fit this description of abject poverty.

The food scarcity of these poorest of the poor nations is an undeniable and chronic fact of life. Two hundred dollars per capita is by definition the lowest income category of developing nations.

The amendment I am offering today should not suggest that my support for either the United Nations or the MSA list is weakening. I still support both. However, since many Members have raised serious objections to the U.N. list it as imperative we agree upon an alternative approach that achieves our one overriding goal—food aid allocations under title I based primarily on human need.

THE FOOD DEFICIT AND POLITICAL FOOD AID CONTINUE

This year, it is at least as critical as in the past that we impose strong congressional oversight if we want to insure food aid reaches the hungriest. Despite good crops in our own Nation, the world's food deficit is not diminishing. The Food and Agriculture Organization—FAO—has estimated the world food shortage will be at least 14 and as much as 20 million tons this year compared to 15.9 million tons last year.

Despite this overwhelming evidence of continued and ever expanding human need, the administration has proposed allocations for fiscal year 1976 which demonstrate a persistent inclination toward political food assistance. For example, the projected allocation to Korea—a relatively well off country—is roughly equal to that of Bangladesh, an extremely impoverished nation where the per capita GNP is $70. In fact, U.S. food aid to Korea is expected to double from last year's $74 million allocation to $150 million in fiscal year 1976. As another example, the projected allocation to Chile represents 85 percent of the concessional sales to all of Latin America. It is three times greater than the entire Public Law 480 title I commitment to all of Africa.

A few countries receive more than their share of limited food for peace commodities. While the comparison of inequities is endless, one point is clear—food will always be susceptible to use for political purposes unless Congress guards against it. The fact is that the ending of our heavy food for peace allocations to Southeast Asia has not ended political food aid allocations.

A close examination of the administration's projected fiscal year 1976 allocations confirms this fear by revealing that 28 percent of title I is already slated for non-MSA countries. Although the administration's food aid allocations to Syria, Jordan, and Isreal—all non-MSA's—have not yet been shared with the Congress, it is safe to say they will receive considerably more than the remaining 2 percent of the concessional sales. Thus, when all the allocations are known, more than 30 percent of title I will in all probability be for non-MSA countries. It appears the administration already anticipates Congress will not continue the allocation requirements it established last year.

TWO HUNDRED DOLLARS OR LESS PER CAPITA/GNP

Mr. President, I ask unanimous consent to have printed in the Record a list of the 39 countries whose income is below $200 per capita.

There being no objection, the list was ordered to be printed in the Record, as follows:

COUNTRIES WITH PER CAPITA GROSS NATIONAL PRODUCTS OF $200 AND LESS

Afghanistan
Bangladesh
Burma
Burundi
Cambodia (Khmer Republic)
Central African Rep.
Chad
Dahomey
Ethiopia
The Gambia
Guinea
Haiti
India
Indonesia
Kenya
Laos
Lesotho
Malagasy Rep.
Malawi
Mali
Mauritania
Nepal
Niger
Nigeria
Pakistan
Rwanda
Sierra Leone
Somalia
Sudan
Sri Lanka
Togo
Tanzania
Uganda
Upper Volta
Vietnam
W. Samoa
Yemen Arab Republic
Yemen Peoples Republic
Zaire

Mr. CLARK. Mr. President, no list is perfect. There will always be some countries which are not included on any list, simply because the purpose of a list is to be selective. The value of the list I am preparing is that it uses an objective standard of per capita/GNP as its basis. The $200 figure has been selected rather than a higher one to focus aid on the world's neediest persons in the lowest income category.

Let me also say that there are three basic ways in which countries not on this list may receive food aid. In the first place, they may receive food under concessional sales from within the 30 percent allowed for countries not on the $200 per capita/GNP list. Second, they may receive food aid under the grant provisions of title II. And third, and perhaps most significant, is the waiver provision.

Through the waiver provision, which is part of the Senate Agriculture Committee language, the President is able to include a food deficit country with a greater than $200 per capita/GNP within the 70 percent humanitarian allocation. It is entirely possible that a nation which has a relatively high income is unable to meet its food needs for a combination of reasons. Congress would then consider the Executive request and determine the extent of food aid.

In short, the amendment I am proposing guarantees that the most needy nations will receive priority in title I food aid allocations. It continues the oversight exercised last year by the Congress, the beneficial results of which are beyond question. It responds legislatively to the food needs documented at the World Food Conference, to which the U.S. Government then pledged to respond in humanitarian fashion.

NOTICE OF HEARINGS ON THE SMALL BUSINESS ADMINISTRATION

Mr. NELSON. Mr. President, I wish to announce that the Senate Small Business Committee will begin oversight hearings on the Small Business Administration on November 11, 12, and 13 in room 457, Russell Senate Office Building, beginning each day at 10 a.m. Senators Hathaway and Packwood have been designated to begin these hearings with a series on the procurement assistance programs of that agency.

They will focus on whether SBA is effectively implementing the goal of insuring that an equitable proportion of Government contracts are being awarded to small business firms.

The committee at that time will also examine the small business timber set-aside programs as administered by joint agreement between the Small Business Administration and the Forest Service of the Department of Agriculture.

Representatives of the Office of Federal Procurement Policy, the Small Business Administration and the Forest Service, as well as several representatives of the timber industry have been invited to testify. Others who wish to testify may contact the committee at room 424, Russell Senate Office Building.

ANNOUNCEMENT OF HEARING

Mr. HASKELL. Mr. President, I wish to announce for the information of the Senate and the public, the scheduling of a public hearing before the Environment and Land Resources Subcommittee of the Senate Interior and Insular Affairs Committee.

The hearing is scheduled for November 17, 1975, beginning at 10 a.m. in room 3110 of the Dirksen Senate Office Building. Testimony is invited on S. 2125—a bill to provide for the issuance of permits on public domain national forest lands for commercial outdoor recreation facilities and activities, and for other purposes. As you know, Mr. President, the subcommittee recently conducted 2 days of field hearings in Aspen and Denver on this legislation.

For further information regarding the hearings, you many wish to contact Mr. Steven Quarles or Mr. Thomas Williams of the subcommittee staff on 224–9894. Those who wish to either testify or to submit a written statement for the hearing record should contact the Environment and Land Resources Subcommittee, room 3106 Dirksen Senate Office Building, Washington, D.C. 20510, 224–9894.

CHANGE OF HEARING SCHEDULE

Mr. KENNEDY. Mr. President, as chairman of the Senate Health Subcommittee, I wish to announce a change in the subcommittee's public hearings regarding health manpower. The proposed hearing for November 4, 1975, has been rescheduled to November 18, 1975.

Mr. President, I wish to announce that the hearings on Senate bill 2538 and other bills relating to schoolage mother and child health have been postponed from October 23, 1975, to November 4, 1975.

NOTICE OF HEARING

Mr. PERCY. Mr. President, I wish to announce on behalf of the Government Operations Committee that the committee will hold a hearing on Wednesday, November 12, at 10 a.m., in room 3302 Dirksen Senate Office Building. OMB witnesses will be testifying on S. 1874, S. 2444, and S. 2445. These three bills deal with the transition quarter between the old and new fiscal years next year and in general with necessary changes in law to make an orderly transition from the old July 1 to June 30 fiscal year to the new October 1 to September 30 fiscal year.

Any committees or individual Senators with comments on these bills should let the Government Operations Committee know prior to November 12.

ANNOUNCEMENT OF HEARINGS ON NOMINATIONS BEFORE THE COMMITTEE ON GOVERNMENT OPERATIONS

Mr. RIBICOFF. Mr. President, I wish to announce that the Committee on Government Operations will hold hearings on the nomination of Jack M. Eckerd, of Florida, to be Administrator of the General Services Administration, and the nominations of Lucius D. Battle, of the District of Columbia, Herbert Brownell, of New York, and Ernest R. May, of Massachusetts, to be members of the National Study Commission on Records and Documents of Federal Officials, Friday, October 31. The hearings will begin at 10 a.m. in room 3302, Dirksen Building.

Any other interested party should advise the committee of their interest in appearing or filing a statement. The committee's office number is 244–4751.

ANNOUNCEMENT OF HEARINGS ON LOBBYING LEGISLATION

Mr. RIBICOFF. Mr. President, I wish to announce that the Committee on Government Operations will hold 2 days of hearings on lobbying legislation next Tuesday and Wednesday, November 4 and 5, beginning each morning at 10 in room 3302, Dirksen Building. The bills before the committee will be S. 774, S. 815, S. 2068, S. 2167, and S. 2477.

Testimony will be heard from the following witnesses:

Tuesday, November 4: John C. Keeney, Deputy Assistant Attorney General, Criminal Division, and Mary Lawton, Deputy Assistant Attorney General, Office of Legal Counsel, Department of Justice.

George Mickum, chairman, Committee on Regulation of Lobbying, Bar Association of the District of Columbia.

Wednesday, November 5: Kenneth P. Norwick, legislative director of New York Civil Liberties Union and author of Lobbying for Freedom, and Hope Eastman, associate director, Washington Office, American Civil Liberties Union.

Hal Bensen, director of government activities, United Cerebral Palsy Associations, accompanied by Barney Sellers, director of goverment relations, National Health Council.

Henry P. Monaghan, professor of law, Boston University.

ANNOUNCEMENTS OF HEARINGS

Mr. JACKSON. Mr. President, in accordance with the rules of the Committee on Interior and Insular Affairs, I wish to advise my colleagues and the public that the following hearings and business meetings have been scheduled before the committee for the next 2 weeks:

October 29—*Minerals, Materials and Fuels Subcommittee:* 10 a.m., room 3110, hearing, to hear Administration witnesses re oversight on law of sea.

October 29—*Energy Research and Water Resources Subcommittee:* 2 p.m., room 3110, hearing, S. 2361, to reauthorize and modify McKay Dam, Oregon.

October 30—*Parks and Recreation Subcommittee:* 10 a.m., room 3110, hearing S. 1725, Chickasaw National Recreation Area, and S. 847, Seward National Recreation Area.

October 30—*Energy Research and Water Resources Subcommittee:* 2 p.m., room 3110, hearing, S. 2089, to authorize modifications to Dickinson Dam, North Dakota, and S. 2493, Pollock-Herreid unit authorization, South Dakota.

October 31—*Full Committee:* 10 a.m., room 3110, Business Meeting, pending calendar business.

November 3—*House-Senate Conference:* 2:30 p.m., room, S-407, Capitol, H.R. 3979, Indian Claims Commission Appropriations.

November 4 and 5—*Minerals, Materials and Fuels Subcommittee:* 10 a.m., room 3110, hearing, S. 62, to establish university coal research laboratories and for other purposes.

November 6—*Parks and Recreation Subcommittee:* 10 a.m., room 3110, hearing, S. 885, S. 1096, S. 1099, S. 97, S. 1093, S. 72, S. 1092, S. 1085, S. 1675, S. 1068, S. 1069, S. 731, park areas to be added to wilderness system.

ADDITIONAL STATEMENTS

A HISTORY OF OUR INTELLIGENCE ACTIVITIES

Mr. GOLDWATER. Mr. President, in all of the current furor over the activities of the CIA and other intelligence gathering units, the accomplishments and history of our intelligence-gathering efforts have been badly overlooked. One would think from the much discussed efforts of certain members of the printed media and the transmitted media that intelligence gathering, including covert actions, is something relatively new in our history and that Americans have never engaged in it before the current efforts, which began about 1950.

Mr. William Colby, testifying before the Senate Select Committee To Study Governmental Operations With Respect to Intelligence Activities, presented as an introduction to his discussion of this subject a brief history as to the extent of the activities in the intelligence field experienced by our country. This material has been downgraded and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

INTELLIGENCE ACTIVITIES

As the United States approaches its Bicentennial Year, Mr. Chairman, it seems fitting to note that the Founding Fathers had a lively appreciation of covert action as a foreign policy tool.

Two hundred years ago next month, the Continental Congress created our first intelligence service, the Committee of Secret Correspondence. Benjamin Franklin functioned in Paris as both intelligence collector and agent of influence in its behalf. Historians tell us that Franklin used all the tools of the intelligence profession in pursuing his mission in France—mail drops, ciphers, aliases, forged documents and mail interception. To prevent others from forging his correspondence, Franklin used his typographical ingenuity to produce a distinctive script type designed by himself. Franklin's agents established what may have been the first covert action proprietary company, HORTALEZ and Company, to acquire and ship French arms to America.

George Washington used a code number—"711"— and personally engaged in intelligence deception. In one covert deception operation he allowed the British to capture "secret" papers misdirecting the British forces to Manhattan and away from our troops at Newberry saving American forces from defeat. And of course what we now call paramilitary advisers from abroad are heroes to the American people they helped free: Lafayette, von Steuben, Koskiusko and others.

The first known American intelligence net was established by Paul Revere. Thirty persons were assigned the job of reporting on British troop movements in Boston and performing occasional sabotage. The members of this net were known as the "mechanics" because of their technical skills.

Paul Revere filed the first recorded covert action voucher with the Continental Congress for three pounds to cover the cost of printing one thousand impressions. Revere's accounting also asked for reimbursement of living and travel expenses for himself amounting to seven pounds. The House of Representatives reduced his per diem to four shillings a day and settled the bill in full on the 22nd of August 1775.

The Committee of Correspondence also had problems on the degree of secrecy and protection of sources and methods. On one occasion it refused to provide the Congress with secret information. At issue was a dispatch from Arthur Lee brought to the Committee by Thomas Story. The record of the Committee deliberations noted that considering the importance of the information, it was their "indispensable duty" to keep it secret, even from the Congress. The Committee noted that the Congress consisted of too many members to keep secrets. Later, on the 10th of May 1776, the Congress called on the Committee to lay their proceedings before it. An exception was made to this request, and the Committee was permitted to withhold the names of persons they employed or with whom they had corresponded.

It would appear that little has changed!

Mr. Chairman, there are those today who question whether the United States should conduct covert action and, if so, under what rules and constraints. I welcome this opportunity for a serious and substantive discussion of covert action. I am particularly mindful that this issue is being examined against the backdrop of unprecedented public controversy over many of the Agency's past covert action operations. Nevertheless, I firmly believe that the full story of CIA covert action is a good story and one through which the Agency made a real contribution to the security of our country and the survival of democratic government in the world. I am also convinced that our Government should retain the option of employing covert action and that the responsibility for this mission is properly vested in the CIA.

RESPONSIBLE JOURNALISM

Mr. McCLELLAN. Mr. President, last week, on the occasion of the reporting of S. 1, the Criminal Justice Reform Act of 1975, to the Senate Judiciary Committee by the Subcommittee on Criminal Laws and Procedures, I spoke in some detail about the unfortunate distortions and misrepresentations of various provisions of the bill that had been made by certain news reporters in some very respected newspapers. One article that I took issue with at that time was written by Mr. Alan Otten and appeared in the Wall Street Journal on June 5 of this year.

Because Mr. Otten's article was particularly misleading and was given credence because of its appearance in a paper of the caliber of the Journal, Senator Hruska and I undertook to correct his most serious misstatements in a letter to the editor of the paper. After a 2-month delay, that letter was finally published—together with an editorial "response" that simply ignored the points we had raised.

I do not now propose to discuss again the errors made by Mr. Otten or the lack of responsible journalism on the part of the Wall Street Journal. However, I recently received a letter from Mr. James P. Chapman of Detroit, Mich., on this very subject. As a former journalist, Mr. Chapman is seriously concerned that the great power of the press over the minds of the people not be abused. His views on the necessity for responsible journalism are eloquently articulated and self-explanatory.

Mr. Chapman has been kind enough to allow me to insert his correspondence to me in the Record, and I commend his views to the attention of all the Senators.

I ask unanimous consent that there be printed in the Record the letters sent to me by Mr. Chapman on August 26 and October 6, 1975, and the copy of his letter to the Wall Street Journal dated August 22, 1975, to which I am advised there has been no response.

There being no objection, the correspondence was ordered to be printed in the Record, as follows:

James P. Chapman, Inc.,
Public Relations Counselors,
Detroit, Mich., October 6, 1975.

Hon. John L. McClellan,
U.S. Senate, Senate Office Building, Washington, D.C.

Sir: I have waited to determine if The Wall Street Journal would get around to publishing my letter in response to its editorial before responding to your kind of letter of September 9. Sufficient time has elapsed, and the letter, not surprisingly in view of the press' almost paranoiac reaction against outside criticism, remains unpublished. I did, however, receive a form, printed postcard noting receipt of the letter.

Your comments on the proposed S1 legislation were enlightening, and I thoroughly agree with your appraisal of the opposition.

Also, I wish to advise that I have no objection to your placing the contents of my letter to The Journal in the Congressional Record, and would appreciate a copy of the issue in which it appears.

Keep the fires burning for freedom in Washington—and in our nation—but also maintain constant vigilance against efforts of the press to escape the responsibilities which come with the cherished freedoms it is guaranteed in our Constitution.

Sincerely,

James P. Chapman.

James P. Chapman, Inc.,
Public Relations Counselors,
Detroit, Mich., August 26, 1975.

Hon. John L. McClellan,
U.S. Senate,
Senate Office Building, Washington, D.C.

Sir: I thought you might be interested in seeing a copy of a letter I wrote to The Wall Street Journal in response to its editorial reply to your letter in the edition of Friday, August 22.

As a former journalist, it galls me to see the rather devious manner in which so many of the nation's newspapers respond to honest criticism of inaccuracies, or just plain advocacy journalism (where facts succumb to opinions). One might expect such a reaction from some of the newspapers of the far right or far left—especially one which reigns so supremely in the nation's capital—but The Journal is normally very accurate, and quick to admit a mistake when one is made.

I would doubt that Alan Otten deliberately misrepresented the facts in his column, but you appear to have caught him in one of those rare moments when his research was left dangling like a participle, a crime a good journalist like Mr. Otten should not be guilty of.

Although I am not well informed on the legislation in question, and have formed no definite opinion on its merits, I never miss an opportunity to take the press to task for sins that narrow its credibility gap in the public eye. For this, I have earned a reputation, at least locally, as a walking journalism review, a status I find somewhat comforting. For it isn't just the rascals who need to be watched, but the rascals who are after the rascals, as well.

Respectfully,

James P. Chapman.

Enclosure.

August 22, 1975.

Editor,
The Wall Street Journal,
New York, N.Y.

Sir: I happen to be a great admirer of Alan Otten's work and consider him one of the better journalists around, but you did a great disservice to the cause of freedom of the press by your rather cavalier editorial dismissal of a well-documented complaint by Senators McClellan and Hruska of Mr. Otten's column on the Criminal Justice Reform Act of 1975.

After carefully reading and re-reading both the letter from the senators and your editorial response, I don't find one instance of where you honestly answered the charges of inaccuracy made by the senators. Rather, you appear to have further confused the issue by raising points that were not even included in their letter, while remaining strangely silent on their very serious charges of "inaccuracy."

I have always believed that a free press that is so free to criticize—sometimes in the case of public officials even abusively—must, in turn, be willing to accept criticism, so I hope you were not simply a victim of the paranoia that inflicts some segments of the press when any of its work is faulted, no matter how valid the criticism.

Sadly, no one, especially an elected official, has even a fighting chance of winning an argument with a publication which always asserts its right to have the last word. I expect, and usually get, more integrity from the editors of The Journal.

Sincerely,

James P. Chapman.

CAMBRIDGE WIRE CLOTH COMPANY WINS PRESIDENTIAL "E" AWARD FOR EXCELLENCE IN EXPORT

Mr. BEALL. Mr. President, as our country works to strengthen and to improve its domestic economy, perhaps no factor is more important to that economic good health than the development of increased exports. By opening up foreign markets, we give our economy the opportunity to produce to its maximum, thus providing jobs and other economic benefits to our people.

In the past, our export market has been dominated by large firms. However, in recent years, a trend has begun whereby smaller firms have recognized the benefits of exports, and have moved into this promising field with enthusiasm.

One such relatively small firm is the Cambridge Wire Cloth Co. With about 350 employees, Cambridge Wire Cloth does not yet rank with the likes of IBM, Westinghouse, or General Motors. However, this company, under strong leadership from President Edward N. Evans, has used its innovativeness and high productivity to become a major producer in the world market of various conveyor belting.

For the recognition of their outstanding record of achievement, the firm was presented the Presidential "E" award for excellence in export by Commerce Secretary Rogers C. B. Morton on October 24. This significant honor strongly testifies to the fine efforts of the company, and each employee can take just pride in receiving this much-sought-after distinction.

Mr. President, I ask unanimous consent that an article appearing in the Baltimore Sunday Sun of October 26, 1975, which outlines the growth and activities of the Cambridge Wire Cloth Co., be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

United States Honors Cambridge Wire Cloth Firm for Its Exports

(By Mary Corddry)

Cambridge.—If the Shore town of Cambridge claims the world's biggest production of anything it would be expected to be seafood, not metal mesh conveyor belting.

It is this product, used in food processing, glass, ceramic, metalworking, chemical, petroleum and several dozen other industries, that has made the Cambridge Wire Cloth Company the first industry on the Eastern Shore to win the Presidential "E" Award for excellence in export.

The award certificate and flag were presented to the management and employees of the company by Rogers C. B. Morton, the Secretary of Commerce and former congressman from the First district, at a ceremony here Friday.

Cambridge Wire Cloth is the 15th company in Maryland to win the award since it was established in 1961. The award is part of an effort by the United States Department of Commerce to bring the balance of international payments into favorable adjustment through increased foreign sales.

The company was first established here in 1915, long before Cambridge began the aggressive efforts to bolster a depressed rural economy that have led to its present collection of small diversified industries.

The firm was incorporated by two brothers, Edward F. and Robert W. Pink, the outgrowth of a company that began in New York and was re-established here when the owner, William Estey, bought a farm on the Choptank River and moved to the Shore.

From a slow start it has developed into an international business, with sales between $15 million and $20 million a year. It has manufacturing facilities in Mexico and Australia, warehouses in Houston, Los Angeles and Chicago, and a sales force of 14 major U.S. cities and around the world.

Cambridge Wire Cloth is still privately owned. Its president is Edward N. Evans of Cambridge.

The company helps hold its top position in what its officers describe as an "extremely competitive market" with an annual advertising budget of $300,000. It devotes 15 per cent of the advertising budget to export, according to John S. Stroup, company vice president.

In its early days in the 1920's the big challenge for Cambridge Wire Cloth was to develop a market in Baltimore, then accessible by overnight freight service via steamboat. At that time it produced wire cloth mainly for food and chemical processors.

A customer in Baltimore suggested a belt to convey tomatoes from the scalder to the skinning table. It was from this commission that the company developed the idea that a spiral belt with an open mesh could be used, not just to convey a product from point to point, but for such operations as washing, pasteurizing, peeling, freezing or baking directly on the belt.

Today 25 per cent of the company's belt sales are for food processing, some of them to Shore canneries and seafood houses.

Later the company developed belts that can withstand temperatures up to 2,000 degrees Fahrenheit and that can be used in the processing of glassware, porcelain and silver. To date, Mr. Stroup said, it has designed belts to 3,000 different specifications.

Cambridge Wire Cloth first established an export department in 1966, to handle growing international sales in replacement belts for equipment bought from other manufacturers, which it supplied.

Today much of its export business is direct, according to Peter K. Bailey, export manager. Conveyor belts remain its biggest export item, both for replacement or for newly designed production lines.

In one- and two-page color ads in trade journals the company says it is the biggest producer of chain-driven belting in the world.

It also claims to have built some of the biggest wire cloth parts in the world for pollution control in chemical plants and petroleum refineries, as well as precision parts.

A display case in the Cambridge office of wire weaves in varied size and design looks at first glance like an exhibit of metal sculpture. Included in the display is its newest architectual mesh or, decorative wire cloth, used in the interiors of buildings or elevator cabs.

In the plant itself the metal spindles in 16 power-driven looms dart back and forth through the woof and warp, differing from more familiar fabric looms only in the clangor.

Elsewhere lengths of wire are being twisted mechanically from the right or the left, and fitted together by hand into lengths of belting that again seem more the product of artistic design than industrial engineering.

The plant has a work force of 350, according to Mr. Stroup. The work is highly skilled and takes years of training.

It is "a very family-oriented company," Mr. Stroup said. Sons have followed their fathers into the occupation for 60 years.

Today workers are trained on the job by the company through a program of the Dorchester county public school system called CIVEC (Co-operative Instructional Vocational Education Curriculum). Trainees attend school for half a day and work half a day at the plant for pay.

As to the company's entry into worldwide markets, "exporting is a whole other world," Mr. Bailey said. He became the company's export manager after securing a degree in business and industrial management at Johns Hopkins University.

The company now has two smaller competitors on the Shore as well as international competition. "But," Mr. Bailey said last week, "we are just scratching the surface" in the use of woven wire cloth for air and water-pollution control.

TRIBUTE TO ADMIRAL RICKOVER

Mr. PASTORE. Mr. President, I am pleased to note that the Secretary of Defense and the Secretary of the Navy have recently reappointed Admiral Rickover for an additional 2 years to continue leading the joint ERDA/DOD Naval nuclear propulsion program. We all owe a great debt to Admiral Rickover for his contribution to our national defense and for his faithful services to the public for well over 50 years.

We are also in debt to him for his continuing and fruitful work on behalf of our Nation's peaceful nuclear power program, particularly in connection with developments in the light water breeder reactor at Shippingport. If this concept works, Admiral Rickover will have provided this Nation with the means to increase dramatically our source of electrical energy.

I hope that Admiral Rickover will continue to serve in his present capacity for as long as he is able to do so. Our Nation needs a man of his tremendous ability and depth of character.

HOW OBJECTIVE IS THE CONGRESSIONAL BUDGET OFFICE IN DEFENSE MATTERS?

Mr. THURMOND. Mr. President, Congress needs to give its supervision to the "numbers game" involving the national functional defense category of the congressional budget. This activity has drawn my attention to the organization, staffing, and production to date of the Congressional Budget Office.

CBO OBJECTIVITY QUESTIONED

It is well known on Capitol Hill that the Budget Office has been staffed by a number of individuals from the Brookings Institution and other sources known for an antidefense stance. It is personally disappointing to me that a key position such as that of General Counsel of CBO has been filled by an individual who appeared before the Senate Armed Services Committee 2 years ago advocating a 15-percent reduction in defense spending. Also, many have noted that the production of that Office to date has tilted toward an antidefense line, while on the other hand, data provided relative to nondefense spending has been blurred and lacks real focus.

Information available to me leads to the belief that the CBO has been staffed with many individuals who have brought to this work preconceived notions on how budget priorities should be allocated.

This brings into question the credibility of this important Office which has been charged with supporting all Members of the Congress in a commendable effort to bring Federal spending under control.

CBO DIRECTOR SPEAKS FOR WHOM?

On top of all this, the law provides that the new Budget Office be nonpartisan and serve as an analysis source for the entire Congress, not one ideological element of the Congress. Yet Wednesday I read in the Washington Post that Alice Rivlin, Budget Office Director, sharply criticized the President's recent proposal to reduce Federal spending in fiscal year 1977. It would seem the CBO would favor bringing our skyrocketing national budget under control, but apparently not.

Director Rivlin, a long-time staffer of the Brookings Institution, has violated her own credo of objectivity. In July of this year, she published a status report on the Budget Office in which the very first sentence describes the Budget Office as a nonpartisan agency. Yet, she publicly attacks a Republican President who wants less Federal spending. I do not recall the Director of the Library of Congress or the head of the General Accounting Office, both chiefs of analysis agencies of the Congress, making partisan speeches around town.

Based on Director Rivlin's remarks to the National Economists Club last Wednesday, she is not satisfied with the attacks on the President's budget reduction proposals by some Members of Congress, but feels it is necessary to add her own voice to the chorus now rising from partisans in this body.

Perhaps the statutory role of the Director of the CBO needs legislative clarification by the Congress. It was my impression that this position was not comparable to the Director of the Office of Management and Budget. That is a political office, as that individual is an agent of the President. If Director Rivlin holds a similar charter, then she would have to speak for the Congress as a whole. Her recent remarks certainly do not represent my views, and it would be interesting to know for whom she is speaking when she leveled her attack on the President.

UNREAL DEFENSE ANALYSIS

Earlier this week I was shocked by the defense bill budget estimate provided to Senator CRANSTON and seven other Senators by the Budget Office. This estimate concluded that the $7.6 billion budget authority cut in the defense appropriations bill by the House committee was still over $900 million higher than the target in the first concurrent resolution.

As I recall, the Budget Committees originally set a target reduction in defense of 6.5 percent in budget authority. Yet the House defense appropriations bill, just one part of the defense category, was cut $7.6 billion in budget authority from the original appropriations request, a reduction of about 8 percent.

This analysis, based on unreal assumptions, is typical of what has been produced by some in the Budget Committee and the Budget Office. To come up with a justification for further defense cuts, the Budget Office analysis subtracts all funds in the $107.7 national defense category for both Cambodia and South Vietnam, uses an old figure on military construction cuts, presumes no reduction in foreign military aid, adds on the unbudgeted blue collar and retired pay hike of over 8 percent, plus other unrealistic assumptions.

FIGURE JUGGLING

Everyone knows it is easy to take statistics and make them serve a particular purpose. Although the Armed Services and Appropriations Committees deal primarily in budget authority, the Congressional Budget Office has overstressed the defense outlay aspects in their apparent desire to reduce defense spending.

The fact is that outlays in fiscal year 1975 over fiscal year 1974 show a defense growth of only about 2.8 percent and a nondefense growth of about 17 percent for that 1 year. Yet the budget scorekeeping reports of the CBO on nondefense are presented in such a way as to make it almost impossible to tell what is taking place in the nondefense areas.

This scorekeeping report provided by the CBO is really unintelligible, yet it offers the only tool to track target violations in nondefense areas. It is noteworthy that the House Budget Committee has not associated itself with these scorekeeping reports, as has been done by the Senate Budget Committee.

CBO CREDIBILITY DAMAGED

It appears the congressional budget process is being used by some to accomplish the previously unsuccessful goals of those who favor deep and unrealistic defense reductions. Thus, the credibility of the new budget agencies is coming into question as we witness their use of unreal assumptions to juggle defense category figures to justify further cuts.

Secretary of Defense Schlesinger recently told the Senate Appropriations Committee that the House defense cuts were "deep, savage, and arbitrary." It is clear that, under any reasonable approach, they exceed the already high defense reduction target set forth by the first budget resolution.

Despite any reasonable analysis of the defense category actions to date, aggressive efforts are being made to develop various analyses calling for even further budget reductions such as the one provided by the CBO on October 15. While I recognize reasonable men can differ on their approach to defense budget accounting procedures, I would certainly hope that each of us would make a sincere effort to be as objective as possible.

I note that Congress has yet to act on the request of the CBO for a staff of 259 people and a budget of $8 million. This request is to provide funding from October 1, 1975, through September 30, 1976. Obviously, there are a number of well-paid individuals in the employ of CBO, and the Congress has every right to expect from this Office analysis production of the highest caliber.

BUDGET BRINGS DEFENSE TO KNEES

As one final point it should be noted that the congressional budget process and the confusion generated by the numbers game is having the effect desired by those who favor deep slashes in the defense budget. This point is substantiated by the fact that the defense appropriations bill was reduced 5 percent in fiscal year 1974 and 6 percent in fiscal year 1975, but this year it has been reduced so far by 8 percent.

This high cut comes after significant reductions in the past. For instance, in the past 20 years, defense is up 128 percent, while nondefense has grown about 800 percent. During the last year, defense is up 6 percent, while nondefense is up 20 percent.

It is my sincere hope that the Senate will not be buffaloed by this CBO numbers game leading to dangerous cuts in defense where previous efforts have failed.

RESPONSIBILITY OF CONGRESS

It would be my view that the budget committees of the Congrses have a responsibility to see that the CBO maintains real objectivity. Further, something should be done forthwith about providing Congress with intelligible analysis in the nondefense category. How can Congress maintain budget control when the Office charged with providing data is unable to express itself in terms that are understandable? Also, nondefense spending areas must be given equal attention, along with defense, as it is in these areas that the real budget growth is taking place.

EQUAL TREATMENT

The CBO is supposed to be an analysis office designed to respond to requests of Members of Congress. I wrote Director Rivlin with a request recently and I have yet to receive a reply, except through one of her subordinates to a member of my staff.

I notice certain other Members of Congress get direct replies—plus studies based on the assumptions they lay down. However, I would caution the CBO against associating itself with studies in which the assumptions are dictated rather than decided upon by the collective judgment of the CBO.

The new CBO is rapidly taking on an antidefense complexion. The whole budget effort will be endangered if there is not a balance of the staff of this new office, a nonpartisan and objective approach in their work, and a production effort which avoids an advocacy of a certain viewpoint.

While I have today criticized the Congressional Budget Office, I feel this criticism is justified. My remarks today, however, do not assume that these irregularities during the current test period cannot be overcome. I urge all of those responsible, especially the Members of Congress, to see that a balance is given to the CBO staff and that this staff is monitored. It is my sincere hope that future production of the CBO will be worthy of the trust reposed in them by the Congress.

THEY SIGNED AWAY THEIR LIVES FOR YOU

Mr. McGEE. Mr. President, the 56 signers of the Declaration of Independence were shining examples of a human nature sometimes not revealed on the pages of history texts. As we celebrate the Bicentennial, we should note not only the unprecedented actions of our Founding Fathers in the most serious of times, but also the richness of their character, which enhanced their spirit and suffering and makes even more significant their time.

What would American history be without humor, for example? What part did that humor play in the lives of men who, faced with the most nonhumorous of circumstances, could have been shot or hanged as a result of their defiant courage?

Author Roger Butterfield in his Saturday Evening Post Bicentennial feature, "They Signed Away Their Lives for You," puts together, as the subhead reads, ". . . an intimate collective portrait of the defiant patriots who signed our Declaration of Independence—a varied group of men who had their human vices as well as their virtues."

Mr. President, I ask unanimous consent that this article about the signers of the Declaration of Independence be printed in the RECORD, and urge my colleagues to take a few moments to read about some of the 56 separate characters who hung together and produced a parchment of mandates on which American democracy, not by a slender thread but an unseverable chain, hangs.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THEY SIGNED AWAY THEIR LIVES FOR YOU

(By Roger Butterfield)

It was hot in Philadelphia on those days in early July. There was a livery stable near the room where the distinguished gentlemen were sitting. Big, blue-black horseflies buzzed through the windows and bit the gentlemen through their white silk stockings. Handkerchiefs lashed at the flies, but the attack was severe, and the impatience of the sufferers was great. Thomas Jefferson used to say, many years later, that the Declaration of Independence went through the Congress much faster because of the horseflies.

It was July, 1776, that we are talking about, of course. And there was something else in the air that made the gentlemen very uncomfortable—something that made them steal a glance now and then at one another's necks. They joked about it among themselves, but they knew it was no joke. It was the threat of hanging.

Ben Franklin is credited in the history books with saying, "We must indeed all hang together, or, most assuredly, we shall all hang separately." But this was a standard wisecrack in the Continental Congress long before Franklin is supposed to have said it. Unfortunately, it was all too true. Every man who signed the Declaration knew that he might be signing his own ticket to the gallows.

There is a story about Elbridge Gerry, a short, skinny signer from Massachusetts, and Benjamin Harrison, a big, husky signer from Virginia. About the time the Declaration was passed, Gerry said to Harrison, "When the hanging scene comes to be exhibited, I shall have all the advantage over you. It will be over with me in a minute, but you will be kicking in the air, half an hour after I am gone."

American humor was rather grim around the Fourth of July, 1776.

American history usually presents the fifty-six signers standing in a flag-draped tableau beside a table in Independence Hall, and then says no more about them. But the signers did a lot more than just sign. They were in the thick of the Revolution. The British, naturally enough, singled them out. No signer, as it turned out, was ever hanged. But they were hunted, shot, captured, robbed, and subjected to every conceivable hardship and abuse.

A few days after Lewis' signing, the British and Hessian armies of General Howe landed on Long Island and swooped down on the Lewis household. They arrested Mrs. Lewis, an elderly lady, and treated her with incredible harshness. For several months she was locked in a small room with no bed and no change of clothes. By the time General Washington was able to arrange for her exchange, her health was shattered, and she died soon afterward. Meanwhile the occupying troops carried off everything they wanted from Lewis' house and burned it down. Within a month after putting his name to the Declaration, this signer had lost almost everything.

Later that same year the British invaded New Jersey and caught a real live signer. He was Richard Stockton, of Princeton, a wealthy, cultured lawyer and landowner, who had lived in England and was a personal friend of famous Englishmen like Edmund Burke, David Garrick and Lord Chesterfield.

Stockton was a splendid example of the American colonial gentry—a tall, commanding man who was famous for his skill as a horseman and swordsman. Once while visiting Edinburgh he had been attacked on a dark street by an armed footpad, but drove the man off with his sword.

When the British took Princeton, Stockton put his wife and family in hiding in another New Jersey town, and took refuge himself in the home of a relative. But in December some local Tories arrested him, dragged him out of bed into freezing weather, and forced him to walk many miles through the snow to Perth Amboy, where he was tossed into an unheated cell and left without food for a day and night. Enemy troops pillaged his house, burned his books and family papers, and drank up everything in his cellar.

The British were eager to make an example of this first captured signer. Stockton was taken to New York and placed in the loathsome Provost Jail, where hundreds of American prisoners of war starved and died. His superb physique and his morale both cracked under the brutal treatment he received. He was persuaded—doubtless under duress which amounted to torture—to sign the amnesty proclamation issued by Howe soon after the capture of New York. This proclamation offered forgiveness to all Americans who would quit the fight and take no further action against the King. This was the nearest any signer came to turning traitor during the whole Revolution. But it would be unfair to blame him too deeply. He was probably a helpless invalid when he signed it. He was certainly an invalid when he returned home the following year, and he died in 1781, after suffering agonies of body and spirit.

Signer John Hart, of Hopewell, New Jersey, was just a little luckier than Stockton. Hart was sixty-five years old at the time of the Declaration—a hard-working farmer, miller and justice of the peace who was sent to the Congress because he was "the most considerable man" of his community. A few months after signing, Hart was being hunted through the New Jersey Sourland Mountains like a dog—in fact, one night he actually slept with a large warm dog in a barnyard doghouse.

All through that winter Hart dodged the Hessians by sleeping in a different place every night—sometimes in a friendly house, more often in a barn or haystack. The reason he did not flee the country altogether was that his wife was very ill in a neighbor's home, and he wanted to be able to rush to her bedside at any time. The enemy knew this, of course, and set many traps for him, as well as burning his house and mill. Hart had been a sturdy outdoor man, but within six months his health was wrecked, and within three years he was dead.

Sometimes a signer got in a good lick in the other direction. At Yorktown, in the last important battle, signer Thomas Nelson was in the odd position of commanding the Virginia militia outside the town while the British occupied his handsome mansion inside. Nelson, who was governor of Virginia and a brigadier general as well, noticed that the American batteries were deliberately avoiding his house. He dashed over and told the artillerymen to go ahead and fire at his property. The very first ball went through his dining room, killing two British officers who were eating there, and wounding several more. A few more shots made a shambles of the place, but Nelson, a red-hot patriot, was delighted. He spent so much of his very large fortune on the war—outfitting and paying whole regiments of troops out of his own pocket—that he lived in comparative poverty the rest of his life.

The homes and personal property of at least fourteen signers were destroyed or badly smashed up during the Revolution. A fifteenth, Josiah Bartlett, of New Hampshire, had his house burned by Tories even before he signed. Everywhere the British landed along the coast of America, they were sure to find a helpful Tory who could lead them to the house of a signer. It happened in Georgia, to the handsome plantations of Lyman Hall and Button Gwinnett. It happened around Charleston, where the estates of three signers were looted of slaves, paintings, silverware and other valuables. On the way to the Battle of Brandywine, the British troops detoured to the country house of Pennsylvania signer George Clymer, emptied his wine cellar, dumped his furniture out the windows, and set fire to the house. When they moved into Newport, Rhode Island, they burned the home of signer William Ellery.

FLIGHT IN A NIGHTSHIRT

But this was only part of it. At least nine of the signers were physically hunted across various parts of the American landscape with the vision of a noose dangling before their eyes. Signer Gerry, for instance, barely got away through a cornfield in his nightshirt. Four signers died from war hardships or overwork. One, who has already been described, lost his wife. Another suffered the refined torture of having his two officer sons captured and maltreated because of their father's prominence.

Then there were the sons of signer Richard Henry Lee, of Virginia. These boys were in an English school when the Revolution began, and couldn't get away. One day they were informed by their schoolmates that they would soon see their father. When they eagerly asked when and where, they were told that his head would shortly be decorating the walls of the Tower of London. But it never did.

Perhaps the most ironic loss was experienced by signer Joseph Hewes, of North Carolina. Hewes was one of the two bachelor signers, and his favorite sport was dancing, in which he participated with "glee and animation." But he was also a very hard worker, and was largely responsible for organizing the first American Navy. He found and hired John Paul Jones and sent him out to sea. Hewes used to work from six in the morning until six at night, trembling with a chronic fever and half blind from constant reading and writing. His almost fanatical devotion to duty led to his early death in 1779.

But before he died, Hewes got word that one of his own merchant ships, the brig *Joseph*, had been seized by an American privateer and its whole cargo confiscated. So signer Hewes, a godfather of American privateering, had to go up to Boston to try to get his ship back from his own side. There is no record of how he made out.

Eighteen of the signers, or approximately one out of three, were in the armed forces before the fighting ended. This was a good showing, for their average age in 1776 was 46.26, and twelve of them served as wartime state governors. At least ten of them got into actual combat, two were wounded in action and five were taken prisoner. At the siege of Savannah, in 1778, signer George Walton, of Georgia, was shot in the leg, knocked from his horse and captured. He was well treated—by this time the British were more used to the idea of American independence—and exchanged for a British navy captain.

The biggest bag of signers came at the fall of Charleston, in 1780, when three of them—Thomas Heyward, Edward Rutledge and Arthur Middleton—were seized. Heyward and Rutledge were both artillery captains in the Charleston Ancient Battalion, and Heyward had been wounded the year before in the American victory at Fort Moultrie. Middleton was also serving in the militia. The three signers and a number of other prominent captives were sent to St. Augustine, Florida, and returned home in 1781 by way of Philadelphia. During his exile in Florida, Heyward whiled away the time writing new words beginning "God save our glorious States," to the tune of "God Save the King." This became a nationally popular song for a time.

It took a large amount of sincerity and personal courage to be a signer in 1776. We have forgotten by now that there were other members of Congress who were too timid or too Tory-minded to sign the Declaration. There were men who attended on July 1, 2, 3 and 4, 1776, and then quietly disappeared. A few even went over to the enemy.

The fifty-six who did sign were not, of course, angels in mortal form. They were very human beings, and a few of them turned out rather badly—or so many people thought. Four of them—Robert Morris and James Wilson, of Pennsylvania; Samuel Chase, of Maryland; Gerry, of Massachusetts—engaged in open profiteering during the Revolution.

Morris, who became the financial dictator of the United States, continued his private business while a member of Congress—including Government contracts for war supplies on which his profits were guaranteed by Congress. He emerged from the war even richer than when it started. But he also saved the Army by pledging his whole personal credit at a time of great danger.

Chase tried to corner the flour market at a time when American troops were starving. Wilson was the storm center of the worst civil riot of the war. He made himself obnoxious by acting as attorney for Tories and other collaborators in Philadelphia, and he advised rich merchants to ignore local price ceilings and continue with their blackmarket operations. In 1779 a mob of hunger-crazed Philadelphians, led by armed militiamen, stormed Wilson's house and started a pitched battle in which many were killed or wounded. Wilson and two other signers—Morris and Clymer—were inside the house with other prominent citizens. They had guns and ammunition, for the attack had been widely advertised in advance.

Mounted members of the First City Troop, all young city aristocrats, charged to their rescue and scattered the mob, and none of the signers got hurt. But Wilson skipped town and hid for several days.

The lure of easy money eventually dragged Wilson, Morris and Chase into bankruptcy and disgrace. Chase lived it down and was appointed a Supreme Court Justice by President Washington. In 1804, however, he faced new charges of political and personal misconduct, being acquitted in congressional impeachment proceedings only after a hard fight.

Morris made out very well until the 1790's, when he began to display delusions of financial grandeur. As senator from Pennsylvania he tried to corner all the real estate on which the national capital would be built, and also bought up millions of acres of wild Western land. In 1798 his many speculations crashed around his head, and he was locked up in the Philadelphia debtors' prison. He probably would have died there, except for a Federal bankruptcy law which freed him in 1801. He died in 1806, virtually a forgotten man.

Wilson, like Chase, became a Supreme Court Justice. But he continued to speculate in land and manufacturing enterprises, and eventually had to hide out from his creditors while he was still technically on the Supreme Court bench. He took refuge in the North Carolina home of his colleague, Justice Iredell, where he died in 1798 from "a violent nervous fever."

But the first signer to come to bad end was Button Gwinnett, of Georgia. Even his best friends agreed that Gwinnett was "of an irritable temper and impatient of contradiction." He had been born in England, made money as a merchant there, and established himself as a Georgia planter. At the time he signed the Declaration his great ambition was to become commander of the Georgia troops in the Continental Army, but this post went to a more experienced officer, General Lachlan McIntosh. Gwinnett, however, was elected governor of Georgia and proceeded to order McIntosh around, finally engineering an invasion of Florida which was a wretched failure. He then tried to put the blame on McIntosh, and McIntosh denounced Gwinnett publicly as "a scoundrel and lying rascal."

In those days there could be only one answer to such a statement. Early on the morning of May 13, 1777, the two men met on the outskirts of Savannah with dueling pistols in their hands. They fired at each other from the unusually short distance of twelve feet and both were hit. But Gwinnett died, while McIntosh lived to tell the tale. Gwinnett's only claim to fame today is that his autograph has sold for a higher price—$28,000—than that of any other signer.

The strangest death came to signer George Wythe, of Virginia, who was poisoned with arsenic in his coffee. Wythe was among the greatest of American lawyers—at the College of William and Mary he taught law to Jefferson, and, in his own school at Richmond, to Henry Clay. In 1806, the year he was murdered, he was still active as chancellor of Virginia. He was a widower, without children, living in Richmond. Wythe, who was extremely kind to his Negro servants, had emancipated three of them and even left one a legacy in his will. There was a provision that if this servant died, the money would go to Wythe's favorite nephew and namesake, George Wythe Sweeney, who was also to receive the rest of the estate.

One morning the Negro servant and Chancellor Wythe both became deathly ill after drinking their breakfast coffee. The servant died very quickly, but the old chancellor, whose appetite was light, lingered long enough to learn about the arsenic, and to send for his will. Hurriedly he dictated a codicil disinheriting Sweeney and leaving his estate to other relatives. Then he died too.

Sweeney was later tried for murder, but was acquitted because the Virginia laws would not allow a Negro to testify against a white defendant, and the principal witness against him was the Negro cook.

Most of the signers died normally in their beds. The disease most prevalent among them, apparently, was what they called "the gout." Gout was a very respectable malady then probably because it was associated with wealth and easy living.

John Hancock, who signed his name "in a large strong hand," and exclaimed defiantly, "There! John Bull can read my name without his spectacles!" was a famous sufferer from gout. He used "pine buds" as a remedy, and willingly shared his store of buds with other members of Congress. Ben Franklin, who at seventy was the oldest of the signers, wrote to George Washington on June 21, 1776, that "I am just recovering from a severe Fit of the Gout, which has kept me from Congress and Company almost ever since you left us, so that I know little of what has passed there, except that a Declaration of Independence is preparing." He should have known that, for he was appointed to help write it.

Big Ben Harrison blamed his gout on the fact that he patriotically gave up "good old Madeira" and started drinking light French wines. The Madeira trade was a British monopoly, so Madeira became an un-American drink for a while.

It is little realized that the signers were, almost all of them, very well-to-do men who had much more to lose by revolting than most of their countrymen. When they pledged their lives, their fortunes and their sacred honor to support the Declaration, they were risking a lot. Signer Charles Carroll, of Carrollton, Maryland, was undoubtedly the richest man in America; when he signed his name, one of the bystanders remarked, "There goes a few million." Hancock was the richest man in New England. Philip Livingston, of New York, was probably the richest man in that city.

The one really poor signer was Samuel Adams, of Boston, who was broke most of his life. When he left for the first meeting of Congress in Philadelphia, his friends gave him a new suit of clothes and a purseful of gold and silver.

A few statistics may help give a better picture of the signers. Forty-eight of them—or almost all—were American-born: ten from Massachusetts, nine from Virginia, five each from Pennsylvania, Maryland and Connecticut, four from South Carolina, three each from New Jersey and New York, two each from Rhode Island and Delaware. The eight foreign-born signers all came from the British Isles.

It would be a mistake to think of the signers as a group of grim, purposeful men who had nothing on their minds but war and independence. They engaged in the same amount of horseplay, of practical jokes and hair-pulling, of petty household errands, as any collection of fifty-six American congressmen today.

Signer Caesar Rodney, of Delaware, is a good example. Rodney was a tall, gaunt man with a tiny head and a face "not bigger than a large apple," which he partly hid under a mask of green silk because of a disfiguring skin disease. But he was highly respected both in and out of Congress. He went home just before the Declaration was voted on, to stamp out a Tory uprising in lower Delaware. On the night of July 1, 1776, Thomas McKean sent word to Rodney that the Delaware delegation was split 1-1, and therefore unable to vote either way on the question of independence. Rodney came tearing up the next day on a fast horse, riding through a thunderstorm, and burst into the meeting room in his boots and spurs.

He came at the tensest possible moment. The original resolution declaring the thirteen colonies to be "Free and Independent

States" had been introduced June 7, 1776, by Richard Henry Lee, of Virginia, and, after several days of debate, had been tabled until July 1. Meanwhile a committee was appointed to draft a Declaration of Independence which would be made public if and when Lee's resolution carried. Lee had to hurry home to his sick wife at this time, and the job of drafting the Declaration fell mostly to young Thomas Jefferson.

On July 1 the debate was resumed and a test vote taken. The result was nine colonies for independence, two (Pennsylvania and South Carolina) against, one (Delaware) divided and unable to vote, and one (New York) not voting at all, because its Provincial Congress had instructed the delegates not to act on independence. The next day, July 2, another vote was taken. South Carolina switched its vote to independence. Four of the nine Pennsylvania delegates purposely stayed away, so that colony's vote was also changed.

Then Rodney's dramatic arrival added Delaware. New York still did not vote, but it was announced—not quite accurately—that independence had carried unanimously. The next day the delegates took up Jefferson's Declaration, which they debated, revised to some extent, and finally passed on July 4.

Signer James Smith, of York, Pennsylvania, was another who had many pleasing and laughable reflections about that summer of 1776. In one convivial week in August he lost "a new Cane . . . my New Hat & 37 Dollars," he wrote home to his wife. He recovered his cane at the New Tavern, where he had attended "a Turtle Feast with Mr. Hancock and ye Delegates." He got his hat back from an American general named Wooster, who had borrowed it by mistake, and the "37 Dollars" were found by a tavern maid "among some Old Papers" in his room. So all his problems turned out well. Mr. Smith, in fact, was having such a good time in Philadelphia that when his wife said she was coming up to see him, he wrote her a dozen good reasons why she should stay home.

Some of the other signers found quieter ways to spend their time. John Adams went to visit a waxworks, and spent an afternoon in Charles Wilson Peale's "Painting Room." Thomas Jefferson, who could never pass up a curious sight, paid a shilling one day to see a monkey. He didn't say what kind of monkey it was—probably some sailor's pet in a waterfront tavern or lodging house. At any rate, he went to look at the monkey just a few days before he started writing the Declaration of Independence, and noted it carefully in his personal account book: "pd for seeing a monkey 1/."

During the time he was actually writing the Declaration, Jefferson paid one shilling sixpence for a new pencil, seven shillings sixpence for a map, and six shillings for wine. He also bought a new straw hat for ten shillings. On the first Fourth of July, either before or after the Declaration was adopted, he went on quite a shopping spree. Jefferson bought seven pairs of women's gloves for twenty-seven shillings; a thermometer for three pounds, fifteen shillings; and "gave in charity 1/6."

At this time Jefferson was thirty-three years old, a tall young man with curly red hair who rarely said anything during debates, but was regarded by other congressmen as a deep thinker and a clever writer. There is no doubt that he was very proud of his version of the Declaration, and his feelings were hurt considerably when parts of it were changed or omitted by Congress on July 3 and 4. Old Doctor Franklin tried to soothe him by taking him in a corner and telling him a funny story. But for several days afterward, judging from his letters home, Jefferson was upset and a little angry.

On the sixth, however, he must have felt better, because his little account book showed that he had paid a shilling for beer for the first time since he came to Philadelphia. It is pleasant to think that perhaps this was his modest way of celebrating a very great event. It must have been delightfully refreshing on that summer afternoon.

NATIONAL HEALTH INSURANCE

Mr. BUCKLEY. Mr. President, on August 28, 1975, I had the honor to speak before the Nassau-Suffolk Medical Society. The subject of my speech—national health insurance—is one that I am convinced deserves the most careful study by every Member of Congress, for it deals with matters that are at the very heart of our health care delivery systems. For that reason, I ask unanimous consent to have this speech printed in the RECORD so that my views may be made available to my colleagues as an addition to the ongoing debate over national health insurance in our Nation.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

REMARKS OF THE HONORABLE JAMES L. BUCKLEY BEFORE THE NASSAU-SUFFOLK MEDICAL SOCIETY

There are no shortages of political issues these days, but there are some that are so important that they demand the attention of all citizens.

Clearly, national health insurance is one of these, as a fundamental revision of our health care delivery systems will affect all Americans.

Almost without exception, discussions about an increasing role for the Federal Government in the provision of health care begin with the observation, asserted as immutable truth, that soon the United States will have national health insurance.

This assertion, however, is most often made without any regard to the content of the plan or the likely consequences that will flow from it.

The idea that national health insurance is inevitable is as strongly and widely held as the belief that there is an overwhelming need for it.

Unfortunately, both propositions are incomplete and flawed.

Medical care in the United States is today a $100 billion plus enterprise, of which the Government accounts for less than 30%.

As a nation we spend almost as much on medical care as we do on food.

While the nature of the enterprise remains for the most part private, the role of Government has grown dramatically since the early 1960's.

In fiscal 1976 the Federal Government will spend $24 billion on medicare and medicaid, an increase of 15% over this past year.

In addition, the Federal Government will spend $9 billion on medical research, education, public health, and medical service planning functions.

However much has been done by Government in the field of medicine in recent years, it is relatively minor when compared with proposals presently before the Congress that, while most of them are labelled medical insurance, go up to and include an almost total nationalization of medical care.

This adds a great deal of confusion to the discussion, because while we use the word "insurance," we are in most instances talking about a major escalation of Federal control over American medicine.

It is, therefore, dangerous to allow ourselves to drift into a fundamental change of our medical health delivery systems without first coming to terms with the nature of the need.

I suggest that it is impossible to consider prudent health insurance legislation without first knowing the questions which must be asked.

Is there, indeed, a need for national health insurance?

If there is a need, what is the nature of the need?

Can the Federal Government meet such a need in such a manner that the nation's citizens will be assured of as good or improved health care as they now enjoy?

What are the comparative costs between an essentially public system and our current private arrangements?

If there is to be national health insurance, how should it be financed, and should those currently covered by private insurance be permitted to keep their present arrangements?

These are all important questions; and as a nation, we must attempt to come up with the correct answers to them before we drift into making legislative decisions that will institute fundamental changes.

In other words, the issue of national health insurance or national health care is more than a matter of political convenience or ideology.

It is more than a matter of believing that something must be done.

Political ideology and even sincerely held beliefs do not answer the important questions.

Allow me, then, to present some of the facts of the matter as I see them, in the hope that, if I cannot provide all of the answers, I can at least present a fairly accurate picture of what some of the problems will be.

First there is the important matter of time.

When can we reasonably expect an all-out push for national health insurance to be made?

My more than four years in the Senate have made me extremely wary of predicting with any degree of assurance anything that August body might do.

But I think it is fair to say that before the end of 1976, national health insurance will be one of the leading topics before the Congress.

The House Ways and Means Committee is presently planning to conclude their deliberations within the next few months; and in my opinion, the Senate can expect to be presented with a House-passed version within a year.

Next, I think we must determine, as best we can, how those who will be most directly affected feel about the idea.

In an informal poll taken by my office of non-medical personnel, we asked two questions regarding national health care.

First, did the respondent favor national health care? Although I note here that we made no effort to suggest what might or might not be the particulars of such a plan—the majority favored some form of national health insurance.

This is not surprising given the amount of politically-attractive rhetoric that has been lavished on the idea.

But second, and more interestingly, in answer to my next question, the great majority of respondents also indicated that they themselves expected to be less well off under a national health plan than under their current arrangements.

I hasten to add that while the sampling techniques was "unscientific," I am advised by an opinion polling expert that the very large number of questionnaires returned (over 20,000), and the random manner in which they were distributed, made the sample reasonably representative.

Those results suggest to me that we have a long way to go before the public is adequately informed over what may be the consequences of some of the proposals now being promoted, although they do have latent misgivings about them.

Therefore, if you think you have something to say to your fellow citizens about what is appropriate on the question of national health and the role of government, tell them.

Let them know what you believe will be the consequences to their health care under the various nationalized health proposals.

We need your input—as individual practitioners.

I cannot, as I said, give you the answers to all the questions that need to be asked before this Nation commits itself revolutionary changes in our system of health care.

I can tell you, however, that there are a number of propositions which to me appear clear and uncontroverted.

First, the essential, private nature of medicine which has produced the personal relationship between doctor and patient has worked well for us and must be preserved. Proposals which would in effect make all medical personnel dependent upon the Federal Government for remuneration would transpose presently independent, self-employed professionals into civil servants. To this I am opposed, as I would be opposed to the proposal that all attorneys or all construction workers be made dependent upon the Government. It is not just because I wish the doctors and nurses in this land well that I hold this view—it is because I am deeply concerned about the Nation's future health care system; because I, as a patient, want the ability to choose among professionals who owe their first obligation to me. Inherent in any system of national health care is the element of control over the doctor. If for no other reason than that of controlling costs, as under medicare and medicaid, it is not at all unlikely that the Federal Government would require certain performance standards in the nature of standardizing medical response to certain medical problems.

Interestingly, the same issue was central to the debate over Federal aid to education wherein critics suggested that Federal money would eventually lead to Federal control. This proposition was, of course, vehemently denied. But now we have colleges and universities being ordered to estabilsh quota systems which discriminate against some of our most able fellow citizens. We have local school districts, such as one in Mt. Vernon, over in Westchester, being ordered to not reopen a certain school building because the Federal Government—specifically, the Department of Health, Education, and Welfare—did not agree with the decision made by the local school board. Can anyone be absolutely sure that an analogous situation might not develop with hospitals, group practices or other health systems?

I think it is safe to say that even if the Federal Government is twice as effective delivering medical care to citizens as it is delivering the mail, then we would be in deep trouble should there grow up an almost exclusive dependency upon the Federal Government for health care.

And one point should be here added parenthetically—any medical care delivery system patterned after Great Britain's, which permits some elements of private practice, is a system of two-class medicine.

The wealthy and well-to-do will be able to afford an additional, private option while most others will necessarily be limited to the Government system for medical care.

The second point to be considered is that there is no such thing as free or unlimited medical services, or, in the immortal words of Milton Friedman, there is no such thing as a free lunch.

Unfortunately, there is a body of opinion in this country which somehow believes that if only the Federal Government would give us national health insurance there would be unlimited health care for all at no cost to anyone.

The system will have to be paid for; and its cost will not be measured in taxes alone.

It is a fact of life that when available medical resources fall behind the increased demand stimulated by a "free lunch" approach, there will have to be some kind of allocation.

This is as true in medicine as it is in anything else.

Precisely what the allocation system might be is one of those presently unanswered questions.

One critical observation is that if doctor-patient selection is not controlled by Government, and if price is made relatively less important in allocating health resources as any public system would make it, then the mechanism to allocate the medical services will likely be time.

Those able to wait longest, those able to visit clinics or offices most often will have relatively better access to health care under a nationalized system of public health than under the present arrangements.

This is the kind of cost that tends to be lost sight of in public debate.

Third, the greater the role Government assumes to itself, the greater will be the threat to the future of this Nation's health care.

I do not say this to scare people—or even because I am a congenital skeptic when it comes to my views about the potential efficiency of Government.

I say this because if we look around to our long-term experience with Federal intervention we find, more often than not, a record of inefficiency, unintended ill-effects, and outright failure.

In the '30's, the federal government created a social insurance system which at the time was intended to forever function without serious problems.

But now, as a result of constant tinkering and ill-considered add-ons, many serious-minded people are beginning to wonder whether the Social Security System will survive fiscally intact to pay out pensions to those who twenty-five years from now will be expecting them.

In the meantime, millions of young people are beginning to complain that rising payroll taxes deprive them of significant income and make it almost impossible to set anything aside with which to supplement their social security income after they have retired.

The record is replete with examples where the federal government in a burst of enthusiasm has adopted a program, or undertaken a new area of regulation or responsibility in the invincible belief that there is nothing government cannot accomplish, given enough money and authority.

Ten years ago the government decided it would, by legislation, eliminate poverty.

That burst of creativity has turned into a multi-billion dollar enterprise which whatever it might have accomplished, did not "end poverty."

Only a few today disagree with the proposition that the government regulated the railroads into bankrutpcy and disuse while simultaneously subsidizing their operations.

Now people speculate on what to do to reinvigorate a decayed rail system.

My point in citing these examples is self-evident.

There are good and sufficient reasons why serious-minded people should be very nervous when the government gets around to making decisions which will affect the whole of the future of medical care in this country.

We must have learned by now that there is no turning around once government preempts a new field.

To be sure, adjustments are possible, but in their very nature there will be attempts to correct problems which have emerged in the operation of the program.

It is most unlikely that we will be able to make fundamental re-orientations.

With this, national health care is analogous to social security.

Even though any number of people now realize that there are problems within the social security system, problems that could endanger its future well-being and successful operation, no one really knows what to do about it.

The very magnitude and exclusivity of government action makes future reform enormously difficult.

I would suggest that this is a problem which cannot be simply swept under the rug. These are problems which run to the very foundation of the national health insurance debate.

I would be remiss if before I concluded I failed to direct at least brief attention to the issue of medical malpractice insurance. While New York and other States are still groping for permanent solutions, it is not at all certain that on their first attempts they have come up with ones that will keep premium costs at less than crippling rates.

The problem will have to be examined and reexamined in every aspect, including a willingness to reexamine some of our concepts of tort liability.

For this reason, I continue to urge the Office of Technological Assessment, the Research arm of the Congress, to push ahead on its study on the complex nature of the problem; to determine how is it that after so many years malpractice insurance is such a problem? In fact, it is alarming when one thinks about the fact that 95% of all malpractice cases have been filed since 1960. Something has gone wrong, and we must keep open minds as we seek ways out of the present predicament.

In looking for a long-term solution, we should not avoid reviewing the present law which makes up the tort of medical malpractice. We should not limit ourselves to tinkering with insurance regulations when in fact the whole of the law which governs medical liability may require thoughtful reexamination. There is no question but that all reasonable people should want a wronged patient or client to receive adequate and reasonable compensation for injuries which arise out of the negligence of the professional. That is as true for attorneys as it is for doctors. But certainly we should look closely at the applicable standards of practice to insure that they are in fact reasonable and just, for patient and practitioner alike. Surely the dictates of true justice require that the law not allow one party to benefit unfairly at the expense of the other.

Before closing, I would like to mention another very serious—and relevant—issue: the Nation's economic condition.

As a Nation we have been playing fast and loose with our economic future. For too long we have been trying to deny the validity of certain economic laws. For too long we have been driving almost relentlessly to regulate and control from Washington every facet of our economic system even though the evidence is overwhelming that Federal regulations tend to create more problems than they solve, and impose tens of billions of dollars of needless costs on consumers.

It is probably not great exaggeration to point out that in fact the issues of national health and the national economy are not as unrelated as one might think. In both instances, the Nation's political leaders seem intent upon moving Washington into a central and controlling position.

The spirit and drive to regulate has been with us now throughout most of the twentieth century, and one might point out it initially was undoubtedly the result of justifiable conditions. But as government seems so intent on proving, it cannot adopt to changing circumstances. Of all institutions in society, government may be the slowest moving, most cumbersome, and least responsive—and it is always the most expensive.

There are ways in which genuine deficiencies in medical care can be corrected without a Federal preemption of the field. We should therefore move cautiously, lest we destroy a system of health care that has for so long admirably served the needs of so great a percentage of our people.

THE NEED FOR A NEW DOMESTIC AGENDA

Mr. GARY HART. Mr. President, the time has come for a long, hard look at alternatives to big Government and big spending. This year, we are faced with a possible $100 billion deficit to pay for Federal programs which, in many cases, have more than quadrupled in cost in the past decade. Citizens must quit demanding more from their Government and then criticizing Government expenditures. Elected officials must quit acceding to every demand in an effort to be popular. Both must be willing to reduce waste and equitably share sacrifices.

The people are not only tired of paying for Government programs; they are getting fed up with what they get in return. In my recent travels throughout my State, if there was any single issue that was on the people's minds, it was this: "Get Government off our backs."

The issues raised here require thorough analysis, and their resolution will necessitate firm and considerable reform in the existing Federal bureaucratic system. Mr. Ted Van Dyk, a thoughtful and respected political analysist, has offered an excellent commentary on this subject, entitled "An Open Letter to the Democratic Party: The Need for a New Domestic Agenda." In his paper, Mr. Van Dyk succinctly identifies the problems before us, and contributes some very sound remedies. I strongly concur in most of his analysis and many of his conclusions. I highly commend his analysis to my colleagues, and ask unanimous consent that it be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

An Open Letter to the Democratic Party: The Need for a New Domestic Agenda

(By Ted Van Dyk)

". . . The liberal (Democratic) party insists that the Government has the definite duty to use all its power and resources to meet new social problems with new social controls—to insure to the average person the right to his own economic and political life, liberty and the pursuit of happiness."—Franklin D. Roosevelt.

Since the Great Depression—when Franklin Roosevelt and the Democratic Party, on taking power, examined a nation suffering from the benign neglect of the Hoover Administration and the "economic royalism" of major corporations and financial institutions, and concluded that large doses of federal Government (upper-case "G") action were the indicated therapy—we as a party have acted on several basic premises regarding the federal government's relation to the individual citizen, to the country's private institutions, and to other levels of government.

First, that unless the federal government acted as the average citizen's powerful surrogate, he inevitably would be victimized by powerful economic and social forces beyond his control.

Second, that private institutions such as corporations and banks, unless checked by a citizen's-surrogate federal government, would work their rapacious and evil ways upon Mr. and Mrs. America. (Labor unions were exempt from such definition, since they, as Democratic Party allies, were "good" institutions and acting on the average citizen's behalf).

Third, that state and local governments—witness their regressive tax structures, political corruption, Fair Trade and Right to Work laws, and sometimes-discriminatory practices against minority groups—could simply not be trusted to be citizens' surrogates. As administrative units, they often were anachronisms. Beyond that, some of them had an unhappy habit of challenging the economic and social policies promulgated by progressive-minded federal executives.

Beginning with Roosevelt's famous 100 days through the multitude of actions and laws culminating in Lyndon Johnson's 1965 burst of Great Society legislation, we Democrats have acted on these premises—first, through such measures as unemployment compensation and Social Security, erecting federal "safety nets" to cushion the economic disaster which might befall any citizen; then, through federal laws to regulate business, banking and securities markets and to strengthen labor unions and farm cooperatives, thus creating checks and balances among private institutions; finally, through such diverse programs as Medicare, aid to elementary, secondary and higher education, and the Highway Trust Fund, channeling federal money and effort to objectives deemed socially valuable.

Where we felt other levels of government might partially be trusted, we have, through such programs as Model Cities and revenue-sharing, attached tight strings and guidelines to the federal monies and other material assistance we have made available to them. (Or, as per the Community Action concept, as promulgated by Johnson and administered by Sargent Shriver during the mid-1960's, we have created competitive political forces on a grassroots level to help keep the distrusted local elected officials "honest").

The Johnsonian performance was nothing short of incredible. Determined to complete Roosevelt's unfinished New Deal, Johnson pushed through not only such landmark legislation as Medicare, the 1965 Voting Rights Act, and the Elementary and Secondary Education Act, but created a virtual explosion of new federal programs.

When Dwight Eisenhower left the Presidency, there were some 45 federal domestic social programs. When Johnson left office, there were 435. And we're paying for them.

In 10 years, federal Medicaid costs have risen from $770 million to $6.6 billion, Medicare costs from $3.4 billion to $14.2 billion, overall social welfare program costs from $38 billion to $140 billion.

Out of our seminal 1930's experience, we Democrats almost reflexively have evolved a system of problem-solving which has influenced our programmatic approach, our political rhetoric, and our collective mind-set: Once a social and/or economic problem is perceived, a new federal program or agency should be established to solve it. If the problem proves intractible, the program or agency should be given additional funding and personnel, in Patrick Moynihan's phrase, "throwing dollars after problems." If the problem still exists, it should be studied through grants to former colleagues in the agency. If, at last, the problem begins to be solved, nonetheless leave the agency or program, its budget, and its personnel in place. (Example: Federal aid to "impacted" school districts, instituted during World War II, still costs us some $900 million annually, despite the fact that it bears no discernible relationship to any rational educational priority or need).

Our Depression-era perceptions were largely accurate, and our resulting premises were then largely valid. But recent Presidential-election experience, if nothing else, should cause us now to give them serious reexamination.

Post-election data in 1968 from the University of Michigan Survey and other sources indicated that the electorate, including millions of Democrats, had rejected Hubert Humphrey in favor of Richard Nixon (and, in some places, George Wallace) *not* because of Humphrey's equivocal position on the Vietnam war . . . certainly *not* because of Nixon's personal popularity . . . but because the American people were convinced that, in the wake of the exhausting Johnson years, Humphrey would mean more New Deal/Fair Deal/New Frontier/Great Society government activism.

Similar 1972 data indicated that George McGovern, admittedly the victim of the disastrous Eagleton affair and other public-confidence-destroying campaign episodes, was also seriously harmed by the public's false perception of him as "another social-welfare liberal" eagerly waiting to dispense $1,000 in public funds to every man, woman, and child (and, the suspicion went, probably more to his own radic-lib, welfare-chiseling adherents).

Only the endemic optimist in our party could claim that the Democratic Party's 1974 offyear election successes had anything whatever to do with a public endorsement of the New Deal ethic. Rather, as polling data again indicates, Democratic candidates reaped the good fortune of a general post-Watergate backlash against Richard Nixon and of another backlash, one of general disgust, against incumbent officeholders perceived as ineffective.

Few successful Democratic candidates, in any case, ran on New Deal planks. Rather, they offered themselves more often as vehicles for public anger with the performances both of government and of politicians.

Governors Jerry Brown of California and Mike Dukakis of Massachusetts, both elected in 1974, moreover, have since governed accordingly, perhaps ironically setting themselves up as public surrogates against government encroachments and abuses, while at the same time arraying themselves against the old corporate and banking adversaries and, now, some labor unions perceived by the public as abusing their power. Both Brown and Dukakis have refused a priori to accept or endorse pre-existing government programs and practices within their own states, even if they were instituted by Democrats and continue to have their support.

This new trend, whereby governors such as Brown, Dukakis, and Dan Walker in Illinois frequently position themselves as anti-politicians in opposition to their own Democratic establishments and traditional supportive interest groups, including teachers and labor unions, has coincided with the general decline in public support for both major political parties, the steady increase in voters, particularly young voters, classifying themselves as independents, and the present low esteem in which all establishmentarian institutions are now held.

Some critics claim the Brown/Dukakis/Walker approach is calculated posturing, "cleaned-up Wallaceism," designed to ride the public tide of discontent, rather than a genuine effort toward a new ideological basis for government. Or, it may simply be a natural outcome of their recognition that the recession has shrunk the tax dollars available to pay for government services. Whatever their internal reasoning for their actions, they clearly have struck a receptive chord with an uncertain and alienated electorate.

". . . Any government, like any family, can . . . spend a little more than it earns. But you and I know that a continuance of that habit means the poorhouse."—Franklin D. Roosevelt

New York City, more than any other city in America, has been the exemplar of New Deal democracy in action, a melting pot of races and nationalities providing a high level of public services to its citizens, just in fact what the United States could be if only less-progressive constituencies did not stand in the way. Yet today New York City stands as another kind of exemplar—$12 billion in debt; its operating budget having increased sixfold in 15 years; its city government employing one out of 22 city residents, including children and retirees; its welfare rolls at one million people; its human-resource costs making up one-fourth of the city budget; and its debt service totaling $1.6 billion this year.

Of course this disaster cannot be laid solely to overapplication of the federal New Deal ethic on a local level. There has been a 30-year flight by taxpaying affluent and middle-class citizens, and many businesses, to the suburbs. There has been the disparity in various welfare benefits which has lured the indigent to New York City from low-benefit states. There have been the floods of unskilled black and Spanish-speaking immigrants seeking the city's traditional opportunities. There has been the unprecedented growth in labor-union strength and political leverage in the city.

Yet it is indisputable that a proliferation of city-administered programs has led to a situation where the city's Health and Hospitals Corporation, which operates 19 municipal hospitals, has 10,000 more employees now than it had 10 years ago, although the patient load has dropped 25 per cent in that period; that educational employees have increased from 44,000 in 1960 to 80,000 today, although pupil enrollment has remained constant; that the average yearly salary for city employees, $13,000, is now some $3,000 more than the average for private-sector employees.

The reaction of the average citizen—that fellow we Democrats set out to rescue 40 years ago through governmental programs and services—may not be far from that expressed in a letter this July to the editor of the San Francisco *Chronicle* by one George C. McNutt of Oakland, California, in response to a suggestion by columnist Joseph Kraft that New York and other financially-distressed cities should receive more federal assistance:

". . . What's fair and logical about the cities' case? Why should they get more money?

"If you and I continually spend more than our income, will our friendly loan company volunteer free money or the welfare office pay our debts? Not likely, though debt stamps already may be more than a gleam in some congressman's eye.

"I submit cities plunge into debt not because the public demands services beyond their taxing abilities, but because city officials believe they always will be rescued by federal grants. Can this beautiful dream by U.S. mayors that the federal treasury is a bottomless barrel go on forever? For the answer, stay tuned."

Mr. McNutt's reaction may be unfair, but it is surely widely held.

One conjures a vision of millions of American voters seated before a massive television screen. On the screen is portrayed New York City, inundated to the Empire State Building's 50th floor with uncollected garbage, picket signs, welfare recipients and protesting city employees. Standing astride it all in a hovering cloud of pollution, are Humphrey, Ted Kennedy, Ed Muskie, and the ghost of Lyndon Johnson, all furiously signing new laws to create similar situations in the voters own communities. (It is this symbolic New York, by the way, that our party's elders in their wisdom have chosen as the site of our 1976 national convention).

Regrettably, the 1976 campaign will offer little incentive to Democratic Presidential candidates to test and explore a new approach to governance. The primary elections, and caucuses in the non-primary states, will be decided in this period of voter indifference not by the presentation of any new ideology by a Democratic candidate, but rather by the voter-identification and voter-turnout activites of small cadres of organizers working among those slightly-larger numbers of voters who bother to concern themsleves with pre-general-election activity.

For the Fall 1976 general election, the lines already have been drawn. Responding to the survey data principal voter concerns, we Democrats will charge that President Ford has mismanaged the economy, calculatedly caused unemployment, and—because of his ties to big business—allowed prices to go unchecked. The President, on the other hand, will portray himself as a prudent man trying to hold down irresponsible and inflationary Democratic spending, while at the same time bringing the economy slowly but steadily back to health.

With the national electorate preoccupied with macroeconomics, there will be little reason for the Democratic candidate to attempt a redfinition of his party's approach to public problems. It would all seem so much fingerprint to voters concerned about jobs and grocery prices. But the issue will be lingering there nonetheless in the back of the public mind. ("Okay, we'll bring the Democrats back one more time because they're better on jobs and economic growth. But they better stop all this big-government, social-welfare spending once we put them in, or they've had it").

The peril will be that, if a Democratic President is elected—and activist New Dealers Humphrey and Kennedy would seem at this point the most likely Democratic candidates or, perhaps, ticket—his first instinct will be to quickly form his new Administration out of the cadre of Kennedy-Johnson alumni huddled together for mutual support in academia and the Northeast corridor.

It takes little imagination to foresee a first 1977 Democratic Cabinet meeting, a meeting in which an HEW Secretary Wilbur Cohen, Attorney General Nicholas Katzenbach and HUD Secretary Shriver, among others, get underway by simultaneously saying: "Now, where were we before we were so rudely interrupted?"

Cohen, Katzenbach, and Shriver, and hundreds like them who served faithfully and honorably through the 1950's, could only change their habits of governance by a wrenching act of will, or on specific and constant direction of a President determined to shake his party's philosophy into a new pattern.

That is not to say it could not be done.

It would serve the Democratic Party well to retrace its steps to the 1930's period for inspiration. In doing so, we might conclude that we as a party have long since confused our ends and means.

The end in the 1930's was to build a safety net of economic security beneath the average citizen. The means—in a period when the government had previously provided no safety net at all—was to devise a series of federally-funded and administered programs.

The end, too, was to redress the imbalances of power among the various private and public institutions, so as to create a more just social and economic order. The means was to add power to the federal government, to labor unions and farm cooperatives, and to diminish or regulate the power of previously-unchecked business and financial interests, and less-progressive state and local governmental units.

Our ends, it would seem, are still more than valid. But our society is no longer the society of the 1930's, and the means require adjustment.

The first 1000 days of a new Democratic Presidency could be well used to promulgate a new agenda, concentrating on reorganization and management of the whole governmental process. Such an agenda would include a ruthless reexamination of every federally-funded and administered agency and program.

It would not discard out-of-hand, for instance, the 1971 reorganization proposals, prepared by the Advisory Council on Executive Reorganization, which would have dismantled the Departments of Agriculture, Commerce, Interior, Labor, Housing and Urban Development, Health, Education and Welfare, and Transportation and consolidated their present overlapping and uncoordinated functions in four departments of Human Resources, Natural Resources, Community Development and Economic Development.

A Democratic President also would review the entire regulatory structure—the present Ford Administration "regulatory reform" proposals seeming little more than the issuance of hunting licenses to the Republican Party's heartland, big-business constituency.

Reorganization could eliminate many duplicate agencies and services, and save taxpayers' dollars. It also, of course, would face a hornet's nest of protest from countless special-interest groups—including many of the Democratic Party's allies in organized labor; many present Congressional committee chairmen; and most of the 430,000 employees of the agencies involved.

But the net result of such a reorganization would be a federal government organized according to function and goal, rather than program.

The present organization has meant that each special interest has viewed its Cabinet-level department as its private advocate at the White House—i.e., a Commerce Department dominated by business, a Labor Department dominated by organized labor, an Agriculture Department dominated by agricultural pressure groups, an HEW responding to senior-citizen, medical, educational and welfare lobbies, an ICC dominated by shippers and truckers. In such an environment, it is all but impossible to cutback or eliminate an already-existing program. But under a consolidation, such as that proposed five years ago, constituent groups would be forced to deal with new departments—often in competition with other constituent groups—concerned with the overall public interest rather than that of a narrow sector.

Then there are the 1,250 federal advisory boards, committees, commissions and councils—filled by some 24,000 private citizens and public officials, staffed by more than 4,000 federal employees—which cost $75 million annually. The $75 million involved is, by federal government standards, small change. But the symbolic act of their abolition would gain a new President much more than that in public esteem. The Board of Tea Tasters, the Panel on Sunburn Treatment, the

Women's Advisory Committee on Aviation, a review Committee on laxatives, and the Dance Advisory Committee are among the many advisory bodies which would never be missed. Some have not met in many months.

Far more importantly, a new Democratic agenda should make a serious attempt to deal with what in shorthand is now called "the welfare mess," but includes not only welfare per se, but the multitude of well-intended income maintenance and transfer-payment programs which have spawned their own bureaucratic abuses while in many cases stripping their recipients of human dignity.

The headlines abound: "Food Stamp Costs Rise from $35.1 Million to $4.9 Billion in 10 Years, $6 Billion Cost Expected in 1976"; "Social Security Overpayments May Total $1 Billion Since January 1974, Others Underpaid by $36 Million, Overtime to Correct Errors Totals $50 Million"; "Welfare Mothers Stand in Line at 5 a.m. for Chance to Fill Out Day's Quota of Application Forms."

Senator McGovern was politically wounded in 1972 by his proposal, borrowed from James Tobin of Yale, for a negative income tax to replace the present welter of programs. Yet the relative simplicity of such an approach, administered through the Internal Revenue Service, whereby every family would be guaranteed an income floor above an established minimum level, would seem vastly preferable to the present maddening patchwork of Democratic-conceived programs—each requiring its own bureaucracy; each subject to its own errors of administration; each captive to the constituencies which benefit from it. To those who patronizingly say that the poor, if guaranteed a minimum income, could not be trusted to make proper decisions about use of their money (whereas food stamps, for instance, can only be used for purchase of food), one can only point to 1960's minimum-income experiments where recipients spent the overwhelming bulk of their income on food, clothing, and shelter.

A new agenda also should make some attempt at establishing a workable incomes policy which will exert discipline not only upon those large, price-administered industries unresponsive to normal competitive factors but also, far more difficult, upon a labor movement which forms the heart of the Democratic Party's political support.

John Kenneth Galbraith says in *Money:* "A central feature of modern economic society is the rejection by subordinate classes of the prescriptive limits on their income and consumption. With this rejection go claims on production that cannot be met; from these claims come inflation."

If one substitutes "labor unions" for "subordinate classes," Galbraith's statement rings more true. For, in the late 1970's, organized labor—especially the teacher and public-employee unions, paid with public funds—can no longer, as in the 1930's, be exempt from our short-list of institutions which sometimes exert their power to the average citizen's detriment.

Labor pays our bills, registers our voters, and lobbies for our legislation. But, clearly, we as a party no longer can reflexively endorse labor's program as our own—except in those cases where we think it makes sense. It's a problem we never talk about, but finally must face on a national level as it is being faced daily on a state and local level.

There must be a hard look, too, at the federal government's present-day relationship to state and local governments.

Revenue-sharing, conceived in 1964 by Democratic economists Walter Heller and Joseph Pechman, has been many things to many people. Early advocates of revenue-sharing pointed out that federal taxes were preferable to state and local taxes because, by and large, they were vastly more progressive. Far better, they reasoned, to distribute monies to states and localities through revenue sharing than through federal tax reduction, since the states and localities would rely in the latter case on unprogressive taxes to raise their funds. Since then, however, the federal payroll tax has risen so steeply as to make it more regressive than most state and local property and sales taxes.

But it was not just tax progressivism which we originally considered. In the early days, revenue-sharing's Democratic adherents argued too that, through the federal government's distribution of monies to the states, it would also be able to control its uses (Again, our old belief that states and localities were simply not to be trusted). Surely, we reasoned, we enlightened social engineers at the federal level could better judge where the money should go than those grubby elected officials at the grassroots.

But this, too, proved to be a two-edged sword. The Nixon Administration, not sharing our high social purposes, used revenue sharing as a screen for reduction of some of our favorite federal grant programs in the social areas. Governors and mayors found themselves not receiving the usual federal grant assistance *plus* revenue sharing, but revenue sharing *instead* of federal grants. As a sweetener to states and localities, a shift began from strictly-deliminted ground rules under which the revenue-sharing monies could be used to no-strings-attached funds called "general revenue sharing."

One wonders if Nixon was not right (heresy!) in using revenue-sharing as a disguised means of stopping the growth in federal grant programs. When President Eisenhower left office, there were some 100 federal grant-in-aid programs costing $7 billion annually. When President Johnson departed, there were 530, costing $24 billion. Now there are 975, costing $52 billion annually. The Department of Health, Education and Welfare alone has 274 such programs, each administered by its own bureaucracy, each requiring comparable bureaucracies at state and local level to apply for and administer the grants. But extrapolations by revenue-sharing authority Ray Whitman of the University of Maryland indicate that, had the 1973 Nixon turnaround not taken place, grant programs would today cost $85 billion!

Federal grant programs obviously need to be brought under even tighter control. ("It's mind-boggling to try to keep up with all the federal programs that come down the pike," Democratic Governor Robert Straub of Oregon said in a recent interview, "And it's confusing to try to cope with all the rules and regulations that have to be dealt with"). But, at the same time, should we not also review revenue-sharing as a long-term concept?

As noted, the federal tax system no longer is more progressive than many state and local systems. Thus revenue-sharing loses its attractiveness in that respect. Secondly, do we Democrats still really believe that tight federal guidelines should be attached to revenue-sharing funds on the basis that federal bureaucrats can make better judgments about their use than local elected officials. If we do not believe the guidelines to be necessary, why should we interpose the federal government at all in the tax collection-public expenditure process at other levels of government?

Surely, in an era when people desperately seek accountability and responsiveness from the nearest level of government, we should reconsider any concept which would seem to move in the other direction. Rather than collecting tax monies from states and localities, and then sending them back, shouldn't the federal government instead return this authority—and responsibility—to state and local officials directly accountable to their own constituencies?

Why don't we Democrats, at a homely local level, concentrate on the desperately-needed reorganizations and consolidations which must take place in America's major metropolitan areas, which suffer from even worse overlaps of government program and authority than the federal government does? How can we help create new lines of metropolitan and regional government authority? How can duplicative and wasteful taxing jurisdictions more rationally be redrawn? How, in fact, can we help restore the average citizen's confidence that the pothole in his street quickly can be repaired without the matter passing through dozens of anonymous bureaucratic hands, up to the federal level and back? How can he come to know that, down his street, or in his precinct (as in Mayor Daley's Chicago, whatever its other faults) there is someone to see who can fix the pothole?

Now, in our Bicentennial Year, are we as a party to devote ourselves, figuratively, to fixing governmental potholes?

People we know have been trying to tell us something.

Bill Moyers, former assistant to President Johnson now a syndicated columnist and broadcaster: "One (Democratic) economist sent LBJ a memo referring to America's future as an 'inexhaustible cornucopia.' And we believed it . . . As the commitments grew, the ability to finance them declined . . . Thus, the predicament we face today: who will get what?"

Alice Rivlin, economist, former HEW official under President Johnson now heading the Congressional Budget Office: " . . . Liberals are going to have to state the costs and face the music. New programs are suspect. There really haven't been any big new breakthroughs in 10 years, but a lot of liberals haven't recognized this fact yet, that what worked in the sixties isn't working anymore."

The Trilateral Commission, task force report on the Governability of Democracies: "The challenges which democratic governments face now are the products of . . . past successes as well as changes in past trends. The incorporation of substantial elements of the population into the middle class has escalated their expectations and aspirations, thereby causing a more intense reaction if these are not met in reality. Broadened political participation has increased the demands on government. Widespread material well-being has caused a substantial portion of the population, particularly among the young and the 'intellectual' professional classes, to adopt new life styles and new social-political values."

Joseph Califano, attorney, former special assistant for domestic affairs to President Johnson: "The American people have become so jaded with political promises that most hold politicians in less esteem than frontier settlers held snake-oil salesmen. Over the past generation, the drum beats of exaggerated promise has been far more debilitating to the political cohesive fabric of American society than even the grossest dissembling of Richard Nixon and Ron Ziegler."

Alvin Toffler, futurist, in discussing what he foresees as "a long period of nonserenity": "We'll have to scrap our obsolete ideologies—the old political labels like 'left wing' or 'right wing' . . . What we need is not a single, great master plan in the White House. Nothing could be more unworkable. What's needed is a process for generating, changing regenerating plans at the regional, local and community level, and in every industry and nonprofit sector. There's your question about who is to do it. Traditional planning is based on the idea that ordinary lay citizens are dumb and passive. It's elitist and subject to capture by powerful interests. The alternative is 'anticipatory democracy' . . . Unless you have feedback coming in from millions of ordinary people whose lives are affected, and unless those millions of ordinary people can alter the plans, you not only create the conditions for 'friendly fascism' but the possibilities of massive disaster as well."

The Democratic Party, since 1968, has devoted itself internally to massive institutional reform, seeking to create in fact the "anticipatory democracy" that Toffler proposes. In all cases in this process, we have opted for wider public participation rather than less . . . for more decentralization of decision-making rather than less . . . for, in short, the responsiveness that both the times and the changing electorate demand. We as a political party have reached a firm decision to listen as well as to act.

Yet our overall higher objectives have not changed. We still share a vision of our society that begins not with General Motors or some mythical "free enterprise system" but with the immigrant citizen—whatever his race, religion or nationality—seeking a new life in a freer, more just land.

On that citizen's behalf, we should begin to apply in our approach to government the same principles we already are applying in the process of Democratic Party reform.

We have no need for defensiveness about our recent past. In 40-odd years, we Democrats have been instrumental in building the freest, most prosperous society in human history. Our commitment to social justice has sustained itself through even the most complacent passages of the period. Nonetheless, if we want the American people to ask us for an encore, we'd damned well better fill those real potholes our freewheeling cavalcade of progress has left in its wake.

THE DANGERS OF INFLATION

Mr. GARN. Mr. President, last week the House Committee on Ways and Means rejected President Ford's proposal to tie permanent tax cuts to an overall spending limitation. In my view that was a most unwise decision, one which I hope the Senate will quickly reverse. The people of the Nation have not lost sight of the dangers of inflation, even if Congress has.

In that connection, Mr. President, last Friday's Salt Lake Tribune carried an article by Harold Finley of the Chicago Tribune, in which he weighs the relative seriousness of inflation and recession. Clearly, he concludes, inflation is worse, since its early appearance is not seen as bad; by the time it is recognized as evil, it is too late. Right now, we are seeing further evidence of the truth of that judgment as Congress rushes to increase the deficit position of the Federal Government, stoking the inflationary pressures which have such a deleterious effect on the old, the poor, and on the capital markets of this Nation.

Mr. President, I ask unanimous consent that the article referred to be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FINANCIAL FOCUS: INFLATION MORE VICIOUS THAN RECESSION EFFECT

(By Harold Finley)

"I wish you'd make up your mind as to which is worse, inflation or recession." The answer is easy. Inflation during 1974 went to greater extremes than recession in any year since the 1930s and is more of a long-term threat to our way of life.

Inflation is a more vicious problem than recession inasmuch as it seems a healthy development in its early stages whereas recession is never popular. In fact, a major reason inflation has been so damaging in recent years is that the Depression was so severe that inflation was widely welcomed as a cure.

The recession of 1974–75 is very mild when compared with the Depression. Its impact on the unemployed is cushioned by unemployment compensation, and businesses have had the benefit of an unusually long period of prosperity.

AT LOWEST LEVEL

The stock market in late 1974 was at its lowest level in many years, reflecting great pessimism in the minds of investors because both inflation and prospects of recession were serious at the same time. The vigorous rally of the first half of 1975 anticipated considerable easing of both problems, which became evident this summer.

The decline since July 15 reflects a few weeks of new inflation at a double-digit annual rate and the realization that recovery in business activity is proceeding at a slower rate than expected in early summer.

My contention is that an additional year of mild recovery or continued recession in the long run would be beneficial to the country as a whole because it would provide the background for further cooling of inflation and yet permit a comfortable standard of living for most Americans.

DETRIMENTAL TO COUNTRY

The lush extravagance of peak prosperity may seem temporarily gratifying, but is detrimental to the country because it is produced only by excessive debt, depletion of natural resources, and ruinous inflation. A more austere way of life permits reduction of debt, increased rate of saving, and competitive prices.

Many young people assume that promotion of an ever higher standard of living is mandatory because it was the accepted goal for so many years from the early 1930s until the early 1970s.

However, public sentiment in this area has swung in long cycles through the centuries. We are now seeing increasing evidence that inflation is becoming politically unpopular and that fiscal sanity, reduction of debt, conservation of resources, and emphasis on comforts rather than luxuries are the wishes of the majority of the citizenry.

BICENTENNIAL BLUES IN BOSTON

Mr. KENNEDY. Mr. President, I call the attention of Senators to an article from the New York Times entitled "Bicentennial Blues in Boston."

In this article Jonathan Kozol has very articulately chronicled the conditions and events that many poor and deprived people are forced to endure in some communities of Boston, Mass.

For a long time, Mr. Kozol has campaigned for the improvement of conditions in our schools and in the neighborhoods where poor and oppressed citizens must live.

The following article is excerpted from Mr. Kozol's forthcoming new book entitled "The Night Is Dark and I Am Far From Home."

This extract from the book is exceptionally well written and I feel it clearly deserves to be brought to the attention of my colleagues.

I ask unanimous consent to have printed in the RECORD the article entitled "Bicentennial Blues in Boston" by Jonathan Kozol.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BICENTENNIAL BLUES IN BOSTON

(By Jonathan Kozol)

I live today in a remarkable section of a very great, and old, tormented town.

The town is Boston. The section is the strange, historic—and despairing—South End. William Lloyd Garrison and Harriet Tubman both have taken sanctuary in this section of the town. A young black streetwise pimp and dealer, with reddish "conk" and a flamboyant zoot suit, lived and loved and hustled in this neighborhood in 1945. Years later, after he received his education in the prison system of our state, he changed his name to Malcolm X.

Malcolm's South End still exists, at least in part, today. It will not be found, however, on that mandatory tourist trek known, by some irony, as "The Freedom Trail," that costly stroll contrived by Boston merchants with the full cooperation of our business-minded Mayor, to hustle some money from the second Centennial of the birth of freedom in this land.

If you should come to Boston one day in the next few years, take the counsel of an old and penny-pinching citizen of town: Skip the Freedom Trail! Cut out on the entire patched-together fake-colonial setup that has been so avariciously devised to catch your dollars as they fall. You'll lose the chance to buy a lot of tinsel, trinkets and a guaranteed breakable replica of Paul Revere. Instead, you might learn something about freedom.

Come over instead and take a good long stroll around the oldest section of the South End. Twenty thousand people now claim residence within these blocks. With the exception of a number of well-demarcated islands of white middle-class houses, the largest number of the people here remain still black and Puerto Rican, poor-white, Chinese, Syrian and Lebanese.

In one direction or another, the neighborhood encompasses approximately fifty square blocks. Many buildings have been boarded up; some are still partly occupied, one or two families camping out in partly heated rooms. There are many broken-down rooming houses, crumbling brownstones, urine-smelling city welfare projects.

In the alleyways and on the fringes of this neighborhood there are large numbers of poor derelicts: solitary men, penniless old women, dozens of whom die along the sidewalks or between the cars each winter, 2,000 heroin addicts and 4,000 homeless men, many of them alcoholics who live on the cheapest brand of sweet wine. The largest numbers, though, are neither derelicts nor alcoholics. They are the poor, the black, the undefended.

I do not know all of the houses and the buildings in these fifty blocks. I know perhaps fifteen or twenty houses in about ten sections. I have a picture, then, of what life might be like for many people I do not know. In the kitchen, faucets keep on dripping, water leaking also underneath the sink and in the bath. Heat is often choking and cannot be turned down; yet, in some of the buildings there is no heat at all and children keep on outside coats all day.

Potato-chip bags, part empty, get kicked under kitchen tables. Cold food hardens on the plates inside the sink, while mother is sick, or working nights, and the oldest child is an 11-year-old girl who cannot cope with all the needs and voices, appetites and tempers of the younger ones.

In the choking heat, one large blue light, the huge TV, is never shut off but keeps pumping out the sound, like an extra and maniacal presence in the room, of an endless series of kiddies' cartoons, advertisements for racing tracks and miniature cars, for plastic garbage bags and for fruit-flavored wines to go with candlelight and dinner.

There are some books in the living room, but many are torn up, lost or scattered among underpants and sofas. Homework papers are also torn up, shredded, lost or scattered.

If I had to describe the total experience of these children with a single phrase, I would speak of it as a life of stifling slowly among dirty underclothes, millions of roaches and the endless hypnotism of one large blue light.

I go downstairs and walk out onto Shawmut Avenue.

Standing here, I ask myself, like someone who attempts to take his own pulse: What, then, do I think about these children? I find that what I think, what I experience and feel and live with, is that everything is getting better all the time, that change is somehow on the way, that time is on the side of children such as these, the next year cannot be the same as this year. School will be happier. Mother will come home all better from the hospital. The children will eat real meals. Their teeth will stop rotting. Someone will fix the drip under the sink.

It is like mental illness. There is no basis for this optimism. I go back next year, and things are no better. The children are settled only a little deeper in squalor and despair, dying amid potato-chip bags and nonstop television. Two years later, I go back once more. They are in a new apartment in another section now: new objects, junk commodities piled, torn and ruined on the bathroom floor, underneath the TV and beside the door. The sink works; but plaster falls out of the ceiling, and the whole place stinks of urine and unwashed diapers. There is a new baby. The oldest child is her mother. . . .

I walk often in the neighborhood at night. In the streets are children I have known for years. When we are together, we have fun and feel at ease with one another. We fool around. We do things that are silly.

Later, in the quiet of my own apartment, I find that I am thinking once again of a particular child by the name of Peter. I knew Peter for a year, thinking him to be about eight or nine before I learned he was fourteen. I wrote that off to malnutrition. We could feed him, my girl friend and I, when he came by for supper, or else we could go over to his place and make sure he'd had his supper. So we'd go there, or he'd be here, and we'd cook something good, spaghetti with hamburger, or good lamb chops, something like that, make him eat, sit down and eat with him: "Come on, let's eat it all up, Peter!"

At night, sometimes, as late as twelve, my doorbell rings and Peter's down there: hungry. He has known, by now, at least six different white men and white women, just like me, cadging his meals and shirts and shoes and short-term love. Now most of them are gone but Peter makes the rounds. I find myself afraid to go out nights for fear that he'll be sitting on the stoop in the front when I get home.

So we do good, as we believe we ought to, and for a year or more we tell ourselves that he needs fattening. And he has trouble learning in the school. But we say he's just hungry in the mornings. A year has come, a year has gone.

One day, I am forced to recognize that Peter is no longer growing at a normal rate. I go into a panic, and the world falls into pieces. We have tests made: a psychological exam. Peter is examined by a specialist on growth and on the nervous system. The word he brings into our life is this: "microcephalic." It is a term that has to do with brain development. Brain growth was impeded prior to birth or else in infancy; he will not grow up to normal size. We protest to the doctor, whom we do not know: "He is only the size of a small child."

The doctor is firm in his professional decision: *"This young man will not grow up to normal size."* He can learn. He can be educated, but there will be limits. We ask if this is common and we ask, as well, what causes something of this sort. Prenatal care. The mother is poor, or ill, or underfed. Often there is no obstetric treatment. Sometimes, too, it is a case of malnutrition in the first few weeks of life.

We look at one another in a state of grim unwillingness to credit what we hear. Peter's mother was, in fact, extremely ill. Peter was born six weeks or eight weeks premature. His infancy was lived in almost unabated hunger.

The doctor goes on: "With proper facilities and with the right health program, and with the proper care, we'd deal with this when the mother first came in to visit at the clinic . . . or even when she first came in to ask for contraceptive pills. With the right kind of care, this could be totally eliminated."

He goes on for a while in his almost optimistic frame of mind: "It hardly ever happens in white neighborhoods any more. It's a problem of the poor, of rural slums and of impacted sections in the cities. Someday, of course, we ought to have facilities to deal with this."

Someday, but we are alive on this day. And Peter will not be born someday, will not be crippled one day. He is sitting here, right outside the office this day. Peter is not a child who might perhaps come in for an examination someday, whom we might meet or think of, deal with, one day in a statistician's future. He is a real boy, in the real world, with a real curse.

There is a moment when I tell myself that this curse ought to doom the city that I live in. Then that rewarding instinct for the Apocalypse subsides. I have been given assurance, after all, that medical services will one day be provided for poor people such as Peter and his mother.

And some day there will be prenatal clinics, outpatient departments for expectant mothers, a treatment center for the child who is not born exactly whole or with entirely proper brain-development.

Someday, but not this day. Some place, but not in this place. For some child, but not for this child. This child, this one real child, this one thin boy right here, aged fourteen, by the name of Peter, is alive today. He will not profit from the research and evaluation of the next ten decades. He will not be born in 1980 or in 1985.

He will not get a second run-through on the hour of his imperfect birth by the goodness of the United States Congress or of the assembled leaders of the American Medical Association. He is alive right now. It will be too late for him next time.

We thank the doctor and we go outside and head out to the door, and pick up Peter, and we come back to have some dinner and to watch TV with Peter on the bed upstairs, then to talk and fool around about his girls, and friends, and racing cars, and things like that, which do not matter but which seem familiar to us.

At eleven o'clock, I walk him home and stop by at the store to get the milk and cream and come back home, and we sit up a while and talk and try to think how we can tell this to his father. . . .

It isn't the Freedom Trail. I warned you in advance. They don't sell replicas of Paul Revere around these parts. Still, if your eyes are open and your heart is not yet cold, you might just learn a thing or two about this land of lost ideals that we once learned to love and trust—and now must fight with all our hearts not to despise and fear.

"AGENCY FOR CONSUMER ADVOCACY": WHAT IS IN A NAME?

Mr. FANNIN. Mr. President, during the recent AEI-Hoover Institution conference on regulatory reform, Mr. Ralph K. Winter, Jr., professor at Yale Law school, made an eloquent and perceptive statement on regulatory reform proposals to create a new consumer protection agency. Since the House is about to consider legislation establishing such an agency, and since the President may soon be called upon to veto such a bill, I think Professor Winter's timely remarks should be carefully considered.

Professor Winter argues that a consumer protection agency, empowered to intervene in the proceedings of other Government agencies on behalf of consumers as a class, is a bad idea. Actually, the agency's name has been changed to the Agency for Consumer Advocacy which, as the professor observes, may have been a serious public relations mistake:

> For the abandonment of the appealing rhetoric of consumer protection causes some to question the underlying concept of the legislation and of consumer advocacy generally, particularly when armed with government power. For if ever there was a legislative product that depended on its packaging more than on its substance, it is this one.

Professor Winter states that—

> The chronic failure of regulation in the past . . . demonstrates the need for deregulation rather than for the creation of yet another agency.

In his view, an agency for consumer advocacy, however titled, will not differ substantially from other agencies and can be expected to suffer from the same problems of bureaucracy, inefficiency, cost, industry influence and anticonsumer bias which have afflicted existing agencies. In fact, the results of such consumer advocacy by such an agency could be even more harmful because the advocate's support for an unworthy cause, such as new protectionist regulation, would lend additional credence to such a proposal, for it would then be espoused in the name of consumer protection.

Professor Winter points out that such an agency—

> By diffusing responsibility for carrying out policies genuinely designed to further consumer welfare, will in fact reduce the effectiveness of such policies and the political accountability of elected officials for their execution.

The professor foresees a day when the courts could be faced with the choice between several different antitrust policies, all conflicting but all advocated by three Government agencies—the Antitrust Division of the Department of Justice, the Federal Trade Commission and the Agency for Consumer Advocacy. This would lead to a chaotic situation whereby important antitrust policy would be further removed from voter control, thereby increasing the power of the judiciary to regulate the economy.

Professor Winter argues that the ACA legislation is really not a proposal aimed at regulatory reform. It is likely that the Agency for Consumer Advocacy will simply urge compliance to existing laws. It will have no power to affect the performance of existing agencies. Furthermore, it is fallacious to believe that there is a single consumer interest that such an agency can represent. In Professor Winter's view—

> The very concept of consumer advocacy is defective. Consumers are in every meaningful sense horizontal competitors with such diverse tastes they have no single common interest. Gains by one group of consumers are thus usually losses to others. . . . Where product durability is concerned, for example, the tradeoff may be between increased product life and decreased price, or between product life and performance or design. Individual consumers will differ on what is the most preferable tradeoff.

It is simply not true that protecting consumers will maximize consumer welfare or preserve competition:

> One agency, or two, or even 10, cannot represent all consumers. . . . Legal representation can be effective only when there is a single interest to represent.

In other words, a consumer protection agency will not represent or protect the interests of consumers at large, but of one group of consumers who appear to have the ear of the bureaucrat persuaded to represent their narrow interest. In fact, as Professor Winter rightly suggests, such an agency will be anticonsumer since it will increase the price of a large number of products that the public, particularly low income consumers, needs.

The approach to regulatory reform recommended by Professor Winter—one to which I subscribe wholeheartedly—is deregulation which, he says—

> Is an infinitely better remedy. Indeed, consumer advocacy is no remedy at all.

I agree with Professor Winter's conclusion:

> An Agency for Consumer Advocacy, however politically possible, is not better than doing nothing. It is a reform which will aggravate rather than alleviate the problem. And in so doing will obfuscate and distract us from the only real remedy: deregulation.

Mr. President, I ask unanimous consent that the remarks by Yale Law Professor Ralph Winter at the AEI regulatory reform conference be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

What Is In a Name?

(By Ralph K. Winter, Jr.)

Some years ago, I had occasion to testify before a congressional committee upon legislation to establish a "Consumer Protection Agency" empowered to intervene as a party in the proceedings of other agencies in order to represent the interests of consumers. At that time I noted that the proposal was not without merit; indeed, the title of the agency it created and its statement of purpose could hardly be improved upon. It is to be regretted that the sponsors of the legislation in this session of Congress have gravely weakened it by changing the agency title from "Consumer Protection Agency" to the "Agency for Consumer Advocacy," however much that change furthers the still distant goal of truth in political advertising. For the abandonment of the appealing rhetoric of consumer protection cause some to question the underlying concept of the legislation and of consumer advocacy generally, particularly when armed with governmental power. For if ever there was a legislative product that depended on its packaging more than on its substance, it is this one.

I

The need for an agency empowered to intervene in the proceedings of other federal agencies as a representative of consumer interests is said to arise from the pervasive failure of these other agencies to protect the consumer. This failure has many manifestations, but most advocates of consumer advocacy point to inefficiency, partisanship and excessive responsiveness to organized interests. (Rarely do they point to the fact that some agencies were in fact established to protect those interests.)

The chronic failure of regulation in the past, however, demonstrates the need for deregulation rather than for the creation of yet another agency, and on several grounds. Unless there is magic in a legislative statement of purpose and an already compromised title, there is no reason whatsoever to expect it to avoid the very pitfalls which have tripped up its predecessors. They too were created in a cloud of promising rhetoric about consumer protection, came into being with the blessing of an admirable statement of congressional purpose and also suffered from titles which could be improved upon. The discovery that they are not merely superfluous but downright counterproductive surely does not call for the creation of another agency, not, at least, if logic and experience, rather than mystical faith, are to govern our affairs.

In what ways will an Agency for Consumer Advocacy differ from other agencies? Lower level employees will be drawn from the same pool which supplies the older agencies and protected by the same civil service. The Administrator will be appointed by the President, who also appoints the top officials in the agencies which are said to have failed. And the special interests which have sought, often successfully, to turn the work of other agencies to their advantage, will find it in their interest to attempt to influence this agency also.

Safety regulation, for example, can easily be utilized to injure foreign competitors and thus serve as a restriction on entry. The support lent by the advocacy of an Agency for Consumer Advocacy would provide the perfect camouflage for such a monopolistic venture, for it would then be accomplished in the name of consumer protection. One of the charges made against the older agencies is that they have permitted their powers to be turned to just such monopolistic ends. Why the proposed agency would be less responsive to such pressure is hardly self-evident.

Moreover, such an agency, by diffusing responsibility for carrying out policies genuinely designed to further consumer welfare, will in fact reduce the effectiveness of such policies and the political accountability of elected officials for their execution. Regulatory agencies, for example, often act in ways which restrain competition and undermine the policies of the Sherman Act. The function of developing and executing antitrust policy ought to be performed by politically accountable officials, however, namely Congress and the Antitrust Division of the Department of Justice. Where regulatory action intersects with antitrust considerations, these considerations should be brought to the agency's attention by the Antitrust Division and, if that fails to have the desired impact, Congress should pass appropriate legislation. Creating a new agency with power to formulate antitrust policy on its own is redundant and divides responsibility, so that all concerned can avoid accountability for the failure of the policy.

At the present time, for example, the Federal Trade Commission can pursue in the courts antitrust policies which differ from those of the Department of Justice. If an Agency for Consumer Advocacy is created, it is inevitable that one day the courts will be faced with a choice between three antitrust policies, all conflicting but all sponsored by the government. Such chaos removes antitrust policy from the control of politically accountable officials and thus reduces the control of the voters over it.

The practical impact of such an agency will be to increase the responsibility of the judiciary to regulate the economy. Since the Agency for Consumer Advocacy's principal power is the right to appeal the action of regulatory agencies to the court, the effect will be to place the courts in a position of having to choose between competing governmental positions, with no presumption attaching to either as the authoritative judgment of a responsible official. The discretion of the courts to make the underlying policy decisions will thus be greatly enlarged. There is, however, no reason to believe the courts are well equipped to exercise such discretion in the regulatory area; indeed, their incapacity to do so has long been assumed. At the very least, proponents of the new agency should be forced to address the fundamental shift in institutional responsibilities they are proposing, to address the substance of the product they are huckstering instead of relying entirely on attractive packaging.

The proposed Agency for Consumer Advocacy is in other ways a cure not well designed for the diagnosed disease. Where the legislation implemented by the older agency is itself contrary to the interest of consumers—as is the case in transportation, for example—deregulation is an infinitely better remedy. Indeed, consumer advocacy is no remedy at all.

Where the legislation is designed to help the consumer, advocacy by the Agency for Consumer Advocacy will, in large part, simply urge adherence to laws already on the books. But if agencies are presently disregarding the intent of Congress, better remedies are to rewrite the basic statutes so that legislative intent is more specifically reflected in the language or reform the original agency in some other way. The least desirable step would seem to be the creation of a new agency which, except for advocacy and the ability to block settlements and appeal, has no power to affect the work of the older ones but which is subject to all the defects which underly the present dissatisfaction with their work.

II

In any event, the very concept of consumer advocacy is defective. Consumers are in every meaningful sense horizontal competitors with such diverse tastes that they have no single common interest. Gains by one group of consumers are thus usually losses to others.

In a world of scarce resources, benefits are rarely gained without costs. Where product durability is concerned, for example, the tradeoff may be between increased product life and decreased price, or between product life and performance or design. Individual consumers will differ on what is the most preferable tradeoff. There is thus no single consumer interest to represent.

Confusion over this obvious point exists because of a sloppy and misleading use of language. One can meaningfully speak of the maximization of consumer welfare in analyzing economic models. But protecting consumers does not maximize consumer welfare any more than protecting competitors preserves competition. Put another way, consumer welfare is not maximized by government's protecting particular consumers from being outlined by other consumers for scarce resources, just as competition is not enhanced by government's protecting the market share of the least efficient competitor.

For example, when government prohibits a railroad from abandoning an unprofitable line, it is protecting the consumers of that service. But other consumers, as purchasers of that service (or as taxpayers if there is a subsidy), are disadvantaged by government's intervention, since they must pay higher prices to help support the unprofitable route.

One agency, or two, or even 10, cannot represent all consumers, and that demonstrably incontestable fact is a fatal blow to the very concept of consumer advocacy. Legal representation can be effective only when there is a single interest to represent. Where there is no homogeneous single interest, as with durability of abandonment, there is a conflict of interest between consumers, and representation is impossible. For this reason, the proposed Agency for Consumer Advocacy must always be the principal rather than the agent.

That is why, I take it, proposals to establish such an agency do not detail with any specificity the grounds on which the agency is to appear before another tribunal and argue for more safety, more durability, or against abandonment. For, if it did, it would then be clear that what was being represented was not the interests of consumers at large, but of one group of consumers who appear to have the ear of a bureaucrat persuaded to represent their narrow interests.

I strongly fear, moreover, the Agency for Consumer Advocacy will never argue for a cheaper product with less durability, or purity, or what have you, for once it is acknowledged that increased benefits mean increased costs and the Agency for Consumer Advocacy does not provide something for nothing—that, in short, the packaging misrepresent the product—the voter will view the agency as a useless, if not harmful, expenditure of the taxpayer's dollar.

The Agency for Consumer Advocacy may thus injure the low-income consumer by increasing the price of a large number of products. To be sure, law can compel the production of "better" products, but only by increasing their cost. It can also compel, at a cost to all consumers, the dissemination of detailed products information which is of interest and value only to the highly educated. These measures must decrease output and, in particular, the production of cheaper products. It is very well for middle and higher income groups to call for more quality and safety, for they can afford it; and laws compelling greater production of better goods may, because of economies of scale, make higher quality goods less expensive. But such laws may also eliminate the even cheaper products the poor now can afford.

The fear that the proposed agency is likely to have this impact is increased by the fact that consumerism is largely a middle or higher income group movement, the product more of Princeton and the Harvard Law School than of hard times on the streets.

And that, I think, demonstrates the final theoretical fallacy of the concept of consumer advocacy. Proponents of the agency correctly perceive that the existing regulatory schemes endow some groups with monopoly power. In the hope of offsetting this, they propose to increase the monopoly power of another group. The fallacy of such an approach is this: if A (producers), because of regulation, have monopoly power and B, C, D, E and F (consumers) do not, giving monopoly power to B (high income consumers) will as likely further disadvantage C, D, E and F as reduce the power of A. That, I predict, will be the effect of the Agency for Consumer Advocacy. The producer groups will find their power slightly diminished. The middle or upper income consumer will find its power increased. And everyone else will be saved from the effects of regulation in the same way that Jack the Ripper saved women from a life of prostitution.

An Agency for Consumer Advocacy, however politically possible, is not better than doing nothing. It is a reform which will aggravate rather than alleviate the problem. And in so doing will obfuscate and distract us from the only real remedy: deregulation.

JACK BEIDLER

Mr. WILLIAMS. Mr. President, I join my colleagues of the Senate in mourning the death of Jack Beidler, legislative director of the United Auto Workers.

Our sadness derives not only from the loss of a personal friend, but from the certain knowledge that every American has lost a friend who worked on their behalf for a better life for all.

Much of his work brought him into constant contact with the Committee on Labor and Public Welfare, for we had Senate jurisdiction for the programs that meant a great deal to Jack Beidler—programs to help the hungry, the sick, the handicapped, the disabled, and the disadvantaged, as well as those for enhancing the lives of working people in their places of employment.

He never tired, because he cared about people and what could be done to lift their spirits and begin a better day. His advice was highly valued, and his willingness to invest his personal effort in human causes made the value of his assistance inestimable.

Mrs. Beidler, his family, and his associates at the United Auto Workers have my deepest sympathy and sincere condolences in their sorrow. May they find comfort in knowing that their loss is felt by millions who have better schools, safer jobs, wholesome housing and food, and better medical care as a result of Jack Beidler's stewardship in the Nation's Capital.

VOCATIONAL EDUCATION: ANOTHER EXAMPLE OF THE NEED FOR GRANT PROGRAM REFORM

Mr. ROTH. Mr. President, vocational education legislation expires in this session of Congress. The Senate Education Subcommittee has held extensive hearings and has had access to a searching review of the program by the General Accounting Office.[1] I am hopeful that, as a result, the Labor and Public Welfare Committee will report out legislation that will provide for those substantial reforms that appear to be necessary if the taxpayers and the Congress are to have some assurance that Federal expenditures for vocational education—which have totaled over $3 billion since the enactment of the Vocational Education Act in 1963 and are currently at a level of $670 million annually—are, in fact, achieving their objectives.

These are critical objectives. At a time when more than one-fifth of the teenagers in the labor force are unemployed, it is essential that our expenditures for the vocational preparation of our youth have the maximum impact in improving their chances for employment. It is thus disquieting to review the GAO report, as well as the committee hearings, and note that there are serious deficiencies in the way this program is administered, under current legislation.

The basic problem here—as in other grant programs—is what I have described in the past as a "levels of government" problem.

There is a need to more clearly define the nature and scope of responsibility at both the Federal and State levels.

An important responsibility of the Federal financial assistance to State and local governments, should be to provide general oversight and evaluation of program effectiveness. Yet, the evidence indicates that the Federal Governmnt has not adquately carried out this role.

The States, on the other hand, are responsible for program administration, for which they should be given maximum flexibility. Unfortunately, at this level, the program is unduly fragmented into federally imposed categorical titles, which result in unnecessary inefficiencies and rigidities in the State programs.

FEDERAL OVERSIGHT HAS BEEN INADEQUATE

It is disturbing that, so frequently, Federal agencies charged with overseeing the expenditure of millions in Federal funds are unable to account to Congress and the American people concerning the net impact these funds have had on the problems they are designed to solve. The GAO study noted:

> OE officials told us there is little analysis of the way States spend Federal funds, and that the OE does not know what the impact of Federal vocational funding actually has been.

In a colloquy with Senator Beall at the subcommittee hearings on March 3, 1975, representatives of the Office of Education indicated that there were insufficient resources at the Federal level to conduct ongoing evaluations of the program and that OE relied heavily on the State advisory councils for this purpose. If this is the case, then we certainly need some modification of the vocational education statute to put the burden of accountability squarely on the Department of Health, Education, and Welfare where it belongs. I found the Office of Education's response to Senator Beall particularly disturbing in view of the fact that during the 5-year period from fiscal year 1970 through 1974 alone, approximately $91 million was appropriated by the Congress for research and development on vocational education. A high priority in the use of these research funds should—by statute, if necessary—be devoted to rigorous evaluation of these programs. I might note parenthetically, that this raises the broader question of the results Congress is getting from the enormous investment it is making in its appropriations to Federal agencies for social research and development activities. I will be dealing with this subject in a subsequent statement.

THE NEED TO CONSOLIDATE PROGRAMS AT THE STATE LEVEL

While we need to fix oversight responsibility more clearly at the Federal level, our new vocational education legislation should provide greater operational flexibility at the State level. Under current legislation, these funds are appropriated by Congress and allocated to the States under nine separate categorical titles, with a variety of matching fund provisions, different guidelines and requirements. While eight of these titles account for only 20 percent of total Federal funding to the States, it seems to me unnecessarily restrictive, both in terms of program effectiveness and administrative efficiency, for Congress to earmark mandatory set-asides in State programs for: research and training; exemplary programs; residential programs; homemaking programs; cooperative education; work-study programs; curriculum development; and bilingual vocational training.

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[1] What is the Role of Federal Assistance for Vocational Education? Dec. 31, 1974.

A State might wish, for example, to devote a major share of these Federal funds now divided into narrow categories to initiating cooperative education programs to bring its vocational students in closer touch with the real world of work, or for some other aspect of vocational education. The best judges of the appropriate program mix for a given State are the State vocational education agencies who are closest to the particular needs of their young people and the employers who will eventually hire them.

I hope that the vocational education legislation which we eventually enact will provide for the consolidation of these categorical programs into broad flexible State grants, as has been proposed by the administration in its bill, S. 1863. I might add that I have introduced legislation, S. 2390, which, if enacted, will provide the administration with an efficient stand-by mechanism for consolidating such related programs.

I urge the members of the Labor and Public Welfare Committee to report out legislation in this field that will correct these serious weaknesses. We cannot afford a vocational education program that provides anything less than a maximum return on this investment in the youth of our Nation.

THE NATIONAL BUSINESS LEAGUE IN BOSTON

Mr. BAYH. Mr. President, on October 10 I had the distinct honor of addressing the annual convention of the National Business League in Boston, Mass.

The National Business League was founded in 1900 by Booker T. Washington to promote development and economic self-help among black people in the United States. It is one of the oldest black self-help organizations in the world.

The principles of economic development and cooperation and business development enunciated by Booker T. Washington are still the primary goals of the National Business League.

In 1967, the National Business League chartered the Booker T. Washington Foundation, a public, nonprofit organization intended to develop and provide resources for the furtherance of the purposes and programs of the National Business League.

Mr. President, I ask unanimous consent that my remarks to the National Business League Annual Convention be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

SPEECH BY SENATOR BIRCH BAYH

Ten years ago, the Congress of the United States under the urging of President Lyndon Johnson declared war on poverty. The Economic Opportunity Act of 1965 and the establishment of the Office of Economic Opportunity were the battle plan and command post for that war.

Ten years later, we bear witness to the insensitive, thoughtless destruction through administrative manipulation that has turned the war against poverty into a war against the poor. In relative terms the poor of our country are less well housed, less healthy, less well educated, and less employed than they were ten years ago.

This is the reality for millions of our poor, and an even more painful reality for Black Americans whose opportunities for upward mobility are crippled by the senseless and dehumanizing racism in our society.

This was the reality when the National Business League was founded by Booker T. Washington in 1900 to foster the development of black enterprise as a means of building economically sound black communities.

As our nation moves toward the celebration of two hundred years of freedom we must be painfully conscious that to millions of black people in this country 1776 means far less than the economic enslavement which has crippled black progress since the end of the Reconstruction, in 1876.

The celebration of our Bicentennial as a free nation will have a hollow ring if our plans fail to address the 100 years of suffering of physically emancipated yet economically enslaved Black Americans.

I have given considerable thought to how we might transform that hollow ring to a clarion call signaling full economic participation by every segment of our society.

Such participation can in part be achieved by thoughtful and imaginative commitment to finding ways to increase the market accessibility and capital base for minority business development and expansion.

Government is my business. And I am convinced that it should be the business of government to use the full weight of its executive and administrative power to achieve this end.

The federal government has the power to create markets, to limit markets, and indeed is itself a vast market.

But these powers of our government have never been mobilized to adequately deal with the market and capital problems of minority enterprise.

Major surgery, not bandaids, is required for this job . . . think with me for a moment.

Government money, the people's money, used to bail out the Lockheeds benefits a limited class—the stockholders and management and the workers of such companies. Their equity is guaranteed by government intervention.

Should not the benefits of such intervention be broadened to include opportunities for blacks and other minorities? I say yes, they should.

I have had the distinct pleasure of assisting the Booker T. Washington Foundation and the National Business League under the able leadership of your President, Berkeley Burrell, in securing a concrete plan for the involvement of the Black community in the economic forces generated by the Railway Reorganization Act of 1974.

When Charles Tate, whom you all know, presented the merits of such a plan to me it represented a clear opportunity to broaden the impact of government intervention to include Black and other minority interests.

With the assistance of my distinguished colleague, Senator Clifford Case of New Jersey, language addressing the issue was included in the Department of Transportation and Related Agencies Appropriation Bill for 1976.

I would like to share this language with you:

> It has come to the attention of the Committee that the USRA has had discussions with certain minority contractors concerning the procedures they might follow in being considered by the new ConRail which will come into existence if Congress approves the final system plan for contracts in connection with their new responsibilities. The Committee encourages USRA to make a definitive response to such inquiries and further encourages USRA and ConRail to take necessary and appropriate action to guarantee adequate minority participation in future contracting.

Subsequent to inclusion of the language, Senator Case and I wrote to ConRail, USRA, and DOT on September 8, 1975, requesting that action be taken by them to implement the report language.

And I quote, in part from that letter:

"Implementation of procedures to insure adequate minority business participation in the reorganization of the railroads will promote economic redevelopment, benefit the railroads, and encourage broader public participation in the process of rail revitalization."

To date, ConRail has responded noncommitally. We have not heard from the Department of Transportation. However, as a result of our efforts, on October 1, the USRA Board of Directors adopted a resolution which commits the USRA to an affirmative action program to ensure that minority firms receive a fair proportion of contracts and which endorses a procurement policy which will channel a portion of ConRail business to minority and small business enterprises.

This is a step in the right direction. But I can assure you that we intend to get more, in short, to implement this plan. This may require special legislation. If it does, I will work for that legislation.

The federal government has the power to establish and regulate markets through various licensing and regulatory authorities. The beneficiaries of such authority have in effect a license to coin money.

These beneficiaries should be required to invest in and employ the services of minority communities and businesses as a condition for continued licensure.

Money spent by the federal government ends up in someone's pocket. But Black pockets remain for the most part—empty—or at best contain what I have come to understand as chump change.

Some may argue that such transfer payments as Social Security, unemployment compensation, and welfare more than equalize tax revenues flowing from Black Americans. But let's face it. There is legitimate need for these payments and that need would be greatly reduced if we would get about the business of reducing the level of minority economic dependence by commitment now to the achievement of minority economic parity.

To achieve this parity we must move beyond hit or miss, uncoordinated, poorly planned, and politically exploitative approaches to minority business and economic development.

To achieve this parity we must conduct the same kind of systemic analysis of our government's ability to mobilize resources for minority economic development as it has demonstrated in the development of nuclear capability and the placement of man on the moon.

Now, I'm not going to stand here before you and engage in the kind of rhetorical slight of hand which is all too common when these issues are addressed.

I do stand here before you as one member of the Congress of these United States who has wrestled with the problems which face you and has moved beyond rhetoric to seek some definite quantifiable solutions.

During my campaign in 1968 for my second term in the United States Senate, the President of the Indianapolis Chapter of the National Business League invited me to meet with the membership. At that time, you may recall that project OWN in SBA under the direction of Howard Samuels was the only commitment that government had made to the development of minority enterprise. And that was only a minor commitment.

At one point in that meeting, an elderly contractor named G. H. Poindexter rose and told me in effect that even though he was considered a successful "Black" contractor, he would have been 20 times as successful if he had not had to struggle to obtain bid and performance bonds on every contract he went after.

Poindexter then said, "Senator Bayh . . . I've lived my life but you could render a great service to the younger men coming behind me if you could find a way to solve their bonding problem."

I worked on the problem with the help of the National Association of Minority Contractors and many of you here today. And in July of 1969 I introduced legislation to amend the Small Business Act of 1945 which authorized SBA to guarantee 90 percent of any bid or performance bond necessary for small contractors to do business.

Since its enactment in December of 1970, the surety bond guarantee program has generated work for small contractors, and over thirty percent of this contract opportunity has been performed by minority contractors.

Yes, government can respond by exercising its power to guarantee surety bonds or bank loans but in my opinion these devices fall short of dealing with the principal question.

How does the minority businessman obtain the capital necessary to take advantage of market opportunities, even though, as in the case of the small contractor, bonding guarantees are available?

How do we move beyond the SBA loans, and MESBICS which are too small and not usually owned by the minority communities they serve?

How do we create large enough pools of equity capital available for long term capitalization?

How do we create a mechanism which makes capital available in a manner which increases the extent to which members of the Black community share in the benefits of the development and expansion of Black business enterprises?

How can We? . . .

The same way we bailed out Lockheed—not for the purchase of additional equity but for the protection of existing equity.

The same way that subsidized housing programs attracted equity capital through tax relief to investors in high tax brackets.

The same way that the Kelso Plan provides tax relief to corporations which allow employees to purchase stock equity in their companies.

These are a few examples of what government can do if the commitment is strong enough. And these actions are often taken in "the national interest" or to save "a critical national resource."

Well, I consider 25 million Americans to be an important national resource.

We know that capital is in scarce supply but may I suggest a few actions an enlightened, committed government could propose:

1. The set aside in the federal budget of an equity capital pool.

2. Tax advantages to private investment in minority enterprise.

3. A federal guarantee of private equity capital similar to the surety bond guarantee program in SBA. I have joined Senator Buckley in this proposal and will work for its passage by the Congress.

While we consider these possible legislative initiatives, we must keep in mind that government, through its procurement and contract authorities, could and should be much more aggressive in the programs administered under these authorities.

We must, as national leaders, jawbone the captain of business and industry to support our efforts.

And we must not allow the pressures of our national economy to deter us from pursuing solutions which would result in strengthening our economy.

I join you in that commitment.

And I join your President, Berkeley Burrell, in his belief, and I quote him:

"We have too much invested, indeed the entire nation has too great a stake in minority businesses, economic development organizations and the supporting programs and institutions to stand idly by and allow these valuable instruments for community development and economic recovery to be lost."

DISTINGUISHED NEBRASKAN AWARD TO PETER KIEWIT

Mr. HRUSKA. Mr. President, on October 22, the Nebraska Society of Washington bestowed upon Mr. Peter Kiewit of Omaha the "Distinguished Nebraskan Award." This is an honor that is made annually to a Nebraskan who has contributed much to his country and his State. No one deserves the award more than Mr. Kiewit.

He sits on the board of many corporations, charities and civic improvement organizations. His construction company—headquartered in Omaha—is one of the largest in the world. He is the principal owner of the Omaha World-Herald—the local daily—and he has established an innovative plan to turn the ownership of that newspaper over to the employees.

Peter Kiewit has been quoted as saying that "publicity never landed us any jobs" when asked about the lack of public knowledge about his businesses. This is a philosophy he has followed in his private life, as well. I can think of few people who have contributed more than Peter Kiewit to the betterment of the city of Omaha and the State of Nebraska. Yet, he has gone about his work—not in the headlines—but behind the scenes. Those of us fortunate enough to call Pete "friend" are very much aware of his dedication and loyalty to his home city and State.

I think the circumstances surrounding his purchase of the Omaha World-Herald illustrate this point to a great degree. The World-Herald was almost sold to an out-of-State newspaper chain until at the last minute—an appeal was made to Pete Kiewit to buy the paper and preserve its long tradition of local ownership. Pete Kiewit responded to the call and "saved" the World-Herald. Omaha and the State of Nebraska are better for his actions.

Mr. President, Mr. Kiewit's address to his fellow Nebraskans was an inspiration to all of us. It describes from his unique perspective the growth of our Nation from the depths of the depression to the wonderful period we live in today. Mr. Kiewit's career has spanned many years and his successes should be lessons for all of us. So that my colleagues and others may enjoy Mr. Kiewit's remarks, I ask unanimous consent that a copy of his address to the Nebraska Society on October 22, a brief biography of Mr. Kiewit and a list of the previous "Distinguished Nebraskan Award" recipients be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

REMARKS OF PETER KIEWIT AT THE DISTINGUISHED NEBRASKAN AWARD CEREMONIES

In accepting this award, I do so with genuine pleasure and humility. I must, in candor, say that the accomplishments you are recognizing were made possible only through the efforts of many loyal associates and employees, some of whom are here this evening. I'd like to suggest that they stand for a moment so you can see who they are—and, hopefully, you will have an opportunity to visit with them before the evening is over.

I'm sorry that Mrs. Kiewit's health would not permit her to be with us this evening—but I should like to take this opportunity to introduce my son and his wife.

I cherish highly the esteem of Nebraskans—and I am proud to share your Great Plains heritage. I am even prouder to share with all of you an even greater tradition as Americans.

Next year, we celebrate the 200th anniversary of the Declaration of Independence. During this period a great many changes have occurred. Among them: changes in our government, in our life style, and in our economy.

In spite of a fifty-fold increase in population, our people have achieved a standard of living undreamed of in the 18th century and unknown in most of today's world. It has not been a continuous upward trend. There have been many interruptions in our economic progress.

In 1876, as the nation observed its first centennial, it has already experienced three years of depression. Failing banks, falling wages, and rising unemployment foreshadowed even darker days ahead. That was the year that Joseph Hruska left Czechoslovakia and founded in Nebraska the family which produced 11 children—including a United States senator.

World-wide financial panics occurred again in 1893, 1907 and 1914.

In the spring of 1919, following the first World War, I became one of the early college dropouts—and also a full-time employee of our family's construction business.

Two years later, in 1921, we were again in the midst of a severe economic depression. Ten percent of our people were unemployed—Liberty bonds were selling in the low 80's—the Dow Jones industrials were down 40%—and the volume of construction work available was at an unprecedented low level.

About this time, I was in New York and saw Ziegfeld's "Midnight Frolics." The hit of the show was a song called "Rose of Washington Square." I heard it again recently at the Omaha Community Playhouse. In that song, Rose sings, "I ain't got no future—but, oh what a past."

In my case, the reverse was true. My past accomplishments, at best, were insignificant—but my future, and that of the nation, held far greater things than any of us imagined.

I would like to tell you a little of our company's experience and to point out some of the opportunities that came our way during and following subsequent periods of national and personal adversity.

The stock market crash of 1929 precipitated the longest and most severe depression our country has ever experienced. Unemployment reached a level that had never been equaled before or since. Nebraska farmers were selling corn on the farm for a dime a bushel—and the World-Herald carried stories of farmers burning their corn in heating stoves because they didn't have money to buy coal. The United States had a large surplus of almost everything except money.

I recall the events of this period with particular vividness—first, because I spent most of 1930 seriously ill in hospitals in four different cities—and, secondly, because it was in 1931 that I took over the management of our family business. Looking back on it, I was long on enthusiasm—but short on experience.

We began to expand our relatively small Omaha building business. In addition to some small, state and county bridge contracts, we took on a 25-mile stretch of grading and concrete paving between Lexington and Cozad, Nebraska.

At that time, all state highway contracts involving federal funds were designed to reduce unemployment. They specified the minimum number of manhours that the contractor would have to use in building the work—with a deduction in contract payments for any underrun in the manhours used at a penalty several times the hourly rate.

The maximum number of hours that any employee could work in one week was 30. There was a surplus of people willing to work at the minimum wage of 30 cent per hour—or a weekly paycheck of $9.00. By comparison, today's laborer—male or female—makes about $1,000 for a 70-hour week, with free board and room, working for us and other contractors on the Alaska pipeline.

As we neared completion of this Nebraska work, we became involved in a joint venture on two highway contracts in Texas. Down there, over a period of some 15 months, we lost half of our working capital. I learned then that the only thing worse than taking a bad contract is to take two of them.

By 1934, as we were licking our Texas wounds, President Roosevelt had succeeded in obtaining legislation for unemployment relief programs.

One such program, known as the WPA, was headed by Harry Hopkins. In the "Walton Family" TV show, the grandfather recently referred to the WPA (as many have before) as a "boondoggle." He explained to his grandson that a "boondoggle" is an effort to give jobs to people who don't want to work. It was truly the adoption by us of a program the British government had initiated in 1918 to benefit unemployed workers, which was called a dole. It provided no work for contractors—but it succeeded in building, among other things, 43,000 modern, improved one-hole privies in Nebraska. One of the improvements was putting fly screen over the vent holes. There is at least one of these in Wyoming that I know of—up in the mountains on Mrs. Kiewit's ranch. I had occasion to visit it recently and although it doesn't comply with all the modern pollution requirements, there weren't any flies or hornets in it and it is still entirely serviceable. This program spawned the expression "one coming, one going and one working."

The second relief effort, the PWA, headed by Harold Ickes, was a program for the construction of power plants, water storage reservoirs, water treatment plants, sewage disposal plants, and other types of public works—all within the competitive contracting, private enterprise system. Most of the plants built under that program have paid for themselves several times, and are still performing a valuable service to the communities in which they are located. Among those projects, were storage reservoirs and power plants which we built at North Platte and Columbus, Nebraska, between 1934 and 1939.

In connection with this work, we had borrowed money from The Omaha National Bank to buy three LeTourneau rubber-tired, self-loading, earthmoving scrapers, never before used outside of California. Bob LeTourneau was a contractor who went broke building the highway from Las Vegas to Boulder City in 1929. He then started building this equipment which he had originated in his own backyard shop in Stockton, California, with a handful of employees.

I'd like to digress for a moment and tell you a little about Bob LeTourneau. He was better than a greenhand as a salesman—and he was very innovative and very religious as well. By 1940, his business had grown dramatically. When he came to Omaha, he was met at the airport by Dale Clark and was escorted to the Omaha Gospel Tabernacle at 20th and Douglas, where he delivered an inspiring sermon from the pulpit. He subsequently gave the Tabernacle $100,000 for the privilege of appearing in their pulpit, with the provision that these funds were to be used for foreign missions only.

Now back to my story: We were pulling these scrapers with the first experimental, diesel-powered, crawler tractors the Caterpillar Tractor Company had built.

Dale Clark, our banker, naturally somewhat worried about our expansion into new types of construction, asked one of the bank's customers his opinion of our efforts. The customer was George Condon, a successful cattle breeder and grading contractor. George told him, as he had previously said to me (and I won't quote him exactly)—those G.D. scrapers are a cross between a railroad gondola and an airplane—and he predicted we would go broke if we didn't quit using them. I think this bothered Dale more than it bothered me—but I must admit our first year's experience with them almost proved George was right.

The Caterpillar Tractor Company and others have built and are building improved models of this type of equipment which, to a large degree, have revolutionized the earthmoving industry throughout the world.

In the late 30's, the threat of involvement in the second World War stimulated a program of industrial expansion for the production of war material, as well as the construction of military installations throughout the United States, a program in which we were active.

When the bombs started falling on Pearl Harbor on Sunday, December 7, 1941, we were nearing completion of a cantonment at Ft. Lewis, Washington—which including 1500 buildings, streets and utilities. There were several dozen similar projects going on all over the country. Many of them were being built on a cost-plus basis, and there was considerable suspicion and criticism involved in the program. A special military investigation committee headed by then Senator Harry Truman looked into the matter. In their final report, the committee determined that the Ft. Lewis job, which we were building on a competitively bid, firm price contract, was completed at the lowest cost per man of any of the new cantonments. We didn't make much money on that job—in fact, as I recall, I carried it back in one pants pocket. However, the report of the investigating committee had a far-reaching effect on our company's future standing with government officials who were awarding contracts.

During the next three years, in more than a dozen western states, we built airfields, shell loading plants, ammunition storage depots and additional cantonments. It was during this period that we converted the Ft. Crook, Nebraska, cavalry base into the Martin bomber airplane manufacturing facility, including an airfield which is now the headquarters of the Strategic Air Command. We were hiring women for truck drivers, women for laying sewer and water pipe in trenches in the ground, women for welding, and many other things that we never thought women could do.

With the end of the second World War in 1945, the country embarked on a postwar construction boom. We were active in military work in Alaska, Hawaii, Guam and elsewhere in the Pacific. We went into the tunnel business for the first time, building an underground, atomic bomb assembly and storage facility near Albuquerque, New Mexico.

In 1947, the Corps of Engineers started a series of multipurpose dams on the Missouri River, known as the Pick-Sloan Plan, to store water—to eliminate flooding—to stabilize navigation—and what is most important today, to generate large quantities of low-cost power, which has been a major factor in the industrial development of Nebraska and many other Midwest states. For the next several years, our company participated in a major way in the construction of most of those projects.

Early in the Korean War, America's relations with Russia began to deteriorate—and as a result of this situation, in 1951 we were selected to sponsor a joint venture to build an air base at Thule, Greenland. That project required the hiring, training and transporting of more than 5,000 men and untold shiploads of equipment, food and material high above the Arctic Circle, where we worked for nearly 10 years on major military installations of several different types.

In the summer of 1951, we were awarded a contract to build a $1,200,000,000 uranium enrichment plant at Portsmouth, Ohio, for the Atomic Energy Commission. Within two years, we were employing 21,000 people on that one contract.

This pattern has continued, and at the present time our volume of uncompleted work throughout the United States including Alaska, and in Canada, is at an all-time high.

As I look back on it, I think we were right about half the time in recognizing opportunities that came our way in times of adversity. We were also fortunate in being prepared to take advantage of them. Similarly, our nation has experienced prosperity and, indeed greatness, by its reactions to "hard times."

I am confident that America will solve its current problems and emerge stronger than ever before. I'm glad to have played a small part in its second century—and I am content to trust its course to those, in this room and elsewhere, who, I am confident, will be even more successful in meeting the challenges of the next 100 years—if the American free enterprise system is encourged to function normally, and not thwarted.

Thank you—and good night.

Brief Biography of Peter Kiewit

In 1960, when Fortune magazine noted that his company led all construction firms in volume of business for that year, Peter Kiewit said: "That's fine, but we don't want to be known as the biggest, just the best."

Peter Kiewit has spent a lifetime building toward that goal. He started with the then small family construction company in 1919 as a bricklayer. In 1931, when one brother died and another retired from the business, he became president of Peter Kiewit Sons' Inc., of which Peter Kiewit Sons' Co. is the construction arm.

In the ensuing years, the firm built hydroelectric plants, highways, dams, office buildings, missile sites, canals, subway tunnels and atomic energy plants. It became the largest builder of Interstate highways in the United States. The firm has been in the coal mining business since 1940. Last year it was the nation's tenth largest coal producer. Although the firm has had contracts in all 50 states, the Omaha area is still its hub.

In 1969, Mr. Kiewit moved to chairman of the board and chief executive officer. Robert D. Wilson became president.

In 1962, Peter Kiewit Sons' Inc. became the principal owner of The World-Herald and KETV. This year a procedure was set up whereby employees will eventually own a majority of the newspaper's stock.

He has been a director of the Omaha National Bank, Northern Natural Gas Company, Rock Island Railroad and Northwestern Bell Telephone Company.

Peter Kiewit was born in Omaha on September 12, 1900. He attended Central High School and Dartmouth College. His wife is the former Evelyn Stotts Newton. A son, Peter Kiewit, Jr., an attorney, resides in Phoenix, Arizona.

Mr. and Mrs. Kiewit live in an apartment in the Kiewit Plaza. They own a ranch in Wyoming, a ranch near North Platte, and have a home at Palm Springs, California.

His civic activities have been numerous. He has served on the governing boards of the University of Omaha, Creighton University, Hastings College, the Omaha Airport Authority, Clarkson Hospital, Joslyn Art Museum and many other organizations. His philanthropies include gifts to Clarkson Hospital, Creighton University, Hastings College, Dartsmouth College, the Eisenhower Medical Center in Palm Springs, and other institutions. In 1959 he was King of Ak-Sar-Ben.

The Beavers, an organization of heavy construction men, once said of him: "Obviously Peter Kiewit does more than build lasting monuments of masonry, concrete and steel. He also builds men and good things for a better, more meaningful world."

DISTINGUISHED NEBRASKAN AWARD

1963—Clair M. Roddewig, President, The Association of Western Railways.

1964—His Excellency, The Most Reverend Gerald T. Bergan, D.D., Archbishop of Omaha.

1965—Robert S. Devaney, Head Football Coach, University of Nebraska; Bob Gibson, St. Louis Cardinals.

1966—General Alfred M. Gruenther, USA (Ret.).

1967—V. J. Skutt, Chairman of the Board and Chief Executive Officer, Mutual of Omaha Insurance Company.

1968—Arjay Miller, Vice Chairman of the Board of Directors, Ford Motor Company.

1969—Edd H. Bailey, President, Union Pacific Railroad.

1970—General Albert C. Wedemeyer, USA (Ret.)

1971—Mrs. A. Bromley Sheldon, Sheldon Memorial Art Gallery, University of Nebraska.

1972—James Keogh, Author.

1973—Leo A. Daly, President, Leo A. Daly Company.

1974—Loren C. Eiseley, Professor of Anthropology and the History of Science, University of Pennsylvania.

MINNESOTA'S UNCERTAIN ENERGY FUTURE

Mr. HUMPHREY. Mr. President, Canada now apparently intends to cease essentially all oil exports to America in 1980. The northern tier from Washington to New York—and especially Minnesota, Washington, Montana, North Dakota, Michigan, and Wisconsin—will bear the brunt of this cutoff. Some 750,000 barrels of Canadian oil daily—12 percent of our imports—must be replaced with other oil. I see no hope for such a massive replacement being effected in so short a time by the private sector alone. In fact, it is doubtful that a complete replacement can occur in so short a period—only 5 years—even with extensive public sector direction or assistance.

The impact of the Canadian oil policy, as well as other energy issues, was explored at a Joint Economic Committee field hearing in Minneapolis on Tuesday, October 14. I want to share with my colleagues portions of the testimony at that hearing, which have national as well as regional significance.

Mr. President, I ask unanimous consent that my opening remarks at that hearing be printed in the RECORD.

There being no objection, the opening remarks were ordered to be printed in the RECORD, as follows:

OPENING STATEMENT BY SENATOR HUBERT H. HUMPHREY, JOINT ECONOMIC COMMITTEE HEARING, OCTOBER 14, 1975

I think that my colleague Congressman Karth here will agree that our State—and Nation—have never before faced such uncertainty about the supply and price of oil, gasoline and natural gas.

Washington has simply been unable to settle on one national energy policy. President Ford wants to decontrol oil prices—a step which Congress fears will push us into another recession. Studies by the Joint Economic Committee, the Library of Congress and the Congressional Budget Office reveal that decontrol now—letting the OPEC oil cartel set our domestic American oil and gasoline prices—will allow oil prices to rise almost 30 percent. It will rob consumers of spending power—rob them enough to cause as many as 500,000 jobs to be lost.

In addition to the possibility of decontrol, Minnesota's energy outlook this winter is clouded by the likelihood of natural gas shortages—shortages of 5 percent or even more if our winter is unusually cold. While this shortage is modest compared to situations in some other areas, it will still cost us $7 million or more to find and buy substitute fuels.

One of these substitute fuels for natural gas is propane. Propane supplies may be extremely tight this winter, but no shortages will occur if, and I emphasize if, oil controls are continued. Those controls contain an allocation component vitally necessary to ensure that smaller propane users—our farmers and food processors, for example—receive adequate supplies.

So, in addition to the dangers of oil decontrols and a natural gas shortage, Minnesota may encounter a propane shortage too if oil is decontrolled.

Yet to my mind, the real danger to Minnesota's energy supply lies with the Canadian decision to stop selling us their oil and natural gas.

It is their oil and gas—and we should and will respect their right to use it in any way they see fit. At the same time, we must recognize that the Canadian policy has a special—and a severe—impact on Minnesota and the Northern Tier.

It will cost Minnesota some $100 million each and every year in higher fuel prices to bring oil from Texas and Oklahoma to replace Canadian oil. That means gasoline prices 2–3 cents per gallon higher. It also means higher unemployment as our oil refineries shut down without Canadian oil.

And it means a sharp downturn in our effort to attract industry and jobs—to grow economically.

These effects will be serious and widespread—but they will be spread evenly across the State.

The likely Canadian natural gas cutoff will affect only the 10 percent of Minnesota along the Canadian border. While it will not affect most of us at all directly, its impact in Northern Minnesota will be far, far worse than the oil cutback.

The life of entire communities will be jeopardized. Homes, factories, stores—everyone will be forced to pay for new heating and cooking systems. Factories must find and use other sources of fuel adaptable to their unique processes. For some, the cost will be too much. They may just close up shop and move away.

New plants and the vital jobs they bring will go elsewhere—where gas is abundant and cheap.

The Canadian policy has created special energy problems for Minnesota—and they require special solutions.

In the case of oil, for example, I've offered legislation requiring the President to facilitate a Canadian-American energy swap—an exchange of American oil elsewhere for continued flows of Canadian oil to Minnesota. I intend to explore this possibility this afternoon with Mr. Priddle of the Canadian Energy Department.

It is important also that our Government seek to allocate Canadian oil among American refineries to ensure that ours in Minnesota are not cut off before other permanent oil sources can be developed.

To discuss these and other features of the energy outlook in Minnesota and the Northern Tier, I welcome a distinguished official from Washington: Mr. John Hill, Deputy Administrator of the Federal Energy Administration.

He will be joined on our first panel by the leading Minnesota energy officials:

Governor Karl Rolvaag, now Chairman of the Public Service Commission, and

Mr. John Millhone, Director, Minnesota Energy Agency.

Next we will hear from another panel, representing a cross-section of municipalities, businesses and organizations vitally concerned with our energy situation. On this panel will be:

Mr. Jack Murray, Chairman of the International Falls City Council;

Mr. James Williams, General Manager with Boise-Cascade in International Falls;

Mr. Gordon Severa, President of Northern Natural Gas;

Mr. John Roper, Vice-President of Koch Refineries;

Mr. Cy Carpenter, President of the Minnesota Farmer's Union, and

Mr. Norman Dyer, President of Q Petroleum Corporation, Minnesota's largest chain of independent gas stations.

Mr. HUMPHREY. Mr. President, Mr. John Hill, Deputy Administrator of the Federal Energy Administration was the first witness. His review of the natural gas and oil situation in Minnesota and the northern tier reflects the latest data and information available to our Federal Government.

I ask unanimous consent that Mr. Hill's summary be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

COMMENTS BY MR. JOHN HILL, BEFORE THE JOINT ECONOMIC COMMITTEE, OCTOBER 14, 1975

GAS SITUATION

Since the early 1960's, U.S. importers of Canadian natural gas have known that no new exports would be approved by the National Energy Board (NEB) after 1970. The NEB took this action when Canadian gas reserves were judged inadequate to meet the needs of Canada.

This summer the NEB released a report on the Canadian Natural Gas Situation which suggested the likelihood of export curtailments. There is no question that the NEB has not only the authority to limit exports, but also the responsibility in Canada to ensure that energy exports are permitted only when such supplies are in excess of reasonably foreseeable requirements for use in Canada.

The attached schedule (Table I) highlights the Canadian natural gas situation vis-a-vis the authorized exports to the U.S. As one can see, Canadian natural gas is in short supply and those shortages will increase with time. Shortages may be felt in the export market during the 1976–77 heating season.

Former Canadian Energy Minister Macdonald, in a July meeting with Mr. Zarb, stated that Canada would make every effort to meet natural gas contracts for the 1975–76 heating season. Mr. Macdonald further stated that the Government of Canada would like U.S. assistance in determining how to implement the possible future cutbacks in Canadian natural gas exports. Consultation between our two governments will take place later this year.

FEA's Natural Gas Task Force will be addressing Minister Macdonald's request in an interagency effort. It should be noted that no U.S. natural gas allocation authority presently exists. We, in FEA, believe that we have the responsibility to address the Canadian request despite uncertainties concerning our future allocation authority so as to prepare for the shortages and seek alternative energy for affected areas.

OIL SITUATION

The Oil Embargo of 1973–74 highlighted the Canadian need for a change in oil policy. The continued high level of Canadian oil exports to the U.S. market had become understandably worrisome to Canada in face of their own declining supplies and rising domestic demand.

The NEB recommended to the Government a gradual curtailment of oil exports from a 1973 high of 1.1 MBD to a completed cutoff by 1983. The attached schedule (Table II) shows the current level of Canadian exports allowed to the U.S. Currently, the U.S. refiners are not importing the full allowance of Canadian crude oils. This has been due to a variety of reasons which include costs, FEA's entitlement program and the state of the U.S. economy.

FEA'S AUTHORITY FOR PREFERENTIAL ALLOCATION OF CANADIAN OIL

FEA has evaluated the various alternative possibilities for instituting an allocation system for oil imports from Canada. It is clear that if the EPAA is extended there would be sufficient authority for the establishment of a separate preferential Canadian allocation system. It is uncertain, however, that an extension will be adopted, or if adopted, for what period it will be effective.

If no allocation authority exists because of failure to reach agreement on extension of the EPAA, there are two additional methods which FEA has evaluated with respect to allocation of Canadian imports. The first of these involves use of the Oil Import Program authority under Section 232 of the Trade Expansion Act of 1962. However, since a system for allocation of Canadian imports would not be designed to limit such imports, but rather as a means for domestic allocation, there are serious questions as to whether such a system would survive a court challenge.

Since the Administration does not support a lengthy extension of the EPAA, it would support special specific legislation for authority to allocate exports of oil from Canada.

FEA is currently in the process of putting the finishing touches on a proposed allocation program for imports from Canada that could be implemented under either the EPAA or other specific statutory authority for this purpose.

FEDERAL PROGRAMS TO ALLEVIATE THE IMPENDING CURTAILMENT OF CANADIAN OIL

The Federal Energy Administration has been aware for sometime of the need to develop an allocation program for imported Canadian crude oil. On April 22, 1975, a notice was published in the Federal Register inviting refiners to describe their present degree of independence on crude oil imported from Canada, their projected future dependence and the current availability, if any, of alternative feedstock and energy sources. Public hearings were held on May 12, 1975. Thirty-one written comments were received and oral testimony was presented by nineteen interested parties.

A review of this commentary indicates a preferential allocation program is clearly required. Such a plan is now under development and will provide a first level of protection to landlocked Northern Tier refiners. Allocations to all refiners will be based upon an evaluation of their demonstrable reliance on Canadian crude and on their access to alternative crude oil distribution systems. This system will be reviewed with the National Energy Board and will be subject to further hearings in the U.S. in November.

In addition to a regulated allocation program, certain other possibilities exist to alleviate the situation. The Federal Energy Administration participated in the establishment of a bilateral Canadian/U.S. Working Party in Ottawa on March 17, 1975. Subsequent meetings of the Working Party were held in Ottawa on April 2 and in Washington, D.C. on June 13, 1975.

The Working Party made a comprehensive review of alternatives available to Northern Tier refineries affected by the anticipated decline in Canadian export availability. The review covered the legal, fiscal and administrative factors which might bear on alternative solutions to the problems. The review also developed and analyzed the possibilities for the exchange of oil between Canadian and U.S. refiners within the framework of existing policies affecting them. The Working Party concluded that commercial exchanges between Canadian and U.S. companies, if consistent with broad energy policy guidelines, should not be precluded by government measures. It was also determined that governments would not be parties to exchanges, but would maintain a favorable environment within which exchanges could take place. Both U.S. and Canadian officials agreed to consider modifying or removing any legal, fiscal or administrative impediments to commercially workable and mutually beneficial oil exchanges consistent with our respective national policies.

IMPACT OF NATURAL GAS CURTAILMENTS

None of the northern states use significant volumes of propane as a natural gas replacement. Industries in these states typically are able to convert to residual or distillate fuel, and typically have done so rather than rely on the limited supply of propane. Therefore, FEA does not expect that propane availability in these states will be substantially affected by natural gas curtailments this winter.

In the long term, supplies of propane to the Northern Tier could be substantially affected by natural gas curtailments unless there are continued controls on the distribution of propane. As curtailments increase, industrial firms in the Middle Atlantic, Mid-West and Southeast could divert substantial volumes away from the traditional propane market in their efforts to replace their source of gaseous fuel. The gas utility industry could also bid away the available supplies as it attempts to meet the requirements of its customers for gas.

AVAILABILITY OF DOMESTIC PROPANE—HEATING SEASON 1975–76

In recent weeks, FEA has contacted the major suppliers in each state to obtain forecasts of propane supplies for the coming winter. The results of this survey indicate that supplies will generally be adequate this winter to meet traditional demand. This holds true for the northern states as well. In these states, as in all other states, there are a few suppliers who are predicting shortfalls, as a result of decreased refinery or gas plant production, but most suppliers expect to be able to meet their obligations. Where there are shortages, FEA will use its allocation authority to alleviate difficulties. If the control program ends, we have asked for new authority to take care of the special needs of propane users. Domestic inventories of propane are at record high levels, and barring an unusually severe winter, the combination of current production and drawdowns of inventory should be sufficient to meet demand.

SUMMARY

Propane availability in the northern tier is not expected to be a problem for this winter. Although supplies are declining, there is no reason to expect extensive shortages in the short-term. In the long-term, legislation which the Administration has already proposed will be important to assure adequate propane supplies for agricultural and other small consumers in Minnesota and other northern states.

CONCLUSION

In summation, the Federal Energy Administration is taking all actions commensurate with its current authorities to avoid adverse impacts in Minnesota and other Northern Tier states which might otherwise result from decreasing Canadian exports. Enabling legislation to allow the allocation of Canadian crude oil is essential and rapid Congressional action on natural gas and propane authorities already proposed by the Administration will be essential to this program.

CANADIAN NATURAL GAS SITUATION

[Billion cubic feet]

Year	Deliverability	Canadian domestic demand	Exports: Maximum	Exports: Authorized	Exports: Shortfall	Exports: Percentage
1974	2,566	1,539	1,027	1,000	0	0.0
1975	2,651	1,714	937	1,074	137	12.8
1976	2,788	1,846	942	1,044	102	9.8
1977	2,909	2,026	883	1,044	161	15.4
1978	2,967	2,243	724	1,039	315	30.3
1979	2,970	2,370	600	1,032	432	41.9
1980	3,043	2,523	520	1,002	482	48.1
1981	3,041	2,651	390	951	561	59.0
1982	2,986	2,748	238	905	667	73.7
1983	2,985	2,831	154	899	747	82.9
1984	2,992	2,929	63	897	834	93.0
1985	2,927	3,047	−120	894	[1]	100.0
1986	2,810	3,116	−306	825	[1]	100.0
1987	2,697	3,224	−527	658	[1]	100.0
1988	2,594	3,334	−740	652	[1]	100.0
1989	2,480	3,444	−964	587	[1]	100.0
1990	2,325	3,568	−1,243	232	[1]	100.0
1991	2,226	3,679	−1,459	135	[1]	100.0
1992	2,095	3,800	−1,705	53	[1]	100.0
1993	1,986	3,918	−1,932	50	[1]	100.0
1994	1,855	4,037	−2,182	8	[1]	100.0
1995	1,746	4,170	−2,424	0	[1]	100.0

[1] All.

Source: NEB's natural gas tables with their reservations on Arctic, OCS, and frontier sources Exports are from existing contracts.

CANADIAN OIL SITUATION

Year	Domestic demand	Imports	Producibility	Exports available to United States	
				Maximum	Authorize
1975	1,910	955	2,100	1,145	755
1976	1,950	975	2,070	1,095	550
1977	2,070	787	2,005	720	410
1978	2,220	860	1,885	525	290
1979	2,300	900	1,790	390	210
1980	2,380	940	1,710	270	140
1981	2,470	985	1,615	130	80
1982	2,560	1,030	1,510	0	30
1983	2,660	1,080	1,385	0	5
1984	2,750	1,125	1,390	0	0

Mr. HUMPHREY. Mr. President, there are two Minnesota State agencies dealing with energy—the Minnesota Energy Agency, and the Minnesota Public Service Commission.

Mr. John Millhone, director of the State Energy Agency testified specifically on Minnesota's oil situation. I would like to share a portion of this testimony, including his comments on the impact of oil decontrol, with my colleagues. Ex-Governor Karl Rolvaag, chairman of the State Public Service Commission, also testified. His comments, especially dealing with the impact in northern Minnesota of a Canadian natural gas curtailment, were of great interest to me—they too should be shared with my colleagues. In particular, I direct the attention of my colleagues from the west coast, Montana, and New York, to the Rolvaag testimony. These areas, like Minnesota, are heavy users of Canadian natural gas.

Mr. President, I ask unanimous consent that excerpts of testimony by Mr. Millhone and Ex-Governor Rolvaak be printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

TESTIMONY BY JOHN P. MILLHONE

GENTLEMEN: My name is John Millhone. I am the director of the Minnesota Energy Agency, an office which I assumed September 1 of this year. Governor Wendell Anderson named me to head this agency, which has responsibility for Minnesota's State energy programs.

My purpose today is to bring to your attention a most acute and serious situation as it affects the refiners and the public in our State. My remarks are responsive to four questions.

First, what will be the impact of the expected phase out of Canadian oil exports to Minnesota?

If the phase out occurs as announced without immediate offsetting actions the impact on Minnesota would be disastrous to its business, agricultural and social life.

Minnesota relies more on Canadian crude oil than any other State. Petroleum products provide 46 per cent of the energy consumed in Minnesota. About 60 per cent of these petroleum products come from the three refineries located in the State and a nearby refinery in Superior, Wisconsin. The other 50 per cent comes from products pipelines entering Minnesota from the south.

More than 80 per cent of the crude used by the four Minnesota area refineries comes from Canada. These refineries and refineries in Montana, are part of the northern landlocked area which now have no practical alternative source of crude.

The proposed export levels set by Canada for crude and condensate moved into the United States was 800,000 barrels per day the first half of this year and 650,000 barrels per day the second half of this year. The proposed export schedule drops to 560,000 barrels per day in 1976, 400,000 barrels per day in 1977, 290,000 barrels per day in 1978 and then by smaller steps until exports would cease in 1983.

The reduction in Canadian crude exports and the high price set on this Canadian crude already has affected the operation of the Minnesota area refineries. The agency recently surveyed the operation of the refineries and their operating plans for the coming winter.

The four refineries have a capacity of 235,000 barrels per day. They currently are operating at the level of about 215,000 barrels per day and this is expected to drop down to an average of about 190,000 barrels per day this winter, with most of this decline due to limits on Canadian exports.

If the reduction in Canadian crude exports continues as scheduled and the share allocated the Minnesota area refineries is not changed, the Canadian crude available to the four refineries would decline to about 170,000 barrels per day in 1976, to about 135,000 barrels per day in 1977 and about 100,000 barrels per day in 1978. The refineries undoubtedly would be squeezed out of business. They could not afford to continue operations when forced down to half their capacity and with only further reductions in sight.

If this were to happen, the State's economy would be crippled. We would lose about one-fourth of the energy now used in the State. There would be a ripple effect, or perhaps what might more appropriately be called a tidal effect. The impact would first affect the refineries, but as inventories were depleted, every segment of the State's economy would be harmed. There would be widespread unemployment, economic strife and social unrest. Quite obviously, something must be done.

The second question is: please describe and evaluate the costs and benefits of the different ways that Canadian oil can be replaced by other oil—either oil or finished products—as Canadian exports are phased out over the next few years.

The alternatives include:

First, a preferential allotment of available Canadian crude to U.S. refineries which have no alternative source of crude oil. The impact of the Canadian curtailments is far more severe on those refineries which have no alternative crude oil sources. These refineries should be given top priority. This would not be a long-term substitute for Canadian crude, but it would give our refineries time to find a substitute.

Second, the use of U.S. Canadian oil swapping agreements. For example, offshore crude could move up the capline system to the lakehead pipeline and then into Canada in exchange for Canadian crude being delivered back into the U.S. to plants that do not have a pipeline connection with the gulf coast.

Third, the shipment of Alaskan crude into the upper midwest by off-loading it in the Puget Sound area and reversing the flow in the trans-mountain pipeline and interprovincial pipeline. A study by the Koch Refining Co. has estimated the cost of reversing these flows at $20 million and of expanding the dock facilities in the Puget sound area from $65 million to $175 million. An intermediary measure, the "Yo-Yoing" of sweet crude from Edmonton to Vancouver refineries and then reversing the flow to bring sour crude into the upper Midwest would cost an estimated $30 million.

These alternatives have several features in common. They would continue to make use of the large investment already made in the Minnesota area refineries. They would not upset existing market patterns. They *would* require negotiations and agreements between the U.S. and Canadian governments. They would not have serious environmental repercussions. They are complimentary.

They offer in combination a course through which the Minnesota refineries could continue to be supplied with crude oil.

There are other alternatives.

A new 1,500-mile pipeline from Puget Sound through Washington, Idaho, Montana, North Dakota and Minnesota, terminating at Clearbrook, Minnesota, has been proposed by Michael Curran & Associates of Great Falls, Montana. The pipeline would provide an all-American route for Alaskan crude into the upper midwest, but at an estimated cost of $1 billion it would be far more expensive than the other alternatives, would have more severe environmental impacts and would take longer to achieve.

Another possible alternative would be to serve the Minnesota market through an increase in the capacity of refineries in States south of us and to increase the number of product pipelines coming into the State. This also would be an expensive option. Although I know of no estimate of the cost of the new product lines, they would be relatively expensive, moreover, the capital investment in the Minnesota area refineries would be lost. It also would mean that there would be no residual fuel oil available in Minnesota. Residual oil cannot be transported by pipeline because of this viscosity. This heavier oil is the primary fuel used here in heating hospitals and schools and they would bear the cost of converting to other fuels.

The third question is, please assess the impact of oil decontrol on employment, on the price level for oil jobbers, and on the solvency of independent oil refiners, jobbers, and retailers.

The energy agency has undertaken no independent analysis of the impact of oil decontrol on employment. In this area, the national study whose assumptions appear to me to be most valid is that of the congressional budget office. Applying its assumptions to Minnesota, the immediate decontrol of oil prices would add 1.5 per cent to prices and .5 per cent to unemployment.

The abandonment of the entitlements program would have a severe impact on Minnesota area refiners and on the jobbers and retailers who use their products.

The entitlements program provides a partial offset for the high prices paid for Canadian crude. If entitlements lapse, the Minnesota refiners would have to bear the full brunt of these higher costs. They would have to compete against the major refiners who owe a high portion of their own crude and would experience no increase in these crude oil costs.

It is imperative to the public health, safety and well-being of Minnesota and the region that our independent refiners be kept operating competitively. The lapse of the entitlements program would be another blow to their independence and solvency.

The fourth question is, please evaluate the adequacy of propane supplies for meeting this winter's needs of Minnesota users.

There is a danger of dislocations in traditional propane marketing patterns. Propane is the only fuel that can be directly substituted for natural gas. With declining natural gas supplies propane has a new and valuable use for natural gas users facing curtailments and seeking to avoid or postpone conversion costs.

Propane supplies are limited, however, and there is not enough propane available for this new use. If propane is diverted as a natural gas substitute, propane supplies will not be adequate to meet its traditional farm and household uses.

The energy agency currently is undertaking a survey to determine whether and to what extent this diversion is occurring. Our early findings are not conclusive. In southeastern Minnesota where the corn crop is relatively wet, some propane shortages are reported. Other parts of the States do not appear to have problems.

The propane allocation to Minnesota this October is 10.7 per cent below last year's October allocation, but this one month variation is not conclusive. Our study is expected to be completed by early November and I would appreciate an opportunity to file a copy of it with the committee at that time.

Excerpts of Testimony by Mr. Karl Rolvaag, Chairman, Minnesota Public Service Commission, Before the Joint Economic Committee, October 14, 1975.

Senator, we're losing control and there is need for a national energy policy that will reassure the people that our governments have the capabilities to represent their interests in the face of this energy dilemma.

As an example, there is the plight of about 100-thousand good Minnesotans who are already victims without alternatives. I'm referring to the folks in 26 Minnesota communities wholly dependent upon Canadian Natural Gas Supplies, facing supply/price implications that could virtually destroy the economic virility of those communities.

While we are talking about 10 per cent of Minnesota gas users who must rely on Canadian gas as compared to the 90 per cent who are customers of gas companies supplied by Northern Natural Gas, the impact is substantial and will impose severe economic hardships on both individual-residents and commercial consumers.

For example, those Minnesotans being served by Canadian gas will face an increase of 40 per cent from the end of the 1975 heating season to the end of the 1976 heating season. Based on already established costs differences, this means that the average resident heating his home on Canadian gas this winter will be paying 498.45 as compared to 316.91 to the average Minnesotan heating his home on domestic gas—a difference of 57.2 per cent.

For the average commercial user supplied by Canadian gas, the cost will be $1,514.96 as compared to $909.79 for the user of domestic gas—a difference of 66.5 per cent.

I know, Senator that you are familar with the multitude of studies and programs designed to slow-down the out-migration of people from rural communities into the overcrowed metropolitan centers. I'm sure you are also aware that any one single factor ranging from fuel cost differentials to the availability of adequate transportation services can make or break a given community in providing the necessary opportunities to halt the out-migration from any given rural area to the big cities.

The loss of a single job opportunity in a small rural community can often mark the start of an exodus, particularly on the young people, so desperately needed to keep our Minnesota rural areas growing and vibrant.

A creamery handling milk or processing dairy products; a grain elevator drying grain or manufacturing livestock feeds; a confined poultry feeding operation or a poultry processing plant; a potato warehouse; a small cannery; or any small local business . . . they all work on such a narrow margin that pennies often determine the extent of the plant's operation; or whether it will operate at all. These operations are small by some standards, but they are the lifeblood of the 26 communities that are in the unfortunate competitive position because they must carry the brunt of the imported gas price increase and still try to compete with their neighboring communities where the increase is considerably less.

Right there Senator, you have 100-thousand reasons why we need a national energy policy!

This extends beyond the economics of price. We're concerned about the survival and social impact on these 26 communities that must remain competitive with their neighboring towns if they are to maintain a population base, sufficient business volume and competitive merchandising for their residents and continue to provide essential services to the agricultural community in the surrounding areas.

The question is often raised, what about alternate fuel sources? In terms of cost per million BTU output, Canadian natural gas costs $4.09; U.S. natural gas, $1.88; No. 2 fuel oil $3.71; northern propane (Canadian) $4.84; southern propane $3.52; and coal $6.06.

Domestic propane may at the surface, look to be a viable alternative. The cost to convert heating facilities from natural gas to propane would be minimal. But propane is produced from 40 per cent natural gas and 60 per cent crude oil meaning that greater propane production would create increased shortages of natural gas and oil. Even if production could be increased, greater consumption would make a more scarce commodity, inevitably resulting in more price increases.

In terms of converting from natural gas to oil for residential use, even if the supply were available, it would be nearly impossible to convert gas burning units to oil burning without prohibitive reconstruction costs. Most houses built since 1950 for natural gas have flues rather than ceramic chimneys which oil furnaces require because of higher vent gas temperatures.

Coal as you can see does not provide a reasonable economic alternative.

Another question is what are the possibilities of linking pipelines from the present domestic sources to serve those communities facing curtailment of Canadian supply. As all gas is transported into Minnesota this becomes an interstate jurisdictional matter, beyond state regulatory authority and in the realm of the FPC or FEA.

Still, regardless of whose authority it would be to order such linking of supply, the construction costs would be huge and the gas would have to come from the major Minnesota domestic supplier which has already announced a 2.45 per cent curtailment for this heating season and in all probability will be implementing more curtailments in the future.

The overall economic impact of the gas shortage will run into the millions in Minnesota alone. Increases in prices of $1.00 to $2.00 per thousand cubic feet, will result in 1% rise in the inflation factor. If the price of natural gas (imported or domestic) should rise at the rate of $4.00 per thousand cubic feet on as little as 10% of the old $2.00 natural gas, it would contribute 2% to our inflation each year. Thus the rate payer gets it twice . . . once in his own rates, and again in the higher costs in purchases of goods and service affected by the higher rates.

BUSINESS WORLD AND ADMINISTRATION OF JUSTICE

Mr. HRUSKA. Mr. President, the criminal justice system in the United States is of concern to every citizen and every segment of our society. This concern, however, is expressed in different ways. One of the most effective and productive expressions has been by the Economic Development Council of New York City. This fine organization is headed by Mr. George Champion.

The EDC is an independent, nonprofit organization of businessmen, established in 1965, to help bring the capabilities of the business community to bear on vital urban problems.

One of those problems—in New York City and throughout the country—is the effective, timely administration of justice. Toward this end, the EDC has contributed greatly and should be commended.

In the EDC's ninth annual report, entitled, "Business, the City and the Crisis," is contained an excellent article, "Business Lends a Hand in the Administration of Justice." The article outlines the role of an EDC task force in the solution of several problems plaguing New York's judicial system, including New York City's criminal court system.

The EDC task force was instrumental in the reorganization of the city criminal court system and its merger with the criminal branch of the State Supreme Court.

This was the result, according to the EDC article:

> Growing professional interest in the Task Force concept is evidenced by several thousand inquiries received by EDC from court administrators, judges, and leading lawyers throughout the country. New York's example has been singled out as worthy of national attention by legal journals and institutions, including the 40,000 member American Judicature Society. In a national survey of cities over 100,000 in population, the New York City Criminal Court system was rated as "the most innovative in the country."

The task force concept utilizes the know-how of business executives "on loan" and corporate funding.

The EDC article explains the purpose of task force involvement:

> Certain guiding principles, based in experience to date, are emphasized by Task Force Chairman (Richard F.) Coyne. He points out that the Task Forces make no attempt to judge or evaluate the legal decision-making of judges. Instead, they concentrate on problems of organization and administration.
>
> "The EDC Task Force approach has been low-keyed," he says. "We simply ask what we can do to help the courts and we have no 'axe to grind.' Second, we focus primarily on changes which can be implemented readily by administrative, as opposed to legislative, action. Third, from the outset, it has been agreed that EDC would assist in implementing any approved recommendations. These studies were not meant to gather dust on the shelf."

This streamlining and reorganization of the court systems has saved taxpayers hundreds of thousands of dollars each year in addition to the improvement in the administration of justice.

Clearly then, as the following statement points out, business can contribute in many ways to the improvement of American life:

> Perhaps the most significant of all "returns" is this: The EDC experience has demonstrated what is no longer a theory but a fact—business can help effectively to revitalize governmental services to citizens in the area closest to home.

The EDC of New York City is to be congratulated for its innovative program to improve the administration of justice. It is an example that can be emulated throughout the entire country. So that my colleagues and others interested in this very effective program may benefit from more details, I ask unanimous consent that the article, "Business Lends a Hand in the Administration of Justice," be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

BUSINESS LENDS A HAND IN THE ADMINISTRATION OF JUSTICE

REVIEW OF THE RECORD

When, in 1970, EDC began to pioneer in business assistance to government, a number of alternatives were examined. Certainly one of New York's most vital problems was the administration of justice. And, at the heart of that problem, lay the City's 98-judge Criminal Court system where delay in the handling of some 200,000 arrest cases annually was building an unwieldy backlog, dangerously impeding the whole judicial process, and clogging the jails.

Criminal court reorganization

EDC's first Task Force, composed of ten management specialists "on loan" from three major insurance companies, went to work in July, 1970, on an in-depth analysis of the organization, structure, systems, and procedures of the Criminal Court system. The study was made at the request of Presiding Justice Harold A. Stevens of the Appellate Division, First Department. EDC Vice Chairman Joseph A. Grazier gave general direction to the Task Force.

In less than three years, the Criminal Court backlog of unfinished cases was reduced from 59,000 to 13,500 while the number of defendants in detention awaiting trial decreased from 4,200 to 1,250. Court calendars are still "current" and backlogs have remained minimal ever since. These gains were based on specific Task Force recommendations for Court reorganization and the breaking of bottlenecks in case processing, records management, and work measurement. Administrative Judge David Ross and a team of top court administrators, gave vigorous implementation to the program from the start.

This "landmark" example of business-government cooperation set several important precedents. It had been widely supposed, for example, that the answer to the problem lay in more courts, more judges, more manpower, and more money. Instead, the turnaround was accomplished without any increase in these areas—and, in fact, at a saving to the City of $6.7 million a year. Moreover, a onetime saving of $48.5 million was effected, largely by eliminating the cost of constructing new detentional facilities.

The Supreme Court—State Court Administration

The Task Force experience also showed that the great majority of civil servants are dedicated people who want to take pride in their work. Once they understood the role of the Task Force, the court administrators and their aides welcomed its help in overcoming the frustrations and delays caused by organizational confusion and obsolete systems and procedures.

New Task Force assignments soon followed the first. Under the chairmanship of EDC Vice President Richard F. Coyne, the Task Force was called upon to meet other challenges in the judicial area.

Although a unified, statewide court system had long been mandated by the State Constitution, much remained to be done. In New York City, for example, the Criminal Court deals only with misdemeanor cases while the Criminal Branch of the Supreme Court handles the disposition of felony cases after indictment. Thus the reorganization of the Criminal Court did not touch the operations of the "criminal side" of the Supreme Court.

Early in 1972, an EDC Task Force of eight members began a new study leading to unification of the two systems. The Task Force recommended a common management structure, under a single Administrative Judge, for the Criminal Court system and the Criminal Branch of the Supreme Court in New York City. In March, 1973, Justice Ross was designated to direct the implementation of the plan, starting first in New York and Bronx Counties.

Duplicative units were consolidated, a new organizational structure was adopted, and modern management procedures were installed. Between the end of 1972 and the end of 1973, the number of Supreme Court defendants in detention awaiting trial or sentence decreased by 25 percent. The "bench time" of judges meanwhile increased.

Attention also turned, during 1973, to the Civil Branch of the Supreme Court. A third Task Force of eight members, also directed by Mr. Coyne, made a report with recommendations for the improved organization and operation of civil proceedings in the Supreme Court. This report was submitted to the then Presiding Justice Owen McGivern of the Appellate Division, First Department, and its implementation was assigned to Administrative Judge Edward R. Dudley.

In mid-1973, a third EDC Task Force of five members embarked on a complete study of the State Office of Court Administration at the highest level of the entire state court system. This was begun at the request of the then Chief Judge Stanley H. Fuld and continued with the support and leadership of his successor, Justice Charles D. Breitel.

Major objectives of the Task Force study were: (1) Increased use of the State Office's authority to manage the court system, set standards, define policies, and monitor performance, and (2) a modernized budgetary system. Chief Judge Breitel welcomed the report and gave strong impetus to its implementation under the direction of State Administrative Judge Richard J. Bartlett.

Lessons and national significance of the Task Force Reports

Growing professional interest in the Task Force concept is evidenced by several thousand inquiries received by EDC from court administrators, judges, and leading lawyers throughout the country. New York's example has been singled out as worthy of national attention by legal journals and institutions, including the 40,000 member American Judicature Society. In a national survey of cites over 100,000 in population, the New York City Criminal Court system was rated as "the most innovative in the country."

Task Force documents, supplemental to the studies, are giving guidance to those in other areas who seek to modernize court clerical procedures, records management, and systems. One example is the 104-page "Procedures Manual" which details the steps needed to process and register all cases in the Civil Division of the Supreme Court. Another is the 68-page report on the New York County Clerk's office entitled "Documentation of Procedures for Supreme Court-Related Functions."

While corporate contributions of "on loan" executive time and funds continue to sustain the bulk of the Task Force effort, grants from governmental and foundation sources are also utilized. This is perhaps another sign of the growing national significance of the program.

Certain guiding principles, based on experience to date, are emphasized by Task Force Chairman Coyne. He points out that the Task Forces make no attempt to judge or evaluate the legal decision-making of judges. Instead, they concentrate on problems of organization and administration.

"The EDC Task Force approach has been low-keyed," he says. "We simply ask what we can do to help the courts and we have no 'axe to grind.' Second, we focus primarily on changes which can be implemented readily by administrative, as opposed to legislative, action. Third, from the outset, it has been agreed that EDC would assist in implementing any approved recommendations. These studies were not meant to gather dust on the shelf."

DEVELOPMENTS OF 1974

New court assignments came to EDC while ongoing projects moved closer to fruition during 1974. As one example, on EDC's recommendation, the citywide Criminal Court and the Criminal Branch of the Supreme Court in Manhattan and the Bronx had been administratively merged under Administrative Judge Ross in 1973.

Early in 1974, Justice Ross was designated New York City Administrative Judge in charge of all Supreme, Criminal, Civil, and Family Courts—establishing, for the first time, a single administrative structure for the largest urban court system in the country (over 400 judges and 6,000 employees). This move further exemplifies the qualities of leadership and initiative which EDC considers so essential to successful governmental reorganization.

In the State Office of Court Administration, EDC had recommended a more coherent, effective management framework at the highest level in the State court structure. In 1974, State Administrative Judge Bartlett began the reorganization process. This included the design, adoption, and successful implementation of a modern, "purpose" judiciary budget for the new fiscal year.

A new EDC Task Force began work in late 1974 on a study of the New York City Family Court. This troubled court, which has the high priority of State Administrative Judge Bartlett, may make the difference, in particular cases, between a successfully rehabilitated juvenile and a future criminal defendant.

Also in 1974, EDC launched a study of the New York City Criminal Justice Coordinating Council which administers the City's share of Federal crime-fighting funds. EDC's first report finds that the Council was not properly set up to fulfill its functions. EDC recommended the appointment of an official who could speak and act for the Mayor and mobilize all the City's resources—including a reorganized Council—in the proper planning and coordination of New York's vast and costly network of criminal justice agencies which has a total net operating budget of more than $1.4 billion a year.

FOR THE FUTURE

Between ongoing and possible new programs, EDC faces a crowded agenda for 1975 and beyond. For one thing, further Task Force assistance has been requested in the implementation of recommendations on the management problems affecting the backlog of felony cases in the Supreme Court.

While the Task Force study of the New York City Family Court continues, a federally funded EDC study of Family Courts in New York State is scheduled to begin in 1975 with a grant of $138,000. Implementation will continue on the Task Force recommendations concerning the State Office of Court Administration.

New challenges will be posed in the implementation of the report on the Criminal Justice Coordinating Council. This is a highly critical issue in these times of rising crime rates and budgetary cutbacks. EDC's experience in the criminal courts should provide special insights in helping to determine the most effective use of public funds for purposes of public safety.

Between 1970 and 1974, EDC's court studies have utilized 25.3 person-years of "on loan" executive services valued at $632,500 and contributed, without cost to the City, by member companies. Ongoing studies and new projects will require substantial additional manpower in 1975. Most of this must come from corporate sources although "outside grants" will bear some share of the cost.

What have been the "returns on investment" to date? These can be stated in fiscal terms but only to a limited extent. A special study, made as a public service by Peat, Marwick, Mitchell & Co. in 1973, documented budgetary savings of $6.7 million a year in Criminal Court operations and a one-time saving of $48.5 million. Additional savings have doubtless occurred since then not only in the Criminal Court system but in other courts where EDC recommendations have been implemented. But these have not been "priced out."

In any case, the "returns" can well be stated in other-than-dollar terms—in beneficial effect on the community, increased "job satisfaction for court employees, and renewed public confidence in the judicial system.

Commenting on the Criminal Court program in 1972, *Reader's Digest* defined it as "what may well be the most significant reform of the past decade in municipal government." Chief Judge Breitel has said that: "EDC has been one of the brightest lights I have seen for the courts during the past 25 years." Administrative Judge Ross noted that: "Their (EDC's) support was absolutely invaluable in implementing the plan." And Presiding Justice Stevens termed the EDC program "a landmark in pointing out to the entire nation how the private and public sectors can work together for the common good and join in seeking reform in the court."

Perhaps the most significant of all "returns" is this: The EDC experience has demonstrated what is no longer a theory but a fact—business can help effectively to revitalize governmental services to citizens in the area closest to home.

CORRECTION OF FALSE REPORTING CONCERNING THE CITIZEN'S RIGHT TO PROTECT HIMSELF IN HIS OWN HOME

Mr. McCLELLAN. Mr. President, on September 19, I brought to the attention of the Senators a very distorted and misleading, but widely circulated, article by Jack Landau of the Newhouse News Service concerning the self-defense provisions of S. 1, the Criminal Justice Reform Act of 1975. The inaccuracies of that article had caused—and continue to cause—great concern on the part of its readers—and the readers of later articles by reporters who relied upon Landau's column as stating the truth—that the bill was attempting to limit the right of each citizen to protect himself and his family in his own home. I stated then, and restate now, that the bill attempts no such limitation.

Mr. President, I brought the Landau article to the attention of the Senate because the fears it created needed to be calmed. Those fears serve as an excellent example of the great power of the press and the equally great damage careless, false, and irresponsible reporting can cause.

Mr. President, just as there is bad reporting, there is also good reporting—reporting that is truthful and accurate. I am pleased to note today that the Landau news story, although false, has been the catalyst for some goood reporting on the same subject. Gradually, as some members of the press become aware that they and their readers have been misled, attempts are being made by some to correct and remove the erroneous and damaging information the article created. One such attempt is an article by Mr. Bob Schulman that appeared in the Louisville Times on October 6, 1975, which was recently brought to my attention. It represents an effort by the Times to provide its readers with the truth even though it was the Times itself that misled them by printing the Landau article. I believe that such an effort—representative of journalism at its best—should be commended and publicly acknowledged.

I therefore ask unanimous consent that Mr. Schulman's column, appropriately entitled "In All Fairness," be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

In All Fairness—It Wasn't a "Dinky Story" to Concerned Homeowners

(By Bob Schulman)

Washington lawmakers and bureaucrats don't aim to curtail a citizen's right to shoot or bash an intruder who's busted into the house.

Kentuckiana people got that reassurance in a Courier-Journal editorial Sept. 19. In The Louisville Times they received it even more pointedly on the same day in a signed opinion by editorial writer David DeJean and in a lengthy news report Sept. 25 by Times Washington reporter Berl Schwartz.

Yet, to judge from newspaper and congressional mail, it may be weeks or months (or never) before some Americans are relieved of the mistaken notion that the federal government has designs on limiting protection of man's castle, the home.

It's all because Washington reporter Jack C. Landau wrote a thoughtlessly misleading story that the Newhouse chain's news service distributed to many client papers, including The Louisville Times.

Landau walked into a buzz saw with his story because he unwisely took it for granted that millions of readers around the nation understand unmentioned, legalistic nuances that are second-nature for those on the capital beat.

As one reader, also upset by school busing, wrote to The Times: "To deny our rights to defend our loved ones, and to choose the upbringing or teaching of our children—what is left?"

Landau set out on a slow news day to do a report about a tiny facet of the huge, 20-year congressional effort to bring order to the willy-nilly accumulation of 200 years of federal law and court-case rulings. The legislation is called S-1—Senate Bill 1.

"Proposed curb on killing prowlers in the home faces Congress debate," said the headline over Landau's story as published Sept. 2 in The Louisville Times. His opening paragraph said the bill "would make it a federal crime in some instances to shoot a nighttime prowler on the spot."

Landau failed to make it clear that, according to the Justice Department, the proposal would change nothing: technically, federal law already forbids using "deadly force" when an intruder's threat is to property only. Coming home to find a burglar exiting from the house would be an example.

Landau's story also did not put enough stress on the fact that few householders ever are held guilty for clobbering an intruder. As Supreme Court Justice Oliver Wendell Holmes said long ago: "Detached reflection cannot be demanded in the presence of an uplifted knife."

But yet another of reporter-lawyer Landau's errors was his worst. His story failed to mention that what was being "debated" would affect only military posts and other federal property. For the average American householder, it was a nothing story.

Richard Des Ruisseaux, Louisville Times funnybone, was one of the earliest suckers. In a column the day after Landau's report ran in The Times, Des Ruisseaux lampooned Washington for aiming to turn a man's castle into a supply depot for burglars.

In the following weeks, hundreds of protesting letters were received by congressmen from Kentucky and other states. Several senators took the floor to reproach Landau.

Aside from the editorials here, Times reporter Schwartz' story of how Landau's report had created a furor was the first such effort by any paper to redress the mess.

"My face is red," says Landau. He shows contrition you might not find in a doctor or lawyer trapped in a similar error. But Landau adds, with astonishing naivete, "I didn't realize people would think the bit covered in the story had nationwide implications."

It saddened him that such a "dinky story" would arouse so much attention when, he says, little response came to a four-part, 10,000-word series he wrote on the danger that other parts of S-1 would deepen government secrecy.

Sad or not, defense of the home and family and resistance to government encroachments are where most Americans now get their dander up.

"Now that I have the accurate picture of the law on defending the home, I'd like to get Landau into my house as an intruder," says Des Ruisseaux with a wicked grin. But then Des Ruisseaux can say that, being a wag.

PETER FOSCO—PRESIDENT, LABORERS INTERNATIONAL UNION

Mr. JAVITS. Mr. President, I wish to join in Senator Williams' comments in mourning the death of one of the Nation's foremost labor leaders, Mr. Peter Fosco, president of the Laborers International Union of North America and vice president of AFL–CIO. Mr. Fosco spent his entire adult life in the labor movement, having been elected to his first union post in 1916. After his election as president of the Laborers International Union in 1968 Mr. Fosco worked to improve its organizing activities and educational and training programs. In the forefront of legislative initiatives Mr. Fosco was active in the fight for Federal construction and safety legislation as well as the Pension Reform Act of 1974—where he worked actively with me. Mr. Fosco's substantial contributions to the labor movement in the United States as well as to the enactment of protective labor legislation will be missed by all who knew and worked with him.

COOPERATIVES UNDER ATTACK

Mr. HUMPHREY. Mr. President, the Capper-Volstead Act of 1922 was enacted because Congress thought that farmers needed cooperatives to compete with and be protected from big business. The act permits farmers to market their products collectively. It also allows groups of producers to collectively act as a common marketing agency. Under the antitrust laws, cooperatives are subject to certain restrictions.

In recent years, co-ops have been subject to numerous criticisms that they have violated these restrictions by "unduly enhancing" prices. The critics have cited rising food prices as an example of violations.

In response to these criticisms, the

Federal Trade Commission conducted a study on agricultural cooperatives which seem to dominate certain agricultural commodities. In the September 30, 1975, issue of the Farmland News, Jay Richter's article, "Co-ops Brace for 'Less Friendly' Watch," claims that "there's nothing much in such reports to disturb co-op leaders, and yet they remain uneasy."

The cooperatives are disturbed because their views were ignored in the preparation of FTC reports. According to Kenneth D. Naden, president of the National Council of Farmer Cooperatives, 50 of the large agricultural marketing cooperatives gave the FTC extensive materials from their business records.

Recently, President Ford established a Government task force headed by Thomas E. Kauper, Assistant Attorney General for antitrust of the Justice Department, and including representatives of other Government agencies. One purpose of the task force is to examine the usefulness of the Capper-Volstead Act.

However, the administration's intentions are not known. According to A. E. Jaenke, in an article "Government and Cooperative Enemies Ready Attack on Capper-Volstead," in the October 1975 issue of the Land O'Lakes Mirror, it is uncertain "how this may fit into the President's overall deemphasis of Government regulation of business."

I would hope that the administration would clarify its intentions in relation to cooperatives. It is hardly fair in today's world to cite the economic assets of cooperatives when they compete with firms many times their size.

Cooperatives should be encouraged to stimulate competition, and this is a declared administration goal. I also am somewhat disturbed that the cooperatives were not given an opportunity to be heard before these reports were completed.

Mr. President, in order to further discussion of this matter, I ask unanimous consent that the aforementioned articles and a letter from the National Council of Cooperatives be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Land O'Lakes Mirror, Oct. 1975]

GOVERNMENT AND COOPERATIVE ENEMIES READY ATTACK ON CAPPER-VOLSTEAD ACT

(By E. A. Jaenke)

Strangely enough, today's arguments that cooperatives can get too large and too powerful are the same ones that Senator Arthur Capper and Representative Andrew Volstead—with President Warren Harding's support—argued down in 1922. They convinced their fellow members of Congress that farmers needed large, effective cooperatives to compete with and protect them from big business. They are now probably turning over in their graves. Attacks upon, inquiries into, and suggestions for revisions to their 53 year old Act are coming "hot and heavy."

The Capper-Volstead has been appropriately labeled the "Magna Charta of Cooperation.." It gave farmers the right to lawfully band together to collectively market their products. It did for the individual farmer what Congress had done for the individual worker years earlier in the Clayton Act of 1914. It gave them the right to organize and operate without being cited for violation of the Antitrust Acts.

Another key provision of Capper-Volstead allowed a group of producers to act together through their association in joining with other associations of producers to have a common marketing agency. This provision allowed a local cooperative to join with others to form regional cooperatives like Land O'Lakes. But the Act does not give co-ops a total exemption from antitrust law. It does set up specific requirements, such as one man, one vote, or an 8% limit on dividends. More importantly, the secretary of agriculture is directed to prohibit co-ops from "unduly enhancing" prices.

The Capper-Volstead Act gives farmers the right to organize and operate cooperatives, but in their dealing with others, cooperatives are subject to the same restrictions on their activities as other types of business under the antitrust laws, as several cases that have gone to the Supreme Court amply demonstrate.

Why, after all these years, is Capper-Volstead coming under such intense fire? The main reason seems to be food prices. A lot of people in this country think that food prices have been unduly enhanced—and that cooperatives may have had something to do with it. Another reason seems to be the adverse publicity generated by improper political contributions by a few cooperatives. The fact that scores of non-co-ops also made improper contributions seems to have been forgotten.

Cooperatives have been under attack before, but what is significant now is the broad base from which these attacks are coming. The list of groups now focusing on antitrust legislation includes some very prominent ones.

First is the Federal Trade Commission, enforcing anti-trust laws. FTC Chairman Engman has stated that his agency is gathering information, making studies, and preparing a staff report—all of which purport to show Capper-Volstead is out-of-date and needs revisions.

The antitrust division of the Justice Department is also suggesting that amendments may be needed for Capper-Volstead.

There is a special White House task force, first mentioned in President Ford's budget message, trying to determine if Capper-Volstead has outlived its usefulness. Just how this may fit into the President's overall deemphasis of government regulation of businesses, no one knows for sure.

There are Senator Philip Hart's Senate Judiciary Antitrust and Monopoly Subcommittee and Congressman Peter Rodino's House Judiciary Monopolies and Commercial Law Subcommittee, both of which have files and staff poised and ready to open up Capper-Volstead for major revision.

The Department of Agriculture is looking at cooperatives in what appears to be an effort to show a more strict enforcement of Capper-Volstead.

In addition, the many traditional opponents of cooperatives still haven't given up. They include groups with economic axes to grind who would like to see cooperatives brought to their collective knees. Some of them want to levy a double tax whammy on farmers and their cooperatives, and others would like to see co-ops lose their exemption from federal securities laws.

If you believe that the individual farmer, working through his cooperative, rather than the corporate farmer is the most efficient and least expensive means of supplying America and a hungry world with the food it needs (this fact is documented by USDA statistics), then you have to believe in the necessity of preserving that farmer's right to join a true cooperative and market his product legally under Capper-Volstead. But you will have to be ready to fight for that view. The battle to preserve Capper-Volstead and the effectiveness of cooperatives is about to begin.

[From the Farmland News, Sept. 30, 1975]

IS JUSTICE DEPARTMENT "PREJUDICED"?: CO-OPS BRACE FOR "LESS FRIENDLY" WATCH

(By Jay Richter)

The investigators of farmer cooperatives—who are they? For the most part, lawyers and economists in government, people who are paid with your taxes to help keep the economy turning those corners. They include specialists hired to ferret out monopolists, price-fixers, tax dodgers, profiteers.

Their principal habitats are the Justice Department (Antitrust Division), the Federal Trade Commission (Bureau of Competition and Bureau of Economics), and the Internal Revenue Service. Others occupy chairs in the President's Office of Management and Budget, his Council of Economic Advisers, and in the General Accounting Office, an investigative arm of Congress. Some are scattered about the USDA.

None of the investigators admits to anything but friendly feelings toward farmer cooperatives in general. Their unfriendly concern, they tell you, is directed only at those few co-ops that may get out of line and mess things up for the rest.

Not all the investigators agree upon how to straighten out erring cooperatives, but most of them apparently believe there ought to be changes of one sort or another in the co-ops' basic charter, the Capper-Volstead law of 1922 that provides farmers "may act together" in marketing their products. Government lawyers think it is strange that in the long course of more than a half-century of Capper-Volstead, not a single farmer co-op has been found guilty of "undue enhancement of prices."

Such enhancement is forbiddden under Section 2 of Capper-Volstead, a provision of the law designed to prevent misuse of monopoly power on restraint of trade. The Secretary of Agriculture is empowered to determine whether or not a co-op has enhanced prices unduly which—as Justice Department lawyers see it—is like putting Exxon in charge of government energy policy.

There's little justice for co-ops at the Justice Department, in the eyes of co-op leaders. As they see it, Justice has an almost ineradicable prejudice against them. There is a "hidden hospitality to Capper-Volstead . . . at the Justice Department," said a spokesman for the National Council of Farmer Cooperatives.

Justice Department lawyers deny this charge, but believe it is their responsibility, if not their mission, to probe the legal foundations that support the co-ops. If any one person can be said to be point man for the task, he is Thomas E. Kauper (pronounced KOY-per), Assistant Attorney General for antitrust, 40 years old, a native of Brooklyn, who took his law at the University of Michigan, served as law clerk to U.S. Supreme Court Justice Potter Stewart, and with a law firm in Chicago before joining Justice.

Noting that he had been named by President Ford to head a government task force "to examine the entire range of antitrust exemptions," Kauper added: ". . . we will be examining a number of difficult issues (including) the justifications, if any, for agricultural marketing orders and the Caper-Volstead exemption for farm cooperatives."

Examination of the co-op issue has the blessing and support of government at the highest level. Some antitrust exemptions, such as Capper-Volstead, said President Ford, "were enacted in response to various economic difficulties, real or imagined, with little or no thought to the long-run effect. . . . The time has come to reconsider these exemptions and discontinue those not justified."

Serving on the task force with Kauper are representatives of the elite among government agencies, the Council of Economic Advisers, Council on Wage & Price Stability, the Office of Management & Budget (OMB) which supervises government spending, and the White House staff itself. The men who head these executive agencies—James Lynn of OMB, Donald Rumsfeld of the White House staff, wage-price acting director George Eads, and Chairman Alan Greenspan of the economic advisers—are responsible only to the President.

The economists, lawyers, and just plain investigators employed in this presidential network are obscure, but their influence on the economy is powerful. Nearly all are subject to call for service on Kauper's antitrust task force whose individual members are unidentified by the government.

"The program is not formalized to the extent of having a single representative from each of the executive agencies concerned," explained a Justice Department spokesman.

Antitrust investigation is being heavily funded. Kauper noted that his Antitrust Division had received a "truly substantial budget increase," permitting a number of new investigations. That increased budget, in turn, was scheduled to be doubled in the next three years through agreement of the White House and Congress.

"While our friends may be reaching the point of being almost too friendly for us to keep up with them," exulted Kauper, "it is a nice kind of problem to be concerned about."

The general lines of Justice Department investigation into co-op behavior were perhaps laid down most plainly by Keith I. Clearwaters, until recently Kauper's deputy in the Antitrust Division, and now with a private law firm in Washington where he continues to specialize in antitrust matters. Clearwaters' proposals, now in the hands of former Division colleagues, call for co-ops to

Limit mergers;

Get licenses to operate;

Renew the licenses every five years;

Get the Agriculture Secretary's approval for any substantial expansion;

Drop co-op rules that appear to limit the freedom of individual farmer members, such as long-term membership clauses, supply contracts, base plans. (". . . predatory conduct on the part of cooperatives designed to intimidate or eliminate non-members or other competitive entities is not sheltered by the Capper-Volstead Act," Clearwaters told a farm audience).

Justice lawyers would also divest the Agriculture Secretary of the sole right to determine when a co-op develops and misuses monopoly power to enhance prices unduly. Never has a co-op been found guilty of such practices, although USDA has processed numerous complaints to that effect.

Congressional sympathy for Justice's position is visible in a pending bill on Capitol Hill, H.R. 6029, introduced by Rep. Robert McClory (R.-Ill.). A key section of the measure reads as follows: "whenever the Attorney General has reason to believe that the price of any product in commerce is unduly enhanced by reason of a monopoly or an attempt to monopolize by a labor, agricultural, or horticultural organization, he may institute a civil action on behalf of the United States against such organizations in the appropriate U.S. district court, and the court, upon a finding that the price of the product in commerce is unduly enhanced by a monopoly or attempt to monopolize by that organization, shall grant appropriate injunctive and other relief, notwithstanding any provision of law."

Justice lawyers, in short, would like to be able to take farmer co-ops to court whenever they conclude commodity prices may be out of line.

Introducing his bill, McClory said, "I merely propose to restore sanity to the marketplace by holding in check the excesses of privilege. It does not remove the privilege . . . farmer cooperatives enjoy, but merely prohibits them from using their monopoly position to enhance unduly the price of articles in commerce . . . The Attorney General is better suited (than the Agriculture Secretary) to perceive violations . . ."

Changes in co-op structure, "particularly in today's context of rising food prices," Justice Department people testified before the House Judiciary Committee, "suggest the need for congressional re-evaluation of antitrust immunity . . . to determine the degree to which the activities of cooperatives enhance food prices . . ."

Food prices are one of the two major issues of public concern—the other being energy—on which the Federal Trade Commission has chosen to focus its investigative lights. For many months, the FTC has been conducting a broad and "ongoing" investigation of the food industry, and the causes of high food prices. Among other things an official said the agency wants to know is whether "anything is going on . . . beyond the reach of law enforcement because co-ops are exempted from antitrust laws."

Numerous interim staff reports concerned with price-and-profit trends in the food industry have been issued by the agency. A recent report on meat packing, fluid milk products, bread baking, and beer brewing concluded that general profit levels in the four industries "did not show a marked increase."

The rate of food price inflation, the report said, had lagged behind the rate for all consumer goods in the past year.

"Little evidence was found that the explosion of raw sugar prices in 1974 was due to anything other than natural market forces," said another FTC report.

There's nothing much in such reports to disturb co-op leaders, and yet they remain uneasy. They note that FTC staff findings were carefully qualified by the agency in public releases which pointed out—for example—that the sugar investigators "made no extensive inquiry into the possibility of collusive activity," and that "the inability to use data from highly diversified firms . . . resulted in the exclusion of industry leaders" in the conduct of the bread and milk industry studies.

The FTC public releases also said that the Commission itself "has not adopted" the staff reports. Their final approval apparently awaits additional results from the "ongoing" investigation, and further Commission review.

Meanwhile . . . nothing yet from FTC about the co-ops. "When are they going to drop the other shoe?" asked a co-op spokesman. Many yards of co-op material had been gathered by the agency in about 60 questionnaires that presumably went to about 60 cooperatives. In responding to the questionnaire, Land O'Lakes required 22 pages simply to index its replies to FTC's long list of detailed inquiries.

Contributing to the uneasiness of farmer cooperatives is the relative youth and inexperience in agriculture of FTC's top people. They are ambitious, eager for change, bright and quick, highly educated products of prestige schools who have studied and worked in environments remote from the country's farms and rural institutions.

Lewis A. Engman, 37, is the youngest ever to head the agency. A native of Grand Rapids, Mich., President Ford's home town, Engman was graduated from the University of Michigan with high honors in economics, studied in England, received a law degree at Harvard. He left a Grand Rapids law firm in 1970 to counsel the Nixon White House on such matters as consumer affairs, tax matters, and antitrust policy.

Engman is reported to have an eye on the Senate seat of Philip A. Hart, who has said he will retire from Congress after next year.

Assistant to Chairman Engman at the FTC is a woman lawyer, Margery Waxman Smith, 32, who joined the regulatory agency early this year, following service in the Office of Economic Stabilization, on the Cost of Living Council, at the White House, and in Covington & Burling, a private Washington law firm. Ms. Smith is an honors graduate of the George Washington University law school and has a degree from Smith College.

General Counsel for FTC is Robert J. Lewis, 33, native of Lansing, Mich., honor graduate in law of the University of Michigan. Prior to joining FTC in April of this year, Lewis was staff assistant to the President, assigned to the Domestic Council at the White House. He went to the Council from a job on Capitol Hill as legislative assistant to Sen. Robert P. Griffin (R.-Mich.).

Though Lewis is bright and wants to do right, said a co-op spokesman, "it scares you how little he knows of cooperatives and the co-op philosophy."

FTC scrutiny of dairy marketing practices is perhaps scaring the cooperatives as much as anything the agency is up to. Officials frequently have complained to newsmen of state laws they claim are keeping wholesale and retail milk prices at artificially high levels. A staff report asserted that milk price fixing in 17 states had cost consumers an extra $712 million over 10 years.

Price effects of federal milk marketing orders are also troubling FTC officials. Their peers and superiors in the Ford Administration have been telling them, in effect, that federal order programs for milk (and other commodities as well) enhance prices unduly. The President's Council of Economic Advisers, for example, observed that milk marketing orders "institutionalize a higher price of milk for fluid consumption than for processing, and they restrict the free movement of raw milk."

In the long run, the President's Council advised, both dairymen and consumers would be better off without the order program.

Meanwhile, over at the USDA, Agriculture Secretary Butz has taken an unprecedented step that has unsettled some of the co-ops. He has established a 3-member committee of officials, outside the Department's Farmer Cooperative Service, to keep constant watch on co-op pricing.

Theirs is the responsibility to determine whether or not a co-op is guilty of "undue enhancement of price" under Section 2 of Capper-Volstead, and make final recommendations to the Secretary on what to do about it. Veteran leader of three is Dr. Don Paarlberg, 63, chief USDA economist, a friend and confidant of the Secretary's through their years of official service, work with agribusiness, academic study and teaching at Purdue University.

Paarlberg's distinguished career began on a family farm near Crown Point, Ind. He was assistant secretary of Agriculture when Ezra Taft Benson headed the department, then special assistant to President Eisenhower and food-for-peace coordinator at the White House. Dr. Paarlberg has served as a agricultural adviser to foundations and industry. His academic credentials include degrees from Purdue and Cornell; he has written extensively about agricultural marketing and pricing.

The Paarlberg manner is thoughtful and low-key, in contrast to the rambunctious, free-wheeling, and sometimes contentious Butz style. Paarlberg is generally credited with having a more liberal philosophy than Butz. Although co-op people do not see Paarlberg as a special friend, they believe he is more open minded about their problems than Butz, who told congressional investigators the tendency of co-ops toward monopoly was greater than that of non-co-ops, and that "the special privileges granted to farmer cooperatives" need to be re-examined.

"This is not a witch hunt," Paarlberg told Farmland News, in explaining the task of the three appointed by the Secretary to keep an eye on co-op pricing. "It is surveillance."

The public is more concerned than at any time within his memory about practices that may raise prices unnecessarily, Paarlberg went on, and the Department must enforce the terms of Capper-Volstead, or somebody else will be given the job, the Justice Department for instance. In an obvious reference to the fact that Section 2 of the law prohibiting undue price enhancement had never been invoked against a co-op, Paarlberg observed: "It's something like biology . . . if you don't use one of your physical members, it atrophies."

White House concern that competition is being stifled by antitrust exemptions and excessive government regulation—is this putting extra steam behind the surveillance effort? "Yes," said Paarlberg, "definitely." Others of the three are Richard L. Feltner, 37, Assistant Secretary of Agriculture for Marketing and Consumer Services, and James D. Keast, 45, recently appointed General Counsel, or chief USDA legal officer.

A native of Macedonia, Ia., Keast got his law degree from the University of Iowa. Prior to coming to the Department in 1971, he was general counsel of Doane Agricultural Service, before that partner in a law firm. He is a colonel in the U.S. Marines. Feltner, from New Ross, Ind., directed work in ag economics at the University of Illinois before coming to USDA early last year. He has degrees from Purdue and North Carolina State University.

Of their work in general, Paarlberg said, "We are looking at the structure of various commodity areas."

Rules of the game prevent him from revealing details on the progress of specific commodity investigations, but Paarlberg confirmed reports that they are loking into current camplaints abotu co-op pricing of sugar and milk. Inquiries elsewhere by *Farmland News* yielded some interesting comment on sugar, little or nothing on milk.

A special report on sugar pricing, prepared by Department economists, is said to be in the hands of the three and also those of a congressional committee. Although the report concludes that sugar prices have not been unduly enhanced, it also implies that the industry's complicated base point pricing system provide the means for controlling price. Sugar companies "may get called some day on base point pricing," said a source in USDA's Farmer Cooperative Service.

Pleas of no contest to charges of price fixing were recently entered by a co-op, the American Crystal Sugar Co., and four private refiners. They were fined the maximum total of $300,000 in federal district court at San Francisco. Another co-op, the California & Hawaiian Sugar Co. (C&H), chose to fight the charges in court. All six refiners had been indicted last December.

A no-contest plea is not an admission of guilt. The companies that entered the plea, said their lawyer, could have offered a defense, but chose to avoid a long and expensive trial. Nor is there necessarily any legal connection between these price-fixing charges and the question of whether prices may have been enhanced unduly in violation of Section 2.

But the case of sugar "is very interesting," observed Ron Knutson, who recently quit as head of the Farmer Cooperative Service to teach at Texas A&M. "What if a private company jacks up its price excessively?" he asked. "What then is the responsibility of a cooperative dealing in the same commodity, in terms of the public, and in terms of the co-op philosophy?"

In the case of milk, Knutson plainly doubts that overpricing has occurred, or can be proved. "If there's enhancement, why don't we have milk running out of our ears?" he asked. "There's no production controls. Today, with co-op premiums, the dairyman has more problems than he had yesterday without premiums."

Or, as a co-op leader asked, "If milk prices are being enhanced unduly, why aren't dairymen rich?"

Appointment of the USDA threesome to run surveillance on co-op pricing was a "good defensive move," said Knutson, who is credited with being a true believer in the co-op philosophy. If he'd had his way while running the Farmer Cooperative Service, he said, "we'd have had continuous staff monitoring of prices, going beyond simple response to complaints—not because enhancement is occurring, but because Capper-Volstead is so important we need to demonstrate constantly that co-ops are doing their job."

In outlining his ideas on co-op policy for the June 1975 issue of USDA's *News for Farmer Cooperatives*, Knutson wrote that cooperatives are vulnerable on the issue of undue price enhancement, and went on: "Without diligent Department of Agriculture concern for Section 2 enforcement, efforts to transfer enforcement to the Department of Justice or the Federal Trade Commission could receive wide support."

NATIONAL COUNCIL OF
FARMER COOPERATIVES,
Washington, D.C., October 15, 1975.

Mr. LEWIS A. ENGMAN,
Chairman, Federal Trade Commission,
Washington, D.C.

DEAR MR. ENGMAN: After a careful study of the Federal Trade Commission staff report on agricultural cooperatives issued September 30, we regret to conclude that it does not achieve its announced objective of "contributing to an understanding of the issues related to agricultural cooperatives." Because of the bias and preconceived conclusions of the authors, it shows a fundamental lack of insight and knowledge of farm price formation, marketing costs and margins, and market power as it is used in the food industry. In its effort to boost the importance of the Federal Trade Commission in antitrust matters, it impugns the integrity of another government agency with statutory responsibility in this field.

Altogether, the report fails to achieve the standards of competence in economic analysis for which the FTC is generally known, and we can only conclude that:

1. Farmers Are Getting a Raw Deal.

By the issuance of this report at this time, farmers and their marketing cooperatives are victims of an act of deception and bad faith by the FTC staff.

In early February, Mr. Frank Lipson of the Bureau of Competition, FTC, wrote to the 50 largest agricultural marketing cooperatives of the country, requesting numerous items of information and written records of business activities for the years 1970 to date. Upon hearing of this, my staff and I consulted personally with the FTC staff and were assured that the material would be the major resource for a comprehensive analysis of agricultural cooperatives and their role in marketing farm products. Numerous other inquiries from marketing cooperative officials to the FTC received this same response. Every effort was made by the 50 marketing cooperatives to comply with the request, despite the great cost in time and manpower needed to collect, collate and deliver the material.

We do not find any evidence that any of the material furnished by these organizations was used by the authors in preparing the report issued on September 30. One cooperative official learned on October 2 that the package of material he sent to the FTC had not yet been opened. Indeed, it would have been impossible for even the most cursory examination of the volumes of material which were furnished to have been completed in time to be incorporated in this report.

This series of events leads us only to one conclusion—that the authors had their preconceived conclusions established before the material from the marketing cooperatives was received. This material was not used to arrive at a fair and balanced viewpoint of cooperatives' role in the food production and marketing system of the country. There is no other way to describe this situation than to say that farmers and their cooperatives were given a raw deal—they are the victims of an act of bad faith and deceit.

2. The Analysis of Market Power Is Incomplete and Misleading.

The report concentrates on symptoms of market power rather than fundamental results. Despite an early denial, most of the report accepts the false premise that a high share of the market automatically bestows substantial market power; it assumes that any price-raising is evil and harmful; it ignores a staggering accumulation of research studies and data from the government, universities and the National Commission on Food Marketing, most of which draw strikingly different conclusions about this subject. Furthermore, there is little analysis of farm prices before and after the establishment of a cooperative or a marketing order, and no analysis of the fundamental conditions of competition existing in retail food markets among 250 closely competing farm commodities.

The staff report seems to assume that the proper level for farm prices is that which would exist if farmers operated without any private or governmental group marketing programs and were in a state of complete independence and individuality in the sale of their products. This premise is invalid and unacceptable. It represents a double-standard which assumes that pure atomistic competition is the proper economic state for farmers, but concentration of all different degrees in labor, manufacturing, service industries, and other parts of the economy is quite acceptable.

Lastly, the conclusions about market power and the effects of marketing orders are copied largely from a Stanford University report prepared by John A. Jamison. This study is cited ten times, more than any other single reference in the entire staff report. In the absence of analyses of its own, the staff seems to have accepted the Jamison report as its bible, with no criticism and no evaluation of its conclusions. The staff apparently was not aware that this Jamison report has been analyzed and was effectively refuted in statements to the House Agriculture Committee on April 25, 1969.

The best way to expose the false premises and weak analysis of alleged cooperative market power is to describe the factual situation regarding prices for fresh cranberries marketed by Ocean Spray, Inc. This organization is cited frequently and held up by the staff to be the epitome of harmful action and excessive market power because it markets a large share of the U.S. crop of cranberries and has used federal marketing orders.

The current supply of fresh cranberries for the 1975 crop season was placed on the market recently. The retail price which I paid at a local supermarket on October 4 was 39¢ a pound—about the same as I have paid for the past five years. The actual wholesale price per case of 24 packages charged by Ocean Spray to wholesale and retail distributors for this variety for those five years were as follows: 1971—$4.50; 1972—$4.75; 1973—$5.10; 1974—$5.50; 1975—$5.50.

Hence one can say that despite wide variations in crop quantity produced each year, the cooperative, with or without the marketing order provision, has been able to get modest increases in wholesale prices for this one product. However, the increase at wholesale was not sufficient even to cover increased marketing and packaging costs. During that same five-year period, general farm production costs rose about 50%, so the net return to farmers has declined.

One might reasonably ask: "What is the practical effect of this alleged excessive market power in terms of benefits to producers or harm to consumers?" The facts of the matter are that I as a consumer have not paid an increased price for this product, and farmers in turn have received lower net income because their production costs have risen dramatically.

This example exposes the basic weakness of the FTC economic analysis of cooperative market power—it fails to distinguish between the trappings of market power and the substance of market power. Substantial market power must demonstrate its existence through increased prices to consumers or the ability to pass along increases in production costs or rising profit-per-unit to the basic producer. By these tests, the charge that agricultural marketing cooperatives have and wield excessive market power is an empty charge.

3. The Authors Acted Irresponsibly in Impugning the Integrity of the Officials of the Department of Agriculture Who Have Statutory Responsibility for Administration of Laws Pertaining to Marketing Orders and Cooperative Marketing.

The section of the report beginning on page 85 is an unseemly attempt by the authors to aggrandize the jurisdiction and authority of the Federal Trade Commission and to downgrade the authority and responsibility of the Secretary of Agriculture in matters pertaining to agricultural cooperatives. The authors greatly exaggerate claims of authority alleged to have been made by the Secretary of Agriculture. In their attempts to puff up their own agency by demeaning another agency, they go far beyond the bounds of propriety and impugn the integrity of the officials of the Department of Agriculture in administering the marketing order and Capper-Volstead statutes. By saying, on page 117, that the USDA "has an incentive to artificially inflate milk prices," they imply that USDA officials are not obeying the law, which sets careful standards for protection of public and consumer interest.

I urge you, as Chairman of the Commission, to conduct an inquiry among the staff to determine why no use was made of the data furnished by cooperatives and why the report was rushed into print at this time.

Altogether, instead of making a contribution to understanding of the role of agricultural cooperatives in the food marketing system, the report will mislead readers and will inflame the misunderstandings and prejudices of those who are anxiously looking for a scapegoat to blame for rising food prices.

Very truly yours,

KENNETH D. NADEN,
President.

J. CLAY SMITH, JR. ON FEDERAL BAR ASSOCIATION

Mr. HRUSKA. Mr. President, the Federal lawyer has always been an important personage in our Government. Federal lawyers act as key advisers in all branches of our Government. The Federal Bar Association, founded 55 years ago, provides Government lawyers with an opportunity to participate in continuing legal education courses which supplement and greatly enhance their effectiveness as Government legal advisers.

I believe it is the highest duty, of utmost importance, that Federal attorneys should continue to provide the best of legal services to the public whom they serve, in accord with their long-standing tradition to do so. Because I believe the Federal Bar Association is materially aiding in that function, I ask unanimous consent that a speech given by J. Clay Smith, Jr., entitled "Professional Organizations: The Federal Bar Association and the Federal Attorney" be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

PROFESSIONAL ORGANIZATIONS: THE FEDERAL BAR ASSOCIATION AND THE FEDERAL ATTORNEY

(By J. Clay Smith, Jr.[*])

As a lawyer in the Federal service, I am delighted to have this opportunity to speak to you during this, the U.S. Civil Service Commission's Institute for New Government Attorneys. I understand that each of you come to government with diverse backgrounds; that each of you have already achieved legal skills or academic honors in non-government status. Further, it is my understanding that some of you have worked in private law firms, private industry jobs prior to applying to work for the government. On the other hand, for some of you, this is your first gainful employment since being graduated from law school.

My topic for discussion today is "Professional Organizations: The Federal Bar Association and the Federal Attorney". Before getting into the functional explanation of your participation in professional organizations, I would like to share my thoughts with you on a few issues that all of us as Federal lawyers should be mindful.

The image of lawyers at the bar is very important because of the trust that is placed in us by the collective state bar associations to which we belong. Likewise, the image of the Federal lawyer is highly important because we are employed by the public to act in its interest. The Federal lawyer is viewed by some members of the public, some of whom are fellow brothers at the bar, as being lazy, 9 to 5 dull savants. Our critics say that the government sucks the motivation out of energetic, intelligent and highly motivated people, including the Federal lawyer.

I have been out of law school for eight years. Five of those eight years have been spent in the Federal service as a lawyer. During those five years, I have seen bright, energetic, ambitious attorneys lose sight of their professional calling to the bar by abandoning or failing to participate in any activities which they could gain no favor with their supervisors. In short, active participation in professional organizations did not become a pressing priority for job promotion; hence, the attorney declined to join, support or participate in any bar association activity.

As a result, the private bar has reacted negatively to the Federal lawyer labelling him or her as drones; as lawyers who do not keep abreast of the law, except in their various areas of expertise.

The Federal lawyer does have many blind sides because he or she tends to specialize in a particular area, therefore, it is difficult to keep up with all the changes in the law. To some extent, all lawyers face this problem. But, generally the private bar supplements its knowledge through local bar association activities. The Federal lawyer must do the same thing. You are entering the Federal service as a Federal lawyer; you are beginning a new career. I urge you to seriously consider joining the Federal Bar Association or any other bar association for which you may qualify in the geographical areas of your employment. The Federal Bar Association is set up to provide you with a professional body in which you can meet and associate with other Federal lawyers and the private bar; in which to meet and to exchange professional ideas, and in which to participate in current continuing legal educational programs and seminars.

The Federal Bar Association is the trade association for the Federal lawyer. The Association has approximately 15,000 members located in the 50 states of the Union as well as in foreign countries. The Association is 55 years old. It was organized in 1920 and has been serving the Federal lawyer's interest since that time.

Lawyers in Federal service find membership of a special value because:

a. As attorneys first, and government empolyees second, they realize their special talents, interest, and responsibilities, and that the Federal Bar Association is dedicated to serving the profession of federal attorneys.

b. The national, regional and local Chapter structure of the Association helps them assume their responsibilities to their profession, their agencies, and to the public to take part in the understanding and development of federal law through educational programs and substantive law committee activities.

c. They can easily particiapte in meaningful expressions of professionalism through public service and social activities for the mutual benefit of government, profession, and public.

To facilitate these objectives the Federal Bar Association has a wide range of committee activities. There are some 75 substantive committees in which a Federal lawyer may choose to participate, e.g., the Urban Mass Transportation, Administrative Law, Labor Law, Civil Rights, Antitrust and Environmental Pollution Committees. There are a sufficient number of committees to cover the general interest of most Federal lawyers.

In addition, there is a very active Younger Lawyers Section of the Federal Bar Association. All Association members under the age of 36 are automatically members of the Council on Younger Lawyers. The Younger Lawyers have all kinds of interesting substantive and social events throughout the year.

When one joins any organization, the question arises—how can I get involved? If you want to participate on a committee, let the Chairman of that committee know. Send he or she a letter or call them up. Some of the Chairmen of these committees may be high level people in your agencies—all the better. Let them know that you want to participate in the Association's activities. Whatever you do—don't stand back and feel that you are not wanted or needed. Before you do that—call the Association's office and talk with Tom Rouland, the Executive Director of the Federal Bar Association, and tell him of your willingness to participate. Each of you have, and are acquiring or will shortly acquire an expertise which other Federal lawyers outside of your agency will want to learn about. We will want to learn from you; you will want to learn from others. This, and all of this is a *sine qua non* for professional growth and maturation.

There are other advantages of belonging to the Federal Bar Association. All members of the Association find the following advantages of membership:

a. Active participation in substantive committee programs, nationally and through Chapters.

b. Local programs of over a hundred Chapters, including 11 overseas Chapters, enabling meaningful activity in locality of practice.

c. Valuable group insurance programs

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[*] Before the U.S. Civil Service Institute for New Government Lawyers, Washington, D.C. on September 5, 1975. Mr. Smith, a Federal lawyer, is the Deputy Chief, Cable Television Bureau of the Federal Communications Commission, Washington, D.C. He is presently alternate Delegate of the Federal Bar Association to the American Bar Association House of Delegates.

available for income protection, accident and disability, life and extra hospital money.

d. Attractive, sensible tours of foreign countries which offer professional interchange with members of the bar and bench of other nations.

e. Cordial and friendly relations between judges, leading government officials, staff attorneys, and private practitioners.

Lower rates for the famous National Lawyers Club and for the many national and regional briefing conferences.

g. Automatic receipt of the monthly Federal Bar News and the quarterly Federal Bar Journal.

h. Use of the outstanding Federal Bar Library in the Federal Bar Building.

i. Effective placement services committee.

j. Stimulation and recognition of professional excellence through national and local Chapter awards.

In addition, members are justly proud of such recent Association accomplishments as the following:

a. Testimony and presentations to Congressional committees supporting pay comparabality and sensible career standards for federal attorneys, civilian and military.

b. Effective presentations of testimony and research to the Congress on important legislation.

Speaking personally, since I have been a member of the Federal Bar Association, I have had an opportunity to serve as a National Committee Chairman, a Council Chairman, testify before a subcommittee of the Judiciary of the House of Representatives, serve as a member of the Federal Bar Journal as well as publish articles in the Journal. You can do the same thing, and more.

The Federal service needs outstanding lawyers. We Federal lawyers; we supervisors; we staff attorneys; we department heads and especially non-lawyer supervisors, who have Federal attorneys working for them *must* encourage, not only the young but the seasoned Federal lawyer to participate in professional legal organizations whether it is the Federal Bar Association or not.

You must not be discouraged if you do not find a high level of interest in bar activities in the Federal service. You must not, however, reach the point that you do not feel a professional need to participate in a professional organization. If you do, that is a sign that working for the Federal service is becoming a bore. It is a feeling which you must carefully monitor.

Being a lawyer in the Federal service should be one of the most cherished callings of a lawyer. To the extent that it is not, you must swing the pendulum towards a more enlightened Federal bar. You can assist in raising the level of esteem of the collective bar for the Federal lawyer by your participation in a professional organization, such as the Federal Bar Association.

In conclusion, I wish each of you great success in your respective jobs and whether you join the Federal Bar Association or not—do participate in some professional legal organization. You, and the agency for which you work will benefit.

In addition, I commend the directors of this institute for their foresight in identifying the subject of professional organizations as a substantive priority in this program. It is a step in the right direction.

Mr. HRUSKA. Mr. President, this speech was given before the U.S. Civil Service Institute for new Government lawyers on September 5, 1975. It outlines the many services provided by the Federal Bar Association that help the Government attorney to fully carry out the trust reposed in him as a public servant and as an attorney.

Mr. Smith, the author, a member of the Nebraska and District of Columbia bars, grew up in Nebraska and attended South High School—1960—and the Creighton University—A.B. 1964—in Omaha. He was subsequently graduated from the Howard University School of Law in Washington, D.C.—J.D. 1967.

In 1960, Mr. Smith, at the age of 18, was asked by former Nebraska Gov. Ralph Brooks to personally represent him at President Eisenhower's White House Conference on Children and Youth which was held in Washington, D.C. He is believed to be the first black citizen of Nebraska to be so honored. He is now Deputy Chief of the Cable Television Bureau at the Federal Communications Commission in Washington, D.C.

ENERGY CONSERVATION FAILURE

Mr. NUNN. Mr. President, in April of this year I chaired hearings in the Government Operations Committee on voluntary energy conservation in order to examine closely ways in which both the public and private sectors of our society can work to prevent energy wastefulness.

Subsequently, I wrote to President Ford and the leaders of Congress to urge them to appear jointly on national television and launch an all-out national campaign to persuade Americans to become serious about energy conservation and to act daily to avoid energy waste.

Voluntary energy conservation is the one immediately available method to help solve our energy problems, and it was my hope that this appeal to the public would stimulate voluntary energy conservation on a scale that would reduce the country's overall energy consumption. Unfortunately, the President has not seen fit to engage in such a campaign.

According to a report recently issued by the International Energy Agency, the United States ranks fourth from last in conservation efforts among the major oil-importing nations. Only Belgium, Austria and Norway—which is an oil exporter—have done less to conserve energy since the 1973 Arab oil embargo.

The International Energy Agency was established as an "energy action group" to counter pressure from OPEC, the oil producing nations' cartel.

The United States has failed to lead or to follow the program the Agency initiated. We have become an underachiever in terms of energy conservation goals established by this agency.

"The American program must overcome an extremely high per capita historical energy consumption pattern and as such must be comprehensive and strong to be effective. At the present time it is neither," the Agency says.

Most Americans seem reluctant to begin conserving energy themselves when there is no articulated national policy for energy conservation. In the absence of a national policy, State energy programs are an excellent beginning. Gov. George Busbee of my State has given the people of Georgia a starting time by proclaiming October as "Energy Conservation Month."

The Georgia State Energy Office is educating the people of the State in energy use and effective energy management by making them aware of ways to voluntarily conserve energy. Organized projects and presentations by State and local government officials are underway emphasizing measures to prevent energy waste.

The public must be convinced that their individual contributions to energy conservation—driving slower, turning down thermostats, insulating homes and offices, and using less natural gas—are essential steps in reaching a 5-percent reduction in energy consumption, which is the immediate goal for Energy Conservation Month in Georgia.

If every State would follow Georgia's example, our Nation could begin to overtake the efforts of Great Britain and Sweden, the two countries which have accomplished more than the other 18 member nations of the International Energy Agency.

The United States depends upon foreign nations for 40 percent of its oil, and it consumes two to three times as much oil as the other industrial countries. The energy conservation efforts in the United States must be improved. Change in patterns of energy use will probably come slowly, but leadership is urgently needed and immediate action is required. The United States has neglected its responsibility as the greatest energy-consuming nation and should take steps now to make up for all the wasted time and wasted energy.

Mr. President, I ask unanimous consent that two articles which recently appeared in the New York Times regarding the IEA's recent report be printed in the Record.

There being no objection, the articles were ordered to be printed in the Record, as follows:

[From the New York Times, Oct. 2, 1975]

United States Is Rated Low on Energy Saving; OPEC Is Warned on Loss of Confidence; Agency Reviews Efforts Made by 18 Nations

Washington, October 1.—The United States ranks near the bottom of a list of oil-consuming nations' energy conservation efforts since the 1973 Arab oil embargo, the 18-nation International Energy Agency says.

Ironically, the agency was conceived by Secretary of State Kissinger as a consumer solidarity "energy action group" to counter economic pressure from the oil-producing nations' cartel. And his philosophy, stated several times, is that the agency's success depends upon the United States leading the way in reducing worldwide demand for oil.

The United States' poor report card is contained in the first review of conservation programs by member nations between the time of the oil embargo, imposed in the wake of the 1973 Arab-Israeli war, and last June 30.

This review is circulating among several Government agencies, including the State Department and Treasury Department. It also is being reviewed at International Energy Agency headquarters in Paris for a presentation at a meeting scheduled later this month.

Summing up its opinion of American conservation efforts to date, the I.E.A. says: "The American program must overcome an extremely high per capita historical energy consumption pattern and as such must be comprehensive and strong to be effective. At the present time, it is neither."

Current United States efforts, the agency review group complains, "depends almost entirely on voluntary programs, research and development and public education."

The final public version of the report is expected to avoid an explicit ranking of the 18 nations' conservation performance. But the draft review lists countries in the order that the agency believes their conservation programs have been successful.

The United States ranks fourth from last, above Belgium, Norway and Austria. At the top of the list for best performance are Britain and Sweden.

In its analysis of American performance so far, the agency says the best program has been President Ford's $2-a-barrel tariff on imported oil "which has the effect of raising all petroleum prices by 10 per cent."

The agency says that the executive branch "has proposed a fairly comprehensive conservation program" but that it has not yet been passed by Congress.

The analysis goes on to list major deficiencies in the "current U.S. situation" which, it says, include almost no taxes on gasoline or other energy products to curb use, no incentives or standards to reduce auto miles traveled and electricity rates that are lower for consumers using more power, such as industries.

In general the analysis favors the White House program and blames Congress for inaction.

The review committee, made up of members from each of the International Energy Agency countries, apparently follows the Kissinger (and White House) theme that higher prices are the best way to curb consumption.

While staying away from specific recommendations for conservation, it recommends some general measures for "serious consideration."

[From the New York Times, Oct. 5, 1975]

Conservation Failure

The failure of the United States to establish anything like an adequate energy-conservation program and to reduce waste has now been confirmed by the International Energy Agency. In the agency's first review of the individual programs of its 18 member countries, the United States is shown to be fourth from last in conservation efforts among the major oil-importing nations. Only Belgium, Austria and Norway—the last an oil exporter—have done more poorly since the 1973 Arab oil embargo. Britain and Sweden have done the best.

The United States took the lead in organizing the major consumer countries in the I.E.A. for united action to reduce imports from the oil cartel and to develop more secure energy supplies. As the world's most profligate energy users, Americans consume two to three times as much oil per capita as the other industrial countries. The whole effort of the advanced countries to combat extortionate price increases by the oil cartel and to reduce dependence on vulnerable imports will be condemned to failure if the United States does not succeed in matching the efforts of its allies in conserving energy.

In the constructive efforts to shape a comprehensive energy program, conservation has been central for one obvious reason: it is the only way quickly to reduce dependence on oil imports. While efforts to increase domestic energy supplies ultimately will play a more important role, much research, heavy investment and a long period of effort will be needed before major alternative energy sources can be brought in.

The I.E.A. study shows that the United States, virtually alone among the member nations, has failed to act since the embargo to discourage consumption by raising taxes on gasoline and other forms of energy, except for the disputed tariff President Ford has temporarily imposed on imported oil; nor has it introduced mandatory measures to reduce auto miles traveled. American conservation efforts depend, the I.E.A. reports, "almost entirely on voluntary programs," which are failing to produce results.

A steep gasoline tax seems to be politically impossible at this time. Both the Congress and the Administration also reject rationing. Oil conservation therefore has to be achieved by decontrol measures that let prices rise, combined with windfall profits taxes and plowback provisions to encourage energy investment. The Congress would be wise to acquiesce in the compromise decontrol plan the Administration now is proposing, extending over 39 months or more, rather than to force the overnight decontrol that would be the only alternative.

THE NATIONAL ENDOWMENT FOR THE ARTS

Mr. PERCY. Mr. President, as we approach the celebration of our Bicentennial, we should reflect on what has been and is the total texture of life in America. The arts, in all expressions, have not only exerted a profound influence on American society, but they have become part of our cultural development as a great country. The arts are not a luxury. They are a necessity for improving the quality of life in America.

On September 30, 1975, the National Endowment for the Arts celebrated its 10th anniversary. Since their creation, the National Endowment for the Arts and the Humanities have established an outstanding record in expanding the scope and effectiveness of funds they provide for the arts and the humanities in virtually every State. The success of the National Endowment for the Arts has been in large part due to the gifted leadership of its Chairman, Nancy Hanks, and her deputy, Michael Straight. Through their efforts, and the efforts of the members of the National Council on the Arts, a record of excellence has been built for the Arts Endowment. It is my belief that Federal financial assistance can help provide meaningful cultural growth and development for all Americans. This program has and will continue to have my constant support.

Recently, on the editorial page of the Christian Science Monitor, the question was raised "Are the arts worth two-hundredths of 1 percent of the national budget?" I believe they are.

Mr. President, I ask unanimous consent that the Christian Science Monitor's editorial on funds for the arts be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Christian Science Monitor, Sept. 30, 1975]

Two-hundredths of 1 Percent for the Arts?

The National Endowment for the Arts celebrated its 10th anniversary yesterday in the midst of artistic cutbacks around the country that make its funding—and its generation of matching funds—all the more necessary. As state and city budgets are tightened in the inflation-recession squeeze, museum hours get shortened and anything that smacks of luxury is challenged. In Massachusetts, for example, with all its cultural heritage, struggling arts organizations are rightly concerned because of a threatened two-thirds cut in the state arts council's budget.

But the arts and the whole quality of life they exemplify are not a luxury. Salty Harry Truman in the current play and movie about him is shown taking time to emphasize the importance of beauty to the human spirit—acknowledging how it refreshed him for the affairs of state. So do all members of society need the enrichment of the arts. When they turn to these resources, the resources must be there, not reserved for the elite, not allowed to wither to the disadvantage of all.

The United States took most of its 200 years to recognize the need for federal support of the nation's artistic enterprise. But the commitment to the arts endowment over the past decade has grown from $2.5 million to $74 million this year (with similar amounts for the companion National Endowment for the Humanities). For the coming year President Ford is at least going in the right direction by asking for an increase to $82 million (though $126 million was authorized under the last legislation). Surely no less should be appropriated in a budget of $375 billion.

For the arts endowment's 10 years have provided, despite some merited criticism, what chairman Nancy Hanks calls the "confirmation of an idea"—that federal support of the arts is an essential part of the system. Since it still amounts to less than 50 cents per capita, it is clearly not displacing private support and commercial maintenance of the arts. Indeed, many business patrons of the arts are not yet in recessionary retreat.

What the arts endowment can do—and has been doing—is to use its leverage to pry funding from other sources. As Miss Hanks has said, "Our most fundamental purpose is to draw national attention to major problems and opportunities in the arts, and then use our limited funds to mobilize non-federal resources to deal with them."

The needs she sees now range from better use of the potential of broadcasting for wide dissemination of the arts—to helping the little magazines in their task of discovering literary talent.

Are the arts worth two-hundredths of 1 percent of the national budget? That's all the President is asking for.

THE SECOND GREAT GRAIN ROBBERY

Mr. STEVENSON. Mr. President, the grain agreement with the Soviet Union is of doubtful enforceability against the Soviets. It masks fundamental problems, and has adverse implications for U.S. agriculture.

First, there appears to be no requirement that the Soviet Union furnish crop information of the kind readily available in the United States. This is a serious impediment to orderly world marketing by the United States and continues the Soviet Union's unique advantages in influencing prices downward up to the moment of its purchases. Without Soviet crop projections it is impossible for the United States to effectively monitor world food supply and demand and then make sensible market decisions.

Second, there is no requirement that the Soviet Union maintain national grain reserves to cushion the effects of drought and flood in the world. The grain agreement provides that wheat and corn grown in the United States shall be supplied for "consumption" in the U.S.S.R. But this provision is rendered meaningless by the absence of any

Soviet commitment regarding exports of its homegrown grain. U.S. grain could go in one elevator and Soviet grain out another at a higher price.

Third, I see no protection of our major traditional customers, such as Japan, which could be cut short for the benefit of the Soviet Union in the event of inadequate harvests here.

The agreement is unenforceable, except for the benefit of the Soviets. It can require 6 to 8 million tons of U.S. corn and wheat a year for the Soviets. But they can sell their own grain if purchases of U.S. grain create surpluses. The Soviet Union can also purchase U.S. grain from other nations in excess of its allotments, as it has done, reportedly, during the recent embargo. And the agreement applies only to corn and wheat. It is probable that the Soviet Union will soon meet a part of its livestock protein requirements with soybeans. Any Soviet grain requirements in excess of its wheat and corn quotas could be met with soybean purchases to the detriment of other U.S. customers. So, if the quotas are too low, or too high, for the Soviets, they can be evaded.

If the agreement were enforceable, it could restrict marketing opportunities for U.S. farmers, not only in Japan, but also in the Soviet Union. In 1972, the U.S.S.R. purchased 19 million tons of grain in the United States. Its 1975 requirements from the United States have been estimated in the U.S. intelligence community to be as high as 29 million tons. In 1976 this agreement would limit the Soviet Union to 6 million tons, or if the U.S. crop exceeds 225 million tons, to 8 million tons, without further agreement by the United States.

Were these the only features of this agreement, it could safely be considered to contain so many conflicting and unenforceable provisions as to be meaningless, just another little deceit intended to satisfy farmers and consumers without doing any of them any serious harm. But this agreement demonstrates the extreme difficulty to allocating U.S. food exports country by country over a long term. It establishes a precedent of quotas for other countries. If the Soviet Union is entitled to such a quota, why not our better customer, Japan? It also deprives the United States of one means, perhaps the only, by which it could rationally market its food abroad with a minimum of government interference and a maximization of U.S. authority in the world.

With Soviet crop information, the United States could monitor world food supplies and periodically determine amounts available for export. By a system of export license fees it could establish a higher world price than the domestic price for grains, permitting the world price to allocate grains abroad according to demand, without resort to quotas or embargoes. The United States could then recycle the license fees to the domestic agricultural sector to increase production and to the poor countries in order to help them pay their food bills. In much the way the United States is urging the oil producers to recycle petro dollars, it could recycle agridollars.

Such an enforceable, profitable and humane system would be rendered impossible by this agreement for 6 years. The United States does not obtain Soviet crop information. And it commits to sell at a market price and explicitly agrees to exercise no export control authority with respect to the Soviet Union. Thus, the United States fritters away its potential control of world food supplies and prices with no concomitant concession by the Soviet Union. Indeed, the Soviet Union refuses to enter an oil supply agreement at any given price and seems to condition any such agreement on the supply of U.S. technology for energy development in the Soviet Union. Exports of capital or technology to the Soviet Union are not consistent with the requirements of the United States for its own energy development and of more friendly countries also seeking energy independence.

The last grain deal with the Soviet Union was for 1 year, but its inflationary consequences are still being felt. This grain deal is not likely to cause the same degree of immediate hardship, but its potential for future hardship to the American farmer, for the erosion of U.S. relations with friendly customers—especially Japan—and its forfeiture of American control over the supply and price of food in the world is serious.

I have supported a grain purchase agreement with the Soviet Union as a means of curbing the destabilizing effects of Soviet grain purchases. But such agreements should be short term—and for no longer than it takes to devise better means than embargoes and quotas for allocating U.S. food to the Soviet Union and others in times of shortage.

I also question the abandonment—for 6 years—of leverage with the Soviet Union. My amendment last December to the Export-Import Bank Act was designed to condition concessionary commercial relations with the Soviet Union upon a continuous evaluation of Soviet international behavior. With our commanding position in the world food trade, we should make grain deals contingent upon a continuous evaluation of Soviet actions in the world, and not commit our grain supplies regardless of Soviet actions with respect to the United States in the Middle East, at the strategic arms bargaining table or elsewhere.

It may be that the Congress has been presented with another fait accompli—like the last grain deal—but I intend to hold hearings on the bill I introduced to subject long-term grain deals to congressional review, and in so doing to give this deal a healthy airing. If the need for that bill was not obvious to all when it was introduced, it must be now, especially to those in American agriculture.

THE ENACTMENT OF THE JAPAN-UNITED STATES FRIENDSHIP ACT

Mr. JAVITS. On the evening of Monday, October 20, the President signed into law the Japan-United States Friendship Act. I originally introduced the Japan-United States Friendship Act in August 1972, and was later joined in its sponsorship by Congressman WAYNE HAYS of Ohio. It is a most gratifying culmination of 3 years of work to see the enactment of this very significant legislation. I believe the new law will enhance and strengthen very materially the bonds of friendship and channels of meaningful communication between Japan and the United States and between our respective peoples. While it is unfortunate that this legislation could not be signed during the visit of Their Majesties the Emperor and Empress of Japan in this country, I believe that it is a fitting tribute to the Japanese people to have enacted with President Ford's signature, the Japan-United States Friendship Act so close upon the return of Their Majesties to Japan.

Preparatory to the President's signature of the bill, the question arose in the executive branch regarding the intention of the legislation as to whether or not Members of Congress serving on the Japan-United States Friendship Commission, established by the bill, would have a vote on the Commission. This question, which involves article I, section 6 and article II, section 2 of the Constitution, was discussed during the House-Senate conference on the bill, and as it was clear that the mandate of the Constitution would be binding, the staff was directed to act accordingly in filing the conference report.

To clarify the point, Acting Assistant Secretary of State for Congressional Relations, Kempton B. Jenkins, wrote to the two chairmen of the conference, Senator SPARKMAN and Representative MORGAN, and the sponsors of the Senate and House bills, myself and Representative WAYNE HAYS. In my response of October 17, I stated that the requirements of the Constitution having been determined, it was clear that Members of Congress serving on the Japan-United States Friendship Commission would serve in a nonvoting, advisory capacity. Senator SPARKMAN and Representatives MORGAN and HAYS responded similarly. To add to the official record of this legislation, I ask unanimous consent that the exchange of letters between Acting Assistant Secretary Jenkins, Senator SPARKMAN, Representative MORGAN, Representative HAYS and myself be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. JAVITS. Mr. President, I now look forward to the vesting of the Japan-United States Friendship Trust Fund through the appropriations process and the establishment of the new institutional mechanism created by this significant legislation.

EXHIBIT 1

DEPARTMENT OF STATE,
Washington, D.C.

HON. JACOB JAVITS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR JAVITS: I am enclosing copies of letters I have written to Senator Sparkman and Congressman Morgan concerning the Japan-United States Friendship Act.

Please accept my best wishes.

Sincerely,

KEMPTON B. JENKINS,
Acting Assistant Secretary for Congressional Relations.

Department of State,
Washington, D.C.

Hon. Thomas E. Morgan,
Chairman, Committee on International Relations, House of Representatives, Washington, D.C.

Dear Mr. Chairman: The Executive Branch is now considering the Japan-United States Friendship Act which was approved by Congress on October 7.

As you know, the Administration fully supports the purposes of this Act. However, a question has arisen concerning Section 4 (a), which stipulates that the Commission established by the Act shall be composed of, among others, two members of the House of Representatives and two members of the Senate, to be appointed by the Speaker of the House and the President pro tempore of the Senate respectively. The language of the Act is not specific as to whether these four Congressional members of the Commission are to be voting members or non-voting, advisory members. It is the opinion of the Department of Justice that the Constitution precludes members of Congress from holding any office under the United States. There are, however, numerous examples of members of Congress serving in an advisory capacity on various commissions.

We would be most grateful if you could confirm that the members of Congress on the Commission are intended to serve in a non-voting capacity.

Since this is a matter of considerable urgency, I would be most grateful if your staff would alert my office when a response has been prepared.

Sincerely,

Kempton B. Jenkins,
Acting Assistant Secretary for Congressional Relations.

Department of State,
Washington, D.C.

Hon. John Sparkman,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: The Executive Branch is now considering the Japan-United States Friendship Act which was approved by Congress on October 7.

As you know, the Administration fully supports the purposes of this Act. However, a question has arisen concerning Section 4 (a), which stipulates that the Commission established by the Act shall be composed of, among others, two members of the House of Representatives and two members of the Senate, to be appointed by the Speaker of the House and the President pro tempore of the Senate respectively. The language of the Act is not specific as to whether these four Congressional members of the Commission are to be voting members or non-voting, advisory members. It is the opinion of the Department of Justice that the Constitution precludes members of Congress from holding any office under the United States. There are, however, numerous examples of members of Congress serving in an advisory capacity on various commissions.

We would be most grateful if you could confirm that the members of Congress on the Commission are intended to serve in a non-voting capacity.

Since this is a matter of considerable urgency, I would be most grateful if your staff would alert my office when a response has been prepared.

Sincerely,

Kempton B. Jenkins,
Acting Assistant Secretary for Congressional Relations.

October 17, 1975.

Mr. Kempton B. Jenkins,
Acting Assistant Secretary for Congressional Relations, Department of State, Washington, D.C.

Dear Mr. Jenkins: This will acknowledge your undated letter received October 6 concerning the Japan-United States Friendship Act and specifically Section 4(a).

The bill as passed does not deal with the question of whether Congressional members of the Commission are to be voting or non-voting members, but it seems clear that under the Constitution they would be non-voting.

Sincerely,

John Sparkman,
Chairman.

U.S. Senate,
Washington, D.C., October 17, 1975.

Mr. Kempton Jenkins,
Acting Assistant Secretary for Congressional Relations, Department of State, Washington, D.C.

Dear Mr. Jenkins: This letter will acknowledge your undated letter to me enclosing your letter to Senator Sparkman concerning the Japan-United States Friendship Act.

As you know, the version of the Japan-United States Friendship Act as passed by the House of Representatives provided in section 4(a) that the Members of Congress serving on the Japan-United States Friendship Commission would have no vote in the Commission. In deciding to delete this wording from the Conference Report of the Japan-United States Friendship Act, it was the view of the House Senate Conferees that the mandate of the Constitution would be binding and the staff was directed to act accordingly in filing the Conference Report. As it is now clear that Members of Congress cannot vote on such a commission, the Members of Congress serving on the Japan-United States Friendship Commission shall act in a non-voting, advisory capacity.

With best wishes,

Sincerely,

Jacob K. Javits.

Committee on International Relations,
October 20, 1975.

Mr. Kempton B. Jenkins,
Deputy Assistant Secretary, Congressional Relations, Department of State, Washington, D.C.

Dear Mr. Jenkins: This is in reply to your undated letter in which you express concern over section 4(a) of the Japan-United States Friendship Act.

Although the matter of voting by congressional members of the Commission is not addressed in the bill, it was the intention of the conferees that the provisions of the Constitution would, of course, be paramount over any act of Congress.

With best wishes, I am

Sincerely yours,

Thomas E. Morgan,
Chairman.

October 20, 1975.

Mr. Kempton Jenkins,
Acting Assistant Secretary for Congressional Relations, Department of State, Washington, D.C.

Dear Mr. Jenkins: This is in reply to your undated letter in which you express concern over section 4(a) of the Japan-United States Friendship Act.

Although the matter of voting by congressional members of the Commission is not addressed in the bill, it was the intention of the conferees that the provisions of the Constitution would, of course, be paramount over any act of Congress.

With kind regards, I am

Very sincerely yours,

Wayne L. Hays,
U.S. Congressman.

THE CRISIS IN ANGOLA

Mr. KENNEDY. Mr. President, the complex situation in Angola today clearly poses significant difficulties, not only for the people of that nation, but also for America's position throughout black Africa. As a result, we need to take a close look at what is happening in that country, and at our response to a crisis that is threatening the lives of many people and Angola's orderly transition to independence.

Angola, twice the size of Texas, is strategically located on the southern Atlantic coast of Africa, and has vast oil, mineral, and agricultural resources—many not even fully explored. It has the potential of one day becoming a major political and economic force on the African continent.

However, Angola's future now hangs in precarious balance. Portuguese colonial rule is scheduled to end on November 11. Angola's three regional and basically ethnic political parties—the Popular Movement for the Liberation of Angola, MPLA; the National Front for the Liberation of Angola, FNLA, and the National Union for the Total Independence of Angola, UNITA—are engaged in a tragic, fratricidal military struggle for control of its destiny, while foreign interests maneuver to fulfill their own designs.

In the face of this crisis the Ford administration has apparently decided to pursue a policy of covert intervention in Angola. Widespread press reports, including a story in the New York Times on September 25, indicate that the United States is covertly supporting one, maybe two, of the three Angolan parties. The New York Times article, which I shall ask unanimous consent to have printed in the Record following my statement quotes administration sources as saying that the CIA is channeling money and arms to the FNLA, which is led by Holden Roberto, the brother-in-law of Zaire's President Mobutu, and that our Government is also considering the feasibility of providing assistance to UNITA.

What is clear is that either the administration does not know or does not sufficiently understand the Angolan situation and, therefore, appears to have followed Zaire's attempt to insure influence over a future Angolan Government by helping to put FNLA in power through covert support. Yet the administration has not given the Congress or the American public any information, or attempted to involve the Congress in formulating policy, although what we do in Angola will have a vital impact on our relations with black Africa. It is, therefore, imperative for the Senate to assert itself at this time and strongly urge the administration to provide information we need to play our proper constitutional role in developing policy toward Angola which protect and promote U.S. interests.

Because of a conflict between reports of covert U.S. military support for the FNLA and administration statements denying any involvement, I am asking the Senate Subcommittee on Refugees, which I chair, to ascertain the nature and degrees of our Government's involvement in Angola, and to seek precise information on report of covert activities there.

The provisional government set up last

January in Angola, with the Portuguese and the three Angolan parties, has collapsed. That agreement had divided the functions of the provisional government among the three parties, with a limited role for Portuguese officials in certain sectors. After conflicts arose among the representatives of the Angolan parties in the provisional government, the parties met on two successive occasions in Kenya to resolve their differences—to no avail.

Military clashes between the armies of the parties began occurring in Luanda and in other parts of Angola with increasing frequency, followed by truces of short duration. The intensity of the fighting increased in May and June, with heavier weapons being used in each successive encounter, until in early July full-scale civil war broke out in Luanda and throughout the country. The MPLA forces promptly drove the FNLA and UNITA armies out of Luanda and took de facto control of the provisional government. The major battles pitted MPLA and FNLA forces against each other, with UNITA's weaker army declaring war on MPLA in the southern parts of the country.

Portuguese troops have, for the most part, stood helplessly by, although they have occasionally aided and protected victims and refugees of the conflict, and assisted some surrounded units of defeated armies to escape to secure areas. Portugal's ability to influence the situation is limited. Even if it were disposed to act with the forces at its command—and this role were welcomed by Angolans, themselves. The Portuguese garrison includes only 24,000 men as compared with armies of approximately 14,000 for MPLA, 20,000 for FNLA, and 8,000 for UNITA. Portugal is also restricted because of its commitment to depart from Angola, and because of the natural reluctance of Portuguese troops to intervene.

At the present time, reports indicate that MPLA forces are on the offensive, having won battles which give them control of Luanda, the oil-rich enclave of Cabinda—which is separated geographically from the rest of Angola by a 40-mile corridor of Zaire—the central region from the coast of the Zambian border, all the major seaports, and parts of the southern region. The New York Times credits MPLA with controlling 11 of 16 provinces. FNLA has consolidated its forces in the area of the Zaire border in the north, with some units operating in the south along with UNITA. FNLA predictions of a major drive by its forces from the north to overrun the MPLA in Luanda have not materialized. The momentum clearly appears to be on MPLA's side, and, according to the Times, the administration predicts an MPLA victory.

Foreign governments—including our own—have been widely reported to be heavily involved in supporting the respective Angolan parties with military assistance, hoping that the conflict will work to further their aims for influence over the future direction of the country. The New York Times article of September 25 cites "official sources in Washington" as reliably reporting that—

> The Soviet Union and its East European allies have poured . . . hundreds of tons of military equipment into Angola since March.

And that—

> About 200 Chinese military advisers were operating from bases in Zaire to help at least one of the two liberation fronts being supported by Washington.

The article further states that these sources said that American funds earmarked for FNLA and UNITA have been dispersed mainly through President Mobuto of Zaire, and that—

> In order to maintain good relations with Mr. Mobutu, the State Department has been seeking to arrange a refinancing of hundreds of millions of dollars in Zaire's short-term debt and to increase American aid to Zaire to about $60-million this year, from about $20-million.

This proposed aid package, which has been acknowledged by the State Department, represents a significant demonstration of support for Mr. Mobutu at a time when covert U.S. involvement in the Angolan conflict has been linked to him.

Other reports which have circulated in the international press claim that Zaire is heavily supporting FNLA by providing sanctuaries, military equipment, transportation, advisers, and even troops from its own army; that China is sending both arms and advisers to FNLA; that the United States has sent American weapons from bases in West Germany to FNLA bases in Angola and Zaire; that the Gulf Oil Corp., Zaire, Congo—Brazzaville—and the United States are encouraging and supporting the tiny Front for the Liberation of the Enclave of Cabinda—FLEC—whose factions are situated in Zaire and Congo—Brazzaville—to secede from Angola and establish an independent state; that South Africa has sent military forces into Angola in the region near the Namibian border; and that France is exploring ways to work with Zaire and Gabon to influence the situation with an eye on Cabinda's vast oil deposits.

However much truth there is in these various reports, there is clearly a need for the Congress to take a close look at what is happening, and to seek authoritative information from the administration.

In Angola, the cost in human lives and suffering has been high. Figures have been cited indicating that over 5,000 individuals—both combatants and civilians—have been killed, with an even greater number injured and homeless.

There are clearly no easy answers. Yet issues posed for U.S. policy have been addressed by the administration only in secret, leading many Members of Congress and segments of the American public to fear that we may again be locked into policies which the administration is reluctant to have tested in open debate. This means of making policy is not only antithetical to our open society, but, as recent experience elsewhere testifies, may not enable us to adopt sound policies in a difficult situation.

Certain principles must be laid down to govern our policy toward the Angolan crisis if we are to avoid a costly blow to U.S. interests.

First, the United States should respect the territorial integrity of Angola, as urged for that country by the three Angolan parties and the Organization of African Unity. All efforts to partition the country or separate Cabinda must be vigorously opposed.

Second, we must do what we can to halt all foreign involvement and intervention—including our own—so that the future of Angola can be decided upon by Angolans themselves.

Third, we should support efforts both within Angola, and on the part of third parties, to mediate between the rival groups in Angola, to halt the bloodshed, and to seize opportunity for a peaceful transition to independence. In particular, we should support the Conciliation Committee of the OAU in its attempt to bring a solution to the Angola crisis.

Fourth, we should demonstrate a willingness to work with any Angolan government that emerges after independence, as the people of that nation work out their own plans for self-development.

Finally, governments and international organizations should offer humanitarian assistance to victims of the fighting, wherever they are found, and, thereafter, give financial and technical assistance to Angola to help rebuild the country. I have supported the airlift of Portuguese returning to Europe, and the work of international relief agencies in Angola, itself. This help for the people of Angola must have our firm support.

It must be a sine qua non of U.S. policy not to supply any arms to be used in Angola. Support for FNLA or UNITA, for whatever reason, will almost certainly insure a longer civil war with its incumbent tragedy and loss of life from which no party stands to gain. Moreover, any such support could put us in the position of opposing the eventual rulers of Angola. Surely, a wider, long-term civil war will almost certainly create further instability which could spill over into other countries in that volatile area of the world.

Diplomatic channels should be aggressively employed to seek the neutrality of other foreign governments and isolation of the conflict. The State Department should reveal whether approaches have been made to any government supplying arms to any of the Angolan parties to cease such support. Also, I have asked the Subcommittee on Refugees to request the administration to supply information about "the interference of extra-continental powers who do not wish Africa well," which Secretary Kissinger referred to in his remarks at the dinner for the Organization of African Unity Foreign Ministers in New York on September 23.

Specifically, the Congress needs information concerning: First, the extent of Soviet bloc aid to MPLA; second, whether Zaire and China have actually terminated their aid to FNLA, as declared; third whether UNITA has received, or is receiving, military assistance for any source outside of Angola; fourth, and the extent of South Africa military intervention and political involvement.

I urge the administration to provide

the Congress with answers to these questions, with other information concerning the situation, and to work openly and constructively with the Congress in attempting to formulate an effective policy to deal with this problem.

Mr. President, I ask unanimous consent that the New York Times article previously referred to be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

United States, Soviet, China Reported Aiding Portugal, Angola

(By Leslie H. Gelb)

Washington, September 24.—Millions of dollars are being poured covertly into Portugal and Angola by East and West, according to four official sources in Washington. The funneling of the funds is part of the continuing struggle for control of the Mediterranean and for influence and raw materials in Central Africa.

United States money for the Portuguese Socialist party and other parties is being funneled by the Central Intelligence Agency through West European Socialist parties and labor unions, the sources said. The C.I.A. involvement, the sources said, amounted to several million dollars a month over the last several months.

It is also reliably reported that the Soviet Union and its East European allies have poured $50-million to $100-million into Portugal since April, 1974, and hundreds of tons of military equipment into Angola since March alone.

CHINESE IN ZAIRE

The sources also said that about 200 Chinese military advisers were operating from bases in Zaire to help at least one of the two liberation fronts being supported by Washington.

Until the spring, most of the Western aid to anti-Communist forces in Portugal was being given secretly by the West German Social Democratic party and the Belgian Socialist party without any American involvement.

The sources said that the funds earmarked for two anti-Soviet liberation fronts in Angola had been dispersed mainly through President Mobutu Sese Seko of Zaire. In order to maintain good relations with Mr. Mobutu, the State Department has been seeking to arrange a refinancing of hundreds of millions of dollars in Zaire's short-term debts and to increase American aid to Zaire to about $60-million this year, from about $20 million.

In Angola and Portugal, the sources estimated, Soviet aid is far more than American aid, at least in the case of Angola, has included several direct shipments of arms.

It is reliably said that the Soviet Union and, to a lesser extent, East Germany and others have transferred the bulk of the funds going to the Portuguese Communist party through a bank in Lisbon and a bank in Zurich.

SOVIET AID OUTLINED

The following details were reliably supplied on Soviet aid to its supporters in Angola: In March, several Soviet planes landed in the Congo Republic, Zaire's neighbor, with arms and equipment that were then shipped to Angola; in April, about 100 tons of arms were delivered in southern Angola by chartered aircraft; in April, two Yugoslav vessels unloaded arms in Luanda, the capital of Angola; in May and June, four Soviet merchant ships unloaded vehicles, machine guns, bazookas, rifles and ammunition, off Angola, and two East German and one Algerian vessel delivered similar materials.

The Soviet-backed Popular Movement for the Liberation of Angola is reported close to controlling Angola, which is scheduled to become independent Nov. 11. In Portugal, the anti-Communist situation stabilized somewhat last week with the installation of a Government including members of the Socialist party.

The Washington sources said that C.I.A. operations in both countries had been approved by President Ford and were being carried out, as prescribed by law, with the knowledge of several congressional committees.

Both sides, first Moscow then Washington, were filling the coffers of their supporters in Portugal at the very time when President Ford and the Soviet party leader, Leonid I. Brezhnev, were signing a pledge in Helsinki, Finland, not to interfere in the internal affairs of other European nations.

KISSINGER VOICES ALARM

Secretary of State Kissinger, speaking to representatives of African countries last night and answering Soviet charges of Western involvement in Portugal, said: "We are most alarmed at the interference of extra-continental powers who do not wish Africa well, and whose involvement is inconsistent with the promise of true independence."

The C.I.A. cash-funneling operations to Portugal were said to have revived dormant but traditional connections between the agency and anti-Communist West European socialist and labor movements. And the operation in Angola, the sources said, led to the reactivation of Holden Roberto, head of the National Front for the Liberation of Angola, the man chosen in 1962 by President John F. Kennedy and the C.I.A. to forge a link between the United States and the indigenous groups that were expected to drive Portugal from Angola one day.

Two of the forces stressed that all odds now favored victory by the Soviet-backed Popular Movement in Angola, unless the United States and China rushed huge transfusions of aid, which is considered highly unlikely.

As described by these sources, the main purpose for the covert American effort in Angola was to underline the Administration's support for President Mobutu, the man on whom Secretary of State Kissinger is banking to oppose Moscow's interests in Africa and to further Washington's interests in various international forums.

The funds going to Portugal from the United States and Western Europe were said to be aimed at keeping non-Communist parties intact, in the streets, and in the business of competing with the Communists for the support of military leaders and soldiers.

One source said: "The President almost blew the whole Portugal thing last week in his interview with The Chicago Sun-Times. But nobody picked him up."

This was a reference to Mr. Ford's reply to a question about the absence of C.I.A. involvement in Portugal. He noted "our strong stand" along with NATO allies against a Communist government in Lisbon, then said: "I don't think the situation required us to have a major C.I.A. involvement, which we have not had."

The source was pointing to the fact that Mr. Ford was not denying that the C.I.A. had an involvement.

The sources maintained that William E. Colby the director of the agency, had notified members of six Congressional subcommittees several months ago of the covert operations, and that no serious objections had been raised. Mr. Colby gave the notifications after the operations were already under way, as he is permitted to do under the law.

An amendment to the Foreign Assistance Act of 1974 stipulated that no funds could be spent by or on behalf of the C.I.A. for covert operations "unless and until the President finds that each such operation is important to the national security of the United States and reports, in a timely fashion, a description and scope of such operation to the Senate and House Appropriations and Armed Services committees, and to the Senate Foreign Relations Committee and the House Committee on International Relations."

In each case, the full committee delegated the duty of overseeing the C.I.A. to a subcommittee. With a few exceptions, the members of these subcommittees are regarded as conservative.

The sources either did not know or would not state when the covert operations began. But two of the sources indicated that the funds going to Portugual predated an interview given by Mr. Ford to U.S. News & World Report early last month when he talked of the virtual impossibility of CIA involvement in Lisbon.

FORD VOICES REGRETS

Speaking of aid going "quietly" from Moscow and Western Europe to warring factions in Portugal, he said:

"I think it's very tragic that, because of the C.I.A. investigation and all the limitations placed on us in the area of covert operation, we aren't able to participate with other Western European countries."

"The American people shouldn't handicap themselves from meeting the challenge, as we were handicapped in South Vietnam and as we are handicapped in trying to be a participant in Portugal."

One of the sources said that Mr. Ford and Mr. Kissinger made the decision some time after they went to Brussels for a NATO meeting in late May. It was after consultations with heads of state there, the source continued, that they saw how strongly the West European leaders felt about maintaining a non-Communist Portgual. The source then explained: "We wanted to show them that we would stand with them on this one, and also more money was needed."

Another source said that the West Europeans were already "giving plenty" and would have given more, but "it's just that we can't keep our hands out of anything."

Two of the sources said that West European trade unions that they would not identify were smuggling small arms and ammunition to the Portuguese Socialists. The Portuguese Communists, they said, had been previously armed by Moscow.

The decision to begin covertly financing these anti-Communist forces marked the latest step in a long process of reversing policy toward post-Salazar Portugal. For almost a year following the death of António deOliveira Salazar, the administration's policy was to lament privately but say nothing publicly about the leftward trend among the Portuguese military leaders. The theory was that more harm than good would come of any American involvement.

IN KEEPING WITH PAST POLICY

But the recent decision to take a strong anti-Communist stand in Portugal, including covert financing, was very much in keeping with the history of American policy toward the countries on the northern rim of the Mediterranean.

Beginning with the Communist-inspired instability in Greece and Turkey after World War II, and running through the threat of a Communist role in the Italian government in the early nineteen-sixties, the C.I.A. has been active in this region.

Much the same holds true for Africa, particularly beginning with Moscow's attempt to gain a foothold in Zaire, which was previously the Belgian Congo. From the time Patrice Lumumba was ousted, through the short career of Moise Tshombe, until General Mobutu came to power, a number of authoritative sources related, the C.I.A. has maintained its largest African station in Zaire.

At about the same time, in the early sixties, the sources said, President Kennedy determined that Portugal, an American ally in NATO, could not sustain control over her African colonies indefinitely and that contact must be made with future revolutionary leaders. In 1962, on the advice of the C.I.A. among others, Mr. Roberto, the brother-in-law of General Mobutu, was selected as a future leader for Angola.

ROBERTO 'DEACTIVATED'

The sources said that from 1962 to about 1969, the C.I.A. supplied Mr. Roberto with money and arms, but to little avail. At that point, they said he was deactivated and put on "retainer."

Mr. Roberto was reactivated this spring, according to the sources, at about the time it became clear that the then Communist-leaning government in Portugal ordered its armed forces in Angola to give active support to the Soviet-backed Popular Movement for the Liberation of Angola headed by Agostino Neto.

But the sources said that C.I.A. operatives and American diplomats judged that United States support should also be thrown behind Jonas Savimbi, the leader of the National Union for the Total Independence of Angola.

It could not be learned whether Chinese and American officials had ever discussed or ought to coordinate their efforts against Mr. Neto. What was learned was that American funds were being used to buy arms for both Mr. Roberto and Mr. Savimbi, and that the Chinese were providing military advisors for Mr. Roberto and perhaps for Mr. Savimbi as well.

It could not be learned whether any C.I.A. operatives were also acting as military advisers.

CABINDA A KEY FACTOR

At stakes in Angola, besides the enlargement of Soviet influence, is a region deemed rich in copper, industrial diamonds and oil. Of particular interest to the United States and to President Mobutu, the sources said, is Cabinda, an oil-rich area bordering on Zaire and separated from Angola by the Congo River. There, the sources related, the Gulf Oil Corporation continues to pump over 100,000 barrels a day. The sources said that the Administration believed that Mr. Mobutu would like to annex Cabinda in the likely event of a Communist take-over in Angola.

All the sources said, that it was Zaire that was of primary concern to the Administration. It is believed that Mr. Kissinger is about to select Sheldon B. Vance a former Ambassador to Zaire and a close friend of Mr. Mobutu, to be Assistant Secretary of State for African Affairs. He would replace Nathaniel Davis as Assistant Secretary. Mr. Davis was in charge of Deane R. Hinton, the ambassador who was ordered out of Zaire some months ago amid charges by President Mobutu that the C.I.A. had designs on the President's life.

It was Mr. Vance, two of the sources said, who this summer began to contact Zaire's many creditors in the United States and elsewhere to see if the millions in debts that were soon to come due could be refinanced. It could not be learned whether Mr. Vance had completed this task or had succeeded.

In the meantime, the State Department has approached several Congressmen with a view toward increasing American aid to about $15-million. This year, Zaire was to receive about $20-million, but the State Department is now aiming for $60-million. This would consist of $20-million in development aid, $20-million in Export-Import Bank loans, and $20-million in Food for Peace credit. Several officials said that so far, Congressional response had been decidedly negative.

THE 200-MILE FISHERIES CONSERVATION ZONE: OUR RESOURCE OF THE SEA IMPERATIVE

Mr. STEVENS. Mr. President, the freedom of the seas has been a pillar of customary international law since its development by the Dutch jurist Grotius in the early 17th century. Until recently, this traditional rule of international law, which included the concept of freedom of fishing on the high seas, well served both U.S. and international interests. Within the last several decades, however, the principle of freedom of fishing in particular has come under increasing criticism as fish resources, once thought to be inexhaustible, have been subjected to large-scale fishing efforts by increasing numbers of nations utilizing highly sophisticated and mechanized equipment.

As worldwide fish resources are depleted by such large-scale high seas fishing operations, many coastal nations, in an attempt to conserve and protect fish stocks that have traditionally been harvested by local fishermen, have extended seaward their jurisdiction over such resources. Today, nearly 40 nations have extended their exclusive fishery jurisdiction beyond the 12 nautical mile fisheries jurisdiction limit recognized by the United States.

The statistics concerning U.S. fish catches and imports are revealing. While world fish landings have tripled since 1938, from approximately 50 billion pounds to over 150 billion pounds, U.S. landings in the same period rose only slightly, from 4.3 billion pounds in 1938 to 4.7 billion pounds in 1973. The volume of fish harvested off the U.S. coast has increased dramatically from approximately 4.4 billion pounds in 1948 to 11.6 billion pounds in 1973. Here again, landings by U.S. vessels remained virtually constant throughout the 25-year timespan while the foreign catch in U.S. coastal waters increased to an annual level of 7.9 billion pounds, a figure that represents nearly 70 percent of the commercial U.S. coastal fish harvest.

In the same 25-year period, however, consumption of fish products in the United States has more than doubled, from 3.1 billion pounds in 1948 to 7 billion pounds in 1973. Under existing growth patterns, this figure could increase by an additional 3 billion pounds by 1985. Nearly the entire growth in U.S. fish consumption has been supplied by imports that are often harvested in U.S. coastal waters, processed in the home port of the foreign fishing vessel, and exported for sale in the United States.

Today, the United States imports over 60 percent of its fish product needs. In 1974 alone, the U.S. balance-of-trade deficit in fishery products alone amounted to nearly $1.5 billion. It has been estimated that if imports of foreign fisheries products were replaced by domestic production, the additional economic impact on the U.S. economy would approach $3 billion and result in an increase of 200,000 man-years in employment.

As a result of the significant increase in the level and intensity of foreign fishing operations in U.S. coastal waters, and the resultant decline in the abundance of economically important fish species, pressure for an extended U.S. fisheries zone has been mounting for several years. Currently, the United States has jurisdiction over fish resources seaward to a distance of 12 miles; with respect to living resources of the Continental Shelf, pursuant to the 1958 Convention on the Continental Shelf, coastal nation jurisdiction extends seaward as far as the species can be harvested.

S. 961, a bill that I cosponsored, would extend, on an interim basis, U.S. jurisdiction and management authority over fisheries resources to a distance of 200 nautical miles from the baseline of the U.S. territorial sea. In the case of anadromous species spawned in U.S. waters, such jurisdiction would extend throughout the migratory range of each applicable species. Such legislation is necessary to enable the United States to adequately protect and conserve fishery resources adjacent to our coasts. Existing domestic legislation and bilateral and multilateral international fisheries agreements are clearly inadequate to achieve this objective.

As a result of virtually unrestrained harvesting of such resources, particularly by large scale foreign fleet operations, at least 14 fish species of interest to U.S. fishermen have been overfished and their continued economic viability has been threatened.

The passage of S. 961 would enable the United States to effectively control foreign fishing activities within a 200-mile fishery zone and provide the basis for a revitalized and dynamic U.S. fishing industry.

Mr. President, I ask unanmious consent that a portion of the "Alaska Position on International Fisheries Management" outlining my State's stake in the sea be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

ALASKA'S STAKE IN THE SEA

It is sometimes difficult for "outsiders" to appreciate Alaska's ties to the sea. Those not familiar with Alaska typically perceive the State as a vast arctic subcontinent with a mixture of inland and coastal resources. Few realize the extent to which Alaska's resources and population centers are ocean oriented. The current boom arising from the pipeline construction and the expansion of Alaska's petroleum industry has drawn attention away from Alaska's fisheries industry, the mainstay of the Alaskan economy for almost a century. A closer examination of the Alaskan economy reveals in proper perspective Alaska's stake in the oceans.

Alaska is truly a coastal state. The great petroleum, fisheries, and timber resources line the coasts, as do the major population centers. While the lower 48 states thrive on a highly fertile and productive interior, Alaska does not enjoy such an advantage. The gold rush brought settlers into the interior during the nineteenth century, and some unexploited mineral deposits await development in the future, but for the most part Alaska remains dependent on its coastal resources. Even the Alaska pipeline represents only a temporary boom to the interior population centers that line its route.

Physically, the sheer size of the Alaskan coastline is even more impressive than the well-known size of the State. Aside from being the largest of the 50 states, Alaska has a general coastline which is over 6,640 miles long and represents more than half (54 per cent) of the total general coastline of the U.S. The tidal shoreline is even longer, an estimated 47,300 miles, again more than half of the total tidal shoreline of the U.S.[1] No matter how it is measured, Alaska has most of the ocean frontage belonging to the U.S.

Even more impressive is the size of the Alaskan continental shelf. Encompassing a total area of approximately 830,000 square miles, the Alaskan shelf constitutes 74 per cent of the total U.S. continental shelf.[2] Historically important for its productive fisheries, the shelf is taking on additional import as petroleum deposits are discovered and exploited.

Not surprisingly, Alaska's population centers, both past and present, have been concentrated along the coast. Over 70 per cent of Alaskan Native villages lie in the coastal zone, as do Anchorage, the largest city, and Juneau, the State capital. Approximately 81 per cent of the State population lives in the coastal zone.

The Alaskan economy today thrives on the petroleum, fisheries, and timber industries. Rapid expansion of the petroleum industry in recent years has overshadowed the great marine fisheries. The scope and complexity of Alaskan fisheries is rarely appreciated. Although recently surpassed by the petroleum industry in terms of annual product value, fisheries has remained the most important of the primary industries in terms of employment (although this conclusion may be questionable today since construction work on the Alaska pipeline actually began last year). Alaskan fisheries directly employ ten per cent of the State work force and account for approximately four per cent of the State GP (gross product—a state measure of production similar to the familiar GNP, or Gross National Product). No other state's fisheries production approaches this percentage of gross product. California fisheries, for example, account for only .08 per cent of that state's gross product, even though California has the largest fisheries industry in terms of total annual catch. It is Alaska's combination of a small population and an extraordinarily large commercial fishing industry that result in Alaska having such an unusually high dependence on its marine fisheries. No other state depends on its fisheries for even as much as one per cent of its annual gross product.[3]

In terms of total yield, or weight of catch, Alaska accounts for a total of eight per cent of U.S. commercial landings. Since the Alaskan catch is relatively rich in more valuable species, such as salmon and crab, Alaskan landings account for a slightly higher percentage of the total value of U.S. commercial landings (10–12 per cent). Among the 50 states, Alaska currently ranks first in terms of value of output, and fourth in terms of total weight of catch.[4]

But domestic commercial fisheries yields are only part of the picture. Of the world's 150 billion pound annual fish harvest, more than 4.5 billion pounds (3 per cent) come from waters off Alaska. About 4.0 billion pounds of the Alaskan yield, or 81 per cent, are taken by the Japanese and Soviet fleets and consist largely of bottomfish not presently harvested by U.S. fishermen.[5] A substantial fraction of the Japanese catch eventfinds its way to the U.S. as imports of processed fish products.

The bulk statistical figures belie the complexity of Alaskan fisheries. From a historical viewpoint the various fisheries have been subject to highly variable production rates over both long-term and short-term periods of time. From the very beginning Alaska's living marine resources have been a measure of the economic potential of the State. In 1867 Alaska was purchased from Russia for a price that was considered to be the value of the fur seal resources of the Bering Sea. During the century since then, Alaska has progressed through a long period of heavy dependence on the salmon and halibut fisheries to arrive at the rather diversified fisheries base of today. The boom-or-bust nature of the salmon industry and improved markets for shellfish with the possibility of a year-round fishery has led to this diversification. Fisheries that barely existed in 1960 are flourishing today. Others have experienced long-term declines over several decades. To compound the long-term trends are annual variations which have contributed to the historically risky nature of the fishing business in Alaska. In retrospect, it is clear that Alaska has achieved an impressive success record in its monitoring and managing of such a complex natural resource. Although the fisheries industry is typically lumped together with timber and petroleum in descriptions of Alaskan resources, the relative complexity of the fisheries industry is rarely appreciated. Whereas timber resources are subject to accurate inventory and predictable replenishment rates, and petroleum can be inventoried once it has been discovered, fisheries are not subject to such simple evaluation. A brief overview of the various Alaskan fisheries reveals some of the complexities involved in managing this resource.

Pacific salmon have been the mainstay of the Alaskan fishing industry for almost one hundred years and still average roughly two-thirds of the value of the total Alaskan catch. The Alaskan harvest constitutes approximately 30 per cent of the worldwide and 90 per cent of the U.S. catch of Pacific salmon.[6] A subsistence catch of nearly one million salmon year year also illustrates the non-commercial dependence of many resident Alaskans on this resource for food.

Catches of the five species of salmon (pink, coho, chum, chinook, and sockeye) have generally declined since their peak in the 1930's. Large year-to-year variations, sometimes as much as 50 per cent, occur in the catch due primarily to variable survival occasioned by changing environmental conditions.[7] A major decrease in the size of the runs in the past few years resulting from the extremely harsh environmental conditions of 1970–71 and 1971–72 has been a source of economic hardship among salmon fishermen. Employment of proper management techniques to conserve these runs should result in recovery by the end of this decade.

Alaska's halibut fishery, begun in the 1880's, is another long-established fishery. The U.S. catch in Alaskan waters has gradually declined despite strict international regulation of U.S. and Canadian harvests to properly manage this resource. The decline is largely the result of nearly uncontrolled incidental harvest of juvenile halibut by Japanese and Soviet trawlers taking pollock, sole, and other species in waters off Alaska.

Other species of flatfish are taken almost entirely by Japanese and Soviet fleets, mostly in the Bering Sea. This fishery has been characterized by explosive increase in catch by the Japanese and Soviet fleets during the late 1950's and early 1960's and a relative decline in recent years. Except for a small per cent taken by U.S. and Canadian fleets, this fishery is still dominated by Japan and the USSR.

The pollock fishery is marked by the same trend—insignificant catches prior to the mid-1950's followed by rapid expansion of Soviet and Japanese activities. From a total pollock catch of 1.2 million pounds in the 5 years between 1950 and 1955, the combined Japanese and Soviet catch was approximately 3.2 *billion* pounds in 1969 alone![8]

Trends for Pacific cod, black cod, and Pacific Ocean perch follow similar courses. From small, relatively constant U.S. and Canadian yields over the past 70 years, increasing Japanese and Soviet efforts over the past 20 years have resulted in vastly larger yields.

Herring catches off Alaska have recently been dominated by Soviet travel fisheries in the Bering Sea. Alaskan herring catches peaker in the 1930's when the total U.S. catch (primarily Alaskan) was 250,000,000 pounds.[9] This harvest has declined in recent years due primarily to marketing difficulties to a few million pounds. The fishery is highly important to certain coastal communities and is expanding with the advent of new markets for roe, fillets, and meal.

The crab and shrimp industry in Alaska has experienced rapid growth since the early 1960's. Foreign effort on these species has been largely supplanted by United States fishermen with a major exception. Japanese tanner crab fleets in the Bering Sea are still allowed by bilateral agreement a 13,500,000 crabg catch per year. It has also been estimated that the Japanese incidental catch to tanner crab (primarily juveniles) in their Bering Sea travel fisheries exceeds 100,000,000 pounds in some years.

King crab catches in all areas, including the Bering Sea are dominated by U.S. fishermen. Peak production was reached in 1966 after several years of rapid expansion, declined and has stabilized at about 60,000,000 pounds in areas other than the Bering Sea in recent years.[10] Removal of most foreign effort on king crab through bilateral agreement from the Bering Sea and expansion of U.S. catches in that area has increased the total U.S. harvest in Alaska as of 1974 to nearly 100,000,000 pounds. U.S. shrimp and tanner crab harvests in Alaska increased three- or four-fold from 1970 to 1973. This expansion has been due, in the most part, to increased market demand for Alaskan shellfish. These resources are harvested under a strict management regime of quotas, size, and sex limits and seasons.

In 1973, the most recent year of final production statistics 77,000,000 pounds of king crab, 62,000,000 of tanner crab, and 120,000,000 pounds of shrimp were taken by U.S. fishermen in Alaska. The total value of this Alaskan shellfish product was $143,000,000. Fluctuating market demand for shellfish has been the primary cause for reduced production in 1974–75.

Although the total Alaskan catch of all species has fluctuated rather widely in weight during the past 25 years, the value of the catch has remained more constant. Despite variations of total catch of as much as 30 per cent, total value has increased except for a series of declines in the past few years. With proper management, Alaskan fisheries will undoubtedly remain a renewable resource indefinitely. Indeed, there may well come a time when Alaskan fisheries again become Alaska's most valuable resource. Even the most optimistic predictions of the lifetime of Alaska's non-renewable petroleum resources do not come close to the already established 100-year lifetime of Alaska's fisheries. This long-term durability of Alaska's marine fisheries must not be discounted in planning for the economic future of Alaska.

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[1] 1974 Statistical Abstract of the U.S., Table No. 289, p. 171.

[2] McRoy, *et al.*, Coastal Ecosystems of Alaska, Institute of Marine Science Univ. of North Carolina, pp. 1–2 (1969).

[3] 1974 Statistical Abstract of the U.S., Tables 11, 611, & 1110.

[4] National Marine Fisheries Service, Fisheries of the U.S., 1974, p. 18.

[5] 1972 Alaska Statistical Review, prepared by State of Alaska Dept. of Economic Development, Division of Economic Enterprise, p. 55.

[6] *Id.*, at 43.

[7] Buck, National Patterns & Trends of Fishery Development in the North Pacific, Alaska Sea Grant Report No. 73–4, Arctic Environmental Information and Data Center, University of Alaska, pp. 21–39.

[8] *Id.*, at 43.

[9] *Id.*, at 19.

[10] *Id.*, at 4–15.

SOVIET MILITARY SPENDING

Mr. PROXMIRE. Mr. President, it is disappointing to find spokesmen for the Department of Defense once again exaggerating and inflating the official estimates about Soviet military spending at a time when Congress is considering appropriations for the Department of Defense.

ASSERTIONS BY THE SECRETARY OF DEFENSE

A statement was recently made by the Secretary of Defense that the Soviets "may" be spending 50 percent more than the United States for defense, if one strips away pensions and other considerations. He went on to support that American military power is deteriorating relative to the Soviet Union and that our security is being jeopardized because of the trends in defense spending.

I strongly disagree with such self-serving conclusions. The evidence does not support them.

JOINT ECONOMIC COMMITTEE HEARINGS

The Joint Economic Committee heard extensive testimony this year from the heads of the Central Intelligence Agency and the Defense Intelligence Agency on the allocation of resources to the defense sector in the Soviet Union and China.

I invite my colleagues to read the testimony, which has just been released, to examine the estimates and the known facts, and to draw conclusions about the relative strength of the United States and the Soviet Union on the basis of the evidence at hand and in the proper context.

UNITED STATES LEADS IN TECHNOLOGY

The United States leads the Soviet Union in virtually every area of advanced military technology, although the "dollar costs" of their defense budget appear to be higher than ours according to the estimating techniques used by the CIA.

Assertions of a massive Soviet military buildup are nonsense, unsupported by the facts.

Insinuations of a widening gap between Soviet and U.S. military power, to the advantage of the Soviet Union, are nonsense, unsupported by the facts.

The costs of the Soviet defense program have increased at an average annual growth rate of 3 percent per year over the past 10 years.

This fact alone demonstrates that the increase in Soviet military spending has been steady but not massive.

DIFFERENT KINDS OF DEFENSE PROGRAMS

It should also be understood that cost comparisons are not reliable measures of relative strength or effectiveness. There is evidence that substantial Soviet military resources are used inefficiently or in ways that do not threaten the United States. The missions assigned to Soviet forces are in important respects different from those assigned to our forces.

A large factor in the Soviet military program is the emphasis on defense against invasion. They have about 10,000 surface-to-air missiles around their borders.

Strategic defense costs the Soviet Union more than $5 billion annually compared to less than $1 billion spent by the United States, according to intelligence estimates.

William E. Colby, Director of Central Intelligence, testified, "The Soviets, of course, have a national historical fixation on the problem of invasion." Their fixation drives the Soviet defense budget in a way which does not necessarily threaten the United States.

THE "CHINESE THREAT"

A substantial portion of Soviet resources are devoted to the "Chinese threat."

The number of Russian divisions on the Sino-Soviet border has increased from about 13 to 40 in the past decade. There are also more than 1,000 Soviet tactical aircraft in that area.

THE "NATO THREAT"

The Russians appear to be greatly worried about the "NATO threat." Mr. Colby testified:

> They are concerned about air attacks from NATO too, very clearly. They are focused on the NATO threat, they discuss it in their literature, and their military people plan, and hold exercises against NATO. Their major forces are western oriented.

The Russians "have a long-term determination to at least match the Americans" in the area of strategic nuclear forces, according to the CIA.

The growth of the Soviet navy is viewed by U.S. intelligence experts as an effort by the Soviets to be considered on a par with the United States.

LIMITATIONS OF ESTIMATES

The fact that "dollar cost" estimates make it appear that Soviet defense expenditures are higher than our own must be seen in the context of the limitations of the estimates, the different missions assigned to each defense force, and the fact that the United States has a much larger and more highly advanced technological base.

Under the dollar cost approach Soviet manpower and weapons are priced at what it would cost the United States to purchase the same forces.

The effect is to "inflate" Russian pay to the higher U.S. pay levels. There is also a tendency to magnify the costs of Soviet weapons through the dollar cost approach because of the greater sophistication and costs of U.S. technology. There have been a few instances, however, when Soviet weapons have turned out to be more complex and costly when actually examined than was thought to be the case.

Gen. Daniel O. Graham, Director of the DIA, strongly criticizes the efforts to make dollar cost estimates of Soviet spending and asserts that the aggregation of such figures into a total budget number is highly suspect.

I encourage the CIA to continue doing the analysis and providing the results to Congress.

The dollar cost estimates, despite their limitations, provide us with valuable information about the trends of Soviet military expenditures and with useful benchmarks for further analysis.

Some of the shortcomings in the estimates can be corrected, but it will always be difficult to know precisely what the Russians are doing.

SUGGESTED IMPROVEMENTS

One improvement would be to make "ruble cost" estimates of the United States and Soviet budgets, as well as dollar cost estimates. The CIA concedes that such estimates would remove much of the inherent bias in the current approach.

It would improve our current understanding if much more information about Soviet defense spending was made public at regular intervals by the civilian side of the intelligence community.

It would also help avoid confusion if Pentagon officials would refrain from using the estimates of the intelligence agencies prematurely, selectively, or out of context.

Congress and the public know that the Soviet Union has a powerful military establishment and that the United States must remain powerful. Questions about the size of the Soviet military should be answered with hard facts and objective analyses, not exaggerations.

THE NEED FOR ORDERLY PROCEDURES

There ought to be orderly procedures for making the estimates of the intelligence community available to Congress and the public and these procedures should apply to the Pentagon.

Copies of the hearings containing testimony on the economies and budget allocations of China and the Soviet Union may be obtained from the Joint Economic Committee, room G–133, Dirksen Senate Office Building, Washington, D.C. 20510.

STATE LICENSING LAWS DO NOT PROTECT 14.5 MILLION HEARING-HANDICAPPED AMERICANS

Mr. PERCY. Mr. President, as part of the inquiry that the Permanent Subcommittee on Investigations has launched into hearing aid abuses and frauds, a staff study has been prepared and issued which raises serious questions about the licensing and training of hearing aid dealers.

I have long been concerned with problems in the hearing health care field beginning with disabilities developing by myself and many others in World War II. With more than 14.5 million Americans afflicted with some form of hearing handicap, professional care for these people is imperative.

The staff study points out that "the insistence by some in the industry that dealer licensing laws protect the hearing-impaired from abuses at the hands of dealers is wholly unsubstantiated."

The study is based on the responses from the 39 licensing States to a subcommittee questionnaire. An analysis of these responses showed that more than half the dealer licensing boards are controlled by dealers and that almost half of all licensed dealers were grandfathered into their permits. It also showed that licensing boards often fail to properly follow up on user complaints against hearing aid dealers and that many States have no workable system for calibrating the audiometric equipment that dealers must use for measurement of hearing loss.

The report also noted that expert panels found that the training program for dealers—provided, for a fee, by the National Hearing Aid Society—is "inadequate," and in some cases, "potentially dangerous."

All of these findings suggest, as I have urged, that hearing aids need to be declared prescription devices by the Food and Drug Administration, that the Department of Health, Education, and Welfare should draft a model State licensing law with teeth, and that the National Hearing Aid Society should withdraw its 20-lesson home study course from the market in the interest of the hearing handicapped.

This well-documented and meticulously researched report was principally prepared by Jonathan Cottin, an investigator for the minority on the subcommittee. It reflects thoughtful analysis and painstaking investigative work, is thorough and balanced, and it not only raises problems but offers responsible solutions.

I also wish to commend the subcommittee chairman, Senator Henry M. Jackson, for his affirmative support of this project. Chairman Jackson and I are as one on the issue of health care delivery. As he says in his memorandum to the subcommittee members:

> More than 14.5 million Americans are stricken with some form of hearing disorder, more than half of them over age 60. This is a significant number of elderly persons. They are entitled to the best health care available in the United States.

I am grateful also to Howard J. Feldman, the chief counsel to the subcommittee, and Stuart M. Statler, chief counsel to the minority, for overseeing this ongoing investigation and for seeing to it that the report was expeditiously printed and released. David P. Vienna, Jr., a subcommittee investigator who assisted in this project, and Roland L. Crandall, the subcommittee staff editor who carefully supervised its production, also deserve credit for their fine contributions.

Mr. President, I ask unanimous consent that the text of the subcommittee "Staff Study of the State Licensing Laws and Training Requirements for Hearing Aid Dealers," be printed in the Record.

There being no objection, the staff study was ordered to be printed in the Record, as follows:

Staff Study of the State Licensing Laws and Training Requirements for Hearing Aid Dealers

MEMORANDUM

To: Members of the Permanent Subcommittee on Investigations.

From: Henry M. Jackson, chairman.

Subject: Hearing aid report.

As part of its investigation into problems in health care delivery, the Subcommittee staff has been conducting a preliminary inquiry into the hearing aid industry.

More than 14.5 million Americans are stricken with some form of hearing disorder, more than half of them over age 60. This is a significant number of elderly persons. They are entitled to the best health care available in the United States.

Unfortunately, as this staff study indicates, the hearing-handicapped do not always enjoy professional treatment at the hands of hearing aid dealers.

The reason for this, in part, stems from the absence of universally adequate licensing laws for hearing aid dealers in the States—39 of which now have licensing boards. The Subcommittee staff has found that most boards are controlled by the dealers and about half the dealers were "grandfathered" into licenses, meaning that they never took a State-administered qualifying examination.

This study is based on responses to a Subcommittee questionnaire sent to the licensing States, plus contributions from various Federal agencies, the American Council on Otolaryngology and the American Speech and Hearing Association. To these agencies and groups, I wish to extend my thanks.

In addition, I wish to commend Senator Charles H. Percy, the ranking minority member, who requested this inquiry and minority staff which conducted the study and prepared this report.

INTRODUCTION

More than 14.5 million persons suffer from some kind of hearing problem in the United States—about five percent of the nation's population. Moreover, the incidence of deafness and milder forms of hearing disability are increasing; whereas the Census Bureau counted 47 deaf persons per 100,000 in 1930, the estimate in 1970 was 203 per 100,000[1]—almost a five-fold increase.

In hundreds of thousands of cases, electronic amplification can help restore hearing. Hearing aids are useful and, in many cases, necessary communications tools.

The hearing aid business has grown, in a few short years, to over $150 million a year at retail, representing about 600,000 units sold. These devices, now more sophisticated with the development of the transistor, serve a demonstrated need.

Yet, as both the Federal Trade Commission and the Food and Drug Administration have demonstrated by their recent attention to the hearing aid industry, the delivery system for these devices is not without its flaws. These flaws are significant.

The FTC has brought antitrust actions against six manufacturers for allegedly engaging in exclusive dealing arrangements. The Commission has also filed complaints against six hearing aid producers for allegedly misleading advertisements.

On June 17, 1975, the FTC issued proposed trade regulations governing the marketing and sale of hearing aids that would give purchasers a 30-day trial period and limit house-to-house sales of the instruments.[2]

The Department of Health, Education and Welfare in May 1974 launched a study of the hearing aid delivery system. A final report on that study's findings issued in September 1975 suggested that the problems in the delivery system centered principally on the dealer.[3]

The HEW task force, created by then-Secretary Caspar W. Weinberger, declared that "misevaluation of a patient's need for a hearing aid and the subsequent sale of a hearing aid device which is ineffective, and possibly unsafe for its intended use, are the major problems of the hearing aid delivery system."

A Subcommittee staff review of several hundred complaints at the FTC, the FDA and in the files of Senator Charles H. Percy of Illinois, confirmed the task force finding. Complainants reported that they were sold aids they didn't actually need. Many dealers who were complained against appeared to lack a strong sense of ethics or a degree of competence sufficient to evaluate the causes of hearing loss, to provide the proper hearing aid if one was indicated, or to refer the client to a doctor specializing in diseases of the ear.

Most persons who purchase hearing aids first visit a hearing aid dealer. As many as two out of three persons with some form of hearing impairment stop at the dealer first, the HEW task force reported. This is because States do not ordinarily require adults to obtain a written recommendation from an otologist or audiologist that a hearing aid is necessary for a patient to achieve better hearing. Only Vermont, Hawaii and Minnesota require pre-clearance by a doctor or audiologist.

Since so many of the complaints reviewed by the Subcommittee staff had to do with alleged incompetence or an alleged lack of business ethics, a great deal of attention was facused on dealer training and State licensing laws.

Many of the 39 State dealer licensing boards have little or no staff or funds with which to operate, meet infrequently, and are, in most cases, controlled by the dealers. Some of these dealer-board members, by their actions, have demonstrated that they do not appear to have the interests of the consumer uppermost in their minds, giving the appearance, if not the reality, of a conflict of interest.

In terms of professional competence, a hearing aid dealer can be only as good as the quality of his training. The National Hearing Aid Society, the dealer's group, is the only organization offering a national program of instruction for dealers. Most of the licensed hearing aid salesmen in the United States have taken this industry course. To determine how complete the NHAS program is, the Subcommittee asked three expert panels to review the curriculum.

The experts reported that the NHAS training is inadequate, inaccurate and even dangerous.

Methodology

Since the most urgent issues in the inquiry were presented by complaints against dealers for incompetence and unethical behavior, the Subcommittee sought to determine the efficacy of the dealer-training program offered by NHAS and how well the State licensing boards functioned in exercising oversight for the profession.

The Subcommittee obtained from the NHAS copies of this training program and submitted them to expert panels in three organizations for evaluation.

Each of the panels was asked: Does the course equip a hearing aid dealer to properly evaluate hearing loss? Does the course equip a hearing aid dealer to detect and analyze hearing disorders requiring medical attention? Does the course equip the hearing aid dealer to make professional judgments on hearing loss and recommend corrective action?

The organizations selected to review the NHAS course material and the panel members were:

(i) The Veterans Administration, which has provided veterans with hearing aids since World War II. V.A. Administrator Richard L. Roudebush chose the following panel to evaluate the course: Lloyd Bowling, Ed.D., chairman of the Department of Speech and Drama at George Washington University; Dr. A. G. Di Biasio, director, Division of Otolaryngology, Georgetown University Medical Center; Dr. David N. F. Fairbanks, otolaryngology consultant, Department of Health and Mental Hygiene, State of Maryland; Dr. Harry W. McCurdy, executive director, the American Council of Otolaryngology; Hayes Newby, Ph.D., chairman, Department of Hearing and Speech Sciences, University of Maryland; and Philip Rosenberg, Ph.D., Professor of Audiology, Temple University Hospital.

(ii) The American Council of Otolaryngology,[4] whose hearing committee assigned the following to review the course: Dr. William Call, Denver, chairman of ACO's Council for Accreditation of Occupational Hearing Con-

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Footnotes at end of article.

servation; Dr. Tom McDonald, Rochester, Minnesota, who practices at the Mayo Clinic; and Dr. Mansfield F. W. Smith, San Jose, California, Clinical Associate Professor of Surgery, Stanford Medical Center, director of the Ear Transplant Center of the Northern California Transplant Bank, and the chairman of the ACO's Hearing Committee.

(iii) The American Speech and Hearing Association,[5] which assigned to its reviewing panel Leo G. Doerfler, Ph.D., director of Audiology at Eye and Ear Hospital at the University of Pittsburgh Medical Center and past president of ASHA; James F. Jerger, professor of Audiology at Baylor College of Medicine in Houston; and Dr. Raymond E. Jordan, retired professor of Otolaryngology at the University of Pittsburgh, and past executive director of ACO.

To the 39 operating State dealers licensing boards, the Subcommittee directed a questionnaire designed to elicit information about board make-up, dealer licensing regulations, complaint evaluation systems and disciplinary activities. (See Exhibit 1, p. 15).

National Hearing Aid Society dealer training program

Many hearing aid salesmen in the United States belong to the National Hearing Aid Society, which provides them with the basic training course.

The program consists of 20 home-study lessons, the answers to which are completed by the applicant in his home. These responses are graded by a firm under contract with the NHAS. The 20 lessons consist of readings from three textbooks and a lesson summary prepared by the NHAS.

In May 1975, the NHAS announced availability of a new, more detailed educational program for its membership to be offered at colleges and universities throughout the United States. (See Exhibit 2, p. 15.) However, the NHAS lacks the authority to compel attendance at these classes and cannot expel from membership anyone who does not sign up. Therefore, the 20-lesson home study course is still the basic learning tool for NHAS members. It has not been terminated.

Persons who successfully complete the 20 lessons are considered noncertified members of the NHAS. Those who seek further recognition from the industry group must take a final proctored examination. The NHAS does not keep records of the pass-fail ratio for this test. The reason for this omission was not explained to the Subcommittee. A passing grade on the exam, plus approval from local dealers and other community leaders as to the character and credit rating of the applicant, makes the candidate eligible for an NHAS plaque, suitable for office hanging. The plaque declares the bearer to be a "certified hearing aid audiologist." Approximately 2,200 NHAS members are "certified hearing aid audiologists."[6]

The V.A. course analysis found "much of the specific information incorrect . . . (and) oversimplified." It also found some data "presented in a very complex manner . . . apt to be well beyond the ability of those taking the course to understand." (See Exhibit 4, p. 18.)

In one lesson, the panel found "inadequate and misleading" an ear pathology description relating to cholesteatoma. The NHAS "described (it) simply as a tumor of the middle ear which sometimes perforates the ear drum, invades the external auditory canal, and is accompanied by a constant discharge." The V.A. panel said the ear abnormality is "one of the most dangerous pathologic states of the temporal bone with potentially deadly complications . . . (A) patient complaining of a hearing loss due to a dry destructive cholesteatoma risks loss of life if diagnosis and treatment are delayed because his first contact for help was with someone interested only in the fitting of a hearing aid to improve the hearing."

Other lessons dealing with evaluation of hearing and interpretation of test results are "quite superficial" and in some cases "contrary to standard clinical procedure," the V.A. panel said.

It also found "scarcely a reference to reliance on physicians for treatment before fitting an aid." It found no reference at all to use of audiologists for the determination of need for amplification.

"Most remarkable" to the group was the "paucity of information" on hearing aids and their fitting. It called the data on this subject "meager, often incorrect, and very outdated. . . . The technical discussion of the fitting of hearing aids is simply wrong. The lesson on 'the Ear Mold' is 10 years behind the times and does not include any of the modern discoveries. . . ."

One V.A. panelist, Hayes Newby, is author of *Audiology*, one of the three NHAS-prescribed texts. Yet the V.A. panel was unanimous in its finding that the text reference material "is outdated and probably beyond the ability of an individual with less than a postgraduate education to understand." This finding is most relevant to the finding of the staff study that under state hearing aid licensing laws, although minimum dealer educational requirements are hardly uniform, only 27 of the 36 licensing States responding require dealers to have at least a high school education.

In sum, the panel found the home study course of the NHAS *"not only inadequate but potentially dangerous*. It is dangerous in the same way that 'quack' medicine is dangerous. . . . It postpones or prevents adequate evaluation, diagnosis, and treatment of hearing loss and its accompanying pathology. Some of these pathological entities are life-threatening and require immediate and aggressive medical or surgical treatment." (emphasis added)

The American Council of Otolaryngology panel asked the Subcommittee to obtain from the NHAS a model final examination and the pass-fail ratio on these tests. The NHAS refused to provide a final examination, maintaining that it was proprietary data. It also told the Subcommittee that it kept no pass-fail ratio statistics.

The NHAS did report the number of persons enrolled in the program and the number passing the final exam to become "certified hearing aid audiologists" from 1970–74. This data was turned over to ACO. It showed:

Year:	*Number enrolled*	*Number passing final exam*
1970	412	244
1971	597	305
1972	527	266
1973	411	318
1974	370	231

ACO said, after a review of the curriculum, that "the Basic Home Study Course of the National Hearing Aid Society . . . is far too technical and beyond the scope of the simple salesman to comprehend in any effective manner. Most of the material has been written for professionals with college and postgraduate education." (See Exhibit 5, p. 21.)

Lacking a copy of the final exam, which would show whether the test actually measures comprehension of the course materials, and not having any data on how many persons took the final exam, how many passed or failed it, the ACO panel said it was "unable to determine the adequacy and ability of the National Hearing Aid Society training program to equip their dealers as to the fitting and selling of hearing aids."

The American Speech and Hearing Association, the national audiologists' group, found the course did not equip a dealer to properly evaluate hearing loss, detect and analyze hearing disorders requiring medical attention, or make professional judgments on hearing loss and recommend corrective action. (See Exhibit 6, p. 22.)

ASHA's panel said hearing loss evaluation "is given extremely superficial treatment." It quoted from the NHAS lesson on hearing testing that recommended a "quiet room" for that purpose. "No reference is given," said ASHA, "to the American National Standards Institute standard that specifies acceptable ambient noise levels for testing hearing."

As for how well equipped a dealer who has completed the course is to detect and analyze hearing disorders requiring medical attention, ASHA's panel found:

"The student is told of the various medical conditions which may exist, but nowhere is he told how to recognize them in a client or what factors to consider in raising an index of suspicion. The very common perforations or ruptures of the tympanic membrane, for example, are covered in exactly eight lines. This important question of how to recognize or even suspect the existence of a perforation from visual or audiometric measurement is not even mentioned. Yet this is the most common medical problem that the hearing aid dealer is likely to encounter, and failure to recognize its presence in a particular client can have potentially serious consequences."

It said "a hearing aid dealer would not be competent, as a result of completing this course, to accurately evaluate hearing."

As did the V.A. panel, the ASHA group found some of the course material inaccurate:

"It is stated (in the NHAS lessons) that a sensory-neural hearing loss 'is more difficult (if not impossible) to treat medically.' Such an emphasis could easily be misinterpreted to mean that a medical evaluation is unnecessary. Quite the contrary, certain sensory-neural hearing impairments are amenable to medical treatment and some are indications of a life-threatening condition, requiring swift medical intervention."

As for the dealer's ability to make professional judgments on hearing loss and recommend corrective action, ASHA's evaluation team said that "because of its extremely superficial nature and because it approaches the subject in a purely descriptive rather than interpretative manner, the hearing aid dealer who completes the course would still be ill-prepared to make the kinds of objective professional judgments and recommendations necessary for the satisfactory and ethical rehabilitation of patients with hearing impairment."

State licensing laws and their enforcement

Hearing aid dealer licensing laws are relatively new. Oregon was the first State to enact a licensing law in 1960. Most of the 39 States with licensing provisions enacted them within the last five years.

There are slightly more than 5,700 licensed dealers in the United States. Nearly 50 percent, more than 2,500 of them, have never taken a licensing exam. They have been "grandfathered" into licenses by virtue of their dealer activity prior to the law's coming into being.

For the most part, control of the licensing board rests in the hands of the dealers. In effect, they regulate themselves. In 35 States, dealers either outnumber the other board members, or comprise at least one-half of the panel. In only four States are there more professional and lay members than there are dealers.

A detailed inquiry into how one State licensing board conducted its business, while controlled, 5–4, by dealers, illustrates some of the problems occurring in licensing States.

The Kentucky Experience

Documents obtained by the staff, as well as sworn affidavits provided to the Subcommittee, show that the Kentucky Board for licensing hearing aid dealers was and is plagued by internecine warfare.

Interest in the Kentucky board's operation

Footnotes at end of article.

first arose when staff learned that the Subcommittee questionnaire was offically rejected. Minutes of the November 16, 1974, board meeting show that it decided not to answer any of the questions. (See Exhibit 7, p. 26.)

The Subcommittee assigned staff to interview Kentucky officials regarding the board's operations.

A leading critic of the Kentucky board is Dr. Lilialyce Akers, associate professor of sociology at the University of Louisville, the consumer member of the board and one of the original architects of the law creating the board.

Dr. Akers, in a sworn affidavit describing her frustrations in working with the dealer-members who control the board, now believes the law is virtually useless. "Since the board tends to represent the association of hearing aid dealers more than it does any other segment, the board tends to do less in serving the people of Kentucky and is giving legitimacy to activities that are highly questionable," she said. (See Exhibit 8, p. 27.)

Dr. Akers noted that the board chairman, Charles N. Stone, permitted his son to be grandfathered into a license. According to an affidavit signed by his son, he was 14 when he began working in his father's store. (See Exhibit 9, p. 29.)

Dr. Akers also complained that the board chairman does not turn over to her consumer complaints received by the board. She said that Mr. Stone, the chairman, and Marion Roberts, the board's former secretary-treasurer, "repeatedly told me they took care of complaints amicably by telephone and they have never provided me with the complaints received by them."

Mr. Stone denied Dr. Akers' charge. He said that all complaints were "brought before the board and laid on the table" and that Dr. Akers was never denied any complaints.

She also told of an instance in which one board member, Marion Roberts, a Richmond, Kentucky, dealer, signed as a sponsor for a candidate who had applied to take the license examination. Dr. Akers said she asked Mr. Roberts if he had actually supervised the dealer's work for six months as required by law. "He replied that the man owed him $4,000 and he must get it back, so he was going to sign an affidavit swearing that he has sponsored the man for six months," she said.

Dr. Akers' recollection on this issue was confirmed by Mrs. Norma Jean Phillips, the representative from the Kentucky Bureau for Health Services on the Board. In an affidavit (see Exhibit 10, p. 31), Mrs. Phillips said that Mr. Roberts told her that the man he was sponsoring was "not of good moral character. But he said he had about $4,000 invested in him through a business relationship connected with a dealership. . . . As a result, in order to regain his money, he told me, he had no choice but to get him into the hearing aid business through the licensing procedure" so that the dealer could earn enough money to repay Mr. Roberts. (In an interview, Mr. Roberts denied having said this.)

In January 1974, Marion Roberts, Charles N. Stone, Arthur A. Azar, Larry J. Naiser and Frank E. Smith, all board members and dealers on the board, organized the Kentucky College of Otometry, later renamed the National College of Otometry. In its catalog, the institution offered a five-year program, successful passage of which would bring the student a "Doctor of Otometry" degree. Tuition charges were listed as $500 per semester, payable in advance. The college campus was listed in promotional literature as 205 Geri Lane in Richmond, Kentucky. That address is the same as a hearing aid dealership owned by Marion Roberts.

The dealer board members were listed in the catalog as "Regents" of the college and the 5-year courses offered at the campus included English, history, biology, physics, government, neurology, pharmacology, ethics and jurisprudence, and business management.

At its meeting on November 16, 1974, the board heard a suggestion from board member-dealer Naiser, one of the "regents" of the National College of Otometry, that the college be officially commended for its work. The minutes of the meeting say: "Larry Naiser made a strong complimentary statement regarding the College of Otometry at Richmond, Kentucky. He suggested that the Secretary send a letter to this College of Otometry wishing them good luck and Godspeed."

Shortly thereafter, Roberts, on stationery of the National College of Otometry, wrote several hearing aid dealers around the state inviting them to a three-day seminar on the campus at which "certified otometrist" wall plaques would be issued to those who paid the $60 fee for attendance. The letter began: "Our State licensing board *has approved* the 'National College of Otometry' and are (sic) in the process of writing the College of Otometry a commendation." (emphasis added)

The minutes of the meeting show that the board never did vote approval of the college. A formal motion to approve was neither offered nor voted upon.

The connection between the dealer-board members and the college was the subject of concern to an audiologist-board member. William W. Green, a director of the Clinic for Communicative Disorders at the University of Kentucky Medical School, in an affidavit to the Subcommittee, said: "I think the 'National College of Otometry' is an expeditious way to obtain some kind of status for hearing aid dealers and that use of the term, 'Certified Otometrist,' is of tremendous abuse to the consumer and misleading to the public." (See Exhibit 11, p. 32.)

On April 3, 1975, Kentucky Attorney General Ed W. Hancock brought a complaint against the National College of Otometry, including Roberts and Azar as co-defendant. (See Exhibit 12, p. 34.) In the complaint, it was charged that the college and its officers were engaged in "false, misleading or deceptice acts or practices in the conduct of any trade or commerce."

The complaint called for the school to cease offering degrees that it had no power to confer.

It said that if the college was permitted to continue its operations, it would "cause immediate and irreparable harm, loss and injury to the public in that those who are induced to participate in defendants' programs will part with substantial sums of money and obtain degrees and/or certificates which are worthless and misleading; and members of the public who seek advice or assistance from recipients of defendants' degrees and certificates, will part with substantial sums of money and risk serious and irreparable damage to their hearing health."

On May 23, 1975, the dealer-board members who ran the "college" agreed in Madison County Circuit Court to terminate all of the activities alleged in the state's complaint. (See Exhibit 13, p. 43.)

Roberts declined to comment on the court action. Azar said he had assumed the college's operation was legal but that after the suit was filed, "the publicity was bad." He said he wanted the suit settled quickly and therefore consented to the agreement.

Arkansas Abuse

Kentucky is not the only state with disaffected non-dealer board members.

In Arkansas, an audiologist member of the state's Board of Hearing Aid Dispensers provided the Subcommittee with her own views on the conduct of the board, separate and distinct from what was submitted by its secretary-treasurer (See Exhibits 14 and 15, pp. 45–47.)

Mrs. Sharon Graham, the board president, took issue with some of the answers provided by the board's secretary-treasurer. She asserted that although the law required that dealers must be high school graduates, "there are men in this State holding licenses who did not complete high school."

Mrs. Graham observed in her letter that the board "has been a very ineffective agency of the State." Mrs. Graham said it had been "very ineffectual in causing any change in the dispensing system for hearing aids and has in all practicality done nothing but mislead the public by allowing hearing aid dealers to state that they are now licensed by the state of Arkansas to fit and dispense hearing aids, therefore creating the image in the consumer's mind that they are especially or professionally trained to do so."

Budgeting

Based on responses to the State questionnaires, both the NHAS and the manufacturers rely on State licensing agencies to police the dealers. Yet, few of the States were found to employ full-time professional staff members to oversee the dealers. Most board budgets are miniscule and sometimes nonexistent. In most States, boards transact business only infrequently.

In all, only nine States employ full-time professional staff to serve the boards. Only seven States—Florida, Michigan, Mississippi, Ohio, Oregon, Texas, and California—spend more than $20,000 a year administering the dealer licensing laws. Eight States spend between $10,000 and $20,000; 15 spend between $5,000 and $10,000; seven spend less than $5,000 and six have no separate operating budget.

Even when a State licensing board has enough money for adequate dealer screening, there is no guarantee that the agency will use its staff to insure that only reputable persons are admitted to the profession.

In California, the licensing board granted a license to a man who had informed them that he had been convicted of sodomy with a sheep, as well as several more common crimes, including assault.

On February 6, 1975, the licensing board began proceedings to rescind this dealer's license. This was shortly after the board hired a new executive secretary.

Dealers and facilities

A basic tool of the hearing aid salesman is the audiometer, which measures hearing ability. Yet, in 14 States, there is no State system to check the calibration of these devices. In most States that provide for calibration, dealers are simply required to file an annual certificate with the board that their equipment has been calibrated. Just how well this voluntary reporting system works is unclear. Mrs. Graham, the Arkansas board member, in whose State an annual report is required, says:

"There are dealers in this State who still hold licenses and who have never had their equipment properly calibrated, so it is rather easy to see that this has not in the past been enforced by the board. Also, there is no system for approving those persons or agencies who are currently calibrating equipment in this state as it has been our experience that some are qualified while others are not. In addition, many dealers in this state are currently fitting hearing aids and do not have in their possession all of the instrumentation necessary for performing the tests which are required by law."

A principal concern of the Subcommittee inquiry was the expertise of the hearing aid dealer. State education and training requirements for dealers vary widely. Nevada, Washington and Iowa have no educational requirements at all. On the other hand, 27 States require high school graduation or its equivalent before issuance of a license. How carefully this is adhered to is subject to question. At least in Arkansas, says Mrs. Graham, the law is not always heeded.

Many dealers obtain whatever training they receive from dealers already licensed. In most States, a majority of the dealers who train their salesmen never themselves took a State qualifying examination. Only seven States require training other than apprenticeship under a licensed dealer. The additional training consists of the NHAS home study course or a program offered by a hearing aid manufacturer. Only Virginia required license applicants to take a college level course before conferring a license.

Dealers control most of the boards; many of these dealer-board members who designed the tests were themselves grandfathered into their licenses. In nine States, the qualifying examination is an industry exam, conceived and distributed by the industry group. In each of these States, the boards have low budgets, no full-time help and meet infrequently.

Complaint Handling

The complaint-filing procedures and complaint-handling procedures, and their adjudication vary widely among State licensing boards.

The procedure by which an aggrieved citizen brings a complaint against a dealer is, in many cases, quite complex. Of the 39 States, only 20 take grievances by telephone. The other 19 do not. Moreover, eight States require complaints to be submitted in writing on a special form. This means the hearing aid user may have to write the board twice before an investigation of his grievance can even begin.

Investigations, when commenced, are often cursory. Frequently, a dealer-board member will visit with the dealer complained against and attempt an informal settlement of the issue without prior discussion. In some cases, hearings will follow any failure to resolve the grievance by persuasion.

Seldom is a law enforcement agency called in to prosecute a dealer who is alleged to have acted fraudulently or otherwise illegally.

A more aggressive investigative effort is generally made by State boards with full-time staff members, who will often obtain documents and affidavits in following-up a complaint.

The number of complaints filed with a State board appears to be largely related to the aggressiveness with which a board is known publicly to pursue incompetent or unethical dealers. Florida, with an active board, has received 212 complaints since 1970. Louisiana, by contrast, has had only 10 in that same period.

In general, boards with the largest budgets, most frequent meetings, and fulltime staffs received more complaints than the rest.

Of the 2,500 complaints tallied among 29 States between 1970–74, most dealt with failure to refund or return deposits, dissatisfaction with service and repairs, misleading advertising, and misrepresentation of the product's ability to restore hearing.

Of 34 States answering the question about the number of dealer suspensions or revocations, 16 reported no suspensions or revocations of any kind. In all, there were 126 revocations and suspensions, of which 24 were for unethical behavior. Almost half—41—were simply failure to renew a license. Since 1970, only seven civil prosecutions by law enforcement authorities were brought against dealers, and these occurred in four States. During the same period, there were 16 criminal prosecutions in 7 States, 10 of which resulted in fines or imprisonment.

MEDICAL CLEARANCE

One suggested method of limiting the risk to hearing-impaired Americans is to require a hearing health professional—an otologist or audiologist—to make the initial determination as to whether an aid is indicated. Both the NHAS and the Hearing Aid Industry Conference in May 1975 announced support of a policy whereby hearing aid purchasers should obtain "medical clearance" before visiting a hearing aid dealer. However, anyone could avoid the necessity of visiting a medical specialist before purchasing an aid by signing a waiver, under the industry guideline. But, at the State level, only Minnesota, Vermont and Hawaii require an examination by a physician or audiologist before a hearing aid sale to anyone is legal.

Adults in most States are deemed able to take care of themselves when it comes to hearing aids, while in 26 States children are given some degree of protection. Nine States have no requirement of medical or audiological examination before sale of an aid, even to children.

Of the 26 States attempting to protect children against the purchase of an aid they may not need, 14 formally require a medical or audiological examination, while 12 require only a dealer recommendation that the child obtain such an examination. However, the definition of a child varies considerably. In Rhode Island, Mississippi and Alabama, the mandatory audiological or physician's work-up expires at age 11. In Washington, New Jersey, Montana, Missouri, Maine and Idaho, a child is protected until reaching 18, for purposes of hearing aid fitting.

Federal system

In contrast with the varying State requirements on prior professional examination of a hearing-impaired person before visiting a dealer, all Federal agencies involved in paying for hearing aids require a hearing health professional—an audiologist or doctor—to make an evaluation first.

The V.A., as well as the Social Rehabilitation Administration and Medical Services Administration, both within the Department of Health, Education and Welfare, provide funds for the purchase of hearing aids. But neither will allocate a penny until a physician or audiologist has examined the patient and determined that an aid is needed. (See Exhibits 16, 17, and 18, pp. 48–58.)

Most notable of the Federal agencies which provide funds for hearing aids is the Veterans Administration. Administrator Richard Roudebush, in a letter to Senator Percy, outlined his views on the need for medical involvment in the delivery of hearing aids:

"The medical treatment of hearing impairment should be conducted by physicians specializing in otolarygology, and the rehabilitative component should be the responsibility of the audiologists. Determination of the need for a hearing aid should be made by qualified objective professionals whose goal is rehabilitation, not the furtherance of a vested interest. A hearing aid is an electronic device which simply makes sound louder. It is used most effectively by a hearing-impaired person when it is regarded as part of the rehabilitation program. The treatment of impaired hearing, whether by surgical or prosthetic means, is best managed in a medical setting."

A compelling argument against Federal involvement in supporting hearing aid purchases today is made by the HEW unit responsible for administration of the Medicare program.

In a letter to the Subcommittee, Irwin Wolkstein, Deputy Director for Program Policy in the Bureau of Health Insurance, explained why Medicare does not allow funds to be used for hearing aids.

Wolkstein said that data gathered by Congress and by HEW's Hearing Aid Task Force suggests that "a significant portion of the costs of hearing aids and hearing health care is due to the nature of the hearing aid delivery system." (See Exhibit 19, p. 58.)

He noted that aids are sold through local dealers "and not through a system controlled by professionals that might be counted on for self-policing." Wolkstein said further:

"The dealers and distributors who have the proper equipment and formal training in audiology and hearing loss problems which are necessary to correctly evaluate the nature and extent of an individual's hearing impairment seem to be a minority of those in the business. The probable consequence is that some people who cannot be helped by hearing aids at all are fitted with them, others are not sold the type of aid that would be most beneficial to them and still others with ear diseases that should be treated by other means than a hearing aid are not appropriately referred when seen by a dealer."

Findings and Recommendations

The staff study set out to determine how well-trained hearing aid dealers are and how well state licensing units were doing their job.

But the inquiry turned up evidence which goes far beyond these two issues and suggests that immediate action should be taken by the responsible Federal agencies to remedy the problems uncovered.

The staff found that:

(1) Nearly 50 percent of the licensed hearing aid dealers in the United States have never taken a State-administered qualifying examination.

(2) Even those who have taken that examination are inadequately trained, since the educational program provided by the National Hearing Aid Society is viewed by hearing health professionals as incomplete, inaccurate and often incomprehensible to salesmen. These experts believe the NHAS home-study course is "potentially dangerous" to the hearing-impaired since dealers, lacking the expertise, can misinterpret a condition that requires urgent medical care and sell an aid, instead of referring the client to a doctor for treatment.

(3) Many hearing aid purchasers are dissatisfied with their dealers, charging errors in fitting and ethical lapses. The fact that there have been 2,383 complaints lodged with State licensing agencies in a universe of only 5,700 dealers over a five-year period, in view of the obstacles many boards have placed in the path of filing a grievance, suggests the extent and intensity of user unhappiness with many dealers. Moreover, the number of complaints filed with the 39 license States is hardly representative of the total, since hundreds more flow into the FDA, FTC, Congressional offices, local consumer protection offices and the industry-sponsored Better Hearing Institute from hearing aid purchasers who are not aware of or feel they cannot count on their state licensing boards.

(4) Follow-up user complaints by State boards is haphazard at best, since most of the licensing units have little or no money or resources to police dealers and only a handful have any professional staff to perform their legal responsibilities.

(5) Most State licensing agencies are controlled by dealers—many of whom have been grandfathered into licensure. These dealers are often responsible for the drafting of loophole-ridden laws in the first place. Once on the board, these dealers frequently band together to frustrate consumer members. Affidavits and other documents show that these dealer-board members sometimes act in ways that smack of cronyism and a profound lack of concern for the consumer.

(6) In nearly half the States, no system exists by which the licensing agency can check on the accuracy of hearing measurement instruments used by dealers. In most of the States requiring calibration, all the dealer need do is file an annual certificate stating that his equipment has been calibrated. This is hardly a guarantee of accuracy and no assurance whatever for many hearing-impaired Americans that the result of a dealer's test is a true reflection of hearing ability. A mistake by a machine could have serious medical consequences.

(7) Although only three States require a physician's or audiologist's written recommendation before sale of a hearing aid to anyone, no Federal agency that pays for aids

will spend a penny of taxpayer's money on an aid until it has such a professional recommendation specifying a patient's need for an aid.

(8) The insistence by some in the industry that dealer licensing laws protect the hearing-impaired from abuses at the hands of dealers is wholly unsubstantiated. In some cases, it lends a false sense of security to persons in need of professional care who confer unwarranted trust on a dealer.

(9) Efforts by industry officials to secure coverage for their product under any national health insurance law must be considered in the light of the present flaws in the delivery system. While hearing aids are important and medically indicated in many cases, for national health insurance to cover their purchase under the present delivery system could jeopardize the hearing health of millions.

In summary, the staff found that many hearing aid dealers are not properly trained and the States which license them have, for the most part, failed to pursue an aggressive effort to protect the 14.5 million hearing-impaired Americans.

In view of the absence of proper education and training for dealers and a less than half-hearted attempt by the States to police the more than 5,700 dealers under their jurisdiction, the Subcommittee staff urgently recommends that the Food and Drug Administration within the Department of Health, Education and Welfare, which has clearcut legislative authority in this area, prescription devices. This action is the only certain method available to the Federal Government to insure that hearing-impaired persons are protected from dealers who are neither adequately trained nor competent to diagnose disorders of the ear. Hearing-impaired persons are entitled to professional treatment.

Secondly, since many of the States have failed so badly in their task of policing the dealers in the interest of the hard-of-hearing, the Department of Health, Education and Welfare should quickly create an interdisciplinary panel, including lawyers, audiologists, otolaryngologists and hearing aid dealers, to draft a model State licensing law—devoid of "grandfather" loopholes which have been lobbied into law by dealers' groups—to undo the damage. Such a law should require for all dealers professional training programs that will satisfy the medical hearing health specialists and require that no licensing board is dominated by hearing aid dealers.

Finally, since three panels of experts in the hearing health field are unanimous in their criticism of the NHAS curriculum, finding it inadequate and even dangerous for the hard-of-hearing, the Subcommittee staff urges that organization to voluntarily withdraw the home study course from circulation immediately and work with the Department of Health, Education and Welfare to develop a satisfactory training program that does not jeopardize the hearing health of any American.

FOOTNOTES

[1] *The Deaf Population of the United States*, Jerome D. Schein and Marcus T. Delk, Jr., 1974, National Association of the Deaf.

[2] *Federal Register* June 24, 1975, Part II, page 26646.

[3] *Final Report to the Secretary on Hearing Aid Health Care by* The Department of Health, Education, and Welfare Intradepartmental Task Force on Hearing Aids, September 1975.

[4] The American Council of Otolaryngology represents otolaryngologists and otologists. An otolaryngologist is a doctor of medicine who specializes in diseases of the ear, nose, throat and upper air and food passages. He/she is a "regional specialist," meaning that the training includes treatment of any of the diseases of these areas. An otologist is an otolaryngologist who limits his/her practice to diseases of the ear.

[5] The American Speech and Hearing Association represents audiologists, who have master's degrees or the equivalent in the evaluation of hearing, habilitative and rehabilitative services for auditory problems, and research related to hearing and its disorders and can determine range, nature, and degree of hearing function related to patients' auditory efficiency. An audiologist is trained to differentiate between organic and non-organic hearing disabilities.

[6] In Georgia, use of the term "hearing aid audiologist" has been ruled illegal by the attorney general. (See Exhibit 3, p. 17.) Moreover, the FTC's proposed rules prohibit dealers from advertising themselves as audiologists unless they hold a degree in that discipline.

JOINT ECONOMIC COMMITTEE REPORT PRESENTED TO HOUSE BUDGET COMMITTEE

Mr. HUMPHREY. Mr. President, on October 3 I had the honor of appearing before the House Committee on the Budget to present the recommendations of the Joint Economic Committee with respect to the fiscal 1976 budget as well as other aspects of economic policy.

The administration has suddenly become strangely silent on the question of the fiscal 1976 budget. The spending ceiling which the President is now discussing applies, as we know, to the fiscal 1977 budget. It is easy to talk about savings, and cuts, and ceilings in a budget that does not take effect for another year. I say it is easy to talk. It will be much harder when the time comes to take action, to actually make some cuts in the budget. Many of those who talk loudest now may again be strangely silent when the time comes for actual decisions on the fiscal 1977 budget.

The President was not always so silent on the 1976 budget. We will all recall that last spring the President went on television and drew a line—a $60 billion line—above which the deficit must not go. Those of us who have long memories will also recall that last fall—just 1 year ago—the President was urging a tax increase. Going back further into history, when President Ford first took office he promised a balanced budget for fiscal 1976. If the $395 billion spending ceiling for 1977 fails to materialize, it will be far from the first of the administration's erroneous readings of the budget situation with which we in Congress have had to contend.

The administration may have given up on this year's budget, but we in Congress still have work to do. Budget Committee consideration of the second concurrent budget resolution is already underway and in a few weeks this matter will come to the floor for debate. So far Congress has followed its new budget procedures in a most careful and responsible manner. I am confident it will continue to do so.

In its midyear report, the Joint Economic Committee has made three recommendations which directly affect this year's budget. The first of these is that pending legislation which would provide antirecession grants to State and local governments be enacted. That legislation has already passed the Senate. Provision was made for this program in the first concurrent budget resolution. The need for this program has now become so glaringly obvious that I need not belabor the point. All that remains is for legislative action to be completed and for the President to sign this bill.

Our second recommendation concerns the need for an emergency jobs program. It calls for a jobs program to put the long-term unemployed to work on a temporary emergency basis on highly useful community work projects. This program would enable us to realize great savings on unemployment compensation, food stamps, and other forms of income support. Hence its net cost is quite modest. Indeed, it is a bargain. The modest amount which it would add to 1976 spending should be provided for in the second budget resolution.

The third recommendation was on the tax side of the budget. The Committee recommended that calendar 1976 taxes be reduced by some $8 to $10 billion more than would be achieved by a simple extension of the 1975 tax cuts. Together with the proposed emergency employment program, this tax change would give the economy the support it needs to keep a strong economic recovery underway. Its distributional effects and its long-run impact on the budget would, I believe, be considerably more favorable than the President's tax proposals. Since only half of this tax cut would take place in fiscal 1976 and since provision for the extension of the 1975 tax cuts was contained in the first budget resolution, the impact of the Joint Economic Committee's tax recommendation on the fiscal 1976 budget is only about $4 billion.

My testimony before the House Budget Committee discussed these and other recommendations of the Joint Economic Committee in greater detail. It also summarizes the committee's assessment of the outlook and the reasons why policy initiatives are so badly needed if the economic recovery is to continue at a satisfactory pace next year.

I ask unanimous consent that my statement before the House Committee on the Budget on October 3 be printed in the record.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUBERT H. HUMPHREY

Mr. Chairman, Members of the Committee: it is a great pleasure to be here this morning to present the recommendations of the Joint Economic Committee on economic policy.

The Joint Economic Committee's Midyear Review was released this week and copies have been made available to you. I have also brought with me this morning copies of a summary version of our report which you may find helpful.

The JEC Report makes recommendations in five areas; jobs, taxes, aid to States and cties, monetary policy, and price incomes policy. I want to stress that our recommendations form a coordinated total program. We think the whole package is needed.

There are three general points I would like to emphasize about this coordinated program;

I. The JEC program is both expansionary and anti-inflationary.

II. The additional stimulus we recommend is *essential* if economic recovery is to continue in 1976 and future years.

III. The program will require some departure from the first Concurrent Resolution on the Budget.

INFLATION AND UNEMPLOYMENT

I would like to speak briefly to each of the three above points. First, the question of inflation. There have been times in the past when it has been necessary to choose between economic expansion and price stability. There most likely will be such times again in the future. At the present time, however, there is no such "trade off" between inflation and unemployment. Demand is not excessive, and industry certainly is not pressing against the limits of its capacity.

In fact, at the present time inflation and unemployment tend to feed on one another. To progress against either, we must progress against both. Faster growth will bring productivity gains which help hold down inflation. By contrast, slow growth or stagnation will mean continued inflation which, in turn, eats into consumer purchasing power and invites a new recession.

Estimates made by the Joint Economic Committee staff indicate that with the adoption of the Committee's program 1 to 1½ million more people will be at work in the second half of next year than might be the case without this program. At the same time the inflation rate might be ½ percentage point or more lower than it would be in the absence of the program. Also interest rates would be lower and housing starts as much as 50 percent higher than they would otherwise be.

THE NECESSITY FOR NEW POLICIES

Let me turn now to my statement that our program, or something similar, is a necessity if the economic recovery is to continue in 1976 and beyond. I concur with those who believe that a recovery is now underway.

We will have fairly strong economic growth during the remainder of this year. But much of that growth is being caused by two temporary factors; The tax rebates of last Spring and the swing in inventories. Once these two factors have run their brief course, the rate of economic growth will slow down. The weight of evidence presented to the Joint Economic Committee is that the growth rate could slow down so much that there would be little, if any, further decline in unemployment during 1976 and 1977. In fact, there is a disturbingly high probability that the dampening effects of continued inflation, together with too restrictive a monetary and fiscal policy, could actually induce a new recession late next year or in 1977.

We will enter 1976 with unemployment somewhere close to 8 percent; that is to say, unemployment will still be at an emergency level. It is crucial that the economy continue to grow strongly in 1976 and that unemployment continue to come down. In our judgment, this progress against unemployment requires that we act now to extend the 1975 tax cuts, to enact a further $8 to $10 billion reduction in taxes for 1976, and to adopt an emergency jobs program to put some of the millions of unemployed back to work.

I invite your attention to the chart on page 4 of the summary of our report. The line labeled "preferred growth path" shows the progress which the economy should be able to make toward full employment if proper policies are adopted. Even with this rapid growth, it will take until 1978 or 1979 to get back to something approaching full employment. That represents a long hard struggle. I hope we can find some way to achieve this goal more quickly. However, if you look at the bottom line of the chart, which sketches the course which the economy might follow under current policies, you can see that even in 1980 we would be far from the zone of full employment. The unemployment rate would still be 6 percent or higher in that year. That is not a pleasant prospect to contemplate.

IMPACT OF THE JEC PROGRAM ON THE FISCAL 1976 BUDGET

I said earlier that our recommendations would require some departure from the first budget resolution. We should not be afraid of that. The reason the law provides for a second resolution is precisely so that the budget totals can be amended as necessary in light of changing economic conditions. That purpose seems in danger of being forgotten. Many people seem to have the attitude that if Congress departs from its original spending ceiling of $367 billion or goes even a few dollars beyond its original estimate of the deficit, the budget process will have "failed". That is nonsense. The real failure will be if we lack the courage and good sense to make such adjustments in the budget totals as circumstances dictate.

Congress has done an excellent job of keeping appropriations within the sugggested targets. All appropriations actions have not yet been completed. The defense budget, as of course you know, is still under consideration. However, it presently appears that those items over which Congress has control through the appropriations process will remain well within the targets set last Spring.

Some uncontrollables are running ahead of earlier estimates. The Director of the Congressional Budget Office, Alice Rivlin, testified to you earlier this week that the costs of unemployment compensation now appear to be running a good bit above earlier estimates. High costs of unemployment compensation are a function of high unemployment. The way to get those costs down is not to hold back on the spending total but to reduce the unemployment.

In the Joint Economic Committee's report we have recommended an emergency jobs program which would take up to 1½ million of the unemployed off the unemployment compensation rolls and give them work to do; useful work providing the goods and services which are needed by the States and cities of this Nation. The additional costs of this program compared to what we are already paying in unemployment compensation, food stamps and so forth would be modest compared to the great benefits this program would provide. It is a bargain; an investment opportunity we would be extremely foolish to overlook.

I intend to introduce legislation within a few days carrying out our recommendation for an emergency jobs program. I urge you to provide specifically in the second budget resolution for the cost of this program. In the Joint Economic Committee's report we have estimated that, if this program were to be fully operational by January 1st, it would have a net cost of $3 billion in fiscal 1976. It may be, of course, that we cannot get this program fully into operation that quickly. The Joint Economic Committee staff will be glad to work with you in making estimates on what the program would cost based on different assumptions regarding the date it becomes fully effective.

A second program for which the Budget resolution should provide is the combined program of anti-recession grants to State and local governments and emergency public works. Outlays for this program, which would be approximately $2 billion in fiscal 1976, were provided for in the first budget resolution. Legislation has passed the Senate and is pending in the House. The devastating impact which recession has had on our cities is now painfully apparent. The need for this program of anti-recession aid is all too obvious. Provision for this program should remain in the budget resolution.

Let me turn now to the revenue side of the budget. Due in large part to continued inflation, personal incomes have grown more rapidly than was anticipated last Spring. As a result tax receipts are coming in higher than was expected. Mrs. Rivlin has testified earlier this week that fiscal 1976 receipts are now estimated at $303.8 billion or $5.6 billion higher than was expected last Spring. This inflation induced growth of receipts will have a restrictive effect on the economy.

In order to offset this restrictive effect and to keep the budget as stimulative as Congress intended at the time of the first budget resolution, we need a tax cut which goes beyond extension of the 1975 tax cuts. Extension of the 1975 tax cuts is, of course, assumed in the first budget resolution. Our Committee has recommended an additional $8 to $10 billion for calendar 1976. The fiscal 1976 impact of this additional tax cut would be about $4 billion. I repeat that this recommended tax change does not represent a new departure toward a more stimulative budget. Rather, it represents an adjustment to higher than expected inflation, an adjustment which must be made to maintain the economic policy stance which Congress intended last Spring.

In closing, let me say a word about the deficit. In our report we have estimated outlays at $370 billion, receipts at $300 billion, and the deficit at $70 billion. I wish to stress that these are rough estimates. We have deliberately used round numbers. The Members of this Committee are even more aware than I of the difficulties of making precise revenue estimates and of the uncertainties which remain on the expenditure side.

The most important question about the deficit is not whether it is a little under $70 billion or a little over. The important question is: what is causing the deficit? The cause of the deficit is high unemployment. The faster we get back to full employment the faster the deficit will diminish. If the Joint Economic Committee's program is adopted the deficit will be a little larger at first, but with stronger economic growth, the deficit will diminish steadily with each quarter. Our studies show that, if all of our recommendations were to be rejected, the economy would be so sluggish that the deficit would not narrow at all; in fact it would grow larger over time. This we can not have.

It has been an honor to be invited to testify here before you this morning. The major recommendations in our report are summarized in a very brief fashion on page 2 of the summaries that have been distributed this morning. I would be pleased to try to answer any questions you may have.

MEXICAN HEROIN FLOODS UNITED STATES: SECRETARY KISSINGER AND ATTORNEY GENERAL LEVI URGED TO INTERCEDE

Mr. PERCY. Mr. President, I would like to call attention to letters I have sent to Secretary of State Henry A. Kissinger and Attorney General Edward H. Levi, urging them to intercede with Mexican officials to halt the illegal importation of Mexican heroin into the United States. I have asked Secretary Kissinger to confer directly with Mexican President Luis Echeverria and Attorney General Levi to work out a cooperative enforcement strategy with Mexican Attorney General Pedro Ojeda.

Urgent diplomatic steps at the highest level are required because of information I requested and received last week from the Drug Enforcement Administration—DEA. It shows that Mexico, to its own regret, has taken over as the dominant source for illegal heroin throughout this country, supplanting Europe, the Near East, and Southeast Asia.

For the first 6 months of 1975, 90 percent of 305 heroin samples confiscated in 13 major cities by the DEA were Mexican-processed. A similar analysis made in 1972 showed only 40 percent of all heroin samples to be Mexican-processed. For 1973 and 1974, the figures rose steadily to 63 percent and 76 percent respectively.

The report confirms the virtual severing of the route that brought into this country French-processed Turkish heroin. Only 2 percent of the confiscated heroin analyzed between January and June 1975, came from Europe or the Near East. In 1972, 44 percent of the sample came from those regions. During that period, Turkey halted the growing of the opium poppy from which heroin is made. Earlier this year, Turkey resumed cultivation. Let us hope that this so-called "French Connection" is not reconnected.

The increasing flow of Mexican heroin toward the major cities of the Northeast and the drying up of the European supply are the most startling aspects of the first-half of 1975 DEA figures. A survey completed early in 1972, showed that the furthest penetration of Mexican-processed heroin eastward was an irregular line running from Detroit to the Florida Panhandle.

For instance, in Boston 100 percent of all confiscated samples came from Mexico in 1975 and none from Europe. In 1974, 50 percent of the Boston samples had come from Mexico and 17 percent from Europe.

In New York City, 83 percent of the samples were Mexican-processed in the first half of 1975 compared with 10 percent from Europe. In 1974, 21 percent of the samples were Mexican and 67 percent were European.

For Philadelphia, 83 percent of the samples were Mexican in 1975 and none were from Europe in 1975. In 1974, 50 percent of the samples were Mexican and 17 percent were from Europe.

The new figures show that Mexican-processed heroin has even established itself for the first time in the Pacific Northwest, replacing heroin from Southeast Asia.

The already entrenched position of Mexican-processed heroin in the Middle West and the Southwest was further confirmed by the new figures. For instance, Detroit samples were 93 percent Mexican in 1974 and 94 percent in 1975, while Chicago remained at 100 percent Mexican for both years.

However, in 1972, Detroit samples showed 58 percent of the heroin was processed in Europe and 30 percent in Mexico. For Chicago, 44 percent in 1972 was European and 33 percent was Mexican.

Somehow, our society must come to grips with this grave problem which has tragically addicted at least 500,000 of our citizens, with reports indicating a new epidemic starting again, not only in the big-city ghettos, but in the affluent suburbs and small sized towns. No one is immune from the effects of heroin. Half the street crime in this country is directly linked to the addict's need to financially support his habit.

I am also including in the RECORD, a series of exceptionally well-researched and graphic accounts of the Mexican heroin problem written by two outstanding reporters for the Chicago Sun-Times, Allan Parachini and Andy Shaw. Both traveled to the opium-growing area of northwest Mexico to give their readers a first-hand insightful account of the heroin highway which runs from Durango, Mexico, to the city of Chicago. Their work in identifying the extent of the Mexican connection was instrumental in my seeking this new information from DEA.

In conclusion, I want to express my personal gratitude to Acting DEA Administrator Henry Dogin for the assistance and cooperation rendered throughout the agency in assembling this important new information. I also want to extend my appreciation to John Warner, Chief of the International Intelligence Division of DEA, and to Robert W. Goe, Chief of the Latin American Section of that Division, for their assistance in responding directly to questions raised by the analysis.

I ask unanimous consent that the material that I have referred to above be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., October 22, 1975.

Hon. HENRY A. KISSINGER,
Secretary of State,
Department of State,
Washington, D.C.

DEAR MR. SECRETARY: Several days ago, I received new information from the Drug Enforcement Administration which indicates that Mexico has become almost the exclusive source of heroin sold in this country. The report, which uses laboratory analyses to trace the origin of heroin confiscated in the United States, points to a major shift in distribution patterns over the last three years.

Illustrative of this shift, in 1972 Mexico supplied 40% of heroin used in the U.S.; Europe and the Middle East, 44%; and Southeast Asia, 8%. For the first six months of 1975, Mexico provided 90% of all heroin; Southeast Asia, 9%; and Europe and the Middle East, 2%.

In many ways, the current situation may be more difficult to control than in the days of the "French Connection." Instead of heroin being smuggled over thousands of miles from distant continents and secreted by sophisticated international couriers, it now can be walked across a 1,945 mile-long largely unguarded border, by anyone who can afford a pair of shoes. It is then only hours away from major population centers in this country. Individual border inspections are almost impossible because of the almost one-half million people who cross the border daily.

I fully realize that Mexican officials are already cooperating in an effort to stamp out heroin smuggling from their country. But much more intense effort is needed if we are to dam up this international stream polluted with deadly granules of brown heroin. Immediate diplomatic steps are called for to work out cooperative arrangements ensuring that more effective drug law enforcement efforts are undertaken to halt this latest trafficking pattern.

The matter can only be resolved at the highest levels of government-to-government diplomacy. Accordingly, I ask that you intercede personally with the Mexican President Luis Echeverria—whom I know will want to cooperate in every conceivable way—to assure yourself and the American people that everything humanly possible is being done within and by Mexico to lessen the flow of heroin smuggled into the United States.

I am simultaneously requesting Attorney General Edward Levi to personally intercede with Mexican law enforcement officials with the same purpose in mind.

Without question, heroin addiction is one of the gravest problems that confronts the American people today. In its wake is the devastation of broken lives, human misery, and violent crimes against individuals and the society. With an addict population estimated to number 500,000 victims and drug-related crimes costing our society $10–15 billion yearly, not only have we not turned the corner in the so-called war on drugs, but, incredibly, we may be in a state of retreat. The thrust of the Federal effort must be to halt the flow of heroin even before it reaches our borders. It is in that vein that your own direct efforts with Mexican officials can have a substantial impact.

I will appreciate your keeping me fully informed as to the status of your personal efforts and of negotiations the Department may have with Mexican officials in this respect.

Warmest personal regards,
CHARLES H. PERCY,
U.S. Senator.

U.S. SENATE,
Washington, D.C., October 22, 1975.

Hon. EDWARD H. LEVI,
Attorney General, Department of Justice,
Washington, D.C.

DEAR MR. ATTORNEY GENERAL: Several days ago, I received new information from the Drug Enforcement Administration which indicates that Mexico has become almost the exclusive source for heroin sold in this country. The report, which uses laboratory analyses to trace the origin of heroin confiscated in the United States, points to a major shift in distribution patterns over the last three years.

Illustrative of this shift, in 1972 Mexico supplied 40% of heroin used in the U.S.; Europe and the Middle East, 44%; and Southeast Asia, 8%. For the first six months of 1975, Mexico provided 90% of all heroin; Southeast Asia, 9%; and Europe and the Middle East, 2%.

In many ways, the current situations may be more difficult to control than in the days of the "French Connection." Instead of heroin being smuggled over thousands of miles from distant continents and secreted by sophisticated international couriers, it now can be walked across a 1,945 mile-long largely unguarded border, by anyone who can afford a pair of shoes. It is then only hours away from major population centers in this country. Individual border insnections are almost impossible because of the one-half million people who cross the border daily.

I fully realize that Mexican officials are already cooperating in an effort to stamp out heroin smuggling from their country. But much more intense effort is needed if we are to dam up this international stream polluted with deadly granules of brown heroin. Accordingly, I ask that you intercede personally with Mexico's Attorney General Pedro-Ojeda—who is very knowledgeable in this area—and other concerned officials in that country, to assure yourself and the American people that everything humanly possible is being done by Mexico to lessen the flow of heroin smuggled into the United States.

I am simultaneously requesting Secretary of State Henry Kissinger to personally work out cooperative arrangements with the President of Mexico with the same purpose in mind.

Without question, heroin addiction is one of the gravest problems that confronts the American people today. In its wake is the devastation of broken lives, human misery, and violent crimes against individuals and the society. With an addict population estimated to number 500,000 victims and drug-related crimes costing our society $10–15 billion yearly, not only have we not turned the corner in the so-called war on drugs, but, incredibly, we may be in a state of retreat. The thrust of the Federal effort must be to halt the flow of heroin even before it reaches our borders. It is in that vein that your own direct efforts with Mexican officials can have a substantial impact.

I will appreciate your keeping me fully informed as to the status of your personal efforts with Mexican officials in this respect.

Warmest personal regards,

CHARLES H. PERCY,
U.S. Senator.

THE MEXICAN HEROIN CONNECTION

Where is the opium poppy grown in Mexico? Along the Western slopes of Sierre Madre Mountains near the states of Durango, Gurrero, Sonora and Chihuahau.

By whom? Wealthy farmers and families that have ties to relatives in the United States.

Where is it processed? Mostly in the area around Culiacan in mobile makeshift laboratories, unlike the sophisticated labs in the Marseilles area of France used in the "French Connection."

How much is imported into the U.S.? An estimated 10 tons annually.

Why do farmers grow it? There are no other profitable crops for which they can get as much as $2,000 to $2,500 per kilogram of raw opium gum. Four years ago they were receiving less than $600 per kilogram.

How is it brought into the U.S.? Mexican heroin, once processed, is brought over in small quantities by what DEA calls the "any army." There are persons who get up to $50 an ounce for bringing the heroin across the border. Other means are automobiles, small planes and boats.

Why is it brown? Because of impurities.

Even though the percentage of Mexican-processed heroin in the U.S. has risen, has the actual amount increased, too? Yes.

Are DEA officials comfortable in making projections with the small sample used in the survey? Not fully, but they are comfortable with the clear trends noted in the sample.

How is the Federal effort on heroin progressing? DEA says there is less heroin now than in 1971, but there is enough heroin to take care of the addict population which the agency estimates at 500,000.

What is the Mexican Government doing? The Federal Judicial Police and the Army regularly set fire to poppy fields. They also use helicopters in surveillance efforts. But more needs to be done. The U.S. and Mexican governments are currently negotiating as to the use of chemical sprays to destroy the poppy crop. The chemicals, DEA says, will not harm the environment.

HEROIN SOURCE IDENTIFICATION FOR THE U.S. HEROIN MARKET JANUARY TO JUNE 1975 [1]

No. and DEA region headquarters	Number of samples	Origin							
		Europe/Near East		Southeast Asia		Mexico		Unknown	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent
1. Boston	10					10	100		
2. New York	30	3	10	2	7	25	83		
3. Philadelphia	18			3	17	15	83		
4. Baltimore	29	1	3	9	31	19	66		
5. Miami	10			2	20	8	80		
6. Detroit	34			2	6	32	94		
7. Chicago	25					25	100		
8. New Orleans	16			3	19	13	81		
10. Kansas City	17			2	12	15	88		
11. Dallas	36					35	97	[2] 1	0.3
12. Denver	28	1	4	1	4	26	93		
13. Seattle	15			2	13	13	87		
14. Los Angeles	37					37	100		
U.S. total	305	5	2	26	9	273	90	1	.3

[1] Estimate based on 305 in-depth analyses, which constitute a 10.5 percent stratified, sample of 2,893 DEA heroin records for the first half of 1975.

[2] Sample contained both Mexican type and Southeast Asia #3 type heroin.

HEROIN SOURCE IDENTIFICATION FOR THE U.S. HEROIN MARKET IN 1974 [1]

No. and DEA region headquarters	Number of samples	Origin							
		Europe/Near East		Southeast Asia		Mexico		Unknown	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent
1. Boston	6	1	17	2	33	3	50		
2. New York	24	16	67	2	8	5	21	1	4
3. Philadelphia	18	3	17	3	17	9	50	3	17
4. Baltimore	27	10	37	9	33	8	30		
5. Miami	12			1	8	11	92		
6. Detroit	30			2	7	28	93		
7. Chicago	24					24	100		
8. New Orleans	21			6	29	15	71		
10. Kansas City	18			3	17	15	83		
11. Dallas	39					39	100		
12. Denver	28			1	4	27	96		
13. Seattle	18	1	6	7	39	10	56		
14. Los Angeles	36			1	3	35	97		
U.S. total	301	31	10	37	12	229	76	4	1

[1] Estimate based on 301 in-depth analyses, which constitute a 7 percent stratified, sample of 4,216 DEA heroin records for 1974.

HEROIN SOURCE IDENTIFICATION FOR THE U.S. HEROIN MARKET, 1973 [1]

No. and DEA region headquarters	Number of samples	Origin							
		Europe/Near East		Southeast Asia		Mexico		Unknown	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent
1. Boston	12	9	75	2	17	1	8		
2. New York	36	20	56	11	30	3	8	2	6
3. Philadelphia	18	12	67			4	22	2	11
4. Baltimore	24	9	38	5	20	10	42		
5. Miami	12	2	17	4	33	5	42	1	8
6. Detroit	34	1	3	1	3	32	94		
7. Chicago	21	1	5	10	48	10	48		
8. New Orleans	10			2	20	8	60		
10. Kansas City	18	1	6			17	94		
11. Dallas	33	1	3	2	6	30	91		
12. Denver	27					27	100		
13. Seattle	15			6	40	9	60		
14. Los Angeles	39			6	15	33	85		
U.S. total	299	56	19	49	16	189	63	5	2

[1] Estimate based on 299 indepth analyses, which constitute a 6 percent stratified, sample of 1,973 DEA heroin records.

HEROIN SOURCE IDENTIFICATION FOR U.S. HEROIN MARKET, 1972[1]

No. and DEA region headquarters	Number of samples	Origin							
		Europe/Near East		Southeast Asia		Mexico		Unknown	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent
1. Boston	15	10	67			1	7	4	27
2. New York	51	26	51	15	29	4	8	6	12
3. Philadelphia	9	6	67					3	33
4. Baltimore	18	15	83	1	6	2	11		
5. Miami	27	17	63	3	10	3	11	4	15
6. Detroit	31	18	58	1	3	12	39		
7. Chicago	18	8	44	1	6	6	33	3	17
8. New Orleans	18	10	56			4	22	4	22
10. Kansas City	27	3	11			24	89		
11. Dallas	16	3	19	1	6	12	75		
12. Denver	20	2	10			18	90		
13. Seattle[2]									
14. Los Angeles	30	5	17			25	83		
Total	280	123	44	22	8	111	40	24	9

[1] Estimates based on a random sampling of 280 indepth analyses which represents a 6% stratified sample of 1972 DEA heroin records.

[2] No exhibits available for Seattle Region.

[From the Chicago Sun-Times, Sept. 7, 1975]

MEXICO-CHICAGO DRUG LINK TRACED

(NOTE.—Sun-Times reporters Allan Parachini and Andy Shaw spent four weeks, including two in Mexico, examining the unique way heroin flows to Chicago. They found a system of family-dominated supply rings capped by a single, enormous enterprise. This is the first of a series tracing the heroin highway.)

(By Allan Parachini and Andy Shaw)

Over the Sierra Madres, Durango, Mexico—Flying northeast from the tough farming and drug center of Culiacan, 25 miles away, one sees little clearings in the interminable green forest below.

Down there in the mountains, 3,000 feet below the helicopter, are the little fields that yield opium gum, the raw material of heroin. The fields, which also grow marijuana, start an 1,800-mile heroin supply line for addicts in Chicago. It is Chicago's own "connection," a system of heroin supply apparently unique in the United States—Chicago has received Mexican heroin almost exclusively for 10 years.

On the thick forest floor the little plots start appearing in the State of Sinaloa, first with the frequency of the drops of sprinkling rain. Crossing the border from Sinaloa to the State of Durango, they come into view at the pace of a driving rain. The two states supply the bulk of Chicago's heroin.

The Sierra Madre is nearly uninhabited hereabouts. Yet by surprisingly direct land avenues, raw opium travels to heroin refineries nearby. Then it is shipped north, again by land, crossing the border somewhere between Nogales, Ariz., and Brownsville, Tex. Finally, it speeds to Chicago by the efficient interstate highway system.

The business of supplying Chicago's heroin is overwhelmingly dominated by the Herrera family of Durango, Mexico, and Chicago, Ill. In Chicago there is a command center under direct family control.

At the head of the organization is Jaime Herrera Navarez, about 55, tall and fat, who controls the Chicago heroin empire from Durange City, 50 miles south of the little opium fields. With a population of 150,000, Durango City is the state capital.

They are rich these Durango Herreras. They enjoy a success reserved for the firmly entrenched and politically protected. The family members have been processing heroin and shipping it to Chicago for at least 15 years.

They grow their opium in fields of a half-acre or less in the Sierra Madre within a 50-mile radius of Los Herreras, a village of 600 that is the Herrera ancestral home. They refine their heroin, perhaps in secret laboratories in the Los Herreras area itself, or maybe in Durango City, but most likely in Culiacan.

Then the Herreras ship that heroin, in lots of between 5 and 30 pounds, up Highway 45 to Juarez and across the border through El Paso or through Nogales or Brownsville or Eagle Pass or Laredo, Tex. Methods vary, but the Herrera favorite, according to investigators who have followed the family's operations since 1963, is concealment in a "load car," an auto driven by a respectable-looking Mexican family, likely with children as passengers.

The heroin is hidden in exhaust pipes and gasoline tanks, anyplace customs inspectors at the border are unlikely to search. A particular Herrera favorite is a part of the car used so frequently for transporting heroin that it has acquired a nickname—the "Durango driveshaft."

The heroin speeds up the interstate highways to Interstate 57, the smugglers' southern access to Chicago.

The load cars turn off Interstate 57 into Roseland community of Chicago or the suburbs of Blue Island and Aurora, all Herrera family strongholds. They are pulled into nondescript alley garages and unloaded. Mid-level wholesalers pay the family about $35,000 for a wholesale kilogram, about 2.2 pounds. They, in turn, "step on" (adulterate) the heroin and sell it to street dealers.

Heroin trafficking has grown and flourished in Mexico for reasons ranging from the Mexican government's fear of peasant revolution (the folk hero and bandit Pancho Villla was born in Canatlan, Mexico, on the mountain road from Durango to Los Herreras) to the complexity of the drug ring.

The Federales—the Federal Judicial Police—plagued for decades by corruption and a dearth of equipment, now have a hundred new agents, graduates of a tough, year-old training academy, in the field. Many are in Durango and Sinaloa states. The Federale force will double in size over the next two years, and the agency, assisted by more than $20 million in U.S. assistance ranging from M–16 rfles to tubine-powered helicopters, is devoting 60 per cent of its efforts to drug suppression.

The Mexican army has assigned 12,000 soldiers to drug-destruction campaigns staged twice a year. The next one begins in a few weeks.

The U.S. Drug Enforcement Administration, operating from the American Embassy in Mexico City, has 19 agents on full-time assignment throughout Mexico. In a campaign without precedent in international law enforcement, these armed U.S. drug agents take an active role in routine action, side by side with Mexican police.

In El Paso, DEA has established a sophisticated intelligence center with computers programed to recall license plate and aircraft identification numbers as well as a card file matching the names and associates of known and suspected drug traffickers.

All of this has not been enough to shut off the Herreras' Chicago heroin supply. The DEA Chicago regional office has arrested more than a dozen Herreras and associates in the last two years.

"But we can sit here in Chicago and bust Herreras until the Sierra Madre mountains crumble away," lamented an agent, "and for every one we put down, two seem to appear to take his place."

The Mexican government fears that acknowledging REA's role in the country could portend serious domestic political difficulties for President Luis Echevarria Alvarez.

Robert Eyman, chief of REA's Region 15, encompassing Mexico, Guatemala, Costa Rica and other Latin American countries, cordially ushered two Sun-Times reporters into his comfortably furnished office on the third floor of the embassy three weeks ago and just as politely declined to say anything about DEA's Mexican enforcement effort. He referred all substantive questions about the Mexican drug scene to Pedro Ojeda Paullada, attorney general of Mexico.

Ojeda, glowing over a spectacular heroin laboratory raid days before, said the Durango-Chicago heroin supply route had been unknown to him until a year ago. The raid had netted 127 kilograms of pure heroin, the biggest such recovery in Mexican history and the third largest known to have occurred anywhere.

Ojeda said he learned about the Herreras last fall when he visited Chicago for the annual Sept. 15 anniversary celebration of Mexican independence. Chicago boasts one of the largest Mexican-American populations in the country, and while the vast majority—including hundreds who coincidentally share the common Spanish surname Herrera—are in no way involved in drug traffic, the size of the community has permitted the Herrera heroin organization and other smaller rings to operate almost unhampered.

"I know that many of the seizures in the Chicago area were of brown heroin that comes from Mexico," Ojeda said. "I told the DEA people, with whom I met in Chicago last year, that if they had any information, they should pass it along."

DEA responded with a full-dress briefing, including charts and graphs laying out arrests of Herrera family members and associates as well as a sketchy version of the family tree. The DEA and the Mexican government are still uncertain exactly who is involved and how some family members are related.

Ojeda returned to Mexico City downhearted, he said. Since then, accompanied by armed troops, he has ridden in helicopters through the mountains north of Durango.

"When I go to those mountains and see the plantations where opium is grown," he said, "I feel the grandiosity of what we are up against."

The streets of Durango City, bumpy and

largely unpaved, betray a similarity to the old U.S. West. In fact, the city—a favorite movie location—has a reputation as a frontier cowboy town where the moral code depicted in U.S. Western movies survives.

In a restaurant at the Mexico Courts Hotel, where movie crews are put up when they come to Durango, a Federale sipped coffee and spoke in hushed tones about the Herrera organization, pausing each time a suspiciously thorough busboy appeared to mop the floor nearby.

"We have tried for years to get the Herreras," the Federale said. "We know about the Herreras, and we have known about the Herreras. But each time we get close . . ." He shrugged and made a face.

Quickly, it became clear that the Herreras wield political power. Ojeda's plan to deal with the Herrera situation, this Federale said, is not realistic.

Jaime Herrera the chief of the operation, and at least one of his three brothers are said once to have been members of the Durango State police force. A cousin, Carlos Herrera, is currently mayor of the city of Gomez Palacio, on the eastern border of Durango State.

So these Herreras operate with only the occasional harassment of seizures of small quantities of heroin.

Herrera opium is grown on the western side of the Sierra Madre in little fields guarded by armed campesinos. At harvest time (the latest gathering of the crop concluded about six weeks ago), campesinos, on whose land the Herreras grow their raw opium, slit the small pods on each opium plant to permit the white gum to escape.

After the harvest, Herrera associates, some of whom are low-level family members, pay the campesinos about $1,900 a kilogram (about 2½ acres of poppy fields are required to yield a kilogram of crude opium).

The opium is then turned in at isolated locations, and the midlevel campesino is paid by a man he never sees. Money is mysteriously left for him at these drops. Precisely where the crude opium goes to be refined is unknown.

Most likely, according to Mexican sources, the crude opium is shipped to the seacoast resort town of Mazatlan and then carried directly up Highway 15 to Culiacan. Most of northern Mexico's heroin refining capacity is believed to center on Culiacan.

Mexican heroin refineriers—sometimes called "kitchen labs" because they are primitive and highly mobile—produce a product far different in appearance and purity from the white heroin turned out by the old French laboratories in Marseille from opium grown in Turkey, which supply was interrupted for about three years when the Turks temporarily stopped opium-poppy growing.

Mexican heroin is about the color and consistency of brown sugar. It is less pure—between 25 and 85 per cent, contrasted with the nearly 100 per cent of the Turkish-French variety—than other forms.

Only the hierarchy of each smuggling ring knows the specifics of the network. In the case of Herreras, Jaime; brother Elias, identified as the financier of the operation; and Manuel, the third brother based in Durango and identified as the head of Mexican field operations, are likely to be fully conversant with the organization. The fourth Herrara brother, Reyes, lives in Chicago.

With so much known about the northern Mexico heroin trade and the Herrera organization, the inability of authorities to stop the operation might seem to beg credibility. However, the cultural context cannot be divorced from the heroin trade.

"The Mexicans find themselves between a rock and a hard place," said one U.S. Embassy analyst who declined to be interviewed on the record, fearing, he said, that his views might spank an international incident with the Mexican government.

"They have enormous political problems in the Durango area, which has never been firmly under the control of the central government," he said. "But at the same time, they do not want to become known as the 'new Turkey.' "

Durango and Chihauhua, the state immediately to the north, for decades have been a haven for smuggling of all kinds. Villa operated in northern Durango and throughout Chihauhua, supporting his political activities through smuggling.

Furthermore, since the Mexican revolution ended in 1910, the northern part of the country never has been firmly controlled by the Mexico City government. Durango, in particular, never has acquired a significant measure of clout.

Politically, Mexico sometimes is compared to Chicago. Little happens, in this interpretation, to improve the lot of individuals, cities or states without appropriate political influence being brought to bear. One particularly bitterly felt step has been the shipping out, leaving Durango with none of the employment of the steel mills.

It is difficult for mountain campesinos to coax a living from Durango's infertile mountainsides. For them, opium is simply a cash crop—albeit illegal—which pays 5 to 10 times as much as corn or beans, the staple farm products of the region.

Into this dilemma stepped families like the Herreras, which made their fortunes years ago in lumbering and cattle and horse ranching. For the Herreras, heroin is a new enterprise, funded by decades of legitimate business endeavor. In this, the Herreras are unlike families of U.S. organized crime, who have used illegal activity as a springboard to "legitimate" wealth.

One man who has watched the heroin trade grow and flourish is Dr. Guido Belsasso, a Harvard University-trained psychiatrist who heads the government drug-treatment program, the Mexican Center for the Study of Drug Dependence. A realist, Belsasso knows that it is in the immediate interest of the United States but the not-so-immediate though certainly future interest of Mexico to stop the heroin traffic cold, now.

But Belsasso also recognizes political and other obstacles.

"Heroin traffic happens," he said. "I don't try to hide anything. This is very rough geographical terrain. The land is not otherwise profitable."

Belsasso also said the U.S. first must limit the market for the Herrera's product.

"This (the drug campaign) is essentially to honor our international commitments," he said. "This is a problem of an economic system. As long as you Americans have a market, there's going to be production."

Despite the inherent conflict between Mexicans and U.S. authorities, however, the Mexican effort seems co-operative and sincere.

The U.S. DEA sees itself as a temporary adjunct to the Mexican effort. Top DEA officials say they hope to be able to withdraw from an active role in Mexico in 10 or 20 years. The Mexicans have no delusions about their opponents in the mountains of northern Mexico—and in the old marijuana and new opium fields in the southern part of the country, too.

"I don't think we can kid ourselves," Belsasso said. "This is going to have to be a permanent campaign."

A DEA agent summed up the situation as he drove down the precarious highway from Culiacan to Mazatlan:

"There's been a flood of this stuff (heroin) into the United States, and this is a battle," he said. "Whether we feel we're accomplishing something isn't so much the question—we are slugging it out."

[From the Chicago Sun-Times, Sept. 8, 1975]

How Federales' Raid Grabbed Huge Heroin Supply

(By Andy Shaw and Allan Parachini)

Rancho Limon, Sinaloa, Mexico.—With the deftness of a surgeon, pilot Claudio Lometi set the huge helicopter down on the building whose contents soon would become the largest drug seizure in Mexican history.

Inside the helicopter—the civilian equivalent of those used to move troops in Vietnam—were 10 heavily armed Federales led by Comandante Manuel Arreguin.

Occupants of the house, who were processing raw opium into heroin, heard the helicopter touch the roof, panicked and opened fire through windows. Lometi lifted the craft upward and Federales returned shots as the men in the house ran in different directions toward nearby woods.

The helicopter landed again, agents piled out, and a chase was on. When it had ended, seven men were in custody, three had fled and the world's third largest hard drug seizure ever was in hand. Incredibly, no one was wounded during the encounter.

The haul was spectacular: 280 pounds of pure heroin; 132 pounds of raw opium and 35 gallons of processed opium, which, combined, would have made another 44 pounds of heroin; 43½ pounds of morphine, and four guns. The stash had a conservative wholesale value of almost $10 million.

Arreguin said opium for the laboratory—set up inconspicuously on a ranch 25 miles north of Culiacan, a tough and dangerous drug city in northwest Mexico—came from mountain fields in the states of Sonora in the northwest, Guerrero in west-central Mexico and Durango in the north-central region.

While Arreguin said he did know where in the United States the heroin was bound, U.S. drug officials suspect a substantial amount of it would have found its way to Chicago through efforts of the Herrera family, which operates a drug ring in Durango and Chicago.

Arreguin, 38, a hulk of a man who says little but commands absolute respect from his troops and U.S. drug agents, said helicopter surveillance of the lab began two months earlier than the Aug. 16 raid after Federales received a tip.

The planned raid had been kept secret so no one in the corruption-ridden judicial system could alert the drug ring, and Arreguin had to forgo backup troops, who would have come in by road, to prevent an alert being forwarded to the lab.

Those who were caught told Federales little about the operation, and Arreguin admitted a bit contritely that the men in custody were underlings, not kingpins. He also said that before the raid the lab—which contained crude refining equipment—had churned out about 330 pounds of heroin that presumably found its way to the syringes of U.S. addicts.

Reporters at the Federale compound in Culiacan were treated to the sight and putrid odor of the huge cache, which was secreted in a room near the district attorney's office. The intense fumes, smelling much like vinegar, were nearly overwhelming, making impossible to stay more than a few moments before retreating for fresh air.

Of note was the seemingly nonchalant way the valuable cargo was stored. Though the compound is guarded, sleepy looking soldiers seem to be there one minute and gone the next. And the room housing the drugs, which on the streets of Chicago or any large city would retail for an almost incalculably large amount, had in it a large and unsecured glass window not 10 feet from the street outside the compound.

[From The Chicago Sun-Times, Sept. 8, 1975]

Mexico in All-Out Drug Battle

(By Andy Shaw and Allen Parachini)

Mexico City.—The drug ring of Jaime Herrera Nevarez, which supplies the bulk of Chicago's heroin from a base in Durango, northern Mexico, has been ordered smashed, says Mexico's top law-enforcement official.

Chain-smoking in his Mexico City office three weeks ago, Atty. Gen. Pedro Ojeda Paullada vowed to crush the Herrera operation within a month. The ring grows opium poppies and refines heroin in Mexico and, through a Chicago branch, distributes it on the black market there.

The promise was made in an hour long session with Sun-Times reporters in which Ojeda also said he had personally been unaware of the Herrera ring until a year ago, even though it has been the dominant supplier of heroin to Chicago for at least 15 years. Ojeda said he learned about it, not through intelligence gathered by his own agents, but in a briefing by drug officers in Chicago that he attended while visiting the city to celebrate the anniversary of Mexican independence.

The pledge to break the ring is said by some to be tied as much to the international political ambitions of Mexican President Luis Echeverria Alvarez and Ojeda as to a sincere desire to root out the drug trade. The promise was made three days after a giant heroin raid on a refining laboratory near Culiacan. The raid was the biggest seizure—127 kilograms of pure heroin—in Mexico history.

Talking about the Herreras in his stark office, Ojeda was obviously basking in the warm glow of success engendered by the raid. Later, however, in an empty coffeeshop in Durango and bouncing along in police cars through the city's rut-infested avenues, Federal Judicial Police—the Federales—would scoff at Ojeda's vow and even his contention that the Herreras had been unknown to Mexican authorities until last year.

To meet his time schedule, which U.S. officials doubt he can, Ojéda would have to start bringing the entrenched Herrera empire crashing to the ground this coming weekend.

For a week, The Sun-Times questioned Federales about their drug investigations, pressing for an explanation of the Herrera-situation. In tawdry Culiacan, the agents said they found the Herrera name and Ojeda's order unfamiliar. But in dusty Durango, they were more candid. One Federale put down his coffee cup and shook his head.

"We have tried for years to get the Herreras," he said finally. "We know about the Herreras. We have known about the Herreras. But each time we get close. . . ." His voice trailed off. He made a funny face.

Despite a vastly improved drug-enforcement effort here, carried out by the newly professionalized Federales, Mexico is still beset with immense problems that encumber the effort.

One is internal communication, which Ojeda unintentionally underscored by admitting that the 15-year-old Herrera operation was unknown to him until last year.

Rife with corruption, beset with serious economic and social problems, Mexico still has begun to fight a good anti-narcotics war, a battle whose main beneficiary seems to be the big country to the north where the real drug-abuse problems exist.

Almost 12,000 soldiers and 500 Federales are involved in Mexico's campaign against drugs, an effort that has begun to yield results during Ojeda's term.

In the spring blitz on fields of opium, which provides morphine base for conversion to heroin, Mexicans found and destroyed what could have been refined into 3 tons of heroin, or about 30 per cent of the estimated crop. The rest, presumably, found its way to addicts' needles.

Unfortunately, Mexico has a unique set of obstacles impeding the enforcement effort. Mountainous terrain, through which few roads pass, makes it tortuously slow for Federales and soldiers to find and destroy fields, even with the aid of 21 helicopters, 10 lightplanes and an aircraft using a special photographic process to detect opium fields.

During the last campaign, Federales in the heavy cultivation area between the northern states of Durango and Sinaloa used eight helicopters from three mountain command bases to cover more than 61,000 square miles.

Working in "columns," which include 10 soldiers headed by an officer and one Federale, they scour mountains by helicopter much as U.S. search-and-destroy missions in Vietnam were orchestrated. Technically, the army officer is in charge of eradicating fields, but conflicts often arise because the Federale by training is actually the drug expert.

When fields are found, the soldiers, often aided by area residents pressed involuntarily into service, uproot and later burn plants. If there is evidence specific local inhabitants have planted the opium fields, those involved are arrested.

It is a hot, dirty and unpleasant assignment, uprooting these fields, and soldiers admit they occasionally smoke small amounts of the marijuana that also is found. While that is against the law, these soldiers ARE the law in these remote mountain fields. Yes, they do find many opium fields—6,000 in the campaign that ended six weeks ago—but there are many, many fields; so many that Federales admit they can destroy only the largest ones.

As agents explain—and it is borne out flying over the desolate Sierra Madres—fields discovered by air are difficult to locate from the ground even when several are in close proximity. "We may see four or five fields from the air and when we land, we locate only one or two," lamented a Federale. "And even then it takes several hours just to walk from one field to the next in these mountains."

Federales also bemoan the lack of equipment for the effort, but Mexican officials promise more. Whether it will come from the United States, which already has poured $20-million worth of planes and helicopters into Mexico, or from Mexico itself is still uncertain.

If the Mexicans have something to be genuinely frightened about, it is the enormity of the drug supply. Some estimates place the opium-growing capacity high enough to provide 30 tons of heroin a year, or triple the present amount. Much potential growth country, especially in mountainous southern regions, is vastly untapped, some drug officials say.

Opium, which mainly grows on the western ridge of the Sierra Madre between November and January, is harvested in May and June. Marijuana, which in some places grows year-round, has a primary harvest season from June to January. At high altitudes, growers rotate the crops, while in lower areas only marijuana can be cultivated. Right now, in lofty reaches of the range, opium once more is beginning to push toward the sun.

A new eradication campaign, similar to the last 105-day effort, is due to begin in a few weeks. Growers of opium, for the most part, are peasants who, for the first time, have a crop that provides them a decent living. They cultivate on land where little else can be grown profitably. That makes it hard to reconcile stiff government enforcement with Mexico's goal of improving the lot of peasants.

Ever mindful of the potential for peasant insurgence in a land notorious for such uprisings, the government must walk what some U.S. drug officials here call a "fine line between enforcement and benign neglect," for the long-held promise of peasant prosperity is visibly absent and the poor in many ways are worse off now than 25 years ago.

Federales, though, are the shining light of the drug-enforcement effort. They now have a training academy, opened by Ojeda a year ago, and candidates are hand-picked, carefully analyzed, given four intensive months of modern training and paid above-average wages. For the first class last summer, 50 candidates were chosen from 700 applicants. Only 15 finished after attrition had taken its toll. As of now, 200 new recruits have been trained along with 38 older Federales, who come through in small groups.

While Federale corruption exists, Mexican and U.S. drug officials say it has been reduced dramatically, in part through Ojeda's aggressive action against those caught on the take, some of whom he has jailed.

Last year's drug-confiscation figures underscore the effectiveness. Compared with 1971, heroin seizures rose to 132 kilograms from 16 kilograms, marijuana from 66 to 665 tons, and drug arrests have tripled. More than 300 Americans are now in Mexican jails on drug charges and convictions.

Still, the Federales have problems. Their command structure is top-heavy, meaning that when the commandante is away, his men will play. This reluctance to delegate authority, U.S. officials say, is a Mexican trait that is changing, albeit slowly. Another weakness is a lack of investigative follow-up. Too often Federales seize drugs and low-ranking drug ring members, pat themselves on the back and call it a case.

For instance, reporters around the Federale compound at Culiacan, a tough drug city in northwest Mexico, found an unsettling nonchalance after the massive heroin seizure on Aug. 16. When commandante Manuel Arreguin was away, a dozen agents sat idly in their cramped quarters, telling jokes or dozing, even though the bust netted only underlings of a drug ring.

Mexico's enlightened enforcement effort in the last four years has several roots. For one thing, political observers here point out, President Echeverria would like to become secretary-general of the United Nations when his six-year term expires next year.

Certainly, U.S. support for Echeverria and Ojeda would be welcomed by both, and fighting drug cultivation and trafficking with some success—along with busting a ring such as the Herreras'—would lose neither ambitious politician points in Washington.

Further stimulating the Mexican effort is a perception among some officials of a growing domestic drug problem. Dr. Guido Belsasso, the government's head of drug-treatment programs, said:

"We consider it our problem now. Five years ago there were maybe 40 heroin users in Mexico. Today there are between 1,000 and 5,000."

So Mexico now has the pieces to fight drug cultivation and shipment—soldiers, the new Federales, mountainside command bases, roadside checkpoints and ongoing co-operation and communication from U.S. drug officials.

This country, though, has yet to crack a major drug ring, and Ojeda put Mexico's whole drug effort on the line with his vow to smash the Herrera ring. U.S. officials are watching him closely, wishing him well and hedging their bets since this is Mexico, a land of paradox and contradiction, a puzzling country for those outside its borders to understand.

[From the Chicago Sun-Times, Sept. 8, 1975]

NARCS ALOFT—SWOOPING IN ON A SEARCH

(By Andy Shaw and Allan Parachini)

San Jose De Llanos, Sinaloa, Mexico.—The small plane fell like a rampaging roller coaster, swooping toward the secret runway below and spiraling the stomachs of its riders.

Pilot Adrian Sepulveda had spotted a clandestine landing strip, on which sat an unfamiliar airplane; so he and two Federales in the craft decided to investigate.

These are the rugged, desolate, impassable Sierra Madre Mountains on Mexico's west coast. There are fewer miles of road than of opium fields and secret runways in this fortress; so Federales in helicopters and lightplanes maintain constant surveillance looking for drug fields and strange aircraft.

Two agents armed with M-16 rifles, machineguns and automatic pistols peered from the four-passenger, single-engine, fixed-wing plane as Sepulveda descended in a series of steep circles toward the airstrip.

The location: 25 miles north of Culiacan, a rough drug-infested city in northwest Mexico.

On the first pass over the runway, agents noted the grounded plane's serial number. After climbing slightly, Sepulevda veered down to land, skillfully dropping his plane's wheels on the bumpy, dirt-and-stone surface and then stopping not 10 feet from the other plane.

A reporter inside the Federale craft saw persons moving in nearby brush and shouted to the agents, but they already were single-mindedly piling out with weapons ready.

Fearful of an ambush from the thick foliage around the runway, the unarmed reporters stayed on the agents' heels, spinning to look in all directions.

An eerie quiet prevailed. Then a Federale spied someone walking. The bewildered campesino froze. More commands rang out and quickly a dozen other campesinos—attired alike in simple pants and shirts and shabby hats—appeared from thickets. With them was a well-dressed man.

With another harsh order, the campesinos hit the ground and spread-eagled, hands outstretched. One agent searched them for weapons (they had none) while another talked to the prosperous-looking Mexican, who, it turned out, was the pilot of the private plane.

His license and identification were checked, the inside of his craft scoured. What initially appeared to be marijuana turned out to be cereal. He was simply delivering foodstuffs to residents of the isolated mountainside, not trafficking illicit drugs.

Unperturbed, Sepulveda and the agents piled back into their plane with reporters in tow and the group soon was airborne again. The takeoff left less than 10 feet of unused runway, after which the strip gave way to several thousand feet of descending mountain to a valley below.

"We could make a hundred of these landings and find nothing," agent Adolfo Gottlieb said resignedly later, "or we could maybe find something three or four times in a row. There is no way to tell with all of these hidden runways."

[From the Chicago Sun-Times, Sept. 9, 1975]

Durango: Films, Dust—and Dope

(By Andy Shaw and Allan Parachini)

Durango, Mexico.—The second best business in this dusty, unenticing cowboy town has to be replacing shock absorbers and aligning wheels—that's how bad most of the streets are.

The top money-maker, though, is probably the heroin industry run by the Herrera family, which in addition to having branches around Durango state, maintains a marketing arm in Chicago—1,800 miles north—where the efficient drug distribution network finally ends.

A cagy, sinister group these Herreras are, with brothers Jaime, Manuel and Elias mixing legitimate ranching and lumber concerns with a drug trafficking business reportedly topped by no other in Chicago.

Yet inside the government tourist office here, the niece of Gov. Hector Mayagoita Dominques has a hard time remembering one Herrera from another or pinpointing what they do.

"They have money," she finally says cryptically, "but they're not very well known here. No one seems to know much about them."

Hollywood makes movies in Durango. Seven with John Wayne, to be exact, and the city is surrounded by movie sets with evocative names like "Chisholm Ranch," "La Joya," "Howard Street" and "Chupaderos."

Ernesto Duran, owner of a hotel where actress Dolores Del Rio used to reside, loves to pull out his huge autograph book and point out names of luminaries who've crossed his otherwise uneventual path.

The climate in August here is terrible—rainy, too cold at night, too warm by day—but that is the by-product of the altitude, 6,220 feet.

No one seems sure what the city's population is, but an average of four widely-varying estimates is 200,000. The people, for the most part, are a grizzled, unfriendly lot.

Men, attired (naturally) in cowbody boots and hats, leer suspiciously as if to say, "Gringo, go home," which seems a bit odd since 60,000 Americans are said to pass through Durango yearly. Perhaps none stop.

While some Mexico observers erroneously said holsters and ammunition belts could be seen worn openly on these streets, Durango still is unmistakably like any Old West city after the stagecoach era: it is as if Durango residents expect strangers to have come here to jump their claims.

A Spaniard named Francisco de Ibarra is said to have stumbled upon the city in 1563 while towing Indians around in search of silver mines. Finding only small, unproductive mines, Ibarra and his followers switched to ranching and farming after naming the city for a Basque description meaning "glen bathed by a river and surrounded by mountains."

The area has always been sparsely populated partly because it is poor growing country for legitimate crops and also because industrialization spurred by Mexico City elsewhere has passed Durango by.

The vast pine and softwood forests around this city have not been properly exploited, and thousands of people have left Durango to find work elsewhere, mainly in Chicago.

The entrenched ranching and farming barons reportedly prefer the status quo and see no great need to industrialize simply to give a few poor jobs. As one Mexico scholar puts it, "Cowboy types don't pressure for reform. They just want another horse or saddle."

While most of Durango is a series of aging, nondescript little streets on which pass fewer people than dust clouds, there is a pleasant square in the center of town (every Mexican city has one) housing magnificent government buildings, and several parts of town are prosperous.

Like the Los Angeles section, home to the Herrera brothers. Brother Elias has a lavish ranch-style house with a spacious lawn and a late model Thunderbird in the driveway. U.S. drug agents say two autos with Illinois license plates were seen going in and out of that driveway recently, perhaps signifying visits from family in Chicago.

Wealthy and the proprietors of vast land holdings nearby, the Herreras nonetheless are described variously as apolitical, not connected to Durango's power structure and nonmembers of the local country club.

U.S. drug agents draw an analogy to American mobsters who buy ostentatious estates, bathe themselves and their families in material luxury, and yet never gain acceptance into local social cliques.

How the Herreras got into the heroin trade is another puzzle, since indications are the family had amassed wealth in legitimate ranching and lumber concerns first. Most observers say heroin as a business evolved naturally after family members who moved to Chicago 20 or more years ago reported a demand for a product the Durango branch had access to.

That access stems from the Herrera ancestral home in Los Herreras, a town 120 miles north of Durango. The village, comprising one street with a grocery and little else, has 600 or so residents, most of whom are related.

Members of the family also live in Santiago Papasquiaro. Tepehuanes and the town of Los Corrales, all nearby cities set in a canyon that runs north from Durango between two ridges of the Sierra Madres.

Herrera heroin grows west of Tepehuanes and is brought by mule to that town, after which it is either refined in area laboratories or shipped by car to labs to the west in the drug city of Culiacan.

While street sources in Chicago said the family has labs in Durango, one U.S. drug agent took a contrary view: "A car could run into the lab building in Durango and boom—they're uncovered. Why take the chance?"

Repeated Federale raids on suspected labs in the more remote Tepehuanes area have uncovered nothing, presumably because the Herreras somehow always receive warning and dismantle the labs before the police move in.

While the ride up the road from Durango to Tepehuanes (where it ends altogether) is uneventful except for passing Pancho Villa's birthplace in Canatlan, the road turns to gravel outside Santiago Papasquiaro and the last 30 miles to Tepehuanes is slow going. A reputed ring member was reportedly killed nearby, not long ago when his car caught fire, destroying a shipment of opium. Compounding the late driver's problems, according to local sources, was his mysterious "loss" of several thousand Herrera dollars.

The danger in this area also was underscored by a Mexican judicial official's warning to two reporters: "It is possible that if you go to Durango—bang bang—there will be two bullets in you, and you will not come back."

The local Federale office closes at 3 p.m., which may or may not be related to its failure to make any inroads investigating the Herreras. One agent painfully described getting close to pinning a rap on the family several times, only to see something "mysterious" happen to foil the effort.

Hints of Federales on the Herrera payroll were aroused by one agent who became nervous when his young partner said he had heard of Elias Herrera in connection with drug trafficking.

The older agent began muttering profanities at his compadre while chastising him aloud for talking without having proof. But there are agents in the seven-man office who have been graduated from the modern, professional academy in Mexico City, who are here to do a job without worrying about payoffs and clout.

Alvaro Orozco Novelo, 32, seems to be one. Short, stocky, handsome with wavy hair and a thick mustache. Orozco is a former auto mechanic from the south Mexico state of Campeche.

He talked with pride about wanting to "nail" the Herreras and feeling frustrated over the unsuccessful efforts so far.

Orozco earns about $300 a month, good by Mexican standards, but he must buy his own weapons and car, and travel expenses are not paid for. Federales in cities with higher costs of living, notably those near the U.S. border, earn several hundred dollars more monthly.

Since Federales also split up 40 per cent of the value of contraband seized (other than drugs), mostly guns and cars, that are sold at auction, they end up living fairly well. But U.S. drug officials wonder why these under-equipped agents can't, through federal government decrees, put the confiscated goods to their own professional use.

Orozco was pleased to learn that the Mexican attorney general, Pedro Ojeda Paullada, recently pledged to crack down on the Mexican branch of the Herreras and optimistically said the investigation "will not be too hard."

That is questionable if he uses the Durango Federales, who since spring have made only one heroin and three marijuana seizures. But if he succeeds, it will be the biggest thing to came from Durango since the last John Wayne movie.

[From The Chicago Sun-Times, Sept. 9, 1975]

Drug Traffic 2 Ways Along Highway 40

(By Allan Parachini and Andy Shaw)

El Salto, Durango, Mexico—Juan Manuel Valenzuela Batiz downshifted his 1975 white Volkswagen to slow for what he thought would be a routine, perfunctory inspection on twisting highway 40 here last June 16.

The little town of El Salto, which is so intimately involved with the developing Durango lumbering industry that the whole place smells a bit of sawdust, is one of two places on the tortuous 201-mile road from Mazatlan to Durango where the Mexican army and the Federal Judicial Police (Federales) try to intercept drug smugglers.

Valenzuela, no doubt, knew all about the El Salto checkpoint. On the way from Mazatlan, he had already passed successfully through a similar check at tiny Villa Union. He was almost to his destination. But something about the white Volkswagen roused the suspicions of the soldiers at the checkpoint. Perhaps someone had told them to watch for the car.

They rousted Valenzuela out and tore his vehicle apart. Carefully concealed in the exhaust system was 7½ pounds of pure heroin. Valenzuela was a "burro" (donkey) for a heroin smuggling ring. The Federales were unable to identify the ring, but agents conceded Valenzuela could have been working for the Herreras, the Durango family that dominates the Chicago heroin market.

This stretch of Highway 40, which climbs from sea level at Mazatlan to more than 8,000 feet above sea level at the crest of the Sierra Madre, is one of the most significant heroin transit routes in northern Mexico. Everything travels Highway 40. Between Aug. 6 and Aug. 25, three separate marijuana shipments were intercepted, totaling more than 4,400 pounds.

Two Sun-Times reporters drove Highway 40 two weeks ago, careening in a red rented Volkswagen around perilous mountain curves. It is a lonely road. Its traffic is made up almost exclusively of highballing heavy trucks and speeding buses.

Along the entire 201-mile stretch, only two other cars with U.S. license plates were seen, and one of them carried a family of Mexican-Americans from Texas, headed for a visit in Durango. Accidents are frequent. Two horrible truck crashes were seen in the six-hour drive.

There are only scattered villages on the road, which winds through the southern section of a part of the Sierra Madre known to contain both opium and marijuana fields. The people are hard and unfriendly. Unfamiliar American faces are greeted with looks of suspicion and open distrust.

Drug traffic flows two ways on Highway 40. Crude opium from fields north of Durango must traverse the mountains here on the way to laboratories far to the north around Culiacan because there is no other road through the mountains.

Refined heroin comes back this way for shipment north. Much of it goes to Chicago. It reverses its course because the more heavily traveled Highway 15, up Mexico's west coast to Tijuana—which would offer a more direct route to the American border—is said to be too heavily infested with checkpoints.

The Federales say drug smugglers trying to avoid inspections by traveling this way are fooling themselves. However, The Sun-Times reporters, retreating once from a swollen river for two hours, passed the two Highway 40 checkpoints a total of four times. They were not stopped.

The system on this heroin highway is at best haphazard. "If I were the Mexican authorities and two young Americans with long hair got through checkpoints four times," one American drug agent in Mexico City said, "I think I'd be embarrassed."

[From the Chicago Sun-Times, Sept. 9, 1975]

Never in Custody—Three Top Herreras Hang Tough

(By Allan Parachini and Andy Shaw)

One of the most tired cliches in law enforcement likens the complexity of organized crime to an octopus, at whose tentacles police snap continuously without endangering the vital organs of the central body.

With the Herrera family of Durango, Mexico, and Chicago, this tired simile, however, seems appropriate. Federal drug agents and city and state police have arrested 29 known members of the Herrera heroin importing organization in the Chicago area. Another 12 organization members or associates are said to be fugitives. Sixteen around Chicago have so far evaded the police.

But in the Mexican interior, none of the three Herrera brothers who run the heroin ring and dictate the terms on which Chicago heroin users eventually buy their black market drug has ever been taken into custody.

Even the best law enforcement intelligence contains conflicts about the Herreras. Each of three offices of the U.S. Drug Enforcement Administration, for instance, has a slightly different version.

But from the most reliable of these reports, this portrait.

Jaime Herrera Nevarez, between 50 and 56, described as tall and fat. The kingpin of the Herrera ring, Jaime resides in Durango, where he lives comfortably and is still involved in the daily operations of horse and cattle ranches and a lumbering business. Known to have visited Chicago on repeated occasions, perhaps as early as 1963 when the Herrera ring was still establishing itself. Never arrested.

Manuel Herrera Nevarez, about 63. Jaime's brother. Manuel is described as normally having responsibility for field operations of the Herrera organization in Mexico.

Duties of the chief operatives are not clearly defined, but it is believed Manuel is responsible for growing opium and refining heroin. He has traveled repeatedly to Chicago. Reliable intelligence placed him on a brief visit to the Herrera stronghold in Roseland as late as early last week. Normally a resident of Durango, Mexico. Never arrested.

Elias Herrera Corral, about 60, in all likelihood a third key Herrera brother but said by some sources to be only a cousin to Jaime. Resident of Durango, Mexico. Elias, said to have held a hidden interest in one or two Chicago bars that have served as Herrera headquarters over the years, reportedly is involved primarily in financial affairs for the Herrera ring. Never arrested.

Reyes Herrera Sr., 61, is the fourth key Herrera brother. He resides in Chicago and was arrested in 1973 with 37 other persons in a drug raid. Charges dropped. Reyes, now said to be in semi or full retirement, has handled Chicago distribution operations for the Herrera organization since sometime in the 1960s. He can be seen sitting in a car on the sidewalk in front of the Entenairo Restaurant, 338 E. Kensington. The restaurant, owned by Reyes, is a Herrera headquarters.

Jose Ramon Herrera, 33 eldest son of Reyes Herrera Sr. Resident of Chicago. Believed by police intelligence sources to have inherited operational responsibility for the Herrera Chicago operation.

Armando Jaime Herrera, 21, son of Jaime Herrera. Born, Durango, Mexico. Currently a resident of federal reformatory, El Reno, Okla. Young Armando was arrested by the Drug Enforcement Administration in February 1974, and charged with selling heroin. Previously active in the Herrera organization, Chicago.

Reyes Herrera Jr., 21, younger son of Reyes Sr. Resident of Chicago. Arrested October, 1973, on minor drug charges.

Efrain Herrera, son of Jaime, killed in August, 1974, in a shootout in a Chicago bar at age 24. Under investigation in a heroin smuggling case at the time.

Pedro Diaz, 43, Herrera associate. Arrested in Chicago on drug charges in July of 1973. In his possession was found $4,000 in cash and a notebook containing promissory notes from customers amounting to $60,000. Also in the notebook was a home address and unlisted telephone number for Jaime Herrera in Durango. Convicted and imprisoned.

In addition, intelligence files in Mexico and the United States list another 50 Herrera family members or associates spread from Durango to Chicago.

[From The Chicago Sun-Times, Sept. 10, 1975]

U.S. Role in Mexico's Drug Fight

(By Allan Parachini and Andy Shaw)

Mexico City.—The American Embassy looms fortress-like behind a hefty steel fence, six stories of diplomatic enclave in downtown Mexico City at the fringe of the cosmopolitan Zona Rosa (Pink Zone).

Early each morning, several hundred Mexican citizens queue up in front of a gate on a side street off a broad boulevard called the Reforma over which the embassy looks grandly. They come to stand in winding lines for hours, waiting for brief audiences in an office labeled "visas."

This function—granting Mexicans permission to visit the United States—is what most natives seem to associate with the imposing embassy structure.

The embassy supports a range of additional diplomatic services, many of which are widely known to the Mexican people. But on the third floor of the embassy, just off a balcony overlooking a pleasant inner courtyard with a fountain, is a white door marked with four-inch gold-colored letters: "Drug Enforcement Administration."

This embassy function is one of which the Mexican people are generally ignorant. They are unaware of it because their government, which benefits from de facto press control, is not anxious to stir nationalistic political fervor by widespread awareness that an armed, active force of American drug police works out of the suite behind the white door.

The suite is the headquarters of DEA Region 15, which has 19 agents dispersed through Mexico, here and in field offices in Mazatlan, Monterrey, Hermosillo and Guadalajara. There are two more DEA agents assigned to an office in Costa Rica and another pair in Guatemala. Telephone communications with the United States are protected, when necessary, by an electronic "scrambler" to thwart eavesdroppers.

Robert Eyman, regional director, declined to be interviewed on the record about any aspect of the Mexico City DEA operation. Other agency sources in El Paso, Washington and Chicago said DEA has been forced to yield to the Mexican government's extreme sensitivity toward public admission of the active presence of DEA personnel in the country.

The American government became intensely interested in a major participatory role in drug enforcement south of the border in about 1972, said one official, as an outgrowth of a conference at which then President Richard M. Nixon told Mexican President Luis Echeverria Alvarez that both countries would have to do much more to combat drug traffic from Mexico, particularly in heroin.

By 1972, it had become clear that Mexican "brown" heroin had replaced the familiar white product refined in France from opium grown in Turkey. American government maps show that by June, 1974, Mexican heroin had established such inroads in the U.S. that it was virtually the only source of the drug for the country west of a line from the eastern border of Michigan south to Biloxi, Miss. And brown heroin is even more prevalent now.

Mexican officials cringe at the "new Turkey" label, but that is, in essence, what their country has become.

The DEA attempts to keep up pressure on the Mexicans to step up an existing antidrug campaign. More than $20 million in American equipment has already been supplied. More is on the way, including a $400,000 plane and backup equipment to spot opium and marijuana fields from the air. A similar plane is already in use.

The DEA Mexico operation has an annual budget of $1 million. In terms of DEA's total expenditures, Region 5 is comparatively small. Worldwide—the agency operates in dozens of foreign countries with 163 agents assigned overseas—DEA will spend $147 million this year.

DEA agents in Mexico work in much the same way their colleagues do at home. They contact informants and pay them for information. They make street "buys" and conduct surveillance, sometimes in the company of Mexican agents.

"It takes a little more time here," reflected one U.S. agent in Mexico City. "At home, if you want to make a buy, you just make it. Here, we have to show the courtesy of letting the Mexicans approve everything, so we have developed the skill of stringing the crooks along" When a case is in final form, it is turned over to the Mexican authorities, or, if it involves American follow-up, a U.S.D.A. office.

American DEA agents, accustomed to U.S. police methods, often go through a kind of law-enforcement culture shock when they arrive, sources said, especially because the Mexican Federal Judicial Police—the Federales—operate in a seat-of-the-pants system which puts heavy emphasis on big drug seizures, but almost discourage active follow-up investigations. Informant networks taken for granted by most American police officers, are nearly unknown here.

DEA has remained keenly aware of the dangers of overequipping the Mexican authorities or trying to bring them to U.S. standards overnight, if at all. Lessons of Vietnam are studied carefully here. DEA agents in the field compare the Mexican drug campaign to a war. Top officials of the agency worry openly about rushing too many helicopters, rifles, exotic testing equipment and other material too fast. "I think Vietnam taught us the false wisdom of that," one agent said.

Mexico's nationalism, American and Mexican political observers here said, is so deep-seated and sensitive to U.S. intrusion that the Echeverria government cannot risk permitting public admission of the DEA presence. Reflecting on a drug raid three weeks ago in Culiacan, advance word of which was carefully kept from DEA by Mexican police, one U.S. official said, "It had to do with their always feeling we're pressuring them. Every once in a while, they do something in such a way that they seem to say, 'Get off our back.' "

The relationship between the DEA office on the embassy's third floor and that of Ambassador Joseph John Jova on the sixth is also under perpetual strain.

That quandary is familiar to Jacques I. Kiere, head of DEA's El Paso intelligence Center (EPIC), who spent six years as a drug agent in Europe and knows the Mexican situation, too. "DEA agents are out there digging into the very guts of the country. They're collecting intelligence," Kiere said "There is a natural conflict between diplomacy and law enforcement.

"What the cop is doing is burning up the diplomatic credits that the ambassador has built up over the years. And there's the nationalistic angle, too. How would you like 20 Mexicans running around the United States delving into illegal arms traffic?"

DEA agents here concede that Mexican public resentment of DEA's active role—American agents regularly participate in "street" level cases and have been involved in four shoot-outs in the last 12 months—might be a legitimate ground for internal dissent. But they contend that the DEA role is necessary if heroin is to be stopped before it gets into the United States, where interception is much more difficult.

Despite their cultural differences, Mexican and American drug agents have started to show results from the co-operative campaign, the result of a 1961 international drug treaty that contained commitments for mutual assistance. It is the legal basis for the active DEA role here.

In the first six months of 1975, combined Mexican-American drug operations in Mexico resulted in the confiscation of 3,850 pounds of crude opium (heroin's raw material), 207 pounds of heroin and 144,650 pounds of marijuana. The combined forces made 234 arrests.

While DEA and Mexican authorities have not managed to put a dent in the Durango-based Herrera organization, the family operation which, through branches in Chicago and Mexico, supplies heroin to the lucrative Midwest market, both governments are believed to be involved in Herrera investigations now. DEA is believed to have initiated a series of discreet inquiries and Mexican authorities have said they want to put an end to the Herrera heroin traffic.

Jova, who assumed his post as ambassador early last year, was the only American official here who consented to an on-the-record interview about the joint drug effort. His mood was hopeful and upbeat. He betrayed positive feelings that some agents farther down the line said wryly may prove to be overly optimistic.

"Total elimination (of drug trafficking) is an almost insurmountable task because of the difficulty of the terrain and the high incentive to move drugs across the border," Jova said.

"But great tasks call for great efforts. We can be happy with the progress made in eradication, but more important we must hit the big fish and disrupt the organizations."

Jova said that when he was assigned to Mexico City after a stint as American ambassador to the Organization of American States in Washington, top State Department officials told him the antidrug effort would be his top priority. "That has not changed," he said.

[From the Chicago Sun-Times, Sept. 10, 1975]

Armed and Active—"Advisers" Well Under Cover

Mazatlan, Mexico.—"Maybe I'm waving something, but you've got a war going on without any boundaries. There's been a flood of this stuff into the United States and this is a battle. Whether we feel we're accomplishing something isn't so much the question, we're slugging it out."

This is a man who by appearance could pass for an American tourist or businessman, yet he is one of 19 U.S. Drug Enforcement Administration agents working in Mexico. Strangers in a foreign land, they officially "advise" the Mexicans in accordance with an international antidrug pact.

In reality, though, they are armed and active, paying informants and doing everything short of making arrests in a subliminal campaign sanctioned verbally by this government, which through media censorship keeps the Mexican public in the dark about the foreign police presence here.

Because of the extreme sensitivity of the joint effort, the DEA agent being interviewed insisted on being nameless, faceless and ageless. It is enough to say he is a hardened career law-enforcement operative, having worked for a local police department and the U.S. Bureau of Customs before joining DEA almost two years ago.

With even, well-chosen words, he compares DEA's Mexican effort to U.S. involvement in World War II and the American effort in Vietnam, which he feels was well-motivated but fought poorly, and he sees himself as an "elitist" in his field:

"The combination of foreign service and law enforcement is unique. We are a unique corps of professional people who've combined these two professions. It appeals to your pride to be part of an elite group."

He lives inconspicuously, working from a small office in a Northern Mexican city and passing information to the Federales, who then carry out and take public credit for drug busts.

Yet this agent's life is fraught with the same danger that faces policemen everywhere. He and a partner, for instance, not long ago were caught in the center of a gun battle with drug pushers while accompanying Federales on a raid in a tough Mexican city.

His partner was wounded and the agent risked his own life by braving a rain of bullets to pull his fallen companion to safety. Newspaper accounts of the incident ignored mention of the wounded agent, and the DEA man we interviewed declined to discuss it.

Over-all, he sees his role as something of a crusader for the American way of life:"I've met 18 year-old kids who were on drugs and looked like they were 55. I believe it's the drugs, plus the life-style certainly, but especially the hard drugs. Every kid is a potential target. . . .

"I can't see any greater battle than for the kids who are growing up and for the country. What greater Trojan Horse could you bring into a country to take away its aggressiveness, its respect for property, its individuality?"

Admitting the task of stopping heroin traffic from Mexico is immense, he likens it to a war of attrition: "Any seizure . . . is a definite inroad. When you knock off an enemy battleship or a cruiser or a destroyer, how much of a loss is it? You have to have the guts to fight what we know is going to be a long, hard fight."

Asked about what seems to be a lonely life—he lives by himself—the agent says, "Anything's a lonesome experience, but there are people who like to travel and make a career living in other places. When I came here I didn't know a soul. Now I've got a helluva lot of friends—Mexican and American—and I'm going to miss them when I leave. I got no gripes."

[From the Chicago Sun-Times, Sept. 11, 1975]

Border Traffic's Sheer Volume Favors Safe Passage for Dope

(By Allan Parachini and Andy Shaw)

El Paso.—The temperature on a Saturday noon in this west Texas border city of 322,000 struggled toward the 100-degree mark. On the Bridge of the Americas, one of three spans linking El Paso with Ciudad Juarez, Mexico, traffic was hopelessly backed up.

A U.S. Drug Enforcement Administration official looked at the line of cars, trucks and buses, pausing momentarily while customs officials rushed to extinguish a smokey fire that broke out suddenly in a station wagon carrying a large Mexican family.

"Here comes the heroin," said the drug official as he looked up at five nearly motionless lanes of traffic.

No seizure was made at the bridge that Saturday, though dogs trained to sniff out marijuana and heroin were brought [illegible] peatedly to cars with suspicious drivers or license plates, red-flagged by computer.

"If you ask me," one federal drug agent in Mexico had said a week before, "they (customs) stop the wrong people at the border. You look at who they stop. It's longhairs. It's blacks. It's Americans. But you sit at the border for a couple of hours and watch them (customs agents) wave through the clean-looking Mexican families in well-maintained cars with kids in the back seat. That's your heroin coming through right under everyone's nose."

Two separate hour-long observations of the border, one at night in the company of U.S. Border Patrol officers and the other on this hot El Paso morning, bore out the drug agent's contention. It will never be known how much heroin for Chicago moved through El Paso in that Saturday rush. Drug agents said, however, that it is safe to assume that some did.

There is disagreement over how much heroin crosses the 1,900-mile border between Mexico and the United States. Much of that expanse is open and unprotected. Electronic sensors and air and ground patrols cover part of it. The Border Patrol's El Paso office has only 239 men to guard 340 miles of border.

Police in Mexico seized about three tons of heroin last year and agents felt that Mexico probably produced about 10 tons, although no one really knows. Virtually all of that production, these agents believe, was destined for the United States. Only a few hundred pounds were intercepted north of the border.

The Border Patrol captured 99,000 persons who had illegally crossed the border in this part of Texas and in Arizona and New Mexico. The agency thinks 500,000 more got away. More than 300 drug arrests were made among the "illegals," but most officials believe alien drug smuggling involves primarily marijuana and not heroin. "You don't give a dirt-poor campesino heroin worth $70,000," said one agent. "It's just too big a risk."

Heroin for Chicago starts its 1,800-mile journey in northern Mexico, most likely in Durango state, headquarters of the Jaime Herrera Nevarez organization, the principal smuggling operating serving Chicago. Some other such enterprises, like the Herreras, rely on family branches in Durango and Chicago to act as a heroin conduit. Others—no one knows how many small rings there are—ship to U.S. border cities and deliver bulk quantities to buyers who ship the drug the rest of the way themselves.

Land routes are overwhelmingly favored, but organizations like the Herreras are flexible and have their own intelligence systems. When Mexican authorities started a roadblock campaign last year, for instance, Durango traffickers switched within hours to aircraft instead of cars and trucks.

"This is the old classical analogy to the balloon," said one American agent. "If you push the balloon somewhere, a new bulge pops out someplace else."

Smugglers know that border traffic volume alone works in favor of heroin shippers. Customs officials here privately conceded the problem: "What are you going to do, cut open the driveshaft of every car with Durango, Sinaloa, Chihuahua or Sonora (all big heroin-shipping states) license plates?" asked one agent. "They'd hear the screams all the way to Washington."

The "mules," as the drivers of smuggling vehicles are called, receive $500 to drive a "load car" from the Mexican interior to the border. If they take it all the way to the U.S. destination, they get another $3,000. Shipments contain between 5 and 40 pounds of heroin.

On July 8, an inspector detected a strange odor in a Plymouth Barracuda crossing at Laredo, Tex., and found 19 pounds of heroin under the auto's rear seat. Arrested was Adrian Corral Herrera, 19, who gave a Chicago address. Customs officials identified the youth as a Herrera family member. Also arrested was a 15-year-old girl. Chicago drug agents said the Plymouth was headed for Illinois.

Each of three agencies responsible for some aspect of border enforcement has a slightly different theory on how heroin gets through. Involved are the Bureau of Customs, Immigration and Naturalization Service and DEA. DEA and the Border Patrol (part of INS) have merged many of their drug functions with increasing effectiveness, but old professional jealousy between DEA and Customs and a new split between Customs and Border Patrol appear to hurt enforcement.

And Customs, whose primary function is to hold the flow of illegal materials across the border, is the object of a federal grand jury investigation here in El Paso. One officer was arrested on charges of selling cocaine two months ago and there are reports that as many as 20 El Paso-area employes of the agency may be targets of an investigation into drug trafficking.

Justice Department officials in El Paso and San Antonio refused to comment on the investigation, but a Customs spokesman in Houston confirmed there is a grand jury probe.

A top Herrera lieutenant reportedly is based in Ciudad Juarez to co-ordinate shipping operations at the border. The lieutenant, who was not identified by police, was reportedly arrested a few months ago but recently regained his freedom. In the interim, Herrera smuggling operations have been disrupted, but the lieutenant is said to be restoring the operation.

Customs officers at the border dismiss the contention that large quantities of heroin get away undiscovered. They say other parts of the border, patroled by INS, are the crossing points. Border Patrol officials, noting that they found heroin on only two of the illegal aliens they caught last year, disagree. DEA, which traditionally has been involved in a rivarly with Customs, agrees with the Border Patrol.

Six months ago, DEA opened the El Paso Intelligence Center (EPIC), a $1 million-a-year command post, which, for the first time since the drug agency was created, offers field agents access to computerized, co-ordinated intelligence information.

FPIC ties together a half dozen computerized systems so agents here can compare, for instance, movements of airplanes known to be involved in drugs to travel by suspected traffickers. The center maintains a name-file with records of 50,000 individuals believed involved in high-level drug smuggling.

Jacques I. Kiere, director of EPIC, told The Sun-Times he believes the center, which has not been widely publicized, may itself deter would-be smugglers. "Let's say a local agent is in a car anywhere in the United States," Kiere explained. "He calls in here with a license plate number and we can tell him whether the car or the owner is suspect. Within 30 seconds."

Analysts at EPIC—many of them trained by the Department of Defense or Central Intelligence Agency—are also developing "predictive intelligence" systems, Kiere said, which will enable agents in the United States to deduce the details of a developing drug deal from analysis of the movements of widely separated and apparently unconnected persons, vehicles, airplanes and boats.

The center has a staff of 24, which will double next year. Kiere believes that if EPIC is successful, centers may be added in a half dozen other locations across the country.

Kiere's easy sense of humor and cosmopolitan manner—he is American born of French parents and served for six years as a drug agent in Europe—seems more what one would expect of an urbane political science professor than a policeman. He knows that no matter how sophisticated the border guard is, a great deal of heroin will still get through.

He represents a new ferment among federal drug agents who are beginning to acknowledge publicly a reality that street sources have asserted for some time. Kiere does not believe that drug police can stop the flow of heroin. He thinks the best law enforcement can do is scare off potential users and some traffickers.

The rest of the entrenched drug scene, Kiere and other DEA officials now believe, will probably find a way to muddle through. "No, I cannot say that the supply of heroin can ever be stopped completely," Kiere said. "I think the realistic accomplishment is to increase the risk to the casual seller and many of the midsized and big operators. You're not going to get an addict off of heroin (through law enforcement.) But you may delay new addicts."

[From the Chicago Sun-Times, Sept. 11, 1975]

Two Nations' Drug Problems Differ

Mexico City.—Five years ago, former President Richard M. Nixon issued a "war" decree setting up the White House Special Action Office for Drug Abuse Prevention. Its mission: Cope with burgeoning heroin addiction—fast.

Three years ago, Mexican President Luis Echeverria Alvarez issued a decree of his own. It, too, set up a central agency to oversee treatment for drug abusers. But its language, and the approach of the office that evolved, was more restrained than Nixon's declaration of war on drug addiction.

Today, the U.S. Special Action Office is defunct, replaced by the National Institute on Drug Abuse. The Mexican Center for the Study of Drug Dependence (CEMEF) only now is putting the finishing touches on a carefully laid four-year plan for a network of drug-treatment, education and prevention centers throughout Mexico.

Heading CEMEF is Dr. Guido Belsasso, a Harvard University-trained psychiatrist called by one Washington bureaucrat the "Jerry Jaffe of Mexico." The reference is a comparison to Dr. Jerome Jaffe who left the Illinois Drug Abuse Program in Chicago to become Nixon's White House drug czar. Jaffe has since left government and teaches pharmacology at Columbia University.

"Our drug problem is definitely not the same as that in the United States," Belsasso said in his posh Mexico City office three weeks ago. "We don't have the sense of national emergency that you did. We don't want drugs to become that kind of problem."

Although Mexico is the most prominent purveyor of heroin to the American market, Belsasso said opiate addiction is still comparatively unknown in Mexico.

Instead, Belsasso said the Mexican problem drugs are marijuana and substances that can be inhaled, like airplane glue. His agency started with a single treatment center in 1973 and is adding 15 more this year. By the end of 1976, when the Echeverria administration leaves office, 42 such centers will be in operation—at least one in each of Mexico's 30 states.

Only one of the centers, in the border city of Mexicali, will handle heroin abusers and it, Belsasso said, will confine its treatment to two-week withdrawal. The synthetic narcotic methadone, heavily relied on in the United States, will not be used in Mexico, Belsasso said.

"After a lot of brainstorming, we decided not to go through the methadone process," Belsasso said "We want to find methods that are applicable to our people." Current Mexican drug treatment programs rely almost entirely on psychiatric treatment and group therapy.

Belsasso said he fears what may become a heroin problem, especially if Mexico's native heroin industry continues to expand. "That's why we consider this our problem now, even though we have very few addicts," he said. "I'm not waiting until heroin becomes a problem in Durango, for instance. It's a Mexican problem and our strategy is prevention."

Compared to the more than $1 billion spent by the U.S. federal government of drug treatment starting with the Nixon "war" decree, Belsasso's budget is minuscule. Mexican federal funds in 1974 amounted to only $2 million nationwide and the amount doubled this year. The government is assisted, however, by the individual Mexican states and accepts help from private sources—a reverse of the U.S. "drug-abuse industrial complex" in which private agencies cash in on government grants.

[From the Chicago Sun-Times, Sept. 12, 1975]

Herreras Blend In—Drug Kings Don't Flaunt It

(By Andy Shaw and Allan Parachini)

On warm evenings the local lieutenants of Chicago's largest heroin ring linger lazily outside restaurants on the Far South Side, belying in appearance their lofty status in the city's drug underworld.

One can see aging Reyes Herrera, whose three brothers in Mexico run the operation, sitting impassively on a wooden chair in front of Entenario Restaurant, 338 E. Kensington, which he and his wife, Maria, own.

Reyes Herrera, who is said to speak no English, seems bored as several young Mexicans stand idly nearby. He occasionally leaves his roost and ambles down the street to attend mass at St. Anthony Church.

Dressed simply, he fits easily into this neighborhood of plain houses and apartment buildings, back alleys and garages, and working-class Latinos.

Blending in equally well with a crowd of young men near a tavern down the street is tall, slim, dark and mustachioed Jose Ramon Herrera, 33, Reyes' eldest son and purported boss of local Herrera drug operations.

Jose Ramon's perch is near Principal's Club, 392 E. Kensington, owned by the family and a stronghold for Herrera business.

Unlike the ostentatious Mexican Herreras—notably Reyes' brothers Jaime, Elias and Manuel, who control cultivation and refining of opium and shipment of heroin—the local family in inconspicuous, flashing wealth only in the form of large new cars.

Also distinct from their relatives south of the border, who so far have avoided prosecution, the family's Chicago arm has been seriously impeded by local law enforcement officials in the last few years.

Local Herreras have dominated Chicago's heroin market for at least 10 years. George Halpin, the U.S. Drug Enforcement Administration's deputy regional director for Chicago, thinks Reyes Herrera and his following initially were sent by Jaime Herrera to the Midwest to orchestrate heroin trade, but other DEA sources say the business began more by accident.

They feel Herreras who moved to Chicago in the late '50's to find work discovered the demand and so the operation was begun.

Mexicans began filtering into this country in large numbers after World War II, looking for employment and accepting menial jobs. Word spread that work was plentiful and the influx increased, even in the last 12 years, when immigration laws forced many Mexicans to enter the country illegally.

Homer Geymer, a supervisory deportation officer for the U.S. Immigration and Naturalization Service's Chicago office, estimates 90 per cent of the 12 million illegal aliens now in this country came from Mexico, with some 250,000 to half a million finding enclaves in the Chicago area.

Herreras, sources explain, were forced by the stiffer immigration laws to use forged birth certificates and work visas to move operatives up from Mexico.

Herrera heroin comes to Chicago when family members or friends in the Durango area, using illegal identification, carry it in cars to Chicago, then blend into the local ring, which in addition to the Roseland area has hubs in Blue Island, Calumet City, Aurora and on the West Side.

The alleys behind Kensington Av. are eerie. While ring members work secretly in garages, young Herreras and friends congregate in a little park near 118th and Prairie, or in front of the restaurants on Kensington.

Or in a sleepy Mexican neighborhood in Blue Island west of Western Av. where—tucked conveniently between a railroad switching yard and the Cal-Sag Canal—sits a crumbling wood frame house.

It is in the 2600 block of Broadway and belongs to a Herrera family member. On the porch are five or six casually dressed Mexicans. Inconspicuous.

Since people like the Herreras expect to return to Mexico some time, or are here illegally, it is in their best interest to live quietly.

Consensus is that drug Herreras have mainly do two things with their money—send it to family in Durango or keep it in ready cash.

Referring to the Herrera life-style, University of Chicago professor Phillipe Schmitter, who specializes in Latin America, says, "These people do not feel politically secure. They feel much more exposed to the law in some ways than, say, the Italians and the Irish, who had their own kinds of political machines to support them."

DEA officials note that ring members arrested around Chicago over the last two years have posted several hundred thousand dollars in cash or security bonds, and those who jumped bail left behind upward of $60,000.

There is a limit to how high the ring will go, however. Javier Jaime and Pedro Diaz, for instance, arrested last year in a deal that netted DEA 14 pounds of heroin, were unable to post $4 million and $3 million bonds, respectively.

Some family cash is used to buy restaurants and apartment buildings, usually for operational bases, and for fun. Herreras are said to gamble. No one can say just how much drug profit they make. Surely it is enough to live comfortably on.

Sources currently are a bit confused about the Herrera family's local command structure. While Jose Ramon is mentioned most frequently as the chief, he reportedly went to California for several months not long ago and just recently returned.

There have been intelligence reports of Herrera involvement in heroin peddling in Southern California, and some police believe Jose Ramon's California sojourn may have been connected to that. Herrera heroin also is shipped from Chicago to other Midwest cities, particularly portions of Indiana.

Manuel Herrera, one of the four brothers, came to Chicago briefly last week, and sources speculate he only setopped long enough to straighten out local command problems or inform his family here that the Mexican government has begun a crackdown. He is not wanted by police for anything here.

Since August, 1974, 29 Chicago Herrera organization members have been arrested and either jailed or imprisoned to await trial, and another dozen are fugitives from drug agents here or in Mexico. Yet local DEA officials say at least 16 other ring members still operate in Chicago.

Agents have had little success making those arrested talk about the ring or implicate higher-ups.

[From the Chicago Sun-Times, Sept. 14, 1975]

Emotionalism Harms Efforts To Ease Heroin Issue

(By Allan Parachini and Andy Shaw)

In 1898, the Bayer Co., later known for its aspirin, introduced a cough medicine made from opium. Its chemical name was "diacetylmorphine." It worked marvelously and it seemed, in 1898, to have no untoward side effects.

Bayer gave diacetylmorphine a trade name that called up the symbolic image of strong but gentle womanliness. They called the product "Heroin."

Later, of course, heroin's unseemly addictive qualities overshadowed its performance as a cough medicine. The product can no longer be sold legally anywhere in the United States. And "heroin" has become a modern American scare word.

Public policy toward heroin has evolved not rationally but in panic; this substance has been perceived as a political and moral threat. The federal government has even tried to declare "war" on heroin. Richard M. Nixon issued that proclamation in 1971.

While emotional, irrational fear of heroin is difficult to avoid, unreasoning American panic over heroin has largely failed to excite the interests of governments in those countries which produce opium, heroin's raw material, or refine the substance itself. Interest has picked up abroad when rumblings of drug abuse in the producing countries have occurred. That is in part what is happening now in Mexico.

Long before the Turkish government yielded to American pressure and the promise of millions of American dollars in 1972 and banned previously legal opium cultivation, people in Mexico's mountainous interior were working to fill a market for a product in demand in the United States.

Mexico-based supply organizations, which could tap a pool of Mexicans and Mexican-Americans to form a natural distribution system, evolved as a matter of course.

In this climate, Chicago's largest family-operated heroin smuggling ring, the organization of Jaime Herrera Nevarez, sprang up sometime around 1960. The lowliest Herrera operatives, the campesinos who grow opium for the ring in the Sierra Madre mountains in northwest Durango state, certainly know they are doing something illegal.

But like the peasant farmers of Afyon Province, Turkey, the Durango campesinos are far removed both geographically and culturally from the American street drug scene, whose ugly public exposure has worked up American emotions. Herrera Chicago operatives are closer to the violence and pathos that have been forced on heroin addiction.

Some of the Herreras have been killed themselves in the drug trade, but that problem is due more to the black-market system than any innate property of heroin itself.

Like most gut issues, heroin has come to be thought of in simplistic terms. Despite overwhelming evidence that Mexico has become the largest source of heroin imported to the United States, the public remains largely under the impression that the trade is dominated by shady Corsican mobsters and rusting tramp freighters from Marseille—the French Connection stereotype.

The federal government has done little to correct the misimpression over supply. A July 29, 1975, report on international heroin control programs by the General Accounting Office wrote off Mexican heroin in one paragraph. The report devoted the rest of its 89 pages to a post-mortem on Turkish-French heroin, rich in predictions of re-emergence of that supply route, and a review of clearly extant though comparatively insignificant supply routes through the Golden Triangle countries of Laos, Cambodia and Thailand and south Asian sources involving India and Pakistan.

A month-long study of how Mexican heroin reaches Chicago leads unmistakably to the conclusion that the dark brown product from south of the border is the dominant substance in Midwestern heroin traffic. The Herrera ring and other operations working through Chicago also ship to cities and states surrounding Chicago. It has been this way for nearly a decade.

Other impressions have cropped up, too. They are varied, but lead to one general conclusion. Heroin has led to emergence of a social, economic and political issue of depressing complexity and quite unrelated to the pharmacological properties of heroin itself.

It is difficult to imagine, having spent two intensive weeks in northern Mexico, that the growing of opium poppies and the refining of heroin can ever be completely stopped or even seriously impeded, regardless of the quality of the law-enforcement effort in Mexico. That is not to say much more heroin cannot be intercepted. Progress can be made.

After flying over northern Mexico, where opium poppies and marijuana grow in crop rotation, it is difficult not to come away with at least a sense of hopelessness and futility. The Mexican helicopter pilot talks about having only one aircraft available to patrol five states including Durango and heroin-rich Sinaloa. The American border reinforces the notion. It is enormous, open and badly secured. But the alternative, a 1,900-mile Berlin Wall in the Southwest, is even less palatable than the ramifications of the heroin trade.

Mexican enforcement efforts can be greatly accelerated, but there are cultural barriers that mitigate both for and against such action. Culturally, the Mexicans appear unimpressed by impassioned pleas for assistance in an American campaign against heroin, the perceived assassin of youth.

Most top Mexican government officials simply suggest that if America is so concerned about heroin, perhaps forceful steps should be taken in the United States to discourage demand, rather than relying on continuing pressures on supply. These officials, like Dr. Guido Belsasso, director of the Mexican Center for the Study of Drug Dependence, dismiss arguments that American political reality makes mandatory demand reduction impractical, if not impossible.

At the same time, Mexican President Luis Echeverria Alvarez, a conservative who considers himself a reformer, wants to be secretary general of the United Nations. Attorney General Pedro Ojeda Paullada wants to chair the UN Commission on Narcotic Drugs. A balance has been struck, involving pragmatic politics, and the Mexicans have started a serious if so far limited antidrug campaign. They have also come to fear growing native drug abuse.

The Mexican government is leery of admitting to its own people that it permits agents of the U.S. Drug Enforcement Administration to operate in Mexico. A DEA official in El Paso, Tex., said there is fear the Mexican people might resent this as much as U.S. citizens might take offense at a force of Mexicans in Texas and Arizona raiding gunrunning rings.

That is a chilling notion and a striking comparison. American-made firearms supply the criminals, including heroin traffickers, who shoot back when the Mexican Federal Judicial Police or other enforcement agencies close in. Mexico restricts the sale of guns. American smugglers fill the void.

DEA officials in Mexico privately complain of a lack of commitment by the Ford administration in the drug field. The grousing is over a perceived lack of support for the DEA, which is under political attack itself and whose director, John R. Bartels, was fired on orders of President Ford.

Richard Parsons, a White House staff man assigned to a Ford drug task force, was in Mexico three weeks ago, looking at the terrain for himself. The administration, which is due to uncork a drug policy of some kind in a month, will likely propose a strong program of prevention and education to deter drug use. It is a fine theory, since enforcement and after-the-fact suppression are at best of limited utility. The problem is, little is known about how to prevent or educate against drug use.

Here in Chicago, the Herrera family's U.S. power base, it is unlikely that even destruction of this particular Mexican-American heroin supply system would have more than a temporary effect on the availability of heroin. There are several smaller, yet influential and violent, heroin rings. Any of them could easily fill the Herrera void given a short period of time.

It is encouraging that the DEA and other narcotic police agencies, which had until quite recently been the seat of uncompromising, hardline, self-assured notions of right and wrong in the heroin "war," are starting to become aware internally of the limitations of law enforcement and the complexity and mystery of the heroin trade may be that the political pressure on DEA have played a role in this.

These police agencies are starting to stop playing the number game which facilitated the American heroin mystique with outrageous numbers of addicts (most responsible officials now admit there is no way to know how many there are) and related statistics, from street crime related to drug abuse (difficult to calculate under the best of circumstances) to the volume of the heroin business (its limits are simply unknown).

But none of these approaches will be significant unless the issue of heroin can be separated from political emotionalism. Even if that can be accomplished, what would happen next is uncertain.

[From the Chicago Sun-Times, Sept. 14, 1975]

The Durango-Chicago Connection

While the public remains steeped in the mystique of the French Connection or tales of the Golden Triangle in Southeast Asia, a disturbing new source of opium poppies—the raw material of heroin—has developed rapidly south of the border.

A Heroin Highway begins in the mountainous provinces of northern Mexico, runs down to the Pacific Coast, up to the Rio Grande River and, finally, on the concrete of the U.S. Interstate Highway system, into the backyard of Chicago—the Far South Side. As Sun-Times reporters Allan Parachini and Andy Shaw have documented with painstaking care, most of Chicago's heroin supply these days originates in Mexico and comes to the city along the Heroin Highway.

The efforts of local police in Chicago, Drug Enforcement Agency officials here, in Mexico and at the border, and the Mexican Federals have not been able to place enough barriers across the highway.

Both ends of the highway are controlled by a large and well connected Mexican family—the Herreras of Durango, Mexico, and Chicago, Ill. Herreras are arrested on the streets of this city; new leaders arise to take their places. Herreras operate with relative ease in Durango and its surrounding towns.

If illicit heroin trafficking is to be stopped, there must be a stronger effort undertaken by law enforcement officials of both countries at the local and federal level. Police and DEA officials here have made many arrests. But not enough.

The primary responsibility, however, rests with the Mexican government. Only recently has it taken a serious attitude toward control of opium poppy cultivation. The Federals can be better trained and equipped. Their leadership's resolve can be strengthened. The heroin supply can never be completely cut. But it can be stanched considerably with more help from Mexico.

THE DEBATE ABOUT HALF AN ECONOMIC POLICY

Mr. MONDALE. Mr. President, the Minneapolis Tribune published an enlightening editorial on the President's tax and spending proposals on October 21. The editorial points out that the popular tax reductions would begin on January 1, 1976, while the controversial, and perhaps unwise expenditure cuts would not be felt until 1977. It also points out that it is impossible to actually assess the wisdom of the cuts, because the administration has refused to be specific about the programs to be reduced. The editorial expresses the hope that James T. Lynn, Director of OMB, would provide some detail when he testified before the Senate Budget Committee. I am sad to report that he did not. Despite repeated questions from committee members, Mr. Lynn refused to provide any new information on the spending ceiling. He also refused my request for him to provide the background information that was given to the President by OMB and upon which the President's decision on the spending cuts was presumably based. I have often lamented the fact that Congress is repeatedly forced to make decisions on very limited knowledge. But, as the editorial points out, the President's refusal to provide this information needlessly leaves the Congress and the American people in the dark.

The editorial also asks the cogent question:

> Should such programs as income support and child nutrition be curtailed when inflation and unemployment are expected to be at least 7 percent in 1976?

The Congressional Budget Office has analyzed the President's proposals and CBO economists believe that the effect of the tax and spending recommendations would be, by the end of 1977, to increase unemployment by 500,000 people, decrease gross national product by $32.9 billion, and decrease real gross national product by $15.6 billion below what the Nation would realize if the first concurrent budget resolution were continued.

I agree with the editorial that answers to questions like these must be forthcoming before the Congress can accept the President's proposal. Mr. President, I ask unanimous consent that the editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Minneapolis Tribune, October 21, 1975]

The Debate About Half an Economic Policy

The debate on President Ford's proposed cuts of $28 billion in federal taxes and spending continues to be indecisive, in good part for a reason Ford gave in presenting the program Oct. 6. Americans, he said, "believe that the politics of federal spending has become too much of a shell game." To which a Business Week commentator responded by saying that while much of the Ford program is admirable, "it, too, may leave many Americans wondering which shell the pea is under."

Taxes are the lesser issue, at least in political terms. The temporary reductions enacted earlier this year would, under the Ford proposal, be extended in 1976 to account for $17 billion of $28 billion in permanent tax cuts, with another $11 billion lopped off personal and business taxes. There have been criticisms of the distribution of the recommended tax cuts, but since their total exceeds even what had been contemplated by the Democrats, that part of the proposal was bound to be popular. The benefits would be early, measurable and felt by most of the electorate.

The more troubling side of the equation is spending, where whatever reductions the administration contemplates remain hidden under one of its shells. To fault the president for failing to be specific is not to object to slowing the growth of the federal budget; he was right to warn that government programs are easier to start than to stop, and his observation about "the swollen federal bureaucracy," despite its pejorative connotations, has validity. But to espouse the principle of federal frugality without saying how the goal is to be accomplished strikes us as an inadequate policy.

It may be inadequate in dollars as well. Without his requested restraints, the president said, spending in the next fiscal year would raise to $423 billion "without a single new federal program"; he wants a ceiling of $395 billion, or $28 billion less. But even a conservative administration occasionally finds something it thinks deserves new federal funds. Last week, for example, the Department of Housing and Urban Development said it would release $264 million over the next two years in mortgage-interest subsidies for moderate-income housing buyers. Technically, that may not be a "new federal program," since the money had been appropriated earlier by Congress; besides, the amount wouldn't make much of a dent in the budget. But what about arms and other aid in the Middle East? That program is both new and large—several billions of dollars.

Even if the administration plans further offsets against such spending add-ons, there is good reason to question whether it is politically possible, economically wise and socially just to contemplate reductions of the magnitude indicated. Does the president intend to trim $10 billion or $15 billion from the defense budget, as would probably be necessary to reach his goal? Is it sound policy to match tax and spending cuts dollar for dollar? (A study for the Senate Budget Committee estimated last week that higher incomes resulting from a $20-billion tax cut would generate enough new federal tax receipts by 1980 to replace those lost by the cut in tax rates.) Should such programs as income support and child nutrition be curtailed when inflation and unemployment are expected to be at least 7 percent during 1976?

One can guess at answers, but only guess, because until now the president has chosen not to disclose how he would accomplish the budget cuts that he insists be linked to lower taxes. This week the director of the White House Office of Management and Budget is to testify before the Senate Budget Committee. It will, we hope, be the occasion for lifting the shell that now hides the administration's budget-cut proposals.

ARNOLD NELSON

Mr. ABOUREZK. Mr. President, my staff and I were deeply saddened to learn of the death of Arnold Nelson of Evergreen, Colo., this past weekend.

In recent years, Arnie held several top key posts in the Denver regional office of the Department of Housing and Urban Development, at one time head of public housing production. Lately he had been heading the effort to establish within Denver HUD a special office for Indian programs to make HUD's response to the Indian people of the northern Great Plains much more effective than it has ever been. We had even been discussing with him the possibility of making that Denver office the national center of HUD's Indian programs.

South Dakotans are deeply indebted for the contributions Arnold Nelson made to the betterment of our State. He believed in what he was doing. He was extremely dedicated. Many times we put our total trust in his judgment, and every time we were glad we had done so.

The Arnold Nelsons of the world are few and far between. In his job he put up with a great deal of bluster, and stayed with it through all of that because he believed so deeply in the goals of the good programs.

For as much as all that is, it is nonetheless a shallow description of the man. He loved art and painted well. He was a joy to know personally, sometimes loud, cantankerous and hilarious, sometimes quiet, subtle, and shrewd. He was a brilliant man who would have been exceptional anywhere. We were delighted that he chose public service, where he was of a rare breed and sorely needed.

We will miss him very much, and we are extremely grateful to have had the opportunity to know him and to have worked with him. He was superb.

LONG-TERM NATIONAL ECONOMIC PLANNING: THE SWEDISH EXPERIENCE

Mr. HUMPHREY. Mr. President, last month I enjoyed the privilege of discussing Swedish economic planning with Prime Minister Olaf Palme, with members of his Cabinet, and numerous other officials of the Swedish Government. It was a most instructive experience.

These discussions were held in connection with an address I gave before the International Economic Association in Stockholm. Most impressive to me is the fact that Sweden has no severe unemployment problem, even now when the Western World is suffering from recession. In the first quarter of 1975, the rate of unemployment in Sweden, measured on a basis comparable to our own, was 1.5 percent; in that same period our rate was 8.3 percent.

Another impressive finding is that the Swedish economy is 90 percent private. There is a widespread misconception that Sweden is a "Socialist country," but I do not find that to be the case. The essence of socialism is government ownership of the means of production. By that test, Sweden is clearly a capitalist country and, I might add, it is a flourishing economy.

They are also a highly humane nation and maintain a comprehensive welfare program; but, I hasten to point out that a comprehensive welfare program is much easier to maintain in a full-employment economy than in one where unemployment exceeds 8 percent. The Swedes do not pay billions of dollars to workers for remaining idle for long periods as we do. They find jobs for them even when it is necessary to retrain persons. And when the production rate falls, they take effective steps to stimulate production.

I strongly favor the improvement of our own capability for managing our economic policies, and Senator JAVITS and I have introduced legislation to do that. Some critics have mislabeled it as an attempt to plan the entire economy. This is not true.

What our legislation is intended to coordinate are the public economic programs so that the Federal Government, in conducting economic policy, does not stumble over its own shoelaces.

The public sector has a tremendous effect on the private economy. Over 25 percent of the national income passes through Federal hands, coming in as taxes and going out as Federal expenditures.

Beyond that, however, the National Government maintains a number of regulatory functions that affect, in a very fundamental way, important sections of the economy, such as transportation, communication, ocean shipping, financial markets, and a variety of others.

The Federal Government plays a role as investor, as in the case of the space industry, which was financed entirely from Federal funds.

The Federal Government builds facilities on a substantial scale. Our Federal investment in interstate highways alone, in the past 20 years, has exceeded $100 billion.

The Federal Government exercises a strong effect on credit markets. It is a large borrower. It lends directly for many purposes. It guarantees loans on an extensive basis, primarily to housing.

It would be obvious to any sensible observer that this vast network of economic efforts ought to be coordinated in terms of national economic objectives. Yet, we, as a nation, conduct our so-called full employment policies with very little reference to this network of involvement. Indeed, the right hand often does not know what the left hand is doing and we frequently frustrate our own objectives. Witness, for example, our tax policies of past years that encouraged construction of oil refineries abroad and discouraged domestic investment. Another example is the Russian wheat deal which was consummated at a time of impending food shortages and sharply rising food prices.

I do not think I have to belabor this issue with my colleagues in the Senate. It should be obvious to all of us and I urge consideration of measures to help us become aware of where we are going in our economic activities and to guide us in achieving agreed-upon objectives.

My proposal is not a socialistic measure. Quite the contrary, it is a means of guiding our private enterprise economy and avoiding waste and underutilization of men and machines and to prevent unwitting frustration of our economic objectives by ill-advised decisions. We are floundering now because the Federal Government is not doing its job and that is precisely what our proposal will help the Government to do.

Our economy is almost entirely a private enterprise one; less than 3 percent of the means of production is controlled by the Federal Government. Our bill would not change the role of private enterprise in any way. Indeed, it would free private enterprise from the confusion that now exists.

It would require that the Federal Government present comprehensive programs which would serve the purpose of coordinating Federal activities and it would be doing this in terms of our productive potential and priorities. This would provide some guidance and information to the private sector in helping then make their own decisions. It would set forth, in a straightforward fashion, goals for our economic development and performance and hopefully provide alternative patterns.

Business has been adversely affected by confused policy signals from the Federal Government. It cannot live with off-and-on directives like those emanating from the White House over the past 6 years.

Indeed, this was one of the themes that I heard at the meeting of the International Economic Association, which brought together some of the outstanding economists and economic policymakers of the nations of the world. It is a common experience that in the absence of some reasonable assurance about Government policies and their effect on wages, prices, production, and credit, businesses are put at a serious disadvantage in their own planning. In such circumstances, they are prone to raise prices more than they would otherwise do. One hears a common theme from economic policymakers these days, that the old rules do not apply in the traditional manner. Inflation and recession formerly served to offset each other. Now, we have both simultaneously. Now, other considerations have entered the picture.

In this regard, it is instructive to learn something about the policies of other countries. I was heartened to learn that Swedish planning functions adequately without any compulsion on the private sector. It serves to inform both the public and private officials on developing relationships between different parts of the economy and the consequences and alternatives available to the country.

The basis for evaluation is a projected, 5-year survey, which is prepared by the Secretariat of Economic Planning in the Ministry of Finance. This survey makes an independent forecast of productive capacities and coordinates 5-year projections of the various sectors. The industrial sectors are projected in cooperation with affected industries. A number of officials in Sweden point out that these surveys help to show up inconsistencies between supply and demand and expose coming problems which will require action.

One of the documents made available to me is a paper on long-term planning in Sweden, which was prepared by Prof. Assar Lindbeck, of the Institute for International Economic Studies, Stockholm, and which appeared in a recent book of his on Swedish economic policy. I believe that this may be of interest to my colleagues. Mr. President, I ask unanimous consent that it be printed in the Record in abbreviated form.

I am also submitting a copy of my speech which was delivered to the Economic Association in Stockholm. It discusses the need for better coordination of economic policymaking. I ask unanimous consent that it too be printed at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

Long-Term Planning

(By Prof. Assar Lindbeck, Institute for International Economics, Stockholm)

THE LONG-TERM REPORTS

In Sweden, as in several other western European countries, public documents on long-term tendencies of the economy have been presented regularly during the postwar period. Six such documents, called long-term reports, have been published (usually by specially appointed committees), the first appearing in 1948 in connection with the Marshall Plan. The director of these reports was Ingvar Svennilson, with the exception of the last two (published in 1966 and 1971) which were produced by a division of the Ministry of Finance, headed by Erik Höök. As the reports deal mainly with five-year periods, they could perhaps be more accurately described as "medium-term economic reports".

The long-term reports in Sweden may be regarded mainly as forecasts, with some discussions on economic policy alternatives, rather than plans. They deal with the development of the basic sectors of the Swedish economy during the forthcoming five-year period and are based on detailed inquiries and discussions with representatives of firms and organisations in the private and public sectors. Thus, a considerable exchange of information between representatives of the various sectors of the economy takes place during the course of the work on the report—before it is published. On the basis of this information, the long-term committee tries to construct consistent forecasts for the economy or to discuss the inconsistencies remaining in the various plans, which have to be resolved either by the market mechanism or by government economic policy. The forecasts are to some extent hypothetical, in the sense that statements about the future course of the economy are made *if* certain specified events occur (for instance for exports and productivity). Perhaps we could talk about "projections" rather than forecasts.

The inconsistency tests have mainly been concerned with macroeconomic equilibrium conditions in terms of national accounts (equilibrium between aggregate demand and production, between exports and imports or between the current foreign balance and the foreign capital balance) as well as balance in the labour market. The tests were rather fragmentary in the early reports, but became slightly more explicit and comprehensive in later ones, partly owing to the use of simple aggregate production functions (or at least capital/output and labour/output ratios) and, to some extend, input-output tables. With the help of Börje Kragh's earlier mentioned studies of trends concerning financial surpluses and deficits in various sectors, it has also been possible to study the consistency of the trends in real and financial sectors of the economy respectively, i.e. the consistency between investment and saving plans on the one hand and the need for financing, liquidity, borrowing and lending on the other.

The authors have stressed that the figures should be continuously revised in the light of new information—a kind of "rolling" forecasting. Actions in the short-run have to be regarded, to quote Svennilson, "as the first step in a strategy, which includes different long-run alternatives of acting". Thereby a flexibility in the planning is supposed to be achieved: "we should not make our valuations norms for future generations". The reports can perhaps be characterised as a modest type of "indicative planning". However, contrary to the early French plans, no fixed production targets have been formulated in the reports, and no attempts have been made to force the private sector to conform to the figures in the reports. In fact, the government as a rule has not even adopted the reports as official government policy. The documents may be regarded mainly as a method of transmitting information about activities in various sectors of the economy, whereby information obtained from markets is amplified. It is also widely believed that the publication of the reports creates confidence in the growth process, and facilitates a sustained growth of the economy.

Besides transmitting information about plans and problems, and making consistency tests, the committees have to varying degrees discussed medium-term policy problems, and sometimes also made economic policy recommendations on the basis of certain value judgements. Sometimes these value judgements seem to be based on the subjective values of the committee members themselves, sometimes on what the committee believes are the dominating political valuations of society. These recommendations have above all dealt with the "desirable" saving ratio for the economy and with the allocation of resources among very broad expenditure categories, such as private consumption, public consumption, private investment, public investment and the current balance in the balance of payments. Furthermore, the volume of housebuilding has often been a target of recommendations, and to some extent also certain components of the public sector, such as road-building. In certain other countries, such as the UK, France and Norway, the long-term reports have been more of official government programmes than has been the case in Sweden. This holds maybe in particular for the French reports.

The French long-term reports have usually been described in the literature as much more interventionist than corresponding reports in other western European countries. One reason for this is presumably that the early reports in France (immediately after the Second World War) established fixed production targets for certain sectors, which the authorities during this period to some extent tried to achieve by direct regulations, subsidies, credit controls, and "open mouth operations'. Another reason for this opinion of the French long-term reports is, in my judgment, that both French and foreign authors writing about "French planning" have given an exaggerated picture of the centralist and interventionist character of this planning. This holds in particular, I believe, for the sixties, when the planning system changed as the production targets for separate sectors practically disappeared, at the same time as the direct regulations to a large extent were removed as permanent factors of the policy. It is nowadays rather unclear to what extent the supply of credit in France is connected with the forecasts and plans of the French long-term reports. (On the other hand, it seems to be rather common that credit institutes in France often point out that a certain decision conforms well with the forecasts and recommendations of the reports—if this happens to be the case.)

In general, it can presumably be said that the emphasis in French economic planning during the sixties shifted from the private to the public sector. In the private sector, the plan figures became less and less binding, whereas planning became more elaborate for the public sector. The results of the operation of the market mechanism have instead been more and more accepted. The less detailed intervention in the private sector is probably connected with, *inter alia,* the increased importance of foreign competition for this sector in France, which to a large extent complicates attempts to fulfill central targets for production volumes. Along with this development, there has also been increased emphasis on short-term planning problems, i.e. stabilisation policy, as has for a long time been the case in northern European countries, such as Sweden.

It might be worth while to try to pinpoint the main differences between long-term planning in France and in Sweden, in order to provide a benchmark for Swedish long-term 'planning':

(1) The French reports give a comprehensive concise overall presentation of the development plans in the public sector, which is not the case to the same extent in the Swedish reports.

(2) A more powerful and geographically concentrated location policy is outlined in France (with support for a number of fairly large cities, of around half a million inhabitants, at least for the future).

(3) The State has, to a much larger extent than in Sweden, made joint ventures with private firms, combined with credit supply and subsidies, in certain limited fields (steel, shipbuilding, the data industry).

(4) There probably has been, mainly earlier, some central regulation of the credit supply within the manufacturing sector in France.

Perhaps it can also be said that the Swedish long-term reports differ from the French ones by not *pretending* to be more than they really are—forecasts and numerical examples of macro relations, a discussion of problems of macroeconomic balance and of the consistency between plans, and a discussion, to some extent combined with recommendations, concerning economic policies.

THE OPTIMUM SAVINGS RATIO

As a rule, the long-term committees in Sweden have found that investment plans (or 'requirements') are much larger than expected (*ex ante*) saving with an unchanged economic policy. This has usually led the committees to argue for a higher investment ratio in the economy and heavier taxation of private consumption. In the first three long-term reports—1948, 1950 and 1955—the argument for a higher saving ratio was not explicitly tied to the question of the growth rate of the economy. The main argument was instead to bring about macroeconomic and sector *equilibrium* via an increase in the output capacity in certain sectors. In particular, the purpose of the increased capacity was to restore equilibrium in the balance of payments (the 1948 report) and equilibrium between demand and supply in certain capital-intensive sectors where equilibrium pricing was not accepted—mainly housing and the public sector (the 1950 and 1955 reports).

Not until the 1959 report did the growth rate of the economy as a whole come to the forefront of interest. The growth problem was then largely analysed as a problem of inter-temporal allocation of aggregate consumption, i.e. as a problem of achieving an optimum time profile of aggregate consumption. On this approach, not only the conventional investment ratio but also the volume of resources devoted to education and technological research and development came into focus—ideas well in line with the international discussion of growth at that time. Ingvar Svennilson, in particular, underlined the importance of these factors for economic growth.

This stress on the educational and technological factors is one of the reasons why the 1959 report, in contrast with the earlier ones, did not argue for a further increase in the investment ratio. However, the committee also seemed to be somewhat doubtful whether it was reasonable, from the point of view of social values, for the present generation to give up additional consumption opportunities for the sake of future generations, when the latter would anyway be very well off compared with the present generation. As Ragnar Bentzel asked provocatively in a memorandum to the 1959 report: 'What are the motives for such a redistribution of a consumption? Would not this be to take from the poor and give to the rich?'

In the international theoretical literature of recent years on the optimum saving ratio, the problem has usually been formulated as a question of maximising aggregate consumption within a finite, or infinite, horizon (with time discount), or as the problem of reaching a saturation level of wants ('bliss') within a minimum of time, or sometimes of finding what has been called a 'golden age' path for consumption.

CRITERIA FOR ALLOCATION POLICY

Measured in 1971 prices, GNP in Sweden rose from 14,600 billion dollars in 1946 to 37,900 billion dollars in 1971, i.e. an increase of 160 per cent or 3.9 per cent per year. The allocation of resources changed substantially during this period. For instance, the investment ratio (gross investment relative to GNP), quite in line with the recommendations of the long-term reports, rose from about 18 per cent in 1950–5 to 23 per cent in 1965–70, rather a 'normal' figure for European OECD countries. This increase occurred at the expense of private consumption, which during this period fell from about 66 to 54 per cent of GNP, a lower figure than that for any other OECD country except Japan (the western European OECD average being 60 per cent).

At the same time resources were shifted from the private to the public sector. At present, public consumption constitutes about 29 per cent of total consumption (compared with 18 per cent in 1950)[1] and public investment about 37 per cent of total investment (as compared with 29 per cent in 1950). As housebuilding takes an additional 21 per cent of total investment resources, the private sector has the responsibility for about 42 per cent of the investment activity in the economy, slightly more than the public sector (excluding housebuilding). The shift of resources to public services is illustrated also by the fact that in 1970 about 17 per cent of the total number of statistically measured labour-hours is devoted to 'public services', as compared with about 7 per cent in 1950.

The long-term development of broad aggregates of GNP (in constant prices) is indicated in Charts 9:1–9:3. As can be seen from these diagrams, both public investment and public consumption have expanded much more rapidly than GNP (except during the first part of the sixties). Public investment has also increased faster than private investment (except for the period 1955–65). And public consumption has increased faster than private consumption (except for the first half of the sixties, when both public and private consumption developed somewhat slower than GNP).

The relatively weak development of private investment during the fifties (up to 1958) may be an important explanation for the slow rate of economic growth of GNP during that period. Similarly, the acceleration of the rate of expansion of private investment during the period 1958–66 may be an explanation for the rather rapid growth rate of the economy during the sixties. (In the case of investment in manufacturing, there were two great investment spurts during this period—1958–61 and 1965–66. Will the rather slow rate of growth of private investment, including investment in manufacturing, during the period 1966–72 result in a slow growth rate during the early seventies? It would seem so.

These differences in the rate of growth of private investment can presumably be explained to a large extent by the economic policy during the various periods. In the fifties, private investments were curtailed drastically during the booms, while restrictive action during the early sixties was directed more towards private consumption, for example through the continuous increase of indirect taxes on private consumption from 10 per cent in 1959 to about 18 per cent in 1970. At the end of the sixties, private investments were again curtailed by a very restrictive monetary policy in the booms—implemented partly for balance-of-payments reasons—and by a negative trend in private profits. (Uncertainty about Sweden's relations to EBC might also have dampened investment in the manufacturing sector.)

Another way of expressing the expansion of the public sector in Sweden is to point out that public spending on goods and services during the period 1950–70 expanded by 5.1 per cent per year (in real terms), as compared with 3.9 per cent for GNP. For OECD countries in general the corresponding figures are 3.8 per cent for public spending on goods and services and 4.7 per cent for GNP.

The discussion of the problem of the allocation of resources in Sweden has to a large extent been concerned with aggregate variables such as the growth rate of GNP, total availability of labour and capital, the investment ratio, the (ex ante) saving ratio, the balance of payments, etc. This characterisation holds for the long-term reports, which broadly speaking may be described as short-run national budgets extended to a five-year basis. Problems of the optimum allocation of resources have been discussed very sparingly, except for the 'consistency test' earlier mentioned, the usual advocacy of a higher investment ratio and certain attempts to establish priorities between the public sector, the private sector and housebuilding.

However, sometimes more detailed recommendations were made in the long-term reports. Thus, on some occasions priority was advocated for investment in housing and public services, such as schools and hospitals (in the 1950 and 1955 reports); sometimes for investment in manufacturing (in the 1947, 1959, 1965 and 1970 reports). Priority for the manufacturing sector was particularly emphasised in situations where either economic growth, as in the 1959 report, or balance-of-payments problems (at unchanged exchange rates), as in the 1970 report, were at the centre of interest in the general economic policy discussion. In certain instances priority was advocated for investment in the commodity-producing sectors (in the 1948 and 1959 reports), and on some occasions it was recommended for the service sector, such as department stores and distribution in general (the 1955 report). A general pattern seems to be that a sector that had been discriminated against in one report was often favoured in some of the subsequent reports (except private consumption, which has never been very much favoured), reflecting a "priority cycle" in Swedish economic policy.

A reason for this rather modest treatment of allocation problems is of course that it is difficult to find reasonable criteria for detailed recommendations in an economy characterised by fairly free international trade and adherence to the principle of "consumer sovereignty". Practically no attempts have been made to evaluate the allocation of resources arrived at via the market forces.

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[1] This is actually an underestimate of the volume of public consumption, in the sense that capital costs are not accurately included in the measures of public consumption.

A particular difficulty for detailed recommendations regarding intervention in the allocation of resources is that quite different price systems exist in different sectors of the economy. This means that it is very difficult to use market data either on profitability or on excess demand to draw conclusions about 'investment requirements' in various sectors. If, as has usually been the case in the long-term reports, investment requirements are measured by the excess demand in various sectors, the investment 'needs' will naturally always appear to be particularly large, not to say insatiable, in areas where the price is fixed at zero or very far below the equilibrium level. When this method of measuring investment requirements is used, the housing sector and large parts of the public sector will necessarily seem to be undersupplied with resources compared with other sectors, where equilibrium prices prevail.

These problems might not be so difficult if it could be argued that consumer prices in these sectors are simply an expression of the valuation by the authorities of these commodities, compared with other commodities. In this case it would be rational to move resources, corresponding to the stimulated demand, to sectors with low prices. However, this is a dubious way of looking at the problem, as will be obvious if we ask how the low prices have come about in the different sectors. For instance, the high consumer prices for agricultural products cannot be interpreted as a low official valuation of food consumption; these prices are instead 'unintended' effects of the present system of income support for farmers. And in the housing field, with existing rent control, the relative price of housing is simply a result of the rate of inflation; the more rapid the inflation, the lower will be the price of housing compared with other commodities. Without inflation it is even possible that, with the present stock of dwellings, there would not be any excess demand for housing at all. Moreover, if the demand for housing, stimulated by rent control, is regarded as an expression of the authorities' valuation of housing consumption, compared with consumption of other commodities, rather inconsistent valuations have been applied on the demand and the supply side; the authorities have hardly been prepared to move enough resources into the housing field to satisfy the demand stimulated by housing policy. The tendencies to equilibrium in the market for newly built apartment houses in the early seventies, still with excess demand for the earlier produced stock, depends not only on a rather high level of housebuilding but also on rapidly increasing building costs. In fact, there is an excess supply of new apartments in 1973–4.

Not even the queues for public services such as schools and hospitals can, without a closer look, be taken as indicators that these areas are undersupplied with resources *compared with other sectors*. For in these areas, the queue method has consciously been chosen as a method of distributing the services, rather than relying on the price mechanism. This means, of course, that the existence of a queue, or its length, does not tell us whether this sector is discriminated against in the allocation of resources. If queues in certain sectors, as for schools and medical care, are regarded as a better way of distributing a commodity than relying on individual choice in a market with equilibrium prices, then queues have to be accepted as a more or less permanent phenomenon in these sectors. Consequently, it is necessary to use considerations other than the length of a queue, such as political judgment, social-profitability analysis or cost-benefit analysis to determine the appropriate allocation of resources.

Thus, it is extremely difficult to find reasonable criteria for an appropriate allocation of resources in such a "dual economy", with equilibrium prices in the private sector and controlled prices with permanent excess demand in housing and public services. Not only do we lack information about the demand curves for the various types of public services (and housing), but the demand curves in the other sectors are influenced by the price policy in the controlled sectors. Another problem in the public sector is, of course, how to find criteria and create incentives for efficiency when there is no market test of the performance of the institutions. These difficulties are, of course, particularly acute for a country, such as Sweden, which has a large sector of public services. So far however, politicians and administrators in the public sector have shown very little interest in these important issues.

Remarks by Senator Hubert H. Humphrey at the International Economic Association, Stockholm, Sweden, September 3, 1975

It is an honor and a personal pleasure for me to address this distinguished group of international economists and policymakers.

Economic and political power in the world is shifting. Economic policies are being reassessed. Heretofore comfortable economic principles and theories are being questioned.

The dollar has been devalued. The currencies of Europe and Japan are now the most sought after.

The oil-producing nations of OPEC have caused the quickest redistribution of income in history—a redistribution still underway. This has triggered a world-wide reassessment of who carries political clout and who is being edged out. As a result, there is a world-wide temptation for nations to realign themselves economically.

On the positive side, the oil crisis has forced an overdue assessment of the world's energy reserves. It has provided definite proof that the industrial nations of the world must cooperate in meeting common economic problems.

We survived oil price increases in a far better fashion than predicted. But this relative success was achieved only by common efforts of the industrialized nations to avoid the temptation to "go it alone." Most nations realized that such a solution would only leave all of us in a disadvantaged position.

The late Adlai Stevenson, a colleague and dear friend, often referred to "this space ship world"—the notion of the earth as a huge space ship moving through the universe. East and West have now met—joined together and even shared the same cabin in space. And we have learned first hand that space ships require concentration on navigation—the direction of the ship, and careful management of the limited resources available to those on board.

Interdependence in space and on earth demands coordination and cooperation among nations.

Interdependence demands sensitivity to the needs of others in the name of greater prosperity for all.

And interdependence demands a new economic maturity among nations.

In America we have yet to recognize that our economic well-being depends upon others as much as ourselves.

To be frank, it's been easy for us to go our own way.

It's been easy for America to be both a great and insular economic power.

We are blessed with abundant resources. We are the world's bread basket. And unlike many other industrialized nations, we have been spared the destructive ravages of war for generations.

There is another reason why America has been slow to recognize the need for interdependence. We are a young nation. We have displayed the optimism and independence, and I must confess, the cockiness of our youth.

Yet, let me emphasize I am proud of that youth. We were robust, endowed with idealism—eager to lead.

But as we approach maturity we are beset with uncertainties. Traditional economic concepts and theories no longer seem valid. This does not mean we have to do away with our past but simply that we must re-examine it and build on it.

In the past the very size and strength of the American economy isolated us from the effects of economic fluctuations abroad. But we no longer possess this immunity.

Devaluation and the oil crisis doubled our rate of inflation.

Energy price increases reduced our national output for five consecutive quarters.

Because of this, 4 million Americans lost their jobs.

The spending power of the average American worker is no greater than it was 10 years ago.

In short, we have been plagued by unique circumstances. Never before have we faced double-digit inflation accompanied by unconscionable levels of unemployment.

Our traditional economic theories don't tell us how to deal with high inflation together with high unemployment. They only tell us how to reduce one or the other—but not both together. These new circumstances have forced a rethinking of basic economic theories.

This is particularly true in America. We have seen that restrictive monetary and fiscal policies are not effective in reducing inflation in oil or food prices. They only raise unemployment.

The failure of traditional economic policies is the focus of the current American economic debate which is now raging between a Democratic Congress and a Republican President. The Congress is pushing for growth in GNP using more stimulative monetary and fiscal policies. The Administration still is operating under the questionable theory that in order to reduce inflation we must be willing to endure a longer period of unemployment.

The President recently pointed out that more Americans suffer from inflation than unemployment. But that is hardly the whole story. While official statistics reveal that over 8 million workers are now unemployed, a detailed examination reveals another 3.5 million seeking full-time employment but finding only part-time employment.

At any time 25 million wage earners and their families are touched by unemployment.

And over the next year some 75 million Americans will be directly touched by unemployment.

Unemployment is a colossal economic waste, but it is also a human tragedy.

It is being told, "There is no place for you."

The social costs of unemployment are enormous. But the economic costs alone are startling. It is estimated that unemployment will cost the American economy between the years of 1974 to 1980 about a trillion, 500 billion dollars in lost goods, production and income. It forces government expenditures up while reducing government revenues. It forces society to postpone badly needed investments to improve the quality of life.

We also find that after each recession a higher level of unemployment remains to burden society.

In 1946 our goal was full employment.

By the early 1960's we were told full employment really meant 4 percent unemployed.

By the late 1960's the officially acceptable employment target was 5 percent.

And President Ford in his January budget message proposed economic policies that would keep unemployment above 6 percent for the rest of the decade. This is a tragedy. And it is dangerous!

Indeed we have a sizable segment of our population in danger of developing an alienated life style—of becoming a class apart—separated from the main stream of our society—compelled to cut corners—and maintained by an inequitable and inadequate system of welfare.

In America unemployment leads not so much to revolution as to disenchantment. It leads us to a loss of our sense of community. The economic disenfranchised no longer have a sense of belonging. They have been rendered handicapped. It goes without saying that unemployment is like an insidious infection, sapping our strength, denying us productivity, and weakening our social and economic system.

This malady affects all countries to a degree but in our case it is magnified by added racial differences—40 percent of our inner-city black teenagers are out of work. Large numbers of American Indians and poor whites have been forced out of our economic system. A portion of our youth have spent their entire life dependent on welfare and public benefits. We are developing a welfare caste system.

We have a desperate need to get them back to work. This means restoring their faith, their sense of dignity.

I must tell you candidly there is a wide policy difference in the United States today over how quickly unemployment can be reduced. The Democratic Congress has repeatedly passed legislation to accelerate housing construction, to stimulate public employment, and to increase consumer spending power.

Regrettably, President Ford has vetoed much of this legislation.

He believes the legislation to be inflationary. But the majority of our economists find it difficult to believe this legislation will be inflationary when one third of our productive capacity lie idle and 8 million workers are unemployed.

The gap between our actual and potential output is now enormous. Our economy could easily absorb the additional stimulus we called for without triggering inflation.

In fact, as far as these inflationary dangers are concerned, I would stress that a substantial rate of expansion of production over the next two years, say at 8 or 9 percent, would not generate undue inflationary pressures. Indeed, expanded production will reduce inflation as gains in productivity push down unit labor costs.

The Administration's fear of renewed inflation could slow or even stop our economic recovery. I need not remind you that these fears were largely responsible for exacerbating and prolonging the worst recession since the Great Depression.

The duration of past recessions was shorter and recovery more vigorous. Now there is cause for concern about longer range prospects for solid recovery. Automobile production is very important to our economy and we have yet to see vigor in the recovery of this industry. Construction of housing is another important factor in economic performance and this, too, has not as yet shown enough vitality in its recovery.

But the key to rapid economic recovery is increased employment. And there is a great deal more that my country can do to increase employment through expanded public service jobs.

Because we have been blessed with a well endowed and vigorous economy, we have spent little time on the issue of public employment since the great depression of the 1930's. We need to remind ourselves, therefore, that temporary stabilizers like unemployment insurance are no substitute for productive public or private sector work.

Many people say that America is privately rich, but publicly poor, that our public sector is starved. There is a great backlog of public works in America—in public transportation, in the restoration of our cities and in the cleansing of our environment.

An expanded public service jobs program will reduce this backlog, and raise our national income.

It will close the yawning gap between actual and potential GNP.

It will replace unproductive idleness with productive labor.

And it will restore essential public services eliminated by recession-induced state and municipal budget cutbacks.

A rapid economic recovery in America rests on the twin pillars of a stimulative fiscal and monetary policy. In directing monetary policy, therefore, the Federal Reserve System, our central bank, must be a full partner in stimulating recovery. It must maintain a monetary policy sufficient to accommodate recovery while at the same time avoiding inflation.

Persistence of inflation in the midst of our recession shows that we need a national incomes policy. The powers of our Wage and Price Stability Council must be increased and the structural causes of inflation must be attacked, including a more aggressive enforcement of anti-trust laws.

The speed with which our recovery occurs is very important not only for my country but for the other nations of the world.

In clearest terms, because of our global interdependence, all nations have a stake in the ability of the American economy to recover rapidly.

Let me issue a warning now that recovery both in America and world-wide may be reversed due to selfish or shortsighted actions by the oil producing nations. Rumors abound that the OPEC nations will again increase the price of oil in October.

If they take this action, disastrous economic consequences would ensue both in the industrialized and developing nations of the world. And it can only increase political tensions in the Middle East and elsewhere.

OPEC must be convinced that the predicted oil price increases can only have a destructive impact on the foreign economies in which they have so heavily invested, and on the economies of the Third World already shaken by soaring energy bills.

All nations must bring every reasonable influence they can command to prevent another oil price increase. There is no other alternative!

Our present struggle with inflation and recession has reminded us dramatically of our need for economic planning. The United States is the only industrialized nation in the world without a central planning body.

We can no longer afford the luxury of haphazard, ad hoc and disjointed policy making.

Total government spending now amounts to more than one third of our trillion, 500 billion dollar GNP. This impact is magnified by government rules, regulations, subsidies and credit policies influencing every area of the private economy. These activities are carried out with all too little regard of their impact for any period beyond the current year. We have little, if any idea, whether these policies complement each other or work at cross purposes.

There is no mechanism by which these policies can be evaluated, nor is there any agreement on national goals and priorities. This haphazard conduct of Federal regulatory, fiscal and monetary policies contributes to uncertainty and is wasteful.

There is a growing recognition in government and in the American business community that we are competing at a disadvantage with nations that have more advanced economic planning—and there is a growing recognition that there has to be some definition of our long range economic and social goals.

With these considerations in mind, Senator Jacob Javits of New York and I introduced a bill this spring in the Senate entitled, "The Balanced Growth and Economic Planning Act of 1975."

This legislation establishes a central source of economic data.

It establishes a planning process which relies on inputs from state and local governments and the private business community.

It is designed to establish a system of improved economic management.

It is designed to enable private enterprise to plan with a great degree of certainty.

In short it will improve the efficiency we allocate our national resources.

Let me add that the very fact of introducing this bill has sparked a heated debate in America about the need for more economic planning. This was our purpose. But let me point out that our objective is not a planned economy but rather a planning society; a compact between government and the private sector to look ahead—to produce more goods and services with fewer resources due to improved forecasting and increased economic predictability.

We will never engage in planning just for the sake of planning.

Someone once said, it is politic not only to pay attention to a nation's laws and aspirations, but its superstitions, too.

Opponents to economic planning are terrified at the thought of putting all their eggs in one basket—which is but a manner of saying it is best to scatter your money and your attention. In the name of free enterprise they cling to this superstition. But to borrow from our American humorist, Mark Twain, who said:

"Only a fool saith—do not put all thine eggs in one basket. The wise man saith, 'it's okay to put your eggs all in one basket—just remember to watch the basket.' "

Believe me, it is our nature and our inheritance and our American way of life that any attempts at long range planning will have two hundred million eyes glued on the basket!

Let me emphasize that a nation's economic policy is part of a much broader complex of political and social factors. In the United States, we have come through a long period of travail—the race revolution, the terrible tragedy of Vietnam, the Watergate scandal, and we must now cope with a serious recession. For the first time in our history, we had a President and Vice President who resigned and we have at this moment a President and Vice President who were not popularly elected.

But our constitutional government has distinguished itself in surmounting these difficulties. As a nation, we are strengthened in the conviction that our democratic society, with all its diversity and difficulties is sound.

We know that our economic house must be put in order. And we will put it in order through a combination of fiscal and monetary policies and planning designed to coordinate our domestic economic policies.

But the task of bringing economic planning to America is a simple one compared to achieving greater economic cooperation among industrialized nations.

Let's be frank about it—America, Europe and Japan pursue domestic economic policies independent of one another.

The world-wide boom of 1971 and 1972 and the following world-wide recession demonstrated that independent policies can exaggerate fluctuations in the level of economic activity to an alarming degree.

Unilateral economic decision making ignores the fact of our economic interdependence.

The United States, Europe and Japan simply must make a greater effort to coordinate their domestic economic policy. Even now, the depressed Japanese and European economies are awaiting an export led recovery fueled by American consumers rather than following a coordinated plan of action.

Yet, coordinating domestic and economic decisions at the international level will not be an easy task. It cannot be carried out by experts alone.

The magnitude of the political and economic decisions necessary for coordination will require the attention of the heads of state, of political leaders.

It will require an economic summit conference among OECD members who all face the same unique problems of urban, industrialized societies.

Therefore, I propose that an economic summit conference be convened this fall to bring together the heads of states of the industrialized nations of North America, Europe and Japan to discuss the specific coordination of their domestic economic policies. It is essential that they discuss and arrive at acceptable policies in the fields of energy, food, employment, trade and to combat inflationary policies.

The economic summit conference can focus attention on the enduring problems of how industrialized economies should deal with such problems as trade barriers and international monetary reform. But the summit should not be a substitute for the already existing dialogue on these matters. Rather, its role would be to highlight and complement such discussions.

Convening of such a summit conference would not interfere with the continuing efforts of industrialized nations to engage OPEC and the developing nations in constructive and cooperative dialogue. Clearly, coordination of domestic economic policies within the OECD can only lead to a more rapid growth of markets for both OPEC and Third World products.

The summit will benefit all trading nations. It should not be misinterpreted by either developing nations or OPEC as a step toward economic confrontation.

While the industrialized nations of North America, Europe and Japan attempt to coordinate domestic economic policies, they must not lose sight of the growing importance of the nonmarket economies of the Soviet Union, Eastern Europe and the People's Republic of China.

My country's trade with Communist countries has increased substantially, from $580 million five years ago, to nearly $3.5 billion today. Even larger increases have occurred in the case of other Western nations.

I believe that the growth in East-West trade and commercial relations should be encouraged and expanded, for economic as well as political reasons. But there are still some important hurdles in the way of a substantial expansion of such relations.

There is a tremendous lack of knowledge among businessmen in Europe, the U.S. and Japan about how to market their products in Communist countries and how to deal with state trading monopolies.

Many Communist countries have a shortage of convertible currencies which limit their access to our markets.

And to be frank, the sharp differences between political systems have played a role in the development of legislation placing limits on East-West trade expansion.

Preoccupied as we must be with the total range of economic problems of the industrialized world, we must not forget the urgent problems of over one billion of the world's poor in the urban slums and rural villages of the developing world. These people have not benefited from the post-war economic boom.

We must address the growing disparity between rich and poor nations. It is not only a moral and humanitarian problem but an economic one as well. There are too few signs that the industrialized nations are willing to work together with the developing world in reaching substantive solutions to these problems.

Hopefully, more progress will be made at the Seventh Special Session of the U.N. General Assembly which is just opening in New York.

America has a significant role to play in the creation of a development strategy which could meet the needs of the poorest nations. Secretary Kissinger is outlining what our contribution can be. It is clear, however, to me that the cornerstone of a sound development strategy for the Third World is increased food production.

Industrialized nations have a unique opportunity now to make a commitment to increase agricultural production in the developing world through the newly created International Agricultural Development Fund. This fund, to which OECD and OPEC nations will be asked to commit initially a billion and a half dollars, could go a long way in bringing about greater food self-sufficiency, improved diets in developing nations and aid small farmers. But, unless we act now, the U.S. Department of Agriculture estimates that the world food deficit by 1985 might run as high as 71.6 million tons of grain. It could be held as low as 15.8 million tons if prompt action is taken.

The development of a self-sufficient food policy for the Third World should be accompanied by creation of a world food policy in which the United States plays a major role. The major components of this policy must be international food reserves and a full and free exchange of food production and marketing information.

Many centuries ago, governments found it desirable to establish food reserves to cushion the impact of sudden shortages in supplies. My own country stands unique in the world in not having government reserves even today. America also is the only nation allowing free, full and private access to domestic food supplies.

As a result, our consumers and producers are on the crack end of the world food whip. They are all exposed to a shocking degree of price fluctuations.

They need greater stability. And greater stability requires food reserves, insulated from the market so as not to depress farm income. At the same time these reserves must be adequate to meet our domestic needs and to insure our steady customers of adequate food exports.

This vital food reserve in America could be held by the farmers themselves under a crop loan program that would permit them to carry such inventories, or it could be a combination of farmer-held reserves and government supplies.

Ready access to our American market by occasional customers should hinge on their participation in an early warning system where information on food supplies and crop prospects is provided.

We should not permit easy, penalty-free access to our food supply by nation's unwilling to provide consistently complete and accurate information on the condition of their own crops and food needs.

Let me emphasize that the world must no longer depend on the U.S. to be the sole food reserve country. The burden must be shared.

This principle also should apply to other basic commodities. In this period of raw material shortages and rising prices, there is a temptation to use economic trade as a political lever and even as an economic weapon. Let us all resist this temptation. Such a power struggle can only leave everyone in a disadvantaged position.

I am hopeful that producers and consumers will not conduct economic blackmail. I am optimistic that the family of nations will realize that constructive economic interdependence offers the best route to world stability and prosperity.

Economists and finance ministers are by nature prudent and conservative and rightly so. The public man, yes, the politician must be able to sense changes which are taking place and alert us to dangers. Public policies must be the product of public understanding and governmental decision.

There is no better way for me to share my own concern than in the words of our greatest American statesman, Abraham Lincoln:

"The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty and we must rise with the occasion. As our cause is new so we must think anew and act anew. We must disenthrall ourselves. . . ."

Gentlemen this is a different world than it was 100 or even 25 years ago, you and I both know it. There are rising expectations; in both the industrialized and developing worlds. It is our task to realize this—to plan for the future and to do it together.

FREDERICK J. LORDAN SERVED WELL

Mr. RANDOLPH. Mr. President, last week the Senate lost an able and devoted staff member with the death of Frederick J. Lordan, staff director of the Committee on Commerce. For more than 25 years, he worked with the Members of this body and was instrumental in shaping numerous legislative initiatives.

In recent years, my office has been located just across the corridor from that occupied by Fred Lordan. I, therefore, had the privilege of seeing him frequently. He was always cheerful, even though the responsibilities of his position were substantial.

He had long experience in transportation matters and in that respect we shared a common professional interest. Fred often counseled with the Committee on Public Works as we developed transportation legislation and I valued his willingness to share with us his wealth of knowledge.

Mr. President, Fred Lordan had many friends on Capitol Hill. All of us will miss him but we will remember him as a man of high integrity and as a public servant of the highest order.

LESS GOVERNMENT REDTAPE FOR THE RED PEOPLE

Mr. ABOUREZK. Mr. President, why cannot writers who draw up Federal Government regulations involving Indians, or others for that matter, keep their writings brief and clear so that Indians and others that are affected by said rules would be able to understand them?

A statement arrived recently from Mr. Frank La Pointe, a Rosebud Sioux from South Dakota, which explains his problem in trying to interpret recent Bureau of Indian Affairs and Indian Health Service regulations that relate to Public Law 93-638, also known as the Indian Self Determination Act.

Mr. President, Mr. La Pointe's statement is so directly to the point that I would like to share his comments with my colleagues and I ask unanimous consent that his statement be printed in the Record.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[From Sicangu Oyate Ho Inc., St. Francis Indian School, St. Francis, S. Dak.]

STATEMENT BY MR. FRANK LAPOINTE

My name is Frank LaPointe, a member of the Rosebud Sioux Tribe.

This statement is being sent via the U.S. Mail but I hope it will be accepted along with other specific recommendations that must be taken seriously if P.L. 93–638 is to mean anything to the grassroots Indian people.

My plea to you, Mr. Chairman, is that your Subcommittee take a larger view of these proposed rules and regulations. Please give the Indian people something to celebrate during the Bicentennial—less government red tape for the Red People.

I would like to quote from an editorial in the Rapid City Journal on August 23, 1975. Although I don't always agree with its editorials, this one hit the nail on the head:

"Big government is unequipped to take into account unique factors involved in transactions between 50 states, 30,000 locations, and 200 million citizens. As each of the hard and fast regulations prove inapplicable or unresponsive to a new situation, new regulations, exceptions, and redefinitions are enacted in a never-ending struggle to keep pace with the real world."

We are trying to run an Indian controlled contract school out here in the real world and we looked upon P.L. 93–638 as a real solution to some of our real problems.

Now, however, we find a situation similar to that described by the Journal. We have read 58 pages of fine print being proposed for the unique situations in more than 800 Indian tribes, bands, or organizations listed in the 1970 Census, including 792,730 tribal members in 50 states and the District of Columbia, ranging from Oklahoma with 96,803 to Vermont with 204, living on 115 major Indian reservations and many more smaller ones or in 30 metropolitan areas with Indian populations over 2,500 and countless smaller towns.

The 1970 Census also says the median years of education for Indians living in Washington, D.C. is 12.6 so they probably can wade through all the governmental language in these 58 pages, but we Indian people out here in the real world have a heck of a time because our median years of education is only 9.8.

In 1970, there were approximately 20,000 pages in the Federal Register covering rules and regulations. In 1974 that figure jumped to 46,000 pages, and this year the estimate is at least 50,000 pages.

The 58 pages added to the Federal Register on Indian Self-Determination are the straw that is breaking our backs and blowing our minds in our struggle to comply with federal paperwork.

Your Subcommittee should take the lead in turning this country around and make a significant contribution to the real meaning of the Bicentennial Celebration—to allow people on the grassroots level to operate government programs in a way best for them. This means the proposed rules and regulations on P. L. 93–638 should be flexible enough for the unique situation on our reservation as well as the other 114 major reservations in the country.

This can be done in part by ordering the Secretary of the Interior to bring these proposed rules and regulations back to your Subcommittee within 10 days—in a form not to exceed 10 pages in the Federal Register.

Impossible? Maybe, but it would make a real goal. After all, one of the best set of comprehensive rules ever laid down was given to Moses by God Himself on 10 stone tablets. By following this example, your Subcommittee can set the pace for the rest of the government in dealing with "burrocracy" where stubborn adherence to the rule that paperwork begets paperwork is bordering on illicitness.

UNITED STATES MUST EXERT HUMAN RIGHTS LEADERSHIP

Mr. PROXMIRE. Mr. President, there was a time when the United States could practice a policy of isolationism. This is no longer possible. We can no longer crouch within our own borders and declare ourselves to be merely a collection ot hermits who have no desire to know what happens beyond our shores. Such a policy would be folly; our Nation and all nations have become dependent upon one another in an intricate, inescapable scheme of alliances and agreements.

We have established a distinguished position among the world's nations and only a series of our own illogical actions could alter it. It is my conviction that failure of the Senate to ratify the Genocide Convention would be such an action.

Genocide has eradicated the lives of many—Poles, Slavs, Armenians, Chinese, Hungarians—totaling more than 20 million humans. We should not leave the slightest impression in anyone's mind that the United States condones such inhuman actions.

Over 75 nations of the U.N. have realized the significance of this document and have ratified it. The United States has shamefully ignored the Genocide Convention for 27 years.

Our country must not make a gross error and hesitate to assert our basic beliefs. The United States is not a detached nation; our country is an involved leader.

We must exert our leadership to condemn any possible infringements against the principles of our Declaration of Independence. I strongly urge you to ratify the Genocide Convention.

ALTERNATE FORMS OF ENERGY UTILIZATION AND CONSERVATION METHODS

Mr. BAYH. Mr. President, between 500 and 1,000 bills relating to energy matters are pending in committees and subcommittees in the House of Representatives and the Senate. I have introduced such legislation myself. Together with Senators ABOUREZK, PHILIP A. HART, and PACKWOOD, I have proposed legislation to break up vertical integration of the major oil companies in order to bring competition and competitive pricing to the oil industry.

This measure is addressed to pricing and production problems in the oil industry. Similar measures introduced by others focus on the supply, production, pricing or delivery of natural gas or coal.

Today, however, I wish to address myself to another aspect of energy: the development of alternative forms of energy utilization, and the development of conservation methods.

I wish to emphasize a simple point: that energy conservation is the fastest, the cheapest, and the most environmentally safe way to increase the energy supply. While the development of alternative energy sources requires investment of time, money, and technology, we can and must act rapidly to "produce" fuel by conserving it.

Responsibility for these two programs, previously scattered among several Federal agencies, is now largely concentrated in the Energy Research and Development Administration—ERDA.

Action which ERDA takes now in the research and development of alternative energy forms and conservation will have a crucial impact on U.S. consumption of fuel and on the U.S. economy for years to come.

Action which Congress takes in the fulfillment of its oversight and funding responsibilities with respect to ERDA will, similarly, have a long-term impact.

Earlier this year, the administration submitted to Congress authorization and budget requests for ERDA. The budget request reflected no sense of the urgent need for a concentrated Federal effort in energy research and development.

Specifically, the administration budget reflected a great imbalance in favor of nuclear power and defense, and a consequent short-changing of other energy sources. More than one-half of the ERDA budget, in fact, was devoted to nuclear weapons and nuclear development.

Second, the budget to improve technologies for energy conservation was totally unrealistic in terms of the importance of energy conservation in national energy policy. Energy conservation accounted for less than 2 percent of the administration's total ERDA budget.

Fortunately, two committees in the House of Representatives and two committees in the Senate have acted with great foresight to reorder the priorities contained in the ERDA authorizing legislation. For example, the House Subcommittee on Energy Research, Development and Demonstration of the Committee on Science and Technology increased the ERDA authorization for energy conservation research by almost $100 million—the largest authorization increase which the House made compared to the administration request.

The Senate committees have made similar improvements.

Mr. President, our country's potential for energy conservation and development of new energy sources cannot be achieved solely by a crisis-oriented program; or by an undue reliance on voluntary measures or action by private industry; or by high fuel prices.

The Senate and the House, in dealing with ERDA, have recognized these facts. We need a comprehensive, long-term effort to utilize energy more efficiently and reduce waste.

And, I submit, such an effort requires adequate Government assistance.

NEED FOR GOVERNMENT ASSISTANCE

Because this point is basic to understanding what Congress is trying to do through ERDA, I want to elaborate on the reasons why Government involvement is necessary in energy source and energy conservation research and development.

First. Rational business decisions made by private industry are based on the profit motive. Such decisions necessarily reflect a balancing between the risks—the probability of making a profit, including a calculation of when that profit will be realized—and the expected return.

There is nothing wrong with this; this is how the private sector is expected to operate. This is free enterprise.

But it may not be profitable or rational for a private business to indulge in long-term, risky energy and development.

Our national needs are immediate; we cannot wait for private energy development to occur at such time when it will be a profitable enterprise.

Second. Invidual businesses cannot always afford to indulge in massive research and development programs. Or, they can afford to do so if the product of their investment is protected: if a new technology gives the developer a competitive edge and, therefore, the investment returns a profit. This requires that the technology not be shared.

But our energy needs are national: we need to develop technologies which will be widely available so that the national problem will be solved.

Third. The energy problem is more than an economic or business problem. The means which we select to resolve that problem will involve numerous social costs or benefits, as the case may be. Among the social implications of energy policy are its environmental impact, impact on employment levels and patterns, and the balance of trade.

These are matters of national significance. And, to my knowledge, the Federal Government has not yet turned over the responsibility for such national policies to private industry. And I doubt that private industry wants that responsibility.

In other words, the macroeconomic or national goal with respect to energy policy is not fully reflected in microeconomic, or private decisions of individual firms.

This is why Government assistance is necessary: to bring risky and long-term energy technologies to the stage where private industry is willing to become involved, and to insure that the benefits of Government research and development are widely available and coordinated toward a national concept of national needs.

I want to emphasize, again, that we need a consistent course of Government action which will lead to long-range solutions, and not ad hoc solutions, on a month-to-month or even a year-to-year basis.

National policy with respect to energy research and development must have, I believe, two principal goals: to conserve fuel and to increase domestic sources of supply and in that order of priority.

The goals are mutually reinforcing; they are complementary. Conservation is merely another side to development, a side which I believe to be the cheapest as well as the fastest way to increase domestic supply—and with the least environmental distress.

Therefore, I want to mention three research programs of particular interest to me. Each one illustrates the tremendous potential for achieving energy sufficiency which can result from an increased Federal effort.

ENERGY CONSERVATION

The first is in the area of conservation. The ERDA conservation program includes electric power transmission, advance automotive power systems, energy storage systems, and end-use conservation, and improved conversion efficiency as targets for research and development.

I have recommended to the Interior Appropriations Subcommittee that it provide funding for the energy storage and end-use conservation programs at the highest level permitted by authorizing legislation. Both of these programs offers promise of reducing energy waste in the near future on a highly cost-effective basis.

I believe that the most dramatic advances in conservation in the short term—and possibly for the long term as well—will be made in the area of end-use conservation. End-use conservation is probably the most highly "leveraged" sector of the energy economy. It is here that the proverbial ounce of prevention will result in tremendous savings.

For example, a single kilowatt hour of electricity conserved represents a saving of 0.9 pounds of coal; or of 0.074 gallons of oil; or of 10.4 cubic feet of natural gas. And it also means reduced pollution—at no increased cost whatsoever.

The options for Federal end-use conservation research are so numerous as to seem endless. They include, in both the commercial and home sectors: Insulation; lighting alternatives; architectural design; urban design; incentives for the production and purchase of more efficient applicance; sociological aspects to adaptation of lower energy consumption life-styles and work-styles.

In the commercial and industrial sectors, consider the following: Development and publication of energy consumption data; ways of bringing capital cost tradeoffs to bear on the choice of energy efficient systems in the construction and purchase of structures; effects of the tax systems on energy use in buildings; recycling of materials; sponsorship of new industrial processes which would require less energy per unit of output.

In short, there are so many opportunities for Federal assistance in the end-use conservation program that the biggest problem may simply be deciding where to begin.

A second important area for Federal action is energy storage.

The development of new technologies for energy storage will provide the country with a greater degree of self-sufficiency in energy supplies, as well as fostering a more efficient generation, distribution and use of energy. This research is directed toward eliminating waste created by existing use patterns: Energy demands have daily, weekly and seasonal peaks, yet most powerplants are most efficient when operating at a constant rate of output. Energy storage systems will not only permit more efficient use of powerplants, but reduce the need for scarce fuels, such as oil, by shifting consumption to more plentiful fuels, such as coal.

Another problem is heat waste, a costly and unnecessary expenditure of fuel. The significant heat waste associated with industry and with the generation of electricity can be curbed if we commit sufficient resources to developing methods to capture and reuse that heat.

FLUIDIZED BED COAL COMBUSTION

In the area of alternative energy sources, ERDA has targeted several areas for research, demonstration and development. Nonnuclear targets include the fossil fuel program, and other, nonfossil possibilities, such as solar energy; photovoltaic conversion; wind energy conversion; ocean thermal conversion; and geothermal.

The principal areas of fossil energy development are coal, petroleum and natural gas.

It is estimated that natural gas comprises 9 percent of total domestic fossil fuel resources; that petroleum constitutes 8 percent. Yet we depend on natural gas and oil to supply 79 percent of this country's energy needs.

Fully 80 percent of our domestic fossil fuel resources are made up of coal—3 trillion tons of it, more than half of the world's total reserves, enough to supply all of the energy needs of our entire Nation for at least a century.

Coal can and should be an important near-term source of clean fuel; very possibly it will provide energy well into the next century.

The action which ERDA takes, and which Congress takes, will impact decisively on the early development of alternate coal utilization processes.

Unfortunately, we have been lacking in foresight in our attitude toward coal. For the long term, coal gasification and liquefaction deserve greater emphasis. Even more importantly, we can make clean and efficient use of coal in the short term through accelerated development and affiliation of advanced technologies for burning coal as coal.

One of the more promising of these processes is the direct combustion of coal in fluidized beds—FBC. This is a technique of direct combustion of coal in a fluidized bed of granular nonburning particles.

There are two major classes of FBC systems: the atmospheric and pressurized. The data base for atmospheric FBC is considered extensive, and commercialization of the process by the early 1980's seems obtainable.

FBC holds promise of allowing expanded direct use of coal in a cheap and environmentally acceptable manner. Specifically, the process permits the utilization of low-quality coal in a manner which maintains emissions in compliance with the Federal new source emission standards. This feature will reduce costs because: First, available supply will be expanded to include low as well as high grade coal; and second, transportation costs can be reduced as consumers will be able to use the nearest available supply, regardless of quality.

FBC also may be capable of producing

higher overall thermal efficiencies than conventional plants—further reducing costs because less coal will be burned to provide the same amount of energy.

Finally, because of fluidized bed steam generator is significantly smaller than a conventional generator of the same capacity, the capital costs involved are lower. Because of their smaller size, FBC boilers may be shop-fabricated and shipped, preassembled, to the powerplant site—eliminating costly field fabrication and erection, as well as taking advantage of the economics of scale and quality control offered by mass production.

I want to emphasize that FBC is not a new or unknown technology. At least 12 different organizations—both public and private—have carried out programs concerned with FBC. At least 30 different test rigs have been used.

This technology is at the stage where an intensive Government effort can bring it into commercial use within the next few years. I have recommended that the Senate Committee on Appropriations fund this research and demonstration program at the highest allowable level so that commercial use will be speeded up.

We should not hesitate to concentrate our efforts on programs such as FBC so that national coal policy will be a reality and not a conglomeration of half-hearted efforts.

CONCLUSION OF MORNING BUSINESS

The **PRESIDING OFFICER**. Is there further morning business? If not, morning business is closed.

EXECUTIVE PROTECTIVE SERVICE

The **PRESIDING OFFICER**. Under the previous order, the Senate will now proceed to the consideration of H.R. 12, which will be stated by title.

The second assistant legislative clerk read as follows:

> A bill (H.R. 12) to amend title 3, United States Code, to provide for the protection of foreign diplomatic missions, to increase the size of the Executive Protective Service, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on Public Works with amendments.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that Stevens Swain, and Harold Brayman of the staff of the Committee on Public Works, and Robert Jackson be granted the privilege of the floor during the debate on H.R. 12.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. BUCKLEY. Mr. President, I urge that the Senate pass H.R. 12 as it was reported from the Committee on Public Works.

The bill was approved in committee on a strong bipartisan vote, 9 to 2. I believe it is a sound and a cost-effective approach toward meeting a problem that no one wishes to have continued.

This legislation expands the ability of the Federal Government to provide necessary and vital protection for foreign diplomats and dignitaries visiting the United States. The bill expands to 1,200, from 850, the authorized size of the Executive Protective Service. The Executive Protective Service is the uniform branch of the Secret Service and has the responsibility to protect the White House, the Executive Office Building, and foreign missions in the United States.

The protection of foreign missions was made a Federal responsibility by passage of Public Law 91-217. Until then, the protection of embassies in Washington, D.C., was the responsibility of the Metropolitan Police, but because of rising crime and other factors, this responsibility was transferred to the expanded Executive Protective Service.

As a practical matter, the EPS protects missions only in Washington, leaving to local police in other cities the responsibility for day-to-day protection of consulates and United Nations missions. That is as it should be. But the present law, recognizing that extraordinary threats do occasionally arise outside the Washington area, authorizes the President, on a case-by-case basis, to send EPS officers to cities outside Washington. This is important in these days when the rise of terrorism can place such unexpected burdens on many cities.

These are sad days, when dynamite sometimes is substituted for debate. There is always a possibility that a band of terrorists may threaten to assault a diplomatic mission in New York City or New Orleans or San Francisco. I believe that such a threat merits action by the Federal Government to provide reasonable protection against the threat. This bill would provide that assurance.

As reported, H.R. 12 strengthens this protective authority, while reducing its potential cost. The bill requires that the Secretary of the Treasury, the cabinet officer through which the Secret Service operates, provide this out-of-town protection in cases of "extraordinary protective need." This authority goes to the cities where the danger would be most evident, cities where 20 or more legations are located.

The report on this bill was not complete in its listing of those cities where 20 or more foreign diplomatic missions are located. The report notes that six cities have 20 or more consulates. They are: New York, 77; San Francisco, 47; Los Angeles, 37; Chicago, 30; New Orleans, 24; Houston, 22. These figures are available from the Department of State's published list of "Foreign Consular Offices in the United States, 1975." That list also cites 21 foreign consulates in Miami, Fla. Thus, while the report does not specify Miami, that city would certainly qualify under the language of the bill in cases of "extraordinary protective need."

Of course, the interpretation of what constitutes an extraordinary protective need rests with the Secretary of the Treasury. In response to a question in our hearing, I would note that the Treasury Department testified that it considers the phrase extraordinary protective need as a temporary need that is "to be terminated at the conclusion of the extreme threat."

As importantly, this bill encourages the Treasury Department to delegate the implementation of this special, extraordinary protection to the police officials of the affected city, on a reimbursable basis, when local officials request it, and when delegation is appropriate.

Thus, if the Secretary determines that an extraordinary-protective need exists in relation to the visit of a foreign head of state to New York City or Chicago, or due to terrorists threats to diplomats stationed at a mission, he would first contact local officials to see if the local police can provide this extra, overtime protection. This is appropriate because local law enforcement officers have the sources of intelligence and information to provide the protection most efficiently, and at the lowest cost.

This delegation would also save the EPS the costs of transportation, out-of-town maintenance, and the hiring of officers who might otherwise be under-utilized much of the time. This authority, of course, extends to the points of arrival and departure of the diplomat during this period of extraordinary protective need.

The bill also provides that protection will be provided for an endangered diplomat when he is in residence at a hotel. This is an important modification because many diplomatic visitors to major cities outside Washington stay not at the actual mission building, which may be no more than a storefront office, but at local hotels. It is in the national interest, I believe, that protection not be halted when the diplomat walks across the street from his "mission" to his "hotel."

I recognize the points of objection made by the distinguished chairman of the Subcommittee on Buildings and Grounds (Mr. MORGAN) and by my good friend from North Dakota (Mr. BURDICK) in their minority views. But I believe their arguments miss the point.

H.R. 12 is designed to augment the safety provided to foreign diplomats in the United States, and at a cost less than that protection would cost if it were provided under existing procedures. By allowing the Executive Protective Service to delegate this responsibility to local officials, when requested, and then reimbursing local governments for that cost, the Federal Government should be able to produce significant savings from the costs it would incur if forced to dispatch officers from Washington. I point out that the report estimates this savings at about half the Federal cost.

The minority views also state that this bill would pay the "more or less routine expenses" of New York and other cities. That, I believe, misinterprets the language of the bill. It states that the EPS will be sent to meet "extraordinary protective needs." I do not know how to equate the word "extraordinary" with the phrase "routine expenses."

The opponents of this bill also state that the District of Columbia is specifically excluded from this legislation. How can this be? The EPS seems to blanket Washington. The fleet of blue Executive Protective Service patrol cars regularly prowl the streets of Washington. EPS officers can be seen regularly in the Embassy Row area of this city, providing 24-hour-a-day, 365-days-a-year protection for embassies here. It has two posts protecting the Russian and Israeli embassies, day in and day out, all year long. At 128 other locations in Washington, on a basis of need, the service provides at least one man on duty for 1 day. In many cases, this need lasted for weeks, involving around the clock protection. And EPS maintains four regular, round-the-clock foot patrols that give special attention to several embassies, plus regular checks by scooter, cruiser, or foot at 230 other locations.

Then there is the cocktail circuit. On 364 occasions last year, the EPS provided two or more officers to direct traffic and provide protection at diplomatic cocktail parties. I argue that it is far more important that EPS provide extraordinary protection outside Washington for unusual instances, such as occurred when Yasir Arafat visited New York last year, than to provide traffic cops for diplomatic cocktail parties in Washington.

This bill will help New Orleans and Chicago and Houston and other major cities meet this national burden.

I believe that the protection of a controversial dignitary walking into a volatile situation in Miami or New York is far more important to this Nation's interest than directing traffic at a cocktail party in Washington, D.C.

The only present authority to go outside Washington depends on a case-by-case directive by the President. The Treasury Department testified that the use of the directive in H.R. 12 for protection in cases of extraordinary protective needs "would seem to be less cumbersome than the present law which states 'as the President, on a case-by-case basis, may direct.' "

In the words of Treasury Department testimony to our committee:

> Increased intelligence information shows more and more attacks can be expected against foreign diplomatic installations in the United States. . . . The outlook for the future is that the trend in the number of politically motivated acts of terrorism has not yet reached its peak.

The committee, I must point out, included language that limits the scope of this reimbursement authority for any fiscal year to $3,500,000. Testimony before the Committee on Public Works indicated that such a sum would be sufficient to finance this protection. On that point, Mr. President, I ask unanimous consent that a copy of a letter from Mayor Beame of New York City that describes the problem be included at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE CITY OF NEW YORK,
OFFICE OF THE MAYOR,
New York, N.Y., November 18, 1974.

Hon. GERALD R. FORD,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: New York City is proud to be the home of the United Nations, and we have always welcomed foreign diplomats and consuls general to work and live here.

As a matter of fact, the City has a special agency, the Commission for the United Nations and for the Consular Corps, established to give assistance to all members of the international community during their residence in New York City.

Furthermore, United Nations and foreign embassy properties are exempted from the obligation to pay City real estate taxes, and the City of New York also provides daily protection, 24 hours a day, 365 days a year, to the diplomatic corps.

For years, I have sought Federal reimbursement of extra police costs on grounds that these costs are purely international in nature, and therefore, are an obligation of our Federal government.

Since becoming Mayor, I have specifically brought this matter to the attention of the White House and have discussed it with members of the White House-City Hall liaison committee established by the President more than six months ago. While we have heard sympathetic responses, we have received no action on this matter—and certainly no money.

The City of New York is willing to shoulder part of the financial burden of being host city to the United Nations. However, we do believe that, in all equity, the Federal government should assume its proper share of the cost. It is not fair to ask the taxpayers of one city alone to pay for what affects all the people of our country.

The City now provides $2.4 million a year in daily police protection for members of the United Nations and the Consular Corps. This is normal, routine protection and does not include extraordinary expenses incurred because of unusual events at the United Nations.

For instance, the personnel cost alone to New York City taxpayers of protecting Yasir Arafat and members of the Palestine Liberation Organization during their visit last week to the United Nations totaled $696,592. This was exclusive of helicopter use, fuel costs, police launch expenses and other transportation costs.

Another example was the 15th anniversary celebration of the United Nations which cost us about $3 million and the 25th anniversary celebration of the United Nations, attended by some 70 heads of state from all over the world, which cost us about $2.6 million.

The fate of world peace often depends upon our ability to provide secure and efficient police protection to world figures involved in serious controversies. The New York Police Department deserves the commendation of the entire world in carrying out its security mission so skillfully and effectively during the Arafat visit last week.

Most of the people in this City were angered by the United Nations decision to bring the PLO to its shores. Nevertheless, we recognized our responsibility to ourselves and to the world to maintain order and calm.

Not a drop of blood was shed in this City because of the Arafat visit. That's a remarkable achievement which ought to serve as a model for our international community to follow.

New York City's present budget problems make it more urgent than ever before that the Federal government reimburse the City for its costs in protecting the international community here.

We urge you, therefore, to approve a Federal appropriation of $3.1 million to reimburse us for our current United Nations expenses—$2.4 million in routine police protection and $700,000 for the Arafat visit. We urge you also to establish this kind of appropriation on an annual basis to reimburse us for our actual police costs each year.

I call your attention to the fact that because of Federal treaties, we are required to exempt the United Nations and foreign embassy property from City real estate taxes, totaling close to $7 million this year.

Over the years, a conservative estimate of our cumulative real estate tax losses is $75 million, and a conservative estimate of the City's cumulative direct police expenses in protecting the international community is $35 million.

We would like to discuss our real estate losses and police costs of other years with Federal officials on another occasion. We are concerned, however, at this time, with being reimbursed for a specific, out-of-pocket cost of $3.1 million for the police protection we are providing this year.

We want the United Nations here. It belongs here in the capital of the world. As you know, New York City spent many millions of dollars in preparing the United Nations site, and we committed ourselves to spending additional millions toward its expansion. We are also providing other municipal services on a daily basis to the diplomatic corps, other than police protection. And, we have done so willingly.

But, the time has come, in all fairness, for the Federal government to help us carry out this international task.

Sincerely,

ABRAHAM D. BEAME,
Mayor.

Mr. BUCKLEY. I also note what I consider was the favorable commentary on H.R. 12 that was provided in our hearings by James Featherstone, Deputy Assistant Secretary of the Treasury for Enforcement. Mr. Featherstone testified:

> Our concurrence in section 1(a) of H.R. 12, which provides for assignment of EPS officers in metropolitan areas with 20 or more foreign missions, is based upon the construction of section 202, as amended by H.R. 12, that the determination of 'extraordinary protective needs required' is to be made by the Secretary of the Treasury. The request of the 'affected metropolitan area' is nothing more than a request; and, presumably, some demonstration of 'extraordinary protective needs' will be presented for the Secretary's consideration.
>
> Of course, the Secretary is not bound by the request or the evidence of local authorities in support of their request; and he may make his determination based upon information presented only from sources other than the requesters. This authority of the Secretary is embodied in his authority to supervise the Executive Protective Service.

In conclusion, I note that this bill may prove very important prospectively. We must do all that we can to assure that foreign diplomats can visit our Nation with every assurance of safety, preventing the stain of terror from splashing upon our Nation.

I point out that in the next 2 days President Sadat of Egypt will be in New York City in circumstances that could be explosive, and that it is precisely to make sure that such a dignitary is given adequate protection that this legislation has been introduced.

I urge the Senate to pass H.R. 12 as reported.

Mr. MORGAN. Mr. President, I think no one should make any mistake about this bill. This bill is simply one that is designed to render assistance and aid to the city of New York. Call it by any other name, that is all it is.

The distinguished Senator from New York mentioned that President Sadat would be in New York tomorrow. He is in Williamsburg today. There is nothing in the world in this bill that would aid or assist the police or the law enforcement officers in the city of Williamsburg in their duties to protect President Sadat, no more than there would have been any assistance to them when they protected Emperor Hirohito some 2, 3, or 4 weeks ago.

For the record I think we ought to make it clear, Mr. President, what this bill does. In the first place, it provides that the Executive Protective Service can authorize payment to local cities that have as many as 20 diplomatic missions in them for the purpose of protecting dignitaries who visit there.

There are six, or if we add Miami, there are seven of those cities.

According to Mayor Beame's request there is an amendment pending that would make the reimbursement up to $3.5 million a year. What makes a bad bill even worse, Mr. President, is that it is retroactive.

There are two other provisions of the bill, one of which, I think, however, is a good provision. That would provide increasing the number of Executive Protective Service members from 850 to 1,200, and it would classify the director and the deputy director as service career personnel. I would favor that.

But, on the main bill, Mr. President, I think we ought to say the main thrust of this bill is simply this: It would provide a method whereby a few of the major cities in this country—New York and five others or six others—would be entitled to call upon the Secret Service for the protection of foreign missions located within their limits or else bill the U.S. Government for the services that their own police render in doing so.

According to the language of the bill, this assistance would be requested on the basis of extraordinary protective need.

I think it is important to note there is already law on the books allowing the President of the United States, under certain extraordinary circumstances, to provide Secret Service protection for visiting dignitaries. So this act is redundant in addition to being discriminatory, and extremely vague as to application.

As written, the bill offers no standards as to the scope of local police authority which shall qualify for reimbursement. Deputy Assistant Secretary of the Treasury James Featherstone testified before our committee, as the distinguished Senator pointed out. He testified that he was in the dark as to what would be an allowable level of police response, and he does not know how, he said, if at all, the quality and scope of local actions would be audited.

I might add, parenthetically, Mr. President, he also testified in opposition to the reimbursement provisions of this bill. He said:

> As a result, we have concluded that the reimbursement provisions contained in section 1(d)(1) of H.R. 12 are not acceptable since they would require substantial outlays at a time when we are making strong efforts to reduce Federal spending and assist the recovery of our economy. We must also realize that cost expansions through such programs are likely to prove to be far beyond current annual expectations.

This worries me because I think it is inevitable these problems will lead to a breakdown of important distinctions between Federal and local police authorities.

Look at the position the Treasury will be placed in. Either it must pay out whatever the local government claims its expenses were or it must begin to direct and control the actions of local police, deciding what shall and shall not be necessary in the performance of their duties, and this is a very, very dangerous precedent to establish.

Besides this, the law is discriminatory. Federal restitution to local jurisdictions will be made only if they are metropolitan areas having 20 or more foreign missions, and these presently are New York City, Houston, San Francisco, Los Angeles, Chicago, New Orleans, and I except Miami. But other jurisdictions have also said they experienced extraordinary protective needs when foreign visitors have come to their cities. Several have sought restitution but would not be covered under this law. They are Honolulu, Kansas City, Dade County, Fla., Beverly Hills, San Diego, San Clemente, Orange County, and others. Others have come out in favor of restitution, including Portland, Seattle, and Milwaukee.

Consider this: When the Emperor of Japan came here recently he visited New York City, but he also went to Norfolk. When Bernadette Devlin was here she visited New York, but she also visited Detroit. When Khrushchev visited the United States, he went to New York, but he also went to Pittsburgh, to Des Moines, and Coon Rapids, Iowa. But none of these would be covered under this bill.

Here in Washington the local police are frequently called upon to supplement police efforts. Yet the State Department informs me there has never been a special payment to the District of Columbia for police services, and this bill would go so far as to specifically exempt the District of Columbia from the provisions of it.

We ought to be able, Mr. President, to guess what will happen. Once discriminatory elements in this bill become evident, there will be demand for equity, and the cost of this legislation will rise astronomically.

I mentioned a moment ago that title III of the United States Code, which this bill, H.R. 12, would amend, already gives to the President on a case-by-case basis the authority to provide Federal protection to any foreign officer anywhere in the United States if the local police cannot cope with it.

What we are being asked to do is to remove the law's restraints. The decision as to Federal responsibility would be downgraded and would be lodged with the Treasury instead of with the President of the United States.

Moreover, we are going to change the nature of the Federal response from providing direct assistance through the Secret Service to paying the bill after the fact for local police protection, as is clearly evidenced from the retroactive provision of this bill.

All these matters lead me to wonder at the real effect the bill would have. I think it is significant that when Edward J. Kiernan, president of the International Conference of Police Associations testified in favor of H.R. 12, he stressed New York City's "routine policing of the United Nations Complex, plus all of the Embassies, Missions, and offices of its member nations." He also spoke of New York City's police contribution on a daily basis.

I believe we will find, Mr. President, that such routine police activity soon will be described as "extraordinary protective needs," should we pass this bill.

Mr. ROBERT C. BYRD. Will the Senator yield for a question?

Mr. MORGAN. I will be delighted to yield.

Mr. ROBERT C. BYRD. What is the estimated annual cost of this legislation to the Federal Government?

Mr. MORGAN. $3.5 million per year under the bill as it now stands.

Mr. BUCKLEY. Will the Senator yield?

Mr. MORGAN. I yield.

Mr. BUCKLEY. There is a ceiling established within the bill, based on testimony.

Mr. MORGAN. I would suggest to the Senator that the ceiling will become the amount, and that as soon as other cities learn that these six cities are entitled to it, I would predict that we would have to then treat all cities alike, and the cost of it would be astronomical.

Mr. ROBERT C. BYRD. Mr. President, how does the distinguished Senator from New York explain the paragraph on page 4 of the committee report which indicates that for fiscal year 1977, the cost in subsection (d) is estimated by the Treasury Department to be $4.5 million; in 1979, $3.6 million; in 1980, $3.7 million, and, in 1981, $3.75 million.

Mr. BUCKLEY. Mr. President, those figures reflect the increase in the personnel that would be added to the EPS in this bill. I believe the distinguished chairman of the subcommittee does not oppose that increase from 850 to 1,200.

Mr. MORGAN. On the personnel.

Mr. BUCKLEY. This does not reflect potential reimbursements.

Mr. ROBERT C. BYRD. What the distinguished Senator from North Carolina has reference to is the last line, in response to my question. The cost of subsection (e) is limited to a maximum of $3.5 million.

Mr. MORGAN. That is correct.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. MORGAN. Mr. President, I would like to make some comments——

Mr. ROBERT C. BYRD. Will the Senator allow me to ask one further question? Over what period of time will this legislation extend, if it is enacted? It will be how many years?

Mr. MORGAN. It will be indefinitely.

Mr. ROBERT C. BYRD. So we are talking about $3.5 million in perpetuity?

Mr. BUCKLEY. As a maximum, yes.

Mr. MORGAN. A maximum under this bill, but we can certainly look for it to be extended.

Mr. President, I have found there is a widespread assumption that the presence of the United Nations in New York City is somehow the doing of the Federal Government, and that it is therefore a Federal responsibility.

In the first place, nothing could be further from the truth. According to

Trygve Lie, first Secretary General of the U.N., New York City mounted an entirely local campaign, in competition with other American and European cities, to win the United Nations.

The Federal Government initially favored Geneva. When the search for a site was narrowed to the United States, the Government could hardly have been said to favor New York. President Truman opposed New York, his Secretary of State Edward Stettinnius advocated San Francisco, and the Government formally offered the Presidio as a site for the United Nations.

The city of New York knew that there were significant economic and cultural benefits to be reaped by having the United Nations located there and they actively sought it. Having reaped the benefits, it seems highly inconsistent to me for those interested in the plight of that city to come forward and ask that the United States Government pay the bill for police services rendered when world figures are naturally attracted there.

The fact of the matter is, the Federal Government did not "assign" the United Nations to New York City. The delegates there are not ambassadors to the American people, but to the United Nations alone, which New York City successfully tried to attract.

In the second place, where is the Federal responsibility with regard to the visit to the United Nations of the terrorist Yassir Arafat? The U.S. Government did not invite him; the United Nation did, over the expressed opposition of the U.S. Ambassador.

And as to the Federal responsibility for the "conflicts of nationalistic groups" in the streets of New York in reaction to Arafat's visit and to the Greek-Turkish war in Cyprus, any notion of that ought to vanish when we realize one thing.

According to the New York Times, the demonstrators being controlled by the New York City police on those occasions were by and large residents of New York's large ethnic neighborhoods, and therefore citizens of the city itself.

Mr. President, it appears we are being asked to pass special-interest legislation to have the taxpayers at large, including the voters of my home State of North Carolina, pay for the fact that New York and certain other cities are in and of themselves, and incidentally sought to be, world centers.

Mr. President, it has many drawbacks, I grant you, but as I mentioned to the Senator in committee, I visited the United Nations earlier this year as a delegate of this body. I think I paid $65 a night for a single hotel room in that city. I paid some rather high food costs, even $1.50 for a hotdog. So I say that the many visitors who are going to this city in many ways help pay the costs of it.

Furthermore, the ramifications of this bill, Mr. President, are just beyond imagination. Surely, if we are going to pay New York City, then we must pay the little village of Williamsburg; we must pay Norfolk, Va.; we must pay every other area.

There is one other provision of the bill which I would like to discuss while I am at it, Mr. President. I think we probably deleted it through error. That is we deleted section 2 of the House bill which would classify the Director and the Deputy Director of the Secret Service as career officials.

I believe the provision was misunderstood by the subcommittee, which struck it, thinking it meant a reclassification and a pay raise for these two positions. This is not the case. The Director and Deputy Director already serve at levels IV and V of the Executive Service, and the law would not change this.

Rather, title 5 of the United States Code would have been amended to include the Secret Service positions specifically, as it already does include other similar positions: What would have been accomplished was to give statutory support to the classifications of the Director and his deputy, thus making them less vulnerable to possible political pressures.

This was later understood by the committee, I think, but in the rush of a very hurried meeting unfortunately we failed to restore the language. I think this provision is uncontroversial, and ought to be reinstated and passed. I would ask when we get to this point that this amendment be agreed to in order that these two officials may have the career status that their counterparts in other areas seem to enjoy.

Mr. President, for that reason I urge that the bill and the amendments which will come forward be defeated.

Mr. BUCKLEY. Mr. President, first of all, if the distinguished Senator from North Carolina wishes, I would be delighted to accept his brief amendment, if he will accept the balance of the provision. I would raise no objection whatsoever to the restoration of that language.

I think my friend from North Carolina has demonstrated why he was, I believe, Chairman of the National Association of States Attorneys General. He has marshaled his arguments well.

I regret to say that I do not believe that they are, however, persuasive in the light of the situation as it exists.

In the first instance, President Sadat has gone to Williamsburg. Yes, other people who come to this country on diplomatic missions will avail themselves of the opportunity of visiting some of our historic spots.

But, those visits elsewhere are discretionary. The problems of law enforcement in a Williamsburg are totally different from the problems of law enforcement in a Chicago, a Los Angeles, or any of the other huge metropolitan areas with vast populations, where, in the nature of things, diplomatic missions tend to be clustered.

Certainly the protection of President Sadat while visiting a Williamsburg is totally within the capability of the Secret Service. In short, I am suggesting that he is protected by the arm of the Federal Government that is associated with the EPS. What our legislation would do is to provide a second option, one that is far less costly. That is to allow the Federal Government, instead of using its own personnel, in this increasingly dangerous climate in which we live, to make use of the people already on the scene, the people who can be mobilized on short notice, who know the cities, know the problems, and know where the troubles may arise.

The Senator from North Carolina stated it was discriminatory that only seven cities should be singled out for this protection. The fact is that the seven cities have in them a cluster of missions that are there because they serve the mutual convenience of the United States and the foreign countries with which the United States has regular concourse. The 20-mission cutoff is one that was adopted in the House of Representatives, and that our committee found to be reasonable as focusing on those areas where one is most apt to run into serious problems of law enforcement.

The Senator from North Carolina said that this language is somehow vague in its application, and suggested that we might end up with an open ended situation, the ultimate cost of which could not be estimated. He suggested that somehow or other the very clear distinction between extraordinary need and the provision of routine general protection would vanish.

The fact is that this bill foresees and copes with this possibility by vesting exclusive authority to determine whether or not there shall be reimbursement with the Secretary of the Treasury. I believe that the Secretary of the Treasury, more than anyone else, is anxious to keep money in that Treasury rather than let it dribble out where there is no clear justification. So I believe that this language is anything but vague in application, and that it will in fact pinpoint areas where, because of the outbreak of terrorism on a global scale, we are facing new situations that no one would have contemplated.

My distinguished friend from North Carolina pointed out an accurate story. New York City was anxious to have the U.N. locate there. Yes, there are benefits in terms of prestige and culture from bringing this world body into the city. The city has been providing all these years, and intends to continue to provide, all of the normal facilities and protections that come with protecting people who are there. This involves sanitation, fire protection, and normal police protection. But, again, I do not believe that anyone 30 years ago ever contemplated that a time would come when the kidnapping of diplomats, terroristic activities, or dynamiting would become tools of international politics.

The situation is going to get worse and not better, I fear, if we can draw any conclusions from the headlines of the last few months. But this is certainly an extraordinary situation, an extraordinary threat the cities of Chicago, Los Angeles, San Francisco, New Orleans, Miami, Houston, and New York certainly did not contemplate when they offered their hospitality to foreign nations.

So I believe, Mr. President, that the need is real, that the protections are clear, and that there is a limit on the ultimate cost that fully protects the interests of the taxpayer, while recognizing what must be considered a Federal responsibility for the ultimate safeguarding of people who visit the United States on diplomatic business.

The Senator from North Carolina did speak about the fact that this legislation would become effective as of July 1, 1974. That date was selected when the need became most clearly identified. It happens that New York City was the target of many demonstrations connected with the session of the United Nations last autumn. This was particularly true during the 1-day visit of Yassir Arafat, the leader of the Palestine Liberation Organization. While I consider that the Arafat visit clearly met the definition of extraordinary protective need—and incidentally it placed an additional police burden on the city of $700,000—I must note that the responsibility to evaluate the merits of any retroactive request rests exclusively with the Secretary of the Treasury, and this was included in the House-passed bill and accepted in the Senate version.

Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc.

Mr. MORGAN. I object.

The PRESIDING OFFICER (Mr. HATHAWAY). Objection is heard. The clerk will state the first committee amendment.

The assistant legislative clerk read as follows:

> On page 2, line 7, insert the following:
>
> (c) Section 202 of title 3, United States Code, is amended by adding at the end thereof: "As used in this section, the term 'foreign diplomatic missions' includes hotels and similar places of temporary domcile that are used by officials connected with foreign governments, including provisional governments, when such officials are visiting the United States or official business, including attendance at the United Nations".

Mr. BUCKLEY. Mr. President, that provision, which was not present in the House bill, is necessary to achieve the objective of the House bill. The plain fact is that except in New York and Washington, where we have the Blair House and the various embassies, the diplomatic missions in various parts of the country do not have housing facilities. If we are going to protect the person of a visiting dignitary, the protection should be extended to where that dignitary must necessarily lay his head at night.

Mr. MORGAN. Mr. President, this makes a bad bill even worse, because it extends protection regardless of where he lays his head.

I think the original bill was much better. If we are going to have protection, there ought to be some safeguards and protection as to where we can protect him. I urge the defeat of the amendment.

Mr. BUCKLEY. Mr. President, I would continue to urge that the Secretary of the Treasury has the jurisdiction to determine whether it is reasonable or unreasonable to believe that the protection, on the whole, is necessary to meet a significant and unusual threat.

Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the first committee amendment (putting the question).

The Chair is in doubt.

Mr. BUCKLEY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BUCKLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment.

Mr. BUCKLEY. Mr. President, I understand that the Senator from North Carolina wishes to withdraw his objection to this particular amendment.

Is that correct?

Mr. MORGAN. Mr. President, I do, with the understanding that I wish the record to reflect that, if the bill is going to be adopted, then the amendments that were argued about would be all right. So I withdraw by objection.

Mr. BUCKLEY. I thank my friend from North Carolina.

I understand that time is almost up. I ask unanimous consent that we take this matter up again at 4 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

NOMINATION OF GEN. ALTON D. SLAY TO BE LIEUTENANT GENERAL

The PRESIDING OFFICER. Under the previous order, the hour of 1:15 p.m. having arrived, the Senate will proceed in executive session to consider the nomination of Gen. Alton D. Slay to the rank of lieutenant general in the U.S. Air Force, with the vote thereon to occur at 2:15 p.m., the time to be equally divided between the Senator from Indiana (Mr. BAYH) and the Senator from South Carolina (Mr. THURMOND).

The assistant legislative clerk read the nomination of Alton D. Slay to be a lieutenant general in the U.S. Air Force.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, as I understand, each side has 30 minutes.

The PRESIDING OFFICER. The Senator is correct.

Mr. THURMOND. I allot myself 5 minutes.

The PRESIDING OFFICER. The Senator is recognized for 5 minutes.

Mr. THURMOND. Mr. President, the question now before the Senate is whether the promotion of Maj. Gen. Alton D. Slay to the rank of lieutenant general in the U.S. Air Force should be confirmed by the Senate.

My colleagues should realize that the Committee on Armed Services favorably reported the nomination of General Slay to be lieutenant general on July 24. In reporting that nomination to the Senate no member of our committee voiced specific objection to the Slay nomination.

The Senate may also recall that on April 24, 1974 we had before us the nomination of General Slay to be permanent major general. That promotion was recommended by our committee and the Senate then confirmed his nomination 51 to 36 after considerable debate and discussion. There are no new facts, to my knowledge, bearing on General Slay's fitness for promotion which were not discussed last year.

Mr. President, while I defend the right of any Senator to question or object to any nomination, I hope we can promptly dispose of this matter one way or the other. It is, in my opinion, unfortunate it could not have been resolved prior to the recess, especially since I believe this issue has been fully aired before.

The question of involvement of other officers and men in the "unauthorized bombings" in Vietnam was thoroughly reviewed by the Committee on Armed Services in hearings between September 11 and 22, 1972. These hearings followed visits to Vietnam by two staff members charges with investigating this matter.

General Slay, of course, was among those we interviewed and our committee was satisfied he was not involved. Subsequently, the committee has concurred in the nominations of promotion for General Slay, first to permanent major general and now the promotion under consideration today to lieutenant general.

At the heart of this issue is a basic military axiom, the obedience of orders issued by a superior officer. To begin with, the Vietnam war was managed by civilian authority through military officers on the scene to an extent never before attempted in our history.

While our committee found fault with the actions of General Lavelle in carrying out his orders, Genral Slay was merely executing the orders issued to him by a superior officer. The basic issue thus becomes a question as to whether every subordinate commander in Vietnam or any other war is to be charged with the responsibility of second-guessing whether the commander has the authority to issue the order received by the subordinate. If this premise is correct, military operations in some instances would cease or at least be greatly slowed down. General Slay, serving as General Lavelle's operations officer, testified before the committee that as far he knew, General Lavelle had authority to issue the order which was passed on. Basically, this is the only way which military operations can be conducted.

Mr. President, the committee determined that the sole responsibility for the unauthorized bombings must be borne by General Lavelle and no others. This was also the determination of the Air Force Chief of Staff and the Secretary of Defense in their recommendation to retire General Lavelle as a lieutenant general. Although I disagreed, the on Armed Services rejected that nomination and the end result was to retire General Lavelle in his permanent grade of major general.

General Slay has an outstanding record and he would not have been recommended for promotion to lieutenant general by the Air Force, the Secretary of Defense and the President, were he not qualified. Because of his service in Vietnam during the Lavelle case, I am sure his selection has undergone double scrutiny.

Mr. President, I reiterate that the Committee on Armed Services unanimously approved the Slay nomination just as it approved his previous promotion. Therefore, I urge his nomination to lieutenant general be confirmed by the Senate.

Mr. President, I wish to go back to the Republican Policy Committee. If the distinguished Senator from Arizona is going to be here full time, I ask if he would be kind enough to take charge of the time on our side.

Mr. GOLDWATER. I am very happy to do so, although I would hope that the opponents or opponent, I should say, because I think there is only one, to the promotion of General Slay would show up, and I feel that he has. He is here now.

Mr. President, I will not say too much at this time, because I think the Senator from Indiana might want to speak.

What we have here is an action that came down from the investigation the Committee on Armed Services made several years ago into an action by General Lavelle, Commander of the 7th Air Force, in Southeast Asia.

All our forces in Southeast Asia—Navy, ground forces, and Air Forces—were operating under what we call the rules of engagement. For the first time in the history of any war in the world and in the United States, civilians sitting in Washington wrote the rules of engagement, such as, you cannot attack a truck on the highway, even though you know it is loaded with SAM missiles. You cannot attack a SAM site—a surface-to-air missile site—unless you take a photograph of it, send it to Washington, get approval, and then send it on.

There was one radar station that was vectoring Mig aircraft, enemy aircraft, to destroy our helicopters that were engaged in lifting the wounded out of Laos. One day, General Lavelle gave orders to hit these targets. He gave the orders to Slay, who at that time was a temporary major general and the director of operations. What Slay's action shows to me is that he knew about obeying orders.

When a commanding general gives you an order, you may disagree with him, but you usually go out and do it. In fact, Slay, in the testimony I heard, questioned Lavelle's going over the rules of engagement; and he said he had to assume that someone was holding his hand.

What we had here—what it was obvious that we had here—was an order from the President of the United States, down through channels, to forget about rules of engagement and get along with winning the war.

I cannot prove that statement, any more than we can prove statements that we have heard in the CIA investigation on assassinations. But these actions do not take place at the whim of some general. They take place when the President of the United States decides that it is time to do something.

So Slay was given his orders, and Slay performed those orders. The subcommittee went to Fitzsimons Hospital to investigate him and talk to him, and came away convinced that he had nothing to do with this. He was promoted to permanent major general and confirmed by the Senate on April 24, 1974. Now he is up for his third star, lieutenant general.

Mr. President, let me turn now to my formal remarks in which I would like to give the Senate my perspective on this matter which I acquired as a member of the Senate Armed Services Committee during the investigation of the General Lavelle matter, particularly during the sworn testimony given by General Slay while he was hospitalized in Denver.

Senators will recall that members of the Armed Services Committee traveled to Fitzsimons Hospital, Denver, Colo. on September 19, 1972 to interview General Slay. The role of General Slay became very clear to me that day and I believe it bears directly on the issue at hand today. It seems to me that what is being suggested now is that General Slay should be looked at, not from the perspective in which he sat at the time of the event, but from hindsight. It is easy to be a Monday morning quarterback, but I hope we will recognize that decisions must be made during the heat of battle without an opportunity to sit back and deliberate.

When I listened to General Slay testify, I had no doubt that he was being totally forthright and honest when he told us that he could not conceive of his commander acting in the manner in which he did without, as he said, having someone, "holding his hand." It may well be that had General Slay had the perspective of what has happened in the last several years, he might well have asked more searching questions to determine whether General Lavelle, in fact, had authority.

However, I do not believe we can judge General Slay on what we now know or questions which we might now ask. He was in a situation in which he was being told to direct missions against clearly valid military targets—trucks, SAM missile carriers, supply points, and so forth.

Let me refer to some of the testimony given by General Slay during our hearing at Fitzsimons. As I go over this testimony I think it is important to remember the commander-operations officer relationship that existed between Lavelle and Slay. They were not equals in the organization and Slay, after questioning Lavelle's authority, followed orders.

Referring now to General Slay's statement, Slay said the following about the strikes in question:

> General Lavelle personally directed each one of these. He would not allow any of his staff to make the decision to go on one of these. This was his personal decision and, as a matter of fact, as I said before, he would describe the numbers of airplanes that would go and quite often we would perhaps differ on that and we would dicker back and forth as to how many airplanes we should send on this particular raid or, in fact, whether it should be sent. (Senate Armed Services Committee Hearings on Nomination of John D. Lavelle, p. 289.)

The point here, Mr. President, is that Lavelle had this whole situation personally in hand. Now let me cite another portion of Slay's statement that illustrates General Lavelle's concern about the actions of the North Vietnamese and how the rules of engagement were jeopardizing the safety of our air crews.

> It was General Lavelle's comment at the time that "no one can fly over North Vietnam without being fired at, so why should I risk my pilots' lives by going up and waiting until I see a burst" and I remember on one occasion he said, "Slay, you have seen .51-caliber fire; you have seen 23-millimeter fire; you have seen 37 and 57." He said, "What can you—can you assure me when you fly somewhere that you are or are not getting .51-caliber fire?" and, of course, you cannot. I mean unless they are using tracers you can't. So it was his contention at the time that if you are in the vicinity of where the enemy has supplies, or where the enemy has a SAM site, they know that you are there to do them some dirt and you will get fired upon. (Senate Armed Services Committee Hearings on Nomination of John D. Lavelle, p. 290.)

So we see, Mr. President, that General Lavelle as the commander, had clearly expressed his concept of the rules of engagement and it was up to Slay, as the operations officer, to carry out the commander's concept.

In further support of that, Slay in his statement quoted Lavelle as saying:

> Anytime you are over North Vietnam you have, just by definition, people are going to shoot at you so you must report that you have been reacted upon. (Senate Armed Services Committee Hearings on Nomination of John D. Lavelle, p. 290.)

Now, Mr. President, it was my judgment after listening to General Slay testify that he was aware that General Lavelle was operating outside of the "so-called" rules of engagement. However, Slay further testified:

> My belief at that time was that General Lavelle was perfectly—in fact, my absolute conviction was that General Lavelle was completely cognizant of what he was doing. He knew the rules; he knew them as well or better than anyone in his position would have known. He stayed very close to it. General Lavelle was the type of man who—he liked to keep a firm grip on his operation. As a matter of fact, on several occasions he would laughingly introduce me as his assistant ops officer and, in other words, 'I am the ops officer; Slay is my assistant.' (Senate Armed Services Committee Hearings on John D. Lavelle. p. 291.)

So, Mr. President, we have here the case of a commander who kept his operation very close to his chest. Further, as Slay testified:

> He (meaning Lavelle) would allow no one, not even his vice commander, I might add, to make the decisions to go into North Vietnam. (Senate Armed Services Committee Hearings on John D. Lavelle. p. 291.)

Now, Mr. President, there is further testimony I believed that bears on this matter and further illustrates the conditions under which General Slay had to operate. An enlightening exchange occurred between Senator DOMINICK and General Slay.

> Senator DOMINICK. You realize(d) that during the process of this whole period of time that you were, in fact, operating outside the rules of managment?
>
> General SLAY. Yes, sir.

> Senator DOMINICK. Did you ever discuss this with General Lavelle?
>
> General SLAY. Yes, sir; I did.
>
> Senator DOMINICK. What was his answer to that?
>
> General SLAY. His answer was supreme confidence that—my impression was that General Lavelle knew exactly what he was doing and also my impression was 'That is my worry; you run your end and I will run mine' and it never—as a matter of fact, Charlie Gabriel and I discussed this very point and we both agreed that well, he is a big boy and that is the way he wants to run it; that is his show.
>
> I don't want to overemphasize this point; it never occurred to me really after the first few of these to question General Lavelle as to his authority to do that. I just assumed that he either had the authority to do it or something that I had not seen and was not in the written word or he was deliberately choosing to do it extraneous to authority. (Senate Armed Services Committee Hearings on John D. Lavelle. p. 301.)

In a further exchange, Senator DOMINICK refers to the Moc Chau raid and asked:

> Senator DOMINICK. Didn't this raise some concern in your mind as to what you were doing on the other planned strikes or whether General Lavelle had or did not have authority to go on them?
>
> General SLAY. Sir, my personal opinion was that this was General Lavelle's policy and it was my job to carry it out; and if you want to know the honest-to-God truth, I thought somebody was holding his hand. In hindsight, evidently no one was. (Senate Armed Services Committee Hearings on John D. Lavelle. p. 302.)

Mr. President, it is this hindsight of some Members of the Senate that I am critical of today. I seriously doubt that any other director of operations would have handled the situation differently than did Slay. He received the orders; he questioned the orders; he was told by his commander that the commander assumed responsibility for the orders and Slay carried out the orders. I personally cannot see how it could be any other way, especially when in testimony General Lavelle said he assumed full responsibility for what happened.

For the Senate to now conclude at this late date that General Slay should have done something more, would, in my opinion, be the ultimate in second guessing.

Mr. President, I remind my colleagues that the Senate in April 1974 confirmed the nomination of General Slay to be permanent major general. As a matter of principle, that promotion is as important as the one we are considering today. Therefore, I suggest it would be inconsistent to have previously approved the promotion of General Slay to be permanent major general while today denying the promotion to temporary lieutenant general. The standard and qualifications for general officers should be consistent for each grade. I do not believe we can have degrees of qualification within the general officer ranks. Therefore, I reiterate it would be a gross inconsistency for the Senate not to confirm General Slay to the grade of lieutenant general.

Mr. President, the next matter I wish to raise is related to the matter at hand, but is not one that is easy for me to raise. Those who have followed my comments on the Vietnam war know of my distaste for the imposition of the many rules of engagement that inhibited our forces from gaining a victory that was so clearly within our military capability. However, political considerations continually added more and more restrictions to the operations of our military forces to the point that the very safety of our military forces was placed in jeopardy.

I would remind my colleagues that while the Senate punished General Lavelle for the so-called unauthorized bombings by refusing to retire him in the grade of lieutenant general, which was requested by the administration, General Lavelle never once ordered a strike against anything other than a military target. General Lavelle never once had anything in mind other than the full protection of the men and equipment he was responsible for.

Personally, Mr. President, I think General Lavelle has had to bear the rap which many others should rightfully share since they, and not General Lavelle, were the ones who imposed the rules of engagement and the subsequent "no-win" policy. It was Lavelle's interpretation of those rules to protect his forces that brought him down. What would we have done if he had continued to sit idly by as North Vietnam continued to entrap our forces and shoot down our aircraft? Who in the chain of command superior to General Lavelle will step forward and take credit for that policy?

If the Senate should see fit not to confirm the nomination of General Slay then I believe it will be necessary and essential to call for a full reinvestigation of the Lavelle matter to assure that we get to the very core of those responsible for the implementation of the rules of engagement that governed operations in the Vietnam war. I recognize this will encompass both the Nixon and Johnson administrations, but if the Congress can conduct all of the investigations that we have seen of late, then I think the least we can do is to conduct an investigation to make sure we understand how policies come about that put this country in a no-win position. That, Mr. President, is the real issue at hand and for us to take out our frustrations on loyal and dedicated professional military officers is the height of stupidity. We have got to get off this kick of using the military professional as a whipping boy or else we will not have any professional military force left.

Mr. President, I hope it will not be necessary to pursue this particular course and I hope my colleagues will see fit to confirm overwhelmingly the nomination of General Slay. But let there be no misunderstanding. If the Slay nomination is rejected, I will insist on the investigation I have just outlined and I am confident I will have the support of the majority of the American people.

Mr. CANNON. I yield myself 10 minutes.

BACKGROUND AND QUALIFICATIONS OF GENERAL SLAY

Mr. President, the nomination of Maj. Gen. Alton D. Slay to be lieutenant general in the Air Force for the purpose of serving as Deputy Chief of Staff for Research and Development was approved without opposition by the Senate Armed Services Committee on July 24, 1975.

Mr. President, prior to discussing the issue which has been raised regarding the protective reaction strikes in North Vietnam, I would like to emphasize the accomplishments of General Slay which leave no doubt of his qualifications for this post. His career of over 30 years of active duty has included both the operational and staff assignments which ideally qualify him for this important post. He has served as Deputy Chief of Staff for Operations for both the Air Force Systems Command and the U.S. Air Forces in Europe, as well as in various squadron and wing level command jobs, along with service as a command pilot of over 7,500 flying hours, including 181 combat missions in Southeast Asia.

In addition, his staff assignments in research and development duties in the Pentagon total over 7½ years in key assignments including his present one of Assistant Deputy Chief of Staff for Research and Development in Headquarters, USAF. Moreover, he was Commander of the Air Force Test Center at Edwards Air Force Base where all new aircraft are tested for the Air Force. I do not know how a person could present more impressive credentials for the position to which he is nominated.

ISSUE BEFORE THE SENATE

Senator BAYH, in his Dear Colleague letter of July 25, 1975, urging the rejection of General Slay's nomination states "General Slay knowingly accepted and executed orders to conduct air strikes in Vietnam contrary to the written rules of engagement and participated in falsification of reports regarding those strikes in order to conceal them." Mr. President, this charge, which I shall discuss in full detail, can be fully answered.

PRICE CONSIDERATION OF ISSUE

The issue involving the protective reaction strikes in North Vietnam is not new to the Senate. It was a subject of lengthy so-called "General Lavelle hearings" before the Senate Armed Services Committee in 1972, and it has involved a number of nominations. The first nomination was that of General Lavelle to be advanced on the retired list to the grade of lieutenant general. The others included the late Gen. Creighton Abrams to be Chief of Staff of the Army, Adm. John S. McCain, Jr., to be advanced on the retired list to the grade of admiral, and Col. Charles Gabriel to be temporary brigadier general. Finally, there was the previous nomination of General Slay to be a permanent major general. As the Senate knows, the nomination of General Lavelle was not approved in Committee. All of the remaining nominations were approved by the Senate with those of General Gabriel and General Slay occurring in April of 1974.

DISCUSSION OF CHARGE

Mr. President, the question raised by Senator BAYH goes to two separate issues: First, the nature of the rules of engagement and second, the so-called falsification of reports. The first question is, therefore, what were the rules of engagement as they related to protective reaction strikes. Basically, the general rule was that American pilots would not react, that is fire their guns, until the enemy had reacted first. In layman's language I suppose this means "do not fire at them until they first fire at you."

During his testimony General Slay stated that these strikes were preplanned under the instructions from General Lavelle. This means that aircraft would expend their ordnance when the aircraft reached the military target, even though they were not fired on first. It was General Slay's view that some of these raids could be questioned as to whether they complied strictly with the written rules. General Slay assumed, and I think with good reason, that General Lavelle had the authority for ordering these strikes.

Mr. President, I would like to read from page 310 of the 1972 hearings directly on this point in which General Slay testified in response to Senator HUGHES:

> Senator HUGHES. You testify that you considered General Lavelle your superior and when he gave orders and you discussed the matter you carried them out?
>
> General SLAY. Yes, sir.
>
> Senator HUGHES. Colonel Gabriel, I believe, testified, if I recall—Senator DOMINICK—well you were not there that morning—Senator DOMINICK, he did testify, I am sure, that he assumed, as you apparently assume, that General Lavelle at least had authority to go ahead and do what he was doing so he had no right to question him.
>
> General SLAY. That is exactly my position, sir. I mean, there are certain things that General Lavelle did completely apart from this that I did not agree with; in fact, I violently opposed, but it was not my position after I made my position known to him when he said "This is the way we are going to do it," it was not my position to say, "I am going to General Abrams and complain."
>
> I did it, saluted smartly and did it, and I would do it again.
>
> Senator HUGHES. You considered the fulfilling of your obligation then a discussion when you disagreed with General Lavelle, and when he made the final decision or said, "The decision has been made; carry it out," you had fulfilled your obligation; your next duty was to carry it out and that was the end of it?
>
> General SLAY. I certainly have my own limits that I would draw on that.
>
> Senator HUGHES. Yes.
>
> General SLAY. If he said "Go out and bash this village," I would say, "Get yourself another man, Buster; I am not about to do that." But when he is talking about hitting missile transporters and when friends of mine are getting shot down by these same missile transmitters that are coming across the border and says, "Slay, go ahead and hit them," I would say, "Boss, you understand we are a little bit shady on the rules side," and he said, "Fine, but I am taking care of that" I go out and do it and I would do it again. But, again, I would have something better than a verbal directive to me to authorize it. I would have—I would prepare a wire. At the top instead of being "DO" would have been "CC." Now, that is what is known in the trade.

DIFFERING INTERPRETATION OF RULES

First of all, the meaning of the rules of engagement with respect to protective reaction strikes was not crystal clear. It was General Lavelle's contention that American pilots could fire whenever the enemy radars were used against us, since that constituted, in his view, an enemy reaction. Keep in mind, Mr. President, that all of these raids involved military targets—enemy aircraft on the ground, missile transporters, radar sites, and the like, some of which cost the lives of American pilots from time to time. Personally, I agreed with General Lavelle, since I was in the minority who voted for his advancement on the retired list. I feel that his interpretation was reasonable.

PREPLANNED RAIDS ON HIGHER AUTHORITY

Second, there were times when, on orders from Washington, raids were directed in the form of preplanned strikes of expending the ammunition regardless of whether there was a prior reaction. A very legitimate question is whether all of General Lavelle's subordinates were to be responsible for knowing the exact authority for a particular strike.

General Brown in his letter of March, 1974 to Senator SYMINGTON on the prior nominations of General Slay and General Gabrial stated:

> Neither General Slay nor General Gabrial knew the extent of authority which had been delegated to General Lavelle. Each honestly assumed that General Lavelle was not acting on his own . . . I believe it was reasonable, based upon the circumstances which existed at the time and the unique rules of engagement, for Generals Slay and Gabriel to assume that General Lavelle had authority to issue orders for both the air strikes in question and the reporting of them.

RADAR STRIKE APPROVED BY GENERAL ABRAMS

Third, the RECORD should reflect that one of these strikes was personally approved by General Abrams after very deliberate consideration on all sides of the issue. This involved a GCI radar in North Vietnam near the Thai border which posed a threat to the B-52's coming out of Thailand. The hearings on pages 290–291 discuss this matter in detail.

Mr. President, the RECORD should also reflect that not all of these strikes were limited to North Vietnam radar sites; some were directed against airfields in North Vietnam from which Mig aircraft posed a threat to the B-52's coming out of Thailand.

HONOLULU CONFERENCE

Last, I would mention that a commander's conference was held in Honolulu in December 1971, and one message from that meeting was that the 7th Air Force should be more aggressive and make the maximum use of existing authority. Our military commanders were correctly concerned, and rightly so, over the threat to our B-52's from the Mig aircraft and the SAMS. In other words, the pressure was on to protect those B-52's from being shot down, and rightly so.

Mr. President, under the circumstances I have described, it is perfectly reasonable for General Slay not to question the orders of General Lavelle with respect to these preplanned strikes.

COMMENT ON SECOND GUESSING

Mr. President, the issue posed by this nomination is the same as General Slay's previous nomination to permanent major general. It is whether every subordinate commander in this or any other war is to be charged with the responsibility of second-guessing whether the commander has the authority to issue the order received by the subordinate. If this premise is correct, military operations in some instances would cease or, at least, be greatly slowed down. Let me raise two examples.

CAMBODIAN RAIDS

Senator SYMINGTON, as acting chairman of the Senate Armed Services Committee, in 1973 held hearings regarding the so-called Cambodian raids. American aircraft conducted an airstrike into Cambodian sanctuary occupied by the North Vietnamese who were causing a frightful loss of American lives. Incorrect information was purposely given out at all levels in order to protect the secrecy of the raids. These raids were ordered from Washington from the highest authority, but with also the apparent approval of the rulers in Cambodia. This is a perfect case of where American airmen in an action involving the possible loss of their own lives could very well demand to know the authority for this raid and also a determination as to whether it was legal. If such orders can be questioned, then such military operations themselves will be in great jeopardy.

"MAYAGUEZ" INCIDENT

More recently, I am reminded of the so-called *Mayaguez* incident, in which American military personnel conducted a rescue operation at some loss of life after the cease-fire in order to rescue American civilians on that vessel. A number of persons questioned whether or not the President had legal authority for this action under the War Powers Act. Since this apparently had public support, its legality has not been challenged, although it certainly is an appropriate question.

FALSE REPORTING

The second question relates to Senator BAYH's statement that General Slay "participated in the falsification of reports." Mr. President, the fact of the matter is that on one of the raids, which I have already discussed, in which one of the crews reported to be successful, but without enemy reaction, General Lavelle verbally stated that they could not report "no enemy reaction." General Lavelle's order was passed on down by General Slay to others on the perfectly reasonable ground that General Lavelle had the authority for issuing such an order.

As General Brown's letter of 1974 states, it was reasonable, based on the circumstances, for General Slay to assume that General Lavelle had the authority to issue orders both for the air strikes and the reporting of them.

FINAL COMMENT

Mr. President, General Slay has served with distinction throughout his 30 years, both before and after his Vietnam service. I can think of no greater injustice if we were to refuse to confirm this distinguished officer on the charges that we have discussed today. They have been fully explained as justifiable under the circumstances at the time. Moreover, to lose General Slay's future service as Deputy Chief of Staff for Research and Development would represent a serious loss of a highly qualified individual and officer.

Mr. President, I urge the Senate to confirm this nomination.

I reserve the remainder of my time.

The **PRESIDING OFFICER.** Who yields time?

Mr. **BAYH.** Mr. President, I have listened with a great deal of interest to the remarks of my distinguished friend from Nevada, to the Senator from Arizona, and to the Senator from South Carolina. As my remarks will show, I have some rather significant differences of opinion with them. Rather than deal with the specific instances at this time, perhaps we can do that as the colloquy and debate proceed. At this moment, I should like to lay the basis for my opposition to the promotion of General Slay.

The Slay nomination and promotion is related to one of the most tragic periods in American history. I do not think we can undo that history, though some on both sides of this aisle would try to make political hay out of it. Frankly, I think there is enough disgrace to go around. We cannot change that, but perhaps we can learn from it.

We can say to other generations of Americans that we profit from mistakes. We can say to other generals and subordinate officers, indeed to Members of Congress, that certain types of activity and certain types of conduct are not typical of the way we like to do things in this country and that we are not going to tolerate them. To tolerate them and not to learn from them is to make the already sad chapters of Vietnam and Watergate worse. That is why I take issue with my colleagues and with the Slay nomination and promotion.

Mr. President, opposing a nomination is never a pleasant task. Unlike legislation which is relatively impersonal, nominations relate to individuals and their careers, and working to defeat them is discomforting. There are times, however, when important principles require us to examine nominations in a particularly careful manner and then to vote against them. This is one of those times, Mr. President. The decision we make on this promotion will set a precedent in defining the quality of leadership we expect from our highest ranking military officers.

The issues raised by this nomination relate to incidents occurring in Vietnam in 1971 and 1972. At that time, U.S. air missions over North Vietnam were limited to reconnaissance flights. The reconnaissance planes were accompanied by armed escort aircraft, but actions the latter court take were strictly limited by written rules of engagement formulated by the country's highest political authorities.

The rules of engagement provided that the escort aircraft could strike only when a reconnaissance mission was fired upon or targeted by enemy SAM or antiaircraft artillery installations. Such strikes were then limited to immediate action against air defense sites.

In late 1971, the Commanding General of the 7th Air Force, John D. Lavelle began ordering preplanned air strikes which went beyond the action permitted by the rules of engagement.

He ordered his pilots to expend their ammunition whether or not the enemy reacted to their presence and to hit targets which were not related to air defense. He further ordered that reports of the preplanned missions always show that there had been an enemy reaction regardless of whether the North Vietnamese had taken action against American aircraft.

In all, about 25 of these illegal preplanned strikes were carried out from November 1971 to February 1972. An unspecified number of reports were falsified. Testimony before the Armed Services Committee indicated that such reports were numerous and that debriefing of flight crews returning from the missions often took hours as individuals attempted to coordinate false stories about targets and enemy reaction.

When the extent of General Lavelle's activities became known, he was relieved of command and subsequently retired. The Armed Services Committee held lengthy hearings on the matter and determined that General Lavelle had, indeed, violated the rules of engagement.

During the period that the 7th Air Force was engaged in the illegal protective reaction strikes, General Slay served as Lavelle's deputy for operations as has been specified earlier by my colleague. The role he played in the improper activity is set out in some detail in the record of the hearings on the Lavelle matter. I must say, in reading that record, I come to a conclusion opposite to that of my colleague from Nevada.

As the operations officer it was General Slay's responsibility to plan and execute missions for the 7th Air Force. It was he who received the order to preplan attacks on lucrative targets and to instruct pilots to strike even if the North Vietnamese did not take action against them. He carried out these orders dutifully, though he later stated that he was an expert in the rules of engagement and that he believed all along that such preplanned attacks violated these rules. No question about that. He says that all along he was relaying instructions that violated the rules.

General Slay also told his subordinates that they had to falsify reports and show enemy reaction even when there was none. There is no question, he admits it.

According to Colonel Gabriel, who commanded the reconnaissance wing in Thailand and carried out these missions, General Slay told him further to falsely report the nature of the targets that were hit so it would appear that all targets were air-defense related as required by the rules of engagement. There is Gabriel that this did in fact happen.

General Slay never questioned General Lavelle's requirement for false reporting despite the fact that falsification of reports were prohibited by article 107 of the Uniform Code of Military Justice. It is interesting to note that General Lavelle testified he had been unaware that false reporting was going on until the inspector general brought it to his attention shortly before he was relieved of his command. According to Lavelle, he never intended to order false reporting, and General Slay must have misunderstood his instructions. Thus, had General Slay questioned his commander at the outset, there would probably have been no false reporting and, the improper strikes would have been detected in Washington and quickly halted.

During his testimony before the Armed Services Committee, General Slay claimed that though he knew the preplanned strikes were contrary to the rules of engagement and that false reporting was generally improper, he believed that General Lavelle had been given authority from those above him to act as he did. Certainly, Mr. President, we cannot expect General Slay to have been privy to all instructions General Lavelle received from higher commands. That is not reasonable. But when one reads and analyzes the record carefully, it becomes quite clear that General Slay's defense amounts to a rationalization, even if a sincere one, for his failure to do what he should have done.

First, Mr. President, false reporting is forbidden by the Uniform Code of Military Justice. As a member of the armed services from the time he was 17, General Slay knew this. An order to falsify official reports had to raise serious questions in his mind. I do not see how anybody who has lived in the army his entire lifetime cannot understand what the Uniform Code of Military Justice requires. Anybody knows that false reporting is a violation of it.

Second, events of January 1972, indicated that the Joint Chiefs of Staff intended the rules of engagement to be strictly applied. Early that month, at a time when General Lavelle was temporarily absent from Vietnam, General Slay planned an attack on a ground control radar installation. Surprisingly, for a man who later testified that he believed General Lavelle and the 7th Air Force had some special authority to preplan strikes despite the rules of engagement, General Slay and the vice commander of the 7th Air Force, went to General Abrams and argued at some length that under the circumstances surrounding this particular mission, a preplanned strike should be permitted under the rules. If they really thought Lavelle had this kind of authority why did they go to Abrams, point 1? Point 2, General Abrams said under the circumstances they should go ahead and make the strike, but the attack was accurately reported to Washington and brought an immediate response that the Joint Chiefs of Staff considered such action improper.

Now, that should have laid the question to rest as to whether there was higher authority because the higher authority of the Joint Chiefs said this kind of reaction was improper.

Mr. President, I do not fault General Slay for violating the rules in this instance. It was a peculiar situation, and his interpretation of the rules urging judgment was reasonable. What is noteworthy about this incident is that General Slay attempted to conform the mission to the rules. Clearly he did not believe that the 7th Air Force had authority to disregard them even though he says now, that he did. Further, the response from the Joint Chiefs that the rules were to be strictly applied confirmed his belief.

Some remarks General Slay made during the hearings illustrate his doubts as to General Lavelle's authority to take the actions he did.

I quote from the record, Mr. President, at page 317:

> I am not sure that even General Lavelle thought he had full clearance for this—

Let me repeat that in the RECORD:

> I am not sure that even General Lavelle thought he had full clearance for this, but I just think that he was under the impression that you could press these rules a long way and as long as you stayed somewhere within the bounds of reasonableness that he wasn't going to be descended upon.

And at page 301 I quote General Slay again from the record:

> General SLAY. His answer was supreme confidence that—my impression was that General Lavelle knew exactly what he was doing and also my impression was "that is my worry; you run your end and I will run mine", and it never—as a matter of fact, Charlie Gabriel and I discussed this very point and we both agreed that well, he is a big boy and that is the way he wants to run it; that is his show.

Here I think the closing quotation on that same page is very telling as to what General Slay actually thought at the time because he says in the record:

> I just assumed that he either had the authority to do it on something that I had not seen and was not in the written word or he was deliberately choosing to do it extraneous to authority.

I submit, Mr. President, that General Slay clearly doubted his commander's authority to violate the rules of engagement and order the falsification of reports. The only real question before us is whether General Slay had responsibility to take action.

I further submit that the answer to this question is equally as clear. Former Chief of Staff of the Air Force, General John D. Ryan explained the duties of an officer in General Slay's situation quite well. He said:

> I would have discussed it with the Commander and said it was not right. If he insisted that it be done, after my discussion, I would have transmitted the order. However, I think I would have reported it.

Seeing rules which had been established by our highest civilian authority systematically violated, seeing reports falsified so that the violations would never be known, General Slay had the painful duty of acting. It was his duty to go to General Lavelle and say, "You have me breaking the rules of engagement. You have me falsifying reports. Now, just where do you get that authority?" And if Lavelle had no good explanation, General Slay should have reported the matter to General Abrams or the Inspector General.

It seems to me, Mr. President, we have it rather clearly that the rules of engagement were violated. General Slay says he knew they were violated. He was falsifying the reports. He knew the Uniform Code of Military Justice forbids falsifying reports. And yet he refused to report this activity to higher authority.

Mr. President, I refer to the rules of engagement that my good friends from Arizona and from Nevada suggest were unreasonable. That may very well be. But it seems to me we have a broader principle here. If we have a civilian authority enumerating rules of engagements, then do we permit a subordinate military officer to subvert the intention of that civilian authority? That is point one. I think if we say now that we are going to step back and let civilian authority be subverted, we are establishing a very dangerous precedent.

Second, I think we have to recognize that even a subordinate officer has certain responsibilities. If he feels a superior is violating in this case two specific regulations, then I think he has a responsibility, as General Ryan says, to carry out the order but to report the violation. General Slay did not do that.

I have no personal axe to grind against General Slay. As I said earlier, whenever we get involved in one of these nomination battles, and I have been in more than one of them, it becomes very personal in nature and I do not like to deal with personalities in matters like this. I have talked with General Slay. I find him a very pleasant gentleman. We cannot deny his military record. I am not suggesting that the man be demoted or forced to retire, as was the case with General Lavelle. But I am suggesting if we are going to mean what we say about honesty, if we are going to convey the right message to all of those would-be generals who are now looking to see what standard Congress sets, if we are going to say to cadets at West Point "We are going to discharge you if you cheat on your exams," then perhaps we ought to establish that same standard of conduct for general officers.

The PRESIDING OFFICER. Who yields time?

Is all time yielded back?

Mr. CANNON. Mr. President, I am prepared to yield back the remainder of my time if no one else desires to speak.

Is the Senator ready to yield his time back?

Mr. GOLDWATER. Will the chairman yield me 3 minutes?

Mr. CANNON. I yield 3 minutes to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I have listened with great interest to my friend from Indiana. Our troops in Southeast Asia operated under rules of engagement which had never been envisioned by civilians before in our 200-year history; have never been invoked upon the military by civilians at any place in the history of war, and these rules of engagement along with the indecision of civilians here in Washington did more to cause us to lose that war than anything else. But I think that is beside the point. Time after time ranking military men in Vietnam went to the Joint Chiefs of Staff begging for this kind of permission, and they were constantly denied this. I know that General Lavelle asked, General Abrams asked it, General Westmoreland asked it, and others, but it was turned down because of the rules of engagement.

Finally an order came down from on high. I assume it came right from the President.

General Lavelle obeyed that order. I do not know whether or not the general disagreed with the President. I do not think he even saw him.

Mr. BAYH. Will the Senator yield? If this is the matter contained in private correspondence between the Senator from Arizona and the Senator from Indiana, if indeed there was this order——

Mr. GOLDWATER. Is this on the Senator's time? We do not have much left.

Mr. BAYH. I will advise the Senator that I will bring that up again. If we have proof of that, I would like to know it.

Mr. GOLDWATER. As I said earlier, I have no proof of that, any more than we have proof on assassination attempts from the Committee on Intelligence. But these orders are never broken by men in uniform. I know of one time when we might say a general officer disobeyed orders, and that was the case of General MacArthur with President Truman, but even that was not clear.

When it comes down from upon high that he was going to do something, General Lavelle reacted. Again, a ranking general officer told a subordinate to do something. The subordinate, even though he would feel very strongly that it was against the rules of engagement, would, in my opinion, follow orders and do it. Yes, he could complain. He could have sent a wire, as he said he thought of doing, but he had to assume, as he says, that somebody had the boss by the hand.

That is the whole meat of this argument, the falsification of reports. Those reports are debriefings made by pilots on their return from missions. General Slay was probably never at any of these debriefing. The pilots reported what they saw or thought they saw.

To be able to live by the rule that you do not fire at the enemy until he fires back is, to me, an almost impossible rule. In fact, General Lavelle said that he had to assume that every time an airplane flew over North Vietnam, it was being fired at. The only way a pilot knows he is being fired at is if he gets hit or if he sees a tracer going by. About 999 times out of 1,000 that is too late.

I see nothing in the activities of General Slay that discredits him a bit. We approved him promotion to permanent major general. All of these questions were raised in the interrogations that we performed at Fitzsimmons General Hospital and I, as a member of the subcommittee, was satisfied.

The PRESIDING OFFICER. Who yields time?

Mr. BAYH. Mr. President, how much time does this Senator have?

The PRESIDING OFFICER. The Senator has 12 minutes.

Mr. BAYH. Mr. President, I think we have learned one thing from Vietnam on these rules of engagement. If we are ever going to get involved in another war, we ought not have rules of engagement that keep us from knocking the other fellow's block off. But they are not on trial now. The question is the responsibility of officers to carry out orders they know they have. That is a greater lesson for us to learn than the error in the engagement rules. We can change engagement rules a lot easier than we can establish a standard of conduct for our officers.

There are some rather strange inconsistencies here with the case that is presented by those who support General Slay's position.

First of all, the Joint Chiefs of Staff turned down requests for the very kinds of activities, the strikes, that were planned. Would that not convince a reasonable general officer that if the Joint Chiefs said "You don't do this," that they were closer to the President than somebody out there in the field? I would certainly think so.

If we are to assume that the President of the United States had, in some circuitous manner, conveyed these orders, and that the President was ordering these strikes, then I think we have to open up this investigation again and bring several of the most prominent military officers before this body and question them about perjury. General Lavelle said he never knew of any orders from the President. Admiral Moorer said he never knew of any orders from the President. General Abrams, General Ryan, even General Slay himself said he never knew of any orders from the President.

Whom are we kidding? Either they committed perjury or the President did not send him those orders, one or the other. I say again, this goes beyond the rules of engagement; it goes beyond our personal feelings toward any general officer; it goes to those junior officers that some day may be generals. Here we are establishing, now, the kind of conduct we are going to expect from them.

Here we had a general officer who engaged in a continuous violation of a rule of engagement, and there is no question about that; he admitted it before the committee. He also knew it was a direct violation of the Code of Military Justice to cover up his actions and misrepresent them. That is rather clear.

Mr. BUMPERS. Mr. President, will the Senator yield for a question?

Mr. BAYH. I am glad to yield.

Mr. BUMPERS. First, this nomination has troubled me deeply, because I was one of those people who were deeply troubled about the fact that we had an incursion into Cambodia and bombed that country without legal authority or congressional approval.

The thing that troubled me about this question is, how far do you carry it? For example, if one of the pilots who flew one of the bombing raids over Cambodia were before this body for promotion, would we reject him on the same basis?

Mr. BAYH. No, I would not reject him if he did not have a part in the decision, or participated only in making the kind of a decision that has to be made in the field and is not a product of high level decisionmaking.

Mr. BUMPERS. Let me reframe the question. Who was the next subordinate responsible for carrying out the orders of General Slay?

Mr. BAYH. Well, Colonel Gabriel was the one in the field.

Mr. BUMPERS. Who was he, the squadron leader?

Mr. BAYH. No, he was not the squadron leader. He commanded the air wing in Thailand.

Mr. BUMPERS. Carry it logically to the next step. Should Colonel Gabriel, for example, be denied a promotion on the same ground?

Mr. BAYH. I think the higher up the ladder of responsibility you go, the greater responsibility you have for knowing what the rules of engagement are and for knowing what the Uniform Code of Military Justice is.

Here we have General Slay admitting on the record that he knew that the rules of engagement were being broken, and he also must have known that to submit false records directly violated the Uniform Code of Military Justice.

Mr. BUMPERS. One further question——

Mr. BAYH. That man who is committing the strike out there, I do not think, is nearly as responsible as the fellow giving the order.

Mr. BUMPERS (continuing). Did General Slay ever lie in his appearance before the subcommittee?

Mr. BAYH. Well, I think there is plenty of reason not to promote him on the record of what he said, that he knew the rules of command were being violated, and that he intentionally misrepresented and falsified reports.

Mr. BUMPERS. I thank the Senator.

Mr. GLENN. Mr. President, will the Senator yield for a question?

Mr. BAYH. I yield.

Mr. GLENN. I would like to follow up a little bit, because the same thing the Senator from Arkansas has been aiming at has bothered me also, in this whole consideration.

I do not know where the whole thing stops, once you start downhill. How about the clerk, the Pfc., the airman who actually put the figures down, but who knew of the rules of engagement, just as much as the officers up here? He is still an American citizen, a member of the armed services. He is still committed; he has still held up his hand and is abiding by all the rules of legality and the orders that his superior officers are, clear up to and including the Joint Chiefs of Staff.

I do not see where this thing of holding a person guilty really stops. That has bothered me in this particular case. I share the view of the Senator from Arkansas that if the next man under General Slay knew this was wrong, and knew of the rules of disengagement, is he not equally to blame? The wing commander, I suppose, is under him, and the squadron commander is under them. The rules of engagement were not secret. They were known by all participating. At what level do we cut off this responsibility is a question that has bothered me somewhat. Does the distinguished Senator from Indiana have a comment on that?

Mr. BAYH. The Senator from Ohio, of course, with his outstanding military record, realizes the distinctions between a general, a colonel, and a Pfc. The Senator from Indiana did not get beyond Pfc., so I suppose that he is being a little harder on the generals. But I suggest to the Senator that the morale of the lieutenants, the captains, and the colonels is determined by what they see happening to a general. When they see a general forced to retire, and when they see a subordinate admit that he has violated the rules of engagement, when they see that officers conferred and decided, "Well, it is his responsibility, it is not any of ours," then they must be disillusioned when they see such subordinates promoted.

Further, it seems to me absolutely inexcusable that General Slay would permit reports to be falsified. There is no question but that that is a violation of the Uniform Code of Military Justice. As I said before my distinguished friend from Ohio came in, I do not want to see this man discharged or demoted. But if we have people in that Academy right now who are going to be kicked out for cribbing on an examination, and we are not going to treat a general the same way, that is the kind of dual standard that I think does not speak well for our military.

Mr. GLENN. I agree with the Senator that the most damning part of this whole thing to me was the falsification of records. I have been in many military situations, and I cannot imagine that I would ever go along with falsifying records, no matter what the order was. It seems to me that that was so inherently wrong, it was the most damning point in this whole case.

But so far as where the responsibility starts or stops, it is very difficult for me to see, and I share the concern of the Senator from Arkansas: At what level do you cut this off? It seems to me that when we try to base a case on that, it is a little bit thin.

Mr. BAYH. I am sure the Senator from Ohio has looked at how General Ryan, the Chief of Staff of the Air Force, assessed what the responsibility should be. He said he thought that Slay used poor judgment, that if he had been in that situation, he would have carried out the order, if Lavelle persisted, but he would have reported what he thought was a specific violation.

But Slay apparently did neither. He did not really question the order, and he did not report it; and going beyond that, he falsified.

Again, I think, rather than be punitive here, we had better leave things as they are. But we should not reward this kind of questionable activity and conduct. I think to do so would establish a very poor precedent for future general officers.

Mr. GOLDWATER. Mr. President, will the chairman yield me 2 minutes?

Mr. CANNON. Mr. President, before I yield to the Senator from Arizona, first, I want to draw to the attention of the Senator from Ohio and the Senator from Arkansas, because they did ask some very valid questions, that the answer they have received is not quite correct. It is close, but is not quite correct.

I refer to the testimony of General Slay, and this will be partly explanatory, where he refers to one of the alleged unauthorized strikes that we have heard talked about. This is General Lavelle first:

> Another alleged unauthorized strike was the one made against Dong Hoi airfield on the 23d of January 1972. Late in November 1971, a Mig attacked a flight of three B–52s, firing three heat-seeking missiles at the middle B–52 in the cell. The Mig pilot missed [deleted].
>
> I ordered the Quick Check Recce flight to launch with the objective of cutting the Dong Hoi runway [deleted]. The strike was successful [deleted]. The strike was so successful that the strike aircraft pulled off the target and out of the threat area without receiving enemy fire. The lead pilot reported [deleted] that he had struck Dong Hoi airfield, expended all ordnance, the mission was successful and no enemy reaction.

This is General Lavelle now.

> I told my Director of Operations that we could not report "no enemy reaction." "Hostile radar" would have been a proper and, in my opinion, an accurate report.

He goes on then to explain that by the time this got on down the line, the man down, who really interviewed the pilots and made the report, filled out the report indicating AAA fire. This was General Lavelle talking here now, and this is the kind of situation where we have orders going down the line and a man at a lower level taking that order and carrying it out.

If I may refer to General Slay, this was his testimony before the committee:

> I guess the thing that is foremost in your mind is were these preplanned. They were preplanned. There is no question under the sun about that. They were planned. Colonel Gabriel carried out his instructions to the letter.

The Senator asked who was the next successive officer down the line, and that was Colonel Gabriel, who was a wing commander of the wrecking missions. He says he carried out his instructions to the letter.

> When we told him four airplanes, he mounted four airplanes. When we told him to go to Dong Hoi Airfield, he went to Dong Hoi Airfield. When we told him to use Route 137 as an alternate target to try to catch build-up of supplies there, he did that.
>
> General Lavelle personally directed each one of these. He would not allow any of his staff to make the decision to go on one of these. This was his personal decision and, as a matter of fact, as I said before, he would describe the numbers of airplanes that would go and quite often we would perhaps differ on that and we would dicker back and forth as to how many airplanes we should send on this particular raid or, in fact, whether it should be sent.

Mr. President, I think this outlines what the command situation is. If one is in a wartime situation, he certainly cannot have a junior officer questioning the commander who is issuing the orders supposedly on the authority that he had. If he questions those, I know if I were the commanding officer and someone questioned it and raised the difficulties that could have been raised in a situation like this, I would have fired him, and then it was up to me as to whether I was carrying out the proper order of myself. I think that is the precise situation we have here between General Slay and General Lavelle.

Again I point out, as the Senator from Arizona made the point earlier, we have already confirmed General Slay once for promotion since these incidents occurred, and now we are having the issue raised again, saying, "You should not promote him."

I pointed out earlier the outstanding record that this man has had, with tremendously important experience, that it would be a loss to the Air Force if he is not promoted.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Indiana has 1 more minute.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time be extended for 15 minutes and that at the hour of 2:30 p.m. the vote occur on the six treaties, one vote, which will be listed as six votes, and following the vote on the treaties we then vote immediately on the nomination of Maj. Gen. Alton D. Slay to be lieutenant general.

The PRESIDING OFFICER. Is there objections?

Mr. BAYH. Mr. President, without objection, I assume the majority leader intends for the time to be equally divided.

Mr. MANSFIELD. Yes, on the same basis as before.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CANNON. Mr. President, I yield 2 minutes to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I only wish to make the point relative to the questions asked by the Senator from Ohio and the Senator from Arkansas. I think the Senator from Indiana answered them: "Well, there is no way you can stop."

In fact, during the hearings, and I was a member of the subcommittee that looked into this matter, a suggestion was repeatedly made that we court-martial General Lavelle. When we got into the legalities of this, every single pilot not only had the rules of engagement, but he had memorized the rules of engagement. Every officer concerned with combat in the wings and squadrons had memorized the rules of engagement. So they knew about this. When we got to looking into the complete court-martial of Lavelle, we would have to court-martial literally everyone in the outfit down to the private who screwed the fuses on the bombs. That sounds silly I know, but it is literally true.

The fact remains that when one is in combat or even when he is just in the military, he obeys orders, and that is all that General Slay has done. He wanted to help win the war and obey orders, something that a military man is ingrained with. One does not disobey on the field of battle.

Mr. President, I sincerely hope we can get quick action on this. This promotion has been before this body since June 24, and that is harmful to a man's career in the service, it is harmful to him and his family income, and I think we have delayed this far too long.

The PRESIDING OFFICER. Who yields time?

Mr. BAYH. Mr. President, I suggest that the Senator from Indiana has said in the absence of some of our brethren here that he has no desire to court-martial anyone or demote them or to force them to resign, as General Lavelle was forced to do.

But I think we ought to make this nomination symbolic of the kind of conduct we expect of military officers. Certainly, I would not promote the kind of conduct in which General Slay participated.

The Senator from Nevada very skillfully, pointed to a particular instance, but a few moments ago I pointed out another one. In January 1972, General Slay had the responsibility for doing the preplanning because General Lavelle was not there. He in his own mind questioned whether he had authority to take such action and personally went to General Abrams. He knew that what he was about to do was questionable.

The Joint Chiefs of Staff later came down and said it was wrong. Then there should have been no question about the status of the rules of engagement. Yet he went ahead and continued to carry out these orders and continued to cover them up. There is no question about that.

We are not only talking about rules of engagement, which I think all of us might question. We are talking about a second in command admitting that he knew the orders were questionable, wondering what authority the chief had, going ahead and carrying them out without asking questions, and then covering them up contrary to the Uniform Code of Military Justice that he had followed since he was age 17.

General Ryan stated what the standard of conduct should be. If the fellow on top says do it, and the subordinate says: "Well, wait a minute, General. I wonder about that. It looks sort of questionable." And the Chief says, "Well, that is my responsibility," then one does it. But as General Ryan says: "At least I would have reported it."

Yet unfortunately General Slay did not do that. I think that is a very bad example for us to promote that kind of conduct.

The PRESIDING OFFICER. Who yields time?

Mr. CANNON. Mr. President, I yield myself 15 seconds just to correct an error.

The Senator referred to General Slay as second in command. He was not second in command. He was the operations officer and he was charged with carrying out the orders of the commanding officer. There was a vice commander, who was the second in command, and the operations officer simply plans and carries out the missions that are given to him.

Mr. President, I am ready to yield back the remainder of my time if the Senator is ready.

The PRESIDING OFFICER. Who yields time?

Mr. BAYH. Mr. President, I think the Senator from Nevada is right. Slay was not the deputy commander out there. He was the one in charge of carrying out orders.

I feel that whether he was the second in command or not is not relevant. The question is, what standard of conduct or what responsibility does a general officer have in the field when his superior is handing down orders that he knows are questionable or wrong?

Second, what responsibility does he have to carry out the Uniform Code of Military Justice, which specifically says it is illegal to try to distort reports?

There has been some allusion to Cambodia. In the Cambodian action, the reports were falsified, but there were specific back channel communications which got the true facts to Washington. This was not the case with the covering up and distortions that General Slay participated in.

I say that I do not want this man punished or discharged. I simply think we are establishing a very poor precedent for future officers who now may be in that academy or may be lower echelon officers, as to what we are going to expect from them later on, God forbid, if they are forced to make this kind of decision themselves.

ADDITIONAL STATEMENTS SUBMITTED ON NOMINATION OF GENERAL SLAY

Mr. PROXMIRE. Mr. President, on April 24, 1974, the Senate debated the nomination of Maj. Gen. Alton D. Slay to the permanent rank of major general. At that time 36 Members of this body, over one-third of the Members present, expressed their disapproval of his promotion by way of a negative vote.

Now, once again, the Air Force has seen fit to submit the promotion of General Slay to lieutenant general with the intent that he serve as Deputy Chief of Staff for Research and Development—a very important and sensitive position demanding a man of unquestionable character and competance. The Armed Services Committee has reported favorably on the nomination and although I respect that decision Mr. President I cannot bring myself to agree with it.

In the spring of 1974 the promotion of General Slay was vigorously opposed by our very capable and respected former colleague from Iowa, Mr. Hughes. I cast a negative vote then and for many of the same reasons I must do so again.

In approving the nomination of an individual for a position such as this we must be certain that the individual possesses the complete trust of this body in his capabilities, honesty, and character.

We must ask the question: Does the nominee deserve, without exception, the rewards from his country that ovbiously accompany such a promotion?

General Slay's record during the Vietnam conflict while under the command of General Lavelle has been examined in detail by the Senate. The testimony of 1972 and 1974 remains undisputed. General Slay knowingly and unquestioningly received and carried out orders from General Lavelle to conduct strikes on targets in North Vietnam in violation of the written rules of engagement. Then he concealed these violations by way of falsified reports. The general himself testified to this fact. Therefore the worthiness of General Slay for promotion is as suspect now as it was last April.

This body should ask itself one simple question: Does General Slay deserve promotion?

Mr. President, I ask the patience of my colleagues while I briefly review the basic facts of the disputed actions which took place in 1972. General Slay testified before the Armed Services Committee that he knew the preplanned air strikes on targets in North Vietnam ordered by General Lavelle were contrary to the written rules of engagement. Yet he carried out those orders without question.

Had he not known that the planned bombing was against the rules of engagement then the argument of my distinguished colleague from Arizona (Mr. GOLDWATER) would apply with more force. That is, a military officer should obey orders. Without discipline there can be no military system.

There is one exception to this logic, however. We are a Nation of laws and rules. These laws and rules are provided for the protection of those receiving orders as well as to all other Americans. The military system is not exempt from this consideration.

When General Slay determined that the proposed air strike was against the rules of engagement he should have requested guidance from the Joint Chiefs. A higher responsibility lay with the general and that responsibility was to uphold the law, the regulations of engagement, above his standing orders.

No one can deny that General Slay knew his actions were in violation of the rules. He falsified reports to cover up this violation. This was a violation of article 107 of the Uniform Code of Military Justice.

It is a simple question. Should General Slay be rewarded by his country for violating the Uniform Code of Military Justice; for falsifying reports to higher authority; for exercising "poor judgment" as General Ryan, Chief of Staff of the Air Force, once said?

General Slay's new position requires the most stringent reporting requirements to Congress and the executive department. Does his history in the unauthorized bombing strike recommend him for this position? I think not.

Mr. President we are again asked to put our trust and confidence in a man who testified to the fact that he went along with false reporting of the illegal air strikes an act which is directly prohibited within the Uniform Code of Military Justice.

What does the Code of Military Justice have to say about activities such as General Slay's? It says that any person who fails to obey any lawful general order or regulation; or is derelic in the performance of his duties; or is an accessory after the fact in that knowing that an offense has been committed, receives, comforts or assists the offender in order to hinder or prevent his apprehension, trial, or punishment; or anyone, "with intent to deceive, signs any false record or official document knowing it to be false," and I quote, "shall be punished as a court-martial may direct."

It is not the duty of the Senate to conduct a court-martial. It is, however, the duty of the Senate to see that the best possible men with the highest qualifications available are promoted to the critical levels of leadership within our governmental structure.

This does not exclude the Air Force. I say now that I am obviously disappointed in the Air Force in their choice of General Slay. Surely there must be men of necessary stature, accountability, and competance capable of serving in this position other than General Slay.

In response to a question asked by my respected colleague from Arizona (Mr. GOLDWATER) as to whether there was any other alternative to following orders, General Slay replied that he could not force himself—that he did not have the "mental make-up" to question what he knew were illegal orders and systematic violations of the Uniform Code of Military Justice.

Mr. President, can we seriously wish to promote such a man, let alone make him a Deputy Chief of Staff for Research and Development, a position in which accurate reporting is of prime importance. In his own words, he may not have the "mental make-up" we need in this country.

The PRESIDING OFFICER. Who yields time?

Mr. CANNON. Mr. President, I suggest the absence of a quorum, with the time to be charged equally to both sides.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the role.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CANNON. Mr. President, I yield back the remainder of my time.

Mr. BAYH. I yield back the remainder of my time.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that it be in order at this time to ask for the yeas and nays on the Slay nomination.

The PRESIDING OFFICER. They have been ordered.

CONVENTION ON THE INTERNATIONAL REGULATIONS FOR PREVENTING COLLISIONS AT SEA, 1972, AMENDMENTS TO THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960; CONVENTION ON THE PREVENTION AND PUNISHMENT OF CRIMES AGAINST INTERNATIONALLY PROTECTED PERSONS; PROTOCOL FOR THE CONTINUATION IN FORCE OF THE INTERNATIONAL COFFEE AGREEMENT OF 1968, AS EXTENDED; AGREEMENT WITH THE FEDERATIVE REPUBLIC OF BRAZIL CONCERNING SHRIMP; AND AMENDMENTS TO CERTAIN ARTICLES OF THE CONVENTION ON THE INTERGOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to consider the conventions which the Senate has agreed to vote on at 2:30.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the first resolution of ratification.

CONVENTION ON THE INTERNATIONAL REGULATIONS FOR PREVENTING COLLISONS AT SEA, 1972

The resolution of ratification was read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Convention on the International Regulations for Preventing Collisions at Sea, 1972, done at London, October 20, 1972, as rectified by the Process-Verbal of December 1, 1973 (Ex. W, 93–1).

The **PRESIDING OFFICER.** The question is, Will the Senate advise and consent to the resolution of ratification on Executive W, 93d Congress, 1st session, Convention on the International Regulations for Preventing Collisions at Sea, 1972?

On this question the yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. **ROBERT C. BYRD.** I announce that the Senator from South Carolina (Mr. HOLLINGS), the Senator from New Mexico (Mr. MONTOYA) are necessarily absent.

I further announce that the Senator from Hawaii (Mr. INOUYE) is absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS), the Senator from Michigan (Mr. HART) are absent because of illness.

Mr. **GRIFFIN.** I announce that the Senator from New York (Mr. BUCKLEY) is necessarily absent.

The yeas and nays resulted—yeas 94, nays 0, as follows:

[Rollcall Vote No. 453 Ex.]

YEAS—94

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Helms
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Stevenson
Stone
Symington
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—6

Buckley
Hart, Philip A.
Hollings
Inouye
Montoya
Stennis

The **PRESIDING OFFICER.** Two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to.

AMENDMENTS TO THE INTERNATIONAL CONVENTION FOR THE SAFETY OF LIFE AT SEA, 1960

The resolution of ratification was read as follows:

Resolved (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the amendments to seven regulations contained in Chapters II, III, IV and V of the International Convention for the Safety of Life at Sea, 1960, and an amendment replacing and superseding the regulations in Chapter VI of the Convention, all of which were adopted on November 20, 1973, by the Assembly of the Inter-Governmental Maritime Consultative Organization (IMCO) at its Eighth Session (Ex. K, 93–2).

The **PRESIDING OFFICER.** The question is, Will the Senate advise and consent to the Resolution of Ratification on Executive K, 93d Congress, 1st session, Amendments to the International Convention for the Safety of Life at Sea, 1960?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. **ROBERT C. BYRD.** I announce that the Senator from South Carolina (Mr. HOLLINGS) and the Senator from New Mexico (Mr. MONTOYA) are necessarily absent.

I further announce that the Senator Hawaii (Mr. INOUYE) is absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS) and the Senator from Michigan (Mr. HART) are absent because of illness.

Mr. **GRIFFIN.** I announce that the Senator from New York (Mr. BUCKLEY) is necessarily absent.

The yeas and nays resulted—yeas 94, nays 0, as follows:

[Rollcall Vote No. 454 Ex.]

YEAS—94

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Helms
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Stevenson
Stone
Symington
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—6

Buckley
Hart, Philip A.
Hollings
Inouye
Montoya
Stennis

The **PRESIDING OFFICER.** Two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to.

CONVENTION ON THE PREVENTION AND PUNISHMENT OF CRIMES AGAINST INTERNATIONALLY PROTECTED PERSONS

The resolution of ratification was read as follows:

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Convention on the Prevention and Punishment of Crimes Against Internationally Protected Persons, including Diplomatic Agents, adopted by the United Nations General Assembly on December 14, 1973, and signed in behalf of the United States of America on December 28, 1973 (Ex. L, 93–2).

The **PRESIDING OFFICER.** The question is, Will the Senate advise and consent to the resolution of ratification on Executive L (93d Cong., 2d sess.), Convention on the Prevention and of Crimes Against Internationally Protected Persons?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. **ROBERT C. BYRD.** I announce that the Senator from South Carolina (Mr. HOLLINGS), the Senator from New Mexico (Mr. MONTOYA) are necessarily absent.

I further announce that the Senator from Hawaii (Mr. INOUYE), is absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS), the Senator from Michigan (Mr. HART), are absent because of illness.

Mr. **GRIFFIN.** I announce that the Senator from New York (Mr. BUCKLEY) is necessarily absent.

The yeas and nays resulted—yeas 94 nays 0, as follows:

[Rollcall Vote No. 455 Ex.]

YEAS—94

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Helms
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Stevenson
Stone
Symington
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—6

Buckley
Hart, Philip A.
Hollings
Inouye
Montoya
Stennis

The **PRESIDING OFFICER.** Two-thirds of the Senators present and voting, have voted in the affirmative, the resolution of ratification is agreed to.

PROTOCOL FOR THE CONTINUATION IN FORCE OF THE INTERNATIONAL COFFEE AGREEMENT OF 1968, AS EXTENDED

The resolution of ratification was read as follows:

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to ratification of the Protocol for the Continuation in Force of the International Coffee Agreement of 1968, as Extended, adopted by the International Coffee Council in its Resolution Number 273 of September 26, 1974 (Ex. B, 94–1).

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the resolution of ratification on Executive B, 94th Congress, 1st session, Protocol for the Continuation in Force of the International Coffee Agreement of 1968, as Extended?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Carolina (Mr. HOLLINGS) and the Senator from New Mexico (Mr. MONTOYA) are necessarily absent.

I further announce that the Senator from Hawaii (Mr. INOUYE) is absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS) and the Senator from Michigan (Mr. HART) are absent because of illness.

Mr. GRIFFIN. I announce that the Senator from New York (Mr. BUCKLEY) is necessarily absent.

The yeas and nays resulted—yeas 94, nays 0, as follows:

[Rollcall Vote No. 456 Ex.]

YEAS—94

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Helms
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Stevenson
Stone
Symington
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—6

Buckley
Hart, Philip A.
Hollings
Inouye
Montoya
Stennis

The PRESIDING OFFICER. Two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to.

AGREEMENT WITH THE FEDERATIVE REPUBLIC OF BRAZIL CONCERNING SHRIMP

The resolution of ratification was read as follows:

Resolved, (Two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Agreement between the Government of the United States of America and the Government of the Federative Republic of Brazil concerning shrimp, with an agreed minute and a related exchange of notes concerning interim undertakings, signed at Brasilia on March 14, 1975 (Ex. D, 94–1).

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the resolution of ratification on Executive D, 94th Congress, 1st Session, Agreement with the Federative Republic of Brazil Concerning Shrimp?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Carolina (Mr. HOLLINGS), the Senator from New Mexico (Mr. MONTOYA), are necessarily absent.

I further announce that the Senator from Hawaii (Mr. INOUYE) is absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS), the Senator from Michigan (Mr. HART) are absent because of illness.

Mr. GRIFFIN. I announce that the Senator from New York (Mr. BUCKLEY), is necessarily absent.

The yeas and nays resulted—yeas 94, nays 0, as follows:

[Rollcall Vote No. 457 Ex.]

YEAS—94

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Helms
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Stevenson
Stone
Symington
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—6

Buckley
Hart, Philip A.
Hollings
Inouye
Montoya
Stennis

The PRESIDING OFFICER. Two-thirds of the Senators present and voting have voted in the affirmative, the resolution of ratification is agreed to.

AMENDMENTS TO CERTAIN ARTICLES OF THE CONVENTION ON THE INTERGOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION

The resolution of ratification was read as follows:

Resolved, (Two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Amendments to Articles 10, 16, 17, 18, 20, 28, 31 and 32 of the Convention on the Inter-Governmental Maritime Consultative Organization, which were adopted on October 17, 1974, by the Assembly of the Inter-Governmental Maritime Consultative Organization (IMCO) at its Fifth Extraordinary Session held at London from October 16 to 18, 1974, (Ex. F, 94–1).

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the resolution of ratification on Executive F, 94th Congress, 1st session, Amendments to Certain Articles of the Convention on the Intergovernmental Maritime Consultative Organization?

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Carolina (Mr. HOLLINGS), the Senator from New Mexico (Mr. MONTOYA) are necessarily absent.

I further announce that the Senator from Hawaii (Mr. INOUYE) is absent on official business.

I also announce that the Senator from Mississippi (Mr. STENNIS), the Senator from Michigan (Mr. HART) are absent because of illness.

Mr. GRIFFIN. I announce that the Senator from New York (Mr. BUCKLEY) is necessarily absent.

The yeas and nays resulted—yeas 94, nays 0, as follows:

[Rollcall Vote No. 458 Ex.]

YEAS—94

Abourezk
Allen
Baker
Bartlett
Bayh
Beall
Bellmon
Bentsen
Biden
Brock
Brooke
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Case
Chiles
Church
Clark
Cranston
Culver
Curtis
Dole
Domenici
Durkin
Eagleton
Eastland
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Gravel
Griffin
Hansen
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Helms
Hruska
Huddleston
Humphrey
Jackson
Javits
Johnston
Kennedy
Laxalt
Leahy
Long
Magnuson
Mansfield
Mathias
McClellan
McClure
McGee
McGovern
McIntyre
Metcalf
Mondale
Morgan
Moss
Muskie
Nelson
Nunn
Packwood
Pastore
Pearson
Pell
Percy
Proxmire
Randolph
Ribicoff
Roth
Schweiker
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Stevenson
Stone
Symington
Taft
Talmadge
Thurmond
Tower
Tunney
Weicker
Williams
Young

NAYS—0

NOT VOTING—6

Buckley
Hart, Philip A.
Hollings
Inouye
Montoya
Stennis

The PRESIDING OFFICER. Two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to.

NOMINATION OF MAJOR GENERAL SLAY TO BE LIEUTENANT GENERAL

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to vote on Calendar No. 178.

The question is, Will the Senate advise and consent to the nomination of Major General Alton D. Slay to be Lieutenant General, U.S. Air Force? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. PASTORE. Mr. President, may we have order? We cannot hear the names.

The PRESIDING OFFICER. The clerk will suspend and the Senate will be in order. Senators will take their seats and cease talking.

The second assistant legislative clerk resumed and concluded the call of the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from South Carolina (Mr. HOLLINGS), and the Senator from New Mexico (Mr. MONTOYA), are necessarily absent.

I further announce that the Senator from Hawaii (Mr. INOUYE) is absent on official business.

I also announce that the Senator from Michigan (Mr. HART), and the Senator from Mississippi (Mr. STENNIS), are absent because of illness.

Mr. GRIFFIN. I announce that the Senator from New York (Mr. BUCKLEY), and the Senator from Ohio (Mr. TAFT), are necessarily absent.

The result was announced—yeas 49, nays 43, as follows:

[Rollcall Vote No. 459 Ex.]

YEAS—49

Allen
Baker
Bartlett
Bellmon
Brock
Bumpers
Burdick
Byrd, Harry F., Jr.
Byrd, Robert C.
Cannon
Chiles
Curtis
Dole
Domenici
Eastland
Fannin
Fong
Garn
Glenn
Goldwater
Griffin
Hansen
Hart, Gary
Helms
Hruska
Jackson
Johnston
Laxalt
Long
McClellan
McClure
McGee
McGovern
Morgan
Moss
Nunn
Pastore
Percy
Randolph
Scott, Hugh
Scott, William L.
Sparkman
Stafford
Stevens
Symington
Talmadge
Thurmond
Tower
Young

NAYS—43

Abourezk
Bayh
Beall
Bentsen
Biden
Brooke
Case
Church
Clark
Cranston
Culver
Durkin
Eagleton
Gravel
Hartke
Haskell
Hatfield
Hathaway
Huddleston
Humphrey
Javits
Kennedy
Leahy
Magnuson
Mansfield
Mathias
McIntyre
Metcalf
Mondale
Muskie
Nelson
Packwood
Pearson
Pell
Proxmire
Ribicoff
Roth
Schweiker
Stevenson
Stone
Tunney
Weicker
Williams

ANSWERED "PRESENT"—1

Ford

NOT VOTING—7

Buckley
Hart, Philip A.
Hollings
Inouye
Montoya
Stennis
Taft

So the nomination was confirmed.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. GRIFFIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the President of the United States be immediately notified of the confirmation of this nomination.

The PRESIDING OFFICER (Mr. LAXALT). Without objection, it is so ordered.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Without objection, the Senate will resume the consideration of legislative business. The Senator from Montana is recognized.

Mr. MANSFIELD. Mr. President, I yield to the distinguished Senator from Minnesota.

SENATE RESOLUTION 288—RELATING TO THE UNITED NATIONS AND ZIONISM

Mr. HUMPHREY. Mr. President, I send to the desk a resolution reported this morning by the Committee on Foreign Relations, Senate Resolution 288, relating to the United Nations and Zionism, together with a list of cosponsors, and I ask unanimous consent for the immediate consideration of the resolution.

The PRESIDING OFFICER. Is there objection?

Mr. ALLEN. Mr. President, reserving the right to object, may we have the resolution reported?

The second assistant legislative clerk read as follows:

RESOLUTION RELATING TO THE UNITED NATIONS AND ZIONISM

Whereas the United States, as a founder of the United Nations Organization, has a fundamental interest in promoting the purposes and principles for which that organization was created; and

Whereas in article 1 of the Charter of the United Nations the purposes of the United Nations are stated to be:

"To develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace;

"To achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion; and

"To be a center for harmonizing the actions of nations in the attainment of these common ends."; and

Whereas such purposes are threatened with being nullified and subverted by the resolution adopted by the Third Committee of the United Nations General Assembly on October 17, 1975, which resolution wrongfully associates and equates Zionism with racism and racial discrimination, as was pointed out so well by the United States representative to the Third Committee, when he said: "Under the guise of a program to eliminate racism, the United Nations is at the point of officially endorsing anti-Semitism, one of the oldest and most virulent forms of racism known to human history.": Now, therefore, be it

Resolved, That the United States Senate strongly condemns the resolution adopted by the Third Committee of the United Nations General Assembly on October 17, 1975, in that said resolution wrongfully associates and equates Zionism with racism and racial discrimination; and urges the United Nations General Assembly to disapprove that said resolution, if and when it is presented for a vote before that body.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. ALLEN. Mr. President, I have no objection to the resolution. I concur in its adoption.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a list of cosponsors be added. There are some 25 additional cosponsors, and all of those who may wish to be joined.

Mr. SYMINGTON. Mr. President, if the Senator will yield, I ask unanimous consent that my name be included as a cosponsor.

Mr. HUMPHREY. The Senator from Georgia (Mr. NUNN), the Senator from Arkansas (Mr. BUMPERS) also asked to be added on, as did the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Washington (Mr. MAGNUSON), the Senator from Missouri (Mr. EAGLETON), and Senators ALLEN, TALMADGE, HELMS, and MORGAN, all will be added as cosponsors along with those who are on the list.

The PRESIDING OFFICER. Without objection, it is so ordered.

The list of cosponsors of Senate Resolution 288, Zionism resolution is as follows:

Humphrey, Brock, Javits, Ribicoff, Case, Jackson, Bentsen, Hugh Scott, Chiles, Stone.
Allen, Baker, Bayh, Beall, Biden, Brooke, Robt. Byrd, Church, Cranston, Dole.
Domenici, Philip Hart, Haskell, Inouye, Johnston, Kennedy, Leahy, Magnuson, McGee, McGovern.
McIntyre, Metcalf, Mondale, Nelson, Packwood, Percy, Proxmire, Schweiker, Stevenson, Talmadge, Tunney, Williams.
Huddleston, Nunn, Bumpers, Symington, Cannon, Eagleton, Muskie, Helms, Burdick, McClellan, Montoya, and Weicker.

Mr. HUMPHREY. Mr. President, there is no need for any long and extended discussion or debate on this. The Government of the United States through its representatives at the United Nations has made it very clear that we take strong exception to the vote in the Social, Humanitarian and Cultural Committee of the United Nations on the issue of Zionism. We say it is a stain on that world body and represents a fundamental setback to the worldwide struggle against racism.

The committee's condemnation of Zionism by a vote of 70 to 29 with 27 abstentions marks a grave development in the politicization of an organization dedicated to peace and human understanding.

The attack on Zionism was a crude device to confuse issues which affect peace in the Middle East. To condemn Zionism is to condemn a central philosophical thrust in modern Jewish thought. The idea of a Jewish homeland as a haven free of persecution and oppression was a concept first endorsed by President Truman and subsequently supported by his successors. It is an idea that my father supported as a member of the South Dakota legislature. It is an idea to which I have been devoted since before I entered active politics. I support Israel because it is a small democracy which has consistently struggled for the freedom of its people.

I am grievously distressed that the concept of a Jewish homeland is now being questioned in the United Nations 27 years after its founding. Moreover, Zionism as a concept is linked by the enemies of Israel to the issue of racism. Zionism is not a racist philosophy. To say that it is perverts the truth and weakens those in this country and around the world who are dedicated to the destruction of all forms of racism in national and international life. Let us not forget that it was Israel that had one of the most extensive programs in agricultural and rural assistance in Africa before African States were forced to break relations with it. Israel is not a racist state in thought or in deed. It is not a state that discriminates on the basis of race as some members of the U.N. do.

It is indeed sad that the United Nations has taken this action against a member state which has every right to exist and to be free of persecution in this world body. I sincerely hope that the vote in the Social, Humanitarian and Cultural Committee will be reversed by the General Assembly. All those states who recognize and cherish freedom will refuse to be party to this destructive act. All those states who view the U.N. as a body where disputes are settled rather than exacerbated will refuse to vote in favor of the resolution. As I have said before, the American people and their representatives in Congress will not sit back as Israel is attacked and vilified on groundless bases. I am not unaware of the disputes in the Middle East which may be the subject of future negotiations. Until these negotiations occur, the peace will be endangered by these unfair and distasteful attacks on a U.N. member state and its people.

By the number of cosponsors who have already indicated their desire to be associated with this resolution, which calls upon the United Nations General Assembly to resist this motion and this resolution of the committee, to disapprove of that resolution, I know that the Senate of the United States is prepared to put itself on record in opposition to the resolution of the Social, Humanitarian and Cultural Committee of the United Nations, and to ask the General Assembly to support the charter.

SEVERAL SENATORS. Vote, vote, vote!

Several Senators addressed the Chair.

Mr. **JAVITS**. Mr. President, if the Senator will yield for a point of fact, the House of Representatives has a comparable resolution sponsored by the majority leader, Mr. O'NEILL, which has several hundred cosponsors.

Mr. **PERCY**. Mr. President, a news agency in Baghdad last week reported that Arab diplomacy had achieved "a new political triumph" when a U.N. committee passed a draft resolution defining Zionism as a form of racism.

I think this is a dangerous misinterpretation for those Arab governments whose representatives actively lobbied for passage of the resolution. Surely they themselves must realize that the Arab-Third World bloc was seriously split over this issue. As an example of this, a dozen African governments which routinely support the Arab cause felt that this resolution was so devoid of moral and legal justification that they could not vote for it.

It is my own strong belief that the Arab governments which lobbied for this resolution were really lobbying against the Sinai agreement which has set in motion a process of conciliation between Israel and Egypt for which some Arab States are not yet prepared. The resolution is meant to perpetuate the hostility between the Arab world and Israel at a time when one Arab State, to its credit, has sought to diminish this hostility and work toward a peaceful resolution of differences with Israel.

Surely the calculated definition of Zionism as a form of racism is not meant to be taken literally, because it is an absurd formulation.

For myself, I can only view this definition and the resolution which embodies it as very sad. It is sad that the United Nations has become so politicized that a resolution of this sort can be passed even in committee. It is sad that some governments will use such a resolution to strike a political blow at Israel just at a time when the Sinai accord has given us reason for hope and optimism that, at long last, progress is being made in resolving the Mideast dispute.

It is saddest that this action at the United Nations is such an unfriendly act toward the overwhelming majority of Jewish people, wherever they live, who have seen in the creation and success of the State of Israel the answer to an age-old dream and the achievement of a refuge for Jews denied full freedom elsewhere in the world.

As one who seeks justice for both Israel and the Arab States, I deeply regret the promulgation of this resolution which is so patently unjust. I urge the governments which gave their support to this resolution in committee to reconsider their action before it is considered in plenary session, because it is counterproductive for Mideast peace, it is harmful to the United Nations, and it is insulting to the Jewish people.

Mr. **HUMPHREY**. Mr. President, I ask unanimous consent that Senators who may wish to add their names as cosponsors be permitted to do so.

The **PRESIDING OFFICER**. The question is on agreeing to the resolution.

The resolution (S. Res. 288) was agreed to.

The preamble was agreed to.

Mr. **JAVITS**. Mr. President, I move to reconsider the vote by which the resolution was passed.

Mr. **HUMPHERY**. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar under Department of State, with the exception of Mr. Helmut Sonnenfeldt.

There being no objection, the Senate proceeded to the consideration of executive business.

The **PRESIDING OFFICER**. The nominations will be stated.

DEPARTMENT OF STATE

The assistant legislative clerk proceeded to read sundry nominations in the Department of State.

Mr. **MANSFIELD**. I ask unanimous consent, with the exception already noted, that the nominations be considered en bloc.

The **PRESIDING OFFICER**. Without objection, the nominations are considered and confirmed en bloc.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the President be notified of the confirmation of these nominations.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

(All nominations confirmed today are printed at the end of the Senate proceedings.)

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of the nomination of Mr. Helmut Sonnenfeldt, of Maryland, to be a career minister.

The **PRESIDING OFFICER**. The nomination will be stated.

NOMINATION OF HELMUT SONNENFELDT, OF MARYLAND, TO BE A CAREER MINISTER OF THE DEPARTMENT OF STATE

The assistant legislative clerk read the nomination of Helmut Sonnenfeldt, of Maryland, to be a career minister of the Department of State.

Mr. **MANSFIELD**. Mr. President, I suggest the absence of a quorum.

The **PRESIDING OFFICER**. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. **MANSFIELD**. Mr. President, I ask for the yeas and nays on the pending nomination.

The **PRESIDING OFFICER**. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

ORDER FOR VOTE TO OCCUR AT 2 P.M. TOMORROW ON NOMINATION OF HELMUT SONNENFELDT TO BE A CAREER MINISTER

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the vote on the pending nomination occur at the hour of 2 p.m. tomorrow afternoon.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

ORDER LIMITING DEBATE ON NOMINATION OF HELMUT SONNENFELDT TO BE A CAREER MINISTER

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the debate on the pending nomination not go beyond the hour of 4 p.m.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

ORDER DESIGNATING THE CONTROL OF TIME FOR DEBATE ON NOMINATION OF HELMUT SONNENFELDT

Mr. **MANSFIELD**. Mr. President, I ask unanimous consent that the time be equally divided between the Senator from North Carolina and the majority leader or whomever he may designate.

The **PRESIDING OFFICER**. Without objection, it is so ordered.

Mr. HELMS. I thank the distinguished majority leader for his cooperation in sending forth all of the nominations for Foreign Service officers except that involving Mr. Helmut Sonnenfeldt.

Mr. President, on July 15, the President sent the nominations of eight Foreign Service officers and one Foreign Service Information officer to the Senate for confirmation as Career Ministers and Career Minister for Information, respectively. On July 30, the Committee on Foreign Relations reported eight of the nine nominees, and eight of them have just been confirmed by this body.

At that point, a number of disturbing facts came to my attention. It appeared that the president of the American Foreign Service Association had written to the Foreign Relations Committee before the names were reported, asking to testify with regard to the promotion slate and to irregularities in the procedures associated with it. As is well known, AFSA is the official employee organization of the Foreign Service and represents the interests of the members of the Foreign Service. The president of AFSA received no reply to his request.

It is noteworthy that the preliminary screening of the candidates for Career Minister was done by a board that included the former staff director of the Foreign Relations Committee, Dr. Carl Marcy.

At that point, I asked the leadership that the nominations be held at the desk until the truth or falsity of certain facts could be ascertained. A key element was the president of AFSA's assertion that AFSA had no record that the membership of the Career Minister Review Board was drawn from a pool of names previously submitted to AFSA under the terms of a contractual agreement dated June 29, 1973. If this were so, then it would be clear that the procedures leading to the nominations were improper.

At this point, the August recess of Congress intervened. On September 23, Mr. Nicholas A. Veliotes, Special Assistant for Employee Management Relations at the State Department, responded to AFSA, and admitted that the names for the Career Minister Review Board had not been drawn from a list previously submitted to AFSA. However, Mr. Veliotes asserted that the Career Minister Review Board was not a selection board within the purview of the AFSA/State agreement of June 29, 1973, since this particular board had been established by the Board of the Foreign Service, and not the Department of State.

In my opinion, this was a very disturbing contention. On October 2, I wrote to the Secretary of State, Dr. Kissinger, outlining a number of questions that arose from the Veliotes correspondence. Under date of October 11, the Secretary responded to me.

His response outlined a situation which, frankly, is even more dubious than had been previously evident.

But there is a very strange circumstance connected with the Secretary's letter. Although dated October 11, it was hand-delivered to my Washington office on the afternoon of October 14, during the Columbus Day recess. I was in Raleigh that day. When I opened the Raleigh Times that afternoon, behold, it carried a column by Evans and Novak which made it clear that Evans and Novak had had access to the Secretary's reply before that reply was even delivered to my office in Washington.

In his reply, the Secretary rejects the implication that there was any political manipulation involved in the promotion list. Yet his very reply is compromised by the crudest type of political manipulation rampant in Washington, the highly selective "leak" to favored reporters. It is interesting that that particular Evans and Novak column was published in North Carolina, but it did not run in Washington, D.C. It is also interesting that one of the dubious nominations on the promotion list has been investigated for leaking confidential information in a series of incidents going back to 1954.

The contents of the Secretary's letter, however, is more significant than what was done with it. For in the letter he affirms that the promotion procedure for the upper two classes of the Foreign Service—that is, that of Career Minister and Career Ambassador—is different from the procedure for the first eight classes.

Mr. President, I do not find any statutory basis for this distinction.

In the statutes (22 U.S.C. 861), the Foreign Service is one of six divisions of personnel under the law. The Foreign Service itself is also divided:

> There shall be ten classes of Foreign Service officers, including the classes of career ambassador and of career minister (22 USC 867).

The law treats the appointment and promotion of all 10 classes in the same way. There is no distinction in the method of appointment; all 10 classes are appointed by the President by and with the advice and consent of the Senate (22 U.S.C. 901 and 906).

In the statutes on promotion, no distinction is made between the upper two classes and the lower eight. In 22 U.S.C. 991, we find that:

> All promotions of Foreign Service officers shall be made by the President, in accordance with such regulations as he may prescribe, by appointment to a higher class, by and with the advice and consent of the Senate. Promotions shall be by selection on the basis of merit.

If we read carefully, we see the phrase "Foreign Service officers." We do not see "Foreign Service officers up to class 1." Indeed, the law is specific: "All promotions of Foreign Service officers." And further, "promotion shall be by selection on the basis of merit."

Now "selection on the basis of merit" is a phrase that does not in itself provide the procedure for promotion. That procedure is spelled out two sections further down in the law, in 22 U.S.C. 993:

> The Secretary is authorized to establish, with the advice of the Board of the Foreign Service, selection boards to evaluate the performance of Foreign Service officers, and upon the basis of their findings the Secretary shall make recommendations to the President for the promotion of Foreign Service officers.

Once again we read "the performance of Foreign Service officers," not "the performance of Foreign Service officers up to class 1." And again, "the promotion of Foreign Service officers," not, "the promotion of Foreign Service officers up to class 1."

There is nothing in here about class 1 or class 2 or any class. Yet the Secretary wrote to me on October 11 that this section of the act provides for the establishment of selection boards "with regard to the promotion of Foreign Service officers up to class 1."

Mr. President, in my judgment, if the Secretary uses the authority invested in under this statute, elementary principles of fairness and law require that he exercise that authority uniformly. He acts for one class, he should act for all, or he is denying equal protection and due process for every Foreign Service officer who passes through the selection boards.

Now what authority does the Secretary cite for making this false distinction? He cites 22 U.S.C. 902, which says:

> The Secretary shall, on the basis of recommendations made by the Board of the Foreign Service, from time to time furnish the President with the names of Foreign Service officers qualified for appointment to the class of career ambassador and the class of career minister together with pertinent information about such officers, but no person shall be appointed into the class of career minister who has not been appointed to serve as a chief of mission or appointed or assigned to serve in a position which, in the opinion of the Secretary, is of comparable importance.

Mr. President, this is not from the statutes on promotion, but from the statutes on appointment. Procedurally, there is nothing here which is inconsistent with the promotion statute we have already examined, 22 U.S.C. 993. In 902, we read, again:

> The Secretary shall, on the basis of recommendations made by the Board of the Foreign Service, from time to time furnish the President with the names of Foreign Service officers qualified for appointment, etc.

In 993, we read:

> The Secretary is authorized to establish, with the advice of the Board of the Foreign Service, selection boards . . . and upon the basis of their findings, the Secretary shall make recommendations to the President for the promotion of Foreign Service officers.

The two statutes must be read together if they are going to make any sense. One calls for the "recommendations" of the Board of the Foreign Service, the other calls for the "advice" of the Board of the Foreign Service. The Secretary then sends the names which result from this process to the President. The only differences are that 902 provides minimum qualifications for the class of Career Minister, while 993 specifically sets up selection boards for "the promotion of Foreign Service officers."

The simple intent of the law seems to be that every class, that is all 10 classes, must pass through statutory selection boards. If the Board of the Foreign Service has some special function to perform for the classes of career minister and career ambassador, it is simply to review the work of the statutory selection boards for those classes. It is at best a final review; it is more likely superfluous.

But according to the Secretary's letter, the Board of the Foreign Service has its own nonstatutory advisory unit, the Career Minister Review Board, whose work is "parallel" to the work of the selection boards on the first eight classes.

Mr. President, is work of the Career Minister Review Board really parallel? If we examine the process, it seems to function like a selection board. For example, this year it took a list of 22 candidates and cut them down to 8 nominees. It is really performing "selection on the basis of merit," to quote 22 U.S.C. 991. Yet the Secretary boldly says in his letter that the Career Minister Review Board is not guided by objective published guidelines in its selection process.

The Secretary writes:

> In fact, the Career Minister Review Board receives no specific precepts from the Department, or from the Board of the Foreign Service to which alone it answers.

Are we supposed to believe that such a process is objective, and untainted by the wishes of the Board of the Foreign Service? Is it not rather likely that the Board dictates to the Career Minister Review Board whom it wants on the list? Is it not at least possible? Such a Board cannot make an objective judgment when it is tied to the Board of the Foreign Service, "to which alone it answers."

Mr. President, such a procedure was never intended. Indeed, even when the Career Minister Review Board was set up as the creature of the Board of the Foreign Service by State Department Regulations, the regulations themselves said—at 567.2:

> In making its recommendations, the Career Minister Review Board shall be guided by the qualifications prescribed for career minister as incorporated in the published Precepts furnished the most recent Selection Board considering Foreign Service officers of Class 1.

Mr. President, it is perfectly plain that the Secretary's account of his stewardship over the Career Minister Review Board is directly contradictory to the established regulations. The Secretary says one thing, the regulations say something quite different. It very much appears as though the Secretary has no notion of having an independent promotion procedure at all.

Mr. President, the matter of the regulations is most important. The State Department denies that it has any contractual obligation with AFSA whatsoever as to the regulations. It makes this assertion because the basis of the "precepts" or guidelines was negotiated in the same contract with AFSA in which State agreed to provide AFSA with lists of names from which would be drawn the selection boards. The Department of State admitted that it has not submitted such lists with regard to the Career Minister Review Board; therefore, the Department of State must argue that it has no obligation with AFSA either as regards name lists or guidelines.

What it comes down to is a process blatantly open to political manipulation, with handpicked review boards answerable only to the Board of the Foreign Service and the Secretary of State.

Perhaps that is why five of the eight nominees are associates of the Secretary. But perhaps it is not.

Perhaps it is all something that grew up higgledy-piggledy as the prestige ranks were added to the career concept. Perhaps the procedure has never been examined carefully.

Yet to this date there is no substantive grievance procedure under law for Foreign Service officers who are betrayed by the systems.

Mr. President, I find it very affecting that an unfair labor complaint has been filed against the Secretary because of this promotion list. It has been filed by Mrs. Cynthia Thomas, an employee of the Department whose husband was a tragic victim of an unfair promotion system.

I hope that Mrs. Thomas' complaint will be the occasion for a complete reexamination of all these procedures.

One place to start would be to bring the upper two classes of career minister and career ambassador under the statutory selection board process as the law provides, yet which has never been implemented by the Department of State.

On October 24, I received a reply to my most recent letter to the Secretary signed by Deputy Secretary Robert S. Ingersoll. In his letter, Mr. Ingersoll is singularly insensitive to the basic issues involved.

Mr. President I ask unanimous consent that my correspondence with the Secretary and his Deputy, the Evans and Novak column published in the Raleigh Times of October 14, and the complaint of Mrs. Cynthia Thomas be printed in the RECORD at the conclusion of my remarks as Exhibit 1.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HELMS. Mr. President, there are two aspects to this promotion slate, the method of promotion, and the result. I think that everyone acknowledges that the Foreign Service was created to develop a career system of highly competent individuals, strongly motivated, and dedicated to professionalism. To this end, the ranks of the Foreign Service are rigidly pruned every year so that only the most able are retained and raised to higher rank. The Foreign Service, unlike Civil Service and other bureaucratic institutions, is based upon merit promotions and is frankly analogous to the career officer system of the military. Indeed, for this reason, those who serve in the Foreign Service are known as "officers," and their assignments are called "tours of duty."

The promotion system of the Foreign Service was also developed upon the military analogy, and for good reason. Just as military officers often serve abroad in difficult and unpleasant circumstances, so too the Foreign Service officer represents his country in every country under the sun. He is separated from his close relatives, his friends, his native surroundings. More important, he is often separated from the immediate presence of his high superiors and those who have the power to affect the future of his career.

In more typically bureaucratic institutions, in-fighting, maneuvering, and favor-seeking are characteristic of office or agency politics. Personal associations, job assignments, and close affinity with the decision-makers are often powerful elements in the advancement of careers. But the Foreign Service is supposed to be different. The statutes of the Foreign Service Act lay out a promotion system that is supposed to be impartial, to recognize merit, and to encourage Foreign Service officers to leave the thickets of Foggy Bottom to undertake difficult and remote assignments around the globe. Although it is useful for Foreign Service officers to serve occasional tours of duty in the United States to refresh their knowledge and understanding of the domestic situation, the very rationale of the Service is to serve abroad. The Foreign Service was not meant to be a source of personnel supply for the operating bureaucracy of the State Department.

To this end, the law lays down a system of annual efficiency reports on every officer—written by his immediate supervisor—which, together with security reviews and other pertinent data, are considered by the so-called "selection boards" which recommend candidates for promotion. The selection boards themselves are authorized by statute. The constitution of the selection boards as well as the guidelines or "precepts" for promotion are based upon an agreement negotiated with the American Foreign Service Association under Executive order.

The whole point of this exercise, established by law, regulation, and agreement, is to avoid any hint of self-serving or political manipulation by cliques within the service. Unfortunately, the lack of an adequate grievance procedure has not prevented the abuse of the promotion system. There is no counter-check to the exercise of power from those in higher authority, and it has been charged, with a fair show of evidence, that the Board of the Foreign Service, a statutory advisory group to the Secretary, has become an in-bred group that has lost its objectivity, and that even the American Foreign Service Association, until recently, suffered from the same malaise.

THE 1975 CAREER MINISTER LIST

The rank of Career Minister was created in 1946. Like the rank of Career Ambassador, it was intended to honor those who represented the very epitome of a Foreign Service officer, and carried with it important monetary and honorific prerogatives. Using the military analogy, upon which it was based, a Career Minister is equivalent to a three-star general, while a Career Ambassador is equivalent to a four-star general. Both ranks serve as a distinguished capstone to a long career of outstanding service abroad.

The 1975 Career Minister promotion list was sent to the Senate by the President on July 15, 1975. The list included:

Career Minister—Theodore L. Eliot, Jr., Ambassador to Afghanistan; Arthur A. Hartman, Assistant Secretary for European Affairs; Deane R. Hinton, Ambassador to Zaire; William E. Schaufele, Jr., Deputy U.S. Representative in the Security Council of the U.N.; Richard L. Scheider, Ambassador to Korea; Helmut Sonnenfeldt, Counselor of the Department of State; Wells Stabler, Ambassador to Spain; Viron P. Vaky, Ambassador to Colombia.

Career Minister for Information—Hans N. Tuch, Public Affairs Officer, Brasilia.

This list may be viewed in several ways. One way to look at it is to look at their career biographies and to note that at least five of the eight Career Minister nominees were closely associated with the Staff Director of the National Security Council in the period 1969–71. Now it is well known that Dr. Kissinger is an exacting task-master in his selection of personnel, but it is a remarkable coincidence that more than half the list were on his staff at the time of his ascendency. Out of all the career officers in the Foreign Service, he picked exactly those who have been chosen 5 or 6 years later by an impartial panel to be nominated as Career Ministers.

Mr. President, I ask unanimous consent that the biographies of the nine nominees be printed in the RECORD at the conclusion of my remarks as exhibit 2.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. HELMS. Another way of looking at the list is to note the remarkable variation in quality of the nominees. As I noted, nine nominees were sent down by the President. The Senate Foreign Relations Committee, however, only reported eight. The ninth one, Mr. Tuch, was not reported because of various allegations about his conduct in Brasilia. I have no information about whether or not those allegations are true, but I do understand that there is an official inspection team examining the allegations right now in Brasilia. Every man is innocent until proven guilty; yet where the allegations are sufficiently serious it is wise to withhold the conferring of honors until the allegations are cleared up.

A second nominee, Mr. Wells Stabler, is the subject of an official discrimination charge brought by a Spanish-American colleague and coworker, Mr. Ernest B. Gutierrez. Although the official charge was brought subsequently to the nomination, Mr. Gutierrez has sent letters of complaint to the State Department well before the President nominated Mr. Stabler. Again, I have no way of knowing whether the Gutierrez complaint is justified, but certainly the record ought to be cleared before honors are conferred.

Mr. President, I ask unanimous consent that correspondence relating to the Gutierrez matter be printed in the RECORD as exhibit 3.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. HELMS. Mr. President, a third nominee is Mr. Helmut Sonnenfeldt. I have discussed Mr. Sonnenfeldt on the floor of this Senate before. Suffice it to recall here that this individual still has outstanding charges against his reputation of the most serious sort. Nor are these charges of a passing or scurrilous nature. They occur in sworn testimony before two different committees by responsible citizens—his former coworkers in the State Department, in fact. In 1973 when this was discussed, at least eight such witnesses were ready to testify under oath. The nominee's responses under oath were evasive denials.

The incidents include derogatory testimony relative to: Security investigation for leaks to journalists in 1954–55; sworn allegations that contents of classified cables were given to Israeli diplomats at the height of the Lebanon crisis of 1958; leaks to the JFK campaign in 1960—based on authorized wiretaps; rejection of his application for a job in Intelligence and Research—State—where he would have had access to top secret classified information; granting of an application for same job after JFK became President; disappearance of files of 1958 FBI investigation of Sonnenfeldt; 1969–71 wiretaps of Sonnenfeldt under suspicion of NSC leaks; and failure of Presidential Counsellor Mollenhof to get State Department cooperation in attempts to investigate Sonnenfeldt.

More important to the present debate is the fact that Mr. Sonnenfeldt is a Foreign Service officer who has never seen any foreign service. The Career Minister rank is considered the capstone of a distinguished career in the Foreign Service, yet Mr. Sonnenfeldt has been in the Foreign Service for 5 years only. He began in civil service, then was converted to Foreign Service Reserve Officer where he got a higher pay scale without the danger of having to serve abroad. In 1970, after having been taken into the NSC by Dr. Kissinger, he was transferred laterally as an FSO–1 skipping the first seven classes where an FSO would normally have spent at least some service abroad. He was made an FSO–1 during a "reduction-in-force" affecting 10 percent of those being considered in selection boards. In other words, 10 percent were being fired simply for economy reasons, yet Mr. Sonnenfeldt was jumped over all other career officers to get a job in the highest rank—except for the career minister and career ambassador classes—at the highest pay. If he becomes a Career Minister, an honor given only to a chosen handful, he will immediately get increased pay, guaranteed tenure until 65, with an option for extension, and a bigger pension after that.

Although it has been suggested that the Secretary has the legal discretion to make exceptions, the statutory requirements for career Minister certainly contemplated a candidate with a distinguished career in the Foreign Service; they did not contemplate a Johnny-come-lately in the Service, a Foreign Service officer who has never seen any foreign service.

Mr. President, the Deputy Under Secretary of State has admitted in his letter to me that there is only one other case in the history of the Foreign Service—only one other case—where a career Minister has never served abroad. That individual, Mr. Joseph J. Sisco, had, however, served at the United Nations, which is considered an international post.

Mr. Sonnenfeldt stands alone as a Foreign Service officer who has never served abroad. His nomination makes a mockery of all that the Foreign Service stands for.

Mr. President, I ask unanimous consent that my remarks on the Senate floor of December 10, 1973, be printed in the RECORD at the conclusion of my remarks, along with the biography of Mr. Sisco, as exhibit 4.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 4.)

Mr. HELMS. Mr. President, I ask unanimous consent that a list of other documents pertinent to this discussion, including the AFSA/State agreements, and letters, precepts and regulations, be printed in the RECORD at the conclusion of my remarks as exhibit 5. This material is so voluminous that it would consume several pages of the RECORD, therefore, inasmuch as it is available to interested parties, and since I am retaining a complete file on the subject, I will not ask that it be printed in the RECORD. The list of pertinent material is, however, important to future consideration of this matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 5.)

EXHIBIT 1

[From the Raleigh (N.C.) Times, Oct. 14, 1975]

JESSE HELMS ATTEMPTS TO VETO PRESIDENT

(By Rowland Evans and Robert Novak)

WASHINGTON.—Totally discredited security allegations first made against State Department counselor Helmut Sonnenfeldt two years ago are behind a new move to block his promotion by President Ford as a foreign service career minister.

An unpublicized objection by right-wing Republican Sen. Jesse Helms of North Carolina has held up Senate confirmation of Sonnenfeldt and seven other top diplomats as career ministers ever since the Senate Foreign Relations Committee approved their nominations last July.

After keeping the nominations from the Senate floor in early August, Helms finally wrote Secretary of State Henry Kissinger Oct. 2. Because the quasi-official American Foreign Service Assn. (AFSA) had not been consulted, Helms contended, the nominations were illegally submitted to the Senate. AFSA is headed by right-winger John Hemenway, who was routinely "selected out" of the foreign service several years ago.

Helms' letter to Kissinger claimed the State Department violated foreign service "procedures" when President Ford nominated Sonnenfeldt and the seven other diplomats—including Assistant Secretary of State Arthur Hartman—to the highest foreign service rank.

But Helms' real reasons are unsupported charges made against Sonnenfeldt in 1973, when he was nominated by then President Nixon as Under Secretary of the Treasury, that he had leaked national security information. Helms was a key witness against Sonnenfeldt, who was strongly defended by conservative Republican James Buckley of New York after making his own investigation.

The Senate Finance Committee approved

of Sonnenfeldt's nomination following months of delay, but Kissinger brought him into the State Department as counselor before the Senate acted on the Treasury nomination.

The Foreign Relations Committee is now studying Kissinger's reply to Helms, contending that promotion procedures agreed to between the State Department and AFSA give AFSA no right even to be consulted on career minister nominations, much less any right of veto.

SOUR START

The Ford-Reagan confrontation in New Hampshire's Republican presidential primary begins on a strident note thanks to confusion over just what President Ford said to former Gov. Hugh Gregg at a picnic lunch in Amherst, N.J., Sept. 11.

Gregg got the distinct impression the President asked him to run his campaign there. Ford campaign sources say the President informed them he made no such offer. Former Sen. Norris Cotten, an old friend of the President who introduced him to Gregg in Amherst, was present for part of the conversation and remembers Mr. Ford talking about Gregg being a good man to "take hold" of his New Hampshire campaign.

SON WON'T CAMPAIGN?

There was no follow-up to the picnic conversation, and Gregg ended up as Ronald Reagan's state chairman. Ford sources say Gregg went with Reagan only because he could not run the Ford campaign; Gregg contends the President's men reneged on the President's offer. Thus, another New Hampshire primary begins with the sour tone typifying that state's Republican party.

A footnote: Until Oct. 5, Ford campaign managers were planning major campaigning by Jack Ford for his father throughout New Hampshire. Since his admission of using marijuana, however, Ford operatives wonder whether Jack would go over with Granite State Republicans and are delaying speaking plans for him there.

DRYING UP

Overshadowed by congressional emasculation of the CIA but perhaps even more damaging to the national interest is the sudden drying up of valuable intelligence through exposure of National Security Agency (NSA) techniques.

Formerly super-secret methods used by the NSA in monitoring commercial international phone and teletype circuits became common knowledge soon after they were given to congressional investigations of the intelligence community. Thus forewarned, foreign users of commercial channels for transmitting information of great interest to the U.S. government switched to more secure means.

Losing this information is viewed at the Pentagon as considerably more serious than Defense officials care to admit. While lacking hard proof of who leaked the NSA information, these officials believe it almost surely came from the staff of the House Intelligence Committee headed by Rep. Otis Pike of New York.

NOT FROM PIKE'S STAFF

"I firmly believe none of this came from our staff," Pike told us. The fact remains, however, that descriptions of NSA monitoring techniques appeared in public prints (including a long account in the Sept. 8 Newsweek) soon after the secret material was handed over to Pike's staff.

Several foreign nations who had been using commercial channels switched to private couriers. One result: The U.S. government has lost valuable information about Arab strategy in international oil price manipulations. But even more important information, directly related to U.S. security, also is gone.

WASHINGTON, D.C.,
October 20, 1975.

Senator HELMS,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HELMS: The enclosed document concerns a principle of far more importance than the individuals now being considered for the rank of career minister. It concerns a charge against the Secretary of State for improperly promotions to Career Minister.

My formal charge against Secretary Kissinger is premised on one basis principle: either we have a career diplomatic service or we do not.

If we really have a career diplomatic service, then the rules to attain the highest rank in that service, career minister, must be appropriate, must be known, must not shift from year to year, and must be followed and applied equally to all. I testified in 1971 before the Senate Foreign Relations Committee concerning the moral imperative that promotion rules apply equally to all in the U.S. diplomatic service and I stand on that same principle today. So do all of my colleagues, the men and women of the Foreign Service, and all thinking Americans.

I am not a career Foreign Service Officer, but my husband was and the rules were applied to him inequitably; today I am an FSRU-5 and my concern is for the future of the diplomatic service. Is there a future for that service if unwise, capricious appointments to the highest rank are made which affect the tone of the service?

My charge against Secretary Kissinger therefore poses questions I can not myself answer. What is the operating principle behind the Career Ministers List of 1975. I see only "pragmatism." Just exactly who, if not the Secretary of State personally, is accountable for such a disorderly approach to such an important matter? I and my colleagues in the Foreign Service would like to know.

The regulations require that a response be filed to my charge within fifteen (15) days. I shall keep you informed.

Sincerely yours,

CYNTHIA A. THOMAS.

Enclosure: Charge of an Unfair Practice Against Henry A. Kissinger.

FORMAL CHARGE AGAINST THE SECRETARY OF STATE OF AN UNFAIR PRACTICE UNDER EXECUTIVE ORDER 11636

Under the provisions of 3 FAM 651 (Appendix C, p. 8) I charge the Secretary of State of an unfair practice under Executive Order 11636. In accordance with Section 803.3(a) of the regulations, the following information is provided:

(1) Employee Bringing Forth the Charge: (Hereinafter referred to as the Complainant).

Cynthia Ann Thomas, employee, Department of State, 4741 Fulton St., N.W., Washington, D.C. Telephone: 966-6615.

(2) Foreign Affairs Agency Against Whom the Charge is Made:

US Department of State, 21st and C St., N.W., Washington, D.C. Telephone 655-4000.

(3) Statement of the Facts:

I charge the Secretary of State, Henry A. Kissinger, with deliberately and knowingly violating Section 13(a) (6) of Executive Order 11636 which states that management *shall not:*

(6) refuse to consult, or confer, with a recognized organization as required by this order.

The specifications of my charge against the Secretary are set forth below:

On July 15, 1975 the President sent nine names forward to the Senate for confirmation to the rank of Career Minister. These names were submitted to the President by the Secretary of State prior to that date, ostensibly on the basis of promotion boards and panels which, after examining precepts for eligibility for advancement, determine which officers are most worthy of promotion.

The American Foreign Service Association, of which the Complainant is a member in good standing, signed an agreement on June 29, 1973 with the Department of State which requires, *inter alia,* that the AFSA receive "a list of *all* potential Foreign Service, other agency and public candidates for membership" on the selection boards and panels which determine promotion.

In fact, the names of prospect members of the 1975 Career Minister Review Panel were not communicated to the AFSA at any time during this procedure. This is a clear violation of the June 20, 1973 agreement.

Although the Career Minister Review Board is selected by the Board of the Foreign Service (just as other selection boards might be selected by different organizational entities under the Secretary) it is clear that the persons serving on it are subject to the AFSA/STATE Agreement on June 29, 1973 and that their names must be submitted in list form to the AFSA. In fact the June 29 Agreement specifically mentions the Career Ambassador and Career Minister Review Boards in connection with exempting them from a certain provision of the Agreement, thus making it clear that the Agreement applies. (Section 2 of the AFSA/STATE Agreement, para (a)).

In addition to the fatal defect that the June 29, 1973 Agreement was violated and that, therefore, the entire CM list is improperly constructed, I charge the secretary with making at least one appointment on the list of a man not qualified to be a career minister. He has never served abroad in a single diplomatic post. His appointment not only violates the precepts for promotion to CM (Again a subject of AFS/STATE Agreement), but that appointment does violence to common sense. Career Ministers in the diplomatic service without any career diplomatic service? It is a contradiction in terms.

This charge is submitted by me directly to the Secretary because there is no hope that the Board of Governors of the American Foreign Service Association as presently constituted would make a complaint in this matter. The Board under the previous leadership and, indeed today, has such close ties to management in the Department of State that they are disposed not to challenge even the most flagrant personnel abuses in some areas. This may account for the fact that abuses of the Career Minister Boards, which have operated only one previous year, have not yet been challenged by AFSA. Thus, in the second year of their operation, I shall request that the President of AFSA make a personal determination whether he finds that the charge I make is accurate and reasonable within his best belief and information. I will also ask whether he personally wishes to interpose any objections to my charge going forward. Finally I shall request that the President of AFSA agree to being identified as a party to this complaint, in view of his position, even though his Board may not choose to take a position or might take a position against mine.

Thus, the Secretary of State has directly violated at least one, and more likely two AFSA/STATE formal agreements without notifying AFSA or even indicating an intention to consult prior to violating the agreements, should the violations have been outside of his control.

Either we have a career diplomatic service or we do not. If we really have a career diplomatic service then the rules to attain the highest rank in that service must be appropriate, must be known and must be followed. In fact, the Career Minister Review Board receives no instructions from the Department of State or from the Board of the Foreign Service. It has been permitted to "wheel and deal" presumably with direct instructions from the Secretary or other persons unknown and unnamed and it is for that reason in addition that the Complainant charges the Secretary with an unfair practice under E.O. 11636. Having established that the Secretary is responsible for the failure to name the CM Review Board from a list of personnel as indicated in the STATE/AFSA Agreement of June 29, 1973, it seems evident that the Secretary also has permitted the CM Review Board to make its selections independent of the precepts for CM which have jointly been agreed upon by AFSA and STATE. There could be no other reason for the existence of a "Review Board" whose membership has no restraints put upon it and which is without instructions as to precepts. Such loose arrangements provide a device for manipulating the list.

Just what are the operating principles behind the Career Minister Review Board? The Secretary can not have it both ways. He can not both have an agreement with AFSA setting standards and then claim that that agreement does not bind him to meet those standards in the case of CMs and, for that matter, Career Ambassador.

(4) This charge is forwarded to the President of AFSA, as noted above. I then request its return to me for service.

(5) I declare, under the penalties of the Criminal Code (106 USC 1001) that the contents of this complaint are true and correct to the best of my knowledge and belief.

Cynthia Ann Thomas,
Complainant.

Certificate of the President of the American Foreign Service Association

As requested by Mrs. Thomas I have examined the charge she makes against the Secretary of State in connection with the Career Ministers List of 1975. To the best of my knowledge and belief her charge is accurate in every detail. There is no doubt in my mind, after I have gone into the matter in considerable detail, that neither the precepts nor the technical arrangements have been followed in drawing up the CM list that was forwarded to the Senate on July 15, 1975. Mrs. Thomas correctly identifies the CM Review Board as a source of trouble since its only function appears to be to set aside the judgments made by the rank order listing of Board I. It does no good to follow all of the rules in selecting Board I, which, in turn, follows the precepts, if a second panel called a "Career Minister Review Board" reexamines the evidence but is neither bound by precepts nor other rules. In fact the CM Review Board *is*, in my judgment, bound both by the AFSA/State Agreement of June 29, 1973 *and* the CM precepts. Political manipulation and nepotism is inevitable if this is not the case.

I interpose no objections to the charges made by Mrs. Thomas and I offer my good offices to the investigating authorities who should look into those charges.

I consent and agree to the fact that I am a party to this complaint; in drawing up this certificate, I wish to note that I am certifying for myself and not for the Board of the AFSA.

John D. Hemenway,
President, AFSA.

CERTIFICATE OF SERVICE

I certify that I have, this date, personally served a copy of this charge upon the Office of the Secretary of State. I have also filed this original and four copies of the complaint with the Employee-Management Relations Commission.

October 20, 1975.

Cynthia Ann Thomas,
Complainant.

Exhibit 2

Theodore L. Eliot, Jr.

Eliot, Theodore Lyman Jr.—b NY 1/24/28, m. Harvard U BA 48 MPA 56. PRIV EXPER 48–49. STATE Dept S–13 5/49. Colombo clk 7/50. S–11 8/50. O–6 3/51. Stuttgart info off 9/52. cult off 9/53, O–5 3/54. Dept Russ lang-area trainee FSI 3/55. Harvard U 9/55, O–4 2/56, O–5 7/56. Moscow admin off 9/56, pol off 12/57. O–4 2/58. Dept int rel off 6/58. staff asst to under sec of state for econ aff 3/59. spec asst to under sec of state 7/59, det spec asst to sec of treas Treas Dept 1/61. Tehran fin off 8/62. O–3 2/63. O–2 5/66. Dept country dir Iran 7/66, O–1 3/69, spec asst to sec and exec sec of dept 8/69. (w—Patricia Peters).

Arthur A. Hartman

Hartman, Arthur A—b NY 3/12/26, m. Harvard U BA 47. US Army 44–46 overseas. PRIV EXPER resch asst U Mich 48. ECA Paris S–12 econ 10/48, S–9 11/49, S–7 5/51, S–5 asst econ commr 4/52, US del to EDC Conf 6/53–9/54, FOA 8/53, STATE S–5 pol off (USRO) 1/54, R–4 1/56. Saigon econ off 2/56, O–5 7/56. Dept int rel off 5/58, for aff off 7/58–4/59, O–4 3/60, staff asst to under sec for ecom aff 2/61, spec asst to under sec of state 1/62, O–3 2/63. London chief econ sect 7/63, O–2 5/66. Dept spec asst to under sec and staff dir Sr Inter Dept Group 8/67, spec asst-staff dir Under Secs Comm 2/69, dep dir for coord 8/69, O–1 4/70. Presidential Mgmt Improvement Cert 70, distinguished honor award 72. Brussels (USEC) DCM min-couns 7/72. (w—Donna Ford).

Deane R. Hinton

Hinton, Deane Roesch—b Mont 3/12/23, m. U Chicago AB 43. US Army 43–45 2d lt overseas. STATE Dept FSO unclass 7/46. Damascus pol off 10/46, O–6 11/46, O–5 4/48. Mombasa prin off 3/49, O–4 6/51. Dept det econ trng Fletcher Sch Law-Diplo 9/51. Paris fin aff off 7/52. Dept intell resch spec 1/56, O–3 act chief Div of Resch for W Europe 2/56, chief 3/56. Brussels (USEC) fin aff off 9/58. Dept det Nat War Coll 8/61, int econ 6/62, O–2 2/63, dir off of Atlantic Pol-Econ Aff 7/63, O–1 5/66, superior honor award 67. Guatemala det dir AID, couns econ develop 9/67. Santiago det dir AID, also couns econ aff 10/69. Dept det to White House 3/71. Det Counc Int Econ Pol 10/72, Langs Fr. Span. (w—Angela Peyraud).

William E. Schaufele, Jr.

Schaufele, William E., Jr.—b Ohio 12/7/23, m. Yale U BA 48, Columbia U MIA 50. US Army 42–46 overseas. Frankfort on Main S–7 resident off 9/50. Pfaffenhofen 12/50, O–6 3/51. Augsburg 1/52. Dusseldorf labor aff off 7/52. Munich visa off, econ off 8/53, O–5 3/55. Dept int econ 2/56, O–6 7/56, coll prof Sch of Int Studies FSI 5/57, O–5 2/58, coll prof Sch of For Aff FSI 6/58, Moroccan desk off 4/59. Casablanca pol/labor off 5/59, O–4 2/61. Bukavu prin off 3/63, O–3 4/64. Dept off-in-chg Congo (Leopoldville) aff 6/64, dep dir Off of Central African Aff 10/65, alt country dir for Central Africa, Malagasy Rep and Mauritius 6/66, O–2 4/67, country dir for W Central Africa 10/67. Quagadougou AEP to Upper Volta 9/69, O–1 4/70. USUN sr ad to US rep to UN 8/71, mem US del 26th sess UN–GA (NY) 71, mem US del 27th sess UN–GA (NY) 72.—USUN. (w—Heather Moon).

Richard L. Sneider

Sneider, Richard Lee—b NY 6/29/22, m. Brown U AB 43, Columbia U MIA 48. US Army 43–46 1st lt overseas. PRIV EXPER 41, 46: resch interne NY Civ Ser Commn 41, jr pol anal Counc of For Rel 46. STATE Dept P–3 for aff spec 8/48, P–4 10/49, GS–11 10/49, GS–12 intell resch spec 4/51, GS–13 intell spec 5/52, for aff off 8/52. Tokyo R–4 pol off 3/54, O–4 3/55, O–3 1/57. Dept off-in-chg Jap aff 11/58, det Nat War Coll 8/61. Karachi counc pol aff 6/62, O–2 2/63. Dept pub aff ad 8/65. Dept country dir Japan 6/66, O–1 5/68, det Nat Security Counc 5/69. Tokyo 9/69. DCM-min 1/70, superior honor award 70. Dept dep asst sec Bu East Asian-Pacific Aff 8/72. (w—Ruth).

Helmut Sonnenfeldt

Sonnenfeldt, Helmut—b Germany 9/13/26, n 45, m. Johns Hopkins U BA 50 MA 51. US Army 45–46 overseas. PRIV EXPER 44–45, 52: photog cml co 44–45, translr lang ser 52. STATE Dept CAF–3 clk 12/47–7/47, GS–7 intell resch anal 12/52, GS–9 3/55, GS–11 intell resch spec 5/56, GS–12 6/58, GS–13 for aff off US Disarmament Admin 11/60–9/61, ACAD GS–13 for aff off 9–11/61. Dept GS–14 chief Bloc Int Pol Activities Div 11/61, GS–15 11/62, R–2 2/65, dep dir Off of Resch-Anal for Soviet Bloc 5/65, dir off of Resch-Anal for Soviet Bloc 8/66, R–1 4/67, superior honor award 68, det Nat Security Counc 1/69, O–1 8/70.

Wells Stabler

Stabler, Wells—b Mass 10/31/19, m. Harvard U AB 41. STATE Dept FS aux 10/41, div asst 3/42, desk off for Ecuador 1/44, asst to exec sec on pol aff Comm on Post-War Prog 5/44. Jerusalem pol off 10/44, S–11 11/46, O–6 5/47. Amman Am rep 7/48, charde d' affaires a.i. 3/49, O–5 4/49. Dept 8/49, off-in-chg Egypt and Anglo-Egyptian Sudan aff 10/49, O–4 6/51, act dep dir Off of Near E Aff 10/52. Rome pol off 2/53, O–31/57. Dept off-in-chg United Arab Rep-Sudan aff 4/57, off-in-chg Swiss-Benelux aff 9/58, off-in-chg Ital-Austrian aff 5/59. Paris pol off 9/60, O–2 4/64. Dept Sr Sem in For Pol FSI 8/65, country dir Italy-Austria Switzerland 6/66, O–1 5/68. Rome DCM, min 7/69. Dept dep asst sec Bu Eur Aff 2/73. Langs Fr. Ital. (w—Emily Atkinson).

Hans N. Tuch

Tuch, Hans Nathan—b Germany 10/15/24, n 43, m. U Kansas City BA 47, Sch Adv Int Studies MA 48. US Army 43–45 overseas. PRIV EXPER 48–49: for rep for bank 48–49. Wiesbaden S–9 cult aff 10/49, Frankfort cult off. S–7 9/50, cult off 9/52, 12/54. Agcy 2/55, S–4 12/55, Russ lang-area trng 9/56, S–3 12/56. Munich asst pol ad 7/57–6/58. Moscow R–4 cultural attache 6/58, S–2 12/59. Dept 8–10/61. Agcy cR–4 10/61, for aff off 11/61, cR–3 12/61, cR–2 1/63, dep asst dir (Soviet Union and E European) 3/63, act asst dir 6/64, Sofia det Dept of State couns, dep chief mission 7/65. Berlin dep pub off 7/67, iO–2 10/68, iO–1 3/69. Rio de Janeiro couns pub aff 11/70. Brasilia couns pub aff 7/71. Langs Bulg. Ger, Russ.—USIA. (w—Ruth Lord).

Viron P. Vaky

Vaky, Viron Peter—b Tex 9/13/25, m. Georgetown U BSFS 47, U Chicago MA 48. US Army 44–46 overseas. GOVT EXPER 48–49: voc appraiser Vets Admin 48–49. STATE Dept O–6 7/49. Guayaquil consular officer 9/49, O–5 6/51. Buenos Aires econ officer 12/51, O–4 5/54. Dept int rel off 9/55, O–5 7/56, O–4 1/57, info spec 7/58, Bogota political officer 7/59, O–3 2/61. Dept det Nat War Coll 8/63, O–2 4/64. Guatemala couns-dep chief mission 7/64. Dept mem Pol Plan Counc 8/67, dep asst sec Bu Inter-Am Aff 8/68, act asst for Inter-Am aff 1/69, O–1 3/69, Counc 5/69, det diplomat-in-residence Georgetown U 70–71. San Jose AEP to Costa Rica 9/72. Lang Span. (w—Loann Colburn).

Exhibit 3

American Foreign Service
Association,
Washington, D.C., October 1, 1975.

Hon. Joseph M. Montoya,
U.S. Senate,
Washington, D.C.

Dear Senator Montoya: This letter is written in behalf of a foreign service colleague who evidently has been cheated out of an assignment as Consul General in Seville.

In response to the request of Mr. Ernest B. Gutierrez, I have forwarded to your office several detailed papers concerning the career abuse this dedicated civil servant has suffered.

Unfortunately, just now the Foreign Service does not even have a primitive form of grievance legislation. The Department of State has, in effect, canceled due-process.

In another letter written today I have candidly set forth a course of action which, I believe, might help bring a measure of justice to Mr. Gutierrez while, at the same time calling attention to yet another abuse in the personnel system of the Department of State.

It may help to be able to assure you that, speaking as AFSA President, my personal view is that Mr. Gutierrez is a highly competent consular officer deserving of every assistance. I hope you will look for ways to assist him not only because he is a constituent of yours, but because you may be assured that his professional association, AFSA, and I as President intend to see that justice is done for Mr. Gutierrez.

Sincerely yours,
John D. Hemenway,
President.

Enclosure: NCAEG letter dated 1 October, 1975.

National Confederation
of American Ethnic Groups,
Washington, D.C., October 1, 1975.

Hon. Joseph M. Montoya,
U.S. Senate,
Washington, D.C.

Dear Senator Montoya: Since my chance meeting with you on September 30th in your office, I have had the opportunity to provide your assistant, Miss Pat Braun, with details concerning the evident discrimination in the Foreign Service against Ernest B. Gutierrez, a constituent of yours. These materials have been supplied to you with the knowledge and permission of Mr. Gutierrez, who approached me for assistance as President of the American Foreign Service Association.

I shall address another letter to you today on the stationery of that association. This letter is written on NCAEG stationery because of the obvious discrimination aspects of this matter and to facilitate candor in my written statements since, as President of the American Foreign Service Association, certain of my board members would resent complete honesty in a matter of this kind.

In my personal judgment, Mr. Gutierrez is a highly qualified, capable consular officer who has been shunted aside to make room for a candidate for the post in Seville preferred by the Ambassador, Wells Stabler. The post of Consul General in Seville is designated for consular officers. Gutierrez meets that qualification, whereas the man named in his stead, Mr. R. Fouche, does not. The post is that of Consul General and Mr. Gutierrez's rank of FSO–3 is senior enough, whereas Mr. Fouche's rank of FSO–4 is not. (Foreign Service Ranks go from FSO–1—the highest—to FSO–8—the lowest.)

Frankly, Senator, the State Department is going to ignore any overture you make on behalf of your constituent and my sorely pressed colleague in the Foreign Service, Mr. Gutierrez—and fellow ethnics—unless you take vigorous action. Mr. Wells Stabler, the subject of Mr. Gutierrez's complaint of discrimination has been named a career minister on the list forwarded to the Senate for confirmation on July 15, 1975. I believe you should request postponement of the vote on this nomination until the facts are determined in the Gutierrez matter. As I told your assistant, Miss Braun, the list has already been held up by another senator who was concerned over the qualifications of the men designated career ministers. I am aware of plans to charge the Department of State with an unfair labor practice in connection with the manner in which that list was formulated.

My strong recommendation to you, in addition to requesting that confirmation of the career minister list be held up, is that you write to the Department of State urging immediate transferral of Mr. Gutierrez to Seville as Consul General—a post for which he is personally well-qualified and to which he has dedicated a life long career in preparation. That such a qualified man should be denied the crowning achievement of his consular career while the man perpetuating this injustice is designated a career minister is an injustice which the Senate if it were informed would not tolerate. Rest assured I will give you every assistance in supporting Mr. Gutierrez in this matter.

Sincerely yours,
John D. Hemenway,
Assistant Director.

October 1, 1975.

ENDORSEMENT

The above letter, which was prepared by my Assistant Director, has been personally approved by me for transmission to Senator Montoya as the official position of the NCAEG.

J. J. Sustar,
Executive Vice President.

Guadalajara, Mexico,
May 31, 1975.

Hon. Earl D. Sohm,
Office of Equal Opportunity, "M" Room 7207,
Department of State, Washington, D.C.

Dear Mr. Minister: The purpose of this letter is to enter my formal complaint against the action just taken by the Department of State in assigning, in a discriminatory fashion against me, another officer as Principal Officer at Seville, Spain, a post for which my name had been entered previously and for which I aspired in vain for the past nine months.

The discriminatory action taken in this assignment is twofold: One is that this is a consular-designated post and my name was entered long before the assignment was given to an officer from the political cone. The other is that because of my ethnic background the position was denied me despite my being fully qualified for the assignment.

The background on the developments as they occurred is as follows:

On February 28, 1974 I asked for a transfer from this post and the Department approved it. (The reasons for asking for a transfer are contained in the attached copy of my letter of even date to the Director General of the Foreign Service.) I have been recommended many times during the past seven or eight years to be Consul General and Principal Officer and I naturally aspired for this on my next transfer. In late July my Personnel Counselor told me that Seville, Spain, would be open during the summer of 1975 and asked me if I could wait until then. I told him I would be willing to wait for that post. I felt that Seville is a post which offered gool challenge and responsibilities and a good opportunity to become Consul General at a place where I would have to be on the alert at all times and to make good contacts for the Service. The plan was that I would leave Guadalajara in March or April and, after getting some leave, would attend the Executive Management Course before proceeding to Seville. My Counselor did not, of course, tell me that the assignment was a sure thing but did say that I had all the qualifications and that I had a good chance. Later on, in January, I was the only candidate from the consular cone.

In December 1974 I wrote to the then Ambassador-designate informing him that I was being considered for the position and asking him for his support. He replied that he would keep my name in mind but that he could not give me any encouragement at that time. In January 1975, when it became time to assign an officer to Seville, it turned out that someone in the Department decided than an officer from the political cone should be assigned there. The Office of the Administrator for Security and Conuslar Affairs gave its support to my candidacy, stating that I am fully qualified for the position.

Because I realized that this was a case of discrimination due to my ethnic origin and that someone who did not have a Spanish surname was being given preference I called Senator Montoya, whom I have known since 1948 when he was Lt. Governor of New Mexico, and asked him to inquire on my behalf. This is the first time I have ever called on him to do anything for me as I had always hoped that when a person has the qualifications and does his duty he would receive due recognition solely on the basis of merit; a belief that I fully realize now it not so. After the Senator expressed his interest in my behalf things began to look better for me, but then I was told that the Embassy in Madrid wanted an officer from the political section in Madrid sent to Seville so my chances again began to look grim. I then read an article about President Ford's statement, a small part of which appeared in the April issue of the Newsletter, in which he called for action on Equal Opportunity stating that "minorities represent only 5.2% and women only 4.5% of federal employees at the GS–13 level and above". The President added that he had reason to believe that the abilities of people with Spanish surnames have not been adequately tapped. In view of this I called Minister Earl Sohm, whose office referred the matter to Mr. Samuel Pinckney, Deputy Assistant Secretary for Equal Opportunity. Mr. Pinckney gave me some encouragement when he told me that a meeting had been held in the Department and that as a result a telegram was being drafted to the Embassy in Madrid saying that the Department was prepared to proceed with my assignment and adding that I was the most qualified candidate. I felt then that something constructive would be done in the area of equal opportunity. After waiting for about ten days I called my Personnel Counselor and he told me that the telegram had not been sent. It appears that someone at a high level in the Department had not approved it.

On Monday May 12 I spoke on the telephone to the Director of the Visa Office, Mr. Julio Arias. I told him that it seemed to me that someone was trying to block my assignment to Seville. He told me that my Personnel Counselor, Mr. Robert A. Bishton, was doing everything he could to get me assigned there (I am grateful to Mr. Bishton. He has done everything possible to get me this assignment). He added that he had accompanied Bob Bishton just a few days before to see Mr. Walentinowicz, the SCA Administrator, about the assignment and that the only question at that time was whether an officer from the Political Cone was going to be assigned as the Ambassador wanted or myself from the consular cone.

On May 22 I spoke to Mr. Appling and Miss Ann Campbell. They said that the Ambassador had asked for other names from the consular cone to look at their records. On May 29 I talked to Mr. Pinckney. He said that the Ambassador had seen two other files of consular officers and that he still wanted Mr. Fouche.

My disappointment became even greater when I learned that the officer in the political section in Madrid, Mr. Fouche, is an O–4; the position is O–3. Sending a Class four officer to a class three position is a good way to line him up for a promotion. Not that I have anything against his being promoted (Mr. Fouche has an impressive academic background and since he has not been promoted in five years his promotion would be only fair). But it is patently unfair to do so at the expense of another person who is fully qualified. Mr. Fouche might be fully qualified as well but the question is: Why is it that if this position is supposed to be for a consular officer O–3 and you have an officer who meets these qualifications they have to send an officer who is a class four and from another cone? This means he doesn't have either of the two principal requisites for the job but does have the strong support of a high officer who wants him there.

The two strikes against me are my being in the consular cone and having the name Gutierrez. I have experienced discrimination all my life, of course, but tried to do my duty and to cast such things aside figuring that somehow I would receive recognition. In this manner I managed to achieve the rank of FSO–3. Some supervisors go along with having someone with the name of Gutierrez or Rodriguez, etc., working with them all right—no problem. But when a person from a passive minority group, such as mine, comes close to achieving a certain executive level, even if not a high one, he runs into a brick wall irrespective of his qualifications, dedication and hard work. There are still some people that cannot accept the fact that a person with a name such as "Gutierrez" can be an American Consul General. As of now I have been an FSO–3 since 1967 even though I have been recommended many times for a promotion and to head a Consulate General and have even been told many times that I have ranked close to the top 10% by the Selection Boards. In August 1974 I was told by my Counselor that if the Director General had approved the number of promotions proposed in the Consular Cone from Class 3 to 2 I would have been promoted.

I am sending the original of this letter to the OEO in the Department and a copy, with covering letter, to AFSA since one complaint (OEO) is on the basis of race discrimination and the other on the basis of a consular-designated post being taken away for the political field.

I am lacking only four years for my retirement. Nevertheless, I am going to follow through on these complaints to the fullest. It could also be of some help to my consular colleagues as a whole (what meaning will the list of consular-designated posts have, if any, to officers in the consular cone if at any moment a high official could put an officer they like in a position and just cast aside a person who has come to aspire for a position solely on the basis of merit?). Also, perhaps it could be of help to other Americans of Mexican descent, which by the way I must clarify: We are not Mexican-Americans but Americans of Mexican descent.

If any justice is done in this matter the post in Seville should be given to me.

A reply at your earliest convenience is most important.

Very truly yours,

Ernest B. Gutierrez.

Exhibit 4

Joseph J. Sisco

Sisco, Joseph John-b Ill 10/31/19, m. Knox Coll BA 41, U Chicago MA 47 phD 50. US Army 41–45 1st lt overseas. GOVT EXPER 50–51. STATE Dept. GS–9 for aff off 1/51, GS–11 2/52, GS–12 7/52, staff asst 8/53, GS–13 5/54, GS–14 for aff off (int org off) 5/55, GS–15 off-in-chg Gen Assembly and Security Counc aff 7/56, O–3 7/56, off-in-chg UN pol aff 1/57, dep dir Off of UN Pol and Security Aff 8/58, superior ser award 60, O–2 2/61, dir Off on UN Pol and Security Aff 7/61, dep asst sec of state for int org aff 11/63, O–1 cons gen 4/64, asst sec of state for intr org aff 9/65, Nat Civ Ser League career ser award 66, CM 7/68, asst sec of state for Near E-S Asian aff 2/69 Rockefeller Foundation award 71. (w-Jean Head).

[From the Congressional Record, December 10, 1973]

Withdrawal and Renomination of Helmut Sonnenfeldt

Mr. Helms. Mr. President, as the distinguished majority leader announced on Friday, the time for the debate on the nomination of Mr. Helmut Sonnenfeldt to the post of Under Secretary of the Treasury has been vacated. The Secretary of State has announced that Mr. Sonnenfeldt has been renominated to the post of State Department Counselor.

The withdrawal of this nomination is a timely one. As the Members of this body are aware, the nomination was to have been voted on today under a unanimous-consent agreement. Until the moment when I learned of the withdrawal of the Treasury nomination, there was grave doubt in my mind that the nomination after pending for 7 months was in fact still bona fide. When Mr. Sonnenfeldt appeared before the Senate Finance Committee on October 1, he confirmed that there have been discussions with him about his going to the State Department after being confirmed in the Treasury post. Numerous newspaper articles have since appeared alleging that it was not Mr. Sonnenfeldt's desire to go to Treasury at all, but only to secure a pro forma confirmation by the Senate.

These persistent allegations cast doubt upon the integrity of the confirmation process, and, had they been borne out by events, would have held the Senate up to ridicule. We had had enough criticism about the actions of our Government not being in accord fundamentally with what they seem to be on the surface. This nomination has become an embarrassment to the Senate. Clearly, if a nominee has no intention to assume the duties for which he is to be confirmed, then the honorable thing to do is to withdraw. That appears to be what has happened, and I am gratified that there will be no mockery of Senate procedures.

Nevertheless, none of the substantive issues have been settled with regard to the longstanding allegations against the character and fitness of the nominee in question. The hearing record of the Committee on Finance contains sworn statements by reputable witnesses which are in complete contradiction to the testimony of the nominee. For the most part this not hearsay evidence, but eyewitness testimony of those who participated in the events or security review of the nominee. Moreover, witnesses who can corroborate this testimony with direct and material evidence have been named and are available. I would suggest that any future Senate confirmation procedure would necessarily seek to resolve these contradictions.

It has been frequently asserted that the charges against Mr. Sonnenfeldt have been dismissed and discredited. I think it would be more correct to say that they have been simply disregarded, without regard to their truth or falsity. Unfortunately, the charges are serious enough and the available evidence so strong as to constitute an indictment of the man's fitness for high office. I am not a one-man investigating team, nor is it my intention to defame the character of any man. Yet the facts already upon the committee record are such that it is neither fair to the man nor to the country to confirm him to high public office without substantial refutation.

I will attempt to state the facts as they are upon the record, but first I want to indicate that, despite the persistent accusations of security violations throughout his career, he has never been accused of disloyalty to his country. Nor do I impugn his loyalty. Under Government personnel regulations, however, the concept of security includes both loyalty and suitability for the job intended. It is his suitability that has been questioned and continues to be questioned. And his suitability is questioned precisely because there is much evidence that he has repeatedly disregarded the regulations governing the use of classified information available to sensitive positions. The breach of security regulations is serious in itself, but the fact that he appears to have been less than candid about these problems in his career in his statements to the committee impugns his fitness for office. Moreover, it cannot help but raise doubts in the minds of foreign diplomats with whom he deals as to the integrity of diplomatic correspondence and negotiation.

Mr. Sonnenfeldt has suggested in his testimony that the fact of his continuous advancement in his career is proof enough of the falsity of the charges against him. An alternative view is that his advancement indicates the deterioration of personnel security practices in the face of an onslaught of political favoritism and manipulation of outside channels. It is also unusual that records of investigations of Mr. Sonnenfeldt, including investigations he has admitted to, seem to have disappeared without a trace.

The hearing record also shows that Mr. Sonnenfeldt repeatedly responded to questioning with evasive and nongermane answers in areas not associated with the security questions, as though he wished to shift responsibility for or participation in imprudent policy decisions. Some of this was undoubtedly due to his lack of expertise in financial areas, as the senior Senator from Virginia, Mr. Byrd, has mentioned several times on this floor. But in other examples, I suggest that it stems from the same lack of candor that he displayed in discussing his security problems. Now that he has been nominated to the post of State Department Counselor, his foreign policy concepts are more relevant.

For example, when he was asked whether as the chief Soviet expert in State he had written an official intelligence estimate discounting the view that the Soviets were planning to put missiles in Cuba, Mr. Sonnenfeldt first tried to spread the responsibility throughout the group of intelligence experts which he headed, and then explained:

"My own view, as I recall it now, was that there was a possibility of this occurring. I had not considered this a strong likelihood because I thought that the outcome of the Soviets doing this would be, as indeed it was, namely, that they would be forced to withdraw their missiles by our counteraction, and for that reason, my judgment was that, while the possibility existed, that when the Soviets calculated the risk, that they would probably in the end not do it."

When all of the bobbing and weaving has been removed, this is a remarkable statement, that is especially relevant to foreign policy considerations today. For it expresses the belief that Soviet policy is based upon the same rational calculations as we ourselves might make, and that the Soviets would be deterred from rash actions by the sure knowledge that we would respond.

Now hindsight is easier than foresight, and anyone can make an error of professional judgment. I do not fault him for a mistake.

Yet it is pertinent to inquire whether his view of Soviet policy calculations has been tempered since then. In his role as a senior adviser on Soviet policy in the National Security Council his view was doubtless important in the SALT negotiation policy, and we know as a fact that he played a key role in the United States-Soviet trade agreement. His role in the disastrous wheat deal is also important.

Before the Senate Finance Committee, Mr. Sonnenfeldt insisted that he "was not directly involved" in the negotiation of the wheat deal, but only "peripherally involved." He continued to minimize his participation throughout the lengthy questioning. Yet the conclusion that he played a policy role is inescapable. For example, when the NSC directives of January and February 1972 were read to him calling upon the Department of Agriculture to begin immediately to set up a program for handling grain sales to the Soviet Union, Mr. Sonnenfeldt replied:

"I would guess that those were connected with some early soundings beginning during former Secretary of Commerce Stans' mission to Moscow in November-December of 1971, about the possibility of selling some grain to the Soviet Union, again against the background of our trying to move some of our surpluses, and from what you have read, the first one seems to be saying that if this happens, the Secretary of Agriculture should take the lead."

Mr. Sonnenfeldt in his response did not associate himself with Secretary Stans' mission to Moscow, yet a photograph on page 1 of the Washington Post of November 25, 1971, identified Secretary Stans and Mr. Sonnenfeldt together in Moscow. Since the Secretary made no pretensions to being an expert on the Soviet Union, and Mr. Sonnenfeldt was the senior adviser in this field, it is hard to escape the conclusion that Mr. Sonnenfeldt did, indeed, have a major role in developing the policy guidelines on the wheat deal. This conclusion again brings into question his professional judgment about Soviet policy calculations.

His professional judgment is called into question because the hearing record shows he did not anticipate the tactics which the Soviets would use in their attack upon our grain markets, including the technique of parallel secret negotiations with Government negotiators and grain market traders and the cumulative purchase of separate bids. When asked whether any consideration had been given to the impact of the deal upon the American economy and the American consumer prior to the consummation of the deal, Mr. Sonnenfeldt replied:

"I don't believe anybody felt that it would have any noticeable impact on domestic prices at all because we were dealing with surpluses. So that—in that deal—had that been consummated, had that been the totality of Soviet purchases, there would not have been any impact."

* * * * *

"But I am not aware that any review was made of the probable impact on domestic prices of the Government deal which, as I say, was one spread out over three years; connected with surpluses, related to surpluses, and not likely to have any impact on American domestic prices."

What we have here is a senior policy adviser who is apparently aware neither of the probable Soviet responses to a policy decision, nor of the impact of that policy decision upon the United States, and does not even ask for a study of that impact. I need not point out that this is a policy decision that has resulted in the Soviets strengthening their food position and their economic position at the expense of U.S. prestige and the American consumer's pocketbook.

Since Mr. Sonnenfeldt freely admits that he played a major role in the negotiation of United States-Soviet trade agreement, I suggest that the consequences of that agreement be examined with a skeptical eye.

But let us now turn to some general considerations about the nature of the evidence which weighs not against his professional judgment, but against his suitability for a high sensitive information. It has been suggested that this evidence consists of hearsay and of one man's word against another. There is considerably more to it than that.

The first type of evidence consists of sworn statements before the Finance Committee by individuals who had eyewitness knowledge of security violations or who interrogated him in the official course of their duty.

The second type of evidence consists of sworn statements concerning the contents of investigatory materials compiled by other State departmental officials.

The third type of evidence consists of tape records and transcripts of wiretap surveillance over extended period of time on widely separated occasions.

Unfortunately, only two such witnesses were called before the Finance Committee in impromptu fashion. At least five or six more such witnesses, who had official contact with the nominee in the course of their duties, are reportedly available to corroborate the testimony already given, if subpoenaed.

The distinguished chairman of the Finance Committee indicated on the floor on December 5 that he had requested the indicated tape recordings or transcripts from the administration and had been denied access on ground of executive privilege.

Although I do not agree with all the denunciations of executive privilege which have been made in some quarters, I certainly see no excuse whatsoever for executive privilege to be invoked in this case. No personal records or correspondence of the President or the President's Office are involved. Most of the evidence requested involves only lower level bureaucrats in the State Department and the time is several administrations back. The President, in his letter to the Watergate Committee of July 25, 1973, indicated that he would not invoke executive privilege except for personal records, and even that has been modified. I would respectfully suggest that this is no time to invoke executive privilege to protect a bureaucrat.

I would also point out that the integrity of the witnesses who have come forward is of exceptionally high caliber. Mr. Otto Otepka is well known as a State Department security expert who laid his own career on the line to stand by the impartiality of his work and its nonpolitical character, and risked character assassination and loss of income when he was subpenaed by a Senate committee to tell the truth. His many hours of testimony on previous occasions have stood the test of veracity and integrity, and he was appointed to a high post in his administration and confirmed by the U.S. Senate.

Mr. Stephen Koczak, who is an eyewitness to security violations, was for many years a distinguished Foreign Service officer, and is now research director of the American Federation of Government Employees. In that capacity, he has appeared before Senate and House committee more than 100 times.

Both of these witnesses are obviously aware of the importance of accuracy and truthfulness of sworn testimony and cognizant of the solemn responsibilities of such testimony.

I would respectfully suggest that the Foreign Relations Committee should call Mr. Otepka and Mr. Koczak and allow them to supplement their testimony under oath, as they indicated they were willing to do before the Finance Committee.

I would also suggest that the following witnesses be called under oath to testify to any direct and material evidence which they have with regard to the security violations under discussion:

Mr. Francis Niland, Chief, Intelligence Analysis Unit, Department of Justice;

Mr. Herbert Lampe, Division of Investigations, Office of Security, Department of State;

Mr. Donald Daley, Assistant Chief of Investigations, Office of Security, Department of State;

Mr. Robert Berry, former Chief of Division of Investigations, Office of Security, Department of State;

Mrs. Eunice Powers, former stenographer in the Division of Investigations, Office of Security, Department of State;

Mr. John Hemenway, former employee of Bureau of Intelligence and Research, Department of State.

Let us now turn to the facts as known today.

1. THE 1954–55 LEAKS

In 1954 and 1955, Mr. Sonnenfeldt was investigated for leaking classified information to several journalists, including Mr. John Scali, now U.S. Ambassador to the U.N., and Mr. Marvin Kalb, of CBS. In sworn testimony before the Finance Committee, Mr. Otto Otepka, a former State Department security officer, stated under oath that during a security investigation of Mr. Sonnenfeldt he dealt with summaries of the traffic on wiretap surveillance of the nominee. The surveillance established conclusively that Mr. Sonnenfeldt had, indeed, given the classified information to the journalists, but the State Department would not allow the evidence to be used because of the way in which it was obtained. The name of State Department electronics expert who conducted the surveillance for a period of over a year, Mr. Herbert Lampe was not called to testify.

2. THE 1958 INCIDENT

Mr. Koczak's testimony states that in 1958 Sonnenfeldt was observed giving highly classified information to foreign nationals having to do with U.S. troop movements and the composition of the government of a third nation. Although the leaking of classified material is now considered to be more fashionable, the actions described by Mr. Koczak were extremely serious, for the following reasons:

First. Mr. Sonnenfeldt was an employee of the Bureau of Intelligence and Research of the Department of State, which reviews raw data from agents abroad. The information was thus not something stamped secret by some bureaucrat to hide his mistakes from the public; it was intelligence of the most sensitive kind that could jeopardize the lives of foreign officials, the work of agents in place, and even the success of U.S. policy.

Second. The time of the incident was the height of the Lebanon crisis.

Third. The location was a social function honoring an Israeli diplomat who was returning home. Thus with a broad cross-section of people present there was no way to be sure that the setting had not been penetrated by agents of other nations.

Fourth. All employees of the Bureau of Intelligence and Research were under orders to secure prior permission and subsequently report any such meetings with foreign nationals. Mr. Koczak had served in Israel and had numerous Israeli friends and was given permission to attend the function. Mr. Sonnenfeldt had never served abroad, and, according to Mr. Koczak, did not seek permission, nor did he report afterwards.

Fifth. The information given over consisted of the contents of telegrams analyzing the makeup of the Lebanese Government, and relating to the U.S. troop landings at that time. Mr. Koczak had seen an earlier Israeli Government undermined by the breach of diplomatic cable traffic, and reported the incident to his superiors, giving the identification numbers of the telegrams compromised.

Sixth. On its own initiative, the FBI sent an agent to see Mr. Koczak about the Sonnenfeldt case. The agent was reportedly concerned because there was evidence of continuing contact with Israeli intelligence agents over a long period of time. The FBI, in a letter to Representative JOHN ASHBROOK, has confirmed that an FBI agent visited Mr. Koczak on the Sonnenfeldt matter and has identified him.

Seventh. The Secretary of the Treasury, Mr. Shultz, in listing the review of security investigations of Mr. Sonnenfeldt, made no mention of the 1958 investigation. The distinguished chairman of the Finance Committee said that he found no adverse security information in the nominee's file. Since the FBI has admitted that there was an investigation, the question arises as to whether or not the file was purged of adverse information.

Mr. Sonnenfeldt's response under oath to these allegations was vague and general, asserting that he was first confronted with them in a security investigation 2 years later.

3. THE 1960 LEAKS

In 1960, at the height of the political campaign between John F. Kennedy and Richard Nixon, Mr. Sonnenfeldt came under investigation because of evidence that he was leaking classified information to the Democratic campaign. Accord to Mr. Otepka, who conducted the interrogation, Mr. Sonnenfeldt's telephone was tapped over a long period of time, and he was placed under personal surveillance. Among the events included in this investigation was an occasion in which he was observed during working hours leaving the home of the late Marguerite Higgins, the journalist, with the late Robert F. Kennedy, who at that time was working in the Presidential campaign. Mr. Otepka's secretary, Mrs. Eunice Powers, was engaged in the transcribing of the wiretap traffic on Mr. Sonnenfeldt. According to Mr. Otepka, the available evidence positively established that Mr. Sonnenfeldt was communicating evidence to persons with whom he had no authority to deal in connection with his official duties at the State Department.

Mr. Sonnenfeldt admits that he was interrogated at this time, but denies that he knew anything about the allegations. Thus, although both sides in the controversy admit there was an investigation at this time—and an investigation of some thoroughness and expense—no record of it appears to remain in the nominee's file. Like the 1958 investigation, the 1960 investigation is not mentioned in the review of investigations confirmed by the Secretary of the Treasury.

Nor is either investigation mentioned in the security investigations index maintained by the Civil Service Commission. Under the Federal personnel security program, which is still in force under Executive Order 10450, all security investigations must be reported to the central file kept by the Civil Service Commission, so that any subsequent investigation can review the earlier evidence. This further raises the question of whether or not the nominee's file was purged of adverse information.

4. TRANSFER TO ACDA

In 1960, the nominee applied for the job of Deputy Director of the Soviet International Affairs Division of the Bureau of Intelligence and Research of the State Department. But, according to Mr. Otepka, the Director of that office, Mr. Hugh Cumming, determined, in the light of the ongoing investigations of the nominee, in political activity, that he could not continue in his duties at the Bureau where he would have constant access to the communications intelligence traffic of the United States. After the election, Mr. Sonnenfeldt then transferred to the Arms Control Agency of the State Department—now Arms Control and Disarmament Agency—where he could be cleared for activity of lower sensitivity.

5. TRANSFER BACK TO INR

Early in 1962, the nominee came back to the Bureau of Intelligence and Research as head of the Soviet International Affairs Division. Thus the nominee had been rejected as Deputy Director because of doubts that he could maintain the necessary security standards and was sent to ACDA in a less sensitive position; but within a year, he came back to be Director of the same highly sensitive office.

The question then arises as to whether or not the leaking of classified data to a Presidential candidate helps or hinders a man if that candidate wins the election. Unquestionably, the security standards were applied in a different way to his case when the new administration was in full swing. It is highly significant that evidence of the 1960–61 investigation seems to have disappeared from his file, although the nominee admits that an investigation took place.

It should also be noted that the deterioration of the whole State Department security program advanced markedly in 1961, as has been shown in the voluminous hearings of the Internal Security Subcommittee of the Judiciary Committee.

6. FAVORITISM IN PROMOTION

In 1969, Mr. Sonnenfeldt was chosen to join the National Security Council as an associate of Dr. Kissinger. Up to this time, he had been classified as a Foreign Service Reserve officer. Mr. Sonnenfeldt transferred into this position in 1965 from civil service, thereby becoming eligible for a higher pay scale. Technically he was classified as Foreign Service Reserve officer—maximum U.S. duty—FSRO—MUSD. By maximum U.S. duty was meant that he would enjoy the privileges of the Foreign Service, but would never have to serve outside of the United States. In 1967 he was promoted to FSRO–I, still maximum U.S. duty.

In 1969, when Mr. Sonnenfeldt learned that he was going to a prestige appointment with the National Security Council, he applied for a lateral transfer from the Reserve to the regular Foreign Service officer classification—from FSRO I to FSO I. This is an appointment that is the highest rank a Foreign Service officer can attain, aside from the rank of Career Minister and Career Ambassador, and is usually reserved for a handful of the most distinguished men of the corps. It is a rank that usually comes only after many years service abroad.

This lateral transfer caused consternation among the Foreign Service because it came at a time that there was a reduction in force in the Foreign Service of about 10 percent. Thus while meritorious candidates were being riffed, Mr. Sonnenfeldt's position at the NSC enabled him to move into a coveted spot, at that time, the first FSO–I lateral appointment in nearly a year.

The question then is whether political favoritism played a role in this appointment, and whether the security investigations of 1958 to 1960–61 were considered in the appointment.

Mr. President, these matters of possible favoritism were gone into thoroughly at the time of his appointment by the distinguished senior Senator from South Carolina, Mr. THURMOND, and I ask unanimous consent that his remarks of March 26, 1970, on the Senate floor be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

7. THE 1969–71 WIRETAPS

Mr. HELMS. In 1969 and subsequently, the President and Dr. Kissinger became concerned over the alarming leaks of highly sensitive information from the National Security Council, and, as is now well known, telephone taps were put on several employees of the National Security Council and newsmen with whom they are alleged to be in communication.

Two of these taps were put on Mr. Sonnenfeldt and Mr. Marvin Kalb of CBS, both of whom had been wiretapped in connection with previous investigations.

Dr. Kissinger has indicated that nothing came of these wiretaps.

In view of the close association between Dr. Kissinger and Mr. Sonnenfeldt, the question arises as to whether or not Mr. Sonnenfeldt or Mr. Kalb received advance information that their phones were being tapped. Such information would have enabled those under surveillance to establish a record of innocent conversations while the leaking could have been done through other means.

At the very least, the transcripts of these tapes should be made available to the proper committees under relevant safeguards so as to determine the substantive content.

8. THE MOLLENHOFF INVESTIGATION

During the same period as the NSC investigation, Mr. Clark Mollenhoff, then a special counsel to the President, attempted several times to conduct an investigation into the Sonnenfeldt case, but failed to get cooperation from Dr. Kissinger. Mr. Mollenhoff's statement before the Finance Committee was as follows:

"My contact with this was simply passing on information when I was special counsel to the White House to Dr. Kissinger and through General Haig relative to this matter, and I viewed it seriously at the time but made no value judgment. I passed it to them and they exhibited great concern, indicated they were going to do something at some point but I could never get a satisfactory explanation back over a period of time and I just dropped it."

9. CONCLUSION

Mr. President, the facts on the public record indicate a recurring pattern in this case of allegations impugning the security suitability of Mr. Sonnenfeldt throughout his career. Yet not only the facts developed in those security investigations and the resolution of those investigations, but even the fact that the investigations were held seems to have disappeared from the nominee's personnel records. The question is not resolved as to whether favoritism in high places has served to coverup unfavorable aspects of the nominee's personnel history.

Fortunately, the uncertainties in this case should not be difficult to resolve. The Foreign Relations Committee can call the relevant witnesses and check out the contradictions that already appear under oath. Or if the committee prefers, the question could be referred to the Senate Internal Security Subcommittee which has demonstrated much expertise and objectivity over the years in developing information on State Department security practices.

Finally, Mr. President, I repeat that I have not desired to cast any reflection upon the loyalty and suitability, and either one alone might make a person ineligible for high office. If a person has a repeated history of leaking sensitive information over the years, he is certainly not suitable for a sensitive post. For example, if it can be established that Mr. Sonnenfeldt has a history of leaking classified information to Israeli diplomats, how could the Soviets trust him in dealing with the Middle East crisis? Whatever his intentions, the suspicions would remain.

I submit, Mr. President, that Mr. Sonnenfeldt's nomination, even to his new post, does not resolve the situation, and that his name should receive the closest possible scrutiny.

The remarks of Senator THURMOND follow:

The Strange Nomination of Mr. Sonnenfeldt

Mr. President, on March 11 the list of nominations received by the Senate included the name of one Helmut Sonnenfeldt of Maryland for appointment as a Foreign Service officer of class I.

This is a most unusual appointment. The Foreign Service is supposed to be composed of career diplomats who have served their country around the world and have their special status recognized through the Foreign Service rating system. The rating of FSO I is normally the highest rank which a career diplomat can achieve aside from the exceptional positions of Career Minister and Career Ambassador, reserved for a handful of the most distinguished members of the corps. Thus, it appears that we have Mr. Sonnenfeldt entering the Foreign Services at the highest rank normally achieved by others after years of service abroad. Thus, this unusual appointment threatens the status and achievement of the many dedicated Foreign Service officers who have served with distinction. It is an affront to the career system and a threat to the stability of impartial ratings and of the morale of those who have worked their way up through the ranks to achieve their present positions.

Mr. Sonnenfeldt's appointment is especially outrageous in view of the fact that at the present itme, due to the economy measures being taken throughout the Government, the Foreign Service Corps is currently affected by a reduction in force of approximately 10 percent. This means that about one out of 10 of every career Foreign Service officer reviewed for promotion is "selected out"—that is, severed from the Service. So at the very time when many Foreign Service officers are being severed from the Service because of the high rate compelled by the reduction in force, Mr. Sonnenfeldt, who has never served abroad, is entering into the Foreign Service Corps at the highest possible level.

Mr. President, as I have pointed out, this is a highly unusual situation. In fact, it is a unique situation. I am informed that in the fiscal year of 1970—that is, since June of last year—only three men have made lateral entry into the Foreign Service; two of them at the relatively low class III level and only one at the class I level. That sole individual is Mr. Sonnenfeldt.

We can see, therefore, that Mr. Sonnenfeldt is an exceptional case who is given special treatment at a time when many others are losing their jobs.

I have mentioned that Mr. Sonnenfeldt has never been abroad. I have received information concerning Mr. Sonnenfeldt's personnel history. Originally, he was in civil service status—and in 1965 he was converted from a GS-15 to Foreign Service Reserve Officer II—maximum U.S. duty.

The FSRO was originally conceived by Congress as a means for the temporary use abroad of persons who were particularly qualified in one aspect or another and whose qualifications filled a need for a particular job overseas.

At this period, Mr. William Crockett, who was then Deputy Under Secretary for Administration in the State Department, began to use this wise provision of the law as a means for enlarging his domestic staff without specific congressional authorization. He invented the category of FSRO—maximum U.S. duty—meaning a Foreign Service officer would never be assigned to foreign service. Those who accepted such a service would enjoy a higher pay scale than in civil service, without having the burden of serving abroad. On Mr. Crockett's part, it relieved him of observing civil service regulations with regard to job rights and categories.

Mr. Sonnenfeldt thus entered the Reserve Officer Corps under this highly unusual situation as a FSRO class II—maximum U.S. duty. I am told that in 1967 he was promoted to the rank of FSRO I—maximum U.S. duty—by a special panel dealing only with officers of this unusual category. The same panel recommended that he be converted from FSRO I to FSO I; that is, to permanent status. But the board of examiners reportedly refused to do so because he had not personally applied for the job, and there was no certificate from the Director of the Foreign Service that he was needed. It is significant that, if he had personally applied, then he would have been liable for duty overseas.

Under these cricumstances, he was appointed to the National Security Council staff in 1969 in what is essentially a political policymaking position. From the prestige status of this political appointment, he applied for conversion to FSO I in September 1969. He is, in effect, starting at the top. It is hard to escape the assumption that questions of political influence have overshadowed the merit system of the FSO.

It is particularly interesting that Mr. Sonnenfeldt received this special treatment, despite the fact that his wife is known as an antagonist to the present administration. I find it very disturbing that a top assistant in the National Security Council staff, responsible for formulating and advising on our international policy, should be chosen from a milieu which is antagonistic to the work of the President. I do not question the right of Mrs. Sonenfeldt to engage in political activity, but the question arises whether she acted with the approval or at the direction of her husband. Under the Hatch Act, no Government employee may do indirectly what he is forbidden to do directly. In any event, I find it particularly strange that a top policy adviser is picked from such a political context and, on top of that, given preferential and unusual treatment which threatens the justice and fair workings of the Foreign Service Corps.

Exhibit 5

Materials Pertinent to July 15, 1975 Career Ministers List

A. Copy of the AFSA/STATE Agreement of June 29, 1973 which was violated when none of the CM Review Panel was submitted to AFSA for commentary. The entire promotion list may therefore be illegal.

B. List of the members of the Class 1 Selection Board.

C. CM Review Panel members who were not cleared with AFSA as required.

D. Department of State notice of the men who were promoted.

E. Letter to Mr. Veliottes (PER/PE) requesting the numbers and names of FSO-1 considered for promotion and noting that none of the members of the CM Review Panel were submitted to AFSA, as required by the AFSA/STATE Agreement of June 29, 1973. This information will have to be cleared for release by DG Carol Laise, by Under Secretary for Management Larry Eagleburger or Secretary Kissinger.

F. Response from Mr. Veliottes, Special Assitant for Employee Management Relations, Department of State.

G. Regulations current for 1974 and 1975 concerning the promotion of career ministers and formation of the Career Minister Review Board.

H. 1974 CM promotion precepts which require, among other things, "total integrity" of CM candidates.

I. 1975 CM promotion precepts signed by Hemenway for AFSA and Eagleburger for STATE which require that a CM should normally serve overseas in foreign service as an FSO-1 or 2. (These precepts will be used this year and indicate that the career service believer should be minimal requirements for CM).

J. Letter from Deputy Secretary of State, Robert S. Ingersoll, pertaining to the nomination of nine career Foreign Service officers for promotion to the rank of Career Minister.

Mr. NELSON. Mr. President, I wish to just speak very briefly in behalf of the nominee.

The Finance Committee had occasion about 2 years ago to conduct hearings on the nominee whose name at that time was pending before the Finance Committee because, I believe, he was nominated for a high position in the Treasury, and some allegations were made respecting Mr. Sonnenfeldt. The Finance Committee conducted, I believe it was 2 days of hearings. I sat through these hearings, listened to all of the testimony on both sides, and concluded myself that there was no substantial evidence of any kind to support the allegations that had been made against him.

I think he has a long and distinguished record in the government. He is very able and a fine public servant. When the hearings were concluded, the Finance Committee voted to confirm his nomination. I believe it was unanimous. There might have been one dissenting vote.

Then prior to the name coming to the floor he was nominated for another position over in the State Department and his name, therefore, went for hearings over to the Foreign Relations Committee. They recommended his confirmation, and he was confirmed for that position at that time on the floor of the Senate.

The PRESIDING OFFICER. Who yields time?

Mr. LONG. Mr. President, will the Senator yield 1 minute?

Mr. SPARKMAN. I yield 1 minute to the Senator from Louisiana.

Mr. LONG. Mr. President, I suppose I spent more time than anyone looking at the qualifications of Mr. Helmut Sonnenfeldt and the allegations by some of those who, for one reason or the other, objected to his confirmation when he was nominated for a high position in the Treasury. I examined and delved more deeply into his nomination than any other I had occasion to act on in my 26 years in this body, it was my conclusion that the man should be confirmed.

Having spent a great number of hours seeking to track down all of the allegations, some of which seem to be based more on resentment on behalf of certain persons that they did not have more influence in the Government than they had, it concluded that this man was able, talented and had a great deal to offer this country and, therefore, that he should be confirmed.

I will vote to confirm him in this new position.

Mr. HELMS. Mr. President, I wonder if I might inquire of the distinguished majority leader, I am perfectly willing to vitiate, if he is, the order for the yeas and nays on this nomination. I largely wanted to make my objections a part of the RECORD on the Sonnenfeldt nomination.

Will the distinguished majority leader move to vitiate the action? If he does, I am satisfied to have a voice vote.

Mr. MANSFIELD. Mr. President, I appreciate the graciousness of the Senator.

Mr. President, I ask unanimous consent that the order for the rollcall vote on the pending nomination be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. I call for a vote on the nomination of Mr. Sonnenfeldt.

The PRESIDING OFFICER. As in executive session.

Mr. MANSFIELD. As in executive session.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Helmut Sonnenfeldt of Maryland?

The nomination was confirmed.

Mr. MANSFIELD. Mr. President, I request that the President be notified.

The PRESIDING OFFICER. The President will be so notified.

LEGISLATIVE SESSION

Mr. MANSFIELD. I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

H.R. 6184 HELD AT DESK PENDING FURTHER ACTION

Mr. MANSFIELD. Mr. President, as in legislative session, I ask unanimous consent that the message on H.R. 6184, to amend section 40 of the Bankruptcy Act, be held at the desk pending further action.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. This has been cleared on both sides.

ORDER OF BUSINESS

Mr. MANSFIELD. What is the pending business?

The PRESIDING OFFICER. There is no pending business.

EXECUTIVE PROTECTIVE SERVICE

The Senate continued with the consideration of the bill (H.R. 12) to amend title 3, United States Code, to provide for the protection of foreign diplomatic missions, to increase the size of the Executive Protective Service, and for other purposes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business, which was delayed until 4 o'clock, now be laid before the Senate and made the pending business again.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 12) to amend title 3, United States Code, to provide for the protection of foreign diplomatic missions, to increase the size of the Executive Protective Service, and for other purposes.

Mr. BUCKLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. BUCKLEY. Mr. President, as we interrupted our debate on this bill, I believe that I correctly state the posture of the debate when I say that the Senator from North Carolina had withdrawn his objection to the first amendment adopted by the committee.

Mr. MORGAN. Mr. President, that is correct, and I agree to the first amendment.

The PRESIDING OFFICER. The first committee amendment is agreed to.

The question is now on agreeing to the second committee amendment.

The amendment will be stated.

The assistant legislative clerk read as follows:

On page 2, line 15, strike "(c)" and insert "(d)" in lieu thereof;

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The second committee amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the third committee amendment. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 2, line 18, strike "(d)" and insert "(e)" in lieu thereof;

The PRESIDING OFFICER. The question is on agreeing to the third committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the fourth committee amendment. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 2, at the beginning of line 22, insert "(a)";

The PRESIDING OFFICER. The question is on agreeing to the fourth committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the fifth committee amendment. The clerk will report.

The assistant legislative clerk read as follows:

On page 3, line 4, strike "facilities."." and insert "facilities.";

The PRESIDING OFFICER. The question is on agreeing to the fifth committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the sixth committee amendment. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 3, line 5, insert the following:

"(b) Not more than $3,500,000 may be transferred to State and local governments as reimbursement for any fiscal year.".;

The PRESIDING OFFICER. The question is on agreeing to the sixth committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The clerk will now state the next committee amendment.

The assistant legislative clerk read as follows:

On page 3, line 11, strike "(e)" and insert "(f)" in lieu thereof;

The PRESIDING OFFICER. The question is on agreeing to the seventh committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the eighth committee amendment.

The amendment will be stated.

The assistant legislative clerk read as follows:

On page 3, at the beginning of line 12, insert "(c),";

The PRESIDING OFFICER. The question is on agreeing to the eighth committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the ninth committee amendment. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 3, line 12, strike "(d)" and insert "(e)" in lieu thereof;

The PRESIDING OFFICER. The question is on agreeing to the ninth committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the 10th committee amendment. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 3, line 14, strike out lines 14 through 23.

Mr. MORGAN. Mr. President, on that I ask for a division.

The PRESIDING OFFICER. Division is requested. The question will come first on striking lines 14 through 23. The question is on agreeing to the committee amendment.

Mr. MORGAN. That is the amendment, Mr. President, I believe the Senator from New York and I both agreed to accept. It merely makes the director and assistant director career employees with the correct designation rather than being subject to being designed by the President. I believe there is no objection to putting that back in.

Mr. BUCKLEY. No objection whatever.

The PRESIDING OFFICER. Without objection, part 1 of the committee amendment is agreed to.

The clerk will now state part 2.

The assistant legislative clerk read as follows:

On page 4 begining with line 1 down through line 12 strike out section 3 of the committee amendment.

Mr. BUCKLEY. I will agree to that, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. MORGAN. Mr. President, first of all, I ask for the yeas and nays on the bill.

The PRESIDING OFFICER. Is there a sufficient second?

There is not a sufficient second.

Mr. MORGAN. Mr. President, let me have a word to say while we are waiting for enough to get a quorum.

The PRESIDING OFFICER. Do you suggest the absence of a quorum?

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. There is a sufficient second.

The yeas and nays were ordered.

Mr. MORGAN. Mr. President, this bill, as it is now amended, boils down to two or three simple things.

First of all, the bill will increase the number of persons in the Executive Protective Service from 850 to 1,200. This is a substantial increase. I believe it is sufficient to take care of any additional needs that we may have in this country because of visiting dignitaries.

Another provision which I think is appropriate is that it does designate the Director and the Assistant Director of the Secret Service as career employees.

The part that I am objecting to, which I think is bad precedent, Mr. President, is that it would allow the Federal Government to pay up to $3.5 million a year to any one of six cities for police protection for dignitaries visiting those cities.

Why I think it is wrong is first of all it establishes a bad precedent. Who will say how these police will be controlled? Are we going to pay this price regardless of how they are controlled? If not, is the Federal Government going to conduct their activities?

Second, the dignitaries, as we pointed out this morning, are visiting all over the country. President Sadat was in Williamsburg yesterday. The Emperor of Japan was in Williamsburg, Norfolk and a dozen other cities. This would discriminate against every city in America where dignitaries visit except those six who have at least 20 or more embassies or representatives.

While this bill is limited in this regard to $3.5 million, it is a foot in the door. The city of New York sought the United Nations, as I pointed out this morning. The United States did not want the United Nations in this country. They first recommended Geneva. After the campaign was conducted to have it put in this country, President Truman recommended that it be put in San Francisco, and even offered a site in San Francisco. The city of New York lobbied for it. They got it. They get all of the benefits that come from it.

Mr. President, it sets a bad precedent. We might as well face it, it is just one more effort in the way of bailing out New York City.

I am on the Banking, Housing and Urban Affairs Committee, and we are considering that very question. If we ever are going to do it, we should do it through an orderly process and not through this method.

For that reason, Mr. President, I send forward an amendment which would strike out the provisions of the bill which would reimburse the city of New York or any one of the other five cities up to $3.5 million a year for police protection and leave the bill otherwise. It would increase the number of personnel from 850 to 1,200 and would make the Director and Assistant Director career employees.

I ask unanimous consent to dispense with the reading of the amendment and call for a vote, if there is no further debate.

Mr. BUCKLEY. Mr. President, this, of course, is the essential vote.

The PRESIDING OFFICER. Apparently we have a parliamentary problem. Until the committee amendment is acted upon, the offered amendment is not yet in order.

Mr. MORGAN. I thought we had adopted it.

The PRESIDING OFFICER. The yeas and nays have been ordered on the committee amendment and it has not as yet been disposed of.

Mr. MORGAN. I thought the yeas and nays were on final passage of the bill.

The PRESIDING OFFICER. There is some confusion at the desk.

Mr. MORGAN. I ask unanimous consent that the yeas and nays be transferred to the final passage and I would also ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Let us dispose of the first. Without objection, it is so ordered, concerning the yeas and nays on final passage.

Now the question is on part 2 of the committee amendment.

Part 2 of the committee amendment was agreed to.

The PRESIDING OFFICER. Now the amendment is in order.

Mr. MORGAN. The amendment that I offered?

The PRESIDING OFFICER. Yes.

Mr. MORGAN. I offer the amendment.

Mr. BUCKLEY. Mr. President, I oppose the amendment for the reasons that I stated at some length——

The PRESIDING OFFICER. Will the Senator kindly withhold until the amendment has been stated by the clerk?

The legislative clerk read as follows:

The Senator from North Carolina (Mr. MORGAN) proposes an amendment as follows:

Strike out all after Page 1, Line 2 down through and including Page 2, Line 14 and all after Page 2, Line 17 down through and including Page 3, Line 13.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. BUCKLEY. Mr. President, I rise in opposition to the amendment, which would strike the guts of the bill.

Mr. MANSFIELD. Will the Senator yield briefly?

Mr. BUCKLEY. Yes.

Mr. MORGAN. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BUCKLEY. Mr. President, I will quickly summarize the salient points. I know some Members are anxious to leave as they have other appointments.

Mr. President, I urge the defeat of the amendment that is offered by the Senator from North Carolina (Mr. MORGAN), and I urge that H.R. 12 be passed as it was reported from the Committee on Public Works.

The bill, approved in committee on a strong bipartisan vote, 9 to 2, provides a cost-effective approach to stem the political terrorism that may threaten the safety of foreign diplomats visiting the United States.

As reported, H.R. 12 strengthens the ability of the Executive Protective Service to protect diplomatic missions in New York City or New Orleans or Los Angeles, when protection is needed because of a situation of extraordinary protective need.

This authority extends in the bill to the cities where the danger would be most acute, cities where 20 or more legations are located. The President has case-by-case authority to provide this protection in other cities. The interpretation of what constitutes an extraordinary protective need rests, in the bill, with the Secretary of the Treasury.

I believe that it is important that the EPS provide extraordinary protection outside Washington in unusual instances, such as occurred when Yasir Arafat visited New York last year. H.R. 12 is designed to provide that safety, and at a cost below what that protection would cost the taxpayers if it were provided under existing procedures.

I would point out that the cost of this provision is limited to $3,500,000 yearly.

I urge the defeat of the amendment of the distinguished Senator from North Carolina (Mr. MORGAN).

Mr. President, I would reiterate five essential points: No. 1, this perfects the mechanism for protecting foreign diplomats visiting the United States, when we have extraordinary dangers, and only where there are extraordinary dangers.

No. 2, the Secretary of the Treasury is the sole judge as to whether or not a situation warranting the reimbursement of extraordinary police protection at the local level should be granted.

No. 3, it is a cost-effective way of protecting our foreign visitors.

No. 4, there is a tight limit of $3,500,000 yearly.

No. 5, this applies to 7 major cities in this country that have 20 or more missions.

I will not speak any further to this point because I think the earlier record speaks for itself.

Mr. JAVITS. Will the Senator yield?

Mr. BUCKLEY. I yield.

Mr. JAVITS. I would like to support Senator BUCKLEY in this debate and the points which he has made, which are absolutely essential.

I am here to express my strong support for H.R. 12 which amends the legislation establishing the Executive Protective Service.

In 1970, Public Law 92-217 was enacted which established the Executive Protective Service, changing the name of the White House Police and adding the responsibilities of protecting foreign diplomatic missions in the Washington, D.C. area and in other areas as the President directs on a case by case basis. Protection in other areas would only be authorized when local authorities are not capable of providing it at the desired level. The Executive Protective Service has served its purpose well in Washington, D.C. and has lessened the burden on the local police force concerning protection of foreign missions.

However, since 1970 it is become apparent that adequate protection of foreign missions should be extended to areas other than Washington, D.C. over the last several years because of the continuing crisis in the Middle East, Executive Protection Service officers have been assigned to protect the missions of various Arab countries and of Israel in New York City. This situation is certain to continue for the foreseeable future.

Protection of a large number of foreign diplomatic missions often involves large numbers of local police and high expenditures of local money. This is especially true in the case of New York City in which is located approximately 84 different diplomatic missions. In 1947, Mayor Beame of New York indicated that the city was incurring a cost of $3.1 million to protect diplomatic missions including $700,000 spent during the visit of Yasir Arafat to the United Nations. These types of expenses are clearly national in character and should not be left to cities such as New York to pay on its own.

H.R. 12 would authorize an increased level of executive protective service personnel up to 1,200 officers. This would be an increase of 350 over the present level. In addition the bill provides the Secretary of the Treasury with authority in cases of extraordinary need to provide protection for foreign diplomatic missions located in metropolitan areas, other than Washington, D.C., where there are 20 or more such diplomatic missions headed by full time career officers. Presently this would cover missions in New York City, Chicago, Los Angeles, Houston, New Orleans, and San Francisco. A request would be required from the particular metropolitan area for executive protective service personnel or as an alternative reimbursement would be provided for use of local or State personnel, equipment and facilities.

I believe that H.R. 12 is a responsible solution to an evergrowing problem. It is important that foreign diplomatic missions be protected particularly when international terrorism has become commonplace. At the same time it is unfair to have local governments shoulder the entire burden of protection of these missions. I urge the Senate to approve this bill.

Mr. MORGAN. Mr. President, there seems to be some confusion as to what we left in the 10th committee amendment. I ask unanimous consent that the vote by which part one of the 10th committee amendment was agreed to be reconsidered, and that part one of that committee amendment be rejected.

Mr. JAVITS. Mr. President, reserving the right to object, I would like to make a parliamentary inquiry in that regard.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. Is it a fact that the amendment as introduced is defective and subject to a point of order, because it relates to a part of the bill which has already been acted on?

The PRESIDING OFFICER. That is not correct.

Mr. BUCKLEY. Apparently the Senator from North Carolina missed the Senator's question.

Mr. JAVITS. I asked the Chair, as a parliamentary inquiry, whether it is a fact that this amendment is subject to a point of order because it relates to a part of the bill already acted on.

The PRESIDING OFFICER. The amendment now pending is in order, since it affects much more of the bill than has already been acted on.

Mr. JAVITS. Then may we know what the unanimous-consent request is?

Mr. MORGAN. Let me restate it. The committee report recommended that section 2 of the House bill be deleted. I thought that we rejected that. I ask unanimous consent that the vote by which that part of the committee amendment was accepted be reconsidered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORGAN. I now move, Mr. President, that part one of committee amendment number 10 deleting section 2 be acted on and be voted down.

Mr. JAVITS. Mr. President, is this subject to a Senate vote, or what are we doing here? I do not quite follow it. May we know what this motion is?

The PRESIDING OFFICER. The action requested by the Senator from North Carolina would restore the language on page 3, lines 14 through 23.

Mr. JAVITS. That would be restored by agreeing to the request? Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JAVITS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment.

The amendment was not agreed to.

The PRESIDING OFFICER (Mr. LAXALT). The question now recurs on agreeing to the amendment of the Senator from North Carolina. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Delaware (Mr. BIDEN), the Senator from South Carolina (Mr. HOLLINGS), the Senator from South Dakota (Mr. MCGOVERN), the Senator from Montana (Mr. METCALF), and the Senator from New Mexico (Mr. MONTOYA) are necessarily absent.

I also announce that the Senator from Mississippi (Mr. STENNIS) and the Senator from Michigan (Mr. HART) are absent because of illness.

Mr. GRIFFIN. I announce that the Senator from Ohio (Mr. TAFT) is necessarily absent.

The result was announced—yeas 33, nays 57, as follows:

[Rollcall Vote No. 460 Leg.]

YEAS—33

Allen
Burdick
Byrd,
Harry F., Jr.
Byrd, Robert C.
Cannon
Church
Dole
Eastland
Fannin
Fong
Ford
Garn
Glenn
Goldwater
Griffin
Helms
Hruska
Huddleston
Inouye
Laxalt
Leahy
Magnuson
Mansfield
McClellan
Morgan
Nunn
Packwood
Randolph
Scott,
William L.
Sparkman
Talmadge
Thurmond
Young

NAYS—57

Abourezk
Baker
Bartlett
Beall
Bellmon
Brock
Brooke
Buckley
Bumpers
Case
Chiles
Clark
Cranston
Culver
Curtis
Domenici
Durkin
Eagleton
Gravel
Hansen
Hart, Gary
Hartke
Haskell
Hatfield
Hathaway
Humphrey
Jackson
Javits
Johnston
Kennedy
Long
Mathias
McClure
McGee
McIntyre
Mondale
Moss
Muskie
Nelson
Pastore
Pearson
Pell
Percy
Proxmire
Ribicoff
Roth
Schweiker
Scott, Hugh
Stafford
Stevens
Stevenson
Stone
Symington
Tower
Tunney
Weicker
Williams

NOT VOTING—10

Bayh
Bentsen
Biden
Hart, Philip A.
Hollings
McGovern
Metcalf
Montoya
Stennis
Taft

So Mr. MORGAN's amendment was rejected.

Mr. BUCKLEY. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. JAVITS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MORGAN. Mr. President, previously, we asked for a rollcall vote on final passage. I ask unanimous consent that the order for the rollcall vote be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, for the information of the Senate, the last rollcall vote was the last one for today.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill, H.R. 12, was read the third time and passed.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business, of not to exceed 20 minutes, with statements therein limited to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATORS TOMORROW AND FOR CONSIDERATION OF S. 2498

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized on tomorrow, Mr. GRIFFIN, Mr. MANSFIELD, and Mr. McCLURE be recognized, each for not to exceed 15 minutes, after which there be a period for the transaction of routine morning business, of not to exceed 30 minutes, with statements therein limited to 5 minutes each; that at the conclusion of routine morning business, the Senate proceed to the consideration of Calendar No. 409, S. 2498, the Small Business and Small Business Investment Acts amendments of 1975.

The PRESIDING OFFICER. Without objection, it is so ordered.

LOW LABELING LOOPHOLES

Mr. MAGNUSON. Mr. President, many of us who are concerned with the problems of consumers in the marketplace are all too familiar with such terms as "confusing labeling," "inaccurate labeling," "misleading labeling," and even "deceptive labeling."

There is yet a new labeling menace in the marketplace which, in my opinion, can be confusing, inaccurate, misleading and deceptive, all at once. Even the name given to this practice is difficult to decipher. The Federal Trade Commission calls it "low labeling," yet it probably should be called "high labeling." The FTC calls it deplorable, yet they also say that it is legal.

What makes the practice of low labeling doubly deplorable is that it occurs in relation to one of the most potentially beneficial consumer information programs regulated by the Government. It occurs on the care labeling of wearing apparel, and is very difficult for consumers to detect.

What is low labeling? The FTC defines it as "the use of extraordinarily cautions—textile care—instructions when they are, in fact, not needed" and which "often may be done at a higher cost to the consumer." Plain and simple, I call it inaccurate labeling which wastes consumers' money.

How does low labeling work to the consumer's detriment? The FTC has cited two examples in a public notice on areas in need of strengthening in its trade regulation rule on care labeling of wearing apparel.

The first example is a care label on clothes which instructs consumers to "dry clean only," even though the clothes may be laundered in a washing machine at home. Obviously, unneeded dry cleaning could cost consumers more money directly. It could also result in the indirect cost of wasting a consumer's valuable time and effort in taking clothes to a dry cleaning facility.

Yet dry cleaners, themselves, are having many problems with inaccurate or incomplete care labels. A trade group reported to the FTC an instance of six different care label instructions appearing on six identical jackets. One of these care labels stated that the jacket must be dry cleaned, but then stated that the solvents used by dry cleaners could not be used on the jacket. What does the dry cleaner tell consumers?

The costs of the second FTC example of low labeling now being practiced may not be as obvious at first glance. Under this example, the care label will tell consumers "do not bleach," yet the clothes on which that label appears will be bleach safe.

The FTC has received surveys which indicated that "do not bleach" labeling appears most frequently on baby clothes, and ironically bleach manufacturers claim that two additional functions of bleach are to sanitize and deodorize—functions which take on increased importance to energy-conscious consumers who launder clothes in cold water.

Finally, Mr. President, the most disturbing aspect of this whole situation is that the Commission claims that its rule has an unintended loophole in it. A pinhole would be a better description. The FTC says that it is powerless to act against low labeling under its present trade regulation rule—even though that rule expressly mandates that care labels should fully and clearly inform consumers how to regularly care for and maintain wearing apparel for ordinary use and enjoyment of the articles. This is shocking to me, and I have told the FTC so.

I first wrote to FTC Chairman Lewis A. Engman on September 17, asking for a status report on the Commission's long-awaited attempt to clean up its present care labeling rule and for an opinion on whether what FTC calls low labeling is already a violation of that rule. On October 7, the acting Director of FTC's Consumer Protection Bureau, Mrs. Joan Z. Bernstein, responded to my letter. She stated that the Commission has before it a staff report and recommendations on the subject. She also reports that low labeling, although in violation of the spirit of the current rule and the subject of complaints from both consumers and industry, is not a violation of the letter of the present rule.

I have just recently sent another letter to Chairman Engman warning him that the entire care labeling program is in jeopardy and reminding him of the dangers of a regulator agency which places more emphasis on issuing regulations than on making sure that its regulations work as intended. I urged that an immediate interim guideline on this subject be issued, and that a proceeding to patch up the loopholes in the current rule be initiated.

Mr. President, because this subject is one of great interest and importance to consumers and large segments of the business community, I ask unanimous consent that the correspondence between the FTC and me be printed in the RECORD at this point.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

COMMITTEE ON COMMERCE,
Washington, D.C., October 23, 1975.
MR. LEWIS A. ENGMAN,
Chairman, Federal Trade Commission,
Washington, D.C.

DEAR CHAIRMAN ENGMAN: I addressed an inquiry to you on September 17, 1975, regarding the status of anticipated changes in the Commission's Trade Regulation Rule on the Care Labeling of Textile Wearing Apparel. My letter also asked for your opinion as to whether the practice which your agency calls "low labeling" is a violation of the present regulation.

In response to my letter to you, I received a status report and opinion from the Commission's acting director of the Bureau of Consumer Protection, Mrs. Joan Z. Bernstein. I must assume that you share her viewpoint.

The practice of low labeling textile garments, according to Mrs. Bernstein's reply to me, has been the subject of complaint from both consumers and industry. I am very concerned about it, and I believe that the Commission should share this concern.

Low labeling is inaccurate labeling which could result in consumers wasting hard-earned money. More than that, it is a practice which could lead consumers to question the reliability of all care labels, thus resulting in the waste of a major regulatory effort which could, if properly implemented, be significantly cost beneficial.

Using the Commission's own examples of low care labeling—"Dry Clean Only" instructions on garments which could be laundered by less expensive means and "Do Not Bleach" instructions on garments which could be bleached safely—several things appear obvious to me.

First, reliance on an inaccurate dry cleaning instruction can cause consumers to waste money and, in some cases, time and effort in taking clothes to a dry cleaner, as the FTC, itself, maintains.

In addition, I have heard from many dry cleaners and their representatives who indicate that they, themselves, are being hurt by inaccurate and incomplete labels, and that they have given the FTC proof of this.

Second, I have also heard from bleach manufacturers who say that the Commission is aware of a survey which finds that the highest incidence of "Do Not Bleach" labeling appears on baby clothing. They claim that a high number of these labels appear on bleach-safe clothes. They also claim that this is particularly significant for energy-conscious consumers who launder in cold water and would otherwise use bleach to sanitize and deodorize clothing as well as help clean it.

Obviously, as soon as consumers learn they are being misled by certain care labels, they will distrust all care labels and question FTC's ability and resolve to enforce its own regulations.

Notwithstanding these factors, Mrs. Bernstein informs me that the Commission at this point can only "strongly discourage" low labeling and not prohibit it, because it comes within what is viewed as a loophole in the present regulation. She maintains that low labeling "clearly is in violation of the 'spirit' or intent of the Rule," but that it "does not appear to be in violation of the general language of the Rule."

For an agency which has been criticized in the past for construing its authority too broadly, this interpretation of the current Rule comes as a surprise, indeed.

The rule explicitly provides that care labeling must be that which "clearly discloses instructions for the care and maintenance of" wearing apparel. The Rule further provides, in a note explicitly made a part of the regulation, that such instructions must, "Fully inform the purchaser how to effect such regular care and maintenance as is necessary to the ordinary use and enjoyment of the article, e.g., . . . bleaching, dry cleaning, and any other procedures regularly used to maintain or care for a particular article."

Quite frankly, if there is a hole in the regulation under which low labeling can be practiced, it does not appear to be a loophole. It is, at most, a self-inflicted pinhole. It seems absurd to me that a regulation which expressly requires clear and fully informative disclosure of care instructions can be interpreted by the agency which wrote it as allowing for what the Commission readily admits is unclear and uninformative disclosure.

Mrs. Bernstein informs me that there is a recommendation now before the Commission to rectify low labeling and other problems discovered during the Commission's experience with care labeling.

I would urge you to act quickly in this area. The very valuable concept of care labeling, itself, is at stake here. I realize that the Commission has been busy, especially in the rulemaking area where it recently has issued and proposed a significant number of potentially useful regulations. But you should be aware of the danger inherent in a regulatory agency laying more emphasis on issuing new rules than on making sure that the ones it has already issued work as intended.

If the Commission does have an interest in taking steps in this area, I would also like you to give consideration to the possibility of the Commission issuing an interim guideline designed to inhibit low labeling now and during the pendency of any formalized proceeding to amend the Care Labeling Rule.

I would appreciate knowing your personal views on this subject.

Sincerely,

WARREN G. MAGNUSON,
Chairman.

FEDERAL TRADE COMMISSION,
Washington, D.C., October 7, 1975.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MAGNUSON: This is in response to your letter of September 17, 1975, regarding the status of the Commission's inquiry concerning the Trade Regulation Rule Relating to the Care Labeling of Textile Wearing Apparel and requesting an opinion as to whether "low labeling" constitutes a violation of the Rule.[1]

As you have noted, the Commission initiated a review of the current Rule on April 2, 1974, and published a Notice of Opportunity to Submit Written Comment and Data for the purpose of re-evaluating a number of provisions of the Rule. During the comment period, which ended on September 23, 1974, over 9,000 comments were received comprising more than 12,000 pages of public record. Generally, those commenting responded to select questions from the Request for Comment; a few individuals expressed an opinion on all questions asked.

The Commission staff analyzed the responses and prepared a report with recommendations to the Commission as to what changes, if any, should be made in the present Rule. That report has been completed and forwarded to the Commission for consideration.

As to whether "low labeling" constitutes a violation of the Rule, while it clearly is in violation of the "spirit" or intent of the Rule, it does not appear to be in violation of the general language of the Rule. The Commission recognized the potential problem of "low labeling" in the Statement of Basis and Purposes, and specifically "discouraged" low labeling as a practice to be avoided, if possible, in devising care instructions. Because the field of care labeling was relatively new to the Commission in 1972 when the Rule was promulgated, the Commission appropriately decided that the Rule should be simple and general, with a view toward modifying the requirements as the need arose and as the Commission and the staff gained administrative expertise in the field.[1] A care instruction under the present Rule may fulfill the requirements of the Note (where standards for care instructions are set forth) and still constitute "low labeling" in the sense as you described it. Technically, therefore, "low labeling" is not a violation of the letter of the Rule as it now stands although the practice is, indeed, "strongly discouraged."

The Commission has received a number of complaints about the practice, both from consumers and industry involved with either bleaching or drycleaning. I can assure you that solutions to the problem will be considered in connection with the staff's report on the Request for Comment and in any decisions made as a result.

I will be happy to discuss the matter further with you or your staff at any time.

Sincerely,

JOAN Z. BERNSTEIN,
Acting Director.

SEPTEMBER 17, 1975.

Hon. LEWIS A. ENGMAN,
Chairman, Federal Trade Commission,
Washington, D.C.

DEAR CHAIRMAN ENGMAN: On April 2, of 1974 the Commission published in the *Federal Register* an invitation for public comment on certain issues relating to its Trade Regulation Rule on Care Labeling of Textile Wearing Apparel. Your publication of these issues for comment was based upon "the Commission's continued concern with the efficacy of the Rule and its desire to keep pace with the needs of consumers, as well as the textile and cleaning industries, in this important area."

I could not agree more with your objectives. Providing consumers with accurate and informative care labeling of wearing apparel has been a long-held concern of mine. I feel that the Commission's Care Labeling Rule can be one of the most important and cost beneficial consumer protection regulations ever issued.

As you and the rest of the Commission recognized in your April 1974 invitation for public comment, experience with the rule has indicated areas in need of strengthening. I am particularly concerned that you take steps to assure that certain aspects of the rule do not result in consumers incurring more costs rather than saving money in accordance with the intent and capability of the Rule.

In this regard, one of the issues identified for attention in your April 1974 publication becomes of particular concern. The issue was stated as follows:

"Presently, the Rule's Statement of Basis and Purpose strongly discourages "low labeling", i.e., the use of extraordinarily cautious instructions when they are, in fact, not needed. Often, this may be done at a higher cost to the consumer. (Examples: Use of the phrase "Do Not Bleach" when, in reality, the item so labeled can be bleached without harm; use of the phrase "Dry Clean Only" when, in reality, the item so labeled can be refurbished equally well by another cheaper method)."

It appears to me that what you call "low labeling" is inaccurate labeling which results in unnecessary costs to consumers. In fact, such inaccurate labeling would appear to me to be in violation of the Rule as it stands now.

Since the comment period on your published Care Labeling issues ended approximately a year ago, I would appreciate a report from you on the status of the Commission's inquiries into this matter and the prospects of seeing the Commission propose a modification of the Rule to update it. In addition, I would be appreciative of your view as to whether inaccurate labeling which results in increased costs to consumers (i.e., "low labeling") is a violation of the current rule.

I look forward to your early response.

Sincerely,

WARREN G. MAGNUSON,
Chairman.

AUTO SAFETY

Mr. MAGNUSON. Mr. President, for almost a decade, the motor vehicle safety community has discussed and debated the various restraint alternatives available to the motoring public to protect against the second collision. To date, we have relied upon lap and shoulder belt systems which were accompanied by various reminder systems to encourage usage. I believe that most would agree that our success to date has been disappointing.

Thus far, the Department of Transportation's National Highway Traffic Safety Administration has put all of its faith in lap and shoulder harnesses. But the early systems were uncomfortable and cumbersome, with spaghettilike belt systems cluttering up the front seat, and consumers began to resist these lifesaving systems. Upon realizing the low level of belt usage, the Department then mandated various combinations of warning lights, buzzers, and ignition interlock systems in an effort to induce motorists to "buckle up." These appear only to have frustrated the public, resulting in greater resistance and hostility. This frustration culminated in congressional action to remove the mandated ignition interlock systems.

Where do we stand now? Currently, our new cars are equipped with lap and shoulder harnesses with an 8-second warning buzzer. Additionally, the Department requires an inertial-reel system, allowing the motorist freedom of movement. Despite the increased comfort, belt usage is still disappointingly low: the most recent studies indicate that we are achieving a usage rate of only 6 percent for the lap belt alone and 20 percent for the lap/shoulder belt combination. This gives us a total usage rate of only 26 percent—a little more than one-quarter of the motoring public. Unless we are able to achieve restraint system use to over 80 percent, the results will be catastrophic.

A recent study conducted by John Z. DeLorean, former corporate vice president of General Motors, has revealed that by 1980, 65 percent of new car sales will be compact- and economy-sized vehicles. The study further indicates that with this massive shift toward smaller, lighter, and intrinsically less safe vehicles, coupled with the increase in the number of drivers on the road, there will be a 35 percent increase in fatalities during the next decade unless we are able to achieve greater restraint protection for the motoring public. Smaller vehicles are intrinsically less crashworthy because of the shorter distances available to decelerate the occupant and the greater likelihood of intrusion into the passenger compartment. Thus, assuming, once again, that no progress is made in achieving wider usage of an effective restraint system, the DeLorean study concludes that a vehicle occupant will be 38 percent more likely to be injured and 75 percent more likely to be killed in a smaller car versus a larger car.

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[1] The Rule was described as ". . . only a first stage;" Chapter VI.A., sixth paragraph of the Commission's Statement of Basis and Purpose.

While these statistics alone are staggering, a more sobering thought is the fact that we can do something about it, but the Department of Transportation seems to be dragging its feet. The solution is the passive restraint. Since late 1969, the Department has been proposing various forms of passive restraint requirements. A passive restraint system is one which will operate automatically and requires no action by the occupant. While there are many forms of passive restraints, the most common one is the so-called air cushion. The air cushion works automatically and only when needed—in an injury-threatening car crash. It is triggered by sensors as the crash begins and the bag inflates in less than 25/1000 of 1 second. The bag has the effect of spreading the force evenly across the protective crash occupant's body, rather than concentrating harmfully at a few points. During the critical split second of the crash, the bag becomes an energy absorbing shield between the protective crash occupant and the hazardous, hard, sharp interior structure that the occupant might otherwise smash against. The air cushion does its protective work during the instant of the crash, then it deflates—so rapidly that the protective crash occupant does not realize that the bag was there until after it is out of his way.

What is important about the air cushion is the fact that it is passive—that it works automatically—and it is entirely unobtrusive and inoffensive to the people it protects. The air cushion is stored completely out of sight when not needed, and it interferes in no way with the operation of the vehicle.

There are many who are concerned about the cost of air cushions and whether they represent a good safety investment for the Nation. While it is difficult to value a human life or debilitating injury, the DeLorean study provides us with an important evaluation of the costs and benefits we could expect from air cushion systems if they were installed in all motor vehicles. Consider the DeLorean conclusions: if manufacturers were to install the air cushion restraint system in a full-sized, six-passenger vehicle, with lap belts in all seating positions, it would raise the average price approximately $111.50. This amount includes an $11.50 profit per car for the manufacturer and a $22 profit per car for the dealer. Similarly, a consumer would have to pay an additional $90 for a four-passenger car with lap belts in all seating positions. This amount includes a $9.50 profit per car for the manufacturer and a $17.50 profit per car for the dealer.

What would be the savings? Installation of air cushion restraints in all vehicles sold to the public after 1977 would save 69,000 lives in the next 10 years—2.5 percent fewer deaths than that which the Nation will experience this year. Air cushion restraints fully equipped in the entire vehicle population would prevent 625,000 injuries and save 24,000 lives annually. If one were to compare the alternative of equipping all vehicles with air cushions and continuing with lap belt/shoulder harness systems—assuming current usage rates—the contrast is striking: the former system would result in 498,000 fewer injuries, 19,000 fewer fatalities, and discounted future societal benefits of $5.5 billion for each year.

What concerns me even greater, however, is the impact that delay of introduction of the restraint system requirement will have. The present Department of Transportation standard requires passive restraint systems in 1978. What happens if that effective date is delayed until 1981?

DeLorean Associates concludes that this delay would result in 37,600 needless losses of life during the decade. Delayed implementation would cost $18.6 billion in societal loss due to injuries and fatalities which could otherwise be prevented.

During the 3-year delayed period from 1978 to 1981, the investment of $1.4 billion per year for the early implementation of a passive air cushion restraint system will result in the $18.6 billion return, or nearly 350 percent return on investment. And what makes the entire proposition so attractive is the estimate that nearly $2 billion annually would be saved in insurance premiums resulting from health, accident, life, and auto insurance discounts.

It is time for the administration to finally "fish or cut bait" on passive restraints. In July 1969, the DOT issued an advance notice of proposed rulemaking suggesting that it would require passive restraints by January 1, 1972. But by the time the first rule was promulgated, the date had already begun to slip to January 1, 1973. In March 1971, the date slipped again, with the Department amending its standard to require passive protection in all 1976 model cars. In 1972, the U.S. court of appeals sitting in Cincinnati invalidated the standard on a technicality, and it was not until March 1974 that the Department saw fit to issue another proposal. But this time, passive protection would be required for all 1977 model year cars. Once again, all eyes are on the Department of Transportation and the Ford administration to issue a new proposal. Last spring, the Department held 5 days of hearings in which it solicited comments and recommendations on what course it should pursue. We are now approaching the end of 1975 and there is still no word from the Department of Transportation.

It is time for action. The DeLorean study has defined the costs of further delay. If the auto industry is to have adequate lead time in which to integrate the air restraint system into its vehicles, expeditious action from the Department of Transportation and the Ford administration is required now.

200 NAUTICAL MILE FISHERY CONSERVATION ZONE

Mr. MAGNUSON. Mr. President, shortly, the Senate will take up consideration of S. 961, my bill to establish a 200 nautical mile fishery conservation zone off the coasts of the United States. This bill is similar to the one which received a favorable Senate vote in the closing days of the 93d Congress. The vote was 68 to 27. This proposed new law has again been favorably reported by the Senate Commerce Committee October 7, and referred to the Senate Foreign Relations Committee for not to exceed 21 legislative days. By my calculation, S. 961 should be returned to the floor and placed on the calendar by November 12. The committee has scheduled a hearing on the bill this Friday, October 31. I am hopeful that the Foreign Relations Committee will report the bill favorably. Just recently also, the House of Representatives passed a 200-mile fishery zone bill by a 2 to 1 margin—208 to 101.

I think my colleagues are well aware of my interest in this legislation. In my opinion, it is the single most important fisheries bill ever considered in Congress. We have come to a crossroads in the history of fishing and fishery conservation: we can either continue to allow the overfishing of our finite fishery resources, or we can change the jurisdictional rules and institute meaningful conservation measures. It is that simple.

There is no dispute about the declining levels of fishery resources off our shores, nor about the depressed condition of our coastal fishing industry. There is also very little dispute about the lack of effective international action on the question of fishery conservation. And almost everyone agrees that international rules on fishery jurisdiction are changing, that past rules have lost the support of a large number of coastal nations and that the U.N. Law of the Sea Conference, if it ever can agree on other issues, will make the 200-mile concept an integral part of a new Law of the Sea treaty.

So it boils down to this: Can we afford to wait any longer, and, if we did wait, would international agreement on a Law of the Sea treaty come about in the next year or so? The answer to both questions is an emphatic no. Our fisheries have waited too long already for greater protection and a more meaningful conservation program. The sooner we begin to manage the fish off our shores, the sooner they will be returned to sustainable, rather than overfished, levels. The U.N. Conference on Law of the Sea will not reach agreement when it convenes for a third time in New York next March. Since there will be no treaty so long as disagreement persists on any major issue, the squabbling will continue. At the moment, the difference of opinion between the developed and the developing nations on how to deal with the deep seabed area is so wide as to preclude any possibility of mutual agreement on treaty articles on that issue next session. In frank conversation, our delegates concede this.

The fishery issue is unlike any other before that Conference. It has been the source of greatest internation conflict in the past, but consensus on 200-mile coastal jurisdiction now exists. It is the one issue on which a decision must be made soon if we are to cope with the advanced state of depletion in many of the world's fisheries. The manganese nodules will still be there 5 years from now; ownership of offshore oil is more or less settled. There is no great risk of harm to either resource if the debate continues. But there is a definite risk to the fisheries of the world if the fishery jurisdiction question is not settled soon.

Mr. President, I commend to my colleagues' attention an article on this subject which recently appeared in Newsday authored by Prof. H. Gary Knight of the Louisiana State University. Professor Knight is a member of the Department of State Advisory Committee on Law of the Sea and a knowledgeable expert on international law. He confirms the fact that a Law of the Sea treaty is a long way off—in his words, "possibly decades away." He also mentions that one viable U.S. option is to enact domestic legislation, an an interim basis, to protect our interests, including fish.

This is exactly what I propose. S. 961 is interim legislation which will expire when an international agreement on fishery jurisdiction is reached. It is first and foremost a conservation measure, with provisions creating a national fishery management program for this extended area of authority.

In addition, I believe the Senate should be aware of other nations' intentions in this regard. Iceland declared a 200-mile fishery limit on October 15. The President of Mexico has publicly announced his country's intent to pass a similar law. Other countries—a majority—by their statements in the Law of the Sea Conference, have evidenced their support for a 200-mile economic or fishery zone.

Finally, Mr. President, the National Advisory Committee on Oceans and Atmosphere, our principal citizen advisory committee on ocean policy, has recommended that legislation be enacted creating a 200-mile U.S. economic resource zone. Their fourth annual report reflects this view.

The overwhelming opinion in the House of Representatives is to establish this new law. I know many of my colleagues here in the Senate agree. Those who disagree base their opposition on too many ifs, ands, and maybes to be persuasive. The domestic fishing industry needs an opportunity to regain its stature and its economic soundness. Already the recent wave of inflation and drop in fish abundance have forced fishermen, in growing numbers, to seek Federal assistance as a way to continuing their livelihood. With fishery jurisdiction out to 200 miles, I believe they will be given a better chance to prove themselves once again. I urge that my colleagues support S. 961 and vote for its passage.

I ask unanimous consent that Professor Knight's article, a press release from the Embassy of Iceland, and the fisheries portion of the Fourth Annual Report of the National Advisory Committee on Oceans and Atmosphere be printed in their entirety at this point in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

[From Newsday Magazine, Sept. 28, 1975]

Keeping Our Share of the Ocean's Riches

(By H. Gary Knight)

Congress is apparently on the brink of enacting a law that would establish a 200-mile fisheries zone off the nation's coast.

Last fall the administration pulled out all the stops in opposition to a similar bill. Despite this effort, the Senate passed the bill by a vote of 68–27, but the House did not act before the end of the 93rd Congress. Congress is not likely to be frustrated on this subject again—on Thursday the Senate Commerce Committee unanimously approved a bill that would establish a 200-mile fishing zone around U.S. shores and forbid foreigners to take anything but surplus fish from those waters. It is also considering legislation to authorize U.S. citizens to mine mineral deposits from the deep ocean floor, beyond the continental shelf.

These legislative initiatives contrast with an even more comprehensive effort on the part of the State Department and other federal agencies to negotiate a widely acceptable international agreement dealing with just about every facet of the use of ocean space and the exploitation of ocean resources. It should come as no surprise to learn that Congress and the State Department have rather different views about the best way to protect the nation's ocean-related interests. In two areas—fishing and deep seabed mining—the issue will come to a head as Congress presses ahead on legislation that the administration views as antithetical to its foreign policy interests.

Why the sudden interest in the ocean? In the first place, the interest is not really new. The United States has long been a maritime power. We have for many decades relied on the sea for food and energy resources, and utilized its presence in the conduct of our foreign policy. But with increasing world population and its concomitant demand on the environment, more and more nations, especially those gaining independence since 1945, are turning to the sea to develop their economies.

In 1967, the Maltese ambassador to the United Nations, Dr. Arvid Pardo, initiated a debate on the status of deep seabed minerals, which led, at the UN's snail's pace, to the Third UN Conference on the Law of the Sea. That conference has now held 20 weeks of inconclusive meetings over the past two years. Talks are scheduled to resume in March in New York.

The upshot of all this sea diplomacy is that the United States, along with other technologically advanced nations, is being forced to negotiate its vital ocean interests in the one-nation, one-vote UN forum in which the economically underdeveloped nations have a commanding majority. As if that did not present enough difficulty, these countries have now involved the law of the sea negotiations in their push for a "New International Economic Order"—a euphemism for redistribution of wealth from the rich to the poor.

How do these domestic and foreign developments in the ocean affect U.S. citizens? Until quite recently, most U.S. coastal populations cared only about near-shore commercial and sports fishing and, in some areas, offshore oil and gas. Although these uses of the ocean remain important, new developments make public interest in the politics of the ocean even greater. The outcome of the law of the sea negotiations could affect such essential matters as the price of gasoline, the availability of certain seafoods, the cost of steel, the defense budget, and the preservation of the marine environment.

New Englanders and Alaskans, for example, have been concerned that foreign fishermen—especially the Russians and Japanese—are depleting the fish stocks upon which they have relied for a living. It has been established beyond doubt that many such species are being overfished and that some are in danger of total depletion. Whether this stems from intensive foreign fishing, or simply from the lack of a comprehensive management program by the U.S. government and the fishing industry, the reaction has been essentially xenophobic—thus the push for 200-mile fishing zone legislation that would allow the United States to order a reduction of effort by foreign fishermen.

Domestically this seems to be an appropriate solution, but it may, according to the State Department, cause international complications. For example, U.S. foreign policy experts argue that if the U.S. unilaterally establishes such a zone rather than waiting for an international agreement on fisheries problems to come from the Law of the Sea Conference, other nations will retaliate by cutting off the access of U.S. shrimpers who operate off the coast of Mexico and tuna seiners who operate in Latin American and African waters. Further, they argue, taking any unilateral action now endangers the chances for reaching agreement at the conference where many more issues—involving some vital national security matters—are at stake.

Proponents of the 200-mile zone, in turn, assert that the United States cannot wait on the conference to protect its coastal fishing industry because an agreement may be as long as five years off, if one can be reached at all. It is clear that if the conference agrees on anything it will be the right of coastal states to declare 200-mile fishing zones, and many nations have done so unilaterally already—Iceland announced such a zone to be effective in October, and such friendly nations as Canada and Mexico will not be far behind. In view of these developments, coastal fishermen believe that U.S. action would not really affect these inevitable developments.

Another interest group, the domestic mining industry, is also pushing hard for legislation. Howard Hughes' phony seabed mining operation notwithstanding (it turned out to be a cover for recovery of a Russian submarine), the industry does have the technology available now to proceed with actual mining operations. Such companies seek a law under which licenses can be secured from the federal government—much as oil companies do on the outer continental shelf—authorizing them to mine deep seabed minerals. These minerals exist in the form of potato-shaped nodules that contain high concentrations of manganese, copper, cobalt, nickel, and other minerals important to U.S. industry. Steel, for example, cannot be made without manganese. These companies point out that continued U.S. dependence on foreign sources of such raw materials is a threat to our economy, and they cite OPEC as an example of what can happen in resource cartels.

At the UN conference, however, the underdeveloped nations are trying to tie up control of the seabed through a complex international agency and licensing system that would give them effective control over these resources, in keeping with their objective of controlling all raw material markets.

Under existing international law, manganese nodules can be taken by anyone; as a result, ownership simply goes to the first possessor. Last year, Deepsea Ventures, the operating arm of an international consortium composed of Tenneco, U.S. Steel, and Belgian and Japanese partners, claimed the exclusive right to mine nodules from a 60,000-square-kilometer area in the *Pacific Ocean*. This claim, the first of its kind, set off considerable controversy.

Legislation would not provide a total solution to the seabed mining companies' international problems, but it would at least keep them from wasting time and money over conflicting claims since mining rights would be allocated and registered by a federal agency. Many hope that other nations possessing seabed mining technology would enact similar legislation, thus paving the way for some sort of international registry office in which claims could be filed. This might help avoid the kind of "claim jumping" that took place in the 19th-Century gold rush.

Perhaps the most concerned player of all in the law of the sea game is the Defense Department. The trend toward extensive claims over ocean space—12-mile territorial seas, 100-mile pollution control zones, 200-mile fishing zones, and so forth—threatens, in the Defense Department's view, to restrict naval mobility and thus inhibit a vital aspect of our national defense system. Of greatest concern is the threat posed to passage through international straits that are now considered "high seas" but which would become territorial waters if the breadth of the territorial sea were to be established at 12-miles rather than three. The possibility of nuclear submarines having to surface when passing through the Straits of Gibraltar, or of the Sixth Fleet having to seek Indonesian permission to pass through the waters of that archipelago nation on its way from the Pacific to the Indian Ocean, causes naval strategists to become apoplectic.

Defense experts argue that the only way to ensure continued access to the world ocean for U.S. naval vessels is to negotiate a widely accepted international agreement on the topic. They fear that bilateral arrangements with individual nations would be too unstable, a point partly borne out by the recent closing of American military bases in Turkey. The counter argument is that in order to achieve these navigation rights for U.S. warships by international agreement, we would have to concede other issues to the underdeveloped nations, particularly with respect to resource interests.

Aside from these very serious questions of food, raw materials, and national security, there are a host of other ocean issues being considered both domestically and internationally. For example, the maritime industry shares some of the same fears as the Defense Department about freedom of navigation. Of most immediate concern to U.S. citizens is the possibility of underdeveloped nations placing restrictions or costly burdens on the movement of oil tankers bringing crude oil to the United States. Further, oceanographers could be greatly restricted in their investigations of the sea and its resources if many coastal states were to establish 200-mile resource zones and claim authority to regulate scientific research there. And if international minimum standards concerning pollution are not agreed upon, nations will be free to ignore the quality of their coastal environments. There are, in fact, over 100 items on the agenda of the Law of the Sea Conference.

These ocean debates may go on for many years, perhaps decades. It appears unlikely at this time that a comprehensive and widely accepted international agreement can be negotiated in less than five years, if ever. In the meantime, nations will continue to assert conflicting rights to use the ocean.

How should the United States go about protecting its interests in the ocean? Apparently the State Department is willing—against some very old advice to the contrary—to put all its eggs in one basket, the UN Law of the Sea Conference. After following the negotiations at the UN closely since 1967, and serving with the U.S. delegation to the Caracas session of the conference for eight weeks this summer, I have reached the conclusion that this approach is deficient.

The developing nations have not evidenced much real interest in negotiating solutions to technical sea law problems. Rather, they have been intent on using the conference for broader purposes, principally advancing the "New International Economic Order." Some have actually engaged in attempts to scuttle the conference entirely, while the United States struggles as much to hold it together as to negotiate for its own objectives.

These negotiations could drag on for decades, spewing out one agreement here, another there. Most nations would presumably begin to look for other means of protecting their ocean interests, and over the long run some order will arise from the apparent chaos. But unless the United States is willing to pursue other alternatives now, it could be the big loser in the game of oceanic politics.

There are good alternatives. First, the United States could begin bilateral and multilateral negotiations with the countries directly involved in our interests. For example, we could arrange with other nations possessing seabed mining technology for a system of claim registration that would preclude disputes over the right to mine nodules from the deep ocean floor. True, this would leave out the underdeveloped countries, but their only objective in seabed mining is to control production and cartelize the resource anyway, so why play into their hands by giving them the chance to make policy at all?

Or we could arrange with Canada for joint management of fisheries out to 200 miles from our coasts in the northwest Atlantic.

Or we could draw up a bilateral agreement with Indonesia or the Philippines that would designate certain "sealanes" through their island waters in which our military vessels would have a right of free navigation in moving from the Pacific to the Indian Ocean.

Such moves would not preclude our continuing to negotiate in the Law of the Sea Conference, nor would they irreparably injure our bargaining position there. In fact, they would probably strengthen it, for we would be making clear the truth that no one speaks and no nation wishes to hear—namely that the United States, with its economic and military power, can do quite well without a global ocean treaty.

Second, the United States could enact domestic legislation wherever that appears appropriate to protect our short-term interests, pending resolution of the issues on a regional or international basis. The 200-mile fishing bill is a good example, as is the deep seabed mining legislation.

Third, the United States could and should use force, or the threat of force if that will suffice, to protect rights that are already ours under international law. These include the right to navigate freely on the high seas, the right of innocent passage through territorial waters of other nations, the right to take fish from waters more than 12 miles from the coast, and the right to mine deep seabed mineral deposits beyond any nation's continental shelf. If we allow these fundamental existing rights to be usurped, we have little chance of securing more complex objectives in the international negotiations, for other nations will rightly perceive that we lack the political will to press hard for what we believe.

The handling of the Mayaguez incident was a good example of what we ought to do in such cases. The permissive attitude toward Ecuadorian tuna-boat seizures is a classic example of what not to do. If we had responded with force the first time such an Ecuadorian act of piracy took place, there would very likely have been no second incident.

Diversity of tactics and political will are the two necessities for an effective oceans policy. Without them, we play into the hands of the underdeveloped nations who are bent on plundering the wealth and destroying the political institutions of western civilization. These 100-odd poor countries—almost all without any semblance of representative government, due process of law, or concept of individual liberty—are truly the "New Barbarians." We must play a strong hand against them wherever possible, and the ocean's wealth provides one such opportunity.

Regardless of the final resolution, U.S. citizens have a great stake in the development of the law of the sea. Access to coastal fisheries, independence from foreign supplies of oil and hard minerals, military security, and a host of other national interests depend on how Congress and the administration approach these ocean issues over the next several years. It will not be a dull process.

[From the Embassy of Iceland, Washington, D.C.]

THE FISHERY LIMITS OFF ICELAND: 200 NAUTICAL MILES

On October 15, 1975 new Regulations took effect in Iceland, providing for fishery limits of 200 nautical miles around Iceland. The new regulations are based on the 1948 Law concerning the Scientific Conservation of the Continental Shelf Fisheries and the progressive development of international law at the United Nations Conference on the Law of the Sea. That Conference is the third of a series sponsored by the United Nations, the first and second having been held in 1958 and 1960. All of them owe their origin to a proposal made by Iceland at the 1949 General Assembly of the United Nations to the effect that the study of the Law of the Sea in its entirety should be entrusted to the International Law Commission. The Commission in 1956 proposed that the question of limits should be settled by an international conference.

During this period of over a quarter of a century a great development has taken place in the Law of the Sea. The old system was based on the thesis of a narrow territorial sea and no coastal state jurisdiction over foreign fishing beyond the territorial sea. This was in the interest of distant-water fishing nations who up to that time were in a position to control the development of international law in this field. This old and obsolete system had disastrous consequences for Iceland. Foreign fishing fleets, particularly from the United Kingdom and Germany, with increasingly sophisticated equipment frequented the Icelandic fishing banks in competition with the Icelandic fishing fleet. The foreign vessels caught almost one-half of the total demersal catch from the Iceland area through the years. Although the total catch has been relatively stable, it must be kept in mind that e.g. in 1952 the fishing capacity employed was only half of what it was in 1972. In other words in spite of double effort the total catch did not increase. The implications are obvious. It should also be recalled in this connection that a Special Committee of the International Council for the Exploration of the Sea and the Northwest Atlantic Fisheries Commission estimated in 1972 that the basic fish stocks in the North Atlantic area were either fully utilized or over-exploited and, moreover, that from an economic point of view the same total catch could be obtained even if the total fishing effort in the area were to be reduced by 50 per cent. The Icelandic nation which is completely dependent upon its coastal fisheries for its economic survival found that the situation has become intolerable.

Iceland and other coastal States have indeed for a long time sought to influence the development of the Law of the Sea. They have maintained that the coastal fisheries form an integral part of the natural resources of the coastal State and that a functional and progressively developing international law must be based on a recognition of that situation.

Already at the 1958 and 1960 Conferences on the Law of the Sea, the majority supported the idea that there should be a zone of fisheries jurisdiction beyond the territorial sea, although no agreement was reached as to the extent of the zone. At the Third United Nations Conference on the Law of the Sea development has been continued and at the Caracas Session of the Conference in 1974 more than 100 States supported the view that the coastal State could establish an Exclusive Economic Zone of up to 200 nautical miles from baselines. This development was further fortified at the Geneva Session of the Conference which on May 9, 1975 resulted in a single negotiating text prepared by the Chairman of the Main Committees of the Conference in the light of discussions at the Conference. The system adopted by the single text is based on the distinction between the conservation of resources and the utilization of resources. All nations undertake to cooperate in the establishment of the necessary conservation measures in order to ensure the maximum sustainable yield of the fish stocks. As far as utilization of the fish stocks is concerned, the single negotiating text on the Economic Zone provides in Article 46 that the Exclusive Economic Zone shall extend up to 200 nautical miles from the baselines from which the breadth of the territorial sea is measured. Article 50 provides that the coastal State shall determine the allowable catch of the living resources in its Exclusive Economic Zone and Article 51 provides that the coastal State shall determine its capacity to harvest the living resources of the Exclusive Economic Zone. Although it will take some time before the Conference of the Law of the Sea will conclude its work because of other problems involved, these principles are here to stay and there is no turning back as far as they are concerned. They have the support of the overwhelming majority of States participating in the Conference on the Law of the Sea.

The new Icelandic Regulations are in conformity with this development. They apply to fishery limits only. They do not deal with the territorial sea, pollution or scientific research. Nor do they deal with the delimitation of the continental shelf. All such matters are postponed for the time being. The question of fishery limits, however, could not be further postponed because the vital interests of the Icelandic people are at stake.

The average total demersal catch in the Iceland area has been 730,000 tons. Under a scientific management the total allowable catch should be reduced in order to prevent overfishing and allow for the recovery of the stocks, particularly the cod which is by far the most important species.

The present Icelandic fishing fleet consists of 63 trawlers and 4000 boats. Since the end of the Second World War Iceland has persistently sought to create a viable fishing industry both by investing in new vessels and gear, processing plants ashore, as well as maintaining and increasing research activities in order to be able to assess properly the productivity of the various fish stocks. The Icelandic experts concerned consider that even in the total absence of foreign fishing vessels from the grounds this fleet is quite capable of fully utilizing the fish-stocks under scientific management. Such management will primarily be directed towards the closure of nursery grounds in order to ensure the protection of young fish so that it may accumulate more weight before it is caught and at the same time an opportunity to spawn at least once.

The Government of Iceland has expressed its willingness to discuss the problems of the States whose nationals have been fishing in Icelandic waters.

Such discussions are now in process. In **that connection it should be recalled that when the fishery limits were extended to 50 miles in 1972 such negotiations took place with a number of countries resulting in** agreements for continued fishing by fishermen from the United Kingdom, the Faroe Islands, Belgium and Norway. These agreements will expire on November 13, 1975.

The progressive development of international law in the field of fisheries is wholeheartedly welcomed by the people of Iceland who for the last quarter of a century have increasingly feared that the old system would lead to the collapse of the very foundation of the country's economy. Under the system of the new Regulations this situation has been changed and Iceland can now participate fully in supplying food for other nations from its own natural resources in exchange for goods which other nations are in a better position to produce.

At the General Assembly of the United Nations the Foreign Minister of Iceland on September 29, 1975 said the following:

"It has been maintained in some quarters that the Government of Iceland should have waited for the completion of the work of the Conference on the Law of the Sea and that by acting now the further work of that Conference is made more difficult. My Government does not share this view. On the contrary, by adhering strictly to the principles overwhelmingly supported by the Conference, my Government has emphasized its respect for the Conference and it is our conviction that our action, as well as any similar action from other states, rather than hinder the work of the Conference, will promote its success in the near future".

October 1975.

A Report to the President and the Congress

(By the National Advisory Committee On Oceans and Atmosphere)

(Fourth Annual Report, June 30, 1975, Washington, D.C.)

NATIONAL ADVISORY COMMITTEE ON OCEANS AND ATMOSPHERE

William J. Hargis, Jr., *Chairman*, Director, Virginia Institute of Marine Sciences.

Donald L. McKernan, *Vice Chairman*, Director, Institute of Marine Studies, University of Washington.

William C. Ackermann, Chief, Illinois State Water Survey.

Perkins Bass, Sheehan, Phinney, Bass and Green, Peterborough, New Hampshire.

Robert F. Bauer, Chairman of the Board, Global Marine, Inc.

Charles A. Black, President, Mardela Corporation.

Marne A. Dubs, Director, Ocean Resources Department, Kennecott Copper Corporation.

Arthur Godfrey, Arthur Godfrey Productions.

Charles L. Hosler, Jr., Dean of Earth and Mineral Sciences, Pennsylvania State University.

Thomas L. Kimball, Executive Vice President, National Wildlife Federation.

Helmut Landsberg, Acting Director, Institute for Fluid Dynamics and Applied Mathematics, University of Maryland.

Edwin A. Link, Harbor Branch Foundation.

Harold E. Lokken, Manager, Fishing Vessel Owners Association, Inc.

John W. Luhring, President, Southwestern University.

Arthur E. Maxwell, Provost, Woods Hole Oceanographic Institution.

Thomas S. Moorman, Jr. Executive Vice President/Programs Air Force Academy Foundation, Inc.

Grover E. Murray, President, Texas Tech University Complex.

William A. Nierenberg, Director, Scripps Institution of Oceanography.

Donald B. Rice, President, Rand Corporation.

Clement Tillion, Senator, Alaska State Legislature.

John W. Tukey, Associate Executive Director, Research-Communication Principles Division, Bell Laboratories, and Professor of Statistics, Princeton University.

Winona B. Vernberg, Director, Program for Environmental Health, School of Public Health, University of South Carolina.

Elmer P. Wheaton (Ret.), Vice President, Lockheed Missiles and Space Company.

Executive Director: Douglas L. Brooks.

Staff: Abram B. Bernstein, Bruce W. Norman, John T. Willis, E. W. Seabrook Hull (Consultant).

Supporting Staff: Elizabeth S. Tune (Administrative Assistant), Delphenia W. Brodie, Agnes O. Eley, Louise S. Lucas, Eleanor tum Suden.

Senior Staff Assistant: David A. Katcher.

National Advisory Committee
on Oceans and Atmosphere,
Washington, D.C., June 30, 1975.

To the President and the Congress:

Sirs: I have the honor to submit to you the Fourth Annual Report of the National Advisory Committee on Oceans and Atmosphere.

The Committee was established by P.L. 92–125, approved on August 16, 1971, and was directed to submit a comprehensive annual report to the President and to the Congress setting forth an overall assessment of the status of the Nation's marine and atmospheric activities.

This report is sent via the Secretary of Commerce as provided for by the statue.

Respectfully,

William J. Hargis, Jr.,
Chairman.

Summary of Recommendations

NACOA, noting that the Law of the Sea Conference has been unable to come to agreement after a protracted period of preparation and negotiation, and finding that pressure on living resources and the marine environment off our coasts requires urgent action to bring their use under positive rational management, recommends that:

Legislation be enacted asserting United States jurisdiction over resources within a zone, out to 200 miles off the United States coast, which should be identified as the Economic Resource Zone of the United States.

The United States undertake to create within its Economic Resource Zone, as a matter of policy, a model system for rational use of the zone and its resources which incorporates due regard for international obligations.

Management of fisheries within the Economic Resource Zone be based on the principles of conservation and full utilization of living resources, in that order, with preferential rights for U.S. fishing interests, both sports and commercial. Such principles must be based on the maximum biological yield, taking into account economic and environmental factors of concern to the United States within the Economic Resource Zone.

Management of an Economic Resource Zone

Although the Law of the Sea Conference failed of agreement in 1975, national extension of jurisdiction over fisheries to 200 miles is only a matter of time. We must give thought to the specifics of managing an extended resource zone if only to conserve living resources and to develop non-living resources in an environmentally and economically sound fashion. Several classes of activities are involved—those which interact with foreign policy such as fisheries and marine research, and those of purely domestic concern such as the development and transport of the oil and gas resources in the region which reaches out to the edge of the continental margin if beyond 200 miles. There is need to clarify the role of the Federal Government in the management of this zone and to enact legislation which, at the very least, regulates for the general good the activities of our own citizens. We discuss in some detail the relations of coastal zone management to oil and gas development and the informational needs of coastal zone managers.

LAW AND THE SEA

Despite protracted periods of preparation and negotiation the Law of the Sea Conference has been unable to reach agreement. The pressures on the living resources and the marine environment are such that the feeling grows we cannot afford to wait, but must take action now, even if interim. We urge extension of national jurisdiction seaward to 200 miles noting that the United States will gain management jurisdiction over resources of considerable importance.

The first requirement is to identify the key policy issues on which we must take a stand. The United States should establish a model of management for coastal nations. The second is to take a stand that is in our long-range interests as well as in response to our immediate needs and to take it with due regard for the consequences for international affairs.

ISSUES WITH FOREIGN POLICY IMPACT

There are two groups of management issues involved in extended jurisdiction—be it de facto, by international agreement, or by legislation. One has to do with matters primarily domestic but involving foreign policy (fishing, research, deep sea mining); the other has to do with domestic entities only (oil and gas resource development).

Last year at this time we advocated patience with the slow pace of the Conference but not beyond the 1975 Session. Patience has been exhibited. Bills on fisheries management in an extended resource zone and on deep sea mining were poised in various committees of the Congress awaiting the outcome of the meeting in Geneva. The Conference did not produce agreement, and the committees are now working on this legislation. NACOA had advocated patience so as not to press national interests which might jeopardize international agreement over broad ocean areas. Now the issue is how to press national interests yet set an example of international responsibility in those areas over which we assert resource control.

The major new challenge is fisheries management. Instead of the living resources of the sea belonging to no one, a world consensus is developing which would place the exclusive jurisdiction of most fisheries and other living resources with the coastal nation. For the United States, with one of the longest coastlines of any nation and some of the richest fishing areas of the world ocean, this virtual ownership of vast fisheries resources, which may well be capable of producing on the order of ten million tons of food per year, presents a new opportunity for our people and a new responsibility for our Government.

Many of our fishery resources have been overfished. Some of the overfishing has been caused by U.S. fishermen, but in recent years serious depletion of some of the largest and most important resources found off our coast is traceable to the influx of hundreds of foreign fishing vessels.

The challenge is to initiate a new management program which stresses the conversion and rational allocation of these resources. A wise and forward looking program will rehabilitate our domestic fisheries while permitting controlled fishing by foreign fleets on those stocks not used or not fully used by U.S. fishermen.

The National Marine Fisheries Service of NOAA, in response to a recommendation from NACOA, has been developing a National Plan for Marine Fisheries. The Committee has had an opportunity to advise the Service, and we have been briefed on the development of the Plan from time to time. While the final version has not been completed, NACOA approves the broad approach being taken. We believe that this Plan, in conjunction with national legislation asserting jurisdiction over the living resources of a 200-mile Economic Resource Zone, and establishing some effective national control over fishing in this Zone by U.S. and foreign fishermen, will for the first time in our history, give our Nation and fishermen a greater opportunity to benefit economically and increase our food supply from these resources, while at the same time place on our Government the obligation to conserve and wisely use our fisheries.

Current fragmentation of authority between the States and the National Government must be corrected. This can be done, NACOA believes, by greater cooperation between the Federal Government and the States. Management should be lodged to a considerable degree at the State or local level but in compliance with national standards developed throughout the country. This would permit regional control to exist as long as country-wide standards were observed. Primary consideration of fishery management plans should normally begin in the various coastal regions but should not preempt national or federal action when this seems in the Nation's interest.

The Plan must take into account the special management requirements of highly migratory species such as tuna and must provide for protection and control of anadromous species, such as salmon, which migrate far beyond the 200-mile limit. This means that tuna-like species of fish must continue to be managed through international and multinational agreements. The opportunity for continued access to those resources must be afforded our fishermen. At the same time our program must protect both Atlantic and Pacific salmon since they migrate far to sea beyond the 200-mile Economic Resource Zone.

The proposed management of fisheries should follow certain principles:

Management should be by species wherever possible, and the jurisdictional base should extend throughout the areas of major economic distribution.

Initially, management should encompass only the more important species.

Continuing and effective monitoring of these species is necessary.

Harvesting, both sport and commercial, should be limited to the amount which may be taken without endangering the productivity of the resource being managed.

Full use of the resources located off our coast must be permitted, including use by foreign fishermen where our fishermen are not fully utilizing the allowable annual catch and where such use does not seriously interfere with the conservation of other fish stocks of importance to the United States. As our domestic capability to use a resource increases, it is understood that foreign fishing for those species will be reduced. Our Government must also negotiate with those countries off whose coasts our fishermen fish in order to provide continued access by U.S. fishermen.

NEW YORK CITY'S FINANCIAL PROBLEMS

Mr. HASKELL. Mr. President, during the past several weeks there has been a considerable discussion revolving around the problems of New York City.

It occurs to me that a polarization has taken place in which one side says, "Yes, let's guarantee the debt of the city by the Federal Government, with particular reference to the short-term debt which amounts to $5 billion." The other side says, "No, let's do nothing. Let's let the city stew in its own juice."

Mr. President, the polarization is unfortunate. I think it would be most irresponsible to step forward and guarantee the entire short-term debt. In that manner, we would be putting blessings upon an irresponsible city administration. Also, we would be exonerating the major finnancial institutions which underwrote the financing.

I happened to spend some time this weekend with a great friend of mine who recently retired after 50 years of service in Wall Street. He pointed out to me that the major banks of the city of New York not only invest in municipal bonds but also are the underwriters of municipal bonds, and they are dealers in municipal bonds and other obligations. As such they do not have the incentive to do what a prudent bank would do. For that reason, I feel it would be most improvident for the Federal Government to give a blanket guarantee; in the future no banking institution would have an incentive to look into the credit of the potential borrower.

We cannot condone improvident management and negligent banking practice. I suggest that we would be doing just that by guaranteeing a portion of the debt.

On the other hand, it seems to me that those on the other extreme, who say, "Let the city stew in its own juice," are wrong. I do not know that any people go quite that far. I cannot imagine that any of us want to see essential services stopped in New York—police protection, garbage collection, and the like.

Mr. President, between those extremes, it seems to me, there is a course that could be taken. We have heard a great deal of the horrors of default—of the ripple effect. The very competent economic writer in the Washington Post, Mr. Hobart Rowan, for example, on Sunday, pointed out the fact that the city of Rochester had to pay more money to borrow funds recently than it did 3 months ago. The city of Rochester has a triple-A rating.

On the other hand, in the October 23 issue of the New York Times we find that the State of Maryland last week borrowed money at less than it did 3 months ago.

I have not heard convincing arguments assuring the ripple effect or the economic consequences of default.

I suggest and hope that we in this body and the House work toward a method which would amend chapter 9 of the Bankruptcy Act. Specifically we must enact legislation which eliminates the two-third creditor consent requirement of the present Act. This would provide the court with a much greater flexibility to restructure New York's awesome debt burden.

I also hope that we will work toward an amendment of chapter 9 of the Bankruptcy Act that might allow for the scaling down of debt with some lesser approval than is now provided. If a city goes into default and applies for a petition of reorganization in a court, it gets all the protections of the court. The debtors cannot foreclose; the debtors cannot sue. If this is done and if a reorganization plan is adopted, the plan could have many features to it.

For example, the Budget Committee has pointed out that the State of New York requires its cities to pay 24 percent of welfare costs. The same table in the

Budget Committee's analysis shows that in my State of Colorado, the State requires cities to pay 9.4 percent. I recall that in Louisiana, the cities have to pay .2 percent.

For example, a plan might require the State to pick up a greater percentage of welfare costs. It undoubtedly would involve such things as deferral of the capital expenditures.

If this were done, it would be entirely appropriate for the Federal Government to guarantee, for a limited period of time, trustee certificates—which would really be bonds of the City of New York—in a limited amount to cover the overage of expenses and income in the interim period that we are getting the city on its feet.

I think I see hopeful signs that we are groping in this direction. I noticed in the paper this morning that the distinguished Senator from Illinois (Mr. STEVENSON) had a plan for restructuring debt. I do not know what the plan is. I certainly hope it is under the umbrella of the court, and I hope it involves amendment of the Bankruptcy Act.

I notice that the distinguished Congressman from New York (Mr. BADILLO) has a plan for amending chapter 9 of the Bankruptcy Act, and I notice that the President of the United States will be on television tomorrow night talking on the same subject. I hope that we do not give blessings to improvident management, and at the same time, we do not let 10 million people suffer because they had improvident management and, in my view, somewhat negligent financial institutions which were working with that management.

I yield the floor.

Mr. ALLEN. It seems to me that the suggestion of the distinguished Senator from Colorado contains much more merit than the guarantee of $6 billion worth of bonds. The plan suggested by him—that is, amendment of the bankruptcy law—would permit New York City to go into voluntary bankruptcy, working toward cutting down on the tremendous overhead of the city, cutting down on, possibly, the principal amount of bonds, cutting down on the interest rate, cutting down on some services, possibly the free university, free hospitals—things of that sort. Is that what the Senator has in mind?

Mr. HASKELL. Yes. I hate to pick out specifics. We notice, for example, that the city of New York—I forget the housing project it went into, but it went into a vast housing project that has fallen into bankruptcy. I prefer not to spell out the details of the plan.

We do notice, for example, that some of the salaries paid in the city of New York far exceed those of any other place.

Mr. ALLEN. The Senator is not suggesting any guarantee prior to bankruptcy, is he?

Mr. HASKELL. That is correct. My view is that to guarantee $6 billion of outstanding interest indebtedness, incurred, as I said, by improvident management and negligent financial institutions—and I stress negligent financial institutions, because had they been prudent, they would have given us early warning signals—would be a dreadful national mistake.

I also want to say I think it would be a terrible thing for us to sit by and have essential services stopped.

Mr. ALLEN. The Senator would permit so-called default by New York City, then?

Mr. HASKELL. That would be the triggering mechanism to get the whole reorganization going, yes.

Mr. ALLEN. I thank the distinguished Senator.

Mr. HASKELL. I yield the floor.

Mr. GRIFFIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR HARRY F. BYRD, JR., TOMORROW

Mr. GRIFFIN. Mr. President, I ask unanimous consent that, following the other special orders which have already been scheduled on tomorrow, Senator HARRY F. BYRD, JR., be recognized for 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT

Mr. GRIFFIN. Mr. Presidentfi if there be no further business to come before the Senate, with the authority of the distinguished majority whip, I move that the Senate stand in adjournment, in accordance with the previous order.

The motion was agreed to; and at 4:41 p.m., the Senate adjourned until Wednesday, October 29, 1975, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate October 28, 1975:

UNITED STATES NEGOTIATOR ON TEXTILE MATTERS

Michael B. Smith, of Massachusetts, U.S. Negotiator on Textile Matters, for the rank of Minister.

DEPARTMENT OF LABOR

Ronald J. James, of Illinois, to be Administrator of the Wage and Hour Division, Department of Labor, vice Betty Southard Murphy.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

David W. Oberlin, of Virginia, to be Administrator of the Saint Lawrence Seaway Development Corporation for a term of 7 years (reappointment).

NATIONAL LABOR RELATIONS BOARD

Peter D. Walther, of Pennsylvania, to be a member of the National Labor Relations Board for the term of 5 years expiring August 27, 1980, vice Ralph E. Kennedy, resigned.

HARRY S TRUMAN SCHOLARSHIP FOUNDATION

The following-named persons to be members of the board of trustees of the Harry S Truman Scholarship Foundation for the terms indicated (new positions):

For a term of 2 years:

Jonathan Moore, of Massachusetts.

John W. Snyder, of the District of Columbia.

For a term of 4 years:

Walter E. Craig, of Arizona.

Elliott D. Marshall, of Virginia.

For a term of 6 years:

Christopher S. Bond, of Missouri.

Margaret Truman Daniel, of the District of Columbia.

John Portner Humes, of New York.

Richard A. King, of Missouri.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 28, 1975:

DEPARTMENT OF STATE

The following-named Foreign Service officers for promotion from class 1 to the class of Career Minister:

Theodore L. Eliot, Jr., of California.

Arthur A. Hartman, of New Jersey.

Deane R. Hinton, of Illinois.

William E. Schaufele, Jr., of Ohio.

Richard L. Sneider, of New York.

Helmut Sonnenfeldt, of Maryland.

Wells Stabler, of the District of Columbia.

Viron P. Vaky, of Texas.

(The above nominations were approved subject to the nominees' commitments to respond to requests to appear and testify before any duly constituted committee of the Senate.)

IN THE AIR FORCE

The following officer under the provisions of title 10, United States Code, section 8066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 8066, in grade as follows:

To be lieutenant general

Major General Alton D. Slay, [redacted]R (major general, Regular Air Force), U.S. Air Force.

HOUSE OF REPRESENTATIVES—*Tuesday, October 28, 1975*

The House met at 12 o'clock noon.

Rev. Joseph F. Sefl, former national commander of the Czechoslovak Legion of Americans, pastor emeritus of Jan Hus Presbyterian Church of New York City, offered the following prayer:

Our Divine Father, who carest for Thy children of every race and nation, we acknowledge Thee to be the Lord of all beings as we proclaim "In God We Trust." Humbly we pray that Thy forgiving love cleanse and set us free, and guide all mankind into the way of peace.

We thank Thee for sending men of vision, dedication, and integrity to establish our country upon the ideals of liberty, justice, and brotherhood. We rejoice that Thou hast enabled us to aid others in their endeavor to form governments upon such ideals. Today we remember one of those nations, Czechoslovakia, whose founders, aided by our people, established a republic 57 years ago under the motto: "The Lord's Truth

Prevails." Evil forces have prevented this and other nations from realizing their ideals. With all people who are yearning for a new day of liberty, we sincerely pray:

> "God of Grace and God of Glory
> Grant us wisdom, grant us courage
> For the facing of this hour."

In the name of Jesus. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2310. An act to provide authority to institute emergency measures to minimize the adverse effects of natural gas shortages, to provide authority to allocate propane, to regulate commerce to assure increased supplies of natural gas at reasonable prices for consumers, and for other purposes.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair would like to make a brief announcement prior to recognizing other Members for unanimous-consent requests.

The Chair has stated in the past and desires to reiterate at this time that all legislative requests, including requests that committees be allowed to sit while the House is operating under the 5-minute rule, should be made at one of the microphones on the floor so that all Members will be on notice as to the nature of the request. The Chair often has difficulty hearing such requests when they are made in the well, and feels that it is essential that they be made in a manner that permits them to be clearly understood by all Members on the floor.

CZECHOSLOVAKIA: REAFFIRMING THE STRUGGLE FOR FREEDOM

(Mr. KOCH asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. KOCH. Mr. Speaker, Vítam Vás, Přátele Svóbody—

"Welcome, Friends of Freedom." It is my very great pleasure to participate in the 57th anniversary of the founding of the Czechoslovak Republic by Thomas Masaryk. It is an honor to have here today Rev. Joseph Sefl, former national commander of the American Czechoslovak Legion and pastor emeritus of the Jan Hus Church.

Today is a day of reaffirmation. Czechoslovakia represents the bitter and enduring struggle between democracy and totalitarianism. The struggle is a difficult one, to be sure, but Czechoslovakia, since its founding in 1918, has given an example to the world by striving valiantly against the forces determined to destroy her freedom. Indeed, it is one of the greatest tragedies of the 20th century that Europe abandoned the Czechoslovak people when Czechoslovakia was ready to defend itself against the terror and fury of Nazi Germany. Europe, and in fact all of us, suffered greatly because of it. Equally as tragic is the smothering of the democratic spirit in 1948, and again in 1968, by the Soviet Union. Despite these betrayals, the love of freedom still burns fiercely in the hearts of Czechoslovaks all around the world.

The Czechoslovak Republic was born of the ashes of the Austro-Hungarian Empire and in the spirit of the principle of self-determination proclaimed by President Woodrow Wilson. The establishment of the Republic required the skill and courage of the great leaders of independence, President Thomas Masaryk, Milan Stefanik, and Dr. Eduard Benes, and thousands of Czechs and Slovaks who banded together at the end of World War I to fight for independence.

I feel a special kinship to the cause of Czechoslovak freedom. The congressional district which I represent has very strong ties to that cause. The Masaryk family, the pillar of Czechoslovak freedom, visited my district many times, and Thomas Masaryk, and later, Jan Masaryk, spoke at the Jan Hus Church. Today we commemorate the Day of Independence. We also honor you who have kept the fire of freedom burning fircely. Právda Vitézi—"Truth will prevail."

Mr. Speaker, I regret to announce that Congressman Annunzio was hospitalized and could not be with us today. He planned on making a statement at this time. Regrettably the statement will have to be inserted into the Record instead of being made personally. All of us I know, wish him a speedy recovery.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. KOCH. I yield to my colleague from New York.

Mr. GILMAN. Mr. Speaker, I rise today to join the gentleman from New York (Mr. Koch) in welcoming Rev. Joseph Sefl of Warwick, N.Y., to our Chambers.

We are indeed honored by the presence of this Czechoslovakian-American in the House, and I thank my distinguished colleague from New York, Mr. Koch for extending an invitation to Reverend Sefl to lead us in prayer.

Although residing in my congressional district, Reverend Sefl is pastor emeritus of the Jan-Hus Presbyterian Church in New York City. The invocation by Reverend Sefl is of particular importance today as we observe the 57th anniversary of the founding of the Czechoslovak Republic.

Reverend Sefl, former national commander of the American Czechoslovak Legion and who during his years in his mother country hosted both Thomas Masaryk and Jan Masaryk, reminds our House and the Nation today of Czechoslovakia's long, enduring struggle for freedom and for justice.

In commemorating Czechoslovakia's Day of Independence, let us bear in mind that the spark of liberty still glows brightly in the hearts of freedom-loving Czechs throughout the world.

REV. JOSEPH F. SEFL

(Mr. MORGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MORGAN. Mr. Speaker, I consider it an honor and a privilege to join my colleagues in welcoming Rev. Joseph Sefl, the pastor emeritus of the famous Jan Hus Church of New York, as he opened this session of the House with a timely prayer. Besides being one of the outstanding religious and spiritual leaders of his people, Reverend Sefl is the commander of the Czechoslovak Legion of America, an organization of former servicemen which heeded the call of Prof. Thomas Masaryk during World War I to fight for the liberation of their former homeland Czechoslovakia.

Among those volunteers, I am proud to state, was a large contingency of patriotic men from my own congressional district, who left their homes and families to join the Czechoslovak Legion and to dedicate themselves to the victory of the allied cause, based on the famous declaration of 14 points enunciated by Woodrow Wilson.

I am glad that we are dedicating these few moments during today's deliberation of the House to pay tribute again to these fundamental principles of justice and equality under law. On this day we commemorate the 57th anniversary of the birth of the Czechoslovak Republic, which for the first 20 years of its existence rightfully earned itself the reputation of "Yankees of Europe" and which never swerved from its belief in the democratic way of life. It was only through foreign invasions and interventions that these proud people of Central Europe lost their freedom, but never their hope that some day the time will come when again justice will prevail, when again they will be able to pursue the kind of life they earnestly desire, and again they will take their rightful place in the family of free nations of the world.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the distinguished Speaker.

Mr. ALBERT. Mr. Speaker, I desire to join with the gentleman from Pennsylvania (Mr. Morgan), and others, who have spoken on this subject.

Mr. Speaker, today we celebrate the 57th anniversary of the establishment of the Independent Republic of Czechoslovakia. The history of the changing map of Europe conveys some of the turmoil and struggle for freedom characteristic of these brave and freedom-loving peoples.

Prior to World War I, the people of Czechoslovakia were under the domination of the powerful Austro-Hungarian Empire. Upon the conclusion of World War I, three factors contributed to the independence of this landlocked nation in the heartland of Europe.

In the first place, the Austro-Hungarian Empire had been an ally of the principal enemy—Imperial Germany. The interests of the subject people, striving for freedom, coalesced with the objectives of the winning Allied Powers, including the United States. One of these principal objectives was to break up and decentralize the Central Powers of Europe.

Second, the cornerstone of President Woodrow Wilson's 14 points called for the self-determination of nations. Self-determination meant an appeal to freedom, independence, and democratic institutions. The potential successor states in this ramshackle and chaotic Austro-Hungarian Empire, chief among them what was to become Czechoslovakia, were inspired to action partly by Wilson's principles but most basically by their drive for freedom and self-determination.

Finally, the Czechoslovaks were fortunate to have as their most prominent spokesmen, Thomas G. Masaryk, Milan R. Stefanik, and Dr. Eduard Benes. These and other inspired Slovak leaders saw the destiny of their people best coming to fruition in a united Czechoslovakia.

Their National Council won recognition as Czechoslovakia's legitimate representative from the Allied Powers in 1918. Independence having been won and proclaimed, the Czechoslovakian people set about creating an independent Republic with Thomas Masaryk as their first president.

To begin to comprehend the history of these brave people over the next half century, one has only to look at the map of Europe. Czechoslovakia is completely landlocked. It is bordered by Germany on the west, Austria and Hungary on the south, Russian on the east, and Poland to the north. An early victim of Germany's conquest in 1938 and 1939, a government-in-exile with Dr. Benes as its head, was formed in England. Czechoslovakians fought bravely in World War II to restore their nation's independence.

However, their hopes were shattered by the Communist coup in Czechoslovakia in February of 1948. For nearly two decades Czechoslovakian independence has been submerged but the combination of a freedom-loving people and rising Slovak nationalism, gives new hope.

Under the post-1968 leadership of Alexander Dubcek there have been attempts to modify the socialism of Marx with the humanism of Masaryk and the basic Slovakian nationalism.

This past August I had the privilege of heading a 19-member congressional delegation on an official visit to the Soviet Union, Romania, and Yugoslavia. Unfortunately, we were not able to visit Czechoslovakia or several additional Eastern European countries. But in talking with our parliamentary counterparts, especially in Romania and Yugoslavia, we became increasingly aware how much these countries' leaders had learned from the Czechoslovakian experiences of 1948 and 1968.

For many still living in Czechoslovakia, as well as the many loyal Americans of Slovakian descent, the continuing struggle for basic freedoms in their homeland must continue to cloud.

During this celebration, today, of Czechoslovakian Independence Day, one can only hope that under the emerging détente between our country and the Soviet Union, the liberty and welfare of the people of Czechoslovakia will improve. Perhaps the time is not too distant when all or nearly all external influences on these brave people will be removed. Then, and only then, will the Czechoslovakian people truly be able to celebrate their independence.

THE 57TH ANNIVERSARY OF CZECHOSLOVAKIAN INDEPENDENCE DAY

(Mr. GAYDOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GAYDOS. Mr. Speaker, it is an honor for me to join Rev. Joseph Sefl, our visiting Czechoslovak-American organizations, and 17,000 Czechoslovakian descendants in my district, for today's important tribute to the 57th anniversary of Czechoslovakia's Independence Day.

Three million American children and grandchildren of Czechoslovakian heritage are marking October 28, 1918, as an inspiring day of liberation. For them, this memory and celebration of independence has special significance.

In terms of history, it represents the successful attainment of self-determination for a people who had endured centuries of suppression. In terms of the future, this day represents the hope of all frustrated peoples whose national independence has been submerged.

Today's celebration is an opportunity for all of us in the free world to renew our faith in the philosophy that no country should be forced to live in the shadow of another power.

Mr. RHODES. Mr. Speaker, will the gentleman yield?

Mr. GAYDOS. I yield to the distinguished minority leader.

Mr. RHODES. Mr. Speaker, I join my colleagues in extending a welcome to the Reverend Joseph Sefl of Warwick, N.Y., and appreciation for his inspiring message delivered to the House.

Throughout the greater part of this century, Czechoslovakia has become known to the world as a symbol of the struggle for freedom. From the time of its founding as a republic 57 years ago, Czechs have fought and bled in the cause of freedom.

What we commemorate today is not the anniversary of a free nation. We honor the spirit and the determination of Czechs everywhere that keep the hope and desire for a free Czechoslovakia alive in the hearts of its countrymen, wherever they may be in the world.

Reverend Sefl's message to the House is a timely reminder of the sacrifices undergone by the Czech people. It should be a reminder to all of us that the price of liberty is constant vigilance, unending effort and dedication to the principles that sustain a republic.

Mr. GAYDOS. Mr. Speaker, I thank the minority leader for his remarks.

Mr. DELANEY. Mr. Speaker, will the gentleman yield?

Mr. GAYDOS. I yield to the gentleman from New York.

Mr. DELANEY. Mr. Speaker, I join in the remarks of my colleagues.

Mr. Speaker, we were indeed honored to have Reverend Sefl, former National Commander of the Czech Legion, lead us in our opening prayer this morning. My own district in Queens is home to many Americans of Czechoslovakian descent and nearby Bohemian Hall and Park in Astoria has a long and illustrious history of contributions to our local community.

It was over 57 years ago that Reverend Sefl's forebear, Thomas Masaryk, attended the May 30 meeting of American Czechs and Slovaks which authored the Pittsburg statement. They called for the political union of their native Bohemia, Moravia, Slovakia, and Ruthenia. It was 57 years ago today that the Prague National Committee passed its first law—proclaiming the independence of the Czechoslovak state.

They took this great step with the support and encouragement of President Woodrow Wilson and his 14 points—especially his appeal for self-determination—for freedom, independence, and democracy.

That spark of liberty which flamed in 1918, which defied Nazis tyranny in 1938 and 1939 and Soviet tyranny in 1948, courageously burst forth in August 1968 and still smolders within the heart of this great Nation.

I join my fellow Americans in saluting her today—At zije Svobodné Československo a jeho Lid."

Mr. GAYDOS. Mr. Speaker, I thank the gentleman from New York (Mr. DELANEY) for his remarks.

Mr. DERWINSKI. Mr. Speaker, will the gentleman yield?

Mr. GAYDOS. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Speaker, I am pleased to join the other Members of the House who are making special mention today of the 57th anniversary of the independence of Czechoslovakia.

The Americans of Czech and Slovak descent and Czechs and Slovaks in other parts of the Free World commemorate this Independence Day with mixed feelings. It is the day on which their nation achieved its long-desired goal of independence at the close of World War I, yet they face the present-day situation in which they find the people of Czechoslovakia under the control of a Communist dictatorship.

It is especially appropriate to point out that the present Government of Czechoslovakia is in power as a direct result of the intervention by the Soviet Union and troops of other Eastern European Communist countries which occupied Czechoslovakia in 1968 to terminate what the Soviets feared was a liberalization and pro-Western direction of the Dubcek Government.

But on this day throughout the free world, people who are proud of their Czech and Slovak heritage and of the great progress that their country achieved before falling prey to the expansionism of Nazi Germany and later of the Soviet Union properly commemorate this historic Czechoslovak Independence Day. There are numerous organizations in the United States working hard to maintain the spirit and traditions of the people of Czechoslovakia. Foremost among them are the Czechoslovak National Council of America, the American Sokols and other national and regional organizations throughout the country.

EXTENDING AUTHORITY FOR DIRECT PURCHASE OF U.S. OBLIGATIONS BY FEDERAL RESERVE BANKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate joint resolution (S.J. Res. 134) to extend the authority for the direct purchase of U.S. obligations by Federal Reserve banks.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, will the gentleman explain to us the extent of this authority and what it means?

Mr. PATMAN. Yes, Mr. Speaker; I will.

If the gentleman will yield, I will make the following statement:

Mr. Speaker, I hope there will be no objection to this legislation because it is needed by the Treasury Department for debt management purposes. It is used almost exclusively for very short-term purchases to tide the Treasury over in periods just before large tax collections. It saves the Treasury from going into the market for unnecessary borrowings and thus save the taxpayers interest.

The Domestic Monetary Policy Subcommittee of which I am chairman conducted hearings on this legislation last Thursday and heard from Fiscal Assistant Secretary of the Treasury, David Mosso, and Federal Reserve Board Governor Phillip E. Coldwell. The subcommittee is in support of the action today.

Let me remind the Members that the present authority for the Federal Reserve to purchase these securities from the Treasury on a direct basis expires at midnight Friday. So it is essential that we get this resolution signed this week. It passed the Senate last Thursday.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, will the gentleman tell us what the disposition in the marketplace would be if the Treasury were not permitted to allow the Federal Reserve to engage in this temporary purchase of securities?

Mr. PATMAN. Mr. Speaker, if the gentleman will yield further, of course they would have to use other methods, and that would be an inconvenience and it would handicap the Treasury particularly where it is in the short term. These authorities are used at taxpaying times when the Treasury gets into a bind now and then. It is used only in the case of an emergency such as that; it is not used extensively. It is only used in the short term and for that purpose.

Mr. ROUSSELOT. Mr. Speaker, further reserving the right to object, can the gentleman tell us to the best of his knowledge if this short-term authority has ever been abused or misused in the past?

Mr. PATMAN. Mr. Speaker, I am glad the gentleman asked that question.

This law was passed to the best of my recollection about 42 years ago. It has served a good purpose. There has never been any charge of misuse or abuse of any kind, and it is used only sparingly and only during taxpaying times.

Mr. ROUSSELOT. Mr. Speaker, is there a limitation in the legislation before us that the Senate has sent over that restricts it for certain periods of time?

Mr. PATMAN. Well, it is limited to $5 billion, so that does not mean much in the Government financing. It is a very small amount in comparison.

Mr. ROUSSELOT. Mr. Speaker, still reserving the right to object, to the best of the gentleman's knowledge, then, the short-term periods have never been misused, even though the authority, as the gentleman says, goes to $5 billion?

Mr. PATMAN. Yes.

Mr. ROUSSELOT. It has, to the best of the gentleman's knowledge and understanding, never been misused by the Treasury or the Federal Reserve?

Mr. PATMAN. It has never been misused at any time by the Treasury.

Mr. ROUSSELOT. I appreciate the gentleman's comments.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate joint resolution as follows:

S.J. RES 134

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That section 14 (b) of the Federal Reserve Act is amended—

(1) by striking out "November 1, 1975" and inserting in lieu thereof "November 1, 1976"; and

(2) by striking out "October 31, 1975" and inserting in lieu thereof "October 31, 1976".

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

YONKERS, N.Y., IN JEOPARDY OF DEFAULT UNLESS CONGRESS ACTS ON NEW YORK CITY

(Mr. OTTINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OTTINGER. Mr. Speaker, on the front page of the New York Times today we learn that the city of Yonkers, which lies in my congressional district and that of the gentleman from New York, Mr. PETER PEYSER, is threatened with default.

The city of Yonkers is the fourth largest city in New York State. The Times reports it will not be able to purchase $16 million in tax anticipation notes which it will require within the next month in order to pay its routine bills.

Mr. Speaker, I think that this is just one example of what is going to happen all over the country. If we do not come to the aid of New York City and make sure that New York City does not go into default, one municipality after the other all over the country is going to find itself in this kind of jeopardy.

We have already had other examples within New York State. The city of Buffalo had difficulty floating notes. A very small community in Westchester County, N.Y., one of the best and highest financially rated communities, the little town of Newcastle, had to pay 10.7 percent to be able to float its notes.

Mr. Speaker, it is absolutely critical that we take action on New York City or no municipality throughout this country is going to be able to finance the improvements and services which it requires in order to be able to serve its people.

Yonkers is a city of 200,000 people. There will be very real hardship there if it goes into default. The cost of coming to the aid of municipalities throughout the county will far outshadow the no-cost effort to assure that New York City is not allowed to default.

My colleague from New York (Mr. PEYSER) and I plan to testify this afternoon before the Banking and Currency Committee with respect to the serious consequences to Yonkers and other cities should we fail to act to protect New York.

REQUEST FOR PERMISSION FOR COMMITTEE ON JUDICIARY AND ITS SUBCOMMITTEES TO SIT DURING WEEK OF OCTOBER 28, 1975, DURING 5-MINUTE RULE

Mr. HUGHES. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary and any of its subcommittees be permitted to sit while the House is reading for amendment under the 5-minute rule during the week of October 28, 1975.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

Mr. BAUMAN. Mr. Speaker, I object.

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

JOHN J. ROONEY, MEMBER OF CONGRESS

(Mr. DELANEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DELANEY. Mr. Speaker, it is my sad duty to announce that John Rooney, my dear friend and colleague, and a U.S. Representative for 30 years, passed away here in Washington on Sunday night.

My association with John long predated our service in Congress. At the time he was assistant district attorney in Kings County, N.Y., in 1940, I was serving in the same capacity in the adjoining county of Queens. Since crime knew no bounds, many were the nights we worked late hours together on difficult cases.

John had an incredible ability to get to the bottom of things. He was second to none in digging up the facts and centering in on the truth. Today his record stands as a model for investigators and prosecutors in the criminal courts of New York.

John arrived in Congress in 1944 where his hard work and dedication became an inspiration to members of both sides of the aisle. As a ranking member of the Appropriations Committee, and chairman of its subcommittee that dealt with the funding requests of the Departments of State, Justice, Commerce, and the Federal Judiciary, John Rooney was a true champion of the taxpayers' interests. Is it incredible that in one 10-year period he cut more than $1 billion of extraneous funds from budgets under his supervision and that his attention to detail and personal integrity resulted in over 98 percent of his recommendations being approved by Congress. None of his bills were ever vetoed by any of the seven Presidents under whom he served.

As dean of our New York congressional delegation, he was especially close to the problems and concerns of our own city and State and to the members of our delegation.

I speak from the bottom of my heart when I say that we will miss John Rooney, our colleague, our neighbor, and our good friend. I extend my deepest personal sympathies to his wife, Catherine, and the rest of his family.

May he rest in peace and may we long remember his outstanding example of dedication in the public service.

OFFICE OF THE DOORKEEPER,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C.

MEMORANDUM—DEATH OF JOHN J. ROONEY, FORMER MEMBER OF CONGRESS, 14TH DISTRICT, STATE OF NEW YORK

John J. Rooney passed away on Sunday, October 26th, 1975, at Georgetown University Hospital, in Washington, D.C.

There will be a viewing in Washington at Gawler's Funeral Home, 5130 Wisconsin Avenue, N.W., on Tuesday, October 28th, from 3 to 5 and 7 to 9 PM.

Further calling hours will be in Brooklyn, New York, at Guido's Funeral Home, 440 Clinton Street, on Wednesday from 2 to 5 and 7 to 10 PM, followed by interment on Thursday, October 30 in Holy Cross Cemetery, Brooklyn.

The Funeral mass will be said at the Church of Sts. Peter and Paul, Brooklyn, at 11 AM.

MRS. ESTHER SAVITZKY

Mr. Speaker, it is also my sad duty to announce the passing of the mother of Congresswoman BELLA ABZUG. Mrs. Savitzky died on Sunday evening, October 26, at Roosevelt Hospital in New York City after a long battle with cancer.

Services are being held today at Riverside Memorial Chapel and I am sure that all my colleagues join with me in extending our deepest sympathy to the Congresswoman and all the members of her family.

HANDGUNS HAVE CAUSED MANY ACCIDENTS

(Mr. GUDE asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. GUDE. Mr. Speaker, the Russians are a people steeped in fine tradition. They have set examples in the arts, literature, and science. They have also set an example for mindless courage with their parlor game of Russian Roulette. A 17 year old Virginia youth followed their example last week and is now displaying his own brand of mindless courage: he is dead.

His death was an accident—as much as an accident can be when one jokingly aims a handgun at one's head and willingly pulls the trigger. It was an accident that could have been prevented. It was an accident out of ignorance. Ignorance on the part of the gun owner for allowing the gun to be available for parlor games. Ignorance on the part of the youth for not having the knowledge to disarm the weapon before handling it, and Congress shares in these firearm tragedies for not having the courage to enact an effective handgun control law.

Accidents in the home are a large part of all handgun deaths. We should consider that laws designed to curb deaths by handguns should also address home accidents. I proposed to the Judiciary Committee that trigger locks be sold with all handguns. Like safety belts, trigger locks would be effective only if used, but by making them universally available, some lives would be saved. It is also appropriate that all persons who own handguns should pass a short course in the proper care and handling of firearms. The analogy to driver education is obvious.

Above all, if the Congress does not take the position that handguns are dangerous and must be regulated in a way to reduce their danger to society, then what else should citizens conclude but that they are appropriate toys for such games as Russian Roulette?

FISCAL IRRESPONSIBILITY IN NEW YORK CITY

(Mr. BAUMAN asked and was given permission to address the House for 1 minute, to revise and extend his remarks, and include extraneous matter.)

Mr. BAUMAN. Mr. Speaker, I had not intended to take this time until I heard my colleague, the gentleman from New York, Mr. OTTINGER refer to the financial difficulties of the city of Yonkers, N.Y. He contends this is a byproduct of the problems in New York City.

I hope we will not have too many of these scare tactics in support of aid for New York City because, quite frankly, they are misguided.

The State of Maryland last week was able to sell a large amount of its public bonds at less than 6-percent interest—and I repeat that, Mr. Speaker, at less than 6 percent—because the State of Maryland has a constitutional requirement that we balance our budget each year and that we pay our own way. We have done this a great many years and it does inspire investor confidence. Although the Governor of the State of Maryland does not happen to be of my political affiliation, I have to salute him for his record of fiscal integrity. Fiscal integrity is something that would bear looking into by those who are crying for more aid for New York City. And I would suggest that those same persons read the report that I obtained from the Office of Economic Opportunity entitled "Federal Outlays in New York City." It sets forth the most recently published figures for fiscal year 1974 showing that the Federal Government spent $8½ billion in New York City in 1974. That is for just one recent fiscal year. For fiscal year 1975 I am sure it was even higher than that. This should be an effective answer to those who demand even more Federal aid for New York City. If $8½ billion in 1 year is not enough to support New York, what is?

MEETING OF COMMITTEES DURING 5-MINUTE RULE

(Mr. JOHN L. BURTON asked and was given permission to address the House for 1 minute, and revise and extend his remarks.

Mr. JOHN L. BURTON. Mr. Speaker, first of all, I shall not even try to get into the New York situation, but that is a subject of concern in other large areas also. In California we also have a balanced budget and we have trouble with our bonds. But, regardless of that, I would like to take this time to address a question to my colleague, the gentleman from California (Mr. ROUSSELOT).

Is it the intention of the gentleman from California that every time a committee wants to meet while the House is in session to object?

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will yield, that is my intention during the 5-minute rule on any bill, while we are in session to object to committees sitting while amendments are being offered. The Members need to be here on the floor. The purpose of that rule of the House during the 5-minute rule is that the Members would be able to be here so as to pay attention to the amendments. I think that this is proper. I certainly will object during the morning period, but the request that I objected to was for a whole week and I believe that the Members should be here during debate of important amendments. We have a lot of important legislation before the Congress so it is my intention to object within the rule, to such requests.

Mr. JOHN L. BURTON. I am generally in agreement with the gentleman.

CALL OF THE HOUSE

Mr. HAYS of Ohio. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. RUSSO. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 641]

Abzug
Addabbo
Andrews, N.C.
Annunzio
Ashley
Beard, Tenn.
Bingham
Breaux
Brinkley
Brown, Ohio
Burke, Fla.
Carney
Cleveland
Conlan
Conyers
de la Garza
Dellums
Diggs
Dingell
Drinan
Duncan, Oreg.
Duncan, Tenn.
English
Esch
Eshleman
Fary
Flowers
Ford, Mich.
Ford, Tenn.
Fraser
Giaimo
Ginn
Gonzalez

Goodling
Green
Haley
Hébert
Hefner
Jarman
Jones, Ala.
Kelly
Ketchum
Leggett
Lent
Litton
Lujan
McKinney
Milford
Miller, Calif.
Mink
Moakley
Murphy, N.Y.
Nedzi
Patten, N.J.
Rees
Rhodes
Roncalio
Sarasin
Scheuer
Sebelius
Sisk
Solarz
Stratton
Sullivan
Symington
Udall
Vanik
Vigorito
Whalen
Wiggins
Wirth

The SPEAKER. On this rollcall 362 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

RIGHT TO REPRESENTATION DURING QUESTIONING

Mr. WHITE. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 6227) to amend title 5, United States Code, to provide Federal employees under investigation for misconduct the right to representation during questioning regarding such misconduct.

The SPEAKER. The question is on the motion offered by the gentleman from Texas (Mr. White).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 6227 with Ms. Jordan in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the committee rose on Monday, September 22, 1975, all time for general debate on the bill had expired.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 71 of title 5, United States Code, is amended by adding at the end thereof the following new subchapter:

"SUBCHAPTER III—EMPLOYEE RIGHTS

"§ 7171. Right to representation during questioning

"(a) Any employee of an Executive agency under investigation for misconduct which could lead to suspension, removal, or reduction in rank or pay of such employee shall not be required to answer questions relating to the misconduct under investigation unless—

"(1) the employee is advised in writing of—

"(A) the fact that such employee is under investigation for misconduct,

"(B) the specific nature of such alleged misconduct, and

"(C) the rights such employee has under paragraph (2) of this subsection, and

"(2) the employee has been provided reasonable time, not to exceed 5 working days, to obtain a representative of his choice, and is allowed to have such representative present during such questioning, if he so elects.

"(b) For the purpose of subsection (a)(2), an employee of the Central Intelligence Agency, National Security Agency, or the Federal Bureau of Investigation who is under investigation for misconduct may have a representative of his choice present during such questioning, except that such representative shall be—

"(1) an employee of the agency in which the employee who is under investigation for misconduct is employed, and

"(2) approved by the agency for access to the information involved in the investigation.

"(c) Any statement made by or evidence obtained during questioning of an employee of an Executive agency may not be used as evidence in the course of any action for suspension, removal, or reduction in rank or pay subsequently taken against the employee, unless the requirements of paragraphs (1) and (2) of subsection (a) of this section were complied with during such questioning.

"§ 7172. Right to appeal

"(a) Except as provided under subsection (b) of this section, an employee of an Executive agency against whom any action is taken for suspension, removal, or reduction in rank or pay in violation of section 7171 of this title, and who is not otherwise entitled to appeal such action to the Civil Service Commission, is entitled to appeal such action to the Commission if the employee submits the appeal in writing within a reasonable time after receipt of notice of such action. Under regulations prescribed by the Commission, the employee is entitled to appear personally or through a representative of his choice. The Commission, after investigation and consideration of the evidence submitted, shall submit its findings and recommendations to the administrative authority and shall send copies of the findings and recommendations to the appellant or his representative. The administrative authority shall take the corrective action that the Commission finally recommends.

"(b) Under such regulations as the President may prescribe, an employee of the Central Intelligence Agency, National Security Agency, or the Federal Bureau of Investigation against whom any action is taken for suspension, removal, or reduction in rank or pay in violation of section 7171 of this title is entitled to appeal such action solely to the President, or to an appropriate designee of the President, whose findings and recommendations shall be final and conclusive.

"§ 7173. Regulations

"The Civil Service Commission shall prescribe regulations necessary to carry out the purposes of this subchapter, except section 7172(b) of this title.".

(b) The analysis of chapter 71 of title 5, United States Code, is amended by adding the following at the end thereof:

"SUBCHAPTER III—EMPLOYEE RIGHTS

"Sec.
"7171. Right to representation during questioning.
"7172. Right to appeal.
"7173. Regulations.".

Sec. 2. The amendments made by the first section of this Act shall take effect on the ninetieth day beginning after the date of enactment of this Act.

Mr. WHITE (during the reading). Madam Chairman, I ask unanimous consent that the bill be considered as read, printed in the Record, and open to amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. BAUMAN. Madam Chairman, reserving the right to object, I do so only to ask the distinguished chairman of the subcommittee this question: Whether or not he is going to provide a refresher course on this bill for the Members of the House. As I remember, this bill and several other bills came up on Congressional Golf Day more than a month ago, September 22 be be exact.

The last time one of these bills came up it almost zipped through until a rollcall prevented its onward course and it was defeated. There was no explanation given on that bill. Even though it's a nice day outside, perhaps we can spend a few minutes discussing this particular bill.

Mr. WHITE. Madam Chairman, I thank the gentleman for asking the question. I do intend to make a short statement to refresh the Members on this particular bill.

Mr. BAUMAN. I thank the gentleman, and I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. WHITE. Madam Chairman, I move to strike the last word.

Madam Chairman, in response to the question of the gentleman from Maryland, first let me say this, to implant in the minds of the Members here, this bill does not require money from the U.S. Government and that the Members of Congress are not included in this particular bill.

This bill is designed to provide that any Federal employee who is under investigation for misconduct which would lead to suspension, removal from office or reduction in pay or rank, would have a right to representation during the time of his questioning. Presently, the law provides that an individual is entitled to representation only after formal charges are filed.

Presently, when an employee is brought in for interrogation, and often he is unprepared and unwarned. He is asked questions and sometimes he makes statements that are not exactly accurate, but with which he is stuck. He will be unable clear his misstatements. This provides him the opportunity to be questioned with representation. It does not prevent an employer or supervisor from asking the questions of the employee. It will not prevent proper management procedures to go forward.

The only restriction would be, as to the supervisor or employer, that in the event the employer fails to notify the employee that he is under investigation for an alleged misconduct, whatever evidence is elicited from that employee, is not able to be used against that employee. This does not prohibit the employer from getting adjunct evidence stemming from the employee's statement, evidence that may be gathered as a result of information acquired during that interrogation.

As the CIA and FBI, we have made a compromise which gives a particular protection to the CIA, the FBI and NSA in response to the feeling that otherwise there would be certain national security matters divulged.

Mr. LEVITAS. Madam Chairman, will the gentleman yield?

Mr. WHITE. I yield to the gentleman from Georgia.

Mr. LEVITAS. Madam Chairman, I want to make certain of what the gentleman said about the use of information that was obtained through a question, but not the question itself, but that it could be used to lead to obtaining other information.

Mr. WHITE. Yes.

Mr. LEVITAS. The reason I want to make it clear on this point is that this would be different from the general doctrine known as the fruit of the poisonous tree. So that, unlike the general exclusionary rule, where the original inquiry, under the rules of evidence, was illegal and nothing could be used that was drawn from that, the contrary would be the case in this instance; is that correct?

Mr. WHITE. Yes. I am not familiar with the fruit of the poisonous tree doctrine the gentleman speaks of; but let me point out that there is a case on record, called the Weingarten case, in which the restriction is that if the employee in private industry has reason to believe he is under investigation that would lead to his removal, then he is entitled to representation. This language narrows it down far more. We are trying to be fair to both sides in coming to the compromise bill we have before us.

In proceeding to the intelligence agencies, if an employee is under investigation in one of these agencies, he is entitled to representation; but that representation must come from within the agency and, furthermore, the representative must be knowledgeable about the particulars matter. This is to protect the security of that information so that the interrogation is internal. And the only appeal of an individual in the employ of the intelligence service is to the President or his designee. All other employees can appeal to the Civil Service Commission. That, I think, generally summarizes the efforts on behalf of the employees to give them the type of right that is enjoyed in private industry, to allow fairness within the ranks of Federal employees, and yet not be restrictive to management in the pursuit of their supervision.

Mr. DERWINSKI. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, so that there can be no misunderstanding as to the position of the Republican members of the Post Office and Civil Service Committee on this legislation, I wish to point out that the minority views contained in the committee report speak for all nine Republican members in opposition to its enactment.

While I am not listed as one of the signers of the minority views, I was unavailable at the time the report was filed, I endorse in total the views expressed by my eight Republican colleagues.

Therefore, while the committee report states that the bill was reported by a voice vote, that does not mean, nor should it be interpreted as meaning, that this was a unanimous action by the committee.

As has already been pointed out by the gentleman from Tennessee (Mr. BEARD) during general debate on this bill on September 28, there is no demonstrable need for the legislation, and it is unamenable from our viewpoint.

I will not detail the arguments that have already been presented except to say that the rights of Federal employees who are subject to proposed adverse action are fully protected under existing law and regulation, and the enactment of this bill would create untold chaos in the Federal service.

I strongly urge that the House reject the bill.

Mr. BEARD of Tennessee. Madam Chairman, I move to strike the last word.

Madam Chairman, I will bring forth some of the things that were contained within our subcommittee and our full committee and also on the floor of the House during our last debate, to refresh the Members' memory of some of the problems.

Madam Chairman, this is a very pretty, type motherhood bill—the right to counsel. But the wording of this measure is so ambiguous and vague that it precludes, to a large extent, normal day-to-day employee-supervisor communication.

Madam Chairman, the undefined expression "under investigation" could mean just about anything. And the main point that has yet to really be answered thoroughly—and this is the thing I think we should ask ourselves and we should demand an answer to before we vote on this particular bill—is: When is an employee under investigation?

If a supervisor asks an employee why he has been repeatedly late for work or why his work performance has been lacking in the past few weeks, is this employee then under investigation? If so, then the supervisor would be required under the law to inform the employee of his right to representation.

Here is another example: What happens if a supervisor asks an employee the whereabouts of a missing typewriter and the employee replies, "I took it"? Under this bill, that information could not be used against this employee because he was not told of his right to representation.

One could go on and on and on reciting instance after instance where legislation of this nature could create total havoc with the normal supervisor-employee relationship which presently exists.

I know it may be difficult for some Members to consider voting against a bill that is labeled: "Right to counsel." However, I can assure the Members that to do otherwise is inviting unnecessary personnel problems in the Federal Government.

I will ask all the Members who have been involved in business and I will ask all the Members who have been involved in an employee relationship what it would be like with the restraints this would place on us in carrying out a supervisory responsibility if we had the fear of even asking employees any questions without any knowledge of what it could possibly lead to. We might all of a sudden find out it could lead to mass disciplinary action, and then we would realize this information we had received in testimony or prior questioning would have to be dismissed.

Madam Chairman, the different agencies, including the Civil Service Commission, the Department of Health, Education, and Welfare, the Treasury Department, the Central Intelligence Agency, the FBI, and the Tennessee Valley Authority, are all opposed to this legislation.

We have many different avenues of appeal for Federal employees at this time; there are more avenues of appeal for Federal employees than the private sector has. I cannot see any merit in the argument that Federal employees do not have the rights they deserve as employees of the Federal Government.

Mr. WHITE. Madam Chairman, will the gentleman yield?

Mr. BEARD of Tennessee. Yes, I certainly do yield to the distinguished chairman of the subcommittee.

Mr. WHITE. Madam Chairman, let us take the illustrations the gentleman used, the one involving the time question and the other one involving the stolen typewriter. In the instance of the time question, what the supervisor said to the employee and what the employee said to him as to his absence might not be used against him, but the records could be used against him and any other matters which led to further investigation could be used against him.

As to the statement regarding the typewriter, the statement that "I took it," that cannot be used against him, but there is no prohibition against other prohibition against other procedures being taken against him for taking the typewriter and using other evidence they can adduce, and they can take whatever action against him is needed.

Mr. BEARD of Tennessee. Madam Chairman, can any of us imagine the implication of that? If a supervisor asks an employee, "What happened to the typewriter?" and the employee says, "I took it," I think it is absolutely tragic that in that preliminary situation such information could not be used.

It is difficult enough in our bureaucratic system as it is to transfer, to replace, to fire, or to hire employees. We are doing nothing here but going one more step toward weakening down our whole administrative process.

The last thing this Government needs in this bureaucracy, is being further a point of resentment by the people of this country, the people who pay the salaries. We do not need laws that say that we cannot make changes.

Mr. WHITE. Madam Chairman, if the gentleman will yield further, the fact is that the gentleman has used an extreme illustration, and even in this case it protects the Government.

What we are trying to say today is that we are giving a right to employees that is very restrictive, and it is a right that has already been given to the private sector. We are giving these individuals the right to have someone there who can interpret for them.

As a matter of fact, one of the justices interpreted this situation by saying it would be a help to the employer in order to have a representative present to get to the very bottom of the matter.

Mr. BEARD of Tennessee. Madam Chairman, once again we have a situation where the judges say it would be a help to the employer, and yet we have Federal employers representing the Federal Government saying, "Please do not place another burden on us and tell us how to run our jobs. Please do not take another right away from us that we now have in our role as supervisors."

The CHAIRMAN. The time of the gentleman from Tennessee (Mr. BEARD) has expired.

(On request of Mr. WHITE and by unanimous consent, Mr. BEARD of Tennessee was allowed to proceed for 2 additional minutes.)

Mr. WHITE. Madam Chairman, will the gentleman yield to me?

Mr. BEARD of Tennessee. Yes, I yield to the gentleman.

Mr. WHITE. Madam Chairman, I want to thank the gentleman for yielding.

I wish to quote Justice Brennan in the Winegarten case which I have cited before. This is found at 43 USLW at 4279, for the benefit of those among us who are scholars.

> A knowledgeable representative (or counsel) could assist the employer by eliciting favorable facts, and save the employer production time by getting to the bottom of the incident occasioning the interview. Certainly his presence need not transform the interview into an adversary contest.

I believe that this is only equity that we are asking to extend to general employees.

The bill is a compromise which boils down to not prohibit or restrict the U.S. Government from enforcing its supervisory needs and bringing about good management practices, but it is to give that extra right, before an action is filed, to the individual to protect him in his career with respect to things that may be irretrievably lost. If he unfortunately makes a comment or a statement that is not accurate, he is hung with it.

Mr. BEARD of Tennessee. If the employees of this Government do not have the right now to see that their individual rights are protected through our grievance procedure, then I do not know what they do have.

If the Members want to vote for this, if they want to require the Federal managers and supervisors to operate on the same basis as law-enforcement officers are prescribed to do in criminal cases, then we should pass this legislation. However, I do not think that we should require supervisors or managers to operate on the same basis as law-enforcement officers.

If that is the way the Members want it, I would say vote for this legislation.

Mr. ROUSSELOT. Madam Chairman, will the gentleman yield?

Mr. BEARD of Tennessee. Yes, I yield to the gentleman from California.

Mr. ROUSSELOT. Madam Chairman, I appreciate the gentleman's yielding.

Is it not true that we found out in the hearings that this bill goes far beyond the Supreme Court decision to which my colleague, the gentleman from Texas (Mr. WHITE) refers?

In fact, it was never intended by the Supreme Court decision that investigative personnel be involved in the day-to-day operation, and this bill makes a total allowance for counsel to an individual employee in the day-to-day decisions; is that not correct?

The CHAIRMAN. The time of the gentleman from Tennessee (Mr. BEARD) has again expired.

Mr. ROUSSELOT. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I rise in opposition to this legislation, primarily because it was proven, I think, beyond a doubt in committee that there is no real need for this legislation.

I would like to read for my colleagues some of the provisions under Civil Service that a Civil Service employee has and the ways he is presently protected. One:

> An employee cannot be removed or suspended except for such cause as will promote the efficiency of the service;

And that must be proved. Two:

> An employee is entitled to receive written notice of a proposed adverse action at least 30 days before the action is effected.

Employees in the private sector do not enjoy that kind of advance notice, and to imply that the civil servants of our Government are under some kind of constant harassment procedure and are not notified of adverse actions is pure bunk. I think that our committee was hustled into a position of not really understanding the need.

Now, as to the next point, No. three:

> The employee may review all the evidence relied upon by the agency in proposing the action.

Again, this is advance notice.

Four: "The employee must be given an opportunity to reply orally and in writing to the proposed charges" that are made by anybody in the agency.

Five:

> Although it is not mandatory, agencies must allow an employee representation in the preparation and submission of the reply to a proposed action.

In most cases, there are a substantial number of civil-servant lawyers who are available to help them in the preparation of this material.

I want to complete the list of protections that are provided for a civil servant to show that the need for this legislation has in no way been substantiated.

> An employee is entitled to a written decision made by a higher level official than the official who proposed the action.

Therefore, he is provided with the protection of other levels of administration, not just the immediate supervisor. So that the claim that the immediate supervisor dominates in his ability to harass an employee can be avoided by an appeal to a higher level.

Mr. WHITE. Madam Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will yield to the gentleman from Texas in just one moment. I might say that the gentleman from Texas has had quite a bit of time on his own behalf and I will be glad to yield to the gentleman as soon as I have completed my point.

Another point under present law:

If the action is effected, the employee has a right to appeal both the merit and procedures of the adverse action to the Federal Employee Appeals Authority which affords him a right to representation and to produce and cross-examine witnesses in a full hearing; and

Finally, the employee is allowed access to the Federal courts.

I want to repeat that we had testimony primarily from employees who say they must have this because there is an imagined need to give employees council, I do not really know for what. Second, from a few people who have said there has been inadequate counsel for Federal employees. But the overwhelming majority of people presently in the civil service will tell you that they do have adequate protection and this is primarily an add-on that is wholly unneeded.

Now I yield to the gentleman from Texas.

Mr. WHITE. All the protections that the gentleman has spoken about that the Federal employee has are affected by this.

Mr. ROUSSELOT. No, they are not, the gentleman is wrong. I just repeated one point, that there must be 30 days' notice in advance, and I do not know of any employees in the private sector that are given 30-day advance notice. In the case of Federal employees, there clearly is. Advance notice both written and oral.

Mr. WHITE. Not 30 days' notice before this, not 30 days' notice but perhaps before the charge which we are talking about.

Mr. ROUSSELOT. Thirty days before the charge or an adverse action. What other protection does an individual need?

Mr. WHITE. We are talking about the situation at the time the employee has already done himself in.

Mr. ROUSSELOT. What does the gentleman mean by "done himself in"?

If the employee has done himself in, then he has done things to himself by his own action.

Mr. WHITE. I mean in a hapless way, witlessly, without understanding what he was doing. The courts have already spoken in many cases of people doing so through ignorance of the law and not having a proper understanding of the situation.

Mr. ROUSSELOT. Let me say, if an action is presented the employee has the right to appeal upon the merit and the procedures of the adverse action to the Federal Employee Appeals Authority which affords him the right to representation and to participation and cross-examination of witnesses in full hearings.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. But, to imply that there is no built-in protection for Federal employees and that somehow or other they are being run through adverse actions in an arbitrary manner, as compared to the private sector, just is not true.

Mr. BEARD of Tennessee. Madam Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague, the gentleman from Tennessee (Mr. BEARD).

Mr. BEARD of Tennessee. Madam Chairman, I would ask the gentleman from California, as a member of the committee, does the gentleman at this time, after all of the debate that we have had in the committee and on the floor of the House, truly understand the statement as to when an employee is under investigation? Or does the gentleman know the answer to that question?

Mr. ROUSSELOT. The answer is no, and many of the people who have written the bill do not know the answer to it either. Because "under investigation" could mean many things.

Mr. BEARD of Tennessee. Does the gentleman not also see the problem that would confront a GS–8 or a GS–7 who is in charge of say five or six employees and who is trying to make his little unit productive? Can the gentleman not see the problem or does the gentleman not think that there would be problems when that person were to try to make decisions, and to question an employee as to the quality of his work, or maybe about the fact that he did not come to work on time, or that he has been absent, or there has been some hanky-panky going on? And here is a GS–7 or a GS–8 who is trying to do his job and who now finds that he has to have a legal mind such as an officer of the court would have in order to be able to decide how far he can go in just asking any employee some proper supervisory questions?

Mr. ROUSSELOT. I believe that the point that the gentleman from Tennessee is making is an excellent one. I think it shows clearly that this legislation creates an adversary concept built into Federal employee relationships with management—and maybe that is what my colleagues wish to do. I think if we look at today's General Accounting Office report on the difference between the productivity under the medicare and medicaid authority in processing a simple application in the private sector, as compared with Government processing, we would see that we do not need more adversary proceedings introduced into the process but that we need fewer of them.

The **CHAIRMAN.** The time of the gentleman has expired.

Mr. TAYLOR of Missouri. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, the taxpayers of this Nation are struggling to pay 32.8 million Federal employees. In my judgment, they are fully entitled to at least know that those employees are being supervised. As the gentleman from California so well stated, Federal employees today are protected by seven or eight steps which are not available to employees in the private sector.

Madam Chairman, this bill is fraught with dangers. It is a departure from the established supervisory procedures in the private sector. It is ambiguous. In my judgment, it will invite litigation on every act of supervision and will continue to promote mediocrity in the bureaucracy. I think it is an affront to the taxpayers of this Nation to pass such ill-advised legislation that will certainly hamper the supervisory process within the Federal bureaucracy.

There was no evidence in the committee that I heard—and I did participate in the committee hearings—that would indicate that there was any need for this, because of any abuses of any of the rights of Federal employees.

Mr. BEARD of Tennessee. Madam Chairman, will the gentleman yield?

Mr. TAYLOR of Missouri. I yield to the gentleman from Tennessee.

Mr. BEARD of Tennessee. I thank the gentleman for yielding.

I would like to ask the gentleman also as a member of the committee if he had found an answer that he can sink his teeth into as to when an employee is under investigation. Did he ever find an appropriate or legitimate answer to that question?

Mr. TAYLOR of Missouri. No, we did not, and we searched diligently for it. I think that is the real hazard of this bill, the ambiguous part of the bill, because no supervisor knows when he begins a conversation with an employee, where that conversation is going to lead. No one really knows whether there has been a serious charge that can be filed until such time as supervisory control is exercised.

Mr. BEARD of Tennessee. Will the gentleman yield further?

Mr. TAYLOR of Missouri. I yield to the gentleman.

Mr. BEARD of Tennessee. I should like to ask each Member of this body if he would be willing to have his own employees live by these standards. When they vote, I would like them to ask themselves, "Would I be willing to have my employees, my legislative assistant or my secretary or my administrative assistant, live by this to the point that I could not even ask them a question without making sure that they had the right to have an attorney, to bring an attorney in with them to sit down, the right to counsel?" Just imagine what it would be like in one's office.

I think this is unreal, and I should like to ask each Member to think on that particular point when he votes on this beautiful piece of motherhood legislation.

Mr. ROUSSELOT. Madam Chairman, will the gentleman yield?

Mr. TAYLOR of Missouri. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

I think my colleague, the gentleman from Tennessee, has brought out an excellent point. I wonder if my colleagues who say they advocate this bill are willing to give each one of their employees, every time there is some disruption in the office, the right to counsel, and will insist that a lawyer come in every time there is a disagreement.

Mr. WHITE. Madam Chairman, will the gentleman yield?

Mr. TAYLOR of Missouri. I yield to the gentleman from Texas.

Mr. WHITE. I thank the gentleman for yielding.

I would be glad to do it, if they give them civil service and coverage too.

Mr. ROUSSELOT. That is fine, if you believe that will return increased productivity.

Mr. WHITE. The fact is that every one of our constituents, every business in our constituency, is covered in a broader sense because there all an employee needs is a reason to believe that he is under investigation. Here we are saying that he has to be under investigation. This is far more protection than our constituency has now.

Mr. ROUSSELOT. If the gentleman will yield further, is the gentleman from Texas willing to apply this legislation to his employees?

Mr. WHITE. Yes, indeed.

Mr. ROUSSELOT. Fine. I am glad to hear that. We will see how many of his employees make use of it—free legal counsel every time they have an adverse action, free legal advice through the Legal Service Corporation.

Mr. WHITE. Not paid for by the Government, though. It is not paid for under this bill.

Mr. ROUSSELOT. The Legal Service Corporation provides legal advice at the taxpayers' expense.

Mr. TAYLOR of Missouri. Madam Chairman, I do not think there is any question in any thinking person's mind but that this bill would be detrimental to the Federal service; it will be detrimental to the Federal employees; it will be detrimental to the taxpayers of this Nation who, after all, will be picking up the bill—of the unsupervised employees in the public sector. I think it is fraught with danger. It will lead to litigation, confusion and inefficiency. I think this bill should be defeated outright.

Mr. BIAGGI. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I rise in support of this bill. I commend the gentleman from Texas (Mr. WHITE) for his work in this connection.

It is suggested this bill would create an adversary position. Of course it would. It would protect the adversary position. The adversary position develops the moment the management starts to go after the rights of the employee.

The question was raised: Where do we make the distinction? The bill is quite explicit: It is in investigations that are based on the misconduct of the employee.

Let me suggest this. What we are really saying in some of the arguments offered by the opponents of this bill is that protection is there for the private sector and that there are sufficient procedures for the protection of civil service employees, but they do fall short of what is given to the private sector. Once again we see the civil service employees subordinated to a secondary position.

The chairman of the subcommittee who authored this bill responded early on to the question that was posed: Is there not a sufficient procedure? Let me give the practical effects.

First. We have a litany of agencies against the bill. I understand why. As a former civil servant I still maintain my associations with the civil service. I know exactly the difficulties the employees have. The point is we do have some supervisors who are extremely arbitrary.

We do have investigators who isolate the employee and intimidate him into taking positions or making admissions that have no basis, and ofttimes misleading and misinforming him and promising there will be no punishment. Deal with the psychology of that and in the end we will find the employee has been victimized into admitting a fact that was not true, just hoping and praying the situation and all its attendant anxiety would pass in the hope he will not be made to suffer too much, but in the end he is dismissed or perhaps charged on the basis of his induced admission.

What does this bill provide? It provides the same protection—the very same protection—that is provided to the inmates of the penal institutions of this Nation as a result of court decisions. I do not think it would be unfair to provide civil service employees, the law abiding citizens of the Nation, with the same protections we provide to those who are being punished for violations of the law.

The fact is we do have some substantial arguments against this bill if we talk about ideal situations, if we talk about individuals who are mature enough in supervisory capacities to deal objectively. But this is not an objective thing. It is ofttimes subjective and there will be a scapegoat somewhere. We all know about administrations.

I am aware of the possible difficulties that will accrue in the way of procedures but let us get down to the basic fundamental rights of individuals. We are not talking about general personnel. We are not talking about statistics. We are talking about a single individual, a career man whose life might be very seriously and adversely affected because he has been denied the protection that he is rightfully entitled to as an American citizen and should be provided as a civil service employee.

I would suggest really there that the opposition reconsider their position and that they vote for the bill.

My only question, and I spoke to the gentleman from New Jersey about this, in connection with this bill is whether 30 notice days is too long. I like the concept, I am for the bill, but in order not to go overboard in our approach I would like to see the 30-day period narrowed. I can see some effectiveness in having those 30 days narrowed. But as far as the arguments against the bill, they would be meaningful if we were dealing with the ideal supervisor and the ideal administration head but that is not the reality of life.

The CHAIRMAN. The time of the gentleman from New York has expired.

(At the request of Mr. ROUSSELOT, and by unanimous consent, Mr. BIAGGI was allowed to proceed for an additional 2 minutes.)

Mr. ROUSSELOT. Madam Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from California.

Mr. ROUSSELOT. Madam Chairman, I, too, was a civil servant. I was interested in the comment that the gentleman made, and I want to be sure I understand, that there is, in fact, an adversary relationship between management and the general civil servant. Does the gentleman really believe that?

Mr. BIAGGI. Yes. I really do.

Mr. ROUSSELOT. And that we must enhance the adversary role?

Mr. BIAGGI. If it is necessary to protect the right of the employees, then, yes; but I would suggest that the adversary role should be dissipated. I will tell the gentleman why it is an adversary role, because if management employs supervisory employees who are, in effect, not competent, not objective in the performance of their duties, they make many of the employees subordinate to them servile, and wrongfully submit them to their will.

Mr. ROUSSELOT. When the gentleman served in civil service, did the gentleman feel that the gentleman was constantly in an adversary relationship?

Mr. BIAGGI. As I said, not universally; but we did have supervisors that put me in that state of mind.

Mr. ROUSSELOT. Well, those are bad management supervisors and we have that in all segments of life. We have all kinds of protection of civil servants; in fact, more protection than in any other section of the private sector. I did not find myself in that position when I was in civil service. I was never in an adversary position.

Sure, we had management positions, but we had more than enough protection in the system of appeals. They could, as a matter of fact, drag it out for a whole year, if they wanted to.

Mr. BIAGGI. For a whole year?

Mr. ROUSSELOT. Yes.

Mr. BIAGGI. I appreciate what the gentleman is saying. In any event, let me say what is vital here. The initial stage in the structure of the chain of command and discipline, that initial finding is never or rarely changed. To vary the finding as we go up the chain of command is unusual. It should be determined on the basis of the record, but invariably that initial finding that could be made on the basis of improper investigation is denying the civil service employee his right to be protected and it will perpetuate itself right through the chain of command and he will suffer irreparably.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(At the request of Mr. ROUSSELOT, and by unanimous consent, Mr. BIAGGI was allowed to proceed for 1 additional minute.)

Mr. ROUSSELOT. Madam Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from California.

Mr. ROUSSELOT. Is the gentleman prepared to say that the Federal Employees Appeals Authority, which is the ultimate decider on appeals that employees now have and they must be given a 30-day written advance notice when there is going to be an adverse action to a civil servant, does the gentleman say they are not doing their job?

Mr. BIAGGI. Let us say they are not always doing their job properly. They are victimized by the system. Let me repeat this once again.

Mr. ROUSSELOT. My belief, if the gentleman will yield, is that we should direct this to the appeals authorities and not just provide free counsel all the way around.

Mr. BIAGGI. Except we are dealing with a human element and the human element is susceptible to the system. The procedure is correct, but in its application it is not properly administered. That is the hard-core fact of life.

The CHAIRMAN. The time of the gentleman from New York has again expired.

(At the request of Mr. MYERS of Pennsylvania, and by unanimous consent, Mr. BIAGGI was allowed to proceed for an additional 2 minutes.)

Mr. MYERS of Pennsylvania. Madam Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from Pennsylvania.

Mr. MYERS of Pennsylvania. Madam Chairman, if I get what the gentleman is saying, the gentleman regards this bill as an affront toward supervisors in considering the situation that an employee is always being victimized.

I happen to have been a supervisor at one time. I submit that in many cases supervisors in order to have employees who are conscientious and doing a good job, not overloaded, they have to investigate. They have to question some of the employees who are not carrying the burden; so that I think if we have a bill which inhibits the supervisors and they do not carry through with this obligation, we are going to have the good Federal workers even more burdened in carrying the load for workers who cannot question the supervisors thoroughly enough.

I think we are really doing a disservice to those employees who have the best interests at heart in carrying out the objectives of the Federal Government, the objectives of the program. They have to have protection also, and the only way they can have it is when a just and good supervisor is willing to call, in an investigation, individuals who are not carrying their share. I would like them to have the gentleman comment on that.

Mr. BIAGGI. I would like to respond to the gentleman. Like himself, I was a supervisor in my time in the civil service, and I know exactly whereof I speak, as an employee and as a supervisor.

I can tell the gentleman that I was ofttimes instructed, or might have been the recipient of a suggestion, as to what is to be done with the employee. Yes, when the supervisory personnel is permitted to do its job unhampered and objectively, there would be no need for this. I made that statement and I concede that, but that is the situation under ideal conditions, but that is not the fact of life. I still continue to say that in the civil service, once an employee is marked for whatever reason, whether it be personality difference or difference of opinion, once that employee is marked, he is in trouble.

This legislation obviously will help remove the stigma associated with the "marked" Federal employee by mandating his right to representation during the initial and all succeeding stages of a hearing. I commend the concept incorporated into this bill and feel this bill combined with the passage last week of the Hatch Act are at long last remedying years of inequities to Federal employees.

I offer the observation that the privileges and rights being sought for Federal employees in this bill should be extended to other deprived segments of our population. Specifically I would mention law enforcement personnel. I have introduced legislation, H.R. 2788, cosponsored by some 90 of my colleagues that would extend to law enforcement personnel the same basic civil rights that those persons they protect are entitled to. At this point in the RECORD, I would like to insert the portion of my bill entitled "Rights of Law Enforcement Officers While Under Investigation." I suggest much of what we are discussing today is contained in this bill, and H.R. 6227's likely passage should be followed by the passage of H.R. 2788.

The relevant portion of H.R. 2788 follows:

" 'RIGHTS OF LAW ENFORCEMENT OFFICERS WHILE UNDER INVESTIGATION

" 'SEC. 2. Whenever a law enforcement officer is under investigation for alleged malfeasance, misfeasance, or non-feasance of official duty, with a view to possible disciplinary action, demotion, dismissal, or criminal charges, the following minimum standards shall apply:

" '(1) No adverse inference shall be drawn and no punitive action taken from a refusal of the law enforcement officer being investigated to participate in such investigation or be interrogated other than when such law enforcement officer is on duty, or when exigent circumstances otherwise require.

" '(2) Any interrogation of a law enforcement officer shall take place at the offices of those conducting the investigation, the place where such law enforcement officer reports for duty, or such other reasonable place as the investigator may determine.

" '(3) The law enforcement officer being investigated shall be informed, at the commencement of any interrogation, of the nature of the investigation, the names of any complainants, and the identity and authority of the person conducting such investigation, and at the commencement of any interrogation of such officer in connection with any such investigation shall be informed of all persons present during such interrogation. All questions asked in any such interrogation shall be asked by or through a single interrogator.

" '(4) No formal proceeding which has authority to penalize a law enforcement officer may be brought except upon charges signed by the persons making those charges.

" '(5) Any interrogation of a law enforcement officer in connection with an investigation shall be for a reasonable period of time, and shall allow for reasonable periods for the rest and personal necessities of such law enforcement officer.

" '(6) No threat, harassment, promise, or reward shall be made to any law enforcement officer in connection with an investigation in order to induce the answering of any question, but immunity from prosecution may be offered to induce such answering.

" '(7) All interrogations of any law enforcement officer in connection with the investigation shall be recorded in full.

" '(8) The law enforcement officer shall be entitled to the presence of his counsel or any other one person of his choice at any interrogation in connection with the investigation.' "

Mr. WHITE. Madam Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from Texas.

Mr. WHITE. Madam Chairman, I would like to clarify one point. In the first place, in private industry employees can have representation when they are under investigation. Under this bill, the supervisor can continue to investigate as to the workings of his office. It is only when an employee is under investigation for misconduct that this bill comes into play.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MYERS of Pennsylvania. Madam Chairman, I ask unanimous consent that the gentleman be permitted to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BROWN of Michigan. Madam Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. DOMINICK V. DANIELS. Madam Chairman, I move to strike the last word.

Madam Chairman, I rise in support of H.R. 6227, providing employees of executive agencies who are under investigation for misconduct which could lead to suspension, removal, or reduction in rank or pay the right to be advised in writing of the investigation and the right to representation during periods of questioning regarding such misconduct.

Under existing law, such right to representation in connection with disciplinary proceedings is granted only after a formal charge has been filed against the employee.

As indicated in its report on this legislation, the Committee on Post Office and Civil Service believes this legislation would provide needed protection for Federal employees similar to that provided private sector employees under the National Labor Relations Act.

As my colleagues may be aware, this protection was underscored in a recent Supreme Court case, the National Labor Relations Board against Weingarten. In that decision, rendered on February 19, 1975, the Supreme Court recognized the right of an employee in private industry to have a representative present during investigatory interviews which the employee reasonably believes may lead to disciplinary action.

I concur with the view of the Supreme Court that the investigatory interview is a critical point in the disciplinary process. As outlined in the committee report:

> It becomes increasingly difficult for the employee to vindicate himself after the interview. The value of any subsequent right to representation is diminished, and the employer becomes more concerned with justifying his reasons for initiating disciplinary action than reexamining them in view of additional facts or considerations presented by the employee's representative.

The committee included many views received from executive agencies in its consideration of this legislation, and was able to develop effective refutations to agency contentions that the provisions of the bill would disrupt the day-to-day functioning of Government agencies, and that procedures might have an adverse national security effect when applied in such agencies as the FBI, the CIA, and the National Security Agency.

I reject the contention that day-to-day functioning of the Government would be affected by this legislation, because the bill pertains only to those situations where disciplinary action could include suspension, removal, or reduction in rank or pay—in other words, when the questioning of the employee relates to serious misconduct. If the misconduct does not warrant such action, then the employer need not advise the employee of his right to representation, and the employee may not refuse to answer questions based upon the provisions of the legislation.

Further, the sole sanction against an employer for failing to accord the right to representation is to render inadmissible any statements or evidence obtained from the employee during the course of questioning.

Madam Chairman, this legislation is designed solely to provide an employee with the assistance of a representative of his choice during a disciplinary proceeding which could lead to his dismissal, suspension, or reduction in rank or pay. The bill does not cover the ordinary workplace discussion between supervisor and employee about the employee's work.

Further, Madam Chairman, the record of employee abuse because of the lack of such right to representation is eloquent testimony on the need for this legislation.

The Post Office and Civil Service Committee has worked long and hard on this legislation, and I commend my colleagues for their diligence and I commend the chairman for his leadership on this important issue.

Madam Chairman, I strongly urge my colleagues to join with me in supporting this legislation so that Federal employees will not have to suffer from the lack of proper guidance and counsel when their jobs are at stake.

Mr. TAYLOR of Missouri. Madam Chairman, I make this point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, she will vacate proceedings under the call when a quorum of the Committee appears. Members will record their presence by electronic device.

The call was taken by electronic device.

QUORUM CALL VACATED

The CHAIRMAN. One hundred and five Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to rule XXIII, clause 2, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

AMENDMENT OFFERED BY MR. BEARD OF TENNESSEE

Mr. BEARD of Tennessee. Madam Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. BEARD of Tennessee: on page 1, line 8 insert immediately following the word "agency" the following: ", or any employee as defined under section 2107 of this Title,".

POINT OF ORDER

Mr. CHARLES H. WILSON of California. Madam Chairman, I have a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. CHARLES H. WILSON of California. Madam Chairman, under rule XVI, clause 7, of the Rules of the House, any amendment to a bill concerning a subject different from those contained in the bill is not germane and is subject to a point of order. The instant amendment proposes to make the bill applicable to a completely new class of employees other than what is covered under the bill, namely, congressional employees. However, the reported bill applies only to employees of executive agencies as defined under section 105.

In my opinion, the subject of the amendment is not similar to any of the subject matters involved in H.R. 6227 which I have just outlined and is not germane.

Madam Chairman, in view of this, I make a point of order against the amendment offered by the gentleman from Tennessee (Mr. Beard).

The CHAIRMAN. Does the gentleman from Tennessee (Mr. Beard) wish to be heard on the point of order?

Mr. BEARD of Tennessee. I do, Madam Chairman.

Madam Chairman, I feel the amendment is germane to this particular bill inasmuch as the people we are including in this bill are Federal employees and those concerning whom we are legislating today are Federal employees.

So I feel the point of order is an invalid one. They are all Federal employees, and to me that would discriminate against one group of Federal employees versus another group.

Mr. ROUSSELOT. Madam Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will hear the gentleman.

Mr. ROUSSELOT. Madam Chairman, just a few weeks ago we had all Federal employees included in one bill, and this is another bill which came legitimately from the committee. These bills both relate to Federal employees.

I am disappointed that my colleague, the gentleman from California (Mr. Charles H. Wilson), is trying to avoid a vote on this issue so he can decide whether or not he wants to include his own employees. I believe that is what most of the Members on his side say they want to do.

Mr. BEARD of Tennessee. Madam Chairman, if I may be heard further on the point of order, all this does is to remove an exemption rather than add a group of employees. It is just removing an exemption, and I believe that is the fair thing to do.

The CHAIRMAN (Ms. Jordan). The Chair is prepared to rule.

The bill before us is very explicit as to its scope. It includes any employee of an executive agency. The bill itself, by its own terms, affects the class of civil servants known as executive agency employees.

The amendment offered by the gentleman from Tennessee (Mr. Beard) would seek to amend the bill by adding a totally different individual class of employees to the bill beyond the scope of the bill, namely, congressional employees as defined in section 2107.

The rule of germaneness, in terms of amendments of this kind, states as follows: One individual proposition may not be amended by another individual proposition, even though the two belong to the same class.

In light of that principle and in light of the scope of this bill, the Chair rules that this amendment is not germane and is, therefore, out of order.

Mr. ROUSSELOT. Madam Chairman, may I be heard.

The CHAIRMAN. The gentleman from California (Mr. Rousselot) is recognized.

Mr. ROUSSELOT. Madam Chairman, respecting the chairperson's ruling, in regard to title V to which this bill addresses itself, an amendment to title V includes all employees, including the President, Members of Congress, and members of the uniformed services, even though this bill has application, as the gentlewoman has said, only to Federal employees. Therefore, this title V does apply to all Federal employees.

Mr. CHARLES H. WILSON of California. Madam Chairman, I think the gentleman from California (Mr. Rousselot) is out of order. The Chair has made its ruling.

The CHAIRMAN. To the gentleman from California (Mr. Rousselot) the Chair would only state that the germaneness of the amendment must be weighed against the content and scope of the bill and not title V of the United States Code, as the gentleman would interpret it.

Are there further amendments?

Mr. MYERS of Pennsylvania. Madam Chairman, I move to strike the requisite number of words.

Madam Chairman, I would like to ask a couple of questions of the subcommittee chairman.

This bill provides protection for civil service employees to have counsel at the time an investigation is going on which might lead to the dismissal of those employees; is that correct?

Mr. WHITE. If the gentleman will yield, that is the purpose of it.

Mr. MYERS of Pennsylvania. Are there any differences between employee positions designated a person has within Federal employment? In other words, does this same protection go to supervisors as well as to nonsupervisory personnel?

Mr. WHITE. Any employee of the executive agency would be covered by this bill.

Mr. MYERS of Pennsylvania. Would this also apply if an employee has a complaint against his supervisor and takes that complaint to the supervisor's immediate supervisor or to some higher-up? Does the supervisor who is the object of the complaint have the right to counsel in responding to that complaint at that time?

Mr. WHITE. If the gentleman will yield further, if the supervisor is under investigation for misconduct and it could lead to his removal or reduction in rank or dismissal, then he would be entitled to ask for counsel. However, if the agency fails to warn him and fails to give him that right, the agency could still question him. The only difference is that what he says cannot be used against him.

Mr. MYERS of Pennsylvania. If the employee has the intention that the supervisor should be removed from that position, is the employee bound to notify the supervisor that he is being placed under investigation?

Mr. WHITE. No, because the employee does not have the power to remove. The complaint would have to be addressed to the individual who has the power to remove.

Mr. MYERS of Pennsylvania. If the testimony or the statement of the employee has the intent of removing the supervisor from his position, would the supervisor not have to have knowledge of that and have counsel at that particular time?

Mr. WHITE. If the supervisor were under investigation, then at that time he would have that right. However, individual employees would not have to give notice to the supervisor that they are placing him under investigation.

Mr. MYERS of Pennsylvania. Even if he is talking with a supervisor and the statements he is making to this particular supervisor's immediate superior, even if the statements that he is making at that time will lead to the dismissal of the supervisor, the supervisor is not entitled to have counsel during that period of time?

Mr. WHITE. The employee has no authority with respect to removal or punishment for misconduct. Therefore, under those circumstances, he would not have to give that warning.

The right to counsel and/or a representative accrues to a superior or a supervisor where the superior or supervisor is under investigation.

Mr. MYERS of Pennsylvania. If a statement is made without counsel's being present, can it be used in the dismissal of the supervisor?

Mr. WHITE. No, just as an employee in talking to another employee can have the statement used against him as necessary evidence.

Mr. MYERS of Pennsylvania. Let me clarify that again. As an example, if supervisor A is under a compliant by an employee.

Mr. WHITE. By a subordinate?

Mr. MYERS of Pennsylvania. By a subordinate.

Mr. WHITE. OK.

Mr. MYERS of Pennsylvania. And the subordinate takes the complaint to the supervisor of supervisor A and gives a statement on some matter about the capability of supervisor A or the way he works, gives this to the immediate superior of supervisor A, then the gentleman is saying that if that is not presented to the superior by counsel that it cannot be used against supervisor A.

Mr. WHITE. That could be used unless the superior of that supervisor authorized that employee as an arm of the supervisor, the superior, that he is in an investigative matter. But if he is merely an employee without authority of any nature then it it is merely evidentiary; there would be no requirement of counsel.

Mr. MYERS of Pennsylvania. I thank the gentleman.

Mr. BEARD of Tennessee. Madam Chairman, will the gentleman yield?

Mr. MYERS of Pennsylvania. I yield to the gentleman from Tennessee.

Mr. BEARD of Tennessee. Madam

Chairman, the gentleman from Texas mentioned that it would not lie so far as being material in the investigation of a supervisor?

Mr. WHITE. If the employee, who is below the supervisor under investigation, has no supervisory authority for investigation or for dismissal or discriminatory action to the supervisor, it would be only evidentiary.

Mr. BEARD of Tennessee. Where in the bill is there reference made to that?

Mr. WHITE. By commonsense.

Mr. BEARD of Tennessee. It may be commonsense, but where is it in the bill?

Mr. WHITE. There is no need to have it in the bill, because we are talking about something else.

Mr. BEARD of Tennessee. Here is another example of how we have not drawn the lines correctly.

The CHAIRMAN. The time of the gentleman has again expired.

(By unanimous consent, Mr. MYERS of Pennsylvania was allowed to proceed for 2 additional minutes.)

Mr. MYERS of Pennsylvania. Madam Chairman, I would like to make a brief statement before we go on. I would like to say that the balance in the relationship between an employee and a supervisor is one of such a delicate nature to begin with that I think before we tinker with it, beyond the point of throwing it all out of control, that we ought to consider this fact. One of the most delicate relations between a supervisor and an employee is that situation that requires a supervisor to go to the employee with an investigation, with a possible penalty of loss of job or loss of pay.

It is my impression that most supervisors are not of the type that run rampant over the top of their employees. From the impression that has been given here today one would think that all supervisors in the Federal service have as their main objective the firing of every employee, or to try to take all of their benefits away from them. I submit that that is not true.

I would submit further that there are as many employees who need to be corrected as there are supervisors who may need to be corrected. As I said before, I think if a supervisor does not feel free to properly supervise employees then we must ask who is going to be hurt? It is not the supervisor, but the people who will be hurt are those who are receiving services from the Federal Government such as social security recipients, or it is going to be those good, conscientious workers who come to work every day and do their full share and shoulder the burden and do not really make too much of a big thing about it, they are the ones who will be hurt if we destroy the proper relationship between the employees and supervisor.

Mr. TAYLOR of Missouri. Madam Chairman, will the gentleman yield?

Mr. MYERS of Pennsylvania. I yield to the gentleman from Missouri.

Mr. TAYLOR of Missouri. Madam Chairman, I thank the gentleman from Pennsylvania yielding to me and I think the gentleman from Pennsylvania, Mr. MYERS, is making a very well-intended point.

There has been reference to the case of National Labor Relations Board versus Weingarten, Inc., but I think that it would be well to point out a part of the decision that has not been brought to the attention of the committee:

> The bill also ignores the Supreme Court's suggestion in N.L.R.B. v. Weingarten, Inc., 43 U.S.L.W. 4275 (U.S. Feb. 19, 1975) that employees may find positive benefit in cooperative discussions with managers. Accordingly, the Commission believes the provisions of H.R. 6227 to be extremely undesirable . . .

(At the request of Mr. WHITE, and by unanimous consent, Mr. TAYLOR of Missouri was allowed to proceed for 1 additional minute.)

Mr. WHITE. Madam Chairman, will the gentleman yield?

Mr. TAYLOR of Missouri. I yield to the gentleman from Texas.

Mr. WHITE. I thank the gentleman for yielding.

I wanted to point out in response to the question the gentleman asked, that on the last page, page 4, it says:

> The Civil Service Commission shall prescribe regulations necessary to carry out the purposes of this subchapter.

In other words, if there is a question as to niceties, the Civil Service Commission can issue the regulations that will clarify the matters we were speaking of before as to an employee relating to his superior officer.

Mr. MYERS of Pennsylvania. If the gentleman will yield, in other words, the bill was not clear.

Mr. WHITE. The bill is clear, in my opinion, because it says an "employee is under investigation for misconduct." There is no question in my mind. It is as clear as any bill on this subject or any other subject, but the clarification can also come from the Civil Service Commission.

The CHAIRMAN. Are there further amendments? If not, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. O'NEILL) having assumed the chair, Ms. JORDAN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 6227) to amend title 5, United States Code, to provide Federal employees under investigation for misconduct the right to representation during questioning regarding such misconduct, pursuant to House Resolution 724, she reported the bill back to the House.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BEARD of Tennessee. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 217, nays 163 not voting 53, as follows:

[Roll No. 642]

YEAS—217

Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Ashley
Aspin
Badillo
Baldus
Barrett
Baucus
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Brademas
Breckinridge
Brodhead
Brooks
Brown, Calif.
Burke, Calif.
Burke, Mass.
Burton, John
Burton, Phillip
Carney
Carr
Chappell
Chisholm
Clay
Cohen
Collins, Ill.
Conyers
Corman
Cornell
Cotter
D'Amours
Daniels, N.J.
Danielson
Davis
Delaney
Dellums
Dent
Derrick
Dingell
Dodd
Downey, N.Y.
Drinan
Early
Eckhardt
Edgar
Edwards, Calif.
Eilberg
Emery
English
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fascell
Fenwick
Fish
Fisher
Fithian
Flood
Florio
Flowers
Ford, Tenn.

Fountain
Gaydos
Giaimo
Gonzalez
Gude
Hall
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hicks
Holland
Holtzman
Howard
Howe
Hughes
Hungate
Jacobs
Jenrette
Johnson, Calif.
Jones, Okla.
Jordan
Karth
Kastenmeier
Kazen
Keys
Koch
Krebs
LaFalce
Leggett
Lehman
Levitas
Long, La.
McCloskey
McFall
McHugh
McKay
Macdonald
Madden
Madigan
Maguire
Mann
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Mezvinsky
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mitchell, Md.
Moakley
Moffett
Moorhead, Pa.
Morgan
Moss
Mottl
Murphy, Ill.
Murtha

Natcher
Neal
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Hara
O'Neill
Ottinger
Patman, Tex.
Patterson, Calif.
Pattison, N.Y.
Perkins
Peyser
Pickle
Pike
Pressler
Preyer
Price
Randall
Rangel
Rees
Reuss
Richmond
Riegle
Rinaldo
Rodino
Roe
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Russo
St Germain
Sarbanes
Schroeder
Seiberling
Sharp
Sikes
Simon
Smith, Iowa
Spellman
Staggers
Stanton, James V.
Stark
Steed
Stokes
Studds
Sullivan
Teague
Thompson
Thornton
Traxler
Tsongas
Van Deerlin
Vander Veen
Waxman
Weaver
White
Wilson, C. H.
Wolff
Wright
Yates
Yatron
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—163

Abdnor
Adams
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
AuCoin
Bafalis
Bauman
Beard, Tenn.
Bedell
Bell
Bennett
Bowen
Broomfield
Brown, Mich.

Broyhill
Burgener
Burleson, Tex.
Burlison, Mo.
Butler
Byron
Carter
Casey
Clancy
Clausen, Don H.
Clawson, Del
Cochran
Collins, Tex.
Conable
Coughlin
Crane

Daniel, Dan
Daniel, R. W.
Derwinski
Devine
Downing, Va.
Duncan, Tenn.
du Pont
Edwards, Ala.
Erlenborn
Eshleman
Findley
Flynt
Foley
Forsythe
Frenzel
Frey
Fuqua

Gibbons
Gilman
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hansen
Harsha
Hastings
Hightower
Hillis
Hinshaw
Holt
Horton
Hubbard
Hutchinson
Hyde
Ichord
Jeffords
Johnson, Colo.
Johnson, Pa.
Jones, N.C.
Jones, Tenn.
Kasten
Kemp
Kindness
Krueger
Lagomarsino
Landrum
Latta
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
Lott
McClory
McCollister
McCormack
McDade
McDonald
McEwen
McKinney
Mahon
Martin
Mathis
Michel
Miller, Ohio
Mitchell, N.Y.
Mollohan
Montgomery
Moore
Moorhead, Calif.
Mosher
Myers, Ind.
Myers, Pa.
O'Brien
Passman
Pettis
Poage
Pritchard
Quie
Quillen
Railsback
Regula
Rhodes
Risenhoover
Roberts
Robinson
Rogers
Rose
Rousselot
Runnels
Ruppe
Ryan
Santini
Satterfield
Schneebeli
Schulze
Sebelius
Shipley
Shriver
Shuster
Skubitz
Slack
Smith, Nebr.
Snyder
Spence
Stanton, J. William
Steelman
Steiger, Ariz.
Steiger, Wis.
Stephens
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Treen
Ullman
Vander Jagt
Waggonner
Walsh
Wampler
Whitehurst
Whitten
Wilson, Bob
Wilson, Tex.
Winn
Wydler
Wylie
Young, Alaska
Young, Fla.

NOT VOTING—53

Abzug
Andrews, N.C.
Annunzio
Beard, R.I.
Breaux
Brinkley
Brown, Ohio
Buchanan
Burke, Fla.
Cederberg
Cleveland
Conlan
Conte
de la Garza
Dickinson
Diggs
Duncan, Oreg.
Esch
Fary
Ford, Mich.
Fraser
Ginn
Green
Hamilton
Hébert
Jarman
Jones, Ala.
Kelly
Ketchum
Lent
Litton
Lujan
Meyner
Milford
Mink
Murphy, N.Y.
Nedzi
Patten, N.J.
Pepper
Roncalio
Sarasin
Scheuer
Sisk
Solarz
Stratton
Stuckey
Symington
Udall
Vanik
Vigorito
Whalen
Wiggins
Wirth

The Clerk announced the following pairs:

On this vote:

Mr. Annunzio for, with Mr. Hébert against.

Mr. Pepper for, with Mr. Breaux against.

Ms. Abzug for, with Mr. Burke of Florida against.

Mr. Green for, with Mr. Cederberg against.

Mr. Patten for, with Mr. Cleveland against.

Mr. Murphy of New York for, with Mr. Conlan against.

Mr. Sisk for, with Mr. Wiggins against.

Mr. Solarz for, with Mr. Lujan against.

Mr. Nedzi for, with Mr. Sarasin against.

Mr. Diggs for, with Mr. Jarman against.

Until further notice:

Mr. Ford of Michigan with Mr. Andrews of North Carolina.

Mr. Fary with Mr. Brinkley.

Mr. Hamilton with Mr. Scheuer.

Mrs. Meyner with Mr. Conte.

Mr. Wirth with Mr. de la Garza.

Mr. Fraser with Mr. Brown of Ohio.

Mr. Ginn with Mr. Duncan of Oregon.

Mr. Vigorito with Mr. Buchanan.

Mr. Vanik with Mr. Esch.

Mr. Beard of Rhode Island with Mr. Dickinson.

Mr. Whalen with Mr. Jones of Alabama.

Mr. Udall with Mr. Kelly.

Mr. Stratton with Mr. Milford.

Mrs. Mink with Mr. Lent.

Mr. Symington with Mr. Litton.

Mr. Roncalio with Mr. Stuckey.

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. WHITE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the bill H.R. 6227, just passed.

The SPEAKER pro tempore (Mr. McFALL). Is there objection to the request of the gentleman from Texas?

There was no objection.

REQUEST FOR PERMISSION FOR SUBCOMMITTEE ON INDIAN AFFAIRS OF COMMITTEE ON INTERIOR AND INSULAR AFFAIRS TO SIT DURING 5-MINUTE RULE TODAY

Mr. MEEDS. Mr. Speaker, I ask unanimous consent that the Subcommittee on Indian Affairs of the Committee on Interior and Insular Affairs be allowed to sit this afternoon during the 5-minute rule.

The SPEAKER pro tempore (Mr. McFALL). Is there objection to the request of the gentleman from Washington?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

FURTHER AMENDING THE PEACE CORPS ACT

Mr. MORGAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H.R. 6334) to amend further the Peace Corps Act, and for other purposes, together with the Senate amendments thereto, and concur in Senate Amendment No. 3, disagree to Senate Amendments numbered 1, 2 and 4, and concur in the Senate amendment to the title.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

(1) Page 1, line 6, strike out "$88,468,000" and insert "$80,826,000".

(2) Page 1, line 8, strike out "$27,887,800" and insert "$25,729,000".

(3) Page 2, strike out lines 18, 19, and 20 and insert:

SEC. 5. (a) Section 105(a)(1) of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4955(a)(1)) is amended by striking out "$50" and inserting in lieu thereof "$75".

(b) There are authorized to be appropriated, in addition to the sums authorized to be appropriated pursuant to section 501 of such Act, such additional sums as may be necessary to carry out the amendments made by subsection (a) of this section. Such amendments are to be effective for each fiscal year only to such extent and for such amounts as are specifically provided for such purpose in such appropriation Acts.

Page 2, after line 20, insert.

SEC. 6. (a) Section 5(c) of the Peace Corps Act (22 U.S.C. 2504(c)) is amended by striking out "$75" and inserting in lieu thereof "$125."

(b) There are authorized to be appropriated to carry out the amendment made by subsection (a) of this section, $7,642,000 for the fiscal year ending June 30, 1976, and $2,158,000 for the period beginning July 1, 1976, and ending September 30, 1976. Such amendment is to be effective for any fiscal year only to such extent and in such amounts as are specifically provided for such purpose in appropriation Acts.

Amend the title so as to read: "An Act to amend further the Peace Corps Act, and for other purposes.".

The SPEAKER pro tempore (Mr. McFALL) Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON RULES TO FILE CERTAIN PRIVILEGED REPORTS

Mr. MURPHY of Illinois. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain privileged reports.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

REQUEST FOR PERMISSION FOR SUBCOMMITTEE ON ENERGY RESEARCH, DEVELOPMENT AND DEMONSTRATION (FOSSIL FUELS) OF COMMITTEE ON SCIENCE AND TECHNOLOGY TO SIT TOMORROW DURING THE 5-MINUTE RULE

Mr. HECHLER of West Virginia. Mr. Speaker, I ask unanimous consent that the Subcommittee on Energy Research, Development and Demonstration (fossil fuels) of the Committee on Science and Technology be permitted to sit tomorrow during the 5-minute rule.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. ROUSSELOT. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

PERSONAL EXPLANATION

Mr. BEARD of Rhode Island. Mr. Speaker, with deep regret, I will state that I was not present during the last vote because I was on official business in the Senate with the Joint Committee on Aging.

If I had been present here, I would have voted "yea" on the bill (H.R. 6227).

PROVIDING FOR CONSIDERATION OF H.R. 8835, TRUTH IN LEASING ACT

Mr. MURPHY of Illinois. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 816 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8835) to amend the Truth in Lending Act to protect consumers against inadequate and misleading information, assure meaningful disclosure of lease terms, and limit ultimate liability in connection with leasing of personal property primarily for personal, family, or household purposes, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking, Currency and Housing, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Illinois (Mr. MURPHY) is recognized for 1 hour.

Mr. MURPHY of Illinois. Mr. Speaker, I yield the usual 30 minutes for the minority to the distinguished gentleman from Illinois (Mr. ANDERSON), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 816 provides for an open rule with 1 hour of general debate on H.R. 8835.

H.R. 8835 amends the Truth in Lending Act to protect the consumer against inadequate and misleading leasing information. The consumer lease disclosure section of the bill specifically states that a lease must contain a dated written statement identifying the lessee and the lessor with a brief description of the leased goods, amount of payment required initially by the lessee as well as the amount of periodic payments and other charges not included in these periodic payments.

The lease must also contain a statement identifying all warranties and guarantees by the manufacturer with respect to the leased goods. The conditions under which the lease can be terminated prior to its expiration date must also be included among other conditions designed to further protect the lessee. This accurate disclosure of the lease terms should allow the consumer to compare the options offered by other lessors or available by retail credit sales.

The limitations of liability section of the bill will limit the ultimate liability of the lessee when leasing personal property used primarily for personal, family, or household purposes.

The other major change in this legislation is that it assures meaningful and accurate disclosure of lease terms in advertisements. Any lease that is advertised must include information as to the amount of the payment at the inception of the lease, the number and amounts of the payments under the lease, and the lessee's liability under the terms of the lease.

The bill states further that any lessor who fails to comply with the provisions of this legislation shall be held liable.

There is need for legislation in this area to further achieve the goals of the original Truth in Lending Act. The consumer needs to be protected from an unscrupulous lessor and adequately informed of the terms of his lease.

Mr. Speaker, I urge the adoption of House Resolution 816 in order that H.R. 8835 may be considered.

Mr. ANDERSON of Illinois. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill, the so-called Truth in Leasing Act, as my colleague, the gentleman from Illinois (Mr. MURPHY) has just indicated, is designed to protect consumers against inadequate and misleading lease information and excessive final payments.

It is a bill that, according to the testimony which we received in the Committee on Rules, has been necessitated by the fact that lease advertising all too often has focused on monthly payments that are lower than purchase costs but at the same time fail to disclose the undetermined residual value liability or the real cost of credit to the consumer. These latter items can result in a huge final ballooning payment.

Under the terms of this legislation lessors would be required to disclose to lessees their liability for the difference between the fair cash market value of the leased goods and the appraised actual value upon termination of the lease and other pertinent information prior to the signing of the lease that should be in the possession of the consumer.

The bill would also limit termination payments to not more than three times the average monthly payment except in those cases where there has been excessive damage to the leased property or except in cases of default.

Finally, there is a provision for civil liability for lessors who fail to comply with the terms and requirements of the legislation.

Mr. Speaker, I want to alert the Members of the House at this time to the fact that there was considerable discussion in the Committee on Rules as to how this bill might affect consumer leasing by financial institutions such as banks. I call the attention of the Members to the section of the bill which purports to deal with this question. That is section 181, subparagraph (b) which appears on page 3 of the bill.

That section, as I read it, appears to take a neutral position on this question by stating that nothing in the bill shall be construed or deemed to constitute a congressional finding or determination on the permissibility or impermissibility of consumer leasing by national banks or bank holding companies or bank holding company subsidiaries. As I understand it, that provision was inserted in the legislation in deference to two cases that are now pending in the Federal courts. These are cases that challenge the rights of banks and bank holding companies to engage in closed end leases, and those are, of course, lease arrangements in which part of the residual asset risk is shared by the lessor. At least one Federal district court has held that bank lessors can only engage in open ended leases in which all of the asset risk is borne by the lessee, that is, by the customer or the consumer.

Now, there is another section to this bill I wish to call attention to, and this relates to a question that I posed to at least one member of the committee who appeared before the Committee on Rules. This is the question that I put to a witness who appeared before our committee:

Since this bill in section 183, the section entitled "Limitations of liability," does purport to provide for closed end leases, providing that all of these leases shall be closed end, does that mean that banks and holding companies would be thrown out of the leasing business?

It is my understanding from the testimony that we heard in the Committee on Rules, as well as from reading the supplemental views that are contained in the report which accompanies the bill, that an amendment will perhaps be offered to the legislation in an effort to clarify what the committee's intention was in this regard and to clarify what seems to be a declared intention to remain perfectly neutral on this particular question.

Under the language of the proposed amendment, if it is offered, the making of a lease by a national bank or a bank holding company, where otherwise permissible by law or regulation, would not be deemed impermissible simply because of the provisions of this Act calling for the limited liability on the part of the lessee that is provided for in this bill.

Mr. Speaker, I personally would like to associate myself with the concluding remarks that are to be found in these supplemental views where the authors say: "We do not favor the banks nor do we favor the automobile dealer, though we are partial to competition and partial to the consumer."

Mr. Speaker, I think we would be well advised to follow that rule of not trying to show any favoritism in this regard to either banks or automobile dealers or others who may be engaged in this leasing activity by making it clear that we are simply providing protection against the consumer's being victimized because he is not in possession of the kind of information that he should have before entering into one of these lease agreements.

Mr. Speaker, I urge the adoption of the rule.

Mr. Speaker, I have no further requests for time.

Mr. MURPHY of Illinois. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PERMISSION FOR SUBCOMMITTEE ON ENERGY RESEARCH, DEVELOPMENT, AND DEMONSTRATION (FOSSIL FUELS) OF COMMITTEE ON SCIENCE AND TECHNOLOGY TO MEET TOMORROW DURING 5-MINUTE RULE

Mr. HECHLER of West Virginia. Mr. Speaker, I ask unanimous consent that the Subcommittee on Energy Research, Development, and Demonstration (fossil fuels) of the Committee on Science and Technology be permitted to meet during the 5-minute rule tomorrow.

The SPEAKER pro tempore (Mr. MCFALL). Is there objection to the request of the gentleman from West Virginia?

Mr. ROUSSELOT. Mr. Speaker, reserving the right to object, could the gentleman explain to us why this is necessary and what the problem is?

Mr. HECHLER of West Virginia. The full Committee on Science and Technology is meeting at 10 a.m. on Thursday, and the purpose of this brief meeting is to consider a report by the subcommittee to the full committee which cannot be considered tomorrow morning in light of the fact that the subcommittee has held hearings in Colorado up until today.

Mr. ROUSSELOT. Still reserving the right to object, Mr. Speaker, can the gentleman assure us that there will be nothing involved here by way of legislation, other than this report?

Mr. HECHLER of West Virginia. There will be discussions of the particular report that goes to the full committee; that is all.

Mr. ROUSSELOT. And the meeting will not be of long duration so as to interrupt Members who might want to be on the floor, is that correct?

Mr. HECHLER of West Virginia. The meeting will be held very close to the floor, and obviously, will not be of long duration.

Mr. ROUSSELOT. Mr. Speaker, I withdraw my reservation of objection.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

TRUTH IN LEASING ACT

Mrs. SPELLMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8835) to amend the Truth in Lending Act to protect consumers against inadequate and misleading leasing information, assure meaningful disclosure of lease terms, and limit ultimate liability in connection with leasing of personal property primarily for personal, family, or household purposes, and for other purposes.

The **SPEAKER** pro tempore. The question is on the motion offered by the gentlewoman from Maryland (Mrs. SPELLMAN.)

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 8835, with Mr. ROUSH in the Chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The **CHAIRMAN.** Under the rule, the gentlewoman from Maryland (Mrs. SPELLMAN) will be recognized for 30 minutes, and the gentleman from Ohio (Mr. WYLIE) will be recognized for 30 minutes.

The Chair recognizes the gentlewoman from Maryland (Mrs. SPELLMAN).

Mrs. SPELLMAN. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I regret to advise the Committee that Chairman ANNUNZIO will not be here today to carry his truth-in-leasing bill to victory, because he is in the hospital.

Anyone who knows how much of himself the chairman put into this legislation, who has witnessed, as have members of his subcommittee, his dedication, his diligence, and his persuasiveness, will share in our disappointment over his forced absence.

At his request, I am substituting for him today, and I hope I can do justice to his legislation. I know everyone joins me in wishing the gentleman from Illinois, Chairman ANNUNZIO, a speedy recovery and a very prompt return.

Mr. Chairman, I appreciate the opportunity to explain the contents and purpose of H.R. 8835 the Truth in Leasing Act. This legislation will require disclosure of the important terms of consumer lease agreements, both in lease advertising and prior to consummation of lease contracts. In addition, this legislation will limit a consumer's ultimate liability to a lessor under a lease to three times a monthly payment, except if there has been physical damage beyond reasonable wear and use or default.

The House Banking, Currency and Housing Committee reported out this legislation unanimously, as did its Subcommittee on Consumer Affairs.

Leasing consumer personal property such as automobiles or furniture is a rapidly growing business. It is competing with credit sales. By illustration, from 1963 to 1973 new car sales increased only 42 percent, while lease and fleet registration on new cars increased by 127 percent.

Yet, consumers are presently often the victims of inadequate or intentionally misleading information about such leases. Deceptively low monthly payments and low or no initial down payments attract innocent consumers who then sign lease arrangements only later to be surprised to learn they are liable for a huge balloon payment at the end of the lease. Leasing information often fails to disclose that, as in the case of credit sales, there is a finance charge. Also, there is a charge for the leasing service.

This act will afford consumers the information they need to compare various lease arrangements, to compare lease arrangements with credit sales, and to know the extent and conditions of their liability under a lease.

The legislation provides for clear and conspicuous disclosure in the lease contract of lease contract terms including consumer costs such as periodic payments, the aggregate cost of the lease, and consumer liability at the end of the lease.

Equally as important as the disclosure section is the section limiting a consumer's liability. Under the act, a consumer's liability at the end of the lease cannot exceed three times a monthly payment unless there is physical damage beyond reasonable wear or use, or default. This limitation on what is commonly called the balloon payment is absolutely necessary if consumers are to be protected from disreputable lessors who offer deceptively low monthly payments and then surprise the consumer with a huge balloon payment at the end of the lease. This liability limitation is also needed to force lessors to be honest in their appraisal of the leased goods at the end of the lease.

The only controversy affecting this legislation is the request for an amendment to this act to state that Congress finds that national banks can participate in consumer leasing. While such an amendment purports only to be a preservation of the status quo, necessary because some banks claim this act's limitation on liability will force them out of leasing, we want to respond to this controversy right now.

This act's limitation on liability will not force banks out of leasing. First, this act does not even apply to commercial leasing, where most bank leasing occurs. The court case which banks rely on for their prediction of exclusion—M. & M. Leasing—is not even good law because it is only a district court case and has been appealed.

Nevertheless, we will respond to the issue it raises. The case states that banks cannot be in closed-end leasing because that form of lease will not require the consumer to guarantee the lessor the expected resale value of the car since liability ends after the last monthly payment.

This act's limitation on balloon payments does not end the consumer's liability after the last monthly payment. It allows an additional obligation of three times a monthly payment. This should cover any differential between the actual and anticipated resale value of the car.

Furthermore, if there is default in the lease, the limitation does not apply at all. If the car is returned with physical damage beyond reasonable wear and use, again the limitation does not apply at all. To do so would be totally improper and out of order.

This bill definitely is not intended to address the question of bank eligibility to participate in consumer leasing. Before acting on that issue, Congress should hold hearings and vote the matter either up or down. Dealing with such an important issue through the back door and in a covert way would be a disservice to the issue and to the consumers meant to be benefited by this Truth in Leasing Act. I submit: This bill takes a neutral position on bank eligibility favoring neither banks nor leasing companies.

Mr. Chairman, truth in leasing should help protect consumers from harm while not interfering with a legitimate service to consumers—leasing of personal property. I urge you to vote for this needed legislation.

Mr. WYLIE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I am indeed sorry that our good friend and chairman of the Subcommittee on Consumer Affairs, the gentleman from Illinois (Mr. ANNUNZIO) cannot be here today. Not only because of his temporary physical infirmity which causes his absence am I sorry, but also because the gentleman from Illinois (Mr. ANNUNZIO) has dedicated himself to this bill and to the principles encompassed in the bill of standing up for the public interest and generally for consumer protection. But I am pleased to hear that he is doing well and that he will be back with us before very long.

The gentleman from Illinois (Mr. ANNUNZIO) has been a persistent and tireless worker in his efforts to bring about meaningful legislation in this area of truth in leasing, and in his efforts to bring this bill to the House floor today. I am just sorry that he cannot be here to present the bill, of which I am very proud to be a cosponsor. Of course, that does not detract from my feeling that the gentlewoman from Maryland (Mrs. SPELLMAN) has done an excellent job in presenting the bill.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. WYLIE. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. I thank the gentleman for yielding.

I should like to associate myself with the gentleman's remarks in support of this bill, and I regret that our dear Chairman, the gentleman from Illinois (Mr. ANNUNZIO) cannot be here. I should also like to speak in admiration for the way our Acting Chairman, the gentlewoman from Maryland (Mrs. SPELLMAN) has handled the bill.

Mr. WYLIE. I thank the gentlewoman.

As has been previously stated, the basic purpose of this bill, H.R. 8835, is to require the disclosure of the aggregate costs, including the interest service charges and finance charges, of the leasing of an automobile or refrigerator or other item which may have residual value at the end of the lease.

We found it necessary to undertake to write a bill like this to close—and I use the word advisedly—what was determined to be a loophole in the truth-in-lending bill. We also found that some of the persons who were in the business of selling automobiles, refrigerators, and hard goods decided to go the leasing route, require only a small down payment with small monthly payments, and then at the end of the lease arrangement, socked the customer with a large balloon payment.

The lessee under those circumstances never knew exactly what the interest charge was, what the finance charge was, or what the service charge was. So the basic concept of this bill is sound; there is not any question about that.

I support its thrust without reservation. I have worked closely with the gentleman from Illinois (Mr. ANNUNZIO) in that regard. But during the course of the hearings on this bill before the subcommittee, it was called to my attention by Mr. Robert Bloom, who was then Chief Counsel of the Administrator of the National Banks for the Comptroller of the Currency of the United States, that the provision in section 183 of the bill would force the lessor to bear some of the risks of the fluctuations in value of the leased item, and enactment of this provision would remove banks and nonbank-related subsidiaries, or bank holding companies, in 23 States from the consumer leasing field.

They base their reasoning on this case to which the gentlewoman from Maryland (Mrs. SPELLMAN) referred a little while ago, the M. & M. Leasing Co., et al. against Seattle First National Bank. In the decision which was rendered April 10, 1975, is is said that under our bill if the liability limitation provision of section 183 remains the arrangement becomes what we call a closed-end lease and banks cannot participate in that because it is not bank-related activity.

It was my feeling that we had no intention of changing the substantive law so that banks in those States where this kind of arrangement was permitted would not thereafter be permitted to do this, and an amendment was recommended to me by the Comptroller of the Currency which would preserve the status quo of banks and bankholding companies in the leasing in these 23 States where such arrangements are permitted. The amendment was adopted by this subcommittee, but in the full committee I offered another amendment which was also adopted by the Subcommittee on Consumer Affairs in the Senate having language more precisely drawn. It was recommended jointly by the Comptroller of the Currency and the Federal Reserve Board.

After a careful examination of that language I realized it was more precise and cleared up this question; that language is found on page 18 of the report accompanying this bill, to which I have made reference in my supplementary views. I offered that amendment and the amendment was defeated. I think I received maybe only four votes but it seemed to me as if we ought to clear up this question of what is the functional equivalent of the extension of credit.

I had intended to offer my amendment on the House floor today because of what I think is the "unintended" effect of the language in section 183 regarding the limits of liability and which would keep banks out of the leasing business in those 23 States until such time as the courts clarify this issue.

One of those States is not Ohio however and I found to my surprise that the commercial bankers in Ohio were not concerned. I talked with commercial bankers in the city of Columbus and they said it did not much matter to them one way or another about my amendment, whereas the Ohio Automobile Dealers Association is violently opposed to the language of my amendment and the amendment which was adopted by the subcommittee over in the Senate.

I now feel that this issue is not my battle.

It would be preferable to take this matter to conference. That is being perfectly frank and honest as to where I stand on this bill today. I felt like my friend who spoke on the rule a little while ago, the gentleman from Illinois (Mr. ANDERSON), who said that we are ducking the issue by not being more precise in what we mean by closed-end lease arrangements. But with little or no support, and discretion being the better part of valor, I decided that today was not the time for me to challenge any provision in this very important bill and that I should not offer the amendment on what would be admittedly a controversial subject with little apparent hope for success.

So I urge adoption of the truth in leasing bill as we have it before us (H.R. 8835) as reported to the House Committee on Banking, Currency and Housing, with the promise that the lease issue as it relates to banks will be the subject of a discussion in the House and in the Senate conference, should I be fortunate enough to be a member of the conference committee.

Mr. J. WILLIAM STANTON. Mr. Chairman, will the gentleman yield?

Mr. WYLIE. I yield to the gentleman from Ohio (Mr. J. WILLIAM STANTON).

Mr. J. WILLIAM STANTON. Mr. Chairman, I wish to associate myself with the gentleman's remarks and point out to the committee that the gentleman in the well has indeed worked hard in our subcommittee and worked extensively on this bill.

Mr. Chairman, I urge adoption of the bill.

Mr. WYLIE. Mr. Chairman, I thank the gentleman for his support and would ask that H.R. 8835 be passed in its present form.

Mrs. SPELLMAN. Mr. Chairman, I have no requests for time.

Mr. WYLIE. Mr. Chairman, I yield 3 minutes to the gentleman from Virginia (Mr. BUTLER).

Mr. BUTLER. Mr. Chairman, I have a few questions of the gentleman from Ohio.

I would like to explain to the gentleman that before I came to Congress I worked for a living practicing law. One of the greatest experiences for lawyers was the truth in lending bill. I think maybe the printers came out better than the lawyers, but it was close. It was quite an experience for the American people and the consumers who were the intended beneficiaries.

What concerns me at the moment is how much thought has gone into this bill? As I read the truth in leasing legislation, it is concerned only with consumer transactions. Just what percentage of the leasing arrangements are really consumer oriented and how many are business oriented? What percentage of the leasing market are we talking about at the moment we consider this legislation?

Mr. WYLIE. Mr. Chairman, I cannot answer the gentleman's question as to how much of the market is concerned with leasing, because that is not a relevant issue here. I do not believe we got into a percentage figure of how many automobiles are leased or how many automobiles are sold; but the amount of automobiles which are in use as a result of the lease arrangement has increased considerably since the passage of the truth in lending bill because of this so-called loophole to which I referred a little earlier.

Mr. BUTLER. If the gentleman will yield further, and if I may have his attention.

Mr. WYLIE. Yes, surely.

Mr. BUTLER. How many hearings were held on this legislation?

Mr. WYLIE. Well, we worked on the bill for 2 full days, 1 full day was taken for extensive hearings before the Consumer Affairs Subcommittee. Another full day was used for markup.

Now, that sort of belies the fact a little bit, because we met most of the day during those 2 days. We met in the morning and in the afternoon. We held extensive hearings on the truth in lending bill in the 92d and the 93d Congresses; so this is a subject that is not necessarily new to most of us, as the gentleman can see.

The idea of this bill is to protect the consumer in the disclosure of any financial arrangement insofar as a lease is concerned. Whatever the percentage does not seem all that important to me. If there are abuses in the field as far as consumer leases are concerned, then we ought to clear up those abuses.

Now, unfortunately, there are occasionally rotten apples in the barrel and we have to pass legislation to protect the unwary consumer against those persons who would take advantage of a loophole in the law. Most persons who lease equipment on a short- or long-term basis disclose the finance charges, the interest charges, and the consumer knows exactly what his costs are going to be in the end.

Unfortunately, there are those who found they did not have to disclose lease terms under the truth in lending bill and did not disclose.

It is to that end that we are here today trying to require those who did not otherwise feel the responsibility to protect the consumer, or allow the consumer the benefit of shopping around, by trying to find the best arrangement in the lease of an automobile for instance.

The CHAIRMAN. The time of the gentleman from Virginia has again expired.

Mr. WYLIE. Mr. Chairman, I yield 5 additional minutes to the gentleman from Virginia.

Mr. BUTLER. Of course, the problem with the truth in lending bill was that whether one had a true lease or not, a lessor was not burdened with the provisions of the Truth in Lending Act. As I view this legislation, we have put that question to rest by requiring that in a lease situation we have to make certain disclosures, and in lending situations we have to make certain other sets of disclosures. It seems to me that we have now placed the lender or the lessor in the position in which he is going to have to decide whether he is going to be a lender or lessor, and it is not always clear under the law which he is.

Does the gentleman not think that what he has done in this instance, in those marginal cases, placed that person who was a lender or lessor in a position where he is going to have to comply not only with the truth in lending law, as far as financial charges and rates of interest, but also the leasing law, with balloon payments and all those other things?

Are we not tremendously burdening the financial activities of this country without receiving a full showing that there is a real need for this legislation? That is what concerns me. It is such a burden to place on business without a very convincing showing that this is a major problem. That is what disturbs me at the moment, having lived through truth in lending.

Mr. WYLIE. I think I may not have responded precisely to the gentleman's question a little earlier when he asked what percentage of commercial leases are involved in this bill. Did he use the term "commercial leases"?

Mr. BUTLER. My question was, if I may rephrase it, what percentage of the leasing is required to be disclosed? This problem is mostly commercial and not consumer.

Mr. WYLIE. Most leasing is commercial, and we do not deal with commercial leases in this bill. We did not find any abuses in the commercial leasing field where the lessee on the other side usually was a sophisticated businessman who leased large fleets of automobiles or heavy equipment on a short-term basis.

This bill only concerns itself with the consumer side of leasing where a person involved leases an automobile or refrigerator, usually on a short-term basis with an option to buy at the end of the lease. So, the percentage of the total leasing business in the United States is not a relevant issue.

Mr. BUTLER. That is exactly my point. We are burdening the entire leasing industry for the benefit of a few, a modest few. I am disappoined that the gentleman cannot tell me how many people are going to get the benefit of this legislation. If the record does not show it, then I would suggest that there has not been sufficient preparation by the subcommittee and committee when this bill was brought before them. I would be sympathetic with the burdened lessees, but I am not sure that as many of them exist as the gentleman has led us to believe.

Mr. WYLIE. I do not think the gentleman's question is relevant at this point. This is supposed to be a consumer protection bill, and the fact is that we do not concern ourselves with the commercial side of the leasing business, which, as I say, I did not answer precisely a little earlier, but rather that we are concerning ourselves with the consumer leasing business, and it only involves individuals on an individual basis for consumer purposes.

I think it is a proper subject for this Congress, and it is appropriate that we try to protect the consumer, which is what we did in the truth in lending bill. I have not found any great amount of objection to the truth in lending bill as we passed it and amended it since 1968. The only objection has come in this area of leasing where certain persons who are in the leasing business, who avoided cost disclosures to consumers because such disclosures were not required for leases. It is not our intention to close this loophole that lessors have abused by applying truth-in-lending laws to consumer leasing.

It is in that area we are attempting to aid the consumer, and it is not in the area of the large corporation which leases commercial equipment on a continuing basis for business purposes.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. WYLIE. Mr. Chairman, I yield 1 additional minute to the gentleman from Virginia (Mr. BUTLER).

Mr. BUTLER. Mr. Chairman, I will not beat this dead horse any further. I would just like to state for the record that I think this legislation represents a solution to a problem which has not been found to exist. For that particular reason, I wolld not burden the statutes of this country and the lessors and lessees of this country with further paperwork; and I will vote against it.

Mr. WYLIE. Mr. Chairman, I yield such time as he may consume to the gentleman from Ohio (Mr. KINDNESS).

Mr. KINDNESS. Mr. Chairman, I thank the gentleman for yielding, and I would just rise again with a note of caution for the Members of the House to consider: That in the bill before us we have another attempt to enter an area of the law which is properly within the jurisdiction of the States.

Mr. Chairman, it seems to be a habit that here in these hallowed halls, where the Constitution provides that there are certain powers enumerated to the Federal Government and the remainder of those powers under the 10th amendment to the Constitution are retained by the States and by the people, we constantly step over that line.

Sure, there are court decisions that justify it. But let me ask: What is the protection of the consumer involved in this bill, when it is "the consumer" who has the custody of the leased article in question?

It is not a matter of protecting someone from not obtaining or not having possession of the article of personal property in question, and it is not a matter of having paid in advance for something which is not readily available for use. The individual, the "consumer", as the term is being used in the debate here to describe the person involved, has the control of the property and indeed has control of the money.

The one good thing I can see about the bill is that it will tend to make less available that ready sort of credit which has caused many an American family to go beyond their limitations in spending. In other words, if one happens to be a person who would like to have a ready availability of this type of credit for leasing personal property, one is going to find it less available. In the short run, that does not mean very much because that sort of money is not all that readily available in our economy now anyway. But if we reach a normal sort of economy within a few years, this form of financing is just likely to be that much less available, and perhaps that is all to the good.

Mr. WYLIE. Mr. Chairman, I yield myself 2 additional minutes.

Mr. Chairman, just to set at ease the mind of my friend, the gentleman from Virginia (Mr. BUTLER), if I can, we found during our hearings that most persons, for example, in the 23 States where these lease arrangements are already permitted, did exactly what is required in this bill, that they had no problem with the so-called additional paperwork to which the gentleman referred. As a matter of fact, most persons and corporations involved in the leasing business of automobiles and hard goods would be complying with this bill.

Mr. Chairman, I am not sure if there

is anything to be learned from this, but unfortunately most of the abuses were found in the area of the used-car dealer who was attempting to lease his automobile and found a way to do that and yet he did not have to disclose the finance charges or the interest charges until the end of the lease. On many occasions, the lessee paid the monthly payments and at the end of the time found he could not afford the large balloon payments.

We found that the problem did not exist on a widespread basis, and we found that it existed primarily in the State of Connecticut, and we felt that the problem, having existed in the State of Connecticut, might spread to the other 23 States. So we thought it was time that we close that loophole which the used-car dealers had taken advantage of.

That is the purpose of the bill, and that is why we are here today. I think it is a good bill. I do not think it will require a great deal of paperwork. I can understand the gentleman's concern in that regard because I have fought against excessive regulations of the Federal Government, and I know that many small businessmen are burdened by special rules and regulations. However, I do not think that will be the case in this bill.

Mrs. **SPELLMAN.** Mr. Chairman, I yield such time as he may consume to the gentleman from the District of Columbia (Mr. FAUNTROY).

Mr. **FAUNTROY.** Mr. Chairman, the bill which you have before you is a product that results from the failure of too many merchants to deal honestly with the consuming public. The recent trends toward the leasing of automobiles and other kinds of merchandise by increasing numbers of Americans who have not received the kinds of adequate information which we have found that can be provided in such legislation such as the Truth in Lending Act compels your committee to act to assure that the enticements and the contracts are neither misleading not uninformative.

During our investigation, the committee found that many of the advertisements failed to state that the lessee would be responsible for the full depreciated value of the automobile at the end of the lease term less a deduction for what he paid. This meant that, at the end of the lease term, a lessee would be required to either renew the lease thereby depriving himself of the primary reason for entering into the lease, which is to assure oneself of a new car on a periodic basis at a reasonable cost or pay with cash money the difference. The latter destroys the financial incentive for a lease because it is the same as a balloon payment. Indeed, if one were to consider a lease an extension of credit, the large end-of-lease-payment is the same as a balloon payment.

It is for this reason, to correct these abuses, that your committee has reported a bill which limits the residual payments to three times an amount determined by dividing the total of scheduled payments by the number of months of the lease contract.

As more and more Americans enter into leasing arrangements for additional kinds of goods and services, it becomes increasingly imperative that they be able to contract with the confidence that they have learned to expect in financial transactions. We must not assume that every American has easy access to a lawyer or to an accountant. We must not assume that every American will have the expertise to know what questions to ask or to ascertain which offering to him is the best when they are made in a variety of different terms and manners.

One of the things that sets an open market economy apart from others is the nature of the competition. Competition is available, theoretically, only when the goods are identical and the information perfect. We cannot—and we should not necessarily make the goods identical—but we can make the information more nearly consistent and thus give the buyer better information to use in shopping. If we are to preserve our market places and our economic system, we must assure that competition is able to flourish without undue hindrances of false advertising or false and misleading information.

While not everyone who receives this data will use it in comparison shopping, it is fair to contemplate that the data will tend to assure that the quoted price is the best that this dealer can normally provide since he will have no way of knowing what shopping has already been done or may be done. Thus, this legislation will tend to have an impact upon consumer prices and upon the truthfulness of the information provided whether or not it is used.

As the representative of an urban constituency whose residents are constantly beseiged with advertisements that urge them to spend more to improve their lives—some of the offerings being of questionable improvements in life—I know the feelings of pressures that leased goods and services bring. I want to lessen that pressure with the help of this legislation.

I am not unaware of the controversy which surrounds the issue of whether or not this legislation will prohibit banks from engaging in closed end leases for under this legislation all leases may be read as closed end. Since the questions of personal property leasing continues to be litigated in the courts, however, it is best that the issue not be resolved in this legislation. It can be resolved in the courts and if, after appropriate hearings, we find that the court decisions do not comport with the economic facts as we understand them, we can amend the law. That issue is too important for us to resolve here since this bill is only intended to provide each consuming American with information and does not speak at all to whether banks should finance these consumables.

I urge support for this legislation and for the fine work which the subcommittee has done in getting this bill to the floor.

Mr. **WYLIE.** Mr. Chairman, I have further requests for time.

The **CHAIRMAN.** There being no further requests for time, the Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF PURPOSE

SECTION 1. The Congress finds that there has been a recent trend toward leasing automobiles and other durable goods for consumer use as an alternative to installment credit sales and that these leases have been offered without adequate cost disclosures. It is the purpose of this Act to assure a meaningful disclosure of the terms of leases of personal property primarily for personal, family, or household purposes so as to enable the lessee to compare more readily the various lease terms available to him, limit balloon payments in consumer leasing, enable comparison of lease terms with credit terms where appropriate, and to assure meaningful and accurate disclosures of lease terms in advertisements.

DISCLOSURE OF LEASE TERMS

SEC. 2. The Truth in Lending Act (15 U.S.C. 1601–65) is amended by adding at the end thereof a new chapter as follows:

"CHAPTER 5—CONSUMER LEASES

"§ 180. Short title

"This chapter may be cited as the 'Truth in Leasing Act'.

"§ 181. Definitions

"For the purposes of this chapter:

"(a) The term 'consumer lease' means a contract in the form of a lease or bailment for the use of personal property (other than farm equipment) by a natural person for a period of time exceeding four months, and for a specified rent not exceeding $25,000, primarily for personal, family, or household purposes, whether or not the lessee has the option to purchase or otherwise become the owner of the property at the expiration of the lease, except that any lease included in the definition of 'credit sale' in section 103 (g) of the Truth in Lending Act shall not be subject to this chapter.

"(b) The term 'lessee' means a natural person who leases or is offered a consumer lease.

"(c) The term 'lessor' means a person who is regularly engaged in leasing, offering to lease, or arranging to lease under a consumer lease.

"(d) The term 'personal property' means any property which is not real property under the laws of the State where situated at the time offered or otherwise made available for lease.

"(e) The terms 'security' and 'security interest' means any interest in property which secures payment or performance of an obligation.

"§ 182. Consumer lease disclosures

"With respect to a consumer lease, the lessor shall give the lessee prior to the consummation of the lease a dated written statement on which the lessor and lessee are identified setting out in a clear and conspicuous manner the following information, as applicable:

"(a) a brief description or identification of the leased goods, including the year of manufacture, the manufacturer of the goods, and the registration number and model number of the goods;

"(b) the amount of any payment by the lessee required at the inception of the lease;

"(c) the amount paid or payable by the lessee for official fees, registration, certificate of title, or license fees or taxes;

"(d) the amount of other charges payable by the lessee not included in the periodic payment, a description of the charges and that the lessee shall be liable for the differential, if any, between the anticipated fair market cash value of the leased goods and their appraised actual value at the termination of the lease, if the lessee has such liability;

"(e) a statement identifying and describing all warranties and guaranties by the manufacturer or the lessor with respect to the leased goods (and if none apply, a statement to that effect) and the party responsible for maintaining or servicing the leased goods together with a description of the responsibility;

"(f) a brief description of insurance provided or paid for by the lessor and/or required of the lessee, including the types and amounts of the coverages and costs;

"(g) a description of any security interest held or to be retained by the lessor in connection with the lease and a clear identification of the property to which the security interest relates;

"(h) the number, amount, and due dates or period of payments under the lease and the total amount of such periodic payments;

"(i) a statement of the conditions under which the lessee or lessor may terminate the lease prior to the end of the term and the amount or method of determining any penalty or other charge for delinquency, default, or early termination;

"(j) a statement of the liabilities the lease imposes upon the lessee at the end of the term and whether or not the lessee has the option to purchase the leased goods and at what price and time;

"(k) the default, delinquency, or similar charges payable in the event of late payments, whether they are periodic rent payments, or a final balance payment;

"(l) the fair market cash value of the leased goods at the inception of the lease, the aggregate cost of the lease, and the differential between them; and

The disclosure required by this section shall be made before the lease is signed, and shall be made by disclosing this information in the lease contract, a copy of which shall be provided to the lessee when executed.

"§ 183. Limitations of liability

"(a) Except in event of substantial damage or default, no liability of the lessee under the terms of a consumer lease for any payment upon expiration or termination of a lease may exceed three times an amount determined by dividing the total of scheduled payments by the number of months in the term of the lease. A consumer lease within the meaning of this Act shall be considered to be the functional equivalent of an extension of credit or a loan on personal security if the lessee's liability at the conclusion of the lease does not exceed three times the average monthly lease payment.

"(b) If a lease has a residual value provision at the termination of the lease, the lessee may obtain at his expense, a professional appraisal of the leased goods by an individual third party agreed to by both parties. Such appraisal shall be final and binding on the parties.

"§ 184. Consumer lease advertising

"(a) No advertisement to aid, promote, or assist directly or indirectly any consumer lease shall state the amount of any payment, the number of required payments, or that any or no downpayment or other payment is required at inception of the lease unless the advertisement also states clearly, conspicuously, and in equal size print, and in accordance with regulations issued by the Board each of the following items of information which is applicable:

"(1) the transaction advertised is a lease;

"(2) the amount of any payment required at inception of the lease, if any;

"(3) the number, amounts, due dates or periods of scheduled payments, and the total of payments under the lease;

"(4) that the lessee shall be liable for the differential, if any, between the anticipated fair market cash value of the leased goods and their appraised actual value at the termination of the lease, if the lessee has such liability.

"(b) There shall be no liability under this section on the part of any owner or personnel, as such, of any medium in which an advertisement appears or through which it is disseminated.

"§ 185. Civil liability

"(a) Except as otherwise provided by this section, any lessor who fails to comply with any requirement imposed under this chapter with respect to any person shall be liable to such person in an amount equal to the sum of—

"(1) any actual damages sustained by such person as a result of the failure;

"(2) (A) in the case of an individual action five times the amount attributable to a monthly payment under the lease except that liability under this subparagraph shall not be less than $100 nor greater than $1,000; or

"(B) in the case of a class action, such amount as the court may allow, except that as to each member of the class no minimum recovery shall be applicable, and the total recovery in such action shall not be more than the lesser of $100,000 or 1 per centum of the net worth of the lessor; and

"(3) in the case of a successful action to enforce the foregoing liability, the costs of the action, together with a reasonable attorney's fee as determined by the court.

In determining the amount of award in any class action, the court shall consider, among other relevant factors, the amount of any actual damages sustained, the frequency and persistance of failure of compliance by the lessor, the resources of the lessor, the number of persons adversely affected, and the extent to which the lessor's failure of compliance was intentional.

"(b) A lessor shall not be liable under this section if within fifteen days after discovery of an error, and prior to the instiution of an action under this section or the receipt of written notice of the error, the lessor notifies the person concerned of the error and makes whatever adjustments in the appropriate account are necessary to insure that the person will not be required to pay any amount in excess of the amount that should correctly have been disclosed.

"(c) A lessor may not be held liable in any action brought under this section for a violation of this chapter if the lessor shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adopted to avoid any such error and such error has been rectified.

"(d) Except as otherwise specifically provided in this chapter, any civil action for a violation of this chapter which may be brought against the original lessor in any lease transaction may be maintained against any subsequent assignee of the original lessor where the violation from which the alleged liability arose is apparent on the face of the instrument assigned unless the assignment is involuntary.

"(e) A person may not take any action to offset any amount for which a lessor is potentially liable to such person under subsection (a) (2) against any amount owing to such lessor by such person, unless the amount of the lessor's liability to such person has been determined by judgment of a court of competent jurisdiction in an action to which such person was a party.

"(f) No provision of this section imposing any liability shall apply to any act done or omitted in good faith in conformity with any rule, regulation, or interpretation thereof by the Board, notwithstanding that after such act or omission has occurred, such rule, regulation, or interpretation is amended, rescinded, or determined by judicial or other authority to be invalid for any reason.

"(g) The multiple failure to disclose any information required under this chapter to be disclosed in connection with a single lease transaction shall entitle the person to a single recovery under this section, but continued failure to disclose after a recovery has been granted shall give rise to rights to additional recoveries.

"(h) Any action under this section may be brought in any United States district court or in any other court of competent jurisdiction. Such actions alleging a failure to disclose or otherwise comply with the requirements of this chapter shall be brought within one year of the termination of the lease agreement.".

CONFORMING AMENDMENTS

SEC. 3. Section 123 of the Truth in Lending Act (15 U.S.C. 1633) is amended by inserting "(a)" immediately before "The" and by adding at the end thereof the following new subsection:

"(b) The Board shall by regulation exempt any State from the provisions of chapter 5 of this title (except section 185(i), if it determines that under the law of that State, requirements and restrictions are substantially similar to those imposed under chapter 5 and that there is adequate provision for enforcement."

EFFECTIVE DATE

SEC. 4. The amendments made by this Act shall take effect upon the expiration of one year after the date of its enactment.

Mrs. **SPELLMAN** (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the Record, and open to amendment at any point.

The **CHAIRMAN**. Is there objection to the request of the gentlewoman from Maryland?

There was no objection.

COMMITTEE AMENDMENTS

The **CHAIRMAN**. The Clerk will report the first committee amendment.

The Clerk proceeded to read the first committee amendment.

Mrs. **SPELLMAN** (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendments be considered as read, considered en bloc, and printed in the Record.

The **CHAIRMAN**. Is there objection to the request of the gentlewoman from Maryland?

There was no objection.

The committee amendments are as follows:

Committee amendments: On page 2, line 18, after the quotation marks and before "For" insert "(a)".

On page 2, line 19, strike out "(a)" and insert "(1)".

On page 3, line 5, strike out "(b)" and insert "(2)".

On page 3, line 7, strike out "(c)" and insert "(3)".

On page 3, line 10, strike out "(d)" and insert "(4)".

On page 3, line 14, strike out "(e)" and insert "(5)".

On page 3, immediately after line 16, insert the following:

(b) Nothing in this chapter shall be deemed to constitute a congressional finding or determination as to the permissibility or impermissibility of the making of a consumer lease, as defined herein, by a national bank or bank holding company or bank holding company subsidiary.

On page 4, line 9, strike out "payment" and insert "payments".

On page 4, line 22, strike out "and/".

On page 5, at the end of line 21, strike out "and".

On page 5, line 23, strike out the period and insert "; and".

On page 5, immediately after line 23, insert the following:

(n) (1) In the case of a special order item whose price may be subject to change by reason of manufacturing decisions, the disclosure statement shall be the best and/or last available reliable price carrying with it a clear and conspicuous notation that it is or may be subject to change but only to the amount of change which corresponds with the change in the manufacturer's price. Official fees, registration, certificate of title or license fees or taxes whose rates are computed on the base amount of the special order item shall also be clearly and conspicuously noted and unless so noted shall not change from the best and/or last available amount which shall be shown in the least contract.

(2) Any information subject to change with respect to subsection (1) of this subsection shall be incorporated into the lease contract at the time of delivery of the leased goods.

(3) Where a special order item whose registration number or model number are not available at the time of the execution of the lease agreement, it shall be clearly and conspicuously noted upon the contract and subsequently incorporated into the contract at the time of delivery of the leased goods.

On page 6, line 4, strike out "substantial damage" and insert "physical damage beyond reasonable wear and use".

On page 6, beginning in line 9, strike out "A consumer" and all that follows down through "lease payment." in line 13.

On page 6, line 17, strike out "individual" and insert "independent".

On page 7, at the end of line 8, insert "and".

On page 11, line 3, strike out "185(i)" and insert "185(h)".

The committee amendments were agreed to.

Mr. ROUSSELOT. Mr. Chairman, I rise in opposition to H.R. 8835, a bill which should provide sufficient disclosure to afford protection to the consumer but will also retain sufficient flexibility to recognize good faith compliance with the law. The purpose should be to fully disclose the terms of a proposed transaction without limiting the freedom of the consumer to make such contracts as he believes will be beneficial to him.

It is in this regard that I must express my concern regarding the likely effect of the provision in this bill which limits the lessee's liability upon termination of a lease to three times the average monthly payment. My concern is that this limitation of liability provision, together with recent court decisions which limit the power of banks, to offer lease arrangements under which the banks look to any extent to the residual value of the property for its financial return, may effectively drive banks from the leasing business.

Such a result would, in my judgment, be detrimental to consumer interests, because it would take away the opportunity to defer the "down payment" to the end of the credit period and to use the residual value of the property as security for this "balloon" payment. As long as the terms and conditions of the transaction are fully disclosed, legislative action should not foreclose the availability of this alternative form of financing to consumers. Neither would it promote competition or the interest of consumers to eliminate an entire class of competitor, commercial banks, from access to this important segment of the consumer credit market.

Accordingly, in order that it should be made clear that Congress does not intend through this legislation to eliminate banks from the leasing field, I endorse the following language, which is contained in the Senate version of the bill:

> The making of a consumer lease, within the meaning of this Act, shall not be deemed to be an impermissible activity for a national bank or a bank holding company subsidiary, where the making of such a lease is otherwise permissible under applicable laws and regulations, solely because the lessee's liability at the conclusion of the lease is limited in accordance with the provisions of this section.

It is my concern that in passing this well-intended bill we could well be creating another RESPA type quagmire in which subsequent regulations could hurt consumers rather than protect them.

The CHAIRMAN. Are there further amendments to the bill?

If not, under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. Roush, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8835) to amend the Truth in Lending Act to protect consumers against inadequate and misleading leasing information, assure meaningful disclosure of lease terms, and limit ultimate liability in connection with leasing of personal property primarily for personal, family, or household purposes, and for other purposes, pursuant to House Resolution 816, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WYLIE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 339, nays 41, answered "present" 2, not voting 51, as follows:

[Roll No. 643]

YEAS—339

Abdnor
Adams
Addabbo
Alexander
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Ashbrook
Ashley
Aspin
Badillo
Bafalis
Baldus
Barrett
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blanchard
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Broyhill
Burgener
Burke, Calif.
Burke, Mass.
Burlison, Mo.
Burton, John
Burton, Phillip
Carney
Carr
Carter
Casey
Chappell
Chisholm
Clancy
Clausen, Don H.
Clawson, Del
Clay
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
Davis
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Devine
Diggs
Dingell
Dodd
Downey, N.Y.
Downing, Va.
Drinan
Duncan, Tenn.
du Pont
Early
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Emery
English
Erlenborn
Eshleman
Evans, Colo.
Evans, Ind.
Evins, Tenn.
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Foley
Ford, Tenn.
Fountain
Frenzel
Frey
Fuqua
Gaydos
Giaimo
Gilman
Goldwater
Gonzalez
Goodling
Gradison
Grassley
Gude
Guyer
Hagedorn
Haley
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Hawkins
Hayes, Ind.
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Hefner
Heinz
Helstoski
Henderson
Hicks
Hightower
Hillis
Hinshaw
Holland
Holtzman
Howard
Howe
Hubbard
Hungate
Hutchinson
Hyde
Jacobs
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Jordan
Karth
Kasten
Kastenmeier
Kazen
Kemp
Keys
Koch
Krebs
Krueger
LaFalce
Lagomarsino
Latta
Leggett
Levitas
Lloyd, Calif.
Lloyd, Tenn.
Long, La.
Long, Md.
McClory
McCloskey
McCormack
McFall
McHugh
McKay
McKinney
Macdonald
Madden
Madigan
Maguire
Mahon
Mann
Martin
Matsunaga
Meeds
Melcher
Metcalfe
Mezvinsky
Michel
Mikva
Miller, Calif.
Mills
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moore
Moorhead, Calif.
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murtha
Myers, Pa.
Natcher
Neal
Nichols
Nix
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Hara
O'Neill
Ottinger
Passman
Patman, Tex.
Patterson, Calif.
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Pressler
Preyer
Price
Pritchard
Quie
Railsback
Randall
Rangel
Rees
Reuss
Rhodes
Richmond
Riegle
Rinaldo
Risenhoover
Robinson
Rodino
Roe
Rogers
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
Russo
Ryan
St Germain
Santini
Sarbanes
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Skubitz
Slack

Smith, Iowa
Smith, Nebr.
Snyder
Spellman
Spence
Staggers
Stanton,
  J. William
Stanton,
  James V.
Stark
Steed
Steiger, Wis.
Stephens
Stokes
Stuckey
Studds
Sullivan
Talcott
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Walsh
Wampler
Waxman
Weaver
White
Whitehurst
Whitten
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wolff
Wright
Wydler
Wylie
Yates
Yatron
Young, Alaska
Young, Fla.
Young, Ga.
Young, Tex.
Zablocki
Zeferetti

NAYS—41

Archer
Armstrong
AuCoin
Bauman
Burleson, Tex.
Butler
Byron
Cochran
Collins, Tex.
Conable
Crane
Flynt
Forsythe
Gibbons
Hansen
Harsha
Hastings
Holt
Hughes
Ichord
Johnson, Colo.
Kindness
Landrum
Lott
McCollister
McDonald
McEwen
Mathis
Miller, Ohio
Myers, Ind.
Pattison, N.Y.
Poage
Roberts
Rousselot
Runnels
Satterfield
Shuster
Symms
Taylor, Mo.
Treen
Waggonner

ANSWERED "PRESENT"—2

Lehman
Quillen

NOT VOTING—51

Abzug
Annunzio
Breaux
Brinkley
Brown, Ohio
Buchanan
Burke, Fla.
Cederberg
Cleveland
Conlan
Dickinson
Duncan, Oreg.
Esch
Fary
Ford, Mich.
Fraser
Ginn
Green
Hébert
Horton
Jarman
Jones, Ala.
Kelly
Ketchum
Lent
Litton
Lujan
McDade
Mazzoli
Meyner
Milford
Mink
Murphy, N.Y.
Nedzi
Patten, N.J.
Regula
Roncalio
Sarasin
Scheuer
Sisk
Solarz
Steelman
Steiger, Ariz.
Stratton
Symington
Udall
Vanik
Vigorito
Whalen
Wiggins
Wirth

The Clerk announced the following pairs:

Mr. Annunzio with Mr. Brinkley.
Ms. Abzug with Mr. Wiggins.
Mr. Breaux with Mr. Jarman.
Mr. Hébert with Mr. Sarasin.
Mr. Sisk with Mr. Kelly.
Mr. Vanik with Mr. Brown of Ohio.
Mr. Green with Mr. Horton.
Mr. Roncalio with Mr. Regula.
Mr. Patten with Mr. Steelman.
Mr. Vigorito with Mr. Scheuer.
Mr. Wirth with Mr. Buchanan.
Mr. Murphy of New York with Mr. Jones of Alabama.
Mr. Nedzi with Mr. Steiger of Arizona.
Mrs. Mink with Mr. Lent.
Mr. Fary with Mr. Burke of Florida.
Mrs. Meyner with Mr. Litton.
Mr. Solarz with Mr. Cederberg.
Mr. Ford of Michigan with Mr. Cleveland.
Mr. Fraser with Mr. Lujan.
Mr. Ginn with Mr. McDade.
Mr. Symington with Mr. Dickinson.
Mr. Stratton with Mr. Esch.
Mr. Udall with Mr. Duncan of Oregon.
Mr. Mazzoli with Mr. Conlan.
Mr. Milford with Mr. Whalen.

Mr. ROSENTHAL changed his vote from "nay" to "yea."

Mr. LEHMAN changed his vote from "yea" to "present."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mrs. SPELLMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the bill H.R. 8835 just passed.

The SPEAKER. Is there objection to the request of the gentlewoman from Maryland?

There was no objection.

PERSONAL EXPLANATION

Mr. STEELMAN. Mr. Speaker, I failed to vote when the bill just passed was called for a vote, the Truth in Leasing Act (H.R. 8835). Had I been present, I would have voted "aye."

I ask that my statement appear in the Record just following the rollcall vote.

NATIONAL PRODUCTIVITY AND QUALITY OF WORKING LIFE ACT OF 1975

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 818 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 818

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2195) to establish a National Center for Productivity and Quality of Working Life; to provide for a review of the activities of all Federal agencies including implementation of all Federal laws, regulations, and policies which impede the productive performance and efficiency of the American economy; to encourage joint labor, industry, and Government efforts to improve national productivity and the character of working conditions; to establish a Federal policy with respect to continued productivity growth and improved utilization of human resources in the United States; and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking, Currency and Housing, the bill shall be read for amendment under the five-minute rule by titles instead of by sections. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Louisiana (Mr. Long) is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, I yield 1 minute to the gentleman from Connecticut (Mr. Moffett).

(By unanimous consent (at the request of Mr. Long of Louisiana) Mr. Moffett was allowed to speak out of order.)

HEARINGS ON H.R. 10315 AND H.R. 9868 "GOVERNMENT IN THE SUNSHINE" LEGISLATION

Mr. MOFFETT. Mr. Speaker, on November 6 and 7, the Subcommittee on Government Information and Individual Rights will begin hearings on "Government in the Sunshine" legislation, including H.R. 10315 and H.R. 9868.

This legislation would, with certain exceptions, require that all meetings of multimember Federal agencies be open to the public and would require that any closing of a portion of a meeting be by a recorded vote of a majority of the commissioners. The result of the vote and the reason for the closing would be available to the public.

The hearings will be held in room 2247 of the Rayburn Building and will commence at 10 a.m. on November 6 and at 9 a.m. on November 7. Persons wishing to testify or submit written statements for the record should communicate with Eric Hirschhorn, counsel to the subcommittee, in room B-349C of the Rayburn Building.

Because of the death of the mother of Ms. Abzug, our chairwoman, both of the hearings previously announced for this week will be postponed. Today's hearing was to have been on the subject of FBI recordkeeping systems and the hearing scheduled for Thursday, October 30, was to have been on recordkeeping activities of the National Archives and Records Service, with particular emphasis on records of Presidential commissions such as the Warren Commission. These two hearings should be rescheduled shortly, and announcement of the new dates, times and places will be made as soon as possible.

Mr. LONG of Louisiana. Mr. Speaker, I yield the usual 30 minutes for the minority to the distinguished gentleman from California (Mr. Del Clawson), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resoluton 818 provides for an open rule with 1 hour of general debate on S. 2195, a bill which establishes a national policy to encourage productivity growth in all sectors of the economy. This bill creates an independent National Center for Productivity and Quality of Working Life which will focus, coordinate, and promote efforts to improve the rate of national productivity growth.

One of the Nation's most important and least understood economic problems during the last decade has been a declining rate of productivity growth. The establishment of this Center as provided for in S. 2195 should help us to improve that productivity growth rate and this should in turn help us to get a better handle on some of our economic problems facing the country.

The bill provides for a total 3-year authorization of $16.25 million: $6.25 for 1976, plus the 3-month transition period; $5 million for 1977; and $5 million for 1978.

Mr. Speaker, I urge the adoption of House Resolution 818 in order that we may discuss and debate S. 2195.

Mr. Speaker, I yield to the gentleman from California (Mr. Del Clawson).

Mr. DEL CLAWSON. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 818 provides for 1 hour of equally divided general debate on S. 2195, the National Productivity and Quality of Working Life Act of 1975. The bill shall be read, for germane amendments under the 5-minute rule, by titles instead of by sections. There are no waivers of points of order.

The purpose of S. 2195 is to create an independent National Center for Productivity and Quality of Working Life, replacing the National Commission on Productivity and Work Quality, and to establish a national policy to encourage productivity in all sectors of the economy.

The new Center will develop an overall national productivity policy and coordinate Federal departments and agencies to carry out policies as set forth for the Government.

The cost is estimated at approximately $16,250,000 over the next 3 years. Since the funds of the Commission on Productivity and Work Quality, $2,000,000, will be incorporated into the National Center's budget, additional Federal expenditures will not be more than $10,250,000 over the next 3 years.

Mr. Speaker, I have no objection to the adoption of this rule.

Mr. LONG of Louisiana. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. ASHLEY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate bill (S. 2195) to establish a National Center for Productivity and Quality of Working Life; to provide for a review of the activities of all Federal agencies including implementation of the Federal laws, regulations, and policies which impede the productive performance and efficiency of the American economy; to encourage joint labor, industry, and Government efforts to improve national productivity and the character of working conditions; to establish a Federal policy with respect to continued productivity growth and improved utilization of human resources in the United States; and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Ohio (Mr. Ashley).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the Senate bill (S. 2195) with Mr. Roush in the chair.

The Clerk read the title of the Senate bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Ohio (Mr. Ashley) will be recognized for 30 minutes, and the gentleman from Connecticut (Mr. McKinney) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Ohio (Mr. Ashley).

Mr. ASHLEY. Mr. Chairman, this legislation is the outgrowth of efforts which began with the consideration of two House bills. H.R. 6078 was introduced by Congressman McKinney and myself by request of the administration. H.R. 8836 was introduced by Congressmen Blanchard, Hubbard, LaFalce, Rees, Congresswoman Spellman, Congressmen Evans of Indiana, Reuss, McKinney, J. William Stanton, Schulze, Gradison, Kelly, and I following hearings by the Subcommittee on Economic Stabilization. S. 2195, passed by the Senate, was considered in lieu of H.R. 8836 by unanimous consent, and the Committee on Banking, Currency and Housing unanimously ordered the bill reported by voice vote.

Our subcommittee has held extensive hearings on the subject of productivity and ways by which the Nation's efforts can be improved. We found strong bipartisan support for this legislation, as well as broad labor, management, and Government support. It has the support of the administration.

At our subcommittee's hearings, a joint statement was presented by representatives of labor, business, and Government in favor of the proposed Center. This was a phenomenon I had not witnessed in almost two decades of service with the Banking Committee. These representatives felt the Center would contribute to the strength of the American economy.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate my colleague yielding to me. Just so that we can keep the record straight, several of us raised questions, although I was not present when final passage did occur, about the necessity to make this in effect, a separate agency and additionally increasing the funding to $5 million. On the basis of the previous record we were not convinced that this Commission had produced that much in the way of statistics and productive work to show ways of improvements which could be made in productivity.

Therefore, I want to be sure it is understood that many of us, several of us, have real doubts about making this a separate agency. I am sure the gentleman will explain why.

Second, increasing the cost to $2½ million——

Mr. ASHLEY. The gentleman from California knows, of course, that I was not trying to misrepresent the record. The fact is, there were not any dissenting votes either at the time of adoption by the subcommittee or the full committee. Let the record show in unvarnished form that the gentleman from California was present at all times, as I recall, during the deliberation before the full committee, and asked any one of a number of penetrating questions with respect to the necessity, the desirability and the cost of the legislation before us.

Mr. ROUSSELOT. I just want to make sure the record is clear.

Mr. ASHLEY. I do not see how the gentleman from Ohio could make the record any more clear than he has.

Mr. Chairman, any effort directed at improving productivity must incorporate the efforts of management, labor, State and local governments, institutions of higher education, as well as agencies of the Federal Government. Improvements cannot be mandated—they must be brought about over a period of years with the efforts and cooperation of all segments of the economy. Productivity, by its very nature is long term—hence, the bill's 3-year authorization.

The Federal Government can provide the leadership for such a concerted effort. This bill provides a focal point for a national effort to improve America's rate of productivity growth in the form of an independent Federal agency whose role will be to coordinate and to stimulate activities in all sectors of the economy to achieve this purpose.

The focal point for the Federal Government's productivity effort will be the National Center for Productivity and Quality of Working Life, replacing the present National Commission on Productivity and Work Quality, absorbing its functions and its staff.

It is appropriate that our Nation's new productivity effort be a center rather than a commission. A center properly connotes an ongoing commitment by a country to improve its productivity and it fits the terminology commonly used by other nations. A center implies that all groups will have equal access to its programs and its capabilities, and that it will be a central point for information. A commission generally indicates a short term study group or perhaps a regulatory function, neither of which are applicable.

The legislation before you today authorizes a 3-year life for the Productivity Center, thereby overcoming the year-to-year existence of the Commission, the interruptions and funding problems of the Commission. A 3-year authorization is essential for it represents a sense of commitment by the Federal Government and permits the Center to establish a credibility in assisting and motivating representatives of labor and management to participate in its activities.

The legislation authorizes $5,000,000 per year for a 3-year period. Last year's legislation for the Commission had a $2,500,000 authorization. Several dozen new tasks and responsibilities are being added to the new Center, thus increasing its importance and justifying higher funding. Most of the Center's work, as was true with the Commission, is done through others as a catalytic agent by contract, consultants, and by volunteers, thus keeping the fulltime positions to a minimum and avoiding a large bureaucratic operation. For example, 20 such positions were authorized last year but only 14 were filled. Fulltime positions for the Center will increase but only proportionately. The Center will continue to remain a relatively small agency, stimulating and coordinating the efforts of others.

The legislation has many new and worthwhile features. One is the provision for the first time in our Government of a single agency to coordinate the activities of other Federal agencies to stimulate efforts in the public and private sectors to improve productivity.

The Center will also be responsible for developing an overall national productivity policy in consultation with the appropriate committees of Congress and Federal agencies, and for conducting an educational program so essential to public understanding.

The Center will also make recommendations to the President and to Congress in the area of productivity improvement. The Center will have no regulatory power—it will, however, work with governmental agencies in identifying regulations that adversely affect productivity and will recommend changes.

The bill provides the Center will be an independent establishment in the executive branch, thereby dealing on a more equal basis with other Federal agencies. The Board of Directors of the Center will consist of 27 persons, as contrasted to the 25-member present Commission. Members of the Board will be representatives of labor, business, State and local governments, institutions of higher education, and so forth. A seven-member Executive Committee is provided to accommodate more frequent meetings.

The bill also provides for an evaluation of the Center's effectiveness by the General Accounting Office after 30 to 36 months of operation.

The testimony the subcommittee received pointed to the highly competitive, interdependent world in which we now live. We must maintain our competitiveness internationally if we are to protect the jobs of the American workers. We must also give attention to the design and improvement of the workplace environment. This bill provides for both of these important concerns.

Mr. McKINNEY. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this bill survived a certain amount of stormy weather the last time it went through this house, and the criticism generally leveled at the agency was that we could not see what they had done. It seemed to me, when the committee examined this issue this year, that we should get some very clear ideas as to what they did, what they were doing, why it should be continued, and that we should make sure we were not just passing another boondoggle.

Without question, the administration, the business community, municipal officers, and union officials were all greatly in favor of this bill when they testified. One of the reasons they were in favor of it is that the United States at this present moment is falling further behind in productivity than any other nation in the Western circle.

It is easy to explain that it is simply inflation that is causing this falloff in productivity, but the fact remains that we have one of the lowest rates of inflation, and we have far less governmental authority and interference in such matters than do such nations as England; yet our productivity is falling behind theirs.

Then we have to ask ourselves the question: Why did we change this agency, why did we give it a bigger budget, and why did we change its name?

It is very simple. We decided that by making it a center and changing its authorization, we could No. 1, give it permanence, and No. 2, make some effectual use of it.

It has a very large board, approved by the Senate, made up of 27 people, but I think it is worthwhile to note that these people are augmented by an executive committee who will make the decisions and make the inquiries.

Then we would come to the question: Why so many? Simply because we decided it was necessary to have representatives of all areas of the economy, so that they could bring forth the problems of many different segments of the economy and decide how they could possibly be solved with help from such a center.

Then we can ask ourselves what are some of the problems that have been solved by this productivity council? What have they done? Let us take a look at some of the positive ones.

First of all, a study of the productivity council reveals that when it was in existence as a council, even with its short life, its indeterminate life, and a rather nervous existence, it has saved this Nation per major railroad about $105 million in the areas of empty freight cars, freight car usage, freight car cycling, and the whole business of handling our freight cars more efficiently.

I think that if this $105 million for each of our major transcontinental railroads alone is placed against a $5 million budget for 1 year, this is a bargain.

The Productivity Council also is responsible for the major change in shipping the food from the West to the East, which has been estimated to save not only the consumers in this time of problems within our supermarkets and the price of food, but also to save the farmers from disastrous losses they have had because of inefficient, ailing railroads and a lack of concern of knowledgeable transportation of food.

However, Mr. Chairman, one of the things that fascinates me most about this proposed legislation that is coming before us is that it mandates this new Center to continue with some of the studies that were done by the Council on the cost of Government.

Without question, if we are to look at the cost of our local community services across the country, they are probably the most inefficient, less productive of all of our agencies and spenders of moneys within this country.

Why does it cost, for instance, $40 a ton to move garbage in one city and $14 a ton to move it in another city?

The Council has engaged in an ongoing project in working with the Center. The Center is working very hard with municipal governments to come to grips with some of the greatest problems that we could possibly solve.

How does one manage a city which does not need to earn a profit or increase productivity of humane services? What kind of incentives can we give the civil servant who is guaranteed his job unless convicted of malfeasance in office, or, in turn, to get him to do his job with productivity in mind?

How can we possibly carry forth from one elected administration to another a basic form of government which will bring about productivity in city services? How in a day and age when each city is pinched for money, can we continue services at a level that is necessary for decent human life by increasing productivity rather than increasing taxes?

How can we put a level and a stabilizing influence on Civil Service employees at the local level, which are the fastest growing group of employees within the United States of America, even faster than those of the much touted and criticized Federal system?

Mr. Chairman, one other thing interests me in the setup of the Center, which I think is worthwhile going into.

This Center will be mandated by the legislative language. The comments made by the committee and brought forth to examine the regulations that pour out by the thousands from our Federal agencies, and report to the Congress and to the administration what these regulations are, and in fact, are they counterproductive, in that they will cost America productivity and efficiency in management. The very debate we heard during the last bill that was discussed, about what extra paperwork this will add is something that concerns all of us. We will add an agency that can overview a Center as to whether this regulation coming out of one of our bureaus or one of our commissions or one of our Cabinet areas is, in effect, counterproductive.

I think, Mr. Chairman, that a serious effort has been made here to set up a 3- year center of productivity, to give it a mandate to go into both the private sector on request and only on request, and to go into the public sector. I might point out that the many private industries that have come into this Productivity Council in the past have done so because of their own voluntary need.

It seems to me that when we have an administration backing this bill, when we have the Labor Department backing this bill, when we have labor unions backing this bill, and when we have management backing this bill, and when we can see that it has saved a concrete amount of money for the taxpayers of this country, it is worth passing.

I would suggest that we can make all kinds of mountains out of this molehill, but that I think the committee worked very hard to make sure that it would not be a boondoggle, and I remind the Members that it was passed out of committee by unanimous vote on both sides of the aisle.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. McKINNEY. Yes, I will be glad to yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I appreciate my friend, the gentleman from Connecticut, yielding to me.

Mr. Chairman, I have substantial concerns about the National Productivity and Quality of Working Life Act of 1975.

There is no need to establish a National Center for Productivity for the purpose of increasing the productivity of the economy. Congress can greatly increase the productivity of the economy—without creating a new revenue-consuming Federal bureaucracy—simply by removing the existing tax bias against savings and investment. If it is worthwhile to save and invest, people will do so, and that will automatically take care of productivity.

One reason the rate of productivity growth in the United States is declining is that inflation and tax and depreciation policies have substantially reduced corporate profits available for investment. The Department of Commerce has concluded in reports that allowable depreciation for business in 1974 fell short of inflated replacement costs by about $23 billion. Secretary of the Treasury, William Simon, has reported that when business profits are adjusted for underdepreciation and phantom inventory profits, retained earnings fell from $20 billion in 1965 to $6 billion in 1973 to a negative $10 billion in 1974. In other words, U.S. companies actually paid out more than they earned, thus reducing their capital base.

Another important reason the rate of productivity growth in the United States is declining is Congress failure to balance the budget. When the Treasury has to sell bonds to finance overspending by the Congress, resources are pulled out of investment in order to cover current Government expenditures.

Thus, we have a combination of profits falling as a percent of GNP, and Government deficits crowding out private investment.

To establish a National Center for Productivity is, thus, both to sidestep and misrepresent the real issue. If business is profitable, profit will take care of productivity.

I object to associating productivity with a Federal agency and to putting both in the realm that belongs to profitability. There is no need for the State to try to duplicate what profit achieves. Profitability and bureaucracy have totally different natures and belong to different worlds. To bring bureaucracy in through the door of profit's realm can only drive profit out the window.

This act could well provide a basis for Federal redirection of resources away from the areas in which consumers show they want them by their spending in the market. Section 101 of the act states that the Congress finds that there are national needs to identify and encourage appropriate application of capital and technology in sectors of American economic activity in order to improve productivity, to develop new technologies, and to gather and disseminate information about methods to improve technology.

These functions are all currently provided by the market. The appropriate application of capital and technology is determined by profitability in the market place. They cannot be determined by a National Productivity Center..

Technological improvements are creative responses to changing costs and spending patterns in the economy. The development and adoption of a new technology are the responses of private individuals to market signals which affect their income and wealth. The purpose of increasing productivity is not to increase the gross physical output of goods, but to increase the value of production as seen through the eyes of the consumers. Only producers who are tied to the consumers through the market, and whose income and wealth depends on their judgment, can know what technologies and what applications of capital are appropriate.

To give these functions to a National Center for Productivity can only result in overriding the decisions of consumers and investors, and transferring these decisions out of the only arena in which they can be rationally made—the market—into an arena in which they can not be rationally made—the bureaucracy.

Bureaucracy cannot make these decisions because bureaucracy does not exist in the network of market information which signals the appropriate capital and technological applications.

Bureaucracy cannot make these decisions because bureaucracy does not risk its income and wealth in the decisions.

Bureaucracy cannot make these decisions because such decisions are creative decisions and bureaucracy stifles creativity.

The purpose of the State is to get done what profit cannot. I see no reason to establish a new executive agency out of a temporary commission, increasing its budget and number of employees in the process, when there is a much more direct and much more appropriate way of dealing with the productivity problem.

The gentleman from Connecticut has assured us that this program will not be another boondoggle.

Paragraphs (10) and (11) of section 101 suggest, first, that this Center will help identify and encourage appropriate application of capital in order to improve productivity and, second, that there is a national need to do this.

Can the gentleman assure us bureaucratic interests will not govern the application of capital to certain sectors of the economy?

Mr. **McKINNEY**. Mr. Chairman, I would suggest to the gentleman from New York that this was a very clear question that was asked when the bill was being written, and the answer is that this Center has no power at all. It cannot do anything, but advise and comment.

One of the questions the gentleman has addressed himself to in legislation he has sponsored is the use of our capital going into those productive areas that are essential, and that the role of the Center simply will be to emphasize the types of things that we in America need and where we need to put our capital investment in for new equipment if we are ever to achieve the type of productivity quality that our friends in Europe are achieving even though they have a higher inflation rate than we have.

Mr. **KEMP**. Production for the sake of production is not what we are looking for. Yet, this act is very much suggesting that more productivity is automatically a goal.

I have always been under the impression that the discipline of the market system—through the laws of supply and demand and the profit incentive system—allocated capital most effectively, accurately, and in accordance with what the consumers had decided was in their interest.

Mr. **McKINNEY**. Actually I think the gentleman from New York is quite right in his basic assumption, at least I would hope he was right, if the gentleman would tell me when we last had a free economy in this country. But there is another point that we find and that is the fact that on a voluntary basis in the American steel industry when faced with almost economic collapse from foreign competition, which was avoided, came about on the basis of an idea that came from the United Steelworkers whose president, incidentally, is presently serving on this board, Mr. Abel—and the steel industry and the union got together, and decided that it was not simply more productivity that was needed, but it was how can we produce something that is needed at a lesser price, and it worked.

So I would hope that this center is not going to state that more productivity of a given item, even if it is not salable, is what we are looking for.

I would suggest, on the other hand that from the hearings that we have held, that what it should be saying is that productivity of those needs of the marketplace, if we are going to have a marketplace, and this has to be done at a proper price and it cannot be done at a proper price without the cooperation of labor, management and investment.

Mr. **KEMP**. My points are: First, the market should determine what should be a profitable policy; and, second, that, presuming that we still have a free economy, the consumers are still able to abstain from paying certain prices for items that they do not want and that perhaps the bureaucracy does.

Let me ask the gentleman, is it not true that perhaps we ought to change the name of the center or the commission to that of the National Center for Profitability, because it is only the profitability of a company that determines the fact that the consumer has chosen their product?

I still feel that productivity for the sake of productivity is not what we are looking for and, therefore, we ought to have a National Center for Profitability, because the role of profits in the marketplace reflects whether or not the consumer is getting what he is looking for.

Mr. **McKINNEY**. The misunderstanding of the word profit in the United States is probably the greatest misunderstood word in the world.

Mr. **KEMP**. Are this bill and report not adding to that misunderstanding?

Mr. **McKINNEY**. No, I do not think we are.

Let me give the Members a perfect example, and I think the railroad car example is one of the best. Here is a system that we have all been troubled with out in Buffalo, as well as in Fairfield County, and where we have had a major problem of private railroad companies coming to the gentleman from New York and to me and to the Congress saying that we need a great railroad carbuilding program from the Federal Government.

Yet here when outside brains were pulled together and sat down and roundtabled this situation, they finally found out that really we were using our freight cars with no productivity whatsoever, and they were able to advise that we could, and we did, and it worked.

Mr. KEMP. Since the Government caused the lack of productivity in the railroads in the first place, it certainly behooves the Government to help remove the impediments to productivity in the second place.

Mr. McKINNEY. I would suggest to the gentleman that if he read a great book by the name of "The Incredible Bread Machine," he would find out that the railroads have never been a free-enterprise operation in this country because of our original interference.

Mr. KEMP. Having read "The Incredible Bread Machine"—and I appreciate the gentleman's bringing it up—I think it certainly points out the errors of having the bureaucracy make the decisions that otherwise would be made in the marketplace by consumers' either purchasing or not purchasing a particular product. I still submit that productivity for the sake of productivity simply is going to run a very high risk of producing things that people do not want, and that profitability is a better signal in this country and in a free society that the consumer is getting what he or she wants, rather than through the decisions by those who are political or bureaucratic.

Mr. McKINNEY. I should say to the gentleman that I do not know if I have any requests for time, so I am going to reserve some time. The gentleman should not fear that this is a bureaucracy; it is not. It has no power. It is a center for information. The private sector must come to it voluntarily. I would suggest to the gentleman, knowing his views, that it is worthwhile voting for this bill if we only get a report saying that the regulations that are brought out by the thousands of pages from these people—who are not elected, who are not voted for, and who cannot be fired—are bad, and that at least the gentleman and I get notification that they are harmful to productivity, that they are harmful to profitability, and that they are harmful to the general welfare of the economy.

Mr. KEMP. I appreciate the gentleman's yielding further.

Although I voted for this program some time ago, I am regretful of that, because I think the cost of the program is—and the cost to our economy and way of life may be—escalating. What is even of more concern to me is what the Government is telling the American people through the program's rhetoric is the way to increase productivity in this country, and that is to set up these commissions or centers. This diverts attention from the real fact that productivity is a concomitant of increasing the amount of capital invested.

What we ought to be doing is telling the Committee on Ways and Means that they ought to build into their tax reform package incentives for increasing the amount of savings in our society and increasing the amount of investment capital. I think we will find that over the past 200 years private enterprise has been sustained by removing or reducing impediments to savings and investments. This, in turn, has done more to increase productivity than all the Government commissions, all the bureaucrats, and all the politicians put together.

Mr. McKINNEY. I could not agree more with the gentleman. I will say if he can find any method, to tell the Committee on Ways and Means anything, I would be glad to know what it is.

Mr. Chairman, I reserve the remainder of my time.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio (Mr. ASHLEY).

Mr. ASHLEY. Mr. Chairman, I have no requests for time.

Mr. McKINNEY. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania (Mr. SCHULZE).

Mr. SCHULZE. Mr. Chairman, one of the provisions of S. 2195 is to establish a national policy for productivity growth in the public and private sectors of the United States. This policy will be developed in consultation with the appropriate committees of Congress and with the appropriate departments of the executive branch.

Only through economic growth and continued productivity improvement can we generate the wherewithal to meet our society's goals. Continued productivity improvements are also critical to maintain our competitive position in the international economy.

Many of the experiences to date of the present National Commission on Productivity have suggested several ways by which the new center can build upon that framework to construct a positive national program for the future.

First, the main sources of productivity growth in our own economic system are the actions taken by individuals and enterprises to advance their economic status, with Government making certain social and public contributions. By adopting timely policies to sustain or accelerate our historic growth rate for both output and productivity, we may be able to encourage steadier expansion, generally lessen inflation and sustain real gains for our citizens.

Second, significant productivity gains can be made through the cooperation of labor and management, but this requires mutual trust and recognition of each other's concerns. Such joint efforts offer a nonadversary problem-solving approach to improving the quality of working environment and productivity. We need to know more about ways of increasing job satisfaction and enhancing motivation.

Third, successful productivity improvement programs require long term commitment on the part of leaders of business, labor, and Government. Often, changes cannot be accomplished without considerable planning, analysis, and training. S. 2195 provides the Center with a 3-year horizon for successful improvement undertakings.

Fourth, a great many factors affect long term productivity growth. Amost every development sooner or later influences productivity, from commuter traffic to the quality of education. The new Center will be actively involved in many more aspects of productivity growth than was the Commission.

Finally, in addressing the problems of productivity improvement, governmental effort is limited to that of a catalytic role, a very limited one. The Center has no regulatory or enforcement powers. It must determine specific opportunities for productivity gains and operate through education, information, and demonstration.

Though the past year has been a disappointing one for the American economy, business recovery will no doubt restore much of the productivity loss. We must look to the proposed National Center for Productivity to assure steady improvement in productivity for the long term as well as in the related aspect of the quality of work environment.

Mr. LEVITAS. Mr. Chairman, today the House, I hope will join the other body in recognizing a grave problem facing our country—a decline in overall national productivity—by passing S. 2195, the National Productivity and Quality of Working Life Act of 1975. As introduced in the other body by my friend and fellow Georgian, Senator SAM NUNN of Georgia, S. 2195 is a good first step to address the current 9-year decline in the rate of productivity growth. In other words, output per man hour has failed to keep pace with costs of labor and materials.

One of our major tasks must be to find a cure which requires increased capital investments, improved technological resources and improved working conditions. S. 2195 is designed to do this through data gathering, problem analysis and technical assistance to government, business and labor sectors. This will will help and not harass the economy.

Of particular importance to me is the role of the Center for Productivity and Quality of Working Life to deal with the myriad of regulations and rules by Government agencies which increasingly bog down our free enterprise system. The Center will be given a primary responsibility of reviewing and recommending necessary changes and alternatives to restrictive decisions by the Federal Government. S. 2195 provides that a separate and distinct productivity impact statement be included by each Federal agency on each proposed regulation or program. Also, each agency is required to review its own laws, regulations, and procedures to insure they are in conformance with the stated productivity policy as developed by the Center.

An increase in the production of needed goods and services and improvement of working life will result in a higher standard of living for consumers. This legislation is a movement in that direction.

We are beset in this Nation with an economy that is suffering both from recession-unemployment and from inflation-high and skyrocketing prices. With all the solutions that have been proposed—ranging from price and wage controls to Federal pump-priming to doing nothing—the only long-term solution to both problems—recession and inflation—is increased productivity. As our gross national product expands we have more people working productively, less unemployment, less Government handouts, more revenue, reduced Federal deficits, and ample goods and services to meet and satisfy the demands of money, thereby reduced inflation.

Productivity is the answer. This bill is a first step.

Mr. LAFALCE. Mr. Chairman, I rise in strong support of this legislation. The savings that will accrue to our Nation's businesses and consumers from the Center's programs will more than offset the costs of funding the Center. In an important way, the Center can and will contribute to increased efficiency and output in all segments of the economy.

Whether the U.S. economy is producing at its highest potential is a very real concern. Economic growth is the key to national prosperity, and whether we are growing and producing as much as we can in large part determines the given state of the economy. With all production inputs operating at their most efficient level and without any waste of resources, our economy will be operating at its highest possible rate.

The productivity level of the American worker is a major factor in determining whether the U.S. economy is producing at its full capacity. An economy which operates at full capacity is a healthy one which produces more goods at lower costs. It benefits the consumer as well as the worker and manager.

At the national level, increased productivity will bring about a more prosperous economy with more jobs, higher salaries, more goods, and healthier profits. While not easily projected, productivity increases will also increase our competitive advantage in our trading relationships around the world. At an individual firm, productivity increases will allow a company to sell more products at lower costs, benefitting the consumer and enhancing the individual company's competitive position. The savings accrued through the enhanced production levels can be distributed through higher dividends to the company's stockholders but also in profit-sharing mechanisms with the employees, and can be used to make changes in the company's plant that will enhance the working conditions of the employees.

In short, productivity increases help everyone from the worker to the manager to the consumer. It is essential that the Federal Government undertake the type of program embodied in S. 2195. It is clear that productivity increases should be a national priority of the first order. We are only left with the question of whether a congressionally created National Center for Productivity and Quality of Working Life will achieve positive results. I would like to spend a few moments discussing one aspect of the proposed Center's activities.

One of the functions of the present National Commission on Productivity and Work Quality is the encouragement of labor-management committees. Over the past year, the Commission has made a noteworthy and vigorous start in bringing together labor and management leaders in various sections of the country to consider some outstanding examples of cooperation.

Conferences on new initiatives in labor-management cooperation have been held in Decatur and Danville, Ill., Madison and Green Bay, Wis., Buffalo N.Y., Amherst, Mass., and Washington, D.C. They have generally been organized and run by State university schools of industrial relations along with the Commission staff.

Attendance has been kept to 100 to 200 per conference, and most of the time has been spent in small group seminars to give the participants the maximum opportunity to participate. Case histories have been presented and discussed by the men who are actually living that history. Coal miners and foremen, steelworkers, auto workers, grain millers, rubber workers, trash collectors, machinists, retail clerks, TVA engineers, and paper workers were panel members along with plant managers and local union presidents. The focus was on practical day-to-day experience, not theory.

These case histories have included:

Parker Pen Co. and the Rubber Workers Union in Wisconsin;

International Nickel and the Steelworkers Union in West Virginia;

TVA and the TVA engineers in Tennessee;

Eaton Corp. and the U.A.W. in Ohio;

Rushton Mine and the Mine Workers in Pennsylvania;

The communitywide program of labor-management committees in Jamestown, N.Y. with the machinists and other unions; and

The nationwide program of labor-management committees in Canada.

While these case histories were drawn from greatly separated industries, unions, and sections of the country, and utilized different techniques to meet their individual needs, they had several features in common. Most began in a common crisis recognized clearly by both management and labor. All resulted in clearly demonstrable improvements in productivity, quality of work life, or both, as byproducts to resolving the crisis that occasioned their birth. All have been continued because of proven worth to workers and management as well. For example, the Jamestown, N.Y., labor and management leaders with whom I am personally well acquainted in their 3 years of working together in 20 labor-management committees in most major companies, have:

Reduced unemployment by 50 percent;

Ended the 20-year outmigration of manufacturing jobs and increased the number of such jobs by 6 percent;

Reduced days lost in strikes by 86 percent;

Increased skill training;

Increased productivity generally, in one plant by 80 percent;

Improved the quality of working life;

Attracted a major new employer, and

Turned the city around from a depressed area to a growth area.

Reactions of the over 1,000 labor and management people who attended the seven conferences were uniformly enthusiastic, Typical was that of the personnel manager for a Danville, Ill., manufacturer:

> The idea of sitting down, reasoning, working together instead of against each other . . . is the one thing that I am taking back with me from the conference, a new way to approach the "other side."

An international vice president of one of the Railway Brotherhoods concluded:

> There can be little question about the fact that cooperation between labor and management can lead to increased productivity and better work quality.

He urged:

> A continuation and perhaps expansion of the current program of conducting joint conferences at various locations so that the representatives of management and labor may attend, participate and perhaps experiment.

The proposed center embodied in this legislation would arrange for more conferences to bring together labor and management leaders in more States and more communities. They will have more opportunities to see and discuss at first hand the best examples of close, effective cooperation that can be found. They can then take these back with them to their own workplaces and adapt these models to their own particular, unique needs. Through this exposure of managements and unions who are seeking ways to improve their ways of working together to other unions and managements who are doing so successfully will come added productivity and improved quality of working life.

The labor-management committee concept is only one avenue that the Center can explore further and utilize to help bring about healthy changes in our industrial sector. I am confident that labor and management alike will benefit considerably from the Center's activities, and the nation as a whole will stand to benefit by having a healthier and more abundant national economy.

Mrs. HOLT. Mr. Chairman, I would like to comment briefly on S. 2195, establishing a National Center for Productiviy and Quality of Working Life. Like apple pie and Maryland products, I support increased productivity. We must have it to keep the wheels of our economy running and to insure the prosperity of our people. The question becomes whether to seek to induce prosperity from the top down or from the bottom up.

I am afraid that S. 2195 tends to give the impression that Government is a principal agent in prosperity, in economic growth, in business expansion, and in the right uses of material and human resources. To the extent that such a proposition is encouraged by this legislation, I am not inclined to support it.

The other question I have is whether at some time, this new bureaucracy would not become an implementation agent for national production goals or other standards that the people of the United States would be stuck living with in their daily lives. To the extent that there is a rather open-ended commitment to this Center, I am inclined not to support it.

Resourcefulness, energy, innovation have always proceeded from the American people. To the extent that I trust them, their judgments, their freedom of action, I question S. 2195.

Mr. ASHBROOK. Mr. Chairman, today the House is urged to pass S. 2195, which would establish a National Center for Productivity and Quality of Working Life. We are told that this Center will help improve our national productivity.

Frankly, I view the act with a great deal of skepticism. I wonder whether the sponsors of this legislation are really serious about increasing national productivity. I cannot help but think that by this bill we are just giving lip service to the problem rather than meeting the problem head on.

Adding to my skepticism is the language of the House report. On page 2 it says:

> One of the Nation's most important and least understood economic problems during the past decade has been a declining rate of productivity growth.

There is nothing really mysterious about the decline. In large measure the problem stems from Government overregulation. How can national productivity increase when the Federal Government is slowly strangling the American businessman to death?

Over the last decade the Congress has created a myriad of new Federal agencies. We now have, among others, the Occupational Safety and Health Administration, the Equal Employment Opportunity Commission, the Environmental Protection Agency, and the Consumer Product Safety Commission. These agencies pour out reams of rules and regulations. And the businessman must comply.

The proliferation of Federal agencies and Government controls is eroding our national productivity. The paperwork burden alone is awesome. Too much time must be spent filling in Federal forms and complying with ridiculous and unnecessary bureaucratic regulations.

I repeat, the major problem is Federal overregulation. More and more of the vital decisionmaking power is shifting from business management to Washington bureaucrats. The businessman is losing control over the basic operation of his own business.

To solve this problem we do not need another Federal agency. We need to abolish and modify many of the agencies already in existence. To increase productivity we do not need to establish a National Center on Productivity. We need to get the Federal Government off the back of the businessman. Until the Congress is willing to do this, it is a waste of time to talk about the need for increasing national productivity.

Mr. McKINNEY. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, pursuant to the rule, the Clerk will now read the Senate bill by title.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Productivity and Quality of Working Life Act of 1975".

TITLE I—FINDINGS, PURPOSE, AND POLICY; DEFINITIONS

SEC. 101. The Congress finds that—

(1) the rate of productivity growth in the United States has declined during four of the past six years;

(2) the decline in the rate of productivity growth has contributed to inflation, to economic stagnation, and to increasing unemployment;

(3) since 1965, the rate of productivity growth of the United States has been consistently lower than that of many industrial nations in the world, adversely affecting the competitive position of the United States in world markets;

(4) growth in productivity of the economy of the United States is essential to the social and economic welfare of the American people, and to the health of the world economy;

(5) growth in the productivity of the Nation's economy is essential to maintain and increase employment, to stabilize the cost of living and to provide job security;

(6) mounting worldwide materials shortages and their consequent inflationary results make increased efficiency in the utilization of these resources of urgent importance;

(7) sharing the fruits of productivity gains among labor, management, and owners may considerably influence productivity;

(8) the continued development of joint labor-management efforts to provide a healthy environment for collective bargaining can make a significant contribution to improve productivity and foster industrial peace;

(9) factors affecting the growth of productivity in the economy include not only the status of technology and the techniques of management but also the role of the worker in the production process and the conditions of his working life;

(10) there is a national need to identify and encourage appropriate application of capital in sectors of American economic activity in order to improve productivity;

(11) there is a national need to identify and encourage appropriate application of technology in all sectors of American economic activity in order to improve productivity;

(12) there is a national need to identify and encourage the development of social, economic, scientific, business, labor, and governmental contributions to improve productivity growth, and increased economic effectiveness in the public and private sectors of the United States; which objectives can best be accomplished through maximizing private sector and State and local development of such contributions;

(13) there is a national need to identify, study, and revise or eliminate the laws, regulations, policies, and procedures which adversely affect productivity growth and the efficient functioning of the economy;

(14) there is a national need to increase employment security through such activities as manpower planning, skill-training and retraining of workers, internal work force adjustments to avoid worker displacement, assistance to workers facing or experiencing displacement, and all other public and private programs which seek to minimize the human costs of productivity improvement, thereby diminishing resistance to workplace change and improving productivity growth;

(15) there is a national need to develop new technologies for the more effective production of goods and services;

(16) there is a national need to encourage and support efforts by qualified institutions of higher learning to identify and inaugurate programs which will improve productivity;

(17) there is a national need to develop precise, standardized measurements of productivity; and

(18) there is a national need to gather and disseminate information about methods and techniques to improve productivity.

STATEMENT OF PURPOSE

SEC. 102. It is the purpose of this Act—

(1) to establish a national policy which will encourage productivity growth consistent with needs of the economy, the natural environment, and the needs, rights, and best interests of management, the work force, and consumers; and

(2) to establish as an independent establishment of the executive branch a National Center for Productivity and Quality of Working Life to focus, coordinate, and promote efforts to improve the rate of productivity growth.

POLICY

SEC. 103. (a) The Congress, recognizing the profound impact of productivity on the interrelations of all components of the national economy, declares that it is the continuing policy of the Federal Government in cooperation with State and local governments, to use all practicable means and measures, including financial and technical assistance, to stimulate a high rate of productivity growth.

(b) It is the continuing responsibility of the Federal Government to use all practicable means to improve and coordinate Federal plans, functions, programs, and resources to carry out the policy set forth in this Act.

(c) The laws, rules, regulations, and policies of the United States shall be so interpreted as to give full force and effect to this policy.

DEFINITIONS

SEC. 104. For the purposes of this Act—

(1) the term "Center" means the National Center for Productivity and Quality of Working Life;

(2) the term "Board" means the Board of Directors of the Center;

(3) the terms "productivity growth" and "improved productivity" shall be interpreted to include, but not be limited to, improvements in technology, management techniques, and the quality of working life; and

(4) the term "quality of working life" shall be interpreted to mean the conditions of work relating to the role of the worker in the production process.

TITLE II—NATIONAL CENTER FOR PRODUCTIVITY AND QUALITY OF WORKING LIFE ESTABLISHED

SEC. 201. There is hereby established as an independent establishment of the executive branch of the Government the National Center for Productiivty and Quality of Working Life.

BOARD OF DIRECTORS

SEC. 202. (a) The Center shall have a Board of Directors, to be comprised of not more than twenty-five members, as follows:

(1) a Chairman, appointed by the President, by and with the advice and consent of the Senate;

(2) the Secretary of the Treasury;

(3) the Secretary of Commerce;

(4) the Secretary of Labor;

(5) the Director of the Federal Mediation and Conciliation Service;

(6) the Executive Director of the Center;

(7) not less than three members who shall be appointed by the President, by and with the advice and consent of the Senate, from among qualified private individuals in manufacturing and service industries;

(8) not less than five members who shall be appointed by the President, by and with the advice and consent of the Senate, from among qualified private individuals from labor organizations;

(9) not less than two members who shall be appointed by the President, by and with the advice and consent of the Senate, from

among qualified individuals in State or local governments;

(10) not less than one member who shall be appointed by the President, by and with the advice and consent of the Senate, from among the general public;

(11) not less than one member who shall be appointed by the President, by and with the advice and consent of the Senate, from among qualified individuals associated with leading institutions of higher education; and

(12) such other qualified members from the public or private sectors whom the President may deem appropriate who shall be appointed by the President, by and with the advice and consent of the Senate.

When unable to attend a meeting of the Board, a member appointed under clauses (2), (3), (4), and (5) shall appoint an appropriate alternate from such member's Department or agency to represent such member at that meeting.

(b)(1) The members of the Board appointed under clauses (7), (8), (9), (10), (11), and any private sector members appointed pursuant to clause (12) of subsection (a) shall be appointed for a four-year term coterminous with the term of the President. Members other than members appointed under such clauses, with the exception of the Chairman, shall serve as long as such member is head of the department or agency represented on the Board. No person shall serve as an acting or temporary member in positions requiring Senate confirmation including that of Chairman, for a period in excess of three months.

(2) The President shall appoint a Chairman for a term of four years coterminous with the term of the President. In appointing a Chairman, the President may appoint an individual who is an officer of the United States. If that officer has been appointed to his current position, by and with the advice and consent of the Senate, or if such individual is the Vice President of the United States, such individual may be appointed chairman by the President without the requirement of confirmation by the Senate.

(c) Any member appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of that term.

(d) (1) Each member of the Board appointed under clauses (7), (8), (9), (10), (11), and any private sector members appointed pursuant to clause (12) of subsection (a) may be compensated at the daily rate provided for GS–18 of the General Schedule under section 5332 of title 5, United States Code, including travel time, for each day such member is engaged in the performance of his duties as a member of the Board and shall be entitled to reimbursement for travel, subsistence, and other necessary expenses incurred in carrying out the functions of the Board.

(2) Other members of the Board, with the exception of the Chairman, and the Executive Director of the Center shall serve without additional compensation but shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in carrying out the functions of the Board.

(3) The Chairman shall be compensated as set forth in paragraph (1) of this subsection, except if the Chairman holds some other position in the Federal Government such individual shall be compensated as set forth in paragraph (2) of this subsection.

(e)(1) The Chairman shall appoint an Executive Committee of the Board, not to exceed seven members, including the executive director of the Center.

(2) the Executive Committee of the Board shall meet at the call of the Chairman, but in no case less frequently than once every ninety days.

EXECUTIVE DIRECTOR; DEPUTY DIRECTOR

SEC. 203. (a) The Center shall have an Executive Director, who shall be appointed by the President by and with the advice and consent of the Senate, without regard to political affiliation and solely on the basis of fitness to perform the duties and functions of the office. No person shall serve as acting or temporary Executive Director for a period in excess of three months.

(b) The Executive Director shall appoint a Deputy Director, who shall perform such functions as the Executive Director may prescribe. The Deputy Director shall act for and exercise the powers of the Executive Director during the absence or disability of the Executive Director.

(c) The Executive Director shall be responsible for the exercise of all powers and the discharge of all duties of the Center. The Executive Director shall have authority over and control of all of the staff of the Center and their activities. The Executive Director shall maintain budgets and allocate available funds as appropriate in carrying out the provisions of this Act.

(e) The Executive Director shall be compensated at a rate not to exceed that provided for Executive level IV under section 5315 of title 5 of the United States Code as determined by the President, and shall have no other employment, public or private, during the tenure of his appointment.

FUNCTIONS OF THE CENTER

SEC. 204. The Center shall—

(1) develop and establish, in consultation with the appropriate committees of the Congress and with the appropriate departments and agencies of the executive branch, a national policy for productivity growth in the public and private sectors of the United States consistent with the purposes of this Act:

(2) seek, stimulate, and encourage maximum active participation of—

(A) the private sector of the Nation's economy, including labor organizations, associations and confederations, business enterprises and associations, institutions of higher education, foundations and other philanthropic organizations and research centers and institutes; and

(B) the public sector of the Nation's economy, including Federal, State, and local governments and agencies thereof, including institutions of higher education,

in efforts to improve the rate of productivity growth in all sectors of the Nation's economy;

(3) seek, stimulate, and encourage maximum active participation of the public agencies and private organizations identified in clause (2) of this section through identification and encouragement of selected research and demonstration programs implemented by public agencies and qualified private organizations which will—

(A) increase the rate of productivity growth in the public and private sectors of the National economy through improved and innovative utilization of technological and human resources; and

(B) develop, refine, and apply accurate and reliable measurement techniques to evaluate changes in productivity;

(4) to identify, study, and review—

(A) existing Federal, State, and local statutes, regulations, and fiscal policies which adversely affect productivity growth or the economic performance of the public and private sectors of the United States;

(B) incentives to encourage industry and labor initiatives in the development of methods, techniques, and systems for the improved utilization of technological and human resources in the public and private sectors;

(C) existing and new programs, plans, and other methods, including advanced warning systems, retaining programs, retirement and separation programs, designed to counteract threats to job security which may result from efforts to improve productivty;

(D) jointly, with the Civil Service Commission, the impact of Federal personnel policies, statutes, and regulations affecting the productivity of Federal agencies and the quality of working life of Federal employees; and

(E) the need and feasibility of providing, directly to potential users, public or private, various Center services in return for payment to the Center, and methods by which charges for such services will be established;

(5) recommend to the President, the Congress, the appropriate agencies and departments of the Federal Government, and State and local governments, any legislation, revisions of regulations, policies, practices, and procedures which result from the activities carried out under clause (4) of this section;

(6) encourage, support, and initiate efforts in the public or private sector specifically designed to improve cooperation between labor and management in the achievement of continued productivity growth: *Provided, however,* That no activities of the Center involving consideration of issues included in labor management agreements shall be undertaken without the consent and cooperation of the parties to that agreement;

(7) encourage departments and agencies of the Federal Government to initiate, stimulate, and support efforts in both the public and private sectors of the United States to improve the rate of productivity growth;

(8) coordinate all activities referred to in subsection (7) of this section in order to eliminate interagency duplication of effort and cost, to insure that Center activities will not unnecessarily conflict or overlap with such other activities, and to maximize the effectiveness of all such Federal programs and activities;

(9) coordinate and consult with the departments and agencies of the Federal Government in the obligation and expenditure of funds for activities and projects in both the public and private sectors to improve productivity growth;

(10) identify, develop, and support activities, programs, systems, and techniques, in the various departments and agencies of the Federal Government for measuring productivity growth within such departments and agencies;

(11) collect and disseminate relevant information obtained by the Center or other public agencies, institutions of higher education, or private organizations engaged in projects under this Act, including information related to new or improved methods, systems, technological developments, equipment, and devices to improve and stimulate productivity growth, and to develop and implement a public information program designed to inform the public of the meaning and importance of productivity, and productivity growth;

(12) encourage and coordinate the efforts of State and local governments, and institutions of higher education, to improve productivity;

(13) maintain liaison with organizations, both domestic and foreign, involved in efforts to improve productivity;

(14) determine the Nation's needs for productivity-related management and analytical skills and to encourage and facilitate the development of training programs in such skills; and

(15) study the effects of materials availability upon productivity growth.

POWERS

SEC. 205. In carrying out its functions, the Center is authorized—

(1) to enter into contracts or other funding arrangements, or modifications thereof, in order to carry out the provisions of this Act;

(2) to organize and conduct, directly by contract or other funding arrangements with

other public agencies or private organizations, conferences, meetings, seminars, workshops, or other forums for the presentation and dissemination of relevant information generated or collected pursuant to the provisions of this Act;

(3) to make such studies and recommendations to the President and to Congress as may be necessary to carry out the functions of the Center;

(4) to implement a program and secure necessary facilities for the collection, collation, analysis, and interpretation of data and information as required in order to carry out the public information functions under this Act; and

(5) to undertake such other studies, reviews, activities, and to make such recommendations and reports as may be required to carry out the functions of the Center.

CONTRACTS AND OTHER FUNDING ARRANGEMENTS—CONDITIONS

SEC. 206. (a) No contracts or other funding arrangements may be entered into under this Act unless—

(1) such contracts or other funding arrangements will be consistent with the policies and purposes of this Act and of potential benefit to other users in the public or private sectors;

(2) provisions are made to evaluate the demonstration program and maintain improvement data, such evaluation either to be implemented by the participating parties in accordance with specifications established by the Center, or to be implemented by or on behalf of the Center; and

(3) the participating parties agree that all information relating to any innovation or achievement generated in the course of any Center-funded demonstration program shall be public information.

(b) No contract or other funding arrangement shall be made or entered into pursuant to the provisions of this Act for a period of more than three years.

(c) Any non-Federal share of a project may be in cash or in kind, fairly evaluated, including, but not limited to, plant, equipment, or services.

CONTRACT AND OTHER FUNDING ARRANGEMENTS—CRITERIA

SEC. 207. (a) The Center shall prescribe by regulation, after consultation with appropriate agencies and officials of Federal, State, and local governments, basic criteria for the participating parties under this Act.

(b) If the Center determines, on the basis of information available to it during any fiscal year, that a portion of the funds provided to a participating party for that fiscal year will not be required by the party or will become available by virtue of the application of regulations established by the Center to govern noncompliance by a participating party, that portion shall be available for reallocation under this section.

(c) The Center shall by regulation prescribe the basic criteria for determination of noncompliance by participating parties including appropriate provisions for notice and hearing with respect to such determination.

ANNUAL REPORT

SEC. 208. (a) Not later than December 31 of each year, the Center shall report to the President and to the Congress on activities pursuant to the provision of this title during the preceding fiscal year; such reports shall include a detailed statement of all public and private funds received and expended together with such recommendations as the Center deems appropriate. Such report shall include an analysis of the extent to which each agency of the Federal Government which has significant responsibilities for assisting in the improvement of productivity is carrying out such responsibilities consistent with the provisions of this Act, including (A) an accounting of all funds expended or obligated by such agencies for activities and projects to improve productivity growth, (B) an assessment of the extent to which such expenditures or obligations have furthered the policies of the Center, and (C) the Center's recommendations on how these expenditures and obligations can be better coordinated to accomplish the purposes of this Act.

(b) Each report required to be submitted to the Congress by this Act shall be referred to the standing committee or committees having jurisdiction over any part of the subject matter of the report.

TITLE III—FEDERAL AGENCY COORDINATION AND LIAISON WITH CENTER

SEC. 301. (a) Each department, agency, and independent establishment of the Federal Government shall designate a qualified individual to serve as liaison with the Center and to assist the Center in carrying out its functions pursuant to this Act.

(b) Each department, agency, and independent establishment of the Federal Government shall keep the Center currently informed of its programs, policies, and initiatives to improve productivity which relate to the responsibilities of the Center, and shall consult with the Center prior to the obligation or expenditure of funds for activities or projects to improve productivity growth.

(c) Each Federal department, agency, and independent establishment of the Federal Government is authorized and directed to furnish or allow access to all relevant materials and information required by the Center to carry out its functions under this Act.

INTERNAL REVIEW

SEC. 302. Each department, agency, and independent establishment of the Federal Government, in coordination with the Center, shall study and review the promulgation and implementation of its statutory authority, policies, and regulations, and shall identify such statutes, policies, and regulations which adversely affect productivity growth in the public or private sectors of the United States, or those which impede the efficient functioning of the Nation's economy, and shall recommend to the President and the Congress, or implement where appropriate, alternative statutes, policies, and regulations which will contribute to the achievement of the purposes of this Act.

SUPPORT OF EXTERNAL ACTIVITIES

SEC. 303. Each department, agency, and independent establishment of the Federal Government, in coordination with the Center, shall, to the extent appropriate, make available to State and local governments, labor organizations, industry, public institutions, and other qualified organizations advice, information, and support, including financial and other assistance, designed to maintain, promote, and enhance sustained productivity growth in the public and private sectors of the United States.

INTERNATIONAL PRODUCTIVITY

SEC. 304. Each department, agency, and independent establishment of the Federal Government shall identify, develop, initiate, and support appropriate programs, systems, procedures, policies, and techniques to improve the productivity of such departments and agencies, including the implementation, where desirable, of specific programs recommended, supported, or implemented by the Center.

EFFECT ON PRICE PROVISIONS

SEC. 305. Nothing in this title affects any specific statutory obligation of any Federal agency (1) to coordinate or consult with any other Federal or State agency or (2) to act, or to refrain from acting, contingent upon the recommendations or certification of any other Federal or State agency.

TITLE IV—ADMINISTRATIVE PROVISIONS

SEC. 401. The Executive Director is authorized to—

(1) prescribe such regulations as are deemed necessary to carry out the purposes of this Act;

(2) receive money and other property donated, bequeathed, or devised, or remitted in payment for services rendered, without condition or restriction other than that it be for the purposes of the Center;

(3) receive (and use, sell, or otherwise dispose of, in accordance with clause (2)) money or other property donated, bequeathed, or devised to the Center, except for such money and other property which includes a condition that the Center use other funds of the Center for the purpose of the gift, in which case two-thirds of the members of the Board of the Center must approve such donations;

(4) appoint and fix the compensation of such personnel as may be necessary to carry out the provisions of the Act in accordance with the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates;

(5) obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, at rates for individuals not to exceed the maximum daily rate prescribed for GS-18 under section 5332 of title 5, United States Code;

(6) accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem as authorized by section 5703 of title 5, United States Code;

(7) utilize, on a reimbursable or nonreimbursable basis the services, equipment, personnel, and facilities of any other department or agency of the United States;

(8) establish one or more task forces to assist and advise the Center, composed of individuals who, by reason of experience, are qualified for such service. Each member of any such task force who is not an officer or employee of the Federal Government may receive an amount not to exceed the maximum daily rate prescribed for GS-18 under section 5332 of title 5, United States Code, for each day such individual is engaged in the actual performance of duties (including traveltime) as a member of such a task force. Members may be reimbursed for travel, subsistence, and necessary expenses incurred in the performance of their duties; and

(9) make advances, progress, and other payments deemed necessary under this Act without regard to the provisions of section 3648 of the Revised Statutes, as amended (21 U.S.C. 529).

TITLE V—EVALUATION BY THE COMPTROLLER GENERAL

SEC. 501. (a) The Comptroller General of the United States shall audit, review, and evaluate the implementation of the provisions of this Act by the Center.

(b) Not less than thirty months nor more than thirty-six months after the effective date of this Act, the Comptroller General shall prepare and submit to the Congress a report on his audit conducted pursuant to subsection (a), which shall contain, but not be limited to, the following:

(1) an evaluation of the effectiveness of the Center's activities;

(2) an evaluation of the effect of the activities of the Center on the efficiency, and effectiveness, of affected Federal agencies in carrying out their assigned functions and duties under this Act; and

(3) recommendations concerning any legislation he deems necessary, and the reasons therefor, for improving the implementation of the objectives of this Act as set forth in section 102.

TITLE VI—REPEAL AND TRANSFER

REPEAL OF PUBLIC LAWS 92-210 AND 93-311

SEC. 601. Section 4 of Public Law 92-210, and Public Law 93-311, relating to the National Commission on Production and Work Quality are repealed.

TRANSFER OF FUNCTIONS AND STAFF

Sec. 602. (a) The functions and staff of the National Commission on Productivity and Work Quality are hereby transferred to the Center.

(b) All property, records, and contracts as are determined by the Director of the Office of Management and Budget to be employed, held, or used primarily in connection with any function transferred by subsection (a) are transferred to the Center.

TITLE VII—AUTHORIZATION OF APPROPRIATIONS

Sec. 701. There are authorized to be appropriated to carry out the purposes of this Act, not to exceed $6,250,000 for the fiscal year ending June 30, 1976, and the subsequent transition period ending September 30, 1976; not to exceed $5,000,000 for the fiscal year ending September 30, 1977; and not to exceed $5,000,000 for the fiscal year ending September 30, 1978. Funds appropriated for any fiscal year shall remain available for obligation until expended.

Mr. **ASHLEY** (during the reading). Mr. Chairman, I ask unanimous consent that the Senate bill be considered as read, printed in the Record, and open to amendment at any point.

The **CHAIRMAN**. Is there objection to the request of the gentleman from Ohio?

There was no objection.

COMMITTEE AMENDMENTS

The **CHAIRMAN**. The Clerk will report the first committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 10, strike out "twenty-five" and insert "twenty-seven".

The committee amendment was agreed to.

The **CHAIRMAN**. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 20, strike out "three" and insert "five".

The committee amendment was agreed to.

The **CHAIRMAN**. The Clerk will read the last committee amendment.

The Clerk read as follows:

Committee amendment: Page 15, beginning in line 6, strike out "in labor-management agreements" and insert "in a specific labor-management agreement".

The committee amendment was agreed to.

The **CHAIRMAN**. Are there further amendments to the bill? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Roush, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 2195) to establish a National Center for Productivity and Quality of Working Life; to provide for a review of the activities of all Federal agencies including implementation of all Federal laws, regulations, and policies which impede the productive performance and efficiency of the American economy; to encourage joint labor, industry, and Government efforts to improve national productivity and the character of working conditions; to establish a Federal policy with respect to continued productivity growth and improved utilization of human resources in the United States; and for other purposes, pursuant to House Resolution 818, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The **SPEAKER**. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The **SPEAKER**. The question is on the third reading of the Senate bill.

The Senate bill was ordered to be read a third time, and was read the third time.

The Speaker. The question is on the passage of the Senate bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. **KEMP**. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The **SPEAKER**. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 208, nays 188, not voting 37, as follows:

[Roll No. 644]

YEAS—208

Addabbo
Ambro
Anderson, Calif.
Anderson, Ill.
Andrews, N. Dak.
Ashley
Badillo
Baldus
Bennett
Bergland
Bingham
Blanchard
Boggs
Boland
Bolling
Bonker
Brademas
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Buchanan
Burke, Calif.
Burke, Mass.
Burton, Phillip
Butler
Carney
Carter
Chappell
Chisholm
Clay
Cochran
Cohen
Collins, Ill.
Conte
Conyers
Corman
Cornell
Cotter
Daniels, N.J.
Davis
Dellums
Diggs
Dodd
Downey, N.Y.
Drinan
Early
Edgar
Edwards, Calif.
Eilberg
Erlenborn
Eshleman
Evans, Ind.
Fascell
Fenwick
Fish
Fisher
Fithian
Flood
Flowers
Foley
Gaydos
Giaimo
Gibbons
Goodling
Gradison
Gude
Guyer
Haley
Hall
Hamilton
Hanley
Hannaford
Harrington
Harris
Harsha
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Heckler, Mass.
Heinz
Helstoski
Hicks
Hillis
Holland
Holtzman
Howard
Jeffords
Johnson, Calif.
Johnson, Pa.
Jones, Okla.
Jordan
Karth
Kelly
Kindness
Koch
Krebs
Krueger
LaFalce
Leggett
Lehman
Levitas
Long, La.
Lott
McClory
McCormack
McDade
McEwen
McFall
McHugh
McKinney
Macdonald
Madden
Madigan
Maguire
Martin
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Michel
Miller, Ohio
Mills
Mineta
Minish
Mitchell, Md.
Mitchell, N.Y.
Moakley
Mollohan
Moore
Moorhead, Pa.
Morgan
Mosher
Mottl
Murphy, Ill.
Murtha
Nix
Nowak
Oberstar
Obey
O'Neill
Ottinger
Patman, Tex.
Pepper
Perkins
Peyser
Pike
Pressler
Preyer
Price
Railsback
Rangel
Rees
Regula
Reuss
Rhodes
Richmond
Riegle
Risenhoover
Rodino
Roe
Rooney
Rosenthal
Rostenkowski
Roush
Roybal
Ruppe
St Germain
Sarbanes
Scheuer
Schulze
Sebelius
Shipley
Shriver
Simon
Skubitz
Slack
Spellman
Staggers
Stanton, J. William
Stark
Steed
Steelman
Steiger, Wis.
Stokes
Stratton
Teague
Thompson
Thone
Thornton
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Waxman
Wilson, Bob
Wilson, C. H.
Winn
Wydler
Wylie
Yates
Yatron
Young, Ga.
Zablocki

NAYS—188

Abdnor
Adams
Alexander
Andrews, N.C.
Archer
Armstrong
Ashbrook
Aspin
AuCoin
Bafalis
Baucus
Bauman
Beard, Tenn.
Bedell
Bell
Bevill
Biaggi
Biester
Blouin
Bowen
Breckinridge
Broyhill
Burgener
Burleson, Tex.
Burlison, Mo.
Burton, John
Byron
Carr
Casey
Cederberg
Clancy
Clausen, Don H.
Clawson, Del
Collins, Tex.
Conable
Conlan
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
de la Garza
Delaney
Dent
Derrick
Derwinski
Devine
Dickinson
Dingell
Downing, Va.
Duncan, Tenn.
du Pont
Eckhardt
Edwards, Ala.
Emery
English
Evans, Colo.
Evins, Tenn.
Findley
Florio
Flynt
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Gilman
Goldwater
Gonzalez
Grassley
Hagedorn
Hammerschmidt
Hansen
Harkin
Hechler, W. Va.
Hefner
Henderson
Hightower
Hinshaw
Holt
Howe
Hubbard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jenrette
Johnson, Colo.
Jones, N.C.
Jones, Tenn.
Kasten
Kastenmeier
Kazen
Kemp
Keys
Lagomarsino
Landrum
Latta
Lloyd, Calif.
Lloyd, Tenn.
Long, Md.
McCloskey
McCollister
McDonald
McKay
Mahon
Mann
Mathis
Meyner
Mezvinsky
Mikva
Miller, Calif.
Moffett
Montgomery
Moorhead, Calif.
Moss
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nolan
O'Brien
O'Hara
Passman
Patterson, Calif.
Pattison, N.Y.
Pettis
Pickle
Poage
Pritchard
Quie
Quillen
Randall
Rinaldo
Roberts
Robinson
Rogers
Roncalio
Rose
Rousselot
Runnels
Russo
Ryan
Santini
Satterfield
Schneebeli
Schroeder
Seiberling
Sharp
Shuster
Sikes
Smith, Iowa
Smith, Nebr.
Snyder
Spence
Stanton, James V.
Steiger, Ariz.
Stephens
Stuckey
Studds
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Traxler
Vander Veen
Vanik
Waggonner
Walsh
Wampler
Weaver
White
Whitehurst
Whitten
Wilson, Tex.
Wolff
Wright
Young, Alaska
Young, Fla.
Young, Tex.
Zeferetti

NOT VOTING—37

Abzug
Annunzio
Barrett
Beard, R.I.
Breaux
Brinkley
Brown, Ohio
Burke, Fla.
Cleveland
Duncan, Oreg.
Esch
Fary
Ford, Mich.
Fraser
Ginn
Green
Hébert
Horton
Jones, Ala.
Ketchum
Lent
Litton
Lujan
Milford
Mink
Murphy, N.Y.
Nedzi
Patten, N.J.
Sarasin
Sisk
Solarz
Symington
Udall
Vigorito
Whalen
Wiggins
Wirth

The Clerk announced the following pairs:

On this vote:

Mr. Annunzio for, with Mr. Hébert against.
Ms. Abzug for, with Mr. Breaux against.

Mr. Wirth for, with Mr. Lujan against.

Mr. Murphy of New York for, with Mr. Wiggins.

Until further notice:

Mr. Ford of Michigan with Mr. Duncan of Oregon.
Mrs. Mink with Mr. Milford.
Mr. Solarz with Mr. Brown of Ohio.
Mr. Fary with Mr. Lent.
Mr. Sisk with Mr. Brinkley.
Mr. Patten with Mr. Whalen.
Mr. Fraser with Mr. Horton.
Mr. Nedzi with Mr. Litton.
Mr. Symington with Mr. Sarasin.
Mr. Vigorito with Mr. Esch.
Mr. Jones of Alabama with Mr. Cleveland.
Mr. Beard of Rhode Island with Mr. Burke of Florida.
Mr. Green with Mr. Ginn.
Mr. Barrett with Mr. Udall.

Messrs. ALEXANDER, ABDNOR, LLOYD of California, BAUCUS, O'HARA, WHITE, Mrs. SMITH of Nebraska, and Mr. SHARP changed their vote from "yea" to "nay."

Mr. RICHMOND changed his vote from "nay" to "yea."

So the Senate bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. ROUSSELOT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

REMARKS BEFORE THE ECONOMIC STABILIZATION SUBCOMMITTEE BY HON. JAMES M. HANLEY ON OCTOBER 28, 1975

(Mr. HANLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HANLEY. Mr. Speaker, my remarks before the Economic Stabilization Subcommittee follow:

Remarks Before the Economic Stabilization Subcommittee by Hon. James M. Hanley on October 28, 1975

Thank you, Mr. Chairman.

We come to this table as the final witnesses in what must be one of the most important hearings this House has held this session and indeed in this decade. Because of the magnitude of the effects which the actions taken here, or deferred here, will have on the fate of eight million fellow citizens of New York City and on the nine million residents of New York State who will ultimately share the fate of the city and on the fate of untold millions of people across America who could be adversely affected by uncontrolled reaction to a New York default, your deliberations have had to be exhaustively thorough and probing. We commend this committee and its chairman for its prudence and its dispatch in calling these sessions to determine the facts and, to the extent that foresight is possible, the impact of the New York crisis. As troops from the front line, as it were, we appreciate whatever support this committee can engender in fulfillment of its responsibilities to the Congress and the Nation.

The very fact that so many people of good faith in the national legislature have taken such an interest in New York problems has been an encouragement that the cause for financial self-control and remedial self-help is not lost. Certainly, by not killing all hope for redress, you have kept some wolves from the door and have thereby at least allowed a "breathing space" and "cooling off" period in which the crisis could be analyzed without prejudice or panic.

As you are aware, Mr. Chairman, the Ad Hoc Committee on Aid to New York was first formed within the New York Democratic Caucus in early September in response to the growing unease that New York City could not pull itself out of its morass of short-term debt and the collateral concern that the State of New York would be hard-pressed to aid if it too became laden with debt and inherited the skepticism of the marketplace that the city's insolvency was unavoidable. While this concern was real, there was certain optimism that the State could and would resolve the matter without recourse to Federal assistance.

However, ensuing developments and difficulties of the State in approaching the open market for revenues on behalf of the city were clear signals that the density of city and State were inextricably entwined and imperiled. The ramifications of this broadened scope brought the full New York delegation into active consideration of the whole issue of New York's fiscal policies and the consequences thereof, statewide and nationally.

As has been pointed out with full candor in these hearings, the feelings and sentiments of many non-metropolitan New Yorkers were much like those of western Kentuckians in that, in the eyes of upstaters, the Big Apple had more than a few worms in it. But the facts and their effects were so persuasive that regionalism was set aside, partisanship was dampened, even individual opportunism was subordinated to the primary need to assemble the data and rouse the mutual concern of disparate constituencies to protect New York and our own backyards at the same time.

It was then that we sought to bring the New York story to Congress for possible redress and remedy. Repeatedly appeals to the administration directly and indirectly have been unavailing of hoped-for understanding and assistance.

Thus, this House began its journey of discovery, its search for truth in determining what happened in New York City, what effect those events have had on New York State, and what possible effect the alternatives available in the present circumstances will have on the Nation.

The expert testimony which has been provided this committee stands as perhaps the ultimate dissection of urban finance and municipal infrastructure. In the expression of one witness, this has been a microscopic examination of dollars and cents, a dotting of "i's" and crossing of "t's" that few governments could withstand without chagrin.

You have had the benefit of concerned commentary by witnesses from across America, not only New York officials but by mayors, county executives, citizen groups, State, municipal and Federal fiscal advisors, bankers and investment experts, international observers, and the head of the Federal Reserve Board. All agreed that the immediate resolution of the situation was desirable, though some differed diametrically with the majority that aid should be given in some formulation that assures firm, explicit and binding preconditions of fiscal rectitude and budgetary amendment.

Some exacting stipulations, though not enticing, are expected and accepted as justified remonstration for financial follies and indiscretions. New York wants no blank check on the Federal Treasury. But we must remember the elemental danger of delayed resolution of this crisis. Should the city be permitted to default on its obligations, it would be only a matter of time before New York State agencies and the State itself could be forced into default by an inability to borrow at the private credit markets.

The consequences of a State default on every municipality throughout the State would be devastating. If the State defaults it will be unable to make local aid payments—no school aid, no welfare aid, no revenue sharing, just to mention a few. Without such aid funds from Albany, it is not difficult to foresee the bankruptcy of virtually every school district and many other municipal entities across the State. In the absence of State aid, municipalities might turn to the credit market for short-term cash needs and find it closed, or borrowing costs too high. There is no question that these credit problems could quickly extend beyond New York State's borders and impact on the finances of municipalities across the Nation. There is ample evidence such problems are already arising across the country, from Massachusetts to California.

In terms of the business climate in the State, the implications of a city/State default are equally frightening. Failure to pay the tremendous number of vendors located outside the city providing goods or services to city or State institutions and facilities could easily precipitate even more widespread unemployment and economic decline. Moreover, city and State contracts with suppliers and manufacturers all over the country would be in jeopardy.

We believe there is a growing consensus among our colleagues that some form of aid is necessary in order to preserve municipal credit and access to borrowing at reasonable rates with livable terms. After all, in most cases, borrowing in the capital markets is to finance progressive local economic development and public-benefit programs or to carry the operating costs of government in anticipation of incoming revenues, both crucial elements of sound and responsible government.

New York is in trouble through its own fault in many respects, but it is likewise the victim of historic disregard by the State and Federal Governments toward those demands on its resources which are not truly urban—such as welfare, education and immigrant reception centers.

Additionally, the status of the city has been aggravated by unemployment, by recession and inflation, by escalation of property tax delinquencies, by urban exodus of middle-high income taxpayers and corporate abandonment of the city, by costly pension contracts, by reliance on the sales and income tax for financing at a time both are declining.

We have only to think of our own cities with empty stores, surplus office space, abandoned factories, and undeveloped urban renewal sites to share some commonality with hard-pressed New York.

We hope you see merit in the case presented by the city and the State and will enact legislation appropriate to the crisis. The State has made itself pauper to the future of the city and has extended a "grub stake" of unparalleled proportion because we have faith in ourselves as a resourceful people.

As New York Representatives, our observations are subjective, and maybe even selfish, because we will be looking into the faces of sorrow, into the eyes of disillusioned hope if disaster does attend default.

It has been our task to mobilize the collective conscience of this House to act to prevent default of New York City and forestall default of the State and its agencies, and ultimately to protect a nation which is just now beginning to twitch itself awake at the rumblings along the Hudson River.

If there were time—the luxury of procrastination—we could properly educate our national constituencies as to causes and effects of the New York dilemma through forums, media exposure, news articles, newsletters, mailings and personal appeals and then solicit their unbiased, informed reaction to the aid question to have as a guide to our own judgment. As it is, we as the peoples' representatives stand with New York at the vortex of decision—between the rock and a hard place. The facts are available which persuasively argue for limited aid: The will to act is now essential.

We ask that you give New York not tribute for profligacy, but a bulwark against collapse. Such a ratification of federalism could well be the best investment of this Nation's good name and fidelity at the outset of our third century.

CALL OF THE HOUSE

Mr. BAUMAN. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER pro tempore (Mr. McFall). Evidently a quorum is not present.

Mr. ROSENTHAL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 645]

Abzug
Andrews, N.C.
Annunzio
Barrett
Beard, R.I.
Brademas
Breaux
Brinkley
Broomfield
Brown, Calif.
Brown, Ohio
Burke, Fla.
Burton, John
Byron
Casey
Clay
Cleveland
Conyers
Derwinski
Devine
Diggs
Dodd
Duncan, Oreg.
Eilberg
Esch
Eshleman
Evans, Colo.
Evins, Tenn.
Fary
Findley
Flood
Ford, Mich.
Forsythe
Fountain
Fraser
Gaydos
Giaimo
Gibbons
Ginn
Green
Hanley
Harsha
Hawkins
Hébert
Henderson
Hinshaw
Holland
Horton
Jarman
Jones, Ala.
Ketchum
Landrum
Leggett
Lent
Litton
Lujan
McCollister
Madden
Melcher
Milford
Mink
Mitchell, Md.
Mosher
Murphy, N.Y.
Myers, Ind.
Neal
Nedzi
Nix
Passman
Patten, N.J.
Pepper
Quie
Quillen
Runnels
Sarasin
Shuster
Sisk
Skubitz
Solarz
Steed
Steiger, Ariz.
Stuckey
Symington
Taylor, N.C.
Thompson
Thornton
Udall
Vigorito
Whalen
Wiggins
Wilson, C. H.
Wirth
Wright
Young, Alaska

The SPEAKER pro tempore (Mr. McFall). On this roll call 339 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

FEDERAL LEADERSHIP NEEDED TO AVERT NATIONAL DAMAGE FROM NEW YORK DEFAULT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Horton), is recognized for 60 minutes.

Mr. HORTON. Mr. Speaker, the time has come for congressional action on New York City. The course of action taken by the Congress should not be viewed a vindication of the disastrous fiscal management of New York, but rather a recognition of the horrendous impact of a default.

New York City, the "Big Apple," is facing financial rot. It has spent not only way beyond its means, but beyond any sort of rational plan for the role of a municipal government. It has used gimmickry, gadgets, and glad-handing to postpone the inevitable time when all of its excesses would come tumbling down on the backs of the most heavily taxed population in the United States.

The city has neglected to recognize that there must be accountability for every decision.

But the gross mistakes are history. The city is now facing a financial Armagedon. The last hope for providing a means by which the city and the State of New York may wrench itself from the jaws of disaster rests with the Congress. In my judgment, the fact that the Federal Government has failed to provide leadership in this area is appalling. If the Congress fails to fill this vacuum, it will be a national disgrace.

I do not believe that New York City needs to be punished for its profligate and bungled spending policies. I do believe, and wholeheartedly support the idea that the city should not be rewarded for its past policies.

If the Congress takes action, it should not be a bail out. Direct cash subsidies to the city are out of the question. New York needs to continue making modifications in its budgetary allocations so that its outlays will equal its income.

The only acceptable route to follow is to give support to the efforts of the city to return to the private capital markets in a competitive manner. A Federal guarantee would help that process.

The financial health, stability, and future of the State government is closely tied to that of the city of New York. In short, it is highly probable that a default by the city government will lead to a default by the State government or by some of its component agencies or authorities.

If the State gets into a serious cash-flow crisis, the State government's ability to meet its responsibility for school aid, medicaid, welfare, construction guarantees, and a host of other obligations would be thrown into serious question. This could potentially throw thousands of people out of work, and could result in very stiff tax increases to solve the State's cash-flow crunch after a default.

The national effect of a default by New York City could include any or all of the following problems:

First, it is probable that the Federal Reserve would be called upon to prop up banks whose financial stability would be destroyed by a significant default on New York City debt, or even by a serious decrease in the portfolio value of New York City securities.

Second, because New York City debt accounts for nearly 20 percent of the total dollar value of all outstanding tax-exempt bonds, the impact of a default on municipal bond markets could be to substantially force upward the interest rates sought by buyers of these tax-exempt issues in the future.

This would be directly translated into higher local, State, school, sewer, and other taxes for taxpayers throughout the United States. This is true because borrowing would be more costly, and thus the cost of construction public facilities and of operating governmental entities responsible for the payment of bonded debt would rise substantially—and the sole source of revenue for these purposes is taxes.

Third, individuals holding New York City, and possible New York State securities could suffer a substantial loss of value of their holdings, not to mention a loss of income on the specific notes on which there is a default of interest or principal payments.

Fourth, because New York City is the center of much international financial activity, representatives of Britain, West Germany, and other foreign governments have expressed the fear that a financial failure of the city of New York could have serious negative impact on free world capital markets and transactions.

These problems clearly flow far beyond the borders of the five boroughs of New York City, and beyond the borders of New York State.

There is a need for a realistic assessment—in Washington—of the problems that exist and that assessment must result in a responsible plan for dealing with the problems.

As dean of the Republican congressional delegation from the State of New York, I have participated in countless discussions and delegation committee meetings with my colleagues over the past month concerning the proper Federal response to this problem.

In my judgment, the Federal Government should provide a sensible, measured plan of temporary Federal guarantees for new issues of taxable New York City obligations. These obligations would be sold to refinance the existing tax-exempt securities on which default is threatened within a few weeks. The Federal guarantee together with the controls I have discussed should be sufficient to assure the marketability of taxable bonds, which, of course, would yield substantial income to the Federal Government in the form of taxes collected on the bond interest payments. By converting New York City debt to taxable securities, we could relieve much of the upward pressure on current tax-exempt interest rates, and the effect might be substantial enough to provide lower tax-exempt rates for communities with good credit ratings.

Of course, any program of Federal assistance must be coupled with tough provisions for a combination of Federal and State control over the budget and expenditures of the city of New York. Since, in effect, for a temporary period, the city would be spending federally guaranteed dollars, we would have to be assured, and I mean assured, that the city budget would be placed in balance, and that the city's financial practices would be thoroughly reformed and investigated.

The controls must be tough enough so that no other city or State would wish to follow in the tainted financial footsteps of New York City, so that no other city is even tempted to place its hand out for alms from Washington.

Coupled with action on temporary Federal bond guarantees, the Congress and the President should focus urgently on permanent changes and reforms in the present welfare system. New York City is not to blame for the welfare portion of its problems. These are national problems, tied to the economy, immigration, population distribution, et cetera. Our current welfare system is a stone age relic. Neither its basic concepts, its funding mechanisms, its administrative rules nor its human, social, and financial results come close to providing what a modern welfare system should provide. Leadership in this area would help solve a host of urban problems shared by cities and counties across America.

There are two specific proposals I wish to comment on briefly. First, I do not favor any plan of direct cash assistance to New York City. A plan of Federal guarantees of taxable bonds, such as I have outlined would cost the Federal taxpayer nothing. In fact, it would provide increased Federal revenue and the possibility of lower State and local expenditures if tax-exempt interest rates drop. Cash assistance is too great a lure for other troubled cities, and it would solve nothing in the long run in terms of fiscal responsibility in New York.

There has also been a proposal that the way to solve New York City's problems is to impose new and higher taxes on the New York State taxpayers. That would be economically catastrophic, in my judgment. The people of New York State already bear the highest tax burden in the Nation. Currently, the President is seeking a large reduction in Federal income taxes. A major tax rise for New York State residents would only make our business climate and our unemployment, health, housing, and other problems, including our fiscal crisis, much worse than they already are.

The answer to the New York City crises is not to punish the people of New York State. Nor is the answer to punish all the American people with the higher interest rates and higher taxes which would result from default.

For these and other reasons, it is folly to allow New York City to default on its bondholders as some form of punishment or accountability for financial mismanagement and wrongdoing.

Mr. Speaker, some people believe Federal help for New York City, if offered at all, should await the event of default. The argument used is that default itself would help to impose the kinds of financial disciplines on the city and State that are desirable and necessary to bring about a longrun solution to the problem. In my judgment, the argument that we should allow default to occur is a dangerous one.

Of course, default will impose financial disciplines—just as bankruptcy imposes fatal kinds of disciplines on a business. It is precisely the national damage that would follow default that Federal guarantee assistance should be designed to avoid. Some postdefault damage may not be reversible—the impact on banks and bondholders, and the impact on municipal bond markets and on the confidence of investors in the State government.

Furthermore, postdefault Federal aid would have to take a different and more objectionable form than predefault aid. If we allow default to occur, we may be forced into direct cash payments to the city of New York so that it could maintain essential services like police and fire protection, and emergency health care. Whether such direct cash assistance could be limited as to dollars and duration is, today, anybody's guess.

However, with a measured and sensible program of predefault guarantees, it is possible to predict the nature and extent of Federal involvement, and it is possible to avoid the necessity of direct cash grants to the city of New York—a step I feel should be avoided to prevent permanent dependency of New York and other cities on such special aid.

Federal leadership and responsible action are needed now. The pill we provide to New York City to solve its fiscal illness must be bitter, but it must be provided.

NEW YORK CITY FISCAL CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Fish) is recognized for 60 minutes.

Mr. FISH. Mr. Speaker, 13 of us have joined in taking time for this special order this evening on the New York City fiscal crisis. I will be followed by various Members of the New York delegation, each of us taking a portion of the problem to discuss. It is our hope that a record can be made which will be orderly and persuasive and of value to the entire House in its deliberations on this issue.

At this time, Mr. Speaker, I yield briefly to the ranking minority member of the Subcommittee on Economic Stabilization of the House Committee on Banking, Currency and Housing, who has our gratitude along with the chairman of the subcommittee, the gentleman from Ohio (Mr. Ashley), for conducting extensive and exhaustive hearings starting on the 20th of October, hearings that are still in process.

Mr. Speaker, I yield to the gentleman from Connecticut (Mr. McKinney).

Mr. McKINNEY. Mr. Speaker, tomorrow I will put in a bill which will call for Federal guarantees to the city of New York. I do not in any way do this with a light heart because I think that the possibility of precedent here is alarming. However, Mr. Speaker, I can assure the Members this bill is so tough that no one but the State of New York and the city of New York in their present condition could possibly accept its requirements, strictures, and controls. Also I would suggest to this Congress and the U.S. Government that the underlying causes of New York's problems are causes and problems that this country as a Nation and as a whole is going to have to face very shortly.

It is very easy for us to stand here and cast blame at both Republican and Democrat administrations that have run both the State and the city of New York. The fact of the matter is that New York is this country's greatest city and it is in terrible trouble.

It seems to me that the job of this Congress is to weigh the risk to the United States of America of what would happen if there were a default in the case of New York City; but we have gone well past the fact of default on the part of New York City, for should New York City totally forget every dollar of interest, should New York City forget every dollar of debt, due to revenue anticipation problems, as of the month of December the city of New York will be $461.3 million short of meeting its payroll and its needs; this figure between the month of December and the month of May will come to $1.2 billion roughly. We have testimony of the comptroller of the State of New York that should the State of New York under those conditions, and I might add under the Federal Constitution also, have to take over the payroll for public health and safety, have to take over the payroll for education, have to take over welfare payments, have to take over medicaid payments, then the State of New York would be insolvent by possibly the 30th of April to the middle of May. This would mean that one of the largest States in our Union, as well as our largest city has, in effect, gone into default.

I think we might well ask ourselves also what the problems would be for the Federal Government should default happen. First of all, there is no way for a city in the United States to declare voluntary bankruptcy at the present moment. Under title IX of the Bankruptcy Laws as they are now written, 51 percent of the creditors must voluntarily come forth for a judgment. Fifty-one percent of the creditors of the city of New York cannot be found, because the city of New York, thanks to the sponsorship of Mr. William Simon, our Secretary of the Treasury, is operating under bearer bonds. New York City has the largest percentage of household-held debt within any city of the United States.

So we are left with a situation that after December 1, we have no way of knowing what will happen; but one thing is sure. Payrolls could not be met even if the debt were forgotten and the Federal Government probably under the clauses of the Constitution, whereby we guarantee personal safety and freedom, would eventually have to enter into the problems and affairs of New York City. The cost, I propose, would be far greater than any guarantee we could possibly suggest. In fact, I would suggest that a guarantee would do several things. First of all, a guarantee would take close to $6 billion of taxable municipal bonds out of the municipal tax-free market, which everyone who has testified before us has called overburdened. It is estimated by the Internal Revenue Service and the Treasury Department this would bring approximately $190 million to $200 million dollars of revenue to the Federal Treasury, since these new bonds would be taxable. Second, my bill, or any bill that will come forth from the majority side of the aisle, will require a guarantee fee on the part of the State of New York to use these bonds to buy New York City's short-term debt. This guarantee fee would also earn for the Federal Treasury the sum of $200 million. Far more important than that, I think that this bill or any like it would give New York City the right to settle its affairs, get itself back in order and return to the market for their funds with a balanced budget.

Default, I would suggest to my friends who are opposed to helping the city of New York with a grant, is the ultimate cop-out for every mayor in the United States. If the city of New York is allowed to go into default, it means that the city is let off the hook. It will not have to confront its creditors, as it would under the situation in the bills now being proposed.

What do we propose? I propose that the money be guaranteed to the State of New York; and that the State of New York issue taxable bonds. The State will use those taxable bonds to buy the short-term debt of the city of New York, which is being strangled at this present moment. The city of New York will no longer have a checkbook. In fact, at this point it does not have a checkbook. The State of New York will have total control over every contract, every agreement, every expense, every paycheck, every purchase, everything that the city of New York does until the city of New York's budget is balanced and it is back in the credit market.

In fact, I would suggest to some of my friends who are concerned about this subject that this perhaps might be one way that we could get a handle on the pensions and on the civil employees contracts that are being written throughout the United States which are inevitably going to take St. Louis, Philadelphia, Detroit and the rest of the cities of this country in the same direction that New York City has gone with its profligate problems.

If we choose not to help, I simply suggest to everyone that the risks of disaster are far too great. The chances of any AA municipality or State getting any more financing are extremely low. In New York State today the city of New York is closed from the market. Agencies are closed from the market, and the city of Niagara Falls had to pay over 10 percent for money recently. The State of Connecticut, which is an AAA State which has always paid its bills, has now been reduced to AA.

It seems to me that there are pragmatic fiscal, responsible reasons for granting the city this breather. It is not a bailout. It is not cash. Nobody is giving New York anything except the right and responsibility to put its house in order and pay its bills. The cost to the country on the other hand, I would suggest, is extreme in every way, dangerous in every way and, in fact, will foster the idea of municipal bankruptcy and turn the problems of cities over to a higher governmental agency.

I would suggest to the Members that those are pragmatic fiscal reasons for doing what we are doing. I am not even going to touch on the humanity of the situation. But let us face the fact that we are dealing with the city of 8 million people and an urban area of over 12 million people; a home that has given 42 million immigrant Americans their start, and a place right now that is suffering, whether it wishes to or not, due in part to the Federal Government's lack of responsibility for realizing that poverty is a nationwide concern. New York City is right now carrying far more than its just burden in taking care of human suffering.

Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. FISH. Mr. Speaker, I think all of us from New York are indebted to the gentleman from Connecticut for his leadership and his understanding of this problem.

Mr. Speaker, the efforts of the New York delegation for the past couple of months in this regard have been spearheaded by the gentleman from New York (Mr. HANLEY), from Syracuse, who was named originally by the Democratic caucus to head an ad hoc committee which was later enlarged into a bipartisan committee to monitor the fiscal affairs of the city and to steer the Congress toward an appropriate Federal response. At this time, I would like to yield to the gentleman from New York (Mr. HANLEY).

Mr. HANLEY. Mr. Speaker, I thank the gentleman for yielding. I want to commend my predecessor here in the well for his very objective analysis of this very serious problem. He has given the problem a great deal of interest, and this is evidenced by his action tomorrow, as he has indicated, that he is going to introduce a bill dealing with the problem. So, on behalf of the State of New York I want to express our gratitude to the gentleman from Connecticut (Mr. McKINNEY).

Many weeks ago, in taking a reading on the barometer with regard to the New York problem, a meeting was called here in Washington where representatives of the major banks throughout our country were asked to come on in, and along with them representatives of the major bond houses in America. One Monday we met, and our question was a very simple one to that group of some 18 people: What, if any, would be the ramifications of default in the American bond market; that is, default of the city of New York?

With one exception, everyone of them explained that it would be terrible.

Mind you, these are the people out in the field who are selling and buying the bond offering of localities.

Subsequently, as my friend the gentleman from New York (Mr. FISH) has already mentioned, the New York delegation, in recognition of its responsibility, delved heavily into this problem; and it produced a program of affirmative action which I believe has worked quite well.

Starting from scratch, it was the challenge of this group to develop an interest here in the Congress, recognizing at the very beginning that before anything could be effective it would have to have a broad appeal throughout the Congress.

Mr. Speaker, at this point I want to extend our gratitude to Senator PROXMIRE for what he has done on the other side in biting the bullet. I want to extend our gratitude to the gentleman from Wisconsin (Mr. REUSS) chairman of the Committee on Banking, Currency and Housing here on this side, and the gentleman from Ohio (Mr. ASHLEY) the chairman of the Subcommittee on Economic Stabilization, under which is lodged this jurisdiction.

Senator PROXMIRE conducted a series of intensive hearings and, as the Members know, some days ago that Senate committee passed out a bill by a vote of 7 to 6.

The gentleman from Ohio (Mr. ASHLEY) here in the House initiated hearings a week ago Monday, and through this period of time—incidentally, those hearings concluded here about an hour and a half ago—that committee received testimony from people across this Nation who are knowledgeable and intimate with the American bond market and with the economy in general. Hopefully, that committee will take positive action within the next several days, that is, mark up and pass out a bill.

When we think of the ramifications of default on the American bond market, I think of, for instance, some testimony offered the Subcommittee on Housing and Community Development just several days ago, as we reviewed the implementation of title VIII of the Housing bill. The representative of the First Boston Bank, in response to my question, "What is the going rate today of interest in the bond market, housing bond market?" gave us his answer.

And I said, "What was it a year ago?" And he told us.

The differential was about 3 percent. Mind you, 3 percent. We are talking about tax-free bonds.

I said to the gentleman:

> Would it be reasonable to conclude that this increase in interest is a direct result of the apprehension prevailing in our nation relating to the possibility of default of the City of New York?

He said:

> No question about it.

With regard to impact on communities, incidentally, it is estimated that if this problem goes unattended, the interest cost in the bond market, insofar as localities are concerned, is going to increase by somewhere in the neighborhood of $2 billion.

Mr. Speaker, it is rather interesting to note that this would essentially be about half of all of the revenue-paying money that might go to these communities.

I think of the city of Buffalo, for example, which, during the last several weeks, tried to move with a $23 million bond issue, and it could only sell but $10 million of it. The rate of interest was 10 percent.

I think of another community in New York State, Albany County, a school bond issue of $10 million, which could not be sold initially. Ultimately it was sold, but for 9¾ percent.

The impact on local property owners in that instance will be felt in the next local property tax go-around. Those people, the citizens of that county, are going to have to digest that extra approximate 4-percent increase.

That is what is happening about our country.

Mr. Speaker, beyond the problem related to the rate of interest, let us think for a minute about the economy of this Nation. I think that most of us agree that the fundamental problem that plagues us happens to relate to unemployment in America.

We are told that once the unemployment percentage goes beyond 4 percent, then from that point on every 1 percent of unemployment costs the U.S. Government $14 billion. That is made up of $12 billion by way of lost revenues and about $2 billion in added expense resultant from unemployment benefits and other programs appropriate to those who are unemployed.

Mr. DENT. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Speaker, I want to call to the attention of the Members the fact that what the gentleman is talking about is very important. When we have to get 10½ or 9½ percent or anything over 6½ percent for tax exempt bonds, we are then putting industry and private enterprise in an impossible position if they are to fund whatever requirements they may need for expansion, whatever requirements they may need for new processes, and whatever requirements they may need for movements wherever these items become necessary.

Industry and increased productivity is the only solution in the end. This Congress just passed a bill to create a Productivity Commission. We might as well tear up that Commission's right to operate right now. There is nothing they can do to increase productivity without money, and there is no way on God's earth that this great industrial establishment of ours can meet the requirements for increased productivity without funding new facilities. They cannot build them without publicly funded bonds that come onto the open market.

They cannot sell bonds against competition from tax exempt bonds, and God only knows what point the tax exempt bonds will reach if New York goes down the drain.

Mr. Speaker, I do not care about bringing in other issues; I would like to stick strictly with the demands and the requirements of the American people. I am not just voting for relief of New York; I am voting for the survival of my community, its industries, and its economy, and every other Member ought to look at it in that way.

Mr. HANLEY. Mr. Speaker, I thank the gentleman for his contribution.

I mentioned that for every percentage point beyond 4 percent, insofar as unemployment is concerned, it costs our Nation $14 billion. Our unemployment percentage now is up beyond that 8 percent figure, and if we could shift gears and bring it back down to about 4 percent, that would almost take care of our current deficit for this fiscal year.

But at a time when we need jobs so badly, a negative attitude unfortunately prevails on the part of the administration.

How will this affect the American employment market? I will give the Members one little example of what will happen and what is happening throughout America. I cite as an example the fact that a few days ago in the State of New York the Board of Trustees for the State University imposed a moratorium on 108 building projects that were on "Go" status and ready to break ground. Those 108 projects have been shelved for the current fiscal year. And so be it with other communities across this Nation.

Once the message is transmitted that the cost of interest on that bond issue is going to be exorbitant, then the community will have no other alternative but to shelve its project, regardless of how badly the community needs that new water line or that new sewage line or a school building, or, for that matter, a hospital. The community is going to be forced to shelve that project and say, "We can't do it now. We've got to wait another year in the hope that the interest percentages will be in a better perspective."

Every time a project is shelved in America, that reduces the employment factor and increases the unemployment percentage. So, as I say, it is inconceivable to me that from the White House comes a negative attitude on a problem which is so important to our American economy.

I am confident, and I know that we have a real job of education on our hands because, obviously, a great deal of parochialism on the issue continues to exist. Therefore, we have a great job of education in making the point with all of our colleagues, and that is that this does not necessarily affect the city of New York alone. It goes far beyond that, and it reaches out into each Member's very community.

Very frankly, I become a little bit annoyed when Members come to me and put it this way. They say, "Oh, no, no, no; in no way could I support that. My people do not want to have anything to do with that problem in New York City."

Those people who look upon it that way—and I say Representatives—are not really fulfilling their responsibility to their constituency if they accept that reaction without responding with some information related to the program, advising that constituency of the ramifications of default on the community that he or she happens to represent.

Mr. PEYSER. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes, I yield to the gentleman from New York.

Mr. PEYSER. Mr. Speaker, I thank the gentleman for yielding.

I think of particular importance is the point the gentleman was just making. For those Members who may not know it, the gentleman in the well represents a district in Upstate New York. That certainly would be a rural area, and he went forward and came out and played a leadership role in his willingness to speak out for the city of New York.

At first, people were looking at him and saying that he was putting his feet out the window and that people would run against him and that they could beat him on the New York issue.

In the short period of time since he first made his announcement, there is no question that the people in Upstate New York are now respecting the judgment and the thinking that the gentleman in the well used.

I would like to suggest that Members from other areas of the country will very rapidly find the same thing taking place when they are willing to put the facts in front of their people and let them know what really is happening.

Mr. HANLEY. Mr. Speaker, I thank the gentleman for his very fine comment.

There are so many other things we could say today. I am thinking, for instance, of a little statistic related to the investment of the banks in America in MO's—municipal obligations. We are told that 53 percent of the banks in America have better than 50 percent of their assets tied up in municipal obligations.

It is conceivable, if this matter did go the route and did go into default, that it actually could have the effect of producing a run on our American banks, God forbid, but it is that important.

I have a sheet here. A lot of people have said, "Why does not the city do more? Why don't they back up on certain programs, and why does not the State do more?"

I have a litany of things here that the city has done through the course of this crisis, and I think the Members will be quite impressed. I have a litany of things that the State has done in responding to this crisis, and I think the Members will be impressed.

I do not propose to take the time this afternoon to read it all. I am going to ask that it be inserted in the RECORD. Hopefully, if the Members will take the time to read it, I think those who criticize or choose to criticize, or those who do just criticize will have their criticism put to rest, if they will but take a few moments to read what the city and the State are doing.

The satement referred to follows:

BACKGROUND ON NEW YORK CITY DEFAULT CRISIS

I. STATEMENT OF FACTS

The municipal bond market has been closed to the City since spring.

Current measures now provide for tentative financing of the City's cash needs thru early December.

The City's cash needs during the period December 1975–June 1976 total $4 billion.

Even if the city suspended all payment of debt principal and interest, it would still require short-term borrowing of over $1 billion before the end of the fiscal year for current cash needs.

The Municipal Assistance Corporation (MAC) was created in June to exchange much of New York City's short-term debt for long-term obligations. However, since September the private credit market has been closed to MAC and its securities have been placed with banks, state bodies and public employee pension funds.

II. WHAT THE STATE HAS DONE

The State advanced $800 million in aid payments to the City earlier this year.

The State authorized new tax and tax increases adopted by the City this year yielding $330 million annually.

The State's 1975–76 budget provides an increase in aid to the City amounting to about $400 million.

As part of a $2.3 billion "package" designed to meet the City's cash needs through the end of November the State has agreed to lend the City $750 million.

New York State's budget is smaller than the City's, yet 63 percent of State expenditures go for local assistance.

New York State's per capita state aid to localities is the highest in the nation, more than double the average for all states.

New York State residents and businesses are the highest taxed in the nation.

The State imposes 17 different taxes ranging from statewide sales and personal income taxes to racing admissions.

In September, State legislation created the Emergency Financial Control Board (EFCB). The EFCB was granted broad powers and contains the mechanism for total State management of the City's finances. EFCB's powers include:

Receiving all City revenues into its own account and disbursing them only in accordance with the financial plan;

Reviewing and passing on all major contracts;

Approving all City borrowing;

Extending the wage freeze on City employees through the end of fiscal 1977; and

Approving a 3-year financial plan (this had been done) which would: achieve a balanced budget in 20 months; eliminate a cumulative $3.5 billion deficit; reduce dependency on short-term borrowing to meet operating needs; remove operating expenses from capital budget; and, limit controllable spending to 2 percent annually.

The EFCB has decided not to accept a labor contract recently negotiated with the City's teachers. This extraordinary decision suggests the Board's power in controlling City finances.

III. WHAT THE CITY HAS DONE

Since the first of the year, the City has reduced its overall payroll positions by 31,000—from 294,000 to 263,000.

In order to conform to accepted government financing practices, items appearing in City's capital budget appropriations for operating expenses are being shifted back to the regular operating budget.

The Metropolitan Transit Authority has raised the subway fare to $.50, more than a 43% increase.

Although the Board of Higher Education has voted to retain a free tuition policy, the equivalent City tax levy funds for the City University has been cut $32 million by the Mayor. An additional $32 million reduction takes place from State funds because the aid program has a matching requirement.

A new Deputy Mayor for Fiscal Affairs, Ken Axelson, Vice President of J. C. Penney, developed the fiscal plan accepted by the Emergency Financial Control Board.

The City has begun a major reorganization of City agencies including so-called "super agencies".

A new Mayor's Management Board has been established to recommend changes in the City's administrative process and to develop greater productivity.

The City adopted a tax package of increases and a new tax this spring yielding $330 million.

New York City residents pay all State levied taxes in addition to 18 City taxes (including City personal income and nonresidents earnings taxes).

IV. EFFECTS OF DEFAULT

Without sufficient cash, the City would be unable to meet its share of welfare payments. Absent the City's share, federal contributions would cease—leaving the over one million people in the City dependent on welfare payments without any means of subsistence.

In the wake of a default and subsequent lack of funds, massive cutbacks in payroll would be required. Mayor Beame has estimated that 50% of the payroll in "controllable" operations might have to be paid off in order to effect the needed economics in the six months remaining in fiscal 1975–76 after December.

Closing of credit markets in the State in response to a City default would likely cause the State to default.

A New York State default could lead to bankruptcy of virtually every school district in the State, which depend heavily on State aid and borrow in anticipation of its receipt.

Vendors to City and State agencies located within the City, elsewhere in New York State and outside the State would not be paid. Layoff and possibly bankruptcy on the part of the vendors could result.

Unable to meet payments, the City and the State would be forced to cancel or break contracts for capital equipment. The St. Louis area might experience a blow to employment if the City were unable to meet its obligations on a $300 million contract for subway cars.

Retired persons and City bond and note holders all over the nation would be impacted by the inability to meet City financial obligations.

Municipal credit markets are certain to contract as investors become wary of the soundness of tax-exempt investments.

A "flight to quality" is already becoming apparent, resulting in a two-tiered market in which credit is available to only the highest-rated localities, and denied to all others.

Should the City be forced into bankruptcy and "human needs" such as welfare payments and payrolls be given priority over creditors, the impact on all municipal borrowing would be deep and long-lasting.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. FISH. Yes, I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding.

Mr. Speaker, I rise to associate myself with the remarks of both gentlemen from New York (Mr. Hanley and Mr. Fish) and compliment them along with Mr. Delaney, the chairman of our New York congressional delegation, for their efforts and work in seeking to resolve the crucial problems confronting the city of New York.

Both Mr. Fish and Mr. Hanley, like myself, represent congressional districts outside the city of New York, yet we all recognize that the consequences of New York City's fiscal crisis will affect not only New York State, but will eventually have an impact upon the entire Nation.

The situation facing New York City is not unique to that city. Unfortunately, many of our large cities across the Nation are also beginning to feel the effects of years of living on over-extended credit, of waste and inefficiency and of paying for extensive social services which they must provide to their citizenry.

Several measures which have been proposed would alleviate some aspects of the city's financial plight. However, the cost of many of these programs proposed would be overwhelming.

The key areas of concern and the areas most urgently needing support are methods to stabilize municipal markets, to reduce city debt burdens and to provide liquidity.

My 26th Congressional District has been feeling the effects of New York City's fiscal problems for quite some time. I recently met with a delegation of New York City policemen and firemen who have lost their jobs as a result of the city's fiscal plight. Many other constituents have written expressing their concern that they too may lose their jobs if the city's financial plight continues to deteriorate.

So too are the public officials throughout my district concerned about the escalating interest rates on municipal bond issues. A school superintendent in my district just last week informed me that he will have to cancel proposed school construction because of the severity of bond interest rates now exceeding 12 percent.

Ultimately, the State and the Federal Government will have to come up with a joint plan for assistance to enable the city to return to the bond market.

Such a plan should not be a "bail-out" proposal but rather, should be a "help-out" measure—a method for providing guaranteed loans with some stringent safeguards, requiring the city to return to fiscal stability.

The ultimate solution for New York City, must be a sharing of the efforts of all of us, the city, the State and the Nation. Together, and only together can we overcome this crisis.

Mr. HANLEY. Mr. Speaker, I thank the gentleman for his fine contribution.

Mr. Speaker, I will conclude in just a few moments but first I wish to reflect upon a similar situation that faced our Nation several years ago which related to the Lockheed Corp. That was a very controversial issue. I know I was absolutely opposed to Federal participation in that problem until I sat through the series of hearings and heard some of the people who were intimate with the problem and intimate with the impact of that industry on the American economy. It did not take me that long to change my mind and as opposed to being an opponent, I became a proponent of it.

As I say, that was several years ago. Let us take a look back and see what has happened and what would have happened if the Congress had not taken that action back then. It was not a very popular thing from the standpoint of the folks back home and was a grossly misunderstood thing and I am afraid to this day people think that we dipped into the U.S. Treasury and came up with the money that bailed out that corporation when, in fact, we did not do that. We did not invest one penny, we simply said to the 60 banks participating in that Lockheed program that we would guarantee the borrowing of that corporation.

Had we not done that back at that time, do you know what would have happened? That gigantic corporation, Lockheed, that contributes so greatly to our gross national product and our employment rolls, would have gone down the tube and all of the jobs associated with it, in-house and out-house—and by "out-house" I mean the subcontractors throughout America who enjoy a piece of the Lockheed pie continue to enjoy that piece of the pie. Had we not done that back then that corporation would have died and along with it the thousands and thousands and thousands of jobs associated with the operation along with its jeopardy to our position from the standpoint of aircraft technology in the world community.

So, how has it worked? Well, it has worked beautifully and it has not cost the taxpayers any money. In fact, instead, as of now, the U.S. Treasury is $17 million ahead of the game because of the charges associated and conditioned with that loan back then.

So, essentially that is what we are talking about here.

As the Governor of the State of New York said: We do not want to bail out the city of New York, we are simply asking for a backup. Give us the opportunity.

So, Mr. Speaker, I hope very much that the Congress will see fit to accede to the request of the Governor of the State of New York to help the State of New York and in helping the State of New York, we will be helping our entire nation.

I appreciate the Members listening to my discourse. I offer my deep appreciation also to my friend and colleague, the gentleman from New York (Mr. Fish), for the outstanding contribution he has made in this effort.

Mr. FISH. I thank the gentleman.

Mr. OTTINGER. Mr. Speaker, will the gentleman yield?

Mr. FISH. I will be glad to yield to the gentleman from New York.

Mr. OTTINGER. I thank the gentleman for yielding.

I would like to congratulate my colleague from the suburbs of New York (Mr. Fish) for the fine leadership that he has shown on this question, as well as Mr. Hanley, and associate myself with the remarks of both. I wish to point out that this is just absolutely critical for the economic health of the country, to back up New York, as the gentleman from New York (Mr. Hanley) so ably pointed out.

The default by New York is already happening and is already being felt in surrounding communities. The city of Yonkers was just told it is unable to market $16 million of tax anticipation notes that it must finance within the next month, and it is threatened with default. This is going to happen in municipalities all over the country if we do not back up New York City, so I hope that the Congress in its wisdom will take the needed action and put on the restraints, which I think already are very stringently placed upon New York City by the Big Mac Corp., and such additional restraints as may be thought to be wise, and certainly that we take this action and take it very quickly to prevent a default that will put thousands of people out of work and that will deprive people in communities, who had nothing to do with the administration in New York like the city of Yonkers, of services that it vitally needs, and to prevent further depression in the construction industry which is badly hit by our economic conditions because municipalities will not be able to finance sewer treatment plants and other municipal improvements. Schools will not be able to finance needed new school facilities. It will just be a disaster for the country.

I am not a Representative from New York City, but my communities have already been vitally affected by the situation. Merely by the administration's saying they would not come to the aid of New York, already a little community, a town by the name of New Castle that has a triple A rating, had to pay 10.7 percent to roll over its debt. This is going to happen all over, in many communities like Yonkers that will not be able to finance debt at all.

To prevent this tragic action, I hope that we back up New York City.

Mr. PHILLIP BURTON. Mr. Speaker, will the gentleman yield?

Mr. FISH. I will be glad to yield to the gentleman from California.

Mr. PHILLIP BURTON. I thank the gentleman for yielding.

I would like to associate myself with the remarks of my colleague, the gentleman from New York (Mr. Ottinger) and others who have spoken before him.

As we know, I come from the other end of the country in San Francisco. Our own people who work in matters of municipal fiscal management are very concerned with the likelihood of default. Although we are some 3,000 miles removed in geographical terms, we are rather intimately involved with the plight confronting the people of the city of New York, if not the whole State of New York as well.

I am convinced that for the well-being of the communities not only out our way but communities in every section of the country, we have a very real stake in seeing that the Federal Government take all responsible and effective steps to see that New York is given the kind of assistance they need in this very important and very troubled situation.

So I would like to state to my colleagues that I intend to do all that I can to work with our colleagues from New York for a constructive solution, because this problem is national in its implications rather than merely local in the sense that it affects a city or even just our second largest State on the Eastern Seaboard.

Mr. FISH. I thank the gentleman for his comments.

Mr. ANDERSON of Illinois. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Illinois.

Mr. ANDERSON of Illinois. I thank the gentleman for yielding.

Mr. Speaker, I want to join as well in congratulating the gentleman who is now in the well, my colleague from New York (Mr. Fish) for the initiative that he has shown in organizing this special order this evening.

As one of those who has preceded me this evening remarked, there is a tremendous task to be performed with respect to educating the Members of this body, I think, as well as the public at large, to the issues that are involved.

I am not privileged to be a member of the Economic Stabilization Subcommittee of the House Committee on Banking, Currency and Housing, but nevertheless because of my interest in what I think is a truly monumental problem I have from day to day obtained copies of the various statements that have been delivered before that committee. I recall reading a few days ago the statement by Paul Volcker, now of New York, who was formerly a distinguished Under Secretary of the Treasury for Monetary Affairs, in which I felt the burden of his statement was that we simply do not know what the precise consequences of default would be, that there are so many imponderables both with respect to the impact this would have on the municipal bond markets around the country as well as the impact it would have on our recovery that is now underway and the effect it has been suggested the default might have on the impact of the U.S. dollar relative to the international currency markets. There is no one who can attest as to what the impact would be.

But I have been among the early ones who felt that there was a role the Federal Government must play in this situation. I do not feel we can simply abandon the city and yet I must insist some plan must be put forth to place the blame, not simply pointing the finger and trying to take partisan credit or place partisan blame, but simply that we must recognize New York is not blameless in its administration and that some very serious mistakes have been made in municipal administration over many years, that certain pension agreements have been negotiated which should not have been negotiated and that other contracts for both services and materials and labor have been entered into that could not be justified.

Therefore, I think I would express the hope that in the context of this discussion this evening some thought would be given to trying to elaborate for the Members of this body and for the country as a whole on what is New York going to be willing to do in the renegotiation of those contracts and the restructuring of its debt so that we can have some assurance that there will not be a repetition of this condition in a short time.

I was very impressed, I migh say, by what the gentleman from Connecticut (Mr. McKinney) had to say with respect to the legislation that he plans to introduce tomorrow. I am not obviously prepared to say now whether I would put my name on that bill or any other particular piece of legislation, but it seemed to me in the suggestion, as he did make, that any guarantees that may be offered should run to the State of New York and that they should be accompanied by some very, very stringent requirements with respect to the future fiscal management of the affairs of New York City, the gentleman is proceeding in a direction and along a line that I think is absolutely essential if we are to recruit the necessary support in this House for what I hope will be ultimately a solution which would involve the Federal Government in a positive and helpful way to avoid the total bankruptcy of this great city.

I thank the gentleman from New York for yielding.

Mr. FISH. I thank the gentleman from Illinois very much.

In the course of my remarks I hope to address myself to the question the gentleman raised as to what the State has done and I am sure those of us from New York would expect the committee in its wisdom to indicate if they do not think that the controls that will be put into place on the city finances are adequate to insure fiscal solvency within a relatively short time.

Mr. DELANEY. Mr. Chairman, will the gentleman yield?

Mr. FISH. I am delighted to yield to the gentleman from New York (Mr. Delaney), the chairman of the New York delegation.

Mr. DELANEY. Mr. Speaker, in answer to the question asked by the gentleman from the State of Illinois (Mr. Anderson) I would suggest that the question is: What will the city of New York do? What are they willing to do?

The city of New York has no choice

at this time. A week ago Saturday the mayor appeared before the Senate committee and then last Monday, a week ago yesterday, he appeared before the House committee. He said if he does not receive some aid from the Federal Government he can no longer continue. Now of course he appealed to the State of New York and the Governor had a session there and the Governor helped the mayor out on two or three different occasions and the Governor too testified the following day, a week ago today, before the House committee.

He said that in the event that the Federal Government does not come forward with some plan by December 1 or thereabouts, that the city of New York would be forced to default. As we can all see, we have little or no choice. When it was apparent that the city of New York could no longer meet its obligations, we who came from the great State of New York met and we had as many opinions as there were Members attending. So we asked two of the Members on the appropriate committees if they would meet and try to get us a bill that we could unite on, something we could offer to the House.

Today the gentleman from Connecticut (Mr. McKinney) notified us that tomorrow as a result of their meetings that they will offer a bill. I do not know what is in the bill. I doubt if anyone else other than the Members on the committee knows. We will study that bill immediately as soon as it is printed and we will try to get together with a workable plan.

Mr. Speaker, the city of New York cannot default. We have heard before that it would have a national effect across the country. We know that most other areas, the big city areas, have the same problems. Besides paying welfare in New York on the basis of what the Federal Government grants us, the State grants and the Federal Government contributes 50 percent; the State grants 25 percent and the city 25 percent more. It is a costly place to live.

We have a centralization of people coming in from all over the world. The Port of New York in the early days and because of the airplanes from every area, South America and all parts of the country, come into New York City. We have an unusually heavy burden of relief and welfare, far in excess of any other part of the country.

Now, I have been encouraged, too, to learn that the Senate will report out a bill, or they will have a final meeting to report out a bill on Thursday of this week.

I am still further encouraged because of the fact that the President will appear before the Press Club tomorrow at noontime and his subject will be the city of New York and what to do about it. I am hoping that the President will express a more favorable consideration than we have heard in the past; however, I want to congratulate the gentleman from New York (Mr. Fish) who does not come from this city, and the gentleman from New York (Mr. Hanley), who also comes from outside the city area, for the great service they have rendered in attempting to get a bill that would be acceptable to the House.

Mr. Speaker, I hope when this bill comes up we can find a way and a method to resolve the problems of the city of New York to give us at least relief until we can reorganize that city and put it on a firm basis.

Mr. FISH. Mr. Speaker, I thank the gentleman.

Mr. Speaker, at this point I would like to correct the Record in one very important respect, that is that the gentleman from New York (Mr. Rosenthal) was the initiator of this special order. Those of us who are participating are doing so as the result of the urging of the gentleman from New York (Mr. Rosenthal).

Mr. Speaker, I mentioned earlier that in the course of attempting to set forth an orderly presentation that a number of Members of the New York delegation would participate on various aspects of this subject. At this point I ask unanimous consent that the schedule of appearances and the topics we will be discussing may be placed in the Record.

The SPEAKER pro tempore (Mr. Biaggi). Is there objection to the request of the gentleman from New York?

There was no objection.

The list of Representatives and subjects is as follows:

1. Rep. Hamilton Fish, Jr.—general discussion; background of problem; actions of New York State to date; impact on New York State of a default.

2. Rep. Donald Mitchell—impact around the country of a default, including decrease in HUD funds ("no man is an island").

3. Rep. Benjamin Rosenthal—dispelling certain myths about the New York fiscal situation, including New York already gets sufficient Federal aid, New York has more civil servants with higher salaries producing less, and New York problems may be solved by higher local taxes.

4. Rep. Edward Koch—problems posed for New York by welfare; comparison with Lockheed situation.

5. Rep. Jerome Ambro—impact of New York default on suburban areas and public works.

6. Rep. Matthew McHugh—general discussion of problems.

7. Rep. Elizabeth Holtzman—testimony before Budget Committee on national economic repercussions of default.

8. Rep. James Scheuer—New York is not unique and is experiencing problems which many cities now and all cities eventually will encounter.

9. Rep. Joseph Addabbo—impact of default on industry in general and small businesses in particular.

10. Rep. Mario Biaggi—impact of crisis on local services, including police, fire and sanitation.

11. Rep. Charles Rangel—steps City has taken already to avert default.

12. Rep. Bella Abzug—sacrifices New York has already made and ripple effect of a default.

13. Rep. Herman Badillo—impact on New York citizens of a default.

Mr. FISH. Mr. Speaker, we are all aware that the past decade was one of expanding social consciousness in our Nation. During these years our people's growing aspirations evolved into growing expectations. In our national collective desire to meet the growing expectations of cleaner environment, of better housing, of a squarer deal for all our people we sought to fund these social precepts through a growing debt, on the basis that these real human needs met today would become effective market demands tomorrow.

In this past decade, our city and State, taking their lead from Federal goals, determined that the responsibility of Government is, among other things, to create facilities whose direct return is measured in human values rather than simply as accounting entries. In this effort, New York City and New York State may have led, but neither the city nor the State invented these goals.

That they are not alone in their present troubles is made clear by the strong backing for Federal assistance called for by mayors of other large cities. I believe they call for this aid not because they are fiscally irresponsible, but because, attempting to follow those same national goals laid down by the Federal Government in past years, they fear that in today's troubled economy the consequences of the financial crisis in which New York City finds itself may engulf them.

There has been much talk about "bailing out New York City." I know that I, and I do not believe any other member of the New York delegation either thinks of or wishes anything which could be considered a "bail out." In fact, it is our position that not one penny of Federal money should go to New York. What we are thinking of, I believe, is Federal guarantees under strict controls to provide time for putting our city and State's financial house in order.

That it is not a "bail out" and that no money would flow from the Federal Treasury is made clear, I believe, by the stringent controls already being imposed to close the city's gap between income and outgo.

But, what if we do not help? What if the Federal Government does not step in? There is little question then that "bail out" is the correct term to use. For there can be no doubt that the crises that would arise following financial collapse would require not guarantees, but money itself to maintain essential city services. The amount of this aid has been estimated at $1 billion for the first year of default, with declining amounts over succeeding years.

Members of Congress, default is not necessary. The control mechanism is in place. What is needed is a financial mechanism conditioned to assure its success.

In the debate over whether the Federal Government should help New York State and New York City through this financial crisis, as officials of the Treasury and the Federal Reserve Board have downgraded the danger and viewed with alarm possible consequences of the Federal Government moving to assist one of the 50 States which make up our Nation—I wonder what their attitude would be if West Germany, for example, were faced with the same problems. Should that happen, I have no doubt that there would be crisis meetings by the World Bank and calls for immediate assistance to a gallant ally.

Mr. Speaker, following this general discussion of the issue, I wish to make a few remarks on the background of the problem, where we stand today, actions taken by New York State to date and the impact of default. The problem is quite clear. The municipal bond market has been closed to the city of New York for some 7 months. The city has coming due between now and June in excess of $3 billion in short term obligations that it cannot refinance and for which it cannot pay. In addition, there is a shortfall in revenues which must be met.

The critical date will be early December when some $437.8 million in revenue anticipation notes come due. Absent a Federal response, the failure to meet these obligations will put the city in default. The current measures in place provide for tentative financing of the city's cash needs only through early December. For the period December 1975, through June 1976, the total cash needs of the city will be approximately $4 billion. Even if the city suspended the payment of debt principal and interest, it would still require short term borrowing of over $1 billion before the end of the fiscal year in June 1976, for current cash needs.

That is the state of facts in the city today. What has New York done to date? Earlier this year, the State advanced $800 million in aid payments to the city.

The State authorized new tax and tax increases adopted by the city this year yielding $330 million annually. The State's 1975–76 budget provides an increase in aid to the city amounting to over $400 million. As part of a $2.3 billion package, designed to meet the city's cash needs through the end of November, the State has agreed to lend the city $750 million.

Starting last April, when the city's plight became evident and the capital markets were closed to it, the State took successive steps to assist the city. The Municipal Assistance Corp., was granted in June to exchange much of the city's short-term debt for long-term obligations. However, since September the private credit market has been closed to MAC, and its securities have been placed with banks, State bodies and public employee pension funds. Despite these problems, steps were ultimately taken to finance the city through to early December.

We have reached the point, however, with the State today imposing as it does 17 different taxes, ranging from statewide sales and personal income taxes to racing admissions, that the State has done all it can financially for the city of New York.

The State has further created the emergency financial control board to assume future management of the city's fiscal affairs. This Control Board was granted broad powers and contains the mechanisms for total State management of the city's finances.

The EFCB's powers include:

First. Receiving all city revenues into its own account and disbursing them only in accordance with the financial plan.

Second. Reviewing and passing on all major contracts.

Third. Approving all city borrowing.

Fourth. Extending the wage freeze on city employees to the end of fiscal year 1977.

Fifth. Approving a 3-year financial plan, which has already been accomplished; to eliminate a cumulative $3.5 billion deficit, reduce dependency on short-term borrowing to meet operating needs, remove operating expenses from capital budgets, and leave the city with a balanced budget in the next 20 months.

The city also has taken a great many essential steps to set its financial house in order. Those have been inserted in the Record by the gentleman from New York (Mr. Hanley) earlier this evening.

I think it fair then to say, that when we ask what the State and the city have done to help themselves, it is clear they have moved with all speed, and taken all steps to warrant a Federal response. It is also safe to say that on the record it is clear a further tax increase for the city of New York would be counterproductive.

In addition to paying all taxes that are assessed statewide, the city pays a long list of taxes only collected in the city. This tax structure makes New York City the highest taxed area in our Nation, and I fear that further imposition of a tax on city residents would only permit those who are most mobile, those who could afford to pay, to be tempted to leave the city of New York.

Mr. BINGHAM. Mr. Speaker, will the gentleman yield?

Mr. FISH. I will be glad to yield to the gentleman from New York.

Mr. Speaker, that concludes my portion of this special order, to be followed by my colleagues in the delegation, each of whom will be treating different aspects of this problem.

Mr. BELL. Mr. Speaker, will the gentleman yield?

Mr. FISH. I will be glad to yield to the gentleman from California.

Mr. BELL. Mr. Speaker, I thank the gentleman for yielding.

If the city of New York were to go through default, what is the actual physical process? They are appointed a receiver; is that correct? The Federal courts appoint a receiver?

Mr. FISH. I would assume so.

Mr. BADILLO. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield to the gentleman from New York (Mr. Badillo), who serves on the committee which is concerned with these matters.

Mr. BADILLO. Mr. Speaker, at the present time, the city of New York would be unable to go into bankruptcy court because the requirements of section 9 mandate that before the city can go to court it must get the consent of 51 percent of the creditors to do so.

Mr. BELL. Of the bonds; is that right?

Mr. BADILLO. Right, and, therefore, they cannot find 51 percent of the creditors.

In our subcommittee of the Committee on the Judiciary we have had hearings on a bill to amend the bankruptcy law. That is a bill which I have introduced as H.R. 9998. This bill would change the existing requirements of the law in order to provide that any municipality could go into court without getting the consent of any creditors at all, and that there would be an automatic stay of all creditors upon evidence that the municipality is in default and cannot pay its debts.

Of course, it has to be clear that the action of the municipality is in good faith, but assuming it was in good faith, there would be an automatic stay. The judge would then be mandated, first of all, to provide for the continuation of city services, for police, fire, sanitation, and health services, and any other required services, so that the normal operations of government could continue.

After that was done, then the process of reorganizing the debt would begin. In the case of New York City, what would be required would be that there be an agreement to refinance the short-term debt for long-term bonds.

We provide in this bill that in order to consummate such an agreement the consent of two-thirds of the creditors would be required, but that if the judge were to find that any portion of the creditors unreasonably withheld their consent, the judge could order that the agreement be carried out.

Mr. Speaker, if I may explain it further for the benefit of the gentleman from California (Mr. Bell) and my other colleagues, the basic thrust of the bill is the recognition that a city is not a private enterprise, that a city cannot go bankrupt because it has the inescapable responsibility of providing governmental services and of protecting the health and safety of its citizens, and, therefore, according to the proposal under this bill, that mandate to provide for essential services would be the first mandate that would have to be discharged.

ECONOMIC PROBLEMS OF THE CITY AND STATE OF NEW YORK

The SPEAKER pro tempore (Mr. Ambro). Under a previous order of the House, the gentleman from New York (Mr. Mitchell) is recognized for 60 minutes.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from New York.

Mr. FISH. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, at this point, in further response to the question asked by the gentleman from California (Mr. Bell) to the effects of default on the city of New York, I insert in the Record the following material, which is a series of steps that are expected to follow such a default:

Without sufficient cash, the city would be unable to meet its share of welfare payments. Absent the city's share, Federal contributions would cease—leaving the over 1 million people in the city dependent on welfare payments without any means of subsistence.

In the wake of a default and subsequent lack of funds, massive cutbacks in payroll would be required. Mayor Beame has estimated that 50 percent of the payroll in controllable operations might have to be laid off in order to effect the needed economics in the 6 months remaining in fiscal 1975–76 after December.

Closing of credit markets to the State in response to a city default would likely cause the State to default.

A New York State default could lead to bankruptcy of virtually every school district in the State, which depend heavily on State aid and borrow in anticipation of its receipt.

Vendors to city and State agencies located within the city, elsewhere in New York State and outside the State would not be paid. Layoffs and possibly bankruptcy on the part of the vendors could result.

Unable to meet payments, the city and the State would be forced to cancel or break contracts for capital equipment. The St. Louis area might experience a blow to employment if the city were unable to meet its obligations on a $300 million contract for subway cars.

Retired persons and city bond- and noteholders all over the Nation would be impacted by the inability to meet city financial obligations.

Municipal credit markets are certain to contract as investors become wary of the soundness of tax-exempt investments.

A flight to quality is already becoming apparent, resulting in a two-tiered market in which credit is available to only the highest-rated localities, and denied to all others.

Should the city be forced into bankruptcy and human needs such as welfare payments and payrolls be given priority over debtors, the impact on all municipal borrowing would be deep and long lasting.

Mr. Speaker, in view of the good graces of my colleague, the gentleman from New York (Mr. Mitchell), in yielding to me further, I would like to carry the whole scene one more step and consider the effect of default on the State of New York.

We are dealing here with a very complex issue. The members of the Subcommittee on Economic Stabilization of the Committee on Banking, Currency, and Housing have heard all the experts, and it is very difficult to get anyone to say with absolute assurance what will happen should, for the first time in our history, a great city of 8 million go into default. But we do have a state of facts with which we can deal and which are unique. One of these facts is that the budget of the city of New York is larger than the budget of the State of New York. The default of this larger city budget can well pull down the smaller State budget.

Another factor is that the State of New York has a series of State agencies such as the Dormitory Authority the Housing Finance Agency, the Environmental Facilities Corp., to mention only three, that are financed by "moral obligation" notes not backed by the full faith and credit of the State. These amount to $3.1 billion that come due before June 30, 1976. In the judgment of most experts it is believed that regardless of any possible action by the State to avoid default, these State authorities will collapse, and bring construction of any State-supported project to a virtual halt.

Furthermore, to avoid default, State officials have advised us that the State will have to cut back severely on State aid to municipalities within the State. This would mean a sharp cutback in aid to localities which we call State revenue sharing. There would be cutbacks in aid to education and to our school districts.

This would represent a crisis for municipalities which budget this State aid as anticipated revenue. The dimensions of this crisis can be grasped when it is realized at least 63 percent of State expenditures go toward local assistance, the highest per capita State aid to localities in the Nation.

Such a promised retrenchment to avoid default would clearly cause great suffering to every resident of New York State. There would be only one source available to local government to make up this revenue shortfall, and that would be the already overburdened regressive property tax. This then, is not just a city problem but a State problem of potentially tragic dimensions.

Mr. Speaker, I thank the gentleman from New York (Mr. Mitchell) very much for yielding to me.

Mr. BINGHAM. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I commend my colleagues for this effort to emphasize to the Congress the nature and implications of New York City's fiscal crisis. The gravity of the crisis, and the need to meet it swiftly and decisively, cannot be overemphasized: December 1 is the date on which the city's cash will run out; what will greet us after that date, if Congress fails to act, is near-certain chaos and probable collapse in financial markets.

Earlier this month I presented to the House, in a special order, a detailed account of my views of New York's fiscal agony—pages 31612-31614 of the October 3, 1975 Congressional Record. I stated then that a Federal guarantee of taxable bonds was clearly the solution which presented the minimum amount of risk to both New York City, New York State, and the Nation. Since that time, voluminous testimony before Representative Ashley's Subcommittee on Economic Stabilization has repeatedly confirmed that view, and the prospect of passing legislation to relieve the fiscal crunch has improved considerably.

The subcommittee's work has also been invaluable in dispelling some of the myths which earlier had seemed a nearly insurmountable barrier to passage of a measure to relieve New York's problems. Chief among these myths is the idea that—as Albert Shanker put it in his testimony this morning—New York's financial bind has been "caused by extravagant spending on a bloated public employee payroll and utopian social welfare schemes." The facts, of course, reveal this to be quite untrue. The ratio of public employees to population in New York City compares favorably with the statistics for other American cities; and these employees, contrary to the dominant myth, receive salaries and fringe benefits that do not exceed the compensation of their fellow municipal workers in major cities. A close look at the facts reveals that, despite the admittedly wrong resort to fiscal gimmickry by New York over the last decade, the real roots of the fiscal crisis lie not in Manhattan but in Washington, where Federal policies over the past decade have continually placed undue economic burdens on all the Nation's cities, but especially on its greatest city, New York.

Mr. Speaker, if the Congress is to face up to the meaning of New York's crisis over the next month, it is vitally important that the process of ridding ourselves of baseless myths and prejudices continue. To that end, I should like to present to those Members who missed it earlier today, the text of Albert Shanker's testimony before Mr. Ashley's subcommittee. I believe that a careful consideration of the facts presented therein should help mute the foolish exercise of venting prejudices, and spur the effort to find an equitable solution to our current crisis.

The testimony follows:

Mr. Chairman, members of the Subcommittee, we welcome this opportunity to present our view of the New York City emergency to this Committee so that in making your decision upon this momentous issue you will have before you a record that reflects fact and not prejudice. Prevailing sentiment seems to be that New York City is in a financial bind caused by extravagant spending on a bloated public employee payroll and utopian social welfare schemes. This view, which seems to appeal to so many observers of the crisis in New York City, including former governors and mayors, is a simplistic and fundamentally untrue picture of a series of complex and interrelated events that, taken together, are the root cause of the city's crisis.

We do not doubt that part of the cause of New York's problems lies with the way the city's fiscal affairs have been run over the last decade, but what has triggered the immediate crisis in New York is what has triggered the massive deficits by the Federal government over the past few years; that is, gross mismanagement of our economic affairs on the Federal level. If the Federal government did not own the money press, it would be in line with New York. Massive unemployment and the resultant rise in social welfare costs and decline in tax revenues, spiraling interest rates and runaway energy costs are at the heart of New York's problems just as they are at the heart of the problems faced by other states and localities and most American families.

One myth that should be dispelled is that of the exorbitant salaries of New York's public workers. As the following chart shows, the salaries of New York's public workers are essentially comparable to those of workers in other cities.

The average teacher in New York earns $17,440 per year. That figure is not even close to being the top in New York State, let alone the rest of the nation. Class size in the New York City public school system is in fact considerably less favorable than in many other jurisdictions within the State of New York and throughout the country. The same is true in other occupations such as police and fire, with New York having the top salary among major cities only in the area of sanitation. Nor does New York have many more public employees than a great many other cities. New York averages 242.9 public employees per 10,000 of population while Chicago averages 258.2, Philadelphia 255.2, and Baltimore 260.1.

"Comparisons of the expenditure and employment patterns of New York City with those of other large municipal governments indicate that New York is far out of line with other jurisdictions. Yet this is a misleading conclusion which stems from the fact that New York City provides services that in other areas may be supplied by a county government, a school district, or another specialized government. If one compares the New York employment and spending patterns with those of *all* of the local governments providing services to the residents of other large cities, New York appears to be less extraordinary. While its per capita expenditure and public employment levels are above those of any other major city area, some of the differences with respect to such cities as Boston and Philadelphia can be explained by the fact that welfare is a state function in Massachusetts and Pennsylvania. While New York also spends a great deal more than other cities on higher education, hospitals, and mass transportation, its expenditure on the services commonly provided by municipalities is not out of line with those of other large cities. With respect to the salaries paid public employees, New York is generous but not the most generous of large cities. Considering that New York's cost of living—as measured by the Bureau of Labor Statistics (BLS) intermediate family budget—is higher than all but that of Boston, its wages are not particularly out of line."

There are differences, however, between New York and other cities, again according to the C.B.O. paper.

"While New York's situation in many ways does not differ markedly from that of other large central cities, some of its problems are clearly not shared with other cities. First, there is New York's debt situation.

"On a per capita basis the city has far more debt outstanding than do the local governments providing services in the other central city areas. This is particularly true of short-term debt in which New York stands alone in its needs continually to enter the market to 'roll over' large quantities of notes. Second, New York, as far as can be told, has been the only major city that has chronically run a large current operating deficit in both good and bad economic years."

This is not because of extravagance; this is because New York City has had to do more for its residents than many other cities because it has always been the center through which millions of immigrants have begun their lives as American citizens, and migrants from other parts of the country have sought to better their lives. These individuals have usually been in need of services to an extent unheard of in other population centers. The city has had to do it with minimal help from the state.

In the area of welfare expenditures, for example, New York is one of only 21 states that requires its local governments to contribute to the support of the cash assistance aid to the Families with Dependent Children Program. Of these 21 states, the local share is highest in New York where it amounts to one-half of the non-Federal share. New York's welfare related expenditures amount to $4 billion annually, or one-third of the current budget.

New York has provided a city university system, municipal hospitals, low-income housing, and mass transit—services provided by state and county governments elsewhere. These services have provided the means by which generations of the children of our nation's immigrants have attained social mobility and increased earning power. The increased tax revenues produced by the citizens who benefitted from the services of New York City—especially its public school and city university systems—cannot be accurately measured, but if the Federal statistics are at all applicable, investment in education yields $2 in tax revenue for every dollar invested.

Further, New York has made do without substantial Federal help. New York, according to the Census Bureau, receives slightly more than 16% of its revenues from the Federal government. On the average, states receive 20%, and some states such as Alabama receive in excess of 27% of their revenues from the Federal treasury. If New York received only the national average, that would be an extra $700 million this year or enough to cover New York City's entire operating deficit for this fiscal year. If New York received as much percentagewise as Alabama, that would be almost $2½ billion more, in which case there would not be any crisis worth mentioning in New York. Even given these facts, New York could probably have continued along for many years without this crisis. Possibly it might never have occurred at all except for three actions and inactions of the Federal government that amount to gross mismanagement of our national economy by the current and previous Administrations.

When the Federal Reserve shut off the money supply last year and interest rates went through the roof, a city like New York which has relied on the credit market more than it should have was placed in real jeopardy. It is verified that the sharp increase in interest rates has cost state and local governments an additional $3 billion per year with New York City and State accounting for more than 35% of the municipal bond market that amounts to an incredible amount of money that no one could have planned for, save those who can read the inscrutable mind of the Fed's Chairman, Arthur Burns.

Second, the enormous increase in energy costs which were part of an international development beyond the control of the city, but which were exacerbated by the actions of an Administration that vetoed and blocked any attempt to place reasonable ceilings upon the prices of domestic supplies. Again, the effect was to force the city to spend dollars for purposes it could not have anticipated without a functioning crystal ball.

The final blow and the most serious of all the problems faced by the city was and is massive unemployment and the accompanying loss of tax revenues because the city and state have a tax structure that is vulnerable to the business cycle because it is based more upon ability to pay than are most state and local tax structures. With the dramatic increase in unemployment has come a dramatic increase in the welfare and other social service costs of the city. Every 1% of national unemployment costs the Federal government $16 billion—$14 billion in lost tax revenue and $2 billion in additional social welfare costs.

The effect in New York is almost as dramatic. In fighting inflation, the Federal government's policy set by Arthur Burns and William Simon was to use massive joblessness as a weapon, and in using such an unconscionable weapon, the Federal government played the major role in precipitating the current crisis.

Not only are the school children of New York City suffering, because of these policies, because their fathers and mothers may be unemployed and are paying higher food and rent costs—but they are suffering because the financial crisis in New York City has led to the destruction of the greatest hope our children have—their education. Our schools have suffered a $231 million cut. Children in desperate need of guidance, attendance, and clinical services, children who were receiving these services up to last year, are left in the lurch. Emotionally handicapped children have been placed in classes already oversized and without a specially trained teacher. Throughout the system classes are too large; paraprofessionals who aided teachers and were able to help provide individual instruction for children have been laid off, like teachers, by the thousands—not only dashing their hopes for a better life, but leaving our children with a severe loss. Remedial services are cut to the bone or non-existent; electives for the bright and talented children of our city have been cut out; music and art and other such subjects are treated as frills and are the first to go. Science teaching—once a major thrust throughout our nation—has suffered a severe cut; laboratory specialists and technicians have been virtually eliminated from our schools.

The Federal government, which has shared in the creation of this problem, must play a role in solving it. It must address itself first to what can and should be done to prevent the social and economic chaos that could accompany a default. In a column published as an advertisement in the Sunday, October 19th New York Times, I outlined some of the potential consequences. That column appears as an appendix to this statement.

This Committee should report a bill that will help New York market its bonds and allow it to get through this immediate crisis. While we do not know what direction you intend to take, we hope that the approach that seems most likely in the Senate is not the final word in aid to New York City.

The Senate bill unfortunately establishes a committee dominated by the two individuals most responsible for the Federal policies that have gotten us in the mess we are now in.

The Senate proposal charges the committee with administering the city's debt. Any Federal bill also should concern itself with seeing that public services such as education, health and public safety are maintained. The final requirement we want to address is the need for a balanced budget. It is true that the city must move toward a balanced budget in order to restore investor confidence; however, to compel a balanced budget in too short a period of time, or to re-negotiate pension benefits, has counterproductive consequences. The city and all its agencies have a $3 billion debt deficit because of the nature of the situation. The only way the budget can be quickly balanced is through even more lay-offs. Such massive lay-offs cannot be in the interest of anyone concerned with the New York situation. More unemployment will only mean more deficit for New York and the Federal government. Economists estimate that between 40–50% of such a stimulus reduction will appear as Federal deficit using 50% as a median figure. A $3 billion reduction in spending would result in $1½ billion in increased Federal deficit. The other more terrible consequence to such an action would be the absolute destruction of the city's services making casualties out of thousands of children and adults who cannot survive without those services.

A larger range program should include a program of aid to all our hard-pressed urban areas.

WHAT OUGHT TO BE DONE

(1) The Federal government should immediately enact a program of emergency aid to cities based upon the national and local unemployment rates and directed entirely at maintaining employment in vital public services. Such a bill has already passed the Senate and the House should also follow through with such a program.

(2) A big increase in the Public Service Employment Program with a goal of creating one million jobs to be used to both rehire public employees who have been laid off because of the budgetary squeeze and to create new jobs for other unemployed workers who seek them. Half of the funds should go to local education agencies since school boards are the employers of more than half of all local government employees.

(3) A program of municipal debt management. The Federal government should provide a subsidy to local governments so that they may float bonds at reasonable interest rates. Currently, the municipal bond market is running at between 9 and 11% interest, while at the same time, the Federal government, through some of its agencies, is providing loans to the Soviet Union and various Arab states at interest rates that vary between 3 and 6%. President Ford pursues detente with the Soviet Union, but conflicts with our own urban areas.

(4) Complete federalization of welfare

costs. Many cities have been forced to cannibalize so-called "controllable" portions of their budgets such as education in order to fund the dramatic increase in welfare costs that has been caused by the previously mentioned Federal policies. This is clearly no choice at all, and help here is needed immediately.

(5) Increases should be provided in some of the Federal categorical grant programs such as aid to education, mass transit, health, and housing. If such help is not forthcoming, consequences may exceed those associated with the deterioration of life in our urban areas and with social unrest. The whole fabric of our society depends on the survival of our cities. Surely a government that can provide economic aid to the Soviet Union and can bail out with major infusions of Federal funds such corporate giants as the Penn Central Railroad, Lockheed Aircraft, and make attempts to bail out Franklin National Bank and W. T. Grant, can find time and resources for the needs of its own citizens.

Mr. MITCHELL of New York. Mr. Speaker, we are now at the 11th hour in the continuing saga of New York City's financial crisis. The clock is ticking away and as we approach the final hour—the moment of truth—I am reminded of John Donne's oft-quoted admonition, "Never send to know for whom the bell tolls; it tolls for thee."

To all of my colleagues, be they from Memphis or Minneapolis, from Spokane or Savannah, the message is the same. The crisis of New York City is one with an impact extending far beyond its borders. In fact it is one that transcends international boundaries.

Just as "no man is an island," no urban center of the size, importance, and uniqueness of New York City can be regarded as "entire of itself." It is very much part of the main. What happens there has an affect on us all and the people we represent.

Two of the many news stories appearing on this subject in recent days vividly illustrate the point.

Secretary of Housing and Urban Development Carla A. Hills has reported that New York City's financial crisis has adversely affected the Federal Government's new multibillion-dollar subsidized housing program for low- and moderate-income Americans.

According to Secretary Hills, "It is going to be very tough in the capital market to reach our goal" of building 240,000 of new subsidized units this fiscal year because State and local housing authorities are experiencing severe difficulties selling bonds to finance their portion of the Federal program.

These housing units for our people are needed from coast to coast—in Memphis, Minneapolis, Spokane, and Savannah. Without a satisfactory resolution of the New York City financial crisis, they might never come to be.

As my distinguished colleague from New York (Mr. FISH) has pointed out, the goal of a decent home and suitable living environment for all Americans is not something developed by and for New Yorkers, it is a national goal for all Americans advanced by the Congress of the United States.

And it is not just our national housing program that is in jeopardy as a result of the New York City financial crisis. Other essential services are standing on shaky ground because the psychological impact of New York's problem has played havoc with the entire municipal bond market.

The Dow-Jones News Service has reported that the city of Rochester, with a triple-A rating, last week had to accept an interest penalty amounting to $540,000 on a 12-month, $27 million public borrowing, reoffered to the public at 6 percent tax-exempt. Under ordinary circumstances the borrowing cost for a city with Rochester's excellent credit rating would have been as low as 4 percent were it not for what Dow-Jones referred to as "the investment stigma" arising from New York City's financial woes.

But these are not ordinary circumstances.

And Rochester is fortunate. It has a triple-A rating.

What about the other jurisdictions? Those whose rating is not as high? Where a Rochester's is forced to pay a penalty, another municipality or State might find the bond market operating on the other side of a closed door. Where will the revenues come from to meet current needs? To solve current problems?

No, New York City is not an island entire of itself.

What about the problem of unemployment? Isn't that national in scope? Are not we, in the pursuit of a national goal to provide a job opportunity for all Americans, determined to do all that we can to eliminate unemployment? Of course, the answer is a definite yes.

Another news dispatch, by Michael Sterne of the New York Times, starts with a couple of revealing paragraphs:

> In a new illustration of the old business adage that you have to spend money to make money, New York City is finding that money it hasn't got and can't borrow is imperiling such revenue-producing projects as piers, markets, industrial parks and shopping centers.
>
> These capital projects would create at least 22,000 new jobs for the city's 385,000 unemployed and pour millions of dollars of new income into its empty treasury, but the fiscal crisis is preventing Mayor Beame from raising the $54.7 millilon needed to further them this year.

So what happens to those 22,000 people who would have been employed? Additional weeks of unemployment compensation. Added welfare expenditures. More life-sustaining dollars from the Federal Treasury.

Mr. Chairman, I am not an apologist for New York City. I will not stand here and attempt to defend past practices that could only be placed under the heading of fiscal irresponsbility, poor judgment or bad management. We must all learn valuable lessons from the mistakes of the past but the urgent need is now to concentrate on corrective action for the future—not just in the interest of New York City or New York State, but the Nation and beyond.

You do not have to be from Tennessee or Texas to be less than enchanted with events that took place to bring us where we are today in this discussion. The people I represent, some less than 200 miles removed from New York City, have been and are disturbed by these events. And understandably so. But once again, we cannot afford to dwell on the past, we must concentrate on the future. The errors of their ways have been pointed out to New York City officials and they have been forced into the most austere of programs involving substantial cuts in services, reductions in jobs and virtual loss of autonomy over the city's fiscal affairs.

No doubt about it, these steps had to be taken and undoubtedly more needs to be and will be done. All the time the clock is ticking away. Soon the moment of truth, the tolling of the bell.

As I tell my constituents, that bell will also be tolling for them.

Right now, two-thirds of New York State's revenues are returned to local governments. This money is what makes local government go, from one end of my district to the other—it provides aid for schools, highways, and municipal government projects.

How would default on the part of New York City affect this State aid? Many have suggested that if New York City goes, so will New York State—a dominoe theory—one default after another. That is debatable.

But what is not debatable is that a New York City default will back the State into a fiscal corner and force it to take drastic economy measures. To cut, slash, and drastically reduce the State aid that is the financial lifeblood of every local governmental budget within the Empire State.

And what will inevitably be the response? When one's lifeblood supply is cut off, a desperate search for a transfusion—in this case dollars and cents—must be immediately launched to prevent the gradual deterioration and possibly the eventual death of the institutions supported.

I do not even like to ask the next question because I know the answer. Where will the revenues come from? Added sales taxes and increased real property taxes—both already too high. How much will it increase them? Twenty percent—50 percent—no one knows.

But New Yorkers—all New Yorkers—already have the heaviest tax burden of any people in the Nation. Adding to that burden at this point will have a devastating result.

I do not pretend to have the sure-proof solution to the very complex problem we all face because of the New York City financial crisis. However, I am convinced that reason—not emotion—must dictate the response on the part of Congress. No matter how you look at it, we are all very much in the same boat on a stormy sea.

We have got to stand tall, focus our attention on the problem, acknowledge its widespread implications and then vow to do what is right, not in terms of a bailout or instant fix for one city—but in terms of what is right for the long range best interest of our country.

Mr. KOCH. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. I yield to my colleague.

Mr. KOCH. Mr. Speaker, the reason I rise at this time—and I appreciate my colleague's yielding to me—is that I am the chairman of an event on behalf of a Czechoslovakian organization which is meeting at 6 o'clock to celebrate the founding of Czechoslovakia. I intend to come back shortly. I have to speak there.

What I wish to do for a few brief moments is to discuss two areas that are of concern to those people who are interested in the problem of the city of New York and why we are in need of assistance.

The first one, Mr. Speaker, relates to welfare. Everyone knows what a horrendous burden welfare can be, particularly to a locality that has to pay a substantial part of that burden. Not every locality pays a part of that burden, and not every State is restricted to a maximum of a 50-percent contribution by the Federal Government. What is so interesting, Mr. Speaker, is that most people think that across the country the Federal Government pays exactly the same percentage to every State. Nothing could be further from the truth.

For example, the State of New York receives percentagewise the least, the minimum amount payable by the Federal Government, 50 percent of the burden of welfare. Let us see what some other States are receiving. Ten States receive reimbursement of between 70 to 75 percent of the cost of welfare. Those States are Alabama, Arkansas, Kentucky, Louisiana, Maine, New Mexico, South Carolina, Tennessee, Utah, and West Virginia. Mississippi tops the list with a Federal reimbrusement of 78 percent. I want to make it clear I am not opposed to Mississippi's receiving a 78-percent Federal contribution. I believe the contribution by the Federal Government with respect to welfare should be 100 percent. But I want to point out the inequity where we have the enormous problem of people coming from all over the country, and we are receiving a percentage contribution of 50 percent. That surely is inequitable.

Some people would say in New York everybody goes on welfare. I have heard that, and the Members have heard that. The fact is that we do not have the largest number of people on welfare in terms of precentages. Let me just give the Members some numbers, and I draw the distinction in this way.

In New York City people come from all over the country, and they are citizens of the country, and they have a right to travel. The Supreme Court has said that. They become our citizens and, hopefully, they ultimately become wage earners. But in the meanwhile many of them from the Deep South and Puerto Rico and from other States, because of the impoverished conditions there left and come to us, and we were and are required—as we should be—to make sure that they receive at least the minimum sustenance of life.

Mr. SCHEUER. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from New York.

Mr. SCHEUER. I thank the gentleman for yielding.

Is it not true that people come to New York from other areas of the country, the South and Puerto Rico and other areas, not only because they come from areas that are economically impoverished, but also they come to New York for the benefit of education, for the benefit of an upwardly mobile society by which they can benefit—job training programs, job programs, and the intellectual ferment of a city?

The extraordinary array of public facilities and services and programs that New York offers perhaps to the point of excessive generosity are what they come for. Is it not true that we have loved not wisely but too well the impoverished and upwardly mobile from all over the country?

Mr. KOCH. The gentleman states the problem beautifully.

Ms. HOLTZMAN. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentlewoman from New York.

Ms. HOLTZMAN. Mr. Speaker, I would like to ask my colleague from New York City—since there have been so many complaints that New York City is paying too much in welfare benefits—should we not set the record straight that the amount that New York City is paying is set by New York State, and New York City must obey the law and must pay what the State law requires?

Mr. KOCH. Not only that, but what people from other States have to understand is that what we are doing for our citizens is simply providing them with the barest sustenance in most cases. Obviously there will be an individual situation one could point to that is wrong, and we want to remove those kinds of cases, and those kinds of cases could be pointed to in any other city in the country.

But I want to give figures that will really be very relevant and enlightening and, that will be very surprising for some people, and these figures come from a source which is not the State of New York or the city of New York. The source is the Congress of the United States. These were prepared by the Congress. Let me give the Members those figures.

First let me tell what the situation is in New York City, so we can intelligently compare it with others. The fraction of population receiving welfare payments in the city of New York is 12.4 percent. But listen to this. I want to give the Members the figures for other cities that exceed that percentage. For Boston, it is 16.9 percent; for Newark, it is 14.4 percent; for Philadelphia, 16.2 percent; for St. Louis, 15.8 percent; for Baltimore, 16.3 percent; and that is the fraction of population receiving welfare payments in those cities.

I am not pointing a finger at those people or at those particular cities. What I am saying is simply that there are so many shibboleths and there is such a tremendous pejorative mythology that surrounds the city of New York and the people of New York that simply are not accurate. Today we want to use this forum to point out some of these shibboleths and myths.

Let me take the Members to a second area which relates to this: Does the Government have a responsibility to assist a city in need? I believe that it does. I believe that there is a greater obligation on the part of the Federal Government to assist a city in need than there is an obligation on the part of the Federal Government to assist a private company, for example Lockheed. I remember, and I remember so well the then minority leader, now the President of the United States, standing on this floor and supporting the Lockheed loan, and I am not here to attack him for that, nor am I here to attack him at all. This is an attempt to state our problem, not to engage in vilification or partisanship.

Indeed what is so remarkable about this evening is that tonight I am here, a member of the Democratic Party, speaking on the time of my colleague, the gentleman from New York (Mr. MITCHELL) who happens to be a Republican but who is dedicated to assisting the city of New York not only because he comes from the State of New York but because he is an American, because he recognizes that whatever happens to the city of New York happens to the State of New York and ultimately to the 49 other States.

People who read the newspapers know that every paper is filled with what is happening across the country: The increase in the interest cost in the sale of bonds, the increase in the interest cost in the sale of notes, and how difficult it is to raise moneys for any purposes by other cities in other States.

What I am simply saying is that this Congress voted, as it did, to assist the Lockheed Co., and at that time the question was what does Lockheed have that will insure the repayment? Lockheed had nothing—nothing. I was on the Banking and Currency Committee at that time. Unless we believe that they could sell plane parts, unless we believe that the diagrams that they had had a marketable value that came anything close to the $250 million loan guarantee and, in fact, everybody agreed that it was not a bankable loan in the traditional sense, and yet the Congress supported it.

Mr. PEYSER. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from New York.

Mr. PEYSER. Mr. Speaker, I think the gentleman's statement there is a very moving one, frankly. I think for the encouragement of all of us who are concerned about New York City and New York State and the country, we do not have far to go. The statements that were just made will help us get over the mark.

I would like to tell this House that as of last Thursday a survey was made by Members of Congress and the question that was put to them, and I will read it exactly, was:

> As long as there are necessary restrictions and the requirement of maintaining a balanced budget, would you support the concept of a loan guaranteed to aid urban areas facing extreme fiscal crisis such as New York City?

So we put that question right there. The interesting thing is that 138 Congressmen were called, which is a good percentage of this body. Forty-three percent said yes, they would. Twenty-eight percent said no, they would not, and 27 percent, which is the group that we are really now talking to, said no commitment at this time. Two percent had no response.

I think it is also important to know that of these 138 Members, 57 were urban Members and they voted 56 percent in favor, 18 opposed, and 21 no commitment. Eighty-one were nonurban Members. They were 33 percent in favor. Thirty-six were opposed and 31 percent, no commitment.

So I think what we are doing today and what the whole group is doing is of the utmost importance, because we have wtihin our grasp the ability to help this city and State and that the Congress will do it.

Mr. KOCH. Mr. Speaker, let me conclude my remarks in this way. As I said at the opening, it is my intention to come back as soon as I perform my obligations at this other meeting. Let us face the fact that in a way some people, not all, surely, I hope not the majority, but there are some people across the country, and I suppose perhaps even in this Congress, who take a certain delight in the discomfort, the suffering of New York City and New York State. I understand that. This Congress reflects the country and there has always been in a sense a kind of a love-hate relationship vis-a-vis the city of New York. I do not know how to analyze that, other than to say very rarely do we find someone who comes from another area that does not say, "Great place to visit; would not want to live there."

I must say, that is exactly what everybody in the country feels about his or her own home town. I happen to love the city of New York.

I went out to Colorado not long ago at the request of a colleague and a good friend. I went to Denver and the adjacent area—great place to visit. I loved the fact that it was America and I was a part of it. I also love the fact that New York is America and my colleague was a part of it. That is really the message that we want to convey tonight and everytime we speak about the city and the State of New York.

Mr. ROSENTHAL. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from New York.

Mr. ROSENTHAL. Mr. Speaker, it breaks my heart that the gentleman from New York (Mr. KOCH) is making such an articulate, eloquent presentation and there are only three Members on the floor not from the State of New York.

There is one Member from Iowa, one Member from Maryland, and one Member from California. There are 3 non-New Yorkers on the floor out of 15 Members altogether in probably one of the most crucial issues in the 200 years of this Republic. I want to commend the gentleman from Iowa, the gentleman from Maryland, and the gentleman from California for staying here and participating by listening.

The gentleman from New York (Mr. KOCH) is making a very important—I used the word elegant and I meant it—speech of what America is all about.

The fact of the matter is, I believe, that when push comes to shove, the gentleman from Iowa, the gentleman from Maryland, and the gentleman from California, all want to do what is right for the country. The only difference of opinion we will have is the way to do that, the mechanical device to be used to keep this country from going down the road to economic depression. I only regret that the other 420 odd Members of this House are not here this evening to listen to this very important exposition of a very significant matter.

Mr. KOCH. Mr. Speaker, I thank the gentleman for his kind comments on my statement. Again, just in closing, it would be an enormous tragedy—an enormous tragedy—if the city of New York not only went into, in effect, bankruptcy and had the services devastated as they are to some degree today but even more in that event, but suffered the bitterness that would flow from knowing that in a moment of need, that the rest of the country turned its back on that area that was the entrance to the United States. People from all over the world came to settle in the United States, whose descendants many of us are. They came through the Port of New York and then went to Minnesota and Mississippi and California. We still have our goal in life, although perhaps we did not perform it as well as we should, and there is enough blame to go around, but our goal surely could not be faulted nor are we to be ashamed of it, which was to make it possible for those people, whether they came from the Deep South or Puerto Rico or whether they came from Europe or Asia, to find a place that was sympathetic to their aspirations; that would give them the opportunity of ultimately entering into a full decent life for themselves and their families.

We have failed. We took on what was the Federal Government's responsibility and we did not have the means to do it, and we have failed. But, most important would be if, in our hour of need, the country were to fail us. That would be a terrible thing to happen—a tragedy. Such an abandonment by the country of its largest city would embitter our citizens for generations to come. That must not happen.

Mr. STRATTON. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. I yield to the gentleman from New York.

Mr. STRATTON. Mr. Speaker, I thank my colleague from New York (Mr. MITCHELL) for yielding. In a year when the seniority system has been given a rough shove, let me just say that, as the second most senior Member of the New York delegation, I rise in support of the effort to provide assistance to New York State and I sympathize with the concern expressed a moment ago by the gentleman from New York (Mr. ROSENTHAL) that not very many Members were on the floor to hear our presentation. But, perhaps the words we speak today may be read in days to come by other Members of this body in the CONGRESSIONAL RECORD, and perhaps they may have some impact on the outcome.

Mr. Speaker, I rise in support of legislation to provide emergency assistance to New York City in the face of its present grave financial crisis, as well as to other cities that may at some future time be similarly affected. I believe this legislation is needed for two reasons. First, because the size of the problem which New York City faces, namely the ability to roll over bonded indebtedness to the order of from $4 to $5 or even more billion, makes it clear that no other agency except the Federal Government can provide meaningful assistance in that amount for any length of time.

Second, Mr. Speaker, it seems clear to me that the real question confronting this House is not whether we are going to help New York City but when. In other words, the real question is whether the assistance which the Federal Government is in a position to provide will be provided before New York moves into a state of default, or whether we provide it after that event occurs. I think the point that has been overlooked in much of the discussion on this subject is that if New York City does go under and does go into default there will unquestionably have to be Federal legislation to deal with this unique situation; there will undoubtedly have to be additional Federal payments made to meet the added unemployment and welfare costs that might be involved in that situation; and undoubtedly some kind of Federal provisions for meeting the financial obligations that this bankruptcy involves; and for also for helping to restore the market impact that will result from that bankruptcy, as well as the increased costs in interest rates to other municipalities, not only in New York State but elsewhere.

I believe we must enter the picture before this event occurs rather than after, and I do so for two reasons. First, because no one knows for sure what would be the full impact of such a municipal bankruptcy of the size that would involve the city of New York. No one, for example, can clearly indicate just how far the ripple effect would go, whether it would involve the State of New York, for example, which is entirely possible; and, whether it would also involve other municipalities in New York State and other units of local government, including school boards, with no real direct bearing on New York City at all. No one knows how much this default might affect the economy of the country as a whole at the very time when we feel we are moving out of the recession and have every likelihood of continuing to move upward and expand our production. Maybe these events will not occur; nobody can predict for certain. But is it really wise and sensible for Congress to take a chance that all these events might occur, rather than act now while we have time to prevent them?

Second, Mr. Speaker, there is another strong argument for moving in before rather than after, and that is that if we do the job right the chances are that the assistance that we will provide will not cost the Federal Government anything, that indeed it might even make the Federal Government a little money. This does not mean there will not be a very substantial cost resulting from the tragic financial situation in which New York City has involved itself, but that cost will be borne by the people of the city of New York rather than by the Federal taxpayers, and the extent of the changes and sacrifices which will affect New York City as a result of its current crisis are already clear as Governor Carey indicated dramatically and eloquently to the committee a few days ago. All that would be required, as has been indicated by most of the bills introduced to deal with this situation, would be a Federal backup or a Federal guarantee of bonds issued in behalf of New York City, and if the conditions surrounding that guarantee required New York to move expeditiously onto a fiscally sound and fiscally balanced budget, then that guarantee would simply provide time for New York City to reestablish its credibility and move back into the open bond market, at which time the Federal guarantee would no longer be required.

One might question, Mr. Speaker, what a Congressman from upstate New York is doing before this House urging legislation to help out the city of New York. We have all been aware in recent days of the ill feeling which many sections of our country hold toward the city of New York, and it should be no great secret to Members of this House that these sentiments are to some extent shared also by the people of upstate New York. Each year when the election rolls around one of the strongest arguments that many upstate candidates present is that if you do not elect them, then New York City will be running the upstate area as it runs the rest of the State.

But the fact is that residents of upstate New York, in my district and I am sure in other upstate districts, are lately beginning to understand that what happens to New York City could, willy nilly, affect them. They are no more anxious to "bail out" the city of New York than are the people in other States. But they are beginning to realize, as I hope the Members of Congress will also soon begin to realize that it is not really a bail-out operation that we seek, but rather, as Governor Carey has put it, a backup operation. No one is suggesting that the Federal Government should dole out money for the financing of day-to-day operations of the city of New York, which would then likely go down the drain and never be recovered. And yet that is still the general impression which is being created in the minds of millions of citizens around the country as we debate the legislation pending before this Congress.

The people of upstate New York also recognize that, if the Federal Government does not step in to help New York City, they themselves would eventually prove to be the last resort, that what would follow from a serious default in New York City would mean higher, perhaps even prohibitive interest rates for their own municipal and school board borrowings as well as higher taxes to help make up the New York City deficit. And this is the one thing above all else that the people of upstate New York most strongly oppose, since for many years they have had the very dubious distinction of living in most heavily taxed State in the Union.

So, in coming before this House to urge the adoption of legislation, I do so fully recognizing the hesitation and concerns that have already been expressed by many Members of this body.

So why come before this House with another bill? While I am supporting the general proposition of legislation to help New York City, I am also plugging my own legislation on this matter, H.R. 10362. The reason I am offering this particular piece of legislation, which I have been developing over a period of about a month, is that I fear that none of the bills presently pending on this matter, both here and in the Senate, is likely to get the majority support that is necessary to get the bill passed and over to the White House for signature.

The two major bills being considered, the Rees bill in the House and the Humphrey bill in the Senate, both have serious defects. The Rees bill limits its guarantees to full faith and credit obligations, and, therefore, cannot apply to the New York situation since the primary type of obligation which is involved there are MAC bonds issued by the State but not backed by full faith and credit. The Humphrey bill, being considered in the Senate, would require a 2-cent addition to New York State's sales tax to wipe out part of the annual operating deficit of the city; this would be absolutely impossible to get enacted into law in the State legislature for the very reasons I have already spelled out about the strenuous opposition of people residing outside of New York City to being required to pay even further sums to make up for New York City's own fiscal problems.

My bill would proceed on the general guarantee approach to this problem, but it would do several other things that I think have to be done to generate support in the House for any New York assistance legislation, and which are not provided in the other legislation being considered.

First, it would require a balanced budget in New York City within 18 months, rather than the 3-year period generally assumed by sponsors of other legislation. I feel very strongly, based on my own soundings, that we are going to have to be very tough on New York to get any support for this legislation; and I think it makes good sense to require that the city get operating on a balanced budget as early as possible after a Federal guarantee is provided if we are realistically to reestablish the market confidence in the city that must be provided if we are to extricate ourselves from the backup procedure at the earliest possible time.

In addition, H.R. 10362 would impose a direct Federal Overseer over New York operations, with absolute veto power over all New York City expenditures and commitments during the period of the guarantees, including, incidentally the authority to reopen and reexamine existing commitments, such as long-range retirement and other benefits, which the Overseer might reasonably believe would mitigate against the city moving toward a balanced budget as rapidly as required by the legislation, or maintaining a balanced budget after the period of Federal involvement had come to an end. In fact this overall authority might even involve the kind of reorganization of the New York City's debt structure which has been discussed in the press by Members of the Senate.

Such debt reorganization might be desirable, but I think it is unrealistic to expect it to be carried out in time for this legislation to get adopted soon enough to do any good. In addition, under my bill the Federal Overseer would have top authority over the operation of the Federal welfare system within the city, thereby with instructions to make a clear-cut effort to improve the efficiency of the city's welfare system and reduce any possibility of fradulent or improper payments.

In addition, the imposition of a Federal Overseer is the kind of thing that must be included in any legislation of this kind in order to answer the objection that has been frequently raised, that if we pass such a bill then every other city in the U.S. will be encouraged to seek similar Federal assistance. It is absolutely necessary that the conditions which we impose upon New York City for getting the aid which it requires contain no incentive for other cities to enter lightly into a similar situation in the hope of receiving easy Federal assistance. The requirement of a balanced budget within 18 months is certainly not something that is likely to be welcomed by New York or other cities in similar situations; and in addition the imposition of a Federal Overseer with final authority over city operations as well as over the operations of the State's emergency financial control board, would be a feature that very few States and very few cities would ever want to enter into lightly.

Incidentally, I do not visualize this Overseer as undertaking the day-to-day operation of the city. But he would have absolute veto privileges when some action or some commitment would seem to him to jeopardize the objective of putting the city promptly on a balanced budget.

No other legislation has been introduced, so far as I am aware, that provides this on-the-spot Federal control during the period of the guarantees. I do not doubt the State's emergency financial control board has already done a remarkable job in reorganizing the city's finances and they may well prove able to implement the tough plan which they have developed as time goes by. But it would be a mistake for us to put $5 billion of Federal money on the line for New York City without some direct Federal control. I just do not think we can justify risking this amount of money and then rely entirely on some State agency to protect the Federal investment.

Finally, my bill would put a $5 billion limit on what the Federal Government could guarantee to any one city. This would cover the $4 billion which the city apparently needs at the moment, plus the additional operating deficits which would be incurred over the 18 months period required to get the city onto a balanced budget. Previous testimony has suggested that the guarantee needs of the city might go as high as $7 to $12 billion. This figure strikes me as completely out of the question. A top limit must be put on what the Federal Government is willing to guarantee, and the smaller the limit the more likely we are to get the legislation approved. Finally, my bill puts a total limit on the total amount of guarantees provided under the Agency which my bill creates—STAMINA—of $10 billion outstanding at any one time to municipalities similarly in need of emergency assistance.

I appreciate the opportunity to present this legislation directly to the House, and I urge its favorable consideration of some bill similar to H.R. 10362, under leave to extend my remarks I include a copy of H.R. 10362:

H.R. 10362

A bill to establish a Short Term Agency for Municipal Insurance and Normal Accounting to provide short-term guarantee; for certain obligations intended to provide emergency assistance to certain municipalities

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Short-Term Agency for Municipal Insurance and Normal Accounting Act of 1975".

DEFINITIONS

SEC. 2. For the purpose of this Act—

(1) the term "State" means any State of the United States or the District of Columbia;

(2) the term "municipality" means any city, county, town, township, village, or other general purpose political subdivision of a State; and

(3) the term "applicant" means any State or municipality which has filed an application for assistance under the provisions of this Act.

ESTABLISHMENT OF THE AGENCY

SEC. 3. (a) There is established a Short-Term Agency for Municipal Insurance and Normal Accounting (hereinafter referred to as the Agency) composed of the Secretary of the Treasury, as chairman, the Secretary of Housing and Urban Development, the Chairman of the Board of Governors of the Federal Reserve System, and the Chairman of the Securities and Exchange Commission.

(b) Subject to such rules as may be adopted by the Agency, the Chairman (1) may appoint and fix the compensation of personnel as he deems appropriate, and (2) may procure temporary and intermittent services to the same extent as is authorized by section 3109(b) of title 5, United States Code, but at rates for individuals not to exceed $100 per diem.

SEC. 4. As is appropriate to fulfill its duties under this Act, the Agency is authorized—

(1) to enter into and perform contracts, leases, cooperative agreements, or other transactions;

(2) to promulgate rules; and

(3) to inspect and copy all accounts, books, records, memoranda, correspondence, and other documents of any municipality whose obligations are guaranteed pursuant to this Act.

FUNCTIONS

SEC. 5. The Agency shall determine the eligibility of and approve applicants for emergency municipal assistance under this Act for the purpose of avoiding the interruption of municipal services essential to the inhabitants of such applicants. Such determination shall be made by a majority vote of the Agency after review of information submitted by an applicant in accordance with the standards established by section 7 of this Act. Such determination shall be made by the Agency within ten days of the receipt of an application for assistance under this Act.

AUTHORIZATION

SEC. 6. (a) Upon determination by the Agency pursuant to the provisions of section 5, the Secretary of the Treasury shall, upon terms and conditions prescribed by the Agency, guarantee, or enter into a commitment to guarantee, on a short-term basis, holders of obligations issued by the applicant against loss of principal or interest payable on such obligations.

STANDARDS AND DEFINITIONS

SEC. 7. (a) To be eligible for assistance under this Act, an applicant must demonstrate to the satisfaction of the Agency that—

(1) it has made a bona fide attempt to obtain private financial assistance and has failed in such attempt; and

(2) the obligation has been issued by the State or by a State agency specially created for the purpose of financing municipalities to which the private capital market has closed; and

(b) If the applicant is a State, it shall furnish to the Agency and the Secretary of the Treasury, and if the applicant is a municipality under the jurisdiction of such State, it shall furnish through that State with the endorsement of the Governor thereof, a plan which, subsequent to its initial submission by the applicant, may be amended by a majority vote of the Agency, detailing the applicant's projected revenues, expenditures, scheduled borrowings, debt service costs, and such other information as the Agency may require for a period of three years after the date of anticipated assistance under this Act. Such plan shall also contain specific proposals designed to assure achievement of a balanced operating budget under normal and standard accounting practices as soon as practicable but in any event within 18 months of the receipt of assistance under this Act;

(c) Each applicant must agree in writing that a member or designee of the Agency will have authority during the period of the obligation guaranteed pursuant to this Act to prevent any expenditure or commitment by the municipality involved if such expenditure or commitment is likely to impair such municipality's continued operations under a balanced budget;

(d) Interest on obligations guaranteed under this Act shall not be tax exempt.

SEC. 8. No guarantee under this Act shall continue for more than three years, except that the Agency, by majority vote, may extend this period for not to exceed two additional years.

SEC. 9. The Agency shall appoint for each municipality granted assistance pursuant to this Act an individual designated to act as Federal Overseer for such municipality for the duration of the guarantee, with his principal place of business located within the borders of such municipality. Subject to overall direction by the Agency, the Federal Overseer shall—

(a) insure that such municipality continues to operate in accordance with the plan referred to in section 7(b) toward achieving a balanced budget in the shortest possible time;

(b) exercise top direction over all federally financed and assisted welfare programs within such municipality, to insure maximum efficiency and prevent fraudulent or excessive payments to recipients; and

(c) disapprove any expenditure or commitment by such municipality, and require the reconsideration of any existing long-range commitment, if in his opinion such expenditure or commitment will significantly impair such municipality's ability to operate under a balanced budget or otherwise redeem financial obligations guaranteed under this Act.

SEC. 10. The maximum dollar amount of all outstanding guarantees authorized under this Act shall not exceed $10 billion at any one time. No municipality shall receive in guarantees under this Act more than $5 billion.

Mr. MITCHELL of New York. Mr. Speaker, I would like to put two additional statements in the RECORD. They are as follows:

EFFECT OF A NEW YORK CITY DEFAULT ON THE REST OF THE COUNTRY

(From the Statement of The Honorable Moon Landrieu, Mayor of New Orleans, Louisiana and President of the United States Conference of Mayors and the National League of Cities before the Senate Committee on Banking, Housing and Urban Affairs, October 18, 1975:)

The economic and financial impact of New York City's financial crisis on the nation's cities and the great uncertainty about the consequences of default motivated both the National League of Cities and the U.S. Conference of Mayors to act. In mid-September, the Executive Committee of the Conference adopted a policy of federal guarantee of bonds of states and municipalities with such bonds being subject to federal taxation . . .

Subsequent to the adoption of this policy, fourteen Mayors of the Executive Committee of the Conference testified before the Joint Economic Committee as it assessed the consequences and the possibilities of a New York City default. We pointed out that the problems of New York City were not unique to that one city—the seeds of the New York crisis are throughout the nation. The Mayors appearing that day represented a cross-section of the United States, both in terms of geography and in population bases—the Mayors of Newark; Syracuse; San Francisco; Milwaukee; San Leandro, California; Gary, Denver, Anchorage, Alaska; New York; Detroit; Cleveland; San Juan, Puerto Rico; and New Orleans. We were concerned then as we are today about the impact of a possible New York default on the people of New York City, Detroit, San Francisco, Cleveland, and all over this country. We were concerned then as we are today that the collapse of New York City or default by New York of its obligations will make it extremely difficult, if not impossible, for any city to borrow money. The impact was being felt then and it continues to be felt. Atlanta, a triple A rated city, went to the market two weeks ago and had no takers. Detroit recently paid 9.9%, 1/10th of 1 percent shy of the Michigan statutory limit on the amount of interest that can be paid on an issue. States and cities around the country are being slapped with higher-than-normal interest rates due to, according to the bond counsels advising these governments, the uncertainty created by New York City's financial crisis.

Simply stated, during the past few months, cities are offering issues and are either not receiving bona fide bids or they are receiving record high bids which they must unwillingly accept if the funds are absolutely necessary or they reject the bids.

THE EFFECTS OF DEFAULT ON THE REST OF THE COUNTRY

(From the testimony of Ellmore C. Patterson, Chairman of the Board of Morgan Guaranty Trust Company of New York before the Ashley Subcommittee on October 20, 1975:)

Making an unconditional judgment about the full scope and severity of the repercussions that might flow from default is simply impossible. Repercussions might be seriously troublesome to the national economy. On the other hand, they might be much more muted than the grimmer possibilities suggest. The fact that neither we nor anyone else can know with certainty what the outcome of default would be seems critically relevant to the matter of whether this Congress should take some action. I am not disposed in principle to urge Federal government involvement in the affairs of a State or municipality. But, in this instance, I have come to the conclusion that a Federal role is inescapable if default is to be avoided.

Mr. SCHEUER. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. Yes, I yield to the gentleman from New York.

Mr. ZEFERETTI. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. Yes, I yield to the gentleman from New York.

Mr. ZEFERETTI. Mr. Speaker, the city of New York is in desperate financial trouble. To go into the details of the situation is unnecessary at this point in time. All of us here are at least generally familiar with our state of affairs. The basic question confronting us is whether or not the Congress will allow a Federal financial guarantee to be given to New York City. This does not involve a commitment of Federal funds in any manner. Not a dollar of Federal money will be laid out ahead of time to pay the city's bills. What instead would be made available is a Federal guarantee to back up the basic reforms New York City is in the process of implementing in order to set its financial house in order.

Such a commitment by National Government is not a novel event. Similar guarantees have been given before, and to a variety of causes and entities which have not had as much intrinsic worth as New York City, the Nation's largest urban area. Lockheed Corp., a defense contractor which had mismanaged numerous programs, was in danger of going bankrupt, and the Federal Government made a guarantee available. The Penn Central Railroad, perhaps the worst managed corporation in modern history, was saved from immediate bankruptcy by a similar Federal guarantee. In fact, that guarantee and what has grown from it has been the only element in the equation of that railroad that has allowed it to survive this long.

Around the world the United States is still, 30 years after the end of World War II, playing Santa Claus to a variety of nations in the form of foreign aid. Some of these investments are sound and necessary. Many are not. If we can still afford to bail out one regime after another, if we are still willing to pour billions into one foreign adventure after another. If we are willing to give massive sums to one worthless government after another, why can we not offer a financial guarantee to New York City?

The United Nations, held in universal disrespect as a showplace for nonviable States and an echo chamber for Third World, anti-American rhetoric, continues to receive massive quantities of direct American financial contributions.

Egypt, which has for years been a staunchly pro-Russian state in the Middle East, suddenly becomes a prime candidate for hundreds of millions of dollars worth of U.S. financial and military aid.

All these commitments are given with no reasonable expectation of repayment. In fact, most are made with the full knowledge that many will turn out to be mere speculative ventures with an almost sure guarantee of failure.

There are 8 million New Yorkers, and 12 million people in the immediate area around the city, largely dependent upon this suburban area for their livings and well-being. Those millions of people are all Americans who pay vast quantities of taxes to the Federal Government. Much of their tax money is committed to the ventures I have described, and large sums go to various domestic programs here, from which they derive no direct discernible benefit. New York pays more revenues to the Federal Government than any other comparable constituency in the Nation.

Further, New York has taken vigorous, numerous steps to set its financial house in order, and these moves have taken the city far toward its goal of extrication from its publicized financial difficulties.

To stand by and refuse to let the city have even this financial guarantee is to harm our entire Nation. We are all tied together: Inseparable as a Nation. The ties that bind are national and cannot be removed or rejected by any one constituency. If New York City goes down in financial disaster, it will inevitably take other parts of the Nation with it. The size of the collapse would be monumental, eventually reaching into every corner of the Nation's money markets. It also would hinder the entire range of interests served by the unique entity that is New York. To stand by and jeer in derision while New York goes under is for one man to enjoy the sight of another man drawning, heedless of the fact that they are tied together.

The financial guarantee is vital, reasonable, and fair. The House should act accordingly.

Mr. MARTIN. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. Yes; I yield to the gentleman from North Carolina.

Mr. MARTIN. Mr. Speaker, I thank the gentleman for yielding.

A statement which I will submit for the RECORD, will, in effect, say that so long as the city of New York continues the expenditure program that they have already obligated themselves for, such expenditure being too expensive for the taxpayers of the city of New York, they are, therefore, too expensive for the taxpayers of the rest of the country as well. However, should certain safeguards be enacted, some of which have been spelled out here by the gentleman from New York, if these kinds of procedures can be enacted so as to reduce the expenditure obligations of that city, and if there were an additional provision somewhat along the lines of the North Carolina Local Government Commission, which passes on bond issues of city and county governments, if they can in that way show that they are prepared to turn the ship away from the rocks so that they do not direct the tugboats unto the rocks, I would be prepared to assist them.

Mr. Speaker, an editorial cartoonist recently portrayed New York City as a huge luxurious ocean liner that was going aground on a rocky coastline. Sitting beside it was another similar ship in the same precarious situation. The message was clear. New York is financially on the rocks. Other cities could follow. The Federal Government is in the same predicament. Both have been living beyond their ability to pay for expensive spending programs. Both have been living high, and borrowing to pay for it. Both are trying to spend their way out of debt.

New York City needs $4 billion by June 30, and has made an impassioned plea for help to the President and Congress. Simply stated, New York is asking the taxpayers of the country to pay for years of bad management and lavish spending which have brought the city to the brink of financial disaster. This could set a dangerous precedent that could have other financially troubled cities looking to Washington for increased financial aid. With a $555 billion Federal debt, the country has enough problems.

On the other hand, financial collapse by New York City could threaten the ability of other cities to finance even legitimate ventures.

As the debate accelerates on relief for New York, Congress should examine why that city got where it is today and then ponder future spending by the Federal Government. Congress should consider where the "free lunch society" proposals will lead us. Consider a couple of examples which led to New York's problems.

It has the best paid city government workers in the country. Fat municipal union contracts have allowed featherbedding to become a way of life in the city. Bus drivers work 8 hours per day and get paid for 11 hours. Subway coin changers are paid $229 per week, nearly $12,000 a year, while a bank teller averages $165 per week.

New York City has a free university system, with additional $120 per month subsidies for some students. That is nice, but they cannot afford it. Why should we?

The city also has the highest welfare benefits in the Nation. One out of every eight New Yorkers receives benefits.

New York officials of both parties have failed or refused to accept the need to reform its lavish spending policies. Even faced with financial chaos, city leaders have been slow to react, dragging their feet on improvements. The city must take drastic steps to put its financial house in order. It could begin by cutting expenditure obligations, both present and future.

Furthermore, I would strongly urge the New York State Legislature to consider creating a fiscal disciplinary unit along the lines of the North Carolina Local Government Commission. This commission would scrutinize the expenditures and revenues of any municipal or county government and pass upon the ability of the local government to meet its bond obligations. This has worked well in North Carolina. It should be adapted for New York.

What should we do? We should not pay the bills for extravagance. Yet, if city officials will take fiscal control of their ship, pump the waste out of her bilge and put her bow up through sound management—even then some temporary assistance may be needed to help tow her off the rocks. In that case, it would be difficult to abandon her if with timely help she can be restored. But without firm adoption of sound principles that have not characterized the city's past leadership, it would be difficult to justify bailing out a ship whose skipper and crew refuse to turn her around. Not when most folks would just as soon bail them in.

If New York City insists on lavish salaries and patronage excesses and free college tuition—extravagances which New York citizens obviously cannot afford to continue for themselves—then they must realize that the rest of us cannot afford to pay their bills either.

Mr. MITCHELL of New York. Mr. Speaker, I was not initially oversympathetic with respect to New York City's dilemma, but I am convinced now that they do have the mechanism to adopt sound fiscal policies, and I am convinced that the Big MAC Board does have the determination to restore fiscal integrity.

I think we have to admit from the outset that New York City has been guilty of violating a lot of sound fiscal policies. We can assume that from what has happened in the past.

Mr. MARTIN. Mr. Speaker, I think the gentleman will agree that any mechanisms they set up should be sound ones so that they would not go back to what is happening now.

I thank the gentleman for yielding.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, I appreciate the gentleman yielding to me and I also appreciate the comments of the gentleman from New York (Mr. ROSENTHAL) earlier about those of us who are not from New York City still being willing to stay and listen to the special orders. Quite frankly, I might say that I stayed because I did want to become a little edified about the steps that are proposed to be taken in New York to help solve their problem. The gentleman from Illinois (Mr. ANDERSON) alluded to this about an hour ago, to the fact that some specific steps and measures can be taken to help the situation.

I have listened very attentively to the legislative proposals that are going to be submitted and yet during all of this time I have heard nothing specifically from the Members of the New York delegation as to specific proposals to help New York City and to help New York State, or as to suggestions as to what is going to be done about the current situation.

New York City has been running a deficit for more than a decade and it has gone up until now it is about 13 percent of their total budget.

Earlier today I alluded to the $8½ billion in fiscal year 1974 of Federal outlays to the city of New York, much of which were in direct payments to the city government.

In the city of New York they are running a city university system that is larger than 42 States with no tuition for the undergraduates and with an open enrollment for high school students. In Maryland, our students have to pay a tuition. We do have a better break I believe than some States for out-of-State students.

Let me also ask what about the subway fares and the transit fares? Are they likely to be raised? What about the totally unfunded pension system?

Mayor Lindsay when he took office many years ago said there was not any problem in New York City that could not be solved by more money and he has proved he could get more money because he doubled the budget.

Here the New York delegation tonight is asking for help.

I would hope that instead of just merely discussing the problems of New York City that the Members participating in these special orders would tell us specifically point by point what the city of New York intends to do to reverse the procedures and to reverse the problems. Obviously you are coming to the Congress and coming to the Federal Government and you are making requests for assistance, and yet so far I have not heard what the proposal is. Maybe in all of the extension of remarks that some of the Members will put in that will be included. But, I repeat, some of us would like to hear specifically what the plan is.

Mr. BADILLO. Mr. Speaker, if the gentleman will yield, the gentleman from Maryland raises a good point. The final package of cuts by New York City actually has not been developed, but, if I may, I would like to try to answer some of the points that the gentleman has raised. I might further say some of the cutbacks by the city are going to be included in the presentations that some of us will make at a later time. But, just to make sure the gentleman gets an answer immediately and directly I will point out to the gentleman that first of all the exact amount of the deficit for previous years and this year was agreed upon by the Governor, the mayor, the State comptroller and the city comptroller and the figures have been made public and are available to all of the Members of Congress. In that connection, Mr. Speaker, I ask unanimous consent that the Accumulated Deficit be made part of the record at this point.

The SPEAKER pro tempore (Mr. WOLFF). Is there objection to the request of the gentleman from New York?

There was no objection.

(The material referred to follows:)

1975–76 and prior-year deficits

[In millions of dollars]

Real-estate taxes:		
Reserve for real-estate taxes	-----	260
Amount of prior year uncollected taxes to be written off that have resulted from court tax cancellations, in-rem foreclosure proceedings, tax exemptions and abatement for Government-subsidized privately owned housing	502	---
General-fund June accrual: When funds come in, treat as cash for the year collected	358	---
General-fund shortfall:		
1974–75	-----	---
1975–76	99	---
State aid, Federal aid and other receivables	-----	60
1971–1972	12	---
1972–73	90	---
1973–74	256	---
1974–75	250	---
1975–76	-----	150
New York City Stabilization Reserve Corp	520	---
Deletion of increment in general-fund borrowing for 1975–76	-----	30
M.A.C. costs and debt service for 1975–76	-----	264
Accrual payroll conversion (12 days) for 1975–76 (including education)	105	10
Police, fire and correction overtime for 1975–76—cash to accrual	25	---
*Various O.T.P.S. items for 1974–75 and 1975–76 cash to accrual	95	10
June 30, 1975, tax deficiency deficit (net)	100	---
Shortfall in limited profit housing and parking revenues	-----	47
State education aid—to eliminate the need of the city to borrow against State aid received after the close of the fiscal year	170	---
Total	2,582	831
Less: Savings from pay freeze	-----	105
Total	2,582	726

*In addition, $15 million of savings will be used for this purpose in 1975–76.

Mr. BADILLO. Mr. Speaker, I would point out to the gentleman from Maryland that this accumulated deficit includes such matters as real estate taxes which were due in previous years but were not collected. It includes all of the practices which led to difficulties in the city over the years, such as over-estimated revenues and under-estimated expenses.

So we now have an amount of $2,582,000,000 for previous years and $726 million for this year as the accumulated deficit to date.

In order to insure that these practices will not be continued in the future, the city of New York has agreed and the emergency financial control board has mandated that a new accounting system be implemented for this year which is the accounting system mandated by the State comptroller's manual and that is now the system that is in use by municipalities throughout the country, which have the highest rating in terms of revealing what is happening in their financial operations. That accounting system will be in operation for this fiscal year in New York City and will continue in operation for years to come.

In addition, and more specifically, the employees of the city of New York have been reduced from 294,522 on December 31 of 1974, to 263,346 on September 30 of this year.

For example, the police department had 35,411 men and women in the force at the end of December of last year. The number is now 31,266. The fire department, the sanitation department, the board of education, the board of higher education, the hospital corporation, all city agencies have been reduced in number through September 30. I want to point out to the gentleman that the reduction in numbers will continue in the fiscal year to come.

The statement is as follows:

Employee group	Employees		Reduction
	Dec. 31, 1974	Sept. 30, 1975	
Police	35,411	31,266	4,145
Fire	14,003	12,518	1,485
Sanitation	14,295	12,295	2,000
Social services	26,768	24,023	2,745
Board of education	79,852	72,775	7,077
Board of higher education	20,009	18,573	1,436
Hospitals corporation	46,780	41,733	5,047
Other	57,404	50,163	7,241
Total	294,522	263,346	31,176

I want to point out to the gentleman that altogether there was a $1 billion cut in services in this year's budget, and that included $400 million due to layoffs.

In addition, as the gentleman may know, there was an agreement with most of the labor unions that they would not receive any increases for the next 3 years, or until the emergency is at an end. This has been written into the law by the city council and agreed upon by most of the unions. Some of them, like the Patrolmen's Benevolent Association, have not agreed, but they are subject to the law passed by the city council.

In addition, as the gentleman may know, the subway fare was raised from 35 cents to 50 cents, and bus fares were raised by the same amount. The tolls on the bridges and tunnels were raised as well. The toll on the Triborough Bridge, the Throgs Neck Bridge, and the Whitestone Bridge also increased from 50 cents to 75 cents. The Midtown Tunnel toll was also increased, and other bridges received a comparable increase.

Mr. SCHEUER. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of New York. I yield to my colleague.

Mr. SCHEUER. I thank the gentleman for yielding.

The bridge connecting my district, the Rockaway Peninsula, with the mainland of New York, had a 10-cent toll 2 years ago. It went up to 25 cents about a year ago, and now it has gone up to 50 cents, a fivefold increase in a matter of about 24 months.

Mr. BADILLO. I want to point out, too, that the capital budget of New York City was substantially reduced, as also stated by the gentleman from New York (Mr. Fish), earlier today, in fact so reduced that it may be harmful to the city because thousands of jobs will be lost and many schools, firehouses, and other public buildings which are essential to maintaining the physical plant of the city, will not be built. This includes, too, the proposed convention center which was geared to bring about an increase in the tourism business for New York City. It also includes a proposed industrial park in my own district which was going to be built at the site of the Penn Central railroad yards and which would have brought about a great increase in employment in the area.

These are some of the specific cuts that have been effected by New York City to date. They are very specific, very precise, and I must say to the gentleman they are also very harmful in the sense that they substantially reduce essential services to the people of the city.

I have cited figures like police, firemen, and sanitation men to indicate that New York City has gone deep into its civil service force in order to make the cuts to demonstrate to the people of the country, to the bankers, and to the Members of Congress, that it is in fact willing to take painful cuts.

Mr. BAUMAN. Mr. Speaker, would the gentleman yield so that I might respond?

Mr. MITCHELL of New York. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for yielding.

I want to thank the gentleman for being very specific in his reply. I will look forward to his extended remarks in the Record tomorrow, because I think he is giving us the kind of information that the entire House of Representatives will need before we can pass upon this intelligently. But I would only tell him that the problems that he is facing in New York City are being found in many areas of the country.

The city of Baltimore right now in our State Transportation Department is apparently not going to build a subway system because we cannot afford it. Many other areas have operated on that principle of not doing what they could not afford. Before we know that our people are going to be asked to foot the bill, we are going to have to see specific proof of the good faith of New York City and its representatives.

I do appreciate the gentleman's giving me this information, and I want to say for the record this should not be construed in any way as an announcement of my position on this matter. I want to make that very clear.

Mr. SCHEUER. Will the gentleman yield further?

Mr. MITCHELL of New York. I yield to the gentleman from New York (Mr. Scheuer).

Mr. SCHEUER. Mr. Speaker, I want later to express my great admiration for my colleague, the gentleman from New York (Mr. Mitchell), for his remarks, but first let me address myself to the remarks made by the gentleman from Maryland (Mr. Bauman).

It is perfectly true, and I do not think anyone would deny it, New York in the past decade or so has made mistakes. As I said before, we have loved not wisely but too well. We have been looked upon among the cities of our Nation as being the gateway of America to a better life for millions of people from other parts of the country, from Puerto Rico, from the South, places where they did not have as effective a school system or social welfare system. Those impoverished people migrated to New York and there encountered the complicated problems of a big city and all the uncertainties and frustration of life in a big city. But those people came there for a reason. New York City was a beacon. We had an educational system second to none, including a free city college system.

Perhaps many of us feel now that we cannot afford a free city college system and maybe we should turn it over to the State university system. Maybe we cannot afford it any more. But criticize us only for excessive compassion.

That city college system has produced Dr. Jonas Salk and countless other thousands of people who have made great contributions to our national life.

Foregive us if we spent this year $2,500 for families for hospitalization. Maybe we cannot afford that. Maybe we must cut down on the municipal hospital services.

But again I say we have loved not wisely but too well. We have governed with an excessive degree of compassion and humanity, stemming from our political and religious beginnings. New York City has been the beacon that attracted millions of people from Europe to this country. Perhaps out of an excessive zeal for the poor, New York City has offered services which it could not afford. But if it did, is that not a reflection on the fact that we have shouldered burdens that should have been shouldered by other sections of the country and other taxpayers and other municipalities and other States?

I think we are going to have to reduce our perception of what is possible and what is do-able in the future.

But I think this rancorous, bitter, ugly recrimination about New York for its spendthrift ways is inappropriate and not a felicitous way to approach the solution to the problem.

The taxpayers of New York did not do all this for the middle-income and upper-income people. The gentleman from New York (Mr. Zeferretti) did not benefit from those services. I did not benefit from those services and others did not benefit. New York did it for the impoverished. We felt with the poet Browning:

Ah, but a man's reach should
  exceed his grasp,
Or what's a heaven for?

The SPEAKER. The time of the gentleman from New York (Mr. Mitchell) has expired.

FISCAL CRISIS IN NEW YORK CITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Rosenthal) is recognized for 60 minutes.

Mr. SCHEUER. Mr. Speaker, will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentleman from New York (Mr. Scheuer).

Mr. SCHEUER. Mr. Speaker, briefly let me continue.

I think our reach has exceeded maybe our grasp, I will say to the gentleman from Maryland (Mr. Bauman), but I think we should eschew ugliness and bitterness and go on from where we are. Let us look at the future and let us eschew the blame for the past. When things go right, there is credit enough for everybody, but when things go wrong there is blame enough for everybody.

I do not believe in blaming. I do not believe in finger pointing, but let us look at today's New York Times. There is an article on page 35 of the New York Times about a public housing project, public housing completed at a cost——

Mr. BAUMAN. $70,000 a unit.

Mr. SCHEUER. $69,000 a unit. Does the gentleman think that is sound or prudent?

Mr. BAUMAN. Certainly not.

Mr. SCHEUER. Does the gentleman realize this is a federally financed, federally approved project? It says:

> The centrally air-conditioned towers will have an indoor swimming pool, a gymnasium, an auditorium, a theater, a greenhouse, roof laundry rooms and play areas, and underground parking with attendants 24 hours a day.

Does this have the smell of public housing? Yet this is federally approved, federally financed at a cost of $60 million, with $82 million additional dollars in total rent subsidies and interest subsidies over the life of the mortgage, totally tax free; so the city of New York has to provide the police protection, the fire protection, the sanitation and garbage protection. We do not get one nickle of revenue from this project for the next 40 years.

Should we be finger pointing at Washington and saying, "How could you foist this upon us?"

I do not think HUD or any other agency would now plan another project like this. I think their reach exceeded their grasp 4 or 5 years ago when this project was underway.

I think from hindsight probably they would agree with us this was not fiscally sound, it was not prudent. It is not the kind of public housing we could extend to the cities and towns of America. It was a mistake, but is this the time for us to start vilifying Washington?

Should we vilify this administration for having permitted the cost of medical care to gallop out of sight; for letting one doctor in New York take over $800,000 from the medicare system in 3 years? Is this the time bitterly to criticize this administration for having perpetuated a welfare system that has created a subgroup in our city, that has settled well over 1¼ million of New York's families on welfare? Should we ask—"Why has not the administration done something about this problem, to assist our city in achieving fiscal soundness and sanity?"

Mr. BAUMAN. I do not speak for the administration.

Mr. SCHEUER. I think there are honorable men in this administration. I think the time for finger pointing, the time for blame-laying, the time for ugliness and recrimination is past. Let us join together in trying to find what good we can accomplish in this situation.

I am going to speak later about the remarks of the gentleman from New York (Mr. Mitchell). He gave us the keynote for this discussion when he said:

> Ask not for whom the bell tolls. It tolls for thee.

It tolls for the city of the gentleman from Maryland (Mr. Bauman). It tolls for cities up and down the Atlantic coast. It tolls for the Middle West and for the great urban area of the United States, all of whom are in clear and present danger of joining New York City's lot.

Our great Nation now needs to come to the assistance of New York City and other cities which may need similar assistance. Let us join together constructively, decently, in a fitting sense of national pride and unity to do for the cities of America what they need and do it without rancor, in a felt sense of national pride and unity that will leave us all the richer.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Speaker, I am sure when the gentleman mentions vilification, hate, and disunity, the gentleman is not referring to any remarks made on the floor this evening during any point in the debate. The gentleman from Maryland raised several hard questions that have to be answered if any of this legislation the gentleman seeks is obtained.

The gentleman has thrice used the phrase, "We have loved not wisely, but too well."

Those who love have to take the necessary precautions. When the gentleman asks us in Baltimore who has a larger percentage of people on welfare than does New York City and wants us to help the people in New York City on welfare, that does not involve any disagreement as to the merits of the question, but only proof. That is all we are asking.

Mr. SCHEUER. Mr. Speaker, what we are asking for New York now we are willing to do for Baltimore whenever that great city needs assistance. And if Baltimore needs help, I will be the first to ask for and support that help.

Mr. BAUMAN. I reply again that Baltimore has a surplus. We are not in such a situation because we have not followed the policies of New York, so I hope that some of these hard answers will be forthcoming along with the rhetoric we have heard here tonight.

Ms. HOLTZMAN. Mr. Speaker, will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentlewoman from New York.

Ms. HOLTZMAN. Mr. Speaker, I want to respond to the gentleman from Maryland who asked the question earlier as to what New York City was doing, and I noticed that he had pained expression on his face when my colleague from New York (Mr. Badillo) was recounting a list of steps the city of New York was taking in an effort to reconcile itself in its fiscal crisis.

I just wanted to call the attention of the gentleman from Maryland to a few other steps the city has taken which are really very disturbing steps and painful steps to the residents. First, New York City has fired every single school crossing guard so that there are no school crossing guards to help insure that the children going to school will be protected from accidents by cars. Surely, the lives and safety of the children, not only of the children of New York City, but everywhere in the country, is something that concerns all of us. Yet, in an effort to reconcile, to balance its budget and get back to a fiscally responsible situation, the city of New York has now fired all the school safety crossing guards.

Second, school security personnel have been reduced in substantial numbers. As a result of that, in my own district I have complaints from school principals and school administrators that there have been serious incidents of physical violence in schools as a result of the cutback of school security guards. There are, in essence, policemen stationed in the schools. Here again, the city of New York has taken steps which are painful and harmful to its residents, but which are going to be necessary if ultimately the budget is going to be balanced and if the city is going to be fiscally responsible, which I think it is going to do.

In addition, with respect to the schools, there is now talk of closing elementary schools in the city of New York. In my district right now, there are hearings being held on the question of which elementary schools are going to be closed. This again is going to affect the quality of education in the city, the quality of education of the children who attend the elementary public schools of the city of New York. So, I want to assure the gentleman from Maryland that steps are being taken. They are steps that are serious steps and painful to the residents of New York City.

Mr. MITCHELL of New York. Mr. Speaker, will the gentleman yield?

Mr. ROSENTHAL. I yield to my colleague from New York.

Mr. MITCHELL of New York. Mr. Speaker, before the gentleman from Maryland leaves, I would just like to point out that in spite of all the economics the gentlewoman from New York (Ms. Holtzman) and the gentleman from New York (Mr. Badillo) pointed out, that as far as municipal costs are concerned they have not reached the bottom line yet and they will have to convince a large percentage of the Members that they have indeed gotten to the bottom of the barrel when it comes to cutting out the poor programs and wasteful procedures.

I would like to point out that the subject of our special orders tonight was to develop some understanding of the overall problem. It has been very easy for anyone to say, "I am not going to bail out New York City," or to ask a constituent who has not been informed at all of the ramifications of the problem whether or not he would assist in a bail out. No one is asking for that; no one wants money. What is wanted is a guarantee.

We want to point out some things, some bits of information that are not generally known. First of all, as has been mentioned, New York has served as a sort of a magnet or a Mecca for people from all over the country and the world.

When I was in the State legislature, we tried to solve this problem by passing a residency law that would prevent people from going on welfare immediately upon reaching the city. Twice the State passed it, but the Supreme Court said that it was unconstitutional because it curtailed the travel rights of the poor. So, New York State did try to do something to cut down on some of the high cost of this mass movement to within its borders.

We want to point out also that New York State receives the least amount back from the Federal Government of every dollar it contributes to the Federal Government. New York State has been paying many people's bills for many years, bills in States where the real property values are far lower than they are in New York State. I can remember when our present Vice President was serving as Governor of New York he would stress the fact that New York State received only 5 cents back on the dollar, when many States in the Nation received far more on every dollar they sent to Washington—$1.50, $1.60, as I recall.

It was the worst and continues to be the worst ratio in the United States.

One final observation is that New York State is the biggest taxpayer in the Nation and it receives the least expenditure of the defense dollars within its borders. There has been an exodus of defense installations from New York State.

Mr. SCHEUER. Mr. Speaker, will my colleague yield?

Mr. ROSENTHAL. I will yield to the gentleman from New York.

Mr. SCHEUER. I thank the gentleman for yielding. I want to emphasize the point the gentleman from New York (Mr. MITCHELL) is making. The five States with the largest outmigration of people—including New York and Ohio—last year received Federal payroll dollars equal to only 3 percent of their gross payroll dollars. This covers both military and civilian Federal paychecks. On the other hand, the five States which are the most rapidly growing enjoy a Federal military and civilian payroll of more than 12 percent of their gross payroll dollars.

In other words, the most rapidly expanding States of the country which need the Federal payroll the least are enjoying four times the per capita influx of Federal dollars, both military and civilian, as are the most seriously declining States which are located in the northeast and north central corridors—and the gap is getting wider every year.

Mr. MITCHELL of New York. I would like to make one final statement, and that is that New York State, not just the city, but the State, has been helping many of the other 49 States of the Nation; we have been helping them not only to educate their people, but we have been accepting their poor, building their highways, and we have been contributing more toward defense than any other State in the Nation. We need help, and we are asking for reciprocity now.

Mr. BAUMAN. Mr. Speaker, will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentleman from Maryland.

Mr. BAUMAN. I thank the gentleman for yielding. Just in direct response to the statement the gentleman made, I would like to give him here and now a copy of the report I referred to earlier from the Office of Economic Opportunity, Federal outlays for New York City for fiscal year 1974, and it shows direct Federal outlays total $8½ billion in New York City alone.

Mr. Speaker, to say that the rest of the country has not been thinking of New York I think is misleading.

Perhaps the gentleman could peruse that.

Mr. MITCHELL of New York. I will be glad to study the document the gentleman presented, but as compared to what? I am talking about per capita expenditures, and I think we have given far more than our share to other States in the Nation—we are asking for some reciprocity now.

Mr. ROSENTHAL. Mr. Speaker, it seems to me what we are witnessing is an unreal drama. In my judgment, it is a scenario which defies belief. I have the uneasy feeling that I will wake up in the morning and find out this is only a dream. Only in America could the National Government permit its Empire City and its Empire State to be threatened with bankruptcy or default. Only in America could debate of these proportions be held in this Chamber with dignity, with 10 Members of the House of Representatives present, 4 from New York, 1 from Maryland, 1 from Iowa, 2 from California, and 1 from Texas.

Mr. Speaker, a matter of this enormity, a matter of this magnitude, a matter of this concern is being participated in by 10 Members of Congress.

Mr. Speaker, I want to commend my colleagues from Maryland, Iowa, California, and Texas for being thoughtful and considerate, regardless of how they come out on this issue, for being thoughtful and considerate in staying here and showing concern for the matter, showing concern not for the city and State of New York but showing concern for the United States, because the hard, cold, unpalatable, unpleasant fact is that no community in the country will escape unharmed if New York City is forced to default. The cost of borrowing in the communities around the country will soar and the lending capacity of our banks across the Nation will drop by an estimated $15 billion.

The fact is that borrowing costs since the threat of a New York default to this evening, tonight, has increased by $1.85 billion for State and local agencies across the country as a result of the New York City fiscal crisis.

And they will go higher.

Default, which is impending and very real, will mean that the value of New York City and State obligations will drop by at least 50 percent, and the result will be that there will be less money available for consumer and other loans.

The subcommittee that I head has been looking into the relationship of banks with the New York City securities markets, and I want to tell the Members that approximately 450 banks in nearly two-thirds of the States have invested at least 20 percent of their capital in New York City and State bond issues. These banks are not only located in our major financial centers but in many places such as Alabama, Arkansas, Tennessee, Arizona, New Mexico, Colorado, Utah, and Wyoming. Hundreds more banks and thousands of individuals have holdings of New York City securities and will feel the impact of default.

In all, more than $3 billion in New York City and State obligations are held by U.S. banks, and another $17 billion in obligations are held by individuals and nonbank financial institutions.

The traditional rule of thumb is that banks can lend out $15 for every $1 of their capital. There would be a $1 billion drop in U.S. bank assets as a result of the city's default. The loss, which would be inevitable if the default occurs, will reduce the lending capacity of the banking system by about $15 billion.

Maybe that does not bother some of us if we dislike New York enough, but that $15 billion loss means the loss of the State's capacity to borrow for jobs, to start up projects, and to pay their bills, and that $15 billion loss means less ability for consumers to purchase new homes, new cars, and new appliances.

It will have a devastating effect, not just a ripple effect, but it will have an engulfing wave effect upon our economy.

Mr. Speaker, I do not like to be a prophet of doom, but there is no other prognostication if this default occurs. This one default, which would be the largest and the most symbolic in the 200-year history of this Nation, could and in fact will reverse all the momentum that the administration would like to take responsibility for initiating that has been building up around the country toward economic recovery.

A $15 billion reduction in the total assets of the banking industry will result in a one-shot, 5-percent reduction in the money supply, and that is anticipated as of tonight by the Federal Reserve Board.

This $15 billion drop which will come about as a result of the banking industry's losing $1 billion of capital is probably a conservative figure, because it is based on the belief that the market value of securities will remain at about 50 percent. If that is incorrect, the result will be even more serious.

Prof. Otto Eckstein, a former member of the President's Council of Economic Advisers, says that the city's default will cost the Nation $29 billion. I do not know if anyone can appreciate what that sounds like, but where I come from $29 billion is a good deal of money. He says that the default will trigger the loss of 270,000 jobs, that it will raise the Federal budget by $4.8 billion to cover added demands for unemployment compensation, welfare, and food stamps, and that it will slash $14 billion from the gross national product, which is the measure of the Nation's economic health.

Eckstein says that State and local taxes would be increased by $3 billion, and local spending would be reduced by $7 billion if a default occurs. He says that reduction in governmental spending and the increase in taxes will have a multiplier effect upon the economy at large, thus resulting in his $29 billion estimate.

In testimony before a House subcommittee Eckstein estimated that the default, if it occurs, will boost the unemployment rate by three tenths of 1 percent, and that would give us the figure of 270,000 that I have mentioned. He said that the gross national product would be significantly reduced.

The administration has suggested that none of this will happen, that all of these things are not acceptable, but controllable.

However, let me be more specific. Large cities all over the country are confronting soaring interest rates. Philadelphia, an A-rated city, sold bonds at a net interest cost of 8.8 percent on July 21, 1975.

Two days later, Chelsea, Mass., also rated A, sold bonds at a net increase cost of 6.7 percent. That is a 2 percent premium, apparently due only to the difference in city size.

Detroit, on August 18, sold bonds at a net increase cost of 9.9 percent, and one day later, Johnson City, Tenn., sold bonds at 7.3 percent.

All of these are averaging 2 to 2.5 percent more than they had paid during a similar period last year.

The fact is that, without speculating, the effect of the city's financial crisis is easily measurable. One year ago the Bond Buyer Twenty Bond Index, which is an average of the yield of 20 representative long-term bonds, stood at 6.68 percent. Whereas all other interest rates in the money markets are generally lower than they were a year ago, the Municipal Bond Index this week stands at 7.67 percent, almost 1 percent higher. A 1 percentage point increase in local borrowing costs, when applied to the $23 billion cost of new issues that come out annually, ends up costing the local taxpayer in Maryland, in Iowa, in California, in Texas, a $1.84 billion increase in interest charges alone over the 8-year life of the average bond issue.

The fact is that the municipal bond market has thus been seriously affected; and as I suggested, interest yields have gone up about 1.5 to 2.5 percent.

These additional costs will run rampant around the country, and banks around the country, whether one believes in the ability of the reserve system to control events or not, are going to have convulsive shakes because the banks that hold significant amounts of New York securities are all around the country.

Mr. Speaker, I will insert in the RECORD at this point relevant material on this point. It is as follows:

HOLDING BY NONMEMBER STATE BANKS—NEW YORK STATE, NEW YORK STATE AGENCY, AND NEW YORK CITY OBLIGATIONS

[Dollar amounts in thousands]

Current book value as percent of net worth	Banks[1]	NYS	NYS agency	City	Total
Percent:					
20 to 30	97	$11,808	$38,630	$44,127	$94,565
30 to 40	79	29,780	74,160	67,729	171,669
40 to 50	71	6,571	22,478	25,730	54,779
50 to 70	43	4,669	14,215	30,924	49,799
Over 70	45	31,925	63,938	93,798	189,661
Total	305	84,744	213,421	262,308	560,473

[1] The 305 nonmember State Banks reflected in this table are located in 40 States, with 10 or more located in Alabama, Arkansas, Florida, Illinois, Louisiana, Mississippi, Missouri, New York, Tennessee, and Texas.

Source: Federal Deposit Insurance Corporation.

HOLDINGS BY NATIONAL BANKS

TABLE 4.— *Aggregate New York State obligations holdings by 50 largest banks and all other banks holding New York City obligations representing more than 20% of gross capital funds*

Source: Comptroller of Currency.

[In Thousands]

New York State obligations:	
Bonds	$577,558
Notes	185,712
Total	763,270
New York State housing (11 issues):	
Urban rental housing	86,064
Nonprofit housing	73,314
Hospitals and nursing homes	52,322
Medical care facilities finance agency	19,616
All other	359,058
Total	590,374
Total	1,353,644

As additional information, the following table shows the number of national banks in each category when the combined holdings of New York City and State obligations are taken as a percentage of gross capital funds:

TABLE 5. *Ninety-three banks distribution measured by holdings of New York City and State obligations against gross capital funds*

New York City and State obligations/gross capital funds:	*No. of banks*
40 percent to 50 percent	21
50 percent to 100 percent	50
100 percent to 150 percent	17
150 percent to 200 percent	3
Over 200 percent	2
Total	93

The geographical distribution of holdings by national banks of both city and state obligations is shown in the following table:

TABLE 6.— *Banks holding New York City and State obligations in excess of 40% of gross capital funds: geographical distribution*

Region:	*Number of banks*
1	3
2 (all in N.Y. State)	23
3	3
4	1
5	8
6 (all in Florida)	26
7	7
8	6
9	4
10	6
11	2
12	1
13	1
14	2
	93

Region 1.—Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

Region 2.—New Jersey, New York.

Region 3.—Delaware, Pennsylvania.

Region 4.—Indiana, Kentucky, Ohio.

Region 5.—District of Columbia, Maryland, North Carolina, Virginia, West Virginia.

Region 6.—Florida, Georgia, South Carolina.

Region 7.—Illinois, Michigan.

Region 8.—Alabama, Arkansas, Louisiana, Mississippi, Tennessee.

Region 9.—Minnesota, North Dakota, South Dakota, Wisconsin.

Region 10.—Iowa, Kansas, Missouri, Nebraska.

Region 11.—Oklahoma, Texas.

Region 12.—Arizona, Colorado, New Mexico, Utah, Wyoming.

Region 13.—Alaska, Idaho, Montana, Oregon, Washington.

Region 14.—California, Hawaii, Nevada.

Let me talk specifically to two or three issues. I hold in my hand an analysis of six of the largest banks in the country. It just so happens that they are located or their headquarters are located in New York City. I am, in fact, reluctant to talk disparagingly of them or their management, but these are the facts: The Chemical Bank of New York City has $225 million in New York City bonds, $110 million in Big MAC bonds. It has $718 million in real estate investment trust bonds which will surely be threatened if the city and State go into default.

If we follow through on that assumption, we then become deeply concerned by the fact that their total holdings in these three categories are $1,053 million. That figure is 141 percent of shareholder equity in that bank, which means that if any of these speculative situations occur and the city defaults or the State defaults, the real estate investment trust, of which Chase Manhattan yesterday wrote off over $160 million, is threatened, and then the Chemical Bank in New York City faces a precarious future.

The same thing, to a lesser extent, is true of the Bankers Trust Co. That has $718 million in this class of securities and has 103 percent of shareholders' equity in this amount.

The First National City Bank of New York has $2.390 billion in this class of securities which represents 45 percent of shareholder equity.

The Chase Manhattan Bank has $1.125 billion in this class of security. This represents 62 percent of shareholder equity.

The Morgan Guaranty has $618 million in this class of security, which represents 48 percent of shareholder equity.

What happens to the other United States of America when these banks start to shudder and shake and clamor for Federal assistance? How much of the $90 billion that Arthur Burns and the Reserve System has is going to be able to flow quickly as he did with the Franklin National Bank, a small bank by comparison, to the tune of $1.7 billion?

How much can the reserve system handle gracefully? How much of these defaults can it digest? Five billion? Ten billion? Twenty billion?

Simply because one does not like New York or simply because one does not like the class or the style of the people that inhabit the city, or simply because one finds it somewhat exceptional that 1 million of the city's 8 million residents are on welfare, how much does one want to gamble with the economic security and the strength of this country? Because the hard fact of the matter is that New York City is not asking for 1 dollar of grant assistance from the Federal Government. We are asking for the development of a mechanism that permits New York City to go back into the capital markets and revise the psychological loss of confidence that is necessary to sell bonds.

Mr. Speaker, I ask unanimous consent that the chart I have referred to be included in RECORD at this point.

The Speaker pro tempore (Mr. MILLER of California). Is there objection to the request of the gentleman from New York?

There was no objection.

(The material referred to follows:)

LISTED ARE THE HOLDINGS OF NEW YORK AND REIT PAPER OF THE 6 LARGEST MAJOR NEW YORK BANKS AS OF EARLY SEPTEMBER

[Data are in millions of dollars]

	NYC bonds	MAC bonds	REIT paper	Total	Shareholder equity	Percent of shareholder equity
First National City Bank	175	171	750	1,096	2,390	45
Chase Manhattan	250	150	725	1,125	1,812	62
Manufacturers Hanover	175	107	375	657	1,077	61
Morgan Guaranty	150	68	400	618	1,269	48
Chemical Bank	225	110	718	1,053	746	141
Bankers Trust	75	71	600	746	718	103

Mr. ROSENTHAL. Mr. Speaker, there are a number of myths that should be dealt with.

The first is that New York City receives its share of Federal aid. The fact is that inequitable Federal and State reimbursement formulas most directly affect for example, welfare costs in the city.

It is my view that welfare is, and has been for 25 years, a national problem.

The Federal Government's reimbursement for New York State is only 50 percent of the whole New York welfare costs. Pennsylvania, Ohio, Texas, Florida, and Wisconsin are among 38 States receiving higher reimbursement with some going up to 75 percent.

In turn, New York State requires the city to pay 25 percent of its welfare costs and 50 percent of the program for single adults, childless couples, and the working poor for whom the Federal Government has no responsibility. No other State comes close to such a requirement. A majority of the States share the full non-Federal share. Most cities have no responsibility either to administer or pay for welfare.

Chicago has almost the same percentage of people on welfare as New York City but spends practically nothing for it. That does make it much easier for Mayor Daley to balance that city's budget. The litany of disproportionate assistance can go on and on and on because the Federal grants can cover only half of New York City's welfare costs compared to three-fourths of Mississippi's. One oft cited reason for the alleged imbalance refers to the rural orientation of Federal aid formulas which were in fact conceived and aimed at the depression and the years thereafter. Another is the changing rules of the cities which serve merely as catchbasins for the Nation's poor, and as a port of entry. As Francis X. Klein reported in last Sunday's New York Times. He additionally stated that many of the Federal aid formulas date back to the Roosevelt era and the per capita income was the chosen standard, and most of the poor were in rural States.

Thus, these formulas were written to favor these States and their low average income. But now, because of farm mechanization, the majority of the poor have shifted to the cities. As he continued, Mr. Klein stated:

> Like New York, these cities are often in heavily taxed States where the income spectrum goes from the very rich to the very poor. This keeps the per capita income up in such States as New York and California, and under these dated formulas the urban poor get relatively less Federal aid simply because of their enticing proximity to the rich.

As an example, infant mortality rates are now higher in the urban center areas than in the rural areas. Yet a 48-year-old per capita income formula would allow New York only 5 percent or less of Federal funds for crippled children and maternal and health care.

Other comments on the Federal aid formula are as follows:

> Unlike aid based on population-rooted formuals, these "project grants" were apportioned for specific needs.
>
> But in the Nixon years, the budget emphasis was to eliminate project grants, according to state officials. The depressing effects of the return to old-style formula grants is just now being felt by the urban poor.
>
> Another complaint is that the formulas are altered by Congress precisely when New York's poverty growth is about to be demonstrated in new data.
>
> On the basis of the 1970 Census, for example, New York in 1972, should have received more than a 25 per cent increase, $50-million, in special educational aid for the impoverished. But 20 other states, having lost poor population since 1960, would have lost some of this aid. Congress protected those states by decreeing a "hold-harmless" guarantee. This meant that no state would get less than it did the previous year, what's worse for New York, no state would get more than a 20 per cent increase. While costing Albany $50-million, the change saved Arkansas a 50 per cent aid reduction, or $12-million.
>
> The effects of maturation politics are felt, too, in such areas as the Federal mass-transit-aid formula. Under this formula, state officials complain, New York, which has 40 per cent of the nation's transit riders and 29 per cent of public-transit vehicle miles, receives only 14 per cent of the aid. Phoenix does better per capita than New York City, they say.
>
> Suburban commuters pay little and diplomats pay nothing for the expensive city services they often make use of. These include the police guards outside embassies and the United Nations. Various formulas, particularly the postwar highway-construction program and the Federal tax breaks for home mortgage loans have accelerated the loss of the city's middle class to the suburbs and of its private manufacturing jobs to other states.

It has been suggested that New York raise its taxes. However, the tax burden is already especially heavy in New York, and a further upswing would be counterproductive in the loss of corporations and citizens. In fiscal year 1973 the State of New York led the nation in per capita State and local taxes at $894. The next biggest State was California at $739, Connecticut at $727, Massachusetts at $714, and Nevada at $688.

There have been many myths, Mr. Speaker, about the salaries of New York civil servants. These myths are incorrect. I include at this point in the RECORD a chart showing the relative salaries of our 10 major cities in the United States:

LABOR

AVERAGE EMPLOYEES SALARIES IN NEW YORK CITY AS COMPARED TO OTHER LARGE CENTRAL CITIES—FOR 1974

City	Public employee average salaries 1974			
	Teacher (a)	Police (b)	Fire (c)	Sanitation (d)
New York City	$17,440	$14,666	$16,964	$15,924
Boston	16,726	14,352	13,844	10,666
Chicago	[1] 20,891	14,146	15,525	11,956
Newark	16,464	13,282	13,282	8,473
Los Angeles	15,670	[1] 15,833	[1] 21,180	13,168
Philadelphia	15,354	14,354	13,869	13,337
San Francisco	15,743	[1] 15,529	[1] 17,765	13,023
New Orleans	10,458	10,746	10,645	4,170
St. Louis	[1] 17,545	11,748	13,185	9,593
Denver	13,505	12,907	14,198	10,258
Baltimore	12,727	10,098	10,980	8,126
Detroit	[1] 22,603	[1] 15,636	16,107	13,814

[1] Cities higher than New York City.

Source: Congressional Budget Office.

ANALYSIS

In three categories—teachers, police, and firemen—New York City does not pay the highest salaries. If the cost of living differential were included, New York City would exceed even fewer cities in salaries paid.

Quote from Congressional Budget Office: "Considering that New York's cost of living—as measured by the Bureau of Labor Statistics intermediate family budget—is higher than all but that of Boston, its wages are not particularly out of line."

Mr. RYAN. Mr. Speaker, will the gentleman yield? I have a few questions here in relation to that specific area that the gentleman mentioned, and it goes to the crux of the objection I have—and many others have, too—if the gentleman would be willing to yield at this time.

Mr. ROSENTHAL. I have some more relevant thoughts that I want to make, but because I know that the gentleman from California (Mr. RYAN) has been here since the beginning of this debate and has shown his enormous interest, I would be happy to yield before the other presentations I might have.

Mr. RYAN. I thank the gentleman.

Mr. Speaker, I think that this question, as the distinguished gentleman from New York (Mr. Rosenthal), has pointed out, is probably one of the most important questions to come before this body perhaps in a generation. That is why I am here. But I would suggest that there is no parochialism involved in the discussion about New York's plight. I think I am part of the 27 percent of this body that was referred to by the other gentleman from New York (Mr. Peyser), who would like to see some kind of resolution of the problem, but not on the question of simply yes or no, do we help New York or not?

My specific reason for being here is because I am from San Francisco. San Francisco is as much involved in the resolution of this problem as any other major city in the country, as I hope I can point out in a few minutes as I go along here. This is not an isolated case. It is not unrelated to the manner in which cities are governed in this country. In general, the major arguments regarding New York City's problem and the reasons for its support I think go something like this.

New York City is a national city; it is not simply another city in this country. It is the headquarters of the U.N. It is the cultural center of the country in many ways. It is certainly the financial center of the country, and so on.

It is also true that the arguments used say that New York City has welfare problems, as my distinguished colleague (Mr. Rosenthal) has just said. It has educational problems that simply will not quit that have not even been mentioned yet. Certainly it is true, as is true of many cities, that the middle class have left town leaving the city with much less of a tax base than it had before.

It is also true that any kind of default on the part of New York City will cause a national disaster financially in the loss of jobs and banking capacity. It will decrease banking capacity. But my question here is, I think, what will New York do to help stave off disaster itself? The problem will have to be resolved ultimately, so it is not just a question of whether or not it will happen, but the conditions under which it does happen.

In order for that to be resolved, I think, perhaps, we should look at two basic root causes of the problem that exists.

First of all, there has been an erosion of the middle class in New York to the suburbs, leaving New York over the years with a smaller and smaller tax base and an increasingly higher cost for maintaining the city and services that it has to furnish. But it is the second reason that is more important and which sets the precedent or can set a precedent for the future of most of the major cities in the country.

It seems to me local government in New York has not learned how to say "No" especially as far as employees are concerned in asking for more and more and more from the city, especially as the city grows smaller and smaller and smaller in its tax base.

To me it seems candidates for office too often in New York have not had the ability to say "No" and have had to bid higher in order to gain the support of an ever higher and higher number of city employees who have become a significant city force as they have become larger in number.

How do we say "No" to New York or any city whether we like it or not? I think perhaps the answer to that comes in some reading I did in the last few days, and I use the same document referred to earlier by the gentleman from New York (Mr. Koch) when he referred to the publication of the Congressional Budget Office called "New York City's Fiscal Problem: Its Origin, Potential, and Solution." In here I find some very interesting reading, which brings the rest of the country into this and the implications of the solution into this.

Before many of us make up our minds about New York City's problem we should be interested in doing a little digging about the question itself. Those of us who are outside New York and must respond to New York's appeals find this has to do with the question of, first, whether or not it needs to be assisted and second, whether such assistance becomes a precedent which can be used for other cities.

One of the tables in this document which drew my attention was entitled "Central City Disadvantage Index" in which there is listed about a dozen cities in random order, it seems to me. Going from the bottom to the top the index of being poor or poverty stricken is using Los Angeles and San Francisco, who are both placed at 105—and I suppose this is a degree of relative value, and then we find in ascending order San Francisco and Los Angeles at 105; New York at 211; St. Louis at 231; Chicago at 245; Baltimore at 256; and Newark, right next door double the poverty index, twice as poor I suppose, at 422.

I came across another table which also gave me some pause, I think, which is entitled "Percentage of Population Receiving Welfare Payments." Perhaps this is a response to the charge that New York has become a world haven for the poor. We have here Boston shown as high, with 16.9 percent of the population on welfare payments; Baltimore next at 16.3; Philadelphia at 16.2; St. Louis at 15.8; Newark, the poorest of all, 14.4; New York City with 12.4 percent; and down toward the bottom we have San Francisco at 9.1 and Los Angeles at 8.

Please be patient with me because I think I include San Francisco and Los Angeles for a reason that will become apparent in 1 minute.

Now we come to another table which says "Per Capita Expenditures." This measures I suppose the capacity of the city's governing board to say "No" to employees' unions. On this one New York City is at the top with $1,284 in per capita expenditures for the entire city of New York, and the next highest of all the cities listed is San Francisco with $1,073. We are not a poverty stricken city.

Mr. ROSENTHAL. At that point I am not so sure, and I would like to take a look at the chart the gentleman is using to support his presentation, because the Congressional Budget Office in their estimates of per capita expenditures computed the component of what the county and other governments did. In other words on page 16 of the Congressional Budget Office that is shown.

Mr. RYAN. I have that.

Mr. ROSENTHAL. That is shown in terms of the per capita expenditures of the commonly accepted municipal functions, and Boston was $441, Newark $449, San Francisco was $448, Baltimore was $447, and, lo and behold, New York comes in in fifth place at $434.

Mr. RYAN. I can accept either figure and I grant we can carry figures too far, the Committee on Expenditures especially.

Mr. ROSENTHAL. These are not my figures. These are the Office of the Congressional Budget, which is the highest authority I have.

Mr. RYAN. That is the best indication I have.

Mr. ROSENTHAL. Where did the gentleman get those figures?

Mr. RYAN. Out of the same place.

Mr. ROSENTHAL. The conclusions are on page 16. The figures the gentleman has drawn do not take in the component of municipal functions the way the Budget Office has done.

Mr. RYAN. There are different ways of calculating; but I think in the sense of relative position I would point out that using the same figures on the same table in a relative sense, Newark is 827; Los Angeles, 759; Boston 756, and so on. No matter which way we slice this, it is obvious to me that New York and San Francisco are far ahead of almost anyone else.

Let me take a couple more tables and put it all together and draw a conclusion.

Mr. ROSENTHAL. Let me go on to my colleague from New York (Mr. Badillo). I yield to the gentleman from New York (Mr. Badillo).

Mr. BADILLO. Mr. Speaker, it is important to look not only at the tables, but on page 15 of the same report it says the following:

> Comparisons of the expenditure and employment patterns of New York City with those of other large municipal governments indicate that New York is far out of line with other jurisdictions.

That is what the gentleman said:

> Yet this is a misleading conclusion which stems from the fact that New York City provides services that in other areas may be supplied by a county government, a school district, or another specialized government. If one compares the New York employment and spending patterns with those of all of the local governments providing services to the residents of other large cities, New York appears to be less extraordinary.

Mr. ROSENTHAL. Mr. Speaker, I think it is also relevant to read into the Record at the bottom of that same page 15:

> While New York also spends a great deal more than other cities on higher education, hospitals, and mass transportation, its expenditure on the services commonly provided by municipalities is not out of line with those of other large cities. With respect to the sal-

aries paid public employees, New York is generous but not the most generous of large cities. Considering that New York's cost of living—as measured by the Bureau of Labor Statistics intermediate family budget—is higher than all but that of Boston, its wages are not particularly out of line (see table 7, column 6.)

Mr. RYAN. Mr. Speaker, I am not trying to prove that New York is more profligate in any particular sense than any other city. I am saying that New York's problem is financially so similar that we raised this question.

I would like to finish this particular section. Let me give one more example. New York's government employment is subject to the same interpretation, perhaps, that we have just had; but the figures I come up with show that New York is top again with the local government employment per 10,000 population.

Mr. ROSENTHAL. That is also incorrect. The gentleman is not taking the chart across page 16. In terms of number of municipal functions, local government employment per 10,000, Newark is ahead of New York City, Philadelphia is ahead of New York and Baltimore is ahead of New York City.

Mr. RYAN. Mr. Speaker, let me finish, if I may.

Local government employment per 10,000 population, New York is 528.2; San Francisco, 488.3; Boston, 465; Baltimore, 434.1; St. Louis, 424.6; Newark, the poorest city, was 421.5; and Philadelphia, 414.5.

All I am trying to show here, there is a pattern of New York obviously, I think, with more problems per capita than San Francisco has at the present time. I am showing among other things that San Francisco has even less ability to say no for the base that it has than perhaps any other city of the country.

Mr. ROSENTHAL. As I recall events in the past couple of months—and I hate to get into an argument with the gentleman—the mayor of San Francisco did not say no without the city council raising the dickens.

Mr. RYAN. I thank my colleagues most warmly. Let me finish with the per capita analysis. I think this is more analagous. New York has a debt per capita of $1,676; Boston is second with $1,385; San Francisco is third with $1,225. Compare that, for example, with Chicago at $733.

I point out to the Members here that part of the reason for my concern, part of the reason I am here this late at night with my colleagues from New York City, is because in the last 20 years the population of San Francisco has decreased from 750,000 to 700,000 population. At the same time the increase in the number of city employees in that same period of time has gone up by more than 400 percent.

Mr. ROSENTHAL. Mr. Speaker, at this point I ask unanimous consent that the tables on pages 16 and 17 of the congressional budget report be included in the RECORD.

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The tables follow:

TABLE 7.—NEW YORK CITY COMPARED TO OTHER LARGE CENTRAL CITIES

	(1)	(2)	(3)			(4)			(5)				(6)	(7)	
			Per capital expenditures 1972-73			Local government employment per 10,000 population 1974			Public employee average salaries, 1974					Debt outstanding per capita 1972-73 [1]	
				All local governments [1] serving Central County			All local governments [1] serving Central County								
City	Index of Central City disadvantage	Fraction of population receiving welfare payments [1]	(a) City government	(b) Total	(c) Common municipal functions [2]	(a) City government	(b) Total	(c) Common municipal functions [2]	(a) Teacher	(b) Police	(c) Fire	(d) Sanitation	Cost of BLS's intermediate family budget (index 1974)	(a) Total	(b) Short-term
New York City [3]	211	12.4	$1,335	$1,286	$435	517.1	528.2	242.9	$17,440	$14,666	$16,964	$15,924	116	$1,676	$352
Boston	198	16.9	858	756	441	378.0	465.0	219.2	16,726	14,352	13,844	10,666	117	1,385	334
Chicago	245	11.1	267	600	383	140.0	352.5	208.4	20,891	14,146	15,525	11,956	103	733	169
Newark	422	14.4	692	827	449	391.1	421.5	258.2	16,464	13,282	13,282	8,473	116	616	112
Los Angeles	105	8.0	242	759	408	162.2	401.1	206.2	15,670	15,833	21,180	13,168	98	650	14
Philadelphia [3]	205	16.2	415	653	395	163.8	414.5	255.2	15,354	14,354	13,869	13,337	103	1,015	101
San Francisco [3]	105	9.1	751	1,073	488	312.5	488.3	224.6	15,743	15,529	17,765	13,023	106	1,225	151
New Orleans [3]	168	11.4	241	431	260	177.3	357.7	217.5	10,458	10,746	10,645	4,170	NA	770	39
St. Louis [3]	231	15.8	310	610	360	241.9	424.6	214.2	17,545	11,748	13,185	9,593	97	731	49
Denver [3]	143	7.2	473	721	375	237.0	410.5	219.3	13,505	12,907	14,198	10,258	95	786	52
Baltimore [3]	256	16.3	806	814	470	434.1	434.1	260.1	12,727	10,098	10,980	8,126	100	609	45
Detroit	210	11.1	357	650	396	194.8	354.3	202.4	22,603	15,636	16,107	13,814	100	658	63

[1] Central county.

[2] Common municipal functions include elementary and secondary education, highways, police, fire, sanitation, parks, general control, and financial administration.

[3] Boundaries of the city are coterminous with those of the Central county.

Sources: (1) Richard Nathan "The Record of the New Federalism: What It Means for the Nation's Cities." Brookings Institution, 1974. (2) Department of Health, Education, and Welfare, recipients of public assistance money payments and amounts of such payments by program, State, and county. February 1957 DHEW Pub. No. (SRS) 76-03105 NCSS report A-8 (February 1975). Includes AFDC and general assistance recipients. (3a) U.S. Bureau of the Census, "City Government Finances in 1972–73," GF73, No. 4. (3b, c, 7) U.S. Bureau of the Census, "Local Government Finances in Selected Metropolitan Areas and Large Counties, 1972–73" GF73, No. 6. (4 and 5) U.S. Bureau of the Census, "Local Government Employment in Selected Metropolitan Areas and Large Counties 1974," GE74, No. 3. (6) Bureau of Labor Statistics, "Autumn 1974 Urban Family Budgets and Comparative Indexes for Selected Urban Areas." (Apr. 9, 1975.)

Mr. RYAN. Mr. Speaker, I thank the gentleman for that assistance.

Mr. ROSENTHAL. Mr. Speaker, I only have about 12 minutes left. I wonder if my distinguished colleague could make the point he is trying to make.

Mr. RYAN. I am to that point right now. New York at the present time apparently has about $10 billion, I am told, in unfunded retirement. It has about $6 billion in short-term notes and about $8 billion in long-term notes, and uncounted numbers of billions of dollars in terms of fixing up the city to what it ought to be—and it should be fixed up.

The problem I am trying to get to is this: It seems to me that the manner in which the city of New York and its elected officials have been unable to say no to city employees who grow larger and larger in number—and I will paraphrase the report where it says that New York has been uncommonly generous, especially in its retirement systems. They go on and on. I see no way that those things can be changed overnight, and I also see that if we are that way, if we are that generous to New York without any strings attached or without enough strings attached, the next city in line will be San Francisco. I will be here pleading with the Members from New York City to assist me in bailing out the city of San Francisco because its elected officials could not say no at the proper time.

Mr. ROSENTHAL. Let me say this at this point in response, concerning what the city has done since the first of this year, it has reduced its total payroll by 31,000 people. That is human beings, fathers and mothers of families. In my district in north central Queens, 11 libraries are closing. The police station in Fresh Meadows is closing much to the horror of 500 people who protested outside of it. The geriatric section at Elmhurst Hospital is closing.

The city, in reality, is in dire straits. The fact is that this emergency board established by the State has clamped a lid on spending. If, for whatever reasons existing, the city officials succumbed to the pleadings of special interest labor organizations in the past, that cannot happen anymore. There is no sense in crying over milk that has been split and has gone sour. The situation as of today is that within 3 years the city will have a balanced budget by a reduction of about $700 million. All we need is not one nickel of Federal assistance, but a cooperative spirit to let us take short term debts of 6 months and run them into long term obligations of 6 years. During that period of balanced budget, if there is any kind of upturn in this recession and if the Federal Government continues at its same level, the city will be in fine shape to accomplish its real purpose.

When I say "fine shape," I mean not in human terms, because in my judgment the kind of cuts that have been made by the emergency control board go beyond reasonableness, but they have been made. So there is no use in crying about what happened in the past, other than to look at where we are today.

Mr. RYAN. If the gentleman will yield at this point, I think this is a yes or no answer, so far as I am concerned, so far as many others on this floor are concerned. If there are still sanitation workers who have unlimited sick leave, if there are still patrolmen who get their birthdays off, if there are still policemen who retire after 20 years on $14,000 a year, and so on, while at the same time the city of Baltimore, with the same kind of debt problems, pays it policemen $11,000 a year, even the city of San Francisco, at $16,000, goes on strike, we settle the strike by giving a 25-percent increase in the next 3 years, I think the answer must be somewhere along the line that the cities themselves all over this country and the governing boards who have been elected therefor have to begin to realize that they cannot begin to think that if they go broke they can turn to Uncle Sam in Washington to help out.

Mr. BADILLO. Mr. Speaker, will the gentleman yield?

Mr. ROSENTHAL. I will yield to the gentleman from New York.

Mr. BADILLO. Mr. Speaker, I wish to say to the gentleman from California (Mr. RYAN) that the reason we have the unfunded pensions which the gentleman speaks of—and he used the figure of $10 billion—is not because the public officials would not say no; it is because they did not put the money in the pension fund.

Mr. Speaker, what happened was that the actuarial tables that were used were developed in the years 1908 and 1917, and today everybody's life expectancy is much longer. The reason the pension funds are unfunded is because the moneys required for full funding were not put into the pension funds.

Mr. Speaker, I mentioned earlier that one of the things that was mandated upon the city by the emergency financial control board and by State legislation is that now they use the standard municipal accounting procedures, which means that the city must put into the pension funds that amount of money which is required in order to see to it that the pension funds, are fully funded.

This requirement of full funding has been agreed upon by the emergency financial control board and by the city beginning this year and therefore the concern of the gentleman from California will not exist in the future.

Mr. RYAN. If the gentleman will yield further, I would like to say, in conclusion, that I have great sympathy for the problems, and I do not mean to imply that I hate New York City. I do not hate New York City. But I am extremely worried, extremely concerned, that this be a single problem in the history of this country which was resolved where the Congress did help the city of New York to get out of the problem it has, but that New York not become the first in a long line of municipal officials coming to Congress to bail them out because they cannot say "No" at home to the employees of the city and simply say, "Go in debt, and the Federal Government will bail you out."

Mr. COLLINS of Texas. Mr. Speaker, will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentleman from Texas.

Mr. COLLINS of Texas. Mr. Speaker, I have been listening and I have been admiring the local pride and the spirit on behalf of New York.

The gentleman just said something that really disturbs me. The gentleman was talking about how, in the next six years, we are going to have this thing all worked out. What disturbs me is this: I think New York is in bad shape today, but I think 6 years from now they will be in worse shape. I base that statement on this: They have two wrong-way planes, and they are both going the wrong way. Business is leaving New York City. How can the gentleman feel that New York is going to be better off six years from now?

Mr. ROSENTHAL. It cannot be very much worse off. I think what really is happening—the gentleman has hit on a very important point—is that New York City was much more sensitive to the recession than other communities, mostly because it had service-oriented industries and had the kind of people at the bottom of the economic level who were most susceptible to the downturn.

Second, we had programs in the 1960's where the Federal Government initiated the handing out of money to local communities and virtually forced local communities to set up many, many programs.

New York City had the people who were applicants for those programs, and they began working quite well. All of a sudden the recession hit, and during Mr. Nixon's presidency we had the impoundment of funds for these social programs. The people were still standing in line in these centers, and there was no more money so the city was in fact left holding the bag. That is exactly what happened.

Mr. Speaker, what I would like to add is this: that the city, with its own financial constraint and with the help of the State, can get a balanced budget in 2 to 3 years. Considering the balancing of that budget, if they can stretch out the obligation from the acute 6-month stage to the 6-year stage, they can make it.

But the gentleman is raising another important inquiry. I happen to think that the Federal Government must at some point in time assume a greater sense of responsibility for the welfare costs. We cannot afford the $1 billion a year that we now spend, and at some point we must get an equalization around the country. If we can do that, the city of New York can at that time come out of these financial problems.

Mr. COLLINS of Texas. Mr. Speaker, will the gentleman yield further?

Mr. ROSENTHAL. I yield to the gentleman from Texas.

Mr. COLLINS of Texas. Mr. Speaker, I wish the gentleman would answer the other part of my question, if he would. He really only took one part of the question.

In order to really beat this situation, the city needs a good tax base and it needs strong tax support. Any businessman in his right mind, I think, will be required to leave New York City. I cannot see anything but a downhill road and an exodus from New York City on the part of business.

Mr. ROSENTHAL. Mr. Speaker, it is true that some of the major industries have left.

Mr. COLLINS of Texas. And much of the business base has gone.

Mr. ROSENTHAL. Mr. Speaker, some businesses have left, and I do not know how many jobs we have lost, but it is a significant number. Perhaps another Member could answer that question.

Mr. SCHEUER. Mr. Speaker, will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentleman from New York.

Mr. SCHEUER. Mr. Speaker, we have lost 488,000 manufacturing jobs since 1969, but we have made up for it in other areas.

The gentleman from Texas is quite right when he says that we are never going to regain New York City's preeminence as a manufacturing center. But we can hold onto New York City's preeminence as an international financial center, as a great international "think tank" for communications, publishing, public relations, and advertising, research and development, and for merchandising.

New York City is the financial, investment, communications, and merchandising capital of the world. It is truly the communications capital of the world; it is preeminent in radio, television, press, and publishing.

It is in these areas and in white-collar managerial and creative jobs that we are going to continue to prosper, we hope, rather than through a foredoomed effort to regain the city's lost blue-collar manufacturing jobs.

Mr. ROSENTHAL. Mr. Speaker, the loss of blue-collar jobs has been related to problems that are really beyond our control. There were other problems that came about, including union problems, and the manufacturing enterprises moved out to Pennsylvania and the Carolinas and places like that.

The gentleman from Texas has raised a valid question. I think the gentleman from New York (Mr. SCHEUER) has stated it well in his answer, that New York is in reality the communications, the publishing, the advertising, and the financial capital, not just of this country but of the world. That is why we must find a legislative vehicle in order to avoid having this catastrophe happen to this country.

Mr. Speaker, we are not asking in a parochial sense for help for New York; we are asking, with a national purpose, for help for the United States of America.

Ms. HOLTZMAN. Mr. Speaker, will the gentleman yield?

Mr. ROSENTHAL. I yield to the gentlewoman from New York.

Ms. HOLTZMAN. Mr. Speaker, I think the gentleman from Texas (Mr. Collins) has raised a very important point, and I would like to respond to it as follows:

It seems to me that the Federal Government itself has played a role in the movement of jobs out of New York City. For example, the industrial revenue bonds, which are attractive because they are tax exempt, were largely instrumental in the movement of the textile industry and other industries from not only New York City but from the Northeast region to the South and to other areas of the country.

In addition, the tremendous Federal expenditures, for example, in both the aerospace industry and the military establishment have for the most part financed the growth of industries and jobs in other sections and in other regions of the United States, not in the New York City area.

So as a result of Federal spending policies and as a result of certain Federal tax policies, New York City has been a net loser of jobs.

FINANCIAL PROBLEMS OF NEW YORK CITY

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Ambro) is recognized for 60 minutes.

Mr. ROSENTHAL. Mr. Speaker, will the gentleman yield?

Mr. AMBRO. I yield to the gentleman from New York.

Mr. ROSENTHAL. Mr. Speaker, I wish to acknowledge at this time the presence of my distinguished colleague, the gentleman from Massachusetts (Mr. Burke). The gentleman from Massachusetts is a senior member of the Committee on Ways and Means, and he certainly understands our problems and has a deep commitment to the northeastern part of the United States and to our important cities.

We appreciate his taking time out from what we know and perceive to be a very busy schedule to participate in and to listen and to be here with us on this very, very signficant, auspicious occasion.

Mr. BURKE of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. AMBRO. Yes, I yield to the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. Mr. Speaker, I just want to say that I have been sitting here listening to the statements. I am not surprised about the position in which the city of New York finds itself. This position is going to spread throughout the entire country.

We have a trade policy in this country that is driving the labor-intensive industries out of our industrial areas.

I predicted this over 5 years ago when I saw the shoe factories, the garment industry, bicycle firms, hat firms, and handbag firms and other firms closing up in the Northeast area of the country. New York City has suffered a loss of over 450,000 jobs in these labor-intensive industries. This is happening in all the communities throughout the country. This is not only a problem in New York City. This is going nationwide, and until somebody in this country faces up to the real problem, it is going to continue.

Right now we have negotiators in Geneva who are about to reduce the tariffs by 50 percent on all items, over 5 percent ad valorem, and they are going to wipe out the 5 percent ad valorem tax on about 6,000 other items, which means that America is going to be glutted with these goods.

Once that is done, we drive out all these jobs.

Mr. Speaker, I say that it is about time that the U.S. Congress and this administration should take a look at the trade policies of this country that are creating the unemployment in this country and creating the high unemployment.

This year unemployment compensation is going to cost $18 billion. They are going to spend over $6 billion on food stamps. They are going to spend about $6 or $7 billion on public service jobs.

Nobody seems to want to help create jobs in this country.

That is the problem that we are facing in New York City, a sympathetic city emulating what the great Statue of Liberty has said: "Give me your poor and your huddled masses."

The poor and the huddled masses flock to New York City, and that is where they stay because it was the only place where they could get a sympathetic ear, and New York City is now in the dilemma in which it finds itself.

I think we have to be sympathetic to New York City, not because they mismanaged things, but because they might have been overgenerous. On top of that, the national policies of this country have created the condition that exists in New York City, and it has also been created by those who follow the free-trade policies.

Mr. AMBRO. Mr. Speaker, I thank the gentleman from Massachusetts (Mr. Burke) for those words.

I would like to say for the Record that it is 7:37 p.m. There are about 30 citizens in the gallery and about 10 Members of Congress in the Chamber.

I have an hour or thereabouts, and I suppose it would be less than understandable to any one who read this Record as to why I am going to stand here and speak and write the things that I have.

But I feel this thing. Even if these words must reverberate around an empty hall, I think making the Record is important.

No part of my district lies in the city of New York. Indeed the closest constituent I have lies geographically no closer than 35 miles from the city's borders, But whether 35 miles, 350 miles, or 3,500 miles from New York City, every constituent in every district in the United States will in some way be touched by the ripple effects of a default if New York City is not helped.

Those of your colleagues and mine who have spoken and will speak. deal with a variety of the aspects of this situation. The reason primarily why we are here tonight is to try in some way to counter the simplistic utterances emanating from the White House of the unsound and unthinking remarks of a President who panders to the basic instincts of the Nation and who plays on the undeserved hostilities toward New York City for political reasons.

Now I am not as kind as the other speakers but indeed in talking to my fellow colleagues, those who came new to this Congress, those who are sympathetic to the plight of New York, when one hears that 82 percent of the people in this country are opposed to aid and those people reach out with the imprimatur of hostility by the White House on the myths that they articulate and hold them dear and true, it is most difficult for new or even long term Congressmen to break through because the level of the dialog has not been elevated.

Some of us more than others attempt to investigate the many complicated sides of this problem and some of us more than others have listened to the testimony from the mayor of the city of New York, the Governor of the State of New York, and the eloquent statement of the mayor of the city of New Orleans and the views in opposition by the President's men, his Secretary of Treasury and others, and the pontificating of the chairman of the Federal Reserve Board.

The voices of the media interpreting even the slightest concession on the part of the powerful that New York City should in some way be helped, has enormous impact on the direction of the help. But consider some of those statements and conditions, if you will:

The Vice President of the United States who served for over 15 years as the Governor of the State of New York and during whose tenure the cumulative ills of New York City were piled one on top of the other, said recently:

> New York has a Democratic Governor, New York has a Democratic Mayor, so let the Democratic Congress do something about New York.

That is hardly movement, that is hardly support. This kind of political partisan pronouncement does nothing to elevate the dialog and in fact keeps it at the lowest level set by the White House.

Arthur Burns establishes conditions for help and he blandly explains that New York State should compute 50 percent of the New York City debt and next year tax all of the residents of New York State to pay off that portion of the deficit. This is hardly a sound, well-reasoned, rational economic theory expounded by the Nation's economic czar. It is more like the partisan efforts to set conditions which are totally intolerable and unrealistic.

Yet we have the President's statement, they are not to set the moral tone in the Nation nor to stimulate elevated discussion but are geared to the emotions of the people who can use the President's own words to bolster the myths they have so long accepted as gospel.

So it becomes almost impossible to secure the support, as I said earlier, of sympathetic Congressmen for help for New York when their own constituents in overwhelming numbers accept both literally and figuratively the pronouncement of the President and fail to even contemplate the economic horrors that might well follow if New York City defaults.

Mr. SCHEUER. Mr. Speaker, will the gentleman yield?

Mr. AMBRO. I yield to my colleague, the gentleman from New York.

Mr. SCHEUER. Mr. Speaker, I wish to compliment and commend my colleague, the gentleman from New York, for his candor, his clarity, and tne articulateness with which he has faced up to these intolerable and punitive attacks that have emanated from the President and his administration.

I would ask my colleague, Can he conceive of any other civilized nation in the world demeaning, humiliating, and punishing the inhabitants of its greatest city?

Can my colleague in the well conceive of the French punishing Paris, forcing Paris into bankruptcy? Can he conceive of the British seeing London go gurgling down the drain, or the Italians seeing Rome go into bankruptcy, or the Japanese seeing Tokyo going down the drain? It is not inconceivable that by the standards of the civilized world community this punitive, hateful meanness of spirit should be applied by the Chief Executive of our land and his chief Cabinet officials to punish, demean, and diminish in the eyes of the world the greatest city in this country, the center of our finance, of our communications, of our intellectual endeavors? Am I overstating perhaps my utter astonishment and my embarrassment as an American in watching my President foul our own national nest?

Mr. AMBRO. I thank the gentleman, first, for his kind remarks. I will say, no I cannot conceive of that, and I will add that this Government not only looked in the direction of Chicago when it needed help, but it looked in the direction of Cedar Rapids in the thirties when it needed help. The gentleman knows who represented Cedar Rapids.

Mr. GRASSLEY. Mr. Speaker, will the gentleman yield?

Mr. AMBRO. I yield to the gentleman from Iowa.

Mr. GRASSLEY. I thank the gentleman for yielding.

I would say to the gentleman from New York (Mr. SCHEUER) that he is oversimplifying the comparison considerably. From the standpoint that the countries and the large cities of the world that the gentleman mentioned prospectively could be in trouble and their national governments would come to their rescue, the relationship of those cities governmentally and constitutionally to their national governments is much different than is New York City's relationship to the Federal Government. The relationship in the United States has been much more one of home rule for New York City, vis-a-vis the State government, and very definitely as compared to the Federal Government.

From that standpoint, New York City has had much more opportunity to correct its situation. It has had much more opportunity and freedom to legislate as it saw fit to meet local needs and local conditions. The city had the ability much greater than the major city governments of these other countries that the gentleman mentioned to tax themselves, and to borrow themselves to meet their fiscal needs as they saw them. Consequently, the gentleman cannot under those circumstances of freedom that New York City has had, that none of these other cities has had, blame the Federal Government or the national administration at this time, be they Republican as they are, for the situation and the failure to rescue when the constitutional makeup does not create the same responsibilities on the part of the Federal Government, nor does it demand that it respond accordingly as in all of these other countries that the gentleman mentioned.

Mr. AMBRO. If I might, I should just like to get to the rest of the body of my statement, and in doing so I think we will respond to the gentleman's remarks.

I might point out that tomorrow the President has announced what he bills as an important speech before the Press Club, and I would hope that the tone and the level of the dialog then is in some way raised.

I want to point out that my district is not urban and is not, as I said, in any way part of New York City. It is suburban in part and in part encompasses a part of the county which is the largest agricultural county in the State of New York. But because I firmly believe that the economic repercussions of the New York City default would be so severe, to speak those things which I think must be said and should be made part of the RECORD, so that my colleagues in the House and my own constituency are alerted in advance to those things which might ensue, I am here tonight.

The truth of the matter is that if I were silent in view of that which I have come to understand, and not in advance tell this House, and through this tell my own people, I do then think that I will have done my constituents and my colleagues a great disservice, because if this House fails to act and if this Congress fails to act and if this Government fails to act and New York City defaults, then I would shudder at what would happen when the direct and indirect effects of this economic holocaust hits economically, psychologically, and politically.

My colleagues have tonight and will provide the Members with fact after fact in an attempt to write a truthful record about the reasons why New York City is in such financial trouble, and we can all agree that there has been profligate spending and overly liberal government.

My colleagues have tonight and will provide the Members with fact after fact about what steps have been taken thus far to develop a framework of fiscal responsibility, and tomes on that subject are overwhelming and I hope most of it will be inserted in the Record.

And my colleagues have tonight and will provide the Members with fact after fact about the Draconian measures that have been imposed and about the responsibilities that are being given up to other levels by the New York officials for their jurisdiction over financial matters and budget matters to the extent no other autonomous municipality has ever done in the history of this Nation.

The effects of these most stringent measures on people and not institutions alone and the range of the options that this Government can take underlie especially the low-risk undertakings that we can do.

My purpose is to reiterate a great many to those things that Members have heard and will hear about the impacts and effects on the suburban communities.

There is philosophical concern about the intervention of the Federal Government into what is perceived as a purely local matter. Such insular thinking flies in the face of reason and I would like to explain why. There is ample precedent for the Federal Government being the fiscal agency of last resort. Precedents have been found in revenue sharing and, more germane, in the Reconstruction Finance Corporation guaranteeing municipal bonds for the city of Chicago in the early thirties to stimulate economic recovery from the depression.

A cursory examination of State payments into the Highway Trust Fund and apportionments from the fund reveals that no fewer than 32 States have received apportionments in excess of payments. Thus the remaining 18 States, generally those with the high population densities and large cities of this Nation are in fact paying the freight, if one likes those terms, for the rural roadbuilding that we have done. There has been no hue and cry over this situation from those same persons who would turn their backs on New York City. It is not my intention now to be overly divisive but rather to illustrate some of the precedents for disproportionate aid to entities with the most dire need even though their contributions are not the same as other Government entities.

At present the Federal Government guarantees homes, bank accounts, farmers' income, State unemployment benefits, overseas American corporations, Lockheed, and the Northeast bankrupt railroads. There have also been soil conservation programs which have provided matching funds which encouraged contour farming and federally-sponsored rural electrification programs.

Moreover financial insolvency of an urban vast population center is no less a natural disaster than flood, earthquake, or tornado, so let us put the dangerous precedent notion in part at rest.

Now I want to shift tone, because I heard our illustrious colleague, the gentleman from Massachusetts, say this. He did say:

> Give me your tired, your poor.

He left unsaid:

> Your huddled masses, yearning to breathe free,
> The wretched refuse of your teeming shore,
> Send these, the homeless, tempest-tossed, to me:
> I lift my lamp beside the golden door.

These are not alien words on an alien symbol in an alien port.

They reside proudly on our symbol of freedom, a beacon light to all the world's oppressed, a physical monument embodying what this Nation stands for. This symbol, this monument, this embodiment, is not in Atlanta, not in Baltimore, not in San Francisco, not in Los Angeles, not in Chicago, not even in Washington, D.C., but it sits proudly in New York's harbor.

New York City as well envelops the Statue of Liberty. Now, I do not know if we know what that means, but I will tell this House what I think it means. My grandparents and those of many of the Members of this House came to these shores through New York where they were educated, housed, given job opportunities, provided with the roots of understanding and democracy that they set forth.

Now, many people have touched on this, but all of this since the mid-1800's has been paid for out of the pocket of the city of New York and its resident; never once whimpering to the Federal Government for handouts, bailouts, or anything else. They paid for it. They gave life and hope and all of those things which this Nation means in the world to millions upon millions of people.

While the gentleman from New York (Mr. STRATTON) said that New York City never did very much for him, in my case New York City did a great deal for me. I was born in New York City. Both my parents were educated in the public schools of New York City. My father became a lawyer as the result of New York City. I got my education as well in New York City. I went to a private college, NYU, yes; but I lived in New York City and got the benefit of the culture, the art, the theater, the media, and the vibrance of that city.

Now, New York City does admittedly have its own unique problems. One of those is always singled out by its detractors, its welfare. Somebody asked me the other day, how many New Yorkers are on welfare? The response was that there are a million Americans living in New York who are on welfare.

Federal law says—Federal law says, not New York City law, not New York State law, not Baltimore's law or San Francisco's law, but Federal law says New York City and all our cities must provide welfare. As a followup to that question, we can interpolate that the courts have consistently held that a residency requirement cannot be imposed. The overwhelming majority of more than 1 million welfare recipients are not native New Yorkers. We heard that. The jobless and poor who have migrated from the South, from Puerto Rico and other impoverished States of this Nation, have come to a city where they sought a better life.

There was inept management in New York; but I suppose if one peeled away the layers, as we have been doing in New York City, there is inept management in many, many places, both in the corporate world and in the governmental world in this Nation; but the welfare situation is not the product of inept management, but rather a manifestation of the national problem and a demonstration as with New York generosity with emigrants, a demonstration of a great lady's sympathy and decency in opening her arms to those who moved to that great city. That, unfortunately, is in many cases now the burden that New York City bears. In the absence of a nationalized and uniform welfare program, cities like New York City are forced to bear an inequitable burden because of a federally imposed program. We have heard the facts with respect to the inequity in terms of the formula with respect to New York. In 1973 New York was reported as the State of residence for 17.3 percent of all aliens reporting.

California provided for 24.7 percent, and 12 States had from 1.2 percent to 6.2 percent. The remaining 36 States reported 14.3 percent of immigrant alien population in the aggregate. Of the 120,740 aliens naturalized in 1973, New York State had 19.7 percent of the total, or 23,760 new citizens. California, the next highest at 17 percent of the total, had 20,482 new citizens.

I cite these figures merely to illustrate another unique problem in New York which they have coped with for half a century with no appeal for help, although it is clearly another problem occurring in New York City by virtue of its being the prime port of entry. To those of my colleagues who still cling to the notion that New York City's default is a local problem, I would like to cite some examples of local repercussions that will be felt everywhere, and the effect will be on people all over the country.

Debt financing is used to construct public facilities, schools, roads, transit facilities, libraries and hospitals. A closed bond market, or at least on the base where only top grade bonds are marketable and any lesser quality would go begging, is surely a problem national in scope. Disappearance of a ready market for municipal bonds or a sharp increase in interest rates on them could easily signal an economic downturn. Current economic recovery could be pinched off, if not entirely reversed.

Members have heard now, and heard it before and will continue to hear it, that the big variables are the psychological attitude of the investor and how the Federal Government chooses to deal with the situation. Despite all the talk from experts, no one really knows what will happen in terms of financial dislocation, but there have been some indicators. We previewed some of these on Friday, October 17, when default appeared imminent. The dollar lost value abroad, the stock market came to a standstill and the municipal bond market disappeared.

Just last Friday, October 24, New York City's plight seemed to be taking precedent over everything else in the stock market. The market is apparently leveraged to New York City with a clear sign of monetary ease results in a drop of nearly 15 points. National City Bank lowered its prime rate.

It is possible the bond market is capable of being sophisticated and objective, although the indicators today are quite the contrary. Many local officers, as the Members have heard, refused to accept higher interest because of the taxpayer burden. A 1-percent increase in interest on a $10 million bond for 10 years means an additional $500,000 cost, most of that in local areas on a regressive property tax.

Last week in Nassau County in Long Beach, bonds sold for 11½ percent. The week before in the Sachem School District in Suffolk County, 10.7 percent. Smithtown, 10.5 percent; all up from around 5 percent. The impact is not arithmetic; it is geometric in terms of real dollars and horrendous in terms of a property tax base which is not geared to one's ability to pay.

If banks, individuals, and insurance companies shy away from the bond market, there will be widespread crisis among the States and municipalities that depend upon access to credit. The damage of default is to people, not institutions. All people pay the cost of higher interest rates, depend on financial interests, look to public works projects and rely on governments for stability and security.

In addition to a nationwide moratorium on construction of public facilities, consider the cost to the Federal Government to provide for a city unable to pay for its police, its firemen, its sanitation workers, and keep its hospitals and schools open; a city with over a million on public assistance; more than $1 billion in tax dollars will be the effect, just off the top from a cursory analysis.

Mr. DOWNEY of New York. Mr. Speaker, will the gentleman yield?

Mr. AMBRO. I yield to the gentleman from New York.

Mr. DOWNEY of New York. Mr. Speaker, first of all, let me just say to the gentleman that I find his statement not only eloquent but tremendously persuasive.

I am curious. Does the gentleman have any idea of how many people would be unemployed from the County of Suffolk and in the gentleman's district? These people would not go on the city's welfare rolls but on the welfare rolls of the County of Suffolk and the County of Nassau.

Mr. AMBRO. I shudder to make that kind of projection in the RECORD, but I think it is quite high. And since I do represent, as the gentleman knows, a bicounty area, I represent a portion of those areas.

And so since there are other gentlemen, such as the gentleman from New York (Mr. DOWNEY), my distinguished colleague next to me in Suffolk, I would hate to make that kind of projection without talking to each of those Members; but I think, from talking with people in county government and in town government, as well, and since I was in municipal government for 16 years before I came here, I think the effects would be overwhelming.

Mr. DOWNEY of New York. If the gentleman will yield further, the effects unquestionably are overwhelming. Just last week the East Islip School District sent me a telegram, when they were contemplating floating a bond issue, that the percentage of interest they would have to pay on these particular bonds had gone up from 4½ percent to 10.5 percent. I think that that is indicative of what will happen to the Long Island School Districts which are within the metropolitan area but which are not within the city of New York.

Mr. Speaker, I will say that the gentleman from New York (Mr. Ambro) and I probably represent 800,000 people who live in the County of Suffolk, and many thousands work in the city of New York, if the city defaults they will become unemployed and would in turn be placed on the unemployment rolls in the County of Suffolk.

I might add that Suffolk County, and the town of Huntington within the county, has the highest bond rating, yet they must also bear a 10-percent interest rate on municipal bonds. So certainly the effects go far beyond the city that has been alluded to, but it is tremendously damaging to the New York metropolitan area where there are literally millions, not only in Long Island, but in Suffolk, as well.

Mr. AMBRO. I thank my colleague, the gentleman from New York (Mr. Downey), for his most knowledgeable and aware statement for the record as to how a New York City default or a bankruptcy affects the suburban area, which suburban area is not unique because it is in close proximity to New York but because it is a paragon of other areas in other cities which will have and are having the same problems.

Mr. DOWNEY of New York. I think the gentleman made a very eloquent statement when he read the statement on the Statue of Liberty.

Twenty-six years ago I was born in the city of New York.

Mr. AMBRO. If I may, I did not make the eloquent statement. Someone else did. I just read it.

Mr. DOWNEY of New York. I realize that.

My parents were educated in the city of New York, and I think what we are attempting to do as members of the delegation today is not to hold up the business of the House of Representatives but to highlight in the most dramatic way we can and the most impassioned way we can our deep feelings about our State and about a city we love, a city that gave many of us our start both in politics and life.

Mr. AMBRO. Without question. I thank the gentleman from New York.

Let us talk about our senior citizens. For senior citizens there is a possible loss of savings and retirement income. Someone might say, "Why possible?" I think we have said again and again that it is almost impossible to precisely catalog exactly what will happen if indeed we have a default. But New York City bonds are bearer instruments rather than registered. Consequently, there is no exact figure on who the city's creditors are until 51 percent or more come forward under bankruptcy proceedings.

We do know, however, that over 20 million persons in pension funds would be adversely affected if the pension fund which was invested in New York City suffers reduced bond payments. The pension would have to be reduced or it might evaporate. Those 20 million people are scattered all over the United States, not just in New York City.

Can we imagine that? Those who have relied for the future on moneys coming from a pension fund are being answered by the simple statement that "It might not be so bad if New York City defaults and goes bankrupt, even though you who have put your life's earnings into a pension fund will now only get anywhere from 90 cents to 1 cent on a dollar."

Let us think about that. One cent on a dollar. We would be impoverishing people who have worked all their lives and are now looking to a pension supplemented by social security. And the social security rate suffers at the hands of those who would drop the cost-of-living increase to less than that, imposing again a burden indirectly on the Federal Treasury and on every taxpayer in the Nation.

Members may cling to the mindless and umyielding administration stance or they may take a cheap shot at New York City, which is a popular vote-getting technique. But it is going to be much more difficult to explain increased taxpayer costs after default rather than to head them off with a virtually no-cost action.

The most compelling and practical reason the Federal Government should help is if it does not, every U.S. citizen will pay more for Government services. At the very least, inaction by the Federal Government could threaten this country's credit system, erode our credit standing internationally, and damage economic recovery. Failure to act will irreparably damage New York City, yes, and probably every other city.

On the other hand, prompt Federal action could facilitate New York City's reentering the bond market and obviate the need for Federal expenditures. A guarantee now is a low-risk remedy, whereas a bailout with emergency aid after default could cost billions. An expenditure cutback by New York City adds $300 million to $400 million to the Federal deficit because of the loss in tax receipts and concomitant requirements for public assistance. Taxable bonds would add to the revenue.

Neither New York City nor New York State can borrow the money necessary to continue on in order to get through the remainder of this year. Therefore, for all the reasons I have stated, I feel it is incumbent on the Federal Government to aid New York City by a guarantee of its municipal bonds. The cost to taxpayers for a low-risk guarantee is minimal, especially as opposed to picking it up afterwards.

Inherent in such guarantees, of course, would have to be tight control measures.

In discussing the loan guarantee program with two of the eminent committee chairmen of this House, one of them suggested to me that a loan guarantee program would be an invitation and an encouragement to the city not to pay its debts. Well, in just trying to respond to that statement objectively and directly, we evolved the feeling that this might—just might—pull in an awfully lot of those who suffer the same feeling that loan guarantees might indeed encourage and invite New York City to throw up its hands and say, "The full faith and credit of the United States is supporting these bonds, so let them pick it up."

That evolution came to the view that we should or could in some way phase in the loan guarantee program to determine who was right.

My point of view and that of others with whom I have spoken is that New York City, with its stringent fiscal measures, its controls, its cutbacks, indeed deals with the question of paying off in good faith its bonded indebtedness. However, there are those on the other side who say, "No, they will not."

I do not know how we can work out as a compromise, considering what I see in this Congress to be a good number of those who will not support any program for New York, a compromise to pull them in terms of phasing in these loan guarantees.

However, maybe that is an approach, because, as I see it today, unfortunately we have less than majority support.

Mr. Speaker, I would hope that each of us standing in this well and sitting in this room and doing what we can to compile the facts, dissipate the myths, plead as passionately or as well as we can for movement in this direction, do, indeed, succeed; but at the moment there is not very much hope. If we must talk in terms of compromise, maybe we can talk in terms of phasing in a loan guarantee program.

NEW YORK CITY'S FISCAL CRISIS

The SPEAKER pro tempore. (Mr. Miller of California). Under a previous order of the House, the gentlewoman from New York (Ms. Holtzman) is recognized for 60 minutes.

Ms. HOLTZMAN. Mr. Speaker, the basic question before the Congress and the country with respect to the New York City fiscal crisis is, What will it cost to prevent a default by New York City, and what will it cost if we fail to prevent a default? In other words, what will happen to the economy, to the projected recovery, to unemployment, to the gross national product if New York City is permitted to default? What will happen to the Federal budget, to revenues, expenditures, the deficit if we do not act? What will it cost to help?

In an attempt to answer these questions, I chaired a special hearing of an ad hoc task force of the House Committee on the Budget last Thursday, October 23.

Two distinguished economists, Dr. Otto Eckstein of Harvard University and Data Resources Inc., and Dr. F. Gerard Adams of the Wharton School of Finance and Commerce, testified about econometric studies of the impact of a New York default which they had performed at the request of the Committee on the Budget.

Dr. Robert Reischauer of the Congressional Budget Office commented on the validity of their studies.

The two economists' conclusions were sobering. Both predicted that a default would result in a nationwide cutback in State and local borrowing and a consequent nationwide reduction in State and local spending. The "multiplier effect" of such a reduction in spending would lead, they said, to severe increases in unemployment and in the Federal deficit and would reduce the gross national product.

Dr. Eckstein estimated that a default by New York City woulld result in the loss of more than 500,000 jobs across this country and a decrease of $14 billion in the growth of the gross national product. Dr. Adams projected a loss nationwide of 430,000 jobs if New York City defaults and a reduction of $10 billion in the gross national product growth.

Equally alarming were the economists' predictions with regard to what a New York City default would do to the Federal budget. Dr. Eckstein estimated that the default would cost the Federal Government $4 billion in reduced corporate and individual income taxes and in increased Federal payments for unemployment compensation, welfare.

In other words, the Federal deficit will be increased from $2.8 billion to $4 billion simply as a result of doing nothing. Allowing New York City to default is an expensive proposition to every taxpayer in this country. It is an expensive proposition to the Federal budget.

Dr. Reischauer of the nonpartisan Congressional Budget Office echoed the economists by stating that their predictions are, "Well within the range of possible impact on the economy." He noted that, in his opinion, the probable impact of default would be less severe than that predicted by Dr. Eckstein but more severe than Dr. Adams' estimates.

It is important to stress that each economist based his prediction in the most optimistic assumptions, that is: First, that the Federal Reserve would step in and stabilize the money markets; second, that there would be no financial panic; and third, that the Nation's economy would be in strong recovery. If, however, the Federal Reserve Bank does not step in or is unable to stablize money markets, if there is indeed a financial panic or if the Nation's economy is not in a strong recovery—which many economists predict—then the magnitude of New York City's default could be stupendous, calamitous.

Dr. Adams of the Wharton School said that the result of a New York City default could be "catastrophic."

It is clear, Mr. Speaker, that a default by New York City would have grave financial consequences for all Americans.

The Committee on the Budget's special hearing was the first attempt by the Congress to make a quantitative measurement of these consequences. But even that quantitative measurement is not exact in the sense that it does not take into account the cost to the economy of bankruptcies of individuals, of bankruptcies of corporations, of bankruptcies of other businesses and of bankruptcies by banks. It does not take into account any international impact. What effect those matters could have in terms of great loss of revenues, increased deficit, and in terms of generating a financial panic, no one knows. No one has been able to measure it.

Under the legislation before the Congress which permits Federal guarantees of taxable municipal bonds, it will cost the Federal Government nothing to aid the city of New York. In fact the Federal Government could make money from such a plan.

Thus we can see that the costs of failing to aid New York City are potentially enormous, up to $4 billion in added budget deficits, around 500,000 persons in increased unemployment and misery, and billions more in Federal aid which everyone concedes will be necessary to maintain essential services and stabilize financial markets if a default takes place.

Clearly the most prudent, conservative fiscally responsible course is for the Congress to act quickly to avert a default by New York City. It seems to me that the question is not whether the Federal Government can afford to help New York but whether it can afford not to help it.

I think the answer is plain. This country cannot afford to take the risk of a default—especially when it costs nothing to avert a default.

All the discussions that have taken place about not helping the city of New York, are really side-stepping the central issue with respect to the cost question. Anyone who says he is being fiscally responsible by turning a deaf ear to New York City is talking nonsense.

Every economist I have heard has said that a default in New York City will have very costly consequences. These two prominent economists who appeared before the Budget Committee task force stated unequivocally that there would be a very serious consequence. There would be a specific consequence in terms of increased unemployment; there would be a specific consequence in setting back the growth of the gross national product; there would be a specific consequence in terms of an increase in the deficit—and this assumes that the recovery of the economy takes place, and that no financial panic takes place.

So it seems to me plain that if we are just talking dollars and cents, we have to support the Federal Government's assisting New York City by providing a taxable guarantee for its bonds or MAC bonds or State bonds. I think on a dollars-and-cents basis, assistance to the city of New York is fiscally responsible. In fact, it seems to me to be the only course from that point of view.

There are other factors that we also ought to take into account, namely, the cost to taxpayers around the country from an increase in municipal bond costs. It has been rather hard to get all the figures on municipal bond cost increases, but newspaper reports have recently indicated that in the past 8 months a typical $1,000 State or city bond has declined by about $185 in value. That means that buyers of bonds are willing to pay only $815 for bonds with a face value of $1,000. The effect of this is to raise the price that governments, State and municipal governments, have to pay for the money they borrow.

We have seen an increase from 6.32 percent to 7.59 percent to 7.78 percent in the Dow-Jones Municipal Bond Yield Index.

Translated into plain language what this means is that every municipality or State that sets out to build a school in this country, every municipality or State that sets out to build a highway, is going to have to pay more for it. Some of these projects will not even be built because the costs of borrowing will be much too high and the municipality will say, no, we do not want to build the school this year; we cannot afford it. We will not build the additional sewer project this year because we cannot afford it.

Not only will this mean a reduction in the quality of life in our country, but it is also going to mean increased unemployment, because people will not have jobs on construction projects that were expected to take place.

Somebody in a recent newpaper article estimated that the cost to taxpayers around the country for a New York City default in terms of increased interest rates on municipal borrowings is going to be $3 billion. This, in my judgment, is an enormous amount of money to pay especially when it is not necessary to pay one penny. It is not necessary for the taxpayers of this country to pay 1 cent if they are willing to prevent a default and issue a guarantee for New York City's debt.

Let me also state, too, that there are some other considerations that ought to come into play aside just from the dollars and cents, commonsense of this matter. Before I go into those, I just want to add one other point. If New York City defaults, not only are we going to see an enormous adverse economic effect spread across the country in terms of construction projects not undertaken, increased unemployment, increased unemployment compensation payments, and so forth, but in addition the Federal Government is going to have to come into New York City and pay anyway.

If New York City defaults on January 1, the city is going to be short at least $300 million that month—assuming no debt service is paid. We are going to find more people on welfare in New York City, and we will find more people entitled to unemployment compensation, and we will find a need possibly for Federal assistance in law enforcement, and we may find a need for the Federal Government to come in with direct additional support in a variety of areas. It will certainly have to pay in the form of increased unemployment compensation benefits and the increased welfare costs at the very minimum.

But why should the Federal Government have to pay this extra amount when it does not have to pay anything by agreeing at this point to guaranteeing the municipal debt which does not cost the Federal taxpayers a penny?

Let me go on to some of the other points I think we ought to take into account. This is a Bicentennial year and we ought to stop and reflect about where we are and how far we have come in this 200th year of our country's birth. It seems to me that one of the crucial things is that we remember in this Bicentennial year that these are the United States of America. If we do not recognize in this 200th year of our birth that we stand together as the United States of America, then it seems to me a sad comment on that anniversary.

New York City was the first capital of this country and it would be an incredible thing 200 years later to turn around and say to this city that was the first capital of the United States and the city in which George Washington was inaugurated as the first President: "We do not want to know about your problems and we do not care about you. We would rather see you cut off," as one Presidential candidate once said, "and drift out to sea."

Perhaps these people think New York State ought to go too, because surely New York State will default if New York City defaults.

Can we really proudly celebrate our Bicentennial in the 200th year of this country by saying one State in this country does not count and one city in this country does not count and that we do not stand together as the United States of America? Surely we should have learned that lesson over our 200-year history, that we either stand together as a country or we do not make it at all.

Let me also say that those people who talk about New York City as being profligate and New York City as being irresponsible, should also understand what role the people of the city of New York played in this. The people of the city of New York are going to be the victims of further budget cuts and are the victims right now of a substantial budget cut. They are the victims of increased crime arising from cutbacks in police; they are the victims of increased fires as a result of cutbacks in our fire department; and they are the victims of increased hazard to the safety of their children because of the removal of school safety crossing guards, and they are the victims of increased lack of safety to their children with respect to hazards from the removal of the security personnel from the school system. They are the victims now and they will be the victims of job cutbacks and layoffs that have taken place and that will be taking place.

The people of New York City had no real inkling of the kinds of financial gimmicks that are now being discovered and which the city officials had been engaged in. Actually it came as a surprise to most of us that the city was in such severe financial difficulty. It came as a surprise to many of the people of this city who had never voted for improper kinds of expenditures in the capital budget or the deficit spending the city has engaged in.

I think it is unfair to blame the people of the city for the lack of disclosure by various city administrations of the true and painful fiscal reality and for the failure of these administrations to follow proper accounting measures and for the failure of the city government in many respects to be honest over a long period of time. I think we have to be aware of the fact that the people of the city are and will be the victims of past mismanagement.

In fact, right now in proposed revisions of the city charter revision that is being proposed for the first time in the city, the people are being offered the opportunity to insist on certain kinds of accounting measures that the city government ought to be following, to insist, in addition that capital budget funds will not be used improperly in the expense budget.

So it is unfair, it seems to me, to blame the people of the city for the problems of dishonesty and gimmickry in which they played no part and in the many irresponsible measures they never approved.

It is also important to understand what the Federal role has been in the problem that New York City faces. Obviously, as has been pointed out before, the city has been the victim of the loss of jobs, especially in manufacturing over the past decade. The city's tax base has been eroded and it has not cut back its expenditures quite enough to meet the loss in tax base.

It seems to me we ought to examine just where the Federal Government has been in terms of the role it has played in the loss of this tax base to the city, in the removal and the loss of jobs in the city of New York.

Nobody who tries to study the urban scene can fail to take into account the role that the Federal Housing Administration, FHA, has played in the moving of people from the inner city to the suburbs. The Federal Government and taxpayers across this Nation have simply financed the moving of people to the suburbs. That may be a desirable policy, but if the cities lose their tax base as a consequence, can the Federal Government in all fairness turn around and say, "We are not responsible"?

The Federal Government has also contributed to the moving of companies out of the Northeast sector of this country and out of the New York City area to the South and other parts of the country.

The industrial revenue bonds—which by Federal law are tax exempt—helped to finance this move. The industrial revenue bond is underwritten by the taxpayers of this country. Can the Federal Government allow industrial revenue bonds to encourage and finance the removal of businesses and jobs from New York City to South Carolina or North Carolina or Tennessee or Florida or Texas or anywhere in this country and then in all fairness say to New York City, "You suffer from the loss of these jobs"? Can the Federal Government be blind to the consequences of its role in this process?

Can the Federal Government spend billions and billion of dollars on defense, budget and over a long period of time billions and billions of dollars on defense, very little of which comes into the State or city of New York and most of which goes to other parts of the country and close its eyes to the consequences of that? Can the Federal Government really ignore the consequences of its decision to allow citizenship for all Puerto Ricans and the fact that New York City has not only been willing, but in fact, must provide persons who come from Puerto Rico with homes, schooling and decent medical care an opportunity to lead a new life?

Can the Federal Government close its eyes and turn its head away from the consequences of its welfare policy, which has required New York State and city not only to pay for the welfare costs, and to absorb persons who travel across this country and who qualify for welfare, but to pay a disproportionate share of that cost?

As we face up to the grave consequences of the possible default of the city of New York, we have to be willing to recognize the role of the Federal Government has played in the past to help undermine the economy of New York, to look at the role of the Federal Government as it has affected urban areas in general, to look at the unfairness of the Federal largesse, which has not come to New York City in the way it has come to other areas, to understand that the Federal Government has not played the kind of role it should in fostering new industrial development in New York City as it has in other places in the country.

If we look at the aerospace industry, it has made California and Texas blossom. Defense industries have been established in the South and West of this country, and we can see very clearly how the Federal largesse has been distributed not to the advantage of New York City, not to the creation of jobs in the city. I think we cannot ignore that as well.

Many people have said, "Is New York City doing its share? Is it tightening its belt?" I think the discussions earlier have shown that the cuts that have taken place have been very painful cuts. They are not always cuts that I would have agreed with and they are not always cuts that I, had I been in a position to do the same, would have called for. They subject the people of New York City to a very difficult situation. All of us who live in the city and who cherish life in that city are going to have to suffer as a result of them, but I think it has to be plain to the Members of the House that substantial budget cutting has taken place and more is yet to come. As difficult as it has been living in New York, it is going to be more difficult as we try to get our budget into balance.

Mr. KOCH. Mr. Speaker, will the gentlewoman yield?

Ms. HOLTZMAN. I yield to my colleague from New York.

Mr. KOCH. Mr. Speaker, first I want to take this opportunity to say I do not think there has ever been a clearer exposition of the problem, any problem on this subject, than that just given by the gentlewoman from New York. If there are those who are truly interested in understanding the problem that the city of New York is facing, that the State of New York is facing and ultimately that the Nation will be facing if they do not help us with this enormous problem, they merely would have to read the gentlewoman's remarks in the Record tomorrow.

As I said when I was in the well myself earlier in the evening and made my comments, after which I had to go to a meeting where I addressed the Joint Committee on Czechoslovak-American Organizations which is here to celebrate the founding of Czechoslovakia—that what was important to me was what this country stood for.

This country stands for freedom; it stands for equality and it stands for having the opportunity for people to rise. We all have a responsibility, one to another, and it would be disheartening indeed if the responsibility that I think we all have to one another, whether we come from the city of New York or from the city of San Francisco, were shirked. If we were to turn our backs on that responsibility, it would be horrendous. I, for one, do not believe that my fellow citizens, men and women across this country, are going to turn their backs on the city and State of New York. To me, that is unthinkable.

I believe this country is truly great, and its greatness lies in the fact that we are citizens not only of our localities, but citizens of a country with responsibilities to one another.

Ms. HOLTZMAN. Mr. Speaker, I thank the gentleman for his contribution.

Mr. Speaker, I would ask unanimous consent to insert in the Record at this point a table listing the steps taken by New York City with respect to solving the budgetary crisis that it finds itself in.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

The table follows:

Steps Taken by New York City

In response to its worsening financial situation, the City of New York has taken steps to reduce its expenditures and thereby minimize its borrowing needs. The following table shows the employee reductions the city has been able to achieve in the last ten months:

Employee group	Employees, Dec. 31, 1974	Employees, Sept. 30, 1975	Reduction
Police	35,411	31,266	4,145
Fire	14,003	12,518	1,485
Sanitation	14,295	12,295	2,000
Social services	26,768	24,023	2,745
Board of education	79,852	72,775	7,077
Board of higher education	20,009	18,573	1,436
Hospitals corps	46,780	41,733	5,047
Other	57,404	50,163	7,241
Total	294,522	263,346	31,176

The following steps have been taken at the direction of the Mayor to institute changes which are designed to reduce operating expenses and improve the City's management practices:

A $1 billion cut in services in this year's budget, of which $400 million is due to layoffs.

A wage freeze instituted for all employees.

First commitment to a ceiling on expenditures with no increase in taxes.

A new Mayor's Management Board to recommend changes in the City's administrative process and to develop greater productivity. The Board is composed of major corporate executives and chaired by Richard Shinn, President of Metropolitan Life Insurance.

A Temporary Commission on Long Term Financing established by the Mayor, composed of leading experts in urban policy and financing, to develop methods of financing for the City in the future.

A major reorganization of City agencies, including dismantling of the so called "super" administrations, and in some cases the elimination of entire departments.

A new accounting system is being implemented to conform to the State Controller's Manual.

Items appearing in Capital budget appropriations for operating expenses are being shifted back to the regular operating budget.

The Metropolitan Transit Authority has raised the fare to $.50, more than a 43% increase.

Although the Board of Higher Education has voted to retain a free tuition policy, the equivalent City tax levy funds for the City University has been cut $32 million by the Mayor. An addititonal $32 million reduction takes place from State funds because the aid program has a matching requirement.

A new Deputy Mayor for Fiscal Affairs has been appointed by the Mayor. Ken Avelson, Vice-President of J.C. Penny has joined the City to develop the fiscal plan to be presented to the Emergency Financial Control Board and to be in charge of all fiscal matters for the Mayor.

Ms. HOLTZMAN. Mr. Speaker, I would just like to conclude my remarks by addressing the same points that my distinguished colleague from New York (Mr. Koch) has addressed. Ultimately, the greatness of this country has to be measured by its sense of pride in all of its accomplishments and in all of its parts. We are a country of very varied peoples. Our ancestors come from different countries around the world. We do different things and live in different kinds of environments. That is one of the outstanding and great things about this country. It has been a place where all kinds of people could find a home, a sanctuary, a place to work, a place in which to dream great dreams and see them come true.

If we reject this part of our heritage that has made us great, it will be a sad way to celebrate the 200th year of our country's founding.

FISCAL CRISIS IN NEW YORK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Scheuer) is recognized for 60 minutes.

Mr. SCHEUER. Mr. Speaker, we are here to face the fiscal crisis which now afflicts the city of New York. But by focusing on just one of our oldest cities, we fail to recognize that New York's economic dilemma is not unique, but indeed is representative of cities throughout the Nation's northeast and central corridors.

While New York's situation is the most critical today, the symptoms of the economic decay which permeate New York are evident in many of our older cities. It is imperative that our focus include the problems facing all of our ailing, declining cities.

Self-inflicted urban problems must be distinguished from those due to forces beyond the control of local governments. The existence of a national pattern of urban decline makes it clear that there are fundamental and widespread urban problems which contribute greatly to the cause of individual city crises. Different cities will continue to experience varying degrees of excessive debt, above-average unemployment and unacceptably high cost-of-living.

For the most part, the ailing cities are those which are located in the ailing States of the northeast and central corridors. There are several exceptions, including Atlanta, Birmingham, New Orleans and San Francisco, which have very serious fiscal problems. There is every indication that large cities in general—and not just those which are now declining—will be coping with increasingly greater fiscal problems.

But the problem today is most severe in the Northeast and Central corridors where almost all of the largest cities and towns are coping with fiscal instability. In Massachusetts, 17 of the 22 largest cities show the same pattern of decline as does Boston. Urban decline is not a selective phenomenon; it already permeates entire States such as Massachusetts, entire regions, and most likely will continue to spread unabated like some fiscal Dutch Elm disease.

A declining city generally is one which has constructed most of its housing prior to 1940, and which is experiencing both an outflow of its middle-income households and an overall loss in population. Other major cities which fall into this dark category include Baltimore, Buffalo, Cincinnati, Cleveland, Chicago, Detroit, Milwaukee, Philadelphia, Pittsburgh, St. Louis and Seattle. Between 1960 and 1973, these cities experienced a total loss of approximately 1.8 million people—or about 12.5 percent of their overall populations.

Clearly, there has been a national trend of migration from the older high-density urban areas of the Northeast and Great Lakes States. During the past 2 years, the states of Illinois, Pennsylvania, Ohio, Connecticut, Michigan and Rhode Island all lost population, joining New York, which has suffered population losses regularly since 1970.

If this pattern persists, it will mark the first decade in the 20th Century that any of these States—or the entire mid-Atlantic region—will have experienced a decline in population.

On the other hand, the States of the Southeast, Southwest and Mountain regions generally have been the eager recipients of the flight from the older cities. For example, between 1970 and 1974, the States of New York, Illinois, and Ohio have lost about 1 million residents in total, while during the same period the coastal States between Virginia and Florida have gained more than 1.8 million residents from the Northeastern and Central States.

Most crucially, this shift represents an exodus of middle-income individuals. No city can remain viable without its middle-class taxpayers.

Those moving beyond metropolitan areas, beyond the suburbs, are most likely to be employed, better educated and equipped with professional skills than those who remain behind. Indeed, the background and training of these people is exactly what enables them to flee the cities if they so choose. And at this point, the skills of the middle class are those in great demand in the expanding communities of the South, Southwest, and the West.

It is important to remember that the declining cities are losing in population—and they also are losing in employment opportunities. This results in a further erosion of their tax bases. Not only have they lost the taxes which they would have received from these manufacturers and business firms, but they also lose revenues they would have received from these middle class executive and managerial personnel employed by those companies. People are leaving and the highest paying jobs are going with them. Traditionally, the loss of employment in declining cities is concentrated in the manufacturing sectors. Of the 107,000 jobs lost to the cities of Boston, Cleveland, Philadelphia and St. Louis between 1970 and 1973, 78,000 of them were in the manufacturing sector. In New York City, one-half of the 244,000 jobs lost during this period in the city's private sector were in manufacturing.

Unemployment in the declining cities in the 1970's has been about 20 percent more than the average for growing cities. As the Northeast and Central cities lose population, the ability to finance their public services is drastically reduced. And yet it is very difficult to reduce the employee rolls for such services as sanitation, police and fire protection, street repair and public utilities.

We do not have all the answers as to why so many workers, executives and manufacturing firms are leaving so many of our largest cities. We know that elsewhere they find lower taxes and generally lower costs. A prototypical family of four in Boston paid $1,979 in municipal taxes in 1973, while in Nashville the tax bill for a similar family was only $980 and only $970 in Dallas. In addition, the declining cities of the Northeast impose the Nation's highest property taxes.

Outside of these corridors, manufacturers generally can find lower labor costs for the same quality of skills. They leave behind the troublesome social and environmental problems of these cities for more attractive environments and the business advantages of areas which are less strongly unionized. They move closer to transportation centers and closer to raw material supplies. They leave behind the excessive costs of construction in high density areas and move closer to the energy sources of the Southwest. For example, consumers of electricity in New York paid more than 170 percent for their energy than did their counterparts in Houston. In general, those who move find that it costs less to abandon than to modernize.

What is the role of the city in this massive process of migration? The costs of financing a city have steadily risen. Their labor costs have risen, as well as the cost of living. Their housing is generally old and deteriorating. These problems have come to a head at a time when the Federal Government has allowed the economy to nosedive, thus aggravating the crisis. There are inflationary impacts beyond the control of the cities—such as the cost of oil. Furthermore, in all declining cities municipal employment levels are higher than for the growing cities, as are wages.

Each of these cities pays higher wages to greater number of workers. Also declining cities have assumed new burdens, new services such as health care, which is delivered to an increasing number of people as more lower-income families arrive in these cities.

The combination of higher debt, higher wages, more generous benefits and more employees adds up to higher per capita expenses. This is not a necessary state of affairs, and must be rectified by the cities concerned, however painful the process may be.

There are other factors with which city governments must grapple. Socio-economic factors may increase the demand for public employees. In order to meet HEW requirements, many cities must hire more teachers to teach English. The concentration of heavy daytime populations in central business districts also results in the need for more police and other public service manpower. For example, in San Francisco, one of the declining cities, 24 percent of all police calls come from the central business district—although only 11 percent of the city's population resides in this area.

The relative strength of municipal unions in declining cities also make these cities more expensive to run. Municipal employees are aware that emergencies are likely to occur more quickly in a city like New York because of its high density. Thus, police and firemen in high density cities are aware of their bargaining clout.

While the number of workers per 1,000 residents performing common municipal services has been rising in both the growing and the declining cities, the rate of increase has been higher for the growing cities.

In the next few years, the jump in the number of workers per 1,000 residents in growing cities should be even more dramatic, since those cities will no longer be able to increase their population base by annexing territory. Such annexations accounted for 99 percent of the population growth of the growing cities during the past decade.

While it is true that there has been migration to the States which contain growing cities, the migration has not been to the central cities, but to their suburbs. The growing cities annexed these suburbs in an effort to increase their tax base, understanding that these suburbs would not be the places where services would be demanded. This is the story of Los Angeles, of Dallas, of Houston and Denver.

This process of annexation has all but been halted by the passage of State laws and the increased resistance of suburbanites. Now that the boundaries are fixed, the number of municipal workers—which traditionally lags behind the increased demand for their services—will begin to spiral upward, narrowing the gap between declining and growing cities.

Nationally, municipal workers from 1967 to 1972 received an average wage increase of only 13 percent, while New York City workers received an average increase of 11 percent, despite a more rapid cost-of-living increase in declining cities, as compared to other suburban areas. Thus, wage differentials between growing and declining cities narrowed somewhat in recent years.

Not only are people leaving and employment dropping in the declining cities, but income levels are weakening. It is harder and harder for the cities to raise revenues.

By 1972, the per capita income of residents of growing cities was about 7 percent higher than the level for declining cities. Between 1969 and 1972 per capita income growth in declining cities was only 18 percent, while in growing cities the average was 22 percent.

In large part, the pattern is reinforced at the State level as well. Massachusetts income growth was 18.9 percent, Ohio's was 17.9 percent, New York's was 17.7 percent. But Georgia's income growth was 28 percent, Colorado's was 29 percent and Alabama's was 27.9 percent.

Growing cities and States are overtaking the older cities in per capita income. Meanwhile, the cost of living in declining cities was significantly higher—and has been increasing faster—than in growing cities.

The demand for services has outstripped the ability of the declining cities to pay for those services. While the declining cities are spending more per capita and employing more workers per 1,000 residents, the growing cities are slowly but surely narrowing the gap and will eventually—as their densities increase—run into the same problems as their older brothers.

It is time for us to act by coming to the aid of our cities—not just New York City but all of our cities. It was the cities which came to the aid of their suburban and rural areas when they were undercapitalized due to narrow tax bases.

It was the cities which supported such projects as the construction of dams so that the farmers could irrigate their crops while also diminishing the threat of flooding.

It was the cities which bore the burden of the rural electrification program loans at 2 percent which brought power to homes all over this Nation. The cities have traditionally supported farm subsidies so that the farmers could get a fair price for their products. Let us not forget the massive subsidies that the cities provide our rural citizens in the form of gasoline taxes which pave the farm-to-market roads so that the farmers can get their goods to the consumer.

Was it not an ex-New York Governor who, when he was President, watched the devastating effect of the 1930's Depression on the South and directed vast amounts of Federal funds into those

States? Many of the military installations which dot the South are legacies from his years in the White House. But strangely enough, today when the Southern States are thriving, they are still recipients of vast quantities of Federal defense dollars.

In the Department of Defense military construction authorization requests for 1975, the northeast and central corridors combined—including a total of more than 85.5 million people—are allotted little more than $102 million. The Southern States, on the other hand, with fewer than 54.1 million people, are assigned more than $800 million. This figure is clearly disproportionate to their population or current needs. Old habits seem hard to break.

We can also add Federal civilian employment to the list of losses for urban areas. In 1969, we find that while the Southern and Western States gained 12,000 Federal civilian employes from 1970 to 1973, the Eastern and Great Lakes States lost 34,000 Federal civilian jobs.

To our friends in the suburbs, I ask whether it was not the urban taxpayer who joined in providing you with federally financed roads and sewers, facilitating the mass exodus from the central cities which drastically eroded our tax base? Now we need help, and it must come from that same Federal Government.

Although the Northeast and Great Lakes cities are under common economic strains, each has its own particular problems. Let us look at the unique and immediate problems of the city of New York. Until the early 1960's the city of New York was in a sound financial position. We provided a fine municipal hospital system, built housing for our poor, provided free higher education, and paid our share of our welfare costs.

Suddenly in the mid-1960's the roof started to buckle. Until that point, we had a manageable short-term debt of about $859 million. Within 10 years, our welfare rolls tripled and one in every eight New Yorkers became dependent on the city. We struggled with this for two reasons; the State set extremely liberal welfare limits and the immigration of poor people could not be stopped.

The U.S. Department of Justice has revealed one of the city's worst problems. The Department estimates that as many as 1.5 million illegal aliens this year are residing in the New York area. That is one out of every six New Yorkers. Not only do they not pay taxes, but also they are a drain on the revenues of the city. The Federal Government knows about this unlawful development and must assume its responsibilities.

The Federal Government must lift the $708 million welfare burden from the shoulders of the citizens of New York City. As is commonly realized this is a national problem and not a local one.

Similarly, the question of health care should be dealt with on national level. Every American should have the right to health care without fear that seeking such care will place him in financial ruin. It is obvious that with the advent of medicaid the demand for beds in city hospitals has gone down. City hospitals once full, now operate at only 77 percent of their capacity, as compared with a 87 percent capacity at private hospitals. Surely, the city must close off sections of these hospitals and redirect funds into out-patient clinics, but the $1.1 billion spent annually in the city for health services should be picked up by the Federal Government through a national health program.

If the costs of welfare and health care were lifted from New York City, it would be well on the road to recovery; but this does not seem likely in the immediate future.

New York is a very integral part of our Nation. It is the communications, cultural, and financial capital of the Nation, and the world. If New York City defaults—and this is inevitable unless aid in the form of bond guarantees is forthcoming from the Federal Government—the repercussions throughout our national economy will be pervasively destructive.

At the very least, the bond market, which has been tightening up for municipalities and cities all over the country, will virtually dry up. Interest rates have already gone up a full 1 percent in the last year—at a cost to U.S. taxpayers of $4 billion.

An even graver possibility, is that our current recession will lead us into the midst of a depression. As Europe has found out in the last few years, when America sneezes, the Western World catches cold.

Finally, we face the ominous prospect of a massive walkout by city employees if the city is unable to meet its payroll, with the attendant possibility of widespread civil disorder.

It is now up to the House of Representatives to respond to this call for aid, as each of us has the obligation to respond to Federal interests, as well as the interests of our individual districts. New York City has and will continue to cut hard and deep in its spending, in order to balance its budget and retire its debt. Without Federal aid, the city will default. If this aid is not forthcoming I can only hope that, in default, we do not gravely injure the rest of the Nation, too. It is up to you whether or not you want to take that gamble.

FISCAL CRISIS IN NEW YORK CITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. ADDABBO) is recognized for 60 minutes.

Mr. ADDABBO. Mr. Speaker, those of us who live in New York and who love that great city, can perhaps be excused for our unrelenting desire to come to her aid in this hour of need. We have raised our families there and we would hope that our children, too, could raise their families in the city that more than any other represents what has made America such a symbol of hope for millions of people throughout this world.

We know all to well what its problems have been over the last decade or so. Some have been self-inflicted; others, just as heavy a drain on the city's fiscal resources, were the result of a changing world. Whatever its excesses, New York City, to its vast credit, never turned a deaf ear to a hungry stranger, never denied a human soul refuge. If New York must be humbled, then let it be for the bookkeeping gimmickery. But never should the people of New York City be ashamed of what they have offered to the world—hope and comfort and opportunity.

Yes, we have our problems in New York, and they are serious and must be corrected. We need a little old-fashioned candor from our city leaders; we need a foolproof system of accounting; we need reforms where we are paying too much and receiving too little.

But let us not forget that when we talk of the New York City budget, we are talking of the second largest governmental budget in this Nation, second only to the Federal Government's budget. We are talking of a city that is larger than 42 States of these United States. We are talking of a city where four of its total of five counties would rank as the third, fourth, fifth, and sixth largest city of this Nation. We are talking of a city that receives from the Federal Government $1 in Federal aid for every $7 paid in Federal taxes.

If the Federal Government were forced to do in the next year what New York City has done in the last 3 months in budget and service cuts, there would be panic in the streets and the stock market would sink out of sight. That will not happen when and if New York defaults, but the second worst will follow: There will be mass confusion throughout the world as to how and why this Federal Government of ours would let this happen to one of its great cities, and the effect on the national and international economy, if not staggering, will be felt widely and for some time to come.

The House Senate and Banking Committees and the Joint Economic Committee have held hearing after hearing on the crisis in New York, and witness after witness has made the same predictions. Yet, the response we get from the White House is a simple and righteous, "the city must pay for its sins."

Well, my colleagues, I will tell you as truthfully as I can that despite all the statistics being furnished by the Secretary of Treasury to show that city employees are being vastly overpaid, that no one works, that the benefits to citizens are the highest in the land—I will tell you my colleagues, it is no easy task living in New York City. It hasn't been what I would call fun for a long time now. Our citizens suffer under the highest tax burden in this Nation; New York City residents pay the highest State income taxes, the highest city income tax, the highest sales tax rate, highest real estate taxes, and water use rates and after paying to have sewers installed pay a sewer use tax, and added to all this, a $15 city annual auto use tax. They suffer under a horrendous crime rate; the city is plagued by the largest concentration of narcotics addicts, pushers and dealers in the Nation; our mass transit system has been so starved for dollars that it is deteriorating before our eyes, and we suffer from clogged roads, foul air, inflated prices. Please do not tell us how good we have been having it for so long; if we had it any better, we would break under the strain.

There are valid reasons why this Nation should not let any city, whether it be as large and nationally important as New York or as small and nationally important as a small farm village, run the danger of being unable to function. We need not take the risk of violence which could accompany default. We need not increase the economic uncertainty that already exists in our stock and bond markets. We need not subject millions of people to the fear that their livelihood, which depends upon a viable city, will be taken away needlessly.

My colleagues who are with me today will speak to the morality of such a policy. My own view is that we have gone beyond that. The Congress, receiving no assistance or guidance from the executive branch, must decide on its own what to do about this grave national problem. The Congress must decide, not by how some might view the city from their vantage point, but how the world views the Congress of the United States. We must act, and act promptly, not because it is in the interests of New York to have action, but because it is in the national interest for the Congress to save the financial capital of our Nation—perhaps the world—from becoming an impossible place to live and work.

This Nation provides assistance to other nations because it is in the self-interest of the United States to do so. With an international community in New York City, with the headquarters of major international companies located in New York City, it is also in the self-interest of the United States to save that city.

Let me say to you that if the Congress lets New York default, it may have exercised a successful coalition of provincialism that will prove as costly to the Nation as our earlier prejudices have been.

We will find that credit becomes increasingly difficult for small businessmen and farmers to get when it is needed. We will find our financial institutions suffering from a fallout as severe as if the atmosphere contained atomic contamination. We will find nations that had looked to the United States for moral leadership will reappraise their positions; they certainly will question the will of the United States to care for the weak and enfeebled. We will send this Nation back through another traumatic period of contention over what cities ought to do for their people: How much will a city do, and for whom? And if the ripple effect is as great as many distinguished people have testified that it might be, other cities, blameless but unable to get credit on their own, will be sent to the same fate that we have decreed for New York.

And if I might be accused of overstating the case, let me say that none of us knows how severe the reaction to a city default might be. We are not talking about the default of just any city. Whether we like it or not, New York City, by virtue of its size, its importance to the world's financial and media markets, is special. And no matter how we arrive at the conclusion that the city is financially depleted, we have no choice but to treat the patient first.

Banking institutions provided the traditional source for the city's capital demands and in return have become the principal holders of New York City's obligations. The Federal Deposit Insurance Corporation alone has indicated that 271 of its insured banks, in nearly every State of the Union, have 20 percent or more of their reserves invested in New York City obligations. Fifty-six of these banks have 50 percent or more of their reserves in such investments. Further, I am advised that 153 national banks have likewise invested substantial amounts of their reserves in New York City obligations. Logic would indicate that a city default will have a severely adverse impact on these institutions. The effect of this impact may well precipitate a change in lending policies, especially regarding marginal small business borrowers, and, in addition, may decrease participation by such lending institutions in SBA's guarantee loan program. It has been our consistent experience that during times of tight credit, banks usually lend on a short-term basis and then only to their largest and best customers.

The Federal investment in small business consists of far more than lending programs. There are procurement assistance programs geared to assist small business in general, and small business owned by the socially or economically disadvantaged. Many small contractors who are involved in such programs in this Federal region also perform work for the city of New York. The recent fiscal crisis of the city has resulted in seriously delayed payments by the city to such small concerns. This situation may have the effect of forcing these businesses into an extremely perilous financial situation. The Federal investment, which can be quite substantial in some cases, is therefore once again in jeopardy.

It must be noted that the default of any multibillion dollar borrower in our already overstressed economy will have grave national consequences. Whatever the factors are which may have contributed to the city's present financial crisis, the country can ill afford to sustain further injury to its free enterprise system. A philosophy of regional isolationism, proclaimed by the highest levels of this Government, is not commensurate with modern concepts of federalism or plain economic sense.

We who support legislation to help the city realize that the Congress must include safeguards so that the conditions that led to this point cannot occur again. We believe that strict limitations should be imposed for the length of any Federal help so that the city, once saved, cannot again begin those practices which led to this. We believe, however, that we must also begin a dialog of what we, the Federal Government, can do to ease the plight of cities—not just New York—in coping with the mandates of the Federal Government. We in the Congress have instructed cities to spend dollars on any number of programs we have felt were essential to the national good, but we have not always fully considered what impact these programs could have on city budgets. We must do so immediately. The League of Cities and the National Conference of Mayors have testified that a number of major cities find themselves close to the problem faced by New York today.

As we move to aid New York, we cannot afford to not consider those other cities, and remember that we must set up a mechanism that will help any municipality that finds itself unable to continue. It does seem incredible to me that we would allow this endless debate to continue on and on while any city hovers near the brink.

The sheer size of New York provides many within Congress with doubts as we speak here today. We talk about billions rather than millions when we discuss the city's budget. We talk about billions rather than millions when we discuss the extent of aid required to save New York. We talk of complicated and interlocking causes and effects, and many—it is clear—would rather close their ears than listen to the cries of pain.

Well, I am from New York and mine is among those crying in pain. I freely admit that I have a very personal stake in saving New York. But it would be tragic if this Nation did not respond to the obviously very real plight of 8 million people. It would be tragic if this Congress did not respond to a call for help from one of its own. It would be tragic if this great city—to many around the world the very symbol of America—were to be left to swing slowly in the wind by an uncaring government.

I don't think that will happen. I have served in this body for a long time now, and I believe in the common decency of those who serve with me.

I believe that those Members who come from other parts of the Nation, from rural areas and the mountain areas and the Western deserts and the Southern States—I believe those Members are fully capable of acting in the national interest. I believe that many who personally do not care for large cities, for those who are offended by what they regard as New York brashness or aggressiveness will put aside their feelings and act in the national good.

We need not bail out officials who have brought the greatest city in America to its knees. We need not excuse or overlook inefficiency or shoddy leadership whatever its source. Let the Congress lay bare the excesses and move to insure to the people that they cannot happen again. But let the Congress also insure that stability is achieved where it is badly needed; let the Congress provide the legislation that will repair the damage already done and create a pattern for the future that will restore the jewel in our own crown of cities to its former luster.

I am convinced that if we fail to act the world will decide the American leaders have gone mad, biting their own body to spite themselves. At a time when we face an uncertain world outside our shores, we cannot provide our enemies with another weapon to use against us. This Nation stands for much throughout the world to countless millions of people. We must show that we care for our own as well. We must demonstrate our moral leadership is as real as it is political.

Mr. Speaker, this past Friday, October 24, as chairman of the Subcommittee in Small Business Administration Oversight, I held hearings in New York on the question of how a default by New York City would affect small business.

For the information of my colleagues I would like to quote from some of the statements of those testifying before the committee on the national impact of a New York City default.

I quote from the testimony of the Honorable Mr. Eisenpreis, New York City Economic Development Administration:

"In the event of default, local savings banks would be adversely affected. Families facing loss of employment or delay in bond dividends would be forced to withdraw savings from their banks, in order to pay for day-to-day living expenses. Many banks have City bonds in their holdings, of course.

The City's construction business, already a depressed industry, faces severe setbacks. Just this week, nearly $400 million in planned projects were dropped from the municipal budget. This will cause 8,000 additional layoffs in an area of our economy that has already lost more than 27,000 jobs, with an annual payroll of $400 million, during the past two years.

Of particular concern to the small operator in the construction industry, is the fact that performance bonds, required for governmental and many private projects, are often posted in City Bonds. I am informed that default could cause the performance bonds to become null and void. The ramifications of this situation on the already hard hit construction business, especially for small operators, are almost beyond imagining. Some means for providing Federal backing or insurance for such performance bonds is urgently needed.

Default of the City's bonds would also have an effect on overall credit availability for small businessmen. Many of our local banks have large holdings in City bonds. A default could cause them to shut off the flow of loans normally available to small business. This would only add to an already horrendous situation.

In line with this, I should note a point that I am sure is known to everyone here. When we speak about the negative effects of default on small businessmen, we have to realize that the minority business person is in even greater difficulty. More than anyone else, the minority businessman, is affected by the lack of credit; the shortened cash flow; the lack of access to capital funding. Many minority businesses operate in areas of the City that are the first to feel the pinch of the recession, where unemployment is three or four times the City average. For these people, default could be a death knell."

Whatever the specifics of default by the City, there would be an obvious impact on the banks. To the extent that they are holding City and State paper, the lending capacity of banks will be reduced. This raises the spectre of a credit crunch much more severe than any we have seen even in the recent past. It is true that there has been indication from the Federal Reserve Board of some relief for the banks, but the nature of this relief is still uncertain and ambiguous. Other lending institutions will also be subject to severe difficulties in the face of a City default. Even at the State level, for example, the Job Development Authority, established in 1961, has already been affected. The Job Development Authority, from 1962 to the present, has made loans, the majority of which went to small businesses, totaling $98.5 million. But the Job Development Authority already had difficulties due to other related causes, in floating paper at reasonable interest rates. The depressing effect upon financial markets of a City default will ensure continued difficulties for the Job Development Authority, as well as other public lenders.

The upshot of these effects will be to restrict lending by banks and other financial institutions, not only to the City and State, but to the private sector as well. In this event, as always in the past, small businesses will be the heaviest losers from a credit crunch. Thus, small businesses, both as supplier to the City and as borrower from the banks, will be in double jeopardy.

Now here I should point out that it is not only small businesses in New York City that we are talking about, or even in the State; it is not only the large businesses with large contracts with the City this year; it is also small businesses outside New York that have contracts with New York City. Indeed, the City's strict bidding procedures whereby the lowest bidder gets the contract whether they are in San Diego or Miami assures that small businesses throughout the country will be adversely affected.

We should not assume for the moment that the impact of default will be confined to those dealing directly with the City. Suppliers to the City have their own suppliers in turn; people who receive wages and other payments are consumers as well. The spread of such depressing economic effects is well understood at the national level; it clearly operates at the City level as well.

Finally, but of no less importance, is the effect that default would have on minority enterprise. Minorities are nearly always the last hired and the first fired. It is easy to believe that what is true of minority employment will be true of minority enterprise as well, especially with respect to the availability of bank credit in a crisis market. We may, therefore, see an inordinately high incidence of minority business failure, thus jeopardizing the painful progress we have been making in recent years in this vital area.

Robert F. Lathlaen, president, General Building Contractors of New York State, Inc:

As the Chairman and Members of the Subcommittee know, monies to finance most public construction have been raised, until recently, in the commercial money markets. Access to this market is precluded for many of our clients, although financially viable and self-supporting, because of the fiscal difficulties experienced by the City of New York and the concomitant difficulties now experienced by the State of New York. The prospects for a build-out of the construction now under contract appear to be slim and the possibility of immediate cancellation or abrogation of contracts real.

Given such abrogation or cancellation without approprate notice, the contract construction industry in this State will not survive. A contractor is dependent on the proceeds from each requisition for payment. Taken together with retainages held as a guarantee of performance (in addition to required performance and payment bonds), requisitions for payment constitute the net worth of many contractors. Any delay in payment, any lengthy holdback of retainages due on completion, will bankrupt construction contractors. Requisitions for payment are reimbursement for monies expended in the supply of skilled labor and materials. If such requisitions are not honored, there is no way a contractor can expect to reimburse labor for future services rendered. Nor can vendors, suppliers, manufacturers expect prompt payment. Such payment very well could depend on the results of litigation between contractor and client with the surety a very interested party.

The magnitude of contractor financial exposure in the current fiscal crisis is made clear by the result of a recent survey undertaken by this Association to which, thus far, one-third of the Membership has responded. By multiplying the raw data by four times to insure consideration of the exposure of the balance of the Membership, the highway, pipeline (utility), and heavy construction industry, we arrive at these data:

1. Amount of work now under contract: $5 to $6 billion.

2. Amount retained by public owners (normally 5% of payment requisitions): $250 million.

3. Amount of municipal bonds substituted for retainage (Section 106, General Municipal Law. Section 139, State Finance Law): $200 million.

4. Amount of N.Y. City Bonds included in total of 3: $100 million.

Employed on the public and quasi-public projects valued in excess of $5 billion are approximately 150,000 building tradesmen. Statisticians estimate each on-site building tradesman required the support of 6 off-site service and supply employees. Thus, given a curtailment of funds available to the projects covered by this Association's survey some 900,000 jobs will be at stake.

Reactions to the plight of the City and State from those outside New York have hardly been sympathetic. Such a reaction by the rest of the country can only be termed short-sighted and provincial. The majority of the public construction in the United States is financed in whole or in part through the commercial money markets. The present crisis and a default by the City could, at the minimum, result in higher interest rates for municipalities throughout the United States, and, at the maximum, cause a major, if not total, collapse of the tax-exempt bond market. We fear the latter will be the rule rather than the exception in New York State. Furthermore, because the construction industry is such a large segment of the gross national product a default leading to the death of New York's construction industry could be a severe jolt to the nation's economy. The flow of goods manufactured outside the State, but incorporated into construction projects within the State could halt. Given the significant role New York's economy plays in the national economy such a disruption of interstate commerce could be devastating.

Charlie L. Dean, Jr., Acting Regional Director, Region II, U.S. Small Business Administration:

1. As you know, the SBA's most valuable financial assistance program to small business men and women is its bank guarantee program. During the fiscal year which ended June 30, 1975, SBA approved a total of 681 loans for $50,138,312 to small businesses in the five boroughs of New York City. Ninety percent of these loans were made through the bank guarantee program. Almost every bank in New York City participates in this guarantee program, and it's possible that, should the City default, banks holding large amounts of New York City bonds and notes would have limited liquidity and be unable to continue participation in the SBA program.

2. Since small businesses in New York City have already begun to feel the effects of the reduction in capital outlay by the City for all types of goods and services, we know this effect would be magnified by a default.

3. Should default occur, we expect that more city employees would lose their jobs, and therefore there would be less money in

the economy and less buying power to be spent in small businesses.

* * * * *

5. The SBA New York District Office has a total portfolio of approximately 6,000 loans for $225 million. As of August 31, 1975, 12.4% of those loans were delinquent. Should a City default occur, we would have every reason to expect this rate might increase. To date, Mr. Chairman, none of our borrowers have given the City's shaky economic condition as a reason for slow repayment.

Evidence establishes distinct possibility of national depression if city defaults.

We cannot predict the effects of such a default with mathematical certainty since this situation is unique in our country's history.

But, certain things are known to us now:

First. Our economy is weak; and

Second. A default will definitely worsen it.

The question, therefore, is whether Congress wants to take a chance with this country's economic well-being.

Any Member who votes against helping the city must be labeled as a speculator with this Nation's economy.

Whatever the cause of the present situation, we cannot place punitive and vindictive measures, regardless of how politically attractive they may be to some, above our responsibility to ensure an orderly and healthy economic system.

I include the following:

SPECIAL SURVEY OF NEW YORK CITY OBLIGATIONS

TOTAL U.S. FDIC INSURED BANKS HAVING CURRENT BOOK VALUE HOLDINGS

50 States and District of Columbia	Of New York City obligations as a percent of capital and reserves of— 20 to 50 percent	50 to 70 percent	Over 70 percent	Total
Alabama	17	1	1	19
Alaska				
Arizona				
Arkansas	14	7	2	23
California				
Colorado	3			3
Connecticut	1			1
Delaware				
District of Columbia		1		1
Florida	24	1	5	30
Georgia	1	2		3
Hawaii				
Idaho	1			1
Illinois	23	4	2	29
Indiana	1			1
Iowa				
Kansas	8	1		9
Kentucky	1			1
Louisiana	12	2		14
Maine				
Maryland	1		1	2
Massachusetts	1			1
Michigan		2	1	3
Minnesota	1			1
Mississippi	7		1	8
Missouri	19	5	3	27
Montana				
Nebraska	4			4
Nevada				
New Hampshire	1			1
New Jersey				
New Mexico				
New York	9	3	3	15
North Carolina	1			1
North Dakota	3	3		6
Ohio				
Oklahoma	2			2
Oregon				
Pennsylvania	3			3
Rhode Island				
South Carolina	1			1
South Dakota	3			3
Tennessee	22	1		23
Texas	18	1	1	20
Utah				
Vermont				
Virginia	1	1		2
Washington	2			2
West Virginia	7	1		8
Wisconsin	2			2
Wyoming				
Other areas				
Guam				
Puerto Rico	1			1
Virgin Islands				
Total	215	36	20	271

MORE ON THE FINANCIAL CRISIS OF NEW YORK CITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. BIAGGI) is recognized for 60 minutes.

Mr. BIAGGI. Mr. Speaker, we are getting near the zero hour, and we are all somewhat fatigued after hearing the arguments that have been made. There are some pros and there are some cons; there are also some doubts on this matter in the House, as well as throughout the Nation. But the baffling thing is the attitude toward New York.

At least the way it was 6 months ago in this House, when we spoke about the conditions the city was involved in, it seemed to be a hopeless matter insofar as the response of Members was concerned.

Obviously, however, the work of the New York delegation on a bipartisan basis has produced some response. The other Members are listening. People are listening throughout the country. The banks of the Nation have become involved, and happily so. Their introduction, in my judgment, would probably be the single most important factor in having legislation move along as far as it has up to this point.

Mr. Speaker, they recognize full well the impact of a default of the city of New York. The bond market has been closed. The inability of city and State to borrow money in the ordinary process of business is producing a terrible effect.

With the default of New York City, New York State stands ready to go 3 or 4 months thereafter. The same bond market has been denied the State of New York.

The question is, Why the hostility toward New York City? Is it simply because they are the biggest guy on the block, or is it because of the reputation that it has seemed to earn in providing too many benefits to too many people at a cost they could not afford?

Is it the question of excess welfare payments, even to those undeserving individuals who are the recipients of these welfare payments? Is it the abuse of high salaries, fancy pensions, needless jobs, excess provisionals, administration after administration that seemed to have no fiduciary sense in the process of administering the affairs of the city of New York?

Whichever it may be, there may be some foundation to assume that the net result is that New York is in a crisis stage. New York today, however, is not what New York was 6 months ago. The mechanism that has set fiscal control has been wrested from the city fathers.

Item after item is being red-penciled in the budget. We are programed for a balanced budget. We are even programed for a surplus. What is necessary is the ability to borrow money.

We from New York do not ask for a bailout. We do not ask for the Federal Government to provide one single dollar. We simply ask for a loan guarantee.

Couple that with the existing mechanism of the Emergency Finance and Control Board, and we will have responsible government.

Mr. Speaker, I am confident that if this administration provides the necessary loan guarantee, without onerous taxes, the fiscal situation of the city of New York will be resolved.

There has been talk about the rippling effect. The effect will not be rippling; it will be cascading. We have witnessed it already in illustration after illustration. The interest on the bonds has increased substantially and inordinately. The bond market has closed in areas where they have stable government and balanced budgets.

The effect of a defaulting New York has international application, if not universal.

Let us address ourselves, however, to something that is down to the level of the people, something which most people understand. The fiscal problem, for the most part, escapes the full comprehension of people, some 8 million of them in the city of New York and 200 million throughout the country. They quickly dismiss the problems of our city by a statement such as this one: "Let them go into default. The devil with them. They have had it too good too long."

They say that without giving it much thought. The thoughtful people, however—and many of them are in this House—notwithstanding the reaction of their constituencies, our thoughtful colleagues realize the essential quality of this legislation and how important it is.

Let us talk in terms of New York for just a little bit. We saw something happen very dramatically and something that I never thought I would see in my time.

We saw the dismissal of civil servants, nonprovisionals, civil servants, people who had every right to believe that once they were engaged they could continue in their chosen career path and complete their service if they performed their job well and be eligible for retirement. But they were dismissed for lack of funds. This was done not after 6 months or 1 year but after 5, 6, 10, and 14 years of service—1 day a pink slip, a notice of termination. Well, that does not sound too good. Some say firing people is something you look for in statistics but I always reduce it to the No. 1, the one person who may have a mortgage on his house, a payment to be made on a car, tuition to be paid for his children, commitments that have been made in contemplation of continued work and ultimate retirement and then suddenly the rug is pulled out from under them. This happened to tens of thousands of these civil servants in the city of New York and it should never have occurred but the fact is that it did.

Some of these people are involved in emergency services, sanitation, fire, and police services and when you reduce the sanitation force in the city of New York you really expose the people there to not only dirty streets and dirty buildings, but to health hazards. It is one thing to talk about this from a remote and rather sanitary location such as we are in this evening, but it is another thing to witness it every day. When you talk about this in terms of the greatest city in the world it is a sad commentary.

Then the closing of firehouses. This places the people of the city of New York in an extraordinary peril, and admittedly it is extraordinary. I spoke to the fire commissioner this morning and he was just instructed that he had to cut $8.3 million off the job irrespective of the area. He can cut it by closing firehouses.

This is playing roulette with the lives of the people of New York.

Take our school crossing guards who are so essential for the safety of our children going and coming from school every day, they have been removed. I predict that many children will be injured and possibly killed. Then will come the crocodile tears. Then will come the wails which will come from people in public life and the wails which will come from people all over the country if it touches them or reaches them, that this is wrong and should not have been done and it is a false economy.

But when we cut, as we do, in the citadel of computers and accountants the human element is removed.

Last but not least when you dismiss thousands of police officers and there are more to be dismissed in the future, exposing the senior citizens and the entire community to extraordinary peril absent the protection of the law enforcement officials. These are some of the areas, also education and the like, they all fall into the total picture. These are some of the shortcomings as a consequence of the bad fiscal situation in the State of New York.

What surprises me and happily so is that initially the Vice President of the United States was most vociferous in his opposition to providing any aid then suddenly he reversed himself. Well, we are happy at his reversal and I would suggest that he use his influence on the President of the United States and the administration in supporting some meaningful legislation.

I understand tomorrow the President is going to speak at a luncheon and deliver a major speech in connection with the city of New York.

I sincerely hope the movement he has seen in the House and the movement that seems to manifest itself every day in increasing quantities in the newspapers throughout the Nation, find its way into his thinking and into the thinking of his confidants.

When we talk in terms of the city of New York, we are really talking in terms of saving the Nation, because absent positive action on the part of this Congress and the President of the United States by his signature, I fear the outcome not simply for New York but for all of the people of this Nation.

The SPEAKER pro tempore. The time of the gentleman has expired.

Under a previous order of the House, the gentleman from New York (Mr. RANGEL) is recognized for 60 minutes.

Mr. RANGEL. Mr. Speaker, all of us watching the events unfold in New York City realize that the city's financial crisis is not an isolated phenomenon. New York City, one of the most resourceful cities of this country, is on the brink of financial chaos. Other cities and towns will soon follow as the economic picture of the Nation generally and New York specifically continues to remain uncertain. Decisive action is needed now to put New York back on its feet as a leader of economic and cultural progress.

It distresses me to know that there are those who take pleasure in the financial problems that the city faces. The fact that the "Big Apple" may go under does not seem to bother them in the least. To these people I ask them to think of the consequences of a default by the city.

What will happen to the elderly, the sick, the needy, and the rest of the 7 million people living in the city when there are no more funds to pay for these municipal services? Should we let the city suffer through untold social unrest because it was willing to provide a free university system, a mass transit system to get its people to work and other services which help to improve the quality of life for New Yorkers, and finds now that it can no longer afford to grant these services? I believe that a city which provides these services to its people should be congratulated and not condemned. I believe also that when the Federal Government devises a welfare system which encourages the poor in other parts of the Nation to come to New York because of the latter's higher benefit levels, then the Federal Government has an obligation to provide emergency assistance to that city when it runs into financial difficulty because of such inadequacies in Federal programs.

The President tells the mayor and the Governor that this is a local matter and that therefore the Federal Government cannot step in. He and his administrators, particularly Treasury Secretary William Simon take the position that the city must take the necessary austerity measures that will relieve the economic uncertainty in the city. I would maintain that the city has already made the cuts, many more than I would have liked to have seen which would indicate our intentions to reduce spending, thus decrease the amount of assistance we would require from the Federal Government. Just let me take a couple of minutes to list the major cutbacks that have been made.

The city's payroll has been reduced by some 31,000 people, some through layoffs and others by attrition. This reduction in city employees has been estimated to save the city $310 million. Needless to say, as a result of these cutbacks the people have seen a decrease in such essential services as police and fire protection, sanitation, health and hospitals, to name just a few.

In the area of education, the mayor has been forced to close 7 schools, with the possibility that 13 more may be shut down. Class size has been drastically increased while the numbers of teachers in the classroom have been decreased by 18 percent. Security problems in the schools have increased as a result of the decrease in the number of security personnel. The education of our children would be an impossibility if any further cuts were made in this field.

Virtually all new city construction projects have been halted. Only those projects which the city was legally committed to and which are most essential will be continued. The city has for the most part withdrawn from financial activities related to housing at a time when the city's net housing deficit has been placed at 100,000 units.

Finally the mass transit fare has been increased to 50 cents. Subway service has been reduced during nonrush hours. The fees on the Staten Island Ferry have been increased. To the poor and struggling middle class in New York, these increases will prove to further add stress to their already strained personal budget.

The city has made the hard decisions as these cutbacks would indicate. To go further would greatly impair the health and welfare of the city. All that the city and State officials are asking is that the Federal Government attack New York city's fiscal problems with the same vigor that we come to the aid of countries throughout the world. Moral responsibility must begin at home if it is going to mean anything abroad.

The city has agreed that mismanagement has occurred. It has attempted to correct this problem. For the Federal Government not to step in now would be the latter's way of punishing New York for past sins. I do not believe that the Government should engage in this type of punitive action to prove a point. Instead the Government should grant the emergency assistance that is necessary to restore the city to solvency and then devise specific controls to insure that the city does not overextend itself again.

As the people's representatives, we have a duty to act immediately during this crisis. If the President refuses to act responsibly on this issue, then the Congress must chart the proper course. This is no time for parochial interests to divide us. Time is rapidly running out. Today's default in New York City will most assuredly be felt in the great small towns across this Nation. We can avoid the social and financial chaos that would ensue should a default occur. The issue has been discussed at length and most all agree that some type of Federal action is necessary. I urge my colleagues on the appropriate committees to adopt legislation that would aid New York and the Nation, so that the House and Senate can vote quickly on this matter. To not act in this situation would indeed prove catastrophic.

NEW YORK NEEDS FEDERAL BOND SUPPORT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Badillo) is recognized for 60 minutes.

Mr. BADILLO. Mr. Speaker, I yield to my colleague, the gentleman from New York (Mr. McHugh).

Mr. McHUGH. Mr. Speaker, I appreciate the opportunity which has been provided to discuss in a responsible way the situation which prevails in New York City. Unfortunately, not all discussion to date has been responsible, and I am afraid there will be further debate here and throughout the country which will not do justice to the crisis. Perhaps today's discussion will provide, at least for this House, the first step in developing a climate of good sense and rational consideration which the subject requires.

As you know, Mr. Speaker, I am privileged to represent a district in upstate New York. The people of my area have not participated in the business of New York City, and certainly over the years they have often viewed the city as spendthrift and unwise in the management of its affairs. And, as we now realize, they were correct in their assessment. The city has been overindulgent in many ways. There has indeed been mismanagement.

This fact is taken by many to be the only one of significance. New York, they say, is responsible for its plight and should be made to pay the price. Absolute justice, no doubt fueled in some cases by purely partisan considerations, seems to be their sole goal. To be sure, blame can be assessed. There is plenty to go around. A series of Democratic mayors should have a share; and also a Republican Governor who has since moved on to higher office; and of course there are the unions and the banks.

But, Mr. Speaker, surely we do not sit in this Chamber as a body of prosecutors. Clearly, we are here to represent the public interest, to do what is necessary for America under the present circumstances. Even assuming "guilt" on the part of all 8 million people now residing in the city, which of course is a flawed assumption, our responsibility is not to mete out punishment but to act in the Nation's interest.

Upstate New Yorkers, no less than Americans in other parts of our country, do not relish involvement in the affairs of New York City. But many of us have begun to appreciate, if we had not before done so, that this city is not an alien land; that its problems are our problems; that its financial distress is ours; that we have more in common with our neighbors to the south than the fact that we pay taxes to the same State capital.

In my own 27th District of New York, for example, many important projects are threatened as a direct result of this fiscal crisis. In one county a hospital in mid-construction is in danger because the State's credit has been affected and it cannot meet a prior commitment to share in the cost of construction. In another county two quite solvent villages cannot sell enough bonds to proceed with their sewer projects. And in a third county, plans to construct university buildings have been abandoned.

The idea that our municipalities and our credit will be untouched by this situation is fast being dispelled. I understand that next spring the State of New York will have to borrow $2.5 billion in tax anticipation notes. Between now and then the local governments in our State—other than New York City—will have to sell more than a billion dollars in bonds. It is evident that if investor confidence is not bolstered, most of these offerings will go unsold. The State, we are advised, will follow the city into default.

Surely we cannot pretend that these developments are merely matters of local concern, that they have no significance for the Nation. Already we observe that municipalities in other parts of our country are paying substantially higher interest rates in order to attract investors. And this is prior to any default! The municipal bond market cannot be insulated from the developments now taking place, nor can we anticipate that traumatic repercussions will not be felt if our most important city fails to meet its obligations.

Mr. Speaker, I do not want to contribute to a climate of fear or apprehension. That would be as bad as the flippant remarks of those who call for the city's demise regardless of the consequences. However, those consequences must be considered. If there is a default, the implications are not just financial. What of the psychological impact upon the residents of New York, upon the country as a whole, and indeed upon the world community? The Prime Minister of West Germany recently referred to this as a major consideration.

What also of the further erosion of confidence of our citizens in their governments? Here we have the second most important government in this country unable to meet its commitments. What will that do to the average citizen's belief in his Government's reliability—any government's reliability? I cannot measure these things, Mr. Speaker, but surely they bear some relevance to the issue before us.

What also of the health and safety of 8 million Americans in the event of default? Who will provide for their essential services—for their police and fire protection, for their garbage collection? We are told that without investor support New York City cannot meet its obligations in this fundamental respect. Who will pay? The Federal Government? I cannot believe we could stand idly by in the face of social collapse. We have shown more compassion for other nations, other peoples in distress, and to this day continue to do so.

Mr. Speaker, I do not rise today to offer a well developed legislative response to the crisis which confronts us. Fortunately we have a distinguished subcommittee of this House now considering the question and that is the best forum for a careful consideration of the alternatives. As you know, there are a number of proposals which have promise, including a Federal guarantee of municipal bonds tied to a series of stringent conditions designed to impose upon a recipient fiscal responsibility.

The point I wish to stress is that we are facing not a parochial problem, but one of truly national proportions. I sincerely hope that we in the House, and indeed all Americans, will see it in this light as we proceed with our deliberations.

Mr. BADILLO. I thank the gentleman from New York (Mr. McHugh) for this excellent statement and his helpful contribution.

I want to say we welcome the contribution of every Member of this House.

GENERAL LEAVE

To that end, Mr. Speaker, I ask unanimous consent that all Members may have legislative days in which to address themselves to the subject of this special order, and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York (Mr. Badillo)?

There was no objection.

Mr. BADILLO. Mr. Speaker, I have introduced under the general leave I just secured a statement from my colleague, the gentlewoman from New York (Ms. Abzug) who could not be present today because of a death in the family.

I also introduce at this point an article that appeared in the New York Times this past Monday, dealing with the cuts in the capital budget of New York City. This is introduced in further response to the specifics my colleague, the gentleman from Maryland, had sought about the efforts New York City has made and is making to meet the immediate crisis.

Mr. Speaker, the article is as follows:

City Fiscal Crisis Feeds on Itself

(By Michael Sterne)

In a new illustration of the old business adage that "you have to spend money to make money," New York City is finding that money it hasn't got and can't borrow is imperiling such revenue-producing projects as piers, markets, industrial parks and shopping centers.

These capital projects would create at least 22,000 new jobs for the city's 385,000 unemployed and pour millions of dollars of new income into its empty treasury, but the fiscal crisis is preventing Mayor Beame from raising the $54.7 million needed to further them this year.

Among the endangered projects are a fish market and a deep-water cargo facility for the Hunts Point Food Processing and Distribution Center in the Bronx, the Elmhurst Dairy expansion in Jamaica, Queens, and the Red Hook Containerport in Brooklyn.

Acting on last week's order from the Emergency Financial Control Board to cut already reduced capital spending by a further $392 million, members of the Mayor's fiscal committee now are reviewing all capital programs with the expectation that they will have to eliminate even some of the self-liquidating projects that, in effect, cost nothing.

These are projects that will bring in more than enough in rents to cover their debt-service costs, and substantial new revenues from the enhanced real-estate values they will create, but the city is unable to borrow the "front money" to get them started.

"The cuts are going deeper and deeper and we are really in the crazy kind of situation where we may be losing $100 in revenues because we can't afford to spend $20," said Alfred E. Eisenpreis, the city's Economic Development Administrator.

Moreover, if the projects are long delayed, the strategy for slowing New York's economic decline, which has cost the city more than 500,000 jobs since 1969 and sent its unemployment rate soaring to the 12 per cent level this year, may collapse. The projects are designed to be strongpoints around which new private enterprises and new jobs can be developed.

Already, one of the keystone projects in the strategy has been put into what John E. Zuccotti, chairman of the City Planning Commission, has called "a holding pattern." This is the West Side Convention and Exhibition Center, which was to promote the hotel, restaurant, entertainment, and tourist industries into a new burst of activity resulting in 25,000 new jobs.

Last week, responding to an earlier order from the control board to reduce capital expenditures, the city rescinded $37-million of a $50-million appropriation to get the center started. Its prospects now are doubtful.

The Mayor originally proposed spending $1.8-billion for capital projects. The control board first ordered this sum cut to $1.6-billion. Then, last Monday, it ordered a further cut of $392-million.

Ordinarily, the priorities for capital spending emerge after months of lobbying by neighborhood and special-interest groups and a series of often-acrimonious public hearings. Now this process is going on behind closed doors and is being telescoped into just a few days.

The new cuts put in danger 11 other projects that Mr. Eisenpreis and his aides believe to be essential if the city is to make even limited progress in stopping New York's job erosion. How many of the 11 will have to be dropped is still in doubt, but Mr. Eisenpreis says delaying any of them is "the worst kind of economizing because it would undermine the city's potential to grow."

This view is shared by Mr. Zuccotti, who said he was less concerned with the city's immediate cash flow problem than with where New York will be 10 or 15 years from now. Commenting on what the money cuts are doing to the city's spending—priorities that formerly put regeneration and job creation at the top of the list—Mr. Zuccotti said:

"All the ground rules are changing and we have to reexamine the goals of government intervention in the economic-development area. In this year, many cities, particularly the one-industry manufacturing cities, have become economically irrelevant.

"This has not happened to New York, or Chicago, or San Francisco. But as we work our way out of this crisis, I, as the City Planning Commissioner, have to think beyond today's problems to ask: Whither goest thou, New York City?"

For that reason, he said, he would urge the Mayor's fiscal committee to retain the Red Hook containerport and other job-generating projects, even if that meant sacrificing schools and fire stations.

Mr. Zuccotti said he had not yet been able to develop new proposals that would allow the city to continue building its economy in a time of capital stringency, but he is urgently trying to create such proposals. Mr. Eisenpreis is engaged in a similar effort.

Sidney J. Frigand, the Mayor's press secretary, said that Mr. Beame had not changed his view that projects that create jobs were the most important ones to be furthered by the city. "As a matter of principle, his stand hasn't changed," Mr. Frigand said, "but the cuts are getting to the point where considerations of health and safety may have to take precedence."

Among the "health and safety" projects he cited were the third water tunnel now under construction to assure the city's water supply and several schools that were more than 70 per cent completed and that would permit the closing of nonfireproof schools.

Mr. Frigand said the fiscal committee, which includes four Deputy Mayors as well as Mr. Beame and Mr. Zuccotti, hopes to complete the job of trimming the capital budget by next weekend.

HOPES ARE INVOLVED

The task is more than a matter of deciding who should get what. For many projects already in construction, the city has signed binding contracts and canceling them would involve heavy penalties. Moreover, for some of the economic-development projects, delay may mean a loss of interest by the private companies that would use the facilities and the transfer of those companies' jobs outside the city.

Also at stake are the hopes of thousands of residents of such depressed areas as the South Bronx to escape poverty. There, in the near-derelict Harlem River yards of the Penn Central Railroad, an Italian developer named Renzo Zingone has proposed creating two million square feet of new factory space in which a minimum of 2,000 people could be employed.

The city's role in this plan would be to condemn the land, acquire it from the railroad, and put in streets, sewers and other public facilities. The cost would be $14-million to $18-million, with $10-million needed this fiscal year to buy the land. All of this investment would be recovered through rent charged on the land and the new facilities.

If the city can proceed with its part of the deal, Mr. Zingone has said he would be prepared to build the factories and to bring in industrial tenants from Europe who would employ city residents.

Mr. Eisenpreis, who has been advancing this project in 10 months of negotiations with Mr. Zingone, points out that the benefits would go far beyond the people employed directly in the factories.

"First," he said, "the city would get tax revenues from the factory tenants and from their workers. Then, for every worker employed there, two or three other jobs would be created elsewhere in the city. And these jobs, too, would create tax revenues for the city. The effects of such a project would be enormous."

On a smaller scale is a project in Jamaica, Queens, that would permit expansion of the Elmhurst Dairy, the city's largest, owned by Honeywell Farms, Inc. Honeywell is planning a $10-million investment that would add 200 workers to its dairy operations and 200 others in a new fresh-fruitjuice operation.

The city's part of this plan would be to condemn and buy a dozen small plots of land, close two streets and assist in the relocation of 11 small businesses employing a total of 49 workers that now occupy part of the needed land. The cost of the land acquisition would be $800,000.

Arthur L. Borut, director of research and policy coordination for the Economic Development Administration, said the land rent the city would charge Honeywell would cover the city's expense of borrowing and repaying the $800,000 completely.

"And, in addition," he said "we would get the benefits of all the economic activity and tax revenue to be produced by those 400 new jobs."

A similar point was made by George Ira Schulman, economist of the Department of Ports and Terminals, an agency of the Economic Development Administration. Mr. Schulman has prepared projections showing the "profitability" of the waterfront projects endangered by the capital-fund cutbacks.

In the case of the Columbia Sugar Refinery, the Columbia Sugar Company is planning the first new refinery to be built on the East Coast in 30 years, with piers, container facilities and belt conveyors on a Staten Island site. The city's investment would be $3.2-million, all of it to be repaid, with the interest costs, over a 30-year lease.

MAJOR PROJECTS ENDANGERED BY CAPITAL FUNDS CUTBACKS

Project	Total cost	Spent so far	Needed this year	Jobs created so far	Remaining job potential
Howland Hook Containership Terminal, Staten Island	$74,233,000	$59,000,000	$13,200,000	1,000	9,750
Hunts Point Food Processing and Distribution Center, Bronx	120,000,000	93,000,000	12,400,000	2,500	5,495
Northeast Marine Terminal, Brooklyn	76,000,000	29,500,000	6,300,000	1,000	850
Red Hook Containerport, Brooklyn	57,000,000	25,000,000	3,000,000		1,350
Columbia Sugar Refinery, Staten Island	3,200,000	170,000	550,000		312
Brooklyn Cooperative Meat Market	24,150,000	23,000,000	1,000,000		(*700)
Elmhurst Dairy expansion, Jamaica, Queens	800,000	0	800,000		400
Fordham Plaza, Shopping and Office Center, Bronx	4,500,000	0	3,000,000		1,000
Spring Creek, Industrial Park, 1st phase, Brooklyn	1,000,000	0	1,000,000		1,000
Zinzone Industrial Park, Bronx	18,000,000	0	10,000,000		2,000
Zarega Avenue Industrial Park, Bronx	5,500,000	2,000,000	3,500,000		500
Total	384,433,000	231,670,000	54,750,000	4,500	22,657

*Jobs to be kept in city by transfer from Fort Greene market.

Mr. Speaker, I want to say that we have discussed at great length the problems of the city, specifically how the city got into the situation it is in now; also the differences between the conditions that exist in New York City and the conditions that exist in other cities throughout the Nation and further the steps that the city has specifically taken to try to meet the crisis at the present time.

We have also discussed a bill that is called a Federal guarantee bill. I hope that nobody who is listening to us or who is reading what we have been saying in this special order comes to the conclusion that if such a bill is passed the problems of New York City will have been solved. When we speak of a Federal guarantee bill we are not talking about legislation that will solve the problems of New York City at all, but we are talking about legislation that will prevent default. That is the only effect that a Federal guarantee bill will have.

A Federal guarantee bill, if approved, will not bring one additional penny to New York City to relieve New York City of the burden of the expenses that we have been discussing, expenses such as welfare, expenses such as the cost of higher education, expenses such as the cost of municipal hospitals, or the expenses of the cost of the courts which are paid for by New York City instead of by the State. None of these expenses will be in any way paid by any Federal guarantee bill and a Federal guarantee bill is not going to help to solve the budget crisis of the city.

We need the bill only so that we can prevent a default with the repercussions that will take place, not only in New York City, but throughout the country, repercussions which have been discussed again at great length here today; but if we should get the Federal guarantee bill, I hope that everyone will understand that then we will have to begin the serious steps to help the city of New York. Then we will have to introduce legislation to see to it that the disparity that exist at the present time between the amounts of money that New York City contributes to welfare and the amounts of money and other cities contribute to welfare, is resolved.

I hope that the Members understand that we will be introducing legislation designed to solve the urban crisis, not only in New York City, but in all the other cities throughout the Nation.

The immediate difficulty is the marketability of bonds. That can be cured by providing a guarantee of municipal bonds.

The fundamental difficulty is the failure to recognize that our urban centers have become the repository for the poor people of this country and that we have to make a special effort to see to it that we begin to deal with those problems, not only in New York City, but throughout the entire country. That is the long-range goal that we have to address ourselves to.

I hope that when we solve the immediate problem that we can begin thereafter to undertake the serious problems that remain in order to meet our long-range goals.

Mr. GRASSLEY. Mr. Speaker, will the gentleman yield?

Mr. BADILLO. I yield to the gentleman from Iowa.

Mr. GRASSLEY. Mr. Speaker, I thank the gentleman for yielding.

The gentleman is suggesting that the loan guarantee approach will be followed by subsequent legislation to solve the long-term problems of New York and other cities.

Mr. BADILLO. And other cities.

Mr. GRASSLEY. I presume that the solution will be found here in Washington, D.C., by a change in some Federal programs and by the implementation of new programs. I hope that while we are trying to solve the long-range problems of the cities of this country, that we do it on a pay-as-you-go basis, so that the country as a whole, the Federal Government, does not find itself in the same condition that New York City is finding itself in because year after year after year it spends more than it takes in.

Does the gentleman come to that approach in working out the long-term solutions of the problems of the cities in America, or does the gentleman intend to do it by deficit spending and borrowing, as has been the situation in the last 10 years in New York City?

Mr. BADILLO. No. I would say they would do it by providing the kind of programs that would enable us to improve the economy by providing the kind of addition to our tax laws that would enable them to have the additional income they need in this country so that we could provide the additional expenses.

The reason it is important that we approve the bond guarantee bill is because the problems of how we solve the urban crisis and how we do it in a financially sound manner are very complicated. It is going to take a long time to discuss them and debate them properly. If we are going to discuss and debate them properly we need to do it not in an atmosphere of crisis, but in an atmosphere that will permit that kind of debate. That is why we need to have the bond guarantee bill, so that we can begin to discuss how to have a financial program for the country, as well as for New York City.

Mr. GRASSLEY. Mr. Speaker, will the gentleman yield again?

Mr. BADILLO. I yield.

Mr. GRASSLEY. I would say there is some good comes from not only the debate that is going to come in the Congress in the future in this colloquy this evening in the New York situation generally, if we can get instilled in people's minds in this country that we do not, in fact, owe this debt to ourselves, as we have been told for the last 40 years; that, in fact, there is a day of reckoning and if there is a day of reckoning that, in fact, bad results come therefrom, as in the instance of New York City.

What is at stake here is changing the psychology, particularly the economic psychology, in this country; that it is no longer right to go into debt year after year and live well, if the gentleman will let me say it this way, at the expense of future generations.

That is the solution to all of this country's problems because the fact is, as proven in New York, there is a day of reckoning. There is a day when we have to meet these obligations, and the results are catastrophic if we do not. Those same catastrophic results will come to this country. If we can learn from this lesson, we have accomplished much by this debate.

Mr. BADILLO. Of course, New York City has been paying taxes all along, but I do agree with the gentleman that there are some people who have been living very well and there are some corporations that have been living very well and not making any contributions in the form of taxes to this country. We should take some action to see to it that they make a proper contribution. If they do, then we could reduce the deficit and at the same time take measures to assure that we could begin to improve the conditions that now exist. I think what is required is additional sacrifices and additional taxes, not just from New York City, but from the other segments of society as well.

Mr. GRASSLEY. I thank the gentleman.

Mr. KOCH. Mr. Speaker, will the gentleman yield?

Mr. BADILLO. I yield to my colleague from New York.

Mr. KOCH. Mr. Speaker, as we end this debate, on behalf of the New York delegation I want to thank the gentleman from Iowa (Mr. GRASSLEY) for his consideration in participating in this evening's discussion on New York's problem. Also, I want to thank the members of the staff and the Speaker pro tempore who is sitting with us tonight, the gentleman from California (Mr. MILLER).

It was not our intention to do anything other than to express in the best possible way in which we could the problems that are facing the city of New York, the State of New York, and the country as a whole. I want to thank those who participated in this debate.

Mr. BADILLO. I thank the gentleman.

Ms. ABZUG. Mr. Speaker, the continuing difficulties in obtaining agreement in Congress on an appropriate form of Federal assistance, and President Ford's apparently unswerving opposition to any aid for New York City, have brought our city closer than ever to default. The consequences of these months of uncertainty have already been profound:

First. Some have estimated that municipalities and States are already paying a total of $3 billion a year in additional interest charges as rates have risen up by a full 1 percent due to the crisis. In New York State, school bond issues are requiring an 11 percent interest rate; similar, though less extreme rates are reported all over the Nation.

Second. Chancellor Helmut Schmidt of West Germany and many other Europeans are convinced that officials of the Federal Government have underestimated the international repercussions of a New York City default. A taste of the future was provided on October 17, when the world's money markets stood still and held their breaths as a last-minute rescue effort was put together. If New York City, reguarded in other nations as our first city, defaults, the ultimate victim of the newest and greatest crisis in investor confidence will be the United States.

Third. Federal Reserve Chairman Arthur Burns has warned that default could affect the Nation's recovery. Prof. Otto Eckstein, former member of the President's Council on Economic Advisors, testified last week that the total cost of a default to the Nation would be $29 billion, including a $14 billion decline in the GNP, and an increase of 270,000 in the number of jobless.

By default, these people all implicitly mean allowing the situation to work itself out according to its inner logic, providing no direct assistance to the city. The only Federal action would be extensions of credit by the Federal Reserve to banks. Their assumption is that New York City would follow the scenario of Grand Rapids and Detroit in the 1930's: A virtual shutdown of the city, renegotiation of every city labor contract, fewer and more expensive municipal services, and painful sacrifices for years to repay every cent of deferred interest and principal to bondholders. If this is the necessary result of default, then no one would recommend such a scenario. Virtually any other solution would be preferable, even one which brings the banks and other institutional investors yet another windfall.

What would not be preferable is a solution which, pretending to be helpful, imposes additional burdens on the city and precludes its eventual recovery. The unknown consequences of default might represent a better risk than heeding Treasury Secretary Simon's vindictive demand that New York—and its people—be made to suffer.

In gauging the alternatives, we should weigh the effects of any plans both now and years into the future, on New York City and on the entire Nation. We are not involved in a simple technical process. This is a situation directly affecting millions of people in the New York metropolitan region, and ultimately touching every citizen of this Nation. Already, due to uncertainty over the resolution of this crisis, most areas of the Nation are facing higher interest rates. Additional costs to many communities for long-term bond issues for utilities and municipal bonds will be billions of dollars yearly lasting for many years. As a result solely of the transit fare increase in New York City which has resulted directly from this crisis, the national Consumer Price Index has risen one-tenth percent. As a result, the Federal Government will now have at least $60 million in additional social expenditures next year for program benefits adjusted to this index.

We are at a crucial moment for New York and dozens of other urban areas in this Nation. The city's problems are only quantitatively more serious than those of many other central cities. The same conflicts are just over the horizon elsewhere.

New York City's budget crisis is a direct outgrowth of the economic policies of the Nixon and Ford administrations, which reversed a developing commitment to the renewal of our Nation's cities. Unexpectedly lower receipts from income, business, and real estate taxes, and higher social service expenditures resulting from increased unemployment, are all products of the national inflation/recession. Moreover, in the 1960's, the Federal Government initiated numerous projects to provide job training, health and social services for the immigrant and native minority populations of the city. But the last two national administrations have phased out many antipoverty programs, using as justification the "benign neglect" principle. As the Federal Government has gradually discontinued its part in joint programs, localities committed to saving some of these programs have been left with huge costs for health, education, welfare, legal, and correctional services.

Increasing proportions of Federal assistance came to be based on antiquated aid formulas dating back many years. One of these, the per capita formula for Federal aid to families with dependent children and medicaid, represents one of the most important drains of revenue to New York City. I have introduced long-needed legislation to correct this clearly inequitable formula. H.R. 9652 and 9653, with 50 cosponsors thus far in the House, and S. 2476, the Uniform Federal Welfare and Medical Reimbursement Act of 1975, would provide New York State with $1.2 billion in additional funds. If this measure is passed and the State agrees to pass along its share of Federal reimbursement destined for New York City welfare costs, the city will receive an additional $750 million a year. I believe that perhaps the simplest and most equitable mechanism to save New York City is to relieve us of costs that are derived from national factors, and to help us balance our budget within the 3-year period that has been planned.

Washington, D.C. receives several hundred millon dollars annually in Federal funds for services provided to, but not paid for, by tax-exempt Federal property. New York City, one of the largest locations for Federal activities and the home of the United Nations, receives no such payments. My bill providing repayment to New York and other cities for the cost of "extraordinary" protection for foreign diplomatic missions has now passed both the House and the Senate. This is one symbolic example of the expenses which overload the budget of our city, and which—until now—have not been reimbursed by the Federal Government.

These factors have combined with the city's principal long-term difficulties—on inequitable city/suburban economic structure, the need to create additional sources of employment, excessive borrowing, the shrinking tax base, and the costs of providing decent salaries for its employees—to set up the conditions for a crisis.

But New York City is by no means unique; elements of the problems that have brought it to a crisis can be found in cities throughout the Nation:

The unequal relationship between central city and suburb, initiated and encouraged since World War II by Federal highway and housing subsidies, is a near-universal phenomenon. Even those central cities with continued employment growth have found that commuters are the principal beneficiaries. In a city-suburb "hardship index" prepared by the Brookings Institution, nine cities, mostly in the Northeast and North Central regions, were significantly worse off than New York City. Of course, the city, as the focal point of a tristate region, and lacking an independent county government to finance such costs as welfare, education, and correction, has the most difficulty in obtaining equitable regional divisions of resources.

The Advisory Commission on Intergovernmental Relations, studying 1971 data, found several other cities with two or three of the five significant symptoms of vulnerability to financial crisis seen in New York City.

New York is not in as serious trouble as several other cities in total job losses. Particularly in manufacturing, the problem is more severe in many other urban areas. This provides a clear indication of a larger problem: National policies are in fact encouraging certain industries to leave the country entirely. The urban centers of earliest development—such as New York—have felt the greatest strain as a result.

It comes as no surprise to me that the Congressional Budget Office study of per capita costs of major cities for common services and of city employees per 10,000 population shows that New York's spending is "not out of line"; indeed, it is lower than some other cities. And the CBO found salaries paid by New York City to public employees to be "generous but not the most generous of large cities," even before the cost of living was taken into account. The overall conclusion must be that no local government can any longer get away cheaply. They need capable, well-trained employees, and must be competitive with private industry. We cannot expect to cut services without suffering the consequences in increased crime and chaos. In sum, as far as costs are concerned, New York City is only the biggest—not the most expensive.

New York City is not even unique in its financial structure and problems. Total municipal borrowing in the Nation has doubled in the past 5 years, with the greatest growth coming in the high interest short-term issues upon which New York City has been so dependent. Painful cutbacks in employment and public services are in progress throughout the Nation. These cutbacks necessarily have a negative impact upon the tax base and employment possibilities. The Moorhead report, prepared earlier this year by the staff of the Joint Economic Committee, reveals a pattern of developing budget deficits and estimated elimination of a total of 140,000 State and local government positions. These cutbacks have been concentrated in the 20 States with the highest unemployment which lack energy production or high farm income. Not surprisingly, these States often contain the old and troubled central cities. The study concludes that, while a small part of the $8 billion in resulting cuts and new taxes may be seen as "much needed improvement in government efficiency, the magnitude of the adjustments and their concentration in the high unemployment jurisdictions indicates that considerable hardship will be imposed upon the affected jurisdictions."

New York City must retain the capability of developing new jobs. The 31,000 layoffs already imposed by the city government are only the most visible sign of the sacrifices made by New York: The impending demands for the elimination of free higher education, municipal hospitals, and rent control all lead to one question: will the resolution of this conflict cripple the city or will it leave it capable of taking the lead, as it has so many times in the past, in providing full employment for Americans.

Employment is the best criterion with which to judge the effect of the alternatives available to save New York City. Growing job rolls carry everything else along—higher tax revenues, expanding services, greater attraction to prospective businesses. The loss of 500,000 jobs in the past 6 years has cost the city at least $1.5

billion per year in taxes. Leaving aside the possibility of default, the New York State Labor Department anticipates a further loss of 313,000 jobs in the city by 1980. Howard Samuels, a member of the Governor's Economic Development Board, presents an even bleaker picture: A loss of at least 144,000 jobs in the next 18 months, and resulting official unemployment of 16 percent. It is not clear to what extent Professor Eckstein's estimates of 270,000 additional unemployed nationally as a result of default overlap with these estimates. Yet the cuts announced in the city's capital budget make clear that, for lack of comparatively small sums now, New York City is already losing new industries. Any rescue of the city which does not include measures that at least stabilize, and eventually begin turning around these trends is unacceptable.

Mayor Beame has told leaders of the building trades that the $400 million in halted construction projects will increase unemployment by an additional 8,000 in the construction industry, already experiencing a 30 percent rate due to 27,000 jobs lost in the past 2 years. The public works bill which I helped to write, and the countercyclical measure with which it was combined in the Senate can provide some relief, amounting to over 20,000 jobs in the entire State and 250,000 jobs nationally. The resolution of this legislation in conference, including elimination of other amendments relating to water pollution projects which would nullify the benefits of the measure in New York State, is an urgent priority.

Federal guarantees appear to be an acceptable alternative to the consequences of default. The issue is not whether it is "right" for the Federal Government to assist New York. New York Times columnist Tom Wicker has pointed out that many other critical programs and undertakings have been assisted by Washington. A total of $161.7 billion in all types of guarantees are included in the 1976 budget. I am in favor of considering each request for a guarantee on its own terms and approving those that are needed. I therefore recently voted for the $60 million loan guarantee program for the development of an electric car. The House and Senate are now considering loan guarantees for energy development. The Senate energy research and development bill proposes $6 billion in guarantees for synthetic and renewable fuel research. If it is needed, then it should be enacted.

Many Senators have recently remarked on the incongruity of a "yes" on aid to Zaire at the same time that New York is turned down. And we should think back to the $175 billion poured into Vietnam with no "budgetary control."

Federal nonpunitive guarantees, such as that guaranteed previously to the Lockheed Corp., would enable New York to gain funding through next spring. This is an essential measure to save the city. It is expected that Federal guarantees would restore investor confidence to allow both New York State and New York City to sell their bonds, without the Federal Government having to spend any money whatsoever.

Yet we must go further. Unless Congress is prepared to approve massive cuts in our military budget, institute basic tax reforms, and perhaps phase out some of the many subsidies to private enterprise, we cannot face with equanimity the prospect of other cities approaching the same position as New York City. Our Nation has ignored the plight of the central cities; without new efforts, the vitality and success of our oldest, most historic, and still most important cities will continue to be drained away.

In New York City, some are recommending still greater cuts in an effort to convince the White House that we are children who have learned our lessons and will accept whatever punishment is suggested. There are calls for further sacrifices, even though so many have already been made:

Schools are overcrowded; libraries are shutting down; hospitals are closing; health and welfare programs are being terminated; senior citizen programs eliminated; police, fire, and sanitation services dangerously depleted; 31,000 positions are now vacant, and a wage deferral will mean $700 million in lost salaries, primarily to the city's lower paid workers.

At the same time, the major contribution of the banks has been to transfer several of their highest paid executives from corporate headquarters to form a de facto government for the city. The banks' magnanimous concession of 6 percent interest rates on some of the notes they have rolled over means only that they are not making extraordinary profits on the new bonds. But they are not losing money either. In exchange for their cooperation, they are replacing many of their low-rated New York City bonds, which they have helped to undermine, with high interest bearing and more secure State bonds, backed by direct collections of the sales and stock transfer taxes.

They have obtained a powerful voice in running the city and are contributing to the creation of an environment they hope will facilitate the continued stable growth of their worldwide operations. Even as they recover at their leisure from misinvestments and speculations in bankrupt companies and real estate investment trusts—REIT's—they are benefiting by abruptly calling the city to immediate account.

After a period of indecision, the major New York banks too have begun to press for Federal guarantees. For, unspoken amid the general unwillingness to consider bankruptcy as a political, not an irrevocably fixed technical process, they may suspect that they would be the greatest losers.

The banks have begun to admit their fiduciary responsibility does not preclude a certain flexibility on their formerly inviolable rates of return. This switch should not come as a complete surprise: as in the REIT's, such renegotiations are standard procedure in the corporate world.

The basis of the banks' contribution to solving the city's crisis must be to broaden the concept of fiduciary responsibility. Time and again we have seen that the decisions of financial institutions do not coincide with the needs of the public. There is something wrong when investments in housing, mass transit and educational facilities are considered fiduciary irresponsibility.

The banks, in return for their exchange of risky notes for secure bonds, obtained layoffs, a wage freeze, and de facto control of the city's budgeting process. Now, in exchange for minor decreases in interest rates and some stretchouts of loan payments, they too are asking for further sacrifices by New Yorkers.

To save New York, we must have equal sacrifice by all parties in the crisis. The people of New York have certainly sacrificed. Yet, the major New York banks have just released their quarterly reports, and they are in much better shape than is the city.

Federal loan guarantee measures under consideration by the House and Senate Banking Committees ensure that the major institutional investors take on a responsibility and risk, as all other New Yorkers are doing. Moreover, these proposals provide an important mechanism to distinguish between major institutional investors and those individuals who have invested portions of their savings in New York City obligations.

Clearly, individuals who have bought municipal bonds as a responsible and socially useful way of assisting their city and providing a secure future for themselves should not have to assume the same responsibilities as the institutions that have encouraged, condoned and benefited from years of high-profit financing operations for the city.

A voluntary agreement for a lowering of interest payments, a Federal guarantee which will facilitate the reduction of interest rates and an extension of the period for repayment, will give New York City the ability to develop projects providing new sources of income and jobs.

These projects require seed money. Industrial developments now in various stages of completion require funds for land acquisition, extension of sewage, and streets. In many cases, funds could be recovered through real estate taxes within 2 years. But the present cuts in the New York City construction budget no longer permit such wise investments. On one group of projects, $31 million already spent will go to waste, unless $150 million more—$54 million this year—is provided. New York City will loss 22,000 jobs. This will be truly penny wise and pound foolish. Proposals which call for additional sacrifices by the city only serve to perpetuate the problem and prevent a future reversal.

For example, the free tuition City University system and rent control are among the most important guarantees of any future prosperity for the city. The university "problem" has for too long been looked at through the wrong end of the telescope. The City University saves New York State tens of millions of dollars a year, by relieving the State of two-thirds of the per student burden for support—the State pays $3,020 per capita for State University students and only $1,310 for City University students. Meanwhile, city residents support both systems through their taxes. To absorb the City University into the State University, or to impose tuition, would inevitably mean that tens of thousands of New Yorkers, many second generation Americans whose parents have remained in the city primarily because of the City University would be unable to obtain a higher education.

Rent control, in a city with a continuing shortage of housing and the highest living costs in the nation, is the one factor that makes it possible for hundreds of thousands of largely middle-class New Yorkers to survive in New York. If they leave, the future of New York City goes with them. It is as simple as that.

To raise further the cost of every day existence for the city's work force, or to increase the level of taxes in the nation's highest taxed State, is to demand further sacrifices while precluding any possiblity of economic recovery for the city.

What is happening in New York is setting an ominous precedent. While President Ford condemns New York City as profligate, a Federal budget with a $90 billion debt provides ever more profitable and wasteful guarantees for military production. The President's pious lectures are part of a national test of wills. He is gambling that he can stay in the White House while refusing assistance to the Nation's cities, and keeping unemployment high through 1980. His actions toward New York City is a key test of that strategy. The Nation is watching to see if New Yorkers will accept Mr. Ford's new prescribed "life-style."

Perhaps we can use this moment to summon up popular support to make the changes in our cities that have been overdue for decades. The Federal Government, in the interests of the whole Nation, must assume responsibility for what happens to New York. Saving New York means saving the people of New York but it also will help all citizens of this country. It is their needs and interests that must be given major consideration.

CONGRESS IS OUT OF TOUCH WITH PUBLIC OPINION ON HOW TO DIRECT TAX REFORM SO AS TO END BOTH RECESSION AND INFLATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 60 minutes.

Mr. KEMP. Mr. Speaker, I am of the mind that the Congress is out of touch—out of step—with the people on how to address the central issues of ending both recession and inflation.

This is very unfortunate, because it weakens our ability to restore public confidence in our future and because the people will remember—as recession and inflation persist—that their elected leaders did either nothing or too little to resolve those issues.

The people have the right feel for what it takes to get this country on its feet again—jobs and increased productivity.

They want jobs. And, they know from past promises of politicians and from their own experiences with public service, make-work jobs that the only way they will get real jobs back is through the private sector.

They want an end to inflation. And, they know from recent experience that inflation is not an act of God, that it is an inescapable consequence of Government spending more than it takes in year after year, thereby inflating the money supply.

They want an end to confiscatory rates of taxation. And, they know that taxes will go higher and higher if government at all levels persists in trying to say "yes" to every demand of every special interest group. They want a higher standard of living. And, they know that is impossible when businesses cannot expand because of the government-created shortages of investment capital and savings.

They want, in short, the Government to get off their backs and out of their pockets. And, they have very little confidence that what the majority in the Congress is doing will contribute to that—reducing the role of Government in their lives and reducing how much Government takes from their pay checks.

In few ways could this be more accurately demonstrated than in the marked contrast between what Congress is doing in the area of tax reform and what is really needed. The widely respected St. Louis Globe Democrat made this point several days ago when it editorialized:

> There is an urgent need for two kinds of tax reforms—those that will bring more equity to the U.S. tax system and those that will give the capital-starved American industry the funds it must have in the coming decade.
>
> So it is greatly disappointing that the .... minds on the House Ways and Means Committee .... approved two changes that would make the tax system more inequitable.
>
> Reminiscent of the way members of Congress recently insulated themselves from the effects of inflation by voting themselves a hefty cost of living increase, was the Ullman's committee's rush to approve a big tax deduction for federal and state legislators.
>
> By a voice vote, the committee agreed on the 'reform' that would more than double an existing $3,000 a year tax deduction for members of Congress.
>
> While proposing this change to further benefit themselves, what did the Ullman committee do for ordinary taxpayers?
>
> First, they voted to eliminate any U.S. taxation of most dividends and interest that [foreigners] earn from investments in this country.
>
> But for American taxpayers who pay taxes on dividends that already have been taxed before companies distribute them, the committee did nothing. The double taxation apparently is going to continue.
>
> The committee reportedly will give only a day or two to the crucially important reforms that could help channel new capital into industry. Studies show that present tax laws are largely responsible for the fact that American industry will have a capital shortfall of $650 billion in the next 10 years.
>
> To remedy the situation, the committee should approve reforms that: End double taxation on dividends, create permanent investment tax credits for business, increase depreciation schedules to take into account inflation, revise the antiquated capital gains tax laws that restrict investment and freeze capital and lower the corporate income tax rate.

The editorial refers, in that closing paragraph, to the Jobs Creation Act, H.R. 10015, a measure which now has 90 House cosponsors and a Senate companion measure, S. 2465, by Senator McCLURE of Idaho.

ECONOMETRIC STUDY SHOWS THE JOBS CREATION ACT IS THE ALTERNATIVE TO RECESSION AND INFLATION

The Jobs Creation Act is an immediate and effective means to end both the recession and inflation—and it can be done without reliance on inflation-fueling revenue losses and deficit spending.

The most important result of the study is its showing of the capacity of the act to resolve the dual problems of inflation and unemployment simultaneously—avoiding the danger of fueling inflation while fighting unemployment or causing unemployment while fighting inflation.

And these two factors—first, the act's ability to resolve economic problems and, second, doing that without generating additional economic problems—are crucial in understanding why public support is growing so rapidly in support of this and similar measures.

This new, major, substantive economic analysis of the Jobs Creation Act reinforces the position its cosponsors took upon its introduction—that it will bolster employment, gross national product and capital outlays—without losses in revenue to the Treasury.

What does the new study—prepared by Norman B. Ture, Inc., of Washington, D.C.—show?

In the first year alone of its enactment, its provisions would cause a $151.4 billion jump in the gross national product; would create 7.18 million new, private sector jobs; would cause $74.6 billion in capital outlays over what would have otherwise been anticipated; and, would generate $5.2 billion in additional revenue to the Treasury.

In the second year of its enactment, it would cause additional increases of $49.1 billion in GNP, 1.84 million in jobs, $3.3 billion in capital outlays, and $9.4 billion in revenue.

In the third year, it would cause additional increases of $48.4 billion in GNP, 1.89 million jobs, $3.2 billion in capital outlays, and $10.6 billion in revenue.

Thus, in the 3 years of its enactment, it would bolster GNP by a total of $248.9 billion, employment by 10.91 million, capital outlays by $81.1 billion, and Treasury revenue by $25.2 billion—over and above what would otherwise occur.

And, of course, there would be substantially decreased demand for Federal expenditures—unemployment benefits, welfare, subsidies to ailing businesses—as the economy grew again. That reduction in expenditures would further reduce the inflation-fueling deficit financing of the Federal—and State and local—governments.

These figures are striking, indeed, they may even be startling, but this is because in the past 50 years this country has not relied on the approach embodied in the

Jobs Creation Act—of fostering progress and economic growth through production.

It is rare that the Congress has an opportunity to pass legislation that benefits all of our constituents, rather than subsidizing one group at the expense of others. There is nothing in this act to which any interest group can object—other than the bureaucracy which will have a reduced role in our lives and in our economy if it is enacted.

Of the three major alternatives before the Nation—the President's revenue and expenditure reduction program, the tentative tax cut decisions of the Committee on Ways and Means, and the Jobs Creation Act—only the Jobs Creation Act will provide lasting jobs firmly grounded in the higher productivity of more and better capital investment. Of the alternative only the Jobs Creation Act increases savings and avoids deficits.

The Jobs Creation Act will increase the savings available for investment by—

Providing tax credits for increases in qualified savings in commercial or mutual savings banks, savings and loans, building and loans or similar associations, credit unions, and life insurance or mutual companies and in qualified bonds and common and preferred stock in domestic corporations—section 3;

Enlarging the dollar amount for individual retirement accounts, savings and bonds—section 4;

Excluding from gross income the dividends received from domestic corporations—section 5;

Excluding the first $1,000 of capital gains—section 6;

Reducing the corporate normal tax from 22 to 20 percent on a permanent basis—section 9;

Reducing the corporate surtax from 26 to 22 percent on a permanent basis—section 10;

Increasing the corporate surtax exemption to $100,000 on a permanent basis—section 11;

Increasing the investment tax credit to 15 percent and making it permanent at that level—section 12;

Increasing the ADR range from 20 to 40—section 13;

Providing for a new alternative system of capital recovery allowances—section 14;

Providing for a 1-year writeoff of mandated pollution control facilities—section 15; and

Preserving family businesses and farms—sections 7 and 8. This is why support for the measure is so broadly based.

SUPPORT FOR CAPITAL FORMATION INCENTIVES GROWS

Support for capital formation incentives continues to grow across the country.

That support has been particularly evident in newspaper editorials in recent weeks.

The Seattle Times editorialized:

> . . . The House Ways and Means Committee has made a disappointing decision in settling a committee bill-markup schedule that virtually rules out action this year on tax incentives for business-capital formation.
>
> Ullman says "it's just not being realistic" for the committee to tackle capital-formation issues in tax legislation now under consideration.
>
> But neither is it being "realistic" for the key tax-law committee on Capitol Hill to continue to ignore the urgent need for private capital to build up the nation's productive capacity and create new jobs.
>
> The prospect of a major capital shortage in the United States economy has become a matter of widespread business and government (executive branch) concern.
>
> Without adequate capital, the pressing energy and environmental demands of the next decade will not be met, and the nation might as well resign itself to high unemployment for the indefinite future.
>
> Since the whole subject of tax incentives lends itself so easily to presidential-campaign demogoguery, the prospects for congressional action next year are dim.
>
> Ullman is, in effect, putting off today what cannot likely be done tomorrow.
>
> The Ways and Means chairman has in the recent past been identified with those congressmen who are more interested in building private-industry payrolls than in creating make-work government jobs.
>
> But his go-slow approach on capital-formation tax incentives is not consistent with that posture.

Mr. Speaker, the Providence (R.I.) Journal argued:

> The impending capital gap that threatens the existence of the capitalist system as it has flourished in the United States is a devilishly complex one to explain, much less to understand.
>
> The question is whether the American people, and those whom they put in public office to represent them, are willing to resist the temptation to see this warning as just another effort to "rip off" the public, and to understand the real implications of a massive capital shortage in the next decade. Beyond that is the question whether the public is willing to commit a bigger portion of the total national income to savings, which in turn can be invested in the capital goods needed to increase productivity.
>
> The way to achieve this increase in savings, at the cost of continuing growth in consumption, is via reforms that will ease the corporate income tax burden, and by a balanced federal budget. Neither of these is politically popular. A lightened tax load on business means a proportionally heavier tax burden on individuals. And a balanced federal budget means that federal social spending programs cannot be allowed to expand at the rate they have expanded for the last decade or more.
>
> The consequences of allowing the threatened capital gap to mushroom into a genuine crisis may be the best way of convincing the public of what needs to be done. As Business Week spells it out, a capital crisis would result first in ever-tightening availability of money at skyrocketing interest rates; the economy would suffer from chronic shortages of goods and continuing high inflation; the business cycle would shift into a series of short, feeble recoveries that are quickly aborted; major corporations would begin to dominate the business scene, driving smaller and less credit-worthy business out of existence; social unrest and class conflict would dominate the scene; the hopes of upward mobility of millions would be quashed; ultimately the political pressures would shunt the country toward a socialized system.
>
> As Business Week editorializes on this last point, "The fact that capital shortages exist in socialist countries shows clearly that state ownership of everything is not the answer. The real answer to the U.S. capital shortage is reform within the structure of a market economy: tax reform, restructuring of financial institutions, new incentives for saving, revision of regulatory practices. Given the right policies, the U.S. economy can generate the capital it needs."

Mr. Speaker, the Muncie (Ind.) Star, in commenting on our colleague, Mr. MYERS of Indiana, having cosponsored the Jobs Creation Act, stated:

> Legislation to help attract more investment capital for business in the United States and to generate some 20 million new jobs in private industry over the next 10 years is being sponsored by Representative Myers (R-Ind.) and some 40 others in Congress.
>
> Representative Kemp (R-N.Y.) is the primary sponsor.
>
> Ultimate aim of the legislation would be to spur a capital input of between $4.1 and $4.6 trillion estimated by business leaders and others as essential to a sustained growth of U.S. industry through 1985, and to neutralize a shortfall in investment capital of between $700 billion and $1.5 trillion seen as likely to develop lacking reform of business-depressing tax and regulatory policies currently in force.
>
> In fact, legislation of the sort proposed by Myers and his cosponsors is a must if ever-larger numbers of Americans entering the job market are to be absorbed and provided with employment by U.S. industry as they have been in the past. Yet it is probably predictable, and sadly so, that many of the demagogic, Socialist-inclined in Congress will take the opposite tack, declaring such legislation would favor "big business" or "the rich" at the expense of "working people."
>
> But, as Myers said, "This program is no more pro-business than it is pro-labor. It simply is pro-jobs, and it is jobs we need more than anything alse today."
>
> Just so. And that is why the legislation he advocates deserves to receive the widest support not only from businessmen but from all Americans now gainfully employed and looking for advancement, and from those hoping to secure dependable employment over the next decade—and on into the future.

Mr. Speaker, the Buffalo Evening News showed how enactment of the Jobs Creation Act would cause a better standard of living in our country:

> How efficiently the United States economy produces its goods and services influences to a significant extent whether the country's rising standard of living is solid and real or, because of waste and inflation, merely illusory.
>
> Therefore it shouldn't be too surprising that in 1974, when inflation soared to around 12 per cent, the country's productivity rate dropped by more than 2 per cent. As a nation we were less efficient than in 1973, the first such setback since at least 1958.
>
> That's the bad news. The good news is that the rate of productivity of American workers increased in the recent April-to-June quarter. Increasingly, the second quarter of this year looks like the turnaround period in which the economy hit bottom and began to revive.
>
> But sustained revival of economic efficiency is not, as a recent report of the National Commission on Productivity and Work Quality said, preordained. It won't continue automatically, but requires care and feeding from us all and from several standpoints. Indeed, even though the American economy has traditionally showed yearly gains in efficiency, those gains since about 1960 have not kept pace with even larger ones in Japan and many European industrial nations. Nor will the job of producing more goods and services at the same or less cost become easier in the future.
>
> The way to respond to that challenge is for America to encourage investment both in terms of capital for new plants and equipment to modernize our industries and in terms of effective education and training programs keyed to helping all workers, whatever their levels of skill and responsibility, do their jobs better.

> The statistical confirmation that in 1974 inflation reached double-digit proportions, while the nation's productivity slipped back for the first time in many years, should convince everyone that an ever-rising American standard of living is not guaranteed in any economic bill of rights. It must be consistently and repeatedly earned.

How the Jobs Creation Act relates directly to the creation of jobs in our major cities, such as Buffalo, WGR–TV, AM and FM editorialized in support of the measure:

> In the past couple of years, Buffalonians and Western New Yorkers have received several million dollars in jobless benefits from the Federal and State governments.
>
> Most of the money was doled out in one program or another; very little of it was used to create meaningful, permanent jobs.
>
> Representative Jack Kemp has initiated what we believe is a significant proposal to get Buffalo's wheels turning again. The Congressman has written what he calls the Jobs Creation Act.
>
> By creating an improved financial atmosphere for private business through certain tax reforms, it would shift the employment picture from tax-money-consuming jobs to tax-generating jobs. And what we need are jobs that make money for government; not cost money. Mr. Kemp's Job Creation Act has 90 congressional supporters. We also support it.

Perhaps one of the most thoughtful of all the editorial analyses of the capital formation issues appeared in an earlier edition of the St. Louis Globe Democrat that I quoted a moment ago. It went to the heart of this debate:

> Under the urgings of a welfare-oriented, anti-business Congress, the United States has been turned into a nation that revels in consumption and disdains saving and investment.
>
> Hundreds of billions of dollars that formerly would have provided new capital for business expansion are now channeled into every conceivable kind of public welfare program.
>
> To make these annual federal spending orgies possible, the federal government has devised many new ways to tax individuals and corporations.
>
> The net result is that the United States now trails all the other major western industrial countries in the percentage of total output devoted to spending for new factories, machinery and other facilities.
>
> Japan, with a robust 29 per cent of its total production alloted to investment, leads the industrial countries. It is followed by West Germany, 20 per cent; France, 18.2 per cent; Canada, 17.4 per cent; Italy, 14.4 per cent; United Kingdom, 15.2 per cent, and then comes the United States with a puny 13.2 per cent.
>
> The implications of this neglect of private enterprise are ominous. If this trend continues, it will mean that business will be about $650,000,000,000 short of the capital it will need by 1985 for expansion and replacement of facilities.
>
> Without the necessary capital for expansion, there won't be enough jobs to provide employment for the hundreds of thousands of persons who will be entering the job market every year.
>
> If old plants can't be replaced with modern plants, it will mean that productivity won't increase as rapidly as it will in countries that devote more of their national wealth to capital improvements. This will put U.S. products at a competitive disadvantage and reduce sales of American goods overseas—which in turn will cause higher unemployment.
>
> So this is not an abstract problem. It is a vital concern for all Americans. If business in the United States falters for lack of growth capital, it will mean long unemployment lines and hardship for millions of American families.
>
> There are ways to provide business with the capital it needs. Treasury Secretary William E. Simon proposed some of them recently in testimony before the House Ways and Means Committee. One method is to stop taxing dividends twice, as is now done. Another is to reduce excessively high corporate income taxes. A third way is to restructure capital gains tax laws so they encourage investment in business rather than restrict it. New capital also could be made available by making the investment tax credit permanent and raising it to 12 per cent, and by liberalizing depreciation guidelines to take inflation into account.
>
> Democratic liberal critics deliberately misconstrued Simon's proposals. They charged that he was making a plea for more tax breaks for wealthy investors and corporations at the expense of other taxpayers.
>
> This kind of criticism indicates a mentality that is so poisoned against business that it refuses flat-out to recognize that companies are facing a crucial capital shortage or that they can't obtain the capital they need under present tax laws.
>
> The term "wealthy investors" also is a code phrase denoting dislike for the estimated 30 million Americans who hold stock in public corporations. Are all 30 million of these investors who would benefit by an end to double taxation on dividends wealthy? Certainly the great majority of them are not. Most of them are members of the much-maligned middle class.
>
> It is beyond belief how anyone, even an advocate of unlimited federal spending, can defend double taxation to any form. But this anti-business, anti-capital attitude demonstrates why it is so extremely difficult to convince Democratic leaders in Congress that these changes in U.S. tax laws must be made.
>
> They look upon business as a money tree that can be endlessly plucked. But they curse the tree and threaten to chop it down when it pleads for the sustenance it needs to continue to grow.

That is, indeed, the alternative before us—before the Nation and the Congress. I trust we will opt for jobs creation and enact provisions of the Jobs Creation Act.

BLACKS AGAINST FORCED SCHOOL BUSING

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. BOB WILSON) is recognized for 10 minutes.

Mr. BOB WILSON. Mr. Speaker, the Congress might be surprised to realize, as I have been, that a large segment of our black population opposes forced schoolbusing. Clay Claiborne, national director and founder of the Black Silent Majority Committee, whose travel takes him into virtually every State, has found massive grassroots sentiment among blacks against busing to achieve mythological "racial balance."

Now, because of nationwide tension and the atmosphere of crisis which have resulted from court-ordered busing, the Black Silent Majority group has set as its goal the passage of a consultation amendment to prohibit busing for all.

Citing the untold story of hundreds of thousands of black families who resent the shameful waste of tax dollars for forced busing, who are grossly inconvenienced by busing, whose children's safety is imperiled, and who stoutly cling to their right to freedom of choice and quality education in their black communities, the Black Silent Majority is galvanizing widespread but unorganized black opposition to busing on a national scale.

They have created and begun distributing a cogent, powerful, and articulate pamphlet titled, "Black Brigade Against Busing," detailing their stand. This informative and excellent publication calls on black citizens to rally with other Americans in the fight against busing. Mr. Speaker, the publication says in part:

> A vast majority of Blacks is beginning to see that forced busing is not working in anybody's real interest. It has done more than anything else to turn many people against public schools and state compulsory attendance laws. It has increased racial feelings among students and heightened Black-White tensions within society at large.

Significantly, the Black Silent Majority Committee points out that liberal proponents of busing seem to view blacks as incapable of supporting and maintaining community schools and to imply that education in predominately blacks learning institutions is inherently inferior. Black teachers, in particular, are called upon to speak out about chaotic conditions and the paralysis of meaningful educational processes in school districts where busing has been ordered in defiance of the popular will.

The Black Silent Majority started its work five years ago to curb the influence of radical militants in black communities. Their success has been significant. No longer are Americans inundated with the hate-filled propaganda and threats via the television tube from black extremist groups. For their effective efforts they were granted the highest award from the National Freedoms Foundation at Valley Forge. This year the group traveled 12,400 miles over America's highways in a black patriotism crusade to place talk of a long hot summer of racial violence into the deep freeze where such talk belongs. Big city riots linked to the economic conditions of 1975 did not materialize, thanks in part to the Black Silent Majority's efforts.

I call this new and momentous effort against forced busing to the attention of the entire membership of the House. Courage to speak the sentiments of legions of silent black Americans on this issue deserves our attentive notice and should create within our hearts the desire to face the schoolbusing issue forthrightly. Let us move on the proposals for a constitutional anti-busing amendment and return all American school children to a sane and sound educational environment.

THE EMERGENCY BOND GUARANTEE ACT

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Connecticut (Mr. MCKINNEY) is recognized for 15 minutes.

Mr. McKINNEY. Mr. Speaker, for the past week, the Economic Stabilization

Subcommittee of the House Banking, Currency and Housing Committee has been deliberating over the problems of municipal debt financing. The witnesses who have come before us have stated their convictions in a most effective and eloquent fashion. Specifically, we have been asked the question, whether it is in the best interest of this Nation for the Federal Government to make available some form of financial assistance to New York City?

However, these hearings have already revealed that New York City has been merely the catalyst used to focus our attention on needed changes in Federal policy and debt financing practices. The question which this Congress must answer is whether the Federal Government has a responsibility to aid municipalities whose fiscal distress may well result in a weakening of the economic base of the entire country?

We are all aware that poor fiscal management of New York City over the past 12 years has caused that city to be run with a deficit of over $1 billion per year. We are also aware that the inept and irresponsible behavior of New York City politicians has meant that New York must roll over $4 billion yearly in short-term debt—a task which New York City and possibly New York State will not be able to achieve because the country's credit markets have been closed to them.

In the testimony presented to us, all have agreed that a New York City bankruptcy would have implications of national and international proportions. Since no one has faced a default of this magnitude in the past, it is impossible for any of us to comprehend the full and total impact a failure by New York City will have on the national economy. Failure to respond before the fact does not reduce the potential after the fact.

Some reporters have said that the American people are apathetic to this problem and thereby dismiss any Federal aid. I do not believe it is apathy: It is their failure to understand that New York City and State debt constitutes over 20 percent of all outstanding municipal debt in the United States. It is their failure to realize that higher State and city taxes will be needed to support essential public services presently financed through State and local bond issues as higher bond rates follow. It is their failure to accept the fact that the eventual cost to the American taxpayer if New York City defaults could be far more than any assistance program ever considered.

I would like to rely on the Federal bankruptcy laws to resolve this crisis, but the steps provided by Congress to face prior municipal crises in the 1930's fail to address the problems encountered by default by major cities or to provide the timely solution needed now. The decision I have made is one of the most difficult of my political career. Through legislation which I have introduced today entitled "The Emergency Bond Guarantee Act," I propose that the Federal Government agree to guarantee taxable state bonds issued to relieve the fiscal distress of municipalities which have met certain severe preconditions.

I am not talking about a bailout for any city, State, or elected official. I am not proposing a Federal grant to any city or State. It does not create a new precedent since Congress has acted to assist municipalities in fiscal distress prior to this time. My bill contains these provisions:

It creates a Federal oversight board comprised of members with financial and administrative expertise to provide balance;

It insists that stringent measures be taken by both the State and the municipality to return fiscal stability within 2 years of the guarantee through a balanced budget;

It requires that fiscal control of the municipality be placed in the hands of a State board or agency created for this purpose;

It provides no guarantee unless all credit markets have been closed in both the municipality and the State, and

It establishes a limit for the guarantee to any city, provides for a phaseout of guaranteed debt by purchases through the private sector, charges a guarantee fee and, as double insurance, assures repayments through retention of federally allotted funds, such as general revenue-sharing funds.

The scope of these requirements is so broad, yet restrictive, that it will preclude any elected official from coming to the Emergency Bond Guarantee Board for a "free lunch." Application for assistance under these provisions will be tantamount to admission of failure by the city management and political suicide for these elected officials.

I urge my colleagues to read the language of this bill as well as the analysis that follows. I have attempted to spell out in detail how each section will apply and specifically how it relates to the New York problem.

I cannot stress too strongly the potential impact for each citizen of our great country if we fail to restore confidence now in our municipal debt structure. The unwillingness of the U.S. Government to act in this instance may well provide the crushing blow to the democratic and free enterprise systems.

It is imperative that Congress move with the greatest speed to prove to our people and the world that ours is a viable political system that is capable of adapting to modern problems. I feel that the bill I have drafted provides Congress with the tools it needs to meet this challenge.

Mr. Speaker, I include at this point the text of the bill and the accompanying section-by-section analysis:

ANALYSIS OF "EMERGENCY BOND GUARANTEE ACT" INTRODUCED BY HON. STEWART B. MCKINNEY

Sec. 2: Emergency Bond Guarantee Board is similar to the Loan Guarantee Board of the Loan Guarantee Act of 1971 (Lockheed) except for the substitution of the Secretary of Housing and Urban Development in place of the Chairman of the Securities and Exchange Commission and a representative from both the U.S. Conference of Mayors and the Governors conference.

Sec. 3. The Emergency Bond Guarantee Board is authorized to guarantee the principal and interest of securities issued by a State or State agency. The beneficiary of such loan guarantee may be a municipality, broadly defined to include "any governmental agency, public authority, or public benefit corporation. . . ." The necessary amount of guarantees to be guaranteed is $6 billion for New York City alone (see Sec. 5b below). It should be noted, however, that State agencies such as New York State's Housing Finance Agency may qualify for a loan guarantee under this provision. If such actions are contemplated, the authorization should be increased. However, it should be noted that a generally ignored provision of the Community Development Act of 1974 allows for federal guarantees of taxable securities issued by state housing agencies; this provision has never been implemented by HUD.

Sec. 4: (1) The Board must find the private market closed to the applicable State or State agency. New York State and/or City could request major creditors (i.e., the banks) to submit letters to the Board certifying that the market is now closed to New York.

(2) Requirement of sound accounting procedures and a balanced budget. New York City is required under State law (enacted Sept. 9, 1975) to adopt accounting procedures which conform to the State Comptroller's Manual based on the Municipal Finance Officers model—a nationally standardized method. Additionally, if the Board found such procedures insufficient, it could require its own methods which would supersede the State legislation. The September legislation requires a balanced budget by the end of FY 1978.

(3) Requirement that the State have authority over the fiscal affairs of the assisted municipality. While New York currently meets most of the requirements in this subsection through the Emergency Financial Control Board (EFCB), it is possible that the State legislation would have to be extended if guarantees under this bill were to extend beyond the end of 1979 when the EFCB is supposed to be phased out. This should be no problem. Also, the EFCB currently reviews only service contracts in excess of $100,000 and construction contracts in excess of $1 million, although it has the authority to review all contracts as required by the bill.

(4) Assures repayment, if necessary, to the federal government. This would require, if the Board determines it necessary, the depositing of all general revenue sharing funds (or comparable federal assistance) with the Board. For 1975–76, the City of New York will receive $263 million. New York State will receive $241 million, for a total of $504 million annually. Guarantees totaling $6 billion would require retention of New York general revenue sharing funds by the federal government for approximately 12 years to repay the full principal, and approximately one year for each year's interest.

(5) Allows for auditing of accounting and review and adjustment, if necessary, of accounting procedures of the assisted municipality. Requires periodic reports to be made by the assisted municipality. Requires periodic reports to be made by the assisted municipality to the Board. Essentially this parallels requirements already in the State legislation.

(6) The applicant state would pay a guarantee fee not to exceed one per cent per annum of the total principal of outstanding guarantees. New York City estimates the fee cost, assuming payment of the full one per cent, to be:

[In millions]

December 1 to June 30, 1976	$30.7
Fiscal year 1977	49.4
Fiscal year 1978	58.4

(7) Requires the applicant state to provide a grant to the assisted municipality of at least one-third the anticipated operating deficit for each year a guarantee is in effect. The estimated deficit for New York City is:

[In millions]

December 1 to June 30, 1976	$416
Fiscal year 1977	470
Fiscal year 1978	−30

The total deficit Dec. 1, 1975 through FY 78 is $856 million. The State would be required to assume $428 million, which at an annualized amount equals $171 million.

(8) Investors must make commitments to purchase unguaranteed securities issued by or on behalf of the assisted municipality in an amount equal to at least 20 per cent of the cumulative amount of "guaranteed assistance outstanding and proposed" under the bill. Guarantees are predicated on the private sector picking up at least 20 per cent of the proposed guarantees.

Sec. 5: (a) Maturity of any guaranteed obligation would be set by the Board. If the Board were to maintain a high (in relation to total authorization) level of guarantees over a period of years, a limitation on guaranteed securities would not help New York City get out of the trap of continuous rollover of short-term borrowing. On the other hand, if there is a phase-out of the amount of guarantees afforded us, coupled with an increasing ability to get into the market with unguaranteed securities, the limitation of one year maturity should be no problem.

(b) Limits guarantees to $6 billion for any municipality. This figure is acceptable assuming that investors will pick up at least $1 billion on unguaranteed securities annually and that the city will be able to market $2 billion annually in seasonal rollover.

(c) Guaranteed securities must be taxable. Both the Mayor and Governor have publicly proposed that.

Sec. 6: Provides for authorization of audits by GAO of all books, accounts, records and transactions of the applicant state or assisted municipalities.

Sec. 7: The Board must cease to guarantee obligations if the State or assisted municipality does not comply with requirements.

Sec. 8. (a) A Debt Guarantee Fund shall be established in the Treasury to pay the expenses of the Board.

(b) Guarantee fees would be deposited in the Fund. For amounts of fees, see Sec. 4.6 above.

Also, if required, general revenue sharing funds would be deposited. For New York City and New York State in FY 1976, this would amount to $504 million.

(c) Payments required as a result of a guarantee would be made from the Fund. While we do not foresee that possibility, the Fund could, at the direction of the Board accrue approximately $500 million per annum from general revenue sharing funds. Also, if the federal government did have to pay on a guarantee, it is unlikely that the State or State agency default on the guaranteed security would be for the full amount of the authorization program. Furhermore, Sec. 9(b) allows for the Board to recover the full amount from an applicant State.

The remaining sections are self explanatory.

It should be recognized that there is substantial opposition to federal guarantee of moral obligation securities. However, the only types of obligations New York State or the Municipal Assistance Corporation (MAC) can issue at this time are moral obligations. To issue full faith and credit obligations would require a State referendum to expand the allowable debt limit.

New York City, however, can issue short-term full faith and credit securities. The problem is that there is also substantial opposition to a guarantee of City obligations. A possible way around this snafu would be to guarantee City notes with the requirement that the State oversight agency (in this case the Emergency Financial Control Board) must approve every issuance of new securities. This is actually already provided in the September 9 legislation.

H.R. 10405

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Emergency Bond Guarantee Act" to provide emergency financial assistance to municipalities.

ESTABLISHMENT OF THE BOARD

SEC. 2. There is created an Emergency Bond Guarantee Board (referred to in this Act as the "Board") composed of the Secretary of the Treasury, as Chairman, the Chairman of the Board of Governors of the Federal Reserve System, the Secretary of Housing and Urban Development, a member of the United States Conference of Mayors, and a member of the United States Conference of Governors. Decisions of the Board shall be made by majority vote.

SEC. 3. The Board, on such terms and conditions as it deems appropriate, may guarantee, or make commitments to guarantee the timely payment of principal and interest to holders of obligations which are to be issued by a State either directly or through a State agency for the purpose of financing the credit needs of a municipality subject to its jurisdiction and which otherwise meet the requirements of this Act. For the purposes of this Act, a municipality means a city incorporated under the laws of a State and any governmental agency, public authority, or public benefit corporation which receives or may receive moneys directly, indirectly, or contingently (other than moneys received for the sale of goods or the rendering of services or the loan of moneys to the city) from that city.

STANDARDS AND CONDITIONS

SEC. 4. No guarantee shall be made by the Board under this Act unless—

(1) the Board finds that the State or State agency whose obligations would be guaranteed (hereinafter referred to as "the applicant State") and the municipality whose credit needs would be financed by such obligations (hereinafter referred to as "the assisted municipality") are unable to obtain credit in the private market and that the failure to obtain such credit will cause the assisted municipality or State agency to default on their outstanding obligations;

(2) the assisted municipality submits, with the approval of the Governor of the applicant State, in such detail and in accordance with such accounting principles as the Board may prescribe, a plan for bringing its operating expenses into balance with its recurring revenues for its second full fiscal year following the initial application for assistance;

(3) the applicant State demonstrates that it has the authority to control the fiscal affairs of the assisted municipality for the entire period during which the Federal guarantee will be outstanding including the authority to determine all revenue estimates, set aggregate expenditure limits, disapprove all expenditures not in compliance with the plan required under paragraph (2), approve all borrowing, and contracts during that period;

(4) the applicant State provides assurances satisfactory to the Board that it will repay any losses the United States Government may sustain as a result of payments Federal income tax laws. Act, and in furtherance of such assurances, the applicant State and assisted municipality agree to waive and deposit with the Board all revenues which they would otherwise be entitled to receive under the State and Local Fiscal Assistance Act of 1972, or other comparable general purpose financial assistance from the Federal Government at such time as the Board may determine and in such amounts as may be necessary to reimburse the Board fully as to principal and interest for any losses sustained by the United States as a result of payments made pursuant to a guarantee under this Act;

(5) the assisted municipality agrees (i) to make available to the Board, the Comptroller General of the United States, or any certified public accountant designated by the Board all of its accounts, books, records, documents, transactions, and other information which may be requested bearing on its financial situation prior to and during the entire period in which a Federal guarantee is outstanding; (ii) to follow generally accepted accounting principles as the Board may prescribe; and (iii) to provide such periodic reports as the Board may require;

(6) the applicant State agrees to pay the Board a guarantee fee in an amount determined by the Board but not to exceed 1 per centum per annum of the total principal amount of guaranteed obligations outstanding;

(7) the applicant State agrees to provide in accordance with this subsection a grant to the assisted municipality for each fiscal year of the municipality during which a guarantee under this Act may be outstanding. Such grant shall—

(A) be in an amount equal to at least one-third of the anticipated operating deficit of the assisted municipality for that fiscal year or portion thereof as determined in accordance with accounting principles prescribed by the Board;

(B) be derived from the general tax revenues of the applicant State;

(C) be in addition to all other grant or similar assistance provided to the assisted municipality by the applicant State pursuant to programs established or commitments made prior to its initial request for a guarantee under this Act;

(D) be provided at such times as the Board may prescribe; and

(E) be used by the assisted municipality to meet its operating expenses in accordance with the financial plan required under paragraph (2); and

(8) the Board determines that investors have made commitments to purchase, or have purchased and continue to hold, obligations issued subsequent to the enactment of this Act by or on behalf of the assisted municipality (other than obligations guaranteed under this Act or purchased pursuant to commitments entered into prior to the enactment of this Act) in an amount equal to at least 20 per centum of the cumulative amount of guarantee assistance outstanding and proposed under this Act. Such commitments to purchase may be contingent upon the approval of a guarantee under this Act and shall be exercised no later than thirty days following the approval of such guarantee.

LIMITATIONS

SEC. 5. (a) The maturity of any obligation guaranteed under this Act may not exceed a period to be determined by the Board.

(b) The aggregate principal amount of obligations to any municipality guaranteed by the Board shall not exceed, at any time, $6,000,000,000.

(c) Notwithstanding any other provision of law, interest received or accrued on obligations guaranteed under this Act shall be included in gross income for purposes of the made pursuant to a guarantee under this

AUDITS

Sec. 6. No guarantee may be made under this Act unless the General Accounting Office is authorized to make such audits as it deems to be appropriate of all accounts, books, records, and transactions of the applicant State or assisted municipality. The General Accounting Office shall report the results of any such audit to the Board and to the Congress.

TERMINATION OF GUARANTEE ASSISTANCE

Sec. 7. The Board shall cease to guarantee any new obligations of any applicant State whenever it determines the applicant State or the relevant assisted municipality are not meeting their obligations under section 4 or that the plan required under paragraph (2) of section 4 is not being achieved on schedule.

EMERGENCY BOND GUARANTEE FUND

Sec. 8. (a) There is established in the Treasury an emergency municipal debt guarantee fund (hereinafter referred to as "the fund") to be administered by the Board. The fund shall be used for the payment of the expenses of the Board and for the purpose of fulfilling the Board's obligations under this Act. Moneys in the fund not needed for current operations may be invested in direct obligations, or obligations that are fully guaranteed as to principal and interest by the United States or any agency thereof.

(b) Sums realized from the guarantee fee required under section 4(10) shall be deposited in the fund. Notwithstanding any other provision of law, the Secretary of the Treasury shall deposit in the fund any payment, or portion thereof, which a State government or unit of local government would otherwise be entitled to receive under the State and Local Fiscal Assistance Act of 1972, or any law continuing a comparable program of fiscal assistance to State and local government, and which is waived by such government pursuant to section 4(4).

(c) Payments required to be made as a consequence of any guarantee by the Board shall be made from the fund. In the event and to the extent that the moneys in the fund are insufficient to make such payments the Secretary of the Treasury is authorized and directed to make such payments on behalf of the Board and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include any such payments.

FEDERAL RESERVE BANK AS FISCAL AGENTS

Sec. 9. Any Federal Reserve bank which is requested to do so shall act as fiscal agent for the Board. Each such fiscal agent shall be reimbursed by the Board for all expenses and losses incurred by it in acting as agent on behalf of the Board.

PROTECTION OF GOVERNMENT INTEREST

Sec. 10. (a) The Attorney General shall take such action as may be appropriate to enforce any right accruing to the United States or any officer or agency thereof as a result of the issuance of guarantees under this Act. Any sums recovered pursuant to this section shall be paid into the fund.

(b) The Board shall be entitled to recover from an applicant State, or any other person liable therefor, the amount of any payments made pursuant to any guarantee made under this Act, and upon making such payments, the Board shall be subrogated to all the rights of the recipient thereof.

REPORTS

Sec. 11. The Board shall submit a quarterly report to the Congress as to its operations under this Act.

TERMINATION

Sec. 12. The authority of the Board to make any guarantee under this Act terminates on June 30, 1979. Such termination does not effect the carrying out of any contract, guarantee, commitment, or other obligation entered into pursuant to this Act prior to that date, or the taking of any action necessary to preserve or protect the interest of the United States in any amounts advanced or paid out in carrying on operations under this Act.

FEDERAL RESERVE BOARD SHOULD RECONSIDER POSSIBILITY OF PROVIDING ASSISTANCE TO NEW YORK CITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. Gonzalez) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, in respect to the financial blight of New York City and how to meet this crisis, it would be a mistake on the part of the Congress not to explore every avenue which is available under existing statutes.

I have sent the following correspondence to my colleagues here in the House in which I solicit the signatures of my colleagues to a letter I am sending to the Federal Reserve Board Chairman Arthur Burns that he reconsider the possibility of providing assistance to New York through section 14(b) of the Federal Reserve Act.

I am submitting this correspondence for the Record, and would welcome further discussion of its from my colleagues:

Washington, D.C., *October 28, 1975.*

Dear Colleague: Attached is a draft of a letter I am sending to Federal Reserve Board Chairman Arthur Burns in respect to New York City's financial plight.

If, after reading this draft, you would like to join me in this letter, please have someone from your staff call Mrs. Lorraine Inman in my office at extension 50419 (which is the Subcommittee on International Monetary Institutions and Finance number) to advise that you wish to sign so that Mrs. Inman can make arrangements to get your signature.

If you wish to discuss this matter further with me, please give me a call at extension 53236 or see me on the House floor.

With every good wish, I remain

Sincerely,

Henry B. Gonzalez,
Member of Congress.

[Draft]

Hon. Arthur F. Burns,
Chairman, Board of Governors of the Federal Reserve System, Washington, D.C.

Dear Doctor Burns: The current financial problems facing the City of New York have been aired extensively in the Congress in the last several weeks.

You have, in your usual eloquent way, testified a number of times on this subject, and in each instance you, or the Vice Chairman, in testifying before the House Government Operations Committee, have indicated that the Federal Reserve Act and your interpretation thereof does not allow, through the use of Section 14(b), direct assistance to the City of New York in this instance.

As you know, Section 14(b) states that a Federal reserve bank has the power to: ". . . buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board;"

It seems very clear to us that, contrary to your position, this provision very clearly and specifically allows a Federal Reserve bank to purchase short term obligations of state and local governments issued in anticipation of assured revenues. A reading of the legislative history, in our opinion, is not in accord with your interpretation. Although we disagree as to the interpretation of the legislative history of this section, if you have a formal opinion setting forth the basis for your interpretation, we would welcome an opportunity to examine it.

We can well understand the reluctance of the Federal Reserve or one of its member banks to provide assistance in this instance. However, without clear legislative history to the contrary, we believe it is your obligation to do so. We cannot accept your interpretation of the legislative history of Section 14 (b). The Federal Reserve Act provides authority to the Federal Reserve System to act as the lender of last resort for a bank or banks, and by the same token, and to the same degree, it provides authority to provide assistance to state and local governments, in our opinion.

There seems to be little doubt, as you yourself expressed before the Economic Stabilization Subcommitte of the House Committee on Banking, Currency and Housing, that New York will ultimately be able to work out its problems. The Federal Reserve System could be of infinite help in allowing this to happen, and we would think your obligation as a public servant and as head of the Nation's lender of last resort would mandate your taking the lead in providing such assistance to New York City.

Henry B. Gonzalez,
Member of Congress.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. Ashley) is recognized for 5 minutes.

Mr. ASHLEY. Mr. Speaker, during the period from July 14 to October 9 there were 173 recorded votes taken in the House. Of that number I made 160 and missed 13, for a voting attendance record of 92.5 percent.

On July 15 I missed rollcall No. 388 because of a luncheon appointment with a constituent. The vote was on adopting the rule to H.R. 7014, the Energy Conservation and Oil Policy Act, which I would have voted for.

Because of difficulties with the moving company on July 21 when I began moving into my new home, I missed three votes: Rollcall No. 411 on passage of H.R. 6971, to amend the Sherman Antitrust Act; rollcall No. 412 on passage of H.R. 8240, to provide comparability pay for Veterans' Administration physicians and dentists; and rollcall No. 413 on passage of H.R. 8598, to amend the child support program of the Social Security Act. Had I been present, I would have voted for these three bills.

Caught in an accident-caused traffic jam on July 23, I missed the first vote of the day, rollcall No. 420, on an amendment to add $9 million for the wetlands program to H.R. 8773, the fiscal 1976 appropriation for the Interior Department and related agencies. I would have supported the amendment.

On September 17 I attended a wake for the wife of one of my closest friends and missed rollcall No. 518, an amendment to the Energy Conservation and Oil Policy Act, H.R. 7014, to require Government vehicles to use a mix of gasoline and petroleum substitutes. I would have voted against this amendment. I served as a pallbearer at the funeral on September 19 and missed two procedural votes: Rollcall No. 526, the rule on H.R. 6227, the right of Federal employees to representation while being questioned for misconduct; and rollcall No. 527, the rule on H.R. 5397, a bill to authorize retirement of Federal employees after 30 years of service. I would have voted for both rules.

The previous day, September 18, I was tied up making the final settlement on my new house in the morning and missed rollcall No. 519, the conference report on H.R. 4222, the School Lunch and Child Nutrition Act amendments. I voted for H.R. 4222 when it was first approved by the House and also voted later to override the President's veto. I would have voted for the conference report.

On September 24 I missed a late vote on a motion to recommit H.R. 8121, the State-Justice-Commerce-Judiciary appropriation—rollcall No. 541—because of a longstanding commitment for the evening. I would have voted against this motion.

While consulting with Governor Carey and his staff about the financial problems of New York City on October 1, I missed rollcall No. 571, an amendment to H.R. 9861, the Department of Defense appropriation, to forbid the use of funds to transfer the Navy's oceanographic lab to Mississippi. I would have voted for the amendment had I been present.

En route back to Washington from Toledo on October 3, I missed an early vote on rollcall No. 583, the conference report on H.R. 8070, the HUD appropriation for fiscal 1976. I would have voted "aye."

On October 8 while conferring with officials of the Department of Housing and Urban Development, I missed rollcall No. 600, the rule on H.R. 10029, the military construction appropriation, which I would have supported and rollcall No. 601, on House Concurrent Resolution 424, the Columbus Day recess, which I would have voted against had I been present.

FOR COURAGE IN DEFENSE OF OUR COUNTRY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Massachusetts (Mr. Burke) is recognized for 5 minutes.

Mr. BURKE of Massachusetts. Mr. Speaker, I would like to bring to my colleagues' attention a piece of much needed legislation, H.R. 8913. This bill which I previously introduced, deals with the upgrading of benefits to recipients of the Congressional Medal of Honor. As you know, the Medal of Honor is the highest military award for bravery that can be given by the United States. The recipients of the award are truly remarkable Americans who have received this honor for "conspicuous gallantry and intrepidity at the risk of life, above and beyond the call of duty."

On April 27, 1916, by an act of Congress, the recipients of the Medal of Honor were awarded a special pension of $10 per month at age 65 for life. This pension was not increased at all until August 14, 1961, when Congress passed legislation to raise the monthly amount to $100. Not until October 13, 1964, did Congress lower the age for pensions to 50, and finally in 1964, on October 31, Congress eliminated entirely all age requirements for pension benefits.

As we all know, in the span of 14 years from 1961 to the present, the cost of living has skyrocketed and increased many times over. Although the cost of living has gone increasingly upwards, the pension benefits to the Medal of Honor holders has remained the same. Surely, in light of what these outstanding men have done for this country, we are truly justified in raising their monthly benefits, and extending those benefits to their widows.

Currently there are only 294 Medal of Honor holders receiving pension benefits. Raising and extending the benefits of the Congressional Medal of Honor holders in order to help them cope with today's inflation is a very small compensation on our part, considering that these men served this country in a manner that put their own personal lives in jeopardy. It is my sincere hope, that after careful study of the merits of H.R. 8913, my colleagues will give this bill their full support when it comes before the full House for a vote.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maryland (Mr. Byron) is recognized for 5 minutes.

Mr. BYRON. Mr. Speaker, last week when H.R. 8672, the Railroad Improvement and Employment Assistance Act, was before the House, I was recorded on Recorded Vote 640 as having voted against final passage of this important legislation. I intended to support final passage of H.R. 8672, nad I wanted the public record to so indicate.

I appreciate, Mr. Speaker, having had the opportunity to clarify the record regarding my position on H.R. 8672.

TAX JUSTICE FOR TENANTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia (Mr. Harris) is recognized for 5 minutes.

Mr. HARRIS. Mr. Speaker, on October 20, I introduced H.R. 10219, a bill which provides a Federal income tax deduction to tenants for their proportionate share of local property tax payments. By shifting the deduction from landlords to renters, I believe we can promote tax equity without raising taxes for apartment owners. Additionally, this type of legislation is particularly advantageous in several other ways. It will discourage "instant condominiums" by removing an artificial tax stimulus to apartment conversion. It will enhance rental markets and personal savings at a time when many Americans are unable to buy homes. And it could make partners of property owners, tenants, and landlords in keeping local property taxes under control.

Several apartment owner organizations and the National Tenants Organization have expressed an interest in H.R. 10219. Because of the widespread interest in it, I am at this time inserting the bill in the Record for the review of my colleagues:

H.R. 10219

A bill to amend the Internal Revenue Code of 1954 to allow a deduction to individuals who rent their principal residences for a portion of the real property taxes paid or accrued by their landlords

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to additional itemized deductions for individuals) is amended by redesignating section 220 as section 221 and by inserting after section 219 the following new section:

"Sec. 220. Deduction of Real Property Taxes in Case of Individuals Who Rent Their Principal Residence.

"(a) Allowance of Deduction.—In the case of an individual, there shall be allowed as a deduction the amount of the rent (not otherwise deductible) paid or incurred by the individual during the calendar year in which the taxable year begins for any dwelling unit used by the individual as his principal residence, but only to the extent that such amount does not exceed the individual's proportionate share of the State and local real property taxes (within the meaning of section 164(a)(1))—

"(1) which are imposed on such dwelling unit, or on the building in which such dwelling unit is located, and on the land on which such dwelling unit (or building) is situated, and

"(2) which are paid or accrued during such calendar year.

"(b) Proportionate Share.—

"(1) In General.—For purposes of subsection (a), an individual's proportionate share of the real property taxes described in such subsection which are paid or accrued during any calendar year with respect to any dwelling unit shall be an amount equal to—

"(A) the amount of such real property taxes—

"(i) in the case of a dwelling unit located in a building which contains one or more other units, which are attributable to such dwelling unit, or

"(ii) in the case of any other dwelling unit, which are imposed with respect to such unit; multiplied by

"(B) a fraction the numerator of which is the number of days in the calendar year on which such dwelling unit was used by the individual as his principal residence and the denominator of which is the number of days in such calendar year.

"(2) Taxes attributable to certain dwelling units.—For purposes of paragraph (1), the amount of the real property taxes described in subsection (a) which are attributable to any dwelling unit located in a building containing one or more units is an amount which bears the same ratio to the aggregate amount of such taxes imposed on the building and the land on which it is situated as the number of square feet of floor space in such unit bears to the total number of square feet of floor space in all the units in such building. For purposes of the preceding sentence, there shall not be taken into account the amount of any floor space in the building which is a common area or is used by the lessor of such building for purposes of maintenance."

(b) The table of sections for such part VII is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 220. Deduction of real property taxes in case of individuals who rent their principal residence.

"Sec. 221. Cross references."

SEC. 2. The amendments made by the first section of this Act shall apply to rent paid or incurred after December 31, 1975, in taxable years ending after such date.

PERSONAL EXPLANATION

The **SPEAKER** pro tempore. Under a previous order of the House, the gentlewoman from New Jersey (Mrs. MEYNER) is recognized for 5 minutes.

Mrs. **MEYNER**. Mr. Speaker, I was unable to be here today to vote on final passage of H.R. 6227 and H.R. 8835. I was attending a luncheon at the State Department in honor of Egyptian President Anwar Sadat. I would like the RECORD to show that, if I had been present, I would have voted "Aye" on final passage of H.R. 6227, Right to Representation During Questioning, and "Aye" on final passage of H.R. 8835, Truth in Leasing Act.

BOMBS FOR PUBLICITY AND AGAINST PUERTO RICO

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Puerto Rico (Mr. BENITEZ) is recognized for 10 minutes.

Mr. **BENITEZ**. Mr. Speaker, the self-proclaimed, clandestine group which calls itself the National Liberation Front of Puerto Rico has been at it again; this time with simultaneous bomb explosions in New York, Washington, and Chicago. They have succeeded in attaining all the front-page publicity, including prime radio and TV time, the best attention that crime can buy and which their travesty in collective misrepresentation was meant to receive.

In our perplexed, mystery-ridden, sensation-seeking modern society, the mixture of violence, distortion and technology is at a premium and publicity-wise hits the jackpot particularly when it coincides with a long weekend. Fortunately no lives were lost. But how much of an impact on a distant, vaguely known community do these merchants of deadly fantasies achieve upon the instant reactions of a public little acquainted with basic realities of Puerto Rico? It is as a brief effort at clarification that I speak now.

As the Governor of Puerto Rico, the Honorable Rafael Hernández Colón has stated:

> All Puerto Ricans deplore this senseless act of terrorism. It is nonetheless important for Americans to be aware that the FALN is about as representative of Puerto Rico as the Symbionese Liberation Army is representative of the United States.

What is revealing as to the size of the group as well as to the preposterous nature of the National Liberation claim that it speaks or bombs for Puerto Rico is that no one in the United States or Puerto Rico has been able to come across this group of madmen—if they are madmen—in spite of the diligence of the search, the frequency of the acts, and the repetition of the pattern.

We cannot say for certain whether this front, and indeed it acts very much as a front, is made up of a core group of individuals born in Puerto Rico or of Puerto Rican parentage or whether they are acting on their own or in confabulation with anyone else. In a basic sense the question of ethnic origins is irrelevant for there are mad persons everywhere and in all groups. What we say is that we deal here with a group which is decidedly unrepresentative of and hostile to Puerto Ricans from the Island and from the mainland. We say also that there is a highly un-Puerto Rican method in this madness, the technical, professional, cool method of the specialist. It is a method guided neither by love of Puerto Rico or understanding of its people, or by aspiration for their independence or for their well-being.

Quite the contrary. We are faced here with the dynamics of destruction, of self-destruction projected outward against the world from a twisted inner confusion of the psychopath, the misguided, the suicidal or the cynic. Unfortunately this dismal mix of nihilism is afflicting society the world over.

What distresses me as a Puerto Rican, and as one who for almost half a century has been in the forefront of the social, economic, cultural and political debate in Puerto Rico, is that I know, as every Puerto Rican knows, including the less than 5 percent that periodically vote for independence, that each and every one of us enjoys in Puerto Rico a freedom of action and choice commensurate with that enjoyed by any other free people anywhere else in the world, and, of course, a greater freedom and a more effective self-determination than over two-thirds of the people of the world. It is again well known that the highest deterrent in the minds and the hearts of the people of Puerto Rico against independence has been the identification of violence with independence in spite of the freedom of the polls and the repeated reaffirmation of the verdict of free suffrage as the ultimate judge of Puerto Rico's future.

I trust these sporadic criminal acts of violence will be assessed and rejected for what they are: Violations of law, illegitimate attempts at misrepresentation, blows below the belt at the democratic process in Puerto Rico and in the United States.

Is this really a Puerto Rican group? Who is helping them? Where are they hiding? We are not certain as to the real answers to any of these questions. What we do know is that these acts of violence are contrary to the wishes, the interests, and the commitments of the people of Puerto Rico and that if they have any roots in Puerto Rico the Government of Puerto Rico, its citizenry, and its policy are resolutely determined to bring them to the courts of justice.

HOUSE RESOLUTION 791

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. DIGGS) is recognized for 5 minutes.

Mr. **DIGGS**. Mr. Speaker, I endorse House Resolution 791, which strongly condemns the recent vote in the U.N. Third Committee to link Zionism with racism. This vote in the third committee dilutes racism, the most odious form of irrational hostility toward a group known to mankind.

Regrettably, this vote has succeeded in doing what Africans and certain other states hoped to avoid: That is, deflect attention from the U.N. decade against racism. Initially, the Arab States wanted to attach Zionism to a resolution on the decade against racial discrimination condemning apartheid, and other forms of racism. Africans objected because they did not want to weaken the resolution by introducing the Middle East conflict into the debate. As a compromise, the states allowed the Arab nations to propose another resolution that would not be linked to the one on apartheid. Having agreed to consider a separate resolution in order to preserve the integrity of the first, many Africans felt some compulsion to support the new Arab draft. My discussions with Africans suggest that this, plus the residual resentment most African States still harbor against U.S. Ambassador to the U.N., Daniel Moynihan for his totally unwarranted and regrettable indictment of the Organization of African Unity and its member states during a recent speech to the AFL–CIO in San Francisco, principally account for the 24 African votes for the third committee resolution. Therefore, American actions and policies are in part responsible.

As long as the American Government considers a vote against Israel to be a vote against the United States, it must be prepared to recognize that a vote against Israel may be viewed as retaliation against the United States. Given the pivotal importance of the African countries for the passage of resolutions initiated by U.N. member nations, the administration might be well advised to support the U.N. council on Namibia decree No. 1 on the protection of the national resources of Namibia, stop supporting minority rule in South Africa, and take other such actions to clearly indicate its support for the elimination of racial discrimination. In this connection, we should urge all states engaged in military and nuclear energy development cooperation with South Africa, including Israel, France, Germany, and the United States, to stop such cooperation.

It is wrong to confuse Zionism with racism. Racism is the antagonism between peoples of different races. It is ironic that Arabs should vent their hostility toward Jews by implying they are racist, for both Jews and Arabs are descendants of Semites. The issue therefore is political, not racial.

Zionism is a form of nationalism, more specifically irredentism, the desire of a group of dispersed people to come together in one nation. While nationalism can be a positive force, history is rife with examples of how overzealous nationalism can result in expansion and intrusion upon the rights of other states and peoples. It was nascent nationalism and a belief in manifest destiny that caused American settlers to expand westward and take over land of native Americans. In the thirties an excessive Japanese nationalism caused that nation to provoke war with the Russians and later the United States. And it was Boer nationalism that spurred them to make the great trek northward conquering African people in their paths.

Finally, I wish to caution the Congress from taking any precipitous action against the United Nations.

When we complain about the increasing power of the United Nations General Assembly, we must recall that it was a United States maneuver through the uniting for peace resolution in 1950 that gave the assembly a greater role in peacekeeping. Frustrated by persistent Soviet vetoes in the Security Council, our country turned to the General Assembly where we could get support for our policy to intervene in Korea.

When we complain about the so-called "tyrannical majority," we must recall that the United States was in the forefront of efforts by the U.N. and the international community to end the tyranny of colonial domination.

The international community has changed. The period of American hegemony has ended. We must share power and be willing to function in a world and an organization where nations act upon competing interests. To reduce our contribution to the U.N., or indeed to leave it, will not change the present reality or the new international configuration of power.

I hope this resolution is prevented from being considered or defeated in the General Assembly so that the U.N. can continue with the critical issues on its agenda; so that the U.N. can focus on eliminating racism throughout the world.

RODINO URGES ACTION ON GUN CONTROL LEGISLATION

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. Rodino) is recognized for 5 minutes.

Mr. **RODINO**. Mr. Speaker, the time has come for effective gun control legislation. We cannot afford as a nation to wait any longer.

The need is clear. The gun—the handgun in particular—has been for generations the symbol of the streak of violence which has marred the American character. More than a symbol, the gun has become for many a twisted tool to counter their feelings of insecurity and hostility, and to assert their manhood; it is the chosen weapon of the political assassin; and it is beyond dispute the favorite means whereby criminals gain the upper hand over law-abiding citizens.

In the climate of fear which our epidemic of violent crime has spawned, many decent citizens have purchased handguns they are not trained to use, in the mistaken hope that they can protect themselves and their loved ones.

There can, however, be but one result from the process by which we are rapidly turning our cities into hostile, fearful, armed camps—an escalation of the violence, crime, and death. We must turn back before it is too late.

The easy availability of handguns to those with a penchant for violence has cost us dearly as a nation. Since the unsuccessful attempt on the life of President Andrew Jackson roughly 140 years ago, we have lost four Presidents—Lincoln, Garfield, McKinley, and Kennedy—to assassins' guns. Counting Jackson, five others—including both Roosevelts, Truman, and Ford—have been fired upon but narrowly escaped. We have lost Governors and Senators and other political leaders.

It looks as if it may be impossible to conduct a Presidential campaign without an assassination or an attempt on the life of a candidate. In 2 tragic months in 1968 we lost Martin Luther King, Jr. and Robert Kennedy. In 1972 Governor Wallace was paralyzed for life and almost killed. The 1976 campaign has barely begun, and already there have been two attempts to shoot President Ford.

We have paid even more dearly in the annual toll of murders, robberies, injuries, and accidental deaths attributable to the easy availability of guns to those who never should possess them. In 1973 alone, 31,000 people died in this country from gunshot wounds, countless thousands of others were injured, and there were 267,118 aggravated assaults and robberies reported involving the use or threatened use of firearms.

We are told by the opponents of gun control that the guns themselves are mere innocent tools, that it is people who commit crimes and cause death and injury. Thus, they argue, regulate the criminals, not the guns.

At one level, of course, their premise is literally true. Their argument, however, is plainly nonsense. It is true that guns do not point themselves at robbery victims or shoot innocent persons without some human agency. But the robber, the mugger, the assassin obtains his power over his victim by one means—he possesses a gun. The deranged, the retarded, the sick, the young and the simply untrained are put in a position to inflict tragic injury upon themselves and others simply because there is no restriction upon the availability of guns to them.

Nuclear weapons are mere neutral tools, too. Yet no responsible leader in this country has opposed attempts to limit the mad nuclear arms race in which the world was caught up in the 1950s and 1960s. Tools, particularly destructive tools, create their own dangerous temptations because they are sources of power in the hands of the irresponsible. We are engaged domestically today in an arms race fully as mad as the nuclear arms race. Each year 6.5 million new guns find their way into the hands of our people. The total is now estimated at nearly 200 million, including more than 40 million handguns, the favored weapons of the criminals.

We have not the means to identify with precision those who might use a gun irresponsibly. And even if we could identify them, we cannot without destroying our precious liberties keep all these people isolated in institutions, whether they be labeled penal or medical.

We can, however, strip the would-be killer or robber, or the mentally unbalanced person, of the power which he now possesses over the innocent potential victim. We can control the distribution of the engine of his power.

The Subcommittee on Crime of the Judiciary Committee, under the able leadership of Chairman John Conyers has with patience and diligence compiled an extraordinary record on the issue of gun control. Over an 8-month period they have held hearings in 6 major cities and heard from experts and advocates of every conceivable point of view on the gun question.

I do not believe it is possible to examine the record of the subcommittee's hearings without concluding that action is imperative, now.

Congressman Conyers has concluded that it is impossible to make a substantial dent in the incidence of gun-abetted crime and bloodshed without banning entirely the manufacture, sale and possession of handguns in this country. I agree. Accordingly, I support Mr. Conyer's bill H.R. 9780.

I am, however, at the same time a political realist. I do not believe there are now the votes in Congress to pass this needed legislation. And I believe that significant steps short of a total ban can contribute to a long-range solution. Accordingly, I intend to work closely with Mr. Conyers and the other members of his subcommittee as they mark up this vital piece of legislation and to make my views known and felt as we move a bill through the full Judiciary Committee and onto the floor of the House.

There are many proposals to be debated and voted on, and I am not in a position to predict what the final bill will look like. However, I am prepared to support the strongest measure we can pass. Specifically, I favor at a minimum, first, much stricter regulation of the commerce in guns than is provided by the 1968 Act; second, a total ban on the manufacture and sale of concealable handguns, so-called "Saturday Night Specials"; third, the establishment of definite federally supervised limitations on who may purchase and possess guns; fourth, the creation of a Federal handgun tracing mechanism; and fifth, a minimum waiting period for the purchase of any weapon under any circumstances, to permit verification of information provided by the purchaser and a "cooling off" period before an angry or unbalanced person can legally take possession of a weapon. Other proposals, such as a severe excise tax on all weapons purchases, may also be worthy of favorable consideration.

The utter insanity of our present system of noncontrol is laid bare by the two recent attempts on the life of President Ford. It is bad enough that a weapon of destruction could find its way into the hands of a person with a history of severe imbalance, an acknowledged devoted follower of one of the most notorious and unrepentant convicted mass murderers in our history. But the story of how Sarah Jane Moore came into possession of the gun she fired at the President is so eerie and frightening that no novelist would dare have written it. She was identified as an unbalanced person who might be dangerous to the President. Her gun was confiscated on Saturday. On Sunday she was able to purchase another legally, with no strings attached no waiting period, no inquiry, and she made the purchase in the presence of an agent of the very Government agency in charge of administering our so-called gun control laws. By Monday she was waiting, gun in hand, across from the St. Francis Hotel.

This insanity must stop. The power and the responsibility are ours. We cannot in good conscience ignore them.

A final word of caution. We politicians have oversold our programs too often. As a result our credibility is tarnished and the public is cynical about the legislation we pass. I do not blame them. We must not repeat the same mistake here. Short of a total ban on manufacture, sale and possession of handguns, no legislation can truly put an end to the easy availability of these cheap and concealable weapons to the criminals and the unbalanced among us. But we can make a start, a contribution, an improvement. None of the measures I have discussed will make it impossible for an assassin or a criminal to obtain a gun. But we can, over time, make it considerably harder. And by legislating now and arousing the public consciousness of this issue, we may make it possible to pass more effective legislation in the future.

Because we cannot now do more, we cannot responsibly do less.

NEW YORK FINANCIAL CRISIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WOLFF) is recognized for 15 minutes.

Mr. WOLFF. Mr. Speaker, I would first like to commend my distinguished colleagues from New York for reserving this time for discussion of this most complex problem. We have permitted partisan politics to cloud this issue to the extent that we are content to ignore the nationwide ramifications of a New York City default.

The potential consequences of a New York City default reach far beyond the confines of the city limits. For its own part, New York State has become involved to the extent that a city default could likely precipitate a State default. The implications of such a default on the national economy are ominous: Last year New York State and local government expenditures accounted for about 13.2 percent of all State and local government expenditures. Capital expenditures amounted to some 12.4 percent of such outlays for all State and local governments. These expenditures reach far beyond State boundaries, creating jobs and income for people in all parts of the Nation. What we cannot lose sight of is that this multiplier effect holds true for virtually all State and municipal expenditures, and a sudden curtailment of these expenditures nationwide will precipitate unemployment and welfare problems the likes of which this country has not experienced since the Great Depression. How can we ignore projections which tell us that State and local government expenditures will account for over 10 percent of the increase in total gross national product for the next fiscal year? The importance of maintaining the ability of our States and local governments to borrow funds for these expenditures is absolutely necessary if we are to continue on the road of economic recovery.

At the heart of the problem is the stability of our capital markets, for without municipal access to these markets there can be no funds for municipal expenditures in excess of minimal operating revenues. Capital markets do not operate in a vacuum; their strength is derived wholly from investor confidence. That confidence has undeniably been shaken by the threat of a New York City default. If Congress permits a default by refusing to act, what confidence remains will surely be dissipated. Investors will be able to recover most of their money if default occurs; but the question is whether they will again risk their money in the municipal capital markets. As a result there will be at best a highly restrictive capital market for municipalities with interest rates reaching unheard of heights. In some cases there is likely to be no market whatsoever. This is a situation which the country cannot tolerate.

For those who doubt that investor confidence is lacking outside New York City, they only need to look at the city of Buffalo, N.Y. What in other times would have been characterized as a routine bond offering bordered on a crisis situation. In 6 short months interest charges for Buffalo increased by 3 percentage points. The cost to the taxpayers of such an increase is over $300,000 for each $1 million borrowed on a 15-year bond issue. The impact of such increased borrowing costs nationwide will run into billions of dollars. In August, the Massachusetts Housing Finance Agency, which had offered bonds at 4.14 percent in February, was unable to find purchasers at 10 percent. The list of affected borrowers grows every week.

When municipalities cannot raise sufficient revenue in the capital markets many of the programs which we designed to help these local governments will go untapped or abandoned. We cannot ignore the fact that we have required municipalities to raise significant amounts of money in order to qualify for Federal funds under a variety of programs. By refusing to restore investor confidence the Congress is undercutting the very programs it designed and implemented to facilitate local as well as national economic recovery.

What we have to do, and do now, is act to restore investor confidence in the municipal capital market. What confidence will we instill if we wait until New York City and probably New York State default before we act? Every day we delay costs the taxpayers millions of dollars; every day we delay we tighten the noose around our municipal access to capital; every day we delay jeopardizes our economic recovery and threatens our future economic stability. This is not a partisan issue as some would have us believe, it is a matter of national importance which will not wait for another day. We have the power and the ability to restore investor confidence. While it is certainly New York which will be the visible beneficiary of our action, it is the Nation which we will save from disaster. We cannot lose sight of this fact.

A NEW DIRECTION—DAY TREATMENT AND IN-HOME SERVICES FOR CHILDREN AND FAMILIES IN TROUBLE

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, every year, hundreds of thousands of children who suffer from mental and emotional disabilities, who have run afoul of the law, or who are unmanageble in the home or in school, are wrenched from their families and communities and placed in institutional settings. This occurs without regard to their educational and psychological needs and at a tremendous expense to society. In New York State alone, some 50,000 children are in care outside of their own homes. Nationally the number exceeds 300,000. While some youngsters must be institutionalized in order to protect their own health and safety and the safety of the community, many of those now in institutions could have remained with their own families and in their own communities if appropriate educational and psychological services were provided to them and if, as necessary, additional services were provided to keep the family intact. The extent of inappropriate placement was recently documented in a study commissioned by the New York State Board of Social Welfare. It concluded that 55.3 percent of the children in foster care in New York City were initially assigned to the wrong kinds of programs.

For several years now, professionals in the mental health and child care fields have endorsed the establishment of day treatment and in-home services. But as yet most States and localities have failed to develop alternatives to institutional foster care. Nor has Federal support been forthcoming in the form of incentive funding mechanisms. Rather than await action by individual States and localities, I believe it is time for a national response to what is certainly a national need.

Hence, I am today introducing legislation which authorizes State and local child welfare agencies to furnish federally reimbursable day treatment and in-home services to children and families in trouble. My bill—entitled the Community Based Day Treatment and In-Home Services for Children and Families Act—amends title IV-B of the Social Security Act to provide 90 percent Federal matching and an annual transitional authorization of $50 million for a period of 2 years. These fiscal incentives are imperative, in my judgment, if we are to reduce the overwhelming emphasis on institutional foster care.

Because a premium is now placed on institutionalization of children, my legislation also mandates that no child be placed in a foster home, institution, or residential facility except where such placement is determined to be the "treatment of choice" by the State or local agency after exploring all feasible day treatment or in-home service alternatives. An exception is also granted when such placement is court ordered or when a child's continued presence in the home constitutes a threat to his or her welfare. In so stipulating, it is not my intention to foreclose to child welfare agencies the option of placing a child in an institution if this is the most appropriate resolution. Rather, it is to insure that the agency responsible for the final placement fully explore the feasibility of day treatment or in-home services before committing a child to such placement.

The legislation also contains provisions:

First, authorizing the provision of day treatment or in-home services to a child or family experiencing problems which such services might assist in resolving or to a child or family where parental difficulties jeopardize the welfare or safety of the child.

Second, defining "day treatment services" to specifically include psychiatric, psychological, social casework, educational, vocational, recreational, health, transportation, and child-care services, and any other services which are furnished a child or family with the intent of preventing the child's institutionalization or placement outside the home.

Third, defining "in-home services" to specifically include homemaking, housekeeping and counseling services, and any other services which are furnished in the home and are aimed primarily at the family unit with the intent of keeping and counseling services, and any other services which are furnished in the home and are aimed primarily at the family unit with the intent of keeping the family structure intact or reuniting a separated family.

Fourth, lodging responsibility for day treatment and in-home services with the State and local agency charged with administering a State plan or with service providers licensed by the State authority that has responsibility for establishing and maintaining standards for such services.

Fifth, providing that eligibility for service in a community based day treatment facility shall be authorized by a duly licensed social service or mental health agency and further approved within 30 days of utilization by the local authority in the form of a three-person panel.

Sixth, requiring that in the event of placement of a child in a foster home, institution or residential facility, the State or local agency shall evaluate the continued appropriateness of the placement no less than once each 6 months to determine if the conditions justifying placement still exist.

Seventh, revising the title IV–B allocation formula from one based on per capita income and population to one based exclusively on population.

Eighth, requiring maintenance of effort by States using title IV–B to fund nonfoster care programs and other administrative costs or title XX to provide similar programs of day treatment or in-home services.

Ninth, providing for the imposition of fees for services for families whose gross income exceeds 115 percent of a State's median income except where services are directed at the goal of preventing or remedying child abuse or neglect.

Tenth, providing that services may be furnished in the form of emergency cash grants when a State-licensed provider is not available or when other circumstances, as defined by the Secretary, require it.

While considerable strides have been taken in the provision of humane, rehabilitative, and fiscally sound programs for children and families in trouble, the day treatment and in-home services outlined in my bill, promise to provide better service at lower cost and with less disruption to the family and community, than any program yet devised.

Day treatment and in-home services help protect the integrity of the family unit: With the current massive disintegration of families in our society, it must be a high priority of Government to prevent the separation of children from their families.

Day treatment and in-home services are preventive services in that they provide early intervention for troubled children and their families. The recent enormous increase in juvenile delinquency and adolescent emotional disturbance, and the treadmill quality of the juvenile justice system, require that every effort be made to intervene with troubled children and their families before that trouble erupts in delinquent or other maladaptive behavior.

Day treatment and in-home services offer the opportunity for a quicker more effective return of an institutionalized child to his or her community. At present, because of the overcrowding of institutions and the justifiable emphasis on the preservation of child and family rights, many children are returned to the community too soon. Though they are no longer in need of full residential care, they are not ready to resume their place in society. Day treatment, in particular, serves as an intermediate stage for the effective deinstitutionalization of children by supplying those supportive services without which the child would soon return to the institution. Day treatment replaces the current "revolving door" which often condemns a child to a life in institutions with a deliberate plan of sequenced return to the community.

Finally, and so importantly in this time of fiscal pressure upon Government, private agencies, and families, day treatment offers better services at much lower cost than any other treatment program available.

At the Jewish Board of Guardians, a large child mental health agency in New York City which operates both residential and model day treatment programs, the average cost per child in the residential programs is $28,000 per year. In the day treatment programs, the average cost per child is $11,000 per year. Similar disparities occur in the programs operated by the Euphrasian Residences of Catholic Charities of New York.

The comparative cost of caring for a child in New York City in different settings is illustrated below:

Category of service, approximate cost, and Federal-State-local share of cost.

1. Institutional foster care, $15,000–28,000/child/yr., under title XX 75%12.5%/12/5%.
2. non-institutional foster care, i.e., with foster family, $5,000/child/yr., under title XX 75%/12/5%/12/5%.
3. AFDC grant to AFDC parent, $600/child/yr., under title IV–A 50%/25%/25%.

If the children currently in residential care in New York State alone were found eligible for and provided with day treatment programs, a saving of $40 million per year could be realized. Across the Nation, a saving of perhaps as much as $200 million could result. Even in juvenile detention centers, whose educational and psychological services are totally inadequate, the average cost per child across the Nation is greater than the cost of day treatment. Based upon the Law Enforcement Assistance Administration estimates, juvenile detention now costs $14,000 per child. As much as $100 million per year could be saved if day treatment services were provided to children now in juvenile detention centers.

Of course, day treatment, as the treatment of choice for certain delinquent and disturbed children, must rest upon a structure of carefully developed eligibility criteria and upon timely and deliberate review of referral decisions. Appropriate local and State agencies, as well as licensed mental health professionals, must be involved in the development and implementation of criteria and admission and discharge processes. More immediately, I am seeking the comments and criticism of child welfare agencies and experts from across the country in an effort to perfect this legislation.

Mr. Speaker, I firmly believe that day treatment and in-home services offer us a great opportunity to preserve the family, prevent serious delinquency and maladjustment, and remove children from inappropriate institutional settings, all at a greatly reduced cost to the taxpayer. For these reasons, humane and fiscal, I propose that the Nation make day treatment programs and in-home services a major component of its services for children and families in trouble—and I offer this bill as a primary step in that direction.

A BILL TO PROVIDE DAY TREATMENT AND IN-HOME SERVICES FOR CHILDREN AND FAMILIES IN TROUBLE

(Mr. KOCH asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, I am introducing today a bill to provide under the child welfare services program supportive day treatment and in-home services to children and families. I am setting forth the bill in the RECORD so as to encourage those familiar with the problem to examine it and make proposals which will make it an even better one. The bill follows:

H.R. 10383

A bill to amend part B of title IV of the Social Security Act to provide, as the primary form in which services are to be furnished under the child-welfare services program, for supportive day treatment and in-home services to children and families.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Community-Based Day Treatment and In-Home Services for Children and Families Act".

Sec. 2. (a) The Congress finds that services to children and families in trouble have in the past generally been limited to two options—office and clinic visits, or total removal of a child from the home and community through some form of residential placement—but that many children could remain in their homes with intact families if substantial programs of day treatment and in-home services to children and their families were available.

(b) The Congress further finds that day treatment and in-home arrangements offer the advantage of enabling children to remain in their homes while receiving necessary services, thereby avoiding costly and unnecessary foster care placement and providing a transitional means for children already in foster care to return at a much earlier date to their homes and communities. In addition, day treatment and in-home services programs would permit early intervention with appropriate services to remedy the problems of the child and his family, would promote stabilization and prevent the breakup of the family, would promote the early return of a child to his or her family from residential placement, and would involve lower costs than 24-hour residential placement; and children with severe behavioral problems can often be handled more effectively in day treatment and in-home services programs than in 24-hour residential care.

Sec. 3. Part B of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"DAY TREATMENT AND IN-HOME SERVICES

"Sec. 427. (a) (1) Sums appropriated pursuant to section 420 and allocated under section 421 shall be available for and used by cooperating State agencies in the provision of day treatment and in-home services to children and families in accordance with this section.

"(2) In addition, the sum of $50,000,000 is authorized to be appropriated for each of the first two fiscal years ending after the date of the enactment of this section for use by cooperating State agencies in the provision of day treatment and in-home services to children and families in accordance with this section.

"(b) Notwithstanding any other provision of this Act, amount made available to a State for the provision of day treatment and in-home services under its State plan in accordance with this section may be used to pay up to 90 percent of the cost of providing such services.

"(c) Day treatment and in-home services may be provided under a State plan developed as provided in section 421 (without regard to income) to any child or family experiencing problems which such services would assist in solving, and to any other child or family where (in the judgment of the State or local public agency responsible for administering or supervising the administration of the plan) parental difficulties may jeopardize the physical, emotional, or psychological condition of the child; but—

"(1) any fee or charge imposed for such services upon a family (or member of a family) whose monthly gross income is less than 80 percent of the median income of a family of four in the State (as promulgated under the last sentence of section 2002(a) (6) and adjusted in accordance with regulations prescribed by the Secretary to take into account the size of the family) shall be consistent with such requirements (including requirements prohibiting the imposition of any fee or charge) as the Secretary shall prescribe to assure that the objectives of this part are carried out; and

"(2) fees or charges reasonably related to family income shall be imposed for such services, other than services directed at the goal of preventing or remedying neglect, abuse, or exploitation of children, upon any family (or member of a family) whose monthly gross income is 115 percent or more of the median income of a family of four in the State (as so promulgated and adjusted). Fees and charges imposed for services provided under this section may be different for different services, but in any event may not exceed the costs of the services involved and must be positively related to the ability of the recipient to pay; and no such fee or charge may be designed to discourage the utilization of needed services.

"(d) Day treatment and in-home services under this section shall be furnished by the State or local agency responsible for administering or supervising the administration of the State plan, or (under contract with such agency) by providers of services which are licensed by the State authority designated as responsible for establishing and maintaining standards for such services and to which individuals are referred for such services by that agency; except that when services are urgently needed but there is no licensed or approved provider immediately available, or when justified by other special circumstances (as defined by the Secretary), such services may be furnished in the form of emergency cash grants to such extent and on such terms and conditions as may be permitted under regulations prescribed by the Secretary.

"(e) Notwithstanding any other provision of this part, no payment may be made for treatment or services under this section for any period unless the Secretary shall have determined, on the basis of reports submitted by the State agency and such other evidence as the Secretary may consider relevant, that—

"(1) State and local efforts in the provision of child-welfare services (other than those to which this section applies), during such period, have not been reduced by reason of the enactment of this section or limited to take account of the availability of assistants under this section; and

"(2) State and local efforts in the provision of services under title XX of the type to which this section applies, during such period, have not been reduced by reason of the enactment of this section or limited to take account of the availability of assistance under this section.

"(f) For purposes of this section, the term 'child' includes any individual under the age of 21."

Sec. 4. Section 425 of the Social Security Act is amended—

(1) by striking out the heading and inserting in lieu thereof "Definitions";

(2) by inserting "(a)" immediately after "Sec. 425.";

(3) by inserting "(including day treatment and in-home services)" after "public social services"; and

(4) by adding at the end thereof the following new subsection:

"(b) For purposes of this title, the terms 'day treatment services' and 'in-home services' include any of the services otherwise provided for in or under this part which are available to a child or family in accordance with his or its needs for periods of less than 24 hours in any single day. The term 'day treatment services' specifically includes psychiatric, psychological, social casework, educational, vocational, recreational, health, transportation, and child care services, and any other services which are furnished a child or family in the home or through community-based services with the intent of preventing the child's institutionalization or other placement outside the family, except where such institutionalization or placement is in the child's best interest. The term 'in-home services' specifically includes homemaking, housekeeping, and counseling services, and any other services which are furnished in the home and are aimed primarily at the family unit with the intent of keeping the family structure intact or reuniting a separated family."

Sec. 5. (a) Section 422(a) (1) of the Social Security Act is amended—

(1) by striking out "and" at the end of subparagraph (B); and

(2) by adding after subparagraph (C) the following new subparagraph:

"(D) provides (notwithstanding any other provision of this section) that (i) no child will be placed in a foster home, institution, or other residential facility for the provision of services unless (I) the State or local agency responsible for administering or supervising the administration of the plan determines, after exhausting all feasible alternatives to placement, that such placement is the 'treatment of choice' or determining that the child's continued presence in the home or family would constitute a threat to his or her welfare or safety or the safety of the community, or (II) such placement has been ordered by a court of competent jurisdiction; (ii) if the child is placed in a foster home, institution, or other residential facility under such circumstances such agency will evaluate the continued appropriateness of the placement determination no less often than once each six months in order to determine whether the conditions which required his or her placement in such a home or facility still exist; and (iii) eligibility for any services in a community-based day treatment or preventive service facility shall be authorized by an appropriately licensed social service or mental health agency and further approved, within 30 days of the utilization of such services, by a local public authority having three members one of whom is a qualified psychiatrist, and".

(b) Section 422(a) of such Act is further amended by adding at the end thereof the following new sentence: "The State or local agency responsible for administering or supervising the administration of the plan shall from time to time submit to the Secretary detailed reports indicating the steps being taken to explore feasible alternatives to placement (and the various types of alternative arrangements being considered) in connection with the placement of children in foster homes, institutions, and other residential facilities in accordance with paragraph (1) (D)."

Sec. 6. Section 2002(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(14) No payment may be made under this section with respect to any expenditure for the provision to any individual or family of services which would constitute 'child welfare services' for purposes of part B of title IV and which involve the placement of a child in a foster home, institution, or other residential facility unless (A) the State has determined after exhausting all feasible alternatives to placement that such placement is the 'treatment of choice', or determines that the child's continued presence in the home or family would constitute a threat to his or her welfare or safety or the safety of the community, and (B) if the child is placed in a foster home, institution, or other residential facility under such circumstances such agency will evaluate the continued appropriateness of the placement determination no less often than once each six months in order to determine whether the conditions which required his or her placement in such a home or facility still exist. The State shall from time to time submit to the Secretary detailed reports indicating the steps being taken to explore feasible alternatives to placement (and the various types of alternative arrangements being considered) in connection with the placement of children in foster homes, institutions, and other residential facilities in accordance with this paragraph.

Sec. 7. (a) Section 421 of the Social Security Act is amended by striking out "as the product of" and all that follows and inserting in lieu thereof "as the population of such State under the age of 21 bears to the total population of the United States under such age.".

(b) Section 423 of such Act is amended—

(1) by striking out subsection (a);

(2) by striking out "as the per capita income of such State bears to the per capita income of the United States" in subsection (b) and inserting in lieu thereof "as the population of such State under the age of 21 bears to the total population of the United States under such age";

(3) by striking out "and allotment percentage" in subsection (c);

(4) by striking out "average per capita income" in subsection (c) and inserting in lieu thereof "under-21 population"; and

(5) by redesignating subsections (b), (c), and (d) as subsections (a), (b), and (c), respectively.

Sec. 8. Section 402(a) of the Social Security Act is amended—

(1) by striking out "and" at the end of paragraph (26);

(2) by striking out the period at the end of paragraph (27) and inserting in lieu thereof "; and"; and

(3) by adding after paragraph (27) the following new paragraph:

"(28) provide that the State agency will (A) exhaust all feasible alternatives to placement of a child in a foster home, institution, or other residential facility before placing or approving the placement of such child in such a home, institution, or facility, and (B) submit to the Secretary periodic reports indicating the steps being taken to explore such alternatives (and the various types of alternative arrangements being considered) in connection with the placement of children in such homes, institutions, and facilities.".

Sec. 9. The amendments made by this Act shall apply with respect to calendar quarters beginning on or after the date of the enactment of this Act.

CONTEMPT CITATION IN ORDER FOR SECRETARY OF COMMERCE MORTON

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, on October 9, I wrote to Department of Commerce Secretary Rogers Morton urging him to cease his Department's policy of aiding the Arab boycott of Israel which is in violation of the express public policy of the United States. The Subcommittee on Oversight and Investigations of the House Interstate and Foreign Commerce Committee requested Secretary Morton to make available to the committee boycott information in his possession pursuant to the Export Control Act of 1969. The Commerce Department has been circulating Arab invitations for American companies' bids; many of these invitations include anti-Israel and anti-Jewish boycott provisions. Although the 1969 law expressly forbids trade boycotts, the Secretary, by his actions, continues to encourage the Arab boycott.

In dispute is a confidentiality section of the Export Control Act. This provision permits the Secretary to withhold from the public certain confidential information. Secretary Morton claims this section permits him to withhold information from the subcommittee and Congress; the subcommittee says it does not. It would be bizarre that Congress would pass a law that permits the executive branch to withhold information from the Congress. The subcommittee is not requesting this information due to any capricious whim, the subcommittee wishes to thoroughly investigate the boycott situation and determine if, and to what extent, legislation is needed and laws have been broken.

In response to my letter and other congressional inquiries, Secretary Morton claims the committee-requested information, if made public, might cause the involved companies "serious economic harm." He apparenlty does not consider what harm his Department's participation in the boycott is doing to this country's integrity and morality. Secretary Morton states that his refusal to meet the committee's request is not tacit support of the Arab boycott. But, indeed, it is. He is aiding and abetting that boycott.

Secretary Morton requested Attorney General Edward H. Levi's opinion of this matter and, admittedly, the Attorney General concluded that the committee's subpena does not force the Secretary to divulge the requested material. On the other hand, Raoul Berger, Philip Kurland, Norman Dorsen, three experts in the field of constitutional law, testified before the subcommittee that by defying the subpena, Secretary Morton is in contempt of Congress. On the idea that Congress would pass a law to withhold information from itself, Professor Kurland states:

> I should think the presumption would go in the opposite direction. . . . [T]he Congressional function of oversight and investigation is a power and duty of primary importance to our constitutional system.

Assume that there are conflicting interpretations as to what the law says, should not the Secretary err on the side of civil liberties, morality, and integrity and do all he can against the boycott?

Secretary Morton in his letter to me "welcomes judicial review of the legal issues presented" and, should the courts rule against him, he will "promptly provide the requested documents." But is this not a scene we have played before? The characters are different—a Commerce Subcommittee instead of the Judiciary, a Cabinet Secretary instead of a President—the words, the actions are the same. Have we learned nothing? Does Secretary Morton and the executive branch intend to divulge information to the Congress only upon court order?

Secretary Morton welcomes judicial review? I urge it. I urge the Subcommittee on Oversight and Investigations to press this matter expeditiously and bring this issue before the courts. The Congress should take the Secretary at his word and move to hold him in contempt so as to have the court determine whether he has performed his obligations of office nobly or ignobly.

I have appended a copy of Secretary Morton's reply to my letter.

The Secretary of Commerce,
Washington, D.C., October 2, 1975.

Hon. Edward I. Koch,
House of Representatives,
Washington, D.C.

Dear Congressman Koch: This is in further response to your letter of September 5, 1975, in which you urged me to reconsider my declining to provide to the Subcommittee on Oversight and Investigations of the House Interstate and Foreign Commerce Committee copies of all reports of boycott-related requests filed since 1970 with the Department of Commerce in accordance with the Export Administration Regulations.

I want to assure you that I have the utmost respect for the Congress and for the House, of which I was a member for many years, and that my decision not to disclose these documents was not arrived at lightly, but after full consideration of the legal issues involved, and of the factors which I considered relevant in evaluating what would be in the national interest.

Enclosed for your information is a copy of my statement before the Subcommittee on September 22, in which I fully explained my reasons for declining the Subcommittee's request, as well as copies of my letters on this subject to Chairman Moss and to Chairman Staggers, dated July 24 and August 22. Also, please find enclosed a copy of the opinion of the Attorney General, dated September 4, 1975, which discusses the legal basis for my declining this request.

During my appearance on September 22 before the Subcommittee on Oversight and Investigations, I stated that I would welcome judicial review of the legal issues presented and that, if the courts found that the confidentiality provisions of Section 7(c) of the Export Administration Act of 1969 do not apply to requests by Committees of Congress, I would promptly provide the requested documents. However, until such time as the courts have so ruled, I sincerely believe that compliance with the Subcommittee's request would be a violation of the law which I am charged to administer and of the oath of office which I took when I became Secretary of Commerce.

Sincerely,

Rogers Morton,
Secretary of Commerce.

FEDERAL BACKING OF NEW YORK'S SECURITIES IS CRITICAL FOR NATION'S ECONOMY

(Mr. OTTINGER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. OTTINGER. Mr. Speaker, although the city of New York was saved at the very last minute from going into financial default last week, the specter of this disastrous event still haunts us. While city and State officials have indicated they are willing to take those necessary steps to bring the city's financial house in order, such action cannot be taken without the active participation of the Federal Government.

What is really at stake is not the future fiscal condition of New York City or

New York State but the ability of every municipality in this Nation to finance its own operations. There is no question that if New York City goes bankrupt, municipal borrowing everywhere will not only be more difficult and expensive than it is now, but will become either impossible or exorbitant. Thousands will be added to the unemployment rolls. Municipal and school construction will stop.

The President's shortsighted view of this truly national economic emergency cannot be emulated in the Congress.

New York City is not seeking to be "bailed out." It does not seek a penny of additional aid. It seeks merely the Federal Government's backing of its securities until such time as investor confidence can be restored.

The ramifications of a default by New York City are very aptly described in an editorial in the October 22 Washington Star. Observing that the objective of Federal aid is neither to defend the reputations of city and State officials in New York nor to protect the welfare of the 8 million citizens of New York, the Star editorial very properly concludes that—

> The main concern is to save the nation the uncounted billions a New York collapse could cost.

Because of the misinformation and confusion which some seem to find in this issue, I insert the Star editorial herewith and commend it to the attention of our colleagues:

[From the Washington Star, Oct. 22, 1975]

NEW YORK MUST BE RESCUED

As New York City wobbled at the edge of financial default the other day, the nation was forced to reflect on what that event would mean. All but the most politically distorted analyses are anything but comforting.

During the hours that Albert Shanker of the Teachers Union haggled with city and state officials before releasing $150 million in pension funds to buy bonds of the state's Municipal Assistance Corporation, the tremors in the financial world were impressive. The stock markets went on a roller-coaster ride, bond trading came to a virtual halt, currency exchange in Europe was at a standstill and the international price of gold rose, reflecting loss of confidence in the dollar.

These tremblings only hint at the quake that might follow on actual default—meaning the city's inability even with state backing to raise new money to meet scheduled payments on old debt. Experts differ in their assessments of how severe the shocks would be from a default on the scale of New York's. But this pessimistic view is worth contemplating on the chance it is the correct one:

New York's bankruptcy would make municipal borrowing more difficult everywhere, and drive up the interest rates on bonds at the expense of all local taxpayers. Banks holding large amounts of the defaulted notes and bonds would be endangered. Bank-rescue efforts by the Federal Reserve could compromise its control of the money supply. The city and its region would be thrown into economic depression, with effects rippling elsewhere. Investor confidence would be generally shaken, for business as well as municipal purposes. The nation's recovery from the recession would be jeopardized. The costs of all that trouble would dwarf the amounts involved in the New York financial crisis.

Such dangers are minimized by Treasury Secretary William Simon, whose view presumably governs President Ford's resistance to a federally sponsored solution and the President's political exploitation of New York's difficulty. Rather than a potential disaster of national scope, Mr. Ford sees in New York's profligate example a fine opportunity to preach governmental thrift.

Vice President Rockefeller's apparent departure from the Ford line, to voice conditional support for federal help to the city, may herald an ultimate concession by the administration to the need of staving off default. The specter looms again in the first week of December, the next deadline for city-state refinancing in money markets that regard the risk as prohibitive.

Congress is split on the issue of a "bailout," with the representatives of distant constituencies detecting no interest at home in helping New York. It is essential, therefore, that Mr. Ford perceive the national stake and back legislation to head off a municipal collapse of far-reaching consequences.

The most promising route is the provision of federal loan guarantees predicated on strict austerities to return New York to financial health within a few years. If the plan is well executed, the rescue should cost federal taxpayers nothing.

The motive for a federal rescue is not to save the hides of New York's city and state officials. And it is not just to protect the welfare of 8 million New Yorkers, though that is important. The main concern is to save the nation the uncounted billions a New York collapse could cost.

VIRUSES IN WATER

(Mr. GUDE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. GUDE. Mr. Speaker, in a period of rapidly expanding scientific knowledge, and growing technology which puts newly developed knowledge to practical use, we in Congress have an obligation to keep abreast of developments which can benefit our Nation. In no area is this more true than in the field of sanitary engineering in providing, efficiently and economically, safe wholesome water for recreation and drinking.

To this end, I would like to bring to my colleagues' attention a paper by Prof. Joseph L. Melnick, a distinguished virologist and epidemiologist at Baylor College of Medicine in Houston, Tex.

In particular, Professor Melnick's conclusion concerning the refining of water is most significant:

> With water in short supply, we shall have to abandon the concept of wastewater treatment plants, of plants that often send polluted effluents and truly wasted waters into the rivers and oceans at a rate exceeding nature's ability to replenish the fresh water supply. Effluents can now be prepared free of infectious agents, and this water should be recognized by society as a resource to be recycled and used again. For too long we have left recycling to chance. We must now introduce to society the concept of the water refinery, which will accept crude water and make it pure and safe for human consumption.

These developments should be kept in mind as we consider authorization and appropriations which deal with the matter of water supply and sewage treatment. I commend Professor Melnick's article to my colleagues' attention:

VIRUSES IN WATER, PRESENTED JUNE 1974 AT THE INTERNATIONAL CONFERENCE ON VIRUSES AND WATER

(By Joseph L. Melnick)

On behalf of the Scientific Program Committee, it is my pleasure to acknowledge the support and foresightedness of a number of organizations. This International Conference was sponsored by the American Public Health Association with the support of a grant from the Carborundum Company and with the cosponsorship of WHO, PAHO and the Mexican Office of Environmental Improvement. We were fortunate in being able to hold our meeting in Mexico to make our deliberations more readily accessible to all of Latin America. However, it is obvious from the program that many of the speakers and participants were here from the Eastern Hemisphere also, for the subject of viruses in water is of importance to people in all parts of the world, and much important work is being done in Europe, in Africa and in Asia.

Water problems may vary in different countries, but all will agree that water problems exist now even in the most advanced countries and it takes little foresight to realize that the problems will become even more critical in the not too distance future. A timely article appeared in the June 1974 issue of Consumer Reports by Harris and Brecher. As they aptly point out:

Almost everyone supposes that community water systems are under continuous surveillance by competent state and local health officials, that water samples are scrupulously tested at frequent intervals, that any flaws in a water system will be soon discovered and corrected—and that the water we drink therefore must be safe. Unfortunately, almost everyone supposes wrong.

True, cities in the US no longer suffer from recurring large-scale epidemics of typhoid, cholera, dysentery, and other waterborne bacterial infections. It was those epidemics, with their ghastly death tolls traceable to drinking water, that forced the establishment of community water supplies during the past century. Then-new water systems worked quite well against the hazards they were meant to alleviate. But today, many of the same water systems are outdated, dilapidated, substandard in important respects and barely able to meet peak demands.

Their design is primitive, and they are typically staffed by people trained in an outmoded tradition or not trained at all. As the level of pollution has risen in our sources of raw water, the techniques employed to make that polluted water safe for human consumption have become less and less adequate.

Experience has shown that community water supplies must be tested at frequent intervals if intermittent bacterial contamination is to be discovered. Bacteriological tests are primarily designed to identify coliform bacteria—the types of bacteria found in feces and soil. The standards do not require a total absence of coliforms; a moderate count is permitted. A well-operated water treatment plant can do considerably better than the standards require.

Furthermore, we now know that coliform counts do not correlate with virus counts. We have had many samples in our laboratory negative for coliforms that were positive for human pathogenic viruses.

The sanitary engineers who built the early community sewage and water systems did not know about viruses, which is understandable, but many modern sanitary engineers still do not know about viruses, which is neither understandable nor excusable. No accepted standards have been set for viruses in recreational or drinking waters, although standards have been proposed, based on present monitoring technology for virus detection. As our detection and monitoring methods improve, we have the obligation to assure members of society that the water they drink is free not only from pathogenic bacteria but from viruses as well.

Viruses occur in water, and waterborne outbreaks of viral diseases have been well-documented. If a virus infection has a short and uniform incubation period, and produces a characteristic, easily recognizable disease, carriage of the virus by water routes can be traced with a fair degree of accuracy.

In contrast to diseases whose spread can be traced in this fashion, the characteristics of many viral diseases are such that their transmission by water is very difficult to recognize. Viruses whose spread is difficult to trace include those viruses which produce clinically observable illness in only a small fraction of the persons who become infected, those viruses which produce diseases with widely variable incubation periods, and those viruses which are easily spread by direct human contact.

MONITORING STANDARDS FOR VIRUSES IN WATER

Even though water transmission is often difficult to trace, the presence of viruses in sewage effluent, in streams, and in other waters cannot be viewed with equanimity. New methods capable of detecting viruses in large fluid volumes are now available, and the time seems to have arrived for setting standards of permissible virus content of waters. Based on the then available technology, I suggested four years ago at the University of Illinois Conference on Water Quality that the following standards be set: a maximum of one detectable infectious virus unit per 10 gallons of recreational water and a maximum of one infectious virus per unit of 100 gallons of drinking water. As our methods for detecting and monitoring water supplies have continued to improve, I would suggest that we can do better, and raise the standards to a maximum of one infectious virus per 1,000 gallons of drinking water.

There are some who say that until we determine the precise concentration of specific viruses in water that can produce disease, we should continue to monitor only for bacteria to assure that community water passes the present bacteriologic standards. They say that we do not have enough information to set virus standards. However, I believe that we should raise our sights, and accept the principle that the community is entitled to drink water that is as free from virus as modern technology can provide. The cost is not that great.

PERSONAL HISTORY RELATING TO VIRUSES IN WATER

We learn from our experiences. My own experiences in the laboratory studying viruses in water serve to illustrate how this field has moved in one lifetime.

Thirty years ago, I carried out studies on the effect of chlorine on the only enteroviruses known at the time—polioviruses. I elected to use natural polioviruses, i.e. viruses present in feces of paralyzed poliomyelitis patients. Until that time, studies had been carried out only on viruses passed in laboratory animals. Even recent studies continue to use viruses grown in tissue culture rather than viruses as they exist in nature. Our studies showed that viruses present in 10 percent centrifuged suspensions of stools from poliomyelitis patients withstood a chlorine dose of 120 ppm, and a chlorine residual value of 15 ppm after a contact period of 10 minutes. Furthermore, we showed that added organic matter was markedly protective. Even when sufficient chlorine had been added to meet the additional demand, the residual chlorine levels had to be increased as much as 10 to 18 times to inactivate the same amount of virus as in the suspension prior to the addition of the extra organic load. The findings still serve to emphasize the caution which must be exercised before attempting to carry over laboratory findings on inactivation of polioviruses by chlorination to nature.

During the period 1940–45, I was engaged in detecting polioviruses in the East River of New York City (see Fig. 1). At the time, poliomyelitis was considered to spread by person to person contact, and it was felt that these viruses could not be effective if outside the human body. We learned otherwise.

Once each month, I would take the train from Yale University in New Haven, where I worked, to New York City, fill my gallon jug with sewage effluent as it entered the East River and return to New Haven. I believe that these were the only samples of water in the world studied for viruses during that period. Those were the days before tissue culture, but even then we were concerned with improvement of methods for concentrating and purifying the viruses so that the concentrate could be injected into our test animal: one sample per monkey. Instead of one or two-day test, we had to follow the monkey daily for four to five weeks for muscle weakness, then remove its brain and spinal cord, and examine them in thin sections under the microscope for lesions of poliomyelitis. What did we learn?

We learned that polioviruses could be detected in sewage effluents, particularly in the late summer and fall, when cases were at a maximum in the city. We learned that the method of virus concentration was crucial for viruses to be detected. We learned that viruses may be continually present in sewage for long periods of time—over 17 weeks in 1944. We also learned that an appreciable part of the normal population was infected with polio-viruses each summer and fall. When the rate of clinical cases of poliomyelitis in Manhattan varied from 0.6 to 4.6 per 100,0000 per month, the intestinal carrier rate was 1,000 times greater, namely, about 6 percent of the population. We learned this from estimating the amounts of viruses in the flowing sewage ($20x10^6$ monkey-paralyzing doses per hour of flow) and the amount excreted per day per person (10^4 monkey-paralyzing doses).

As our knowledge of viruses developed in the 1940's, we participated in the discovery and identification of the coxsackieviruses, then the echoviruses, and then to the enterovirus concept. Only this year, we accepted a new enterovirus, type 70, as a member of the group. This virus has not appeared as yet in the Western Hemisphere, but in the past few years, it has produced millions of cases of epidemic hemorrhagic conjunctivitis in Asia and Africa.

To return to our early studies of enteroviruses in sewage, we carried out consecutive studies on the prevalence of these newly discovered enteroviruses from 1949 through 1952 in domestic sewage in six areas of the US (see Fig. 2). In every urban area studied, viruses appeared in the specimens collected in the summer and fall, and then virtually disappeared during the winter and spring. It was only a rare winter specimen that yielded viruses. Even though the methods were crude by today's standards, viruses were recovered in more than 50 percent of the samples collected.

In general, the coxsackieviruses isolated yielded only myositis in test mice. However, a number of strains were neurotropic and myotropic, and others produced lesions only in the brains of mice. Today, tests for enteroviruses are virtually limited to cheaper tissue culture systems and such viruses may be missed.

In Muskegon, MI, where 34 strains of viruses were isolated in one year, 26 belonged to a single antigenic type. In other areas, strains belonging to two different virus types were found in the same specimen in eight of 80 isolates studied for this purpose. In Topeka, KS, a large number of coxsackieviruses were recovered through the summer and fall of one year, but those isolated in the summer belonged to a single antigenic type, while those isolated in the fall belonged to a second antigenic type. Thus, the persistence of a virus for several months in a residential area, or its reappearance after a short period, may be due to the serial waves of infection by new types of viruses rather than to recurring dissemination of the original virus.

Living through the explosive waterborne outbreak of viral hepatitis in India was an unforgettable experience which I have documented elsewhere. Waterborne outbreaks of hepatitis have been observed, but none have been of the scale of the epidemic which occurred during December, 1955, and January, 1956, in Delhi. During the epidemic period, I was fortunate to be in India, working as a staff member of the Rockefeller Foundation at the Virus Research Center in Poona. I was invited to Delhi to participate in virologic studies of the epidemic. During the epidemic there were about 35,000 cases giving a case rate of 2,000 per 100,000 in the single month of the epidemic.

The geographic distribution of cases, together with the explosive nature of the outbreak, indicated that the infectious agent was disseminated in the population by means of the water supply. The contamination of the water supply by sewage had actually taken place over a period of one week, and occurred six weeks before the peak of the epidemic. During the period of contamination, the water was treated with high doses of chlorine, but this failed to prevent the epidemic. This lesson remains with me today.

DETECTION AND REMOVAL OF VIRUSES IN WATER

In recent years, the interest of our laboratory, as well as of others, has been focused on improving methods for detection of viruses in water. It is the sensitivity and reliability of these methods that now should permit the setting of virus standards for drinking water. The need exists, for enteroviruses have already been recovered from the city drinking water of more than one country.

The next phase is the use of our technology to remove or to inactivate viruses wherever they occur in water—either in sewage effluents to avoid contamination of our water systems, or in water treatment plants.

WATER REFINERIES

The concept of refineries is well established in my home state of Texas, but they usually refer to oil. "With water in short supply, we shall have to abandon the concept of wastewater treatment plants, of plants that often send polluted effluents and truly wasted waters into the rivers and oceans at a rate exceeding nature's ability to replenish the fresh water supply. Effluents can now be prepared free of infectious agents, and this water should be recognized by society as a resource to be recycled and used again. For too long we have left recycling to chance. We must now introduce to society the concept of the water refinery, which will accept crude water and make it pure and safe for human consumption." Much remains to be done. The state of the art, and in some cases the state of the science of water reclamation, will be described and discussed in chapters that follow.

RECOMMENDATIONS

With the aid of participants at the Conference, recommendations have been prepared. Too often a group of experts assemble, exchange information and then depart. This time a path of action has been charted that should direct us toward the solutions of the problems associated with the limited supply of water for human use on this single globe we call Earth.

AMENDING THE IMMIGRATION AND NATIONALITY ACT TO FACILITATE THE REUNIFICATION OF FAMILIES

(Ms. HOLTZMAN asked and was given permission to extend her remarks at this point in the RECORD and to include extraneous matter.)

Ms. HOLTZMAN. Mr. Speaker, I have introduced, today, legislation to remedy a particularly cruel inequity in the Immigration and Nationality Act.

Our immigration laws seek to facilitate the reunification of families. In furtherance of this humanitarian end, the laws give certain preferences to the immigration of minor children of American citizens and permanent residents.

This laudable purpose is frustrated because a child's age is determined as of the time a petition or visa is approved, rather than when application is made. In many countries, particularly in the Western Hemisphere, it may take several years before a visa becomes available. Bureaucratic delay adds to the wait. Thus a child may be 16 when he or she applies for a visa, but may turn 21 and lose eligibility before a visa is granted.

The legislation I have introduced today will remedy this pointless and unfair result. My bill provides that, for the purposes of preference under the immigration laws, a child's age is counted as of the date a visa application or relative petition is filed. In this way, no family will be divided and no child denied admission to the United States simply because of redtape or the length of the wait for a visa.

The text of the bill follows:

H.R. 10403

A bill to amend the Immigration and Nationality Act to provide that the age of a child shall be determined as of the date a petition for preference status or immediate relative status is filed by or in behalf of such child, or if no such petition is filed, as of the date an application for an immigrant visa is made by or in behalf of such child.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101(b)(1) of the Immigration and Nationality Act (8 U.S.C. 1101(b)(1)) is amended by inserting at the end thereof the following:

"For purposes of this paragraph, the age of a child shall be determined—

"(i) as of the date a petition is filed by or in behalf of such child for classification as a preference immigrant under section 203 (a) or for classification as an immediate relative under section 201(b); or

"(ii) if no such petition is filed, as of the date an application for an immigrant visa is made by or in behalf of such child under section 222."

(b) Subparagraph (F) of section 101(b) (1) of the Immigration and Nationality Act (8 U.S.C. 1101(b)(1)(F)) is amended by striking out ", under the age of fourteen at the time a petition is filed in his behalf" and inserting in lieu thereof "under the age of fourteen, in behalf of whom a petition is filed".

GRAIN PRICES BREAK AGAIN—ANOTHER HARVEST FROM THE RUSSIAN GRAIN DEAL

(Mr. MELCHER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. MELCHER. Mr. Speaker, U.S. grain producers reaped another big harvest from the Russian grain deal in the markets yesterday.

Wheat prices at Chicago dropped 11 cents per bushel, corn went down more than 6 cents. Soybeans for November delivery went down 18 cents per bushel.

I am including in the RECORD the New York Times article on the markets for Monday, October 27, but I would like to call attention to the fact that, cumulatively, since the announcement, the farmers' harvest from the Russian grain deal to date is a decline of more than 30 cents per bushel for wheat; about 18 cents per bushel for corn, and 45 cents per bushel on soybeans.

It was claimed that the deal would bring stability to the farmers' markets. If this is someone's idea of stability, I can assure him that producers do not appreciate it.

December wheat closed at $4.12 per bushel in Chicago on Monday, October 20, the day before the big deal was announced. It closed at $3.80 yesterday—down 32 cents per bushel.

December corn was $2.93 per bushel the day before the big deal. It closed at $2.75 per bushel in Chicago yesterday, down 18 cents.

November soybeans closed at $5.24 per bushel the day before the Russian deal was announced. They closed at $4.79 per bushel yesterday, down 45 cents per bushel.

This is the farmers' harvest to date from the Russian grain deal which has not yielded us a drop of oil.

On Wednesday, October 22, I put in the RECORD the figures on the first-day drop in grain prices after the big deal's announcement. For those who wish to see exactly what the Ford-Kissinger-Butz interference in the free world markets has done for farmers, I suggest they compare the market report at page 33714 of the RECORD with the one which follows these remarks.

GRAIN FUTURES DECLINE SHARPLY: FALL LAID TO REPORTS OF A PILEUP OF CORN AND SOYBEANS

(By Elizabeth M. Fowler)

Contracts for grains and soybeans dropped sharply yesterday on the Chicago Board of Trade, amid reports that the record corn crop and the abundant soybean crop are being piled up outside already-filled grain elevators, along railroad sidings, and even on streets in small Midwest towns.

Corn for December delivery dropped more than 6 cents a bushel to $2.75, a year ago it was $3.63. Soybeans for January delivery dropped about 17 cents to close at $4.90½, well under the $7.77 for such a contract a year ago.

Wheat, which was fully harvested months ago, closed at $3.80 for December delivery, down about 11 cents, compared with a year-ago price of $5.12. Last year's higher prices were influenced by small crops resulting from drought conditions.

The market was also depressed by lack of further news about Soviet purchases in addition to those announced last week.

A Department of Agriculture report that Soviet sunflower production was sharply lower had little effect on the soybean market, according to commodity experts, who said the news had been discounted for some time. Soybean oil competes with sunflower oil. In times of shortage the Soviet Union buys soybeans as replacement, and this year they have made some substantial purchases of soybeans from Brazil.

MONDAY, OCT. 27, 1975

	Open	High	Low	Close	Prev.
Wheat:					
December	3.88	3.88½	3.78	3.80	3.91
March	4.04	4.04	3.92½	3.93½	4.06
May	4.06	4.07	3.97¼	3.97½	4.08
July	4.04	4.04	3.92½	3.96	4.07½
September	4.07	4.09	3.99	4.02	4.13
Corn:					
December	2.77½	2.79	2.75	2.75	2.81¼
March	2.88	2.88	2.84	2.84¼	2.90½
May	2.93	2.93	2.88	2.00½	2.94¼
July	2.92½	2.93	2.89	2.89½	2.95½
September	2.84	2.85½	2.83	2.84¼	2.86
December	2.78½	2.79	2.75	2.75½	2.80¼
March				2.81	2.85¾
Soybeans:					
November	4.92	4.92	4.76½	4.79	4.97
January	5.01	5.03½	4.88¾	4.90½	5.07
March	5.16	5.16	5.01½	5.01½	5.22
May	5.23	5.24	5.08½	5.10	5.27
July	5.30	5.30	5.17	5.17	5.36
August	5.32	5.32	5.20	5.20	5.41
September	5.25	5.25	5.20	5.20	5.40
November	5.37	5.37	5.22	5.22	5.42
January	5.36	5.36	5.34	5.34	5.55

U.S. SUPPORT OF SINAI ACCORD PROMOTES WORLD PEACE

(Mr. MIKVA asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. MIKVA. Mr. Speaker, during the past 6 weeks, the American people and their representatives in Congress have debated various aspects of the interim peace accord between Israel and Egypt. The backdrop for this debate has been Vietnam and the whole series of misadventures and tragedies that characterized U.S. policy in Indochina.

There are lessons to be learned from the Indochina War. It is probably true that those who do not learn from history are condemned to repeat it. But it is important that the right lessons be learned and that superficial similarities are not confused with major differences.

Public discussion and debate have demonstrated, I believe, that an American commitment to the Israel-Egypt peace accord is justified and that such a commitment in no way represents the "ghost of Vietnam." Furthermore, the preoccupation by some with the mistakes of the past has tended to obscure the importance of the peace accord as not only a long-awaited breakthrough to peace in the Middle East, but as an effort in American diplomacy which can restore the United States to its role as a moral leader in the world arena.

Much of the public discussion has ignored the need of the United States to exercise decisive leadership on behalf of world peace. Rather, the focus has been on the American commitment to send 200 civilians to operate early-warning stations between the Israel and Egyptian lines. These civilian volunteers, who are to play a neutral role as agreed to by both Israel and Egypt, have been compared by some critics in the United States to the "American advisers" sent to "advise" the South Vietnam military in the early 1960's.

These advisers, however, were always partisans, never neutrals, and their presence always symbolized an underlying, fundamental problem of the entire Vietnam war—the issue of U.S. legitimacy in South Vietnam and, later, throughout Indochina.

Unlike Vietnam, the role of 200 neutral American technicians has been agreed to by two of the major antagonists in the Middle East. Both Isarel and Egypt have requested and sanctioned the clearly limited role of the 200 civilian Americans. The legitimacy of this American presence is underscored by the fact that now, for the first time in almost 30 years, at least an interim peace has been established between Israel and Egypt.

The historic peace accord would not have been possible without the willingness of the United States to take an active, responsible role. This world we live in is a small one, and there are no Gibraltars. However much we might wish to dissociate ourselves from the world's problems, we cannot. Yet, we have learned that the United States may not be able to solve every world problem, that there are limits to what this country can do.

But there is a responsibility, as well as a self-interest, I believe, for the United States to seek opportunities for peace. And such an opportunity has been created in the Middle East, where the United States has historically played a major role.

The interim peace accord deserves the support of Congress and the American people. I realize that the accord marks only the beginning and that the road ahead is paved with obstacles. But a start has been made which only a few months ago seemed impossible. In the months ahead, it will be the responsibility of Congress and the American people to continue to scrutinize the details of any further peace-keeping commitments by the United States. And that scrutiny should be based not only on the lessons of history but on a vision of the future, not only on peace accords that failed but on peace accords that may yet flourish.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. SARASIN (at the request of Mr. RHODES), on account of a death in family.

Ms. ABZUG (at the request of Mr. O'NEILL), for this week, on account of death in the family.

Mr. ANNUNZIO (at the request of Mr. O'NEILL), for this week, on account of a necessary absence.

Mr. GREEN (at the request of Mr. NIX), for October 28 and 29, 1975, on account of official business outside the country.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. STEELMAN) to revise and extend their remarks and include extraneous material:)

Mr. COLLINS of Texas, for 30 minutes, on October 29, 1975.

Mr. BOB WILSON, for 10 minutes, today.

Mr. MCKINNEY, for 15 minutes, today.

Mr. QUILLEN, for 30 minutes, on October 29, 1975.

(The following Members (at the request of Mr. MCDONALD of Georgia) to revise and extend their remarks and include extraneous material:)

Mr. GONZALEZ, for 5 minutes, today.

Mr. ASHLEY, for 5 minutes, today.

Mr. DELANEY, for 5 minutes, today.

Mr. BURKE of Massachusetts, for 5 minutes, today.

Mr. BYRON, for 5 minutes, today.

Mr. ASPIN, for 10 minutes, today.

Mr. HARRIS, for 5 minutes, today.

Mr. MEZVINSKY, for 5 minutes, today.

Mrs. MEYNER, for 5 minutes, today.

Mr. BENITEZ, for 10 minutes, today.

Mr. DIGGS, for 5 minutes, today.

Mr. RODINO, for 5 minutes, today.

Mr. BAUCUS, for 10 minutes, October 29, 1975.

Mr. RYAN, for 20 minutes, today.

Mr. WOLFF, for 15 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. ROUSSELOT to extend his remarks immediately preceding vote on H.R. 8835.

(The following Members (at the request of Mr. STEELMAN) and to include extraneous material:)

Mr. HEINZ.

Mr. KEMP in three instances.

Mr. STEELMAN.

Mr. CRANE.

Mr. GUDE in two instances.

Mr. GRADISON.

Mr. COLLINS of Texas.

Mr. KASTEN in three instances.

Mr. HASTINGS.

Mr. GRASSLEY.

Mr. FRENZEL in three instances.

Mrs. PETTIS in three instances.

Mr. MCCLOSKEY.

Mr. SYMMS in four instances.

Mr. SHUSTER.

Mr. FINDLEY.

Mr. FISH.

Mr. DERWINSKI in two instances.

Mr. MCCLORY.

Mr. BOB WILSON.

Mr. MCKINNEY.

Mr. RHODES.

(The following Members (at the request of Mr. MCDONALD of Georgia), and to include extraneous matter:)

Mr. ANNUNZIO in six instances.

Mr. ANDERSON of California in three instances.

Mr. GONZALEZ in three instances.

Mr. NOWAK.

Mr. NATCHER.

Mr. DE LUGO.

Mr. BEARD of Rhode Island.

Mr. BADILLO.

Mr. BALDUS.

Mr. HARRINGTON.

Mr. WAXMAN.

Mr. GAYDOS.

Mr. MACDONALD of Massachusetts.

Mr. EVINS of Tennessee in five instances.

Mr. FORD of Michigan.

Mr. LA FALCE.

Mr. BAUCUS in three instances.

Mr. BINGHAM in 10 instances.

Mr. EDWARDS of California.

Ms. ABZUG.

Mr. MCDONALD of Georgia in five instances.

Mr. SCHEUER.

Mrs. SCHROEDER.

Mr. BURKE of Massachusetts.

Mr. MOFFETT.

Mr. BYRON.

Mr. ECKHARDT.

Mr. DELANEY.

Mr. TEAGUE in five instances.

Mr. WON PAT in two instances.

Mr. MAGUIRE.

Mr. BOLAND.

Mrs. BURKE of California.

Mr. DELLUMS.

Mr. MAZZOLI.

Mr. RYAN.

Mr. POAGE.

Mr. THOMPSON in 10 instances.

(The following Members (at the request of Mr. SCHEUER) and to include extraneous matter:)

Mr. ROYBAL.

Mr. THOMPSON in 10 instances.

Mr. RUSSO.

Mr. RANGEL in seven instances.

Mr. WIRTH.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follow:

S. 2310. An act to provide authority to institute emergency measures to minimize the adverse effects of natural gas shortages, to provide authority to allocate propane, to regulate commerce to assure increased supplies of natural gas at reasonable prices for consumers, and for other purposes; to the Committee on Interstate and Foreign Commerce.

BILL PRESENTED TO THE PRESIDENT

Mr. HAYS of Ohio, from the Committee on House Administration, reported that that committee did on October 24, 1975, present to the President, for his approval a bill of the House of the following title:

H.R. 4799. An act to amend sections 6, 306, and 308 of the Rural Electrification Act of 1936, as amended.

ADJOURNMENT

Mr. SCHEUER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 23 minutes p.m.) the House adjourned until tomorrow, Wednesday, October 29, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1931. A letter from the President of the United States, transmitting requests for supplemental appropriations for the legislative branch for fiscal year 1973, fiscal year 1976, and the transition quarter (H. Doc. No. 94-288); referred to the Committee on Appropriations and ordered to be printed.

1932. A letter from the Secretary of Transportation transmitting a report on negotiated contracts for experimental, developmental, test or research work, or for industrial mobilization in the interest of the national defense, covering the period April 1 through September 30, 1975, pursuant to 10 U.S.C. 2304(e); to the Committee on Armed Services.

1933. A letter from the Attorney General transmitting his annual report on the enforcement of title II (Extortionate Credit Transactions) of the Consumer Credit Protection Act of 1968, covering fiscal year 1975, pursuant to section 203 of the act; to the Committee on Banking, Currency and Housing.

1934. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 1–56, "To extend the moratorium on the conversion of rental unit properties into horizontal property regimes," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

1935. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of Council Act No. 1–57, "To authorize the issuance of $50,000,000 General Obligation Bonds of the District of Columbia to refund certain loans made to the District from the United States Treasury," pursuant to section 602(c) of Public Law 93–198; to the Committee on the District of Columbia.

1936. A letter from the Deputy Director, Office of Management and Budget, Executive Office of the President, transmitting a report on recommendations and actions related thereto contained in the annual report of the National Advisory Council on Supplementary Centers and Services on title III of the Elementary and Secondary Education Act, dated February 1973, pursuant to section 6(b) of the Federal Advisory Committee Act; to the Committee on Government Operations.

1937. A letter from the Assistant Secretary of the Interior, transmitting a draft of proposed legislation to authorize the Secretary of the Interior to carry out certain international activities; to the Committee on Interior and Insular Affairs.

1938. A letter from the Secretary of the Treasury, transmitting the interim report of the Department of the Treasury on its study of foreign direct portfolio investment in the United States, pursuant to section 10 of Public Law 93–479; to the Committee on International Relations.

1939. A letter from the Secretary of Commerce, transmitting the interim report of the Department of Commerce on its study of foreign direct investment in the United States, pursuant to section 10 of Public Law 93–479; to the Committee on International Relations.

1940. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the intention of the Department of the Army to offer to sell certain defense services to Saudi Arabia, pursuant to section 36 (b) of the Foreign Military Sales Act, as amended; to the Committee on International Relations.

1941. A letter from the Secretary of Transportation, transmitting the comments and recommendations of the Department of Transportation on the initial proposal of the National Railroad Passenger Corporation setting forth criteria and procedures under which the Corporation would be authorized to add or discontinue routes and services, pursuant to section 404(c)(2) of the Rail Passenger Service Act, as amended (89 Stat. 91); to the Committee on Interstate and Foreign Commerce.

1942. A letter from the Chairman, Interstate Commerce Commission, transmitting the comments and recommendations of the Commission on the initial proposal of the National Railroad Passenger Corporation setting forth criteria and procedures under which the Corporation would be authorized to add or discontinue routes and services, pursuant to section 404(c)(2) of the Rail Passenger Service Act, as amended; to the Committee on Interstate and Foreign Commerce.

1943. A letter from the Executive Director, Federal Communications Commission, transmitting a report on the backlog of pending applications and hearing cases in the Commission as of August 31, 1975, pursuant to section 5(e) of the Communications Act, as amended; to the Committee on Interstate and Foreign Commerce.

RECEIVED FROM THE COMPTROLLER GENERAL

1944. A letter from the Comptroller General of the United States, transmitting a report on the status, progress, and problems in Federal agency accounting during fiscal year 1975; to the Committee on Government Operations.

1945. A letter from the Comptroller General of the United States, transmitting a report on improvements needed in the Federal Maritime Commission's financial disclosure system for employees; jointly, to the Committees on Government Operations, and the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. TEAGUE: Committee on Science and Technology. H.R. 3118. A bill to amend the Clean Air Act so as to assure that aerosol spray containers discharging chlorofluoromethane compounds in the ambient air will not impair the environmental ozone layer, to prevent any increased skin cancer risk, and otherwise to protect the public health and environment with amendment (Rept. No. 94–575, Pt. I). Ordered to be printed.

Mr. MURPHY of Illinois: Committee on Rules. House Resolution 827. Resolution providing for the consideration of H.R. 10024. A bill to extend the authority for the flexible regulation of interest rates on deposits and share accounts in depository institutions, to extend the National Commission on Electronic Fund Transfers, and to provide for home mortgage disclosure. (Rept. No. 94–590). Referred to the House Calendar.

Mr. BOLLING: Committee on Rules. House Resolution 828. Resolution providing for the consideration of H.R. 10049. A bill to increase the temporary debt limitation until March 31, 1976 (Rept. No. 94–591). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. RUSSO: Committee on the Judiciary. H.R. 1758. A bill for the relief of Terrence Jarome Caguiat; with amendment (Rept. No. 94–576). Referred to the Committee of the Whole House.

Mr. DODD: Committee on the Judiciary. H.R. 2495. A bill for the relief of Miss Malgorzata Kuzniarek Czapowski (Rept. No. 94–577). Referred to the Committee of the Whole House.

Mr. FISH: Committee on the Judiciary. H.R. 2940. A bill for the relief of Maria Sylvia Macias Elliott (Rept. No. 94–578). Referred to the Committee of the Whole House.

Mr. FISH: Committee on the Judiciary. H.R. 2941. A bill for the relief of Susan Rosemary Harwood (Rept. No. 94–579). Referred to the Committee of the Whole House.

Mr. RUSSO: Committee on the Judiciary. H.R. 5052. A bill for the relief of Yolando E. Vez; with amendment (Rept. No. 94–580). Referred to the Committee of the Whole House.

Mr. DODD: Committee on the Judiciary. H.R. 7882. A bill for the relief of Miss Leonor Young; with amendment (Rept. No. 94–581). Referred to the Committee of the Whole House.

Mr. FISH: Committee on the Judiciary. H.R. 7908. A bill for the relief of Edward Drag; with amendment (Rept. No. 94–582). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. H.R. 1394. A bill for the relief of Suk Chin and Hae Suk Chin (Rept. No. 94–583). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. H.R. 1395. A bill for the relief of Mee Kyung Cho and Hee Kyung Cho; with amendment (Rept. No. 94–584). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 1653. An act for the relief of Sun Yang Kim and Sun Mi Kim; with amendment (Rept. No. 94–585). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. H.R. 8907. A bill for the relief of Yong Won Lee. (Rept. No. 94–586). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 55. An act for the relief of Dino Mendoza Pascua; with amendment (Rept. No. 94–587). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 447. An act for the relief of Jesus Cortez Pineda; with amendment (Rept. No. 94–588). Referred to the Committee of the Whole House.

Mr. EILBERG: Committee on the Judiciary. S. 605. An act for the relief of Heung Soon Kim; with amendment (Rept. No. 94–589). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of California (for himself, Mr. Johnson of Pennsylvania, Mrs. Spellman, Mr. Cochran and Mrs. Holt):

H.R. 10368. A bill to amend section 552a of title 5, United States Code, to permit Members of Congress to receive information from Federal agencies regarding individuals; to the Committee on Government Operations.

By Mr. ANDERSON of California (for himself, Mr. Sarasin, Mr. Carney, Mr. Helstoski, Mr. Buchanan, Mr. Nowak, Mr. Mosher, Mr. Downey of New York, Mr. Eilberg, Mr. Cotter, Mr. Brown of California, Mr. Gibbons, Mr. McHugh, Mr. Young of Florida, Mr. Sarbanes, Mr. Yates, and Mr. de Lugo):

H.R. 10369. A bill to discourage the use of painful devices in the trapping of animals and birds; to the Committee on Merchant Marine and Fisheries.

By Mr. CHAPPELL (for himself and Mr. Frey):

H.R. 10370. A bill to amend the act of January 3, 1975, establishing the Canaveral National Seashore; to the Committee on Interior and Insular Affairs.

By Mr. ARCHER (for himself, Mrs. Spellman, and Mr. Steelman):

H.R. 10371. A bill to amend the Internal Revenue Code of 1954 with respect to the tax treatment of small business investment companies and their shareholders; to the Committee on Ways and Means.

By Mr. BADILLO (for himself, Mr. Conyers, Mr. Brown of California, Mr. Harrington, Mr. Hawkins, Mr. Scheuer, Mr. Helstoski, Mr. Roybal, Mr. Ottinger, Mr. Rodino, Mr. Dellums, and Mr. Stark):

H.R. 10372. A bill to provide for the establishment in selected cities and localities of pilot homestead programs under which publicly owned structures will be made available to tenant cooperatives for use in providing low- moderate-income housing; to the Committee on Banking, Currency and Housing.

By Mr. BOLLING:

H.R. 10373. A bill to establish rules and procedures for the congressional review (and possible disapproval) of biennial balanced economic growth plans, and for other purposes; to the Committee on Rules.

By Mr. BROOKS:

H.R. 10374. A bill to amend section 2301 of title 44, United States Code, to change the membership of the National Archives Trust Fund Board; to the Committee on Government Operations.

By Mr. DAVIS:

H.R. 10375. A bill to amend title 10 of the United States Code to make individuals eligible for medical care in facilities of the uniformed services for injuries incurred during inactive-duty training and travel to and from such training; to the Committee on Armed Services.

By Mr. EDWARDS of Alabama:

H.R. 10376. A bill to deny Members of Congress any increase in pay under any law passed, or plan or recommendation received, during a Congress unless such increase is to take effect not earlier than the first day of the next Congress; to the Committee on Post Office and Civil Service.

By Mr. FAUNTROY (for himself, Mr. Biester, Mr. Diggs, Mr. Florio, Mr. Gude, Mr. McKinney, Ms. Meyner, Mr. Nowak, Mr. Stuckey, and Mr. Whalen):

H.R. 10377. A bill to extend as an emergency measure for 1 year the District of Columbia Medical and Dental Manpower Act of 1970; to the Committee on the District of Columbia.

By Mr. GUDE:

H.R. 10378. A bill to require that a judge sentencing a person convicted of a felony in the Superior Court of the District of Columbia consult with other judges of such court with respect to the appropriate sentence to impose on such person; to the Committee on the District of Columbia.

By Mr. HAGEDORN:

H.R. 10379. A bill to amend section 5051 of the Internal Revenue Code of 1954 (relating to the Federal excise tax on beer); to the Committee on Ways and Means.

By Mr. HARRINGTON:

H.R. 10380. A bill to establish a Solar Energy Loan Administration to assist homeowners in purchasing and installing solar heating or combined solar heating and cooling equipment, including solar hot water systems, by providing low-interest long-term loans; to the Committee on Banking, Currency and Housing.

By Mr. HEINZ:

H.R. 10381. A bill to establish a National Commission on Victimless Crimes; to the Committee on the Judiciary.

By Mr. HELSTOSKI:

H.R. 10382. A bill to provide immunity from prosecution and punishment to those persons who, because of disapproval of the military involvement of the United States in Indochina during the period from August 4, 1964 to March 28, 1973, resisted the draft, were absent from the Armed Forces without leave, or disobeyed certain orders, and for other purposes; to the Committee on the Judiciary.

By Mr. KOCH:

H.R. 10383. A bill to amend part B of title IV of the Social Security Act to provide, as the primary form in which services are to be furnished under the child-welfare services program, for supportive day treatment and in-home services to children and families; to the Committee on Ways and Means.

By Mr. LaFALCE (for himself, Mr. Badillo, Mr. Beard of Rhode Island, Mr. Brodhead, Mrs. Chisholm, Mr. Eilberg, Mr. Gude, Mr. Harrington, Mr. Nowak, Mr. Rees, Mr. Rodino, Mr. Ryan, Mr. Stark, Mr. Tsongas, Mr. Young of Georgia, Mr. Zeferetti, and Ms. Abzug):

H.R. 10384. A bill to preserve older urban neighborhoods by assisting units of general local government in carrying out neighborhood preservation and rehabilitation programs which, in conjunction with special programs of Federal mortgage insurance, give reasonable promise that a suitable and stable living environment will be restored or maintained; to the Committee on Banking, Currency and Housing.

By Mr. LEHMAN:

H.R. 10385. A bill to amend title 39, United States Code, to provide that buildings constructed for use by the U.S. Postal Service shall be designed and constructed in a manner making them accessible to the physically handicapped; to the Committee on Post Office and Civil Service.

By Mr. LITTON:

H.R. 10386. A bill to amend title XX of the Social Security Act to require that State social services plans comply with the Federal Interagency Day Care Requirements, subject to the existing penalties (termination of Federal payments or 3-percent reduction therein) in cases of noncompliance; to the Committee on Ways and Means.

By Mr. MATSUNAGA:

H.R. 10387. A bill to provide for the safeguarding of taxpayer rights, to restrict the authority for inspection of Federal tax returns and the disclosure of information derived from such returns, to clarify the authority of the Comptroller General to oversee the administration of the internal revenue laws, and for other purposes; to the Committee on Ways and Means.

By Mr. NOWAK:

H.R. 10388. A bill to amend the Bankruptcy Act to provide emergency relief under certain circumstances to political subdivisions who are creditors of railroads; to the Committee on the Judiciary.

By Mr. OTTINGER:

H.R. 10389. A bill to prohibit discrimination on the basis of affectional or sexual preference, and for other purposes; to the Committee on the Judiciary.

By Mr. OTTINGER (for himself, Mr. Pattison of New York, and Ms. Holtzman):

H.R. 10390. A bill to require that buildings financed with Federal funds utilize the best practicable measures for the conservation of energy and use of solar energy systems; to the Committee on Public Works and Transportation.

By Mr. PRICE (for himself and Bob Wilson) (by request):

H.R. 10391. A bill to amend title 10, United States Code, to remove chaplains from under the cognizance of the Chief of Naval Personnel; to the Committee on Armed Services.

By Mr. RODINO (by request):

H.R. 10392. A bill to amend chapter 40, title 18, United States Code, to authorize the destruction of explosive materials subject to seizure and forfeiture where it is impractical or unsafe to remove the materials to a place of storage or where such materials cannot be safely stored; to the Committee on the Judiciary.

H.R. 10393. A bill to to amend section 1114 of title 18 of the United States Code to include officers and employees of the Bureau of Alcohol, Tobacco and Firearms; to the Committee on the Judiciary.

By Mr. SATTERFIELD:

H.R. 10394. A bill to amend title 38 of the United States Code to promote the care and treatment of veterans in State veterans' homes; to the Committee on Veterans' Affairs.

By Mr. SHIPLEY:

H.R. 10395. A bill to amend the Regional Rail Reorganization Act of 1973 to permit the analysis of light density railroad lines on the basis of their costs and benefits, to aid in the transition to the final system plan by assuring the continuation of local freight services and rail passenger and commuter services, to provide assistance and additional time for the States to prepare their State rail plans, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SLACK:

H.R. 10396. A bill to provide additional penalties for the use of firearms in the commission of certain crimes of violence; to the Committee on the Judiciary.

By Mr. BROWN of Michigan (for himself, Mr. Hammerschmidt, Mr. Burgener, Mr. Myers of Indiana, Mr. Gradison, Mr. Schulze, Mr. Talcott, Mr. Fish, Mr. McCollister, Mr. Kasten, Mr. Patterson of California, and Mr. Michel):

H.R. 10397. A bill to amend the Real Estate Settlement Procedures Act of 1974; to the Committee on Banking, Currency and Housing.

By Mr. JOHN L. BURTON (for himself, Mr. Phillip Burton, and Mr. Don H. Clausen):

H.R. 10398. A bill to enlarge the Golden Gate National Recreation Area in the State of California by the addition of certain land in Marin County; to the Committee on Interior and Insular Affairs.

By Mr. CARNEY:

H.R. 10399. A bill to establish a method whereby the Congress (acting in accordance with specified procedures) may prevent the adoption by the executive branch of rules or regulations which are contrary to law or inconsistent with congressional intent or which go beyond the mandate of the legislation which they are designed to implement; jointly to the Committees on the Judiciary and Rules.

By Mr. DEL CLAWSON (for himself, Mr. Archer, Mr. Crane, Mr. Gilman, Mr. Goodling, Mr. Hawkins, Mr. Holland, Mr. Pattison of New York, Mr. Steelman, and Mr. Wampler):

H.R. 10400. A bill to establish a method whereby the Congress (acting in accordance with specified procedures) may prevent the adoption by the executive branch of rules or regulations which are contrary to law or inconsistent with congressional intent or which go beyond the mandate of the legislation which they are designed to implement; jointly to the Committees on the Judiciary, and Rules.

By Mrs. FENWICK:

H.R. 10401. A bill to amend the Legislative Reorganization Act of 1946 to provide that any increase in the pay of Members of the Congress may not take effect until the first day of the Congress following the Congress during which such increase is adopted, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. HAYES of Indiana (for himself, Mr. Badillo, Mr. Blanchard, Mr. Brown of Ohio, Mr. Cleveland, Mr. Drinan, Mr. Emery, Mr. Esch, Mr. Frey, Mr. Fuqua, Mr. Harrington, Mr. Jenrette, Mr. McCormack, Mr. Mosher, Mr. Oberstar, Mr. Ottinger, Mr. Scheuer, Mrs. Spellman, Mr. Symington, Mr. Waxman, and Mr. Weaver):

H.R. 10402. A bill to authorize and direct the establishment of a coordinated national program relating to climate, to require an annual report of the program to Congress, and for other purposes; to the Committee on Science and Technology.

By Ms. HOLTZMAN:

H.R. 10403. A bill to amend the Immigration and Nationality Act to provide that the age of a child shall be determined as of the date a petition for preference status or immediate relative status is filed by or in behalf of such child, or if no such petition is filed, as of the date an application for an immigrant visa is made by or in behalf of such child; to the Committee on the Judiciary.

By Mr. McCORMACK (for himself, Mr. Hicks, Mr. Abdnor, Mr. Dan Daniel, Mr. Derwinski, Mr. Fithian, Mr. Hastings, Mr. Murphy of Illinois, Mr. Steiger of Wisconsin, and Mr. Zeferetti):

H.R. 10404. A bill to authorize the Secretary of the Army to delegate to the States certain functions with respect to the location and plans for structures, excavations, dredging, or fills in or on certain navigable and other waters of the United States; to the Committee on Public Works and Transportation.

By Mr. McKINNEY:

H.R. 10405. A bill to provide emergency financial assistance to municipalities; to the Committee on Banking, Currency and Housing.

By Mr. MANN (for himself, Mr. Beard of Tennessee, Mr. Butler, Mr. Devine, Mr. Esch, Mr. Fish, Mr. Goodling, Mr. Harsha, Mr. Heinz, Mr. Johnson of Pennsylvania, Mr. McEwen, Mrs. Meyner, Mr. Mottl, Mr. Pattison of New York, Mr. Rinaldo, Mr. Steiger of Arizona, and Mr. Yatron):

H.R. 10406. A bill to amend the Natural Gas Act; to the Committee on Interstate and Foreign Commerce.

By Mr. MEZVINSKY (for himself, and Mr. Miller of California):

H.R. 10407. A bill to require the Federal Trade Commission, the Department of Justice, and the Department of Agriculture, to compile information and annually report to the Congress with respect to antitrust enforcement, market structure, and state of competition in the food industry, and for other purposes; to the Committee on the Judiciary.

By Mr. MICHEL (for himself, Mr. Bafalis, Mr. Burgener, Mr. Chappell, Mr. Conlan, Mr. Derwinski, Mr. Edwards of Alabama, Mr. Gilman, Mr. Gradison, Mr. Hastings, Mr. Johnson of Pennsylvania, Mr. Kelly, Mr. McClory, Mrs. Pettis, Mr. Myers of Indiana, Mr. Skubitz, Mr. Steiger of Arizona, Mr. Stuckey, Mr. Whitehurst, and Mr. Winn):

H.R. 10408. A bill to reform the Food Stamp Act of 1964 by redirecting resources to those with the greatest need, by making program administration more effective, by making more realistic eligibility requirements, and by tightening accountability, and for other purposes; to the Committee on Agriculture.

By Mr. MYERS of Pennsylvania (for himself, Mr. Hechler of West Virginia, Mr. Duncan of Tennessee, Mr. Beard of Rhode Island, Mr. Edgar, Mr. du Pont, Mr. Harrington, Mr. Charles Wilson of Texas, Mrs. Spellman, and Mr. Baucus):

H.R. 10409. A bill to provide for the Federal payment of State unemployment compensation benefits which are paid to individuals who are unemployed because of the natural gas shortage; to the Committee on Ways and Means.

By Mr. NOLAND (for himself and Ms. Holtzman):

H.R. 10410. A bill to amend the Internal Revenue Code of 1954 to limit the extent to which farm losses can be used to offset nonfarm income; to the Committee on Ways and Means.

By Mr. RINALDO:

H.R. 10411. A bill to amend title XVI of the Social Security Act to prohibit States from reducing their supplementation of supplemental security income benefits when cost-of-living increases (or other general increases) are made in such benefits, so as to assure that recipients of such benefits will actually receive those increases, and to prohibit reductions in Federal hold-harmless payments to States as a consequence of such increases; to the Committe on Ways and Means.

By Mrs. SULLIVAN (for herself, Mr. Patman, Mr. Mills, Mr. Price, Mr. Barrett, Mr. Delaney, Mr. Burke of Massachusetts, Mr. Randall, Mr. Pepper, Mr. Annunzio, Mr. Meeds, Mr. Biaggi, Mr. Murphy of Illinois, and Mr. Zeferetti):

H.R. 10412: A bill to establish an Emergency State and Community Financial Assistance Corporation to provide loan guarantees and direct loans to States and local governments when necessary to assure the availability of adequate loan funds on reasonable terms to finance the construction of urgently needed public works and facilities; to the Committee on Banking, Currency and Housing.

By Mrs. SULLIVAN (for herself, Mr. Downing of Virginia, Mr. Rooney, Mr. Dingell, Mr. Rogers, Mr. Murphy of New York, Mr. Jones of North Carolina, Mr. Leggett, Mr. Biaggi, Mr. Anderson of California, Mr. Metcalfe, Mr. Ginn, Mr. Studds, Mr. de Lugo, Mr. Bonker, Mr. D'Amours, Mr. Patterson of California, Mr. Zeferetti, Mr. Oberstar, Mr. Mosher, Mr. McCloskey, Mr. Forsythe, Mr. Pritchard, Mr. Young of Alaska and Mr. Treen):

H.R. 10413. A bill to amend the Merchant Marine Act, 1936, and the Maritime Academy Act of 1958 to provide for an integrated system of education and training of officers for the U.S. Merchant Marine, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. BIAGGI:

H. Con. Res. 461. Concurrent resolution recognizing the right of self-determination of the Irish people and urging the prompt removal of British troops from Northern Ireland; to the Committee on International Relations.

By Mr. ROE:

H. Con. Res. 462. Concurrent resolution expressing the sense of Congress with respect to the Baltic States; to the Committee on International Relations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HARRIS:

H.R. 10414. A bill for the relief of George E. Chiplock; to the Committee on the Judiciary.

By Mr. MOORHEAD of California:

H.R. 10415. A bill for the relief of Blase A. Bonpane; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

273. By the SPEAKER. Petition of Coshocton County Commissioners, Coshocton, Ohio, relative to revenue sharing; to the Committee on Government Operations.

274. Also, petition of the city council, El Reno, Okla., relative to revenue sharing; to the Committee on Government Operations.

275. Also, petition of the Inter-Tribal Council of the Five Civilized Tribes, relative to the termination of certain Indian tribes; to the Committee on Interior and Insular Affairs.

276. Also, petition of the Moorish Science Temple, The Divine and National Movement of North America, Inc., No. 13, Baltimore, Md., relative to family names; to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 8603

By Mr. GUDE:

Page 25, immediately after the material immediately below line 14, insert the following new section:

Sec. 13. (a) Subchapter IV of chapter 36 of title 39, United States Code, is amended by adding at the end thereof the following new section:

"§ 3663. Construction of Postal Service facilities

"(a) When the Postal Service determines it is necessary to construct a Postal Service facility, the Postal Service shall notify any agency of State or local government responsible for the administration or enforcement of any law or rule applicable to the use of land upon which such construction is proposed. The Postal Service shall consult with any such agency to determine whether such construction is consistent with such law or rule.

"(b) Any agency of State or local government receiving notification from the Postal Service under subsection (a) may conduct a hearing with respect to construction proposed by the Postal Service. Interested parties shall be given an opportunity to present their views at such hearing.

"(c) If any agency of State or local government receiving notification from the Postal Service under subsection (a) does not hold a hearing under subsection (b) within 90 days after receipt of such notification, then the Postal Service shall conduct a hearing with respect to the proposed construction of a Postal Service facility. Adequate advance notice of any such hearing shall be given to the public in the affected community. The hearing shall be open to the public, with interested parties being given an opportunity to present their views; and a suitable record of the hearing shall be kept.

"(d) The Postal Service shall not undertake construction of a Postal Service facility before a hearing has been conducted with respect to such proposed construction under subsection (b) or subsection (c).".

(b) The table of sections for subchapter IV of chapter 36 of title 39, United States Code, is amended by adding at the end thereof the following new item:

"3663. Construction of Postal Service facilities.".

And redesignate the following sections accordingly.

By Mr. HANLEY:

Strike out section 2, as amended, in its entirety, and insert in lieu thereof the following:

Sec. 2. (a) Section 2401(b)(1)(G) of title 39, United States Code, is amended to read as follows:

"(G) for each fiscal year after fiscal year 1984, an amount equal to 5 percent of such sum for fiscal year 1971, except that the

Postal Service may reduce the percentage figure, including a reduction to 0, if the Postal Service finds that the amounts are no longer required to operate the Postal Service in accordance with the policies of this title."

(b) Paragraph 2 of subsection (b) of section 2401 of title 39, United States Code, is amended to read as follows:

"(2)(A) As further reimbursement to the Postal Service for public service costs incurred by it, there is authorized to be appropriated to the Postal Service for the period commencing on July 1, 1975, and ending on September 30, 1976, an amount not to exceed $1.5 billion.

"(B) Beginning with the fiscal year ending September 30, 1977, there are authorized to be appropriated to the Postal Service, as further reimbursement for public service costs incurred by it, subject to annual authorizations by law, such additional amounts as may be determined to be necessary for an efficient, service-oriented Postal Service."

(c) Section 2401(b) of title 39, United States Code, is amended by adding the following paragraphs:

"(4) (A) Except as provided in subparagraph (B) of this section, the Postal Service shall provide door delivery or curbline delivery to all permanent residential addresses (other than apartment building addresses). The Postal Service shall provide door delivery in any case in which the unit of general local government having jurisdiction over the address involved has adopted zoning ordinances in the interest of protecting the public safety which restricts the construction or maintenance of any structure on the property adjacent to the curbline.

"(B) The Postal Service may provide cluster box delivery service for any permanent residential address in any case in which a unit of general local government having jurisdiction over such address specifically approves the provision of such cluster box delivery service.

"(5) Appropriations made under the authority of this subsection shall not be expended or utilized in such a manner as to effect a reduction of more than 10 percent in the applicable postal rates or fees established under chapter 36 of this title for zone-rated mail matter formerly entered under former chapter 67 of this title.

"(6) The Postal Service, in requesting an amount to be appropriated under this subsection, shall present to the appropriate committees of the Congress a comprehensive statement of its compliance with the public service cost policy established under section 101(b) of this title and a comprehensive statement containing a description of the operations of the Postal Service together with any other information which any such committee considers necessary to determine the amount of funds required for the operation of the Postal Service."

(d) The provisions of section 3641 of title 39, United States Code, as such provisions were in effect on the day before the date of enactment of this Act, shall apply to any temporary rate or fee established by the Postal Service pursuant to its request to the Postal Rate Commission, dated September 18, 1975, for a recommended decision, bearing Docket Number R76-1, except that such temporary rate or fee may not exceed the lesser of (A) the rate or fee requested for such class or service; or (B) a rate or fee which is more than one-fifth greater than the permanent rate or fee in effect for that class or service at the time a permanent change in the rate or fee of such class or service was requested under section 3622 of title 39, United States Code, by the Postal Service in its request bearing Docket Number R-76-1.

On page 26, strike out section 14 in its entirety and redesignate the following section accordingly.

EXTENSIONS OF REMARKS

SAVE THE ANIMALS

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. ANDERSON of California. Mr. Speaker, I am pleased to report that H.R. 66, a bill which would discourage the use of inhumane devices in the trapping of animals and birds, continues to receive strong support in the House. Over 50 of our colleagues have cosponsored this measure, and hopefully more are on the way.

Hearings have been scheduled for the first time since the inception of this type of legislation. The Subcommittee on Fisheries and Wildlife Conservation and the Environment of the House Committee on Merchant Marine and Fisheries will hear testimony from various witnesses, both pro and con, on November 18.

Annually, millions of wild and domestic animals suffer needlessly due to steel leghold animal traps. The model trap used most frequently today was designed some 150 years ago. Capturing of animals, most often painfully, is the only purpose of such a trap. The killing is supposedly put off until the hunter arrives.

However, the deep jaws of steel leghold traps cause excruciating pain and numbness. A trapped animal may remain in captivity for days, or it may choose to chew through its own leg to attain freedom. Thus, a victim of a steel leghold trap may die of starvation, infections, or his condition can render him easy prey for other animals. In the best instances, writhing by a caught animal will result in torn flesh and ligaments.

Steel leghold traps are not selective. Whether useful as furbearers or not, an animal can be easily captured. Hunting dogs and even species of animals nearing extinction are not safe. Numerous surveys by humane groups have found that animals unwanted as furbearers outnumber by 2 or 3 to 1 the number of furbearers found in traps.

A very high proportion of U.S. trappers are not professionals. As hobbyists, these hunters check their traps sporadically. One provision of this bill is to require trappers to inspect their devices once a day and promote humane trapping by preventing starvation and other suffering.

We do not intend to discourage the animal pelt industry with this bill. Inexpensive alternative traps, which painlessly capture, are easily available. These alternative traps can be produced by simply wrapping weather stripping across the jaws of an original steel leghold animal trap. This additional cost is only about 40 cents per trap. Traps which instantaneously kill are also readily available. By breaking the back or neck of the animal, these traps will kill quickly and without pain.

A few States, as well as a number of foreign countries, have successfully implemented laws which ban the use of painful animal traps. Thus empirical evidence has proven the feasibility of allowing on the market only traps which are painless or traps which instantaneously kill.

Mr. Speaker, more humane means to trap animals must now be initiated. Economic excuses are no longer valid in rationalizing outmoded methods. Humane trapping can be instigated at very low cost and with innumerable benefits to all involved.

First, this bill seeks to discourage the use of cruel traps by instructing the Secretary of Interior to set up criteria for establishing traps which will painlessly capture or instantaneously kill.

Second, it would set up a seven-person commission appointed by the Chairman of the Council on Environmental Quality, including some experienced trappers, to help the Secretary in determining "approved traps."

Third, this proposal is intended to halt entrance into interstate commerce all unapproved traps beginning 6 months after promulgation of regulations by the Secretary.

Fourth, it would halt the use of unapproved traps on Federal lands 6 months after promulgation of regulations by the Secretary.

Fifth, our bill would impose labeling requirements for interstate shipments of furs and hides.

Sixth, it would halt the entrance into interstate commerce of animals or products thereof trapped or captured by other than approved traps, beginning 2 years after promulgation of regulations.

Seventh, this measure would authorize the Secretary to enter into cooperative agreements with States or political subdivisions to assist them financially, or otherwise enable them to comply with the requirements of the act.

Finally, it is intended to provide aids and penalties to enforcement.

This bill does not:

First, interfere with predator control programs, except that the Secretary is to establish criteria for trapping in a manner which captures painlessly or instantaneously kills animals;

Second, halt commercial trapping on Federal lands except that such trapping must be conducted with traps approved by the Secretary and must be carried out in accordance with a program conducted by or supervised by Federal or State personnel;

Third, interfere with the right of private land owners to protect private property against damage and depredation.

Mr. Speaker, this legislation is long overdue. The needless maiming of our wildlife must stop. I believe this bill is as strong as possible, yet reasonable. It is our purpose to insure nationally consistent and high standards of humaneness and care in our trapping policies and I believe Congress should enact legislation such as this which would establish such a policy.

FLORIDA HOUSE CELEBRATES SECOND YEAR

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. FUQUA. Mr. Speaker, this past Sunday, October 26, 1975, Florida House celebrated its second full year of operation.

Florida House is a unique and historical facility that has been established to serve as a place where Floridians can receive information about Washington and learn about their Government, as well as just rest and relax. It serves the thousands of visiting Floridians in many essential ways.

Brochures that cover every aspect of Washington are contained in the house and the staff personally assists Floridians who visit there. Floridians can also write ahead of time and receive information about the city and tips on where to stay and what will be happening while they are in Washington. There are also reference materials covering Government agencies, restaurants, activities for children, and aids for the businessman.

The staff arranges educational programs for school groups—safety patrol to colleges—associations and tour groups. These programs include seminars which are held at Florida House or elsewhere in Washington. Groups are able to write ahead of time and receive assistance in planning their entire itinerary as well as arranging for specific educational programs. There are also reference materials that cover the three branches of our Federal Government, as well as a specially designed display showing each Congressman and Senator from Florida and the respective congressional districts.

Florida House is a "Home Away from Home" and an "Office Away from Office". Floridians can use the phones, drink orange juice and coffee, sit and relax, hold a meeting, meet friends, leave their luggage or change a diaper. There are no overnight accommodations.

This unique facility is supported solely by tax-deductible contributions from individuals, families, corporations, associations, foundations, schools, and clubs from all over the State of Florida. All the moneys derived from contributions are used for the operation of the house. There are no State or Federal funds used to support the house—it is truly of the people and by the people.

The house itself is an 1887 townhouse that has been completely restored. It is located one block east of the U.S. Capitol grounds and directly behind the Supreme Court.

Florida House is governed by a 27-member board of trustees and a director. The trustees represent all areas of the State of Florida and are elected to a 1-, 2-, and 3-year term.

During the Bicentennial year, hundreds of thousands of Floridians are expected to visit their Nation's Capital to see their Government in action and visit the monuments to their country's Founding Fathers; stare at the original documents upon which our democracy was built and, unlike other visitors, be able to get the up-to-date information they will need, receive in-depth information about their Government and a chair to rest their weary bodies all because of their "House in Washington," Florida House. Not only will this great facility be here for the Bicentennial—it will be here forever to continually serve all the people of Florida. As Floridians, we all share a great deal of pride in knowing that it is the first and only such "State House" and solely supported by Floridians.

SURPLUS FEDERAL PROPERTY

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. MOAKLEY. Mr. Speaker, on Wednesday, October 22, I had the privilege of testifying before the House Committee on Government Operations, Subcommittee on Government Activities and Transportation chaired by the distinguished gentleman from Missouri (Mr. Randall).

I would like to insert the full text of my testimony in the Record at this time:

TESTIMONY OF REPRESENTATIVE JOE MOAKLEY

Mr. Chairman: I greatly appreciate the opportunity to testify today in support of HR 2532. I am aware that you have a heavy schedule of witnesses whose wealth of direct experience in the area of Federal Base conversions far exceeds my own. Therefore, I do not intend to take up much of your time.

A devastating situation exists today in the City of Boston's economic plight. Currently, Boston has an unemployment rate in excess of 11 percent. A major factor in this disturbing figure has been the closing of federal bases in Boston. Such closings have aggravated our hardship.

In a time of high unemployment and lagging economic development, we need to consider the benefits that could be provided to the cities and communities if we transferred federal surplus real property to the states and their political subdivisions or local non-profit organizations at less than fair market value for the purpose of economic development reuse.

Presently, the federal government allows for a reduction from fair market value of federal real property for many community oriented uses. If schools, hospitals, airports and parks are viewed as deserving of these reductions, then why should we overlook federal surplus real property which could be used to create hundreds of new jobs? As you know, Mr. Chairman and members of the Committee, jobs are the foundation of local economic and social well being. I urge equal consideration for jobs when real assessment of Base conversions is considered.

In Boston we have an example of the economic downfall which can occur in a community when a major federally owned facility closes. We should all feel the responsibility to replace jobs and economic activity lost by such closing.

I strongly support and testify in favor of HR 2532 because the implementation of this legislation could go a long way toward improving economic conditions within some of our communities.

Mr. Chairman, I am pleased to be joined today by two gentlemen who can clearly illustrate our Boston experience.

First, Mr. Michael Westgate, Executive Director, Mayor's Office of Economic Development for the City of Boston.

The second gentleman is a public spirited citizen who has come with vast experience, formerly as an administrator of the University of Massachusetts and currently for Harvard University, in an area dealing with the management of public property for the purpose of aiding the civilian communities of Massachusetts as they try to organize job-producing reuses of the surplus federal property in Massachusetts. Mr. Chairman and members of the Committee, may I introduce Mr. Edward Lashman, Jr., the Chairman of the Massachusetts Joint Commission on Federal Base Conversion.

EMMA C. McKINNEY AWARD PRESENTED TO DORIS THOMPSON

HON. GOODLOE E. BYRON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. BYRON. Mr. Speaker, I am proud to announce that Doris Thompson, editor of the Howard County-Columbia Times, has been presented the Emma C. McKinney Award at the annual National Newspaper Association Convention. The Award of Merit reads:

Presented to Doris Stromberg Thompson recognizing her civic leadership as exemplified in contributions through her newspaper editorship, her service as a public servant, all the while continuing a gratifying home life with her family.

Mrs. Thompson became editor of the Times in 1966, but her association with the county paper goes back to her father, Paul G. Stromberg, editor and later publisher at the Times whose name the publishing company still retains. Mrs. Thompson is currently vice president of Stromberg Publications.

The Times recently published a brief biographical sketch of Mrs. Thompson's impressive career and I would like to share it with you now:

Mrs. Thompson first served as a general assignment reporter and stringer for The Times, managing to wedge that job in between her many civic responsibilities. Those included helping to organize the Young Democrats Club of Howard County, becoming its first woman president.

She also served as president of the Parents' Club of Trinity Preparatory School; helped found the auxiliary to Clifton T. Perkins Hospital; served on the board of the United Nations Association of Maryland; and actively participated in the National Democratic Women's Club in Washington. In addition, she has been involved in local homemakers clubs and in the Associated Women of the Farm Bureau.

She was president of the Homemaker Council of Howard County and served as state chairman of a special project to organize homemakers' clubs in black communities in cooperation with state colleges.

Mrs. Thompson was appointed to the county's planning commission in 1953 and served on that body for 13 years. During that time, the commission planned for the orderly transformation of the largely rural county to a rapidly growing suburban community.

Currently, Mrs. Thompson is on the board of directors of the Maryland-Delaware-D.C. Press Association; the board of trustees of Howard County General Hospital; vice-chairman of the Guilford Steering Committee; chairman of the Board for Symphony in the Woods; board of the Howard County Workshop and the Howard Vo-Tech Construction Company. She is also publicity chairman for county chamber of commerce.

I am sure you join me in extending congratulations to Doris Thompson for her fine and wholly unselfish achievements in making her local community a better place to live.

FEDERAL FUNDS FOR NEW YORK CITY

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. McCLORY. Mr. Speaker, in connection with the proposals to provide Federal funds or guarantees for bailing out New York City from its financial dilemma I was pleased to read a most thoughtful and persuasive editorial in the October 16 issue of the Daily Courier News published by the Copley Press in Elgin, Ill.—a prominent journal which circulates in many parts of my congressional district. Mr. Speaker, I am attaching this editorial for the edification of my colleagues and others who examine the Record:

United States Cannot Save Cities

There is much poetic justice in the fact that New York City officials had to borrow $100 million from a union's pension fund to avoid defaulting on its debts recently. Not the least of the reasons that New York is in such dire financial straits is because of its generous pension plans—which consume some 14 per cent of its revenues.

Equally poetic is the growing concern of the city's leading union officials that there is no way out for the "Big Apple" except to cut back on jobs and salaries and the collective bargaining process which now is being diluted among the city, the Municipal Assistance Corporation and the State. The militancy of the labor unions in insisting on unrealistic pay is the prime cause of New York's troubles.

That is about all of the satisfaction that anyone outside of New York can express about that floundering city's affairs.

The handwriting is on the wall for New York City. The resolution of each crisis brings a larger crisis because the nation's largest city has done little more than pay lip service to its basic problems of municipal extravagance, financed by robbing Peter to pay Paul.

Until it does face reality, New York will continue to be the problem of all citizens in the United States of America. Each of us already may be touched to one degree or another by the problems of New York whether we are aware of it or not.

The purchasers of securities are apprehensive, individual, corporate and institutional. The Federal Reserve Board, which controls the banks in which we have our savings is planning to divert some of its resources to assist New York banks if the city defaults on its obligations. The interest cost of bonds sold by cities to pay for streets, parks and other facilities has risen substantially. Public confidence in government has eroded another notch. Even international financers are worrying that if the U.S. government becomes involved in New York's problems the result will be more federal deficit spending and uncontrollable inflation.

Regretable as it is, the cruellest thing that Washington could say to New York's pleas for aid would be yes. That would only prolong the agony and increase its intensity.

THE FLORIDA AVENUE GRILL

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. FAUNTROY. Mr. Speaker, a while back, there appeared in the Washington Post on August 26, 1975, a story about a grill on Florida Avenue operated by Carl Wilson and his wife, Bertha. Established in 1947, the grill has become a landmark at Florida Avenue and 11th Street which is patronized by a cross-section of Washington, D.C.

The story of this grill is as much a story of Washington and the reasons that people live here. It is a part of the charm of a city as well as a representation of the community which is striving to work together to make this city a viable community in which all of us can live.

As my colleagues read this article, I am sure that they will recall the Florida Avenue Grill of their own community, which I hope they will share with me:

[From the Washington Post, Aug. 26, 1975]

Florida Avenue Grill: Waiting on the Counter Culture

(By Joel Dreyfuss)

In 1968, Martin Luther King Jr. was dead and the rage and violence of his wake had turned much of downtown Washington into a ghost town. A pack of civil rights reporters roamed the streets trying to make sense out of the moment.

The place on the corner of 11th Street and Florida Avenue that they might have passed a hundred times without a glance was suddenly an oasis. The lights were on, the smell of food drifted out to mingle with the aromas of smoke and tear gas. A sign in the window proclaimed "Open for business as usual." The assertion was backed up by a shotgun in the window.

You might still drive right past the Florida Avenue Grill without noticing it. After all, there's really not much to see in the long, low building with the cut-stone exterior, the glass windows and the modest lettering announcing "home-cooked food."

The tip-off that something remarkable is occurring there is the big parking lot in the back. It's usually full of cars and taxicabs—and cab drivers have a notoriously effective network to let them know what is good about a city.

What people think is good about the Florida Avenue Grill has been spread around strictly by word-of-mouth since Carl Wilson got tired of working for people back in 1947 and invested 5,000 hard-earned dollars in a little corner food stand next to a beauty parlor and a shoe repair shop.

Wilson manned the cash register, his wife, Bertha, did the cooking and waiting on tables and the people flocked.

"We started out giving people good food and good quantities and we've tried to keep that up even though it's gotten difficult," says Mrs. Wilson, who still comes in every afternoon to supervise.

One sign of their success in keeping up the standards is the kind of turnout the Grill gets. Any morning in the place the customers will look like a cross-section of Washington: black hardhats, laborers, office workers, businessmen, politicians, government employees, Howard University professors, high school kids from Cardozo across the street, families with children and even some of the ladies who work the corners down at Logan Circle.

There will even be a few of the more cosmopolitan white folk who have found out what soul food is about and will never go back to eating dry steaks and canned applesauce.

And miraculously, there's no friction between the disparate worshipers of black Southern cuisine.

At the Florida Avenue Grill, "cuisine" means breakfast any time of day, eggs, ham, sausage, bacon, pancakes, grits, fried apples, fresh biscuits, cornbread (all homemade, of course); chitterlings ("chittlins" to some); ham hocks, pork chops, smothered chicken, roast beef, candied yams and all the other foods that will wreck the will of the most determined dieter.

Those in jeans rub elbows with the men in Cardin suits at the Formica-topped counter that runs the length of the place. There is no tension between the contrasting white of a pimp's jumpsuit and the faded dashiki colors of a passe militant.

A Howard University music professor seems a bit reluctant once inside the door. But it only takes a couple of forkfulls for him to understand why his wife has insisted they bring their three children.

As Essie Pringle, a customer for 25 years says: "It's the nearest to my own or my mother's cooking." Obviously one does not invoke mother's cooking lightly.

Mrs. Pringle remembers when the parking lot was a row of houses and the Garfield Terrace apartments across the street was Garfield Hospital.

"Some of those dinky restaurants, you're afraid to go in and then you're afraid to take out your purse to pay," she says. Not the Grill. "It seems that they're calm all the time. It seems they were cut out for the business."

Lacey Wilson, 38, is the one who put the shotgun in the window in 1968. "I used to sit there all night (during the riots) because I figured my father and mother had worked all their lives for what they had."

One firebomb was thrown into the place during his vigil and he quickly stamped it out.

His father is media-shy, so Lacey and his mother do most of the talking about the Grill. But they all agree that whatever personality the place has comes from Carl Wilson.

"He knows most of his regulars by name," says Lacey Wilson, who is an expert karate teacher and runs the Falcons Karate Club at 71 R St. NW. His expertise may be a reason the Grill has only been held up twice in its 28 years.

One other reason may be the fierce loyalty of the customers. During one robbery attempt, an elderly customer got so incensed he threw a ketchup bottle at the holdup man. The robber fled with his money, but they still talk about that gesture.

"When we first started out it was mostly cab drivers," says Bobby Liggins, who has been a waiter at the Grill for 16 years. "Now we get everybody. I know just about everybody who comes in here." His list of the famous includes Earth, Wind and Fire, the rock group; the Rev. Jesse Jackson, Barbara Sizemore and Stokely Carmichael.

But it's not the famous names that make the Florida Avenue Grill what it is. Strangely, it has never depended on the neighborhood, a workingclass black area, for its clientele. First it was the cab drivers and later people who came from all over the city, from Baltimore and even Philadelphia.

But any long-established place has its

characters. There's the man known as "Bicycle," an older man who will admit being "past my prime" and always travels by bike, hence the name. He's been coming 20 years and at the drop of a chitterling he'll tell you he's pedaled to Richmond and back—twice. His real name is Alexander Pritchard and he worked at the Pentagon for 20 years. Naturally, he always rode his bicycle to work.

There's "Doc," another regular at the counter. His real name is Thomas Anthony Stevens, age 74, and he graduated from Howard Medical College in 1925. He went to New York and Savannah, Ga., before returning to Washington in 1955. His only complaint is that he has to go to the Hot Shoppe on Georgia Avenue on Sunday, when the Grill is closed.

"It's like home," says waitress Ophelia Jones, who has been working for the Wilsons 20 years. "The people feel relaxed here. You can talk to them and relate to them. We have a lot of fun."

Two young men, right off the basketball court in purple Cardozo T-shirts, are giving Alice, the newest waitress (two weeks), a hard time. "Want a tip?" asks one. "Secretariat in the eighth." They laugh and get up to leave, but one comes back and slides a quarter across the counter.

A well-dressed businessman at the counter becomes the focus of attention. In a place where doggie bags are de rigueur, he has just ordered two separate plates of food: chitterlings and potato salad on one, spareribs and greens on the other. He amazes even his own friends by eating everything on both plates.

"You look like you eat French food most of the time," one wag suggests.

"No, man, I eat like this every day," he says. He stops the waitress as she passes and orders a peach cobbler.

Sometimes you get to think that it's just the dilettantes who worry about such things as atmosphere and neighborhood character. Karen and Rod Woodson, two young attorneys, have been customers of the Wilson's since they were students at Howard Law School.

Their reason: "We come here when we're hungry."

FREEDOM'S CRY

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. **BRADEMAS**. Mr. Speaker, the observance of the Bicentennial engenders in us a respect for the time when our country was young and for the values cherished then which we continue to hold dear today.

Raymond E. Schnick, Sr., who for 60 years has lived and worked in Michigan City, Ind., has also been writing verse for almost as many years. Recently, he wrote a poem entitled, "Freedom's Cry," which speaks of great reverence for the meaning of the first days of our Republic:

Freedom's Cry

One if by land and two if by sea,
 So started that famous day.
A torch was lighted in a new-born land,
 Where we could laugh and play.

Where we could march in strife-torn times,
 Holding Old Glory high.
Where we could shoulder the burden of tears,
 That came with freedom's cry.

Two hundred years have passed since then.
 Don't let your freedom go.
Walk from the sea to the shining sea,
 Walk o'er the mountains and land.
This is a gift to you from me.
 A gift from the promised land.

RENT CONTROL LAWS: A PRIMARY VILLAIN IN NEW YORK CITY

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. SYMMS. Mr. Speaker, as the story of New York City's financial bind continues to unravel, we can learn from the mistakes that were made. One of the biggest mistakes ever made by the city was the adoption of strict rent control laws. Apartments comprise one-third of New York's tax base and their value is a function of their ability to earn. However, rent control laws have blocked the growth of this tax base. Such laws have made it so unprofitable to operate housing units that over 30,000 apartments are being abandoned annually. This represents a tax loss of nearly $1 billion to the city over the years. In the current fiscal year alone, around $260 million in real estate taxes will not be forthcoming—and many predict that this estimate is too low by half.

Clearly, these laws have been perpetuated for their supposed political popularity. It seems most unfair that the rest of the country is now being asked to pay for the vote-getting schemes of local politicians. Especially when these politicians have still made no move to repeal their rent control laws and start to practice sound fiscal management of the city. For my colleagues and the readership of the Congressional Record, I am submitting an excellent article by Robert Bleiberg which appeared in the October 27, 1975, issue of Barron's and deals with this topic:

Rotten Boroughs: New York City Has Been Undermined by Rent Control

(By Robert Bleiberg)

Dan Dorfman aside, New York Magazine isn't exactly must reading around here, but we subscribe wholeheartedly to last week's issue. Under the catchy title, "Who's to Blame for the Fix We're In", the author ticked off the "Twenty Critical Decisions That Broke New York City," ranging from enactment on June 22, 1944, of the G.I. Bill of Rights, which "opened the floodgates . . . to the exodus of two million middle-income people to the suburbs," to the default on February 25, 1975, of the New York State Urban Development Corp. In between, there was more than one villain of the piece: then-Governor Thomas E. Dewey; former Mayor Robert E. Wagner, who, on March 31, 1958, issued Executive Order Number 49, which granted city employees "the right to join a union of their choice and to bargain collectively"; Republican turncoat John V. Lindsay, who, on January 12, 1966, settled a citywide transit strike at prohibitive cost, and, on March 18, 1969, "announced his candidacy for re-election."

Even Nelson Rockefeller, who has somehow bamboozled most of the press into forgetting his ruinous 15-year tenure in Albany, takes his lumps. March 28, 1960: "Governor Rockefeller signs a bill increasing by 5% the state's contribution to state employes' pensions"; April 18, 1960: "Governor Rockefeller signs a bill creating the State Housing Finance Agency"; June 18, 1971: "Rockefeller signs an amendment to the Local Finance Law," which, in effect, gave Gotham's free-and-easy politicos a blank check.

Compiling Critical Decisions, of course, is a game any number can play. With respect to the decline and fall of New York, we can think of several that didn't make the aforesaid list. September 1, 1932: Mayor James J. Walker resigns from office, thereby temporarily removing Tammany's little tin box from the local scene and replacing it with the insatiable demands of social engineers and reformers. November 7, 1933: Fiorello H. LaGuardia wins the mayoralty by a landslide, thus enshrining the five-cent subway fare, sealing the doom of the Brooklyn-Manhattan Transit Co. (BMT) and Interborough Rapid Transit Co. (IRT), and ushering in an era of public affluence and private squalor. November 1, 1943: four months after the rest of the country, federal rent control goes into effect in New York City. May 1, 1950: New York State takes over the administration of rent control from the federal government. May 1, 1962: New York City takes over the administration of rent control from New York State.

Apart from Barron's, which for over a decade has repeatedly attacked this peculiar form of urban blight, and The Wall Street Journal (which lately has taken up the cudgels), few have cared to point a finger at rent control. The captains and the kings of high finance have trouped to Washington and departed, without so much as a passing glance at the subject. On Capitol Hill, where the lawmakers, as is their wont, again seem eager to legislate in haste and repent at leisure, Representatives and Senators alike unanimously have chosen to ignore the issue. Yet as our own chronology of Critical Decisions suggests, it cannot escape its share of blame for New York's financial plight. On the contrary, thanks to rent control, the city currently is losing—either by forfeiture or failure to collect—real estate tax revenues put at hundreds of millions of dollars per year. All told, what Gotham has lost from this source is fast approaching the billion dollar mark.

But the damage cannot be properly assessed in dollars-and-cents alone. As even the hapless officials responsible now reluctantly concede, rent control is costing the City of New York, through abandonment and ultimate destruction, upwards of 30,000 dwelling units annually. That's enough (so our colleague, James Grant, recently calculated—Barron's, April 21, 1975) to house at two to a room the population of Sioux Falls, S.D., or a good many other places the residents of which are now being asked to succor (or be suckered by) the misgoverned metropolis.

Like the quantity of shelter, the quality of life in the big town inevitably has suffered, too. Mobility and freedom to choose where one wishes to live have dwindled almost to the vanishing point. By setting tenant against landlord and lavishing unearned benefits on a privileged minority of subsidized squatters, rent control perennially fans the flames of social hatred and class warfare in a city once known as the nation's melting-pot. After three decades and more of an alleged "emergency," which furnished the shaky legal foundation for rent control, New York City is in deep financial crisis. One way or another, quite literally and finally, it must put its house in order.

"Disorderly" doesn't begin to describe the chaos wrought by rent control since it was imposed as a wartime expedient in 1943. While promptly abandoned by the rest of the U.S. shortly after World War II, the "emergency" measure remained alive and well in what somebody once described as the "most unrepresentative city in the country." Over the years, as noted, its care and handling, growing more cumbersome and restrictive every step of the way, shifted from federal to state to local authorities. First applied only to pre-war apartments, controls (rechristened "stabilization") eventually engulfed postwar buildings too, thereby bringing new residential construction in the five boroughs almost to a halt. Rules and regulations proliferated. As the landlord told Barron's, in one apartment house in the Bronx, "there are rent-controlled tenants, rent-stabilized tenants, tenants who were decontrolled by virtue of vacancy decontrol (since rescinded) and tenants who were recontrolled or restabilized by virtue of the Emergency Tenant Protection Act of 1974." Confusion has compounded to the point where a justice of the Civil Court of the City of New York recently decreed rent control—notably in its current version, known as Maximum Base Rents—unconstitutional, not because it violates property rights per se, but because it has grown impossible to administer with even a pretense of equity.

Maximum Base Rents may be shrouded in red tape, but their effects are painfully clear. Under such strictures, landlords, after protracted delay, are lucky to win a rent increase of 7.5%–8.5% annually. In striking contrast, taxes and labor are rising at well over 10% per year, while in the past 18 months, the price of fuel oil, a ponderable part of operating costs has soared by 200%. Small wonder that more and more buildings are being run at a loss, while tax delinquency, once largely confined to one or two rotten boroughs, has spread far and wide. According to the Municipal Assistance Corp., newly organized state agency which is trying more or less successfully to fight City Hall, $502 million in real estate taxes from prior years must be written off. In the current fiscal year alone, MAC estimates that another $260 million will not be forthcoming, a staggering sum which the Community Housing Improvement Corp., a landlord group which knows the grim score, views as too low by half.

Deterioration—in the trend of tax delinquencies cited above, and in the condition of the housing stock—is shocking. Half a decade or so ago, Barron's observed, "Vast stretches of real estate in at least three of the five boroughs have decayed beyond the point of no return. Ancient tenements and (until recently) quite habitable buildings alike stand empty, boarded up and stripped, vandalized and blackened by fire. Some no longer stand at all except as piles of broken brick and rubble. Whole blocks of Brooklyn and the Bronx have been compared (by expert witnesses) to the bombed-out ruins of London and Berlin." Last spring, in preparation for weighing the case against rent control, Civil Court Judge Bernard Klieger toured the blighted areas. After an hour or two, he called a halt, saying: "I don't want to see any more. I'm so depressed." Since January 1, precisely 2,696 dwelling units, only a handful privately financed, have been started in New York City, down over 50% from the 1974 span. Physicially as well as financially, Gotham is visibly crumbling.

The moral devastation is worst of all. In the name of social justice, landlords—including some of moderate means—have been forced to subsidize well-to-do or wealthy tenants who, thanks to rent control, have turned large apartments into part-time pieds-a-terre. For those seeking a place to live—this helps to explain why so few want to move to New York—freedom of choice is limited; in the covert traffic in rent-controlled flats (as must happen where goods or services are priced below market), discrimination, religious and racial, flourishes. For more than a generation, local politicans and so-called civic leaders alike have cravenly perpetuated the evil. Now the rest of the country is being asked to pay for the city's mistakes. If a bargain is struck, an end to rent control should be a key element of the quid pro quo.

DEADLOCKED GOVERNMENT

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. BINGHAM. Mr. Speaker, in his column of October 22, 1975, David Broder eloquently points out the bankruptcy of President Ford's moralistic lectures about New York City when the whole country is endangered. Nero fiddled; Ford sermonizes.

Broder also blames many of our ills on the fact that the same political party does not control the White House and the Congress. It is time we gave some thought as to how to prevent that—how to achieve team-work, not confrontation, between the executive and legislative branches of Government.

Mr. Broder's column follows:

Political Moral Posturing

Washington is at its worst this week. Its politicians are all pose and no purpose. Easy moralizing has replaced difficult decision-making, and the coin of government credibility is being further debased.

It's evident to everyone that talk has been substituted for action. If the characteristic of confident leadership is its willingness to confront the substance of serious policy questions, the clue that gives away those who only claim to be leaders is their habit of striking moral postures rather than acting.

A good example of the kind of posturing that passes for leadership here these days is provided by President Ford's response to the financial crisis in New York City.

Last week's brush with municipal forfeiture made it evident even to those of us who are ignorant of the intricacies of the bond market that the collapse of the big city's credit mechanisms would have serious consequences all across the nation.

It is now widely recognized that a government guarantee of New York City's notes would give the city time to pursue its own long-overdue and stringent economy efforts toward the goal of a balanced budget, while insulating other cities and states.

If Mr. Ford would give the lead, there is little doubt Congress would quickly pass such a measure. Not only could New York plan its own future with a degree of security, but other cities would be relieved of the threat of artificially increased interest rates on their needed borrowing—rates which some estimate could cost the American taxpayers an extra $3 billion this year.

Instead of giving the leadership this situation requires, Mr. Ford chooses to preach on the wickedness of the wastrel Democrats of New York. His spokesman compares the politicians and the public employees of that city to heroin addicts, who must be cut off "cold turkey."

This moral posturing in the face of serious realities would be as extraordinary as it is offensive, were it not the mirror image of what the Democratic Congress has been doing for all these months in the face of the equally stark reality of the energy crisis.

Urged by Mr. Ford to join in constructing a national policy predicated on the reality that there will be no more cheap energy in our lifetime, the Democrats have chosen instead to squander their time by preaching against the wickedness of the avaricious oil companies.

Sen. Henry M. Jackson of Washington, a leading Democratic presidential candidate, last week marked the second anniversary of OPEC embargo by denouncing the greed of the oil cartel. No one asked him why, as the chairman of the Senate Interior Committee, he had nothing to offer but moral denunciations—and a bill which has already been rejected by the House.

The reason that men like Jackson and Mr. Ford can play these games is that, ultimately, neither of them is responsible for the consequences. The voters of this country have chosen to divide the government between a Democratic Congress and a Republican executive, and thereby have created a situation in which scapegoating and finger-pointing is far easier than problem-solving.

The voters have done so in the belief that, by splitting their tickets and fractioning government authority, they can protect themselves from the costs of big government. But the highest cost comes from the absence of responsible government policy—and the substitution of posturing for action.

Four years ago, this reporter concluded a book on the breakdown of responsible party government with this paragraph:

"When the time comes—and it is not that far off—when most Americans live constantly with the threat of breakdowns that have plagued New York City residents in recent years, when teachers and policemen and sanitation workers and subway and bus and taxi operators strike, when taxes rise while municipal services deteriorate, and filth piles up in the streets, when jobs become more scarce and inaccessible and welfare rolls soar, while schools turn out more addicts than graduates, when personal security is no greater than one's own strength or weapons provide, then we may recognize that we face a genuine crisis of government."

That crisis is measurably closer today than it was four years ago. If we are prudent, we will use the 1975 election to create a government in Washington that can be held accountable for the consequences of its actions, by electing a President and Congress of the same party.

If not, we will get more posturing and pretense of leadership from both Congress and President—and we will deserve what we get.

DENTAL DISEASE PREVENTION WEEK

HON. GILBERT GUDE

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. GUDE. Mr. Speaker, I would like to call to the attention of my colleagues that this current week, October 24 to 31, is Dental Disease Prevention Week. Sponsored by the American Society for Preventive Dentistry, this observance of proper dental care appropriately takes place the week before Halloween, a time when a glut of sugar-filled candy falls into the hands of America's children. The sugar in these "treats" can play terrible "tricks" on the teeth of our youngsters. Dental disease is all too prevalent in our society, especially among our youth, and proper dental care will not only aid in the fight against tooth decay, but will also contribute to the overall health of our children.

The American Society for Preventive Dentistry suggests nonsugar items for

Halloween treats such as fruits, sunsugarless chewing gum. Nonfood items such as trinkets, decorative stickers, erasers, are also appropriate. A healthy adult citizenry is dependent not only on flower seeds, popcorn, peanuts, and the diet of the young but also the direction and guidance which they receive in proper health and dietary habits.

Dental disease can be reduced or prevented with proper knowledge and care. I commend the American Society for Preventive Dentistry for their fine efforts. There is good reason to observe Dental Disease Prevention Week.

LIVING ON BORROWED TIME

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. **McDONALD** of Georgia. Mr. Speaker, with New York City in grave trouble brought on by living beyond its means, it is well also to look at other aspects of our Government and society in that regard. Research Reports of July 14, 1975, published by the American Institute for Economic Research pointed out recently that our Federal Government, our corporations, and even the individual American has been living beyond its means with borrowed money for decades. New York City is just the tip of the iceberg. The article follows:

LIVING ON BORROWED TIME

For nearly 30 years we, as a nation, have lived "high off the hog." With only a few cyclical interruptions, general business activity advanced greatly during this period. The cyclical expansion of business activity from February 1961 through December 1969 was the longest uninterrupted expansion in the Nation's history. Since 1970 this nation has experienced two sharp economic contractions. The second of these still is continuing, although there is some evidence that it soon may end. Can we look forward to a restoration of economic expansion similar to the prior expansions since World War II, or is the current situation different, so that a cyclical recovery, should it develop, is likely to be slight and/or brief? Evidence presented herein suggests that the latter seems probable.

There are three methods available for an individual to finance current consumption: he can draw upon his past earnings that he has saved, use his present income, and/or borrow against (pledge) his expected future earnings. No matter which method is used, an increase in consumption is possible, but the implication for future consumption is different. One who purchases, say a television, out of current income leaves intact his potential future consumption out of savings and possible borrowings. A person who purchases a television out of savings no longer has that asset available for future purchases. A person who borrows in order to buy a television must curtail his future consumption when he pays back the loan.

The United States, as a nation of people, has used these 3 methods for financing its high scale of consumption during the past several decades. This is true not only of individuals, but also of banks, corporations, and the Government. These major sectors of our economy have pledged their future income in order to achieve the past results.

INDIVIDUALS

During the 1947–1974 period, Americans increased their personal debt nearly three times more than their disposable income increased. During that period total consumer credit outstanding increased at a compound annual rate of 10.8 percent, while disposable personal income increased at a compound annual rate of 6.7 percent. During the same period the percentage of disposable personal income that was saved remained nearly unchanged. Therefore, much of the past increase in the standard of living of Americans was financed by pledging their future earnings.

During 1947, repayments of consumer installment credit amounted to 6.0 percent of disposable personal income. During 1974, however, it amounted to 16 percent of such income. The more of current income that the consumer must use to pay principal and interest on debts oustanding, the less he has available for current consumption. In order to increase one's present standard of living and still repay the loans outstanding, more borrowing must take place. However, because consumers currently must use nearly three times more of their earnings to meet their installment debt payments than they did in 1947, their riskier financial position may not allow them to do so without inviting financial default. These figures do not include mortgage debt, which would add substantially to the amount of current income needed to meet debt payments.

Another measure of financial condition of individuals is the ratio of liabilities to net worth for households. This ratio is similar to the debt-to-equity ratios used to assess the relative financial condition of corporations. As can be seen in the accompanying chart, this ratio increased substantially during the 1947–1974 period, increasing from .13 to .48. An increase in this ratio reflects a deterioration in the financial condition of households; thus, these data are additional evidence that individuals (or households) are not in a position to increase their future consumption by the means that they have used since 1947.

COMMERCIAL BANKS

The financial condition of commercial banks also has deteriorated during the past few decades. Although banking profits and assets have increased greatly since the end of the War, these were achieved by the sacrifice of liquidity and safety. During the period 1948 through 1974, "risky" investments (bank loans and purchases of municipal securities) of commercial banks increased nearly three times more than did demand plus time deposits. During 1948, such investments amounted to $.33 for every dollar received in deposits; during 1974 they totaled $.99 for every dollar deposited.

In an effort to increase earnings, commercial bank managers reduced the percentage of funds invested in U.S. securities and increased the percentage invested in commercial loans. (Bank loans yield more than do securities, but are less liquid.) Evidence suggests that in doing so bank managers reduced requirements for determining qualified borrowers. Many loans to REIT's (real estate investment trusts), to firms in the tanker and airline industries, and to underdeveloped countries apparently are near default. Many of these, amounting to hundreds of millions of dollars, already would have been defaulted except for banks' waiver of safety provisions and interest charges on them. That many large commercial banks recently increased substantially their loan-loss reserves relative to loans outstanding indicates that large losses from loans are expected.

Recently the liquidity of commercial banks has improved somewhat. Since December 1974 bank loans have decreased an average of about one percent per month. Bank investments in U.S. securities, moreover, have increased an average of more than 3 percent per month since August 1974. This improvement in liquidity perhaps is evidence that bankers finally recognize the seriousness of the problem, or perhaps it simply reflects the usual reduction in loan demand during periods of business contraction.

Another problem that recently has received attention is the ability—or inability—of commercial banks to finance a possible recovery from the present recession. The accompanying chart shows that the debt-to-equity ratio of commercial banks increased from $11.44 of debt outstanding per dollar of equity during 1960 to $16.73 during 1974. This deterioration in the capital ratio of commercial banks has been noted by several analysts who have questioned the ability of the banking system to increase credit substantially more without the banks first increasing their equity base. If the commercial banks do not finance both the large amount of Government debt and the increase in corporate debt needed for rapid economic expansion, any possible cyclical recovery probably would be aborted or at least retarded. Alternatively, if the banks do finance both of these needs without increasing their equity base, the financial condition of the banking system will deteriorate further and increase the risk of a major banking collapse.

CORPORATIONS

As revealed in the accompanying chart, the debt-to-equity ratio of manufacturing corporations also has increased substantially since the mid-1950's. During 1955 these corporations had $21.10 of debt outstanding for every dollar of equity. During 1974, this ratio was $45.50 to $1, or more than double that of 1955. Apparently much of the corporations' increase in output and earnings during the past 20 years was achieved in part by pledging future income. Tax laws made borrowing the "cheapest" way for business to finance plant expansion or other capital expenditure, because retained earnings and dividend payments on equity are after-tax residuals, whereas interest charges on corporate debt is deductible as an expense before taxes. This tax situation notwithstanding, the increasing financial risk reflected in the substantially higher debt-to-equity ratio of corporations suggests that the use of debt to finance future business expansion clearly is limited.

During recent months analysts have suggested the possibility that some corporations seeking to finance expansion through debt offerings will be "crowded out" of the market. The conjecture is that there are insufficient funds to finance all Government and expected corporate debt offerings and that the poorer credit risks will be unable to sell their debt instruments. As debt-to-equity ratios increase, more corporations become poorer credit risks and candidates for being "crowded out."

To compound corporate troubles, depreciation allowances have been inadequate to replace worn-out equipment. Because of continually increasing prices, the cost of equipment is substantially more at the time of replacement than at the time of purchase, which is the basis for computing depreciation charges. The difference between the replacement cost and the amount "thus set aside" for replacement also adds to the financial difficulties of corporations.

GOVERNMENT

Government expenditures since the end of World War II have been financed in part by a substantial increase in debt. During 7 of the 11 years 1947 through 1957, the Federal budget was in surplus. Since then, however, there have been only 3 years during which Federal receipts exceeded expenditures. During these latter 18 years total Federal debt increased from $271 billion $546 billion.

Government expenditures in the form of transfer payments encourage consumption but discourage investment, which is the source of productivity increases and improved real standards of living. Expenditures in the form of transfer payments, grants, subsidies, and interest on public debt have increased substantially since the early 1950's. During 1953, such expenditures amounted to 26 percent of total Federal spending; during 1974, however, this spending amounted to more than 60 percent of the total. How much longer this trend can continue without effectively "suffocating" investment and economic growth cannot be ascertained. Perhaps that time is at hand, and economic stimulation from this source might be small unless Government taxing and spending policies are altered to encourage investment.

Introductory economic textbooks generally assert that Federal debt held by American organizations or citizens is not significant because as a nation we owe that debt to ourselves. However, debt held by foreigners can be viewed as we have suggested above, namely, that the Nation thus is pledging future production to achieve current consumption. The accompanying chart shows that since 1969 foreign ownership of Federal debt increased from about $10 billion to nearly $60 billion at the end of 1974. Total liabilities (private as well as public) to foreigners increased even more markedly from about $8 billion in 1950 to nearly $1,206 at the end of 1974.

Gold is a prime liquid asset in spite of efforts to demonetize it, as recent events have demonstrated. As is shown in the accompanying, the U.S. gold stock decreased from $25 billion in 1948 to about $10 billion in 1971. The small increase in gold stock since 1971, reflects an upward adjustment of its official "price" but not an increase in the number of ounces held. Thus, some of this Nation's past economic activity was achieved by using its past savings in the form of gold. Quite clearly those savings no longer are available to finance consumption in the future.

CONCLUSION

The facts are evident. The Nation's level of consumption was large during the 1947–1974 period. Although much of this consumption was achieved through increased productivity, much of it was achieved by the subtle diversion of real wealth from capital to consumption reflected in pledges against future production. The financial condition of individuals, banks, corporations, and the Government has deteriorated as a result.

What happens now? There is no way of knowing to what extent this nation can continue to increase current consumption by borrowing against the future. However, that there is some limit at which creditors are going to refuse to extend more credit (as in the case of New York City) seems probable. As a nation we can repay debt by reducing current consumption and increasing current savings (investment). This necessitates an adjustment in consumption expectations of individuals and of Government. The means of supporting the high rate of past consumption simply no longer is available without increasing further the already large risk of national financial collapse.

Indications that the end of our borrowed high living standard is near have become more apparent. During each of the 3 most recent credit crises (1966–67, 1969–70, and 1973-present) interest rates reached successively higher levels, bankruptcies increased, and the threat of a collapse of the international monetary system became more evident.

GUAM LEGISLATURE EXTENDS APPRECIATIONS TO CONGRESSMEN

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. WON PAT. Mr. Speaker, during the August congressional recess, two of my colleagues on the House Armed Services Committee accepted my standing invitation to visit Guam.

Touring the Island on behalf of the Subcommittee on Military Installations and Facilities were my good friends, Representatives Charles H. Wilson, Democrat, of California, and Mendel J. Davis, Democrat, of South Carolina. During their 3-day visit to Guam, both of these outstanding gentlemen untilized their time to tour Guam's sizable defense facilities.

Their considerable interest in Guam's many problems associated with living side by side with our large-scale military bases on the Island, which marked every occasion in the visit of Representatives Wilson and Davis, was greatly appreciated by all of us on Guam.

Guam does not often benefit from having members of the House Armed Services Committee tour the Island and I am pleased to request at this time for permission to include in the Record the text of Resolution No. 142, recently passed by the 13th Guam Legislature, which officially expresses the "sincere appreciation of the people of Guam" to Congressmen Charles H. Wilson and Davis for taking time from their busy schedule to see firsthand Guam's unique situation. To the comments of Resolution No. 142, I add my sincere thanks as well. Text follows:

Thirteenth Guam Legislature—Resolution No. 142

Relative to expressing the sincere appreciation of the people of Guam to the Members of the House Armed Forces Subcommittee on Installations and Facilities for their recent visit to Guam

Be it resolved by the Legislature of the Territory of Guam:

Whereas, recently the people of Guam were honored to have such distinguished visitors as the Members of the House Armed Services Committee of the U.S. Congress; and

Whereas, the Subcommittee on Installation and Facilities has traveled to Guam at the suggestion of our own Congressman Antonio B. Won Pat, a distinguished member of this Committee, to inspect and review the Ship Repair Facilities, Commissaries, Real Estate, and other military facilities in Guam; and

Whereas, it is gratifying and comforting to the people of Guam that the U.S. Congress through its committees continue to demonstrate its interests in the welfare of the 110,000 Americans in Guam and our sister territory to the North of us; now, therefore, be it

Resolved, that the Thirteenth Guam Legislature does hereby on behalf of the people of Guam express sincere appreciation to the Members of the House Armed Services Subcommittee on Installations and Facilities for their recent visit to our beautiful island of Guam; and be it further

Resolved, that the Speaker certify to and the Legislative Secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the Honorable Charles Wilson (D-Calif.), M. C.; Honorable Mendel J. Davis (D-S.C.), M. C.; Honorable Antonio B. Won Pat (D-Guam); Honorable Carl Albert, Speaker of the House of Representatives; and to the Governor of Guam.

WHO WILL PICK UP CHECK?

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. BOB WILSON. Mr. Speaker, under leave to extend my remarks in the Record, I include the following:

Who Will Pick Up Check?

(By Nick Thimmesch)

New York.—Outwardly, this gigantic city seems to be operating all right, though it frets over its fiscal crisis like Judgment Day was at hand.

The drama of New York City's profligacy has sucked in Gov. Hugh Carey, the legislature, the pick of Wall Street barons, all manner of university and foundation wizards, the President and Vice President of the United States, and wait, here comes the U.S. Congress panting.

Standing on the sidelines is a New Jersey boy, the kind who comes to Manhattan on Friday nights to look for action, and later, in the wee hours, loudly professes how he is so glad to get home. Secretary of Treasury William Simon says, tut-tut, for New York to default on its debt obligations might even clear its head.

That head is fogged because the New York City debt is now at $11 billion, compared with $5.2 billion in 1965. The city pays $1.8 billion a year in interest alone—14 per cent of its annual budget. Now, New York City can't pay interest or principal, though it is temporarily [until December] saved by an infusion of pension funds from the United Federation of Teachers, who apparently feel they own a big piece of the city anyway.

A few years back, those of avantgarde and-or nihilist inclination were thumping for New York City to secede from New York state, and maybe even the Union as well. There is no such fantasizing now. Instead, we are hearing bleats and caterwauls from policemen, firemen, garbage collectors, bankers and Rockefellers that disaster, yea, even anarchy, will fall on Gotham if Uncle Sam doesn't submit to his fabled rescue impulse.

Since Uncle Sam represents 215 million non-New Yorkers as well as New York City, he must scratch his head before he helps this old rogue with big money or a guarantee of the city's bank obligations.

Which is to ask whether the janitor in St. Paul, the steelworker in Pittsburgh the wheat farmer in Washington state, the fry cook in Montgomery, also get sucked in? Colossal as New York City, its debts and spending are, the help Uncle Sam might provide won't break Bill Simon's Treasury. The argument is over principle.

New York City has run itself like a state. The Tax Foundation scribblers dolefully report that where the average per capita expenditure for all other cities is $300 a year, New York City dispenses $1,200.

Where most cities scrimp to maintain even a modest namesake university, or turn it over to the state, the City University of New York costs the city $264 million a year, and the bulk of its students [270,808] pay only $110 a year in fees. New York City also runs 19 high-cost hospitals which have an occupancy rate of only 77 per cent.

Most vexing of all, especially to the folks in St. Paul and Omaha, is the way New York City hired legions of city employes and paid them as though money rolled in with the Atlantic tide. Between 1961 and 1974, the city's population dropped but its city payroll climbed from 200,000 to 300,000.

There's never been a shortage of applicants for city jobs. Even a greenhorn employe gets four weeks' vacation the first year. Where private industry devotes about 20 per cent of its payroll to pensions, in New York City 55 per cent of payroll is marked for pensions.

These lucky workers pay nothing for medical or hospital insurance, nor do they contribute to their generous pensions. They get unlimited sick leave, and enjoy many day-off holidays. The labor skates have seen to that; they have more power than the Wall Streeters. Ask any politican hereabouts.

For a generation now, as though driven by a ritual, any politician who put his feet on New York City streets promised more welfare, housing, education, services, handouts, loan guarantees, even telephones for the deserving poor. Naturally, these fellows, seeing the votes tally up, walked away from the question of how it would all be paid.

Now they know. The city budget, now at $12.3 billion, has doubled since the mid-'60s. Welfare costs have gone from $494 million in 1965 to $2.8 billion in 1975. One million souls are on the dole.

Well, it's all too much, and rather than face it, some pundits here borrow the domino theory from Washington, or suddenly discover New York as a seat of compassion.

If New York City goes, so will Boston, Chicago on through the big leagues, and then across the ocean to London, Paris, Copenhagen, and perhaps Sofia, Bulgaria.

Finally, New York City is one of the last huddling places where political patronage still pays off. All manner of sinecured political hacks thrive here, some drawing big pay for doing nothing. If Mayor Abe Beame ferrets them out, he has performed a capital service. These well-salaried slackers not only fail to put in a lick of work, they also carry a gang of flunkies to justify their fiefdoms. Nostalgic, yes, but justification for New York City to come pleading to Omaha for a handout—no!

Will New York roll on the ground and repent, as the more prudent in the hinterlands demand? No, because that isn't the way New York City is or has ever been. This tough old wastrel will just have to live in less pretentious style. And Uncle Sam probably should pat the big, bad banks on the head, and tell them he will make good, if any more obligations are faulted.

Don't blame it on Beame any more than you would blame an undertaker for laying out a stiff.

FINANCIAL DISCLOSURE

HON. ANDREW MAGUIRE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. MAGUIRE. Mr. Speaker, I wish to present for inclusion in the RECORD a copy of the letter which I sent October 20 to the chairman of the Committee on Standards of Official Conduct:

OCTOBER 20, 1975.

Chairman JOHN J. FLYNT, Jr.,
Committee on Standards of Official Conduct, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: I filed copies of my wife's and my joint income tax returns with your office in April and I will file an accounting of our financial assets and liabilities at the end of the calendar year.

Since Congress may soon be considering legislation pertaining to emergency federal loans and/or guarantees for state and local governments, I wish to disclose my wife's (Margaret G. Maguire) holdings of $10,000 in New York Municipal Assistance Corporation bonds, maturing February 1, 1985, and $5,000 in New York State Dormitory Authority bonds, maturing August 1, 1977.

I request that this letter be appended to Part A of the official report of my income and assets filed earlier this year.

Sincerely,

ANDREW MAGUIRE.

THE NECESSARY UNITED NATIONS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. DERWINSKI. Mr. Speaker, having served at the United Nations in 1971 as one of the U.S. delegates to the General Assembly session, I had a good look at both the progress and failures of the world body.

It is my view that the United Nations is an essential although very imperfect institution. If the U.N. were dissolved, I believe it would be necessary for the governments of the world to immediately recreate a similar organization.

Zay Smith, editorial page columnist for the Worth-Palos Reporter, is a knowledgeable, penetrating writer and keen student of foreign affairs and of the United Nations. His article on October 16, 1975, is, I believe, interesting, timely, and, therefore, worthy of review.

THE NECESSARY UNITED NATIONS

(By Zay N. Smith)

Right-wing critics of the United Nations, displeased by Ugandan President Idi Amin's recent anti-American outburst in the U.N. General Assembly, are saying again that enough is enough: the time has come for the United States to cut back its support of this impertinent institution.

Patrick Buchanan, formerly of the Nixon White House and currently a columnist for the New York Times, states the proposition. He writes of the U.N. as an institution "of marginal utility to us, and of considerable use to our adversaries and enemies in the Communist and Third World."

Without pausing to explain the difference between an adversary and an enemy, Buchanan, warming to his task, continues:

"Why do we take it? No self-respecting Communist country, such as the Soviet Union or People's Republic of China, would long tolerate use of its territory by 'every little half-assed country in the world'—In Sen. Barry Goldwater's (R-Ariz.) indelicate phraseology—to stamp all over its policy and history."

To begin with, Buchanan and like-minded critics never seem to understand that only a "self-respecting" nation could tolerate in its own front yard such verbal and parliamentary abuse as the U. N. membership offers. But this is of little consequence compared to the central point that the critics miss, and miss cleanly, here.

It is said, rather carefreely, that the U.N. is of "marginal utility." But quite the opposite is the case. The U.N., for all its corruptions and outrages, is nothing less than indispensable about now.

Buchanan quotes Barry Goldwater in dismissing the world's collection of "little half-assed" nations. This collection, however, grows more dangerous by the hour. Let us listen for a moment to a leader of one of these nations, Col. Muammar Kaddafi of Libya:

"A few years ago, we could hardly procure a fighter squadron. Tomorrow we will be able to buy an atomic bomb and all its parts."

If things go very wrong in the next few years and humanity finds itself in need of an epitaph, Kaddafi's words will suffice. This is the situation that we face. At the moment, there are seven nations (if one counts secretive Israel) that have functioning nuclear weapons. As many as 34 other nations, ranging from Finland to Pakistan, seem to have nuclear capability almost in their grasp. What we are witnessing here could be called the Armageddon Bandwagon Effect; and there can be no stopping the bandwagon in a world where something approaching international anarchy prevails.

It is in this context that the U.N. serves an urgent purpose merely by existing. For while it is true that the U.N. is a den of inequities, with affronts all around, it remains the only institution capable of bringing together almost every nation under one roof for regular debate. As such, it remains the only institution capable of giving rise to the single, stable, interdependent order of nations necessary to survival in a nuclear age.

The experiment may yet fail of course. It is nowhere near succeeding as of 1975, and no one knows how much time is left for further tinkering. But for better or worse, the U.N. is the place where humanity will either form a saving order or die trying. This would seem to be an important enough business to merit continued support by our government in spite of harsh words from Idi Amin.

NATIONAL SENIOR CITIZEN OF THE MONTH AWARD

HON. STEWART B. McKINNEY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. McKINNEY. Mr. Speaker, all too often our youth-oriented society has cast aside the senior citizen, failing to recognize the many accomplishments of people over the age of 65. But senior citizens can and do lead productive, successful, and fulfilling lives, as so eloquently demonstrated by Hoyt Catlin of Norwalk, Conn.

On September 30, Mr. Catlin became the first recipient of the National Senior Citizen of the Month Award, an award presented by the National Council on Aging to honor those citizens who, after the age of retirement, have successfully started their own business. The accomplishments and contributions of Hoyt Catlin certainly prove beyond any doubt that this honor is well deserved and in honoring this great American I would like to share with my colleagues some of the highlights of a fine and distinguished career that began after the age of 65.

Mr. Catlin started his business, Fertl, Inc., in 1956, as a small company that produced starter material for garden plants. Over the years his business has expanded into a thriving nursery products firm that now employs 16 people with sales close to $6 million a year. Today, at age 85, Mr. Catlin is still far from retirement and makes it a policy to hire other senior citizens like himself in his establishment.

In doing so, Mr. Catlin not only enriched his own life but the lives of many other senior citizens who were not content with the rewards of peaceful retirement. Although the average age of employees is 68 it is not uncommon to find workers in the seventies, eighties, or nineties, at Fertl, Inc.

It is truly refreshing, particularly at a time when the aged are often ignored, to honor such an enterprising and energetic senior citizen as Hoyt Catlin. Not only has he demonstrated a knack for operating a successful business, but more significantly has shown all of us that, given the opportunity, senior citizens can and do lead enriching and prosperous lives. It is time we recognize that life may often begin at 65.

TOM BRADEN CRITICIZES NUCLEAR POWER

HON. HAMILTON FISH, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. FISH. Mr. Speaker, much of the discussion now going on about nuclear fission power concentrates on the light water reactors, which is the type of reactor now in use. However, a more dangerous type of reactor, the fast breeder reactor, is planned for use in the near future.

For the past 20 years this Government has consistently emphasized the development of nuclear power and ignored the development of alternative forms of energy. Hopefully this trend can be reversed and as the conservation ethic grows in this country, and our energy demand curve levels off, we can discard such unwise energy projects as the fast breeder reactor. Tom Braden summarizes the perils involved in the fast breeder reactor program in an excellent article in the Washington Post, which follows:

[From the Washington Post, Oct. 28, 1975]

NUCLEAR DEBATE: THE WRONG QUESTION

(By Tom Braden)

The Congress and the President are in the middle of an argument about energy independence. The subject is important. Indeed, it may be said to be crucial. Whether this country can achieve self-sufficiency in energy during the next few years may well determine whether this country remains prosperous.

But the trouble with the argument, as the President and the Democratic majority in Congress have framed it, is that the really important question is not being asked. The President is saying that the enrichment of fuel for nuclear-fission power plants should be turned over to private industry, in effect to a huge consortium of oil companies.

The Democrats are saying that the government ought to continue its monopoly of fuel production for use by private utilities in their nuclear fission plants.

But the really important question is not who controls nuclear power but whether it is necessary to make it in the dangerous manner which the Ford administration is proposing.

Under the President's plan, the United States will shortly be building as many as 150 nuclear power plants devoted to the production of energy by a process known as the fast-breeder reactor.

This process has not yet proven to be entirely safe. It is certainly more dangerous to human life than the light-water reactor process which is now in use. If anything should go wrong with the fast-breeder process the results would be dire, so dire indeed that those who make it their business to look ahead talk in terms of evacuating cities on two hours' notice and of blocking off for several thousand years any area which might become contaminated through accident.

In short, the President and many members of Congress are behaving as though the fast-breeder system were the only basket in which to place our energy eggs. Both are downplaying other means of producing energy which might yield equal benefits at less risk or at no risk at all.

One of these is the fusion method of producing nuclear power. It might take a Manhattan-type project to bring this system to the point of fruitful result but the system is far less dangerous than fission because it does not breed the same volumes of volatile waste and does not depend upon stopping a chain reaction at precisely the right point to prevent an explosion.

Another insufficiently financed and researched alternative is that of solar energy. It has so far had about 1 per cent of the government funding which has been provided for research into nuclear power. Yet we do know that electricity can be made from the rays of the sun. A Manhattan-type project, in the opinion of many scientists, would score a breakthrough on the problem, which is how to capture and store sufficient energy to power cities.

As matters now stand, we are racing headlong into another stage of the nuclear age, and we are doing so in a fashion which we know is incredibly dangerous. Sen. John Pastore (D-R.I.) hinted at the incredibility the other day in an argument over how many hundreds of millions should be provided as insurance against what proponents of the fission process euphemistically term "a maximum credible incident."

"What difference does it make?" Pastore asked. "If one of these plants goes up, you can kiss the whole nuclear program goodby."

In a similar fashion we might ask what difference does it make whether 150 new nuclear fission plants are built and fueled by government or by corporate financing? If one of them goes up—and the wind is blowing the wrong way—we can kiss the nearest city goodby.

OUR HERITAGE THAT IS GREECE

HON. JAMES J. DELANEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. DELANEY. Mr. Speaker, it was on October 28 in 1940 that the Greek people rejected a Fascist ultimatum for their capitulation. Under the leadership of Gen. Alexandros Papagos, their army drove invading Italians from Greek soil and back into Albania. It was only when Nazi forces brutally attacked the following April through Yugoslavia and Bulgaria that their country was finally occupied by the Axis and even then the Greek populace met dictatorship with armed and courageous resistance.

Time and time again, from the days of immortal Athens to the present, we have witnessed the determination of the Greek people to be free. Time and time again we have seen Greek Americans contributing to our own heritage of liberty—from the early explorer of Florida, Dorotheos; from the discoverer of the Juan de Fuca Straits, Apostolos Valerianos—down to our own day.

In the words of President James Monroe many years ago:

> Genius and delicacy in the arts, daring and heroism in action, unselfish patriotism, enthusiastic zeal, and devotion to public and private liberty, all these are connected with the name of . . . Greece.

On this symbolic day of the "OKHI!" I salute her and praise her sons and daughters.

A VERY SPECIAL 27TH BIRTHDAY

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. LAFALCE. Mr. Speaker, I would like to bring to the attention of my colleagues the story of Sgt. James Rozo who was 27 years old on October 18, 1975.

Sergeant Rozo is the son of Mr. and Mrs. Samuel Rozo of 269 Mapleview Drive, Tonawanda, N.Y. He went to school in the Kenmore school system and played baseball for the Town Boys' Club and St. Timothy's CYO. He enjoyed most sports and played a few musical instruments.

In September of 1968 he joined the U.S. Army with the Signal Corps and received training at Fort Gordon, Ga. He spoke often of going to college and of becoming a disc jockey after his discharge.

In April of 1969 he was sent to Vietnam and stationed at Lie Kie. He came home in March of 1970 for a 30-day leave, only to return to Vietnam for his second tour of duty and to be stationed at Dian. One month later, on June 23, 1970, his family was notified that he was missing in action while on a supply mission with two other men. On their return to camp their vehicle was ambushed. It was found in a ditch by the South Vietnamese, with the motor running and full of bullet holes. There was evidence that Sergeant Rozo and his companions had returned fire, but there was no sign of blood in or around the vehicle.

In December 1971, Sergeant Rozo's family was notified that his status had been changed from MIA to POW. Jim has never been heard from. All his letters have been returned. To this day, he is still unaccounted for.

Sgt. James Rozo is just one of an untold number of Americans who have never been accounted for in Southeast Asia. Like all MIA's, his family remembers him and thinks of him daily. His sister, Mrs. Thomas (Christine) Waz of Buffalo remembers, as does her 4-year-old daughter Deberah, who has not seen her uncle since she was 17 months old.

Jim's story is special because it is a human drama repeated across the United States. His and other stories like it must prod America into remembering that our involvement in Southeast Asia is not over for many, many American families. The

U.S. Government must do all it can, which is certainly much more than it has been doing, to locate and identify the true status of all those Americans who are at present listed as missing in action.

A CONSUMER PROTECTION AGENCY—AN IDEA WHOSE TIME HAS PASSED

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. KASTEN. Mr. Speaker, the concept of a Consumer Protection Agency is not new. It is an idea that has been discussed and considered by Congress several times since its original conception in 1929. All attempts to establish such an agency, however, have failed.

The concept of an agency representing consumer rights within the executive branch of the Federal Government has gained increasing support during the past several Congresses. A measure to establish such an agency was considered by the 91st Congress. Although the bill was approved by the Senate, it failed to pass the House. During the 92d Congress, a similar measure was approved by the House and defeated by the Senate. The 93d Congress saw legislation again approved by the House and filibustered in the Senate when four attempts at cloture failed.

In the course of the current Congress, the 94th, bill S. 200 has already been passed by the Senate. A similar legislative proposal, H.R. 7575, has been favorably reported out of the House Committee on Government Operations. I am opposed to this legislation, which will aid neither consumer nor businessman and simply add to the difficulties of both.

FOUR PRINCIPAL OBJECTIONS

I have four principal objections to this bill. I object to the structural organization of the Consumer Protection Agency—CPA—the fact that a legitimate need does not exist, the negative impact it will have on consumers and the equally negative impact it will have on businessmen.

Numerous powers have been granted to the proposed CPA. Some of them are: First, the right to intervene in all formal agency proceedings with a power to subpena witnesses and material to insure that the proposed regulations are in the consumer interest; second, the right of appeal to a Federal court to overturn any regulations promulgated by a Federal agency that the CPA believes are not in the consumer interest; and third, the power to issue court enforced interrogatories to gather information from businesses that it deems to be relevant to the consumer interest.

Each of these three major powers has the potential to lead to confusion on the part of the consumer, confusion on the part of the Federal regulatory agencies and possible abuses of power by the CPA as it pursues its understanding of the consumers' best interests.

A strong case can be made that virtually every regulation issued by one of the Federal agencies affects the interest of the consumer in some manner. Rulings by the Civil Aeronautics Board on air fares affect consumers, decisions of the Interstate Commerce Commission on truck rates affect consumers, and regulations of the Federal Communications Commission on television commercial procedures affect the consumer. The granting of a broad power to the CPA to intervene wherever the interest of the consumer is involved will lead to interference by the CPA with very nearly every formal proceeding of a Federal regulatory agency.

The Federal regulatory agencies have often been criticized for the lack of speed with which they operate. Will the inclusion of a new and major factor in the process of determining regulations speed this process up? I do not believe it will, but I am certain that it will have an adverse impact on the procedures of these agencies. Interagency conflict is not in the best interests of anyone and will cause more harm than good. I believe that this provision is ill advised, unworkable and inevitably counterproductive.

A very similar problem will arise from the authority granted to the CPA to intervene in the Federal court system to overturn regulations that the CPA believes are anti, or not sufficiently pro, consumer. There will be great uncertainty on the part of businessmen. Will the new regulations be upheld or overturned? What will they do in the 1 or 2 or 3 years that it takes to reach a final decision? Will the questionable regulation be enforceable in the interim period while it is being appealed? The situation that may result from the adoption of this power is literally a nightmare to businessmen who are attempting to decide how a product is to be produced.

Finally, the permission granted to the CPA to require that businesses comply with information requests is going to be highly damaging to the small businessman. First, there are no limitations on what information can be requested as long as it concerns consumer interests. This term is so all-inclusive that it can relate to any facet of a business operation. Second, it will prove to be a strain on the resources of the small businessman as he struggles to comply with a request for information. Literally hundreds of thousands of small businesses do not have the staff or expertise necessary to comply with CPA requests. For many, this will mean increased prices to be passed along to consumers or a curtailment of operations, also harmful to the consumer.

The Federal bureaucracy as a whole has been generally attacked as slow, inefficient, wasteful and costly. Every area that is touched by a department or agency comes under heavyhanded regulatory procedures which are slow to change in the light of altered circumstances. To ask that the consumers of America be "cared for" by the addition of another layer of the bureaucracy is to ask for an across-the-board disaster.

NO LEGITIMATE NEED

I do not believe that a legitimate need for the existence of a central Federal agency has been proven. Even a partial listing of the agencies already in existence to aid consumers is immense. On a Federal level we have the Office of Consumer Affairs, the Consumers Product Safety Commission, the Federal Trade Commission, the Food and Drug Administration, the Consumer Product Information Division of the General Services Administration, the Marketing Service of the Department of Agriculture, the Department of Housing and Urban Development Office on Land and Home Purchases, the Department of Commerce, the Interstate Commerce Commission, and the Federal Communications Commission.

If all of these units are unable to protect the consumer from his problems, the addition of one more agency will not. There are 39 agencies or departments on the Federal level having jurisdiction over 413 units that are working on 938 consumer-related activities according to a 1969 study by Presidential Consumer Adviser Virginia Knauer. You can be sure that the number of consumer-related activities has increased greatly since that date.

Services for the consumer are also proliferating across the country at a rapid rate. Every State now has either an independent consumer affairs office or one under the jurisdiction of the State attorney general. By latest count there are 179 consumer affairs-related offices in all 50 States. As of March 30, 1974, there were also 86 counties, primarily urban, with their own offices and an additional 166 units connected with city or town government.

The generally accepted need of a consumer organization is to protect consumers from fraud by salesmen and from the purchase of products that are hazardous to health or life. We already have a Consumer Product Safety Commission possessing vast powers to ban the sale of products believed to be hazardous. The Federal Trade Commission insures that products are not falsely advertised or promoted.

CONSUMERS' OPINIONS

A recent Gallup poll uncovered some very interesting consumer attitudes on the subject of an additional Federal agency.

The poll found that 86 percent of those interviewed felt that they were "almost always or usually treated fairly" by the businesses with which they dealt. Compare this percentage with the identically worded question that substituted "Government" for business. Here the percentage that answered favorably dropped to 79 percent. Evidently more people feel they are treated more fairly by their grocer than by the Federal Government.

Further, when asked if they would prefer the establishment of a new agency instead of the reforming of already existing ones, 75 percent favored the existing agencies and only 10 percent favored the establishment of a national CPA. The chances are also high that even if a CPA existed, it would not be widely used by consumers. When asked who they would contact if they purchased a defective product, 55 percent would take it back to the place of purchase, 44 percent would make a complaint to the Better

Business Bureau, 37 percent would contact the manufacturer, 13 percent would get in touch with a State or local consumer office and only 8 percent would contact a Federal agency in their community or in Washington—some persons answered with more than one choice which accounts for the high percentage total.

This supports my contention that the public does not want a new Federal agency, does not need such an agency and already knows how to deal with a consumer problem if one arises.

A final point concerning the consumer is how the CPA will interpret the key phrase of "consumer interest." All of us are consumers and all of us have conflicting choices and priorities for our spending purposes. How will the CPA interpret consumer demands? Each decision of this agency will harm one group or another since it must choose between competing consumer demands. We are discussing here an agency for selected consumer protection, with those who are the most vocal receiving the largest rewards.

This is inequitable and discriminatory toward the segments of the public who will not be of the chosen viewpoint. If this agency cannot guarantee the best interests of all consumers, which is impossible, then it cannot adequately guarantee the best interests of any.

HARMFUL TO BUSINESS

The impact of this agency will also be excessively harmful to the business community. Each regulation and each new requirement concerning paperwork is passed along to the consumer in the form of higher prices. Many regulations have no direct bearing on product safety and are, in fact, detrimental to what the members of the public themselves would consider to be in their favor. Although the concept of a consumer protection agency might have had some validity 15 or 20 years ago, we must realize that the basic premise of such an agency was a distrust of the motives of businessmen. This distrust was always higher than warranted, but changes in the attitudes of American businessmen have made any necessity for a CPA invalid. Most businesses now realize that they have a social responsibility toward the consumers in addition to the responsibility they have to their employees and stockholders. This trend toward corporate social responsibility will not be reversed, but will continue to grow with time. It is always in the best interests of the businessman to provide the consumer with the best possible products and services.

NEW YORK'S MAYOR BEAME

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. MAZZOLI. Mr. Speaker, I must say that the decision of Mayor Abraham Beame of New York City not to officially greet Egyptian President Anwar Sadat on the occasion of Mr. Sadat's first visit to the United States is very petty and narrowminded.

This is an attitude which hardly befits the chief executive of our Nation's largest—and brokest—city.

I find his decision particularly petty and mean spirited in that it comes at the very time New York City is seeking a bonanza of a financial transfusion from the taxpayers of my district and all the districts of this Nation.

Mayor Beame's "pitch" for an unprecedented financial bailout is partly to strike fear in the hearts of all over the dire economic consequences to the Nation in the event of New York's collapse.

Another element of his "pitch" is to appeal to the generosity, the goodheartedness and the plain decency of the hardpressed American taxpayer.

Mayor Beame would have been well advised to exercise and demonstrate, with regard to greeting President Sadat, the same generosity, the same goodheartedness and the same decency he seeks from the American people.

THE DEPREDATION OF COYOTES ON LIVESTOCK

HON. W. R. POAGE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. POAGE. Mr. Speaker, the depredation of coyotes on livestock has been noted by many of us over the years, and, I am afraid, heard with scant attention and minimum concern or outright skepticism by too many of our urban colleagues.

Therefore, I wish to call attention to a recent article written by Don Kendall, the Associated Press agricultural editor in Washington, and carried on the AP wires. It is based on a preliminary report of a study underway by the Economic Research Service in the U.S. Department of Agriculture, and tells of the high loss of lambs to coyotes. The article is printed in the CONGRESSIONAL RECORD at this point:

LAMB-COYOTES

(By Don Kendall)

WASHINGTON.—One reason lamb chops are so expensive is that coyotes have been eating their fill before consumers have a chance at them, according to an Agriculture Department survey.

The Department said Wednesday that coyotes killed 735,000 lambs last year, about 8 per cent of those born in 15 Western States. In addition, coyotes killed 230,000 mature breeding sheep in western flocks, 2.5 per cent of the total.

The report, compiled by USDA's Economic Research Service, is preliminary and did not include dollar values of the losses. Richard S. Magleby, who wrote the report, said further details would be included when a final analysis is made next year.

Lamb losses were tabulated on the basis of reports from 9,000 sheep producers surveyed last January. Magleby said it was the first time that USDA has attempted to list specific causes of sheep losses on so large a scale.

The study was authorized by Congress and is related to a controversy over the use of poisons to control coyotes and other predators.

Three years ago, the Government began steps which resulted in a total ban on various coyote control measures, including spring-loaded poison guns, bait and other methods used by stockmen for many years. The ban, adopted largely because of pressure from wildlife and conservation groups, caused storms of protests from producers that they were being literally eaten out of business.

The Environmental Protection Agency recently eased restrictions to permit the limited use of the so-called M-44 sodium cyanide gun by qualified people to help control coyotes.

Compared to the 735,000 lambs killed by coyotes, losses from all causes totaled about two million last year in the 15 States. The balance died from weather and disease or were killed by other predators such as foxes, mountain lions, wolves, bears, eagles and stray dogs.

States included in the study were Colorado, Montana, Nevada, New Mexico, Utah, Arizona, California, Kansas, Nebraska, North Dakota, Oregon, South Dakota, Texas and Wyoming.

HON. JAMES A. FARLEY

HON. JAMES J. DELANEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. DELANEY. Mr. Speaker, America has always had many distinguished public servants and James A. Farley is certainly unique among them. As past chairman of the Democratic National Committee, former Postmaster General, and one intimately involved with American political life, Jim has earned the deep admiration and respect of his fellow countrymen. Many of us who are also privileged to have him as a personal friend know well his warmth and affability.

Always a man of energy and spirit, Jim is still active at 87. He puts in a full day of work and is also writing a new book. It is my great pleasure then to share with my colleagues this recent article which was written by Louis Lynch and which appeared in the Journal-News of Nyack, N.Y.

[From the Journal-News, Sept. 24, 1975]

FARLEY TO REVEAL MORE ABOUT SPLIT WITH FDR

(By Louis Lynch)

James A. Farley is writting a new book—he says it's his last. But, despite his 87 years, one doubts that.

Farley is a native of Grassy Point.

It likely will be mellower than the one he published in 1948. In that one some of the pages tasted of the bitterness that undoubtedly lingered from the 1940 split with FDR.

Those old enough, or who have studied the history of that era, will recall that Farley opposed the third-term nomination that Franklin D. Roosevelt finally acquired, against the tradition which Washington had set. According to Farley, FDR lied to him, and others, saying he wouldn't run but really sucking them in until no one could be nominated except himself.

It was that misleading statement in a private Hyde Park conference in 1939 that probably has irked Farley more than anything. And now, while he says everything he published previously about that meeting is true, there was more to it which he will reveal in the new book. He wouldn't say more, but apparently the book will be an update on the '48 effort and will be based on approximately 1,000 memos which passed from Roosevelt to his postmaster general through the first seven and a half years of the New Deal.

But, despite Roosevelt's deception, Farley still supported his election and their friendship, while it may have cooled, never died.

Farley was the architect of Roosevelt's New York gubernatorial victories and then masterminded the 1932 Democratic convention and election sweeps. He was one of FDR's first major appointments as postmaster general and became National Democratic chairman. The 1936 election was his masterpiece, FDR winning all but two states—as Farley had predicted.

There has been no other national political chairman like him in the history of the two-party system. He wielded tremendous influence in the administration as every piece of patronage flowed through his hands. Only Farley's innate integrity and friendship enabled him to do this. No one ever came out of such a tempting position smelling like a rose as Farley did.

"It can never happen again," he said the other day during an interview. "Everything was right for it at the time." One thing is sure, there'll never be another Farley.

How about all those dirty tricks the American voter has been reading about. Did they occur back in the 30s? The affable Farley frowned on that one and gave a simple answer: "No."

Farley spoke easily about all the great men he has known and the issues he's been close to. He has never been far off center stage since he and Roosevelt leaped into the fray in 1932. His opinion on political matters is still sought by the knowledgeable. It is difficult to conceive of a serious Democratic candidate not chatting with him at his office at Coca Cola Export Corp. in New York where he still puts in a day's work as honorary chairman of the board.

Ask him a question about any personality and he'll give you a candid view, but mostly off the record. "I say it to their faces but not in print."

He always has been and always will be a staunch Democrat. He wasn't fond of McGovern in '72, but, like Roosevelt in 1940, he supported him.

Has he ever voted for a Republican. "Never. I always vote the straight Democratic ticket." He acknowledged, however, that in a recent election there was one candidate he couldn't stomach and secretly skipped over his name in the ballot booth. "But I didn't vote for the opposition."

"Who will win in '76? The Democrats," he said definitely. "Provided the candidate receives the wholehearted support of the other contenders after the convention. They must avoid the bitterness of '68 and '72."

He is convinced that Edward Kennedy will not run.

Who will be the Democratic candidate? "I won't get into that. The party has many good possibilities." He did acknowledge that Sen. Humphrey, whom some consider a bit shopworn, is a "possibility." "I first met him back in the 30s. I was in Minneapolis-St. Paul. His father was a county Democratic chairman—the only one in the state to support Al Smith in '28."

No matter who the Democrats select, Farley can't envision President Ford winning. "Not if unemployment is 8 or 9 per cent. Inflation and the rising cost of living will also beat him. And the Democrats won't forget Watergate. After all, Watergate happened when the Republicans were in office. The country got into that condition under Nixon.

"Certainly, he's a nice guy," Farley conceded. But he's as conservative as Coolidge and Hoover. Take his record as a congressional leader. He never supported any important liberal or labor legislation."

Farley's office walls are resplendent with pictures of presidents, Popes and other great and near great. While he considers FDR the greatest president he has known, he warmly speaks of Pope Pius XII as the greatest man he ever met. He proudly recalled private audiences with Popes Pius XI, XII, John XXIII and Paul VI. He and his wife first encountered Pius XII when the latter was Secretary to Pius XI. On John: "He opened a pandora's box."

Farley has great faith in his church and the changes of recent years are accepted—some gladly, some as a good soldier should.

How about women's lib? Especially in politics?

"Women will continue to play a more prominent part in the political life of the nation," he stated. Will a woman be president?

"No," he answered succinctly.

AMERICAN ALPINE CLUB HOSTS SOVIET CLIMBERS IN VALUABLE MOUNTAINEERING EXCHANGE

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. BOLAND. Mr. Speaker, it is always heartening to see exchanges of culture and science between the people of the Soviet Union and the people of the United States. The recent, highly fruitful, Apollo-Soyus space mission is a fine example of a scientific and cultural exchange that benefited both countries. Recently another fine exchange occurred between the United States and the U.S.S.R. in the sports world.

The American Alpine Club hosted six prominent Soviet climbers for 6 weeks as they toured the United States and climbed in some of America's most beautiful mountains. The AMC is to be commended for arranging this valuable trip which can only help to reduce the barriers between East and West. I am hopeful that the long-range benefits of exchanges such as this will be the opening of all the mountains of Russia and America to all climbers.

I would like to particularly commend the individual members of the American Alpine Club who hosted the Soviet climbers while they were here. Much credit goes also to the Club's president, William L. Putnam, for his tireless efforts to assure the Soviets an interesting and enjoyable trip. Mr. Putnam recently delivered a special report for WWLP—channel 22 in his role as editorial spokesman for this station. I would like to include that statement for the RECORD.

Again, I commend the American Alpine Club for becoming involved in a fine, working example of détente, and I congratulate them for their success.

The statement of Mr. Putnam follows:

SPECIAL REPORT—A STATEMENT OF THE SPRINGFIELD TELEVISION BROADCASTING CORP.

Back on July 19th, I mentioned that I would be seeing a group of Soviet alpinists who planned to visit this country as guest of the American Alpine Club. I did so, meeting them in Wyoming where they spent some days in the Teton Mountains. I greeted them at the Jackson Airport.

I greet you again in the cities of our East as I did in the beautiful mountains of our West. I do so this time, not only as the representative of American mountaineering, but as the representative of free journalism, one of the great freedoms of our nation.

I greet you also with the humility which all alpinists know so fully—a humility which has been enhanced by your achievements in the mountains both of your land and ours.

I greet you also, on this eve of your departure from our country, in the name of brotherhood and good will, filled with the hope that your visit with us will reach through and beyond the barriers imposed by governments, to instill among your people and ours that common bond of humility which links us all on our brief passage through this world.

We wish you well, we are glad you came among us and we will meet again.

These gentlemen are, right now, as I speak to you, the guests of both the club, and Springfield Television, here in this area, and leave for their home tomorrow.

BLESSING OF THE FLEET, ST. CLEMENTS ISLAND, MD.

HON. ROBERT E. BAUMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. BAUMAN. Mr. Speaker, each year on St. Clements Island in the Potomac River, in St. Mary's County, Md., thousands of people gather for the blessing of the oyster fleet. On this annual occasion, the Catholic bishop of Washington celebrates Mass and blesses the work boats of the watermen.

This year on September 28, the sermon was preached by the Reverend Joseph L. McDowell, pastor of All Saints Episcopal Church in Avenue, Md.

Reverend McDowell gave an impressive summary of the difficulties facing all Americans who are concerned about the morality of our Nation.

Recalling the origins of religious freedom in colonial Maryland, he gave an excellent sermon which I would like to share with the other Members:

A HERITAGE OF FREEDOM

Today is a day for celebration. At this time of year at the beginning of the oyster season, we ask God's blessing on those who earn their living from these waters, and we share their prayer that in the years to come they will continue to be able to harvest these waters and that we will continue to enjoy the fruit of that harvest.

We celebrate with our watermen today, but our celebration is for another equally important reason. Something began to happen here over 300 years ago and it is our priceless heritage today. I am not talking about the first landing of English settlers on this very spot in 1634, which would be cause enough for us to be here; nor am I talking about the first Roman Catholic mass celebrated by Englishmen in the Western Hemisphere which also happened on this spot. I am talking about a revolutionary concept that was first tried out in this colony, which we now take for granted, and which I as a Protestant minister speaking at a Roman Catholic Mass am a symbol of, namely, Religious Tolerance.

Search the annals of recorded history and you will generally find that the religious beliefs of any given society were shared by all its members. Violations of these norms usually resulted in punishment, sometimes death. Even under the relatively tolerant regime of Rome, varying religions were tolerated only so long as they posed no threat to the system and their adherents would give at least lip service to the worship of the Emperor. As soon as this new religion, Christianity, revealed itself as more than either a benign Jewish sect or a passing fad, and especially as soon as it was understood that these Christians worshipped their God above all gods including the Emperor, that tolerance quickly vanished. For about a century and a half, Christians were subjected to the most extreme forms of persecution. On four separate occasions during that period systematic programs of extermination were initiated to wipe out every single Christian. We are proof that they were not successful. Finally, in the early part of the fourth century, the Roman Emperor himself became a Christian and the whole Empire became Christian with him.

Now Christians were in a position of power. Having gone through so much suffering, did they now treat opponents with sympathy and understanding? Not very much. In all fairness, they did not resort to the extreme measures of their pagan predecessors. Nevertheless, heresies were harshly dealt with. And during the Middle Ages our history books tell us that the Moslems were not the only ones to win converts by the sword. With the coming of the Renaissance came a fresh questioning of accepted concepts. Groups of protestors arose protesting what they believed to be excesses in the established church. They also expressed differing opinions on various theological questions. These protestants were resisted at every turn. Finally some of the protestants gained political allies including the King of England and certain German princes. Now they were in the driver's seat. Surely these Protestants who had suffered at the hands of oppressors would treat their dissenters with kindness. But no, they had not learned their lessons any better. In England one was required to be Anglican; in much of what later became Germany, one had to be Lutheran; and in Geneva, only Calvinism was tolerated. There still was no religious tolerance.

The first Lord Baltimore was a very cautious and discreet Roman Catholic in a Protestant England. He had a dream, a colony in the New World, one which would not only allow freedom for Roman Catholics, but for all to worship as they pleased. It was his son Cecil Calvert, the second Lord Baltimore, who realized the dream and was finally granted a charter for the colony. Two boat loads of mixed Roman Catholics and Anglicans set sail for the New World on the Ark and the Dove. There is an excellent play entitled, "Wings of the Morning" which is put on each summer in St. Mary's City. It dramatizes the beginnings of this unique colony. Near the end of the last act, Margaret Brent, a cousin of the Calverts proposed, "an Act of Toleration, a law giving official protection for all men and women who believe in Jesus Christ." In 1649, the Assembly meeting in St. Mary's City passed the Maryland Act of Religious Tolerance which reads, in part: "Be it therefore enacted that no person or persons whatsoever within this Province professing to believe in Jesus Christ shall from henceforth be any ways troubled, molested or discountenanced for or in respect to his or her religion nor in the free exercise thereof nor any way compelled to the belief or exercise of any other Religion against his or her consent." The seed had been planted, and although religious tolerance has traveled a rocky road to the present, most nations in the western world now accept the principle of religious freedom, even though many still have established churches.

As I reflected on this great event, it dawned on me that the content of religious tolerance in 1649 was far different than it is today. I thought I had heard Margaret Brent say, "freedom for all who believe in Jesus Christ". Sure enough, after checking the play and the Act of Tolerance itself, that was the framework for religious tolerance. It was fine to be Roman Catholic or Anglican or Quaker or Independent or whatever, so long as one believed in Jesus Christ. Today, none of us would think of restricting anyone's religion or lack of it. But an important point was being made in this Act that we tend to overlook when we think of Religious Freedom today. This freedom exists so that people may worship, not primarily to allow them to cease worshipping. It exists to promote belief at least as much as disbelief. It exists so that we may have the opportunity to express our faith, not to forbid us from expressing faith.

Religious freedom exists to protect us from domination by any single form of faith, not for the purpose of removing all expression of faith from the public life of our society. What we have in our schools, thanks to judicial butchering of the First Amendment, is not religious freedom, but religious oppression; sanctions which, in effect, favor and encourage irreligion. Something is terribly wrong when everything except Christianity may be freely explored in our educational system. Religious tolerance recognizes that individuals should be allowed their beliefs. It does not envision that in order to do that society should be stripped of all its norms and that commonly held beliefs should be abandoned so that a few are not offended. We do not jail adults who live together apart from marriage, but neither have we abandoned as a society belief in the institutions of marriage and the family. It is a warped concept of religious freedom indeed that penalizes belief and rewards unbelief, but that is the direction we seem to be heading in.

As a Christian, I insist that the strength of this nation has been due in no small measure to the faith of many of its citizens in Jesus Christ. We need that faith now more than ever before. We do need action on a legislative level to restore a more healthy view of religious freedom. We also need action on an individual level to witness by word and deed that true freedom is to be found in knowing and serving Jesus as our Lord and Saviour. If our nation and the great principles our nation has stood for are to survive, we must turn to Christ, not away from him. The motto on our coins, "in God we trust", must become more than a motto, it must become the foundation for each of our lives. In II Chronicles 2:14 we read the following: "if my people who are called by my name humble themselves and pray and seek my face, and turn from their wicked ways, then I will hear from heaven, and will forgive their sin and heal their land." There was never a more urgent time to heed that advice than the present. Either we as individuals and as a nation will find our freedom in Jesus Christ or we will become slaves of our own sin, victims of a decaying society, slaves of some life system such as Communism.

The choice is ours. May we make the right choice while there is still time to choose.

Let us pray.

Our Lord and our God, you have blessed us above all the nations of the earth with material wealth, freedom from all kinds of oppression and a strong ethical and spiritual foundation. Keep us from foolishly squandering the bounty you have given us and keep us faithful to you. This we ask in Jesus' name. Amen.

ILLEGAL ALIENS

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. ROYBAL. Mr. Speaker, earlier in the month I inserted a number of letters in the RECORD which addressed themselves to the illegal alien issue and, in particular, to Congressman RODINO's bill H.R. 8713. Since that time I have received several more statements and letters which are also in strong opposition to the Rodino approach.

There are many problems inherent in the Rodino proposal. As Larry Lavinsky, chairman of the Anti-Defamation League of B'nai B'rith's law committee, stated, the bill "improperly places the burden of enforcement on employers rather than on Government where it belongs." Further, Mr. Lavinsky comments that the bill "reflects an anti-immigrant philosophy inconsistent with the traditional American position as a haven of refuge."

I am sure that many Members of Congress will want to consider the views of the Anti-Defamation League, the United Farm Workers, and other persons who have carefully reviewed the Rodino immigration bill and its implications. I am, therefore, inserting the following statements and letters in the RECORD, and hope my colleagues will take the opportunity to acquaint themselves with the views expressed:

NEWS RELEASE

NEW YORK, N.Y., October 7—The Anti-Defamation League of B'nai B'rith today urged the defeat of the House of Representatives "illegal alien" bill (H.R. 8713) because it is "a restrictive proposal which is out of step with American tradition."

In a resolution passed by ADL's national law committee, the human relations agency said that passage of the bill could cause deportations of many aliens with American citizen children.

The proposed bill places sanctions on employers who knowingly hire illegal aliens, including criminal penalties for persons found guilty of hiring or referring illegal aliens for employment.

According to Larry Lavinsky, chairman of ADL's law committee, "the bill thus improperly places the burden of enforcement on employers rather than on the government where it belongs. This would undoubtedly foster employment discrimination against individuals who may speak with a foreign accent and who an employer might not hire because of fear of violating the criminal penalties in the bill."

The bill, which amends the Immigration and Nationality Act, has already been approved by the House Judiciary Committee and is now awaiting a vote by the full House.

Citing ADL's long-standing policy in favor of liberal and humane immigration laws, Mr. Lavinsky said that the League "objects to this bill because it reflects an anti-immigrant philosophy inconsistent with the traditional American position as a haven of refuge."

INTERNATIONAL LONGSHOREMEN'S
AND WAREHOUSEMEN'S UNION,
San Francisco, Calif., October 20, 1975.

Re: Rodino immigration bill, H.R. 8713.

To the members of the House Judiciary Committee and Members of Congress.

From: California, Oregon, Washington, Alaska, and Hawaii.

GENTLEMEN: The officers and members of the International Longshoremen's and Warehousemen's Union join with the United Farm Workers (AFL–CIO), the American Civil Liberties Union, Catholic Conference, Anti-Defamation League of B'nai Brith, and others in vigorously opposing the above bill.

This bill, under the guise of creating employment, is really directed against the civil rights of a large section of the Latin population in the United States. It is self-incriminating and pre-supposes guilt.

While unemployment is a serious problem, it is a cruel deception to offer this bill as even small relief to unemployed workers. It creates more civil rights problems, but does not create more jobs.

Sincerely yours,

Harry Bridges,
President.
William H. Chester,
Vice President.
George Martin,
Vice President.
Louis Goldblatt,
Secretary.

Local 213, L. A. Leather, Luggage
and Handbag Workers Union,
Los Angeles, Calif., September 29, 1975.
Hon. Don Edwards,
House of Representatives,
Washington, D.C.

Dear Congressman: Our Union is *opposed to the Rodino Bill* because it is bad legislation. If enacted, the main target would be thousands of Spanish-speaking people who immediately would be suspect by appearance only. Employers would become the police arm of the Immigration Service. That provision in itself is repugnant to the civil liberties of the people.

If it is, indeed, necessary to control immigration in order to protect jobs, then, non discriminatory reasoned legislation is called for, including amnesty and the opportunity for thousands of Mexicans and others living here to legalize their status.

Further, such legislation should include steps for joint co-operation with the countries to the north and south of us to secure our borders so as to make impossible that simultaneously, thousands of people would be expelled and thousands more would be returning.

The Rodino bill is not the way to go. Please vote no.

Yours sincerely,

Max Roth,
Executive Secretary.

The Rodino Bill: UFW Legislative Position

The Congress has continually attempted to deal with the problem of the illegal alien in this country. However, as is usually the case, the Congress is subject to political and economic powers which force it at times not to focus accurately on the solutions to many problems. The Rodino Bill is such an example. We oppose its passage for various reasons (herein listed), the principal being its failure to squarely place the burden of the responsibility on those most in power to solve the problem and many times the actual source of the problem: management.

For too many years, we have been struggling with management in their continuous efforts to use the illegal alien as a ready work force to break our strikes—an exploitation of a people which is both unjust and irreprehensible. This practice is not unique to the fields of California; it is found in the industrial areas of the large cities as well. Yet there is no fervent call to regulate the employer's use of strikebreakers from whatever source. There is merely an implicit cooperation between the immigration authorities and the employer to continue this practice notwithstanding any laws on the books relative to immigration. Yet, in the face of this problem, the Rodino Bill does not meet it with an adequate solution. Instead, it proposes legislation which is merely a guise to regulation and control of unemployment and sacrifices the Constitutional guarantees of due process and equal protection of the law to the alien, who is a person entitled to such protection. It sets up a procedure whereby the Attorney General issues a slap on the wrist to the employer for the first offense; an insignificant fine of $500 for the second offense within two years of the first; and, later on, the possibility of a prosecution of the employer for a misdemeanor, if the Attorney General sees fit to push it. Throughout this procedure there is mention of hearings and due process for the employer, but never such protection for the worker or alien who is questioned and detained.

Although the above procedural guidelines may seem adequate on their face, there is a loophole provided for unscrupulous employers. It states that the employer has fulfilled his duty under the law and establishes a prima facie case to confirm the compliance of that duty, once he has obtained a signed statement from the alien attesting to his lawful presence in the U.S. In short, the burden of proof is shifted from the employer to the alien by a mere convenient stroke of the pen. Therefore, it is possible that employers could in fact knowingly violate the law but because the illegal alien signed a statement, he is free of any liability of the law.

This is not uncommon today. It is common practice for employers, especially nonunion growers, to hire illegal aliens and right before payday make a convenient call to the Immigration authorities who thereafter pick up the illegals and absolve the employer under the Rodino Bill that management will continue to use and exploit illegals to break strikes of workers in the city or the fields and also escape liability from prosecution or the payment of fines for their violations.

Also, the bill places the responsibility on unions who are working as agents of employers factually (by referring employees for job placement) to control immigration and be on the look-out for illegal aliens. The union organized as the representative of the worker cannot also be asked to perform the duties of immigration officers. This is an unreasonably burdensome and unfair delegation of Congress' duty to regulate and control immigration in this country—again an example of the Rodino Bill not facing squarely with the issue and the *actual* source of the problem.

In short, the Rodino Bill does not adequately meet the needs of workers in this country. Furthermore, it does not seek to set up an equal distribution of the quotas for admission between the Western and Eastern Hemispheres. It is evident that those people from the Western Hemisphere are clearly discriminated against, while those from the Eastern Hemisphere countries are given great latitude in admission quotas to the United States. And in some cases, which are steadily increasing, these same aliens have been and are being used as a ready work force as strikebreakers and scabs. Why is the Administration allowed to help management in this manner and help increase the number of sources available to destroy the workers' quest for dignity and self support? These are the problems which must be addressed by the Congress.

Finally, we will support legislation which will make it easier for those already present in the United States or families wishing to come into the U.S., in their application for permanent resident status or citizenship to be made in the language in which they are most literate. We must seek to stop the support of employer-oriented immigration schemes which only allow single people to enter the country. By so easing requirements and the form in which lawful admission is sought, we can alleviate the threat of the employer calling the immigration authorities whenever the workers seek a redress of their grievances or seek to organize themselves into a union to represent their needs and interests. Our goal must be to protect the worker's right to organize and be free from manipulative schemes designed to break the lawful strikes of workers and their quest for justice.

WEATHER UNDERGROUND SUPPORTERS ORGANIZE CONFERENCE

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. McDONALD of Georgia. Mr. Speaker, following decisions taken at the July conference in Boston, the Prairie Fire Organizing Committee—PFOC—the nationally active overt support group for the terrorist clandestine Weather Underground Organization—WUO—has issued a call announcing a "National Hard Times Conference" scheduled to take place December 27 and 28, 1975, probably in the Chicago area.

The meeting is being organized in accordance with the WUO's 1975 line calling for mass organizing in addition to armed struggle; and will focus on using the current economic situation for revolutionary organizing.

The PFOC has apparently been successful in its efforts to recruit to its cause persons well known in the Marxist-Leninist movement in this country. The PFOC call states:

> A group of representatives of national organizations who provide leadership in day-to-day struggles have formed the nucleus of a national leadership board for the Hard Times Conference. They are Wilbur Haddock of the United Black Workers, Florencio Merced of the Puerto Rican Socialist Party, Annie Stein of People Against Racism in Education, Carlos Feliciano of the Committee for the Freedom of the Puerto Rican Nationalist Prisoners, Walter Collins, and Jennifer Dohrn of the Prairie Fire Organizing Committee. They have invited nearly 40 people—leaders of workplace and community struggles—to join them in a national policymaking Board.

The public record background of these organizers of the Prairie Fire Organizing Committee conference in brief is:

Background of Prairie Fire Organizing Committee Conference

Walter Collins—became president of the Southern Conference Educational Fund (SCEF) 1973–74 after his release from federal prison for draft refusal. Collins is a member of the National Interim Committee for a Mass Party of the People (NIC) and a signer of the NIC's "Open Letter" which supports the use of armed struggle in effecting a socialist revolution. He is also a National Board member of the Puerto Rican Solidarity Committee (PRSC), a joint NIC and Puerto Rican Socialist Party (PSP) propaganda organization.

Jennifer Dohrn—is the sister of Weather Underground Organization fugitive leader, Bernardine Dohrn. Jennifer Dohrn appeared at press conferences in Algeria with LSD advocate Timothy Leary after Leary's escape from prison and flight abroad which were engineered by the Weather Underground. Active in 1970 and 1971 with the "Weatheryip" faction of above-ground Weathermen and anarchistic Youth International Party drug freaks, Jennifer Dohrn was active in defense committee work for Joanne D. Chesimard [Assata Shakur], a leader of the terrorist Black Liberation Army formed by the Eldridge Cleaver faction of the Black Panther Party. At the July 11–12 national Prairie Fire

Organizing Committee conference in Boston [which was the subject of my report in the Congressional Record on October 3, 1975], she was elected PFOC National Interim Secretary.

Carlos Feliciano—is a member of the Puerto Rican Nationalist Party which led the 1950 abortive revolution in Puerto Rico. For his part in that action, Feliciano was imprisoned and shared the cell with Nationalist Party founder and leader Pedro Albizu Campos. In 1970, Feliciano was arrested in New York and charged with carrying out numerous bombings as a member of MIRA, a clandestine Puerto Rican nationalist revolutionary group. After a prolonged series of court maneuvers, Feliciano pleaded guilty to the lesser charge of possession of illegal explosives, was sentenced to a four-year term and jailed. However, earlier this year he was released on parole for time served. In September, Feliciano was a delegate to the Soviet-dominated World Peace Council's International Conference in Solidarity with Puerto Rico in Havana.

Wilbur Haddock—leader of the United Black Workers, Newark, N.J., has been active with various conferences and meetings between the National Interim Committee for a Mass Party of the People (NIC) and the Maoist revolutionary Congress of Afrikan People (CAP), led by LeRoi Jones [Amiri Baraka]. Haddock was a delegate to the World Peace Council's International Conference Solidarity with Puerto Rico, initiated by the Soviet Union to coordinate a long term campaign to establish a Cuban-style communist regime in Puerto Rico, site of many important U.S. defense facilities.

Florencio Merced Rosa—is a leading member of the Puerto Rican Socialist Party (PSP) Political Commission and Central Committee. The PSP, a self-proclaimed Marxist-Leninist vanguard revolutionary party, works in closest cooperation with the Cuban communists; and was the principal beneficiary of the September Solidarity Conference in Havana to which Merced Rosa was a delegate with the U.S. contingent. This summer, he traveled to North Korea to establish relations between the PSP and Pyongyang.

Annie Stein—of People Against Racism in Education (PARE) is a National Board member of the Puerto Rican Solidarity Committee: PARE works in close cooperation with the National Interim Committee for a Mass Party of the People. The public record also indicates Annie Stein was the author of a book review in the Fall, 1966, edition of *Freedomways*, the Communist Party' U.S.A.'s publication oriented toward Negroes; and was a National Office contact for Students for a Democratic Society before that organization's demise in 1969. On March 20, 1975, Stein was a leader of the Women's Committee to End All Aid to Thieu and Lon Nol, an ad hoc group of female Leninists supporting the North Vietnamese and Cambodian Communists, who staged a sit-in in the New York City office of Senator Javits. In July, at the invitation of the New York Prairie Fire Organizing Committee, Stein attended the Boston PFOC conference.

It is obvious that the organizers or "board" of the National Hard Times Unity Conference come from a variety of Marxist-Leninist-Cuban-oriented organizations and share a common involvement in both the National Interim Committee for a Mass Party of the People—NIC—and in the Puerto Rican Solidarity Committee—PRSC—a joint NIC and Puerto Rican Socialist Party—PSP—operation. While the PFOC has targeted various ethnic and racial minorities for organizing, it is possible that the NIC contacts may be able to draw in support from the Congress of Afrikan People headed by LeRoi Jones, and from the Marxist-Leninist faction of the New American Movement—NAM. Two PFOC organizers attended the NAM conference early in September to develop support for the Hard Times Conference.

PFOC is organizing the Hard Times Conference, its "strategic priority" for its "national work during the next period," on three principal themes expressed in the slogans "Stop the Cutbacks—Save Our Communities;" "Make the Unions Fight;" and "Jobs or Income for Everyone."

Membership applications for the Prairie Fire Organizing Committee have been distributed. The forms indicate a high level of security consciousness in the PFOC such as is found among the recruiters for the Cuban propaganda and apparatchik development organization known as the Venceremos Brigade.

Despite the preoccupation of most revolutionaries with matters of privacy or freedom from law enforcement observation, the PFOC requires such details as place of birth, parents' names and addresses to make background checks possible. In addition, the organization asks for detailed political information such as "What sort of political work have you done over the past 3 years? What kind of work are you doing now? Is this with an organization, collective, and so forth? Do you see your work fitting in with any of the already existing work collectives? If not, how do you see your relationship to PFOC? Are you in an existing group or collective that would like to figure out as a group your relationship to PFOC?"

To prepare for its National Hard Times Conference, the Prairie Fire Organizing Committee has developed a budget totaling some $58,000. Budget items include $8,000 for a five-man staff; over $7,000 for office expenses and travel; $4,000 for food; and $25,000 for buses.

It is clear that the overt support group for the Weather Underground Organization criminals remains deeply involved with other revolutionary organizations having close affinities to Havana. It is significant that with all its large budget for the Hard Times meeting, a mere $350 is earmarked for fundraising expenses. It is possible that PFOC already has other sources of funding. However, all aspects of this group would be an excellent subject for an internal security investigation by the Judiciary Committee which has jurisdiction, albeit unexercised, in this area. If the chairman of that committee were to exercise that jurisdiction, I would be pleased to make the appropriate Prairie Fire Organizing Committee documents available.

THE FOOD STAMP PROGRAM

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. MICHEL. Mr. Speaker, those of us who have been working on legislation to reform the food stamp program have frequently indicated that one of our goals is to render this program less susceptible to fraud.

In this regard, defenders of the food stamp status quo have made statements indicating that there is no real fraud extant, or if there is that it is a very minor problem.

However, a meeting earlier this month of the National Welfare Fraud Association uncovered some solid evidence of the kind of chicanery that is going on, and their report buttresses my opinion that the problem is both real and serious.

An account of this meeting has been published by nationally syndicated columnist John Lofton, and in order that Members be more aware of the seriousness of the problem, I would like to have his article printed here in the Record.

Simon Defended for Criticism of Food Stamp Program

(By John D. Lofton Jr.)

Hot Springs, Ark.—When Treasury Secretary William Simon recently called the federal food stamp program "a well-known haven for the chiselers and rip-off artists," his remarks were predictably greeted by howls of outrage.

"A deliberate misstatement," snorted Sen. George McGovern, chairman of the Senate Select Committee on Nutrition and Human Needs. Mr. Simon, said the South Dakota Democrat, "cannot defend the charges because they are false."

But a trip to this city to attend the National Welfare Fraud Association's Annual Training Conference shows that it is Senator McGovern who is misstating the facts, not Secretary Simon.

Max Shaffer, regional director of investigations for the Department of Agriculture's San Francisco office, says that food stamps are "the new money." On the street they can now be purchased—illegally—for about 50 cents on the dollar. He says that recently on the West Coast three banks were robbed and the only thing taken were food stamps.

A Missouri welfare investigator says he and his men broke one case where a loan company in St. Louis was accepting food stamps as payments on small loans. Both the paying of the stamps and their acceptance were against the law.

John Graziano, director of the Agriculture Department's Office of Investigation, is also a speaker here. He has said:

"Food stamps are stolen, counterfeited, and used for illegal purposes. In addition, unscrupulous persons purchase stamps from legitimate recipients at discount prices, and organized criminals work in many ways to divert food stamps from their intended end use."

To illustrate the magnitude of the food stamp program and its potential for the abuses he mentions, Graziano points out that $4 billion is involved, with more than 200,000 retail outlets across the country accepting stamps from nearly 19 million people.

In its 1974–75 final report, the Los Angeles County Grand Jury says that the California food stamp program needs some administrative corrections, but "there is a built-in high risk of criminal abuse which is much more difficult to overcome."

The report notes: "We learned that food stamps are extremely vulnerable to fraudulent practices. In many instances, applicants falsify the information required to establish eligibility." California's Department of Social Services found that 46 per cent of food stamp eligibility determinations contained errors.

Another USDA source, familiar with the lawlessness going on in the food stamp program, told me that government investigators have used stamps to purchase such things as: A Communist AK47 attack rifle, heroin, a case of hand grenades, and a real, live horse. In one instance, a prostitute even agreed to accept food stamps for her services. In all these cases, both the offer of the stamps and their acceptance are illegal.

Riding in from the airport to the Welfare Fraud Conference, I had an interesting discussion with Larry Oberg, who supervises the Wright County Social Services program in suburban Minneapolis.

"Without a doubt," he told me, "there's a fraud problem with food stamps. The biggest thing is unreported income above the allowable level. A serious look should be taken at this whole program. It's time it was revised."

Ann Hall, Chief of Arkansas's new welfare fraud unit, tells me the food stamp fraud problem is "much bigger" in her state than she thought. In just a year and a half, 310 felony charges have been brought against 127 persons. "Food stamps are definitely a problem," she says. "The program needs reform."

It's really a shame that Senator McGovern, and those colleagues of his who are also knee-jerk supporters of the food stamp program, were not here to find out how their legislation functions in the real world. The National Welfare Fraud Association performs a valuable, eye-opening service by holding these sessions.

After spending a few days listening to those folks on the front lines who have to administer and police the Frankenstein, which the federal food stamp program has become, it is clear that Secretary Simon has really understated things.

POST ARTICLES DETAIL UTILITY OPERATIONS IN DISTRICT OF COLUMBIA

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. FAUNTROY. Mr. Speaker, the Washington Post ran a series of four articles detailing some of the operations of the Washington Gas Light Co., which I believe are both interesting and instructive as to the operation of our national gas policy, upon a local company and their responses to these policies.

Since many people have expressed a continued interest in these articles, I have decided to insert them into the Record in order that those colleagues and others who may be interested will have the opportunity to read them. Parts one and two of the series are attached. Other parts will appear elsewhere at another time.

[From the Washington Post, May 12, 1975]

Fuel Crisis Limits Washington Gas Light to Old Customers

(By Stephen Green)

Washington Gas Light Company has been unable to take on new customers since 1972 because of the national natural gas shortage but its profits have increased.

The profit rise is due partly to rate increases granted WGL by the D.C., Maryland and Virginia commissioners that regulate it. The average gas bill of a residential WGL customer increased 31 per cent last year.

Other WGL profits came from the sale of real estate owned by Washington Gas and growing activities of eight Washington Gas subsidiaries. A Washington Post examination of the way Washington Gas Light conducts its business and the manner in which it is regulated has found these factors in the story of steadily increasing gas company profits:

The regulatory commissions in D.C., Virginia and Maryland are making gas company customers pay thousands of dollars for a management blunder.

The commission failed to closely examine the way the company handled the sale of valuable Georgetown real estate and the method by which it passed on profits from the sale to the stockholders.

Gas customers in Maryland and Virginia are forced to help finance exploration costs that have brought profits to the utility but have brought no direct benefit to the Maryland and Virginia gas customers.

These and other findings will be discussed in this and three subsequent articles.

The natural gas sold by WGL is one part carbon and four parts hydrogen. Lighter than air, colorless, odorless and flammable, it mostly is found in the United States in the area of Louisiana, Texas and Oklahoma. Often it comes from the same rock formations that hold oil.

Wells are drilled to take the gas out of the ground. Then it is sold to a pipeline company, which compresses the gas and moves it through pipes for sale to retail gas distribution firms such as Washington Gas.

The current shortage of natural gas began in 1969. Gas industry executives contend there is sufficient gas in the ground but because federal regulations restrict the price of gas sold from the well there is little incentive to drill for new supplies.

Washington Gas president Paul E. Reichardt and others in the gas industry are pushing for federal deregulation of the price of gas sold from the well. "Our current shortage is one of production, not of reserve. There is gas in the ground but the producer needs an economic incentive to look for it." Reichardt said.

Others, however, such as Sen. Philip A. Hart (D-Mich.), have charged that gas producers are withholding supplies in an effort to drive prices up.

The actual amount of gas that the United States has left in the ground also is subject to dispute. A study by the National Academy of Sciences predicts the U.S. will run out of oil and natural gas in 25 years. The Interior Department and Federal Energy Administration predict supplies will last another 40 to 60 years.

Columbia Gas Transmission Company, the chief supplier of gas to WGL, has curtailed its shipments by 30 per cent from normal volume for the period April 1 through October because of the shortage of natural gas. WGL officials say they still should be able to supply their regular customers for the affected period, the warm weather months with little demand for gas for heat.

WGL spokesman Charles Krautler said Columbia last week announced a 28 per cent curtailment for the coming cold weather months of November through March, compared to a 22 per cent curtailment this past winter. The 28 per cent winter curtailment figure is less than the current 30 per cent figure, but the current figure is for a time of the year when there is little demand for gas.

Statistical projections supplied The Washington Post by Columbia show curtailments continuing to increase until reaching a peak 37 per cent for the winter of 1978. Then, the curtailments could level off with the prospect of supplies of liquid natural gas from Algeria and the availability of natural gas from Alaska.

"We can't say what will happen after October," said WGL spokesman Charles Krautler. He said Columbia has not yet revealed its curtailment plans for after Oct. 31. Columbia projects continually increasing curtailments until 1978.

Statistics supplied to The Post by Columbia project a 27 per cent curtailment for the coming cold weather months of November through March, compared to a 22 per cent curtailment this past winter. The 27 per cent winter curtailment projection is less than the current 30 per cent figure. But the current figure is for a period of the year when there is little demand for gas. Columbia's projections show a peak 37 per cent curtailment for the winter of 1978. Then curtailments level off with the prospect of supplies of liquid natural gas from Algeria and availability of gas from Alaska.

Frank J. Hollewa, WGL executive who deals with gas supply, said that whether Washington Gas will be able to continue to serve its regular customers, in view of the projected curtailments, depends on winter weather conditions and the availability of synthetic gas.

With continued mild winters, there could be no problem with service, he said. Peak demand is placed on Washington Gas during winter months. About 80 per cent of its 552,000 customers have gas heat.

During the past November through March period, WGL "sold all the gas we could buy," spokesman Krautler said. In addition, the company had to take gas out of storage and purchase synthetic gas in order to meet the demands of its regular customers.

While regular customers still get full service, WGL's so-called interruptible customers got gas on only 83 of the 151 days of the cold weather period, according to Krautler. He said they will get no gas at all during the warm weather period because of the severity of the curtailment.

Interruptibles are large consumers of energy, including some schools and hospitals, which can switch from gas to coal or oil to run their heating and cooling systems.

WGL has asked the Federal Power Commission to require Columbia to send more gas to the Washington area because WGL primarily serves residences with few commercial and industrial customers.

Columbia executives say that if future curtailments mean disruption of residential gas service, they would take gas away from areas with large numbers of industrial users and send it to such areas as Washington where there are mostly residential users.

Krautler said WGL does not foresee any situation where lack of gas supply would disrupt service to residential customers.

"Our program is designed to offset increasing curtailments by doing such things as buying gas from Algeria," Krautler said.

Because of the decline in sales to interruptible customers, WGL has asked the D.C., Virginia and Maryland regulator commissions for permission to add a surcharge to the bills of its regular customers. This would bring WGL $4.8 million a year to compensate it for the loss in interruptible sales.

But even though the volume of gas sold by WGL has decreased, its profits last year increased to $13.2 million from a 1973 profit of $11.2 million. Utility executives often say a profit increase is meaningless unless the earnings per share of common stock goes up, too. A share of Washington Gas common stock earned $2.72 in 1974 compared to $2.27 in 1973.

Figures for the first three months of 1975 indicate the company's profit picture may be even better this year. During the first three months, WGL had a $13.2 million profit, compared to $9.2 million for the same period of 1974.

One reason the company was granted rate increases last year is that it cannot take on new customers. In explaining why it permitted a rate increase, the D.C. Public Service Commission issued an opinion that stated, in part:

"There is no disputing that WGL has been, and for some time will remain in a no growth posture due to shortages in its supplies of gas . . . Because the company cannot obtain additional supplies of natural gas, increased sales or productivity to counteract inflationary increases in costs cannot be expected."

This would leave rate increases as the only way for WGL to get more income from its retail gas operations.

Washington Gas does not set its own rates because it is publicly regulated. The company has a publicly granted monopoly to sell gas in the District and its Maryland and Virginia suburbs.

In return it is subject to regulation by the D.C. and Maryland Public Service Commissions and the Virginia State Corporation Commission. They are charged with protecting the public by seeing that customers get proper gas service at reasonable rates.

On the other hand, they also must act to insure the company makes profits sufficient to attract investors who provide capital that helps finance continued service. So, profits go to the share holders who pay money to purchase utility stock. And the customers are supposed to be assured that they will continue to have energy available.

The commissions set a maximum rate of return that Washington Gas may earn on the money it has invested in facilities that are supposed to be useful in providing gas service to customers. This investment is called the rate base.

The current rates of return allowed Washington Gas by D.C., Maryland and Virginia are, respectively, 8.75 per cent, 8.5 per cent and 8.9 per cent. An 8.75 per cent rate of return would bring the company a profit before paying debt interest of $8.75 for each $100 in its rate base.

Regulatory commissions, in addition to deciding what the fair rate of return should be and what items are in the rate base, also decide what constitutes utility's "cost of service" or operating costs to provide energy.

Then a commission calculates the amount of revenue a utility needs to obtain its rate of return and its cost of service. The rates are set to bring in this amount of revenue.

These decisions are made by a regulatory commission after a series of hearings that in some ways resemble a court room trial.

The hearings are legal proceedings with members of the commission acting as judges. Before them appear attorneys for the utility, usually asking for as much money as they can get. In Maryland, the "people's counsel," a state official representing consumer interests, often contests arguments of utility lawyers. Often the hearings appear to be a contest between the utility lawyers and the people's counsel.

A people's counsel has just been named in the District. Virginia has none.

Also appearing before the Maryland, Virginia and D.C. commissions are lawyers representing parties who may be interested in one particular aspect of a utility rate case. For example, a lawyer representing apartment owners may argue that their rates should not be a higher per unit charge of energy than rates charged owners of single-family homes.

In the District, Maryland and Virginia the staffs of the commissions make recommendations on such items as what the rate of return should be.

Unlike Washington Gas, a nonregulated company such as General Motors may charge what it wishes for its product, motor vehicles. Whether or not it makes a profit depends on whether people want to buy GM vehicles and whether they are willing to pay the price.

If people do not buy enough vehicles, GM will lose money. At that point, it would either have to reduce its prices, hoping that this would bring in more customers, or cut costs by cutting production and laying off employees.

A regulated public utility such as Washington Gas, however, can go to the regulatory agency and ask for a rate increase if it wants to increase profits. It would argue that unless profits go up, investors will not have the incentive to provide it with capital required to maintain its services.

Also, Washington Gas cannot under normal conditions cut back the gas service, which is its product, since it is required as a condition of its monopoly to maintain service to its customers.

Because the regulatory agencies are required by law to permit a utility to earn a fair rate of return it is difficult to determine whether utilities are as efficiently managed as they could be.

Utility critics often say there is little incentive for management efficiency when a utility is virtually guaranteed a profit. Utility executives maintain that they must be efficient managers in order to attract investors.

The attitude of the regulatory agency can influence the degree of utility management efficiency. A regulatory agency that would force a utility to bear losses incurred from management mistakes could result in the owners of utility stock demanding new or more efficient managers.

On the other hand, a regulatory agency that would permit a utility to get back its financial losses through new charges to customers could be providing little incentive for efficient management.

In addition, a regulatory agency that permits items in the rate case that do not provide service to the customers could be providing a financial cushion for utilities that again could do little to encourage management efficiency.

Regulatory agency policy also can determine whether a utility is allowed to use the capital acquired through its publicly granted monopoly as leverage to make profits through transactions that have no direct benefit for the rate payer.

[From the Washington Post, May 13, 1975]

Land Deal Benefited Stockholders, Not WGL Customers—Loan Repaid But Consumer Rates Not Offset

(By Stephen Green)

In the late 1920s, Washington Gas Light Company bought some land in Georgetown and put several buildings on it to provide service for its customers.

The $515,800 to purchase the land and funds for construction of the buildings came from the utility's stockholders. Over the years, WGL adjusted its rates in order to repay the stockholders—and give them a profit.

Last year the company sold the property. The money did not go to offset rates for the customers who had more than compensated the company for its costs. It went instead to the utility stockholders in the form of stock dividends.

Utility executives and some economists insist that the handling of the profits of the Georgetown transaction does not sacrifice the interests of the consumers who want low rates to the interests of stockholders who want dividends.

They assert that satisfied stockholders mean a utility can attract sufficient investment capital to enable it to provide good service to customers.

Others say the money from the Georgetown sale should have gone to the customers to help reduce rates instead of to the stockholders who already had profited from their initial investment.

The Washington Post examined the Georgetown sale as an example of how a utility handles major transactions and what the public commissions charged with regulating the utilities do to regulate the transactions.

Sold by WGL last June, the Georgetown property occupied 219,900 square feet abutting Rock Creek Park between 29th and 30th Streets NW.

WGL President Paul E. Reichardt acknowledged that customers had reimbursed the company for its costs and in addition had given the stockholders a return on their investment. He said the sale proceeds went to benefit the stockholders because they as investors provided the company with the money initially used to purchase the land.

"Capital costs of acquiring the property were borne by the shareholders" so "the benefits should go to the shareholders," he said.

However, Maryland People's Counsel Gary Alexander said the government agencies that regulate Washington Gas should have considered making the utility use the sale proceeds to offset gas rates. Alexander is a state official appointed to represent consumer interests in utility cases.

Former D.C. City Council Chairman Gilbert Hahn Jr. also said there is strong legal precedent for requiring the gas company to use the money from the Georgetown sale to offset rates. Hahn was the lawyer for a group of bus riders who went to court and forced the old D.C. Transit Company to use profits from its real estate sales to benefit bus riders.

"Such profits should be considered part of a company's revenues produced by the ratepayers. This would lower charges needed to produce the revenue requirements set by the regulatory agency," Hahn said.

During 1973, the average natural gas bill for Washington area homes with gas heat rose 31 per cent. Proceeds from the sale of the Georgetown land could have been used by the company to help defray its operating costs and thus offset higher rates.

But the company used the sale money to pay stockholders last year 70 cents for each share of WGL stock. Total dividends last year were $1.88 per share. Public utility executives say they can't attract money needed to finance construction without providing sufficient dividends to keep stock buyers satisfied.

Washington Gas has been granted a monopoly to sell gas in the District of Columbia and the Maryland and Virginia suburbs. In return for this monopoly granted by the public, the company undergoes public regulation. It is subject to regulation by the D.C. Public Service Commission, the Maryland Public Service Commission and the Virginia State Corporation Commission.

The three commissions did not formally examine or approve the way the Georgetown sale was handled but could have examined the transaction if they had wanted.

"We have broad authority to regulate any aspect of the business," said Sy Mannheimer, chief accountant of the D.C. commission. "Over the years," he explained, "the commission has exercised its authority in some areas but not in others . . . "

Mannheimer said the Georgetown sale is "in accordance with the Federal Power Commission uniform system of accounts that puts gains or losses from the sale of utility property below the line."

The FPC accounting system is widely used by utilities and regulatory commissions. Items recorded as "below the line" are supposed to have no connection with utility service or the rate payers. Items "above the line" are connected with providing service to the rate payers.

"It is inconceivable to me how the property can be useful (in the rate base and above the line) one day and the next day it is no longer useful (below the line) due to an accounting method," said Alexander, the Maryland people's counsel.

"What we need," said Alexander, "is to get things like this considered by the commissions. The commission can order modifications in the way a utility uses the uniform system of accounts."

The property involved in the Georgetown transaction was purchased as two separate tracts by Washington Gas around 1928, according to a company spokesman. One tract of 74,000 square feet cost $483,000. The other, 55,600 square feet, cost $33,800.

The company's cost of buying the land, or its investment in the land, went into its rate base. Every year it was in the rate base it earned a rate of return or a profit equivalent to a percentage of investment that the regulatory commission permits the company.

The rate base is supposed to be the value of a utility's investment in facilities used or useful in getting energy to customers.

If the utility, for example, has a 6 per cent rate of return, it would earn profit before debt payment of $6 for each $100 it has invested.

Since 1935, according to a Washington Gas spokesman, the company's rate of return never has been below 6 per cent. This means that from 1935 through 1973, the company was permitted to earn a return on its investment in the Georgetown land of at least $1.2 million, or $31,008 a year for 38 years.

The return probably was even higher because the allowed rate of return was somewhat more than 6 per cent for most of those years. From 1936, it hovered between 6 per cent and 6.5 per cent. In 1972, it went to more than 8 per cent.

Washington Gas built offices, garages and maintenance facilities on the land. The value of these structures and improvements to them was $1.6 million, according to a WGL spokesman.

The company's investment in these buildings also went into the rate base, earning money for the stockholders. Over the years the building investment in the rate base decreased as the company depreciated the structure as an operating cost to rate payers. Rates are set to bring the company the permitted rate of return and in addition compensate it for its operating costs.

At the time of the sale, the company had depreciated about $1.2 million for the buildings.

Depreciation means that the cost of an item such as a building is charged to the rate payer as it loses its value. For example, equipment costing $10,000 would go into the rate base. If it had a useful life of 10 years, the company would addd $1,000 annually to operating costs and subtract an equal amount from the rate base. At the end of 10 years the item is fully depreciated and no longer in the rate base. But the company has recouped its initial investment plus a profit. Land, unlike other items, is not depreciated, because its useful life has no time limit.

In 1973, the U.S. Court of Appeals in D.C. took the view that the increase of value of non-utility or "below the line" real estate should be used to offset rates. This decision came in a case involving the old D.C. Transit Company bus system run by O. Roy Chalk.

Mannheimer, the D.C. Public Service Commission accountant, says the Chalk case is "unique" because of "there you had a systematic stripping of a company of its assets. I don't believe that's the case with Washington Gas."

The Court of Appeals took note of the traditional view that stockholders take the initial investment risk and thus are entitled to reap the investment's fruits since they would have to bear any loss. But, the Court stated that in the District "the risk of any consequent financial loss has been foreclosed by the rising real estate market."

Mannheimer said that in the past, "We have taken the view that what is good for the stockholder is good for the rate payers." Now, however, he said this may no longer hold because of rapidly rising utility bills.

Washington Gas Light's Reichardt, asked by a reporter whether company policy favors customers or stock holders, replied by stating the firm "has a three-cornered interest: the stockholders, the customer and the employees. Our policy is to balance the interests of the three groups."

A NATIONAL COMMISSION ON VICTIMLESS CRIMES

HON. H. JOHN HEINZ III

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. HEINZ. Mr. Speaker, the time has come for us to reassess our efforts to combat crime in our towns and our cities. The American people have a right to feel safe in their persons and in their possessions. They have every right to feel safe when they walk alone on the streets at night. No problem could more directly impinge on the quality of life than crime.

But the sad truth of the matter is that the American people do not feel safe in their own neighborhoods. Despite all of our well-intentioned efforts to combat crime, 70 percent of all Americans feel that crime in their home areas has increased over the past year. Fifty-five percent of all Americans report a feeling of personal unease about the safety of their communities. Not surprisingly, women feel particularly unsafe as a result of recent increases in the crime rate.

Gerald Caplan, the research director of the Justice Department's Law Enforcement Assistance Administration was recently quoted as saying that "the chief characteristic of law enforcement in this country is underenforcement." In light of dramatic increases in violent crime, this condition of chronic underenforcement is tragic. It would be intolerable if we were to allow our society to continue on its collision course with lawlessness and perpetual violence.

Part of the problem we face in confronting this serious matter is that our crime-fighting resources are limited. We do not have infinite sources of money or manpower which we can commit to the battle against violent and serious crime. For this reason, we must make tough decisions about how we are going to allocate our scarce law enforcement resources.

Recent calculations show that victimless crimes account for at least 40 percent of all arrests in the United States. I am sure my colleagues will be as surprised as I was to learn that almost one-half of all persons in prisons in the United States have committed no crime other than being drunk in public view. At a time when serious and violent crime goes virtually unchecked, making many of our citizens hostages in their homes, we must reexamine this vast commitment of our law enforcement resources. At a time when our courts are reeling from an ever-mounting caseload, it is time to take a second look at whether the cost of prosecuting these victimless crimes is justified by the benefits. In short, we must carefully choose our priorities in our war against crime. Our failure to do so not only sacrifices the public safety, but undermines the very integrity of our legal system.

Mr. Speaker, I am today introducing legislation that will help this Nation make the hard choices that must be made. My bill seeks to establish a National Commission on Victimless Crimes. This Commission would be charged with the responsibility of conducting a thorough investigation of the various Federal, State, and local laws dealing with the so-called crimes without victims. The National Commission would be specifically directed to examine the effect that these laws have on our overall law enforcement effort, on our courts and our correctional system, and on the rights of the individual.

It is my ultimate hope that this legislation will be particularly helpful for our State governments, which inevitably will face the greatest challenges as they seek to resolve the law enforcement crisis. When my own State of Pennsylvania reorganized its criminal code a few years ago, it did not then deal with the question of law enforcement priorities. But in the face of overburdened police departments, overworked courts, and overcrowded prisons, this aspect of the problem cannot be escaped. I fully expect that the findings and recommendations of the Commission will be an invaluable asset to our State governments as they seek to reestablish their law enforcement priorities for the coming decades. I also believe that the Commission can play a crucial role in rebuilding the Nation's commitment to fair and effective law enforcement.

Many groups throughout the United States have already come to realize the importance of the victimless crimes question and have undertaken to study different parts of the problem. More than 2 years ago, the American Bar Association created a special Committee on Victimless Crimes. The American Civil Liberties Union is examining this matter as well, paying special attention to various ways some of our victimless crime laws infringe on the rights of the individual. In Pennsylvania, a recent report on police corruption and the quality of urban law enforcement made some discouraging findings about the effects that our victimless crime law have on current crime-fighting efforts. As this report indicates, the police officer is put in a difficult and demoralizing position when legislators pass laws that prosecutors and judges will not encourage him to properly enforce.

Mr. Speaker, the time has come for the Federal Government to do its fair share in resolving this difficult problem. The victimless crime issue must be dealt with in an objective and comprehensive fashion. We need a National Commission that will have the credibility and the visibility to face the issues squarely and lead us toward an adequate solution. State and local governments—as well as the Federal Government—will soon be forced to make critical decisions in this area. Whether they be on the side of greater enforcement or decriminalization, these decisions should not be made without previous study and understanding of the problem and the alternatives. That is why I ask my colleagues to join me in supporting the creation of a National Commission on Victimless Crimes.

For the information of my colleagues, I would like to insert into the RECORD at this time a copy of my bill, a brief article from Time magazine on the victimless crimes question, and several letters from interested individuals who were kind enough to advise me on an earlier draft of this proposal:

H.R. 10387

A bill to establish a National Commission on Victimless Crimes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "National Commission on Victimless Crimes Act of 1975."

ESTABLISHMENT

SEC. 2. There is established a commission to be known as the National Commission on Victimless Crimes (hereinafter in this Act referred to as the "Commission").

DUTIES OF COMMISSION

SEC. 3. The duties of the Commission shall include—

(1) an inquiry into the effect of Federal, State, and local laws with respect to victimless crimes on—

(A) court systems operating within the United States,

(B) allocation of law enforcement resources to combat crime,

(C) corruption among law enforcement officials,

(D) relations between law enforcement officials and the communities which they serve,

(E) the correctional systems operating within the United States,

(F) the rights of citizens of the United States, and

(G) other matters deemed by the Commission to be relevant to the inquiry;

(2) a survey of Federal, State, and local laws with respect to victimless crimes and the enforcement of such laws (including the financial cost of enforcement); and

(3) consideration of the following:

(A) Whether such laws should be amended or repealed.

(B) The manner in which such laws should be enforced.

(C) Whether some problems covered by such laws may better be dealt with outside of the criminal justice system.

(D) Whether some problems covered by such laws may better be dealt with through an administrative regulatory apparatus.

MEMBERSHIP

SEC. 4. (a) Number and appointment.—The Commission shall be composed of fifteen members appointed by the President. The membership shall include at least one representative from each of the following categories: law enforcement officials, State judges, State prosecutors, defense attorneys (including public defenders), corrections officials, State legislators, Members of Congress, an official of the United States Department of Justice, members of relevant citizen groups. A vacancy in the Commission shall be filled in the manner in which the original appointment was made. The President shall appoint the original Commission membership within 90 days after the date of enactment of this Act.

(b) Terms.—Members shall be appointed for the life of the Commission.

(c) Quorum.—Eight members of the Commission shall constitute a quorum but a lesser number may hold hearings.

(d) Chairman.—The Chairman and Vice Chairman of the Commission shall be elected by the members of the Commission.

(e) Meetings.—The Commission shall meet at the call of the Chairman or a majority of its members.

DIRECTOR AND STAFF OF COMMISSION; EXPERTS AND CONSULTANTS

SEC. 5. (a) Director.—The Commission shall have a Director who shall be appointed by the Commission and who shall be paid the rate of basic pay in effect for level V of the Executive Schedule.

(b) Staff.—Subject to such rules as may be adopted by the Commission, the Director may appoint and fix the pay of such personnel as he deems desirable.

(c) Experts and Consultants.—Subject to such rules as may be adopted by the Commission, the Director may procure temporary and intermittent services to the same extent as is authorized by section 3109(b) of title 5 of the United States Code.

(d) Staff of Federal Agencies.—Upon request of the Commission, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist it in carrying out its duties under this Act.

POWERS OF COMMISSION

SEC. 6. (a) Hearings and Sessions.—The Commission may for the purpose of carrying out this Act hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as the Commission may deem advisable. The Commission may administer oaths or affirmations to witnesses appearing before it.

(b) Powers of Members and Agents.—When so authorized by the Commission, any member or agent of the Commission may take any action which the Commission is authorized to take by this section .

(c) Obtaining Official Data.—The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this Act. Upon request of the Chairman or Vice Chairman of the Commission, the head of such department or agency shall furnish such information to the Commission.

(d) Mails.—The Commission may use the United States mails in the same manner and upon the same conditions as other departments and agencies of the United States.

(e) Subpena power.—

(1) The Commission shall have power to issue subpenas requiring the attendance and testimony of witnesses and the production of any evidence that relates to any matter which the Commission is empowered to investigate by section 3. Such attendance of witnesses and the production of such evidence may be required from any place within the United States at any designated place of hearing within the United States.

(2) If a person issued a subpena under paragraph (1) refuses to obey such subpena or is guilty of contumacy, any court of the United States within the judicial district within which the hearing is conducted or within the judicial district within which such person is found or resides or transacts business may (upon application by the Commission) order such person to appear before the Commission to produce evidence or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof.

(3) The subpenas of the Commission shall be served in the manner provided for subpenas issued by a United States district court under the Federal Rules of Civil Procedure for the United States district courts.

(4) All process of any court to which application may be made under this section may be served in the judicial district wherein the person required to be served resides or may be found.

REPORT

SEC. 7. The Commission may transmit to the President and to each House of Congress such interim reports as it deems advisable and shall transmit a final report to the President and to each House of Congress not later than eighteen months after the date all Commission members have been appointed. The final report shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislation and administrative actions as it deems appropriate.

TERMINATION

SEC. 8. The Commission shall cease to exist fifteen days after submitting its final report pursuant to section 7.

SEC. 9. There is authorized to be appropriated such sums as may be necessary to carry out this Act.

[From Time Magazines, June 30, 1975]

LAWS: FEWER AND BETTER

"We can have as much or as little crime as we please, depending on what we choose to count as criminal," wrote the late Herbert Packer in his modern classic, *The Limits of the Criminal Sanction.* Packer argued that far too many offenses are now included in most state penal codes—offenses like adultery, sodomy, homosexuality, prostitution and pornography.

Nonviolent sexual crimes are not the only targets of reformers. Other so-called victimless offenses that should be decriminalized include marijuana use, gambling and public drunkenness. Although such offenses are usually less time-consuming for cops and courts to process than other crimes, Criminologist Hans Mattick of the University of Illinois has calculated that victimless crime accounts for at least 40% of all arrests.

Looking to tougher laws for relief is also a matter of misplaced emphasis. The lengthy and emotional debate about capital punishment, for example, has profound moral implications, but the death penalty alone cannot make major inroads on serious crime. More important than any harsh penalty, criminologists agree, is increasing the likelihood of an offender's getting caught and convicted. American criminal penalties in fact, are already among the harshest in the world. The problem comes in enforcing them. Says Gerald Caplan, research director of the L.E.A.A.: "The chief characteristic of law enforcement in this country is underenforcement." Everyone in the system has broad discretion—cops on whether to arrest, district attorneys on whether and how hard to prosecute, judges on the length of the sentence, and penal or parole authorities on when to award freedom. "Nothing is absolute," says American University Criminologist Nicholas Kittrie. "Everybody plays games." Little improvement is likely, says Kittrie and others, "until broad, wide-ranging criminal penalties and statutes are drawn more narrowly and more humanely." Since state legislators do not have enough time or expertise to name specific penalties for each crime, each legislature should establish a commission to set and adjust rules for the entire criminal-justice system.

LEGAL ACTION CENTER,
New York, N.Y., September 11, 1975.
Hon. H. JOHN HEINZ, III,
House of Representatives, Cannon House Office Building, Washington, D.C.

DEAR MR. HEINZ: Thank you for your letter of August 15, enclosing a copy of your proposed legislation creating a National Commission on Victimless Crimes, and soliciting my thoughts regarding said legislation.

As director of a public interest law firm focused on criminal justice reform, I think that the creation of such a Commission would be of great potential significance. I have for a long time felt that little reform of the criminal justice system can be accomplished unless and until the burden of enforcing the laws regarding victimless crimes is removed from it. We are exploring what can be done through law reform litigation to deal with this problem. But there can be little doubt that legislative reform is essential. A good report from a National Commission would hopefully have some impact on legislative attitudes.

Sincerely,

ELIZABETH B. DUBOIS.

CARNEGIE-MELLON UNIVERSITY,
Pittsburgh, Pa., August 29, 1975.

Hon. H. JOHN HEINZ, III,
House of Representatives, Cannon House Office Building, Washington, D.C.

DEAR MR. HEINZ: Thank you for sending me your draft legislation to create a National Commission on Victimless Crimes. I believe the time is very ripe for the creation of such a Commission, and the issues it should address are extremely important.

Over the past decade, our society has witnessed two extremely important trends, most probably a result of urbanization. First, we have seen a significant growth in crime, at least partly resulting from the reduction in the role of the traditional social control institutions like family, church, and community groups, all of which have been disrupted by mobility and urbanization. Second, we have seen increasing recourse to the criminal justice system to handle this increased amount of crime, and for other interpersonal conflict situations that would formerly have been handled personally or by established community institutions; this recourse to the criminal justice system is a consequence of the breakdown of the informal institutions as a result of mobility, urbanization and the interpersonal anonymity that follows.

Thus, an increasing burden has been placed on the criminal justice system, and this burden is reflected not only in the increase in costs associated with the operation of that system, but in the increased degree of intervention into people's lives. We estimate,[1] for example, that about 60% of the young men in the U.S. will be arrested for a non-traffic offense some time in their lives. One consequence of this increased intervention has been a cheapening of the impact of the criminal justice system, and in many cases a misallocation of its very limited resources, and especially its limited "punishment capacity."[2] If, indeed, we do allocate punishment as a "scare resource", then that punishment should be associated with those things that trouble us most as individuals and as a society, and should not be frittered away on relatively marginal behavior, which we might once have been able to deal with effectively. At that earlier time, there was far less victim crime to be dealt with, and there was far more consensus on what was truly punishable behavior, than is the case today.

In view of this situation, it is entirely appropriate, therefore, that a Commission of distinguished and knowledgeable citizens begin to address the question of how that scarce resource should be allocated and to explore more effective means outside the criminal justice system for regulating that activity which we wish to have regulated. Thus, your proposed Commission would be an extremely valuable entity to begin to address these issues, and I support your proposal enthusiastically.

I see no serious problems in the proposed structure of your Commission, although two details might be reconsidered: First, I believe you should add a social scientist knowledgeable in the area of victimless crimes as one of the specified groups represented on the commission. This would not only be a useful addition, but would indeed make explicit the need to have such contributions and perspectives in the thinking of the Commission. Second, I believe that one year is too short a time to examine some of these complex issues, particularly in view of the lead time that will be required to organize the Commission and its staff. Thus, I would recommend at least 18 months, and more properly, two years, for the work of the Commission.

I am intrigued by your proposal that the Chairman and Vice Chairman be elected by the Commission members. This is certainly unusual as far as I know, but I see no inherent objections to it. My perception is that most Presidents would like the Chairman to be responsible to them, and therefore to be appointed by them, but I would be most interested in seeing the progress of this particular proposal.

Many thanks for the opportunity to review your proposed legislation. I would certainly be pleased to help in pursuing this issue in any way that I can. Best wishes with it.

Yours truly,

ALFRED BLUMSTEIN.

PENNSYLVANIA BAR INSTITUTE,
Harrisburg, Pa., August 27, 1975.

Hon. H. JOHN HEINZ, III,
House of Representatives, 507 Cannon House Office Building, Washington, D.C.

DEAR CONGRESSMAN HEINZ: I have received your letter of August 15, 1975, concerning your proposed legislation for a national commission on victimless crimes.

This matter was mentioned at one of the sessions at the recent American Bar Association meeting in Montreal and I was somewhat surprised to hear the statistics on the cost both in dollars and manpower involved in the enforcement of laws dealing with victimless crimes. It seemed to me at the time that these resources could be better employed in dealing with the more vexing criminal problems of our day.

However, as you know, this question does not lend itself to an easy solution. One of the problems might be definitional—are the so-called "victimless" crimes really victimless? There are those who would say that society in general is the victim of drunkenness, drug abuse, prostitution and other such offenses. Perhaps the real question is how to deal with these matters in a civilized way so as to keep them in proper check as far as possible and yet lessen their impact on the criminal justice system. I would say that it is about time that a hard look be taken on a national basis at the problems mentioned in your bill.

Your bill envisions completion of the study within one year after enactment of your bill. I suppose this time limitation is due to funding problems. However, I have grave doubts whether a really meaningful study of this kind can be completed in one year. I suppose that it would take quite a period after enactment for the Commission to get organized and to gather the information on which to base its conclusions.

I have gone over your draft bill and I think that it admirably covers the matters that should be considered. No doubt other details will arise as the study progresses but I think your draft covers this possibility in Section 3(1)(G).

Sincerely,

GILBERT G. ACKROYD,
Executive Director.

CLEARING THE WAY FOR COAL

HON. ALAN STEELMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. STEELMAN. Mr. Speaker, Russell Train, Administrator of the Environmental Protection Agency, recently called for an effective Federal strip mine reclamation law in a Louisville speech before the National Coal Association.

As Mr. Train said we must insure that the regulation of surface mining on Federal lands within any State should in no event be less strict than that required by the laws of the State. At the same time, the Administrator stated that he did support a "phase-in" of provisions with unacceptable job and production costs.

I believe this statement is very timely and I commend it to my colleagues:

CLEARING THE WAY FOR COAL

(Remarks by Hon. Russell E. Train, Administrator, U.S. Environmental Protection Agency)

The American Electric Power Company has recently been running an advertisement which says, among other things, that when the Arabs turned off the flow of oil nearly two years ago they were trying to tell us something. Today, the advertisement says, they are still telling us the same thing: "America, the good old days of cheap oil are gone forever. Conserve your energy and use your coal." Coal and conservation, the advertisement concludes, are the key to greater energy self-sufficiency.

I would wholeheartedly agree that coal and conservation are, indeed, two of the critical elements of any effective effort to come to grips with our energy problems. But there is a third element that is also critical and, more than anything else, it is the failure to recognize its importance, and to face up to the obligations it imposes, that keeps us from taking greater advantage of the vast coal reserves that we are fortunate enough to possess. I speak of human health and environmental protection.

Indeed, as I read the AEP advertistment, I thought of these sober words from a report issued early this year by the National Academy of Sciences:

"Society should recognize that coal as a means for providing electrical power poses serious hazards to health and the environment. A realistic appraisal of these hazards becomes a convincing argument for a policy of 'low-growth' in the use of coal. If we are forced to proceed beyond such a policy because of sharp reductions in the other conventional sources of energy, we should then expand the use of coal only with great caution, only where necessary, and only when accompanied by strict regulations and technological controls."

One need not accept this conclusion in order to understand and to appreciate the very real concerns that lie behind it. We are, as I have said, fortunate to have such a huge supply of coal. The new estimates of our coal resources by the U.S. Geological Survey are 23 percent higher than its earlier estimates. We have, according to the Survey, one-fourth of the world's identified coal resources and about one-fifth of its estimated overall coal. Moreover, coal is 69 percent of our total estimated recoverable resources of fossil fuel—nearly 10 times our supply of petroleum and natural gas, which together account for only 7 percent of our estimated recoverable fossil fuels. The Survey estimates that, as of January 1, 1974, our recoverable resources of coal contained 10 times more heat value than the combined recoverable resources of petroleum and natural gas. Yet, as recently as 1973, our combined production of petroleum and natural gas was 3 times that of coal.

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[1] Belkin, Jacob, A. Blumstein and W. Glass, "Recidivism as a Feedback Process: an Empirical Validation", *Journal of Criminal Justice*, Vol. 1, No. 1, March 1973.

[2] This issue of punishment capacity is explored in somewhat more detail in my enclosed testimony before the House Committee on Science and Technology and in the enclosed paper on the "Stability of Punishment".

There is simply no question that, for the next decade and beyond, we are going to have to mine and burn more coal. By the end of the decade, we expect coal demand to rise some 50 percent above 1973 levels—from about 600 million tons to more than 900 million tons. We also expect, by 1985, a 77 percent increase over 1973 levels in the use of coal for fossil-fuel fired power plants. That would mean that, by 1985, 72 percent of all the electrical energy generated by fossil fuel plants would come from coal.

Let me stress, at the outset, my view that we can not only achieve, but very possibly exceed, these impressive forecasts for coal to the degree that we are willing to confront and to cope with the very real health and environmental hazards involved in the mining and burning of coal. It is not unreasonable and overly rigid environmental regulations and restrictions that stand in the way of the expanded use of the nation's coal reserves. It is the reluctance, and at times the refusal, to recognize the very serious health hazards and environmental, social and cultural impacts associated with a rapid rise in coal use. We cannot wish or wave these problems away. We cannot legislate them out of existence.

Nearly a year and a half ago, in an editorial on a proposed Federal strip mining law, the Wall Street Journal pointed out that: "Coal declined for several reasons, including the fact that the federal government created an artificial demand for natural gas by holding down its price. But it also declined because it was considered an environmental blight, and those objections are likely to remain as long as the public continues to equate coal mining with permanently scarred earth. The proposed strip mining controls would seem to offer an opportunity for the coal industry to dispel those fears and regain public confidence, even as it contributes to solving the U.S. energy shortage."

In other words, the nation's commitment to coal must depend, in turn, upon the commitment of those who mine and burn it to face up to the environmental and health risks and costs and to take all ecessary steps risks and costs and to take all necessary steps to bring them down to acceptable levels.

For its part, EPA will continue to do whatever it can—consistent with its responsibilities under the law—to assist and encourage the greater use of coal for electric power. Under the Clean Fuels policy, as you know, we identified 12 major coal burning States whose emission limits were stricter than required to meet national primary ambient air standards. We estimated that, by the second half of this year, such unnecessarily strict standards would have prevented the burning of roughly 110 million tons of current coal production—thus leaving some areas no choice but to turn to oil in order to meet clean air standards. Thus far, 7 of these States have revised their implementation plans. We have thus freed approximately half of the 110 million tons of coal for burning, and expect to free the other half by the end of the year. We have also advised the remaining States and territories of any regulations in their plans that are more stringent than necessary to meet air quality standards to protect public health. We hope that, wherever possible, these regulations will be revised to permit even greater use of available domestic coal.

Since the enactment of the Energy Supply and Environmental Coordination Act in June of last year, we have been working with the Federal Energy Administration to identify those power plants with the greatest potential for conversion to coal. FEA has issued conversion orders to 32 plants, whose combined annual coal use would amount to roughly 19 million tons. Our preliminary evaluation suggests that these plants will be able to burn available coal in conformance with environmental regulations.

We have, as you know, made real progress in reducing sulfur dioxide levels in the ambient air—our latest readings show a drop of some 25 percent in those levels since 1970. Most of that reduction is the result, not of the use of control technology to clean up high sulfur emissions, but of shifts during the early seventies to low sulfur fuels—in particular, to low sulfur oil.

If we are to continue to make progress in lowering sulfur dioxide levels—indeed, if we are to hold the line against any increases in those levels—at the same time that we take increasing advantage of our coal supplies, including high sulfur Eastern coal, we must press ahead to apply in every possible instance the continuous control technology we already have and to develop as rapidly as we can such promising technologies as coal washing and fluidized-bed combustion.

The Congress, as you know, has before it an amendment to the Clean Air Act proposed by the President that would reaffirm our national commitment to continuous controls for stationary sources of air pollution and would, at the same time, allow a carefully selected number of rural power plants which are already burning coal to defer the adoption of continuous controls for a specified period that cannot extend beyond 1985 at the latest. These plants would be able to employ intermitment controls where these are reliable and enforceable and provided primary standards are not jeopardized. We estimate that anywhere from 45 to 85 rural power plants would be affected by this amendment.

The importance of moving ahead as rapidly as we can whenever we can with the adoption and use of constant control technology has been given new urgency—not only by the burning of larger and growing amounts of coal, including high-sulfur coal, that lies ahead—but by the potentially serious health hazards posed by sulfates. We do not know enough at this time to set an air quality standard for sulfates or develop a strategy for achieving specific levels of reduction. But we do know enough about them to regard them as a very real cause for concern and to convince us that the safest and most prudent course is to make sure that the problem does not get any worse than it is already. We will probably not be in a position to develop a comprehensive regulatory program until the end of the decade. In the meantime, we believe we must seek at least to hold the line against increases in sulfur emissions in the 24-State region in the Northeastern United States where sulfate levels are already high when compared with the rest of the country. And we must, in general, rely upon vigorous enforcement of State implementation plans for the control of sulfur dioxides and particulates, and the increasing application of new source performance standards to power generating facilities.

I have heard it said that scrubbers are a technology that only their mother could love; and, as we all know, necessity was most assuredly the mother of this invention. Any new technology, any new installation of any new technology—especially one as complex as scrubbers—must inevitably involve an ample share of pain and problems.

But we have gained enough experience with scrubbers to say, with confidence and conviction, that they have arrived as an effective, available technology. They do work, and they must be put to work in our power plants. There may have been a time for argument about whether or not scrubbers could or would work, or about whether or not we ought to permit alternative strategies such as tall stacks and intermittent controls. That time is gone. It is time for action, not argument.

Several months ago I met a man who not only has a soft spot in his heart for scrubbers, but who may well have had as much first-hand, hard-nosed experience with scrubbers as anybody around. As Vice-President of the Kansas City Power and Light Company, Donald McPhee was involved from the very start in the installation and operation of a "limestone" scrubber on the company's 820 megawatt La Cygne power plant. He said it wasn't easy—that it took, not only money, but "blood, sweat, tears, and guts." "I can't," he said, "emphasize too much the part that determination plays. We would not take 'no' for an answer." That scrubber, as a result, has been working quite well for many months now, taking nearly all of the particulates and most of the sulfur dioxide out of the plant's emissions, and enabling it to burn what Mr. McPhee calls "the dirtiest coal in the country."

We cannot see the Appalachian hills from here. But we all know that there are tons upon tons of coal—much of it very "dirty" indeed—in "them thar" hills. The way to give that coal, if not precisely a "clean" bill of health, then at least an acceptable one, is to commit ourselves to cleaning up its emissions on a permanent basis. If we are willing to put on scrubbers, that coal is ours to burn. Indeed, I can think of no better measure of our desire to burn that coal than our willingness to use the technology that will enable us to do so without endangering public health.

I can report that, in fact, the commitment of the utility industry to scrubbers has increased dramatically over the past two years. As of the end of August, 48 electric power companies have installed or planned or have under construction 119 scrubber systems. These will control sulfur oxide emissions from the generation of some 47,380 megawatts of power. That puts us more than halfway toward meeting the goal of 90,000 megawatts of scrubber control which we estimate will be required to meet sulfur oxide standards by late 1980.

Before we can burn Appalachian coal, or any coal, we must of course mine it. And there are, as we all know, a whole host of environmental, social, and cultural problems associated with the mining of coal. You need no long litany or lament from me about the blighted lives, lungs, landscapes, the human harm and environmental havoc, that have for well over a century characterized the mining of coal—not only in this country, but everywhere in the world.

You would, I am sure, be the first to agree that we can no longer accept these kinds of impacts as the inevitable, if unfortunate, price of getting the coal out of the ground and into our power plants. The mining of both eastern and western coal must be done according to careful and comprehensive advance planning and accompanied, at every step of the way, by effective efforts to keep adverse environmental, social and cultural impacts to the lowest levels possible.

A recent study sponsored by the Appalachian Regional Commission, the President's Council on Environmental Quality and the National Science Foundation forecasts that, under any circumstances, the coal industry in Appalachia will undergo substantial growth throughout the rest of the century. Over the next ten years, according to the study, coal production in the region is expected to rise from the current level of some 400 million tons a year to anywhere from 600 million to 950 million tons. By the end of the century, it could exceed one billion tons. To secure the benefits of such growth and avoid the environmental and social problems that could otherwise accompany it, the study recommends the careful consideration of such measures as an energy production tax or royalty plan to cover the cost of the required community development services; the inclusion of land reclamation in coal-mining operations; federal and private research and development into ways of offsetting losses in productivity from increased mine health and safety requirements by improved mining and coal-handling systems; training to help the region's unemployed to find jobs in the growing energy industry; support for federal legislation to set optimum sulfur oxide standards and for federal and State research and development in pollution control technology, especially for sulfur oxide emissions.

My judgment is that we should, for a variety of reasons, continue to rely as strongly as we can upon the established coal-mining areas of the East, and that, alluring as all that Western coal might be, it cannot serve simply as a substitute for eastern coal. Indeed, the environmental and other conflicts and concerns associated with coal mining are especially acute, and in some respects unique, in the coal fields of the West. Much of the so-called "overburden" that stands between the "stripper" and the coal is prime grazing land. The mine-mouth conversion plants that many companies hope to construct out West would consume vast amounts of already scarce Western water that is required for both crops and cattle. The social and cultural impacts of stepped-up energy development out West are potentially devastating.

I read not long ago these observations of a 70-year old Western rancher whose home and whose range rest upon a vein of coal ripe for stripping:

"We know coal is going to be mined and I think we can face the fact that the development, the population, is going to come into this country more. But we don't want to be deluged with it all at once. If it can just come here more naturally, and have it on a sensible, rational basis instead of suddenly being inundated. That's what we dread the most." This rancher has a good deal of company out West, and very real cause for concern. Jack Green, the Administrator of EPA's Region VIII—which covers 6 of the Rocky Mountain states—recently gave me a report that simply listed, in catalogue form, all of the energy projects proposed, planned or under construction in that Region. It was more than one-fourth of an inch thick. I was told that 131 small communities have been identified as "energy-impact" communities in the 6 States of that Region. They are small, remote and their people—many of them "old timers"—are deeply concerned about the potential impacts of energy development upon the life and landscape they regard as unique and irreplaceable. They are apprehensive about growth, so much so that a sales tax was recently defeated in Glenwood Springs, Colorado, as was a school bond issue in Rifle, Colorado. A straw poll in Meeker, Colorado, showed that a majority of 2½ to 1 were against bonds for school construction to meet the needs of the expected influx of people required by an oil shale development. Meeker residents are now paying double rates for water to finance debt service on an expansion of their water system to accommodate future growth. Communities such as this are far less equipped to handle financial risk and uncertainty than the corporations seeking federal guarantees for energy development. Moreover, the experience of such Western "boomtowns" as Rock Springs and Gillette in Wyoming demonstrate that the failure to plan adequately for community development can result in drastically reduced rates of labor productivity and very high rates of employee turnover in energy projects themselves.

I am told, at the same time, that the atmosphere for constructive, responsible energy development in the West is improving. Wyoming, North Dakota and Montana have enacted coal severance taxes and are using the revenues to help minimize the adverse impacts of coal development. The Colorado legislature has allocated over $10 million in oil shale royalties paid by industry for roads and schools in small Colorado communities.

Peabody Coal, Colorado Ute, Energy Fuels and Gulf are all cooperating to help solve housing and school problems in Hayden, Colorado. EPA is providing some $4 million through our Section 208 areawide water quality planning and management program to help energy impacted areas plan for orderly development.

I have said enough to suggest the kinds of problems involved with Western energy development and to suggest, as well, that the way to remove the resistance and roadblocks to that development is for the industry—and, indeed, for all concerned—to support strong control, planning and other measures to offset and avoid the adverse environmental, social and cultural impacts of coal and other energy development.

This is the way—and in my opinion the only way—to break through the current atmosphere of suspicion, uncertainty, and confrontation and to move ahead with confidence in a common effort to help solve our critical national energy problem. It is the only way we are going to break away from the current situation of substantial nonprogress in the development of our coal and other energy supplies, including our Outer Continental Shelf resources. It is the only way we are going to generate the certainty and the confidence that will attract the necessary capital investments. And it would certainly help if the Congress would buckle down and agree on a comprehensive energy program! We need a national commitment by government and industry alike to the development of our energy resources without endangering public health, without ripping off the land that is our common inheritance, and without degrading the social and cultural values of communities or whole geographic regions. The alternative is to procrastinate and evade the issues until the nation is confronted with an energy crisis of such a magnitude that it threatens imminent economic collapse in the expectation that in the accompanying atmosphere of panic and desperation all environmental and other constraints will be swept away. Such an alternative would, in my opinion, represent a total failure of our free society to demonstrate that it can sustain economic growth without degrading the quality of life.

The Environmental Protection Agency has, in fact, worked closely with the Federal Energy Administration in seeking reasonable accommodations between energy and environmental needs. We have achieved some significant progress in this regard, and Frank Zarb is due great credit for this fact. I have already referred to the Administration's policy, reflected in the amendments it has proposed to the Clean Air Act, in support of constant emission controls. In addition, the Administration's coal conversion policy is predicated on ordering conversions only where no violation of Clean Air Act health standards would result. These are important steps.

I referred, at the beginning of my remarks, to the view of the Wall Street Journal that reasonable strip mining legislation offered the coal industry an opportunity to "dispel [public] fears and regain public confidence, even as it contributes to solving the U.S. energy shortage."

That advice, in my view, is just as sound and sensible today as it was then—if not more so. I strongly support—and I believe that, even if only in its own interests, the coal industry should strongly support—the enactment of really effective Federal strip mining legislation. I am convinced that, in the long run, there will be no adverse impact upon either jobs or production in the coal industry. I am convinced, in fact, that by removing one of the very real constraints upon the industry and by setting clear and effective ground rules for dealing with the environmental impacts of strip mining, such legislation cannot help but increase employment and production in the industry over the long term. If it is determined that, in the short term, the job and production costs are unacceptably high from certain specific requirements, then I would support the "phasing-in" of those particular provisions selectively over an appropriate transitional period, in order to get the basic legislation in place and implementation underway.

In this connection, I cannot help but recall that it was in February 1971—almost five years ago—that the Administration first sent Federal strip mining legislation to the Congress, effective legislation geared to reclamation and tied to performance standards. Action then would have preceded the present energy crunch, and any transitional problems would long since have been put behind us. Delay has only made the problems worse and reduced our flexibility for dealing with them. Finally, as we weigh the economic pros and cons of action or inaction, let us not forget that there are fundamental values involved which we cannot quantify and which do not find a place in our conventional systems of accounting. They are moral values, and we should admit them as such. They involve reverence for the land which is our basic heritage. We lose that reverence at our peril.

This past weekend, I was reading E. F. Schumacher's recent book, "Small is Beautiful," subtitled "Economics as if People Mattered," in which he says:

"Among material resources, the greatest, unquestionably, is the land. Study how a society uses its land, and you can come to pretty reliable conclusions as to what its future will be."

As many of you know, Schumacher was for twenty years until 1971 the top economist and head of planning of the British Coal Board.

In the meantime, I believe the Federal government should, in encouraging the development of Federally-owned coal, take the lead in demonstrating that we can increase the production and conservation of coal resources in a manner that will minimize adverse environmental impacts. The Department of the Interior, as you know, has proposed regulations governing its coal leasing program. These regulations include performance standards for mining and reclamation activities. EPA intends to make substantial public comment on these proposed regulations as a means of strengthening Interior's efforts to develop an environmentally sound program of reclamation at the same time that it pursues its development strategy. We are convinced that reclamation standards can be developed which are not so burdensome that they will preclude mining or make it uneconomical. It is our hope that the final regulations governing the use of Federal coal will include an effective reclamation program that can serve as the basis for national legislation in the future. Moreover, in my opinion the regulation of surface mining on Federal lands within any state should in no event be less strict than that required by the laws of that state. To permit the Federal government to pursue a more relaxed policy on its own lands would undermine the legitimate efforts of the states to regulate surface mining. Furthermore, such a policy would serve to promote suspicion and distrust rather than the mutual confidence that I am convinced is a major prerequisite to a successful energy policy.

The commitment of the American people to environmental protection and progress runs strong and deep. They are willing, as well, to commit themselves to the mining and burning of greater amounts of coal, but not at the price of continued danger and damage to their health and their environment. They want, and they need, an adequate supply of energy at prices they can afford. And they are willing to trade higher electric bills for lower doctor bills and lower levels of pollution and environmental damage. We can burn coal, and breathe clean air as well. We can mine coal in ways that will not undermine the quality of our lives and character of our land. We can commit ourselves to coal, if we are willing to do it in ways that are humanly safe and environmentally sound.

I am grateful for your invitation to meet with you today. You and I have always talked plainly to each other, and I have appreciated the opportunity to continue that tradition.

THE REAL ESTATE SETTLEMENT PROCEDURES ACT—A CURE THAT IS WORSE THAN THE AILMENT

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. KASTEN. Mr. Speaker, this afternoon I appeared before the Subcommittee on Housing and Community Development of the Committee on Banking, Currency and Housing to advocate that Congress either significantly amend or repeal the Real Estate Settlement Procedures Act—RESPA—a course of action that would be in the best interest of lenders, attorneys, title insurers, realtors, and most significantly, home purchasers.

Like many recent legislative initiatives, although enacted to correct a specific problem, Congress soon recognized that RESPA has created many more problems than it has corrected.

Mr. Speaker, I would like to insert the text of my testimony in the CONGRESSIONAL RECORD at this point in order to bring it to the attention of my colleagues so that they may join me in urging the Committee on Banking, Currency and Housing to act expeditiously on this matter:

TESTIMONY OF HON. ROBERT W. KASTEN, JR.

THE REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA)

Mr. Chairman and Members of the Committee, I would like to express my thanks for allowing me to appear before you today. As ranking minority member of the Manpower and Housing Subcommittee of the Committee on Government Operations, I have more than a casual interest in the effects of the Real Estate Settlement Procedures Act (RESPA).

As witnessed by the recent hearings in the Senate and the hearings of this Committee, RESPA has been anything but the answer to the settlement abuses it was intended to curb. In fact, even though the Act has been in effect since June of this year, there is convincing evidence that certain sections of RESPA have been given the cause of a great deal of confusion and hardship to both consumers and businessmen. It is interesting to note that not only are the original sponsors of the Act in favor of amendment, but also the Department of Housing and Urban Development (HUD) is convinced that changes in RESPA are necessary.

Concern by the Congress and HUD has been translated into specific actions. On October 9th, the Senate passed S. 2347, which suspends for one year Sections 4, 6 and 7 of RESPA. In the House, various bills have been introduced to eliminate the many problems of RESPA. In addition, on the 10th of this month, in order to solve some of the many problems of the Act, HUD published eight amendments to part 82, referred to as Regulation Ten under RESPA. The fact that both houses of Congress can agree so quickly on a proposition is in itself unusual. However, Mr. Ripley would be more amazed at the proposition that HUD agrees with not only one house of Congress, but two simultaneously.

Besides causing concern in the Congress and at HUD, RESPA has generated a great deal of interest among lenders, attorneys, title insurors, realtors, and last, but not least, a good number of home purchasers. The chief problem is centered around Section 6, the advance disclosure of settlement costs. The form designed to implement Section 6 by informing the home buyer of the costs is several pages long, has over 100 entries, and tends to confuse even the most knowledgeable home buyer. The form is very complicated and requires additional manhours by lending institutions just to secure the information for completion. A survey of Members of the U.S. League of Savings Associations indicates that as a result of the disclosure rules, the waiting period between loan application and settlement has increased by an average of 11.5 days; man hours for processing have gone up by 50 percent; and costs per loan an additional $35. I'm sure that this additional cost is or will be passed on to the consumer. In effect, that which was made to aid the buyer has increased the buyers' waiting time, added to the cost of a loan, and because of its complexity, has confused matters instead of clarifying them.

The argument that advance disclosure serves as an inducement for consumers to shop for lower settlement services appears to be negated by the fact that many of the charges, such as insurance and taxes, are fixed. More important, it is a well-known fact that lenders' costs in a given area are almost identical. A small sampling by HUD of homeowners who received advance disclosure statements indicates that less than 15 percent of the homeowners questioned shopped around for reduced settlement costs after they had received their disclosure statement. Many consumer groups will argue that the main objective of the advance disclosure requirement is not to secure lower settlement costs, but is to allow the purchaser to know how much money he or she should have for settlement. This is a valid argument. However, I am quite certain that the great majority of lenders were already telling the home buyer prior to closing approximately how much settlement costs would be at the time of closing.

As to the delays in settlement that Section 6 has produced, it is common knowledge that any delay in settlement can be costly to both the buyer and seller. The seller may have to pay interest, taxes, insurance and utilities on an empty house. The buyer may have to do the same on a dwelling which he would like to vacate. In fact, the buyer and seller could lose the sale if the delay is substantial, which, to say the least, would produce unnecessary hardship for both parties, not to mention the lender, real estate agent, insurance company, etc.

There are other provisions of RESPA which have encumbered the settlement process. There is repetition in the fact that the uniform settlement statement and advance disclosure statement are one in the same form but must be gone over twice, once prior to closing and once at the time of closing.

Unfortunately, Section 6 is not the only part of RESPA that demands change. Sections 7 and 8 are also prime candidates. To be specific, Section 7 of the Act requires that under certain circumstances the previous selling price of the dwelling must be made known. Section 7 is a criminal provision imposing a penalty of one year imprisonment and up to a $10,000 fine per violation. Section 7 has produced many questions from lenders due to the fact that initially regulations were not issued concerning the nebulous provision. This being the case, many lenders were willing to deny loans rather than risk criminal penalties for failure to comply with a provision that was unclear. It must be pointed out that HUD has issued two legal opinions setting forth interpretations of Section 7. However, no matter how well the section is clarified, the benefit of disclosing to the buyer the owner's name and address appears to be of almost no value and by no means should it be part of a criminal statute. Furthermore, the legal opinions issued by HUD are just that. They are not regulations. RESPA does not authorize HUD to issue regulations under Sections 7 and 8. This points out one more significant defect in the Act, namely HUD's implementation of the law is restricted in many ways by the language of the Act itself. HUD is of the opinion that it lacks the explicit authority to issue interpretive opinions on the provisions which include criminal penalties for failure to comply without consulting the Department of Justice. This has left many legal questions unanswered and serious doubts about the legality of certain practices.

Like Section 7, Section 8 also suffers from lack of clarity. In essence, Section 8 prohibits the payment and receipt of fees for the referral of settlement business while prohibiting fees other than for settlement services actually performed. In other words, the section provides for criminal penalties and treble damage actions for kickbacks and unearned fees.

As with other provisions of the Act, Section 8 has been the cause of many questions being raised by brokers and lenders. For example, real estate brokers have been rightfully critical of the section due to the fact that it could be interpreted as outlawing their cooperative brokerage arrangements such as multiple listing services and out-of-town referrals. Since interpretive rulings have not been issued to clarify the section both lenders and brokers have been advised by their attorneys that certain practices could be construed as being illegal under the Act, practices such as multiple listings and out-of-town referrals. There is no doubt in my mind that Congress in no way intended to prohibit either out-of-town referrals or multiple listing services.

Unfortunately, there is one more section which needs to be carefully inspected. I'm referring to that section which was intended to limit deposits in escrows for taxes, insurance premiums and related expenses to the amounts needed to pay such items currently, namely Section 10. Besides having numerous technical defects, the section attempts to establish specific requirements that are often inconsistent with existing state laws and taxing authority.

As the General Counsel of HUD pointed out before the Senate Committee on Banking, Housing and Urban Affairs, Section 10 does not provide for a sufficient balance to take into account that monthly payments are often due shortly before a tax payment or other payments are due, and recommended that an amount equal to one-sixth of the total amount needed for the ensuing 12-month period should be permitted to be included in the balance maintained in escrow rather than one-twelfth as RESPA now prescribes.

I have attempted, Mr. Chairman, to outline as concisely as possible a few of the difficulties that have arisen because of RESPA. Perhaps the key to the many problems can be found in the formulation of the Act itself. As you know, RESPA was a compromise. Originally there were those who wished to secure direct Federal regulation of settlement costs believing this to be the only possible way to protect the consumer. Holding another view were those who thought that settlement costs were not universally excessive and that the Congress should be more interested in eliminating specific abuses rather than trying to regulate the entire industry from Washington. I believe that if the Congress had foreseen the present difficulties, it would have leaned more heavily toward the latter solution.

RESPA in its present condition reminds me of similar situations we are experiencing in fields of subsidized housing, occupational safety and health, employment services, etc., namely, that there is seldom a national solution to local problems. I contend that if there are common problems in two or more areas in this country, a common solution may not solve the problems in either all or any of the areas. What works in Philadelphia may not work in Milwaukee, and if we attempt to solve the problems of area X and area Y with solution Z, we may solve neither's problem.

I would like to point out that there is at least one very good section of RESPA, Section 5, which provides for the distribution of a booklet explaining settlement costs. There has been nothing but praise for the guide.

Finally, to reiterate, it appears that the reconsideration of RESPA has brought us back to the original question of whether or not the intent of reforming real estate settlement procedures and holding down excessive closing costs can be carried out effectively by educating the consumer regarding these costs; or, whether direct regulation of settlement costs or even requiring lenders to pay such costs can be structured to provide viable consumer protection.

In concluding, I realize that the rethinking of RESPA has been going on for some time. As I pointed out earlier, the Senate has already passed legislation, distinguished Members of this Committee have proposed legislation, and HUD itself has issued amendments to Regulation Ten. Unfortunately, none of these bodies can by itself solve the problems of RESPA. It will take a combined effort from all parties.

I hope that the subcommittee will conclude that either repeal or major change in RESPA is mandatory.

COMMENDATION OF MR. ROBERT S. PRENDABLE

HON. TORBERT H. MACDONALD

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. MACDONALD of Massachusetts. Mr. Speaker, it is my pleasure to bring to my colleagues' attention the award that has been received by Mr. Robert S. Prendable, a constituent of my congressional district, from the American National Red Cross.

The Red Cross Certificate of Merit and accompanying pin, which is the highest award given by the American National Red Cross to a person who saves or sustains a life by using skills and knowledge learned in a volunteer training program offered in first aid, small craft, or water safety, has been awarded to Mr. Prendable as a result of his meritorious action on December 18, 1974.

On that day, Mr. Prendable, trained in Red Cross water safety and first aid, was present when his father suffered a cardiac arrest. At once he began to apply resuscitation measures, continuing until a police officer arrived and assisted him in administering life-supportive techniques. The victim resumed breathing and later recovered. Without doubt Mr. Prendable's use of his skills and knowledge saved his father's life.

Mr. Prendable's unselfish action in assistance of his father is a notable exemplification of the highest ideals of his concern for another individual who is in distress and speaks highly of the training programs which are offered by the American Red Cross.

I extend my sincerest congratulations to Robert on this joyous occasion, and I am confident that his meritorious action has fostered a feeling of high esteem and personal gratitude among his family and friends.

A&M LEADS REGION IN RESEARCH ACTIVITY

HON. OLIN E. TEAGUE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. TEAGUE. Mr. Speaker, on October 12 the Dallas Morning News carried a most interesting article about the various aspects of the research activity being carried on at Texas A&M University in College Station, Tex. The university is in my Sixth Congressional District and I am also proud to say that I am a graduate of Texas A&M.

The article makes an unbiased view of the land grant university and I think it will be of interest to you, my colleagues in Congress, and the general public. I would only add that next year the university will celebrate its centennial while our Nation celebrates the Bicentennial.

The article follows:

A&M Leads Region in Research Activity

(By Steven M. Eames)

College Station.—The young men crouch with hands on knees, and strain their chins forward. Tradition says this peculiar stance will make their voices lower, louder and more fearsome.

And they now assert that Texas A&M University is in the top 20 in the nation in nearly everything, not just the sport of football for which the cheer is designed.

"Texas A&M has gone from a position of being a fairly small school in terms of research 20 years ago to the research leader of the South and Southwest," said Dr. Richard E. Waimordi, assistant vice president for academic affairs. "This school does more research in dollar volume than any school in the South or Southwest."

A&M performed more than $39 million in research last year—$2 million more than the year before when the National Science Foundation ranked A&M 18th in the nation in the value of research.

Several A&M administrators predict the Aggies will be 17th in the research rankings when the new figures come out. One noted gleefully that A&M's arch rival, the University of Texas, was 20th in the research list.

With expanded research and the admission of women, A&M's enrollment has nearly doubled in the past five years to its present 25,247 students.

"Our growth is stupendous," said Waimordi, noting that enrollment this fall was up 3,748 students—or 17 per cent—from a year earlier.

But what price growth?

Some of the tradition and closeness of Aggies may have been lost, says Field Scovell of Dallas, an Aggie from the class of 1930 and now retired from a successful business career.

"I worry sometimes about the Cadet Corps not being what it was back then," he said. "And the school just can't be as personal now as it was when I went. When I was there, there were 4,000 students and you felt like you knew all of them. But now with that thing spread out like it is . . . well, I'm sure it isn't quite as personal. That's a loss any time."

But Scovell is quick to say that he favors the growth and progress of his alma mater into a top-drawer institution, A&M might not be a cow college anymore, he says, "but this isn't a cow country either."

The school is built on 5,000 tree-shaded acres at College Station in Central Texas.

The turning point from cow college to sophisticated university at A&M was in 1963, says Irwin H. Cooper, who in 19 years at the school has risen to become dean of admissions.

In 1963, the Aggies changed their name from the Agricultural and Mechanical College of Texas to Texas A&M University; began preparations to admit women for the first time; and made plans to drop mandatory participation in military training—the Cadet Corps.

Whatever the reasons, five years ago A&M enrolled just over 14,000 students, including 1,233 coeds. This year there are 7,182 women and some of them are in a special all-women unit of the Cadet Corps.

Aggies administrators say that while the university is growing, it's also attracting better and better students. Included in A&M's student body this year are 148 national merit scholars, 19 more than last year when A&M ranked 17th nationally in enrollment of the high-achievement students.

Part of the attraction may be A&M's research programs.

For example, Dr. John B. Herbich, director of A&M's center for dredging studies, is now recreating in a tank 85 feet long and 32 feet wide a 1-to-25 scale of the harbor at Port Aransas.

He can manufacture in the tank various ocean conditions, including hurricanes, and tow model ships through the tank ot study the effects on a proposed structure for Harbor Island.

Across the street from Herbich's landlocked ocean, doctors from Houston's M.D. Anderson Tumor Research Center are using A&M's cyclotron, commonly called an atom smasher, to treat cancer patients.

At another spot on the sprawling campus, Dr. Karl Matil and Dr. Carl M. Cater are working on synthetic foods using cottonseed and peanuts.

Other A&M scientists are researching ways to improve crop production or make highways safer or develop artificial limbs for humans.

"We try to build cadres of strength and have them (scientists) work together to provide a thrust in given fields of knowledge," said A&M President Jack Williams, speaking over the pounding of construction machinery outside his office.

A&M was established as a land grant college in 1876 to teach the agricultural and mechanical arts. Most of its students still enroll in these or related fields.

"I would think that in agriculture, Texas A&M would move from its present position, which is about third in most categories in America, to first in all of them," Williams said.

"In Texas, we have clearly the greatest opportunity for agribusiness of any state in the nation."

A growing number of students has been attracted to A&M's new marine studies program. In 1971, A&M became one of four Sea Grant colleges in the nation, and now has its "campus at sea" aboard a ship.

Texas A&M and its research are not cheap. The Texas Legislature has authorized the Aggies to spend nearly $55 million in state money as part of an overall $140,761,564 budget this school year.

A&M ranks ninth nationally in gifts received from all sources, and fifth in support from business and corporate sources. Financial support from ex-students at A&M ranks fourth nationally.

One A&M ex-student is Wofford Cain, an industrial giant from Dallas and a 1913 graduate who Williams estimates has contributed more than $1 million in the past decade.

Aggie lore has it that after Cain, now 83, gave a block of stock worth $166,716 in 1972 to help build the school's new athletic dormitory, a University of Texas regent offered to trade any 50 Texas ex-graduates for one Wofford Cain.

There are more Wofford Cains, said Williams.

"These fellows all came to A&M without a cockeyed penny in their pockets and they got an education at A&M and have gone back out and made money. . ." Williams said.

Williams said A&M will receive up to $11 million a year in such gifts and grants.

"That's why it's humorous to me when people talk about how you shouldn't have this or don't you think that's a little much," said Williams. ". . . Great Scott, this is an institution built by taxpayers, sure. But the cream on top of the bottle has been furnished by gifts, grant from all kinds of friends."

Criticism came from some quarters earlier this year when A&M first opened a new $1.4 million facility used for meetings of the A&M board of directors. Another $700,000 worth of furniture, artwork, statuary and sterling silver and china service was added.

Some called the new facility and its furnishings opulent and a waste of money.

But State Rep. Bill Presnal of nearby Bryan, chairman of the powerful House Appropriations Committee and an ex-Aggie himself, said the facility was needed to help rid A&M of its old image.

"It's sort of a showpiece, no question about that," Presnal said. "A&M is trying to put out a new image, and I don't blame them for that. It's no longer a cow college and people need to recognize this. It's a full-blown university today."

But some students—especially those living in barracks-type dormitories said the money could have been spent more wisely.

When many Texas A&M's benefactors and supporters—men like Scovell attended, A&M was all-male and military training in the Cadet Corps was compulsory.

Now the corps makes up less than 10 per cent of the student body as 2,200 participate. There are 41 coeds in the corps.

Army Col. Tom Parsons, commandant of the A&M Corps, said making the military training voluntary in 1965 may have made it better.

"I'd rather have somebody do something because they are self-motivated rather than because they are forced," said Parsons, who graduated from A&M in 1949.

Parsons says making the corps voluntary hasn't hurt A&M's ability to produce officers for the Army, Air Force, Navy, Marine Corps and Coast Guard. In 1963, some 1,800 cadets were signed for Army ROTC and 190 Army commissions were granted. Last year, 717 cadets were in Army ROTC and 185 received commissions.

PRODUCT PRICING

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. FINDLEY. Mr. Speaker, I have long been concerned over the role of the free market in our society. One of the pleasures of being a representative is receiving the thoughts of other Americans as to the merits of our system. Recognizing that we are at a fundamental decision point relative to our agricultural industry, I would like to share a letter from a thoughtful citizen as to his concerns on agricultural policy.

NEW CASTLE, DELA.

As a person involved in farming operations, I have observed our fluctuating policy relative to grain exports with increasing concern . . . It seems that we are nearing a fundamental decision point relative to our agricultural industry. With the urbanization of our society, the past voting power that provided farmers a certain protection has eroded and virtually vanished. As a result, the following areas pose serious problems for our farm industry:

During the '50's and '60's, our farm policy was dictated by the concept that cheap food was an American birthright. To implement this program, we minimized exports, maintained a comfortable surplus of farm commodities (guaranteeing low prices), and controlling acreage under cultivation to maintain the desired surplus.

While desirable for the urban consumer, the above policy significantly increases the size of farm operation necessary to support a family, mandating that the number of farms be reduced in number and increased in size. The cost effective economic unit for farming is now capitalized in the $750,000 to $1,000,000 range in most sections of the country.

With this load of indebtedness, it is naive to assume that even the notoriously independent American farmer can accept a return to the market manipulation of the past two decades.

Whether we as consumers like it or not, we are part of a global economy. Our dependence on oil and other imports mandates a strong export program for all saleable technology and commodities to maintain our balance of payments. Hopefully our past ugly experience with government control of prices also provides us with reason to utilize a free supply and demand economy to determine grain pricing.

Farmers have seen a revelation during the leadership of Secretary Butz, in that allowing competition in a global economy resulted in good return on investment for the first time since 1952. A return to a restrained grain market and an environment of apology for profit at the farm level would be particularly distasteful.

My point is that even as independent as farmers are, the very obvious strength and governmental influence exerted by organized groups such as labor unions, via lobbyists and voting bloc representation, cannot help but be of interest to farmers fearing a return to our previous policies.

COST ADDITIONS

The American public has a misconception in placing the primary blame for inflated supermarket prices on the farmer. This concept has been promoted by certain special interest groups, utilizing misinformation such as the "one dollar loaf of bread" sensationalism. As I am sure you are aware, increases in farm prices relate in only a small way to increases in supermarket food prices. The preoccupation of our governmental representatives with farm prices as opposed to considering all cost factors is absurd in relation to the total cost of bread and meat. The typical consumer is being conditioned to blame the farmer for food price increases, yet when our beef producers lost considerable volumes of money with low beef prices during 1973 and 1974, no serious governmental investigations relative to "middleman" profits were conducted after supermarket prices remained at their high levels. I do recognize, certainly that investigations in this area are politically sensitive.

However, unless our elected government can provide a free-of-politics supply and demand economy for farmers, via exporting, the grain farming industry will be driven to organize as bloc to pool and control products for sale. Hopefully, this situation will not be created, since all of us would lose in "union style" negotiations over sale of food grains.

ETHICS

Another area of concern is the validity of government control of farm product sales. I would very much appreciate a definition from you or someone on your staff relative to the legal basis of restricted export sales. In other words, is an American farmer free as a private citizen to sell his products or his labor in a global marketplace? If the criteria for governmental control is whether shortages or cost increases might occur for the American consumer, there would seem to be many of our corporate or union activities involved in international commerce that would technically fall in this category.

My concerns over the future of American farming are, of course, due to my own involvement since we own 560 acres of wheat land in southern Kansas. I must confess increasing gloom relative to the ability of the farmer to remain free of totally restrictive government control in the use of their land and the sale of their products. For this reason, I certainly intend to speak out for a free economy. I also feel that consolidation of grain farmers into a marketing bloc to control sale of grain is the only apparent means to enable a reasonable future for our business.

M. J. ANDERSON.

NEWSLETTER

HON. RICHARD C. WHITE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. WHITE. Mr. Speaker, Since several persons have expressed an interest, I would like to submit a copy of my September 29 newsletter for the RECORD. In this newsletter, I point out my strong opposition to the unchecked growth of Federal agencies. Since September 29, I have become a cosponsor of legislation that would remedy some of the problems highlighted in the following:

WEEKLY NEWSLETTER

SEPTEMBER 29, 1975.

FELLOW WEST TEXANS: You as a taxpayer have indicated an increasing concern over the size and growth of the Federal government. So have many Congressmen, including me.

President Ford has also voiced this concern in some of his public speeches.

How did this growth come about in agencies voted for at one time or another by almost all the congressmen, including President Ford? Often the evolution and growth of a Federal agency is subtle and frustrating. Its birth usually follows the failure of a state to satisfy some imperative need; or the realization by legislators and the insistence of many taxpayers that some default in government has occurred because of the advances of our technological society or because of rapid population growth.

The general public forgets that though our heterogeneous and industrial society has permitted the development of more freedom and personal opportunities, our heterogeniety has also caused more problems that cry for attention.

Usually Congress lags several years behind the demand for the creation of some agency. However, one day Congress responds to this demand by passing a bill with certain delegation of powers which we as legislators think properly defines the limits of the power we are delegating.

This is where the trouble begins. The birth of an agency or the delegation of extra power to an existing agency begins with good intentions as the federal administrators seek to tackle a long-neglected problem. But soon things begin to happen that were never contemplated by Congress.

As the Federal agency or bureau is organized, a search begins for appropriate employees, many of whom come to the agency or bureau without a proper grounding in basic law and legislative intent. Some have their own axe to grind. The empire grows and grows as often unneeded but power-building numbers of employees are added.

Somewhere in the process I think that these employees look at each other and tacitly say, "Here we are, we have power in this field, so let's do something." And that something is where the good intentions turn sour.

Congress can never hope to detail every facet of the powers it is delegating to an agency, but instead expects the agency or bureau to establish these details of legislative intent with common sense and with mindfulness of their limits of power. So the agency or bureau issues regulations implementing the legislative act, and often some strange creatures come into being. For example, HEW develops guidelines for busing, which Congress never had in mind. OSHA issues senseless edicts that can virtually put businesses out of operation and have, to the dismay of Congress. I could go on with page after page of examples of agencies overstepping bounds.

So what has Congress done about it? Time after time, many members of both the House and the Senate have tried to reverse this trend and correct these abuses of power. Sometimes we are successful, but too often bureaus develop their own allies on Capitol Hill which makes it virtually impossible to rectify the continuing damage of some regulation.

Sometimes the courts or one house of Congress are the allies, as in the case of busing. The courts have ordered busing and the Senate until recently has resisted attempts by the House to prevent the continuation of busing. The House favors integration, but feels that busing is extremely disruptive to both minority children and the general population.

Congress in the last few terms, in recognition of this growing phenomena of bureaucracy and the need for us to exercise a continuing responsibility in the operation of the executive agencies, has conducted more intense oversight over its legislative creations—to see of the bureau is following the intent of Congress, to see that excesses and abuses are not being practiced by bureaucrats who are out of touch with the people and principles of this country.

How can you help?

By understanding that while there are needs in this nation, not every need should be attended to by some bureau, but that in many instances it would be more to our advantage as free Americans to have states assume responsibility for local problems. Or, you should understand that if a legislator votes to restrict or more carefully define the power of a bureau, he is not necessarily against the program. He favors curbing unwarranted power that could be abused, such as in the passage of the recent Voting Rights Act Extension. To correct a bill is not to "cripple" or "gut" a bill.

Every time you ask for a little more Federal control, you are giving up a little more of your freedom. If some of us in Congress try to stem this acceleration toward a nationalized government by trying to prevent unwarranted delegation of powers, regardless of how well-sounding the program may be, you must understand our motivations.

It isn't that we are against the problem being addressed. It is principally that we don't believe we can continue to have a nation of free people if we are suffocatingly regulated in every facet of our lives. We did very well for almost two hundred years without big government breathing down our necks in most aspects of our lives. Give us support back home, even on your favorite programs, and we shall continue to keep you as free men and women.

Sincerely, Your Congressman
RICHARD C. WHITE.

TRIBUTE TO DR. HILDRUS A. POINDEXTER

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, October 28, 1975

Mr. FAUNTROY. Mr. Speaker, today, I would like to take the time to pay tribute to Dr. Hildrus A. Poindexter, who has been honored by the National Graduate Universtiy of Washington, D.C., for having received the prestigious Edward W. Browning Award.

Dr. Poindexter, an honor graduate at Lincoln University in Pennsylvania, completed the first 2 years of his medical training at Dartmouth College and received his M.D. degree from Harvard University; he later earned his Ph. D. and M.S.P.H. degrees from Columbia University. In 1931, Dr. Poindexter was appointed assistant professor of bacteriology, preventive medicine and public health in the School of Medicine at Howard University, where he served until he entered the U.S. Army in 1943, as a tropical medicine specialist. After completion of his military duties, Dr. Poindexter joined the Commissioned Corps of the U.S. Public Health Service and spent 20 years in Africa, Southeast Asia, and Latin America before retiring as Medical Director.

Dr. Poindexter is the first black American to receive the Edward W. Browning Award, which is presented annually by the American Public Health Association for "excellence in the practice of public health in the rendering and delivery of services related to prevention of disease, the prolongation of life, and attainment of health."

BILL TO AMEND THE BANKRUPTCY ACT

HON. HENRY J. NOWAK

OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Tuesday, October 28, 1975

Mr. NOWAK. Mr. Speaker, Congress is well aware of the difficult financial position of our Nation's railroads. It has demonstrated its concern through legislation that has been enacted to deal with the multiple railroad bankruptcies that threatened to disrupt the Nation's transportation network. However, with the reorganization plan for the railroads nearing final approval, it is appropriate to consider the problems that the railroads' fiscal difficulties have caused our States and local governments.

Local governmental units, which rely heavily on the real estate tax, have had difficulty in recent years raising adequate revenue for the multiple services they are required to provide. Aggravating this situation is that many school districts and municipalities are not being paid taxes from what was formerly their biggest taxpayer—the railroads. In the city of Buffalo alone, for example, unpaid railroad tax bills exceed $5 million. Under present law, no relief can be expected until the estates of the bankrupt railroads are finally liquidated, which may not be for 5 years or more. Some of our hard-pressed municipalities cannot afford to wait this long.

Legislation I am introducing today proposes an alternative that focuses on the fact that in many areas of the Northeast, the bankrupt railroads are major real estate owners. Historically, railroad land holdings reflected past demand, not today's realities. Because of line changes and changes in rail usage, much of the railroad property is unused—vacant buildings, barren land, or abandoned trackage. In Buffalo, 25 percent of the city's vacant property is railroad property. The railroads own 11 percent of all land or property in the city. Other municipalities are in a similar situation.

Section 206(c)(1)(A) of the Rail Reorganization Act deals with part of the problem by allowing the States or their subdivisions first opportunity to acquire transportation property that is not going to be transferred to ConRail or to a profitable railroad. The bill I propose, Mr. Speaker, amends the Bankruptcy Act so a municipality would be able to acquire real estate from the railroads and to pay for it now, by offsetting the local taxes owed by the railroad.

Because of the economic conditions facing most local governments, direct cash purchase of this property is difficult if not impossible. Under my proposal, a political subdivision may seize any property which a bankrupt railroad does not use or which will not become part of ConRail. The political subdivision would set a price and be able to credit the taxes which it is owed against the purchase price. Later, the bankruptcy court will be able to determine judicially the fair market value, then order any necessary adjustments.

Mr. Speaker, this bill is fair to the railroads and fair to the creditor-governments. It unties the hands of our Nation's municipalities now burdened with nontaxpaying property that may stand in the way of orderly development. In my own district, an orderly economic development on currently abandoned rail property would be in the best interests of ConRail, by providing more potential customers for rail service than if sporadic unplanned development were begun on these parcels.

Mr. Speaker, this plan would provide an option to the local governments. It would be voluntary. They could wait for the final bankruptcy settlement or utilize this bill to expedite satisfaction of their claim against the bankrupt railroad.

MARTIN SCHREIBER SELECTED NATION'S OUTSTANDING LIEUTENANT GOVERNOR

HON. ALVIN BALDUS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. BALDUS. Mr. Speaker, I wish to bring to the attention of the Members the selection of Martin Schreiber, by the Washington Monthly magazine, as the Nation's "all-star" Lieutenant Governor.

This selection comes as no surprise to the citizens of Wisconsin, who have watched Marty Schreiber. As a 22-year-old State senator, elected Lieutenant Governor at age 30, and youngest chairman of the National Conference of Lieutenant Governors, he has shown extraordinary leadership ability. He has turned the once ceremonial Lieutenant Governor's office into a resource for creative and dynamic change in government. Marty's efforts have resulted in Wisconsin's leadership in the field of nursing home care with the nursing home ombudsman program, and he has also been an effective voice for the consumer as chairman of the Governor's Council for Consumer Affairs.

However, I believe that two of his most recent efforts may prove to be the most fruitful in improving the manner in which our Government responds to its citizens. One is the Community Care Organization. This pilot program is an effort to provide our elderly and disabled with a viable alternative to institutionalization; that is, provide a complete range of support services for these people in their home, which may not only save taxpayers millions of dollars, but much more importantly, it will insure that our elderly and disabled retain their human dignity.

Further, as chairman of the Wisconsin American Revolution Bicentennial Commission, the Lieutenant Governor has recently initiated a program to make sure that 1976 will result in more than long parades and huge fireworks displays. He has taken the opportunity of our 200th birthday to begin a full and complete citizen evaluation of the future of the Government and its institutions.

Marty Schreiber's efforts are reflective of Wisconsin's long tradition of good government, and I am pleased to insert the text of the Washington Monthly:

Lieutenant Governor: Martin Schreiber, Wisconsin

Shall we say that it is not the most demanding job in state government? The nation's best-known lieutenant governor is Mary Ann Krupsack of New York, but that is almost entirely because of her symbolic importance to the women's movement. Schreiber has developed an ingenious method of transforming his largely ceremonial post into something far more substantive. He supports his office (which has mushroomed from two to 27 employees since his election in 1970) and provides work for it by hustling grants from the federal government and from foundations. Schreiber's first grant was for a 1971 HEW pilot study to set up an ombudsman program for residents of nursing homes. Since then Schreiber has also received a $333,000 grant from the Kellogg Foundation to develop and test a system of providing home-based care for the elderly as an alternative to institutionalization.

NEW YORK CAN LEARN FROM IOWA

HON. CHARLES E. GRASSLEY

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. GRASSLEY. Mr. Speaker, an article in the Marshalltown, Iowa, Times Republican of October 20, 1975, should be of particular interest to members of the New York delegation. While New York's well educated fiscal "managers" continue to exhibit a total lack of ability to balance a budget, their counterparts in Iowa continue to rack up budget surpluses. Perhaps if Mayor Beame would pay a visit to Iowa he could learn something they did not teach at the City College of New York—how to live within your means.

Iowa Purse Is Bulging

Des Moines.—The state of Iowa is in an envious financial position.

While New York City is going broke and New York State, Illinois and Nebraska are teetering on a financial crisis, Iowa reports a record surplus in its state treasury.

State Comptroller Marvin Selden Jr., announced Monday that Iowa had an unencumbered balance last June 30 at $260.6 million.

The figure is not too surprising because at the end of the 1975 legislative session Seldon had estimated the balance would be $257 million. But it takes the state three months to close its books, mainly to figure the reversions to the state's general fund.

This past year reversions totaled $28.7 million which included $9 million from the department of social services. This may prove to be controversial because a sizable portion of this reversion came from old age assistance and aid to dependent children programs.

A major reason for the healthy balance in the state treasury is that Iowa has been prudent in its spending policies.

Selden credited the administration of Gov. Robert Ray and the Legislature for providing additional tax revenues when needed several years ago to finance such programs as state school aid and "not spending down to the last dime" when a surplus developed in the state treasury.

Inflation, of course, is responsible for much of that $260.6 million balance.

Farm income is always a factor in assessing Iowa's financial ledger. "It (farm income) feeds all the rest of the state's economy," Selden observed.

Another factor that Selden plugged into his computations is the dry fall weather that has allowed many farmers to get their corn and beans to market without having to use energy supplies to dry them. This should mean more natural gas for plant and home consumption in Iowa this winter, he added.

The number of people employed in Iowa is another major ingredient that Selden must weigh in projecting Iowa's fiscal picture. He notes that the number of people employed in Iowa today is higher than it was a year ago.

The question now is how will the $260.6 million balance be spent?

Selden, in a detailed report to the governor, said he expects the balance to drop to $189.8 million at the end of this fiscal year, June 30, 1976, and to $89.5 million the following year, June 30, 1977.

This is predicated on expenditures of $1,122,244,087 for the first year of the biennium and $1,205,500,000 for the second year.

OCTOBER 27—VETERANS DAY

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. ANDERSON of California. Mr. Speaker, on Monday, October 27, we observed a day of remembrance in honor of the millions of Americans who have defended our Nation as members of the Armed Forces.

Veterans Day was originally observed on November 11, the anniversary of the end of World War I. President Woodrow Wilson proclaimed that date as "Armistice Day" to honor those who had fallen in that first great war.

Celebrations were held each year, and Congress followed several years later by proclaiming Armistice Day a national holiday.

However, the "war to end all wars" proved to be only the beginning of a turbulent century. The peace that followed World War I was shattered by an even more terrible conflict in 1941—and U.S. troops once again made the ultimate sacrifice in defending their country. The conflict in Korea—and more recently, Vietnam—interrupted the temporary world peace.

By evolution, then, Armistice Day became Veterans Day. In 1968, the historically significant November 11 date was changed to the 4th Monday in October by another act of Congress. However, the purpose of that holiday has remained unchanged—to honor those who have fought—and those who have died—in order that we might remain a free Nation.

For the first time in many years, American troops are not fighting in a foreign land. In these days of peace, it is even more important that we remember the sacrifices many have given throughout our Nation's history. More than 39 million men and women have served our country in uniform in times of war—and on Monday they shall be remembered—

and thanked—throughout the United States.

We are now in an era of peace, one which we all hope will last for years to come. But this time of peace has been paid for by the sacrifices of men and women from the Revolutionary War to the Vietnam conflict. Thus, on Monday, we took time to pause and recall those who served in our Nation's Armed Forces during those conflicts—many of whom made sacrifices we can never repay.

THIRTEENTH GUAM LEGISLATURE RESOLUTION 141

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. WON PAT. Mr. Speaker, I am pleased today to relay the greetings and a message of appreciation from the members of the 13th Guam Legislature to the House and particularly our esteemed Speaker, majority whip, and several of our colleagues whose comments marked the 25th anniversary of the Guam Organic Act.

We of Guam mark that historic date as the first major step toward self-determination in more than 300 years and were very gratified for the recognition its commemoration received in this august body.

It is my great pleasure to insert into the RECORD Resolution 141 of the 13th Guam Legislature introduced by Senators C. A. Barrett, A. A. Sekt, F. F. Blas and A. L. Cristobal:

RESOLUTION NO. 141

Relative to extending the sincere appreciation of the people of Guam to the United States Congress for recognizing and commemorating the 25th Anniversary of the Organic Act of Guam and to expressing support for any measure that will extend home rule for the people of Guam.

Be it *Resolved* by the Legislature of the Territory of Guam:

Whereas, the people of Guam celebrated the 25th anniversary of the approval of the Organic Act of Guam on August 1, 1975; and

Whereas, the U.S. House of Representatives at the request of the Honorable A. B. Won Pat, Guam's Delegate to the House of Representatives, and in recognition of its historic role in the enactment of this Organic Act, commemorated this day by special order whereby several members of Congress addressed the House chambers on July 21, 1975, the effective date of the Organic Act being July 21st; and

Whereas, many friends of Guam in the Congress did make laudatory and commendatory remarks on the political achievements and loyalty of the people of Guam; and

Whereas, two measures sponsored by the Delegate from Guam are pending before the U.S. Congress that would give due recognition to any efforts of the people of Guam toward enhancing its political status; and

Whereas, it is entirely proper and fitting that the members of the Thirteenth Guam Legislature take note of this occasion and particularly the participation of members of Congress in commemorating with the people of Guam this milestone in the annals of the history of Guam; now, therefore, be it

Resolved, that the Thirteenth Guam Legislature does hereby on behalf of the people of Guam extend its most sincere appreciation and SI YUUS MAASE (Thank You) to the U.S. House of Representatives and particularly to the following of its members: Speaker Carl Albert, Majority Whip John J. McFall, and Congressmen Phillip Burton, William M. Ketchum, Lloyd Meeds, Don H. Clausen, Henry S. Reuss, Clarence D. Long, Robert G. Stephens, Jr.; Sidney R. Yates, E de la Garza, and Herman Badillo; and be it further

Resolved, that the Speaker certify to and the Legislative Secretary attest the adoption hereof and that copies of the same be thereafter transmitted to the Speaker of the House of Representatives, the Members of Congress mentioned above, the Honorable Antonio B. Won Pat, and to the Governor of Guam.

GROWING OPPOSITION TO H.R. 8713, THE ILLEGAL ALIEN LEGISLATION

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. BADILLO. Mr. Speaker, I am sure that many Members have noted the growing opposition to H.R. 8713, the illegal alien legislation reported out of the House of Representatives Judiciary Committee recently. Opposition to the legislation is not based on sympathy for allowing illegal immigration, but concern for the fact that the legislation will create further job discrimination problems for legal residents and citizens who may appear to be of foreign origin. The following editorial from the Dallas Times Herald of August 6, 1975, illustrates this position:

GOOD INTENTIONS, BUT . . .

No matter how well-intentioned concerned congressmen might have been in proposing a bill to penalize employers of illegal aliens, the bill, itself, leaves a lot to be desired.

The U.S. Civil Rights Commission has criticized the measure, which would make the employer subject to punishment if any illegal aliens are found on his company's payroll.

No one can deny the reasonable aim of the legislation: to halt the flow of illegal immigrants into this country. It is undeniable that such aliens do deny some citizens jobs.

The U.S. Immigration and Naturalization Service doesn't have the funds to stop these persons entering illegally or to run them down and to deport them once they are here.

However, if the employers are shackled with severe penalties for violating the provisions of the law, currently being studied by the House Judiciary Committee, it is safe to assume that the employers are going to take no chances.

That hard-line approach could result in Mexican-American citizens not being hired for jobs, even though they are native-born U.S. citizens, simply because the individual businessman does not have the resources to prove conclusively that the worker applicant in question is exactly what he says he is—an American citizen.

Already buried under an avalanche of paperwork dumped on them by the bureaucrats in Washington, the businessman, especially the small businessman, simply could not stand the weight of this latest incursion into his affairs.

Mexican-Americans are already fighting an uphill battle against forces which mitigate against their getting a share of the American dream. A better solution to the extremely real problem of illegal immigration needs to be developed by the House.

COMMERCIALS—FRIEND OF FREE EXPRESSION

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. CRANE. Mr. Speaker, Americans are often unaware of exactly how lucky they are to live in a country which believes in and practices free enterprise.

In large European and Asian cities, a single radio and television station is often all that is available for public listening and viewing. In the great city of London, there are three television stations. In New York City, there are more than 10 available television stations and a full spectrum of A.M. and F.M. radio stations. Every opinion and every taste in entertainment is able to be presented. The reason is free enterprise.

Radio commentator Barry Farber noted that:

> British, Danes, Swedes, Italians or citizens of any other democracy who come to the studio to watch my live broadcasts find them hard to believe. Without prior notice or script, I may blast the President, ridicule Congress, insult my choice of Cabinet members. . . . "If any employe of a radio station said that on his own in my country," I've been told, "the Minister of Telecommunications would be hauled down to answer to Parliament in his nightshirt."

When he is asked how so much freedom of speech and of the press is permitted in the United States, Mr. Farber responds that:

> There is no more effective friend of free expression . . . than the American commercial. Without them, instead of our 50 or 60 radio and television stations in our major cities, we'd have the same paltry three or four (some have just one) that serve the cities of Europe.

It is important, at a time when our free enterprise system is under attack in so many quarters, to recognize the link between freedom in the economic sphere and freedom in other aspects of our lives. In the long run, it is not possible to have one without the other.

I wish to share with my colleagues the commentary by Barry Farber, "In Praise of Commercials," as it was published in the October 1975 issue of the Reader's Digest, and as it was heard on WOR Radio in New York, and insert it into the RECORD at this time:

IN PRAISE OF COMMERCIALS

British, Danes, Swedes, Italians or citizens of any other democracy who come to the studio to watch my live broadcasts find them hard to believe. Without prior notice or script, I may blast the President, ridicule Congress, insult my choice of Cabinet members, or apologize to some country or other for some new or long-standing idiocy in American foreign policy. "If any employee of a radio station said that on his own in my country," I've been told, "the Minister of

Telecommunications would be hauled down to answer to Parliament in his nightshirt." How do we get away with it? We're no more democratic than they. They're as protective of freedom of the print press as we are. The answer: commercials.

There is no more effective friend of free expression, controversy and dissent than the American commercial. Without them, instead of our 50 or 60 radio and TV stations in our major cities, we'd have the same paltry three or four (some have just one) that serve the cities of Europe. Thanks to commercials, so many stations flood our air with so many opinionated individuals voicing so many different views, that no one of us is important enough for anybody to try to repress.

We can put up with interruptions about aches, gray laundry and underarm catastrophe before we can put up with any interruption of our freedom to do our journalistic best to remove a Presidency, or a dog-catchership, or a notary publichood.

COMMEMORATING DR. MIDDLETON'S ACHIEVEMENTS WITH THE HOSPITAL HE SERVED

HON. ROBERT W. KASTEN, JR.

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. KASTEN. Mr. Speaker, each year on Veterans' Day, the Nation pauses to honor our veterans, living and dead, who served our country so admirably. It is only through these men that we have been able to preserve our freedom, our traditions, and our heritage in this great country of ours.

Our veterans accomplished all these things through bravery and perseverance and a love of America that, in many cases, was more important than their lives. We must never forget their sacrifices.

At the same time, there are other individuals who aided our veterans in the difficult jobs they had to do. One of these men was Dr. William S. Middleton. Dr. Middleton served both my State of Wisconsin and the country in a way I hope will never be forgotten. He was dean of the University of Wisconsin Medical School from 1935 to 1955, when he retired at age 65. This would be a great enough achievement for some men, and after four decades of medical and professional duties, one would have thought he deserved the fruits of retirement. But, this was not enough for Dr. Middleton.

William Middleton then came to Washington to serve as Chief Medical Director of the Veterans' Administration until 1963. Yearning to return to his beloved State of Wisconsin, he was not content to yet retire completely from the medical practice, and he was associated with the Madison Veterans' Adiministration Hospital as a distinguished physician of the Veterans' Administration. In fact, he held this post until his death in September.

I believe it is fitting and proper that we rename the hospital he gave so much of his life and love to after him. The Veterans' Administration Hospital in Madison is a fine hospital, in the finest tradition, that carries on the high standards of service and expertise Dr. Middleton demanded. I am sponsoring legislation in order to make this hope a reality, along with my other distinguished colleagues from Wisconsin, H.R. 9811 would designate the Madison Veterans' Hospital as the "William S. Middleton Memorial Veterans' Hospital."

I am looking for swift action on this legislation. In the very near future, the achievements and works of Dr. Middleton will hopefully be forever remembered in the name of the veterans' hospital, and the veterans he worked so hard for.

CINCINNATI REDS—WORLD CHAMPIONS

HON. WILLIS D. GRADISON, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. GRADISON. Mr. Speaker, while the House of Representatives may not be one of the most efficient bodies in the world, one thing this Chamber appreciates is excellence of effort in other walks of life. For this reason, it is with great pride that I call to the attention of my colleagues the accomplishments of the Cincinnati Reds baseball team, who won a remarkable 115 games this season, topped off by last week's thrilling 4-to-3 win to capture the world championship.

For all of us who suffered through the agonies of 1970 and 1972 series losses and have waited 35 years for another world championship, last week's victory was especially sweet. Indeed, to those who had a vested interest in the outcome of the series, it appeared at times during the seven games that we would have to wait until next year for a championship.

This series was one of the most exciting in recent memory, an emotional roller-coaster with spectacular plays and bitter arguments. Five of the seven games were decided by one run and it seemed in each game the winning team had to come from behind late in the game.

To win the series, the Reds had to overcome a number of serious obstacles over and above the fine play of the Red Sox. First of all, they were nearly jinxed by the shrewd parliamentary maneuverings of Senator EDWARD KENNEDY. Senator KENNEDY slipped through the Senate a resolution supporting the home team in each game, a sly way of boosting the fortunes of the Red Sox. This resolution was quickly adopted, despite the fact that at last report, there are two Senators from Ohio.

Second, the Reds had to overcome the elements, which along with the groundskeepers tried to short circuit the "Big Red Machine." As anyone who has spent 4 days in a Boston hotel staring at the drizzle can tell you, it is pretty hard to maintain one's concentration on the business at hand.

Finally, the Reds had to face three times an enigmatic magician named Loooieee! who at times appeared to be more of a whirling dervish than a pitcher.

In the end, however, the Reds proved themselves to be the best team in baseball by coming from behind in the biggest game of all. In a series marked by spectacular performances by unlikely heroes—Doyle, Burleson, Carbo, Evans, Geronimo, Griffey—the Reds pulled it out on clutch hits from their mainstays: a double by Bench, a two-run homer by Perez, a two-out single to tie the score by Rose, and a ninth inning single by Morgan to win it all.

For the 2.3 million fans who watched the Reds play this year and for the thousands of fans who celebrated the victory in downtown Cincinnati, I want to congratulate the entire Cincinnati Reds organization, and say we are certainly richer for having the Reds to root for.

PENALIZING EMPLOYERS—AND OTHERS

HON. BOB ECKHARDT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. ECKHARDT. Mr. Speaker, the following article from the Houston Chronicle clearly states the problem with H.R. 8713, which would penalize employers of illegal aliens. The issue of illegal aliens is a difficult one. I do not condone illegal entry into this country, nor do I feel that illegal aliens should be depriving U.S. citizens of work. But I do feel that if this bill is passed, Mexican Americans in my area of the country will simply be turned away by employers regardless of whether the potential employees are citizens or illegal aliens. This is an unfair burden to place on Mexican American citizens.

The article follows:

[From the Houston Chronicle, Aug. 1, 1975]

PENALIZING EMPLOYERS—AND OTHERS

A bill under consideration by the House Judiciary Committee that would penalize employers of illegal aliens is getting valid criticism from members of Congress and from the U.S. Civil Rights Commission.

The aim of the legislation is laudable: To stem the tide of illegal immigrants into this country and thereby improve the job picture for citizens. Estimates vary, but there are millions of illegal immigrants in the United States, and the U.S. Immigration and Naturalization Service does not have the resources to stop the flow or to track down and deport more than a fraction of them. Last year only about 800,000 were apprehended.

There are obvious pitfalls in attempting to crack down on illegal immigrants by working through the employer. Faced by the threat of stiff penalties should he hire illegal immigrants (and the penalties in the bill under consideration are stiff), the employer likely would be tempted to take no chances.

As Rep. Elizabeth Holtzman of New York said in opposing the legislation in subcommittee, the restrictions could prompt employers to discriminate against citizens "who have a different color skin or who speak English with an accent." A Civil Rights Commission official said the bill would have "a direct discriminatory effect on minority persons seeking employment, whether they are citizens or aliens authorized to work in the United States."

Rather than accept the inconvenience of a more rigorous screening program, many employers simply would decline to hire people with accents or with Spanish or other foreign surnames. The effects certainly would be felt in areas such as Houston where there are heavy Mexican-American populations.

U.S. minorities are plagued with employment problems enough as it is without having another burden thrust upon them.

SOVIET INVINCIBILITY

HON. GILBERT GUDE

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. GUDE. Mr. Speaker, the arms race is a matter of great concern for all of us. All views on the issue should be expressed and given full consideration. One view on the arms build-up and détente was decently published in an editorial in the Bethesda-Chevy Chase Tribune. It encourages the reading of the report of the Joint Committee on Atomic Energy. The views expressed in the editorial are of sufficient national interest to warrant its insertion into the Congressional Record.

The item follows:

[From the Bethesda-Chevy Chase Tribune, Oct. 10, 1975]

Soviet Invincibility: Do You Care?

Are you at all concerned that the United States may soon be threatened by a Soviet nuclear first strike? That is what the Joint Committee on Atomic Energy of the U.S.Congress has said. Their eaxct words are: "The specter of a Soviet first strike capability with a reserve second strike capability may soon be at hand."

This Paul Revere type of warning should have electrified the national press and the nation, but it didn't. It was not until August 6, 1975 that Edward W. O'Brien, Chief of the St. Louis Globe-Democrat heard about it and became the first newspaperman in the nation to report on its findings. When he went to get a copy of the report, he was asked to sign a receipt log. No other American newspaperman had signed out a copy of the report, but two members of the Soviet Embassy had.

More of the Joint Committee findings are: "However, if the Soviet Union continues their present pace they will gain a qualitative superiority as well as their *existing quantitative and throw weight* superiority. It is apparent that in spite of SALT I and a potential of SALT II, the Soviet Union has not decided to forego an aggressive strategic arms race."

The make up of the Joint Committee on Atomic Energy clearly shows that it is not a special interest group. It includes many members who could not be called sympathetic to the Pentagon by any stretch of the imagination. The fact that they issued this analysis unanimously is doubly significant.

The biggest mental block which too many Americans have about the Soviet effort is the false belief that no amount of Soviet nuclear build-up will matter, because each side can destroy the other, and thus nuclear war is unthinkable. By achieving first strike capability, the Soviets could destroy U.S. land-based missiles in their silos and shoot down U.S. bombers, with enough missiles to spare in impregnable silos to destroy U.S. cities if a submarine retaliatory strike were ordered.

With sufficient missiles, the Soviet could use some for a first strike and have enough safely in reserve to obliterate the United States. Obviously, the Soviets would take casualties, but their massive civil defense program and new system of command centers might indicate that the Soviets, as historically in the past, are willing to absorb huge losses under certain circumstances. And a potent threat of nuclear war is there, which could lead to blackmail.

In Pravda August 22, 1973 Brezhnev said, "Peaceful coexistence does not mean the end of the struggle of the two world powers. The struggle between the proletariat and the bourgeois, between world socialism and imperialism will be waged right up to the complete and final victory of communism on a world scale."

If we will not believe our friends we surely should believe our enemies. If you have any interest in the security of our country, you should get a copy of this report from your Congressman.—Everett Woodward.

THE ARAB BOYCOTT AND THE CONGRESS "NEED TO KNOW"

HON. ANTHONY TOBY MOFFETT

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. MOFFETT. Mr. Speaker, the House Commerce Subcommittee on Oversight and Investigations, chaired by the very able gentleman from California (Mr. John Moss) has been attempting to secure information on the Arab nations' boycott of U.S. firms doing business with Israel.

As a member of that subcommittee, I am incensed at Commerce Secretary Rogers C. B. Morton's stubborn refusal to supply the subcommittee with the information we need in order to carry out the mandate of Congress and of our investigatory panel.

As an Arab-American, I am well aware of the tensions in the Mideast; but I can assure you that this controversy is not a dispute between Arabs and Israelis. This Nation cannot and should not be an accomplice in discriminatory secondary boycotts. What this inquiry is about is Congress need to know, the need to obtain accurate information on which to base sound decisions. Mr. Morton's failure to comply with our subpena is, in the words of chairman John Moss, "part of a growing pattern of Executive arrogance."

Congress cannot allow the Executive to continue to obstruct congressional inquiries—inquiries which are very much a part of our oath of office. As the people's Representatives, we must determine whether laws are being enforced before we consider amending those laws or enacting new ones.

If Secretary Morton persists in refusing to comply with a lawful congressional subpena, I shall urge that he be cited for contempt of Congress.

We have every reason to believe that American firms complying with the boycott may have violated U.S. laws on restraint of trade, as well as the Securities Exchange Act. Those matters are within the jurisdiction of our subcommittee.

Secretary Morton's actions remind me of a time in our recent past, rife with examples of arrogant executive officials who covered up wrongdoing, who violated our country's laws, using the guise that "reasonable men may differ" as to the interpretation of a statute. The legal proposition here can be simply stated: Congress can only surrender its constitutionally mandated duty of oversight by expressly doing so in a statute, and not, as Mr. Morton argues, by implication or silence.

Mr. Speaker, at this point in the Record, I wish to insert a most perceptive column by Anthony Lewis in the October 23 edition of the New York Times. His points are well made, and he states the issue in a clear and concise manner:

By Any Other Name

(By Anthony Lewis)

Washington, October 22.—The Commerce Department recently circulated to American business an Iraqui Government invitation for bids on a large housing project. It was a condition of the offer that bidders use no subcontractors doing business with Israel, and promise generally to observe the terms of the Arab boycott of Israel. Taken literally, that might require assurance that a company making a bid has no Jews on its board of directors.

The Iraqi offer was not unusual in its terms. Virtually all the growing Arab business is conditioned on observance of the boycott. That phenomenon obviously raises important questions for this country—questions that Congress might be expected to explore.

A House Commerce subcommittee is trying to do just that: Find out how American business is responding to the Arab offers and pressures, and how relevant law is being enforced. But it has run into a stone wall in the executive branch. The Secretary of Commerce, Rogers Morton, has refused to give the committee readily available information and even declined to comply with a subpoena.

Mr. Morton's No has a significance beyond the particular issue of the Arab boycott. Richard Nixon has left, but the executive habit of resisting effective Congressional scrutiny goes on. The Morton case shows how officials find new and ingenious ways to keep Congress uninformed and hence powerless.

There is no claim that foreign or military secrets are involved, or confidential Government communications. Mr. Morton has in a most gingerly way avoided using the words "executive privilege." What he says is that Congress has voted to conceal the information from itself. It is an argument of bootstrap ingenuity.

A 1969 law declares trade boycotts of this kind to be against U.S. policy. It requires companies to report to the Commerce Department any request to join in a boycott, and their response. These reports are what the subcommittee wants. Mr. Morton says he cannot supply them because another section of the act tells him not to "publish or disclose" information "deemed confidential."

That kind of provision is often found in statutes, for such purposes as keeping business data from competitors. The notion that it applies to Congress itself could have sweeping effects. A quick search by the Library of Congress turned up 113 statutes with similar confidentiality clauses.

Moreover, Mr. Morton got an opinion from Attorney General Edward H. Levi to support him. Now the Secretary of Health, Education, and Welfare, David Mathews, has made the same kind of argument in refusing information to Congress on Medicare scandals. There are signs of a concerted new stratagem that could be, in the words of the House subcommittee chairman, John E. Moss, "more pernicious than executive privilege."

Fortunately the subcommittee seems unlikely to roll over for Secretary Morton. It has just had the advantage of advice from a notable expert in the area, Prof. Philip B. Kurland of the University of Chicago Law School. Mr. Kurland is a conservative scholar and a close friend and admirer of Attorney General Levi. His testimony should be regarded as reasonably detached and weighty. It was devastating.

The recent abuse of "executive privilege" had put it "in bad odor," Mr. Kurland said. "But attempts to frustrate Congressional inquiry into executive action smell the same whatever the title."

Mr. Levi's reasoning, Professor Kurland said, could "best be described as sophistical." It amounted to saying that when Congress speaks of confidentiality in a statute, without mentioning its own position, it should be presumed to be denying the information to itself.

"I should think the presumption would go in the opposite direction," Mr. Kurland said. "The Congressional function of oversight and investigation is a power and duty of primary importance to our constitutional system" and Congress should be presumed not to have abdicated the function unless it expressly states that intention.

The involvement of Attorney General Levi in the affair of the Arab boycott inquiry is one of its most troubling aspects. Many have counted on him to bring principle, scholarship and independence to that office. But this opinion is of rubber-stamp character, reflecting not scholarly detachment but a predilection for executive secrecy.

One of Mr. Levi's great predecessors, Robert H. Jackson, had a chance to make amends for such an Attorney General's opinion. As a Supreme Court justice he considered the same issue and rejected his former view. It would be "charitable," he wrote, to assume that he had not read the opinion he signed, but he could not say that. And so Justice Jackson quoted Dr. Johnson's explanation for an error in his dictionary: "Ignorance, sir, ignorance."

BICENTENNIAL BAUBLES—GERMAN MADE

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. GAYDOS. Mr. Speaker, Yvonne Forston, a Pittsburgh television reporter, got a beat on the coming holiday season the other day by checking up on the Christmas decorations market.

She found, as might have been expected in this patriotic country, that our Bicentennial is providing a new holiday motif. Tree ornaments will be red, white, and blue. Uncle Sam will vie with Santa Claus. Yankee Doodle will show up among the reindeer.

What interested me particularly in the Forston report, aired on KDKA-TV, was word that these new Bicentennial things, for the most part, are being made for us in West Germany.

A dealer told Miss Forston that the Germans have been busy for quite some time in the American Bicentennial Christmas market. Many of their decorations, he added, are uniquely inventive.

Most of us remember from our youth when German-made ornaments and Christmas geegaws were standard items here. But the wars and the passing years changed that and American products came to dominate. Now, apparently, we are seeing the situation turning around again.

And while I do not begrudge the Germans their Bicentennial profits, I do ask why our own manufacturers were not as enterprising in what obviously was an opportunity to boost their Christmas sales by bringing out new things. We need jobs badly and it seems to me that, in this distinctly American celebration time, our firms could have had a big jump on their German competitors if they had really tried.

After all, a Bicentennial Christmas ornament made in America would have had a lot more meaning to us than one made in Germany.

LEGISLATIVE OFFICE COSTS

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. FRENZEL. Mr. Speaker, I have had several requests from constituents asking about the costs and allowances for running my congressional offices.

I believe that the disclosure of this information is consistent with my belief that the people should be allowed to see how we spend our money. Following is a listing the benefits and the expenses of running my operation in the 93d Congress.

SALARIES AND BENEFITS

Since 1969, Members of Congress have been paid an annual salary of $42,500. As of October 1, 1975, that annual rate was increased to $44,625. I pay for group life insurance coverage at a monthly payroll deduction of $33.10. I also pay for the civil service retirement plan with a payroll deduction of 8 percent, and health insurance at a rate of $27.90 a month.

FACILITIES

Each Member is furnished office space—approximately three rooms—in one of the House Office Buildings and is entitled to one or more offices in their home district. I maintain two such local offices: one in St. Louis Park and one in the Federal Building in Minneapolis. Office furnishings, research, maintenance, folding, radio-TV studio are also provided. In addition, each Member and some staff are furnished parking facilities.

In Washington, each office is permitted up to $5,500—depreciated value—of electrical and mechanical equipment such as typewriters and copying machines. Members are authorized to use leased equipment at a cost not greater than $650 per month. District offices are entitled to a lesser amount of equipment.

STAFF ALLOWANCES

Members of Congress are allowed up to $204,720 per year to employ staff. During 1973, staff in my office was paid $154,996.84; in 1974, $179,060.93.

MAILING

Members of Congress are permitted to mail under the frank. In addition, we were supplied up to $910 in 1973 and $1,140 in 1974 in postage stamps. The allowance is used primarily for materials which are too heavy to move under the frank or require special postal handling. I used $700 in 1973 and $1,140 in 1974.

TELEPHONE

Each office is permitted to use up to 125,000 units of long distance telephone service—each minute of long distance equals four units. In 1973, my office used 79,292 units and in 1974, 93,308 units of time. Telephones in district offices were paid through a special allowance of $2,000 a year. This year, under a new arrangement, the district office telephone allowance is cancelled and a portion of these 125,000 units will be used to defray our district office telephone service.

TRAVEL

Until June of this year, during each 2-year session of Congress, Members were entitled to 36 round trips between the Members home district and Washington. Each office also has been allowed a maximum of six round trips for staff level. In June of this year, travel was increased to 26 trips per year for each Member and staff trips were increased to 6 per year.

CONSTITUENT COMMUNICATIONS ALLOWANCE

Each Member is entitled to a constituent communications allowance of $5,000 per regular session of Congress, for use in the printing and production of newsletters, questionnaires or similar correspondence eligible to be mailed under the frank. Early this summer, the House voted public funds for newsletters. I voted against this appropriation.

FOLDING AND MAILING ROOM FACILITIES

The estimated prorated cost for each Member of using our congressional folding room facilities for bulk mailings is $3,578.38.

OTHER ALLOWANCES

Each Member is given $6,500 per regular session to cover the cost of stationery and office supplies and $500 per quarter for district office expenses. These allowances are taxable income but Members are permitted to deduct the actual cost of expenses incurred whether more or less than the allowances.

Following are tables indicating the amount of allowances received and the actual expenses incurred in 1973 and 1974:

1973—Allowances:	
Travel	$2,485.47
Stationery	4,250.00
District office	1,400.00
District telephone	1,950.00
Postage	910.00
1973—Expenses:	
Travel	[1]3,683.60
Office supplies	2,895.22
Dues, subscriptions	560.30
District office	312.91
District telephone	2,899.72
Postage	700.00
Miscellaneous expenses	653.61
1974—Allowances:	
Travel	3,784.14
Stationery	6,500.00
District office	2,000.00
District telephone	2,400.00
Postage	1,140.00
1974—Expenses:	
Travel	[1]5,903.23
Office supplies	5,356.85
Dues, subscriptions	437.16
District office	607.33
District telephone	2,865.56
Postage	1,140.00
Miscellaneous expenses	861.47

[1] Travel—transportation only.

HOW ALLOWANCES ARE GRANTED

The taxpayers are providing Members of Congress with generous allowances to carry out legislation. However, I am concerned that all of the allowances which they provide do not have to be approved by recorded vote of the whole House. The House Administration Committee has total responsibility for the voting of these allowances. That was a satisfactory way to handle the matter several years ago when allowances were small, but I believe that it no longer will do. The expenses are important, and the people are far more interested today in seeing exactly how each Representative votes in these particular matters.

WORKSHOP ON WOMEN ON CAPITOL HILL

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. WIRTH. Mr. Speaker, October 29 has been named by the National Organization for Women National Women's Strike Day. I am submitting for the Record the dear colleague letter which we sent today. It details the program for a panel discussion and workshop to be held in the Cannon Caucus Room on October 29. The text of the letter follows:

Congress of the United States,
House of Representatives,
Washington, D.C., October 24, 1975.

Dear Colleague: As you may or may not know, Wednesday, October 29, has been designated by the National Organization for Women as Women's National Strike Day. The day is meant to recognize and acknowledge the role of women as an essential part of the work force of our nation.

My office has found the approach of this day to be a valuable jumping-off point for discussing the roles of women in our office and on Capitol Hill in general. We felt that a constructive way to address this issue would be a discussion of women's roles on the Hill. Consequently, we have set up a panel discussion and workshop to be held on October 29 from 4–6 p.m. in the Cannon Caucus Room (details are attached).

You are welcome to attend the panel discussion and workshop, and I hope that you will let members of your staff know that we encourage them to come and share their ideas. Questions should be directed to Phyllis Orrick or Kay Krattli at 52161.

Sincerely yours,

Timothy E. Wirth.

Women On Capitol Hill

(A Workshop on the Role of Women on the Hill, October 29, 1975, 4 to 6 p.m., Cannon Caucus Room 345)

PANEL

Arvonne Fraser, Moderator (former National President of Women's Equity Action League; volunteer AA; wife of Member of Congress).

Hon. Shirley Chisholm (D-N.Y.).

Hon. Timothy E. Wirth (D-Colo.).

Miriam Dorsey (coordinator, Capitol Hill Women's Political Caucus; caseworker and legislative aide with Congressman Preyer (D-N.C.); steering committee of National Women's Political Caucus).

Carol Forbes (legal counsel and executive director, Congressional Clearinghouse on Women's Rights; legal counsel, Committee on Agriculture Subcommittee on Family Farms and Rural Development; conducting a Task Force on Congressional Power at the NOW National Conference in Philadelphia, Oct. 25–27, 1975).

Marc Talisman (Administrative Assistant, to Congressman Charles Vanik (D-Ohio) for 13 years).

Jane Lakes Frank, Chief Counsel and staff director, Subcommittee on Representation of Citizen Interests, Senate Judiciary Committee, prior to that was chief legislative assistant to Senator Tunney, Harvard Law School.

AGENDA

Introduction by Moderator.
Discussion among Panel Members.
Questions from the floor.
Informal Discussion Groups.

SOLAR ENERGY EQUIPMENT LOAN ACT

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. HARRINGTON. Mr. Speaker, I am today introducing legislation to provide homeowners with 2-percent long-term loans to finance the installation of solar water and space heating equipment. The bill creates a Solar Energy Loan Administration, modeled after the Rural Electrification Administration, which would be responsible for making the loans. This legislation was developed and introduced in the Senate by Senator JAMES ABOUREZK of South Dakota.

The major problem blocking the development of a mass solar equipment industry is not scientific or technological. There are today more than 30 firms which market reliable solar units which can be installed in almost any kind of structure anywhere in the United States.

Rather, the problem is a financial one. While the operating costs of a solar heating unit are negligible, the installation costs of the necessary equipment are rather expensive.

To install a solar water and space heater in an average home now costs approximately $5,000. It goes without saying that in the present economy, few families can afford that kind of a massive, up-front investment.

Legislation has been considered by the Congress which provides for tax credits for money spent on solar equipment installation. Unfortunately, this approach does not benefit the homeowner who is unable to put together the initial investment, even though he can recoup a part of his investment when he files his yearly tax return.

Nor are funds available at reasonable interest rates in the commercial money markets. At regular commercial bank rates for a 36-month loan, the monthly payments would be well in excess of $100—higher than most heating bills. An 8-year loan at 8½ percent interest, suggested in some legislation, would require a monthly payment of $72.

Under the formula in this legislation—2 percent interest and a 25-year payback period—the monthly payment would be only $21.20. This figure is well within the reach of most homeowners.

While these below cost interest rates will cost the Federal Government money, the rewards are far greater than the costs. Our dependence on foreign sources of oil will be lessened: our own dwindling reserves of domestic oil will be preserved. The environment will be protected. Individual homeowners, over the life of the system, will save thousands of dollars in electric and oil bills.

In addition, a new industry will be developed, creating thousands of new jobs. As mass marketing takes place and more firms enter the field, competition will drive down the cost of solar equipment, perhaps to such a point that Government loans will no longer be necessary.

As was mentioned earlier, this legislation is patterned after the enormously successful Rural Electric Act. Only with government incentives were we able to electrify large portions of rural America. The money spent by Government assisting rural electric cooperatives has been returned countless times over in the additional development and tax revenues that electrification was responsible for creating. The same kind of commitment to solar energy can yield the same kind of return.

From the economic standpoint, the national security standpoint, and the environmental standpoint, solar energy is the most sensible way to go. Without technological and scientific resources, we have the capability to rapidly make the switch.

This legislation will provide the immediate funds necessary to commercially launch a technology which will pay for itself many times over in the future.

IN SUPPORT OF HOUSE JOINT RESOLUTION 92

HON. JOHN J. RHODES

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. RHODES. Mr. Speaker, in view of the fact that I will not be on the floor of the House tomorrow during the vote on House Joint Resolution 92, I would like to take this opportunity to express my support of that legislation.

It is common knowledge that Americans of Spanish origin often suffer from racial, social, economic, or political discrimination. This is often the result of the Government's inability to detect and respond to the special needs of this ethnic group.

It is the intention of House Joint Resolution 92 to remedy this unfortunate situation by providing for the collection and publication of economic and social statistics relating to the Spanish-American. Only with the availability of current and correct information can the Government, or any other organization, make accurate assessment of the needs of the Spanish community. Of course, once those needs have been identified and the urgency of the situation understood, the proper agencies can take steps to confront any contributing social ills.

I agree with the suggestion that Spanish language questionnaires be used rather than bilingual questionnaires in conjunction with bilingual enumerators. It has also been pointed out that the definitions of data-collection goals are imprecise and need to be more specific to develop a realistic, fundable program.

Although I support these refinements, Mr. Speaker, it is my hope that the House will act favorably on this bill and thereby institute a much needed mechanism for evaluating and responding to the needs of our very deserving fellow-citizens.

BILL TO HELP HANDICAPPED

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. LEHMAN. Mr. Speaker, it is estimated that 10 percent of our population is handicapped. In addition to the large number of people who are born with handicaps there are many who have become handicapped as a result of war, accident, and old age.

In the late 1950's and early 1960's the plight of the handicapped became a matter of growing public concern. As a result of this public attention the Congress passed an act which insured that 10 percent of all federally funded housing units for the elderly had to be accessible to the handicapped. In 1968, the Congress passed Public Law 90–480, now referred to as the Architectural Barriers Act. This act mandated that buildings built for public use with Federal funds must be accessible to handicapped persons. This was a great move forward in the fight to break down some of the barriers that prevented handicapped people from enjoying the same rights and privileges that our able-bodied citizens enjoy.

However, the one public facility needed and used by so many of our citizens, the Postal Service, is exempt from compliance with the 1968 Architectural Barriers Act. In 1970, the Congress passed the Postal Reorganization Act. Section 410(b) of the act enumerated those Federal laws that the Postal Service must comply with. Public Law 90–480—Architectural Barriers Act—is not one of the laws enumerated in section 410(b).

To further demonstrate its resolve to aid the handicapped the Congress in 1970 amended the Architectural Barriers Act to include the Washington, D.C. Metro subway facility which is now under construction.

In 1973, the Congress created the Architectural and Transportation Barriers Compliance Board for the purpose of insuring that previously passed laws pertaining to the handicapped would be adhered to. The Postal Service is one of the eight Federal agencies that comprise this Board, which is an indication that it was the intent of Congress that the Postal Service should adhere to the 1968 Architectural Barriers Act.

Since its creation in 1970, the Postal Service has issued an internal regulation calling for the Postal Service to comply with the Architectural Barriers Act; however, insofar as can be determined, the Postal Service is not complying with the intent of Congress that postal facilities be accessible to the handicapped.

I can not think of any Federal agency or facility built at the expense of the Federal Government that is as widely used as the Post offices of this country. Yet, as a result of overlooking the inclusion of a provision that would legally bind the Postal Service to comply with the 1968 Architectural Barriers Act and carry out the intent of Congress, our handicapped citizens are denied equal access to facilities that were built and paid for from their tax dollars as much from the tax dollars of all our other citizens.

I am introducing a bill that would correct this flaw and go one step further in providing full measure of equality for our handicapped citizens in terms of accessibility to a public facility that is so widely used.

A second and equally important reason for introducing this bill is my hope that in doing so, a vehicle for discussion of the problems handicapped people face will be provided.

There is one additional point that needs to be made. Eliminating the physical barriers that exist will not solve problems that our handicapped citizens face. We must, through the refocusing of public attention on this problem, break down the attitudinal barriers that exist. It must be fully realized that handicapped persons are entitled to be treated with the same respect and dignity afforded all other citizens. Handicapped people are not asking for any special privileges or consideration. All they ask for, and rightfully so, is to be afforded the opportunities to go to school, to hold jobs and to enjoy recreational facilities that are available to all of our citizens.

Mr. Speaker, the text of my bill follows:

A bill to amend title 39, United States Code, to provide that buildings constructed for use by the United States Postal Service shall be designed and constructed in a manner making them accessible to the physically handicapped

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 410(b) of title 39, United States Code, is amended by striking out "and" at the end of paragraph (5)(B) thereof, by striking out the period at the end of paragraph (6) thereof and inserting in lieu thereof "; and", and by adding at the end thereof the following new paragraph:

"(7) the Act entitled 'An Act to insure that certain buildings financed with Federal funds are so designed and constructed as to be accessible to the physically handicapped', approved August 12, 1968 (42 U.S.C. 4151 et seq.).".

THE 57TH ANNIVERSARY OF THE FOUNDING OF THE CZECHOSLOVAK REPUBLIC

HON. FRANK ANNUNZIO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. ANNUNZIO. Mr. Speaker, today is the 57th anniversary of the founding of the Czechoslovak Republic on October 28, 1918. The American people and the Czech and Slovak people worked together from the very beginning of the movement to make Czechoslovakia a free and independent country and October 28 is a date of profound significance not only to our two countries but also to freedom-loving people all over the world.

America's President Woodrow Wilson and soon-to-be President of the Czechoslovak Republic, Thomas G. Masaryk, who served in this capacity from 1918 to 1935, worked together during the summer of 1913 to insure the Czechoslovak cause of national independence. In fact, President Wilson sent a small American expeditionary force to Siberia to aid former Czech prisoners of war in Russia in joining the Allies in defeating Austria-Hungary and Germany and bringing an end to World War I. In a letter to Woodrow Wilson, President Masaryk said:

> Your name, Mr. President, as you no doubt know, is cheered in the streets of Prague. Our nation will be forever grateful to you and the people of the United States, and we know how to be grateful!

During many centuries of foreign domination the Czech and the Slovak peoples never lost their national identities. Before World War I, the nation now known as Czechoslovakia was part of the Austro-Hungarian Empire and the Czech province of Bohemia and Moravia were controlled by Austria and the Slovak provinces by the Hungarians.

In their broad vision and determined efforts to achieve independence for their peoples, Thomas G. Masaryk, representing the Czechs, and Milan R. Stefanik, representing the Slovaks, realized that political unity of the two peoples was essential in bringing freedom for both out of the chaos of war and the disintegration of the Austro-Hungarian Empire.

It was in 1916 that the Czechoslovak National Council was formed with Stefanik, Masaryk, and Dr. Eduard Benes as its leaders. France recognized the Czechoslovakia National Council as the legitimate representative of the new nation on June 29, 1918, Britain extended this recognition on August 9, followed by the United States on September 3, 1918. Austria collapsed on the night of October 27 and 28 and independence was declared by the National Council on October 28.

After two decades of liberty, first the Nazis and then the Communists destroyed the hard-won freedom of the Czechoslovak peoples, with only a brief respite after World War II. In 1968, the Soviet conquerors affirmed the "Brezhnev doctrine" and occupied the Czechoslovak nation with military forces. The shameful invasion was an intervention by the forces of communism to prevent the Czechs and the Slovaks from establishing their own social order and their rights as a nation, and fortunately, the people of Czechoslovakia have not resigned themselves to the tyranny that was forcefully and brutally imposed by Moscow.

This year, perhaps more than at any other time since the barbarian invasion by the Soviet Union of Czechoslovakia in 1968, we as Americans have been made aware that our own future, as well as the future of Czechoslovakia and all captive nations, depends on our vigilance and our uncompromising will to stand firm in the face of totalitarian aggression. We must never forget that détente has not changed the bitter realities for the captive people since the Soviet hierarchy has by no means ceased to be an instrument of oppression.

I am proud to join in this observance in the House of Representatives and with Chicagoans and all Americans of Czech and Slovak descent in their hopes and their prayers that on some October 28 in the near future the people of Czechoslovakia will again celebrate October 28 as a free people. I feel that our commitment to freedom compels us as Americans to dedicate ourselves to the cause of freedom wherever it is denied and to support efforts to liberate the captive nations of the world. It is my hope that the time will not be too distant when the totalitarian form of government can be overcome and each country can function as a strong independent nation in a free world.

MR. PETER FOSCO

HON. MARTIN A. RUSSO

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. RUSSO. Mr. Speaker, shortly after going into session today my office received word of the death of Mr. Peter Fosco, general president of the Laborer's International Union of North America, AFL–CIO.

Mr. Fosco was a native Chicagoan and a life-long union activist. His own background and union activities mainly concerned working for the betterment of wages, job conditions, and collective bargaining for unskilled laborers in the building and construction trades. As an unskilled laborer himself, Mr. Fosco was acutely aware of the problems of the rank-and-file membership that he served.

In the 1920's and 1930's Mr. Fosco was active in his local unions in Chicago and he became manager of the Laborers International Chicago region office in 1936. This region was and continues to be the largest regional office in the international union encompassing nine States and two Canadian provinces. In 1950, Mr. Fosco became secretary-treasurer of the entire international union and in 1968 he became general president. Mr. Fosco was a member of the executive council of the AFL–CIO Building Trades Council.

Mr. Speaker, the American workingman has lost a great and true friend. I would like to express my condolences to Mr. Fosco's family and to the thousands of rank-and-file members of the Laborer's International Union.

CONTROL THE THUGS

HON. BUD SHUSTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. SHUSTER. Mr. Speaker, the Waynesboro Record Herald carried an excellent editorial on October 24, by Bill Curry, entitled, "Control the Thugs."

I commend it to my colleagues as "common sense" concerning the gun control issue from a very thoughtful and articulate writer:

CONTROL THE THUGS

(By Bill Curry)

One aspect of the new wave of public hysteria being fomented by the nation's anti gun forces—the demand that all guns be registered with a government agency—deserves close examination.

Do these do-gooders feel convinced that criminals will hurry to the designated office and register their guns?

This appears to me to be the crux of the controversy. Of course, the answer to the question is, no. They will keep their guns for use in future murders, robberies, and rapes.

Then, it follows, that only law-abiding citizens will be affected if new controls are adopted by the Congress. These are the people who keep weapons in their homes to protect themselves. The only change that would be accomplished by stiff gun laws would be the disarmament of the honest people and leave them at the mercy of the criminals.

As you know, the attempted assassination of President Ford by two kooks in California is the reason for the new focus on gun controls.

Before any new laws are placed on the books concerning this issue, we should take a good look at the cities which have tough controls on guns. One such example is New York City.

The Sullivan Law, which has been in effect there since 1911 and which is generally regarded as the strictest gun control legislation in the nation, makes it virtually impossible for the average law-abiding New Yorker to acquire a handgun.

Yet in an article which was reprinted from the New York Daily Times, a police detective is quoted as stating that the city is the easiest place in the nation for anyone to purchase a gun. He said:

"It's as easy for a criminal to buy a piece as it is for a straight citizen to get a package of cigarettes. Nor is the problem traceable to the fact that adjacent jurisdictions do not have comparable laws.

"No such laws, for example, can control the distributions of the large number of firearms which have been hijacked from piers in New York City or stolen at the Kennedy Airport.

"Nor is there any way to force the voluntary registration of the hundreds of thousands of guns already in private hands within the city. While the city has issued licenses for about 25,000 pistols, Lt. Charles Rorke, of the New York City Police Academy Ballistics Laboratory, has estimated that there are probably millions of guns—literally floating around illegally."

Yet, despite the toughness of the Sullivan Law, New York has the highest incidence of major felonies than anywhere in the nation. And the same disregard for the law is true in Washington, D.C., which also has a tough registration law on firearms.

Philadelphia also has a law on the books adopted to regulate the sale of guns. Its purpose was to reduce crime and was approved in 1965. How has it worked? Not too well—from 1965 to 1973 gun killings in the city rose from 62 to 250.

This is an increase of around 400 per cent. The number of robberies committed with guns increased from 662 to 3,776—a 474 per cent rise. These facts should tell us something.

Gun ownership is a particularly hot issue in Pennsylvania. The state has more licensed hunters—over a million—than any other of the 49. It should also be noted that they are "organized." As a matter of record, the Pennsylvania Federation of Sportsman's Club boasts more members—over 100,000—than any other state group.

One politician, Joseph S. Clark, a former senator from Pennsylvania, can tell you something about the sportsman's organization. He made the mistake of speaking out in favor of strict gun controls during the campaign that he lost to Sen. Richard S. Schweiker. He attributes his defeat to the fact that the hunters opposed him throughout the state.

Anyone who reads the newspapers should be aware that many of the crimes being committed today—particularly in the big cities—are perpetrated by gunmen with arrest records. In far too many cases they are out on bail or probation—which indicates there is something drastically wrong with our court system.

Instead of curbs on guns, it seems that more should be done to curb criminals. It appears to me that the best way of protecting the public from criminals with guns is to put the thugs in prison and keep them there. Most crimes are committed by repeat offenders.

In addition, serious consideration should be given to legislation proposed by Sen. Robert C. Byrd (D.-W. Va.) which, if approved, provides a mandatory 20-year prison term for the use of firearms in the commission of a felony.

Certainly the current vogue of criminal pampering by the liberals in this country is not working to the advantage of the law-abiding citizen.

SUPPORT OF THE TAX JUSTICE ACT

HON. EDWARD P. BEARD

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. BEARD of Rhode Island. Mr. Speaker, one of the first things I promised when I started my campaign for the Congress in March of 1974 was that I would support every reasonable effort to bring equity in the matter of Federal income taxes. For much too long, the reform of the Nation's income tax structure has been a football kicked around with no air in it. The time has come to apply the stern necessities of the current economic situation to this most pressing area of concern—true reform of our tax distribution. I believe the National Tax Justice Act will do just that and it has my unqualified support.

UNREST IN MAINLAND CHINA

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. SYMMS. Mr. Speaker, the cultural revolution may be over for mainland China, but the unrest is not. The Government of the People's Republic of China—Red China—has had to send its army into the factories in order for the work to get done. I know that many of my colleagues have returned from the mainland with praise for that society, but I believe in the long run, in a society where no one is allowed to think for himself, there will always be unrest.

As we follow détente's course, let us not forget that there are millions within the Communist giant in Asia who would like the opportunity for better lives for their families and themselves, as the people in the Republic of China enjoy—Taiwan.

These three articles help to remind us of that point. One is from the New York Times, another is an article by David Levanthol, editor of Newsday, and the third is from the Washington Post:

[From the New York Times, Aug. 12, 1975]

CHINA REPORTS THAT UNREST IN CHEKIANG HAS NOT BEEN ENDED

(By Fox Butterfield)

HONG KONG, August 11.—Communist party workers in coastal Chekiang Province recently had the unusual experience of being treated to a seminar on the ABC's of Communist practice followed by a field trip to a rebellious factory in Hangchow that was occupied by troops. It was one of 18 factories in Chekiang's scenic old provincial capital where more than 10,000 troops have been sent in the last month to quell factional bickering and labor unrest.

"The conference was a success," a broadcast from Chekiang said yesterday of the seminar. But, it added, "the struggle has not yet come to an end."

Indeed, a series of broadcasts from Hangchow in the last few days indicates that China's leaders viewed the situation there with even more seriousness than was first supposed when the troubles in Chekiang were disclosed last month.

A careful reading of the text of the new broadcasts and an article in Jenmin Jih Pao, the official Communist party daily, shows that the troops dispatched to the factories were not from the regular Chekiang garrison but must instead have come from the First Army in Wuhan, 340 miles to the west. Such a move is highly unusual in China, where most army units remain stationed in their home areas for years and build up strong local ties.

One unit that analysts here could identify from the broadcasts was the "hardbone Sixth Company," a well-known model outfit that belongs to the First Division of the First Army and had long been identified as being in Wuhan.

As analysts here tried to piece together the Hangchow episode, it appeared that local army commanders in the normally prosperous, placid city, best known in China as a resort, were still battling among themselves over the outcome of the Cultural Revolution and the aftermath of the death of Lin Piao, a former Defense Minister. Some had been purged in the great upheavals of the late nineteen-sixties and early seventies while others had advanced their causes, and now they apparently were still fighting through the mechanism of local militia based in the factories.

It was a measure of Peking's determination to stop these troubles, analysts reasoned, that the army units—and, according to new broadcasts, also some from the navy and air force—were sent into the factories. For since the National People's Congress last January, Peking has been stressing stability, unity and production, and Hangchow represented an unacceptable challenge to these goals.

If the broadcasts are a reliable guide, the situation in Hangchow may at last be improving. After soldiers arrived in the Hangchow silk printing and dying factory, a "long-standing tough nut to crack," the broadcaster said, "the workers, party officials and technicians in the mill have brought into full play their enthusiasm for socialism."

There was no mystery over how to resolve such crises in the future, provincial party officials were told at the seminar. The answer involves a virtual primer of Communist tactics, which some of them had apparently forgotten. They must remember that "it is the party that exercises over-all leadership." They must "practice democratic centralism and strengthen organization and discipline."

Moreover, they should "thoroughly criticize revisionism, capitalism and the idea of bourgeois rights as well as bourgeois factionalism." Bourgeois rights is a current term meaning material incentives.

Above all, the party workers were told, they must not be afraid to act. "It is essential to place daring above everything else, overcome fear in doing things and display the dauntless revolutionary spirit of daring to go against the tide."

It appeared that Peking might now be paying the price for the years of the Cultural Revolution and the purge of Lin Piao's associates when the political line shifted rapidly under the feet of the party officials often leaving them exposed to criticism for actions they earlier had thought were correct. As a result, many of the officials, as in Hangchow, might simply temporize in the face of problems.

There is no evidence that other cities in China have this year had the severe difficulties that Hangchow has experienced. But the Chinese press and radio have repeatedly referred to "bourgeois factionalism" in some enterprises, especially in the steel industry and on the railroads. A broadcast last week from southern Kweichow Povince on the efforts of railroad workers to combat factional quarrels used this term seven times within a few minutes.

It may have been such problems that prompted Hung Chi, the party's theoretical journal, to carry two major articles last week appealing for absolute unity and discipline within the party and the army.

In themselves there was nothing unusual about the articles, since Peking has been emphasizing unity all year, and in fact, some provincial broadcasts have laid the origins of the campaign to Chairman Mao Tse-tung himself. But the tone of the articles seemed more urgent, and suggested that reluctant party members ought to take Peking's urgings more seriously.

Quoting Chairman Mao, the first article noted that "the party is not without contradictions," and went on: "The emergence of bourgeois life-styles among some of the party members, including bourgeois factionalism, is precisely the result of corrosion by bourgeois thinking. We must not tolerate and allow these things to run wild."

But the situation evidently is not irredeemable. "Even most of the party members and officials affected by bourgeois lifestyles can also correct their mistakes through studying the theory of the dictatorship of the proletariat," the magazine said, referring to a currently popular theme aimed at enforcing party discipline. Some cases, the magazine added, may also have to be handled by criticism and ideological struggle, a harsher solution, but the article did not threaten a major campaign.

[From Newsday, July 10, 1975]

CHINA SAYS ARMY SENT TO HANGCHOW PLANTS AFTER UNREST

(By David Levanthol)

PEKING.—They're lining up at the box office in China to see "Azalea Mountain." The stars are from the Peking Opera Company. The color is spectacular, especially the bright red banners. The plot is standard—boy meets girl, makes revolution. The heavyset hero loses control of himself, attacks the landlord without mobilizing his troops in advance and is captured.

But the heroine, a solid type in her early 30s, shows grace under pressure. Remaining cool, she organizes properly and rescues him. Reunited, he belts out self-criticism in robust song and they plan the final attack together. The bourgeois imperialists are routed in a gay finale of acrobatics and strong operatic voices.

That's entertainment.

It is also, of course, ideology and is one of the methods used by the Communist government to get its message across. Unlike some other dictatorships, the word, not the gun, is the primary method of maintaining discipline and order in this nation of 800 million. Every organization has high-ranking political officials, and, when people stray, they usually are re-educated, not shot.

The ideological message is sweeping, multifaceted, repetitive, consistent and all-pervasive. Dissent is not tolerated, and exposure to foreign ideas is sharply limited.

The message is dominant in the schools, beginning at an early age, but it is also on loudspeakers in commune houses and city streets on neon signs and wall posters, in paintings, song and dance shows, ballets and acrobatics, at museums and on monuments, in music and art, in special political education classes and, of course, in more conventional media such as radio, television, newspapers and books.

At People's Daily, the official Communist Party newspaper, top editors explained that the word "propaganda" had a "positive meaning" in China. "Propaganda means to propagate the thoughts of Marx, Lenin and Chairman Mao and does not have the derogatory sense used in the United States," said Pan Fei, one of the top editors at Peking's equivalent of Pravda.

[From the Washington Post, Aug. 7, 1975]

HONG KONG, August 5—About 11,000 soldiers have been sent into at least 13 factories in the industrial city of Hangchow following a period of political and labor unrest, according to accounts in official Chinese press and radio.

Simultaneously, the commander of the military district of Hangchow and its political commissar have been replaced, according to the same sources. The reports gave no indication, however, that the changes were linked to the unrest.

Party Chairman Mao Tse-tung and the party Central Committee felt "deep concern" over the situation, according to the radio station in Chekiang Province where Hangchow is located.

China's People's Liberation Army was used extensively to bring order in factories and cities throughout the country following the political tumult of the Cultural Revolution in the late 60s. In a process that took several years, the troops were gradually returned to their bases. A preliminay check indicates they have not been used in that fashion since.

Travelers who visited Hangchow in May said that traffic police were carrying arms, which is rare in China, and that a wall poster campaign was under way, a traditional sign of political unrest in China.

The travelers reported that members of the city's Revolutionary Committee told them the campaign was a debate over the payment of incentives to workers, for extra work—and that a number of leading officials had come under fire. It was not clear, however, if the poster campaign was a manifestation of the unrest in the factories which led to the order to bring in the troops.

The situation in Hangchow has been treated with rare candor recently by the Chinese press and radio. Observers interpret this as indicating that the situation was now under control.

Hangchow, the capital of Chekiang Province, is an industrial city on the central coast with a population of 700,000.

The provincial station reported that about 11,000 soldiers went into at least 13 factories, including silk, textile and machinery plants, between July 19 and July 22.

The troops moved in, according to the radio station and the party's national paper, People's Daily, because "during a certain time in the past," production increases were halted by the "influence of the counterrevolutionary revisionist line," and "burgeois factionalism" as well as "sabotage by a handful of class enemies."

Chekiang Radio said that Mao and the party's Central Committee issued important instructions on the work of "Chekiang Province." The broadcast said the cadres received "tremendous inspiration from the deep concern of Chairman Mao and the party Central Committee."

On July 22 the leadership's instructions were passed on to party cadres at the city and provincial level at a series of meetings, the broadcast said.

According to unconfirmed reports reaching Hong Kong, the unrest in Hangchow caused such alarm in Peking that Wang Hung-wen, the party vice chairman who has had considerable labor experience in Shanghai, was sent to calm the situation down.

When he failed, the same reports said, the number three man in the Chinese leadership, Deputy Premier Teng Hsiao-ping, was sent.

According to the Chinese accounts, the soldiers sent to the factories have, in addition to assisting with production, repaired buildings, helped prepare food, given hair cuts, laundered clothes and given workers medical treatment.

In one of its accounts of cadre meetings, Chekiang Radio listed new names as the commanders and political commissar for the Hangchow military district.

Describing the movement of the army into the city's factories, Chekiang Radio said that, with the exception of staff officers, "all cadres and fighters of the headquarters, the political department and the logistics department of the provincial military district, Hangchow garrison command and the (army) units stationed in Hangchow have gone to the front line of industrial production."

Referring to the situation in one plant, the Hangchow Silk Dyeing and Printing Factory, Chekiang Radio said that "since the beginning of July the situation in revolution and production has developed rapidly.

JUGOSLAV NAPREDAK CLUB CELEBRATES ANNIVERSARY

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. EDWARDS of California. Mr. Speaker, on November 16 of this year the Jugoslav Napredak Club of Santa Clara County will celebrate its 50th anniversary. The word "napredak" means progress, and since its inception, the club has lived up to its name, with a continually growing membership and an expanding schedule of activities and services for its membership and the community at large. Organized in 1925, this vital community organization has long offered a wide range of social and cultural activities to its members which blend the membership's Jugoslav and American heritage.

In addition, the club has for many years maintained Napdredak Park, initially located in Cupertino, but since the mid 1960's situated on Trimble Road in San Jose. It is at Napredak Park that the club meets at its various functions. The club also makes the park available to other organizations and groups, so that they might also enjoy its facilities.

Because of this outstanding contribution to Santa Clara County and in recognition of the achievements and contributions of Jugoslav-Americans to our society, I call on my colleagues to join me in congratulating the Jugoslav Napredak Club of Santa Clara County on the occasion of its 50th anniversary.

STUDDS GIVES STAR PERFORMANCE

HON. JAMES A. BURKE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. BURKE of Massachusetts. Mr. Speaker, my young colleague from the Cape, Gerry Studds has been the recipient of some well-deserved praise over the past few weeks Ever since he masterfully guided the 200-mile-limit legislation through the House, the accolades have been flowing in and he has received wide acclaim by the press and media. Among other things, his wizardry, scholarship, and considerable skill as a legislator have been mentioned. They are just finding out what we have known all along.

Congressman Studds, only in his second term in office, has managed an incredible feat. Through perseverance and determination he has successfully guided legislation through the House of Representatives which probably affects the economic well-being of his 12th District and the fishing industry more than any other single piece of legislation ever considered by the Congress.

Congressman Studds has served the people of his district well. There are some who claim that you have to be here a while to have any impact. Gerry has proven them wrong; he did his homework, laid the groundwork, and confounded the skeptics who said the bill would never pass.

Francis I. Broadhurst, director of public affairs for WQRC, a radio station in Congressman Studds' district recently had some kind words for the Congressman. Mr. Broadhurst—by his own description—does not praise lightly. In view of this, his comments take on particular significance and I would like to share them with my colleagues.

By way of explanation, Mr. Broadhurst opens his commentary with an apology to Congressman Studds over his misunderstanding of one of his votes:

> COMMENTARY
>
> A couple of weeks ago, your correspondent hanged your Congressman as a sheep instead of a goat, and I am sorry to say, I was way off base. The issue was Mr. Studds', Representative Gerry Studds, vote in favor of a 5% across the board pay increase for all federal employees including the members of Congress. The total cost to the taxpayers for that pay increase will be two billion, three hundred million dollars, a staggering burden on an already overburdened populace. If a 5% increase adds up to two billion, three hundred million dollars, simple algebra would indicate that the base being raised by 5% is already forty-six billion dollars. The cost, therefore, of paying federal employees will now be forty-eight billion, three hundred million dollars.
>
> Well, I was correct in stating that Congressman Studds was on record as being opposed to an 8.6% pay raise. I was incorrect, however, in stating that he poorly represented us when he went along with the 5% pay hike recommended by President Ford. The truth is, and I did not learn it until I reviewed the congressional votes and what they meant, well after I had delivered my diatribe against the Democrat from Cohassett and Provincetown, had Mr. Studds and the majority turned down that 5% raise, federal employees would have been granted an immediate 8.6% pay increase and that would have cost us nearly four billion dollars extra.
>
> My apologies to Mr. Studds for maligning him. My apologies to my listeners for misleading you. And now, having set the record straight, I would like to go a bit further and actually compliment Congressman Studds for having accomplished something which I would never have believed could have been accomplished. The man actually got the House of Representatives to vote for the Studds-Magnuson 200 mile fisheries zone which has been one of the Congressman's main issues over these last three years.
>
> When Congressman Gerry Studds first filed the legislation, now known as the Studds-Magnuson Bill, to establish a 200 mile jurisdiction over the United States continental waters, most of us believed he would never get to first base. Under his proposal, our country would unilaterally extend our protection over the domestic fishing industry which has been savaged by overfishing, especially by the Soviet block nations and Japan.
>
> The principal objections to such an extension were raised by the powerful Gulf Port states where shrimp fishermen have had problems with Mexico and other Carribean countries, and on the west coast where California tuna fishermen were at odds with Latin American nations which claimed jurisdiction over waters far beyond their shores.
>
> The rationale behind those objections raised to the proposal by Mr. Studds was that should the United States unilaterally declare a 200 mile protected zone without regard to treaty, (principally he Law of the Sea Conference and its proposed treaties) then we would jeopardize both the U.S. tuna industry and the shrimp industry; and compared to the New England and Northwest Pacific fisheries, the tuna and shrimp interests have greater economic value and by weight of Congressional representation far more political clout.
>
> Well Mr. Studds prevailed. I wish everyone could read the Congressional Record of the House dated October the ninth. The de-

bate starts on House Bill 200 on page 32532 and ends on page 32603. Within those pages Congressman Studds appears many times, and if I may, his ability as a debater, as a logical pursuader, and as a man of stature comes through loud and clear. These is one passage in which he does battle with California Congressman Pete McCloskey and defeats him hands down. The argument was over the international and treaty implications of enactment of the Studds-Magnuson Bill. Mr. Studds was magnificent. All the way through the lengthy debate, Mr. Studds was magnificent.

But it was not only his his own words that our Congressman distinguished himself. Let me quote from the Record this remark by Robert Leggett of California. Mr. Leggett, chairman of the subcommittees of fisheries, wildlife, conservation and environment, is one of the most powerful representatives in the 94th Congress.

Mr. Studds had the floor at the time and he was asked to yield: "I yield to the gentleman from California", said our Congressman. "Mr. Chairman", said Mr. Leggett, "I would like to acknowledge that this bill would not be on the floor today if it were not for the gentleman in the Well, Congressman Studds. He has been the sparkplug for my term as chairman of the subcommittee and he has worked to perfect the bill in its present form."

Public praise of a member of Congress by a powerful subcommittee chairman is as rare as a pay cut for public employees or a tax cut for taxpayers.

And while Mr. Leggett singled out Mr. Studds for such fulsome praise, another California Congressman, Representative Don Clausen, one of the principal co-sponsors of the 200 mile zone and one who is among the most expert in the entire field, had this to say:

"To my friend and working partner, the Gentleman from Massachusetts with whom I have shared the principal co-sponsorship responsibilities, I want to state strongly for the Record how brilliantly he has performed as the lead author of House Bill 200. . . . Together we have coordinated contents and strategy for nearly three years. Someday, Gerry, we should write a book on the establishment of a marine fisheries conservation zone off the coasts of Our United States. It would be an extraordinary historic document and certainly a best seller. You have demonstrated time and again a sense of determination and dedication to our common objective that is exceptional and extraordinary by any standard. . . . Gerry Studds", said his colleague from California, "You have my everlasting admiration and respect as a skilled legislative craftsman, a brilliant legal scholar, and a dynamic and dedicated Congressman who fights for his district, is sensitive to the needs and concerns of his colleagues and works for the overall conservation interests of the people of the United States."

Such is the esteem in which his fellow Congressmen hold Mr. Studds. And I think the people here at home ought to hear about it, especially from someone who has been, is, and perhaps always will be extremely critical of our man in Washington. So, in addition to having apologized for misrepresenting Congressman Studds' vote on the Federal pay raise, I take the pains to compliment him now on his work on the 200 mile fisheries zone which, in my opinion, when (not if but when) it becomes law, it will prove to be one of the most important pieces of legislation passed during our life times.

Mr. Studds, my congratulations. I will be looking forward to the time when I will be able to give them to you personally.

H.R. 7080 AND H.R. 8712—SOLAR ENERGY

HON. SHIRLEY N. PETTIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mrs. PETTIS. Mr. Speaker, this week the Subcommittee on Public Buildings and Grounds will hold hearings on H.R. 7080, a bill to insure that certain buildings financed with Federal funds utilize the best practical technology for the conservation and use of energy and H.R. 8712, and identical bills, to require that buildings financed with Federal funds utilize the best practical measures for conservation of energy and the use of solar energy systems—both of which I have cosponsored.

These bills are necessary to encourage and accelerate the development and use of solar energy technology in our nation. I would like to call to my colleagues' attention an article which recently appeared in the Resource Recovery & Energy Review on the matter of solar energy. This article provides another very convincing case why we should begin to look toward the sun for some of our Nation's energy needs:

[From the Resource Recovery & Energy Review, July/Aug. 1975]

THE SUN—JUST AN ALTERNATE, OR PERHAPS THE ULTIMATE ENERGY SOURCE?

As practically any schoolboy knows, the sun is the original source of all the energy stored through the ages in fossil fuels. But until recently, the *direct use* of the sun's rays as an energy source was not seriously discussed by schoolboys, or anyone else for that matter, except a few dedicated visionaries. After all, Mother Nature had done such an efficient job of "packaging" this energy in coal and petroleum that any solar alchemy seemed superfluous. Few need be reminded that recent factors such as inflation, rapid depletion of fossil fuels and OPEC have rendered today's fossil fuel "package" not so economical . . . which means that, by comparison, most alternate energy forms, including solar energy, are starting to appear a lot more attractive. More attractive, true, yet lest the country be carried away by its solar complexis, we should be aware that large-scale application of any of these energy generators must still meet the test of cost analysis and abundant supplies.

ABUNDANT SUPPLY?

Look at it this way. The sun sends enough energy to earth in fifteen minutes to supply the entire world's Btu needs for a year. More energy is radiated into Lake Erie by the sun every day than is consumed by the entire U.S. over a 24-hour period. In fact, it is estimated that America's total energy needs . . . 65 x 10^{15} Btu's . . . could be supplied by solar collectors that would cover only 1.5 per cent of the country's land area.

The big question, then, is can this incredible, unused supply of energy be economically tapped? The answer is that if it can't, a lot of people are going to be disappointed. Today, every major segment of our society is reaching for the sun. Governments, industry, private agencies, foundations, universities are all looking for and achieving breakthroughs in solar power technology.

While few are predicting that solar energy will supply the majority of our future needs, most now foresee significant contributions in the near future. For example, the U.S. Energy Research and Development Administration (ERDA) predicts that by the year 2,000, solar energy will contribute 7 per cent of our total national energy needs, and by the year 2020 it could contribute 25 per cent. According to Arthur D. Little, Inc., a recent survey indicated a U.S. market for solar heating and cooling of $1.3 billion by 1985, with a bigger surge in potential sales during the rest of the century.

So, it's no wonder that government and the private sector are backing solar energy with millions of dollars for research and development. ERDA, for example, has a current fiscal budget of nearly $90-million to stimulate solar power development. This year, private industry is spending about $50-million to develop solar energy technology.

NOT EXACTLY NEW

Some forms of solar energy have been around for a long time. Solar furnaces to melt metals, and solar-powered stills to distill sea water go back to the 17th century and earlier. Solar water heaters are fairly commonplace in some parts of the world; the Japanese and Israelis have been using them on a mass scale for years. These systems feed water from roof tanks through solar collectors (also located on the roofs) heating the water to about 130°F in the summer and 80°F in the winter.

In this country, the Federal government is firmly committed to solar energy development. The Solar Heating and Cooling Demonstration Act of 1974, for example, requires that Federal energy agencies and HUD demonstrate solar heating in several thousand buildings across the nation in the next five years. ERDA seeks to develop solar energy applications in three distinct areas: Heating and cooling of buildings; heat for industrial and agricultural applications; systems to convert the sun's energy directly to electricity; and, solar power to convert organic wastes to fuels such as methane, methanol and hydrogen.

So it is obvious that solar energy will remain high on the list of currently underdeveloped energy resources—along with nuclear breeder reactors, fusion power, coal, oil shale, and conversion of wastes to energy—as a resource to be put to work as soon as possible.

For the short term, however, solar energy proponents agree that the most promising applications are in building heating and cooling and the production of domestic hot water.

A 5-story co-op tenement building in New York City is currently installing 600 feet of copper flat plate collectors on the roof to heat water which will go through a heat exchanger which will, in turn, heat about 80 per cent of the building's estimated hot water requirements. The balance will be made up by a conventional water heater. The cost of this project, Federally-funded, is about $11,000.

Using solar collectors to provide heating and cooling, and hot water, can provide the earliest major impact on national energy requirements. Even now, more than 100 solar heating/cooling systems are now operating in homes and buildings in the country.

According to a recent ad for Kaman Corporation in Connecticut: "A 40-unit housing for the elderly apartment complex in Hamden, Connecticut will be the first multi-family project in the country to have solar heat. Half the apartments will depend on conventional heating while the other half will use solar heating devices with conventional heat as backup. Kaman Aerospace and the architects and the consulting engineers have joint responsibility for the planning and design. The sun's heat will be absorbed by collectors mounted on the roof. Fluid pumped through the collectors will absorb the heat and store it in insulated tanks from which it can be drawn by the apartment needing heat."

HOW DOES IT WORK?

Solar collectors come in various sizes and shapes and can be made of glass, plastic or metal. A typical collector is a flat metal plate insulated on the side not exposed to sunlight, covered by glass plates or plastic sheets to retain heat. Solar radiation passing through the glass or plastic is absorbed by the metal plate. Water flowing through channels in the plate absorbs the heat and is piped to the building for hot water heating or to operate an absorption refrigeration unit for cooling or for storage. But, breakthroughs in solar collector design for heating, cooling and hot water applications have been announced by several major companies.

Corning Glass Works, for example, has developed advanced collectors made of 10-feet long glass evacuated cylinders containing metal heat absorbers. The vacuum in the tubes improves the heat collection performance, making them twice as efficient as flat collectors, the company reports. Owens-Illinois is working with collectors consisting of 24 glass tubes each 40 inches long. These are contained on a modular panel, four by eight feet, with a reflective backing screen. This permits more rays to be captured, either directly or under the tubes. Although still in the experimental stage, Owens-Illinois hopes to make this collector directly competitive with fossil fuels in most areas of the country.

POWER GENERATION—A WORTHY GOAL

Generation of electric power by solar energy, in significant amounts, is one of the long-term goals of harnessing the sun. The most common and well-known technology for doing this is through the use of photovoltaic or solar cells. Discovered in 1954, and used extensively in the space program, these silicon cells are composed of several layers of semi-conductor materials laminated onto a metal conductor. A current is developed when sunlight enters the cell, and the conversion efficiency is about seven per cent.

Because of the cost of producing silicon cells—between $25–50 per watt—direct competition with fossil fuels is still 15 to 25 years away according to optimistic estimates. However, one must reckon with the ingenuity of scientists working in private industry. Timetables for significant power generation conceived even a year ago may have to be shortened.

A California Co., Varian Associates, just announced a new type of solar cell only ⅓-inch in diameter that produces 10 watts of electricity directly from sunlight, and it is rated 20 per cent efficient. "Other solar energy materials require 1,000 times the surface area to produce the same amount of energy," says Ronald L. Bell, director of Varian's Solid State Laboratory.

To date, most solar-electric research, development and production has focused on silicon-based systems. But the Varian Cell is made from gallium arsenide, a semi-conductor material widely used in electronics. In Varian's experimental solar collector, a concave reflector concentrates sunlight by a factor of 1,000 on the cell. Gallium arsenide is able to operate efficiently at the high temperature of the concentrated light. The company notes that this system will be able to operate efficiently on any day when the sky is clear enough to see a well-defined shadow. Varian plans to construct a 100-cell array on a roof top, designed to follow the sun from sunrise to sunset and produce 1,000 watts of electricity.

While solar energy proponents say the sun's rays can be used to generate most of our electric power, no one realistically expects this to happen in the near future. Even if some of the most ambitious schemes are carried out, our increasing electrical energy appetites will still have to be fed by nuclear and fossil fuel-fired plants.

Even so, far-out ideas to serve the world's needs for energy are being advanced. Far out, indeed! Dr. Peter Glasser of the A.D. Little organization proposes huge orbiting displays of solar cells. These would collect energy and beam it to earth. A study conducted for the National Aeronautics and Space Administration by Notre Dame proposes a solar energy collecting satellite two-thirds mile diameter, to beam microwave energy to a six-mile diameter collector on Earth.

Another group of scientists propose that the U.S. build a space colony holding 10,000 inhabitants—and do it in the early 1990s. This would be a ring one mile in diameter made of aluminum, with its mission to beam a continuous supply of solar power to Earth.

More Earth-bound are ideas to develop solar farms. A proposed one-million megawatt solar farm has been proposed for a desert area in California and Nevada, covering approximately 13,000 square miles. This could serve the electrical power needs of 120 million people, it is suggested.

The major drawback to development of these mammoth projects is not technology—but money. The space colony satellite would cost about $100 billion. Who knows what solar farms would cost to build? It would take, roughly, about four per cent of the country's land area covered with solar collectors to meet our total energy needs by the year 2000, it is said.

Americans use 72 quadrillion Btu's of energy each year, representing nearly 3 billion tons of coal, or 630-plus billion gallons of oil, or more than 70 trillion cubic feet of natural gas. Statistics like these are more than impressive—they are almost beyond comprehension. Let's just say that solar energy is a resource that must be developed to the fullest. Whether it will ultimately solve all our energy needs is an unanswerable question. We will undoubtedly need *every* other alternative energy source—plus solar power—to satisfy our energy hunger in the decades and centuries to come.

TRIBUTE TO ESTHER SAVITZKY—MOTHER OF CONGRESSWOMAN BELLA ABZUG

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. RANGEL. Mr. Speaker, on behalf of my wife and I, I wish to express my deepest sympathy to Congresswoman ABZUG on the death of her mother Esther Savitzky. Ms. Savitzky died on October 27 at Roosevelt Hospital after a long illness. She was 88. Ms. Savitzky was born in Russia and came to the United States as a young girl with her parents. She married Emanuel Savitzky who died in 1933.

Although I recognize that no words can make up for the sorrow that Ms. Savitzky's family is feeling I wanted to extend my condolences to them. Ms. Savitzky must be commemorated for providing her daughter with the training and strength that enabled her daughter to become a U.S. Congresswoman during an era when it was not usual to give women that kind of support. An example of this support can be seen in a remark Ms. Savitzky made to her daughter on primary night. "Well Bella," she said, "Congratulations. Let's hope next time it will be for President."

EXECUTIVE SECRECY AND THE ARAB BOYCOTT

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. WAXMAN. Mr. Speaker, for the past several months, the Commerce Subcommittee on Oversight and Investigations has been examining the scope and effectiveness of the Arab boycott. The boycott, promoted by the Arab League, strikes at the heart of American beliefs regarding free trade and religious freedom. Its restrictive trade practices offend the open market and the dignity of our citizens.

The Arab boycott, which has been in existence for 20 years, is terribly familiar to us. Some American corporations, as a condition of doing business with an Arab League member, have agreed not to deal with Israel. Others have implemented secondary boycotts against companies which do trade with Israel. Companies owned by or whose management is predominantly Jewish have been denied access to certain markets. American sellers to Arab governments have agreed not to contract with boycotted carriers.

Since October 1973, these reprehensible activities have received renewed vigor due to the huge influx of petrodollars to the Arab oil producing states. The growing economic demands of the OPEC cartel have been matched by stronger political demands as to the terms of business itself. Companies and individuals associated with Israel have been systematically excluded from many trade and financial arrangements.

Indeed, the subcommittee has obtained a list of more than 2,000 American companies that are currently on the boycott blacklist. They are prevented from engaging in business with Arab countries because they either trade with Israel, or refuse to stop trading with Israel, or refuse to trade only with Arab nations.

It is of the gravest concern not only that some firms are victims of the boycott but that other companies, as a condition of trade with Arab nations, themselves become promoters of the boycott. Some American companies which do business with Arab League nations agree to enforce the boycott's discriminatory demands against other American companies and individuals.

These practices violate the policy and laws of the United States. The Congress, in passing the 1965 Export Administration Act, which regulates our foreign trade, unequivocally stated that the United States opposes boycotts imposed by foreign countries, and will discourage American companies from furthering or supporting boycotts. Earlier this year, President Ford reiterated that the Arab boycott is both contrary to our principles and repugnant to the free practice of trade.

All of our trade with foreign countries is documented by the Commerce Department. On July 28, 1975, the subcommittee subpenaed Secretary of Commerce Rogers Morton for information in his possession on the Arab boycott. The documents we requested, which were collected pursuant to the Export Administration Act, will help us determine whether the several statutes on restrictive trade practices have been violated, whether they are adequate to deal with this situation, or whether new legislation is required.

The information we subpenaed from Secretary Morton is crucial if we are to resolve these issues. Nevertheless, he has refused to comply with our subpena, claiming that disclosure of the boycott information—the boycott requests made by Arab Governments on American companies—would be contrary to the "national interest."

The Secretary's refusal to comply with our subpena greatly undermines our ability to impede the Arab boycott. By denying the Congress crucial information regarding the execution of the law, he has jeopardized our constitutional mandate to legislate.

Secretary Morton's position also raises the grave possibility that the Subcommittee on Oversight and Investigations might cite him for contempt of Congress. Unless circumstances dramatically change, I am prepared to support such a resolution against him.

I am contemplating this action even though it is crucial that we avoid a breach of trust between our two branches of government over this issue so that Congress and the President can work together to oppose the Arab boycott—which the President has said he wants to do.

This issue may be before the House in the relatively near future. I want to take this opportunity, as our subcommittee is receiving testimony from constitutional scholars on the subpena to Secretary Morton, to share with my colleagues a recent column by Garry Wills, which places an excellent perspective on this issue:

Fantasy of Privilege Still Has Its Defenders

(By Garry Wills)

The doctrine of "executive privilege" is in hiding for now. One of President Nixon's genuine services to his country was to bring that historical fantasy into disrepute.

But certain of the doctrine's kindred are still trying to hold the line for their ailing relatives. When the Pentagon is testifying, we still hear about "national security" as the reason why Congress should conduct the nation's business without knowing about the nation's business.

We still hear of "tact toward allies," when Secretary Kissinger is testifying, as a reason why Congress should not know the conditions of treaties it must ratify. (It is wrong for us to hide the public business from our citizens, according to Secretary Kissinger, but we must aid less open governments in hiding things from their citizenry.)

Oddest of all is the statutory argument used first by Mr. Colby and then by Secretary of Commerce Rogers Morton. "We would like to tell Congress about these things; but Congress has instructed us not to." Colby points to the agency's founding legislation of 1947, and Morton to a trade statute passed in 1969. If these men are right, Congress foolishly denied itself the right to oversight when it set up the programs it now wants to investigate.

There is some question, not only whether Congress actually did that, but whether it could have done it if it wanted to. Can Congress repeal its own constitutional role? Yet there is no question that it can undo the Freedom of Information Act. That act replaces the system of earlier exemptions from the right to know with a new and all-embracing set of criteria. And even this most recent criterion does not apply to Congress: "This section is not authority to withhold information from Congress."

The Morton case is interesting because it shows how strained the arguments must get in order to deny Congress its investigating powers. What the Department of Commerce has been asked for is information on the attempts by foreign countries to impose an Arab boycott on American firms as a condition of contract. There are serious questions here of restraint of trade, and the proper committees—e.g., the House Committee on Commerce, acting through Representative John Moss' subcommittee—are clearly authorized to subpoena relevant information from any company that might have it. But the Department of Commerce has already gathered this information from thousands of American companies.

The statute Morton relies on was meant to keep the government from bandying about information that could hurt individual firms. But in this case, it serves American companies to have all the facts presented in as full a manner as possible. The individual company might not be able to defy a boycott or its after-effects, if only a few companies' plight were revealed. What Congress is after is the large pattern of pressure, and only full revelation of that pattern will make resistance to it possible.

Secretary Morton is relying on a legal opinion signed by the attorney general saying that the statute makes it impossible for him to hand over this information. Lawyers tell me the brief is embarrassingly amateurish. It's hard to believe the secretary would risk a contempt of Congress citation on such flimsy grounds.

Besides, the Moss committee is opening hearings on Oct. 21, and calling Raoul Berger to testify. He is the man who, next to Nixon himself, did more to disabuse us of the executive privilege myth than anyone else in recent years. I shall be very surprised if he leaves much ground for Morton to stand on after he has finished with the attorney general's memorandum.

HARD WORK EARNS HIM AN UNWANTED BONUS

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. DERWINSKI. Mr. Speaker, the Perspective portion of the Chicago Tribune publishes one "Speak Out" column every Monday. In the October 20, 1975, issue, an article by Frank Coakley, managing editor of the Evanston Review, was published. It is the kind of hard-nosed, practical report that merits attention.

The article follows:

Hard Work Earns Him an Unwanted Bonus

(By Frank Coakley)

"Hey,! Slow down! Yuh workin' too hard.!"

The shop steward's voice was like gravel, but he was smiling.

"It's OK," I said. "I don't mind. Makes the night go by."

I turned and continued hefting the 85-pound boxes of machine tool fittings onto the dolly. It was 2:15 a.m.

At 4 a.m. the loudspeaker belched, "Lunch!"

Immediately all activity on the loading dock ceased. Ghost-like figures from the 90 truck bays began filing toward the washroom preparatory to the half-hour break called for by the Teamsters contract.

I was preoccupied on the way to the washroom, thinking about the years of desk work preceding my sudden unemployment. I remember thinking that at $5.91 an hour, it was probably a good place to hide until I could find other work.

Only at the last moment did I hear the whirrr of the tow motor. I managed to turn halfway around toward the sound before it struck me.

A tow motor is a forklift-type electric truck capable of lifting payloads weighing thousands of pounds. A relatively small machine, it is heavy and slow, although, within the confines of a loading dock, it can move fast enough to maim and even kill a man.

Fortunately, it only grazed me, knocking me off my feet and dazing me. When my head cleared, I saw a dozen Teamsters standing and watching me. None seemed too interested in my condition.

"I told ya you was workin' too hard," the steward said. That's what happens when a man gets tired around here. He has an accident."

During lunch one of the younger dockhands with whom I was friendly sat down. Without looking at me directly, he said, "That stunt was a warning. These guys *don't* give you two.

"Slow down. You make these older guys look bad to the foreman, they'll make you look worse. Think about it."

After that night, the dockworkers stayed away from me. It was as if they didn't want to be nearby when my next warning, or worse, came.

For the next week I worked at a much slower pace. At week's end, the foreman stopped me on my way out of the docks.

"You're doing a good job," he said. "How'd you like to work here permanently?"

"You're not serious," I replied, telling him briefly about the tow motor incident.

When I stopped talking, he chewed for a moment on one of his fingernails. "When I said you were doing a good job, I meant, during the last few days. Don't push your luck being gung-ho. Nobody here goes for that."

Later I learned he was the 74th foreman to work that shift in less than two years. I stayed on the job for two more months before finding other work.

There were no more close calls, but other things happened. A stack of crates falling where I'd stood a moment earlier, the ramp from the dock onto the truck suddenly collapsing, a bottle of acid falling and breaking nearby.

I've thought often about the men who did not leave, who still make their living there. Most striking is what their experience says about work in this country as we prepare to celebrate the 200th anniversary of our nation's founding.

It is no secret that worker productivity has not risen with the signing of labor contracts during the last several decades. In many cases, it has declined.

It would be worse than pointless, on the other hand, to condemn unionism for creating a world-owes-me-a-living attitude among today's workers. It is, I think, safe to say that without unions, the lot of the worker in our nation would likely be wretched.

Even so, what do situations like the one on that loading dock say about our future? Nothing good, I think.

Not long after the dock, I saw an item in the newspaper. The base rate for a Teamster working as a dockman had increased to $6.99 an hour—without a strike. It makes you think.

MEDICAL CARE: A LIMITED RESOURCE

HON. SHIRLEY N. PETTIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mrs. PETTIS. Mr. Speaker, one of the most controversial and complex subjects currently pending before Congress today is the issue of adequate health care for Americans. Our progress in advanced medical technology permits today's medicine to do much more than was ever possible, but at an ever increasing cost with no end in sight. When we consider our need for trained medical personnel and adequately staffed hospitals, we realize that perhaps first class medical care is becoming a limited resource.

I disagree, however, with those who feel that it should be up to Congress to find an answer to the problem of maldistribution of health care services. It must be instead, the responsibility of the medical profession to solve this problem.

We are seeing from the experiences of the National Health Service in Great Britain that "free" medical care—health care paid for by the government—has the potential of becoming a "bottomless pit." Unless this country is prepared to "ration" health care in the future, I suggest that we take another look at where this Congress is headed in its approach to a national health care policy.

I would like to share with my colleagues the article, "Rationing in the NHS," by J. Enoch Powell, Member of Parliament, as it appeared in the October 1975 issue of Private Practice, and insert it into the Record at this time:

Rationing in the NHS

(By J. Enoch Powell, MP)

Medical care under Britain's National Health Service is rendered free to the consumer at the point of consumption—apart, that is, from eyeglasses and certain dental treatment and appliances. Consequently supply and demand are not kept in balance by price. Since, therefore, resources are limited, both theoretically and in practice at any given time, while demand is unlimited, supply has to be rationed by means other than price. The forms of rationing adopted deliberately or by default and usually unrecognized—certainly unproclaimed as such—are among the major irritant ingredients in the NHS.

Common thought and parlance tend to conceal or deny the fact that demand for all practical purposes is unlimited. The vulgar assumption is that there is a definable amount of medical care "needed," and that if the "need" were met, no more would be demanded. This is absurd. Every advance in medical science creates new needs that did not exist until the means of meeting them came into existence, or at least into the realm of the possible. For every heart-lung machine or artificial kidney in operation there must be many times that number of cases to which the treatment would be applicable. Every time a discovery is made, for example, in the techniques of grafting, the horizon of "need" for medical care is suddenly enlarged.

Then again, there is virtually no limit to the amount of medical care an individual is capable of absorbing. The moment it was established that the cervical smear test enabled incipient or prospective cancer to be diagnosed, this check-up became a "need" of every woman between the relevant ages. But we would all benefit from having our incipient or suspected ailments detected and treated sooner; everyone knows that he suppresses or ignores medical conditions that could be alleviated or removed.

Not only is the range of treatable conditions huge and rapidly growing. There is also a vast range of quality in the treatment of those conditions. Every general practitioner knows that he palliates with pills psychiatric or psychological disorders to which a great amount of skill and care could be justifiably (in a professional sense) devoted. There is hardly a type of condition from the most trivial to the gravest which is not susceptible of skill, care, comfort, privacy, efficiency, and so on.

Finally, there is the multiplier effect of successful medical treatment. Improvement in expectation of survival results in lives that demand further medical care. The lower the quality (medically speaking) of the lives preserved by advancing medical science, the more intense are the demands they continue to make.

The fact that the demand for medical care is potentially unlimited does not distinguish it *per se* from demand for most of the other good things of human life. In those other cases, however, limits are placed on the fulfillment of demand by the impersonal forces of circumstance. Such limits are not resented, and indeed are rarely even noticed. Where, on the other hand, the State has undertaken to meet a demand, the limitations are seen as the personal decisions of human authority. They are then felt and resented as the arbitrary determination of fellow human beings to limit the supply of the good things of life.

It is noticeable, and significant, that human needs become "good things" in this sense only when, or in proportion as, public responsibility is taken for supplying them. For example, food and clothing, though surely as basically "good" as medical care or education, are not regarded in the same light. Nobody says: "Obviously we cannot have too many people stitching away at trousers, or canning away at tomatoes, because there can't be too great an improvement in clothing or feeding." Yet everybody, or almost everybody says, "Obviously we can't have too many nurses or doctors, or too many teachers: we want just as many as we can get, for surely health and education are good things."

There is a characteristic of medical care that makes its public provision exceptionally problematic. The demand for it is not only potentially unlimited; it is also by nature not capable of being limited in a precise and intelligible way. This can be made clear by comparison with, for instance, education. The potential demand for education is unlimited, just like the demand for medical care. Nevertheless it is possible to define a specific quantity and quality of education to be provided, by laying down, for instance, the ages between which children are to attend school, the subjects they are to be taught, the size of the classes, and the qualifications of the teachers. There will still, of course, be variations in quality, but the size of the need delimited, and the logic of the delimitation, is there for all to see.

No similar criteria are available in relation to medical care. On the contrary, the need for any criteria at all is strenuously repudiated in the popular mythology of the National Health Service. This asserts, with maddening idiocy, that the Service secures "the best of medical care for the poorest when they need it." Apart from the question-begging "when" and the meaningless "need," the claim implies either that there is no medical care but the best (which is absurd) or that the inferior medical care is enjoyed by the better-off (which is equally absurd, as well as unjust). In order to produce some sort of objective limitation it would be necessary to confine the supply of medical care to those suffering from certain conditions, such as epidemic diseases (as was done at the outset of public medicine), or to certain categories of patients, such as children (as is done with the free supply of certain eyeglasses and dental appliances).

The National Health Service then, must, and does supply covert rationing devices in order to limit demand to the actual amount of the supply.

Outside as well as inside the hospitals the figure on the supply side of the equation is fixed at any particular time by those complex forces that determine the State's decisions on expenditure. With this figure demand has to be brought into balance. Virtually unlimited as it is by nature, and unrationed by price, it has nevertheless to be squeezed down somehow so as to equal the supply. In brutal simplicity, it has to be rationed; and to understand the methods of rationing is also essential for understanding the relationship between British medicine and politics. The task is not made easier by the political conviction that the existence of any rationing at all must be strenuously denied. The public are encouraged to believe that rationing in medical care was banished by the National Health Service, and that the very idea of rationing being applied to medical care is immoral and repugnant. Consequently when they, and the medical profession too, come face to face in practice with the various forms of rationing to which the National Health Service must resort, the usual result is bewilderment, frustration, and irritation.

In the hospital service probably the most pervasive, certainly the most palpable, form of rationing is the waiting list. The waiting list is a complex phenomenon in itself. One component can be likened to a reserve of working materials: if the hospital resources are to be continuously used, there must be a waiting list. The simplest case is that of a specialist available (let us suppose) during a two-hour session. If there were no line in the out-patient waiting-room, there might be gaps between one patient and another when the specialist would not be productive—not, at least, in that sense. So it is always arranged that there shall be plenty of people waiting when the great man arrives, so that there is no danger of the expensive mill even momentarily lacking grist. Similarly, if the capital and resources represented by operating theatres and their staffs are to be intensively used, there must be, so to speak, a cistern from which a steady flow of cases can be maintained.

This element of the waiting list is only incidentally a rationing device, though even here time is serving as a commutation for money—a specialist in private practice can accept the discontinuity of work implicit in a good appointment system, because his patients are in effect buying his waiting time as well as his consultation time; putting it another way, the patient finds his own time worth more to him than the specialist's.

Waiting lists, however, normally exceed the minimum related to full employment of the medical resources. They are then directly rationing in their effect. For example, they ration demand for the more able, experienced, or celebrated advice and treatment compared with the less: the waiting lists of specialists in the same department of a hospital can differ greatly in length. It is sometimes said that specialists regard a long waiting list as a status symbol and preserve it with the same care and pride as an Indian would a string of scalps. Certainly, specialists are very possessive about their waiting lists. But the taunt is as uncomprehending as it is uncharitable. There has to be some differential rationing for different qualities of an article, and if not price, then, for example, time: better surgeon, longer wait, and vice versa. No wonder specialists, family doctors, and patients too, resist equalization of waiting lists, which would mean the rationing by time would have to be replaced by some even less rational or intelligible form of rationing, such as rotation or the initial letter of the surname.

Generally, the waiting list can be viewed as a kind of iceberg: the significant part is that below the surface—the patients who are not on the list at all, either because they are not accepted on the grounds that the list is too long already or because they can take a look at the line and go away. Naturally, no one knows how many these are. Indeed, the very question is rather absurd, as it implies some natural, inherent limitation of demand. But the part of the iceberg above the water is doing its work, directly as well as indirectly, by attrition as well as by deterrence.

It might be thought macabre to observe that if people are on a waiting list long enough, they will die—usually from some cause other than that for which they joined the line. Short of dying, however, they frequently get either bored or better, and vanish. Here again, time on the waiting list is a commutation not only for money—measurable by the cost of private treatment with less or no delay—but also for the other good things of life. It is an interesting phenomenon of waiting lists for in-patient treatment that at the holiday season and around Christmas time it may be necessary to go quite far down a lengthy waiting list to get patients willing to accept the long-awaited treatment in sufficient numbers to keep even the temporarily reduced hospital resources fully employed.

In a medical service free at the point of consumption the waiting lists, like the poor in the Gospel, "are always with us." If at any moment of time they do not exist, they have to be re-invented, or rather they reproduce themselves effortlessly and automatically. Ministers come and Ministers go: the hospital service spends a rising fraction, or it spends a falling fraction, of the national income; but the "waiting list at 31st December" in the Ministry of Health's annual report still stays the same, a reliably stable feature in an otherwise changing scene.

At the same time, Ministers of Health are broadly truthful when they say that for cases diagnosed as urgent or critical the waiting list, practically speaking, does not exist. This is far from disproving the function and necessity of the waiting list as a rationing device. For one thing, "urgent" and even "critical" are not objective magnitudes; on the contrary, they are assessments that have already taken the volume of supply into account. In any case, there is no clear-cut dividing line between the "urgent" cases, seen or treated at once, and the "nonurgent" cases on the waiting list—or, as the case may be, not on the waiting list at all. The latter are squeezed down—or off—by the former. To point to the fact that no "urgent" case goes untreated as evidence that supply and demand can be brought into balance without rationing is like arguing in a famine because nobody dies of starvation, there need have been no rationing system.

In the last resort the waiting list, or the line in the general practitioner's office, is one aspect of rationing by quality. In the days of the reform of the poor law and abolition of outdoor relief for the able-bodied, this used to be known as the principle of "lesser eligibility." What are called the "deficiencies" of the National Health Service—the large number of patients per general practitioner, the age and quality of many of the hospital buildings, and so on—are not deficiencies in the literal sense of the word, that the service falls short to a measurable extent of an objectively definable standard. They are those consequences of the quantity and quality of medical care being purchased by the State that help to equate the demand with the supply. The supply of medical care of all kinds through the National Health Service is rationed by forcing the potential consumer to choose between accepting the quality and quantity offered or declining the care. If he declines the care offered, he can either renounce or defer treatment altogether or he can endeavor to purchase it outside the National Health Service.

This is why it is absurd to declaim against a "double standard" of medical care, inside and outside the National Health Service respectively. The standard inside is that which balances demand with the amount supplied by the State; the standard outside is that which balances the supply and demand for medical care in the market, given the existence of the National Health Service.

The standard in question is not necessarily one of purely medical treatment, if indeed the purely medical aspect of care can be divorced from the others. For example, it may well be that a patient acutely ill or gravely injured may be treated as skillfully, efficiently, and safely in a National Health Service hospital as in a private hospital or nursing home. But the paradox is capable of rational explanation. The ancillary aspects of medical care—amenity, privacy, attention in convalescence, a degree of freedom, choice, and individual self-assertion—may be valued no less than the essentials that affect life and limb. Indeed, they are sometimes valued more highly, surprising though that may seem. There can also be an element of pride, prejudice, snobbery—call it what you will—that values the identical article more highly when it is purchased than when it is received gratis.

The principle of "lesser eligibility" has always been applied, cannot help being applied in some form, wherever provision is gratis. It was applied before the National Health Service started in the voluntary and municipal hospitals, and, indeed, from the beginning of time wherever medical care was rendered free at the point of consumption. Since eligibility is a form of rationing, we naturally find that it, like the waiting list, is also used to establish an order or priority. This is the reason why, for instance, the geriatric and long-term mental hospital wards are, and have always been, the most "ineligible" in the Service. The priority accorded to the demands of acute illness requires that rationing be applied more severely to the chronic.

The fact that the necessity for these covert forms of rationing springs from the very nature of the National Health Service and not from any particular level of supply attained in it is borne out by "Parkinson's law of hospital beds," which asserts that the number of patients always tends to equality with the number of beds available for them to lie in. Thus, the ratio of hospital confinements to total births ranged in 1965 from as low as 53.8 percent in East Anglia to 78.4 percent in Wales—the national average was 69.8 percent. Yet the pressure on maternity accommodation was at least as high in the latter part of the country as in the former. Again, the number of hospital beds for acute disease in the Northwest of England is almost twice as great as in the Southeast: in 1961 there were 3 per thousand population in East Anglia against 5.6 in the Liverpool region. Yet the pressure of demand, as evidenced, for example, by length of waiting lists, shows no comparable variation. As has been said above, there is no reason to support that an increase in the quantity or quality of care provided by the National Health Service would reduce the need for rationing. On the contrary, every increase in eligibility must involve an intensification of the other forms of rationing, such as waiting.

It is unfortunate that the nature of rationing by waiting and by ineligibility in the National Health Service is not recognized, at least by the professions. Instead, these features are treated as evidence of inadequacy and as blemishes that it lies within the power of politicians to remove, given the insight and the will.

CONSUMER LEGISLATION

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. PICKLE. Mr. Speaker, obviously there is a growing and growing disillusionment with the Federal Government and its protectionism over all our lives.

Many chalk this up to a growing trend of what is more or less called conservatism. Based on this judgment, this kind analysis goes that big money is still trying to keep the Government from bringing justice and equality to all Americans.

I would beg to differ with the above analysis that this is all just a bunch of moss-backs trying to take advantage of the people; I would say that the average citizen is feeling, with reason, and with logic, that he or she is up to the neck with Government. There is a legitimate question to raise. How far do we go in regulating every type of business and its consumer-related requirements?

To substantiate this point, I want to include in the Record a letter I have received from a member of my community. Even though I have taken out the names, I would assure my audience that the individual writing is far from what one would call a conservative. He is a progressive individual concerned about individual freedoms.

The letter follows:

> I hope that the Federal Paperwork Commission will find a solution to the awesome problems created by the deluge of regulatory legislation originating in Washington. I am not very optimistic, however. It is my conviction that the basic legislative acts which gave rise to the difficulties must be amended before the American businessman and businesswoman—and the American legal community—will receive any substantial relief.
>
> If I were compelled to describe my political complexion, I would, to be honest, have to describe myself as a moderate, with many liberal learnings. To be truthful, I would have to say that many, if not all, of the legislative acts protecting consumers have been aimed at real, not imaginary, abuses. However, there has been such a hurried rush to protect consumers, who really did need some help, that the acts intended to protect con-

sumers have become more abusive than the evils at which they were directed.

I am a lawyer. I have a B.A. Degree in History and an LLB Degree in Law. I was a good student and held high rankings in my classes both as an undergraduate and as a law student. I have practiced law since 1959. However, I readily confess, and I think this is generally true throughout my profession, that I cannot guarantee that I can properly prepare or complete a Truth-in-Lending Disclosure Statement or a RESPA Advance Disclosure Statement. If lawyers find themselves in such a predicament, you can imagine how difficult it is for laymen and laywomen to cope with such matters.

To add to the businessman's and businesswoman's woes, he or she now must cope with other protective acts: The Fair Credit Reporting Act, the Fair Credit Billing Act, the Equal Credit Opportunity Act, and the Consumer Credit Protection Act. And, of course, there is that jewel known as the "Proposed Trade Regulation Rule on Credit Practices" (April 11, 1975, 40 F.R. 16347) which, if finally adopted will virtually eliminate the availability of credit for the poor. There are others, naturally; but I have named those that pose the gravest threat to the vitality of American commerce.

The bundle of laws I have referred to above, together with sometimes almost incomprehensible rules and regulations promulgated pursuant thereto, constitute a kind of legislated sawed-off shotgun aimed at the heart of the American economy. No one really is certain, at this moment, how precisely to comply with these regulatory acts; and yet the price for failing to dot every "i" and cross every "t" can be costly. I know that these laws are violated thousands of times daily, not maliciously but only because they are so complex that they are easily misunderstood both by lawyers and by those whom they serve. If a suit were filed for every such violation, the nation would be bankrupt within six months, if not sooner.

I know how difficult it is to modify existing legislation. But I plead for some infusion of common sense into this sticky morass. I do not plead for the repeal of these Acts, for, if simplified and properly enforced, they will achieve ends that are worthwhile; but, surely, some middle ground can be found short of declaring every businessman and businesswoman in America a potential felon simply because neither they nor their lawyers can comprehend the complexities of these laws. As you know, these laws are intended to be remedial; and the courts in consequence have been enforcing them strictly, just as the Congress wanted. But the strict enforcement of, say, the Truth-in-Lending Act can force a small businessman into bankruptcy for honest mistakes which have not even caused injury. There have been an abundance of cases decided by the Courts involving Truth-in-Lending, many of them in conflict with each other by the way; and businessmen and businesswomen have been needlessly bludgeoned for such a venial sin as inadvertently failing to disclose that a notarial fee is a "prepaid finance charge." Some have suffered substantial economic loss because they correctly described their rebate formula as "the rule of 78's."

It has been discovered, as you know, that Congress accidentally, and without intending any such result, managed to include owner financed sales of a home within the scope of RESPA. I suspect that RESPA will be amended to exclude such transactions from its manifold; but bolder steps than that are needed. The consumer protection laws need to be simplified, so that the average man and woman in the street can understand them and comply with them. It is tragic but true; at the present time the average lawyer cannot advise his or her business clients how to comply safely with the various consumer protection laws. And commerce depends upon certainty, upon knowing that a particular act done or not done will have a clearly predictable outcome.

It would help a lot if one simple Bill were to be enacted. It could read as follows: "All laws of the United States intended to protect consumers, and all rules and regulations promulgated pursuant thereto, as any of them may be modified or amended from time to time, are hereby declared to be in derogation of the Common Law and are to be intercepted, construed and applied accordingly. Compliance with any of such shall be deemed perfected when there has been substantial compliance therewith; and no party seeking any kind of monetary award or relief under the terms of any of such shall be entitled to any such award or relief unless such party proves by a preponderance of the evidence that such party actually suffered monetary damages, prior to the commencement of suit, in consequence of an act or omission violative of any of such."

I doubt that there are very many members of the House or Senate willing to introduce such a Bill or any Bill having similar import. And I am not asking you to do so; it would be political suicide. But the plain fact of the matter is that consumers cannot consume unless there are businesses selling or serving; and the state of the law now permits consumers to blackmail businesses when even the slightest technical violation of federal law occurs. That situation cannot be permitted to exist much longer. Consumers deserve protection; and I am glad that Congress has responded, and is responding, to their cries for legislative assistance. I greatly fear, however, that Congress has been bullied by the consumers' lobbyists into throwing the baby out with the bathwater. I know that those lobbyists are endowed with good intentions; but I think that they simply have not devoted the kind of thought and study to the legislation they have sought that should have been given. I suspect that zealotry has triumphed over good judgment and common sense.

I wish you well in your endeavors and hope, most sincerely, that you can aid in the untangling of the regulatory restraints which are strangling the business community of this nation.

Mr. Speaker, this attorney poses a serious question for the Members of Congress, and the public in general. The question has been fairly and objectively stated. It is more than a question of overzealous bureaucratic regulations. It goes to the question of the basic extent and intent of our regulation. Have we gone too far? Is there a better way to protect the consumer?

PUERTO RICAN LAWYERS ASSIST PRISONERS IN DOMINICAN REPUBLIC

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. BADILLO. Mr. Speaker, it is often very difficult for Members to get a true sense of how feelings run among people who we are attempting to help. A number of my colleagues and I have been involved over the past months with the case of three Puerto Ricans imprisoned in the Dominican Republic, and have been working through the State Department to assure their repatriation to Puerto Rico.

This case has become a focus of attention in Puerto Rico, and many groups are at work, both with the Puerto Rican and Dominican administrations to see that due process is followed, that these men will be returned to their families, and that this grave miscarriage of justice will come to an end. In the forefront of these groups is the Colegio de Abogados de Puerto Rico, the Puerto Rican Bar Association, and I would like to submit a very strong series of resolutions they have issued in support of these three American citizens whose human rights have been so gravely violated:

RESOLUTION—REQUEST ON REPATRIATION AND OTHER PARTICULARS

Whereas, the Honorable Governing Board adopted and implemented through its President the following Resolution dated August 6, 1975, herein transcribed *ad verbatim:*

Whereas, since June 2, 1975 the Authorities of the Dominican Republic have imprisoned Puerto Ricans John Sampson Fernández, Raúl García Zapata, Angel Gandía Bonhome for crimes allegedly committed against said country.

Whereas, different Puerto Rican entities, including the Honorable House of Representatives, have expressed their deepest concern regarding the guarantee of the civil and human rights of these fellow citizens.

Whereas, the Honorable Governing Board of this distinguished Bar Association sent a commission constituted by attorneys José H. Picó, President of this Bar Association, Luis E. Andujar, First Vice-President and Graciany Miranda Marchand, delegate at-large, to witness the hearing of the case against these fellow citizens.

Whereas, the Commission of this Bar Association reports that these three Puerto Ricans prior to the Habeas Corpus hearing witnessed by the Commission were held isolated in prison for over twenty (20) days without a private interview with their attorney; and without knowing the charges against them and without receiving any copy of the accusations against them. The Commission of our Bar Association was denied an interview with them, as well.

Whereas, the only evidence for the prosecution against these three fellow citizens in said hearing was some alleged confessions allegedly made by them after being imprisoned and isolated for over twenty (20) days.

Whereas, the truthfulness and voluntariness of these confessions have been highly questioned because of the intense physical and psychological coercion, and the tortures through which they were obtained, according to the repeated testimony of the accused during the two hearings held.

Whereas, these fellow citizens were condemned to thirty (30) years of imprisonment with hard labor for having allegedly attempted against the national safety of the Dominican Republic in a trial which has surprised many because of its rapidity, the severity of the judgment and the insufficiency of the evidence, according to the testimony of the observers of this Bar Association.

Whereas, this delegation took steps to protect the rights of said Puerto Ricans, and requested an interview with Honorable Joaquín Balaguer, President of the Dominican Republic, and said steps were unsuccessful.

Therefore, be it resolved by this honorable governing board:

1. To express our most energetic rejection to the procedure followed since the three Puerto Ricans, John Sampson Fernández, Raúl García Zapata and Angel Gandía Bonhome were imprisoned and until they were condemned, for being contrary to the rights of man and the Charter of Human Rights of the United Nations Organization;

2. To request from the Dominican authorities the guarantee and protection of all civil and human rights of these fellow citizens;

3. To request from the Dominican authorities, specifically from their President, Honorable Joaquín Balaguer, the immediate repatriation of these fellow citizens;

4. To request from the Honorable Governor of Puerto Rico, Rafael Hernández Colón, in the exercise of his executive discretion, to proceed in taking steps with the Presidency of the Dominican Republic to obtain the fastest release and return to Puerto Rico of those arrested;

5. To send certified copies of this Resolution of the Bar Association of Puerto Rico to Honorable Rafael Hernández Colón, Governor of the Commonwealth of Puerto Rico, to Honorable Joaquín Balaguer, President of the Dominican Republic and to the communications media of both countries.

Whereas, the President our Bar Association, complying with a mandate of the Governing Board appeared before the Assembly of the American Bar Association and obtained the adoption of Resolution No. 39, last August 13, 1975, the text of which follows:

[Resolution No. 39, 1975 Annual Meeting, José H. Picó]

RESOLUTION ON PUERTO RICANS HELD BY AUTHORITIES IN DOMINICAN REPUBLIC

Whereas, since June 2, 1975 the Authorities of the Dominican Republic have imprisoned Puerto Ricans John Sampson-Fernández, Raúl García-Zapata and Angel Gandia-Bonhome for crimes allegedly committed against said country;

Whereas, it has been alleged that before a Habeas Corpus rearing, the three Puerto Ricans were held incommunicado for over twenty days without a private interview with their attorneys and without knowing the charges against them;

Therefore, be it resolved, to request from the Dominician authorities the guarantee and protection of all civil and human rights of these fellow citizens.

Certified to be a correct copy of the resolution adopted by concurrent note of the Assembly and House of Delegate of the American Bar Association on August 13, 1975.

V. J. BURNS, Jr.
Secretary.

Whereas, other civic and professional organizations of this country have joined in the repatriation request of the persons to whom we have referred.

Whereas, the San Juan II (Rio Piedras) delegation in an assembly held recently, definitely supported the steps taken to defend the fundamental rights of the human being and endorses and backs the steps taken to this date by the authorities of our Institution.

Therefore, be it resolved by this general assembly of the Bar Association, as it is hereby resolved, to ratify, endorse and express a vote of acknowledgement in favor of the repatriation steps taken until now in favor of fellow citizens John Sampson Fernández, Raúl Garcia Zapata and Angel Gandia Bonhome, by the authorities of our Institution and by the Dominican attorneys, and to instruct the President and the Governing Board to continue and to intensify by all necessary and proper means these measures until they obtain the fastest release and return to Puerto Rico of those arrested.

This Resolution shall be translated into English and shall be sent to the President of the United States and to the members of the Congress of the United States.

In San Juan, Puerto Rico, September 6, 1975.

MEDICALLY ORIENTED SOCIETY

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. CARTER. Mr. Speaker, the Frontier Nursing Service has provided primary health care to people in Kentucky for 50 years. I was delighted to learn that last week Gertrude Isaacs, a doctor of nursing science, presented a most interesting paper at an International Health Conference here in Washington.

There were a number of people at the conference who felt the issues she raised should be widely discussed. In order to facilitate that discussion I ask that her paper, "The Dilemma of a Primary Health Care Agency in a Medical Oriented Society" be published in today's CONGRESSIONAL RECORD:

THE DILEMMA OF A PRIMARY HEALTH CARE AGENCY IN A MEDICALLY ORIENTED SOCIETY

(By G. Isaacs, D.N.Sc.)

The assumption that urban and rural areas need a different system of health care is meaningless. Basically, their health needs are the same, e.g., physical, mental, environmental, and social needs for family and community. Of particular importance is the need for a health system developed within the context of the community. Each area suffers similarly from inaccessibility to care and inability to pay for the costs of such care. These problems are more closely related (1) to economic and political issues of poverty rather than to health issues, and (2) to the lack of an identified system for care.

This situation is aggravated by the demands for curative care of the more affluent and socially sophisticated which society in general cannot afford. These issues were well addressed in the World Bank Health Policy Book, and have been confirmed in practice over and over again. Solution to these problems, however, remain elusive. Traditional health care services have been designed to provide curative care in urban and rural areas alike. Preventive care has been provided separately or not at all. The mutual needs of both groups for preventive care has largely been ignored. Organized medicine, organized nursing and governmental agencies have all been very slow to accept either the primary care nurse or the primary health care model.

DESCRIPTION OF A PRIMARY HEALTH CARE MODEL

Fifty years ago the Frontier Nursing Service (FNS), Hyden, Ky. established a district health care system and later added a primary care training program to demonstrate methods for overcoming these problems in rural America. A highly inaccessible poverty stricken rural area with no physicians was selected, with the assumption that if the system could be successfully demonstrated in such an area then it could be duplicated in other areas. Because of limited availability of medical services, heavy emphasis was placed on preventive oriented primary health care with the focus on mother and child. A workable system of family care evolved, and has been continuously maintained at relatively low costs. The source of payment, which is largely an economic and policy issue, remains a problem.

The system consists of a centrally located hospital and health facility encircled by eight nursing districts located in the community served. It is a voluntary nongovernmental agency. Through this system, until 1975, roughly 30% of the care was given in the home, 30% in the nursing district clinics, and 40% in the hospital and community health facilities. Medical back-up and other curative services are supplied through the hospital and community health center. Specialty care is provided through linkages with state and regional medical centers and institutions. All are administered within one organzational structure which includes research activities and health manpower training.

Experience at the FNS and the following data illustrates (1) the importance of preventive care in reducing costs and (2) the constraining influence of governmental regulations and reimbursements in the provision of health care. The reimbursement is for medical care only. The FNS has unequivocally demonstrated that primary care services delivered by family nurse-midwives (primary care nurses) through a district system markedly reduce health care costs. The lives of many mothers and children are saved; and the hospitalization of all age groups, particularly the chronically ill, and the 65 and over age group, is significantly lessened.

This system of health care is based on the premise (1) that primary care requires a well trained but not necessarily a highly trained individual; (2) that health teaching and counselling with supportive care plays an influential role in helping families establish sound health practices and cope with day-to-day health problems, thus lessening the need for costly curative care; and (3) that health care begins in the home with the family. Health care centers are important adjuncts but they cannot satisfactorily replace home care. Many people will argue that home care is too expensive and time consuming. They do not give consideration to the potential role of the primary care nurse or the homemaker in home health services within the context of the team. Nor do they consider the importance of the personal touch provided through this system. They see health care primarily as highly skilled medical services which focuses on the diagnosis and treatment with minimal attention to health care management and the management of illness.

I was amazed at the failure of the World Bank Health Policy Book to mention (1) the midwife, and (2) the importance of preservation of food as vital health issues. Is this omission due to the lack of woman's touch in health planning? In 1972, 2,000 midwives represented 100 countries at the International Midwifery Conference in Washington, D.C. The omission of midwives from the report, as a vital cadre of readily available trained health manpower was shocking.

THE IMPACT OF MIDWIFERY SERVICES ON THE HEALTH OF MOTHER AND CHILD

A study undertaken by the Metropolitan Life Insurance Company points out the importance of the central role that nurse-midwives play in improving health care and health standards through their preventive orientation. In 1932 they reported on the first thousand babies delivered by the Frontier Nurses. They stated, "That study shows conclusively what has in fact been demonstrated before, that the type of service rendered by the Frontier Nurse safeguards the life of mother and baby. If such service were available to the country generally, there would be a saving of 10,000 mothers' lives a year in the United States, there would be 30,000 less stillbirths and 30,000 more children alive at the end of the first month of life." In 1954 they reported on the first 10,000 babies delivered by the FNS. The majority of these babies were delivered in the home.

During this period the FNS lost 11 mothers. National averages during this period were reduced from 64.7 to 7.5 per 10,000 live births. At midpoint in 1937 the national average was 48.9 maternal deaths per 10,000 deliveries. Two of the deaths were due to non-puerperal causes (pneumonia); two due to joint causes (cardiac and pregnancy); and seven due to puerperal causes. Only three mothers died in their homes. All were due to postpartum hemorrhage, and they occurred during the days when the nurse-midwives rode horseback and had to telephone or radio communication with hospital facilities. Ninety-three percent of all mothers were delivered by nurse-midwives. A physician was available for the management of the abnormalities. No maternal death has occurred since 1951 in over 8,000 deliveries. This is substantially below national average, which has been reduced from 7.5 maternal deaths per 10,000 live births to 2.5.

From 1965 to 1970 the neonatal mortality rate was 13.8 and the stillbirth rate was 10.1 per 1,000 deliveries. Between February 1973 and July 1975 an intensive study of inpatient and outpatient statistical data was conducted, showing that only two neonatal deaths and 4 stillbirths had occurred in 495 deliveries, a neonatal death rate of 4.1 and stillbirth rate of 8.1 per 1,000 live births. In 1973 the neonatal death rate was 12.3 and the stillbirth rate was 13.3 per 1,000 live births in Kentucky.

The continued reduction in neonatal and maternal deaths can no doubt be attributed to the immunological programs and the family planning program, both preventive programs conducted by family nurse-midwives. Ninety percent of parents now limit their family size to three babies or less. No rubella or rubeosa epidemic occurred during this period. Better nutrition in which nurse-midwives play a counseling role also is an important factor. The nurse-midwife-physician team is still marginally accepted in this country; the FNS midwifery program is only one of several similarly successful programs in this country and abroad.

The full impact of such care is felt throughout the life cycle of the family served. First in the life as the child, then in the life of the family and the grandparents. A mother who learns to take care of a child learns to take care of the family. In a recent study reported by Dr. Nuzum, et al., from University of Kentucky Medical, it was found that the children delivered by the FNS compared favorably, nutritionally, developmentally and in health status with a comparable group of children from the Boston middle-income group. Sixty-nine percent of the Leslie County population was below the poverty level when the study was undertaken.

Why have organized nursing, organized medicine, and governmental agencies chosen to ignore these findings? Why have the people failed to rebel? Why have state and federal government failed to respond? These are crucial questions which need to be carefully answered.

HEALTH CARE COSTS AS AFFECTED BY GOVERNMENT POLICY

Health care costs at the FNS are also substantially below national levels. Until the FNS completed its new hospital facilities in February, 1975, primary care services were delivered at approximately $100 per individual per annum. This included the costs of the primary care nurse training program and health research. It did not include the costs of patients referred for specialty care services. Approximately 2% of the outpatient and hospital inpatients are referred for specialty care. With the building of the new hospital primary care costs have risen $70 per annum per individual.

Much of the increase in cost in the annual budget from $350,000 in 1965 to an estimated $2.5 million in 1975 can be attributed to standards established by the state and federal governments. With the introduction of medicaid and medicare, bookkeeping and recordkeeping were increased at a phenomenal rate. Manpower to operate the service has been increased from 98 to 215 individuals without essential increase in the population served. Neither the number of patients seen in ambulatory care clinics or hospital days changed substantially during this period.

Home deliveries, which are less costly, were generally discontinued in favor of hospital deliveries without comparable decreases in infant and maternal mortality rates. In addition, the FNS was obligated to build costly new hospital facilities to meet governmental regulations and is required to meet unrealistic health manpower demands. Rural areas have an unduly difficult time recruiting fully qualified lab and x-ray technologists and other medical specialists, which again are more costly. While the more highly trained specialists are desirable for consultation when problems arise, they are not necessary to provide quality day-to-day care. Regulations have been established to meet Harvard, Yale and Hopkins standards which are suited to highly developed specialty services but they are not practical for day-to-day primary health care in rural areas. The cost benefits derived through medicaid-medicare reimbursements and adherence to established governmental standards, while essential to maintain services in this country are highly debatable in terms of the outcome of the service provided.

They have caused a major shift from preventive oriented health care to curative care at the FNS. Neither the federal nor state systems reimburse for preventive care. Studies illustrate major shifts in the distribution of care since 1965 with the greatest shift occurring after the opening of the new hospital in February 1975. For a community the size of Leslie County the FNS was obligated to build a 40 bed hospital to meet bed requirements stipulated by the governmental agencies. This was done with the expectation that it would be 70% occupied within 6 months, on the basis of experience from surrounding areas. After eight months the occupancy remains at 47%. On the other hand outpatient services have shifted from the district health centers to hospital based facilities. This can be largely attributed to the increase in charges for health care services to meet increased costs incurred by the development of more costly curative services.

SHIFTS IN PREVENTIVE AND CURATIVE CARE, RELATED TO CHARGES

A recent study of costs, charges and fees collected, since the opening of the new hospital in 1975 indicated a marked change in patterns of health service utilization. It also indicated that the people of the community will pay a limited sum for preventive oriented services provided through the district centers. Instead people delay in seeking care until they become sufficiently ill to justify a trip to the hospital, where they will pay a higher sum for curative care. People will rarely travel further than the established five mile distance to the district centers for preventive care, a factor addressed by the World Bank. Preventive care must be readily available and accompanied by an active continuing education program and active provision to become a viable component of a health agency. Like education it does not sell on the competitive market.

The following statistics illustrate the recent shift in patterns of health service utilization. In the districts the major shifts have been from child care, which is largely health oriented, to the care of the 65 and over, which is largely illness oriented, with an overall reduction in productivity in terms of ambulatory care encounters. At the same time hospitalization of the 65 and over had increased. This shift will be difficult to reverse.

The increase in hospitalization was primarily in the 65 and over age group. From 1971 to 1974 the admission rate for the 65 and over remained relatively stable, fluctuating between 8–11 percent of the admission per month with an overall average of 10% per annum. The sixty-five and over age group form approximately 8.2% of the population served in this country. The average hospital stay is 7.1 days for this age group compared to 15 days average stay in other community hospitals in this country. Only 18% of hospital days at the FNS are for the 65 and over compared to 38–42% in two neighboring counties with similar conditions, and no nursing homes. The national hospital days for the 65 and over averages at 32%. During the first six month period following the opening of the new hospital the occupancy rate of the 65 and over age group increased to 27% of hospital days.

Other findings indicate the shift from preventive to curative care. The increase in charges and the simultaneous pressure to reduce costs and collect fees inadvertently led to a reduction in preventive care. At the same time acute and chronic health problems increased with the greatest increase occurring in the chronic flareup category. Preventive care has traditionally been promoted through an active home visiting program. A drop in home visits was shortly accompanied by a decline in nursing clinic visits. This was particularly marked in districts where there was a change in nursing personnel. This decline was not noted in districts where the new nurse kept up her home visits.

Home visits are a vital link between the family and the health system. It is in the home that the most important teaching, consultation and supportive care occurs, and where the family can best learn to assume self care. It is in this area of care that the family nurse and the nurse-midwife excell. The family learns best when they can observe the nurse actually providing the care, if they are encouraged to assume this responsibility.

SUMMARY

This report focuses primarily on the benefits derived from (1) a decentralized system for providing coordinated health and curative care and, (2) the utilization of the primary care nurse whose training focuses more on health care and is considerably less costly than medical training. It has demonstrated the effectiveness of preventive oriented health care in saving the lives of mothers and babies and in reducing costly hospital care and other curvative services. It speaks to the difficulty of selling preventive care to the people as well as to governmental agencies; and the need for community based home care services to maintain an active preventive oriented health program.

It demonstrates the impact of governmental reimbursements and policies on a traditionally preventive oriented primary health care program which has resulted in a marked shift to curative care and increased costs without measurable comparable benefits. It encourages neglect of a patient until he becomes ill. The care of the ill requires more highly trained health manpower, more costly facilities, and is more time consuming. This shift leads to a greater centralization of services. It negates the delivery of effective preventive services which are designed to health in contrast to illness. We have not even begun to examine the psychological and social impact of community based family centered care in contrast to the technologically focused hospital centered care.

Such shifts toward curative care are cause for serious concern in terms of the eventual impact on the health status of this nation and that of the developing nations; (1) the growing costs of health care and, (2) the well-being of the people. The program as originally developed and designed by the FNS shows major promise for a universal model which may reverse the current trend toward curative care if supported through governmental policy.

Recent health legislation, the Public Health Planning Act, PL 93–641, supports the primary care nurse. Kentucky is now in the process of developing regulation for primary health care centers which include the primary care nurse. These are based on the model developed by the FNS. The inclusion of extensions to this service of the nursing districts without the immediate supervision of the physician has been debated. These are vital if health service are to be made accessible to the people. In addition, health legislation is needed which will permit licensure of the family nurse and the nurse midwife in each state. This must then be accompanied by appropriations which will make the system workable on state and national levels. Until such support becomes available, individual agencies must pursue costly and time consuming means of seeking funding for health services.

It is an ideological approach to health care. The full social and cost benefits will not be felt for a long time. The full impact cannot be measured by scientific methods. It is also a practical, relatively low-cost approach that makes sense.

A NOBEL LAUREATE VIEWS THE CURRENT WORLD ECONOMIC SITUATION

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. McDONALD of Georgia. Mr. Speaker, the man who won the Nobel Laureate prize in economics, Friedrich A. von Hayek, recently granted an interview to the Gold & Silver Newsletter, which was reprinted in Human Events of September 6, 1975. In this interview he discusses the fallacy of deficit spending and the foolishness of Maynard Keynes. Further than that, he discusses the reasons why gold ownership is still in vogue and how that precious metal could still be the key to world economic problems. Therefore, I commend this article to the attention of my colleagues:

A Nobel Laureate Views the Current World Economic Situation

Monex. First of all, Dr. Hayek, let us congratulate you on receiving the Nobel Prize.

Hayek. Well, thank you. I had not expected it, but, of course, I was honored at having been chosen. I must say, however, that the demands on my time since then by the press and others have been astonishing. I'm beginning to think that the Nobel Prize is designed to prevent anyone who gets it from doing any further work.

Monex. Our first question deals with your forecast in the 1920s that America was headed for a depression. We understand you were one of the only enocomists to do so. Is that true?

Hayek. Yes. I was one of the only ones to predict what was going to happen. In early 1929, when I made this forecast, I was living in Europe which was then going through a period of depression. I said that there's no hope of a recovery in Europe until interest rates fell, and interest rates would not fall until the American boom collapses, which I said, was likely to happen within the next few months.

Monex. How were you able to foresee what would happen?

Hayek. What made me expect this, of course, is one of my main theoretical beliefs that you cannot indefinitely maintain an inflationary boom. Such a boom creates all kinds of artificial jobs that might keep going for a fairly long time but sooner or later must collapse. Also, I was convinced that after 1927, when the Federal Reserve made an attempt to stave off a collapse by credit expansion, the boom had become a typically inflationary one.

So in early 1929 there was every sign that the boom was going to break down. I knew by then that the Americans could not prolong this sort of expansion indefinitely, and as soon as the Federal Reserve was no longer willing to feed it by more inflation, the thing would collapse.

In addition, you must remember that at the time the Federal Reserve was not only unwilling but was *unable* to continue the expansion because the gold standard set a limit to the possible expansion. Under the gold standard, therefore, an inflationary boom could not last very long.

Monex. You've mentioned before that the depression of the 1930s was unnecessarily prolonged. Would you explain your reasoning for our readers, please?

Hayek. In 1929, a crisis and depression of some length was inevitable. But it certainly need not have lasted for something like 10 years. It ought to have been over in two or three years, if sensible policies had been followed.

Instead of allowing the market to correct the misdirections of labor and resources that occurred during the inflationary boom, the government believed they could cure the depression by keeping up wages. Hoover began the policy, but Roosevelt greatly expanded it. The cry was—"For heaven's sake keep up wages so that demand remains sufficient." Policies of government intervention in the economy led internationally to exchange controls, restrictions on foreign trade and other policies that only made matters worse.

The absence of a sound international monetary system was another factor that was responsible for the length of the depression. One of the single most important mistakes that unnecessarily prolonged the depression was Roosevelt's decision to go off the gold standard.

There was an international monetary conference in progress in London at the time that was on the whole working on a proposal along the right lines. The conference just blew up as a result of the American action. Roosevelt completely upset the whole international monetary system by that decision at just a time when there were some signs of a recovery.

Monex. Would you review some of the additional consequences that flowed from that decision?

Hayek. Abandonment of the gold standard also set the stage for future inflation through a gradual elimination of restrictions on the free actions of politicians. Although the U.S. nominally continued on the gold standard, in fact the gold standard ended in 1933. The gold standard is by its nature international—no single country can have an effective gold standard because if just one country is on gold it means that the policy of that country determines the value of gold and not the other way around.

Then came Bretton Woods after World War II with its principle that no country should ever be required to contract its currency—all the adjusting would be done by expanding the money supply of the countries that had a favorable trade balance. That was the second stage. The third stage was abandoning fixed exchange rates and accepting flexible exchange rates and floating currencies. This means, of course, that a country is completely free in its monetary policy.

As long as the people who manage the national currency had to pay some attention to maintaining these rates there was some restraint on them. Now that they've gotten rid of that restraint, they are free to inflate all they want. The result is that we've had an inflationary boom that has lasted for some 35 years—an unprecedented situation.

Monex. Do you think there's much hope of a return to the gold standard as a solution to the world monetary problems of today?

Hayek. The chances of restoring any kind of gold standard has occupied me a great deal, and I don't believe such an attempt can really succeed. As I've said, the gold standard is only effective as an international standard, and the chances of reestablishing it on an international basis are small.

The chances of its being maintained for any length of time at the present are almost nil because no country is as yet willing to submit to temporary periods of deflation and unemployment that the gold standard demands. I think before one can seriously wish that the gold standard be reestablished opinion has to change a great deal. Now it may be that a severe depression of some length will change public opinion to the point where people would agree that even with its defects the gold standard is preferable to what they are experiencing without it.

But before this can happen, countries must foreswear a monetary and fiscal full employment policy. They must realize they cannot permanently maintain full employment by inflation, or there is no chance of maintaining a gold standard. The gold standard, of course, puts a curb on politicians that forces them to do things they don't want to do. If you could get the politicians to submit to that discipline, it would be highly desirable. But I don't believe at the present time there's much chance of this happening.

Monex. In *The Road to Serfdom*, you argue that John Maynard Keynes' theories, if carried far enough, will lead to the end of individual liberty and to totalitarian government. Keynes, nonetheless, gave the book an almost passionate endorsement, saying he was "not only in agreement with it, but in deeply moved agreement." Do you feel he may have changed his views in his later years?

Hayek. No, I don't think he did. I knew Keynes well. In fact, personally we were good friends. We just generally avoided talking economics, We knew we couldn't agree on economics, but there were many other common interests. It didn't surprise me that he accepted the thesis of the book because he was basically of a libertarian outlook and concerned about any threat to liberty. It was not against Keynes that the *Road to Serfdom* was directed.

I do, however, feel that Maynard would have changed his views had he lived longer. What I blame Keynes for is to have called his major work a *General Theory*. It wasn't a general theory. It was admittedly adapted to the special needs of the 1930s when we had a general period of deflation. It was tempered for the moment and was never intended to be a general theory.

He was up to a point aware of this when I saw him in early 1946. I asked him whether he wasn't getting alarmed that some of his theories had led into inflation. He said—"Oh, Hayek, never mind. Don't be alarmed. These views were frightfully important in the 1930s. If they should ever become dangerous, just watch me. I'm going to turn public opinion around like this." And he made a *movement* of his hand, indicating a complete change of direction and emphasizing he had this great confidence that he was able to play on public opinion as an instrument. Six weeks later he was dead and couldn't do it.

I think if Lord Keynes had lived longer, he would have become one of the main fighters against inflation. I think it was a great calamity that he died when he did.

MONEX. What's your assessment of world economic conditions today?

HAYEK. My overall view of world economic conditions at this time is generally one of pessimism. I think there's a chance that people may become reasonable again and the depression that is now beginning will not last too long. It's possible. After all, with a working economy you can pull out of a depression extraordinarily rapidly. For example, after World War I—I believe it was 1921—American prices fell something like 40 per cent within six months, causing acute depression. But there was a rapid adjustment, and within months recovery was under way because you still had a functioning price and market mechanism.

The German recovery after the hyper-inflation of 1923, again, was possible because there existed a fully functioning labor market with the possibility of adjusting the relative wages very rapidly.

MONEX. Most economists refer to present economic conditions in this country as a recession. Do you see it as a depression?

HAYEK. Well, there's really no quantitative distinction between the two. The word "recession" was invented to avoid the scare word "depression," and it just means a mild depression. But you won't get away with a mild depression this time. You may hope it will be a short one, but it will be a depression, and I don't think we've reached the depths yet. I don't want to set any figure, but unemployment is going to rise further.

MONEX. Do you think this depression is likely to be worse than the 1930s?

HAYEK. It's not impossible. On the other hand, as an economist, I feel it's my job to tell the people that it's not necessary if they follow reasonable policies. I don't think the chances are likely they'll do it. But it's possible.

MONEX. What's your assessment of recent actions taken by the Administration and Congress to deal with the nation's economic problems?

HAYEK. The Congress has done exactly as I expected and that's to try to cure the problem with another dose of inflation. It doesn't surprise me in the least. That President Ford should have temporarily resisted was more than I expected. I'm sorry that he didn't stick it out. But, again, I wasn't surprised that he finally signed the tax cut bill.

Now the resumption of an expansionist credit policy can still once more catch on for a time and temporarily revive the boom. And I fear that might happen. You see, if at the present moment they should succeed in prolonging the inflationary boom for another year or two, the ultimate collapse is going to be worse than it would be now. My general impression is that an inflationary expansion isn't very likely to catch on, but it may. I can't exclude that possibility. But personally, I would rather have a more moderate depression now than a worse one in two years time.

MONEX. In your 1931 book, *Prices and Production*, you wrote that the way out of a depression is through the slow process of the market correcting the mistakes made during the inflationary period. The public and the politicians, however, are rarely willing to do nothing about unemployment while this slow process runs its course. What is the solution?

HAYEK. You know you're asking me a question to which I have no answer and that's whether it's possible for a government to pursue a sensible policy as long as the public holds the wrong view of what can be done. I'd say it's almost a hopeless proposition for the government to pursue a sensible policy so long as the public is obsessed with the idea that there's a cheap way of curing unemployment. As an economist I can only argue this is a mistake.

But as long as people believe—and I think the great majority of people do believe—that the government has the power to eliminate unemployment quickly and lastingly, the government won't be able to stop the inflationary process. I think we have to teach people first that this is the price we must pay for the abuse of monetary policy for so many years. You must not expect that after having done the wrong thing for so many years, we'll get away cheaply after that.

MONEX. Haven't there been periodic recessionary adjustments over the years?

HAYEK. Yes, but they were very minor, very minor indeed. Those were periodic adjustments that did not involve a cessation of the inflation. It meant only a slowing down of the rate of inflation.

MONEX. What do you think is likely to happen if we continue to pursue the economic policies we have been following?

HAYEK. I'm fairly certain about two things. First, that attempts at so-called pump priming will probably sooner lead to acceleration of the price rise, rather than an increase in employment, and people will demand control of the price rise. The government will clamp on controls and pump more money into circulation, which will have the disappointing effect of not creating much employment.

Secondly, these developments will drive the country into a combination of price controls, public works of one sort or another and gradually into a completely government-controlled economy. Yes, I think the likelihood is that we will be moving into a completely controlled economy with depression, and employment directly dependent on government spending on public works. Of course this is a situation from which it is very difficult to extricate yourself.

MONEX. Under the conditions that you see developing, what investment advice would you give to those who are concerned about protecting their assets?

HAYEK. For a long time I thought the major thing to do was to get out of bonds and into equities. But present day governments know how to destroy the chances of even a stable real income from equities.

I think that anyone who has a claim to a government pension is fairly certain not to have to starve—but no more than that. And anybody who relies on land is by no means certain that he may not starve in his old age. Apart from one's home, land is for most people not a real alternative investment, because governments are finding ways to make even land a bad investment. In England, they're moving toward making it a law that if you want to sell your property you must sell it to the government which will then resell it.

MONEX. What is your opinion of gold as an investment?

HAYEK. Well, people who did invest in gold were very wise indeed. Gold is not a certain investment—you could lose a substantial amount in gold, but probably less than in anything else. Compared to everything else, I would have to say that gold is an appropriate investment that I think will probably do better than most others.

MONEX. Why do you regard gold as perhaps a safer investment than most anything else?

HAYEK. Because as conditions continue to worsen, people will resort to the one thing which they regard as safe. I must admit that belief in gold is perhaps a superstitious one, but it's one that's not likely to be shaken. The more people despair of conditions, the more people will resort to the one familiar thing which you can cling to and which you can put in your pocket and walk away with.

Some may say gold is not money anymore, but it's a store of value which the paper money is not. If things come to the worst, you can bury gold in your garden. You won't make anything on it that way, but in 20 years time your children will still have something that has retained its value.

The government may again clamp down all kinds of controls on the possession of gold, but governments don't last forever. Even if the government puts the death penalty on the possession of gold, as the Nazis did, it won't prevent people from burying it in their garden to have something of value when the government has changed. To have something that will still be of value in 20 years time is, for the great majority of people, still very important.

FORD IS GRANDSTANDING

HON. FRANK THOMPSON, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. THOMPSON. Mr. Speaker, we are all aware of the action of the President in recommending that the Congress extend a $28 billion tax reduction to the people of America and to tie that tax cut to a $28 billion reduction in Federal spending. I am pleased to bring to the attention of my colleagues a commentary on this matter which appeared in the October 23 edition of the Burlington County Times. This commentary quite literally speaks for itself:

FORD IS GRANDSTANDING

President Ford would do well to review the words of one of his most illustrious predecessors in the White House.

"It is true that you may fool all of the people some of the time," President Abraham Lincoln is said to have told a visitor to the White House, "you can even fool some of the people all the time; but you can't fool all of the people all the time."

Either President Ford has forgotten Lincoln's observation, or he is determined to test it.

In recent days the President appears to be concentrating more on creating illusions than on real solutions to problems.

The President's proposal to tie a tax cut to a budget cut is a case in point.

The President has proposed a $28 billion cut in taxes, tacking on as a condition a demand that Congress reduce spending for the next fiscal year by an equal amount.

It's an idea with some superficial appeal, which is what the President is obviously counting on.

There is little or no chance the Congress will go along with it, however, nor should they.

The President's proposal is all grandstand play, no practicality.

The tax cut the President is referring to is for the immediate future. It would take effect next January. The limitation in spending, however, refers to the next fiscal year, fiscal year 1977, which does not begin until October 1, 1976. (The federal government is changing its fiscal year starting with fiscal 1977, to begin Oct. 1 instead of July 1, just to give the Congressional committees more time to work on the President's budget, which he will submit, as usual, in January.) Congress is still working on its budget for fiscal year 1976. To ask it to impose arbitrary limits on its spending for a time so far in the future is absurd. It has no known idea what the state of the economy will be by then nor what the nation's needs will be.

The President knows that, or should know it, after 25 years on Capitol Hill.

What he is apparently counting on is that the average citizen doesn't know that, and will only remember that the President came out for "reduced government spending."

An indication of the shallowness of the Ford approach is that it has come under fire from members of his own party.

Sen. Henry Bellmon, Republican of Oklahoma, has accused the President outright of blatantly playing politics at the expense of the country's well-being.

Sen. Robert Dole of Kansas, former national chairman of the GOP, has joined in the criticism.

These men seem to sense better than Mr. Ford that the public will eventually see through the charade.

The Congress of the United States a year ago revised its system of preparing a budget. From disorganized chaos, in which budget proposals arose from a dozen different sources, operating without knowledge of the other's actions or an overall perception of how much the government could afford to spend, Congress has moved to single budget committees in each house whose job it is to recommend appropriate budget ceilings to guide Congress in its allocation of dollars.

In their first year, these committees have conducted themselves admirably, demonstrating a degree of responsibility and willingness to act in a bipartisan fashion seldom seen on Capitol Hill. They have shown they are well aware of the taxpayers' plight and have begun to assume the role of watchdog on his behalf.

President Ford is now attempting to throw a monkey wrench in their operation, asking them to approve an arbitrary figure for a date well in the future, before they—or he—have adequately assessed the needs of the country or the state of its economy.

The President's move is dramatic, but it accomplishes nothing toward the real and worthwhile goal of reducing unnecessary federal spending.

WHAT COSTS GO TO THE CONSUMER?

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. **FAUNTROY**. Mr. Speaker, I am pleased to insert the second and third parts of the series on the Washington Gas Light Co. as reported in the Washington Post.

These articles deal extensively with the costs that are passed on to consumers and I think everyone will find them of interest.

The articles follow:

[From the Washington Post, May 14, 1975]

GAS FIRM PASSES $1.9 MILLION STORAGE FAILURE TO CONSUMERS

(By Stephen Green)

D.C., Maryland and Virginia regulatory commissions are requiring Washington Gas Light Co. customers to bear a $1.9 million loss the utility sustained in an unsuccessful effort to store gas underground in the Brandywine section of Prince George's County.

While the customers bear the entire loss of the unsuccessful storage project, they are not sharing in the profits made by eight Washington Gas subsidiaries.

Instead, the profits from the subsidiaries, which include a corporation selling direct mail insurance, are going to WGL stockholders who have borne none of the loss resulting from the failure of the storage project.

Investors theoretically take a risk in purchasing stock. If a venture is successful, they make money. If it fails, they lose. WGL investors, it turned out, took no risk in the Brandywine project. Although the venture failed, the regulatory agencies in effect forced the customers to repay the stockholders for their investment.

Washington Gas spent $1.9 million for underground rights and geological tests in Brandywine from 1960 to 1967.

When tests showed the ground there was not suitable to hold natural gas, the company abandoned the storage project.

Washington Gas also purchased about 3,300 acres of Brandywine land in connection with the storage project.

One of the WGL subsidiaries now is attempting to develop 1,900 of these acres as a new town. The area is in Southern Prince George's near Charles County.

In 1971, after it found that gas could not be stored in Brandywine, the company asked the Maryland, Virginia and District of Columbia commissions that regulate it for permission to put the $1.9 million in its rate base. The rate base of a utility is supposed to represent the amount of money it has invested in facilities used and useful in providing service to its customers.

The company's proposal would have permitted it to earn an annual return through gas rates on the $1.9 million that turned out to be a loss and never was used or useful in providing service to customers.

All three commissions refused to put the money in the rate base. The D.C. Public Service Commission in its decision, described the company request as "an improper attempt to shift a risk from the stockholders to the rate payers." It added that the company "ignores the fact that stockholders are compensated by rates set to give them a return on their investment for taking precisely such risks."

However, the three regulatory commissions then moved to insure that WGL stockholders would not suffer a loss. They proceeded to permit the company to charge its customers the $1.9 million as a direct operating cost. As a result, the company now is collecting this money from customers as part of rates over a 10-year period, ending in 1981.

Thus, despite its rhetoric on behalf of the rate payers, the D.C. Public Service Commission, along with the two other area regulatory agencies, stuck the rate payers with the cost of the WGL blunder.

Regulatory agencies set rates to compensate a utility for its operating costs and—in addition—give it a profit, or rate of return, on its investment in providing energy to customers.

H. Mason Neely was the only member of the 3-member D.C. Public Service Commission to approve the Brandywine charge to customers who still is a member of that commission. He said the commission allowed the company to charge its customers for the underground project "because if it were successful, it would have benefited the customer."

Neely added that if the question came before the commission now the decision might be different because of a climate of concern over utility bills. "Commissions change," he said.

Gilbert Hahn Jr., former D.C. City, Council chairman and a lawyer who has represented consumers in utility cases, said the commission's Brandywine decision "was absolutely wrong. Why should the customers have to pay for the utility's mistake?"

Asked why gas company customers should have to pay for something that never benefited them, Paul E. Reichardt, WGL president, said through a spokesman:

"This was a project that was undertaken strictly for the benefit of the rate payer. Once this project was abandoned we felt the customer should pay those losses."

A non-regulated private business that suffered a financial loss could not automatically pass it along to customers without facing the possibility that the resulting price increase could lead to a drop in sales. If it could not take such a sales decline, it would have to absorb the loss itself, subtracting the loss from any profits it might have. In either case, such a blunder could lead to reduced stock prices for the firm.

The $1.9 million involved in the useless gas storage venture is only a small portion of WGL operating expenses, which last year were $171 million. The company's profit last year was $13.2 million.

In addition to the Brandywine gas storage project, WGL in 1963 started buying underground rights for a storage field it now operates in Hampshire County, W. Va.

Part of WGL's cost for gas depends on the volume it purchases during peak demand periods. "The more we can store and thereby cut down on our peak demand from suppliers, the more money we can save the customers," a WGL spokesman said.

A company spokesman said Washington Gas would like more storage area but its primary concern now is getting additional gas supplies at a time when the national supply of natural is running short.

The company paid $3.8 million for its Brandywine land because many property owners there refused to sell underground rights alone, compelling the company to buy the entire property, according to the Washington Gas spokesman. In addition, the company paid about $376,000 to property owners who were willing to sell just underground rights.

The idea behind the project was to pump gas into porous rock that would hold it until the company was ready to pump gas back out. Preliminary tests showed the rock was porous enough. In addition, the tests showed that rock formations near the surface were solid enough to act as a cap so that the gas would not leak to the surface. This is a commonly used method of storing gas.

In 1966, the company obtained state approval for the project and in 1967 county approval was granted.

The company spokesman said that "substantial geological testing took place in 1968. In 1969, the company, in its annual report, told stockholders that the tests showed the rock "structure more complex than previously thought."

The spokesman said WGL discovered a fault in the cap rock that would have permitted gas to seep to the surface.

In April, 1971, the company formally announced that it had abandoned the project and sought permission from the regulatory agencies to charge the rate payers with the cost of the geological tests.

Gary Alexander, Maryland people's counsel, a state official appointed to represent consumer interests in utility cases, said the regulatory commissions "took an approach which allows rate payers to assume the risks for management decisions that turn out to be wrong.

"Utilities want the stockholders to get the benefits of the profits but they want the customers to pay for the losses," Alexander said.

Although the gas storage project failed, Washington Gas has a subsidiary to develop the land it owns in Brandywine, a company spokesman acknowledged that a portion of the land was purchased as an investment in addition to obtaining the underground rights. None of the land itself was ever put in the company's rate base, said WGL president Reichardt.

In 1972, the subsidiary, Brandywood Estates, proposed construction of a new town for 33,500 residents on the site. That proposal now is winding its way through the Prince George's County zoning process.

The current zoning of the Brandywine land is for agricultural or rural residential use. Prince George's County appraises the land at about $1.6 million.

Brandywood Estates is one of seven wholly owned Washington Gas subsidiaries; an eighth subsidiary is wholly owned by Brandywood Estates and thus, it, too, is totally controlled by Washington Gas. The subsidiaries' boards of directors are mostly Washington Gas employees. The subsidiaries' stock is owned by Washington Gas and is not publicly traded.

One of the subsidiaries runs the Hampshire County storage project. Two others are small retail gas companies. A fourth explores for natural gas. The remaining four have no direct connection with the gas business and deal with real estate and insurance.

The subsidiaries earned $619,932 in profits for Washington Gas last year. Reichardt acknowledged in an interview that though subsidiary profits do not offset gas rates, WGL is able to develop subsidiaries through the economic strength it has gained from its publicly-granted monopoly to sell gas in the District and the Maryland and Virginia suburbs.

Sy Mannheimer, chief accountant of the D.C. commission, said it is natural for gas utilities to diversify through formation of subsidiaries because it is possible the gas supply could run out and subsidiaries could permit them to continue as viable businesses.

However, he noted that a utility with subsidiaries is difficult to regulate. "You could raise the question of having to know how much time the utility president spends on utility business as compared to subsidiary business in trying to find out how much of his salary should be paid by utility customers," Mannheimer said.

A report on diversification by the Association of Regulatory Utility Commissions says that diversified gas companies represent "a minority of a segment of the industry." The association represents state and U.S. regulatory agencies.

"It is arguable," the report states, "that the major aim of public polls regarding the customer as the principal beneficiary should be to prevent diversification." It explained that "without the option to diversify the motivation for the industry to succeed in meeting its public service obligation is strengthened."

The report goes on to state that "stockholders of a utility may win or lose as the result of diversification and the consumer bears the risk of failure without any commensurate participation in the benefits of success."

CUSTOMERS FINANCE GAS QUEST

(By Stephen Green)

Gas customers in the Maryland and Virginia suburbs are helping to finance a Washington Gas Light Company exploration and drilling operation that has produced a working—and profitable—gas well 1,000 miles from here in Lafayette Parish, La.

Although the Maryland and Virginia commissions that regulate Washington Gas permit the utility to charge its customers in those two states for some of the exploratory and drilling costs, profits from the sale of the Louisiana gas go only to the utility's stockholders.

The D.C. Public Service Commission refused to let the utility charge D.C. gas customers for the gas prospecting operation because local customers do not share in the profits.

Washington Gas has asked the Federal Power Commission, which regulates interstate gas transmission, for permission to bring its Louisiana gas north for use by its Washington area customers. Meanwhile, Washington Gas is selling the Louisiana gas to a customer in Louisiana. The sale of gas inside the state in which it is produced is more profitable because it is not subject to interstate FPC regulations.

The Louisiana well was drilled by Crab Run Gas Co., a wholly owned subsidiary of Washington Gas. The Washington Post looked at Crab Run Gas Co. operations as part of an examination of Washington Gas, its subsidiaries and the manner in which the utility is regulated.

Decisions by the Maryland and Virginia regulatory commissions require WGL customers in the two states to help pay for Crab Run exploratory and drilling expenses, which this year are expected to be $2.8 million. Last year these expenses came to $1.4 million.

Last year Crab Run earned $73,467 in profits for Washington Gas. This year Crab Run profits probably will be higher, a utility spokesman indicated. It will begin selling oil it discovered in Louisiana during its search for gas.

Crab Run stock, entirely owned by Washington Gas, is not publicly traded. The Crab Run board of directors is made up of employees of Washington Gas.

Paul Reichardt, Washington Gas president, said the utility's rate payers do not and will not share in profits that come from Crab Run. He said Washington Gas customers will benefit when the FPC permits the company to bring Crab Run gas to Washington to supplement WGL's regular supplies at a time of a natural gas shortage in the United States. Reichardt said it could be a year before the FPC acts.

Reichardt said Crab Run profits strengthen the overall financial position of WGL, making it more attractive to investors and easier for the company to obtain enough money and improve service.

A Washington Gas spokesman said Crab Run has a 12-month contract to sell 3 million cubic feet of gas a day from the Louisiana well to a buyer whom the company declined to identify on grounds of "confidentiality in a business relationship."

The contract expires Aug. 15. The spokesman said Crab Run gets gross income before expenses of about $50,000 a month from the sale of the Louisiana gas and its hydrocarbon byproducts. During 1974, Crab Run had $300,169 in operating revenues and its total operating expenses came to $226,702.

During its search, Crab Run also struck oil. The oil well is about to go into production and is expected to produce up to 50 barrels a day to be sold at $12.26 a barrel.

Washington Gas last year asked the Public Service Commissions of Maryland and the District of Columbia and the State Corporation of Virginia to include in its rate base the costs of its gas search.

The rate base represents the investment a utility has in activities that provide energy for its customers. Regulatory commissions allow utilities to earn an annual rate of return on rate bases.

The gas company sought to include the exploratory costs in its rate base as part of its last application to increase rates. Rate increases were granted the utility last year in D.C., Maryland and Virginia. During 1974 the average residential customer's bill from Washington Gas increased 31 per cent.

The Maryland commission, in an opinion, said the company's inclusion of . . . advances to affiliates for exploration and development in the rate base is proper." No further explanation was given.

The Virginia commission did not even mention the issue when it handed down a decision increasing rates. Edward M. Vassar, chief accountant of the Virginia commission, said the exploratory costs were put in the rate base by the Virginia commission.

The D.C. commission in rejecting the company's request, said it encouraged Washington Gas "in its efforts to find additional sources of gas. We are concerned, however . . . that the burden of the carrying charges for these advance payments is to be placed entirely on the rate payer with no opportunity to share any monetary benefits that might ensure . . ."

Asked why the Maryland commission allowed exploratory costs in the rate base, commission chairman Robert L. Sullivan said the "questions is open. We're going to take a very hard look at it."

Asked the same question, a spokesman for the Virginia commission said that if the commission had "wanted to spell it out, it would have."

The exploratory costs put in the rate base for Maryland and Virginia customers actually are cash advances, or loans, made by Washington Gas to Crab Run.

The money, now a debt owed by Crab Run to Washington Gas, is not reflected on Crab Run earnings statements.

Spokesman said it will be paid back to Washington Gas over a period of years through such items as a cash depreciation reserve that Crab Run will build up to represent the declining value of its equipment as it becomes older, according to a WGL spokesman. The spokesman said it also will be paid through such tax savings as the investment tax credit.

Gary Alexander, Maryland people's counsel, a state official appointed representing consumer interests in utility cases, said "I don't see why the customer should pay costs (of Crab Run) but not get any financial benefits."

George Avery, a former chairman of the D.C. commission, said he was not familiar with the Louisiana operation but "a basic regulatory principle is that the rate payers should benefit from what they pay for."

"Obviously, the company shouldn't have it both ways," said Peter Schauk, director of the Washington office of Consumers Union, a nonprofit organization that publishes Consumer Reports. "Any component of the rate base that is not providing benefits for regular service should not be permitted," he said.

Reichardt said his company's "stockholders took the risk on funds to explore for gas" and thus are entitled to reap the financial benefits.

On March 1, 1972, Washington Gas stopped taking new customers because of the national shortage of natural gas. While the Louisiana well's production is equal to only about 1 per cent of the company's peak daily requirements, any future discoveries by Crab Run could have a significant impact on the overall supply available to Washington Gas.

Harry L. (Tex) Ketcham, the Washington Gas executive in charge of Crab Run, said the subsidiary will be drilling 10 other wells in Louisiana before June.

In addition, Crab Run will drill a well this spring near Briory Branch, Va. The company drilled a well there last year but it came in dry.

Crab Run leases its drilling sites under agreements that give the subsidiary rights to any oil or gas found, a WGL spokesman said. With its own supply, Washington Gas would be less vulnerable to curtailments from the distributing companies.

The Columbia Gas Transmission Corp., the principal supplier of Washington Gas, has imposed a 30 per cent curtailment in its deliveries for April 1 through October. Figures supplied the Washington Post by Columbia indicate that curtailments will increase over the next several years.

A Washington Gas spokesman said that when Crab Run sells gas to Washington Gas for transmission to the Washington area, it probably will be more expensive than gas sold by Columbia. He said Washington Gas will seek higher rates for Crab Run from the FPC on the grounds that Crab Run is a small producer. This would mean that Crab Run needs more money per unit of gas to cover its costs, the spokesman said.

The spokesman added that the only reason Washington Gas has gone into the gas production business is to supplement its traditional supplies during a period of shortage.

HOW CAN IT BE?

HON. BILL CHAPPELL, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. CHAPPELL. Mr. Speaker, I submit herewith an address given by a young man in my district whose thoughts on youth and their relationship to the problems we have faced in recent years merit the attention of our colleagues. Timothy Mummaw, a native of Ormond Beach, is now attending Florida State University. His speech is entitled "How Can It Be?"

The speech follows:

HOW CAN IT BE?

Some months before his death, the late President Dwight D. Eisenhower sent out a letter to the youth of America. In this parting message he had this to say:

"Frequently these days I hear your elders say that the American youth just isn't what it used to be—that America's young people are short on morals; short on self-reliance, ambition, idealism, and all the other admirable qualities which we older citizens would like to attribute to our own generation. . . .

"Human nature does not change a great deal over the years. The young people of my day did possess many worthy qualities, but we also made our foolish mistakes and had our share of troublemakers who were a disgrace to society and even to their own names. Unfortunately many people nowadays have become so bemused and so overcome by the excesses of a small minority of American youth that they forget to note the decency and intelligence of the overwhelming majority. This is indeed a great injustice to you young folks and an extreme disservice to America."

And so one of the greatest men in American history gave credit to today's youth, and came to the realization that it is the "excesses of a small minority" that are what we hear of in the mass media. How often do we hear of those that although they do realize that America does have its social ills and injustices but continue to support our society? Tell me, how often do we hear of those who are burning the campus ROTC buildings or withdrawing into a world of drugs and immorality to escape the problems and pressures of a progressing society? The answer, unfortunately, is apparent; whether be counting the news stories and, or, the number of television news casts, we know that it is the former who gets the attention.

We don't hear of those working, trying, and all too often dying to uphold a society that is better than the totalitarian dictatorship that would surely follow the downfall of a government such as ours. We don't hear of those like the young serviceman who, after writing home of the horrors and atrocities of war, asks these burning questions of his contemporaries:

"How can it be?—

. . . that one boy lies rotting from malnutrition and starvation in a jungle prison in North Vietnam—and another boy spits and tramples on the flag of this country?

. . . that one boy lies sightless in a Naval Hospital from a Communist-inflicted face wound—and another boy uses a Communist flag to drape himself in open defiance of the laws of this, his country?

. . . that one physician begins his thirtieth straight hour standing over an operating table in the pursuit of life for men serving their country—and yet another physician implores crowds of young men to desert and refuse to serve their country in this time of need?

. . . that one clergyman shields a wounded boy with his body and dies—and yet another clergyman uses that same cloth, that same ministry as a shield to preach hate, dissension, and lawlessness?"

"Yes," the young man asks, "how can it be, and in this, the very same land that I'd die to keep free?"

Yes, you and I both will sit back and ask, "How can it be?" How can it be that we find racial bigotry in a land of equal opportunity; how can it be that we find hunger and starvation in this land of overwhelming abundance; how can it be that we live in a land so technologically and so scientifically advanced that it is able to put a man on the moon, but yet allows our lakes, streams, and even the very air we breathe to become polluted beyond reason; how can it be that one small group of American youth can loot and destroy in the streets of America and yet it is the youth as a whole who take the consequences in the form of the "bad reputations" circulated and widened by the mass media; how can it be that we live in land so steeped in tradition and so dedicated to the principles of freedom and equality that we find ourselves split by a seemingly overwhelming and everwidening gulf between us? How can it be? Four simple words; but they form one of the most penetrating questions of our time!

What can we do to answer these questions, to mend that "gap" that we've made between us. Let us now work together as a whole. Let us all, no matter whether black or white, young or old, rich or poor; let us work as one single team. Let it be us that builds that paradise that our forefathers have so long dreamed of. Let us be the instruments that light the way to world peace. Let us work as a single unified group to make "America good for all Americans, the world good for all people."

Now, instead of "How can it be?" the question becomes, "How will it be?" Will we sit and watch ourselves decay and fall into the hands of our totalitarian adversaries, or shall we fight back, throw off the curses of ignorance and bigotry, and build an America for all Americans for all Time!

ST. CROIX PATROLMAN CITED FOR BRAVERY

HON. RON DE LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. de LUGO. Mr. Speaker, on too many occasions newspapers across the country headline instances of police abuse or misconduct. It is my privilege today to share with my colleagues the heroic action of a St. Croix policeman as an example of the unheralded courage characteristic of most policemen.

St. Croix Patrolman Peter Anderson was recently awarded the Police Combat Cross by the Commissioner of the Virgin Islands Department of Public Safety for "bravery well beyond the call of duty." Deserted by his partner and bleeding from gunshot wounds, Patrolman Anderson gallantly fought off would-be burglars at a St. Croix shopping center on the evening of October 9, 1973. Although unable to effect the burglars' capture in his condition, Anderson's bravery was publicly recognized by awarding him the prestigious citation, the first to be given a St. Croix policeman in 16 years.

Patrolman Anderson has shown great personal courage; however, his actions are in the best traditions of most policemen throughout the United States. With your permission I will insert into the Record the local account of his brave deed from the October 11, 1975, issue of the Daily News as a tribute from the citizens of St. Croix.

The article follows:

[From the Daily News, Oct. 11, 1975]

PATROLMAN HONORED FOR BRAVERY

Christiansted.—St. Croix Patrolman, Peter Anderson was awarded the police combat cross by the Department of Public Safety commissioner, Alphonso A. Christian Thursday afternoon under the recommendation of Deputy Chief of Police Elmer H. James. The cross stands for "bravery well beyond the call of duty" and that's what Anderson exhibited exactly two years ago to the day of his commemoration.

The 26 year old officer who joined the Department on Jan. 16, 1973, in less than a year's time was involved in preventing a burglary in action in the Peters' Rest shopping area on the night of Oct. 9, 1973. Anderson was said to have fought a number of would-be burglars under fire despite wounds and despite the fact that his partner, also wounded, abandoned him on the scene.

The story has it, that Anderson and his partner, whose name he thought should not be disclosed, while on routine patrol spotted a possible burglary in process. Upon investigating they were fired at with shotguns by the thieves, both being hit. Anderson's partner discontinued the pursuit and fled with the squad car.

The deserted, bleeding but determined officer "stood his ground," according to the citation of honor, although being alone he was unable to stem the culprits escape.

Anderson refused to denounce his partner's action and requested the news media not to reveal his identity. However, the officer was found guilty in a departmental trial and the decision was upheld by the Employees Service Commission.

Anderson, currently assigned to the St. Croix Investigation Bureau, came to the Virgin Islands in 1972 and joined the force the following year. He is a native of Dayton, Ohio and attended two years of Hillside College in Michigan. Anderson was also twice undefeated wrestling champ in Kentucky in 1966 and 67 and represented the Virgin Islands at the twelfth Caribbean Olympics at Santo Domingo as a heavy-weight wrestler. He also served with the Army and was in Vietnam in 1969 and 70.

Anderson is married to Joy Perrine Anderson and have two children, Melissa 6, and Peter Jr., two months.

Chief James said that for the 16 years he has been with the force, he cannot remember any other officer receiving the combat cross. The cross is the highest award signifying bravery of a police officer.

A NURSE TO BRIDGE THE GAP

HON. JAMES F. HASTINGS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. HASTINGS. Mr. Speaker, I would like to call to the attention of my colleagues a recent article by Stuart Auerbach in the September 25 Washington Post. The article provides good insights into the new and extended role of the registered nurse.

One of the leaders in this development is Lorretta Ford, dean of the School of Nursing at the University of Rochester. In the article, she discusses some of those changes that are taking place in nursing services. The article also describes the health care services which nurse practitioners are providing in a number of different locations throughout the country.

[From the Washington Post, Sept. 25, 1975]

A Nurse To Bridge the Gap

(By Stuart Auerbach)

Lucille Kinlein sat at the dining room table and took out her stethoscope as Olive McAuliffe, across the table, held out her arm for the blood pressure cuff. Diagnosed as having a bad heart, McAuliffe was getting her twice-weekly physical exam in the comfort of her own Northeast Washington home.

The exam, however, was not given by a doctor. Lucille Kinlein is a new breed of health professional, a nurse practitioner, who is specially trained to bridge the gap in function between the doctor and the traditional nurse.

The nurse practioners perform such functions as caring for patients in areas where there are no doctors, advising on birth control in family planning clinics, and delivering babies to middle-class mothers at Roosevelt Hospital in New York City.

Nurse practitioners give complete physical examinations, including electrocardiograms. They take special training—there are about 140 courses for nurse practitioners around the country—to learn the art of diagnosis and giving physical exams.

Loretta C. Ford, dean of the University of Rochester School of Nursing and a pioneer nurse practitioner, estimates there are currently 5,000 nurse practitioners in the country—a small but steadily growing number of the nation's 800,000 registered nurses.

"Nurses are moving out of the hospital into primary, ambulatory care," she says. "People are presenting themselves to nurses with their health problems. [Their] role is to make the patient more competent to take care of himself."

Nurses are not competing with doctors in this new role. Nor, Ford says, are they subservient to doctors. Rather they are complementing doctors.

"We feel accountable to the patient, not the physician," she says, "We're the patient advocate."

Kinlein has an unusual practice for a nurse practitioner. Three years ago she hung out her shingle in Prince George's County as the nation's first independent nurse practioner—working out of her own office rather than being part of a hospital, clinic or doctor's practice.

She sees patients, whom she calls clients, in a cheerfully decorated office in a Hyattsville shopping center office building. The sign on her door says "Independent Nurse Practitioner."

She has 650 clients and charges $8 for an office visit and $13 for a house call. She gives physicals, helps with health problems, treats alcoholics and accompanies patients to their doctors.

She says the antagonism between doctor and nurse practitioner "evaporates when I talk about 'my client' and 'your patient.' The doctors see it as two professional colleagues working with one patient."

In tough cases, Kinlein calls for help—from nurse specialists, though, not doctors. But she refers patients to doctors when their medical knowledge is needed.

In the case of Olive McAuliffe, the waitress with the heart condition, Kinlein helped find the cardiologist, and now takes her to the doctor and sits in the office during examinations. She also handles the routine checks—taking blood pressure and electrocardiograms.

Kinlein sees herself following the traditional practice of nursing. Nurses today, she says, have allowed themselves to become extensions of doctors instead of practicing their own profession.

Dean Ford says that nurses moved from the bedside to become managers—doing paperwork and handling the specialized equipment that is part of modern medicine.

Because nurses have moved into managerial jobs, there is a big push for a new profession—physicians' assistants. Most of them are men, many former military corpsmen.

At D.C. General Hospital, for example Thomas McLaughlin took his stethoscope from the pocket of his white jacket and placed it gently against the patient's chest as if he were a regular doctor. Instead he is a physician's assistant relieving doctors of routine medical chores.

One of 25 certified physician's assistants in the Washington area, McLaughlin's training allows him to treat minor medical probes such as upper respiratory infections, cuts, fractures and simple cases of high blood pressure under the supervision of a doctor.

While Kinlein takes the independent route—there are silghtly more than 100 independent nurse practitioners in the country—other nurses have chosen to practice under some form of physician supervision.

Arthur Swain works in a Chicano neighborhood health center in Alburquerque, providing primary health care. He takes health histories, does physical exams, interprets laboratory data, diagnoses illnesses and consults with doctors on medical care. He works with 11 nurse practicitioners in the area.

"The patient caseload is our responsibility, and we decide when and if that patient needs the care of a physician," he says.

In two years, he says only four patients refused to see a nurse practitioner.

Elaine McCarty takes care of patients in three remote fishing villages in rural Maine while Allene Fuller works at a health center in an economically distresed farming area of North Carolina.

In both instances the nurse practitioners cooperate with doctors, but in many cases they are on their own because there are not enough doctors to care for patients.

Other nurse practitioners work in 108 family planning clinics across the country, doing jobs usually reserved for doctors. They prescribe birth control pills in 100 of the clinics. In clinics where they do the physical exams, doctors only see patients if there are problems.

At Group Health Association clinics in Washington, pediatric nurse practitioners help care for the young and in Boston nurse practitioners work with the elderly in nursing homes.

The biggest problem nurse practitioners have is getting paid. They charge less than doctors—while earning slightly more than most nurses—but their services are not covered by most private or government insurance programs.

CITIZENS' ANTICRIME GROUPS

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. BINGHAM. Mr. Speaker, on December 13, 1971, I introduced H.R. 12262, the Citizen Anticrime Patrol Assistance Act. The act would have provided Federal financial help to organized groups of residents who contribute to their own security, and the security of their neighborhood, by engaging in certain anticrime activities in their respective communities.

I am now updating and refining my bill to reintroduce it during this session. One of the best deterrents to crime in the streets is to have law-abiding people frequenting those streets and citizens anticrime groups are a needed step to help bring such people back into the streets.

I am fortunate to have in my congressional district several groups of citizens who are working toward bettering their community by deterring crime and assisting in the apprehension of criminals. The New York Daily News has published a feature article on one group, the Concourse Moshulu Community Action Group, referring to them as "the local security blanket," and the New York City Police Department points to their success as an example for other areas of the city.

Under the leadership of Mr. Kenneth Rossip, these citizens have been operating for some 10 months. There are 2,000 families participating in the program and they have 10 radio cars and 6 foot patrols and all are unarmed. The group has received many awards for their aid in the arrest of perpetrators of crime and have expanded their services to include special programs for the youth and the senior citizens of the community.

In connection with their work, they have installed alarms in buildings within their area. Each resident of those buildings has a key to sound the alarm if a crime occurs, enabling other residents to notify the police. The group is working with the New York City Bureau of Gas and Electricity on the feasibility of installing similar alarms, operated by the same keys, on street lightposts.

I had the pleasure of accompanying one of the radio cars on its rounds a short while ago and was impressed by the number of people on the streets well after dark. Among those people were a large number of "watchers" who checked in with the radio car. A great variety of citizens were taking part in the program—from school-age children, to working men and women employed in all walks of life, to housewives, to senior citizens, and retirees of both sexes. Some sat in the lobbies of their buildings, some in doorways and courtyards, others in parks. They were all concerned with the safety of their community, keeping an eye out for anything suspicious or out of the ordinary. The patrol car kept in touch with the foot patrols by walkie-talkies, which were also connected with the group headquarters at 226 East 204th Street.

Another group, the Assumption Society Security Patrol, works closely with the Moshulu Action Community Group. The Assumption Society also does an excellent job of safeguarding its neighborhood, centering on the Villa Avenue area, and is led by Mr. Gaetano Sebastiano.

These are conscientious, responsible groups of citizens whose primary purpose is to assist the police in community protection. No one tries to be a hero, to usurp the policeman's duties. Their purpose is to work with the police in every way to keep their neighborhood safe. Both the police and the security groups have a mutual respect for each other—and the combination makes for an effective and efficient protection system for the area.

The article from the New York Daily News of June 8, 1975, follows:

Civilian Patrol Is Local Security Blanket

(By Albert Davila)

The two robbers had once again selected a quiet street in the Mosholu section of the Bronx. It was close to midnight on a Wednesday and streets were deserted.

The pair had been there before, twice before, and probably in other parts of that northern, middle-class community of six-story apartment buildings and two-family houses.

They had found it easy over the years to sneak through fire escapes and take a stereo here, some money there. But that night was different: they got caught.

COPS NAB THIEVES

The two, who had gone up to the roof of the building, were spotted by two persons in a block-security patrol, who quickly alerted cops at the Webster Ave. station.

When the thieves walked out of the building carrying a jewel box and a portable TV set, four policemen were waiting.

Similar scenarios have occurred throughout the city as citizens, weary of crimes, organize their own block-security programs.

According to the latest police statistics, there are more than 800 block-security groups in the city. The first group appeared just 10 years ago in Greenwich Village and the idea quickly spread citywide.

"There are two ways of eliminating crime," said Sgt. Philip Romano of the Bronx Police Headquarters' Community Relations Unit. You eliminate the desire to commit crime or the opportunity for a criminal to commit a crime.

"We don't have too much control on the first area." Romano said, "but these block groups create too many factors for the criminal and he will avoid that particular area."

HELPED IN SEVEN ARRESTS

Ken Rossip heads the Concourse-Mosholu Community Action Corp. in the North Bronx. His group covers more than 2,000 families with street and tenant patrols.

"We are one of the oldest groups in the Bronx," Rossip said, although it has functioned only seven months. "In the time we have been in operation, we have helped in seven arrests."

Rossip's group, which police say is the best in the Bronx, doesn't want handouts from the city, which has funds available for block-security programs.

TOO MANY STRINGS ATTACHED

"There are too many strings attached. We prefer to collect $1 per family a month to support the program," Rossip said.

"But we do encourage smaller groups—a particular building or block—to organize and ask for city funds," Rossip said. "With those funds they can perhaps install an alarm system, or an intercom."

The security groups that do depend on city funds may receive a windfall if two bills now pending in Albany are passed this month.

GROUPS SPARK RIDE

One of the bills will authorize the city to use $5 million that it has already budgeted to finance security equipment. The other, sponsored by Assemblyman Burton Hecht (D-L Bronx) and State Sen. John J. Marchi (R-C Staten Island), will give the city an additional $2 million in state funds for the block-security organizations.

"These groups have also acted as a catalyst for other community improvements," said Deputy Inspector William Kelly of the police's Crime Prevention Section.

Kelly said the block groups have sparked community participation in their programs and pride in the neighborhood and increased a sense of security among those who venture out at night.

"It used to be that senior citizens were afraid to go out at night to their churches or temple, but not now," said Rossip. "They know we are out there."

TIPS, TOO

In addition to patrols, the block-security associations give tips on how to protect residences and encourage residents of buildings to monitor the people coming in and out.

"We have buildings with alarms. Whenever they go off, residents report to the police," said Rossip. "We are the eyes and ears of the police."

In addition to praise from the police, the block-security organizations have received a lot of encouragement from other sources.

Said Bronx District Attorney Mario Merola: "We appreciate civilian involvement in the criminal-justice process. We can only defeat crime if everyone cooperates and participates."

PRODUCTIVITY OF U.S. WORKERS UP SHARPLY

HON. SHIRLEY N. PETTIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mrs. **PETTIS**. Mr. Speaker, S. 2195 would authorize $5 million per year for fiscal years 1976–78 and $1.25 million for the transition period, for the establishment of an independent National Center for Productivity and Quality of Working Life. The stated purpose of this large expenditure is to "implement a national policy of encouraging productivity growth."

Mr. Speaker, only last Saturday, the Los Angeles Times featured an article on page 1 pointing out that the productivity of American workers has risen sharply during the last few months and is expected to continue to rise as our Nation's economic situation improves.

It seems to me, Mr. Speaker, that if Congress is truly interested in playing a more effective role in raising productivity and lowering inflation in this country, that it might be more "productive" if we were to oppose the creation of yet another bureaucratic agency.

I commend to the Members' attention the aforementioned article:

Productivity of U.S. Workers Up Sharply—Gain of 9.5 Percent Is Greatest in 4 Years; Producers' Labor Costs Cut by 2.4 Percent

(By Dan Fisher)

The productivity of American workers surged upward more sharply during the summer months than at any time in more than four years, the U.S. Department of Labor reported Friday.

The average worker's output per man-hour increased at an annual rate of 9.5% during the three months ended September 30. That was enough to offset higher wage rates and it reduced producers' labor cost per unit by 2.4%. It was the largest such drop since the summer of 1965 and one that should further slow the rise in prices.

Meanwhile, the nation's two largest banks lowered their prime interest rates for the first time in nearly five months. The Bank of America, San Francisco, and First National City Bank of New York cut the key lending charge to 7¾% from 8%.

While neither development was a complete surprise, both provided further evidence that the country is well on its way to recovery from its worst economic decline since the Great Depression.

Combined with other recent economic indicators, Friday's announcements mean that "the recovery is very strong—slightly stronger than expected," commented Raymond Jallow, senior vice president and chief economist of United California Bank. "And it's an indication the recovery will continue throughout the rest of this year and well into 1976."

The Department of Labor said the July-September increase in output per man-hour was the second such quarterly jump in a row after big declines in productivity throughout 1974 and the first three months of 1975.

The latest jump was the largest since productivity advanced at an annual rate of 12.1% in the first three months of 1971.

As is the case now, the sharp increase in output per man-hour in 1971 accompanied a turnaround in the economy. Such jumps occur because production during the first stages of a recovery typically increases at a faster rate than employers rehire furloughed workers or recruit new ones.

Only after they are convinced they are using their existing facilities and work-forces efficiently do they begin to start up new facilities or add to their payrolls.

Besides easing the upward pressure on prices, increases in productivity mean improved profit margins for producers. Theoretically, at least, that makes them better able to afford the new facilities that generate new jobs.

The economic recovery so far has resulted primarily from tax cuts and rebates, which unleashed consumer spending during the spring and summer. But economists say that if the momentum is to continue, business spending must also increase.

Economists say also that the rate at which productivity advanced last summer will not be maintained. Compared with the 9.5% annual rate of increase in the three months ended last September 30, "I expect a 5% rate in the fourth quarter," Jallow said. For next year, he predicted that productivity would climb at a 4% rate, nearer the historical trend. By contrast, productivity declined 2.6% last year and went up by only 2.5% in 1973, helping to fuel inflation.

Compensation per hour during the third quarter of this year rose 6.8%—the smallest quarterly increase since the first three months of 1974, the Labor Department added.

Despite that pay hike, workers suffered a loss in real purchasing power because of a slight drop in hours worked and because of inflation. After adjustment for price increases, compensation per hour dropped at an annual rate of 1.5% during the summer months after having increased in the two previous quarters.

The cut in prime interest rates by the country's two biggest banks was quickly followed by several other banks across the nation, including United California Bank, Crocker National Bank, Manufacturers Bank, and Lloyds Bank of California.

The prime rate is the interest charged on loans to a bank's most creditworthy business borrowers. It is not directly related to interest charged consumers on new car loans or mortgage loans, but changes in the prime frequently foreshadow movements in these other rates.

It was the first decline in the prime since June 6, when it fell to a two-year low of 6¾%. The prime then began a steady climb to the 8% level that it first reached in August.

A reduction in the prime rate had been expected ever since reports earlier this month that the Federal Reserve—the nation's central bank—had embarked on a program to ease the supply of credit.

Earlier, it had been feared that the Federal Reserve would maintain a tight money policy, thereby causing interest rates to rise further and threatening the supply of credit considered essential to help the economic recovery.

United California Bank's Jallow said "there could be another decline of ¼% in the prime within the next few weeks," although he added that by year-end he expected the rate to begin climbing again as the economy and loan demand expand.

CONGRESSMEN ISSUE WARNING TO FORD ON SALT

HON. STEVEN D. SYMMS

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. SYMMS. Mr. Speaker, there is growing concern on the part of many Members of Congress and the American people over the negotiating posture of Secretary of State Henry Kissinger in the Strategic Arms Limitation Talks, SALT, with the Soviet Union. The memories are all too valid Mr. Speaker, of the situation in 1972 when the Nixon-Kissinger negotiating team came home with the SALT I accord, an accord thrown together hastily for political reasons which placed the United States at a disadvantage.

One disturbing fact, Mr. Speaker, is that there is ample evidence of Soviet violations of the previous SALT agreement, but Secretary Kissinger and others deny this. This naturally makes many of us nervous, and consequently my colleague JOHN DENT and I initiated the following letter to President Ford:

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 9, 1975.

Hon. GERALD FORD,
President of the United States,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: For some time now we have been watching with growing concern the progress toward further agreements between the United States and the Soviet Union at the Strategic Arms Limitation Talks. We are aware that the negotiations on the so-called SALT II agreement are now far advanced. We are concerned, Mr. President, that the Russians are standing firm while the United States negotiators are offering, or are prepared to offer, new concessions in an effort to reach a final agreement in the near future.

In our opinon the basic strategic problem which confronts the United States in the aftermath of SALT I accord stems from Soviet superiority in missile throw-weight. Consequently, we feel that it is of paramount importance that the United States make no additional concessions on the remaining SALT II issue, and we feel that any SALT II agreement must resolve the following issues to the advantage of the United States:

1) Throw-weight: If present trends continue the Soviet Union may have superiority in missile throw-weight by a large ratio by the early 1980s. As the Russians develop their MIRV capability and improve their warhead accuracy the U.S. deterrent force could become vulnerable to a Soviet counterforce strike and then to blackmail.

2) MIRV Verification: Since there will be no on-site verification of missile warheads we really have no way of knowing how many MIRVed missiles the Soviets have actually deployed. Therefore, we feel that the U.S. should insist that any type of Soviet missile tested with MIRVs be considered to be MIRVed once deployed.

3) Soviet Backfire Bomber: The later version of this bomber clearly possesses intercontinental capability. Thus, it should be counted in the 2,400 limit on delivery vehicles agreed to at Vladivostok.

4) Cruise Missiles: We understand that the Soviets are insisting that the U.S. cruise missiles with a range of 600 kilometers or more be included in the 2,400 limit. However, we urge that our negotiators not agree to count cruise missiles, like those under development by the U.S., as part of the 2,400 limit on delivery vehicles.

Mr. President, we feel that it is vital to our security that you instruct Secretary Kissinger and the American negotiators not to give way on these issues merely for the sake of completing another arms control agreement with the Soviet Union. We are extremely concerned about this situation, especially the throw-weight and MIRV issues, and frankly, Mr. President, we will find it difficult to support any SALT II agreement that does not resolve the issues discussed above in favor of the United States.

Respectfully yours,

SIGNERS OF SYMMS SALT LETTER

1. Steve Symms, Republican.
2. John Dent, Democrat.
3. John Rousselot, Republican.
4. John Ashbrook, Republican.
5. Jack Kemp, Republican.
6. Mendel Davis, Democrat.
7. Bob Bauman, Republican.
8. G. V. Montgomery, Democrat.
9. Dominick Daniels, Democrat.
10. Joseph Gaydos, Democrat.
11. Frank Annunzio, Democrat.
12. John Murtha, Democrat.
13. Barry Goldwater, Republican.
14. Goodloe Byron, Democrat.
15. Marjorie Holt, Republican.
16. Harold Runnels, Democrat.
17. Robert Daniel, Jr., Republican.
18. Phil Crane, Republican.
19. David Satterfield, Democrat.
20. Don Young, Republican.
21. Trent Lott, Republican.
22. John Conlan, Republican.
23. William Ketchum, Republican.
24. Wm. J. Randall, Democrat.
25. Robin Beard, Republican.
26. Tom Hagedorn, Republican.
27. Gene Taylor, Republican.
28. Gene Snyder, Republican.
29. Bill Nichols, Democrat.
30. Robert Stephens, Democrat.
31. Larry McDonald, Democrat.
32. George Hansen, Republican.
33. Edward Derwinski, Republican.
34. David Treen, Republican.
35. Bill Stuckey, Democrat.
36. Lou Frey, Republican.
37. Gus Yatron, Democrat.
38. Walter Jones, Democrat.
39. John Duncan, Republican.
40. Henry Hyde, Republican.
41. James Abdnor, Republican.
42. John Murphy, Democrat.
43. Daniel Flood, Democrat.
44. Keith Sebelius, Republican.
45. Bill Burlison, Democrat.
46. Clarence Long, Democrat.
47. Bill Wampler, Republican.
48. Del Clawson, Republican.
49. Tom Bevill, Democrat.
50. Charles Wilson (Tex.), Democrat.
51. Sam Steiger, Republican.
52. Bob Kasten, Republican.

"INFESSION"

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 28, 1975

Mr. McDONALD of Georgia. Mr. Speaker, many persons have been confused and troubled by our present economic state which is rampantly inflationary and also recessionary. Prof. Robert Triffin of Yale University has coined a word for this state of affairs. He calls it "infession." Anthony Harrigan wrote a "Sensing the News" column concerning this subject for release on September 11, which I commend to the attention of my colleagues. He puts the major share of the blame where it rightfully belongs—in the lap of the Congress for deficit spending. The column follows:

"INFESSION"

(By Anthony Harrigan)

Prof. Robert Triffin of Yale University, writing in The World Today published in England, has coined the word "infession" to describe the economic situation now facing the United States and other advanced industrial countries.

"Infession," Dr. Triffin says, is shorthand for inflationary recession. One need not be an economist to understand that term. Every housewife encounters the reality of "infession" when she finds that prices are rising in the midst of recession. According to classical economic theory, prices should drop during a recession.

What Dr. Triffin finds knocks holes in the euphoric views one hears expressed this fall, namely that things are getting much better.

Dr. Triffin states that "the signs of an incipient world recession—or even depression—are multiplying everywhere." He lists the depressing details: "The growth of real Gross National Product, nearly uninterrupted since the end of World War II, is now sharply slowed down or even reversed in more and more countries."

The professor adds: "Unemployment has risen well over three million in the countries of the European Community. Interest rates have soared up to two or three times their previous levels over the last decade, and yet failed to sustain the interest of investors."

The all-important question is why the Western world is in a recession verging on a depression. Prof. Triffin cites the "explosion of oil prices in the autumn of 1973." But he pinpoints excessive spending as the major evil, referring to the "excessively 'permissive' or 'accommodating' rates of expenditures far in excess of available productive capacity."

There, indeed, is the central evil of our times. The United States government, for example, is spending much more than it is obtaining in tax revenues. This year's planned deficit may total $60 billion. Secretary of the Treasury William Simon has warned of an $80 billion deficit next year. Is it any wonder that the country is in a recession verging on a depression?

Yet the Executive and Leigslative branches persist in compounding the spending follies of recent years. President Ford opted for a planned deficit, instead of conducting a last-ditch fight for a balanced budget. The liberal-dominated 94th Congress has no idea but to throw the taxpayers' money at problems. In addition, the liberal coalition systematically opposes any measures designed to increase the supply of domestic fuel and reduce depending on imported oil.

In the international arena, Secretary of State Henry Kissinger actually proposes giving more money to backward countries seeking handouts. In a recent speech at the University of Wisconsin, Dr. Kissinger said Americans should make a permanent commitment to share food with Third World nations.

Such proposals are fantastic. The American people aren't under any moral obligation to prop up Third World nations that oppose capitalist investment and prefer counterproductive socialism.

In view of all this, one can see that the United States is suffering "infession" as a result of the incredible folly of those in high places who make key foreign policy and economic decisions.

"Infession" is the result of poor leadership and national irresponsibility. A nation that persists in such irresponsibility and fails to obtain effective leadership is a nation bound to experience suffering. Certainly, it will experience the bitter lesson of depression.

SENATE—*Wednesday, October 29, 1975*

The Senate met at 12 o'clock meridian and was called to order by Hon. DALE BUMPERS, a Senator from the State of Arkansas.

PRAYER

The Chaplain, the Reverend Edward L. R. Elson, D.D., offered the following prayer:

O Thou in whom we live and move and have our being, we thank Thee for "one nation under God" and for government established to assure freedom of thought and speech, freedom of press and assembly and worship. We thank Thee for the natural resources and for the human resources which in Thy providence have combined to make us great and strong.

We beseech Thee, O Lord, to continue to instruct the people in the ways of righteousness, justice, compassion, and mercy. Imbue us with the courtesy, magnanimity, and friendliness which bind us to one another in common purpose and manifests good will to all the nations of the Earth. Grant us the wisdom to use the power Thou hast given us only for the advancement of Thy kingdom on Earth.

May we sing and pray in the depths of the spirit—

"America! America! God mend thine every flaw,
Confirm thy soul in self-control, thy liberty in law
And crown thy good with brotherhood
From sea to shining sea!"

—Katharine Lee Bates.

Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. EASTLAND).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., October 29, 1975.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. DALE BUMPERS, a Senator from the State of Arkansas, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

Mr. BUMPERS thereupon took the chair as Acting President pro tempore.

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, October 28, 1975, be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate today. I think this will be acceptable because it is my understanding—I do not see the Senator from Virginia (Mr. HARRY F. BYRD, JR.) around, but it is my understanding—that a vote will be taken on the Stevenson proposal at 12 o'clock noon tomorrow.

Mr. HELMS. The Senator is correct.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nominations on the Executive Calendar.

There being no objection, the Senate proceeded to the consideration of executive business.

NATIONAL COMMISSION ON ELECTRONIC FUND TRANSFERS

The second assistant legislative clerk read the nomination of William B. Widnall, of New Jersey, to be Chairperson of the National Commission on Electronic Fund Transfers.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

OVERSEAS PRIVATE INVESTMENT CORPORATION

The second assistant legislative clerk read the nomination of Herbert Salzman, of the District of Columbia, to be a member of the Board of Directors of the Overseas Private Investment Corporation.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

DEPARTMENT OF STATE

The second assistant legislative clerk read the nomination of Hans N. Tuch, of Illinois, to be Career Minister for Information.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

DEPARTMENT OF TRANSPORTATION

The second assistant legislative clerk read the nomination of Hamilton Herman, of Connecticut, to be an Assistant Secretary of Transportation.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is considered and confirmed.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

The second assistant legislative clerk read sundry nominations in the Coast Guard placed on the Secretary's desk.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

Mr. MANSFIELD. Mr. President, I request that the President be notified.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SENATE CONCURRENT RESOLUTION 71—TO CORRECT THE ENROLLMENT OF S. 1542

Mr. MANSFIELD. Mr. President, I send a resolution to the desk and ask for its immediate consideration.

The ACTING PRESIDENT pro tempore. The resolution will be stated by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 71) to correct the enrollment of S. 1542.

The ACTING PRESIDENT pro tempore. Is there objection to the consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. MANSFIELD. Mr. President, I understand this is a matter of technicality only.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the concurrent resolution.

The resolution (S. Con. Res. 71) was agreed to, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of the Senate in the enrollment of the bill (S. 1542), to authorize appropriations for the fiscal year 1976 for certain maritime programs of the Department of Commerce, and for other purposes, is authorized and directed to make the following correction:

Section 4 to read as follows:

SEC. 4. Section 809(a) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1213 (a)) is amended by inserting immediately after the first sentence thereof the following: "In order to assure equitable treatment for each range of ports referred to in the preceding sentence, not less than 10 percent of the funds appropriated for construction-differential subsidy and operating-differential subsidy pursuant to this Act or any law authorizing funds for the purposes of this Act shall be allocated to each such port range: *Provided, however*, That such allocation shall apply to the extent that subsidy contracts are approved by the Secretary of Commerce. Not later than March 1, 1976, and annually thereafter, the Secretary shall submit to Congress a detailed report (1) describing the actions that have been taken pursuant to this Act to assure insofar as possible that direct and adequate service is provided by United States-flag commercial vessels to each range of ports referred to in this section; and (2) including any recommendations for additional legislation that may be necessary to achieve the purpose of this sentence.".

CONSIDERATION OF CERTAIN MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendars Nos. 419, 421, and 422.

The **ACTING PRESIDENT** pro tempore. Without objection, it is so ordered.

INDOCHINA REFUGEE CHILDREN ASSISTANCE ACT OF 1975

The Senate proceeded to consider the bill (S. 2145) to provide Federal financial assistance to States in order to assist local educational agencies to provide public education to Vietnamese and Cambodian refugee children, and for other purposes, which had been reported from the Committee on Labor and Public Welfare with amendments, as follows:

On page 4, in line 9, after "in", insert "subsection (d) of this section and).

On page 5, beginning with line 19, insert:

(d) Notwithstanding any other provision of this section no State educational agency shall be entitled to receive a grant for any fiscal year in excess of the amount equal to the amount to which such agency would otherwise be entitled under this section for that fiscal year minus the sum of the amounts received by the local educational agencies of that State and by that State educational agency for that fiscal year under the Indochina Migration and Refugee Assistance Act of 1975.

On page 6, in line 3, strike out "(d)" and insert "(e)".

On page 8, in line 1, strike out "consideration," and insert "consideration (A)".

On page 8, in line 3, strike out "agency;" and insert:

agency and (B) the amount which any local educational agency within that State has received pursuant to the Indochina Migration and Refugee Assistance Act of 1975 for which determinations were made under section 3(d);

On page 10, in line 13, strike out "assistance." and insert "assistance, and special education and related services provided to handicapped Indochinese refugee children."

On page 12, beginning with line 12, insert:

AMENDMENT TO THE ADULT EDUCATION ACT

Sec. 11. The Adult Education Act (Public Law 91-230) is amended by adding the following new section at the end thereof:

"EMERGENCY ADULT EDUCATION PROGRAM FOR INDOCHINA REFUGEES

"Sec. 315. (a) From the appropriations authorized for fiscal years 1976 and 1977, but not appropriated for other programs under this title, the Commissioner shall carry out a program of making grants to State and local education agencies for such years for the purpose of operating special adult education programs for Indochina refugees, as defined in section 3 of the Indochina Migration and Refugee Assistance Act of 1975. Such grants may be used for—

"(1) programs of instruction of adult refugees in basic reading, mathematics, the development and enhancement of necessary skills, and to promote literacy among refugee adults, for the purpose of enabling them to become productive members of American society;

"(2) administrative costs of planning and operating such programs of instruction;

"(3) support services which meet the educational needs of adult refugees, including but not limited to guidance and counseling with regard to educational, career, and employment opportunities; and

"(4) specially designed educational projects which meet the purposes of this section.

"(b) The Commissioner shall not approve an application for a grant under this section unless (1) in case of application by a local education agency, it has been reviewed by the respective State education agency which shall provide assurance to the Commissioner that, if approved by the Commissioner, the grant will not duplicate existing and available programs of adult education which meet the special needs of Indochina refugees, and (2) the application includes a plan acceptable to the Commissioner which provides reasonable assurances that adult refugees who are in need of a program are located in an area near that State or local education agency, and would participate in the program if available.

"(c) Applications for a grant under this section shall be submitted at such time, in such manner, and contain such information as the Commissioner may reasonably require.

"(d) Notwithstanding the provisions of sections 305 and 307(a), the Commissioner shall pay all the costs of applications approved by him under this section.".

so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Indochina Refugee Children Assistance Act of 1975".

DEFINITIONS

Sec. 2. As used in this Act—

(1) The term "Commissioner" means the Commissioner of Education.

(2) The term "elementary school" means a day or residential school which provides elementary education, as determined under State law.

(3) The term "free public education" means education which is provided at public expense under public supervision and direction, and without tuition charge, and which is provided as elementary or secondary school education in the applicable State.

(4) The term "Indochinese refugee children" means children who are provided free public education by a local educational agency of the State and who are refugees within the meaning of that term as defined in section 3 of the Indochina Migration and Refugee Assistance Act of 1975.

(5) The term "average per pupil expenditure" for a State means the aggregate current expenditures during the second fiscal year preceding the fiscal year for which the determination is made (or if satisfactory data for that year are not available at the time of computation, then during the most recent preceding fiscal year for which satisfactory data are available, of all local educational agencies in the State) plus any direct current expenditures by the State for the operation of such agencies (without regard to the source of funds from which either of such expenditures is made), divided by the aggregate number of children in average daily attendance to whom such agencies provided free public education during such preceding year.

(6) The term "local educational agency" means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or such combination of school districts or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools. Such term also includes any other public institution or agency having administrative control and direction of a public elementary or secondary school.

(7) The term "secondary school" means a day or residential school which provides secondary education, as determined under State law.

(8) The term "State" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

(9) The term "State educational agency" means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary and secondary schools, or if there is no such officer or agency, an officer or agency designated by the Governor or by State law.

STATE ENTITLEMENTS FOR PUBLIC EDUCATION OF VIETNAMESE AND CAMBODIAN REFUGEE CHILDREN

Sec. 3. (a) The Commissioner shall in accordance with the provisions of this Act, make payments to State educational agencies for the fiscal year 1976 and for the succeeding fiscal year for the purposes set forth in section 4.

(b)(1) Except as provided in subsection (d) of this section and section 7, the maximum amount of the grant to which a State educational agency is entitled under this Act shall be equal to—

(A) the number of Indochinese refugee children aged five to seventeen, inclusive, who are in average daily attendance at the schools of the local educational agencies of that State and for whom any such agency provided free public education during the fiscal year for which the determination is made;

multiplied by—

(B) the average per pupil expenditure for that State for the fiscal year for which the determination is made.

(2) For the purpose of this subsection, the term "State" does not include Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

(c)(1) The jurisdictions to which this subsection applies are Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

(2) Each jurisdiction to which this subsection applies shall be entitled to a grant for the purposes set forth in section 4 in an amount equal to an amount determined by the Commissioner in accordance with criteria established by him, except that the aggregate of the amount to which such jurisdictions are so entitled for any fiscal year shall not exceed an amount equal to 1 per centum of the aggregate of the amounts to which all States are entitled under subsection (b) of this section for that fiscal year. If the aggregate of the amounts, determined by the Commissioner pursuant to the preceding sentence, to be so needed for any fiscal year exceeds an amount equal to such 1 per centum limitation, the entitlement of each such jurisdiction shall be reduced proportionately until such aggregate does not exceed such 1 per centum limitation.

(d) Notwithstanding any other provision of this section no State educational agency shall be entitled to receive a grant for any fiscal year in excess of the amount equal to the amount to which such agency would otherwise be entitled under this section for that fiscal year minus the sum of the amounts received by the local educational agencies of that State and by that State educational agency for that fiscal year under the Indochina Migration and Refugee Assistance Act of 1975.

(e) Determinations with respect to the number of Indochinese refugee children by the Commissioner under this section for any fiscal year shall be made, whenever actual satisfactory data are not available, on the basis of estimates. No such determination shall operate, because of an underestimate, to deprive any State educational agency of its entitlement to any payment (or the amount thereof), under this section to which such agency would be entitled had such determination been made on the basis of accurate data.

USES OF FUNDS

Sec. 4. Payment made under this Act to any State may be used in accordance with applications approved under section 6 for educational programs, services, and activities for Indochinese refugee children in the schools of the local educational agencies of that State.

ALLOCATION OF APPROPRIATIONS

Sec. 5. (a) If the sums appropriated for any fiscal year for making the payments provided for in this Act are not sufficient to pay in full the total amounts which State educational agencies are entitled to receive under this Act for such year, the allocations to such State educational agencies shall be ratably reduced to the extent necessary to bring the aggregate of such allocations within the limits of the amount so appropriated.

(b) In the event that funds become available for making payments under this Act for any fiscal year after allocations have been made under subsection (a) for that year, the amounts reduced under subsection (a) shall be increased on the same basis as they were reduced.

APPLICATIONS

Sec. 6. (a) No State educational agency shall be entitled to any payment under this Act for any fiscal year unless that agency submits an application to the Commissioner at such time, in such manner, and containing or accompanied by such information, as the Commissioner may reasonably require. Each such application shall—

(1) provide that the educational programs, services, and activities for which payments under this Act are made will be administered by or under the supervision of the agency;

(2) provide that payments under this Act will be used for purposes set forth in section 4;

(3) provide assurances that such payments will be distributed among local educational agencies within that State in direct proportion to the number of Indochinese refugee children served by each such local educational agency, taking into consideration (A) to the extent feasible, the per pupil expenditure of each such agency and (B) the amount which any local educational agency within that State has received pursuant to the Indochina Migration and Refugee Assistance Act of 1975 for which determinations were made under section 3(d);

(4) provide assurances that the State educational agency will not finally disapprove in whole or in part any application for funds received under this Act without first affording the local educational agency submitting an application for such funds reasonable notice and opportunity for a hearing; and

(5) provide for making periodic reports to the Commissioner evaluating the effectiveness of the payments made under this Act, and such other reports as the Commissioner may reasonably require to perform his functions under this Act.

(b) The Commissioner shall approve an application which meets the requirements of subsection (a). The Commissioner shall not finally disapprove an application of a State educational agency except after reasonable notice and opportunity for a hearing on the record to such agency.

SUPPLEMENTARY ASSISTANCE GRANTS

Sec. 7. (a) The Commissioner shall make a grant to any State educational agency which—

(1) has an application approved under section 6, and

(2) provides in the schools of the local educational agencies of that State for the unique educational needs of Indochinese refugee children who are aged five to seventeen, inclusive.

The amount of the payment for each fiscal year to which a State educational agency is entitled under this section shall be $300 for each such child in that State.

(b) Each State which—

(1) has an application approved under section 6, and

(2) desires to receive a payment under this section shall make an application to the Commissioner at such time, in such manner, and containing or accompanied by such information, as the Commissioner may reasonably require.

(c)(1) The Commissioner shall pay to each State having an application approved under subsection (b) of this section the amount to which the State educational agency is entitled under this section for use for the payment of excess costs incurred by local educational agencies of educational programs, services, and activities—

(A) which are designed to meet the unique educational needs of Indochinese refugee children who are aged five to seventeen, inclusive, and

(B) which the State educational agency determines are of sufficient size and scope as to give reasonable promise of substantial progress toward meeting such needs.

(2) For the purpose of this subsection, "educational programs, services, and activities" may include language training bilingual education, and tutorial assistance, and special education and related services provided to handicapped Indochinese refugee children.

(d) In addition to the sums necessary to pay entitlements under section 3, there are authorized to be appropriated $14,000,000 for fiscal year 1976, $3,750,000 for the period beginning July 1, 1976, and ending September 30, 1976, and $7,250,000 for the fiscal year 1977.

PAYMENTS

Sec. 8. (a) The Commissioner shall pay to each State educational agency having an application approved under section 6 the amount which that State is entitled to receive under this Act.

(b) The Commissioner is authorized to pay to each State educational agency amounts equal to the amounts expended by it for the proper and efficient administration of its functions under this Act, except that the total of such payments for any fiscal year shall not exceed 1 per centum of the amounts to which that State educational agency is entitled to receive for that year under this Act.

WITHHOLDING

Sec. 9. Whenever the Commissioner after reasonable notice and opportunity for a hearing to any State educational agency, finds that there is a failure to meet the requirements of this Act, the Commissioner shall notify that agency that further payments will not be made to the agency under this Act, or in his discretion, that the State educational agency shall not make further payments under this Act to specified local educational agencies (whose actions cause or are involved in such failure) until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, no further payments shall be made to the State educational agency under this Act or payments by the State educational agency under this Act shall be limited to local educational agencies whose actions did not cause or were not involved in the failure, as the case may be.

AUTHORIZATION OF APPROPRIATIONS

Sec. 10. There are authorized to be appropriated to make payments to which State educational agencies are entitled under this Act such sums, not to exceed $57,000,000 in fiscal year 1976, $14,500,000 for the period beginning January 1, 1976, and ending September 30, 1976, and $29,000,000 for fiscal year 1977.

AMENDMENT TO THE ADULT EDUCATION ACT

Sec. 11. The Adult Education Act (Public Law 91–230) is amended by adding the following new section at the end thereof:

"EMERGENCY ADULT EDUCATION PROGRAM FOR INDOCHINA REFUGEES

"Sec. 515. (a) From the appropriations authorized for fiscal years 1976 and 1977, but not appropriated for other programs under this title, the Commissioner shall carry out a program of making grants to State and local education agencies for such years for the purpose of operating special adult education programs for Indochina refugees, as defined in section 3 of the Indochina Migration and Refugee Assistance Act of 1975. Such grants may be used for—

"(1) program of instruction of adult refugees is basic reading, mathematics, the development and enhancement of necessary skills, and to promote literacy among refugee adults, for the purpose of enabling them to become productive members of American society;

"(2) administrative costs of planning and operating such programs of instruction;

"(3) support services which meet the educational needs of adult refugees, including but not limited to guidance and counseling with regard to educational, career, and employment opportunities; and

"(4) specially designed educational projects which meet the purposes of this section.

"(b) The Commissioner shall not approve an application for a grant under this section unless (1) in case of application by a local education agency, it has been reviewed by the respective State education agency which shall provide assurance to the Commission that, if approved by the Commissioner, the grant will not duplicate existing and available programs of adult education which meet the special needs of Indochina refugees, and (2) the application includes a plan acceptable to the Commissioner which provides reasonable assurances that adult refugees who are in need of a program are located in an area near that State or local education agency, and would participate in the program if available.

"(c) Applications for a grant under this section shall be submitted at such time, in such manner, and contain such information as the Commissioner may reasonably require.

"(d) Notwithstanding the provisions of sections 305 and 307(a), the Commissioner shall pay all the costs of applications approved by him under this section.".

Mr. GRIFFIN. Mr. President, I ask unanimous consent that a letter from the Secretary of Health, Education, and Welfare to Senator Hugh Scott, under date of October 28, 1965, and a letter from the Secretary to Senator Williams, under date of October 16, 1975, relating to this bill, be printed in the Record.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE SECRETARY OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C., October 28, 1975.
Hon. HUGH SCOTT,
U.S. Senate
Washington, D.C.

DEAR SENATOR SCOTT: As the Senate prepares to vote on S. 2145, the "Indochina Refugee Children Assistance Act of 1975," I would like to share with you the Administration's position on this measure.

Basically, we oppose S. 2145, not because we do not believe that a legitimate need for educational financial assistance for Indochinese refugees exists, but rather because we believe that the Federal government has taken steps to provide appropriate assistance to State and local educational agencies.

Under the authority of the Indochina Migration and Refugee Assistance Act of 1975, the Department is currently offering the following educational assistance to Indochinese refugees:

I. FOR SCHOOL AGE CHILDREN

a. $300 will be paid to local school districts for every refugee child in order to provide supplemental services.

b. An additional $300 per refugee child above a certain threshold will be paid to heavily impacted districts.

c. Grants will be given to State educational agencies for related leadership and training activities.

Regulations for this program were published in the *Federal Register* on October 10 and the U.S. Office of Education will begin to make payments to school districts in late November.

II. FOR ADULTS

Grants will be made to State educational agencies to offer English instruction to adult refugees under the Adult Education Program. Regulations for this program were published in the *Federal Register* on October 22 and funds will be distributed to the States beginning in December.

It is estimated that the Department's total refugee educational program will cost $20 million, as contrasted to the $146.4 million recommended in S. 2145. We believe that our program is far more realistic, both with respect to resources available in the present Federal budget and with respect to the actual need.

We need to remember that we are adding only 40,000 Indochinese children to an American school system of nearly 45 million students, an addition of less than 1/10 of 1% of the total student population. The $20 million we propose to spend on educational programs for Indochinese refugee children and adults should be sufficient to meet the one-time supplemental needs created by this small addition.

Finally, we would note that S. 2145 would make payments to educational agencies equal to the current annual average per pupil expenditure in local school districts. This level of support would establish a standard of Federal assistance far more generous than that available to other non-English speaking children, Indian children, and other special interest populations.

Cordially,

DAVID MATHEWS,
Secretary.

THE SECRETARY OF HEALTH,
EDUCATION, AND WELFARE,
Washington, D.C., October 16, 1975.
Hon. HARRISON A. WILLIAMS, Jr.,
Chairman, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of July 23 for a report on S. 2145, a bill to provide Federal financial assistance to States in order to assist local educational agencies to provide public education to Vietnamese and Cambodian refugee children and for other purposes.

In summary, we oppose the bill because the Department's current program provides funds for special educational services to the Indochinese refugee children and because we believe that the responsibility for providing for the basic cost of instruction for these children lies with the school districts.

S. 2145, the "Indochina Refugee Children Assistance Act of 1975," would authorize a two-year program of State entitlements, administered by the U.S. Commissioner of Education, for payments to States for use in providing educational programs, services, and activities for Indochinese refugee children in the schools of the local educational agencies of the State. The funds would be based upon full funding of each refugee student between the ages of 5 and 17 at the rate of per pupil cost of education in each State (approx. $1,260). In addition, the bill provides for supplemental assistance at $300 per refugee child to provide language training, bilingual education and tutorial assistance for the refugee children. The program would be administered by the States, with not more than 1% of the State entitlement to be used by the State educational agency for purposes of administration. The total cost of this program over the two fiscal years would be approximately $125.5 million.

Under the authority of the Indochina Migration and Refugee Assistance Act of 1975, the Department will make available $300 for every refugee child for supplemental services. All local educational agencies enrolling one or more Indochinese refugee children will be able to receive these benefits. This is consistent with S. 2145 which recognizes that the enrollment of refugee children requires certain special programs and services such as: English language instruction and/or other bilingual problems, culturally sensitive aides or tutors, special instructional materials, and in-service training for teachers. Our previous experience with bilingual education programs indicates that the cost of these supplemental services averages about $300 per non-English speaking child.

Even though most refugee children will be widely dispersed, the Department continues to recognize that some school districts will enroll a sizeable number of refugee children. Because of the greater impact on these school districts, the Department will make available $600 for each refugee child the district enrolls above 100 or one percent of the total student population (whichever is less).

Another aspect of our program will provide grants to State educational agencies equal to five percent of the total funds received by school districts within the State. This is over and above the amount going to the local school districts. These funds are to be used for State leadership and training activities associated with the provision of special supplemental services to Indochina refugee children.

Our program still requires all school districts to pay the basic cost of instruction for refugee children, which is their historic role. Federal funds made available will be used for the unique and supplemental cost of educating the children and developing State leadership capacity which is the appropriate Federal role. It is estimated that our program will cost $15 million which we believe is realistic under the present Federal budget. Of the $15 million total cost, $14.3 million will go to local educational agencies and $700,000 to State educational agencies. Under our program we will provide a one-time-only grant to assist with the initial costs of providing education to the refugee students.

Because we have adequate authority under the Indochina Migration and Refugee Assistance Act of 1975 to meet the Federal obligations for support of special educational programs for Indochina refugees, we recommend that S. 2145 not be favorably considered.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

DAVID MATHEWS,
Secretary.

Mr. TUNNEY. Mr. President, today the Senate is considering a piece of legislation that is vitally important to the health and well-being of school districts and property taxpayers around this Nation. Just 6 months ago, the collapse of American-backed regimes in Southeast Asia produced one of the greatest and most rapid refugee migrations in the history of this country. In the span of less than 2 weeks a flood of over 130,000 refugees streamed into American reception centers in the continental United States, the Philippines, and Guam.

At the time many Americans, myself included, wondered publicly about the impact of those refugees on an already strained domestic economy, on hard-pressed local school systems and social services in general.

As a member of the Judiciary Committee with responsibility for examining the administration's resettlement plans, I listened time after time during those difficult days in March and April as concern about these effects was voiced by virtually every Senator present on our committee. And day after day I listened to the assurances of administration witnesses—everyone from the director of the President's refugee task force to the Commissioner of Immigration—who guaranteed that the Federal Government would, indeed, accept its responsibility, that it had no intention of dumping the burden of a Federal problem onto the shoulders of State and local officials.

Based in part on those assurances, together with a belief that this Nation had a moral responsibility to help insure the safety of many thousands of innocent Vietnamese and Cambodians who had relied on our promises of protection for almost two decades and whose fate now rested in our hands, I reluctantly agreed to support the administration's relocation program.

It was with great disappointment, then, that I learned in July of the administration's guidelines for reimbursing States and localities for the cost of educating refugee children. While the Department of Health, Education, and Welfare had agreed to pay 100 percent of refugee medical and welfare costs, the bundle of education costs was being left squarely on the doorstep of State and local governments.

Under the administration plan, a local education agency would receive $300 for the special educational needs of each refugee child. In addition, in "severely impacted areas," that is, those where the refugee student population exceeds a 100-student minimum, the school district would receive another $300 for each refugee student above the minimum. No additional funds would be available for adult education.

This meant that already hard-pressed State and local governments as well as local taxpayers would be forced to foot the bill for the $125 million difference between HEW's $15 million program and the minimum cost estimated by educators as $140 million. In communities where the refugee influx was large but below the 100-student minimum the added costs to the school district could be well over $125,000. I am sure I do not have to point out what a deficit of this size could mean in a school system. It could be disastrous.

The reaction of school officials to the HEW announcement was predictable. My office was deluged with indignant letters demanding an explanation of why the Federal Government was reneging on its promised assistance. Disgruntled local officials complained bitterly that HEW's action would mean either higher taxes or reductions in services to other students. They angrily question why they were expected to provide an extra $125 million for a completely unexpected contingency at a time when most of their budgets for the coming school year had already been finalized. They convincingly pointed to a telegram from Ambassador L. Dean Brown, then head of the refugees task force, assuring all 50 U.S. Governors that "State and local authorities will suffer no direct hardship as a result of the influx" as evidence of administration doubletalk.

Their arguments were forceful ones. Here were harassed mayors, city managers, principals attempting to make the best of a difficult situation, trying to salvage some of the remnants of a catastrophe that most of them opposed and none of them had a hand in creating. They saw themselves being abandoned by the very people who in their minds had been responsible for the whole mess in the first place.

In response to these requests for aid, and after consultations with the California Department of Education as well as other education offices around the country, Senator CRANSTON and I with 19 cosponsors introduced S. 2145 on July 21. This bill authorizes approximately $141 million in Federal reimbursements to local school districts for refugee education over a 27-month period. Of the total, $125 million is for the education of children between the ages of 15 and 17, and $16 million is for adult education. The former figure is derived from the number of refugee pupils multiplied by the $1260 average national per pupil cost of education plus a $300 allotment for special refugee education needs funded at a rate of 100 percent the first year and 50 percent the second. The latter figure is based upon an estimated cost of $336 per adult refugee pupil for 180 hours of classroom language instruction.

Mr. President, I want to emphasize here that this bill is not another open-ended Federal giveaway. Nor is it an unlimited government subsidy. It is merely a one shot authorization designed to speed the assimilation of these refugees into American society and at the same time minimize the adverse economic impact on hard-pressed local and State budgets.

Senator CRANSTON and I both feel that this act is vital if increases in local property tax rates all over the country are to be avoided or reductions in the quality and scope of educational services now being provided to all our children are to be prevented. I personally believe that it is necessary if the confidence of State and local officials in the promises of the Federal Government is to be restored.

In short, Mr. President, the Federal Government cannot simply turn its back on State and local school officials in their efforts to ease the plight of the refugees. I continue to be convinced that this is essentially a Federal problem which must have a solution which is equally Federal in scope. Senator CRANSTON and I have been gratified by the strong support shown by many of our colleagues. I sincerely hope that other members of this body will join us now in passing this vital legislation.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the amendments be considered and agreed to en bloc.

The ACTING PRESIDENT pro tempore. Without objection, they are considered and agreed to en bloc.

The bill (S. 2145) was ordered to be engrossed for a third reading, was read the third time, and passed.

PRINTING OF THE ANNUAL REPORT OF THE NATIONAL SOCIETY OF THE DAUGHTERS OF THE AMERICAN REVOLUTION

The resolution (S. Res. 290) authorizing the printing of the 77th Annual Report of the National Society of the Daughters of the American Revolution as a Senate document, was considered and agreed to, as follows:

Resolved, That the Seventy-seventh Annual Report of the National Society of the Daughters of the American Revolution for the year ended March 1, 1974, be printed, with an illustration, as a Senate document.

REVISED EDITION OF "THE CAPITOL"

The Senate proceeded to consider the concurrent resolution (H. Con. Res. 215) providing for the printing as a House document of a revised edition of "The Capitol," which had been reported from the Committee on Rules and Administration with amendments, as follows:

On line 5, strike "four hundred and seventy-two" and insert "five hundred and seventy-five"; and

On line 8, strike "Representatives" and insert "Representatives, one hundred and three thousand copies shall be for the use of the Senate,".

The amendments were agreed to.

The concurrent resolution, as amended, was agreed to.

NOMINATION OF WILLIAM B. WIDNALL TO BE CHAIRPERSON, NATIONAL COMMISSION ON ELECTRONIC FUND TRANSFERS

Mr. HUGH SCOTT. Mr. President, I congratulate my very longtime friend, former Congressman William B. Widnall, on his appointment to a position described on the calendar as Chairperson of the National Commission on Electronic Fund Transfers.

I hope I am not a male chauvinist or that I do not share in the aversion toward sexist designations or labels, but I do not think I have ever heard of a more awkward phrase than "chairperson." I know it arose out of the late Democratic National Convention where, in an effort to placate everybody, they also did a certain amount of violence to the English language.

I would like to see some kind of a nationwide discussion on whether or not we can designate Mr., Mrs., Ms., and the chairmen and the chairwomen in a little bit less awkward way. I do not know. Maybe we ought to call Mr. Widnall's position designation as the Chair of the National Commission on Electronic Fund Transfers. Maybe there is something else. But I just hate to see us get tangled in very awkward phrases like "chairperson."

Now, if anybody accuses me of being a chauvinist on that, I will promptly disavow it and call on all the ladies I know as character witnesses. But I love the language, and I do wish we would give a little more attention to our new phrases and designations, and try to make them a little less clumsy, awkward and unwieldy.

Having said that, I think that is enough for Wednesday—as far as I am concerned, all day. [Laughter.]

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Michigan (Mr. GRIFFIN) is recognized for not to exceed 15 minutes.

THE PRESIDENT'S REMARKS ON NEW YORK CITY'S FINANCIAL CRISIS

Mr. GRIFFIN. Mr. President, at this hour, the President of the United States is addressing the National Press Club on the financial crisis which confronts New York City.

I have had the opportunity to read an advance text of the speech, and I believe it is one of the best statements this President has made. I agree with his prescription for the ills of New York City. It may be bitter medicine but it is the right medicine to cure the illness.

I ask that the text of the speech be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

TEXT OF REMARKS BY THE PRESIDENT, DELIVERED AT THE NATIONAL PRESS CLUB, WASHINGTON, D.C., OCTOBER 29, 1975

Today I want to talk to you about a matter of concern to all Americans.

New York City, where one out of every 25 Americans lives, through whose "Golden Door" untold millions have entered this land of liberty, faces a financial showdown.

The time has come for straight talk—to these eight million Americans and to the other 206 million Americans to whom I owe the duty of stating my convictions and conclusions, and to you, whose job it is to carry them throughout the Nation and around the world.

The time has come to sort facts and figures from fiction and fear-mongering in this terribly complex situation. The time has come to say what solutions will work and which should be cast aside.

And the time has come for all Americans to consider how the problems of New York and the hard decisions they demand, foreshadow and focus upon potential problems for all Federal, State and local governments—problems which demand equally hard decisions from them.

One week ago New York City tottered upon the brink of financial default which was deferred only at the eleventh hour.

The next day Mayor Beame testified here in Washington that the financial resources of the city and state of New York were exhausted. Governor Carey agreed.

It's now up to Washington, they said, and unless the Federal Government intervenes, New York City within a short time will no longer be able to pay its bills.

The message was clear: Responsibility for New York City's financial problems is being left on the front doorstep of the Federal Government—unwanted and abandoned by its real parents.

Many explanations have been offered about what led New York City deeper and deeper into this quagmire.

Some contend it was long-range economic factors such as the flight to the suburbs of the city's more affluent citizens, the migration to the city of poorer people, and the departure of industry.

Others argue that the big metropolitan city has become obsolescent, that decay and pollution have brought a deterioration in the quality of urban life, and that New York's downfall could not be prevented.

Let's face one simple fact: most other cities in America have faced these same challenges, and they are still financially healthy today. They have not been luckier than New York; they simply have been better managed.

There is an old saying: "The harder you try, the luckier you get." I like that definition of "luck".

During the last decade, the officials of New York City have allowed its budget to triple. No city can expect to remain solvent if it allows its expenses to increase by an average of 12 percent every year, while its tax revenues are increasing by only 4 to 5 percent a year.

As Al Smith, a great Governor who came from the sidewalks of New York, used to say: "Let's look at the record."

The record shows that New York City's wages and salaries are the highest in the United States. A sanitation worker with three years' experience now receives a base salary of nearly $15,000 a year. Fringe benefits and retirement costs average more than 50 percent of base pay. Four-week paid vacations and unlimited sick leave after only one year on the job.

The record shows that in most cities, municipal employees have to pay 50 percent or more of the cost of their pensions. New York City is the only major city in the country that picks up the entire burden.

The record shows that when New York's municipal employees retire they often retire much earlier than in most cities and at pensions considerably higher than sound retirement plans permit.

The record shows New York City has 18 municipal hospitals; yet, on an average day, 25 percent of the hospital beds are empty. Meanwhile, the city spends millions more to pay the hospital expenses of those who use private hospitals.

The record shows New York City operates one of the largest universities in the world, free of tuition for any high school graduate, rich or poor, who wants to attend.

As for New York's much-discussed welfare burden, the record shows more than one current welfare recipient in ten may be legally ineligible for welfare assistance.

Certainly I do not blame all the good people of New York City for their generous instincts or for their present plight. I do blame those who have mislead the people of New York City about the inevitable consequences of what they were doing over the last 10 years.

The consequences have been:

A steady stream of unbalanced budgets;

Massive growth in the city's debt;

Extraordinary increases in public employee contracts;

And total disregard of independent experts who warned again and again that the city was courting disaster.

There can be no doubt where the real responsibility lies. And when New York City now asks of the country to guarantee its bills, it can be no surprise that many other Americans ask why.

Why, they ask, should they support advantages in New York that they have not been able to afford for their own communities?

Why, they ask, should all the working people of this country be forced to rescue those who bankrolled New York City's policies for so long—the large investors and big banks?

In my judgment, no one has yet given these questions a satisfactory answer.

Instead, Americans are being told that unless the rest of the country bails out New York, there will be catastrophe for the United States and perhaps for the world.

Is this scare story true?

Of course there are risks that default could cause temporary fluctuations in the financial markets. But these markets have already made a substantial adjustment in anticipation of a possible default by New York City.

Claims also are made that because of New York City's troubles, other municipalities will have grave difficulty selling their bonds. I know this troubles many thoughtful citizens.

But, the New York City record of bad financial management is unique among municipalities. Other communities have a solid reputation for living within their means. In recent days and weeks, other local governments have gone to investors with clean records of fiscal responsibility and have had no difficulty raising funds.

The greater risk is that any attempt to provide a Federal blank check for the leaders of New York City would ensure that no long-run solution to the city's problems will ever occur.

I can understand the concern of many citizens in New York and elsewhere. I understand because I am also concerned.

What I cannot understand—and what nobody should condone—is the blatant attempt in some quarters to frighten the American people and their representatives in Congress into panicky support of patently bad policy. The people of this country will not be stampeded; they will not panic when a few desperate New York officials and bankers try to scare New York's mortgage payments out of them.

We have heard enough scare talk.

What we need now is a calm, rational decision as to what the right solution is—the solution that is best for the people of New York and best for all Americans.

To be effective, the right solution must meet three basic tests:

It must maintain essential public services for the people of New York City. It must protect the innocent victims of this tragedy. There must be policemen on the beat, firemen in the station, nurses in the emergency wards.

Second, the solution must assure that New York City can and will achieve and maintain a balanced budget in the years ahead.

And third, the right solution must guarantee that neither New York City nor any other American city ever becomes a ward of the Federal Government.

Let me digress a minute to remind you that under our constitutional system, both the cities and the Federal Government were the creatures of the States. The States delegated certain of their sovereign powers—the power to tax, police powers and the like—to local units of self-government. And they can take these powers back if they are abused.

The States also relinquished certain sovereign powers to the Federal Government—some altogether and some to be shared. In return the Federal Government has certain obligations to the States.

I see a serious threat to the legal relationships among our Federal, State and local governments in any congressional action which could lead to disruption of this traditional balance. Our largest city is no different in this respect than our smallest town. If Mayor Beame doesn't want Governor Carey to run his city, does he want the President of the United States to be acting Mayor of New York?

Now, what is the solution to New York's dilemma?

There are at least eight different proposals under consideration by the Congress intended to prevent default. They are all variations of one basic theme: that the Federal Government would guarantee the availability of funds to New York City.

I can tell you now that I am prepared to veto any bill that has as its purpose a Federal bail-out of New York City to prevent a default.

I am fundamentally opposed to this so-called solution, and I will tell you why.

Basically, it is a mirage. By giving a Federal guarantee we would be reducing rather than increasing the prospect that the city's budget will ever be balanced. New York City's officials have proved in the past that they will not face up to the city's massive network of pressure groups as long as any alternative is available. If they can scare the whole country into providing that alternative now, why shouldn't they be confident they can scare us again into providing it three years from now? In short, it encourages the continuation of "politics as usual" in New York—which is precisely not the way to solve the problem.

Such a step would set a terrible precedent for the rest of the Nation. It would promise immediate rewards and eventual rescue to every other city that follows the tragic example of our largest city. What restraint would be left on the spending of other local and state governments once it becomes clear that there is a Federal rescue squad that will always arrive in the nick of time?

Finally, we must all recognize who the primary beneficiaries of a Federal guarantee program would be. The beneficiaries would not be those who live and work in New York City because the really essential public services must and will continue.

The primary beneficiaries would be the New York officials who would thus escape responsibility for their past follies and be further excused from making the hard decisions required now to restore the city's fiscal integrity.

The secondary beneficiaries would be the large investors and financial institutions who purchased these securities anticipating a high rate of tax-free return.

Does this mean there is no solution? Not at all. There is a fair and sensible way to resolve this issue, and this is the way to do it.

If the city is unable to act to provide a means of meeting its obligations, a new law is required to assure an orderly and fair means of handling the situation.

As you know, the Constitution empowers the Congress to enact uniform bankruptcy laws. Therefore, I will submit to the Congress special legislation providing the Federal courts with sufficient authority to preside over an orderly reorganization of New York City's financial affairs—should that become necessary.

How would this work? The city, with State approval, would file a petition with the Federal District Court in New York under a proposed new chapter XVI of the Bankruptcy Act. The petition would state that New York City is unable to pay its debts as they mature and would be accompanied by a proposed way to work out an adjustment of its debts with its creditors.

The Federal Court would then be authorized to accept jurisdiction of the case. Then there would be an automatic stay of suits by creditors so that the essential functions of New York City would not be disrupted.

It would provide a breathing space for an orderly plan to be developed so that the city could work out arrangements with its creditors.

While New York City works out a compromise with its creditors the essential governmental functions of the city would continue.

In the event of default, the Federal Government will work with the court to assure that police, fire and other essential services for the protection of life and property in New York are maintained.

The proposed legislation will include provision that as a condition of New York City petitioning the court, the city must not only file a good faith plan for payments to its creditors but must also present a program for placing the fiscal affairs of the city on a sound basis.

In order to meet the short term needs of New York City the court would be empowered to authorize debt certificates covering new loans to the city which would be paid out of future revenues ahead of other creditors.

Thus, the legirlation I am proposing will do three essential things.

First, it will prevent, in the event of a default, all New York City funds from being tied up by lawsuits.

Second, it will provide the conditions for an orderly plan to be developed for payments to New York's creditors over the long term.

Third, it will provide a way for new borrowing to be secured by pledging future revenues.

I don't want anybody misled. This proposed legislation will not, by itself, put the affairs of New York City in order. Some hard measures must be taken by the officials of New York City and New York State. They must either increase revenues or cut expenditures or devise some combination that will bring them to a sound financial position. Careful examination has convinced me that those measures are neither beyond the realm of possibility nor beyond the demands of reason. If they are taken, New York City will, with the assistance of the legislation I am proposing, be able to restore itself as a fully solvent operation.

To summarize, the approach I am recommending is this: If New York fails to act in its own behalf, orderly proceedings would then be supervised by a Federal Court.

The ones who would be most affected by this course would be those who are now fighting tooth and nail to protect their authority and their investments: New York officials and the city's creditors. The creditors will not be wiped out; how much they will be hurt will depend upon the future conduct of the city's leaders.

For the people of New York, this plan will mean that essential services will continue. There may be some temporary inconveniences, but that will be true of any solution that is adopted.

For the financial community, the default may bring some temporary difficulties but the repercussions should not be large or long-lasting.

Finally, for the people of the United States, this means that they will not be asked to assume a burden that is not of their own making and should not become their responsibility. This is a fair and sensible way to proceed.

There is a profound lesson for all Americans in the financial experience of our biggest and richest city.

Though we are the richest Nation in the world, there is a practical limit to our public bounty, just as there is to New York's.

Other cities, other States as well as the Federal Government are not immune to the insidious disease from which New York is suffering. This sickness is brought on by years and years of higher spending, higher deficits, more inflation and more borrowing to pay for higher deficits, more deficits and on and on.

It is a progressive disease and there is no painless cure.

Those who have been treating New York's financial sickness have been prescribing larger and larger doses of the same political stimulants that has proved so popular and successful in Washington for so many years.

None of us can point a completely guiltless finger at New York. None of us should now derive comfort or pleasure from New York's anguish.

But neither can we let the contagion spread.

As we work with the people of New York to overcome their difficulties—and they will—we must never forget what brought this great center of human civilization to the brink.

If we go on spending more than we have, providing more benefits and services than we can pay for, then a day of reckoning will come to Washington and the whole country just as it has to New York.

Let me conclude with one question of my own:

When that day of reckoning comes, who will bail out the United States of America?

Thank you.

ORDER OF BUSINESS

Mr. GRIFFIN. Mr. President, I do not intend to use the remainder of my time. I ask unanimous consent that, if he requires it, such part thereof may be used by the Senator from Idaho (Mr. McClure), and that the remainder of it be yielded back.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. GRIFFIN. Mr. President, I have been asked by the majority leader—who perhaps made this request before he left the floor—to yield back his time, and I now do so.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The Senator from Idaho is recognized.

OUR ECONOMIC FUTURE

Mr. McCLURE. Mr. President, during the past 18 months economic conditions in this country have been without parallel since the Great Depression. Our people have been unemployed and our productive plant has been underemployed in the extreme. Each American has witnessed the decline in his own and his neighbor's standard of living. The vast majority of our people have been faced with the difficult task of adjusting to a price level which rises more rapidly than does their income.

Among our older citizens the struggle against inflation has been most difficult. Their hopes for a secure and comfortable retirement have been lost as the purchasing power of fixed incomes has declined. Among those whose working lives are just beginning the stark realities which they face have caused the American dream to become for them just another fantasy.

The series of events which have led us into the recession of 1974 and 1975 have been well documented but poorly understood. Our failure to understand and our inability to react with intelligence and purpose pose a critical threat for the survival of the country and its democratic institutions. That which we have failed to understand as a nation we do, oddly enough, appreciate as individuals. Each of us realizes that we have unlimited wants and desires but severely limited resources to utilize in the quest for fulfillment of our wants. Recognizing this fact of economic life we attempt to make intelligent choices pursuing what is most important and, albeit, with reluctance, abandoning those things which are less crucial.

In 1965, as a nation, we were faced, most dramatically, with such a decision and chose to pursue both our military objectives in Southeast Asia and our social objectives here at home. Our desires clearly outran our resources and this fact was reflected in a growing Federal deficit. Deficits themselves imply choices in that they can be financed by taxing or by printing money.

As we all now know the rapidly escalating deficit was monetized by the actions of the Federal Reserve and in effect new money was printed in vast amounts. The inflation which we have experienced since the late 1960's is in no small measure a direct result of printing press money. Likewise, the deep recession in which we now find ourselves is a functional result of that same inflation.

This growing role of Government as a dominant force in our economy has not gone unnoticed. It becomes especially evident as the forecasts of economic activity for the next 2 or 3 years are reviewed. Each forecast, it seems, is dependent for its validity on one or more assumptions concerning the behavior of the Federal Government and its agencies. I would like to take this opportunity to categorize and evaluate these economic projections. In addition, I hope to focus on a recommended course for fiscal and monetary policy which is appropriate to a rapid and sustained recovery.

For my purposes today, economic forecasts can be conveniently and accurately grouped into no more than four categories.

In the first set of forecasts we find the typical Keynesian world view. We are told that the recession has been so broad and so deep that the economy demands massive Federal stimulus in the form of large deficits and high rates of money growth. Those economists maintain that if highly expansionary policies are adopted, the economy will quickly surge toward its full potential. In their view inflation is a dead issue and restraint will not be required until such time as the unemployment rate falls below 6 percent.

I should remind my colleagues, however, that it was the same school of thought which originated the concept of fine tuning of the economy at the Federal level. It would also be wise to recall that these theories and economic models that developed from them spring from the demand-deficient and deflationary world of the 1930's. To the extent that they deal poorly with the variables which dominate an inflationary and international economic world view, they may simply be irrelevant to the solution of our current dilemma.

A second school of thought would lead us to believe that the recovery which is underway will be painfully slow. Inflation will continue to reduce the purchasing power of consumers and thus household spending will not lead quickly to renewed investment by the private sector. Private investment will remain sluggish in response to reduced rates of real growth in consumer spending. In addition the demand for new investment funds will also be undermined by the fact that corporate balance sheets are in a most illiquid state. In fact, corporate debt has reached its highest level in 30 years.

A further lack of stimulus to new investment stems from the fact that real returns on invested capital have been declining for the past several years while the cost of newly acquired funds has been increasing. A final deterrent to capital spending plans can be found in the area of complex Federal regulations which discourage competition, increase costs, and reduce the potential returns available for innovation in any number of industries.

Many of the assumptions which underlie these forecasts of continued stagflation have real validity. Unfortunately, the basic assumption related to consumer spending behavior is an obvious error. It ignores the fact that consumers have already begun to spend the purchasing power created by the tax cuts put into effect this year and implies further that the current savings rate, a record for the postwar period, will rise even further.

In addition, they appear to underestimate the increases in capital investment which will be required to replenish inventories, upgrade our aging capital stock and meet demands for pollution control expenditures by American firms in all industries. These latter kinds of expenditures, while they do stimulate investment demand, do little if anything to increase the supply of final products or increase the productivity of the work force.

A third group of forecasts can be conveniently labeled as the gloom-and-doom variety. These predictors claim that we are entering upon a short and unsustainable period of rapid recovery which will falter in late 1976. The rationale for such a view is dependent upon a rapid return to double-digit inflation, a restrictive monetary policy, and the early reappearance of shortages in the basic materials industries.

While the basic premises of such forecasts contain elements of truth, the timing of the events is most probably in error. It is highly unlikely that rising food and fuel prices will reach double digit levels by early next year. Nor is it likely that the Federal Reserve will overreact to moderate levels of inflation during 1976. True, inflation will be high, in the range of 7 to 9 percent this year, but it will also appear that some progress is being made. The immediate capacity shortages which are a part of this scenario are unlikely to emerge as rapidly as these forecasts would lead us to believe. In fact should industrial capacity grow at 2 percent per year, capacity problems will not materially affect the level of economic activity until the second quarter of 1977.

The fourth and final forecast which I would like to explain is to my mind the most likely to be realized. This forecast includes both a period of rapid growth and a recession in the not-too-distant future.

In this view of the economic landscape, we can look forward to real economic growth in late 1975 of between 8 and 10 percent. Consumers will move strongly back into their historic spending and saving patterns. Food and fuel price increases will no longer dominate the rate of inflation as measured by the Consumer Price Index, CPI. Unemployment rates will decline but not as quickly as we would like nor as completely as they have in other recoveries. Unemployment may still be as high as 7 percent at the end of 1976. Business investment will expand, spurred on initially by inventory readjustments, plant modernization requirements and the reactivation of basic expansion plans.

In its early phase this recovery would resemble the growth periods of 1950, 1955, 1965, and 1972. In the absence of any severe external shocks, such as an oil embargo, the return to a more normal economic pattern will proceed quickly throughout 1976.

However, this happy series of events will be threatened by the size of the deficit, a change in monetary policy and the escalation of inflationary expectations. Given the assumptions which underlie these forecasts we will find ourselves entering 1978 with all the ongoing appearances of a full and complete recovery while the basic, but less obvious, economic indicators will begin to reflect the signs of trouble ahead. In short, if the recovery is to be sustained real investment in plant and equipment, real increases in worker productivity, and the atmosphere for a steady monetary policy must be provided for now. If we fail to accomplish this, the seeds for a 1978–79 recession will have been sown during 1975 and 1976.

If we are to appreciate this line of reasoning we must recognize that the base from which this recovery springs is a fragile one. Most other postwar recoveries have:

First. Begun when prices were falling rather than rising. The wholesale price index alone rose 22 percent last year. Most other postwar recoveries have not included shortages of basic commodities as was the case last year.

Second. Begun when corporate balance sheets were healthy. Today balance sheets are in their worst condition in 30 years.

Third. Been blessed with long-term interest rates at levels of 4½ percent or less. Interest rates now are 9 percent and returns on capital are no higher than they were in 1960.

Fourth. Recorded productivity increases of 3 percent or more per year. In 1974 productivity actually declined and when correctly measured has grown at less than 2 percent during the last 10 years.

The appropriate policy response to our current situation is one which concentrates on stimulating basic investment and increasing productivity. Without the productivity increases associated with investment, Federal spending programs will simply increase the level of demand while they do nothing to stimulate the level of aggregate supply. Should we continue during 1975 and 1976 to create large deficits through expansive fiscal policy we will most certainly see the Treasury crowd out private borrowers and thereby restrict the level of investment and diminish the potential for productivity improvement.

Ultimately, the Federal Reserve will be forced to institute restrictive monetary policy to cope with a rising level of inflation. As inflation once again reaches the double digit level, speculational purchases will increase and the sad events which characterized 1974 will once again prevail.

Those forecasts which assume the inability of fiscal and monetary policymakers to reach intelligent conclusions indicate that the recession of late 1978 and 1979 will look much like our current recession but will be characterized by unemployment rates of 10 percent, interest rates of 15 percent and a high level of individual and corporate bankruptcies.

While no one can say with surety that any one set of forecasts is absolutely correct, I do believe that it can be concluded that some are more likely to be valid than are others. The final set of predictions based, as they are, on an appropriate view of the role of capital investment and increased productivity as key determinants of economic growth, are, to my mind, valid. In addition they pose the greatest and most direct challenge to all of us as policymakers. They call upon us to make choices. They put us on notice that large consumption-oriented deficits allow us to purchase today at the cost of tomorrow and in fact these same deficits may put tomorrow out of reach.

Economics, it will be recalled, is known as the "dismal science." As such it has been aptly named since it teaches us that we cannot have all that we desire but can at best improve our material conditions through a long and arduous process of investment and self-denial. If we desire more in the future we must consume less and invest more today. It is this lesson which must be appreciated by policymakers here on Capitol Hill who, for better or worse, influence the course of future economic developments in a most fundamental way.

It is within our power to create a policy which will set us firmly upon the road to successful and sustainable economic growth. In a like manner, it is within our power to adopt short-sighted policies of immediate appeal and by so doing assure the Nation of yet another economic crisis within the next 3 years.

At this time, I ask for unanimous consent that a more detailed review of economic forecasts be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ECONOMIC FORECASTS

GROUP I

Forecasts which fall into this category assume that the worst is now far behind us. The recession, they claim, was so deep that the road ahead is free from capacity shortages and inflationary price increases for the next five years. The strategy which is compatible with this view is one of full speed ahead and don't think of putting on the brakes until unemployment drops below 6%.

GROUP II

Forecasts which fall into this category assume a very slow rebound due to reduced consumer purchasing power and a retrenchment philosophy on the part of business. Investment demand will be weak due to—

(1) reduced demand

(2) illiquid balance sheets

(3) low return on capital

(4) reduced incentives due to overregulation of industry.

In these forecasts recession is no problem since growth will be terribly slow.

This forecast is a classic case of drawing the wrong conclusions from essentially the right hypotheses. It neglects the fact that consumers have already started to spend their tax cuts, and implies that the personal savings rate will soar even above its present record postwar level of 10½%. These forecasts appear to have been made in a vacuum, since they ignore or disregard the present high level of savings and the unprecedented decline in inventory investment which has occurred during the first half of the year. With respect to capital spending, they ignore the fact that U.S. plant and equipment is more in need of modernization than it has been in the past fifteen years, and this, plus the heavy requirements for pollution control expenditures, will push investment up substantially during the next two years.

GROUP III

This group of forecasts suggests that the economy would have rebounded rapidly if it had not been choked off by a number of untoward factors, including but not limited to, a sudden return of double-digit inflation, a premature tightening of monetary policy, and a surprisingly early reappearance of various shortages. While most members of this group are willing to admit that a vigorous recovery might get started for one or two quarters, they look for a downturn in 1976 or at the very latest in early 1977.

Curiously enough, this school of thought is also in error. First, the increases in fuel and food prices are not sufficient to propel the economy to a 15–20% rate of inflation next year, as many of these forecasters would have us believe. While the inflation rate will move up to the 7–9% range in the second half of this year, it will probably decline somewhat in 1976. Second, there is little doubt that monetary policy will turn highly restrictive after the election, but there are no signs of this occurring in the next few quarters. Finally, shortages cannot occur again until the index of industrial production has risen well above current levels, as shown in Table I. This will not occur, even under the most pessimistic assumptions, until mid-1977; if we assume that maximum productive capacity will grow at 4% per year, then no problems of shortages emerge. Hence these predictions of early gloom and doom do not square with the present state of business conditions.

FORECAST IN BRIEF

The economy has entered a period of rapid real and nominal growth. This growth will continue well into the fourth quarter of 1976. At that time a precipitous decline will begin and that recession will continue during 1978–79.

TABLE I.—PREDICTED LEVELS OF ACTUAL AND MAXIMUM CAPACITY UTILIZATION

	Full capacity levels of industrial production [1]	Actual or predicted levels	Full capacity levels of industrial production [2]
1973.4	125.0	[3] 127.0	125.0
1974.4	127.5	121.4	130.0
1975.4	130.1	115.4	135.2
1976.4	132.7	129.9	140.6
1977.2	134.1	134.7	143.9
1977.4	135.3	137.0	146.2

[1] Assuming an increase of 2 percent per year.

[2] Assuming an increase of 4 percent per year.

[3] Severe shortages at this level.

SUPPORTING DATA AND ASSUMPTIONS

(1) Economic growth in the final 6 months of calendar 1975 will range between 8–10%. At least half of this growth will result from inventory investment rising to zero. Consumer expenditures will contribute strongly while plant and equipment expenditures will lag. New orders, however, will increase substantially by year end.

(2) Food and fuel price increases will be virtually complete. Wage rates and industrial commodity prices will continue to climb. Despite these factors a short term decline in the rate of inflation will occur but all sectors of the economy will be poised for rapid growth.

(3) The rate of money (M_1) growth will rise above the target range of 5–7½%. I suspect 8% or better will be the rule. In addition, velocity will increase as it has in the early phases of each postwar recovery. Both short and long term interest rates will rise but capital will be generally available through the middle of 1976.

Business will respond by building inventories, undertaking modernization and reactivating expansion plans which had been put aside. In addition, the rate of hiring will increase. In this respect we will have a situation much like the recovery situations which existed in 1950, 1955, 1965 and 1972.

ASSUMPTIONS TO THIS POINT

(1) The present recession, while more severe than other postwar declines, will follow a classical recovery pattern initially.

(2) Consumers and businessmen will return to normal spending levels. That is to say the propensity to consume or invest has not been permanently changed.

(3) No major or unpredictable shocks such as an embargo, etc., will occur between now and the end of 1976.

At the conclusion of 1976, the unemployment rate will still be above 7% but economic growth will begin to falter. The rate of economic growth will decline basically due to the reversal of the inventory sub-cycle which had been a substantial factor contributing to the higher level of activity. A review of the entire postwar period reveals that the U.S. economy has never grown at a rate in excess of 6% for more than six quarters in a row. The reason for this is the inventory subcycle which functions to support the rise in sales initially, but then as inventories reach adequate levels this form of net new investment becomes neutral or negative.

In many instances, the inventory sub-cycle also receives support or reinforcement from the cycle of consumer durable purchases. The two cycles proceeded in unison in 1952, 1956, 1960, 1962 and 1973. Had not wage and price controls been in place we would have the same cycle comparability in 1972.

Historically, the slowdown which follows the crest of these cycles may simply be a reduction in growth to a sustainable 4% overall rate or the emergence of a recession with its negative growth rates. This latter phenomenon was apparent in 1960 and 1973. A recession did not follow the inventory crest of 1952 and 1962. In 1952, the Korean War kept the economy moving. In 1962, massive tax cuts, the introduction of the Investment Tax Credit, liberalized depreciation and excise tax cuts continued the stimulus.

This forecast depends in part on the fact that 1976 will be unlike 1962 and that heavy doses of the kinds of stimuli which were successful then will fail to stem the recessionary tide which will be flowing at the conclusion of 1977. The lack of similarity between my envisioned 1976 and actual 1962 can be easily seen. In 1962 the economy—

(1) Had seen a decline in the wholesale price index. Last year it rose 22%.

(2) Had endured no major shortages in any basic commodity for 10 years. Last year shortages were serious in scope and magnitude.

(3) Had evidenced healthy balance sheets, the best in 15 years. This year corporate balance sheets are in their worst condition in 30 years.

(4) Had been blessed with long-term interest rates at a level of 4½%, and even these low rates were declining. Interest rates now are over 9% and rising while the average return on capital is no higher than it was in 1960.

(5) Had recorded productivity increases of more than 3% per year. In 1974, productivity declined and has been growing at less than 1% in the last 10 years.

The correct policy response to the developing situation in late 1976 would involve programs designed to increase corporate cash flow and to reduce the costs of borrowing. In short, monetary and fiscal policy must focus on investment rather than consumption. Our failure to take such action will produce an increase in aggregate demand with no increase in aggregate supply and will surely occasion the same kinds of problems which were evident in 1974.

The series of events which will begin in 1976 and occasion the recession of 1978–79 are as follows.

(1) The rate of inflation will continue to climb until it returns to the double-digit range.

(2) Monetary policy will tighten dramatically toward the end of 1976. As a result, I expect another severe credit crunch and new peaks for both, and long-term interest rates.

(3) Fiscal policy will switch from stimulative to restrictive in late 1977. Greater restraints will be put on Government spending, and an overhaul of the Social Security system will result in greatly increased taxes and some reduction in benefits relative to presently mandated levels.

(4) Sporadic shortages will develop throughout the economy. These are not likely to be caused by inadequate amounts of capacity in the basic materials industries, but rather by shortages of electric power. Insufficient power supplies will lead to serious interruptions of production schedules for those industries which depend heavily on electric power. Furthermore, natural gas will also remain in short supply so that it will not be available as an alternative power source. Thus shortages of basic materials may occur even though sufficient capacity exists to handle normal levels of demand.

(5) The existence of sporadic shortages will recall the tumultous events of the 1973–74 period of shortages. They will cause businesses to stockpile excessive inventories of key materials. This speculative increase in demand will intensify the inflationary spiral, thus encouraging additional buying in an attempt to beat further price increases. Furthermore, these rapid price hikes will increase the probability of wage and price controls, which will in turn lead to upward jockeying of posted price lists by firms so that they are not caught in an administration-imposed cost-price squeeze.

The recession which is forecast for late 1978–79 will have the following characteristics:

(1) Rate of inflation will decline and will not be as high as the current rates of 1974, fourth quarter.

(2) Decline in real GNP 1978 of 1 to 1.5%, but becoming positive again in 1979.

(3) Unemployment will rise to 10% in 1979 as it will lag the recovery.

(4) Interest rates on long-term corporate bonds will rise to 13–14% and the prime could reach 15%.

(5) Bankruptcies will be higher than in 1974–75.

CONCLUSION

Like anything else, in economics this is a best guess, but I am satisfied that the events predicted herein are likely to occur and that the magnitudes estimated are essentially correct. The only way in which this scenario can be avoided involves increased productivity and capital investment. Neither of these goals can be realized in the face of large federal deficits and high levels of borrowing by off budget agencies. Consequently the dissent from the Second Concurrent Resolution should be in terms of the size of the deficit and its implication for continued inflation, low levels of capital formation and increasing interest costs.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Virginia (Mr. Byrd) is recognized for not to exceed 15 minutes.

U.S. FISCAL POLICY

Mr. HARRY F. BYRD, JR. Mr. President, for some time I have expressed a deep concern, both in the Senate and in speeches in Virginia, as to the very grave financial condition of the Federal Government.

The deficit this year will exceed $70 billion. The deficit last year approximated $50 billion.

The 2-year deficit will be greater than was the total cost of Government 11 years ago. It is cause for alarm that of the Nation's total national debt estimated at the end of the current fiscal year to be $600 billion, 35 percent of that debt will have been created in the short 6-year period, fiscal 1971 through fiscal 1976.

I also have taken a strong position, both in the Senate and in speeches in Virginia, in opposition to a Federal bailout of New York City. I think it would be a mistake for the Federal Government to guarantee New York City bonds.

In the first place, for the Federal Government to come to New York's rescue would be an invitation for politicians everywhere to give in to every demand of every pressure group, with the knowledge that if a particular city or a particular State could not finance those demands, the Federal Government would pick up the tab. New York City has been living beyond its means; the per capita cost of government there is 4 times that of the average large city.

The second reason why I oppose a guarantee of New York City bonds is that such action would not put into the pockets of the 8 million people of New York City one thin dime. What it would do would be guarantee the bondholders against loss of their investment and against loss of the income from the bonds.

The major bondholders are the New York City banks. I am unwilling to vote to have the Nation's wage earners made responsible for guaranteeing the New York City banks on their investment.

We must bear in mind that the bondholders have received high tax-free income. Along with that high tax-free income must go some risks, and the risks are now becoming apparent. The bondholders have received tax-free income, yet now want their investment guaranteed by the Federal Government.

To those who wonder why the Federal Government is in such bad shape financially, to those who wonder why New York City is bankrupt, to those who wonder why the American taxpayer is becoming increasingly disenchanted with Government, I invite attention to an article on page 1, section 2, of the New York Times of Tuesday, October 28, 1975. Here is the headline: "Luxury Towers for Poor Opening Soon."

The article begins:

> A federally subsidized housing project for the poor is scheduled to open in East Harlem in about two months with luxury features never before included in low-income housing in the United States.

That is the first sentence of that story.

Now, here is the cost of this taxpayer-subsidized program:

> The average construction cost per apartment is $68,597, by far the largest ever in this country for low-income housing.

The taxpayers of our country are subsidizing this program, with an average construction cost per apartment of $68,597:

> The project is Taino Towers, four 35-story buildings with a total of 656 apartments on the block between 122nd and 123rd Streets, and Second and Third Avenues. The centrally air-conditioned towers will have an indoor swimming pool, a gymnasium, an auditorium, a theater, a greenhouse, roof laundry rooms with play areas, and underground parking with attendants 24 hours a day.

That is the new apartment complex for the poor and the welfare recipients in New York City.

I am sure that all of us want to be helpful, as best we can, to the less advantaged persons of our Nation; but when we go to the extreme of constructing apartments with an average cost of $68,597 per apartment, I think that is carrying things to a bit of an extreme. And it dramatizes why New York City is in a state of bankruptcy. At a later time I shall put this article from the New York Times in the Record.

And I ask this question: How many taxpayers who are footing the bill for the welfare recipient's apartment complex can afford $68,597 apartments? It is interesting to note, too, that underground parking is provided with attendants 24 hours a day.

In connection with the problem of a default on New York bonds and a possible Federal bailout for New York City, I was most interested to receive through the mail this morning an article from the Wall Street Journal of April 13, 1971, and an article from the New York Times of April 14, 1971. Bear in mind, Mr. President, that that is 4½ years ago. Here is the way the Wall Street Journal news article started out:

> New York City is a potential Penn Central.
>
> The unflattering financial diagnosis of the nation's largest city was made by Douglas H. Ludenman, manager of the bond department at United Virginia Bank-State Planters. The Richmond executive, who advises caution in the purchase of New York obligations, considers the city's fiscal outlook to be clouded. He has much company.

The next day, April 14, the New York Times reported that—

> The city sold a record $258.1 million worth of public improvement bonds yesterday and then sought to give the lie to criticism that it was financially shaky.

The article quotes then Controller Abraham D. Beame is giving "a sharp defense of the city's fiscal statues."

> Mr. Beame said that "today's bids demonstrate the faith of the financial community in the economic strength of New York City."

He then pointed out that the Chase Manhattan Bank was the successful bidder on the issues involved.

Then the New York Times article reports that Controller Beame—

> was particularly irked by the published comment yesterday of a Virginia banker who was quoted as describing New York City as

being financially shaky, "a potential Penn Central."

The article continues:

> The banker, Douglas H. Ludeman, manager of the municipal bond department at United Virginia Bank/State Planters, was reached at a church meeting last night in Richmond. He said:
>
> "I don't recall, whether I specifically made that Penn Central comment, but if so it was certainly out of context as quoted. I recommend purchase of New York City bonds because the yield is high to investors. But New York City faces a potential financial crisis if it doesn't get financial help from the state and Federal governments."

That was 4½ years ago the banker from Richmond, Va., called attention to the fact that New York City even then was on very shaky grounds.

I will continue to go back now to the New York Times article of April 14, 1971:

> Mr. Beame accused the Wall Street Journal of going all the way to Virginia for a scare headline. He said that rarely in 25 years of public service had he heard a more irresponsible statement than the comparison of New York City and the Penn Central.
>
> The Comptroller said that comparing New York City and its vast economic strengths with the Penn-Central was as "ridiculous as comparing Chase-Manhattan or First National City, each with $24 billion, with that little bank in Virginia and its $544 million."

Mr. President, the Senator from Virginia does not have any money to invest but if the Senator from Virginia did have any money to invest and were to invest in bank stocks, that little bank in Virginia, to use Mr. Beame's words, seems to have greater appeal than those New York City giants that Mr. Beame was so intrigued with.

Be that as it may, the facts show and the evidence is that Mr. Luderman of Richmond, Va., had a far more perceptive view of the financial condition of New York and of the value of those New York City bonds 4½ years ago than did the New York City bankers.

My interest in this problem of what to do about New York City goes back several months. I have given this matter a great deal of thought.

On September 8, I wrote President Ford a 5-page letter going into considerable detail as to how New York City got itself in this difficult situation in which it is now and urging him to stand firm against a bailout by the Federal Government.

I ask unanimous consent to have printed in the Record my letter to President Ford dated September 8, 1975, to be followed by the article from the New York Times of October 28, 1975, captioned "Luxury Towers For Poor Opening Soon," to be followed by an article from the New York Times of April 14, 1971.

There being no objection, the material was ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., September 8, 1975.

Hon. Gerald R. Ford,
The White House,
Washington, D.C.

My Dear Mr. President: I write in anticipation that you will face great pressure to have the federal government bail New York City out of the severe financial difficulties into which it has fallen because of mismanagement by its own officials.

You have firmly resisted pleas by New York Governor Carey and New York City Mayor Beame. Press reports indicate, however, that you will face added pressure from the New York Congressional Delegation, and each day The New York Times becomes more insistent that the federal taxpayers come to New York's rescue. Saturday, the Republican leader of the New York Senate said federal help to New York City "makes political sense."

A great deal of thought and time on this matter convinces me that if political pressure stampedes the Administration and the Congress into using federal tax dollars or guarantees to rescue New York City from its self-made difficulties, a dangerous precedent will be set. Indeed, it will be a bottomless pit.

I write to urge that you stand firm in your position and, secondly, to say that as a member of the United States Senate, I shall do all that I can to support that position.

I shall resist to the utmost the use of federal funds to bail out a city whose politicians are responsible for its financial mess. I might say that the financial mess is bipartisan, having begun with a Democratic Mayor and having been accelerated—and multiplied—by a Republican Mayor.

Of course, each of us is aware of the national implications of New York's difficulties. Both of us, I know, regret the disruptive effect on the municipal bond market.

But New York City not only has thoroughly mismanaged its affairs; it has adopted devious procedures. It has deceived the public as to the true financial condition of the City and circumvented the balanced budget requirement of the City Charter.

Both the financial community and individual investors have lost confidence in the City government.

Recently, it was impossible to sell tax-exempt bonds to raise funds for the City, even at a 10-percent yield. Subsequently, some bonds were sold at the amazing yield of 11-percent tax-exempt. This means that a purchaser in the 50-percent federal income tax bracket would be obtaining a 22-percent return on his investment.

How could a federal bail-out of New York City, which would include the speculators and big banks and others who have invested in New York City bonds at a remarkably high and tax-free yield, be justified to this country's hardworking wage earners?

I think it unlikely that the American taxpayer would tolerate the use of his hard-earned tax dollars to guarantee tax-exempt income for New York City investors.

Even if the tax exemption is eliminated for any future government-guaranteed New York City bonds, the existing bond-holders would benefit. In addition, the two-signature paper would make the New York bonds more attractive than federal bonds.

A study of the record shows that the City's deficit spending originated in the last year of Mayor Wagner's administration. Its budget for 1964–1965 indicated a deficit of $100 million. Since the deficit could not be entirely covered by a contingent fund, the State Legislature passed a law which has had grave consequences.

Before the new law, the City could borrow by issuing revenue anticipation notes against forthcoming state and federal aid and certain fees and taxes. But the amount of the borrowing was limited by the fees and taxes currently due and aid collected in the previous years.

The new law, however, allowed the City to borrow against the Mayor's "estimate" of state and federal aid currently due.

It also allowed the City to borrow against fees and taxes not receivable currently.

The Wagner administration issued $56 million in notes under this new law and was therefore able to cover the deficit.

But this fiscal irresponsibility was just beginning.

In the fall of 1965, Mayor Lindsay's administration came into office.

Between 1965 and 1969, the City experienced an economic boom. Some 220,000 new jobs were created in the City. Analysis shows, however, that municipal workers accounted for 37 percent of the increase.

And during this same prosperous period, the City's welfare roll doubled—from 500,000 in 1965, to 1,000,000 in 1969.

Since 1970, Mayor Lindsay's second term, the City has experienced a general economic downturn. Some 400,000 jobs were lost, or 11 percent of the jobs available in the City in 1969.

Yet, until recently, the City continued to put more people on its payroll. New York City now has 300,000 employees, or 51 for every 1,000 inhabitants. In most other large cities, the ratio is 35 per 1,000.

New York City employees' earnings increased 129 percent in the 1960's. For the comparable period, the increase in the private sector was only 85 percent.

The substantial increase in the number of City employees and their pay, of course, brought on enormous pension costs to the City. Under wage contracts negotiated by the Lindsay administration, a great many of City employees' pensions are based on their final year's pay, including overtime.

Under this formula, The New York Times recently reported an example of a $13,000-a-year bus driver who received a $15,000 pension.

The pension cost was $317 million per year when Mayor Lindsay took office. It doubled in the next eight years. Since Mayor Beame took office, it has doubled again. Experts now predict the pension system will cost $1.7 billion by 1980.

The City's welfare roll stands at over one million persons. Not only has the number of welfare recipients been sharply increased, but the welfare programs have been expanded. Now the City even offers day care for children of non-working mothers.

The City's welfare roll remains laden with ineligibles. The ineligibility rate in the City is nine percent, as compared to less than one percent in the rest of New York State. The significance is that one percentage point means a cost of $10 million.

Secretary Simon recently noted that among cities of one million or over, all of which have underprivileged populations, only New York City spends more than $20 per inhabitant on welfare.

But for every man, woman and child in New York City, an average of $315 in taxes is collected to pay for welfare costs.

The City also operates a university which is tuition-free to all its residents, including those who are able to pay.

To be sure, the free higher education, the generous welfare system, the substantial wages and pensions, all have been instituted for a better living.

But, as the financial crisis attests, nothing is free.

What is New York City's situation today?

The City now has some $8 billion in long-term debt and about $4 billion in short-term debt. New York City's short-term debt is about 30 percent of all short-term debt incurred by all states, cities, counties and local authorities in this nation.

The servicing cost of this total debt is an enormous $1.8 billion this year. This amount is nearly 17 percent of the City's budget and more than the City's cost for police, fire, and environmental protection.

The City's budget was $3.8 billion in 1965, $8.5 billion in 1972, and approximates $12 billion this year.

Thus, the cost of government in New York

City has more than tripled in eleven years, despite a decline in population.

While total expenditure was thus increased at an annual rate of 15 percent, the increase in revenue was at a rate of only five percent per year.

Another point worthy of note is that the City's capital budget is separate from its operating expense budget. The capital budget items for school and road construction are financed by issuing debt.

Because the capital budget is not financed from normal revenues, the Lindsay administration found it an attractive place to hide a great variety of operating expenses.

By the time the current year's capital budget was drawn up, City Comptroller Goldin announced that it included some $737 million worth of operating expenses—or about 50 percent of the entire city-financed portion of the budget.

Before the Municipal Assistance Corporation was created by the State Legislature last June, in an effort to put the City's finances in order, the City refused to disclose its cumulative operating deficit.

Just recently, the auditors of Municipal Assistance Corporation determined that during the past several years the City's operating expenditures exceeded revenues by a whopping $3.3 billion despite the City Charter requirement for a balanced budget. The Beame administration reluctantly conceded this to be correct.

Now pressure is building for assistance from the federal government.

As The Washington Post so accurately noted today, whatever the federal government does for New York, it must be prepared to do for other cities. I am informed that Newark, Cleveland, Philadelphia, Detroit, Buffalo—to name only a few—are faced with difficulties not too different from New York.

Help for New York, therefore, must be weighed not only in terms of what it will cost and what it will do for that City, but in terms of what it will cost and what its consequences will be if similar circumstances arise elsewhere.

And the dangers are not only financial: If the federal government bails out a troubled city, it will have to intrude itself into that city's internal operations. Thus the trend toward federal dictation and centralized power, which you and I strongly oppose, would be accelerated.

For all these reasons, I urge that you stand firm against a federal bailout of New York City, and in such a cause I shall stand four-square with you in the Senate.

With best wishes, I am

Sincerely,

HARRY F. BYRD, Jr.

[From the New York Times, Oct. 28, 1975]

LUXURY TOWERS FOR POOR OPENING SOON

(By Robert E. Tomasson)

A federally subsidized housing project for the poor is scheduled to open in East Harlem in about two months with luxury features never before included in low-income housing in the United States. Depending on the point of view, the project is regarded as a monument to government compassion or an epitaph on bureaucratic folly.

The project is Taino Towers, four 35-story buildings with a total of 656 apartments on the block between 122d and 123d Streets and Second and Third Avenues. The centrally air-conditioned towers will have an indoor swimming pool, a gymnasium, an auditorium, a theater, a greenhouse, roof laundry rooms and play areas, and underground parking with attendants 24 hours a day.

There also will be six-bedroom triplex apartments with 11-foot-high ceilings and 20-foot-long balconies.

Tentative minimum rent for the six-bedroom apartments is $113.28, including utilities, under Federal subsidy plans committed for 40 years.

The average construction cost per apartment is $68,597, by far the largest ever in this country for low-income housing. Federal officials say that the $45-million cost of the development represents the largest single allocation for a community project ever made by the Department of Housing and Urban Development.

The basic features of the project—which are not likely to be matched for many years, if at all, in low-income housing—have evoked strong criticism from city and state housing officials, including some with the H.U.D. itself.

NONRESIDENTIAL SPACE

The principal criticism is of the large amount of nonresidential space. In each building the first six floors—a total 265,000 square feet, or the equivalent of about five and one-half floors of the PanAm Building—were constructed for nonresidential use.

This space houses some of the amenities, but includes large areas intended for agencies that would prove educational and medical services to the community while paying rent that would be used to keep the apartment rents low.

But commercial tenants have not turned up, placing the elaborate financing of Taino Towers in doubt.

"They got everything they wanted and now they don't know what to do with it," said an official in the local H.U.D. office, referring to the community sponsor, the East Harlem Tenants Council.

S. William Green, regional administrator of the Federal Agency, said that because of the unprecedented inclusion of nonresidential space in a federally subsidized housing project, final approval had been given in Washington.

The state's Urban Development Corporation and the city's Housing and Development Administration had considered financing the project, but pulled out when the sponsoring group insisted on including the nonresidential space.

THE MAN BEHIND IT

The guiding force behind the project is Robert Nicol, a 40-year old Presbyterian minister who left an East Harlem church to become the full time $17,200-a-year administrator. He offers no apologies for insisting on the nonresidential space.

"You don't predicate providing basic and humane services for people on a possible future collapse in the market," he said. "It's a question of whether we have a viable city or go on building slums for the poor."

"I know we have been accused of over-designing for the poor, but we are concerned with changing people's lives, not just creating another future slum."

"Look there," Mr. Nicol said as he stood on the roof of one of the towers, gesturing southward. "From 112th to 115th Street, from First to Seventh Avenue, is a whole corridor of public housing built in the nineteen-fifties and sixties. It wiped out hundreds of businesses and brought a tremendous concentration of the poor, which is a problem by definition."

TWO WHO PULLED OUT

Two major tenants that Mr. Nicol expected in the project have decided not to rent space there: the Health Insurance Plan and the Board of Education, which considered establishing a bilingual school.

Mr. Nicol, who has been described by officials who have worked with him as "dynamic," "persuasive," and "intractable," acknowledged that he was struggling to preserve his dream in the face of complex financing.

Most of the initial funds came from construction loans, totaling $39-million, from a consortium of nine banks headed by the Chemical Bank. All but a small part of the 40-year 7 per cent mortgages—one for each tower—are guaranteed by the Federal Housing Administration.

In addition, the project received about $6-million in city and Federal funds, including $3-million from H.U.D.'s Model Cities program, for such expenses as architect's fees and extensive administrative costs. In addition, New York City has agreed to give full property-tax abatement.

Included in the $39-million mortgages are funds to pay monthly interest until the project begins receiving income. These funds can carry the project until the last tower is completed next June, about six months after families start moving into the first tower.

Officials at the Chemical Bank conceded that the timing would be close. If the interest reserve runs out while any building is incomplete, the result could be a mortgage default. The F.H.A. would then pay off the balance and try to sell the buildings to a private developer.

The Department of Housing and Urban Development has agreed to pay an interest subsidy of $1,574,000 a year for the mortgages, enough to reduce the 7 per cent bank rate to about 2 per cent. In addition, it is to pay $497,000 a year in direct rent subsidies for 40 per cent of the tenants. Taken together, interest and rent subsidies are a 40-year Federal commitment of $82.84-million.

If as now seems probable, Taino Towers do not earn the projected $1.2-million a year from the nonresidential space, rents will have to increase. Thus, even with subsidies, poor families may not be able to afford the rents. This, in turn, would jeopardize the subsidies since these apply to families already receiving welfare payments.

Mr. Nicol said that tenants had already been chosen for Taino Towers—which are named for an ancient tribe of Caribbean Indians in honor of East Harlem's largely Hispanic population.

First preference is for families forced out of slum dwellings that were demolished to make way for the project. Mr. Nicol said that the East Harlem Tenants Council had maintained contact with about 225 such families that had expressed interest in Taino Towers. Other tenants are to come from the impoverished neighborhood.

All tenants will be required to attend five three-hour demonstrations on apartment and project upkeep.

Gerard Silverman of Silverman & Cika, the project architects, said that a major design goal was to reduce maintenance problems and upkeep costs. Lobbies and halls, for example, are covered with Italian mosaic tiles that are supposed to be all but impervious to graffiti. Other esthetic features include brick sidewalks and terraced landscaping complete with a stream.

[From the New York Times, Apr. 14, 1971]

TWO HUNDRED FIFTY-EIGHT MILLION DOLLAR CITY BONDS SOLD AT LOWERED INTEREST: ISSUE SETS A RECORD—BEAME DISPUTES A VIRGINIA BANKER'S VIEW THAT THE FISCAL SITUATION HERE IS SHAKY

(By Edward C. Burks)

The city sold a record $258.1-million worth of public improvement bonds yesterday and then sought to give the lie to criticism that it was financially shaky.

It reported an improved average interest rate of 6.7668 per cent. A little over a year ago, in selling a $176.8-million issue, the city had to pay a record average interest of 7.31 per cent.

The routine of taking two bids from the city's "little tin box" yesterday in a brief ritual at the Municipal Building was followed by a sharp defense of the city's fiscal status by Controller Abraham D. Beame.

A syndicate headed by the Chase Manhattan Bank was the successful bidder on the three separate issues, for which the city will pay a total of more than $174-million in interest over the next 40 years.

Mr. Beame said that "today's bids demonstrate the faith of the financial community in the economic strength of New York City."

A second syndicate, headed by the First National City Bank, submitted bids that averaged 6.8025 per cent interest.

While the winning bid represented a somewhat lower interest rate, compared with 6.98 per cent on a $236.9-million issue in January, Mr. Beame was obviously smarting from recent criticisms of the city's financing standing.

He was particularly irked by the published comment yesterday of a Virginia banker who was quoted as describing New York City as being financially shaky, "a potential Penn Central."

The banker, Douglas H. Ludeman, manager of the municipal bond department at United Virginia Bank/State Planters, was reached at a church meeting last night in Richmond. He said:

"I don't recall, whether I specifically made that Penn Central comment, but if so it was certainly out of context as quoted. I recommend purchase of New York City bonds because the yield is high to investors. But New York City faces a potential financial crisis if it doesn't get financial help from the State and Federal governments."

The article to which Mr. Beame referred gave prominent attention to Mr. Ludeman and other financial executives who saw the city's financial outlook as clouded. It appeared in The Wall Street Journal under the heading:

"A Huge New York Bond Sale Is Set Today; But Is the City's Issue a Good Investment?"

Mr. Beame accused the Journal of going all the way to Virginia for a scare headline. He said that rarely in 25 years of public service had he heard a more irresponsible statement than the comparison of New York City and the Penn Central. Mr. Ludeman is a native of Brooklyn.

The Controller said that comparing New York City and its vast economic strengths with the Penn Central was as "ridiculous as comparing Chase Manhattan or First National City, each with $24-billion, with that little bank in Virginia and its $544-million."

He has repeated said that bondholders had a first lien over any other financial commitment by the city. Others including Mr. Ludeman have cautioned, however, that the city faces a "liquidity crisis"—a crisis in meeting all its required payments for wages, salaries, maintenance, debt service and so on, at the same time. The city's total net indebtedness is about $4 billion.

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of routine morning business, for not to exceed 30 minutes, with statements therein limited to 5 minutes each.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SMALL BUSINESS AND SMALL BUSINESS INVESTMENT ACT AMENDMENTS OF 1975

Mr. EAGLETON. Mr. President, in a few moments, S. 2498 will be laid before the Senate as the pending business. In anticipation of that event, I should like to address some remarks to that bill, before it is officially laid before the Senate, because we are awaiting the appearance of another Senator.

Had that bill been laid before the Senate and if action were to take place on it on the floor of the Senate today, I would have called up an amendment to strike section 103 of the bill, which would transfer certain disaster loan programs from SBA to the Department of Housing and Urban Development.

I can appreciate the staffing problems SBA might have during periods of natural disaster and I believe there ought to be some remedy to the problem. However, I cannot imagine that a transfer of this program to the Department of HUD will do anything but lengthen delays in getting disaster assistance to people who need it. In my opinion, the Department of HUD is the most atrociously administered agency anywhere in government and I believe that view is widely shared in this chamber. To propose giving that Department additional responsibility, especially responsibility of this importance, is unthinkable in the absence of some indication that it would result in prompter service to disaster victims.

The program which this bill proposes transfering to HUD is substantial in size. The SBA portfolio of home disaster loans is currently valued at $447 million, representing 98,244 individual loans. In the last 12 months alone, the SBA has approved 7,502 home disaster loans in 44 States. With all the staffing problems it may have experienced during these periods, the SBA still has been able to process disaster loans in an average time of 48 hours to 1 week.

By contrast, it often takes the Federal Disaster Assistance Administration of HUD months and even years to provide assistance to communities in need. Let me give just a few recent examples of HUD's performance in my own State of Missouri.

Holt County, Mo., experienced a flood in the fall of 1973 and there was damage to a special road district. The county applied to HUD for a disaster claim of $16,990. Two years later it received the grant and in the meantime had to borrow money from a commercial bank at 12 percent interest.

The town of Savannah, Mo., in Andrew County, had a flood in the spring of 1973. Nine public facilities were flooded out and needed immediate repairs.

When a year went by with no action from HUD, the county finally resorted to a loan from a private bank. Eighteen months after the original application, the county received from HUD an advance payment of $51,000 on its application for $115,500. Finally on July 6, 1975—more than 2 years after the disaster—the county received the remainder of the balance from HUD.

Daviess County, Mo., also had a flood in the fall of 1973 and it is still waiting for payment from the FDAA which is an agency of HUD.

The entire procedure established by HUD for administration of disaster loans is a bureaucratic nightmare. It goes something like this. The Governor of the State must first declare the area a disaster and forward his findings to the President. The President evaluates that report and then determines whether the area is eligible for Federal assistance. In the event of a favorable determination, individual disaster victims must then submit a claim to the State. The State auditor evaluates that claim and forwards the recommendation to the regional FDAA. Regional FDAA then makes its determination and forwards a recommendation to the Regional Inspector General Auditor's office. That office makes its own determination and sends it back to FDAA regional. The FDAA regional then forwards the claim to FDAA in Washington. From there it moves to the Treasury Department which makes out a check to the State disaster office where it is deposited with the general revenues. The State then issues a check and mails it to the claimant. All of this takes a minimum of 6 months and, in some cases brought to the attention of my office, as long as 3 years.

A person does not know what a disaster is until he tries to get an application for assistance processed through HUD. He then really knows what a disaster is.

Mr. President, the object of disaster assistance programs is to get money as quickly as possible into the hands of individuals and communities that need it. The SBA has done a commendable job in cutting red tape and bureaucratic delays in order to carry out this overriding purpose. It would be a major disaster in itself to transfer this vital service to the hopeless bureaucratic mess we formally call the Department of Housing and Urban Development.

I would hope that the distinguished floor manager would consider striking section 103 of this bill until the Senate can satisfy itself that the proposed transfer of this program to HUD will not result in even greater delays and red tape for disaster victims.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CULVER). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PERCY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE VISIT OF ANWAR SADAT

Mr. PERCY. Mr. President, the decision of the mayor of New York not to greet President Sadat is, indeed, regrettable. I was very concerned about this decision and trust that it will not be interpreted in the Arab world as any change whatsoever in the policy of the Government of the United States to find an equitable and peaceful solution to the problems of the Middle East and that we shall extend to our official guest, the first Chief Executive of Egypt who has ever visited the United States, the warmest welcome possible.

I have decided to join Mayor Daley tomorrow in greeting President Sadat on his arrival in Chicago, attending the dinner being given by Mayor Daley for President Sadat. I shall do everything I can to insure that his reception in Chicago will be genuine and warm and will reflect the attitude of our population that President Sadat is working toward peace in the Middle East and has taken some considerable risks for peace.

Certainly, those of us who attended the dinner last night given by President Sadat for President and Mrs. Ford saw the graciousness and warmth of the hospitality extended, the understanding expressed by President Sadat, and the great hope expressed by him that the period that we have gone through, for decades now, of war and strife and turmoil, which have done so much to injure the hopes and aspirations of all the peoples of the Middle East, can now be put behind us.

President Sadat is an official guest of the United States. He seeks to cooperate with the United States and has shown every evidence of this. He recently risked his own standing in the Arab world by signing an interim agreement, which is overwhelmingly supported by Israelis and the American Jewish communities. He has shown a desire to put the economic development of his country ahead of military development. For all these reasons, President Sadat deserves a friendly welcome in the United States.

He should be looked upon as a man who has demonstrated that he does desire peace, who is willing to take risks for peace, who has alienated himself in his own part of the world from many people who have misunderstood his intentions. From first-hand knowledge, those of us who have talked with him in Egypt know that he has very much in mind not just the peace and tranquility of the people of his own country, but of the entire Middle East, that he desires this, really, for the people of Israel; he desires it for the people of Syria; he desires the rectification of the grievances of the people of Palestine.

Certainly we are fortunate to have a man who has let emotion be put behind reason in a highly emotion-charged area, where we have had four wars in our lifetime and where the outbreak of a fifth war could be disastrous for the United States and could be disastrous for the people of the free world.

We welcome President Sadat to the United States and we trust that, as he visits every part of our country from the Atlantic to the Pacific, he will be greeted warmly by the American people in the traditional hospitality we have always extended to governments which are working with us in the interest that we share so much in common, finding a basis for a lasting peace.

Mr. MANSFIELD. Mr. President, I commend the distinguished Senator from Illinois for the remarks which he has just made about the visit of the President of the United Arab Republic of Egypt. We should remember that President Anwar Sadat is in this country at the invitation of the President of the United States and is on a state visit. I express the hope that those places which he will visit will keep that factor in mind and recognize that the President of Egypt is here, in this country, as a guest of the President and the people of the United States.

I believe also that President Sadat is the man who can wield a great deal of influence in bringing about a stabilization of the situation in the Middle East and, hopefully, peace, in the long run. He has expressed his positions on various matters with great candor, as he should, and the President of the United States, in turn, has done likewise.

It is my belief that despite the criticism which President Sadat has been receiving from various Arab countries, all Arab countries will be watching this man with great interest to hear what he says, to find out what kind of relationship he can establish with the United States and, through this visit, perhaps, to find portents of what the future may hold in store for all of them and for all the Middle East.

It is true that President Sadat has taken a stand on his own initiative which has caused him some difficulties in relation to others. But that is all the more reason, I believe, why we should recognize the difficulties which confront him and be aware of that possibility that he can play a great part in the formulation of a peaceful era in the Middle East. Somebody has to take the initiative; somebody has to step forward, and this man, President Anwar Sadat, has stepped forward and is working, we all hope, toward an eventual settlement in the cockpit which is known as the Middle East.

So I wish him well. I express the hope again that he is accorded every courtesy everyplace he visits because he is a guest of the President of the United States and, thereby, of the people of the United States, and he is on a state visit.

We would like to see him treated just as we would like to see our own President treated whenever he visits a foreign country.

Mr. SPARKMAN. Mr. President, will the Senator yield to me?

Mr. MANSFIELD. Yes.

Mr. SPARKMAN. Mr. President, I join with my colleagues in their expressions regarding the state visit here of President Sadat. I regard the work that he has done in recent months as being outstanding, particularly with reference to the setting up of a livable condition between Egypt and Israel and, I may say, between other Arab countries and Israel. I think he has brought a new light to the situation, and I think he has displayed high statesmanship in doing it.

At times he has done things and said things that did not sit well with all of his Arab neighbors, but he was willing to speak out anyhow and to advocate things that would work toward a permanent peace in that area.

I think President Sadat is a great man and, certainly, we should value highly his visit to this country at this time.

By the way, I want to mention something that, to me, has always been interesting regarding this man. A good many years ago Senator Aiken told me one day, reminded me, that back when Sadat was probably still a student—certainly he was a younger man than he is now—he came to the United States. I believe he came on one of these arranged exchange programs. He spent some time over here, and he became very much impressed with this country.

One day I told one of our diplomats who has had a great deal of experience in the Middle East, and in Egypt, particularly, that story that Senator Aiken had told me. This man said:

> Yes, it is true, he did come here and he was very much impressed.

He said:

> He often refers to it in his remarks.

He said:

> I think it had a great deal to do in determining his future course when he became head of the Government of Egypt.

I think that illustrates the man who is visiting us today and at this particular time, and I join in the expression that has been stated that he will be welcomed by the people throughout the United States upon his state visit to our country.

Mr. PERCY. Mr. President, I would like to thank my distinguished colleagues for their comments. I would hope that history will sometime record that the man who did more to achieve security, peace, and the integrity of their nationality and their borders than probably any other man in the Arab world certainly would be President Sadat.

He seems devoted to that objective and he is just as devoted to the cause of finding—not just a solution to his own problems in the Sinai—but also a solution to the Syrian problem in the Golan and the Palestinian problem.

The issue of Zionism has been raised. I made myself unmistakably clear on the floor of the Senate just yesterday as to how I felt about that issue. I think it is a tragic issue, a mistaken policy pushed by the more radical elements inside the Arab world, and I think they are doing their cause harm.

But I think Mayor Beame has been mistaken in his judgment in feeling that because of the very large Jewish population in New York he could not, as mayor of the city, greet President Sadat on his arrival.

To link those two events up, I think, is to overlook the fact that the biggest single thing that can be done for the people of Israel is to find peace and security, to remove from them the crushing burden of defense costs, and the burden that has been borne also by the

American Jewish community, and many others who are not Jewish who have seen fit to assist and help financially, morally, and every other way they could the proper objectives and goals of the State of Israel as enunciated by the United Nations and backed by the United States.

But I think again reason, not emotion, must prevail, and it is just too bad we have had this incident. But I hope, taken in the perspective of his entire visit, it will be a small incident that will not have any relative importance, and certainly we intend, in the city of Chicago, to see that President and Mrs. Sadat are warmly received, as warmly as we can possibly extend our hospitality, although I must say it is difficult—as the distinguished majority leader and the distinguished chairman of the Foreign Relations Committee know—for us in the United States to match the hospitality extended to us, whether it be by the people of the Arab countries or by the people of Israel or the people of Mexico, our neighbors to the south, who have extended warmth and fellowship so frequently to Members of Congress.

We just do not ever seem to be able to do it quite in the way they do. But to the extent that we can, we certainly wish to do so. President Ford has demonstrated distinguished leadership in the fine way he has extended the hand of warmth and fellowship to President Sadat in this country.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore (Mr. BUMPERS) laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 12:03 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the House agrees to the amendment of the Senate numbered 3 to the bill (H.R. 6334), an Act to amend further the Peace Corps Act; that the House disagrees to the amendments of the Senate numbered 1, 2, and 4, to the aforesaid bill; and that the House agrees to the amendment of the Senate to the title of the aforesaid bill.

At 1:41 p.m., a message from the House of Representatives, delivered by Mr. Hackney, one of its reading clerks, announced that the House has passed, with amendments, the bill (S. 2195) to establish a National Center for Productivity and Quality of Working Life; to provide for a review of the activities of all Federal agencies including implementation of all Federal laws, regulations, and policies which impede the productive performance and efficiency of the American economy; to encourage joint labor, industry, and Government efforts to improve national productivity and the character of working conditions; to establish a Federal policy with respect to continued productivity growth and improved utilization of human resources in the United States; and for other purposes, in which it requests the concurrence of the Senate.

The message also announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 6227. An Act to amend title 5, United States Code, to provide Federal employees under investigation for misconduct the right to representation during questioning regarding such misconduct; and

H.R. 8835. An Act to amend the Truth in Lending Act to protect consumers against inadequate and misleading leasing information, assure meaningful disclosure of lease terms, and limit ultimate liability in connection with leasing of personal property primarily for personal, family, or household purposes, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. WILLIAMS, from the Committee on Labor and Public Welfare, with an amendment:

By Mr. EASTLAND, from the Committee on the Judiciary, with amendments:

S. 1699. A bill for the relief of Mrs. Hope Namgyal (Rept. No. 84–437).

S. 1479. A bill to protect the economic rights of labor in the building and construction industry by providing for equal treatment of craft and industrial workers (Rept. No. 94–438).

By Mr. WILLIAMS, from the Committee on Labor and Public Welfare, with amendments:

S. 2305. A bill to establish a national framework for collective bargaining in the construction industry, and for other related purposes (Rept. No. 94–439).

By Mr. WILLIAMS, from the Committee on Labor and Public Welfare, without amendment:

H.R. 5900. A bill to protect the economic rights of labor in the building and construction industry by providing for equal treatment of craft and industrial workers (Rept. No. 94–440).

H.R. 9500. A bill to stabilize labor-management relations in the construction industry, and for other purposes (Rept. No. 94–441).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session, the following executive reports of committees were submitted:

Mr. SPARKMAN. Mr. President, as in executive session, I report favorably from the Committee on Foreign Relations sundry nominations in the Foreign Service which have previously appeared in the RECORD, and to save the expense of printing them on the Executive calndar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD on October 20, 1975, at the end of the Senate proceedings.)

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated:

H.R. 6227. An Act to amend title 5, United States Code, to provide Federal employees under investigation for misconduct the right to representation during questioning regarding such misconduct; to the Committee on Post Office and Civil Service.

H.R. 8835. An Act to amend the Truth in Lending Act to protect consumers against inadequate and misleading leasing information, assure meaningful disclosure of lease terms, and limit ultimate liability in connection with leasing of personal property primarily for personal, family, or household purposes, and for other purposes; to the Committee on Banking, Housing and Urban Affairs.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first time and, by unanimous consent, the second time, and referred as indicated:

By Mr. HUDDLESTON:

S. 2585. A bill to provide additional payments by the Federal Government to counties in which there is located a national forest or national grassland. Referred to the Committee on Agriculture and Forestry.

By Mr. BUCKLEY:

S. 2586. A bill to establish a procedure for adjustment of debts of public agencies and instrumentalities and political subdivisions. Referred to the Committee on the Judiciary.

By Mr. NUNN (for himself, Mr. TALMADGE, and Mr. JOHNSTON):

S. 2587. A bill to authorize the establishment of the Chattahoochee River Urban Recreation Area in the State of Georgia, and for other purposes. Referred to the Committee on Interior and Insular Affairs.

Mr. Mr. BURDICK:

S. 2588. A bill to amend section 15(7) of the Interstate Commerce Act to permit interested persons to seek injunctive relief in certain situations where the Interstate Commerce Commission has not completed proceedings on new rate schedules within the period of the suspension of such schedule. Referred to the Committee on Commerce.

By Mr. BURDICK:

S.J. Res. 143. A joint resolution to amend the Constitution of the United States to give the several States power to protect unborn children and other persons. Referred to the Committee on the Judiciary.

By Mr. BARTLETT (for himself, Mr. BELLMON, Mr. BUMPERS, Mr. CULVER, Mr. GLENN, Mr. MANSFIELD, and Mr. STEVENSON):

S.J. Res. 144. A joint resolution to authorize the President to issue a proclamation designating November 10, 1975, in commemoration of the 200th anniversary of the U.S. Marine Corps. Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HUDDLESTON:

S. 2585. A bill to provide additional payments by the Federal Government to

counties in which there is located a national forest or national grassland. Referred to the Committee on Agriculture and Forestry.

Mr. **HUDDLESTON.** Mr. President, today I am introducing legislation which provides that if the amount paid to counties in which there is located a national forest or national grassland is less than $0.50 for each acre of national forest or national grassland in that county there shall be an additional Federal payment. This bill is identical to H.R. 5416, introduced by Representative PAUL SIMON of Illinois and several other Members of the House.

The present system of payments has remained basically unchanged since 1911. Under the current formula counties are paid 25 percent of the revenues generated from timbering, grazing, recreation, mining and other activities for which a land use charge is made. Federal law requires that this money be distributed to counties within the national forests for public schools and road programs.

Due to the lower volume of timber cutting in the national forests during the last fiscal year the States are now receiving less than they did in fiscal 1974.

An example of the problems faced by counties of which a large portion is owned by the Federal Government is the case of McCreary County, Ky.

The total land area of McCreary County is about 267,000 acres. Of this, 154,000 lies within the Daniel Boone National Forest and are owned by the Federal Government.

Last year the Federal Government paid McCreary County $24,554 in the form of in-lieu-of taxes compensation. This is an average of $0.16 per acre. The Federal in-lieu-of payments for the 700,000-acre Daniel Boone National Forest in eastern Kentucky for fiscal year 1975 average $0.17 per acre.

The total assessment, under Kentucky law equal to fair cash value, of nonpublic real property in McCreary County is $23 million. The minimum assessment permitted in the county is $30 per acre which at the $1 per $100 tax rate currently in effect would generate minimum tax revenues of $0.30 per acre. Yet the majority of the land in McCreary County is assessed at over $100 per acre.

The example I have cited is not atypical. In Kentucky alone there are 24 counties that receive national forest in-lieu-of income from the Federal Government. The average payment received is $0.17 per acre.

The legislation I am introducing today provides a floor of $0.50 per acre under the Federal payments in-lieu-of taxes to counties. This bill further requires that 80 percent of the payment received must be spent for the benefit of public schools and public roads while 20 percent may be expended as the county so determines.

Mr. President, the problem of in-lieu-of payments has had much attention in the past but no relief has been provided. I urge my colleagues to join me in my efforts to attain an equitable solution to this enigma facing many county governments of this Nation.

I ask that this bill be appropriately referred and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2585

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for purposes of this Act—

(1) the term "eligible county" means any county in which there is located, in whole or in part, a national forest or a national grassland;

(2) the term "benefits" means

(A) payments made to a county under section 33 of the Bankhead-Jones Farm Tenant Act as it applies to national grasslands; and

(B) the value of any assistance derived by a county as a result of payments made to a State under the provisions of law described in paragraphs

(1) through (4) of section 2(c);

(3) the term "national forest" means any land with respect to which payments are made under the provisions of law described in sections 2(c)(1) and 2(c)(3); and

(4) the term "national grassland" means any land administered under part 213 of title 36, Code of Federal Regulations.

SEC. 2. (a) Notwithstanding any other provision of law, the Secretary of the Treasury shall make a payment described in subsection (b) or section 3 to each eligible county as soon as practicable after January 1, 1976, and January 1 of each year thereafter, if the sum of the benefits received (or to be received) by that county with respect to the previous fiscal year, or with respect to the previous calendar year in the case of the provisions of law described in paragraphs (2) and (5) of subsection (c), under the provisions of law described in subsection (c) is less than an amount equal to $0.50 for each acre of national forest and national grassland in that county.

(b) Except as provided in section 3, the amount of the payment referred to in subsection (a) shall be equal to the difference between—

(1) an amount equal to $0.50 for each acre of national forest and national grassland in the county receiving the payment; and

(2) the sum of the benefits received (or to be received) by the county with respect to the previous fiscal year, or calendar year as described in subsection (a), under the provisions of law described in subsection (c).

(c) The provisions mentioned in the first section of this Act and in subsections (a) and (b) of this section are as follows:

(1) the sixth undesignated paragraph under the heading "Forest Service" of the Act entitled "An Act making appropriations for the Department of Agriculture for the fiscal year ending June thirtieth, nineteen hundred and nine", approved May 23, 1908, as amended (35 Stat. 260; 16 U.S.C. 500);

(2) section 35 of the Act entitled "An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain", approved February 25, 1920, as amended (41 Stat. 450; 30 U.S.C. 191), as it applies to national forests and national grasslands;

(3) section 13 of the Act entitled "An Act to enable any State to cooperate with any other State or States, or with the United States, for the protection of the watersheds of navigable streams, and to appoint a commission for the acquisition of lands for the purpose of conserving the navigability of navigable rivers", approved March 1, 1911, as amended (36 Stat. 963; 16 U.S.C. 500);

(4) section 6 of the Act entitled "An Act to promote the mining of coal, phosphate, sodium, potassium, oil, oil shale, gas, and sulfur on lands acquired by the United States", approved August 7, 1947, as amended (61 Stat. 915; 30 U.S.C. 355), as it applies to national forests and national grasslands; and

(5) section 33 of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1012), as it applies to national grasslands.

SEC. 3. With respect to any payment period under section 2, the sum of the payments made under section 2 to the counties in one State with respect to the previous fiscal year, or calendar year as described in section 2(a), may not exceed $1,000,000. If such sum does exceed $1,000,000, the Secretary of the Treasury shall calculate the amounts of the payments to be made under section 2 to the counties in the State concerned in the following manner:

(1) by dividing $1,000,000 by the number of acres, with respect to which payments are to be made, of national forest and national grassland in the State; and

(2) by multiplying the number of acres of national forest and national grassland in the county receiving the payment by the amount derived under paragraph (1).

SEC. 4. The payments authorized under this Act shall be made out of funds authorized to be appropriated by this Act.

SEC. 5. The payments made under this Act shall be used by a county as follows:

(1) 80 per centum for the benefit of public roads and public schools; and

(2) 20 per centum to be expended as the county may determine.

SEC. 6. There are authorized to be appropriated such sums as are necessary to carry out the provisions of this Act.

ADDITIONAL COSPONSORS OF BILLS AND RESOLUTIONS

S. 388

At the request of Mr. CHURCH, the Senator from Maryland (Mr. MATHIAS), the Senator from Colorado (Mr. HASKELL), the Senator from Rhode Island (Mr. PASTORE), the Senator from Utah (Mr. MOSS), and the Senator from New Hampshire (Mr. DURKIN) were added as cosponsors of the bill (S. 388) to amend titles II, VII, XVI, XVIII, and XIX of the Social Security Act to provide for the administration of the old-age, survivors, supplemental security income program, and the medicare program by a newly established independent Social Security Administration, to separate social security trust fund items from the general Federal budget, to prohibit the mailing of certain notices with social security and supplemental security income benefit checks, and for other purposes.

S. 560

At the request of Mr. CHURCH, the Senator from New Jersey (Mr. WILLIAMS) was added as a cosponsor of the bill (S. 560) to amend title II of the Social Security Act to increase the amount which individuals may earn without suffering deductions from benefits on account of excess earnings, and for other purposes.

S. 969

At the request of Mr. HARTKE, the Senator from New York (Mr. BUCKLEY) was added as a cosponsor of the bill (S. 969) to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from 36 to 45 months.

S. 1776

At the request of Mr. Hugh Scott, the Senator from Utah (Mr. Garn) was added as a cosponsor of the bill (S. 1776) to establish the Valley Forge National Historical Park in the Commonwealth of Pennsylvania.

S. 2446

At the request of Mr. Church, the Senator from California (Mr. Cranston) and the Senator from West Virginia (Mr. Randolph) were added as cosponsors of the bill (S. 2446) to amend the Social Security Act to freeze medicare deductibles.

S. 2537

At the request of Mr. Talmadge, the Senator from Idaho (Mr. McClure) was added as a cosponsor of (S. 2537) the National Food Stamp Reform Act of 1975.

SENATE JOINT RESOLUTION 137

At the request of Mr. Tower, the Senator from Tennessee (Mr. Baker), the Senator from Kansas (Mr. Dole), and the Senator from South Carolina (Mr. Thurmond) were added as cosponsors of the joint resolution (S.J. Res. 137) to amend the Constitution of the United States to insure the right of students to attend their neighborhood public schools.

SENATE RESOLUTION 288

At the request of Mr. Humphrey, the Senator from Arizona (Mr. Goldwater) was added as a cosponsor of the resolution (S. Res. 288) relating to an action of the United Nations concerning Zionism.

AMENDMENTS SUBMITTED FOR PRINTING

SMALL BUSINESS EXPORT DEVELOPMENT ACT—S. 2498

AMENDMENT NO. 1025

(Ordered to be printed and to lie on the table.)

Mr. DOMENICI. Mr. President, I send to the desk an amendment to S. 2498, the Small Business and Small Business Investment Act Amendments of 1975. My amendment is addressed to section 103 of the bill dealing with the transfer of the individual disaster loan program from the Small Business Administration to the Department of Housing and Urban Development. The purpose of the amendment is to provide a transition period between the actual move of program responsibilities from SBA and to direct the President to study all similar disaster loan programs and submit a report to the Congress by June of next year.

First, I am concerned about the practical problems of immediately transferring SBA's individual loan authority to another Federal agency with no experience in this area. The Department of Housing and Urban Development is not equipped with trained personnel or field offices to immediately begin administering this large, important program. A transition period to gear up will be necessary to insure that the program will continue to be administered efficiently and effectively.

SBA's individual loan program, in terms of the number of people contacted, is the largest disaster program. In the period between April, 1973 and August, 1975, SBA made 17,923 individual disaster loans. The total dollar value of the loans is $101,398,217. The Small Business Administration, building on its loan programs under the old Reconstruction Finance Corporation, undoubtedly has more experience in disaster loans than any other agency within Government.

The individual loan program deals directly with the very personal problems and needs of a disaster victim, providing him assistance to rebuild his home, replace possessions and otherwise reconstruct his life after the trauma of a disaster. It is one of the most sensitive programs administered by the Federal Government and the way the program is carried out determines the way many citizens view the competency of the Government's assistance efforts.

I have set the effective date of the transfer for October 1, 1976, the beginning of the fiscal year. This date was selected to accommodate any additional appropriation for personnel, offices, and so forth that may be necessary.

A second part of my amendment would direct the President to undertake a study of all disaster loan authorities with a report to the Congress by June 1976. Such a report would also contain legislative recommendations demonstrated to be necessary and appropriate, including the further consolidation of the various separate disaster assistance programs.

I believe such a study is extremely important and should be undertaken.

I serve, with the distinguished Senator from North Dakota, Mr. Burdick, on the Disaster Relief Subcommittee of the Public Works Committee which has legislative jurisdiction over the major Federal disaster assistance program embodied in the Disaster Relief Act of 1974—Public Law 93-288. Through my work on the subcommittee, I have become aware of the serious fragmentation and need to better coordinate and manage the various and separate Federal disaster loan programs.

This is made more necessary by the enactment of the individual and family grant program in the 1974 Disaster Relief Act. This major new assistance effort must be operated very closely with the various loan authorities in order to best serve the disaster victim. Repeated changes in the loan programs have serious impact on the proper functioning of the grant program. In an attempt to coordinate these programs, the Federal Disaster Assistance Administration has established one-stop centers in disaster areas. While these centers collect all Federal agencies under one roof, disaster victims are still faced with many different programs, forms, eligibility requirements and redtape. I believe we should take this opportunity to study the various programs to see if there are better, more effective ways to deliver disaster relief to disaster victims.

The study would begin upon enactment of the bill and be reported to the Congress by June of next year. This is several months before the actual transfer of SBA's individual loan program. Thus, if the report identifies another, more appropriate agency than HUD, Congress would have time to enact new legislation.

A Presidential study of all disaster loan programs could address the entire question including termination of unnecessary administrative procedures and duplication of effort by the Federal agencies; the feasibility of a single disaster loan authority; standardization of the eligibility requirements for and the nature, terms, and extent of Federal loan assistance to persons and others affected by disasters; specific alternative relief measures and ways to assure the minimum possible disruption of nondisaster related activities of Federal agencies charged with responsibility for providing loan assistance.

Mr. President, I ask unanimous consent that the text of my amendment be printed in the Record.

There being no objection, the amendment was ordered to be printed in the Record, as follows:

Amendment No. 1025

On page 4, line 2, after "Sec. 103.", insert "(a)".

On page 4, between lines 8 and 9, insert the following:

"(b) The effective date of the transfer required by subsection (a) shall be October 1, 1976, prior to which date the President shall take such steps as may be necessary to assure the orderly administrative transfer of authorities and functions, including the submission of appropriate manpower and funding requests. Upon enactment of this section, the President shall undertake a comprehensive review of Federal disaster loan authorities and shall make a report to the Congress, not later than June 30, 1976, containing such recommendations and legislative proposals, including possible consolidation of Federal disaster loan authorities, as may be demonstrated to be necessary and appropriate."

NOTICE OF HEARINGS ON BILLS TO AMEND THE CRIME CONTROL AND SAFE STREETS ACT

Mr. McCLELLAN. Mr. President, I wish to announce for the information of the Members and the public that the Subcommittee on Criminal Laws and Procedures will continue hearings on bills to amend the Omnibus Crime Control and Safe Streets Act of 1968 on November 4, 1975, and December 4, 5, 1975. Bills to be the subject of the hearings include S. 460, S. 1297, S. 1598, S. 1601, S. 1875, S. 2212, and S. 2245.

The hearings will commence each day at 10 a.m. in room 2228, Dirksen Senate Office Building.

NOTICE OF HEARING ON ACT TO ESTABLISH A UNIFORM LAW ON THE SUBJECT OF BANKRUPTCIES

Mr. BURDICK. Mr. President, I wish to announce that an open public hearing will continue for the Subcommittee on Improvements in Judicial Machinery on S. 235 and S. 236, two acts to revise the bankruptcy laws of the United States. The hearing will be held on October 30, 1975 in room 6202 Dirksen Senate Office Building, commencing at 10 a.m.

The Commission on Bankruptcy Laws of the United States has recommended sweeping changes in the bankruptcy law.

These recommendations are reflected in the provisions of S. 236. The National Conference of Bankruptcy Judges has also recommended substantial changes in the present bankruptcy law. These changes are reflected in the provisions of S. 235.

Those who wish to testify or submit a statement for inclusion in the record should communicate as soon as possible with the Subcommittee on Improvements in Judicial Machinery, 6306 Dirksen Senate Office Building; telephone 224–3618.

NOTICE OF HEARING ON THE PRESIDENT'S PROPOSAL TO DEAL WITH MUNICIPAL BANKRUPTCY

Mr. BURDICK. Mr. President, I wish to announce that an open public hearing has been scheduled by the Subcommittee on Improvements in Judicial Machinery on President Ford's proposal for amendment of the municipal bankruptcy and reorganization provisions of title 11 of the United States Code.

The hearing will be held on Friday, October 31, 1975, commencing at 10 a.m. in room 457, Russell Senate Office Building.

Persons who wish to testify or submit a statement for inclusion in the record should communicate as soon as possible with the subcommittee office, 6303 Dirksen Senate Office Building, telephone 224–3618.

Further, Mr. President, I ask unanimous consent that the 7-day rule be waived due to the nature of this legislation.

ADDITIONAL STATEMENTS

KIDNAPING THE LIBRARY'S ANNEX

Mr. CANNON. Mr. President, on Monday, October 27, the Washington Star carried an editorial entitled "Kidnaping the Library's Annex," which referred to a reported movement in the other body aimed at converting the unfinished James Madison Memorial Library of Congress Building into a fourth House Office Building.

As vice chairman of the Joint Committee on the Library of Congress, I find myself in complete agreement with the editorial's comment that "The real answer to the office space problem is for the House and Senate to quit expanding their staffs," and I made this point repeatedly in the long debate over Senate Resolution 60, which earlier this year authorized additional legislative assistants for Senators for their committee work.

No one question's the Library's urgent need for their new building at the earliest possible time. As Fred Kline says in the November issue of National Geographic magazine, "Since the mid-1950's there has been no more room on the 336 miles of shelves. Stacked in almost every usable space, millions of hard-to-find and damage-prone volumes await shelving—possibly by 1979 . . ." in the new building.

The central point of folly in the proposal to divert the building now lies in the fact that it was designed and constructed with all the most modern features of a library; and to convert it into a windowless office building now would cost vast amounts of money, as well as delay by 10 years or more the provisions of adequate housing for the greatest library in the world.

Mr. President, I hope that our sympathy for the urgent needs of our friends in the other wing will not affect the determination Senators have shown on the two previous occasions—most recently last year—when this proposal was rejected. Under existing law, the new building may be used only for library purposes, and I intend to do everything I can to make sure that this restriction is preserved and that the building is completed for the Library's use at the earliest possible time.

Mr. President, I ask unanimous consent that the Star's editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

[From the Washington Star, Oct. 27, 1975]

Kidnaping the Library's Annex

After voting itself additional staff last spring, it was inevitable that the House would be looking for a place to put the new employes. The leadership apparently has fixed on the Library of Congress annex going up on Independence Avenue just down the street from the Cannon House Office Building.

Fortunately, there seems to be considerable resistance in the Senate, which also has something to say about congressional office buildings and the Library of Congress. The House grab ought to be killed forthwith.

There were rumbles more than a year ago that the House, which seems to have an insatiable appetite for Capitol Hill real estate, had its eye on "part" of the space in the $90 million Madison annex. It didn't make sense then and it makes even less sense now when the House wants to gobble up the whole building.

Sen. Ernest Hollings of South Carolina, who heads the Senate Appropriations subcommittee having jurisdiction over congressional buildings, observed the other day that millions of dollars in extra costs are going into the Library annex to make it a library, and this would be wasted if the House occupies it. He warned, too, that if the House moves in, it will be 10 years before another library building can be constructed.

We'd have more faith in the Senate's stopping the House maneuver if the Senate weren't in the market for additional office space itself. It recently authorized a staff expansion and is planning a big addition to its newest office building. A lot of back-scratching goes on between the House and Senate when it comes to expanding their respective territories.

The real answer to the office space problem is for the House and Senate to quit expanding their staffs. Members of Congress ought to heed the words of Winston Churchill who advised British authorities not to get carried away in rebuilding the House of Commons after World War II. Churchill said the "essence" of legislative debate is "the conversation style, the facility for quick, informal interruptions and interchanges" which "requires a fairly small space, and there should be on great occasions a sense of crowd and urgency."

Perhaps a major reason why Congress can't seem to get anything done these days is that House and Senate members and their aides are so spread out over Capitol Hill that they've lost contact with one another.

At any rate, the House should keep its cottonpicking hands off the Library of Congress annex. The Library is so short of space that it has material in rented quarters all over town.

Congressmen and congressional aides come and go but the books and priceless treasures of Americana housed by the Library of Congress live forever.

INTERNATIONAL FISHERIES MANAGEMENT: THE ALASKA PERSPECTIVE

Mr. STEVENS. Mr. President, the Magnuson Fisheries Conservation Act, S. 961, is a comprehensive fisheries management plan designed to protect the dwindling living marine resources of the United States. The once plentiful fisheries stocks of the United States, which comprise 20 percent of the world's living ocean resources, have been depleted to near ruin through poor conservation practices by the many nations who in the past have shared our abundance of marine wealth.

At the present time the United States attempts to manage its fisheries through bilateral and multilateral negotiations with foreign nations. Since our present fisheries zone extends only to 12 miles we have no leverage with which to negotiate. The treaties have not been effective in reducing the foreign catch to even the maximum sustainable yield level.

S. 961 would give the United States exclusive management jurisdiction out to 200 miles, and with respect to anadromous species, through the entire range of their migration. The extended jurisdiction will make it possible for the United States to effectively manage foreign fishing activities. The bill excludes foreigners from fishing only when, given the preferential rights of American fishermen, the stock is insufficient to bear the additional fishing pressure.

Some people have advocated waiting for the International Law of the Sea Treaty to be negotiated and ratified. I have always been and continue to be a strong advocate of the Law of the Sea Conference, but such a treaty is still many years away, if it can be reached at all. Our domestic fisheries stocks will be depleted beyond repair if we wait for a new Law of the Sea Treaty to be implemented. The United States must immediately intercede with a comprehensive management and conservation program if the U.S. fishing industry is to be saved.

My home State, Alaska, has realized that management of the resource is the only means by which the fishing industry can survive. The Alaska Department of Fish and Game has for many years comprehensively managed commercial fisheries in Alaskan waters. The State has developed a position paper entitled "Alaska Position on International Fisheries Management," which is in support of an extended fisheries zone with resource management. Alaska's Governor, Jay S. Hammond, delivered the State's position at the State Department Advisory Committee on Fisheries meeting Monday, October 20, 1975.

Mr. President, I ask unanimous consent that the management provisions of this document be printed in the Record.

There being no objection, the material

was ordered to be printed in the RECORD, as follows:

INTERNATIONAL FISHERIES MANAGEMENT: THE ALASKA PERSPECTIVE

Alaska's vital stake in the uses and resources of the sea has caused many Alaskans to give considerable thought to current directions in the international Law of the Sea. We have carefully followed the developments in the preparations for and the conduct of the Third United Nations Conference on the Law of the Sea. Our representatives have occasionally provided information and advice to the United States delegation to the Conference. Like other delegates and observers of the proceedings, we have been disappointed at the failure of the Caracas and Geneva sessions of the Conference to achieve, or even to make substantial progress toward, a general treaty on the Law of the Sea.

We do, however, feel that the chances of achieving an eventual treaty have been somewhat enhanced by the appearance, at the conclusion of the Geneva Session, of the Informal Single Negotiating Text. For the first time in the Conference process, there is a single and comprehensive set of propositions on which further negotiations can focus in the interval since the close of the Geneva Session, the provisions of the Single Text have been closely studied in Alaska.

Alaska takes this opportunity to present its perspective, commentary and recommendations on those provisions of the Single Negotiating Text that relate to management of living resources. While Alaskans are of course interested in seeing a favorable accommodation of interests on the complete range of issues before the Conference, our most direct and immediate concern is with those parts of the Single Text which address fisheries management.

In the ensuing discussion, a general statement of the Alaska position on fisheries management will be followed by specific comments and recommendations on pertinent articles of the Single Negotiating Text.

GENERAL STATEMENT OF ALASKA POSITION

Alaskans are deeply concerned about the proper management of the sea's living resources. Not coincidentally, Alaskans also possess substantial experience and expertise in fisheries management. Since statehood, Alaska's Department of Fish and Game has been responsible for far and away the most extensive area of fisheries management jurisdiction in the United States. Furthermore, in no other part of the country has the lack of adequate management authority over adjacent high seas areas been felt more acutely. We have long recognized that "freedom of the seas" is not an appropriate base for the efficient management of exhaustible resources. We have learned the hard way that proper management of living resources requires a complex, responsive, flexible and enforceable control system. And, because the harvested resources provide, directly or indirectly, human sustenance, their proper management is a top priopity item for decision in the Law of the Sea Conference.

Alaska therefore presents its guiding principle, or basic theme, for this part of its position on the Law of the Sea:

Basic principle:

The Law of the Sea Treaty must provide a jurisdictional basis for rational and effective management of living marine resources, if it does not, it will be a functional failure.

Comment: On the international as well as the domestic level, politics is indeed the art of the possible. However, too often politicians and diplomats, excited and intrigued by the political process of power balances and trade-offs, measure their success only in terms of achieving the compromise that the required majority can accept and adopt. In this process, the reason for a new rule or a different approach can be lost sight of and consequently the "possible," the politicial compromise, can be unresponsive to the basic need. While Alaska is not totally dissatisfied with the trend of the Law of the Sea negotiations on fisheries management, we are fearful that the process might be moving toward a diplomatic success but a functional failure for management purposes.

In less formal terms, our basic theme can be restated in this way: If it doesn't work, it won't be worth the paper it's written on We will expand on this theme in greater detail shortly.

First, however, we feel it is necessary to set out and comment on three preliminary assumptions, or "givens," under which the discussion will proceed.

Preliminary assumptions:

(1) The Law of the Sea Treaty will recognize 12-mile territorial seas for coastal nations.

Comment: Nearly every observer of the Third Law of the Sea Conference would grant this assumption. For our purposes here, the significance of the assumption is that each coastal state will be allowed absolute sovereignty and exclusive management authority over all living and mineral resources within 12 miles.

(2) The Law of the Sea Treaty will recognize up-to-200-mile economic zones for coastal nations.

Comment: Again, no observer of the Third Conference proceedings will dispute the validity of this assumption. Nearly unthinkable a few years ago, arguably not the ideal base for fisheries management, yet the 200-mile zone will without question form the basic management entity in any LOS treaty. The extent of the coastal nations duties and responsibilities within its economic zone is, nevertheless, still considered to be a subject open for negotiation.

(3) International agreements are in general ineffective devices for the rational management of living marine resources.

Comment: While the world community is definitely moving toward a recognition of coastal-nation 200 mile fisheries zones, whether or not there is an LOS treaty, the trend is a recent one and "freedom of fishing" beyond 12 miles is the rule still underlying most fisheries management relationships on the high seas. "Freedom of fishing" is of course a rule of non-management, since it recognizes a mutual right of all to fish the high seas without real limitation. Nevertheless, overfishing and competition among nations has, especially in recent times, made some sort of management effort a necessity. A plethora of international fishing agreements—contracts between those holding mutual rights to fish—has been the result. The purposes of these arrangements has in general been one or more of the following: (a) research, or the gathering and sharing of scientific data on fish stocks; (b) conservation, or the prevention of overfishing; and (c) allocation of the fished resource among competing fishing nations. The success of international fishing contracts has ranged from temporarily satisfactory (e.g., the Halibut Convention) to outright failure (e.g., the International Convention for the Regulation of Whaling).

In terms of rational, effective management, however, international agreements on management are almost necessarily doomed to failure. The root problem wtih international fishing agreements is that they are contracts between sovereigns and based on the recognition of a mutual right to fish. Therefore, (1) they must be constantly negotiated and renegotiated, and (2) they tend to be unenforceable. In addition, (3) they generally do nothing to control new entrants into competitive fishing grounds.

The necessity for constant negotiation and re-negotiation entails at least the following problems, none of which is tolerable if rational and effective management is the goal.

(a) There must be negotiation not only of an agreement's initial terms but also on the interpretation of those terms, which magnifies the already inherent element of uncertainty.

(b) Negotiation is time-consuming, while effective management often requires quick, flexible responses to changing physical circumstances.

(c) International negotiation often involves trade-offs or bargaining elements unrelated to the particular stock or area under consideration or even to fisheries management at all.

The difficulties of enforcing international fisheries agreements stem, again, from the fact that the participants consider themselves supreme sovereigns holding mutually strong rights to fish. Total enforcement—i.e., including arrest and punishment—of agreed rules against one's nationals by another nation or international organization is, apparently, simply not tolerated under the present system. And the evidence indicates that enforcement of agreed rules by each party against its own nationals does not work.

Nor can good management tolerate a system that allows new parties to enter and upset a competitive fishery, even if the established fishing parties to an agreement are abiding by the rules. For example, current arrangements and understandings in the North Pacific are increasingly threatened by new and prospective entrants in the fishery of the area, both from the Pacific region and from beyond the Pacific rim. Yet, of course, a freedom-to-fish principle, modified only by self-imposed agreements, recognizes this right of entry.

In short, good fisheries management cannot be carried out by a system of international agreements—at least not in today's world.

Elements of the Alaska position:

In keeping with the preliminary assumptions and the basic management theme, the following are the five principal elements of the Alaska position on fisheries:

A. Coastal nations should be granted exclusive rights in and management jurisdiction over living resources within the 200-mile economic zone.

Comment.—Alaska's experience in fisheries management over the past many years has demonstrated that rational, effective management is a complex process. It must be enforceable and, most importantly, flexible and quickly responsive to change. No rigid set of rules, nor even a generally flexible system that is beset by a single important rigidity, can hope to succeed. Good management requires absolute control by the management entity and at least the potential for a responsive system. When environmental changes occur, when a fish population suddenly falls off, when fishing effort is unexpectedly too efficient, then the management entity must have the ability to move quickly to suspend or terminate seasons, to close off areas, to restrict use of new gear. Or, when conditions are suddenly more favorable than expected, the manager should be able quickly to increase quotas or seasons.

None of this is likely to be capable of accomplishment under any international legal system that recognizes a permanently continued right of foreign fishing within a coastal nation's 200-mile zone. Any such recognized right will unavoidably be subject to continued international debate and negotiation over the interpretation of its extent, and because negotiation is not quickly accomplished, the right, once determined and quantified, will be a rigid and clumsy barrier to effective management.

In terms of the current status of the Law of the Sea debate on fisheries management, this position means that the LOS treaty should not recognize merely a preferential right of the coastal state to living resources within the 200-mile zone and a foreign right to the excess, up to allowable catch limits, but should instead grant the coastal nation exclusive rights to the resources and their management. Foreign fishing within the zone, then, should be eliminated by the LOS treaty. Furthermore, since effective management of several important fisheries needs immediate implementation, there should be no provision for a phase-out of foreign fishing rights in exclusive economic zones.

It should be carefully noted that such an elimination of foreign fishing rights would not necessarily mean that foreign fishing within 200 miles will cease. It will cease as a matter of right, but can with the consent of the coastal state be continued by license. And, in the case of species underutilized by coastal-state fishermen, there will be an economic incentive for the coastal nation to allow continued foreign fishing, but subject to fees and conditions set by the coastal country.

Obviously—but from a management standpoint, unfortunately—there must be certain exceptions to the unfettered discretion of the coastal nation. From the Alaska perspective, these exceptions number only four:

Exception No. 1: The coastal nation should be required to optimize the sustainable yield of the living resources within its 200-mile zone.

Comment.—Since the management of food resources is a legitimate global concern, it is appropriate that fisheries managers be required by international rule to seek the best or optimum use of the sea's living harvest.

For many years it was assumed that the biological goal of maximum sustainable yield (MSY) was the only proper aim of fisheries management. Maximum sustainable yield has been called "the surplus production of the fishery; the safe upper limit of harvest which can be taken consistently year after year without diminishing the stock so that the stock is truly inexhaustible and perpetually renewable." It can be generally defined as "the largest average catch which can continuously be taken from a stock under current environmental conditions." This is a definable statistic and certainly a valid base for fisheries management. It is increasingly recognized, however, that if the management entity is to make the best possible use of the living resources under its control, other factors must be taken into account in formulating a decision fixing the level of utilization for any given species. The level of yield achieved or achievable under all of these considerations we prefer to call the optimum sustainable yield (OSY). The core of optimum sustainable yield considerations, then, would be the maximum sustainable yield biologically possible for the species under consideration, but with modifications based on relevant ecological, environmental, economic, and social factors. These other factors would include, for example, (1) the effect of harvesting a species at maximum sustained yield on the sustainable yield for other species in the economic zone, (2) the economic effect of various levels of harvest on the coastal nation's industry and fishermen; and (3) the social impact of various management strategies on the coastal nation's citizens. In no instance, however, should these other factors allow the harvest of a stock in excess of the MSY limit.

Further, we believe that the single goal of optimizing sustainable yield, as we have defined it, obviates the necessity for a special "full utilization" principle. If full utilization means that a coastal nation must in all cases and under all circumstances allow foreign fishermen to harvest fish stocks not capable of exploitation by the coastal nation's fishermen, then we believe the goal is wrong. For one thing, it does not mesh at all with the concept of optimizing sustainable yield. Under OSY principles, a coastal-nation management entity can choose not to exploit fully a species that its fishermen are nevertheless capable of harvesting to maximum sustainable yield; yet full utilization would seem to deny a similar flexibility as to those species the coastal nation fishermen are not capable of harvesting to the maximum sustainable yield. Optimum sustainable yield—defined in terms of social, economic and biological factors—should be the single management goal. If, for example, the coastal nation has determined that the best OSY use of an under-harvested species is assisting the preservation of its own fishing communities, it ought to be free to prohibit foreign fishing for the species as part of a program to encourage its own fishermen to exploit the fishery to a greater extent.

However, when the coastal-nation manager does determine that optimum utilization calls for allowance of foreign fishing, it should not be required by the LOS treaty to grant access priority to fishermen from any particular foreign nation or type of foreign nation. For the sake of good management, no nation should have an international-law right, qualified or not, to fish within the 200-mile zone of another nation.

We would emphasize relative to the above discussion that we believe U.S. fleets to have both the desire and the ability to harvest at permitted levels any fish stocks.

Alaska believes that marine mammals should also be managed in accordnce with the optimum sustainable yield goal. We fully realize that marine mammals, because they are mammals who bear offspring less frequently and in fewer numbers than fish, must be carefully managed and sometimes protected. Nevertheless, marine mammals are a part of the total ecological picture in any part of the ocean they inhabit; they should therefore not be omitted or ignored in programs for the national management of the sea's living resources. Certainly the discretion granted to a coastal nation by the range of factors for consideration under the OSY principle would allow, and often dictate, protective measures for marine mammals. At other times, however, OSY may require controlled harvest—for example, as part of a program to protect or enhance the production of other valuable species. In sum, regard for proper management requires that marine mammals be placed under the OSY rule along with all other species of ocean life in the economic zone.

Exception No. 2. Where fish stock (other than anadromous or highly migratory species) exist within more than one execlusive economic zone at any stage of their life history, the coastal nations should be required to coordinate their respective research and management programs for such stocks.

Exception No. 3. Where fish stocks (other than anadromous or highly migratory species) exist at any stage of their life history both within an exclusive economic zone and in a seaward area adjacent to the zone, the coastal nation and any nation whose nationals harvest such stocks in the adjacent area should be required to cooperate in promulgating management regulations for such stocks in the adjacent area.

Exception No. 4: Highly migratory species, identified by reference to a treaty list of species, should be managed by agreement between the nations whose nationals harvest such species and any nations through whose exclusive economic zones such species migrate.

Comment: A 200-mile limit off the coasts and islands of Alaska would encompass virtually all of the migratory patterns of the living resources of direct management concern to Alaskans (except for salmon, which will be discussed below). Nevertheless, we recognize that a global pattern of 200-mile zones will not be an adequate management base for several important species of ocean life and that therefore the LOS treaty must contain certain exceptions to the exclusive-zone principle. These exceptions relate essentially to three types of stocks: (1) those that migrate or exist within 200 miles of the coast but across the economic zone boundaries of two or more adjacent or opposite nations; and (2) those that exist or migrate primarily within but somewhat seaward of a 200-mile boundary; and (3) those that migrate widely throughout the sea, the so-called "highly migratory" species. In each case, to varying degrees, exclusive management by a single coastal-nation entity is inappropriate.

In the case of those species that migrate solely within two or more economic zones, a rule requiring the involved coastal nations to coordinate their management programs and their relevant fisheries research programs would be desirable. Although each coastal nation would exclusively adopt and enforce its own regulations in its own zone, the coordination rule should require each to cooperate, through whatever means are appropriate, in realizing the optimum sustainable yield of the shared fishery.

Stocks that exist essentially, but not entirely, within 200 miles from shore present a different problem. In this instance, a minor part of the stock's migratory pattern will be beyond the coastal nation's power to regulate, and the coastal nation's management program for that stock could possibly be thwarted by unregulated fishing by other nations in the area seaward of the exclusive economic zone. For this problem, we agree essentially with the solution proposed in the Single Negotiating Text: the nations fishing in the adjacent area should be required to cooperate with the coastal nation in promulgating regulations applicable to the adjacent area.

Finally, with respect to highly migratory species, exclusive management by any single coastal nation is entirely inappropriate. These species can be managed only by agreement among all concerned nations—those that fish them and those through whose economic zones the animals pass in their migrations. The requisite agreement could provide direct management or, preferably, would grant management responsibility to an existing or newly created international organization.

We agree with the current U.S. position that highly migratory species should be listed by species as part of the LOS treaty. However, we strongly suggest that the scientific, as well as the common, species designations be used in the list. There will undoubtedly be enough future controversy over management of highly migratory species without adding the possibility of international disagreements over the meaning of species designations.

In summary, under this first element of the Alaska position, we feel that the goal of efficient and rational management can have a good chance of attainment within present-day realities only if the coastal nations are granted exclusive rights in and management control over the living resources within their respective economic zones, with only those exceptions dictated by biological realities.

HEART HOUSE

Mr. MUSKIE. Mr. President, the American College of Cardiology is a professional medical specialty society composed of physicians and scientists dedicated to research, education and treatment in the field of cardiovascular diseases. At the present time, the college has a membership of over 6,500 professionals.

As the complexity of the college's services increased, it was realized that greatly expanded and unique facilities were needed for the college to attain its objectives. The form of this expanded effort will be a facility known as Heart House. For reasons stated later in my remarks, the American College of Cardiology chose to locate Heart House in Bethesda, Md. In essence, Heart House is the culmination of the college's efforts to set up a National Cardiovascular Education Center.

Heart House will aid in the continuing education of physicians all over the world through development and distribution of educational materials including tapes, slide sets, manuals, films and self assessment examinations.

Inasmuch as the college membership reaches into virtually every medical teaching facility and medical activity, Heart House will have the expertise and the resources of the entire Nation at its disposal to assist in the development of programs and the accumulation of educational materials.

All teaching materials developed by the Heart House educational program will be made available to cardiology teaching centers that request them.

Within 5 minutes walking distance from the Heart House site are the National Library of Medicine and the National Institutes of Health, which include the superb Clinical Center and National Heart and Lung Institute. Other medical resources in the area include the United States Naval Medical Center, Walter Reed Army Medical Center, the future Uniformed Services University of the Health Sciences, the medical schools of Georgetown, George Washington and Howard Universities, and the Armed Forces Institute of Pathology. Within 50 miles are the Johns Hopkins Medical Institutions and the University of Maryland Medical School and Hospital in Baltimore.

I join in welcoming Heart House to Maryland and look forward to the fulfillment of its great potential. It was my honor to be present at the ground breaking for Heart House and to hear the remarks made by Dr. Theodore Cooper, Assistant Secretary of HEW and other distinguished speakers. I ask unanimous consent that excerpts from their speeches on that occasion be printed in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

EXCERPTS FROM THE REMARKS BY THEODORE COOPER, M.D.

The programs proposed for Heart House and the exceptional opportunities it will provide for the continuing education of practicing cardiologists are laudable. The previous experience and past successes of the American College of Cardiology in endeavors of this sort are guarantee enough that Heart House will fulfill in ample measure the great hopes we all have for it.

Today's practicing physician has his problems in attempting to stay abreast of new developments in his specialty, if he has one. And things are more difficult still for the general practitioner who is expected to keep reasonably up to date on developments in many medical fields.

Gone are the days of the "Renaissance Man" who once could aspire to mastery of the whole of human knowledge. It probably wasn't feasible even during the Renaissance and it certainly isn't today. We find ourselves in the midst of a data explosion in virtually every scientific field that, to mix metaphores, threatens to drown us in a sea of facts.

From past experience as Director of The National Heart and Lung Institute, I know that our scientists and grantees cranked out more than 4,000 papers and abstracts on cardiovascular disease topics during the average year. This was probably considerably less than half of the total output of all CV investigators during any given year.

As a past Director, it woud be unseemly if I said that a great many of these papers were bilge. For while some confirmed and extended findings originally reported before the administration of William McKinley, others confirmed and extended findings reported somewhat later. And all contributed in one way or another to the accumulation of "important basic data". In science, it would seem, basic data is an invaluable resource, sort of like natural gas, perhaps. Basic data should not be treated lightly, and it isn't. Indeed, if there is one thing that can be said about the current crop of experts on information retrieval, it is that most of them go all out to retrieve it all.

Clinical research advances, however brilliant, are of only limited value in the prevention, diagnosis, or relief of illness unless they are widely applied. There are, of ocurse, unavoidable time lags between the development of a promising new technique, adequate demonstration of its effectiveness in carefully controlled clinical trials, and its general acceptance as an established procedure in clinical medicine. It is a matter of concern to all of us that this time lag be kept as brief as possible.

But of course, simply narrowing the time lag between discovery and application of important new concepts and techniques in medicine is not enough to solve the multitude of problems facing us. For undoubtedly the number one problem—the overriding issue—that confronts the whole of the American health care enterprise is the problem of cost.

This is neither the time nor the place for me to launch into a lengthy and probably well-worn sermon on the cost issue. Yet it certainly is germane to this occasion for the simple reason that cost is inseparable from quality of health care, and the whole thrust of the Heart House program—and the most important contribution that the American College of Cardiology is making and will continue to make—is in the area of improving the quality of care available to CV disease patients throughout the country.

When you stop to think about it, we have some rather odd ways of trying to assure quick health care. I mean, for instance, the whole fault system based on the threat of malpractice litigation is hardly what one would call the ideal way to guarantee high quality care. Certainly well organized peer review systems are fundamentally more sound. And it is my sincere hope that PSRO, not by itself certainly, but in concert with other mechanisms, will be able to elevate the quality of health care by enabling physicians in every specialty and subspecialty to benefit from the knowledge and good counsel of recognized authorities and responsible professional organizations like the College.

Clearly when this country adopts a system of national health insurance—and that is probably not very far down the road—the need to exercise prudent cost control without sacrificing quality will be paramount. I hope that our profession will be prepared to take the lead in that endeavor, rather than to turn it over to government. And here again, this Ground Breaking and the work that will be carried forward one day here at Heart House should give us all reason for guarded optimism.

One of the most effective means yet devised for helping physicians, not only to keep them from drowning in a swirling sea of new research and clinical information but to ride the crest of the waves, has been refresher training courses.

In the cardiovascular-disease field, of course, the American College of Cardiology has been a leader in the development and administration of such courses. Prepared and taught by experts, eliminating extraneous material, and concentrating on proven concepts directly applicable to the solution of clinical problems, these courses have enabled participating physicians to stay abreast of fast-breaking developments in the cardiovascular field without forsaking their clinical practice for prolonged periods.

The establishment of Heart House marks an especially significant milestone in a continuing program with a proud record of achievement and an exceptionally promising future. The courses, educational materials, and teaching techniques that will be developed, used and evaluated here are likely to have profound and salutary effects on cardiovascular training programs everywhere.

EXCERPTS FROM THE REMARKS BY E. GREY DIMOND, M.D., F.A.C.C.

Our Earth is saturated with problems, all essentially man-made; therefore, it is a special dividend on this magnificent Fall day in late September 1975 to share an adventure that has no possible misinterpretation. We pause here to recognize that mankind is also capable of positive actions. This is a therapeutic moment for all of us.

In my own years of academic life, I have learned well that "institutions are but the lengthened shadows" . . . of the abilities of the men and women who created them. But I have also learned that when the shadowmakers have left the scene, that the remaining bricks and mortars may enhance their message beyond the founders' dream.

People and ideas are important—but place them in a great grove of ancient trees, nearby the stimulus of national resources for health knowledge and health care, and shelter them in a symbolic building—a House with a Heart—then you will have set in motion the greatest strength the human mind can generate:

People—Ideas—lifted by their environment—working together, to improve the life of their fellow man.

Last night I was asked "how large will Heart House be?"—My own answer must be "who knows?"—Those of us who have brought it to this stage have to our surprise discovered that many of us have grown older in the years required to reach this stage. In fact, many of us find ourselves almost at the end of our active careers—yet the organization on whose behalf we have worked . . . The American College of Cardiology . . . has only become a youth of age twenty-five—and The College will still be in its prime in twenty-five more years, yet by then, even the younger men and women now active in The College will have left the scene. So there is no definition of the "size" of Heart House. What happens on this ground will depend upon the energies and ambitions of successive generations of physicians. What we start today is only the beginning. In fact, the largest contribution we have made, any of us, for this project—has not been in money—but in moving The College from the limitations of its original base—here to the unlimited potential of Bethesda—and this beautiful piece of earth.

EXCERPTS FROM THE REMARKS BY B. L. MARTZ, M.D., F.A.C.C.

This is a joyous day for all of those who have dreamed and labored so long and so hard for Heart House. President Fisch has allocated a few minutes for me to re-state why most of us assembled here are excited about this project. The American College of Cardiology is committed that the building that rises on this site will not only be a headquarters symbolizing the prestige and status of a great professional organization, but more importantly, it will be an incubator for new approaches in the field of continuing education for practicing cardiologists. Heart House will be a place where all the necessary resources for innovation in education are assembled—the latest in electronic equipment—together with the best available people—of varying skills—communication technicians, educational theorists, knowledgeable teachers, artists, production experts—interacting to create new educational material and methods. I need not remind you that the means for communication have exploded in our generation—most of us can remember our first radio. Our children accept television as having been here forever. Coming fast on our heels is a generation which measures the interest level, the impact, the efficiency of a learning experience in the context of Sesame Street. How long do you think they will continue to patiently sit hour after hour in crowded rooms listening to a learned, but dull, lecturer with no, or poorly prepared, visual aids lecturing on topics selected by the teacher with no means of measuring his or her impact on the audience and the audience having no way of letting the teacher know how irrelevant the material is to their needs—both with no choice over the fixed time, place and pace of their essentially unidirectional communication?

Our children have grown up accustomed to a fast tempo of information transfer—sitting most complex of the world's problems drama- in front of a television set and having the tically documented and miraculously resolved all in one hour, with time out for at least four commercials. Their tolerance for the inertia of our educational systems; our failure to take fuller advantage of today's technology toward improved learning is predictably short lived. Dr. Sterling McMurin, Dean of the Utah Graduate School who headed up the Congressional Commission on Instructional Technology, came away from that experience somewhat critical of educators. Two years ago at a Heart House meeting in Kansas City, he pointed out, and I quote him, "The American College of Cardiology in its planning for Heart House is in a position of potential leadership in the field of education, since it can proceed without all the impedimenta of the conservative educational establishment." At that same meeting Dr. Robert Saudeck of Boston pointed out that it would be possible today to bring together into one electronic room the John Hopkins immunologists, the native nurse in equatorial Africa, the NASA physicians, the soaring astronauts and a classroom filled with interested medical students at Guy's Hospital in London. We could add that with Heart House the product of such an exercise in international and extraterrestial communication could be evaluated, edited, tested for its teaching value and relevance, packaged and distributed to practicing cardiologists to be experienced at a time and place of their choosing—hopefully accompanied by some mechanism to determine if the new information resulted in any change in the physician's handling of problems.

The technology for capture, storage and distribution of information is not standing still—a new chapter is just around the corner in the form of mass producible relatively low cost video discs. Satellites make the whole world a TV studio.

Creating a building may well be the easiest part of our total Heart House task. We will not have kept faith with Grey Dimond and other formulators of this concept unless this great organization measures up to its next challenge and opportunity—creating through Heart House an innovative, exciting, efficient, relevant, valuable system for providing continuing learning experiences over the years of the practice span of physicians caring for heart patients wherever they are!

EXCERPTS FROM THE REMARKS BY DWIGHT E. HARKEN, M.D., F.A.C.C.

It is no sacrilige to paraphase noble words spoken 103 years ago and 80 miles north by north-west.

"Whether the world notes or long remembers what we say here . . . it cannot possibly overlook what will be done here." It is for us the living and those to come to be dedicated to the unfinished work ahead.

In accepting this torch we are certain that we can harvest the materials, laboratory and clinical, from the multi-focal sources in the world and deliver it to the people who need that information. We shall also improve the methods of that delivery so that the Heart House attack on heart disease, and its improvement of the delivery of health care will become a landmark for the 20th Century.

EXCERPTS FROM THE REMARKS BY ROBERT I. LEVY, M.D.

The concept of Heart House as a center for continuing education and a focal point for innovative teaching should serve in the years to come as a model for the translation of biomedical research findings into clinical practice. The College's commitment to the medical profession is indeed praiseworthy. Data from research is of little value unless it can be applied either to additional research advances or translated into new and better techniques for prevention, diagnosis or treatment of man's ills.

Knowing so well the limitations of the federal resource it is indeed heartwarming to know that soon there will be a facility nearby that has a mission parallel to one of the Institute mandates as spelled out in the National Heart, Blood Vessel, Lung and Blood Act of 1972, namely; to provide the public and health professionals with health education and information. Heart House will make the professional education portion of our Government mandate easier. With this in mind, I pledge the cooperation of the National Heart and Lung Institute and its staff to the concepts of Heart House. Any information that is generated as a result of investigations supported by the NHLI in the area of diagnosis, prevention or treatment will be made available to the College for dissemination to the medical profession. We stand ready to assist and support the College in the concept of continuing education.

REGULATORY REFORM: HOW A NEW AGENCY FALLS INTO OLD PATTERNS

Mr. FANNIN. Mr. President, one of the most interesting statements made at the regulatory reform conference held by the American Enterprise Institute for Public Policy Research and the Hoover Institution was the speech delivered on September 11 by Dr. Gary Seevers, a member of the Commodity Futures Trading Commission. Prior to being sworn in as commissioner on April 15, 1975, Dr. Seevers was a member of the President's Council of Economic Advisors, an economist and special staff assistant to the Council Chairman, and before that an economics professor at Oregon State University.

What makes Dr. Seevers' speech especially noteworthy is that the CFTC is Washington's newest major regulatory commission. The agency was established under a 1974 amendment to the Commodity Exchange Act known as the Commodity Futures Trading Commission Act, and it officially went into operation on April 21 of this year. It is apparent from Dr. Seevers' remarks that the CFTC, though young, is well on its way to emulating other regulatory agencies. It may not yet be "a household word in Washington circles" and it may not "aspire to become a commonly known agency," but I suspect that the CFTC will, in due course, be as well known, or as notorious, as its alphabet agency brethren have become over the years.

Until 6 months ago the highly competitive futures markets in America were largely self-regulated, with minimal governmental interference. In fact, futures trading in nonagricultural commodities was governed by the free market while futures trading in domestic farm commodities has been regulated to a limited degree since 1922 by a small agency within the Department of Agriculture. There is every reason to believe, however, that regulation will develop in futures trading much as it has in other areas of competitive business enterprise.

In his talk, Dr. Seevers indicates that he supports limited regulation because he says that markets are public institutions, and futures trading is vulnerable to internal abuse through various improper practices which must be discouraged and which have created distrust by producer groups and the public. So, says the Commissioner, "regulation provides a buffer against actions to the political system which could damage or outlaw futures trading—regulation should serve as a guardian of free, open, and competitive markets." Similar justifications for regulation, I suggest, were advanced many years ago when the ICC, the CAB and a myriad of other independent regulatory agencies were created.

As Dr. Seevers sees it, the objectives of Government regulation of the futures market are: First, "to insure that future prices accurately reflect supply and demand conditions" and second, "to make sure competition is fair to individual investors and market participants." Not surprisingly, Dr. Seevers sees "a positive contribution from Government regulation to futures trading." Fortunately, he qualified his optimism by stating that "as a former deregulator, I do have mixed emotions about the potential for doing good or for doing harm." Yet he assures us that the CFTC will not fall victim to the standard regulatory problems, that is, the commission will not restrict entry or exit in any major way and will attempt to fix prices. This philosophy is all well and good if, in fact, it is followed; but the history of other agencies suggests that CFTC regulators may not always be as concerned about over-regulating business as Dr. Seevers, and CFTC regulations could prove anticompetitive in time. In fact, Dr. Seevers admits that the industry his agency supervises already receives "a little protection against antitrust laws," though not complete exemption.

As the Commissioner points out, the thrust of many agencies is to engage in expansive enforcement programs because "there is a lot more pizazz in enforcement than in most other functions of a regulatory agency", and enforcement actions tend to receive better media coverage. Then, too, "who wants to be called a 'paper tiger'?" It is, therefore, not surprising that this infant agency which began with a Washington staff of 40 has grown to 150—"an interim personnel ceiling"—in addition to the 5 commissioners and their staffs, and of that personnel increase of 110, 80 have been in the judicial area. Surprisingly, the Commission whose concern is regulation of an economic activity has only one economist amidst a raft of lawyers.

Certainly I share the optimism of Dr. Seevers that the new Commodity Futures Trading Commission, in promulgating its rules, establishing policies and setting goals, will learn from the errors of older regulatory agencies. There is no question that those serving in this commission are bright, sincere and dedicated, like Dr. Seevers, and have the best interests of the public in mind as they approach their duties. However, as we have all seen, regulatory agencies have an unfortunate way of growing like Topsy and, however well intentioned, of causing injury to the consumers which they were supposed to protect and of becoming subservient to the interests of the industries which they are supposed to regulate. I suspect that one of these days we will be considering ways in which best to deregulate the commodity futures trading markets.

Mr. President, Commissioner Seevers has performed a genuine service by stating so eloquently and so candidly his views on the role of the Commodity Futures Trading Commission. I call my colleagues' attention to his speech at AEI, and I ask unanimous consent that it be printed, together with the questions-and-answers exchange with the audience, in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

American Enterprise Institute for Public Policy Research

(Dr. Gary Seevers)

PROCEEDINGS

Mr. Johnson. Ladies and gentlemen, while you're finishing, we'll get started here. We have the privilege today to introduce you to the newest regulator in Washington. I talked to Gary a little bit about his job and I tried to explain to him that when we were talking about de-regulation, the establishment of a new regulatory commission wasn't exactly what we had in mind. However, as he pointed out to me, "I can do a better job there than a lot of other people I know." And that's probably true.

Gary Seevers is currently one of the five members of the Commodity Futures Trading Commission, and, as most of you know, prior to that he was a senior staff economist and then special assistant to the chairman of the council, and then for the last several years he was a member, himself, of the Council of Economic Advisers. Dr. Seevers, prior to coming to Washington, has taught agricultural economics at Oregon State University, and has written on the cost of food aid to recipient countries.

He will tell us a little bit today about this new Commodity Futures Trading Commission. And with that—let me make one other announcement. Copies of his speech, I'm told, are available at the press table outside at the end of lunch.

Gary?

[Applause.]

Dr. Seevers. Thank you very much, Tom. Knowing something about the philosophical tilt of many of you at this conference, some of my old friends, it is really an honor for an ordinary working economist to be invited to appear on the program, especially to speak at lunch where there are calories served.

But, as the representative, as Tom points out, of the newest major regulatory commission in Washington, I also consider it a little bit dangerous to be here. In fact, I was told—as soon as I came in, someone informed me that I was speaking to a group in which there would probably be at least ten people better qualified to serve on our commission than any of us who are now there.

We have only five months under our belts. In that short time, we have not yet, I think, caught any of the common afflictions of regulatory agencies. Bureaucratic rigor mortis has not set in, although the tendencies are always there in any government agency. We avoided the legalistic approach to economic regulation so far, but I fear that may not be true for long. Indeed, it is probably unavoidable for a regulatory agency.

Regulatory agencies have statutory responsibilities that cover not only executive or administrative functions, but also legislative or rule-making functions; but more important, judicial functions. I learned that we're sort of three branches of government all tucked away in that little, and some people think nasty, fourth branch of government. The Commission has not been captured by the industry we regulate. I think we could have a cozy relationship with the industry, in part because it's small.

I've tried to make some assessment of how big the futures trading industry is. The industry, in contrast to the function they perform, which is providing the market—and I would guess that there is a full-time equivalent of maybe about 30 or 35,000 people employed in the futures trading industry; so it is a little industry. But there is a wide divergence of opinion within that industry and between the industry and the various clients they serve. So, I think that if we have cozy relationship with the industry ever, it'll have to be some sub set-up.

In fact, on the contrary, our commission has adopted a policy of openness, of open procedures and open meetings, a policy to encourage input from the general public. We hope, as a matter of fact, that openness will become one of the commission's hallmarks. Up to now, however, public input to our commission has been extremely meager. I wish we could get one thoughtful consumer advocate interested in the nuts and bolts of our work. Maybe we will; so far, we really have had extremely little interest in our work, and I think that is understandable.

The commodity futures trading business is pretty esoteric; regulating it is a tedious process, and the basic functions of futures markets are difficult to appreciate. In fact, I've concluded that there are very few economists in it who really understand futures market much. I was reading a recent issue of the Bell Journal, and a very prominent economist was talking about futures markets in the article almost as a footnote. And I think that—I can't believe this, but from what he said, I would conclude that he didn't really understand what futures markets were all about.

CFTC, as our alphabet agency is called, is not a household word in Washington circles. In my judgment, we probably should not aspire to become a commonly known agency. The purpose of futures trading is to improve efficiency in markets for actual commodities. Actual commodities are traded in a great variety of ways, ranging from zillions of two-party transactions in commodities, all the way to the large, centralized markets that have characterized many agricultural commodities; markets like the hog and cattle markets in Omaha, for example.

I think more and more, however—and even in agricultural commodities this is true—centralized kind of markets where commodities are brought to a place and there is some sort of bidding or auction process; more and more those are declining in importance and are being replaced by what I would call "telephone markets."

Many commodities are traded on a cash or a spot basis, but lots of commodities are also traded for forward or future delivery. The futures markets, as I see it, are really supplemental to the cash and forward markets for actual commodities. They are not a substitute for either, and they really could not exist without them; they'd have no particular justification.

Forward markets and futures markets are often confused. The essential difference is that a forward contract between two parties presumes delivery. A futures transaction presumes that it will be offset later without delivery. Less than 1 percent of the futures contracts traded are actually carried to delivery. That's a textbook number, and I don't know how hard it is, but at any rate, the proportion of trading is very small. And there are some other differences between forward contracts and futures markets; I think that's the essential one. The concept of a clearing house is another one, which I won't try to go into.

Futures markets have not prospered in commodities for which price movements are largely dictated by government regulation or by discretionary private pricing practices. There are no futures markets for chemicals, aluminum or steel, although, there have been some attempts made. There are futures contracts in New York on two different exchanges for a number of petroleum products. But I think for a fairly—well, first those markets or contracts are very new, about a year old.

But I think, for obvious reasons of government regulation and traditional pricing practices in the petroleum industry, those futures markets trade almost not at all. A few trades take place in the propane market, a couple of the others have had three or four trades through their one-year history.

The New York market for sugar—and here's a case of governmental regulation having an impact on futures trading. The New York sugar futures contract was relatively inactive until sugar prices ran above the government price supports. Now that there's an economic need, there's also a much more active futures market in sugar.

For commodities like sugar, currently, that experience frequent and sizeable price movement, futures markets—there are two very essential economic functions in my mind. And I should qualify that I am still learning about the economics of futures trading—and I know there is at least one person in the audience who does know a lot more about that than I do.

The first function: they enable individual market participants to shift or to reduce their risk that would be caused by adverse price changes of actual commodities which they own or intend to buy or sell. By permitting individual commercial firms to reduce and shift risk among themselves and to others, the futures markets improve the efficiency of these firms' operations. Basically, I think it's a matter of reducing uncertainty and decision-making, which has a positive effect on economic efficiency.

Second, to provide a valuable—essential, I should say—arena for competitive price determination. Futures prices are jointly determined with prices in cash and forward markets, or the markets for actual commodities.

They provide signals for all segments of an industry, even though not everyone actually trades. The futures market is now used as an indicator for setting cash prices for many commodities. It has sort of replaced the cash market as the primary price signal or price base.

For example, corn futures prices in Chicago, which now are a function of worldwide market developments, are also the benchmark for pricing coin throughout the world. This makes the futures market an important public institution. It provides an externality, so to speak.

The futures market is really the ultimate in the competitive market. Practically any business or individual can buy or sell by paying a nominal commission charge.

Prices are determined in a public forum, by open outcry, and prices are widely disseminated. The information value, I think, is extremely high.

The question naturally arises why should the government regulate such competitive markets? Futures markets in London have only minimal government regulation. They rely on what's called self-regulation.

Until five months ago, when the CFTC assumed jurisdiction, this was also true of American futures markets for the nonagricultural commodities, such as precious metals, other kinds of metals, foreign currencies, lumber products, coffee, sugar, cocoa, and a few others.

Futures trading in domestic farm commodities goes back 125 years and has been regulated, I would say, in probably a nominal way, but regulated by a small agency in the Department of Agriculture since 1922.

I believe there is a valid reason for regulation which derives from the fact that the markets are public institutions.

The reason is simply this. Futures trading is vulnerable to internal abuse through improper trading practices, price manipulations, market corners, dissemination of false information, and fraudulent practices with customers and their money.

As a result, futures markets have tended to be distrusted by producer groups and by the public. They see periodic abuses, and they do not really understand and appreciate the everyday benefits of futures markets.

Regulation provides a buffer against actions to the political system which could damage or outlaw futures trading.

Indeed, trading in one commodity, onions, was made illegal several years ago by an act of Congress.

Regulation in effect sanctions futures trading and enables the economic benefits of the markets to be realized, so long as regulation itself does not become a deterrent to the effective operation of futures markets.

The primary objective of regulation is to ensure that futures prices accurately reflect supply and demand conditions. From a regulatory standpoint, the Commodity Futures Trading Commission should not care whether commodity prices are high or low, going up or coming down, so long as those prices reflect the market's estimate of supply and demand.

In this respect, as I was trying to say, regulation should serve as a guardian of free, open, and competitive markets.

A second objective is to make sure competition is fair to individual investors and market participants. In this respect, regulation should serve as an umpire. The danger here is that the Commission might enlarge that role to influence the score, to decide who will be allowed to be on the teams, or even what the final score should be.

As a regulator, I do see a positive contribution from government regulation of futures trading. However, as a former deregulator, I do have mixed emotions about the potential for doing good or for doing harm.

The standard regulatory pitfalls do not give me great concern. Fixed commission rates are already being phased out. The Commission is not restricting entry in any noteworthy way. And I should say that—as a matter of fact, I'm pleased to say—that as of about two hours ago, we approved our first application for a new contract. One of our regulatory functions is to review any new commodity contract, as well as old ones, and we are charged with evaluating that contract as to whether it serves an economic purpose on the one hand—that's one consideration—and the ultimate test is whether trading in such a commodity would be contrary to the public interest.

So in this process of, in effect, granting a license for trading in a commodity on an organized futures exchange, we have been reviewing a contract which we approved a couple of hours ago. This is a contract submitted by the Chicago Board of Trade, which would set up a futures market in Ginny May mortgage-backed certificates, which is a relatively new financial instrument that started to be issued about four years ago.

We also have an application before us which we'll soon be considering for a futures market in Treasury bills. I think in review that, that point I tried to make to the Commission this morning was that we should not approve it and express any particular skepticism about the merits or demerits or the potential for that contract.

I think a new idea like that, a new innovation, is something that we want to encourage, and so I think our posture should be basically one of free and open entry of new ideas in the futures trading field.

On the exit side, exit is certainly free from the service industry associated with futures trading, as demonstrated by the high failure rate among a lot of individuals and firms in the industry—particularly among floor traders.

We are, I believe, setting a tone conducive to innovation in the futures industry and our approval of this Ginny May futures market, I think, is an illustration of that.

Our philosophy at the Commission and our statutes require us to seek what is called the lease anticompetitive means of regulation—a sort of negative statement.

The industry receives a little protection against antitrust laws, but they do not have an outright exemption. We are very aware of the need to avoid simply generating paperwork and the need to conduct prompt decision-making.

We have placed a high value on open procedures and public involvement.

Now on the negative side, I do see a number of inherent difficulties in this business, and I've even observed those without reading journal articles on the subject or even AEI literature.

The Commission has judicial responsibilities, as I mentioned earlier, and that leads us into the business of dealing with individual cases.

This, I am convinced, is going to become a very time-consuming activity for the Commission and for each of the commissioners individually.

It should become such a dominant activity that caseloads crowd our more general responsibilities of working with the industry to build more effective, better futures markets.

This matter of individual cases and caseloads, of course, goes well beyond economics, but the costs of due process to the individual can become enormous, and the benefits are pretty difficult to measure.

The theoretical answer is to conduct our responsibilities in ways that do not generate a huge caseload. In practice, this is going to be difficult.

For one reason, the Act requires us to establish what's called a "customer reparations procedure" for small investor complaints, and this could make us a huge small claims court for the commodity industry.

I should say that the creation of the Commission—one of the major thrusts of it in addition to preserving free, open, honest competitive markets, is investor protection, and I think this is in somewhat the same sense as the SEC is oriented toward investor protection.

When I first came on the job, I once said jokingly that the job of the CFTC was to make sure that anybody could make money trading in futures. And to my surprise, I was taken seriously.

Investor protection is an important part of our work, and it's going to, I'm convinced, lead to a large caseload problem.

Enforcing policies is my second concern. I think the Commission should have a vigorous but contained enforcement effort. If we proceed on the typical course of regulatory agencies, I'm afraid that enforcement will become a much greater operation than I think it needs to be.

This is because I believe the primary functions of the Commission should be informational, educational, and quite frankly, to work closely with the industry—with small industry—to make needed improvements in futures trading; in other words, to serve as a catalyst—more as a catalyst and less as a policeman.

An expansive enforcement program generates a climate which runs contrary to this alternative approach. Enforcement should, of course, be addressed in a benefit cost framework like any other commitment of taxpayers' money.

I have found that such a framework is frankly alien to discussions about enforcement, and enforcement decisions go well beyond just spending another "X" number of dollars hiring another enforcement officer who is usually a lawyer.

For every dollar invested in enforcement, more dollars must then be spent on hearings and appeals with judicial process.

The ripple effect of adding one more enforcement officer is, I suspect, something like adding five people to the Commission.

I still speak in "ones" because we are still a small agency, instead of speaking of adding tens or hundreds.

Of course, as far as enforcement goes, we must as they say, "run the Kirks out of the business," but we should not be so preoccupied with this activity that we neglect our primary mission, nor should we expend such a large part of our resources on that that we find ourselves still inadequately and understaffed to accomplish our other and, in my mind, more critical objectives.

To ask what is the optimum level of enforcement effort is to ask an unanswerable question, or at least an unanswered question.

One problem is that there is a lot more pizazz in enforcement than in most other functions of a regulatory agency.

It is a human tendency for elected and appointed officials to like to see what they are doing in the media, covered by the media. And enforcement actions tend to receive good coverage.

It is also human to want one's carefully designed regulations to be accepted and promptly followed and to flex your muscles once in a while. Who wants to be called a "paper tiger"?

My concerns are not only about our judicial and enforcement responsibilities, but also about the appropriate contribution of the legal profession to the Commission's work generally.

Let me support these concerns with some quantitative evidence. Tom Moore said I could not use equations, but I hope I can use a few numbers.

We started with a Washington staff of 40 carried over from our predecessor agency. That agency also had about 150 people stationed in New York, Chicago, and a few other cities where futures trading takes place. Okay, it started with 40.

As of two days ago, we have an interim personnel ceiling of 150 in addition to the five commissioners and their staff, and I won't tell you how many staff members we have.

Of the growth of 110—from 40 to 150—80

have been in the legal-judicial area, including hearings and appeals, enforcement, and the General Counsel's office.

This trend is even more ironic when one considers that we are engaged in regulating an economic activity, not a legal one. Most regulatory bodies in the past seem to have erred far more in their economic works than in their legal works.

We are not and should not try to be an SEC for commodity futures trading. For example, in our agency successful enforcement efforts in many situations such as market manipulation cases—and that's really the number one objective, to avoid those—successful enforcement will require as a precondition an effective market surveillance program; surveillance of the markets in terms of their economic functioning, information content, and of trading activity. These are not legalistic functions.

To our credit, or to its credit, the Commission has already made the decision to give high priority to economic analysis eventually.

(Laughter.)

We have hired 25 lawyers and one economist, but we have an excellent economist and we have excellent lawyers, too. I'm getting after them a little today because I want to, but they are great people; two of them are sitting out here. I have to say they are nice people.

We do intend to have a first-rate economic analysis unit, and we intend that their efforts will be integrated fully with our decision-making process once we get fully up to speed.

I think and I know all the other commissioners agree with this—and as soon as we put our money where it should be, we'll all be on the same wavelength—I think economic analysis market surveillance is simply essential for a regulatory agency like ours, especially and frankly, for any agency that wants to be effective over the long haul.

The underlying economics change things so much over time that unless they are being paid close attention to, there is simply no way for the regulations to keep up-to-date.

In these early days, I hope and think we still have the luxury of deciding how to organize the Commission so that we strike the right balance in the contribution of lawyers, accountants, managers, financial analysts, and all the other progressions, even economists, in the Commission's future.

The balance we achieve will determine whether the CFTC becomes just another regulatory agency or a model agency five years from now.

Thank you very much. If there are questions, I'd be happy to answer them.

(Applause.)

Yes, sir?

Mr. ALPRIN. Dr. Seevers, perhaps you could tell us what in your opinion were the market conditions that led to the formation of this regulatory agency which you could deal with without adjudicatory and enforcement personnel.

Dr. SEEVERS. Could you repeat that?

Mr. ALPRIN. I wondered what market conditions led to the formation of a regulatory body which can be met with without adjudicatory and enforcement personnel.

Dr. SEEVERS. Well, I can't really answer even the first part of the question, because I hear various stories about what created the Commission. You have said there are many mothers of a successful idea, but there are all sorts of people who take credit for it, ranging from a series of articles that appeared in "The Des Moines Register" about alleged unfair and illegal treatment a person received with the Chicago Board of Trade, and that is again in the judicial area.

I think that—this is not really answering the question—but I think there was a feeling that things were happening in the market. Of course, we were created in part as a consequence of the general commodity price boom, and I think there was a feeling that in a number of markets, in particular the previously unregulated ones like cocoa and sugar and those that there tended to be a clubbish situation and that these markets were not generating—they were not open and were not generating as much information as they could for the general trading community.

And I think in that way the Commission can do something about it. I think we can ensure that the price information is made fully available, that statistics on trading, which were hard and even impossible to come by in previously unregulated commodities, that those statistics are made available to people who are engaged in the market.

So I think in that sense, to the extent that the commodity price boom was a big thing and that that led to some suspicion that there was "hanky-panky" going on in these unregulated markets, I think that we can correct to a degree—not that it will answer everything, but the judicial part goes to a number of the reasons that the Commission was created.

Mr. HOUTHAKKER. I was very pleased with the regulatory philosophy expressed by Gary Seevers. I think that other regulatory commissions can certainly draw inspiration from the very modest and worthwhile goals he has set forth.

I did want to ask one question which hasn't come up in the prepared remarks. The Commodity Exchange Authority which was the predecessor of the Commodity Futures Commission for agricultural commodities did publish useful statistics.

Now, this was true until two or three years ago when, for reasons which I don't know, the statistics suddenly were stopped.

And this leads me to the question what plans the Commodity Futures Trading Commission has in the publication of statistics which is, I think, one of the most important functions it has.

Dr. SEEVERS. Well, frankly, Hank, we've been so overburdened with Congressional deadlines that we have not looked at that. We're now starting to look at our whole data collection system, the kinds of data we require.

I am favorably disposed toward that. I think the reason that some of those reports were terminated was that you could write the Chicago Board of Trade and get the same thing.

The difficulty is—take something like gold—you would have to write not only the Chicago Board of Trade but four other exchanges to find out what was going on in gold.

So I think with the additional resources of the Commission and given our philosophy, I think it makes a lot of sense to start publishing a good deal more than we are now publishing.

Right now we only have one report we've published, which reports on the position of large traders—what we call large traders.

So I think there is a good chance that we'll do more of that. There is the question of whether or not we should do it simply because a handful of academics find that very useful to have those nice compilations. That's what I answered to one previous person who asked me that. But I think as a part of our general information program, we should be publishing more and not just relying on what the exchanges publish, although that's where the main burden of information flow should be from, the exchanges, not from our office in Washington.

Yes, sir?

Mr. HINISH. In light of the experience of other regulatory agencies, and in light of the fact that your own numbers have grown 400 percent in such a short time, what makes you think that your agency will not become a household word, and what factors do you think will lead to your deregulation?

Dr. SEEVERS. Well, I think there are almost no factors that would lead to our deregulation at this stage—deregulation, doing away with the agency and scaling it back to what it was before or something less.

I don't know what will prevent us from becoming another failure in the regulatory field. I think the main thing is because there is an enormous amount of discussion and talk and awareness about the evils of the fourth branch of government. And certainly, we ought to be able to learn a little bit from what this is going on and the fact that it is a popular topic across the country.

So I think the awareness that regulatory agencies have made a lot of errors will help us avoid some of those errors; I hope we'll avoid most of them.

I guess the only thing that makes me think we won't do it is because I'm there and I'm going to try to stop it. I should say—your question was also that all of us nice, enlightened people who are now there, the five of us will not always be there. I think that's true, but I think what we do in the first year or two will set a major tone for the course the Commission takes over a five or ten-year period.

Yes, sir?

Professor FRECH. (Inaudible.) Can you conceive of any condition where someone wants to create a new contract but you think it's a bad thing? (Inaudible.)

Dr. SEEVERS. It probably is.

(Laughter.)

Dr. SEEVERS. Well, I tried to say that I thought, on a new idea, that we should have—I got criticized for using this word—but fairly lenient or moderate standards, that we should have a free entry policy for new contracts.

Now, you get into some real issues, though—well, another thing to say is that just because somebody wants a contract sure doesn't mean that there is going to be anybody who wants to trade.

And there are a lot of contracts that are deader than doornails; nobody is trading them at all. There is nothing wrong with that particularly, but I don't think we're standing in the way of all these people who are sitting out there wanting to trade actively and we're stopping it.

A new contract comes along very slowly. It probably has a five-year gestation period if it is carefully researched, carefully promoted, probably requiring a year or two of research and promotion.

It's not something that just happens. I know that's a concept that is foreign to a lot of people here, but a successful futures contract like the corn contract in Chicago—it's a live thing. It has evolved over 125 years; it has had its ups and downs; it has its deficiencies; it has to keep changing to keep pace with the market.

So I think there is a positive role for the Commission to play in reviewing new contracts.

Now, here is a real tough issue. I don't know what the answer is, but there are now five gold contracts. A couple of those are almost totally inactive.

Now, suppose that the Minneapolis Grain Exchange comes in to us with an application for another gold contract, and suppose three or four other exchanges also do that.

Now, I suspect that there's a fixed amount of gold trading that's going to go on. These additional exchanges would expand the quantity of trading produced a little bit, but not much.

But there is a basic question—I think we're dealing here with, to some extent, a natural monopoly—there is a question whether adding and proliferating a lot of gold contracts is really a good thing for effective gold trading. And that's something we're going to be investigating.

Mr. JOHNSON. Thank you, Gary. I really

should make a comment about 80 lawyers and one economist, but I won't.

Our afternoon session will be back in the Georgetown Room and we will begin in about ten minutes. Thank you.

(Applause.)

PROPOSED ARMS SALE

Mr. SPARKMAN. Mr. President, section 36(b) of the Foreign Military Sales Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million. Upon such notification, the Congress has 20 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sale shall be sent to the chairman of the Foreign Relations Committee.

In keeping with my intention to see that such information is immediately available to the full Senate, I ask unanimous consent to have printed in the RECORD at this point the notification I have just received.

There being no objection, the notification was ordered to be printed in the RECORD, as follows:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, D.C., October 23, 1975.
Hon. JOHN J. SPARKMAN,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Foreign Military Sales Act, as amended, we are forwarding herewith Transmittal No. 76–10, concerning the Department of the Army's proposed Letter of Offer to Saudi Arabia for an estimated cost of $158.7 million. Shortly after this letter is delivered to your office, we plan to notify the news media.

Sincerely,

H. M. FISH,
Lieutenant General, USAF., Director.

TRANSMITTAL NO. 76–10

NOTICE OF PROPOSED ISSUANCE OF LETTER OF OFFER PURSUANT TO SECTION 36(b) OF THE FOREIGN MILITARY SALES ACT, AS AMENDED

a. *Prospective Purchaser:* Saudi Arabia.

b. *Total Estimated Value:* $158.7 million.

c. *Description of Articles or Services Offered:* U.S. Army Corps of Engineers management of the construction of a Saudi Arabia National Guard Headquarters complex consisting of headquarters building, signal building, warehouses, barracks and supporting utilities.

d. *Military Department:* Army.

e. *Date Report Delivered to Congress:* 23 Oct 1975:

PRIVATIZATION

Mr. MATHIAS. Mr. President, a lot of us can tinker with our cars and keep them limping along over our crowded streets. Very few of us can envision new and better systems of transportation. This kind of vision is the quality that distinguishes John Diebold as an uncommon man. He is not satisfied with tinkering with the status quo when he detects the potential for something better.

A recent article in People explored John Diebold's latest thinking on the relationship of the public and private sectors. It offers some fresh ideas that should interest Senators.

I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IN HIS OWN WORDS MR. AUTOMATION OFFERS A BOLD CURE FOR WHAT AILS THE CITIES—"PRIVATIZATION"

As New York City teeters on the edge of bankruptcy, politicians and money men across the country are scrambling to find new ways of providing municipal services on a fiscally sound basis. One man who thinks he may have the solution is John Diebold, whose 1952 book Automation popularized the term and who in 1954 founded the Diebold Group, an international management conglomerate that has advised governments as well as 250 major corporations on how best to use computer technology. Currently Diebold, 49 and a multimillionaire, is advocating "privatization" of public services. This means that private business would be encouraged to compete with governmental agencies in providing these services—from mail delivery and garbage pickup to fire protection. Recently Diebold talked with Christopher P. Andersen of People about the possible role of private enterprise in solving the cities' problems.

Why do you think private companies are the answer to sagging services?

If a creature arrived here from another planet and walked around, he'd see lots of highly sophisticated things—television sets, telephones, computers—all the products of private enterprise. Then he'd look at the lousy schools, the decaying slums, the filthy streets and say, "Gee, this is really screwed up." Our social institutions are just not naturally geared to keep pace in this era of sweeping change. The question should be: who can do best for least?

What advantages does private enterprise have over government?

The private sector can provide what is now entirely absent from the public sector: the market dynamics and profit forces that make private business the most effective innovator and resource-allocator in the history of man. Government should be trying to establish incentives so that whatever society needs done, whether it is health care or garbage collection, a profit can be made.

Specifically, what are some of the drawbacks to the way cities are now supplying services?

For one thing, public agencies are using labor-intensive methods that are of another age. Science and technology are not being used effectively. Instead, more and more people are put to work to pick up the garbage and fight the fires. Success or failure in the private sector is measured by results, but among government agencies, the more money and manpower expended the better, regardless of whether or not the job ever gets done. In New York City, the Sanitation Department budget goes up every year. But by anybody's standards, the streets are filthy.

But doesn't further automation mean further employment?

No. These changes aren't about to happen overnight. Up until this century, most people worked on farms, and it wasn't until the 1950s that we went from a blue-collar majority to a white-collar majority. Anyway, historically it has been very difficult to get people to do dirty work. A guy who might have once become a garbageman now wants to do something less unpleasant.

Do you think business should take over all services?

Not at all. I'm advocating a mix of public agencies and private corporations competing against one another, in much the same way that the government-run British Broadcasting Corporation competes with the privately owned independent Broadcasting Authority in Great Britain. The current term for this, although I have a particular loathing for the stuffiness of the word, is "privatization."

Is there any evidence that privatization can work?

There have been scattered experiments, but there is very little evidence one way or the other. The concept just hasn't been widely tried.

Why not?

The biggest obstacle is getting people to accept the idea of making profit out of providing public services. Unfortunately, the strongest opposition comes from the liberal intellectual community and businessmen who would rather leave such decisions up to the politicians.

And the politicians make the wrong decisions?

They are very good at setting political priorities, but that has little if anything to do with efficiency. The public sector, in business parlance, is a bad operator. New York may pull through this time. But if something major isn't done to overhaul the system, in five years Mayor Beame will look back on 1975 as a lark.

Which services do you think might best be provided by private companies?

The United States Post Office has technically been a "private" corporation for the past four years. But of course it is still essentially a part of the federal bureaucracy. If it was run by, say, Xerox, there would probably be such innovations as electronic transmission of mail. We should have this by now, at little or no extra cost to the consumer.

What about garbage collection?

Garbage collection in cities like New York should be handled through an underground network of pipes. The current labor-intensive method, as ineffective as it is, results in a sanitation budget of $264 million a year. Many smaller communities across the country contract the lowest bidder to take away the garbage. In Bellerose, N.Y., just outside of New York City, a private company collects the garbage at a cost of $72 per year per household—compared to $209 a year in a community which is handled by the New York City Sanitation Department.

What about police and fire?

In general, I'd say that police protection should stay with the city. But the possibility of using private security forces to supplement coverage in some areas should not be completely discounted. I understand that there are more private security police in New York than city policemen.

As for fire protection, up until the 18th century this was handled by insurance companies. Why not let the fire insurance companies run the fire departments again? They certainly have a vested interest in seeing that fires are put out, or that they don't occur in the first place.

Should private enterprise play a role in education?

If you had, say, Xerox and IBM running school systems, my guess is you would have a tremendous increase in the quality of education. The federal government is planning to conduct experiments in New Hampshire and Connecticut in which vouchers for a year's education will be issued to parents. They can use the vouchers at either a state-run school or a private school.

If the private sector is so efficient, why the need for federal subsidies to bail out Lockheed?

I am not a big believer in subsidies. Lockheed should have been allowed to go bankrupt. I think it is very important that companies go bankrupt. Bankruptcy is a vital process that bureaucracies don't benefit from. They just keep going on, whether they can do a job at a reasonable cost or not.

When it gets down to the individual worker, do you think that the corporate bureaucrat is any more productive than the government bureaucrat?

In a government bureaucracy, there are no incentives and no rewards for rocking the boat. Hence nobody does. I don't believe the same is true in a private company. After all, civil service rules make it rather difficult to get rid of an incompetent or lazy public servant. There are few such constraints in private business.

Why hasn't business taken the initiative in solving the cities' problems?

Until now, the emphasis in business has been on corporate form, improved management techniques and the social responsibility of private enterprise. Of course corporations have a responsibility to help clean up the environment, provide scholarships or grants, or whatever. Much has been done and much more can be done. But good corporate citizenship isn't enough. The true social responsibility of business is to pursue profit. In that pursuit, business can do much to improve the quality of public services.

THE 200TH ANNIVERSARY OF THE U.S. NAVY

Mr. CANNON. Mr. President, on October 13, 1775, the Continental Congress authorized the acquisition and construction of ships for the Continental Navy. Today, some 200 years later the Navy celebrates its bicentennial anniversary. In recognition of this milestone, the Honorable J. William Middendorf II, Secretary of the Navy, addressed the National Newspaper Association Convention in Las Vegas, Nev., on October 16, 1975, to put this achievement in proper perspective. In view of the outstanding quality of his remarks, I ask unanimous consent to print his comments in the Record.

There being no objection, the comments were ordered to be printed in the Record, as follows:

Address by Hon. J. William Middendorf II

As the 62nd Secretary of the Navy, it is a pleasure and an honor for me to be here to commemorate the 200th Anniversary of the United States Navy.

Two hundred years ago, on October 13, 1775, the Continental Congress authorized the acquisition and construction of ships for the Continental Navy.

It is well to remember that the original American colonies were coastal; and foreign commerce across the seas then, as now, was essential to them. From across the seas, then, as now, would come any military threat.

Therefore during the Revolution a strong Navy was soon recognized as essential to obtaining our freedoms. Starting with the quasi war with France and the War of 1812, and in war after war since, America has fought to establish the principal of freedom of the seas.

President Theodore Roosevelt was the architect of the modern American Navy. Of the Navy he wrote: "In my own judgment the most important service that I rendered to *peace* was the voyage of the battle fleet round the world." Soon many of the ships of this fleet were to win the great battles of the Atlantic in World War I.

Today our nation is more dependent on seapower than ever before. In many respects we have became an island nation. More and more we are dependent on others across the wide oceans for our raw materials and energy. Across those oceans are our allies and our cultural heritage. On those oceans we are seeing with increasing frequency the growing potential challenge of the Soviet Navy.

Our great President like his predecessor Theodore Roosevelt has a deep understanding of seapower. A former Navy man, President Ford recently said: "American prosperity, perhaps even American survival, still depends on keeping the sea lanes open and only a strong American Navy can guarantee that result."

During the first hundred years of our existence as a nation the mineral production of the world grew about ten times. During the last hundred years of our existence it grew another twelve times and it is growing more rapidly now than ever before. The industrial nations of the world—the United States, Japan and Europe—control about 90 percent of the world's economy. While we produce about 66 percent of the world's minerals, we consume about 90 percent of them. More significantly, with only about 6 percent of the world's population, the U.S. is consuming more than a third of all the raw materials and energy in the world.

Of course, there are those who think this is preordained and that we don't have to worry about protecting our standard of living. It is preordained that it will be protected by somebody. Besides, who would want to take it away from us?

Throughout history, nations or individuals with something desirable have had it taken away from them. To my knowledge, there has been no exception. Unless they were willing to fight for it and give every indication that they were prepared to fight for it, they otherwise lost it.

Now more than ever I think we are seeing a growing tendency toward isolationism. Even though we are more and more dependent economically, some people are saying that we shouldn't maintain our commitments abroad. I would like to go into a few reasons why I think isolationism is the wrong course.

I have just returned from a trip to our principal allies in Europe and visited with our Sixth Fleet in the Mediterranean. Everywhere I perceived a growing concern about the economic situation and a growing feeling on the part of some of "Let's let Uncle Sam pick up the tab if we can, if we can talk him into it."

We have problems, too, we point out. Secretary of Defense Schlesinger has been very, very vocal in talking to our allies around the world about their responsibilities and about their commitments. They must share equally with us. If we don't stand together, we are going to fall separately. He has been the most persuasive advocate around the world for sharing military responsibility. He is just back from a very successful trip to Europe.

As one looks around the world, one can observe that the Soviets have all their alliances contiguous to their own land mass—I am talking now about the Warsaw Pact countries, the countries which are their principal allies. Unlike the Soviets, most of our principal alliances are oceanic, either across the wide spaces of the Pacific or across the wide spaces of the Atlantic.

We have our investments overseas. We have historic relationships going back for centuries over there. We are therefore an island nation for these reasons as well as from the point of view of raw materials.

According to the Commerce Department 68 out of the 71 principal raw materials which we consume in this country and we need for our survival in one form or another are being imported today, whether 5 percent or 100 percent.

Right after World War II, you may recall, we were relatively self-sufficient. We were exporting oil. We were self-sufficient in most raw materials. And we could be self-sufficient again in the production of almost all raw materials; but, in fact, we are not.

Today U.S. imports are growing. We are also exporting more. Whether it be food stuffs, where we are blessed with a favorable climate and are more efficient than most at the moment, or whether it be highly sophisticated electronic equipment, computers, military hardware, we are exporting to provide ourselves with a favorable balance of payments. That means jobs.

At the moment, we are doing very well with exports, perhaps better than we have ever done. This is, I think, due to a number of factors, not the least of these is that the American dollar was at least until recently substantially undervalued in relation to a number of other currencies.

All this could change very rapidly however. It is not preordained that we are going to march off into the sunset forever with a favorable balance of trade.

Nevertheless, 98 percent of our export or import tonnage moves by sea, not only today—but 10 years from now.

While many high value assets such as computers travel by cargo planes, most items such as oil and iron ore are moving by sea. We are not going to get away from our dependence on the sea.

We have therefore become an island nation from two points of view. Our principal political and military alliances are overseas, and we are more and more becoming economically dependent on others overseas, whether for our markets or materials.

So what are we doing about it? To be parochial for a moment I would say that a great deal of the security of that ocean transit depends on the U.S. Navy. Yet the burden for deep ocean security lies mainly on the U.S. Navy. How capable are we to carry out this commitment?

Let me give you a bit of arithmetic. Because of block obsolescence of World War II ships we have cut the size of the U.S. Navy in half in the last six years. We went from 976 ships to 483. That is where we are now. That is in spite of the fact that the threat has been growing at a tremendous rate.

Now, has the threat been growing, or are we crying wolf? Since 1962, at the time of the Cuban Missile Crisis, the Soviet Navy has gone from what I consider a major reorientation—from a coastal navy—to a blue water navy in the middle sixties, and in the early seventies, with the new vertical take-off carrier, toward a shore projection navy.

They have under construction their first aircraft carriers, the KIEV class, and are building them faster than we can build carriers. They have one operational and the second on the way. Even more ominous they have three times the number of submarines as we have—325 of them now, of which more than 120 are nuclear powered.

They developed 20 classes of capable anti-ship missiles and their variants.

This year we hope to begin deploying aboard our ships the Harpoon missile, our first really effective over-the-horizon missile. We are in a hurry to catch up in this area of deficiency. But until the early 1980's we won't be able to match their tactical naval missile capabilities unless we have an aircraft carrier in the area, and that is becoming more and more difficult as we reduce numbers in our carrier force.

We will be down to 13 important carriers when we decommission the *Hancock* and the *Oriskany* in the next 18 months. We had 26 carriers when we abandoned the Regulus Program 14 years ago which was our major surface to surface missile development before Harpoon. We put tactical missiles into planes off the decks of carriers. With 26 we could spread those carriers around the world. Significantly, the Soviet Navy was nowhere near its present size in the early 1960's.

Although we are still the pre-eminent Navy in the world—with our 15 carriers, better planes, and quieter submarines, though fewer than the Soviets, we have to recognize that at the rate of the Soviets have been building and the rate we have been cutting, we may be moving into a position where we can no longer carry out all the missions we can accomplish today.

So how do you stay in the ball game without having to punt on first down? The only way is to have a strong military capability.

It is my opinion that we must rebuild the Navy the way farsighted President Franklin Roosevelt did, with the Vinson Trammel Act of the 1930's. There is no question that the war in the Pacific and the Atlantic was won by the ships that were under construction or had been built by the time of Pearl Harbor. On December 7, 1941 we had 40 percent more warships than we have today.

In numbers of ships, we are now where we were a year and a half before Pearl Harbor.

Everybody says, "Well, sure, we have more powerful ships." Yes, we do, but the Soviet Navy is in order of magnitude perhaps 10 times more powerful than the German Navy at the outbreak of World War II.

As you know, the Germans started World War II with 57 submarines, of which 13 were operational and look at the damage those few U-boats did.

Reflect on the damage the Soviets could do today with 325 submarines, many of which are attack types. You can well imagine the prime targets our 200,000 ton tankers would make. Admiral Gorshkov would have to fire the submarine skipper, give him a general court martial, if he missed one of those big tankers.

So we are more vulnerable than we have ever been in our lives.

As a result of the Vietnam War, we reached a new shipbuilding authorization average of 13 ships a year, while we were getting rid of 100 a year. We can't operate very long like that.

You cannot create an instant Navy. For example, it takes seven or eight years to build carriers.

We laid the keel of *Nimitz* in 1967 and commissioned her this year. Last week we launched the carrier *Eisenhower* and started on the *Carl Vinson*.

These are the last two of the big carriers for the present time. It takes eight years to build these superbly capable, absolutely essential weapons platforms. So there is no such thing as an instant Navy. When the threat comes, folks may say, "Well, let's go get an instant Navy." You might be able to do that with some other kind of weapons systems, but not with ships.

You have as big a stake in this as anybody in America. You want to survive, to protect our standard of living, to maintain our economic and personal freedoms, we have to rebuild the Navy in these precious moments of freedom. With your help and God's help, we will do it.

Thank you very much.

REGULATORY REFORM: NEW DIVISION OF LABOR NEEDED IN BUSINESS-GOVERNMENT RELATIONS

Mr. FANNIN. Mr. President, in his book, "Government-Mandated Price Increases—A Neglected Aspect of Inflation," a domestic affairs study published by the American Enterprise Institute for Public Policy Research, economist Murray L. Weidenbaum urges "making a sensible division of labor between the public and private sectors in achieving basic national objectives."

Rather than maintaining either an adversary relationship between business and Government or a cozy relationship as now exists in areas of Government regulation, whereby the consumer interest is submerged, Dr. Weidenbaum argues that what is needed is a new approach of peaceful coexistence between these two forces in our economy. As he states:

> We need a fundamental rethinking of the tendency for Government increasingly to regulate what essentially is internal business decisionmaking.

The problem is that "the constant and increasing nibbling away at business prerogatives and entrepreneurial characteristics has a very substantial cost—namely, reduced effectiveness in achieving some basic national objectives." In other words, Government overregulation of business is inefficient and costly. Regulation has been regarded as a convenient, economical way for Government to control its spending programs and to carry out its social objectives. In truth, it is as harmful to the public as to the private sector it directly affects.

Professor Weidenbaum proposes as substitute model a process of indicative planning wherein the Congress would determine how much of our resources should be dedicated to major national concerns and then how the responsibilities for executing this plan would be allocated among the principal sectors of the economy. Instead of making private concerns the "involuntary agents of the Federal Government," as under the current regulatory system, "the Nation should determine which of its objectives can be achieved more efficiently in the private than the public sector and go about creating an overall environment more conducive to the attainment of those objectives." The essential ingredient to this new business-Government relationship is that "it would require a reduction of the methods selected for achieving essentially worthy ends." Rather than a complicated scheme of rules promulgated by faceless bureaucrats, a system of controls enforced by a corps of inspectors or regulators, and constant direct intervention by Government in business operations, Dr. Weidenbaum's model would rely primarily on indirect incentives available in the marketplace through Government's flexible use of the pricing mechanism.

A major drawback of the current regulation-plus-subsidy system is that Government directs the flow of saving and investment out of private capital markets into Federal credit allocation agencies, thereby reducing the market's ability to allocate capital resources most efficiently and driving up interest rates for private borrowing needs. Professor Weidenbaum suggests that his proposal would "create an overall economic environment which provides more incentive to individuals and business firms to save and thus to generate more investment funds available to society as a whole."

Rather than placing emphasis on the punishment of violators, the Government, through selective incentives, like sumptuary excise taxes on certain products, would promote positive social objectives like healthier and safer working places or reduced air pollution, while at the same time reducing regulatory requirements and controls over internal decisionmaking. The result envisioned by Weidenbaum is that "the total level of economic welfare would be enhanced—in a less inflationary environment."

In its efforts at regulatory reform, the Congress should take a close look at the planning approach recommended by Dr. Weidenbaum. I recommend my colleagues the professor's study for AEI, "Government-Mandated Price Increases," or the excerpt which was published by the Tax Foundation.

Mr. President, I ask unanimous consent that the complete text of Murray L. Weidenbaum's article in the Tax Review of March 31, 1975 be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NEW DIVISION OF LABOR NEEDED BETWEEN PUBLIC, PRIVATE DECISIONMAKING

(By Murray L. Weidenbaum)

By and large, the relationships between business and Government in the United States can be described as basically adversary in nature. Government probes, inspects, taxes, influences, regulates, and punishes. At least that appears to be the dominant view in many quarters, both the public and private sectors. In many ways, this unfavorable view comes uncomfortably close to reality.

There is a striking contrast between this situation (or at least this view of it) and what is often taken to be the dominant European and Japanese approach, where the relationship between business and government seen as a "partnership" or at least close cooperation. Some have suggested that we import the "partnership" model contending that the closer working relations this model implies would improve our competitive position abroad and enhance productivity at home.

The difficulty is, however, that this approach could result in submerging the public, and especially the consumer, interest. Yet, the status quo is undesirable. It does not seem sensible to expect American business to wage a two-front war, struggling against increasing governmental encroachment at home and government supported enterprises abroad.

There is a third approach, one which might be considered a variant of the foreign policy that is often called "peaceful coexistence." Thought should be given, in other words, to the possibility of making a sensible division of labor between the public and private sectors in achieving basic national objectives.

In practice, Government budget decisions, particularly on the spending side, are made in the small—in bits and pieces. The Congress acts on a great many individual authorization and appropriation bills. Then the separate items are added up, usually on a functional basis—so much for defense, a bit less for welfare, much less for education, et cetera.

In this approach, business (if it is thought about at all) is regarded as an input, that is, one of a variety of tools or mechanisms that can be drawn upon. In the case of defense spending, business firms are very heavily utilized, although not always in an effective manner. In the case of the rapidly expanding income maintenance programs, in contrast, business firms are hardly involved at all.

Thus, a shift in emphasis in budget priorities from warfare to welfare, as has been occurring in recent years, means—perhaps altogether unwittingly—less emphasis on the direct utilization of business firms in carrying our national priorities. The earlier concern about moving toward a "contract state," in which key governmental responsibilities are delegated to private corporations, quite properly has faded away.

Another fiscal development has been occurring, however, which raises a quite different concern. The desire to exercise a greater degree of control over the size and growth of the Federal budget—whether stemming from concern over the inflationary effects of budget deficits or the more philosophical resistance to the growth of the public sector—has led to efforts to "economize" on direct Government spending by using Government controls.

We need a fundamental rethinking of the tendency for Government increasingly to regulate what essentially is internal business decision making. One model which could be followed is one where the process of determining national priorities would be viewed as a two-step affair.

First, the Congress would focus, as it does to some extent today, on determining how much of our resources should be devoted to defense, welfare, education, and so forth. But, second, this determination would be accompanied by a general and tentative allocation of responsibilities among the major sectors of the economy.

The rationale for this type of indicative planning would be the recognition that the constant and increasing nibbling away at business prerogative and entrepreneurial characteristics has a very substantial cost—namely, reduced effectiveness in achieving some basic national objectives, notably (to use the language of the Full Employment Act) "maximum employment, production, and purchasing power."

The proposed planning approach would also take account of the different mix of constituencies that the public and private sectors are primarily geared to serve.

In this day when benefit-cost analysis has become fashionable, we should not be oblivious of the very real if not generally measurable effects of converting ostensibly private organizations into involuntary agents of the Federal establishment. Rather than pursuing the current course, the nation should determine which of its objectives can be achieved more effectively in the private than the public sector and go about creating an overall environment more conducive to the attainment of those objectives.

Without prejudging the results of such an examination, it would appear reasonable to expect that primarily social objectives—such as improved police services—would be the primary province of government. And primarily economic objectives—notably training, motivating, and usefully employing the bulk of the nation's work force—would be viewed as mainly a responsibility of the private sector, and especially of business firms.

The new model of national decision making presented here hardly calls for an abdication of governmental concern with substantive programs. Rather, it would require a redirection of the methods selected for achieving essentially worthy ends. In the environmental area, for example, most of the current direct controls would be scrapped in favor of the more indirect but powerful incentives available through the price system.

Specifically, "sumptuary" excise taxation, which we have grown accustomed to in the cases of tobacco products and alcoholic beverages, can be used to alter basic production and consumption patterns.

The desired results in pollution abatement would not be accomplished by fiat, but rather by making the high-pollutant product or service more expensive relative to the low-pollutant product or service. Effluent fees encourage extensive efforts to reduce pollution by those who can do so at relatively low cost and lesser efforts by those for whom the costs would be greater.

The objective, often overlooked, is not to punish polluters or to maximize the cost of ecological improvement, but to get a cleaner environment. The basic guiding principle would be that people and institutions do not pollute because they enjoy messing up the environment, but rather, because it is easier, cheaper, or more profitable to do so.

A study of the Delaware estuary concluded that modest improvements in water quality might cost only half as much if accomplished by effluent fees as they would if accomplished through uniform controls over discharges. Instead of a corps of inspectors or regulators, the price system should be used to make polluting more expensive and therefore less profitable.

There is a parallel here to the operation of a tariff system. Even a tariff instituted ostensibly only for revenue purposes keeps out some products—to the extent that demand and supply respond at all to price changes. And the higher the tariff, the closer it comes to becoming a "protective' tariff, keeping out the undesirable item entirely.

Other areas of the economy could benefit from using alternatives to governmental intervention in business operations. One such area, as we have seen, is the direction over the flow of saving and investment, a basic aspect of a capitalistic or other advanced economy.

A result of the expanded use of governmentally sponsored credit agencies, such as the Federal Intermediate Credit Banks, the Export-Import Bank, and a host of others, is that a rising portion—as much as a third in recent years—of all the funds raised in ostensibly private capital markets in the United States now funnel through these Federal financial intermediaries.

In every period of credit tightness, there is a clamor for setting up additional ones—for example, an Aerospace Reconstruction Finance Corp. or an Energy Research and Development Corp.—in order to assure yet another category of borrowers ready access to capital markets. Yet these Federal instrumentalities do nothing to add to the available pool of investment funds. In practice, their creation and expansion amounts to robbing Peter to pay Paul.

They also reduce the market's ability to allocate capital resources to the more efficient undertakings and result in the "unprotected" and truly private borrowers bidding up interest rates in order to obtain the funds they require. A more positive and fruitful approach to national policy in this area would be to create an overall economic environment which provides more incentive to individuals and business firms to save and thus to generate more investment funds available to the society as a whole.

In the occupational safety and health area the law has lost sight of the basic objective—to achieve a safer working environment. Instead, the current emphasis is on punishing violations. In the more positive spirit of the approach suggested here, the basic emphasis of the occupational safety and health legislation would be shifted from enumerating a specific practices to be followed in a company's operations to reducing its accident and health hazard rate. It is doubtful that there is an invariant, unique way of achieving the desirable result.

Changes in equipment, variations in working practices, education and training of employees, and leadership on the part of management all may be practical alternatives for achieving the desired ends, at least in some circumstances. An economist would opt for the mix of methods which entails the least loss of productivity and output, and those combinations would probably vary from plant to plant and over time.

It should be recognized that the results of such decentralized decision making may not necessarily coincide with those of a more centralized system. We would undoubtedly have different mixes of goods and services under the two approaches. That implicit reordering of priorities may be the real price we have to pay for reducing centralized control.

Yet, the reordering of priorities may only happen in a relative sense. If our nation's resources are utilized more effectively as a result of reducing the costly burden of government controls and influence, the increased national output could yield perhaps the same or even more of the new lower priority items (in absolute terms).

In any event, the total level of economic welfare should be enhanced—or, at the minimum, we would have had a greater opportunity for enhancing it as a result of the increased efficiency and productivity that could be anticipated—and in a less inflationary environment.

A new division of labor between public and private undertakings should not be expected to remain constant over time. Rather, it should be expected to change—with underlying circumstances, foreign and domestic, and with the experience gained from following a strategy of peaceful coexistence between business and Government in the United States.

Hopefully, that dividing line between public and private responsibilities would shift back and forth, rather than in a predictable single direction as it has in the past.

FLEETWOOD ENTERPRISES

Mr. CRANSTON. Mr. President, manufactured housing and recreational vehicle industries are both major elements in the economic life of the United States.

Fleetwood Enterprises, Inc., headquartered in Riverside, Calif., our Nation's largest producer of recreational vehicles and manufactured housing, this year is commemorating its 25th anniversary. Its history and economic contribution over the years is a good example of the value of American free enterprise.

But as important as the company's growth are Fleetwood men and women who made it possible. Besides its Riverside, Calif., base Fleetwood's operations are housed in 50 manufacturing plants in various areas of the United States and Canada.

The men and women of Fleetwood who developed the company's basic policies, who provided the leadership to build the company from a small "trailer" manufacturer in Paramount, Calif., in 1950, to its dominant position in the industry today, are most deserving of the attention of their fellow citizens.

John C. Crean is the founder and chairman of the board of Fleetwood. His story is, indeed, an American success story. He began his career in the industry as an assembly worker for a mobile home manufacturer. Within 6 months he was supervising that company's 50-employee plant. Filled with the energy and creativity he still possesses, he left for a new job with a trailer company where he would be involved with product design. Within a short time, he founded a manufacturing company to supply venetian blinds to recreational vehicle companies.

Not satisfied with just one product, his company began building small travel trailers, then called cottages, and Fleetwood Enterprises was born. This was at a time when many established trailer manufacturers were getting out of the business, believing that the post-World War II demand was over. Mr. Crean's confidence in the market potential of the industry proved to be justified and sales of Fleetwood trailers increased. Within a few years a comprehensive line of mobile homes was established.

Ably working with Mr. Crean in guiding Fleetwood's successful operations is a corps of topflight executives, many of whom have worked up from the ranks.

Over the years, Fleetwood's business continued to grow. Sales increased from about $1 million in 1955 to over $18.5 million in 1965, when the company went public. Annual sales now surpass the $300 million mark.

Today John Crean's presence is felt everywhere throughout the company. Mr. Crean's personal interest serves as both an inspiration and a challenge to his employees.

I am proud of the accomplishments of John C. Crean and the thousands of the men and women of Fleetwood Enterprises, Inc. Their example should be an inspiration to their fellow Americans.

THE HIGH COST OF FEDERAL REGULATION

Mr. TOWER. Mr. President, the Council of Economic Advisers has estimated that the cost of Federal regulation costs the American public $14 billion, a cost that is paid in higher air fares, shipping costs, and taxes.

Dr. Bryce Campbell, a member of the Lubbock, Tex., City Council and a licensed pilot, recently wrote concerning the stifling costs of airport fire safety regulations. He attached to his letter an article entitled "Airport CFR: Is It Worth the Cost?" Which illuminates some of the problems connected with yet another aspect of Federal regulation.

I know that there are good, solid reasons why the Airport and Airways Development Act required changes in the levels of fire emergency preparedness of this country's airports. But as usual, the rigid application of "rules" to correct a situation has overshot the mark. I think Dr. Campbell raises the key issue when he cites the need for cost effectiveness of regulations by Federal agencies, in this case the FAA. I agree with Dr. Campbell that all too often the bureaucracy responds without any conception of the ultimate effects of its regulations. In this case, the FAA has contributed considerably to the cost of operating small airports by requiring equipment and manpower far above that which is needed.

President Ford has called on this Congress to correct the gross deficiencies of our regulatory system. I join the President in this effort and urge my colleagues to do so. This is a priority task for the legislature and the executive; together we can accomplish a goal that will have immediate as well as long-range benefits for all our constituents.

Mr. President, if consumers realized fully the burden that they are forced to bear because of overregulation of business and industry, they would be outraged. And once it becomes known to them that they are paying their taxes to support regulatory agencies which in turn are costing them some $14 billion a year, they are going to descend on this town in a fury. And I do not blame them.

Mr. President, I ask unanimous consent that Dr. Campbell's letter, and the article entitled "Airport CFR: Is it Worth the Cost?" be printed in full at the conclusion of these remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. TOWER. Mr. President, I hope my colleagues will note this article, and will contribute their own "regulatory horror stories" to future issues of the RECORD, so that we may all be better informed. I also hope my colleagues will see fit to join President Ford in addressing this issue with sound contributions to solving the problem.

EXHIBIT 1

CITY OF LUBBOCK,
Lubbock, Tex., July 23, 1975.

Hon. JOHN TOWER,
Congress of the United States,
The Senate,
Washington, D.C.

DEAR SENATOR TOWER: As I informed you in my last letter, I will continue to send you pertinent information regarding the gross mismanagement and waste of the bureaucracy of the FAA. Before the FAA passes far-reaching and expensive regulations, in the so-called interest of "safety," they should more closely ascertain if the regulation will in fact do what it alleges to do. Also some consideration should be given to the cost effectiveness of the regulations.

In my experience as a councilman with our new federally mandated fire station on the airport and as a multi-engine-instrument rated pilot, the enclosed article is very true, and indeed is quite understated.

Yours very truly,
BRYCE CAMPBELL, D.D.S.,
Councilman.

Enclosure.

AIRPORT CFR: IS IT WORTH THE COST?

According to a study by the American Association of Airport Executives (AAAE), a conservative estimate, based on actual cost data from airports through the country, indicates that at least $200,000,000 has been spent to meet capital and operating costs of crash fire services since passage of the Airport and Airways Development Act of 1970 and the subsequent adoption of FAR Part 139 (Aircraft Certification).

Since issuance of Part 139, according to AAAE, some 440 crash fire vehicles have been purchased with expenditures of some $20-million in Federal funds plus at least $4-million in local funds (most recent purchases being made with 82% ADAP funding). However, according to AAAE, capital outlays are but a small part of the total cost. Personnel required to man the equipment result in substantial and rapidly escalating airport operating costs. A recent AAAE survey indicates that increases on the order of 30-40% are not unusual. Fire fighting personnel now comprise an ever increasing percentage of total airport employees—percentages as high as 33% are not uncommon. Coupled with this is the fact that the firemen as a group are "non-productive", according to AAAE, in the sense that "little they do increases airport efficiency." Furthermore, counting all responses—e.g., first aid, precautionary, fuel spills, actual emergency, non-aircraft fires etc.—airports have found that such occupies less than 1% of duty-time.

ALPA WANTS MORE

Chief proponent and advocate of more CFR equipment on airports is the Airline Pilots Association (ALPA). B. Vic Hewes, Chairman of ALPA's Fire and Rescue Committee, says, "There can be nothing more inexcusable than having the occupants of an aircraft survive an incident or accident and then burn to death in the ensuing fire—and this has occured on far too many occasions."

According to Hewes, world-wide statistics presented in Rome recently disclosed that "accidents to turbine powered aircraft where fire is known to have occurred showed 256 accidents involving 14,804 people, of whom 3,772 or 25 per cent died."

A pilot's concern is reflected in Hewes' observation that Orville Wright carried very little fuel on his historic first flights—only a few gallons. Now, however, 72 years later, it is an everyday occurrence for the pilot of a Boeing 747 to go "racing down the runway firmly strapped to upwards of 50,000 gallons of aviation fuel."

MORE WON'T WORK, SAYS AIRPORT MAN

Most vocal spokesman against more investments in CFR for airports is turning out to be F. Russell Hoyt, Executive Vice President of the AAAE, who admits that even all of his members don't agree with his views.

Mr. Hoyt describes the present situation this way: "The Federal requirement for equipment and manning has brought about an anomaly at several of the lower activity airports: the airport is providing its rather limited number of users fire protection that is not only *subsidized* by the community, but *superior* to the fire protection which the community itself enjoys. The airport endeavors to pass the cost of this service on to the airline(s). However, the small airports have historically been unable to recover their costs."

Mr. Hoyt's objectives, however, are not purely economic. Rather, he strongly challenges the whole idea that airport-based CFR is giving the safety that was the intent of the requirement for it. "The costs are an important consideration," he says. "However, the paramount consideration is that such expenditures buy the traveling public little or nothing; that the millions going into crash/fire services could buy the public positive benefits if invested in such safety items as approach guidance, runway lengthening, ground proximity warning devices, aircraft fire suppression systems, and similar proven items.

"When accidents occur at busy highway intersections," he points out, "the solution is not to station fire trucks at these intersections, but rather to install traffic control devices or grade separations."

"If justification for airport crash fire services can be found in terms of improved survivability for aircraft occupants, then the emphasis on the economic impact would be misplaced," he says. "If the service can be justified, then ways of meeting the costs, no matter how substantial, must be found."

NEEDED: "FACTUAL RATIONALE"

Mr. Hoyt debates the figures used by ALPA's Vic Hewes stating that "AAAE has on numerous occasions requested the FAA, ALPA, FSF (Flight Safety Foundation), and particularly the National Transportation Safety Board for some factual rationale for the elaborate crash fire service now required. The FAA quite recently provided a list of eleven incidents nationwide covering an eighteen month period in which airport crash fire service responded. The list indicates that in no case were there airline fatalities nor occupant rescue.

"To the best of our knowledge," Mr. Hoyt continues, "the NTSB has never made a recommendation (as it often does following its findings on aircraft accidents) to either the

FAA or to the airport operators with respect to crash fire services."

The NTSB did, however, make a study of the question several years ago covering all accidents involving U.S. air carrier operations world-wide during the ten-year period 1955–1964. Referring to it, Mr. Hoyt makes the following points:

"The study found that, out of 1,955 total fatalities, 1,628 died of impact forces and 297, in a total of 13 accidents, died of fire injuries. An evaluation of each of these thirteen accidents was made to determine the number of victims who might have survived had adequate fire fighting equipment and personnel been available. It was concluded that in only two accidents (ADAK, AK and Denver, CO) in ten years could eighteen lives have reasonably been expected to have been saved.

"The NTSB has not updated this study," according to Mr. Hoyt. "AAAE therefore conducted its own review of all U.S. air carrier accidents from 1954 through 1973. This review indicates that there is an average of sixteen accidents per year world-wide in which fire, either of minor or major proportions, was a factor.

"Approximately half, or eight, of these accidents occurred on or in the immediate vicinity of an airport; of these eight, less than two per year involved occupant fatalities. Only in nine accidents in sixteen years of U.S. carrier operations world-wide, including freighter, training, charter, and supplemental, as well as regular passenger flights, might the survivability rate have been improved assuming adequate crash fire service in all cases."

Referring to specific Part 139 requirements for CFR vehicle capabilities, Mr. Hoyt states that, "The record of the past and the prospects for the future indicate that where fire is present, it is either of such minor proportion that occupants escape unaided, or of such intensity that rescue (and often even extinguishment) cannot be effected within the limited time that life can be sustained in a burning aircraft."

He takes specific issue with FAR 139.49(e)(1) which calls for at least one vehicle to reach the midpoint of the farthest runway within three minutes. "Midpoint of the farthest runway," states Mr. Hoyt, "is obviously an accommodation to reality, i.e., it is impossible, no matter how well trained the firemen are or how modern the equipment may be, to reach even the remote paved portions of airports, to say nothing of the off-pavement areas where aircraft will in all probability come to rest, in three minutes. Yet FAA studies clearly indicate that if the fire is of sufficient intensity to prevent or impede evacuation, then conditions within the aircraft make it impossible to support life much beyond 90 to 120 seconds."

And the FAA requirement that vehicles other than the first must reach the midpoint of the farthest runway within 4 or 4½ minutes draws this comment: "Most authorities agree that the vehicles would have little bearing on the rescue of occupants who have either already expired or evacuated the aircraft unaided.

"Ground based fire suppression vehicles simply cannot do the job," concludes Mr. Hoyt.

(EDITOR'S NOTE: Mr. Hoyt's complete remarks on the subject of CFR are contained in an 18-page paper, including appendices and bibliography, titled, "The Federal Requirement for Crash Fire Service at All Air Carrier Airports." Readers desiring the complete paper should request it directly from: Mr. F. Russell Hoyt, Exec. Vice President, American Association of Airport Executives, 2029 K Street N.W., Washington, D.C. 20006.)

WHAT PRICE CFR?

When a Western Air Lines 737 overran the runway and struck a gully at Casper, Wyo., Airport March 31, although the aircraft was extensively damaged, there were no fatalities. Four persons were injured during the evacuation.

At the NTSB hearing on the accident, it was revealed that controllers had lost sight of the aircraft because of poor weather visibility, and did not know of the accident until the pilot called asking for rescue vehicles. The operator of the single fire and rescue vehicle at the airport was operating a snow plow at the time, and took over five minutes to get to the scene of the crash.

EAT YOUR HEART OUT

Mr. CLARK. Mr. President, I would like to bring to the attention of my colleagues a recently published book which I feel makes an important contribution to the current debate over food prices and the food marketing industry.

The book is entitled "Eat Your Heart Out—Food Profiteering in America." Its author is James Hightower, former director of the Agribusiness Accountability project.

Mr. Hightower's thesis is that shared monopolies are becoming the dominant force in the food economy, and that these giant processing and marketing firms increasingly have the power to set prices to farmers and consumers, to the disadvantage of both. He decries the inefficiency and diseconomy of this system, arguing that true economic efficiency and innovation is found in individual entrepreneurship and competitiveness, not corporate bigness:

In the world of supermarketing, a chain of 5, 10 or even 50 stores is tiny. Safeway, A & P, Kroger, Lucky and other giants that dominate grocery sales are massive, far flung organizations. Safeway, the largest of these cumbersome giants, has 2,300 stores, 42 warehouses, 24 distribution centers, dozens of food-processing facilities—and annual sales of $7 billion. . . . These giants are in fact a mockery of "free enterprise." They have the purchasing power to command discount prices from their suppliers and the economic power to control the market place. They are in a position to be inefficient and noncompetitive, yet stay in business, profit handsomely and expand their organizations. It is not survival of the fittest, as we have been taught to expect, but survival of the fattest.

Mr. President, whether our own experiences and research lead us to agree with Mr. Hightower's arguments or not, the factual and statistical information he has assembled in this book constitute a valuable reference for anyone concerned with these important issues. I ask unanimous consent that two reviews of the book—one from the Washington Post and another from Supermarket News—be printed in the RECORD.

There being no objection, the reviews were ordered to be printed in the RECORD, as follows:

[From the Washington Post, July 20, 1975]

SLIM PICKINGS IN FAT CITY

(By Nick Kotz)

We never had it so good. The convenient supermarket, filled with almost every product grown by man, symbol to other nations of American abundance, designed to speed the hungry consumer through every step from preparation to setting the table: selection, storage, ease of preparation—fast, fast, fast. If we don't have time to go to the supermarket, the fast-growing fast-food chains have picked up the tempo, gearing their process to our pace.

But whatever happened to the food?

In *Eat Your Heart Out: Food Profiteering in America*, Jim Hightower portrays a brave new world in which giant corporations are eliminating family farmers, farm workers, independent grocers, processors and restaurants, while giving us a uniform, plasticized diet that is high in cost but low in taste, variety, and nutrition. That world is already upon us.

After taking the reader on a trip through the McDonaldization of America, with its aerated, chemicalized foam milk shakes and reconstituted, tasteless fish; through the mechanized corporate farm that blesses us with hard, flavorless, square tomatoes, and through supermarket shelves stocked high with imitation foods such as Orange Plus, Hightower questions the cost and meaning.

"Our meek acceptance of giantism, of technologies and of corporate systems has cost us more than eternally rising prices and deteriorating quality," writes Hightower. "We are paying with our individuality, our self-sufficiency, and our ability to exercise basic control over something as essential as dinner. We are trading economic power for illusory convenience, economic humanism for culinary security—all in the name of some ill-defined 'progress.' It is leaving us as bland as our food."

At first glance, this book appears to be still another of those angry, scolding attacks on the faults of corporate America—in this case, the food industry.

True, the book does document an almost endless variety of ways that the industry shortchanges the public as it pursues a relentless quest for monopoly power and bigger profits. But this book really represents something more than a conventional expose, although it serves that function well, granting its frank partisanship.

For Hightower is eating his heart out about what he sees happening in a dehumanization of American life. Writing in a folksy, highly readable style, he has drawn a vivid portrait of a society that is unprotestingly giving up a lot of the spice of living in the name of illusory gods called progress and efficiency.

He longs for a society in which farming provides a meaningful life as well as a living, for family-style restaurants that serve real finger-licking-good fried chicken; for small firms that cure real country hams (not "country style" ham, aged as little as four days), for grocery stores where the customer can select a cut of meat with a butcher, and for farmer's markets where you can buy really fresh produce from someone who takes pride in it.

Many young Americans, whose knowledge is confined to today's television advertising, may know nothing else, and older Americans may accept the current direction of food systems as inevitable. Hightower does not.

"If we will not assert ourselves over dinner," he asks, "then when will we? . . . If we are going to make a difference in any aspect of our lives, perhaps the place to start is here, with corporate food power. Unlike automobiles and telephones, the monopolization of dinner is not yet complete. There remains time to fight back. If we choose it, we *can* have family farms, independent processors, mom & pop stores, family restaurants, nutrition, good taste and fair food prices."

A good deal of the book is devoted to a detailed rebuttal of the thesis that the giant food corporations have given us better, more convenient food at lower prices. It is his view that "economic smallness is more efficient, more productive, more innovative and generally more enriching to our lives . . . and that bigger is not better."

Quoting extensively from economic studies he argues persuasively that the factory farms of Tenneco, the integrated food systems of Del Monte, and the nationwide food chains of A&P do not operate more efficiently than smaller units. And as the food giants extend their monopoly control, he shows that they take larger profits from the consumer than they earlier did against competition. In just 17 food categories the Federal Trade Commission estimates that consumers pay for monopoly power with an extra $2 billion a year in added costs.

The smaller, specialized food firm, which gave us quality and variety, does not have the corporate deep pockets to pay for hyped, gimmicky national advertising and today cannot even command the grocery shelf space needed to stay in business. Nor can the smaller independent business afford Washington lobbyists to protect its and our interests, as do the 17 food conglomerates with total annual sales of $100 billion, each of which has its man stationed within eight blocks of the White House.

Hightower offers a series of eye-opening—or stomach-turning—examples of the wonders of our new food age:

Morton's frozen lemon cream pie—made without eggs or cream, and only drops of real lemon juice.

General Foods' Orange Plus—which Hightower calls "orange minus" because what little juice there is is diluted with additives, artificial color and flavorings, sugar, synthetic vitamins, even cottonseed oil.

General Mills' Total—which is Wheaties, sprayed with one-half cent worth of vitamins, for which the consumer pays 22 cents extra.

These new food products are not being developed for the convenience or nutritional well being of the consumer, argues Hightower, but for the convenience and greater profits of the food monopolists.

Hightower is well qualified to write about his subject. As the director for five years of the Agribusiness Accountability Project, a Washington-based public interest group, many reporters turned to him for factual, hard-to-find information about the process by which big business has extended its reach all the way from the farm to our dinner tables.

Since the monopolization process is not yet complete, Hightower says it does not have to be inevitable that our food industry be reduced to as few unhappy choices as Detroit offers us for automobiles.

For wider choices, we would have to educate ourselves to demand effective government regulation which would permit survival of family farmers and other human-scale economic units. We would have to see through the political deception which speaks for the consumer but acts for the monopolistic.

And we would have to exercise the interest and individuality of a Jim Hightower to boycott junk foods and to follow him on a Saturday morning as he shops at the Eastern Market near the Capitol.

The expression goes, "you are what you eat," but the nagging question persists, do we care who we are and what we are becoming?

[From Supermarket News, Aug. 11, 1975]

Book Attacks Food Industry, Author Spreads the "Gospel"

(By Stephen M. Johnson)

Washington.—It's going to be a long, hard winter:

Another Russian wheat deal; wholesale food prices up again; price-fixing suits by cattlemen; consumer protests; Congressional hearings; FTC investigations; campaign oratory . . .

And if that's not enough, along comes that old food-industry critic, Jim Hightower, with a book called "Eat Your Heart Out: How Food Profiteers Victimize the Consumer."

These days, you can find Hightower out in Mclean, Va., running the money side of Fred Harris' populist campaign for the Presidency. The former Oklahoma Senator, one of about 20 Democratic hopefuls, is touring the country in a Winnebago this summer, boasting that his is the only "people's campaign" around.

When Fred Harris comes to your home town, there's one thing you can be sure he'll talk about: high food prices and concentration in the supermarket industry. And he'll probably be waving a copy of "Eat Your Heart Out" as he lambasts the local Safeway, Giant or A&P.

Hightower is everywhere these days: In the Washington Post, The New York Times, on TV and radio talk shows, and in the newsmagazines, pounding away at agribusinessmen and food chain executives for perpetrating all sorts of "outrages and abuses on the hapless American consumer."

Consider these examples drawn from the book:

Wheaties cost around 54c for a regular-size box. Yet there is no more than 2c worth of wheat in Wheaties the box costs more than that and Total is Wheaties plus half a cent worth of vitamins sprayed on, but sold for 22c more.

In 1974, while supermarket beef prices climbed, the farm price of beef plummeted.

In 1973, when chain officials and lobbyists assured the public that their profits had been cut right down to the bone, Business Week found they averaged a profit increase of 32 per cent.

Automated checkouts will cost about $150,000, or an estimated $5 billion for the entire industry. Of course, that total sum will be added to the consumer's grocery bill.

Hightower goes on like this for 300 pages, and decorates his text with charts and tables on things such as Supermarket Oligopolies in Selected Cities; and Organization Chart for the Del Monte Empire; Advertising Expenditures for Major Food Manufacturers; editorial cartoons attacking food chains and their profits, and even a map of downtown Washington, pointing out the offices of 17 food-industry giants and trade associations within eight blocks of the White House.

For the $8.95 list price of the map, farmers consumers and politicians can put their hands on an arsenal of anti-industry ammunition.

Hightower himself is a pleasant young man from Texas, who came to Washington a few years ago to work for former Sen. Ralph Yarborough. Then he headed the Agribusiness Accountability Project here five years ("fighting for the idea that farmers should be independent, food marketers competitive, prices reasonable, and that food should be both good and good for us.")

Hightower's thesis is an old populist one: That bigger does not necessarily mean better, and that the food industry exerts oligopoly power over the American consumer. Hightower thinks the only way to remedy the situation is to elect a populist President (Harris) who'll put a dirt farmer in as Secretary of Agriculture, and who'll see to it that his Attorney General and FTC chairman use the antitrust laws to break up the few large chains into a lot of little ones.

"Our food future gets down to politics," Hightower told SN in a recent interview at Harris home in McLean. "Fred Harris is willing to take a stand on the issue. He believes that government ought to serve the people, not the giant corporations."

Hightower admits he's lost faith in the ability of Congress, the Justice Department or the FTC to really do something about the concentration in the food industry. He thinks the change will have to come from the top, and that's why he's gone to work for Harris.

Hightower and Harris are trying to whip up support for some kind of farmer-consumer alliance against the corporate middlemen they accuse of price gouging. Their villians are outfits such as ITT, General Foods, General Mills, Grand Union, Winn-Dixie and Kroger.

Hightower, like all populists, longs for the "good old days" when Americans bought their groceries from mom-and-pop stores, but his argument goes beyond sentiment to economics:

"Economic smallness" is more efficient, more productive, more innovative and generally more enriching to our lives than economic giantism," he says. "Sentiment is not the small operator's only defense. In fact, family farms, mom-and-pop stores, independent processors and local restaurants can feed us better than giantism can. Far from better, bigness is inferior."

Hightower blames high food prices on the increasing concentration in the food industry—"Supermarket equals superpower," he is fond of saying. Dangerous, too, he contends, is the trend toward vertical integration: The fact that Del Monte is into farming, processing, transportation, storage, distribution, marketing and food service. Also, that big chains such as Safeway have become food processors.

"Eat Your Heart Out" may not be, as Fred Harris claims, "the best book ever written about food." But is an important book. Call it "Politics" or call it "antibusiness mentality," but a lot of people don't trust food chains these days.

The industry already has a serious credibility problem, and the more people who read Jim Hightower's book, and find out about all those $100,000-a-year annual salaries, the worse that problem is going to get. "Eat Your Heart Out" is a devastatingly powerful piece of work—a book the industry cannot afford to ignore, because a lot of people are going to be talking about it in the months to come.

NEW YORK CITY BAILOUT AND THE LOCKHEED MYTH

Mr. FANNIN. Mr. President, those who advocate Federal loan guarantees to save New York City from its current bankruptcy often argue that what is good for Lockheed should be good for New York, that if the Congress can bail out big business, why can it not also come to the assistance of millions of poor suffering taxpayers of a beleaguered great city?

Mr. President, as I am tired of hearing such nonsense, I was pleased by the recent article by columnist William F. Buckley, Jr., in which he explodes the Lockheed bailout myth. As Mr. Buckley points out:

> What they (the bondholders and bailout supporters) want is for other Americans to subsidize New York City's way of life.

That, I suggest, is the only real issue in the current debate over granting emergency aid to New York.

Mr. President, I ask unanimous consent that the text of the column by William F. Buckley, Jr., as it appeared in the Arizona Republic of October 19, be printed in the Record.

There being no objection, the column was ordered to be printed in the Record, as follows:

It Is Time We Exploded the Lockheed-Penn Central Myth

(By William F. Buckley, Jr.)

I have during the past 10 days run into a cliche, uttered triumphantly at a dozen

American forums from sea to shining sea, which I undertake, herewith, to discredit.

In the name of truth, justice, and rational discourse, I beseech your help: Go forward and give out the facts to your fellow man.

It goes, in its distilled form, as follows: "Why shouldn't the federal government bail out New York City? It didn't hesitate to bail out Lockheed and Penn Central for the benefit of stockholders."

1.—Re Lockheed, as a matter of fact it did indeed hesitate: the vote in the Senate was only 49–48. The vote in the House was 192–189. Now hear this. The Democrats in the House who voted to "bail out" Lockheed exceeded the Republicans (102 Dems, 90 Reps).

What the government did, under pressure of labor unions who feared unemployment, the Pentagon which feared the dismantling of a vital defense facility, and Lockheed's management, which feared losing its jobs, was to guarantee a $250 million loan.

Almost the entire sum was subsequently borrowed; $50 million has already been repaid. The government, so far, has lost not a penny; indeed, it has made $15 million in administrative costs.

In 1967, Lockheed was selling for $74 per share. In July 1971, before the loan guarantee, the stock was selling for $10. After the vote to guarantee the loan, the stock went down a point. Now it sells at about $8.

Economic analysts will explain all of this: The liquidation value of Lockheed would have meant more to the stockholders than shoring up the company by a federally guaranteed loan. Needless to say, no dividends have been paid. In other words, the federal government did nothing for the stockholders of Lockheed.

2.—Penn Central. It filed for bankruptcy on June 21, 1970. Since then, it has lost $1.5 billion on operations for the most part required by government.

Penn Central has not paid one penny of interest to the more than 100,000 holders of its bonded indebtedness. In other words, using the New York City analogy, Penn Central was not "bailed out"—it was permitted to default. Its bonds are in default.

The government has since given the railroad money and guaranteed the principal and interest on a $100 million loan. This datum is meaningless in the current discussion because the principal operations of Penn Central are dictated by the government.

The value of the stock was $85 shortly after the merger of February 1968. Just before it went into receivership, the stock was trading at $13. After it went into receivership, the stock sank to $3. Now it is selling at below $2.

The fact of the matter is that the only reason there is any trading at all in the stock is that there is always the hypothetical possibility of liquidation, in which case the shareholders would own a treasure-land of assets.

The notion that Congress stepped in for the purpose of helping stockholders is the kind of economic ignorance on which Democratic oratory thrives.

Let us, however—just for the sake of it—suppose that we were living back in the days of the Great Barbecue, when big business ran the legislature, either by giving congressmen simple cash bribes, or perks of various kinds.

Would that be a reason for federal redemption of New York bonds? In respect of New York City, nobody, really, is interested in the fate of the bondholders who put out money for New York's securities.

What they want is for other Americans to subsidize New York City's way of life: and in order to make the case for it, they are willing to talk tantalizingly about Penn Central and Lockheed as though they were examples of commercial favoritism by the federal government for the benefit of the rich. Bah humbug!

HARRIS DEFUSES MYTH OF NRA POWER AT THE POLLS AND PREDICTS STRONG GUN CONTROL POSITION WILL GAIN VOTES

Mr. RIBICOFF. Mr. President, the Committee on Government Operations is in the process of holding hearings on Presidential protection and the related question of Federal firearms control. At our most recent hearing on Friday, October 24, Lou Harris, the noted public opinion pollster, revealed the results of a poll on Presidential protection and gun control taken during the period from October 16 to October 20 at Mr. Harris' firm's own expense as a public service.

The results of this poll and the interpretation of these results are very significant. Lou Harris has spent many years taking polls for political candidates and advising candidates during their election campaigns. While Lou Harris no longer does work for political candidates, his "free advice" with regard to the politics of the gun control issue is a lesson in politics which I believe would be valuable to every Member of the Senate and anyone else seeking elective office.

Lou Harris first presented the committee with detailed statistics which show that the public favors gun control legislation such as the registering of all handguns with Federal authorities by a 77 to 19 perecent majority. This figure is up sharply from a 66 to 30 percent majority who felt the same way in 1971. In other words, over a 4-year period, the opposition to Federal handgun registration has decreased more than 33 percent. Lou Harris gave many other statistics which showed that a majority of people in all regions of the country, whether they own guns or not, favor strict Federal handgun controls. However, the most significant portion of Lou Harris' testimony is not simply the results of his polls, but his experienced analysis of what these polls mean for candidates for elective office.

Lou Harris made the broad observation that the day when politicians can get elected by appealing to a number of specialized minorities is passed. This is one of the reasons for the decline in confidence in our leadership after the Vietnam war and Watergate. People yearn for leadership which will see a larger community of interest beyond the specialized interests of minorities. The gun control issue is a primary example of this.

Lou Harris stated that people want a candidate who recognizes that there are many causes of violence in this country and that, although gun control is not a cure-all, it is a basic first step in controlling violence.

Lou Harris also recognized that while candidates should vote based on their convictions, if one looks at the cold blooded notion of: "Is this a positive or negative issue for a candidate", a progun control stance will help a candidate anywhere in this country. Harris predicted that the candidate in 1976 "who gets up and says he is opposed to strong gun control by the Federal Government, . . . to put it figuratively, will have his head handed to him by the voters." Harris predicted that if someone takes national leadership on the gun control issue in 1976, those who dared to oppose gun control will be casualties as opposed to those who dared to stand up for gun control being casualties. Harris concluded, "This is how radically I think the American people are changing."

I strongly recommend that my colleagues in the Senate and others seeking elective office heed the "free" political advice of Lou Harris.

The committee was also privileged to have Dr. Milton Eisenhower, the distinguished Chairman of the President's Commission on the Causes and Prevention of Violence, testify last Friday. Dr. Eisenhower shared the insights and recommendations of a national commission made up of distinguished citizens who worked for 18 months only to have former President Nixon refuse to even submit their report to Congress, let alone act on any of their 81 recommendations—all but two of which were adopted by the Commission unanimously. The Commission recommended and Dr. Eisenhower earnestly urged the enactment of legislation which will prohibit the manufacture, importation, distribution, and sale of concealable handguns and which will prohibit the possession of handguns, save for especially excepted groups.

Mr. President, on behalf of Senator PERCY and myself, I ask unanimous consent that the transcript of the testimony of Mr. Harris and Dr. Eisenhower be printed in the RECORD following the statement of Senator PERCY.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

AMERICAN PEOPLE FAVOR GUN CONTROL

Mr. PERCY. Mr. President, I would like to join with my distinguished colleague, Senator RIBICOFF, in inserting in the RECORD statements delivered by Mr. Louis Harris and Dr. Milton Eisenhower before a hearing of the Government Operations Committee on October 24 on the problems of Presidential protection and handgun control.

Mr. Harris, in his most recent poll of American public opinion, has dispelled the myth that strong support of gun control measures is a politically suicidal step: 77 percent of the American people favors strong Federal regulation of handguns. This figure includes 69 percent of gun owners themselves. "More Americans own guns than dishwashers, more own guns than stereo sets, more own guns than smoke cigarettes or drink alcoholic beverages," Mr. Harris said.

The second statement is that of Dr. Milton Eisenhower, former Chairman of the President's Commission on the Causes and Prevention of Violence. Dr. Eisenhower also presents compelling testimony on the urgent need for Congress to act decisively on the gun threat. "No one would be so rash as to argue that effective legislation to prohibit handguns will eliminate all crime," Dr. Eisenhower reflects soberly. "But the reduction in crime would be substantial, perhaps spectacular."

I strongly recommend this testimony to my colleagues as well as all other individuals interested in solutions to the problem of crime in America.

(Exhibit 1)

Hearing on Presidential Protection and Federal Firearms Control

Chairman Ribicoff. This morning we resume our hearings on Presidential Protection and Federal Firearms Control. We are so pleased to have with us public opinion pollster, Louis Harris, whom I have known for many, many years, whose accuracy is recognized throughout the world, and whose impartiality is respected throughout the world. He will be followed by Dr. Milton Eisenhower, who spends his entire life in the public interest and is Chairman of the National Commission on the Causes and Prevention of Violence.

Mr. Harris, please proceed as you will, sir.

STATEMENT OF MR. LOUIS HARRIS, PUBLIC OPINION POLLSTER

Mr. Harris. Mr. Chairman, it is a great privilege to come before your committee this morning, for there is no subject which has so upset and disturbed the American people for over a decade now than that of the pervading pall of violence which seems to hang over our land and to take such a frightening toll of our citizens, our leaders, and, indeed, threatens to destroy the very fabric of our national life.

I come before you not as a partisan for or against gun control in even the slightest respect. I appear here rather, as a professional, whose task, as I see it, is no less than to report accurately, fully, and fairly on just how the American people see this issue of gun control, and, I might add, Mr. Chairman, protection of the President. We have just concluded a major study on gun control conducted between October 16th and October 20th among a cross section of 1,519 adults nationwide at my firm's own expense as a public service, and I might say, Mr. Chairman, at my firm's own expense as a public service.

Chairman Ribicoff. May I add, 1519 is a fairly broad sample, is it not?

Mr. Harris. If there were 15,000 or 150,000 or a million five hundred thousand, by the way we do it, the results should not vary by more than three percentage points, because we can say truthfully that each adult in the population has an equal chance of being drawn into the sample. My basic obligation here today is to report to you and to the people themselves just how they see this issue and what they want done about it. My task, at least as I view it, is to put together what the people out there are trying to say.

Right at the outset, let me report that the American people may have low confidence in politics, politicians, government at all levels, the White House, the Congress, and the U.S. Senate, but they have not lost hope. They do not feel that we are a doomed giant of a nation in the last throes of other empires of the past, where corruption is rift, where the disease of disintegration has reached an advanced stage, and where desperation reigns. A solid 95 out of every 100 Americans believe in our system of pluralistic democracy. But, above all they want it to work.

On the subject of these hearings, by 59–34 percent, as of last week, a majority of the public just in the past two weeks told us they do not believe that "This country is inclined to be violent by nature." Despite the hideous record of streets that are no longer safe to walk on, rising violent crime rates, the murder in cold blood of one President, the killing of his brother almost five years later, the assassination of the outstanding black leader this country produced in this century, the assassination attempt of a Presidential candidate in 1972, two attempted assassinations of our current President, and countless other traumatic killings of policemen, public figures, bizarre kidnappings, bombings, and other violent acts, our people still are not prepared to say that our legacy is violence. They do not think violence is inevitable. They do not think violence is in our bones, that it is an integral part of the American character.

However, by 77–15 percent, an overwhelming majority also think that "we are slow to find ways to control violence." I think, Mr. Chairman, if I might suggest, the Senate ought to heed that. A 73–20 percent majority believe that "America is an easy place in which to commit assassinations." Obviously, they think there is something deeply wrong with the way we have coped with violence as a grim reality of life in this country in the middle of the 1970's.

Let me take up directly the matter of assassinations of our Presidents. A high 83 percent of the American people report that they are concerned today that President Ford or a candidate for President will be assassinated. More shocking is the additional fact that by 74–19 percent, a lopsided majority of the public is now convinced that "It is impossible for a President to avoid being assassinated if someone really wants to shoot him." At first glance, one might conclude from this result that people are simply being realistic. After all, no matter how tight the security of the Secret Service or local police or other security forces, it is probably correct to estimate that a Lee Harvey Oswald taking dead aim out of a book depository window or a James Earl Ray firing from the blind of a stake-out across from the balcony Martin Luther King stepped out on, or a Sirhan Sirhan firing a handgun at close quarters in a kitchen of a Los Angeles Hotel to murder Robert Kennedy—all these and other searing events we have lived through could not have been stopped as they happened.

But there is other, deeper meaning to the fact that by 4 to 1 our people think no President is immune to the successful accomplishment of an assassination mission. Just think of it, Mr. Chairman, in this light, if you will. The American people are saying the incredible fact is that on the eve of our 200th anniversary, this country of ours, a modern, gaint colossus of a nation, the possessor of both the most advanced technology the world has ever seen, as well as the most destructive nuclear arsenal ever assembled, the leading superpower of the universe, for all of this vast array of power, might, and status, we are virtually powerless and helpless to keep our leader, the President of the United States, from falling the victim of assassination if some strange or demented or crazed individual takes it into his or her head to buy a gun, plot out some point of small public exposure of the President, and shoot him on sight. The shocking fact is that our people are saying that any leader of this democracy must perforce be assumed to live on a regular diet of being in mortal peril whenever he comes into contact with any of his fellow citizens.

At the same time, the public will not opt for having the President become a prisoner of a fortress existence, where he is only seen on television and never in person, where he will not venture forth from a prison called the White House, unless it is to military installations or similar fortresses where the public is to be banned. No more than 9 percent would have this President take that extreme measure of stopping all of his public appearances. By the same token, only 18 percent feel so fatalistic that they are willing to see the President make unlimited appearances in public as has been generally the case in the past. Instead, a clear majority of 65 percent feel that the President should make only a limited number of public appearances under carefully protected conditions. In essence, the people are not going to give any President in the future high marks for machismo for foolishly laying his life on the line to prove his manhood. At the same time, the people are not willing to tolerate national leadership which, in fear of its own life, must hide from the very people it is meant to represent. The answer is caution and limited and calculated risks in public appearances by Presidents and Presidential candidates.

One element in this central problem of violence and assassinations which is the direct focus of these hearings deals with the availability of guns of all types and kinds in this society. In just going through the public's attitudes on assassinations, one key link to make them so imminent and impossible to defend against, people feel, is the easy availability of guns for assassins to use. An assassin might be successful using some other weapon, but guns are both convenient and lethal enough to efficiently do the job.

It is not overstating the case to say that the availability of a gun is a central pivot for the perpetrator of violence, for the assassin who waits in the dark.

As a nation, the facts show that we are armed to the teeth with guns. Right today, 47 percent of the Nation's households report having a gun. This is markedly up from 41 percent who reported having guns exactly seven years ago this October, in 1968, when many of the country's cities were burning and when we thought we were in our most violent internal period since our tragic civil war. Ownership of guns is not distributed evenly among our population. By region, only 29 percent of people in the East own guns, compared with a much higher 50 percent in the Midwest, still higher 52 percent in the West, and a high of 61 percent in the South. While no more than 30 percent of the people in big cities own guns, 42 percent own one in the suburbs, 57 percent in the small towns, and 68 percent in rural areas.

Although 41 percent of white collar people and 42 percent of professionals own guns, 50 percent of skilled labor people, and a high 53 percent of business executives own one. A somewhat small number of 30 percent of black people own guns, while a much higher 51 percent of white people do. If white people in this country suffer from the illusion of a hostile black population armed with handguns and rifles, then think of how blacks who possess far fewer weapons must feel about the dominant white society that is armed to the tune of two-thirds more than the black population.

Among those who own guns, 70 percent have rifles, 66 percent shotguns, 49 percent pistols or handguns, and 7 percent muzzle loaders. For the most part, 43 percent bought their guns at a sporting goods store, but 20 percent bought it from a friend or other acquaintance, 15 percent from a hardware store, 13 percent from another kind of store, 1 percent from a gun or target club, and a somewhat mysterious 23 percent, that I cannot fully explain, but it is a high number, from "another private source", some of which are pawn shops, gun collectors, and other assorted merchants of selling guns. I cannot prove this, but the suggestion of these results is that there may be a kind of gun peddling underground in this country that perhaps this committee might want to find out more about because we get a quarter of all guns bought from other private sources, other than these and it suggests some mechanism of selling which at least I am not entirely familiar with.

When we step back and look at this pattern of gun ownership, the commanding and impressive fact is just how pervasive and generic gun ownership has become in this country. Just by way of illustration, more people own guns than dish washers, more own guns than stereo sets, more own guns than smoke cigarettes or drink alcoholic beverages. While 43 percent of the American people smoke cigarettes and 40 percent drink hard liquor, 47 percent own a gun.

We do not have numbers of gun ownership in other countries of the world. But it is probably a safe bet this affluent America, this land of abundant milk and honey, this haven of civilized democratic life is indeed armed to the teeth more than any other people on the face of the earth, albeit it is our constitutional right to own a gun.

Before reporting directly on how people feel about federal gun control registration, let me report that by 51–44 percent, a narrow majority of the American people do not believe that if laws were passed making it harder for people to get guns, there would necessarily be less violence in the country. People in the East, the suburbs, the cities, and union members, all think that there would be less violence. But in the Midwest, South, West, small towns, rural areas, and gun owners themselves disagree. They tend to think that the causes of violence run deeper than merely the question of how many people own guns or the difficulty they have in obtaining them.

Upon further probing in our survey, it became evident why a slim majority does not feel that gun control in itself would make the violence in the country appreciably decline. We asked the cross section of the public about 16 different possible contributors to violence, and for each, whether it is viewed as a major or minor contributor to violence in the country today or hardly a contributor at all.

At the top of the list, cited by 75 percent as a major contributor to violence, is organized crime, which our people feel our law enforcement officials have just not brought to hand at all. Next came a cluster of militant and revolutionary groups, 65 percent; black militant groups, 61 percent; urban guerrilla groups, 61 percent; Communists, 54 percent; left wing radical groups, 54 percent; and extreme right wing militant groups, 52 percent. Note well that the extremes of both the left and right are viewed as almost equally harmful and dangerous in generating violence. I will suggest, Mr. Chairman, that anyone who tries to lay violence to the exclusive doorstep of one ideological group of the left or right is flying in the face of public credibility in this country.

Then, below these forces of organized crime and radical, revolutionary groups, and standing alone, important in its own right, is "The easy availability of guns." A substantial 49 percent of the public believes this easy access to guns is a major contributor to violence, another 29 percent feel it is a minor contributor, and only 18 percent say it is "hardly a contributor at all." It is fair to conclude that the reason 51 percent feel that gun control laws would not necessarily mean less violence is that there are organized groups in this society who would know how to possess the weapons of destruction no matter how many laws are on the books, and therefore gun control by itself would not do the job alone.

Clearly, people want vigorous action taken to curb organized crime and to curb the militant, radical and revolutionary group who engage in violent activity, and that is a higher public priority than gun control.

But gun control in turn outstrips a number of other favorite targets often blamed for violence in this country. Television crime shows are viewed as a major contributor to violence by 41 percent, press coverage of violent acts by 36 percent, citizen vigilante groups who train people to handle guns by 35 percent, Congress not passing strict gun control laws by 35 percent, the President for not pushing hard for strict gun control laws by 29 percent.

Bringing up the rear on this list of major contributors to violence are the National Rifle Association, seen as a cause of violence by no more than 14 percent and hunters who hunt animals by only 9 percent. Let me make it clear that I am not passing judgment on the soundness nor wisdom of the public's view here this morning, nor the accuracy of its knowledge about just who does or does not contribute to violence. But I would have to say those favoring gun control who have painted the National Rifle Association as a prime generator of violence in its opposition to gun control legislation have simply not made a dent in the reputation of the NRA. Perhaps, that is one reason why that organization is so effective.

The point, however, that does emerge from this last set of findings of our study is that 68 percent of the American people are now convinced, the NRA notwithstanding, that "easy availability of guns" is a contributor to violence in this country. That is an impressive number, for it mean two out of every three adults are convinced of that fact.

Thus, we come down to the basic measurement of just what kind of legislation on gun control people favor or oppose. On the basic proposition of "federal laws which would control the sale of guns, such as making all persons register all gun purchases no matter where the purchases are made," the public would favor such laws by a decisive 73–24 margin. This latest result marks an increase from a comparable 66–28 percent majority who favored such legislation back in 1967. Now, among key groups in the population, in the East, an 85–12 percent majority favors gun control registration, in the Midwest, it is 73–23 in favor, in the West 70–27 percent in favor, and in the South, least of all, but still, 62–34 percent in favor. In the big cities, it is 76–19 percent in favor, in the suburbs an even higher 78–20 percent in favor, in the small towns, where we saw gun ownership quite high before, 73–25 percent in favor, and in rural areas 64–32 percent in favor. Now let me get to the key dimension of gun ownership. Among non-gun owners, whom I might add, Mr. Chairman, also have rights on this issue, a high 83–13 percent majority feel that gun registration laws must be passed. Among all gun owners, a significant and revealing 63–34 percent majority favor such legislation. And among handgun owners, a 64–33 percent majority favor such legislation.

Now let us take two further acid test questions we asked. The first deals with rifles and the proposition that no person in the country could buy a rifle without first getting a permit by law authorities. By 66–30 percent, a solid majority would favor that provision. Among all gun owners, a 54–42 percent majority would favor the necessity to obtain a permit before buying a rifle. Among those who own a handgun, a narrower 51–43 percent majority would favor it. Now on requiring that all handguns people own be registered with federal authorities, a 77–19 percent majority, the highest yet would favor that law, up sharply from a 66–30 percent majority who felt the same in 1971. Among gun owners, 69–27 percent would favor mandatory registration of all handguns, and among those who own a handgun, 61–33 percent would be willing to submit to registration themselves.

These results are decisive and beyond any doubt of whether the American people favor gun control. The answer, decisively and firmly, is that they do. They do not see gun control as a cure-all to violence in the country. They do not see violence being stemmed easily or quickly by it. But what they are saying as I read and hear them is this: We want federal control of guns quickly and decisively. We do not believe such a step will make our country all calmness and tranquility, nor that violence will go away. But we view gun control legislation as a necessary, critical and primary first step. It is better to control guns than not. It is better to try to alleviate the boiling pressures of violence through gun control at the federal level than to leave it to chance, and to then come up one day an aggrieved nation mourning the loss of another leader, ashamed because we are little better than the most primitive society, that our claim to civilization has been made a mockery of again.

This matter of violence is both our national trauma and our national shame. Gun control will not do the whole job, but we must begin somewhere. There is as clear a national mandate for this committee, for the House, and for the Senate as any you have ever had. Mr. Chairman, the cries from the people this morning, not borne out of despair but certainly with much anguish, are: Do the job effectively and quickly, for there is a peril stalking us every day of our lives and it is time enough to snuff that peril out decisively, before it is too late.

Chairman Ribicoff. Mr. Harris, you and your organization have rendered a great public service today. You have been involved in polling for many years. Many of those years you polled for men in political life.

Mr. Harris. I did indeed.

Chairman Ribicoff. The three men that you are talking to on this committee are all deeply committed to gun control along the lines suggested by you. Yet, we represent a very small minority in the Senate of the United States or the House of Representatives. The three of us have polled, too. Once in a while a politician will take an issue based on principle instead of percentages. But most politicians look at the percentages from pollsters as if their very life depended on it. With the figures you have given us, 73–24 percent of the public favors such laws, it goes through every segment and every geographical location in varying degrees, gun owners and non-gun owners. How do you explain the reluctance of politicians and officeseekers and officeholders to advocate registration and licensing and gun control?

Mr. Harris. Mr. Chairman, I think you have operating as I have observed it the phenomenon of a clear minority, we can prove it is a minority, who oppose gun control, but that any minority being mobilized by forces such as the National Rifle Association and others at the time of election to have a single issue approach. People who are, say, members of the NRA are solicited and urged, as in the case of one of your former colleagues, Senator Tydings of Maryland, who, I think, widely was attributed, partly the loss, at least, to the gun control issue where he came out in favor of gun control and lost. You can arouse, exercise, and get out to vote a minority who cares about a particular issue, and gun control is just one illustration of that, while the vast majority may oppose what that minority feels, but will be motivated to vote for all reasons, but that. It seems to me that what you have not had in this country are very many people running for office who make gun control a front and center issue, and then take the pain and trouble to go out and organize their natural constituency on it.

Chairman Ribicoff. In other words, a natural constituency, the overwhelming majority of the American people, are for gun control?

Mr. Harris. No doubt about that.

Chairman Ribicoff. But the politician has to have the courage to take on an organized minority?

Mr. Harris. That is true.

Chairman Ribicoff. Is there any proof Joe Tydings lost just on the gun control issue? He happened to run against a very attractive, experienced, independent individual who might have had appeal beyond the gun lobby, did he not?

Mr. HARRIS. No one can say that he might not have lost, Mr. Chairman, even if there had not been a gun control issue. But I have seen some data which would indicate that the gun control issue had some effect. But I think the answer is that the countervailing majority in that campaign and where this is used is not adequately organized. Mr. Chairman, may I suggest something else that is broader, really, than these hearings, but I feel obliged to say this.

I think the day in American politics when these appeals to specialized minorities, and I have certainly in my lifetime before I gave up polling for candidates even recommended this, so I have to confess some guilt in perpetrating the system, the idea would be to get 14 different segments of the given electorate, or it might be 50, but you get all these minorities, find out what appeals to them, say to them, "Look, I can get this for you, I will serve your special pleading or get you something special," and hopefully, on election day they will add up to more than 51 percent. I would say as a result of our divisions over Vietnam, as a result of the trauma over Watergate, as a result of the hard times we are living through now, we find, contrary to popular belief that is prevailing wisdom along the banks of the Potomac, Mr. Chairman, a tremendous and growing community of interest in this country. People wish that their leaders, one of the reasons for the decline of confidence in leadership is that they wish, just yearn for leadership which will see a larger community of interest beyond these specialized segment interests out there.

I think this gun control issue, if I might suggest, is a primary example of this.

Chairman RIBICOFF. We have a situation in the United States today where you have the President of the United States who is unwilling to take on the gun lobby. I mean he has come out against gun control. To my knowledge, no Democratic Candidate for the Presidency today is willing to take on the gun lobby.

Senator Kennedy, who is not a candidate, is the only man in the national limelight who is willing to take it up. The overwhelming number of Senators and Congressmen are unwilling to take it up. Yet, from your figures you disclosed that, should a candidate for national, state or local office be willing to go to the mat on this issue and go to the people strongly with this issue with the figures you have, television, press, public appearances, and make it an issue, that the public will respond positively for that candidate as against a candidate who ducks it, trims on it, or goes along with the gun lobby, is that not so?

Mr. HARRIS. Yes, Mr. Chairman. I think implicit in my testimony this morning, I would like to go back and dwell on it at this point because I think it involves how adequately those who favor gun control communicated. As I have studied the opposition to gun control, the basic argument used against gun control is, if you make it more difficult for people to get guns, all the innocent people who want guns for a variety of perfectly legitimate reasons will find it more difficult to get a gun. But a person who wants to be a criminal or an assassin or commit some act of violence always will be able to get a gun. Therefore, it is concluded gun control will not stop the use of guns nor stop violence.

We tested this, and indeed we found by 31 to 44 percent a majority of people say, yes, if you have stiff, tough gun control legislation, it will not necessarily curb violence. But, you see, if you stop right there, and if I might suggest, Mr. Chairman, the candidate who goes out and leaves his dialogue at that and argues on the point of saying gun control is the absolute sine qua non to controlling violence, and then the counterargument is made, he will lose on that. The key is to be able to say something quite different. It is to say, "Look, I recognize there are many causes of violence in this country. We have organized crime. People think that is number one. We have urban guerrillas on our streets. We have a whole host of left wing-right wing radical groups committed to violence.

People say these are more important than gun control. But in third place, and very important, two out of three people say that a contributor to violence, either major or minor, 49 percent say a major contributor, is the "easy availability of guns." So, that the reasonable answer is, look, if we do not try to control guns, if we do not try to make guns more difficult to obtain, then we run a much higher risk of violence being created and continuing and accelerating.

Therefore, what people say is, not as an absolute, not as a cure-all, but rather as a first basic step, gun control is an essential. I think if a candidate, if I might suggest, made that case in this way, I think even those states, I could name a number of them where you have a high rural population, a very active hunter population, a highly organized gun control lobby, I mean opposition to gun control lobby, I think he could prevail with the people of that state. That is the evidence we have.

Chairman RIBICOFF. In the average state, I know in my own state of Connecticut, I don't know the 50 states, you have to get a license to go hunting. Is that not right?

Mr. HARRIS. Yes.

Chairman RIBICOFF. And there is no objection. You have to get a license to go fishing. You have to get a license to drive an automobile.

Mr. HARRIS. But not necessarily a permit to own a rifle.

Chairman RIBICOFF. That is right. But you do have to get a license. You have to go to some central place to get these licenses.

In the State of Connecticut, it happens to be the town clerk's office. You go to the Motor Vehicle Department to get a license to operate a car. So you do have these restrictions on the complete freedom to do anything you want. Your figures now indicate that as far as the American people are concerned, overwhelmingly, North, South, East, West, urban, suburban, rural, gun owners, non-gun owners, there is an overwhelming number who have no objection to registration?

Mr. HARRIS. That is right.

Chairman RIBICOFF. So, if a candidate pointed this out, and the fact that a law abiding citizen should not be concerned with registering a gun, he would have a positive political issue.

Mr. HARRIS. Absolutely. Especially if he emphasized the need to register handguns. I was struck by this in most of the data I have observed; as you get a growth of handgun ownership, violent crimes increase. It is just like a one to one relationship here. Yet, even among those, and I might say, Mr. Chairman, I pro rated it out here this morning coming down, 17 million American households, close to one in every four, has a handgun in it. That is not used for hunting animals, Mr. Chairman. That is, if anything, used to hunt human beings in some way or to defend against human beings.

Handguns are an anti-human weapon. In some cases merchants, we found businessmen very high in ownership, feel it is necessary to have them to protect themselves. I am not saying they are not justified to have them. But the notion of registering handguns, maybe the most lethal of all these guns, runs higher.

The people seem to have the sense that handguns, I suppose as George Orwell said, are more equal among all guns in terms of their lethal qualities.

Chairman RIBICOFF. In other words, you or any political pollster, could sit down with these figures and build up a scenario for a candidate for public office to use the issue of registration of handguns as a positive vote-getting technique, instead of a negative technique?

Mr. HARRIS. Right.

Mr. Chairman, I do not advise candidates any longer since I write a column for 260 newspapers twice a week. But back when I did advise about 240 candidates, as one who went through all those elections, I would judge the handgun issue to be one where a candidate, leave aside convictions, which should be the prime motivation of the candidate, but leave that aside, just the cold blooded notion of, "Is this a positive or negative issue for a candidate," I would say across America this is an issue that could help a candidate, and the man who gets up and say he is opposed to strong gun control by the Federal Government, I think that candidate in 1976 elections, to put it figuratively, will have his head handed to him by the voters.

Chairman RIBICOFF. What you are saying is that if a candidate for statewide office would have the courage of being positive on this, and people knew where he stood, whether they would agree with him or not they would respect him for his honesty and dedication and he would be riding along with what the overwhelming majority of the people believe?

Mr. HARRIS. That is correct, Mr. Chariman.

Chairman RIBICOFF. It is really strange.

Mr. HARRIS May I make a suggestion? I do not come here to abuse the people of the Senate or House or people who run for office, but I would say that one of the basic troubles we find and one of the root causes of why leadership, politically in the political area, has fallen from grace precipitously in this country, you cannot get more than 13 percent of the public today who has a high degree of confidence in the people running the Congress or White House—why? As I have studied this, one of the major reasons, I think, behind it is that people get elected or hear about people who did not get elected in the past for a variety of reasons. Once having won on a whole combination of circumstances, I find far too many people in public office, who hold elective office, who will go to their graves swearing by what elected them 10, 15 or 20 years ago. I might suggest, Mr. Chairman, the trouble with leadership is, that which spends 20 years clawing its way to the top and then finds itself 20 years out of date. I think our politics are changing drastically. Those who will point to cases such as Senator Tydings or others who were supposed victims of opposition to gun control, I will go so far this morning as to say, I think we will see in 1976, if someone takes national leadership on this gun control issue, you will see some casualties on the other side, that those who dared to oppose gun control will be casualties as opposed to those who dared to stand up for gun control being casualties.

That is how radically, I think, the American people are changing.

Chairman RIBICOFF. You have just given every candidate a $15,000 free piece of advice he could use. I think the three of us here have run for office a few times. We have been consistently for gun control in our entire political years.

I think all of us have had the active opposition of the gun lobby, but it has not hurt our political success at the polls. We are very grateful to you, Mr. Harris. This is very significant. The three of us are really dedicated to trying to turn this issue around. Can we do it? I don't know. Every time there is an attempt to try, we are beaten abysmally. We represent a very small minority. And yet we are speaking for the majority of the people.

The only way that I see we can make this turn is to continuously take an issue like this and stay with it because not only is it a correct issue on the basis of principles, but it happens to be politically feasible, too.

Thank you very much, Mr. Harris, for your public service and this poll.

Senator Percy?

Senator PERCY. Mr. Harris, we certainly all appreciate what you have done in this survey and taking this forum to reveal this information to us. Why do you suppose it is that with only 19 percent of people opposing the registration, national registration of guns, that the pro-gun control people have proven to date to be so weak and politically ineffective with respect to moving the Congress to do what such an overwhelming majority of the people apparently want them to do?

Mr. HARRIS. Senator Percy, I would like to suggest that the reason why you have had a minority with, in effect, majority control when it comes to the voting level, is that you have not had very many leaders in this country who have had the courage to stand up against the prevailing wisdom, which in this case is that at your peril, you can afford to advocate gun control. You may vote for it, you may talk quietly about it, but if you get out there really rallying the people, you are supposed to be in the deepest kind of trouble. I suspect from all the evidence we have that if you had a concerted effort on the part of leadership right here in this room, right here in this Congress on Capitol Hill, maybe hopefully across and down Pennsylvania Avenue, from the White House, if you had both of those, I think, political people would be absolutely astounded at the enormous positive public outburst. Why? Because there is an issue which goes deeper than just gun control here. It is this terrible national shame and trauma of violence which has been visited upon us. I do not think any of us were raised to believe that we were just inherently a violent country which warranted this and was dedicated to it and doomed to it. This has seriously distressed people. The reason, as we know now, from the survey we have conducted, we know that the recent attempts on President Ford's life stunned the country. Stunned the country. And they said, "Oh, God, not again. Are we going to have to go through this national shame and grief?" You know, here we are a post-industrial civilization, advanced society in many ways, and in the end we are so primitive that the only way a President can survive is to hide from his people. I do not find, though, leadership making this case. And I don't know why. So I would suggest that the water is not only wide open, it is rather warm for those who would go into it. Maybe you ought to urge some of your colleagues to join you in it.

Senator PERCY. I would like to advance the theory as to why more leaders do not step up to the line and, as you say, bite the bullet on this issue: because of the realistic knowledge that we have that there are certain one issue voters in this country. They will feel so strongly about one gut issue that it doesn't matter what you do on all your other voting record. You can sit there and tell them about the 17,000 votes you have cast, and ask if they are going to be so narrow as to judge you on just that one vote and they are going to turn around and say "yes". I point out the Highway Trust Fund and the highway lobby. When I came out against the highway lobby to abolish the Trust Fund, and I am still for doing it, I began to feel a little pressure. And there is the issue of the right to life. They are very strong and very militant.

Mr. HARRIS. Right.

Senator PERCY. There are Zionists, and I think we all know that there are certain issues, one issue voters, I don't-care how humanitarian you are on a thousand issues, you either vote right or wrong on the issue of Israel or you're dead. And that holds true.

We have not seen in gun control, on the pro gun control side, a strong assertion. They have not made it feel strong. But the gun control lobby on the other side has made on one issue. They can be small, but it can be the issue. Would you agree that there are one-issue voters?

Mr. HARRIS. Oh, yes. But I think the way to treat that in order not to be victimized by these one-issue causes, I think you have to make it plain and clear to the majority of the voters that in your taking the stand, you have run the risk of being run out of office, not by a majority, but by people who say "This is the only issue on which I want to vote." And then put it up to the rest of the voters, not once, but over and over again.

I know back in my former life working campaigns, I worked with Senator Ribicoff back in 1960, with President Kennedy. I remember saying, "You have to say these things over and over and over again. When you never want to say them again and when reporters stuff their ears with cotton, you have to say them over again." If you said over and over again, are you going to let me be victimized by a minority here who oppose gun control and make that the only issue, or are you going to vote your convictions on this? That is the way I think you make it. But if you leave the forum, so to speak, to one side and one set of voices, and they do all the organizing, and they have the dialogue going one way, then indeed they can be very effective.

Senator PERCY. Do you have any information, Mr. Harris, as to how many people on either side of the issue feel strongly enough about it to really write their Senator or their Congressman? Could you tell us what effect that might have if the minority feels strongly and right and stands up in public sessions and constantly pounds away, and the majority are silent about it? What is the Congressperson in a swing district likely to do then on that issue?

Mr. HARRIS. I think, again, Senator, if I might suggest, this business of how much mail you get is hardly a function of what people feel deeply without much prodding. But to a larger degree, it is also how the focus of issues is made. In other words, and I cannot do the committee's business or even suggest it, but if what Senator Ribicoff suggested, the Chairman suggested, that let's say you three, for example, stand as a very lonely minority here, I think if you made it clear to people that you were a lonely minority in the face of this overwhelming public support, and that for some strange reason forces have either gotten to or persuaded a majority of the Senate not to vote for stiff gun control legislation, I think you would find people's sense of moral outrage aroused and their sense of justice somewhat violated.

This is a very delicate issue now following Watergate where people feel that justice is meted out rather selectively in this country. And, again, if they feel the public will is thwarted, not that the public is right automatically, or that what majority feels should be legislated automatically, but the public, having lived with this issue for well over a decade now, assassinations and growing violence, if they feel their will is being thwarted by some contrivance of a minority, I think you will find quite a flood of letters coming to not only yourselves, but to all kinds of Congressmen and Senators.

Senator PERCY. To the urban dweller, crime is one of the absolutely top issues in his mind. Across the country, a major issue is ever larger government, more regulation, more control. How do most people view gun control? Is it an issue of ever encroaching government against individual rights, or is it an issue of crime, and law and order, and a means of controlling crime?

Mr. HARRIS. Let me pick you up on something earlier. One of the phenomena that we found this past year, it used to be five or six years ago that big cities were used as the central, or people in big cities felt more acutely about crime, felt crime was increasing. One of the phenomena we have observed over the past two or three years, and quite a shift, and the official crime statistics bear out what the people have told us, is that, believe it or not, the most rapidly rising crime rate in the country and where people feel most apprehensive, of changes to become more apprehensive, about crime and safety and fear of violence, believe it or not, is in the South. And where in the South? Not in the big cities in the South, but rather in the small towns of the South. So, what we have had is this whole bit about crime, violence, worry over safety being a northern big city phenomenon has now penetrated to just about every part of the country with a real rise in apprehension taking place in smaller communities, both in the middle West and the South, but more particularly in the South.

So, I think the notion that this is something which is peculiarly a big city problem, you get a lot of that on a lot of other issues, such as the plight of New York and others these days, we find is a national issue. It is one, if you take gun control by itself, it is not the top priority in curbing violence, I hope I made that clear, but it is viewed as a lot more important than the whole series of other things people use. They will say, "Well, if you want to avoid violence, tell the media not to report it as much." Well, media reporting is, what, 35 percent think that is the major cause of it. It is not insubstantial, but it is way down below what is viewed, for example, organized crime, 75 percent view it as the major cause.

I think it sorts out where gun control comes in sort of the pecking order of importance. I would say it is not the most important issue in terms of curbing violence, but it certainly ranks among the major steps that could be taken.

I would say this, if I could speak on behalf of the public survey: If you do not show soon, it is very late in the day, and you do not soon show some visible action which this committee, the Senate, the Congress, this government, this Federal Government takes toward doing something about violence, then all you will do is feed this sense of lack of confidence, sense of impotence, cynicism. What people will say, they have not yet, but they will say it, certainly, then, the people in power must be either benefitting themselves personally, or for some strange reason they are in cahoots with crooks, criminals and thieves or people who perpetrate crime because what other reason can there be for them not to take action on this issue of violence. And gun control is an important part of that.

Senator PERCY. The colloquy that you and Senator Ribicoff had would lead me to believe that the key message that can be gained from your testimony today is that it is a myth that a politician will be destroyed if he takes a strong position on this. But it is up to those that are pro gun control to make their voices heard, is that correct?

Mr. HARRIS. Absolutely.

Senator PERCY. Just to clarify your own survey, you gave the percentage of people who own guns in each region of the country. Do you have any idea how many in each region own handguns?

Mr. HARRIS. We have that and I can furnish that to the committee.

Senator PERCY. I think we would be interested in that. Also, you have shown an overwhelming ratio of people who would favor national registration of guns. Do you have any data that would give us information as to what proportion of our American citizenry would actually favor the banning of possession of a handgun, first in a high crime area, and then nationwide?

Mr. HARRIS. Senator, I am sorry to say that I did not put this in our survey. I will be delighted the next time we go out to get the answer to that.

Senator PERCY. I think that is something Senator Javits and I, all three of us, would be particularly interested in. We put legislation in that would directly relate to that. It would help us to know how much support we have.

Senator RIBICOFF. When you get those figures, would you please furnish them to our committee?

Mr. HARRIS. I will, Mr. Chairman.

Senator PERCY. Thank you very much indeed, Mr Harris, we appreciate it.

Senator RIBICOFF. Senator Javits.

Senator JAVITS. Mr. Harris, as author of bills in this field and working with my colleagues who are here, I am very impressed with your statement. You're very, very helpful in what you are doing.

One thing strikes me very importantly in the survey. I would like to know whether you feel the same way. That is the relationship of the present figures with previous figures. There appears to be mounting support now. Take these two factors for example. You say that on the basic proposition that a federal law which would control the sale of guns such as making all persons register all gun purchases no matter where the purchases are made, the public would favor such laws by 73 to 24. The latest result marks an increase from a comparable 66 to 28 who favored such legislation back in 1967. Do you consider that that represents some new awareness, that proportion of differences, even though the time is about eight years?

Mr. HARRIS. Senator, the sad fact that I have to report, I say sad in the sense that we find two things rising simultaneously. We find the ownership of guns rising, from 41 to 47 percent over, let's say, the last seven years. We also find the number of people worried about violence rising. At the same time, we find the number who favor the passage of stiff gun control legislation rising.

Yet strangely, we do not find gun control legislation being passed. In other words, it is almost as though with violence rising, more people are arming themselves to the teeth in self-defense in the absence of any action by their government.

Senator JAVITS. Doesn't that tie in with the finding that they are kind of giving up on government?

Mr. HARRIS. I would say that people, and I said at the outset, 95 out of 100 people have not given up on the system. We watch that closely because I think people can only go through so much disenchantment before we begin to get rising numbers of people who say maybe the system isn't that good. Up to now, they have had remarkable patience. But I would say if you get inaction on something like gun control and a whole host of other issues, I can well see people saying "I have got to depend on myself because I cannot rely on my government."

Senator JAVITS. There could be an abrupt shift, therefore, in faith in the system should that persist?

Mr. HARRIS. There could very well. We have found without doubt in almost every area, people are now more confident about themselves as people than they are about government. I will give you an analogy out of air and water pollution. We have asked this every year out of the last four and it has not changed a great deal. We asked them, "Who do you think would be most effective in enforcing air and water pollution. First, local government. Two to one, negative. State government, three to two negative. Federal government, four to three negative. Then we say, Citizens groups of people who would point out violations to the government. You get two to one they think this would be effective. People trust themselves much more than they do government.

But I think, Senator, if I might suggest, as Shakespeare said, "The fault, dear Brutus, is not with the Gods, but with ourselves." I think the government ought to look to itself on this.

Senator JAVITS. I thoroughly agree with that. Would you say, therefore, that we need as effective a private citizens organization as the National Rifle Association, which seems to be the principal culprit in holding off gun legislation, but has not been held publicly accountable for it?

Mr. HARRIS. Given these numbers, I think I can say a vast majority of the public would be highly relieved and vastly pleased and highly contributive to an organization of citizens dedicated to gun control.

Senator JAVITS. Of course, Mr. Eisenhower is going to follow you. He is prominently connected with at least the beginnings of such an effort which is long overdue. It is really very late in coming.

The other point I would like to establish with you concerns registration. The total in favor of registration with the federal authorities is even higher than on the general proposition of gun control, is that not so?

Mr. HARRIS. Handguns particularly, yes.

Senator JAVITS. There, too, would you say you have a sensational rise from national attitudes reported only 3 years ago in 1971?

Mr. HARRIS. Yes, that is a very precipitous rise, 11 point rise in four years is a very substantial rise. I think what it is, people are highly aware of the fact that, as I think I said earlier, but I will repeat it, that handguns are basically an anti-human weapon. And, therefore, most of the lethal results from the use of guns are likely to occur from handguns, and I think people make a priority here. What is significant though, and I think again this survey closes a loop on one of the arguments I have heard made, to say, "Well, why should you then hinder and impair the freedom of individuals to own in an unfettered way rifles for purely sports purposes in the name of handguns," you see. Well, we find that even rifle owners, the majority of rifle owners are perfectly willing to say, I should not get a permit from federal or local authorities before I can get a rifle, which means in effect, you have got a record of all those. If a friend sells a rifle or handgun to someone else, or worse yet some kind of, as I suggested, underground exists, 23 percent say some sort of mysterious channels of getting them, they realize that that is a violation of a law. You haven't registered it. Or if you haven't received a permit, I think that becomes quite a deterrent here.

Senator JAVITS. That is the high-water mark of public approval for the registration of handguns with Federal authority?

Mr. HARRIS. Yes.

Senator JAVITS. That has shown the most sensational rise, that is the biggest majority?

Mr. HARRIS. Yes.

Senator JAVITS. Finally, I found the figures on page four very interesting. They relate to the sources of guns, and especially, where people acquire them. The analysis of this would indicate that registration would go a long way toward dealing with the lack of identification of those who use handguns for criminal purposes, because it certainly would unearth a material part of that mysterious, what you call mysterious 23 percent from miscellaneous sources including, I assume, stealing them.

Mr. HARRIS. Senator, the thing that does not impress me about that number, is this. I cannot prove, but it is strongly suggested, is if anyone comes into a community, almost any community in America, and goes to the right street corner, or wherever, where he kind of sniffs out, this is where he might find out about it, and asks where can I get a gun, apparently there is no trouble at all in finding a place, any hour of the day or night, where he can get a gun, probably a Saturday night special.

It is interesting to me, because there is no reason for people who have got guns through some rather, some nefarious, or through a questionable source, to say they could have said they got it at a sporting goods store, but another private source, there is a kind of open currency that exists around the country, and that is rather staggering.

Senator RIBICOFF. Also you state that 43 percent bought their guns at sporting goods stores, 15 percent at hardware stores, and 20 percent from a friend. That accounts for 84 percent of it. Let's see——

Mr. HARRIS. Senator, the reason they add to more than 100 is we found the average person that owns a gun, they own more than one, they own 1.3.

Senator RIBICOFF. I am looking at this, if you have 43, that would be 78 percent.

Mr. HARRIS. Yes.

Senator RIBICOFF. Even with the most primitive administration of this registration law, that would certainly be enough to make a very real and very material change in the situation.

Mr. HARRIS. Senator, as I understand, it is not illegal today for a lot of different sources to sell guns, is it?

Senator RIBICOFF. Exactly. It is not illegal, nor is it illegal to transfer them and to give no notice to anybody.

Thank you very much. We are very grateful to you, Mr. Harris.

Mr. HARRIS. Thank you.

Senator RIBICOFF. Our next witness is the Honorable Milton S. Eisenhower, President Emeritus of The Johns Hopkins University and former Chairman of the President's Commission on the Causes and Prevention of Violence. Welcome to the Committee, Dr. Eisenhower.

STATEMENT OF THE HONORABLE MILTON S. EISENHOWER, PRESIDENT EMERITUS OF THE JOHNS HOPKINS UNIVERSITY AND FORMER CHAIRMAN OF THE PRESIDENT'S COMMISSION ON THE CAUSES AND PREVENTION OF VIOLENCE

Dr. EISENHOWER. Mr. Chairman and members of the Senate Committee on Government Operations:

I am Milton S. Eisenhower, President Emeritus of The Johns Hopkins University and former Chairman of the President's Commission on the Causes and Prevention of Violence.

I am here in response to an invitation from a member of this distinguished Committee and am happy to testify, hoping that what I say may be moderately helpful to you in your important deliberations.

I apologize for not having given you advance copies of my statement, but I completed it on short notice. I shall leave copies with the Committee staff.

Mr. Chairman, my statement will take about 17 minutes, and in the first five minutes you may think I am not pointing directly to the issue before you, but may I assure you that this material will get to it directly.

For eighteen months, from June 1968 to December 1969, the Commission of thirteen members which I headed, had the assistance of more than two hundred lawyers, criminologists, sociologists, psychiatrists, law-enforcement officers, and other specialists who studied objectively and with deep concern the growing tide of violence in the American society.

In the decade ending in 1968, the rate of violent crime in this country increased one hundred percent, and it has increased each year since then. Fear dominates our cities. Fear is driving many who can afford to do so to flee to the suburbs which are becoming armed camps and electronic sanctuaries.

The tax bases of cities are declining, tax revenues in many fail to support adequate public services, bankruptcy threatens one city, and the ability to govern cities successfully is brought into question.

The Violence Commission solemnly declared its conviction that crime is threatening the very character of American life and that we now need to be as concerned by internal dangers to our free society as by any possible combination of external threats.

The Commission submitted to the President a report which contained eighty-one recommendations, only two of which were not unanimously adopted by a diverse group of liberals, conservatives, Republicans, Democrats, independents, lawyers, educators, judges, and scholars from widely scattered geographic areas.

When we first met, our views were divergent. That we achieved unanimous agreement on all but two recommendations was due to the fact that for eighteen months we studied the frightening facts and soberly reasoned together about causes and solutions.

Unfortunately, our report was never presented to the Congress by the President. It gathered dust, as have so many reports of Presidential Commissions.

A brief summary is obviously inadequate and possibly misleading, but I venture to compress our findings and suggestions into three general areas.

First, we urge a gradual expansion and improvement in the quality of all phases of the criminal justice system.

Our carefully compiled estimate indicated that in 1968 there were more than nine million serious crimes committed in the United States, including homicides, rapes, robberies, burglaries, larcenies, auto thefts, and aggravated assaults, about half of which were reported to the police and the Federal Bureau of Investigation.

Of the nine-million crimes, twelve percent resulted in arrests of suspects, six percent in convictions or confessions, often at reduced charges, and only one and a half percent in incarcerations.

In the seven years since then, most crimes in the categories I have mentioned increased substantially each year, but the percentages of arrests, convictions, and incarcerations did not change appreciably.

As the distinguished lawyer who served as our Executive Director said, the criminal justice system does not detect, does not convict, and does not correct.

We recommended a gradual doubling of Federal, State and local investments in the criminal justice system, including more and better-trained police, more judges, and more and improved jails and prisons.

Second, we recommended a massive and persistent attack on the social causes of crime. We are now an urbanized society, with more than seventy percent of our people living in cities or their suburbs. The rate of crime in large cities is seven times that of towns under ten-thousand population, eight times that of rural areas.

In the cities, violent crimes are overwhelmingly committed by males. They are concentrated especially among male youths between the ages of fifteen and twenty-four, but in a single decade young males in the ten to fourteen age group threatened to catch up with a three-hundred percent increase in assaults and a two-hundred percent increase in robberies.

Violent crimes in the cities are committed by individuals in the lower end of the occupational scale. It is not surprising, therefore, that violent crimes stem disproportionately from the ghetto slums where most black residents live. But I emphasize that all research evidence indicates that blacks inherently are no more criminogenic than whites. Environmental conditions, lower employment rates, racial concentrations, broken homes, discrimination, inferior education, and a host of other factors—not race—are responsible for the condition I have mentioned.

The victims of violence in the cities normally have the same characteristics as the offenders, save for robberies. Robbery victims are usually older whites.

Usually the violent crime of homicide is an act of passion among family members, friends, and acquaintances.

About sixty percent of all serious crimes are committed by repeaters, a fact of crucial importance in considering the question of gun control.

To overcome the social causes of violence will require manifold actions over a long period of years and at high cost. And it will also take time and considerable cost to expand and improve the criminal justice system.

But the third area of the Commission's study, to which I now turn, can be started quickly, and the cost would be reasonable.

The concealable handgun is the favorite weapon of first offenders and recidivists alike.

There are at least forty million concealable handguns in the United States and the number is increasing about three-million each year.

Two out of every three homicides are committed with handguns. About twenty-five of each one-hundred aggravated assaults are committed with handguns. Two out of three armed robberies are committed with handguns. The fatality rate of handgun victims is five times as great as those attacked with switch-blade knives, the second most lethal weapon used by criminals.

Our Commission recommended and I earnestly urge this Committee to foster legislation which will prohibit the manufacture, importation, distribution, and sale of concealable handguns; that the possession of handguns be made illegal, save for especially excepted groups; that the Federal Government pay a reasonable price for each gun surrendered; that only police, military personnel, possibly bank guards, and a relatively few others who could make a convincing case for ownership be granted licenses for possession of handguns, and that licensed individuals be prohibited from giving, selling, or otherwise transferring such guns to others.

The Commission concluded that the best method of accomplishing this is for a comprehensive Federal law to be enacted, with definitions, standards for obtaining licenses, and penalties for violations set forth in detail, the Federal law to become effective in those States which do not within a stated period, say three years, enact legislation which meets the requirements and standards of the Federal Act.

Though more than seventy percent of the American people in poll after poll over a period of fifteen years have expressed deep concern and have favored various types of gun control, powerful forces are working against the adoption of essential legislation.

I have personally, I may say, have been bombarded with hysterical and occasionally threatening letters since the Commission report was published in 1969.

Citizens in all States are constantly bombarded with propaganda which says that gun ownership is guaranteed by the Constitution. The people of this Country should be told time and time again that the Supreme Court long ago ruled that the relevant provision in the Constitution applies to the militia, not to individual gun possession.

The propagandists say, and many believe, that the government does not have the authority to require a private citizen to surrender a handgun whose only purpose is to wound or kill.

Those who circulate this falsehood seemingly approve police raids in private homes to confiscate drugs, from marijuana to heroin, and they ignore favorable court rulings in States which limit private ownership of handguns.

Many persons mistakenly but honestly believe that in our crime-ridden society a gun in the home is essential for family protection. Less than three percent of killings by robbers occur in private homes, and the best evidence available indicates that only two-tenths of one percent of home robberies result in firearms injuries to intruders.

Yet these guns in the home are responsible for from fifty to eighty percent of homicides in families, and among friends and acquaintances.

Fear of armed intrusion is genuine and understandable. I, therefore, urge that the Congress fund research for the development of improved non-lethal weapons which would incapacitate intruders for sufficient time for police to be called and make arrests. Most home owners would, I believe, gratefully substitute non-lethal weapons for dangerous handguns.

The propagandists say that guns are not the offenders in crime—people are. Obviously guns do not fire themselves. People do. Take away the guns and violent crimes will be reduced. Psychiatrists agree that the availability of a gun in a moment of passion is an incitement to murder.

May I say we had many psychiatrists come before our Commission and testify to that standpoint.

Nationwide propaganda repeats ad nauseam that if concealable handguns become illegal honest citizens will surrender them, but criminals and potential criminals will not.

This is no doubt true, but two facts must be considered here. Since a high percentage of homicides are committed by otherwise honest citizens in moments of anger, killings would automatically decline.

Secondly, since a high percentage of armed robberies, assaults, rapes, and commercially-oriented killings are committed by recidivists, most of whom are known to the police, and it is legal for law-enforcement officers to frisk suspects, many persons illegally carrying handguns would be apprehended, convicted, and I hope incarcerated.

Here, again, intensive research would help. We should develop more sophisticated equipment which will enable the police to detect the possession of concealable handguns on the bodies of unlicensed persons.

Gradually the number of handguns in the hands of recidivists and potential criminals would be reduced, contrary to the propaganda.

It is well known that the rate of violent crime in the United States is from five to as much as ninety times higher than the rates in other civilized, developed countries.

Other countries have gun laws. Concealable handguns in the United States constitute the major cause of the horrifying comparison I have cited.

No one would be so rash as to argue that effective legislation to prohibit handguns will eliminate all crime. But the reduction in crime would be substantial, perhaps spectacular. If we did no more than return to the rate of violent crimes that existed in 1960 we could claim a great achievement.

Nothing I have said applies to shotguns and rifles. The concealable handgun is the enemy of our society, not sporting weapons.

Mr. Chairman, when I was requested to be here today, it was suggested that I comment very briefly on S. 2153, S. 2152, and S. 2166.

I am going to complete my statement on 2153, as I have it in the written testimony, and then I will add an extemporaneous comment which will modify it slightly.

S. 2153 would make it ilegal for unlicensed persons in cities of higher than average crime rates to possess handguns.

Residents outside the high-crime cities could own and carry handguns unless State law prohibited this.

In cities such as Baltimore, Chicago, Newark, Atlanta, and many others, residents could not legally possess handguns until the crime rate was reduced below national and other averages stated in the bill.

My judgment is that this would accomplish little and might be detrimental, for it might lull citizens into believing that the basic problem was under successful attack.

Today several States have laws which are similar, at least one does, and others are proposing, to what I have proposed.

These laws are only marginally successful, if at all, because of the availability of handguns in other States.

The problem under S. 2153 would be even more acute, for residents of the cities would only have to go outside the city limits to obtain handguns.

I suggest that a study of the Sullivan Act in New York and its ineffectiveness for the reason I have stated would be convincing to this or any other Committee.

In any event, we should be concerned not only with bringing crime in cities below the national average, but in reducing drastically the averages in all fifty States.

So I am convinced that only fairly uniform laws in all States, with the Federal Act becoming operative in those States that failed to take appropriate action, have a chance of achieving a desirable result.

Mr. Chairman, I do see that appropriate amendments to S. 2153 could make it a really good start in tackling this problem, but the problems involved in the amendments are highly technical and legal, and I am not, therefore, prepared this morning to be specific about it, but may I say, while I am not a member of the National Council to Control Handguns, I am a volunteer advisor to it, and I know that in a couple of weeks the specific suggestions of the type I have just alluded to will be prepared, and I hope your Committee will wish to hear the evidences.

Senator Ribicoff. We certainly will.

Dr. Eisenhower. S. 2152 would establish a Firearms Safety and Abuse Control Administration in the Department of Justice and transfer to it the duties of the Secretary of the Treasury under the Gun Control Act of 1968, as well as other relevant Federal activities, and empower the Attorney General to develop with State and local authorities concentrated attacks on violators of existing gun laws.

This seems desirable, but it would be effective in reducing handgun crimes only after the enactment of Federal legislation of the type the Violence Commission recommended.

S. 2166 is intended to assist the Secret Service in protecting the President of the United States and certain other public officials by making available on a temporary basis to the Secret Service equipment and services from other public agencies—equipment that would help the Secret Service in fulfilling its serious obligations.

This, too, seems desirable, but it will not reduce appreciably the danger of assassinations. The President and other public persons attractive to assassin-prone individuals should greatly reduce their exposure in situations where they can be shot, at least until the handgun problem has truly been brought under control.

I applaud the desire of the President and other leaders to explain truthfully and honestly what people need to know and to obtain citizens views on critical current problems.

But a leader traveling extensively and making many public appearances will reach only a small fraction of the American people. There are other ways for leaders to demonstrate their democratic credentials and to communicate with the people, especially in this time of mass communication.

The assassination of our President or other high official would do this nation far more harm than any good accomplished by excessive public exposure.

Finally, I wish to say that I have been deeply impressed by the despair evident in the testimony of police chiefs and police commissioners who have appeared before this Committee.

I was especially impressed by a statement made by the Police Commissioner of Boston. He found it appalling that we should be deeply concerned, as of course we should, about international disarmament as one vital step toward world peace, but seemingly indifferent to national handgun disarmament which could contribute mightily to peace at home.

I would like to agree with the statement made to you this morning by Mr. Harris that obviously the President should not lock himself up in a sanctuary, and not appear at all, but that his appearances should be carefully prepared and limited in number.

I repeat: Internal dangers to our society, including the threat of crime, are greater than any posed from abroad.

Abraham Lincoln said this in different words in January, 1838; it is tragically true in 1975.

Thank you very much.

Senator Ribicoff. Dr. Eisenhower, thank you very much for your very cogent statement. We are very appreciative of your appearance.

Senator Percy?

Senator Percy. Dr. Eisenhower, I thank you very much indeed for being here, and certainly for the thought you put into your testimony, without benefit of a large staff, no longer what you have been used to in the past. Your effort is deeply appreciated by the members of the Committee.

You mentioned in your testimony on page two, that the Commission did submit a report to the President, which had 81 recommendations, only two of which were not unanimously adopted by that diverse membership of your Committee, and yet the report was never presented to the Congress by the President.

What year was that, why was it not presented to Congress, and what can you tell us about the internal debate that may have gone on in the White House and within the Administration, from what you know of it, as to why it was never sent to Congress?

Dr. Eisenhower. We were contacted in June, 1968, by the President, who hoped we could complete the report, and that he could transmit it to the Congress with his recommendations before he left office, but the task was so massive, that we could not possibly complete it in that period, and so President Nixon signed the executive order extending our time an additional six months, and we presented the report to him in December, 1969.

Two members of the Senate and I visited with the President for about an hour, and I orally outlined to him what was in the report, and he showed some knowledge of the subject.

He indicated to me that he would read the report, and we had 13 research volumes in support, and said if I would go through those 13 volumes and mark the relevant portions, he would read those too.

After I had gone back through the research reports at home, I wrote to Mr. Erlichman, who had been sitting in the meeting, that I had concluded that a reading of the report itself would make it unnecessary to read the other, and I went on to say, that if the President sincerely wished to develop his own program, either similar or different, from the ones we had developed, that I was willing free of charge as always, to make myself available to the White House for such help as I could give.

About a month later, I got a letter from the third assistant to the assistant to the assistant, who said we thank you for your offer, Dr. Eisenhower, but you understand we are very busy at the White House.

He did not know I knew this already, and that was the last we ever heard of it.

As a matter of fact, all of the time we were meeting, the Attorney General of the United States, knowing that we were going to that neither an attack on the social causes of crime by itself, nor merely strengthening the criminal justice system, nor merely doing away with handguns, that any one of these by itself would solve the problem, that it required all things.

We must strengthen the criminal justice system, we must tackle over a long period of time the social causes, and we must get rid of the legal handgun that does the job.

Well, all the time we were meeting, the Attorney General was constantly holding press conferences, and saying that poverty is not a cause of crime.

We were not saying that poverty was a cause of crime. We were saying the totally human and environmental situations existing in the slums, with their ethnic and racial concentrations, low employment, and all, that the totality of that situation, where, by the way, youngsters watched violent television between the ages of six and 18, more hours than they go to school, and they do not realize the difference between the fiction of the television and the actuality of the street, and the life of the street, and the television are one and the same, so the Attorney General kept making statements, he set up his own commission, headed by Mr. Peterson.

That Commission when it reported, repeated the essential recommendations made by the Eisenhower Commission, and then added a new dimension that had come into the national picture after we completed our work, in which he said the lack of integrity and dishonesty in high places of government is also a great incentive to crime, and to criminals in the United States.

Senator Percy. In other words, it gives them the rationalization, just as income tax evasion at higher levels probably give an incentive to individuals. If they are not paying it, why should they?

Dr. Eisenhower. When young people see governors refusing to enforce laws of various kinds, and see dishonesty on the part of high officials, it begins to change the attitude and the very character of the people of this Country.

Now, this is a frightening fact, and that is what I am saying, when I am saying that we need to be as concerned, if not more so by the disintegration within, as we are from any threat without, I am not referring to just gun control, but all of the disintegrating forces, of which crime is a major one.

Senator Percy. Dr. Eisenhower, you finished your report five years ago?

Dr. Eisenhower. Yes, sir.

Senator Percy. Eighty recommendations were unanimous by the 16 members, and then reconfirmed by the so-called Peterson Commission after that, that came right out of the Justice Department.

How many of those 80 recommendations have now been implemented and put into law or regulations?

Do you have any idea?

Dr. Eisenhower. By the Federal Government, I think none.

There has been a great deal of action in most of the States, but I think that various types of State action will continue to be fairly ineffective until we have a Federal act with standards which would go into effect in any State that does not accept the standards as its own.

I think this is a national problem and has to be uniformly observed throughout the Nation.

Senator PERCY. I know the sacrifice you made in giving up 18 months of your life, at a time when you wanted to write, study and contribute in other ways, but you felt it was that important, and convinced all of your Commission members to take on this responsibility.

Is it not somewhat disheartening, when you put a year and a half of effort in, and you work and you make eighty recommendations unanimously adopted, and two more that had a split decision, that none of them have been implemented five years later, with the crime rate soaring, and people across the Country, saying it is one of our major problems affecting the quality of life in America?

We have freedom from religious persecution, freedom of speech, freedom of assembly, but we do not have freedom from fear.

You can go to a communist country as we did in the Soviet Union, and you can walk around. You do not have a lot of freedom, but you can walk the streets, and you can walk the streets in any place in China and have no fear, so should not this be a matter of the highest priority? Also, don't you think, before establishing a Commission of this sort, that we should somehow have assurance that those recommendations will be made, and when they are made, there will be a real attempt to follow through on it?

Dr. EISENHOWER. Senator, I am delighted you have asked this question.

I would like to make two comments about it. I did not really feel my time had been wasted.

Incidentally, when one sets out on a voluntary basis to perform a public service, he never knows whether it will result in constructive action.

You do it because you think it is right, but two million copies of our report were sold commercially, and three great national agencies made it their primary document for education on this subject throughout the United States, and I saw that the figures cited by Mr. Harris earlier about the growing concern among the people, and the vote going up of those who realize how serious this problem is, might be partially attributable to that.

You made another point I wanted to be sure to answer, and I have forgotten what it was.

Senator RIBICOFF. I too noted that your comment on page two had gathered dust, as so many reports of Presidential commissions. I often wonder why anyone would serve on a Presidential Commission.

Dr. EISENHOWER. That reminds me of what I wanted to say right at that point.

I was asked, I think by a Subcommittee of this Committee, headed by Senator Kennedy, to testify about the fact, and this was 18 months after our report had been submitted to the President, and nothing done, and I recommended to the Subcommittee which he headed, that we take a look, a serious look at what goes on in Great Britain, when a royal commission is appointed by the government, and submits its report, the government in power must issue a white paper within a specified amount of time, it is either six months or one year, either approving, and if disapproving, stating why.

I think in this Country, that to establish a Presidential commission, the President should ask for special legislation, carrying an appropriation to finance the work of that Commission, and that such an Act should require that the President report to the Congress his feelings about the report submitted to him, under public law, and that the time limit should be one year.

Senator RIBICOFF. You know, Dr. Eisenhower, I have participated in these commissions, I have seen this happen time and time again.

If I were a public-spirited citizen, being asked by my President to participate in a commission, as a condition to my participation, I would insist that the President do exactly that, and in the six years that I was governor, I had occasion to appoint many commissions as governor of the State of Connecticut.

I never had a single refusal from any person, Democrat or Republican, to serve on a commission. I stated to each individual personally and publicly, that whatever that Commission came out with, I would back, and fight for with the legislature, and with the public, and I did. As a consequence, I believe that some of these men, free of charge, put into this mill, so to speak, the best brains, and competence, and experts in their own organizations to help, and we in the State of Connecticut were the beneficiaries. However, what happened to you, I have seen happen time and time again. A President gets a report that is not consistent with his political thinking at that time, and down the drain goes the work of these outstanding men who devoted their time and energy. There is only one thing to do—to look a President in the eye, and say I will serve, Mr. President, but as a condition of my serving, I expect you to publicly state that when the Commission's finding is completed you will make this public, submit it to Congress, and tell the Congress and the American people that you agree or disagree with the findings, and if you agree, to fight for it. Otherwise, I think it is an imposition on public-spirited people to be used for a President's political purposes.

Dr. EISENHOWER. Senator Ribicoff, if you do that, you want to make sure there is not a change in the Presidency after the commitment is made, which happened in my case.

Senator PERCY. I would like to say something to Dr. Eisenhower, that I never commented to him on, President Johnson asked my future son-in-law to serve on a Commission just on the eve of his wedding, which would have interfered with his honeymoon to Japan, which was of serious concern to my daughter.

I recall I called you at 11:00 o'clock at night, and asked you about this Commission and its relative importance, and you said, "I don't think I would ever hear about it again," and I told him to go on his honeymoon. He did not serve, and no one ever heard of the Commission, indeed. They went, and thank you.

I will be staying until the end, so I will yield to Senator Javits, and I will have a couple of questions later.

Senator JAVITS. Thank you, Dr. Eisenhower. I thank you for all that you have done, and that you will do, and I think what I want to develop from you is a chance to discuss the Lou Harris poll.

There is a certain cresting in public support for gun control legislation. I understand that you are a consultant to the National Council to Control Handguns.

What can we do to stimulate and advance this movement so that at least the good guys begin to acquire as much clout as the bad guys in the field. The National Rifle Association has been conducting its activities with such success for years, and alarmingly, when we look at the Harris poll, without even incurring public disapproval, because it is going exactly contrary to what the public thinks is the right way to go on gun control.

Dr. EISENHOWER. Well, there is no doubt that the minority has been highly organized, and highly financed, and the majority has been disorganized, and with no money.

The National Council to Control Handguns, I am not a member of it, except I am serving as a consultant, happy to do so, is getting organized.

I think it is the most promising development we have seen in this regard, and if we do not get action now, I think this council will expand, and that the majority of the people of this United States will have a voice through which they can speak, and I mentioned, I think you were out of the room at the moment, Senator Javits——

Senator JAVITS. I had to go to another committee.

Dr. EISENHOWER. Having doubts about S. 2153, as it is now written, serious work is being done on I think reasonable, but rather technical amendments, which I would not be prepared to discuss, and they will complete their work in a few weeks, and I am very hopeful you will have them in, but I think there are groups like the Urban League, this Council, I am trying to think of the one headed by a former cabinet member, Common Cause, should help mobilize citizens, but especially the National Council to Control Handguns, so the majority of the people of this country can be heard.

Senator JAVITS. I am very interested in your comments about our bill, and I am delighted that you are submitting amendments, or at least comments.

Now, we had a group of police chiefs the other day, who went into this subject, and at least two of them, I think there were five, said they would rather have no law at all unless they could have a law absolutely prohibiting handguns except to police and armed forces, etc.

You should know, Dr. Eisenhower, that I feel the same way, and many of my colleagues, unhappily not nearly enough, feel the same way, but we did not think that we had a prayer to achieve that.

The situation was so urgent, the public feeling was mounting, the Attorney General of the United States had shown some sympathy to the approach in our bill, dealing with high crime areas, and the sharp controls there, and so I wondered what you thought about that philosophy, whether you thought that we too should simply forget about any measure which we felt would certainly reduce materially the danger of handguns, and go all out for prohibition even though it is very clear that we have very little political support in Congress for such an approach right now.

Dr. EISENHOWER. Well, I think in all governments, and in all periods of history, we have had to compromise with reality in order to make progress, and, of course, I would accept a first step that would make progress in this field, and I am sure a good many people who feel as I do, and as you have expressed you do about the actual outright prohibition of handgun ownership. I do think, and I am refraining from stating what it is, because it is too difficult to do so, I think members I believe would be acceptable to you and to your Committee, can repair what I now see as a serious deficiency, that drawing on the handgun law, of the Sullivan Act, and others, just walking outside the limits of the City and getting a handgun, I think this is a serious shortcoming in the bill as it stands, but I believe this will be corrected, and I do hope you will hear from the group as soon as they are ready.

Senator JAVITS. We certainly will, and we will certainly listen, not only here.

We have another association in the country called the National Council for Responsible Firearms Policy, which has been around for about eight years. The U.S. Conference of Mayors has also done excellent work in this field. They have done quite well in New York, where we do have a law, with which you are very familiar. But I just wondered, Dr. Eisenhower, if anything might be done to consolidate the efforts of these and several other groups in order to mount the major citizens effort?

Dr. EISENHOWER. Well, without having talked to them, but I can certainly say in theory, I would like to see all agencies that are working on this problem, and have a common policy and goal, to consolidate, make it as big and well financed as possible.

Senator JAVITS. Well, it seems to me that this is the time, because I think the sensational findings of the Harris Poll are the very steep increase in the willingness to see registration take place, and that is sensational because it is less than four years since the last survey.

So I would hope, Dr. Eisenhower, that what we do can encourage you, and I would certainly look with the greatest attention and respect at amendments which are proposed and would like to encourage you and your associates, to really push a very, very major citizens effort right now.

Dr. EISENHOWER. I assure you I will do what I can.

Senator JAVITS. Thank you.

Senator PERCY. Thank you very much, Senator Javits.

When Senator Javits and I introduced legislation we patterned it to a degree after the thinking that Attorney General Levy had mentioned, to restrict possession, manufacture, sale, and distribution in areas of high crime, etc. It is really an effort to imply that the Attorney General at least is behind that kind of a concept, even if he cannot do it officially, and it was our hope, of course, the White House would provide some leadership in this area, but what we are looking for is some degree of help to do something.

Our problem is if we reach for the ultimate, you will just never get it, so we have to go some place, and find some starting point. There is a pattern of Federal action, where there is need, as in education, Federal funds are moved into areas of need, where there is a cultural deprivation, etc., and here there is a rationale for taking the areas of high crime and saying we treat those somewhat differently than we do in these other areas.

We are also cognizant politically, when you consider how the Senate is made up, of the votes of the Senators from the western States, who feel very strongly about it. Some of them have a low incidence of crime. Their support may be gained, without their voting against the long rifle held by a man out on a ranch some place to shoot coyotes. It is again politically motivating, as I think to seek more measure that may be half way, but on the other hand is a more practical way of doing it.

Dr. EISENHOWER. May I say, Senator Percy, there were two members of the Senate on the Commission with me, both from what I would call the Midwest, one was militantly in favor of the type of gun control I would like to see, I am perfectly willing to take the step this time if that is what we have to do, and the other is equally militantly against it.

The two issues on which we did not have unanimous agreement was handgun control, where the vote was nine in favor, of what I have advocated, and merely a footnote saying this problem should be left to the States, which is the same as saying let's not do anything, and the other is on the problem that has bothered civilization since Aristotle, namely civil disobedience, and that there the vote was seven to six.

Senator PERCY. When I came out for registration of guns, all over Southern Illinois in the height of the re-election campaign, they printed wanted posters with my picture, and a number under it, I guess, wanted for various crimes, one of which was support of gun control legislation.

What sort of tactics did they use against you, what sort of letters did you get when the report came out?

Dr. EISENHOWER. I received letters calling me a nazi, a communist, which is quite a spectrum, I was besmirching the Eisenhower name, I was all but crazy, and some even intimated possible reprisals of a violent sort, which I threw in the wastebasket, but these come from a small fraction of the American people.

You know, after you have been in public as you have and I have, over a long period of years, I much longer than you, you even detect a letter from a nut, just by the way the handwriting is on the outside of the envelope.

Senator PERCY. The Commission you headed was charted to explore the causes of violence in the country, and much of the rhetoric which has surrounded the gun control issue has in fact dealt with the question of causation.

Gun control opponents, as you have said in your testimony, say that guns themselves will not cause crime, but criminals cause crime.

Do you think the two can really be separated, that without the weapon, you could still have the crime?

Dr. EISENHOWER. I think that is nonsense. I said in my testimony, the second most lethal weapon is the switch-blade knife, and it is one one-fifth as lethal as the handgun.

Further, you know, the handgun, more than the switch-blade knife, makes the smallest midget in the country feel like a giant. He is now capable of anything.

I do not think there is any other weapon comparable to the handgun, and certainly in the homicides, it is an incitement to murder, as I indicated.

Senator PERCY. The Sheriff of Los Angeles County was asked at these hearings about safety, how much safety there is in a handgun kept in the household.

You have touched on this in your testimony. The Sheriff reached out for a rough figure. He said off the top of his head, a rough figure, it would be that for every robber stopped by a home gunowner, that four homeowners or members of their family suffer death in a gun accident.

Dr. EISENHOWER. That is correct, as I cited in my testimony, the best research evidence we can get, we have a big staff, two-tenths of one percent of intruders into the home for the purpose of robbery are either wounded or killed, very few killed, but there are about 2,000 accidental deaths in the home where the gun is possessed, so it simply does not prevent intrusion.

Now, I have suggested to you that we do more research, and get a very effective and immediately effective non-lethal weapon.

I do not think it would stop many people either, but the reason so many homeowners have the gun is they think they need protection, and if they could have nonlethal protection, I think they would willingly, even gratefully give up the gun that kills.

Senator PERCY. Would mace serve as a deterrent and provide some degree of protection?

Dr. EISENHOWER. There are fairly good guns now with mace, which will cause the person to flee, but he will not be apprehended.

There are also guns available, non-lethal, which put a dye on the individual, on the intruder, which cannot be removed, and, therefore, may aid the police later in capturing him, particularly if it strikes a portion of his skin rather than just his clothing, but I think there is an engineering and scientific problem here.

I would visualize a nonlethal weapon that would shoot a small pellet accurately, break upon impact, release the gas which would immediately immobilize the person for fifteen minutes, for enough time to call the police.

Senator PERCY. Do you suppose the CIA has such weapons developed?

Dr. EISENHOWER. I am afraid to ask.

(Laughter.)

Senator PERCY. On the causes of crime, I have forgotten what your Commission report said about television, but since its release, the incidence of violence on television has mounted astronomically, as crime rates have mounted astronomically, and the most popular programs appear to be some of the most violent programs.

I was very interested in a recent issue of the Asia Foundation publication, called the Asian Student. I read this last night; they said that one of our hemisphere countries, Mexico, banned 21 American TV programs. They claim these shows are responsible for the sharp increase in violent crimes committed by the young in Mexico, and after the ban, sure enough, the crime rate dropped dramatically.

I have written to each of the presidents of the TV networks within the last month or so, and met this week with Mr. Taylor, the President of CBS, who is certainly deeply conscious of the social obligations of the television networks.

What is your feeling about violence on television, and its relationship to crime?

Dr. EISENHOWER. I think we have irrefutable proof that among the young who watch television, and they turn to violence, that it affects their attitudes, their behavior, and is a contributing factor to crime in the cities.

Remember, I said that between the ages of 16 and 18, young people in the ghettos watch television and usually violence in television more hours than they go to school.

That influence starts at a very young age and continues, that unquestionably has a serious effect in the directions in which you have indicated.

It is doubtful that I think you and I and all adults, we can distinguish between fact and fiction. It is different with the young people.

Now, interestingly, when our report came out containing this, the Presidents of the three networks, who did not dispute the fact, but said that our report was out of date because they were already reducing violent programs.

It happens that I was fairly ill for eight months last year, and a part of this year, I had an electric bed sent to my bedroom, and put in a television, and I know more about television than any man in America as a result of watching programs, and I want to say, if they did reduce violence, and I think they did for a while, it is right back up at the top.

Senator PERCY. The prevalence of guns on television, just ready access, so many people seem to have them, is that not—knowing as you do as an educator that children learn through watching and imitation—is that not just an inducement to a child to get a gun?

Dr. EISENHOWER. No doubt about that.

Senator PERCY. How many children are armed in the New York schools and in the Chicago schools, with a teacher standing up there armed with an eraser? How many children sit in that room with a handgun?

Dr. EISENHOWER. In Baltimore you pick up the morning paper, and it is not uncommon to read of a 12 year-old boy shooting a 14 year-old boy killing him. This is just unacceptable in a civilized society.

Senator PERCY. I was in Chicago last week on recess, and talked about this problem in a speech, and afterwards, the superintendent of a local suburban school came up and said you are not talking about deep in the heart of Chicago, for we had a 16 year-old kill another 16 year-old with a handgun in the schoolyard just this week. Two armed 16 year-olds going to a suburban school is what we are talking about here.

Lastly, Dr. Eisenhower, our time is just about up, could you name any other of the features of an effective gun control law that you would like to see incorporated?

Dr. EISENHOWER. The Commission only said one thing about law, and it was simply a repetition of what the gun manufacturers themselves are advocating, namely the establishment of so-called identification cards for all those who possess armed guns, but other than that, I think in my testimony, and in the discussion we have had since I have covered the points I would like to make.

Senator Percy. All right.

Thank you. We will keep the record open for anything you would like to insert. Finally, if we are able to ban the possession of handguns in areas of high crime, and at the same time provide a very stiff mandatory sentence for any criminal who engages in a crime and carries or uses a handgun, do you think this would provide an increasing deterrence against the criminal use of firearms?

Dr. Eisenhower. If, Senator, the shortcomings which I think I now see in the bill are eliminated, then of course I would support what you just said.

Senator Percy. Fine.

We thank you very much indeed. We appreciate your being with us today.

We stand adjourned.

(Whereupon, the Committee was adjourned at 12:05 o'clock p.m.)

SUNSHINE IN THE SENATE

Mr. WEICKER. Mr. President, within the next few days the Senate will be considering S. 5, the Government in the Sunshine Act. The issue here is that of opening the process by which multiheaded Government agencies make their decisions.

S. 5 would require that agencies open meetings and discussions regarding the conduct of agency business, deliberations on pending business, and the disposition of business to the public. The public's business should be conducted in public session. The Senate Government Operations Committee concurred with this position where it unanimously reported S. 5.

The passage of this important legislative initiative is just one step toward increasing the public's access to their Government. However, it is an important step toward bringing the Government closer to the people and thereby achieving a more responsive and more accountable government.

Before we turn to the business of establishing a new standard of conduct for the agencies, we, in the Senate, must first consider our own rules of Senate procedure and thereby put our own house in order. We will have this opportunity when Senate Resolution 9 comes to the Senate floor.

As you are aware, Senate Resolution 9, as originally introduced, would have required that all Senate committees hold open meetings, except when considering particularly sensitive matters. It would have changed the current Senate standard from "closed" to "open" and would have gone further to enumerate the specific reasons for which a meeting could be closed. Thus, it would become incumbent upon committees to have good reason for conducting the public's business behind closed doors.

The "sunshine" version of Senate Resolution 9 was struck by the Rules Committee which now proposes substitute language. The substitute, however, provides that a committee may vote to close a meeting "because of the nature of the matter to be considered" or, that any committee may adopt rules specifically prescribing a different procedure, "to protect its own needs." The substitute further proposes to repeal the sunshine amendment to the Congressional Budget and Impoundment Act which required that our own Senate Budget Committee hold open meetings. This was done without consulting the members of that committee.

The adoption of the Rules Committee substitute would conceivably eliminate what little sunshine we have today in the conduct of Senate committee business and would institute a dual standard of accountability on the part of the Senate. Nothing illustrates this more than the unfortunate choice of language used by the Rules Committee in writing the escape clause from open government which would allow an individual committee to adopt rules of procedure "to protect its own needs."

As the elected representatives of the public, we bear every responsibility to open the processes by which we make our decisions—whether these processes be committee markups or joint House-Senate conference committees. Only then can we be held fully accountable for our actions. Only when we have removed, to the greatest extent possible, the veil of secrecy which shrouds committee actions will the public know the full extent, quality, and integrity of their representation.

Before we go forward and decide whether we will require a high standard of visibility and accountability on the part of Federal agencies, we must decide whether the Senate will abide as high a standard—or whether we will adopt a lesser standard and, thus, place the interests of the public subservient to our own.

I urge that the Senate approve a standard of open government and apply it to committee meetings and conference committees alike. In order to do this, the Senate must first reject the Rules Committee substitute to Senate Resolution 9. To do otherwise would constitute a breach of faith and an insult to our constituents.

Mr. President, I ask unanimous consent to have printed in the Record a column in this morning's Washington Post by Ronald Goldfarb, entitled "Sunshine Act: Toward Congressional Openness."

There being no objection, the column was ordered to be printed in the Record, as follows:

[From The Washington Post, Oct. 29, 1975]

Sunshine Act: Toward Congressional Openness

(By Ronald Goldfarb)

Today the Senate will reconsider the very important question of the openness of its own processes. The issue will arise in a strange way.

The Government in the Sunshine Act—known as S.5—was proposed early in 1975 by Senators Lawton Chiles of Florida (D) and William Roth of Delaware (R); it now has 53 co-sponsors. It covers three main areas: opening congressional meetings; opening administrative agency meetings; and forbidding private, ex parte decison-making by about 49 federal administrative and executive officials. The bill was reported out unanimously several months ago by the Government Operations Committee.

However, in September, the Rules Committee, unannounced and acting in secret, cut out the provisions of S.5 covering open Senate committee and conference meetings and, thus gutted, sent the bill to the floor. Rules Committee Chairman, Robert Byrd, (D. W.Va.), considered to be the man behind this change, appears to favor a double standard; he has stated that each Senate Committee should be allowed to have its own rules regarding openness or closeness, though he favors opening up proceedings of federal executive departments and administrative agencies.

There is some general misconception about exactly what is open and what is closed in the legislative process. Action on the House and Senate floor is, of course, open. So are public Congressional hearings. But these are the more ceremonial and quasi-judicial functions of the legislature.

Where the real action takes place, the part of the iceberg the public does not see, is in mark-ups of bills and conferences on legislation. Here is where all the talk is reduced to action; and these critical sessions usually take place in closed meetings. Most House and Senate conferences are closed, most Senate mark-up sessions are closed; though as a result of recent changes, most House mark-up sessions are open.

The Sunshine Act would open it all up, recognizing at the same time the need for precise, careful exceptions required in unusual situations, where such factors as national security, law enforcement, trade secrets, or personal privacy are involved.

When the Rules Committee proposal comes to the floor this week, Senators Lawton Chiles (D-Fla.) and William Roth (R-Del.) will move to reject the Rules Committee substitute and to restore the strong proposals of the original bill for open mark-ups and open conference meetings. Their efforts should be heeded.

The recent Rules Committee change undid the Budget Committee's existing rule of openness. Its Chairman, Edmund Muskie, and his 12 Committee colleagues protest the change and wrote to their Senate colleagues about their experiences operating "in the sunshine."

"Our Committee was not consulted or advised regarding this proposed rules change prior to its report in the Senate. It came as a complete surprise to us. Nothing in our experience on the Budget Committee would warrant this repeal. In fact, our experience tends to support the proposition that all committee meetings should be opened to the public except those few instances exempted under the Budget Act.

"We have been operating under the mandatory sunshine provisions of the Budget Act for more than a year. During that time, we have never found our discussions inhibited or chilled in any fashion. The House Budget Committee operates under the same sunshine provision. Their experience, like ours, has been so productive that, when we went to conference with the House on the First Budget Resolution this year, the conferees of both Houses agreed to open those conference sessions to the public, even though no statute required it."

Senator John Sparkman (D. Ala.), Banking Committee Chairman, states that his experiences with open mark-up sessions allayed his initial concerns that the committee's operations might be impeded. Other legislators point out that Congressmen show up for open meetings in greater numbers and better prepared when the public and press is watching.

In the Senate, however, secrecy still remains the rule. Thus far in the 94th Congress, a majority of Senate mark-up and voting sessions have been closed to the public, according to Capitol Hill lobbyists.

Sen. Byrd has said that the Rules Committee made this change because "the Constitution states that each house shall determine its own rules. Consequently . . . any change in the Senate rules should not . . . require(s) action by both houses and, if enacted into law, the approval of the President." This reasoning is circuitous and insubstantial. It is likely that Congress will pass the law if it is allowed to, in view of its voluntary actions to date and the bill's broad, bipartisan support. Early this year, the Democratic and Republican Senate Caucuses went on record in favor of open meetings. If the President vetoes the bill (no threat to do so has been made), of course, Congressional Committees can act on their own by establishing rules each session. But this is an awkward and inefficient way to accomplish the goal of open meetings.

How "Catch 22" the issue of openness can get is illustrated by a recent act of administrative agility at the Federal Communications Commission. In October, the Commission decided to hold hearings to discuss its own policies for opening its meetings to the public as a way to assure accountability and increase public participation and understanding. The Commission held a closed doors hearing on this subject of open meetings, and voted not to go public.

Public faith in the integrity of government is critical in this post-Watergate era. Already, all states except New York and Rhode Island have "sunshine" laws. Florida's law is considered the model. It was passed under the leadership of then state senator Chiles; it is of interest that he is leading the battle now in the U.S. Senate. Governor Askew has said that fears about the effects of sunshine legislation have not been borne out. In fact, the Florida law has protected the public and lobbyists from being "shafted" by officials meeting in private. "Secrecy," Governor Askew has said, "insulates those who govern, and it isolates, alienates and frustrates those who elect them."

The House and some Senate Committees, have moved in the direction of openness. S. 5 would finish the job; it belongs on the books. If it is to be killed, the execution and the executioners should be out in the daylight. Ironically, this last point is what the legislation is all about.

THE KINGDOM OF IRAN

Mr. HARTKE. Mr. President, the glory that was once Persia's is now being manifested in new and exciting ways in Iran.

Several dynasties have ruled Iran from the time of Achaemenian, Kinsmen of Cyrus and Darius 559 B.C. to the present Pahalavi family. In 1971 Iran commemorated its 2,500th anniversary as an established monarchy, the oldest continuous one in the world.

Under His Majesty Shahanshah Mohammed Reza Pahlavi whose birthday was celebrated on October 26. Iran is rapidly moving toward an industrialized society. As the second largest export of petroleum, Iran has used her oil revenues to develop many sectors of her economy.

Iran's fifth development plan calls for a total development investment of $36 billion. Part of this development program is geared to educating the masses. Education is available to all citizens for free training through high school.

All college students who have accepted Government scholarships have a commitment to the Government, to practice their professions for a designated period to insure an orderly transition of Government functions.

His Majesty's Government is attacking the universal problem of inflation by reducing all prices by 5 percent and by sending price gougers to trial.

In the private sector 51 percent of all private holdings are held by the Government of Iran.

I congratulate His Majesty and the people of Iran on His Majesty's birthday.

A COMMONSENSE ENERGY POLICY FOR THE BICENTENNIAL

Mr. BARTLETT. Mr. President, I ask unanimous consent to have printed in the Record for the benefit of my colleagues the following paper entitled "A Commonsense Energy Policy for the Bicentennial."

There being no objection, the material was ordered to be printed in the Record, as follows:

A Common Sense Energy Policy for the Bicentennial

200 YEARS AGO

Common Sense inspired the people of the British Colonies in America to become independent.

The people resolved to live, work and grow independent of other nations.

The 13 Colonies became the United States of America—a new independent nation.

And people in the U.S.A. worked and the U.S.A. grew to be the strongest nation on Earth—the No. 1 consumer of energy in the World.

BUT—

There is no longer a plentiful supply of low-cost energy—anywhere.

We rely heavily on foreign powers for the energy that we use for work and growth.

We have untouched resources of oil, gas, coal and other fuel minerals.

We can move toward energy independence . . . *if* we establish a comomn sense National Energy Policy . . . and follow it.

IT'S ONLY COMMON SENSE THAT WE MUST

Develop our own useable resources of oil, gas and coal.

Price energy in a free market, with prices balanced for energy values.

Encourage drilling for oil and gas by removing price ceilings on the producer.

Restore the tax incentives that stimulate the flow of risk money into risky drilling.

Preserve independent competition within the petroleum industry.

Balance environmental progress with growing energy needs.

Use energy wisely, and pay for real energy costs.

THEREFORE LET US WITHIN THE FREE ENTERPRISE SYSTEM

Drill on the Continental Shelf, mine coal, build superports, refineries and pipelines.

Remove price controls from oil, natural gas, and their products so that price can be a realistic reflection of production cost, energy value and return on investment.

Reprice utility services so large users pay more, not less. So conservation, not consumption is rewarded.

Keep energy within the jurisdiction of free enterprise where competition will assure fair prices, reasonable profits, and adequate supplies.

Support research to develop utilization of new forms of energy for the decades ahead of us.

The system of free trade—Free Enterprise—built this Country in 200 years. Not Big Government, which never has . . . and never will.

The Common Sense Energy Policy is endorsed by the 280 members of the Oklahoma Oil Marketers Association, who are wholesalers of gasolines, diesel fuels, distillates and other petroleum products to retailers, agriculture and industry.

By Oklahoma Oil Marketers Association, 1140 N.W. 63rd, Suite 310, Okla. City, Okla. 73116 (405) 842-0344.

FOREST SERVICE PROGRAMS: AN INVESTMENT IN THE FUTURE

Mr. HUMPHREY. Mr. President, I want to share with the Senate a series of recommendations which I have sent to Senator Robert C. Byrd regarding funding for the Forest Service programs in fiscal year 1976.

Senator Byrd has provided distinguished leadership to the subcommittee handling the appropriations for Interior and related agencies. The points of these recommendations is that increased funding is needed for a number of vital resource programs.

These funding recommendations should be looked at as an investment for the future and our people. The increase of $162 million would provide real dividends in terms of increased employment, additional revenues from timber sales, improved management practices which will lead to increased future forest and rangeland resources and expanded recreational benefits to our people.

Mr. President, I know that the subcommittee will give careful consideration to these recommendations, and I ask unanimous consent that they be printed in the Record.

There being no objection, the recommendations were ordered to be printed in the Record, as follows:

U.S. Senate,
Washington, D.C., October 28, 1975.

Hon. Robert C. Byrd,
Chairman, Subcommittee on Interior and Related Agencies, Committee on Appropriations, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: Enclosed is a detailed analysis suggesting increases for the Forest Service budget for FY 1976 totalling $162 million above the budget request.

A substantial part of the proposed increase will be returned to the Treasury in the way of greater income. In addition, much needed productive employment will result. The proposed change in road funding will enhance environmental management and better assure that forest cutting is tied more closely to ecological impacts and their minimization. A stronger research program will effectively improve the environmental management of range and forest land. The strengthening of the cooperative programs will aid private and State resource management efforts.

The House made a number of improvements in the budget the Administration submitted. I support them.

My proposals would move us closer to the level of need. In my statement, I have compared the levels needed with the Administration's budget. These recommendations will represent an important contribution toward upgrading our forestry and rangeland programs.

I will appreciate your subcommittee's consideration of these recommendations.

Sincerely,

Hubert H. Humphrey.

Forest Service Programs: An Investment in the Future

(Statement By Senator Hubert H. Humphrey)

The programs of the Forest Service meet important opportunities to provide both economic and esthetic resources. The agency (1) administers the 187 million acres of forest and rangeland in the National Forest System. About half the land is forest and the other half rangeland. These two major cover types provide opportunity for a wide range of uses. (2) the agency carries out cooperative programs of grants to State and private land owners to encourage wise private resource use and protection. (3) the agency conducts research on forest and rangeland resources.

These programs all play significant roles in the economy whether it is declining or rising. The total of 1.46 billion acres of forest and rangeland in the U.S. are not only storehouses of natural renewable resources but also they have the potential to provide more abundantly for the future.

The Forest Service budget requests $573 million in appropriated funds for programs, exclusive of non-program permanent appropriations. Compared to 1963, the request for 1975 is the same on a constant dollar basis. With 4,000 fewer employees, significant internal economies have been effected. However, today the Forest Service is not funded or manned at a level of consistent with the growth in needs and the growth in demands on national forest lands, resources or on services and cooperative activities.

THE NATIONAL FORESTS

In times of high resource demands when the economy was booming at recent funding levels, the ability of these 187 million areas of lands to meet needs has been strained to their present multiple use—sustained yield capacity. This is due to long-term insufficient action to get these lands in their best resource producing condition. The need is to afford a reasonable degree of flexibility to adjust program emphasis, all the while providing the means to reach the higher resource outputs that the longer term will require.

The location of the lands administered by the Forest Service and the effects of their other programs make this agency a particularly effective one to aid in providing useful employment which will assist the economy in a way that provides vital renewable resources and services for a full economy.

However, some programs are of a nature that requires a level of readiness to be able to respond promptly. One of the major resources is the 90 million acres of commercial forest land within the National Forest System. Prompt acceleration of programs of reforestation, which have lagged, requires seed stocks, seedlings and nurseries. Prompt acceleration of the sale of forest products requires advance roading and sales planning.

The approximately 90 million acres of rangeland presents the same situation. Prompt acceleration of opportunities to provide additional range forage for livestock requires that range improvement activities be undertaken several years ahead so that ranchers can plan ahead with the knowledge that forage opportunities will exist.

Similarly, on both classes of land, achieving optimum levels of game population both for ecological and hunting reasons requires advance action to improve the habitat.

The interaction of land uses on the water resource are constant, at times major and catastrophic, and always requiring time to effect substantial improvements. Seasonal and cyclical changes cannot be forecast with certainty but the condition of the water resource in all of its forms affects significantly the condition of other resources and the soil base.

FOREST RESEARCH

Forest and Range Research is carried out in 43 states. The projected $79 million budget request plans a $1.7 million decrease in forest and range research, no increase in resource protection research and small program increases in utilization and economics research. The bulk of the dollar increase over 1975 is for pay costs and GSA space.

With major actual reductions planned in watershed, wildlife, fish and range habitat and tree management, the plan for 1976 weakens fundamental needs in the core programs essential to effective interdisciplinary approaches to renewable resource management.

In the case of the forest—with over 100 different commercial species—the need is to advance our knowledge of the total ecology in order to insure imported multiple use environmental management.

STATE AND PRIVATE COOPERATION

The budget request here is almost $5 million below the 1975 level due to a major reduction in fire control cooperation.

Rather than direct Federal intervention, this program stresses cooperation with States and private owners. Within the more than 400 million acres of private and state commercial forest lands and about a half billion acres of private and state rangelands, a major goal ought to be to aid, counsel and promote improved private resource management and protection.

There is a significant opportunity to enhance urban appreciation of the forest through use of cooperation with States in an urban forestry program.

The appropriations provided to an agency are not a command to spend but rather an authorization to proceed carefully. They provide the financial sinews for intelligent decision making in a continuing process which requires executive actions to carry out a set of planned congressionally approved actions.

With this in mind, the following budget is suggested for the Forest Service for Fiscal Year 1976.

The current situation is one in which the level of unemployment nationwide is far greater than it ought to be; the need for housing is high but the rate of construction is down, thus having a major impact on the forest products markets; the use of the National Forests for recreation remains high and continues to grow, yet the facilities and services are below needed levels; the condition of the range and grassland which comprise half of the National Forest System is well below desired levels, with adverse effects on the soil cover and the number of animals that can be accommodated. Current revenue receipt estimates for all programs project a reduction which will reduce Treasury receipts and payments to local governments.

A need exists to set into motion orderly change with a resultant higher level of accomplishment than has been reached in the recent past.

The budget for FY 1975, including permanent appropriations and supplementals, totalled about $880 million. The budget request for 1976, on a comparable basis, totals $887 million. I am recommending an increase of $162,000,000 for careful consideration based on the following specific reasons:

Forest and Range Land Protection and Utilization, and Forest and Range Land Management.

NATIONAL FOREST PROTECTION AND MANAGEMENT

Sales Administration and Management.—This program provides the funds to prepare and administer timber sales, conduct timber inventory and stand management control work and other related activities. The Forest Service allowable cut level is 13.6 billion b.f., and in recent years sales have been about 10.5 billion b.f. with the harvest at about 11.4 billion b.f.

The plan for 1976 is to sell about 11.9 billion b.f., and the expectation is that 11 billion b.f. will be harvested. The budget request is $98,124,000, and I am recommending a level of $102 million, an increase of $3,879,000.

This increase will permit the preparation of 12 billion b.f. for marketing and the sale of this volume, plus 2 billion of previously prepared timber. Of the $3.9 million increase, a $1.9 million should be allocated to timber inventory and plans, with the goal of moving from the present 18-year cycle to a 10-year cycle and updating inventories in critical regions and supply regions and supply situations. The other $2 million is to secure a higher degree of environmental protection in planning and making specific sales.

Reforestation and Stand Improvement.—The proposed budget of $46.7 million would provide less funds and fewer accomplishments for this key activity than the 1975 budget. I recommend a budget of $65,000,000, an increase of $18.3 million. A substantial portion of the increase should be used to strengthen tree nursery and seed collection including tree improvement. Special efforts should be placed on increasing tree stand improvement.

Specific plans should be made to begin to identify and reforest all lands with the capacity to grow in excess of 85 cubic feet of wood per acre per year and to treat the major portion of lands that can grow species in commercial demand with a growth rate above 50 cubic feet per acre per year.

Stand improvement activities should be stressed on similar lands in the coming year, while steps are taken to gear up nursery and seed source for a vigorous attack on the backlog of lands in need of reforestation. All indications are that the National Forests will be looked to for a greater supply of wood and that this can be achieved economically and with benefit to multiple use goals by intensive management on higher growth sites.

Recreation Uses.—Both visits to regular facilities and dispersed use of Forest Service facilities for recreational purposes continue to climb. In addition, insufficient action has been taken to maintain and operate recreational programs and facilities. I recommend the sum of $54,000,000 which is $2,870,000 above the $51,130,000 budget estimate.

In addition to requested increases, special efforts should be made to raise levels of operation and maintenance.

Wildlife and Fish Habitat Management.—I recommend the sum of $15,00,000 which is $3,640,000 over the $11,360,000 budget estimate. The National Forest System lands are important as big and small game and fish habitats. There are 58 species of endangered wildlife on these lands. Annual hunter use now exceeds 34 million visitor days, fishing use is almost 38 million visitor days, and appreciation use exceeds 17.5 million visitor days. Total user expenditures are estimated at over $900 million annually. This is a program that has lagged well behind opportunity, yet it has important ecological and economic implications. The increase is needed to strengthen habitat management.

Rangeland Management.—There are about 90 million acres of range-land type lands on the National Forests, and there is a significant potential for increasing the quality and utility of the forage for livestock grazing, and with important benefits in improved soil, water, stream flow, and wildlife conditions. The current level of grazing use provides 7.5 million animal unit months, yet a recently completed Forest Service study shows the level can readily be raised to 15.8 million Aum's. In the process, the agency suggests 15 million acres now grazed can be taken out of grazing with substantial econological benefits thereby realized. The data projects nationwide rangeland can and will need to produce at least twice as much grazing in the year 2000 as it now does. I recommend $24,000,000, an increase of $5,568,000 over the proposed $18,432,000 request.

This increase can be applied to start the rehabilitation of the 7.3 million acres the Service has defined as being cost/effective for grazing rehabilitation.

Soil and Water Management.—There are over 500,000 acres of degraded watershed lands on the National Forests. The planned rate of attack for 1976 will treat only 30,000 acres. The proposed budget will reduce funds for watershed restoration and improvement by $446,000, and will also reduce rivers studies, construction liaison, and environmental analysis work.

I recommend the sum of $19,000,000, an increase of $1,881,000 over the $17,119,000 requested. This would accelerate watershed treatment and improvement work and also fund river studies at 1975 levels.

Minerals Management.—The National Forests contain significant deposits of energy and non-energy minerals and materials. Leasing activities involve over 17 million acres, and the administration of claims under the 1872 Mining Act involves several million acres more. In addition, there are special problems in providing for surface mining and reclamation activities. There are over 3,000 surface mines on the National Forests and over 100 reclamation and mine drainage treatment projects currently operational. Current policy requires reviews of prospecting and operating plans and intentions to operate and their subsequent administration.

I recommend providing $8,000,000, $1,057,000 above the $6,943,000 budget estimate, to improve the level of all mineral management operations.

Forest Fire Protection.—Despite the gains and improvements in forest fire protection in the period 1970–1974 on the National Forest, losses exceeded the protection cost by almost half a billion dollars. The current program provides virtually unlimited funds to attack fires, once started. It is difficult to assess with certainty the degree to which added protection will reduce the cost of extinguishing fires. The trend in man-caused fires has been upward, and this has also been true of lightening-caused fires. However, the trend in acres burned has shown a reduction.

The budget projects a reduction in effort in fire attack forces and air operations. Other changes, except for fuel modification programs, are minimal. I recommend the sum of $47,000,000, an increase of $9,096,000 over the budget request of $37,904,000, in order to provide significant strengthening of the fire protection program. Last year's cost for fire fighting alone was in excess of $100 million which was an exceptionally high figure which was covered by supplemental funding.

A stronger protection program carried out over several years, it is expected, will alleviate critical fuel conditions and provide a more effective detection and early attack program.

General Land Management Activities.—This program provides support for multiple use activities through activities such as land classification, exchanges, land line surveys, maintenance of fire and other facilities and special use permits. Many of these activities can be expanded and contracted quickly and can be operated by hiring rural unemployed persons. Many activities support other basic endeavors and are basic to their success.

I recommend the sum of $35,000,000, an increase of $3,491,000 over the $31,509,000 in the budget. This will provide a more effective attack on the backlog of management support work and offer work opportunities for currently unemployed persons. Special emphasis should be given to maintenance and land surveys.

Forest Insect and Disease Control.—Legislation just enacted will make funds for this activity available until expended, thus leading to more rational allocation of effort and increase the agency's ability to deal effectively and promptly with outbreaks of insect and disease epidemics. There are at least 15 insects and diseases that have significant regional impacts and are causing major losses.

The Agency has been making useful efforts to strengthen detection surveys and biological evaluations. The goal is to cut detection time in half, thus shortening response time, lowering control costs and losses suffered. The costs for this program have fluctuated between $11 and $17 million in the past few years. In order to enhance the detection effort and to provide for timely and more effective control with approved methods, I recommend $16,000,000, an increase of $4,421,000 over the $11,579,000 requested.

Forest Research.—Overall, the sum effect of the program changes for the several lines of research would result in reductions in several, a stable funding level for others—which is tantamount to a reduction, and small increases for others. The sum I recommend is $90,000,000, an increase of $10,789,000 over the $79,211,000 requested. Of the increase, and in relation to the proposed budget, $2,000,000 should be allocated for forest research to improve the ecological basis for both management and harvesting, $1,000,000 to Insects and Disease, $1,500,000 for Forest Resources Evaluation, $1,500,000 for Surface, Environment and Mining, to assure better protection when mining forest and rangeland, $1,300,000 to bring water research to 1975 levels, $1,000,000 for wildlife, fish and range research and $1,489,000, spread approximately among the other elements of research.

The budget presentation outlines the lines of research and the major areas of inquiry that need to be pursued in order to secure more effective forest and range management and the utilization of the products and services associated with these lands.

State and Private Forestry Cooperation.—The budget proposes a reduction in cooperative efforts despite the proven benefits of these programs and the major contributions made by the States. The sums provided represent by far the smallest part of the tripart Agency program of management, research and cooperation, despite the catalytic effect these programs have had in broadening the effectiveness of conservation efforts.

I recommend $44,000,000, an increase of $13,778,000 over the $30,222,000 requested. Of the increase, $7,778,000 would be for the Fire Control Program, $1,000,000 to strengthen the Tree Planting Program, $3,000,000 for the Cooperative Forest Management Program, and $2,000,000 to institute an Urban Forestry Program. The need for an urban community forestry program has been recognized for over a decade and several States have made beginning and useful efforts. The growing concern about the environment and the fact that many forest land owners are urban dwellers lends a special need to directly reach the urban community with activities and services that enhance the understanding of the forest resource in its broadest sense.

Construction and Land Acquisition.—The 1976 budget request is for $14,475,000, a reduction of $17,138,000 from the 1975 level. A minor component of this program, land acquisition and funding for 1976, is proposed at approximately the 1975 level, $1,525,000. Major cuts are proposed in pollution abatement—$7,789,000, recreation construction—$4,379,000, water resource construction—$1,609,000, and research construction—$3,957,000. These are all programs of major significance. In addition, the type of work planned is especially adapted to reducing unemployment in areas and trades where this is a specific and growing problem. No savings are to be made in deferring the planned work, since it is vital and productive. In order both to apply a stimulant to productive employment and to meet critical resource development needs, the recommended sum of $32,000,000, an increase of $17,525,000, is needed to keep these activities in a par with the 1975 level. Special consideration should be given in programming work to meet opportunities to aid in providing gainful employment in areas of critical concern.

Forest Roads and Trails.—The development of the transportation infrastructure is of vital importance to both short and long-term renewable resource development. The effect of the policy of the past several years is now recognized. This policy both cut back the level of road construction, eliminating all roads not connected with timber harvesting, and transferred this obligation to the timber sales contract by raising the requirement that timber purchasers construct roads as a part of a timber sale.

The result is undesirable in several respects. Multiple use roads are needed and they can best be constructed using a planned methodology with regular road contracts financed with appropriated funds and the work performed by the road construction firms.

The current system not only places a large burden on the timber purchasers, but also has adverse impacts on forest management. Purchasers must build a road before timber harvesting can begin. Sales must be made large enough to carry the road cost and the removal of timber is delayed until the road is built.

The present market situation demonstrates the hardship this places on the timber purchasers. The Agency, unable to have roads constructed ahead of sales, is unable to offer for sale that timber which for silvicultural reasons should be marketed earliest. In addition, the purchasers are limited in their flexibility to respond and react to emerging market situations. "Senate Report 94–426 on S. 364, Timber Sale Costs dated Oct. 9, 1975 outlines needs for fall budget funding at authorized levels."

It is anticipated that there will be $305 million in unfunded authority as of June 30, 1976. While technically this sum is available for contract authority use, from a practical aspect it can not be used unless cash is appropriated to permit its use. In addition, the proposed budget would permit $25.7 million of authority to lapse as of June 30, 1976.

It is also anticipated that in timber contracts outside the budget, as much as $180,000,000 of road construction will be authorized. Until FY 1977, when the terms of the Forest and Rangeland Renewable Resources Act relating to roads take effect, this activity, which affects the budget and revenues, will continue outside the appropriation control process.

The recommendation is for an additional $56,000,000 appropriation in order that an additional $80,000,000 of the existing authority may be obligated in FY 1976. This additional sum would be used to provide for multi-purpose roads in forested areas where the requirement on timber purchasers creates marketing problems.

It would be expected that, to the extent feasible, early work will commence on roads that can be of benefit for sales to be offered in the latter part of FY 1976 which would provide an important employment stimulant.

Youth Conservation Corps.—The program proposed in the budget for FY 1976 is the same as in 1975. This program provides gainful summer employment for 15-through 18-year-old youths, develops natural resources, and creates an awareness and understanding of natural resources among youth, especially a group which otherwise would not likely gain such knowledge. It also helps broaden job horizons for a group of young people who have had greater difficulty in securing productive employment. The program has been an outstanding success in every way. The funds are utilized by the Forest Service and the Department of the Interior in cooperation with State and local groups.

I recommend that $20,000,000 be provided, an increase of $9,600,000 over the $10,400,000 requested in the budget. With current high rates of unemployment, especially affecting young people, these added funds will prove of benefit in providing gainful employment.

FOREST AND RANGE LAND PROTECTION AND UTILIZATION, FOREST AND RANGE MANAGEMENT

NATIONAL FOREST PROTECTION AND MANAGEMENT

[In thousands of dollars]

Appropriation item	Budget request	Recommended level	Change
Timber resource management:			
(a) Sales administration	98,121	102,000	+3,879
(b) Reforestation and TSI	46,686	65,000	+18,314
Recreation	51,130	54,000	+2,870
Wildlife and fish	11,360	15,000	+3,640
Rangeland management	18,432	24,000	+5,568
Soil and water management	17,119	19,000	+1,881
Minerals management	6,943	8,000	+1,057
Fire protection	37,904	47,000	+9,096
General land management	31,509	35,000	+3,491
Forest insect and disease	11,579	16,000	+4,421
Total forest and range management	330,783	385,000	+54,217
Forest and range research	79,211	90,000	+10,789
State and private forest co-op	30,222	44,000	+13,778
Total forest and range protection and utilization	440,216	519,000	+78,784
Construction and acquisition	14,475	32,000	+17,525
Roads and trails	108,225	164,225	+56,000
Youth conservation corps	10,400	20,000	+9,600
Total appropriated funds	573,316	735,225	161,909

AMERICAN FOREIGN POLICY

Mr. THURMOND. Mr. President, at this crucial time in history many people in this country are divided over America's proper course in the world and our policy for achieving it. Foreign policy is the determining factor in a nation's relationship with other nations and the complex role of protecting national interest among the crosscurrents of global strategy.

While Secretary of State Kissinger has guided our foreign policy under the direction of two Presidents, there have been innovations and achievements which brought both praise and criticism. His successes in reducing world tensions and opening international dialog are well known. His policy of détente, while founded in the logic of international cooperation, has created controversy over its implementation, where the "give" has often been more than the "take."

Mr. President, in order that our national understanding on current foreign policy be based on reports from all sides, I have been asked by some responsible people to include in the CONGRESSIONAL RECORD two items. One is a short, four-paragraph summary of a book on foreign policy with an introduction by former Defense Secretary Melvin Laird, entitled "Kissinger's Grand Design," by G. Warren Nutter, former Assistant Secretary of Defense for International Security Affairs. This summary was reprinted October 21, 1975, in the Washington Post. The other is an excerpt from a book, entitled "World Power Assessments," by Ray L. Cline, former Director of Intelligence and Research at the State Department.

These two documents should be read with the purpose of acquainting oneself with the pros and cons of present policy. The conclusions of these writers can provide the material for informed discussion of our foreign policy and strategy in world affairs.

Mr. President, in order that my colleagues may have the advantage of these views I ask unanimous consent that these documents be printed in the RECORD.

There being no objection, the documents were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 21, 1975]

FOR THE RECORD

(NOTE.—From "Kissinger's Grand Design," a recent study by G. Warren Nutter, a former Pentagon official now teaching at the University of Virginia.)

Yes, there is a grand design to Kissinger's détente, but the West is drifting all the same. Confusion reigns in Congress and the public, and it cannot be dispelled by consensus because diplomacy has become personalized. There is no way for the legitimate organs of government to guide the direction of American foreign policy as long as it conforms to Kissinger's grand design. The policy and his stewardship must both be accepted as a matter of faith.

What Kissinger promises in exchange is peace without risk: he will create a stability of forces and a legitimate international order while eliminating the risk of confrontation between the nuclear superpowers. He promises to do so by entangling the Soviet Union in a web of involvement that it will never wish to escape. The promise cannot be fulfilled.

Kissinger calls his diplomacy creative, but it is more aptly described as romantic. Such statesmanship is rare in the American tradition, which favors a foreign policy resting on idealism and realism, mixed in proportions appropriate to the times.

Above all, American foreign policy is obliged to be public policy, subject to public scrutiny, appraisal, and approbation. Mystery, secrecy, and faits accomplis are simply out of place. If this serious defect is to be remedied, the grand design must go back to the drawing board.

EXCERPT FROM "WORLD POWER ASSEMBLY"

(By Ray Cline)

What is needed now in the aftermath of the American Age of the 1950s and 1960s is to reconstitute a pattern of key alliances—a kind of latter-day Athenian League—on the basis of informed common understanding of the problems ahead. Such a group must be strong enough to counter hostile moves by potential totalitarian adversaries. The aim of the United States should be to select and work closely with the main allies with whom we share interests and strategic aims. The ultimate goal is not imperial hegemony but a common dedication to insuring the safety and desired way of political and social life of these nations' respective citizens. To evoke the best and most realistic aspirations of the people in each society is the real role of national strategy.

Today what the United States needs is a consensus in support of a nontotalitarian alliance capable of maintaining an approximation of the present balance of world power. The right alliance at this time can stop unfavorable trends. It can only be a strictly voluntary association of a core group of friendly states, committed to a mutually beneficial cooperation with each other, in economic relations, in military burden-sharing, and in political planning. Its goals would embrace the essential purposes of the North Atlantic community, but its scope would be broader geographically and its functions not limited to military planning.

Other states should be viewed as potential associates of such a core group, and not as adversaries, unless they choose to be. The numerous nations of the Third World may join such an alliance if they accept the common strategy. Economic aid to all needy nations on a humanitarian basis ought to be one of the stabilizing policies of the alliance. It is unrealistic, however, to expect the less powerful nations to carry the burden or take the risks of major allies. Many political and social changes will disrupt the powerful potential of the hundred-odd weaker states. Not all of today's nations will survive, since local and tribal loyalties are strong and divisive in many regions. The leading nations, however, the core group, must stick together firmly in maintaining something close to the balance of power in the mid-1970s since all of them will otherwise suffer individual losses of security and influence adding up to an irreparable shift toward totalitarian domination.

The best name for an association of independent nations might be "Oceans Alliance," in reference to the Atlantic and Pacific seaways which link these states. The many international associations in which the United States participates could continue as at present. The core group of nations in an Oceans Alliance structure would simply have to bind themselves to cultivate economic interdependence and cooperation in support of a common strategy.

Such a strategy is implicit in the situation described in preceding pages of this book and is closely related to the old strategy of the 1950s and 1960s. The new strategy might be formulated along these lines:

The United States should protect the security of its people and society by maintaining an alliance system which will prevent a hostile totalitarian nation or combination of such nations from establishing political or military control over central Eurasia *plus* any substantial parts of the Eurasian peripheral rimlands.

To translate this strategy into the politectonic terminology employed in this book, this strategy would mean: the USSR and China could expect completely peaceful relations with the United States provided they did not try to dominate from their central (heartland) position in Eurasia any of the major countries identified as leading nations in the peripheral Zones IV through VIII, West Europe, North Africa and the Mideast, South Asia, Southeast Asia, and Northeast Asia. In the case of direct or indirect aggression against any of these major nations which voluntarily join in Oceans Alliance, the United States would render political, economic, logistic, and, if necessary, military assistance to the extent that circumstances required. Such commitments would have to be guaranteed by agreements or treaties approved by the U.S. Senate.

Existing U.S. alliance commitments would not necessarily be dropped if the President and the Congress could agree on a new affirmation of strategic purpose and invite the major nations to shoulder special responsibility in pursuit of this strategy. The NATO alliance could continue in being as an overlapping security system. Such members of NATO as Belgium, Greece, the Scandinavian countries, and Iceland, regardless of size and power, would be eligible to join the Oceans Alliance if they chose to adopt its purposes.

In any case, decisive leadership in the United States in pursuit of a clearly articulated goal of this kind could bring together an association of nations worthy of the description of a new Athenian League and capable of preventing the spread of Soviet or Chinese totalitarianism. It is clear that at this stage of historical evolution it is not possible to "leave it to the UN" or to other existing international organizations to preserve a stable world order.[2] The United States must instead implement the purposes of the UN Charter—which are excellent as abstract goals—with the moral force, political purpose, and military power necessary to protect the way of life of the non-totalitarian regions of the world.

The first choices for membership in the core group of a new Oceans Alliance are bound to consist of the major states with common political and social processes, as well as shared goals and views about international dangers: the United States, Canada, the United Kingdom, West Germany (FRG), France, Italy, the Netherlands, Israel, Japan, China/Taiwan, Australia, and New Zealand. These 12 nations collectively possess about 40 percent of the perceived power of the entire 40 nations we have singled out (page 130) as being of highest international importance. This group of 12 tends to set the strategic pattern in four politectonic zones containing more than 850 million people, 14 million square miles of territory, and most of the world's advanced technology.

Substantial ethnic groups in the United States have emigrated from all of the dozen countries selected above, bringing their cultural contributions to U.S. society. All have parliaments, relatively open electoral processes, and economic systems based on comparatively free international trade. It is easy to quibble about the effectiveness of national democratic procedures, including those in the United States, but these countries represent open societies operating under rules of law with substantial concern for civil rights and the consent of the governed.

The English-speaking nations have a long history of special bonds with one another and with the United States. Israel is a unique case, a country created by the United Nations and sustained by support from the United States and West Europe for a quarter-century of turbulent existence. Its close cultural and religious ties with Jewish communities in the United States are comparable to the ties of U.S. citizens of Chinese, Japanese, German, and Italian descent, and all the rest, with their ethnic homelands.

Since World War II, Japan and China/Taiwan have closely associated themselves with the United States, the most advanced nations in East Asia to do so. They are almost totally dependent on U.S. treaties to guarantee their security against domination or conquest by mainland China. The Government of the Republic of China in Taipei claims it is *de jure* the government of all China, but it is as the *de facto* government of the island of Taiwan and of the Pescadores that it has a defense treaty with the United States. Its island position, its modern export-oriented economy, and its political progress toward democratic government in Taiwan in the face of still serious military threats from Peking, qualify it along with Japan as an Asian strong point in an Oceans Alliance. Japan represents the only large population unit in Northeast Asia and the leading proponent of modern economic technology based on world trade. The inclusion of these Asian states in the core group extends its reach from Northeast Asia and the Pacific across North America to connect with the leading nations of West Europe.

These dozen nations can accomplish prodigies by working closely together. In terms of global strategy and geography, however, there is a dangerous gap on the periphery of Eurasia between Northeast Asia and West Europe—a gap that has to be filled by leading nations interested in maintaining the independence and freedom of their own regions from Soviet and Chinese domination. An Oceans Alliance must be sure its members are able to move and trade along routes running around the world through the Pacific, Indian, and Atlantic Oceans.

Consequently, beyond the dozen already mentioned, equally close alliances should be built up with other friendly nations, some of whom may have political traditions or social structures different from those of the United States. The strategic power of the Oceans Alliance has to include at least one strong point in every politectonic zone in the Eurasian rimlands.

Détente in the literal sense of taking every reasonable step to avoid war would, of course, continue. The leaders of the United States should, however, plainly recognize and explain to the people of this country, that crucial short-of-war conflicts over political influence and economic resources in the rimlands of Eurasia are likely to continue so long as governments in Moscow and Peking sponsor revolution, class warfare, and guerrilla liberation movements in other nations. U.S. defense policy and national strategy ought to focus on this danger, not on superficial diplomatic atmospherics in the conduct of relations with the totalitarian nations.[4] Civility and fair dealing toward all nations are entirely in the U.S. interest. Confrontations would occur only if interventions by totalitarian states occur in areas vital to leading nations in the U.S. alliance system. The United States would continue to try to resolve all conflicts peacefully, but it would not avoid confrontations by making concessions at the expense of its allies or its own strategic interests. This new strategy would do more to stabilize international relations and permit a realistic *modus vivendi* with the totalitarian nations than bushels of détente rhetoric. It would also recommit this country to the political and economic ideals in which most people in the United States believe.

At present, the power of the United States is declining, not because it has become a weak nation, but because it is strategically muddled and because the number of its reliable allies is declining. The United States has untold strength. It has immense economic wealth. What it needs is the kind of straightforward, candid leadership that deserves to be followed at home and abroad in pursuit of a sensible strategy.

The United States must organize its own efforts along these lines. Otherwise the trend toward further decline in others' perceptions of U.S. power cannot be halted. The remedy lies in a renaissance of energetic alliance-building efforts. Not only would the United States and its allies benefit but so would those nations low on the scale of present international power rankings whose future fate will be determine largely by the evolution of the balance of power in the 1970s and 1980s. The United States must offer credible security guarantees to a core group of allies in order to prevent totalitarian control of Eurasia. It must also provide imaginative, farsighted economic policies that will bring mutual benefits to the Oceans Alliance nations, tied one to another by the sea-lanes of the world and a sense of common purpose. The United States then can act firmly and honorably to oppose totalitarianism as a way of life and to create an international environment safe for diversity, free international exchange of economic goods and services, political pluralism, orderly social change, and the nonviolent resolution of conflicts.

THE SOVIET UNION AGAINST LEV ROITBURD

Mr. RIBICOFF. Mr. President, I am extremely disturbed by the sharp drop in the numbers of people being allowed to emigrate from Russia. These figures are down from some 35,000 in 1973 to a prospective level of only 13,000 for 1975.

It has always been my objective to help get those who want to leave the Soviet Union out of that country as soon as possible. During my trip to Russia with several other Senators this past summer, we met with members of the Soviet Government, including Secretary Brezhnev, to discuss the problem. We also met with leading Soviet dissidents and others familiar with the overall situation. We were given to believe that these meetings would not be interfered with since they bore so directly on our discussions with Secretary Brezhnev and the other officials with whom we met.

It came as a great shock to me to hear that one of those whom we had arranged to meet with, Lev Roitburd, an engineer from Odessa, was arrested by Soviet KGB agents while traveling with his young son to meet with us in Moscow. Mr. Roitburd was bringing his son, who was seriously ill, to Moscow to obtain medical attention not available in Odessa. Lev Roitburd was arrested on the wholly unjustified charge of resisting arrest. He was sentenced to 2 years in prison.

Recently, I was informed that Soviet officials had agreed to hear an appeal in this case. Because of the circumstances involved, I felt a special concern with helping this man.

To this end, I sent a telegram to Ambassador Dobrynin and asked him to grant Mr. Roitburd his immediate release from prison and to dismiss all charges in the case. I also called the matter to the attention of Secretary Kissinger and other appropriate officials in the Department of State and Treasury. Now, I have learned that Mr. Roitburd's appeal was rejected and his sentence has been reaffirmed.

Since my return from the Soviet Union I have met with President Ford, Secretary Kissinger, Secretary Simon, many national Jewish leaders, and representatives of the Soviet Union to make clear my strong feeling that any change in the basic objectives of either the Jackson or the Stevenson amendment would require a substantial outward movement of Jews from the Soviet Union, including Soviet dissidents.

The case of Lev Roitburd distresses me because of the unjust imprisonment of this innocent man. But in a larger sense, it disturbs me because it demonstrates that the Soviet's attitude toward the sensitive and complex issues involved is one of intransigence and inflexibility. So long as the Soviet Government remains inflexible in these areas it is difficult to foresee any change in our trading relations with Russia. It remains my hope that there will be some movement toward a solution to this serious problem. But there will be no final solution until the Soviets are willing to match the flexibility that I and many of my colleagues here in the Senate have tried to convey to them. The Soviet authorities must permit substantial increases in the numbers of people who are allowed to leave Russia, or there can be no movement on these issues.

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[2] A majority vote in the UN can be carried by 70 states representing less than 5 percent of the population of the world and virtually none of the significant power and international responsibility.

[4] President Ford seems to be moving in this direction as indicated in his post-Helsinki speech in Minneapolis on August 19, 1975.

Mr. President, as a record of this case, and as a graphic example of the inflexible Soviet attitude that must change if we are to remove some of the barriers to trade between our two nations, I ask unanimous consent that the correspondence I have had with Soviet and American officials concerning the case of Lev Roitburd be printed in the RECORD. Mr. President, I also ask unanimous consent that a letter from Mr. Roitburd's father-in-law, Mr. Tenenboim, be printed in its entirety in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TELEGRAM

Hon. ANATOLY F. DOBRYNIN,
Ambassador, Embassy of the Union of Soviet Socialist Republics, Washington, D.C.

I appeal to you on humanitarian grounds to obtain the immediate dismissal of all charges against Lev Roitburd of Odessa and to grant this man his immediate release from custody.

His desire to talk with me and the other Senators who recently visited the Soviet Union in no way provides the basis for the charges he has faced.

ABE RIBICOFF,
U.S. Senate.

OCTOBER 2, 1975.

Hon. HENRY A. KISSINGER,
Secretary of State, Department of State, Washington, D.C.

DEAR MR. SECRETARY: I am deeply disturbed by the arrest and conviction of Lev Roitburd, an engineer from Odessa who was sentenced to two years in prison on a charge of resisting arrest. It was an arrest for which there were neither grounds nor official charges.

Lev Roitburd was arrested while attempting to come to Moscow with his infant son at great personal expense. The purpose of his visit was to meet with me and the other Senators during our recent trip to the Soviet Union. He was taking his son, who was seriously ill, to Moscow to obtain medical attention not available in Odessa.

Because of the circumstances involved in this case, I feel a special concern with helping this man. I consider the unwarranted actions of the Soviet authorities to be both a personal affront and an affront to the Congress of the United States, whose representatives had received assurances that their planned meetings with Soviet citizens would not be interfered with.

I have contacted Ambassador Dobrynin and informed him of the great injustices of this unconscionable conviction. I have asked him to gain the dismissal of all charges in the case and to grant Mr. Roitburd his immediate release from custody.

I would greatly appreciate any further steps you can take towards this goal.

Sincerely,

ABE RIBICOFF.

ISRAEL GIVATAIM,
October 26, 1975.

Senator ABRAHAM RIBICOFF,
The Senate of the United States, Washington, D.C.

DEAR SENATOR RIBICOFF: I would like to thank you from the bottom of my heart for the actions which you undertook on behalf of my son-in-law, Lev Roitburd from Odessa in the USSR.

You remember perhaps that my son-in-law became a victim of a provocation staged by the Soviet security authorities at the Odessa airport when Lev tried to fly to Moscow in order to meet with the group of American Senators—which included you as one of its members—and to tell them that he was not allowed to emigrate to Israel.

Unfortunately, the Soviet authorities did not observe the basic norms of justice and on the 10th of October 1975 the Court of the Odessa Oblast had confirmed the verdict of the court of the first instance which sentenced Lev to 2 years of imprisonment in a labour-camp.

My daughter, Lev's wife, had informed me that the lawyer engaged for defending Lev, is planning to lodge a cassation appeal to the Supreme Court of the Ukrainian SSR in Kiev. The date of the hearing of the cassation appeal had not been set yet, but it can be assumed that it will take place in the near future. I therefore appeal to you with the request to raise your voice in defense of Lev Roitburd and to appeal to the Soviet authorities for a revocation of the sentence in this case of a man whose sole crime was his desire to become reunited with his family in Israel.

Respectfully yours,

AVRAHAM TENENBOIM.

RESOLUTIONS OF THE NATIONAL FEDERATION OF REPUBLICAN WOMEN

Mr. THURMOND. Mr. President, at the biennial convention of the National Federation of Republican Women which was held last month in Dallas, Tex., a series of excellent resolutions was adopted which I feel represents the views of a majority of Americans.

The resolved thoughts of this distinguished group serves to remind us of the concern throughout this country about major issues in our public life. In fact, these resolutions represent the good judgment and foresight of "main stream" citizens across this land.

The delegates to this convention assessed some of the leading questions facing Americans everywhere and found the solutions in good, sound constitutional principles. They expressed these views on 11 such topics, as follows:

First. Retaining the Panama Canal;

Second. Maintaining a strong national defense;

Third. Implementing stronger crime control;

Fourth. Providing for adequate internal security oversight by Congress;

Fifth. Reforming the food stamp program;

Sixth. Alleviating welfare abuses;

Seventh. Establishing a program of national energy sufficiency;

Eighth. Reducing the size of the Federal establishment;

Ninth. Abolishing forced school busing for the purpose of meeting racial quotas;

Tenth. Maintaining our present policy toward Cuba; and

Eleventh. Extending antitrust laws to include labor unions as well as business.

Mr. President, these resolutions express such outstanding ideas that I would like to give each of my colleagues an opportunity to read them. Accordingly, I ask unanimous consent that they be printed in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

RESOLUTIONS OF THE NATIONAL FEDERATION OF REPUBLICAN WOMEN

PANAMA CANAL

Whereas:

In 1908 the United States of America and the Republic of Panama entered into a treaty under which the United States, at great expenditure of lives and money, constructed the Panama Canal;

The 1908 treaty gave the United States sovereign control "in perpetuity" to operate the canal and maintain a fortified ten-mile wide zone along the path of the canal through Panama, and in 1964 the two nations agreed to renegotiate the treaty, and it now appears that such negotiations will result in the transfer of the canal's operation and maintenance to Panama with the retention of some "use rights" by the United States and the obligation of military protection by the United States;

In 1914 the United States paid Panama $10 million for the Canal Zone, has paid all expenses for the construction and maintenance of the waterway, has paid Panama an increasing percentage of the annual revenue generated by the canal, has a net investment in the project of about $6 billion and has never recovered its original costs from revenues; and,

The Panamanian government has had 54 changes of government in 70 years, and is now controlled by a military dictator, sympathetic to the encumbent Communist regime in Cuba, who rose to power in a coup d'etat in 1968;

Now, therefore, be it resolved:

That the National Federation of Republican Women support and urge the adoption of House Resolution 75—the operative paragraph reading:

"Resolved, That it is the sense of the House of Representatives that—

"(1) The government of the United States should maintain and protect its sovereign rights and jurisdiction over the canal and zone, and should in no way cede, dilute, forfeit, negotiate, or transfer any of these sovereign rights, power, authority, jurisdiction, territory, or property that are indispensably necessary for the protection and security of the United States and the entire Western Hemisphere; and,

"(2) There be no relinquishment or surrender of any presently vested United States sovereign right, power or authority or property, tangible or intangible, except by treaty authorized by the Congress and duly ratified by the United States; and

"(3) There be no cession to Panama, or other divestiture of any United States-owned property tangible or intangible, without prior authorization by the full Congress as provided in Article IV, Section 3, Clause 2, of the United States Constitution.", and,

That a copy of this resolution be furnished to the President, Vice President and each U.S. Senator and Representative.

NATIONAL DEFENSE—DÉTENTE

Whereas:

All major Soviet newspapers reported that in March 1975 Leonid Brezhnev stated that so long as there remain non-Communist nations in the World, it is the duty of the Soviet Union to aid and encourage those people of the World who are working for a Communist government in their own countries thereby encouraging revolutions in capitalist countries;

The Soviet Union has not kept the spirit of a number of the Helsinki Summit Conference agreements—e.g.,

Applications denied U.S. journalists in Moscow for multiple entry visas,

Two Soviet ships per week continue to dock at Luanda, Angola, carrying weapons for the Soviet-supported and trained Popular Movement for the Liberation of Angola (MPLA),

Soviet restrictions against Jewish emigration continue in force,

Construction of the large Soviet military complex in Somalia (new naval base, airfield, communications and missile facilities) continues, with more than 3,000 Russians on the job, seriously jeopardizing the Free World's access to Israel and to the Middle East oil fields,

French investigation of the "Carlos" ("the Jackal") shootout in Paris confirms that the KGB is giving active support (training, funds, weapons) to the extreme global terrorist organizations,

Moscow continues its active support of the Portuguese Communists (several million dollars a month, weapons and hundreds of trained cadres);

The Soviet military expenditures are greatly in excess of those of the United States;

The Soviet Union continues persecuting Jews, and due to the Communist control of seven major cities in Italy, jeopardizes U.S. bases in Italy—meaning the U.S. Sixth Fleet might be unable to find a friendly port anywhere in the Mediterranean, and U.S. ability to defend Israel and protect its interests in the Middle East would be threatened, and Admiral Elmo Zumwalt (former Chief of Naval Operations) states if the U.S. Sixth Fleet and the Soviet Union's navy were to have a confrontation in the Mediterranean the Soviet Union would win;

Now, therefore, be it resolved:

That the United States fully commit itself to a policy of strong national defense at least equal to that of any power in the World;

That the U.S. never commit itself to any disarmament agreements with the Soviet Union without full and complete and continuing inspection of all Soviet military bases;

That the U.S. strengthen the development of all defense systems necessary for protection against all nations which pursue policies of World revolution;

That the members of the U.S. Congress be continually reminded of the Soviet Union's policy of working for the destruction of all non-Communist governments—a policy reiterated by Leonid Brezhnev as recently as March of this year; and

That a copy of this resolution be sent to the President, Vice President and each member of the U.S. Senate and House.

CRIME

Whereas:

Serious offenses (murder, rape, robbery, aggravated assault, burglary, larceny and auto theft) increased 17% in 1974 as compared to 1973, and, the United States has a recidivism rate of 80%;

The Miranda Decision weakened the judicial system;

More emphasis is given to the protection of the criminal than to the protection of society;

Our legal system too often makes it burdensome for witnesses to testify, permits lengthy delays between arrest and trial, and frequently grants probation to repeat offenders;

Now, therefore, be it resolved:

We, the National Federation of Republican Women, urge our members to work for:

Implementation or restoration of capital punishment for certain crimes as a State's right;

Mandatory imprisonment with fixed sentences, without reduction, for convicted offenders of major crime;

Appointment of judges who are willing to imprison convicted criminals;

Action by Congress and State Legislatures to assure that judicial salaries are competitive with the private sector; and

Abolition of violent television programs through pressure on the sponsors;

That a copy of this resolution be sent to the President, the Vice President, and to each United States Senator and Representative

INTERNAL SECURITY

Whereas:

Two of the main planks of a key political resolution adopted by the Communist Party of the U.S. at the 17th National Convention in New York City in 1959 were to abolish the House Committee on Internal Security and the Senate Internal Security Subcommittee;

The House Committee on Internal Security has exposed the activities of subversive revolutionary and terrorist groups such as the SDS, KKK, the Symbionese Liberation Army, and the Communist Party USA, and recent events demonstrate the continuing need for such a committee;

The abolition of the House Committee on Internal Security and the transfer of its jurisdiction to the House Judiciary Committee will almost certainly mean the end of its effectiveness as an anti-Communist and anti-subversive unit;

SISS has:

Compiled extensive studies on domestic terrorism;

Revealed how Castro uses the Vanceremos Brigade to recruit Americans to serve as agents;

Disclosed the Communist effort to disarm the United States;

Compiled evidence of a concerted national drive by left-wing organizations in the United States designed to destroy police intelligence files on extremists;

Preparations for the demise of the SISS have taken place in the Senate Rules and Administration Committee by cutting the funds of SISS in half;

Now, therefore, be it resolved, that the National Federation of Republican Women go on record urging:

Restoration of the House Committee on Internal Security as a standing committee in the U.S. House of Representatives;

Adequate funding to maintain the Senate Internal Security Subcommittee—necessary to the internal security of the United States; and,

That a copy of this resolution be furnished to each member of the U.S. Senate and House of Representatives.

FOOD STAMP REFORM

Whereas:

Expenditures for the Food Stamp program have grown by over 14,000% in the last 10 years, the Food Stamp program has spiraled in the same period to the point where one in eleven Americans receive food stamps and one in four may be eligible, by no stretch of the imagination are one in four Americans in need of tax-supported government nutritional assistance;

There have been instances of food stamps being sold by authorized recipients;

Among the explanations for the massive program growth are a defective eligibility formula and loopholes that permit non-needy persons to qualify, examples of such loopholes exist in the fact that there is no maximum income limit, no minimum age, no prohibition against the transfer of property to qualify; additionally ownership of an expensive home and sending a child to private school actually helps one to qualify;

College students and strikers often rely on food stamps when, in fact, they are voluntarily unemployed and need not meet work requirements that should be central to any welfare system, while persons at the lowest end of the economic spectrum with no other outside income find food stamp allotments insufficient to meet their need, the National Food Stamp Reform Act has been introduced by Senator James Buckley of New York and Congressman Bob Michel of Illinois, as S. 1993 and H.R. 8145 with 94 bipartisan co-sponsors in the Senate and House;

The National Food Stamp Reform Act contains forty-one separate provisions which would reform the eligibility and bonus value formula, close numerous eligibility loopholes, curb the receipt of food stamps by the voluntarily unemployed; eliminate numerous administrative complexities; improve cash and coupon handling methods; sharply curtail opportunities for criminal activity; and increase coupon allotments for the genuinely needy by 29%; and

The National Food Stamp Reform Act will save an estimated $2.0 billion to $2.5 billion annually for the taxpayers, even after funding the increase in allotments for the truly needy;

Now, therefore, be it resolved:

That the National Federation of Republican Women urge immediate enactment of the National Food Stamp Reform Act in the current session of the 94th Congress and the signature of such act by the President of the United States, to bring immediate reform to the burgeoning food stamp program;

That the governing laws of this program make the resale of food stamps illegal; and

That copies of the resolution be sent to the President of the United States, the Vice President of the United States, the President Pro Tempore of the Senate, the Speaker of the House, the chairman and ranking minority member of the House Agriculture Committee, and Senator James Buckley and Congressman Bob Michel.

WELFARE REFORM

Whereas:

The nation's Aid to Families with Dependent Children program now requires more than $8.5 billion in tax funds in the current fiscal year; the AFDC portion of the federal budget has risen 6800% from 1937 to 1974; it took fifteen years, from 1940 to 1955, for the AFDC rolls to double, ten years later, the 1955 figure had doubled again, and by 1970, these rolls had doubled once more;

The past decade alone has seen the federal government's participation in payments to families triple; there are, within the context of the current provisions of the AFDC law, countless opportunities for curbing abuses, closing loopholes, and reallocating resources in a more rational fashion;

Senator Carl Curtis of Nebraska and Congressman John Duncan of Tennessee with 92 co-sponsors in the Senate and House, have introduced S. 1719 and HR 5133, the National Welfare Reform Act, with bipartisan support; this legislation contains 25 separate recommendations for the improvement of the AFDC program;

The National Welfare Reform Act would specifically limit the practice of persons with higher income qualifying for welfare through use of the many income exemptions and deductions; eliminate from eligibility improper beneficiaries of public assistance; require more effective resource utilization; affirm family responsibility; strengthen work requirements; and simplify administration; and

It is estimated that the National Welfare Reform Act will have from $1.7 billion to $2.2 billion annually, thus significantly alleviating current budget problems, providing long-needed relief for the nation's taxpayers, and/or freeing up resources which can be redirected to areas of greatest need;

Now, therefore, be it resolved:

That the National Federation of Republican Women urge immediate enactment of the National Welfare Reform Act by the current session of the 94th Congress, and the signature of the act by the President, representing as it does meaningful welfare reform which is long overdue; and

That copies of this resolution be sent to the President of the United States, the Vice President of the United States, the President

Pro Tempore of the Senate, the Speaker of the House, the chairman and ranking minority member of the Senate Finance Committee, and the chairman and ranking minority member of the House Ways and Means Committee, and Senator Carl Curtis and Congressman John Duncan.

ENERGY

Whereas:

Supplies for interstate gas have steadily declined since 1968 from 20 years of reserves to the dangerously slim margin of 10 years (gas and oil supplies require a lag time—from exploration to development to the consumer—of 3-7 years);

Natural gas is an important source of fuel providing approximately 30% of our total energy needs, and an estimated 60% of industrial employment is dependent upon natural gas;

Domestic exploration and development for oil and gas declined from 1954 to 1973 because higher risk and more expensive domestic drilling discouraged investors; and,

Offshore areas, and particularly high potential but unexplored frontier areas, offer the best opportunity for substantial increases in domestic oil and gas reserves and production;

Decontrolling oil and gas prices will lessen dependence upon foreign supply (40% of our oil needs) because development of our most promising reserves will thus be encouraged;

Now, therefore, be it resolved:

That the National Federation of Republican Women urge Congress to encourage not only self-sufficiency and increased production, but also energy research coupled with conservation through the free enterprise system by:

Deregulating the price of natural gas, both old and new, since the free market remains the best impartial allocater of scarce resources,

Encouraging more effective recovery from existing reserves where typically only ⅓ of the reserves have been produced,

Encouraging a 3-fold increase in the production of coal (coal reserves are estimated to be sufficient to meet 200-600 years of use),

Encouraging development of nuclear electric generating capacity, while retaining the freedom of flexibility to adapt to changing circumstances or new technological developments, and providing tax incentives to achieve these goals;

That a copy of this resolution be sent to every Republican U.S. Senator and Representative.

BIG GOVERNMENT

Whereas:

Our Constitution instituted a structure of limited government and a federal system that insures liberty and freedom;

That system of limited government and federalism has been altered by the growth of government activity which by its very existence restricts the liberty of citizens and the efficiency and productivity of the American system;

Big government has grown through the formation of a multiplicity of agencies and departments whose regulations and bureaucracies interfere in every aspect of American life, sapping and destroying the strength of private institutions;

Such regulatory agencies are usually irresponsive to the will of the American electorate;

Bureaucracy and its regulations result in inefficiency in the private sector and a subversion of the rightful role of the government; and,

The costs of such inefficiency are paid by the American citizen both in the increasing share that government makes of the national income and in higher prices in the market place;

Now, therefore, be it resolved:

That the continuing growth of big government must first be stopped and then be reversed by such actions as the following:

(1) An immediate freeze on the hiring of federal employees,

(2) The repeal of all legislation that requires the States to fund and participate in "voluntary programs" that, if not undertaken, results in the automatic penalization of the States in other programs and funds.

(3) A complete review of the most expensive department of the Executive Branch, the Department of Health, Education and Welfare, in order to reduce its powers, size and costs.

We, the National Federation of Republican Women:

Urge Congress to eliminate unnecessary regulations which impose hidden costs to the consumer;

Urge Congress to oppose the creation of additional agencies, e.g. Consumer Protection Agency, which would harness business with additional regulations and increase the cost of products to the consumer;

Urge abolition of agencies which duplicate other regulatory codes, e.g. the Occupational Safety & Health Administration (OSHA);

Commend the proposed work of the task force headed by Rep. Bill Archer (Rep.-Texas);

That a copy of this resolution be furnished to the President, Vice President and each Republican U.S. Senator and Representative.

BUSING

Whereas:

In the Brown vs. Topeka Board of Education the courts enunciated the principle that the Constitution requires that States must not, on the basis of a child's race or color, designate where he is to attend public school; to do so, said the court, violated the equal protection clause of the 14th amendment to the Constitution;

The Civil Rights Law of 1964, Section 2000 C (b), defines "desegregation" as meaning the assignment of students to public schools, and within those schools, without regard to their race, color, religion or national origin, but shall not mean the assignment of students to public schools in order to overcome racial imbalance; and

In the Board of Education vs. Swann the court admitted "the legislation before us flatly forbids assignment of any student on account of race";

Now, therefore, be it resolved:

That the National Federation of Republican Women urges passage of legislation which would prohibit forced busing or involuntary assignment of students because of race, color, creed or national origin;

That a copy of this resolution be sent to the President, Vice President, and each U.S. Senator and Representative, and Justices of the U.S. Supreme Court.

CUBA

Whereas:

Communist dictator Fidel Castro continues to oppress and persecute the people of Cuba;

He continues to espouse the exportation of Communism to other Western Hemisphere countries including the United States;

If the United States should lift the boycott of Cuba it would only serve to relieve the Soviets of the enormous economic burden of keeping its Caribbean satellite afloat; and,

To recognize Communist Cuba would be to withdraw our commitment to support the aspirations of freedom-loving Cuban people for self-determination;

Now, therefore, be it resolved:

That the National Federation of Republican Women urges the Administration to do all in its power to prevent the lifting of a complete boycott against Cuba and to maintain our present policy toward Cuba.

ANTI-TRUST: BUSINESS AND LABOR

Whereas:

The Federal Anti-Trust laws are discriminatory in that they apply to business but not to labor; and,

Labor unions have reached monopolistic proportions with commensurate power;

Now, therefore, be it resolved:

That the National Federation of Republican Women advocate the elimination of this double standard by action of Congress in amending Anti-Trust laws to include unions as well as business;

That a copy of this resolution be sent to the President, Vice President and members of the United States House and Senate.

REX STOUT

Mr. RIBICOFF. Mr. President, our Nation lost one of its distinguished authors—and I lost a dear friend—when Rex Stout died last Monday, October 27, 1975. Rex Stout, a long-time resident of Danbury, Conn., was a master of the detective mystery novel. He created Nero Wolfe, a sleuth of near superhuman acumen, who successfully solved crimes and delighted readers throughout Stout's 46 mystery novels.

The Nero Wolfe books, which appeared in 22 languages and sold a total of more than 45 million copies, brought amusement, erudition and sheer joy to countless readers around the world.

But Rex Stout was more than an author. Before turning out his first mystery novel in 1934, he had been a successful banker and businessman. Later, during World War II, he led this Nation's media campaign against Nazi propagandists here and abroad. Even as the war's end neared, he continued to crusade against Hitlerism, joining organizations such as Fight for Freedom and the Council for Democracy, serving as chairman of the War Writers Board and organizing speakers and forums across the country to debunk enemy propaganda. After the war, he devoted his great talents and energy to the cause of world peace, attempting to mobilize public opinion in favor of limitations on the use of atomic weapons.

He was a special friend. It was a delight to visit him and his gracious wife.

Those of us who were his neighbors and friends in Connecticut will remember him also as an earnest and able farmer; he produced prize-winning pumpkins and peaches at his High Meadow Farm. He was as diverse in his interests as he was deep in his wisdom, having been at various times of his life a hotel manager, architect, and cabinetmaker.

His last novel, called "A Family Affair," was published last month, and was solid evidence of Rex Stout's craftsmanship. I ask unanimous consent that the following article from the New York Times be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Rex Stout, Creator of Nero Wolfe, Dead

(By Alden Whitman)

Rex Stoutt, creator of Nero Wolfe, died yesterday of natural causes at his home in

Milltown Road, Danbury, Conn. He was 88 years old and had published last month his 46th Wolfe mystery, "A Family Affair."

In the gothic world of the mystery-murder-detective novel the doyen of American practitioners was Rex Todhunter Stout, a wiry, goat-bearded, argumentative, intense, immodest, highly talented artisan. His principal handiwork was Wolfe, a Falstaff in girth and wit, a serious eater, a devoted orchidologist, an agoraphobe who solved crimes by sheer brainpower, albeit with the help of a brash but efficient legman, Archie Goodwin.

Nero Wolfe made his dazzling debut in 1934, when his creator was 47 years of age. And from then on the 286-pound sedentary sleuth triumphed over a variety of venal forces that included the Federal Bureau of Investigation. He accomplished these feats between beers in a brownstone on West 35th Street, near the Hudson River, that had a hothouse on the roof. Dispensing with crime laboratories and the like, he relied on old-fashioned logic of the sort practiced by Sherlock Holmes, the vowels in whose name were identical to Nero Wolfe's, even to their order.

Mr. Stout's Nero Wolfe books, most of them published by Viking Press, appeared in 22 languages and sold a total of more than 45 million copies. They made their author happily wealthy, for he agreed with Samuel Johnson that "no man but a blockhead ever wrote except for money." And he wrote economically.

"I write for 39 consecutive days each year," he said. "I figure on six weeks for a book but I shave it down."

"Before starting," he explained on another occasion, "I do put up in front of me a handwritten list of characters, but I've never written out a single word of any plot.

"The plots come when I'm shaving, watering the plants, puttering around. Sometimes I think of them for three weeks, sometimes for three days. If you keep the main facts firmly in mind, and you don't let anything contradict you, you can move around freely."

Concentrating on his typewriter, he did not even stop to water his 300 house plants, a chore he delegated to his wife. "I don't drink when I'm writing because it fuddles my logical processes," he also confided, adding:

"But when I finish a book I go down to the kitchen and pour myself a big belt."

Mr. Stout was frequently asked about the origins of Nero Wolfe. A believer in the potency of the subconscious, he insisted that "Nero Wolfe just appeared—I don't know a thing about him." Others, however, offered explanations, including Alexander Woollcott, a friend of Mr. Stout's, who was certain that he had been plagiarized bodily. The critic and wit cited his physical resemblance to Nero Wolfe and their common distaste for exercise. Indeed, Mr. Woollcott fell to referring to himself as Nero and to a close friend and companion as Archie.

Christopher Morley, a Sherlock Holmes expert, argued that Nero Wolfe was patterned on Barycroft Holmes, the fat and gifted younger brother of Sherlock.

LIKENED TO ROBOT

And Alva Johnston, in a profile of Mr. Stout in The New Yorker a number of years ago, likened the detective to Ajeeb, a robot of the eighteen-nineties that appeared to beat all comers at chess. "He was thrown open from time to time so that the public could peer into his interior," Mr. Johnston wrote "But in spite of every appearance of being an honest, clean-living machine Ajeeb had a guilty secret. He had a little man concealed about his clockwork person, the Great Pillsbury, one of the chess masters of the period."

Mr. Johston speculated that "the colossal Nero Wolfe" was like Ajeeb because Mr. Stout was concealed about his person all the time. Most students of Mr. Stout agreed with Mr. Johnston when he wrote:

"Nero is odd and a trifle grotesque because he has all the foibles and peculiarities of the man inside him. The fat detective can't help being a knowing and versatile operator, since he gets his stuff from the variegated experience of the author, who has been among other things, banker, yacht Mayflower, boss of 3,000 writers of propaganda in World War II, gentleman farmer and dirt farmer, big businessman, cigar salesman, pueblo guide, hotel manager, architect, cabinet maker, pulp and slick magazine writer, propagandist for world government, crow trainer, jumping-pig trainer, mammoth-pumpkin grower, conversationalist, politician, orator, potted-plant wizard, gastronome, musical amateur, president of the Author's Guild, usher, ostler and pamphleteer."

BOYHOOD IN KANSAS

This jack-of-all-trades was born in Noblesville, Ind., on Dec. 1, 1886, the sixth of nine children of John and Lucetta Todhunter Stout, both Quakers. Shortly after Rex's birth, the family moved to Wakarusa, Kan., and the boy was educated at a country school.

A prodigy in arithmetic, he was a public character in Kansas and was exhibited all over the state by the age of 9. The boy was blindfolded while someone wrote a long column of figures on a blackboard. Then the blindfold was removed and he was turned around, and within a few seconds he could give the correct total.

Fearing that his personality would be warped, Rex's parents called a halt to the exhibitions and took him out of school for a time. In this period he finished reading his way through his father's library—1,200 volumes of biography, history, philosophy and fiction.

After graduation from Topeka High School (he won a statewide spelling contest while there) and a brief stay at the University of Kansas, Mr. Stout joined the Navy and spent the next two years playing whist on President Theodore Roosevelt's yacht with seven warrant officers in need of an eighth. Tiring of cards, he purchased his discharge in 1908; and for the next four years he roamed the United States.

In this period he drifted into magazine writing, with articles and stories in Munsey's in Everybody's; and from 1912 to 1916 he cranked out a potboiler a month. He spent his fees more rapidly than he collected them, so he decided to quit writing ("I just got tired of having a date and no money for my laundry") for a more lucrative job until he hit upon the notion of selling bankers child depositors. From that to the formation of the Educational Thrift System was only a brief step. Mr. Stout's deal with the bankers provided that they would pay him so much a child a year, with him furnishing the children and the bankbooks. The children provided the pennies for a weekly Bank Day, held in schools, that was to teach thrift and the decimal system at the same time.

The scheme was so successful (bankers were delighted to be cast as benefactors of the young) that Mr. Stout was able to retire with $400,000 in 1927 and go to Paris to write serious fiction. His first novel, "How Like a God," appeared in 1929 and provoked favorable comment, as did his next three "Seed on the Wind," "Golden Remedy" and "Forest Fire."

FORTUNE DIMINISHED

The Depression, however, reduced the author's fortune (his psychological novels were not financial successes) and he sought a way to make some quick money with his typewriter.

The detective novel proved the solution, for his first Nero Wolfe book, "Fer-de-Lance," came out in 1934 and brought in solid cash.

It was followed by many others, including, before World War II. "The League of Frightened Men," "The Rubber Band" and "Too Many Cooks." These established Nero Wolfe as at least an equal to Erle Stanley Gardner's Perry Mason, who made his fictional bow in 1933, and gave Mr. Stout an excellent income that permitted him and his second wife, the former Pola Hoffman, to build a 14-room house on a farmlike estate near Brewster, N.Y. He had married Miss Hoffman, a fabrics designer, in 1932 after he and his first wife were divorced.

ANTI-HITLER CAMPAIGN

The war slowed down Mr. Stout's detective fiction, as he carried on a personal campaign against Hitlerism. He joined such organizations as Fight for Freedom, the Council for Democracy and the Committee to Defend America by Aiding the Allies. He became master of ceremonies on the radio program "Speaking of Liberty" in 1941, and during the war he had a hand in several national radio porgrams that debunked Nazi propaganda.

As chairman of the War Writers Board, he was a frequent and eloquent speaker at forums and rallies across the country. His pleas for a hard peace for Germany embroiled him in an acrimonious debate with Dorothy Thompson, the columnist, that was publicly settled when Mr. Stout conceded that there were a few "good" Germans.

After the war Mr. Stout turned his attention to mobilizing public opinion against the use of thermonuclear devices in war. He also advocated a world government, or federation, as a means of insuring international peace.

In addition, Mr. Stout resumed his Nero Wolfe novels in earnest and his gentleman-farming at High Meadow. He exhibited his products at the Danbury (Conn.) Fair over the years and sometime won prizes for his pumpkins and peaches.

Among the postwar whodunits were "The Silent Speaker," "The Golden Spiders," "If Death Ever Slept" and "The Mother Hunt." These and Mr. Stout's other mystery novels were celebrated in a learned essay by Jacques Barzun of Columbia University in a tribute to the author on his 79th birthday in 1965. He described Nero Wolfe and Archie Goodwin as "this sublime duet of Don Quixote and a glamorized Sancho Panza who go tilting together against evil."

Of all the Nero Wolfe books, "The Doorbell Rang," published in 1965, was the author's most controversial, for its villain was the Federal Bureau of Investigation, which he had long considered an "odious, overbearing and unprincipled" organization. In his review of the book for The New York Times, Anthony Boucher called "the duel between the private detective and the government forces a delight in high-comedy melodrama," but added that "purely as a detective story it is one of Stout's weakest."

TYPICAL OF HIS STYLE

At the conclusion of the book Mr. Stout paid off his dislike of J. Edgar Hoover, the F.B.I. director, in the following scene, which was typical of his writing style. The narrator is Archie Goodwin.

"The doorbell rang. I got up and went to the hall and saw a character on the stoop I had never seen before, but I had seen plenty of pictures of him. I stepped back in and said, 'Well, well. The *big* fish.'

"He [Nero Wolfe] frowned at me, then got it, and did something he never does. He left his chair and came. We stood side by side, looking. The caller put a finger to the button, and the doorbell rang.

"'No appointment,' I said. 'Shall I take him to the front room to wait a while?'

"'No. I have nothing for him. Let him get a sore finger.' He turned and went back to his desk.

"I stepped in. 'He probably came all the way from Washington just to see you. Quite an honor.'

" 'Pfui. Come and finish this.'

"The doorbell rang."

For many years Mr. Stout was a leader in the Authors Guild. As such, he was active in its efforts to win better contract terms with publishers and improvements in the copyright law and in its attempts to gain freedom for writers imprisoned in other countries for their political views.

Agile and with his Ancient Mariner eyes undimmed, Mr. Stout was rarely idle in his 80's. Among his Wolfe books published in that decade was "Please Pass the Guilt," which pleased both his gastronomic readers and his mystery fans.

Mr. Stout leaves his wife; two daughters, Barbara Selleck and Rebessa Bradbury; two sisters, Ruth and Mary Stout, and five grandchildren. There will be no public service.

STRIKE SUBSIDIES

Mr. THURMOND. Mr. President, I have long been opposed to the providing of food stamps and welfare assistance to strikers. This amounts to the Government taking sides in disputes between labor and management. A strike is a device used by one side to gain leverage in a labor dispute. Management is much more likely to meet the demands of labor if it feels there is a good possibility that labor would go on strike. Labor, on the other hand, has a greater tendency to strike if it knows that the Government is going to assist its workers by providing welfare aid. This, I feel, is unfair intervention by the Government.

Mr. President, the taxpayer is the one who really loses in this situation. He is forced to support a strike which he may have no interest in or, even worse, one which he strongly opposes.

Mr. President, I am encouraged by the recent action taken by the Department of Health, Education, and Welfare in the form of a proposed regulation which would allow the individual States to deny welfare benefits to striking workers.

Mr. President, an editorial appeared in the Thursday, October 16, 1975, edition of the Greenville News which discusses the need for this regulation, and I ask unanimous consent that this editorial be printed in the Record.

There being no objection, the editorial was ordered to be printed in the Record, as follows:

The Department of Health, Education, and Welfare finally is coming to grips with the issue of paying welfare benefits to striking workers. The practice should have been eliminated long ago.

A new HEW directive denies aid to families with dependent children—the welfare category which covered strikers. Idle workers will not be allowed to get welfare unless they are otherwise qualified under a state's unemployment compensation law.

Only New York and Rhode Island currently provide unemployment benefits to workers on strike, and the validity of the laws in these two states is being questioned. A court test may be required, but it appears states may have to change their laws to bring them into compliance with the federal directive.

The HEW regulation does not deal explicitly with food stamps and other welfare aid, such as Medicaid. In final form, however, the directive is expected to virtually eliminate all welfare benefits to strikers.

The ruling, prompted by court actions and existing legislation, is designed to end the practice in many states of putting families on welfare when the breadwinner goes on strike. In the past the option for such action has been left to the states.

The labor unions, of course, are opposing enforcement of the directive on the grounds that it punishes children because their father is exercising the legal right to strike. The argument is weak.

The philosophy behind welfare programs, as generous as it has become in recent years, is not so broad as to make the public responsible for supporting the family of a person who has a job and is voluntarily choosing to stay out of work.

The reason unions are resisting this welfare reform is obvious. The promise of welfare checks for a striker's family loads the dice in favor of unions in a labor-management dispute.

Strikes take place when both sides have weighed the economic consequences of a walkout. A situation where strikers are being subsidized by the government can hardly lead to a fair settlement of a bargaining stalemate.

The impact on public treasuries also is considerable. A study by the University of Pennsylvania's Wharton School of Finance produced an estimate that a 71-day strike by the United Auto Workers against General Motors in 1970 cost the American taxpayer $30 million various benefits paid to strikers.

This amount was nothing more than a $30 million subsidy to the war chest of the UAW. General Motors, meanwhile, was forced to suffer a tremendous economic setback.

To be sure legislators and welfare officials often find it difficult to assure that welfare programs are not abused by able-bodied people. But the abuse is clear when it comes to welfare benefits for workers whose idleness results from nothing more than a union's strike strategy.

The taxpayer has no responsibility to make it easier for a striker to stay away from his job. The HEW directive is an important step toward the type of reform needed in the welfare system.

"TRIBAL EYE" EDUCATIONAL TV

Mr. HARTKE. Mr. President, we have read in the printed media and heard the debates around the country on violence on TV and radio, and when there is an opportunity for viewing excellent television presentation we rarely have an opportunity to congratulate the initiators or the producers.

I am taking this opportunity to recommend to you and the American people a presentation of public television called "The Tribal Eye."

In these days when we need to understand the rest of the world and in turn have the rest of the world understand us; this TV presentation takes us into the social mores and customs of many diverse people in many remote areas. "The Tribal Eye" television series takes the viewer on an exploration of hidden worlds and says to the viewer, there are other ways of being human.

The entire program takes the viewer to 16 countries from the Arctic to Africa and on into the South Seas, filming tribal societies, their rituals and the finest examples of their art—masks, carved statues, gold work, textiles, bronzes, and so forth.

The entire series consists of seven programs made possible through a private grant and will be presented weekly through Sunday, November 30.

I take this opportunity to recommend to the American people a program for viewing by the whole family and with an educational appeal for every American citizen.

ASKING LOADED QUESTIONS ON GUN CONTROL

Mr. JAVITS. Mr. President, as the Senate knows, Senator Percy and I recently introduced S. 2152 and S. 2153, bills to improve Federal, State and local law enforcement capabilities to control illegal interstate violations of the 1968 Federal Gun Control Act.

We are all aware of the extraordinary efforts undertaken by the National Rifle Association to confuse the facts established by reputable polls that large majorities of the American people favor strong and meaningful Federal gun control legislation.

In an effort to persuade the public and Members of Congress that this is not the fact, the NRA has conducted a national opinion survey of its own. The questions upon which the survey is based are so "loaded" in favor of the NRA's position that the poll and its results must be considered to be worthless.

Mr. President, two letters which I received from persons who received copies of the NRA letter and questionnaire properly condemn it as an effort to throw dust in the eyes of the public as to the real nature of the gun control issues which have been before us for so long.

Mr. President, I ask unanimous consent that the two letters to which I referred, from Associate Professor Arthur Pfeffer or the John Jay College of Criminal Justice in New York City, and from Mr. Raymond J. Keyes, released with their permission as well as a copy of the NRA letter and questionnaire be published in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

JOHN JAY COLLEGE
OF CRIMINAL JUSTICE,
New York, N.Y., July 3, 1975.

Hon. JACOB K. JAVITS,
U.S. Senate Office Building,
Washington, D.C.

DEAR SENATOR JAVITS: In its effort to block gun control legislation, the National Rifle Association has distributed the enclosed "special survey packet" along with a letter from General Maxwell E. Rich. I received this material in the mail at my home.

As a professor at the John Jay College of Criminal Justice, I have had the unfortunate experience of losing several of my fine police students to fatal shootings. Some fell in the line of duty to armed criminals or to persons involved in violent family disputes; others lost their lives in off-duty shooting incidents. Had nationwide gun control been in effect, I am convinced that most of these men would be alive and protecting the community today.

I am therefore appalled by the fear-mongering, rabble-rousing propaganda being employed by the National Rifle Association to protect, at whatever cost to America, its members' privilege of owning and playing with guns. It is shocking that this ignorant, frantic, and dangerous minority can exert the great influence it is said to exert over the elected representatives of all the people. The only encouraging aspect of the enclosed N.R.A. mailing is the desperation it reveals in the face of mounting support for gun control. Otherwise, the "survey" is an insult to the intelligence of every concerned citizen.

You will notice that the questions have not been scientifically formulated but are instead contrived to mislead and misinform. Question No. 2, for instance, implies, as does Gen. Rich's letter, that proposed legislation would disarm local police. The families of fallen John Jay policemen would find such a misrepresentation grimly ironic.

Obviously, any statistics based upon such questions will be worthless. The N.R.A. will use them only to confuse an issue on which the vast majority of the people, as reported in the reputable professional polls the N.R.A. hopes to counteract, are agreed: neither the Constitution nor the real conditions of modern life permit America to maintain its tradition of unrestricted private gun ownership.

Very truly yours,

ARTHUR S. PFEFFER,
Associate Professor of English.

SOUTH NYACK, N.Y.,
April 8, 1975.

Gen. MAXWELL E. RICH, Ret.,
Executive Vice President, National Rifle Association of America, Washington, D.C.

DEAR GENERAL RICH: I have just received your letter of April 5th, asking support of the position of the National Rifle Association of America with respect to impending gun control legislation.

For years it has defied my reason that people like you and your organization can honestly defend the indiscriminate ownership and use of fire arms in this country. The statistics with respect to violent crimes perpetrated by maniacs whose only courage lies with a gun in their hand seems to escape you, in your alarm that you might not be allowed to use a rifle in lawful pursuit. You deliberately misconstrue the word "control" to mean "confiscation", as your impassioned rhetoric proclaims. No intelligent citizen feels all crime will stop with gun control—but equally, no intelligent citizen can reach the conclusion that it will not be reduced by such control.

Had I any sympathy toward your position before receiving your letter, it would have been completely destroyed by the "National Opinion Survey on Crime Control" which your letter purports to develop. Never in my experience have I seen four question so "loaded" in favor of one side of the question. They all seem to be of the old "Have you stopped beating your wife?" variety—I would expect a more intelligent approach from your organization.

I believe the kind of hysteria you're attempting to arouse by letters such as the one you are sending is the only reason why this country has not faced this issue properly in the past. You are merely clouding an issue in which most citizens have a serious concern—if you would concentrate on a more objective approach, I am confident our legislators could review the problem and develop suitable laws which will serve the best interest of our citizenry as a whole—not special interest groups such as yours.

Very truly yours,

RAYMOND J. KEYES.

NATIONAL RIFLE
ASSOCIATION OF AMERICA,
Washington, D.C., April 5, 1975.

Mr. RAYMOND KEYES,
Raymond Keyes Engineers,
Elmsford, N.Y.

DEAR MR. KEYES: Even if you don't have time to completely read my letter, I strongly urge you to answer the four questions in the special survey packet I've enclosed for you.

The questions involve your personal safety and the safety of your home and family.

As I write you this letter, many law abiding citizens are deeply concerned over new and radical laws outlawing the use of guns which are being proposed in the U.S. Congress and State legislatures. These laws will directly affect your right to a safe home.

Many Congressmen and State Legislators are undecided on how to vote on this extremely important issue which may well decide on how your local police are able to protect your family.

Your opinion and the opinion of other law abiding citizens, can influence their vote, so please answer these four extremely important questions in our National Opinion Survey on Crime Control and rush them to me today.

The survey results will be released by NRA to the national press, radio and TV, U.S. Congress and your State Legislature within the next few weeks.

In my five years as the Executive Vice President of the National Rifle Association I have never seen such an organized and politically powerful effort to outlaw the use of firearms throughout America.

If these radical and outspoken pressure groups completely succeed, I firmly believe the safety of each and every person in your neighborhood will be in jeopardy.

Even though you may not own or have any direct interest in firearms, I believe you must be informed of the terribly serious consequences of what the liberal press refers to as "GUN CONTROL".

My friend, they are not talking of "CONTROL"; they want complete and total "CONFISCATION". This will mean the elimination and removal of all police revolvers, all sporting rifles and target pistols owned by law abiding citizens.

That's right—movements to take away police weapons are very real. In New York City, important city officials have publicly advocated that all firearms be taken from the city's patrolmen.

In 1973 the occurrence of violent crime increased 23%. Throughout our country a crime of violence, like murder, robbery, assault or rape, occurred once every 36 seconds in 1973.

This means that in 1973 over 869,460 men, women, children or elderly persons fell victim to thieves and hoodlums. Our courts have done little to protect us.

The fact is that 65% of the criminals released from prison are re-arrested for new crimes within four years. Oftentimes the criminal is back on the street before his victim is recovered enough to leave the hospital.

Tell me, what would the crime rate be if the criminals knew our police were unarmed or a store owner or private home owner could not legally own a gun to protect his property?

I don't believe we can sit back and allow the "Gun Confiscation" people in this country to pass laws that would set the stage for the most terrifying crime wave ever to occur in modern history.

The "Gun Confiscation" tells us that:

"Gun Control means Crime Control".

They say:

"All we have to do is take all the guns from all the citizens and violent crime will automatically stop".

I don't believe it.

If this so-called solution to the terrible suffering and pain caused by violent crimes in our country would work, I would be for total control of guns. But it just isn't that simple.

You and I know that laws are obeyed by the good, decent members of our community . . . not by the professional crooks and murderers who live by stealing and killing.

All of this is why I need your personal help today. I need your opinion so I can take your case, our case, to the legislators voting on these laws.

That's why we are conducting this National Survey of Americans, so we can tell our side of the gun control issue to State and Federal legislators.

The situation is extremely serious. In the last election 27 Congressman who supported private ownership of firearms were defeated. At the same time every Congressman who sponsored anti-gun legislation was re-elected.

Right now there are 51 different bills before the Congress restricting the ownership of firearms. Many states in the Union have bills in their State Legislatures to restrict private gun ownership.

We cannot sit back and wait. You and I cannot afford to have laws passed that will give criminals control of our homes and neighborhoods, without any fear of punishment.

I have set every available resource at the National Rifle Association into this important fight. The cost is over $40,000 each month. This includes detailed research, up-to-date information services and expert legal advice.

You may have heard the National Rifle Association referred to as a large, extremely rich, private interest group by the liberal press. This is simply not so. Our million member organization barely has the funds to support our sporting activities like the U.S. Olympic Shooting Team and Training programs.

We are not rich. And our interest is not private. Our fight is for the protection of you, your family and all other decent, law-abiding Americans.

I'm not used to writing letters like this. But I do need your financial support to help pay the important legal expenses needed to defend Americans' right to protect their homes from criminals and their right to own and use sporting firearms.

I beg of you to act now:

First, answer your 4 survey questions. Let me know how you think the removal of guns will affect you and your community. Remember, the results of this National Survey will be tabulated soon and sent to the National Press, TV and Radio, and the U.S. Congress and your State Legislators, many of whom are yet undecided on this issue.

Write a letter directly to your United States Senators in Washington, Jacob K. Javits and James L. Buckley (c/o Senate Office Building, Washington, D.C. 20510) and tell them how you feel on this issue of your private safety.

Send the largest contribution you can to NRA today so we can lead the legislative fight against the anti-gun forces in America. I hope you will consider sending a contribution of at least $20.00 or even $25.00.

Inform others. Pass this letter along to friends and relatives. If you write and ask me, I will send you a special information brochure on how you can influence others in your community.

It's important to do all you can to help—it could mean the difference between our success or failure.

I believe if guns are outlawed, murderers and thieves will have control of our lives and property. We will have no defenses. So please act now.

Sincerely,

Gen. MAXWELL E. RICH, Ret.,
Executive Vice President, National Rifle Association of America.

P.S.—When you return your special survey packet, I will not record your name with your response. Only totals will be released to the public to maintain your confidential opinions. If you feel as I do about the desperate need to fight the out-lawing of private ownership of guns, I hope you will send me the largest contribution you can today. Anything you can send will help in this fight.

Question No. 1: Do you believe you have a right to personally defend yourself and your property against a violent criminal attack? Yes, no, undecided.

Question No. 2: Do you believe your local police need to carry firearms to arrest robbery and murder suspects? Yes, no, undecided.

Question No. 3: Do you believe that by banning the ownership of firearms (including sporting and antique guns) that the number of murders and robberies would significantly be reduced in your community? Yes, no, undecided.

Question No. 4: If a new firearms law was enacted in your state banning all ownership of guns, do you believe that hoodlums and organized criminals would volunteer their guns to your local police department? Yes, no, undecided.

CAN CANS BE RECYCLED CHEAPLY?

Mr. TUNNEY. Mr. President, I would like to submit for the Record an article entitled "Can Cans Be Recycled Cheaply?" which appeared on October 2, 1975, in the San Diego Union.

The article describes an important and unique solid waste management program now underway in Oceanside, Calif. The city of Oceanside, in collaboration with the Aluminum Co. of America, is collecting and recycling steel and aluminum cans in a way which will conserve energy, reduce solid waste production, and generate new income for the city treasury. If this experimental project proves successful, it will provide a valuable model for other local communities and private industries that wish to actively pursue these vital policy objectives.

I ask unanimous consent that the article be printed in the Record.

There being no objection, the article was ordered to be printed in the Record, as follows:

Can Cans Be Recycled Cheaply?

Oceanside.—Mayor Howard T. Richardson and officials of the Aluminum Company of America (Alcoa) embarked yesterday on what was called a "unique experiment" in public recycling of steel and aluminum cans.

Starting Oct. 20, under the month-long program, Oceanside residents will be asked to place empty beverage and food cans in plastic bags alongside their trash cans for pickup by the city sanitation department.

A $122,000 machine, incorporating magnets, conveyor belts and other devices invented by Alcoa engineers, will separate the bags from garbage, rip apart the plastic bags and funnel the cans into the crusher for separation of aluminum from steel.

The metal will be shipped in 700-pound units to the company's recycling center in Indiana for melting down to be used in making new cans.

CALLED A FIRST IN UNITED STATES

Company officials said the experiment—the first of its kind in the country, they said—will be successful if the melted down aluminum can be produced for less than 25 cents per pound.

The program was unveiled at a company-paid luncheon for 50 at the Twin Bridge Motor Inn, attended by city officials and citizens active in Oceanside's successful anti-litter drive.

These past efforts, Alcoa spokesmen said, attracted the company here as the testing market for the new recycling system.

They said the results of the month-long experiment will be analyzed and, if shown to be worth the effort, the machines will be improved and sold to prospective recycling companies and local governments.

Basel DeWalt, named by Richardson as chairman of the Bag-A-Can Citizens Advisory Chairman, said the city-backed pilot project is aimed at collecting cans from people who do not participate in voluntary recycling programs conducted by various local organizations.

Alcoa's San Diego representative, Kristine Dinusson, said such organizations collected 8.4 million cans in the nation last year—about 35 per cent of the total possible.

SIXTY THOUSAND-POUND MAXIMUM

John B. O'Connell, Alcoa's manager of voluntary reclamation programs, said 100 per cent participation in the coming weeks could produce 60,000 pounds of aluminum cans, 93 per cent of which can be melted down for recycling.

O'Connell said his company visited New York, Florida and Texas before settling on Oceanside as the city for the pilot project.

After the one-month experiment, O'Connell said, a local salvage company or the City of Oceanside could buy the equipment. Charles M. Davis Jr., president of Industrial Metals & Salvage Co. of San Diego said he would be interested if citizens show enough interest.

O'Connell said the major question the company is trying to answer is whether citizens will participate. Some communities would simply steal the free plastic bags for their own use, he said, but he said Oceanside seems willing to participate wholeheartedly.

WILL AID CITY TREASURY

Besides producing recyclable metal, the program will also produce some money for Oceanside's treasury. Alcoa will pay the city $300 per ton for collected cans that are processed through the new machine.

O'Connell said at least a ton will be collected—approximately 46,000 cans, figured at 23 average-size cans per pound, yielding a little over half a cent each. He said collecting the upper estimate of 60,000 pounds during the trial period could produce $9,000 for Oceanside and, on a yearly basis, $108,000.

"You shouldn't expect the city to get wealthy" from the project, the mayor told the group. "But you have to look at this as a total answer—people throw cans on the roadside, under the table and I've seen cans in the ocean. Energy will be recovered and this is a good usable product. It will be a successful effort if all work at it."

SENATOR FRANK CHURCH: A DISTINGUISHED RECORD OF ACHIEVEMENT ON BEHALF OF OLDER AMERICANS

Mr. WILLIAMS. Mr. President, the Senate Committee on Aging was created in 1961 to be a focal point and advocate in the Congress on behalf of aged and aging Americans.

Today the Committee on Aging has 23 members—making it the second largest committee in the Senate just after the Appropriations Committee.

The Committee on Aging is superbly served by its chairman, Senator Frank Church.

As the former chairman and now the ranking majority member of the committee, I have been impressed by his leadership, his fundamental grasp of the issues, his innate decency, and his legislative skills.

He became chairman of the committee in 1971. During that time, he has been in the forefront in advancing legislation on behalf of older Americans, including:

Enactment of the 20-percent social security increase in 1972, the largest dollar raise by far in the history of the program.

Establishment of a cost-of-living adjustment mechanism to make social security benefits inflation-proof for the elderly.

Enactment of a two-step, 11-percent social security raise in 1974.

Approval of amendments to strengthen the Age Discrimination in Employment Act.

Recently the National Council of Senior Citizens compiled a listing of some of Senator Church's major legislative achievements for the elderly.

Mr. President, I ask unanimous consent that this summary, entitled "Senator Frank Church: A Distinguished Record of Achievement"—be printed in the Record.

There being no objection, the summary was ordered to be printed in the Record, as follows:

Senator Frank Church: A Distinguished Record of Achievement

As Chairman of the Senate Committee on Aging, Senator Frank Church has been the leading voice in Congress on behalf of aged and aging Americans. He has consistently been in the forefront on everyday issues of direct concern to the elderly. And, his legislative accomplishments in the field of aging have been unequaled by any other Member of Congress. Among his major achievements—either as the sponsor or cosponsor of legislation:

Enactment of a 20-percent Social Security increase in 1972, which enabled more than 1 million Americans to escape from poverty.

Creation of a new cost-of-living adjustment mechanism to protect Social Security beneficiaries from the harsh impact of inflation.

Increased Social Security benefits in 1973 for more than 3 million aged widows, who represent one of the most economically disadvantaged groups in our society.

Extension of Medicare coverage to 1.7 million disabled Social Security beneficiaries under age 65.

Establishment of a national hot meals program for persons 60 and over in conveniently located centers. Nearly 240,000 older Americans now receive meals under the Title VII nutrition program for the elderly.

Enactment of a new national senior citizens corps to build upon the enormously successful Mainstream pilot projects, such as Senior Aides. Nearly 13,700 low-income persons 55 or older participate in this jobs program.

Passage of the Older Americans Comprehensive Services Amendments of 1973 to (a) provide new and improved community services for elderly persons; (b) strengthen the Administration on Aging; (c) establish model programs to come to grips with the practical problems and challenges of aged and aging Americans, including services for the handicapped, preretirement counseling, and continuing education; and (d) creation of a transportation program to help the immobile elderly.

Enactment of a two-step, 11 percent Social Security increase in 1974. Senator Church personally led the fight for the interim 7 percent Social Security hike by winning the support of 57 cosponsors in the Senate.

Allowing States greater flexibility in providing social services for former and potential aged public assistance recipients.

Exempting the value of maintenance and support furnished by private, nonprofit retirement homes in determining eligibility for Supplemental Security Income benefits. Thus, the subsidized portion of a recipient's maintenance in a nonprofit home for the aged will no longer be considered as unearned income and will not reduce or eliminate the individual's SSI payments.

Blocking the Administration's proposed 5 percent ceiling for the 1975 Social Security cost-of-living adjustment—thus allowing older Americans to receive the full 8 percent increase as authorized by law.

Creation of a nationwide community education program to provide recreational, educational, and a variety of other community services for the young and old alike.

Establishment of a model program to make home health services more readily available to provide alternatives to unnecessary and more costly forms of institutionalization.

On other fronts, Senator Church is also working for the enactment of additional important legislation, including:

Establishment of an independent, nonpolitical Social Security Administration outside the Department of HEW; prohibition of the mailing of political announcements with Social Security checks; and the separation of the Social Security trust funds from the unified budget.

Coverage of essential out-of-hospital prescription drugs under Medicare.

Protecting older Americans from higher hospital costs by freezing the Medicare hospital deductible at the 1975 level.

Extension and expansion of the Older Americans Act to enable more elderly persons to continue to live independently in their own homes.

An older Americans Home Repair and Winterization Act.

Extension and expansion of the Older American Community Service Employment Act to provide new job opportunities for elderly persons.

Extension of the cost-of-living adjustment mechanism to persons receiving Social Security benefits.

Authorization of two Social Security cost-of-living adjustments a year during periods of accelerated inflation.

ZAMBIA NATIONAL DAY

Mr. **HARTKE**. Mr. President, Zambia, formerly Northern Rhodesia, is now moving toward total self-sufficiency; a landlocked nation situated between Angola and Mozambique, Zambia became a republic upon independence. This is the first former colony to do so.

Because of its geographical position and due to unrest in neighboring countries Zambia has had some difficulty in exporting its mineral wealth. However its railroad ties to Tanzania will help immensely upon completion.

The President of the Republic of Zambia, Kenneth Kaunda, recently visited the United States and expressed his affection for the country and the people of America.

Zambia has traditionally been the third largest producer of copper, which accounts for about 50 percent of the country's gross national product. The United States has supplied over $21 million in bilateral economic aid since 1964 and his been instrumental in developing the great North Road that links Zambia with the port of Dar Es Salaam in Tanzania. Mr. President I ask my colleagues and the American people to join me in wishing the President and the people of Zambia best wishes on Zambia's National Day, October 24, 1975.

PETER FOSCO, PRESIDENT OF LABORER'S INTERNATIONAL UNION

Mr. **WILLIAMS**. Mr. President, Peter Fosco died at his home in Chicago on Sunday, bringing to an end a remarkable career as a national leader in the labor movement.

From a job as a construction worker in Chicago early in this century, he rose to become the president of the Laborer's International Union and its 650,000 members and a vice president of the AFL–CIO.

My own friendship with Peter Fosco dates back through the years that we worked together in support of construction safety legislation, fair labor standards, and pension reform, to name only a few. But his contributions spread beyond labor legislation and into the many battles for enhancing the lives of all, especially the aging, the sick, the hungry, the handicapped, and the poor.

He was a leader, a humanitarian, and a gentleman, and his leadership, his devotion, and his gentleness will be missed by the members of his union, by his friends on Capitol Hill, and by the Nation.

His wife, Carmela, and his sons, James and Angelo, have my sincere condolences. May they find comfort in knowing that Peter Fosco is memorialized forever by his contributions to improving the lives of all Americans.

JACK BEIDLER

Mr. **McGOVERN**. Mr. President, last week, we in Washington and people throughout America lost a good friend. Jack Beidler, legislative director of the United Auto Workers, died.

In the UAW's Washington Report of October 20, 1975, Frank Wallick, the editor, commented on Jack. I ask unanimous consent that his remarks be printed in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

[From the UAW Washington Report, Oct. 20, 1975]

TRIBUTE TO JACK BEIDLER

The legislative process is a lonely road—long nights, a lot of standing around. You have to stick your foot in the door. It takes a lot out of you—and the rewards don't come in blazing headlines. Jack Beidler, as few people in the nation, understood the lonely, uphill nature of the legislative process. His death last week brought tears to the eyes of his close associates in the UAW Washington Office. And his loss to his family is immense.

Jack was not a backslapper. He didn't come on like gang-busters. But his competence was so vast he could have gone over to the side of industry and made a million. Yet sell-out was fóreign to his very nature. He was a true believer. From his earliest days, he knew what he wanted—and he did it beautifully. Better than any of his peers. His close friend and co-worker, Dick Warden, called him "a lobbyist's lobbyist." That's it. He knew the craft. And he never ran from the word "lobbyist." He liked it. Not that lobbyists didn't include some shady characters.

But Jack was not for sale. He was the people's champion. Yet he was also an anonymous person. His tall, somewhat slouching frame standing outside of the House floor was not a name that flashed over the wires to a waiting world. But the "in" people knew Jack. They respected his wisdom. And they knew what he stood for. It was integrity. It was for people, as opposed to property. It is no mistake that they sang "Hold the Fort for We Are Coming, Union Men Be Strong" at his funeral last week. That was Jack Beidler. That was Jack standing at the House and Senate gates, letting the 535 people inside know what the union wanted.

He had an encyclopedic mind. He could remember political line-ups that date way back. And he could conjure up strategies. He was one of the brains behind the House Democratic reform rules. All he needed was a book of rules, a list of names, a phone—and he could go to work. Probably the best in Washington. The rest of us pay our dues, hope we can elect somebody—and then wait for the best. Not Jack Beidler. His work began when the folks came to Washington. Jack met them getting off the plane, unpacking their bags—and he let them all know in his gentle, but firm manner that the UAW, the labor movement, the people expected some results.

To Jack the New Jerusalem was important. He expected to get there. He was working his way toward it. That's what it was all about. Others could dilly and dally about a few crumbs here and a few crumbs there—Jack Beidler was working for a better world. That was his dream. That's why he stood there at the House and Senate door. And he knew that every inch of the way was going to be very tough. Most of the time he was mild—deceptively so. He could explode if he had to—and you were surprised, because that was not his way. But he did that, so infrequently, to remind us all that we were working for the New Jerusalem, and we hadn't better forget it. Washington is so full of time-servers, people on the make, the weary, the con artists, the clowns, the glazy-eyed defeated.

Jack Beidler was up there with the all time greats. And he'd been at it for 20 years, slogging away in the legislative mire of Washington. We were talking only a few weeks ago, wondering about Ford, about the Democratic flock and '76, asking ourselves if our kids would have any kind of chance to live under a Roosevelt or a Truman—where we'd have no war and an activist President who would work for the people. We didn't use the word, that would be too corny among friends that early in the day—but we were asking if we'd every see the New Jerusalem. Jack is gone now. And he left his legacy. We can't do it as well as he did—but we can try—and his life is there for all of us to think about. We can't let him down.—F.W.

RAILROAD ABANDONMENT DOES AFFECT YOU

Mr. **HUMPHREY**. Mr. President, we are all clearly aware of the strong public interest in the serious problems confronting the Nation's railroads.

Among them are the long-term social and eonomic consequences of rail abandonment. This is true not only of the immediate questions concerning abandonment recommended by the USRA in the northeast region but also the rest of the country.

Rail abandonments are occurring at an increasing rate. In the years 1971–73 abandonment applications alone involved 17 percent of the total mileage abandoned since the Transportation Act of 1920 was enacted. I find it incredible that we know so little about the effects these actions will have on our domestic and international marketing patterns or our rural environment.

The fear of rail abandonment works actively against small towns and farming communities. Local businessmen become hesitant about expansion and national firms cannot be sure that there will be a reliable rail service in future years and thus hesitate when considering where to build a satellite plant.

Our Nation is faced with many important transportation decisions. What happens in the next few years will set the stage for coming decades and generations. We must look carefully at some of the unanswered questions related to the problem of moving people and goods from place to place.

I am particularly pleased that some of this work is being carried out by groups such as the Citizens Countryside Council of southern Minnesota. The following articles discuss the activities and concerns of this group and similar work being done in North and South Dakota.

Mr. President, I ask unanimous consent that two articles from the Farmer entitled "Railroad Abandonment Does Affect You" be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Farmer, Sept. 20, 1975]

RAILROAD ABANDONMENT DOES AFFECT YOU

(By Joe Isakson)

Faced with a 90% chance of getting beat by the Interstate Commerce Commission, a 16-member South Dakota Task Force on Railroad Policy is waging a hard-fought battle to save rail branch lines in South Dakota.

The state's rail lines are 90% branch lines, chief target of the lines' efforts to cut back high-cost, low-profit line mileage.

Add to this the fact that South Dakota is a state where 70% of the grain is shipped by rail and you have what those involved with the grain transportation industry call a transportation crisis.

John Gubbrud, Alcester, SD attorney for an organization called KORR (Keep Our Rail Roads) says, "South Dakota is desperately struggling to keep rail service in its rural areas. We've got to have this service for our rural areas.

"But according to the history of the ICC, we have about a 90% chance of getting beat," adds Gubbrud, the son of former South Dakota Governor Archie Gubbrud.

KORR is an organization of elevator operators, merchants, farmers and co-op leaders working to halt abandonment of five of South Dakota's branch lines. A major task for KORR has been to keep the Chicago and Northwestern Railroad line from Iroquois, SD to Wren, IA open, following an attempt two years ago by the railroad to abandon the 164-mile line.

Other lines up for abandonment include the Doland to Watertown and Winner to Norfolk, NE lines on the Chicago and Northwestern line, and the Orient to Roscoe line on the Milwaukee Road.

A study shows it will take $3 million to upgrade the Iroquois-Wren line, which runs through Gubbrud's hometown of Alcester. "I'm not going to say Alcester will blow away if the line is abandoned, but it sure will hurt us if we lose it," he comments.

According to John D. Therrien, Pierre, director of the division of railroads, South Dakota Transportation Department, the rail abandonment problem is a complicated one, affected by happenings a thousand miles away.

The Task Force on Railroad Policy was formed in October, 1973 to look into the problem.

Its long-range goal: To get a better rail system, secure legislation to equalize the tax system, and to ease the economic burden through tax credit.

Ideally, says Therrien, all the railroads that can be made viable will continue. But some don't have the potential to continue.

"There are many factors. It's not a simple thing to figure out whether or not a line can keep going," Therrien adds.

"The problem is how to handle it," says Leonard Poth, assistant director of the Business Research Bureau (BRB), University of South Dakota. "The railroads are private enterprise. Should we fix up the railbeds and treat them like the highways?

"We have found," he adds, "in our railroad impact study of the Iroquois-Wren line, that it costs considerably more to build and maintain highways that can safely handle the traffic generated with no railroads than it would cost to restore the railroads."

Members of the task force are wary of some measures utilized in other states to save rail lines.

"Some of the alternatives are pretty radical and involve some bold steps. We're not sure that is the way to go," says Gubbrud.

LEGISLATIVE HELP

The 1974 South Dakota Legislature signed into law seven bills providing financial relief for rail lines serving the state. One bill relieved railroads of some of the cost in maintaining grade crossings. Another allowed tax credits for money spent on maintenance. The legislature also exempted excise taxes on locomotive fuel.

The task force has been considering a number of alternatives to abandonment. These include private short line operation, subsidy (local, state or federal), public ownership and operation, a loan or loan guarantee program to upgrade rail lines, and preservation of abandoned right-of-way for future use.

The task force has not endorsed any of the above alternatives but believes they must be looked into.

Other areas being studied are the effects navigational development, industrial development and containerization could have on the future of railroads in South Dakota.

The most likely federal assistance will be in the form of matching funds for subsidies, maintenance or purchase of rail lines. But these forms will carry qualifications with them.

According to task force member Larry Anderson of Hudson, the task force so far has just touched the surface in its study, but "everything points to the fact that we should maintain the railroads."

He points to these instances as causes for alarm: Most of the trackage in South Dakota is not heavy enough to carry the new hopper cars, and cost of rebuilding lines is astronomical; in some instances, too high wages are being paid for unskilled labor, and trains are being operated in some towns at regular intervals whether there is a call for them or not.

LOWER SHIPPING COSTS

Task force members agree that one of the prime reasons for keeping the branch lines is to keep grain transportation costs down. Availability of rail lines can amount to a difference of 25¢/bu or more cheaper shipping costs, according to Emil Loriks, Arlington, task force member.

"There is room for all forms of transportation in South Dakota, and if we lose the railroads there is no limit as to what the costs may be," says Loriks.

Anderson adds that the mounting cost of maintaining super-highways is something to consider. He has been told that a tandem truck loaded with 500 bu of corn can impose wear on a highway equal to 2,700 passenger cars.

A railroad impact study prepared by the Business Research Bureau at SDSU states that the general economy of the area will suffer when a rail line is abandoned. Assistant director Poth has prepared a lengthy study of the economic effects of the Iroquois-Wren abandonment for the task force. According to his study, abandonment of the line means $1,299,888 annual loss in income to farmers along the line.

On the other hand, it would cost from $3 million to $13 million to renovate the line, the latter the cost to completely rebuild it.

COST SHIFT TO FARMERS

Many people agree that railroads are the better system of farm transportation. Without them, any additional shipping costs would be shifted to farmers.

In addition to higher costs for shipping grain, farmers likely will pay more for machinery, herbicides, insecticides, fertilizer and other farm products.

"A lot of elevators along the Iroquois-Wren line would close with the railroad," notes L. L. Lawrensen, manager of the Farmer's Co-op Elevator Co., Beresford. "We could keep operating," he says of his elevator, "but I don't know how long."

According to two economists of South Dakota State University, 63% of the state's elevators have experienced chronic problems with railroad transportation. One of the logical alternatives would seem to be trucking. But trucking hasn't provided a year-round alternative because of the springtime weight restrictions.

The SDSU economists—William F. Payne and Richard K. Rudel—say that, in order for South Dakota to remain in a competitive position in the world grain market, the state must move forward on at least four fronts: Upgrading the highway systems; upgrading rail trackages and equipment; establishing a new freight rate structure, based on competition and costs, and developing a storage system to complement or improve the changing grain transportation system.

IN NORTH DAKOTA

North Dakota's situation is somewhat different. A state dominated by the Burlington Northern line, North Dakota rail abandonment is very minimal, according to J. I. Finsness, Fargo, long-time counsel for grain shipping interests.

It's basically a case of more volume of grain shipped in North Dakota. Most of the lines are doing a healthy business. At present, there are fewer than 100 miles of rail in North Dakota under application for abandonment, compared with five cases for abandonment involving 417 miles of track in South Dakota, and 22 cases and 451 miles of track in Minnesota.

THE RAILROAD SIDE

The railroads have their side, too.

The Farmer visited with Lloyd Richardson of Aberdeen, counsel for the Chicago, Milwaukee, St. Paul and Pacific Railroad Co. in South and North Dakota, better known as The Milwaukee Road.

Says Richardson, "We don't want to abandon shippers, but we have lost $30 million so far this year on the Milwaukee system.

"If we keep running trains to where we don't need them, we are bleeding the manpower and resources from servicing the lines we do need. If we don't cut off the anemic members, the whole system will be killed."

The rail solicitor adds that the railroad has no public relations effort to "get our story to the public. One airline spends more on public relations than all the railroads. But we don't have enough money.

"Branch lines built in the 1890's or earlier are not able today to handle the large hopper cars," continues Richardson. "The Roscoe to Orient (SD) line, an oldtimer, has a light line. To go in and rebuild that line to accommodate the hopper cars would cost $2.5 million. No one in his right mind is going to go in and rebuild that line."

The Milwaukee Road also operates the Milwaukee Trucking Co., which hauls grain from Faulkton to Redfield, S.D. There, it is dumped into an elevator and shipped out in hopper cars. The company is a wholly-owned subsidiary of the railroad and has agreed to give rates identical to rail rates in handling grain.

There are those who advise against de-regulation of the railroads.

Paul L. Mills, chief of the transportation services branch of the Agricultural Marketing Service, USDA, says that many who advocate de-regulation have failed to consider the consequences to the shipping public, especially upon agriculture.

"Further, it is my view," he states, "that the objectives sought by de-regulators are based upon faulty assumptions."

Mills notes that, in the past five years, only .1% of the rail tariffs filed with the Interstate Commerce Commission were protested; therefore, rail carriers today enjoy 99.9% rate flexibility.

At the same time that we are considering de-regulation, he adds, other nations, such as Australia and Canada, are adopting much of the regulatory provisions now contained in our own Interstate Commerce Act. Their reasons are simple—too much instability and abuse in the transportation sector of the economy.

Mills asks: "Why do we insist that history must repeat itself?

"Let's not destroy our public transportation system," he states. "Let's improve it through sensible administration of reasonable regulation."

TRANSPORTATION STUDY TO BE MADE

In an effort to avoid the strangling transportation problems and bankruptcies experienced in some of the eastern states, an extensive marketing study will be conducted by South Dakota State University economists in cooperation with the U.S. Department of Transportation.

The $109,823 study will have Dr. Richard K. Rudel, assistant professor of economics, SDSU, as principal investigator, and Dr. William F. Payne, assistant professor of economics, as co-investigator. Part of the research involving flows of lumber products and aggregates such as gravel and minerals, will be subcontracted to the University of South Dakota's Bureau of Business Research.

Rudel says results of the study should provide much needed input that policymakers and planners can use in developing a coordinated transportation plan for South Dakota.

Payne, a member of the South Dakota Task Force on Railroad Policy, says there is a need for an overall national plan for transportation and that South Dakota must develop its own plan to fit into the scheme of things bemore more populated areas of the nation take over and do that job for us.

[From the Farmer, Sept. 20, 1975]

Railroad Abandonment Does Affect You

(By Bruce Pankonin)

Rural Minnesota is fighting to save branch line railroads. And, for cost savings as high as 30¢/bu with rail over truck transport, there's good reason to fight. However, simply saving branch lines from abandonment won't cure all ills—far from it.

Ray Johnson, a farm manager and director of a transportation task force in southern Minnesota, explains why: "If a scheduled abandonment is approved, service is naturally lost completely. And even if the abandonment isn't approved, the track and service will remain the same. There's no improvement in service and tracks aren't upgraded. The situation only gets worse."

Presently, there are 22 pending cases for railroad abandonment in Minnesota, totaling 451 miles of track, according to the Minnesota Planning Agency. Over 500 miles of branch line have been abandoned since '67.

Reasons for abandonment seem simple and clear-cut. But implications are far-reaching. Railroad companies say rail use on many branch lines is down and money isn't available for upkeep. They also say other transportation alternatives are available.

Rural arguments run that rail use is down only because service is poor. If service were better, if cars were available, and if tracks were in better shape, far more grain and other commodities would be moved by rail. They point to problems like too much regulation of railroads by the Interstate Commerce Commission, labor and management difficulties, a wide variance in freight rates, little promotion and innovation, and others.

But it no longer makes any difference with whomever the blame should lie, concerned persons have concluded. Everyone knows the situation. The railroads have said they can't or won't solve the problem alone. So other improvement methods must be explored. Sweeping changes must come if rural communities are to retain a strong network of transportation.

Some suggest a system similar to the highway system where tax money would be used to purchase and maintain rail lines. Rolling stock (cars and other equipment) would be owned by individual railroad companies.

IOWA'S TRIAL PLAN

Iowa presently is utilizing such a plan on a trial basis. The plan involves a three-part agreement between the state, shippers and railroad companies to jointly share in costs of upgrading rail tracks and service in exchange for usage contracts.

George Mann, a Windom, MN farmer who also heads the Minnesota House of Representatives' agriculture committee, thinks such plans would work well but he cautions that any plan must be comprehensive, involving all transportation methods. A total, balanced system is needed. Not one that scraps one mode of transportation at the expense of another, he says.

"Right now, we're using the wrong arguments if we want to keep branch line railroads," says Mann. "If branch lines will be retained only if they make money, then we've lost the argument to keep them. They should be like any other form of transportation. They should operate because they're needed and a service to people. If the highway system had to operate at a profit, we wouldn't have a road in the country. The railroad should be no different."

And so task forces and governmental agencies, private railroads, farmers and others are working to come up with some plans and alternatives. It's being done on national, state and local levels.

CITIZENS TASK FORCE

An example of involved groups is the Citizens Countryside Council, a 67-member task force from 19 counties in west central and southwest Minnesota. The group studies many rural problems and makes recommendations to help solve them.

In a report of commodity transportation problems in the area, the group states that most branch rail lines were constructed at the turn of the century and little has been done since to upgrade and maintain them. They state further that farmers can lose up to 30¢/bu for grain because it was transported by truck instead of rail.

The report also indicates that, on longer grain hauls, rail transport is at least three times more energy efficient than truck transport. A gallon of diesel fuel will move grain an average of 300 ton miles by water carrier, 180 ton miles by train and only 50 ton miles by truck, the report says.

County engineers in the 19-county area estimate that roads would have to be upgraded to the tune of $273 million if branch lines were abandoned. That includes upgrading them to 9-ton capacities, often required to haul full grain loads.

"It may cost almost as much money to upgrade some of the branch rail lines," says Ray Johnson. "But energy use would be much more efficient and the system would result in a more balanced transportation program.

"Why eliminate some of the branch lines, then plow more money into the highways to upgrade them?" he asks. "We lose in two ways. Transportation then is a lot less efficient and it still costs a lot of money to upgrade the highways."

But there are other reasons to keep branch lines operating now, says Julian Eggen, elevator manager at Windom, MN. "Once branch lines have been abandoned, there's probably no hope for them to ever be used again. But, if they're kept, maybe a national transportation plan will be worked out and the lines can be salvaged in a few years.

FUTURE IMPLICATIONS

"This whole thing carries long-range implications," Eggen adds. "Agriculture now is more important worldwide than ever before. And our ability to move grain and other supplies long distances quickly and efficiently is extremely important."

Eggen himself doesn't complain about the rail service at his elevator. He's on a main line and describes his relationship with the railroads as excellent. "But I'm concerned about other areas that are losing their branch lines. That has implications on lines like the one I'm on and it has implications we can't fully understand now.

"It's going to be important for a lot of people to get on the bandwagon and work this whole thing out," he says. "I've gone to Washington and testified regarding transportation, but it can be frustrating. You go home wondering what you've accomplished. It's going to take a lot of people working together."

There's no reason why the railroads can't be part of a smooth-running system, adds George Mann. "I make a lot of trips to the Twin Cities from Windom and I drive on a road that almost parallels a main line railroad track. I often count as many as 200 trucks in a short distance but I seldom see a train. That's ridiculous in an age when we can put a man on the moon."

Farmers like Bert Bellig, Wanda, MN, also believe the lines are worth fighting for. He wrote hundreds of letters to influential political associates, made several trips to Washington and mustered local support that helped win the only fight to date that prevented a branch line from abandonment. That was in 1972. Now, the line again is up for abandonment.

"You've got to go to the places and people with power to win this thnig," says Bellig. "You can't just stay home and complain about the situation."

So it now appears that all will be left to the commissions, hearings and the long, slow legislative processes that will determine transportation policy and whether some small communities should have branch lines or not.

MORATORIUM ASKED

For example, the Citizens Countryside Council has called for a moratorium on all railroad abandonments to allow time for a complete study by state and federal officials of the total transportation system.

Harry Reed, Director of Transportation, Minnesota Planning Agency, says the 22 branch lines presently up for abandonment are being carefully studied. Another longer-range, 18-month study will be undertaken to study all transportation systems more in depth.

So, while all these things are being ironed out on federal and state levels, the Johnsons, Belligs, Manns and Eggens in rural Minnesota continue to fight for the branch lines, continue to buy some time.

THE RUSSIAN WHEAT AGREEMENT

Mr. McGOVERN. Mr. President, an editorial **in the Washington Post of October 24, 1975, on the Russian grain agreement is a thoughtful discussion of the ramifications of the recent White House-**Moscow agreement on long-term grain sales.

I ask **unanimous** consent that it be printed **in the RECORD.**

There being no objection, the editorial was **ordered to be printed** in the RECORD, **as follows:**

THE RUSSIAN WHEAT AGREEMENT

The new **American** grain agreement with **the Soviet Union** is a short step in the right **direction. It does not** promise any great benefit in itself, but it can lead toward broader and more substantial efforts to stabilize the **world's grain trade. In contrast, the continued American attempt to get an oil deal with the** Russians is a step in exactly the wrong direction. Linking these two subjects, as the Ford administration insists upon doing, is both absurd and dangerous. Absurd, because the wheat agreement is a serious matter and the oil negotiations are not. Dangerous, because the oil sale would discriminate against the Russians' other customers for oil, in Western Europe.

With the grain agreement, the administration acknowledges at last that the American market safely cannot be left wide open to sudden and unpredictable pounces by the Russians. It commits the Soviet Union to buy at least 6 million tons of American corn and wheat every year. But they cannot buy more than 8 million tons without prior consultation with the U.S. government. That does not foreclose the possibility of larger sales. It seems quite possible that the United States will let the Russians buy as much as 17 million tons this year, in view of the very large harvest here. But the agreement puts a check on the degree to which Russian demand can swing, either up or down. It puts new pressure **on the Soviet government to begin building** its own reserves in the good harvest years to help see them through the bad ones. Holding reserves is very much in the Soviets' own interests in any case. They have perceived that point, a bit belatedly, and are now moving to expand their storage capacity.

Unfortunately, there are also important shortcomings in this grain agreement. While it pushes the Soviets to hold grain reserves, it does not require them to do it. The long international dispute over reserves is a disgraceful example of global buck-passing. For many years, up to 1972, the world's grain reserves were held involuntarily by the two big producers of North America. Those reserves were simply the surplus grain they could not sell. Partly because of the massive Soviet imports three years ago, but in general because of the worldwide rise in demand, those North American reserves have been run down to a point at which they no longer stabilize prices. The answer is to build up reserves again. But holding reserves is expensive. No country wants to bear the cost. Governments have been bickering inconclusively for the past couple of years over sharing arrangements.

The issue is currently being taken up at the International Wheat Council in London, although the prospects for progress do not seem terribly promising. The European Common Market is apparently miffed by the American decision not to take the question instead to the trade talks in Geneva. But the Russians are not taking part in the Geneva talks, and a reserve treaty that does not include the Russians is worthless. It needs to be understood that while the Russians are not the world's biggest grain importer every year, they are continuously the world's most unpredictable.

Another defeat in the new grain agreement—and this one is the most serious of all—is its implications for our other customers. Japan, for example, is a reliable customer that committed itself last summer to buy American grain steadily at a rate of 14.5 million tons a year. What happens if there is a poor crop in this country? Legally, it appears that the Russians now have a prior claim over the Japanese. True, in a really disastrous harvest, an escape clause in the new agreement would permit the United States to refuse the 6 million ton minimum sale to the Soviets. But supplies could get tight long before they fell low enough to trigger the escape clause. To give any one buyer—and particularly this one—precedence over the others represents neither good foreign policy nor elementary fairness.

Bilateral deals are a bad way to organize trade in grain, in oil, or in any other commodity. The right kind of agreement is multilateral, extending the same terms and obligations to all nations that want to buy or sell. Bilateral trade treaties inevitably confer a privilege on one country that they deny to others. The Ford administration, to its credit, appears to understand and accept this truth.

Its position is that it faced an emergency, and that the soaring Russian grain purchases had to be controlled quickly. They were rocking the whole American agricultural economy and aggravating inflation. There was no time, the administration concluded, to work out a worldwide grain agreement. That judgment was correct. But this week's bargain with the Russians needs to be seen as just that: a temporary expedient that sets a poor precedent. It makes a world treaty on reserves more urgent than ever.

The worst aspects of the grain agreement are gratuitously reinforced by the administration's misguided attempt to strike a similar bilateral bargain for oil. While the wheat deal has its questionable side, the oil deal has no other side. Since the amount would be small, the whole negotiation is a transparent gesture to impress American voters with the shrewdness of the administration as horse traders. It wants the Russians to sell oil to us more cheaply than they sell to the Germans or the Italians. It's a strange way to persuade the Europeans to open their own market wider to American goods. The Ford administration keeps saying that, in principle, it still supports open world markets and nondiscriminatory trade. It's time for the administration to decide whether to support them in practice as well.

THE TIME TO ASSIST VICTIMS OF CRIME HAS COME

Mr. HARTKE. Mr. President, every day new stories confront each Member of this Body about the grief and suffering that Americans citizens experience from the hands of the criminal element in our society.

What is particularly tragic is that fact that many of these persons will spend the rest of their lives paying for the costs of this event. The dramatic rise in the rate of crime must give each of us cause to reflect on our obligation to those who have been victimized—some of these people may even be persons who we know personally.

I am pleased to know that the House Subcommittee on Criminal Justice will be holding hearings on legislation to deal with compensation of victims by the Federal Government. I have reintroduced this year my bill to assist the victims of crime and note that the distinguished majority leader of the Senate (Mr. MANSFIELD) has similar legislation pending before the Judiciary Committee.

I implore my colleagues to take affirmative action during this Congress to provide some aid to the victims of violent crime. As President Ford recently stated,

> I do not seek vindictive punishment of the criminal, but protection of the innocent victim. The victims are my primary concern. That is why I do not talk about law and order and why I return to the constitutional phrase—insuring domestic tranquility."

This idea of compensation is not new. Already 11 States and nations such as Britain and New Zealand have active programs for this cause.

Today, the Washington Post published a most poignant story about a young woman who was shot by robbers in our Nation's Capital. Beside the physical and emotional torment incurred by this encounter, she has borne a terrible financial burden, receiving not 1 cent from any source.

This tale is in my opinion not unusual in America today. It serves as a reminder to all of us that even though there is no way to erase the trauma of being the victim of a crime, we should take action to prevent the accompanying financial costs to the person involved.

Mr. President, I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TORMENTED GUN VICTIM ASKS WHY

(By Ron Shaffer)

"The thing that bothers me, and always will, is why they shot me. You just don't shoot someone in the back like in a western movie. I didn't pose any threat to them; I was running away. . ."

Sally Ann Morris, 26, is still asking herself why she was the one shot by robbers four months ago while on a Saturday night date in Georgetown. That chance encounter left her wounded, necessitated a traumatic operation and required weekly visits to a psychiatrist to survive the life left to her. She still walks with a cane.

Compounding all this is the fear that the ordeal is not yet over and that her assailants may return and kill her. Four suspects arrested in the case, who were released on personal recognizance, pending trial, promptly disappeared and are at large today.

Morris, a claims adjuster for an Alexandria insurance company before the Georgetown shooting last June, decided to tell her story but insisted that her present whereabouts be kept secret.

"I don't want people to feel sorry for me, but just for them to know that it can happen in one second. They should know what can happen," she said recently during an interview at the home of a friend.

Sally Morris' misfortune occurred June 28 on her way to a dinner urged on her by her boyfriend because she was so morose over the recent death of her father.

It was about 10:30 p.m., she recalled. She and her boyfriend, Henry Miller, were walking down 33d Street, heading for an M Street restaurant. They were talking about the cobblestone sidewalks and the stately trees in the area when two men approached.

As they passed the couple, one of the men pulled out a gun, cocked it and stuck it in Sally Morris' back. "I knew right away they were going to fire it because you just don't cock a gun without a reason," Morris said.

Instinctively, Miller grabbed her and they started to run. After a few steps, she said, she heard gunfire and felt a slap at her back. "It felt like a burning needle that went through me real quick. It sort of numbed me."

An ambulance was called and people began to gather, some on the run, asking what had happened. Someone suggested that she lie down.

"I'm a self-conscious person and I hate to be stared at," Morris said. "All of a sudden I became two people; one was lying on the sidewalk, the other was looking down at me, saying, this isn't real, you've just gone to a play. I kept thinking, why can't you just faint and you'll be out of it."

The ambulance took 40 minutes to arrive, Morris said. "Then things really started to hurt. They are rough. I should have taken a taxi," she said, chuckling as she told her story, her long red hair framing a youthful freckled face. She smoked one cigarette after another.

At Georgetown Hospital, a nurse probed her midsection, asking "if my stomach always stuck out here," said Morris, who separated from her husband in 1972 and has a 5-year-old daughter. "I said, lady, all I've had is a Cesarean. If there's anything else there, I didn't have it when I came in here."

"Then," Morris recalled the nurse saying, "that's where the bullet is."

The bullet hit Sally Morris in the small of the back, ripped through her intestinal tract and lodged in her lower abdomen. It fractured her hip so that she still cannot walk without a cane.

Doctors had to perform a colostomy, rerouting the undamaged intestinal tract to a substitute opening surgically created in her lower abdomen. This type of operation allows body waste to be passed into a disposable plastic bag attached to the new opening.

"It's kind of embarassing, like when you go out and it (the plastic bag) starts to bloat like a balloon," she said. "People stare, like what's going on down there? And it makes noises. You're supposed to say, oh, my stomach's growling. And there are a few other problems, like sometimes it'll decide to leak . . . or you'll empty it out and miss the toilet and you just stand there and cry."

When Morris recently showed the waste contraption to her 5-year-old daughter—"She asked to see . . . and I showed her because I thought she would understand"—the daughter said, "Mommy, I don't want to sleep with you anymore."

Since the operation, Morris has lost her job with the Safeco Insurance Co. of America in Alexandria. She faces further surgery next month—hopefully to eliminate the need for the colostomy—and her employers felt they had to replace her.

"We were willing to wait longer if we could see light at the end of the tunnel, but neither she nor her doctor could," said Tom Davis, Morris' boss at the insurance firm. Morris has not returned to work since the shooting four months ago.

Morris has also given up her third-floor apartment because she said she can no longer walk up the stairs. Now she faces medical bills she cannot pay and finds herself consumed with fear.

"It's my charade, pushing real emotions in back and trying to be cheerful outside," Morris said. "But I still go into a lot of depression, and I have nightmares."

According to police, the four suspected assailants of Morris have been identified as James Andrew Weeks, 29; Roy Weeks, 25; Terry Ann Stewart, 23; and Eunice Walker, 25, all District residents. Police said the two men had been committing armed robberies in Georgetown for several weekends before the Morris shooting, escaping by hiding in the back seat of a getaway car driven by the women.

The frustration growing from the aftermath of that night in Georgetown ultimately caused Morris to beg for financial help—apparently without success—in a letter to President Ford. Near the end of her hospital stay she wrote to the President: "I know the physical loss can never be replaced, but to be in debt—why?"

She said the White House informed her by telephone that a law clerk would look into her case, but she has heard nothing since.

Maryland has passed legislation to allocate money to the victims of crimes. The District and Virginia have not. Congress has also failed to approve federal legislation that would provide funds for crime victims.

Health insurance will pay 90 per cent of the $10,000 Morris has accumulated in medical bills, but she must still live on $200 a month in welfare payments and has no money to pay the rest of her medical and psychiatric expenses, she said.

"I have also lost a lot of feeling about people and I'm trying to get that back," she said. Miller, her boyfriend of three years, "treats me like a china doll; he doesn't let me go anywhere by myself." But she finds herself not caring about him like she used to.

"For the first week I blamed him. I thought why couldn't it have been him, he could have taken it better. Why me? Isn't that just terrible to think like that? . . . And then I spent a long time thinking: if it had just taken longer to park, or if we had gone down another street . . ."

ARNOLD NELSON

Mr. McGOVERN. Mr. President, I join with Senator ABOUREZK in extending condolences to family and friends of Arnold Nelson.

Arnold Nelson was a voice of reason and sanity in an era of great turbulence in society and within the Federal Government, and within HUD, where his work, his ideas, and his dedication were exceptional.

He loved life, and he was loved by many South Dakotans. He will be missed, and I am sad that he will not be there for us to rely upon, as we so often have done.

To his wife, Barbara, his children, his family, and his friends, I send my deepest sympathy. His memory will be an enduring one.

THE BUDGET PROCESS: DEFENSE EXPENDITURES

Mr. CRANSTON. Mr. President, the first cycle of the congressional budget process is nearing its end.

The Appropriations Committee has begun final work on the $90 billion—$112 billion, if the transition quarter is included—Defense appropriation bill.

With that in mind, a bipartisan group of Senators on that committee and I cooperated in an attempt to make clearer the relationship of the bill to the national defense budget target in the congressional budget.

Specifically, we focused on the amount by which the House-passed Defense appropriation bill exceeded the portion of the overall defense target allocated under our calculations to this particular bill.

First, Mr. President, let me explain why our action was necessary:

The budget resolution adopted this year contained totals for budget authority and outlays. In the conference report accompanying the budget resolution, the overall targets for each budget function, of which national defense is one, were provided, along with some advisory statements indicating how the targets could be achieved.

One of the questions most frequently heard this year, as budget-conscious Senators prepare for floor debate of any spending bill, is "Is this bill, as reported, within the congressional budget?"

Mr. President, there is no good, easy way to answer that question this year without making some assumptions which the Budget Committee did not expressly make, and some predictions about future actions of the Congress.

Alternatively, one could simply keep track of the amount spent within the function so far this year. Budget scorekeeping would then amount to a "race track" approach to Federal spending: The first bills up within any function would always be under the budget target, even if extravagant, and the last bills up would probably exceed it, especially if the prior bills were extravagant.

To stay within the target one would probably have to slash the last bills drastically, to offset any extravagance in prior bills.

Let me illustrate: The congressional national defense budget authority target is $100.7 billion. If one considers only action completed to date on other bills in the function—$152 million—and items not subject to the appropriations process this year—$1.668 billion—and is then asked, under the racetrack approach, whether the administration's requested $93.473 billion for the Defense appropriation bill—adjusted by congressional cuts in authorization bills and with Vietnam military assistance removed—is within the congressional budget target, one answers "yes," since the total of these three items is $95.293 billion in budget authority.

The administration request for the next bill up—the military construction appropriation—when adjusted by congressional cuts in authorization levels—would add $3.735 billion, raising the total to $99.028.

However, when the Public Works appropriation bill—containing funds for nuclear weapons under ERDA—came up, one would have to cut $263 million from the administration's requested $1.935 billion to maintain the defense target.

This entirely uses up the funds provided in the target for national defense. When the foreign assistance appropriation bill—containing a requested $1.380 billion in military assistance, with Southeast Asia and the new Middle East package excluded—comes up, one would have to kill the entire bill to maintain the budget target. This approach would also require 100 percent "absorption" by DOD of the 5 percent military and defense civilian pay raise, since there is no room under the target for a supplemental pay bill.

Mr. President, my colleagues in this effort and I do not believe that the "race track" approach is a useful way to deal with spending priorities.

Hence, we proceeded to make the necessary assumptions to provide a basis for allocating the functional target to the bills within the function.

We made four major assumptions, governed by our understanding of what the Budget Committees did when they adopted the first concurrent resolution on the budget. In other words, we attempted to translate the functional total for defense into line items, tentative targets to provide guidance on how to achieve the overall target.

Three of our assumptions were based on the statement of managers included in the budget conference report. The fourth was based on the advice of the Appropriations Committee to the Budget Committee in its March 15 report. In all other instances, we assumed that the congressional line-item targets were consistent with the Presidential request as it appeared at the time of the adoption of the first concurrent resolution.

Mr. President, I ask unanimous consent that the appropriate portion of the budget conference report, and the full text of our initial letter to Dr. Rivlin, Director of the Congressional Budget Office, asking her to calculate for us the line-item targets based on the assumptions we had made, together with the full text of Dr. Rivlin's response, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, D.C., October 2, 1975.

Dr. ALICE RIVLIN,
Director, Congressional Budget Office,
Washington, D.C.

DEAR DR. RIVLIN: In keeping with the responsibilities of your office for "scorekeeping" the budget targets of the First Concurrent Budget Resolution, we ask for your prompt aid, in anticipation of early Senate activity on the key appropriations bills in the National Defense function of the budget.

Kindly assume the following, with respect to the establishment of Congressional targets in this function:

(1) That the target for the military construction appropriation bill includes a reduction of $225 million from the President's original FY 1976 budget request, based on the advice of the Appropriations Committee to the Budget Committee in its March 15 report.

(2) That there are sufficient funds within the National Defense target to support a decision by Congress not to limit increases in defense salaries and retirement allowances.

(3) That all funds requested for military assistance to South Vietnam and Cambodia are subtracted in the Congressional targets.

(4) That the remaining reduction to achieve the overall target represents revised inflation estimates, reductions in program growth, and financial adjustments, to be taken proportionately from Defense Appropriations and Military Construction Appropriations.

Kindly show the Presidential request as to each appropriation bill, other spending request, or item not subject to appropriation, for the National Defense function, as it appeared in the Budget Committees at the time of the adoption of the First Concurrent Resolution.

Indicate separately any adjustment in the Presidential request which has since taken place.

Using the above assumptions, kindly determine the Congressional targets for each appropriations bill, other spending legislation, or item not subject to appropriations, in National Defense, by allocating the $100.7 billion in budget authority, $90.7 billion in outlays.

Please then separately indicate Congressional action with respect to these target lines. In so doing, please indicate where you assume that pending legislation will not be enacted; and as to any Presidential appropriations request on which there is no Congressional action, make no assumption as to spending levels, e.g. Foreign Assistance Appropriations.

Finally, please calculate from the above your best estimate of budget authority and outlays for the Defense Appropriation, Military Construction Appropriation and Foreign Assistance Appropriation bills, which will enable the Congress to achieve the overall targets for national defense.

Since action on the Defense Appropriation bill is imminent, we would greatly appreciate your prompt response to this request.

With best wishes,

Sincerely,

Alan Cranston, Richard S. Schweiker, Charles McC. Mathias, Jr., Mark O. Hatfield, Thomas F. Eagleton, William Proxmire, Edward M. Kennedy, Clifford P. Case.

CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., October 15, 1975.

Hon. ALAN CRANSTON,
U.S. Senate, Washington, D.C.

DEAR ALAN: This is in response to your letter of October 2 which asked the Congressional Budget Office to provide you and seven of your colleagues with various figures related to congressional action on 1976 national defense spending. We have prepared the attached two tables in response to this request, one for budget authority and the other for outlays for the national defense function of the budget.

The first two columns of these tables show the amounts proposed by the President in his February 3 budget and in subsequent amendments after the adoption of the first concurrent resolution. These amounts are distributed among various categories, including amounts which do not require current action by the Congress, regular 1976 appropriation bills, the 1976 pay supplemental and proposed legislation.

The third column provides a breakdown of the first concurrent resolution targets of $100.7 billion in budget authority and $90.7 billion in outlays for the national defense function by the same categories. To derive these figures, we used the assumptions provided in your October 2 letter as well as certain additional assumptions provided by Mr. Hal Gross of the Senate Budget Committee staff. Attachment A to this letter lists these assumptions which are crucial since the conferees on the first concurrent resolution did not provide a breakdown of the budget targets by committee of jurisdiction or by individual appropriation or other spending bills.

The next three columns in the *tables* provide the current status of congressional action on the various spending bills which affect the national defense function. The final column shows the difference between Senate action to date and the assumed H. Con. Res. 218 targets calculated per the assumptions provided by you and your staff.

I hope that this information will be useful. We would be glad to answer any questions you might have about the two tables. I am sending a copy of this letter to the seven Senators who also signed your October 2 letter.

Sincerely,

ALICE M. RIVLIN,
Director.

ATTACHMENT A

Assumptions Used to Allocate the Congressional Budget Targets for National Defense Among 1976 Appropriation Bills, Other Spending Legislation and Items not Requiring Current Action by Congress.

Contained in October 2 Letter from Senator Cranston, et al.

1. The target for the military construction appropriation bill includes a reduction of $225 million from the President's original FY 1976 budget request, based on the advice of the Appropriations Committee to the Budget Committee in its March 15 report.

2. There are sufficient funds within the national defense target to support a decision by Congress not to limit increases in defense salaries and retirement allowances (i.e., no "caps" are to be assumed).

3. All funds requested for military assistance to South Vietnam and Cambodia are subtracted in the congressional target.

4. The remaining reduction to achieve the overall target represents revised inflation estimates, reductions in program growth, and financial adjustments, to be taken proportionately from the Defense Aprorpriations Bill and the Military Construction Appropriations Bill.

Additional assumptions provided by Hal Gross.

5. The congressional targets are identical to the February 3 budget submission unless a specific exception is noted.

6. No reduction is to be made in the Foreign Assistance Appropriations Bill for military assistance to Cambodia.

7. The congressional target for the pay raise assumed an 8.66 percent increase for civilian classified and military active pay.

NATIONAL DEFENSE FUNCTION 050

[In millions]

	President's budget authority requests		H. Con. Res. 218 per assumptions provided by Senator Cranston	Current status			Difference between target and Senate action to date
	Feb. 3	May 30 and subsequent amendments		House	Senate	Enacted	
BUDGET AUTHORITY							
Total	$107,700	$107,879	$100,700				
Previously enacted:							
Trust funds	6,807		6,807	$6,807	$6,807	$6,807	
Offsetting receipts	−5,139		−5,139	−5,139	−5,139	−5,139	
Subtotal	1,668		1,668	1,668	1,668	1,668	0

NATIONAL DEFENSE FUNCTION 050—Continued

[In millions]

	President's budget authority requests		H. Con. Res. 218 per assumptions provided by Senator Cranston	Current status			Difference between target and Senate action to date
	Feb. 3	May 30 and subsequent amendments		House	Senate	Enacted	
Appropriation action:							
Regular bills:							
Defense	[a] $96,402	+$60	$89,287	$90,219			[d] NA
Southeast Asia	1,293		0				0
Foreign assistance	1,380		1,380				NA
Military construction	[a] 4,019		3,690	3,519			NA
Public works	1,896	+39	1,896	1,852			NA
Treasury-Postal Service	121		121	100	$100	$100	−21
HUD Independent	48		48	38	38	[b] 38	−10
State-Justice	5		5	5	5	[b] 5	0
Subtotal	105,194		96,427				
Other actions:							
Other spending legislation:							
Military retired pay adjustment (H.R. 6674)			0	9	9	[c] 9	+9
Rescissions							
Supplementals (pay allowance)	3,079	−134	2,999				NA
Subtotal	3,079		2,999				
Proposed legislation:							
Naval petroleum revenue	122		−347				NA
Offsetting receipts	−469						
Stockpile sales	−400	+80	−488				NA
Inventory replenishment	300		300				NA
5 percent pay cap	−1,047	+341	0		−932	−932	−932
Other	142		142				NA
Subtotal	−2,240		−393				
OUTLAYS							
Total	94,027	94,351	90,700				
Previously enacted:							
Trust funds	4,876	−200		4,676	4,676	4,676	
Prior year	23,905	+547		24,326	24,452	24,452	
Offsetting receipts	−5,139			−5,139	−5,139	−5,139	
Subtotal	23,642		23,642	23,989	23,989	23,989	+347
Appropriation action:							
Regular bills:							
Defense	[a] 66,567	+3	62,436	63,954			[d] NA
Southeast Asia	666		0	0	0	0	0
Foreign assistance	702		702				NA
Military construction	[a] 836		782	823			NA
Public works	835	+19	835	815			NA
HUD Independent	39		39	31	31	[b] 31	−8
State Justice	5		5	5	5	[b] 5	0
Treasury-Postal Service	81		81	62	62	62	−19
Subtotal	69,728		64,880				
Other actions:							
1975 foreign assistance			0	−159	−159	−159	−159
Other spending legislation: Military retired pay adjustment			0	9	9	[a] 9	+9
Rescissions	−87		−87	−63	−63	−63	+24
Supplementals:							
Pay	3,002	−134	2,295				NA
1975 SEA supplemental	125	−125		0	0	0	0
1975 pay supplemental	85			83	83	83	−2
Subtotal	3,125		2,830				
Proposed legislation:							
Naval petroleum reserves	69		−400				
Offsetting receipts	−469						
Stockpile sales offsetting receipts	−400	+80	−400				NA
Inventory replenishment	90		90				−90
5 percent pay cap	−1,000	+134	0		−917	−917	−917
Other	130		138				NA
Subtotal	−2,460		−660				

[a] Authorization legislation reductions have effect of reducing appropriation request pending before the Senate as follows: $2,929 million in the military procurement bill and $374 million in the military construction bill.

[b] Conference report.

We also made a series of minor assumptions to eliminate any remaining ambiguity from our main assumptions: We assumed that a statutory comparability pay increase for military and civilian defense workers—absent a pay cap—would result in an 8.66% raise (the only amount Congress considered) rather than the 9% assumed in the President's budget.

We assumed that the cut for inflation estimates, program growth, and financial adjustments should be taken proportionately from the defense appropriation and military construction bills, rather than all from one or the other, in establishing the targets.

Finally, we assumed, because the official budget submission reflected no funds for Cambodian assistance, that there was none.

We then asked the CBO to score these assumptions and provide for us an allocation of the overall defense target by line items, based on the assumptions we had made.

Mr. President, I want to make very clear that CBO itself took no position on the House-passed defense appropriation bill, and made no recommendations with respect to that bill. Its sole role was to provide numbers for the assumptions we had made, organize them approximately as we had suggested, and return them to us.

Any inference that CBO or Dr. Rivlin was otherwise involved was a most unfortunate fallout of this exercise, which I most deeply regret.

The tentative targets established by this approach are obviously not, nor are they intended to be, binding on the Appropriations Committee. Rather they are simply one possible allocation of the overall defense target, which we believe is most consistent with the guidance furnished by the budget resolution, accompanying conference report, and related actions of the budget committees.

As Congressional consideration of the bills within this function proceeds, the results can be scored against the tentative targets. To hold the overall target, amounts in excess of tentative bill targets must be reconvened elsewhere in the function.

To draw any conclusion as to how the amount in a particular bill relates to the functional target, it is also necessary to make predictions about what totals will finally show up when work on the bills is complete.

We stopped short of making these predictions.

The Senate Budget Committee uses a system of these predictions to enable it to furnish advice on how a given bill compares with the overall functional target. It predicts that when the House has acted on a regular appropriations bill, but the Senate has not, the Senate will adopt the House number. When neither house has acted, it assumes that the House and Senate will adopt the pending Presidential request—adjusted to current law and further adjusted by any reduction required by completed authorization action.

Presidential requests for supplemental appropriations under current law are also included at the level requested by the President, but requests requiring enactment of new spending legislation are not, unless acted upon by Congress.

When this system of predictions is used to establish numbers for Congressional action, and compared with our line item targets, the net conclusion is the same as that reached by the Senate Budget Committee: that the Defense target will be exceeded by $142 million in budget authority, and $1.521 billion in outlays. To the extent that any of the predictions prove incorrect, that will, of course, affect the results.

Chairman McClellan has now been advised that potential savings are possible from these defense target overages, by adopting cuts in five items specified in a letter submitted to him.

Two of the five suggested cuts are the enactment of proposed legislation creating offsetting receipts, which even the proponents of the list do not believe is achievable at this time.

One of the items is a supposed budget authority cut of $407 million in military aid to Cambodia (purportedly saving $275 million in outlays). Absent an official submission of military aid country-by-country showing the requested aid to Cambodia, this supposed savings is completely hypothetical. It assumes that we will be able to hold the military aid portion of the Foreign Assistance Appropriation bill to $973 million in budget authority and $427 million in outlays this year. The pending Administration request is $1.380 billion and $702 million respectively, without the inclusion of the Middle East security package.

Additionally, the list assumes a 10% absorption by DOD of the amounts projected for the 5% pay raise. Traditionally, absorption has resulted in a savings of the amount absorbed. This proposal suggests that it not be saved, but be used for other military expenditures. To achieve savings, the National Defense budget authority target would have to be reduced, as the House Budget Committee has done in its Second Concurrent Resolution, and then the other defense-related spending bills would have to be held to the new target.

Even if we assume adoption of this suggested "absorption" plan, and also succeed in holding foreign military credit sales to 1975 levels, in the face of an Administration request which is $260 million higher in budget authority and $150 million higher in outlays, which is the final suggestion on the list, the National Defense function will exceed the target by $1.171 billion in anticipated outlays, assuming that the Senate does not increase any House-passed amount, which will increase the deficit by the amount of the excess.

Obviously, further significant savings in budget authority are needed in the bills still pending before the Appropriations Committee to achieve the outlay levels contemplated by the First Concurrent Resolution, beyond the $142 million in budget authority which the function is currently over target.

The Defense Appropriations bill includes about 94% of the new budget authority in this function.

Unless savings to bring this function within the target are achieved here, it is difficult to see where, realistically, they can be achieved.

Certainly one ought not to allow this bill to go by, relying on the uncertain hope of future savings in other defense-related bills, without firm assurances that those savings will be realized.

Otherwise, the budget restraint the Congress has worked so hard to impose on itself will be largely illusory.

AN EARLY-WARNING FOOD INFORMATION SYSTEM: A PREREQUISITE FOR A NATIONAL FOOD POLICY

Mr. HUMPHREY. Mr. President, this year we continue to hear about increasing food prices, the need for adequate incentives for farmers to increase production, and the effects of exporting grain to the Soviet Union. A responsive and responsible national food policy, the lack of which continues to be detrimental and foolish, would diminish these problems.

I would like to call the attention of my colleagues to a lecture given recently by Lester R. Brown, president of Worldwatch Institute, at the Marfleet-Falconer Lecture, University of Toronto. Mr. Brown's address is entitled "The Global Politics of Food: Role and Responsibility of North America."

He emphasizes that due to a combination of factors—including "ecological deterioration of food systems because of growing population pressure, mismanagement of agriculture, soaring population-induced demands, and in some cases sharp increases in demand as a result of new-found wealth, as in the OPEC countries—North America today finds itself with an almost monopolistic control of the world's exportable grain supplies."

Without a comprehensive food policy, just how well and how equitably can the United States manage world food supplies which gyrate from year to year, from shortage to surplus?

Mr. Brown proposes as a part of a North American Food Policy that a Joint United States-Canadian Commission on Food Policy be formed. This Joint Commission would use the agriculture information gathering networks of both countries, and would therefore be in a better position to estimate changes in the world supply and demand for food. Brown points out that in the past, neither the United States, Canada, FAO, nor OECD was able to adequately project developments. Brown states:

> Neither Washington nor Ottawa anticipated the enormous rise in world grain prices between 1972 and 1974. Nor did either anticipate that all idled cropland in the United States would be brought back into production so abruptly. The massive Soviet purchases were not widely anticipated, nor was the abrupt downturn in the world fish catch in the early seventies forecast.

The joint commission would require, as a prerequisite to obtaining grain, that buyers provide certain information on crops, reserves, agricultural development, and population policies. In effect, access to North American food supplies should be used as an incentive to encourage and assist countries to do their share in solving the food problem, and thereby to help create a workable world order.

During hearings which I recently chaired for the Office of Technology Assessment on the accuracy and timeliness of food information systems, representatives of the Department of Agriculture reported on the improved information exchange between the United States and the People's Republic of China and with the Soviet Union. Other witnesses discussed efforts of private industry and the international organizations to gather and analyze agricultural data.

Many of these efforts are repetitive, obsolete, and uncoordinated. None of them at this time provide the adequate early warning mechanism needed for public policy decisionmaking. Without a national food policy and a system to better anticipate and manage food supplies, little progress has been made in moving toward the goal that Secretary of State Kissinger enunciated last year at the World Food Conference, "that within a decade no child will go to bed hungry, that no family will fear for its next day's bread, and that no human being's future and capacities will be stunted by malnutrition." At the close of the conference, I said that:

> Constructive action was never begun tomorrow. We must accept the challenge of future world food security now. For our apologies for inaction will echo deafly if our children and grandchildren are not assured an adequate and stable food supply.

As we approach the first anniversary of the World Food Conference, we must confront the difficult question of whether U.S. deeds are adequate to accomplish the goals set in Secretary Kissinger's 1974 speech.

Mr. President, I ask unanimous consent that Lester Brown's lecture be printed in the Record.

There being no objection, the lecture was order to be printed in the Record, as follows:

The Global Politics of Food: Role and Responsibility of North America

(By Lester R. Brown)

As we make the transition from the third to the final quarter of this century the world food economy appears to be undergoing a fundamental transformation. Two developments stand out. One, the comfortable reserve of surplus stocks and excess production capacity which the world has enjoyed over the past generation may now be history. Two, the world is becoming overwhelmingly dependent on North America for its food supplies. Together these two developments add up to a new role and responsibility for North America.

Only a few years ago the world had not only surplus stocks and excess production capacity but it appeared that both would be around for a long time to come. Suddenly, within a span of a few years, they have largely disappeared. Today the entire world is living hand to mouth, trying to make it from one harvest to the next. Global food insecurity is greater now than at any time since the years immediately following World War II, making weather in the principal food producing countries a major global economic and political concern.

A measure of growing worldwide food deficits, grain exports from North America have doubled during the seventies, expanding from 56 million tons in fiscal year 1970 to nearly 100 million tons during the current fiscal year. Of the 115 countries for which data are readily available, all but a few now import grains. Those countries which remain as significant exporters at the global level can be numbered on the fingers of one hand. Of these, two dominate: the United States and Canada. During the current fiscal year the two together will export enough grain to feed the 600 million people of India.

The reasons for growing dependence on North American food supplies vary widely. They include ecological deterioration of food systems because of growing population pressure, mismanagement of agriculture soaring population-induced demands and, in some cases, sharp increases in demand as a result of new found wealth, as in the OPEC countries. The causes of the growing deficits vary, and often a combination of factors is responsible, but the effects are the same—ever greater pressure on North American food supplies.

As a result of these trends, North America today finds itself with an almost monopolistic control of the world's exportable grain supplies, a situation for which there is no historical precedent. In a world of food scarcity, where there may not be enough food to go around, North America must decide who gets how much food and on what terms. The governments of the United States and Canada have not consciously sought the responsibility, any more than the countries of the Middle East have planned their geographical location astride the world's richest oil fields, but it is a reality and it must be reckoned with.

In recent years shortages of food have contributed to global double-digit inflation and to severe nutritional stress among low-income people everywhere. In some of the poorer countries, shortages have led to a rise in death rates, reversing postwar trends. National political leaders in the food-deficit countries, rich and poor alike, are becoming uneasy over future access to food supplies. Profound changes in the world food economy have brought into question the basic assumptions underlying our food policies, forcing us to rethink how we relate our food resources to the rest of the world.

NEW SOURCES OF GLOBAL FOOD INSECURITY

Throughout much of the period since World War II, the world has had two major food reserves: stocks of grain held by the principle exporting countries and cropland idled under farm programs in the United States. During the sixties and early seventies some 50 million acres out of a total U.S. cropland base of 350 million acres was held out of production to support prices. Stocks of grain held by the exporting countries were readily available for use when needed. Cropland idled under farm programs in the United States could be brought back into production within a year. Together grain stockpiles and cropland reserves provided security for all mankind, a cushion against any imaginable food disasters.

As recently as early 1972, it seemed likely that surplus stocks and cropland idled under farm programs would be part of the landscape for the foreseeable future. Then, suddenly, things began to change. The global demand for food, fueled by the relentless growth of population and by rising affluence, began to outstrip the productive capacity of the world's farmers and fishermen. The world fish catch, which had tripled between 1950 and 1970 and moved to a new high virtually every year, turned downward for three consecutive years. Most of the idled U.S. cropland was returned to use beginning in 1973 and all of it thereafter, but still food reserves were not rebuilt.

In 1961, the combination of reserve stocks of grain, in exporting countries, and idle cropland in the United States amounted to the equivalent of 105 days of world grain consumption. As recently as 1972 stocks still equalled 69 days of world consumption. Then reserves began to drop rather abruptly—to 55 days in 1973 and still further to 33 days in 1974. The 1975 carry-over stocks remain precariously low, and all hopes for rebuilding them to safe levels have vanished with the poor 1975 Soviet harvest. Current USDA estimates of carryover stocks in 1976, already largely determined by the 1975 harvest, indicate an even lower level than in 1975. (See Table 1)

TABLE 1.—INDEX OF WORLD FOOD SECURITY, 1961–76

[In millions of metric tons]

Year	Reserve stocks of grain [1]	Grain equivalent of idled U.S. cropland	Total reserves	Reserves as days of annual grain consumption
1961	163	68	231	105
1962	176	81	257	105
1963	149	70	219	95
1964	153	70	223	87
1965	147	71	218	91
1966	151	78	229	84
1967	115	51	166	59
1968	144	61	205	71
1969	159	73	232	85
1970	188	71	259	89
1971	168	41	209	71
1972	130	78	208	69
1973	148	24	172	55
1974	108	0	108	33
1975	111	0	111	35
1976 [2]	100	0	100	31

[1] Based on carryover stocks of grain at beginning of crop-year in individual countries for year shown. The USDA has recently expanded the coverage of reserve stocks to include importing as well as exporting countries, thus the reserve levels are slightly higher than those heretofore published.

[2] Preliminary estimates by USDA.

Source: Based on U.S. Department of Agriculture data and author's estimates.

A third factor leading to global food insecurity and instability in the mid-seventies is the near total dependence of the entire world on one region—North America—for its exportable food supplies. Both countries within the region, the United States and Canada, are affected by the same climate cycles, with a poor crop in one all too often associated with a poor crop in the other.

A fourth factor contributing to instability was a decision made by Soviet political leaders to offset crop shortfalls with imports. Since recent year to year fluctuations in the Soviet grain harvest have exceeded the normal annual gains in the world grain crop, this decision further destabilizes the world food economy. This policy, apparently made in early 1972, may not be an irreversible one, but neither will it be easily abandoned. Soviet herds and flocks have been building steadily throughout the seventies as a result of this policy. So too have the expectations and appetites of Soviet consumers.

There are then four major factors contributing to instability in the world food economy today: the decline of grain reserves; the disappearance of idled cropland in the United States; the dangerous dependence of the entire world on the food surplus of one geographic-climate region; and the decision by the Soviet government to offset shortfalls through imports rather than through belt-tightening. All but one, the overwhelming dependence on North America, have emerged quite recently.

The high costs of this food price instability take many forms—economic, political and social. Consumers, particularly the poor, obviously suffer. Most families do not find it easy to adjust to wide fluctuations in food prices. These same fluctuations, in turn, make it more difficult for producers to decide how much to plant and how much to invest in inputs. Dairymen and cattlemen everywhere have been caught in an impossible bind between the price of milk or beef and the cost of grain. The result is predictable. Thousands have been driven out of business, leading to erratic flows of milk and meat to market, and to discontent among consumers.

Governments do not find it any easier to operate in a world of violent fluctuations in food prices. Unstable markets wreak havoc with foreign exchange budgets, particularly those of developing countries heavily dependent on food imports, and undermine government efforts to combat inflation. Indeed, soaring food prices have contributed directly to the unprecedented global double-digit inflation of the early seventies.

EMERGENCE OF THE NORTH AMERICAN BREADBASKET

North America has emerged as the world's breadbasket only since World War II. Its rise is best measured by looking at the net grain trade flows among various geographic regions. An aggregate of all grains is a useful indicator of food trends, since grains supply more than half of man's food energy supply when consumed directly, and a sizable segment of the remainder when consumed indirectly. From the production side, they occupy more than 70 percent of the world's cropland area. Net regional data, which exclude trade among countries within a region, are used in order to isolate more clearly the basic trends in the world food economy.

Prior to World War II, all geographic regions, except Western Europe, were net exporters. North America was not the only exporter nor even the leading one. During the 1934-38 period, Latin America was exporting an average of 9 million tons per year, while North America exported only 5 million tons. Eastern Europe, including the Soviet Union, was exporting 5 million tons annually, exactly the same as North America.

All this has now changed beyond recognition. Asia has developed a massive deficit. It is now importing some 50 million tons of grain per year, most of it taken by three countries—Japan, China, and India. Africa, Latin America and Eastern Europe (including USSR) have all become food deficit regions. Western Europe, continually a major importer, has been the only stable element through the period; its imports rarely moved outside the 20 to 30 million tons range.

North America's unchallenged dominance as a global food supplier began in the forties. The scale of exports expanded gradually during the fifties and sixties. During the seventies, North American grain exports have nearly doubled in response to the explosive growth in import demand from around the world. (See Table 2)

TABLE 2.—THE CHANGING PATTERN OF WORLD GRAIN TRADE [1]

[Million metric tons]

Region	1934–38	1948–52	1960	1970	1976 [2]
North America	+5	+23	+39	+56	+94
Latin America	+9	+1	0	+4	−3
Western Europe	−24	−22	−25	−30	−17
Eastern Europe and U.S.S.R.	+5		0	+1	−25
Africa	+1	0	−2	−5	−10

Region	1934-38	1948-52	1960	1970	1976 [2]
Asia	+2	−6	−17	−37	−47
Australia and New Zealand	+3	+3	+6	+12	+8

[1] Plus sign indicates net exports; minus sign, net imports.
[2] Preliminary estimates of fiscal year data.

Source: Derived from FAO and USDA data and author's estimates.

The obvious question is: Why has one region emerged as a supplier of food to the rest of the world? If one were to select the single dominant factor reshaping world trade patterns in recent decades, it would be varying rates of population growth. Certainly the conversion of Asia, Africa, and Latin America to deficit status was population related. Population growth has been less influential in Eastern Europe. One of the keys to Western Europe's stability as a food importer has been its modest population growth.

A comparison of North America and Latin America illustrates the devastating role of rapid population growth. As recently as 1950, North America and Latin America had roughly equal populations, 163 and 168 million respectively. The difference since then explains much of the changing trade pattern. While North America's population growth has slowed substantially since the late fifties, Latin America's has escalated at an explosive rate. Several Latin American countries, such as Mexico, Venezuela, Peru, and Brazil have population growth rates of 3 percent or more per year, a rate which, if it continues, would lead to a nineteenfold population increase within a century. If North America's 1950 population had expanded at 3 percent per year, it would now be 341 million rather than the actual 236 million. At current per capita consumption levels, those additional 105 million people would absorb virtually all exportable supplies and North America would be struggling to maintain self-sufficiency.

SOME KEY ACTORS ON THE GLOBAL SCENE

The preceding section discussed the changing pattern of world food trade in terms of geographic regions, sketching out a panoramic view of historical change. In this section, the focus will be on several key countries or groups of countries which are contributing to the changing trade patterns and are destined to influence further food-trade trends.

Japan: World's leading food importer

Japan is far and away the world's largest grain importer, importing more than any other two countries combined. The reasons are obvious. The government is upgrading diets for a population equal to nearly half that of North America and squeezed into an area smaller than California. This year Japan will import nearly 20 million tons of grain, making it more dependent on imports than on its own production.

Historically, Japan was able to keep its cereal imports at a fairly low level. But as population pressure began to mount several decades ago, the Japanese turned to the oceans for their animal proteins and began to reserve their limited land resources for the intensive production of rice. As a result, they now grow the rice they need but make inordinate claims on the world's fisheries.

As incomes and purchasing power have risen, many Japanese consumers have begun to prefer livestock products to fish. Last year the average Japanese consumed only nine pounds of beef, a small fraction of the hundred pounds or more consumed in the United States and Canada. But though beef intake is still nominal, consumption of pork and poultry products is on a par with that of other industrial countries.

Postwar prosperity has enabled Japanese consumers to enrich their diets, but imports of grain have subsequently soared to 20 million tons per year. Since 1970, grain imports, consisting largely of feedgrains but also including sizable quantities of wheat, have exceeded domestic grain production. In a sense, Japan today relies on imports to feed 62 percent of its 110 million people.

Japanese economic projections for the next decade show food imports continuing to rise as a result of further moderate population growth and rising incomes. Japanese consumers now vie for more livestock products; with reasonable prices consumption will continue to climb. We can only speculate as to when Japan's imports of cereals will level off, but it is not likely to be soon.

On the population front, Japan received a great deal of credit for the sharp reduction in its birth rate during the years immediately following World War II. Since then, however, its population has continued to grow at 1 percent or more per year, and is now nearly double the North American rate. Recent signs suggest that the Japanese are again preparing to actively discourage population growth, and they could quite reasonably move toward population stability over the next decade if they decide to do so.

China: A unique agricultural approach

Visitors to China in recent years almost always comment on the seemingly excellent nutritional condition of the population. Journalists, economists, scientists, and doctors all come away with the same impression. The obvious clinical signs of malnutrition, present in almost every other low-income country, appear to be almost wholly absent in China.

The success of Chinese efforts in nutrition is probably due more to improvements in distribution than to production gains. The latter have been creditable but not spectacular. China has imported several million tons of grain per year since 1960, a total of 78 million tons from 1960 to 1975. In fact, from 1970 to 1975 it imported more grain than India. The difference is, that having done so, China has apparently achieved adequate nutrition for its population while India is far from it.

Chinese success in agriculture cannot be viewed apart from the social reforms and regimentation which have resulted in a rare degree of social equity, not only within the rural sector but between the rural and urban sector as well. Another strength of the Chinese system is the organization of consumer and production teams in such a way as to permit the mobilization of excess or seasonally idle labor for rural road construction, reforestation and the construction of terraces and irrigation reservoirs and canals. Enormous earth filled irrigation dams have been built almost entirely by human muscle power.

The achievements notwithstanding, Chinese agriculture is not without problems. It has many. Pressures on agricultural resources are evident in the shift of land from soybeans to cereals. As recently as the 1930s, China has supplied 90 percent of the soybeans entering the world market. Within the last few years it has not only lost this exportable surplus but has even begun to import soybeans, almost exclusively from the United States.

TABLE 3.—*China: Imports of Grain, 1961–75*

(Million metric tons)

1961	5.6
1962	4.6
1963	5.4
1964	6.3
1965	5.9
1966	5.6
1967	4.9
1968	4.4
1969	3.9
1970	4.6
1971	3.0
1972	4.8
1973	7.7
1974	7.0
1975 (prel.)	4.4

Source: China: A Reassessment of the Economy. A compendium of papers submitted by the Joint Economic Committee, Congress of the United States.

An indication of the seriousness with which the Chinese leadership views the agricultural problem is evident in their willingness to compromise ideologically and turn to foreign engineering firms, primarily American, to build fertilizer plants for them. No less than 13 massive new nitrogen fertilizer complexes are under construction. Upon completion, these plants should virtually eliminate China's heavy dependence on imported fertilizer. Nonetheless, returns on additional fertilizer use in China are dependent on comparable increases in other inputs and upon further progress in basic agronomic research. Without these, the returns on additional massive quantities of fertilizer will diminish rapidly.

China may ultimately solve its food problem, but probably as much by its aggressive action on the population front as on the food front. Estimates of current population growth (and one must underline the "estimate" because not even the Chinese seem to have precise data), hover around 1.6 percent per year, and it appears to be declining rapidly. If it is 1.6 percent per year, it is comparable to that of the United States in the late fifties.

Official pronouncements on the issue in international forums notwithstanding, the Chinese leaders have been among the first to perceive the need to sharply curtail population growth. I believe it can now be said that no government has confronted the population threat so directly as that of China. The leadership has not only provided family planning services and created the social conditions conducive to fertility declines, but it has also reshaped important economic and social policies so as to discourage large families. The birth rate appears to be dropping precipitously. If it continues to decline, China's population growth rate could dip to 1 percent by the end of this decade or shortly thereafter. If it can continue to move toward the clearly defined goal of population stability, then China could ultimately solve its food problem, and, by eliminating its need for imports, help solve the world's food problem.

India: Hard road ahead

India's future food situation is surrounded by large question marks. The outlook appeared quite bleak in the mid-sixties until the government reshaped its food policies and priorities, giving agriculture the support it deserved. This reshaping of economic policies, combined with the availability of the high-yielding strains of wheat and rice, gave Indian agriculture a dramatic boost. During the six year span between 1965 and 1971, India succeeded in doubling its wheat crop, a performance unmatched by any other major country. By 1973, India was teetering on the brink of self-sufficiency in cereals. Malnutrition was still rampant among the poor but in economic terms, India's farmers were producing about all that the market would absorb. It actually provided massive food-aid to refugees from Bangladesh and to the newly independent nation itself. For a brief period, it ranked second after the United States as a food-aid donor.

Since the high watermark for Indian agriculture, in the early seventies, there have been numerous setbacks, some external to the Indian economy. In the spring of 1975, the U.S. Department of Agriculture estimated that the Indian wheat crop was reduced by a million tons simply because of a shortage of fuel to operate irrigation pumps. Then too, India, more than most other countries, has been adversely affected by the short supply and high price of fertilizer. Heavy dependence on fertilizer imports is due in part to the inefficiency of India's domestic fertilizer plants. The problem is not lack of agricultural potential; India is capable of producing for more food than is now produced. But India has not been able to put together the resources, the priorities and the policies to continue to develop its agriculture at a rapid rate.

TABLE 4.—*India: Grain Imports*

Fiscal year:	*1,000 metric tons*
1961	4.9
1962	3.3
1963	4.2
1964	4.8
1965	6.7
1966	9.1
1967	10.7
1968	8.1
1969	4.9
1970	3.7
1971	3.2
1972	1.8
1973	.7
1974	4.9
1975	5.9
1976 (prel.)	6.8

Source: U.S. Department of Agriculture.

The economic problems of the seventies are exacerbated by the negative effects of ecological abuse. Deforestation, over-grazing, desert encroachment, and increased flooding due to the destruction of natural vegetation are all beginning to take their toll in India's food production. The productivity of a vast semi-arid area, covering a fifth of the country, is threatened by these forces. Soil erosion and the silting of irrigation reservoirs have a measurable negative effect on food output.

On the population front, India has succeeded in modestly reducing its birth rate but it still has a long way to go. It remains to be seen whether India can reduce its dependence on imported foodstuffs or whether this dependence will become absolute and crippling in the years ahead as a result of continuing high birth rates, unfavorable economic forces and negative ecological trends.

U.S.S.R.: Source of global instability

The agricultural production potential of the Soviet Union is severely constrained both by its natural environment and by the organization of its agriculture. Soviet agriculture is, by and large, low rainfall agriculture comparable to that of the Great Plains of Canada and the United States. The U.S.S.R. has severe winters and a short growing and grazing season. It has no choice region like the U.S. corn belt that combines rich soils and high, dependable rainfall.

On top of these natural constraints, Soviet agriculture is confronted with some basic institutional inefficiencies, particularly in the livestock sector. As the Soviets have upgraded diets, they have steadily raised per capita grain use until it now matches or exceeds that of the United States. Even so, per capita meat consumption in the Soviet Union is scarcely half of that in the United States and Canada. In addition to the natural handicaps, such as the short grazing season, organizational inefficiency is compounded by the almost universal reliance on dual purpose breeds of livestock for milk and meat.

The Soviet decision to offset crop shortfalls with massive imports rather than via the more traditional method of belt tightening by consumers is the most destabilizing single factor in the world food economy today, one which is enormously costly to consumers everywhere. The instability derives not so much from the scale of Soviet grain imports as from their erratic and secretive nature. The question now before the international community is how to reconcile the erratic need for imports with the urgent need to maintain some semblance of stability in the world grain market.

Viewing the long-term, there are some who think that the Soviets will be self-sufficient in food in the foreseeable future. I am not among those. A recent speech by Soviet agricultural leader and Communist Party spokesman Fedor Kulakov, which was published in full in both *Pravda* and *Izvestia,* suggests that the return on recent heavy investment in Soviet agriculture has been much lower than the leadership had hoped. Indeed, the Soviets may be contemplating a shift in investment emphasis toward the exploitation of minerals and other raw materials for export. Even after a decade of heavy investment in agriculture, they still find that satisfying consumer needs requires large grain imports. There is little to suggest any reduction in Soviet dependence on food imports in the years ahead. North America must gear both its production and export policies to the new reality of heavy Soviet dependence on imported grain.

Brazil: The Myth That Was

For at least a generation, writings on world food prospects have alluded to the potential of Brazil and particularly of the Amazon Basin as a source of food for the world. Unfortunately, as we face global food shortages and are forced to reassess reality, it is becoming clear that Brazil is by no means a cornucopia. In fact, in 1973, far from fulfilling its mythical legacy as a major supplier of food for the world, Brazil imported more grain than any country in the Western Hemisphere. Even with food from abroad, Brazil's Northeast still contains one of the largest areas of abject poverty, hunger, and malnutrition found anywhere in the world.

What has happened to the notion that Brazil could someday feed the world? First, only a minute percentage of the area of the vast Amazon Basin is potentially cultivable with present food prices and prospective farming technologies. Even development of the pockets of agriculturally promising land will require extensive investment in transportation, drainage, research, credit and marketing facilities. The problem is not so much that Brazil has not been able to expand its food production; it has, and at a fairly impressive rate. But Brazil is faced with an unprecedented growth in the demand for food, due to a rapid rate of both population and economic growth. The population of Brazil grows at nearly 3 percent per year. In addition, its economy has been growing at an impressive 8–10 percent yearly over the past decade. Together these two sources of growth in demand are increasing food needs by some 4 percent per year.

This means that Brazil needs to increase agricultural output over an extended period of time far more rapidly than any major country has yet succeeded in doing. A sustained 4 percent annual growth in food production makes essential a heavy continuing investment in agriculture. In addition, it requires rapid innovation in agriculture which in turn requires the development of a wide range of new technologies, and their rapid dissemination and acceptance by farmers. With an agricultural research system which is underdeveloped and under-financed and a rural population which is still partly illiterate, the problems involved here are glaringly evident. And finally, with land holdings highly concentrated among a small percentage of the population, a redistribution of land is urgently needed to give those who work it a stronger incentive to raise its productivity.

But even all this is not enough. Brazil's current population growth rate of nearly 3 percent will, if it continues, result in the present population of 108 million multiplying to over 2 billion in a century, just four generations hence. Brazil could have to contend with a population larger than that of China and India combined well before this time in the next century. Without a strong commitment to family planning, the prospect of Brazil becoming a major supplier of grain to the world is a myth.

OPEC: New claimants on food supplies

The unprecedented accretion of wealth and purchasing power in oil-exporting countries over the past few years is now reflected in their expanding food imports. Not only is the increase in purchasing power a very sharp one, but the number of people involved also represents a substantial portion of the worlds population. The 13 OPEC countries have a combined population of 268 million, nearly half of them in Indonesia. Market size aside, the level of food consumption, especially of high protein foods, among OPEC country populations is modest. Given the relatively low food consumption base, much of the new income and purchasing power will be spent on food.

In countries where oil exports are large and populations relatively small, as in Iraq, or Venezuela, food consumption per person is likely to rise in a metoric fashion. Overall, the scale of food imports into OPEC countries seems certain to increase dramatically in the years ahead. If oil prosperity begins to spread beyond the urban elite, diets will be rapidly upgraded. Given the historical neglect of agriculture in most of these countries, any sharp increase in demand will have to be satisfied initially by imports.

Most OPEC nations are semi-arid and many are faced with severe ecological stresses in agriculture. Both Algeria and Nigeria suffer from overgrazing, deforestation, and the spread of the Sahara Desert. Nigeria, with a population variously estimated at from 60 to 80 million people, is faced with intense population pressures at a time when the system of traditional slash and burn cultivation is being undermined in some areas. As recovery periods between plantings are shortened to keep pace with the demand for food, soils are no longer able to regenerate their fertility.

One of the most important uses of the new oil wealth is investment in agriculture. Ecuador, Nigeria, Iran and Iraq are intensifying their investment in agriculture several fold. But continuing rapid growth in food output requires more than capital. The support system for agriculture includes an indigenous research capacity, technical advisory services, farm credit services, roads and markets and, in many instances, reforms in land tenure. And it assumes the availability of tillable land and water.

The rate of expansion in agricultural output of these countries will accelerate, but the decisive question is how fast the acceleration will be relative to that of the demand for food. Nearly all OPEC countries have food deficits, and in some they are substantial. Algeria, for example, relies heavily on imported wheat to sustain its population. The poor 1975 wheat harvest of 700,000 tons may result in an import need for close to 2 million tons, more than double the average of the past ten years.

As increased purchasing power in OPEC countries converts into greater demand for livestock products, including poultry, many countries are implementing programs of rapid expansion of food production. Some expect to double poultry and egg output within a period of two or three years: Iraq, for example, which has not traditionally imported feedgrains, is projected to import nearly a million tons annually by the end of the current decade in order to support its burgeoning poultry and livestock industry.

Ecuador has expanded its food output only 5 percent over the past three years. Yet, while production limps along, the demand for food is taking off, both because of population growth and the infusion of oil money into the economy. The result, as of mid-1975, is an acute domestic shortage of food and a need for a sharp increase in imports.

One of the big question marks in OPEC's food outlook is Indonesia. If the oil dollars begin to filter down to the lower-income groups, they will convert almost immediately into a demand for additional food. Can the Indonesian agricultural economy respond to this growth in demand? In the short run at least it is doubtful. Because Indonesia supports a large population, even modest increases in per capita food import requirements would result in a large market demand for food imports.

From a social point of view, increasing the purchasing power of more than a quarter of a billion of the world's lower income people is unquestionably desirable. New buying power would enhance both the quantity and quality of food intake and greatly reduce malnutrition. From an analytical point of view, the claims on the world's exportable food supplies are very steep and abrupt. In addition, they come at a time when there is little slack in the world farm economy.

The Green Revolution countries: Population overrunning technology

In addition to OPEC, another group of countries, the so-called Green Revolution countries, deserves special attention. The mid-sixties witnessed the launching of a remarkable effort to expand food production in the food-deficit poor countries, an effort centered around the development and international dissemination of high-yielding dwarf wheats and rices. Highly responsive to fertilizer, these new strains were capable of doubling yields of indigenous varieties if managed properly.

Coming at a time when per capita food production in the developing world was declining and requests for food aid were beginning to pour in, the Green Revolution was heralded as an exciting advance. India doubled its wheat crop in a six year period, a feat unmatched by any major country in history. Mexico, the Philippines, Pakistan, and Turkey, all increased cereal production dramatically.

The Green Revolution enabled many countries to cut back grain imports and some to become exporters. India, riding the crest of the Green Revolution, was on the verge of cereal self-sufficiency in the early seventies. Mexico exported 10 percent of its grain crop between 1965 and 1969, but the production gains were overwhelmed by one of the world's fastest population growth rates.

By the mid-seventies, Mexico was importing one-fifth of its grain needs. The Green Revolution enabled the Philippines to end a half century of dependence on imported rice and to become a net exporter of rice during the late sixties. Today it too is importing rice, and more than ever before. The problem is not that agriculture did not advance in these countries, but rather that the advances were simply eaten up by the relentless growth in population.

During the early years of the Green Revolution many of those involved in launching it, including Norman Borlaug, the originator of the miracle seeds, and myself, cautioned that the new seeds should not be viewed as a solution to the food problem. The only ultimate solution to the food problem in these countries was to put the brakes on population growth. The new seeds were simply buying time, perhaps another 15 to 20 years to get population growth under control. Half of that time has now passed. Though there has been some progress on the family planning front, it is clear from the data cited above that it is not nearly enough, and that time will not be bought so cheaply again.

ASSESSING FUTURE FOOD PROSPECTS

Identifying the elements of a North American food policy requires at least some notion as to what the future food situation will be, as to whether food is more likely to be abundant and cheap or scarce and dear. The conditions under which the world's farmers and fishermen will attempt to expand food output during the final quarter of this century are quite different from those prevailing during most of the quarter century just ending. In most respects it will be more difficult to increase food production than it was in the past.

None of the basic resources required to expand food output—land, water, energy, fertilizer—could be considered abundant today. The enormous growth of both economic and agricultural output during the second quarter of this century depended largely on a seemingly boundless supply of cheap energy. There is no prospect of a return to cheap energy in the foreseeable future.

Expanding the cultivated land area is also becoming more difficult and costly. Indeed, in some countries, the area under cultivation is actually declining as a result of desert encroachment, soil erosion or urban sprawl. There are only a few places in the world where fertile new land awaits the plow: the Republic of Sudan, the tsetse fly belt in sub-Saharan Africa (assuming the tsetse fly can be eradicated), and parts of the interior of Latin America.

Scarce though new land is, the lack of water may be the principal constraint on future efforts to expand world food output. From 1950 to 1970 there was a virtual explosion in irrigated areas as large new irrigation projects were undertaken in China, India and numerous other developing countries. Irrigated area was expanding nearly 3 percent per year but the annual increase from now until the end of the century will be scarcely 1 percent, since most of the choice dam sites have already been exploited.

The real cost of fertilizer, particularly widely-used nitrogen fertilizer, declined substantially throughout most of the period since World War II. Cheap fertilizer played a major role in the impressive expansion of food production in the industrial countries of North America, Europe, and Japan, but because the cost of fertilizer is closely tied to the cost of energy, we cannot expect a return to cheap fertilizer.

At mid-century the world fishing industry was brimming with optimism. Seemingly inexhaustible supplies of fish could be netted as fast as fishing technologies improved and capital investment expanded. This optimism was well-founded. The world fish catch expanded from 22 million tons in 1950 to 70 million in 1970. Then suddenly, with little warning, the world fish catch declined for two consecutive years, at least partly as a result of overfishing. An increasingly common phenomenon, overfishing now affects oceanic fisheries as widely separated as the haddock fishery in the North Atlantic and the anchovy fishery in the South Pacific. Some marine biologists think the world catch of table grade fish may be approaching its maximum sustainable limit. Others envision brighter prospects, but not even the most hopeful foresee future gains even remotely approaching those of the past 25 years.

In a number of oceanic fisheries efforts to expand the catch further have led to overfishing, depletion of stocks, and an actual decline in catch. Additional investment in fishing capacity brings not only a diminishing return per unit of investment, but also an actual negative return. What is not yet widely realized is that a similar predicament may engulf agriculture in parts of the world where population pressure is building. Extending food production onto marginal land is already leading to overgrazing, deforestation, desert expansion, soil erosion, silting of irrigation reservoirs, and increased flooding.[1]

In some developing countries, these negative forces may soon override the drive to step up food output by means of additional capital investment and technological innovation. We may witness in the not too distant future sustained absolute declines in national food production in some developing countries, namely those with the most rapid population growth, because of these ecological stresses. This backsliding will be without precedent in the modern world, and, I dare say, our success in anticipating such a reversal may not be any greater than our success in anticipating the declining catch in oceanic fisheries.

In the industrial countries, diminishing returns on key agricultural inputs such as fertilizer and energy may severely constrain efforts to rapidly expand food output. In the early fifties, each additional pound of fertilizer in the American corn belt raised corn yields by 15 to 20 pounds. Today an additional pound of fertilizer applied in the same corn field may yield an additional five pounds. The use of chemical fertilizer has not yet reached the saturation point in any of the industrial countries, but for some the point may not be far off.

Looking back over the past generation, it is possible to identify specific technological advances or factors which have led to quantum jumps in the world food output. Among these were the hybridization of corn, the rapid spread in the use of chemical fertilizer in industrial countries following World War II and, more recently, the rapid spread of the high-yielding dwarf wheats and rices in the Green Revolution countries. As we look over the shoulders of agricultural researchers today, it is difficult to see any technological advances on the drawing board which will lead to comparable quantum leaps in world food output.

In summary, the scarcity of basic resources required to expand food output, the negative ecological trends which are gaining momentum year by year in the poor countries, and the diminishing returns on the use of energy and fertilizer in agriculture in the industrial countries lead me to conclude that a world of cheap abundant food with surplus stocks and a large reserve of idle corpland may now be history. The present augurs a somewhat dimmer future, one of more or less chronic scarcity enlivened only by sporadic surpluses, of a local and short-lived nature. In this world I see dependence on North America continuing, probably being limited only by the region's export capacity.

OUTLINE OF A GLOBAL FOOD STRATEGY

The preceding pages chart some of the basic changes occurring in the world food economy—the new sources of global food insecurity, the growing dependence on North American food supplies, the scarcity of agricultural resources, the ecological deterioration of major food systems, and the increasing difficulty of getting rapid increases in food output at prices consumers can afford. In addition, national food economies are highly integrated and interdependent; it no longer makes sense to view food and agricultural policies in exclusively national terms.

Decisions made within a given country may send shock waves through the entire food system. The quadrupling of phosphate rock prices by Morocco, the world's leading source of that critically important fertilizer raw material, affects the cost of food production everywhere. Brazil's failure to curtail population growth makes it a net grain importer rather than exporter, a drain on the world food economy. Soviet political leaders decide to offset crop shortfalls by importing rather than by reducing consumption, triggering price tremors which are felt around the world. OPEC hikes the price of petroleum and farmers everywhere pay the costs. The United States imposes an unannounced export embargo on soybeans, causing near panic in importing countries, like Japan.

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[1] The ecological deterioration of food producing systems is graphically described in a forthcoming book by my colleague, Erik Eckholm, which is entitled *Losing Ground: Environmental Stress and World Food Prospects* (Norton, early 1976).

The integrated nature of the world food economy is today derived in large part from the dependence of all countries on a few common sources of fertilizer raw materials and energy fuels, and in some cases, on common fisheries. Most of the world's phosphate rock exports come from two countries—the United States and Morocco. A large share of the world's known potash reserves are located in Canada. Farmers throughout the world depend on petroleum imported from a handful of energy exporting countries. Induced disruptions in any part of the global climatic system can affect growing conditions everywhere.

In a world of deepening interdependencies, the sum of national food policies may not add up to anything approaching a rational global policy. If the total anticipated needs of all importing countries greatly exceed available export supplies, economic and political stresses will obviously follow. Short-term efforts by individual countries to expand food output through overgrazing or overfishing may result in long-term declines in food output. Overfishing increases the amount of protein available to a particular country in the short run, but over the long run, it may completely destroy that source of protein for everyone. Thus the growing interdependence of our world compels us to formulate a cooperative global food strategy.

The broad objectives of such a strategy would be the restoration of some semblance of stability and security to the world food economy, the moderation of food price inflation and the improvement of nutrition and health of all mankind, overnourished as well as undernourished. Stated positively, the objective would be to provide wholesome, reasonably priced food to all people regardless of where they live.

Once agreement is reached on the broad objective, then the principal components of the strategy flow from it. My own policy recommendations are of course influenced by the analysis outlined in the preceding pages. In my opinion, the backbone of a global strategy should be a worldwide effort to slow the growth in food demand. Without this slowdown, I fear that no achievements on the supply side of the food equation can prevent recurring and increasingly unmanageable food crises.

A global strategy to slow the growth of demand must include an all-out effort both to slow population growth (as some countries, industrial and developing have already done) and to reduce over-consumption among all the world's more affluent people. The need to curb population growth is evident to anyone willing to take a few minutes to run through the arithmetic: a population growing at 3 percent annually will increase nineteenfold within a century. This basic calculation needs to be repeated again and again; it needs to become an integral part of national political thinking in every country with rapid population growth. Few countries can safely anticipate coping with even a doubling of population, much less a nineteenfold increase. Any government in a country with a population growth rate of 3 percent or more that thinks it does not have a problem simply has not examined the issue carefully.

A similar lack of understanding surrounds the extent and effects of over-consumption. Life insurance actuarial tables show an inverse relationship between excess weight and life expectancy. The medical evidence relating the near epidemic levels of heart disease in affluent countries to over-consumption, particularly of fat-rich livestock products, is convincing. In fact, if a doctor treating a heart attack victim in the United States failed to prescribe a restricted intake of fat-rich livestock products, he would run the risk of a malpractice suit. The symptoms of over-consumption and under-consumption are in many ways similar; both result in impaired health and productivity, increased susceptibility to disease, and reduced life expectancy.

Rapid population growth and over-consumption both put pressure on the world grain market. As expanding population demands greater reliance on imports, the world price of food rises, affecting the poor wherever they live. As per capita consumption of grain-feed livestock products in the rich and newly rich nations rises beyond the point where it contributes positively to health and wellbeing, it puts an unnecessary drain on food resources.

The health advantages of restricting intake of fat-rich livestock products is not well understood by the educated, affluent strata of global society. Recognizing this, the U.S. Public Health Service is launching an educational program designed to inform the public of relationships between diet and health and life expectancy. Such an effort should not only conserve food but improve health as well.

In terms of production, the most important component of a global strategy is agricultural reform in countries where agricultural output is lagging. The principal weakness of countries with poorly performing agricultural sectors is a tenuous or missing link between effort and reward for those actually working the land. This faulty structure, which exists in both industrial and developing countries, and which is found at both ends of the ideological spectrum, destroys incentive, weakens effort, and discourages the innovation that is the lifeblood of agricultural progress. Large state collective farms like those in Eastern Europe or feudal land distribution patterns like those in Latin America have the same effect. Both deaden initiative and retard progress.

In recent years there has been a growing recognition that successful agricultural efforts in developing countries like Taiwan required agricultural reform and a focus on the small farmer. Such efforts help raise productivity, incomes and consumption among the poorest segments of society. The focus of attention on small farmers in the World Bank's agricultural program is one encouraging manifestation of this. Unfortunately, most national governments are lagging far behind the Bank in this area.

In all too many countries food price policies are designed to pacify the more vocal urban constituencies, emphasizing ceiling prices rather than the floor prices needed to provide the producer with incentives to get agriculture moving. Catering to the short-term interests of urban groups may temporarily keep the political lid on, but it exerts further pressure on North American food supplies in the long run. In a world of bounty and surfeit, such policies were tolerable, but in a world of more or less chronic scarcity, they only serve to inflate food prices the world over. Agriculture mismanagement, wherever it occurs, has become a luxury which the world can no longer afford.

Food trends of the past few years suggest strongly that both the capital and technical manpower going into agriculture are inadequate. As industrial countries experience diminishing returns on expanded use of agricultural inputs such as fertilizer, and as developing countries are forced to use less fertile, less productive land, the resources allocated to agriculture must be increased accordingly. At a time when capital is scarce and capital formation increasingly stymied, mankind faces a Herculean challenge. A modest beginning has been made in this direction with the decision of the Rome Food Conference to establish an international investment fund and with the U.S. decision to step up its agricultural assistance. Even so, U.S. agricultural aid will merely be recovering to the levels of the mid-sixties.

Another cornerstone of a global food strategy is the creation of an international system of food reserves, one which will prevent wide fluctuations in food and feed prices, and the associated disruptive effects of recent years. Throughout most of the post-war period, food reserves were more than adequate and were largely the by-product of excess production capacity. But today, with global food reserves measured in days of consumption rather than months, even a weather news bulletin can send price reverberations throughout the world food economy.

An international system of food reserves is nothing more than the sum of the food reserves held by individual countries. Its purpose would be to provide stability, to prevent prices from soaring beyond the reach of consumers and from dropping below the profitable level for farmers. A properly managed food reserve serves the interest of both consumers and producers. Those responsible for maintaining the reserve, the quartermasters, would enter the market when prices dropped below a certain level, procuring supplies and supporting prices. At a time of acute scarcity, these supplies would be released in order to reduce speculation and prevent prices from soaring to unreasonable levels.

The concept of a food reserve is not new. It goes back some four thousand years to when Joseph of Egypt advised the pharaohs that they should build reserves of grain during the fat years so as not to be caught short during the lean years. Even this ancient and elementary wisdom seems to be beyond the reach of some of today's policy makers. At Rome the United States proposed an increase in global grain reserves of 60 million tons, in effect an increase to 160 million tons from the 100 million ton level of recent years. The more recent United States proposal at the Special Session of the UN General Assembly in early September recommended a 30 million ton reserve of wheat and rice, omitting reference to feedgrains. The international community is quick to voice support for these reserve proposals, but little hard progress has been made. Indeed, reserves in mid-1976 are projected to be even lower than they were in mid-1975.

Food assistance was once a major factor in international food trade, most of it coming from the United States. But U.S. aid levels have dropped from some 15 million tons annually during the late sixties, to 4 million tons in fiscal year 1975 Canadian initiatives at the food conference in Rome last November have put Canada in a leadership position and spurred other countries to do more, including the United States. The United States supported the resolution passed at Rome to raise total food assistance to 10 million tons. To this end the United States is planning to provide 6 million tons of food aid in fiscal year 1976.

Food assistance can play a useful role in establishing a workable world order. It can be used both to cope with food emergency situations, thus avoiding extreme hardship and instabilities, and to transfer resources. Care must be exercised, however, that food aid does not become a substitute for agricultural reform and that it does not depress food prices below the incentive level within the recipient country. One way of avoiding this is to use food as payment in public works projects that use otherwise unemployed people to construct farm-to-market roads, to dig irrigation canals and to participate in reforestation programs.

This is the rationale and these are the essential components of a global food strategy. It is against this backdrop of a highly integrated world food economy and within the context of a global strategy that we turn to the formulation of a North American food policy.

ELEMENTS OF A NORTH AMERICAN FOOD POLICY [2]

Ever-growing dependence on North America by the rest of the world cannot continue for much longer; North America has doubled its grain exports within the past decade but the world should not count on a repeat performance during the next decade. Unless recent dependence trends are altered, the restriction of grain exports from North America will become commonplace. In mid-July the Canadian Wheat Board banned further exports of wheat until the size of the 1975 harvest was known. Similarly, political pressures have forced the United States to limit exports of grain to the Soviet Union and Poland in the late summer of 1975. This pattern is beginning to repeat itself—first in 1972, then in 1974 and again in 1975—three out of the past four years. It occurred in the latter two years despite the return of 50 million acres of idle cropland in the U.S. to production. In many ways the situation is analogous to a military one in which a general, seeing the tide of battle going against him decides to commit his fresh reserves in an effort to reverse his losses. But, having done so, he discovers that the tide is still running against him. And so it is in the world food economy. U.S. reserves of idled cropland have been thrown into the fray but are insufficient to replenish depleted world food stocks.

As we enter the fourth year of precariously balanced food supplies, the international community must at least prepare for the possibility that the food scramble of the past few years may not be temporary. The slack appears to have gone out of the system, leaving the entire world in a highly vulnerable situation. If the need for food imports should continue to expand as rapidly over the next five years as it has over the past five years, the gap between claims on North American food supplies and their availability would widen dramatically. The consequences would be several and none of them very pleasant.

First, North America, specifically the United States and Canadian Governments, would be put in the uncomfortable position of having to decide who would get food and who would not. In effect, the two governments would be operating a global food rationing program. Needless to say, operating a rationing program at a time of acute scarcity is not a pleasant prospect.

Second, such an imbalance between import need and exportable supplies would create an enormous inflationary pressure on a world economy already under severe economic stress. An increase in inflationary pressures would make economic expansion far more difficult.

Third, such an imbalance would adversely affect low income people everywhere, leading to a sharp increase in nutritional stress and accompanying malnutrition. This in turn would increase susceptibility to disease and raise death rates, particularly among infants, children and the elderly.

Fourth, the issue of access would be a politically explosive one. The competition among countries for available food supplies would be bitter, resulting in international tensions which would be difficult to cope with, perhaps even unmanageable.

Given the enormous social and political costs of such a situation, every effort should be made to avert it. No country acting unilaterally can reverse the adverse trends of the early seventies. Only a cooperative international approach will succeed in doing this. Such an effort will require leadership of the kind the United States provided for the international reconstruction effort following World War II. If such leadership is to be forthcoming today, I believe it can come from only North America. It is with this in mind that I recommend the formation of a Joint United States-Canadian Commission on Food Policy and the formulation and adoption of a North American food policy specially designed to support the global food strategy outlined in earlier pages.

In a very limited sense, this Joint Commission would parallel the efforts by the OPEC countries to manage petroleum, though neither the objectives nor the techniques would be quite the same. OPEC used the price mechanism and production controls to dramatically increase export earnings of member countries. But their actions also served to focus global attention on the prospective exhaustion of oil reserves within the next few decades and on the consequent urgent need both to conserve petroleum and to devise alternative energy sources. Indeed, the sharp increase in U.S. support for research on coal gasification, solar power and other less conventional energy sources is directly attributable to OPEC's stimulus.

If the United States and Canada were to jointly announce the formulation of conditions of assured access to North American food supplies and of the possibility that import needs could greatly exceed exportable supplies in the near future, the announcement itself would have a salutary effect. It would alert and educate governments around the world to the degree of deterioration in the world food economy during the seventies and of the grave risks of permitting these recent trends to continue. There are at least two reasons for recommending that the United States and Canada use the influence represented by their near monopoly control of the world's exportable food support the global strategy along the lines agreed upon at Rome. First, this may help reverse the recent unfavorable trends in the world food economy. Second, if North America food power is not used for this purpose it will undoubtedly be used for more narrow national political purposes.

North America's role, as a supplier of food to the world, brings with it an enormous responsibility, one which increases whenever there is not enough grain to satisfy the needs of all importing countries. In grain-short years, the United States and Canada, like it or not, must decide who gets food and who does not. Ironically, only concerted action by the United States and Canada to reverse the unfavorable food trends of the seventies would minimize the prospect that North America will be forced into the unpopular position of rationing food among food-deficit countries.

In a world where food reserves are low and where exportable supplies are concentrated in a few hands, food has come to represent political power. The issue is no longer whether food represents power but how that power will be used. Will it be dissipated on narrow national matters of short term self-interest or for much broader purposes? As global food import demands begin to substantially surpass exportable supplies, there are essentially two ways in which the United States and Canada can respond. One is not to do anything, to simply permit countries to scramble for supplies using whatever tactics or pressures they can devise. Decisions on who gets food and who does not would be made arbitrarily on an unpredictable ad hoc basis. In effect, management of this vital global commodity would be left to the vagaries of weather and the whims of the marketplace. But extension of the current policy would be irresponsible and grossly unfair; it would indirectly penalize those importing countries who act responsibly for the uncooperative, irresponsible actions of others.

An alternative approach would be to establish explicit guidelines for responsible, cooperative behavior in a world of food scarcity, providing ready access for those countries that are following the internationally agreed upon strategies in food and population and, when supplies are low, restricting access for those who are not. Let me illustrate with an example. It was agreed by the countries attending the UN World Food Conference in Rome that all countries should provide current reliable information on crop conditions and food reserves. Within months after the food conference ended, the Soviet Union was flagrantly violating this agreed upon element of the global strategy. Once again the Soviets, acting under a shroud of secrecy, were purchasing grain on a massive scale. These secretive, erratic, massive Soviet purchases are a major source of instability in the world food economy. The Soviets have acted only in terms of their narrow self-interest, and consumers throughout the world have borne the cost. To correct this increasingly intolerable situation, a mission was dispatched to the Soviet Union during the second week of September. Its goal was to get the Soviets to develop additional storage capacity and to import grain on a more regular, less disruptive basis and to use assured access as the carrot to ensure that they do. Our past failure to get the Soviets to cooperate on this can only be construed as the failure to discharge obligations to all importing countries, not to mention domestic consumers.

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[2] My colleagues have urged me to address in some detail here the concept of triage as developed by the Paddock brothers in their book *Famine 1975*, and of the lifeboat ethic set forth more recently by Professor Garrett Hardin. I have declined for the simple reason that, although these concepts pass for current coin in some circles, I do not think any practitioners of foreign policy take them seriously. There are several reasons why these ideas are skewed and why I do not wish to devote much space to them. Let me just cite a few. (1) Triage by definition assumes that a large group of countries in the world will not make it and, therefore, according to the Paddocks, should be abandoned. I do not believe that massive famine of the sort envisaged by the Paddocks is inevitable for any country. (2) Both triage and the lifeboat ethic are based on an "us and them" view of the world that simply does not accord with reality in an increasingly interdependent world. (3) These concepts smack of the thinking of the early thirties when individual countries began to blame internal problems on the rest of the world. The U.S. response to those international economic stresses was the highly protestationist Smoot-Hawley Tariff Act which served to isolate the U.S. economy from the rest of the world and helped bring international trade to a near standstill. Hopefully, our memory of the great depression and the Second World War, which many believe flowed from it, will prevent us from going this route again. (4) The U.S. advocates of triage and the lifeboat ethic like to apply the concepts only to food, as though it could somehow be treated independently of all other resources. The notion that a country, which is already importing 40 percent of its petroleum and which is projected to be primarily dependent upon imports for 12 of the 13 principal minerals required by an industrial society by the end of the century, should somehow isolate itself either economically or politically, from the rest of the world makes no sense whatsoever.

Most countries today look to North America for a portion of their food supplies. Dependence has increased rapidly over the past decade and shows every indication of deepening further. The worldwide movement of countries outside of North America from export to import status is a one-way street. The reasons vary but the tide is strong: *no country has gone against this trend over the past quarter century.* Literally scores of countries have become important food importers, but not one new country has emerged as a significant cereal exporter during this period.

Not only are more and more countries joining the legion of importers, but the degree of reliance on outside supplies by the food-deficit countries is growing. A lengthening list of countries, both industrial and developing, is actually importing more food than they produce. Among the countries which now import over half of their grain supply are Japan, Belgium, Senegal, Libya, Saudi Arabia, Venezuela, Lebanon, Switzerland and, at least temporarily, Algeria. Other countries rapidly approaching primary dependence on imported foodstuffs include Portugal, Costa Rica, Sri Lanka, South Korea and Egypt.

North America's potential bargaining power with the Soviet Union on these issues must be assessed in terms of two important factors. First, when the Soviet Union is forced to turn to the world market to offset a large crop shortfall, as it was in 1972 and again in 1975, it must turn to the United States and Canada. There is no other country or combination of countries capable of responding to its needs. Second, and closely related, failure on the agricultural front was an important factor leading to the demise of Nikita Khrushchev in 1964. The contemporary Soviet leadership knows only too well this page of Soviet political history, now a page of world history.

We have before us an opportunity to indicate explicitly that those countries that cooperate to support the internationally agreed upon strategy to solve the world food problem through responsible national actions can freely share our food. Those who refuse will receive no such assurance. Those countries in which agriculture is stagnating or lagging will need to reform their agricultural sectors and do whatever is necessary to get production moving. Those countries that are not following the World Plan of Action agreed upon at the UN Population Conference at Bucharest in August of 1974 and are not contributing to the stabilization of world population should not count on access to U.S. food supplies. All countries should be required to be explicit about their own food reserve goals and the specific steps they are taking to achieve them. In effect, access to North American food supplies should be used as an incentive to encourage and assist countries to do their share in solving the food problem, and thereby to help avoid an unmanageable food crisis.

There will be many who will consider my proposal a blatant encroachment of national sovereignty. My only response is that no country is sovereign today; every country is coming to depend on the resources and cooperation of other countries. In the process, all countries are acquiring a responsibility to the international or global community. The independent pursuit of narrow national objectives in the production and trade of food has led to an obvious deterioration in the global food situation. Without a concerted, cooperative global effort of the sort I am proposing, it could deteriorate further, fueling inflation and putting even greater stress on national and international political and economic systems.

One of the most difficult responsibilities attending the overwhelming dominance of North America as a food supplier is the need to carefully assess the region's productive capacity as it relates to the collective potential needs of importing countries. Though North Americans are the only ones in a position to perform this analysis, our recent analytical record does not inspire confidence. Neither, might I add, does that of any other analytical center, such as the FAO in Rome or the OECD in Paris. Neither Washington nor Ottawa anticipated the unprecedented threefold rise in world grain prices between 1972 and 1974. Nor did either anticipate that all the idled cropland in the United States would be brought back into production so abruptly. The massive Soviet purchases were not widely anticipated, nor was the abrupt downturn in the world fish catch in the early seventies forecast.

The need to assess as precisely as possible the future capacity of North America both to produce and export is now crucial. And at this point the risk of underestimating projected export capacity is far more acceptable than the risk of overestimating it. The consequences of the former might be a partial recouping of food reserves. The consequences of the latter could be catastrophic. Now that the margin of safety has disappeared from the world food economy, the cost of underestimating the import needs of any important country or region will be reflected in human suffering, severe economic stresses and political tensions.

The United States and Canada each already have rather highly developed global food intelligence networks that center around the worldwide web of agriculture attachés both countries maintain. By pooling information-gathering and analytical resources, the two should be able to boost significantly their capacity to analyze and project future changes in the world food economy. Bringing these resources together could be one of the important activities of the Joint Commission.

We are currently faced with a number of difficult analytical questions. Can food exports from North America continue to expand at recent rates, doubling again within the next decade? Will the food deficit in Asia continue to grow and grow? Are the Soviets in fact planning to de-emphasize agricultural development and depend on North American farmers to meet an even greater share of their needs? Is the combination of uncontrolled population growth and ecological deterioration in Africa going to lead that region toward massive imports of grain? Will North America be able to supply all the food the world will want at anything resembling historical price levels? These are some of the problems we could expect the Joint Commission to take in hand.

On the domestic side, perhaps the first requirement of a North American food policy is that it provide adequate incentives to farmers. If farmers are to expand production and make the needed investment decisions, both immediate and long term, they must be assured a fair return and a relatively stable world food economy. The litmus test of an adequate price can only be the response of farmers themselves.

As part of its contribution to a global food strategy, North America should keep all its cropland in production, at least until stocks are rebuilt to a safe level. This is one element of the world strategy that is entirely within the control of the United States and Canada. Another area in which North American initiative is essential is the organization of an international food reserve system. Without meaningful U.S.-Canadian leadership and participation, the creation of such a system remains mere castle-building in the sand. Underlining this is the fact that efforts of the past three years to restore the world larder have failed.

If the analysis summarized in this paper is reasonable, then the question of access to North American food supplies will increasingly preoccupy national political leaders throughout the world. The failure to manage national food situations effectively has already contributed to the recent downfall of governments in Niger, Ethiopia and Bangladesh, to cite a few. Access to North American food supplies will remain a live political issue.

In summary, the United States and Canada need to move toward a much more explicit North American food policy and must use it to support a comprehensive global food strategy. Food policy can no longer be treated as a discrete agricultural issue independent of the overall world food situation. Nor can it be treated as a narrow national issue. The time has come for Canada and the United States to join forces to attack head-on one of the most complex and intractable problems the world will face during the final quarter of this century.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT REQUEST—SENATE RESOLUTION 9

Mr. MANSFIELD. Mr. President, I ask unanimous consent that on Tuesday next the Senate turn to the consideration of Calendar No. 375, Senate Resolution 9, a resolution amending the rules of the Senate relating to open committee meetings.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. MANSFIELD. And that there be a time limitation on this resolution—which, of course, embodies the so-called sunshine bill—of 1 hour on the resolution, 30 minutes on amendments, motions and appeals, and that rule XII be waived.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. McCLURE. Mr. President, reserving the right to object——

The PRESIDING OFFICER. The Chair rules on the objection——

Mr. MANSFIELD. Mr. President, I ask that the ruling be withheld.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Idaho.

Mr. McCLURE. Mr. President, I wonder if the leader might withhold his request for a time limit until two Senators who have expressed an interest may be consulted concerning amendments that they have?

QUORUM CALL

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I will delay my request until a later time.

Mr. President, is there unfinished business?

The PRESIDING OFFICER. Yes.

SMALL BUSINESS AND SMALL BUSINESS INVESTMENT ACTS AMENDMENTS OF 1975

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 2498, which the clerk will state by title.

The assistant legislative clerk read as follows:

> A bill (S. 2498) to amend the Small Business Act to provide assistance for small business export activities, to transfer certain disaster relief functions of the Small Business Administration to other Federal agencies, to establish a National Commission on Small Business in America, and for other purposes.

Mr. GARN addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. GARN. I ask unanimous consent that S. 2498, which has been reported favorably by the Committee on Banking, Housing and Urban Affairs, be referred to the Committee on Commerce for that committee's consideration of the export development program of title I, with instructions that it be reported back to the Senate not later than December 1, 1975.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. MANSFIELD. If the Senator from Utah will yield, is the date December 1?

Mr. GARN. December 1.

Mr. MANSFIELD. I thank the Senator.

NATIONAL HISTORIC PRESERVATION FUND

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 361, S. 327.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

> A bill (S. 327) to amend the Land and Water Conservation Fund Act of 1965, as amended, to establish the National Historic Preservation Fund, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Interior and Insular Affairs, with amendments.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that Jim Beirne and Paul Haygood of my staff be granted the privilege of the floor while this bill is under consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, the legislation which the Senate is today considering addresses two of the most important elements of this Nation's heritage and future. The first of these elements in parks and recreation. The land and water conservation fund is now virtually the sole source of matching fund grants to the State for the planning, acquisition, and development of recreation resources. In its brief life, the fund has provided needed recreational opportunities in every State of the Union and has encouraged massive private and public efforts far in excess of the limited Federal funds which it has provided. Beyond assisting States in provisions for outdoor recreation, the land and water conservation fund provides for Federal land acquisition for wild and scenic rivers, wilderness areas, recreation lands administered by the Forest Service, and units of the National Park System.

The fund is not an abstract concept. It is Assateague Island National Seashore, Independence National Historical Park, Voyageurs National Park, and North Cascades National Park. The National Park System extends from Haleakala in Hawaii to Acadia in Maine, and from Mt. McKinley in Alaska to Everglades in Florida and El Morro in Puerto Rico. The Land and Water Conservation Fund now, in fact, encompasses everything from the Grand Canyon National Park to a local playground deep in megalopolis.

The fund, however, is no longer capable of meeting the diverse demands placed upon it. States have identified over $45 billion in recreation needs between now and 1989 and the Federal Government's own backlog of authorized land acquisition is approaching $3 billion. This legislation will not fully meet the needs of the States, and under the current allocation formula, will be barely sufficient to meet the Federal needs until 1989; but this legislation will provide a needed incentive to even greater efforts by the States and will hopefully allow us to fulfill our promises to the American people when we authorized additions to national recreation and preservation systems.

The second element of S. 327 is historic preservation.

The Historic Preservation Act of 1966 established a matching grant in aid program to assist the States in the preservation of structures which are the tangible expressions of our traditions and our development as a Nation. As with the Land and Water Conservation Fund, the response to this program has been enormous, far exceeding the available levels of matching funds.

Numbers of structures of identified historic value are still being lost each year, because the lack of funds for preservation or restoration consigns them to decay or outright destruction. Also lost are positive economic benefits which would be gained if historic restoration work could take place. Experience has shown that the restoration of one structure frequently encourages the repair and improvement of nearby buildings, raises property values, and stimulates interest throughout the locality. Hence, the positive impact of this program extends far beyond the dollars from the Federal grants themselves.

The authorization for the Historic Preservation Act expires this fiscal year, and it is necessary to continue the authorization to expand upon the success which we have had.

Mr. President, legislation virtually identical to S. 327 was passed last Congress in the Senate with overwhelming bipartisan support. The most significant difference between S. 327 and the measure passed last year is a provision adopted by the committee to guarantee that the Advisory Council on Historic Preservation will be able to provide independent professional advice to the Congress.

The Interior Committee is well aware of the severe budgetary constraints under which we are operating this fiscal year. We have discussed this legislation with the Budget Committee. Some increases over the President's budget request are needed for Federal land acquisition, but the greatest part of the increase in the Land and Water Conservation Fund in title I of S. 327 is for matching grants to the States. Enactment of S. 327 will allow States to plan and raise the necessary matching funds even if appropriations are deferred to subsequent fiscal years.

Mr. President, this bill received strong bipartisan support in committee, and I recommend it to my colleagues. It will effect the quality of life of all the citizens of this country, and I urge my colleagues to support this measure.

Mr. President, considering the budgetary situation in the country, we realize that the full $1 billion called for by this bill cannot be funded this year. We understand that, we realize it, and we take the language of this bill to be an authorization and not an automatic appropriation.

However, it is absolutely essential, Mr. President, as I think my colleagues on the other side of the aisle realized in supporting this bill in committee, that we pass this increase, put it in place; and if we are unable to fund it fully this year, at least we can plan for the increase and, come next year, it can and should be fully funded.

Mr. President, if we do not act now to acquire the land for parks and recreation, for the Forest Service and for other recreational areas, we may lose them forever to the bulldozer. If we do not act now to save and preserve areas of historic interest, they will also be lost forever.

If I may close on a personal note, Mr. President, one of the most historic places that I know of in my part of the country is an old Revolutionary War era house located in Baton Rouge, La. That house was being dismantled. The process was begun to dismantle that house piece by piece. It would have forever been lost but for a lawsuit, and but for a massive private effort on behalf of citizens in Baton Rouge, La., to save it.

Next time, Mr. President, they will probably not be so successful in saving that kind of historic site because they simply would not have the money. We were lucky that time. We almost lost it forever.

If we do not pass this bill, Mr. President, we may lose scores of historic places of equal or perhaps even more importance.

I urge my colleagues to pass this bill with the same kind of bipartisan support which it had in committee and which it had last year in the Senate.

Mr. McCLURE. Mr. President, I am placed in a very awkward position because I have always supported this legislation in the past. I have participated at each stage in the development of the trust fund concept, starting 9 years ago when I first served in the House of Representatives. I was appointed to the Parks and Recreation Subcommittee in the Interior and Insular Affairs Committee of that body. Since being elected to the Senate, I have been appointed to and served on the Parks and Recreation Subcommittee of the Interior and Insular Affairs Committee in this body.

I recite that only because I want people to understand that I have a commitment to the program, a commitment that has been going on for a long time.

With all due respect to my colleagues who have supported this change, it is a change in what we were able to accomplish and it is not a step forward but a step backward in terms of our commitment to parks and recreation and outdoor recreation. The establishment of the land and water conservation fund was a mark on the part of the Congress of the importance of outdoor recreational opportunities and the necessity to get more funding, not less but more funding, for the acquisition and the development of outdoor recreational facilities, both Federal and State.

We can outline the great backlog and the need for funding for these facilities, and it is great. My understanding of the backlog in acquisitions now is that it is over a half billion dollars in authorized but unappropriated need for acquisition of facilities, and the development of facilities that have already been obtained.

Mr. JOHNSTON. Will the Senator yield at that point?

Mr. McCLURE. Yes.

Mr. JOHNSTON. The backlog is $3 billion on the Federal side.

Mr. McCLURE. I was going to outline what it was, breaking it down between acquisition and development. I think there is a significance in breaking it down. The Senator is correct, only it is slightly more than $3 billion in both acquisition and development; $2.7 billion of that is in the needed development, the promised development, as well as the authorized development of those facilities upon which Congress has already acted.

In many of these instances, we were removing properties from the local tax base. As we were doing that, we said to people there would be a corresponding development of the recreation facility that would be an addition to the economy of the area. We have not carried through on that promise. We have reduced their economic activity without the corresponding increase that was guaranteed to them by way of an offset in the reduction of the local economic base.

But that $3 billion or $3.2 billion backlog at the Federal level is only one side of the story. At the same time, in creating and land and water conservation fund, we required the States to develop their recreation plans. We said, "If you will develop a recreation plan for outdoor recreation that meets the criteria of this bill, we will send you some money out of the land and water conservation fund." All 50 States, after some delay, have done that. The plans that are on file and which have received approval, at least from the standpoint of being approved State plans so that they could get money from the land and water fund, their backlog of identified needs, totals $47 billion. I understand there will be an effort made to redivert some money, as there has periodically been an effort to redivert money from the State apportionment of this fund, to increase the amount of Federal apportionment so that we can deal with that $3.2 billion backlog at the Federal level.

I only want to remind Members that while we may only have a $3.2 billion backlog at the Federal level, it is a $47 billion backlog at the State level. Those are not corresponding figures because the $47 billion may only be in terms of a shopping list of things they would like to do and the $3.2 billion is an authorized list of projects at the Federal level. So they are not exactly corresponding figures.

The thing that concerns me about the action we are taking here is that when the Land and Water Conservation Fund was established, it had certain receipts being paid into it that were outside of the appropriations process. The Congress collectively thought at the outset that that might amount to as much as $60 million a year. There were some estimates as low as $25 million and other estimates as high as $60 million a year.

The truth of the matter was it never went that high because the receipts from the Golden Eagle Passport and the sale of Government properties never yielded that amount of money. I think the highest we ever received was something over $11 million or $12 million.

So after a period in which we looked at the income flow into what was unquestionably a trust fund, moneys that were earmarked in income that went into a fund that could be expended for no other purpose, we said there was not enough money coming from those sources to do the things that must be done in outdoor recreational opportunities, outlining the very great needs the Senator from Louisiana has already articulated: the acquisition of lands that will be lost to development, the escalation of land prices, that we need to buy now rather than wait until the price goes up, and the needs that I tried to outline in terms of promised development where we have been unable to do so.

We said, "We have to increase the amount of money in that trust fund; therefore we will set a higher ceiling. We will set a higher amount in the trust fund, and we will appropriate from the offshore Outer Continental Shelf revenues enough money to bring it up to that level."

I have served at every level of government from local to county to State, as well as the Federal level, and I know the difficulty of setting trust funds that deprive the appropriations process of the flexibility that it otherwise would have. But it was precisely because we had been unable to get a sufficient amount of money in the appropriations process, year in and year out, to sustain a suitable level of activity in the outdoor recreation opportunities for our people, that the trust fund was established. It was precisely to run against the appropriations process that the trust fund was established.

Of course, the Appropriations Committees of Congress did not like that, and of course the Bureau of the Budget, what is now OMB, did not like it either. And, of course, the administration tried to stay away from the trust fund concept, and the Appropriations Committees tried to convince people that it was not really a trust fund, it was only an authorization.

Then we got involved in the problem, during the last several years, of an administrative effort to hold down the expenses of the Government by impounding money or withholding appropriated funds.

The Committee on Interior and Insular Affairs has always tried to present to Congress the idea that this was a trust fund, that these were commitments made, that we ought to persuade the Appropriations Committee to actually appropriate these funds from the OCS to bring it up to that level. We have never before come to this body and said, "This is just an authorization; do not worry about the fact that it was a trust fund." But now we are coming before the Senate and saying it is not a trust fund, it is just an authorization; and we will have accomplished by this action what the Appropriations Committees and OMB have been trying to do ever since that action was taken in which we went into OCS revenues to supplement the other moneys that were going into the trust fund.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. McCLURE. Certainly; I am happy to yield to my friend from Louisiana.

Mr. JOHNSTON. I would prefer to say that it is something more than just an authorization. It is something less than a trust fund. It is something less because the money is not actually released until the Appropriations Committee takes action.

Mr. McCLURE. That is what we started out saying to the Government, that it is money that goes into the trust fund, but it is not actually released. But now we are saying to them, in effect, that this money does not even go into the fund until it is appropriated. We started out precisely as my friend from Louisiana has said, that this money will go into the fund, but it requires an appropriation process to make it available for expenditure. That is a kind of compromise between the pure trust fund concept and the appropriation concept.

Mr. JOHNSTON. Frankly, it is a bit complex. What we were trying to do in giving these assurances that the money would not automatically be spent this year was simply to point out that the money is not actually spent until it is appropriated.

I do not concede the point, however, that it does not represent a credit on the books of the Treasury that will be, at some time, not necessarily this year, but at some time, available for spending.

Mr. McCLURE. That is not what the report says. I like what the Senator is saying now much better than what the report of the committee says, because the report of the committee would indicate that that money is not actually in the fund; it is a bookkeeping entry or a first commitment of these funds if Congress acts, but the money is not actually put in the fund, the money does not actually accumulate in the fund, the backlog does not actually back up in the trust fund if it is not expended. That is what the report of the committee says, and that is the action which I am resisting.

Mr. JOHNSTON. There are many "funds" in the Federal Government which are actually nothing more than bookkeeping entries, which do not represent a separate bank account somewhere in the Treasury or in some Federal Reserve bank. In the sense that there is no actual bank account, this is not a trust fund; but in the sense that it represents a claim, a first charge against those funds, an authorization which accumulates, which will be available for spending as a first priority, it does in that sense represent considerably more, in my judgment, than an authorization.

I share with the Senator the regret that we cannot make the Land and Water Fund a full-blown trust fund, with the full effect of a trust fund, subject to no further action by Congress. But unfortunately that does not comport with custom.

The point I am trying to make to the Senator is that I do not concede that this is only an authorization; it is something considerably more than an authorization. Perhaps we should leave it to another day to plumb the full depths of the meaning of that statement; but it is unfortunately, by legislative history, something less than a trust fund.

Mr. McCLURE. I would say to my friend from Louisiana that it may comport with and be in conformity with past history, but I would have hoped that the Committee on Interior and Insular Affairs, by its action, would have resisted a practice which was counter to the intention of Congress, because it was the intention of Congress that this be treated as a trust fund, and that if those moneys were not actually expended, the credit would accumulate to future years. I think the action taken by the committee this year would indicate that that is not the case. I think it is a great step backward when we overreach by setting a level in the trust fund which we all confess cannot be reached and will not be reached, and, in order to make that statement of need, we set it as high as we can, and destroy the principle that the moneys which are thus established by Congress will be available for this purpose and for no other purpose. It is specifically recognized in the action taken by the committee and before the Senate this time that these moneys are not specifically appropriated; and since they are not appropriated, they will be available for other expenditures.

I understand that the Senator from Louisiana does not agree with that statement, that if the Appropriations Committee does not appropriate the full amount of $1 billion, the balance will be available in the Treasury for other purposes. I know that is the understanding of the Senator from Maine and the Senator from Oklahoma in regard to this very precise point, and that is the reason why I raise the question. I would much prefer us to have set a limit of $500 million, and actually expected $500 million to be appropriated and expended.

Mr. JOHNSTON. The Senator's statement that if the full $1 billion is not spent the balance will be available for other expenditures, assumes that we are operating this budget as a balanced budget, and that that which we spend has some relationship to that which we take in. Unfortunately, as the Senator knows, that is not correct.

Mr. McCLURE. Is the Senator from Louisiana suggesting that the moneys which come in from OCS revenues are not spent?

Mr. JOHNSTON. I am suggesting that the Congress must rein in its appetite for spending.

Mr. McCLURE. That begs the question. The question is whether the full amount of money that is authorized is set aside. Is that precise money actually put in a fund or is that money from OCS revenues that exceeds the amount of the appropriation but is less than the amount of the ceiling set in this legislation? Is that precise money going to be spent for some other purpose?

I know that the Senator from Maine, the chairman of the Budget Committee, and the Senator from Oklahoma, the ranking minority member on the Budget Committee, are of the opinion and have been assured that the moneys which are by this bill authorized but not appropriated will be available for expenditure for other items in the budget. If that is true that this money is not set aside, it can be spent for other reasons, and the credits unexpended are not accumulated from year to year, then this becomes nothing more nor less than an authorization bill. If that is the effect of this legislation, then this is a massive step backwards in our commitment to the people of this country to provide suitable opportunities for outdoor recreation. The language of a bill which says it is a trust fund, matched by action in Congress which would create a trust fund, would be a commitment to the American people that we were going to do what we say we are going to do. If we have the language which says it is a trust fund but a practice which says it is an authorization, then we are attempting to perpetrate a massive fraud on the American people.

We ought to very clearly understand what it is that we are doing here today, because for the second time Congress will have taken an unequivocal action on its part. The first time we created the trust fund. That was unequivocal. We said, "This money will be there, and it will be spent." Then the practice, because of resistance on the part of OMB primarily, has been to expend less than that full amount. So now honoring that practice, we are destroying the thing that we set out to do and for the first time we will be saying, explicitly, as the committee that deals with this legislation, that we accede in that destruction of the trust fund.

I will be happy to yield to the Senator from Louisiana.

Mr. JOHNSTON. I share the Senator's concern. I would point out that we are increasing the fund, with precisely the same language, simply with more money than we have in the past. The words of the statute are the same and there is no change in the operation of the fund at all. Whatever change exists lies in our colloquy here in the Chamber and in the committee reports.

Let me try to make a rather confused situation as clear as we can. The credits in the land and water conservation fund are an entry in the Treasury's books. They do accumulate from year to year. The Senator asked: Are those precise dollars spent on something else? I am not trying to avoid the question when I say I do not know what he means by "those precise dollars" because actually, of course, they are not dollar bills; it is a credit, and that credit is not spent because it remains.

If he means are those dollars which are designated in the credit available for expenditure by Congress in future years, the answer is yes, they are available.

If he means that the dollars which eventually become available to be spent by the Forest Service, or by the Bureau of Outdoor Recreation in grants, or by the National Park Service are the exact same dollar bills received by the Treasury, the answer is no. I did not create this custom. I do not know that by reenacting the law in the same language as we have in the past that we legitimize this formula. The argument can be made that this colloquy and the committee report legitimizes this formula in spite of the same language in the bill. But the credits do carry over from year to year; those credits will be available for spending.

Mr. McCLURE. In precisely the same way as any other authorizing legislation carries over from year to year, and in no other way, because in the past when we first set a $100 million ceiling in this, when we first went into OCS revenues to bring the ceiling up to $100 million, we increased it to $200 million, and then we increased it to $300 million, in every instance we did that we said we expect that this money will be appropriated. We said we expect that this money when appropriated will be spent.

Today we are saying: We are setting the ceiling at $1 billion. We do not expect it to be appropriated. We do not expect it to be expended. We are only setting a ceiling. That is precisely what an authorization does. It is exactly the opposite of what we have been trying to do all of the time in creating a trust fund which was designed to avoid that difficulty.

Mr. JOHNSTON. If the Senator will yield, I think the implication is that in this year and in this year only, we do not expect the full amount of the fund to be fully appropriated. Because we are coming in in mid-year, after the budgetary ceilings have already been set, we have to do it in this way if we are going to pass the bill. It is necessary to make a concession on this year. We are not making such a concession for future years. We expect the full amount to be appropriated in future years, and I think the law would require that.

Mr. McCLURE. The law does not require it, if we establish the principle this year that the law does not require it. If the law does require it, it requires it this year. The Senator is saying it does not require it this year. It is impossible for him to say that the law requires it next year but does not require it this year.

Mr. JOHNSTON. If the Senator is asking for absolute consistency in the laws of Congress and in the action of Members of the U.S. Senate, he will not find it. I do not claim it for this bill. The situation is a bit complicated. Whatever lack of force there is to the absolute assurance that each year $1 billion will be made available from the Land and Water Conservation Fund and whatever lack of assurance there is is coming from this rather confused colloquy.

Out of this confusion I simply say that this is a 1-year confusion and that the light will shine forth hence forth and, hopefully, the money in the amount of $1 billion will rain from heaven annually with total assurance and in total compliance with the words of the law.

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. JOHNSTON. Yes.

Mr. McCLURE. I will in a moment. Unlike the Senator from Louisiana, I do not expect money to rain from heaven. I know it comes from much harder sources than that.

But I invite the response of the Senator from Oklahoma and the Senator from Maine. Is it not their understanding that this is simply an authorizing ceiling, that it does not require the expenditure of this money, and that if it were not for that understanding the Budget Committee would be in opposition to this bill? Am I not correct? I yield to the Senator.

Mr. BELLMON. That is the question I wish to ask the Senator from Louisiana. From his last statement, he seemed to feel if this $1 billion level is adopted this commits Congress and the Budget Committee next year to provide that level of funding.

Mr. JOHNSTON. I believe it constitutes a trust fund to the extent provided in title 16, section 460 with respect to recreation fees, sales of Federal surplus property, and motorboat fuel tax and to the extent otherwise provided in the law. I do not believe the entire fund is covered as a trust fund. I do not think that after the 1968 amendments to credit the fund with additional revenues, it has ever been a trust fund. I think the receipts——

Mr. McCLURE. If the Senator will yield on that point, if it has never been a trust fund and is not now a trust fund, how can the Senator represent that we expect the full amount to be spent next year?

Mr. JOHNSTON. An explanation of the source of revenues for the Land and Water Conservation Fund may help to clarify the situation. The fund is composed of all revenues from motor boat fuel taxes, entrance fees to units of the National Park System, and recreation areas, administered by the Corps of Engineers and the Forest Service, and the sale of surplus Federal properties. These revenues have amounted to between $60 million and $80 million per annum and they are segregated. Those funds are trust funds. These funds, under existing law, may not be spent for purposes other than those authorized by the Land and Water Conservation Fund.

The difference between the amount of those revenues and the authorized level of the Land and Water Conservation Fund, which amount to about $230 million now and would be $930 million under S. 327, is made from revenues from the Outer Continental Shelf Leasing Act. But these are not earmarked revenues. They represent an accounting entry on the Treasury books.

I believe this bill represents a commitment by Congress to appropriate from that fund an average of a billion dollars a year over the life of the fund. If it does not represent that commitment, then it represents idle action by Congress.

If the Senator is saying that it represents, ipso facto, an appropriation by Congress, the answer is, "No." The Appropriations Committee, in my judgment, would be duty bound to come in and appropriate the money; but they may not see their duty as so defined, as I see it, under the law.

Mr. McCLURE. Does the Senator from Oklahoma desire to respond?

Mr. BELLMON. My problem with this is that here we are, in effect, appropriating by this action without having gone through due process in consideration by the appropriate committees—the Budget Committee and the Appropriations Committee.

What the Senator is saying is that this, in effect, is an appropriation for next year, fiscal year 1977.

Mr. JOHNSTON. No. This is not an appropriation for next year. It will still take an appropriations process.

Mr. BELLMON. What are we doing by passing this bill?

Mr. JOHNSTON. I have tried to make that as clear as I can, in a somewhat difficult and confused situation.

Mr. BELLMON. Can we not have it clear, so it is not confusing? I think that is what we are all striving for.

Mr. MUSKIE. Mr. President, will the Senator yield?

Mr. McCLURE. I yield.

Mr. MUSKIE. I have listened with interest to the discussion, and it resembles some of the discussions I have had earlier with the staff, reflecting discussions between the Budget Committee staff and the Interior Committee staff. We have tried to get at the heart of what is involved.

It seems to me that the semantics of the discussion can be confusing. My understanding with Senator JACKSON, which was to be implemented by a colloquy this afternoon, amounted to this: that notwithstanding the passage of S. 327, actual funding is subject to the new budget process and subject to the appropriation process; that passage of S. 327 does not amount to a prejudgment of what that funding will be following consideration by budget process and the appropriation process.

I was satisfied that that was the case. I hope that the discussion that has taken place does not have the effect of undermining that understanding. If it does, then it seems to me that we have problems that should be resolved before we act finally on the bill. I was satisfied with the understanding we had arrived at with Senator JACKSON. I have carefully read the proposed colloquy, and it seems to me that the whole thing is pretty clear.

I simply raise the question now to the distinguished manager of the bill, as to whether or not at this point we might bring the discussion to a head by entering into that colloquy and making it a part of the record, unless the distinguished Senator from Louisiana is in disagreement with the thrust of that colloquy.

Mr. JOHNSTON. I think the colloquy is perfectly agreeable.

The Senator would add a further dimension beyond the colloquy, from the statement just made, and I take this exception to the statement the Senator made.

The Senator said, first, that land and water conservation funds for future years—and, indeed, for this year—would be subject first to the budget process and second to the appropriations process. I certainly agree with that. The law so provides. But the Senator went further and said that this bill represents no judgment as to what those levels should be.

Mr. MUSKIE. It does not constitute a prejudgment as to what those levels will be. Obviously, those who support this legislation have very specific ideas about what it should do.

The point I am making is that the passage of S. 327 does not have the effect, and should not have the effect, of tying the hands of the Budget Committee or the Appropriations Committee with respect to what the funding will be next year. That is the very definite understanding.

Mr. JOHNSTON. The semantics are delicate here, but I think they are important.

It does not legally, ipso facto, require the setting of a budget level nor does it require appropriations at that level. The Senate, the Budget Committee, and the Appropriations Committee would be free to disregard what I see is a very clear mandate and a very clear judgment as to what those levels should be and hopefully will be.

If the Senator is asking whether the Budget Committee would be authorized to violate so clear a mandate and close their eyes to so clear a need and to disregard the judgmental considerations in this legislation, I would say the law so authorizes it—unfortunately, yes.

Mr. MUSKIE. I say to the Senator that if such an action by the Budget Committee is going to be construed as a violation of the law, then the colloquy takes on a different dimension from that which I had understood.

What the Budget Committee constantly is struggling with these days, as it seeks to bring government spending into some kind of rational order, are prior commitments that have produced uncontrollable spending. If what we are doing this afternoon is making another such prior commitment, from which we can depart only under a charge of violating a mandate of Congress, then I must say, as one Senator, that I do not want to have any part in that kind of prior commitment, and we should get into the substance of the legislation now.

The Budget Committee wants to start out with clean hands; and if the only way we can start out with clean hands in this next year is to discuss the substance of this proposal this year, today, or whenever the floor situation permits, then perhaps we should do that.

I understood that the result of this colloquy was to leave the Budget Committee free to make its judgments next year, without any such pressures. If that is not the case, then it seems to me that we need to clarify the situation beyond this colloquy.

Mr. McCLURE. I say to the Senator from Maine that he has put his finger precisely on the point I have tried to make consistently during the deliberations in the subcommittee and again on the floor of the Senate—that one cannot have it both ways. This is either a commitment to expend some money or it is nothing more than an authorization. The Senator from Louisiana wants to say that it is sort of between the two: It is more than an authorization and less than a commitment. Or is it a commitment and more than an authorization?

Mr. JOHNSTON. If the Senator will yield, in the case of an ordinary authorization no credit is carried on the books of the Treasury.

Mr. McCLURE. But the Senator from Louisiana said that does not make any difference, that it is just a bookkeeping entry.

Mr. JOHNSTON. There is a distinction. If the Senator wants to tell me that it is a distinction without a difference, the Senator is free to construe it as he wishes.

I did not write the original language of the Land and Water Conservation Fund. I did not create the procedures. I am simply continuing those procedures and continuing with the same language which has been used before.

Mr. McCLURE. If the Chair please, I think I have the floor.

Mr. JOHNSTON. Very well.

Mr. McCLURE. I do not mean to be rude to the Senator, but I think the point must be made, and must be reiterated, that this is the first time that Congress has specifically said that we will set the ceiling, but we do not expect that amount of money to be spent. I understand the Senator from Maine as saying that that is the only basis upon which the Committee on the Budget can accept this legislation: if there is no prior commitment to appropriate or expend this amount of money next year. If I misstate what I understand the Senator from Maine to have said, I wish he would correct me.

Mr. MUSKIE. The Senator has stated it as I understood it.

Mr. McCLURE. That is the way I would have understood the expectation of the Committee on the Budget.

Mr. MUSKIE. May I read from the proposed language in a colloquy which Senator Jackson and I had and I understand he approved?

Mr. McCLURE. Certainly.

Mr. MUSKIE. This is Senator Jackson's statement:

> I know that next year, the members of the Budget Committee, when they come to consider the First Budget Resolution of fiscal 1977, will give this legislation every possible consideration. The actual funding for this legislation will be the result of the process through which the Budget Committee evaluates economic and fiscal policy, considers requests for Federal spending, and does its best under difficult circumstances to provide the proper levels of funding and the best ordering of priorities.

That language does not suggest to me that if we do other than fund this bill fully in accordance with the numbers in it, we shall be in violation of any duty that we owe to Congress or to the Senate. I am not interested in going into next year's budget or considering that budget under any such pressure. If the question of actual funding is to be decided today—the actual funding for next year—then perhaps we had better get into the substance of this program today. But if full funding is subject to the processes suggested by Senator Jackson's colloquy, then I accept that, too.

I am interested in the land and water conservation fund. It has been a worthwhile program. It has made significant contributions in my own State, so I am not hostile to this program at all. But I also understand that what is involved here, in the view of the Senator from Louisiana, is a $14 billion commitment through 1989 to fund something over $3 billion in additions to the Federal Government's holdings in this field, plus State holdings—a commitment for not only that $3 billion in projects, but another possible $11 billion in projects that have not been identified and whose merit has not yet been established. This kind of commitment that far into the future, as a future restriction on the Federal budget, is something that the Committee on the Budget has to be concerned about if we have any responsibility at all.

I understood from the colloquy that had been worked out between Senator Jackson and myself that, as chairman of the Committee on the Budget, I should not regard myself as so bound. Rather, as chairman, I can go forward with the responsibilities which Senator Jackson spelled out in the language I just read, free of any kind of stigma if we should come up next year with different numbers than are here.

I am not trying to throw a monkey wrench into the legislative machinery, but I think the Committee on the Budget is entitled to a clear policy decision this afternoon. I do not want to go work next year and come here on the floor with a number less than the Senator suggests we may be committing ourselves to and find myself in the midst of an argument that I have somehow broken faith with the Senate or broken faith with the sponsors of the bill. I want no part of that. I want a clear slate.

Mr. McCLURE. Let me respond to the Senator from Maine and then I shall yield to the Senator from Louisiana, because I know that he, too, wants to comment.

First, I agree with what the Senator from Maine has said, that the Budget Committee view of this action is precisely that there is no future commitment. If that is true, this is, in essence, nothing different than an authorization bill, which may carry some unexpended balances into the future.

Mr. MUSKIE. May I say something to the Senator?

Mr. McCLURE. Certainly.

Mr. MUSKIE. Speaking as one Senator, if this becomes law under circumstances which I thought would pertain, I personally feel this is a little stronger commitment than the ordinary authorization bill, but I would not regard it as a commitment that would tie the hands of the Committee on the Budget. That is the difference.

In other words, I think that the way this fund has been established suggests an order of commitment above that of the usual authorization bill. That may be psychological more than legal.

Mr. McCLURE. But to the extent that there are unexpended balances—that is, amounts identified in this legislation which were neither appropriated nor expended—that imbalance between spending each year would become greater as the carryover authorization became greater.

Mr. MUSKIE. That is right, and that would not add, I think, to the binding effect on the Committee on the Budget.

Mr. McCLURE. The gap would grow year by year.

Second, I want to make one small correction in the mathematics we are dealing with. The full amount of the authorization here is not directed only toward the Federal projects. This is a division between Federal funding and funding of the State programs.

So the real comparison of the $15 billion over the 15-year period should not be related to the $3 billion in Federal backlog at the present time; it should be a comparison of $5.6 billion of that addressed to the Federal backlog of $3 billion.

I think, nevertheless, that the point should be made that, if this is not a trust fund, it is very little more than an authorization. If it is not just a very little bit more than an authorization, then it does commit Congress, including the members of the Committee on the Budget who vote in favor of it, and under the direction of the Senate, to try to come up with $1 billion next year.

I do not think we can have it both ways.

Mr. MUSKIE. I agree with the Senator and I hope that before this action on this bill is finally taken, we will clarify that point.

Mr. HANSEN. Mr. President, if I may make an observation, let me say, first of all, as the ranking member on the Subcommittee on Parks and Recreation, that I worked very closely with my distinguished colleague from Louisiana (Mr. JOHNSTON) in trying to work out the best possible deal we could on this legislation. I recognize, on the one hand, that there is great and intense interest in the National Park System, to mention only one facet of those areas into which funds from this land and water conservation fund could go. There is great interest throughout the United States.

I note that my good friend from Oklahoma is interested in the establishment of the Chickasaw National Recreation Area in his State. Similar interest in establishing national parks is found, without exception, in practically every State in the Union. There is at least one area, if not more, that is unique and singular and, frequently is, at the same time, very fragile ecologically. These areas can be destroyed, as the Senator from Louisiana has pointed out.

Mr. BELLMON. Will the Senator yield?

Mr. HANSEN. I am happy to.

Mr. BELLMON. The Senator has mentioned Chickasaw National Recreation Area. Perhaps I should keep the record straight. If this figure is being raised from $300 million to $1 billion a year to accommodate the Chickasaw National Recreation Area, we will be glad to withdraw that. That is a small project which involves trying to get two presently Federally owned tracts of land. That is a few acres, with relatively few thousands of dollars. I should be happy to give that up if it will keep this from going through the ceiling.

Mr. HANSEN. I appreciate the generosity of my good friend from Oklahoma. It does square with the view I have had of him for a long time, that he is a conservative man, a reasonable person, and one who is not out in the forefront of those who say, "Let us cut the budget, but let us cut it in your area and not in mine." I compliment him for that.

I was not trying to call attention to that particular proposal in the State of Oklahoma as a justification for the legislation which we are now considering. Rather, I mentioned that particular area simply to make note of the fact that we all are interested in the preservation of those particularly cherished and unique parts of the country, insofar as Federal land acquisition goes. We recognize that such areas may be fragile, that they can be destroyed. We recognize and welcome the sort of protection that can come from the special handling given to elements within the National Parks and the National Monument System.

A point I was trying to make, however, is, as everyone knows, that these are difficult times. They are tough times economically for the United States. We have a great many demands on our resources. We have far more good uses to which money can be put than there is money to satisfy those demands.

Yet, I think—along with my good friend from Louisiana—we recognize that there are, in our judgment at least, certain priorities that could very well be established in utilizing our limited financial resources. We can postpone some acquisitions by the Federal Government. We can postpone, if we must, the development of public use facilities in acquired recreational areas, if the choice comes down to this. If we are going to take steps to establish and add to the National Park and Recreation System, on the one hand, thereby requiring an outlay of capital, we can try to move forward simultaneously with full development as well as acquisition of these recreational areas, an approach which usually costs more money initially and frequently leaves large inholdings of privately owned property. The choice here, insofar as I am concerned, can be made rather easily.

I would say let us take those steps to make the land acquisitions now in order to insure the protection of the fragile values that we cherish and to protect the taxpayers against future inflation of land values. These lands are deserving of the protection that the National Park System can afford, rather than to try to make them fully available for public use in the short term.

Mr. President, the debate that has occurred so far this afternoon, I think, underscores the dilemma the Interior Committee has faced in trying to answer in a rational way the problem of preserving parklands in an era of inflation and economic restraints. We tried to shape this legislation to get the best possible deal we could. It was my understanding that the language in this bill we are now considering did go beyond a simple authorization; that it did entail more than what normally might be construed to be implied by that sort of action: that there would be some commitment, albeit perhaps only a moral commitment, by the Budget Committee to recognize what those of us on the Interior Committee felt was necessary in order that the Government of the United States would not find its hands tied in the acquisition of prime park and recreation lands.

If we are not going to be able to count on any more money than is actually reflected by those portions of this Land and Water Conservation Fund, which can truly be considered a trust fund and not subject to any appropriations process and readily available to this committee, then, it would seem to me, we have got to cut back on our program, because there is, as the Senator from Louisiana has pointed out, a backlog already on the books of massive funding that requires action by the Federal Government, to say nothing of the responsibilities we owe to the several States in order to participate in those projects that will be supported in part by Federal funding under congressionally approved legislation.

I would like to ask my good friend, the chairman of the subcommittee, what his feeling is at this point. Having heard the debate as I have, does he have the same feeling that he and I shared when we came to the floor earlier this afternoon, hoping that this bill could be passed and that the assurances of adequate future funding are there? I am not trying to say there has been anyone backing up on those assurances, but I think there is at least some doubt in the mind of the Senator from Wyoming, somewhat less confidence than I had when I came here. I believe that I understood not only what the Interior Committee proposed but also what I assumed was a consensus reflecting the feelings of the Budget Committee as well, and I hope that my belief is now fully justified and supported in light of the discussion that has taken place.

Mr. JOHNSTON. If the Senator will yield to me at this point perhaps I can clear up the misunderstanding.

Mr. HANSEN. I yield the floor.

Mr. JOHNSTON. First of all, I want to assure the Senator that the colloquy which I now plan to read, which has been agreed to by the Chairman of the full Interior Committee, is fully extant and fully operable as far as I am concerned.

Mr. President, like the distinguished Senator from Maine (Mr. MUSKIE), I recognize that in this confused and difficult economic period we must pay careful attention to Federal spending and to Federal spending priorities. For this reason, on behalf of the Interior Committee, Senator JACKSON has discussed the critical need for, and budgetary implications of, S. 327 with Senator MUSKIE, the chairman of the Budget Committee.

Mr. President, if passed, S. 327 will authorize to be appropriated an additional $700 million for the Land and Water Conservation Fund. However, this additional $700 million, taken in connection with all of the other programs which have been either enacted or are presently under consideration in this area of the Federal budget, would place great stress on spending priorities in fiscal 1976. For that reason, neither the Interior Committee nor I plan to seek appropriations for fiscal 1976 from the proposed increase. The distinguished ranking minority member of the Interior Committee, Senator Fannin, and the Chairman, Senator Jackson have recently written to Senator Muskie expressing our intentions on this point, and I ask unanimous consent that that letter be printed in the Record at this point.

There being no objection, the letter was ordered to be printed in the Record, as follows:

Committee on
Interior and Insular Affairs,
Washington, D.C., October 23, 1975.

Hon. Edmund S. Muskie,
Chairman, Senate Budget Committee, Washington, D.C.

Dear Mr. Chairman: We are writing in reference to the discussions which have taken place between the staff of the Senate Budget Committee and the staff of the Senate Interior and Insular Affairs Committee. We are pleased to provide you with the following views of the Interior Committee concerning S. 327, legislation to amend the Land and Water Conservation Fund Act of 1965, as amended, to establish the National Historic Preservation Fund, and for other purposes.

Although it is the view of the Senate Interior Committee that the programs which will be funded under the authority provided by S. 327 are sound and justified, we recognize the severe pressures on the Federal budget this Fiscal Year, 1976, and the importance of exercising Congressional restraint in spending. We believe, therefore, that it would be appropriate to defer any significant increases in expenditures pursuant to the new appropriations authority contained in S. 327 until subsequent budget cycles.

As you are aware, Title I of S. 327 would increase the base level of the Land and Water Conservation Fund (L&WCF) from the present $300 million per annum to $1 billion per annum. Some concern has been expressed that this increase would result in a massive budgetary impact whether or not these funds are appropriated. This concern is based on the assumption that the L&WCF, in the manner of the Highway Trust Fund, would earmark monies in the Treasury and make them unavailable for other programs. This is incorrect with respect to all but a small portion of the Land and Water Conservation Fund.

An explanation of the source of revenues for the L&WCF may help to clarify the situation. The Fund is composed of all revenues from motorboat fuel taxes, entrance fees to units of the National Park System and recreation areas administered by the Corps of Engineers and the Forest Service, and the sale of Federal surplus property. These revenues have amounted to between $60 and $80 million per annum and they are segregated. These funds under existing law may not be spent for purposes other than those authorized by the Land and Water Conservation Fund Act.

The difference between the amount of those revenues and the authorized level of the L&WCF, which amount to about $230 million now and would be about $930 million under S. 327, is made up from revenues from the Outer Continental Shelf Leasing; but these are not earmarked revenues, they represent merely an accounting entry on the Treasury books.

In reality, Treasury marks a credit to the L&WCF to the extent of OCS revenues authorized, but does not borrow such amounts for other Federal purposes unless the Congress should actually appropriate the full amount for purposes of the Fund. Absent an appropriation, the moneys are available (except for the $60–$80 million from recreation revenues) for other projects, and the L&WCF account carries a credit which can be drawn upon in future years.

We understand that the staff of the Senate Budget Committee has ascertained from Executive Agencies that the above description of the situation reflects the practice followed by the Treasury in the past. There is no intent in S. 327 to alter the practice in administering the increased authorization.

You may feel free to use this letter in a floor statement and we will be happy to arrange a colloquy if you feel that it is necessary.

Sincerely yours,

Henry M. Jackson,
Chairman.
Paul J. Fannin,
Ranking Minority Member.

Mr. JOHNSTON. Mr. President, I know that next year the members of the Budget Committee, when they come to consider the first budget resolution for fiscal 1977, will give this legislation every possible consideration. The actual funding for this legislation will be the result of the process through which the Budget Committee evaluates economic and fiscal policy, considers requests for Federal spending, and does its best under difficult circumstances to provide the proper levels of funding and the best ordering of priorities.

I am grateful for the help and counsel of the Budget Committee on this matter and I salute the work of the Budget Committee in helping to bring order to the process of spending our taxpayers' dollars.

I might add, I have supported the Budget Committee in some other matters which I would like to have seen increased. I have supported the Budget Committee not only in its inception, but in what it is trying to do.

If I may go a step further, in addition to this colloquy, I have conceded, as the law concedes, that this increase does not bind the Budget Committee. It does not constitute a trust fund. It does not constitute an appropriation. As the colloquy states, the Budget Committee will give every possible consideration to the funding—I believe the words are "consistent with the Budget Committee's evaluation of economic and fiscal policy."

There is no question about that, I would remind my distinguished friend from Maine.

Now, to what extent does that constitute a moral commitment, a goal?

Mr. President, we now have on the books some $3 billion of Federal recreation land acquisition authorizations. If all we are doing here is passing a further authorization which will not have any more status, or any more effect, or be any more of a commitment, or of any more significance than a restatement of what we have already done when we created the National Parks, we might as well not pass this.

Consistent with the Budget Committee's and the Appropriations Committee's evaluation of economic and fiscal policy it does constitute, in my judgment, a moral commitment, a statement of priority, and a goal to be met.

What that means in my judgment, is that if the Budget Committee should find that economic and fiscal restraints in their judgment, do not prohibit the full appropriation of these funds, then it would constitute a moral commitment. It would constitute a goal to be met, and a goal for long-range planning.

Surely, Mr. President, this legislation must mean something more than the same $3 billion which has already been authorized.

I hope that this statement clears up some of the confusion, and I hope that the Senator will regard this increase in the Budget Committee next year, after he has evaluated the economic and fiscal situations, as a real goal, and, if the economic situation of the country permits, regard this as an obligation, not a legal one, but rather an obligation to the people of this country to try to meet the goals which we set when we established National Parks and Recreation Areas.

Mr. MUSKIE. Let me say to the Senator, I would, as I indicated earlier regard it as a high priority. I cannot at this point say that I will regard it as the highest priority over all other requests for Federal spending which we may receive.

We have to make those judgments not only in terms of the economic situation of the country but also in terms of other requests and within the priorities which the Budget Committee adopts. All of this of course, the Senate will ultimately act upon.

So I would regard this as a high priority, higher than the usual authorization priority, for the Budget Committee to consider.

Mr. HANSEN. Will the Senator from Maine yield for a question?

Mr. MUSKIE. Could I read this first?

Mr. HANSEN. My question, rather, pertains to what the Senator is going to read.

Mr. MUSKIE. Very well.

Mr. HANSEN. I was just going to say, I am certain there are Members on this floor who have not had the opportunity of reading the entire colloquy and it would occur to me that it would be very useful if the colloquy, in its entirety, could be read, perhaps if Senator Johnston could read the part that was to have been spoken by Senator Jackson so that we could know exactly what is being said.

Mr. MUSKIE. The Senator has already read that.

Mr. HANSEN. Fine.

Mr. MUSKIE. He has already read that.

Mr. HANSEN. I just wanted to be sure that we hear now everything that will go into the Record on this particular point because it seems to me that this is very crucial to an intelligent vote on this issue.

Mr. MUSKIE. Mr. President, let us proceed to the colloquy.

Mr. HANSEN. Yes.

STATEMENT READ BY MR. JOHNSTON ON BEHALF OF MR. JACKSON

Mr. JOHNSTON. Mr. President, like the distinguished Senator from Maine (Mr. Muskie), I recognize that in this confused and difficult economic period we must pay careful attention to Federal spending and to Federal spending priorities. For this reason, on behalf of the Interior Committee, I have discussed the critical need for, and budgetary implications of, S. 327 with Senator MUSKIE, the chairman of the Budget Committee.

Mr. President, if passed, S. 327 will authorize to be appropriated an additional $700 million for the Land and Water Conservation Fund. However, this additional $700 million, taken in connection with all of the other programs which have been either enacted or are presently under consideration in this area of the Federal budget, would place great stress on spending priorities in fiscal 1976. For that reason, neither the Interior Committee nor I plan to seek appropriations for fiscal 1976 from the proposed increase. The distinguished ranking minority member of the Interior Committee, Senator FANNIN, and I have recently written to Senator MUSKIE expressing our intentions on this point, and I ask unanimous consent that that letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON
INTERIOR AND INSULAR AFFAIRS,
Washington, D.C., October 23, 1975.
Hon. EDMUND S. MUSKIE,
Chairman, Senate Budget Committee,
Washington, D.C.

DEAR MR. CHAIRMAN: We are writing in reference to the discussions which have taken place between the staff of the Senate Budget Committee and the staff of the Senate Interior and Insular Affairs Committee. We are pleased to provide you with the following views of the Interior Committee concerning S. 327, legislation to amend the Land and Water Conservation Fund Act of 1965, as amended, to establish the National Historic Preservation Fund, and for other purposes.

Although it is the view of the Senate Interior Committee that the programs which will be funded under the authority provided by S. 327 are sound and justified, we recognize the severe pressures on the Federal budget this Fiscal Year, 1976, and the importance of exercising Congressional restraint in spending. We believe, therefore, that it would be appropriate to defer any significant increases in expenditures pursuant to the new appropriations authority contained in S. 327 until subsequent budget cycles.

As you are aware, Title I of S. 327 would increase the base level of the Land and Water Conservation Fund (L&WCF) from the present $300 million per annum to $1 billion per annum. Some concern has been expressed that this increase would result in a massive budgetary impact whether or not these funds are appropriated. This concern is based on the assumption that the L&WCF, in the manner of the Highway Trust Fund, would earmark monies in the Treasury and make them unavailable for other programs. This is incorrect with respect to all but a small portion of the Land and Water Conservation Fund.

An explanation of the source of revenues for the L&WCF may help to clarify the situation. The Fund is composed of all revenues from motorboat fuel taxes, entrance fees to units of the National Park System and recreation areas administered by the Corps of Engineers and the Forest Service, and the sale of Federal surplus property. These revenues have amounted to between $60 and $80 million per annum and they are segregated.

These funds under existing law may not be spent for purposes other than those authorized by the Land and Water Conservation Fund Act.

The difference between the amount of those revenues and the authorized level of the L&WCF, which amount to about $230 million now and would be about $930 million under S. 327, is made up from revenues from the Outer Continental Shelf Leasing; but these are *not* earmarked revenues, they represent merely an accounting entry on the Treasury books.

In reality, Treasury marks a credit to the L&WCF to the extent of OCS revenues authorized, but does not borrow such amounts for other Federal purposes unless the Congress should actually appropriate the full amount for purposes of the Fund. Absent an appropriation, the monies are available (except for the $60-$80 million from recreation revenues) for other projects, and the L&WCF account carries a credit which can be drawn upon in future years.

We understand that the staff of the Senate Budget Committee has ascertained from Executive Agencies that the above description of the situation reflects the practice followed by the Treasury in the past. There is no intent in S. 327 to alter the practice in administering the increased authorization.

You may feel free to use this letter in a floor statement and we will be happy to arrange a colloquy if you feel that it is necessary.

Sincerely yours,

HENRY M. JACKSON,
Chairman.
PAUL J. FANNIN,
Ranking Minority Member.

CONTINUATION OF STATEMENT READ BY MR. JOHNSTON ON BEHALF OF MR. JACKSON

Mr. JOHNSTON. I know that next year the members of the Budget Committee, when they come to consider the first budget resolution for fiscal 1977, will give this legislation every possible consideration. The actual funding for this legislation will be the result of the process through which the Budget Committee evaluates economic and fiscal policy, consider requests for Federal spending, and do their best under difficult circumstances to provide the proper levels of funding and the best ordering of priorities.

I am grateful for the help and counsel of the Budget Committee on this matter and I salute the work of the Budget Committee in helping to bring order to the process of spending our taxpayers' dollars.

Mr. MUSKIE. Mr. President, I want to thank the distinguished chairman of the Interior Committee for his cooperation and I want to commend him for his work in the area of national parks. But even more, Mr. President, I want to commend him for his responsible leadership in affirming that spending decisions must be made in the context of our Nation's overall budgetary priorities.

As the distinguished Senator knows, I am deeply concerned about the pressures on the fiscal 1976 budget and about legislation that might add to these pressures.

S. 327 is such legislation. If it is funded this year at the levels authorized, the budget targets the Congress agreed to last spring would be in grave jeopardy.

Of course, S. 327 is an authorization bill. It does not by itself provide budget authority or result in budget outlays. Decisions about actual expenditures are made through a process that now requires Congress to vote its own spending ceiling each year, based on the recommendations of the Budget Committee. But every committee and every Senator must exercise responsible leadership if the budget process is to work.

Mr. President, the Interior and related agencies appropriations bill, now in committee, is legislation that does result in budget authority and outlays and therefore will require very close study. Like all Senators, I will study this bill and the appropriations it provides when it is reported and make a judgment then whether to support or oppose it.

We have received a letter from Senators JACKSON and FANNIN, chairman and ranking member of the Interior Committee, which has been placed in the RECORD and which would give assurances that the Interior Committee will defer requests for any significant increases in expenditures under the additional authorizations contained in S. 327, until future budget years.

Like all authorizations, this increased authorization for the Land and Water Conservation Fund is subject to the new budget process and will receive a full and fair examination in connection with next year's first concurrent resolution.

A special problem associated with the Land and Water Conservation Fund is the spending pressure created by congressionally-authorized additions to Federal recreational lands. As I understand it, there is presently a backlog of over $3 billion in land which Congress has directed be added to our park system. I am sure that all of my colleagues have, at one time or another, urged that land in their States be added to federally-held recreational areas. But I believe that, as part of the Senate's commitment to the principles of budget reform, we must all begin to take a harder look at these admittedly worthwhile proposals which, taken together, substantially increase pressure to appropriate Federal dollars.

Mr. President, I view our consideration of S. 327 as a landmark in the development of the new congressional budget process. We are establishing the important principle that the funding of all authorizations is subject to our budget process. We are establishing the further principle that the actual level of funding depends on the fiscal and economic realities of any given year. And we are proving that important authorizing committees can work with the budget committee in a spirit of cooperation.

Mr. MUSKIE. As I say, Mr. President, that statement and the statement which the distinguished Senator from Louisiana earlier read on behalf of Senator JACKSON were carefully worked out with Senator JACKSON and I think is a fair resolution of the issue.

I would like to repeat to the Senator from Louisiana that as far as I am personally concerned, I would regard the passage of S. 327 as a high order of commitment or priority in future years as we consider it, but not the highest and not exclusive of all of the other priorities that we must consider in our Budget Committee work.

We are now involved, in the Budget Committee, for the second time this year in consideration of the 17 budget functions of the Federal budget. We once again find ourselves in the middle of that debate over priorities, from defense to all the social programs, the environmental and conservation programs, as to how to allocate Federal resources. That, in my judgment, is the Budget Committee's highest duty.

I would like to yield, if I may, to my distinguished colleague (Mr. BELLMON), who would also like to comment.

Mr. BELLMON. I thank the distinguished chairman of the Budget Committee.

Before I begin my comments, I wonder if the Senator from Louisiana will yield for a question.

Mr. JOHNSTON. Yes, I yield to my distinguished friend from Oklahoma.

Mr. BELLMON. The Senator from Oklahoma was out of the Chamber when the Senator from Louisiana read part of the colloquy. I wonder if he would mind reading again the middle paragraph on page 1 of that statement.

Mr. JOHNSTON. Mr. President, if passed, S. 327 will authorize to be appropriated an additional $700 million for the Land and Water Conservation Fund. However, this additional $700 million, taken in connection with all other programs which have been either enacted or are presently under consideration in this area of the Federal budget, would place great stress on spending priorities in fiscal 1976. For that reason, neither the Interior Committee nor I plan to seek appropriations for fiscal 1976 from the proposed increase. The distinguished ranking minority member of the Interior Committee, Senator FANNIN, and the chairman, Senator JACKSON, have recently written to Senator MUSKIE expressing their intentions on this point. And the colloquy goes on to ask a unanimous consent.

Mr. BELLMON. The copy I have reads, "For that reason, neither the Interior Committee nor I plan to seek appropriations for fiscal 1976 which would go beyond the presently available level of authorization." The Senator's text is apparently different.

Mr. JOHNSTON. I do not know what text the Senator from Oklahoma has. I know this text was cleared with the Senator from Maine, I believe.

Mr. MUSKIE. The copy I have is the same as that of the Senator from Oklahoma. There may be minor changes. I am glad the Senator brought up that point. As the Senator from Louisiana was reading his copy it occurred to me that I had the same language as the Senator from Oklahoma. I do not know what difference it makes.

Mr. BELLMON. It makes a substantial difference because the text I have says that neither the Interior Committee nor the Senator from Louisiana plan to seek appropriations for fiscal 1976 which would go beyond the presently available level. We are talking about raising that from $300 million to $1 billion. This would give the Senator from Louisiana in the Interior Committee $700 million of new funds, if I understand his statement.

Mr. MUSKIE. As I understand what the Senator read, he read he would not seek the amount of the increase.

Mr. BELLMON. Will the Senator read his statement again?

Mr. JOHNSTON. For that reason, neither the Interior Committee nor I plan to seek appropriations for fiscal 1976 from the proposed increase.

Mr. MUSKIE. From the proposed increase.

Mr. McCLURE. Will the Senator yield?

Mr. BELLMON. I am glad to yield.

Mr. McCLURE. Do I understand from that, if it conforms to the text the Senator from Oklahoma has, that the Interior Committee would seek only that amount of money which is presently authorized, the $300 million that is presently authorized?

Mr. JOHNSTON. In fiscal 1976, the Interior Committee will only seek appropriations from this year's authorization and the backlogged sums, that is correct.

Mr. McCLURE. It is my understanding that it is quite likely that the administration will support an increase in the funding of that to the level of $500 million.

Mr. MUSKIE. For fiscal 1976?

Mr. McCLURE. No, in fiscal 1977.

Mr. MUSKIE. We are talking about fiscal 1976.

Mr. McCLURE. This bill, however, applies not just to fiscal 1976. Is it the intention of the Senator from Louisiana to say that this applies only to fiscal 1976 and not to fiscal 1977?

Mr. MUSKIE. There are two commitments. One is with respect to the present fiscal year, as proposed in the first concurrent resolution, Senator JACKSON and Senator FANNIN committed themselves not to seek any increases this year above the amounts presently available.

Mr. JOHNSTON. That is correct.

Mr. MUSKIE. That is under the order of the targets we adopted last spring. That commitment is made. With respect to the future, fiscal 1977 and thereafter, the commitment was simply that the Budget Committee in the budget process would work on it, taking into consideration the enactment of this legislation with whatever priority that suggested.

Mr. JOHNSTON. That is correct.

Mr. BELLMON. My point can be succinctly put if the Senator from Louisiana will respond to this question: In fiscal 1976 does the Senator from Louisiana or his parent committee intend to spend more than $300 million from the land and water conservation fund?

Mr. JOHNSTON. There is presently authorized $300 million plus the backlog from previous years. It is my understanding that the administration has authorized, and we will seek, whatever that presently existing authorization under the present land and water conservation fund is. This bill in no way affects that. What we are saying in this colloquy is that in fiscal 1976 we will not use the additional commitment contained in this bill to seek one additional dollar over and above what presently exists.

Mr. BELLMON. At the present time, the concurrent resolution on the budget provides $300 million for fiscal 1976. We are not changing that?

Mr. JOHNSTON. Well, obviously this bill is not changing the budget ceiling. If the Senator is asking me to reduce the amount we might otherwise be asking, under existing law——

Mr. BELLMON. I am not asking that.

Mr. JOHNSTON. In order to pass this measure, I cannot make that commitment.

Mr. BELLMON. No, I am talking about inadvertently raising the ceiling.

Mr. JOHNSTON. No, we are not using this bill to raise what we would otherwise ask from the Budget or Appropriations Committees.

Mr. MUSKIE. Mr. President, will the Senator yield on that point?

Mr. BELLMON. I yield.

Mr. MUSKIE. I understand the action of the House of Representatives is to provide $300 million for this fiscal year, and $9 million as against the backlog. The House has appropriated $309 million. This agreement with the Senator from Washington (Mr. JACKSON) was not intended to touch that. We can individually vote on whether or not that is too much, or too little, or what have you. Senator JACKSON committed himself not to seek anything beyond the presently available amount, as I understand.

Mr. JOHNSTON. That is correct.

Mr. BELLMON. Mr. President, I yield to the Senator from Wyoming for a unanimous-consent request.

Mr. HANSEN. Mr. President, I ask unanimous consent that Frank Whittenberg be accorded the privilege of the floor during debate and voting on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BELLMON. Mr. President, before I go into a statement I was to make, I would like to simply conclude the colloquy by telling the Senator from Louisiana that I believe we are in agreement now, so far as fiscal 1976 is concerned, that the action we take will not substantially change existing law; but I would like to warn the Senator that, looking ahead to fiscal 1977, which will be the concern of Congress and the Budget Committee next year, fiscal 1977 looks like an extremely tight year as well, and I hope he will not get the impression that we are agreeing to authorize, for the consideration of the Appropriations Committee, the figure of $1 billion. I do not believe the committee is willing to consider that figure at this time, and I do not want the Senator to have that impression. We are not committing ourselves to any such amount.

Mr. JOHNSTON. Well, at the risk of repeating, I think we have a carefully structured colloquy which is now in the RECORD which I endorse. I endorse the statement of the Senator from Maine that he regards this as a high priority or a high commitment, and I am sure he will be reminded of those words in fiscal 1977. He will come back and remind me that he has also said it is not his highest commitment, it is not his highest priority; and we will probably engage in further debate.

I regard the commitment to recreation, to the acquisition of open areas before they are lost to the bulldozer, and to historic preservation as being not only a high commitment but a necessary commitment of this country, and I shall continue to remind the Senate, the Budget Committee, the Committee on Interior and Insular Affairs, and the Appropriations Committee of that commitment.

If the Budget Committee does not share that view to the extent of $1 billion next year, and because of economic or fiscal restraints cannot be as generous as we would like to be, it will be within the legal power of the Budget Committee to do so. I hope that the economic condition of the country will be such that they will see it in their power to grant the $1 billion.

Mr. DOMENICI. Mr. President, will the Senator from Oklahoma yield?

Mr. BELLMON. I yield.

Mr. DOMENICI. Let me ask the Senator from Oklahoma this question: We keep talking about the Budget Committee, and whether or not in 1977 they are going to approve $1 billion or something less.

I do not understand that we have such authority or such capacity or function in mind. This expenditure will be within one of the functional areas that contains far more than this fund, whether it is $100 million or $1 billion. Is that correct?

Mr. BELLMON. That is true, except that this year the Budget Committee is operating on a sort of trial basis, and we did not go into the subcategory considerations, as we are likely to do in fiscal 1977, in the preparation of that budget.

Mr. DOMENICI. Is there not this problem, I ask my distinguished friend from Oklahoma, the ranking Republican member of the Budget Committee: Assume we are discussing the function of natural resources, which I think is function 300 or some such number, and assume we are trying to set a total figure on it: Will we not have this figure, be it $500 million or $1 billion, with other items of expenditure, be they outlays or authorized levels, and is that not also relevant, and should not this dialog reveal that we are not committing, say that $1 billion is right, to an appropriations committee or authorizing committee, depending on who does it, under this hybrid theory, and there would not be picking and choosing; it that not correct?

Mr. BELLMON. That is my understanding, based on the colloquy this afternoon.

Mr. DOMENICI. Is that the way the distinguished chairman of the Budget Committee understands it?

Mr. MUSKIE. Yes, indeed. I think the Senator makes a very important point, that the function within which land and water conservation funds fall includes a number of areas, I do not know what the total number is, and priorities within that function are determined, of course, by the Appropriations Committee.

Mr. DOMENICI. The reason I asked the question is that I think perhaps those reading this, whatever side of the issue they might be on, might be misled into thinking that it is going to be the Budget Committee which determines literally whether it is $100 million or $1 billion in 1977, and that is not our prerogative. We should not be leading anyone to that conclusion. As I understand the chairman, he is merely saying, as to the proposed expenditures, et cetera, that the Budget Committee, within functional area 300, has some kind of priority, if this bill passes, that is less than an appropriation and more than an authorization, but we will not pick and choose and asterisk it as if we were choosing the amount.

Mr. McCLURE. Mr. President, will the Senator from Oklahoma yield?

Mr. BELLMON. I yield.

Mr. McCLURE. In response to the statement of the Senator from New Mexico, this function 300, "Natural Resources, Environment, and Energy," includes programs of the Army Corps of Engineers, the Bureau of Reclamation, the Forest Service, the Soil Conservation Service, the Bureau of Land Management, the National Park Service, the Bureau of Outdoor Recreation, the Environmental Protection Agency, the Energy Research and Development Administration, and the Nuclear Regulatory Commission; and the total budget target in that area this year is $13.8 billion, with $11.6 billion in outlays.

Mr. DOMENICI. I thank the Senator. Let me ask my distinguished friend from Oklahoma one further question. Based upon the colloquy now, he has established the 1976 expenditure levels, so it is not terribly relevant to ask how we arrive at the amount, but let me ask the Senator, for 1977, what is the process within the Senate by which we will arrive at the ultimate authority to spend out of this fund? Is it by appropriation? Is it the authorization committees? It certainly is not the Budget Committee.

Mr. BELLMON. The Senator is correct. The Budget Committee, as the Senator very well knows, will meet early in the year, and following the terms of the newly passed law, will establish ceilings in each of the categories, but we will not break the categories down and decide how much money will go to each of the functions and subfunctions that are listed by the Senator from Idaho; we simply set the level for the function, and it is up to the Appropriations Committee, then, to decide how that is to be divided.

Mr. DOMENICI. It is the Appropriations Committee, as the Senator understands it?

Mr. BELLMON. That is exactly right.

Mr. DOMENICI. It would not be like the Highway Trust Fund, where the authorizing committee basically sets the level, and it does not go to Appropriations?

Mr. BELLMON. That is correct.

Mr. DOMENICI. I thank the Senator.

Mr. BELLMON. Mr. President, I have been reassured by the discussion that has taken place this afternoon, particularly between the chairman of the Budget Committee (Mr. MUSKIE) and Senator JOHNSTON acting in behalf of the Committee on Interior and Insular Affairs. As a result of this discussion, I am convinced that our action today will in no way cause spending for this activity in fiscal year 1976 to be any greater than historic levels.

Further, I understand that this is an authorization bill which does not indicate actual spending in this year or in any future year, unless the other necessary action of the Senate and Congress is taken.

We will have the opportunity to set actual spending levels each year at the time the appropriation process does takes place.

However, speaking not as a member of the Committee on the Budget but as an individual Senator, I wish to express some concerns that I have about this bill.

While an authorization bill does not automatically mean that spending will result, there is a certain amount of pressure put on the appropriation process if a rising backlog of authorizations exists. S. 327 raises the level of authorization from $300 million to $1 billion not only for the year 1976 but for each of the 13 years which follow. Moreover, this increase applies backward to fiscal 1975 although it has been agreed that that level of spending will not be increased. It has been also stated that no additional spending will occur in either fiscal 1975 or 1976.

So it would seem logical to ask why the additional authorization is even requested? There can only be one reason, and that is to provide additional pressure on the appropriation process in future years. We must not allow such pressure to cause poor decisions when we appropriate our scarce revenue resources in years to come.

I understand that the House version of this bill does not jump immediately to $1 billion in authorizations, but rather goes up in increments from $300 million to $400 million next year and ultimately to $800 million. I find this approach much more preferable and I hope our Senate conferees will give a hard look at this approach, since it has been agreed that the big jump in authorizations will not be used and is not needed for the next few years.

While S. 327 is not strictly a bill involving earmarked funds, and I am concerned about the growing tendency to earmark funds by Congress, it comes close and I am very concerned about the growing tendency to earmark funds. The practice of earmarking, if it becomes widespread, will have the impact of depriving Congress in future years from being able to set its priorities based on the fiscal and economic realities of that year, since the revenue resources will have been obligated in earlier years when different circumstances existed. Earmarking may have been justified in earlier times before Congress established the budget process, but a budget process for allocating funds and setting priorities now exists and in my mind there is no justification for earmarking funds in the future.

Further, I am concerned about the practice which helped create the current pressure to increase authorizations and that is the practice of designating the Federal Government purchase of certain recreation land without simultaneously providing the funds for prompt purchase. It is unfair to landowners and here I agree with my friend, the Senator from Wyoming, to cloud their title and then withhold purchase for any significant period of time. At the present time, almost $3 billion of land has been designated for purchase that the Government has not provided funds to buy. At the historic appropriation rate of $300 million per year, it would take 10 years for Congress to keep all its acquisition promises. Congress in the future must be more judicious in its acquisition habits. In my own case, I intend to be very careful to apply strict standards to any future Oklahoma recreation land acquisitions. Recently I did recommend the purchase of the Chickasaw recreation area which I consider to be an extremely worthwhile purchase, since it connects two presently federally owned recreation properties which could be much better utilized if they were combined together. But the point is that we cannot keep designating recreation land purchases without promptly coming to grips with the funding problem that results.

Finally, I question the need for a heavy 14-year land purchase program, above and beyond the $3 billion of land already designated for purchase. Even at the rather high average rate of $1,000 per acre $1 billion would purchase 1 million acres each year for 14 years, and I wonder whether or not it is in the national interest for Congress to buy another 14 million acres of land, take it off the tax rolls of the city and local governments, take it out of production, and turn it into public use areas.

Much of the public use needs can be met by land that is still held by private landowners and, in my opinion, this is not necessarily a wise use of the scarce Federal dollars which we have available to us.

While I do not oppose the purchase of land we have already designated, I do oppose a large-scale Federal land grab which the $1 billion per year would make possible.

Therefore, I oppose this bill on its merits as an individual Senator and not as a member of the Committee on the Budget. However, if the Senate does go ahead and approve this measure, I hope our Senate conferees will carefully review the benefits of the House graduated scale approach to increasing authorizations rather than a sudden jump to $1 billion as provided in S. 327.

Mr. President, I yield the floor.

Mr. McCLURE. Mr. President, the record ought to reveal some little definition of the dollar amounts and the implications, particularly in light of what the Senator from Oklahoma has stated.

First of all, let us recognize that this fund is divided, 40 percent for Federal, 60 percent for State, and obviously then only 40 percent of the total amount authorized might go into the Federal acquisition. That is the maximum.

Second, the maximum——

Mr. BELLMON. Mr. President, will the Senator yield?

Mr. McCLURE. Certainly.

Mr. BELLMON. I think the Senator from Idaho will agree that whether the land is bought by the States, city or by the Federal Government, if it is taken away from private landowners it comes off local tax rolls and also it goes out of agricultural production.

Mr. McCLURE. I wish to go one further step, which I think will bear on that particular part. I have used the figure earlier of $3 billion in backlog—$3 billion of Federal backlog for acquisitions and $2.7 billion backlog for development.

The result in that that should be borne in mind is that the development costs, which are a backlog but not within this fund, have been promises long made to people all over this country that we were going to do things in the development of the recreational lands.

The $47 billion in identified plans in the——

Mr. BELLMON. $47 billion?

Mr. McCLURE. $47 billion in identified plans for outdoor recreation, which are under State recreation plans, are also divided between acquisitions and developments. They include all kinds of things, like building a tennis court in the city park, and building a swimming pool in a community that does not have a swimming pool. All of those kinds of things, which are included in the State recreation plans, are a part of the commitment of this fund.

Mr. JOHNSTON. Mr. President, will the Senator yield at that point?

Mr. McCLURE. It should not be understood as simply being a fund out of which the Federal Government is going to acquire more land.

I am happy to yield to the Senator from Louisiana without losing my right to the floor.

Mr. JOHNSTON. There are some $3 billion in authorized land acquisition for all Federal agencies, not only the National Park Service but also the Forest Service and other agencies. In addition to that backlog, there is another $3 billion need for park development for the Park Service alone. Then, in addition to that, we have the $47 billion of identified State outdoor recreation needs.

Mr. McCLURE. That includes both acquisition and development under the State plan. It is not all acquisition under the State plan.

Mr. JOHNSTON. That is correct. The $47 billion is the estimate made by the States of what it would cost them to implement their Statewide plans. When we say we have $3 billion of federally authorized acquisitions, taking 40 percent of the annual Land and Water Fund appropriations, as the Senator points out, of the $300 million, it would take 27 years alone just to clear out the present authorizations for land acquisitions even without inflation and without any new additions.

Mr. BELLMON. If the Senator will yield, as I pointed out in my statement, I am in favor of the Federal Government keeping the commitment it made to buy this land.

It is a gross injustice to private landowners to have land the Federal Government has cast a shadow over and not have the Federal Government go ahead and pay for it. I think it is a tremendous injustice and one that we should keep in mind in the future. We should avoid saying we are going to buy land until we have the money available to complete the transaction.

If the Senator will yield for a moment, I have checked, and I find that 760,500 acres of land in this country already are owned by the Federal Government. That is 33 percent of the total. Of that, quite a substantial amount is in the State of Alaska and in Hawaii. But just on the continental United States there are 407,700 acres of land owned by the Federal Government, and this is 21 percent of the total. I seriously doubt how much further Congress should go in buying up land and having title taken by the Federal Government.

Mr. McCLURE. I share the concern that the Senator from Oklahoma has expressed. Two-thirds of my State is held by the Federal Government—not 21 percent, to which the Senator refers as an average, but 66 percent of my State. So I am very conscious of the question that is raised by Federal acquisitions.

I also point out that not all authorized land acquisitions fall within the Land and Water Conservation Fund. They can also be funded elsewhere. There is a tendency on the part of agencies to divert their acquisition program totally under the Land and Water Conservation Act in order to free up their other budgets where it was otherwise budgeted.

As a matter of fact, that is one of the points I tried to raise as we moved from a $200 million level to a $300 million level in this fund: that we were in danger of creating a ceiling on expenditures, that all agencies for all outdoor recreation were going to have to come in under that ceiling, and that no additional money could be spent as a result of the action we were taking. As a practical matter, it has turned out almost exactly that way.

Now we are going even beyond that, abandoning even the concept that the amount identified here will be a floor on our effort. It becomes the total ceiling on our effort. We have moved up now to a billion dollars and have said that that is a ceiling but it can be anywhere below that.

I understand the colloquy that has taken place here, and I understand precisely what the concern of the Budget Committee is. I agree with the Senator from Oklahoma that earmarked funds are troublesome. I generally will not support earmarking of funds. I did support, I have supported, and I continue to desire that this fund be an earmarked fund. I am sorry that we are now completely abandoning that, because I know what happened.

I know exactly why this fund was created. It was created because outdoor recreation was not being funded adequately in the ordinary appropriations process. Congress agreed with that judgment, and they established the fund. While it may be said that this conforms to the practice, we should not simply roll over and play dead because OMB and the executive have been administering this fund as though it were not earmarked; and now we not only acquiesce in their doing something which was not the intention of Congress, but also, we give it congressional sanction and approval.

I think it should not go unnoticed here today that what we have done, as an effective matter, is to reverse what we did at an earlier date in establishing a special fund for a special purpose. The Highway Trust Fund is a special fund for a special purpose. It is not even within the purview of the Budget Committee. We just recognize how much is in it. I would have preferred that we do the same thing with regard to this particular fund, that we leave it outside of the budget process, so that we would know that the commitment we have been making to people over the last 10 years would be kept.

I stress again that $2.7 billion of this backlog is development money, not acquisition money—and not within this fund—and a large part of the $48 million that has been identified by the States is development money. It is not acquisition money. It is money that we have said to people would be spent in developing and upon which other people have been called upon to conform their own practices—for example, as the Senator from Oklahoma points out, where a cloud that has been placed upon land because it has been identified for acquisition and we do not have money for it. That does inhibit them; it takes something away from them without compensation to them. It is a substantial injustice.

It was also a substantial injustice to the people of northern California to say that we were creating a Redwoods National Park, that we would close down some sawmills in some areas, and then we give them nothing in terms of a park development as a substitution in their local economy. We promised it. We promised them repeatedly. Now we are saying that we are not going to live up to that promise. We are saying that we are not going to set aside a bloc of money that will live up to the commitments that already have been made, but we will go through the appropriations process to seek the money, just as we did before the Land and Water Conservation Fund was enacted.

I think it is a sad day for conservation. It is a sad day for those of us who believe in outdoor recreation, that we back up in the name of going forward.

I say again that the action we are taking, while it may be a moral commitment, is not going to be that persuasive in the budget process. I argued this point, as the Senator from Maine may remember, when we went through the first concurrent resolution, pointing out the backlogs and the commitments we have made, trying to get a larger commitment of funds. We have $260 million in uncommitted funds in the past, in addition to the $300 million now, and we are above the $300 million in appropriations for this fiscal year; but we are not up to the $560 million that we might have been able to expend. That $260 million is a combination of past actions on the part of Congress in the appropriations process and on the part of the Office of Management and Budget in the requests for the budget authority coming up from the Executive and from impoundments, where we authorized and actually appropriated and the moneys were not expended.

We eventually solved that by getting them to agree that all the money that had been appropriated would be expended. We did this by using the fulcrum, the pressure point created by this legislation, saying that a commitment has been made, that this money will be spent.

I dare say that we would have been less successful in getting the administration to agree to expend the moneys that were appropriated, we would have been less successful in getting the Office of OMB to increase the appropriations, if we had not been able to argue, "You have a trust fund; you are not living up to the trust fund established by Congress."

Now we are saying to them, "Forget that. It is no trust fund. You don't have to worry about that any more."

I suggest that this bill has only one thing to commend it, and that is a very large, legitimate, additional commitment to historic preservation. That is a portion of the bill which I support. I wish it could be separated and presented to Congress as a separate item. I wish we could increase the amount from $300 million to $500 million and then say to the Budget Committee and to Congress, "This is a congressional commitment. If you pass it, you spend it." Instead, we have not chosen to do that. We chose what in my view, at least, is a grandstand play, to impress people that we are going to spend a billion dollars when, as a matter of fact, we know that we are going to spend much less than that. I hope the action we take here turns out more favorably than I believe it will.

Mr. JOHNSTON. Mr. President, I hope that all this conversation has cleared up what was, at least at one time, a very obfuscated matter.

We hear on the other side of the aisle attacks on this bill as being a land grab on the one hand and a meaningless gesture to the grandstands on the other.

Mr. President, this bill is neither. It is not, according to law which was written on the books before I got to the Senate and before this bill was heard in committee, an appropriation. It does not constitute an appropriation. It has some similarities with a trust fund, but it does not constitute a trust fund. It does not bind the Committee on the Budget. That much is clear.

It constitutes, in my judgment, a moral commitment, a goal, a statement of priority—in the statement of the distinguished Senator from Maine, a high priority, a high commitment. If that is a play to the grandstand, Mr. President, so be it. The question is, what do we do, those of us who believe that acquiring land for this Nation, for its people, for future generations, is a high priority and a high commitment? What do we do? Do we allow the fund to go along as at present, at $300 million, knowing that it will be decades before that promise could ever begin to be fulfilled? I think not, Mr. President. We do the best we can with a resistant OMB and a resistant President and a resistant economy.

We recognize that these are limiting factors for all of our desires. But, Mr. President, we must set a higher priority for land and water conservation funds. We must set a higher priority for land acquisition. If we do not, we are going to lose this land. We are going to lose it forever.

When I was a child growing up, I lived on a fairly new street which, on both sides, had woods extending for, I suppose, half a mile on one side and a mile on another side. It was an area where all of the young people in my neighborhood could go and play and enjoy the great outdoors. Long since, Mr. President, on both sides of that home, there are homes and streets, concrete, telephone poles, and permanent and irrevocable commitments to civilization. While that area might not have been a suitable area for a national park, it is forever lost to any recreational use.

Mr. President, there are many undeveloped and perhaps privately owned areas in this country today which are available for recreational use and the enjoyment of the public, but which, as years go by, will be irrevocably lost. Beautiful rivers, like the Chattahoochee, flowing clean and free through the city of Atlanta, will be lost and polluted and unavailable to people who want to float the river and enjoy the scenery and taste a bit of nature.

There are other areas which I could name for which we have held hearings. One of them is the Chickasaw National Recreation Area in Oklahoma, which has some value, because the Senator from Oklahoma has urged us to grab that land for future generations, if that is the term we are using now. I submit it does have some value, and we have heard it sympathetically in our committee.

But, Mr. President, if we do not act and make some kind of reasonable commitment, some kind of realistic priority, some kind of achievable goal, then we will be left with a de facto goal of $300 million, a goal which was set years and years ago and which, at that time, was insufficient and, at this time, is a joke.

One final comment, Mr. President: This money comes from proceeds of the Outer Continental Shelf, proceeds which belong to all Americans. They constitute our heritage in offshore oil and gas. As this energy crisis is so vividly showing us, they are limited in amount, and the income, therefore, is also limited. When that income is gone, there will be no more, and, in the very same sense, and in a very true sense, when this land is gone which we want to acquire, then the opportunity for Americans to ever enjoy it is lost.

I was in the Shenandoah National Park 2 weeks ago, driving with my sons, enjoying the really incredibly beautiful scenery there. Mr. President, I thought to myself what a magnificent act it was, some years back, that Congress and the Park Service saw fit to take that land, partially from State ownership, partially from private ownership, and create an area to be enjoyed by all Americans. They did not lose that opportunity. They created something permanent, a thing of beauty, a thing to change the quality of life for this generation and for all generations to come. Just as we did not lose that opportunity, Mr. President, let us not lose this opportunity. Let us not fail to make that moral commitment, to set that goal, to make that statement of priority and, hopefully, to preserve for generations to come the promise of the kind of outdoor life which we enjoy in the United States today.

I ask favorable consideration of the bill.

Mr. President, I ask if my colleagues desire a rollcall?

The PRESIDING OFFICER (Mr. Goldwater). Are the yeas and nays requested? The Chair hears no such request.

The first committee amendment will be stated.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the commitment amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments are considered and agreed to en bloc.

The commitment amendments agreed to en bloc are as follows:

On page 3, line 7, strike out:

"(2) Development.—For development of basic outdoor recreation facilities to serve the general public, including development of Federal lands under lease to States for terms of twenty-five years or more: *Provided, however,* That not more than 25 per centum of the total amount allocated to a State in any one year under this Act for recreation purposes may be approved by the Secretary for the planning and development of sheltered facilities for recreation activities normally pursued outdoors within areas where the Secretary determines that (1) the unavailability of land or climatic conditions provide no feasible or prudent alternative to serve identified unmet demands for recreation resources; and (2) the increased public use thereby made possible justifies the construction of such facilities.".

And insert in lieu thereof:

"(2) Development.—For development of basic outdoor recreation facilities to serve the general public, including the development of Federal lands under lease to States for terms of twenty-five years or more: *Provided, however,* That not more than 25 per centum of the total amount allocated to a State in any one year may be approved by the Secretary for the planning and development of sheltered facilities for swimming pools and ice skating rinks in areas where the Secretary determines that (1) the unavailability of land or climatic conditions provide no feasible or prudent alternative to serve identified unmet demands for recreation resources; and (2) the increased public use thereby made possible justifies the construction of such facilities.".

On page 5, line 14, insert:

except migratory waterfowl areas which are authorized to be acquired by the Migratory Bird Conservation Act of 1929, as amended (16 U.S.C. 715–7155);

On page 7, line 15, insert the following:

Sec. 202. The Act of October 15, 1966 (80 Stat. 915), as amended, is further amended as follows:

(a) Section 106 is amended by inserting after the words "included in" the phrase "or eligible for inclusion in".

(b) Section 201(a) is amended by—

(1) inserting after the word "established" the phrase "as an independent agency of the United States Government";

(2) striking the phrase "twenty members" and inserting in lieu thereof the phrase "twenty-eight members";

(3) adding the following after paragraph (8) and renumbering paragraphs "(9)" and "(10)" as paragraphs "(14)" and "(15)";

"(9) The Secretary of State.

"(10) The Secretary of Defense.

"(11) The Secretary of Health, Education, and Welfare.

"(12) The Chairman of the Council on Environmental Quality.

"(13) The Chairman of the Federal Council on the Arts and Humanities.";

(4) inserting the following new subsection:

"(16) The President of the National Conference of State Historic Preservation Officers.";

(5) striking the word "Ten" in paragraph (11), inserting the word "Twelve" in lieu thereof, and renumbering the paragraph as paragraph "(17)".

(c) Section 201(b) is amended by—

(1) striking the term "(10)" and inserting in lieu thereof the term "(16)";

(2) striking the phrase "department or agency" and inserting in lieu thereof the phrase "department, agency, or organization".

(d) Section 201(c) is amended by striking the term "(11)" and inserting in lieu thereof the term "(17)".

(e) Section 201(e) is amended by inserting after the word "Chairman" the phrase "and the Vice Chairman" and by adding the following sentence at the end of the subsection: "During the absence or disability of the Chairman or when the office is vacant, the Vice Chairman shall act in the place of the Chairman.".

(f) Section 201(f) is amended by striking the word "Eleven" and inserting in lieu thereof the word "Fifteen".

(g) Section 201(g) is amended by deleting the entire section.

(h) Section 204 is amended by striking the term "(10)" in the first sentence and inserting in lieu thereof the term "(16)", and by striking the term "(11)" in the second sentence and inserting in lieu thereof the term "(17)".

(i) Section 205 is amended by—

(1) striking the first sentence of subsection (a) and redesignating the subsection as subsection (f);

(2) inserting the following new subsection (a):

"(a) There shall be an Executive Director of the Council who shall be appointed in the competitive service by the Chairman with the concurrence of the Council. The Executive Director shall report directly to the Council and perform such functions and duties as the Council may prescribe;

(3) redesignating subsection (b) as subsection (d) and striking the word "Council" and inserting in lieu thereof the phrase "Executive Director";

(4) inserting the following new subsection (b):

"(b) The Council shall have a General Counsel, who shall be appointed by the Executive Director. The General Counsel shall report directly to the Executive Director and serve as the Council's legal advisor. The Executive Director shall appoint such other attorneys as may be necessary to assist the General Counsel, represent the Council in courts of law whenever appropriate, assist the Department of Justice in handling litigation concerning the Council in courts of law, and perform such other legal duties and functions as the Executive Director and the Council may direct.";

(5) inserting the following new subsection (c):

"(c) The Executive Director of the Council may appoint and fix the compensation of such officers and employees in the competitive service as are necessary to perform the functions of the Council at rates not to exceed that now or hereafter prescribed for the highest rate for grade (15) of the General Schedule under section 5332 of title 5, United States Code: *Provided, however,* That the Executive Director, with the concurrence of the Chairman, may appoint and fix the compensation of not to exceed five employees in the competitive service at rates not to exceed that now or hereafter prescribed for the highest rate of grade 17 of the General Schedule under section 5332 of title 5, United States Code.";

(6) striking subsection (c) and inserting the following new subsection (e):

"(e) The Executive Director of the Council is authorized to procure expert and consultant services in accordance with the provisions of section 3109 of title 5, United States Code.";

(7) redesignating subsection (d) as subsection (g), striking the last sentence and substituting in lieu thereof the following: "The members of the Council specified in paragraphs (1) through (14) of section 201 (a) shall provide the Council, with or without reimbursement as may be agreed upon by the Chairman and the members, with such funds, personnel, facilities, and services under their jurisdiction and control as may be needed by the Council to carry out its duties, to the extent that such funds, personnel, facilities, and services are requested by the Council and are otherwise available for that purpose. To the extent of available appropriations, the Council may obtain, by purchase, rental, donation, or otherwise, such additional property, facilities, and services as may be needed to carry out its duties.".

Sec. 203. The Act of October 15, 1966 (80 Stat. 915), as amended, is further amended by adding the following new sections:

"Sec. 207. So much of the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, held, used, programed, or available or to be made available by the Department of the Interior in connection with the functions of the Council, as the Director of the Office of Management and Budget shall determine, shall be transferred from the Department to the Council within 60 days of the effective date of this Act.

"Sec. 208. Any employee in the competitive service of the United States transferred to the Council under the provisions of this section shall retain all the rights, benefits, and privileges pertaining thereto held prior to such transfer.

"Sec. 209. The Council is exempt from the provisions of the Federal Advisory Committee Act (86 Stat. 770), and the provisions of the Administrative Procedure Act (80 Stat. 381) shall govern the operations of the Council.

"Sec. 210. Whenever the Council transmits any legislative recommendations, or testimony, or comments on legislation to the President or the Office of Management and Budget, it shall concurrently transmit copies thereof to the House Committe on Interior and Insular Affairs and the Senate Committee on Interior and Insular Affairs. No officer or agency of the United States shall have any authority to require the Council to submit its legislative recommendations, or testimony, or comments on legislation to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress. In instances in which the Council voluntarily seeks to obtain the comments or review of any officer or agency of the United States, the Council shall include a description of such actions in its legislative recommendations, testimony, or comments on legislation which it transmits to the Congress.

"Sec. 211. The Council is authorized to promulgate such rules and regulations as it deems necessary to govern the implementation of section 106 of this Act.

"Sec. 212. (a) The Council shall submit its budget annually as a related agency of the Department of the Interior. To carry out the provisions of this title, there are authorized to be appropriated not more than $1,250,000 in fiscal year 1976, $1,500,000 in fiscal year 1977, and $1,750,000 in fiscal year 1978, and $2,000,000 in fiscal year 1979.

"(b) Whenever the Council submits any budget estimate or request to the President or the Office of Management and Budget, it shall concurrently transmit copies of that estimate or request to the House and Senate Appropriations Committees and the House Committee on Interior and Insular Affairs and the Senate Committee on Interior and Insular Affairs."

SEC. 204. Section 5316 of title 5 of the United States Code is amended by adding at the end thereof the following new paragraph:

"(135) Executive Director, Advisory Council on Historic Preservation.".

Mr. MOSS. Mr. President, enactment of the bill before us today would bring great joy to many people in my State of Utah.

Utah abounds in underdeveloped outdoor recreational areas, and unrestored historic buildings and sites, and the enactment of S. 327 would help us enormously in the development of all of them.

Its enactment would benefit the State in two important ways:

First. Provide more Federal funds to match State money for basic outdoor recreational areas such as State parks, city parks, city golf courses, and sheltered swimming pools; and

Second. Expand and extend the Historic Preservation Act, broaden its concept, and bring specifically under its provisions the so-called Meeting House program through which the State hopes to acquire and restore the historic Devereaux House in Salt Lake City.

Utah has made enormous and wise use of Land and Water Conservation Act funds in developing basic outdoor recreational facilities in the past. If the Congress will raise the level of land and water conservation funds from $320 million now available each year to the $1 billion annually provided by S. 327, it will give the State a chance to develop the many projects for which there are willing local sponsors or State funds, but no matching Federal funds.

Since the Land and Water Conservation Fund Act became law in 1965—and I am happy to have been active in passing that original legislation—Utah has received $14,652,000 in Federal funds which it has matched according to the formula provided. Of this amount $1,300,000 was money from the Secretary of the Interior's contingency funds, for special projects.

In fiscal 1975, Utah received a total of $1,972,000 in Federal money, and under present funding levels, can expect to receive about the same amount in fiscal 1976.

But the State now has on hand requests from 46 different sponsors in the State for money for new projects, and from 7 existing projects for additional money for further improvements. The total amount requested in these 46 new applications and 7 supplemental applications is $5,119,000. This means that twice as much Federal money could be matched than is available—that Utah counties and other sponsors are ready to spend twice as much money in developing outdoor recreational facilities as the Federal Government is ready to spend as its share. It is estimated that if the Federal funding is not increased, only 29 of the 46 applications can be acted upon favorably. However, if S. 327 is enacted, and the present formula for funding is adhered to, Utah could expect to receive about $6.5 million a year in matching Federal funds. As is readily apparent, all present applications could be funded, and other projects now waiting in the wings could be considered as well.

Among Utah projects financed by land and water funds in fiscal 1975 are the Provo-Jordan River Parkway which will create a green belt along the famous Jordan River, the Summit Park Golf Course at Smithfield, the Kanab City Golf Course, and the Valley Regional Park.

Projects for which application has been made for fiscal 1976 funds include the St. George City Golf Course, the Green River City Park, the Kaysville City Park, and the Great Salt Lake Park on the northern end of Antelope Island. Since developments of the latter will require a total of $3 million, and $1½ million is required the first year, it is apparent that such development cannot go forward since this one project would eat up almost all of the year's Federal funding in one gulp.

Need I say more? A substantial increase in Federal matching land and water conservation funds would be most welcome in Utah, and would be put to very good use. We could really begin to develop our magnificent recreational potential and protect our natural resources in a realistic way.

So I strongly support title 1 of S. 327, as amended by the committee. I would point out, as my colleagues from the Interior Committee have already stressed, S. 327 will not authorize any additional expenditures than are already authorized under existing statutes. The $700 million national backlog of requests for funds is already fully authorized, with the money to come from revenues generated by the depletion of our natural resources.

Title II of S. 327 is equally significant to Utah. The National Historic Preservation Act of 1966 must be extended, and this bill does it. It also makes some wise adjustments to grant formulas, and establishes a special fund in the Treasury of the United States to be known as the National Historic Preservation Fund with $150 million annually covered into the fund from revenues accruing from the Outer Continental Shelf Lands Act. So again, funds would be provided without additional authorization, but requiring appropriation each year, for a backlog of unfunded projects, which, along with a national program using tax incentives, and other administration machinery, would guarantee an orderly approach to restoration of historic properties and sites in this country.

I want to especially commend the committee for bringing under the provisions of the Historic Preservation Act the meeting house program, since Utah cannot afford the entire Devereaux House restoration by itself, but with Federal assistance, would undoubtedly try to restore this graceful old mansion, located in downtown Salt Lake City, where it could be made a focus for the preservation of the area's physical and cultural heritage thereafter. There is great interest in this project in the State, and it is backed by many private and public groups.

I hope, Mr. President, that the Senate will pass S. 327, without further delay.

Mr. TUNNEY. Mr. President, the Senate is today considering S. 327, which amends the Land and Water Conservation Fund Act of 1965 and establishes the National Historic Preservation Fund. A similar measure was passed by the Senate just prior to the end of the 93d Congress last year, so it became necessary to reintroduce the bill and I was delighted to once again become a cosponsor of this urgently needed legislation.

One of the areas of pressing concern to many local governments in California is the need for greater Federal assistance in order to meet the demands for additional recreational opportunities in the State. These needs are increasing daily and there simply is not sufficient money available at the present time or in the foreseeable future to meet these needs. It is for that reason that the land and water conservation fund was created in 1964.

It provides for a program of matching grants to State and local governments for the planning, acquisition and development of outdoor recreation lands. The money for this program, which is currently authorized at a level of $300 million per year, is obtained from Federal receipts from the Outer Continental Shelf leasing program.

Presently the fund is distributed on a 60–40 basis; 60 percent of the appropriations is used for matching grants and the remaining 40 percent is used for Federal land acquisition. Under the provisions of S. 327 this formula will not be altered as it provides an equitable allocation of moneys between the States and the Federal Government.

However, the bill does make several important changes in the amount of money authorized and the method of distributing those funds.

Title I of S. 327 raises the fund's minimum annual level from $300 million to $1 billion and eliminates the current restriction on any State receiving more than 7 percent of the total allocation, by upping each State's eligibility to 10 percent. As a result, California will be entitled to receive approximately $42 million, an increase of $29 million over the present allocation of $12.4 million.

In addition, the bill provides for a matching fund of 50 percent for planning and development projects and up to 70 percent for acquisition programs. Also of importance to California is section 101(e), which provides that 25 percent of a State's annual allocation be made available for construction of sheltered facilities, such as swimming pools and ice skating rinks. The purpose of such an allocation is to make these facilities available for year round use rather than restricting them to seasonal activities and thereby assure maximum utilization.

In my view, it is absolutely essential that the Federal Government continue to encourage State and local governments to develop both indoor and outdoor recreational opportunities and to provide the financial assistance that will guarantee the acquisition of land and the construction of appropriate facilities. S. 327 will accomplish this goal and I hope that Congress will pass this measure quickly.

Another area that has been overlooked in recent years is that of preservation of significant historic properties. The National Historic Preservation Act of 1966 was intended to meet the needs of the States in this regard by creating a program of matching grants, funded at the level of $25 million annually. However, the requests of preservation moneys have escalated to the point that they now exceed $180 million and it is apparent that an amendment increasing the amount of funds available was long overdue. Therefore, title II of the bill provides $150 million to be made available to the States in the form of matching grants on a 70–30 basis for planning and inventory purposes and for actual preservation of sites of national significance.

It is important that we act now to insure the preservation of some of our most important historical structures and this program, with increased funding, can provide the impetus for such an effort.

Mr. BEALL. Mr. President, as my colleagues know, I have long taken an active interest in efforts to preserve our Nation's historic sites, structures, and buildings. S. 667, the Historic Structures Tax Act, which I introduced earlier this year would, if enacted, redirect our Federal tax system in such a way as to strongly encourage historic preservation. The 19 cosponsorships my bill has received reflect a broad range of political support in both parties.

The Federal role in historic preservation largely developed as a result of the enactment of the National Historic Preservation Act of 1966, which established a program of matching grants to States to preserve properties of historical significance.

Title II of S. 327 extends and expands the National Historic Preservation Act of 1966, and it grants greater independence to the Advisory Council on Historic Preservation. The work of the Advisory Council and the advisory opinions it issues has been an important component in the Federal commitment to historic preservation.

Mr. President, in fiscal year 1969 the Congress appropriated $100,000 for the grant program authorized by the National Historic Preservation Act of 1966. In fiscal year 1975 that appropriation had increased to $20 million. Not only has the Federal appropriation increased dramatically, but the demand for these grants has increased even faster. The National Park Service has received requests for matching funds from State, local, and/or private sources totaling $214 million. These requests are met by an appropriation of $20 million.

Mr. President, as we approach our Bicentennial celebration, interest in and support for historic preservation is rapidly growing. I believe that this is a healthy development because it makes our cities and towns more livable, thus improving the quality of life for all Americans. I would, therefore, urge the Senate to act favorably on this measure.

The **PRESIDING OFFICER**. The bill is open for further amendment. If there are no further amendments to be proposed, the question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 327

An act to amend the Land and Water Conservation Fund Act of 1965, as amended, to establish the National Historic Preservation Fund, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—LAND AND WATER CONSERVATION FUND

Sec. 101. The Land and Water Conservation Fund Act of 1965 (78 Stat. 897), as amended (16 U.S.C. 4601–4 et seq.), is further amended as follows:

(a) In clause (1) of section 2(c) strike out "and not less than $300,000,000 for each fiscal year thereafter through June 30, 1989" and insert in lieu thereof "not less than $300,000,000 for each of the fiscal years 1971 through 1974, and not less than $1,000,000,000 for each of the fiscal years thereafter through June 30, 1989". In clause (2) of section 2(c) strike out "or $300,000,000" and insert in lieu thereof ", $300,000,000 or $1,000,000,000".

(b) In the third sentence of section 6(b), delete "7" and substitute "10", and at the end of the fifth sentence of said section change the period to a comma and add "without regard to the 10 per centum limitation to an individual State specified in this subsection.".

(c) The first sentence of section 6(c) of the Act is amended to read as follows: "Payments to any State shall not cover more than 50 per centum of the cost of planning or development projects, and not more than 70 per centum of the cost of acquisition projects, which are undertaken by the State.".

(d) Subsection (d) of section 6 is amended by inserting the following new language after the first sentence: "Each State requesting assistance under this Act shall submit its plan to all relevant areawide planning agencies designated pursuant to section 204 of the Demonstration Cities and Metropolitan Development Act of 1968 and for title IV of the Intergovernmental Cooperation Act of 1968. The Secretary is directed to consider any views or comments submitted to him by such agencies as well as by any subdivision of a State, which views have first been submitted to the Governor of such State, in his evaluation of the statewide plan and in his consideration of individual projects pursuant to subsection (f) of this section.".

(e) In section 6(e) delete the paragraph numbered (2) and substitute the following paragraph:

"(2) Development.—For the development of basic outdoor recreation facilities to serve the general public, including the development of Federal lands under lease to States for terms of twenty-five years or more: *Provided, however*, That not more than 25 per centum of the total amount allocated to a State in any one year may be approved by the Secretary for the planning and development of sheltered facilities for swimming pools and ice skating rinks in areas where the Secretary determines that (1) the unavailability of land or climatic conditions provide no feasible or prudent alternative to serve identified unmet demands for recreation resources; and (2) the increased public use thereby made possible justifies the construction of such facilities.".

(f) The fourth paragraph of subsection (f) of section 6 is amended by deleting "and (2)" and inserting in lieu thereof "(2) provide to the Secretary not later than 90 days after the close of each fiscal year, a list of all projects funded during that fiscal year, including, but not limited to, a description of each project, the amount of Federal funds employed in such project, the source of other funds, and the estimated cost of completion of the project, and (3)".

(g) Section 7(a)(1) of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601–9(a)(1)) is amended by striking out:

"Endangered Species and Threatened Species.—For lands, waters, or interests therein, the acquisition of which is authorized under section 5(a) of the Endangered Species Act of 1973, needed for the purpose of conserving endangered or threatened species of fish or wildlife or plants.

"Recreation at Refuges.—For the incidental recreation purposes of section 2 of the Act of September 28, 1962 (76 Stat. 653; 16 U.S.C. 400k–1); and"

and insert in lieu thereof the following:

"National Wildlife Refuge System.—Acquisition for (a) endangered species and threatened species authorized under section 5(a) of the Endangered Species Act of 1973; (b) areas authorized by section 2 of the Act of September 28, 1962, as amended (16 U.S.C. 460k–1); (c) national wildlife refuge areas under section 7(a)(5) of the Fish and Wildlife Act of 1956 (16 U.S.C. 742f(5)), except migratory waterfowl areas which are authorized to be acquired by the Migratory Bird Conservation Act of 1929, as amended (16 U.S.C. 715–715s); (d) any areas authorized for the Wildlife Refuge System by specific Acts; and".

TITLE II

National Historic Preservation Fund

Sec. 201. The Act of October 15, 1966 (80 Stat. 915), as amended (16 U.S.C. 470), is amended as follows:

(a) Subsection (c) of section 102 is redesignated as subsection (d), and the following new subsection (c) is inserted before said subsection:

"(c) The Secretary may in his discretion waive the requirements of paragraph (3) of subsection (a) of this section for the purposes of making grants (i) for the preparation of statewide historic preservation plans and surveys and project plans, (ii) for projects to preserve historic properties of national significance, (iii) for projects to demonstrate methods and techniques of historic preservation, and (iv) for projects to restore certain historic properties with a view to designating and preserving such properties for use as meeting houses in connection with this Nation's bicentennial. Any grant made pursuant to this subsection may not exceed 70 per centum of the cost of a project, and the total of such grants made pursuant to this subsection in any one fiscal year may not exceed one-half of the funds appropriated for the fiscal year pursuant to section 108 of this Act.".

(b) Amend section 103(a) by deleting "*Provided, however*, That the amount granted to any one State shall not exceed 50 per centum of the total cost of the comprehensive statewide historic survey and plan for that State, as determined by the Secretary,".

(c) Amend section 108 to read as follows:

"SEC. 108. To carry out the provisions of this Act, there is hereby established in the Treasury of the United States a special fund to be known as the National Historic Preservation Fund (hereafter referred to as the 'Fund'). During the period commencing July 1, 1974, and ending June 30, 1979, there shall be covered into such Fund $150,000,000 annually from revenues due and payable to the United States under the Outer Continental Shelf Lands Act (67 Stat. 462, 469), as amended (43 U.S.C. 1338), and/or under the Act of June 4, 1920 (41 Stat. 813), as amended (30 U.S.C. 191), which otherwise would be credited to miscellaneous receipts of the Treasury. Such moneys shall be used only to carry out the purposes of this Act. Moneys covered into the Fund shall be available for expenditure only when appropriated therefor. Any moneys not appropriated shall remain available in the Fund until appropriated for said purposes: *Provided*, That appropriations made pursuant to this paragraph may be made without fiscal limitation.".

SEC. 202. The Act of October 5, 1966 (80 Stat. 915), as amended, is further amended as follows:

(a) Section 106 is amended by inserting after the words "included in" the phrase "or eligible for inclusion in".

(b) Section 201(a) is amended by—

(1) inserting after the word "established" the phrase "as an independent agency of the United States Government";

(2) striking the phrase "twenty members" and inserting in lieu thereof the phrase "twenty-eight members";

(3) adding the following after paragraph (8) and renumbering paragraphs "(9)" and "(10)" as paragraphs "(14)" and "(15)":

"(9) The Secretary of State.

"(10) The Secretary of Defense.

"(11) The Secretary of Health, Education, and Welfare.

"(12) The Chairman of the Council on Environmental Quality.

"(13) The Chairman of the Federal Council on the Arts and Humanities.";

(4) inserting the following new subsection:

"(16) The President of the National Conference of State Historic Preservation Officers.";

(5) striking the word "Ten" in paragraph (11), inserting the word "Twelve" in lieu thereof, and renumbering the paragraph as paragraph "(17)".

(c) Section 201(b) is amended by—

(1) striking the term "(10)" and inserting in lieu thereof the term "(16)";

(2) striking the phrase "department or agency" and inserting in lieu thereof the phrase "department, agency, or organization".

(d) Section 201(c) is amended by striking the term "(11)" and inserting in lieu thereof the term "(17)".

(e) Section 201(e) is amended by inserting after the word "Chairman" the phrase "and the Vice Chairman" and by adding the following sentence at the end of the subsection: "During the absence or disability of the Chairman or when the office is vacant, the Vice Chairman shall act in the place of the Chairman.".

(f) Section 201(f) is amended by striking the word "Eleven" and inserting in lieu thereof the word "Fifteen".

(g) Section 201(g) is amended by deleting the entire section.

(h) Section 204 is amended by striking the term "(10)" in the first sentence and inserting in lieu thereof the term "(16)", and by striking the term "(11)" in the second sentence and inserting in lieu thereof the term "(17)".

(i) Section 205 is amended by—

(1) striking the first sentence of subsection (a) and redesignating the subsection as subsection (f);

(2) inserting the following new subsection (a):

"(a) There shall be an Executive Director of the Council who shall be appointed in the competitive service by the Chairman with the concurrence of the Council. The Executive Director shall report directly to the Council and perform such functions and duties as the Council may prescribe;

(3) redesignating subsection (b) as subsection (d) and striking the word "Council" and inserting in lieu thereof the phrase "Executive Director";

(4) inserting the following new subsection (b):

"(b) The Council shall have a General Counsel, who shall be appointed by the Executive Director. The General Counsel shall report directly to the Executive Director and serve as the Council's legal advisor. The Executive Director shall appoint such other attorneys as may be necessary to assist the General Counsel, represent the Council in courts of law whenever appropriate, assist the Department of Justice in handling litigation concerning the Council in courts of law, and perform such other legal duties and functions as the Executive Director and the Council may direct.";

(5) inserting the following new subsection (c):

"(c) The Executive Director of the Council may appoint and fix the compensation of such officers and employees in the competitive service as are necessary to perform the functions of the Council at rates not to exceed that now or hereafter prescribed for the highest rate for grade (15) of the General Schedule under section 5332 of title 5, United States Code. *Provided, however*, That the Executive Director, with the concurrence of the Chairman, may appoint and fix the compensation of not to exceed five employees in the competitive service at rates not to exceed that now or hereafter prescribed for the highest rate of grade 17 of the General Schedule under section 5332 of title 5, United States Code.";

(6) striking subsection (c) and inserting the following new subsection (e):

"(e) The Executive Director of the Council is authorized to procure expert and consultant services in accordance with the provisions of section 3109 of title 5, United States Code.";

(7) redesignating subsection (d) as subsection (g), striking the last sentence and substituting in lieu thereof the following: "The members of the Council specified in paragraphs (1) through (14) of section 201 (a) shall provide the Council, with or without reimbursement as may be agreed upon by the Chairman and the members, with such funds, personnel, facilities, and services under their jurisdiction and control as may be needed by the Council to carry out its duties, to the extent that such funds, personnel, facilities, and services are requested by the Council and are otherwise available for that purpose. To the extent of available appropriations, the Council may obtain, by purchase, rental, donation, or otherwise, such additional property, facilities, and services as may be needed to carry out its duties.".

SEC. 203. The Act of October 15, 1966 (80 Stat. 915), as amended, is further amended by adding the following new sections:

"SEC. 207 So much of the personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, held, used, programed, or available or to be made available by the Department of the Interior in connection with the functions of the Council, as the Director of the Office of Management and Budget shall determine, shall be transferred from the Department to the Council within 60 days of the effective date of this Act.

"SEC. 208. Any employee in the competitive service of the United States transferred to the Council under the provisions of this section shall retain all the rights, benefits, and privileges pertaining thereto held prior to such transfer.

"SEC. 209. The Council is exempt from the provisions of the Federal Advisory Committee Act (86 Stat. 770), and the provisions of the Administrative Procedure Act (80 Stat. 381) shall govern the operations of the Council.

"SEC. 210. Whenever the Council transmits any legislative recommendations, or testimony, or comments on legislation to the President or the Office of Management and Budget, it shall concurrently transmit copies thereof to the House Committee on Interior and Insular Affairs and the Senate Committee on Interior and Insular Affairs. No officer or agency of the United States shall have any authority to require the Council to submit its legislative recommendations, or testimony, or comments on legislation to any officer or agency of the United States for approval, comments, or review, prior to the submission of such recommendations, testimony, or comments to the Congress. In instances in which the Council voluntarily seeks to obtain the comments or review of any officer or agency of the United States, the Council shall include a description of such actions in its legislative recommendations, testimony, or comments on legislation which it transmits to the Congress.

"SEC. 211. The Council is authorized to promulgate such rules and regulations as it deems necessary to govern the implementation of section 106 of this Act.

"SEC. 212. (a) The Council shall submit its budget annually as a related agency of the Department of the Interior. To carry out the provisions of this title, there are authorized to be appropriated not more than $1,250,000 in fiscal year 1976, $1,500,000 in fiscal year 1977, and $1,750,000 in fiscal year 1978, and $2,000,000 in fiscal year 1979.

"(b) Whenever the Council submits any budget estimate or request to the President or the Office of Management and Budget, it shall concurrently transmit copies of that estimate or requests to the House and Senate Appropriations Committees and the House Committee on Interior and Insular Affairs and the Senate Committee on Interior and Insular Affairs.".

SEC. 204. Section 5316 of title 5 of the United States Code is amended by adding at the end thereof the following new paragraph:

"(135) Executive Director, Advisory Council on Historic Preservation.".

TITLE III

SEC. 301. Notwithstanding any other provision of law, any appointment to the following Federal offices after the date of enactment of this Act shall be made by the President by and with the advice and consent of the Senate—

(1) Director of the Bureau of Land Management;

(2) Director of the National Park Service;

(3) Director of the Bureau of Outdoor Recreation;

(4) Commissioner of Reclamation; and

(5) Governor of American (Eastern) Samoa.

TITLE IV—STATES OIL SHALE FUNDS

SEC. 401. Section 35 of the Act of February 25, 1920 (41 Stat. 450), as amended (30 U.S.C. 191), is further amended by striking the period at the end of the proviso and inserting in lieu thereof the language as follows: ": *And provided further*, That all moneys paid to any State from sales, bonuses, royalties, and rentals of oil shale in public lands may be used by such State and its subdivisions for planning, construction, and maintenance of public facilities, and provision of public services, as the legislature of the State may direct giving priority to those subdivisions of the State socially or economically impacted by the development of the resource.".

Mr. JOHNSTON. I move to reconsider the vote by which the bill was passed, Mr. President.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER TO PROCEED TO CONSIDER SENATE RESOLUTION 9 ON TUESDAY NEXT; AND TIME LIMITATION AGREEMENT THEREON

Mr. ROBERT C. BYRD. Mr. President, this is a request that has been cleared with the leadership on the other side of the aisle and with the distinguished Senator from Florida (Mr. Chiles), and the distinguished Senator from Delaware (Mr. Roth), and is as follows:

I ask unanimous consent that on Tuesday next, after routine morning business has been disposed of, the Senate proceed to the consideration of Senate Resolution 9, and that there be a time limitation on that resolution of 1 hour to be equally divided between Mr. Cannon, on the one side of the question, and Mr. Chiles and Mr. Roth equally on the other side; that there be a time limitation on an amendment by Mr. Roth of 1 hour to be equally divided between Mr. Roth and Mr. Cannon; that there be a time limitation of 1 hour on an amendment of Mr. Chiles to be equally divided between Mr. Chiles and Mr. Cannon; a half hour time limitation on any other amendment to be equally divided between Mr. Cannon and the offeror of the amendment, unless Mr. Cannon should favor such amendment, in which case the time existing under the amendment will be under the control of the Republican leader or his designee; that there be a time limitation on any debatable motion or appeal, point of order, if such is submitted by the Chair to the Senate, of 20 minutes to be equally divided in accordance with the usual form; that no amendment not having to do with the holding of closed meetings of the committees be in order.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The text of the unanimous-consent agreement is as follows:

Ordered, That after the morning business on Tuesday, November 4, 1975, the Senate proceed to the consideration of S. Res. 9 (Order No. 375), a resolution amending the rules of the Senate relating to open committee meetings, and that debate on any amendment (except one to be offered by the Senator from Delaware (Mr. Roth), on which there shall be 1 hour debate, and one to be offered by the Senator from Florida (Mr. Chiles), on which there shall be 1 hour debate) shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the Senator from Nevada (Mr. Cannon), and that debate on any debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 20 minutes, to be equally divided and controlled by the mover of such and the Senator from Nevada (Mr. Cannon): *Provided,* That in the event the manager of the resolution, the Senator from Nevada (Mr. Cannon), is in favor of any such amendment, debatable motion, appeal, or point of order, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided further,* That no amendment is in order that does not deal with the subject of open committee meetings.

Ordered further, That on the question of agreeing to the said resolution, debate shall be limited to 1 hour, to be equally divided and controlled by the Senator from Nevada (Mr. Cannon) and jointly by the Senator from Delaware (Mr. Roth) and the Senator from Florida (Mr. Chiles): *Provided,* That the said Senators, or any of them, may, from the time under their control on agreeing to the said resolution, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

ORDER FOR THE CONSIDERATION OF S. 5 ON TUESDAY NEXT; AND TIME LIMITATION AGREEMENT THEREON

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that upon the disposition of Senate Resolution 9 the Senate proceed to the consideration of S. 5; that there be a time limitation on that bill of 1 hour to be equally divided between Mr. Cannon and Mr. Chiles; that the time on that bill be equally divided between the distinguished majority leader and the distinguished minority leader or their designees; that there be a time limitation on any amendment, debatable motion or appeal of 30 minutes to be equally divided and controlled in accordance with the usual form; that there be a time limitation on any point of order of 30 minutes if it is submitted to the Senate for discussion, and that the agreement be in the usual form.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The text of the unanimous consent agreement is as follows:

Ordered, That, following the disposition of S. Res. 9, the Senate proceed to the consideration of S. 5 (Order No. 343), a bill to provide that meetings of Government agencies and of congressional committees shall be open to the public, and for other purposes, and that debate on any amendment, debatable motion, appeal, or point of order which is submitted or on which the Chair entertains debate shall be limited to 30 minutes, to be equally divided and controlled by the mover of such and the manager of the bill: *Provided,* That in the event the manager of the bill is in favor of any such amendment, debatable motion, appeal, or point of order, the time in opposition thereto shall be controlled by the Minority Leader or his designee: *Provided further,* That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill, debate shall be limited to 1 hour, to be equally divided and controlled, respectively, by the Majority and Minority Leaders, or their designees: *Provided,* That the said Leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, debatable motion, appeal, or point of order.

SMALL BUSINESS EMERGENCY RELIEF ACT

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate now proceed to consideration of Calendar No. 372, S. 1259, that it be laid before the Senate and made the pending business.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 1259) to provide for emergency relief for small business concerns in connection with fixed-price government contracts.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1259) which had been reported from the Committee on Government Operations with an amendment on page 6, line 4, strike "3" and insert "4".

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATHAWAY. Mr. President, I ask unanimous consent that Mr. James Medill of the Small Business Committee be allowed the privileges of the floor during the debate and vote on this measure.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATHAWAY. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is S. 1259.

Mr. HATHAWAY. I thank the Chair.

The PRESIDING OFFICER. The Senator from Maine is recognized.

Mr. HATHAWAY. Mr. President, S. 1259, which I introduced on March 20, and H.R. 5541, which passed the House, have the common aim of providing emergency relief for the small business concerns which are encountering unavoidable difficulty in performing their fixed price contracts with the Government because of the effect of the rapid rate of inflation.

In May of last year, the Small Business Committee's Subcommittee on Government Procurement, of which I am chairman, held a hearing on the problems of small businessmen in performing Government contracts. In that hearing, numerous small businessmen testified about the difficulty they were having in performing their fixed price contracts with the Government because of material shortages and inflation. Prices for materials had skyrocketed during the time these small businesses were performing their contracts, yet they were obliged to continue performance at the fixed prices appearing in their contracts. These small business concerns were in deep trouble, many to the point of bankruptcy, trying to honor their contracts with the Government.

Government contracting officers, on the whole, have been sympathetic to the small business contractors caught in this bind, but they have consistently taken the position that they have no authority to provide any form of relief in the absence of some authority provided by legislation.

S. 1259 which is before us today would grant a measure of relief. While it would not make the contractor whole by adjusting the contract price, it would provide for a termination of the contract and would relieve the contractor from his obligation to perform further under the contract. This is the same remedy which the Senate provided when it passed S. 3619 in October of last year. Unfortunately, due to the press of other matters in the closing days of the last session, the House did not act on S. 3619.

S. 3619, as introduced by me in the last Congress, provided for the modification of a small business fixed price contract to give the contractor additional money, but S. 3619 as reported by the Government Operations Committee last year and passed by the Senate provided only for termination of the contract and not for the adjustment of the contract price. Being mindful of the objection of the committee and Government agencies to price modification in contracts, and in the hope of providing expeditious relief to the small business contractors, in this Congress, I introduced S. 1259 in the same form as S. 3619 as passed by the Senate last year.

The situation which the bill before us seeks to correct is not caused by poor business judgment because it has been so widespread. Cost increases have been experienced generally by all business concerns in the market at the same time, but small business has been hurt more seriously than big business. Unfortunately, small firms do not have the economic ability to withstand substantial losses and ride out the storm. They have been caught in a situation which is not of their making and they are in dire need of help.

I urge my colleagues in the Senate to join with me in voting for S. 1259 so that a measure of expeditious relief may be granted to those small businesses who are in deep trouble today trying to honor fixed price Government contracts which they were awarded prior to the time of material shortages and sharply increasing costs.

Mr. GARY HART. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. There is a committee amendment.

The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The PRESIDING OFFICER. The clerk will report the amendment of the Senator from Colorado.

The assistant legislative clerk read as follows:

The Senator from Colorado (Mr. GARY HART) proposes an amendment.

Mr. GARY HART. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, line 9, strike the word "encounter" and substitute in lieu thereof: have suffered or can be expected to suffer serious financial loss because of.

On page 2, strike lines 12 to 14 and substitute in lieu thereof:

(2) the term "small business concern" means any concern which falls under the size limitations of the Small Business Administrator's "Definitions of Small Business for Government Procurement" or the Small Business Administrator's "Definitions of Small Business for SBA Loans."

On page 2 strike all of line 24, and substitute in lieu thereof the following: of contract compliance which have suffered or can be expected to suffer serious financial loss; and

Mr. GRIFFIN. Mr. President, may I ask was the previous amendment the committee amendment?

The PRESIDING OFFICER. Yes.

Mr. GRIFFIN. This is not a committee amendment?

The PRESIDING OFFICER. It is an unprinted amendment.

Mr. GARY HART. Mr. President, the amendment which I submitted proposes three technical changes in the bill but will not alter the intent of the legislation as described in the committee report.

The committee report states that the purpose of the bill is to provide relief to small businesses "whose very existence is in jeopardy" because of unanticipated cost increases during the period in which price controls were placed on some, but not all, portions of the economy and during the early months of the energy crisis.

To make more specific that intent, I propose to add to the policy section, and to the authority section, language that would require that a small business must show a financial loss on a fixed price Government contract to qualify for relief. This additional language is intended to eliminate the possibility that some firm might seek termination of a contract merely because it saw an opportunity to make greater profits elsewhere, thus unnecessarily increasing Government procurement costs.

Also, I propose new language to more specifically define the term "small business." The existing language refers to a section of the Small Business Act under which the SBA and other agencies have subsequently issued a whole series of specific size definitions for a variety of programs. In my view, it is not clear which of the many size regulations should be applied. To eliminate any potential confusion, my amendment specifically cites the CBA size definitions for Government procurement—the most directly applicable—and for SBA loans—because those size definitions are the most comprehensive.

In summary, my amendment makes only technical changes and it is my hope that the amendment will be acceptable to the committee.

Mr. HATHAWAY. Mr. President, I have looked over the amendment of the Senator from Colorado and I have discussed it with him. I think it is an excellent amendment and it clarifies what the intent of the committee was with respect to the bill, and I have no objection whatsoever to accepting it.

Mr. GRIFFIN. Mr. President, will the Senator from Colorado yield to me?

Mr. GARY HART. Yes.

Mr. GRIFFIN. From the reading of his amendment I believe I will support it. But, at the moment, I am awaiting some representation from the Committee on Government Operations from this side of the aisle. Although the Senate was on notice that this bill would be brought up, members of the committee did not know the precise hour and, as of now, we do not have a manager of the bill on this side of the aisle. But I hope the Senator from Colorado will understand and bear with me if I ask for a quorum call before the amendment can be acted upon.

Mr. GARY HART. I certainly agree to that and I would accede to the request of the Senator from Michigan and the disposition of the matter according to the desires of the Senator from Maine.

Mr. HATHAWAY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, the Senate will stay in session tonight and dispose of all amendments in connection with the pending business except the Brock amendment.

ORDER FOR RECESS OR ADJOURNMENT UNTIL 10 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate recesses or adjourns tonight that it stand in recess or adjournment until the hour of 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

SMALL BUSINESS EMERGENCY RELIEF ACT

The Senate continued with the consideration of the bill (S. 1259) to provide for emergency relief for small business concerns in connection with fixed-price Government contracts.

ORDER FOR DEBATE ON THE BROCK AMENDMENT TO BEGIN AT 10:30 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the debate on the Brock amendment begin at the hour of 10:30 a.m. tomorrow and not extend beyond the hour of 11:30.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the disposal of the Brock amendment the Chair then turn to third reading of the bill and that the vote follow immediately.

The PRESIDING OFFICER. Without objection——

Mr. GRIFFIN. Mr. President, reserving the right to object, and I do not know that I shall, the Senator from New York (Mr. JAVITS) is in the Chamber. He is a member of the Government Operations Committee out of which this bill has been reported. The ranking member (Mr. PERCY) is not.

I personally say to the majority leader that I have not had a chance to check this arrangement with Senator PERCY. It has been checked with Senator BROCK and the arrangement concerning his amendment and vote on tomorrow I know will be satisfactory. Whether there are any other Senators who have amendments I do not happen to know and under the agreement I understand they will be blocked out unless they offer them today?

Mr. MANSFIELD. That is correct.

Mr. JAVITS. Will the Senator yield to me?

Mr. MANSFIELD. Yes.

Mr. JAVITS. I have a recollection of this bill and what it is about, but I, like Senator GRIFFIN, do not know who has an amendment or an interest in it.

Could we ask for 5 minutes to get hold of Senator PERCY to see what he knows about the lineup?

Mr. CHILES. If the Senator will yield, the only amendment I know about to the bill, and it was handled in the Government Operations Committee——

Mr. JAVITS. The Senator is managing, is he not?

Mr. CHILES. That is right.

Mr. GRIFFIN. That is the only one I know of.

Mr. CHILES. Senator HART, on our side, has some amendments.

Mr. JAVITS. Just give us 5 minutes.

Mr. MANSFIELD. All right.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHILES. Mr. President, the Senate today is considering two bills that would provide relief to small business concerns holding fixed-price Government contracts which may be on the verge of losing their business as a result of unanticipated costs of materials, supplies, and energy after price controls were lifted.

The Senate bill, S. 1259, was introduced by Senator WILLIAM HATHAWAY on March 20 of this year. An exact version of this legislation, S. 3619, was passed by the Senate last year on October 9. The measure has a considerable amount of bipartisan support from members of both the Senate Committees on Small Business and Government Operations. It was favorably reported by the Government Operations Committee on June 18, 1975.

The House version, H.R. 5541, passed that body on April 22.

The contracts affected are those entered into during the period of price controls from mid-1971 until early 1974. The price controls were lifted resulting in these small firms encountering unanticipated cost increases due to material shortages and the energy crisis.

The purpose of the bill is to grant executive agencies the latitude to terminate for the convenience of the Government any fixed-price contract between that agency and a small business concern upon a finding that:

First, during contract performance, the firm has experienced or is experiencing significant unanticipated cost increases directly related to the contract; and

Second, the conditions which have caused or are causing cost increases are being experienced generally by other small business concerns in the market at the same time and are not caused by negligence, underbidding, or other special management factors peculiar to that small business concern.

During consideration of the two bills in committee, it was decided that two major differences in the House bill made it untenable with the position of the Senate in pasing their bill last year and the executive agencies, who would have authority to provide relief under both bills.

First, while both bills grant executive agencies the latitude to terminate for the convenience of the Government an eligible, hardship fixed-price contract between an agency and a small business firm, H.R. 5541 goes further to allow agencies to modify the terms of existing fixed-price contracts to provide monetary relief to small business concerns which have encountered cost increases.

Second, the House version provides that delays in contract performance will not be reason for default if caused by a shortage of energy or petroleum products. This in part duplicates present excusable delay provisions of the default clause, standard in most Government contracts. So, this provision of the House bill is unnecessary.

The modification provision is what caused the most concern during consideration of the bill last year and to the executive agencies who would implement it.

First, the problem with modification is that it stipulates monetary relief. As a consequence, there was no way to estimate the cost impact. Estimates could run as high as $1 billion, hardly in keeping with spending restraint.

Second, executive agencies are uniformly opposed to it.

Third, it would be extremely difficult to legislate the equitable application of the modification approach.

Fourth, there would be tremendous administrative burdens of making cost comparisons in each case.

Fifth, modification estimates would be subject to uncertainty, speculation, and challenge.

Sixth, there would also be a fundamental problem with insuring equity and uniformity if we leave to the agencies the discretion of value judgments on whose contract to terminate and whose to amend.

Seventh, in the end, such relief could be characterized as a specialized Federal "Bailout."

Even though we probably cannot afford a nationwide bailout for small businesses, that does not hide the fact that many of these companies are in serious difficulty. Hearings before the Senate Select Small Business Committee last year and the House Small Business Committee this year documented the crisis and the need for an expression of congressional concern for legislative action.

So, we must find an acceptable solution, that would not require an additional outlay of money to relieve contractors, yet would provide the necessary relief to concerns facing substantial, financial losses. I believe S. 1259 is that solution.

As I understand, Mr. President, the minority has now been contacted and have no objections to the Hart perfecting amendments. We on the majority side have looked at those amendments and find no objection to them.

Mr. GRIFFIN. Maybe the Senator has received word from somebody I am not aware of.

Mr. CHILES. I understand we were told by Senator HART. I noticed that Senator PERCY was in the Chamber.

Mr. GRIFFIN. If the Senator will just be patient, I believe very shortly we can give him an answer.

Mr. CHILES. Certainly.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRIFFIN. Mr. President, I can state now that we have been in contact with Senator PERCY, who is the ranking minority member on the Committee on Government Operations, and with Senator WEICKER, who is the ranking member on the particular subcommittee inerested in this bill. Both of them are occupied at the moment, but they indicate that the time arrangement that the majority leader has suggested is satisfactory, particularly insofar as it applies to the Brock amendment tomorrow. There are no other amendments that we know of on our side. The pending amendment offered by the Senator from Colorado (Mr. GARY HART) can be agreed to.

I thank the Senator for his indulgence and patience.

Mr. CHILES. I thank the distinguished minority whip.

Mr. President, I move that the amendments as proposed by Senator HART be agreed to en bloc.

The amendments were agreed to en bloc.

Mr. MANSFIELD. Will the Senator yield?

Mr. CHILES. I yield.

Mr. MANSFIELD. I take it, Mr. President, that that is the extent of the number of amendments which will be offered tonight. There will be some remarks still to be made.

ORDER FOR ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate adjourns tonight, it convene tomorrow at the hour of 9 a.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF CERTAIN SENATORS AND DESIGNATING PERIOD FOR ROUTINE MORNING BUSINESS TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that after the joint leaders have been recognized, that the distinguished Senators from South Dakota (Mr. McGovern), from Wisconsin (Mr. Nelson), from South Dakota (Mr. Abourezk), and from Virginia (Mr. Byrd), each be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, after they have concluded their remarks, I ask unanimous consent that there be a brief period of not to exceed 15 minutes for the conduct of morning business with a time limitation of 3 minutes attached thereto.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS TOMORROW

Mr. MANSFIELD. At the hour of 10:30, to recapitulate, the Brock amendment shall be laid down and made the pending business, a vote will occur not later than 11:30, and following the vote on the Brock amendment the Chair will order third reading and the Senate will vote on final passage.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ADJOURNMENT FROM TOMORROW UNTIL MONDAY, NOVEMBER 3, 1975

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow, it stand in adjournment until the hour of 12 noon on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all committees may be authorized to meet during the session of the Senate tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

QUORUM CALL

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

Mr. NUNN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONGRESSIONAL BUDGET PROCESS—RESPONSIBLE DEFENSE POLICY OR A NUMBERS GAME?

Mr. NUNN. Mr. President, as an early advocate and a strong supporter of the new congressional budget process, I am deeply concerned about numerous press reports which refer to congressional action on the defense budget as a numbers game. If this situation continues, it will weaken and possibly destroy the credibility of the new budget process, something I do not think any of us wants to happen. This new process is intended to provide Congress with a vehicle to better plan its programs and priorities within an overall financial framework. In this difficult economy, and with increasing scarcity of key resources, it is essential that Congress restrain spending to some reasonable overall figure and Congress needs a process to do that.

I am distressed by the real possibility that, rather than a serious debate on the issues and substance of defense policy, we are focusing too much on arguments about speculative assumptions. These assumptions relate to bookkeeping procedures or predictions about what the President or some congressional committee might do in the future. If this continues, the great debate on defense and foreign policy, which is needed in this country, will degenerate into a dangerous numbers game.

The track record regarding treatment of the defense budget has not been very good. Beginning with the first budget resolution, which underestimated defense outlays, there has been great confusion about budget authority which relates to current and future defense programs and outlays which relate to the deficit. I have repeatedly warned from the beginning of the budget process that these outlay targets could not be met without massive cutbacks in defense personnel and programs. That situation remains the same today.

The actions of the House have been inconsistent as they relate to the defense budget. This situation has been extremely difficult for the Senate Budget Committee, for its chairman (Mr. Muskie), and for the Senate Armed Services and Appropriations Committees. The House voted a budget resolution with less money in it than the Senate resolution. Then the House voted a defense authorization bill substantially higher than the Senate, and did not challenge it as threatening the budget targets. As a result, the defense authorization conference report, which had made reasonable compromises with the House position, was rejected by the Senate. The House then voted an appropriations bill which it deemed higher than the budget targets. But this appropriation was not challenged. Now I understand that the House Budget Committee is considering lowering the budget authority target by over $1 billion, after the appropriations bill has passed the House. This leaves the Senate to deal with an appropriations bill the House feels is higher than the old target and the possibility of a second House budget resolution that lowers the old target. Mr. President, there simply must be some consistency of the treatment of the defense budget by both Houses in the budget resolutions, the authorization bills, and the appropriations bills.

The press has noted the apparent total confusion on the budget scorekeeping, particularly as it deals with the defense budget. The Congressional Budget Office has a scorekeeping report, the Senate Budget Committee has a different scorekeeping report, and I understand the House Budget Committee has its own internal scorekeeping methods. It is very difficult to tell where the defense budget stands by reading these scorekeeping reports. I realize this is the first year of the new budget process. I also realize the situation is being worked on. But it must be remedied, and in the very near future.

An example of this scorekeeping confusion is the treatment of aid to the Middle East. I have looked at the scorekeeping reports and various letters of the various committees regarding the defense budget. Nowhere can I find a reference to the billions of dollars of aid for the Middle East. Military aid is supposed to appear in the national defense category. I would warn everyone involved in the budgeting process that we must not delude ourselves into thinking we can provide aid to the Middle East by cutting further our own military forces. This large item ought to be addressed when the overall national defense budget category is considered, yet I find no mention of it there at this time.

Finally, within the last 10 days the press reported that the Congressional Budget Office, at the request of Senators Cranston, Eagleton, Proxmire, Kennedy, Schweiker, Mathias, Hatfield, and Case, found that the defense budget would exceed targets by some $932 million. What the press did not mention were the assumptions imposed on the Budget Office by the Senators. These assumptions—not the U.S. military budget—is what caused the defense budget category to appear over the target. For example, the Senators required the Budget Office to assume the military construction appropriation bill would be cut $225 million. Everybody knows the already passed construction authorization cut $400 million and the appropriations bill cannot exceed that figure.

Thus, $175 million, which represents $400 million minus $225 million, was erroneously added to make up the $932 million "excess." Another assumption, a very important assumption imposed upon the Budget Office, was that no reduction be made for military assistance to Cambodia. This totaled $425 million in the original President's budget. I do not believe the Senators intended to resume military aid to Cambodia, but I do not understand why it should not come out of the budget or why we should further cut our military forces to pay for this bookkeeping item. Another required assumption was that there would be no pay caps, but we know we have already voted a 5-percent pay cap at least on active military and civilian pay. This erroneous pay assumption accounts for about $900 million. Other smaller erroneous assumptions, when added to the ones mentioned here would make the defense budget about $700 million below target instead of $932 above target—excluding military aid to the Middle East which could be as much as $1.5 billion. This is using the figures that these Senators used and using the overall assumptions they used. If we take the correct assumptions instead of the incorrect assumptions, we have a totally different picture, and yet that has stirred up an awful lot of publicity, and it is really a very, very erroneous kind of bookkeeping procedure.

The point I make about all this "budgeteering" is that it does not address one single substantive issue concerning defense policy. It does not address the kinds of equipment and units or the deployments of those units we must have to carry out our foreign and defense policies. It does not address the efficiency of management of the Defense Department. It does not address anything but a series of accounting procedures and ill-defined assumptions.

I believe we must be concerned about more fundamental defense issues. We should debate the defense budget in the context of the mission we expect the defense establishment to carry out, the forces that are needed for these missions, the support that is needed for these forces, and the efficiency with which the Defense Department manages forces and their support and the resources required to pay for it all.

I add some perspective to judging where we stand if we accept the House Appropriations Committee reduction in the defense budget.

First, although we do not hear much about this in the media, our defense forces and defense budget are far below the levels we have become accustomed to through the 25 years of the cold war. Even though the defense budget is large—about $90 billion—we are not spending the money in the proportions that we did in the past. The defense budget has not kept up with the inflation. The funds for procurement and R. & D. in the House appropriations bill are only $8.7 billion higher than the amount spent in fiscal year 1964, and this was prior to the Vietnam buildup. That is a 39-percent increase. It compares with an 86-percent inflationary increase in the Wholesale Price Index. Thus, we have the situation where funds for defense investment have been increased at less than half the rate that would be needed to just stay even with inflation. It is like the homeowner who gets a $45 pay raise when his house payments have gone up $100. Similarly, military pay rates have gone up 123 percent in that period, but funds to cover that pay have only gone up 97 percent. The result is very simple. We have a lot fewer people in the military. The same with fuel prices which have increased 163 percent, and food prices which have increased 99 percent and civilian salaries which have increased 84 percent. The defense budget has simply not kept up with these price increases.

What is the result? The result is predictable.

We have a lot fewer forces in being and we are buying a lot fewer weapons than in the past. Military personnel strength has been reduced 585,000 since the 1964 pre-Vietnam levels. The number of men in the Army for each division has dropped from 59,600 to 48,700. The number of Navy ships has dropped from 917 to 490—the lowest level since 1939. The number of Air Force aircraft has dropped from 16,000 in 1964 to 9,400 in 1976—the lowest number since 1950. The numbers of troops we have deployed overseas has declined from 719,000 in 1964 to 480,000 today. As can be seen from these figures, the levels of forces the United States will have in 1976 is substantially below the levels we maintained during the 25 years of the cold war.

We are also buying fewer weapons today than in the pre-Vietnam period. For example, the 1976 President's budget request included 271 fighter attack aircraft, compared with 583 10 years ago—a 50-percent reduction. I know that the Senator from Nevada (Mr. CANNON) will address that issue specifically. There are two attack submarines in the 1976 budget, compared with six in 1965—a 66-percent reduction. There are 138 new helicopters in the 1976 budget request, compared with 1,226 in fiscal year 1965—a 90-percent reduction. There are zero new transport aircraft in the 1976 budget request, compared with 84 in 1965—a 100-percent reduction. We have seen a lot of publicity over the last weekends about the Soviet Union and about what various people have said about the rate of increase in the Soviet military budget. The Soviet Union has persistently increased their defense expenditures and military forces.

Since 1964 Soviet military manpower has increased by 1 million men and now is exactly double U.S. military strength. On average from 1972 to 1974 the Soviets produced 3,000 tanks per year, compared with 462 in the United States. They produced, annually, 1,200 cannon, compared to 170 in the United States; 930 tactical aircraft per year were produced by the Soviets compared to 540 in the United States; 39 surface ships per year for them, compared to 11 for us. In this age of so-called détente, we cannot be sure of what the Soviet intentions are. However, it is very clear that they are doggedly and gradually increasing their military capabilities year after year. There has been no dramatic increase in any one year—at the same time though the United States has been gradually and doggedly cutting its military expenditures. So those who are looking around for a straw man keep talking about the fact that the Soviet Union has not dramatically increased their military capabilities in any 1 year, and that is true, Mr. President, but when we have two countries going in opposite directions, the result over a 5-to-6-year period can indeed be dramatic, even though the difference in any one year is not dramatic. So if these trends continue, in my opinion, at some point the United States of America will clearly become militarily inferior.

I believe these are the serious issues we must face when dealing with the defense budget. We need a great debate on our foreign policy and our defense policy, but we should not mislead the American people into thinking the defense budget is simply one big numbers game and that a few billion dollars one way of another does not really matter. We must take a careful, hard and responsible look.

I believe the cuts made by the House in the defense budget have gone too far. It is hard to say precisely how much is too much—that is the job of the Appropriations Committee. However, there are a number of indicators that infer that the cuts made by the House would damage key elements of the defense budget and the defense program.

First, the original budget resolution provided for a $7 billion, 6.5 percent, cut in the overall national defense category. Thus far the House has cut about $8.5 billion, 8.2 percent, in the regular defense and military construction appropriations bills. An additional $1 billion in cuts—totaling $9.5 billion or 8.8 percent of the whole defense budget as submitted by the President has been identified as possibilities in the defense category. This $9.5 billion reduction is substantial. It is substantially more than the $7 billion cut envisioned and debated by Congress in the first budget resolution.

In other words, what we are saying is that we have cut or identified as cuts $9.5 billion, which represents $2.5 billion or 36 percent more than the original budget resolution.

Second, ships and aircraft maintenance has been a problem. In the Senate authorization bill, Senators HARTKE and BAYH offered an amendment to exclude industrially funded civilians—many of whom work in shipyards and aircraft repair plants—from congressional authorization. These Senators felt that this amendment would improve efficiency of needed ship and aircraft maintenance activities. While I opposed the amendment because I do not believe it would accomplish its purpose, I did agree with the objective of improved maintenance. In that debate, I pointed out that the authorization bill did not cut industrially funded shipyards or other activities. The cuts in previous years in these activities were made in the appropriation bill, not the authorization bill. Now we have this situation coming right back here today, in terms of what the House of Representatives has sent over in the House appropriation bill, because that bill cuts shipyards and other industrially funded activities by more than 7,000 personnel and some $200 million. I believe this reduction would further aggravate what is already a serious problem—the material condition of our ships and aircraft.

The House bill would make a $788 million cut in funds for the so-called stock funds. These funds are used to pay for the cost of inflation of a whole range of common everyday items needed to keep the forces operating and ready. Some 86 percent of these funds are for fuel and spare parts. This kind of a cut would lead to less flying, ship steaming time and training, and more equipment that could not be repaired for lack of spare parts.

It makes no sense to have 2 million men under arms and deny them the wherewithal to train or maintain their equipment.

There are a number of other areas, such as recruiting, procurement, and research and development, where the House bill may have cut too far. I will not go into detail on them at this time. However, I believe the Appropriations Committee and the Senate must give them careful scrutiny to prevent serious damage to the defense program.

The Secretary of Defense has asked the Senate Appropriations Committee to restore some $2.6 billion of the $7.6 billion cut in the House bill. In light of the tight budget situation and the nature of some of these reductions, I do not believe this much restoration is politically feasible. However, it is clear to me that at least $1 billion of the House reductions are very questionable and go beyond any cuts contemplated in previous debates. Therefore, I believe the Senate Appropriations Committee should review the detailed areas and make such reductions and restorations as may be needed to maintain a strong national defense program. I would note that Senator MUSKIE'S letter to Senator MCCLELLAN indicates that under several reasonable assumptions there is over $700 million available in the defense category to add to the appropriations bill.

Finally, I want to say a word about the upcoming second budget resolution as it relates to defense. In my opinion, the original defense budget targets must be raised in the second budget resolution. The sum of all the items in the defense category will come close—within 1 to 3 percent—of the original targets, but those targets will have to be increased by that percentage for the following reasons:

First, the outlay figure in the original targets was in error and was inconsistent with the budget authority figure. I have repeatedly pointed out this problem, and now I understand the House Budget Committee is also attempting to correct this error.

Second, I have already mentioned that already identified cuts in defense total $9.5 billion—far more than the $7 billion envisioned in the first budget resolution. The major reason for these further cuts is to try to offset other costs that have risen and that cannot be controlled by the Defense Department. This is what is so important and has been overlooked time after time in the debate on the floor of the Senate and in the various committees. Perhaps this is uncontrollable and perhaps it is not. But if any item in the budget is uncontrollable, these certainly are. These include increased pay raise costs, $0.9 billion and decreased revenues from oil reserve and stockpile sales, $0.8 billion. I do not believe our military forces should be cut to fully offset these costs totalling $1.7 billion which have nothing to do with our national security or our military forces.

Third, a similar cost that cannot be controlled by Defense Department is military aid to the Middle East. Under the current budget ground rules, Middle East military aid will appear in the defense category. There was no money for this new aid package in the President's budget or in the congressional budget resolution. This aid request, which could total as much as $1.5 billion, will have to be added to the defense budget category targets. Our own military forces should not be cut to offset this cost.

Fourth, as I have already said, the House has cut the defense budget too much and I believe the Senate should not cut that much. Although there may be some headroom already in the current targets to increase the House-passed appropriations bill, it may not be sufficient. The targets will have to be raised to accommodate this.

Finally, I believe an essential increase in the defense category can and should be offset by reductions in other non-defense budget areas.

Mr. McINTYRE. Mr. President, will the Senator yield?

Mr. NUNN. I yield.

Mr. McINTYRE. Mr. President, I congratulate the junior Senator from Georgia for the excellent statement he has made this afternoon. He has been a real wealth of help with respect to the difficult problems we on the Committee on Armed Services face almost every time we meet.

In particular, this year the junior Senator from Georgia has been a member of the Budget Committee as well as a member of the Armed Services Committee. Therefore, he has a firm understanding of the issue under discussion and has been able to delineate in debate where some of the logical transgressions or illogical transgressions have taken place, as the Budget Committee starts its work.

If our distinguished chairman were here, I know he would be echoing my remarks, in an even more elaborate manner, because I know how proud he is of the work of the junior Senator from Georgia on the Armed Services Committee.

Mr. NUNN. I thank the Senator from New Hampshire. I echo the kind remarks he has made about me so far as his efforts are concerned. He heads one of the most important committees in Congress, the Subcommittee on Research and Development of the Committee on Armed Services, and he does an excellent job in that regard. So I appreciate his remarks.

Mr. President, I yield to the Senator from Nevada.

Mr. CANNON. Mr. President, I commend the Senator from Georgia (Mr. NUNN) for his thoughtful remarks on our spending trends for national defense. I also associate myself with the remarks of the Senator from New Hampshire about the work that the Senator from Georgia has done on our committee.

I subscribe to the thesis that we already have made major reductions in the past 10 years, and we must exercise extreme caution before making further cuts, arbitrary in nature, in our defense budget.

TRENDS IN DEFENSE SPENDING

Let us look at the pertinent figures that show the trends of how much of our Nation's output is devoted to our national defense. The comparisons I will make are relative to 1964, the last "peacetime" year before the Vietnam war caused an increase in expenditures. In 1964, we devoted 8.3 percent of our gross national product to defense, whereas this year's defense budget request would have taken only 5.8 percent of the GNP, or only two-thirds as much as in 1964. It is obvious that this reduction in the percent of our gross national product being allocated to defense should mean that the numbers of people working on national defense also must have declined significantly, and the figures support this contention.

In 1964 the defense budget funded a uniformed military force level of 2.7 million whereas in 1976 it will be 2.1 million, so we have cut half a million people from our Armed Forces.

In 1964, the defense budget supported 2.3 million civilians working in defense-related industry, whereas by 1976 the proposed budget would have supported 1.5 million civilians or 800,000 fewer workers turning out defense weapons for the U.S. military.

In 1964, the defense budget supported 1 million civil service employees, civilians working directly on the Federal payroll in Government laboratories, arsenals, repair facilities, and headquarters such as the Pentagon. This year, the figure still is nearly 1 million for the civil service, so this is the only category which has not seen major reductions as the result of the declining trend in defense's share of the gross national product.

Of course, as every one of us is so well aware, defense spending in dollar terms has increased dramatically. In 1964, we saw a budget of $51 billion, and this year's budget request was for $104 billion. But inflation has eroded the value of those dollars and today's higher dollars buy far less man-years of output than in 1964. While the dollars have doubled in quantity, real purchasing power actually has declined more than 20 percent.

FISCAL YEAR 1976 BUDGET CUTS

With those comments on our overall trends in investment into national defense, let us consider what we have done in Congress so far this year to the defense budget request. The authorizing legislation scrubbed the R. & D. and weapons procurement part of the defense budget and cut $4.4 billion from the $29.9 billion requested. This was a 15-percent reduction to this part of the defense program. The House appropriations bill then took another $880 million from this R. & D. and procurement category for a total $5.3 billion cut, and reduced the personnel and operations part of the budget request by another $2.6 billion, for a total cut of $7.9 billion. The latter figure reflects a $300 million "inventory replenishment" reduction, a technical reduction reflecting an item cut by the authorizing committee. So there should be no argument over the fact that a major cut already has been made this year.

The current issue before us is whether we now have taken too much out and also whether this reduced budget meets our congressional budget guidelines. I, for one, believe that the House has taken too much from this year's bill, and I accept the figures of the Senator from Georgia indicating that the Senate could restore about a billion dollars without breaking the intent of those budget guidelines.

FOREIGN MILITARY AID ISSUE

The Senator has raised a very fundamental issue when he points out that none of our discussions of the budget guidelines has brought out the point that our national defense budget category includes foreign military aid. Why this is not included under the international affairs category of the budget I am not sure, and in my opinion it should be changed to that category in the future. Including foreign military aid as a charge against national defense allows it to be traded off against spending for weapons and manpower for U.S. forces, and I believe these are separate and distinct items with separate and distinct arguments and issues to be debated as we set their priorities. In my opinion, the budget reports should treat them as such, and I recommend that consideration should be given to changing foreign military aid to the international defense category before we start next year's budget cycle.

SUPPORT FOR BUDGET PROCESS

Mr. President, let me emphasize that I fully support our new congressional budget process. If we all will use it as a vehicle to establish budget targets and then to insure that we stay within them, not only in defense but in every spending area, then we will have provided a means for establishing a fiscally responsible budgeting process. Therefore, I will support efforts to keep the national defense category of spending within the guidelines this year, despite not liking having foreign military aid included therein.

However, I believe that we must be realistic when we look at the targets. As the Senator from Georgia pointed out, the outlays target is not realistic and cannot be met this year. The Budget Committee set that target initially on its own, and should be prepared to adjust it now, but I will support efforts to hold our overall obligational authority within the targets, except as extraordinary circumstances come up to change it.

I hope that next year we will have a fuller dialog between the defense authorizing and appropriating committees and the Budget Committee as we set the budget targets, so we all will know how we arrive at the targets and why we arrive at them. In my opinion, we do not have that situation this year.

MIDDLE EAST AID ISSUE

There is another major issue which must be faced up to but has not been discussed yet, to my knowledge, and that is the Middle East aid issue. We all are aware, of course, that promises have been made regarding providing significant amounts of aid, military and nonmilitary, to Israel and Egypt as a result of the Sinai accords. So far we have not had any specific aid program proposed to Congress, and we do not know any details of what weapons or how much spending will be requested for this fiscal year.

My position is that this particular aid request should be considered separately from our current debate on the appropriations for U.S. defense needs. I think that the targets for national defense that we are discussing now should not include any allowances or estimates for this special foreign military aid request which may be forthcoming later on. I definitely believe that we should not cut our appropriations for U.S. military forces in order to fund foreign aid to Egypt or Israel. That latter aid is a separate question which we should consider on its own merits, and we should adjust the budget ceilings when we pass on that aid program.

SUMMARY

In summary, I support the position of the Senator from Georgia, himself a member of the Budget Committee as well as the Armed Services Committee, that this year's defense budget already has been cut too low by the House. There is no question that significant restorations can be made and still stay within the intent of the budget guidelines—TOA. Defense has been cut back significantly in real terms since 1964, and I do not think we should cut it further on an arbitrary basis. I hope the Senate Appropriations Committee and Budget Committee will consider these points as they proceed with the defense bill.

Mr. McINTYRE addressed the Chair.

Mr. NUNN. Will the Senator yield for a brief comment?

Mr. McINTYRE. I yield.

Mr. NUNN. I thank my colleague from Nevada, who does an excellent job as the chairman of one of the most important subcommittees of the Committee on the Armed Services. He knows more about the tactical area and the procurement area than, I think, anyone in the Senate, perhaps in Congress. I thank him for his kind remarks and I do concur in his remarks and analysis. I hope that the Committee on Appropriations will consider the remarks that the Senator from Nevada has made as they begin to mark up a very important defense bill.

Mr. CANNON. I thank the Senator for for his remarks. In the Tactical Air Power Subcommittee, we are constantly looking at the problem that the dollars will buy less. We have, therefore, to try to cut back in numbers because, as he pointed out in his remarks initially, we can buy much fewer in terms of the total numbers of what we need at this time as a result of inflationary processes that haven taken place and as a result of the dollar requirements. I think this is a very important area and it is an area that we should not go into with a meat-ax approach. We have to look at it very, very carefully if we are not going to endanger the security of the United States. I thank the Senator for his comments.

Mr. McINTYRE. Mr. President, I compliment my able and distinguished friend, the senior Senator from Nevada, and add my concern about the current debate over the defense appropriation bill.

I might say that, on the floor now are three of the members of the Committee on Armed Services who probably put in more hours surveying that budget than any other Senator outside of our distinguished chairman. The Senator from Nevada works over the tactical air budget, all the requests made by the services in that area; the junior Senator from Georgia has taken on the tremendous question of personnel; and I bring up the rear of that debate with the all-important requests that are made in the field of research, development, testing, and evaluation.

I must say, Mr. President, that the Senator from Georgia is absolutely correct when he says that the debate about budget figures and bookkeeping has obscured the crucial substantive issues of Defense policy. We cannot overlook the importance of fiscal responsibility and the need to curb all areas of Federal spending, yet we should not let the number game blind us to the need for reasoned debate on our defense policy and specific programs requested by the Pentagon.

I am sorry to say that neither side in this debate has addressed itself sufficiently to these important issues. Arguments over dollars have replaced debate over quality. The result may be an arbitrarily arrived at budget figure which reflects neither selectivity nor responsiveness to national security needs.

The Pentagon has long been a culprit in this process. Indeed, the prime causes of public and congressional skepticism about defense budget requests have been the Pentagon's incessant cry of wolf, their indiscriminate appeals to scare tactics, their unwillingness to do the difficult task of judging priorities, and their advocacy of ill-conceived, indefensible, extravagant, and redundant programs on the basis of testimony which often lacks candor, accuracy, or even a decent respect for the constitutional status of the Congress of the United States.

Mr. President, Congress does have an important constitutional role to play in the making of the Defense budget. This role, too, must be played with wisdom, applying sound principles of selectivity and analysis. It is in this regard that I am concerned about the House action in sharply reducing the research and development portion of the Defense budget. Across-the-board cuts may be appropriate in certain areas, but a successful R. & D. program depends to a great extent on the maintenance of an adequate level-of-effort. We must continue to sustain our technology base in the research and exploratory development areas, the so-called 6.1 and 6.2 line items in the budget.

These items, the 6.1 and 6.2, refer to basic research, exploratory development, and applied research, the very seedbeds, Mr. President, of the technology of the future, a technology, I am proud and confident to say, in which we hold a substantial lead over the Soviets.

I do not argue that the R. & D. budget is sacrosanct. In fact, following my consistent record of finding soft spots and there have been many in the R. & D. request for the past 7 years and recommending cuts aggregating some $3.5 billion which were adopted by the Armed

Services Committee and the Senate, the Senate passed an R. & D. authorization bill for fiscal year 1976 amounting to $9.7 billion, some $494 million or 4.8 percent below the House. The Congress subsequently authorized this amount.

The Armed Services Committee Report No. 94–146 on the authorization bill acknowledged, on page 74, that only $700 million of the requested increase of $1.6 billion over fiscal year 1975 was for real effort and that the remaining $900 million included was for inflation and for items transferred from other accounts. Therefore, the amount of $9.7 billion finally authorized included an increase of only some $215 million for what we term real effort.

Mr. President, by cutting the R. & D. request $386.6 million below the amount authorized, the House now has effectively reduced the fiscal year 1976 R. & D. program some $171 million below the fiscal year level. If sustained, this not only will undermine the vital R. & D. program but will cause major program terminations, reductions or postponements.

I cannot subscribe to a congressional attitude that places the need for a balanced budget above the need for adequate defense.

I am in complete agreement with those who argue that a healthy and viable economy is as vital to our national security as is an effective fighting force. But, the choice Mr. President does not have to be between these important pillars upon which our future as a nation rests. The Senate must find other programs of lesser priority which can be cut.

I am not usually impressed by the loud and provocative complaints from the Pentagon. However, there is some substance to their arguments and their reclama should be given the most serious consideration by the Appropriations Committee as it considers what action to take on the pending Defense budget.

I will not get into the specific details of the R. & D. program now, although I may do so when the bill is debated on the floor. However, I would recommend that the Senate hold the R. & D. program at about the same level as fiscal year 1975. This would mean cutting about $190 million from the $9.673 billion authorized but it would restore almost $200 million cut by the House.

This action would permit partial or total restoration of major deletions or reductions made by the House in some important programs including the following:

First. Short range air defense missile (Roland);

Second. MK–500 MARV Evader;

Third. Air launched cruise missile; and

Fourth. Defense research sciences.

In conclusion, Mr. President, I want to urge my colleagues on the Appropriations Committee to consider these facts in their fullest implication and to report out a bill which will insure that our future military strength is adequately provided.

I am happy to yield to the Senator from Georgia.

Mr. NUNN. I would just like to say the Senator from New Hampshire has made an excellent statement. I think no one would ever accuse the Senator from New Hampshire of being in favor of every item sent over here from the Department of Defense, and the same can be said for the Senator from Nevada and, I hope, for the junior Senator from Georgia.

But these items that have been cut now need very, very close scrutiny by the Appropriations Committee. None of us here today have gone into considerable detail on which items because that is the function of the Appropriations Committee, but I do congratulate the Senator from New Hampshire for making an excellent statement and putting the R. & D. budget in perspective.

In spite of all the reports that have gone out during the last 12 to 18 months about the fact that defense spending keeps going up, the truth of the matter is that defense spending, if you take out inflation, has not been going up, particularly if you consider the tremendous increases in the cost of manpower.

I was informed when the budget was sent up this year the Department of Defense and the administration were very proud of the fact that manpower had been reduced as a percentage of the overall budget from about 56 percent down to about 53 percent. But now, with the House Appropriations Committee cuts, manpower goes back up to about 60 percent of the budget.

When anyone in this country considers that our friends and yet our adversaries, the Soviet Union, are spending about 30 cents of every dollar they spend on national security on manpower, yet we in this budget as sent over by the House will be spending above 60 percent on manpower, then the implications for procurement, for aircraft, and for research and development are very, very serious, particularly if this develops as a trend over a period of time.

I thank the Senator from New Hampshire.

Mr. McINTYRE. I thank the Senator for yielding. I want to commend my senior colleague on the committee, the distinguished Senator from Nevada (Mr. CANNON), because, along with the Senator from Georgia, he has pointed out something that certainly ought to be taken care of, and that is the adding in of the foreign military aid to the defense picture. I agree with both Senators that this should not be counted against the defense budget category, and should be moved to international affairs.

Mr. NUNN. From the point of view of clarity, the Budget Committee has not added to the aid to Israel and Egypt into the category yet but, based on some things that have already happened this year in the whole budget process, the Senator from Georgia is very apprehensive when that package comes up that it could be added in, and so my statement today was by way of warning if that is added into the defense category what we will be doing, in effect, is cutting our own military forces to give military aid to the Middle East. I do not believe the American people will support a reduction in our own military as a way of paying for that aid.

So I have issued this by way of a warning, and I certainly hope the Budget Committee as well as the Appropriations Committee will consider this very, very carefully.

PAROLE COMMISSION ACT

Mr. BURDICK. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on H.R. 5727.

The Presiding Officer (Mr. WEICKER) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 5727) to establish an independent and regionalized U.S. Parole Commission, to provide fair and equitable parole procedures, and for other purposes, and requesting a conference with the House on the disagreeing votes of the two Houses thereon.

Mr. BURDICK. Mr. President, I move that the Senate insist upon its amendments and agree to the request of the House for a conference on the disagreeing votes of the two houses thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. McCLELLAN, Mr. KENNEDY, Mr. BURDICK, Mr. HRUSKA, and Mr. MATHIAS, conferees on the part of the Senate.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, tomorrow the Senate will convene at the hour of 9 a.m. After the two leaders or their designees have been recognized under the standing order, the following Senators will be recognized, each for not to exceed 15 minutes and in the order stated: Mr. McGOVERN, Mr. NELSON, Mr. ABOUREZK, and Mr. HARRY F. BYRD, JR., after which there will be a period for the transaction of routine morning business of not to exceed 15 minutes, with statements therein limited to 3 minutes each, at the conclusion of which the Senate will resume the consideration of the pending measure, which is S. 1259.

The question at that time will be on the adoption of the amendment by the Senator from Tennessee (Mr. BROCK). There is a 1-hour time limitation on that amendment, with the vote to occur not later than 11:30 a.m.

Upon the disposition of that amendment, the bill will go to third reading, and a vote will occur immediately on final passage.

So there is at least one rollcall vote assured for tomorrow, and perhaps others.

ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. CANNON. Mr. President, if there is no further business, I move in accordance with the previous order, that the Senate stand in adjournment until 9 o'clock tomorrow.

The motion was agreed to; and, at 4:48 p.m., the Senate adjourned until Thursday, October 30, 1975 at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate October 29, 1975:

DEPARTMENT OF STATE

Nathaniel Davis, of New Jersey, a Foreign Service officer of the class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Switzerland.

Mary S. Olmsted, of Tennessee, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Papua New Guinea.

DEPARTMENT OF JUSTICE

Joseph A. Nardoza, of Virginia, to be a member of the Board of Parole for the term expiring September 30, 1977, vice Philip H. Modlin, resigned.

Charles J. Pooler, of Maine, to be U.S. marshal for the district of Maine for the term of 4 years vice John H. deWinter, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate October 29, 1975:

NATIONAL COMMISSION ON ELECTRONIC FUND TRANSFERS

William B. Widnall, of New Jersey, to be Chairperson of the National Commission on Electronic Fund Transfers.

OVERSEAS PRIVATE INVESTMENT CORPORATION

Herbert Salzman, of the District of Columbia, to be a member of the Board of Directors of the Overseas Private Investment Corporation for a term expiring December 17, 1977.

DEPARTMENT OF STATE

Hans N. Tuch, of Illinois, a Foreign Service information officer of class 1, for promotion to the class of Career Minister for Information.

DEPARTMENT OF TRANSPORTATION

Hamilton Herman, of Connecticut, to be an Assistant Secretary of Transportation.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before and duly constituted committee of the Senate.)

IN THE COAST GUARD

Coast Guard nominations beginning Charles F. Hahn, to be captain, and ending Gerald A. Parr, to be lieutenant, which nominations were received by the Senate and appeared in the Congressional Record on September 29, 1975.

HOUSE OF REPRESENTATIVES—*Wednesday, October 29, 1975*

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

For all the law is fulfilled in one word, even in this: Thou shalt love thy neighbor as thyself—Galations 5: 14.

We bow before this altar of prayer, our Father, praying for the people of our Nation and for these Representatives chosen by them to serve them in Congress.

We come to Thee for strength and stamina as we face the perplexing problems that confront us in these uncertain times.

We come to Thee for wisdom to make wise decisions and for insight to see clearly the way we should take.

We come to Thee for courage to walk in Thy ways and to do what is necessary to meet the real needs of our people.

We come to Thee not only for our own country but for all countries praying that we may brothers be the wide world o'er.

We come to Thee praying for those, who walk in sorrow this day. May Thy spirit comfort them and give them the assurance of eternal life.

In Thy holy name we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

WOMEN'S SOLIDARITY DAY

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, today being Women's Solidarity Day I did an informal poll of House officers to find out how many professional level women employees we have got.

First, there are no women House or Capitol officers at all.

Second, there are so few women employed within these offices that they could have all gone on strike today and no one would have noticed.

The Office of the Doorkeeper has 40 doormen but not one doorwoman.

The Office of the Parliamentarian has no women.

The Office of the Sergeant at Arms has 1,129 employees, but only 42 are women.

The Office of the Legislative Counsel has but 4 women out of a legal staff of 27.

The Office of the Postmaster has 7 women out of 94 employees.

The Office of the Clerk, which was not able, on the short notice of my phone call this morning, to break down their figures between professional and clerical staff, has 77 women out of 304 employees.

We are great at telling others to put their "house" in order. What about attending to our own?

RESPONSE TO PRESIDENT FORD

(Mr. KOCH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOCH. Mr. Speaker, I had a chance to read the speech which the President is going to be delivering shortly. It seems to me that the President's treatment of New York City is analogous to the swimmer out in the ocean, who is drowning, but sees the lifeguard and expects that a lifeline will be tossed to him. Instead, the lifeguard pushes his head under for the third time.

Whatever happens to New York City will not be contained. It will spill over and affect our major cities across the country. The President must be held accountable. It is he who ultimately will be responsible for the drowning.

CONGRESSMAN JOHN J. ROONEY

(Mr. MADDEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, Members of Congress who have served over the many years with our former colleague, John J. Rooney, were greatly grieved to learn of his passing on last Sunday.

Congressman Rooney's legislative service over a period of 30 years will rank along with many of the most outstanding statesmen who have served in the House of Representatives during this century.

Congressman Rooney was not only an outstanding legislator, but also a prominent practicing attorney in the city of Brooklyn and served several years as district attorney of Kings County, N.Y. He retired from Congress in the last session for reasons of failing health.

The State of New York and the Nation as well as Congressman Rooney's district have lost an outstanding, devoted public servant. He had a reputation for honesty and sincerity and his many friends respected his judgment on legislation both pertaining to domestic and foreign affairs.

The Members of the House of Representatives grieve his passing and will certainly miss his presence in this legislative body and would like to extend to his wife and family our deepest sympathy in their bereavement.

PRESIDENT DISCUSSES ECONOMIC PROBLEMS ON ANNIVERSARY OF STOCK MARKET CRASH

(Mr. ADDABBO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ADDABBO. Mr. Speaker, at approximately this hour the President of the United States is addressing the National Press Club. I am wondering whether he realizes that 46 years ago this month, the fall of the stock market occurred, and that his remarks today might mark the start of another ruination within our economy.

Perhaps, remembering that date, the President may reconsider his plan for helping the city of New York and the economy of this Nation.

INCREASE OF TEMPORARY LIMIT ON PUBLIC DEBT UNTIL MARCH 31, 1976

Mr. BOLLING. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 828 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. RES. 828

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10049) to increase the temporary debt limitation until March 31, 1976, and all points of order against said bill for failure to comply with the provisions of clause 5, rule XXI are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be read for amendment under the five-minute rule. No amendment to section 3 of said bill and no amendment to said bill to change the 4¼ per centum interest rate ceiling on bond issues contained in section 1 of the Second Liberty Bond Act, as amended (31 U.S.C. 752) shall be in order, except amendments offered by direction of the Committee on Ways and Means, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Missouri is recognized for 1 hour.

Mr. BOLLING. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA), and pending that I yield myself such time as I may consume.

Mr. Speaker, this is the same kind of rule under which this matter has been considered in recent years. It is a modified closed rule.

There was no opposition to the rule when the chairman and the ranking minority member of the Committee on Ways and Means appeared as witnesses. I know of no serious opposition to this rule.

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I agree with the statement just made by the gentleman from Missouri (Mr. BOLLING) as it pertains to the rule, but I would like to point out to this House that now the big spenders must vote to increase the national debt in order to pay for their fiscal irresponsibility. I do not intend to vote for this increase in the ceiling as my votes have not necessitated such a vote.

If anyone does not think that this Congress has been fiscally irresponsible, I call the Members attention to page 2 of the report, where it reveals the escalation of the statutory debt limitation year by year. If the Members will note, in less than 5 years we have had an increase in the statutory debt limitation of this country of $200 billion, which is a 50-percent increase in the debt in just 5 years. The debt ceiling has gone from $395 billion to the requested $597 billion in just these 5 years.

If this is not fiscal irresponsibility, I do not know what is. I think it is high time that this Congress takes note of this fact and does something about it day after day when these spending bills come before us. You simply cannot continue to vote for all of these bills without paying for them or putting them "on the cuff" for someone else to pay. Today, we will be voting to put them "on the cuff" by increasing the debt limit.

I might say, Mr. Speaker, we are now considering in the Committee on the Budget a resolution to be presented to this floor within the next week or 10 days to increase the debt for fiscal year 1976 to $72 billion, and this will not be sufficient as certainly there will be some add-ons noted by this spendthrift Congress before fiscal year 1976 comes to an end. This means more debt and I suspect that it will be close to $80 billion before fiscal year 1976 comes to an end.

Mr. Speaker, this deficit spending cannot go on as the interest alone on our debt now approaches $36 billion annually and Government borrowing is once again forcing interest rates to rise.

Mr. Speaker, I do not think that the American people want this to continue. However, they should send this Congress a message loud and clear that they do not want it to continue, but to date, they have failed to do so.

Mr. Speaker, I have no requests for time, but I think this is a matter that should be fully and completely debated on the floor today.

Mr. BOLLING. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. SNYDER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 320, nays 70, not voting 43, as follows:

[Roll No. 646]

YEAS—320

Abdnor
Adams
Addabbo
Alexander
Anderson, Ill.
Andrews, N.C.
Andrews, N. Dak.
Archer
Ashley
Aspin
AuCoin
Badillo
Baldus
Barrett
Baucus
Beard, R.I.
Beard, Tenn.
Bedell
Bell
Bennett
Bergland
Bevill
Biaggi
Biester
Bingham
Blouin
Boggs
Boland
Bolling
Bonker
Bowen
Brademas
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Brown, Mich.
Broyhill
Buchanan
Burgener
Burke, Calif.
Burke, Mass.
Burleson, Tex.
Burlison, Mo.
Burton, John
Butler
Carney
Carter
Casey
Cederberg
Chisholm
Clausen, Don H.
Cochran
Cohen
Collins, Ill.
Conable
Conte
Conyers
Corman
Cornell
Cotter
Coughlin
D'Amours
Daniel, Dan
Daniel, R. W.
Daniels, N.J.
Danielson
de la Garza
Delaney
Dellums
Dent
Derrick
Derwinski
Dingell
Dodd
Downing, Va.
Drinan
Duncan, Oreg.
Duncan, Tenn.
du Pont
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Eshleman
Evans, Colo.
Evins, Tenn.
Fascell
Fenwick
Findley
Fish
Fisher
Fithian
Flood
Florio
Flowers
Flynt
Foley
Ford, Mich.
Ford, Tenn.
Forsythe
Fountain
Frenzel
Frey
Fuqua
Giaimo
Gilman
Gonzalez
Goodling
Gradison
Gude
Guyer
Hagedorn
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Harkin
Harrington
Harris
Hastings
Hawkins
Hayes, Ind.
Hays, Ohio
Heckler, Mass.
Hefner
Helstoski
Henderson
Hicks
Hillis
Hinshaw
Howard
Hughes
Hungate
Hutchinson
Hyde
Ichord
Jacobs
Jarman
Jeffords
Jenrette
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jones, N.C.
Jordan
Karth
Kastenmeier
Kazen
Kemp
Keys
Koch
Krebs
Krueger
LaFalce
Leggett
Litton
Lloyd, Calif.
Long, La.
Lott
McClory
McCloskey
McCollister
McCormack
McDade
McEwen
McFall
McHugh
McKay
Macdonald
Madden
Madigan
Maguire
Mahon
Mann
Matsunaga
Mazzoli
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Miller, Calif.
Mineta
Minish
Mitchell, N.Y.
Moakley
Moffett
Mollohan
Montgomery
Moorhead, Pa.
Morgan
Mosher
Moss
Mottl
Murphy, Ill.
Murtha
Myers, Ind.
Myers, Pa.
Natcher
Neal
Nichols
Nolan
Nowak
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patman, Tex.
Patten, N.J.
Patterson, Calif.
Pattison, N.Y.
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Preyer
Price
Pritchard
Quie
Quillen
Railsback
Randall
Rangel
Rees
Regula
Reuss
Richmond
Rinaldo
Roberts
Robinson
Rodino
Roe
Roncalio
Rooney
Rose
Rosenthal
Rostenkowski
Roush
Roybal
Runnels
Ruppe
Ryan
St Germain
Santini
Sarbanes
Schneebeli
Schroeder
Schulze
Sebelius
Seiberling
Sharp
Shipley
Shriver
Sikes
Simon
Skubitz
Slack
Smith, Iowa
Smith, Nebr.
Spellman
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steelman
Steiger, Ariz.
Stephens
Stokes
Stratton
Stuckey
Studds
Sullivan
Symington
Talcott
Taylor, N.C.
Teague
Thompson
Thone
Thornton
Traxler
Treen
Tsongas
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Walsh
Wampler
Waxman
Weaver
Whalen
White
Whitehurst
Whitten
Wilson, Bob
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wright
Wydler
Yates
Yatron
Young, Tex.
Zablocki
Zeferetti

NAYS—70

Anderson, Calif.
Armstrong
Ashbrook
Bafalis
Bauman
Blanchard
Brinkley
Byron
Carr
Chappell
Clancy
Clawson, Del
Collins, Tex.
Conlan
Crane
Davis
Devine
Dickinson
Downey, N.Y.
Early
Emery
English
Evans, Ind.

Gaydos
Gibbons
Ginn
Goldwater
Grassley
Haley
Hansen
Harsha
Hechler, W. Va.
Hightower
Holland
Holt
Holtzman
Howe
Hubbard
Johnson, Colo.
Jones, Okla.
Jones, Tenn.
Kasten
Kelly
Kindness
Lagomarsino
Latta
Levitas
Lloyd, Tenn.
McDonald
Mathis
Miller, Ohio
Moore
Moorhead, Calif.
Nix
Poage
Pressler
Rogers
Rousselot
Russo
Satterfield
Scheuer
Snyder
Spence
Steiger, Wis.
Symms
Taylor, Mo.
Wolff
Wylie
Young, Alaska
Young, Fla.

NOT VOTING—43

Abzug
Ambro
Annunzio
Breaux
Brown, Ohio
Burke, Fla.
Burton, Phillip
Clay
Cleveland
Diggs
Eckhardt
Esch
Fary
Fraser
Green
Hébert
Heinz
Horton
Ketchum
Landrum
Lehman
Lent
Long, Md.
Lujan
McKinney
Martin
Milford
Mills
Mink
Mitchell, Md.
Murphy, N.Y.
Nedzi
O'Hara
Rhodes
Riegle
Risenhoover
Sarasin
Shuster
Sisk
Solarz
Udall
Wiggins
Young, Ga.

The Clerk announced the following pairs:

Mr. Annunzio with Mr. Brown of Ohio.
Mr. Hébert with Mr. Esch.
Ms. Abzug with Mr. Fraser.
Mr. Sisk with Mr. Clay.
Mr. Breaux with Mr. Heinz.
Mr. Ambro with Mr. Long of Maryland.
Mr. Phillip Burton with Mr. Lujan.
Mr. O'Hara with Mr. Burke of Florida.
Mr. Murphy of New York with Mr. Horton.
Mr. Risenhoover with Mr. McKinney.
Mr. Mitchell of Maryland with Mr. Eckhardt.
Mr. Solarz with Mr. Lent.
Mr. Diggs with Mr. Mills.
Mr. Fary with Mr. Cleveland.
Mr. Green with Mr. Milford.
Mr. Landrum with Mr. Martin.
Mr. Nedzi with Mr. Riegle.
Mr. Young of Georgia with Mr. Sarasin.
Mrs. Mink with Mr. Udall.
Mr. Lehman with Mr. Wiggins.

Mr. MOAKLEY changed his vote from "nay" to "yea."

Mr. LEVITAS changed his vote from "yea" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ULLMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10049) to increase the temporary debt limitation until March 31, 1976.

The SPEAKER. The question is on the motion offered by the gentleman from Oregon (Mr. ULLMAN).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 10049) with Mr. DELANEY in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Orgon (Mr. ULLMAN) will be recognized for 30 minutes, and the gentleman from Pennsylvania (Mr. SCHNEEBELI) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Oregon.

Mr. ULLMAN. Mr. Chairman, I yield myself such time as I may consume.

The bill before you today once again provides for an increase in the public debt limitation. The Members will recall that in June when we were last faced with the necessity of increasing the debt limit, the House desired to provide a limitation only through November 15 so that we would again have an opportunity to review the budget situation this fall.

H.R. 10049 provides for a debt limitation of $597 billion through the period ending March 31, 1976, which consists of the permanent limitation of $400 billion and a temporary additional limitation of $197 billion.

The increase in the debt limitation is $20 billion and is the very least that your committee believes is necessary through March of 1976. In fact, it is not at all sure that this increase will be adequate for the month of March.

The debt limitation provided in the bill assumes that the deficit will be about $72 billion for the current fiscal year. This deficit is consistent with the amount tentatively approved by the House Budget Committee last week in its markup sessions. It is based upon the assumption that the Congress will enact a tax reduction bill that continues the present level of withholding, about a billion dollars a month, through the calendar year 1976. The committee's analysis shows that this limitation should be just barely large enough to last through March with slight reductions in the Treasury's operating cash balance. However, should any unexpected expenditures be necessary or should revenues not live up to expectations, we might well have to consider the debt limitation again before March.

The President's tax proposal, which calls for a $28 billion tax cut beginning January 1, 1976, would increase the deficit over and above what is assumed here by something like $6 billion in the fiscal year 1976. If that proposal would prevail, it would necessitate returning to the debt limitation earlier next year than March.

The very large deficit of some $72 billion now anticipated for the fiscal year 1976 reflects the very deep recession that we have gone through this last year. A recession of this severity was exceeded only by the Great Depression of the early 1930's. A recession of this magnitude has, as would be expected, resulted in lower income tax receipts and higher outlays for unemployment insurance and other transfer payments. These changes in the budget have increased the deficit and necessitated a significantly higher debt limit. That is the basic story behind the size of the debt limit increase now required.

The economic recovery, although now underway, is slow in starting and the prospect for having a long slow recovery is comparable to our experiences in past years. Some Government officials and economists have assumed that the recovery would come very rapidly because of the sharp increase of 11.2 percent in the real GNP in the third quarter. However, much of the improvement in the gross national product represents reaching the end of inventory liquidations. If we remove the effect of declining inventories on the real gross national product, we find that it increased at only an annual rate of 4.4 percent. While this increase in final sales is welcome news, it shows in a realistic sense that our recovery has begun at a very slow pace, and it is this fact that we must take into account in determining the Federal Government's fiscal policy.

By next March we will be in a good position to evaluate the debt requirements for the Government for the remainder of the fiscal year. The second budget resolution for fiscal year 1976 will have been approved, and the Congress will, by that time, have begun its consideration of the next budget resolution. With the information available at that time before Congress, it will be in a position to determine the appropriate debt limitation for the remainder of the year.

The bill before you also provides an exception from the 4¼ percent ceiling on the rate of interest which may be paid on Federal Government bonds. These are obligations with maturity of longer than 7 years when issued. Two years ago, Congress enacted a $10 billion exception to the 4¼ percent interest rate ceiling. This was done in order to enable the Treasury to spread the maturity of the bonds over a longer period.

The Treasury Department has now used up all but $1 billion of the $10 billion exception to the interest rate ceiling. In order to enable the Treasury Department to continue its policy of gradually shifting the debt to longer term maturity, this bill provides an additional $2 billion which may exceed the 4¼ percent interest rate ceiling. The committee did not agree to a larger exception at this time because it believed there were dangers in encouraging too great a shift to long-term maturities because long-term interest rates have not been as responsive as short-term interest rates to the decline in economic activity. This additional exception certainly will provide the Treasury with adequate flexibility until we reconsider the debt limitation in March. At that time, Congress can consider whether the exception should be further enlarged in light of the distribution of the debt maturities.

The committee has given this bill careful attention and has developed as restrictive a limitation on the debt as is consistent with prudent fiscal policy management. This bill deserves your support.

Mr. SCHNEEBELI. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, we are again participating in our semi-annual exercise in frustration and futility, and hopefully this exercise will become a little outmoded and made unnecessary with the full implementation of the activities of the Budget Committee. However, until such time as the Budget Committee gets into this debt ceiling problem specifically, and that will be probably the fall of next year, we will again be addressing ourselves to this same problem early in 1976.

At that time, I would remind the Members that we will be approaching the

$600 billion spending limit ceiling. What we are asking for today is an increase from the present $577 billion to a figure of $597 billion through March 31, 1976.

As the Members may have heard during the discussion of the rule, our debt ceiling on June 30, 1971, was $395 billion. What we are asking for, for March 31, 1976, less than a 5-year period, is an increase from $395 billion to $597 billion. That is an increase of $203 billion in less than 5 years. That is an increase from $395 to $597 billion. That is a 50-percent increase in our debt ceiling in less than 5 years.

Specifically, what does this mean? This means that the interest on our debt is $36 billion a year in the present fiscal year, but that figure has no significance to Members of Congress, it does not mean anything, it is too large. But dividing it down to a common denominator that we all understand, that figures out to $100 million a day for the interest on our debt. One hundred million dollars a day is the interest on our debt. And, more specifically, it figures out to more than $1,000 a second. In the few minutes that I take standing up here discussing this matter with the Members, probably $200,000 or $300,000 has been the interest on our debt, in the short time of this discussion.

But I think if the Members remember the figure of $100 million a day is just the interest on our debt ceiling, it might tend to shake the Members.

Despite the reservations that I have indicated here, nevertheless it is necessary to give the Secretary of the Treasury the authority to sign pay checks, otherwise we will have fiscal chaos, otherwise we will be in default. That is a word we heard a lot the last 2 weeks, the matter of default. While people look to the Federal Government to bail them out, I would remind the Members of this: Who is going to bail out the Federal Government if we continue this policy?

Mr. Chairman, with grave reservations I support the approval of H.R. 10049, and I hope when the Budget Committee gets into full functioning we will have better control of our spending.

Mr. Chairman, I rise in support of H.R. 10049, a bill to increase the temporary debt limitation until March 31, 1976, to $197 billion. With a permanent debt limitation of $400 billion, this bill would increase the overall public debt ceiling to $597 billion, $20 billion over the present limit of $577 billion, which expires on November 15.

The committee concluded that at this time an extension to only March 31, 1976, was appropriate, since there are still a great many uncertainties regarding the extent and duration of the present economic recovery, expenditure levels through the rest of fiscal year 1976, and the size of any tax reductions which might or might not be enacted during the remainder of the fiscal year. By March 31, there should be a great deal more certainty and clarity regarding these questions and the Congress should be in a much better position to legislate with regard to an appropriate debt ceiling through June 30, 1976, the end of the fiscal year.

Obviously, it is important to have the debt ceiling set at a level which will enable the Federal Government to conduct its business and meet its financial obligations in a satisfactory way. An estimated deficit in fiscal year 1976 of $72.6 billion, which is the total currently under consideration by the House Budget Committee, is consistent with the overall debt ceiling which the committee is recommending, that is, assuming a deficit in this range, a $597 billion ceiling should be adequate through March 1976.

Therefore, I support the committee's request, although with some misgivings. In this regard, I would like to make a few observations on the runaway Federal spending in the last 10 to 15 years which necessitates these constant increases in the overall debt limitation and entails deficits of the nature of $70 billion in a single fiscal year. The overall debt limit has risen from $395 billion through June 30, 1971, to $597 billion proposed through next March, an increase of approximately 50 percent, or $200 billion, in less than a 5-year period. The gross interest on our debt has now reached a level which costs us approximately $100 million a day, or $36 billion a year. Even after deducting those payments of interest to various Federal Government trust funds and amounts deposited in the Treasury by the Federal Reserve System, the net interest cost annually is now about $20 billion, or more than $50 million a day.

This wild spending cannot be continued, nor can the defiicts which inevitably accompany it. Those who have voted huge authorization and appropriations bills can scarcely be said to have supported taxes to accompany them, in order to keep the Federal budget in any sort of balance. This is probably not the time to debate the merits of the President's recent proposals to reduce both spending and taxes by $28 billion. However, I must observe that unless this sort of courageous step, involving difficult choices among programs, is taken, our country will continue down the road to the final fiscal disaster already facing other governments here and abroad.

Therefore, I hope that the Congress will give the President's and other proposals, which attempt to get a grip on our burgeoning Federal spending and to reduce the heavy burden of taxation on the American people, serious consideration in the near future. Frankly, these constant requests to increase our overall public debt limitation to finance huge deficits tax the patience of the many Members of Congress who are themselves fiscally conservative and restrained in the support of Federal spending. In the past, many of those members have nonetheless voted for debt ceiling increases because they feel that commitments by the Government, having been made, must be met. There seems to be a new awareness in the United States, even among elected officials, at least at the State and local government level, that the role of government, and the attempts of government to solve all of our problems with large expenditures of public moneys, must be more limited. This message must begin to be heard and understood here in Washington.

Mr. **WYLIE**. Mr. Chairman, will the gentleman yield?

Mr. **SCHNEEBELI**. I yield to the gentleman from Ohio.

Mr. **WYLIE**. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I am going to vote against H.R. 10049. As I read the committee report accompanying this bill last night, I found its economic implications alarming. It revealed that in 1947 the total statutory debt limit was $275 billion. It took 23 years, until 1970, for the public debt to increase $100 billion to a $375 billion total. It took only 4 years to add the next $100 billion, bringing the total up to $475 billion in 1974. It took only 1 year to add the next $100 billion and now we are preparing to vote yet another major increase. This accelerating timeframe, per $100 billion increase is frightening—23 years, then 4 years, then 1 year, then who knows? I do know that we cannot keep this debt progression expanding at this rate without destroying the fiscal integrity of the U.S. Government and causing economic chaos. A day of reckoning is fast approaching. I realize the problem; Government spending has already exceeded income and that we must borrow to pay our bills.

The issue will ultimately come down to whether we can live within our means under the framework of our present constitutional, democratic institutions. Recent fiscal history is not too encouraging. This Government has produced only one budget surplus in the last 16 fiscal years. During that period Government spending increased by more than 300 percent while Federal receipts have increased by only 225 percent. This has resulted in a cumulative Federal deficit of about $287 billion during this 16-year period. We cannot continue on this course. History is littered with the bones of governments that could not or would not face economic reality. Look at New York City. Is what we are proposing to do today really any different than what has brought the city and State of New York to the brink of bankruptcy?

In the bluntest of terms, are not we today going to vote to borrow from Peter to pay Paul and then next year vote to borrow from Patrick to pay Peter and in the process plunge even deeper and deeper into debt? How long will it take until the taxpayers of this land realize that this is an economic house of cards and begin refusing to loan funds to the Treasury at any interest rate? The only difference between this scenario and New York is that there will be no one for the Federal Government to turn to for a bailout.

These debt increase bills are continually couched in terms of a "temporary debt limit increase." Such temporary debt, since our Government has embarked on the policy of deficit financing, has come to have a depressing permanence. It is only fair to ask and I know that a growing number of the American people are beginning to ask me when is this going to end? When is the budget going to balanced? When is the national debt going to be retired? These are fair questions. Even a modicum of political savvy points up that any government's hardest job is to reconcile political expectations with economic reality. If our free institutions and market economy are to survive, Members of Congress must face reality even though this may mean causing some constituent grumbling. I personally believe that the American people will be quite willing to submit to a little government austerity if necessary to halt inflation and stabilize the purchasing power of the dollar.

The time is fast approaching when we must put our fiscal house in order. We must begin taking those admittedly painful political steps to restrain the Federal budget before it consumes us all. In good conscience, I must vote against this legislation as a protest to continued deficit spending which will surely lead us down the New York City path.

Mrs. HOLT. Mr. Chairman, we are called upon today to play the shell game with the American taxpayer. Our President, many Members of Congress, numerous Governors, and many mayors west of the Hudson have called on us to put our national house in order when it comes to financial management. Yet we together have done nothing to do so and today's vote on H.R. 10049 is the case in point.

I would like, Mr. Chairman, to comment on the bill's merits. Unfortunately, it has none. I concur with my colleagues on the Ways and Means Committee—Messrs. CLANCY, ARCHER, CRANE, MARTIN, BAFALIS, and KETCHUM—who refer to this bill as a "charade" and call Government expenditures the culprit in this crisis which, until they are reduced, will continue to cause endless problems for the poor American taxpayer whom politicians claim to represent.

The time was when a "yea" for an extension of the public debt limit was considered responsible, but many Members have shaken themselves awake to this issue and have been voting "nay." I commend them and ask them to join me on this bill.

Mr. BAUMAN. Mr. Chairman, as one of those Members of this body who has consistently voted against excessive Federal spending I feel compelled to rise in opposition to the pending bill. This legislation provides for another huge—$20 billion—increase in the national debt. If enacted it will bring the debt our Nation and our people owe to the astronomical figure of $597 billion. And the reason for this unreasonable and ruinous level of Federal indebtedness can be found right here in this Chamber. It is here that the majority, by its daily votes, has authorized billions of dollars in spending for politically popular programs without giving any thought to the consequences of their actions. Today the bill comes due.

I personally feel that the only responsible alternative course is cut, and I mean cut deeply, Federal spending. We should be working every day toward a balanced budget, not allowing still further amounts to be piled on the backs of the taxpayers, as this bill would do.

Already this Nation labors under an existing national debt of $565 billion. It costs us $36 billion each year just to pay the interest on this staggering debt. In fact, the cost of this debt was graphically referred to a few moments ago by my colleague from Pennsylvania (Mr. SCHNEEBELI) when he noted that interest alone is costing the taxpayers $100 million each day in interest. That figures out to about $1,000 a second, nearly $4 million an hour.

Mr. Chairman, the time to call a halt to this fiscal insanity is long passed. The troubles facing New York City are only a taste of what the United States faces unless we change. Let us hope that the rejection of this bill will spur the executive branch and the Congress into cooperative action to reverse this plunge toward national bankruptcy. I only wish that those Members who vote against this debt limit increase today would back up their votes with a continuing and unrelenting opposition to still greater Federal spending.

Mr. KEMP. Mr. Chairman, I am in opposition to this inflationary increase in the Federal public debt limitation.

The bill before us increases the combined permanent and temporary Federal public debt ceiling to $597 billion.

When I first voted on legislation regarding an increase in the debt ceiling—in June of 1971—that ceiling stood at $377 billion. Yet, we are asked today—only 52 months later—to increase the total debt ceiling to $597 billion. If signed into law, that will be a 58.4 percent increase in only 52 months, the cost of which in interest alone to our taxpayers is well over $32 billion a year.

If one works backward from that June 1971 vote, one is struck by the inescapable fact—the hard statistical evidence—that it had taken 366 months—back to the beginning of Franklin Roosevelt's third term, the closing months of 1941, for the national debt ceiling to have been increased by the same percentage.

It took our Nation over 150 years after 1789 to reach the $200 billion debt mark, then less than 20 years to double it to $400 billion, then only 10 more years to add another $100 billion, and then only 9 months—from February 19 of this year—to add another nearly $80 billion.

Those figures and their implications—economic and otherwise—for our fiscal integrity and economic stability are resounding.

I know there are Members who are fiscally responsible but who will vote for the incerase in the public debt ceiling. This will be because they will not attack the problem of Government spending at the point at which the credit of the United States is apparently at stake; or, at the point at which obligations have already been made; or, at the point at which parties ostensibly have relied on the word of the Government to meet its prior and existing obligations. In summary, they conclude that to address the problem of excessive Government spending at the point of considering a debt ceiling increase is to attack the result—not the causes—of the fiscal crisis within which our Government now finds itself.

The places at which the Congress—in its exercise of its constitutional role with respect to the public purse—should attack the problem of Government spending is, first, at the authorization level, and, second, at the appropriation level. We too often forget—or some try to forget—that the Government can only indebt itself in the pursuance of programs specifically authorized and funded by the Congress.

It is—for a Member who desires to hold down the national debt ceiling—a logically consistent act to vote against an increase in that ceiling only when he has consistently voted against the excessive authorizations and excessive appropriations which constitute, collectively, the need for an increase in that ceiling.

There are a good number of Members who—in the exercise of both their own consciences and the electoral mandates of their constituents—vote consistently against excessive authorizations and appropriations for activities which they believe to fall outside the proper role of Government or outside the Government's—and the people's—means of sustaining. When taken jointly, their votes would have curtailed expenditures in excess of—or at least equal to—the proposed increases in the national debt ceilings. I trust I am perceived to be one of the latter and I am certain the record will sustain that view.

There is an obligation paramount to others which must be raised on this issue—an obligation to fiscal responsibility which can best be served by sending a message to all Members of these two Houses, as well as to the administration, that excessive Federal spending must be stopped now. This Congress can no longer afford a ritualistic increase in the debt ceiling; that time has passed. To merely approve whatever increases are asked of us is to remove the restraint on spending which we need so desperately at times like these.

We are now in a recession—although we are moving out of it at least for the time being. That recession was created, in great part, by inflation and some very unwise attempts by Government to deal with it through mandatory wage, price, and profit controls—all of which added up to shortages and a loss of jobs.

This country needs to concentrate on providing more real jobs and more real wages, and deficit financing—Government building up the huge national debt reflected in this legislation—is not the way in which to provide those real jobs and real higher wages.

Here is the place at which to do it, in my opinion. To do anything to the contrary—to authorize this additional increase in the debt ceiling—is to invite more growth in government, more spending, more taxes, more inflation, higher interest rates, fewer jobs in the productive sector of the economy, and more crowding out of investment capital.

Inflation and the crowding out of capital markets are the two immediate consequences of enacting the bill before us, and we should insist upon the cessation of both.

Inflation can occur only when money increases in supply relative to goods and services. Given the institutional structure of national economic policy, only Government can cause this to happen.

If Government's expenditures are in excess of its revenues from taxation, it has a deficit in its budget. The deficit must then be financed by borrowing. The Government has two sources from which it can borrow; it can borrow from the private sector of the economy and it can borrow from the Federal Reserve System.

We must also not forget that the extent to which private capital is transferred out of investment and into consumption is understated by the size of the Government's deficit, because the borrowings of the off-budget agencies are not even included. Furthermore, in addition to the private capital formation which is preempted by Government borrowing, an enormous amount of private capital has been destroyed by the Government's inflationary policy. Profits, have been overstated and thus overtaxed, and the decline in the market value of the stocks listed in the New York Stock Exchange is directly related to the uncertainty caused by inflation. The decline in the stock market has prevented firms from raising capital through new stock issues. Thus, the negative impact of the Government's deficit on private capital formation is greater than the size of the deficit might suggest.

In summary, whether the Government borrows from the Federal Reserve or from the private sector, the Government's deficit is inflationary because it alters the ratio between the supply of money and the supply of goods. If—as in the past 12 months—the inflation rate is 11 percent, it costs you $122-plus to buy today what you could buy for $100 12 months ago.

The cost of living is, therefore, related directly to the inflation created by Government's policies—deficit spending and borrowing. It is time to cut the cost of living by cutting the cost of Government.

Voting "no" on this measure will communicate that message—it is time to cut the cost of Government in order to cut the cost of living with a force and impact to which there are few comparisons.

The CHAIRMAN. If there are no further requests for time, pursuant to the rule, no amendment to section 3 of said bill and no amendment to said bill to change the 4½ percent interest rate ceiling on bond issues contained in section 1 of the Second Liberty Bond Act, as amended (31 U.S.C. 752), shall be in order, except amendments offered by direction of the Committee on Ways and Means, but said amendments shall not be subject to amendment.

Has the committee chairman any amendments?

Mr. ULLMAN. No, Mr. Chairman.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That during the period beginning on the date of the enactment of this Act and ending March 31, 1976, the public debt limit set forth in the first sentence of section 21 of the Second Liberty Bond Act (31 U.S.C. 757b) shall be temporarily increased by $197,000,000,000.

Mr. ROUSSELOT (during the reading). Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the legislation H.R. 10049. I hope my colleagues will be persuaded to discontinue the basic myth that this so-called temporary debt ceiling increase is really anything more than increasing the permanent debt.

Mr. Chairman, as my colleagues know, this legislation would increase the temporary debt limit from $177 to $197 billion, making the combined permanent and temporary debt ceiling $597 billion.

Mr. Chairman, for many years, I have stood on the House floor urging my colleagues to come to grips with the problem of deficit financing. Yet as regularly as the seasons change, the Ways and Means Committee brings us a request for another increase in the debt ceiling. When Congress votes to constantly increase the debt ceiling, we are, in effect, creating an inflationary pressure through another form of Government overspending. The current state of our economy should be convincing evidence for even the most dedicated deficit spender that the policy of "easy spending" must be stopped. However, I am sure when the dust settles after today's final vote on H.R. 10049, we will have approved yet another debt ceiling increase and we will have taken yet another step toward fiscal bankruptcy.

Our Constitution gives the Congress the power to lay and collect taxes, duties, imposts, and excices, and to pay the debts of the United States—Article I, section 8—and further mandates that "No money shall be drawn from the Treasury, but in consequence of appropriations made by law." We, as the elected Representatives of the people, are abusing our constitutional responsibilities by allowing the Federal Government to go along year after year spending more than it takes in in revenues, increasing the debt and never making provisions for the repayment of the public debt. Since the beginning of World War II, the debt limit has grown from $65 billion to the present $577 billion—which would be increased to $597 billion by this legislation. Interest on the public debt is currently the third largest outlay by the Federal Government on a functional basis.

No one can believe that with huge deficits in the $50 to $70 billion range we can really win the fight against inflation or stabilize the economy. For years, this Congress and the administration have accepted the myth that Federal deficits are a stimulus to the economy and necessary for full employment. This is false. Today, huge Federal deficits are depressing the economy. There is a pervasive doubt, not only in this country, but all over the world, that we are unable to discipline ourselves to live within our means. A vote against H.R. 10049 would indicate congressional determination to balance the budget and would restore confidence in the integrity of our Government and our economy.

Mr. Chairman, the 93d Congress created a special standing committee to deal with budget questions. By the enactment of the Congressional Budget and Impoundment Control Act of 1974 we indicated our commitment to sound fiscal policy and responsible congressional action on budget questions. To automatically increase the debt ceiling by rote just because we are asked by the executive branch of the Government is not right. Many segments of our constituency—and for that matter the whole Nation—are beginning to sense this irresponsible trend and to ask us what we are doing to change the direction.

It is time for this Congress to assume its constitutional obligation to manage debts and expenditures more responsibly. The past year has proven that Federal deficit spending is not good for the economy and action by Congress is long overdue to reverse this downward trend. A vote against this legislation will be a step toward true representation of the best interests of our constituents, the American taxpayers.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 2. Effective on the date of the enactment of this Act, the first section of the Act of June 30, 1975, entitled "An Act to increase the temporary debt limitation until November 15, 1975" (Public Law 94–47), is hereby repealed.

SEC. 3. The last sentence of the second paragraph of the first section of the Second Liberty Bond Act, as amended (31 U.S.C. 752), is amended by striking out "$10,000,000,000" and inserting in lieu thereof "$12,000,000,000".

The CHAIRMAN. If there are no amendments, under the rule, the committee rises.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. DELANEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that committee, having had under consideration the bill (H.R. 10049) to increase the temporary debt limitation until March 31, 1976, pursuant to House Resolution 828, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. BAUMAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 178, nays 217, not voting 38, as follows:

[Roll No. 647]

YEAS—178

Adams
Addabbo
Anderson, Ill.
Ashley
AuCoin
Badillo
Barrett
Beard, R.I.
Bergland
Biester
Bingham
Boggs
Boland
Bolling
Brademas
Breckinridge
Brodhead
Brooks
Broomfield
Brown, Calif.
Burke, Calif.
Burleson, Tex.
Burton, Phillip
Carter
Casey
Cederberg
Chisholm

Clay
Collins, Ill.
Conable
Conte
Corman
Cornell
Cotter
Daniels, N.J.
Delaney
Derwinski
Downing, Va.
Duncan, Oreg.
du Pont
Eckhardt
Edgar
Edwards, Ala.
Edwards, Calif.
Eilberg
Erlenborn
Evans, Colo.
Fenwick
Findley
Fisher
Flood
Foley
Ford, Mich.
Forsythe
Frenzel
Giaimo
Gonzalez
Gude
Hall
Hamilton
Hammerschmidt
Hanley
Hannaford
Hawkins
Hayes, Ind.
Hicks
Howard
Hungate
Jarman
Jeffords
Johnson, Calif.
Johnson, Pa.
Jones, Ala.
Jordan
Karth
Kazen
Koch
Krueger
Landrum
Leggett
Long, La.
Long, Md.
McClory
McCloskey
McCormack
McDade
McEwen
McFall
McHugh
McKay
Macdonald
Madden
Madigan
Mahon
Matsunaga
Meeds
Melcher
Metcalfe
Meyner
Mezvinsky
Michel
Mikva
Mills
Mineta
Minish
Mollohan
Moorhead, Pa.
Morgan
Mosher
Moss
Murphy, Ill.
Myers, Pa.
Oberstar
Obey
O'Brien
O'Neill
Ottinger
Passman
Patman, Tex.
Patten, N.J.
Pepper
Perkins
Pettis
Peyser
Pickle
Pike
Preyer
Price
Pritchard
Railsback
Rangel
Reuss
Rodino
Rooney
Rostenkowski
Roush
Roybal
Ruppe
Ryan
St Germain
Sarbanes
Schneebeli
Seiberling
Sharp
Shipley
Simon
Slack
Smith, Iowa
Staggers
Stanton, J. William
Stanton, James V.
Stark
Steed
Steiger, Wis.
Stokes
Stratton
Teague
Thompson
Thornton
Traxler
Udall
Ullman
Van Deerlin
Vander Jagt
Vander Veen
Vanik
Vigorito
Waggonner
Waxman
Whalen
Whitehurst
Wilson, Bob
Wright
Wydler
Yates
Young, Ga.
Young, Tex.
Zablocki

NAYS—217

Abdnor
Alexander
Ambro
Anderson, Calif.
Andrews, N.C.
Andrews, N. Dak.
Archer
Armstrong
Ashbrook
Aspin
Bafalis
Baldus
Baucus
Bauman
Beard, Tenn.
Bedell
Bell
Bennett
Bevill
Biaggi
Blanchard
Blouin
Bonker
Bowen
Brinkley
Brown, Mich.
Broyhill
Buchanan
Burgener
Burke, Mass.
Burlison, Mo.
Burton, John
Butler
Byron
Carney
Carr
Chappell
Clancy
Clawson, Del
Cochran
Cohen
Collins, Tex.
Conlan
Conyers
Coughlin
Crane
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Davis
de la Garza
Dellums
Dent
Derrick
Devine
Dickinson
Diggs
Dingell
Dodd
Downey, N.Y.
Drinan
Duncan, Tenn.
Early
Emery
English
Eshleman
Evans, Ind.
Evins, Tenn.
Fascell
Fish
Fithian
Florio
Flowers
Flynt
Ford, Tenn.
Fountain
Frey
Fuqua
Gaydos
Gibbons
Gilman
Ginn
Goldwater
Goodling
Gradison
Grassley
Guyer
Hagedorn
Haley
Hansen
Harkin
Harrington
Harris
Harsha
Hastings
Hays, Ohio
Hechler, W. Va.
Heckler, Mass.
Hefner
Helstoski
Henderson
Hightower
Hillis
Holland
Holt
Holtzman
Howe
Hubbard
Hughes
Hutchinson
Hyde
Ichord
Jacobs
Johnson, Colo.
Jones, N.C.
Jones, Okla.
Jones, Tenn.
Kasten
Kastenmeier
Kelly
Kemp
Keys
Kindness
Krebs
LaFalce
Lagomarsino
Latta
Levitas
Litton
Lloyd, Calif.
Lloyd, Tenn.
Lott
McCollister
McDonald
Maguire
Mann
Mathis
Mazzoli
Miller, Calif.
Miller, Ohio
Mitchell, N.Y.
Moffett
Montgomery
Moore
Moorhead, Calif.
Mottl
Murtha
Myers, Ind.
Natcher
Neal
Nichols
Nix
Nolan
Nowak
Patterson, Calif.
Pattison, N.Y.
Poage
Pressler
Quie
Quillen
Randall
Regula
Richmond
Rinaldo
Roberts
Robinson
Roe
Rogers
Roncalio
Rose
Rosenthal
Rousselot
Runnels
Russo
Santini
Satterfield
Scheuer
Schroeder
Schulze
Sebelius
Shriver
Shuster
Sikes
Skubitz
Smith, Nebr.
Snyder
Spellman
Spence
Steelman
Steiger, Ariz.
Stephens
Stuckey
Studds
Sullivan
Symms
Talcott
Taylor, Mo.
Taylor, N.C.
Thone
Treen
Tsongas
Walsh
Wampler
Weaver
White
Whitten
Wilson, C. H.
Wilson, Tex.
Winn
Wirth
Wolff
Wylie
Yatron
Young, Alaska
Young, Fla.
Zeferetti

NOT VOTING—38

Abzug
Annunzio
Breaux
Brown, Ohio
Burke, Fla.
Clausen, Don H.
Cleveland
Esch
Fary
Fraser
Green
Hébert
Heinz
Hinshaw
Horton
Jenrette
Ketchum
Lehman
Lent
Lujan
McKinney
Martin
Milford
Mink
Mitchell, Md.
Moakley
Murphy, N.Y.
Nedzi
O'Hara
Rees
Rhodes
Riegle
Risenhoover
Sarasin
Sisk
Solarz
Symington
Wiggins

The Clerk announced the following pairs:

On this vote:

Mr. Annunzio for, with Mr. Burke of Florida against.

Mr. Hébert for, with Mr. Don H. Clausen against.

Mr. Breaux for, with Mr. Cleveland against.

Mr. Mitchell of Maryland for, with Mr. Hinshaw against.

Mr. Murphy of New York for, with Mr. Ketchum against.

Mr. Green for, with Mr. Lujan against.

Mr. Sisk for, with Mr. Martin against.

Mr. Riegle for, with Mr. McKinney against.

Mr. O'Hara for, with Mr. Sarasin against.

Mr. Rhodes for, with Mr. Risenhoover against.

Mr. Wiggins for, with Mr. Symington against.

Mr. Nedzi for, with Mr. Jenrette against.

Mr. Fary for, with Ms. Abzug against.

Until further notice:

Mr. Fraser with Mr. Brown of Ohio.

Mrs. Mink with Mr. Heinz.

Mr. Lehman with Mr. Solarz.

Mr. Milford with Mr. Lent.

Mr. Rees with Mr. Horton.

Mr. Moakley with Mr. Esch.

Mr. YOUNG of Texas changed his vote from nay to yea.

Mr. CONYERS changed his vote from yea to nay.

So the bill was not passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 92, ECONOMIC AND SOCIAL STATISTICS RELATING TO AMERICANS OF SPANISH ORIGIN OR DESCENT

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 799 and ask for its immediate consideration.

The Clerk read the resolution as follows:

H. Res. 799

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H.J. Res. 92) relating to the publication of economic and social statistics for Americans of Spanish origin or descent. After general debate, which shall be confined to the joint resolution and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the joint resolution shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the joint resolution for amendment, the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Indiana (Mr. MADDEN) is recognized for 1 hour.

Mr. MADDEN. Mr. Speaker, I yield 30 minutes to the gentleman from Mississippi (Mr. LOTT) pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 799 provides for an open rule with 1 hour of general debate on House Joint Resolution 92, relating to the publication of economic and social statistics for Americans of Spanish origin or descent.

The purpose of House Joint Resolution 92 is to develop methods to improve and expand the social and economic statistics concerning Americans of Spanish origin or descent which are collected by various Federal agencies in an effort to correct the inadequacy of current statistics on Americans of Spanish origin.

House Joint Resolution 92 directs the Secretary of Commerce to implement within the Bureau of Census an affirmative action program for the employment of personnel of Spanish origin or descent and to report to the Congress within 1 year after enactment on the progress of such a program.

House Joint Resolution 92 also directs the Secretary of Commerce to develop a Government-wide program for collection of data on Americans of Spanish origin and to provide for bilingual questionnaires and enumerators in the collection of data.

Mr. Speaker, I urge the adoption of House Resolution 799 in order that we may discuss and debate House Joint Resolution 92.

Mr. Speaker, I reserve the balance of my time.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from Indiana has outlined the terms of this rule which provides for the House to resolve itself into the Committee of the Whole for consideration of House Joint Resolution 92, relating to the publication of economic and social statistics for Americans of Spanish origin or descent. The rule allows for 1 hour of general debate and for the joint resolution to be read for amendment under the 5-minute rule.

The purpose of this legislation is to develop methods to improve and expand the social and economic statistics concerning Americans of Spanish origin or descent which are collected by the Bureau of the Census, the Bureau of Labor Statistics, the Department of Agriculture, and the Office of Management and Budget. The intent of this expanded collection procedure is to correct the alleged inadequacy of current statistics on Americans of Spanish origin and the attendant problems that this causes in terms of unemployment, allocation of Government funds, and political representation.

The exact cost figure for this legislation was never determined by the Post Office and Civil Service Committee, although a figure of $650,000 in initial expenses was quoted in the committee's report. This is one issue, among others, upon which I know that reservations have been expressed.

Nonetheless, Mr. Speaker, I feel that this legislation should be brought before the House under this rule which permits perfecting amendments to be offered.

Mr. Speaker, I have no requests for time. I yield back the balance of my time.

Mr. MADDEN. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 5665, POSTAL SUPERVISOR'S ARBITRATION

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 736 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 736

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5665) to establish an arbitration board to settle disputes between supervisory organizations and the United States Postal Service. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Massachusetts (Mr. Moakley) is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, I yield the usual 30 minutes for the minority to the distinguished gentleman from Mississippi (Mr. Lott). Pending that, I yield myself such time as I may consume.

Mr. Speaker, the resolution makes in order consideration of H.R. 5665, a bill to establish an arbitration board to settle disputes between supervisory organizations and the U.S. Postal Service.

This is an open rule providing 1 hour of general debate.

The bill would establish a three-member panel authorized to arbitrate disputes between the Postal Service and the organization representing supervisory employees. It was originally intended that supervisory personnel would have a voice in decisions affecting them. It was, however, necessary for the union, the National Association of Postal Supervisors, to go to court to win these rights. The legislation before us would simply set up a simplified machinery to implement the court order.

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from Massachusetts has explained the provisions of this rule, House Resolution 736, which provides a 1 hour, open rule for the consideration of H.R. 5665, the postal supervisor's arbitration bill.

The purpose of this legislation is to authorize a three-member Board of Arbitration to consider a dispute arising between the U.S. Postal Service and a supervisory organization recognized by the Postal Service as representing a majority of supervisors whenever such parties are unable to agree. The bill provides that if the Postal Service and the supervisory organization are unable to agree upon a program for consultation or a plan to participate directly in the planning and development of pay policies and schedules, fringe benefit programs, and other programs relating to supervisory employees, either party shall have the right to refer the matter to the board. If they come to an impasse on an issue either party can demand arbitration upon 30 days notice.

Of the three-member Board, one is appointed by the Postal Service, one by the postal supervisory organization, and one by the two appointed. The Board must render its decisions within 45 days, and costs are shared equally by the two parties.

While I know there are some objections to the passage of this legislation, I am not aware of any objections to the passage of this rule. I reserve the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I urge adoption of House Resolution 736 now so that we may discuss and debate H.R. 5665.

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

ECONOMIC AND SOCIAL STATISTICS RELATING TO AMERICANS OF SPANISH ORIGIN OR DESCENT

Mrs. SCHROEDER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H.J. Res. 92) relating to the publication of economic and social statistics for Americans of Spanish origin or descent.

The SPEAKER. The question is on the motion offered by the gentlewoman from Colorado (Mrs. Schroeder).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H.J. Res. 92) with Mr. Randall in the chair.

The Clerk read the title of the joint resolution.

By unanimous consent, the first reading of the joint resolution was dispensed with.

The CHAIRMAN. Under the rule, the gentlewoman from Colorado (Mrs. Schroeder) will be recognized for 30 minutes, and the gentleman from California (Mr. Rousselot) will be recognized for 30 minutes.

The Chair recognizes the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, House Joint Resolution 92 is greatly needed legislation considering the admitted inadequacy of current statistics on Americans of Spanish origin and the resulting inequities that occur in terms of allocation of funds and political representation. Hearings have been held on this issue in the past two Congresses and there is no doubt that the data base for this segment of our population needs to be greatly improved.

This legislation would address the problem in a number of ways. The first three sections of the bill encourage the Federal Government to develop improved methods for collecting, analyzing, and publishing statistics providing indicators of the social and economic conditions of Spanish-origin Americans.

Specifically, section 1 seeks to improve unemployment statistics; section 2 calls upon the Departments of Commerce, Labor, and Agriculture, to increase its efforts to collect and publish regular data on Spanish-origin Americans; and section 3 requires the Office of Management and Budget to develop a government-wide program to coordinate the present collection of data.

The last three sections of House Joint Resolution 92 relate mostly to problems with decennial census. Section 4 would require a study to develop methodology to estimate undercounts of Spanish-origin Americans—something which is technically possible, but not done at this time. Section 5 would require the Bureau of the Census to use Spanish-language questionnaires and bilingual enumerators in the collection of data wherever there are large concentrations of Spanish-origin Americans. Section 6 calls upon the Census Bureau to improve its affirmative action program for hiring more Spanish-origin Americans in order to carry out the goals of section 5.

Because of amendments which I will be offering to meet the objections contained in the committee reports supplemental views of this bill, cost estimates that are now approximately $300,000 on a one-time basis is an accurate figure.

Mr. Chairman, it is obvious that those jurisdictions with large numbers of Spanish-origin Americans have been hurt politically—and in the pocket—by past failures to simply count these Americans. We should not continue to ignore their existence.

Mr. BAUMAN. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I will yield to the gentleman from Maryland.

Mr. BAUMAN. Mr. Chairman, I thank the gentlewoman for yielding.

Mr. Chairman, the gentlewoman has mentioned section 6 of the bill, which I have only now read, and it does, as the gentlewoman points out, require "an aggressive affirmative action program" for hiring personnel of Spanish origin.

Does this mean that if the Bureau of the Census is confronted with three or four applicants for a particular job, and all qualify under Civil Service examinations, that a white or a black or someone of French or German origin would be excluded and the Spanish-speaking, equally qualified person would have preference?

Mrs. SCHROEDER. I am delighted the gentleman from Maryland (Mr. BAUMAN) has pointed that out.

Mr. Chairman, I will be offering an amendment to strike "aggressive," and it will comply with affirmative action as it does in the Federal agencies at this time. So it will be the same. That will be a committee amendment offered to strike that.

Mr. BAUMAN. Mr. Chairman, if the gentlewoman will yield further, I will renew my question. If we remove the word "aggressive," does it still mean that blacks or whites or Americans of other foreign origins would be excluded and the Spanish-origin American would be given preference?

Mrs. SCHROEDER. No, it does not say they will be given extra points or preference points. It says we will have an affirmative action program to seek them out. The figures of the Bureau of the Census are really rather appalling. At the headquarters offices, out of 3,800 employees, only 44 are of Spanish origin. Out of 315 employees in district offices, there are only 13. Of the 3,730 intermittent employees throughout the Nation only slightly more than 100 are of Spanish origin. Many of these deficiencies are especially bad because they are in regions where they have a high concentration of Spanish-origin Americans.

So it is the reasonableness rule that we will be applying. It does not talk about quotas or preferences. It says there will be an affirmative action program, striking the "aggressive" portion, according to the committee amendment, and an affirmative action program which means they will actually solicit in an attempt to encourage Spanish-speaking people to apply. If they do apply, they will consider them on the same basis as they do other people.

Mr. BAUMAN. If the gentlewoman will yield further, I assume section 6 applies not to just enumerators, under this particular resolution, but to all employees of the Bureau of the Census.

Mrs. SCHROEDER. Yes, it does. That is the important thing. We probably would not have had the undercounts if we had more people in the headquarters office and district office making these policy decisions and understanding the problems they were going to run into when the enumerators went out and started to do the actual work.

Mr. BAUMAN. I thank the gentlewoman.

Mr. ROUSSELOT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the Bureau of Census has made significant improvements in correcting the problems, which took place in the 1970 census, of undercounting minority groups. However, I feel that it is important that the Congress express its concern that all Americans be accurately counted by our statistical data gathering agencies. It is my hope that these agencies will apply the mandate of House Joint Resolution 92 not only to Spanish-speaking minorities, but also to other minority groups. I will reserve my opinion on this legislation until all amendments which are to be offered by Mrs. SCHROEDER and others have been voted on by the House. Changes must be made before I can support its passage.

It is my understanding that the first of these amendments will delete the present language of House Joint Resolution 92 which would require a feasibility and cost study of developing and publishing monthly unemployment statistics for Americans of Spanish origin or descent. The Bureau of Census had advised that the cost of monthly unemployment statistics would be between $45 and $50 million each year. The amended language would require that the Bureau develop methods for improving and expanding the collection, analysis, and publication of unemployment data relating to Americans of Spanish origin or descent. According to the Director, the Bureau is already engaged in accomplishing the intent of the amendment and would incur no additional costs because of it.

The second and third amendments which will be introduced are technical in nature. However, the fourth amendment would delete section 5, which required that bilingual questionnaires be used in the collection of data. The Bureau, in a letter to the committee on April 14 stated:

> To put two languages on the questionnaire would not just double its size but would make filling out the questionnaire more difficult. The sheer appearance of a bilingual questionnaire can make the form seem so burdensome that the entire self-enumeration approach is jeopardized. The increased complexity of the form would undoubtedly slow down and decrease the effectiveness of the field review performed to spot missing or incomplete responses.

The language of the new section five has been suggested by the Bureau of Census. The amendment requires that the Bureau data collection activities give full recognition to the needs and concerns of the Spanish-origin population through the use of Spanish language questionnaires, bilingual enumerators and other appropriate methods. The Bureau advises that the cost of this amendment is insignificant compared to the requirement that bilingual questionnaires be used.

The final amendment would require that the word "aggressive" be deleted from the section which mandates an aggressive affirmative action program for the employment of personnel of Spanish origin. I raised this very point in committee that the term "aggressive" is vague in meaning when used in the context of an affirmative action program. I am pleased that the chairman has decided to delete "aggressive" which would have confused rather than corrected problems with existing affirmative action plans of the Bureau.

I urge my colleagues to adopt House Joint Resolution 92 only if the amendments to which I have referred are adopted.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I just want to point out that these amendments were not offered in the subcommittee.

Mr. ROUSSELOT. Some of them were.

Mrs. SCHROEDER. The gentleman from California (Mr. ROUSSELOT) was not there at the time.

Mr. ROUSSELOT. Mr. Chairman, I did not get to the full committee because we had business on the floor at the time. I remember the circumstances very well.

Mrs. SCHROEDER. Mr. Chairman, I assure the gentleman that in the subcommittee we were more than happy to take any amendments into account.

Mr. ROUSSELOT. Mr. Chairman, I yield 5 minutes to my colleague, the ranking member of this fine committee, the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Chairman, I understand that there is a "gentlemen's agreement" as to the acceptance of amendments that were suggested in the supplemental views by the minority; is that an accurate statement?

Mrs. SCHROEDER. Mr. Chairman, if the gentleman will yield, yes, I am planning to offer several amendments, and I think we should take into consideration the supplemental views that appear in the report.

Mr. DERWINSKI. Mr. Chairman, I will be pleased, at the time they are offered, to accept the gentlewoman's amendments.

Mrs. SCHROEDER. Mr. Chairman, I yield 5 minutes to the gentleman from Texas (Mr. WHITE).

Mr. WHITE. Mr. Chairman, the purpose of this measure is to encourage greater efforts within the Federal Government on the economic and social status of Spanish-speaking Americans. My hometown in my district is comprised of about 64 percent Spanish-speaking citizens. As you know, it is estimated that there are now about 12 million Spanish-speaking Americans in this country. A large portion of these persons experience major social, economic and political problems which tend to diminish the basic opportunities they are entitled to as American citizens. If effective programs are to be established to meet these problems, it is essential that accurate, comprehensive, and current data on the Spanish-speaking population be produced on a continuing basis. In the 93d Congress, when I chaired the Census Subcommittee, we held extensive and conclusive hearings which clearly demonstrated the vital need for a Government-wide program to gather pertinent data on our Spanish-origin Americans. Strong testimony was received indicating that the 1970 decennial census had undercounted this segment of the population. Accurate, comprehensive and current data is critical to Federal program funds which are based on such statistics. With new coverage under the recently enacted Voting Rights Act amendments, this minority group will need this legislation for effective implementation of their voting rights.

I urge your favorable consideration of this important measure.

Mr. ROUSSELOT. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. Mr. Chairman, I rise in qualified support of House Resolution 92 legislation which will provide for the publication of economic and social statistics for Americans of Spanish origin or descent, as well as develop safeguards to prevent undercountings of these Americans in the 1980 census. I warmly endorse the concept of trying to remedy these problems for they are indeed serious.

We are attempting to legislate to help those who, because of their language background or origin are purposely or unwittingly discriminated against, but we only deal with one of many groups. In New York City, for example, there are large concentrations of people from Haiti, Trinidad, Tobago, Martinique and other Caribbean islands that speak French or are of French origin. They are not covered by this bill. There are large concentrations of poor Brazilians in the United States that are of Portuguese background. They are not covered.

Then too, we have completely ignored large concentrations of Italians, Greeks, Albanians, and other language minorities that are equally discriminated against in census gathering and have lost out on the many public and private programs aimed at relieving their disadvantaged conditions.

If we intend to help those who have suffered discrimination because of their language or their ethnic background, we must help all similarly affected. To say the problem is less severe with one group than the other, is to make cold, ruthless determinations based on the politics of numbers.

To say only one group is most deserving is to deny the fundamental principle of this Nation that all are entitled to equal treatment under the law. This legislation fails to even acknowledge that the problems of compiling and disseminating reliable economic and social statistics, as well as census undercounting may exist among other American ethnic groups. Under the procedure used in the 1970 census, many ethnic Americans were lumped together under the general category of whites. There was no ability or attempt made to decifer individual statistics on the various groups despite their importance.

While it is true that the committee report does not establish a case for these problems existing among other American ethnic groups, I wonder where there was really an aggressive enough effort made by the committee to obtain the total picture.

The supplemental views of the committee report raise precisely the same point. It was even mentioned that portions of the bill as reported were so limited as to invite requests from other American ethnic groups for equal treatment. This is a justified notion yet under the rule providing consideration of this bill it will be impossible to extend its coverage to these Americans at the present time.

The problems which House Joint Resolution 92 attempts to address itself to are serious and worthy of our immediate attention. Census undercounting and inaccurate economic statistics can and do result in serious problems for the 12 million Americans of Spanish origin and descent. The problem hopefully will be remedied by this legislation. However, I maintain that similar problems may and could exist for other ethnic groups particularly with respect to the 1980 census. The old cliche "An ounce of prevention is worth a pound of cure" is applicable here. I would hope that the House passes this bill today and that the Post Office and Civil Service Committee will expeditiously report out new legislation providing the mechanism for extending the coverage of House Joint Resolution 92 to all Americans of foreign stock.

Mrs. SCHROEDER. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. Yes, I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. Mr. Chairman, I think that if the gentleman in the well wanted to bring to the Committee evidence of the fact that some of those groups were being undercounted, which is what we are very concerned about, the fact that they have not been counted, and that this data is not accurate in counting them, if the gentleman can establish that case, then I think the committee will hold hearings on it and will report legislation with respect to those groups.

At this point we have no evidence that the different groups have been undercounted. This is the major purpose of this legislation.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. Yes, I will be happy to yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Chairman, I would like to inform the gentlewoman from Colorado (Mrs. SCHROEDER) that part of the reason these Spanish-speaking people have been undercounted is because they have ducked the enumerator since 6 million of them are here illegally. I do not know why we get all uptight about doing so much for these people who are here by virtue of illegal entry.

Mr. BIAGGI. Mr. Chairman, I would like to respond to the statement of the gentlewoman from Colorado (Mrs. SCHROEDER) in that connection.

The gentlewoman was present the last time I made my views known in connection with this with respect to the Voting Rights Act, which was voted down. If I recall, the gentlewoman from Colorado voted against it, notwithstanding the same basic justification for inclusion in all the benefits that this Nation has to provide.

I would suggest that the same concern be shown, for whatever reason, whether it be that offered by the gentleman from Ohio (Mr. HAYS), which I was not mindful of, but whether it has merit or not, it certainly bears inquiry.

I do not know that any comments of mine would have made any difference to the committee at that time because that was not the thrust, and that is not the thrust of this type of legislation and historically has not been the thrust of this type of legislation in this House.

We suffer from a syndrome that mandates discrimination against other peoples in these United States who cry out for equal justice.

Mrs. SCHROEDER. Mr. Chairman, if the gentleman will yield further, I think that the group the gentleman is from probably has suffered a lot from not being counted, I am sure, as well as other people. In other words, there has been an undercount in New York City, and because all of the revenue sharing figures and everything else are based on the population data, I think it is very important if there is evidence of other groups being undercounted.

I really wish the gentleman would bring it up before the committee, and we would be very happy to consider it.

Mr. BIAGGI. Mr. Chairman, I would like to thank the gentlelady from Colorado for her kind offer.

I have no quarrel with the legislation. I have no quarrel with the Voting Rights Act. My only quarrel was as to the narrow approach. It is a problem which affects many other people of these United States.

Mr. ROUSSELOT. Mr. Chairman, I yield 3 minutes to the gentlewoman from New Jersey (Mrs. FENWICK).

Mrs. FENWICK. Mr. Chairman, I thank my distinguished colleague, the gentleman from California (Mr. ROUSSELOT), for yielding.

I have a question to put to the chairman of the subcommittee.

I am in favor of this bill and of any legislation that would make sure that all our citizens are counted, and are able to vote, and receive what help the law allows, but I am concerned.

I wonder whether the committee has considered that in New York there are, as has been estimated, close to 1 million illegal aliens.

What effect is this going to have on that number of our residents who are not here legally?

Mrs. SCHROEDER. Mr. Chairman, if the gentlewoman will yield, I do not think it will have any effect. The sole purpose of this resolution is to do a better job of counting people of Spanish origin.

Mrs. FENWICK. Well, the estimate is that there are close to 1 million who are there illegally, and there are many in New Jersey. We have tragic difficulties because people take money from these illegal aliens, promising them a green card which would make them legal residents. When the card is not forthcoming, the alien complains because he will be thrown out of the country.

What I am concerned about is this: Are we going to register and count both the people who are here illegally and those who are here legally? Will that be a question? Or will that be ignored, or how will it be handled?

Mrs. **SCHROEDER**. This is a census count, the Census Bureau is going to count the people who are residing in the United States of Spanish origin.

Mrs. **FENWICK**. Whether they are here legally or illegally?

Mrs. **SCHROEDER**. That is right. It counts people who are residing in the country.

Mrs. **FENWICK**. So there will not be any question of whether or not the person who is counted is here illegally?

Mrs. **SCHROEDER**. No, there will not be any question concerning their status.

Mrs. **FENWICK**. So we will not have any count of those who are illegal aliens?

Mrs. **SCHROEDER**. No, we will not.

Mrs. **FENWICK**. We have had great difficulty with this. Many of our labor organizations have been very anxious to have some kind of an estimate that would be more accurate.

Mrs. **SCHROEDER**. That is true, but I am sure that since the Census Bureau is not engaged in law enforcement, which is what we would be asking them to do, that we would have a great deal of difficulty ever getting an accurate count if that happened. And this is true because of what the gentleman from Ohio said, people would be fearful of talking to whoever came to their door.

So although I know that this is of great concern, it is properly within the framework of the Census Bureau.

Mrs. **FENWICK**. The Census Bureau does not take into account one status as against another?

Mrs. **SCHROEDER**. They do not make a determination of who is here legally or illegally.

Mr. **ROUSSELOT**. Mr. Chairman, will the gentlewoman yield?

Mrs. **FENWICK**. I yield to the gentleman from California.

Mr. **ROUSSELOT**. Mr. Chairman, I think that the point my colleague, the gentlewoman from New Jersey is trying to make is that many cities and county governments rely on the census figures and updating of those figures as to what their allocation will be in various categories of Federal grants. In the collection of those statistics if, in fact, illegal aliens are included in these counts that it might distort what those governmental units are relying on for grants that come from the Federal Government.

So I think my colleague the gentlewoman from New Jersey (Mrs. Fenwick) has made an excellent point.

Maybe we ought to consider having the Census Bureau determine, if they can, how many illegal aliens are in fact in a given area.

I appreciate my colleague the gentlewoman from New Jersey raising that issue.

The **CHAIRMAN**. The time of the gentlewoman has expired.

Mrs. **SCHROEDER**. Mr. Chairman, I yield 5 minutes to the gentleman from California (Mr. Roybal).

Mr. **ROYBAL**. Mr. Chairman, I would like to commend my colleague from Colorado and members of her subcommittee for the leadership and interest they have shown in reporting out this brief but important resolution. I understand that Mrs. Schroeder will offer several amendments in line with the minority's supplemental views. I fully support these perfecting changes, and urge your vote on both the amendments and the resolution.

The purpose of House Joint Resolution 92 is to insure that the Federal Government provides an accurate and current reporting of the conditions affecting Americans of Spanish origin or descent. This assurance has become necessary in light of substantial failures by the Federal Government to fully and accurately represent this second largest minority group.

CENSUS UNDERCOUNT

One of the most glaring defects—and one which is addressed by sections 4 and 5 of the resolution—is the undercount of Spanish-origin persons by the Census Bureau. The 1970 census was, in fact, a most inaccurate account of this group. The Bureau did not actually count the Spanish-origin population, but relied on a 5-percent sample question. This small sampling was an expedient, an afterthought, adopted by the Bureau to quell criticism against its original failure to provide a Spanish-origin question for the census. However, very little was done to insure that this sample adequately estimated the Spanish-origin population.

First of all, the Census Bureau failed to develop appropriate data collection techniques. It relied too heavily on the mail-out, mail-back method, despite the fact that mail delivery would be poor or even nonexistent in substandard housing areas.

Nor did the Bureau properly account for the high mobility among migrant farmworkers with its significant Mexican-American population.

Further, it failed to provide a Spanish-language questionnaire on a routine basis, despite the fact that many Latinos needed help to fill out the lengthy English-only forms.

The Bureau attempted to discount the Spanish-origin question as a regional problem, completely ignoring their nationwide distribution. The truth is that well over 40 percent of this group resides outside the southwestern region.

Repeatedly, the Bureau has failed to prove that it was sensitive to the need for bilingual enumerators during the 1970 census. Community representatives and observers continually complained about the absence of bilingual census takers. Originally, the Bureau claimed they had never kept employment records on the enumerators' knowledge of foreign language. Recently, however, I discovered that they did, but had apparently destroyed the records soon after the census.

An April 1974 report by the U.S. Commission on Civil Rights presented evidence of a "significant undercount" of the Spanish-origin population, citing the Bureau's own estimate of the 1970 black undercount, and its insensitivity in developing methods to accurately count the Spanish-origin communities.

A 1973 report by the National Urban League concluded that the undercount rate for the Spanish origin was "probably larger than those for blacks."

As a result of the Bureau's undercount, several organizations conducted independent estimates of the Spanish-origin population. The Mexican-American Population Commission estimated the Spanish origin at over 12 million people as compared to the Bureau's 9 million. In a November 1971 suit against the Bureau, the Commission accused the agency of "often willful and arbitrary indifference" in counting Spanish-origin persons.

Naturally, Bureau officials sought to dismiss these findings as unfounded. However, their own 1973 population survey for "persons of Spanish origin in the United States," showed a substantial increase of more than 1.5 million over 1970 figures. This revision showed a 17-percent rise in the Spanish-origin population and a nearly 40-percent increase among Mexican Americans—again prima facie evidence that the original count was not accurate, that it was not conducted properly. The 1974 report by the U.S. Commission on Civil Rights found that "this figure reflects some correction for an undercount in the 1970 census." Even the Bureau admitted that the significant increase was due to improved survey methods—namely, the expansion of the category "Spanish origin for children under 14" to include the Spanish origin not only of the father, but also of the wife of the household; expansion of Mexican ethnic origin from two to four categories; and changes in survey procedures with emphasis on interviewing.

The Bureau has the constitutional mandate to compile and publish data on the U.S. population. There is little doubt that governmental agencies at all levels rely heavily, and in many cases exclusively, on data developed by the Bureau. This dependency has its own domino effect: If Bureau figures are suspect, then those of other agencies are also suspect.

There are currently some 100 Federal programs which allocate funds on the basis of population; many require census data for minority groups and populations within specific geographic areas. They cover a wide range of areas, from Federal highways and mass transit funds, to general revenue sharing, education, manpower, housing, health and social services, elderly programs, and law enforcement assistance.

Mr. **KAZEN**. Mr. Chairman, will the gentleman yield

Mr. **ROYBAL**. I yield to the gentleman from Texas.

Mr. **KAZEN**. I thank the gentleman for yielding.

Under this resolution, what does the gentleman foresee as to the frequency of these people being subjected to questionnaires? Just how often are they going to have to answer questionnaires?

Mr. **ROYBAL**. First of all, this is part of the Bureau's responsibility to make that determination, and under their practice in the past this has been is a one-shot deal that is done every time a census is taken.

Mr. **KAZEN**. All right. I would hope that this was what the gentleman would want, because the more questionnaires we aim at these people, the less they are going to answer. It is not a question of having the questionnaires either in English or in Spanish, because there are so many older Mexican American citizens who do not read or write either. What we need are enumerators who are of Spanish-speaking origin who can go in and talk to these people personally and, furthermore, only question them about the number of members in their families.

The CHAIRMAN. The time of the gentleman has expired.

Mrs. SCHROEDER. Mr. Chairman, I yield 1 additional minute to the gentleman from California.

Mr. KAZEN. Mr. Chairman, will the gentleman yield?

Mr. ROYBAL. I yield to the gentleman.

Mr. KAZEN. I thank the gentleman for yielding.

The main problem is that the Census Bureau asks too many irrelevant questions at the time that they are trying to arrive at the Census. When they do, many of the Mexican American or Spanish-speaking people do not realize what the enumerator is after and they get scared. Word spreads and these people hide or answer untruthfully. If we want a true enumeration they should only have to answer the question "of how many members does your family consist."

Mr. ROYBAL. This is exactly the problem that we have, and one of the reasons why these people are not counted. They do not use Spanish-speaking enumerators, so they went out to try to find out how many were in a family, and the enumerator could not understand the person he was interviewing, and the person being interviewed could not understand the enumerator. So how, then, could they possibly come up with an accurate count of how many people are in a family?

Mr. KAZEN. That is correct, because they ask questions like, How much do you receive in social security? How many in your family are on welfare? How many this and how many that, instead of just enumerating the people. If we are to have a true census, let us have a true census, and if a department of the Government wants information on other subjects, get it at some other time.

Mr. ROYBAL. It is the purpose of this resolution to do precisely that, get an accurate count of Spanish-speaking Americans in the United States, by providing enumerators who are necessary, who speak the language, and who will prepare questionnaires in the Spanish language and make it possible for these people to be able to understand one another so we can come up with an accurate count of the Spanish-speaking people in the United States.

Mr. ROUSSELOT. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois (Mr. DERWINSKI), the champion of all ethnic groups.

Mr. DERWINSKI. Mr. Chairman, I wish to read to the Members of the House a letter that was given to me yesterday by the distinguished minority leader. The letter reads as follows:

WASHINGTON, D.C.,
October 28, 1975.

DEAR ED:—

He always calls me "ED"—

I would like to convey my support for H.J. Res. 92 during its consideration on the Floor Wednesday, October 29. A statement indicating my support for the legislation was inserted in the CONGRESSIONAL RECORD for Tuesday, October 28.

It is essential that we improve our ability to count accurately and to assess the needs of the Spanish-speaking community. I support the aim of H.J. Res. 92, and urge all my colleagues to back this effort to improve data collection.

Sincerely,

JOHN J. RHODES,
Minority Leader.

Mr. Chairman, there is a development in the debate I wish to address myself to. I hope I have the attention of the gentleman from California (Mr. ROYBAL). If the Members would please note, in the committe report under the "Purpose" it states that the purpose of resolution is to develop methods to improve and expand the social and economic statistics concerning Americans of Spanish origin and descent which are collected by various Government agencies, such as the Bureau of the Census and the Bureau of Labor Statistics and the Department of Agriculture and the Office of Management and Budget, thereby correcting the inadequacy of current statistics on Americans of Spanish origin.

The point I am making is this. There has been discussion for the record, of the statistics on illegal aliens in the country and that would include, as we know, a major problem with Spanish-speaking people. The point I would like to make is I do not think we should read into this legislation any cure aimed at the problem of illegal immigration. That is not the purpose of this measure.

As a matter of fact the tendency is for someone who is in an illegal status to avoid cooperating with the Census Bureau. What we are going to have is a situation where the illegal resident is of necessity avoiding any cooperation, just as they would be expected to under their circumstances. I just want to make that point because I am a proponent of this legislation but I do not believe that even indirectly it is going to be any cure-all for the massive problems we have with illegal aliens in the country.

Mrs. SCHROEDER. Mr. Chairman, I yield 5 minutes to the gentleman from New York (Mr. BADILLO).

Mr. BADILLO. Mr. Chairman, I rise in support of House Joint Resolution 92, a resolution to improve the economic and social statistics relating to Americans of Spanish origin or descent.

I want to emphasize the point that was made by the gentleman who preceded me, particularly in answer to the gentleman from Ohio. This resolution has to do with American citizens. The word "American" in the resolution means American citizens. This has to do with counting only American citizens. It does not help illegal aliens, it does not hurt illegal aliens. We should have a resolution at some other time to count illegal aliens because we keep getting different figures, but this resolution has to do only with American citizens.

In our Committee on the Judiciary when we were discussing the question of illegal aliens, the question came up as to why they are not counted. The answer given to us by the Commissioner of Immigration and Naturalization was, "If we can count them, we can catch them and take them back wherever they belong."

Therefore, they do not count them. Those they catch, instead of counting, they deport. So that there is at the present time, unfortunately, no mechanism by which it is possible to count illegal aliens. If we can help to develop one, none of us would want it more than those who come from New York. We are aware that the mayor of New York City, in the present crisis, keeps escalating the number of illegal aliens. A few months ago when things were going along fairly well, he said there were only 700,000 illegal aliens in New York City. Last month the figure was up to 1 million. If New York City goes bankrupt, there may be 8 million illegal aliens in New York City, according to Mayor Beame. This is because he is trying to get additional help for the city.

We are trying to get information; but the illegal presence of the alien, makes it impossible to get the figures, so that we are only speaking in this legislation about American citizens.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. BADILLO. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, the gentleman is absolutely correct in directing himself to this key point. I hope the House will recognize the practical experience and knowledge of this subject that the gentleman is bringing to this issue. I thank the gentleman for clarifying the matter.

Mr. BADILLO. Mr. Chairman, I thank the gentleman.

I want to point out that the basic difficulty of undercounting American citizens of Spanish origin is well documented and extensively researched. The U.S. Commission on Civil Rights issued a report called, "Counting the Forgotten." In April 1974 it was sent to every Member of Congress. It pointed out there was at least a 10 percent undercount nationally and in the urban areas of this country at least a 20 percent undercount of citizens of Spanish origin. In my own city of New York the Census Bureau reported there were 846,731 Puerto Rican American citizens in 1970. By the way, Puerto Ricans are not legal aliens. They are American citizens.

The City University, the university of the city of New York, conducted a survey called the 1970 population health survey, and it found that there were 1,016,500 Puerto Ricans, which is a difference of 25 percent; so those are very substantial differences in figures dealing with American citizens.

These are all called statistics, but I want to dramatize this in a more personal way. I send a newsletter to my district, as many of us do in the Congress. My district has a substantial percentage of Puerto Ricans, around 40 percent. In the Puerto Rican areas of my district, as opposed to the other areas, the mail is returned. The newsletter which is addressed say to the occupant of a building, "Occupant 916 Fox Street" is returned by the post office marked, "Addressee unknown."

Now, I did not give the name of the fellow. I did not say Jose Occupant. I said occupant and yet it is returned by the post office. The basic problem is that everybody is afraid to go into these areas, including the post office people, sometimes even the police. So we find that we cannot get the figures of who are the residents of the area. For that reason, when it comes to getting the necessary grants from the Federal Government and getting our fair share of funds, we suffer.

Mr. HAYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. BADILLO. I yield to the gentleman from Ohio.

Mr. HAYS of Ohio. Mr. Chairman, the gentleman has clarified some of the points bothering me; but the basic thing that really bothers me, are we creating a dual-language country?

I do not know whether the gentleman knows it or not, but the second largest Hungarian city in the world is not in Hungary. It is in Ohio, Cleveland; and yet nobody worries about understanding the Hungarians, because the minute they arrive there they start learning English.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mrs. SCHROEDER. Mr. Chairman, I yield the gentleman from New York 1 additional minute.

Mr. HAYS of Ohio. We had a situation during the Hungarian Revolution when literally thousands more Hungarians came to Cleveland, and within 2 or 3 years 90 percent of them could communicate in English. Now, my concern is, are we fostering a dual language situation or are these people, in the second and third generations anyway, going to be able to communicate in English?

Mr. BADILLO. No, we are not doing that at all. As a matter of fact, as the gentleman knows, New York City is the first city for many of our immigrant people. There are more Jews in New York than in Jerusalem, more Italians than in Rome, and more Puerto Ricans than in San Juan.

What we are talking about is very precise. We are talking about findings that we have made as a result of studies that indicate a particular need, as in this case there was a documented report prepared, not by Puerto Ricans, but by City University, showing a 25-percent undercount of Puerto Ricans. In other areas, such as when the Voting Rights Act came before the House not too long ago, we had specific documentation. Now, where there is specific documentation of that nature prepared, not by the group itself which might be somewhat self-serving, but by objective groups which show that there is a need, I would support it.

Mrs. SCHROEDER. Mr. Chairman, I yield 4 minutes to the gentleman from Texas (Mr. DE LA GARZA).

Mr. DE LA GARZA. Mr. Chairman, I rise in support of this legislation and add my endorsement and associate myself with the statement made by my colleague from California (Mr. ROYBAL) and my colleague from New York (Mr. BADILLO).

Mr. Chairman, there was great dissatisfaction with the census, the past census, in my entire district; not related entirely to the Spanish surname or Spanish origin, but because they just did a bar job as far as the people in the area were concerned. There were terrible undercounts in cities like Edinburg and Harlingen of the entire population, and this is one way to address ourselves to that situation.

So, I endorse the legislation on behalf of all of the people in my district, the chambers of commerce, the cities, the counties, which were all entirely dissatisfied with the census.

At it relates to the Spanish speaking, I think that this is very proper because the undercounts happened, whether by accident or otherwise, in the Southwest where a majority of the Spanish origin or Mexican origin or Spanish surname people live. I would like to say also to some of my more conservative colleagues that this is also a protection for the Government, because when we speak of Federal grants or when we speak of Federal programs that would affect the Spanish speaking or any other ethnic group, sometimes there are well-meaning people who, in their enthusiasm for a project, misrepresent. This is one way to be assured that we are speaking entirely on factual information, and there is no more important area than when we count people as, for example, for revenue sharing.

So, I think this would be helpful in this respect. It will provide accurate documentation for those programs where that documentation is needed. There will not be those discrepancies that sometimes well-meaning or well-intentioned people cause.

I might add that the statement made by the gentleman from New York (Mr. BIAGGI) as related to other groups, I think he is correct. I supported him in his request to extend the voting rights bill to all those other groups. Unfortunately, as the gentlewoman from Colorado has said, the documentation for this legislation was only the one we can see in the report. I would offer the gentleman from New York my continued assistance in helping him with the problems of this area, but for this time the hearings show the evidence only to this particular group.

If I may say to my colleague from Ohio (Mr. HAYS) this is a multilingual society which we have in our country. More foreign languages are spoken here than are spoken in their origin countries, but the gentleman mentioned Hungary.

If the Hungarians in Ohio were living across the border from Hungary, they would speak Hungarian much more than they would speak English, if their borders were adjoining. Cleveland is a long, long way from Hungary; but not Texas, which is just a walk across the river from Mexico. Besides, Spanish was spoken in this hemisphere before the first word of English was spoken, so we might say that it is one of our native languages in the Western Hemisphere. We started the whole effort long before 1776 which was the beginning of our country. I think that it would be well to remember that we have invited and we have accepted, all who came after the original European inhabitants, who were the Spaniards, and we welcomed their languages also.

Again, Mr. Chairman, I support this legislation.

Mr. ROUSSELOT. Mr. Chairman, I reserve the balance of my time.

Mrs. SCHROEDER. Mr. Chairman, I yield such time as he may consume to the gentleman from California (Mr. STARK).

Mr. STARK. Mr. Chairman, I rise in support of the joint resolution.

Mr. Chairman, at first glance, House Joint Resolution 92 seems rather inconsequential. But this resolution is anything but unimportant for thousands of Americans. This resolution is an attempt to solve a problem with serious social and economic significance to the Spanish-origin community in America.

House Joint Resolution 92 meets a situation brought to the fore when it became clear that the Bureau of Census had failed in the 1970 Census count to properly identify and enumerate Spanish origin Americans.

A 1974 study by the U.S. Civil Rights Commission found that in 1970 the Bureau of the Census undercounted more than 10 percent of all Spanish-speaking citizens in this country. Some estimates indicate that in urban areas the undercounts may have gone as high as 20 to 25 percent. While the Government fails to count nearly a quarter of all Spanish-speaking people in our cities, the needs of these people remain unlocated.

Detailed census data on Spanish-origin citizens is vitally needed. Until we are made aware of this minority community, we will be unable to provide it with the things it needs most. Current demographic, social, and economic statistics are used by Federal agencies and local and State governments to insure equal political representation, fair employment opportunities, and basic social services. A substantial undercount means the loss of millions of dollars a year in Federal and local assistance to the Spanish-speaking community.

There are presently 103 Federal programs which allocate money on the basis of population figures, including health, education, manpower, and welfare projects. Because Spanish-speaking citizens are being undercounted, they are not receiving their fair share of the Federal assistance dollar. Many congressional districts are not getting the level of Federal aid they should, and tens of thousands of Spanish-origin citizens—constituents also—who, in fact, do not exist in the eyes of Government, are being denied the basic right of equal opportunity.

Effective equal employment opportunity programs require that minority participants be represented in a fair, proportional manner. Incomplete data on Spanish-origin people lessens the effect of any equal employment opportunity plan because its goals are necessarily insufficient to meet the Spanish-origin population's employment needs. Government must right this defect. If we do not, I believe we are condoning a fact worse than bigotry.

If we fail to recognize and identify the citizens of Spanish origin by basic census counting, then our commitment to their welfare is suspect. This is a crucial step toward restating our commitment to the Spanish-origin people of our Nation.

Thank you.

Mrs. SCHROEDER. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. Simon).

Mr. SIMON. Mr. Chairman and colleagues, the point that the gentleman from Ohio made about Hungarians—and I see he is conversing with one of our forefathers over there right now, the gentleman from Texas (Mr. de la Garza)—his point would be a valid point if there were a real problem for Hungarian-Americans. We do have a special problem facing the Spanish-speaking people. I recall during the 1970 census, while it was being taken, being on a television program in Chicago. One of the Puerto Rican leaders, Mr. Gregory Miranda, told the television audience:

> If you are either Puerto Rican or Mexican by background, don't fill out the census form.

There is a problem here with the census. There are problems which Spanish-speaking citizens face that are largely unrecognized.

A few minutes ago, some of my colleagues from Illinois were on the floor here. We have in Illinois, for example, 500,000 to 600,000 people either of Mexican or Puerto Rican background. We do not have accurate statistics, as this bill would demand, on unemployment, on some other things. We also do not have in our State a single member of the Chicago City Council who is of Mexican or Puerto Rican background, not a single member of the State legislature.

My belief is that if we had a more accurate census, this would pinpoint this problem and we might move more responsibly to some of the needs of a very fine group in the State of Illinois.

So I think it is a healthy piece of legislation, and I join my colleague, the gentleman from Illinois (Mr. Derwinski) in supporting it.

Mrs. SCHROEDER. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. There being no further requests for time, the Clerk will read.

The Clerk read as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Department of Labor, in cooperation with the Bureau of the Census, immediately undertake a study to determine the feasibility and cost of developing and publishing monthly, in addition to quarterly, a nationwide unemployment rate among Americans of Spanish origin or descent.

Sec. 2. That the Bureau of the Census and the Department of Labor, and the Department of Agriculture undertake further efforts to collect, and publish regularly statistics which provide indicators of the social and economic condition of Americans of Spanish origin or descent.

Sec. 3. The Director of the Office of Management and Budget, in cooperation with the Director of the Bureau of the Census and with the heads of other data-gathering Federal agencies, shall develop a Government-wide program for the collection of data with respect to Americans of Spanish origin or descent.

Sec. 4. The Bureau of Census, in cooperation with appropriate State and local agencies and various population study groups and experts, shall immediately undertake a study to determine what steps would be necessary for developing creditable estimates of undercounts of Americans of Spanish origin or descent in future censuses.

Sec. 5. The Bureau of Census shall provide for the development and use of bilingual questionnaires and enumerators in the collection of data, and shall implement an aggressive affirmative action program for the employment of personnel of Spanish origin or descent.

Mrs. SCHROEDER (during the reading). Mr. Chairman, I ask unanimous consent that the joint resolution be considered as read, printed in the Record, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

COMMITTEE AMENDMENTS

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk proceeded to read the first committee amendment.

Mrs. SCHROEDER (during the reading). Mr. Chairman, I ask unanimous consent that the committee amendments to page 2 and to page 3, line 3, of the joint resolution be considered en bloc and, further, that they be considered as read and printed in the Record.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

The committee amendments are as follows:

Committee amendments: On page 2, beginning in line 3, strike out "Bureau of the Census," and insert in lieu thereof "Department of Commerce, shall".

On page 2, line 6, strike out ", in addition to quarterly,".

On page 2, line 8, strike out "That the Bureau of the Census and" and insert in lieu thereof "The Department of Commerce,".

On page 2, line 9, insert a comma immediately after "Labor".

On page 2, beginning in line 9, strike out "undertake further efforts to" and insert in lieu thereof "shall each".

On page 2, line 10, insert a comma immediately after "collect" and immediately after "regularly".

On page 2, line 11, strike out "provide indicators of" and insert in lieu thereof "indicate".

On page 2, beginning in line 14, strike out "the Director of the Bureau of the Census" and insert in lieu thereof "the Secretary of Commerce".

On page 3, line 3, strike out "Bureau of Census" and insert in lieu thereof "Department of Commerce".

The committee amendments were agreed to.

The CHAIRMAN. The Clerk will report the remaining committee amendment.

The Clerk read as follows:

Committee amendment: On page 3, strike out lines 9 through 13, and insert in lieu thereof the following:

Sec. 5. The Department of Commerce shall provide for the development and use of bilingual questionnaires and enumerators in the collection of data.

Sec. 6. The Department of Commerce shall implement an aggressive affirmative action program within the Bureau of the Census for the employment of personnel of Spanish origin or descent and shall submit a report to Congress within one year of the enactment of this Act on the progress of such program.

AMENDMENTS OFFERED BY MRS. SCHROEDER TO THE COMMITTEE AMENDMENT

Mrs. SCHROEDER. Mr. Chairman, I offer amendments to the committee amendments, and I ask unanimous consent that they be considered en bloc.

The Clerk read as follows:

Amendments offered by Mrs. Schroeder to the committee amendment: Strike out section 5. as proposed to be added by the Committee Amendment and insert in lieu thereof:

"Sec. 5. The Secretary of Commerce shall ensure that, in the Bureau of the Census data-collection activities, the needs and concerns of the Spanish-origin population are given full recognition through the use of Spanish language questionnaires, bilingual enumerators, and other such methods as deemed appropriate by the Secretary."

In section 6. as proposed to be added by the Committee Amendment, strike out the word "aggressive".

The CHAIRMAN. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

Mrs. SCHROEDER. Mr. Chairman, this amendment is designed to replace the use of bilingual questionnaires which create a technical problem for the Bureau of the Census in analyzing questionnaires with Spanish language questionnaires. The language of this amendment was suggested by the Bureau of the Census.

Mr. Chairman, the second amendment is to strike the word, "aggressive," from the affirmative action program so it would read like other affirmative actions in the Federal Government and make that consistent.

Mr. ROUSSELOT. Mr. Chairman, I rise in support of the amendments to the committee amendment.

Mr. Chairman, we did attempt to do this in committee. We are glad to see that now is being done by amendment to eliminate the bilingual questionnaires.

Secondly, this item was mentioned in the minority views, and we appreciate the willingness of the majority to accept our suggestion.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague, the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, the Bureau of the Census has advised that they have no objection to the amendments offered by Mrs. SCHROEDER, which incidentally solve the issues which were raised in our supplemental views. While the Bureau claims that some of the provisions of House Joint Resolution 92 are already being implemented or will be in the near future, the resolution serves the purpose of highlighting the need for attention to this problem.

The gentlewoman's perfecting amendments appeal to me on at least two counts.

My State has approximately 600,000 Americans of Spanish descent or origin, and the vast majority of them reside in the metropolitan area of Cook County. As the representative of a metropolitan congressional district, I recognize the need for obtaining accurate information on the second largest minority in the Nation.

My long involvement with ethnic groups has convinced me that a great many of their problems result from misunderstanding. Experience has taught me that the most effective way to deal with an ethnic problem is to talk to the people involved, but that is a process that involves two-way communication. If you cannot communicate, you cannot identify the problem.

That is why I am particularly happy to see language in the pending legislation which calls for the use of Spanish language questionnaires and bilingual enumerators. That will go a long way in contributing to the collection of meaningful data on a historic minority which plays a significant role in our national life.

The CHAIRMAN. The question is on the amendments offered by the gentlewoman from Colorado (Mrs. SCHROEDER) to the committee amendment.

The amendments to the committee amendment were agreed to.

The CHAIRMAN. The question is on the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

AMENDMENTS OFFERED BY MRS. SCHROEDER

Mrs. SCHROEDER. Mr. Chairman, I offer amendments, and I ask unanimous consent that they be considered en bloc.

The Clerk read as follows:

Amendments offered by Mrs. SCHROEDER: On page 2, line 4, strike out "imme-" and all that follows through line 8, and insert in lieu thereof the following: "develop methods for improving and expanding the collection, analysis, and publication of unemployment data relating to Americans of Spanish origin or descent."

On page 3, line 3, insert "analysis, and publication" immediately after "collection".

On page 3, line 6, insert ", Federal," immediately before "State".

The CHAIRMAN. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

Mrs. SCHROEDER. Mr. Chairman, these amendments were recommended by the Bureau of the Census. The first amendment is offered in recognition of the fact that monthly unemployment statistics for Americans of Spanish origin will probably require an enormous increase in the size of the current monthly population survey.

The amendment would permit the Bureau of the Census to develop methods for improving the current system for collecting unemployment data for Spanish citizens, rather than the costly one of expanding the current one that is in effect.

Mr. ROUSSELOT. Mr. Chairman, I rise in support of the amendments.

Mr. Chairman, again this is an amendment that will save a substantial amount of money in the collection of data. The minority supports the position, as we did to try to correct the language by amendment in committee.

The CHAIRMAN. The question is on the amendments offered by the gentlewoman from Colorado (Mrs. SCHROEDER).

The amendments were agreed to.

AMENDMENT OFFERED BY MR. STARK

Mr. STARK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STARK: Page 2, line 11, insert "the Department of Health, Education, and Welfare," immediately after "Labor,".

Page 2, line 13, insert "health" immediately after "social,".

Mr. STARK. Mr. Chairman, the amendment merely clarifies the data-gathering role of the Department of Health, Education, and Welfare under House Joint Resolution 92. It stresses the importance of collecting and publishing health data on the more than 12 million Americans of Spanish origin or descent.

Although HEW falls under section 3 as one of the Federal data-gathering agencies, it shares with the Departments of Commerce and Labor the characteristic of collecting and publishing regularly data on conditions affecting our population.

We feel that it is necessary to add the word "health" to the resolution and that it is needed because the terms "social" and "economic" are not generally understood by Federal data gatherers as encompassing health.

The primary focus of the amendment is to develop health rather than educational data.

The National Center for Health Statistics, which is our primary Federal health-data gatherer, does not provide reliable information on Spanish-origin Americans, despite the fact that a selected "Ten State Nutrition Survey" in 1968 through 1970 conducted by the Center for Disease Control suggested high levels of nutritional deficiency among the Spanish-origin population.

The value of having this health data available by Spanish origin or descent is that Federal health managers cannot begin to assess the depth of the health problems without it.

Mr. Chairman, I think it is an important factor to be considered in gathering data which will affect an important group in this country, and I urge the adoption of my amendment.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. STARK. Yes, I yield to the gentleman from California.

Mr. ROUSSELOT. We had no real discussion of this in our committee hearings, and we have no estimates from the Bureau of the Budget as to the add-on costs.

Does the gentleman know what they will be?

Mr. STARK. It is very difficult, as I am sure the gentleman knows, to assess the costs even of the overall bill, but I hope they will be minimal.

Mr. ROUSSELOT. The overall cost of this bill before us has been assessed, but not the amendment of the gentleman from California.

Mr. STARK. I suggest to the gentleman that there is no definitive way of doing it. Including people of Spanish origin in that data base would not require great additional cost.

I also would suggest to the gentleman that health problems tend to be included in environmental problems, and problems of housing, nutrition, and education which create new downstream medical problems. I suggest that in this case an ounce of prevention might, costwise, be worth a pound of cure.

While we cannot assess accurately the costs, one has every reason to suspect that they will be minimal, and they will still be indirectly under the control of the committee that sponsored this legislation.

Mr. ROUSSELOT. If the gentleman will yield further, I do not think that this legislation contemplates that the surveys now done by the Bureau of the Census should include nutritional analysis. If that is the intent of the gentleman's amendment, I will have to oppose it because that would be a substantial add-on cost.

Mr. STARK. It is health analysis. That is the main thrust.

Many times lack of proper nutrition causes health problems, as the gentleman well knows, and in dealing with the health problems in this country it is important to preclude their becoming more costly.

Mr. ROUSSELOT. If the gentleman will yield further, as the gentleman knows, the Bureau of the Census already does certain surveys for HEW, and those are pretty well established.

I am not really sure that I understand the necessity in this resolution. This bill primarily speaks to the issue of Spanish-speaking people and making sure that they are legitimately counted in census enumeration, but to include issues of health and nutrition and other related material does not belong in this resolution.

Mr. STARK. Mr. Chairman, if the gentleman from California would permit me to respond, I will do so by pointing out a specific case of what we hope would come out of this.

The gentleman from Florida (Mr. ROGERS) who is chairman of the subcommittee on Health and the Environment of the Committee on Interstate and Foreign Commerce, identified a problem, for example, where the National Center for Health Statistics is conducting 20,000 examinations and there are no statistics within those 20,000, which identify how many people are of Spanish origin. The National Center for Health Statistics should identify whether we really have a large group of Spanish origin involved in certain health problem areas.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. STARK was allowed to proceed for 2 additional minutes.)

Mr. STARK. I think that is a primary example of the problems we have of identifying people. There will not be costs for additional examinations. In effect we will merely be identifying people of Spanish-speaking origin within the population as is already being used.

Mr. ROUSSELOT. I appreciate the comments of the gentleman. I am sorry the gentleman from Florida (Mr. ROGERS) is not here to discuss in greater detail the objective to be achieved by amendment. But I differ with the gentleman and I question its worth when we consider that the HEW already is conducting vast surveys for its own use, or for the Census Bureau. HEW conducts other types of surveys that relate to specific diseases in this country, and there is a vast amount of research conducted in connection with various disease problems. And I do not think the gentleman has proven that there are some specific health or nutritional problems with respect to people of Spanish-speaking origin sufficient to make an adequate case to grant additional costs in these types of surveys by HEW. And since we have had no real estimate by the Bureau of the Census as to what this cost would be and since I am not sure I fully understand the rationale for the request I am not sure that I can support it.

Mr. STARK. If I may explain the amendment a little bit further, the gentleman is familar, I am sure, with sickle cell anemia which is endemic within members of the black race. If we were not able to develop statistics on this disease we would not be able to deal with it. It could be very well that the statistics we are already collecting in surveys we are already making could be very helpful and protective to health of future generations of Spanish-origin people.

The CHAIRMAN. The time of the gentleman has again expired.

(By unanimous consent, Mr. STARK was allowed to proceed for 2 additional minutes.)

Mr. STARK. So, I think we are talking about an incremental cost to existing programs. But if we err a little bit on the side of that cost, and in doing so we identify a problem of a serious nature later on then I am sure the gentleman would be very much in favor of it.

Again I would say that an ounce of prevention could very well be worth a pound of cure and that the first cost might indeed be the lowest cost.

Mr. ROUSSELOT. I believe that I have made the point that I wish to make. I am not sure that the people of Spanish-speaking origin in the field to which the gentleman has addressed himself need this additional data connected with this specific amendment.

Mr. STARK. I disagree with the gentleman and I decline to yield further. I certainly hope that because of the reasons I have stated I will prove to be right. I am sure the gentleman would be proud to vote for the amendment if the gentleman finds that it saves a few lives later on.

Mr. DERWINSKI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am a proponent of this legislation and therefore this amendment worries me a bit for this simple reason—and I do not make the argument that just because it was not offered in the committee that it should be rejected out of hand. But that is not the point. The point is if we add the HEW to the list of agencies and departments who utilize these procedures, we add a cost that is very, very doubtful to ascertain. Then since this measure must go to the other body, should the other body further expand the measure, we may get to that unfortunate point where suddenly the cost becomes a factor because of the budgetary pressures on Government. What I am concerned with is not this specific amendment, because I recognize the gentleman's good intentions. I am worried about the principle of taking a good measure and eventually overloading it. I do wish we had some figures.

I recognize the concern the gentleman expressed is a valid one. I recognize the advantage we would have if HEW had more effective statistics on our Spanish-speaking people, but I do have to raise the necessary warning flag at this well-intentioned measure now becoming a catchall vehicle that could wind up with a final cost factor that would preclude its passage. With that perhaps necessary expression of concern for the record, I do not oppose the amendment, but I just want to hoist these warning flags.

Mr. ROGERS. Mr. Chairman, I rise in support of the amendment offered by the gentleman from California.

Mr. Chairman, this is a very simple, straightforward amendment which would direct the Department of Health, Education, and Welfare to collect and publish statistics indicating the health conditions of Americans of Spanish origin or descent. It is an amendment which is necessary if several provisions of current law are to be adequately implemented. Recently enacted amendments to the Migrant Health Act and the Community Mental Health Centers Act, and the new Community Health Centers Act require such service programs to develop plans and make arrangements responsive to the needs of populations of limited English-speaking ability where such centers are intended to serve such populations. The special health needs of Americans of Spanish origin or descent must be identified if such centers are to provide appropriate care to these individuals.

Currently, the National Center of Health Statistics, the primary Federal health data-gatherer, does not provide reliable information on health problems facing Spanish-origin Americans. Although literally hundreds of reports have been published over the past 10 years surveying nutritional deficiencies, chronic and acute health conditions, injuries and associated disabilities, pre- and post-natal health care of children, none of these surveys provide data by Spanish origin although most provide breakouts by race or color. The National Institute of Mental Health has published over 100 statistical notes since 1969, only one of which included data on Spanish-Americans.

There are some indications that this situation is changing. I have been advised that the National Center of Health Statistics has agreed to include a Spanish-origin identifier in its health interview survey beginning in January of next year. I intend to question the Department of Health, Education, and Welfare very carefully on its efforts to improve health data collection for Americans of Spanish origin when the Subcommittee on Health and the Environment considers extension of authorizations for the National Center for Health Statistics early next year. This amendment to House Joint Resolution 92 will be a stimulus to the encouraging changes contemplated by NCHS and I urge its adoption.

Mrs. SCHROEDER. Mr. Chairman, I move to strike the requisite number of words, and I rise in favor of the amendment. I will be very brief. It seems to me that the cost of this amendment would be very, very small. My understanding, if this is what I think I heard the gentleman say, is that this information would be supplied when they do the health examinations, which they are going to do anyway. They would be asked at the time they do the examinations to check whether or not the person is of Spanish origin; is that correct?

Mr. STARK. Mr. Chairman, will the gentlewoman yield?

Mrs. SCHROEDER. I yield to the gentleman from California.

Mr. STARK. I thank the gentlewoman for yielding.

That is precisely correct.

Mrs. SCHROEDER. That is all; it would not ask them to do anything that they are not going to do except that one additional act?

Mr. STARK. If the gentlewoman will yield further, that is exactly the intention.

Mrs. SCHROEDER. It is also my understanding that they already are doing that for blacks.

Mr. STARK. That is correct.

Mrs. SCHROEDER. And the gentleman from Florida (Mr. ROGERS) feels that this is important for the statistics?

Mr. STARK. He does, indeed, and has authorized me to say in his behalf that he supports the amendment.

Mrs. SCHROEDER. I thank the gentleman.

Mr. Chairman, I yield back the remainder of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. STARK).

The question was taken; and on a division (demanded by Mr. BAUMAN) there were—ayes 16, noes 15.

So the amendment was agreed to.

The CHAIRMAN. Are there further amendments to the bill? If not, the Clerk will report the preamble.

The Clerk read as follows:

Whereas more than twelve million Americans identify themselves as being of Spanish-speaking background and trace their origin or descent from Mexico, Puerto Rico, Cuba, Central and South America, and other Spanish-speaking countries; and

Whereas these Americans of Spanish

origin or descent have made significant contributions to enrich American society and have served their Nation well in time of war and peace; and

Whereas a large number of Americans of Spanish origin or descent suffer from racial, social, economic, and political discrimination and are denied the basic opportunities they deserve as American citizens and which would enable them to begin to lift themselves out of the poverty they now endure; and

Whereas State and Federal Governments and private organizations are now unable to determine accurately the urgent and special needs of the Spanish origin or descent in the United States because there is not a regular, nationwide evaluation of their economic and social status; and

Whereas the provision and commitment of State, Federal, and private resources can only occur when there is an accurate and precise assessment of need: Now, therefore, be it

The CHAIRMAN. The Clerk will report the committee amendment to the preamble.

The Clerk read as follows:

Committee amendment: Amend the preamble by striking out "Western Hemisphere".

The committee amendment to the preamble was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. RANDALL, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the joint resolution (H.J. Res. 92) relating to the publication of economic and social statistics for Americans of Spanish origin or descent, pursuant to House Resolution 799, he reported the joint resolution back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment of the joint resolution.

The joint resolution was ordered to be engrossed.

The SPEAKER. The Clerk will report the amendment to the preamble.

The Clerk read as follows:

Amend the preamble by striking out "Western Hemisphere".

The SPEAKER. The question is on the amendment to the preamble.

The amendment to the preamble was agreed to.

The SPEAKER. The question is on the third reading of the joint resolution.

The joint resolution was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the joint resolution.

The joint resolution was passed.

A motion to reconsider was laid upon the table.

GENERAL LEAVE

Mrs. SCHROEDER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the House joint resolution (H.J. Res. 92) just passed.

The SPEAKER. Is there objection to the request of the gentlewoman from Colorado?

There was no objection.

POSTAL SUPERVISOR'S ARBITRATION

Mr. CHARLES H. WILSON of California. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 5665) to establish an arbitration board to settle disputes between supervisory organizations and the U.S. Postal Service.

The SPEAKER. The question is on the motion offered by the gentleman from California.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 5665, with Mr. RANDALL in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule the gentleman from California (Mr. CHARLES H. WILSON) will be recognized for 30 minutes and the gentleman from California (Mr. ROUSSELOT) will be recognized for 30 minutes.

The Chair recognizes the gentleman from California (Mr. CHARLES H. WILSON).

Mr. CHARLES H. WILSON of California. Mr. Chairman, I think that it is clear to everyone in this Chamber that postal management has failed miserably in attempting to attain the goals we in the Congress set for the new semi-independent postal service when the Postal Reorganization Act was passed in 1970. Ever-higher postal rates and constantly deteriorating service have justifiably evoked strong criticism from citizens who are demanding that the widely-publicized string of blunders committed by top postal management be halted.

As chairman of the Postal Facilities, Mail, and Labor-Management Subcommittee for almost 3 years. I have learned that the almost 40,000 postal supervisors across the Nation have probably suffered more than any group from this high-level postal incompetence.

These hardworking and dedicated people have for the past 5 years lived through a veritable nightmare of ill-conceived directives from top management, including the scandalous job evaluation program which downgraded in rank over half of their number. They have been denied their rights and harassed by newly arrived, arrogant, headquarters staff who have virtually no understanding of what moving the mails is all about.

The work of these supervisors, 80 percent of whom earn less than $17,000 annually, is essential to efficient postal operations, and yet their morale has never been lower. They feel abused and cheated, and they are right.

The Postal Reorganization Act of 1970 specifically requires that postal supervisors be permitted to "participate directly" in the determination of their pay and related benefits and working conditions. No enforcement provisions were included for these mandated rights, however, since we were assured by postal officials in 1970 that such protections were unnecessary since any competent management team would recognize the importance of treating supervisors fairly.

My good friend Mo UDALL stated at the time of consideration of the Postal Reorganization Act that "if it does not work out as we represented it here today, if management does not accord to (the supervisors) the kind of rights they ought to have, I, for one, and I think every member of the committee, would join in doing something about it." Today Mr. UDALL supports the legislation we are about to consider, and today we all have an opportunity to "do something about it."

Despite the promises we all heard in 1970, virtually from the creation of the new USPS, top management ignored congressionally mandated supervisors' rights, and instead attempted to feign compliance by holding what amounted to mere "discussion sessions" which involved the mere transmission of decisions already made to the supervisory organization, the National Association of Postal Supervisors.

This refusal by management to comply with section 1004 of the new title 39 led the supervisors to seek relief in the courts in March 1972. The result of this action was an agreement between the supervisors and the Postal Service signed on March 22, 1974.

Postal Service lobbyists have been telling us that this agreement makes legislation such as H.R. 5665 unnecessary. Like so many other things we have been told by postal apologists in recent years, this is, of course, false. In fact, the 1974 accord represents nothing more than another ploy by postal management to give the illusion that they are complying with the law. At this very moment the National Association of Postal Supervisors is preparing to go to court as a result of new flagrant violations of their rights.

Passage of H.R. 5665 is the only way to insure fair treatment of postal supervisors. This bill provides that if the Postal Service and the postal supervisors' organization are unable to agree on a program for consultation or a plan to participate directly in the planning and development of pay policies and schedules, fringe benefit programs, and other programs relating to supervisory employees, either party shall have the right to refer the matter to a three-member Arbitration Board. Further, if impasses develop during consultation on a particular issue under such program or plan, either party can demand arbitration upon 30 days' notice.

Decisions of the arbitration board shall be conclusive and binding upon the parties.

It is not the intent of this bill to bring matters of a trivial nature before the arbitration board. Only disputes which affect all or a substantial portion of supervisory personnel on a long-term basis can be referred to arbitration.

It should be noted that, despite the erroneous contention of some postal lobbyists, this bill does not in any way establish a collective bargaining system similar to that for rank and file postal employees. Assistant Postmaster General for Employee Relations, William Eudey, confirmed this in testimony before my subcommittee on March 18 of this year.

The need for this legislation, which was reported by the House Post Office and Civil Service Committee by a voice vote, should be obvious to everyone save the diehard postal managers.

This bill has the strong support of postal supervisors throughout the country, despite the insidious suggestion by postal operatives that this need has been manufactured in Washington. The 800 postal supervisors who came to Washington several months ago to rally support for H.R. 5665 amply dispelled that contention.

Not only would the establishment of such an arbitration board render fair and impartial decisions in disputes, but also the existence of such a procedure would encourage more cooperation and consultation between the supervisory organization and the U.S. Postal Service.

I am confident that a bill of such obvious merit as H.R. 5665 will receive wide support here today.

Mr. ROUSSELOT. Mr. Chairman, I yield 5 minutes to my colleague, the gentleman from Illinois (Mr. ANDERSON).

Mr. ANDERSON of Illinois. Mr. Chairman, I thank my friend and colleague, the gentleman from California (Mr. ROUSSELOT) for yielding me this time.

Mr. Chairman, I rise in opposition to H.R. 5665, the Postal Supervisors Arbitration Act. For those of my colleagues who think the "service" is being taken out of the Postal Service, this is certainly not a vehicle for addressing that problem. If anything, enactment of this bill will only exacerbate existing problems by introducing a new element of chaos and confusion into the management problems of the Postal Service. This bill is nothing more than a throwback to an earlier era which proved to be a miserable failure. Back in 1935, the Congress gave supervisors the right to bargain collectively with top management. The dismal experience with that procedure prompted the Congress in 1947 to amend the National Labor Relations Act to remove that collective bargaining right for supervisors.

Nevertheless, the Postal Reorganization Act of 1970, as reported from committee, contained a provision which came close to completely restoring that right. A substitute amendment was offered on the floor by the gentleman from Illinois (Mr. DERWINSKI) providing for consultation between postal supervisors and top management on all matters affecting the responsibilities and conditions of employment. After considerable debate, that amendment was wisely adopted by the House. In speaking for the Derwinski amendment at that time, I observed that the committee alternative "would very clearly be putting the Postmaster General and his field supervisors in an adversary position." And I went on to say, "This is certainly not the way to bring about the efficient reorganization of the Postal Service we desire."

The bill before us today contains even stronger language than that rejected by the House just 5 short years ago. For whereas the earlier provision gave supervisors the right to participate directly in the formulation and implementation of the terms and conditions of employment, this bill provides not only for clear collective bargaining rights, but binding arbitration as well.

I would hope that we do not prove here today that we are doomed to repeat the mistakes of history, for on two occasions, in 1947 and 1970, the Congress was willing to face up to the mistake of granting collective bargaining rights to supervisors as granted in 1935, and recognize that supervisors are an integral part of management. As late of May 15 of last year, the Supreme Court reaffirmed the clear intent of Congress by stating that the classification of supervisors as employees is inconsistent with the national policy against compulsion upon employers to treat supervisors as employees under any collective bargaining requirements.

I think we must seriously ask ourselves what type of precedent we would be setting for the private sector if we took this first step toward reversing this longstanding policy of some 28 years. If we start down this road today, we are going to be inviting similar requests from supervisory personnel in the private sector and that, in turn, could lead to management chaos beyond all comprehension. Moreover, I am a little baffled by the silence of my labor friends in this body over the precedent being established here with respect to binding arbitration. I had always thought that this was an anathema to those interested in preserving the integrity of the collective bargaining process.

In conclusion, Mr. Chairman, I think we should reject H.R. 5665 in the interest of preserving an orderly and efficient management system for the Postal Service.

Mr. CHARLES H. WILSON of California. Mr. Chairman, will the gentleman yield?

Mr. ANDERSON of Illinois. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I thank the gentleman for yielding to me.

I would say that all of the labor organizations of the Postal Service are in support of this. There is no opposition from any of them. They themselves have compulsory arbitration, and they supported that provision in the labor bargaining section in the original bill in 1970, and they have themselves compulsory arbitration.

It was not opposed by anyone in organized labor at that time. It was felt that it was a good step forward for postal employees. They would have liked to have the right to strike.

Mr. ROUSSELOT. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. GILMAN).

Mr. GILMAN. Mr. Chairman, I rise in support of this legislation, H.R. 5665, a bill to establish an arbitration board to settle disputes between supervisory organizations and the U.S. Postal Service.

I cosponsored an identical bill, H.R. 8612.

There are those who argue that this bill is unnecessary because present law requires the Postal Service to consult with the National Association of Postal Supervisors, and that this is being done in spirit and in practice.

Let us examine this allegation more closely.

It is true, of course, that Public Law 91–375, the Postal Reorganization Act of 1970, provided in section 1004 that the Postal Service shall recognize an organization which represents a majority of supervisors, which is the National Association of Postal Supervisors, and it shall be—

> entitled to participate directly in the planning and development of pay policies and schedules, fringe benefit programs, and other programs relating to supervisory and other managerial employees.

Further, section 1005 reads:

> compensation, benefits, and other terms and conditions of employment in effect immediately prior to the effective date of this section, whether provided by statute or by rules and regulations of the former POD or the Executive Branch of the U.S., shall continue to apply to officers and employees of the Postal Service until changed by the Postal Service in accordance with this chapter and chapter 12 of this title.

The language appears to be clear enough, yet the Postal Service has obviously interpreted it to mean something else.

To illustrate, since the Postal Reorganization Act went into effect, postal management has unilaterally taken the following actions, without any prior consultation with NAPS:

First. Drastically changed salary schedules—supervisors in levels 13 and higher were placed in the postal executive schedule, and step increases were eliminated. This only applies to U.S. postal supervisory employees and not to other Federal employees;

Second. The provisions of law under which supervisors detailed temporarily to higher level duties were granted higher level pay has been drastically amended;

Third. Overtime pay under job evaluation programs—JEP—has been cut off at level 18; and

Fourth. No real consultation occurred between the USPS and NAPS regarding the job evaluation programs, which downgraded about 50 percent of the postal supervisory positions.

Under the job evaluation programs a new salary schedule was established, which placed many supervisors in a "higher" level, but this "higher" level, in many cases, resulted in considerably less pay, and a situation developed whereby employees under a supervisor were given considerable pay increases which placed them in a pay level above him. Sounds unusual—well, not according to testimony by the NAPS before our Committee on Post Office and Civil Service in 1973.

Just recently the USPS informed the NAPS that supervisors would not be given cost of living allowances—COLA—as are other postal employees. The NAPS contend this unilateral action—by the Postal Service violates section 1004 of the Postal Reorganization Act, which provides among other things that the Postal Service should establish—

> adequate and reasonable differentials in rates of pay between employees in the clerk and carrier grades in the line work force and supervisory and other managerial personnel.

NAPS is expected to file suit soon in district court to resolve this issue.

This most recent action by the Postal Service against the postal superviors illustrates the obvious necessity for legislative remedy.

If this legislation is enacted, and I hope it is, such questions will be sent to the Arbitration Board, for resolution. Such procedure will enhance the morale of postal supervisors.

Mr. Chairman, this is a fair and reasonable measure. I hope my colleagues will overwhelmingly give it their support.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois (Mr. Simon).

Mr. SIMON. Mr. Chairman, I voted against this bill in subcommittee. I received the assurances from the leaders of the Postal Service that they were meeting with supervisors, that there was no necessity for this. I voted against it in the committee, again receiving the same assurances, and I did that despite all of the phone calls from postal supervisors that one might expect.

Mr. Chairman, I rise now in support of the legislation, and I would like to tell the Members why I rise in support of the legislation.

One of the postal supervisors who contacted me by telephone was a gentleman by the name of Mr. William Miriani, of Herrin, Ill., who is a postal supervisor in Carbondale, Ill. Mr. Miriani made some suggestions that sounded very, very sensible to me. So I contacted the Postal Service and suggested that I would like to meet with Mr. Miriani and the Postmaster General to discuss them.

Mr. Chairman, the gentleman from California (Mr. Charles H. Wilson), and others on the committee know that periodically some of us on the Post Office Committee have been having breakfasts with the Postmaster General and the leaders of the Postal Service. They have been pleasant breakfasts, filled more with banalities than substance, but not bad. And I thought a breakfast with this supervisor would really make some sense, to have the Postmaster General sit down and meet with Mr. Miriani. I made the request several times. The Postmaster General says that he does not want to sit down and talk with Mr. Miriani, that he feels that might somehow jeopardize his relationship with the postal supervisors organization.

Mr. Chairman, I was in business for many years and I hired managers for my businesses. I always wanted someone in charge who tried to get the maximum amount of information.

Mr. Chairman, I fear that we may have a situation where the Peter principle is applicable. The Postmaster General is a very fine gentleman. I like him personally. I would like for him to succeed. I am sure he would make a fine neighbor, a fine friend. My Uncle George is a fine person, and he would make a fine neighbor and a fine friend. He would not make a good Postmaster General.

Mr. Chairman, there are fine people in the Postal Service, Wally Carson and many others. But I feel unless the Postmaster General gets off his high horse and is willing to sit down and talk and find out what is going on, the chaos in the Postal Service will grow and not diminish.

I would like, in addition to supporting this legislation, to outline a 1-month suggested program for the Postmaster General, and that includes the following:

First, spend 3 days visiting his own offices.

I have been, on our days off, periodically dropping in at various governmental offices unannounced, going in and talking to people in one office or another. On one of these days I visited the Postal Service. One of the questions I frequently asked was, "Do you ever see the Postmaster General?" I received all kinds of evasive answers, which indicated the Postmaster General had not been around to see what was going on.

Mr. Chairman, I suggest that for 3 days he visit offices in his headquarters; for 5 days he ought to carry mail, to find out the hard realities; for 2 days he should visit with supervisors, talk to them; for 4 days he should serve as a clerk in a Post Office; for 2 days he should serve as a rural mail carrier; for 2 days he should work in one of the small rural post offices they are trying to close. They want to close 12,000 of them. I suggest that for 5 days he talk to postmasters, his executives out in the field, people who have some commonsense, and know what is going on.

That totals 23 days, and if the present Postmaster General does not want the "Peter principle" to apply to him, he had better find out what is going on. I suggest this 23 days would be a very valuable 23 days for him and the Nation.

In the meantime, even though in theory I do not like this bill—because in theory it complicates the executive management of the Postal Service—in practice I see that it is necessary. So I am going to vote for the bill.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. Simon) has expired.

Mr. CHARLES H. WILSON of California. Mr. Chairman, I yield 2 additional minutes to the gentleman from Illinois (Mr. Simon).

Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from California.

Mr. CHARLES H. WILSON of California. Mr. Chairman, the gentleman from Illinois has recited a perfect example of the very reason why we need this legislation.

I would like to add that a situation such as that could have been worked out between the supervisors of the Postal Service. We attempted to try to get them to negotiate and to have the Postal Service agree to a bill similar to the agreement that they recently made with the supervisors, but they would not agree to that.

I think the gentleman has spelled out so perfectly the reason why we must do this and why we do not depend upon what we were told by the Postal Service management at the present time.

The gentleman from Illinois has outlined a very fine course of training for a 1-month period for the Postmaster General. I think it is a worthwhile suggestion. I hope the lobbyists for the Postal Service will take notice of this and report back to the Postmaster General with their recommendation.

Mr. Chairman, I thank the gentleman for yielding.

Mr. SIMON. Mr. Chairman, I thank the gentleman for his remarks.

If I may have the attention of the gentleman from California (Mr. Charles H. Wilson) once again, I will say that I am going to send a letter to the Postmaster General outlining this program that I have for him. I hope the letter arrives safely without too much delay.

I agree with what the gentleman has had to say. I would like to add my personal appreciation to the gentleman from California (Mr. Charles H. Wilson) for his leadership and for his willingness to tackle some things that have largely been ignored, such as the Postal Rate Commission. He is really making a contribution to the Nation through his subcommittee.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. SIMON. I yield to the gentleman from New York.

Mr. BIAGGI. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I was pleased to be a cosponsor of this legislation and accordingly rise in full support of its passage. H.R. 5665 will grant basic arbitration and collective-bargaining rights for postal supervisors, provisions which were to be implemented more than 4 years ago.

In recent weeks we have passed landmark legislation designed to benefit Federal workers including postal workers. First we passed the Hatch Act which allowed these Americans the right to participate in the political process. Yesterday, we passed legislation allowing Federal employees the right to representation during questioning. Today we are seeking to rectify an injustice against the postal supervisors of this Nation. I hope this bill meets with the same approval as the aforementioned bills.

The failure of the Postal Service to allow postal supervisors and other managerial officers to participate directly in matters related to their pay and related benefits represents a blatant disregard of congressional intent. These specific provisions were included in the Postal Reorganization Act of 1971. It has caused embittered feelings among the postal supervisors of this Nation and has contributed to strained relations between the National Association of Postal Supervisors and the Postal Service. This legislation is designed to mandate strict adherence by the Postal Service to these important provisions of law.

The issue of postal supervisors' arbitration rights has already been the subject of a court decision which in essence advised the Postal Service that they must provide basic arbitration and collective-bargaining rights to their supervisors. The Postal Service has only made a token effort in this regard with the establishment of a nonbinding agreement with NAPS and themselves. The agreement called for the direct participation by supervisors in the development and implementation of programs related to wages and fringe benefits. Yet there are no enforcement powers in the agreement and based upon USPS past laxity in this area, there was no reason for postal supervisors to believe any real improvements would occur.

This bill provides the vehicle for change sought after by the postal supervisors of this Nation. The bill deserves our swift approval today and its passage will help to lift the second-class citizens stigma which postal supervisors have endured during the past 4 years.

Mr. ROUSSELOT. Mr. Chairman, I yield such time as he may consume to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Chairman, if the Chair will indulge me for a personal comment, I wish to congratulate the gentleman from California (Mr. CHARLES H. WILSON) on his recent marriage.

Mr. Chairman, with the U.S. Postal Service under continuing criticism from Congress and the public, this is certainly not the time to be considering legislation which has as its objective the promotion of internecine warfare in the ranks of postal management. In establishing the legal machinery to set management against management, this bill, through its language, would have us conclude that postal supervisors are not part of postal management. That, of course, is not true. This bill would undercut the effectiveness of postal management and the credibility of the postal labor-management relations program.

Logically and legally, there is no excuse for passage of this bill. The Postal Reorganization Act of 1970 already provides for a program of consultation with supervisory organizations. That mandate is spelled out in section 1004(b) of the Act. On April 3, 1974, the U.S. District Court for the District of Columbia held, in the National Association of Postal Supervisors against Klassen, that the Postal Service had complied with the congressional mandate.

As a matter of fact, during the debate on the Postal Reorganization Act, Congress considered and rejected a proposal for the arbitration of disputes between postal supervisors and the Postal Service. It also should be noted that under the 1947 Labor-Management Relations Act, private sector employees are not obligated to bargain with supervisory personnel. In short, there is no precedent for arbitration among levels of management.

This bill proposes a system of managerial collective representation barely short of full collective bargaining. It would make the Postmaster General and his supervisors adversaries.

Because supervisors are clearly part of postal management, they should be and are the beneficiaries of management-level pay. Under the Postal Reorganization Act, the Postal Service is required to provide compensation, working conditions, and career opportunities that will attract and retain qualified and capable "supervisory and other managerial personnel." Recognizing the vital role of the supervisors in the postal management structure, the 1970 Act also instructed the Postal Service to promote their leadership status with respect to rank-and-file employees, and to maintain adequate and reasonable differentials in the rates of pay between rank-and-file and supervisory personnel.

Let us look at some of the functions and responsibilities of supervisory personnel in the day-to-day operations of the Postal Service. It is the supervisors who schedule daily mail operations. It is supervisors who make sure different segments of the rank and file are doing the proper jobs at the proper times. Supervisors participate in labor-management relations. Supervisors implement safety programs in individual post offices. Supervisors negotiate contracts with the craft unions as the management representative on the local level. Supervisors conduct rural and city route inspections and supervise letter carriers on the streets.

Now, more than ever before there is compelling need to continue to treat supervisors as managers in all respects. In the interim since Postal Reorganization, the Postal Service has implemented a program of operation decentralization which is designed to give line managers the authority to fulfill their mission and to hold them accountable for their performance.

Establishing a favored status for one group of postal managers defies the uniform practice in Government and private industry and diminishes the effectiveness of postal management.

This is a bill which would establish a dangerous precedent. It should be rejected.

Mr. FORD of Michigan. Mr. Chairman, I rise in support of H.R. 5665, the postal supervisors arbitration bill. This legislation would authorize establishment of a three-member board of arbitration to consider disputes between the U.S. Postal Service and a recognized supervisory organization representing a majority of supervisors.

As a cosponsor of this legislation, I strongly support this measure because it reaffirms the rights of postal supervisors that were previously granted by Congress in section 1004(b) of the Postal Reorganization Act which specifically provides that—

> The Postal Service shall provide a program for consultation with recognized organizations of supervisory and other managerial personnel who are not subject to collective-bargaining agreements.

Section 1004 further provides that any organization, such as the National Association of Postal Supervisors—NAPS—shall be entitled to participate directly in the planning and development of pay policies and schedules, fringe benefit programs, and other programs relating to supervisory and other managerial employees. These provisions were subsequently ignored by the U.S. Postal Service.

Mr. Chairman, I can think of no more blatant example of a violation of congressional intent than the Postal Service's constant refusal to follow the mandate of Congress to insure postal supervisors and other managerial officers the right to "participate directly" in the determination of their pay and related benefits. Ever since the creation of the U.S. Postal Service in 1971, top postal management has virtually ignored these provisions of law and has failed to provide postal supervisors, represented by NAPS, their congressionally mandated participation rights. The Postal Service has held what amounted to "discussion sessions" which resulted in the mere transmitting of decisions already made to the supervisory organization.

It is for the above reasons that I feel that this is a very necessary and important piece of legislation, for every employee has a right to be represented in a dispute, and H.R. 5665 now assures that right to postal supervisors.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1004 of title 39, United States Code, is amended by adding at the end thereof the following subsections:

"(c)(1) If the Postal Service and a supervisory organization recognized by the Postal Service under subsection (b) of this section are representing a majority of supervisors are unable to agree, within 60 days after the organization submits a written notice to the Postal Service, upon a program for consultation or a plan to participate directly in the planning and development of pay policies and schedules, fringe benefit programs, and other programs relating to supervisory employees, either party shall have the right to refer the matter to an arbitration board established under the provisions of subsection (d) of this section.

"(2) If the Postal Service and a supervisory organization recognized by the Postal Service under subsection (b) of this section as representing the majority of supervisors are unable to agree with respect to pay policies and schedules, fringe benefit programs, and other programs related to supervisory employees, which affect all or a substantial portion of supervisory personnel on a long-term or permanent basis, after participating directly in the planning and development thereof, either party, upon a 30-day written notice, may refer the dispute to an arbitration board established under the provisions of subsection (d) of this section.

"(3) If the Postal Service and a supervisory organization recognized by the Postal Service under subsection (b) of this section as representing a majority of supervisors are unable to reach an agreement as to whether or not a particular issue is subject to consultation or direct participation under this section, either party, upon a 30-day written notice, may refer the issue to an arbitration board established under the provisions of subsection (d) of this section.

"(4) If an agreement as contemplated

under this subsection is in effect, no party to such an agreement shall terminate or modify the agreement unless the party desiring such termination or modification serves written notice upon the other party to the agreement of the proposed termination or modification not less than 60 days prior to the expiration date of the agreement, or not less than 60 days prior to the time it is proposed to make such termination or modification. If the parties fail to reach agreement or to adopt a procedure providing for a binding resolution of a dispute by the date of the expiration of the agreement or the date of the proposed termination or modification, as appropriate, either party shall have the right to refer the dispute to an arbitration board established under the provisions of subsection (d) of this section. The provisions of this paragraph shall not apply to the terms of an agreement which were decided by an arbitration board and which were in effect for less than 1 year.

"(5) A supervisory organization recognized by the Postal Service under subsection (b) of this section as representing a majority of supervisors, shall have the exclusive right to invoke the arbitration povisions of subsection (d) of this section on behalf of supervisory employees.

"(d)(1) An arbitration board shall be established to consider and decide a dispute arising under subsection (c) of this section and shall consist of three members, one of whom shall be selected by the Postal Service, one by the recognized organization of supervisory personnel, and the third by the two thus selected. If either of the parties fails to select a member, or if the member chosen by the parties fails to agree on the third person within 5 days after their first meeting, the selection shall be made by the Director of the Federal Mediation and Conciliation Service.

"(2) The arbitration board shall give the parties a full and fair hearing, including an opportunity to present evidence in support of their claims, and an opportunity to present their case in person, by counsel, or by other representative as they may elect. Decisions of the arbitration board shall be conclusive and binding upon the parties. The arbitration board shall render its decision within 45 days after its appointment.

"(3) Costs of the arbitration board shall be shared equally by the Postal Service and the organization of supervisory personnel.".

Mr. CHARLES H. WILSON of California (during the reading). Mr. Chairman, I ask unanimous consent that the bill be considered as read, printed in the Record, and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN. Are there any amendments to the bill?

If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Randall, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5665) to establish an arbitration board to settle disputes between supervisory organizations and the U.S. Postal Service, pursuant to House Resolution 736, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. CHARLES H. WILSON of California. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous material, on the bill (H.R. 5665) just passed.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR JOINT COMMITTEE ON ATOMIC ENERGY TO HAVE MIDNIGHT, NOVEMBER 1, 1975, TO FILE REPORT ON H.R. 8631

Mr. PRICE. Mr. Speaker, I ask unanimous consent that the Joint Committee on Atomic Energy may have until midnight, Saturday, November 1, 1975, to file a report on H.R. 8631.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FURTHER LEGISLATIVE PROGRAM

(Mr. ROUSSELOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROUSSELOT. Mr. Speaker, I wonder whether I can ask a question, now that it appears the regular business of the House will be completed at 5 minutes to 3. What are we going to do for the rest of the week?

The SPEAKER pro tempore (Mr. Simon). The Speaker pro tempore is not in a position to respond to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I notice that it is 5 minutes to 3, and we have been told that there are all kinds of important bills to come before the House. What is happening?

Mr. DERWINSKI. Mr. Speaker, will the gentleman yield?

Mr. ROUSSELOT. I yield to the gentleman from Illinois.

Mr. DERWINSKI. I thank the gentleman for yielding, and I take this time in order to bail out my dear friend the temporary Speaker. The reason we are finishing up this early is because of the legislative skill of the gentleman from California (Mr. Rousselot).

Mr. ROUSSELOT. I cannot stand such complimentary remarks, but they will be accepted in the nature in which they were extended.

PARLIAMENTARY INQUIRY

Mr. ROUSSELOT. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore (Mr. Simon). The gentleman will state his parliamentary inquiry.

Mr. ROUSSELOT. Mr. Speaker, are we going to have a Friday session?

The SPEAKER pro tempore. The Chair is unable to respond to the gentleman from California or to shed any light on that.

FURTHER LEGISLATIVE PROGRAM

(Mr. EVANS of Indiana asked and was given permission to address the House for 1 minute.)

Mr. EVANS of Indiana. Mr. Speaker, I would like to inform the gentleman from California (Mr. Rousselot) that the two bills that will be up for consideration tomorrow will be H.R. 8603, Postal Reorganization Act amendments that we will conclude consideration of, and H.R. 9019, health maintenance organization amendments on which we will begin general debate. I would also add that there is a plan to have a Friday session this week.

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will yield, do I understand we have two bills scheduled for tomorrow?

Mr. EVANS of Indiana. That is correct.

Mr. ROUSSELOT. What about the bill relating to regulation "Q"? Will that be put over until Friday or will we take that up tomorrow?

Mr. EVANS of Indiana. It is my understanding that will be laid over until Friday along with H.R. 10230, national science and technology policy and organization.

The last bill which we had planned to consider this week has now been taken off the calendar which was H.R. 9924, National Women's Conference.

Mr. ROUSSELOT. The National Women's Conference bill has been taken off the calendar?

Mr. EVANS of Indiana. The National Women's Conference has been taken off the calendar for this week. There will be no consideration of it.

Mr. ROUSSELOT. I appreciate the comments of the gentleman from Indiana. I notice that the distinguished majority whip is now on the floor. I wonder if the gentleman could comment as to why we could not take one of these other bills up today? It is only 5 minutes to 3. I understand my colleague, the gentleman from Rhode Island, is here, maybe we could take up the bill concerning regulation "Q"? We have ample time to complete that legislation now. Could the gentleman, the majority whip, comment on that?

Mr. EVANS of Indiana. Mr. Speaker, at this point I would defer to the majority whip to respond to these questions.

Mr. McFALL. I will try to give some information concerning the program if the gentleman will yield.

Mr. ROUSSELOT. Actually the gentleman from Indiana has the time.

Mr. McFALL. The gentleman will yield to me, I am sure.

Mr. EVANS of Indiana. I yield to the distinguished majority whip.

Mr. McFALL. Mr. Speaker, I am advised by the Parliamentarian that of course we have finished the program that was listed for today. We have three matters which are ready to go. The first is H.R. 8603, Postal Reorganization Act amendments on which we have already started and we plan to conclude its consideration. Then we have H.R. 9019, health maintenance organization amendments for which have a rule from the Committee on Rules and we will be ready to go on that.

The same thing applies to H.R. 10024, extending regulation "Q" for financial institutions. We do not have a rule yet for H.R. 10230, National Science and Technology Policy and Organization.

Further, as the gentleman from Indiana has already said, the National Women's Conference matter which was on the calendar for this week, will be put over.

I might add that I just came in in the middle of this and I am not sure what this is all about. But we do have some work for tomorrow and it would appear that we would have something to do on Friday as well.

Mr. **ROUSSELOT**. Mr. Speaker, will the gentleman yield?

Mr. **EVANS** of Indiana. I yield.

Mr. **ROUSSELOT**. Mr. Speaker, I thank the gentleman for yielding and I appreciate the majority whip commenting on some of these questions.

I would say to the gentleman from California that I was commenting that it was 5 minutes to 3 at the time this discussion started, and that some of these other bills have adequate rules and could be taken up.

I would ask the gentleman will there be an attempt to come in early on Friday?

Mr. **McFALL**. If the gentleman will yield, there are several committees that are meeting on Friday. I have not discussed this with the Speaker, but I would think that if we began at about 11 o'clock on Friday it would be convenient for everyone.

Mr. **ROUSSELOT**. My only question was that maybe we could take up one of these other bills like the International Women's Conference Legislation right now.

It is 3 o'clock in the afternoon, and I just thought we could take some of this pressing legislation up.

Mr. **McFALL**. The gentleman has a very good point. No one anticipated that the calendar, which has some rather considerable legislation on it, would be finished this quickly. It may be that in the future we ought to put it all down on Monday and the balance of the week, and have it all ready, and try to finish it as quickly as possible. But that is something we probably ought to consider. This has not really happened too many times before. Generally we have more work to do than we can finish during the week. I do not know how to anticipate what will happen tomorrow on the Postal Reorganization Act. I understand there is some sort of a compromise which is, hopefully, going to be worked out. I do not know how long that is going to take. I do not know how long the other matters will take either, but it is not possible at this time to get any of those here so that we could work on them this afternoon, as desirable as that might be. They have not been told that they should be ready.

Mr. **BELL**. Mr. Speaker, will the majority whip yield to me?

Mr. **McFALL**. I yield to the gentleman from California.

Mr. **BELL**. I thank the gentleman for yielding.

Yesterday we quit, I believe, around 4:15. We still had a good hour and a half's work to be done. Today we are quitting at 10 minutes to 3. It seems to me it is a rather inconsiderate policy to put over business to Friday when we quit work at this time on Wednesday in the middle of the day. On Friday many of us have speeches in our districts and places to go. I think it is a little unfair to quit at this time of day when we could put some bills on the schedule.

Mr. **McFALL**. As I have indicated in my previous discussion, we did not anticipate that this would happen. This is probably one of the lightest weeks we have had. All of this legislation looks on the face of it to be rather important legislation which could take some time, and it is hard for the majority leader, who makes up the schedule, to anticipate just what will happen next week. Perhaps we ought to guard against this in the future by making certain that we have plenty of legislation with the long scheduled matters that we have. I doubt very much that this will happen again. I would think that we are going to have plenty of work to do.

Mr. **BELL**. If the majority whip will yield again, this has happened, I must say in all truthfulness, too many times. I would really hope that in the future the majority whip would use his best office to try to persuade the leadership to plan their programs a little bit better so we would not put off everything until Friday, because some of us have speeches in our districts and meetings that we have to attend.

Mr. **McFALL**. I know Members would like to be in their districts where they work hard on speeches and see their people in their offices, and so on. I agree that that is a desirable possibility. We will endeavor to work this out for the benefit of all Members.

AMENDMENTS TO POSTAL REORGANIZATION ACT

(Mr. **HANLEY** asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. **HANLEY**. Mr. Speaker, on September 29, the first major postal bill since the Postal Reorganization Act hit the floor of the House of Representatives. While action has not yet been completed on H.R. 8603, the floor reaction should be an eye-opener to much of the top postal management.

In a 2 to 1 vote, the House accepted an amendment by Representative ALEXANDER which would require that all expenditures of the Postal Service be appropriated annually. Under the Postal Reorganization Act, revenue from stamps and fees go automatically to the Postal Service. Congress will appropriate approximately $1.5 billion this year, or slightly more than 10 percent of the budget.

This amendment has unfortunate side effects, which, I feel, will kill our efforts this year to amend the Postal Reorganization Act unless the amendment is removed. However, I do not wish to dwell on that at this point.

The vote on the floor was actually a resounding "no confidence" in the Postal Service. It reflects a disillusionment on the part of many Members with many of the policies and attitudes of postal management which have in the past seemed to disregard the fact that service to the people is the primary function of the Postal Service.

Congressional disillusionment set in quickly when, in 1970, then Postmaster General Winton J. Blount promulgated his notorious gag rule. In essence, Mr. Blount told his employees that they could not talk to Members of Congress or their staffs about postal policy. This was carried to such a ridiculous extent that, in one case, a postmaster refused to allow a congressional staff member to sit in on a public meeting between postal officials and businessmen on the parking problems around the post office.

Current postal management has backed down on the gag rule, but its aftertaste lingers on. Many postal officials are still reluctant to be frank with Members of Congress about even the most mundane matters. And in spite of the excellent work of the Government Relations Division, responses from the field are often slow, inaccurate, and at times, arrogant.

In short, many Members of Congress feel that many postal officials not only do not care about Congress, but share an antipathy toward the congressional role in establishing public policy. This is more than petulance on our part, and postal management at all levels should recognize that Congress should and will have a role in establishing postal policy.

The attitude I am describing, and its detrimental affect on the image of the Postal Service, manifests itself in peculiar ways.

For example in Syracuse, we have just begun construction on a major new postal facility. Plans were years in the making; public anticipation was high.

But when it came time for a ground breaking, do you think there was an official ceremony recognizing this milestone in our community's life? No.

In fact, our local postmaster was ordered to rescind invitations he had sent innocently to community leaders, including myself. In speaking with my colleagues, I find that this is not an isolated incident. That the Postal Service is simply not holding dedications any more.

What a short-sighted policy. When a new building is begun—or opened—it should be an occasion for brass bands, speechmaking, and all the other events included to commemorate a step forward. Employees, community leaders, and the public-at-large should have an opportunity to express their pride. The Postal Service should show to the community its concern for good service and help enhance its often shabby image.

This is a small item, but important when you recognize the cumulative effect such decisions can have from town to town. And it is not just dedications, of course. We receive numerous complaints that the Postal Service simply does not listen to the citizens and officials of many towns when decisions are made regarding the placement of new post offices. People in town after town have told their representatives that the Postal Service ignored them or—worse—just did not really know or ask what the needs of the town were.

The controversy over curbline and cluster boxes in some areas of the country is another example of the insensitivity of the Postal Service. In one fell swoop, it has decided that it will not offer door-to-door delivery in new areas. If curbline boxes are not wanted, then the only alternative is a cluster box serving many households. No flexibility, no recognition of the fact that public service appropriations should be used to support services which could be considered uneconomical.

Thus, Mr. Speaker, the negative reaction of the House on September 29 could have been anticipated. I feel that the amendment that we adopted is not the answer. But, I hope that the overwhelming vote has a salubrious effect on postal management and will help them come to their senses.

There are signs that things are changing. Postmaster General Ben Bailar should be given a change to turn things around, and the Assistant Postmaster General for Government Relations, Norman Halliday, is doing an excellent job. But until all postal officials inject the human factor into their decision making at all levels, the Postal Service can expect strong negative reactions every time a postal measure comes to the floor for consideration.

THOMAS S. KLEPPE, SECRETARY OF THE INTERIOR

(Mr. SKUBITZ asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. SKUBITZ. Mr. Speaker, on Friday, October 17, at the White House, Thomas S. Kleppe was sworn in as Secretary of the Interior. Now, after many months without a permanent Secretary, or Under Secretary, we are getting our feet on the ground with a proven administrator.

I regret that I was in Kansas, on that Friday and therefore unable to attend the swearing-in ceremony. But as ranking minority member of the Interior Committee, I take this time to extend my congratulations and very best wishes to a former colleague.

Those who know Tom Kleppe must anticipate, as I do, that our new Secretary will enthusiastically become involved in his work. We know this is his style, as he proved so convincingly at the Small Business Administration. Throughout his tenure at SBA, this Administrator went "people-to-people" for advice from the small business community. In his words, he has a "love for small business."

By so earnestly facing his duties, and the skill with which he has carried out those duties, Tom Kleppe has earned a well deserved reputation of being a highly qualified administrator. I look forward to working closely with Secretary Kleppe and offer my full cooperation in resolving the issues which come before his Department and my committee.

I include in today's RECORD, immediately following these remarks, a short biographical sketch of our new Secretary:

THOMAS S. KLEPPE, SECRETARY OF INTERIOR

Since January 1971, Mr. Kleppe has been Administrator of the Small Business Administration. He was elected to the 90th Congress from North Dakota's Second Congressional District in November 1966. After his election to the 91st Congress in 1968, he served as a member of the House Committee on Agriculture and the House Republican Policy Committee. From 1950 to 1954 he was Mayor of Bismarck.

In 1946, Mr. Kleppe joined the Gold Seal Company in Bismarck, North Dakota and became Treasurer of the firm and served as President and Treasurer from 1958 to 1964. He became Vice President of J. M. Dain & Company, an investment banking firm headquartered in Minneapolis, Minnesota, serving until 1966.

Mr. Kleppe was born on July 1, 1919, in Kintyre, North Dakota, and attended Valley City Teachers College. He served in the United States Army as a warrant officer from 1942 to 1946.

He is married to the former Glendora Loew and they have four children. They reside in Kensington, Maryland.

PRESIDENT'S VIEWPOINT UNFORTUNATE ON AID TO NEW YORK CITY

The SPEAKER pro tempore (Mr. SIMON). Under a previous order of the House, the gentleman from New York (Mr. PEYSER) is recognized for 60 minutes.

Mr. PEYSER. Mr. Speaker, I take the floor this afternoon to again bring up the question that many Members spent time on yesterday afternoon, namely, the situation in New York City and the situation in New York State. Today the whole situation has taken a new turn, and the new turn has been brought about by the President's talk today on the New York situation. I am truly troubled that the President took the action that he did take today, specifically, saying that any legislation that this Congress enacted that involved aid for the city of New York would be vetoed by him.

I think it is most unfortunate that the President did not adopt the responsible position and state that any legislation enacted by this Congress would be at least reviewed by the President before such an action of veto would take place.

I also feel very strongly that the President's solution—and this is based obviously on the advice of his counselors—to the New York City problem is any solution to the problem at all. In fact I think that the reality of it is that we gain nothing by a bankruptcy proceeding and we certainly do not help the people of the city or State of New York.

Mr. BIAGGI. Mr. Speaker, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. Mr. Speaker, I congratulate the gentleman in the well, my dear friend the gentleman from New York (Mr. PEYSER), for his continued efforts in behalf of the city and State of New York and really in behalf of the entire United States because the consequences that might be engendered by a fiscal default of the city of New York may be really very considerable for the people of the United States.

As far as the President's statement on the fiscal situation in New York, I take heart at least in the fact that he does acknowledge we do have a fiscal problem. I disagree perhaps with the solution that is offered and I am not so sure about his comments as to the promise of vetoing any bill that might possibly come up in Congress because it would not be a sound bill. It is at least premature and he does not know just exactly what will come out, and perhaps there will be some legislation that might be superior to this suggestion he has offered.

Mr. PEYSER. I thank the gentleman for his comment.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Ohio.

Mr. DEVINE. Mr. Speaker, I certainly understand the position of the gentleman from New York. He by necessity, for parochial if not other reasons, would have to support a position probably contrary to that of the President of the United States.

I might say to the gentleman that in my district over the weekend I talked to possibly 200 people about this very issue. Of that group only two, and they happened to be bankers, favored Federal aid to the city of New York because of their problems, primarily on the basis of a dangerous precedent which they feel would be set. They say if we bail out New York, so to speak, then here will come Detroit and Cleveland and Philadelphia and Los Angeles and on and on and on and they will say if we bail out New York that we must do the same for them.

They also seem to think if we take the position that it is a Federal responsibility to use Federal funds to assist New York in its problems, then New York will say: "Look. They will take care of us. We will not have to mend our ways. We will stumble on."

The President's statement, to which the gentleman makes reference, says we ought to change the bankruptcy laws perhaps to permit New York to use funds of such as the police department and fire department and sanitation department retirement funds and then let the courts determine the priorities of those to whom the city of New York has primary obligations.

I wanted to add some balance because I know many special orders were taken last night mostly on one side. I would say most of the people in the country do not share the statement of the gentleman in the well.

Mr. PEYSER. I do want to comment on that.

From the beginning it has been most unfortunate that we have gotten into the use of the term "bail out" because the connotation of that is we will simply give them the money and they will go on their merry way and no one will learn anything or have to change their ways. It is too bad that from the beginning we did not use the term "back up" because it is really backing up New York State and New York City at a time of great financial crisis.

I am sure the gentleman understands this and all our colleagues do, that no one is supporting what New York has done in the past.

The need for change and correction is obvious. It just seems to me that we are taking what could be a very dangerous risk not only for New York, but also for the rest of this country.

The President has said today there will not be any major effect, as the national market has already compensated for the potential loss of New York. I can say in all sincerity, I hope the President is right, because if that is the course we are on due to his actions I would really hate for him to be wrong; but I do not agree with the President. I think the repercussions of this are going to be felt very much in Ohio, as in other places. A good many of the banks in Ohio and many of the banks in the gentleman's own major city area handle a substantial number of New York City bonds. I realize eventually the banks can adjust to this kind of loss and will eventually get something out of it; but in the meantime it will affect their ability to put out new money, to provide new jobs to keep the wheels rolling.

To graphically illustrate this, the city of Yonkers, which is the fourth largest city in New York, was notified by a number of the banks in New York and Westchester County that their ability to raise $16 million in income anticipation notes, which they have done every year, was cleaned out. In effect, the banks told them the day before yesterday that they would not lend them that money.

Now, at this point where that $16 million is going to come from is still a grave question. If they stay with that decision, the City of Yonkers will be faced with that problem. The city of Yonkers does not have that problem alone.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Ohio.

Mr. DEVINE. Mr. Speaker, the gentleman takes exception to the use of the word semantics. That word has been used primarily on the basis that these problems were anticipated and should have been anticipated, not only by Mayor Beame, but by the previous mayor, Mr. John Lindsay and the mayor before him.

As far as the bond market is concerned, my district has one of the largest bond centers in the country, Columbus, Ohio, the capital of the State of Ohio. Ohio must operate on a balanced budget constitutionally. We cannot overspend. Just since the New York problem developed, we have had bonds put out on the market at 4, 5, and 6 percent and they have been gobbled up; so this problem does not exist out in the country as the gentleman seems to think.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I appreciate the gentleman yielding.

This discussion has been going on in the Committee on Banking, Currency, and Housing, for some 3 weeks. Many members of the Committee on Banking, Currency, and Housing, including myself, are aware of this issue and what is its best solution.

Now, the area where I disagree with my colleague, the gentleman from New York, is the President's comments of today, which have been provided for us in writing, is that the President suggests another alternative; that is to utilize the system of the courts as a potential way of solution and giving proper priority through the courts to those essential services, because New York will not be denied a regular cash flow of tax revenues, but to have the court who is used to handling this type of procedure for the private sector, certainly in bankruptcy procedures or other default procedures, and that that is a system of government properly equipped to handle the decisionmaking that must now occur.

We realize that the State of New York as a government has begun to concern itself. The legislature has passed certain emergency procedures. The Governor of New York, a former colleague of ours here, has been willing to assume a substantial number of responsibilities. I would think that the suggestion by the President should at least be viewed as an alternative.

I think that is all any of us are suggesting, on the basis that the courts already deal with this type of concern in the bankruptcy of other major institutions. W. T. Grant is now going through bankruptcy, a very substantial organization. It will be handled by the courts in that procedure, and I do not see that this is such an unreasonable place to go to make determinations.

Mr. PEYSER. I thank the gentleman for his comment. I guess what I find is wrong is that the courts are not elected officials, and I sort of do not feel that this is the same thing as a private industry or a private company going under and having the court stepping in. One could very well carry that out and say that we here in the Federal Government who have been operating at a tremendous deficit for a number of years, and obviously are going to continue because of whatever the situation is to operate at a deficit, the gentleman would put the Congress of the United States under the courts and let them decide how to handle the country.

I do feel that any city or municipality, whether it be Los Angeles or Chicago, is also a human affair and the courts, I do not think, are geared to respond to that.

Mr. KOCH. Mr. Speaker will the gentleman yield?

Mr. PEYSER. I yield to my colleague from New York.

Mr. KOCH. Mr. Speaker, first I want to commend the gentleman for taking this time today. I feel very much as he does, and I want to say that I was really shocked and distressed with what I consider to be the cavalier attitude on the part of the President.

I want to address myself, if I may, to the comments of my good friend from California (Mr. ROUSSELOT). We are good friends and have served on the Banking and Currency Committee together. We do not always see eye-to-eye, but I have great respect for his judgment. I think in this case it really would be wrong to have the normal bankruptcy laws and procedures which apply to private companies apply to a municipality, surely one the size of the city of New York.

I say that for this reason: The gentleman knows that this House voted to keep in business, with guarantees, Lockheed. The gentleman may say that was unique. If that was unique, what is more unique than the city of New York with 8 million people? Then, we have the Franklin National Bank, which also comes within the jurisdiction of my good friend's committee, and the Federal Reserve stepped in and put in over a billion dollars—I think the figure was something like a billion and a half.

Mr. ROUSSELOT. I think it was $1,600,000,000.

Mr. KOCH. That was to prevent a bankruptcy—to prevent a bankruptcy. The reason was that there was expected to be a tidal wave that would ensue from having the Franklin National Bank go under, and the Federal Reserve stepped in and prevented that. Now, if we have done that for Lockheed—the Congress did that—and if we have done that for the Franklin National Bank—the Federal Reserve did that—is it unreasonable to expect that this Congress would address itself to the problems of the city of New York, which indeed are unique?

Last night, when the gentleman from California was kind enough to participate in the debate, we took up the problems of New York City. Nobody is going to make a defense of all the things that occurred there, but we have no shame, so to speak, with respect to the things we did. We did them because the Federal Government was not doing them. We had to assume the burdens of welfare when millions of people were leaving their cities and their States across the country and coming to the City of New York in the last 20 years or so, and we have a situation today where the State of Mississippi gets 78 percent of its welfare burden paid by the Federal Government, but the State of New York, overwhelmed, gets 50 percent of the share of welfare paid by the Federal Government. It is an absolute outrage.

Mr. Speaker I consider that which the President uttered today—and he is our President and, I am going to be therefore very careful of my choice of words—but I really must say it was more than distressing—more than distressing. It really was an outrage. Again, I think that what he has decided to do—and it is a mistake on his part—was to run against the City of New York. But, what he does not understand is that whatever problems the city of New York has, that the State of New York has, they are spilling over.

Every major municipality in this country is going to be affected by it. It will not be contained within the city of New York.

Mr. PEYSER. Mr. Speaker, I thank the gentleman for his comments.

Staying in the city of New York is obviously one of the key points here. I have in front of me the remarks of the gentleman from Massachusetts (Mr.

HARRINGTON) and I am going to ask the Speaker for unanimous consent to submit the remarks of the gentleman from Massachusetts (Mr. HARRINGTON) in the RECORD at the end of my comments.

Just to briefly comment on his statement, he speaks of the problem in New England, which has developed in the last month, of raising money for certain agencies within the State of Massachusetts that never in the past have had any difficulty, but which are now being faced with major obstacles. He quotes further, and I think this is of interest. I recall when Chancellor Schmidt was here he expressed his concern over the New York problem in West Germany. I also recall the statement in the Japanese press of a great concern of the impact in Japan of the failure of New York City.

I am really concerned that we are going to see the reality of that concern, not just in foreign countries, but also in our own country and foreign cities.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, I would like to respond to my colleague, the gentleman from New York (Mr. KOCH), who has raised two other examples of Federal involvement in assisting private institutions. One was the Franklin National Bank and the second was Lockheed Corp.

First of all, in the Franklin National Bank situation, the Federal Reserve Board moved, which it had the power to do under laws existing, to primarily protect depositors. That was one of the prime functions of the Federal Reserve System when it was established. So it was not to protect management of the Franklin National Bank or those who had made mistakes in judgment in management, but primarily to protect innocent depositors who were not being properly informed of the bad decisions by the management of Franklin National Bank.

So that really is a separate consideration.

And, second, the Federal Government, in the case of New York City, has really not caused many of the problems that have occurred, and many of the present elected officials now recognize that the constitution of New York and the city charter were not abided by. Many people so testified before the Committee on Banking, Currency and Housing.

So far as the second situation is concerned, which is Lockheed, many of the people in the Defense Department, including Mr. Packard, who was then the Deputy Secretary of Defense, who did not favor, to begin with, a guarantee for Lockheed, came before the Committee on Banking, Currency and Housing and testified that 50 percent of the fault of what occurred in the Lockheed situation was imposed by Federal Government decisions through the Defense Department by imposing the so-called procurement contracts decisions that were outside the management of Lockheed.

That does not excuse the mistakes that the management of Lockheed made.

And, second, when the Treasury of the United States was asked by Congress to guarantee a loan of $250 million, all of the assets of Lockheed were put under, basically, the control of the Treasury, in that if the $250 million which was guaranteed by the Treasury was not paid back, all of the assets of Lockheed would be subject to the control of the Federal Government, which at that time were roughly $450 million, and, therefore, well covered by the $250 million guarantee.

But even more important than that, all bank loans were relegated to the position of a secondary position under that guarantee by the Treasury.

It becomes quite a different situation, as we can see, because there is no way that the Federal Treasury would be able to attach—nor would it be proper—the assets of New York City. How is the Federal Government going to take back the city hall or the fire department or something like that? That just is not a reasonable position to assume.

So I think we can clearly say that the Franklin National Bank situation is not a similar situation to the present position of New York City, and, second, neither is the Lockheed guarantee. I think they are really different situations, even though I understand that my colleagues, both the gentlemen from New York (Mr. KOCH and Mr. PEYSER), must make an effort to try to come up with some device to stabilize the marketing position of bonds and other debt obligations of the city of New York.

Mr. PEYSER. Mr. Speaker, I have listened carefully to the gentleman, and I have a high regard for the gentleman's economic capabilities. I have no question about them. However, we apparently differ on the implications of those two cases, and I would like to give the gentleman one more example.

Mr. ROUSSELOT. Mr. Speaker, first, if the gentleman will yield, I would like to make one more point.

Mr. PEYSER. Yes, I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, the Federal Reserve Board has already said it would clearly protect the depositors of all banks should New York go into default. There are many of these portfolios that the banks manage, and it has been stated that the depositors in all such instances will be protected.

Mr. PEYSER. But the Federal Reserve Board will not protect the bondholders. The individuals who bought those bonds as secure investments will not be protected.

Mr. ROUSSELOT. I understand that. That is on the basis of statements made by elected officials of New York City.

Mr. PEYSER. That is true. I am not denying that.

However, it seems to me we do have an inconsistency relative to a major piece of legislation that this Congress enacted 2 years and then reenacted this year, and that is the emergency livestock loan bill.

Mr. ROUSSELOT. And the gentleman in the well and I did not vote for that bill.

Mr. PEYSER. The gentleman is correct. Neither one of us supported it.

Mr. Speaker, the emergency livestock loan bill, as we know, set aside a guaranteed loan, which is what we are talking about, the sum of $2 billion. That was $2 billion that we were standing behind, mainly to help out the smaller midwestern banks and the cattle dealers who, it was stated, had an emergency situation, and it was said that they would go under unless we acted. So we in the Congress did act. We did take that position, and we reaffirmed it just 4 months ago; in June we enacted it again.

My feeling is that if we can rise to the support of cattle dealers and of a group of small midwestern banks that were involved, we can act in this situation. We are talking about 8 million people who I really feel are going to be placed in jeopardy in this particular situation.

We have talked about the problems of New York. Let me tell the Members something about one of the areas that is of personal concern to me—education. In the city of New York, based on the cuts that have already been made because of this situation, the average classroom size now is 40 pupils. That is 40 pupils per classroom in New York City.

Based on the cuts that have been announced by the city of New York just last week, the average size of classrooms starting next year in New York City will be between 45 and 50 students to a class.

When I look at this problem, I realize there are many arguments over whether they should have 25 students or 28 or 30 students in a class, and we are not sure as to what the best size is. But I do not know anybody who says they can have 45 and 50 students to a class and still maintain a reasonable level of education. Yet that is the fact. That is what we are going to be faced with. We already have 40 students as an average, and we all know what is going to happen.

Mr. ROUSSELOT. Mr. Speaker, if the gentleman will yield, I would like to interrupt his presentation at that point.

Mr. PEYSER. Yes, I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Speaker, in the case of City College classroom sizes in New York City—and that is provided free by the taxpayers of New York City—many of the classes on the college level run as high as 200 or 300 students per class. I realize they are primarily lecture classes. The point I wish to make is that the size of a class is not always a determining factor as to the quality of education being offered, as the gentleman well knows.

Mr. OTTINGER. Mr. Speaker, will the gentleman yield?

Mr. PEYSER. Yes, I yield to the gentleman from New York.

Mr. OTTINGER. Mr. Speaker, there is yet another factor that, I think, bears on this. I have not heard all that has been mentioned about it, but the administration has asked the Congress to guarantee $100 billion worth of securities to help to go into new forms of energy.

This will very largely go to the oil companies that own most of the coal that is talked about gasification and that are into the oil shale business.

It just seems to me, in the order of the priority of things, that going to the rescue of 8 million people in New York just has to be of higher priority than going to the rescue of the oil companies in their desire to develop new energy resources, whether that may be wise or not.

Mr. PEYSER. Mr. Speaker, I thank the gentleman from New York (Mr. OTTINGER) for his comments.

I would like to point out to my friend, the gentleman from California (Mr. ROUSSELOT), because of his background on the banking and currency situation, that Arthur Levitt, who is the comptroller of New York State, explained to me yesterday that in the early part of October, when $250 million had to be raised as New York City's share of the total $750 million being put in to help New York City, they had gone to the banks to, in effect borrow that $250 million. The banks refused to lend it to them.

Then the comptroller reached the decision that he would go to the pension fund which he controls, the New York State pension fund. He took $250 million from that pension fund. When he took the $250 million from the pension fund, he demanded and received over $1 billion of Mitcha Lama mortgage guarantee money as a backup for that $250 million that he was borrowing from the pension fund, and also the guarantee of the State legislature that the $250 million would have priority over any other indebtedness of the State.

Having gotten those two things, $1 billion in mortgages and the guarantee of the State legislature, he then went back to the banks and said that he would like the banks to take $50 million of that $250 million as a show of some confidence, giving them the same guarantee, percentagewise, on the $1 billion of mortgages. He just wanted to have the banks involved, and the banks turned him down. He said he went back for $10 million, and they turned him down. They would not give him $1.

The reason I mention this is that in talking with Arthur Levitt this morning, he pointed out to me that within the next 4 months New York State must borrow $2.9 billion between now and March of 1976. In order to meet anticipation notes, income anticipation and tax anticipation notes, he must borrow that. On March 31 he must borrow $3.9 billion additional to equal the aid to education, welfare, and the State revenue-sharing money. The calculation is well over $6 billion, nearly $7 billion, that they have to go into the marketplace for, and the banks at this time give them no indication that they are going to be willing to go in for any of that money because of New York City's picture.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield at that point?

Mr. PEYSER. I will be glad to yield to the gentleman from California.

Mr. ROUSSELOT. What is the rationale that the banks give the city in saying that they will not even meet a portion of that debt financing?

Mr. PEYSER. To answer the gentleman's question, Mr. Levitt said that the banks simply told him that they were so deep with New York City municipals that they were facing failure with that they were not about to put more money in the State of New York, period. They would not do it.

Arthur Levitt, as the gentleman knows, has been comptroller of the State of New York, I guess, for 18 years now, and he is among the hardest nosed, toughest individuals with respect to the dollar of anybody that the State has ever had.

He says that he has never faced a situation like this where you have a State like New York that is literally shut out of the market.

This was one of the reasons in our conversation that he said the proposal in the U.S. Senate—and this was, of course, before the President talked today—that the policy in the Senate by the Senator from Illinois, Senator STEVENSON, was a nice proposal but the realities of it are zero as far as New York State is concerned because it would not save the State.

Mr. DEVINE. Mr. Speaker, will the gentleman yield?

Mr. PEYSER. I yield to the gentleman from Ohio.

Mr. DEVINE. Mr. Speaker, I thank the gentleman for yielding. And I would add that the gentleman has been very kind and generous in making the time available to us when the gentleman recognizes that some of us do not share his feelings in this regard.

But, Mr. Speaker, on the question of New York coming to the Federal Government in Washington and asking for aid, that reminds me of a couple of drunks walking down a railroad track and one of the men says, "Well, golly, the steps are too close together," and the other said, "Well, the handrails are too far down."

Washington has no good record as far as being financially sound. We have a public debt of something like $550 billion.

If we are going to bail out New York or guarantee New York anything, where will we get the money? That is a problem because we have such a bad record.

In that respect an interesting thing occurred on the House floor less than an hour ago when we had a vote on whether or not to increase the national debt ceiling and the gentleman in the well, Mr. PEYSER of New York, voted "aye" because that was a responsible vote to take to pay for the excesses that have been voted on before, but 18 of the gentleman's colleagues from the State of New York voted "no," in paying for that obligation.

So when we talk about financial responsibility, it is interesting to check the voting records of those involved.

Mr. PEYSER. I appreciate the comments of the gentleman from Ohio and I am glad that the gentleman did notice that I voted "yea." But I believe my other colleagues from New York were expressing themselves at that point, and perhaps they were proper in doing so, in a way which reflected that they were expressing their discontent with the general attitude on facing this problem in New York. It was simply a way of expressing it at that time. Because I am sure if we were to look back at their voting records on the unfortunate increases in the debt ceiling that we will notice that most of the Members from New York have voted to do so, although I am sure that they are not pleased with our indebtedness any more than the gentleman from Ohio is.

Mr. DEVINE. Will the gentleman yield further?

Mr. PEYSER. I will be glad to yield to the gentleman from Ohio.

Mr. DEVINE. And again I thank the gentleman for yielding to me.

I might say that the same Members probably voted "aye" on every spending program that came down the pike which created the problem that requires us to increase the debt ceiling.

Mr. PEYSER. I am not prepared to answer that because I think many of those programs were very vital for our country, but I would like to get back to the problems in New York in this regard and perhaps finish up my time because I do feel that we in the Congress have a special role in answering the needs of the people of our country. I really think this is what it comes down to.

We have not, and I do not think in the past we have ever adopted the position that says we ignore these people, whether it was people in foreign countries or in our own United States, for instance during disaster periods where people perhaps had used poor judgment and not done what they should have done, such as people building their houses in areas that were obviously flood prone, and even knew it, and yet built their houses there and were flooded. In fact, we have passed legislation to help them.

I think we are dealing with a very human situation here. And I honestly do get distressed. And I know that the Members who are on the floor are here because they are interested, and they are expressing concern, and that I really appreciate, whether we are in agreement or not, because they are concerned. But I would hate to think that the Congress will get to the point where it does not express a genuine concern and it refuses to take the kind of action that will help a part of our country—and this is our country here we are talking about—New York is not a foreign land. And whether it was Columbus, Ohio, or someplace else, I just cannot conceive of us in the Congress saying, "Well, you fellows went in debt. You made a lot of mistakes. You did things you should not have done. You did not listen to anybody, and, boy, you are done now. Just go and roll in the dirt, because we are not going to help you."

I do not believe that is the feeling of this Congress. I think the Members given the opportunity can work out decent legislation, they can put down, as they have before, guidelines, whatever they wish, but let a great city and a great State survive and keep itself as a viable institution that is responsive to the needs of the people, perhaps in a way that is not based on what they have done in the past, but to give them another chance.

I hate to see a city of this country under the rule of a court. That is not my concept of what democracy is all about or how our Government should be run. I think for all of us this would be a very poor course of action to take. It is my hope that we will enact legislation, in spite of the President's statement, and then again let him look at the legislation and make his own decision. That is his right, and that is what he has to do. But I hope we will act. I hope the Senate will reconsider the legislation they have in front of them, because what they have done in effect is analogous to the situation of a man drowning in the middle of a lake and somebody throwing him a life preserver 2 miles away from him in the lake, saying, "Well, we have given him a chance to be saved." And, of course, the poor fellow drowns before he gets it.

I feel that is the kind of legislation we are facing right now in the Senate. I am counting on the House being far more responsive and realistic.

I thank the gentlemen who participated with me today, and I appreciate the opportunity for this kind of exchange.

Mr. HARRINGTON. Mr. Speaker, I appreciate the opportunity to address the House today on the important question of a New York City default and its potential for adversely affecting the entire bond market.

I speak today certainly not as an expert in the field of municipal finance or market conditions, but rather as a concerned Member of Congress from the New England region—a region which cannot avoid being severely and directly affected if New York City defaults.

The House Subcommittee on Economic Stabilization has heard testimony over the past 2 weeks which suggests that a New York City default in December will have no appreciable effect on the overall market conditions domestically or on the international level.

Europeans, however, do not necessarily share this perspective, as demonstrated by the fact that West German Chancellor Schmidt recently felt compelled to express his concern over the New York situation to President Ford. The Chancellor's concern has, of course, been echoed in financial centers throughout Europe. Eugene Black, former president of the World Bank, expressed similar views before this committee last week.

Moreover, the ripple effects of the New York City crisis have already become a reality in New England.

Largely as a result of the current climate of crisis in the municipal bonding market, the Massachusetts Housing Finance Agency, typically regarded as a model agency both in terms of financial solvency and its ability to produce needed new housing, was recently forced to seek a State guarantee for $500 million in short-term notes.

It should also be pointed out, that 11 other State housing finance agencies throughout the country will face a similar crisis when their outstanding short-term notes come due in the near future.

Recent statements by members of the New England investment community further demonstrate the degree to which the New England bond market has been destabilized by the city's situation. At a recent meeting of the New England Congressional Caucus, the vice president of a leading Massachusetts investment firm stated that many firms will not buy any notes issued by municipalities or State agencies in the Northeast, regardless of the bond rating enjoyed by the agency in question.

Clearly, New York City has not managed its fiscal affairs very well; its present predicament, however, cannot be blamed on mismanagement alone. New York City, like most other major urban centers, has traditionally been called upon to assimilate repeated waves of rural migrants and foreign immigrants. This pattern, of course, continued despite a growing shift of the employment and economic base away from the inner city. To a large degree, this job market shift and corresponding middle-class flight to the suburbs was the result of Federal policies and programs implemented in the post World War II period which encouraged the exodus of some two million middle-income people from the inner city.

As the Congressional Budget Office Report of October 10 points out, as a result of these demographic and economic shifts, the remaining inner city population was more heavily dependent upon municipal services—the percentage of poor, uneducated, and non-English-speaking residing in central cities has skyrocketed. The obvious consequence has been a steady erosion of the municipal tax base. As industries and wage-earners were called upon to pick up the slack, the flight to the suburbs became more pronounced. This pattern can, of course, be traced in the recent history of every major American city.

Unfortunately, there has been no major effort on the part of the Federal Government to break this disastrous cycle. The Interstate Highway System has, over the past 18 years, paved the way for industrial and residential settlement outside the cities; intercity mass transit funds, however, have only recently begun to trickle in. Federal funds funnelled through FHA, subsidized homeownership on an unprecedented scale. The Federal Government's commitment to decent inner city housing, particularly over the past 7 years, however, has been appallingly devoid of any significant achievement. Add to this the Federal Government's historic mismanagement of the national economy and the resulting recessions which periodically force people out of work and swell the welfare roles, and one quickly reaches the inevitable conclusion that major cities cannot, in the long run, function properly.

But parceling out blame for the New York City crisis at this point will not serve current efforts to fashion a solution to the enormous problems at hand. By virtue of President Ford's abdication of leadership, that responsibility rests with the Congress.

Decisive Executive action, particularly in the area of economic and domestic policy would hardly be characterized as the hallmark of this administration. It comes as no real surprise, therefore, that the man who voted for the Lockheed bailout and begged Congress to appropriate funds to rescue Saigon would turn aside New York City's request for emergency Federal assistance.

We have been told by Vice President ROCKEFELLER—whose voice until recently has been curiously silent on the New York problem—that "the President will carry out his responsibility if the Congress acts and the city puts its fiscal house in order."

Recent events have made clear, however, that the President is not carrying out his responsibilities; if he were, the entire financial and investment community would not have been forced to spend the better part of October 15 perched on the edge of their seats.

There are some, perhaps many, who believe that the administration's position is the proper one. Many are asking why the American taxpayer should foot the bill for the excesses of what Presidential Press Secretary Ron Nessen called "a wayward daughter hooked on heroin."

While I find the question "why" to be valid, I find the characterization of New York City put forth by Mr. Nessen to be founded in the basest form of partisan politics and reflective of an extremely callous and narrow view of a crisis which will directly affect the welfare of at least 8 million Americans.

In the first place, New York does not seek a dollar commitment from the Federal Government. The taxpayers are not being asked to subsidize any part of the New York City and New York State debt.

In the second place, this malevolent demand of a pound of flesh from an already anemic New York implicitly denies that any ripple effect will result if New York City defaults.

Perhaps, in the final analysis, the Congress must decide whether the risk of not helping New York City is worth the gamble. Recent evidence which indicates that New York's problems have had little if any effect on the situation facing most municipal borrowers was largely compiled during a period of time when the Federal Government began to express serious interest in the New York situation. We have no idea what effect this perceived interest on the part of Congress has had on the market.

We do know, however, that many large, older cities, especially those in the eastern and north central areas have been forced to pay unusually high interest rates on recent offerings. If as a result of a New York City default fiduciaries shy away from the entire municipal bond market as the Congressional Budget Office suggests they might, widespread crisis among States and localities will result. Default on the part of these older cities then would be inevitable.

Not surprisingly, banks have less to fear. Despite their intimate involvement in events which precipitated this crisis, the banks will be cushioned by the Federal Reserve and FDIC. Plans have already been drawn up. Even nonmember banks will receive the assistance of FDIC.

While I certainly have no quarrel with those who seek to keep our banking system sound, I nevertheless find it curious that this benevolent attitude is not extended to State and local governments which are responsible for essential human services.

I also find it interesting that while a New York City default will undoubtedly cost the taxpayer countless millions to keep banks out of receivership, and the Federal Government will suffer corresponding loss of tax revenue caused by the loss of thousands of municipal jobs, many Members of Congress still find a costless New York City assistance program to be unacceptable.

I submit that past excesses on the part of New York City notwithstanding, we are now all in the same boat together. At a time when we are experiencing the worst economic decline since the 1930's we can ill-afford to gamble with the economic well-being of our major cities. Those who take pleasure in the fiscal demise of New York City have a limited understanding of the scope of the problem and its potential for reaching beyond the Hudson River. And in the absence of responsible leadership from the White House, we must bear the full responsibility for educating the public and fashioning a statisfactory solution.

Various remedies are being considered, particularly loan guarantees. My own view is that the vehicle used to stave off default is secondary to the need to embrace an approach now to deal with the immediate problems in New York, to reevaluate the financial posture of government at all levels, and to abort the spread of disaster to other areas totally unresponsible for events in New York City.

Federal action is unavoidable; our choice is between solving problems now, or coping with a true emergency prospectively when the ripple effects have spread across the nation as they have already spread to New England.

GENERAL LEAVE

Mr. PEYSER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the subject of my special order today.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PANAMA CANAL: THE CHALLENGE THAT THE CONGRESS MUST MEET

The SPEAKER pro tempore (Mr. Simon). Under a previous order of the House, the gentleman from Pennsylvania (Mr. Flood) is recognized for 60 minutes.

Mr. FLOOD. Mr. Speaker, during the present session of the Congress there have been three significant debates in the House of Representatives on the Panama Canal: June 26, September 24, and October 7, 1975. In spite of extensive revelations in them much confusion still exists about one of the most gravely important policy challenges now facing the Congress and the Nation. To its further clarification and what should be done, I now address myself.

In the early part of the 20th century when the U.S. Government was pressing for an Isthmian canal, President Theodore Roosevelt did not act heedlessly as many have stated, but had as his trusted advisers some extraordinarily able and well informed leaders and acted strictly in compliance with congressional direction in the Spooner Act of 1902. Among them were Secretary of State, John Hay; the distinguished naval strategist and historian, Adm. Alfred Thayer Mahan; Dr. John Bassett Moore, the great legal scholar of the State Department; and Senator John C. Spooner of Wisconsin. All major moves by the President in acquiring the Canal Zone were made with deliberate care, full appreciation of the legal responsibilities involved, and in accord with constitutional and international law. Our policy traces back to the Treaty of 1846 with New Granada—now Colombia—under which the United States undertook to guarantee the neutrality of the Isthmus and the freedom of transit "upon any modes of communication" that then existed or might thereafter be constructed, which included a canal as well as a railroad (Treaty of 1846 with New Granada, art. XXXV).

In a memorandum written in early August of 1903, prior to the 1903 Canal Treaty, on the historical background of our canal policy, Dr. Moore stated:

> The United States in constructing the canal would own it, and, after constructing it, would have the right to operate it. The ownership and control would be in their nature *perpetual*. (Roosevelt Papers, Letter Books XI, 390–91.) (Italic supplied.)

Since the assumption in 1904 by the United States of full sovereign responsibility for the construction, maintenance, operation, sanitation, and protection of the Panama Canal enterprise, it has had two main features: First, the canal itself, with its terminals, channels, and locks; and, second, its indispensable protective frame of the Canal Zone, consisting of the surrounding "land and land under water." These two aspects of the enterprise are today preserved in law governing the operation of the Canal, with the Governor of the Canal Zone serving ex officio as President of the Panama Canal Company (Public Law 841, 81st Cong.).

The canal enterprise is an independent agency of the United States under the President, with the Secretary of the Army designated by Executive order as the official of our Government responsible for its supervision. The Congress, as the legislature for the Canal Zone, has enacted a comprehensive Canal Zone Code for governing the zone and for managing the canal. Up to the present, the Congress has never had a nonvoting delegate from that highly strategic territory as have the District of Columbia, Guam, and the Virgin Islands. This lack creates a situation for U.S. Canal Zone residents of taxation without representation and has deprived the Congress of the long-needed services that such continuously available delegate could render in arriving at wise decisions.

Though the problems of the Panama Canal may appear highly complicated yet when reduced to their essentials they are relatively brief and simple. The crucial facts are:

First. Under the 1903 Treaty, which was authorized by the Congress—Spooner Act of 1902—the United States acquired full sovereign rights, power, and authority over the Canal Zone in perpetuity for the construction, maintenance, operation, sanitation, and protection of the Panama Canal in accordance with the rules governing the operation of the Suez Canal.

Second. Pursuant to this treaty the United States obtained title to all privately owned land and property in it, estimated in 1974 at a total cost of $166,362,173—our most expensive territorial possession.

Third. The total investment of the taxpayers of the United States in the canal enterprise, including its defense, from 1904 through June 30, 1974, was $6,880,730,000, much of which was spent in Panama.

Fourth. The total benefits to Panama from all Canal Zone sources for 1974 was $236,912,000.

Fifth. As foreseen in 1903 by the Founding Fathers of Panama, these benefits and others over many years have given that country the highest per capita income in all of Central America and made it the greatest single beneficiary of the Canal enterprise.

Sixth. The Canal Zone and canal have been protected successfully during two World Wars, the Korean and Vietnam wars, and an attempted Red-led Panamanian mob invasion, fully demonstrating the capacity of the United States to meet its treaty obligations for protecting the canal.

Seventh. The validity of the U.S. title to the Canal Zone has been confirmed by the U.S. Supreme Court (*Wilson* v. *Shaw*, 204 U.S. 24 at 30–35).

Eighth. The title to both the Canal and Panama Railroad has been recognized by Colombia, the sovereign of the Isthmus before the secession of Panama, as vested "entirely and absolutely" in the United States (Thomson-Urrutia Treaty of 1914–22).

Ninth. The United States does not pay a "rental" for the Canal Zone but an annuity, which is the gratuitously augmented obligation of the Panama Railroad to pay $250,000 to Colombia before the secession of Panama, which in 1974 was $2,328,000.

Tenth. The Canal Zone is not a "leased" area, as so often misstated in the press and in reference works, but a grant in perpetuity under our full sovereign rights, power and authority and, in fact, constitutionally acquired domain of the United States.

Mr. Speaker, to answer the many statements by U.S. State Department officials and their emissaries that the United States never had sovereignty over the Canal Zone, in addition to the above listed facts, I shall cite three authoritative pronouncements:

First. When the negotiations for the 1903 Treaty were underway, the movement for a U.S. Canal at Nicaragua was strong. Its advocates were poised ready to take advantage of any opportunity to defeat the treaty for the Panama Canal. To avoid any possible debate in the Senate over what attributes of sovereignty were to be secured, the negotiators decided upon a "concession of sovereignty en bloc" to the entire exclusion of the exercise by Panama of any such sovereign rights, power or authority. (Earl Harding, "The Untold Story of Panama," 1959 p. 39.)

Second. On November 16, 1910, at a banquet in Panama City given by the President of Panama, U.S. President Taft, later Chief Justice of the United States, made this significant statement:

> We are here to construct, maintain, operate and defend a world canal, which runs through the heart of your country, and you have given us the necessary *sovereignty and jurisdiction* over the part of your country

> occupied by that canal to enable us to do this effectively. (Emphasis supplied). (*Canal Record*, Vol. IV, Nov. 23, 1910, p. 100).

These pertinent remarks were not casual comments but views expressed by a U.S. President who had extensive background knowledge of canal history and problems at a time when the day for opening the canal was less than four years away.

Third. In accordance with provisions of the Panama Canal Act of 1912, President Taft on December 5 of that year issued an Executive order declaring that "all land and land under water within the limits of the Canal Zone are necessary for the construction, maintenance, operation, protection and sanitation of the Panama Canal." (H. Doc. No. 474, 89th Congress, p. 52). The location of extensive defense installations throughout the Canal Zone for World War II showed the wisdom of those actions by the Congress and the President.

In current propaganda, much of it emanating from the State Department, it is often asserted that the canal enterprise still operates under the 1903 Treaty, which assertion is erroneous and misleading. It operates under that Treaty as modified in the 1936 and 1955 Treaties. From a reading of the debates in the Senate on the ratification of both of these treaties, it is clear that the major sovereignty provisions of each were reaffirmed. Hence, any statement that the canal still operates solely under the 1903 Treaty is false and this fact should be so recognized by the Congress.

On June 26, 1975, the House of Representatives, in an amendment to the 1976 appropriation bill for the State Department, adopted, by a vote of 246 to 164, the Snyder amendment denying that department the necessary funds for negotiating the surrender of "any U.S. rights" in the Canal Zone (CONGRESSIONAL RECORD, June 26, 1975, p. 20956).

As the result of extensive lobbying by the State Department and certain other organizations, the Senate did not accept the House measure and the conference report recommended substitute language expressing merely a beguilingly worded sense of the Congress statement that any new Panama Canal Treaty or agreement must protect the "vital interests" of the United States in the operation, maintenance, property and defense of the Panama Canal.

After considerable debate, the House, on September 24, insisted upon its own language in disagreement with the Senate by a vote of 203 to 197. (CONGRESSIONAL RECORD, Sept. 24, 1975, p. 30081).

Soon afterward, I received from the Isthmus copies of three "conceptual agreements" for the treaty negotiations still in progress and exposed them in an address to the House (CONGRESSIONAL RECORD, Oct. 6, 1975, pp. 31874–31876). One was on the "Protection and Defense of the Canal"; a second, on "Increased Panamanian Participation in the Administration of the Canal"; and the third, on "Jurisdiction and Right of Use."

Among other matters, these projected agreements provide—

That the United States would surrender its sovereignty over the Canal Zone to Panama within 3 years, or less.

That the Canal Zone Government and its agencies would cease to exist and U.S. citizens now residing in the zone would be subject to Panamanian law and government.

That the defense of the canal would be shared with Panama, which would be fraught with danger.

That the United States would continue to have "primary responsibility for canal operations and the transit of vessels." (*Ibid.*, Oct. 6, 1975, pp. 31874–31876).

A study of the three agreements will disclose that they would place the United States in the untenable position of having grave responsibility without adequate authority. Current information makes crystal clear that the terms of the actual treaties would be far worse than the conceptual agreements.

The amendment came up a third time in the House on October 7. The conferees, as a result of the debate on September 24, inserted the words "in the Canal Zone" to make the substitute language read as follows:

> SEC. 104. It is the sense of the Congress that any new Panama Canal treaty or agreement must protect the vital interests of the United States in the Canal Zone and in the operation, maintenance, property and defense of the Panama Canal." (CONGRESSIONAL RECORD, Oct. 7, 1975, p. 32065).

Although the new language was a minor improvement over the original substitute by the naming of both the Canal Zone and Panama Canal, it is not law but only an expression of the sense of the Congress. Nor does it specifically define the crucial term "vital interests."

After another extensive debate on October 7, the House receded from its position by the narrow vote of 212 to 201, thereby adopting the amended conference report recommendation. In spite of the insertion of the term "Canal Zone", the language still fails to meet the situation and leaves open to State Department misinterpretation of the term "vital interests". These words have been consistently used by officials in that Department to include the surrender of U.S. sovereignty over the Canal Zone to Panama in order to gain a "consensus" of approval by Panamanians, which makes the measure meaningless. No wonder State Department functionaries were "elated" over the House action and unjustifiably took it as a signal to proceed with their negotiations to replace the 1903 Treaty (New York Times, Oct. 8, 1975, p. 2). As stated by me in an address to the House on October 6, the language is still a semantic fraud and should be so recognized.

Informed leaders in and out of the Congress have often stated that there are only two major issues in the canal problem: Retention by the United States of its undiluted sovereignty over the Canal Zone and the major modernization of the existing canal. All others, including the ancient dream idea of a sea-level canal, are irrelevant and only serve to delay and confuse what should be underway at this very time.

To assist in clarifying the situation in the interests of our taxpayers, I have revised H.R. 198, a bill to authorize resumption of work on the major modernization of the existing canal suspended in May 1942 to include an additional section, providing that its terms shall remain in effect only so long as the sovereign rights, power and authority of the United States over the Canal Zone and canal as set forth in articles II and III of the 1903 treaty remain unaltered.

This change is in line with our historic policy for the Panama Canal of not appropriating the funds necessary for its construction, maintenance, operation, sanitation and protection in territory not under the sovereignty of the United States. It should serve notice on the world that the United States will adhere to that historic policy and not be diverted by any amount of sophistry, diplomatic blackmail, or other skulduggery.

Mr. Speaker, let us return to the October 7 debate. Its most startling feature to many Members was the publication of a communist communique circulated by the Socialist Revolutionary Faction—FSR—of the Isthmus. It made hostile comments against the United States, called for the removal of all U.S. Armed Forces from the isthmus, and included the texts of the "conceptual agreements." These agreements were promptly described by the State Department officials as "pretty accurate." (New York Times, Oct. 8, 1975, p. 2.)

The revelations in these documents leave no doubt as to the intentions of State Department officials in their determination to surrender U.S. sovereignty over the Canal Zone—and this without the authorization of the Congress. They also reveal who, in event of such surrender, would control the Republic of Panama and the Canal Zone. But most important, the votes confirm recent public opinion polls on the projected surrender and conclusively show that the people of the United States and their Congress will not stand for the unauthorized give away of this strategic territory and property, which is the prime target for Soviet conquest of the Caribbean.

With Red agents already ensconced in the Pro-Soviet Panamanian dictatorship, the situation on the isthmus is no idle threat but part of a carefully prepared program. Following the planned surrender of the Canal Zone, its loss would transform Panama into another Cuba, give control over the canal to our most powerful naval rival and, with Cuba already under Soviet control and agitations started for the "liberation" of Puerto Rico, turn the Caribbean into a Red lake, completing the encirclement of the United States and losing a crucial element of American seapower. Under no circumstances, Mr. Speaker, should this be allowed to happen.

Furthermore, the canal issue is not a local problem but part of a world contest for the control by Red power of all strategic waterways. With bases near both ends of the Suez Canal-Red Sea route to the Indian Ocean, Red power can dominate that artery of transportation. Because of the withdrawal of U.S. forces from Southeast Asia, control of the Strait of Malacca can be expected by the U.S.S.R. or its allies. The situation in Portugal threatens the control of the

Strait of Gibraltar, leaving the Panama Canal as the only major strategic waterway still free and it must so remain.

The only way that this can be done is for the United States to retain its undiluted sovereign control of the Canal Zone, which, in spite of statements to the contrary, has wide approval in Latin America (Congressional Record, Sept. 29, 1975, p. 30783). To this end, I would urge all Members of the House who have not yet cosponsored House Resolution 75 introduced by the distinguished chairman of the Committee on Merchant Marine and Fisheries (Mrs. Sullivan) and myself, or other identical resolutions, to do so without delay. In addition, I would urge support for H.R. 7425 to authorize a non-voting delegate from the Canal Zone in the Congress.

With the Canal Zone sovereignty question resolved, the way would be clear for completion of the suspended project for the major modernization of the Panama Canal under the strongly supported Terminal Lake-Third Locks solution, as provided in pending legislation. This proposal will complete the great work as originally planned under Theodore Roosevelt, give the world the best operational canal for the transit of vessels practicable of achievement at least cost, result in enormous benefits to Panama and guarantee the canal's continued efficient management supported by the strength of a great power.

Mr. Speaker, because of its relevance, I include the 1975 Memorial to the Congress on Panama Canal Sovereignty and Jurisdiction by the Committee for Continued U.S. Control of the Panama Canal and commend it for reading by all members of the Congress and staffs concerned with the canal question.

The memorial follows:

Panama Canal: Sovereignty and Modernization, Memorial to the Congress, 1975

(Committee for Continued U.S. Control of the Panama Canal)

PANAMA CANAL: SOVEREIGNTY AND MODERNIZATION

Honorable Members of the Congress of the United States: The undersigned, who have studied various aspects of interoceanic canal history and problems, wish to express their views:

1) The report of the interoceanic canal inquiry, authorized under Public Law 88-609, headed by Robert B. Anderson, recommending construction of a new canal of so-called sea level design in the Republic of Panama, was submitted to the President on December 1, 1970. The proposed canal, initially estimated to cost $2,880,000,000 exclusive of the costs of right of way and inevitable indemnity to Panama, would be 10 miles West of the existing Canal. This recommendation, which hinges upon the surrender to Panama by the United States of all sovereign control over the U.S.-owned Canal Zone, has rendered the entire canal situation so acute and confused as to require rigorous clarification.

2) An important new angle developed in the course of the sea level inquiry is that of the Panamic biota (fauna and flora), on which subject, a symposium of recognized scientists was held on March 4, 1971 at the Smithsonian Institution. That gathering was overwhelmingly opposed to any sea level project because of the biological dangers to marine life incident to the removal of the fresh water barrier between the Oceans, now provided by Gatun Lake, including in such dangers the infestation of the Caribbean Sea and Atlantic Ocean with the poisonous yellow-bellied Pacific sea snake and the crown of thorns starfish.

3) The construction by the United States of the Panama Canal (1904–1914) was the greatest industrial enterprise in history. Undertaken as long-range commitment by the United States in fulfillment of solemn treaty obligations (Hay-Pauncefote Treaty of 1901) as a "mandate for civilization" in an area notorious as the pest hole of the world and as a land of endemic revolution, endless intrigue and governmental instability (Flood, "Panama: Land of Endemic Revolution . . ." C.R., August 7, 1969), the task was accomplished in spite of physical and health conditions deemed insuperable. Its subsequent efficient management and operation on terms of "entire equality" with tolls that are "just and equitable" have won the praise of the world, particularly countries that use the Canal.

4) Full sovereign rights, power and authority of the United States over the Canal Zone territory and Canal were acquired by treaty grant in perpetuity from Panama (Hay-Bunau-Varilla Treaty of 1903). In addition to the indemnity paid by the United States to Panama for the grant in perpetuity of the indispensable necessary sovereignty and jurisdiction, all privately owned land and property in the Zone were purchased by the United States from individual owners; and Colombia, the sovereign of the Isthmus before Panama's independence, has recognized the title to the Panama Canal and Railroad as vested "entirely and absolutely" in the United States (Thomson-Urrutia Treaty of 1914–22). The cost of acquiring the Canal Zone, as of June 30, 1974, totalled $166,362,173 making it the most expensive territorial extension in the history of the United States. Because of the vast protective obligations of the United States, the perpetuity provisions in the 1903 Treaty assure that Panama will remain a free and independent country in perpetuity, for these provisions bind the United States as well as Panama.

5) The net total investment by the taxpayers of our country in the Panama Canal enterprise, including its defense, from 1904 through June 30, 1974, was $6,880,370,000; which, if converted into 1975 dollars, would be far greater. Except for the grant by Panama of full sovereign powers over the Zone territory, our Government would never have assumed the grave responsibilities involved in the construction of the Canal and its later operation, maintenance, sanitation, protection and defense.

6) In 1939, prior to the start of World War II, the Congress authorized, at a cost not to exceed $277,000,000, the construction of a third set of locks known as the Third Locks Project, then hailed as "the largest single current engineering work in the world." This project was suspended in May 1942 because of more urgent war needs, and the total expenditures thereon were $76,357,405, mostly on lock site excavations at Gatun and Miraflores, which are still usable. Fortunately, no excavation was started at Pedro Miguel. The program for the enlargement of Gaillard Cut and correlated channel improvements, started in 1959, was completed in 1970 at the cost of $95,000,000. These two works together represent an expenditure of more than $171,000,000 toward the major modernization of the existing Panama Canal. Under current treaty provisions Panama has proclaimed the word "maintenance" in the treaty permits "expansion and new construction" for the existing Canal (C.R., July 24, 1939).

7) As the result of canal operations in the crucial period of World War II, there was developed in the Panama Canal organization the first comprehensive proposal for the major operational improvement and increase of capacity of the Canal as derived from actual marine experience, known as the Terminal Lake—Third Locks Plan. This conception included provisions for the following:

(1) Elimination of the bottleneck Pedro Miguel Locks.

(2) Consolidation of all Pacific Locks South of Miraflores.

(3) Raising the Gatum Lake water level to its optimum height (about 92').

(4) Construction of one set of larger locks.

(5) Creation at the Pacific end of the Canal of a summit-level terminal lake anchorage for use as a traffic reservoir to correspond with the layout at the Atlantic end, which would improve marine operations by eliminating lockage surges in Gaillard Cut, mitigate the effect of fog on Canal capacity, reduce transit time, diminish the number of accidents and simplify the management of the Canal.

8) Competent, experienced engineers have officially reported that all "engineering considerations which are associated with the plan are favorable to it." Moreover, such a solution:

(1) Enables the maximum utilization of all work so far accomplished on the Panama Canal, including that on the suspended Third Locks Project.

(2) Avoids the danger of disastrous slides.

(3) Provides the best operational canal practicable of achievement with the certainty of success.

(4) Preserves and increases the existing economy of Panama.

(5) Avoids inevitable Panamanian demands for damages that would be involved in the proposed sea level project.

(6) Averts the danger of a potential biological catastrophe with international repercussions that recognized scientists fear might be caused by constructing a salt water channel between the Oceans.

(7) Can be constructed at "comparatively low cost" and being "an enlargement of existing facilities" without requiring additional "lands and waters" avoids the necessity for a new canal treaty with Panama.

9) All of thtese facts are elemental considerations from both U.S. national and international viewpoints and cannot be ignored, especially the diplomatic and treaty aspects. In connection with the latter, it should be noted that the original Third Locks Project, being only a modification of the existing Canal, and wholly within the Canal Zone, did not require a new treaty with Panama. Nor, as previously stated, would the Terminal Lake—Third Locks Plan require a new treaty. These are paramount factors in the overall equation.

10) In contrast, the persistently advocated and strenuously propagandized Sea-Level Project at Panama, initially estimated in 1970 to cost $2,880,000,000, exclusive of the costs of right of way and indemnity to Panama, has long been a "hardy perennial," according to former Governor Jay J. Morrow. It seems that no matter how often the impossibility of realizing any such proposal within practicable limits of cost and time is demonstrated, there will always be someone to argue for it; and this, despite the economic, engineering, operational, marine biological and navigational superiority of the Terminal Lake solution. Moreover, any sea level project, whether in the U.S. Canal Zone territory or elsewhere, will require a new treaty or treaties with the countries involved in order to fix the specific conditions for its construction; and this would involve a huge indemnity and a greatly increased annuity that would have to be added to the cost of construction and reflected in tolls, *or* be wholly borne by the taxpayers of the United States.

11) Starting with the 1936–39 Treaty with Panama, there has been a sustained erosion of United States rights, powers and authority on the Isthmus, culminating in the reopening in 1971 of negotiations for a proposed new canal treaty or treaties that would:

(1) Surrender United States sovereignty over the Canal Zone to Panama;

(2) Make that weak, technologically primitive and unstable country a senior partner in the management and defense of the Canal;

(3) Ultimately give to Panama not only the existing Canal, but also any new one constructed in Panama to replace it, all without any compensation whatever and all in derogation of Article IV, Section 3, Clause 2 of the U.S. Constitution. This Clause vests the power to dispose of territory and other property of the United States in the entire Congress (House *and* Senate) and not in the treaty making power of our Government (President *and* Senate)—a Constitutional provision observed in the 1955 Treaty with Panama.

12) It is clear from the conduct of our Panama Canal policy over many years that policy-making elements with the Department of State, in direct violation of the indicated Constitutional provision, have been, and are yet, engaged in efforts which will have the effect of diluting or even repudiating entirely the sovereign rights, power and authority of the United States with respect to the Canal and of dissipating the vast investment of the United States in the Panama Canal project. Such actions would eventually and inevitably permit the domination of this strategic waterway by a potentially hostile power that now indirectly controls the Suez Canal. That Canal, under such domination, ceased to operate in 1967 with vast consequences of evil to world trade.

13) Extensive debates in the Congress over the past decade have clarified and narrowed the key canal issues to the following:

(1) Retention by the United States of its undiluted and indispensable sovereign rights, power and authority over the Canal Zone territory and Canal as provided by existing treaties;

(2) The *major* modernization of the existing Panama Canal as provided for in the Terminal Lake—Third Locks Plan.

Unfortunately, these efforts have been complicated by the agitation of Panamanian extremists, aided and abetted by irresponsible elements in the United States, aiming at ceding to Panama complete sovereignty over the Canal Zone and eventually, the ownership of the existing Canal and any future canal in the Zone or in Panama that might be built by the United States to replace it.

14) In the 1st Session of the 94th Congress identical bills were introduced in both House and Senate to provide for the *major* increase of capacity and operational improvement of the existing Panama Canal by modifying the authorized Third Locks Project to embody the principles of the previously mentioned Terminal Lake solution, which competent authorities consider would supply the best operational canal practicable of achievement, and at least cost without treaty involvement.

15) Starting in January 1975, many Members of Congress sponsored resolutions expressing the sense of the Senate and House of Representatives that the United States should maintain and protect its sovereign rights and jurisdiction over the Panama Canal enterprise, including the Canal Zone, and not surrender any of its powers to any other nation or to any international organization in derogation of present treaty provisions.

16) The Panama Canal is a priceless asset of the United States, essential for interoceanic commerce and Hemispheric security. The recent efforts to wrest its control from the United States trace back to the 1917 Communist Revolution and conform to long range Soviet policy of gaining domination over key water routes as in Cuba, which flanks that Atlantic approach to the Panama Canal, as was accomplished in the case of the Suez Canal, which the Soviet Union now wishes opened in connection with its naval buildup in the Eastern Mediterranean and Indian Ocean. Thus, the real issue at Panama, dramatized by the Communist takeover of strategically located Cuba and Chile, is not United States control versus Panamanian but continued United States sovereignty versus Soviet control. This is the issue that should be debated in Congress, especially in the Senate. Panama is a small, weak country occupying a strategic geographical position that is the objective of predatory power, requiring the presence of the United States on the Isthmus in the interest of Hemispheric security and international order.

17) In view of all the foregoing, the undersigned urge prompt action as follows:

(1) Adoption by the U.S. Senate and House of Representatives of pending Canal Zone sovereignty resolutions and,

(2) Enactment by the Congress of pending measures for the major modernization of the existing Panama Canal.

To these ends, we respectfully urge that hearings be promptly held on the indicated measures and that Congressional policy thereon be determined for early prosecution of the vital work of modernizing the Panama Canal, now approaching saturation of capacity.

Dr. Karl Brandt, Palo Alto, Calif., Economist, Hoover Institute, Stanford. Former Chairman, President's Council Economic Advisors.

Comdr. Homer Brett, Jr., Chevy Chase, Md. Former Intelligence Officer, Caribbean area.

Hon. Ellis O. Briggs, Hanover, N.H. U.S. Ambassador (retired) and Author.

Dr. John C. Briggs, Tampa, Fla. Professor of Biology, University of South Florida.

William B. Collier, Santa Barbara, Calif. Business Executive with Engineering and Naval Experience.

Lt. Gen. Pedro A. del Valle, Annapolis, Md. Intelligence Analyst. Former Commanding General, 1st Marine Division.

Herman H. Dinsmore, New York, N.Y. Former Associate Foreign Editor, *New York Times*.

Dr. Lev E. Dobriansky, Alexandria, Va. Professor of Economics, Georgetown University.

Dr. Donald Dozer, Santa Barbara, Calif. Historian, University of California, Santa Barbara.

Lt. Gen. Ira C. Eaker, Washington, D.C. Former Commander-in-Chief, Allied Air Forces, Mediterranean. Analyst and Commentator on National Security Questions.

K. V. Hoffman, Richmond, Va. Editor and Author.

Dr. Walter D. Jacobs, College Park, Md. Professor of Government and Politics, University of Maryland.

Phelps Jones, Washington, D.C. Director, National Security and Foreign Affairs, Veterans of Foreign Wars of the United States.

William R. Joyce, Jr., J.D., Washington, D.C. Lawyer.

John M. Kane, Washington, D.C. Assistant Director, Foreign Relations, The American Legion. Foreign Service Officer (Retired).

Major Gen. Thomas A. Lane, McLean, Va. Engineer and Author.

Edwin J. B. Lewis, Washington, D.C. Professor of Accounting, George Washington University. Past President, Panama Canal Society, Washington, D.C.

Dr. Leonard B. Loeb, Berkeley, Calif., Professor of Physics (Emeritus), University of California.

William Loeb, Manchester, N.H. Publisher and Author.

Adm. John S. McCain, Jr., Washington, D.C. Former U.S. Commander-in-Chief, Pacific.

Lt. Col. Matthew P. McKeon, Springfield, Va. Intelligence Analyst, Editor and Author.

Dr. Howard A. Meyerhoff, Tulsa, Okla. Consulting Geologist Former Head of Department of Geology, University of Pennsylvania.

Richard B. O'Keeffe, Fairfax, Va. Asst. Dir. of Library, George Mason University, Research Consultant on Panama Canal, The American Legion.

Capt. C. H. Schildhauer, Owings Mills, Md. Aviation Executive.

Vice Adm. T. G. W. Settle, Washington, D.C. Former Commander, Amphibious Forces, Pacific.

Jon P. Speller, New York, N.Y. Author and Editor.

Harold Lord Varney, New York, N.Y. President, Committee on Pan American Policy, New York. Authority on Latin American Policy Editor.

Capt. Franz O. Willenbucher, Bethesda, Md. Lawyer and Executive.

Dr. Francis G. Wilson, Washington, D.C. Professor of Political Science (Emeritus) University of Illinois. Author and Editor.

Institutions are listed for identification purposes only.

Mr. LAGOMARSINO. Mr. Speaker, will the gentleman yield?

Mr. FLOOD. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Speaker, I commend and associate my remarks with the gentleman from Pennsylvania (Mr. Flood) for his statement which clearly illustrates the responsibility of this Congress in regards to the Panama Canal. Mr. Flood speaks not only for many of his colleagues, such as myself, but for the great majority of Americans who are opposed to the State Department's "give away" plan for the Panama Canal.

As we were so eloquently reminded, the United States has vested authority over the Canal Zone through its treaties, and confirmed by the U.S. Supreme Court. We cannot sit idly by while the State Department trades away our control over the zone in exchange for "hospitable relations" with the Panamanian Government. It is evident that the costs of such a move, both in economic and political terms, are much too high to be tolerated.

I urge all Members to reaffirm our right to the Canal Zone. Only if we act now can we be assured of the continuation of low cost sea transportation for all nations; assured of the protection of a strategically indispensable location; and assured of improvements in operation and maintenance of the canal.

It must be remembered that no U.S. territory or property can be disposed of without authorization from the Congress. We must remind the State Department of this constitutional requirement before any agreements are reached with the Panamanian Government.

As long as the United States retains its treaty based sovereign rights in the Canal Zone, the Panama Canal will remain free and open to peaceful trade.

Mr. FLOOD. Mr. Speaker, I thank the gentleman from California (Mr. Lagomarsino) very much indeed.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. FLOOD. Yes, I yield to the gentleman from California, my old friend who has always been at my side for many, many years.

Mr. ROUSSELOT. Mr. Speaker, I wish to compliment my colleague, the gentleman from Pennsylvania (Mr. Flood), along with my colleague, the gentleman from California (Mr. Lagomarsino), and the many others who join the gentleman from Pennsylvania in this continual and persistent effort to make sure that the

American people are properly represented here in not giving up this very strategic waterway we have maintained for many years, the Panama Canal. We thank him for his persistence and are grateful that he refuses to yield on this important issue.

Mr. FLOOD. Mr. Speaker, again I thank the gentleman for his ever-present help.

Mr. McDONALD of Georgia. Mr. Speaker, it is my pleasure, as a freshman Congressman, to rise in support of my distinguished colleague from Pennsylvania.

Mr. Flood has been so right, for so long, with regard to Panama that there remains little new to say. I believe that Mr. Flood deserves congratulations for his steadfast insistence that the Panama Canal is the property of the United States of America.

As we all know, Secretary Kissinger and Ambassador Bunker have taken it upon themselves to promise Gen. Omar Torrijos of Panama control of the canal, and the Canal Zone. We are here today, hopefully, to inform them that the Panama Canal is not theirs to give away. It is an American installation; we built it, we own it, we need it, and we intend to keep it.

When the Suez Canal was blocked for 8 years, ships had to go completely around Africa, at great expense to shippers, and ultimately to consumers. Should the Panama Canal be blocked for any reason, American trade would be particularly hard hit. It is absurd to invite a situation in which vessels would have to go around Cape Horn, as they did in the last century.

By darkly suggesting that the canal might be sabotaged by disgruntled Panamanians, or that Panama may become another Vietnam, the State Department has in effect collaborated with the Torrijos government in attempting to intimidate this Congress.

We should not succumb to this sort of thing. Should the Government of Panama embark upon a policy of overt hostility, we must convince them that it is a grave miscalculation, by whatever means are necessary. Whatever risks are involved in maintaining control of the canal, they are less serious than the risks involved in turning it over to the present regime in Panama.

Our own officials like to tell us that General Torrijos and his associates are mature, responsible, and friendly, but anyone who actually reads their public statements will find them boastful and threatening, and hewing closely to the Communist line. General Torrijos has sought and received the support of Moscow's puppet in the Americas, Fidel Castro.

In fact, as long ago as 1917, stated Soviet policy was to eliminate the American presence from the Canal Zone. Today, the Soviet Union has a Navy frankly challenging our own, so it is perfectly obvious why every front-group and puppet in the world wants us out of Panama. Including "our" own State Department, unfortunately.

Many years ago, the Supreme Court Wilson against Shaw in, 1907, disposed of every argument and confirmed U.S. possession of the Canal Zone. I believe it is time to demonstrate and confirm this fact by granting to the 40,000 Americans in the Canal Zone a nonvoting congressional delegate, a degree of representation already given to the people of Guam and the Virgin Islands, for instance.

In conclusion, I would point out that yielding the canal to General Torrijos would be highly injurious to the United States. Far from raising our prestige in Latin America, such a weak and silly act would invite contempt.

As for the State Department, its top officials should be called to task for their disgraceful effort to sabotage the American position in Panama.

FULL EMPLOYMENT SURPLUS BUDGET ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Montana (Mr. Baucus) is recognized for 10 minutes.

Mr. BAUCUS. Mr. Speaker, the national economy is still in bad shape. While recent statistics indicate some improvement, the picture remains anything but bright. Unemployment is still above 8 percent, and inflation is creeping up toward the double-digit level again. Interest rates are climbing, and the possibility of large increases in fuel prices continues to threaten economic recovery. Some indicators point to an upturn in the economy, and prosperity is certainly not around the corner.

In my district, which is heavily dependent on national housing construction, things are really a mess. Production in lumber mills is at rockbottom. The copper industry is laying off its workers in increasing numbers. Construction trades are virtually idle—60 percent unemployment among electricians is but one grim example of that industry's problems.

Our first priority in the current situation is to get people back to work. It is much easier to handle inflation if you receive a living wage than if you are out of work.

In view of this goal, the unprecedented Federal deficit we are incurring is justifiable. Unemployment generates losses in real output, and these losses can never be recouped. Unemployment reduces profits and causes lower levels of capital accumulation. Finally, unemployment reduces real income which translates into lower Federal revenues. In short, to reduce unemployment by deficit spending is justified, since it will boost production, capital accumulation, and Federal revenues.

This does not mean, however, that we should ignore the level of the Federal debt. During the first 190 years of our Nation, the Federal debt rose to roughly $300 billion. In the past decade, that figure nearly doubled. Today we are being called upon to raise the debt ceiling by another $20 billion. Current estimates call for a debt of more than $600 billion by the end of the current fiscal year.

While it is true that the debt is decreasing as a percentage of our gross national product, I find little consolation in that fact. I would be encouraged by our increased potential to repay the debt if we consistently exercised that potential. Unfortunately, we have not.

In future years, we will have many opportunities to reduce the recession-induced debt of today. Recessions do not last forever. Indeed, the deepest and most prolonged period of unemployment in our history, the Great Depression, lasted but a decade. No one doubts that our unemployment rate will ultimately drop to half of what it is today—perhaps even lower. When that time comes, we should be ready to reduce the debt through a surplus budget.

If we were to leave our fiscal structure as it is today, theoretically, a surplus would automatically occur as the economy returns to full employment—at least, that is the conventional wisdom supporting the full employment budget concept. As unemployment recedes, incomes, profits and tax revenues rise, while unemployment-related expenditures fall.

The full employment concept serves, in part, as the basis for determining the size of the deficit today. For example, a recent staff report by the Senate Committee on Budget put it this way:

> Whatever actions are taken to cure the current recession, policy should aim for a balanced budget when unemployment reaches 4.5 percent.

However, unemployment is 8 percent and we have a deficit, not a surplus, of nearly $70 billion.

I would be a more devout believer in the full employment concept if I were sure that we would have surpluses when the economy returns to low levels of unemployment. Unfortunately, history has demonstrated that surpluses do not "automatically" occur during periods of full employment. Indeed in the past 25 years—the most prosperous quarter century in our Nation's history—the budget has been in surplus in only 5 of those years. Yet, unemployment has been less than 4.5 percent in 11 years.

The full employment budget concept is faulty in one important respect. It assumes that as full employment returns, the Federal fiscal structure will not be altered; that is, it assumes that tax rates will remain the same and that Federal spending levels will remain relatively constant. Neither of these assumptions is correct.

During the period 1965–68, unemployment was at or below 4.5 percent, but the budget was in deficit all 4 years for a cumulative total of nearly $40 billion. Had the fiscal structure remained unaltered, the budget would have been in surplus. Instead, Federal spending went up by 51 percent, while revenues increased by only 33 percent. This increased spending occurred primarily in two areas: the Vietnam war effort—national defense up 63 percent—and human resources programs—income security up 47 percent and education, manpower and social services up more than 200 percent. Given increases in the debt during this period, spending also increased in a third area, with interest on the national debt rising by more than 35 percent.

Had there been a check on Federal spending during that period—for example, by requiring that the budget be in surplus during full employment years—the public debt would be nearly $50 billion lower today and perhaps the inflation of the early 1970's would have been avoided.

It is this last problem—inflation—which concerns me most deeply. Overspending—or undertaxation, depending upon one's perspective—in the late 1960's caused higher rates of inflation in the early 1970's. Subsequently the OPEC oil price increases in 1973–74 boosted inflation to double-digit rates. Although inflation has been dampened somewhat by the recent recession, it still continues at a relatively high level—prices are currently rising at about 7 percent annually. Most economists agree that this rate of inflation will increase. If our Nation attains full employment by the late 1970's, we are likely to find high inflation, particularly if we continue deficit budgets and the OPEC nations continue to increase oil prices.

Stimulative deficits can be produced either by cutting taxes, raising spending or some combination of the two. Tax cuts are often politically difficult to reverse, and are also often carried out through the creation of loopholes which reduce the equality of the tax system. Increasing expenditures is not a bad policy, unless pursued because "the money is just lying there anyway." Large increases in debt and the likelihood of high rates of inflation when full employment returns are potent reasons to avoid full employment deficits.

To deal with the problems noted above, I am today introducing the Full Employment Surplus Budget Act, a bill which would amend the Congressional Budget Act of 1974 to require budget surpluses when national employment drops below 4½ percent.

The bill requires that the budget adopted by Congress be in surplus when the unemployment rates are projected to fall below 4½ percent during the fiscal year covered by the budget. It permits a point of order to be made in either House of Congress if unemployment is projected to be less than 4½ percent and the budget resolution calls for a deficit. For purposes of flexibility, the bill does not stipulate the size of the required surplus. Also it permits the Budget Committees to adopt the projected unemployment figure which they judge to be appropriate for the fiscal year under consideration.

Concerning the operational definition of full employment, this is a concept about which there is little agreement. While full employment has conventionally been defined as 4 percent unemployment, the Council of Economic Advisers recently adopted the figure of 4.9 percent. The figure of 5 percent is mentioned with increasing frequency in scholarly journals. On the other hand, many full employment advocates talk about 3 or 3.5 percent as being a realistic level. For what it is worth, the national average was 4.7 percent for the period from 1947 through 1973. Thus the figure of 4.5 percent contained in my bill is somewhat under the national average for this period.

In conclusion, while the economic picture remains gloomy at present, it will brighten soon and full employment will return. Rather than living on a month-to-month and quarter-to-quarter basis with regard to economic policy, we should prepare now for the time when full employment occurs. By adopting the Full Employment Surplus Act, Congress will not only be prepared for future improvements in economic conditions; it will also be justifying the large deficits which we must incur if rapid economic recovery is to be achieved. Finally, it will be restoring confidence in the American people that we have a commitment to reducing the national debt during periods of national prosperity.

Mr. Speaker, in closing, I include a copy of my bill in the RECORD along with a table showing—for each year during the period 1949 to 1974—unemployment, inflation, Federal spending, Federal receipts, and the Federal deficit:

H.R. —

A bill to amend the Congressional Budget Act of 1974 to require a budget surplus whenever the national unemployment rate drops below 4½ percent

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) title III of the Congressional Budget Act of 1974 is amended by adding at the end thereof the following new section:

"REQUIREMENT OF BUDGET SURPLUS WHEN NATIONAL UNEMPLOYMENT RATE IS BELOW 4½ PERCENT

"SEC. 312. (a) Notwithstanding any other provision of this Act, there shall be a surplus in the congressional budget for the United States Government for any fiscal year in which the projected national unemployment rate (determined as provided in subsection (d)) is less than 4½ percent.

"(b) For purposes of any concurrent resolution on the budget under section 301(a), 304, or 310(a), only a surplus in the budget (and not a deficit) shall be considered appropriate for any fiscal year in the light of economic conditions and all other relevant factors if the projected national unemployment rate for such year (determined as provided in subsection (d)) is less than 4½ percent. The projections required by sections 301(d)(6) and 308(c)(2) shall take into account the provisions of the preceding sentence.

"(c) It shall not be in order in either the House of Representatives or the Senate to consider or adopt a concurrent resolution on the budget (as described in section 301(a), 304, or 310(a)) for any fiscal year, if the projected national unemployment rate for such year (as determined under subsection (d) and specified in such resolution at the time of such consideration or adoption) is less than 4½ percent, unless such resolution sets forth a surplus in the budget for such year (along with levels of budget authority, budget outlays, Federal revenues, and the public debt which are mathematically consistent with such surplus).

"(d) For purposes of this section, the projected national unemployment rate for any fiscal year shall be the average rate of unemployment nationally which is most likely to exist during such year (expressed in terms of a percentage of the total employable population of the United States), as determined and set forth in the most recently adopted concurrent resolution on the budget for such year (or, for purposes of the consideration or adoption of a concurrent resolution on the budget, as determined and set forth in such resolution at the time of such consideration or adoption) on the basis of the most recent data available from the Bureau of Labor Statistics and projections reflecting all other relevant data, statistics, and information."

(b) The table of contents in section 1(b) of such Act is amended by inserting immediately after the item relating to section 311 the following new item:

"SEC. 312. Requirement of budget surplus when national unemployment rate is below 4½ percent."

SEC. 2. Section 301(a) of the Congressional Budget Act of 1974 is amended—

(1) by striking out "and" at the end of paragraph (5);

(2) by redesignating paragraph (6) as paragraph (7); and

(3) by inserting immediately after paragraph (5) the following new paragraph:

"(6) the projected national unemployment rate for such fiscal year as determined under section 312(d); and".

SEC. 3. The amendments made by this Act shall apply with respect to the fiscal year beginning on October 1, 1976, and succeeding fiscal years.

Year	Percent Unemployment	Consumer Price Index (1967 equals 100)	Change in CPI from previous year	Government expenditures	Change in Government expenditures from previous year	Government receipts	Change in Government receipts from previous year	Annual deficit or surplus
1949..	5.9	71.4	−1.0	38.8	....	39.4	....	0.6
1950..	5.3	72.1	1.0	42.6	9.7	39.5	0.3	−3.1
1951..	3.3	77.8	7.9	45.5	6.8	51.6	30.6	6.1
1952..	3.0	79.5	2.2	67.7	48.8	66.2	28.3	−1.5
1953..	2.9	80.1	.8	76.1	12.4	69.6	5.1	−6.5
1954..	5.5	80.5	.5	70.9	−6.8	69.7	....	−1.2
1955..	4.4	80.2	−.4	68.5	−3.4	65.5	−6.0	−3.0
1956..	4.1	81.4	1.5	70.5	2.9	74.5	13.7	4.0
1957..	4.3	84.3	3.6	76.7	8.8	80.0	7.4	3.3
1958..	6.8	86.6	2.7	82.6	7.7	79.6	−.5	−3.0
1959..	5.5	87.3	.8	92.1	11.5	79.2	−.5	−12.9
1960..	5.5	88.7	1.6	92.2	....	92.4	16.7	.2
1961..	6.7	89.6	1.0	97.8	6.1	94.4	.2	−3.4
1962..	5.5	90.6	1.1	106.8	9.2	99.7	5.6	−7.1
1963..	5.7	91.7	1.2	111.3	4.2	106.6	7.0	−4.7
1964..	5.2	92.9	1.3	118.6	6.6	112.7	5.7	−5.9
1965..	4.5	94.4	1.7	118.4	....	116.8	3.6	−1.6
1966..	3.8	97.2	2.9	134.7	13.8	130.9	12.1	−3.8
1967..	3.8	100.0	2.9	158.3	17.5	149.6	14.3	−8.7
1968..	3.6	104.2	4.2	178.8	12.9	153.7	2.7	−25.1
1969..	3.5	109.8	5.4	184.5	3.2	187.8	22.8	3.5
1970..	4.9	116.3	5.9	196.6	6.6	193.7	3.1	−2.9
1971..	5.9	121.3	4.3	211.4	7.5	188.4	−2.7	−23.0
1972..	5.6	125.3	3.3	231.8	9.6	208.6	10.7	−23.2
1973..	4.9	133.1	6.2	246.5	6.3	232.2	11.3	−14.3
1974..	5.6	147.7	11.0	268.4	8.9	264.9	14.8	−3.5

NO FEDERAL BAILOUT FOR NEW YORK CITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Tennessee (Mr. QUILLEN) is recognized for 30 minutes.

Mr. QUILLEN. Mr. Speaker, the issue of possible intervention by the Federal Government in order to assist financially troubled New York City has now been elevated to the level of a great national debate. I think that all of the principal participants in this debate are well aware of the consequences and implications of the eventual decision that will be reached, not only for New York City, but for the future course of American federalism as the Nation enters its 200th year.

In view of what is at stake here, and I do not mean money, it is not surprising that some emotion and passion has been aroused, and that ordinarily sensible pepole have uttered unsensible words.

Voices have been raised against the President, and he has been described as callous and hard-hearted because of his reluctance to approve a massive Federal intervention into the local affairs of New York City. It has been suggested that narrow partisan considerations dominate the President's policy, and that he somehow wishes to punish and humiliate the Democratic administration of America's largest city. This is a calumny and a slander, and it debases those who would give circulation to such groundless charges and accusations.

Others have claimed to detect disguised undertones of anti-intellectualism, anti-Semitism, and irrational anti-urban hostility toward New York City among some of those who have opposed a Federal rescue program for the city.

And on the other side of the issue, strident voices have been raised and unnecessarily harsh epithets and contemptuous ridicule and abuse has been heaped upon the beleaguered city officials, as if the present administration were totally responsible for the dire financial condition which now exists.

Supposedly responsible public officials have apparently gone so far as to urge New Yorkers to refuse to pay the increased transit fare that went into effect last month. This was a necessary retrenchment and most New Yorkers understand that the fare had been kept artifically low with a huge city subsidy which financially reeling New York City can no longer afford. There have been other cutbacks, and more are to follow. Everyone surely recognizes that New York City has overdrawn its account, and that the city's overliberal expenditures must be reduced. So let us have no more of harmful recriminations or loose talk. Let us debate the issue on its merits.

I trust that what I have to say will contribute, if only slightly, to reaching a wise decision on what role, if any, the Federal Government should play. And I trust that this will be done without adding any fuel to the rancorous and unhelpful flames that have been fanned, however inadvertently, by people who ought to know better.

I am opposed to the Federal Government bailing out New York City, and I will vote against proposals that have been advanced to authorize such a policy should they reach the floor of the House. I am persuaded that massive and direct Federal intervention into the financial, political, and social affairs of New York City would be a mistake of historic and irreversible proportions. Such a policy would, in my judgment, do violence to the Constitution, and effectively breach the integrity of American federalism. We must not allow this to happen. I say this not with any malice toward the people of New York City—for my views would be unaltered were we talking about any American city under similar circumstances—but because of my belief that the financial crisis of New York City must be resolved by the city and the State of New York.

The Federal Government simply has no right to intrude itself and seize control of the treasury of New York City, and I will have no part of it. I take no pleasure in the plight of New York City, and neither will I associate myself with any policy to degrade the city to the status of a colonial satrap of the Federal Government in an ill-advised and misguided effort to restore the city's credit rating in the financial market.

Investor confidence will not be restored if Washington steps in. Indeed, the reverse will surely occur, because a massive Federal intervention will demonstrate conclusively that the city of New York cannot be trusted with its own credit card. It is in the interest of the Nation and of the city, that the city and State of New York devise a financial program and regime that will provide immediate relief to the city, and restore it to good standing in the financial market. For the city and State officials to declare that they are incapable of doing this is to confess that they are unfit to govern. And if this were in fact the case, then the recourse is at the ballot box, not at the doors of the U.S. Treasury.

The dismal descent of New York City into imminent insolvency is the consequence of an understandable but nevertheless massive misrule that began long before the present city administration came into office. We now have a fairly accurate picture of how it all has happened, and likewise a fairly clear idea of the steps that must be taken in order to turn the city around and place it on the road toward solvency.

As a Representative from Tennessee, I do not wish to place myself in the position of one who is flinging gratuitous advice from the sidelines, but in view of the fact that New York has come to the Congress for assistance unprecedented in our history, I think it is not inappropriate that I state my position to my constituents and to my colleagues in this House.

New York City's immediate financial crisis was precipitated by its inability to borrow in the municipal bond market since this market was closed for the city in April. The city was denied access to the market because of a large budget deficit for the fiscal year ending June 30, 1975, because of an even larger budget deficit—over $800 million—for the current fiscal year, and a severe cash-flow problem which forces the city to borrow to pay its current bills. This burning of the candle at both ends was the result of unsound financial practices going back over a decade. The city increased its spending level above its current income from taxes, and began to borrow money to pay 1 month's bills in anticipation of revenues which would be coming in during the following month. This irresponsible practice grew in small increments. New York State law requires balanced city budgets, but by means of various misleading, and some have said fraudulent, accounting procedures, the city's deficit budgets were represented as balanced. The actual deficits, however, eventually reached the sum of $3.3 billion. Finally, the financial market refused to further support such prodigality, and the city found itself unable to borrow, which in turn produced the crisis atmosphere surrounding New York today.

A series of stopgap and short-term measures have provided the city with funds since April, when the market closed. The latest of these measures designed to avoid default, the New York State Financial Emergency Act, will exhaust its resources in mid-December, and it appears likely that additional state assistance will be required to prevent a default on the part of the city.

In no other American city has short-term borrowing grown by such ruinous proportions as is the case with New York. The cost of servicing the city's debt grew from $644 million in 1969 to $1.8 billion this year. Debt service currently accounts for 17 percent of the city budget, and there is approximately $13 billion in bonds and notes outstanding. Thus, the city embarked on corrective action as far back as November of 1974.

At that time, Mayor Beame announced the dismissal of 1,510 civil servants and employees and other savings estimated at $43.8 million. The city comptroller, Mr. Goldin, suggested more draconian cutbacks, but the mayor rejected his advice.

Less than three weeks later, the mayor announced the dismissal of an additional 3,725 employees, and a program for the forced retirement of 2,700 city workers. Together with the previous announcement, the mayor proclaimed that his action would result in a deficit reduction of $135.4 million. The third phase of municipal retrenchment was announced shortly after the new year, at which time the mayor declared that another 4,050 employees would be dismissed, saving about $15 million.

This was at least a beginning in the right direction, but in February, it became known that the bulk of the layoffs had been avoided by agreements with the unions to forgo some contract provisions. Actually, the city had dismissed only 1,941 of the 12,700 workers proposed for layoffs, had transferred others, and had not forced the promised retirements, thereby falling short of the proclaimed savings to the city's treasury.

By this time the city was finding it extremely difficult to find buyers for its bonds and notes. The securities dealers demanded new verification of the city's estimates of taxes, which represent the securities for the notes, and certification that the city was not borrowing beyond its means. The market's lack of confidence was amply demonstrated when the city was barely able to borrow $260 million to pay its March bills. In April, when the market closed its doors on the city's notes and bonds, New York State began extending short-term aid.

The initial step was an $800 million advance in State aid that the city was scheduled to receive after the start of the new fiscal year in July. This was insufficient, and in early June, the State created the Municipal Assistance Corporation—Big Mac—to refinance the city's debt. This State agency's dual purpose was to issue long-term bonds to pay off the short-term debt of over $3 billion, and to oversee a thorough reform of the city's budgetary and accounting procedures. MAC was authorized to borrow $3 billion, an amount sufficient to see the city through the fall when it was hoped the city could reenter the market.

The State expected MAC securities to be competitive on the market because they were issued by an agency of the State and carried with them a State obligation to meet any shortfall in debt servicing, because the revenues from the city's sales and stock transfer taxes were to be deposited directly to MAC to cover its own debt service costs, and because the city would be forced to reform its accounting procedures and to balance its budget under State auspices.

MAC did sell $1 billion in bonds in July, but these notes fell 10 percent in price only minutes after public trading was allowed, despite the fact that they bore tax-exempt interest rates of up to 9.5 percent. As a result of frenzied activity, the city was able to prevent a revenue shortfall, but in August MAC was able to borrow less than half of its planned offering, even though the new issue carried interest rates of up to 11 percent.

Investor confidence was further eroded by certain actions of the city government, and MAC and the financial community were forced to publicly rebuke the local administration for restoring jobs to the city payroll and attempting to impose nuisance taxes in an effort to increase revenue. The mayor partially responded to this criticism. He withdrew the nuisance tax proposals, and agreed to consider a wage freeze, pay cuts, and employee dismissals. But this was insufficient to restore confidence in the management of city affairs, and in September, MAC found itself in the identical situation that had faced the city in April—unable to find investors for its bond and note offerings.

MAC was forced to draft emergency legislative proposals, and Governor Carey was able to push these through a special session of the State legislature in early September. The result was the Financial Emergency Act providing for what is, in effect, a receivership. Control of the city budget was removed from the local elected officials and transferred to a State-dominated directorate, the Emergency Financial Control Board.

Under other provisions of the Financial Emergency Act, this Board must approve a 3-year financial plan that mandates a transition to a bona fide balanced city budget by fiscal year 1978, a sharp reduction in short-term borrowing, the elimination of expense items from the capital budget, and an increase in controllable spending of not more than 2 percent per year. The Emergency Financial Control Board is also responsible for estimating the city's revenues and restraining city spending within the revenue estimate limits. The immediate State financial injection was in the form of $2.3 billion in bonds which are backed by a first lien on State revenues. Again, the hope was that this latest plan would tide the city over several difficult months, at which time it could return unassisted to the securities market.

Again, this was apparently insufficient to restore investor confidence in New York City. As had earlier been the case with MAC, the emergency plan ran into difficulties shortly after it was put into effect. Despite the high interest rates offered by the State bonds, underwriters have had to beat the financial bushes to find investors, and by linking the State to the fortunes of the city, there is now apprehension that if the State extends more assistance to New York City it will be compromising its high credit rating.

This is where the situation rests today. In spite of the actions taken over the past 11 months by the city and State of New York, there has been no appreciable restoration of investor confidence and America's largest city totters on the brink of default. The mayor and the Governor declare that they have already done everything that can be done, and that they have failed to avert what they apparently perceive as an imminent catastrophe for New York City, Albany, and the Nation. Washington must save us, they say, for we can do no more to save ourselves. If New York City defaults, we are told, the consequences will be disastrous for America and even for the international financial community.

As to the question of default—let us all be forthright and honest enough to admit that no one can be absolutely confident in predicting the exact consequences of a default on the part of New York City. New York City has never defaulted, though municipal default is certainly not without precedent in the United States. In 1838, Mobile, Ala., became the first American city to default, and through 1969, recorded defaults of local governmental units in the United States totaled 6,195.

During the Great Depression of the 1930's, there were almost 4,800 defaults, perhaps most prominently being that of Detroit, Mich. It should be mentioned that almost every single municipality which defaulted in the 1930's eventually paid their creditors all the principal and interest due, and the Federal assistance under President Roosevelt was minimal.

Based on historical example and current information, I am inclined to agree with those who believe that the impact of a New York City default will be containable, and that the effects outside of the New York area will be relatively minor. I do not believe that default is inevitable, but if it should come, the default procedures established by the New York State Financial Emergency Act provide for the ultimate repayment of all principal and interest due. Over the long-run the city's obligations will be met, and the short-term impact of default on banks would probably be minimal because of the already announced contingency policies of the Federal Reserve System and Federal Deposit Insurance Corporation.

To be specific: The New York State Financial Emergency Act procedures provide that no creditor would be permitted to seek ameliorative action in the courts for 30 days. During that time, the city of New York or the Emergency Financial Control Board could file a voluntary petition to the State supreme court indicating its inability to pay its debts and stating its intention to file a repayment plan. On receipt of the petition, the supreme court would stay individual court proceedings for an additional 90 days. The repayment plan would have to provide for the eventual payment of both principal and interest. This payment would have to be made as soon as possible, although consideration would be given for the maintenance of essential public services within the city. Any creditor who agreed to receive payments under the repayment plan would be enjoined from further harassing or dilatory court actions.

The impact of a default on the part of New York City would be further lessened because of the Federal Reserve's stated willingness to both lend funds to member and nonmember banks whose solvency would be jeopardized by default, and to permit the banks to value city bonds and notes at their predefault levels. The Federal Deposit Insurance Corporation's contingency plan to lend funds to banks caught by a city default rather than forcing these institutions into receivership would have a similar effect. Under such conditions it is doubtful that any banks would be forced into bankruptcy if the restructuring of New York City's finances is accomplished in a reasonable period of time.

It has already been suggested, and I think with some merit, that the possibility of a default by New York City has been largely or even fully discounted by the financial market already. If this is substantially true, the major result may well be a general feeling of relief that default is a storm that can be weathered. It is not at all unlikely that with default, a new sense of stability and solidity would return to the municipal bond market, especially if New York were able to reorganize its debt quickly under the existing procedures and demonstrate that it could meet the repayment schedule on its restructured bets and obligations. I think this was the thrust of the testimony of Federal Reserve Board Chairman Arthur F. Burns before the Subcommittee on Economic Stabilization of the House Committee on Banking, Currency, and Housing last week, and I am inclined to agree with Chairman Burns.

I believe the less drastic and alarmist picture of the likely consequences of a potential default on the part of New York City is reinforced when one dispassionately considers one of the principal arguments of those who propose and propagandize for massive Federal intervention as a solution to the city's ills.

It has been repeatedly stated that the absence of investor confidence in New York City's government is spreading across the land like prairie fire, and that solvent and well-managed cities are paying a terrible price for New York's spendthrift and irresponsible financial practices. The market is closing, it is said, and the bond interest rates are skyrocketing.

It is true that municipal bond interest rates have increased, but it would be inaccurate to carry the argument much further. Moreover, there are other objective market conditions to be considered as well, especially in regard to the interest rate structure. 1975 has been a particularly heavy year for municipal borrowing. Figures just released show a 34-percent increase in the first three quarters of this year as compared to the same period a year ago. New York City has therefore been forced to compete for funds with many other State and city governments with far sounder financial conditions, and vice versa. In addition, all State and city governments have had to compete with the large borrowing requirements of the Federal Government.

The volume of issues has grown, while the recession has diminished the desire and ability of banks, corporations, and individuals to purchase tax-exempt notes and bonds. This has certainly been the case with many commercial banks, for during the first half of this year they have dropped out of the municipal bond market almost entirely. Overemphasis on the importance of the New York City dilemma and its presumed impact on the national bond market is simply not warranted, and is self-deluding. The available evidence indicates that New York's difficulties have had a relatively minor impact on the situation facing most municipal borrowers. While these rates have increased, so have the rates for other securities.

Whether or not New York City does, in fact, default, there is much, much more that the city government can do to reverse its ruinous and profligate financial policies that have brought this great and once-proud city to its present lamentable condition.

The most important ingredient in the new regime which must be instituted by the political leadership of New York City is the will and the courage to devise and rigorously carry through to completion a vigorous policy of retrenchment. If this will and courage is lacking, then nothing will succeed, and the city will have been betrayed by a leadership too small-minded, too limited, and too weak to have been entrusted with her stewardship. There is no need, nor is it seemly, for me to suggest the areas where this retrenchment is most necessary. Every newspaper and news magazine offers suggestions daily, and New Yorkers know better than others where the greatest economies can be achieved with the least possible inconvenience and hardship to the people. None of this will be popular with everyone, and some will complain loudly regardless of what is done, but that does not make retrenchment any less necessary, although it clearly makes it more politically difficult. A higher political morality than that which has brought the city to this sorry state is required, and leadership that cannot provide it will have to stand aside for those who can for the times demand it.

Beyond the people and the political leadership of New York City, the responsibility for additional assistance must be laid on the State of New York. Again, the areas where additional State relief can apply are well-known. Welfare, city hospitals, the city university system, and other meritorious but extravagantly expensive programs and services which the city can simply no longer afford are a few obvious areas for increased State assistance.

In short, the city must reduce expenditures, it must increase taxes, it must adopt sound financial and budgetary procedures, it must effect management and administrative reforms, and it must greatly increase the productivity of every department of the city government. The State must increase its direct aid to the city, it must continue borrowing on behalf of the city at least for the time being, and it must assume more fiscal responsibility for some of the city services.

But what the city and State of New York must not do is to adopt a mixed-bag of half-way measures containing precious little austerity, and then descend upon the Congress of the United States with outstretched palms asking that the doors of the Federal Treasury be flung open for them. I believe that the people of New York are being sold short by such a tactic. I am confident that they can solve their own problems without being reduced to humbled supplicants at their Nation's Capital.

Finally, if ever there was a lesson for all of us as we begin our 200th year as a people and Nation, it is before us now. Look well upon the fruits we reap with deficit spending, and consider what has happened to the value of the American dollar since the Federal Government embraced this same ruinous economic philosophy that has wounded New York. Another "increase of the temporary limit on the public debt" of an additional $20 billion is staggering. This will bring our national debt to $597 billion, and in the spring it will increase another $20 billion, give or take a few billion. And up and up it goes, and down and down goes the value of the dollar. There are Members of this House who apparently believe that this jolly jig can go on indefinitely. It cannot and it will not, and we are going to have to pay the piper before the dance is done. The only real difference between New York and the Federal Government is that Washington can print money, and New York cannot.

Perhaps New York's Governor said it better than I when he declared: "The days of wine and roses are over."

THE ENERGY NEEDS OF THE NATION AND WESTERN NEW YORK CAN BE MET ONLY THOUGH THE HOUSE AGREEING TO THE SENATE COMMITMENT TO DECONTROL NATURAL GAS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. KEMP) is recognized for 30 minutes.

Mr. KEMP. Mr. Speaker, the energy needs of the Nation—and of western New York—can be met only by the House quickly following the Senate lead of last week to decontrol natural gas. That Senate action decontrols onshore natural gas over the next year and offshore natural gas over the next 5 years.

I would have preferred to have seen immediate decontrol, but the Senate's action is a crucially important step toward bolstering the natural gas production we must have to sustain our economic recovery and to get through this winter. I laud them for their commitment, and I hope the House takes similar action.

This country is facing a severe natural gas shortage during and beyond this winter—unless action is taken to decontrol it. That is the only way to bring the additional volumes of natural gas onto line.

The then-outgoing chairman of the Federal Power Commission, John Nassikas, testified in June on how severe this particular winter's shortage may be. He projected this winter's shortfall as 30-percent greater than last winter's shortfall. In some major service areas natural gas companies will be able to supply only about one-half of requirements. He cited specific examples. Trunkline Gas Co.—authorized to serve in the States of Arkansas, Illinois, Indiana, Kentucky, Louisiana, Mississippi, Tennessee, and Texas and to serve other areas through Panhandle Eastern Pipe Line Co.—projects curtailments of over 46 percent of its system requirements. United Gas Pipe Line Co.—which is authorized to serve in the States of Alabama, Florida, Louisiana, Mississippi, and Texas and to serve five other interstate pipelines which market natural gas east of the Mississippi River— projects reduction of service approaching 48 percent of its system requirements. And, Transcontinental Gas Pipe Line Corp.—authorized to serve in the States of Alabama, Georgia, Louisiana, Maryland, Mississippi, New Jersey, my own New York, North Carolina, Pennsylvania, South Carolina, Texas, and Virginia—projects reduced service amounting to over 40 percent.

The natural gas shortage would never had occurred had it not been for the regulatory policies of the Federal Government and—quite frankly—for the persistent past failure of a majority within the Congress to do anything to reform those policies. Only when the natural gas shortage contributed to a national crisis in energy deficiency did the Congress take heed of the many warnings voiced by both producers and consumers over the years.

CONTROLS ARE THE MEANS OF FURTHERING BUREAUCRATIC INTERESTS AS OPPOSED TO THE NATIONAL INTEREST

Why ought controls to be lifted?

That seems to be the central question to which the Congress is now addressing itself, and I think it is worth full consideration.

Price controls hold down the price at which consumers can buy, so people have no economic incentive to economize on their use of energy. As the result of artificial lower prices, the demand for energy is greater than it would be if there were no price controls. Economists do not make any bones about the law of demand, which says that the lower the price, the greater the quantity demanded. Price controls have effects that are just as pernicious on supply, because the lower the price, the lower the profits and the lower the incentive to supply energy and develop new sources. Just the threat of price controls is enough to introduce distortions and inefficiencies into the economy, as well as shortages.

Controls eliminate the incentive and ability to make the investment necessary to insure the future availability of energy. Talk about nationalization of the oil and gas industry has the same negative effect of discouraging companies from making investments today in hopes of profits tomorrow. We can already see effects of irresponsible government words and deeds in the efforts by oil and gas companies to transfer their capital into businesses with a lower public profile and a less likelihood of public confiscation.

It is difficult in the light of past and existing realities to argue that such proposals are either in the interest of the public or assure the provision of energy resources in the future. But it is easy to see that such proposals coincide with the interests of the regulators.

To put it simply and straightforwardly, to allow market forces to determine the allocation of resources does not increase the demand for bureaucrats. However, the bureaucrats' proposals all increase the demand for bureaucrats.

The bureaucracy has to grow when price controls are enforced. When shortages result from the price controls, the bureaucracy has to grow more in order to ration the commodities that are in excess demand. When the price incentives that cause the proper allocation of resources cannot operate because of the controls, it is the bureaucracy that produces the production schedules which are forced on hapless suppliers. When the profit incentives for exploration and investment are eventually destroyed, it will be Federal bureaucrats who staff a nationalized oil industry.

We can see exactly how these proclivities become realities when we look at what the Federal Power Commission has done and has not done with respect to its own policies—those which aggravate the energy crisis.

THE FPC'S RECORD ON NATURAL GAS

The FPC's record in natural gas regulation has resulted in only one clear-cut conclusion: it has reduced the Nation's natural gas supplies.

These are two general reasons for this. First, the Commission insists on stopping all reform efforts and in perpetuating antiquated policies.

Second, the Commission moves at its own pace—a very slow one—no matter what the national energy and consumer needs might be.

The national FPC-mandated base price of 51 cents per thousand cubic feet is totally unrealistic in light of today's costs. A company simply cannot make a sufficient return on its investment today to have the funds necessary to continue exploration, recovery, and distribution in the future. This regulation has destroyed—or at best severely dampened—the incentive to bring more natural gas on line. Everyone knows it. But, the regulation continues in full force and effect.

In addition, intrastate natural gas—moving inside just one State—is prohibited from being moved through interstate pipelines—moving between two or more States—even when there are a producer and consumer agreeing upon a freely negotiated price and even where the gas is needed to keep plants open and men and women at work. Everyone knows this. Yet, the policy continues in full force and effect.

The specific examples of delay in decisionmaking are endless.

I reported to the House on September 4 about how the FPC had delayed for 8 months the approval of an application to deploy a more modern technology for exploration and recovery in the shale areas of the Appalachian States—an application against which the only brief filed was almost immediately withdrawn. The Energy Research and Development Administration—ERDA—had approved its portion of the application months before the FPC finally did move into action.

Then, there is the Valley Gas Transmission case, a matter of substantial importance to assuring adequate supplies in western New York. This is a matter which has to be decided by the Commission no later than November 1—this Saturday—in order to guarantee the award of 3½ billion cubic feet needed this winter. The judge has already made his recommendations to the Commission, and he recommended the exception be permitted. All interested parties then had until early October to file any briefs opposing the exception. None did; no opposing briefs were filed. Thus, it was from that point immediately cleared for Commission action. To this date—almost a full month later—the Commission has done nothing. I am told that the Commission may not act on this noncontroversial application until the new Chairman is sworn in—which will be after November 1. Again, this is the public-interest-be-put-aside, the bureaucratic-interests-are-paramount attitudes to which I have already made reference. By these standards the people of the service area will just have to suffer along without enough for industry, schools and hospitals until the bureaucratic interests are met. To me, these policies and examples reflect unconscionable conduct.

The only effective way to remedy these problems is to change the law. That means decontrolling natural gas and prohibiting the regulatory agencies—here the Federal Power Commission—from interjecting its own bureaucratic interest as paramount to that of the country and the economy.

IMPACT ON WESTERN NEW YORK

All of this was more than apparent to me when I received the latest computer printout of the specific businesses, schools, hospitals, churches and similar facilities in or about the 38th Congressional District of New York whose natural gas service could be interrupted this winter unless we assure enough natural gas.

Let me say that the National Fuel Gas Co.—which services western New York—is better prepared for the winter than are most of the natural gas companies around the country. I commend them for being in such a good status.

But, National Fuel Gas's present condition does not guarantee it will be the same in the future. If the shortage this winter is as severe as we can expect—and that can be alleviated only through having a very mild winter or by our adopting a policy of decontrolling natural gas and making that new policy law—National's sources might—by action of the regulators—be required to be redirected to other companies in other areas of the country. Those who planned well—such as National—would thus be penalized to benefit those who did not plan well.

Schools, hospitals, manufacturing plants and businesses in western New York would be severely affected by a lack of enough natural gas this winter, and the list provided to me by the Emergency Fuel Office of the State of New York shows the specific establishments "subject to curtailment" in our area. They are, as follows:

Akron Central School.
Alden Central High School.
Amherst Central School.
Battenfield American Oil.
Bennett Manufacturing Company.
Buffalo City Schools.
Buffalo Forge.
Buffalo Merchandise Distribution Center.
Charlotte Avenue School.
Cheektowaga Central School.
Chevrolet—Buffalo.
Chevrolet—Tonawanda.
Clarence Central Schools.
Columbus McKinnon Corporation.
Continental Baking.
Darling & Company.
Deaconness Hospital.
Depew Central School.
Dunlop Tire and Rubber Corporation.
E. I. deNemours DuPont & Co.
East Aurora Central School.
Eden Central Schools.
Electro Division of Ferro Corporation.
Erie County Home & Infirmary.
Erie County Penitentiary.
FMC Corporation Industrial Chemical Division.
Frontier Central Schools.
General Mills.
Griffith Institute.
Hamburg Central School.
Hamburg Junior High School.
Harlem Road School.
Harrison Radiator.
Hewitt Rubber Company.
Holland Central School.
Immaculate Heart of Mary Church.
Iroquois Central School.
J. H. Williams Division of TRW, Inc.
Kenmore-Tonowanda Central School.
Lackawanna Central School.
Lake Shore Central Schools.
Lancaster Central School.
Linde Division of Union Carbide Corporation.
Madison Wire Co., Inc.
Maryvale Central School.
Meyer Memorial Hospital.
Millard Fillmore Hospital.
National Finishing Corporation.
Gold Bond Division of National Gypsum.
New York Wire Mills.
R. B. Newman Fuel Corporation.

North Collins Central School.
O-Del-O Division of General Mills.
Oatka Milk Corporation.
Orchard Park Central Schools.
Republic Steel.
Smallwood Elementary School.
Spaulding Fibre.
St. Francis of Athol Springs.
St. Mary's School for the Deaf.
State University of New York at Buffalo.
Strippit Division of Houdaille Industries.
Sweethome Central School.
Tonawanda Public School.
Trico Products.
W & F Manufacturing Company.
W. D. Hassett, Inc.
Westinghouse Electric.
Williamsville Central School.
Worthington-CEI, Inc.

There is no need to panic, but there is cause to take action. National Fuel Gas has sufficient supplies at this time. But, there is reason to have great concern when you realize that the adequacy of National's supplies can be threatened by bureaucratic action. There is need for great concern when you realize that similar institutions—hospitals, businesses, schools, churches in other sections of the country—that are not serviced by companies with adequate supplies—will be hard put to continue operations this winter—to stay open and keep their work forces employed.

I do not see any reason why jobs—thousands of them, education, health, and even religious practices ought to be threatened in western New York because of the bureaucratic interests of the FPC.

The House should follow the example of the Senate. We should decontrol natural gas, although I would hope we would move to do so immediately. Winter is already upon us in my area of the country.

The Congress now has an opportunity before it to make a major breakthrough in the resolution of our natural gas problems. It should avail itself of it.

THE PRESIDENT'S SOLUTION TO THE FINANCIAL CRISIS HANGING OVER NEW YORK CITY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WOLFF) is recognized for 5 minutes.

Mr. WOLFF. Mr. Speaker, today we heard the President of the United States offer his solution to the present financial crisis hanging over New York City and endangering the economic recovery of the United States. The President claims that those who call for Federal assistance to New York City in the form of Federal loan guarantees are asking the American taxpayers to bear the cost of past financial mismanagement of our Nation's, and indeed the world's, financial and economic center.

While the President seeks to inspire the emotions of the American people against the need to aid New York City, by telling them that it is their tax dollars which will accomplish this, he is accomplishing nothing less than a fraud on the American public. My question is what costs will be incurred by the American taxpayers as a result of a Federal loan guarantee? A loan guarantee which permits New York City time to restructure its budgetary processes, so that it may continue to operate, will not cost the American public one cent. This becomes clear when the mechanics of such a guarantee are explained: A Federal loan guarantee would only operate in the event that the city ultimately defaults—something which the President himself does not perceive even without a guarantee. Nor does the President have to worry that New York City will not make a concerted effort to restructure its budget: This the city has already pledged and the State of New York has imposed strict monitoring procedures to insure this end. New York City has already embarked on this course and in the past 10 months has reduced its payroll by over 31,000 employees. This is a reduction of over 10 percent in city employees.

Furthermore, a wage freeze has been enacted which covers all city employees remaining on the payroll. The sincerity of the present New York City administration to put its house in order cannot be questioned. Nor can the sincerity of New York State in overseeing the restructuring be questioned because it is clear that the State has committed itself to this goal and would, itself, be threatened by default if New York City were to default.

What the President has so deviously neglected to mention is the costs that are being incurred by the American taxpayers as a result of the continued uncertainty in the municipal bond market. The President's proposal to amend the bankruptcy laws to embrace the inability of a municipality to meet its obligations ignores this reality because it is a mechanism to be engaged after the fact of default. In no way does it operate to strengthen investor confidence in the municipal bond market. Will an investor once burned again be willing to commit its capital to the municipal bond except at interest rates so much higher to make the risk more tenable? I think not. Each day the President delays and the Congress refuses to act, costs the American taxpayers hundreds of thousands of dollars. The trend is clear: municipalities are now being forced to market their obligations at unprecedented interest rates. Based on expected municipal offerings of $23 billion this year, the average life of which is some 8 years, each additional point of interest charged will cost the taxpayers over $1.8 billion. On the other hand, if municipalities are forced to reduce the amount of capital expenditures as a result of their inability to obtain necessary funds there will be repercussions throughout the national economy. Apparently the President is not aware of the "multiplier effect" which causes expenditures in the public sector to create jobs and income in the private sector.

In the city of Buffalo, N.Y., alone, which is faced with the prospect of abandoning $30 million in capital projects because of its recent inability to obtain purchasers for a bond offering, it is expected that 5,000 to 6,000 jobs both local and nationally will be lost. At a time when this Nation is back on the road to economic prosperity such a phenomenon will not only threaten this recovery, but will plunge us into a state of economic chaos.

The President claims that to provide assistance to New York City in the form of a Federal loan guarantee will undermine the basic federalism which separates the spheres of Federal-State-local government operations. The President's proposed amendment to the bankruptcy laws with Federal supervision over municipal debt restructuring and necessary services is more of an interference with the concepts of federalism than a loan guarantee. If the Nation is plunged into economic chaos, a gamble which the President is apparently willing to take, there will be no federalism left to protect.

What this country needs is a restoration of confidence in the municipal bond market. A Federal loan guarantee will meet this end; the President's bankruptcy proposal will not. The time has passed for finger pointing; what we have to do now is to insure the financial stability of our municipalities and our Nation. A loan guarantee will accomplish this end while permitting cities like New York to take the necessary steps to insure that this situation does not recur. I call upon the Congress to reject the President's proposal, and enact responsible legislation which will meet the demands of the present threat and insure that it cannot again arise.

THE PASSING OF PETE FOSCO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 5 minutes.

Mr. ROSTENKOWSKI. Mr. Speaker, on last Sunday one of Chicago's and the Nation's most prominent citizens passed away. Pete Fosco was at the time of his death the widely admired general president of the Laborers' International Union of North America and a former commissioner of the Board of Commissioners of Cook County, Ill.

His career in organized labor spanned a 60-year period. He was dedicated to his union. He was dedicated to his country. He was dedicated to his city, and he was dedicated to the Democratic Party. He was extremely proud of the fact that he was born in Poland of Italian parents. He came to this country in 1913 and almost immediately became actively involved in community affairs.

For 13 years he served as the First Ward Democratic Committeeman of the city of Chicago and for 6 years was a member of the Cook County Board. At the time of his death at age 81 he was still a leader in the civic affairs of Chicago and was well known throughout the State of Illinois for his activity in support of Democratic candidates and the legislative programs of the Democratic Party.

It was my privilege to know him and to enjoy his friendship. I know that many of my colleagues here present held him in the same high admiration that I did. I know they join me in paying tribute to him for the fine service he rendered his country throughout his long life.

He was a fine husband and a loving father and to his lovely wife, Carmela, and to his two sons, James and Angelo, LaVerne and I extend our deepest sympathy.

Mr. Speaker, I would at this time like to include for the Record an article which appeared in the Washington Post on Tuesday, October 28, which treats the life and times of this great man in more detail.

The article follows:

Peter Fosco, 81, Leader of Union

Peter Fosco, president of the 650,000-member Laborers' International Union of North America and a vice president of the AFL–CIO, apparently suffered a heart attack and died at his home in suburban Chicago Sunday. He was 81.

Mr. Fosco, who was honored by former President Nixon at a Columbus Day dinner here three years ago, spent all of his adult life in the labor movement. He began as a construction worker in Chicago, was elected to his first union post in 1916 and became head of the Laborers' International Union in 1968.

Mr. Fosco, who was born in Poland of Italian parents, was long one of this nation's most powerful leaders. After his election as president of the Laborers' International Union (LIU), Mr. Fosco worked to step up its organizing activities and educational and training programs.

He was also active in the fight for federal construction safety legislation as well as other laws, such as a recently adopted pension reform act, that were of benefit to LIU members.

Mr. Fosco is survived by his wife, Carmela, two sons, James and Angelo, and three grandchildren, all of Chicago.

THE PRESIDENT'S STATEMENT IS DECEPTIVE AND IRRESPONSIBLE

The **SPEAKER** pro tempore. Under a previous order of the House, the gentlewoman from New York (Ms. Holtzman) is recognized for 15 minutes.

Ms. **HOLTZMAN**. Mr. Speaker, President Ford's statement on New York City's fiscal crisis is deceptive and irresponsible. The President said that "the time has come to sort facts and figures from fiction." But this statement simply adds to the fiction surrounding the New York City crisis.

First, President Ford stated that he assumes New York City would not default. His statement is not credible. Every reliable observer of the New York City scene has said that New York City will default on December 1, unless the Federal Government steps in beforehand.

Second, President Ford said that a New York City default would produce "no loss" to the Federal Government. In other words, he claims that a default by New York City will cost the Federal taxpayers nothing. This again is deceptive and misleading. In fact, a New York City default will cost the Federal Government at least one-half billion dollars—assuming no ripple effect whatsoever. This figure was developed by the nonpartisan Congressional Budget Office in a report released by me today. Moreover, if New York City's default does affect other States and municipalities—as every economist has predicted—then the cost to the Federal Government of a New York City default will range between $2.8 billion and $4 billion. It will also lead to an increase in unemployment of about 500,000 people.

Third, the President said that unless default occurs, New York City would not face up to the difficult decision in balancing its budget. Here again the President is not being honest. In fact, New York City has already taken severe and painful steps to get its budget into line. It has fired approximately 31,000 people and a wage freeze has been enacted. Three thousand policemen have been laid off and there is now talk of closing schools, precinct houses, and municipal hospitals. These painful steps that the city has already taken are only the beginning, as the city continues to tighten its belt.

Fourth, the President said that a New York City default will result in only "temporary inconvenience" to the people of New York City and that the only people to benefit from preventing a default would be the bankers and the politicians. Here again, the President is not being candid. If there is a New York City default it will be the people of New York City who will suffer. The city will not be able to meet its payroll; employees will be laid off in large numbers; city services will not be delivered. There is no question that a default by New York will have a harsh and bitter and long-term impact on the people of the city.

Fifth, the President talks about providing in his legislative package for the issuance of a debt certificate by a bankruptcy court. The purpose of these debt certificates would be to assure that New York City has adequate funds to provide essential services. This is not only a pie in the sky proposal, it is disingenuous. If nobody wants to buy New York City bonds before a default, who will want to buy New York City bonds after a default? Bankruptcy by New York City is not going to make its credit any more attractive to prospective creditors. The President should know better.

When President Ford issued a pardon to Richard Nixon he explained his act as follows: "Surely, we are not a revengeful people. We have often demonstrated a readiness to feel compassion and to act out of mercy." It is appalling that President Ford finds no compassion or mercy in his heart for New York City and its 8 million residents but is only callous and hardhearted to them. It is appalling to see him take this attitude in this Bicentennial year toward the city which was the first capital of the United States; the city in which our first President, George Washington, was inaugurated; and the city which is the greatest city in the United States.

THE PRESIDENT FAILS NEW YORK

The **SPEAKER** pro tempore. Under a previous order of the House, the gentleman from New York (Mr. Bingham) is recognized for 5 minutes.

Mr. **BINGHAM**. Mr. Speaker, President Ford's condescending speech on the subject of New York City's fiscal crisis is full of the same kind of shallow thinking that has characterized this small-minded man ever since Richard Nixon selected him as his Vice President. The President seems to believe that a folksy manner can be substituted for analysis of the issues; that irrelevant quotations from Harry Truman and Al Smith—today's addition to Mr. President's peculiar system of historical reference—can be substituted for the significant thoughts of those genuine statesmen; that today's frighteningly complex financial world operates like a 12-year-old's lemonade stand, and that the moral self-righteousness of a schoolmarm is an appropriate balm for the sufferings of millions of American citizens.

Most anachronistically of all, perhaps, he believes that his cynical pablum will be swallowed by a people still choking on the mass of folksy lies that have been fed to them for the last 10 years—his confidence doubtless arising from a belief that he can manipulate the Nation's worst antiurban prejudices to his benefit in this crisis.

The impending default of New York City raises two key questions for anyone purporting to deal seriously with it. First—from a national perspective—is the question of the effect that default will have on the basic financial structures that fund the American economy. In the last 2 weeks, congressional committees have heard voluminous testimony on this question. We have heard of the numerous small banks, in all parts of the country, who hold half their capital in New York City notes; of the fact that default will cost municipalities everywhere approximately $3 billion in added borrowing costs; and—most significantly—of the fact, stated even by Arthur Burns, that default will seriously set back whatever small recovery the economy is currently enjoying.

We have read, too, that Europeans—led by the West German Chancellor—are frightened by the prospect that the default of the world's financial capital will hurt their own economic recovery, and will erode the value of the dollar—though the Europeans' reaction has been muted by the fact that they still cannot imagine that a great nation will let its greatest city go bankrupt.

In response to all this testimony, to all this fear and uncertainty, our leader has nothing to say. Just this: it just ain't so. But does the President cite facts? Does he refute arguments? No. Does he really believe that the American people have no desire for the facts?

The inadequacy of the President's remarks on the national and international implications of default is exceeded only by the stubborn ignorance of his response to the second major question raised by the prospect of default—that is, what will be its consequences for the 8 million citizens of New York City—not to mention the millions more in metropolitan New York who work in, and rely on, the city.

To this question, the President says, blithely, that default will only affect New York's "politicians"—presumably the ex-Congressman from Michigan's Fifth District has a keen eye for the difference between a "politician" from New York and a "statesman" from Grand Rapids, and its big bankers. The President says that he will fix up the bankruptcy laws to make sure that this is the result; "essential services," he says, will all be maintained.

But while we all wait for the Rockefeller estate in Pocantico Hills to turn into a field of gnarled pumpkins, thoughts must occur to us about how New York City will operate with no services but those which Mr. President—or perhaps some Federal judge—considers "essential." Police, for instance, he acknowledges are "essential." But what will occur to those arrested by the police? Are the city's jails "essential"? What about the court system, the prosecutors and public defenders—are they "essential"? or will the revolving door of justice start spinning so wildly as to be—in effect—nonexistent?

The questions multiply indefinitely. Are schools "essential"? If so, is it "essential" that class size be less that 50 or 60—which will surely be the average class size in New York City after default? And, incidentally, if schools are not essential—or if our schoolchildren see through the charade of "education" in a room with 60 other students—how many police will be required in order to control our 1 million schoolchildren when they hit the streets?

While Mr. Ford eliminates thousands of "nonessential" city jobs—and he has not even told us yet whether garbage collection is "essential", other millions of people will still have jobs in the private sector in New York. Is the mass-transit system that gets them to work "essential"? Or should they walk to Manhattan each morning from the Bronx, and Queens, and Brooklyn?

Mr. Ford says that New York has been a sinfully wasteful city. He reiterates half-baked cliches about New York City having too many public employees who are paid too much and get enormous pensions—ignoring the facts revealed by congressional hearings, facts which show that New York City's policies toward its employees are about the same as those of most major American cities. But Jerry Ford has no need of facts when cliches are conveniently at hand, when prejudices are there to be manipulated, and when the prospect of delivering a stern lecture on fiscal probity beckons so alluringly.

Mr. Ford has decided who to blame for the New York crisis, and he has decided, too, just how to punish the city. However, he has apparently omitted from his punishment list some of the men who might be thought to be responsible for the city's problems—men like the harshest of Mr. Ford's pseudopuritans, Mr. William Simon, who was deeply involved in selling New York's bonds, and Mr. Ford's chosen Vice President, Nelson Rockefeller, the great promoter of New York State's "moral obligation bonds," which many experts—like State Controller Arthur Levitt—feel were a cause of the current fiscal crisis.

I do not here propose that the urge to blame be encouraged. Nor do I say that, just because he is a Republican, Gerald Ford is wrong. On the contrary, in watching hearings in the House on New York's crisis, I have seen Republicans extremely sympathetic with New York's human problems, and have watched them carefully trying to dispel the miasma of myth from about the current crisis. So that what I have to say here is not partisan: I simply am deploring the cliched, cynical, and manipulative way in which the President has stomped on the honest efforts of both Democrats and Republicans to cope with an enormous national crisis. Just at the moment when facts were emerging, at the moment when equitable solutions were being proposed, our President, our "leader," has seen fit to try to end the process of debate and discovery. I trust that he will not succeed; that both Democrats and Republicans in Congress will go ahead developing facts and solutions, in the hope that the facts may even reach President Gerald Ford.

MORE PRAISE FOR PATRICK MOYNIHAN

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, last week I reported to my colleagues on the outpouring of support Ambassador Patrick Moynihan has received from my constituents for his description of Idi Amin of Uganda as a "racist murderer." At that time I sent forth copies of letters to Patrick Moynihan which had been forwarded to me by constituents.

The letters have continued to pour in and, as yet, there is still not one among them which expresses disapproval of our Ambassador to the U.N.'s forthright statement. I am presenting further examples of the letters I have been receiving with the thought that this matter is one of continuing interest to my colleagues:

October 20, 1975.

Mr. Patrick Moynihan,
Chief Delegate,
U.S. Mission.

Dear Mr. Moynihan: It was with pleasure and a great deal of pride that I learned of your astuteness and courage when you described President Idi Amin of Uganda, correctly, as a murderer.

For too long, it seems to me, the United States has turned its diplomatic other cheek in the United Nations chamber discussions and I am delighted to find that the time has come for unabashed honesty.

Please accept my thanks for a job well done in the historic American tradition.

Sincerely,

Robert A. Akst.

October 19, 1975.

Mr. Patrick Moynihan,
United States Mission,
New York, N.Y.

Dear Mr. Moynihan: My wife and I want to applaud you on your recent speech concerning Idi Amin, and your actions since then. Only sane thinking like yours can keep the United Nations a viable organization in the face of hatred being shown Israel.

You have our fullest support. Moreover, we feel proud at being Americans, more so because of your words and acts.

Sincerely,

Seymour J. Beder.

New York, N.Y., *October 19, 1975.*

Patrick Moynihan,
Chief Delegate to the United Nations.

Dear Mr. Moynihan: I should have known without Ed Koch's announcement that you would have been attacked for speaking out so directly about President Idi Amin. Plain-speaking is what the world, smothered by hypocrisy, lies and non-speak, needs for its very survival.

Perhaps your example will encourage more brave and honest men to speak out, and let us hope that their speech will enrich us with language used as well and as wisely as yours.

Thank you for an act of courage we are not given from public men very often these days.

Mimi Burns.

October 17, 1975.

Dear Mr. Moynihan: It is unfortunate that when a representative of the United States speaks the truth, a bombardment of criticism occurs. I cannot help think that were the comments about Idi Amin made by a spokesman from a smaller nation, nothing more would have been said. Not that this incident should be blown into an international issue (which unfortunately it has) but I firmly believe that as a responsible member of the United Nations, you should speak the truth and call things as they are. I have followed Amin's excesses over the past years, and your pegging him a "racist murderer" could not have been more accurate.

If the pressure mounts, and you must relinquish your comments via an apology, do as we did in primary school: take your right hand, place it behind your back, cross your fingers and say "I apologize to all those offended by my comments"—that way, all those in front of you who seek an apology will hear it, and all those behind you will know that you didn't really give one.

Best of luck.

Sincerely,

Lawrence T. Driskell.

October 20, 1975.

Chief Delegate Patrick Moynihan,
U.S. Mission,
New York, N.Y.

Dear Mr. Moynihan: My wife and I would like you to know that we agree wholeheartedly with your remarks concerning President Amin.

We believe he is a "racist murderer" and are glad that you had the courage to speak out.

Sincerely yours,

Stanislaw Fernandes.

October 20, 1975.

Mr. Patrick Moynihan,
Chief Delegate, U.S. Mission,
New York, N.Y.

Dear Mr. Moynihan: Accolades are in order for the truth so nobly spoken in your denunciation of President Idi Amin of Uganda. Besides the emotional impact of your statement, the logic that you used was so commendable. It is a pleasure to support you, and certainly in my case, it is done wholeheartedly.

Sincerely,

Lewis G. Fleming.

October 21, 1975.

Hon. Patrick Moynihan,
United Nations Mission,
New York, N.Y.

Dear Ambassador Moynihan: Please accept my congratulations and heartfelt thanks for your forthright statement of October 5. Your characterization of President Amin of Uganda as a "racist murderer" was fully justified.

It is time that the United States spoke out when all that we believe in and cherish is being recklessly attacked by bigots whose only claim to distinction is the measure of human misery caused by their despotic and cruel conduct.

I sincerely hope you will stand by your statement.

Faithfully yours,

Michael E. Freelund.

October 17, 1975.

Hon. Patrick Moynihan,
Delegate, U.S. Mission, New York, N.Y.

Dear Mr. Moynihan: I concur entirely with your remarks regarding President Idi

Amin of Uganda that you delivered on October 5 and I am gratified that you took this stand. Good luck in your further undertakings on our behalf.

Very truly yours,

Miss B. C. Glaser.

October 17, 1975.

Mr. Daniel Patrick Moynihan,
Chief Delegate, U.S. Mission to U.N.,
New York, N.Y.

Dear Mr. Moynihan: If State Department officials are pressing you to withdraw the remarks you made (haven't of course seen this in our N.Y. press—maybe I've missed it) then I hope and pray you won't give in to the hypocrisy of said department. Diplomacy needn't be a complete sell-out as it has been for as long as I know.

You have made a statement for all people and I hope you will continue to stand on it. There are hundreds of thousands of Americans who are proud of you. It is too bad that the President of the United States and Congress as well (with some exceptions) did not speak with you and at the same time.

Sincerely,

M. B. Goldfarb.

October 20, 1975.

Chief Delegate Patrick Moynihan,
U.S. Mission, New York, N.Y.

Dear Sir: I say "Bravo Patrick Moynihan" again and again, as our Congressman Edward Koch did.

It certainly is time we had a representative in the United Nations speak out strongly about the feelings of the people of the United States. Too long have we remained silent when anger welled up in us at the statements made by representatives of other countries, particularly where heinous crimes have occurred.

Sir, keep it up. You most assuredly do have the support of many red-blooded Americans. We are proud of you.

"Bravo Patrick Moynihan".

Sincerely,

A. Patricia Pearson.

October 19, 1975.

Mr. Patrick Moynihan,
Chief Delegate, U.S. Mission,
New York, N.Y.

Dear Mr. Moynihan: I respect your forthrightness in speaking the truth publicly about President Idi Amin of Uganda. To retract your statement now would mean giving legitimacy to his murder of almost 250,000 Ugandans.

Diplomacy should not mean dishonesty. Please stand by your statement and uphold the principle that the United States supports democracy and abhors the violence and cruelties by which despots seize and maintain power.

Sincerely yours,

Rose Rabin.

October 19, 1975.

Mr. Patrick Moynihan,
U.S. Mission, New York, N.Y.

Dear Mr. Moynihan: Congratulations on your splendid stand and accurate assessment of President Idi Amin's obscenities stated at the United Nations.

Constant cruel and degrading statements by the African bloc must find rebuttal. Especially so when such individual irresponsible and wild attitudes are taken. These provocations must be countered.

Your courage and statements, in the face of supposed "conservative" support is most emphatically to be commended. Your voice for democracy must and should be heard above the despots that have turned the U.N. into a private club for racist countries.

All the best of luck and you may be assured of my continued support.

Yours truly,

Gilbert S. Shawn.

CONGRESS SHOULD RESPECT THE FEDERAL PRIVACY ACT

(Mr. KOCH asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. KOCH. Mr. Speaker, with the implementation of the Privacy Act of 1974 a great deal of concern has been raised about congressional caseworker access to agency information relating to constituents. Numerous Federal agencies have apparently refused to disclose information on constituents to Members' caseworkers without first obtaining written consent from the constituent.

OMB has circulated a draft supplement to the OMB Privacy Act guidelines which suggests that Federal agencies designate their responses to caseworker inquiries as a routine use in those cases where the inquiry is being made on behalf of the subject of the record in question. As you may know, under the Privacy Act, Federal agencies are able to disclose a record without the consent of the subject if the disclosure has been established as a routine use.

Routine uses of agency systems of records must be published in the Federal Register 30 days prior to their effective date. Thus, until 30 days after individual agencies have designated congressional caseworker inquiries as a routine use, congressional offices must continue to obtain written consent from all constituents where assistance necessitates the disclosure of personal information held by a Federal agency.

The consent requirement is not burdensome and should present no difficulties either before or after the effective date of a routine use. The Privacy Act's requirement for prior consent may be fulfilled by a letter of a constituent seeking assistance. Written consent for emergency constituent telephone requests could be simply obtained by asking the constituent to send a telegram—collect—to the district or Washington congressional office or by hand delivering a written request to either office. A caseworker need only indicate to an agency that the inquiry is based on a written request. An agency shall proceed with a request on the assurance of the caseworker that such a request has been received.

It should also be kept in mind that personal information can be disclosed in response to a congressional inquiry without written consent or the operation of a routine use: First, if the information would be required to be disclosed under the Freedom of Information Act; second, if the Member requests that the response go directly to the individual to whom the record pertains; third, in compelling circumstances affecting health or safety of an individual; or fourth, to either House of Congress, or to the extent of matter within its jurisdiction, any committee or subcommittee thereof.

It has been my observation that a requirement that a congressional office have the written consent of an individual to seek disclosure of personal information on that individual from a Federal agency is a prudent and relatively easy procedure to follow. The House of Representatives, by passing the Privacy Act of 1974, recognized a need for the protection of individual privacy. Our action should be consistent with our intent. This small responsibility of obtaining written consent, now and perhaps to a limited degree in the future, should not pose a great burden to those Members who stand behind the principles upon which the Privacy Act of 1974 was created. Minor inconveniencies can always be resolved with a modicum of time and patience.

The principles of the Privacy Act should not be abandoned for our convenience.

POSTAL REORGANIZATION ACT AMENDMENTS OF 1975

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker, yesterday, I placed in the Congressional Record the text of an amendment which I will offer to H.R. 8603, Postal Reorganization Act Amendments of 1975. H.R. 8603 is scheduled for further consideration on Thursday, October 30.

During previous consideration of H.R. 8603 of September 29, the House adopted an amendment offered by Representative Bill Alexander which had the effect of eliminating the 4-year authorization for increased appropriations to the Postal Service and replacing it with a requirement that all Postal Service expenditures be annually appropriated. Revenues from the sale of stamps and services would go directly into the Treasury.

The strong vote in favor of the amendment came as a result of the great frustration Members feel when they are dealing with the Postal Service. It is a frustration which I often share, as I point out elsewhere in the Congressional Record today. The desire of this body for more of a role in postal policymaking is evident and understandable.

Nevertheless, close examination of the Alexander amendment indicates implications which were not fully understood or, I believe, intended.

First. Revenues from postage and other postal fees would no longer be retained by the Postal Service, but would be deposited in the General Treasury. Without any agreement and action on authorization and appropriation bills by both Houses of Congress and the President, the Postal Service would not have any funds to operate and all postal services throughout the country would more than probably cease.

Second. The Postal Service, since it would no longer retain its revenues, would have no incentive to seek postal rate increases. Thus, without congressional action on rates, the postal deficit would reach even more disastrous levels.

Third. The amendment would continue the Postal Service's authority to obligate funds for all its operations. Congress then would have no choice but to appropriate sufficient moneys directly to the Postal Service to cover these obligations, or to the creditors of the Postal Service as a result of legal proceedings they are sure to commence.

Fourth. The language of the amendment would not require annual authorizations for appropriations as intended by Mr. ALEXANDER.

Fifth. Collective bargaining would be seriously compromised. Funds could be cut for benefits won at the bargaining table, and conversely, management could never be sure what its revenue would be from year to year and thus would be in a weak bargaining position.

The amendment which I intend to offer would do a better job of achieving some of the purposes of the Alexander amendment without playing havoc with the Postal Service. My amendment would:

First. Authorize an additional $1.5 billion in public service appropriations for only fiscal year 1976. This would comprise approximately $900 million, which the Postmaster General requested and which the committee feels is necessary because of the current dire financial condition of the Postal Service, and approximately $600 million to finance a reduction in the proposed temporary postage rate increase.

Second. Prohibit an increase of more than 20 percent on the next proposed temporary rate increase—due December 28, 1975. This would reduce the proposed first-class stamp rate from 13 cents to 12 cents.

Third. Require annual authorizations for all public service appropriations which exceed current authorized levels.

Fourth. Require the Postal Service to make a public accounting before the appropriate committees of the Congress regarding all its revenues, expenditures, and operations.

Fifth. Provide, by law, mail delivery standards, including local government option on curbline or clusterbox delivery.

This amendment has been worked out in cooperation with the chairman of the Post Office and Civil Service Committee and several members of the committee. It is a viable compromise and I urge all Members to support it on Thursday.

LOUIS O'NEILL—50 YEARS IN COMMUNICATIONS

(Mr. ADDABBO asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ADDABBO. Mr. Speaker, civil leaders and outstanding journalists recently celebrated the 50th anniversary of Louis O'Neill in the communications industry. Lou has spent 40 of those 50 years with the Newhouse organization, currently as resident sports expert for the Long Island Press.

I want to join Lou's many friends and admirers in wishing him continued success as a sports commentator and as a reporter's reporter. We are proud that Lou is based in Queens with the Long Island Press and that my constituents and others in the area have access to his talents.

The testimonials and commendations given Lou O'Neill over the years and particularly now on the occasion of his 50th year in communications are well deserved and it is a pleasure to add my thanks to him for many enjoyable moments of sports reporting.

I am inserting at this point in the RECORD for the information of my colleagues a column by Mike Lee of the Long Island Press on the recent event honoring Lou O'Neill.

O'NEILL BASH A LOU-LOU

(By Mike Lee)

Norb Kearns, the Howard Beach bard, always makes sense in his observations, but he really was on target with the comment that the bash the other night at Riccardo's was a real Lou-Lou.

Man, boy, and senior citizen, I've participated in innumerable tributes and testimonials, but I can't recall any of them commemorating Lou O'Neill's 50th anniversary as a newsman . . . and it was no accident that Long-Nose Looie was the catalyst as 400 odd—and I do mean odd—friends and fans rallied at Riccardo's in Astoria for a night of fun and nostalgia—and for an honest tribute to a great guy . . . it was just a big happy, house-party—which is what was planned from the beginning.

I don't doubt for a minute that there were people present representing every one of the 50 years that O'Neill has served as a reporter, columnist, sports editor, racing writer, handicapper, race caller and a lot of other things in the communications industry.

Some 40 of Lou's half-century in the business has been spent in the Newhouse organization. . . . So for all of those four decades, he and I have shared the same employer . . . in the office; in press boxes, and elsewhere sports were taking place we have worked side by side . . . you get to know a guy pretty good under such circumstances . . . so I was able to tell our many mutual friends at Riccardo's a simple truth; I've never known a better reporter or a better man than Louis Francis O'Neill.

Lou began writing 'way back in his native Ravenswood: compositions, mostly, which helped his friends maintain eligibility for P.S. 83 and later Bryant High School athletic teams . . . for the record, Lou became a newspaperman on Sept. 25, 1925, on the now-defunct Daily Star of Long Island City . . . after that paper and the Flushing Journal became Newhouse properties in 1937, O'Neill commenced his first racing column, "Improving the Breed."

Lou became sports editor of the Star-Journal in 1946 and held that post until the paper closed in 1968. Then he transferred to The Press, which continues as his newspaper home.

Besides his news duties, Looie has tried his hand, successfully, at various other enterprises: he was race-caller at Yonkers Raceway for 20 years . . . he ran a good pro basketball team, the L.I. Pro-Imps, in the days before there was an NBA or an ABA . . . he owned and raced his own horses . . . he has been a TV and radio broadcaster . . . his stories often have been selected in the annual collection of "Best Sports Stories of the Year" . . . he's always been a soft touch when any of the old sports needed a hand—or a buck . . . he's been a sustaining force to the junk-car industry, having never been known to buy other than a used car.

Probably most of the people at the Riccardo's blast knew a different side of the many-splendored gent who in Happy Valley (Ravenswood) was known as "Luigi Onello" . . . that's what the night was about.

The shindig had its inception more than 20 years ago when O'Neill turned down a "testimonial" proposition advanced by Frank Tempone, director of the Long Island City YMCA, and Don Rodda, a former Star-Journal minion who's now PR director at Flushing Hospital & Medical Center . . . when Lou's Golden Anniversary arrived, the pair did a little arm-twisting and Luigi OK'd the observance . . . then Frank and Don came to me for some help—and have you ever tried to turn down Tempone, Rodda and O'Neill?

The other nice guys who helped put the party together included Tony Arbisi, Bernie Beglane, Al Camera and George Douris of The Press staff; Richie Corbisierio, Jr., former Riccardo's manager and now the new State-wagering director; Jess Brown, Vince Forchelli, and Vin Matera . . . just so's the guest of honor wouldn't get completely carried away, the gang put together a lampoon, an alledged "newspaper" circulated at the dinner, in which Editor Arbisi and others took quite a few amusing shots at O'Neillian foibles.

Members of Lou's clan obviously enjoyed the tribute to their Irish "Godfather" . . . these included sister, Charlotte, (Mr. and Mrs. Peter O'Brien) and Lou's brother, Bernard ("B.J.") who makes the morning line at New York tracks . . . Lou missed Bernie's wife, Evelyn, who couldn't join us because of illness . . . loveliest of the O'Neills was daughter Louray, who smartly presented her dad with a recorder so that the entire proceedings could be taped . . . Lou Jr., a City PR man, was on hand with his pretty spouse, Sharon, and mother of Grandpa's favorite, Lou, III.

Besides brother "B.J.'s" mutuel mob, raing turned out in strength . . . I spotted N.Y. Racing Ass'n. veeps, Pat Lynch and Pat O'Brien; NRA handicapper and secretary, Tommy Trotter; ex-jockey Sammy Renick; Racing Form's stalwarts Ted Cox and Gene Schwartz; Pinkerton's Jerry O'Grady; NRA PR director Sam Kanchuger and writers Jerry DeNonno, Joe Nichols and Barney Nagler.

Newhouse editors, writers and reporters were all over the place, quite a few of the latter Lou has worked with since their copy-boy days . . . I was delighted to see an old friend, Steve Rogers, publisher of our Syracuse papers, and editor Phil Hoffmann came down to join the O'Neill reunion . . . Steve was Lou's Star-Journal boss . . . other Press brass on deck were Irving Newhouse, Sam Ruinsky, Arnold Friedman and Jack Peritz . . . also Walter Kaner, Bob Mindlin, Leo Meindl, Harold Reiser and a load of others.

Messrs. Mindlin and Kaner must have had numerous judges and political leaders to sort out, including Councilman Matty Troy, who made a presentation in behalf of Borough President Manes . . . the BP proclaimed "Lou O'Neill Day" and cited Lou for "50 years of dedicated community service . . . judges I saw were Alex Del Giorno, Mario Cariello, Joseph Calabretta, Peter Donoghue, Frank Gulotta and John Leahy.

Virtually all sports were represented—if you turned the calendar back far enough: tennis pro George Seewagen; ex-boxers Johnny LoBianca (now a ref) and Petey Burns.

The runners included Sid Nash (Newtown), the current assistant mutuel manager at Roosevelt Raceway; Phil Palese (Bryant, Seton Hall), now executive director of Flushing Hospital . . . basketball produced some of O'Neill's former wage-slaves, including Vince Starace, Bruno and Rocco Valvano, Billy Dworsak and Johnny Nucatola . . . in the baseball contingent were Bernice Gera and scout Al Harper of the Mets; Charley Weigold, who at 78 thinks Tom Seaver wouldn't be tough to hit; Frank Capek, Emil Hroch, Jimmy Varriale, Howie Gosdorfer, Bill Penny, George Bird, Rudy Bielecky, Nick Ferri, George and Pete Filardi and Ed Youngling—plus the ones I missed in the handshaking maelstrom whirling around Luigi all night.

The speaking program was mercifully brief—another contribution to success . . . my assignment covered a 40-year association with the guest of honor . . . George Douris pinch-hit for Matt Troy Jr., pinch-hitting for Mayor Beame . . . despite his financial straits, the Mayor gifted Lou with a set of gold cuff links . . . Don Rodda made some special presentations, one an oil painting of Lou which was unveiled by daughter Louray and son Lou Jr. Both the painting and a trip to Ireland, ancestral home of the O'Neills, came from the assembled guests and other contributors . . . the latter included Fred Capossela, former the "Voice of New York Racing" . . . Freddy couldn't make it from Florida but weighed in with long-distance phone felicitations . . . many others sent Lou telegrams of congratulations . . . Maestro Tempone and his YMCA staff can well take a bow because that office handled the myriad details of an exceptional affair . . . good show, gals and guys, and keep on truckin', Luigi.

PRESIDENT'S ADDRESS TO NATIONAL PRESS CLUB

(Mr. MICHEL asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. MICHEL. Mr. Speaker, earlier this morning the President addressed the National Press Club on the financial plight of New York City which he said was a "matter of concern to all Americans."

I commend the President for his "straight talk" on the subject. He minced no words and I would hope all Americans would take the time to read them for there is a special message here that does indeed touch every community and each one of us as individuals.

The full text of the President's remarks are as follows:

Text of Remarks by the President Delivered at the National Press Club, Washington, D.C., October 29, 1975

Today I want to talk to you about a matter of concern to all Americans.

New York City, where one out of every 25 Americans lives, through whose "Golden Door" untold millions have entered this land of liberty, faces a financial showdown.

The time has come for straight talk—to these eight million Americans and to the other 206 million Americans to whom I owe the duty of stating my convictions and conclusions, and to you, whose job it is to carry them throughout the Nation and around the world.

The time has come to sort facts and figures from fiction and fear-mongering in this terribly complex situation. The time has come to say what solutions will work and which should be cast aside.

And the time has come for all Americans to consider how the problems of New York and the hard decisions they demand, foreshadow and focus upon potential problems for all Federal, State and local governments—problems which demand equally hard decisions from them.

One week ago New York City tottered upon the brink of financial default which was deferred only at the eleventh hour.

The next day Mayor Beame testified here in Washington that the financial resources of the city and state of New York were exhausted. Governor Carey agreed.

It's now up to Washington, they said, and unless the Federal Government intervenes, New York City within a short time will no longer be able to pay its bills.

The message was clear: Responsibility for New York City's financial problems is being left on the front doorstep of the Federal Government—unwanted and abandoned by its real parents.

Many explanations have been offered about what led New York City deeper and deeper into this quagmire.

Some contend it was long range economic factors such as the flight to the suburbs of the city's more affluent citizens, the migration to the city of poorer people, and the departure of industry.

Others argue that the big metropolitan city has become obsolescent, that decay and pollution have brought a deterioration in the quality of urban life, and that New York's downfall could not be prevented.

Let's face one simple fact: most other cities in America have faced these same challenges, and they are still financially healthy today. They have not been luckier than New York; they simply have been better managed.

There is an old saying: "The harder you try, the luckier you get." I like that definition of "luck".

During the last decade, the officials of New York City have allowed its budget to triple. No city can expect to remain solvent if it allows its expenses to increase by an average of 12 percent every year, while its tax revenues are increasing by only 4 to 5 percent a year.

As Al Smith, a great Governor who came from the sidewalks of New York, used to say: "Let's look at the record."

The record shows that New York City's wages and salaries are the highest in the United States. A sanitation worker with three years experience now receives a base salary of nearly $15,000 a year. Fringe benefits and retirement costs average more than 50 percent of base pay. Four-week paid vacations and unlimited sick leave after one year on the job.

The record shows that in most cities, municipal employees have to pay 50 percent or more of the cost of their pensions. New York City is the only major city in the country that picks up the entire burden.

The record shows that when New York's municipal employees retire they often retire much earlier than in most cities and at pensions considerably higher than sound retirement plans permit.

The record shows New York City has 13 municipal hospitals; yet, on an average day, 25 percent of the hospital beds are empty. Meanwhile, the city spends millions more to pay the hospital expenses of those who use private hospitals.

The record shows New York City operates one of the largest universities in the world, free of tuition for any high school graduate, rich or poor, who wants to attend.

As for New York's much-discussed welfare burden, the record shows more than one current welfare recipient in ten may be legally ineligible for welfare assistance.

Certainly I do not blame all the good people of New York City for their generous instincts or for their present plight. I do blame those who have misled the people of New York City about the inevitable consequences of what they were doing over the last 10 years.

The consequences have been:

A steady stream of unbalanced budgets;

Massive growth in the city's debt;

Extraordinary increases in public employee contracts;

And total disregard of independent experts who warned again and again that the city was courting disaster.

There can be no doubt where the real responsibility lies. And when New York City now asks the rest of the country to guarantee its bills, it can be no surprise that many other Americans ask why.

Why, they ask, should they support advantages in New York that they have not been able to afford for their own communities?

Why, they ask, should all the working people of this country be forced to rescue those who bankrolled New York City's policies for so long—the large investors and big banks?

In my judgment, no one has yet given these questions a satisfactory answer.

Instead, Americans are being told that unless the rest of the country bails out New York, there will be catastrophe for the United States and perhaps for the world.

Is this scare story true?

Of course there are risks that default could cause temporary fluctuations in the financial markets. But these markets have already made a substantial adjustment in anticipation of a possible default by New York City.

Claims also are made that because of New York City's troubles, other municipalities will have grave difficulty selling their bonds. I know this troubles many thoughtful citizens.

But, the New York City record of bad financial management is unique among municipalities. Other communities have a solid reputation for living within their means. In recent days and weeks, other local governments have gone to investors with clean records of fiscal responsibility and have had no difficulty raising funds.

The greater risk is that any attempt to provide a Federal blank check for the leaders of New York City would ensure that no long-run solution to the city's problems will ever occur.

I can understand the concern of many citizens in New York and elsewhere. I understand because I am also concerned.

What I cannot understand—and what nobody should condone—is the blatant attempt in some quarters to frighten the American people and their representatives in Congress into panicky support of patently bad policy. The people of this country will not be stampeded; they will not panic when a few desperate New York officials and bankers try to scare New York's mortgage payments out of them.

We have heard enough scare talk.

What we need now is a calm, rational decision as to what the right solution is—the solution that is best for the people of New York and best for all Americans.

To be effective, the right solution must meet three basic tests:

It must maintain essential public services for the people of New York City. It must protect the innocent victims of this tragedy. There must be policemen on the beat, firemen in the station, nurses in the emergency wards.

Second, the solution must assure that New York City can and will achieve and maintain a balanced budget in the years ahead.

And third, the right solution must guarantee that neither New York City nor any other American city ever becomes a ward of the Federal Government.

Let me digress a minute to remind you that under our constitutional system, both the cities and the Federal Government were the creatures of the States. The States delegated certain of their sovereign powers—the power to tax, police powers and the like—to local units of self-government. And they can take these powers back if they are abused.

The States also relinquished certain sovereign powers to the Federal Government—some altogether and some to be shared. In return the Federal Government has certain obligations to the States.

I see a serious threat to the legal relationships among our Federal, State and local governments in any congressional action which could lead to disruption of this traditional balance. Our largest city is no different in this respect than our smallest town. If Mayor Beame doesn't want Governor Carey to run his city, does he want the President of the United States to be acting Mayor of New York?

Now, what is the solution to New York's dilemma?

There are at least eight different proposals under consideration by the Congress intended to prevent default. They are all variations of one basic theme: that the Federal Government would guarantee the availability of funds to New York City.

I can tell you now that I am prepared to veto any bill that has as its purpose a Federal bail-out of New York City to prevent a default.

I am fundamentally opposed to this so-called solution, and I will tell you why.

Basically, it is a mirage. By giving a Federal guarantee we would be reducing rather than increasing the prospect that the city's budget will ever be balanced. New York City's officials have proved in the past that they will not face up to the city's massive network of pressure groups as long as any alternative is available. If they can scare the whole country into providing that alternative now, why shouldn't they be confident they can scare us again into providing it three years from now? In short, it encourages the continuation of "politics as usual" in New York—which is precisely not the way to solve the problem.

Such a step would set a terrible precedent for the rest of the Nation. It would promise immediate rewards and eventual rescue to every other city that follows the tragic example of our largest city. What restraint would be left on the spending of other local and state governments once it becomes clear that there is a Federal rescue squad that will always arrive in the nick of time?

Finally, we must all recognize who the primary beneficiaries of a Federal guarantee program would be. The beneficiaries would not be those who live and work in New York City because the really essential public services must and will continue.

The primary beneficiaries would be the New York officials who would thus escape responsibility for their past follies and be further excused from making the hard decisions required now to restore the city's fiscal integrity.

The secondary beneficiaries would be the large investors and financial institutions who purchased these securities anticipating a high rate of tax-free return.

Does this mean there is no solution? Not at all. There is a fair and sensible way to resolve this issue, and this is the way to do it:

If the city is unable to act to provide a means of meeting its obligations, a *new law* is required to assure an orderly and fair means of handling the situation.

As you know, the Constitution empowers the Congress to enact uniform bankruptcy laws. Therefore, I will submit to the Congress special legislation providing the Federal courts with sufficient authority to preside over an orderly reorganization of New York City's financial affairs—should that become necessary.

How would this work? The city, with State approval, would file a petition with the Federal District Court in New York under a proposed new chapter XVI of the Bankruptcy Act. The petition would state that New York City is unable to pay its debts as they mature and would be accompanied by a proposed way to work out an adjustment of its debts with its creditors.

The Federal Court would then be authorized to accept jurisdiction of the case. Then there would be an automatic stay of suits by creditors so that the essential functions of New York City would not be disrupted.

It would provide a breathing space for an orderly plan to be developed so that the city could work out arrangements with its creditors.

While New York City works out a compromise with its creditors the essential governmental functions of the city would continue.

In the event of default, the Federal Government will work with the court to assure that police, fire and other essential services for the protection of life and property in New York are maintained.

The proposed legislation will include provision that as a condition of New York City petitioning the court, the city must not only file a good faith plan for payments to its creditors but must also present a program for placing the fiscal affairs of the city on a sound basis.

In order to meet the short term needs of New York City the court would be empowered to authorize debt certificates covering new loans to the city which would be paid out of future revenues ahead of other creditors.

Thus, the legislation I am proposing will do three essential things.

First, it will prevent, in the event of a default, all New York City funds from being tied up by lawsuits.

Second, it will provide the conditions for an orderly plan to be developed for payments to New York's creditors over the long term.

Third, it will provide a way for new borrowing to be secured by pledging future revenues.

I don't want anybody misled. This proposed legislation will not, by itself, put the affairs of New York City in order. Some hard measures must be taken by the officials of New York City and New York State. They must either increase revenues or cut expenditures or devise some combination that will bring them to a sound financial position. Careful examination has convinced me that those measures are neither beyond the realm of possibility nor beyond the demands of reason. If they are taken, New York City will, with the assistance of the legislation I am proposing, be able to restore itself as a fully solvent operation.

To summarize, the approach I am recommending is this: If New York fails to act in its own behalf, orderly proceedings would then be supervised by a Federal Court.

The ones who would be most affected by this course would be those who are now fighting tooth and nail to protect their authority and their investments: New York officials and the city's creditors. The creditors will not be wiped out; how much they will be hurt will depend upon the future conduct of the city's leaders.

For the people of New York, this plan will mean that essential services will continue. There may be some temporary inconveniences, but that will be true of any solution that is adopted.

For the financial community, the default may bring some temporary difficulties but the repercussions should not be large or long-lasting.

Finally, for the people of the United States, this means that they will not be asked to assume a burden that is not of their own making and should not become their responsibility. This is a fair and sensible way to proceed.

There is a profound lesson for all Americans in the financial experience of our biggest and richest city.

Though we are the richest Nation in the world, there is a practical limit to our public bounty, just as there is to New York's.

Other cities, other States as well as the Federal Government are not immune to the insidious disease from which New York is suffering. This sickness is brought on by years and years of higher spending, higher deficits, more inflation and more borrowing to pay for higher spending, higher deficits and on and on.

It is a progressive disease and there is no painless cure.

Those who have been treating New York's financial sickness have been prescribing larger and larger doses of the same political stimulant that has proved so popular and successful in Washington for so many years.

None of us can point a completely guiltless finger at New York. None of us should now derive comfort or pleasure from New York's anguish.

But neither can we let the contagion spread.

As we work with the people of New York to overcome their difficulties—and they will—we must never forget what brought this great center of human civilization to the brink.

If we go on spending more than we have, providing more benefits and services than we can pay for, then a day of reckoning will come to Washington and the whole country just as it has to New York.

Let me conclude with one question of my own:

When that day of reckoning comes, who will bail out the United States of America?

Thank you.

"FOUR LUXURY TOWERS TO HOUSE THE POOR OPENING IN HARLEM"

(Mr. ROUSSELOT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. ROUSSELOT. Mr. Speaker, I would like to bring to the attention of my colleagues an article which appeared in yesterday's New York Times, entitled "Four Luxury Towers To House the Poor Opening in Harlem." The article describes the conditions at a federally subsidized housing project which is scheduled to open before the end of this year.

The project consists of four 35-story towers whose units cost an average of $68,597 and will rent for $113.28. Amenities provided for the convenience of tenants include central air-conditioning, an indoor swimming pool, a gymnasium, an auditorium, a theater, a greenhouse, roof laundry rooms and play areas, an underground garage with 24-hour service, brick sidewalks, and terraced landscaping complete with a stream. The project's director, who left his ministry to take a $17,200 per year job with the project, explained:

> I know we have been accused of overdesigning for the poor, but we are concerned with changing people's lives, not just creating another future slum.

According to the article, even the State's urban development corporation and the city's housing and development corporation passed up participation in the financing, most of which will be provided by HUD, FHA, a consortium of New York banks, and city funds, although we hear occasional rumors in Washington that the city is running short of funds.

I venture to say that there are many tax-paying citizens who cannot afford to live in the style which their tax dollars will make possible for some of the poor of New York City. The article notes that—

> Depending on the point of view, the project is regarded as a monument to government compassion or an epitaph on bureaucratic folly.

My own view is that this should truly be an "epitaph on bureaucratic folly," and that it is about time for the Federal Government to begin to show some compassion for the taxpayer.

Mr. Speaker, I request unanimous consent to insert at this point in the Record the full text of the Times article.

The article follows:

[From the New York Times, Oct. 28, 1975]

FOUR LUXURY TOWERS TO HOUSE THE POOR OPENING IN HARLEM

(By Robert E. Tomasson)

A federally subsidized housing project for the poor is scheduled to open in East Harlem in about two months with luxury features never before included in low-income housing in the United States. Depending on the point of view, the project is regarded as a monument to government compassion or an epitaph on bureaucratic folly.

The project is Taino Towers, four 35-story buildings with a total of 656 apartments on the block between 122d and 123d Streets and Second and Third Avenues. The centrally air-conditioned towers will have an indoor swimming pool, a gymnasium, an auditorium, a theatre, a greenhouse, roof laundry rooms and play areas, and underground parking with attendants 24 hours a day.

There also will be six-bedroom triplex apartments with 11-foot-high ceilings and 20-foot-long balconies.

Tentative minimum rent for the six-bedroom apartments is $113.28, including utilities, under Federal subsidy plans committed for 40 years.

The average construction cost per apartment is $68,597, by far the largest ever in this country for low-income housing. Federal officials say that the $45-million cost of the development represents the largest single allocation for a community project ever made by the Department of Housing and Urban Development.

The basic features of the project—which are not likely to be matched for many years, if at all, in low-income housing—have evoked strong criticism from city and state housing officials, including some with the H.U.D. itself.

NONRESIDENTIAL SPACE

The principal criticism is of the large amount of nonresidential space. In each building the first six floors—a total 265,000 square feet, or the equivalent of about five and one-half floors of the PanAm Building—were constructed for nonresidential use.

This space houses some of the amenities, but includes large areas intended for agencies that would provide educational and medical services to the community while paying rent that would be used to keep apartment rents low.

But commercial tenants have not turned up, placing the elaborate financing of Taino Towers in doubt.

"They got everything they wanted and now they don't know what to do with it," said an official in the local H.U.D. office, referring to the community sponsor, the East Harlem Tenants Council.

S. William Green, regional administrator of the Federal Agency, said that because of the unprecedented inclusion of nonresidential space in a federally subsidized housing project, final approval had been given in Washington.

The state's Urban Development Corporation and the city's Housing and Development Administration had considered financing the project, but pulled out when the sponsoring group insisted on including the nonresidential space.

THE MAN BEHIND IT

The guiding force behind the project is Robert Nicol, a 40-year old Presbyterian minister who left an East Harlem church to become the full-time $17,200-a-year project administrator. He offers no apologies for insisting on the nonresidential space.

"You don't predicate providing basic and humane services for people on a possible future collapse in the market," he said. "It's a question of whether we have a viable city or go on building slums for the poor.

"I know we have been accused of overdesigning for the poor, but we are concerned with changing people's lives, not just creating another future slum."

"Look there," Mr. Nicol said as he stood on the roof of one of the towers, gesturing southward. "From 112th to 115th Street, from First to Seventh Avenue, a whole corridor of public housing built in the nineteen-fifties and sixties. It wiped out hundreds of businesses and brought a tremendous concentration of the poor, which is a problem by definition."

TWO WHO PULLED OUT

Two major tenants that Mr. Nicol expected in the project have decided not to rent space there: the Health Insurance Plan and the Board of Education, which considered establishing a bilingual school.

Mr. Nicol, who has been described by officials who have worked with him as "dynamic," "persuasive" and "intractable," acknowledged that he was struggling to preserve his dream in the face of complex financing.

Most of the initial funds came from construction loans, totaling $39-million, from a consortium of nine banks headed by the Chemical Bank. All but a small part of the 40-year 7 per cent mortgages—one for each tower—are guaranteed by the Federal Housing Administration.

In addition, the project received about $6-million in city and Federal funds, including $3-million from H.U.D.'s Model Cities program, for such expenses as architect's fees and extensive administrative costs. In addition, New York City has agreed to give full property-tax abatement.

Included in the $39-million mortgages are funds to pay monthly interest until the project begins receiving income. These funds can carry the project until the last tower is completed next June, about six months after families start moving into the first tower.

Officials at the Chemical Bank conceded that the timing would be close. If the interest reserve runs out while any building is incomplete, the result could be a mortgage default. The F.H.A. would then pay off the balance and try to sell the buildings to a private developer.

The Department of Housing and Urban Development has agreed to pay an interest subsidy of $1,574,000 a year for the mortgages, enough to reduce the 7 per cent bank rate to about 2 per cent. In addition, it is to pay $497,000 a year in direct rent subsidies for 40 per cent of the tenants. Taken together, interest and rent subsidies are a 40-year Federal commitment of $82.84-million.

If, as now seems probable, Taino Towers do not earn the projected $1.2-million a year from the nonresidential space, residential will have to increase. Thus, even with subsidies, poor families may not be able to afford the rents. This, in turn, would jeopardize the subsidies, since these apply to families already receiving welfare payments.

Mr. Nicol said that tenants had already been chosen for Taino Towers—which are named for an ancient tribe of Caribbean Indians in honor of East Harlem's largely Hispanic population.

First preference is for families forced out of slum dwellings that were demolished to make way for the project. Mr. Nicol said that the East Harlem Tenants Council had maintained contact with about 225 such families that had expressed interest in Taino Towers. Other tenants are to come from the impoverished neighborhood.

All tenants will be required to attend five three-hour demonstrations on apartment and project upkeep.

Gerard Silverman of Silverman & Cika, the project architects, said that a major design goal was to reduce maintenance problems and upkeep costs. Lobbies and halls, for example, are covered with Italian mosaic tiles that are supposed to be all but impervious to graffiti. Other esthetic features include brick sidewalks and terraced landscaping complete with a stream.

THE REVISED HOMEOWNERSHIP SUBSIDY PROGRAM IS A SNARE AND A DELUSION

(Mr. de la GARZA asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. de la GARZA. Mr. Speaker, in recently announcing a revised home ownership subsidy program, the Secretary of the Department of Housing and Urban Development observed that the new program differs from the old in certain significant aspects, and she is absolutely right about that.

Unfortunately, the differences are not of such a nature as to be beneficial to low-income families. Just the opposite, in fact.

Under this new program, the homeowner must make a down payment of at least 3 percent of the first $25,000, plus 10 percent of any additional amount of the purchase price, plus all closing or transfer costs.

Under the old program, the minimum investment was $200.

The official announcement of the new program states that "HUD subsidy payments will reduce mortgage interest costs to as low as 5 percent," but the homeowner must contribute at least 20 percent of his adjusted gross income toward monthly mortgage, insurance, and taxes.

The old program permitted interest rates as low as 1 percent for the homeowner.

This new program, which has the officially announced purpose of spurring construction and rehabilitation of single-family homes for low- and moderate-income families, is a snare and delusion.

It is designed, I am told, to help people in the $9,000 to $11,000 income bracket. An income in this range, I can assure my colleagues, is not considered "low" among the people of the 15th Congressional District of Texas. It is not even looked upon as moderate. That is a high income to most of the people in my district.

This program may have merits of its own, but there is no justification for putting it forward as one designed to assist low-income families to have houses of their own. It will be no help at all in my south Texas area. We are being unfairly left out of the program.

Mr. Speaker, these are the areas and these are the low-income people whose needs are greatest. Those needs are not touched by HUD's revised homeownership subsidy plan. It is futile and foolish to pretend otherwise. I am today contacting Secretary Carla Hill to inform her of her gross omission to the needs of the people of small town rural America. I do not disagree that our friends of the large cities need assistance, but it should not be done at the expense of rural America.

THE PRESIDENT'S TAX AND SPENDING PROPOSAL

Mr. McFALL. Mr. Speaker, if the President's tax and spending proposal were a dramatic production prepared for Broadway, it would have closed weeks ago out of town.

The reviews from newspaper editorials across the country have been almost unanimous in panning the proposal. From St. Louis to Sacramento, from Birmingham to Boston, it has bombed.

The editorials bristle with descriptions like this: "Political gamesmanship," "unwise, untimely, and clearly political," "flawed," "pig in a poke," "deliberately obscure," "no discernible merit," "hyped-up political rhetoric," "approached demagoguery," "political gimmick."

In short, the critics have written the proposal off as a better-to-be-forgotten flop.

The common thread running through much of the comment is that the President, in seeking to tie a tax cut to an equivalent reduction in spending, was politically motivated, and that the plan is unwise, unrealistic, impossible, or all three.

This is almost precisely what congressional leaders said when the administration first unveiled its production on October 6.

As Speaker Albert said:

> For the Congress to act on the President's proposed budget ceiling without the full review required under the Budget Act would represent a frontal assault on the new budget process which gives the Congress its best hope of acting responsibly on budget matters. It would be shortsighted to take this action now and destroy the process which would achieve the sought-after objective of budget control for the future.

The process is working.

This Friday the House Budget Committee is scheduled to report out the second budget resolution for fiscal 1976, and this could be on the House floor as early as next week.

And, at the same time, the House Ways and Means Committee is in the final stages of writing a responsible tax reform—tax cut package that will be on the House floor in early November.

To disrupt this process in response to the President's political gimmickry would be folly.

What we are dealing with, of course, is much more important than a theatrical extravaganza. We are dealing with fundamental economic policy, which could, if properly designed, be a major force in reducing unemployment and inflation in what continues to be a troubled economy. We will enact a responsible tax cut. And we will take a hard look at Government spending through our new procedures for considering the budget.

The President, instead, has tried to construct a neat morality play masquerading as economic policy. But the people have seen through the farce, and there has been scant applause.

I insert excerpts from the editorial comment at this point in the Record.

Milwaukee Sentinel, October 8, 1975: "Ford's tax plan is clearly excessive. It will not provide a stronger foundation for economic recovery, but instead provide a firmer foundation for Ford's campaign for re-election.

"Politics and responsible economic policies don't mix. Ford's unwise, untimely and clearly political approach proves that."

St. Louis Post Dispatch, October 10, 1975: The President's proposal "is a bad bargain. . . . By making his tax plan contingent on a pig-in-a-poke spending ceiling, Mr. Ford has made debate of the tax proposal itself academic. The President's plan may well be needed and it may well be more effective in the way it is structured than the 1975 tax cuts that are to be extended in 1976, but the President's threat of a veto without an accompanying spending limit pledge reduces the whole business to campaign rhetoric."

Newsday, Long Island, October 8, 1975: "Ford's plan borrows heavily from the Nixon program not only in language and ideology but, sadly, in technique as well. It is deliberately obscure in detail. It makes promises that even the President must know he cannot keep. It includes a built-in scapegoat—Congress—in the case of failure. If Ford had deliberately set out to confuse the critical issue of whether this year's tax cuts should be extended in 1976 as a vital antirecessionary measure, he could not have done a better job."

Sacramento Bee, October 8, 1975: "President Ford's proposed $28 billion permanent tax cut, linked to an impractical ceiling on federal spending, is flawed in so many ways it warrants rejection by Congress . . . Ford has declared Congress must take the whole package—tax cut plus spending ceiling—or else. The legislators don't have to play this kind of political gamesmanship with the economy. Congress should address the tax cut with a more responsible and equitable program, preferably an extension for just a year of the 1975 reduction. It should stand firm against any attempt to tie its hands on spending."

Minneapolis Tribune, October 8, 1975: "President Ford made another campaign speech Monday night (October 6). Had it been merely a Goldwatered-down version of orthodox economic conservatism, his television and radio address might have been in order even with elections more than a year away. But in this speech, a tax and budget proposal, the President seemed intent on masking the inadequacies of what he offered with polemic that at times approached demagoguery . . . President Ford's predecessor was fond of the extravagant phrase, evidently on the assumption that if something could be described as the first ever or the most significant since the Creation, it would be popular. 'I propose tax reductions totaling $28 billion—the biggest in our history,' Ford said Monday night. The spirit of Nixon lives."

Birmingham (Ala.) Post-Herald, October 8, 1975: "President Ford's proposal to cut taxes $28 billion in 1976 may be good presidential politics, but it's a depressingly dreary example of the inflationary, pie-in-the-sky economics that Ford himself has been preaching so strongly against."

Washington Post, October 8, 1975: "As economic policy, both sides of the President's new position are defective. The tax cuts may make him popular, but they go well beyond the stimulus that the country now requires. It would have been enough to continue the present temporary reductions and perhaps make them permanent. The attempt to corner Congress into a pledge on spending is merely polemic, and promises to make his relationship with the Capitol less productive than ever.

"As the overture to an election campaign, this tax program reflects a dismaying degree of intellectual confusion, and a growing tendency to lunge at big splashy numbers. It is the same tendency that was displayed last month in the President's misguided proposal to pour $100 billion of subsidized loans and guarantees into the energy industry. The administration argues that deficits are bad, but it wants to cut taxes without any realistic or precise proposal for cutting spending."

Washington Star, October 7, 1975: "Does President Ford have an economic policy?—a strategy attuned to present and expected economic conditions, aimed at producing the elusive combination of prosperity and price stability?

"If anyone in the Executive Branch is devising such a policy these days, the word is not getting to the top. Some of Mr. Ford's recent pronouncements, on matters having great import for the economic future, seem to have been delivered without particular thought to the economy.

"The President has admitted as much with respect to his proposal for $28 billion in 1976 tax cuts, to be followed nine months later by equivalent budget cuts for Fiscal 1977.

"Mr. Ford's idea is to twin the proposed tax cut and budget ceiling as means of reining in the growth of the government. If Congress should refuse to adopt the ceiling, he says, he would veto any tax relief for next year, including the desirable extension of the 1975 anti-recession tax cuts. Then withholding taxes would rise after January 1. If the nation's recovery from the recession should be stalled: too bad.

"That kind of thinking may make political sense. It outpromises congressional tax-cutters while appealing to the anti-big government sentiments of Republicans who might be drawn to a Reagan candidacy. If it leads to a stalemate that hurts the economy, blame Congress.

"But this political rationale has nothing to do with economic policy, except in the sense that ignoring economic implications is bad policy."

New York Times, October 13, 1975: "As a diversionary maneuver to distract attention from a bleak record of economic mismanagement over the last seven years by the Nixon and Ford Administrations, the tax-and-budget cut proposal has some political usefulness. It has no other discernible merit . . . His tax message is not the serious program of a responsible leader; it is a political chimera projected by a candidate playing for votes in a year-off election instead of seeking realistic answers to the challenge of unemployment and inflation."

Chicago Sun-Times, October 12, 1975: "With the economy still closer to recession than to recovery, President Ford has sought confrontation with Congress over fiscal policy rather than compromise. The hyped-up political rhetoric that accompanies this strategy can only delay and confuse resolution of the most urgent problem now before the government . . .

"While the ideological implications of a large national government are of widespread concern, Ford misreads and underestimates the public mind by seeking political gain in simplistic answers. Just reducing federal spending by $28 billion as Ford suggests, does not meet the public's demand that the government serve its needs efficiently."

Los Angeles Times, October 8, 1975: "In broad terms . . . we believe that Ford is right in his call for a prudent dose of fiscal stimulus to the economy . . . But the President's insistence on a formal link between tax cuts and a tight rein on spending is a political gimmick. Democratic leaders in Congress have quite rightly labeled it 'preposterous.' . . . The Administration, after all, will not even present its own version of which spending programs should be cut by how much until January. After that, Congress will proceed under its promising new machinery for budget consideration to assert its own judgment on national priorities."

Cincinnati Post, October 13, 1975: "What the President really has done is dazzle the public with a proposed package to cut taxes and spending that has almost no chance of being enacted into law."

Newark Star Ledger, October 9, 1975: ". . . Nor is there any fiscal reality in Mr. Ford's insistence that the proposed $28 billion in tax reductions be offset by an equivalent cut in federal expenditures. It is a contentious position that the President should be fully aware is unattainable; there is simply no way that such a large amount can be removed from the government budget without substantial reductions in essential social programs."

Boston Globe, October 8, 1975: The President's plan "would tend to perpetuate a sluggish economy and chronic unemployment. And it threatens a new clash between Congress and the Administration over education, job training, health, the environment—replete with vetoes and override fights. That is the stuff of politics, but will the nation really move ahead?"

Chicago Tribune, October 10, 1975: "In sum, Mr. Ford's proposal sounds extremely attractive, and in theory might work. In actuality, it means asking a Democratic-controlled Congress to promise that it will carry out a Republican President's fiscal policies without knowing what those possibilities may involve—and that may be called a practical impossibility. Whatever the benefits might be, Mr. Ford cannot realistically expect Congress to sign this blank check. Its refusal to do so may give him a strong election issue, but we frankly would prefer a program with a chance of succeeding."

New York Times, October 17, 1975: The President's contention that his fiscal package would have no significant effect on the economy in the short run is at best disingenuous. Since his $28 billion in tax cuts would start on Jan. 1—about nine months before the spending cuts—what he has really offered is a highly inflationary (or stimulative) fiscal policy for the first part of the year—culminating, it may be noted, in the month of the Presidential election. Asked at his news conference last week whether this was not an accurate appraisal of the effect of his plan, Mr. Ford's response was that any time Congress wanted to put a spending limit on the last six months of fiscal 1976, he would be "right there helping them."

"This mixture of political guile, favors to special interests, ideological cant and fiscal irresponsibility merely fortifies the loss of confidence of the American people in the capacity of their Government to manage the economy—and their loss of confidence in the integrity of Government."

Mr. Speaker, the following comments are from editorial and financial page analyses and opinion:

New York Daily News, October 9, 1975 (Capitol Stuff by James Weighart): "It's CUT—From Those Folks Who Brought you WIN"—

"Perhaps the memory of Ford's political loss with the WIN program has caused some of the shrewder Republicans on Capitol Hill to be a bit slow in embracing the President's new lower-taxes and less-spending program. As Rep. Sam Steiger (R.-Ariz.) observed at a Congressional briefing on the plan by top administration economic advisers, 'It has the awful ring of a used-car merchandizing program.'"

Evans and Novak, syndicated column, October 11, 1975: "Mr. Ford's new fiscal package, in fact, is strategy rather than substance."

Baltimore Sun, October 12, 1975 (Perspective page by Art Pine): "The problem is the magnitude and timing of the package's various components—and the administration's cavalier disregard for the realities of the congressional budget process—made the entire White House exercise little more than a blatant political charade. Indeed, as late as the previous Friday, administration economic advisers still were working on a more sensible package involving a simple extension of this year's cuts, combined with a plea for spending holddowns. 'Sometime that afternoon,' one insider concedes ruefully, 'the political guys came in and the whole thing exploded.' What emerged was a campaign document for the 1976 election. The President would set up a straw-man to run against for the bulk of next year."

Newsweek, October 20, 1975 (Paul A. Samuelson): "The President's speech had nothing at all to do with getting the country out of the recession and into a more rapid recovery. It merely launched a controversial proposal congenial primarily to his Republican adherents, and their right wing at that . . .

"Indeed, if Ford insists on a cut in expenditure equal to any cut in taxes, the best time for it would be in a period of too much employment, a period of too little unemployment. For the plain truth is that the Ford deal would be contractionary on employment and production."

National Observer, October 18, 1975 (This Week in Washington, by Mark R. Arnold): "In proposing a dollar-for-dollar reduction in both Federal taxes and Federal spending next year, President Ford seemingly has chosen the ultimatum route. Although coupling the two issues may be politically appealing. Congress won't play the President's game. And early predictions are that it will be the President who either backs down or gets the blame for higher taxes."

Kansas City Times, October 11, 1975 (Washington Review, by Joseph A. Lastelic): "The quality of the advice being given Ford by his advisers also is subject to question. It was just a year ago that he proposed a 5 per cent increase in taxes following the economic summit at the White House that dwelled on inflation while the nation slipped into recession and its consequent high unemployment. Then Ford scrapped that plan and shifted to the antirecession temporary bill with tax cuts after working out a compromise with Congress. So the package being offered now is subject to suspicion and hoots of "preposterous" and "unrealistic" by the Democratic-controlled Congress."

New York Times, October 12, 1975 (The Economic Scene, by Thomas E. Mullaney): "In assessing the Administration's plan, analysts addressed themselves to these basic questions: Is it feasible? Is all of it necessary? Would it aid the bumpy economic recovery now underway? Would it be inflationary?

"On all accounts, it seems, the answers were generally unsatisfactory. That's why it appears to stand about as much chance of survival as a snowball in Hell . . .

"Prof. Walter Heller of the University of Minnesota, who had been chief economic adviser to the last two Democratic Administrations, expressed a rather typical view:

"'It's important to call a spade a spade. The President's plan takes away more than it gives. If it were to lead eventually to a failure to extend the 1975 tax cuts or a simultaneous cut in expenditures, it would put a real crimp in the economic recovery.'"

Washington Post, October 12, 1975 (Hobart Rowen): "Well, maybe it's clever politics. Perhaps Mr. Ford will come off as the apostle of freedom, and the Democrats will be typed as socialistic big spenders who wouldn't give the money back to the people.

"But others may see through the whole thing, observing that hefty tax cuts would come Jan. 1, but that the budget-cutting ax wouldn't be swung until Oct. 1, 1976—too late to have an impact by Election Day."

Washington Post, October 15, 1975 (David S. Broder): "With unemployment over 8 percent and the economy still functioning far below capacity, this is no time to take risks with recovery.

"But that is precisely what Mr. Ford is proposing to do. He is not promising a tax cut. Quite the contrary. He is jeopardizing an otherwise certain tax cut by threatening to veto a new tax bill unless it is tied to a spending ceiling.

"That spending ceiling is as artificial as a Halloween hobgoblin. Neither Mr. Ford nor any member of his administration has yet stepped forward to explain or justify the magic of the $395 billion number."

Washington Post, October 19, 1975 (Hobart Rowen): Clearly, the President's program was pasted together without much consideration of the economic impact. Even the politics' could not have been thoroughly researched, because—by promising to veto any tax bill unaccompanied by offsetting spending reductions—the President may have painted himself into a corner.

Wall Street Journal, October 21, 1975 (by James P. Gannon): "This confusing pattern has undermined the credibility of Mr. Ford's economic advisers and spokesmen, and has cast doubt on the President's consistency and control. It is worth noting that, since the beginning of his administration, Mr. Ford has displayed a curious penchant for proposing economic programs with fanfare, and then abandoning them . . .

"The President has a right to change his mind and adapt his program to changing economic conditions, of course. But the record of flip-flop and zigzag raises questions: Will this month's brainchild be next month's stepchild?"

This Wall Street Journal article was reprinted in its entirety in the Congressional Record of October 23, pages 33793 and 33794.

Copies of the full editorials and editorial page comments from which the portions above have been excerpted are available at the whip's office, Jack McDonald, 5-5604.

MAN'S INHUMANITY TO MAN

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, the poet said, we recall, "Man's inhumanity to man makes countless millions mourn." At a time when there is so much inhumanity to man is so many parts of the world it is exceedingly fitting that the House of Representatives on April 8, 1975 passed a resolution to designate April 24, 1975 as "National Day of Remembrance of Man's Inhumanity to Man." This resolution calls upon the President to issue a proclamation calling upon the people of the United States to observe such a day for all the victims of genocide, especially those of American ancestry who succumbed to genocide perpetrated in 1915. Neither the history nor the memory of men will ever fail to record this unspeakable tragedy to an innocent people. I am sorry I had not returned from an official visit to the Interparliamentary Union meeting in Sri Lanka when this resolution was voted upon in the House. I would strongly have supported it. I hope history will never reveal the repetition of such atrocities and tragedies. Mr. Speaker, I include a copy of House Joint Resolution 148, to which I referred, in the Record following my remarks.

H.J. Res. 148

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That April 24, 1975, is herey designated as "National Day of Remembrance of Man's Inhumanity to Man", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day as a day of remembrance for all the victims of genocide, especially those of Armenian ancestry who succumbed to the genocide perpetrated in 1915, and in whose memory this date is commemorated by all Armenians and their friends throughout the world.

THE CASTRO CONNECTION

(Mr. **PEPPER** asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, you know, I am sure, of my continuing concern over the poisonous presence of Castro communism on our Caribbean doorstep. In this connection I wish to call to the attention of our colleagues a recent television editorial by Dr. Manolo Reyes, Latin news editor for television station WTVJ in Miami, entitled "The Castro Connection," I include the text of the editorial at this point in the Record:

The Castro Connection

There is a very interesting and focal point that needs to be studied, analyzed and investigated in different parts of the world. It could be called The Castro Connection.

At this stage I am sure that The Castro Connection is being studied and analyzed by national and international observers, by those who study foreign policy and fundamentally by those authorities who investigate crimes.

Those in favor of the détente even if they act slow, deaf and blind, preaching against any disturbances have to realize that The Castro Connection will spring out any minute now with all its intensity and with great risk for the security and peace of the nations of the Western Hemisphere.

In the past, Francisco Camaano Deno, the Dominican Republic general disappeared in a revolt in this country . . . some time later re-appeared once more in the Dominican Republic leading a small guerrilla group. The Dominican Republic air force immediately took action and Caamano died, and his group dissolved. But the information released was that on several occasions Camaano was in training in Oriente province in Cuba. It is almost impossible that such a well known person as Camaano would disappear from the free world and could not be seen except if he had hidden behind the Iron Curtain. The question now is: was there a Castro Connection?

The chief of the Portuguese navy, a well known man for his leftist activities, visited Cuba, in the middle of the turmoil that has been whipping his country. Fidel Castro made several statements in favor of the communists in Portugal and the question arises. Was there a Castro Connection?

Several weeks ago the assistant Secretary for Latinamerican affairs in Washington, William Rogers, said they would observe Cuba's good faith in their attitude towards the Puerto Rican case. Three days later Castro made a poisonous attack against the United States government accusing him of oppressing Puerto Rico. And he even formed an International Congress in favor of Puerto Rico's Independence where many communist personalities attended. The act in itself constitutes a flagrant violation of the no intervention doctrine in the internal affairs of other countries, this time the United States. And again the question arises: Was there a Castro connection?

In one of the most recent acts . . . in the detention of Patty Hearst with three of her comrades . . . the question we've been asking before might very well arise here. We remember that Patty Hearst's nickname was "Tania", the famous guerrilla woman who was "Che" Guevara's lover, who was killed in Bolivia.

We must recall that in one of the tapes sent by Patty Hearst to the news media and broadcasted by CBS network she spoke several words in Spanish, I recognized those words immediately because she repeated the famous Castro's slogan: "Fatherland or Death, we shall win".

When she was arrested in San Francisco she had those words written down somewhere in the room where she was hiding. She belonged to the Symbionese Liberation army which was spoken of in a boastful way by the Communist radio of Cuba.

One of the three persons arrested along with Patty Hearst was Wendy Yoshimura, 30 years old and accused by the federal authorities of attempting to blow up the ROTC building in Berkeley.

It was informed that the Yoshimura woman was in Cuba for a whole summer along with the so-called "Venceremos Brigade" cutting sugar cane for Castro's regime. And again the question arises: Is there a Castro connection?

In the last times there has been much information and speculations about John F. Kennedy's tragic death. The Warren Commission said there was only one assassin: Lee Harvey Oswald. Nevertheless, Oswald belonged to the Fair Play Committee for Cuba and was an active member of that organization. Several months before the Kennedy assassination Oswald wanted to go to the Soviet Union through Cuba. For that purpose he went to Mexico. Was there a Castro connection in his plans?

This is the same question many people ask and with a détente or without one; it must be given an answer . . . so that the real truth and justice be disclosed guaranteeing the peace and security of countries.

WHAT FREEDOM MEANS

(Mr. **PEPPER** asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, the Bicentennial, our Nation's 200th birthday, is almost upon us. As such, we as a nation of diverse races, religions and cultures are now afforded the opportunity to reflect upon our rich heritage and the unique offerings of many individuals in the formation and development of America's history. This is a national celebration—a celebration of the past in which we rededicate ourselves to those democratic ideals which have helped this Nation to grow and to prosper.

Therefore, in the spirit of the Bicentennial, and in commemoration of our Nation's ideals. I am honored to submit a beautiful poem written by Mr. Al Price, a Florida resident. Mr. Price was awarded a plaque by the Four Freedoms Civic Club in winning first prize in their Bicentennial contest for a poem on "What Freedom Means to Me." I believe all will enjoy and profit from the stirring sentiments expressed in this poem. Hence, I include, Mr. Speaker, Mr. Price's poem in the Record at this point:

Four Freedoms Mean So Much To Me

(Freedom from fear or want; freedom of speech and religion).

(By Al Price)

As the Stars and Stripes waves high, unfurled
  My freedom speaks to all the world.
We fought and won our right to say,
  What thoughts are in our hearts each day.
We're free to work and to succeed
  To receive our nation's help in need.
No one dares to call me odd
  I'm free to pray to my own God.
If my leaders act unwise
  I can speak and criticize.
My spirit soars in liberty
  At what my land has given me.
Lawmakers know they're not beyond
  The laws to which we all respond,
And though we're short on history
  "Unique" is our democracy.
Four freedoms mean so much to me,
  My heart is filled with ecstacy
At what my land has given me.
  My spirit soars with liberty
When the Stars and Stripes wave over me.

* * *

ENDORSING PRESIDENT FORD'S PLAN WITH RESPECT TO NEW YORK CITY

(Mr. **ROUSSELOT** asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. ROUSSELOT. Mr. Speaker, I want to take this opportunity to express my satisfaction with the plan proposed today by President Ford for revising the Federal bankruptcy laws to enable New York City to achieve an arrangementt with its creditors.

This will be an excellent example of what can be accomplished when Congress and the Executive act in a careful, deliberate, and rational manner, rather than in an atmosphere of hysteria. Too often we consider proposals which are labeled "emergency" so that we will suspend our normal judgment. Rather than consider the true merits, we are invited to plead temporary insanity and to say that we are not responsible for our actions, for they were taken in order to avoid chaos.

Ignoring the call to stampede, the President has established an orderly procedure for dealing with the inevitable default, and you will see that chaos will not result. On the contrary, those city, State, and Federal officials who have believed in and practiced fiscal responsibility can now take heart and reap in the marketplace the rewards of sound management.

Meanwhile, those who would ignore the implications of the New York City situation for the Federal Government should note the President's words.

> If we go on spending more than we have, providing more benefits and services than we can pay for, then a day of reckoning will come to Washington and the whole country just as it has to New York.
>
> * * * * *
>
> When that day of reckoning comes, who will bail out the United States of America?

GENERAL LEAVE

Mr. BAUMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill (H.R. 10049).

The **SPEAKER**. Is there objection to the request of the gentleman from Maryland?

There was no objection.

GENERAL LEAVE

Mr. **BAUCUS**. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous matter on the subject of the special order today of the gentleman from Pennsylvania (Mr. Flood).

The **SPEAKER** pro tempore. Is there objection to the request of the gentleman from Montana?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows to:

Mr. **HORTON** (at the request of Mr. Michel), for tomorrow, October 30, 1975, on account of attending the funeral of a personal friend.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mrs. Pettis) to revise and extend their remarks and include extraneous material:)

Mr. Kemp, for 30 minutes, today.

(The following Members (at the request of Mr. Evans of Indiana) to revise and extend their remarks and include extraneous material:)

Mr. Gonzalez, for 5 minutes, today.

Mr. O'Neill, for 5 minutes, today.

Mr. Nolan, for 5 minutes, today.

Mr. Wolff, for 5 minutes, today.

Mr. Rostenkowski, for 5 minutes, today.

Ms. Holtzman, for 15 minutes, today.

(The following Members (at the request of Mr. Baucus) to revise and extend their remarks and include extraneous material:)

Mr. Bingham, for 5 minutes, today.

Mr. Ford of Michigan, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. Perkins, and to include extraneous matter.

Mr. Madden, and to include extraneous matter.

Mr. Bauman, to revise and extend just prior to the vote on the debt limit bill (H.R. 10049).

Mr. McFall, to revise and extend his remarks at this point in the Record, notwithstanding the fact that it exceeds two pages of the Congressional Record and is estimated by the Public Printer to cost $644.

(The following Members (at the request of Mrs. Pettis) and to include extraneous matter:)

Mr. Crane.

Mr. McCloskey.

Mr. Conte.

Mr. Michel in two instances.

Mr. Hyde in two instances.

Mr. Myers of Indiana.

Mr. Vander Jagt.

Mr. Coughlin.

Mr. Lagomarsino.

(The following Members (at the request of Mr. Evans of Indiana) and to include extraneous matter:)

Mr. Anderson of California in three instances.

Mr. Gonzalez in three instances.

Mr. Baldus.

Mr. Patterson of California in three instances.

Mr. Harrington in two instances.

Mr. Hungate.

Mr. McDonald of Georgia.

Mr. Mazzoli.

Mr. Moakley in two instances.

Mrs. Spellman in two instances.

Mr. Roush.

Mr. Drinan in 10 instances.

(The following Members (at the request of Mr. Baucus) and to include extraneous matter:)

Mr. Madden.

Mr. Badillo.

Mr. McDonald of Georgia.

Mr. Gaydos.

Mr. Blouin.

Mr. McCormack.

Mr. Litton.

Mrs. Collins of Illinois.

ADJOURNMENT

Mr. **BAUCUS**. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 24 minutes p.m.), the House adjourned until tomorrow, Thursday, October 30, 1975, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1946. A letter from the President of the United States, transmitting a draft of proposed legislation to amend the Bankruptcy Act to add a new chapter thereto providing for the adjustment of the debts of major municipalities (H. Doc. No. 94–289); to the Committee on the Judiciary and ordered to be printed.

1947. A letter from the Assistant Secretary of State for Congressional Relations, transmitting a copy of Presidential Determination No. 76–5, finding and determining that it is in the national interest of the United States to permit the sale to Egypt of 500,000 metric tons of wheat/wheat flour and 4,200 metric tons of tobacco and/or tobacco products under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, pursuant to section 103(d)(3) and (4) of the act; to the Committee on International Relations.

1948. A letter from the Chairman, National Transportation Safety Board, transmitting a draft of proposed legislation to amend the Independent Safety Board Act of 1974 to authorize additional appropriations and for other purposes; to the Committee on Public Works and Transportation.

1949. A letter from the Attorney General transmitting a draft of proposed legislation to revise the statute authorizing the garnishment of payments of remuneration for employment for the purpose of complying with certain child support and alimony payment orders; to the Committee on Ways and Means.

Received From the Comptroller General

1950. A letter from the Comptroller General of the United States, transmitting a report on the use of adjusted tax data as an element in the allocation of revenue sharing funds, pursuant to the Budget and Accounting Act, 1921, the Accounting and Auditing Act of 1950, and the State and Local Fiscal Assistance Act of 1972; to the Committee on Government Operations.

1951. A letter from the Comptroller General of the United States, transmitting a report on U.S. policy for the East Asia Regional Economic Development Program; jointly, to the Committees on Government Operations, and International Relations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. **KASTENMEIER**: Committee on the Judiciary. S. 24. An act to carry into effect certain provisions of the Patent Cooperation Treaty, and for other purposes (Rept. No. 94–592). Referred to the Committee of the Whole House on the state of the Union.

Mr. **HALEY**: Committee on Interior and Insular Affairs. H.R. 9432. A bill to amend the Internal Revenue Code of 1954 in order to provide for quarterly payment, rather than annual payment, to the Government of the Virgin Islands of amounts equal to internal revenue collections made with respect to articles produced in the Virgin Islands and transported to the United States; with amendment (Rept. No. 94–593). Referred to the Committee of the Whole House on the state of the Union.

Mr. **JONES** of Alabama: Committee on Public Works and Transportation. H.R. 9771. A bill to amend the Airport and Airway Development Act of 1970; with amendment (Rept. No. 94–594). Referred to the Committee of the Whole House on the state of the Union.

Mr. **TEAGUE**: Committee on Science and Technology. H.R. 10230. A bill to establish a science and technology policy for the United States, to provide for scientific and technological advice and assistance to the President, to provide a comprehensive survey of ways and means for improving the Federal effort in scientific research and information handling, and in the use thereof, to amend the National Science Foundation Act of 1950, and for other purposes (Rept. No. 94–595). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. **ANDREWS** of North Dakota:

H.R. 10416. A bill to amend the Internal Revenue Code of 1954 to allow deferral of gain from sale or exchange of certain livestock due to flooding; to the Committee on Ways and Means.

By Mr. **DICKINSON** (for himself, Ms. Schroeder, Ms. Spellman, Mr. Lott, Mr. Bevill, Mr. Edwards of Alabama, Mr. Baucus, and Mr. Bowen):

H.R. 10417. A bill to amend section 218 of the Social Security Act to require that

States having agreements entered into thereunder will continue to make social security payments and reports on a calendar-quarter basis; to the Committee on Ways and Means.

By Mr. EDWARDS of Alabama (for himself, Mr. Buchanan, Mr. Dickinson, Mr. Collins of Texas, Mr. Hyde, Mr. Treen, Mr. Dan Daniel, Mr. White, Mr. Montgomery, Mr. Hughes, and Mr. Lott):

H.R. 10418. A bill to amend section 901(a) of the Education Amendments of 1972; to the Committee on Education and Labor.

By Mr. FORD of Michigan (for himself and Mr. Clay):

H.R. 10419. A bill to amend section 2105 (c), United States Code so that employees of nonappropriated fund instrumentalities will be deemed employees of the U.S. Government, fully covered by laws administered by the Civil Service Commission; to the Committee on Post Office and Civil Service.

By Mr. HARRINGTON:

H.R. 10420. A bill to establish a New England Regional Power and Environmental Protection Agency for the purpose of assuring adequate and reliable low-cost electric power to the people of New England, protecting and enhancing the environment, and providing a vehicle for research and development programs; to the Committee on Interstate and Foreign Commerce.

H.R. 10421. A bill to provide for financial assistance to public intervenors in nuclear licensing proceedings; to the Joint Committee on Atomic Energy.

By Mr. KOCH (for himself and Mr. MOAKLEY):

H.R. 10422. A bill to amend part B of title XVIII of the Social Security Act to broaden the coverage of home health services under the supplementary medical insurance program and remove the 100-visit limitation presently applicable thereto, and to eliminate the requirement that an individual need skilled nursing care in order to qualify for such services, to amend part A of such title to liberalize the coverage of posthospital home health services thereunder, to amend title XIX of such act to require the inclusion of home health services in a State's medicaid program for elderly persons who would otherwise require nursing home care, to require contributions by adult children toward their parents' nursing and home health care expenses under the medicaid program, to provide expanded Federal funding for congregate housing for the displaced and the elderly, and for other purposes; jointly to the Committees on Ways and Means, and Interstate and Foreign Commerce.

By Mr. LONG of Maryland:

H.R. 10423. A bill to amend the Internal Revenue Code of 1954 to provide for the payment of interest at a rate of 5 percent on excess amounts withheld from inidviduals' wages; to the Committee on Ways and Means.

By Mr. MONTGOMERY:

H.R. 10424. A bill to amend chapter 11 of title 38, United States Code, to authorize cost-of-living adjustment of rates of disability compensation; to the Committee on Veterans' Affairs.

By Mr. MOSHER (for himself, Mr. HAWKINS, and Mr. MAGUIRE):

H.R. 10425. A bill to require in all cases court orders for the interception of communications by electronic and other devices, for the entering of any residence, for the opening of any mail, for the inspection or procurement of certain records, and for other purposes; to the Committee on the Judiciary.

By Mr. MOSHER (for himself, Mr. Carr, Mrs. Heckler of Massachusetts, Mr. Jeffords, and Mr. Levitas):

H.R. 10426. A bill to deny Members of Congress any increase in pay under any law passed, or plan or recommendation received, during a Congress unless such increase is to take effect not earlier than the first day of the next Congress; to the Committee on Post Office and Civil Service.

By Mr. ROONEY:

H.R. 10427. A bill to improve existing tertiary eye centers, to examine the delivery of eye care to the general public, and to study the feasibility of implementing a system of tertiary eye care centers throughout the United States; to the Committee on Interstate and Foreign Commerce.

By Mr. RUPPE:

H.R. 10428. A bill granting authority to the Secretary of the Army to renew the license of the Ira D. MacLachlan Post No. 3, The American Legion, Sault Sainte Marie, Mich., to use a certain parcel of land in Saint Marys Falls Canal project; to the Committee on Armed Services.

H.R. 10429. A bill to amend title II of the Social Security Act and chapters 2 and 21 of the Internal Revenue Code of 1954 to provide for voluntary agreements between ministers and their employers to treat ministers as employed persons; to the Committee on Ways and Means.

H.R. 10430. A bill to amend title XX of the Social Security Act to provide that no State shall be required to apply a means test, or limit benefits on the basis of federally prescribed income levels in determining the individuals for whom education, transportation, recreation, socialization, or associated services may be provided thereunder, if such services are provided in a manner consistent with certain specified State programs; to the Committee on Ways and Means.

By Mr. SKUBITZ:

H.R. 10431. A bill to authorize the Secretary of the Interior to carry out certain international activities; to the Committee on Interior and Insular Affairs.

By Mr. TAYLOR of North Carolina:

H.R. 10432. A bill to amend the act of May 23, 1908, and the act of March 1, 1911, for the purpose of increasing the amount of money paid to States and counties under such acts; to the Committee on Agriculture.

By Mr. STEED.

H.J. Res. 710. Joint resolution to authorize and direct the Indian Claims Commission to determine the amount of a claim of the Seminole Nation of Oklahoma and to render final judgment thereon; to the Committee on Interior and Insular Affairs.

By Mr. LATTA (for himself, Mr. Duncan of Tennessee, Mr. Young of Florida, Mr. Cleveland, Mr. Broyhill, Mr. Treen, Mr. Lott, Mr. Snyder, Mr. Gilman, and Mr. Buchanan):

H. Con. Res. 463. Concurrent resolution to declare that total Federal budget outlays for fiscal year 1977 shall not exceed $395 billion; to the Committee on the Budget.

By Mr. DRINAN:

H. Res. 829. Resolution expressing disapproval of the deferral of budget authority reported by the President on October 23; to the Committee on Appropriations.

By Mr. KEMP (for himself, Mr. O'Neill, Mr. Rhodes, Mr. Archer, Mr. Abdnor, Mr. Addabbo, Mr. Badillo, Mr. Bell, Mr. Bennett, Mr. Boland, Mr. Broyhill, Mr. Burgener, Mr. Burke of Florida, Mr. Byron, Mr. Cederberg, Mr. Chappell, Mr. Cochran, Mr. Cohen, Mr. Collins of Texas, Mr. Dan Daniel, Mr. Delaney, Mr. Devine, Mr. Derwinski, Mr. Dickinson, and Mr. Edgar):

H. Res. 830. Resolution to cite Bob Hope for distinguished and meritorious service to the Nation and to the cause of freedom; to the Committee on Post Office and Civil Service.

By Mr. KEMP (for himself, Mr. Eshleman, Mr. Erlenborn, Mr. Flowers, Mr. Frey, Mr. Gilman, Mr. Ginn, Mr. Goldwater, Mr. Gradison, Mr. Guyer, Mr. Hagedorn, Mr. Hansen, Mr. Hastings, Mr. Hubbard, Mr. Hughes, Mr. Hyde, Mr. Johnson of Pennsylvania, Mr. Jones of North Carolina, Mr. Kasten, Mr. Ketchum, Mr. Kindness, Mr. Latta, Mr. Lott, Mr. Lloyd of California, and Mr. Mazzoli):

H. Res. 831. Resolution to cite Bob Hope for distinguished and meritorious service to the Nation and to the cause of freedom; to the Committee on Post Office and Civil Service.

By Mr. KEMP (for himself, Mr. McEwen, Mr. Melcher, Mr. Michel, Mr. Miller of Ohio, Mr. Mollohan, Mr. Montgomery, Mr. Mottl, Mr. Murphy of Illinois, Mr. Myers of Indiana, Mr. Nichols, Mr. Nix, Mr. Nowak, Mr. Pepper, Mrs. Pettis, Mr. Price, Mr. Quillen, Mr. Risenhoover, Mr. Roe, Mr. Rodino, Mr. Rousselot, Mr. Simon, Mr. Sisk, Mrs. Spellman, and Mr. Spence):

H. Res. 832. Resolution to cite Bob Hope for distinguished and meritorious service to the Nation and to the cause of freedom; to the Committee on Post Office and Civil Service.

By Mr. KEMP (for himself, Mr. J. William Stanton, Mr. Steiger of Wisconsin, Mr. Symington, Mr. Talcott, Mr. Thone, Mr. Treen, Mr. Wampler, Mr. Bob Wilson, Mr. Charles Wilson of Texas, Mr. Winn, Mr. Wydler, Mr. Young of Florida, Mr. Young of Alaska, Mr. Zeferetti, Mr. Biaggi, Mr. Russo, and Mr. Hinshaw):

H. Res. 833. Resolution to cite Bob Hope for distinguished and meritorious service to the Nation and to the cause of freedom; to the Committee on Post Office and Civil Service.

By Mr. O'NEILL (for himself, Mr. Biester, Mr. Butler, Mr. Del Clawson, Mr. de la Garza, Mr. Diggs, Mr. Eckhardt, Mr. Evins of Tennessee, Mr. Hightower, Mr. Jarman, Mr. Jones of Oklahoma, Mr. Mahon, Mr. Martin, Mr. Moore, Mr. Myers of Pennsylvania, Mr. Passman, Mr. Roberts, Mr. Runnels, Mr. Schulze, Mr. Sisk, Ms. Smith of Nebraska, Mr. Teague, Mr. Charles H. Wilson of California, Mr. Rinaldo, and Mr. Taylor of Missouri):

H. Res. 834. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

By Mr. O'NEILL (for himself, Mr. Conyers, Mr. Kazen, Mr. AuCoin, Mr. Bennett, Mr. Fary, Mr. Jeffords, Mr. Thornton, and Mr. Burleson of Texas):

H. Res. 835. Resolution to condemn the United Nations Third Committee resolution equating Zionism with racism; to the Committee on International Relations.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DAN DANIEL:

H.R. 10433. A bill for the relief of Mrs. J. Walter Jones; to the Committee on Public Works and Transportation.

By Mr. HEBERT:

H.R. 10434. A bill for the relief of Carlos Montenegro Gorbitz, M.D., Mrs. **Gorbitz**, and their 2-year-old son; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

277. By the SPEAKER: Petition of Mrs. Jeanne N. Lyons, West Covina, Calif., and others, relative to the United Nations; to the Committee on International Relations.

278. Also, petition of John F. McManus, Belmont, Mass., and others, relative to the United Nations; to the Committee on International Relations.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 8603

By Mrs. SCHROEDER:

On page 22, line 3, after the section designation "(9)" insert the designation "(a)"; and

On page 22, after line 9, insert the following:

"(b) Section 3622 (b)(3) is amended to read as follows: "(3) the requirement that each class of mail or type of mail service bear the direct and indirect postal costs attributable to that class of mail or type (including the costs caused by variability with volume, and all of the costs caused by the collection, transportation, processing, storing, and delivery of each class of mail or type of mail service), plus that portion of all other postal costs reasonably assignable to such class or type;' "

On page 22, line 12, after the words " 'rates' and" insert the following new language: "by amending paragraph (1) to read as follows:

"(1) the revenue received from rates for mail under former sections 4358, 4452 (b) and (c), and 4554 (b) and (c) shall not, on and after the first day of the sixteenth year following the effective date of the first rate decision applicable to those classes and kinds, exceed those proposed changes in the rates of postage, and in fees for postal service, requested on September 18, 1975, by the United States Postal Service in a request bearing Postal Rate Commission Docket Number R76-1, for those classes of mail.

"Not later than thirty days after the conclusion of any rate case involving these classes of mail, the Postal Service shall report to the appropriate Committees of the House and the Senate an estimate of the revenue to be obtained by application of this subsection and its appropriate separate rate schedule and an estimate of the revenue which would be obtained if Section 3622 were applicable to these classes of mail, for the succeeding twelve month period; and".

On page 22, line 12, strike the word "thereof" and insert in lieu of this word the words "of section 3626", and"

Strike the language from page 26, line 24, through page 32, line 26.

By Mr. SIMON:

Add the following new section:

SEC. ( ) (a) The second sentence of section 3622(a) of title 39, United States Code, is amended to read as follows: "The Postal Service may submit such proposals for rate adjustments as it deems suitable, except that no such proposal may include a rate increase for any class of mail that exceeds the average percent rise in the price index for the 12-month period immediately preceding the month prior to the month in which such proposal is submitted.".

(b) Section 3624 of title 39, United States Code, is amended by adding the following new subsection:

"(f) No recommended decision transmitted by the Commission under this section may include a rate increase for any class of mail that exceeds the average percent rise in the price index for the 12-month period immediately preceding the month prior to the month in which the request for a recommended decision was submitted to the Commission.".

(c) Section 3625 (b) of title 39, United States Code, is amended by adding the following sentence at the end thereof: "No decision of the Governors under this section may include a rate increase for any class of mail that exceeds the average percent rise in the price index for the 12-month period immediately preceding the month prior to the month in which the proposal for a recommended decision was submitted to the Postal Rate Commission under section 3622 of this title.".

(d) Section 102 of title 39, United States Code, is amended—

(1) by striking the word "and" at the end of subparagraph (2);

(2) by striking the period at the end of subparagraph (3) and inserting "; and"; and

(3) by adding the following subparagraph:

"(4) 'price index' means the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics.".

(e) The first sentence of section 3622(a) of title 39, United States Code, is amended by striking out "From time to time" and inserting the following: "From time to time, but no more frequently than once during any 12-month period,".

(f) Notwithstanding any other law, the amendments made by subsections (b), (c) and (d) of this section shall apply to the temporary and permanent rates established pursuant to the request of the United States Postal Service for a recommended decision by the United States Postal Rate Commission dated September 18, 1975, bearing Postal Rate Commission Docket Number R76-1.

EXTENSIONS OF REMARKS

LITTLE JOURNEYS TO LANDS OF LIVING FAITHS

HON. JESSE A. HELMS

OF NORTH CAROLINA

IN THE SENATE OF THE UNITED STATES

Wednesday, October 29, 1975

Mr. HELMS. Mr. President, a distinguished citizen of Wilmington, N.C., Rabbi Martin M. Weitz, has prepared a booklet for 12 congregations in historic Wilmington, which calls to our attention the religious foundations of the American republic.

Dr. Weitz is resident lecturer in Judaic Studies at the University of North Carolina in Wilmington, and is presently serving as Chairman of the Bicentennial Heritage Committee—1976—for New Hanover County.

The booklet will be distributed as part of a pre-Thanksgiving Day event to strengthen religious understanding among the Catholic, Protestant, and Jewish congregations in the Wilmington area.

Mr. President, I express my gratitude to all of those in Wilmington who have made this booklet possible, and ask unanimous consent that Dr. Weitz' introductory statement to this worthy publication be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

INTRODUCTION

(By Dr. Martin M. Weitz)

We offer this booklet as a spiritual "souvenir" for our "Little Journeys to Lands of Living Faiths" which we share together in a pre-Thanksgiving mood of Faith and Freedom, Religion and Democracy, by visiting a dozen of our sanctuaries in Historic Wilmington—Catholic, Protestant, Jewish—each of which is at least 100 years old as a congregation. Many congregations are much older while some are younger, although some of their sanctuaries may equal the life-span of the congregations while others are younger. All of them participate in the motif of the Bicentennial on November 9 and 16, and recall the lifeline of our heritage from the Sons of Jacob to the Pilgrim Fathers and beyond—in the spirit of Thanksgiving in our own American landscape.

We express profound appreciation to all ministers of these historic congregations as cosponsors of our venture, whose brief histories are included in these pages, together with the sketches by our art-collaborator, Ronald Williams. To him we owe special thanks for his "compositions", and other helpful labors. We tender our gratitude to Bill Reaves of the Wilmington Star-News for his review of historical data and counsel, to Marion Hall McTyre for her service of typing, to Robert Lane and Joseph Holman of Belk-Berry's for their aid, to the Bicentennial Heritage Committee, the Residents of Old Wilmington, the Historic Wilmington Foundation, the Lower Cape Fear Historical Society and other groups for their encouragement and endorsement.

Democracy, "a form of government in which the supreme power is retained by the people and exercised by them directly or indirectly," has helped Religion in America in that it has freed Religion from the State. It has helped increase spiritual values in labors of religious organizations because of the separation of church and state. It has afforded equality of status to all religions by a freedom from state salaries and supervision. It has increased the content of goodwill by "making America safe for differences" in religion and culture, differences upon which America depends for Democracy itself.

Religion ... "man's quest for values as lofty as love of Diety and as ample as needs of humanity" ... has aided Democracy in the following ways: (1) Religious principles have prompted all the great migration from "Plymouth Rock to Ellis Island". (2) It has yielded over 60,000,000 "refugees" or "Pilgrims". (3) Moral forces in America, from the Bibliocracy of the Puritans to the latest messages and actions of our Presidents, have derived from religious roots.

"All men are created equal" is but political translation of the religious value, "Love thy Neighbor". (4) Religion has aided Democracy by educational enterprise in thousands of shrines where millions still find their sole means for culture as well as faith, old and new, where thousands find their way from literacy to liberature, and in scores of foundations and hospitals and similar institutions where faith in life is restored. (5) Religion, too, has saved the very soul of Democracy—as it is doing for the atomic age across America—by countless crusades for public health, clean government, protection of the weak and the old, abolition of slavery, elimination of slums, growing protection accorded the underprivileged everywhere. The Liberty Bell itself with its "Proclaim Liberty" and the seal of the United States with its Red Sea Crossing, testify that the soul of American Democracy stems from Religion.

In our Bicentennial year, the Declaration of Independence and Constitution are precious only because their ideas are endearing and enduring. They are tender documents from the past with the glow of posterity behind them. They are a blending of Religion and Democracy whereby Faith and Freedom bow before radiant hope...

We dedicate this booklet to Faith and Freedom, Religion and Democracy, and their impact on each other throughout our history until this very Bicentennial Year...

POLL SHOWS 63 PERCENT OF AMERICAN PEOPLE FAVOR NUCLEAR POWER PLANTS—ONLY 19 PERCENT OPPOSE

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. EVINS of Tennessee. Mr. Speaker, a recent poll indicates that the American people have accepted nuclear power plants and the nuclear power technology as an alternative to conventional sources of electric power.

The Potomac Electric Power Co. in a recent publication reported that this poll by Louis Harris & Associates showed that 63 percent of the American people favor nuclear power while only 19 percent are opposed—with 18 percent having no opinion.

The Harris poll also showed that citizens living in areas where nuclear power plants are now operating are as favorably inclined toward nuclear power as other Americans.

While nuclear power continues to come under attack from some quarters, the great body of available evidence is that nuclear powerplants are safe and needed. The substantial majority of the scientific community supports nuclear power as the only current practical alternative power source to fossil fuels.

Because of the interest of my colleagues and the American people in nuclear power I place the article from the utility publication in the RECORD herewith.

The article follows:

SIXTY-THREE PERCENT FAVOR NUCLEAR POWER PLANTS

The American public favors nuclear power plants more than political, business and environmental leaders think they do.

That's one of the conclusions of a survey by Louis Harris & Associates released in early August. The survey found that 63% of the American people favor the building of more nuclear power plants in the U.S. (with 19% opposed and 18% not sure). But the survey also discovered that only 42% of political leaders think the public wants more nuclear power plants. And only 36% of business leaders, 45% of public utilities regulators and 38% of environmental leaders believe the public wants more nuclear power plants.

The Harris findings are similar to findings of a 1973 PEPCO survey of the company's service area. In the PEPCO survey, approximately 65% of the people favored nuclear power plants to fossil fuel plants.

The Harris survey also found that people who live in the neighborhood of operating nuclear generators favor that form of energy about as much as the public at large. Seventy-five percent of residents of San Onofre, Calif., 58% of those in Morris, Ill., and 56% of those in Indian Point, N.Y., favor the construction of more nuclear plants.

The survey also found that in matters of nuclear power, people place greatest reliance upon scientists, rather than on government leaders, environmentalists or the media.

"911" HOT LINE FOR EMERGENCIES

HON. J. EDWARD ROUSH

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. ROUSH. Mr. Speaker, I have started a series of floor speeches describing the cities and towns where the "911" emergency telephone number is operating. I am doing this by State with the hope that many of our colleagues will be able to determine thereby where in their State "911" is available and where lacking. Ultimately, I hope this will lead them to encourage communities not presently on "911" to adopt it.

I am especially proud of my own State on this score. In Indiana there are now 15 cities with "911". In fact, the first city in the Bell Telephone System to adopt "911" was my hometown of Huntington, Ind., and that was back in 1968. Since then we have added: Kendallville, Garrett, Anderson, Muncie, Frankfort, Auburn, Bloomington, Bluffton, Crawfordsville, Martinsville, South Bend, Mishawaka, Columbus, Wabash.

In 1976 Bedford, Russiaville, Greentown, Kokomo, Tell City, Cannelton, Vincennes, and Indianapolis are scheduled to be added to this growing list of Indiana cities which will enjoy the simple, three digit emergency telephone number. Then in 1977 Fort Wayne and Sullivan expect to be added to this list.

If this schedule is followed, by the end of 1977 over 2 million people out of a State population that is 5.3 million will have the "911" service. Indiana is out in front in adopting this fast and simple emergency telephone number which saves lives and property; prevents some crimes and provides quick police response to those that occur.

RANSACKING

HON. JOHN T. MYERS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. MYERS of Indiana. Mr. Speaker, all those seeking public office search for the magic formula which will assure instant success at the polls and the everlasting support of their constituents. With the Presidential and congressional election season just around the corner, I am taking this opportunity to share with my colleagues some valuable advice offered by a wise farmer from my district in Indiana. Dixie Kline, popular editor of the Spencer Evening World in Spencer, Ind., interviewed mythical Nate Twinedale and his comments appeared in her recent column entitled "Ransacking."

RANSACKING

(By Dixie Kline)

We haven't interviewed a mythical character in a long time. Today let's talk to Nate Twinebale, man on the farm.

"Mr. T., what do you think of government today?"

"Hogwash!"

"Could you be more specific?"

"Cant be more specific 'n that, lady. This country oughter be run like I run my farm—at a profit as much as possible. And welfare—see them hens over there. They don't lay, they pay—we eat 'em.

"And you talk about your pollution, why I hear they's more alcoholics in Congress than they are on Skid Row. I don't want no guy passin' laws and workin' on them big study committees that ain't sober as a judge, that is if it ain't come to that too—and some of them laws is makin' it mighty lukerative to turn to a life of crime.

"And if them A-rabs is gonna hold us up, then they oughter at least import us some of them camels.

"Well, maam, they was a time when they wanted to pay me for crops I didn't grow and pigs I didn't raise. I didn't take what I didn't earn then and I ain't gonna do it now.

"They's two things I can't abide and that's a hypocrite in church or in politics.

"When they's a man that can look me in the eye and tell me he ain't making promises they's no way he can keep . . . and he walks out of my barnyard without scrapin' off his shoes, why he's my man.

"Close the gate good, lady, don't want my bull taking his charisma over the neighbor's fence."

LIFELINE

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. MOAKLEY. Mr. Speaker, Congress is well aware of the problems confronting the elderly. By its setting up of the Select Committee on Aging, it has demonstrated its concern. However, concern is not enough when it does not lead to concrete solutions. The Lifeline proposal as advocated by Mass Fair Share—a very successful consumer group in my home State—is a viable answer to the problem of the elderly not being able to afford telephone service.

A telephone is literally a lifeline. A telephone call alerts the police or the fire department to an emergency. To senior citizens, who often live alone and have limited mobility, a phone provides a vital link to relatives, friends, stores, and doctors.

Yet, an inordinate number of our elderly citizens are unable to pay the cost of having a telephone for their use. Their meager monthly allotments barely cover food and housing expenses. Research has shown that there is a direct correlation between income and telephone availability. In Boston, 23.1 percent of all people below the poverty line are over 65 years old. It is the elderly who need telephone service the most and who are unable to afford it.

Mass Fair has seen this discrepancy, and its proposal, Lifeline, is designed to eliminate it. Lifeline is based on similar programs now in operation in California and Colorado.

Under Lifeline, people below a certain income level are able to receive telephone service at rates adjusted accordingly. For instance, the qualifying level for a person over 65 would be $4,683. The rates charged to qualifying consumers would be $2.50 for 30 calls a month with this proposal. Now, telephone rates are calculated as message units. For example, under message unit billing, a 30-minute call to Norwood from Boston costs $4.50, which is more than it costs to call New York City for the same period of time. This one call wipes out a consumer's allotment of 30 message units for a month. With Lifeline, one phone call would not be as costly and there would be no limit on the length of time allowed for local calls.

Lifeline proposals are to the economic advantage of phone companies in the long run as they will increase the number of telephone subscribers, hence long distance calls and other adjunct services.

Besides the obvious practicality of having a phone, for many senior citizens a phone provides a needed relief from isolation and boredom, and is frequently their only contact with the world outside. As Irving Rostow has pointed out in his book, "The Social Integration of the Aged," "the most significant problem of older people—is that of social integration." The telephone is a vital component in that process. Lifeline can provide the elderly with telephone service at attainable rates. Its adoption will be a major step toward giving the elderly the respect and attention they deserve.

COMMENDATION

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. LAGOMARSINO. Mr. Speaker, I would like to bring to the attention of my fellow colleagues the following commendation of Mr. D. R. Thompson, European representative of the California-Arizona Citrus League in Brussels. Mr. Thompson recently was honored by the Federal Republic of Germany with a citation and Bronze Medal for his assistance and cooperation with German officials in the Ministry of Food, Agriculture, and Forests relating to pesticides and their application to plant protection, and food laws.

The presentation was made in Bonn, Germany, to Mr. Thompson on September 10 by Dr. Kurt Petrich, Administrative Director, Ministry of Agriculture, in behalf of the Minister, Dr. Joseph Ertl, in the presence of Dr. Heinz Dress, Counsellor for Plant Protection Matters in the Ministry.

The citation in German reads as follows "Honoring D. R. Thompson for his Special Competence in the Science of Plant Protection—A Bronze Plaque" and signed personally by Dr. Ertl, Minister of Agriculture. The bronze plaque is 4 inches in diameter presented in a case with velvet background engraved "A Special Honor from the German Government Ministry of Food, Agriculture, and Forests."

It is understood that Mr. Thompson is the first American to have received this recognition, the five previous presentations having been made to outstanding European plant protection specialists.

Mr. Thompson is the European Representative of the California-Arizona Citrus League representing the interests of California and Arizona citrus growers in Europe engaged in the maintenance of market access for the traditional export shipments of oranges, lemons, and grapefruit from those areas. Because of diverse points of view by scientists and food law officials in various countries, many problems have arisen restricting world trade. The harmonization of such regulations and food laws as they affect exports of California-Arizona citrus fruits has required much attention by Mr. Thompson, and others. The League's Brussels office was established by Mr. Thompson in 1963 at which time his work began with agriculturalists and food officials throughout Western Europe and especially within the original six Common Market countries.

Because of the advanced stage of plant protection science in the Federal Republic of Germany, many of his activities were with food officials there. The exchange of information and the frank and understanding discussions supported by facts and with a recognition of the needs both of producer and consumer in the citrus business resulted in lasting benefits both to the United States and the Federal Republic of Germany.

Mr. Thompson has served the citrus industry in California-Arizona in various capacities for over 40 years having received a degree of Bachelor of Science in Chemical Engineering at the California Institute of Technology following which he joined Sunkist Growers in its processing division in Ontario, Calif. He is prominently identified with the citrus business in Europe.

SOVIET TREATMENT OF DISSENTERS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. CRANE. Mr. Speaker, in looking over the terms of the recent grain deal with the Soviet Union, I am concerned not only about the lack of a firm reciprocal agreement on oil, but also by the failure of U.S. negotiators to gain any concessions from the Soviet Union with regard to their treatment of Jews and dissenters.

While there are those who say that the way the Soviets deal with dissidents and/or those who wish to emigrate, is their business and nobody else's, there are also those of us who believe that it is strictly our business who we do business with and on what terms. There is nothing that says we have to sell grain to the Soviets or that we cannot insist on certain conditions for that sale. Then, it is up to the Soviets to decide how badly they want something from us; if they are really in need, then they will be willing to make some concessions.

As a matter of fact, now that the Helsinki accords have been signed, there is more reason than ever to ask that Soviet dissidents, such as Leonid Plyushch, be treated humanely, or at least be allowed to emigrate before being rendered permanently ill. At Helsinki, the Soviets agreed, in "Basket Three," to a freer flow of people and ideas inside the Iron Curtain, by asking that those who want to leave, be they Jewish or be they dissenters incarcerated in mental institutions, be allowed to do so, we would simply be testing the sincerity of the Soviet commitment.

If the concept of détent is to mean anything, such a test is more than justified. If the Soviets are really interested in an easing of tensions, they should recognize that it must include a meaningful commitment, on their part, to the idea of individual liberty. It should go without saying that a détente which is not based on freedom is a détente that is worthless.

I might also remind my colleagues that congressional insistence on better treatment for Soviet dissidents has a meaningful precedent in the language attached to the Trade Act of 1974—Public Law 93-618—calling for freer emigration of Jews from the Soviet Union. The fact that the Soviets later rejected the deal is all the more reason for insisting on concessions in this all important area of human liberty. After all, if their long term intention is to snuff out human liberty, as the record indicates, then why should we make it any easier for them to achieve their objective.

Mr. Speaker, I think it is time we stood up and were counted. Much as I want our free enterprise system to prosper to the greatest possible extent, that system is not enhanced if, for a short term monetary reward, we help open the doors for its eventual destruction. Ignoring what the Soviets are doing, whether

it be economically, politically, or militarily can be fatal and, from time to time, their intentions must be given the litmus test.

MAN OF ACTION

HON. CARL D. PERKINS

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. PERKINS. Mr. Speaker, one of the truly fine citizens of the Seventh Congressional District is J. Edward Maddox, assistant to the manager of Armco Steel's Ashland Works. He combines some rare qualities—modesty, leadership, and inspiration. A business publication under the direction of the Associated Industries of Kentucky has written an article about him and I believe the Members will enjoy reading it:

Maddox Helps Make Armco "Distinctively Different"

J. Edward Maddox is the sort of man who makes Armco Steel Corporation the sort of company it is. Yet, he is as distinctively different from the average company executive as Armco is different from the average company.

If this makes Ed Maddox, AIK Board Chairman and Assistant to the Manager of Armco's Ashland, Ky., plant, a paradox—that's what he is. Though modest and unassuming, he is also a leader of men who is an inspiration to his associates. His loyalty to the company and his concern for its employees reflects Armco's comprehensive employee relations program.

Lincolnesque is the best descriptive term for Ed (he's on a first-name basis with almost everyone in the Ashland plant) in both appearance and attitude. He's a native Kentuckian and some of his fellow employees have known him almost all of his life. Ed is the third generation of the Maddox family to work for Armco.

"The farm where I was born in Rosedale in Carter County is under water, covered by the Grayson Lake, but we moved to Ohio when I was five," Ed remembered. "We moved back to Kentucky later and I went to school in Ashland."

World War II was waiting for Ed when he graduated from high school. He entered the Air Corps Cadet School under its four-month radar training program. After receiving his commission, he was assigned to teach radar at air bases in the United States.

When he was discharged from the service, Ed decided to study electrical engineering at the University of Kentucky. It was here that he met and married his first wife, Dorothy Pratt. After three years of college and the arrival of their daughter, Carol, he decided to go home to Ashland and go to work at Armco.

"It was during that recession following World War II and the G.I. Bill was paying veterans in college only $75.00 a month," said Ed. "I intended to go back and finish my education, but I've been so busy here that I never got the chance to do it.

"They made me the training coordinator for the apprentice program and I had 80 to 100 apprentices to supervise. Then when Armco adopted its Employee Suggestion Program, I became the company's first 'Suggestion Coordinator' in 1948. That program has paid out a lot of money to employees, but it has been worth millions of dollars in new ideas to the company. It is so valuable that it's now considered a regular part of doing business."

Ed's hands were busy as he talked, squeezing a rubber grip exerciser that was almost lost in his large hands. When asked about its purpose, he laughingly explained that he was improving his golf stroke.

"I play golf in the duffer class and I've been told that a firmer grip would take a few strokes off my score. It might even raise my score at target shooting."

His church work and numerous civic activities don't allow him much time for hobbies. Ed is a lay leader in the Methodist Church and he teaches an adult class in the church school. He is a past president of the Ashland Kiwanis Club, past president of the Boyd County Community Chest, member of the Ashland Chamber of Commerce and he is also past chairman and a trustee of Blue Cross & Blue Shield of Kentucky.

As a trustee of Kentucky Weslyan College and a member of the advisory board of Ashland Community College, Ed maintains a keen interest in education. He is encouraged by the return of young people to the church.

"They are looking for strong moral direction," he said, "and I think the hope of our world depends on their attaining a new level of morality."

On the job, the full range of personnel matters—from labor relations to the employee credit union—require Ed's full attention. He is in charge of all personnel and community relations. This even includes the training and maintenance of a combination police and fire department of 37 people and the supervision of a plant hospital.

Despite his full schedule, on and off the job, Ed finds time to ponder the course of government and business. As a conservative thinker, he is deeply concerned over the increasing cost of environmental protection regulations. He feels that the cost of compliance may price many U.S. products—steel among them—out of the world markets.

As 1975 AIK Chairman, Ed Maddox is making a solid and valuable contribution to Kentucky's and the nation's industrial progress.

As to his future, Ed's modest goal is "if the good Lord is willing, I'll work here at Armco until I retire in Ashland with my wife, Lee Royce." There's no place like Armco, Ashland and Kentucky for Ed Maddox.

AMERICAN CIVIL LIBERTIES UNION OPPOSES H.R. 8713, THE ILLEGAL ALIEN LEGISLATION

HON. HERMAN BADILLO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. BADILLO. Mr. Speaker, I would like to insert into the record an important correspondence I received from the American Civil Liberties Union expressing the organization's opposition to H.R. 8713, the illegal alien legislation reported out of the Judiciary Committee recently. I hope that all Members will take heed of this important advice from the ACLU:

American Civil Liberties Union,
New York, N.Y., October 2, 1975.

Hon. Herman Badillo,
U.S. House of Representatives,
Washington, D.C.

Dear Congressman Badillo: I write to express the views of the American Civil Liberties Union on H.R. 8713. We oppose this legislation as we oppose any effort to force employers to act as de facto agents of the Immigration and Naturalization Service. This would be the effect of the imposition of criminal sanctions on employers who knowingly employ or refer for employment aliens not legally authorized to work.

A likely consequence of H.R. 8713 is employer discrimination against persons of Mexican ancestry and others whose racial characteristics make employers doubtful as to whether they are Americans. In some instances, employers will rely on this legislation as an excuse for evading their responsibility to provide equal employment opportunities. In other instances, employers who do not want to discriminate will feel obliged to do so in order to protect themselves against criminal prosecution.

Many persons who are legally authorized to work do not have the necessary documents to prove their legal status. In many other instances, the matter of legal status may be open to dispute. The prudent employer, faced with the possibility of criminal sanctions, will resolve these cases against persons who cannot absolutely demonstrate their legal right to work. Even where applicants for employment possess the necessary legal papers, employers may suspect fraud or may say they suspect fraud. The result will be racial discrimination.

The sanctions in H.R. 8713 also apply to employers who "continue to employ" illegal aliens. The effect would be to require employers to examine their present employees and require the employees to prove their right to continue working. Those who cannot supply the requisite proof, even though they might be legally entitled to work, would face dismissal within ninety days after the effective date of this legislation. Again, the employers' need to protect themselves against criminal penalties would force this result.

The American Civil Liberties Union urges you to continue your opposition to this legislation.

Sincerely,

Aryeh Neier.

CONSUMER PROTECTION AGENCY

HON. CARDISS COLLINS

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mrs. COLLINS of Illinois. Mr. Speaker, recently the Chicago Sun-Times printed an editorial in support of the establishment of an Agency for Consumer Protection. The House will be considering H.R. 7575, which would establish such an agency, in the very near future. As a cosponsor of H.R. 7575, I am putting this editorial in the Record so that Members of the House will understand the need for the enactment of this legislation:

[From the Chicago Sun-Times Editorials, June 23, 1975]

Improved Consumer Bill

A five-year fight to give consumers a voice before the courts and federal agencies in matters that affect them is nearing an end. The House of Representatives is expected to approve Senate-passed legislation that would set up the Agency for Consumer Advocacy as a watchdog in areas where the public has little clout.

The concept of consumer protection is a solid one for many good reasons. The American economy is a huge, complex system that pours out a bewildering array of goods and services for public consumption and use.

Nearly all economic sectors have their interests represented by lobbies, some of which are incredibly powerful. The most important segment—the consumers—is not equally represented in the corridors of power.

In many instances, consumers suffer injury and economic harm. And regulatory agencies have failed to protect consumers sufficiently. Thus the need for some new form of advocacy and promotion of consumer interests.

The Senate legislation, S. 200, has many good points but also several glaring escape holes for special interests. It also lacks proper protection for those subjected to agency action. We believe the House should rectify the unfortunate exclusion of firearms, labor-management relations and farm price supports if the bill is to be fair to all.

The provisions under which the new agency will command information from the private sector also should provide greater relief and protection for those subject to complaint. They should not be subject to "fishing expeditions;" nor should they have to shoulder undue burdens, either in cost or responsibility, while complaints are under review.

THE WORLD'S POLITICAL PRISONERS

HON. PAUL N. McCLOSKEY, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. McCLOSKEY. Mr. Speaker, several days ago a very fine humanitarian organization, Amnesty International, called, for worldwide reflection and condemnation of torture inflicted on political dissidents and political prisoners.

Ginetta Sagan, one of the founders of Amnesty International, resides in my congressional district, and she suffered severely as a prisoner of the Germans in World War II. She has devoted much of her life to fighting repression and seeking better treatment for political prisoners. The Washington Post's editorial of Thursday, October 16, recognized both her service and Amnesty International's work and I commend it to our colleagues as deserving of our continuing consideration.

The article follows:

THE WORLD'S POLITICAL PRISONERS

Reports from Spain tell of continuing violence between the Franco government and some Basque terrorists. But separate from the issue of this violence is the government's often brutal style of dealing with political dissent. A recent investigation by Amnesty International said that a "veritable" rampage of repression, intimidation and torture" is being inflicted upon the Basque separatists. Evidence was found that some 250 Basques suffered prolonged torture during Spain's state of emergency from April 25 to July 25.

Aside from the feelings of revulsion that these tactics arouse among those who value civil liberties, the political repressions in Spain are also topical because October 12–19 is prisoner of conscience week. The sponsoring Amnesty International uses this occasion every year to call special attention to the many thousands of political prisoners around the world. At the moment, this respected human rights organization has 3,600 prisoners under "adoption," a term that signifies Amnesty's work to secure the freedom of those being punished solely for the "crime" of their ideas, religion or race. In 14 years, more than 13,000 political prisoners have been released through the help of Amnesty.

The work of Amnesty is valuable and needed, but oddly many people see political imprisonment and torture as one of those unpleasant 20th century realities that is too large or widespread to do much about. Thus, it is concluded that a lone citizen cannot do much about a man condemned to a Soviet labor camp, or a woman in a Chilean prison or a poet in a Singapore jail. Even to express that defeatist view, however, is to play into the hands of governments that believe in political repression, for it means that they can do their inhumane work in the dark shadows without regard for public opinion. On countless occasions, released prisoners have told Amnesty officials that it was the pressure of public opinion—expressed in letters, appeals and other intercessions to offending governments—that led to their release. A prisoner freed from a Saigon jail a few years ago wrote that "we could always tell when international protests were taking place . . . the food rations increased and the beatings got less . . . letters from abroad were translated and passed from cell to cell . . . but when the letters stopped, the dirty food and repression started again."

Ginetta Sagan, the chairperson of Amnesty International's western region advisory board and a brave woman who worked in the underground in Italy in World War II and learned firsthand what it is to be a victim of political repression, says that "far from decreasing torture, cruel treatment and degrading punishment have been on the rise" in past years. During the next few days, Amnesty will be making an effort to publicize the conditions being endured by political prisoners. With chapters in many American cities and towns—including Washington—this organization deserves the support of all those who share a simple belief that governments should not oppress, maim or imprison their political opponents.

CONGRESS MUST CONTROL SPIRALING U.S. ARMS SALES

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. DRINAN. Mr. Speaker, one of the most dangerous and destabilizing international developments of the past several years has been the massive increase in American sales of highly sophisticated military weapons to foreign nations. The value of these sales has risen from $3.9 billion in fiscal 1973 to a staggering $9.5 billion in fiscal 1975, accounting for nearly 10 percent of the value of all American exports.

Through a series of amendments to the Foreign Military Sales Act, Congress has taken the first step toward controlling this unprecedented influx of deadly weapons into the most volatile regions of the world. The continued growth of arms sales and the infrequency with which the act has been applied, however, clearly indicate that further measures to increase legislative oversight are necessary. I have introduced two bills which would help to achieve this goal. H.R. 3213 would provide for congressional review of sales by private firms, applying to these transactions the same mechanism for congressional disapproval which currently applies only to sales through the Department of Defense. H.R. 5659 would extend the coverage of the Foreign Military Sales Act to all arms sales, removing the current requirement that their value exceed $25 million and insuring that Congress will have an adequate opportunity to review all sales.

I urge my colleagues to consider these and other measures to increase legislative scrutiny of the administration's apparent desire to make the United States the arms merchant to the world. It is for that reason that I commend to their attention the following article on "The Boom in the Death Business," by Emma Rothschild, which appeared in the October 2, 1975 edition of the New York Review of Books. In reviewing three recent books on this subject, Ms. Rothschild summarizes the virtually uncontrolled and unprecedented increase in the arms trade. She also points out the pervasive corruption within the industry, reminding us of Secretary of Defense Schlesinger's recent remark that revelations of corruption by the Northrop Corp. are probably only the "tip of the iceberg" of such activities. Congress must act to increase its control of this ominous situation.

The article follows:

THE BOOM IN THE DEATH BUSINESS

The newest increase in the arms trade is said to have amazed even the Department of Defense. Announcing recently that U.S. foreign military sales were worth $9.5 billion in the 1975 fiscal year, the Defense Department described the pleasant news as "unexpected." In 1973, these U.S. sales were worth some $3.9 billion. The entire value of the world's arms trade was $9.2 billion in 1973, according to the U.S. Arms Control and Disarmament Agency, and only $5.8 billion in 1970. "Foreign military sales" (from aircraft and missiles to howitzers and military "support services") are now worth almost a tenth of the value of all U.S. exports, overshadowing the other stars of American foreign trade. In measuring sales for 1975, the Defense Department counted orders made during the year, rather than deliveries of weapons.[1] But $9.5 billion is twice the value of all U.S. wheat exports, and three times the value of exports of computers.

The most lucrative corner of this boom market is, notoriously, the Persian Gulf. Three countries, Iran, Kuwait, and Saudi Arabia, bought close to half of all U.S. military exports. In the fastest arms race in history, these countries spent more money last year to buy American armaments alone than they paid for all their arms imports in the twenty years before 1973. Of course, a billion dollars buys a lot less bang than in the 1950s and 1960s, what with inflation and hard times. But four billion dollars a year is still worth a fighter squadron or so; Iran has ordered several squadrons of the supersonic F–14A fighter, only two years in service with the U.S. Air Force. Meanwhile, the United States' competitors in the arms trade, France and the Soviet Union, are also active, having sold some billion and a half dollars' worth of arms apiece, last year, to the Persian Gulf Countries.[2]

The rearmament boom extends beyond the Middle East. It is not simply a spree by the prosperous oil exporting countries, not just another Iranian extravaganza. All continents are involved, and many different developing countries. Of the US sales that the Defense Department lists for 1975, some two thirds are to developing countries, including the oil exporting countries. Latin America, for example—until recently relatively parsi-

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monious and "unsophisticated" in its local arms race—has increased its imports of US arms particularly fast in the last three years.

The arms bonanza may be the sign of a lasting change in the world arms economy. It may mark the beginning of a long expansion in US arms exports to developing countries. Such an expansion would be perhaps the most dangerous of all the recent changes in the world economy. It would certainly be the change which is least amenable to political and public control. Few seem to realize that the arms sold by US and European companies are often resold after they arrive in the country that buys them. Iran exports US fighter planes to Ethiopia and to Jordan with US government approval. Jordan sells its British "Tigercat" air defense system to a Liechtenstein corporation, for shipment to South Africa, while seeking military aid from the US.

For the United States, there have for many years been political reasons to export weapons, and these reasons are invoked to justify the present boom. Iran, it is suggested, will be tied ever more intimately to the United States by its dependence on US arms and expertise, and above all by its need to buy spare parts for American planes.

The political rationale may now be reinforced by economic pressures. Military exports are increasingly important to the US economy. One reason has to do with the balance of payments, since arms exports improve the US trade balance in general and the balance with oil exporting countries in particular. A second reason is industrial: arms exports to places other than Southeast Asia may become more and more useful for the US aerospace industry now that arms shipments to Indochina are finished.

The economic pressure on U.S. companies to export has in fact been illuminated in exhaustive detail in recent congressional investigations of corporate payoffs and of the use of foreign sales agents. The most comprehensive was a study of the Northrop corporation, one of the largest exporters of military aircraft, and a company that concentrates with particular effort on developing countries. Northrop was also, of course, one of the corporations that made illegal contributions to President Nixon's re-election campaign. The hundreds of pages of Northrop documents made public by the multinationals subcommittee of the Senate Foreign Relations Committee provide an unprecedented view of the economic reasons that lead aerospace companies to export; as well as of the small incidents—the briefings, the retired generals wandering around Switzerland with $600,000 in currency—that added up to export promotion for one particular company.

The arms trade is carried on in secret: since the first armaments conference held by the League of Nations in Geneva in 1925, reformers have believed that if more were known about arms exports the arms trade could be controlled. One of the few reliable sources of information about the recent arms trade, and about world military expenditure, is the Stockholm International Peace Research Institute (SIPRI). The Institute was set up in 1966 by the Swedish government (to commemorate 150 years of uninterrupted peace, the SIPRI publications explain). It has published studies of the arms trade, nuclear proliferation, chemical and biological warfare. Each year it produces a yearbook and a "register" of arms sales. To an important extent, SIPRI provides the kind of information that the idealists of 1925 called for, and that the League of Nations itself published in its Armaments Yearbooks between 1924 and 1939. SIPRI studies hundreds of newspapers and thousands of government press releases, analyzes *Jane's Fighting Ships*, reconstructs the hidden statistics of the Soviet arms industry.

The Arms Trade with the Third World, published by SIPRI in 1971, is of particular interest now. It provides an important history of the commerce in arms; it also explains the economic forces which encourage the present multiplication of the arms trade. Barnaby and Huisken's *Arms Uncontrolled* uses this arms trade study in a wider examination of the world arms race.

(SIPRI has this year published the 1971 study in an abridged version, which is unfortunately much less valuable than the original: it leaves out most of the history of the arms trade with Iran and Saudi Arabia, for example, as well as a considerable part of the discussion of the "economic pressures to export," and it dispenses with the more anecdotal sections of the study—for example, with Paul Warnke explaining as assistant secretary of defense that "We're selling security not soap chips.")[3]

The study distinguishes two main patterns of arms exporting among the developed countries which account for almost all the world commerce in arms. Some countries export arms for "hegemonic" reasons, i.e., to extend political influence, and others for reasons that are more or less "industrial." Two countries, the United States and the Soviet Union, export arms for largely political purposes. The Soviet Union, as the SIPRI studies show, in the 1960s and early 1970s exported considerably more major weapons to developing countries than did the United States, and was by far the leading supplier of arms to the Middle East, mainly to Egypt, Syria, and Iraq.

The other exporting countries, and above all France and Britain, sell arms in large part for economic reasons having to do with the needs of their own arms industries. They could not maintain an advanced defense industry without exporting as much as a fourth of the armaments they produce. They must export in order to pay for military research and development, and to achieve the benefits of long production runs.

Both France and Britain of course also have political reasons for sustaining a domestic defense industry. But the pressure to export has its own momentum. The commerce in arms is self-reinforcing, as the SIPRI studies show. French companies design aircraft specifically for the "developing world" market; the French military is directed to request for its own use those weapons which might profitably be exported. By far the most important pressure on the French is to maintain full employment. Export orders keep the companies and workers in the aerospace industry occupied when there are lulls in work on domestic orders. The benefits of exporting become an urgent issue in domestic politics.

The case of France, which recently replaced Britain as the third largest exporter of arms, after the U.S. and the Soviet Union, illustrates clearly the export momentum. The French began to expand their arms trade most diligently in the 1950s after they retreated from Indochina and from the responsibilities of procuring weapons for colonial wars. The value of their exports quadrupled between the mid-1960s and 1972, and doubled again in the recent boom: export orders are now worth almost $5 billion. Their defense industry employs 270,000 people, or more than almost any other French industry: its fate is critical to the national economy. The US now sells planes to Iran two years after they are first flown, but in France outraged military officers have recently accused the government of selling advanced tank technology in the Middle East even before it is used in the service of the French Republic.

In the recent spring selling season, the French government welcomed some seventy national delegations to its Le Bourget airshow. Its indigenous specialty is in arms for developing countries. (France competed unsuccessfully with the US, earlier this year, to supply advanced fighters to Belgium and other small NATO countries; it now tries harder in the developing world, even to the extent of revising its long policy of supplying arms to South Africa.) Customers from Africa to Israel inspected the French offerings. After the airshow, most of the delegations repaired to another government-sponsored pageant, at the Satory exposition of land-based armaments. There they considered more than 600 different weapons and watched promotional maneuvers: the shows were reported to include demonstrations of a training device called an "atomic explosion simulator" to be used in war games, where its 300-foot mushroom cloud of smoke mimics the effect of detonating a tactical nuclear weapon.

The recent expansion in US arms sales suggests peculiarly important questions about the economics of the arms trade. Are US arms exports likely to continue to increase? To what extent do the inherent pressures to export that determine French policy also apply to the US defense industry? Of course, the US defense budget of $90 billion or more per year is still uniquely suited to support an indigenous industry. But the US industry now exports considerably more than the 5 percent of its total production that it sold abroad in the 1960s, and the foreign exchange benefits to the US economy are correspondingly greater.

The U.S. may, in the SIPRI researchers' terms, expect that "industrial" reasons to export will be more intense. For one thing, increased exports allow aerospace companies to expand without inflationary and often unpopular increases in domestic military buying. Iran and Saudi Arabia now pay the research and development costs for certain U.S. weapons. Just as the recent expansion in U.S. food exports allowed the Nixon Administration to abolish many domestic farm support programs, so arms exports remove some of the pressure from the domestic military budget.

The U.S. defense industries experienced a serious depression in 1970, after military procurement was cut back for Vietnam. They recovered in part because of increased foreign sales. This expansion was the industrial expression of the Nixon Doctrine, whereby the United States, instead of exporting armies and pilots, exports bombers and fighters to be flown by foreign pilots. The SIPRI studies note the origins of this doctrine in Defense Secretary Clark Clifford's famous calculation that an Asian soldier is worth one-fifteenth as much as an American soldier. They also discuss the technology of the Nixon Doctrine in fascinating detail: the "automated battlefield" (the phrase is General Westmoreland's from 1969) and such innovations as the Remotely Piloted Vehicle, or RPV, a pilotless plane which needs no "man-rated equipment," costs less than half a million dollars, and which, Barnaby and Huisken write, prefigures a "coming generation of expendable RPV's"—at last, the throwaway aircraft.

The rising importance of arms exports can be seen clearly in U.S. trade with Latin America. U.S. exports of technologically advanced arms to Latin America were limited by Congress in the 1960s. The Johnson Administration's Latin American policy also favored economic development over military spending, and spending for counterinsurgency over a high technology arms race. Several Latin American countries subsequently bought advanced weapons from France and Britain. But in 1971, both arms imports into Latin America and the U.S. share of these imports again began to in-

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crease. U.S. military sales to the region were worth eight times as much in 1974 as in 1970. In June 1973, President Nixon waived the restriction on "technologically sophisticated" exports to Latin America to allow the sale of the F–5E, a supersonic fighter made by the Northrop corporation; since then, Brazil, Peru, and Chile have ordered the plane.

In these changes in US policy, there is at least a shadow of what has happened in France and Britain: above all, the political pressures not to cause unemployment by restricting arms exports. If we consider the US defense industry as a whole, these sales do not make a great economic difference. But some of the poorest aerospace companies depend importantly upon exports (Lockheed, for example, which has been compensating for depressed sales of commercial aircraft by exporting its C–130 Hercules transport planes), as do some of the richest, such as Northrop.

The "Northrop documents" made public by the Senate's multinationals subcommittee provided an extraordinary vision of the expansion in US arms exports—a view from the eye of the chief executive. The documents were compiled by the accounting firm of Ernst and Ernst as part of a "special investigation" required during the recent Securities and Exchange Commission inquiry into corporate accounting for payments to foreign agents. They include several hundred pages of company letters and memoranda, many composed by Mr. Thomas Jones, the corporation's president.[4]

Early in the investigation, Mr. Jones explained the history of the company to the accountants. In the 1950s they "were having a real problem making a profit and making a go of it . . . at this time the basic premise at Northrop was that they should adopt a very 'hands off' relationship as regards political matters. . . . [By 1961] they felt that they almost had to go overseas for business, inasmuch as they were not getting what they considered their fair share in the US, because of their 'honest pricing' policy."

As their foreign business increased, their hopes became more elaborate. They designed aircraft for overseas markets. By 1968, Jones wrote of a proposed fighter plane that was "defined" to satisfy several foreign countries, much as "Boeing, for example, may talk to as many as twenty or thirty airlines over a period of years." The company's efforts to promote exports were ever more grandiose. Thus Jones, in the same 1968 memorandum, proposed that the Shah of Iran might use the opportunity of a forth-coming state visit by the West German chancellor to explain the virtues of the new Boeing-like multinational plane, then known as the P–530.

"It is terribly important," Jones wrote, "that we take advantage of this opportunity to have His Majesty mention to the Chancellor his concern about the equipment problems of the future and his feelings about Northrop and the 530 solution. It is important that he tell the Chancellor of his conversation with the President [of the United States]. . . . You can see that if His Majesty will tell this to the Chancellor it will indicate clearly that Nitze's letter to Northrop [Paul H. Nitze, then deputy secretary of defense, who had written to Jones to tell him that the Defense Department would pay part of the development costs of the new plane] was not intended to set up a self-serving U.S. venture, a venture that would compete with other countries, but quite the opposite. It will make clear that . . . the U.S. is placing itself at the disposal of its Allies and providing the practical means of doing it in terms of a product which is already defined."

(The Shah's reaction to these suggestions is not recorded. Jones's intermediary, to whom the memorandum was dispatched, was Kermit Roosevelt, a Northrop consultant. Mr. Roosevelt has recently explained on British television his role as the senior CIA agent in the coup that overthrew Mossadeq in 1953 and restored the Shah to power. His letters to Northrop executives made public with the other company documents mention conversations with, for example, "a friend in my old place of employment." Mr. Roosevelt is only one of many former government and intelligence employees who have found work with the arms companies; many colonels and generals have retired to jobs in their offices.)

Northrop's ventures in bribery and influence are sometimes ingenuous. When trying to hire European dignitaries as consultants, such as the late General Paul Stehlin of the French air force, they follow Lockheed's contacts, and even its contracts. At one point, the company became involved with the West German company Siemens and several other American and Japanese firms in forming a consortium to provide telecommunications services in Iran. Siemens proposed "somewhere along the line," that the companies in the consortium each pay more than a million dollars in cash for "commissions or fees" into a Swiss bank account.

As a Northrop financial controller explained to the Ernst and Ernst accountants, "There was no assurance that Siemens, which controlled the account, used the cash for the announced purpose and clearly no evidence that the funds were used to bribe any public officials. For that matter, [he] does not assume that Siemens did anything other than pocket the money. . . ." All the same, Northrop went along with the scheme of the worldly Europeans: "they having been in business [in Iran] for many, many years prior to this date," as a Northrop attorney observed.

A retired air force officer and Northrop vice president—a "West Point All-American," the Northrop controller adds—was chosen to travel with the money. He appears to have visited Switzerland twice, once to hand out cash to unknown persons in a hotel room, and once to open a bank account. The accountants add that he is "a retired lieutenant colonel in the Air Force and . . . a straightforward individual. In fact, he even wired the number of the Swiss bank account to the members of the consortium, which is a violation of Swiss law. . . ."

The Northrop documents also contain detailed discussions of arms exports to Latin America. In 1965, the Northrop executives were perturbed about the US government's refusal to restrict aircraft sales to Latin America. They continually reminded US officials—the emissary here was another retired air force man, a General Timberlake—that British and French firms were active in the region, and of the ominous appearance in Caracas of a British commercial attaché "specialist in aircraft business."

Their efforts were unsuccessful. But the discussions do provide a peculiar view of the Defense Department's policy of arms export restrictions in the mid-1960s. Thus the disappointed Northrop executives were told in 1965 by Assistant Secretary of Defense John McNaughton that "possibly by 1970 after . . . the economic and educational status of these countries had progressed, that the US policy might be relaxed somewhat." The same prospect is mentioned by the Northrop executives as vouched for by "an intelligence service in Brazil," and is confirmed to them by a major general from the office of the Joint Chiefs of Staff. This optimism suggests that the Defense Department may have been concerned as early as 1965 with the prospects for military sales after the Vietnam procurement boom.

By 1973, the executives were much more enthusiastic and were renewing their contracts with Brazilian sales consultants. In March 1973, Mr. Jones describes the chances for selling the new, sophisticated F–SE fighter in Brazil as "especially promising." In June of that year, President Nixon ended the restriction on sales of the F–SE to Latin America, and since then some eighty of the fighters have been ordered by Latin American countries.

The effort of US officials to promote sales of the F–5E is only one of the interesting subjects suggested in the Northrop documents. President Nixon's agreement to exports of the plane followed Northrop's substantial campaign contributions; three months earlier, in March 1973, Mr. Jones wrote to Kermit Roosevelt that "we were briefed by Dr. Kissinger, Shultz and Ehrlichman. Interesting. . . ." The 1975 SIPRI Yearbook describes the F–5E as a "poor man's weapon," and lists orders by developing countries for more than 500 of the planes: the fighter is a pure instance of the new arms boom. It is exported by the US to Jordan, produced under Northrop's licenses in Taiwan and Brazil, and sold by Iran to Ethiopia.

There is something dismally familiar about the recent history of the arms trade. American and European arms companies bustle about their business much as they did in the 1960s, or in the 1930s. As in the 1930s, reformers demand information, truth, and public control. Even the details of exporting are the same. In 1936 the British disarmament expert Philip Noel Baker published a study of the *Private Manufacture of Armaments* that described the ways in which governments subsidize arms exports; it had much to say on the arms race in Latin America, bribery and influence, investigations of the arms industry in the U.S. Senate, sales trips to Chile and Peru by executives of the Curtiss aircraft corporation.

But the fact that reformers and politicians have tried for so long to control the arms trade should not dissuade modern legislators from new efforts. Indeed, the endeavor to limit arms exports is now more urgent than it has been at any time since the 1930s.

The US Congress last December passed an amendment sponsored by Senator Gaylord Nelson (D-Wisconsin) which allowed Congress the right of veto over weapons sales worth more than $25 million either in cash or in government credit. Nelson has this year introduced further legislation to give Congress longer time to consider such a veto, and to require detailed reports to Congress when US arms sales to any country exceed $50 million in a year. With other senators and representatives, Nelson has also proposed broader legislation designed to "give Congress an opportunity to evaluate in advance and set guidelines for the US foreign military sales program." Representative Les Aspin (D-Wisconsin) has suggested that an annual budget be set for foreign military sales, and that sales be accompanied by an "arms sales impact statement."

The effort of studying these reports is arduous for legislators and their staffs, and Nelson's amendment has only been used so far in the case of missile sales to Jordan. Yet the restrictions which Congress imposed in the 1960s on arms sales to Latin America worked well for five years or so; the new legislation to be considered this year could be even stronger in its effects.

Congressional action is particularly important now precisely because the United States is beginning a major new increase in arms exports. It is doing so at a time when the US is under some of the same economic and industrial pressures to export—expressed by the Washington activities of the arms industries—that have made France a $5 billion profiteer of war. In two years the effort to control arms exports will be that much more difficult: as the momentum of these exports speeds up, the compulsion to sustain markets, to earn more foreign exchange and maintain employment in Northrop's export factories will be much harder to resist.

Footnotes at end of article.

Some questions about the arms trade are asked only in low, careful voices. The most solemn of these is whether the race to buy and sell conventional armaments causes war. The Department of Defense itself is sensitive to this question. Announcing the recent increase in foreign military sales to a value of $9 billion, it observed that a third of all export sales are for military "support"—e.g., constructing roads and airfields—and therefore might provide an indirect economic benefit by promoting development. Yet no one in the long history of weapons sales has any experience of an arms race on the scale now continuing in the Persian Gulf, and of the ways in which this bonanza may lead to war. In Latin America, certainly, the arms race of the 1920s and 1930s was accompanied by small wars. There have been more than a hundred large and small wars in developing countries since 1945, according to studies cited by the SIPRI researchers, most of them accompanied by coups and poverty and repression.

The reformers of the 1920s believed that the increase in arms buying between 1909 and 1914 led to the First World War. It was this conviction that forced them to efforts that were ever more hopeful and more doomed. Their fears are now considered simplistic. But their efforts failed only with further war. The newest increase in the arms trade is as sudden and as unconsidered as any since 1914: a precedent which should be an impetus to reformers in 1975 and 1976.

FOOTNOTES

[1] These measurements are quite loose. Thus, the Defense Department has until recently counted the value of foreign military sales orders in the 1974 fiscal year as $8.263 billion. But in a statement described as "final," prepared on August 26, 1975, the Defense Security Assistance Agency Comptroller notes that the value of these sales orders was $10.809 billion. Most of the $2.5 billion "increase" is accounted for by an increase in the value of sales to Saudi Arabia from $588 million in the original count to $2.539 billion in the final version.

[2] See *The Defense Monitor,* May 1975, Center for Defense Information, Washington, D.C.

[3] The original study, distributed in the United States by Humanities Press, is still in print.

[4] The documents were made public at the time of the subcommittee's hearings on Northrop, in June 1975. The record of the hearings will be published by the subcommittee.

PERSONAL EXPLANATION

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. MAZZOLI. Mr. Speaker, on October 28, when the House voted on the final passage of H.R. 8835, the Truth in Leasing amendments—rollcall No. 643—I was unavoidably absent.

At the time the vote was cast I was offering testimony before the Senate Judiciary Committee concerning the various resolutions pending before that panel pertaining to the issue of court ordered busing of schoolchildren.

Had I been present during rollcall No. 643, I would have voted "yea".

NEW ENGLAND REGIONAL POWER AND ENVIRONMENTAL PROTECTION AGENCY

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. HARRINGTON. Mr. Speaker, I am today reintroducing legislation to create a New England Regional Power and Environmental Protection Agency. The bill is similar to legislation introduced in the 92d and 93d Congresses.

In the 3 years since the bill was first introduced, the need for a centralized, publicly owned entity to coordinate New England's electric power growth has become more acute.

There have been fundamental changes in the electric utility industry. Most obvious to the consumer has been the skyrocketing cost of utility fuel. Residual oil, on which New England is primarily dependent, has risen more than 600 percent since the early 1970's. Coal and other fuels have risen as well.

Perhaps more significant has been the increase in the capital costs of new powerplants. The construction costs of nuclear powerplants has risen from about $125 for each installed kilowatt to over $700 for plants now being planned. A single new powerplant now costs in the range of $1 billion.

New England is the only region of the country in which almost all the powerplants are privately financed and operated. Because the cost of private financing is far higher than the cost of public financing, New England suffers with higher rates than the rest of the country. However, the tremendous increase in the capital costs of new plants has exacerbated the situation. Massachusetts now has the second highest electric bills in the Nation, after New York; and the other New England States have among the highest bills in the country.

TVA, Bonneville, the Southeastern and Southwestern Power Authorities, and the Bureau of Reclamation's power projects in the Midwest have provided consumers in every other major region of the country with low-cost reliable power. Only New England is lacking a Federal power system.

New England has also suffered because of the fragmented nature of its utility structure. There are over 140 separate utility companies in the six-State region. Each maintains its own transmission and distribution network. Each prepares its own load forecasts.

The region's utilities have joined together to form the New England Power Pool, but this voluntary arrangement does not take the place of a unified single system for New England—which is about the size of TVA or the American Electric Power System.

By centralizing planning, siting, purchasing, and construction, the regional agency will be able to achieve significant efficiencies and economies of scale.

But there are more fundamental reasons for the creation of a publicly owned entity in New England.

Private utilities, because of the manner in which their rates are set, have a built-in incentive to encourage increased use of power. The amount of profit they can make is directly proportional to the amount of money invested in new powerplants.

Therefore, they have an incentive to promote increased demand, thereby creating the need for more investment. In addition, there is a built-in incentive to construct capital-intensive plants and to refrain from purchasing excess power from other utilities.

A public agency, on the other hand, would not be concerned with the need to maximize investment. Rather, it would have an interest in keeping investment costs as low as possible, thereby avoiding costly financing.

In addition, a public agency would provide much needed public input into utility planning and decisionmaking. Under the present system, almost all important decisions regarding demand, fuel choice, and siting are made in private by the utility companies. Only once the decisions have been made are they submitted to various regulatory agencies for approval.

The regulatory agencies, understaffed and underfinanced, are in no position to substantially challenge the decision already made and justified by an army of lawyers, accountants, and engineers.

The legislation I am introducing provides for public input and involvement before the final decisions as to siting and fuel choice are made. There is a requirement that a master plan be developed by the agency after completion of public hearings. In addition, all meetings and documents of the agency must be made available for public participation and inspection.

The manner in which we supply our future electric power needs will, to a large degree, influence the economic future of the region as well as the lifestyle of its people. If we continue to rely on the private sector to supply our needs, we will never be able to effectively compete with other regions of the country which have a greater concentration of public power.

Nor is there a sufficient likelihood that New England will have as efficient and environmentally sound system as it needs. There is an understandable cynicism concerning the ability of government to perform up to expectation. Too many promises have been broken and claims undelivered.

But the performance of the public utility sector has been excellent. Moreover, the private sector, especially in New England, has not distinguished itself in its performance.

Fifty years ago, the Nation debated whether its abundant hydroelectric potential ought to be publicly developed or given to corporate interests for private exploitation. The result of that debate was the creation of the Tennessee Valley Authority and the Bonneville Power Authority.

New England does not have a Tennessee or Columbia River to develop, but, according to the Federal Power Commission, less than one-third of its potential hydroelectric potential has been developed. In addition, technologies for harnessing the power of the Sun, tides, and wind are now being developed. All of these are potentially major sources of clean power for New England.

Apart from the public development of new energy sources, a New England Regional Power Authority would free the region from dependence on private corporations and their investors. With the skyrocketing cost of private capital the savings to regional consumers and businesses is significant.

The New England States themselves have shown a renewed interest in public power. An initiative petition to create a Massachusetts Power Authority will appear on the 1976 ballot. And a renewed effort is underway for a Maine Power Authority.

From an engineering and economic standpoint, it makes far more sense to approach New England's energy needs from a regional perspective. It is my hope that the Congress will begin to give consideration to the need for the establishment of a single integrated publicly owned agency to provide for New England's future power needs.

STATE SUPPORT OF THE ARTS

HON. JOHN BRADEMAS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. BRADEMAS. Mr. Speaker, the National Governors' Conference meeting in New Orleans, La., in June of this year, adopted a resolution recognizing the need for increased State support of the arts.

As we consider renewing Federal support of the arts this year, I think that we could all benefit from the thoughts of the State Governors on State action. At this point, I would like to insert the resolution of the National Governors' Conference in the Record.

Resolution of National Governors' Conference

The following resolution was adopted by the National Governors' Conference in New Orleans, Louisiana, in June 1975. The resolution was introduced by Utah Governor Calvin L. Rampton.

ARTS AND CULTURE

The arts and a vital cultural atmosphere are directly responsible for creating a way of life which leads to human fulfillment and enables man to cope with the dynamics of change.

The improvement of the condition of the performing and visual arts calls for a concerted effort on the part of all Americans.

Recent polls indicate not only that potential support of the arts by individual Americans has never been greater but also that a vast majority supports additional public funding for the arts.

The National Governors' Conference urges that the following principles be used as guidelines for state action:

1. State governments should recognize the arts as requirements for increasing the quality of life in America and work to provide all their citizens with additional artistic and cultural experiences.
2. States should be encouraged to pledge increased support to state arts agencies in their efforts to bring the arts to the people.
3. States should show their advocacy to excellence of art throughout the environment by supporting the preservation of historic buildings and encouraging zoning laws which will improve the total environment.
4. States should include a percentage of funds for government structures to be set aside for works of art to be carefully integrated into the design of those buildings.

Cooperative effort of federal, state and local governments based upon these guidelines will lead the way to a national life that has more joy, more human fulfillment and more ordered grace.

TAINO TOWERS: A FEDERAL LANDMARK TO OUR NATION'S POOR

HON. LAWRENCE COUGHLIN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. COUGHLIN. Mr. Speaker, it is certainly encouraging to see that our Federal Government has finally demonstrated its commitment to providing adequate housing for our Nation's poor. In an article by Robert E. Tomasson published October 28 in the New York Times, the opening of the 656-unit Taino Towers housing project was announced.

This landmark to Federal bureaucratic wisdom includes such features as an indoor swimming pool, gymnasium, auditorium, theater, greenhouse, and other necessities. The most interesting feature of this $45 million Federal investment in improving the lives of the disadvantaged, however, is the fact that in all probability poor families will be unable to afford the rents. Because of the anticipated failure to earn $1.2 million per year from the 265,000 square feet of nonresidential space, the doors to Taino Towers will be closed to poor families, even with Federal subsidies.

I am sure that our Nation's taxpayers, who are footing the $68,597 cost for each unit, will be heartened to see their tax dollars so wisely spent. The many who are in dire need of adequate housing at an affordable cost should also take great comfort to see their needs again neglected.

Mr. Speaker, I am submitting the text of Mr. Tomasson's article in the Record. It is hoped that this documented case of fiscal abuse and bureaucratic folly will result in positive remedial action.

The text of the article:

Four Luxury Towers To House the Poor Opening in Harlem

(By Robert E. Tomasson)

A federally subsidized housing project for the poor is scheduled to open in East Harlem in about two months with luxury features never before included in low-income housing in the United States. Depending on the point of view, the project is regarded as a monument to government compassion or an epitaph on bureaucratic folly.

The project is Taino Towers, four 35-story buildings with a total of 656 apartments on the block between 122d and 123d Streets and Second and Third Avenues. The centrally air-conditioned towers will have an indoor swimming pool, a gymnasium, an auditorium, a theater, a greenhouse, roof laundry and parking with attendants 24 hours a day.

There also will be six-bedroom triplex apartments with 11-foot-high ceilings and 20-foot-long balconies.

Tentative minimum rent for the six-bedroom apartments is $113.28, including utilities, under Federal subsidy plans committed for 40 years.

The average construction cost per apartment is $68,597, by far the largest ever in this country for low-income housing. Federal officials say that the $45-million cost of the development represents the largest single allocation for a community project ever made by the Department of Housing and Urban Development.

The basic features of the project—which are not likely to be matched for many years, if at all, in low-income housing—have evoked strong criticism from city and state housing officials, including some with the H.U.D. itself.

NONRESIDENTIAL SPACE

The principal criticism is of the large amount of nonresidential space. In each building the first six floors—a total of 265,000 square feet, or the equivalent of about five and one-half floors of the PanAm Building—were constructed for nonresidential use.

This space houses some of the amenities, but includes large areas intended for agencies that would provide educational and medical services to the community while paying rent that would be used to keep apartment rents low.

But commercial tenants have not turned up, placing the elaborate financing of Taino Towers in doubt.

"They got everything they wanted and now they don't know what to do with it," said an official in the local H.U.D. office, referring to the community sponsor, the East Harlem Tenants Council.

S. William Green, regional administrator of the Federal Agency, said that because of the unprecedented inclusion of nonresidential space in a federally subsidized housing project, final approval had been given in Washington.

The state's Urban Development Corporation and the city's Housing and Development Administration had considered financing the project, but pulled out when the sponsoring group insisted on including the nonresidential space.

THE MAN BEHIND IT

The guiding force behind the project is Robert Nicol, a 40-year old Presbyterian minister who left an East Harlem church to become the full-time $17,200-a-year project administrator. He offers no apologies for insisting on the nonresidential space.

"You don't predicate providing basic and humane services for people on a possible future collapse in the market," he said. "It's a question of whether we have a viable city or go on building slums for the poor.

"I know we have been accused of overdesigning for the poor, but we are concerned with changing people's lives, not just creating another future slum."

"Look there," Mr. Nicol said as he stood on the roof of one of the towers, gesturing southward. "From 112th to 115th Street, from First to Seventh Avenue, a whole corridor of public housing built in the nineteen-fifties and sixties. It wiped out hundreds of busineses and brought a tremendous concentration of the poor, which is a problem by definition."

TWO WHO PULLED OUT

Two major tenants that Mr. Nicol expected in the project have decided not to rent space there: the Health Insurance Plan and the

Board of Education, which considered establishing a bilingual school.

Mr. Nicol, who has been described by officials who have worked with him as "dynamic," "persuasive" and "intractable," acknowledged that he was struggling to preserve his dream in the face of complex financing.

Most of the initial funds came from construction loans, totaling $39-million, from a consortium of nine banks headed by the Chemical Bank. All but a small part of the 40-year 7 per cent mortgages—one for each tower—are guaranteed by the Federal Housing Administration.

In addition, the project received about $6-million in city and Federal funds, including $3-million from H.U.D.'s Model Cities program, for such expenses as architect's fees and extensive administrative costs. In addition, New York City has agreed to give full property-tax abatement.

Included in the $39-million mortgages are funds to pay monthly interest until the project begins receiving income. These funds can carry the project until the last tower is completed next June, about six months after families start moving into the first tower.

Officials at the Chemical Bank conceded that the timing would be close. If the interest reserve runs out while any building is incomplete, the result could be a mortgage default. The F.H.A. would then pay off the balance and try to sell the buildings to a private developer.

The Department of Housing and Urban Development has agreed to pay an interest subsidy of $1,574,000 a year for the mortgages, enough to reduce the 7 per cent bank rate to about 2 per cent. In addition, it is to pay $497,000 a year in direct rent subsidies for 40 per cent of the tenants. Taken together, interest and rent subsidies are a 40-year Federal commitment of $82.84-million.

If, as now seems probable, Taino Towers do not earn the projected $1.2-million a year from the nonresidential space, residential will have to increase. Thus, even with subsidies, poor families may not be able to afford the rents. This, in turn, would jeopardize the subsidies, since these apply to families already receiving welfare payments.

Mr. Nicol said that tenants had already been chosen for Taino Towers—which are named for an ancient tribe of Caribbean Indians in honor of East Harlem's largely Hispanic population.

First preference is for families forced out of slum dwellings that were demolished to make way for the project. Mr. Nicol said that the East Harlem Tenants Council had maintained contact with about 225 such families that had expressed interest in Taino Towers. Other tenants are to come from the impoverished neighborhood.

All tenants will be required to attend five three-hour demonstrations on apartment and project upkeep.

Gerard Silverman of Silverman & Cika, the project architects, said that a major design goal was to reduce maintenance problems and upkeep costs. Lobbies and halls, for example, are covered with an Italian mosaic tile that is supposed to be all but impervious to graffiti. Other esthetic features include brick sidewalks and terraced landscaping complete with a stream.

TRIBUTE TO JOHN J. ROONEY OF NEW YORK

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. EVINS of Tennessee. Mr. Speaker, I was saddened to learn of the news of the passing of my friend and former colleague, John J. Rooney of New York, and want to join with members of the New York delegation and others in paying a brief but sincere tribute to the memory of this great American.

It was my pleasure and privilege to serve on the Committee on Appropriations with John Rooney for a number of years, and I always found him to be a dedicated, hard working, skilled, forceful and effective legislator. He was chairman of the Subcommittee on Appropriations for State, Justice, and Commerce Departments and was known for his criticism of budget recommendations which he regarded as wasteful and extravagant.

John Rooney was most able, genial, personable, and competent. He served his district, State, and Nation well, effectively, and with great distinction. He voluntarily retired from Congress because of declining health.

Certainly I want to take this means of extending an expression of my deepest sympathy to Mrs. Rooney and her sons and daughter and other members of the Rooney family in their loss and bereavement.

MORE BOMBINGS PLANNED BY PUERTO RICAN TERRORISTS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. **McDONALD** of Georgia. Mr. Speaker, while our country has lost many of its defenses against terrorism, the terrorists are planning new outrages. On November 1st, there will be a series of demonstrations in New York, Chicago, and the Bay area of California, demanding the release of five Puerto Rican terrorists who are in prison for the attempt to assassinate President Truman in 1950, and the shooting attack on Members of Congress on the House floor in 1954.

There is good reason to believe that terrorist attacks, including bombings and possibly shootings, will be attempted by the Puerto Rican terrorist group, FALN, this weekend in coordination with the demonstrations. This is the group responsible for the bombings last week in New York, Chicago, and Washington, D.C. FALN is closely associated with the Weather Underground. Planting bombs is a cowardly act in itself. But there is reason to believe that these cowards have been using the young girls of the Weather Underground to plant their bombs.

The House Committee on Internal Security has been abolished. The Senate Subcommittee on Internal Security has had its funds severely cut back. The Justice Department's Internal Security Division has been reduced to a Section. Even the FBI has been curtailed by the present Attorney General. Local police department intelligence units, which had been effective in preventing acts of terrorism in New York, Chicago, and Los Angeles, have had their files destroyed and their operations curtailed.

The Bicentennial celebration next year is certain to be the target of terrorist attacks. The bombings last week, and the planned bombings this weekend, are only a sample of what is to come. Our country urgently needs the re-establishment of our internal security apparatus.

THE WORLD SERIES

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. CONTE. Mr. Speaker, the 1975 world series is now history, won by the Cincinnati Reds, four games to three, over the Boston Red Sox. But the glow of this contest, one of the greatest spectacles in modern sports, continues to highlight the victors and vanquished alike.

For Red Sox fans everywhere, this was a series of spectacular excitement, high tension, and emotional exhaustion. And for sports enthusiasts, this was the series that reestablished baseball as the national pastime.

On behalf of many others, I want to doff my hat to the Red Sox. They came down to the final out of the last game playing their hearts out in trying to win their first world series in 57 years.

I also want to commend the Boston Globe for its excellent coverage of the Red Sox in the world series and throughout the year. Certainly, with its incisive writing and crisp editing, the Globe demonstrated that it has one of the outstanding sports sections of any newspaper in the Nation. An excellent example of the Globe's coverage of the Red Sox appeared this week, in a story recapping the season and the series. For the consideration of my colleagues, I submit the Globe article at this point in the RECORD.

[From the Boston Globe, Oct. 26, 1975]

SOX REALIZED ALL BUT ELUSIVE DREAM

(By Peter Gammons)

(The Red Sox have not won a World Series since 1918, though they have been in three since. Tom Yawkey has owned the club since 1932, and the biggest prize still eludes him.)

To dream the impossible dream, to fight the
unbeatable foe,
To bear with unbearable sorrow, to run
where the brave dare not go
To reach the unreachable star!
This is my quest to follow that star,
No matter how hopeless, no matter how far.

(Impossible Dream Lyric by Joe Darion)

The season's last movement was in adagio, and so dolorous. Thomas A. Yawkey folded his arms, wrapped in the sleeves of his tan wind-breaker, on the table in front of him and into them sank his head.

The unfulfillment of his 43 years as parent/owner of the Boston Red Sox had been prolonged, as Cincinnati center fielder Cesar Geronimo grasped Carl Yastrzemski's fly ball above his head, and the Reds had taken the world championship of baseball to the banks of the Ohio.

It was a quixotic season. It began in the pessimism born of Yawkey's 43 and New England's 57 years of frustration. It swelled through divisional and playoff conquests to that transcendental sixth game, the game that lifted New England up out of the world geography jigsaw puzzle, the experience that for one day calmed the fear that never in any of our—or Yawkey's—lifetimes would we see the Red Sox champions.

But the ring did not fit, and so the season's last movement was one of threnody. Which is the plight of the World Series. After all, the Red Sox did so much, accomplished so much more than he had dared dream in his wildest reverie. They had won their first divisional title, their first American League pennant since 1967 and third since World War I and gone to the ninth inning of the seventh game of the World Series tied at 3-3, only to turn and walk toward the winter horizon with a feeling of non-gratification . . . as Yawkey slid his head into arms covered by an old, tan windbreaker.

The Red Sox won 101 games, the most they have won in 29 years and the fourth highest total in their history. They did it in a season in which instead of the usual spring mirage of expectation they began assigned to third place, whose opening day followed a 10-21 spring training and included a warning of potential and imminent disaster from the elder, Yastrzemski. It started slowly, built methodically through a 9-4 road trip in mid-June to a four-game series with the Yankees the last weekend of that month that put them in first place to stay. A position defended by another climacteric series in New York the last weekend of July, and by a 15-game, 9-6 Odyssey from Milwaukee to the Coast to a little town called Cooperstown to Kansas City, and finally two short jousts with the Orioles.

It was a season of such miraculous and brazen youth, of two rookies named Fred Lynn and Jim Rice walking in to an historic duet. Lynn, the loping, quiet Kid America from USC, his talent so remarkably disciplined and sculptured, who won a gold glove, batted .331, led the league in four offensive categories, not including diving catches (they don't keep that statistic) will be an overwhelming choice as the American League's most valuable player; he is already the first rookie to be voted the Sporting News player of the year and have an Eastern Massachusetts city named after him.

Rice, the basher, who at .309 and, like Lynn, 100-plus RBIs appears to be the next overpowering hitter in the game. What was Yawkey's and New England's frustration also was his. Had he played against Cincinnati . . .

As no one could have even fantasized what these two could have done, so, too, no one could have predicted that Carlton Fisk could return to hit .331 (.400 in September) and regain his stature as the best defensive catcher in the league. Or that The Rooster, Rick Burleson, would make himself one of the game's outstanding shortstops. Or that Cecil Cooper would force his way into the lineup in June and become the league's leading designated hitter, or just one of its premier hitters—period. Or that Denny Doyle would step off a bus that lost its way out of Orange County to give them a .310-hitting, clutch and resourceful darling. Or that Rick Wise could come back to lead the staff in victories and beat Jim Palmer in that Sept. 3, 10-inning monument as well as the pennant-clincher in Oakland. Or that Dick Drago could become the division's premier reliever down the stretch or Jim Willoughby could come in a UPS package with a return address named Mario Guerrero and, in one two-month stretch, be a bullpen.

There were so many personalities in this, each part of completing the chain. Carl Yastrzemski's .310 first half, followed by injury and struggling to rise to a superhuman playoff performance and a superb World Series. Rico Petrocelli, finally discovering what had enfeebled him in time to return for a September playoff and Series performance that left us asking that he please return. Dwight Evans, maturing into what the world saw in the Series, and lamella'd Bernardo Carbo, his unconscious two months and October spring.

Doug Griffin, drowned out in Doyle's marching music, and Rick Miller, eclipsed again by the star of Lynn, Juan Beniquez, who hit almost .300, and Bob Heise, who just came to try and do anything he could to win. Bob Montgomery, who people now forget led the club in RBIs through the first five weeks, and Tim Blackwell, who is as fine a receiver not starting as there is in the game. And Tony Conigliaro's opening day, his home runs . . .

As always, Luis Tiant, El Tiante, who when his physical problems were finally over and his father beside him, finished in a blaze of his personal magical mystery tour that nearly carried them to the world championship. Bill Lee, who, when healthy, proved his idol Kurt Vonnegut's motto ("In nonsense is strength"), and Reggie Cleveland, who broke free of the Garden stocks to be such an important and versatile part of the stretch. Rogelio Moret, the world's winningest second-line pitcher, and Dick Pole, whose eye injury may have kept him from achieving what he should in 1976. And Jim Burton, who has the winter nightmare of having not been used against Milwaukee in August, being there to win or to lose in the 9th inning of the 7th game of the World Series, a young man who may indeed be a pretty good pitcher. Darrell Johnson, Manager of the Year.

"It was the greatest season I've ever been associated with," says coach Don Zimmer, who has been associated with 27. From those wild comebacks in July to Baltimore in September, to Yaz and El Tiante and the Rooster and Fisk and Drago and Wise in the playoffs; Yawkey, in three-quarter time, pouring Jacques Reynaud '71 from his left hand into a Jack-in-the-Box paper cup in the right and drinking.

To a Series that brought the oldtimers back to yesterday, of Tiant's shutout and valiant defense of the 5-4 lead to his hitting, and baserunning of Evans and Burleson and Doyle's hitting in every game and Yaz and Rico, Drago and Bill Lee's laughing that while Don Gullett is going to the Hall of Fame, he is going to the Eliot Lounge. A series of parries and thrusts, points and counterpoints, one that c-o-u-l-d have been won by the Red Sox. In their youth, they all made the brilliant plays the Series produced, but they also made mistakes, on the bases and painfully in the field.

It was mistakes, much more than a decision by umpire Larry Barnett, that brought threat to his family's lives, that could be blamed for not ending the 57 years. The Reds did nothing brilliant, they did everything consistently, made the double plays and executions necessary and in game two, three and seven Boston could not force its opponent to break. These games were essentially firsts for the Red Sox, credit to the talent Cincinnati has. Yet still what frustrates the Fisks and Lynns and Burlesons and Yastrzemskis is the knowledge that the Reds are no better. No worse, for that matter. But the sentence ended with a period etched in a blooper in the last inning of the last game.

But it was a wild, impossible year we had in Fenway, and that sixth game, from Carbo's homer to Evans's catch to Fisk's homer to Fisk's demonstrative war dance, is what many of us will sit next to the fire these next months.

Perhaps because he is its son, Fisk is the one player who seems to grasp what the institution called the Red Sox is to New England. In its roots and customs, New England is unique and fierce in its pride in and loyalty to its institutions and the Red Sox, so much more than the Patriots or Bruins or Celtics, is its institution. His helmet-waving gallop across the outfield, with Olde Fenway filled with song, after that sixth game captured that excitement that makes, for this writer, being a printed represenative of New Englanders, the privilege and experience it is. And, especially, was in 1975.

We have postponed autumn long enough now. There are storm windows to put in, wood to chop for the whistling months ahead. The floorboards are getting awfully cold in the morning, the cider sweet. Where Lynn dove and El Tiante stood will be frozen, soon, and while it is now 43 years for Thomas A. Yawkey and 57 for New England, the fugue that was the 1975 baseball season will play in our heads until next we meet at the Fens again.

WHY IS THE NLRB AFTER A 12-YEAR-OLD BOY?

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. MICHEL. Mr. Speaker, in a recent column, the distinguished writer for the Chicago Daily News, Mike Royko, tells a story about bureaucratic excess that is so outrageous I would not have believed it if it had come from anyone less scrupulous than Royko is.

Then again, maybe I would. The horrors of the bureaucracy are sufficiently well known to me that I am about ready to believe anything. Worse yet, I have a sinking feeling that the story of Stevie Shalita is not an isolated aberration. A little more extreme perhaps, but nonetheless all too typical.

It would be funny if it were not so sad. But then, fun is precisely what massive government seems determined to wipe out with its rules and regulations and inflexibility. I think any Member who reads the Stevie Shalita story will have to pause and wonder just how much farther we can go before we so regiment the American people that nothing is fun any more.

The article follows:

BUREAUCRACY WINS AGAIN

(By Mike Royko)

Now I know how an archeologist must feel when he finds the mummy of a pharoah. Or a wildcat oil driller when a gusher comes in.

I collect stories about bureaucracy. And I believe I have made my greatest find.

Don't be frightened off by the word "bureaucracy," which often means a tale of complexity. This is pure simplicity. There is this little boy only 12 years old. Stevie Shalita is his name. He lives in Van Nuys, Calif. His father is an engineer.

Stevie likes to mess around with bikes. He finds old bikes, or their parts, that have been thrown away. He hauls the stuff to his parents' garage and tries to put it together and make it work. He's good with mechanical things.

He also likes to pretend, to let his imagination go. In other words, to play.

So he decided to be a businessman. He put a small desk in the garage, a chair behind it, and put a sign above the garage door that said: "Steve's Bike Shop."

He was in business. When you build a tree house, you are Tarzan. When you put a feather in your hair, you are Cochise. When you put up a lemonade stand or a sign above your garage, you are a businessman.

Naturally, other kids got interested. So Stevie said they could work for him.

They sat around scraping rust off old parts, or trying to make a handlebar fit a frame, or straightening out bent spokes.

Stevie even made money. A man gave him a quarter for fixing a flat. And he sold a part to a regular bike shop for 50 cents.

When this happened, he paid his employes. He didn't show a profit. But, then, he didn't go bankrupt, either.

Anytime kids get together, there is bound to be disagreement. One day Stevie fired one of his helpers. He told the kid that he wasn't working hard enough, or something like that.

The other kid went home mad. Well, that's the way it is with kids. When it is your bat or your ball or your backyard, you are the boss.

And that status meant something to Stevie. He is quite small and looks about three years younger than he is.

The doorbell rang one morning at Stevie's house. His mother, Anne, opened the door and a man in a business suit, carrying a briefcase, was standing there.

"I am from the state Labor Relations Board," the man said.

"Yes?" said Mrs. Shalita.

"We have received a complaint," he said.

"About what?" she asked.

"From a former employee of Steve's Bike Shop," he said.

Mrs. Shalita thought he was kidding. He didn't smile.

She explained about Stevie and how he was playing at being in business. She called Stevie into the room. The man shook Stevie's hand. Then Stevie went out to play.

The man sat down, unzipped his brief case, and took out some papers.

"We have to check out all complaints," he said.

The complaint had been brought by a former employe of the bike shop. He had not been properly paid.

The former employe was the kid from the neighborhood who had been "fired" by Stevie.

For the next hour, the man explained how the laws protect employes. He also said that Stevie could no longer call his project "Steve's Bike Shop" and operate it as a business, without complying with the laws.

It would be wise, he said, if Stevie took down the sign and converted the venture into a "hobby shop." That way he would not run afoul of official restraints.

Mrs. Shalita, who wasn't sure if she was nuts or the man was, said: "But this is like a lemonade stand. He's just having fun."

"It is not the same thing," the man said.

The most important matter that had to be settled, he said, was the complaint.

"What do you intend to do about it?" he asked.

"Nothing," said Mrs. Shalita.

Something had to be done, the man said. The complaint had been filed. It was now his responsibility. It had to be resolved. A complaint can't just hang there forever.

He suggested a compromise. Stevie should give the other boy something to settle the claim. How about a set of handlebars?

Mrs. Shalita asked Stevie if he agreed to the terms.

"Sure," he said, going back outside to play.

The man reminded Mrs. Shalita that Stevie would have to go out of business and become a hobbyist.

Then he made the proper notations on the papers, zipped up the briefcase, and left.

Stevie took down the sign and got rid of his bike parts. He didn't want to be a hobbyist. He wanted to be a businessman and sit behind his little desk.

"That was the whole fun of it," his mother said.

Now Stevie is into photography. He uses the garage as his darkroom.

"Is he running it as a business?" I asked his mother.

"Don't even say that," she hissed.

CLERGYMAN FAVORS RESTORATION OF THE DEATH PENALTY

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. HYDE. Mr. Speaker, last week the Chicago Tribune carried a most interesting article concerning the death penalty. I have always felt that capital punishment serves a most useful purpose and this is particularly so in these times of escalating violent crime. The Reverend Paul Tinlin of Schaumburg, Ill., has some interesting remarks on the subject and I am pleased to share them with my colleagues:

"Whoever sheds the blood of man, by man shall his blood be shed. . . ."—The Book of Genesis

It is Law Enforcement Week, set aside to demonstrate respect for the law and hold discussions aimed at solving the serious problem of increasing crime.

But while United States senators, mayors, and police chiefs are wrestling with the laws of man, there is a man in the northwest suburbs who has started a minor furor by calling upon the law of God to solve crime's most distressing problem: murder.

Many people in the northwest suburbs have been talking about Paul B. Tinlin this week. If he were a lawyer or a doctor or a truck driver, perhaps no one would have bothered. But he is a man of the cloth, pastor of the Evangel Assembly of God Church in Schaumburg. He believes convicted killers ought to be publicly executed on prime-time television.

A thin, unassuming man, the Rev. Mr. Tinlin shrugs and quietly says: "Executing a murderer is not uncivilized. Letting people know that they can kill and that we'll find them a safe place to live and support them with our tax money is uncivilized. In fact, it's barbaric."

The Rev. Mr. Tinlin has been an ordained minister since 1961. He has a wife and two children, 7 and 12. There are 250 in his congregation who worship in the squat, red brick building at 210 S. Plum Grove Rd.

He is 41, was reared in Toronto by a father who is also a minister, gave his first sermon to a youth group there when he was 15, came to the United States to attend seminary, became a United States citizen, and served as pastor in several Southern and Midwestern churches before taking the job in Schaumburg two years ago.

He says his philosophy has always been: "There are people hurting in every other pew. It is my job to try to heal the hurt by helping them find God."

He says his opinion on capital punishment is firm and is a result of a "long evolution."

"I really believe that sane, sensible, Mr. Average is frightened by what I'm saying. But I also believe that he agrees with me."

The Rev. Mr. Tinlin says he began thinking about this final solution to killing when he was pastor of a church in Lexington, Ky., and ministered to several of that state's penal institutions.

"It was a strange sensation, sitting there with convicted killers, seeing how comfortable they were, how sure of living they were despite their crime.

"I had already been with people on several occasions—as a pastor—who were about to die from natural causes and you realize again and again that death is a final separation for those people from everything they have known—it's the end, and the pain to those who are left behind is incalculable. After seeing so much of that, I started to form my opinion.

"Then the other week, in a local newspaper out here, an editorial was printed praising the Supreme Court for striking down the death penalty. I wrote the paper a letter telling them how wrong they were and they printed the letter.

"Since then, there has been quite a lot of reaction. I've had a great deal of agreement and I've been called, that 'murderous minister.'

"We have a real problem in this country. The murder rate keeps rising and we don't seem to want to do anything about it. We have a good courts and jury system and then at the end there's a gap—we suddenly get squeamish at the end.

"There should be swift and sure justice for those who kill—and that should be public execution and the execution should be on prime-time TV. We've got to start letting society see life for real. Society should know that killing isn't like on TV shows where the victim gets up and walks away when the show is over, that when real people get killed they are dead, that they are not just nonpersons whose names appear in the newspaper and whose lives had no real meaning for the general public.

"Listen—that same day that the Supreme Court ruling came out, there was also a story about some underground filmmaker who made a movie in which a person was actually killed. I thought to myself: Now we're making entertainment the real thing and we can't even make real life the real thing.

"My 12-year-old daughter, right after all this started, asked me if I really wanted to see executions put on TV. I told her that it would probably make me sick, that it would be gruesome. But I told her that murder is also gruesome and society has to start taking it seriously.

"I know that this all sounds strange coming from a minister. But perhaps it is time that God's harshest law was followed."

And then the Rev. Mr. Tinlin quoted the Book of Genesis.

WHY SHOULD THE FEDERAL GOVERNMENT HELP OUT NEW YORK?

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. PATTERSON of California. Mr. Speaker, it is my privilege to be a member of the Subcommittee on Economic Stabilization of the Committee on Banking, Currency and Housing, which is currently hearing testimony with regard to financial assistance for the city of New York. My first reaction, and the reaction of many of my constituents in Orange County, Calif., was that the Federal Government should not get involved in debt financing or "bailing out" the city of New York or any other State or local government. A closer look at the problem raises several fundamental questions.

New York City is in serious financial trouble after years of apparent mismanagement and overspending. Why should the citizens of southern California and the rest of the Nation who have taken responsible actions to keep expenditures from exceeding revenues in their own cities pay for the fiscal irresponsibility of New York City?

It is becoming clear, after days of subcommittee hearings, that the Federal taxpayer, in essence, is going to be worse off if we do not help New York than if we do. If New York has not received a "back-up" or Federal guarantee for its municipal bonds, the city will have to default in December 1975, less than 2 months away. The potential damage that a New York default and possible bankruptcy would incur is frightening. I am speaking of human ruin and disaster as well as financial collapse of the city, the State, and the adverse effect of that failure on businesses and other cities across the country.

Can you imagine the chaos when suddenly the 8 million residents of New York City are without such basic city services as police and fire protection, garbage collection, and health services because city payrolls cannot be met? What about those who are laid off from their jobs—what will that welfare cost the Federal Government? It has been estimated that the cost of emergency aid to cope with that calamity would amount to several billions of Federal tax dollars, and we would indeed be "bailing out" the city of New York with no assurance that they would ever resume a policy of fiscal discipline or achieve a balanced budget.

The effect of default would also be devastating to private enterprise. Vendors who have dealt with the city in good faith would not be paid and would have to make up those losses elsewhere. Municipal bondholders, too, would suffer and the adverse effect on the municipal bond market across the country could result in many cities losing financing for their own essential capital programs.

HOW CAN WE ASSURE THAT OTHER CITIES WOULD NOT ALSO ELECT DEFICIT SPENDING OR DEFAULT ON THEIR OBLIGATIONS IN ANTICIPATION OF FEDERAL ASSISTANCE?

Stringent budgetary and payment conditions must be a criteria for any program. Federal assistance to meet local debts must necessarily be an undesirable and unprofitable procedure for any city to request.

Before supporting any proposal for New York debt financing, we would have to see that certain very stringent requirements are met. Some of those requirements would be:

First, certification that all normal avenues of financing are closed both to the State and local government, and default is imminent;

Second, a workable plan is put into effect to reach a balanced budget within a short period of time;

Third, wages and benefits provided to city employees are frozen until the budget is balanced;

Fourth, there is no increase in city pension benefits and they are in fact held to a national average;

Fifth, welfare is to be controlled;

Sixth, the financing of the city's university system is reexamined and restructured, and

Seventh, in effect these monitoring procedures are devised to make sure that specified budgetary conditions are met.

In all fairness, I must point out that steps are already being taken by the newly established Emergency Financial Control Board of New York to meet some of these criteria as a part of their request for help.

WHAT IS THE MOST PRACTICAL AND LEAST COSTLY FORM OF FEDERAL ASSISTANCE?

A Federal loan would require an immediate outlay of funds, while a loan guarantee may never require any cash outlay, and could in fact result in income to the Federal Treasury. A Federal loan guarantee is a program to back up New York's bonds as a means of forcing the city to pay its own debts while restoring fiscal responsibility to its administration.

The advantages of the loan guarantee by the Federal Government are twofold. A guarantee does not call for an outlay of Federal funds and it would result in a gain to the Federal Treasury. The Federal Government would be putting up its credit—not money—so that New York City could refinance it debts from short term to longer term notes at lower interest rates than the present interest rates and therefore meet its operating expenses.

At the same time, the Federal Government will be deriving income from the new transactions. By guaranteeing the loans, we would provide New York City with the ability to borrow at a lower rate of interest and for a longer period of time so that the Federal Government could charge the city a guaranteed premium of, say 1 percent, which would return $60 million to the Federal Treasury.

A guarantee could also convert tax-free municipal bonds into taxable Federal bonds, so the tax on the interest earned on those bonds would go to the Federal Treasury. This sum has been estimated to be $150 to $200 million additional revenue to the Federal Treasury.

HOW CAN WE PREVENT THE FINANCIAL INSTITUTIONS FROM REAPING WINDFALL PROFITS BY REFINANCING THE NEW YORK CITY DEBT?

The "money changers" that have been involved in financing New York must not be permitted to make a profit out of the city's adversity. These creditors must be asked to bear their share of the burden. This concern can be addressed by requiring that some of the risks remain with these original investors. One proposal requires that for every 70 percent of federally guaranteed loans the financial investors be required to accept 30 percent of unguaranteed loans.

Finally, the resolution of New York City's debt crisis calls for close cooperation between management, labor, private industry and all levels of government, and a "national interest understanding" by the people. We cannot afford to consider only our parochial interest and breath a sigh of relief that this threat of default has occurred only in New York. I call upon my colleagues to rise above your local interests and recognize that it is in the national interest to try to work out a practical and fair means to "back up" the city of New York.

U.S. POSTAL SERVICE

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. DERWINSKI. Mr. Speaker, tomorrow the House will have under consideration H.R. 8603, a bill dealing with the U.S. Postal Service. The West Proviso Herald, an outstanding publication serving a number of communities in my district, recently carried a column by one of its reporters, Paul Sassone, directed to a specific frustration he had encountered with the Postal Service. In view of the bill we are about to take up, this commentary is certainly pertinent.

The article follows:

POST OFFICE TRIES TO HELP, DOESN'T

(By Paul Sassone)

It was an important letter. That's why I typed the address and return address. (My handwriting is illegible. I once gave a copy of my handwriting to an analyst. She gave it back.)

The addresses (to and from) had all the proper zip codes. I mailed the letter and confidently waited for a reply.

The reply came four days later. It was my own letter. It had all kinds of stamps on it. I worked for the post office for seven years, so it only took me eight or 10 minutes to figure out what had happened.

The letter had been delivered to the wrong address. These people stamped the letter to the effect the addressee was not at this address and sent it back to the post office.

A stamp-happy postal employe then stamped the letter "addressee unknown," and shipped it back to me.

"Oh, heavens, the mail did not go through I am dreadfully upset," I said (or words to that effect).

There was a time element involved, so the letter now was useless. "Oh, dear, that is a shame," I said (or words to that effect) and started to throw the letter away.

"Let's complain to the post office," said my wife, who is meaner and more tenacious than I.

So, we hoofed it to our local post office and filled out a complaint form. A courteous postal employe told us an investigation would be made and that we would be informed of the outcome.

I'll bet, I thought and dismissed the matter from my already cluttered mind. I was satisfied just to complain. After all, what could be done—stick the offending postal employe's hand into a canceling machine? Cram him into a mail bag?

Once again I underestimated the federal bureaucracy.

Late one evening the phone rang. My wife answered it. "Hello, yes, just a moment. Someone wants to talk to Mr. Sassonee."

"Oh golly darn," I grumbled (or words to that effect). I was watching television, and Cannon—with whom I identify—was about to nab the murderer.

It was a postal official. I was so taken aback. I didn't catch his name, rank and serial number. He apologized for calling so late. He had solved my case.

Here's what he said: Apparently the letter had been sent to the wrong address. It was sent back to the post office where a clerk stamped it for return to sender, instead of forwarding it to the correct and plain address on the envelope.

"We're sorry about it," he said. "But mistakes do happen. After all we have people working for us and people make mistakes."

I thanked him for his trouble and hung up. That's when I started laughing.

The postal official had told me the reason my letter was sent to the wrong place was because someone had made a mistake. But I already knew that (I'm not quite paranoid enough to think the post office is out to get me.)

Time, effort and tax money had been spent to tell me what I already knew. But how else could such a system work? If you mail a package and it is lost, what else can the post office tell you except that, "The reason your package is lost sir, is that your package is lost."

A mistake really is the only answer a postal official can give a disgruntled patron—and that helps not one bit.

Poor post office. Even when it tries to do something right it comes out wrong.

Maybe the money and manpower spent on such investigations should be used to improve mail service. Then there wouldn't be a need for investigations.

GAO FAULTS U.S. HEALTH CLAIM COSTS

HON. TIM LEE CARTER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. CARTER. Mr. Speaker, an article in the Washington Post of October 29, 1975, by Stuart Auerbach, shows quite clearly that private groups administer medicare and medicaid at a lower cost per patient than do the employees of the Federal Government. The study by the GAO implies that Government employees are overpaid and that their salaries and fringe benefits are bankrupting local, State, and Federal Government.

This article by Mr. Auerbach indicates that private industry does more economically the same tasks for which Government employees are paid more. I include this article for the perusal of the Members:

GAO FAULTS U.S. HEALTH CLAIM COSTS

(By Stuart Auerbach)

The General Accounting Office has found that it costs the government nearly twice as much as it costs private insurance carriers to process each Medicare claim because federal employees get paid more and do less work.

The government also is slower in paying claims than the less-costly private firms, the GAO said in a study that has implications for the debate over whether the government or private industry shall manage any national health insurance plan.

The study by the GAO—Congress' agency which inspects the federal bureaucracy—also adds fuel to complaints that government employees on all levels are overpaid and that their salaries and fringe benefits are bankrupting local, state and federal governments.

The GAO study, ordered by the House Ways and Means Committee, compared the costs of processing Medicare claims by the Social Security Administration and four private companies which act as fiscal intermediaries for the government.

The cost to the government in 1973 for each claim submitted directly to the government was $12.39 compared to an average cost of $6.45 for claims submitted through the private companies.

The GAO reported per claim costs of $7.31 for Travelers Insurance Co., $7.28 for Mutual of Omaha, $3.81 for Hospital Service Corp. (Blue Cross in Chicago), and $3.55 for Blue Cross of Maryland.

"Higher salaries and lower productivity appear to be the major reasons for the higher costs" of the federal government, the GAO concluded.

For example, government employees had yesterday off as a paid holiday—Veterans' Day. But employees at the four private carriers worked yesterday.

Wages make up 65 per cent of the cost of processing Medicare claims and the GAO compared the yearly average salaries of federal employees and workers at the four private carriers.

Federal accountants and auditors averaged $21,600 in wages and fringe benefits compared to $18,000 for Blue Cross in Chicago, $17,300 for Blue Cross in Maryland, $13.800 for Travelers and $13,700 for Mutual of Omaha. Similar salary differences existed for claims examiners and nurses, the GAO found.

Despite the higher wages, government employees did less work, the GAO reported. Each federal employee processed 2,500 claims a year compared to 3,900 for Travelers, 4,200 for Mutual, 5,700 for Blue Cross of Maryland and 6,600 for Blue Cross in Chicago.

While the Social Security Administration required the private fiscal intermediaries to file financial and performance data, it made no checks on its own costs and performance, the GAO said.

The government disagreed with the GAO's conclusions and said its costs were cut almost in half in the fiscal year that ended last June.

While the GAO report found that the two Blue Cross plans had the lowest claims processing costs, it excused some of the higher costs of the government and the two commercial carriers on the grounds that they handled the more complicated nursing home claims and needed branch offices because they handled business in a number of states.

The individual Blue Cross plans, on the other hand, handle claims in only one area and process only hospital claims, which are easiest to handle.

FINALLY—A U.S. PERFORMANCE AT THE U.N. TO BE PROUD OF

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. CRANE. Mr. Speaker, U.S. Ambassador to the United Nations Daniel P. Moynihan is to be congratulated for his forthright statement concerning President Idi Amin of Uganda and his call for the "extinction" of Israel and his attacks upon the United States and upon Americans of Jewish faith.

For too long, American representatives at the United Nations have permitted the representatives of totalitarian states to denounce the United States with impunity, and without receiving the proper reply. In too many cases, the more we were attacked, the more aid we bestowed upon those who attacked us.

Idi Amin has terrorized his own people. He has expelled thousands of Asians from Uganda, and has repeatedly hailed Adolph Hitler and the Nazi slaughter of millions of men, women, and children. An international commission of jurists has estimated that Amin has slaughtered more than 50,000, and perhaps as many as 250,000, of his own people. When Ambassador Moynihan called Amin "racist" and a "murderer" he was simply telling the truth.

Also to be congratulated is Clarence Mitchell, long time Washington representative of the NAACP, who is serving as a member of the U.S. Delegation to the United Nations. Mr. Mitchell responded to the attacks upon Mr. Moynihan by representatives of several African states by equating Idi Amin with Hitler and declaring that:

> If we had been less courteous with that dictator in the beginning, immense human suffering and loss would have been avoided.

Amin, declared Mr. Mitchell, "sows the seeds of hate * * * with cruel and degrading words. * * * We will raise our voices against such an attack on any of our people."

Hopefully, this bit of unusual truth-telling by U.S. representatives at the U.N. will begin a new trend. If Mr. Moynihan is not stifled by bureaucrats at the Department of State there is every indication that it will.

This question is discussed by New York Times columnist William Safire. To those who argue that black African states really disagree with Idi Amin, although they applauded and hailed his comments in public, Mr. Safire indicates that the current U.S. answer is different from what it has been in the past. He writes that:

> The answer is that when a dictator with the blood of tens of thousands of his countrymen on his hands talks of "extinction," he must be taken seriously. And when U.N. diplomats rise to their feet and clap their hands at a call to genocide by a man with such impressive credentials, they must understand that their public display of support cannot be ameliorated by murmurings of "we don't really mean it" in private.

Mr. Safire declares that:

> A new world order of rhetoric has arrived, which affirms that diplomats are to be held responsible for what they say in public . . . The price of a delicious diatribe against the United States is the aid and friendship of the United States.

I wish to share with my colleagues the article, "New Order of Rhetoric," by William Safire, as it appeared in the New York Times of October 9, 1975, and insert it into the RECORD at this time:

NEW ORDER OF RHETORIC

(By William Safire)

WASHINGTON, October 8.—Back in 1971, when Israel's best friend in Africa was Uganda's Idi Amin, an Israeli-built passenger jet was put at the disposal of the new leader, piloted by two Israelis.

General Amin, who had served as the Ugandan Army's heavyweight boxing champion and then became dictator after a coup, was delighted with his new toy. One day, he remembered he was a Moslem, and told his pilots: "Fly me to Mecca."

The embarrassed pilots explained that Mecca was an Arab city, and there was this trouble between Arabs and Israelis and they would prefer not to spend the rest of their lives in jail. Thus did Idi Amin learn of this Arab-Israeli conflict.

The following year, when he asked for Phantom jets to bomb Tanzania, Israel said no. Then some Israelis had the temerity to begin asking for payment on some of the $30 million in construction work going on in Uganda, and General Amin discovered the horrors of Zionism. He threw the Jews out of his country, turning for financial succor to Libya's militant Colonel Qaddafi.

The dictator of Uganda then told the United Nations, "Germany was the right place where, when Hitler was the prime minister, he burned over six million Jews." He proceeded to emulate the Nazis in his own way: At least 90,000 Ugandan citizens have been slaughtered for not supporting General Amin vigorously enough.

When Uganda's dictator came to the U.N. last week to call for the "extinction" of Israel and to condemn the "Zionist-dominated" United States, his fellow Africans whispered behind their hands that they really thought Amin a madman, then leaped to their feet and gave him a thunderous ovation.

Then Ambassador to the U.N. Patrick Moynihan, who undiplomatically insists on treating other representatives from less developed nations as rational, intelligent human beings, approvingly quoted a New York Times editorial characterization of General Amin as a "racist murderer."

Fierce tut-tutting rocked the U.N. where the rules of the game have been for the United States to smile indulgently as an assortment of imperialists, aggressors, racists and murderers condemn the United States as the world's worst imperialist, aggressive, racist and murderous state.

The N.A.A.C.P.'s Clarence Mitchell, a member of the U.S. delegation, strongly responded with a reminder of the disastrous result of the "courteous" appeasement of Hitler. At today's Cabinet meeting, Mr. Ford was quoted as saying: "Pat Moynihan and Clarence Mitchell said what needed to be said." When the President added, "You seem to be surviving, Pat," Moynihan replied, "If you say so, sir, then I am."

It's been a long time since the U.S. stood up in the U.N. and asserted itself, denouncing the double standards of its detractors. "For too long," Ambassador Moynihan says, "we have been given private assurances that public obscenities were not meant. That currency is no longer acceptable."

However, we can soon expect the handwriting of our own diplomatic Munchkins. Here it comes: We know other Africans privately despite General Amin; why do we drive them together? The dictator serves as head of the Organization of African Unity by rotation only; why should we take his speech to heart?

The answer is that when a dictator with the blood of tens of thousands of his countrymen on his hands talks "extinction," he must be taken seriously. And when U.N. diplomats rise to their feet and clap their hands at a call to genocide by a man with such impressive credentials, they must understand that their public display of support cannot be ameliorated by murmurings of "we don't really mean it" in private.

A new world order of rhetoric has arrived, which affirms that diplomats are to be held responsible for what they say in public.

Ambassador Moynihan has taken pains to praise the African nations that recently broke the back of the movement to expel Israel from the U.N. He is not anxious to continue the debate about Uganda.

But for us to tolerate the game of back-Amin would be to endorse hypocrisy. When we hold Africans to account for applauding the bloody repression they are quick to denounce elsewhere, we are not driving them together, for they have never shown an inclination to come apart. On the contrary, they have had it both ways: approving Amin publicly, deploring him privately.

That's all over now. If a nation wishes to act publicly as an enemy of democracy, or a supporter of racist murder, that will cost it something. Diplomacy is becoming a two-way street. The price of a delicious diatribe against the United States is the aid and friendship of the United States.

We shall soon be able to measure how our new, refreshing realism at the U.N. will pay off in terms of support for U.S. positions. In the pink sheets that circulate our diplomatic cable traffic, one can read—for the first time—a tough-minded American position that says "abstention is not enough." If nations want us to believe they are with us, they will have to put their vote where their private assurances were.

SIX TOWN COMMUNITY CONGRESS

HON. GLADYS NOON SPELLMAN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mrs. SPELLMAN. Mr. Speaker, I would like to call to the attention of my colleagues a very important anniversary which is coming up soon in Prince Georges County. On November 1, the Six Town Community Congress will convene for its second annual meeting.

Last year, over 700 from six towns in northern Prince Georges County participated. Residents from Mount Rainier, Colmar Manor, Cottage City, Brentwood, North Brentwood, and Chillum were there to decide what their goals for the coming year would be.

The Neighborhoods Uniting Project, the sponsor of the Six Town Congress, is a very unique organization. The people of the Neighborhoods Uniting Project have accomplished great things. In a very short time, they have succeeded in obtaining bus service, a clinic, and legal aid for senior citizens. They have also been able to increase police protection for their neighborhoods.

But more important than any single project is the fact that the citizens of Neighborhoods Uniting Project have proven that people who take an active part in government can accomplish whatever they set out to do.

I remember one of my first impressions of the group when I was a member of the County Council in Prince Georges County. One hot summer day several hundred people traveled the long distance to the county seat in Upper Marlboro to prove to us that they were serious about their request for increased bus service for senior citizens. They were very convincing, and the County Council agreed to their request. That was only their first success.

Now the organization has expanded, and the members are tackling some bigger problems. The people of the Neighborhoods Uniting Project are taking a long hard look at their communities, and they are setting goals and priorities.

I have no doubt that they will accomplish what they have set out to do, because they made their projects meaningful to the people of the six communities of northern Prince Georges County. I salute the Six Town Community Congress on its second anniversary, and look forward to sharing many more with this group as its list of accomplishments grows.

WORLD FOOD CRISIS SYMPOSIUM—IX: THE ADMINISTRATION VIEW—USDA

HON. JOHN BRECKINRIDGE

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. BRECKINRIDGE. Mr. Speaker, at the April 1 and 2 World Food Crisis Conference, held at the University of Kentucky, participants discussed food production problems from almost every angle. The policy views of the administration were ably presented by Under Secretary of Agriculture, J. Phil Campbell at an evening session; his presentation follows:

REMARKS OF U.S. UNDER SECRETARY OF AGRICULTURE J. PHIL CAMPBELL

This is certainly a very worthwhile and timely conference. Not too long ago, there was a worldwide population conference in Bucharest and just a few months ago, Dr. Butz led the U.S. delegation to the World Food Conference in Rome. As a result, we think we are headed in the right direction to do something about the hunger we still have around the face of the globe.

I am here tonight to give the Administration's viewpoint—that of Secretary Butz and myself, as well as that of the other Presidential appointees in the United States Department of Agriculture—in regard to American farm policy as it relates to world hunger.

First, let me emphasize that those who are interested in and dependent upon American agriculture must be ever watchful for the wolf in sheep's clothing who pretends to be a friend with regard to farm policy.

Many proposals being made today will cut the profit right out of farming. Yet without profit, American farm production will dry up and die. If there is no profit in the system the farmers are not going to be able to stay out there on the land.

Today's farmers aren't the same type who were out there when I began farming 40 years ago. They are money managers. They are highly efficient operators. And for the last three or four years they have been learning about the marketplace—more than they had to learn when we had huge surpluses of government-held stocks and there was no market.

When the government is holding hundreds of millions of bushels of rice, wheat, corn and soybeans, or millions of bales of cotton or hundreds of millions of pounds of tobacco, then there is no market. The price is right down where the loan level is.

So it is only in the last three or four years, when we got rid of the government stocks, that the farmers have had an opportunity to realize what a market is.

If they would ever have to go back to the Treasury again year after year, for a pittance or just a living, then most of the crowd that we have farming out there today wouldn't put up with it. They would simply quit and join their cousins in the city.

We don't have captive farmers any longer. Those who are out there have acquired a considerable equity. If they can't earn any cash, they'll quit overnight.

Profit is the oil that lubricates the machinery of the American free enterprise system. It does so in agriculture as well as in industry and in other enterprises in town.

I believe there are five items which must be constantly guarded if American agriculture is to remain healthy and profitable in order to provide for American consumers and for the larger demand underway in foreign markets.

One, there should not be a policy the aim or result of which is to keep stocks in government hands, stocks which inevitably would be used to control farm prices.

There is no way to prevent government stocks from acting on farm prices. If last year's one billion bushels of wheat that exceeded the domestic needs of the United States had been in the hands of the Commodity Credit Corporation, rather than held by farmers (as it was), the price of wheat everyday since the last harvest would have been much lower than it actually was. When you have reserve stocks they will be thrown on the market anytime prices begin to go up.

Most of the Members of Congress represent consumer interests more than they do agricultural interests. If the government has something to throw on the market to help tamp down prices, that is what will happen. That's price control. But farmers should not be the only ones subject to price controls—if you are going to have any at all. When we tried wage and price controls, 80 percent of the people polled said they wanted to get rid of them.

Now all of you heard about a "dollar for a loaf of bread." That is quite a story. Three months before the threat was heard that bread would cost a dollar a loaf, the crowd that made that threat came to Washington and begged us to put export controls on wheat.

We said American agriculture had just made a billion, 800 million bushels of wheat and that American consumers could use only

550 million in the milling business and other 150 million would be used as feed. That's 800 million bushels of wheat to be used in the United States, we said, leaving a billion-bushel surplus, and you're telling us to put on export controls.

Well, one of the companies spoke up and said it would take $50 million for them to inventory their wheat from then until the next harvest season. That let the cat out of the bag. They had been so used to the government holding these huge stocks of grain that they did not know how to go in the marketplace and inventory their own products. They wanted the government to get back into inventorying their products at taxpayer's expense, meanwhile driving the price down to the farmer.

That's what that "dollar a loaf bread" was about.

So it isn't only the farmer who has had to learn about the marketplace in the last three or four years.

We saw something else which I thought was scandalous. We saw two of the biggest grain exporting firms in this country take out full page ads in Time magazine to build up an argument for the government getting back into holding reserves through export controls—so that they wouldn't have to bother and the taxpayer would be looking after them.

When I went to Washington, I didn't have any idea that the government was looking after anybody except the farmers in these farm programs. I found out differently. They've also been looking after these big agribusiness boys who buy the farmer's products. We hope we've got that behind us. We don't know whether we have or not.

Secondly, there should not be a reversion to a policy of high loans for American commodities—loans so high that they hold a price umbrella above the world price, turning the foreign market over to foreign producers while American farm goods pile up in warehouses. This was illustrated by the 17 million bales of surplus cotton which piled up in America in the mid 1960's under the old cotton program. If our cotton loan level was 25 cents American businessmen would grow cotton abroad and sell it on the world market for 23 cents while our growers were growing cotton for the government.

Thirdly, there should not be policy causing U.S. producers to become unreliable suppliers to foreign customers, who react the same as American businessmen and seek other sources of supply when one supply is threatened. This was illustrated by the Japanese turning towards soybean producers outside of the U.S. when we cut their soybean contracts 21 months ago.

Similarly, we in the U.S. are seeking to become energy independent today because of the embargo which was placed against us by the oil shipping countries.

We become unreliable suppliers to our foreign customers when we do not produce enough to fill the market or when we impose export controls on farm goods.

Fourth, there must not be a policy of rigid allotment controls preventing farmers from shifting crops according to changing supply-demand conditions in the marketplace. Such changes are caused by weather patterns worldwide; by economic conditions in the United States and among our trading partners; and by changes in farming technology which call for shifts in farm enterprises on individual farms.

Since the operation of the 1970 and 1973 farm acts, we have seen large changes on the American farms and geographically among enterprises. People in the corn and soybean belts have quit growing wheat, which they used to grow because they had an allotment. The corn and soybean boys no longer are growing wheat because they can more efficiently grow soybeans and corn in Illinois, Iowa, Indiana, and that area. Under allotments, the boys out in the Wheat Belt who had allotments had to grow oats and barley and other things because they couldn't grow all the wheat they wanted.

Now, since these allotments are gone, they are growing wheat totally—not barley and oats and other small grains. And of course, soybeans have moved in just about everywhere that they can be grown climatewise. Cotton moved westward out of the Southeast.

We've seen tremendous shifts as a result of the 1970 and 1973 farm acts and we've gotten much more efficient production in each of these commodities as a result. Currently, in the planting intentions report, there is an anticipated reduction of 30 percent in the planting of cotton this year, compared to last year. Because of a worldwide depressed textile industry, the market has been flat now for several months. If American farm policy of yesteryear was still in effect there would be no reduction in American planting of cotton and by the end of the 1975 growing season, with normal weather, we would have a disasterous surplus of cotton on hand.

Fifth, we must not have a policy that causes huge payments to farmers from the U.S. Treasury at the taxpayer's expense. In the past, these payments have totalled approximately $4 billion in one year and under some proposals today they could double or triple this amount annually. Such large payments would cause a reaction against farmers, as illustrated in the past when Congress put a limitation of $20,000 on payments per farmer. Farmers could see this limitation reduced to $10,000 or $5,000 per farm or the abolition of all payments.

While keeping up our guard in regard to these five items, it is possible to have a prosperous, thriving agriculture which meets the needs of the marketplace at home and abroad.

The 1970 and 1973 farm acts provided tools for such a farm policy while at the same time containing authority for the Department of Agriculture to protect the farmer from financial disaster. Under current law if we begin to get huge surpluses in commodities again, the Secretary of Agriculture has the power to set aside acreages. There are none set aside today. Some 600 million acres that once were set aside from production have been turned loose and we've asked farmers to go all out in production because the demand is there.

So there is an instrument, with penalties for nonparticipation and rewards for participation, to help with overproduction should we get back into it. This year we don't think we will.

The Secretary of Agriculture also has the authority to go into the marketplace and purchase goods to remove them from the market.

And we have several mechanisms to aggressively push sales abroad although we stopped using them when the demand became so great.

Under current policy, unprecedented sales of American farm products have been made to foreign customers who have come with cash in hand to buy from us. Foreign sales this fiscal year will total more than $22 billion, fractionally above last year's $21.3 billion and well above the $12.0 billion in 1972–1973.

For those people worrying about whether or not we can compete in the world market, be assured that in any of our major commodities, our American farmers can out-compete any of their competitors overseas.

Where we are mechanized, hand labor overseas can't compete and we are mechanized in all of our major enterprises. Our American dairyman can out-compete any dairyman in the world except in New Zealand and Australia. They can out-compete the European dairyman if they just don't have subsidized European imports dumped here on top of us.

Traditionally, the only time farmers have made profits in the United States is during wartime. But now for the first time we've got profit during peacetime. I didn't think I'd live long enough to see that. Our large overseas sales have liquidated our surplus stocks and created much needed profit at levels not dreamed of in times of peace.

Some of you students may not be old enough to remember it, but attacks on the American farmer of a shrill and vitriolic nature were being made when we had huge government stocks. Everybody was complaining about the farm program, about the government carrying all these surplus stocks. Now, since we got rid of those surpluses some of the same people scream because we don't have any surplus stocks.

But, if we are going to continue profitable agriculture we've got to see to it that we allow our farmers to maintain a net profit. Without the net profit and without the ability to sell in foreign markets we would be in sad shape.

We consume only about 40 percent of the rice and wheat that is grown in the United States. Our livestock industry uses only half of the soybean production and 75 to 80 percent of the corn. In addition, the U.S. utilizes domestically only half of the tobacco and two-thirds of the cotton grown here.

To produce for America alone would cause traumatic adjustments in agriculture. Slightly more than one acre out of every four is used for foreign sales. To cut back that 25 percent would eliminate hundreds of thousands of farmers and would very adversly affect the economy of the United States.

Before closing, let's look at hunger. There should not be a single person in the United States who is hungry or malnourished because the federal government, as a matter of policy, has provided through food stamps, school lunches, and supplemental feeding programs, everything necessary for all of those unfortunates without money to have food.

If there's a hungry person in the United States today it is because of a breakdown of administration in food programs at the local level where the entire management of this program is. Ample money is provided by Washington.

As to hunger abroad, the U.S. had a $1.5 billion free food program this year and in the last 20 years has provided for about $25 billion in free food to other nations—accounting for 84 percent of all free food donated to hungry nations between 1965 and 1972.

While food donations are needed in emergency situations arising from national disasters around the world, they are not the answer to the long range problem of food shortages in less developed countries.

Many countries have climate and soil to produce adequately for their needs. Unfortunately, they do not do so because their type of society has been unable to adopt to known modern agriculture production technology. Our aid programs through the State Department, primarily, should provide the technical and educational assistance through our educational institutions, such as this college. Also, technicians out of the United States Department of Agriculture should provide the technical and educational assistance to teach these hungry nations the advanced agricultural techniques that have enabled American farmers to produce abundantly and efficiently for the food needs of this country and the world.

But it takes more than that. They've got to build an infrastructure of agribusiness, transportation, warehouses, fertilizer plants and so on. They've got to build an economy in order to be able to do this.

We think the Rome Food Conference made a good start in bringing this to the forefront, but we must also accept the fact that while we can help, we in the United States cannot be expected to feed the world. Either the American farmer will go bankrupt or our national government will. We in the United States don't have the land necessary to feed all the world.

It does no one any good to stay permanently on welfare, anyhow. We would not do the recipient nations much of a favor by giving them all the food they needed, forever.

In closing, I reiterate my earlier statement that American productivity must be built on profit. We must have profit in agriculture or we're not going to keep this great productive machinery rolling.

MANPOWER EXPANSION CONFERENCE

HON. RAY J. MADDEN

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. MADDEN. Mr. Speaker, on Monday, October 20, 1975 I attended the National Manpower Forums' first annual conference workshop at the Airlie House in Warrenton, Va. I am especially proud of the great work being done by the National Manpower Forum, because its executive national coordinator, Mr. Donald L. Thompson is the manpower coordinator in Gary, Ind., my hometown, and I have seen the results of his tremendous efforts in Gary. Mr. Ronald S. Sullivan, the manpower administrator of Gary, Ind., also participated in the conference workshop and devoted a great deal of time and effort toward making the workshop the great success that it has become.

The Gary Manpower Administration, the Public Service Employment program of Gary, Ind., and the Lake County CETA organization of Crown Point, Ind. were also participants in the conference.

I was given the honor, and also the enjoyable privilege, of introducing to the participants, the Hon. Richard Gordon Hatcher, mayor of the city of Gary, Ind., who was the main speaker at the evening session of October 20, 1975. I told the conferees of Mayor Hatcher's strong support for all manpower and CETA programs. Since he first took office in 1968, Mayor Hatcher has shown that he is one of the great mayors in the United States. He has provided excellent overall administration of the manpower program in Gary. He spoke with great feeling about the hard work and dedicated effort of manpower workers and the need for expanded programs and aid that will put people to work in our Nation's cities and urban areas.

Mr. Speaker, I offer my congratulations to the National Manpower Conference, its executive national coordinator, Don Thompson, the attendees of the conference, and all manpower and CETA workers for the great job they are doing to help the underprivileged find jobs that will provide them with dignity.

FIFTY-SEVENTH ANNIVERSARY OF THE CZECH REPUBLIC

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. HYDE. Mr. Speaker, it is with great pride that I extend my heartfelt congratulations to the Czechoslovak community upon the 57th anniversary of the founding of the Czechoslovak Republic by President Thomas Garrigue Masaryk, October 28, 1918.

I am fortunate to have so many constituents of Czechoslovak ancestry in my congressional district including Cicero, Berwyn, Riverside, and other communities.

President Masaryk shared and implimented those great concepts of individual dignity, freedom and justice which formed the foundation of the United States 200 years ago. He was truly in the tradition of Washington, Jefferson and Lincoln.

The teachings and examples of these great men demonstrate that there is no force in the universe great enough to crush into nothingness the human longing for freedom. The faith of the Czechoslovak community is strong and enduring enough to move mountains and to shame a faithless world.

In a world torn by strife and with the spiritual descendants of Genghis Khan stalking the Earth, more than ever are we in need of the inspiration and hope provided by those who refuse to capitulate to atheist communism.

The Czechoslovak community by its dedication to those basic human ideals of freedom, justice, and human dignity provide all of us with the assurance that one day the forces of darkness will be lifted from their home land and once again the ideals of the great Masaryk will be realized and enjoyed by the Czechoslovak people and serve as a beacon for the rest of the world.

SOLID WASTE ENERGY AND RESOURCE RECOVERY

HON. ROBERT F. DRINAN

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. DRINAN. Mr. Speaker, in recent years many cities and towns have been hard hit by the mushrooming cost and inconvenience of solid waste disposal. Caught between environmental controls, lack of suitable landfill locations, and an ever-increasing flow of waste, most local governments have come to consider their trash, garbage and sewage sludge as little more than a headache and multibillion dollar fiscal liability.

In fact, however, recent technical experience indicates that solid waste may be one of our most promising and reliable natural resources, and a source of both new energy supplies and recycled raw materials. There is good reason to believe that active development of systems designed to reflect local problems and needs will eventually make the processing of solid waste materials into a profitable commercial enterprise.

Since many of the most advanced methods of solid waste treatment have not been fully implemented except on a small scale, many local governments have been understandably hesitant to commit themselves to long-term planning and investment in unproven technology. The psychological impact of successful demonstration of on-line solid waste systems would undoubtedly loosen up tight bond markets and ease the apprehensions of investors and undecided localities.

The Solid Waste Energy and Resource Recovery Act of 1975, which I introduced in July, addresses this problem by establishing a rigorous program of research, development, and demonstration of alternative waste management systems. This bill, H.R. 8745, which has attracted 59 cosponsors in the House, would make advanced, energy-efficient processing of solid waste materials a real and affordable possibility for both private industry and enterprising local governments.

Following are several recent articles concerning the development of solid waste technology, and local efforts to implement energy and resource processes, which I highly commend to my colleagues:

[From the Newark Star-Ledger, Sept. 14, 1975]

JERSEY MULLS NEW IDEA . . . GAS FROM TRASH

(By Gordon Bishop)

A new recycling system capable of converting New Jersey's greatest growing resource—garbage and sewage sludge—into a virtually endless supply of synthetic gas is being eyed by state and federal officials as the most promising solution to the current energy, environment and economic dilemma.

A continuous supply of synthetic, or man-made, gas would flow from modern machines that would tap a mounting supply of solid waste and sewage sludge, at the same time reduce the tremendous costs of garbage and sludge disposal, improve the environment and bolster the economy.

The process, recently unveiled to local, state and federal officials seeking solutions to today's complex energy-related problems, is expected to be in use within three years, turning society's wastes into new energy and material rsources.

Public Service Electric & Gas Co., New Jersey's largest power producer, is actively pursuing the project with John G. Reutter Associates in Camden, a consulting firm that devised the system to take advantage of the state's massive glut of garbage and sludge.

"It's a great idea. It solves two serious problems immediately: What to do with our wastes and coming up with a substitute for natural gas which we're running out of fast," explained John A. Casazza, vice president of planning and research for PSE&G.

The wastes-to-fuel process designed by Reutter, past president of the Consulting Engineers Council Engineers Council of the United States, would realize substantial revenue from the sale of synthetic gas and recyclable materials such as steel, aluminum, tin and glass, while also achieving a sizeable savings to the taxpayers in lower garbage-sludge disposal and treatment costs.

Moreover, the system would combat air pollution and conserve energy by reducing trips to rural garbage dumps and eliminate the hauling of sludge far out to sea. This would be accomplished through a network of truck/rail transfer stations and pipes from sewerage plants directly to a regional reclamation plant.

State and county planners are looking at the possibility of building regional metropolitan recycling plants at a cost of approximately $100 million each. About six regional plants would be needed to process the state's urban wastes.

New Jersey now generates some 37 million pounds of solid wastes each day, in addition to 400 dry tons of sludge, all of which is burned, buried or dumped in the ocean at increasing costs to the taxpayers.

A 2,000 ton per day regional recycling plant would produce 14 million cubic feet of synthetic gas daily by gasifying garbage and sludge.

On plant would be able to serve the entire gas needs of the South Jersey glass industry, which now consumes 12 million cubic feet of natural gas a day. More than 80,000 jobs are presently dependent on critical supplies of natural gas.

The Federal Energy Administration anticipates shortages of natural gas of up to 53 per cent in New Jersey this winter. To prevent the glass industry and other gas-consuming plants from shutting down in December, costly synthetic gas made from foreign resources such as naptha will be shipped to South Jersey and other locations.

PSE&G, manufacturers of synthetic fuels, is pushing the garbage-sludge process because these "energy resources" are readily available and cheaper than the "politically unreliable" foreign sources.

The synthetic methane gas from garbage-sludge would sell for $1.50 per thousand cubic feet. Public Service is selling its naptha fuel for three times that amount—$4.50—contributing to the energy inflationary spiral that was triggered by the oil embargo in October of 1973.

"We'll buy all the methane gas we can get at $1.50," says Arthur F. Lenehan, manager of public information for the giant utility. "That's why we want to get this waste-fuel process off the ground as quickly as possible."

Also supporting the recycling plan are several local, state and federal officials and agencies, including the Federal Energy Research and Development Administration (ERDA), the U.S. Environmental Protection Agency, the State Department of Environmental Protection, the State Department of Labor and Industry and many county freeholders—all of whom have been briefed on the proposal during the past month.

The Institute of Gas Technology, based in Chicago, has been pressing for action on a waste-to-fuels system for nearly six years.

State labor and industry officials are interested in promoting the "first regional recycling plant" to boost New Jersey's chances of being selected as the site for a National Energy Center comparable to the space center in Houston.

"This is an incredible idea that fits right in with our plan for making New Jersey the energy capital of America," says State Labor and Industry Commissioner Joseph A. Hoffman. "We've certainly got the wastes to keep such a system working around-the-clock. Now we've got to find a way to build one and to realize the many benefits it has to offer."

Several counties are exploring ways to establish a regional authority to sell bonds to fund the development of a large-scale reclamation system. The revenues from the operation would be used to pay off the bonds over a 30-year-period.

Commissioner Hoffman visualizes "self-contained, inner-city industrial parks" recycling their own wastes and producing their own energy to manufacture goods.

"Industry will be attracted to an urban center that can furnish its own energy and renewable supplies of ferrous and nonferrous metals," Hoffman said. "No waste problems, no pollution problems. It's the ideal solution."

If a city plans an industrial park with that concept included, the state would consider putting up $10 million or more to fund the recycling system, Hoffman said. "Such a plan could be eligible for a grant from the Economic Development Fund."

New Jersey's vast petrochemical industry, the largest in the nation, also is seeking substitutes for expensive feedstocks now being supplied by foreign sources. Synthetic fuels from garbage-sludge would be one alternative, according to Hoffman.

"We're talking about storing liquefied natural gas to meet our fuel needs. That is a dangerous and costly alternative," Hoffman said. "We have the garbage and the sludge, let's use it."

The plan under consideration by state and local authorities would utilize conventional technology that has been tested and proven at sewerage treatment plants and reclamation plants.

The heart of the system is the anaerobic digester, the technique used in "digesting" sewage-sludge during the treatment process. Anærobes are microscopic organisms that feed on wastes and can live and grow in an environment absent of air and oxygen.

Digesters biologically convert sludge and garbage into methane gas. Sewerage treatment plants have been using digesters for decades to reduce sludge to a biologically harmless material that can be used as a fertilizer.

The Milwaukee Sewerage Authority markets its digested sludge under the trade name "Milorganite," which suburbanites sprinkle on their lawns to enrich soil and feed grass, shrubs and flowers.

Here's how the waste-to-fuel system would work on a regional level:

Local trash and refuse collection would continue using municipal or private packer-collectors. Strategically located satellite transfer stations would receive the refuse for compaction and transfer the material to the regional bioconversion facility in tractor-trailer haulers, or in railroad boxcars.

Raw, or undigested, sewage-sludge would be delivered or pumped to the reclamation facility from sewerage treatment plants.

At the regional plant, the refuse would first be shredded in rotary shredder mills. Magnetic, gravity and air-wash separators would recover the glass, steel and nonferrous metals. The paper and organic fraction remaining would be further pulverized into fine particles and then transferred to either mixing facilities or storage.

(Paper would not be recycled as it is a renewable resource. Municipalities, however, could require separation of newsprint prior to curbside collection. Many communities now practice paper recycling.)

The finely shredded organic materials are combined with sewage-sludge in a predetermined ratio, mixed, and placed in anaerobic digesters operating at temperatures in the 95-degree range.

The off-gas from anaerobic digestion contains about 65 per cent methane and 35 per cent carbon dioxide and hydrogen sulfide. The gas would be scrubbed, separated and marketed to public and private companies for distribution.

Waste solids from the anaerobic process would be dewatered and pyrolized (thermal reduction of wastes without oxygen). The residue from the pyrolysis operation would be marketed as a filing material for roadbeds, or as a clean landfill.

Another product of digested wastes could be a low-grade fertilizer.

Projected costs for a $95 million regional plant are broken down as follows: $3 million for satellite stations; $6 million for sludge transmission; $11 million for shredding and resource recovery; $50 million for digesters; $7 million for gas processing; $3 million for electrical generation, and $15 million for other contingencies.

The $5.9 million annual operating costs for the regional system would be: $800,000 for the satellite stations: $500,000 for sludge transmission; $1.1 million for resource recovery; $800,000 for digestion: $700,000 for gas processing; $300,000 for electrical generation; $1.2 million for maintenance, and $500,000 for administration.

Annual revenues would come to $20.4 million. The sale of synthetic gas at $1.50 per thousand cubic feet would net $7.6 million. Steel at 2.5 cents per pound would bring in $2.6 million, aluminum at 7 cents a pound, $2.6 million; glass at a penny a pound, $2.1 million, carbon dioxide at $8.75 per ton, $1.7 million, and a sludge charges of $30 per ton—for a total of $3.8 million.

There is no charge for garbage disposal at the regional plant. Garbage dump fees now range from $15 to $40 per truckload at any of the 300 landfill sites operating throughout the state.

The U.S. Environmental Protection Agency estimates that sludge disposal costs will run $75 per tons when ocean dumping is phased out in the near future. Sewerage authorities are now dumping their wastes some 12 miles off the coast of North Jersey at a cost of about $2 per ton. This method of disposal, however, will be banned by 1980, forcing sewerage authorities to switch to more expensive disposal techniques such as incineration.

The waste-to-fuel plan proposed for New Jersey projects a sludge disposal savings of $3 million a year at each regional facility, in addition to a $2.5 million savings from free trash drops.

Coupled with a net system income of $5 million, the total annual savings would come to $10.5 million, according to the initial planning estimates.

Advocates of the new energy recovery process point out that as the price of recyclable materials rise (they are at an all-time low due to the recession), the revenues from used steel, aluminum, glass and other products will increase, boosting the annual income.

The reason engineers are impressed with the relatively simple anaerobic digestion system is that it is extremely efficient. The net energy of the waste-to-fuel process is a remarkable 16 to 1—meaning that for every unit that goes into the system, 16 units of energy are produced.

The most efficient energy recovery process has been drilling for oil and gas in the deserts of Saudia Arabia, where the net energy ratio is a mere 6 to 1.

By comparison, nuclear energy is about 2 to 1, most of the energy in the nuclear cycle being lost in the burning of uranium fuel to generate electricity.

With a net energy efficiency of 16 to 1, power companies are anxious to solve urban America's garbage and sludge problems by taking all they can find to create new sources of fuels.

[From the Wall Street Journal, Aug. 11, 1975]

Garbage-to-Energy Conversion Fuels Bond-Sector Interest

(By Lindley B. Richert)

New York.—"Garbage" may be the way municipal bond specialists would characterize their entire market recently, but its aroma holds particular interest for those at White, Weld & Co.

On Friday, the investment bankers successfully offered $30 million of new tax-exempt revenue bonds, designed to complete construction of the largest refuse-to-energy plant in the U.S. Financing for that facility, expected to be operational about Oct. 1, is among the first of what could be more than a $5 billion industry total over the next 10 to 15 years, estimates Peter Philip, senior vice president at White Weld.

Located on a former landfill site in Saugus, Mass., this plant will burn, for a fee, the garbage of at least 10 surrounding towns in that Boston North Shore area. The heat will fire huge boilers that, in turn, will provide steam energy to General Electric Co.'s nearby Lynn River Works plant. The abundantly available garbage will permit two of GE's eight oil-fired generators to be mothballed at an estimated savings of about 17 million gallons of fuel oil annually.

The idea of "garbage power" isn't new, at least outside the U.S. Because of natural and economic constraints, Europe and Japan learned long ago to turn refuse into energy. The Saugus facility is of essentially the same design as that pioneered by Von Roll Ltd. of Zurich, Switzerland, about 20 years ago.

Resource-recovery plants using the technology, either in operation or being built, total 67. They're located in Europe, Japan, Canada and Australia. In addition, there are 34 plants in operation and another 15 being built that are similar to the Saugus plant but don't recover the energy generated. Besides recovering the energy content as steam at Saugus, the process also permits extraction and, hence, sale of ferrous metals from the ash—another revenue source to secure these bonds. The ash, itself, is usable as a roadway base or building-block component.

In the U.S. alone, more than 200 million tons of domestic refuse is collected annually. Converted to electric energy, it represents a generating power of about 14,000 megawatts of power, or the fuel equivalent of about 290 million barrels of oil—roughly two-thirds the yearly U.S. import of Arabian crude oil, says a spokesman for Wheelabrator Energy Systems Inc. That subsidiary of Wheelabrator-Frye Inc., in joint partnership with M. DeMatteo Construction Co., will operate the Saugus plant.

"You can figure one ton of refuse is the energy equivalent of one barrel of oil, or one-third ton of coal," explains Clay Stephens, president of Wheelabrator Energy.

Jersey Central Power & Light Co. signed a 25-year contract this spring with the Wheelabrator unit to buy nearly one billion kilowatt hours of electricity a year from a garbage-fueled generating station to be built on a site as yet undetermined in central New Jersey. At the time, Wheelabrator said the utility was attracted chiefly by the guarantee of an on-going energy supply. Jersey Central will save 150,000 gallons of fuel oil a day, Wheelabrator says.

An unspecified number of other plants are in various stages of negotiations, Mr. Stephens adds.

Last week, American Can Co. began building an $18 million resource-recovery facility in Milwaukee that is designed to process up to 400,000 tons of that city's solid waste annually. "We are confident this is the coming thing," says a company official. Cost of that plant will be financed internally, American Can adds.

The Saugus bonds, rated single-A, included $16.1 million of 19-year 8% bonds priced at 100, and $13.9 million of serial securities, scaled to yield between 5.75% in 1977 and 7% in 1985.

[From the Nation's Business, August 1975]

A Free Enterprise Solution to a Tough Public Problem

Once a week, Evan Davie, of Malden, Mass., a welder, puts his household refuse out for collectors who cart it off to a dump where it is buried.

But starting Oct. 1, his refuse will become part of an energy chain that will help provide power to run Mr. Davie's electric welding equipment and supply 60 percent of the other power needs of the vast General Electric Co. plant in Lynn, Mass., where he works.

Focal point for that conversion to energy of food scraps, rags, plastic containers, paper, etc., is a $35 million plant on the Saugus River just north of Boston.

The plant will produce steam to generate electricity, burning nothing but rubbish—the first such operation in America.

While a number of power plants now burn refuse for energy, they mix it with the fossil fuel they were originally designed for. [See "Wattage From Waste," Nation's Business, June, 1974.]

And the Saugus project is unique in another way: It is a taxpaying, private enterprise from start to finish. There is government involvement to varying degrees in the others.

The Saugus project is a joint venture of Wheelabrator-Frye, Inc., a global company with a varied product line that is heavy on pollution controls, and the M. DeMatteo Construction Co., a major New England contractor. Wheelabrator-Frye is in charge of the overall design, engineering, and construction. DeMatteo povided the land and half the capital and is doing the actual building.

CHEAPER POWER, LESS MESS

Michael D. Dingman, Wheelabrator-Frye's tall, softspoken president and chief executive officer, has been the driving force behind the project.

When it is in operation, the plant will burn all the refuse of more than a dozen surrounding communities. Steam produced by the heat will be carried in insulated pipes across the Saugus River to the GE factory, where 13,000 workers make giant turbines.

The factory generates its own electricity, and the steam will enable it to cut drastically the amount of oil it buys to fuel its boilers.

Mr. Dingman points out the energy-environmental compatibility of the refuse-burning project: "It will solve the garbage disposal problems of a half-million people; provide clean energy, with more than 99 percent of the smoke and dust removed from the stack gases; and save 14 million gallons of fuel oil a year."

GE initially will pay somewhat less for the steam than it has been spending to make its own. The contract price is a variable one, linked to the price of oil.

Mr. Dingman sees what his company calls garbage power as a major element in resolving the nation's energy problems.

"It's beyond the wildest belief how many of these plants there are going to be," he says. "Many, many more are going to be built in America."

Wheelabrator-Frye recently announced plans to build a refuse-burning plant that will supply electricity to the Jersey Central Power and Light Co., which serves the northwestern and central coastal areas of New Jersey.

WASTE AND A WANT

The Saugus plant evolved from a combination of factors that developed independently, then merged.

As early as 1968, engineers in the GE factory had looked out across the river at an unsightly landfill and speculated that the enormous amounts of rubbish carted in daily could be a plentiful source of energy.

But oil was cheap, and there was little incentive to invest in the research, development, and construction needed to convert refuse to energy. That situation had changed completely by 1973, when boilers at the General Electric plant were scheduled for replacement.

GE officials contacted the owner of the dump, Martin DeMatteo, who had been exploring ways to put the property to a more beneficial use. Out of their meetings came a decision that Mr. DeMatteo would find an engineering firm that would design a plant to convert refuse to energy. The partnership of Wheelabrator-Frye and the construction company that Mr. DeMatteo heads evolved from that search.

The dump will be closed when the garbage power plant goes into operation. The plant will operate this way:

Collection trucks from communities in the region will approach through a weighing station—with the communities to be billed on a per-ton basis for the disposal service—and dump their loads into a storage pit.

Overhead cranes will lift refuse from the pit in large scoops and deposit it at the end of a series of steplike, moving grates that will spread it evenly for burning.

NO OTHER FUELS

The system is designed to achieve full combustion of all burnable refuse without the aid of other fuels—"Garbage burning garbage," Mr. Dingman says. Asked what they will use to get the firing going on the first day of operation, company officials like to quip: "A match."

Forced air under the moving grates will dry the rubbish and provide a draft. Combustion temperatures will range from 1,000 to 1,800 degrees.

Metal and other nonburning solids will be reclaimed for later sale.

Heated air and gases from the burning rubbish will be channeled under two boilers, turning water to steam that will go into the pipeline to GE. Each boiler has a maximum capacity of 750 tons of steam per day. Provision has been made for adding two more boilers if demand warrants.

Before they leave the plant's smokestack, gases from the burning process will go through the electrostatic precipitators, which will give air-borne particles an electrical charge and then extract them in a magnetic action before they can get into the atmosphere.

Ashes left by the burning process will represent about a tenth of the original volume of the refuse and can be sold for fill in construction projects.

AN UNINTERRUPTED FLOW

The storage pit for refuse will have a capacity of 6,700 tons, although the plant will burn only 1,200 tons a day. As a result, the plant could operate for 5½ days if collections are held up by weather or other factors—or if, as one of the plant designers puts it, "We get nothing but watermelon rinds for a while."

But to guarantee an uninterrupted flow of steam in the unlikely event the storage pit is emptied, the plant will have two standby oil-fired boilers.

While America has been moving somewhat cautiously into the refuse-to-energy field under pressure of soaring costs and potential shortages of fossil fuels, other countries have moved ahead aggressively for many years. This is particularly true in Europe, where land shortages have worked against committing large areas to dumps and where fuel traditionally has been more costly than in this country.

Wheelabrator-Frye is associated with Von Roll, Ltd., of Switzerland, which has built furnaces for 60 refuse-burning systems now operating in Europe, Canada, and Japan and is building 30 more.

EMPHASIS ON ENTERPRISE

Mr. Dingman puts heavy emphasis on the private-enterprise aspect of the garbage power project.

Pointing out that the communities that shared use of the dump had been unable to agree for years on how to solve their waste-disposal problems, he noted that "industry got together and solved them."

And the market system enforces a discipline that government frequently does not, he says. "There can't be any question that the plant is going to work when we turn it on," he explains. "It's got to work and we have to see to it at every step of the construction process that it's going to. We have contracts to fulfill."

Mr. Dingman came to Wheelabrator-Frye from the investment banking field, which he had found wasn't really his niche.

"I like to build and operate things long-range," he says. "The financial community emphasizes short-term gain."

While with the investment banking firm of Drexel, Burnham & Co. in New York, Mr. Dingman met Robert W. Halliday, of Boise, Idaho, an investor and business consultant. They discussed Mr. Dingman's desire to move into work that would give him an opportunity to "build and operate."

Together, they invested in Wheelabrator-Frye, with Mr. Halliday becoming chairman and Mr. Dingman president and chief executive officer.

Since they took over in 1970, net revenues have jumped from $108 million to $351 million. Net income has gone from a loss of $11 million to an after-tax profit of $12.7 million.

ILLEGAL ALIENS AND FRAUDULENT MARRIAGES

HON. JOSHUA EILBERG

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. EILBERG. Mr. Speaker, the problem of persons coming into this country illegally continues to be one of the Nation's chief economic concerns. It is estimated that 1 million jobs which should be held by American citizens or legal residents are now being performed by illegal aliens.

The vast majority of illegal aliens come here for that one reason, jobs. They cannot get work or they must accept wages on which they cannot live in their own country so they come here where they know the wages are higher and there are employers looking for illegal aliens.

These unscrupulous employers want to hire illegal aliens because they know they can pay these people low wages even though they are higher than what they can get at home which American citizens will not accept and they can force them to work under the most substandard and dehumanizing conditions.

The Judiciary Committee recently favorably reported, and I hope to bring to the floor soon, H.R. 8713, known as the illegal aliens bill, which would deal effectively with this problem by fining and or jailing employers who habitually and willfully hire illegal aliens.

However, there are also other illegal means being used by aliens to enter the United States. One of these is the fraudulent marriage of an alien to a citizen. After the ceremony, the noncitizen disappears and enters the labor market taking a job which should go to one of our millions of unemployed citizens and legal residents.

The Immigration and Naturalization Service is attempting to deal with this problem, but it needs additional manpower to deal with it effectively along with meeting all of its other obligations.

H.R. 8713 also provides a possible remedy for this situation by giving the Judiciary Committee the power to authorize the expenditure of the funds necessary to beef up the INS.

At this time my Subcommittee on Immigration, Citizenship, and International Law is also considering H.R. 367 and H.R. 981, which would revamp the immigration laws for the Western Hemisphere and eliminate many of the injustices which force persons to use illegal means such as fraudulent marriages to enter our country.

At this time, I enter into the Record an article from today's Wall Street Journal which describes the problem of fraudulent marriages:

Uncle Sam Seeking To Undo Marriages Not Made in Heaven

(By June Kronholz)

El Paso—On Maria del Rosario Jacquez's wedding day last May she made the traditional promises to love, honor and obey. After that, she added a couple of pledges of her own: to file U.S. immigration papers for her Mexican husband and then to file for divorce.

Then the pretty, 19-year-old bride pocketed $240 her new husband had given her and walked back alone to her family's two-room house in El Paso's Mexican quarter. And her 25-year-old husband vanished into the crowd.

Miss Jacquez's wedding ceremony, she told a federal court recently, was a marriage of convenience, a fraudulent contract for pay that enabled her dental-student husband to get into the U.S. by bypassing tough immigration laws.

There's nothing new about the use of bogus marriages to get aliens into the U.S.; in fact they've been going on since about 1917 when they were first used by the Chinese, Greeks and Italians who were virtually excluded by the restrictive immigration laws of the time. But it wasn't until 1974 that the number of phony marriages became so large that the U.S. Immigration and Naturalization Service decided to launch an offensive.

THE MARRIAGE "ARRANGER"

The harassed immigration people say although phony marriages are on the increase they can't give actual figures because of the difficulty of obtaining proof. They can only say that of their 21,000 yearly fraud investigations, a large percentage is likely to involve these sham liaisons. And in cities such as Hartford, Conn., and San Francisco just about all of the service's time is taken up with investigating the marriage business.

Most of these sham marriages originate with an "arranger" who, for a fee of as much as $1,000, will find a willing American spouse, orchestrate the marriage ceremony and file the visa application.

The use of a marriage license to get into the U.S. is particularly common among Iranians, Filipinos and Portuguese, immigration people say. But Mexico, because of its closeness to the U.S., holds the record. There's another reason for the fact that last year 13,900 Mexicans entered the U.S. in this fashion: Inflation and unemployment (as high as 35% in some Mexican cities) is making more Mexicans look northward.

Trying to get in by more legitimate means is tough for many Mexicans. Before 1965 the U.S. didn't limit the number of Mexicans entering the U.S. But in that year a new immigration law set a quota of 120,000 immigrants annually for the entire Western Hemisphere.

Getting into the U.S. today is a long and involved business. It can take years for a Mexican to prove to the U.S. authorities that he won't take a job away from an American or won't end up on welfare. Having satisfied these requirements he must then wait an average of 2½ years for his visa.

WAITING IN THE YARD

In the tiny U.S. consulate in Juarez, across the Rio Grande from El Paso, visa inquiries have quadrupled in two years and now are streaming in at the rate of 800 a day. Kirk-Patrick Kotula, a U.S. vice-consul in Juarez, complains that hopeful Mexicans are even waiting for him in his yard when he gets home at night. Others approach vice-consul Irene Barbeau in the supermarket.

All of this can be bypassed by marrying an American. With a marriage certificate in hand the usual rigorous procedures are avoided and a foreigner can immigrate as fast as the State Department can process the papers, which usually means less than six weeks.

These days immigration officials are viewing all visa applications from Mexicans married to Americans with suspicion and applicants are likely to find themselves closely questioned. Since the phony marriages seldom involve couples living together, El Paso's immigration agents have devised a long list of questions that probe what normally would be intimate details of a marriage: "Does he have any scars that no one else would know about?" "What's her favorite food?" "What was the last movie you saw together?"

It was questions like these that tripped Miss Jacquez's husband when he applied for a U.S. visa in El Paso. He was fined $500, given a suspended sentence and sent back to Mexico.

But that leaves Miss Jacquez, who wasn't prosecuted, in difficult and poignant circumstances because she is still legally married and will now have to try to get the marriage annulled. She recalls that she met her future husband in a dance hall while on a visit to Juarez. "He asked me if I could help him," she says. "I decided, oh why not? Sometimes it looks simple to do, to help someone. And then you think maybe it will work out and you'll be happy. Maybe you'll fall in love."

Her husband got off lightly because he could have received a $20,000 fine and up to 10 years in jail. Many hopeful immigrants believe this risk is worth taking, even though they are likely to end up like Salvador Bautista-Reyes, who is now in El Paso County Jail awaiting trial after being indicted for fraud. He is charged with marrying a woman he has never met.

While Mr. Bautista-Reyes, who is 34, has formally pleaded not guilty, in his jail cell he readily describes how he got into his present dilemma. He had left his family's seven-acre peanut farm in Mexico to cross into the U.S. illegally. He took a $3-an-hour job as a construction worker in the oil fields in Odessa, Texas, and last year earned $5,800. By comparison, he says, the farm in Mexico was "just for to live but not for to save."

Because he was working in the U.S. illegally he decided to go to a notary public in Odessa who, he had heard, "could fix up my papers for to stay." What the notary did, he says, was to persuade him to marry an American woman, and, for $200 down, to deliver a marriage partner to the office of an Odessa justice of the peace.

But the marriage turned out to be more of a sham than Mr. Bautista-Reyes had realized. The notary (who has pleaded guilty to fraud and is awaiting sentencing) apparently matched the Mexican up with a woman whose name he still doesn't know. She certainly wasn't the woman on the birth certificate presented at the ceremony (immigration agents later found that the owner of the certificate was an innocent victim).

In fact the dimensions of the sham-marriage business are limited only by the ingenuity of the arranger. Immigration agents tell of one complex scheme in which a Florida woman (who is now awaiting a grand jury hearing) allegedly arranged marriages, most of them bigamous, for 14 would-be immigrants and collected an average of $1,000 from each. She is charged with marrying six men herself, helping her two daughters each to marry three men and arranging for her common-law husband to marry two women.

To compound the scheme, it's alleged she then collected $10,731 in welfare checks for all 14 "couples" and even received food stamps.

THOSE FEDERAL TEXTBOOKS

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. McDONALD of Georgia. Mr. Speaker, it always seems that those who are always speaking out against conformity and insisting on their right to their views, are the first ones to try and impose their own personal views on others. Unfortunately, the Federal Government has been a party to this in the form of National Science Foundation assistance in the preparation of the now very controversial man; a course of study series. A very excellent summary of the negative contribution this series makes for our children was written by Robert W. Lee and appeared in the Review of the News on July 30, 1975. The article follows:

[From the Review of the News, July 30, 1975]

THOSE FEDERAL TEXTBOOKS

(By Robert W. Lee)

The M.A.C.O.S. program was developed by the federal government and then passed on for profit to sell perversions to our youth.

Man: A Course Of Study, the fifth-grade social studies course known best by the acronym M.A.C.O.S., continues to generate controversy in local communities throughout the nation and in the halls of Congress as well. Currently, a bitter legislative fight is nearing its conclusion on Capitol Hill, the outcome of which will determine whether the federal government's National Science Foundation (N.S.F.) will continue to supply tax money for promotion of the M.A.C.O.S. series.

The M.A.C.O.S. saga began a dozen years ago when, on March 26, 1963, the N.S.F. gave some ninety thousand dollars to the Education Development Center, Inc. (E.D.C.), as seed money for a one-year experimental social studies course for fifth graders, to be prepared by Dr. Jerome B. Bruner (an experimental psychologist) with various assists by others.[1] By the end of 1967, the grant total had climbed to over $4 million, and M.A.C.O.S. was soon made available to 58 commercial publishers. All 58 rejected it because of its objectionable content and/or high cost. (The complete collection of films, records, books, games, songs, cards, *etc.*, runs to some four thousand dollars, and must be purchased as a package. The various items are not available separately.)

Down, but hardly out, the N.S.F. and E.D.C. turned to Curriculum Development Associates, Inc. (C.D.A.), a small publishing firm in Washington headed by former U.S. Secretary of Labor Willard Wirtz.[2] The N.S.F. arranged to give Wirtz' C.D.A. an 80 percent discount on royalties due the federal government from the commercial proceeds of M.A.C.O.S. sales. Usually, when federal funds are used for curriculum development, the publisher makes reimbursement with a royalty of 15 percent. In order to assist the commercial success of M.A.C.O.S., however, that royalty figure was slashed to 3 percent. Thus M.A.C.O.S. became commercially available in September of 1969 and, with the assistance of 90 separate N.S.F. awards totalling over $2 million for promotion and marketing, was soon available in over 1,700 elementary schools in 47 states.

Think about that for a moment. Here we have an explosively controversial experimental social studies course aimed at fifth graders throughout the nation. It is competing with many other programs marketed by private-enterprise publishers. Yet, the federal government, through its N.S.F., takes sides with M.A.C.O.S. to the tune of million-dollar subsidies and cut-rate royalties, thus giving this highly questionable program a tremendous edge over its competition. By what authority does the N.S.F. play favorites in this manner? Some believe that this bias borders on criminal mis-use of public funds. In the words of Congressman John Conlan (R.-Arizona), who has courageously led the fight to end federal funding of M.A.C.O.S.:

> . . . NSF has given millions to a small group of closely related individuals in order to enable them to turn a profit by undercutting competition and virtually forcing an undesirable curriculum on parents and educators across the country.

And of what does that "undesirable curriculum" consist? Such things as the study of the Netsilik Eskimo.† Congressman Jack Kemp (R.-New York) claims that M.A.C.O.S.'s treatment of the Netsilik contains "repeated and approving references to such tribal habits as adultery, bestiality, cannibalism, incest, infanticide, murder, revenge, robbery, and mate-swapping." Here are a few extracts from M.A.C.O.S. materials which indicate the basis for the Congressman's ire:

> If a man is about to set off on a journey and his wife is sick or unable to go with him, he may borrow the wife of his song partner to take along, giving his own wife in exchange. This kind of wife-exchange is necessary in the kind of life the Eskimos lead. (Emphasis added. M.A.C.O.S. Booklet 18, Page 23.)
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> The wife knew that the spirits had said her husband should eat her, but she was so exhausted that it made no impression on her. She did not care. It was only when he began to feel her, when it occurred to him to stick his fingers in her side to feel if there was flesh on her, that she suddenly felt a terrible fear; so she, who had never been afraid of dying, now tried to escape. With her feeble strength she ran for her life, and then it was as if Tuneq saw her only as a quarry that was about to escape him, he ran after her and stabbed her to death. After that, he lived on her, and he collected her bones in a heap over by the side of the platform for the purpose of fulfilling the taboo rule required of all who die. (M.A.C.O.S. Volume I, Pages 97–98.)
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> . . . it is solely economy that lies behind the custom that girls are killed at birth, if they have not already been promised to a family where there is a son who some day is to have a wife. (M.A.C.O.S. Volume I, Page 99.)
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> As time went on, the old woman grew angry, for she too wanted a husband. She envied her daughter more and more, until one day when Kiviok was out hunting caribou, she killed her. She pulled the young smooth skin from her daughter's face and hands, and with it she covered her wrinkled old face and her bony hands. When Kiviok returned, the mother went to greet him as her daughter always did. (M.A.C.O.S. Booklet 25, Pages 11–12.)
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> When we spoke of Eskimo murder, Father Henry told me about a man now at Committee Bay who had come to him one day, and, after the usual tea and silence, had said to him suddenly: "I took the old woman out on the ice today." It was his own mother that he had driven out and set down at sea to freeze to death. He was fond of her, he explained. He had always been kind to her. But she was too old, she was no longer good for anything; so blind, she couldn't even find the porch to crawl into the igloo. So, on a day of blizzard, the whole family agreeing, he had taken her out, and they had struck camp and gone off, leaving her to die. (M.A.C.O.S. Volume 7, Page 18.)
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> Itimangnark helps Irkowagtok butcher his animal [a caribou]. When the animal is freshly killed, the skin peels off cleanly from the flesh. Umiapik and his mother watch the butchering with interest. Irkowagtok does most of the butchering, because it was his kill. As he works with his short hunting knife, he stops for a moment and cuts out one of the eyes to give a Umiapik as a delicacy. (M.A.C.O.S. Volume 6, Page 55.)
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> . . . Itimangnark . . . slits the stomach with his knife. . . . Soon each man is stabbing morsels for himself, feasting on the warm liver and fresh blubber. . . . Kingnuk then skins the seal and butchers it on the floor of the ceremonial igloo. . . . Some of the blood she offers to the young people to drink. (M.A.C.O.S. Volume 7, Pages 40, 61.)

Interesting fare for ten-year-olds. Yet Congressman Michael Blouin (D.-Iowa), who supports federal funding of M.A.C.O.S., claims "This program . . . does not do any more than what Walt Disney has done on television for years." Come now, Congressman! When was the last time you saw a Walt Disney character slaughter a caribou, dig out one of its eyes, and offer the bloody orb to a friend as a treat? When did a Disney fable last feature a mother who murders her daughter, skins her, and dons the skin in the hope of sparking an adulterous affair with the son-in-law?

It is important to note that a basic assumption of the M.A.C.O.S. study of the Netsilik is that the abominable Netsilik behavior results from cultural and geographical factors, and is therefore understandable and justified. This, of course, flies in the face of moral assumptions based on the absolutes of Divine Commandment and Scripture. It is simply another way of promoting situation ethics, the rationalization that anything goes if you can claim that your culture or environment demand it.

In our opinion, M.A.C.O.S. is not to be condemned so much for describing what Netsiliks do, as for subtly promoting tolerance of what they do. It is likely that promoters of M.A.C.O.S. do not actually want our children to adopt the specific traits of the Netsilik; although many such individuals are also active in various movements which are breaking down barriers to adultery, infanticide (abortion), senilicide (euthanasia), wife-swapping, homosexuality, etc., within our own nation. These people seem determined at least to weaken confidence of the young[3] in traditional Western standards of civilization and Christian standards of morality. For example, note the contempt for our traditional standards of culture, morality, and patriotism expressed in the following extracts from an essay contained in the M.A.C.O.S. publication Man: A Course Of Study Seminars For Teachers:

> There are ... a few societies where men seem to find no pleasure in dominating over, hurting or killing the members of other societies, where all they ask is to be at peace and to be left in peace. These societies are, of course, small, weak, technologically backward, and living in inaccessible country; . . .

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[1] One of the others was behavioral psychologist B. F. Skinner, who wrote in his 1948 book, *Walden Two:* "I've had only one idea in my life—a true *idée fixe*. To put it as bluntly as possible—the idea of having my own way. 'Control' expresses it. The control of human behavior. In my early experimental days it was a frenzied, selfish desire to dominate. I remember the rage I used to feel when a prediction went awry. I could have shouted at the subjects of my experiments, 'Behave, damn you! Behave as you ought!' "

[2] Wirtz is very versatile. He once helped an organizer for the Communist Party in Illinois collect petition signatures to place the party on the ballot in that state. The Communist Party organizer was Robert Wirtz, Willard's brother.

†If there is an Eskimo Civil Liberties Union, it may want to sue someone over the incredibly distorted image of Eskimos created by the M.A.C.O.S. obsession with the Netsilik. As Congressman Conlan has noted, this small, nearly extinct tribe "is so low that even the other Eskimos do not want to associate" with it.

[3] The noted child psychologist Dr. Rhoda Lorand has observed that, while much of the M.A.C.O.S. material might be acceptable in anthropology courses for older and more mature young people, "As a clinician with twenty-five years of experience in working with children's emotions and cognitive development, I find the program appalling for elementary school age children . . . and I fully agree with the protesting parents that it poses a danger to their young children's development."

What seems to me the most significant common traits in these peaceful societies are that they all manifest enormous gusto for concrete physical pleasures—eating, drinking, sex, laughter—and that they all make very little distinction between the ideal characters of men and women, particularly that they have no ideal of brave, aggressive masculinity. . . . They do not have heroes or martyrs to emulate or cowards or traitors to despise; their religious life lacks significant personalized gods and devils; a happy, hard-working and productive life is within the reach of all.

The article continues to express elation about what it calls the "youth international" which has developed around the world in more advanced societies during the last generation:

The long hair, dandified dress and pleasantly epicene features (which so infuriate their elders) are a physical repudiation of the ideal of aggressive masculinity which has been traditional in all their societies in recent generations, and which is still maintained by the conventional and the neo-Fascists [sic!] (white supremacists, Empire loyalists, Birchites, and the like) in the same societies. . . . Mankind is safer when men seek pleasure than when they seek the power and the glory.

The closing paragraph expresses hope that these "positive" developments will lead to a One World social order:

The attempts to devise a social unit more inclusive than the nation-state, a brotherhood of man, have all been unsuccessful to date. It is just possible that the youth international, with its emphasis on shared sensual pleasure and its repudiation of the ideal of truculent "manliness," may succeed where the grandiose schemes of idealists have always failed.

When the hideous moral and political implications of the M.A.C.O.S. line are combined with the huge (and legally questionable) financial subsidy and promotion the scheme has received from the federal government, a picture emerges of yet another pincer attack on the morality and traditional values of America. Pressure from above by Insiders in government and elsewhere has been combined with radical ideological pressure from below in a drive to squeeze American school children into a mold very much different from that desired by most of their parents.

WE MUST LOOK BEYOND POLITICS

HON. JOSEPH M. GAYDOS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. GAYDOS. Mr. Speaker, the politics in President Ford's proposed $28 billion tax cut is obvious. So are the difficulties in his demand that the cut be made conditional to a $28 billion reduction in Federal spending.

As other Members of Congress, I am well aware that nearly three-fourths of the present budget is the result of past commitments and therefore uncontrollable without serious disruptions in the national services. The debt-carrying charges alone amount to $36 billion this fiscal year.

But this said, I want to add that, politics aside, the President, in my opinion, deserves credit for raising a tax cut issue of this magnitude at this time and he should be supported in his plan as far as it is economically feasible. We cannot dismiss it as only a campaign ploy rigged up for 1976.

Most of us go home and condemn high taxes, runaway spending, monstrous debt, and all the other ills of the present financial situation. How can we, then, step back and refuse just consideration to any proposition, no matter by whom presented or for what purpose, which is addressed to the need of easing the governmental cost burden on the people?

I say this for myself, a member of the political party in opposition to the White House. I intend to look beyond the politics of the President's recommendations and judge them objectively. I will back any reduction plan which appears reasonable. I will vote to eliminate all the fat possible from the Federal budget. And I will not at any time judge these matters with vote-getting politics in mind.

The Government spends far too much. There is no question on this point. The skyrocketing Federal debt must be brought under control. The alternative could be bankruptcy.

The years have loaded many questionable programs on the Government. They must be examined and cut back or eliminated entirely. And let no one tell me that billions upon billions cannot be saved as long as the discredited foreign aid giveaways continue and while the Pentagon persists in collecting the high costs of maintaining military forces abroad to defend other nations well able to defend themselves.

I have told the people of my district on repeated occasions that I am for real economy in Government. I have assured them of an unrelenting opposition to waste and extravagance. I have said time after time that I favor bringing tax costs down sharply, both on individuals and businesses. I intend to keep these promises in judging the Ford program and the alternatives expected from the congressional leadership.

The need for tax and spending cuts is not a Republican or a Democratic responsibility. It is a must for all of us if we are to save America from going down the fiscal drain. I once read that a former president, William Howard Taft, said certain issues are so serious that when drawn they should dissolve all party lines and be handled not by Democrats or Republicans as such, but by truly concerned Americans. I am sure he would look upon the tax and spending issue as one of these.

INFLATION NO. 1 PROBLEM OF IOWA

HON. MICHAEL T. BLOUIN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. BLOUIN. Mr. Speaker, I am submitting today, for the review of my colleagues, the results of a district-wide questionnaire which I mailed to my constituents last August.

I find the information supplied by this questionnaire to be very helpful to me in representing the people of the Second District. I submit it for the Record today because I think my fellow Members might also appreciate knowing how the people of eastern Iowa feel about the crucial issues which face our country and this Congress.

As you might expect, inflation is the No. 1 problem in Iowa as everywhere else. Some 63 percent of my constituents responding to the questionnaire ranked inflation as a No. 1 problem; close behind were other major problems which we are all familiar with: energy, governmental reform, crime, tax reform, unemployment and medical costs.

When it comes to spending the taxpayers' hard-earned dollars, the people of my district believe we can well afford to spend more on energy research, on aid to the elderly, law enforcement and mass transit. On the other hand, they are convinced that we should not be increasing such things as foreign aid, weapons development, the space program and the defense budget—so much so, in fact, that only 9 percent favor increasing the spending on weapons development and only 15 percent favor increasing the defense budget generally. The responses, I think, are a clear indication of opposition to the huge increases being requested this year.

To deal with the rising national deficit, 70 percent of the respondents in my questionnaire believe we have to cut administrative costs by streamlining the Federal Government; second only to that, another 40 percent believe we must cut military spending to balance the Federal budget.

As the results below attest, an overwhelming majority of people in the Second District believe this country should be doing more to preserve family by limiting the size of nonfamily corporate farms and granting additional tax exemptions for family-operated farms.

Mr. Speaker, the results of this questionnaire did not surprise me very much, but they served to confirm my belief that we should be working harder, working longer and working more conscientiously to produce meaningful solutions to the very serious problems which face the people of this country. Without objections, I ask that the results of my questionnaire be entered in the Record and I recommend them to the attention of my colleagues.

1. What do you think are the most serious problems facing the nation today?

Inflation, 63 percent. Energy, 53 percent. Government reform, 48 percent. Crime, 48 percent. Tax Reform, 33 percent. The Economy, 33 percent. Food Prices, 27 percent. Environment, 19 percent. Agriculture, 18 percent. Drug Abuse, 17 percent. Defense, 11 percent. Education, 9 percent. Housing, 6 percent.

2. The Federal Government has just so much money to spend. Within those limits, where do you think the priorities should be?

Agriculture: More, 19; less, 24; same, 45.

Aid to the elderly: More, 50; less, 8; same 34.

Aid to the poor: More, 22; less, 30; same, 36.

Education: More, 25; less, 19; same, 42.

Energy Research: More, 59; less, 8; same 17.

Economic Aid to Foreign Countries: More, 2; less, 72; same, 13.

Military Aid to Foreign Countries: More, 1; less, 80; same, 7.

Housing: More, 22; less, 22; same, 41.

Law Enforcement: More, 48; less, 15; same, 31.

Highways: More, 15; less, 30; same, 41.

Mass Transit: More, 44; less, 15; same 26.

National Defense: More, 16; less, 32; same, 39.

Public Works: More, 19; less, 28; same, 33.

Space Program: More, 7; less, 56; same, 22.

Weapons Programs: More, 9; less, 48; same, 29.

3. Faced with a Federal budget deficit of $70 billion, which policy do you favor for future spending?

Begin a concerted effort to streamline the federal government and its agencies and cut administrative costs, 70 percent.

Cut military spending, 40 percent.

Cut spending, even if that means cutting programs like Social Security, 16 percent.

Maintain current spending levels, 7 percent.

Increase spending levels, 1 percent.

4. With unemployment at 8 or 9 percent, do you think we should expand public works financing and public jobs programs?

No, 38 percent. Yes, 36 percent. Undecided, 18 percent.

5. How would you restore competition in our free enterprise system?

Provide more tax benefits to smaller businesses and corporations, 46 percent.

Impose stricter antitrust regulations, 39 percent. Remove all regulations, 15 percent.

6. If it becomes clear that additional funds will be needed to finance the Social Security program, which method would you favor?

Use of general revenue funds to finance some part of Social Security, 33 percent.

Expand the wage base from which Social Security is deducted, 29 percent.

A combination of expanded wage base and increase in employer's and employee's payroll deductions, 21 percent.

A decrease in Social Security benefits, 13 percent.

Increase the employee's and employer's deduction amount, 5 percent.

7. In its effort to deal with the oil shortage, which policies should Congress follow?

Impose a tax on inefficient cars, 37 percent.

Ration gasoline, 26 percent.

De-regulate oil and natural gas prices, 24 percent.

Allocate supplies state-by-state, 12 percent.

Impose higher excise tax on gas, 10 percent.

8. In order to insure American farmers a fair return on their products, what policy steps do you favor?

Expand the export market, 51 percent.

Limit imports of farm products, 44 percent.

Increase price support levels, 13 percent.

Decrease loan rates, 13 percent.

Decrease price support levels, 7 percent.

Increase loan rates, 3 percent.

9. Exported grain is now inspected by private inspectors. Do you favor:

Increasing controls over the private inspectors, 45 percent.

Employing federal inspectors, 37 percent.

Maintaining the present system, 9 percent.

10. How would you preserve family farms?

Limit the size of non-family, corporate farms, 51 percent.

Additional tax exemptions for family-operated farms, 40 percent.

Do not think family farms should be preserved, 13 percent.

11. From your observations, what do you think accounts for the slowness with which Congress legislates solutions to the nation's problems?

Too much partisanship, 54 percent.

Poor Congressional leadership, 26 percent.

The President's attitude and vetoes, 25 percent.

Congress' attitude toward the President's programs, 17 percent.

An unworkable system, 16 percent.

12. Which form of federal campaign reform do you favor?

A combination of public financing and limited private contributions, 49 percent.

Total public financing, 21 percent.

Total private contributions, 19 percent.

13. In foreign policy, do you think the U.S. should sell nuclear weapons or nuclear technology to other countries?

No, 75 percent. Yes, 6 percent. Undecided, 8 percent.

14. In the Middle East, do you think the U.S. should:

Support neither Israel or the Arab states, but step up our efforts to bring both sides to the peacetable, 79 percent.

Support Israel, 9 percent.

Provide arms and support to both Israel and the Arab states, 3 percent.

Support the Arab nations, 1 percent.

15. In the Cyprus crisis, do you think the U.S. should:

Support neither Greece or Turkey, but step up our efforts to bring both sides to the peacetable, 86 percent.

Provide arms and support to both, 3 percent.

Support Turkey, 2 percent.

Support Greece, 1 percent.

16. In U.S. policy in Europe, do you think the U.S. should:

Maintain our present policy, 42 percent.

Strengthen our ties with NATO, 29 percent.

Rely less on the Atlantic Alliance, 25 percent.

AN OPPORTUNITY FOR CREATIVE TAX REFORM SLIPS AWAY

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. VANDER JAGT. Mr. Speaker, I cannot conceal my disappointment that the Committee on Ways and Means is failing to take advantage of a major opportunity to achieve true corporate tax reform. Simply changing rates and otherwise fine tuning existing provisions, in my judgment, falls far short of reform. The baling wire approach to repair commonly proves short lived and costly. While the changes we are making may have some stimulative effect and may increase the availability of investment capital, I am disturbed that in confining our attention in this way we will have overlooked the enormous potential which lies in employee stock ownership financing as outlined in testimony before the committee on July 29.

The facts speak for themselves—51 percent of all individually owned corporate stocks in this country are owned by 1 percent of the American families. Ninety-five percent of the American people own little or no stock, primarily because they cannot afford to purchase it on their regular incomes. In relying upon conventional approaches to create the $3 trillion estimated to be required for business' capital needs in the next 10 years, we will simply be turning once again to that tiny slice of our population and increasing its wealth.

This week the House considered legislation reported by the Banking, Currency and Housing Committee to establish the National Center for Productivity and Quality of Working Life. This body will replace the Commission on Productivity and spend more than $16 million of taxpayers' dollars in the next 3 years to foster more productive work practices. Yet, we have within reach a means through the Internal Revenue Code of making each worker an entrepreneur—a means of opening up the corporate sector to millions of workers and their families, enabling them to own "a piece of the action" and to share in the rewards of their enterprise. Over 150 corporations have now begun to implement this concept within the limited framework provided by existing law. Seminars and workshops across the country are attracting business leaders eager to learn of the potential of ESOP for building capital and strengthening productivity. Yet, much greater progress could be made through enactment of the Accelerated Capital Formation Act, presently sponsored by nearly 100 Members of the House.

Mr. Speaker, in failing to take a hard look at this legislation or comparably motivated proposals the committee is placing in question the sincerity of its interest in genuine reform. There is reason to believe that the Senate Finance Committee will give considerable attention to ESOP. That body has already demonstrated substantial interest in the concept. But I believe that the Ways and Means Committee is the proper place for a thorough analysis and debate on employee stock ownership financing. I recognized that the time constraints imposed by this year's congressional schedule make it difficult to focus the committee's attention upon new ideas, or to move beyond the narrow focus of entirely familiar provisions of the code. But I suggest that if the committee cannot now direct proper attention to the exciting prospect of coupling the creation of investment capital with an expansion of corporate ownership, that it convene promptly upon the completion of the present markup to thoroughly explore this subject and prepare to legislate in this area during the remaining deliberations on tax reform.

A LOCAL LABOR LEADER'S VIEW OF ECONOMIC PROBLEMS

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. MICHEL. Mr. Speaker, Jack Slater is the president of the Independent Steel Workers Alliance, an independent labor union in my district. In a recent interview with Dwight Jarrell, in the Limestone (Ill.) Independent News, he offers his outspoken views on this Nation's economic woes.

Slater's opinions are, I think, important, because I believe that in a very real sense he speaks for working men and women across the Nation. As Members, we have an obligation to listen to what our constituents are saying.

We will find, I believe, little comfort in doing so. For Slater is not angry only at customary labor targets such as conglomerates, he also is angry at us, at the Congress. He says, "I think we have a Congress that sits around and—does very little."

I agree. And I agree also with his forthright defense of the free enterprise system. In recent years Congress has paid scant attention to the necessity of preserving competition in our economy, which is threatened not only by market forces, but also by the continued and unwarranted intrusion of Government—the biggest conglomerate of all.

I would like Jarrell's interview with Slater printed here in the RECORD, so that Members may become more aware of the sentiment I find everywhere in the country, that in Slater's words, "If this isn't a 'do-nothing' Congress, it's a first cousin to it."

The article follows:

A "Do Nothing" Congress, Conglomerates Blamed for U.S. Woes by Labor Chief

(By Dwight Jarrell)

Has free enterprise and competition in the country disappeared as smaller independent companies are gobbled up by big conglomerates? Is this and a "do nothing" Congress the reason for the economic plight of the U.S. today? A Bartonville union leader thinks so and in the following interview and story candidly expresses his own viewpoints.

The disappearance of independent companies in industry as they are absorbed into conglomerates, and free enterprise and competititon go out the window, and another President Truman's "do nothing" Congress are blamed by a union leader here for the present state of the Nation's economy.

He is big, blunt, outspoken Jack Slater, president off and on for 15 years since 1956 of the 2,500-member Independent Steel Workers Alliance. The members are all employed at Keystone Steel & Wire Company and the ISWA is their sole bargaining agent.

Slater, in an interview with The Limestone Independent News recently, expressed contempt for current talk by economists and national leaders that temporary relief may be in sight in the months ahead from spiraling inflationary costs and cost of living rising levels.

"Oh," he says, "I hear economists and others saying all these things but I don't see them in actual practice. I mean I don't see the cost of anything as far as that goes, going down. It's a one way street; it's always going up. And, there's an awful lot of reasoning behind that too. What's wrong with the economy, that is."

Slater went on to explain what he thought, in his own opinion, is wrong with the economy. He emphasized it is his personal opinion, not the official opinion of the ISWA.

"It boils down" he says, "to one word—conglomerates. Take 20 years ago you might have had 10 companies producing a product, all independently and all independently owned. So one of the companies figures out a way to make their product cheaper and as a result they get a bigger share of the market and they lower the price. Now those other nine companies have to get off their duffs to stay competitive and then this brings your prices down completely because they were all in competition with each other.

"In other words, what's happening in this country right today, as I see it, is your free enterprise and competition are going out the window. Because those 10 companies today are now one big conglomerate. If they can figure out a way to make something cheaper, the hell with it, they just increase their profit margin. They never pass it along to the consumer.

"I really believe," he continues, "that they have destroyed free enterprise in the U.S. today and you can talk all you want to about anti-trust laws but there's ways around all of them, And, you can't tell me these people aren't controlling prices. And that's an unfortunate fact of life right today and it's very bad."

Fifty-year-old Slater minces no words and leaves no doubt that he is a free enterprise and competition advocate.

"This," he says, "is what you have to have and some tougher laws in Washington that wouldn't favor these conglomerates so much possibly would help. Don't give them all those tax shelters, bring them up on the anti-trust laws, and I mean put some teeth into it."

He is contemptuous of what he thinks Congress is doing, or rather, not doing.

"I don't think," he says, "relief is coming from Washington . . . I mean that should be forthcoming. I think we have a Congress that sits around and, in fact, does very little. Personally, I happen to be a Democrat and it bothers me somewhat that we have a predominantly Democratic Congress that isn't taking an active part in doing something to relieve the actual people in this country, primarily the working people. They're not coming up with anything constructive that I can see at all. If this isn't a Truman's 'do nothing' Congress, it is a first cousin to it."

Slater is not one to hedge or beat around the bush in his answer to questions put forth by this reporter, as the following makes evident.

Question: What are you doing, as the head of a union, in the face of what you term the threat of conglomerates?

Slater: "There just isn't a hell of a lot you can do with it when you have Washington on their side. I mean the people down there in Washington make a big show. They bring them in and recite the anti-trust laws and tell them 'We're not going to give you these tax shelters' and so on and so forth, but to me it is just a charade, it really is. Because right now prices are being controlled in this country in just about all phases of industry by these big conglomerates.

"You can go all over this country and seldom can you find the small, independent companies any more. They are owned by one big corporation. For example, Ford Motor Company owns Motorola. What the hell, these used to be all independent companies.

"But the conglomerates, in my opinion, are the worst evil that ever happened in the U.S. because they destroyed the very base this country was built on—competition and free enterprise. Thus there is no way the government can set wage and price controls. No way. It will never work. In fact, I get irritated on that end, too, because they always talk about wage and price controls but they never say anything about profit margin. You can have a mill where it took 20 men to run the thing to produce say, for example, 100 units. So they found a way to automate the mill. Now it only takes 10 people to produce them 100 units but they don't lower any costs to the people they are selling the stuff to. All this increases the profit margin but you never hear a word about it."

Question: What does this mean to the working man?

Slater: "It's a two-fold thing. It means fewer jobs and higher prices. You have so much employment and after you reach a certain point unemployment then in turn feeds on unemployment. That's because the people who are unemployed can no longer buy the certain products. I'm speaking nationally now—they can't buy and when they can't buy then consequently you're putting more people out of work because these companies then in turn have to cut back on their work forces. And this is an unfortunate fact of life, too. The bigger it gets, the worse it gets. And they can sit around on that boob tube all they want to and say things are getting better but to the average guy who is paying the damn bill they're not getting any better at all."

Question: What, in your opinion, is the answer?

Slater: "Well, I wish I could give you one. Don't get me wrong. I think a lot of people can see the problem but nobody comes up with any concrete answers. But somewhere along the line the country has to get competitive. You have to have people competing with each other. A friend of mine just came back from Florida. One of his relatives down there had a big orange grove, in fact he said it consists of 10,000 trees which would be a pretty good size one. One of the companies came in and bought the whole orchard—and never picked one orange. Never picked one orange off a 10,000-tree grove. Now all this is doing is fixing prices. And just multiply this around the country. They are controlling the prices. Competition is no longer here."

Question: Have you lost membership because of the conglomerates or automation?

Slater: "With automation, we have lost some people. Not in a great degree but we have lost some. For example, Keystone, due to the ecology movement, had to do away with the open hearth of which we had five and each was maintained by a crew. Around 1970, electric furnaces were installed and they are capable of producing as much or more than the five open hearths did. Now you have two furnaces with two crews per shift whereas before you had five crews around the clock minding five furnaces. And this would be a form of automation that has cost us manpower.

"Any future equipment that is brought in—whether it is Keystone or any company—they are looking down the road and automation is here to stay. There's no doubt about it. Yet, automation at the same time it destroys jobs, it also creates jobs but they are more on a technical nature. The average fellow who gets hurt is the one on the low ring of the ladder. Still, automation is not the evil overall as a lot of people think it is because it does create jobs at the same time it takes jobs away.

"It's the little guy on the bottom of the ladder who eventually goes out the gate and he is the one who suffers the most. And he is the one who is screaming—and rightfully so—that automation is no damn good."

Question: So really, it's hard to buck that which might be called progress?

Slater: "Yes, it really is. Say a company says we are creating a new job and in creating a new job they bring in higher speed machines or they just figure out a way to produce their product more cheaply. This would be fine if there were competition and so consequently the company was going to pass along the savings it was actually making to the consumer. That would be alright. But this isn't the case any more. Though they produce the product more cheaply, they maintain the same price and do it with less people."

Question: What's the union man going to do about these members of Congress whom you say are not doing anything?

Slater: "Well, we look at the other thing first and this is an unfortunate thing too. That on the wage bit management wants to blame labor but labor doesn't have any choice. I mean let's face it. Union leaders are in an elective office. And if we don't produce for our people they'll soon take us out of office.

"So when we negotiate contracts we have to go in there and get the very best we can possibly get for our people. And this, I will be the first to admit, also feeds inflation. If the company is going to pay our people more, they're going to charge more for their product and it is just a spiral, a dog chasing its tail and going round and round. And where the actual stopping point is I haven't the faintest idea. But I do know that if labor leaders want to stay labor leaders they have to negotiate for all the wages and benefits they can possibly squeeze out of any company. That's the history of unionism.

Question: Do you see this philosophy in the history of unionism changing?

Slater: "I think the only way it could possibly be done—which I imagine from management's standpoint is absolutely inconceivable — is if they will open up their true set of books to the union and say, 'Here is what we are making. Now we can't afford to give you guys this increase and so on and here's the reason why.' Of course, this would be far out. I don't think any of them are ever going to get around to doing this. But they can sit around and say all they want to—that they're not making it—but to the average union man this doesn't soak in at all. I mean they can say all they want to, they can cry poor mouth all they want to, but it doesn't work. Unless they back it up with absolute, concrete evidence that 'We're just not in a position to pay the people that you represent this kind of money. We absolutely can't do it.

"And until that day finally comes there is no way any labor organization is going to take anybody's word for it verbatim that they, the companies, can't do it unless somebody shows them why. And, I can't see that happening in the immediate future. Because it is just not going to happen and so unions are going to have to go all out for every damn thing they can get for their people."

Question: Is President Ford doing anything constructive to help?

Slater: "Nothing constructive that I can see. But I can't completely blame Gerald Ford for the whole damn mess because a lot of it was inaugurated, implemented before he took office. I think the guy is trying but then again I think he has a Congress that should be doing more than what they are doing.

"I think that instead of badmouthing the guy Congress should come up with some constructive programs itself. Then, if he turned it down, there would be a lot more room to argue. But the unfortunate thing again is that these politicians are worrying too much about the next election rather than getting in there, rolling up their sleeves and saying, 'Now, let's get this damn thing done.'

"This is very unfortunate because they are not thinking about the people who actually made them big people. They forget the little guy, the one who put them where they are. They make all these campaign promises—and this cliche is absolutely true—they'll promise you anything before election but they produce nothing after the election. And this is what they're doing now, except sitting down there behind their desks and about to vote themselves big pay increases while at the same time saying labor has no right to do this because we are causing inflation."

Slater: "I think the first action to halt this damn runaway inflation is, number one, the Congress is going to have to implement something. They are going to have to come up with some constructive ideas. They're going to have to be actual plans presented to the president.

"In other words, what they really think and take action on that will solve the problems of this country right today. Which I might add are very, very numerous. But until that time, as long as they sit around like a bunch of women wringing their hands, there will be no solutions to our economic woes or any woes of the U.S. today."

NUCLEAR PROLIFERATION—RETHINKING THE UNTHINKABLE

HON. MICHAEL HARRINGTON

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. HARRINGTON. Mr. Speaker, for 30 years we have managed to avoid nuclear war, in spite of recurrent international crises. Yet we should not be lulled into a false sense of security.

Estimates indicate that 52 countries will have nuclear reactors, either operational or under construction, by the end of the decade. Since each average, 1,000 megawatt power generating reactor, utilizing nuclear fuel, produces 25 times the amount of plutonium necessary to produce and detonate a "nuclear device" each year, the problem is both immediate and serious.

The Public Broadcasting System affiliate in Boston, WGBH-TV, proved that an atom bomb can be easily constructed by hiring a Massachusetts Institute of Technology undergraduate to develop one. He did so in short order.

Clearly, given the proliferation of nuclear materials, and the demonstrated ease with which one can manufacture a bomb, great care is warranted in the nuclear industry, as well as in government. Many scientists and experts question the adequacy of our current preventive measures regarding nuclear proliferation. As this Nation reaches a point of no return in our commitment to nuclear power generation, this subject assumes critical importance.

The following article appeared in the July 1975 issue of Physics Today. I feel it is a definitive statement on the prospects of nuclear proliferation in the coming decades. Additionally, it offers some direction for government in this increasingly fragmented world:

NUCLEAR PROLIFERATION—THIRTY YEARS AFTER HIROSHIMA

(By Bernard T. Feld)

Nowadays there is a tendency among historians and social scientists to think of the postwar scientists' movement as a quaint aberration, and to dismiss the ideas we developed in the late 1940's as politically naive or irrelevant. Some go even further and would have us believe that time has shown the wisdom of those politicians who insisted on the need for maintaining American pre-eminence in nuclear armaments, despite our urgent warnings that this was a futile and dangerous course. As evidence, they cite the facts that for thirty years nuclear war has been averted, in spite of recurrent international crises, and that the number of nuclear-weapons states has remained much smaller than the number that we predicted would be able to produce nuclear weapons on a time scale of thirty years.

The facts are undeniable, but their interpretation of cause and effect could not be more mistaken.

It is my belief that avoidance of nuclear war and the relatively small number of nuclear-weapons states have occurred, not *because* of U.S. attempts to maintain our nuclear pre-eminence, but *despite* these attempts. A good case can be made for the argument that nuclear war has been avoided mainly because of incessant warnings from the world-wide scientific community, bringing a realization of the horrendous consequences that would result from any use of a nuclear weapon. In other words, the limited proliferation of nuclear weapons has been a consequence of the insistence of we scientists and our allies that the security of nations is better served through restraining the nuclear arms race rather than through its enlargement.

THREE REALITIES

In the last few years I have been forcibly struck by the relevance of the ideas developed by the scientists' movement in the immediate postwar period. Our approach then was based on three realities: First, there can be no scientific secrets. Nature is an open book to all those trained in its reading; hence, no nation could maintain a monopoly on nuclear weapons. Once it was demonstrated that atomic bombs are possible, the rest is simply a matter of effort and investment. Second, there is no defense against nuclear weapons, now or in the foreseeable future. Partial protection under special circumstances, even if possible, is no defense; if nuclear war breaks out, anything short of one hundred per cent protection means disaster. Finally, accepting the first two premises, we were forced to the conclusion that the only way to ensure an atom-bomb-free future was by a system of strict international controls over fissionable materials and their means of production.

Unfortunately, despite the apparent advantages of irrefutable facts and unassailable logic, we have never been able to sell these ideas, completely, where it really counts—in the seats of power. If we can't have a monopoly, we have been told, we can still stay ahead, taking advantage of superior American production capacity and technology. We all know where that delusion has got us, locked as we are into a continuing nuclear arms race with the Russians that (SALT notwithstanding) commits both nations to nuclear-bomb delivery capacities at least a hundred times beyond any sensible level.

The notion of defense dies hard. We thought we had finally won that battle, when the first Strategic Arms Limitation Treaty (SALT I) outlawed antiballistic missiles—only to witness a replacement of the myth of defense by the myth of counterforce. This newer principle tells us that, with multiple warheads and smart bombs, we can now fight a clean nuclear war and win it by concentrating our attack on military targets. And so what we used to call "deterrence" has been re-named "MAD" (for "mutually assured destruction") by the smart bombers, in their campaign to discredit the accepted doctrine that nuclear weapons should only be used in retaliation against a nuclear attack, and to replace it by the truly insane concept of permitting to the military the option of a nuclear first strike.

END OF AN ERA

The consequences of international nuclear anarchy, so clearly foreseen by the founders of the Federation of Atomic Scientists, are about to burst upon us. Nuclear weapons technology is being handed to scores of nations on a uranium platter—under the spur of the competition among the technologically developed countries to sell nuclear fission power to any nation that has the cash (or the oil) to buy it. Although only six nations have publicly demonstrated an independent capability of nuclear detonation, there is no doubt that many others could do so on short notice, and are preparing to do so under the guise of peaceful nuclear explosions, following the Indian example of 1974.

PROLIFERATION

Dangerous and wasteful as the continuing superpower nuclear arms race is, the threats that it poses are, in my view, today dwarfed by those associated with the widespread proliferation of nuclear weapons technology. The nightmare of scores of itchy fingers on the nuclear trigger is almost upon us. Unless drastic and radical steps are taken immediately to shore up the crumbling nonproliferation regime, that nightmare will inevitably turn into a reality before the end of this century.

I am not ready to pronounce non-proliferation dead, and I would be greatly surprised if most of my readers were. There is little time left to us, but there may still be some effective ways of frustrating the apparently inevitable if we can concentrate our collective intellectual and political efforts on the problems.

The immediate focus for these efforts should be the Non-Proliferation Treaty Review Conference, the first stage of which took place in Geneva during the month of May. Convened in response to a provision of the treaty—that its workings were to be reviewed five years after its coming into effect—it was already seriously flawed from the start. Only adherents to the treaty could participate. Even worse, most of the preparatory efforts, at least as far as I have been able to discover, have been devoted to considering what concessions need to be made to the nuclear have-nots to keep them in the system. Because all the pressures are for concessions that weaken the restraints—such as relaxed safeguards for easier access to so-called "peaceful" nuclear explosion technology—it begins to appear that the treaty's emasculation is being demanded as the price of keeping it alive. Worst of all, there has been little advance consultation by the nuclear-capable countries to work out a common approach for rescuing the treaty and for achieving universal adherence to it. All of which, if not remedied in time to affect the next stage of the Review Conference, spell its doom.

The tragedy is that the Non-Proliferation Treaty could still be made into an effective instrument, given a concerted resolve to introduce such changes into the system as will overcome its deficiencies and render it capable of doing the job for which it was intended.

NEED FOR POLITICAL CHANGES

The needed changes are, however, not trivial. Some are essentially political; while I cannot dwell on these political needs here, it is worth noting briefly which of them appear to be most important.

There is the question of security guarantees against nuclear attack for those nations that voluntarily forgo an independent nuclear-weapons capability. A direct approach has not worked in the past. A number of indirect approaches, however, merit serious exploration—the concept of nuclear-free zones, for one example, and that of a comprehensive pledge of no-first-use of nuclear weapons against nations adhering to the NPT, for another.

But the major political loophole in the treaty is that which allows the technically advanced countries to provide aid in peacetime nuclear technology to any nation, and the recipient countries to accept such aid, irrespective of whether or not the countries involved adhere to the treaty. As long as nations continue to indulge in this sort of blatant hypocrisy, the incentives for accepting the treaty are worse than nonexistent—they are negative.

SECURITY AND NUCLEAR ENERGY

However, politics aside, the NPT Review Conference will be a pointless exercise unless the technical problems of providing assurance against the diversion of nuclear weapons-grade materials can be solved. As I have previously noted, the problems stem from a worldwide commitment to a vast increase in nuclear fission power in the coming decades. If carried out, this commitment will result in a situation in which hundreds of tonnes of plutonium, of uranium highly enriched in the U-235 isotope, and eventually of uranium-233 will be floating around the world, in various vehicles of transport and stages of refinement, with processing going on in hundreds of plants, governmental and private. Under these circumstances, even with the best possible accounting system, it will be absolutely impossible to prevent the loss or the diversion, intentional or accidental, of enough material to produce many bombs.

But, nevertheless, I am convinced the problems are solvable.

To begin with, it makes a great difference what approach one takes to the future of nuclear fission energy. If one regards it as the main hope of Mankind for satisfying our energy demands as far ahead as one can foresee, then nuclear breeders become inevitable; the problems I've outlined will be with us indefinitely, and they will become worse as time passes. On the other hand, if one adopts the view that nuclear fission energy can only be an interim solution, aimed at satisfying Man's essential needs—rather than his uninhibited demands—for at most a few decades, then many steps can be taken to keep the problem of diversion under control.

Thus, thinking of fission energy as an interim solution permits us to reexamine the need for a nuclear breeder economy. Without the breeder all the associated problems are much reduced. Ideally, we might hope to convince nations to adopt reactor types that utilize natural uranium or only very weakly enriched uranium, and to discard the accumulated plutonium (together with the other radioactive wastes) without ever attempting to remove it from the spent fuel elements. Such a system could be quite competitive with the plutonium-based systems now being developed. And it would be infinitely safer from the point of view of plutonium proliferation.

However, if it should turn out to be impossible to turn back the clock on nuclear programs that involve relatively large-scale plutonium recycling, then there is no choice but to return to the solution foreseen thirty years ago by the atomic scientists' movement. The only controls that have any prospect of working are *custodial* controls—actual physical possession, at all stages, of plutonium and highly enriched uranium by agencies capable of ensuring that these materials will not fall into unauthorized hands.

Such controls will be most effective if all the plutonium processing—from the handling of the spent fuel elements through the fabrication of new elements to go back into the reactor—is done in a single, heavily guarded installation.

PROBLEMS WITH PLUTONIUM

Even with the adoption of custodial controls, however, the existence of huge quantities of weapons-grade uranium and plutonium will still provide an ever-present temptation for diversion and thus remain a source of danger and concern. In the uranium case, keeping the degree of enrichment low will present a formidable physical obstacle to the conversion of peace-time stocks to weapons-grade material. For plutonium, on the other hand, Nature has not been quite kind enough.

The plutonium-239 produced in nuclear reactors always contains a proportion of the heavier plutonium-240 isotope, which does not undergo fission when absorbing slow neutrons. Furthermore, another attribute renders plutonium containing an appreciable Pu-240 admixture much more difficult to detonate explosively.

By proper design, the Pu-240 content of the extracted plutonium can be as high as about fifty percent.

Unfortunately, sophisticated bomb designers have been able to design effective bombs in spite of this obstacle.

Even though a high content of Pu-240 does not absolutely prevent detonation, it does nevertheless render it sufficiently more difficult that we should take advantage of this fact. If plutonium is to be produced, we must insist on reactor designs that maximize the Pu-240 content, even at the expense of greater difficulty of fuel-element fabrication and the somewhat less efficient fuel cycle that is a consequence.

Plutonium should only be transported as chemical compounds of low density, and serious efforts must be made to mix it with contaminants with unfavorable fast-neutron absorption properties and of chemical natures that make their separation from the plutonium as difficut as can be, while at the same time still permitting the plutonium to be consumed in a thermal power reactor.

All this may be difficult—and would still provide no absolute guarantee that the plutonium could not be processed into bomb-usable form—but an ingenious denaturing program could go a long way towards inhibiting the production of clandestine weapons.

AND IF THE WEAPONS ARE USED . . .?

But the clandestine, terrorist bomb is only one aspect of the problem. Governments, large and small, can also be irresponsible, and nuclear capabilities are already proliferated. Given the proclivity of all governments to resort to force in pursuit of what they regard to be their national interests, it is difficult to be optimistic about the chances of preventing the use of a nuclear weapon in some future conflict.

And yet, even if a nuclear weapon should be used—be it through mischief or accident or inadvertence or just plain madness—it is not inevitable that this should lead to the ultimate holocaust: not inevitable, perhaps, but (if history is any guide) much too likely.

We must therefore also be concerned with the prevention of escalation of a nuclear conflict should one break out. Certain fire-breaks against nuclear escalation have been built into the international system in recent years, most notably the multiplicity of "hot lines" between the major nuclear powers. Beyond this, we are dependent on the universal acceptance of a high threshold of conflict, before nuclear weapons would be used. In the case of the two superpowers, insofar as there is mutual acceptance of the doctrine of deterrence, this threshold is mercifully high. In the case of East-West confrontation in Europe, and in other regions of possible conflict, the threshold is much too low.

What is even more dangerous is the fact that the deterrent threshold has become fuzzy and ill-defined. Furthermore, there has been a very strong tendency in recent years to reduce the threshold even further, through the dangerous military counterforce doctrine and through the development of the technologies of high-accuracy guidance (the smart bomb) and of mini-nuclear weapons. Unless firm steps are taken to resist these tendencies, there is the gravest danger that present thresholds will be completely eroded.

This danger is exacerbated by a widespread belief that it is precisely the uncertainty about the threshold for introduction of nuclear weapons into a conventional conflict that inhibits the other side from pursuing policies that could lead to a military confrontation. Whether or not this form of deterrence is psychologically sound, it appears to me to be equivalent, on the international level, to permitting children to play with guns in order to teach them about their dangers.

The ignoring of inhibitions against the use of new technological methods of mass destruction is unfortunately one of the characteristics of our age. In my view, this is primarily a consequence of unthinking adherence to the 19th-century military doctrine that war is merely an extension of politics by other means, coupled with a naive faith in new technology on the part of military leaders, which can best be characterized as a narrow military "light-at-the-end-of-the-tunnel" vision.

Belief in limited war, either nuclear or conventional, represents the perpetuation of a myth; the fact is that the intensity of even conventional wars, as measured by the amount of high explosives used divided by the time span of the conflict, has been increasing exponentially from the Boer War to the Yom Kippur war, with the same doubling time, of roughly ten years, as most other modes of technological pollution.

Nor can we have much faith in the ability, let alone the will, of political leaders to limit the growth of nuclear war.

In this technological age, Mankind is much too vulnerable for such choices to be left to the generals.

SZILARD'S EXAMPLE

Concerning escalation of nuclear conflicts, the post-war scientists' movement understood very well the dangers and devoted considerable thought to means of preventing it in the event that their campaign to eliminate nuclear weapons should fail.

The entire population on both sides had become hostage to continuing peace. This, like it or not, is what is meant by "deterrence," and, the formalization of deterrence provided—as it still provides—the most effective barrier against the outbreak of nuclear war between the superpowers. The erosion of the strategy of deterrence represents a terribly dangerous regression towards the uncertain and frightening world of nuclear anarchy that the nuclear pioneers accurately foresaw and strove to avert.

PETER FOSCO, GREAT LABOR LEADER, PASSES

HON. JOHN J. McFALL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. McFALL. Mr. Speaker, this week organized labor lost one of its truly great leaders with the passing of Mr. Peter Fosco, general president of the Laborers' International Union of North America, AFL–CIO.

I know that many of my colleagues join with me in offering my sincerest condolences to his widow, Carmela.

The Laborers' International Union of North America, AFL–CIO, published a news release this week which reflects much of the fine record established by Peter during his lifetime since beginning his career as a construction laborer in Chicago.

Mr. Speaker, without objection I ask that this release be printed at this point in today's Congressional Record:

Laborers' International Union
of North America, AFL–CIO,
Washington, D.C., October 29, 1975.

Peter Fosco, general president of the 650,000-member Laborers' International Union of North America, died Sunday (October 26) in Chicago.

Mr. Fosco, who also served as a vice president of the AFL–CIO and as first vice president of the AFL–CIO Building and Construction Trades Department, had served as general president of Laborers since November 12, 1968.

He was elected to the union's highest office after having served as General Secretary-Treasurer since 1950.

Mr. Fosco began his career as a construction laborer in Chicago, where he quickly rose through the ranks of elected office in Local Union Number 2, serving as financial secretary from 1916 to 1920, and local president from 1920 to 1938.

In 1936, the International Union first tapped his talents by naming him manager of the union's Chicago region, the Laborers' largest region encompassing nine states and two Canadian provinces.

While serving as regional manager, he was chairman of the organizing committee for heavy, highway and utility construction that led the way to unionization of this important field.

The pattern of organization used in the Chicago region was adapted and used to organize in this important sector of the industry throughout the nation.

As general president, Mr. Fosco had been nstrumental in establishing new programs n the fields of training, organizing, collective bargaining and legislation.

Under his leadership, a network of training and education funds were negotiated by LIU affiliates to meet the training needs of he membership in an increasingly complex onstruction industry. During his time as eneral president, the union stepped up oranizing activities, both in the construction ndustry and among building materials emloyees and in the public employee fields, ringing the benefits of trade unionism to hese workers for the first time. Under his irection, the National Post Office Mail Handlers, Watchmen, Messengers and Group Leaders union merged with the Laborers in 1969.

Mr. Fosco also pioneered in the area of pensions by setting up programs for construction and industrial workers alike.

We worked successfully for passage of construction safety legislation. He also played a vital role in the passage of the first legislation aimed at the problem of seasonality in the construction industry. Under his guidance and direction, the union was able to win passage of legislation which gave full legal protection to workers in the non-profit hospital field who wished to join unions. Under his direction, the union also played key roles in the passage of many other federal acts to protect his membership, including the recently adopted Pension Reform Act.

Under Mr. Fosco's direction, Laborers' has played an increasingly active role in advocating program aimed at solving urban and environmental problems, including programs of pollution control, mass transit, housing and energy.

He was elected a vice president of the AFL–CIO in 1969.

In addition to serving as a member of the AFL–CIO Executive Council, he served as one of five members of the Department's Administrative Committee.

Many groups and organizations outside of the labor movement have honored Mr. Fosco for his humanitarianism concern for his fellow women and men.

These honors include an outstanding citizenship award presented to him in 1972 by the President of the United States on behalf of a federation of Italian-American federations in cooperation with the Knights of Columbus. He has also received numerous other honors including Humanitarian Awards from Guiding Eyes, Inc., a national philanthropic organization which provides guide dogs free to the blind.

Mr. Fosco is survived by his widow, Carmela, and two sons, Angelo and James.

Funeral services will be held Wednesday in Chicago.

SOCIAL SERVICES AMENDMENTS OF 1974

HON. JERRY LITTON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. LITTON. Mr. Speaker, I am introducing today, legislation to resolve the problems associated with the implementation of day care center staffing requirements as established under Public Law 93–647, the Social Services Amendments of 1974.

Day care centers provide a very needed service for many families throughout the Nation. The program is badly in need of a reevaluation in order to determine what are acceptable staffing ratios, so children can receive acceptable care at a reasonable cost. HEW supplies a substantial amount of Federal money to many centers, and these are the centers which are covered in the provisions of my bill.

On October 1, of this year, revised HEW regulations in regard to staffing ratios were supposed to go into effect. These regulations would have mandated to the States that the existing regulations which had not been strictly enforced would have to be explicitly followed, or 100 percent of HEW funds would be withdrawn from the day care center violating the HEW regulations. This proposal met with much opposition. Many day care centers expressed the view that this requirement was too harsh, would disrupt existing centers, and perhaps force some centers to close. In response to this opposition, Congressman Jim Jones proposed H.R. 9803, a 6-month extension of the existing regulations, in order that Congress would have time to evaluate the situation with the aim of determining what constitutes equitable staffing ratios. The Senate Finance Committee, however, reduced the extension period to 1 month, and, consequently, the Conference Committee settled on a 4-month extension of the existing regulations.

The bill I propose would reduce the penalty for noncompliance from 100 percent to 3 percent for the particular center. In addition, my bill will permit the States the opportunity to negotiate with HEW, in order to determine what are acceptable standards for day care centers in that particular State. In essence, since an equitable standardization has not been determined as of this time, each State ratio will be based on that State's particular needs.

The bill will be enacted for an 18-month period in which HEW will, at the same time, be conducting an extensive study to determine an equitable standardization in regard to staffing ratios. At the termination of the 18-month period HEW will report to Congress what are acceptable standards. In this way, the States, in the interim, will be forced to move toward some compliance with the existing regulations due to the 3-percent penalty for noncompliance, but cannot be severely disrupted or forced to close as the new regulations would mandate. Second, some gain would be made while the survey is being completed, rather than have Congress evaluate the situation but achieve little or no progress. Furthermore, the States having the opportunity to negotiate with HEW before the 3-percent penalty is imposed disallows for a hasty decision by HEW and also aids HEW in their survey, by giving them an insight into the problems some of the States have to contend with.

The aim of the HEW study is threefold. First, educational service requirements embodied in the FIDCR, existing regulations, would be recommended rather than mandated to the States. Second, staffing standards for school age children could be revised, and third, staffing standards for children under 3 years of age—not detailed in the FIDCR standards could be specified via regulation. This third point is of considerable importance, as these youngsters have been the focus of concern among States and day care providers.

It should mention that FIDCR now requires, inter alia, that "Day care facilities—must be licensed or approved as meeting the standards for such licensing," and that, "the facility and grounds used by the children must meet the requirements of the appropriate safety and sanitation authorities." In my bill, the Secretary would be denied the authority to suspend termination of title XX payments in any case in which a State is found to be out of conformity with the above quoted FIDCR licensing, health and safety requirements.

Mr. Speaker, I would now like to state the major provisions of my bill in their entirety:

First. To remove the provisions expressly denying Federal reimbursement to any day care provider not fully in compliance with the 1968 FIDCR standards as modified in the statute;

Second. To make it clear that those States whose day care services are not provided in accord with those standards, whether because of lax enforcement in the past or because of lesser standards written into the State law, must immediately begin good faith efforts to upgrade day care services by bringing staffing ratios closer to the 1968 FIDCR standards on a reasonable timetable.

Third. To give the Secretary of HEW authority to reduce total Federal reimbursement for all title XX services by the 3 percent whenever he determines that a State is failing to make a good faith effort to upgrade its day care services in a way acceptable to the Department; and

Fourth. To mandate that in no instance will Federal reimbursement be available for day care provisions in centers of family day care homes which fail to conform with applicable fire and life safety standards established by the jurisdictions in which they operate.

PREVIEW OF YEAR 2175

HON. WILLIAM L. HUNGATE

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 29, 1975

Mr. HUNGATE. Mr. Speaker, Punch magazine offers a striking preview of the year 2175 Bicentennial observance of National Women's Year:

[From Punch Magazine, Sept. 24, 1975]

EXECUTIVE SWEET

(By Ann Leslie)

"Take a letter, Mr Smith. And do try for once not to type as if you're wearing boxing gloves." Oh my God, he's not going to start blubbering again, is he? Okay, so I found all that tearful little chap stuff rather endearing at first, but enough's enough. The offices of Consolidated Ballbreakers Inc. seem positively awash these days with men with trembling lower lips; Mrs Battersby says her typing pool spend half their time sobbing in the Gents, when they're not curling their sideburns that is, and why can't she hire a few decent *women* for once? The blasted new Sex Discrimination Law, that's why, I told her . . .

"Oh for chrissakes, Mr. Smith, do stop snivelling. Go off to the Gents and pull yourself together, there's a good boy . . ."

Amazing thing you know, but as far back as 1975, long before the Revolution, there were already signs that society was beginning to wake up to the obvious: which is of course that men—sweet adorable creatures though they be—are simply far too emotional, unreliable and lazy for the tough world of business and politics, and that giving husbandly support in the background is their true métier.

In fact I've discovered that in July of that year, a certain Ms Gaby Schreiber, director of a design consultancy, was quoted as saying:

"I'm sorry to say that though I admire men, not many have the ability to lead, and I haven't got much time for the sort of young man who expects to have everything done for him." And in the same month, a Ms Maggie Smith, boss of a road haulage company, observed: "A woman employing men has to be very tactful. You can hurt their pride so easily. They sulk, and don't turn up for work and that kind of thing."

And two months after that, a Tory party worker said of Denis, Margaret Thatcher's husband: "It's essential for her to have his husbandly support, and he does it superbly."

(Although I was puzzled to find that "reporters" on Ms Thatcher's first American tour rabbited on about how her dress was "edged daringly with Turkish half-moons and stars"—when *surely* what the little chaps at home wanted to know was whether Denis had hand-embroidered his turn-ups and if he'd learnt to make cuff-links in his Men's Institute pottery classes).

Anyway, I found these quaint little scraps of forgotten social history the other day in the yellowing pages of a "newspaper" called the *Daily Mail* under the floorboards in the attic. George, like all husbands, had been nagging on at me about getting odd jobs done around the house because there's such a shortage of handywomen these days. Mind you, it beats me why husbands can't learn to change plugs or repair nuclear kettles for themselves. You'd think I hadn't got enough to do already, having to fight off that bitch Ella Fairbairn's take-over bid for Consolidated Ballbreakers, just so I can go on keeping George in gin and idleness all his days . . .

I also discovered, you know, that 1975 was laughingly known as International Woman's Year (at a time, would you believe, when there was only one woman member to every forty-four men in the Institute of Directors). And that they recently passed an "Equal Pay Act" (equal for *women*, that is).

Still, 1975 was the start of the Hundred Years Slump, and we all know that only came to an end when the exasperated Sisters finally took over and we got test-tube baby factories established on the rates.

My goodness though, it took a long time for the message to sink in during that last Male Chauvinist Age. There were enough straws in the wind, for heaven's sake. I believe, for example, that even in those days the best chefs and dressmakers in the world were men, which surely should have proved that man's natural place is pottering about the kitchen with pins in his mouth.

Even then, apparently, according to Department of Education statistics, girls' exam results showed that they were as a sex, "markedly superior" to boys in subjects like math and science—and yet these were considered "masculine" pursuits! As for the "weaker sex" cliché—well, we all know that men had already proved their inferiority to us, by the way they persistently handed in their dinner pails and departed feet first for the funeral parlours several years before their wives . . .

Oh God, what on earth's *happened* to that silly boy? Got himself locked in the Gents I'll bet. Thank God he's only a temp. My fault I suppose—I will hire secretaries like him, all tight little bottoms and rippling pectorals, and never mind that they've got the shorthand speed of a snail. What gets me about this particular bit of boyish fluff is that since he can't type, the very least he can do to justify his luncheon vouchers is to put up gracefully with a bit of crotch-fumbling after hours.

He actually had the nerve the other evening to sniff at me and simper "I'm sorry, madam, but I'm not that kind of guy. I'm a secretary, not a sex-object." Believe me, ducky, you ain't even a secretary.

One's got to lay it on the line with these boys, or the next thing you know they'll start burning their jock-straps in the in-trays and refusing to shave . . .

What was I thinking of a moment ago? Oh yes, it was that absurd quotation I discovered from "Byron", one of their chauvinist "poets" who said: "Man's love is of man's life a thing apart, 'tis woman's whole experience"—which only goes to show what silly unscientific little minds men have.

In fact research in America in the 1970s had already shown that men had a greater need of marriage than women. Indeed it may seem childishly obvious to us now, but way back then people were actually *astonished* to learn that the healthiest and the happiest members of society were unmarried career women.

And that statistics had proved that unmarried career *men* formed the least stable section of the community, all too prone to suicide. In those days I imagine, the pavements of every city must have been knee-deep in the flattened corpses of bachelors who'd gone loopy with the strain of it all and had leapt in droves out of tenth-storey windows.

Poor dears; if only society had realised earlier that what man's nature cried out for was not the key to the executive washroom, but the right to stay at home baking fairy-cakes and soaking his wife's smalls. So much human tragedy could have been averted . . .

Of course there were, even in those primitive days, some pioneering Sisters in charge: women like one Margery Hurst who ran an employment agency, and an Andree Grenfell who was boss of a "cosmetics" firm called "Elizabeth Arden" (apparently we used to "paint" our faces then, much as men rouge their biceps today). Their canonisation is underway now . . .

This is getting beyond a joke: I'll have to send for Security to winkle young Smith out of his hideyhole. He's even sillier, you know, and not half as toothsome, as that lovely young Jeffrey who "temped" for me last summer.

Of course randy old Yvonne in Marketing snapped that little morsel up, married him and carted him off to her bijou pad in Rickmansworth. Wonder what he looks like these days: probably fat and frowsy with butter in his hair and porridge all over his pinny. They all seem to end up that way.

Take George. Not bad when he won our "Mister Consolidated" contest all those years ago. Now he does nothing but moan about how the "romance has gone out of our marriage".

Yet what's his reaction when I buy him some leopard-skin "Home of the Whopper" briefs? Accuses me of being "typically crude," tells me I can keep that sort of thing for my fancy boys, and stomps off to swop them for another pair of his usual baggy passion-killers. . . .

Ah, I think I hear Mr. Smith returning at last. Scrumptious little bottom though that boy has, believe me I'm actually looking forward to booting him out when dear old Mr Biddlecombe gets back from his hols. Biddlecombe and his blue-rinse toupee looks like Godzilla and has all the delicate charm of an armoured truck, but at least he runs this office like a woman, and what's more, saves me from tantrums at home by remembering things like George's bloody birthday.

Which reminds me, it's little Germaine's birthday tomorrow and I promised George to pick up her Action Girl Fission-Bomb Kit from Hamleys today. Actually, I worry about that girl: she keeps playing with little Fred's dolls.

Why can't she amuse herself pulling wings off flies like any other normal girl of her age? Naturally, as any mother in my position would, I dream one day of seeing my daughter on the board of Consolidated Ballbreakers Inc., and this kind of paternal behaviour is not encouraging. . . .

Ah, Mr Smith! Are we feeling better now? Good. I tell you what, to show there are no hard feelings, how's about you's and me's having a little drinkie together this evening? Mmmmm? Well, you'll just have to tell your wife you're working late at the office, won't you? . . .